

GOODVALLEY

Since  1994

Home of Quality

**Interim
report
H1 2020**



Q2 2020

Highlights

Goodvalley safeguarded profitability and maintained an Adjusted EBITDA margin of 19.6% in Q2 2020 despite a decline in revenue and earnings during the outbreak of COVID-19. Operations were sustained at the Group's production sites and slaughterhouse despite significant challenges and market volatility, and overall performance was satisfactory in H1 2020.

Poland

Revenue in the Polish business declined to DKK 214 million (Q2 2019: DKK 240 million) as sales of pork products and live pigs were impacted by COVID-19. Adjusted EBITDA was stable at DKK 22 million (Q2 2019: DKK 22 million) despite market volatility, and Goodvalley grew sales of branded products and expanded the production capacity with a sow farm and 530 hectares of land.

Ukraine

The Ukrainian business continued the positive development and grew revenue to DKK 106 million (Q2 2019: DKK 97 million) and Adjusted EBITDA to DKK 45 million (Q2 2019: DKK 37 million) driven by high production efficiency and strong volume growth.

Russia

In Russia, revenue declined to DKK 32 million (Q2 2019: DKK 48 million) after an outbreak of PRRS in the herd and a drop in live pig prices caused by COVID-19. Adjusted EBITDA declined to DKK 7 million (Q2 2019: DKK 13 million).

Outlook

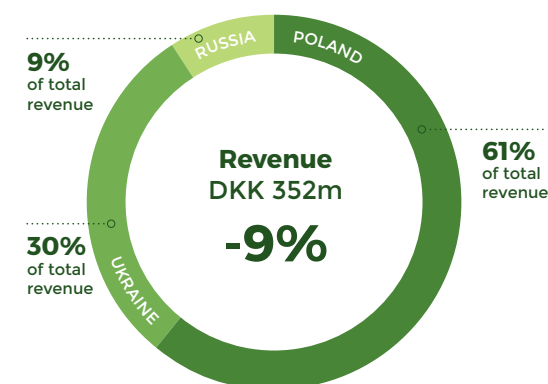
Goodvalley maintains the outlook for 2020 and expects revenue and Adjusted EBITDA to reach DKK 1,600 - 1,750 million and DKK 320-380 million, respectively. The outlook is based on continued market challenges related to COVID-19 in the short term and an expected stabilisation in the second half of 2020.

“We protected our business and employees and maintained satisfactory operational performance in Q2 2020 in the face of unprecedented challenges and market volatility during the COVID-19 crisis.”

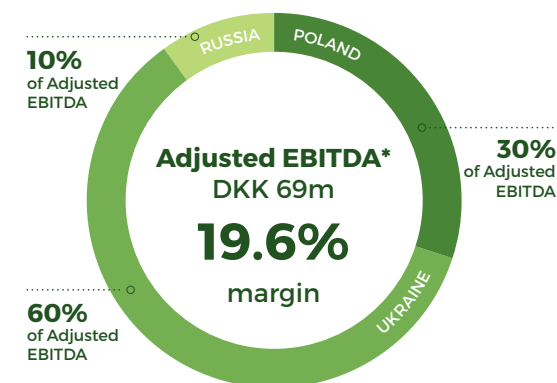
Hans Henrik Pedersen
CEO

Results Q2 2020

Lower live pig prices and fewer slaughterings affected revenue in the quarter.



Goodvalley maintained satisfactory operations and protected profitability in the face of challenging market conditions.



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

Key figures and financial ratios

DKK million	Q2 2020	Q2 2019	H1 2020	H1 2019
Income statement				
Revenue	352	385	751	707
Total income	374	518	860	898
Gross profit	45	160	249	225
EBITDA	15	136	191	177
<i>Adjusted EBITDA</i>	<i>69</i>	<i>77</i>	<i>200</i>	<i>114</i>
EBIT	(22)	100	114	106
Financial items, net	(4)	(4)	(75)	(12)
Profit/(loss) for the period	(27)	95	39	92
<i>Adjusted net profit</i>	<i>16</i>	<i>24</i>	<i>91</i>	<i>6</i>
Cash flow				
Operating activity	35	61	112	86
Investing activity	(51)	(15)	(90)	(36)
Free cash flow	(16)	45	22	51
Financing activity	22	(24)	13	(34)
Balance sheet				
Non-current assets	-	-	1,943	2,040
Net working capital	-	-	577	542
Invested capital	-	-	2,520	2,582
Total assets	-	-	2,787	2,839
Equity	-	-	1,435	1,399
Net interest-bearing debt	-	-	1,089	1,186

DKK million	Q2 2020	Q2 2019	H1 2020	H1 2019
Key financials Group				
Gross margin	12.8%	41.5%	33.1%	31.9%
EBITDA margin	4.2%	35.2%	25.4%	25.1%
<i>Adjusted EBITDA margin</i>	<i>19.6%</i>	<i>20.0%</i>	<i>26.6%</i>	<i>16.1%</i>
EBIT margin	(6.3%)	26.0%	15.2%	15.0%
Free cash flow / Revenue	(4.4%)	11.8%	2.9%	7.3%
Cash conversion	50.0%	79.1%	56.2%	76.6%
Capex	56	19	81	41
NIBD/Adjusted EBITDA LTM	-	-	3.0	6.6
Equity ratio	-	-	51.5%	49.3%
ROIC	-	-	8.1%	1.6%
FTE end of period	-	-	2,318	2,209
Share ratios				
Earnings per share, DKK	(0.5)	1.8	0.7	1.7
Goodvalley Bond Obligor Group*				
Revenue	322	337	686	624
Total income	342	471	779	804
EBITDA	15	124	173	152
<i>Adjusted EBITDA</i>	<i>64</i>	<i>64</i>	<i>188</i>	<i>90</i>
Net interest bearing debt	-	-	1,090	1,175
Adjusted EBITDA LTM	-	-	325	119
NIBD/Adjusted EBITDA LTM	-	-	3.4	9.9

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

BUSINESS

Segment overview

Goodvalley maintained satisfactory operations in Q2 2020 despite challenging market conditions during the outbreak of COVID-19, which entailed volatility, significant price fluctuations and a decline in local currencies entailing a temporary negative translation effect. The Group continued to boost sales of branded premium products and acquired a sow farm in Gniewno to increase production capacity in Poland.

