



## Scandi Standard

### Second quarter report 2017

23 August 2017

- Net sales increased by 8 percent to MSEK 1,621.8 (1,503.5), and by 6 percent at constant exchange rates. All countries contributed to the increase.
- Adjusted operating income\* declined to MSEK 70.0 (74.3), corresponding to a margin of 4.3 (4.9) percent. Adjusted operating income\* improved in Denmark, Norway and Finland, but declined in Sweden. Adjusted EBITDA\* was unchanged from last year.
- The bird flu had a negative impact of approximately MSEK 13 on adjusted operating income\* in the quarter, referring to Sweden and Denmark.
- Income for the period declined to MSEK 33.3 (38.8) and earnings per share were SEK 0.56 (0.65).
- Operating cash flow amounted to MSEK -5.3 (33.1), negatively impacted mainly by a less favourable trend in working capital compared to last year. Net interest bearing debt was MSEK 1,618.8 (1,486.6).
- The EGM on 15 August 2017 authorised the share issue required to complete the acquisition of Manor Farm, which is expected to be completed 28 August 2017.

MSEK	Q2 2017	Q2 2016	Change	H1 2017	H1 2016	Change	LTM	2016
Net sales	1,621.8	1 503.5	8%	3,215.6	2,889.9	11%	6,293.1	5,967.4
Adjusted EBITDA*	123.9	123.4	0%	236.7	238.5	-1%	449.9	451.6
Depreciation and amortization	-53.9	-48.9	10%	-107.4	-96.6	11%	-212.1	-201.3
Adjusted operating income*	70.0	74.3	-6%	129.3	142.6	-9%	238.3	251.6
Non comparable items	-7.8	-	-	-9.0	-1.1	-	-21.3	-13.4
Operating income	62.2	74.3	-16%	120.3	141.5	-15%	217.0	238.2
Finance net	-9.1	-24.5	-63%	-28.1	-37.7	-25%	-61.7	-71.3
Income after finance net	53.1	49.9	6%	92.2	103.8	-11%	-155.3	-166.9
Income tax expense	-19.9	-11.1	79%	-29.1	-22.7	28%	-41.9	-35.5
Income for the period	33.3	38.8	-14%	63.2	81.1	-22%	113.5	131.4
Adjusted EBITDA margin*	7.6%	8.2%	-	7.4%	8.3%	-	7.1%	7.6%
Adjusted operating margin*	4.3%	4.9%	-	4.0%	4.9%	-	3.8%	4.2%
Earnings per share, SEK	0.56	0.65	-14%	1.06	1.36	-22%	1.41	2.21
Adjusted return on capital employed*	9.1%	11.8%	-	9.1%	11.8%	-	9.1%	10.3%
Return on equity	23.5%	29.1%	-	23.5%	29.1%	-	23.5%	33.0%
Operating cash flow	-5.3	33.1	-	-0.3	68.6	-	37.4	112.7
Net interest-bearing debt	1,618.8	1,486.6	9%	1,618.8	1,486.6	9%	1,618.8	1,515.4

\* Adjusted for non-comparable items, see page 4.

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. For more information, see [www.scandistandard.com](http://www.scandistandard.com)

## CEO Statement

Net revenues increased by 8 percent in the second quarter compared to the same period last year, totalling MSEK 1,621.8 million. All geographic entities contributed to the growth.

I am pleased to report that adjusted operating income improved by MSEK 10.7 from the first quarter, of which approximately half refers to a less negative impact from the bird flu. Adjusted operating income in the quarter amounted to MSEK 70.0 compared to MSEK 74.3 in the second quarter last year, and MSEK 59.3 in the first quarter 2017. Adjusted EBITDA was in line with the second quarter last year.

Adjusted operating income in the quarter was adversely impacted by bird flu effects of MSEK 13, of which MSEK 11 referred to Sweden and MSEK 2 to Denmark. As a new case of bird flu was detected in a Swedish commercial flock during the second quarter, trade restrictions for Swedish poultry products are expected to remain for some time, with accompanying adverse effects on operating income. However, as restrictions for Danish products have been lifted, we expect the bird flu effects for the Group to decline to about MSEK 3-5 in the third quarter and to gradually decline thereafter.

In addition to the effects of the bird flu, the results for the Swedish operation was negatively impacted by weaker than normal demand for chilled products in the retail channel. This was mainly caused by the attention paid to the higher than normal levels of campylobacter. Operating income amounted to MSEK 34.2 compared to MSEK 51.8 last year. As a result of the efforts aimed at reducing campylobacter levels, I am pleased to report that these are now down to normal levels for the season. We expect demand for chilled products and results in Sweden to gradually improve.

As earlier communicated, we are approaching capacity constraints in Sweden and are continuing to consider options for long-term expansion, either at our main plant in Valla or at a potential new plant in southern Sweden. We expect to revert with more information on this later this year.

We made strong improvements in our Danish operation in the quarter. Adjusted operating income increased by 35 percent from last year to MSEK 29.3. Over the last quarters we have initiated a number of measures to break out of the commoditised market dynamics. Based on the acquisition of Sødram we have introduced a range of both organic and free range chicken under a new brand, De Danske Familiegårde. Heavy consumer marketing and an extension of the product range in the third quarter 2017 will contribute to building consumer preference. Although the initiatives have been well received, the main part of our products in Denmark will still be standard products subject to strong competition.

The operations in Norway continued its strong performance generating a growth in net sales of 6 percent. Adjusted operating income increased by 27 percent from the second quarter last year to MSEK 33.0. The improvement in net sales was achieved through successful product launches in important segments. The improvement in earnings was mainly driven by the significant capex projects implemented over the past 12 months linked to the specialisation of our two main plants, which together with the sharing of best practice allowed for increased efficiency.

In line with the target communicated in connection with the report for the first quarter 2017, we managed to bring losses in Finland below MSEK 10 in the second quarter. Several improvements were carried out in the quarter, including a significant debottlenecking in the packaging capacity. We are fully focused on continuing the improvements quarter by quarter.

Cash flow in the quarter was negatively impacted by a build-up of working capital of MSEK 68.9, mainly related to the issues in Sweden. Capital expenditure was significantly below last year, however, and totalled MSEK 52.6 compared to MSEK 93.8 last year. The dividend of MSEK 80.2 was paid in the quarter. Net debt increased by MSEK 98.0 during the quarter to MSEK 1,618.8.

I am enthusiastic about the Manor Farm deal, expected to be completed on 28 August 2017, which will increase our revenues by approximately 25 percent. With margins in line with our existing operations and scope for improvement through best practice initiatives, I am confident that the entity will become a strong contributor to the Group. The company is well run and is the clear market leader in chicken in the Irish retail market. With its capable and experienced management team, the business can be run with a high degree of autonomy while additional steps, which have been identified, can be taken to capture the benefits of best practice. As many of our risks are country specific, the acquisition is also likely to reduce our earnings volatility through increased geographical diversification.

