


**Scandi Standard**

## Second quarter report 2016

24 August 2016

- Net sales increased by 12 percent to MSEK 1,503.5 (1,341.3), and by 15 percent at constant exchange rates. The increase refers mainly to Norway and Sweden. Net sales for comparable units, i.e. excluding Finland and Sødams in Denmark, increased by 12 percent at constant exchange rates.
- Adjusted operating income\* declined by 4 percent to MSEK 74.3 (77.0), corresponding to a margin of 4.9 (5.7) percent. Adjusted operating income increased in Norway and Sweden, but declined in Denmark. Adjusted operating income for comparable units increased by 11 percent.
- Income for the period amounted to MSEK 38.8 (45.7) and earnings per share were SEK 0.65 (0.76).
- Adjusted operating cash flow\* declined to MSEK 33.1 (136.0) due to higher capital expenditure, which was also more phased to the first half of the year than in 2015, and an increase in working capital compared to a significant decrease in 2015.

MSEK	Q2 2016	Q2 2015	Change	H1 2016	H1 2015	Change
Net sales	1,503.5	1,341.3	12%	2,889.9	2,650.9	9%
Operating income	74.3	72.8	2%	141.5	140.4	1%
Income for the period	38.8	45.7	-15%	81.1	87.3	-7%
EPS, SEK	0.65	0.76	-15%	1.36	1.45	-6%
Adjusted EBITDA*	123.4	123.8	-0%	238.5	237.8	0%
Adjusted operating income*	74.3	77.0	-4%	142.6	144.6	-1%
Adjusted operating margin*	4.9%	5.7%	-	4.9%	5.5%	-
Adjusted income for the period*	38.8	49.0	-21%	82.0	90.6	-10%
Adjusted EPS*, SEK	0.65	0.82	-21%	1.38	1.51	-9%
Adjusted operating cash flow*	33.1	136.0	-76%	69.8	236.3	-70%

\*) Adjusted for non-comparable items in Q2 2016 of MSEK - (-4.2) in EBITDA and operating income and MSEK - (-3.3) in income for the period, and for H1 2016 of MSEK -1.1 (-4.2) in EBITDA and operating income and MSEK -0.9(-3.3) in income for the period. See page 3.

Scandi Standard is the largest producer of chicken-based food products in the Nordic region with leading positions in Sweden, Denmark and Norway. The company produces, markets and sells chilled and frozen products under the brands Kronfågel, Danpo, Den Stolte Hane, Vestfold Fugl, Ivars, Chicky World and Naapurin Maalaiskana, as well as for private labels. In Norway, eggs are also packed and sold under the brand Den Stolte Hane and for private labels. For more information, see [www.scandistandard.com](http://www.scandistandard.com)

## CEO Statement

Net sales showed strong growth in the quarter with an increase of 15 percent at constant exchange rates, which was significantly above the growth in the market. The increase referred mainly to additional distribution in Norway in combination with a strong recovery of the Norwegian market, strong growth in Sweden in chilled products and a significant number of new listings in Finland.

We successfully launched a number of new products in order to drive the category in line with our vision to inspire the Nordic consumers to eat chicken once more per week. These included for example tasty sausages, marinated barbeque products, inner filets on sticks and chicken bacon.

Despite the strong growth in net sales, the adjusted operating margin for the Group declined from last year. This was mainly due to a decline in income for the Danish operation as well as costs for ramping up production in Finland. Furthermore the operation in Finland was included for the full quarter this year compared to only one month in 2015. We also had additional costs in Sweden to meet the strong demand and to maintain service levels at the same time as the Valla facility was rebuilt for higher capacity. Adjusted operating income for comparable units increased from last year.

Adjusted operating cash flow declined as capital expenditure was higher than last year to secure capacity in Sweden and was also more phased to the first half of the year than in 2015. Working capital showed an increase compared to a significant decline last year.

Net sales for the Swedish operation showed strong growth in chilled products and the Group strengthened its market share in this category. The adjusted operating margin was unchanged from last year as additional costs mentioned above had a negative impact. We are working on increasing both efficiency and capacity in production. The rebuilding of the Valla facility is expected to be finalised during the third quarter this year.

The strong increase in net sales for the Norwegian operation referred to the new contract with COOP Norway. Deliveries under this contract started in August 2015. We also signed a new contract with NorgesGruppen earlier this year under which deliveries started in the first quarter 2016. The retail market for chicken products in Norway showed a continued recovery and grew by approximately 13 percent in value in the quarter compared to a decline by 4 percent last year. Adjusted operating income and margin for the Norwegian operation improved. The market share was strengthened from last year.

Net sales for the Danish operation were higher than last year but the adjusted operating margin declined due to continued price pressure in both the local market and on exports. The majority of sales for the Danish operation refers to exports. Our efforts in product development will allow us to gradually expand our presence in the premium segment in the local market where Danpo is the leading brand, and also to offer more of further processed products for export. In the quarter we started to supply one of Europe's leading foodservice providers with further processed products. As communicated in March, Mark Hemmingsen took over as new country manager as of August 1. I want to welcome Mark to the Group and I am convinced that his experience in consumer products and brand building will contribute to profitable growth for the Danish operation.

Volumes for the Finnish operation more than doubled quarter over quarter as a result of new and extended customer contracts. The retail market for chicken products in Finland grew by approximately 14 percent in value in the quarter compared to last year. Adjusted operating income remained negative, however, due to additional costs for handling inefficiencies and bottlenecks in production as volumes were significantly ramped up to meet demand. We are taking a number of actions to improve productivity in the facility and expect to see a gradual improvement over the coming quarters.

