

## Third quarter report 2017

22 November 2017

- The Irish company Manor Farm was acquired as of 28 August 2017 and is included in the quarter with net sales of MSEK 165.8 and adjusted operating income\* of MSEK 10.0 net of amortization of intangible assets referring to the acquisition.
- Net sales for the Group rose by 16 percent to MSEK 1,824.7 (1,569.9.) Excluding Manor Farm, the increase was 6 percent and referred to Sweden, Finland and Denmark.
- Adjusted operating income\* increased by 11 percent to MSEK 84.4 (76.1), corresponding to a margin of 4.6 (4.8) percent. Adjusted operating income\* improved in Denmark and Norway, but declined in Sweden and Finland.
- The bird flu had a negative impact of approximately MSEK 9 on adjusted operating income\* for Sweden, which was also impacted by a decline in market demand following the attention paid to the campylobacter issue.
- Income for the period amounted to MSEK 46.5 (49.6) and earnings per share were SEK 0.75 (0.83).
- Operating cash flow was MSEK 114.4 (15.1), positively impacted by an improvement in working capital and the income contribution from Manor Farm. Net interest-bearing debt increased to MSEK 1,932.4 (1,542.6), mainly as a result of the acquisition of Manor Farm.

| MSEK   | Q3<br>2017 | Q3<br>2016 | Change | 9m<br>2017 | 9m<br>2016 | Change | LTM     | 2016    |
|--|------------|------------|--------|------------|------------|--------|---------|---------|
| Net sales                                      | 1,824.7    | 1,569.9    | 16%    | 5,040.3    | 4,459.8    | 13%    | 6,547.9 | 5,967.4 |
| Adjusted EBITDA*                               | 141.8      | 124.8      | 14%    | 378.5      | 363.2      | 4%     | 466.9   | 451.6   |
| Depreciation and amortization                  | -57.4      | -49.5      | 16%    | -164.8     | -146.1     | 13%    | -220.0  | -201.3  |
| Adjusted operating income*                     | 84.4       | 76.1       | 11%    | 213.7      | 218.7      | -2%    | 246.6   | 251.6   |
| Non comparable items                           | -0.5       | -0.7       | -      | -9.5       | -1.8       | -      | -21.1   | -13.4   |
| Operating income                               | 83.9       | 75.4       | 11%    | 204.2      | 216.9      | -6%    | 225.5   | 238.2   |
| Finance net                                    | -25.9      | -12.0      | 116%   | -54.0      | -49.7      | 9%     | -75.6   | -71.3   |
| Income after finance net                       | 57.9       | 63.4       | -9%    | 150.2      | 167.2      | -10%   | -149.9  | -166.9  |
| Income tax expense                             | -11.4      | -13.8      | -17%   | -40.5      | -36.5      | 11%    | -39.5   | -35.5   |
| Income for the period                          | 46.5       | 49.6       | -6%    | 109.7      | 130.7      | -16%   | 110.4   | 131.4   |
| Adjusted EBITDA margin*                        | 7.8%       | 7.9%       | -      | 7.5%       | 8.1%       | -      | 7.1%    | 7.6%    |
| Adjusted operating margin*                     | 4.6%       | 4.8%       | -      | 4.2%       | 4.9%       | -      | 3.8%    | 4.2%    |
| Earnings per share, SEK                        | 0.75       | 0.83       | -10%   | 1.82       | 2.19       | -17%   | 1.83    | 2.21    |
| Adjusted return on operating capital employed* | 7.8%       | 11.4%      | -      | 7.8%       | 11.5%      | -      | 7.8%    | 10.3%   |
| Return on equity                               | 19.4%      | 28.0%      | -      | 19.4%      | 28.0%      | -      | 19.4%   | 33.0%   |
| Operating cash flow                            | 114.4      | 15.1       | -      | 114.1      | 83.7       | -      | 143.1   | 112.7   |
| Net interest-bearing debt                      | 1,932.4    | 1,542.6    | 25%    | 1,932.4    | 1,542.6    | 25%    | 1,932.4 | 1,515.4 |

\* Adjusted for non-comparable items, see page 3.

### About Scandi Standard

Scandi Standard is passionate about the tasty, healthy and climate-smart chicken! We are the leading producer of chicken-based food products in the Nordic region and Ireland. The company produces, markets and sells ready to eat, chilled and frozen products under the well-known brands Kronfågel, Danpo, Den Stolte Hane, Naapurin Maalaiskana and Manor Farm. In Norway eggs are also produced and sold. We are approximately 3,000 employees and have total sales of more than SEK 7.5 billion. For more information, please visit [www.scandistandard.com](http://www.scandistandard.com).

## The CEO comments on the third quarter

The acquisition of Manor Farm, the largest chicken processor in Ireland, was completed as of 28 August 2017 and the operation is included in the Group from this date. With margins in line with our most profitable segments and scope for improvements through best practice initiatives, I am confident that this acquisition will become a strong contributor to the Group.

The Group's net sales totalled MSEK 1,824.7 in the quarter, of which MSEK 165.8 originated in Ireland. Excluding Ireland, net sales increased by 6 percent compared to the third quarter 2016. Net sales in Sweden and Denmark rose by 5 percent and 3 percent respectively, while net sales in Norway were unchanged from last year. Net sales in Finland were 70 percent higher than in the third quarter last year, but in line with the average of the first two quarters of 2017.

Adjusted operating income was MSEK 84.4 in the quarter, of which MSEK 10.0 originated in Ireland. Excluding Ireland, adjusted operating income was MSEK 74.4 compared to MSEK 76.1 in the third quarter 2016.

Adjusted operating income for the Swedish operation was MSEK 41.0 compared to MSEK 51.0 last year. Adjusted operating income was adversely impacted by bird flu effects of approximately MSEK 9. 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. We expect the bird flu effects for the Group to be MSEK 2-4 per month in the fourth quarter 2017.

In addition to the effects of the bird flu, the results for the Swedish operation continued to be 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 recorded in the first half 2017. I am pleased to report that the levels in the third quarter were below normal for the season. We expect demand for chilled products and the results in Sweden to gradually improve in the new year.

The Danish operation showed a continued improvement in the quarter. Adjusted operating income increased to MSEK 34.6, compared to MSEK 30.4 last year, corresponding to a margin of 5.3 percent compared to 4.8 percent. The improvement in the quarter was primarily driven by better export prices, efficiency gains and higher net sales of ready-to-eat products. Although the launch of the premium products under the new brand De Danske Familiegårde has been successful, it is a long-term investment and it will take time before these products will account for any significant share of net sales and income. The main part of our products in Denmark will continue to be standard products subject to strong competition.

The operation in Norway delivered the strongest margin in the Group of 7.8 percent also in this quarter. Adjusted operating income increased by 34 percent to MSEK 28.0 compared to MSEK 20.9 last year. The performance was driven by a combination of product innovation and increased plant efficiency. Net sales increased in the retail channel, while net sales in the food-service channel declined as a result of a rationalization of the product range.

When it comes to the operation in Finland, we did not achieve the improvement expected in the quarter. Adjusted operating income was MSEK -12.7, including clean-up costs of approximately MSEK 2, compared to MSEK -11.1 last year. We saw an improvement at the end of the period, however. We changed management in Finland during the quarter. In addition, the number of employees was reduced in production, which did not have a full impact on operating income during the quarter. We continue to implement the measures necessary to reach break-even as soon as possible.

The integration of Manor Farm is progressing according to plan. There is potential for increasing efficiency in a number of areas and several intragroup projects have already been initiated. A number of improvement projects have been identified and are currently being quality assured pending implementation.

Despite a challenging working capital situation in Sweden with high inventories, I am pleased that the measures initiated earlier this year to improve cash flow has started to yield results. Operating cash flow in the quarter was MSEK 114.4 compared to MSEK 15.1 in the third quarter last year. Capital expenditure was lower than last year and equalled 92 percent of depreciation. We remain conservative with investments during the rest of the year and will prioritize projects within the ready-to-eat segment and in Ireland. The initiatives to further improve cash flow will continue and we expect to see a net release during the next quarters.

Leif Bergvall Hansen  
Managing Director and CEO

## Net sales and income

Net sales for the third quarter 2017 increased by 16 percent to MSEK 1,824.7 (1,569.9) as compared to the corresponding period last year. The newly acquired Irish company Manor Farm, which was consolidated as of 28 August 2017, is included in net sales with MSEK 165.8.

Excluding Manor Farm net sales increased by 6 percent and by 4 percent at constant exchange rates.

Net sales increased by 5 percent in Sweden, 3 percent in Denmark and 70 percent in Finland. Net sales in Norway were unchanged from last year.

