



GOODVALLEY

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Home of Quality

Interim report Q1 2020

Q1 2020

Highlights

Goodvalley delivered revenue growth of 24% and boosted Adjusted EBITDA to DKK 131 million ensuring an Adjusted EBITDA margin of 32.5% in Q1 2020. The strong performance was driven by higher live pig prices, solid volume growth and good production efficiency.

Poland

The Polish business grew revenue to DKK 255 million (Q1 2019: DKK 212 million) and improved Adjusted EBITDA significantly to DKK 72 million (Q1 2019: DKK 7 million) based on higher pig price and live pig volumes as well as improved performance in the food division.

Ukraine

In Ukraine, Goodvalley increased revenue to DKK 108 million (Q1 2019: DKK 74 million) and lifted Adjusted EBITDA significantly to DKK 45 million (Q1 2019: DKK 16 million) on the back of higher volumes and an improved price level as well as record-high production efficiency in the quarter.

Russia

Revenue in the Russian business was stable at DKK 36 million (Q1 2019: DKK 35 million) as volume growth compensated the impact of a lower live pig price, which contributed to a decrease in Adjusted EBITDA to DKK 8 million (Q1 2019: DKK 10 million) alongside a negative currency impact following the outbreak of COVID-19.

Outlook

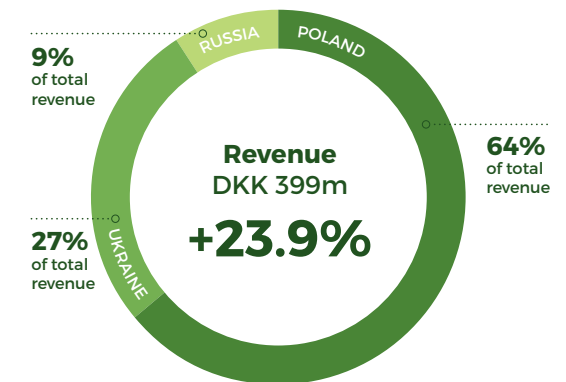
Goodvalley maintains the outlook for 2020 and expects revenue of DKK 1,600 - 1,750 million and an Adjusted EBITDA of DKK 320-380 million. The outlook is based on strong year-to-date performance coupled with increased uncertainty mainly related to COVID-19.

“We grew profitably as we delivered high production efficiency and increased sales across our markets at a higher average price.”

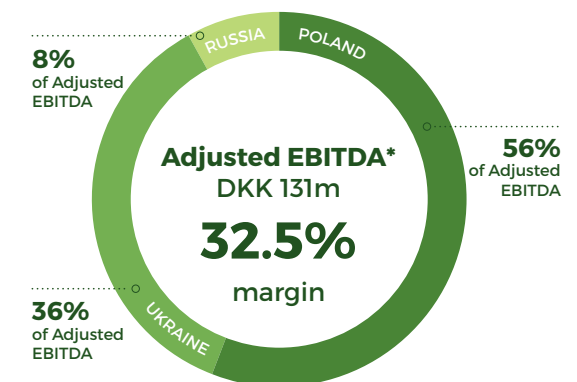
Hans Henrik Pedersen
CEO

Results Q1 2020

Goodvalley leveraged the higher production efficiency and live pig prices to boost revenue.



Earnings improved due to higher live pig prices and volumes as well as good production efficiency.



* In this report, Adjusted EBITDA refers to EBITDA adjusted for herd price changes and non-recurring items.

Key figures and financial ratios

DKK million	Q1 2020	Q1 2019
Income statement		
Revenue	399	322
Total income	486	380
Gross profit	203	69
EBITDA	176	42
<i>Adjusted EBITDA</i>	<i>131</i>	<i>37</i>
EBIT	136	7
Financial items, net	(70)	(8)
Profit/(loss) for the period	66	(2)
<i>Adjusted net profit/(loss)</i>	<i>75</i>	<i>(16)</i>
Cash flow		
Operating activity	78	26
Investing activity	(26)	(20)
Free cash flow	52	6
Financing activity	(23)	(10)
Balance sheet		
Non-current assets	1,878	2,016
Net working capital	595	494
Invested capital	2,473	2,509
Total assets	2,742	2,727
Equity	1,398	1,275
Net interest-bearing debt	1,080	1,232

DKK million	Q1 2020	Q1 2019
Key financials Group		
Gross margin	51.0%	20.4%
EBITDA margin	44.2%	13.0%
<i>Adjusted EBITDA margin</i>	<i>32.5%</i>	<i>11.5%</i>
EBIT margin	34.1%	2.0%
Free cash flow / Revenue	13.0%	2.0%
Cash conversion	59.3%	73.0%
Capex	24	22
NIBD/Adjusted EBITDA LTM	2.9	6.7
Equity ratio	51.0%	46.8%
ROIC (LTM)	8.7%	2.1%
FTE end of period	2,262	2,222
Share ratios		
Earnings per share, DKK	1.2	(0.0)
Goodvalley Bond Obligor Group*		
Revenue	364	288
Total income	437	335
EBITDA	159	30
<i>Adjusted EBITDA</i>	<i>124</i>	<i>28</i>
Net interest bearing debt	1,074	1,184
Adjusted EBITDA LTM	360	121
NIBD/Adjusted EBITDA LTM	3.0	9.5

* Bond Obligors consist of: Goodvalley A/S, Finansax ApS, Goodvalley Agro S.A., Goodvalley Sp. Z o.o. and Goodvalley Ukraine LLC.

BUSINESS

Segment overview

Goodvalley generated strong results in Q1 2020 and improved revenue and earnings driven by volume growth and higher average live pig prices while further strengthening the Group's food brand and sales of branded premium products in Poland. While the global outbreak of COVID-19 had no significant impact on operations or sales in the quarter, it reduces visibility and entails increased uncertainty.