We expect continued good growth in market demand and have great opportunities to grow net sales and develop the category. We are working hard to take advantage of this growth and at the same time improve the Group's results and financial position.

Leif Bergvall Hansen  
Managing Director and CEO

## Net sales and income

Net sales for the second quarter 2016 increased by 12 percent to MSEK 1,503.5 (1,341.3) compared to the corresponding quarter last year. Net sales at constant exchange rates rose by 15 percent. Net sales for comparable units, i.e. excluding the recently acquired operation in Finland and Sødams in Denmark, rose by 12 percent at constant exchange rates.

Net sales increased by 11 percent in Sweden and by 5 percent and 37 percent respectively in Denmark and Norway in local currency. Net sales in Finland amounted to MSEK 34.0 (8.2).

Net sales by product category increased by 20 percent for chilled products and by 9 percent for frozen products at constant exchange rates.

Operating income amounted to MSEK 74.3 (72.8), including non-comparable items of MSEK - (-4.2). Adjusted for these items, operating income amounted to MSEK 74.3 (77.0), corresponding to an adjusted operating margin of 4.9 (5.7) percent.

Adjusted operating income increased in Sweden and Norway but declined in Denmark. Adjusted operating income in Finland was MSEK -11.7 (-3.4). Adjusted operating income for comparable units increased by 11 percent to MSEK 85.2 (76.8) at constant exchange rates.

Income for the period was MSEK 38.8 (45.7), corresponding to earnings per share of SEK 0.65 (0.76).

### Financial summary

MSEK	Q2 2016	Q2 2015	Change	H1 2016	H1 2015	Change
Net sales	1,503.5	1,341.3	12%	2,889.9	2,650.9	9%
EBITDA	123.4	119.6	3%	237.3	233.6	2%
Operating income	74.3	72.8	2%	141.5	140.4	1%
Income for the period	38.8	45.7	-15%	81.1	87.3	-7%
EPS, SEK	0.65	0.76	-15%	1.36	1.45	-6%
Adjusted EBITDA <sup>1)</sup>	123.4	123.8	-0%	238.5	237.8	0%
Adjusted EBITDA margin <sup>1)</sup>	8.2%	9.2%	-	8.3%	9.0%	-
Adjusted operating income <sup>1)</sup>	74.3	77.0	-4%	142.6	144.6	-1%
Adjusted operating margin <sup>1)</sup>	4.9%	5.7%	-	4.9%	5.5%	-
Adjusted income after finance net <sup>1,2)</sup>	49.9	63.9	-22%	104.9	118.0	-11%
Adjusted income for the period <sup>1,2)</sup>	38.8	49.0	-21%	82.0	90.6	-9%
Adjusted EPS <sup>1,2)</sup> SEK	0.65	0.82	-21%	1.38	1.51	-9%
Adjusted return on operating capital	11.7%	11.9%	-	11.7%	11.7%	-
Adjusted return on capital employed	12.4%	12.1%	-	12.4%	12.2%	-

<sup>1,2)</sup> See table below

Non-comparable items in EBITDA and operating income	Q2 2016	Q2 2015	H1 2016	H1 2015
Transaction costs <sup>*)</sup>	-	-4.2	-1.1	-4.2
<sup>1)</sup> Total	-	-4.2	-1.1	-4.2
Non-comparable items in finance net and tax effects				
<sup>2)</sup> Tax effect on adjustments	-	0.9	0.2	0.9
Non-comparable items in income for the period				
	-	-3.3	-0.9	-3.3

<sup>\*)</sup> Deal fees related to completed and non-completed acquisitions.

## Segment information

### Sweden

MSEK	Q2 2016	Q2 2015	Change	H1 2016	H1 2015	Change
Net sales	618.6	556.2	11%	1,182.6	1,087.1	9%
Adjusted operating income*	51.8	46.7	11%	95.5	79.8	20%
Adjusted operating margin*	8.4%	8.4%	-	8.1%	7.3%	-

\*) Adjusted for non-comparable items in Q2 2016 of MSEK - (-) and in H1 2016 of MSEK -1.1 (-).  
For a description of adjustments, see page 8.

Net sales in Sweden in the second quarter 2016 increased by 11 percent to MSEK 618.6 (556.2) driven by continued strong growth in market demand for chilled products and successful launches of seasonal products.

New product launches in the quarter included chicken sausages with three different tastes and several marinated ready-to-cook barbeque products such as BBQ Minutfilé Classic, BBQ Minutfilé Chili and BBQ Smoke Mix.

Adjusted operating income increased by 11 percent to MSEK 51.8 (46.7), corresponding to a margin of 8.4 (8.4) percent. The increase in adjusted operating income was mainly a result of an improved product mix. The margin was negatively affected by additional costs to meet the strong demand and maintain service levels at the same time as the Valla facility was rebuilt to increase capacity.

### Denmark

MSEK	Q2 2016	Q2 2015	Change	H1 2016	H1 2015	Change
Net sales	596.3	570.5	5%	1,145.1	1,155.3	-1%
Adjusted operating income*	21.8	35.4	-38%	50.5	68.2	-26%
Adjusted operating margin*	3.7%	6.2%	-	4.4%	5.9%	-

MDKK	Q2 2016	Q2 2015	Change	H1 2016	H1 2015	Change
Net sales	478.4	457.8	4%	917.4	922.2	-1%
Adjusted operating income*	17.5	27.5	-37%	40.3	54.4	-26%
Adjusted operating margin*	3.7%	6.0%	-	4.4%	5.9%	-

\*) Adjusted for non-comparable items in Q2 2016 of MSEK - (-) and in H1 2016 of MSEK - (-).  
For a description of adjustments, see page 8.

