



Fourth quarter and year-end report 2019

A year with strong growth and improved results

7 February 2020

- Net sales increased by 12 percent to MSEK 2,420 (2,166) in the fourth quarter 2019. Net sales increased in all segments.
- Adjusted operating income²⁾ was stable at MSEK 104 (104), corresponding to a margin of 4.3 (4.8) percent.
- Income for the period decreased to MSEK 42 (74). Earnings per share decreased to SEK 0.60 (1.11). The decrease compared to previous year is mainly referring to a higher tax expense but also to higher financial net and higher non-comparable items in the quarter.
- Operating cash flow was MSEK 321 (230). The improvement is referring to an improvement in working capital.
- Net interest-bearing debt decreased by MSEK 335 from 30 September 2019 to MSEK 2,200.
- The Board of Directors proposes a dividend of SEK 2.25 (2.00) per share corresponding to MSEK 147 (131).
- 2019 is the first accounting year for which IFRS 16 Leases is applied. The change is treated as a change in accounting principles and the comparison numbers have been adjusted. For further information, see Note 1 and the Scandi Standard AB (publ) Annual Report 2018, Note 31.

MSEK	Q4 2019	Q4 2018 ¹⁾	Change	2019	2018 ¹⁾	Change
Net sales	2,420	2,166	12%	9,891	8,797	12%
Adjusted EBITDA ²⁾	185	168	10%	776	714	9%
Adjusted operating income (EBIT) ²⁾	104	104	-1%	454	381	19%
Non-comparable items ²⁾	-16	-13	-26%	-30	-49	39%
Operating income (EBIT)	87	91	-4%	424	333	28%
Finance net	-20	-17	-19%	-113	-99	-13%
Income after finance net	67	74	-10%	312	233	34%
Income tax expense	-25	-1	-	-75	-33	-
Income for the period	42	74	-43%	237	200	18%
Adjusted EBITDA margin ²⁾	7.6%	7.7%	-	7.8%	8.1%	-
Adjusted operating margin (EBIT) ²⁾	4.3%	4.8%	-	4.6%	4.3%	-
Earnings per share, SEK	0.60	1.11	-46%	3.60	3.05	18%
Adjusted return on capital employed ²⁾	11.0%	9.7%	-	11.0%	9.7%	-
Return on equity	14.2%	13.2%	-	14.2%	13.2%	-
Operating cash flow	321	230	39%	590	354	67%
Net interest-bearing debt	-2,200	-2,370	7%	-2,200	-2,370	7%

¹⁾ When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 Accounting policies and the Annual Report 2018, Note 31.

²⁾ Adjusted for non-comparable items, see page 14.

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, Manor Farm and Naapurin Maalaiskana. Eggs are also produced and sold in Norway. We are approximately 3,000 employees with annual sales of more than SEK 9 billion. For more information, please visit www.scandistandard.com.

CEO statement

In 2019 we experienced strong growth and improved results with net sales growing by 12 percent to MSEK 9,891 and adjusted EBIT growing by 19 percent to MSEK 454. In the fourth quarter our top line increased by 12 percent, to MSEK 2,420, compared to last year, and we report an adjusted EBIT at the same level as previous year of MSEK 104.

We continue to see a strong demand for our products in all our markets. During 2019 our top line growth has been inflated due to the successful implementation of price increases to mitigate corresponding increases in raw material costs, but our underlying growth still remains strong and higher than the average organic growth of approximately 6-7 percent annually demonstrated in recent years. This is driven by a good mix between market growth, increased market share and a more favourable product portfolio driving price realization. I am particularly pleased to report a strong volume growth for the year of 6 percent.

We continue to see a very strong growth in the Ready-to-eat product category, which generated a 34 percent growth for Q4 2019 and a 31 percent growth for 2019. Our marketing efforts combined with significant capacity investments in this area has allowed us to tap into the strong demand in the Ready-to-eat category. This has led to an increase in turnover from less than MSEK 500 in 2015 to MSEK 2,011 in 2019. The Ready-to-cook Chilled product category also contributed with a strong growth of 9 percent for the quarter and of 12 percent for the full year. As for previous quarters, the less profitable Ready-to-cook Frozen and Ready-to-cook Export product categories continued to decrease as proportion of net sales compared to the same quarter the year before, despite some stock clearance in the quarter.

In terms of sustainability and food safety, we strive to be leading in the poultry space. To secure further advances in these areas, we have set ambitious long-term targets and intermediate milestones. I am looking forward to reporting our progress from an already good level in the coming periods. As an example, feed conversion ratios have been improved compared to 2018 corresponding to a reduced feed consumption of 7,200 tons. This means we have saved approximately 250 truckloads of feed. This also corresponds to a reduction in the required farming area by about 1,100 ha making it available for other uses.

During recent years we have gained market shares in our home markets through the introduction of new innovative and healthy products and our focus on improved sustainability work. I am convinced that these drivers will continue to work in our favour and enable us to sustain significant long-term growth. Scandi Standard is uniquely positioned among our competitors in our home markets. We are geographically well diversified, have a skilled organization and a solid structural setup.

As we have previously communicated, we carried out significant investments in our business in Ireland during 2019. These investments are part of the overall investment program identified in connection with the acquisition in 2017 aimed at increasing efficiency, improving animal welfare, food safety differentiation and debottlenecking. For the group, capital expenditure amounted to MSEK 419 in 2019, which is higher than previously communicated mainly due to that some investments have been brought forward. For 2020 we expect investments to remain stable for the Group aimed at facilitating further growth and margin improvements.

During the fourth quarter our net interest-bearing debt decreased by MSEK 335 to MSEK 2,200 compared to the end of the third quarter 2019. The decrease was driven by a seasonal working capital release and increased use of vendor financing, as well as by some temporary effects. Operating cash flow for 2019 was MSEK 590 compared to MSEK 354 last year. We remain committed to finding a good balance between returning capital to our shareholders and reinvesting into profitable growth. For the 2020 Annual General Meeting, the Board has resolved to propose a dividend of MSEK 147 equivalent to SEK 2.25 per share.

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. Acquisitions can generate significant benefits for the Group through sharing of best practice with improved efficiency and sustainable operations as well as contribute to increased stability in earnings.

I am pleased with the way Scandi Standard is currently positioned with a solid business model of sustainably produced and healthy products. Following the exceptional growth in 2019 we expect a moderate development in the coming quarter. This will allow us to increase the focus on measures aimed at improving margins.

