Fourth quarter and year-end report 2018

20 February 2019

- Net sales increased by 5 percent to MSEK 2,166 (2,061) in the fourth quarter 2018. Net sales increased by 6 percent in Sweden, 4 percent in Denmark, 3 percent in Norway, 5 percent in Ireland and 6 percent in Finland.
- Adjusted operating income[1)] decreased by 12 percent to MSEK 102 (116), corresponding to a margin of 4.7 (5.6) percent. Adjusted operating income increased in all segments except for Denmark.
- Income for the period improved to MSEK 73 (58), corresponding to earnings per share of SEK 1.10 (0.89). The increase compared to previous year is referring to a lower tax expense.
- Operating cash flow was MSEK 212 (99), mainly thanks to an improved working capital.
- Net interest-bearing debt decreased by MSEK 180 from 30 September 2018 to MSEK 1,913 thanks to strong operating cash flow.
- The Board proposes a dividend for 2018 of SEK 2.00 (1.80) per share.

Pro forma including the acquired Irish operation[2)]

- Including Manor Farm on a pro forma basis, net sales increased by 7 percent for the full year 2018.
- Adjusted operating income[1)]for the full year 2018 amounted to MSEK 372 (376 pro forma), corresponding to a margin of 4.2 (4.6 pro forma) percent.

MSEK	Q4 2018	Q4 2017	Change	2018	2017	Change
Net sales	2,166	2,061	5%	8,797	7,101	24%
Adjusted EBITDA[1)]	143	181	-21%	620	559	11%
Adjusted operating income (EBIT) [1)]	102	116	-12%	372	329	13%
Non-comparable items[1)]	-13	-25	-	-49	-34	-
Operating income (EBIT)	89	91	-2%	323	295	10%
Finance net	-15	-17	15%	-86	-71	-21%
Income after finance net	74	73	1%	237	224	6%
Income tax expense	-1	-15	94%	-33	-56	40%
Income for the period	73	58	26%	204	168	21%
Adjusted EBITDA margin[1)]	*6.6%*	*8.8%*	-	*7.1%*	*7.9%*	-
Adjusted operating margin (EBIT) [1)]	*4.7%*	*5.6%*	-	*4.2%*	*4.6%*	-
Earnings per share, SEK	1.10	0.89	24%	3.10	2.73	14%
Adjusted return on operating capital employed[1)]	10.6%	11.1%	-	10.6%	11.1%	-
Return on equity	13.3%	13.8%	-	13.3%	13.8%	-
Operating cash flow	212	99	114%	357	213	68%
Net interest-bearing debt	-1,913	-1,886	-1%	-1,913	-1,886	-1%

For the previous year, the Irish operation was consolidated during the period 28 August - 30 December 2017.

Pro forma[2)], including Ireland	Q4 2018	Q4 2017	Change	2018	2017 proforma	Change
Net sales	2,166	2,061	5%	8,797	8,207	7%
Adjusted operating income (EBIT) [1)]	102	116	-12%	372	376	-1%
Adjusted operating margin (EBIT) [1)]	*4.7%*	*5.6%*	-	*4.2%*	*4.6%*	-

[1)]Adjusted for non-comparable items, see page 12.

[2)]The pro forma figures are presented for illustrative purpose in order to show how the segment would have contributed to the Group's net sales and operating income if it had been part of the Group during the whole of 2017. The pro forma figures have not been audited. See page 3-4.

About Scandi Standard

Scandi Standard is 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. Eggs are also produced and sold in Norway. We are approximately 3,000 employees with annual sales of more than SEK 8 billion. For more information, please visit www.scandistandard.com.

CEO statement

The Group's net sales increased by 7 percent pro forma to MSEK 8,797 compared to MSEK 8,207 pro forma in 2017. Growth in the fourth quarter was 5 percent and net sales amounted to MSEK 2,166. All segments contributed to the growth in the quarter and for the full year.

Adjusted operating income for 2018 amounted to MSEK 372 compared to MSEK 376 pro forma 2017, corresponding to a margin of 4.2 (4.6 pro forma) percent. Adjusted operating income for the fourth quarter amounted to MSEK 102 (116) corresponding to a margin of 4.7 (5.6) percent. Significant raw material cost increases impacted the result by MSEK 85 in the quarter. Price increases already carried out compensated by MSEK 79. During the fourth quarter we reviewed and aligned the practice for depreciation within the Group. The increased useful lifetime of our assets concluded by the analysis will have a positive effect on our operating margin going forward. The effect on adjusted operating income was around MSEK 28 in the fourth quarter 2018. The fourth quarter 2017 had a positive effect of MSEK 27 from third party compensation. In 2019, the quarterly depreciation expense is estimated to be around MSEK 45 (before effects of the implementation of IFRS 16).

Strong development in the chilled and Ready-to-eat categories had a positive contribution to the margin while stock clearance in the frozen category had a negative impact. Thanks to a strong operating cash flow, net interest-bearing debt decreased by MSEK 180 in the quarter to MSEK 1,913.

The Ready-to-eat category continued to grow at a higher rate than the rest of the business in the fourth quarter. With 18 percent of revenue it is about to become our second largest category, as the less profitable frozen category is continuing to decline. Following the recent investment to expand our largest Ready-to-eat plant, we are well positioned to meet a high order intake which bodes well for sales growth and fixed cost dilution within the Ready-to-eat category.

Our segments in Norway, Ireland and Finland all contributed with improved performance for the year and the quarter. Norway has strengthened its margins considerably in the recent years which is largely achieved by factory specialisation and implementing international best practice both within the production of the chilled and frozen categories as well as the Ready-to-eat category in combination with powerful category development initiatives. Although Q4 is seasonally the weakest quarter in Ireland, we managed to deliver a strong result. We also managed to reach the milestone of break-even in Finland. The management team is continuing to strengthen the position in the Finnish market, which is growing fast from a low per capita consumption.

Sweden remained negatively impacted by costs associated with frozen stock clearance. As we have communicated earlier, the remaining excess frozen inventory in Sweden was sold in the fourth quarter at a loss. We see continued strong performance in the fresh market in Sweden and we expect to regain a more normalised margin level in Sweden in 2019. Denmark remained negatively impacted by the measures linked to the establishment of the new brand De Danske Familiegårde and uncovered cost increases in the export portfolio. I expect positive contribution from the new brand and from the merger of our free range and organic chicken business with Rokkedahl Food ApS during 2019.

Given the significant raw material price increases observed in the recent quarter, we have been working strenuously to obtain price increases towards our customers. The way we cooperate with our customers pays off in the current environment, as we already have agreed a number of price increases, while some are still being negotiated. We expect to recover the cost increases on our domestic markets, however with a delay for Ireland.

As previously communicated, we have identified a number of capital projects in Ireland post acquisition aimed at increased efficiency, animal welfare and food safety. We have decided to phase in a number of these investment this year. For the Group, we expect to invest around MSEK 380 in 2019. During the first half of 2019 we will pay the first tranche of three of the earn-out linked to the Manor Farm acquisition.

We are carefully following the structural changes in our sector and believe that we are ideally positioned to take part of the consolidation of the European poultry market. We believe the acquisition of Manor Farm is a good illustration of how we can create value and stability for our shareholders. The acquisition has contributed to further geographic diversification and we are positive about our cross-country teams' ability to deliver benefits through exchanging best practice within the group.