Net sales in Denmark in the second quarter 2016 increased by 5 percent to MSEK 596.3 (570.5), and by 4 percent in local currency.

New product launches in the quarter included the most extensive line of ready-to-cook barbeque products in the market, such as marinated filets, inner filets on sticks and chicken spareribs, as well as chicken sausages and chicken burgers.

Adjusted operating income declined by 38 percent to MSEK 21.8 (35.4), corresponding to a margin of 3.7 (6.2) percent. The decline in adjusted operating income and margin was due to continued price pressure in both the local market and on exports.

**Norway**

MSEK	Q2 2016	Q2 2015	Change	H1 2016	H1 2015	Change
Net sales	353.0	280.4	26%	684.9	556.1	23%
Adjusted operating income*	26.1	9.6	172%	46.2	22.8	103%
Adjusted operating margin*	7.4%	3.4%	-	6.7%	4.1%	-

  

MNOK	Q2 2016	Q2 2015	Change	H1 2016	H1 2015	Change
Net sales	354.9	258.3	37%	693.9	515.0	35%
Adjusted operating income*	24.9	9.0	177%	46.7	21.1	121%
Adjusted operating margin*	7.0%	3.5%	-	6.7%	4.1%	-

\*) Adjusted for non-comparable items in Q2 2016 of MSEK - (-), and in H1 2016 of MSEK - (-).  
For a description of adjustments, see page 8.

Net sales in Norway in the second quarter 2016 increased by 26 percent to MSEK 353.0 (280.4) and by 37 percent in local currency. The increase refers to deliveries to COOP Norway under the new agreement from 2015, and to NorgesGruppen under a new agreement signed earlier in 2016. Deliveries to COOP Norge started in August 2015 and to NorgesGruppen in the first quarter 2016.

The retail market for chicken products in Norway showed strong growth in both the first and second quarter 2016 against weak quarters in 2015.

New product launches in the quarter included mainly chicken bacon.

Adjusted operating income increased by 172 percent to MSEK 26.1 (9.6), corresponding to a margin of 7.4 (3.4) percent. The increase in adjusted operating income and margin was mainly attributable to higher volumes.

**Finland**

MSEK	Q2 2016	Q2 2015**	Change	H1 2016	H1 2015**	Change
Net sales	34.0	8.2	NA	54.7	8.2	NA
Adjusted operating income*	-11.7	-3.4	NA	-20.9	-3.4	NA
Adjusted operating margin*	-34.4%	-41.5%	-	-38.2%	-41.7%	-

  

MEUR	Q2 2016	Q2 2015**	Change	H1 2016	H1 2015**	Change
Net sales	3.7	0.9	NA	5.9	0.9	NA
Adjusted operating income*	-1.3	-0.4	NA	-2.2	-0.4	NA
Adjusted operating margin*	-33.8%	-44.4%	-	-38.2%	-41.7%	-

\*) Adjusted for non-comparable items in Q2 2016 of MSEK - (-4.2) and in H1 2016 of MSEK - (-4.2).  
For a description of adjustments, see page 8.

\*\*\*) Operations started 1 May 2015.

Net sales in Finland in the second quarter 2016 amounted to MSEK 34.0 (8.2). The operation was consolidated in the Group's accounts as of 25 May 2015.

Adjusted operating income was MSEK -11.7 (-3.4). Income was negatively affected by costs for handling inefficiencies and bottlenecks as production volumes were significantly ramped up in the quarter to meet demand from new and extended customer contracts.

**Cash flow and investments**

Adjusted operating cash flow in the second quarter 2016 amounted to MSEK 33.1 (136.0). The decline was mainly due to higher capital expenditure. Cash flow last year was positively impacted by a significant reduction in working capital.

Working capital as of 30 June 2016 amounted to MSEK 297.3 (291.0) corresponding to 5.3 (6.4) percent of net sales (LTM), as compared to 5.0 percent at year-end 2015.

Capital expenditure increased to MSEK 93.8 (26.5) and referred mainly to capacity improvements in the facility in Valla, Sweden. Capital expenditure in 2016 is more phased to the first half of the year than in 2015.

**Adjusted operating cash flow**

MSEK	Q2 2016	Q2 2015	H1 2016	H1 2015
Adjusted EBITDA*	123.4	123.8	238.5	237.8
Capital expenditure	-93.8	-26.5	-140.3	-49.0
Change in inventories	6.5	16.7	10.0	3.1
Change in other working capital	-3.0	22.0	-38.4	44.4
<b>Adjusted operating cash flow</b>	<b>33.1</b>	<b>136.0</b>	<b>69.8</b>	<b>236.3</b>

\*Adjusted for non-comparable items in Q2 2016 of MSEK - (-4.2) and in H1 2016 of MSEK -1.1 (-4.2). For a description of adjustments, see page 3 and 8.

**Financial position**

Total equity as of 30 June 2016 increased to MSEK 907.9 (881.3). The equity to assets ratio was 27.3 (27.7).

Net interest-bearing debt as of 30 June 2016 increased to 1,486.7 MSEK compared to MSEK 1,373.5 as of 30 June 2015 and MSEK 1,313.0 at year-end 2015. Net debt/adjusted EBITDA (LTM) was 3.1 (2.9). Cash and cash equivalents amounted to MSEK 13.8 (146.9).

The finance net in the quarter was negatively impacted by currency effects caused mainly by a strengthening of DKK against SEK.