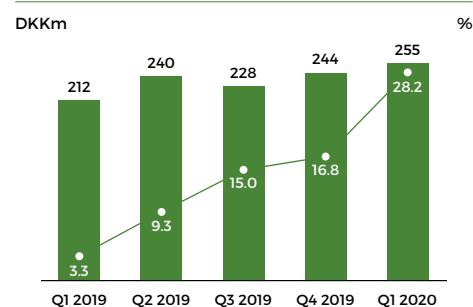
POLAND

Sales of branded premium products accelerated in Q1 as planned

+54%

growth in branded product sales volume

Revenue and Adjusted EBITDA margin



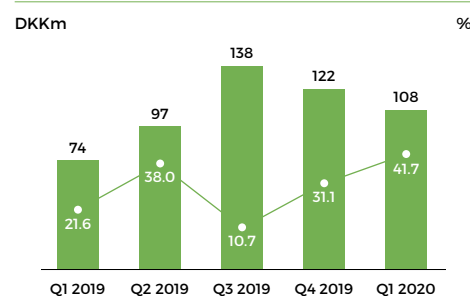
UKRAINE

Record-high production efficiency and significantly improved profitability

35.2

pigs sold per sow

Revenue and Adjusted EBITDA margin



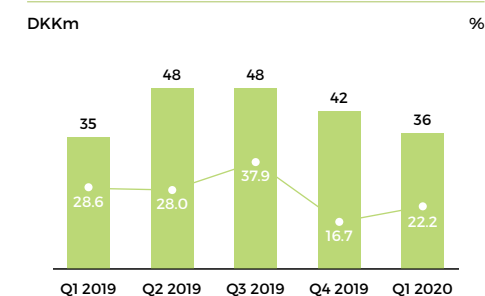
RUSSIA

Strong volumes and efficiency alleviated the impact of lower prices and currency

+11%

growth in live pig sales volume

Revenue and Adjusted EBITDA margin





POLAND

Financial performance

DKK million	Q1 2020	Q1 2019
Revenue	255	212
Change in fair value	40	28
Other income	5	6
Total income	300	246
EBITDA	100	17
Adjusted EBITDA	72	7
Adjusted EBITDA margin	28.2%	3.3%

Goodvalley's Polish segment boosted revenue and earnings significantly driven by higher live pig prices and volumes, and sales of the Group's branded products continued to grow.

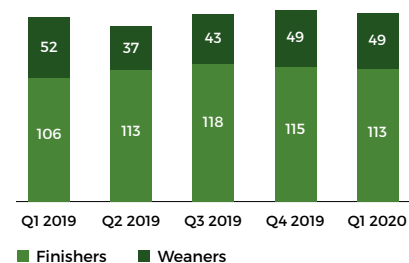
Pork meat sales declined to 10.1 thousand tonnes (Q1 2019: 11.5 thousand tonnes) as Goodvalley reduced the number of pigs slaughtered to instead leverage the effect of high pig prices in the external market. The

relative share of value added products with a higher margin was largely unchanged at 39% (Q1 2019: 40%) during the quarter, and sales of Goodvalley's branded products continued on the growth trajectory with volumes increasing to 451 tonnes (Q1 2019: 293 tonnes) on the back of nationwide TV campaigns, online marketing and expanded distribution across Poland.

Goodvalley grew sales of live pigs to 15.2 thousand tonnes (Q1 2019: 14.0 thousand tonnes) as sale of finishers increased to

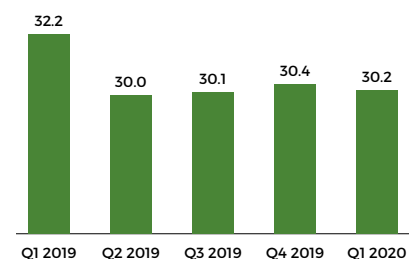
Sale of pigs, heads

Thousand heads



Pigs sold per sow, heads

Heads



113 thousand heads (Q1 2019: 106 thousand heads) in Q1 2020.

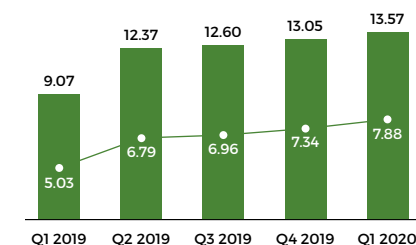
The average sales price increased significantly to DKK 13.57 per kilo (Q1 2019: DKK 9.07 per kilo) in Q1 2020.

Segment revenue grew to DKK 255 million (Q1 2019: DKK 212 million) in Q1 2020 as the significant pig price increase and higher live pig volumes sold more than outweighed the reduction in pork meat sales. The Polish business accounted for 64% of Group revenue, and segment revenue was comprised of

Pig price, DKK/kilo, and meat to feed ratio

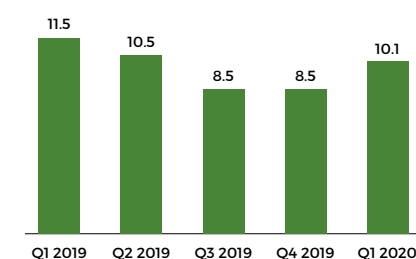
DKK/kilo

Ratio



Sale of pork (slaughtered), thousand tonnes

Thousand tonnes



74% from pork products, 13% from external sales of live pigs and 13% from external sales of crops and energy.

Total income increased to DKK 300 million (Q1 2019: DKK 246 million) in Q1 2020 for the Polish segment including fair value adjustments of DKK 40 million (Q1 2019: DKK 28 million).

Goodvalley improved profitability as Adjusted EBITDA increased significantly to DKK 72 million (Q1 2019: DKK 7 million), resulting in a strong improvement of the

Adjusted EBITDA margin to 28.2% (Q1 2019: 3.3%). Progress was attributable to higher pig prices and volumes as well as enhanced efficiency in the pig production and the food business, which ensured improved earnings despite high input costs. The improvements were driven by organisational and management changes completed in 2019 as well as successful streamlining of production planning and processes. Pigs sold per sow saw a temporary decrease to a level of 30.2 (Q1 2019: 32.2) driven by health issues in some of the weaner farms. At the same time, the feed conversion ratio improved significantly

to a level of 2.73 (Q1 2019: 2.81) contributing to the strong earnings in the quarter as the feed price decreased to DKK 1.72 per kilo (Q1 2019: DKK 1.80 per kilo).