The deal met our financial criteria in terms of expected earnings per share accretion and an attractive acquisition multiple. Furthermore, the limited upfront cash consideration leaves our leverage ratio largely unaffected by the transaction, which is an important criterion in terms of allowing a competitive direct yield going forward. Finally, the transaction structure secures alignment of interests and clear incentives for the management of Manor Farm to further develop the business. We are looking forward to becoming a part of the Irish food processing industry and to building on the company's strong relationships in that market.

Although operating income for the Group will continue to be negatively impacted by weaker than normal performance in Sweden and continued losses in Finland, I anticipate that we will be able to generate a sequential improvement of operating income and margin for our existing operations in the coming quarters. In addition Manor Farm, which is expected to be consolidated as of 28 August 2017, will contribute positively. Together with measures to reduce working capital, this should generate an improvement of cash flow in the second half of the year.

Leif Bergvall Hansen  
Managing Director and CEO

## Net sales and income

Net sales for the second quarter 2017 increased by 8 percent to MSEK 1,621.8 (1,503.5) compared to the corresponding period last year. The increase at constant exchange rates was 6 percent.

Net sales increased by 3 percent in Sweden, 5 percent in Denmark, 6 percent in Norway and 157 percent in Finland compared to the corresponding period last year.

Net sales by product category rose by 6 percent for chilled products and by 3 percent for frozen products at constant exchange rates.

Operating income, adjusted for non-comparable items, declined to MSEK 70.0 (74.3), corresponding to a margin of 4.3 (4.9) percent. Adjusted operating income improved in Denmark, Norway and Finland and declined in Sweden.

The bird flu had a negative impact of approximately MSEK 13 on adjusted operating income in the quarter, referring to Sweden and Denmark. The effects included mainly lower prices and margins on exports.

Operating income, including non-comparable items, amounted to MSEK 62.2 (74.3). Non-comparable items were MSEK -7.8 (-), see table below.

Income for the period amounted to MSEK 33.3 (38.8), corresponding to earnings per share of SEK 0.56 (0.65).

### Impact of bird flu

The prevalence of bird flu (H5N8) was detected in a number of European countries during 2016 and from November 2016 also in Denmark, Sweden and Finland, which led to trade bans regarding poultry products from mainly markets in Asia.

In a press release on 25 November 2016 and in the fourth quarter and year-end 2016 report, the Group communicated that the expected negative effect on operating income from these export restrictions was estimated at MSEK 4-8 per month, with a larger impact during the initial period.

Denmark was declared free of bird flu at the end of the first quarter 2017 and trade bans were lifted. As it takes time for trading patterns to normalize and trade bans still apply to Sweden and Finland, a continued negative impact on operating income is expected which is estimated at about MSEK 3-5 in the third quarter and gradually declining thereafter.

The negative impact on adjusted operating income from the bird flu was approximately MSEK 13 in the second quarter 2017 and approximately MSEK 31 for the first half 2017.

### Non-comparable items

Non-comparable items in the second quarter 2017 amounted to MSEK -7.8 (-) and consists of costs related to the acquisition of the Irish company Manor Farm, see page 7.

Non-comparable items in EBITDA and operating income	Q2 2017	Q2 2016	H1 2017	H1 2016	LTM	2016
Staff reduction costs*	-	-	-	-	-4.5	-4.5
Write down of inventory**	-	-	-	-	-6.7	-6.7
Transaction costs ***	-7.8	-	-9	-1.1	-10.1	-2.2
<b>Total</b>	<b>-7.8</b>	<b>-</b>	<b>-9.0</b>	<b>-1.1</b>	<b>-21.3</b>	<b>-13.4</b>
<b>Non-comparable items in finance net and tax effects</b>						
Tax effect on adjustments	1.7	-	2.0	0.2	4.7	2.9
<b>Non-comparable items in income for the period</b>	<b>-6.1</b>	<b>-</b>	<b>-7.0</b>	<b>-0.9</b>	<b>-16.6</b>	<b>-10.5</b>

\* Staff reduction costs in Denmark, i.e. salaries paid during notice period.

\*\* Write down of inventory in Denmark due to the bird flu.

\*\*\* Deal fees related to acquisitions.

## Segment information

### Sweden

MSEK	Q2 2017	Q2 2016	Change	H1 2017	H1 2016	Change	LTM	2016
Net sales	636.1	618.6	3%	1,283.6	1,182.6	9%	2,492.9	2,391.9
Adjusted operating income*	34.2	51.8	-34%	69.4	95.5	-27%	147.9	174.0
Adjusted operating margin*	5.4%	8.4%	-	5.4%	8.1%	-	5.9%	7.3%
Non comparable items	-	-	-	-	-1,1	-	-	-1.1
Operating income	34.2	51.8	-34%	69.4	94.4	-27%	147.9	172.9

\* Adjusted for non-comparable items.

Net sales in Sweden in the second quarter 2017 increased by 3 percent to MSEK 636.1 (618.6). Net sales of chilled products declined by 2 percent, while net sales of frozen products rose by 8 percent.

The retail market for chicken products in Sweden declined in value compared to the second quarter last year. Demand showed high volatility following the attention paid to the occurrence of campylobacter in chicken. After a number of measures taken, the level of campylobacter has been reduced in the whole value chain and are now down to normal levels for the season. The negative impact on operating income from campylobacter was partly offset by insurance compensation.

Sales of Kronfågel's BBQ product range, which this year was expanded with new seasonings of Minutfilé and thigh fillet, showed a positive trend in the quarter. The range of chicken sausages was broadened further to include BBQ Bratwurst sausages.

Adjusted operating income declined by 34 percent to MSEK 34.2 (51.8), corresponding to a margin of 5.4 (8.4) percent. The bird flu had a negative impact of approximately MSEK 11 on adjusted operating income in the quarter. A higher proportion of net sales of frozen products over chilled and more campaigns also had a negative impact on adjusted operating income and margin.

### Denmark

MSEK	Q2 2017	Q2 2016	Change	H1 2017	H1 2016	Change	LTM	2016
Net sales	625.3	596.3	5%	1,205.0	1,145.1	5%	2,391.9	2,332.0
Adjusted operating income*	29.3	21.8	35%	51.4	50.5	2%	95.4	94.5
Adjusted operating margin*	4.6%	3.7%	-	4.2%	4.3%	-	4.0%	4.1%
Non comparable items	-	-	-	-	-	-	-11.9	-11.9
Operating income	29.3	21.8	35%	51.4	50.5	2%	83.5	82.6

\* Adjusted for non-comparable items.