**Personnel**

The average number of employees (FTE) was 1,671 (1,469) in the second quarter and 1,568 (1,467) in the first half of 2016.

**Transactions with related parties**

Scandi Standard has an agreement with Lantmännen, a major shareholder, for the rental of the facility in Åsljunga, Sweden. Rental costs under this agreement in the second quarter 2016 amounted to MSEK 0.5 (0.4).

**Risks and uncertainties**

Scandi Standards' risks and uncertainties are described on pages 39-41 and pages 66-67 in the Annual Report 2015, which is available on [www.scandistandard.com](http://www.scandistandard.com).

**Board of Director's assurance**

This interim report for the second quarter and first half of 2016 provides a fair overview of the operations, position and results of the Parent Company and the Group, and describes material risks and uncertainties faced by the Parent Company and the companies that are included in the Group.

Stockholm, 24 August 2016

Per Harkjær  
*Chairman of the Board*

Ulf Gundemark  
*Board member*

Samir Kamal  
*Board member*

Michael Parker  
*Board member*

Harald Pousette  
*Board member*

Asbjørn Reinkind  
*Board member*

Karsten Slotte  
*Board member*

Heléne Vibbleus  
*Board member*

Leif Bergvall Hansen  
*Managing Director and CEO*

The report has not been subject to review by the Company's auditors.

This is a translation of the original Swedish version published on [www.scandistandard.com](http://www.scandistandard.com).

## Segment information

## Net sales

MSEK	Q2 2016	Q2 2015	Change	H1 2016	H1 2015	Change
Sweden	618.6	556.2	11%	1,182.6	1,087.1	9%
of which internal sales	41.8	31.4	33%	79.5	61.3	30%
Denmark	596.3	570.5	5%	1,145.1	1,155.3	-1%
of which internal sales	56.6	42.6	33%	97.9	94.5	4%
Norway	353.0	280.4	26%	684.9	556.1	23%
of which internal sales	-	-	-	-	-	-
Finland	34.0	8.2	315%	54.7	8.2	567%
of which internal sales	-	-	-	-	-	-
Intra-group eliminations	-98.4	-74.0	33%	-177.4	-155.8	14%
<b>Total net sales</b>	<b>1,503.5</b>	<b>1,341.3</b>	<b>12%</b>	<b>2,889.9</b>	<b>2,650.9</b>	<b>9%</b>
<b>Local currency</b>	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>Change</b>	<b>H1 2016</b>	<b>H1 2015</b>	<b>Change</b>
Denmark	478.4	457.8	4%	917.4	922.2	-1%
Norway	354.9	258.3	37%	693.9	515.0	35%
Finland	3.7	0.9	311%	5.9	0.9	555%
Group			15%			11%

## Net sales by product category

MSEK	Q2 2016	Q2 2015	Change	H1 2016	H1 2015	Change
Chilled	686.4	559.8	23%	1,306.8	1,126.7	16%
Frozen	646.0	604.8	7%	1,260.0	1,182.0	7%
Eggs	73.8	84.1	-12%	151,4	173.2	-13%
Other*	97.3	92.6	5%	171,6	169.0	2%
<b>Total net sales</b>	<b>1,503.5</b>	<b>1,341.3</b>	<b>12%</b>	<b>2,889.9</b>	<b>2,650.9</b>	<b>9%</b>

## Exchange rates\*\*

	H1 2016	H1 2015
SEK/NOK	0.99	1.08
SEK/DKK	1.25	1.25
SEK/EUR	9.29	9.34

\*) Relates mainly to SweHatch sales of day-old chicks to farmers, and sales of pet food.

\*\*) Average exchange rates.

**Adjusted operating income**

<b>MSEK</b>	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>H1 2016</b>	<b>H1 2015</b>
Sweden	51.8	46.7	95.5	79.8
Denmark	21.8	35.4	50.5	68.2
Norway	26.1	9.6	46.2	22.8
Finland	-11.7	-3.4	-20.9	-3.4
Group	-9.3	-6.8	-19.8	-13.4
Amortization	-4.4	-4.5	-8.9	-9.4
<b>Total</b>	<b>74.3</b>	<b>77.0</b>	<b>142.6</b>	<b>144.6</b>

**Adjustments to operating income**

<b>MSEK</b>	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>H1 2016</b>	<b>H1 2015</b>
Sweden	-	-	-1.1	-
Denmark	-	-	-	-
Norway	-	-	-	-
Finland	-	-4.2	-	-4.2
Group	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-4.2</b>	<b>-1.1</b>	<b>-4.2</b>

**Operating income**

<b>MSEK</b>	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>H1 2016</b>	<b>H1 2015</b>
Sweden	51.8	46.7	94.4	79.8
Denmark	21.8	35.4	50.5	68.2
Norway	26.1	9.6	46.2	22.8
Finland	-11.7	-7.6	-20.9	-7.6
Group	-9.3	-6.8	-19.8	-13.4
Amortization	-4.4	-4.5	-8.9	-9.4
<b>Total operating income</b>	<b>74.3</b>	<b>72.8</b>	<b>141.5</b>	<b>140.4</b>
Finance net	-24.5	-13.1	-37.7	-26.6
Income tax expense	-11.1	-14.0	-22.7	-26.5
<b>Income for the period</b>	<b>38.8</b>	<b>45.7</b>	<b>81.1</b>	<b>87.3</b>