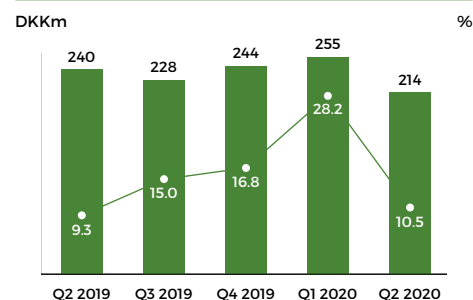
POLAND

Sales of branded premium products continued to grow during COVID-19

+183%

growth in branded product sales volume

Revenue and Adjusted EBITDA margin



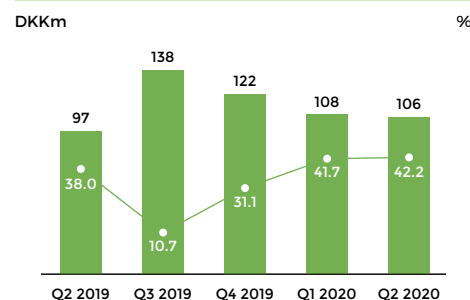
UKRAINE

Continued strong operational and financial performance

+11%

growth in Adjusted EBITDA

Revenue and Adjusted EBITDA margin



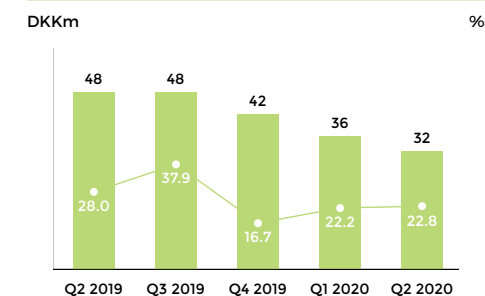
RUSSIA

Volumes and production efficiency were impacted by outbreak of PRRS

-18%

decline in live pig sales

Revenue and Adjusted EBITDA margin





POLAND

Financial performance

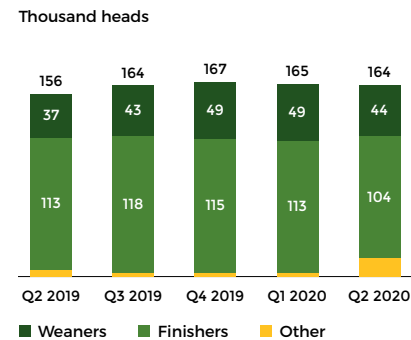
DKK million	Q2 2020	Q2 2019	H1 2020	H1 2019
Revenue	214	240	469	452
Change in fair value	(14)	74	26	102
Other income	6	7	11	13
Total income	206	322	506	567
EBITDA	(17)	71	87	88
Adjusted EBITDA	22	22	99	29
Adjusted EBITDA margin	10.5%	9.3%	21.2%	6.4%

The Polish segment safeguarded profitability during the outbreak of COVID-19, continued to grow sales of Goodvalley's branded products and expanded the production network with the acquisition of a sow farm in Gniewno with 2,000 sows and a 20-year lease agreement for 530 hectares of land.

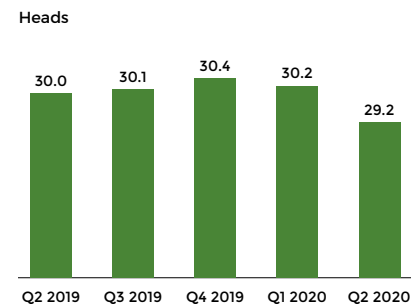
The outbreak of COVID-19 entailed several closures and lower intake at slaughterhouses in Europe resulting in an oversupply of pigs and lower prices in the second quarter. On this background, Goodvalley reduced the number of pigs slaughtered, and pork meat sales in Poland thus declined to 10.0 thousand tonnes (Q2 2019: 10.5 thousand tonnes).

The relative share of value added products decreased to 37% (Q2 2019: 50%) during the quarter as consumers stocked up on food products ahead of the COVID-19 lockdown

Sale of pigs, heads



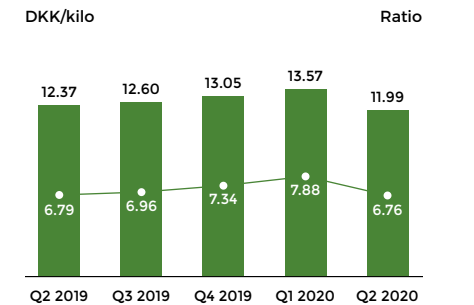
Pigs sold per sow, heads



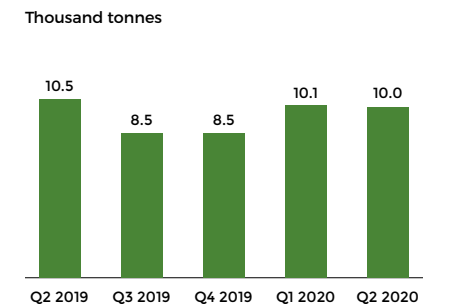
in March. Despite this negative impact, sales of Goodvalley's branded products continued to grow with volumes increasing to 467 tonnes (Q2 2019: 165 tonnes) in the quarter.

The Polish business' sales of live pigs declined slightly to 13.9 thousand tonnes (Q2 2019: 14.2 thousand tonnes). Sales thus remained at a high level, and the Polish business unit delivered high productivity in the quarter despite the impact of COVID-19 and temporary health issues at some weaner farms.

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



Sale of pork (slaughtered), thousand tonnes



The average sales price decreased to DKK 11.99 per kilo (Q2 2019: DKK 12.37 per kilo) in Q2 2020.

Segment revenue declined to DKK 214 million (Q2 2019: DKK 240 million) in Q2 2020 as a consequence of lower volumes in the pig production and from the slaughterhouse as well a decrease in pig prices. The Polish business accounted for 61% of Group revenue, and segment revenue was comprised of 77% from pork products, 19% from external sales of live pigs and 4% from external sales of crops and energy.

The Polish segment's total income decreased to DKK 206 million (Q2 2019: DKK 322 million) in Q2 2020 including fair value adjustments of DKK -14 million (Q2 2019: DKK 74 million).

Profitability improved slightly in Q2 2020 as Adjusted EBITDA was stable at DKK 22 million (Q2 2019: DKK 22 million) corresponding to an Adjusted EBITDA margin of 10.5% (Q2 2019: 9.3%). The margin improvement was realised as performance at the slaughterhouse remained satisfactory during the outbreak of COVID-19 and despite unsustainably low price levels for deboned meat due to reduced demand.