Net sales in Denmark in the second quarter 2017 increased by 5 percent to MSEK 625.3 (596.3). Net sales in local currency rose by 1 percent.

Adjusted operating income increased by 35 percent to MSEK 29.3 (21.8), corresponding to a margin of 4.6 (3.7) percent. The improvement in adjusted operating income and margin was mainly attributable to higher exports prices. The bird flu had a negative impact of approximately MSEK 2 on adjusted operating income in the quarter.

A new premium concept of free-range as well as organic chicken was launched in the retail market in the quarter under the new brand De Danske Familiegårde. The birds are bred at specially selected Danish farms that are focused on the highest animal husbandry. They are of a breed that grows slowly and can move freely indoors and outdoors.

**Norway**

MSEK	Q2 2017	Q2 2016	Change	H1 2017	H1 2016	Change	LTM	2016
Net sales	373.6	353.0	6%	761.7	684.9	11%	1,510.5	1,433.7
Adjusted operating income*	33.0	26.1	27%	64.0	46.2	39%	112.7	94.9
Adjusted operating margin*	8.8%	7.4%	-	8.4%	6.7%	-	7.5%	6.6%
Non comparable items	-	-	-	-	-	-	-	-
Operating income	33.0	26.1	27%	64.0	46.2	39%	112.7	94.9

\* Adjusted for non-comparable items.

Net sales in Norway in the second quarter 2017 increased by 6 percent to MSEK 373.6 (353.0). Net sales in local currency rose by 2 percent. The lower increase compared to previous quarters in 2016 and 2017 is due to the fact that the comparison now refers to the same base of customer contracts.

The new Premium product range of free-range chicken, which was launched in the third quarter 2016, showed a continued positive trend and contributed to the increase in net sales.

Adjusted operating income increased by 27 percent to MSEK 33.0 (26.1), corresponding to a margin of 8.8 (7.4) percent. The improvement in adjusted operating income and margin was achieved through improved production efficiency as a result of the specialization of the two main facilities so that Jaeren produces all raw products and Stokke all processed products.

**Finland**

MSEK	Q2 2017	Q2 2016	Change	H1 2017	H1 2016	Change	LTM	2016
Net sales	87.4	34.0	157%	157.2	54.7	187%	275.2	172.7
Adjusted operating income*	-9.8	-11.7	17%	-22.3	-20.9	-7%	-53.8	-52.4
Adjusted operating margin*	-11.2%	-34.4%	-	-14.2%	-38.2%	-	-19.5%	-30.3%
Non comparable items	-	-	-	-	-	-	-	-
Operating income	-9.8	-11.7	17%	-22.3	-20.9	-7%	-53.8	-52.4

\* Adjusted for non-comparable items.

Net sales in Finland in the second quarter 2017 increased by 157 percent to MSEK 87.4 (34.0). Net sales in local currency rose by 146 percent.

Adjusted operating income amounted to MSEK -9.8 (-11.7). The adjusted operating income continued to be affected by inefficiency in production and the operating margin was still negative. The margin improved compared to both the second quarter last year and the first quarter 2017 as production volumes and net sales have increased. A new packaging machine was installed at the end of the second quarter, which will reduce bottlenecks in this part of production and contribute to improved productivity.

**Cash flow and investments**

Operating cash flow in the second quarter 2017 amounted to MSEK -5.3 (33.1). Cash flow was negatively affected by an increase in working capital of MSEK -68.9 (3.5), mainly due to an increase in inventories of MSEK 17.7 and in accounts receivable of MSEK 38.6.

A positive trend in inventories in Denmark and Finland was offset by a negative trend in Sweden where inventories increased by MSEK 48 largely driven by a higher volatility in demand following the attention paid to campylobacter. The increase in accounts receivable was mainly an effect of the growth in net sales and higher exports.

Working capital as of 30 June 2017 amounted to MSEK 455.5 (309.5), corresponding to 7.2 (5.5) percent of net sales.

Capital expenditure in the second quarter 2017 amounted to MSEK 52.6 (93.8) and referred mainly to efficiency improvement projects in production.

**Change in net debt**

MSEK	Q2 2017	Q2 2016	H1 2017	H1 2016	LTM	2016
Opening balance net debt	-1,520.8	-1,350.6	-1,515.4	-1,313.0	-1,487.7	-1,313.0
EBITDA	116.2	123.4	227.8	237.3	428.7	438.2
Change in working capital	-68.9	3.5	-124.9	-28.4	-163.0	-60.1
Capital expenditure	-52.6	-93.8	-103.2	-140.3	-228.3	-265.4
<b>Operating cashflow</b>	<b>-5.3</b>	<b>33.1</b>	<b>-0.3</b>	<b>68.6</b>	<b>37.4</b>	<b>112.7</b>
Paid interest	-14.6	-18.6	-30.2	-29.9	-59.6	-59.3
Paid income tax	-6.0	-4.6	-11.5	-17.4	-19.2	-25.1
Dividend	-80.2	-107.3	-80.2	-107.3	-80.2	-107.3
Other	8.1	-38.6	18.8	-87.6	-9.5	-123.4
<b>Total change in net debt</b>	<b>-98.0</b>	<b>-136.0</b>	<b>-103.4</b>	<b>-173.6</b>	<b>-131.1</b>	<b>-202.4</b>
<b>Closing balance net debt</b>	<b>-1,618.8</b>	<b>-1,486.6</b>	<b>-1,618.8</b>	<b>-1,486.6</b>	<b>-1,618.8</b>	<b>-1,515.4</b>

**Financial position**

Total equity as of 30 June 2017 amounted to MSEK 941.3 (907.9). The equity to assets ratio was 25.0 (27.3) percent.

Net interest-bearing debt as of 30 June 2017 amounted to MSEK 1,618.8 (1,486.6) as compared to MSEK 1,515.4 at year-end 2016. Cash and cash equivalents amounted to MSEK 117.7 (13.8). Committed but not utilized credit facilities as of 30 June 2017 amounted to MSEK 774.7.

**Personnel**

The average number of employees (FTE) was 1,982 (1,671) in the second quarter 2017 and 1,899 (1,568) in the first half 2017, as compared to 1,680 for the full year 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 2017 amounted to MSEK 0.5 (0.5).

**Events after the close of the period****Acquisition of Manor Farm**

On 27 June 2017, Scandi Standard entered into an agreement to acquire Manor Farm, the leading chicken processor in the Republic of Ireland. The acquisition is expected to be completed as of 28 August 2017.

Manor Farm had net revenues in 2016 of MEUR 164.2 (approximately MSEK 1,558), an EBITDA of MEUR 13.0 (approximately MSEK 123) and an operating income of MEUR 10.6 (approximately MSEK 100). The number of employees is approximately 850.