## Consolidated income statement

MSEK	Q2 2016	Q2 2015	H1 2016	H1 2015
Net sales	1,503.5	1,341.3	2,889.9	2,650.9
Other operating revenues	11.0	6.2	22.9	11.0
Changes in inventories of finished goods and work in progress	-11.6	-25.7	-15.2	-12.1
Raw materials and consumables	-881.0	-733.0	-1,681.4	-1,498.0
Cost of personnel	-281.3	-251.5	-543.3	-497.0
Depreciation, amortization and impairment	-48.9	-46.8	-96.6	-92.5
Other operating expenses	-217.3	-217.7	-435.6	-421.2
Share of income of associates	-0.1	-	0.8	-0.7
<b>Operating income</b>	<b>74.3</b>	<b>72.8</b>	<b>141.5</b>	<b>140.4</b>
Finance income	-0.7	0.8	0.5	0.9
Finance expenses	-23.8	-13.9	-38.2	-27.5
<b>Income after finance net</b>	<b>49.9</b>	<b>59.7</b>	<b>103.8</b>	<b>113.8</b>
Income tax expense	-11.1	-14.0	-22.7	-26.5
<b>Income for the period</b>	<b>38.8</b>	<b>45.7</b>	<b>81.1</b>	<b>87.3</b>
Whereof attributable to shareholders of the Parent Company	38.8	45.7	81.1	87.3
Average number of shares	59,612,178 <sup>1</sup>	60,060,890	59,612,178 <sup>1</sup>	60,060,890
Earnings per share, SEK	0.65	0.76	1.36	1.45
Earnings per share after dilution, SEK	0.65	0.76	1.36	1.45
Number of shares at the end of the period	60,060,890	60,060,890	60,060,890	60,060,890

<sup>1)</sup> 448,712 shares were purchased during the second half of 2015.

## Consolidated statement of comprehensive income

MSEK	Q2 2016	Q2 2015	H1 2016	H1 2015
<b>Income for the period</b>	<b>38.8</b>	<b>45.7</b>	<b>81.1</b>	<b>87.3</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to the income statement</b>				
Actuarial gains and losses in defined benefit pension plans	-12.2	35.0	-24.3	7.6
Tax on actuarial gains and losses	2.7	-7.7	5.3	-2.0
<b>Total</b>	<b>-9.5</b>	<b>27.3</b>	<b>-18.9</b>	<b>5.6</b>
<b>Items that will or may be reclassified to the income statement</b>				
Cash flow hedges	-0.6	15.2	-3.3	8.2
Currency effects from conversion of foreign operations	16.6	-7.0	26.8	-17.1
Income from currency hedging of foreign operations	0.7	-14.5	3.8	-13.2
Tax attributable to items that will be reclassified to the income statement	0.1	0.1	0.7	2.4
<b>Total</b>	<b>16.8</b>	<b>-6.2</b>	<b>28.0</b>	<b>-19.7</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>7.3</b>	<b>21.1</b>	<b>9.1</b>	<b>-14.1</b>
<b>Total comprehensive income for the period</b>	<b>46.1</b>	<b>66.8</b>	<b>90.2</b>	<b>73.2</b>
Whereof attributable to shareholders of the Parent Company	46.1	66.8	90.2	73.2

## Consolidated statement of financial position

MSEK	Note	30 June 2016	30 June 2015	31 Dec 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		698.8	635.9	596.5
Other intangible assets		492.2	513.3	489.9
Property plant and equipment		960.8	824.0	881.7
Participations in associated companies		43.8	41.0	41.4
Financial assets		0.3	0.9	0.4
Surplus in funded pension plans		-	-	16.4
Deferred tax assets		40.0	33.1	16.5
Other fixed assets		-	0.7	-
<b>Total non-current assets</b>		<b>2,235.9</b>	<b>2,048.9</b>	<b>2,042.8</b>
<b>Current assets</b>				
Inventory		532.0	535.0	530.3
Trade receivables and other receivables		531.1	445.9	413.9
Tax receivables		15.2	0.8	13.6
Short term investments		0.0	0.7	0.5
Cash and cash equivalents		13.8	146.9	142.7
<b>Total current assets</b>		<b>1,092.1</b>	<b>1,129.3</b>	<b>1,101.0</b>
<b>TOTAL ASSETS</b>		<b>3,328.0</b>	<b>3,178.2</b>	<b>3,143.8</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholder's equity</b>				
Share capital		0.6	0.6	0.6
Other contributed equity		810.0	888.1	810.0
Reserves		2.3	10.0	-16.8
Retained earnings		95.0	-17.4	131.1
<b>Total equity</b>		<b>907.9</b>	<b>881.3</b>	<b>924.9</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Non-current interest bearing liabilities		1,419.9	1,461.0	1,394.9
Provisions for pensions		8.0	10.0	1.7
Deferred tax liabilities		91.5	71.1	86.0
Other non-current liabilities	4	54.4	-	-
Other non-current provisions		-	2.5	1.9
<b>Total non-current liabilities</b>		<b>1,573.8</b>	<b>1,544.6</b>	<b>1,484.5</b>
<b>Current liabilities</b>				
Current interest bearing liabilities		80.6	62.4	60.9
Trade payables and other current liabilities		724.4	667.0	653.0
Tax payables		41.3	22.9	20.5
<b>Total current liabilities</b>		<b>846.3</b>	<b>752.3</b>	<b>734.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,328.0</b>	<b>3,178.2</b>	<b>3,143.8</b>