The positive development in the second quarter was further supported by a high efficiency level in the pig production and an improvement of the feed conversion ratio to 2.61 (Q2 2019: 2.81) as well as a lower feed price at DKK 1.77 per kilo (Q2 2019: DKK

1.82 per kilo). Pigs sold per sow declined temporarily to a level of 29.2 (Q2 2019: 30.0) due to health issues at some of the weaner farms confined to the first half of the year as well as the acquisition in early June of the Group's new pig farm in Gniewno. The new farm is being upgraded to Goodvalley's standards from a significantly lower efficiency level over the coming quarters.

EBITDA decreased to DKK -17 million (Q2 2019: DKK 71 million) in Q2 2020.

In H1 2020, pork meat sales declined to 20.1 thousand tonnes (H1 2019: 22.0 thousand tonnes), while sales of live pigs increased to 29.1 thousand tonnes (H1 2019: 28.3 thousand tonnes). Revenue increased to DKK 469 million (H1 2019: DKK 452 million), accounting for 62% of Group revenue. Adjusted EBITDA increased to DKK 99 million (H1 2019: DKK 29 million), and EBITDA was stable at DKK 87 million (H1 2019: DKK 88 million).

Food division

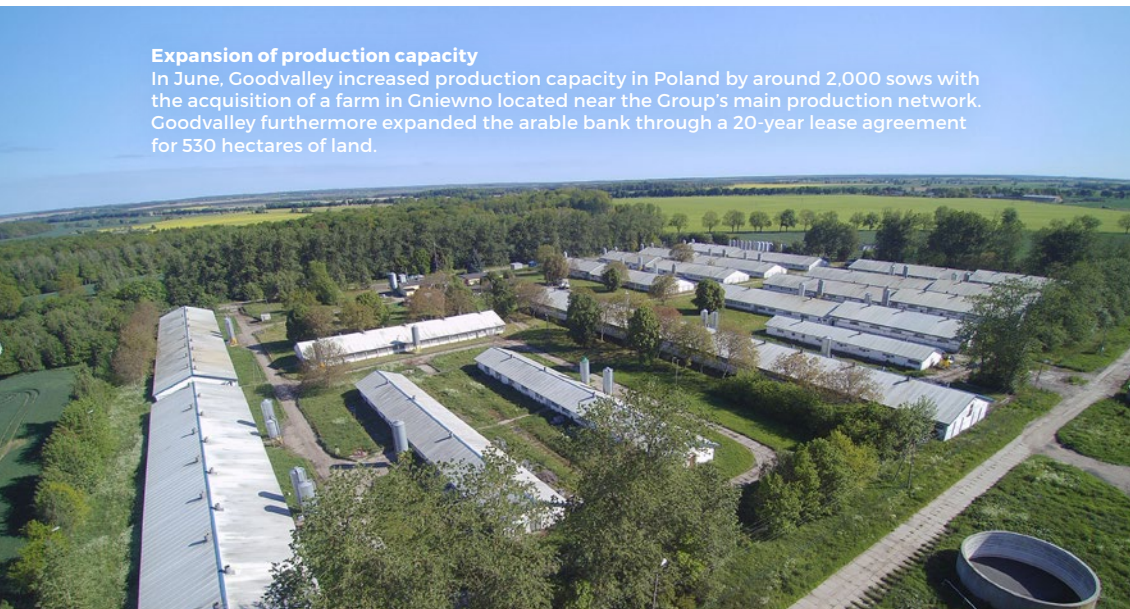
In Q2 2020, Goodvalley sold 10.0 thousand tonnes of pork meat products comprised of deboned meat (63%) and value-added products (37%) including private label products and an increasing volume of Goodvalley's own branded premium products. The price of deboned meat dropped during April as domestic and foreign demand from especially foodservice and processors was severely impaired by COVID-19 and not absorbed by demand in the retail industry.

Sales of branded products increased by 183% and reached a record level of 467 tonnes (Q2 2019: 165 tonnes) in Q2 2020 following expanded distribution and increasing consumer awareness.

Based on the positive development in sales of branded products, Goodvalley continues to strengthen the branded category and invest in further marketing initiatives to accelerate sales. Goodvalley now aims to sell at least 1,800 tonnes (previously 1,500 tonnes) of branded products across 6,000 stores in 2020. The branded products continue to comprise a limited part of Goodvalley's total food production, but 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 exposure to pork price fluctuations over time.

Expansion of production capacity

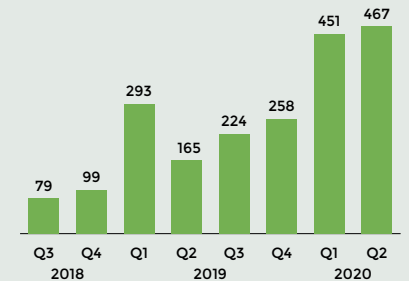
In June, Goodvalley increased production capacity in Poland by around 2,000 sows with the acquisition of a farm in Gniewno located near the Group's main production network. Goodvalley furthermore expanded the arable bank through a 20-year lease agreement for 530 hectares of land.



Food product portfolio



Sales of branded products, tonnes





UKRAINE

Financial performance

DKK million	Q2 2020	Q2 2019	H1 2020	H1 2019
Revenue	106	97	214	172
Change in fair value	28	51	56	66
Other income	1	-	1	-
Total income	135	149	271	238
EBITDA	35	49	91	55
Adjusted EBITDA	45	37	94	53
Adjusted EBITDA margin	42.2%	37.9%	43.7%	30.8%

The Ukrainian business grew revenue and improved profitability driven by high efficiency in the stables and strong volume growth in the quarter.

Goodvalley continued to deliver strong volume growth in the Ukrainian segment, which increased sales of live pigs to 10.7 thousand tonnes (Q2 2019: 9.5 thousand tonnes) based on a significant increase in sales of finishers. The average sales price

decreased slightly to DKK 12.01 per kilo (Q2 2019: DKK 12.13 per kilo) in Q2 2020.

Progress was driven by high efficiency in the pig production and resulted in an increase in segment revenue to DKK 106 million (Q2 2019: DKK 97 million). 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 30% of Group revenue in Q2 2020.

The segment's total income declined to DKK 135 million (Q2 2019: DKK 149 million) in Q2

Adjusted EBITDA

45

DKK million
(Q2 2019: 37 DKK million)

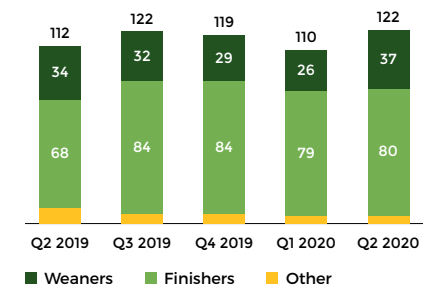
2020. Fair value adjustments were DKK 28 million (Q2 2019: DKK 51 million) and attributable to revaluation of expected results for the 2020 harvest as well as volumes in stables.