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

Operating income, adjusted for non-comparable items, amounted to MSEK 84.4 (76.1), corresponding to a margin of 4.6 (4.8) percent. Adjusted operating income improved in Denmark and Norway, but declined in Sweden and Finland. Manor Farm is included in adjusted operating income with MSEK 10.0, net of amortization of intangible assets referring to the acquisition.

The bird flu had a negative impact of approximately MSEK 9 (-) on adjusted operating income in Sweden. Adjusted operating income for the Swedish operation was also affected by a decline in market demand and increased price competition as a result of the attention paid to the increased levels of campylobacter during the first half of 2017.

Operating income, including non-comparable items, amounted to MSEK 83.9 (75.4). Non-comparable items were MSEK -0.5 (-0.7), see table below.

The finance net amounted to MSEK -25.9 (-12.0) in the third quarter 2017 and was negatively impacted by currency effects due to the weakening of the Swedish krona.

Income for the period amounted to MSEK 46.5 (49.6), corresponding to earnings per share of SEK 0.75 (0.83).

### Impact of bird flu

Denmark was declared free of bird flu at the end of the first quarter 2017 and trade bans were lifted. As a new case of bird flu was detected in a Swedish commercial flock during the second quarter 2017, trade restrictions for Swedish poultry products are expected to remain for some time.

As it takes time for trading patterns to normalize and trade bans still apply to Sweden, the Group stated in the report for the second quarter 2017 that the negative impact on operating income in the third quarter 2017 was expected to be approximately MSEK 3-5 per month and gradually declining thereafter.

The negative impact on operating income in the fourth quarter 2017 is expected to be MSEK 2-4 per month.

### Non-comparable items

Non-comparable items in the third quarter 2017 amounted to MSEK -0.5 (-0.7), see below.

| Non-comparable items in EBITDA and operating income   | Q3 2017     | Q3 2016     | 9m 2017     | 9m 2016     | LTM          | 2016         |
|---|-------------|-------------|-------------|-------------|--------------|--------------|
| Staff reduction costs <sup>1)</sup>                   | -           | -           | -           | -           | -4.5         | -4.5         |
| Write down of inventory <sup>2)</sup>                 | -           | -           | -           | -           | -6.7         | -6.7         |
| Transaction costs <sup>3)</sup>                       | -15.5       | -0.7        | -24.5       | -1.8        | -24.9        | -2.2         |
| Revaluation of contingent consideration <sup>4)</sup> | 29.6        | -           | 29.6        | -           | 29.6         | -            |
| Cancellation of leasing contract <sup>5)</sup>        | -14.6       | -           | -14.6       | -           | -14.6        | -            |
| <b>Total</b>  | <b>-0.5</b> | <b>-0.7</b> | <b>-9.5</b> | <b>-1.8</b> | <b>-21.1</b> | <b>-13.4</b> |

<sup>1)</sup> Staff reduction costs in Denmark in the fourth quarter 2016.

<sup>2)</sup> Write down of inventory in Denmark in the fourth quarter 2016 due to the bird flu.

<sup>3)</sup> Deal fees related to the acquisition of Manor Farm.

<sup>4)</sup> Revaluation of contingent consideration in connection with the acquisition of the remaining 20% of the shares in Sødams Øko Fjerkræslagteri ApS in Denmark.

<sup>5)</sup> Costs for cancellation of a leasing contract and project costs.

## Segment information

### Sweden

| MSEK                       | Q3 2017 | Q3 2016 | Change | 9m 2017 | 9m 2016 | Change | LTM     | 2016    |
|----------------------------|---------|---------|--------|---------|---------|--------|---------|---------|
| Net sales                  | 657.8   | 625.4   | 5%     | 1,941.3 | 1,808.0 | 7%     | 2,525.2 | 2,391.9 |
| Adjusted operating income* | 41.0    | 51.0    | -20%   | 110.4   | 146.5   | -25%   | 137.9   | 174.0   |
| Adjusted operating margin* | 6.2%    | 8.2%    | -      | 5.7%    | 8.1%    | -      | 5.5%    | 7.3%    |
| Non-comparable items       | -14.6   | -       | -      | -14.6   | -1.1    | -      | -14.6   | -1.1    |
| Operating income           | 26.5    | 51.0    | -48%   | 95.9    | 145.4   | -34%   | 123.4   | 172.9   |

\* Adjusted for non-comparable items.

Net sales in Sweden in the third quarter 2017 increased by 5 percent to MSEK 657.8 (625.4). Net sales of chilled products declined by 13 percent, while net sales of frozen products rose by 29 percent.

The retail market for chicken products in Sweden declined in value compared to the third quarter last year. Demand was still volatile and negatively impacted by the attention paid to the increased levels of campylobacter during the first half of 2017. The market situation involves an oversupply of chicken, which has led to increased price competition.

Successful product launches in the quarter included ChickenSteak and Chicken meatballs.

Adjusted operating income declined by 20 percent to MSEK 41.0 (51.0), corresponding to a margin of 6.2 (8.2) percent. A higher share of net sales within frozen products than in chilled, a less favourable product mix within respective category and more campaigns negatively impacted adjusted operating income and margin.

The bird flu had a negative impact of approximately MSEK 9 (-) on adjusted operating income.

### Denmark

| MSEK                       | Q3 2017 | Q3 2016 | Change | 9m 2017 | 9m 2016 | Change | LTM     | 2016    |
|----------------------------|---------|---------|--------|---------|---------|--------|---------|---------|
| Net sales                  | 653.7   | 636.7   | 3%     | 1,858.6 | 1,781.8 | 4%     | 2,408.8 | 2,332.0 |
| Adjusted operating income* | 34.6    | 30.4    | 14%    | 86.0    | 80.9    | 6%     | 99.6    | 94.5    |
| Adjusted operating margin* | 5.3%    | 4.8%    | -      | 4.6%    | 4.5%    | -      | 4.1%    | 4.1%    |
| Non-comparable items       | -       | -       | -      | -       | -0.7    | -      | -11.2   | -11.9   |
| Operating income           | 34.6    | 29.7    | 16%    | 86.0    | 80.2    | 7%     | 88.4    | 82.6    |

\* Adjusted for non-comparable items.

Net sales in Denmark in the third quarter 2017 increased by 3 percent to MSEK 653.7 (636.7). Net sales in local currency rose by 2 percent.

Adjusted operating income increased by 14 percent to MSEK 34.6 (30.4), corresponding to a margin of 5.3 (4.8) percent. The improvement in adjusted operating income and margin referred mainly to better export prices, efficiency gains and higher net sales of further processed products.

Additional premium products under the new brand De Danske Familiegårde were launched in the quarter. The launch of the new brand is based on extensive consumer research. The product range includes organic and free-range chicken as well as traditional chicken of a slow growing breed.

**Norway**

| MSEK                       | Q3 2017 | Q3 2016 | Change | 9m 2017 | 9m 2016 | Change | LTM     | 2016    |
|----------------------------|---------|---------|--------|---------|---------|--------|---------|---------|
| Net sales                  | 360.4   | 360.7   | 0%     | 1,122.1 | 1,045.6 | 7%     | 1,510.2 | 1,433.7 |
| Adjusted operating income* | 28.0    | 20.9    | 34%    | 92.0    | 67.1    | 37%    | 119.8   | 94.9    |
| Adjusted operating margin* | 7.8%    | 5.8%    | -      | 8.2%    | 6.4%    | -      | 7.9%    | 6.6%    |
| Non-comparable items       | -       | -       | -      | -       | -       | -      | -       | -       |
| Operating income           | 28.0    | 20.9    | 34%    | 92.0    | 67.1    | 37%    | 119.8   | 94.9    |

\* Adjusted for non-comparable items.

Net sales in Norway in the third quarter 2017 were unchanged compared to last year and amounted to MSEK 360.4 (360.7). Net sales in local currency increased by 0.4 percent.

Net sales in the retail channel increased from last year, while net sales in the food-service channel declined as a result of a rationalization of the product range. The new premium product range of free-range chicken for the retail channel showed a continued positive trend.

Adjusted operating income increased by 34 percent to MSEK 28.0 (20.9), corresponding to a margin of 7.8 (5.8) percent. The improvement in adjusted operating income and margin was mainly achieved through product innovation and increased efficiency in production following the specialization of the two main plants in Norway.

**Finland**

| MSEK                       | Q3 2017 | Q3 2016 | Change | 9m 2017 | 9m 2016 | Change | LTM    | 2016   |
|----------------------------|---------|---------|--------|---------|---------|--------|--------|--------|
| Net sales                  | 80.3    | 47.2    | 70%    | 237.6   | 101.9   | 133%   | 308.4  | 172.7  |
| Adjusted operating income* | -12.7   | -11.1   | -14%   | -34.9   | -32.0   | -9%    | -55.3  | -52.4  |
| Adjusted operating margin* | -15.8%  | -23.5%  | -      | -14.7%  | -31.4%  | -      | -17.9% | -30.3% |
| Non-comparable items       | -       | -       | -      | -       | -       | -      | -      | -      |
| Operating income           | -12.7   | -11.1   | -14%   | -34.9   | -32.0   | -9%    | -55.3  | -52.4  |

\* Adjusted for non-comparable items.

