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years
of
GOODVALLEY
Sustainable Farming
Since 1994

GOODVALLEY

Since  1994

Home of Quality

Interim Report Q2 2019



Highlights

Goodvalley increased its production and sales of live pigs in Q2 2019 as market conditions and prices improved across Europe. Higher input prices had Goodvalley reduce the number of pigs slaughtered as the sales price for value added pork products could not immediately be adjusted to compensate the elevated cost level. Operational performance remained strong at Group level despite negative effects of the aftermath of cases of stomach ulcers in the herd in Ukraine in Q1.

“

We were pleased to maintain strong operational performance in the quarter while building up the herd across our markets to an all-time high on the back of our recent investments in improved and upgraded stables. Our live pigs sales benefited from the improved demand in Europe, which led to less profitable pork production at our slaughterhouse, though, as the steep increase in input costs could not be immediately compensated by higher sales prices for pork products on supermarket shelves.

”

says CEO Hans Henrik Pedersen.

Contact information

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Conference call

A conference call for investors, analysts and other stakeholders will be conducted in English by CEO Hans Henrik Pedersen and Vice CEO Kristian Brokop on 28 August 2019 at 10 AM (CET). The conference call can be followed live via [this link](#), and participants may dial telephone numbers provided at our corporate website to ask questions.

Q2 2019

- Group revenue increased to DKK 385 million (Q2 2018: DKK 374 million) as Goodvalley sold more live pigs at a higher average price. The Group's Adjusted EBITDA* declined slightly to DKK 77 million (Q2 2018: DKK 83 million) corresponding to an Adjusted EBITDA margin of 20.0% (Q2 2018: 22.2%) due to lower sales of pork products and higher feed costs.
- Revenue in the Polish business was stable at DKK 240 million (Q2 2018: DKK 239 million), and Adjusted EBITDA increased to DKK 22 million (Q2 2018: DKK 18 million). The development was driven by higher live pig sales volume and price, which was partly offset by lower pork sales volume during the quarter.
- In Ukraine, revenue increased to DKK 97 million (Q2 2018: DKK 92 million) based on moderately higher volumes and prices. Adjusted EBITDA declined to DKK 37 million (Q2 2018: DKK 49 million) due to repercussions of cases of stomach ulcers in the pig production in Q1, as well as lower expectations for the upcoming harvest.
- Russia lifted revenue to DKK 48 million (Q2 2018: DKK 43 million), whereas Adjusted EBITDA declined to DKK 13 million (Q2 2018: DKK 20 million) due to a negative impact on the arable activities caused by drought in the spring as well as a significant reduction in the meat-to-feed ratio.

H1 2019

- Group revenue was DKK 707 million (H1 2018: DKK 725 million), and Adjusted EBITDA amounted to DKK 114 million (H1 2018: DKK 156 million), corresponding to an Adjusted EBITDA margin of 16.1% (H1 2018: 21.5%).
- Polish revenue came to DKK 452 million (DKK 466 million) with Adjusted EBITDA of DKK 29 million (H1 2018: DKK 54 million).
- In Ukraine, revenue was DKK 172 million (H1 2018: DKK 183 million), and Adjusted EBITDA came to DKK 53 million (H1 2018: DKK 78 million).
- The Russian business generated revenue of DKK 83 million (H1 2018: DKK 76 million) and Adjusted EBITDA of DKK 24 million (H1 2018: DKK 31 million).

OUTLOOK:

Goodvalley maintains expectations of generating revenue of DKK 1,400-1,550 million and an Adjusted EBITDA of DKK 220-280 million in 2019.

**In this report, Adjusted EBITDA refers to EBITDA adjusted for herd price changes and non-recurring items, cf. page 3.*

Financial highlights

DKK million	Q2 2019	Q2 2018	H1 2019	H1 2018	DKK million	Q2 2019	Q2 2018	H1 2019	H1 2018
Income statement					Financial ratios				
Revenue	385	374	707	725	Gross margin	41.5%	27.6%	31.9%	31.1%
Total income	518	446	898	856	EBITDA margin	35.2%	19.6%	25.1%	23.5%
Gross profit	160	103	225	226	Adjusted EBITDA margin	20.0%	22.2%	16.1%	21.5%
EBITDA	136	73	177	170	EBIT margin	26.0%	11.3%	15.0%	15.2%
Adjusted EBITDA	77	83	114	156	Free cash flow / Revenue	11.8%	(11.0%)	7.3%	(5.5%)
EBIT	100	42	106	110	Cash conversion	79.1%	53.1%	76.6%	53.3%
Financial items, net	(4)	(8)	(12)	(18)	Capex	19	(68)	41	(109)
Profit / (loss) for the period	95	34	92	92	NIBD/Adjusted EBITDA LTM	6.6	3.1	6.6	3.1
Adjusted* profit	24	37	6	63	Equity ratio	49.3%	46.8%	49.3%	46.8%
Cash flow					ROIC	1.6%	8.9%	1.6%	8.9%
Operating activity	61	44	86	83	FTE end of period	2,209	2,301	2,209	2,301
Investing activity	(15)	(85)	(36)	(123)	Share ratios				
Free cash flow	45	(41)	51	(40)	Earnings per share, DKK	2	1	2	2
Financing activity	(24)	13	(34)	12	Goodvalley Bond Obligor Group*				
Balance sheet					Revenue	337	331	624	649
Non-current assets	2,040	1,864	2,040	1,864	Total income	471	395	804	765
Net working capital	609	599	609	599	EBITDA	124	50	152	134
Invested capital	2,649	2,463	2,649	2,463	Adjusted EBITDA	64	63	90	125
Total assets	2,839	2,819	2,839	2,819	Interest bearing debt	1,222	1,216	1,222	1,216
Equity	1,399	1,318	1,399	1,318	Net interest bearing debt	1,175	1,144	1,175	1,144
Net interest-bearing debt	1,186	1,142	1,186	1,142	Adjusted EBITDA LTM	119	312	119	312
					NIBD/Adjusted EBITDA LTM	9.9	3.7	9.9	3.7

*In this report, Adjusted profit refers to profit for the period adjusted for non-recurring items, herd price changes and exchange rate adjustments in financial items.

*Bond Obligor Group consists of: Goodvalley A/S, Finansax ApS, Goodvalley Agro SA, Goodvalley Sp. Z o.o. and Goodvalley Ukraine LLC.

