



 **Kronfågel**

Danpo



Scandi Standard

Q3 2015 presentation

26 November 2015

Scandinavian market leader in chicken products

Summary, Q3 2015

- Overall positive trends in sales and income, improved margins YoY
- Our efforts in product development and production efficiency are paying off
- Strong growth in sales and income in Sweden
- Higher income and margin in Denmark
- Gradual increase in sales in Norway
- Integration of Finnish operation on plan, negative impact on income and margin



Financial highlights, Q3 2015



- Sales up 2% at constant FX
- Adjusted EBITDA up 7%, margin improved to 8.6% (8.3)
- Adjusted EBIT up 8%, margin improved to 5.1% (4.9)
- EBIT margin excl. newly acquired Finnish operation was 5.8%
- Adjusted EPS up 24% to SEK 0.81
- Cash flow affected by increase of inventories vs decrease last year

MSEK	Q3 2015	Q3 2014	Change
Net sales	1,396.1	1,358.9	3%
-at constant FX	-	-	2%
EBIT*	71.7	66.5	8%
Margin*	5.1%	4.9%	-
Income for the period*	48.7	39.1*	24%
EPS*, SEK	0.81	0.65	24%
Op. cash flow	41.4	66.0	-37%

*Adjusted for non-comparable items of MSEK -0.3 (-8.8) in EBIT and MSEK -0.2 (-7.1) in income for the period.



Sweden - strong growth in sales and income

- **Net sales up 5%**
 - Continued good market growth
 - Strong sales increase in chilled products
 - Successful launches of seasonal products
- **Strong improvement in EBIT and margin**
 - Higher volumes and improved mix
 - Operational efficiency gains
- Investigation of the Lagerbergs acquisition by Competition Authority extended until Dec 23



MSEK	Q3 2015	Q3 2014	Change	9m 2015	9m 2014	Change
Net sales	572.5	543.8	5%	1,659.6	1,567.2	6%
EBIT*	39.2	29.8	32%	118.9	79.9	49%
EBIT margin*	6.9%	5.5%	-	7.2%	5.1%	-

*) Adjusted for non-comparable items in Q3 2015 of MSEK -0.3(-4.2) and in first 9m 2015 of MSEK -1.8 (-9.7)

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Denmark - Strong growth in income

- **Net sales down 2% in local currency**
 - Weak export demand
 - Continued price pressure in local market and on exports
 - Stock build-up due to lower exports
- **Strong improvement in EBIT and margin**
 - Continued efficiency gains in production and other parts of supply chain



MSEK	Q3 2015	Q3 2014	Change		9m 2015	9m 2014	Change	
			Change	local FX			Change	local FX
Net sales	589.1	584.9	1%	-2%	1,744.4	1,654.9	5%	2%
EBIT*	38.0	24.4	56%	49%	106.2	72.0	48%	42%
EBIT margin*	6.5%	4.2%	-	-	6.1%	4.4%	-	-

*) Adjusted for non-comparable items in first 9m 2014 of MSEK -1.4.

Norway - sales gradually improving

- **Net sales up 5% in local currency**
 - Increase in sales after deliveries to Coop started in August under new agreement incl. former ICA stores
-370 stores vs 550 ICA stores supplied previously
 - Some growth in retail market after three quarters of decline
- **EBIT and margin down**
 - Weak start to the quarter
 - Less favourable product mix
 - Stock clearance