Adjusted EBITDA increased to DKK 45 million (Q2 2019: DKK 37 million) in Q2 2020, corresponding to an Adjusted EBITDA margin of 42.2% (Q2 2019: 37.9%). The profitability improvement was driven by continued high efficiency in the Ukrainian pig production with 34.9 pigs sold per sow (Q2 2019: 34.1), a low feed conversion ratio at 2.58 (Q2 2019: 2.66) and a stable feed price of DKK 1.60 per kilo (Q2 2019: DKK 1.62 per kilo) in Q2 2020. EBITDA came to DKK 35 million (Q2 2019: DKK 49 million).

In H1 2020, the segment's sales of live pigs increased to 21.1 thousand tonnes (H1 2019: 17.6 thousand tonnes), and revenue increased to DKK 214 million (H1 2019: DKK 172 million), accounting for 29% of Group revenue. Adjusted EBITDA increased to DKK 94 million (H1 2019: DKK 53 million), and EBITDA came to DKK 91 million (H1 2019: DKK 55 million).

Sale of pigs, heads

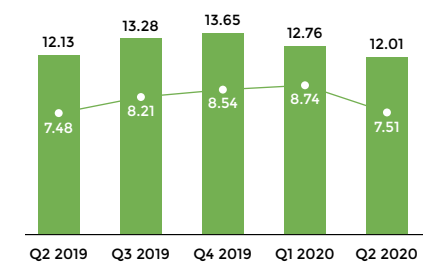
Thousand heads



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

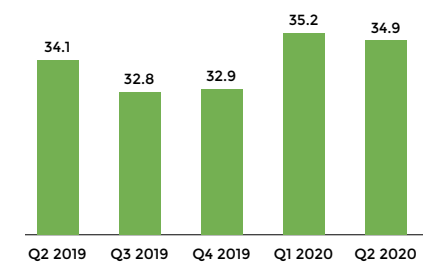
DKK/kilo

Ratio



Pigs sold per sow, heads

Heads





RUSSIA

Financial performance

DKK million	Q2 2020	Q2 2019	H1 2020	H1 2019
Revenue	32	48	68	83
Change in fair value	1	(1)	15	10
Other income	-	1	-	1
Total income	33	48	83	93
EBITDA	2	12	20	26
Adjusted EBITDA	7	13	14	24
Adjusted EBITDA margin	22.8%	27.2%	20.8%	28.9%

Revenue and earnings declined significantly in the Russian business, which was impacted by lower efficiency and costs related to a temporary outbreak of PRRS in the sow herd as well as significantly lower prices during the outbreak of COVID-19.

Goodvalley's sales of live pigs in Russia decreased to 4.2 thousand tonnes (Q2 2019: 5.1 thousand tonnes) in Q2 2020 following a sharp decline in production efficiency due

to PRRS (porcine reproductive and respiratory syndrome) in the herd. The outbreak is under control, and the herd will be vaccinated going forward entailing ongoing improvements and an expected normalisation in early 2021. The average sales price declined sharply to DKK 9.97 per kilo (Q2 2019: DKK 12.40 per kilo) as markets were highly volatile due to the COVID-19 outbreak and related restrictions.

Revenue declined to DKK 32 million (Q2 2019: DKK 48 million) as a result of lower volumes and prices. The segment's revenue came from external sales of live pigs and accounted in total for 9% of Group revenue.

Adjusted EBITDA

7

DKK million
(Q2 2019: 13 DKK million)

Total income for the Russian activities was stable at DKK 33 million (Q2 2019: DKK 48 million) including fair value adjustments of DKK 1 million (Q2 2019: DKK -1 million).

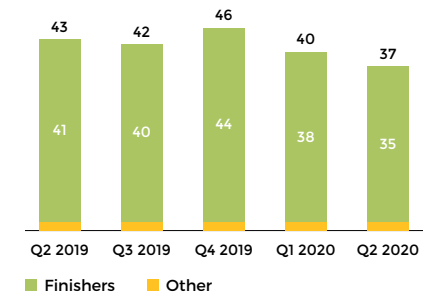
The Russian business' Adjusted EBITDA decreased to DKK 7 million (Q2 2019: DKK 13 million), corresponding to an Adjusted EBITDA margin of 22.8% (Q2 2019: 27.2%) in Q2 2020. The negative development was primarily caused by the significant impact from the PRRS outbreak resulting in a sharp decline in pigs sold per sow to 19.6 (Q2 2019: 32.5) as well as lower pig prices in the wake of COVID-19. The negative development was partly offset by a decrease in the feed price to DKK 1.43 per kilo (Q2 2019: DKK 1.64 per kilo).

EBITDA decreased to DKK 2 million (Q2 2019: DKK 12 million) in Q2 2020.

In H1 2020, the Russian segment's sales of live pigs came to 8.8 thousand tonnes (H1 2019: 9.2 thousand tonnes). Revenue declined to DKK 68 million (H1 2019: DKK 83 million) and accounted for 9% of Group revenue. Adjusted EBITDA declined to DKK 14 million (H1 2019: DKK 24 million), and EBITDA was DKK 20 million (H1 2019: DKK 26 million) in H1 2020.