Leif Bergvall Hansen
Managing Director and CEO

Net sales and income pro forma

The Irish company Manor Farm was acquired as of 28 August 2017 and is included in the Group's accounts from this date as the segment Ireland. 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 and operating income for the full year of 2017 if it had been part of the Group during the whole of 2017.

The pro forma figures have been calculated by including the accounts of Carton Bros ULC adjusted for differences in accounting period and for parts of the operation that was not included in the acquisition.

MSEK	Q4 2018	Q4 2017	Change	2018	2017 Proforma	Change
Net sales	2,166	2,061	5%	8,797	8,207	7%
Adjusted EBITDA*	143	181	-21%	620	641	-3%
Adjusted operating income EBIT*	102	116	-12%	372	376	-1%
Non-comparable items*	-13	-25	-	-49	-34	-
Operating income (EBIT)	89	91	-2%	323	342	-5%
Of which the effect of changes in estimated useful life of fixed assets	28	-	-	-	-	-
*Adjusted EBITDA-margin**	*6.6%*	*8.8%*	-	*7.1%*	*7.8%*	-
*Adjusted operating margin (EBIT)**	*4.7%*	*5.6%*	-	*4.2%*	*4.6%*	-

*Adjusted for non-comparable items, see page 12.

Net sales

Net sales for the full year 2018 increased by 7 percent pro forma to MSEK 8,797 compared to MSEK 8,207 pro forma for the Group last year. The increase was 1 percent pro forma at constant exchange rates.

Net sales increased by 4 percent in Sweden, 9 percent in Denmark, 2 percent in Norway, 11 percent in Ireland (pro forma) and 26 percent in Finland.

Income

Adjusted for non-comparable items, operating income for the Group for the full year 2018 declined by 1 percent to MSEK 372 (376 pro forma), corresponding to a margin of 4.2 (4.6 pro forma) percent.

Adjusted operating income improved in Norway, Ireland (pro forma) and Finland but declined in Sweden and Denmark.

Including non-comparable items, operating income declined by 5 percent pro forma to MSEK 323 (342 pro forma), corresponding to a margin of 3.7 (4.2 pro forma) percent. Non-comparable items were MSEK -49 (-34 pro forma) and included mainly costs for restructuring in Sweden, transaction costs in Denmark as well as the share of the effect of the analysis of the applied depreciation rates in relation to estimated actual useful life that refers to previous periods, see page 12.

Ireland – pro forma

MSEK	Q4 2018	Q4 2017	Change	2018	2017 Proforma	Change
Net sales	451	431	5%	1,894	1,702	11%
Adjusted EBITDA*	39	30	29%	153	127	21%
Adjusted operating income EBIT*	26	18	48%	96	74	29%
Non-comparable items*	-2	-	-	-2	-	-
Operating income (EBIT)	24	18	36%	94	74	26%
*Adjusted EBITDA-margin**	*8.7%*	*7.1%*	-	*8.1%*	*7.4%*	-
*Adjusted operating margin (EBIT)**	*5.8%*	*4.1%*	-	*5.1%*	*4.4%*	-

*Adjusted for non-comparable items, see page 12.

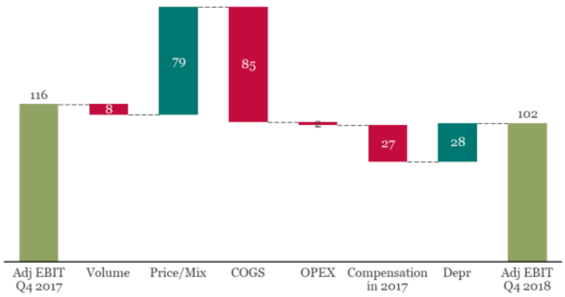
Net sales in Ireland in full year 2018 increased by 11 percent to MSEK 1,894 compared to MSEK 1,702 pro forma in full year 2017. Net sales in local currency increased by 4 percent pro forma.

Adjusted operating income increased by 29 percent pro forma compared to last year to MSEK 96 (74 pro forma), corresponding to a margin of 8.1 (7.4 pro forma) percent. The improvement in adjusted operating income and margin was mainly achieved through higher efficiency in the entire supply chain and higher profitability in biproducts.

	Sweden		Denmark		Norway		Ireland		Finland		Elimiminations and group common costs		Total Group	
MSEK	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2017
Net sales	654	615	698	671	373	361	451	431	97	91	-108	-108	2,166	2,061
Adjusted EBITDA[2)]	52	60	26	47	46	40	39	30	1	-3	-21	6	143	181
Depreciation	-9	-20	-6	-15	-5	-10	-6	-6	-1	-5	0	0	-27	-56
Adjusted operating income[2)] before amortisation	42	41	20	33	40	30	34	25	0	-8	-21	6	115	125
Amortisation	-0	-0	-1	-1	-4	-4	-7	-7	-	-	0	-0	-13	-12
Adjusted operating income (EBIT)[1)2)]	42	40	19	34	36	26	26	18	0	-8	-21	6	102	116
Non-comparable items	-8	-21	-2	-4	-	-	-2	-	-	-	-2	-0	-13	-25
Operating income (EBIT)	34	20	17	30	36	26	24	18	-0	-8	-23	6	89	91
Adjusted EBITDA-margin[2)]	8.0%	9.8%	3.7%	7.1%	12.3%	11.0%	8.7%	7.1%	0.6%	-3.6%	19.5%	-5.6%	6.6%	8.8%
Adjusted operating margin (EBIT)[2)]	6.4%	6.6%	2.7%	5.0%	9.6%	7.3%	5.8%	4.1%	0.0%	-9.2%	20.0%	-5.4%	4.7%	5.6%

[1)]Adjusted for non-comparable items, see page 12.
[2)]EBIT for Denmark and Total Group includes income from associates amounting to MSEK 0 (3).

Change in adjusted operating income (EBIT) vs Q4 2017

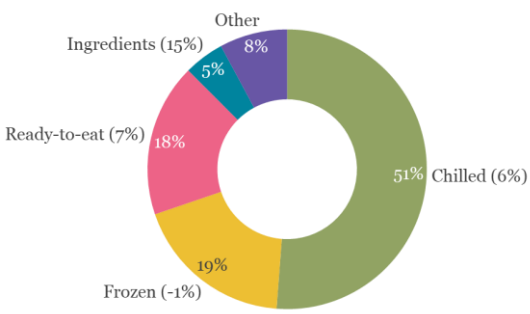


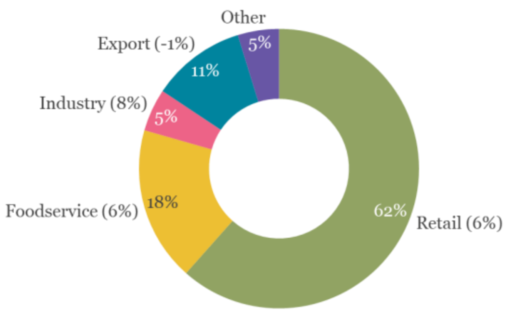
Adjusted operating income for the Group decreased in the fourth quarter 2018 to MSEK 102 (116). Adjusted operating income decreased in Denmark but improved in all other segments. Adjusted operating income for the fourth quarter 2017 was affected by compensation from third parties by MSEK 27.