Efforts to ensure knowledge sharing and transfer of best practice from the Group's other segments will continue to improve the efficiency level by optimising the performance of the Polish organisation and the ageing infrastructure.

EBITDA increased to DKK 100 million (Q1 2019: DKK 17 million) in Q1 2020.

Online sales launched in Denmark



Goodvalley launched a webshop selling the Group's branded product range to Danish consumers in Q1 2020.



Food division

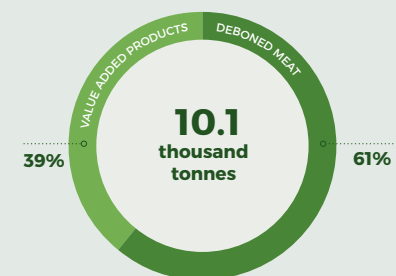
In Q1 2020, Goodvalley sold 10.1 thousand tonnes of pork meat products that comprised of deboned meat (61%) and value-added products (39%) including private label products and an increasing volume of Goodvalley's own branded premium products. While sales of pork meat products in retail increased temporarily in March following the introduction of lockdown measures to curb the spread of COVID-19 in Poland, domestic retail demand has somewhat normalised in April.

Sales of branded products increased by 54% and reached a record level of 451 tonnes (Q1 2019: 293 tonnes) in

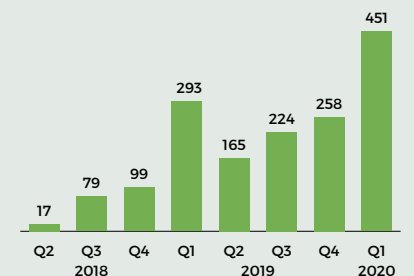
Q1 2020, where the Group furthermore introduced a pilot project with online sales to Danish consumers.

Goodvalley continues to strengthen the branded category and aims to sell at least 1,500 tonnes of branded products across 6,000 stores in 2020. While the branded products still comprise a limited part of Goodvalley's total food production, sales of these products have a notable positive effect on the gross margin in the food business and will contribute to improving profitability and reducing Goodvalley's exposure to pork price fluctuations over time.

Food product portfolio



Sales of branded products, tonnes





UKRAINE

Financial performance

DKK million	Q1 2020	Q1 2019
Revenue	108	74
Change in fair value	28	15
Total income	136	89
EBITDA	52	7
Adjusted EBITDA	45	16
Adjusted EBITDA margin	41.7%	21.6%

The Ukrainian business increased revenue and improved profitability significantly on the back of higher live pig prices and volumes as well as significantly improved efficiency in the quarter.

Goodvalley delivered strong volume growth in the Ukrainian segment, which increased sales of live pigs to 10.4 thousand tonnes (Q1 2019: 8.1 thousand tonnes) driven by a higher share of finishers sold. The average sales price increased to DKK 12.76 per kilo (Q1 2019: DKK 10.33 per kilo) in Q1 2020.

The strong performance was driven by a significant improvement in the pig production and resulted in an increase in segment revenue to DKK 108 million (Q1 2019: DKK 74 million). In Q1 2020, 98% of segment revenue came from external sales of live pigs and 2% from external sales of crops and energy. The Ukrainian segment accounted for 27% of Group revenue in Q1 2020.

The segment's total income increased to DKK 136 million (Q1 2019: DKK 89 million) in Q1 2020. Fair value adjustments were DKK 28 million (Q1 2019: DKK 15 million) attributable to higher pig prices and volumes in stables.

Adjusted EBITDA

45

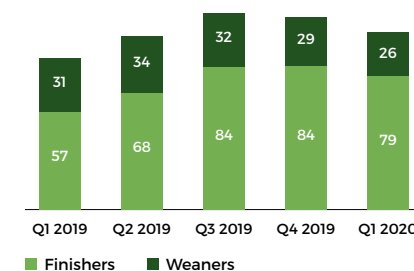
DKK million

(Q1 2019: 16 DKK million)

Adjusted EBITDA increased significantly to DKK 45 million (Q1 2019: DKK 16 million) in Q1 2020, corresponding to an Adjusted EBITDA margin of 41.7% (Q1 2019: 21.6%). The strong improvement of earnings and profitability was driven by the increase in volume and price as well as a positive effect of lower feed prices at DKK 1.46 per kilo (Q1 2019: DKK 1.63 per kilo). In addition, Goodvalley delivered record-high efficiency in the Ukrainian pig production with 35.2 pigs sold per sow (Q1 2019: 33.9) in Q1 2020. The feed conversion ratio was stable at a level of 2.69 (Q1 2019: 2.68), and EBITDA came to DKK 52 million (Q1 2019: DKK 7 million).

Sale of pigs, heads

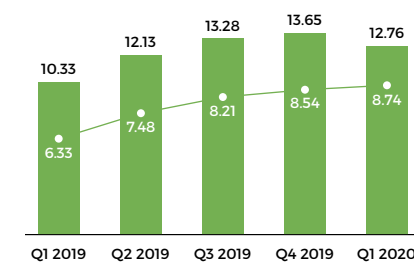
Thousand heads



Pig price, DKK/kilo, and meat to feed ratio

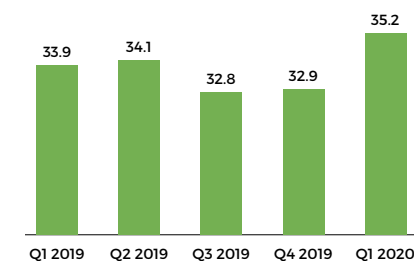
DKK/kilo

Ratio



Pigs sold per sow, heads

Heads





RUSSIA

Financial performance

DKK million	Q1 2020	Q1 2019
Revenue	36	35
Change in fair value	14	10
Other income	-	-
Total income	50	45
EBITDA	19	14
Adjusted EBITDA	8	10
Adjusted EBITDA margin	22.2%	28.6%

Revenue was stable in Goodvalley's Russian business, but profitability declined moderately as pig prices decreased and the Russian currency depreciated following the outbreak of COVID-19.