Net sales in Finland in the third quarter 2017 increased by 70 percent to MSEK 80.3 (47.2). Net sales in local currency rose by 68 percent.

Adjusted operating income amounted to MSEK -12.7 (-11.1). Adjusted operating income was negatively affected by high production costs as well as clean-up costs of approximately MSEK 2.

The number of employees in production was reduced late in the quarter, which did not have a full impact on operating income for the quarter.

**Ireland**

The acquisition of Manor Farm was completed on 28 August 2017 and the operation is included in the Group's accounts from this date. It is reported as a new segment, Ireland.

Manor Farm is the largest chicken processor in the Republic of Ireland with market leading position. The number of employees is approximately 745.

The pro forma figures below are presented solely for illustrative purpose in order to show how the segment would have contributed to the Group's net sales, adjusted operating income and operating income if it had been part of the Group from 2016. See also appendix on page 26.

The pro forma figures are adjusted to be comparable to the Group's statements in respect of accounting year, accounting principles and certain owner costs that previously affected the company.

| Pro forma<br>MSEK             | Q3 2017 | Q3 2016 | Change | 9m<br>2017 | 9m<br>2016 | Change | LTM     | 2016    |
|-------------------------------|---------|---------|--------|------------|------------|--------|---------|---------|
| Net sales                     | 423.3   | 387.4   | 9%     | 1,271.9    | 1,152.0    | 10%    | 1,709.4 | 1,589.5 |
| Adjusted operating<br>income* | 26.8    | 29.9    | -10%   | 77.3       | 77.9       | -1%    | 112.0   | 112.6   |
| Adjusted operating<br>margin* | 6.3%    | 7.7%    | -      | 6.1%       | 6.8%       | -      | 6.6%    | 7.1%    |
| Non-comparable items          | -       | -       | -      | -          | -          | -      | 19.2    | 19.2    |
| Operating income              | 26.8    | 29.9    | -10%   | 77.3       | 77.9       | -1%    | 92.8    | 93.4    |

Net sales for Manor Farm in the third quarter 2017 pro forma showed a strong increase at the end of the quarter after a relatively weak summer. Volumes to the large customers in the retail channel increased from last year. Adjusted operating income pro forma was negatively impacted by higher than normal production costs in the quarter due to volume ramp-up.

#### **Purchase price**

The consideration amounted to MEUR 106.5 and included a cash payment of MEUR 29.1, the assumption of outstanding net interest-bearing debt of MEUR 9.6 as well as 6 million newly issued shares in Scandi Standard. In addition, a contingent consideration will be paid.

The contingent consideration will be paid 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 an expected nominal aggregate base amount of MEUR 35 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.

#### **Transaction costs**

Costs related to the acquisition have been expensed as incurred and amounts to MSEK 24.5, of which MSEK 15.5 in the third quarter. The costs refer to due diligence, advice regarding the transaction and stamp duty and have been reported as non-comparable items in the income statement.

### **Cash flow and investments**

Operating cash flow in the third quarter 2017 amounted to MSEK 114.4 (15.1). Cash flow was positively impacted by an improvement in working capital as compared to the third quarter 2016, as well as the income contribution from Manor Farm.

Working capital as of 30 September 2017 amounted to MSEK 579.8 (361.4), corresponding to 7.2 (6.2) percent of net sales<sup>1)</sup>. Of the increase compared to last year, MSEK 162.4 relates to the acquired operation in Ireland. The development of working capital during the quarter excluding Ireland was positive, however. Trade receivables increased mainly as a result of higher exports, while inventories were somewhat lower.

Capital expenditure in the third quarter 2017 was MSEK 45.9 (58.2) and referred mainly to efficiency improvement projects in production.

<sup>1)</sup>Net sales LTM for the Group with the addition of LTM pro forma for Manor Farm.

**Change in net debt**

| MSEK                            | Q3 2017         | Q3 2016         | 9m 2017         | 9m 2016         | LTM             | 2016            |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Opening balance net debt        | -1,618.8        | -1,486.6        | -1,515.4        | -1,313.0        | -1,542.6        | -1,313.0        |
| EBITDA                          | 141.3           | 124.1           | 369.0           | 361.4           | 445.8           | 438.2           |
| Change in working capital       | 19.1            | -50.8           | -105.8          | -79.2           | -86.7           | -60.1           |
| Capital expenditure             | -45.9           | -58.2           | -149.1          | -198.5          | -216.0          | -265.4          |
| <b>Operating cashflow</b>       | <b>114.4</b>    | <b>15.1</b>     | <b>114.1</b>    | <b>83.7</b>     | <b>143.1</b>    | <b>112.7</b>    |
| Paid interest                   | -16.2           | -10.7           | -46.4           | -40.6           | -65.1           | -59.3           |
| Paid income tax                 | -4.6            | -1.9            | -16.1           | -19.3           | -21.9           | -25.1           |
| Dividend                        | 0.0             | 0.0             | -80.2           | -107.3          | -80.2           | -107.3          |
| Acquisition of Manor Farm       | -274.1          | -8.8            | -274.1          | -31.6           | -274.1          | -30.2           |
| Other*                          | -133.1          | -49.6           | -114.3          | -114.4          | -91.6           | -93.2           |
| <b>Total change in net debt</b> | <b>-313.6</b>   | <b>-55.9</b>    | <b>-417.0</b>   | <b>-229.5</b>   | <b>-389.8</b>   | <b>-202.4</b>   |
| <b>Closing balance net debt</b> | <b>-1,932.4</b> | <b>-1,542.6</b> | <b>-1,932.4</b> | <b>-1,542.6</b> | <b>-1,932.4</b> | <b>-1,515.4</b> |

\* Other includes assumed net debt of Manor Farm

**Financial position**

Total equity as of 30 September 2017 amounted to MSEK 1,352.0 (970.0). The issue of 6 million shares directed to the sellers of Manor Farm increased equity by approximately SEK 60,000 to SEK 659,749 and the total number of shares to 66,068,890. The equity to assets ratio was 26.3 (28.0) percent.

Net interest-bearing debt as of 30 September 2017 amounted to MSEK 1,932.4 (1,542.6) as compared to MSEK 1,515.4 at year-end 2016. Cash and cash equivalents amounted to MSEK 113.1 (33.4). Committed but not utilized credit facilities as of 30 September 2017 amounted to MSEK 299.3.

**Personnel**

The average number of employees (FTE) was 2,246 (1,681) in the third quarter 2017 and 2,019 (1,648) in the first nine months 2017, as compared to 1,680 for the full year 2016. The increase in 2017 refers to Manor Farm, which was acquired as of 28 August 2017 and is included with 745.

**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 third quarter 2017 amounted to MSEK 0.6 (0.6).

**Acquisition of remaining shares in Sødams**

The remaining 20 percent of the shares in the Danish company Sødams Øko Fjerkræslagteri ApS was acquired during the quarter in accordance with the option in the purchase agreement from 2016. A revaluation of the contingent contribution by MSEK 29.6 was made in connection with the acquisition, which is included in non-comparable items. No further payments will be made related to the acquisition.

**Nomination Committee**

The Annual General Meeting (AGM) will be held on 22 May 2018 in Stockholm.

The Nomination Committee consists of Gustav Lindner, appointed by Investment AB Öresund (Chairman), Justin Carton, appointed by Carton Group, Hans Hedström, appointed by Carnegie Fonder, Ulf Zenk, appointed by Lantmännen Animalieinvest AB and Per Harkjaer, Chairman of the Board of Directors of Scandi Standard.

The Nomination Committee will prepare proposals to the AGM regarding election of Chairman of the AGM, Chairman of the Board of Directors, Board members, external auditor, as well as remuneration to Board members and the external auditor.

Shareholders who wish to submit proposals to the Nomination Committee can send them by email to [bjorn.svensson@gda.se](mailto:bjorn.svensson@gda.se) or by post to Gernandt & Danielsson, attn. Björn Svensson, P. O. Box 5747, SE-114 87 Stockholm, Sweden. Proposals should be sent in due time before the AGM to ensure that the proposals can be considered by the Nomination Committee.

### 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).

The acquisition of Manor Farm implies that the Group, in addition to the risks described in the Annual Report, will be exposed to changes in feed prices through the feed mill owned by the company which produces feed to its contracted growers, and other risks related to the acquisition as such. An analysis regarding potential risks related to Brexit has been initiated.