Sale of pigs, heads

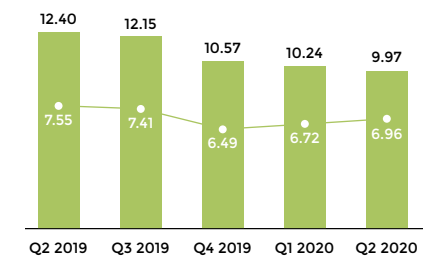
Thousand heads



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

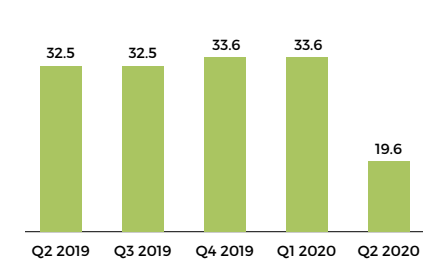
DKK/kilo

Ratio



Pigs sold per sow, heads

Heads



Consolidated production overview

Volume	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Total pigs sold, tonnes (live weight)									
Poland	13,887	15,183	14,910	14,780	14,281	14,037	14,887	13,548	14,066
Ukraine	10,677	10,353	11,225	10,949	9,453	8,142	10,309	9,374	9,070
Russia	4,164	4,597	5,158	4,801	5,060	4,136	5,055	4,511	4,581
Group	28,728	30,134	31,293	30,529	28,793	26,314	30,250	27,434	27,717
Total heads sold									
Weaners	81,450	74,327	77,552	75,043	71,268	82,752	90,333	95,091	102,609
Finishers	219,231	229,989	242,814	241,069	222,336	198,175	229,332	209,105	209,370
Other pigs	23,221	10,191	10,950	11,549	18,040	23,524	13,203	9,968	11,438
Group	323,902	314,507	331,316	327,661	311,644	304,451	333,244	314,164	323,417
Prices	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Pig price 1st class finishers sl. weight (total group)									
Poland	11.99	13.57	13.05	12.60	12.37	9.07	9.99	10.35	10.63
Ukraine	12.01	12.76	13.65	13.28	12.13	10.33	11.08	11.73	11.66
Russia	9.97	10.24	10.57	12.15	12.40	11.19	12.41	13.56	12.57
Group	11.63	12.62	12.79	12.78	12.29	9.96	10.80	11.22	11.31
Feed price per kg, all feed									
Poland	1.77	1.72	1.78	1.81	1.82	1.80	1.74	1.83	1.72
Ukraine	1.60	1.46	1.60	1.62	1.62	1.63	1.53	1.63	1.58
Russia	1.43	1.52	1.63	1.64	1.64	1.63	1.37	1.43	1.17
Group	1.63	1.60	1.69	1.72	1.73	1.72	1.61	1.70	1.59
Meat to feed ratio									
Poland	6.76	7.88	7.34	6.96	6.79	5.03	5.74	5.66	6.17
Ukraine	7.51	8.74	8.54	8.21	7.48	6.33	7.23	7.18	7.37
Russia	6.96	6.72	6.49	7.41	7.55	6.85	9.09	9.50	10.73
Group	7.13	7.89	7.56	7.44	7.12	5.78	6.70	6.60	7.13
Efficiency	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Feed conversion ratio, whole herd									
Poland	2.61	2.73	2.75	2.70	2.78	2.81	2.82	2.85	2.83
Ukraine	2.58	2.69	2.76	2.73	2.66	2.68	2.72	2.58	2.64
Russia	2.80	2.77	2.72	2.73	2.65	2.68	2.67	2.69	2.69
Group	2.62	2.72	2.75	2.72	2.72	2.74	2.76	2.73	2.74
Pigs sold per sow per year									
Poland	29.22	30.20	30.38	30.08	30.02	32.18	29.72	29.69	30.91
Ukraine	34.87	35.19	32.94	32.79	34.11	33.90	32.88	33.23	34.29
Russia	19.56	33.57	33.64	32.45	32.54	33.57	33.06	32.02	32.04
Group	29.88	32.29	31.65	31.30	31.95	32.97	30.99	31.18	32.13

GUIDANCE

Outlook

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

The outbreak of COVID-19 entailed a decline in demand for live pigs and pork meat products in Q2 2020, and Goodvalley expects the challenging market conditions to continue in the short term as consumption is reduced and marked by substitution from professional foodservice sales to retail sales. The current 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 in H1 2020 and significant uncertainty, Goodvalley maintains guidance. Live pig prices in

Goodvalley's markets are expected to be significantly affected by the volatility in the world market in the short term and to rebound during the second half of 2020. Goodvalley furthermore expects higher feed costs and continued high salary inflation, which is seen to be partly offset by good production efficiency and improved arable yields 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 now based on an average market price for live pigs of DKK 12.35 per kilo slaughter pig (previously DKK 12.90) and a feed price of DKK 1.67 per kilo in the pig division (previously DKK 1.65) and expectations of market stabilisation in the second half of the year. 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

26 November 2020: Interim report 9M 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 – 30 June 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 30 June 2020 and of the results of the Group’s operations and cash flows for the period 1 January – 30 June 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, 21 August 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

Tom Axelgaard

Consolidated financial statements



INCOME STATEMENT

Sales and earnings

Revenue

Group revenue decreased by 9% to DKK 352 million (Q2 2019: DKK 385 million) in Q2 2020. The decrease was mainly driven by a lower average live pig price of DKK 11.63 per kilo (Q2 2019: DKK 12.29 per kilo) in Q2 2020 following volatile markets during the COVID-19 outbreak.

Total income decreased to DKK 374 million (Q2 2019: DKK 518 million) including fair value adjustments of DKK 15 million (Q2 2019: DKK 125 million). In H1 2020, revenue increased to DKK 751 million (H1 2019: DKK 707 million), and total income came to DKK 860 million (H1 2019: DKK 898 million).

Cost of goods sold

Cost of goods sold decreased by 9% to DKK 328 million (Q2 2019: DKK 359 million) in Q2 2020 following a decline in the number of pigs slaughtered in the Food business and lower feed cost. Cost in percentage of revenue was stable at 93% (Q2 2019: 93%) driven by a stable meat to feed ratio at 7.13 (Q2 2019: 7.12). In H1 2020, cost of goods sold decreased to DKK 611 million (H1 2019: DKK 673 million).

SG&A

The Group's sales, general and administrative expenses increased to DKK 31 million (Q2 2019: DKK 24 million) driven by timing of marketing spending. Sales and branding expenses relating to the Group's branded premium products in Poland amounted to approximately DKK 5 million in Q2 2020 (Q2 2019: DKK 0 million). In H1 2020, sales, general and administrative expenses were DKK 58 million (H1 2019: DKK 48 million).

Adjusted EBITDA and EBITDA

Adjusted EBITDA decreased to DKK 69 million (Q2 2019: DKK 77 million) in Q2 2020, corresponding to an Adjusted EBITDA margin of 19.6% (Q2 2019: 20.0%). EBITDA decreased to DKK 15 million (Q2 2019: DKK 136 million), corresponding to an EBITDA margin of 4.2% (Q2 2019: 35.2%). In H1 2020, Goodvalley generated Adjusted EBITDA of DKK 200 million (H1 2019: DKK 114 million) and EBITDA of DKK 191 million (H1 2019: DKK 177 million).

EBIT

EBIT decreased to DKK -22 million (Q2 2019: DKK 100 million) in Q2 2020, corresponding to an EBIT margin of -6.3% (Q2 2019: 26.0%). In H1 2020, EBIT increased to DKK 114 million (H1 2019: DKK 106 million).