Adjusted operating profit decreased by MSEK 14 in the fourth quarter 2018 compared to the fourth quarter last yaer. Lower volumes explains MSEK 8 while uncovered cost increases corresponds to MSEK 6. In the fourth quarter 2017, compensation from third parties of MSEK 27. In the fourth quarter 2018, lower depreciation rates as a consequence of the changed estimates of useful life of the Group's fixed assets contributed with MSEK 28.

Net sales by product category and sales channel, Q4 2018

(Percentage of Group's total net sales and change vs Q4 2017 in brackets, pro forma).





During the fourth quarter 2018, Ready-to-eat-products showed growth as well as Chilled products while Frozen products decreased somewhat.

During the fourth quarter all sales channels except Export showed sales growth rate. Retail grew in all countries, in particular in Sweden where the market normalized in 2018.

Net sales and income

MSEK	Q4 2018	Q4 2017	Change	2018	2017	Change
Net sales	2,166	2,061	5%	8,797	7,101	24%
Adjusted EBITDA*	143	181	-21%	620	559	11%
Adjusted operating income (EBIT)*	102	116	-12%	372	329	13%
Non-comparable items*	-13	-25	-	-49	-34	-
Operating income (EBIT)*	89	91	-2%	323	295	10%
Of which the effect of changes in estimated useful life of fixed assets	28	-	-	-	-	-
*Adjusted EBITDA-margin**	*6.6%*	*8.8%*	-	*7.1%*	*7.9%*	-
*Adjusted operating margin (EBIT)**	*4.7%*	*5.6%*	-	*4.2%*	*4.6%*	-

*Adjusted for non-comparable items, see page 12.

Fourth quarter 2018

Net sales

Net sales for the Group in the fourth quarter 2018 increased by 5 percent to MSEK 2,166 compared to MSEK 2,061 in the fourth quarter 2017. The increase was 3 percent at constant exchange rates.

Net sales increased by 6 percent in Sweden, 4 percent in Denmark, 3 percent in Norway, 5 percent in Ireland and 6 percent in Finland.

Net sales rose by 6 percent for chilled products, decreased by 1 percent for frozen products and increased by 7 percent for Ready-to-eat products.

Income

Adjusted for non-comparable items, operating income in the Group in the fourth quarter 2018 decreased by 12 percent to MSEK 102 (116), corresponding to a margin of 4.7 (5.6) percent.

Adjusted operating income improved in all countries except for Denmark. Adjusted operating income for the Group was positively impacted by lower depreciation following a review of the useful lives of a number of the fixed assets in the Group. This is following an analysis of the applied depreciation rates in relation to estimated actual useful life in order to achieve more aligned estimates across the Group. The effect on adjusted operating income was around MSEK 28. In 2019, the quarterly depreciation expense is estimated to be around MSEK 45 (before effects of the implementation of IFRS 16). Last year, adjusted operating profit in the fourth quarter was positively impacted by compensation from third parties of MSEK 27.

Including non-comparable items, operating income decreased by 2 percent to MSEK 89 (91), corresponding to a margin of 4.1 (4.4) percent. Non-comparable items amounted to MSEK -13 (-25) and included restructuring expenses in Sweden, transaction costs in Denmark as well as the share of the effect of the analysis of the applied depreciation rates in relation to estimated actual useful life that refers to previous periods, see page 12.

There was a positive impact on tax expenses from a revaluation of deferred tax liabilities due to changed tax rates in Sweden and Norway. Tax expenses were MSEK -1 (-15) in the fourth quarter 2018.

Income for the period was MSEK 73 (58) corresponding to earnings per share of SEK 1.10 (0.89).

Full year 2018

Net sales

Net sales for the Group increased in 2018 to MSEK 8,797 (7,101).

Net sales increased by 4 percent in Sweden, 9 percent in Denmark, 2 percent in Norway and 26 percent in Finland.

Net sales increased by 42 percent for chilled products, 6 percent for frozen products and 13 percent for Ready-to-eat products.

Income

Adjusted operating income for the Group for the full year 2018 increased to MSEK 372 (329), corresponding to a margin of 4.2 (4.6) percent.

There was a positive impact on tax expenses from a revaluation of deferred tax liabilities due to changed tax rates in Sweden and Norway. Tax expenses were MSEK -33 (-56) for the full year 2018.

Income for the period was MSEK 204 (168) corresponding to earnings per share of SEK 3.10 (2.73).

Impact of bird flu in 2018

All trade restrictions due to the bird flu was lifted during the second quarter 2018. The restrictions were imposed in November 2016 following the detection of the bird flu (H5N8) in Denmark, Sweden and Finland among other countries. No further negative impact on the Group's operating income is therefore expected going forward. The impact on operating income during the full year of 2018 was MSEK 12 (46) and during the fourth quarter 2018 MSEK – (6).

Cash flow and investments

Operating cash flow in the fourth quarter 2018 amounted to MSEK 212 (99). Cash flow was also affected by an improvement of working capital by MSEK 132 compared with a deterioration of MSEK 32 in the fourth quarter last year.

Working capital as of 31 December 2018 amounted to MSEK 519 (616), corresponding to 5.9 (7.5) percent of net sales. The decrease compared to the previous year is mainly due to lower trade receivables and higher trade payables.

Net capital expenditure decreased to MSEK 34 (50), due to lower investments in the last quarter of the year.

IFRS 16 will be applied by the group from 2019. The Group intends to use the full retrospective method when introducing the new standard which means that comparison numbers will be restated. The new standard will cause total fixed assets to increase by around MSEK 442 and interest-bearing liabilities by around MSEK 471. If IFRS 16 would been applied in 2018, EBITDA would have been MSEK 99 higher and operating income MSEK 12 higher while finance net would have been MSEK 19 worse. The effects of IFRS 16 will be excluded when measuring compliance with the Groups financing agreement.

MSEK	Q4 2018	Q4 2017	2018	2017
Opening balance net debt	**-2,093**	**-1,932**	**-1,886**	**-1,515**
EBITDA	120	181	563	**559**
Adjustments for non-cash items	-7	0	3	0
Change working capital	132	-32	162	-147
Net capital expenditure	-34	-50	-371	-199
Operating cash flow	**212**	**99**	**357**	**213**
Paid finance items, net	-15	-13	-65	-59
Paid tax	-23	13	-83	-3
Dividend	0	0	-118	-80
Business combinations	0	0	-4	-274
Other items*	7	-53	-116	-168
Net cash flow	**180**	**46**	**-27**	**-371**
Closing balance net debt	**-1,913**	**-1,886**	**-1,913**	**-1,886**

*) Other items in the fourth quarter 2018 include positive effects from changes in exchange rates of MSEK 22. Other for full year 2018 include assumed net debt of the newly acquired Rokkedahl, 92 MSEK. Other for full year 2017 assumed net debt from Manor Farm.

Financial position

Total equity attributable to the owners of the parent company as of 31 December 2018 amounted to MSEK 1,604 (1,455). The equity to assets ratio improved to 29.0 (28.2) percent.