Stockholm, 22 November 2017

Leif Bergvall Hansen  
Managing Director and CEO

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



## Report of Review of Interim Financial Information

### Introduction

We have reviewed the condensed interim financial information (interim report) of Scandi Standard (Publ), 556921-0627, as of 30 September 2017 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 22 November 2017

Öhrlings PricewaterhouseCoopers AB

Bo Lagerström  
Authorized Public Accountant

## Segment information

### Net sales by country

| MSEK                     | Q3 2017        | Q3 2016        | Change     | 9m 2017        | 9m 2016        | Change     | LTM            | 2016           |
|--------------------------|----------------|----------------|------------|----------------|----------------|------------|----------------|----------------|
| Sweden                   | 657.8          | 625.4          | 5%         | 1,941.3        | 1,808.0        | 7%         | 2,525.2        | 2,391.9        |
| of which internal sales  | 51.4           | 48.0           | 7%         | 143.2          | 127.5          | 12%        | 186.0          | 170.3          |
| Denmark                  | 653.7          | 636.7          | 3%         | 1,858.6        | 1,781.8        | 4%         | 2,408.8        | 2,332.0        |
| of which internal sales  | 41.9           | 51.9           | -19%       | 141.9          | 149.8          | -5%        | 184.7          | 192.6          |
| Norway                   | 360.4          | 360.7          | 0%         | 1,122.1        | 1,045.6        | 7%         | 1,510.2        | 1,433.7        |
| of which internal sales  | -              | -              | 0%         | -              | -              | 0%         | -              | -              |
| Finland                  | 80.3           | 47.2           | 70%        | 237.6          | 101.9          | 133%       | 308.4          | 172.7          |
| of which internal sales  | -              | -              | -          | -              | -              | -          | -              | -              |
| Ireland                  | 165.8          | -              | -          | 165.8          | -              | -          | 165.8          | -              |
| of which internal sales  | -              | -              | -          | -              | -              | -          | -              | -              |
| Intra-group eliminations | -93.3          | -100.1         | -7%        | -285.1         | -277.5         | 3%         | -370.5         | -362.9         |
| <b>Total net sales</b>   | <b>1,824.7</b> | <b>1,569.9</b> | <b>16%</b> | <b>5,040.3</b> | <b>4,459.8</b> | <b>13%</b> | <b>6,547.9</b> | <b>5,967.4</b> |

### Net sales in local currency

| Millions in local currency | Q3 2017 | Q3 2016 | Change | 9m 2017 | 9m 2016 | Change | LTM     | 2016    |
|----------------------------|---------|---------|--------|---------|---------|--------|---------|---------|
| Denmark                    | 508.7   | 498.3   | 2%     | 1,442.9 | 1,415.7 | 2%     | 1,860.5 | 1,833.3 |
| Norway                     | 353.2   | 351.7   | 0%     | 1,081.4 | 1,045.6 | 3%     | 1,441.5 | 1,405.7 |
| Finland                    | 8.4     | 5.0     | 68%    | 24.8    | 10.9    | 128%   | 32.1    | 18.2    |
| Ireland                    | 17.3    | -       | -      | 17.3    | -       | -      | 17.3    | -       |

### Net sales by product category

| MSEK                   | Q3 2017        | Q3 2016        | Change     | 9m 2017        | 9m 2016        | Change     | LTM            | 2016           |
|------------------------|----------------|----------------|------------|----------------|----------------|------------|----------------|----------------|
| Chilled                | 872.8          | 726.7          | 20%        | 2,379.0        | 2,033.5        | 17%        | 3,069.2        | 2,723.7        |
| Frozen                 | 758.3          | 679.7          | 12%        | 2,101.1        | 1,939.7        | 8%         | 2,726.9        | 2,565.5        |
| Eggs                   | 77.5           | 77.7           | 0%         | 242.1          | 229.1          | 6%         | 328.4          | 315.4          |
| Other*                 | 116.1          | 85.8           | 35%        | 318.1          | 257.5          | 24%        | 423.4          | 362.8          |
| <b>Total net sales</b> | <b>1,824.7</b> | <b>1,569.9</b> | <b>16%</b> | <b>5,040.3</b> | <b>4,459.8</b> | <b>13%</b> | <b>6,547.9</b> | <b>5,967.4</b> |

### Exchange rates\*\*

|         | Q3 2017 | Q3 2016 |
|---------|---------|---------|
| SEK/NOK | 1.02    | 1.00    |
| SEK/DKK | 1.28    | 1.26    |
| SEK/EUR | 9.56    | 9.35    |

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

\*\*) Average exchange rates.

**Adjusted operating income**

| <b>MSEK</b>                            | <b>Q3 2017</b> | <b>Q3 2016</b> | <b>9m 2017</b> | <b>9m 2016</b> | <b>LTM</b>   | <b>2016</b>  |
|--|----------------|----------------|----------------|----------------|--------------|--------------|
| Sweden                                 | 41.0           | 51.0           | 110.4          | 146.5          | 137.9        | 174.0        |
| Denmark                                | 34.6           | 30.4           | 86.0           | 80.9           | 99.6         | 94.5         |
| Norway                                 | 28.0           | 20.9           | 92.0           | 67.1           | 119.8        | 94.9         |
| Finland                                | -12.7          | -11.1          | -34.9          | -32.0          | -55.3        | -52.4        |
| Ireland                                | 12.1           | -              | 12.1           | -              | 12.1         | -            |
| Group                                  | -11.1          | -10.3          | -33.7          | -30.1          | -42.6        | -39.0        |
| Amortization                           | -7.5           | -4.8           | -18.2          | -13.7          | -24.9        | -20.4        |
| <b>Total adjusted operating income</b> | <b>84.4</b>    | <b>76.1</b>    | <b>213.7</b>   | <b>218.7</b>   | <b>246.7</b> | <b>251.6</b> |

**Adjustments to operating income**

| <b>MSEK</b>                                  | <b>Q3 2017</b> | <b>Q3 2016</b> | <b>9m 2017</b> | <b>9m 2016</b> | <b>LTM</b>   | <b>2016</b>  |
|--|----------------|----------------|----------------|----------------|--------------|--------------|
| Sweden                                       | -14.6          | -              | -14.6          | -1.1           | -14.6        | -1.1         |
| Denmark                                      | -              | -0.7           | -              | -0.7           | -11.2        | -11.9        |
| Norway                                       | -              | -              | -              | -              | -            | -            |
| Finland                                      | -              | -              | -              | -              | -            | -            |
| Ireland                                      | -              | -              | -              | -              | -            | -            |
| Group  | 14.1           | -              | 5.1            | -              | 4.7          | -0.4         |
| <b>Total adjustments to operating income</b> | <b>-0.5</b>    | <b>-0.7</b>    | <b>-9.5</b>    | <b>-1.8</b>    | <b>-21.1</b> | <b>-13.4</b> |

**Operating income**

| <b>MSEK</b>                   | <b>Q3 2017</b> | <b>Q3 2016</b> | <b>9m 2017</b> | <b>9m 2016</b> | <b>LTM</b>   | <b>2016</b>  |
|-------------------------------|----------------|----------------|----------------|----------------|--------------|--------------|
| Sweden                        | 26.5           | 51.0           | 95.9           | 145.4          | 123.4        | 172.9        |
| Denmark                       | 34.6           | 29.7           | 86.0           | 80.2           | 88.4         | 82.6         |
| Norway                        | 28.0           | 20.9           | 92.0           | 67.1           | 119.8        | 94.9         |
| Finland                       | -12.7          | -11.1          | -34.9          | -32.0          | -55.3        | -52.4        |
| Ireland                       | 12.1           | -              | 12.1           | -              | 12.1         | -            |
| Group                         | 3.0            | -10.3          | -28.6          | -30.1          | -37.9        | -39.4        |
| Amortization                  | -7.5           | -4.8           | -18.2          | -13.7          | -24.9        | -20.4        |
| <b>Total operating income</b> | <b>83.9</b>    | <b>75.4</b>    | <b>204.2</b>   | <b>216.9</b>   | <b>225.5</b> | <b>238.2</b> |
| Finance net                   | -25.9          | -12.0          | -54.0          | -49.7          | -75.6        | -71.3        |
| Income tax expense            | -11.4          | -13.8          | -40.5          | -36.5          | -39.5        | -35.5        |
| <b>Income for the period</b>  | <b>46.5</b>    | <b>49.6</b>    | <b>109.7</b>   | <b>130.7</b>   | <b>110.4</b> | <b>131.4</b> |