Financial performance



BUSINESS DEVELOPMENT

Goodvalley sold more live pigs while demand increased and prices improved across European markets in Q2 2019. Simultaneously, pork sales volume declined as the Group reduced the number of pigs slaughtered due to elevated input prices and relatively fixed sales prices for value added pork products.

Operational performance was stable at Group level as the feed conversion ratio stood at 2.72 (Q2 2018: 2.74) and the number of pigs sold per sow was 32.0 (Q2 2018: 32.1). The solid performance was realised despite negative effects from cases of stomach ulcers in the herd in Ukraine in Q1 2019 and higher temperatures in the stables in Poland towards the end of the quarter. Feed consumption increased as Goodvalley increased pig production and grew the pig herd, and the feed price simultaneously increased significantly to DKK 1.73 per kilo (Q2 2018: DKK 1.59 per kilo), entailing a negative impact on overall profitability in Q2 2019.

INCOME STATEMENT

Revenue

Consolidated revenue increased to DKK 385 million (Q2 2018: DKK 374 million) in Q2 2019 on the back of higher sales of live pigs across Goodvalley's markets and an increase in the average sales price to DKK 12.29 per kilo (Q2 2018: DKK 11.31 per kilo), whereas pork volume was lower in the quarter. Sales of live pigs and pork products accounted for 48% and 47%, respectively, of Group revenue.

Total income increased to DKK 518 million (Q2 2018: DKK 446 million) in Q2 2019 including fair value gain of DKK 125 million (Q2 2018: DKK 68 million).

In H1 2019, revenue came to DKK 707 million (H1 2018: DKK 725 million), and total income was DKK 898 million (H1 2018: DKK 856 million).

Cost of goods sold

Cost of goods sold increased to DKK 359 million (Q2 2018: DKK 343 million) in Q2 2019. The increase in cost of goods sold was attributable to elevated feed costs due to higher feed prices and

pig production volumes across the Group's markets.

Cost of goods sold was DKK 673 million (H1 2018: DKK 630 million) in H1 2019.

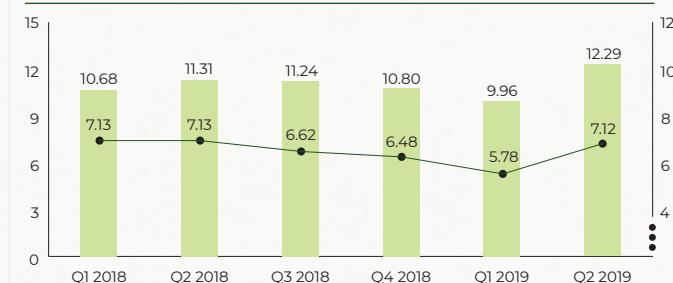
SG&A

Goodvalley's sales, general and administrative expenses declined to DKK 24 million (Q2 2018: DKK 30 million) in Q2 2019 from a relatively high level in the comparison period, which was marked by expenses related to the strengthening of the Group's organisation and brand. SG&A expenses include Group costs not directly attributable to individual segments, cf note 2 to the financial statements.

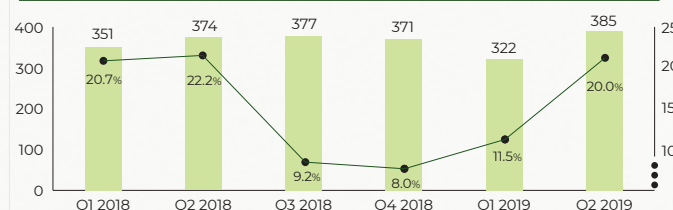
DKK million	Q2 2019	Q2 2018	H1 2019	H1 2018
Revenue	385	374	707	725
Change in fair value	125	68	178	122
Grants and other income	8	4	13	9
TOTAL INCOME	518	446	898	856

DKK million	Q2 2019	Q2 2018	H1 2019	H1 2018
EBITDA	136	73	177	170
Herd price adjustment	(59)	10	(63)	(14)
ADJUSTED EBITDA	77	83	114	156
ADJUSTED EBITDA MARGIN	20.0%	22.2%	16.1%	21.5%
EBITDA margin	35.2%	19.6%	25.1%	23.5%

PIG PRICE, DKK / KG., AND MEAT TO FEED RATIO



REVENUE, DKK MILLION, AND ADJUSTED EBITDA MARGIN, %



Financial performance



In H1 2019, the Group's SG&A came to DKK 48 million (H1 2018: DKK 56 million).

EBITDA

The Group's Adjusted EBITDA declined slightly to DKK 77 million (Q2 2018: DKK 83 million) in Q2 2019, corresponding to an Adjusted EBITDA margin of 20.0% (Q2 2018: 22.2%). EBITDA increased significantly to DKK 136 million (Q2 2018: DKK 73 million), corresponding to an EBITDA margin of 35.2% (Q2 2018: 19.6%) following the herd price adjustment of DKK 59 million (Q2 2018: DKK -10 million) in the quarter.

Goodvalley's Adjusted EBITDA came to DKK 114 million (H1 2018: DKK 156 million) in H1 2019, corresponding to an Adjusted EBITDA margin of 16.1% (H1 2018: 21.5%). EBITDA increased to DKK 177 million (H1 2018: DKK 170 million), corresponding to an EBITDA margin of 25.1% (H1 2018: 23.5%) in H1 2019.

Implementation of IFRS 16 "Leases" as of 1 January 2019 improved Adjusted EBITDA by DKK 4 million in Q2 2019 and DKK 7 million in H1 2019, while depreciation and interest expenses

have increased correspondingly. Please refer to note 1 in the financial statements.

EBIT

In Q2 2019, EBIT increased to DKK 100 million (Q2 2018: DKK 42 million), corresponding to an EBIT margin of 26.0% (Q2 2018: 11.3%).

The Group's EBIT for H1 2019 came to DKK 106 million (H1 2018: DKK 110 million), corresponding to an EBIT margin of 15.0% (H1 2018: 15.2%).

Adjusted profit

Adjusted profit* declined to DKK 24 million (Q2 2018: DKK 37 million) in Q2 2019, corresponding to an Adjusted profit margin of 6.1% (Q2 2018: 9.8%).

In H1 2019, the Group's Adjusted profit was DKK 6 million (H1 2018: DKK 63 million), corresponding to an Adjusted profit margin of 0.9% (H1 2018: 8.7%).

Total comprehensive income

The Group's total comprehensive income amounted to DKK 124 million (Q2 2018: DKK 41 million) in Q2 2019 including positive exchange adjustments of foreign enterprises of DKK 29 million (Q2 2018: DKK 7 million).

