



Scandi Standard

Q3 2016 presentation

3 November 2016

Nordic market leader in chicken products

Summary of Q3 2016

- Continued strong growth in Group sales
 - Total net sales up 13% and chilled products up 17% at constant FX
- Strong growth in Sweden and Norway - improved market shares across the Nordics
- Higher sales in Denmark, but challenging market situation as expected
- Strong growth in Finland as a result of new and extended customer contracts, continued ramp up costs as expected
- Margin improvements in Sweden and Norway
- Adjusted EBIT-margin for the Group declined due to lower income in Denmark and costs for ramping up in Finland



Financial highlights, Q3 2016



- Sales up 13% at constant FX
- Adjusted EBITDA down 2%, margin was 7.9% (9.1)
- Adjusted EBIT down 3%, margin was 4.8% (5.6)
 - Lower income in Denmark
 - Ramp-up costs in Finland
- Adjusted EPS was SEK 0.84 (0.90)
- Cash flow impacted by strong organic growth
 - Increase in WC, mainly related to receivables
 - CAPEX at an unusually high level

MSEK	Q3 2016	Q3 2015	Change
Net sales	1,569.9	1,396.1	12%
-at constant FX	-	-	13%
EBIT*	76.1	78.7	-3%
Margin*	4.8%	5.6%	-
Income for the period*	50.3	54.1	-7%
EPS*, SEK	0.84	0.90	-7%
Op. cash flow*	15.8	48.4	-67%

*Adjusted for non-comparable items of MSEK -0.7 (-7.3) in EBITDA and EBIT, and MSEK -0.7 (-5.6) in income for the period.



Sweden - strong growth and higher margin

- **Net sales up 9%**
 - Strong growth in chilled products
 - Market share strengthened in chilled products
 - Successful product innovations
- **Adjusted EBIT up 25% with a higher margin**
 - Higher volumes and an improved product mix



MSEK	Q3 2016	Q3 2015	Change	9m 2016	9m 2015	Change
Net sales	625.4	572.5	9%	1,808.0	1,659.6	9%
EBIT*	51.0	40.9	25%	146.5	118.9	23%
EBIT margin*	8.2%	7.1%	-	8.1%	7.2%	-

*) Adjusted for non-comparable items in Q3 2016 of MSEK -(-2.0) and in 9m 2016 of MSEK -1.1 (-4.5).

Denmark - higher sales but lower income

- Net sales up 7% in local currency
- Lower EBIT and margin
 - Price pressure in both local market and on exports
 - Margin improved from Q2 2016 as a result of somewhat more stable export prices
- New management team since August, focusing on driving value over time



MSEK	Q3 2016	Q3 2015	Change	Change local FX	9m 2016	9m 2015	Change	Change local FX
Net sales	636.7	589.1	8%	7%	1,781.8	1,744.4	2%	2%
EBIT*	30.4	41.5	-27%	-27%	80.9	109.7	-26%	-26%
EBIT margin*	4.8%	7.0%	-	-	4.5%	6.3%	-	-

*) Adjusted for non-comparable items in Q3 2016 of MSEK -0.7 (-3.5), and in 9m 2016 of MSEK -0.7(-3.5).



Norway - strong growth in sales and income

- **Net sales up 21% in local currency**

- Deliveries to COOP Norway and new contract with NorgesGruppen
- Retail market for chicken products showed continued growth YoY
- Market share significantly strengthened



- **EBIT increased 33% in local currency**

- Negative impact by additional costs to meet strong growth in sales

MSEK	Q3 2016	Q3 2015	Change	Change local FX	9m 2016	9m 2015	Change	Change local FX
Net sales	360.7	300.5	20%	21%	1,045.6	856.6	22%	30%
EBIT*	20.9	16.0	31%	33%	67.1	38.8	73%	84%
EBIT margin*	5.8%	5.3%	-	-	6.4%	4.5%	-	-

*) Adjusted for non-comparable items in Q3 2016 of MSEK - (-) and in 9m 2016 of MSEK - (-).



Finland - sales more than doubled

- Sales up 138% in local currency
- New and extended customer contracts
- Significant ramp-up costs
- Continuous initiatives expected to lead to gradual improvements over the coming quarters



MSEK	Q3 2016	Q3 2015**	Change	Change local FX	9m 2016	9m 2015**	Change	Change local FX
Net sales	47.2	19.6	141%	138%	101.9	27.8	267%	263%
EBIT*	-11.1	-8.9	-25%	-20%	-32.0	-9.6	-233%	-236%
EBIT margin*	-23.5%	-45.4%	-	-	-31.4%	-34.5%	-	-

*) Adjusted for non-comparable items in Q3 2016 of MSEK - (-) and in 9m 2016 of MSEK - (-2.7).