## Consolidated income statement

| MSEK  | Q3 2017     | Q3 2016     | 9m 2017      | 9m 2016      | LTM          | 2016         |
|---|-------------|-------------|--------------|--------------|--------------|--------------|
| Net sales   | 1,824.7     | 1,569.9     | 5,040.3      | 4,459.8      | 6,547.9      | 5,967.4      |
| Other operating revenues                                      | 13.3        | 9.3         | 32.1         | 32.2         | 31.4         | 31.5         |
| Changes in inventories of finished goods and work in progress | -4.0        | -6.3        | 82.7         | -21.5        | 148.5        | 44.3         |
| Raw materials and consumables                                 | -1,106.1    | -943.1      | -3,102.2     | -2,624.5     | -4,080.9     | -3,603.2     |
| Cost of personnel   | -345.6      | -285.6      | -968.1       | -828.9       | -1,254.2     | -1,115.0     |
| Depreciation, amortization and impairment                     | -57.4       | -49.5       | -164.8       | -146.1       | -220.0       | -201.3       |
| Other operating expenses                                      | -241.0      | -220.1      | -715.8       | -655.7       | -946.9       | -886.8       |
| Share of income of associates                                 | 0.0         | 0.8         | 0.0          | 1.6          | -0.3         | 1.3          |
| <b>Operating income</b>                                       | <b>83.9</b> | <b>75.4</b> | <b>204.2</b> | <b>216.9</b> | <b>225.5</b> | <b>238.2</b> |
| Finance income  | 0.3         | 0.3         | 0.7          | 0.8          | 1.1          | 1.2          |
| Finance expenses  | -26.2       | -12.3       | -54.7        | -50.5        | -76.7        | -72.5        |
| <b>Income after finance net</b>                               | <b>57.9</b> | <b>63.4</b> | <b>150.2</b> | <b>167.2</b> | <b>149.9</b> | <b>166.9</b> |
| Income tax expense  | -11.4       | -13.8       | -40.5        | -36.5        | -39.5        | -35.5        |
| <b>Income for the period</b>                                  | <b>46.5</b> | <b>49.6</b> | <b>109.7</b> | <b>130.7</b> | <b>110.4</b> | <b>131.4</b> |
| Whereof attributable to shareholders of the Parent Company    | 46.5        | 49.6        | 109.7        | 130.7        | 110.4        | 131.4        |
| Average number of shares <sup>1)2)</sup>                      | 62,093,907  | 59,548,789  | 60,289,471   | 59,590,816   | 59,843,375   | 59,542,034   |
| Earnings per share before dilution, SEK                       | 0.75        | 0.83        | 1.82         | 2.19         | 1.83         | 2.21         |
| Earnings per share after dilution, SEK                        | 0.75        | 0.83        | 1.82         | 2.19         | 1.83         | 2.21         |
| Number of shares at the end of the period <sup>2)</sup>       | 66,060,890  | 60,060,890  | 66,060,890   | 60,060,890   | 66,060,890   | 60,060,890   |

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

<sup>2)</sup> 6,000,000 shares were issued during Q3 2017.

## Consolidated statement of comprehensive income

| MSEK  | Q3 2017     | Q3 2016     | 9m 2017      | 9m 2016      | LTM          | 2016         |
|---|-------------|-------------|--------------|--------------|--------------|--------------|
| Income for the period   | 46.5        | 49.6        | 109.7        | 130.7        | 110.4        | 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                 | -2.6        | -7.3        | -5.3         | -31.5        | -2.3         | -28.5        |
| Tax on actuarial gains and losses   | 0.6         | 1.6         | 1.2          | 6.9          | 0.6          | 6.3          |
| <b>Total</b>  | <b>-2.1</b> | <b>-5.7</b> | <b>-4.1</b>  | <b>-24.5</b> | <b>-1.7</b>  | <b>-22.2</b> |
| <i>Items that will or may be reclassified to the income statement</i>       |             |             |              |              |              |              |
| Cash flow hedges  | 0.7         | 5.8         | 2.8          | 2.5          | 5.0          | 4.7          |
| Currency effects from conversion of foreign operations                      | 4.3         | 21.6        | 0.5          | 48.4         | -4.3         | 43.6         |
| Income from currency hedging of foreign operations                          | 2.7         | 6.4         | -6.7         | 10.2         | -4.6         | 12.3         |
| Fair value on financial instruments   |             |             |              |              |              |              |
| Tax attributable to items that will be reclassified to the income statement | -0.1        | -1.2        | -0.6         | -0.5         | -1.2         | -1.1         |
| <b>Total</b>  | <b>7.5</b>  | <b>32.6</b> | <b>-4.0</b>  | <b>60.6</b>  | <b>-5.1</b>  | <b>59.5</b>  |
| <b>Other comprehensive income for the period, net of tax</b>                | <b>5.5</b>  | <b>26.9</b> | <b>-8.2</b>  | <b>36.1</b>  | <b>-6.9</b>  | <b>37.3</b>  |
| <b>Total comprehensive income for the period</b>                            | <b>52.0</b> | <b>76.5</b> | <b>101.5</b> | <b>166.8</b> | <b>103.5</b> | <b>168.7</b> |
| Whereof attributable to shareholders of the Parent Company                  | 52.0        | 76.5        | 101.5        | 166.8        | 103.5        | 168.7        |

## Consolidated statement of financial position

| MSEK                                     | Note | 30 Sep 2017    | 30 Sep 2016    | 31 Dec 2016    |
|--|------|----------------|----------------|----------------|
| <b>ASSETS</b>                            |      |                |                |                |
| <b>Non-current assets</b>                |      |                |                |                |
| Goodwill                                 |      | 890.5          | 723.6          | 703.8          |
| Other intangible assets                  |      | 1,013.6        | 499.1          | 503.0          |
| Property plant and equipment             |      | 1,233.7        | 992.5          | 1,010.8        |
| Participations in associated companies   |      | 37.2           | 46.1           | 45.5           |
| Financial assets                         |      | 0.0            | 0.2            | 0.2            |
| Deferred tax assets                      |      | 44.5           | 39.5           | 46.8           |
| <b>Total non-current assets</b>          |      | <b>3,219.6</b> | <b>2,301.0</b> | <b>2,310.1</b> |
| <b>Current assets</b>                    |      |                |                |                |
| Inventory                                |      | 733.6          | 547.1          | 603.2          |
| Trade receivables                        |      | 825.2          | 416.5          | 400.2          |
| Other short term receivables             |      | 100.3          | 75.8           | 87.5           |
| Prepaid expenses and accrued income      |      | 144.5          | 94.8           | 72.3           |
| Derivate instruments                     |      | 0.0            | 1.8            | 0.4            |
| Cash and cash equivalents                |      | 113.1          | 33.4           | 23.2           |
| <b>Total current assets</b>              |      | <b>1,916.7</b> | <b>1,169.4</b> | <b>1,186.8</b> |
| <b>TOTAL ASSETS</b>                      |      | <b>5,136.3</b> | <b>3,470.4</b> | <b>3,496.9</b> |
| <b>EQUITY AND LIABILITIES</b>            |      |                |                |                |
| <b>Shareholder's equity</b>              |      |                |                |                |
| Share capital                            |      | 0.7            | 0.6            | 0.6            |
| Other contributed equity                 |      | 974.7          | 702.7          | 702.7          |
| Reserves                                 |      | 38.6           | 4.9            | 42.7           |
| Retained earnings                        |      | 338.0          | 261.8          | 226.0          |
| <b>Total equity</b>                      |      | <b>1,352.0</b> | <b>970.0</b>   | <b>972.0</b>   |
| <b>Liabilities</b>                       |      |                |                |                |
| <b>Non-current liabilities</b>           |      |                |                |                |
| Non-current interest bearing liabilities |      | 1,972.6        | 1,492.9        | 1,427.6        |
| Derivate instruments                     |      | 11.1           | 18.2           | 14.2           |
| Provisions for pensions                  |      | 37.9           | 14.3           | 19.7           |
| Deferred tax liabilities                 |      | 167.5          | 90.8           | 109.3          |
| Other non-current liabilities            | 4    | 309.8          | 46.5           | 46.3           |
| <b>Total non-current liabilities</b>     |      | <b>2,498.8</b> | <b>1,662.7</b> | <b>1,617.1</b> |
| <b>Current liabilities</b>               |      |                |                |                |
| Current interest bearing liabilities     |      | 61.8           | 64.9           | 96.8           |
| Trade payables                           |      | 715.3          | 407.6          | 475.5          |
| Tax payables                             |      | 60.0           | 57.0           | 35.1           |
| Other current liabilities                |      | 102.0          | 127.9          | 100.9          |
| Accrued expenses and prepaid income      |      | 346.4          | 180.3          | 199.5          |
| <b>Total current liabilities</b>         |      | <b>1,285.5</b> | <b>837.7</b>   | <b>907.8</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>      |      | <b>5,136.3</b> | <b>3,470.4</b> | <b>3,496.9</b> |