The company sources and processes approximately 50 percent of all fresh chicken sold in the Irish retail market and approximately 25% of all chicken consumed in Ireland. The processing plant is located in Shercock in County Cavan. It has approximately 130 farmers contracted as growers and approximately 43 farmers contracted as breeders. It owns and operates a feed mill, which has revenues of approximately EUR 80 million and produces solely for its contracted growers.

The acquisition provides Scandi Standard with an extended market presence, further economies of scale, exchange of best practice and risk diversification through a new geographical presence.

**Total consideration**

The total consideration amounts to MEUR 94.0 and will be paid in the form of a cash payment of MEUR 36.3 and the assumption of outstanding interest-bearing debt, the issue of 6 million new shares in Scandi Standard AB as well as a contingent consideration expected to amount to MEUR 25.4. The contingent consideration is payable depending on the EBITDA of the acquired business during the years 2017 – 2020, with a first payment of MEUR 0.4 if EBITDA in 2017 exceeds MEUR 13. The remaining parts of the contingent consideration, which have a nominal aggregate base amount of MEUR 25, are subject to adjustments based on the actual EBITDA in each of the years 2018, 2019 and 2020 compared to the 2016 EBITDA. For the calculation of each part of the contingent consideration, a sliding EV/EBITDA multiple scale is used ranging from a minimum multiple of zero to a maximum multiple of 9. The parts of the contingent consideration will be paid upon availability of audited accounts for the relevant year.

The allocation of the purchase price is not finalized and additional assets may be identified. The acquisition accounting is expected to be finalized during the third quarter. The acquired operation will be reported as a new geographical segment, Ireland.

**Transaction costs**

Costs related to the acquisition have been expensed as incurred and amounted to MSEK 7.8 in the second quarter 2017 and MSEK 9.0 in the first half of 2017. The costs have been reported as non-comparable items in operating income. Additional transaction costs of approximately MSEK 15 related to the acquisition are expected to occur in the third quarter 2017.

For information on the acquisition, see also the press release published on 27 June 2017 which is available at [www.scandistandard.com](http://www.scandistandard.com).

**Extraordinary General meeting**

An Extraordinary General Meeting on 15 August 2017 authorised the Board of Directors to, on one or more occasions, resolve on a new issue of up to a total of 6 million shares in Scandi Standard directed to the sellers of Manor Farm for the purpose of completing the acquisition of the company.

Through the issue of the new shares, the equity in Scandi Standard will increase by approximately SEK 60,000 to SEK 659,749 and the total number of shares will increase to 66,068,890.

For more information on the resolution by the Extraordinary General Meeting, see the press release published on 15 August 2017, which is available at [www.scandistandard.com](http://www.scandistandard.com).

**Risks and uncertainties**

Scandi Standards' risks and uncertainties are described on pages 41-43 and pages 68-69 in the Annual Report 2016, which is available at [www.scandistandard.com](http://www.scandistandard.com).

**Board of Director's assurance**

This interim report for the second quarter and first half of 2017 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, 23 August 2017

Per Harkjær  
*Chairman of the Board*

Øystein Engebretsen  
*Board member*

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*

This 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 by country

MSEK	Q2 2017	Q2 2016	Change	H1 2017	H1 2016	Change	LTM	2016
Sweden	636.1	618.6	3%	1,283.6	1,182.6	9%	2,492.9	2,391.9
of which internal sales	44.5	41.8	6%	91.8	79.5	15%	182.6	170.3
Denmark	625.3	596.3	5%	1,205.0	1,145.1	5%	2,391.9	2,332.0
of which internal sales	56.0	56.6	-1%	100.0	97.9	2%	194.7	192.6
Norway	373.6	353.0	6%	761.7	684.9	11%	1,510.5	1,433.7
of which internal sales	-	-	-	-	-	0.0%	-	-
Finland	87.4	34.0	157%	157.2	54.7	187%	275.2	172.7
of which internal sales	-	-	-	-	-	-	-	-
Intra-Group eliminations	-100.5	-98.4	2%	-191.8	-177.4	8%	-377.3	-362.9
<b>Total net sales</b>	<b>1,621.8</b>	<b>1,503.5</b>	<b>8%</b>	<b>3,215.6</b>	<b>2,889.9</b>	<b>11%</b>	<b>6,293.1</b>	<b>5,967.4</b>

### Net sales in local currency

Millions in local currency	Q2 2017	Q2 2016	Change	H1 2017	H1 2016	Change	LTM	2016
Denmark	480.8	478.4	1%	934.2	917.4	2%	1,850.1	1,833.3
Norway	361.3	354.9	2%	728.2	693.9	5%	1,440.0	1,405.7
Finland	9.1	3.7	146%	16.4	5.9	178%	28.7	18.2

### Net sales by product category

MSEK	Q2 2017	Q2 2016	Change	H1 2017	H1 2016	Change	LTM	2016
Chilled	754.9	686.4	10%	1,506.1	1,306.8	15%	2,923.0	2,723.7
Frozen	680.0	646.0	5%	1,342.8	1,260.0	7%	2,648.3	2,565.5
Eggs	83.3	73.8	13%	164.6	151.4	9%	328.6	315.4
Other*	103.6	97.3	6%	202.1	171.7	18%	393.2	362.8
<b>Total net sales</b>	<b>1,621.8</b>	<b>1,503.5</b>	<b>8%</b>	<b>3,215.6</b>	<b>2,889.9</b>	<b>11%</b>	<b>6,293.1</b>	<b>5,967.4</b>

### Exchange rates\*\*

	Q2 2017	Q2 2016
SEK/NOK	1.03	0.99
SEK/DKK	1.30	1.25
SEK/EUR	9.62	9.29

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

\*\*) Average exchange rates.