Leif Bergvall Hansen
Managing Director and CEO

Net Sales and income

MSEK	Q4 2019	Q4 2018 ¹⁾	Change	2019	2018 ¹⁾	Change
Net sales	2,420	2,166	12%	9,891	8,797	12%
Adjusted EBITDA ²⁾	185	168	10%	776	714	9%
Adjusted operating income (EBIT) ²⁾	104	104	-1%	454	381	19%
Non-comparable items ²⁾	-16	-13	-26%	-30	-49	39%
Operating income (EBIT)	87	91	-4%	424	333	28%
Of which the effect of changes in estimated life of fixed assets	-	28	-	27	28	-2%
Finance net	-20	-17	-19%	-113	-99	-13%
Income after finance net	67	74	-10%	312	233	34%
Income tax expense	-25	-1	-	-75	-33	-
Income for the period	42	74	-43%	237	200	18%
Adjusted EBITDA-margin ²⁾	7.6%	7.7%	-	7.8%	8.1%	-
Adjusted operating margin (EBIT) ²⁾	4.3%	4.8%	-	4.6%	4.3%	-
Earnings per share, SEK	0.60	1.11	-46%	3.60	3.05	18%

¹⁾ When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 Accounting policies and the Annual Report 2018, Note 31.

²⁾ Adjusted for non-comparable items, see page 14.

Fourth quarter 2019

Net sales

Net sales for the Group in the fourth quarter 2019 increased by 12 percent to MSEK 2,420 compared to MSEK 2,166 in the fourth quarter 2018. The increase was 10 percent at constant exchange rates.

Net sales in Sweden increased by 6 percent, mainly driven by Ready-to-eat, but also Ready-to-cook Frozen, through improved mix and increased volumes.

Net sales in Denmark increased by 24 percent corresponding to 20 percent in local currency. The growth is driven by a strong volume development in Foodservice, mainly in Ready-to-eat but also in Ready-to-cook Chilled.

Net Sales in Norway increased by 3 percent corresponding to 5 percent in local currency. The increase in net sales was mainly driven by the product category Ready-to-eat.

Net Sales in Ireland increased by 6 percent, corresponding to 3 percent in local currency.

Net sales in Finland increased by 22 percent corresponding to 18 percent in local currency.

Income

Adjusted operating income for the Group in the fourth quarter 2019 was stable at MSEK 104 compared to MSEK 104 the fourth quarter 2018, corresponding to an adjusted operating margin of 4.3 (4.8) percent.

Adjusted operating income improved in Sweden and Ireland, but decreased in Denmark, Norway and Finland. Adjusted operating income was positively affected by higher volumes and improved mix, but negatively by higher production costs and depreciation.

Operating income decreased by 4 percent to MSEK 87 (91), corresponding to an operating margin of 3.6 (4.2) percent. Non-comparable items in amounted to MSEK 16 (13) and consisted among other things of costs for restructuring.

Finance net for the Group in the fourth quarter 2019 was MSEK -20 (-17), including interest expenses related to leases reported according to IFRS 16 Leases, of MSEK 3 (3).

Tax expenses for the Group in the fourth quarter 2019 amounted to MSEK 25 (1) corresponding to an effective tax rate of approximately 37 (1) percent. The tax expenses in the quarter was affected by an impairment of deferred tax assets related to losses carried forward of MSEK 16.

Income for the period for the Group in the fourth quarter was MSEK 42 (74). Earnings per share decreased to SEK 0.60 (1.11).

Full year 2019

Net sales

Net sales for the Group for the full year 2019 increased by 12 percent to MSEK 9,891 compared to MSEK 8,797 in 2018. The increase was 10 percent at constant exchange rates.

Net sales increased in all segments and in all product categories but Ready-to-cook Frozen. The largest increase was in segment Denmark, with 25 percent and in product category Ready-to-eat, with 31 percent, respectively.

Income

Adjusted operating income for the Group for the full year 2019 increased by 19 percent to MSEK 454 compared to MSEK 381 in 2018, corresponding to an operating margin of 4.6 (4.3) percent. Adjusted operating income improved in all segments.

Operating income increased by 28 percent to MSEK 424 (333), corresponding to an operating margin of 4.3 (3.8) percent. Non-comparable items were MSEK 30 (49) and consisted mainly of restructuring cost in Sweden and Denmark.

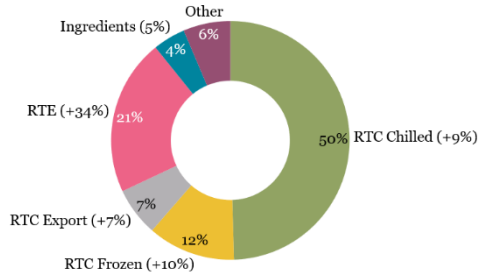
Finance net for the Group 2019 was MSEK -113 (-99), including interest expenses related to leases reported according to IFRS 16 Leases, of MSEK 12 (13). The changes in the finance net are mainly caused by currency fluctuations.

Tax expenses for the Group in 2019 amounted to MSEK 75 (33) corresponding to an effective tax rate of approximately 24 (14) percent. The tax expenses was affected by an impairment of deferred tax assets related to losses carried forward of MSEK 16.

Income for the period for the Group for the year was MSEK 237 (200). Earnings per share increased to SEK 3.60 (3.05).

Net sales by product category as percentage of total net sales
(change from same period last year in parenthesis)

Fourth quarter 2019



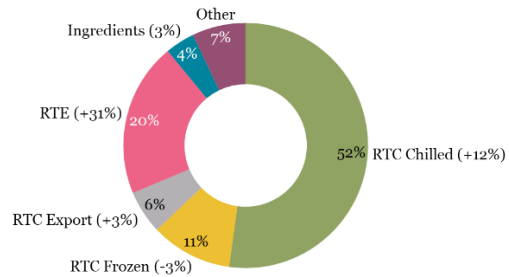
Net sales for the Group increased by 9 percent in the fourth quarter 2019 in the Ready-to-cook (RTC) Chilled product category, mainly driven by positive mix effects as well as higher volumes.

Net sales increased by 34 percent for the Ready-to-eat (RTE) product category driven by strong volume development in mainly Sweden and Denmark.

Net sales increased by 10 percent for the Ready-to-cook (RTC) Frozen product category, partly driven by stock clearances and an increase in frozen sales in Sweden.

Net sales increased by 7 percent in the Ready-to-cook (RTC) Export product category.

Full year 2019



Net sales for the Group increased by 12 percent in 2019 in the Ready-to-cook (RTC) Chilled product category. The increase was driven by price increases to compensate for increased raw material costs as well as increased volumes.

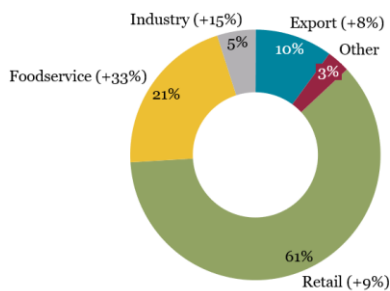
Net sales increased by 31 percent for the Ready-to-eat (RTE) product category driven by strong volume development in mainly Denmark, but Sweden also contributed.

Net sales decreased by 3 percent for the Ready-to-cook (RTC) Frozen product category, as an effect of a move to Ready-to-cook Chilled sales in Sweden and Denmark.

Net sales increased by 3 percent in the Ready-to-cook (RTC) Export product category.