## Consolidated statement of changes in equity

| MSEK   |                |
|--|----------------|
| <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>   |
| <hr/>  |                |
| <b>Opening balance 1 January 2017</b>                              | <b>972.0</b>   |
| Income for the period  | 109.7          |
| Other comprehensive income, net after tax                          | -8.2           |
| <b>Total comprehensive income</b>                                  | <b>101.5</b>   |
| Dividend   | -80.2          |
| New issue shares   | 352.8          |
| Transaction costs related to new share issue                       | -0.6           |
| Profit related to purchasing option Sødams Øko Fjerkræslagteri ApS | 6.4            |
| <b>Total transactions with the owners</b>                          | <b>278.5</b>   |
| <b>Closing balance 30 september 2017</b>                           | <b>1,352.0</b> |

## Consolidated statement of cash flows

| MSEK   | Q3 2017       | Q3 2016      | 9m 2017       | 9m 2016       | 2016          |
|--|---------------|--------------|---------------|---------------|---------------|
| <b>OPERATING ACTIVITIES</b>  |               |              |               |               |               |
| Operating income   | 83.9          | 75.4         | 204.2         | 216.9         | 238.2         |
| Adjustment for non-cash items  | 31.7          | 18.3         | 143.4         | 135.4         | 180.9         |
| Paid finance items net   | -16.2         | -7.1         | -46.4         | -40.6         | -59.3         |
| Paid current income tax  | -4.6          | -1.9         | -16.1         | -19.3         | -25.1         |
| <b>Cash flow from operating activities before changes in operating capital</b> | <b>94.8</b>   | <b>84.7</b>  | <b>285.1</b>  | <b>292.4</b>  | <b>334.7</b>  |
| Changes in inventories   | 2.4           | -2.0         | -76.6         | 8.0           | -49.0         |
| Changes in operating receivables   | -24.7         | -27.9        | -155.5        | -111.6        | -94.0         |
| Changes in operating payables  | 41.4          | -20.9        | 126.3         | 24.4          | 82.9          |
| <b>Cash flow from operating activities</b>                                     | <b>113.9</b>  | <b>33.9</b>  | <b>179.3</b>  | <b>213.2</b>  | <b>274.6</b>  |
| <b>INVESTING ACTIVITIES</b>  |               |              |               |               |               |
| Business combinations  | -274.1        | -8.8         | -274.1        | -31.6         | -30.2         |
| Investment in property, plant and equipment                                    | -45.9         | -58.2        | -149.1        | -198.5        | -265.4        |
| <b>Cash flows used in investing activities</b>                                 | <b>-320.0</b> | <b>-67.0</b> | <b>-423.2</b> | <b>-230.1</b> | <b>-295.6</b> |
| <b>FINANCING ACTIVITIES</b>  |               |              |               |               |               |
| New loan   | 443.3         | 0.0          | 1,893.5       | 19.5          | -             |
| Repayment  | -17.5         | 6.3          | -1,386.6      | -35.8         | -67.7         |
| Change in overdraft facility   | -224.5        | 60.6         | -93.3         | 47.5          | 93.3          |
| New share issue  | -             | -            | -             | -             | -             |
| Dividend   | -             | -            | -80.2         | -107.3        | -107.3        |
| Repurchase own shares  | -             | -14.3        | -             | -14.3         | -14.3         |
| <b>Cash flows in financing activities</b>                                      | <b>201.3</b>  | <b>52.6</b>  | <b>333.4</b>  | <b>-90.4</b>  | <b>-96.0</b>  |
| <b>Cash flows for the period</b>   | <b>-4.9</b>   | <b>19.5</b>  | <b>89.4</b>   | <b>-107.3</b> | <b>-117.0</b> |
| <b>Cash and cash equivalents at beginning of the period</b>                    | <b>117.7</b>  | <b>13.7</b>  | <b>23.2</b>   | <b>142.7</b>  | <b>142.7</b>  |
| Currency effect in cash and cash equivalents                                   | 0.3           | 0.2          | 0.5           | -2.0          | -2.5          |
| Cash flow for the period   | -4.9          | 19.5         | 89.4          | -107.3        | -117.0        |
| <b>Cash and cash equivalents at the end of the period</b>                      | <b>113.1</b>  | <b>33.4</b>  | <b>113.1</b>  | <b>33.4</b>   | <b>23.2</b>   |

## Parent Company income statement

| MSEK                     | Q3 2017 | Q3 2016 | 9m 2017 | 9m 2017 | 2016  |
|--------------------------|---------|---------|---------|---------|-------|
| Net sales                | -       | -       | 4.1     | -       | -     |
| Operating expenses       | -       | -       | -4.1    | -       | -     |
| Operating income         | -       | -       | 0.0     | -       | -     |
| Finance net              | 0.5     | 3.6     | 6.2     | 10.7    | 14.6  |
| Income after finance net | 0.5     | 3.6     | 6.2     | 10.7    | 14.6  |
| Group contribution       | -       | -       | -       | -       | -14.6 |
| Tax expenses             | -0.1    | -0.9    | -1.4    | -2.4    | -     |
| Income for the period    | 0.4     | 2.7     | 4.8     | 8.3     | 0.0   |

## Parent Company statement of comprehensive income

| MSEK                                      | Q3 2017 | Q3 2016 | 9m 2017 | 9m 2017 | 2016 |
|---|---------|---------|---------|---------|------|
| Income for the period                     | 0.4     | 2.7     | 4.8     | 8.3     | 0.0  |
| Other comprehensive income                | -       | -       | -       | -       | -    |
| Total comprehensive income for the period | 0.4     | 2.7     | 4.8     | 8.3     | 0.0  |



## Parent Company statement of financial position

| MSEK                                | Note | 30 Sep 2017  | 30 Sep 2016  | 31 Dec 2016  |
|-------------------------------------|------|--------------|--------------|--------------|
| <b>ASSETS</b>                       |      |              |              |              |
| <b>Non-current assets</b>           |      |              |              |              |
| Investments in subsidiaries         |      | 532.7        | 532.7        | 532.7        |
| Receivables from Group entities     |      | 405.2        | 358.7        | 358.8        |
| <b>Total non-current assets</b>     |      | <b>937.9</b> | <b>891.4</b> | <b>891.5</b> |
| Receivables on group entities       |      |              |              |              |
| Other current receivables           |      | 0.7          | -            | -            |
| <b>Total current receivables</b>    |      | <b>0.7</b>   | <b>-</b>     | <b>-</b>     |
| <b>TOTAL ASSETS</b>                 |      | <b>938.6</b> | <b>891.4</b> | <b>891.5</b> |
| <b>EQUITY AND LIABILITIES</b>       |      |              |              |              |
| <b>Equity</b>                       |      |              |              |              |
| <b>Restricted equity</b>            |      |              |              |              |
| Share capital                       |      | 0.7          | 0.6          | 0.6          |
| <b>Non-restricted equity</b>        |      |              |              |              |
| Share premium account               |      | 974.7        | 702.7        | 702.7        |
| Retained earnings                   |      | -42.9        | -42.8        | -42.8        |
| Income for the period               |      | 4.8          | 8.3          | 0.0          |
| <b>Total equity</b>                 |      | <b>937.3</b> | <b>668.8</b> | <b>660.5</b> |
| <b>Current liabilities</b>          |      |              |              |              |
| Tax liability                       |      | 1.3          | 2.3          | -            |
| Liabilities to Group entities       | 4    | -            | 220.3        | 231.0        |
| <b>Total current liabilities</b>    |      | <b>1.3</b>   | <b>222.6</b> | <b>231.0</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b> |      | <b>938.6</b> | <b>891.4</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                     | 0.0           |
| Other comprehensive income, net after tax | -             |
| <b>Total comprehensive income</b>         | <b>0.0</b>    |
| <br>                                      |               |
| Dividend                                  | -107.3        |
| Repurchase own shares                     | -14.3         |
| <b>Total transactions with the owners</b> | <b>-121.6</b> |
| <br>                                      |               |
| <b>Closing balance 31 December 2016</b>   | <b>660.5</b>  |
| <hr/>                                     |               |
| <b>Opening balance 1 January 2017</b>     | <b>660.5</b>  |
| Income for the period                     | 4.8           |
| Other comprehensive income, net after tax | -             |
| <b>Total comprehensive income</b>         | <b>4.8</b>    |
| <br>                                      |               |
| Dividend                                  | -80.2         |
| New share issue                           | 352.8         |
| Transaction costs                         | -0.6          |
| <b>Total transactions with the owners</b> | <b>272.0</b>  |
| <br>                                      |               |
| <b>Closing balance 30 September 2017</b>  | <b>937.3</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.

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. To evaluate the effects of IFRS 15, a number of workshops are held with sales management in all entities in the Group. The purpose is to identify and quantify the effects the new standard will have on the financial statements and disclosure requirements. These effects will be quantified in the report for the fourth quarter 2017.