## Adjusted operating income

MSEK	Q2 2017	Q2 2016	H1 2017	H1 2016	LTM	2016
Sweden	34.2	51.8	69.4	95.5	147.9	174.0
Denmark	29.3	21.8	51.4	50.5	95.4	94.5
Norway	33.0	26.1	64.0	46.2	112.7	94.9
Finland	-9.8	-11.7	-22.3	-20.9	-53.8	-52.4
Group	-11.5	-9.3	-22.6	-19.8	-41.8	-39.0
Amortization	-5.3	-4.4	-10.7	-8.9	-22.2	-20.4
<b>Total adjusted operating income</b>	<b>70.0</b>	<b>74.3</b>	<b>129.3</b>	<b>142.6</b>	<b>238.3</b>	<b>251.6</b>

## Adjustments to operating income

MSEK	Q2 2017	Q2 2016	H1 2017	H1 2016	LTM	2016
Sweden	-	-	-	-1.1	-	-1.1
Denmark	-	-	-	-	-11.9	-11.9
Norway	-	-	-	-	-	-
Finland	-	-	-	-	-	-
Group	-7.8	-	-9.0	-	-9.4	-0.4
<b>Total adjustments to operating income</b>	<b>-7.8</b>	<b>-</b>	<b>-9.0</b>	<b>-1.1</b>	<b>-21.3</b>	<b>-13.4</b>

## Operating income

MSEK	Q2 2017	Q2 2016	H1 2017	H1 2016	LTM	2016
Sweden	34.2	51.8	69.4	94.4	147.9	172.9
Denmark	29.3	21.8	51.4	50.5	83.5	82.6
Norway	33.0	26.1	64.0	46.2	112.7	94.9
Finland	-9.8	-11.7	-22.3	-20.9	-53.8	-52.4
Group	-19.3	-9.3	-31.6	-19.8	-51.2	-39.4
Amortization	-5.3	-4.4	-10.7	-8.9	-22.2	-20.4
<b>Total operating income</b>	<b>62.2</b>	<b>74.3</b>	<b>120.3</b>	<b>141.5</b>	<b>217.0</b>	<b>238.2</b>
	0.0	0.0	0.0	0.0	0.0	0.0
Finance net	-9.1	-24.5	-28.1	-37.7	-61.7	-71.3
Income tax expense	-19.9	-11.1	-29.1	-22.7	-41.9	-35.5
<b>Income for the period</b>	<b>33.3</b>	<b>38.8</b>	<b>63.2</b>	<b>81.1</b>	<b>113.5</b>	<b>131.4</b>

## Consolidated income statement

MSEK	Q2 2017	Q2 2016	H1 2017	H1 2016	LTM	2016
Net sales	1,621.8	1,503.5	3,215.6	2,889.9	6,293.1	5,967.4
Other operating revenues	9.3	11.0	18.8	22.9	27.4	31.5
Changes in inventories of finished goods and work in progress	22.1	-11.6	86.7	-15.2	146.2	44.3
Raw materials and consumables	-980.9	-881.0	-1,996.1	-1,681.4	-3,917.9	-3,603.2
Cost of personnel	-313.8	-281.3	-622.5	-543.3	-1,194.2	-1,115.0
Depreciation, amortization and impairment	-53.9	-48.9	-107.4	-96.6	-212.1	-201.3
Other operating expenses	-242.4	-217.3	-474.8	-435.6	-926.0	-886.8
Share of income of associates	0.0	-0.1	0.0	0.8	0.5	1.3
<b>Operating income</b>	<b>62.2</b>	<b>74.3</b>	<b>120.3</b>	<b>141.5</b>	<b>217.0</b>	<b>238.2</b>
Finance income	0.2	-0.7	0.4	0.5	1.1	1.2
Finance expenses	-9.3	-23.8	-28.5	-38.2	-62.8	-72.5
<b>Income after finance net</b>	<b>53.1</b>	<b>49.9</b>	<b>92.2</b>	<b>103.8</b>	<b>155.3</b>	<b>166.9</b>
Income tax expense	-19.9	-11.1	-29.1	-22.7	-41.9	-35.5
<b>Income for the period</b>	<b>33.3</b>	<b>38.8</b>	<b>63.2</b>	<b>81.1</b>	<b>113.5</b>	<b>131.4</b>
Whereof attributable to shareholders of the Parent Company	33.3	38.8	63.2	81.1	113.5	131.4
Average number of shares <sup>1)</sup>	59,397,278	59,612,178	59,397,278	59,612,178	59,327,134	59,542,034
Earnings per share, SEK	0.56	0.65	1.01	1.36	1.41	2.21
Earnings per share after dilution, SEK	0.56	0.65	1.01	1.36	1.41	2.21
Number of shares at the end of the period	60,060,890	60,060,890	60,060,890	60,060,890	60,060,890	60,060,890

<sup>1)</sup>214,900 shares were purchased during 2016.

## Consolidated statement of comprehensive income

MSEK	Q2 2017	Q2 2016	H1 2017	H1 2016	LTM	2016
Income for the period	33.3	38.8	63.2	81.1	113.5	131.4
<b>Other comprehensive income</b>						
<i>Items that will not be reclassified to the income statement</i>						
Actuarial gains and losses in defined benefit pension plans	2.7	-12.2	-2.6	-24.3	-13.6	-28.5
Tax on actuarial gains and losses	-0.6	2.7	0.6	5.3	3.0	6.3
<b>Total</b>	<b>2.0</b>	<b>-9.5</b>	<b>-2.1</b>	<b>-18.9</b>	<b>-10.7</b>	<b>-22.2</b>
<i>Items that will or may be reclassified to the income statement</i>						
Cash flow hedges	0.7	-0.6	2.1	-3.3	6.0	4.7
Currency effects from conversion of foreign operations	1.4	16.6	-3.8	26.8	28.4	43.6
Income from currency hedging of foreign operations	-6.6	0.7	-9.4	3.8	5.0	12.3
Fair value on financial instruments						
Tax attributable to items that will be reclassified to the income statement	-0.2	0.1	-0.5	0.7	-1.4	-1.1
<b>Total</b>	<b>-4.7</b>	<b>16.8</b>	<b>-11.6</b>	<b>28.0</b>	<b>38.0</b>	<b>59.5</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>-2.6</b>	<b>7.3</b>	<b>-13.6</b>	<b>9.1</b>	<b>27.4</b>	<b>37.3</b>
<b>Total comprehensive income for the period</b>	<b>30.6</b>	<b>46.1</b>	<b>49.5</b>	<b>90.2</b>	<b>140.8</b>	<b>168.7</b>
Whereof attributable to shareholders of the Parent Company	30.6	46.1	49.5	90.2	140.8	168.7