## Consolidated statement of changes in equity

<b>MSEK</b>	
<b>Opening balance 1 January 2015</b>	<b>886.4</b>
Income for the period	163.9
Other comprehensive income, net after tax	-26.9
<b>Total comprehensive income</b>	<b>137.0</b>
Dividend	-78.1
Repurchase own shares	-20.4
<b>Transactions with the owners</b>	<b>-98.5</b>
<b>Closing balance 31 December 2015</b>	<b>924.9</b>
<b>Opening balance 1 January 2016</b>	<b>924.9</b>
Income for the period	81.1
Other comprehensive income, net after tax	9.1
<b>Total comprehensive income</b>	<b>90.2</b>
Dividend	-107.3
<b>Transactions with the owners</b>	<b>-107.3</b>
<b>Closing balance 30 June 2016</b>	<b>907.9</b>

## Consolidated statement of cash flows

MSEK	Q2 2016	Q2 2015	H1 2016	H1 2015
<b>OPERATING ACTIVITIES</b>				
Operating income	74.3	72.8	141.5	140.4
Adjustment for non-cash items	60.6	93.0	117.1	139.2
Paid finance items net	-22.2	-14.7	-33.5	-28.2
Paid current income tax	-4.6	-9.2	-17.4	-21.7
<b>Cash flows from operating activities before changes in operating capital</b>	<b>108.1</b>	<b>141.9</b>	<b>207.7</b>	<b>229.7</b>
Change in inventories	6.5	16.7	10.0	3.1
Change in operating receivables	-52.0	49.4	-83.7	-3.5
Change in operating payables	49.0	-27.4	45.3	47.9
<b>Cash flows from operating activities</b>	<b>111.6</b>	<b>180.6</b>	<b>179.3</b>	<b>277.2</b>
<b>INVESTING ACTIVITIES</b>				
Business combinations	-0.3	-96.0	-22.8	-96.0
Investment in property, plant and equipment	-93.8	-26.5	-140.3	-49.0
<b>Cash flows used in investing activities</b>	<b>-94.1</b>	<b>-122.5</b>	<b>-163.1</b>	<b>-145.0</b>
<b>FINANCING ACTIVITIES</b>				
Net change in external loans	-47.1	5.3	-35.7	5.3
Dividend	-107.3	-78.1	-107.3	-78.1
<b>Cash flow in financing activities</b>	<b>-154.4</b>	<b>-72.8</b>	<b>-143.0</b>	<b>-72.8</b>
<b>Cash flows for the period</b>	<b>-136.9</b>	<b>-14.7</b>	<b>-126.8</b>	<b>59.4</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>149.6</b>	<b>161.6</b>	<b>142.7</b>	<b>89.7</b>
Currency effect in cash and cash equivalents	1.1	-	-2.2	-2.2
<b>Cash flow for the period</b>	<b>-136.9</b>	<b>-14.7</b>	<b>-126.8</b>	<b>59.4</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>13.8</b>	<b>146.9</b>	<b>13.7</b>	<b>146.9</b>

### Parent company income statement

<b>MSEK</b>	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>H1 2016</b>	<b>H1 2015</b>
Net sales	-	-	-	-
Operating expenses	0.0	-	0.0	-
<b>Operating income</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>-</b>
Finance net	3.6	3.6	7.1	7.4
<b>Income after finance net</b>	<b>3.6</b>	<b>3.6</b>	<b>7.1</b>	<b>7.4</b>
Tax expenses	-0.8	-0.8	-1.5	-1.6
<b>Income for the period</b>	<b>2.8</b>	<b>2.8</b>	<b>5.6</b>	<b>5.8</b>

### Parent company statement of comprehensive income

<b>MSEK</b>	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>H1 2016</b>	<b>H1 2016</b>
Income for the period	2.8	2.8	5.6	5.8
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>2.8</b>	<b>2.8</b>	<b>5.6</b>	<b>5.8</b>

## Parent company statement of financial position

MSEK	Note	30 June 2016	30 June 2015	31 Dec 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investments in subsidiaries		532.7	532.7	532.7
Receivables from Group entities		358.7	358.7	358.7
Deferred tax assets		-	2.3	-
<b>Total non-current assets</b>		<b>891.5</b>	<b>893.7</b>	<b>891.4</b>
<b>Current assets</b>				
Receivables from Group entities		-	-	-
Cash and cash equivalents		0.0	-	-
<b>Total current assets</b>		<b>0.0</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>891.5</b>	<b>893.7</b>	<b>891.4</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b>Restricted equity</b>				
Share capital		0.6	0.6	0.6
<b>Non-restricted equity</b>				
Share premium account		810.0	888.1	810.0
Retained earnings		-135.9	-94.5	-36.8
Income for the period		5.6	5.8	8.3
<b>Total equity</b>		<b>680.3</b>	<b>800.0</b>	<b>782.1</b>
<b>Non-current liabilities</b>				
Non-current interest bearing liabilities		-	-	27.5
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>	<b>27.5</b>
<b>Current liabilities</b>				
Tax liabilities		1.6	1.6	-
Liabilities to Group entities	Note 4	209.6	92.1	81.8
<b>Total current liabilities</b>		<b>211.2</b>	<b>93.7</b>	<b>81.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>891.5</b>	<b>893.7</b>	<b>891.4</b>

## Parent company statement of changes in equity

### MSEK

<b>Opening balance 1 January 2015</b>	<b>872.3</b>
Income for the period	8.3
Other comprehensive income, net after tax	-
<b>Total comprehensive income</b>	<b>8.3</b>
Dividend	-78.1
Repurchase own shares	-20.4
<b>Transactions with the owners</b>	<b>-98.5</b>
<b>Closing balance 31 December 2015</b>	<b>782.1</b>
<b>Opening balance 1 January 2016</b>	<b>782.1</b>
Income for the period	5.6
Other comprehensive income, net after tax	-
<b>Total comprehensive income</b>	<b>5.6</b>
Dividend	-107.3
<b>Transactions with the owners</b>	<b>-107.3</b>
<b>Closing balance 30 June 2016</b>	<b>680.3</b>

## Notes to the condensed consolidated financial information

### Note 1. Accounting policies

Scandi Standard applies International Financial Reporting Standards (IFRS) as adopted by the European Union. This report has been prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act and recommendation RFR 1, supplementary accounting principles for Group, issued by the Swedish Financial Reporting Board. The Parent Company's accounts have been prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR2, Accounting for legal entities.