Net interest-bearing debt as of 31 December 2018 amounted to MSEK 1,913 (1,886). The decrease compared to 30 September 2018 was MSEK 180, and was attributable to a favorable development of working capital.

Cash and cash equivalents as of 31 December 2018 amounted to MSEK 89 (30). Committed but not utilized credit facilities as of 31 December 2018 amounted to MSEK 468 (390). The Group's main financing agreement was extended during the quarter and will expire in 2023.

Segment information

As from January 2018, the Group allocates amortisation of acquired intangible assets to the segments. Comparative figures for adjusted operating income and operating income in the report have been restated. See page 22.

Sweden

MSEK	Q4 2018	Q4 2017	Change	2018	2017	Change
Net sales	654	615	6%	2,656	2,557	4%
Adjusted EBITDA*	52	60	-13%	203	228	-11%
Adjusted operating income (EBIT)*	42	40	4%	136	150	-9%
Non-comparable items*	-8	-21	-	-42	-35	-
Operating income (EBIT)	34	20	74%	94	114	-18%
Of which the effect of changes in estimated useful life of fixed assets	11	-	-	-	-	-
*Adjusted EBITDA-margin**	*8.0%*	*9.8%*	-	*7.7%*	*8.9%*	-
*Adjusted operating margin (EBIT)**	*6.4%*	*6.6%*	-	*5.1%*	*5.9%*	-

*Adjusted for non-comparable items, see page 12.

Net sales in Sweden in the fourth quarter 2018 increased by 6 percent to MSEK 654 compared to MSEK 615 in the fourth quarter 2017.

Net sales increased mainly in Retail partly driven by an increase in sales of chilled products.

Adjusted operating income increased by 4 percent to MSEK 42 (40), corresponding to a margin of 6.4 (6.6) percent. Adjusted operating income and margin were negatively affected by stock clearance and higher production costs. Changes in estimated useful lives of tangible fixed assets have had a positive effect on adjusted operating income in the quarter by MSEK 11 due to lower depreciation. Adjusted operating profit in the fourth quarter 2017 was impacted positively by compensation from third parties in the amount of MSEK 12.

During the second half of 2018 it was decided to restructure parts of the Swedish operations including closing down a smaller production site for premium birds. The cost is estimated to MSEK 8 and has been reported as non-comparable items in the quarter.

Denmark

MSEK	Q4 2018	Q4 2017	Change	2018	2017	Change
Net sales	698	671	4%	2,750	2,529	9%
Adjusted EBITDA*	26	47	-46%	144	182	-21%
Adjusted operating income (EBIT)*	19	34	-44%	91	117	-22%
Non-comparable items*	-2	-4	-	-2	-4	-
Operating income (EBIT)	17	30	-42%	89	113	-21%
Of which the effect of changes in estimated useful life of fixed assets	9	-	-	-	-	-
*Adjusted EBITDA-margin**	*3.7%*	*7.1%*	-	*5.2%*	*7.2%*	-
*Adjusted operating margin (EBIT)**	*2.7%*	*5.0%*	-	*3.3%*	*4.6%*	-

*Adjusted for non-comparable items, see page 12.

Net sales in Denmark in the fourth quarter 2018 increased by 4 percent to MSEK 698 compared to MSEK 671 in the fourth quarter 2017. The decrease in local currency was 1 percent.

The increase in net sales was mainly achieved through higher sales in the retail channel and of Ready-to-eat products. The newly launched premium range under the Danske Familiegårde brand showed a continued positive development.

Adjusted operating income declined by 44 percent to MSEK 19 (34), corresponding to a margin of 2.7 (5.0) percent. Adjusted operating income and margin were negatively affected by higher costs related to launching the De Danske Familiegårde brand as well as by uncovered cost increases in the export markets. Changes in estimated useful lives of tangible fixed assets have had a positive effect on adjusted operating income in the quarter by MSEK 9 due to lower depreciation. In addition, the share of the effect of the analysis of the applied depreciation rates in relation to estimated actual useful life that refers to previous periods of the amount of MSEK 8 have been included in non-comparable items.

Transaction costs related to the acquisition of Rokkedahl Food Aps of MSEK 7 have been reported as non-comparable items in the quarter.

Norway

MSEK	Q4 2018	Q4 2017	Change	2018	2017	Change
Net sales	373	361	3%	1,512	1,483	2%
Adjusted EBITDA*	46	40	15%	178	160	11%
Adjusted operating income (EBIT)*	36	26	36%	125	107	17%
Non-comparable items*	-	-	-	-	-	-
Operating income (EBIT)	36	26	36%	125	107	17%
Of which the effect of changes in estimated useful life of fixed assets	5	-	-	-	-	-
*Adjusted EBITDA-margin**	*12.3%*	*11.0%*	-	*11.8%*	*10.8%*	-
*Adjusted operating margin (EBIT)**	*9.6%*	*7.3%*	-	*8.3%*	*7.2%*	-

*Adjusted for non-comparable items, see page 12.

Net sales in Norway in the fourth quarter 2018 increased by 3 percent to MSEK 373 compared to MSEK 361 in the fourth quarter 2017. The decrease in local currency was 2 percent.

Adjusted operating income increased by 36 percent to MSEK 36 (26), corresponding to a margin of 9.6 (7.3) percent. The improvement in both operating income and operating margin was mainly achieved by a favourable cost structure as a result of investments in specialization and higher efficiency in production. Changes in estimated useful lives of tangible fixed assets have had a positive effect on adjusted operating income in the quarter by MSEK 5 due to lower depreciation.

Ireland

MSEK	Q4 2018	Q4 2017	Change	2018	2017	Change
Net sales	451	431	5%	1,894	596	n/a
Adjusted EBITDA*	39	30	29%	153	44	n/a
Adjusted operating income (EBIT)	26	18	48%	96	27	n/a
Non-comparable items	-2	-	-	-2	-	n/a
Operating income (EBIT)*	24	18	36%	94	27	n/a
*Adjusted EBITDA-margin**	*8.7%*	*7.1%*	-	*8.1%*	*7.5%*	-
*Adjusted operating margin (EBIT)**	*5.8%*	*4.1%*	-	*5.1%*	*4.6%*	-

*Adjusted for non-comparable items, see page 12.

Net sales in Ireland in the fourth quarter 2018 increased by 5 percent to MSEK 451 compared to MSEK 431 in the fourth quarter last year. In local currency net sales decreased by 2 percent

Adjusted operating income increased by 48 percent to MSEK 26 (18), corresponding to a margin of 5.8 (4.1) percent. The improved adjusted operating income was mainly achieved through higher efficiency in the entire supply chain and higher profitability in biproducts.

Transaction related expenses amounting to MSEK 2 were reported as non-recurring items in the quarter.

In the previous year, the Irish operation was consolidated in the Group during the period 28 August – 30 December. For additional comments on the Irish operation, see page 3, the section Net sales and operating income pro forma.

Finland

MSEK	Q4 2018	Q4 2017	Change	2018	2017	Change
Net sales	97	91	6%	416	329	26%
Adjusted EBITDA*	1	-3	n/a	5	-27	n/a
Adjusted operating income (EBIT)*	0	-8	n/a	-13	-43	70%
Non-comparable items*	-	-	-	0	0	-
Operating income (EBIT)	0	-8	n/a	-13	-43	70%
Of which the effect of changes in estimated useful life of fixed assets	4	-	-	-	-	-
*Adjusted EBITDA-margin**	*0.6%*	*-3.6%*	-	*1.1%*	*-8.3%*	-
*Adjusted operating margin (EBIT)**	*0.0%*	*-9.2%*	-	*-3.1%*	*-13.2%*	-

*Adjusted for non-comparable items, see page 12.