Net financials

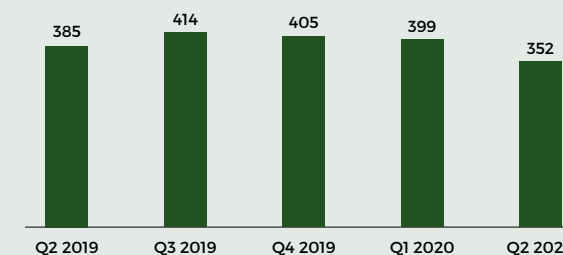
Net financials were an expense of DKK 5 million (Q2 2019: an expense of DKK 4 million) in Q2 2020. In H1 2020, net financials were an expense of DKK 75 million (H1 2019: an expense of DKK 12 million) from exchange rate adjustments.

Adjusted profit and net profit

Adjusted profit came to DKK 16 million (Q2 2019: DKK 24 million) in Q2 2020, corresponding to an Adjusted profit margin of 4.5% (Q2 2019: 6.2%). Net profit was DKK -27 million (Q2 2019: DKK 95 million) in Q2 2020. In H1 2020, the Group realised an Adjusted net profit of DKK 91 million (H1 2019: DKK 6 million) and a net profit of DKK 39 million (H1 2019: DKK 94 million).

Revenue

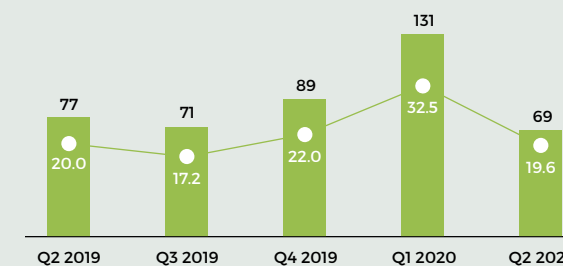
DKKm



Adjusted EBITDA and margin

DKKm

%



Comprehensive income

Comprehensive income was DKK 103 million in Q2 2020 (Q2 2019: DKK 124 million) comprising the loss for the quarter and foreign exchange gains of subsidiaries of DKK 130 million (Q2 2019: DKK 47 million). In H1 2020, other comprehensive income was a loss of DKK 68 million (H1 2019: a profit of DKK 169 million).

Earnings per share

Earnings per share (diluted) were DKK -0.05 in Q2 2020 compared to DKK 1.8 in Q2 2019.

Consolidated Income Statement

Income Statement, 1 January - 30 June

DKK million	Note	Q2 2020	Q2 2019	H1 2020	H1 2019
Revenue		352	385	751	707
Change in fair value of biological assets	2	15	125	97	178
Grants and other income		7	8	12	13
Total Income		374	518	860	898
Cost of goods sold (COGS)		(328)	(359)	(611)	(673)
Gross profit		46	160	249	225
SG&A		(31)	(24)	(58)	(48)
EBITDA		15	136	191	177
Depreciation, amortization and impairment losses		(37)	(36)	(77)	(71)
Profit/(loss) before financial expenses and tax		(22)	100	114	106
Financial income		1	1	2	1
Financial expenses		(17)	(18)	(34)	(36)
Exchange rate adjustments		11	13	(43)	23
Profit/(loss) before tax		(27)	96	39	94
Income tax		-	(1)	-	(2)
Profit/(loss)		(27)	95	39	92
Profit/(loss) is attributable to:					
Owners		(27)	95	39	92
Total		(27)	95	39	92

Statement of comprehensive income

DKK million	Note	Q2 2020	Q2 2019	H1 2020	H1 2019
Profit/(loss) for the period		(27)	95	39	92
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange adjustments of foreign enterprises		130	29	(107)	77
Total comprehensive income		103	124	(68)	169
<i>Comprehensive income is attributable to:</i>					
Owners		103	124	(68)	169
Total		103	124	(68)	169

BALANCE SHEET

Financial position

Total assets

Total assets amounted to DKK 2,787 million (30 June 2019: DKK 2,839 million) on 30 June 2020. The decrease was primarily attributable to currency adjustments of assets offset by the acquisition of the sow farm in Gniewno in Poland. 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 577 million (30 June 2019: DKK 542 million) at the end of the quarter including 59 thousand tonnes (30 June 2019: 42 thousand tonnes) of grain and other feed components.

Average invested capital and ROIC

Invested capital was DKK 2,520 million (30 June 2019: DKK 2,582 million), and return on invested capital LTM (ROIC LTM) increased to 8.1% (30 June 2019: 1.6%) mainly driven by improved earnings LTM.

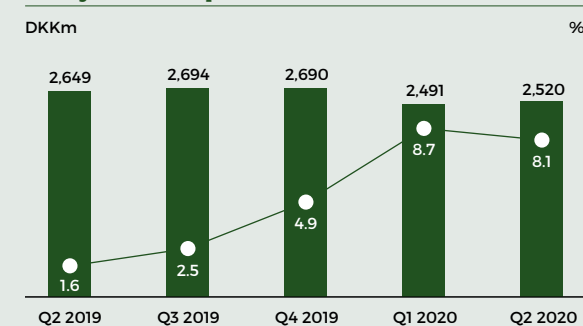
Net interest-bearing debt

Net interest-bearing debt was DKK 1,089 million (30 June 2019: DKK 1,186 million) at the end of Q2 2020. Goodvalley's current financing was established in 2017 under the listed bond arrangement with maturity in May 2021, and the bond debt is therefore presented as short term debt in the balance sheet. Goodvalley is pursuing various refinancing options, including reissuing bonds, to complete the refinancing prior to maturity of the existing debt.

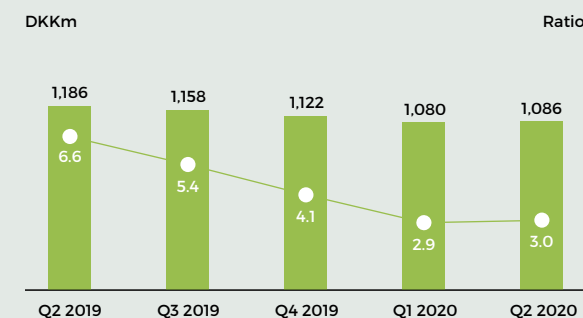
Net interest-bearing debt to adjusted EBITDA LTM

Net interest-bearing debt to adjusted EBITDA LTM came to 3.0 compared to 6.0 in Q2 2019.