The Russian business lifted sales of live pigs to 4.6 thousand tonnes (Q1 2019: 4.1 thousand tonnes) in Q1 2020 based on an increase in finishers sold. The average sales price declined sharply to DKK 10.24 per kilo (Q1 2019: DKK 11.19 per kilo). Revenue

remained stable at DKK 36 million (Q1 2019: DKK 35 million) as the increase in volumes compensated for the price decline. The Russian business accounted in total for 9% of group revenue which all were coming from external sales of live pigs.

Total income for the Russian activities was stable at DKK 50 million (Q1 2019: DKK 45 million) including fair value adjustments of DKK 14 million (Q1 2019: DKK 10 million).

The segment's Adjusted EBITDA decreased to DKK 8 million (Q1 2019: DKK 10 million), corresponding to an Adjusted EBITDA margin of 22.2% (Q1 2019: 28.6%) in Q1 2020. The

Adjusted EBITDA

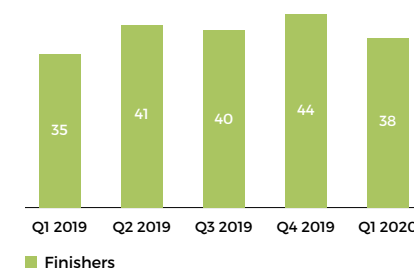
8

DKK million

(Q1 2019: 10 DKK million)

Sale of pigs, heads

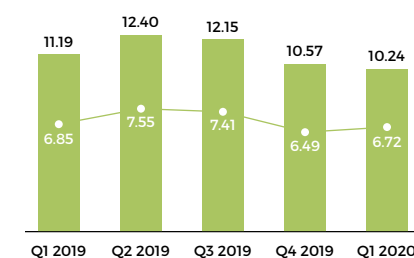
Thousand heads



Pig price, DKK/kilo, and meat to feed ratio

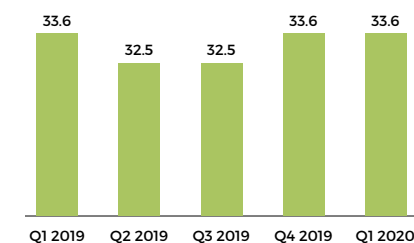
DKK/kilo

Ratio



Pigs sold per sow, heads

Heads



negative development was driven by the decrease in pig prices as well as currency translation following a sharp drop in the Russian RUB in the wake of the global outbreak of COVID-19. The combined impact of lower price and negative currency translation could not be fully compensated by cost control measures and solid production efficiency with pigs sold per sow stable at 33.6 (Q1 2019: 33.6) and lower feed prices at DKK 1.53 per kilo (Q1 2019: DKK 1.63 per kilo) resulting in a stable meat to feed ratio of 6.69 (Q1 2019: 6.86). EBITDA increased to DKK 19 million (Q1 2019: DKK 14 million) in Q1 2020.

Consolidated production overview

Volume	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Total pigs sold, tonnes (live weight)					
Poland	15,183	14,910	14,780	14,281	14,037
Ukraine	10,353	11,225	10,949	9,453	8,142
Russia	4,597	5,158	4,801	5,060	4,136
Group	30,134	31,293	30,529	28,793	26,314
Total heads sold					
Weaners	74,327	77,552	75,043	71,268	82,752
Finishers	229,989	242,814	241,069	222,336	198,175
Other pigs	10,191	10,950	11,549	18,040	23,524
Group	314,507	331,316	327,661	311,644	304,451
Prices	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Pig price 1st class finishers sl. weight					
Poland	13.57	13.05	12.60	12.37	9.07
Ukraine	12.76	13.65	13.28	12.13	10.33
Russia	10.24	10.57	12.15	12.40	11.19
Group	12.62	12.79	12.78	12.29	9.96
Feed price per kilo, all feed					
Poland	1.72	1.78	1.81	1.82	1.80
Ukraine	1.46	1.60	1.62	1.62	1.63
Russia	1.52	1.63	1.64	1.64	1.63
Group	1.60	1.69	1.72	1.73	1.72
Meat to feed ratio					
Poland	7.88	7.34	6.96	6.79	5.03
Ukraine	8.74	8.54	8.21	7.48	6.33
Russia	6.72	6.49	7.41	7.55	6.85
Group	7.89	7.56	7.44	7.12	5.78
Efficiency	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Feed conversion ratio, whole herd					
Poland	2.73	2.75	2.70	2.78	2.81
Ukraine	2.69	2.76	2.73	2.66	2.68
Russia	2.77	2.72	2.73	2.65	2.68
Group	2.72	2.75	2.72	2.72	2.74
Pigs sold per sow per year					
Poland	30.20	30.38	30.08	30.02	32.18
Ukraine	35.19	32.94	32.79	34.11	33.90
Russia	33.57	33.64	32.45	32.54	33.57
Group	32.29	31.65	31.30	31.95	32.97



New recyclable packaging

Goodvalley continued the efforts to reduce emissions from the Group's production and products by introducing 100% recyclable packaging in Polish retail during Q1 2020. The packaging is based on 100% recycled material and is an important part of offering a fully climate-friendly choice to consumers.

The new packaging is used for Goodvalley's branded products, including the most recent addition to the product range – the pork loin steak – which was introduced in Netto stores across Poland in April 2020. The product is made from pigs raised without antibiotics, fed with GMO-free feed, and comes from a climate friendly production.

GUIDANCE

Outlook

Goodvalley maintains the outlook for 2020 and expects revenue of DKK 1,600 - 1,750 million and an Adjusted EBITDA of DKK 320-380 million.

The outlook is based on strong year-to-date performance coupled with increased uncertainty mainly related to COVID-19.

The outbreak of COVID-19 entails a temporary decline in demand for live pigs and pork meat products as consumption is reduced and marked by substitution from professional foodservice sales to retail sales. The pressure on market prices is further exacerbated by closures of slaughterhouses and production plants, very limited export activities as well as supply chain and logistics challenges.

Despite the severe impact of COVID-19 and significant uncertainty, progress in 2020 is still expected to be driven by higher live pig prices and production efficiency partly offset by continued high salary inflation. Furthermore, improved arable yields are expected compared to the 2019 level.

Goodvalley continues to invest in building a strong food brand, and while sales of high-margin branded products are growing continuously, these investments are expected to impair the food business' contribution to earnings in Poland.