## Consolidated statement of financial position

MSEK	Note	30 June 2017	30 June 2016	31 Dec 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		690.9	698.8	703.8
Other intangible assets		482.3	492.2	503.0
Property plant and equipment		1,015.0	960.8	1,010.8
Participations in associated companies		37.4	43.8	45.5
Financial assets		0.0	0.3	0.2
Deferred tax assets		48.0	40.0	46.8
<b>Total non-current assets</b>		<b>2,273.6</b>	<b>2,235.9</b>	<b>2,310.1</b>
<b>Current assets</b>				
Inventory		680.3	532.0	603.2
Trade receivables		442.4	386.6	400.2
Other short term receivables		102.2	65.0	87.5
Prepaid expenses and accrued income		146.8	94.7	72.3
Derivate instruments		0.3	3.0	0.4
Cash and cash equivalents		117.7	13.8	23.2
<b>Total current assets</b>		<b>1,489.8</b>	<b>1,095.1</b>	<b>1,186.8</b>
<b>TOTAL ASSETS</b>		<b>3,763.4</b>	<b>3,331.0</b>	<b>3,496.9</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholder's equity</b>				
Share capital		0.6	0.6	0.6
Other contributed equity		622.5	810.0	702.7
Reserves		31.1	2.3	42.7
Retained earnings		287.1	95.0	226.0
<b>Total equity</b>		<b>941.3</b>	<b>907.9</b>	<b>972.0</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Non-current interest bearing liabilities		1,495.5	1,398.8	1,427.6
Derivate instruments		12.0	21.0	14.2
Provisions for pensions		21.0	8.0	19.7
Deferred tax liabilities		101.5	91.5	109.3
Other non-current liabilities	4	46.8	54.4	46.3
<b>Total non-current liabilities</b>		<b>1,676.7</b>	<b>1,573.7</b>	<b>1,617.1</b>
<b>Current liabilities</b>				
Current interest bearing liabilities		229.0	80.6	96.8
Trade payables		477.9	422.0	475.5
Tax payables		58.6	41.3	35.1
Other current liabilities		133.1	136.7	100.9
Accrued expenses and prepaid income		246.7	168.8	199.5
<b>Total current liabilities</b>		<b>1,145.3</b>	<b>849.4</b>	<b>907.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,763.4</b>	<b>3,331.0</b>	<b>3,496.9</b>

## Consolidated statement of changes in equity

<b>MSEK</b>	
<b>Opening balance 1 January 2016</b>	<b>924.9</b>
Income for the period	131.4
Other comprehensive income, net after tax	37.3
<b>Total comprehensive income</b>	<b>168.7</b>
Dividend	-107.3
Repurchase own shares	-14.3
<b>Total transactions with the owners</b>	<b>-121.6</b>
<b>Closing balance 31 December 2016</b>	<b>972.0</b>
<b>Opening balance 1 January 2017</b>	<b>972</b>
Income for the period	63.2
Other comprehensive income, net after tax	-13.6
<b>Total comprehensive income</b>	<b>49.5</b>
	<b>0.0</b>
Dividend	-80.2
Repurchase own shares	0.0
<b>Total transactions with the owners</b>	<b>-80.2</b>
<b>Closing balance 30 June 2017</b>	<b>941.3</b>

## Consolidated statement of cash flows

MSEK	Q2 2017	Q2 2016	H1 2017	H1 2016	2016
<b>OPERATING ACTIVITIES</b>					
Operating income	62.2	74.3	120.3	141.5	238.2
Adjustment for non-cash items	55.9	60.6	111.6	117.1	180.9
Paid finance items net	-14.9	-22.2	-30.2	-33.5	-59.3
Paid current income tax	-6.0	-4.6	-11.5	-17.4	-25.1
<b>Cash flow from operating activities before changes in operating capital</b>	<b>97.2</b>	<b>108.1</b>	<b>190.2</b>	<b>207.7</b>	<b>334.7</b>
Changes in inventories	-17.7	6.5	-79.0	10.0	-49.0
Changes in operating receivables	-101.4	-52.0	-130.8	-83.7	-94.0
Changes in operating payables	50.2	49.0	84.9	45.3	82.9
<b>Cash flow from operating activities</b>	<b>28.3</b>	<b>111.6</b>	<b>65.3</b>	<b>179.3</b>	<b>274.6</b>
<b>INVESTING ACTIVITIES</b>					
Business combinations	-	-0.3	0.0	-22.8	-30.2
Investment in property, plant and equipment	-52.6	-93.8	-103.2	-140.3	-265.4
<b>Cash flows used in investing activities</b>	<b>-52.6</b>	<b>-94.1</b>	<b>-103.2</b>	<b>-163.1</b>	<b>-295.6</b>
<b>FINANCING ACTIVITIES</b>					
New loan	-	-	-	-	-
Repayment	-	1.2	1,450.2	19.6	-
Change in overdraft facility	-1.6	-35.2	-1,369.1	-42.2	-67.7
Net change in external loans	200.5	-13.1	131.2	-13.1	93.3
Dividend	-80.2	-107.3	-80.2	-107.3	-107.3
Repurchase own shares	-	-	-	-	-14.3
<b>Cash flows in financing activities</b>	<b>118.7</b>	<b>-154.4</b>	<b>132.1</b>	<b>-143.0</b>	<b>-96.0</b>
<b>Cash flows for the period</b>	<b>94.4</b>	<b>-136.9</b>	<b>94.2</b>	<b>-126.8</b>	<b>-117.0</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>23.2</b>	<b>149.6</b>	<b>23.2</b>	<b>142.7</b>	<b>142.7</b>
Currency effect in cash and cash equivalents	0.1	1.1	0.3	-2.1	-2.5
Cash flow for the period	94.4	-136.9	94.2	-126.8	-117.0
<b>Cash and cash equivalents at the end of the period</b>	<b>117.7</b>	<b>13.8</b>	<b>117.7</b>	<b>13.8</b>	<b>23.2</b>

## Parent Company income statement

MSEK	Q2 2017	Q2 2016	H1 2017	H1 2016	2016
Net sales	-	-	-	-	-
Operating expenses	-	-	-	-	-
Operating income	-	-	-	-	-
Finance net	2.4	3.6	5.7	7.1	14.6
Income after finance net	2.4	3.6	5.7	7.1	14.6
Group contribution	-	-	-	-	-14.6
Tax expenses	-0.5	-0.8	-1.2	-1.5	-
Income for the period	1.8	2.8	4.4	5.6	-

## Parent Company statement of comprehensive income

MSEK	Q2 2017	Q2 2016	H1 2017	H1 2016	2016
Income for the period	1.8	2.8	4.4	5.6	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	1.8	2.8	4.4	5.6	-

## Parent Company statement of financial position

MSEK	Note	30 June 2017	30 June 2016	31 Dec 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investments in subsidiaries		532.7	532.7	532.7
Receivables on Group entities		53.1	358.7	358.8
<b>Total non-current assets</b>		<b>585.8</b>	<b>891.5</b>	<b>891.5</b>
Receivables on Group entities				
Other current receivables		0.2	-	-
<b>Total current receivables</b>		<b>0.2</b>		
<b>TOTAL ASSETS</b>		<b>586.0</b>	<b>891.5</b>	<b>891.5</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		622.5	810.0	702.7
Retained earnings		-42.8	-135.9	-42.8
Income for the period		4.4	5.6	-
<b>Total equity</b>		<b>584.7</b>	<b>680.3</b>	<b>660.5</b>
<b>Current liabilities</b>				
Tax liabilities		1.2	1.6	-
Liabilities to Group entities	4	-	209.6	231.0
<b>Total current liabilities</b>		<b>1.2</b>	<b>211.2</b>	<b>231.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>586.0</b>	<b>891.5</b>	<b>891.5</b>



## Parent Company statement of changes in equity

MSEK	
<b>Opening balance 1 January 2016</b>	<b>782.1</b>
Income for the period	-
Other comprehensive income, net after tax	-
<b>Total comprehensive income</b>	<b>-</b>
Dividend	-107.3
Repurchase own shares	-14.3
<b>Total transactions with the owners</b>	<b>-121.6</b>
<b>Closing balance 31 December 2016</b>	<b>660.5</b>
<b>Opening balance 1 January 2017</b>	<b>660.5</b>
Income for the period	4.4
Other comprehensive income, net after tax	-
<b>Total comprehensive income</b>	<b>4.4</b>
Dividend	-80.2
Repurchase own shares	-
<b>Total transactions with the owners</b>	<b>-80.2</b>
<b>Closing balance 30 June 2017</b>	<b>584.7</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.

IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers are both adopted by EU and apply from January 1, 2018. Scandi Standard does not intend to apply them in advance. The work to evaluate the consequences of these standards is progressing according to plan. For more information, see Note 1 in the 2016 Annual Report.

#### Long-term incentive program

The Annual General Meeting 2017 decided on a long-term incentive programme (LTIP 2017) for key employees. The programme is intended to contribute to long-term value growth and is of the same type as LTIP 2015 and LTIP 2016. The programmes 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 Group considers changes in the anticipated number of vested shares. Social charges related to the programme 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 2016.

No changes have been made in the Group's accounting and valuation principles compared to the accounting and valuation principles described in Note 1 in the Annual Report 2016.

### 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, development and processing of fresh and frozen chicken products, mainly for the Swedish market. SweHatch AB 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 ApS 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 2017 and for the comparison period, are shown in the tables below.

30 June 2017, MSEK	Loans and receivables	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>						
Other non-current financial assets	-	-	-	-	-	-
Trade receivables	442.4	-	-	442.4	442.4	-
Derivates	-	0.3	-	0.3	-	0.3
Cash and cash equivalents	117.7	-	-	117.7	117.7	-
<b>Total financial assets</b>	<b>560.2</b>	<b>0.3</b>	<b>0.0</b>	<b>560.4</b>	<b>560.2</b>	<b>0.3</b>
<b>Liabilities</b>						
Non-current interest bearing liabilities	-	-	1,495.5	1,495.5	1,495.5	-
Other non-current liabilities	-	-	46.8	46.8	-	46.8
Derivates	-	12.0	-	12.0	-	12.0
Current interest bearing liabilities	-	-	229.0	229.0	229.0	-
Trade payables	-	-	477.9	477.9	477.9	-
<b>Total financial liabilities</b>	<b>-</b>	<b>12.0</b>	<b>2,249.2</b>	<b>2,261.3</b>	<b>2,202.4</b>	<b>58.9</b>

30 June 2016, MSEK	Loans and receivables	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>						
Other non-current financial assets	0.3	-	-	0.3	0.3	-
Trade receivables	386.6	-	-	386.6	386.6	-
Deivates	-	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>3.0</b>	<b>-</b>	<b>403.7</b>	<b>400.7</b>	<b>3.0</b>
<b>Liabilities</b>						
Non-current interest bearing liabilities	-	-	1,398.8	1,398.8	1,398.8	-
Other non-current liabilities	-	-	54.4	54.4	-	54.4
Derivates	-	21.0	-	21.0	-	21.0
Current interest-bearing liabilities	-	-	80.6	80.6	80.6	-
Trade payables	-	-	422.0	422.0	422.0	-
<b>Total financial liabilities</b>	<b>-</b>	<b>21.0</b>	<b>1,955.8</b>	<b>1,976.8</b>	<b>1,901.4</b>	<b>75.4</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 2017 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 March 2017 the derivatives amounted to MSEK -11.7 (-18.0). 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 2017 those amounted to MSEK 23.6 (45.6). For the Group's long-term borrowing, which as of 30 June 2017 amounted to MSEK 1,495.5 (1,473.7), 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. Other non-current liabilities refers to the additional purchase price related to the acquisition of Sødram Øko Fjerkærslagteri Aps. An assessment of the profitability progress for the company has been made per June 2017 and the previous assessment remains, thus the remaining purchase price and call option will be used. No adjustment of previously made provision has therefore been made.

#### Note 4. Other liabilities

The entire other non-current liability for the Group per 30 June 2017 in the amount of MSEK 46.8 (54.4) refers to the additional purchase price related to acquisitions performed in 2015 and 2016. The other liabilities to Group entities in the Parent Company as per 30 June 2017 amount to MSEK 0 (209.6).

#### Not 5. Alternative KPIs

The Scandi Standard Group uses the below alternative KPIs. The Group believes that the presented alternative KPIs are useful when reading the financial statements to understand the Group's ability to generate results before investments, assess the Group's opportunity to dividends and strategic investments and to assess the Group's ability to fulfill its financial obligations.

From income statement, MSEK		Q2 2017	Q2 2016	H1 2017	H1 2016	LTM	2016
Net sales	A	1,621.8	1,503.5	3,215.6	2,889.9	6,293.1	5,967.4
Income for the period	B	33.3	38.8	63.2	81.1	113.5	131.4
+Income tax expense		19.9	11.1	29.1	22.7	41.9	35.5
<b>Income after finance net</b>	<b>C</b>	<b>53.1</b>	<b>49.9</b>	<b>92.2</b>	<b>103.8</b>	<b>155.3</b>	<b>166.9</b>
+Financial income and expenses, net		9.1	24.5	28.1	37.7	61.7	71.3
<b>Operating income</b>	<b>D</b>	<b>62.2</b>	<b>74.4</b>	<b>120.3</b>	<b>141.5</b>	<b>217.0</b>	<b>238.2</b>
+Depreciation, amortization and impairment		53.9	48.9	107.4	96.6	212.1	201.3
+Share of income of associates		0.0	0.1	0.0	-0.8	-0.5	-1.3
<b>EBITDA</b>	<b>E</b>	<b>116.1</b>	<b>123.4</b>	<b>227.7</b>	<b>237.3</b>	<b>428.6</b>	<b>438.2</b>
Non-comparable items in income for the period	F	6.1	0.0	7.0	0.9	16.6	10.5
<b>Adjusted income for the period</b>	<b>B+F</b>	<b>39.3</b>	<b>38.8</b>	<b>70.2</b>	<b>82.0</b>	<b>130.1</b>	<b>141.9</b>
Non-comparable items in income after finance net	G	7.8	0.0	9.0	1.1	21.3	13.4
<b>Adjusted income after finance net</b>	<b>C+G</b>	<b>60.9</b>	<b>49.9</b>	<b>101.2</b>	<b>104.9</b>	<b>176.6</b>	<b>180.3</b>
Non-comparable items in operating income	G	7.8	0.0	9.0	1.1	21.3	13.4
Adjusted operating income	D+G	70.0	74.4	129.3	142.6	238.3	251.6
<b>Adjusted operating margin</b>	<b>(D+G)/A</b>	<b>4.3%</b>	<b>4.9%</b>	<b>4.0%</b>	<b>4.9%</b>	<b>3.8%</b>	<b>4.2%</b>
Non-comparable items in EBITDA	G	7.8	0.0	9.0	1.1	21.3	13.4
Adjusted EBITDA	E+G	123.9	123.4	236.7	238.4	449.9	451.6
<b>Adjusted EBITDA-margin %</b>	<b>(E+G)/A</b>	<b>7.6%</b>	<b>8.2%</b>	<b>7.4%</b>	<b>8.2%</b>	<b>7.1%</b>	<b>7.6%</b>