Net sales by sales channel as percentage of total net sales
(change from same period last year in parenthesis)

Fourth quarter 2019

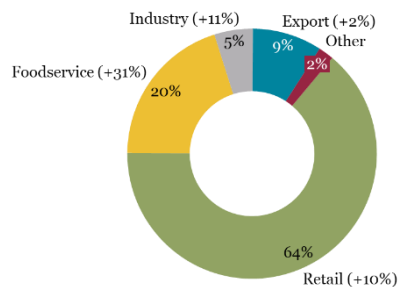


Net sales for the Group to the Retail channel increased by 9 percent in the fourth quarter 2019, mainly driven by volume increases in Sweden and Finland.

Net Sales to the Foodservice channel increased by 33 percent, with a strong growth in Quick Service Restaurants contributing. Volume grows in all segments.

Net Sales to the Industry channel increased by 15 percent and net sales to the Export channel increased by 8 percent.

Full year 2019

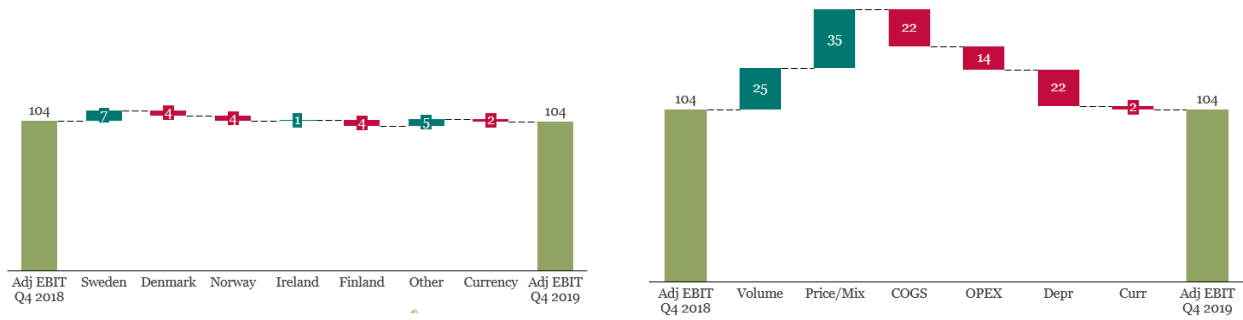


Net sales for the Group to the Retail channel increased by 10 percent in 2019, mainly driven by price increases to compensate for raw material cost increases. The volume increase was about 3 percent.

Net Sales to the Foodservice channel increased by 31 percent, with a strong growth in Quick Service Restaurants contributing.

Net Sales to the Industry channel increased by 11 percent and net sales to the Export channel increased by 2 percent.

Change in adjusted operating income (EBIT) for the fourth quarter 2019 compared to the fourth quarter 2018



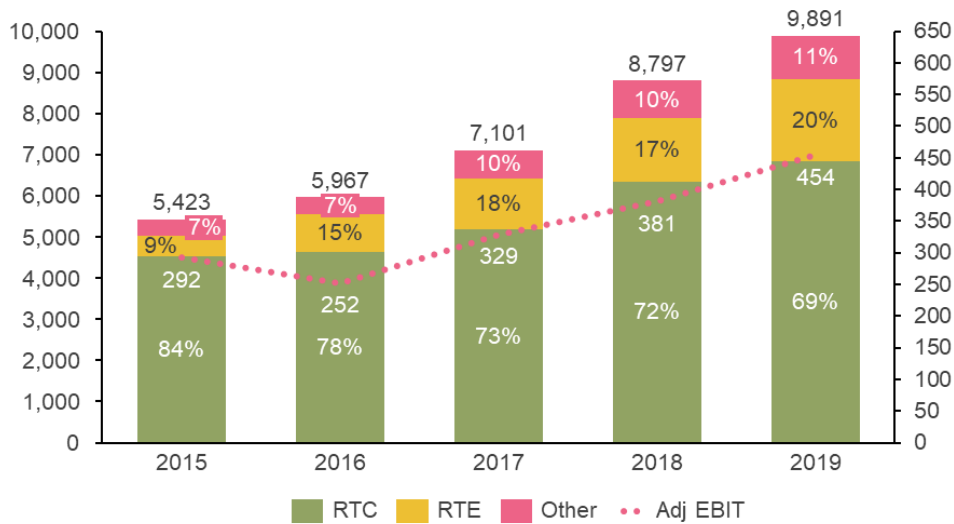
Adjusted operating income for the Group was stable in the fourth quarter 2019, to MSEK 104 compared to the fourth quarter 2018. Adjusted operating income increased in Sweden and Ireland, but decreased in Denmark, Norway and Finland.

The increase in the adjusted operating income is mainly explained by a positive volume effect and a positive sales mix with a better development of sales in the Ready-to-eat (RTE) and Ready-to-cook (RTC) Chilled categories. Price increases, accomplished during the second half of 2018 and the first

quarter of 2019, mostly compensated for increased raw material costs.

The operating costs increased during the fourth quarter 2019 compared to the fourth quarter last year, partly driven by general cost increases. Depreciation was higher due to higher investment levels, but in addition there were one-off effects in 2018 due to changes in assumed useful life of some of the fixed assets.

Net sales by product category



During 2019, the positive trend for Ready-to-eat (RTE) continued representing about 20 percent of net sales, compared to 17 percent in 2018 and around 9 percent in 2015. Net sales of the product category Ready-to-eat (RTE) in absolute numbers increased from MSEK 489 in 2015 to MSEK 2,011 in 2019. Adjusted operating income during the same period increased from MSEK 292 to MSEK 454.

Cash Flow and investments

Operating cash flow in the fourth quarter 2019 amounted to MSEK 321 (230). Cash flow was impacted positively by increased EBITDA and improved working capital while higher capital expenditure contributed negatively.

Working capital as of 31 December 2019 amounted to MSEK 211 (509), corresponding to 2.1 (5.8) percent of net sales. The decrease compared to the previous year is mainly due to higher trade payables and higher other operating liabilities.

Net capital expenditure in the fourth quarter 2019 increased with MSEK 138 to MSEK 171 (34). For the full year, capital expenditure was MSEK 419 (371).

The Group applies IFRS 16 Leases as from 1 January 2019 and almost all leases are carried on the balance sheet. Leasing contracts are disclosed as right-of-use assets. In the fourth quarter 2019, the net increase of leasing assets amounted to MSEK 4 (7) and for the full year to MSEK 33 (98).

MSEK	Q4 2019	Q4 2018 ¹⁾	2019	2018 ¹⁾
Opening balance interest-bearing net debt	-2,535	-2,577	-2,370	-2,323
EBITDA	169	146	748	662
Adjustments for non-cash items	21	-7	29	3
Change working capital	305	133	264	157
Net capital expenditure	-171	-34	-419	-371
Net increase in leasing assets	-4	-7	-33	-98
Operating cash flow	321	230	590	354
Paid finance items, net	-24	-19	-72	-78
Paid tax	8	-23	-49	-83
Dividend	-	-	-131	-118
Business combinations	-	-	-133	-4
Other items ²⁾	31	20	-36	-119
Net cash flow	335	207	170	-47
Closing balance net interest-bearing debt	-2,200	-2,370	-2,200	-2,370

¹⁾ When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 Accounting policies and Annual Report 2018, Note 31.