Assumptions

The outlook for 2020 is based on an average market price for live pigs of DKK 12.90 per kilo slaughter pig and a feed price of DKK 1.65 per kilo in the pig division and the prevailing economic situation in Goodvalley's markets. The outlook is furthermore based on prevailing exchange rates for the Group's key currencies.

The assumptions are subject to significant uncertainty due to the outbreak of COVID-19.

Forward looking statements

This report contains forward-looking statements reflecting Goodvalley's current forecasts of future events, operational performance and financial results. Such statements are subject to uncertainty as factors within and beyond Goodvalley's control may cause actual performance and results to differ materially from the forecasts in this report. Such factors include, among other things, the fair value of pigs, global and local market prices of pork meat, changes in consumer preferences and demand, consumer purchasing power, competition, any outbreak of animal diseases or epidemics, the supply of utilities, development in financial markets and changes or amendments to legislation, regulation or the political situation in Goodvalley's markets. See also the section on risk management and note 4.2 to the financial statements in the 2019 annual report.

DKK million	2019 actuals	2020 outlook
Revenue	1,526	1,600 - 1,750
Adjusted EBITDA	274	320-380

Financial calendar

9 June 2020: Annual general meeting
 21 August 2020: Interim report Q2 2020
 26 November 2020: Interim report Q3 2020

Statement by Management

The Board of Directors and Executive Board have today reviewed and approved the Interim Report of Goodvalley A/S and subsidiaries (“the Group”) for the period 1 January – 31 March 2020. The Interim Report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union and additional Danish requirements for listed companies.

Furthermore, the Interim Report has been prepared in accordance with the accounting policies set out in the Group’s Annual Report for 2019. The Interim Report has not been audited or reviewed by the Group’s independent auditor

In our opinion, the accounting policies used are appropriate and the overall presentation of the interim consolidated financial statements give a true and fair view of the Group’s assets, liabilities and financial position as at 31 March 2020 and of the results of the Group’s operations and cash flows for the period 1 January - 31 March 2020.

We further consider that the Management Commentary (on page 1 – 11) includes a true and fair description of the development and performance of the Group, the results for the period and the financial position, as well as a description of the principal risks and uncertainties that the Group faces in accordance with Danish requirements for listed companies.

Apart from the information set out in the Interim Report, there have been no changes to the Group’s significant risks and uncertainties that have not been disclosed in the Annual Report 2019.

Copenhagen, 28 May 2020

Executive Board

Hans Henrik Pauk Pedersen
Chief Executive Officer

Kristian Brokop Jakobsen
Vice Chief Executive Officer

Board of Directors

Anders Christen Obel
Chairman

Niels Rauff Hansen
Vice Chairman

Helle Okholm

Anders Bundgaard

Leif Stig Hansen

Erling Bech Poulsen

Consolidated financial statements



INCOME STATEMENT

Sales and earnings

Revenue

Group revenue increased by 24% to DKK 399 million (Q1 2019: DKK 322 million) in Q1 2020. The increase was mainly driven by a higher average live pig price of DKK 12.62 per kilo (Q1 2019: DKK 9.96 per kilo) in Q1 2020 following ASF outbreaks in several Asian countries in 2019, and volume growth contributed positively to the development as well.

Total income increased to DKK 486 million (Q1 2019: DKK 380 million) including fair value adjustments of DKK 82 million (Q1 2019: DKK 53 million).

Cost of goods sold

Cost of goods sold decreased by 9% to DKK 286 million (Q1 2019: DKK 311 million) in Q1 2020 following a decline in the number of pigs slaughtered in the Food business and lower feed cost driving down total Group costs. Cost in percentage of revenue improved to 72% (Q1 2019: 98%) due to the sales split and improved sales prices.

SG&A

The Group's sales, general and administrative expenses were stable at DKK 27 million (Q1 2019: DKK 27 million) in the first quarter. Sales and branding expenses relating to the Group's branded premium products in Poland amounted to approximately DKK 3 million in Q1 2020 (Q1 2019: DKK 3 million).

Adjusted EBITDA and EBITDA

Adjusted EBITDA increased to DKK 131 million (Q1 2019: DKK 37 million) in Q1 2020, corresponding to an Adjusted EBITDA margin of 32.5% (Q1 2019: 11.5%). EBITDA increased to DKK 175 million (Q1 2019: DKK 42 million), corresponding to an EBITDA margin of 43.9% (Q1 2019: 13.0%).

EBIT

EBIT increased to DKK 136 million (Q1 2019: DKK 7 million) in Q1 2020, corresponding to an EBIT margin of 34.1% (Q1 2019: 2.0%).

Net financials

Net financials were an expense of DKK 70 million (Q1 2019: an expense of DKK 8 million) following significant negative foreign exchange adjustments of DKK 55 million driven by devaluated currencies as a result of the COVID-19 outbreak at the end of the quarter resulting in unrealised currency losses on internal financing provided by Goodvalley A/S to its subsidiaries.

Adjusted profit and net profit

Adjusted profit came to DKK 75 million (Q1 2019: DKK -16 million) in Q1 2020, corresponding to an Adjusted profit margin of 18.7% (Q1 2019: -5.0%). Net profit increased to DKK 66 million (Q1 2019: DKK -2 million) in Q1 2020.

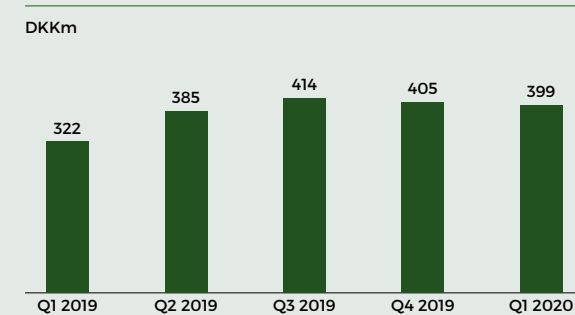
Comprehensive income

Comprehensive income was DKK -171 million in Q1 2020 (Q1 2019: DKK 45 million) comprising the profit for the year and foreign exchange adjustments of subsidiaries of DKK -237 million (Q1 2019: DKK 47 million) following significant decreases in the Ukrainian UAH and the Russian RUB towards Danish DKK in the end of the quarter.