Net sales in Finland in the fourth quarter 2018 increased by 6 percent to MSEK 97 compared to MSEK 91 in the fourth quarter 2017. The increase in local currency was 1 percent.

Adjusted operating income improved to MSEK 0 (-8). The improvement refers mainly to higher efficiency and better yield in production, as well as a more favourable product mix. Changes in estimated useful lives of tangible fixed assets have had a positive effect on adjusted operating income in the quarter by MSEK 4 due to lower depreciation.

Personnel

The average number of employees (FTE) in the fourth quarter 2018 was 2,943 (2,932) and 3,005 (2,264) for full year 2018. The increase refers mainly to the Irish operation which is included in the average number of employees with 962 for 2018 and 310 for 2017.

Dividend

The Board of Directors proposes a dividend for 2018 of SEK 2.00 (1.80) per share, for a total dividend payment of approximately MSEK 131 (118), based on the number of outstanding shares at year-end 2018. The proposed dividend corresponds to approximately 50 (56) percent of income for the period adjusted for non-comparable items.

Scandi Standard's dividend policy is to distribute a dividend of approximately 60 percent of income for the period adjusted for non-comparable items on average over time.

Annual General Meeting 2019

The Annual General Meeting (AGM) 2019 will be held on 9 May at 10 am in Wallenbergssalen, at the IVA Conference Center, Grev Turegatan 16 in Stockholm, Sweden. More information about the AGM will be available on: http://investors.scandistandard.com/en/agm.

The Group's sustainability work

During the year, the sustainability work of the Group has been coordinated under the heading "The Scandi Way" with the work streams People, Chicken and Planet. There will be cases presented in the interim reports showing the work taking place in the Group. For a comprehensive description of the sustainability work in the group, please see the Scandi Standard Annual Report 2017, which is available at www.scandistandard.com.

25.8 million tons of plastic waste are generated in Europe every year and 59 percent comes from packaging. By 2030 all plastic packaging placed on the EU market must be either reusable or easily recycled. This is how we in Scandi contribute to this goal.

Scandi sustainability promise is focused on how we, The Scandi Way, can make it better for The People, The Chickens and The Planet. Sustainable Packaging is part of our goals within Planet. The KPI is: "100 percent of packaging from a renewable source or from recycled plastic by 2023".

Scandis packaging strategy headlines for future work:

- Choose mono solution where it is possible
- Choose recycled or renewable material where it is possible
- Choose thinner material to reduce plastic/packaging where it is possible

Reduce plastic and waste

The winning concept is to work cross function, product development, marketing, production, and procurement. We will reach our goals faster by having the same agenda.

One important goal is to reduce plastic in our production. We strive for reducing with 30 percent within 2025. This is ambitious, but it can be achieved with hard work on our sites and sharing best practice. To achieve this, we have some projects in pipeline:

- Reduce our film thickness for our freeze products in Denmark and Sweden. We will use a different type of raw material, so the film can be down gauged down significantly without the properties of the film being reduced.
- Pallet wrap reduction of 30 percent. We are at the moment testing a new type of pallet wrap that gives us a 30 percent reduction. We expect that we can have this implemented on all relevant sites during the first quarter of 2019.

Risks and uncertainties

Scandi Standards' risks and uncertainties are described on pages 44-48 and pages 76-78 in the Annual Report 2017, which is available at www.scandistandard.com.

Stockholm, 20 February 2019

Leif Bergvall Hansen
Managing Director and CEO

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

This is a translation of the original Swedish version published on www.scandistandard.com

Segment information

As from 1 January 2018, the Group allocates amortisation on acquired intangible assets to the segments. Comparative figures for adjusted operating income and operating income in the report have been restated. See page 22.

Net sales by country

MSEK	Q4 2018	Q4 2017	Change	2018	2017	Change
Sweden	654	615	6%	2,656	2,557	4%
of which internal sales	57	52	8%	225	196	15%
Denmark	698	671	4%	2,750	2,529	9%
of which internal sales	54	43	26%	197	185	7%
Norway	373	361	3%	1,512	1,483	2%
of which internal sales	-5	-	-	-	-	-
Ireland	451	431	5%	1,894	596	n/a
of which internal sales	-	-	-	-	-	-
Finland	97	91	6%	416	329	26%
of which internal sales	2	-	-	8	12	-
Koncernens elimineringar	-108	-108	0%	-430	-393	9%
Total net sales	**2,166**	**2,061**	**5%**	**8,797**	**7,101**	**24%**

Net sales per product category

MSEK	Q4 2018	Q4 2017	Change	2018	2017	Change
Chilled	1,109	1,042	6%	4,648	3,265	42%
Frozen	402	405	-1%	1,612	1,523	6%
Ready-to-eat	384	357	7%	1,529	1,352	13%
Other*	271	257	5%	1,008	961	5%
Total net sales	**2,166**	**2,061**	**5%**	**8,797**	**7,101**	**24%**

*) Relates mainly to the sales of consumer eggs, pet food and sales of day-old chicks and hatching eggs.

Net sales in local currency

Millions in local currency	Q4 2018	Q4 2017	Change	2018	2017	Change
Denmark	505	510	-1%	1,999	1,953	2%
Norway	347	354	-2%	1,415	1,436	-1%
Ireland	44	45	-2%	185	62	-
Finland	9	9	1%	41	34	19%

Exchange rates*

	2018	2017
DKK/SEK	1.38	1.29
NOK/SEK	1.07	1.03
EUR/SEK	10.26	9.63

*) Average exchange rates

Adjusted operating income (EBIT)

MSEK	Q4 2018	Q4 2017	2018	2017
Sweden	42	40	136	150
Denmark	19	34	91	117
Norway	36	26	125	107
Ireland	26	18	96	27
Finland	0	-8	-13	-43
Group	-21	6	-64	-29
Total	**102**	**116**	**372**	**329**

Non-comparable items in operating income

MSEK	Q4 2018	Q4 2017	2018	2017
Staff reduction costs[1]	-1	-2	-1	-2
Restructuring of production[2]	-8	-19	-42	-19
Costs related to fire[3]	-	-4	-	-4
Transaction costs[4]	-9	0	-11	-25
Revaluation of contingent consideration[5]	-	0	-	30
Cancellation of leasing contract and project costs[6]	-	-	-	-15
Effect of changes in estimated usefil life of fixed assets[7]	8	-	8	-
Other	-3	-	-3	-
Total	**-13**	**-25**	**-49**	**-34**

Non-comparable items in operating income (EBIT) by segment

MSEK	Q4 2018	Q4 2017	2018	2017
Sweden	-8	-21	-42	-35
Denmark	-2	-4	-2	-4
Norway	-	-	-	-
Ireland	-2	-	-	-
Finland	-	-	-	-
Koncernen	-2	-0	-3	5
Total	**-13**	**-25**	**-49**	**-34**

Operating income (EBIT)