### Acquisition of Manor Farm

On 28 August 2017 the Group completed the acquisition of Manor Farm in the republic of Ireland by acquiring 100 percent of the outstanding shares in Carton Bros ULC. Consideration and acquired assets and liabilities are specified in the table below.

| Consideration  | MSEK          |
|--|---------------|
| Cash   | 278.0         |
| Issued shares (6 million shares)                     | 336.7         |
| Contingent consideration, recorded as a liability    | 307.9         |
| <b>Total</b>   | <b>922.0</b>  |
| <b>Acquired assets and liabilities at fair value</b> |               |
| Cash and cash equivalents                            | 3.9           |
| Tangible fixed assets                                | 223.8         |
| Brand  | 74.0          |
| Customer relationships                               | 460.9         |
| Inventory  | 56.9          |
| Receivables  | 361.3         |
| Payables   | -265.5        |
| Borrowings   | -94.8         |
| Provisions etc.                                      | -27.4         |
| Deferred tax   | -67.3         |
| <b>Identified assets and liabilities</b>             | <b>725.7</b>  |
| Goodwill   | 196.3         |
| <b>Total</b>   | <b>922.0</b>  |
| <b>Cash impact of acquisition</b>                    |               |
| Cash payment   | -278.0        |
| Cash and cash equivalents in the acquired entity     | 3.9           |
| <b>Total</b>   | <b>-274.1</b> |

Goodwill refers to expected synergies through transfer of technical knowledge and production methods as well as an improved diversification by being present on one more market. None of the goodwill is expected to be deductible for tax purposes.

Fair value of property, plant and equipment may be adjusted when the purchase price allocation is finalized. Deferred tax of MSEK 67.3 has been provided in relation to the fair value adjustments of MSEK 534.9 referring to brands and customer relationships.

**Contingent consideration**

The contingent consideration will be paid 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 an expected nominal aggregate base amount of MEUR 35, 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

**Transaction costs**

Costs related to the acquisition have been expensed as incurred and amounts to MSEK 24.5, whereof MSEK 15.5 was incurred during the third quarter. The costs have been reported as non-comparable items in operating income and refer to due diligence, transaction advice and stamp duty.

**Revenue and profit contribution**

The acquired business contributed with net sales of MSEK 165.8 and income for the period of MSEK 12.0 during the period 28 August 2017 to 30 September 2017. If the acquisition had occurred on 1 January 2017, consolidated net sales and income for the nine months ending 30 September 2017 had been MSEK 6,146.4 and MSEK 159.7 respectively.

**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 Finland and Ireland**

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.

**Segment Ireland** comprises Carton Bros ULC which includes the operations of Manor Farm, which was acquired on 28 August 2017. Operations include slaughtering, production and development of chilled and frozen chicken products for the Irish market. The segment also produces feed for the operation's contracted farmers.

### 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 September 2017 and for the comparison period, are shown in the tables below.

| 30 September 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                        | 825.2                 | -                                    | -                                      | 825.2                 | 825.2                      | -                                |
| Derivates                                | -                     | -                                    | -                                      | 0.0                   | -                          | -                                |
| Cash and cash equivalents                | 113.1                 | -                                    | -                                      | 113.1                 | 113.1                      | -                                |
| <b>Total financial assets</b>            | <b>938.3</b>          | <b>-</b>                             | <b>-</b>                               | <b>938.3</b>          | <b>938.3</b>               | <b>-</b>                         |
| <b>Liabilities</b>                       |                       |                                      |  |                       |                            |                                  |
| Non-current interest bearing liabilities | -                     | -                                    | 1,972.6                                | 1,972.6               | 1,972.6                    | -                                |
| Other non-current liabilities            | -                     | -                                    | 309.8                                  | 309.8                 | -                          | 309.8                            |
| Derivates                                | -                     | 11.1                                 | -                                      | 11.1                  | -                          | 11.1                             |
| Current interest bearing liabilities     | -                     | -                                    | 61.8                                   | 61.8                  | 61.8                       | -                                |
| Trade payables                           | -                     | -                                    | 715.3                                  | 715.3                 | 715.3                      | -                                |
| <b>Total financial liabilities</b>       | <b>-</b>              | <b>11.1</b>                          | <b>3,059.4</b>                         | <b>3,070.6</b>        | <b>2,749.7</b>             | <b>320.9</b>                     |

| 30 September 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       | 0.2                   | -                                    | -                                      | 0.2                   | 0.2                        | -                                |
| Trade receivables                        | 416.5                 | -                                    | -                                      | 416.5                 | 416.5                      | -                                |
| Deivates                                 | -                     | 1.8                                  | -                                      | 1.8                   | -                          | 1.8                              |
| Cash and cash equivalents                | 33.4                  | -                                    | -                                      | 33.4                  | 33.4                       | -                                |
| <b>Total financial assets</b>            | <b>450.1</b>          | <b>1.8</b>                           | <b>-</b>                               | <b>451.9</b>          | <b>450.1</b>               | <b>1.8</b>                       |
| <b>Liabilities</b>                       |                       |                                      |  |                       |                            |                                  |
| Non-current interest bearing liabilities | -                     | -                                    | 1,492.9                                | 1,492.9               | 1,492.9                    | -                                |
| Other non-current liabilities            | -                     | -                                    | 46.5                                   | 46.5                  | -                          | 46.5                             |
| Derivates                                | -                     | 18.2                                 | -                                      | 18.2                  | -                          | 18.2                             |
| Current interest-bearing liabilities     | -                     | -                                    | 64.9                                   | 64.9                  | 64.9                       | -                                |
| Trade payables                           | -                     | -                                    | 407.6                                  | 407.6                 | 407.6                      | -                                |
| <b>Total financial liabilities</b>       | <b>-</b>              | <b>18.2</b>                          | <b>2,011.9</b>                         | <b>2,030.1</b>        | <b>1,965.4</b>             | <b>64.7</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 September 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 September 2017 the derivatives amounted to MSEK -11.1 (-16.4). 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 September 2017 those amounted to MSEK 54.7 (45,5). For the Group's long-term borrowing, which as of 30 September 2017 amounted to MSEK 1 972,6 (1 492,9), 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 Carton Bros ULC. The liability is valued at fair value.

#### Note 4. Other liabilities

The entire other non-current liability for the Group per 30 September 2017 in the amount of MSEK 309.8 (46.5) refers to the additional purchase price related to acquisitions performed. The other liabilities to Group entities in the Parent Company as per 30 September 2017 amount to MSEK - (220.3).

#### 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                      |                | Q3<br>2017   | Q3<br>2016   | 9m<br>2017   | 9m<br>2016   | LTM          | 2016         |
|--|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net sales  | A              | 1,824.7      | 1,569.9      | 5,040.3      | 4,459.8      | 6,547.9      | 5,967.4      |
| Income for the period                            | B              | 46.5         | 49.6         | 109.7        | 130.7        | 110.4        | 131.4        |
| + Income tax expense                             |                | 11.4         | 13.8         | 40.5         | 36.5         | 39.5         | 35.5         |
| <b>Income after finance net</b>                  | <b>C</b>       | <b>57.9</b>  | <b>63.4</b>  | <b>150.2</b> | <b>167.2</b> | <b>149.9</b> | <b>166.9</b> |
| +Financial income and expenses, net              |                | 25.9         | 12.0         | 54.0         | 49.7         | 75.6         | 71.3         |
| <b>Operating income</b>                          | <b>D</b>       | <b>83.9</b>  | <b>75.4</b>  | <b>204.2</b> | <b>216.9</b> | <b>225.5</b> | <b>238.2</b> |
| +Depreciation, amortization and impairment       |                | 57.4         | 49.5         | 164.8        | 146.1        | 220.0        | 201.3        |
| +Share of income of associates                   |                | 0.0          | -0.8         | 0.0          | -1.6         | 0.3          | -1.3         |
| <b>EBITDA</b>                                    | <b>E</b>       | <b>141.3</b> | <b>124.1</b> | <b>369.0</b> | <b>361.4</b> | <b>445.8</b> | <b>438.2</b> |
| Non-comparable items in income for the period    | F              | 0.4          | 0.5          | 7.4          | 1.6          | 16.3         | 10.5         |
| <b>Adjusted income for the period</b>            | <b>B+F</b>     | <b>46.9</b>  | <b>50.1</b>  | <b>117.1</b> | <b>132.3</b> | <b>126.7</b> | <b>141.9</b> |
| Non-comparable items in income after finance net | G              | 0.5          | 0.7          | 9.5          | 1.8          | 21.1         | 13.4         |
| <b>Adjusted income after finance net</b>         | <b>C+G</b>     | <b>58.4</b>  | <b>64.1</b>  | <b>159.7</b> | <b>169.0</b> | <b>171.0</b> | <b>180.3</b> |
| Non-comparable items in operating income         | G              | 0.5          | 0.7          | 9.5          | 1.8          | 21.1         | 13.4         |
| Adjusted operating income                        | D+G            | 84.4         | 76.1         | 213.7        | 218.7        | 246.7        | 251.6        |
| <b>Adjusted operating margin</b>                 | <b>(D+G)/A</b> | <b>4.6%</b>  | <b>4.8%</b>  | <b>4.2%</b>  | <b>4.9%</b>  | <b>3.8%</b>  | <b>4.2%</b>  |
| Non-comparable items in EBITDA                   | G              | 0.5          | 0.7          | 9.5          | 1.8          | 21.1         | 13.4         |
| Adjusted EBITDA                                  | E+G            | 141.8        | 124.8        | 378.5        | 363.2        | 466.9        | 451.6        |
| <b>Adjusted EBITDA-margin %</b>                  | <b>(E+G)/A</b> | <b>7.8%</b>  | <b>7.9%</b>  | <b>7.5%</b>  | <b>8.1%</b>  | <b>7.1%</b>  | <b>7.6%</b>  |