From balance sheet, MSEK		30 June 2017	30 June 2016	31 Dec 2016
<b>Total assets</b>		<b>3,763.4</b>	<b>3,331.0</b>	<b>3,496.9</b>
<b>Non-current non interest bearing liabilities</b>				
-	Deferred tax liabilities	-101.5	-91.5	-109.3
-	Other non-current liabilities	-46.8	54.4	-46.3
<b>Total non-current interest bearing liabilities</b>		<b>-148.3</b>	<b>-37.1</b>	<b>-155.6</b>
<b>Current non interest bearing liabilities</b>				
	Trade payables	-477.9	-422.0	-475.5
	Tax payables	-58.6	-41.3	-35.1
	Other current liabilities	-133.1	-136.7	-100.9
	Accrued expenses and prepaid income	-246.7	-168.8	-199.5
<b>Total current non interest bearing liabilities</b>		<b>-916.3</b>	<b>-768.8</b>	<b>-811.0</b>
<b>Capital employed</b>		<b>2,698.8</b>	<b>2,525.1</b>	<b>2,530.3</b>
	Cash and cash equivalents	-117.7	-13.8	-23.2
<b>Operating capital</b>		<b>2,581.1</b>	<b>2,511.3</b>	<b>2,507.1</b>
<b>Average capital employed</b>		<b>2,611.9</b>	<b>2,473.3</b>	<b>2,457.8</b>
	H			
<b>Average operating capital</b>		<b>2,546.2</b>	<b>2,454.8</b>	<b>2,374.8</b>
	I			
	Operating income, LTM	217.0	260.5	238.2
	Adjusted operating income, LTM	238.3	289.4	251.6
	J			
	Finance income	0.2	-0.7	1.2
	K			
<b>Adjusted return on capital employed</b>		<b>9.1%</b>	<b>11.7%</b>	<b>10.3%</b>
	(J+K)/H			
<b>Adjusted return on operating capital</b>		<b>9.4%</b>	<b>11.8%</b>	<b>10.6%</b>
	J/I			
From balance sheet, MSEK		30 June 2017	30 June 2016	31 Dec 2016
<b>Interest bearing liabilities</b>				
<b>Non-current interest bearing liabilities</b>		<b>1,495.5</b>	<b>1,398.8</b>	<b>1,427.6</b>
	Derivates	12.0	21.0	14.2
<b>Current interest bearing liabilities</b>		<b>229.0</b>	<b>80.6</b>	<b>96.8</b>
<b>Total interest bearing liabilities</b>		<b>1,736.5</b>	<b>1,500.4</b>	<b>1,538.6</b>
	Cash	-117.7	-13.8	-23.2
<b>Net interest bearing debt</b>		<b>1,618.8</b>	<b>1,486.6</b>	<b>1,515.4</b>

From statement of cash flows, MSEK	Q2 2017	Q2 2016	H1 2107	H1 2016	LTM	2016
<b>OPERATING ACTIVITIES</b>						
Operating income	62.2	74.3	120.3	141.5	217.0	238.2
<b>Adjustment for non-cash items</b>						
Depreciation, amortization and impairment	53.9	48.9	107.4	96.6	212.1	201.3
Share of income of associates	0.0	0.1	0.0	-0.8	-0.5	-1.3
<b>EBITDA</b>	<b>116.1</b>	<b>123.3</b>	<b>227.7</b>	<b>237.3</b>	<b>428.6</b>	<b>438.2</b>
Non-comparable items in EBITDA	G 7.8	0.0	9.0	1.1	21.3	13.4
<b>Adjusted EBITDA</b>	<b>123.9</b>	<b>123.4</b>	<b>236.7</b>	<b>238.5</b>	<b>449.9</b>	<b>451.6</b>

## Definitions

### Operating capital

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

### Adjusted return on operating capital

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

### Capital employed

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

### Adjusted return on capital employed

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

### Return on equity

Income for the period divided average total equity.

### 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.

### Adjusted income after financial net

Income after financial net adjusted for non-comparable items assessed by Group Management.

### Adjusted income for the period

Income for the period adjusted for non-comparable items assessed by Group Management.

### Adjusted EPS

Adjusted income for the period divided by average number of shares.

### EBITDA

Operating income before depreciation, amortization and impairment and share of income of associates.

### Adjusted EBITDA

Adjusted operating income before depreciation, amortization and impairment and share of income of associates.

### Adjusted EBITDA-margin

Adjusted EBITDA as a percentage of net sales.

### Adjusted operating Cash Flow

Cash flow adjusted for non-comparable items assessed by Group Management.

## Conference call

A conference call for investors, analysts and media will be held on 23 August 2017 at 09.30 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:

Leif Bergvall Hansen, Chief Executive Officer  
Anders Hägg, Chief Financial Officer  
Henrik Heiberg, Head of M&A, Financing & IR

Tel: +45 22 10 05 44  
Tel: +46 72 402 34 90  
Tel: +47 917 47 724

## Financial calendar

- Report for the third quarter 2017: 22 November 2017
- Fourth quarter and year-end report 2017: 20 February 2018

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 23 August 2017.

## 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, products quality and safety, interruptions in supply, disease outbreaks, loss of major customer contracts and major customer credit losses.

The forward-looking statements reflect the Board of Directors' and management's current views with respect to certain future events and potential financial performance. Although the Board of Directors and the management believe that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. This report does not imply that the Company has undertaken to revise these forward-looking statements, beyond what is required under the company's registration contract with Nasdaq Stockholm, if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

## Scandi Standard AB (publ)

Franzengatan 5

104 25 Stockholm

Reg no. 556921-0627

[www.scandistandard.com](http://www.scandistandard.com)