MSEK	Q4 2018	Q4 2017	2018	2017
Sweden	34	20	94	114
Denmark	17	30	89	113
Norway	36	26	125	107
Ireland	24	18	94	27
Finland	0	-8	-13	-43
Koncernen	-23	6	-67	-24
Total operating income	**89**	**91**	**323**	**295**
Finance net	-15	-17	-86	-71
Income tax expense	-1	-15	-33	-56
Income for the period	**73**	**58**	**204**	**168**

1) Staff reduction costs in Sweden in the second quarter 2018 and fourth quarter 2017.
2)Restructuring of and changes in production in Sweden.
3) Costs related to a fire in Sødams' facility in Denmark.
4) Deal fees related to the acquisition of Rokkedahl Food ApS in Denmark in 2018 and the Irish company Manor Farm in 2017.
5) Revaluation of contingent consideration in connection with the acquisition of the remaining 20% of the shares in Sødam in Denmark.
6) Costs for cancellation of a leasing contract and project costs in Sweden.
7) The share of the effect of the analysis of applied depreciation rates in relation to estimated actual useful life that refers to previous periods.

Consolidated income statement

MSEK	Q4 2018	Q4 2017	2018	2017
Net sales	2,166	2,061	8,797	7,101
Other operating revenues	0	36	43	68
Changes in inventories of finished goods and work in progress	43	-28	-10	54
Raw materials and consumables	-1,348	-1,228	-5,291	-4,331
Cost of personnel	-458	-432	-1,763	-1,400
Depreciation, amortisation and impairment	-32	-68	-242	-232
Other operating expenses	-282	-253	-1,212	-969
Share of income of associates	0	3	2	3
Operating income	**89**	**91**	**323**	**295**
Finance income	0	0	1	1
Finance expenses	-15	-18	-87	-72
Income after finance net	**74**	**73**	**237**	**224**
Income tax expense	-1	-15	-33	-56
Income for the period	**73**	**58**	**204**	**168**
Whereof attributable to:				
Shareholders of the Parent Company	72	58	202	168
Non-controlling interests	1	-	1	-
Average number of shares	65,318,465	65,344,107	65,285,191	61,570,177[1)2)]
Earnings per share, SEK	1.10	0.89	3.10	2.73
Earnings per share after dilution, SEK	1.10	0.89	3.10	2.73
Number of shares at the end of the period	66,060,890	66,060,890	66,060,890	66,060,890

1) 163,700 shares were purchased during 2017.
2) 6,000,000 shares were issued during Q3 2017.

Consolidated statement of comprehensive income

MSEK	Q4 2018	Q4 2017	2018	2017
Income for the period	73	58	204	168
Other comprehensive income				
Actuarial gains and losses in defined benefit pension plans	-5	15	-7	9
Tax on actuarial gains and losses	1	-3	2	-2
Total	**-4**	**11**	**-6**	**7**
Items that will or may be reclassified to the income statement				
Cash flow hedges	-6	3	-5	5
Currency effects from conversion of foreign operations	-24	41	80	42
Income from currency hedging of foreign operations	-11	-12	-10	-18
Tax attributable to items that will be reclassified to the income statement	2	-1	2	-1
Total	**-39**	**32**	**67**	**28**
Other comprehensive income for the period, net of tax	-43	43	61	35
Total comprehensive income for the period	**30**	**101**	**264**	**203**
Whereof attributable to:				
Shareholders of the Parent Company	29	101	263	203
Non-controlling interests	1	-	1	-

Consolidated statement of financial position

MSEK	Note	31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Goodwill		922	896
Other intangible assets		995	1,017
Property plant and equipment		1,537	1,245
Participations in associated companies		41	40
Financial assets		5	0
Deferred tax assets		50	40
Total non-current assets		**3,549**	**3,238**
Current assets			
Biological assets		94	72
Inventory		655	649
Trade receivables		850	879
Other short term receivables		115	125
Prepaid expenses and accrued income		176	160
Derivate instruments		0	1
Cash and cash equivalents		89	30
Total current assets		**1,978**	**1,915**
TOTAL ASSETS		**5,527**	**5,153**
EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital		1	1
Other contributed equity		857	974
Reserves		185	70
Retained earnings		562	410
Capital and reserves attributable to owners		**1,604**	**1,455**
Non-controlling interests		**1**	**-**
Total equity		**1,606**	**1,455**
Non-current liabilities			
Non-current interest bearing liabilities		1,990	1,849
Derivate instruments		11	9
Provisions for pensions		16	11
Other provisions		10	12
Deferred tax liabilities		169	172
Other non-current liabilities	4	218	319
Total non-current liabilities		**2,413**	**2,373**
Current liabilities			
Current interest bearing liabilities		0	58
Derivatives		1	0
Trade payables		901	716
Tax payables		22	59
Other current liabilities	4	243	188
Accrued expenses and prepaid income		342	306
Total current liabilities		**1,509**	**1,326**
TOTAL EQUITY AND LIABILITIES		**5,527**	**5,153**

Consolidated statement of changes in equity

MSEK	
Opening balance 1 January 2017	**972**
Income for the period	168
Other comprehensive income, net after tax	35
Total comprehensive income	**203**
Dividend	-80
New share issue	353
Transaction costs related to new share issue	-1
Profit related to utilization of purchasing option in Sødams Øko Fjerkræslagteri ApS	6
Adjustment	1
Long term incentive programme (LTIP)	11
Repurchase own shares	-10
Total transactions with the owners	**280**
Closing balance 31 December 2017	**1,455**

Opening balance 1 January 2018	**1,455**
Income for the period	204
Other comprehensive income, net after tax	61
Total comprehensive income	**264**
Whereof attributable to:	
Shareholders of the Parent Company	263
Non-controlling interests	1
Dividend	-118
Long term incentive programme (LTIP)	5
Non-controlling interests on acquisition of subsidiary	0
Transactions with non-controlling interests	0
Total transactions with the owners	**-113**
Closing balance 31 December 2018	**1,606**

Consolidated statement of cash flows

MSEK	Q4 2018	Q4 2017	2018	2017
OPERATING ACTIVITIES				
Operating income	89	91	323	295
Adjustment for non-cash items	25	63	244	206
Paid finance items net	-15	-13	-65	-59
Paid current income tax	-23	13	-83	-3
Cash flow from operating activities before changes in operating capital	**75**	**154**	**419**	**439**
Changes in inventories	-63	20	-1	-57
Changes in operating receivables	71	-93	55	-248
Changes in operating payables	124	32	108	158
Changes in working capital	**132**	**-41**	**162**	**-147**
Cash flow from operating activities	**207**	**113**	**581**	**292**
INVESTING ACTIVITIES				
Business combinations	-	-	-4	-274
Investment in property, plant and equipment	-40	-65	-378	-214
Sale of property, plant and equipment	6	15	7	15
Cash flows used in investing activities	**-34**	**-50**	**-375**	**-473**
FINANCING ACTIVITIES				
New loan	-334	11	146	1 904
Repayment loan	314	-134	-156	-1 521
Change in overdraft facility	-185	-6	-24	-99
Dividend	-	-	-118	-80
New share issue	-	-	-	-
Repurchase own shares	-	-	-	-
Cash flows in financing activities	**-205**	**-139**	**-152**	**194**
Cash flows for the period	**-32**	**-77**	**54**	**13**
Cash and cash equivalents at beginning of the period	**118**	**113**	**30**	**23**
Currency effect in cash and cash equivalents	3	-7	4	-6
Cash flow for the period	-32	-77	54	13
Cash and cash equivalents at the end of the period	**89**	**30**	**89**	**30**