Average invested capital and ROIC



NIBD/Adjusted EBITDA



Consolidated Balance Sheet

Balance Sheet, 30 June

DKK million	Note	H1 2020	H1 2019	FY 2019
Assets				
Goodwill		84	91	94
Leasehold rights		21	24	25
Intangible assets		105	114	119
Land and buildings		1,076	1,103	1,160
Leasehold improvements		97	115	112
Plant and machinery		267	309	309
Other fixtures and fittings, tools and equipment		106	127	124
Property, plant and equipment in progress		96	82	73
Right-of-use assets		58	54	62
Property, plant and equipment		1,700	1,790	1,840
Non-current asset investment		2	5	4
Financial asset investments		2	5	4
Biological assets - basic herd		136	131	142
Biological assets	3	136	131	142
Non-current assets		1,943	2,040	2,105
Biological assets - sales herd	3	247	267	275
Biological assets - arable, crop production		157	158	72
Inventories		168	161	270
Biological assets and inventories		572	585	617
Trade receivables		80	70	61
Receivables from associates		7	7	7
Other receivables		47	40	34
Prepayments		25	19	14
Receivables		159	136	116
Cash at bank and in hand		113	78	91
Current assets		844	799	824
Assets		2,787	2,839	2,929

Balance Sheet, 30 June

DKK million	Note	H1 2020	H1 2019	FY 2019
Liabilities and equity				
Share capital		538	538	538
Reserve for exchange adjustments		(505)	(471)	(398)
Retained earnings		1,401	1,332	1,428
Capital and reserves attributable to owners		1,434	1,399	1,568
Total Equity		1,434	1,399	1,568
Bond debt	4	-	968	968
Provision for deferred tax		2	4	2
Other provisions		8	8	4
Credit institutions		19	34	27
Lease liabilities		56	54	59
Subordinated loan from Polen Invest A/S		50	70	50
Deferred income		7	8	7
Long-term liabilities		142	1,145	1,117
Bond debt	4	954	-	-
Credit institutions		89	111	74
Subordinated loan from Polen Invest A/S		30	22	28
Lease liabilities		6	-	6
Trade payables		58	94	65
Other provisions		1	1	2
Other payables		71	65	73
Deferred income		2	2	2
Short-term liabilities		1,211	294	244
Liabilities		1,353	1,440	1,361
Liabilities and equity		2,787	2,839	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 decreased to an inflow of DKK 35 million (Q2 2019: an inflow of DKK 61 million) in Q2 2020. The development was attributable to the decrease in profit offset by changes in working capital. In H1 2020, cash flows from operating activities increased to an inflow of DKK 112 million (H1 2019: an inflow of DKK 85 million) following the strong performance in the first quarter of 2020.

Cash flows from investing activities

Cash flows from investing activities were a net outflow of DKK 51 million (Q2 2019: an outflow of DKK 15 million) resulting from the investment in the sow farm in Gniewno in Poland. In H1 2020, cash flows from investing activities increased to an outflow of DKK 90 million (H1 2019: an outflow of DKK 36 million).

Free cash flows

The Group's free cash flows amounted to an outflow of DKK 16 million (Q2 2019: an inflow of DKK 45 million) in Q2 2020. In H1 2020, free cash flows came to an inflow of DKK 22 million (H1 2019: an inflow of DKK 50 million).

Financing activities

Cash flows from financing activities were an inflow of DKK 22 million (Q2 2019: an outflow of DKK 24 million) in Q2 2020, mainly driven by an increase in bank overdraft related to the investment in the sow farm in Gniewno. In H1 2020, cash flows from financing activities amounted to an inflow of DKK 13 million (H1 2019: an outflow of DKK 34 million).

Cash position

Cash and cash equivalents at the end of the period amounted to DKK 113 million (30 June 2019: DKK 78 million), and undrawn committed credit facilities were DKK 72 million at 30 June 2020 (30 June 2019: DKK 76 million).

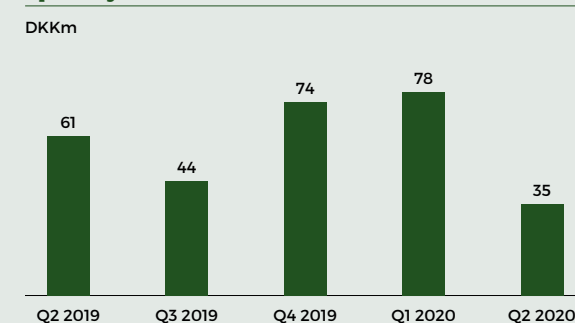
Shareholders equity

Equity increased to DKK 1,434 million at 30 June 2020 (30 June 2019: DKK 1,399 million) driven by earnings year to date, whereas significant foreign exchange adjustments had a negative effect on equity.

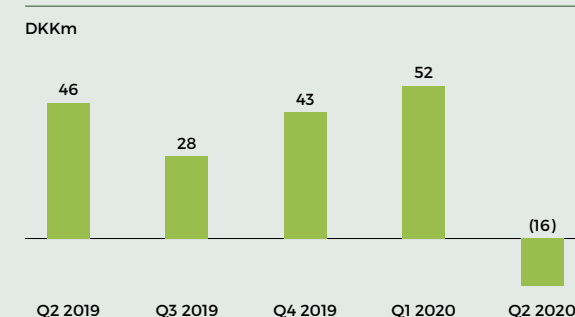
Equity ratio

Equity represented 52% of the total balance sheet as of 30 June 2020 (30 June 2019: 49%).

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
Q2 2020					
Equity at 1 January 2020	538	(398)	1,428	1,568	1,568
Net profit/(loss) for the period	-	-	(27)	(27)	(27)
Other comprehensive income	-	(107)	-	(107)	(107)
Comprehensive income for the period	-	(107)	(27)	(134)	(134)
Equity at 30 June 2020	538	(505)	1,401	1,434	1,434
Q2 2019					
Equity at 1 January 2019	538	(548)	1,240	1,230	1,230
Net profit/(loss) 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

Consolidated statement of cash flows

DKK million	Note	Q2 2020	Q2 2019	H1 2020	H1 2019
Profit/loss		(27)	95	39	92
Adjustments:					
Financial income and expenses		16	18	32	34
Currency losses		(13)	(11)	44	(20)
Depreciation of property, plant and equipment		37	36	77	71
Tax on the profit/loss for the year		-	1	-	2
Other adjustments		3	8	19	10
Change in working capital		35	(69)	(67)	(68)
Cash flows from operating activities before financial income and expenses		51	78	144	122
Interest receipts		1	1	2	1
Interest payments		(17)	(17)	(34)	(36)
Cash flows from ordinary activities		35	62	112	87
Corporation Income tax paid		-	(1)	-	(2)
Cash flows from operating activities		35	61	112	86
Purchase intangible assets		-	(1)	(13)	(1)
Purchase property, plant and equipment		(53)	(19)	(81)	(41)
Sale of property, plant and equipment		2	3	7	4
Change of financial investments		-	1	(3)	2
Sale of fixed asset investments		-	1	-	-
Cash flows from investing activities		(51)	(15)	(90)	(36)
Proceeds from borrowings		34	12	69	36
Repayments of borrowings		(12)	(36)	(56)	(70)
Cash flows from financing activities		22	(24)	13	(34)
Change in cash and cash equivalents		6	19	32	12
Cash and cash equivalents at opening		106	58	91	63
Exchange adjustment, beginning, cash and cash equivalents		1	1	(10)	2
Cash and cash equivalents		113	78	113	78