| From balance sheet, MSEK                              |                                     | 30 Sept 2017    | 30 Sept 2016   | 31 Dec 2016    |
|---|-------------------------------------|-----------------|----------------|----------------|
| <b>Total assets</b>                                   |                                     | <b>5,136.3</b>  | <b>3,470.4</b> | <b>3,496.9</b> |
| <b>Non-current non interest bearing liabilities</b>   |                                     |                 |                |                |
| -   | Deferred tax liabilities            | -167.5          | -90.8          | -109.3         |
| -   | Other non-current liabilities       | -309.8          | 46.5           | -46.3          |
| <b>Total non-current interest bearing liabilities</b> |                                     | <b>-477.2</b>   | <b>-44.3</b>   | <b>-155.6</b>  |
| <b>Current non interest bearing liabilities</b>       |                                     |                 |                |                |
|   | Trade payables                      | -715.3          | -407.6         | -475.5         |
|   | Tax payables                        | -60.0           | -57.0          | -35.1          |
|   | Other current liabilities           | -102.0          | -127.9         | -100.9         |
|   | Accrued expenses and prepaid income | -346.4          | -180.3         | -199.5         |
| <b>Total current non interest bearing liabilities</b> |                                     | <b>-1,223.7</b> | <b>-772.8</b>  | <b>-811.0</b>  |
| <b>Capital employed</b>                               |                                     | <b>3,435.3</b>  | <b>2,653.3</b> | <b>2,530.3</b> |
|   | 0                                   | -113.1          | -33.4          | -23.2          |
| <b>Operating capital</b>                              |                                     | <b>3,322.2</b>  | <b>2,619.9</b> | <b>2,507.1</b> |
| <b>Average capital employed</b>                       |                                     | <b>3,044.3</b>  | <b>2,545.3</b> | <b>2,457.8</b> |
|   | H                                   |                 |                |                |
| <b>Average operating capital</b>                      |                                     | <b>2,971.1</b>  | <b>2,517.0</b> | <b>2,374.8</b> |
|   | I                                   |                 |                |                |
|   | Operating income, LTM               | 225.5           | 264.5          | 238.2          |
|   | Adjusted operating income, LTM      | 246.7           | 286.8          | 251.6          |
|   | J                                   |                 |                |                |
|   | Finance income                      | 0.3             | 0.3            | 1.2            |
|   | K                                   |                 |                |                |
| <b>Adjusted return on capital employed</b>            |                                     | <b>8.1%</b>     | <b>11.3%</b>   | <b>10.3%</b>   |
|   | (J+K)/H                             |                 |                |                |
| <b>Adjusted return on operating capital</b>           |                                     | <b>8.3%</b>     | <b>11.4%</b>   | <b>10.6%</b>   |
|   | J/I                                 |                 |                |                |
| From balance sheet, MSEK                              |                                     | 30 Sept 2017    | 30 Sept 2016   | 31 Dec 2016    |
| <b>Interest bearing liabilities</b>                   |                                     |                 |                |                |
| Non-current interest bearing liabilities              |                                     | 1,972.6         | 1,492.9        | 1,427.6        |
|   | Derivates                           | 11.1            | 18.2           | 14.2           |
| Current interest bearing liabilities                  |                                     | 61.8            | 64.9           | 96.8           |
| <b>Total interest bearing liabilities</b>             |                                     | <b>2,045.5</b>  | <b>1,576.0</b> | <b>1,538.6</b> |
| Cash  |                                     | -113.1          | -33.4          | -23.2          |
| <b>Net interest bearing debt</b>                      |                                     | <b>1,932.4</b>  | <b>1,542.6</b> | <b>1,515.4</b> |

| From statement of cash flows, MSEK        | Q3 2017      | Q3 2016      | 9m 2107      | 9m 2016      | LTM          | 2016         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>OPERATING ACTIVITIES</b>               |              |              |              |              |              |              |
| Operating income                          | 83.9         | 75.4         | 204.2        | 216.9        | 225.5        | 238.2        |
| <b>Adjustment for non-cash items</b>      |              |              |              |              |              |              |
| Depreciation, amortization and impairment | 57.4         | 49.5         | 164.8        | 146.1        | 220.0        | 201.3        |
| Share of income of associates             | 0.0          | -0.8         | 0.0          | -1.6         | 0.3          | -1.3         |
| <b>EBITDA</b>                             | <b>141.3</b> | <b>124.1</b> | <b>369.0</b> | <b>361.4</b> | <b>445.8</b> | <b>438.2</b> |
| Non-comparable items in EBITDA            | G 0.5        | 0.7          | 9.5          | 1.8          | 21.1         | 13.4         |
| <b>Adjusted EBITDA</b>                    | <b>141.8</b> | <b>124.8</b> | <b>378.5</b> | <b>363.2</b> | <b>466.9</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 22 November 2017 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

- |   |                  |
|---|------------------|
| • Fourth quarter and year-end report 2017 | 20 February 2018 |
| • First quarter report 2018               | 3 May 2018       |
| • Annual General Meeting                  | 22 May 2018      |
| • Second quarter report 2018              | 22 August 2018   |
| • Third quarter report 2018               | 31 October 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 22 November 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.

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## Appendix.

### Pro forma for segment Ireland

The pro forma figures below have been prepared solely for illustrative purpose in order to show how the new segment would have contributed to the Group's net sales, operating income and financial position if it had been part of the Group from 2016. The Pro forma figures are adjusted to be comparable to the Group's statements in respect of accounting year, accounting principles and certain owner costs that previously affected the company.

| MSEK                                | Q1<br>2016   | Q2<br>2016   | Q3<br>2016   | Q4<br>2016   | Q1<br>2017   | Q2<br>2017   | Q3<br>2017   |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Sales                           | 372.7        | 391.9        | 387.4        | 437.5        | 422.5        | 426.1        | 423.3        |
| Operating income                    | 21.6         | 26.4         | 29.9         | 15.5         | 22.6         | 27.9         | 26.8         |
| <b>Tangible fixed assets</b>        | <b>186.2</b> | <b>191.6</b> | <b>203.9</b> | <b>204.9</b> | <b>205.3</b> | <b>214.4</b> | <b>229.8</b> |
| Inventory                           | 51.3         | 47.8         | 51.4         | 55.8         | 52.2         | 56.3         | 59.4         |
| Receivables                         | 307.1        | 337.2        | 357.2        | 356.9        | 364.0        | 389.0        | 387.5        |
| Cash and cash equivalents           | 7.1          | 2.2          | 1.2          | 1.5          | 6.5          | 3.5          | 11.0         |
| Current assets                      | 365.5        | 387.2        | 409.8        | 414.2        | 422.7        | 448.8        | 457.9        |
| <b>Total assets</b>                 | <b>551.7</b> | <b>578.8</b> | <b>613.7</b> | <b>619.1</b> | <b>628.0</b> | <b>663.2</b> | <b>687.7</b> |
| Non-current liabilities             | 55.4         | 52.2         | 48.8         | 43.9         | 39.3         | 35.2         | 30.7         |
| Provisions                          | 15.8         | 16.0         | 16.5         | 16.1         | 15.6         | 16.1         | 16.3         |
| Trade and other payables            | 292.2        | 299.6        | 310.9        | 297.8        | 297.8        | 314.4        | 354.3        |
| Total liabilities                   | 363.4        | 367.8        | 376.2        | 357.8        | 352.7        | 365.7        | 401.3        |
| Equity                              | 188.3        | 211.0        | 237.4        | 261.3        | 275.3        | 297.5        | 286.4        |
| <b>Total liabilities and equity</b> | <b>551.7</b> | <b>578.8</b> | <b>613.7</b> | <b>619.1</b> | <b>628.0</b> | <b>663.2</b> | <b>687.7</b> |