For H1 2019, total comprehensive income was DKK 169 million (H1 2018: DKK 95 million).

BALANCE SHEET

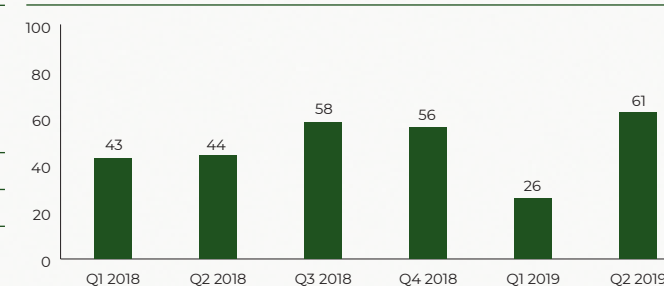
The balance sheet amounted to a total of DKK 2,839 million (H1 2018: DKK 2,819 million) at 30 June 2019.

Net working capital was DKK 609 million (H1 2018: DKK 599 million) at 30 June 2019 including 42 thousand tonnes of grain and other feed components in stock.

Goodvalley's invested capital increased to DKK 2,649 million (H1 2018: DKK 2,463 million) at 30 June 2019. Return on invested capital (ROIC) decreased to 1.6% (H1 2018: 8.9%) as LTM earnings declined.

DKK million	Q2 2019	Q2 2018	H1 2019	H1 2018
Net profit	95	34	92	88
Herd price adjustment	(59)	10	(63)	(14)
Exchange rate adjustment	(13)	(7)	(23)	(11)
Adjusted profit	24	37	6	63
ADJUSTED PROFIT MARGIN	6.1%	9.8%	0.9%	8.7%
Net Profit margin	24.8%	9.1%	13.0%	12.2%

OPERATING CASH FLOW, DKK MILLION



*In this report, Adjusted profit refers to profit for the period adjusted for non-recurring items, price changes of herd on stock and exchange rate adjustments in financial items.

Financial performance



Total equity increased to DKK 1,399 million (H1 2018: DKK 1,318 million) at 30 June 2019, corresponding to an equity ratio of 49.3% (H1 2018: 46.8%).

Goodvalley's net interest-bearing debt increased to DKK 1,186 million (H1 2018: DKK 1,142 million) at 30 June 2019 due to a DKK 55 million effect of implementing IFRS 16 "Leases", cf. note 1 to the financial statements. NIBD/Adjusted EBITDA LTM increased to 6.6 (H1 2018: 3.1).

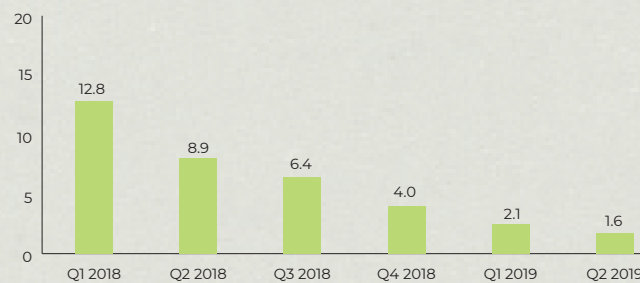
NEW SEGMENT REPORTING

On 13 August 2019, Goodvalley announced (company announcement no. 10/2019) a new financial reporting structure introducing the geographical segments Poland, Ukraine and Russia to replace the historical business segments. The revised external reporting structure is a consequence of the launch of one Group identity in 2018 and the introduction of a country-based organisational structure and internal management reporting setup. The introduction of a new reporting structure has no influence on the Group's CO₂ neutral and vertically integrated business model, which is unchanged.

The new reporting structure has been implemented with retrospective effect, whereby comparative figures have been restated accordingly. See note 2 to the financial statements for an overview of selected financial figures presented in accordance with the historical business areas and the new geographical segments.



ROIC, %



PIGS SOLD, THOUSAND TONNES (LIVE WEIGHT)



Financial performance

POLAND

Sales of pork products declined to 10.5 thousand tonnes (Q2 2018: 13.0 thousand tonnes) in Poland in Q2 2019 as Goodvalley slaughtered fewer pigs due to high input costs that could not be immediately absorbed as sales prices for value added pork products were partly fixed in the quarter. Goodvalley grew the share of MAP (Modified Atmosphere Packaging) products to 27% (Q2 2018: 19%), while the share of processed products and deboned meat amounted to 23% (Q2 2018: 25%) and 50% (Q2 2018: 56%), respectively. Sales of Goodvalley's branded products continued to improve in Q2 2019.

The impact of lower pork product sales was mitigated as Goodvalley grew sales of live pigs moderately to 14.3 thousand tonnes (Q2 2018: 14.1 thousand tonnes) at a higher average pig price of DKK 12.37 per kilo (Q2 2018: DKK 10.63 per kilo).

Revenue in the Polish business was stable at DKK 240 million (Q2 2018: DKK 239 million), accounting for 62% of Group revenue.

Segment revenue was comprised of 74% from pork products, 17% from external sales of live pigs and 9% from external sales of crops and energy from the Group's eight biogas plants in Poland.

Total income grew significantly to DKK 321 million (Q2 2018: DKK 257 million) in Q2 2019 due to the higher pig price and increasing volumes at the Group's newly renovated farms as well as higher expectations for the arable yield in Poland, entailing fair value adjustments of DKK 74 million (Q2 2018: DKK 13 million).

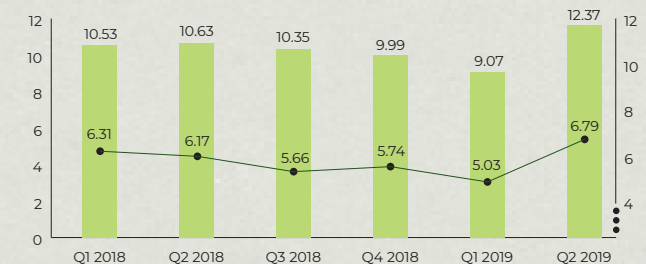
Adjusted EBITDA increased to DKK 22 million (Q2 2018: DKK 18 million), corresponding to an improvement of the Adjusted EBITDA margin to 9.3% (Q2 2018: 7.6%) on the back of the higher pig price and a slightly improved feed conversion ratio of 2.78 (Q2 2018: 2.83). Progress was realized despite a significant increase in the feed price to DKK 1.82 per kilo (Q2 2018: DKK 1.72 per kilo) and a temporary decline in production efficiency at