**) Operations started 1 May 2015 and were consolidated in the Group's accounts as of 25 May 2015.

Income statement

MSEK

Group (adjusted)	Q3 2016	Q3 2015	9m 2016	9m 2015
EBITDA	124.8	126.7	363.2	364.5
Depreciation	-43.3	-41.4	-128.0	-121.5
Amortisation	-6.2	-5.9	-18.1	-18.3
Income from associates	0.8	-0.7	1.6	-1.4
Operating income	76.1	78.7	218.7	223.3
Finance costs (net)	-12.0	-12.5	-49.7	-39.3
Taxes	-13.8	-12.2	-36.7	-39.6
Income for the period	50.3	54.1	132.3	144.4

- Non-comparable items in EBITDA and EBIT in Q3 2016 of MSEK -0.7 (-7.3) and in 9m 2016 of MSEK -1.8 (-11.5)



Lower cash flow

- Higher capex related to capacity extensions in Sweden and Finland
-Lower capex expected in Q4
- Increase in working capital, mainly related to trade receivables driven by strong organic growth
- Inventories at the same level as at the start of the year
-Decreases in Norway and Denmark offset by an increase in Sweden from a low level

MSEK	Q3 2016	Q3 2015	9m 2016	9m 2015
Adjusted EBITDA*	124.8	126.7	238.5	364.5
Capital expenditure	-58.2	-36.1	-198.5	-85.1
Change in inventories	-2.0	-12.1	8.0	-9.0
Change in other working capital	-48.8	-30.1	-87.2	14.3
Adjusted operating cash flow	15.8	48.4	85.5	284.7

**) Adjusted for non-comparable items in Q3 2016 of MSEK -0.7 (-7.3) and in 9m 2016 of MSEK -1.8 (-11.5).*



Increase in working capital - stable ratio

- Working capital was 6.2% (6.3) of net sales (LTM)
- Net debt/adjusted EBITDA (LTM) was 3.2 (2.9)
- Equity/assets ratio was 28.0% (28.8)

MSEK	30 Sept 2016	30 Sept 2015	31 Dec 2015
Inventory	547.1	545.3	530.3
Receivables	587.1	463.6	413.9
Payables	-772.8	-668.3	-673.5
NWC	361.4	340.6	270.7
<i>as % of sales</i>	6.2%	6.3%	5.0%
Net debt	1,542.6	1,361.6	1,313.1
Net debt/EBITDA LTM	3.2	2.9	2.7
Equity	970.0	917.8	924.9
Equity/assets ratio	28.0%	28.8%	29.4%



Summary

- The Group is driving the market with sales growing twice the rate of the retail market
- Continued strong performance in Sweden driven by commercial excellence and successful product innovations
- Strong increase in sales and income in Norway, additional costs to meet customer demand and maintain service levels
- Continued price pressure in Denmark, margin improved from Q2 due to more stable export prices
- Sales in Finland more than doubled, still facing ramp-up costs
- Encouraging top line growth, operational leverage will lead to improved margins over time



Q & A

Segment information by quarter

Group (MSEK)	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
Sales	1 302.9	1 358.9	1 252.0	1 309.6	1 341.3	1 396.1	1,376.0	1,386.3	1,503.5	1,569.9
Sales growth	1%	3%	-4%	-3%	3%	3%	10%	6%	12%	12%
EBIT (Adj)	76.3	66.5	79.6	67.6	77.0	71.7	68.1	68.3	74.3	76.1
EBIT margin	5.9%	4.9%	6.4%	5.2%	5.7%	5.1%	5.0%	4.9%	4.9%	4.8%

Sweden (MSEK)

Sales	524.9	543.8	488.0	530.9	564.4	572.5	571.5	563.9	618.6	625.4
Sales growth	17%	15%	3%	6%	8%	5%	17%	6%	11%	9%
EBIT (Adj)	30.6	29.8	33.9	33.0	43.3	39.2	37.5	43.7	51.8	51.0
EBIT margin	5.8%	5.5%	6.9%	6.2%	7.7%	6.9%	6.6%	7.7%	8.4%	8.2%

Denmark (MDKK)

Sales	431.3	473.1	445.2	464.4	457.8	465.9	432.4	439.0	478.4	498.3
Sales growth	-4%	3%	3%	1%	6%	-2%	-3%	-6%	4%	7%
EBIT (Adj)	19.8	20.1	25.9	26.9	27.5	30.1	27.4	22.9	17.5	24.0
EBIT margin	4.5%	4.2%	5.8%	5.6%	6.0%	6.5%	6.3%	5.2%	3.7	4.8%

Segment information by quarter

Norway (MNOK)	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
Sales	277.3	277.0	257.9	256.7	258.3	290.8	320.2	338.9	354.9	351.7
Sales growth	-20%	-20%	-29%	-27%	-7%	5%	24%	32%	37%	21%
EBIT (Adj)	26.0	22.3	22.9	12.1	9.0	15.3	21.2	19.2	24.9	20.4
EBIT margin	9.2%	7.9%	9.0%	4.8%	3.5%	5.3%	6.7%	6.1%	7.0%	5.8%

Finland (MEUR)

Sales	-	-	-	-	0.9	2.1	1.7	2.2	3.7	5.0
Sales growth	-	-	-	-	-	-	-	-	-	138%
EBIT (Adj)	-	-	-	-	-0.3	-1.0	-1.3	-1.0	-1.3	-1.2
EBIT margin	-	-	-	-	-33.3%	-46.2%	-73.6%	-44.6%	-33.8%	-23.5%

Non-comparable items

Non-comparable items in EBITDA and operating income

	Q3 2016	Q3 2015	9m 2016	9m 2015
Transaction costs*	-0.7	-0.3	-1.8	-4.5
Financial support to associated company**	-	-7.0	-	-7.0
Total	-0.7	-7.3	-1.8	-11.5

Non-comparable items in finance net and tax effects

Tax effect on adjustments	0.0	1.7	0.2	2.6
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Non-comparable items in income for the period

	-0.7	-5.6	-1.6	-8.9
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*Deel fees related to completed and non-completed acquisitions.

**Non-comparable items in Q3 2015 and 9m 2015 have been adjusted with -7.0 in EBITDA and operating income and MSEK -5.4 in income for the period that were previously reported in Q4 2015. The amount refers to financial support to the associated company farmfoodA/S.

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