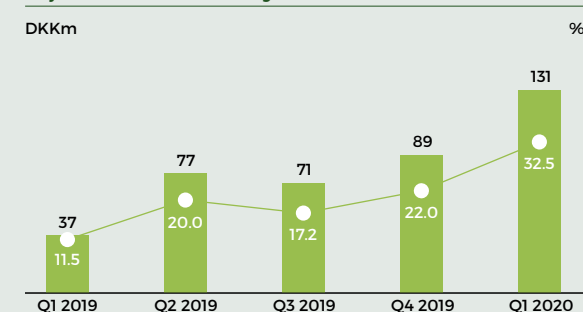
Earnings per share

Earnings per share (diluted) were DKK 1.20 in Q1 2020 compared to DKK 0.00 in Q1 2019.

Revenue



Adjusted EBITDA and margin



Consolidated Income Statement

Income Statement, 1 January - 31 March

DKK million	Note	Q1 2020	Q1 2019
Revenue		399	322
Change in fair value of biological assets		82	52
Grants and other income		5	6
Total Income		486	380
Cost of goods sold (COGS)		(283)	(311)
Gross profit/loss		203	69
SG&A		(27)	(27)
EBITDA		176	42
Depreciation and amortization		(40)	(35)
Profit before financial expenses and tax		136	7
Financial income		1	1
Financial expenses		(16)	(18)
Exchange rate adjustments		(55)	9
Profit/(loss) before tax		66	(1)
Income tax		(0)	(1)
Profit/(loss)		66	(2)
Profit/(loss) is attributable to:			
Owners		66	(2)
Total		66	(2)

Statement of comprehensive income

DKK million	Note	Q1 2020	Q1 2019
Profit/(loss) for the period		66	(2)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange adjustments of foreign enterprises		(237)	47
Total comprehensive income		(171)	45
<i>Comprehensive income is attributable to:</i>			
Owners		(171)	45
Total		(171)	45

BALANCE SHEET

Financial position

Total assets

Total assets amounted to DKK 2,742 million (Q1 2019: DKK 2,727 million) on 31 March 2020. The increase was primarily driven by higher pig prices for the pigs in stables. The book value of the Group's owned land bank in Poland was DKK 239 million, while the fair market value comprised DKK 434 million.

Net working capital

Net working capital was DKK 595 million (Q1 2019: DKK 494 million) at the end of the quarter including 89 thousand tonnes (Q1 2019: 72 thousand tonnes) of grain and other feed components.

Invested capital

Invested capital was DKK 2,473 million (Q1 2019: DKK 2,509 million) and return on invested capital LTM (ROIC LTM) increased to 8.7% (Q1 2019: 2.1%) mainly driven by improved earnings.

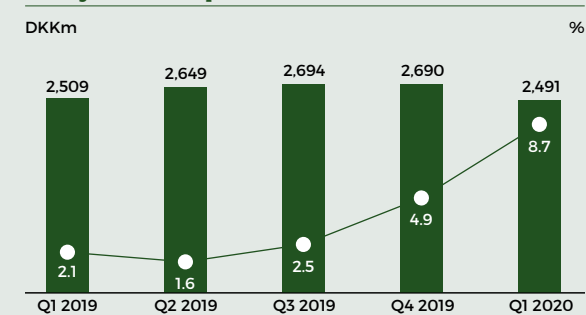
Net interest-bearing debt

Net interest-bearing debt was DKK 1,080 million (Q1 2019: DKK 1,232 million) at the end of Q1 2020.

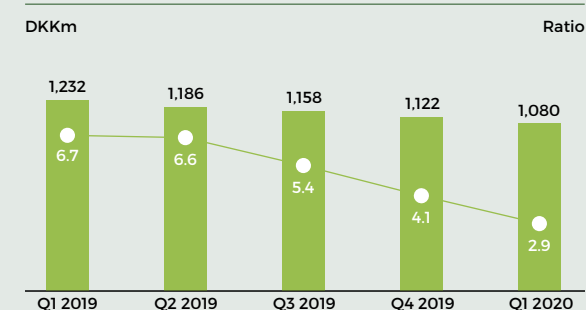
Net interest-bearing debt to adjusted EBITDA LTM

Net interest-bearing debt to adjusted EBITDA LTM came to 2.9 compared to 6.7 in Q1 2019.

Average invested capital and ROIC



NIBD/Adjusted EBITDA



Consolidated Balance Sheet

Balance Sheet, 31 March

DKK million	Note	Q1 2020	Q1 2019	FY 2019
Assets				
Goodwill		78	90	94
Other intangible assets		21	24	25
Intangible assets		98	114	119
Land and buildings		1,050	1,075	1,160
Leasehold improvements		100	115	112
Plant and machinery		267	302	309
Other fixtures and fittings, tools and equipment		104	116	124
Property, plant and equipment in progress		51	119	73
Right of use assets		60	57	62
Property, plant and equipment		1,632	1,782	1,840
Non-current asset investment		4	4	4
Financial asset investments		4	4	4
Biological assets - basic herd	2	144	115	142
Biological assets		144	115	142
Non-current assets		1,878	2,016	2,105
Biological assets - sales herd	2	273	206	275
Biological assets - Arable, crop production	2	95	100	72
Inventories		231	221	270
Biological assets and inventories		599	528	617
Trade receivables		76	56	61
Receivables from associates		7	7	7
Other receivables		44	42	34
Prepayments		32	21	14
Receivables		159	125	116
Cash at bank and in hand		106	58	91
Current assets		864	711	824
Assets		2,742	2,727	2,929