DKK million	Q2 2019	Q2 2018	H1 2019	H1 2018
REVENUE	240	239	452	466
Change in fair value	74	13	102	50
Other income	7	5	13	8
TOTAL INCOME	321	257	567	524
EBITDA	71	8	88	63
ADJUSTED EBITDA	22	18	29	54
Adjusted EBITDA margin	9.3%	7.6%	6.4%	11.5%

SALE OF PORK (SLAUGHTERED), THOUSAND TONNES



PIG PRICE, DKK/ KG., AND MEAT TO FEED RATIO



PIGS SOLD PER SOW, HEADS



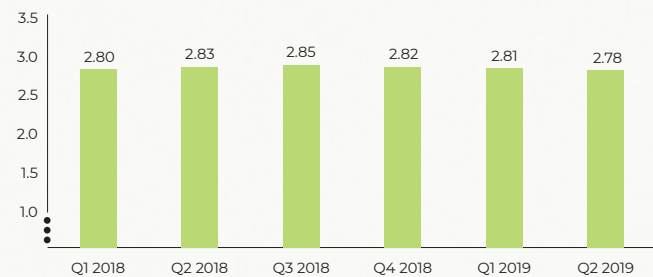
Financial performance

POLAND

the Polish farms due to warm weather, entailing a decline in pigs sold per sow to 30.0 (Q2 2018: 30.9). EBITDA increased to DKK 71 million (Q2 2018: DKK 8 million) in Q2 2019.

In H1 2019, pork volume declined to 22.0 thousand tonnes (H1 2018: 26.0 thousand tonnes), while sales of live pigs were stable at 28.3 thousand tonnes (H1 2018: 28.3 thousand tonnes). Revenue came to DKK 452 million (H1 2018: DKK 466 million), accounting for 64% of Group revenue, with Adjusted EBITDA amounting to DKK 29 million (H1 2018: DKK 54 million) and EBITDA standing at DKK 88 million (H1 2018: DKK 63 million).

FEED CONVERSION RATIO, KG., (WHOLE HERD)



HOTDOGS

Goodvalley's hotdogs were the first processed products in the Group's branded product range. The product holds a premium market position, offering consumers 100% meat content and a clean label. The product is currently available to consumers in the main Polish retail chains and across a range of smaller stores.

HAM



Goodvalley's ham product was well-received during a test period in Poland's largest retail chain, Biedronka. The product holds significant potential and Goodvalley is preparing to launch wider distribution in late autumn, which is considered the best season for this category.



SAUSAGES

The traditional sausage is the main category in Poland, and Goodvalley's quality product offers unique product attributes, differentiating it from other products in the category, which compete mainly on price.

All of our products have three attributes:



CLIMATE-FRIENDLY



NON GMO FEED



RWA

Financial performance

UKRAINE

The Ukrainian business grew its sales of live pigs to 9.5 thousand tonnes (Q2 2018: 9.1 thousand tonnes) in Q2 2019 at a higher average price of DKK 12.13 per kilo (Q2 2018: DKK 11.66 per kilo). The segment's revenue increased to DKK 97 million (Q2 2018: DKK 92 million) comprised of 95% from external sales of live pigs and 5% from external sales of crops and energy from the Group's biogas plant in Ukraine, accounting in total for 25% of Group revenue in Q2 2019.

The segment's total income increased to DKK 149 million (Q2 2018: DKK 138 million) in Q2 2019 as the higher pig price and increasing volumes as well as reduced expectations for the arable yield in Ukraine resulted in fair value adjustments of DKK 52 million (Q2 2018: DKK 47 million).

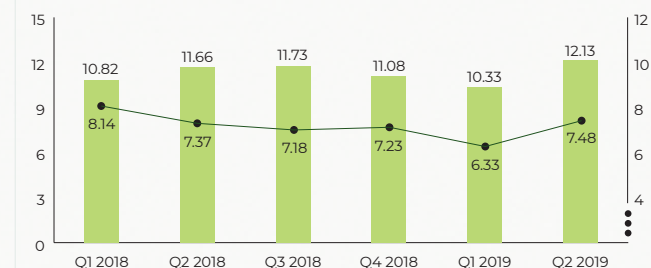
Production efficiency was slightly lower in Q2 2019 as pigs sold per sow declined to 34.1 (Q2 2018: 34.3) while the feed conversion ratio was stable at 2.66 (Q2 2018: 2.64). Efficiency was negatively impacted by the aftermath of cases of stomach ulcers in

the herd in Q1, caused by feed composition and resulting in a temporary decrease in weight gain and higher mortality. Feed consumption increased and the feed price increased slightly to DKK 1.62 per kilo (Q2 2018: DKK 1.58 per kilo), contributing to a decline in Adjusted EBITDA to DKK 37 million (Q2 2018: DKK 49 million), corresponding to an Adjusted EBITDA margin of 38.0% (Q2 2018: 53.2%) in the quarter. EBITDA was stable at DKK 48 million (Q2 2018: DKK 47 million).

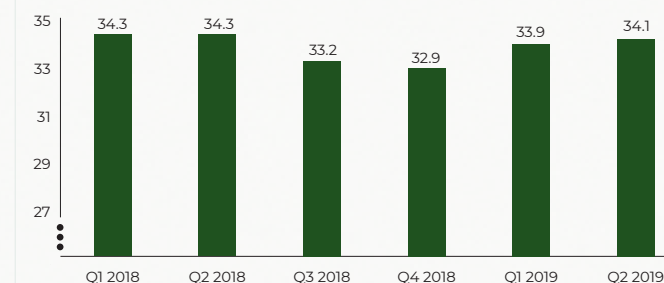
The Ukrainian segment's live pig sales declined to 17.6 thousand tonnes (H1 2018: 18.9 thousand tonnes) in H1 2019, resulting in revenue of DKK 172 million (H1 2018: DKK 183 million), accounting for 24% of Group revenue. Adjusted EBITDA came to DKK 53 million (H1 2018: DKK 78 million), and EBITDA was DKK 55 million (H1 2018: DKK 78 million) in H1 2019.