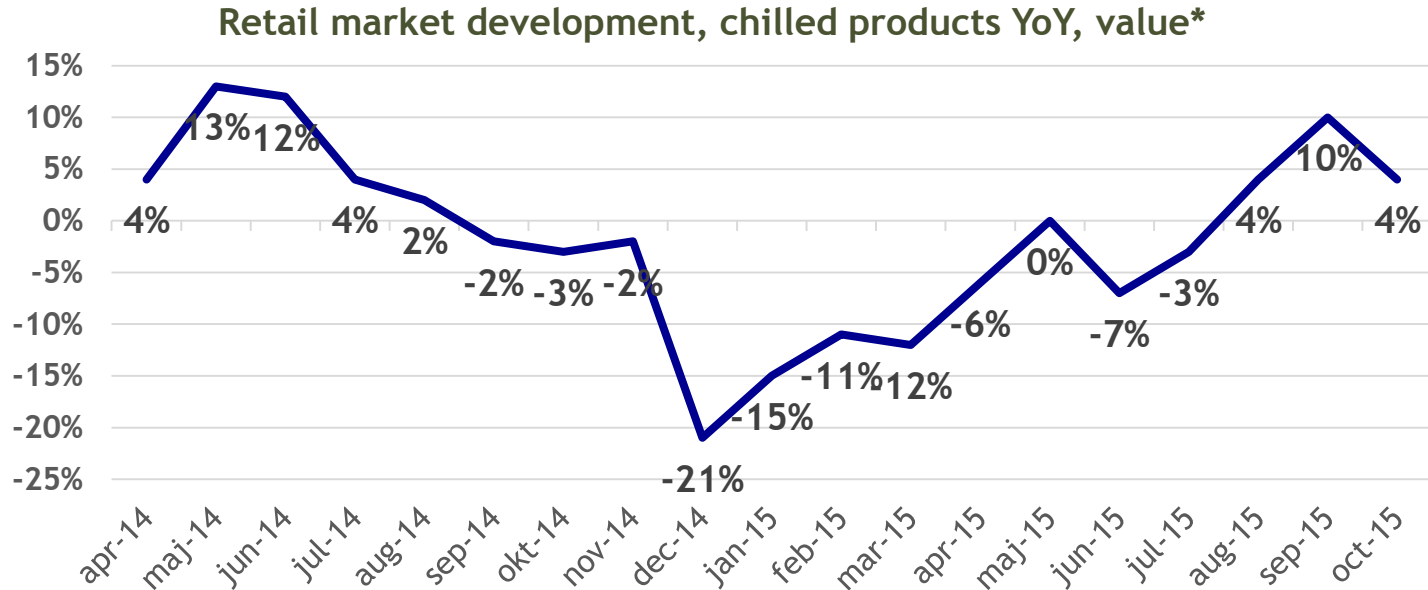
MSEK	Q3 2015	Q3 2014	Change	Change local FX	9m 2015	9m 2014	Change	Change local FX
Net sales	300.5	309.3	-3%	5%	856.6	991.2	-14%	-11%
EBIT*	16.0	24.3	-34%	-31%	38.8	94.8	-59%	-58%
EBIT margin*	5.3%	7.9%	-	-	4.5%	9.6%	-	-

*) Adjusted for non-comparable items in first 9m 2014 of MSEK -0.7.



Improvement of retail market in Norway

- Growth in Q3 YoY after three quarters of decline
- Will take time before the market is fully recovered



*AC Nielsen

Finland - integration proceeding as planned

- Attractive market, but retail prices currently under pressure
- Investments in factory to increase efficiency, capacity utilization is approx. 15%
- Focus on increasing volumes, new farmers will be added during 2016
- Will take time to reach profitability

MSEK	Q3 2015	Q3 2014	9m 2015**	9m 2014
Net sales	19.6	-	27.8	-
EBIT*	-8.9	-	-12.3	-
EBIT margin*	-45.7%	-	-44.4%	-

*) Adjusted for non-comparable items in first 9m 2015 of MSEK -2.7.

**) Operations started 1 May 2015.



Income statement

- Higher depreciation due to investments in production
- Group costs higher than in Q2 2015 due mainly to non-cash costs related to LTIP
- Lower finance costs as a result of refinancing of bank loans in July 2014

MSEK				
<u>Group (adjusted)</u>	<u>Q3 2015</u>	<u>Q3 2014</u>	<u>9M 2015</u>	<u>9M 2014</u>
EBITDA	119.7	112.0	357.5	351.4
Depreciation	-42.3	-39.4	-125.4	-114.9
Amortisation	-5.0	-5.0	-14.4	-14.0
Income from associates	-0.7	-1.1	-1.4	-1.1
Operating income	71.7	66.5	216.3	221.4
Finance cost (net)	-12.5	-15.0	-39.3	-92.8
Taxes	-10.5	-12.4	-37.9	-31.6
Income for the period	48.7	39.1	139.1	97.0

Cash flow

- Capex in line with plan, mainly relating to productivity improvement projects in production
- Increase of inventories vs decrease last year, but positive impact from payables and receivables