Parent company income statement

MSEK	Q4 2018	Q4 2017	2018	2017
Net sales	-	-	-	-
Operating expenses	0	0	0	0
Operating income	**0**	**0**	**0**	**0**
Finance net	20	6	31	11
Income after finance net	**20**	**6**	**31**	**11**
Group contribution	-15	-11	-15	-11
Tax expenses	2	-	-	-
Income for the period	**8**	**-6**	**16**	**0**

Parent company statement of comprehensive income

MSEK	Q4 2018	Q4 2017	2018	2017
Income for the period	8	-6	16	0
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	**8**	**-6**	**16**	**0**

Parent company statement of financial position

MSEK	Not	31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Investments in subsidiaries		533	533
Receivables from Group entities		405	405
Total non-current assets		**938**	**938**
Current assets			
Receivables from Group entities		5	-
Other short term receivables		11	0
Cash and cash equivalents		0	-
Total current assets		**16**	**0**
TOTAL ASSETS		**954**	**938**
EQUITY AND LIABILITIES			
Equity			
Restricted equity		-	-
Share capital		1	1
Non-restricted equity			
Share premium account		857	975
Retained earnings		-53	-53
Income for the period		16	0
Total equity		**821**	**922**
Current liabilities			
Tax liability		-	-
Liabilities to Group entities	**4**	134	16
Accrued expenses and prepaid income		0	-
Total current liabilities		**134**	**16**
TOTAL EQUITY AND LIABILITIES		**954**	**938**

Parent company statement of changes in equity

MSEK	
Opening balance 1 January 2017	**660**
Income for the period	0
Other comprehensive income, net after tax	-
Total comprehensive income	**0**
Dividend	-80
New share issue	353
Transaction costs related to new share issue	-1
Repurchase own shares	-10
Total transactions with the owners	**262**
Closing balance 31 December 2017	**922**
Opening balance 1 January 2018	**922**
Income for the period	16
Other comprehensive income, net after tax	-
Total comprehensive income	**16**
Dividend	-118
Total transactions with the owners	**-118**
Closing balance 31 December 2018	**821**

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, issued by the Swedish Financial Reporting Board.

IFRS 9, Financial instruments and IFRS 15, Revenue from contracts with customers are in effect as of 1 January 2018. The application of the standard will not have any significant impact on the financial statements of the Group. For a description of the accounting principles applied by the Group, see the Annual report 2017.

IFRS 16, 'Leases', was issued in January 2016 and supersedes IAS 17 Leases. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The standard will affect the accounting for the Group's operating leases. In Scandi Standard, operationl lease agreements consists mainly of renatal agreements for production facilities and offices, leases for production equipment and for cars and other vehicles used for production and logistice purposes.

The group has finalized the analysis of the affected contracts during 2018. The standard permits several different implementation methods and Scandi Standard has elected to use the fully retrospective method. This means that comparison numbers will be restated to the new standard. At the end of 2018, total assets would have been MSEK 442 higher while the liabilities would have been MSEK 471 higher if the standard would have been implemented in 2018. Th e effects in the income statement would have increased EBITDA by MSEK 99 and increased operating income by MSEK 12 in 2018. The Group's finance net would have been MSEK 19 worse.

Long-term incentive programmes
The Annual General Meeting 2018 decided on a long-term incentive programme (LTIP 2018) for key employees. The programme is intended to contribute to long-term value growth and is of the same type as the outstanding, LTIP 2016 and LTIP 2017. 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 2017.

Acquisition of 51 percent of the shares in Rokkedahl Food ApS
Danpo A/S, a group company reported in Segment Denmark, acquired newly issued shares in Rokkedahl Food ApS, representing 51 percent of the outstanding shares, as of 1 September 2018. Payment for the shares were made in kind by transferring customer contracts from Danpo A/S to Rokkedahl. At the same time, Danpo A/S entered into an agreement giving an option to acquire the remaining shares in 2023 at a price representing 6 times EBITDA. A preliminary purchase price allocation was presented in the report for the third quarter 2018. The purchase price allocation has now been completed, and adjusted in respect of the valuation of the customer contracts that comprised the purchase price.

The customer contracts contributed in exchange for shares in the share issue are valued at zero, since they are internally generated. Fair value of the non-controlling interest is estimated at MSEK 0.

Acquisition price	MSEK
Acquisition price gross	0
Acquisition price net (49.02%)	**0**

Acquired assets and liabilities at fair value	
Tangible assets	73
Deferred tax asset	8
Inventories, accounts receivables and such	11
Other current and non current assets	7
Borrowing	-92
Current liabilities	-7
Acquired identified net assets	**0**
Non-controlling interest	0
Goodwill	0
Net assets	**0**

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 2017.

It occurs that the total amounts in tables and statements not always summarize, as there are rounding differences. The aim is to have each line item corresponding to the source and it might therefore be rounding differences in the totals.

Note 2. Segment information

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

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

Segment Denmark comprises Danpo A/S, Rokkedahl Food ApS and the associate Farmfood A/S. Danpo A/S and Rokkedahl Food ApS slaughter, produce, develop and process 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.

Segment Norway comprises Den Stolte Hane Jæren 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.

Segment Ireland comprises Carton Bros ULC, which includes the operations of Manor Farm in Ireland, acquired as of 28 August 2017. Operations include slaughtering, production and development of chilled chicken products for the Irish market. The segment also produces feed for its contracted farmers.

Segment Finland comprises Naapurin Maalaskainan Oy. Operations include slaughtering, production and development of fresh and frozen chicken products for the Finnish market.

As from 1 January 2018, the Group allocates amortisation of acquired intangible assets to the segments. Comparative figures for adjusted operating income and operating income in the report have been restated. For a summary of the effects of the changed principle for Q4 and full year 2017, see the table below.

Amortisation of acquired intangible assets	Q4 2017			2017		
MSEK	Adjusted operating income	Allocated amortisation	Adjusted operating income after allocation	Adjusted operating income	Allocated amortisation	Adjusted operating income after allocation
Sweden	41	0	40	151	-1	150
Denmark	35	-1	34	121	-3	117
Norway	30	-4	26	122	-16	107
Ireland	25	-7	18	36	-9	27
Finland	-8	-	-8	-43	-	-43
Group items	6	-	6	-28	-1	-29
Amortisation	-12	12	-	-30	30	-
Total	**116**	**-**	**116**	**329**	**-**	**329**

Net sales per product category and segment

	Sweden		Denmark		Norway		Ireland		Finland		Group items		Total	
MSEK	**Q4 2018**	**Q4 2017**	**Q4 2018**	**Q4 2017**	**Q4 2018**	**Q4 2017**	**Q4 2018**	**Q4 2017**	**Q4 2018**	**Q4 2017**	**Q4 2018**	**Kv4 2017**	**Q4 2018**	**Q4 2017**
Chilled	267	242	169	177	186	176	414	380	74	67	-	-	1,109	1,042
Frozen	167	177	174	145	36	35	22	40	3	8	-	-	402	405
Ready-to-eat	74	57	244	241	63	56	-	-	3	3	-	-	384	357
Other	146	139	111	91	88	94	15	11	17	13	-106	-91	271	257
Summa	**654**	**615**	**698**	**654**	**373**	**361**	**451**	**431**	**97**	**91**	**-130**	**-108**	**2,166**	**2,061**

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 31 December 2018 and for the comparison period, are shown in the tables below.