DKK million	Q2 2019	Q2 2018	H1 2019	H1 2018
REVENUE	97	92	172	183
Change in fair value	52	47	66	58
Other income	-	-	-	-
TOTAL INCOME	149	138	238	241
EBITDA	48	47	55	78
ADJUSTED EBITDA	37	49	53	78
Adjusted EBITDA margin	38.0%	53.2%	30.9%	42.8%

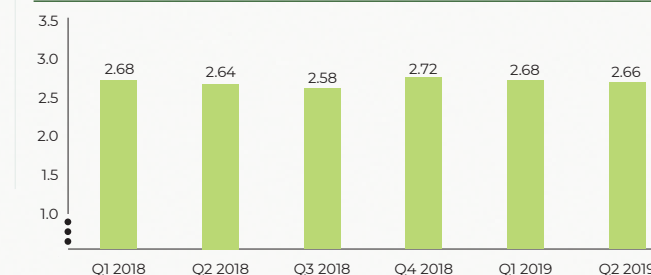
PIG PRICE, DKK/ KG., AND MEAT TO FEED RATIO



PIGS SOLD PER SOW, HEADS



FEED CONVERSION RATIO, KG., (WHOLE HERD)



Financial performance

RUSSIA

In Q2 2019, Goodvalley Russia lifted sales of live pigs to 5.1 thousand tonnes (Q2 2018: 4.6 thousand tonnes) at a slightly lower price of DKK 12.40 per kilo (Q2 2018: DKK 12.57 per kilo). Revenue in the Russian business grew to DKK 48 million (Q2 2018: DKK 43 million) from external sales of live pigs, accounting in total for 13% of Group revenue in the quarter.

Total income for the Russian activities was moderately lower at DKK 48 million (Q2 2018: DKK 51 million) in Q2 2019.

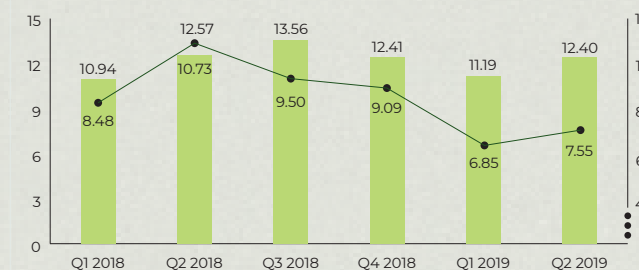
Adjusted EBITDA declined to DKK 13 million (Q2 2018: DKK 20 million), corresponding to an Adjusted EBITDA margin of 28.0% (Q2 2018: 46.0%) in Q2 2019 due to a significant increase in the feed price to DKK 1.64 per kilo (Q2 2018: DKK 1.17 per kilo) as well as negative effects of challenging weather conditions on the

Russian arable activities. Pig production efficiency was higher as the number of pigs sold per sow in the Russian business increased to 32.5 (Q2 2018: 32.0) driven by general efficiency improvements resulting mainly from cross-border knowledge sharing across the Group. EBITDA declined to DKK 12 million (Q2 2018: DKK 23 million) in Q2 2019.

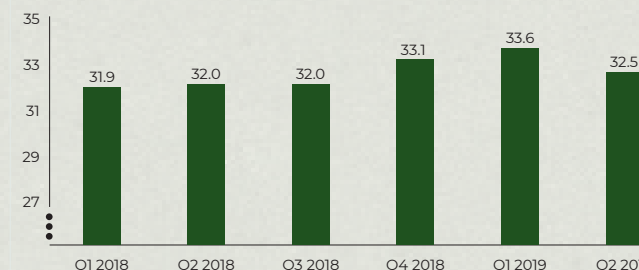
In H1 2019, the Russian segment grew its live pig sales volume to 9.2 thousand tonnes (H1 2018: 8.6 thousand tonnes) and revenue to DKK 83 million (H1 2018: DKK 76 million), accounting for 12% of Group revenue. Adjusted EBITDA was DKK 24 million (H1 2018: DKK 31 million), and EBITDA came to DKK 26 million (H1 2018: DKK 36 million) in H1 2019.

DKK million	Q2 2019	Q2 2018	H1 2019	H1 2018
REVENUE	48	43	83	76
Change in fair value	(1)	7	10	14
Other income	1	-	-	1
TOTAL INCOME	48	51	93	91
EBITDA	12	23	26	36
ADJUSTED EBITDA	13	20	24	31
Adjusted EBITDA margin	28.0%	46.0%	28.4%	40.7%

PIG PRICE, DKK/ KG AND MEAT TO FEED RATIO



PIGS SOLD PER SOW, HEADS



FEED CONVERSION RATIO, KG., (WHOLE HERD)



Outlook

Goodvalley maintains the outlook for 2019 based on year-to-date performance and expectations of higher market prices for live pigs, which are seen to boost results from the Group's pig production units, while simultaneously reducing earnings from the production of value added food products due to elevated input prices and relatively fixed sales prices. The outlook for 2019 is furthermore impacted by increased feed costs and reduced expectations for the Group's arable yields. Group revenue is expected to amount to DKK 1,400-1,550 million, and Adjusted EBITDA is expected to reach DKK 220-280 million.

Assumptions

Following a significant price increase in Q2 2019, Goodvalley now bases the outlook for the full-year on an average market price for live pigs of DKK 12.0 per kilo (previously DKK 11.2 per kilo)

slaughter pig and a feed price of DKK 1.72 per kilo (previously DKK 1.69 per kilo) at Group level.

Current fluctuations in live pig prices in Goodvalley's markets continue to be driven mainly by changes in supply and demand in the Chinese market following ASF outbreaks, entailing continued low transparency. The outlook is furthermore based on current exchange rates for the Group's key currencies as well as the prevailing economic situation in Goodvalley's markets.

The outlook represents our current expectations for the development in the Group's revenue and Adjusted EBITDA, and Goodvalley's EBITDA may thus deviate significantly from this outlook.

DKK MILLION

2019 OUTLOOK

REVENUE	1,400-1,550
ADJUSTED EBITDA	220-280

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, developments 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 annual financial statements for 2018.

FINANCIAL CALENDAR 2019

27 NOVEMBER 2019: INTERIM REPORT Q3 2019



Management statement

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 – 30 June 2019. 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 2018, except for the effect of implementation of IFRS 16 with effect from 1 January 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 30 June 2019 and of the results of the Group's operations and cash flows for the period 1 January - 30 June 2019.

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 2018.