²⁾ Other mainly consists of effects from changes in exchange rates. Other for full year 2018 include assumed net debt of the acquired Rokkedahl Food ApS, MSEK 92.

Financial position

Total equity attributable to the owners of the parent company as of 31 December 2019 amounted to MSEK 1,738 (1,586). The equity to assets ratio improved to 27.7 (26.5) percent. Return on equity was 14.2 (13.2) percent. The improvement was mainly related to less capital tied up in working capital.

Net interest-bearing debt as of 31 December 2019 amounted to MSEK 2,200 (2,370). The decrease compared to 30 September 2019 was MSEK 335.

Cash and cash equivalents as of 31 December 2019 amounted to MSEK 194 (89). Committed but not utilized credit facilities as of 31 December 2019 amounted to MSEK 461 (468).

Segment information

Sweden

MSEK	Q4 2019	Q4 2018 ¹⁾	Change	2019	2018 ¹⁾	Change
Net sales	692	654	6%	2,864	2,656	8%
Adjusted EBITDA ²⁾	68	60	12%	257	238	8%
Adjusted operating income (EBIT) ²⁾	49	43	16%	182	138	32%
Non-comparable items ²⁾	-	-8	-	-	-42	-
Operating income (EBIT)	49	35	41%	182	96	89%
Of which the effect of changes in estimated life of fixed assets	-	11	-	18	11	61%
Adjusted EBITDA-margin ²⁾	9.8%	9.2%	-	9.0%	9.0%	-
Adjusted operating margin (EBIT) ²⁾	7.1%	6.5%	-	6.3%	5.2%	-

¹⁾ When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 Accounting policies and Annual Report 2018, Note 31.

²⁾ Adjusted for non-comparable items, see page 14.

Net sales in Sweden in the fourth quarter 2019 increased by 6 percent to MSEK 692 compared to MSEK 654 in the fourth quarter 2018.

Net sales increased mainly in Ready-to-eat, but also in Ready-to-cook Frozen, driven by positive mix effects as well as increased volume.

Adjusted operating income increased by 16 percent to MSEK 49 (43), corresponding to an adjusted operating margin of 7.1 (6.5) percent. Adjusted operating income and adjusted operating margin improved mainly due to improved efficiency.

Denmark

MSEK	Q4 2019	Q4 2018 ¹⁾	Change	2019	2018 ¹⁾	Change
Net sales	868	698	24%	3,426	2,750	25%
Adjusted EBITDA ²⁾	37	33	14%	186	163	14%
Adjusted operating income (EBIT) ²⁾	16	19	-19%	101	92	9%
Non-comparable items ²⁾	-14	-2	-	-20	-2	-
Operating income (EBIT)	2	18	-89%	80	90	-11%
Of which the effect of changes in estimated life of fixed assets	-	9	-	1	9	-87%
Adjusted EBITDA-margin ²⁾	4.3%	4.7%	-	5.4%	5.9%	-
Adjusted operating margin (EBIT) ²⁾	1.8%	2.8%	-	2.9%	3.3%	-

¹⁾ When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 Accounting policies and Annual Report 2018, Note 31.

²⁾ Adjusted for non-comparable items, see page 14.

Net sales in Denmark in the fourth quarter 2019 increased by 24 percent to MSEK 868 compared to MSEK 698 in the fourth quarter 2018. The increase in local currency was 20 percent.

The increase in net sales was achieved through a strong development in Foodservice, mainly by Ready-to-eat products but also by Ready-to-cook Chilled.

Adjusted operating income decreased by 19 percent to MSEK 16 (19), corresponding to a margin of 1.8 (2.8) percent. Adjusted operating income and adjusted operating margin was mainly affected negatively by increased production costs related to the volume increase.

Norway

MSEK	Q4 2019	Q4 2018 ¹⁾	Change	2019	2018 ¹⁾	Change
Net sales	385	373	3%	1,619	1,512	7%
Adjusted EBITDA ²⁾	50	53	-6%	223	208	7%
Adjusted operating income (EBIT) ²⁾	32	38	-16%	150	131	14%
Non-comparable items ²⁾	-	-	-	-	-	-
Operating income (EBIT)	32	38	-16%	150	131	14%
Of which the effect of changes in estimated life of fixed assets	-	5	-	7	5	38%
<i>Adjusted EBITDA-margin²⁾</i>	<i>13.0%</i>	<i>14.3%</i>	-	<i>13.8%</i>	<i>13.8%</i>	-
<i>Adjusted operating margin (EBIT)²⁾</i>	<i>8.2%</i>	<i>10.1%</i>	-	<i>9.2%</i>	<i>8.7%</i>	-

¹⁾ When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 Accounting policies and Annual Report 2018, note 31.

²⁾ Adjusted for non-comparable items, see page 14.

Net sales in Norway in the fourth quarter 2019 increased by 3 percent to MSEK 385 compared to MSEK 373 in the fourth quarter 2018. The increase in local currency was 5 percent. The increase in net sales refers to the product category Ready-to-eat.

reduction in both adjusted operating income and adjusted operating margin were mainly an effect of less favourable mix and a weaker currency rate to the Swedish krona.

Adjusted operating income decreased by 16 percent to MSEK 32 (38), corresponding to an adjusted operating margin of 8.2 (10.1) percent. The

Ireland

MSEK	Q4 2019	Q4 2018 ¹⁾	Change	2019	2018 ¹⁾	Change
Net sales	479	451	6%	1,972	1,894	4%
Adjusted EBITDA ²⁾	44	40	9%	169	157	8%
Adjusted operating income (EBIT) ²⁾	28	26	7%	107	96	11%
Non-comparable items ²⁾	-	-2	-	-	-2	-
Operating income (EBIT)	28	24	16%	107	94	13%
<i>Adjusted EBITDA-margin²⁾</i>	<i>9.2%</i>	<i>9.0%</i>	-	<i>8.6%</i>	<i>8.3%</i>	-
<i>Adjusted operating margin (EBIT)²⁾</i>	<i>5.9%</i>	<i>5.9%</i>	-	<i>5.4%</i>	<i>5.1%</i>	-

¹⁾ When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 Accounting policies and Annual Report 2018, Note 31.

²⁾ Adjusted for non-comparable items, see page 14.

Net sales in Ireland in the fourth quarter 2019 increased by 6 percent to MSEK 479 compared to MSEK 451 in the fourth quarter 2018. The increase in local currency was 3 percent.

Adjusted operating income increased with 7 percent to MSEK 28 (26), corresponding to an adjusted operating margin of 5.9 (5.9) percent. Adjusted operating profit increased mainly due to increased volumes.