Balance Sheet, 31 March

DKK million	Note	Q1 2020	Q1 2019	FY 2019
Liabilities and equity				
Share capital		538	538	538
Reserve for exchange adjustments		(635)	(502)	(398)
Retained earnings		1,495	1,239	1,428
Capital and reserves attributable to owners		1,398	1,275	1,568
Total Equity		1,398	1,275	1,568
Bond debt		954	968	968
Provision for deferred tax		2	4	2
Other provisions		8	8	4
Credit institutions		20	39	27
Lease Liabilities		59	57	59
Subordinated loan from Polen Invest A/S		50	70	50
Deferred income		6	8	7
Long-term liabilities		1,099	1,153	1,117
Credit institutions		63	125	74
Subordinated loan from Polen Invest A/S		30	25	28
Trade payables		75	90	65
Leasing Liabilities		6	-	6
Other provisions		1	1	2
Other payables		69	56	67
Deferred income		1	1	2
Short-term liabilities		245	298	244
Liabilities		1,344	1,452	1,361
Liabilities and equity		2,742	2,727	2,929

STATEMENT OF CHANGES IN EQUITY AND CASH FLOWS

Cash position and shareholder return

Cash flows from operating activities

Cash flows from operating activities increased to an inflow of DKK 78 million (Q1 2019: an inflow of DKK 26 million) in Q1 2020. The positive development was attributable to the increase in operating profit, which was partly offset by changes in net working capital from higher volumes and pig prices for the pigs in stables.

Cash flows from investing activities

Cash flows from investing activities were a net outflow of DKK 26 million (Q1 2019: an outflow of DKK 20 million).

Free cash flows

The Group's free cash flows amounted to an inflow of DKK 52 million (Q1 2019: an inflow of DKK 6 million) in Q1 2020. The increase was driven by higher cash flows from operations in Q1 2020.

Financing activities

Cash flows from financing activities were an outflow of DKK 23 million (Q1 2019: an outflow of DKK 10 million) in Q1 2020. The increase was mainly driven by repayment of debt.

Cash position

Cash and cash equivalents at 31 March 2020 amounted to DKK 106 million (31 March 2019: DKK 58 million), and un-drawn committed credit facilities were DKK 112 million at 31 March 2020 (31 March 2019: DKK 48 million).

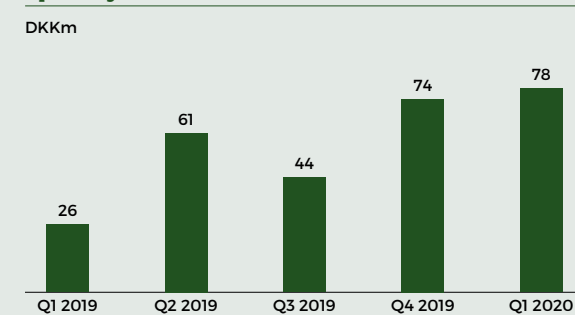
Shareholders equity

Equity increased to DKK 1,398 million at 31 March 2020 (31 March 2019: DKK 1,275 million) driven by earnings in the period 1 April 2019 to 31 March 2020, whereas significant foreign exchange adjustments had a negative effect on equity.

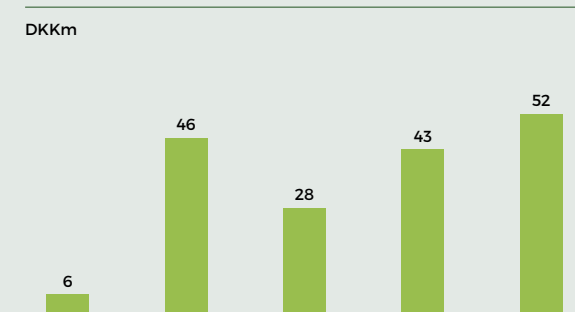
Equity ratio

Equity represented 51% of the total balance sheet as of 31 March 2020 (31 March 2019: 47%).

Operating cash flows



Free cash flows



Consolidated statement of changes in equity

DKK million	Share capital	Reserve for exchange adjustments	Retained earnings	Equity owners	Total Equity
Q1 2020					
Equity at 1 January 2020	538	(398)	1,429	1,569	1,569
Net profit for the period	-	-	66	66	66
Other comprehensive income	-	(237)		(237)	(237)
Comprehensive income for the year	-	(237)	66	(171)	(171)
Equity at 31 March 2020	538	(635)	1,495	1,398	1,398
Q1 2019					
Equity at 1 January 2019	538	(549)	1,241	1,230	1,230
Net (loss) for the period			(2)	(2)	(2)
Other comprehensive income		47		47	47
Comprehensive income for the year	-	47	(2)	45	45
Equity at 31 March 2019	538	(502)	1,239	1,275	1,275

Consolidated statement of cash flows

DKK million	Note	Q1 2020	Q1 2019
Profit/(loss)		66	(2)
Adjustments:			
Financial income and expenses		16	17
Currency losses		55	(9)
Depreciation of property, plant and equipment		40	35
Tax on the profit/loss for the year		0	1
Other adjustments		43	-
Change in working capital		(129)	1
Cash flows from operating activities before financial income and expenses		93	44
Financial income receipts		1	1
Financial expense payments		(17)	(18)
Cash flows from ordinary activities		78	27
Corporation Income tax paid		-	(1)
Cash flows from operating activities		78	26
Purchase property, plant and equipment		(24)	(22)
Sale of property, plant and equipment		5	1
Change of financial investments		(7)	2
Cash flows from investing activities		(26)	(20)
Proceeds from borrowings		35	24
Repayments of borrowings		(58)	(34)
Cash flows from financing activities		(23)	(10)
Change in cash and cash equivalents		27	(6)
Cash and cash equivalents at opening		91	63
Exchange adjustment, beginning, cash and cash equivalents		(12)	2
Cash and cash equivalents		106	58

Notes

1. Accounting principles

This interim financial report is prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

The accounting policies are unchanged from those applied in the Annual Report for 2019, to which reference is made.