Copenhagen, 27 August 2019

Executive Board

Hans Henrik Pedersen
 Chief Executive Officer

Kristian Brokop Jakobsen
 Vice Chief Executive Officer

Board of Directors

Anders Christen Obel
 Chairman

Niels Rauff Hansen
 Vice Chairman

Anders Bundgaard

Erling Bech Poulsen

Leif Bergvall Hansen

Helle Okholm

Consolidated Financial Statements

Consolidated statement of comprehensive income

CONSOLIDATED INCOME STATEMENT

DKK MILLION	Q2 2019	Q2 2018	H1 2019	H1 2018
Revenue	385	374	707	725
Change in fair value of biological Assets	125	68	178	122
Grants and other income	8	4	13	9
TOTAL INCOME	518	446	898	856
Cost of goods sold (COGS)	(359)	(343)	(673)	(630)
GROSS PROFIT	160	103	225	226
SG&A	(24)	(30)	(48)	(56)
EBITDA	136	73	177	170
Depreciation and amortisation	(36)	(31)	(71)	(60)
PROFIT BEFORE FINANCIAL EXPENSES AND TAX	100	42	106	110
Financial income	1	1	1	3
Financial expenses	(18)	(16)	(36)	(32)
Exchange rate adjustments	13	7	23	11
PROFIT BEFORE TAX	96	34	94	92
Income tax	(1)	-	(2)	-
PROFIT OF CONTINUING OPERATIONS	95	34	92	92
Profit/(loss) for the year of discontinued operations	-	-	-	(4)
PROFIT FOR THE PERIOD	95	34	92	88
<i>Profit / loss is attributable to:</i>				
Owners	95	34	92	88
TOTAL	95	34	92	88

CONSOLIDATED STATEMENT OF COMPREHENSIVE

DKK MILLION	Q2 2019	Q2 2018	H1 2019	H1 2018
Profit for the period	95	34	92	88
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange adjustments of foreign enterprises	29	7	77	7
TOTAL COMPREHENSIVE INCOME	124	41	169	95
<i>Comprehensive income is attributable to:</i>				
Owners	124	41	169	95
TOTAL	124	41	169	95

Consolidated balance sheet

ASSETS

DKK MILLION	H1 2019	H1 2018	2018
Goodwill	91	89	84
Other intangible assets	24	28	24
INTANGIBLE ASSETS	114	117	108
Land and buildings	1,103	997	1,051
Leasehold improvements	115	116	117
Plant and machinery	309	263	276
Other fixtures and fittings, tools and equipment	127	111	120
Property, plant and equipment in progress	82	144	142
Right of use assets	54	-	-
PROPERTY, PLANT AND EQUIPMENT	1,790	1,631	1,706
Non-current asset investment	5	2	4
FINANCIAL ASSET INVESTMENTS	5	2	4
Biological assets - basic herd	131	114	109
BIOLOGICAL ASSETS	131	114	109
NON-CURRENT ASSETS	2,040	1,864	1,927
Biological assets - sales herd	267	219	184
Biological assets - arable, crop production	158	159	66
Inventories	161	193	260
BIOLOGICAL ASSETS AND INVENTORIES	585	571	510
Trade receivables	70	72	73
Receivables from associates	7	7	7
Other receivables	40	35	35
Prepayments	19	60	15
RECEIVABLES	136	174	130
Cash at bank and in hand	78	140	63
Assets held for sale	-	70	-
CURRENT ASSETS	799	955	703
ASSETS	2,839	2,819	2,630

LIABILITIES AND EQUITY

DKK MILLION	H1 2019	H1 2018	2018
Share capital	538	538	538
Other reserves	-	-	-
Reserve for exchange adjustments	(471)	(526)	(549)
Retained earnings	1,332	1,306	1,241
Capital and reserves attributable to owners	1,399	1,318	1,230
TOTAL EQUITY	1,399	1,318	1,230
Bond debt	968	967	970
Provision for deferred tax	4	5	4
Other provisions	8	3	4
Credit institutions	34	49	39
Lease liabilities	54	-	-
Subordinated loan from Polen Invest A/S	70	90	70
Deferred income	8	9	8
LONG-TERM LIABILITIES	1,140	1,123	1,095
Credit institutions	111	156	131
Subordinated loan from Polen Invest A/S	22	18	24
Trade payables	94	74	93
Other provisions	1	1	1
Other payables	65	54	53
Deferred income	2	5	3
SHORT-TERM LIABILITIES	294	308	305
Liabilities of disposal group classified as held for sale	-	70	-
LIABILITIES	1,440	1,501	1,400
LIABILITIES AND EQUITY	2,839	2,819	2,630

Statement of changes in equity

H1 2019

DKK MILLION	SHARE CAPITAL	RESERVE FOR EXCHANGE ADJUSTMENTS	RETAINED EARNINGS	EQUITY OWNERS	TOTAL EQUITY
EQUITY AT 1 JANUARY 2019	538	(548)	1,240	1,230	1,230
Net profit for the period	-	-	92	92	92
Other comprehensive income	-	77	-	77	77
COMPREHENSIVE INCOME FOR THE PERIOD	-	77	92	169	169
EQUITY AT 30 JUNE 2019	538	(471)	1,332	1,399	1,399

H1 2018

DKK MILLION	SHARE CAPITAL	RESERVE FOR EXCHANGE ADJUSTMENTS	RETAINED EARNINGS	EQUITY OWNERS	TOTAL EQUITY
EQUITY AT 1 JANUARY 2018	538	(491)	1,218	1,265	1,265
Net profit for the year	-	-	88	88	88
Other comprehensive income/ (loss)	-	(35)	-	(35)	(35)
COMPREHENSIVE INCOME FOR THE YEAR	-	(35)	88	53	53
EQUITY AT 30 JUNE 2018	538	(526)	1,306	1,318	1,318

Statement of cash flows

STATEMENT OF CASH FLOWS

DKK MILLION	Q2 2019	Q2 2018	H1 2019	H1 2018
PROFIT	95	34	92	88
Adjustments:				
Financial income and expenses	18	13	34	27
Currency losses	(11)	(5)	(20)	(9)
Depreciation and amortisation	36	31	71	60
Tax on the profit for the year	1	-	2	-
Other adjustments	8	15	10	6
Change in working capital	(69)	(31)	(68)	(62)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE FINANCIAL INCOME AND EXPENSES	78	57	122	110
Financial income received	1	3	1	5
Financial expenses paid	(17)	(16)	(36)	(32)
CASH FLOWS FROM ORDINARY ACTIVITIES	62	44	87	83
Corporate tax paid	(1)		(2)	
CASH FLOWS FROM OPERATING ACTIVITIES	61	44	86	83
Purchase intangible assets	(1)	(30)	(1)	(30)
Purchase property, plant and equipment	(19)	(68)	(41)	(109)
Sale of property, plant and equipment	3	-	4	-
Change of financial investments	1	1	2	1
Sale of fixed asset investments	1	12	-	15
CASH FLOWS FROM INVESTING ACTIVITIES	(15)	(85)	(36)	(123)