Finland

MSEK	Q4 2019	Q4 2018 ¹⁾	Change	2019	2018 ¹⁾	Change
Net sales	118	97	22%	491	416	18%
Adjusted EBITDA ²⁾	1	2	-33%	20	9	125%
Adjusted operating income (EBIT) ²⁾	-4	0	-	-2	-13	-88%
Non-comparable items ²⁾	-2	-	-	-9	-	-
Operating income (EBIT)	-6	0	-	-10	-13	-19%
Of which the effect of changes in estimated life of fixed assets	-	4	-	2	4	-48%
<i>Adjusted EBITDA-margin²⁾</i>	<i>1.0%</i>	<i>1.8%</i>	-	<i>4.1%</i>	<i>2.2%</i>	-
<i>Adjusted operating margin (EBIT)²⁾</i>	<i>-3.7%</i>	<i>0.0%</i>	-	<i>-0.3%</i>	<i>-3.1%</i>	-

¹⁾ When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 Accounting policies and Annual Report 2018, Note 31.

²⁾ Adjusted for non-comparable items, see page 14.

Net sales in Finland in the fourth quarter 2019 increased by 22 percent to MSEK 118 compared to MSEK 97 in the fourth quarter 2018. The increase in local currency was 18 percent.

Adjusted operating income decreased to MSEK -4 (0), corresponding to a margin of -3.7 (0.0) percent. Adjusted operating income and adjusted operating margin decreased mainly due to cost of temporary nature and inventory write-downs.

Personnel

The average number of employees (FTE) in the fourth quarter 2019 was 3,019 (2,943) and 3,266 (3,005) for the full year of 2019.

Dividend

The Board of Directors proposes a dividend for 2019 of SEK 2.25 (2.00) per share, corresponding to a total dividend payment of approximately MSEK 147 (131), based on the number of outstanding shares at year-end 2019/2020. The proposed dividend corresponds to approximately 55 (50) 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 year adjusted for non-comparable items on average over time.

Annual General Meeting 2020

The Annual General Meeting (AGM) 2020 will be held on 12 May at 10 am in Axel Wenner-Gren Salen, Wenner-Gren Center, Sveavägen 166 in Stockholm, Sweden. More information about the AGM will be available on: <http://investors.scandistandard.com/en/agm>.

The Group's sustainability work

Group-wide 'Sustainability Week' for raising awareness on sustainability work

For a whole week at the end of October, the entire group gathered to raise awareness and give concrete examples of how we work every day to improve, make a difference and contribute to the health and well-being of people, chickens and our planet. The purpose was both to emphasize the global environmental challenges, create awareness of the Group's sustainability work, and to inspire to do more.

Several activities were organized with great commitment in all countries and locations. The overall focus was on informing about the Group's sustainability work and daily activities to continuously improve our business from a sustainability point of view. In a time of great media attention for climate issues, an important purpose was also to inspire action on a personal level, both in private life and at work.

The Sustainability Week was an event with more than 30 activities for the Group's approximately

3,000 employees. During the week, all aspects of Scandi Standard's sustainability platform, The Scandi Way, were highlighted, and this initiative is planned to be an annual tradition.

— The Scandi Way —

The way we work every day to make a difference, promoting health and wellbeing for people, the chickens and our planet



PEOPLE

Safe, healthy products that contribute and inspire to a sustainable lifestyle

Attractive and healthy workplace

Responsible supplier relations and business ethics



CHICKENS

High quality farmers

Healthy chickens

Feed quality and feed efficiency

Scandi Chicken Quality Program



PLANET

Climate smart and resource efficient operations

Sustainable Packaging

Reduced food waste

Events after the end of the quarter

Several cases of high pathogen avian influenza type H5N8 (bird flu) have been discovered in mainly turkey and egg laying hen farms in Eastern Europe during beginning 2020. No broiler farms have been affected. If the high pathogen H5N8 virus is discovered in the Nordic countries, we expect export bans to certain Asian countries to come into effect which will have a negative impact on the operating income of the Group. We are monitoring the situation closely and are well prepared to manage the situation if the virus was to spread to the Nordic countries

Cases of low pathogen avian influenza appears from time to time on our region and does not normally lead to any material negative implications.

Risks and uncertainties

Scandi Standards' risks and uncertainties are described on pages 51 – 55 and pages 81 – 84 in the Annual Report 2018, which is available at www.scandistandard.com.

On 31 January 2020, the UK formally left the EU although existing trade agreement will remain in force during a transition period. As Scandi Standard's operations is partly based in Ireland, the Group has assessed the potential impact on its business and have taken steps to counter risks wherever possible. The assessment is that there will be a transition period of some length allowing us and the market to adapt. The Group continues to closely monitor the developments and will take steps to address risks and opportunities as and when they arise.

Stockholm, 7 February 2020

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

Net sales by country

MSEK	Q4 2019	Q4 2018	Change	2019	2018	Change
Sweden	692	654	6%	2,864	2,656	8%
of which internal sales	62	57	8%	248	225	10%
Denmark	868	698	24%	3,426	2,750	25%
of which internal sales	57	54	4%	225	197	14%
Norway	385	373	3%	1,619	1,512	7%
of which internal sales	1	-	-	2	-	-
Ireland	479	451	6%	1,972	1,894	4%
of which internal sales	-	-	-	-	-	-
Finland	118	97	22%	491	416	18%
of which internal sales	2	2	-	6	8	-24%
Intra-group eliminations	-121	-108	12%	-481	-430	12%
Total net sales	2,420	2,166	12%	9,891	8,797	12%

Net sales per product category

MSEK	Q4 2019	Q4 2018	Change	2019	2018	Change
Ready-to-cook Chilled	1,197	1,101	9%	5,160	4,616	12%
Ready-to-cook Frozen	287	261	10%	1,064	1,092	-3%
Ready-to-cook Export	160	150	7%	568	552	3%
Ready-to-eat	512	384	34%	2,011	1,529	31%
Ingredients	106	101	5%	385	374	3%
Other*	157	170	-8%	703	634	11%
Total net sales	2,420	2,166	12%	9,891	8,797	12%

*) Other 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 2019	Q4 2018	Change	2019	2018	Change
Sweden	692	654	6%	2,864	2,656	8%
Denmark	608	505	20%	2,416	1,999	21%
Norway	365	347	5%	1,506	1,415	6%
Ireland	45	44	3%	186	185	1%
Finland	11	9	18%	46	41	14%

Exchange rates*

	2019	2018
DKK/SEK	1.42	1.38
NOK/SEK	1.07	1.07
EUR/SEK	10.59	10.26

*) Average exchange rates

Adjusted operating income (EBIT)

MSEK	Q4 2019	Q4 2018 ¹⁾	2019	2018 ¹⁾
Sweden	49	43	182	138
Denmark	16	19	101	92
Norway	32	38	150	131
Ireland	28	26	107	96
Finland	-4	0	-2	-13
Group	-16	-21	-83	-64
Total	104	104	454	381

Non-comparable items in operating income

MSEK	Q4 2019	Q4 2018	2019	2018
Restructuring costs ²⁾	-5	-1	-12	-1
Restructuring of production ³⁾	-	-8	-7	-42
Transaction costs ⁴⁾	-1	-9	-1	-11
Effect of changes in estimated useful life of fixed assets ⁵⁾	-	8	-	8
Costs for faulty raw materials ⁶⁾	-6	-	-6	-
Other	-4	-3	-4	-3
Total	-16	-13	-30	-49

Non-comparable items in operating income by segment

MSEK	Q4 2019	Q4 2018	2019	2018
Sweden	-	-8	-	-42
Denmark	-14	-2	-20	-2
Norway	-	-	-	-
Ireland	-	-2	-	-2
Finland	-2	-	-9	-
Group	-1	-2	-1	-3
Total	-16	-13	-30	-49

Operating income (EBIT)

MSEK	Q4 2019	Q4 2018 ¹⁾	2019	2018 ¹⁾
Sweden	49	35	182	96
Denmark	2	18	80	90
Norway	32	38	150	131
Ireland	28	24	107	94
Finland	-6	0	-10	-13
Group	-17	-23	-84	-67
Total operating income (EBIT)	87	91	424	333
Finance net	-20	-17	-113	-99
Income tax expense	-25	-1	-75	-33
Income for the period	42	74	237	200

¹⁾ When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 Accounting policies and Annual Report 2018, Note 31.