Goodvalley has implemented all new and amended standards (IFRS) and interpretations (IFRIC) as endorsed by the EU and which are effective for the financial year 1 January – 31 December 2020. This implementation had no material effect

DKK million	Q1 2020	Q1 2019
Gross profit fully split by nature:		
Gross profit reported	203	69
Staff expenses	45	44
SG&A	(12)	(10)
Gross profit by nature	236	98
Income statement split by functions (depreciation and amortisation):		
Total income	486	380
Cost of goods sold including depreciation and amortisation	(321)	(345)
Gross profit	165	35
Other operating items		
SG&A, including depreciation and amortisation	(30)	(29)
EBIT	135	6
Depreciation and amortisation		
Amortisation of intangible assets	(1)	-
Depreciation of tangible assets	(39)	(35)
Total depreciation and amortisation	(40)	(35)
Depreciation and amortisation		
Cost of goods sold	(37)	(31)
Sales and administrative costs	(3)	(4)
Total depreciation and amortisation	(40)	(35)

Notes

2. Segment Information

DKK million	Poland	Ukraine	Russia	Other/Not allocated	Total
Q1 2020					
Revenue	255	108	36	-	399
Change in fair value of biological Assets	40	28	14	-	82
Grants and other income	5	-	-	-	5
Total Income	300	136	50	-	486
Cost of goods sold (COGS)	(184)	(75)	(27)	3	(283)
Gross profit/loss	116	61	23	3	203
SG&A	(16)	(9)	(4)	2	(27)
EBITDA	100	52	19	5	176
<i>Adjusted EBITDA</i>	<i>72</i>	<i>45</i>	<i>8</i>	<i>5</i>	<i>131</i>
Depreciation on non-current assets and impairment losses	(24)	(10)	(4)	(2)	(40)
EBIT	76	42	15	3	136
Net financials				(15)	(15)
Exchange rate adjustments				(55)	(55)
Profit before tax	76	42	15	(68)	66

DKK million	Poland	Ukraine	Russia	Other/Not allocated	Total
Q1 2019					
Revenue	212	74	35	-	322
Change in fair value of biological Assets	27	15	10	-	52
Grants and other income	5	-	-	-	6
Total Income	246	89	45	-	380
Cost of goods sold (COGS)	(211)	(74)	(29)	3	(311)
Gross profit/loss	34	15	17	3	69
SG&A	(16)	(8)	(4)	1	(27)
EBITDA	17	7	14	4	42
<i>Adjusted EBITDA</i>	<i>7</i>	<i>16</i>	<i>10</i>	<i>4</i>	<i>37</i>
Depreciation on non-current assets and impairment losses	(20)	(9)	(4)	(2)	(35)
EBIT	(3)	(2)	10	2	7
Net financials				(17)	(17)
Exchange rate adjustments				9	9
Profit before tax	(3)	(2)	10	(6)	(1)

Notes

3. Biological assets

	Basic Herd	Sales Herd	Total herd
Q1 2020			
Opening balance as of 1 January	142	275	417
Movements:			
Acquisitions	-	-	-
Produced piglets, cattles	3	176	179
Gain/loss from change in fair value	13	154	167
Sales	(10)	(316)	(327)
Transfer between groups	11	(11)	-
Exchange adjustments	(15)	(4)	(19)
Closing balance - values as of 31 March	144	273	417
Q1 2019			
Opening balance as of 1 January	106	184	290
Movements:			
Acquisitions	-	-	-
Produced piglets, cattles	-	119	119
Gain/loss from change in fair value	1	119	120
Sales	(8)	(211)	(219)
Transfer between groups	10	(10)	-
Exchange adjustments	6	5	11
Closing balance - values as of 31 March	115	206	321

Additions for piglets are calculated as the value of weaners at standard rates.

Gain on changes in fair value comprises changes as a consequence of biological growth and price changes.

Disposals from sales and transfer amounts are calculated using the fair value per unit from previous period. Transfer between groups covers pigs transferred to own breeding as young females.

DKK million	Q1 2020	Q1 2019
Crop production		
Opening balance as of 1 January	72	66
Acquisitions	23	34
Gain/loss from change in fair value	0	(1)
Harvest	(29)	(1)
Exchange adjustments	29	2
Closing balance	95	100
Numbers of hectares harvested	-	337
Numbers of hectares seeded as of closing balance	21,158	19,521

Notes

4. Obligor Group

Bond terms

Issuer	Goodvalley A/S
Security package:	First ranking security over material assets and share pledges
Original Guarantors:	Goodvalley A/S, Finansax ApS, Goodvalley Agro SA, Goodvalley Sp. Z o.o. and Goodvalley Ukraine LLC
Status of the bond:	Senior secured
Currency:	EUR
Initial debt amount:	EUR 135 million
Total framework:	EUR 270 million
Other facilities:	Super senior RCF up to DKK 125 million, governed under an inter-creditor agreement with bondholders. Basket of DKK 80 million for factoring.
Tenor:	4 years (May 2021)
Pricing:	3m EURIBOR + 450bps p.a., quarterly interest payments, EURIBOR floor of 0.0%
Rating:	Unrated
Call options:	Non call during the first 24 months, then 50/25/0% of initial coupon after 24/36/42, month respectively.
Incurrence test:	NIBD/EBITDA LTM fixed herd price (net leverage) of < 2.75x for any additional debt raised.
Restricted payments:	Dividends or cash contributions to Restricted Subsidiaries are payable up to Net Leverage of < 2.75x
Information covenant:	Annual audited statements, quarterly unaudited reports.
General undertakings:	Inter alia restrictions on distributions, mergers, demergers, acquisitions, disposals, financial indebtedness, negative pledge, financial support, subsidiary distribution customary for a HY bond.
Change of control:	Investor put at 101%
Equity claw:	35%
Listing of bonds:	Nasdaq Copenhagen.
Trustee:	Nordic Trustee.
Governing law:	Danish law.

5. Seasonality

The Group's financial performance is influenced by seasonal fluctuations relating to the arable production, where the Group's main activities historically are generated in Q3 based on the harvest. Revenue and operating profit before tax thus vary in the various reporting periods for which reason they are not necessarily indicative of future trends. The results of the individual quarters are therefore not reliable sources in terms of projecting the Group's development and full year earnings.

6. Related parties transactions

The Group has obtained a subordinated loan from the Parent company, Polen Invest A/S, with a balance of DKK 80 million at 31 March 2020 (balance at 31 March 2019: DKK 95 million). The Company intends to repay the loan partly during last quarter of 2020, if the financial position of the Company allows it. The loan carries interest, and the interest for Q1 2020 amounts to DKK 1 million (Q1 2019: DKK 1 million).

GOODVALLEY

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