The interim information on the pages 3-19 is an integral part of this financial report.

#### Acquisition in Denmark

On 30 March 2016, Scandi Standard's subsidiary Danpo A/S signed an agreement to acquire a majority shareholding in Sødams Øko Fjerkræslagteri ApS that processes approximately 500,000 organic and free-range chickens annually. The acquisition is made in order to broaden the product portfolio and expand the Group's presence in the premium segment of the Danish market.

The purchase price amounts to a maximum of MDKK 48 for 80 percent shareholding, including an initial payment of MDKK 18 in connection with signing of the agreement. The remaining payments will be performed partially over four years depending on achievement of certain criteria.

The purchase agreement includes a put/call option for acquisition and sale of the remaining 20 percent of the shares and the total price is estimated to increase to a maximum of MDKK 61 over four years including payment of MDKK 13 for the remaining shares.

A preliminary purchase price allocation has been performed per 31 March 2016. No intangible assets except for goodwill have been identified, and MDKK 60.5 was allocated to goodwill. The purchase price allocation will be finalized during the coming quarters. The financial effects of the transaction have been recognized per 31 March 2016 and the acquired company has been recognized as a wholly owned subsidiary.

#### Long-term incentive program

The Annual General Meeting ("The AGM") 2016 decided on a Long-term incentive programme, LTIP 2016, for key employees intended to contribute to long-term value growth of the same type as LTIP 2015. LTIP 2015 and 2016 are equity-settled, share based compensation plans accounted for in accordance with IFRS 2, Share based payments. The programmes are expensed over the vesting period (3 years). At the end of each reporting period, the Company considers changes in the anticipated number of vested shares. Social charges related to the program are recognized as a cash-settled instrument. For more information about the Group's long-term incentive programmes, see Note 1 and 5 in the Annual Report 2015.

No changes have been made in the Group's accounting and valuation principles compared with the accounting and valuation principles described in Note 1 of the Annual Report 2015.

### Note 2. Segment information

#### Scandi Standard's business is operationally divided into the countries of Sweden, Denmark, Norway and Finland

Internal reporting to Group Management and the Board of Directors corresponds with the Group's operational structure. The division is based on the Group's operations from a geographical perspective. Those countries where business is operated equals the Group segments. The segments are managed on the basis of sales and operating results. The responsibility for the Group's financial assets and liabilities, provisions for taxes and pensions, gains and losses on the re-measurement of financial instruments according to IAS 39 and pension obligations according to IAS 19 are dealt with by the corporate functions and are not allocated to the segments. All capital expenditure on property, plant and equipment and intangible assets, apart from expendable equipment, is included in the segments' investments.

**Segment Sweden** comprises the companies Kronfågel AB, SweHatch AB, AB Skånefågel and Bosarpskyckling AB. Kronfågel AB is the segment's largest business engaged in slaughtering, production and development of fresh and frozen chicken products, mainly for the Swedish market. SweHatch engages in the rearing, production and hatching of day-old chickens for Kronfågel AB's breeders and other players in the Swedish market. AB Skånefågel slaughters and sells products for the Swedish market and export. Bosarpskyckling AB was the first producer of organic chicken in Sweden.

**Segment Denmark** comprises Danpo A/S, the associate Farmfood A/S and the newly acquired Sødams Øko Fjerkræslagteri ApS. Danpo A/S slaughters, produces, develops and processes chicken products for both the Danish market and exports within Europe and to Asia. Farmfood A/S processes slaughterhouse by-products from the Group's different segments, mainly for use in pet food sold in the international markets. Sødams Øko Fjerkræslagteri processes organic and free-range chicken for the Danish market.



**Segment Norway** comprises Den Stolte Hane Jæren AS, Den Stolte Hane Egg AS and Scandi Standard Norway AS. In addition there is an associate Naerbo kyllingslakt AS. The segment consists of two parts - the production, processing and sale of chicken products and the packing of eggs in the segment's own egg packing facility. Both types of products are sold in the Norwegian market. The segment also handles and sells small quantities of turkey and duck.

**Segment Finland** comprises the former Huttulan-operation, which was acquired in May 2015 and renamed Kronfågel Oy. Operations include slaughtering, production and development of fresh and frozen chicken products for the Finnish market.

### Note 3. Accounting and valuation of financial instruments

Scandi Standard's financial instruments, by classification and by level in the fair value hierarchy as per 30 June 2016 and for the comparison period, are shown in the tables below.