²⁾ Restructuring costs in Denmark in 2019 and in Sweden in 2018.

³⁾ Closing of hatchery in Finland in the second quarter 2019 and restructuring of and changes in production in Sweden during 2018.

⁴⁾ Deal fees mainly related to the acquisitions of Rokkedahl Food ApS in Denmark in 2018 and Carton Bros ULC in Ireland 2017.

⁵⁾ The share of the effect of the analysis of applied depreciation rates in relation to estimated actual useful life that refers to previous periods.

⁶⁾ Costs incurred due to quality issues in purchased raw material that have not been covered by insurance.

Consolidated income statement

MSEK	Q4 2019	Q4 2018 ¹⁾	2019	2018 ¹⁾
Net sales	2,420	2,166	9,891	8,797
Other operating revenues	9	-1	24	42
Changes in inventories of finished goods and work in progress	-18	43	69	-10
Raw materials and consumables	-1,479	-1,348	-6,049	-5,291
Cost of personnel	-468	-458	-1,972	-1,763
Depreciation, amortization and impairment	-81	-54	-325	-331
Other operating expenses	-296	-256	-1,215	-1,113
Share of income of associates	0	0	1	2
Operating income	87	91	424	333
Finance income	0	0	1	1
Finance expenses	-21	-17	-113	-100
Income after finance net	67	74	312	233
Tax on income for the period	-25	-1	-75	-33
Income for the period	42	74	237	200
Whereof attributable to:				
Shareholders of the Parent Company	39	73	235	199
Non-controlling interests	3	1	1	1
Average number of shares	65,383,603	65,318,465	65,358,083	65,285,191
Earnings per share, SEK	0.60	1.11	3.60	3.05
Earnings per share after dilution, SEK	0.60	1.11	3.60	3.05
Number of shares at the end of the period	66,060,890	66,060,890	66,060,890	66,060,890

Consolidated statement of comprehensive income

MSEK	Q4 2019	Q4 2018 ¹⁾	2019	2018 ¹⁾
Income for the period	42	74	237	200
Other comprehensive income				
<i>Items that will not be reclassified to the income statement</i>				
Actuarial gains and losses in defined benefit pension plans	6	-5	-11	-7
Tax on actuarial gains and losses	-1	1	2	2
Total	5	-4	-9	-6
<i>Items that will or may be reclassified to the income statement</i>				
Cash flow hedges	7	-6	-4	-5
Currency effects from conversion of foreign operations	-68	-24	40	80
Income from currency hedging of foreign operations	-3	-11	3	-10
Tax attributable to items that will be reclassified to the income statement	-2	2	1	2
Total	-65	-39	40	67
Other comprehensive income for the period, net of tax	-60	-43	31	61
Total comprehensive income for the period	-18	31	267	261
Whereof attributable to:				
Shareholders of the Parent Company	-21	30	266	260
Non-controlling interests	3	1	1	1

¹⁾ When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 Accounting policies and Annual Report 2018, Note 31.

Consolidated statement of financial position

MSEK	Note	December 31, 2019	December 31, 2018 ¹⁾
ASSETS			
Non-current assets			
Goodwill		940	922
Other intangible assets		957	995
Property plant and equipment		1,748	1,481
Right-of-use assets		427	486
Non-current leasing receivables		9	10
Participations in associated companies		43	41
Financial assets		4	5
Deferred tax assets		40	55
Total non-current assets		4,167	3,996
Current assets			
Biological assets	3	99	94
Inventory		727	655
Trade receivables		901	850
Other short-term receivables		93	115
Prepaid expenses and accrued income		89	176
Current leasing receivables		2	2
Cash and cash equivalents		194	89
Total current assets		2,105	1,980
TOTAL ASSETS		6,272	5,976
EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital		1	1
Other contributed equity		727	857
Reserves		166	134
Retained earnings		845	594
Capital and reserves attributable to owners		1,738	1,586
Non-controlling interests		3	1
Total equity		1,741	1,587
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	3	1,925	1,949
Non-current leasing liabilities	3	381	421
Derivative instruments	3	11	11
Provisions for pensions		26	16
Other provisions		5	10
Deferred tax liabilities		174	169
Other non-current liabilities	4	137	218
Total non-current liabilities		2,659	2,794
Current liabilities			
Current interest-bearing liabilities	3	0	0
Current leasing liabilities	3	73	76
Derivative instruments	3	4	1
Trade payables		1,117	901
Tax payables		12	22
Other current liabilities	4	254	243
Accrued expenses and prepaid income		412	353
Total current liabilities		1,872	1,595
TOTAL EQUITY AND LIABILITIES		6,272	5,976

¹⁾ When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 Accounting policies and Annual Report 2018, Note 31.

Consolidated statement of changes in equity**Equity attributable to shareholders of the Parent Company**

MSEK	Note	Share capital	Other contributed equity	Reserves	Retained earnings	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
Closing balance December 31, 2017		1	975	70	409	1,455	-	1,455
Transition effect, IFRS 16	1				-16	-16	-	-16
Opening balance January 1, 2018		1	975	70	393	1,439	-	1,439
Income for the year					202	202	1	204
Income for the year, IFRS 16					-3	-3		-3
Other comprehensive income for the year, net after tax				67	-6	61		61
Total comprehensive income		-	-	67	193	260	1	261
Dividend			-118			-118		-118
Long term incentive programme (LTIP)					5	5		5
Non-controlling interests on acquisition of subsidiary	1					-	0	0
Transactions with non-controlling interests						-	0	0
Total transactions with the owners		0	-118	0	5	-113	0	-113
Other changes				-3	3	-		-
Closing balance December 31, 2018		1	857	134	594	1,586	1	1,587
Opening balance January 1, 2019		1	857	134	594	1,586	1	1,587
Income for the year					235	235	1	237
Other comprehensive income for the year, net after tax				40	-9	31	0	31
Total comprehensive income		0	0	40	226	266	1	267
Dividend			-131			-131		-131
Long term incentive programme (LTIP)					17	17	-	17
Total transactions with the owners		-	-131	-	17	-114	-	-114
Other changes				-8	8			-
Closing balance December 31, 2019		1	727	166	845	1,738	3	1,741