31 December 2018, MSEK	Valued at amortized cost	Valued at fair value through profit and loss[1]	Valued at fair value through other comprehensive income[1]
Assets			
Other non-current financial assets	-	-	-
Trade receivables	850	-	-
Derivate instruments	-	-	-
Cash and cash equivalents	89	-	-
Total financial assets	**939**	**-**	**-**
Liabilities			
Non-current interest-bearing liabilities	1,990	-	-
Other non-current liabilities	-	218	-
Derivate instruments	-	-	12
Current interest bearing liabilities	0	-	-
Other current liabilities	-	128	-
Trade payables	901	-	-
Total financial liabilities	**2,890**	**346**	**12**

31 December 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[1]
Assets						
Other non-current financial assets	-	-	-	-	-	-
Trade receivables	879	-	-	879	879	-
Derivate instruments	-	1	-	1	-	1
Cash and cash equivalents	30	-	-	30	30	-
Total financial assets	**909**	**1**	**-**	**910**	**909**	**1**
Liabilities						
Non-current interest-bearing liabilities	-	-	1,849	1,849	1,849	-
Other non-current liabilities	-	-	319	319	-	319
Derivate instruments	-	9	-	9	-	9
Current interest bearing liabilities	-	-	58	58	58	-
Trade payables	-	-	716	716	716	-
Total financial liabilities	**-**	**9**	**2,942**	**2,951**	**2,623**	**328**

1) 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 31 December 2018, 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 31 December 2018, the derivatives amounted to MSEK -12 (-8). 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 31 December 2018 those amounted to MSEK 94 (72). For the Group's long-term borrowing, which as of 31 December 2018 amounted to MSEK 1,990 (1,849), 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 current liabilities and non-current liabilities (level 3) refers to the additional purchase price related to the acquisition of Carton Bros ULC. The liability is valued at estimated fair value based on historic and future expected EBITDA.

Note 4. Other liabilities

Other current liabilities and other non-current liabilities for the Group as per 31 December 2018 amounting to MSEK 128 (-) and MSEK 218 (319) respectively refers to the additional purchase price related to performed acquisitions. The other current liabilities to Group entities in the Parent Company as per 31 December 2018 amounted to MSEK 134 (16).

Note 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 in order to understand the Group's ability to generate results before investments, assess the Group's opportunities to dividends and strategic investments and to assess the Group's ability to fulfill its financial obligations.

From Income Statement, MSEK		**Q4 2018**	**Q4 2017**	**2018**	**2017**
Net sales	**A**	2,166	2,061	8,797	7,101
Income for the period	**B**	73	58	204	168
+ Reversal of income tax expense		1	15	33	56
Income after finance net	**C**	**74**	**73**	**237**	**224**
+ Reversal of financial expenses		15	18	87	72
+ Reversal of financial income		0	0	-1	-1
Operating income (EBIT)	**D**	**89**	**91**	**323**	**295**
+ Reversal of depreciation, amortization and impairment		32	68	242	232
+ Reversal of share of income of associates		0	-3	-2	-3
EBITDA	**E**	**121**	**156**	**564**	**525**
Non-comparable items in income for the period	**F**	13	25	49	34
Adjusted income for the period (EBIT)	**D+F**	**102**	**116**	**372**	**329**
Adjusted operating margin (EBIT)	*(D+F)/A*	*4.7%*	*5.6%*	*4.2%*	*4.6%*
Non-comparable items in EBITDA	**G**	22	25	57	34
Adjusted EBITDA	**E+G**	**143**	**181**	**620**	**559**
Adjusted EBITDA-margin %	*(E+G)/A*	*6.6%*	*8.8%*	*7.1%*	*7.9%*

From Balance Sheet, MSEK		31 December 2018	31 December 2017
Total assets		**5,527**	**5,153**
Non-current non interest bearing liabilities			
- Deferred tax liabilities		-169	-172
- Other non-current liabilities		-218	-319
Total non-current interest bearing liabilites		**-387**	**-491**
Current non interest bearing liabilities			
Trade payables		-901	-716
Tax payables		-22	-59
Other current liabilities		-243	-188
Accrued expenses and prepaid income		-342	-306
Total current non interest bearing liabilities		**-1,507**	**-1,268**
Capital employed		**3,633**	**3,394**
Cash and cash equivalents		-89	-30
Operating capital		**3,545**	**3,364**
Average capital employed	**H**	**3,514**	**2,963**
Average operating capital	**I**	**3,454**	**2,936**
Operating income, LTM		323	295
Adjusted operating income, LTM	**J**	372	329
Financial income	**K**	1	1
Adjusted return on capital employed	**(J+K)/H**	**10.6%**	**11.1%**
Adjusted return on operating capital	**J/I**	**10.8%**	**11.2%**

Interest-bearing liabilities		
Non-current interest-bearing liabilities	1,990	1,849
Derivates	12	8
Current interest-bearing liabilities	0	58
Total interest-bearing liabilities	**2,002**	**1,916**
Cash	-89	-30
Net interest-bearing debt	**1,913**	**1,886**

From Statement of Cash Flows, MSEK		Q4 2018	Q4 2017	2018	2017
OPERATING ACTIVITIES					
Operating income (EBIT)		89	91	323	295
Adjustment for non-cash items					
Depreciation, amortization and impairment		32	68	242	232
Share of income of associates		0	-3	-2	-3
EBITDA		**121**	**156**	**564**	**525**
Non-comparable items in EBITDA	**G**	22	25	57	34
Adjusted EBITDA		**143**	**181**	**620**	**559**

Definitions

Working capital
Total inventory and operating receivables less non-interest-bearing current liabilities.

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 last twelve months (LTM) divided by 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
Adjusted operating income 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 earnings per share (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
Operating income before depreciation, amortization and impairment and share of income of associates, adjusted for non-comparable items assessed by Group Management.

Adjusted EBITDA-margin
Adjusted EBITDA as a percentage of net sales.

Adjusted operating cash flow
Operating 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 20 February 2019 at 8.30 AM CET.

Dial-in numbers:
UK: 020 3936 2999
Sweden: 010 884 80 16
US: 1 845 709 8568
Other countries: +44 20 3936 2999

Slides used in the conference call can be downloaded at www.scandistandard.com under Investor Relations. A replay of the conference call will be available on the web site afterwards.

Further information

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Financial calendar

• Interim report for the first quarter 2019	9 May 2019
• AGM 2019	9 May 2019
• Interim report for the second quarter 2019	21 August 2019
• Interim report for the third quarter 2019	6 November 2019

This interim report comprises information which Scandi Standard is required to disclose pursuant to EU market abuse regulation and the Securities Markets Act. It was released for publication at 07:30 AM CET on 20 February 2019.

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, increased raw material costs, 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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