2016-06-30, MSEK	Loans and receivables	Financial assets at fair value through profit or loss	Derivatives used in hedge accounting	Other financial assets and liabilities	Total carrying amount	Measured at amortized cost	Fair value by level <sup>1</sup>
<b>Assets</b>							<b>Level 2</b>
Other non-current financial assets	0.3	-	-	-	0.3	0.3	-
Trade receivables and other receivables	386.6	-	-	-	386.6	386.6	-
Current interest bearing receivables	-	-	3.0	-	3.0	-	3.0
Cash and cash equivalents	13.8	-	-	-	13.8	13.8	-
<b>Total financial assets</b>	<b>400.7</b>	<b>-</b>	<b>3.0</b>	<b>-</b>	<b>403.7</b>	<b>400.7</b>	<b>3.0</b>
<b>Liabilities</b>							<b>Level 2</b>
Non-current interest bearing liabilities	-	-	21.0	1,453.2	1,474.2	1,453.2	21.0
Current interest bearing liabilities	-	0.4	-	77.7	78.1	77.7	0.4
Trade and other payables	-	-	-	422.0	422.0	422.0	-
<b>Total financial liabilities</b>	<b>-</b>	<b>0.4</b>	<b>21.0</b>	<b>1,952.9</b>	<b>1,974.3</b>	<b>1,952.9</b>	<b>21.4</b>

2015-06-30, MSEK	Loans and receivables	Financial assets at fair value through profit or loss	Derivatives used in hedge accounting	Other financial assets and liabilities	Total carrying amount	Measured at amortized cost	Fair value by level <sup>1</sup>
<b>Assets</b>							<b>Level 2</b>
Other non-current financial assets	1.3	-	-	-	1.3	1.3	-
Trade receivables and other receivables	340.3	-	-	-	340.3	340.3	-
Current interest-bearing receivables	-	-	-	-	-	-	-
Cash and cash equivalents	146.9	-	-	-	146.9	146.9	-
<b>Total financial assets</b>	<b>488.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>488.5</b>	<b>488.5</b>	<b>-</b>
<b>Liabilities</b>							<b>Level 2</b>
Non-current interest bearing liabilities	-	0.4	12.8	1,455.4	1,468.6	1,455.4	13.2
Current interest-bearing liabilities	-	-	-	62.4	62.4	62.4	-
Trade and other payables	-	-	-	358.3	358.3	358.3	-
<b>Total financial liabilities</b>	<b>-</b>	<b>0.4</b>	<b>12.8</b>	<b>1,876.1</b>	<b>1,889.3</b>	<b>1,876.1</b>	<b>13.2</b>

<sup>1</sup>The valuation of the Groups financial assets and liabilities is performed in accordance with the fair-value hierarchy:

Level 1. Quoted prices (unadjusted) in active markets for identical instruments

Level 2. Data other than quoted prices included within level 1 that are observable for the asset or liability either directly as prices or indirectly as derived from prices.

Level 3. Non-observable data for the asset or liability.

As of 30 June 2016 and at the end of the comparison period the Group had financial derivatives (level 2) and biological assets (level 3) measured at fair value on the balance sheet. The fair value of forward exchange contracts is estimated based on current forward rates at the reporting date, while interest rate swaps are valued using estimates of future discounted cash flows. As of 30 June 2016 the derivatives amounted to MSEK -18.0 (-13.2). The biological assets (parent animals in the rearing of day old chicks, as well as broilers) are measured in accordance with IAS 41 at fair value less selling costs and as of 30 June 2016 those amounted to MSEK 45.6 (35.7). For the Group's long-term borrowing, which as of 30 June 2016 amounted to MSEK 1,473.7 (1,510.2), fair value is considered to be equal to the amortized cost as the borrowings are held at floating market rates and hence the booked value will be approximated as the fair value. For other financial instruments fair value is estimated at cost adjusted for any impairment.

#### Note 4. Other liabilities

The entire other non-current liability per 30 June 2016 for the Group in the amount of MSEK 54.4 (-) refers to the additional purchase price related to acquisitions performed in 2015 and 2016. The entire other current liabilities to Group entities in the Parent Company as per 30 June 2016 in the amount of MSEK 209.6 (92.1) is related to cash pool.

## Definitions

#### Operating capital

Total assets less cash and cash equivalents and non-interest-bearing liabilities, including deferred tax liabilities.

#### Return on operating capital

Operating income last twelve months (LTM) divided by average operating capital.

#### Capital employed

Total assets less non-interest-bearing liabilities, including deferred tax liabilities.

#### Return on capital employed

Operating income last twelve months (LTM) plus interest income divided by average capital employed.

#### Net interest-bearing debt

Interest-bearing debt excluding arrangement fees less cash and cash equivalents.

#### Adjusted operating income

Operating income adjusted for non-comparable items assessed by Group management.

#### Adjusted operating margin

Operating income adjusted for non-comparable items assessed by Group management, as a percentage of net sales.

## Conference call

A conference call for investors, analysts and media will be held on 24 August 2016 at 10:00 AM CET.

The dial-in numbers are:

UK: 020 3059 8125

Sweden: +46 8 50 510 036

Other countries: +44 20 3059 8125

Slides used in the conference call can be downloaded at [www.scandistandard.com](http://www.scandistandard.com) under Investor Relations. A replay of the conference call will be available on the web site afterwards.

## Further information

For further information, please contact:

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## Financial calendar

- Interim report for the third quarter 2016: 3 November 2016

This interim report comprises information which Scandi Standard is required to disclose under the Securities Markets Act and/or the Financial Instruments Trading Act. It was released for publication at 07:30 CET on 24 August 2016.

## Forward looking statement

This report contains forward-looking statements and the actual outcome could be materially different. Factors that could have a material effect on the actual outcome include, but are not limited to, general business conditions, fluctuations in exchange rates and interest rates, political developments, the impact of competing products and their pricing, product development, commercialization and technological difficulties, interruptions in supply, and major customer credit losses.

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