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	H1 2020	H1 2019
Gross profit reported	249	225
Staff expenses	93	94
SG&A	(27)	(26)
Gross profit by nature	315	293
Income statement split by functions (depreciation):		
Revenue	860	898
Cost of goods sold including depreciations and amortisation	(687)	(736)
Gross profit	173	162
Other operating items		
SG&A, including depreciation and amortisation	(62)	(56)
EBIT	111	106
Depreciation and amortisation consist of:		
Amortisation of intangible assets	(4)	(4)
Depreciation of tangible assets	(73)	(67)
Total depreciation and amortisation	(77)	(71)
Depreciation and amortisation are divided into:		
Cost of goods sold	(69)	(65)
Sales and administrative costs	(4)	(6)
Total depreciation and amortisation	(73)	(71)

Notes

2. Segment Information

DKK million	Poland	Ukraine	Russia	Other/Not allocated	Total
Q2 2020					
Revenue	214	106	32	-	352
Change in fair value of biological assets	(14)	28	1	-	15
Grants and other income	6	1	-	-	7
Total Income	206	135	33	-	374
Cost of goods sold (COGS)	(209)	(94)	(29)	4	(328)
Gross profit/loss	(3)	41	4	4	46
SG&A	(14)	(6)	(2)	(9)	(31)
EBITDA	(17)	35	2	(5)	15
<i>Adjusted EBITDA</i>	<i>22</i>	<i>45</i>	<i>7</i>	<i>(5)</i>	<i>69</i>
Depreciation of non-current assets	(21)	(10)	(4)	(2)	(37)
EBIT	(38)	25	(2)	(7)	(22)
Net financials				(16)	(16)
Exchange rate adjustments				11	11
Profit/(loss) before tax	(38)	25	(2)	(12)	(27)

DKK million	Poland	Ukraine	Russia	Other/Not allocated	Total
Q2 2019					
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/loss	86	58	16	-	160
SG&A	(15)	(10)	(4)	7	(24)
EBITDA	71	48	12	7	136
<i>Adjusted EBITDA</i>	<i>22</i>	<i>37</i>	<i>13</i>	<i>7</i>	<i>80</i>
Depreciation of non-current assets	(20)	(10)	(4)	(5)	(36)
EBIT	51	38	8	2	100
Net financials				(17)	(17)
Exchange rate adjustments				13	13
Profit before tax	51	38	8	(11)	96

Notes

2. Segment Information – continued

DKK million	Poland	Ukraine	Russia	Other/Not allocated	Total
H1 2020					
Revenue	469	214	68	-	751
Change in fair value of biological assets	26	56	15	-	97
Grants and other income	11	1	-	-	12
Total Income	506	271	83	-	860
Cost of goods sold (COGS)	(393)	(169)	(56)	7	(611)
Gross profit/loss	113	102	27	7	249
SG&A	(26)	(11)	(7)	(14)	(58)
EBITDA	87	91	20	(7)	191
<i>Adjusted EBITDA</i>	<i>99</i>	<i>94</i>	<i>14</i>	<i>(7)</i>	<i>200</i>
Depreciation of non-current assets	(45)	(20)	(7)	(4)	(77)
EBIT	42	71	13	(11)	114
Net financials				(32)	(32)
Exchange rate adjustments				(43)	(43)
Profit before tax	42	71	13	(86)	39

DKK million	Poland	Ukraine	Russia	Other/Not allocated	Total
H1 2019					
Revenue	452	172	83	0	707
Change in fair value of biological assets	102	66	10	-	178
Grants and other income	13	(0)	1	-	13
Total Income	567	238	93	0	898
Cost of goods sold (COGS)	(447)	(166)	(60)	-	(673)
Gross profit/loss	120	72	33	0	225
SG&A	(32)	(17)	(7)	8	(48)
EBITDA	88	55	26	8	177
<i>Adjusted EBITDA</i>	<i>29</i>	<i>53</i>	<i>24</i>	<i>8</i>	<i>114</i>
Depreciation of non-current assets	(40)	(19)	(7)	(5)	(71)
EBIT	48	35	19	3	106
Net financials				(35)	(35)
Exchange rate adjustments				23	23
Profit before tax	48	35	19	(9)	94

Notes

3. Biological assets

	Basic Herd	Sales Herd	Total herd
H1 2020			
Opening balance as of 1 January	142	275	417
Movements:			
Acquisitions	10	0	10
Produced piglets, cattles	3	353	356
Gain/(loss) from change in fair value	(8)	236	229
Sales	(19)	(590)	(609)
Transfer between groups	21	(21)	0
Exchange adjustments	(13)	(6)	(19)
Closing balance - Values as of 30 June	136	247	383
H1 2019			
Opening balance as of 1 January	106	184	290
Movements:			
Acquisitions	2	-	2
Produced piglets, cattles	-	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

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	H1 2020	H1 2019
Crop production		
Opening balance as of 1 January	72	66
Acquisitions	91	101
Gain/(loss) from change in fair value	6	(5)
Harvest	(29)	(2)
Exchange adjustments	17	(2)
Closing balance	157	158
Numbers of hectares harvested	-	337
Numbers of hectares seeded as of closing balance	32,078	31,715

4. Bond debt

Goodvalley's current financing was established in 2017 under the listed bond arrangement with maturity in May 2021, and the bond debt is therefore presented as short term debt in the balance sheet.

Goodvalley is pursuing various refinancing options, including reissuing bonds, to complete the refinancing prior to maturity of the existing debt.

Notes

5. Obligor Group

Bond terms

Issuer	Goodvalley A/S
Security package:	First ranking security over material assets and share pledges
Original Guarantors:	Goodvalley Agro SA, Goodvalley Ukraine LLC, Goodvalley Sp. z.o.o., Finansax APS.
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
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.

6. 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.

7. 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 30 June 2020 (balance at 30 June 2019: DKK 92 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 H1 2020 amounts to DKK 2 million (H1 2019: DKK 2 million).

GOODVALLEY

Since



1994

Home of Quality

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