Consolidated statement of cash flows

MSEK	Q4 2019	Q4 2018 ¹⁾	2019	2018 ¹⁾
OPERATING ACTIVITIES				
Operating income	87	91	424	333
Adjustment for non-cash items	102	47	353	333
Paid finance items net	-24	-19	-72	-78
Paid current income tax	8	-23	-49	-83
Cash flow from operating activities before changes in operating capital	173	97	656	505
Changes in inventories	18	-63	-69	-1
Changes in operating receivables	69	71	37	56
Changes in operating payables	219	124	296	103
Changes in working capital	305	133	264	157
Cash flow from operating activities	479	229	920	663
INVESTING ACTIVITIES				
Business combinations	-	-	-133	-4
Investments in right-of-use assets	0	0	-1	-1
Investment in property, plant and equipment	-175	-40	-432	-378
Sale of property, plant and equipment	4	6	12	7
Cash flows used in investing activities	-171	-34	-553	-376
FINANCING ACTIVITIES				
New loan	-	-334	-	146
Repayment loan	-3	314	-12	-156
Change in overdraft facility	-131	-185	-41	-24
Payments for amortization of leasing liabilities	-20	-22	-84	-81
Dividend	-	-	-131	-118
Other	-9	-	5	-
Cash flows in financing activities	-164	-227	-262	-232
Cash flows for the period	144	-32	105	54
Cash and cash equivalents at beginning of the period	51	118	89	30
Currency effect in cash and cash equivalents	-2	3	0	4
Cash flow for the period	144	-32	105	54
Cash and cash equivalents at the end of the period	194	89	194	89

¹⁾ When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 Accounting policies and Annual Report 2018, Note 31.

Parent Company income statement

MSEK	Q4 2019	Q4 2018	2019	2018
Net sales	-	-	-	-
Operating expenses	0	0	0	0
Operating income	0	0	0	0
Finance net	7	20	31	31
Income after finance net	7	20	31	31
Group contribution	-14	-15	-14	-15
Tax on income for the period	2	2	-	-
Income for the period	-4	8	17	16

Parent Company statement of comprehensive income

MSEK	Q4 2019	Q4 2018	2019	2018
Income for the period	-4	8	17	16
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-4	8	17	16

Parent Company Statement of financial position

MSEK	Note	December 31, 2019	December 31, 2018
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		24	16
Cash and cash equivalents		0	0
Total current assets		24	16
TOTAL ASSETS		962	954
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		1	1
Non-restricted equity			
Share premium account		727	857
Retained earnings		-37	-53
Income for the year		17	16
Total equity		707	821
Current liabilities			
Liabilities to Group entities	4	255	134
Accrued expenses and prepaid income		0	-
Total current liabilities		255	134
TOTAL EQUITY AND LIABILITIES		962	954

Parent Company statement of changes in equity

MSEK	
Opening balance January 1, 2018	922
Income for the year	16
Other comprehensive income for the year, net after tax	-
Total comprehensive income	16
Dividend	-118
Total transactions with the owners	-118
Closing balance 31 December 2018	821
Opening balance 1 January 2019	821
Income for the year	17
Other comprehensive income for the year, net after tax	-
Total comprehensive income	17
Dividend	-131
Total transactions with the owners	-131
Closing balance December 31, 2019	707

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, the Swedish Annual Accounts Act and recommendation RFR 1, Supplementary accounting principles for Groups, 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 RFR 2, Accounting for legal entities, issued by the Swedish Financial Reporting Board.

IFRS 16, Leases, that supersedes IAS 17, Leases, is in effect as of 1 January 2019. It will result in that almost all leases being recognized on the balance sheet, as the distinction between operating and financial leases is removed. For Scandi Standard, this means that rental agreements for production facilities, offices, production equipment and for cars and other vehicles are reported in the statement of financial position, mainly classified as right-of-use assets and leasing liabilities.

The standard allows for several transition methods, and Scandi Standard has elected to use the full retrospective method where the accumulated effect of the transition is reported in the opening balance for 1 January 2018.

Consequences of the new standard are that the accounting, valuation and presentation of certain amounts in the financial statements are affected. The new accounting principles are disclosed in the Annual report for 2018, Note 31, which also shows the effects of the transition and the restatement of the comparison figures for the quarter and the full year 2018 that are applied in this interim report.

IFRIC 23, Uncertainty over income tax treatments, is in effect as of 1 January 2019. It clarifies the reporting and measurement requirements in accounting for uncertainties in income taxes. The interpretation has had no impact on the financial statements of the Group.

No other changes have been made in the Group's accounting and valuation principles compared to those described in Note 1 in the Annual Report for 2018.

Sometimes, the total amount in tables and statements do not add up due to rounding differences. The purpose is that each sub-line equals its source of origin and therefore rounding differences may occur.

Long-term incentive programs

The Annual General Meeting 2019 decided on a long-term incentive programme (LTIP 2019) for key employees. The programme is intended to contribute to long-term value growth and is of the same type as the outstanding, LTIP 2017 and LTIP 2018.

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 programmes are recognized as a cash-settled instrument. New for LTIP 2019 is that the participants undertake to retain all allotted shares for two years from the date of the allotment (except for those shares that must be sold to cover employment income tax based on the allotment). For more information about the Group's long-term incentive programmes, see Notes 1 and 5 in the Annual Report 2018.

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 IFRS 9) 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.

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 AS and Scandi Standard Norway AS. In addition, there

is an associate, Naerbo Kyllingslakt AS. The segment consists of two parts - the production, development, 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 Republic of 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 Maalaskaina Oy. Operations include slaughtering, production and development of fresh and frozen chicken products for the Finnish market.

Net sales per segment and product category

MSEK	Sweden		Denmark		Norway		Ireland		Finland		Group items		Total	
	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
RTC Chilled	268	267	224	166	184	186	431	408	90	74	-	-	1,197	1,101
RTC Frozen	184	164	55	48	34	36	4	8	10	4	-	-	287	261
RTC Export	7	3	127	129	-	-	25	19	-	-1	-	-	160	150
RTE	89	74	350	244	69	63	-	-	4	3	-	-	512	384
Ingredients	24	16	57	45	4	16	16	18	5	6	-	-	106	101
Other	119	130	54	67	94	72	2	-2	9	11	-121	-108	157	170
Total	692	654	868	698	385	373	479	451	118	97	-121	-108	2,420	2,166

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 2019 and for the comparison period, are shown in the tables below.