STATEMENT OF CASH FLOWS

DKK MILLION	Q2 2019	Q2 2018	H1 2019	H1 2018
Proceeds from borrowings	12	102	36	123
Repayments of borrowings	(36)	(89)	(70)	(110)
CASH FLOWS FROM FINANCING ACTIVITIES	(24)	13	(34)	12
CHANGE IN CASH AND CASH EQUIVALENTS	19	(28)	12	(28)
Cash and cash equivalents at opening	58	173	63	171
Exchange adjustment, beginning, cash and cash equivalents	1	(5)	2	(3)
CASH AND CASH EQUIVALENTS	78	140	78	140

Note 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 2018, to which reference is made, except for the effect of implementation of IFRS 16. The effects of transitioning to IFRS 16 are described below.

IMPACT OF NEW ACCOUNTING STANDARDS IN 2019

IFRS 16

IFRS 16 replaces IAS 17 Leases, and sets out the principles for the recognition, measurement, presentation and disclosure of leases and will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under this new standard, an asset (the right to use the leased item) and a financial liability to make lease payments are recognized for all leases with a term of more than 12 months unless the leased asset is of low value. Accordingly, the Group's leases were recognised in the balance sheet at 1 January 2019 in the form of right of use assets and lease liabilities.

As regards the income statement, IFRS 16 implementation has resulted in lease expenses being replaced by depreciation of right of use assets and interest on lease liabilities.

The recognition of lease assets and lease liabilities, respectively, resulted in an increase of the Group's total assets and liabilities of DKK 59 million at 1 January 2019. The amount is specified below.

LEASE LIABILITIES 31 DECEMBER 2018 AS DISCLOSED IN THE ANNUAL REPORT 2018	163
Short-term leases (less than 12 months)	(38)
Leases of a low value	(15)
Discounting	(51)
LEASE LIABILITIES RECOGNISED AT 1 JANUARY 2019	59

Based on the current lease composition, IFRS 16 implementation will mean that annual leasing expenses of DKK 13 million are replaced by depreciation of DKK 10 million and interest of DKK 5 million in 2019. Implementation will thus increase EBITDA with DKK 13 million and decrease pre-tax profit by DKK 2 million for the full financial year.

The Group's key figures and financial ratios are also affected by capitalisation of leases under IFRS 16. Invested capital and net interest-bearing debt both increased by DKK 59 million at 1 January 2019, and based on the current composition of leases, implementation is expected to reduce the return on invested capital (ROIC) by about 0.2 of a percentage point, the equity ratio by about 1.1 percentage points and improve the NIBD/Adjusted EBITDA LTM by around 0.1.

Any new leases entered into in 2019 will be recognised as additions of right of use assets and lease liabilities, respectively, which will enhance the effect on the above-mentioned accounting items and ratios in 2019.

GROSS PROFIT FULLY SPLIT BY NATURE:

DKK MILLION	H1 2019	H1 2018
GROSS PROFIT FULLY SPLIT BY NATURE:		
Gross profit reported	225	226
Staff expenses	94	110
SG&A	(26)	(28)
Gross profit by nature	293	308
INCOME STATEMENT SPLIT BY FUNCTIONS (DEPRECIATION AND AMORTISATION):		
Total income	898	856
Cost of goods sold including depreciation and amortisation	(736)	(686)
GROSS PROFIT	162	170
Other operating items	-	-
SG&A, including depreciation and amortisation	(56)	(60)
EBIT	106	110
DEPRECIATION AND AMORTISATION		
Amortisation of intangible assets	(1)	-
Depreciation of tangible assets	(70)	(60)
TOTAL DEPRECIATION AND AMORTISATION	(71)	(60)
DEPRECIATION AND AMORTISATION		
Cost of goods sold	(65)	(56)
Sales and administrative costs	(6)	(4)
TOTAL DEPRECIATION AND AMORTISATION	(71)	(60)

Note 2 - Segment information

H1 2019

DKK MILLION	POLAND	UKRAINE	RUSSIA	OTHER / NOT ALLOCATED	INTERCOMPANY ELIMINATIONS	TOTAL
Revenue	452	172	83	-	-	707
Change in fair value of biological assets	102	66	10	-	-	178
Grants and other income	13	-	-	-	-	13
TOTAL INCOME	567	238	93	-	-	898
Cost of goods sold (COGS)	(447)	(166)	(60)	-	-	(673)
GROSS PROFIT	120	73	33	-	-	225
SG&A	(32)	(17)	(7)	(10)	18	(48)
EBITDA	88	55	26	(10)	18	177
<i>Adjusted EBITDA</i>	29	53	24	(10)	18	114
Depreciation and amortisation	(40)	(19)	(7)	(5)	-	(71)
EBIT	48	36	19	(15)	18	106
Net financials				(35)	-	(35)
Exchange rate adjustments				23	-	23
PROFIT/(LOSS)	48	36	19	(27)	18	94
SEGMENT ASSETS	1,086	418	626			

GEOGRAPHY

DKK MILLION	REVENUE	
	H1 2019	H1 2018
Poland	386	391
Ukraine	172	183
Russia	83	76
Rest of world	66	75
TOTAL	707	725

Note 2 - Segment information

H1 2018

DKK MILLION	POLAND	UKRAINE	RUSSIA	OTHER / NOT ALLOCATED	INTERCOMPANY ELIMINATIONS	TOTAL
Revenue	466	183	76	-	-	725
Change in fair value of biological assets	50	58	14	-	-	122
Grants and other income	8	-	1	-	-	9
TOTAL INCOME	524	241	91	-	-	856
Cost of goods sold (COGS)	(435)	(148)	(47)	-	-	(630)
GROSS PROFIT	89	93	44	-	-	226
SG&A	(26)	(15)	(8)	(21)	14	(56)
EBITDA	63	78	36	(21)	14	170
<i>Adjusted EBITDA</i>	54	78	31	(21)	14	156
Depreciation and amortisation	(38)	(15)	(7)	-	-	(60)
EBIT	25	63	29	(21)	14	110
Net financials				(29)	-	(29)
Exchange rate adjustments				11	-	11
PROFIT/(LOSS)	25	63	29	(39)	14	92
SEGMENT ASSETS	1,089	304	411			