MSEK	Q3 2015	Q3 2014	9M 2015	9M 2014
Adjusted EBITDA*	119.7	112.0	357.5	351.4
Capital expenditure	-36.1	-36.3	-85.1	-78.3
Change in inventories	-12.1	43.0	-9.0	127.2
Change in other working capital	-30.1	-52.7	14.3	-26.9
Operating cash flow	41.4	66.0	277.7	373.4

**) Adjusted for non-comparable items of MSEK -0.3 (-8.8) in the quarter and MSEK -4.5 (-56.4) for the nine-month period.*

Lower debt and working capital

- Working capital down to 6.3% of net sales from 6.6% at year-end
- Leverage declined to 2.9x from 3.1x last year
- Equity to assets ratio improved to 28.8% (25.5)

MSEK	30 Sep-15	31 Dec-14	30 Sep-14
Inventory	545.3	546.6	527.2
Receivables	452.8	417.4	457.3
Payables	-668.9	-614.1	-645.6
NWC	329.2	349.9	338.9
<i>as % of sales</i>	[6.3%]	6.6%	6.4%
Net debt	1,361.6	1,405.5	1,473.7
Net debt / EBITDA	2.9	3.0	3.1
Equity	917.8	886.2	848.5
Equity/assets ratio	28.8%	28.6%	25.5%

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Summary

- Strong market and performance in Sweden
- Improved EBIT margin in Denmark, despite price pressure which is expected to continue
- Gradual improvement in sales in Norway after start of deliveries to Coop under new agreement in August
 - Full recovery of Norwegian market expected to take time
- Finland is an attractive market, but it will take time to reach profitability
- Continued improvements in operational efficiency
- Successful launches of new and innovative products



Q & A



Segment information by quarter

Group (MSEK)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
Sales	1 353.4	1 302.9	1 358.9	1 252.0	1 309.6	1 341.3	1 396.1
Sales growth	6%	1%	3%	-4%	-3%	3%	3%
EBIT (Adj)	78.6	76.3	66.5	79.6	67.6	77.0	71.7
EBIT margin	5.8%	5.9%	4.9%	6.4%	5.2%	5.7%	5.1%

Sweden (MSEK)

Sales	498.5	524.9	543.8	488.0	530.9	564.4	572.5
Sales growth	2%	17%	15%	3%	6%	8%	5%
EBIT (Adj)	19.5	30.6	29.8	33.9	33.0	43.3	39.2
EBIT margin	3.9%	5.8%	5.5%	6.9%	6.2%	7.7%	6.9%

Denmark (MDKK)

Sales	460.8	431.3	473.1	445.2	464.4	570.5	465.9
Sales growth	5%	-4%	3%	3%	1%	6%	2%
EBIT (Adj)	20.1	19.8	20.1	25.9	26.9	35.4	30.1
EBIT margin	4.4%	4.5%	4.2%	5.8%	5.8%	6.2%	6.5%

Segment information by quarter

Norway (MNOK)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
Sales	353.5	277.3	277.0	257.9	256.7	280.4	290.8
Sales growth	6%	-20%	-20%	-29%	-27%	-7%	5%
EBIT (Adj)	40.0	26.0	22.3	22.9	12.1	9.6	15.3
EBIT margin	11.3%	9.2%	7.9%	9.0%	4.8%	3.4%	5.3%

Finland (MEUR)

Sales	-	-	-	-	-	0.9	2.1
Sales growth	-	-	-	-	-	-	-
EBIT (Adj)	-	-	-	-	-	-0.3	-1.0
EBIT margin	-	-	-	-	-	-33.3%	-46.2%



Non-comparable items

Non-comparable items in EBITDA and operating income:

	Q3 2015	Q3 2014	9M 2015	9M 2014
IPO costs	-	-3.5	-	-36.5
Transition costs	-	-3.7	-	-12.5
Monitoring fees	-	-	-	-5.8
Transaction costs	-0.3	-1.6	-4.5	-1.6
Total	-0.3	-8.8	-4.5	-56.4

Non-comparable items in finance net and tax effects:

Refinancing	-	-	-	-51.0
Tax effect on adjustments	0.1	1.7	1.0	23.6

Non-comparable items in income for the period

	-0.2	-7.1	-3.5	-83.8
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Disclaimer

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