December 31, 2019, 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	4	-	-
Leasing receivables	10	-	-
Biological assets	-	99	-
Trade and other receivables	901	-	-
Derivative instruments	-	-	-
Cash and cash equivalents	194	-	-
Total financial assets	1,110	99	-
Liabilities			
Non-current interest-bearing liabilities	1,925	-	-
Other non-current liabilities	-	116	-
Leasing liabilities	454	-	-
Derivative instruments	-	-	16
Current interest-bearing liabilities	0	-	-
Other current liabilities	-	118	-
Trade and other payables	1,117	-	-
Total financial liabilities	3,495	234	16

December 31, 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	5	-	-
Leasing receivables	12	-	-
Biological assets	-	94	-
Trade and other receivables	850	-	-
Derivative instruments	-	-	-
Cash and cash equivalents	89	-	-
Total financial assets	956	94	-
Liabilities			
Non-current interest-bearing liabilities	1,949	-	-
Other non-current liabilities	-	218	-
Leasing liabilities	497	-	-
Derivative instruments	-	-	12
Current interest-bearing liabilities	0	-	-
Other current liabilities	-	128	-
Trade and other payables	901	-	-
Total financial liabilities	3,347	346	12

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 2019, 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 2019, the derivatives amounted to MSEK -16 (-12).

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 2019 those amounted to MSEK 99 (94).

For the Group's long-term borrowing, which as of 31 December 2019 amounted to MSEK 1,925 (1,949), 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 and other 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

The part in other non-current liabilities and other current liabilities for the Group as per 31 December 2019 amounting to MSEK 116 (218) and MSEK 118 (128) respectively, refers to the additional purchase price related to performed acquisitions.

The current liabilities to Group entities in the Parent Company as per 31 December 2019 amounted to MSEK 255 (134).

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 fulfil its financial obligations.

From Income Statement, MSEK		Q4 2019	Q4 2018 ¹⁾	2019	2018 ¹⁾
Net sales	A	2,420	2,166	9,891	8,797
Income for the period	B	42	74	237	200
+ Reversal of tax on income for the year		25	1	75	33
Income after finance net	C	67	74	312	233
+ Reversal of financial expenses		21	17	113	100
+ Reversal of financial income		0	0	-1	-1
Operating income (EBIT)	D	87	91	424	333
+ Reversal of depreciation, amortization and impairment		81	54	325	331
+ Reversal of share of income of associates		0	0	-1	-2
EBITDA	E	169	146	748	662
Non-comparable items in income for the period (EBIT)	F	16	13	30	49
Adjusted income for the period (EBIT)	D+F	104	104	454	381
<i>Adjusted operating margin (EBIT)</i>	<i>(D+F)/A</i>	<i>4.3%</i>	<i>4.8%</i>	<i>4.6%</i>	<i>4.3%</i>
Non-comparable items in EBITDA	G	16	22	27	52
Adjusted EBITDA	E+G	185	168	776	714
<i>Adjusted EBITDA-margin %</i>	<i>(E+G)/A</i>	<i>7.6%</i>	<i>7.7%</i>	<i>7.8%</i>	<i>8.1%</i>

¹⁾ When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 Accounting policies and Annual Report 2018, Note 31.

From Statement of Cash Flow, MSEK		Q4 2019	Q4 2018 ¹⁾	2019	2018 ¹⁾
OPERATING ACTIVITIES					
Operating income (EBIT)		87	91	424	333
Adjustment for non-cash items					
Depreciation, amortization and impairment		81	54	325	331
Share of income of associates		0	0	-1	-2
EBITDA		169	146	748	662
Non-comparable items in EBITDA	G	16	22	27	52
Adjusted EBITDA		185	168	776	714

¹⁾ When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 Accounting policies and Annual Report 2018, Note 31.

From Balance Sheet, MSEK		December 31, 2019	31 December 2018 ¹⁾
Total assets		6,272	5,976
Non-current non-interest-bearing liabilities			
- Deferred tax liabilities		-174	-169
- Other non-current liabilities		-137	-218
Total non-current non-interest-bearing liabilities		-311	-387
Current non-interest-bearing liabilities			
Trade payables		-1,117	-901
Tax payables		-12	-22
Other current liabilities		-254	-243
Accrued expenses and prepaid income		-412	-353
Total current non-interest-bearing liabilities		-1,795	-1,518
Capital employed		4,166	4,071
Less: Cash and cash equivalents		-194	-89
Operating capital		3,972	3,982
Average capital employed	H	4,118	3,943
Average operating capital	I	3,977	3,884
Operating income, LTM		424	333
Adjusted operating income, LTM	J	454	381
Financial income	K	1	1
Adjusted return on capital employed	(J+K)/H	11.0%	9.7%
Adjusted return on operating capital	J/I	11.4%	9.8%
Interest bearing liabilities			
Non-current interest-bearing liabilities		1,925	1,949
Non-current leasing liabilities		381	421
Derivative instruments		16	12
Current interest-bearing liabilities		0	0
Current leasing liabilities		73	76
Total interest-bearing liabilities		2,394	2,458
Less: Cash and cash equivalents		-194	-89
Net interest-bearing debt		2,200	2,370

¹⁾ When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 Accounting policies and Annual Report 2018, Note 31.

Definitions

EBIT

Operating income.

Adjusted operating income

Operating income (EBIT) adjusted for non-comparable items.

Operating margin

Operating income (EBIT) as a percentage of net sales.

Adjusted operating margin

Adjusted operating income (adjusted EBIT) as a percentage of net sales.

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.

EBITDA margin

EBITDA as a percentage of net sales.

Adjusted EBITDA margin

Adjusted EBITDA as a percentage of net sales.

Adjusted return on operating capital (ROC)

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

Adjusted return on capital employed (ROCE)

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.

Adjusted operating cash flow

Cash flow adjusted for non-comparable items.

Adjusted income for the period

Income for the period adjusted for non-comparable items.

Earnings per share (EPS)

Income for the period, attributable to the shareholders, divided by the average number of shares.

Adjusted earnings per share (EPS)

Adjusted income for the period, attributable to the shareholders, divided by the average number of shares.

Net interest-bearing debt

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

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.

Capital employed

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

Net sales

Net sales is gross sales less sales discounts and joint marketing allowances.

Other operating revenues

Other operating revenue is revenue not related to sales of chicken, instead such as rent of excess land/buildings to other users and payment by non-employees for use of the Company's canteens.

COGS

Cost of goods sold.

Raw materials and consumables

Costs of raw materials and other consumables include the purchase costs of live chicken and other raw materials such as packaging etc.

Production costs

Production costs include direct and indirect personnel costs related to production and other production related costs.

Other operating expenses

Other operating expenses include marketing, Group personnel and other administrative costs.

RTC

Ready-to-cook. Products that requires cooking.

RTE

Ready-to-eat. Products that are cooked and may be consumed directly or after heating-up.

LTM

Last twelve months.

Conference call

A conference call for investors, analysts and media will be held on 7 February 2020 at 8.30 AM CET.

Dial-in numbers:

UK: 020 3936 2999

Sweden: 010 884 80 16

US: +1 646 664 1960

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 www.scandistandard.com afterwards.

Further information

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Financial calendar

- | | |
|--|------------------|
| • Annual general meeting | May 12, 2020 |
| • Interim report for the first quarter 2020 | May 12, 2020 |
| • Interim report for the second quarter 2020 | August 26, 2020 |
| • Interim report for the third quarter 2020 | November 4, 2020 |

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 7 February 2020.

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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