Note 2 - Segment information

Q2 2019

DKK MILLION	POLAND	UKRAINE	RUSSIA	OTHER / NOT ALLOCATED	INTERCOMPANY ELIMINATIONS	TOTAL
Revenue	240	97	48	-	-	385
Change in fair value of biological assets	74	51	(1)	-	-	125
Grants and other income	7	-	1	-	-	8
TOTAL INCOME	321	149	48	-	-	518
Cost of goods sold (COGS)	(235)	(91)	(32)	-	-	(359)
GROSS PROFIT	86	58	16	-	-	160
SG&A	(15)	(9)	(4)	(2)	9	(21)
EBITDA	71	48	12	(2)	9	139
<i>Adjusted EBITDA</i>	22	37	13	(2)	9	80
Depreciation and amortisation	(20)	(10)	(4)	(5)	-	(39)
EBIT	51	38	8	(7)	9	100
Net financials				(18)	-	(18)
Exchange rate adjustments				13	-	13
PROFIT/(LOSS)	51	38	8	(11)	9	95

Note 2 - Segment information

Q2 2018

DKK MILLION	POLAND	UKRAINE	RUSSIA	OTHER / NOT ALLOCATED	INTERCOMPANY ELIMINATIONS	TOTAL
Revenue	239	92	43	-	-	374
Change in fair value of biological assets	13	47	7	-	-	68
Grants and other income	5	-	-	-	-	5
TOTAL INCOME	257	138	51	-	-	446
Cost of goods sold (COGS)	(236)	(83)	(24)	-	-	(343)
GROSS PROFIT	21	56	26	-	-	103
SG&A	(13)	(9)	(4)	(11)	7	(30)
EBITDA	8	47	23	(11)	7	73
<i>Adjusted EBITDA</i>	18	49	20	(11)	7	83
Depreciation and amortisation	(19)	(9)	(3)	-	-	(31)
EBIT	(11)	40	17	(11)	7	42
Net financials				(15)	-	(15)
Exchange rate adjustments				7	-	7
PROFIT/(LOSS)	(11)	40	17	(19)	7	34

Note 3 - Biological assets

BIOLOGICAL ASSETS

DKK MILLION	BASIC HERD	SALES	TOTAL
2019			
Opening balance as of 1 January	106	184	290
<i>Movements:</i>			
Purchases	2	-	2
Produced piglets	-	283	283
Gain/loss from change in fair value	16	314	330
Sales	(17)	(492)	(509)
Transfer between groups	23	(23)	-
Exchange adjustments	1	1	2
CLOSING BALANCE - VALUES AS OF 30 JUNE	131	267	398
2018			
Opening balance as of 1 January	118	196	314
<i>Movements:</i>			
Purchases	2	-	2
Produced piglets	2	326	328
Gain/loss from change in fair value	(4)	204	200
Sales	(15)	(496)	(511)
Transfer between groups	11	(11)	-
Exchange adjustments	-	-	-
CLOSING BALANCE - VALUES AS OF 30 JUNE	114	219	333

The value for produced piglets are calculated as the value of weaners at standard rates. Fair value gains comprise changes as a consequence of biological growth and price changes. Disposals from sales and transfer amounts are calculated using the fair value per unit at the time of the sales or transfer. Transfer between groups covers pigs transferred to own breeding as young females.

BIOLOGICAL ASSETS

DKK MILLION	H1 2019	H1 2018
<i>Arable, crop production</i>		
Opening balance as of 1 January	66	53
Purchases	101	91
Gain/(loss) from change in fair value	(5)	13
Harvest	(2)	-
Exchange adjustments	(2)	2
CLOSING BALANCE	158	159
Numbers of hectares harvested	337	2,615
Numbers of hectares seeded as of closing balance	31,715	28,083

Note 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.

Note 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.

Note 6 - Related parties transactions

The Group has obtained a subordinated loan from the Parent company; Polen Invest A/S, with a balance of DKK 92 million at 30 June 2019 (balance at 30 June 2018: DKK 108 million). For the 6 months ended 30 June 2019 the Group has repaid DKK 5 million (H1 2018: DKK 5 million) as part of the annual repayment. The Company intends to repay the loan partly during last quarter of 2019, if the financial position of the Company allows it. The loan carries interest, and the interest for H1 2019 amounts to DKK 3 million (H1 2018: DKK 3 million).

Glossary

GENERAL

Group

Goodvalley A/S, Finansax ApS, Goodvalley Agro SA, Goodvalley Sp. Z O.O., Goodvalley Ukraine LLC and Goodvalley Russia LLC.

PRODUCTION

ASF

African swine fever.

Arable stock, WIP

The arable stock in the fields which is not yet harvested.

Basic herd

The part of the pig herd, which consists of sows, maiden gilts and boars.

Bio assets

Biological assets (mainly pigs and crops).

Bioenergy

Energy produced based on biological resources.

Biosecurity

Level of measures taken to prevent infection by contagious diseases.

Certificates on biogas

Energy units used for calculating extra price for sold kWh on top of market price (based on political decisions).

Crop split

The split between the different types of crops grown in the fields.

Cultivated land

Land used for crop production.

Efficiency

Measurable technical results from the production.

Feed conversion ratio

Kilo of feed used for one kilo meat produced (live weight).

Live weight

Weight of the pig before slaughtering and deboning.

Modified Atmosphere Packaging (MAP)

A packing method where the products are packed in a sealed and protected atmosphere to increase the period from manufacturing to last sales date.

Meat-to-feed ratio

Price of one kilo meat (carcass weight) divided by the price of one kilo feed.

Oil seeds

Crops that contain oil. Typically rape seed, soya and sunflower.

Piglets

Pigs in farrowing before they are weaned from the sow.

Pig price

Price per kilo pig meat in carcass weight.

Pigs sold per sow

Pigs born per sow in period adjusted for mortality rate in the period and annualized.

Processed products

Meat products which have been cooked, smoked or salted.

Raised without antibiotics (RWA)

Pigs that have been raised without exposure to antibiotics from birth till slaughter.

Sales herd

The part of the pig herd that consist of piglets, weaners and slaughter pigs.

Carcass weight

Weight of the pig in kilos of meat after slaughtering and deboning.

Slaughter pigs

Pigs from 30 kilo live weight to slaughter (app. 120 kilo).

Weaners

A pig in the period between weaning from the sow and slaughter pig (approximately 6.5-30 kilo).

GOODVALLEY

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