



Scandi Standard

Q1 2017 presentation

11 May 2017

Nordic market leader in chicken products

Highlights Q1 2017

- **Strong sales growth**
- Driven by all countries
- **Profitability still impacted by bird flu**
- Quarterly impact of SEK 18m
- Bird flu effects diminishing
- **Strong improvement from Q4**
- **Increased net interest bearing debt (NIBD)**
- **AGM resolved SEK 1.35 per share dividend**
- 57% of net income

MSEK	Q1 2017	Q1 2016	Change
Net sales	1,593.8	1,386.3	15.0%
Adj. EBITDA	112.8	115.0	-1.9%
Adj. EBIT	59.3	68.3	-13.1%
Non comparable items	-1.2	-1.1	12.1%
EBIT	58.1	67.2	-13.5%
Net income	29.9	42.4	-29.5%
EPS*, SEK	0.50	0.71	-29.2%
Op. cash flow*	5.0	35.5	-85.9%
NIBD	1,520.8	1,350.6	12.6%
Adj. EBITDA %	7.1%	8.3%	
Adj. EBIT %	3.7%	4.9%	



Impact of bird flu diminishing

- **Detected in Sweden, Denmark and Finland from Nov. 2016**
 - Corresponding detections in large parts of Europe
 - 10 years since last outbreak
- **No direct impact on Scandi Standard's extended value chain**
- **Important export markets mechanically ban import**
 - Scandi Standard dependent on these markets for feet and surplus legs/wings
- **Denmark declared bird flu free at the end of the quarter**
 - 4 months after last outbreak
 - Trade bans subsequently lifted
 - Will take some time to re-establish normal trading patterns
- **Set-back in Sweden due to recent new detection**
- **Still expecting EBIT effect of SEK 4-8m per month**
 - Diminishing effect expected in the second half of 2017



Sweden - Strong growth in net sales

- **Net sales up 15%**
 - Both chilled and frozen
- **Bird flu effects estimated to SEK 9m**
- **Weaker underlying margins**
 - Soft retail market
 - More frozen sales and campaigns during the quarter
- **Campylobacter mitigation measures effective**



MSEK	Q1 2017	Q1 2016	Change	LTM	2016	Change
Net sales	647.5	563.9	15%	2,475.5	2,391.9	3%
Adj EBIT	35.2	43.6	-19%	165.6	174.0	-5%
Non comp. items	-	-1.1		-	-1.1	
EBIT	35.2	42.5	-17%	165.6	172.9	-4%
<i>Adj. EBIT margin</i>	<i>5.4%</i>	<i>7.7%</i>		<i>6.7%</i>	<i>7.3%</i>	

Denmark - Improved underlying margin

- Net sales growth of 6%
- Bird flu effects estimated to SEK 9m
- Improved underlying margin when adjusting for bird flu
 - Despite price pressure both domestically and on exports
- Strong performance in further processed and premium segments



MSEK	Q1 2017	Q1 2016	Change	LTM	2016	Change
Net sales	579.7	548.8	6%	2,362.9	2,332.0	1%
Adj EBIT	22.1	28.7	-23%	87.9	94.5	-7%
Non comp. items	-	-		-11.9	-11.9	
EBIT	22.1	28.7	-23%	76.0	82.6	-8%
<i>Adj. EBIT margin</i>	3.7%	5.2%		3.7%	4.1%	



Norway - strong growth in sales and margin

- **Net sales up 17%**
 - Increased positions with NorgesGruppen and Coop
 - Contribution from premium products (free range)
- **Strong margin performance**
 - Operational leverage and improved efficiency
 - Benefits from investment in plant specialisation



MSEK	Q1 2017	Q1 2016	Change	LTM	2016
Net sales	388.1	331.9	17%	1,489.9	1,433.7
Adj EBIT	31.0	20.1	54%	105.8	94.9
Non comp. items	-	-		-	-
EBIT	31.0	20.1	54%	105.8	94.9
Adj. EBIT margin	8.0%	6.1%		7.1%	6.6%



Finland - switching to margin focus

- **Net sales in line with Q4 2016**
- 237% growth compared to Q1 2016
- **Underlying performance in line with Q4 2016**
- Losses expected to diminish further
- **Ensure higher share of products sold domestically**
- Low price achievement on frozen export products
- **External brand equity analysis shows consumer buy in and scalability of the Naapurin Maalaiskana brand**



MSEK	Q1 2017	Q1 2016	Change	LTM	2016
Net sales	69.8	20.7	237%	221.8	172.7
Adj EBIT	-12.5	-9.2	-36%	-55.7	-52.4
Non comp. items	-	-	-	-	-
EBIT	-12.5	-9.2	-36%	-55.7	-52.4
<i>Adj. EBIT margin</i>	<i>-17.9%</i>	<i>-44.4%</i>		<i>-25.1%</i>	<i>-30.3%</i>

Income statement

Group	Q1 2017	Q1 2016	LTM	2016
Net sales	1593.8	1386.3	6174.9	5967.4
Adj. EBITDA	112.8	115.0	449.4	451.6
Depreciation	-48.1	-43.1	-185.9	-180.9
Amortisation	-5.4	-4.5	-21.3	-20.4
Income from associates	0.0	0.9	0.4	1.3
Adj. EBIT	59.3	68.3	242.6	251.6
Non comparable items	-1.2	-1.1	-13.5	-13.4
EBIT	58.1	67.2	229.1	238.2
Finance costs (net)	-19.0	-13.2	-77.1	-71.3
Taxes	-9.2	-11.6	-33.1	-35.5
Income for the period	29.9	42.4	118.9	131.4

Cash flow

MSEK	Q1 2017	Q1 2016	LTM	2016
Opening balance NIBD	-1,515.4	-1,313.0	-1,350.6	-1,313.0
EBITDA	111.6	113.9	435.9	438.2
Change in working capital	-56.0	-31.9	-84.2	-60.1
Capital expenditure	-50.6	-46.5	-269.5	-265.4
Operating cashflow	5.0	35.5	82.2	112.7
Paid interest	-15.3	-11.3	-60.9	-59.3
Paid income tax	-5.5	-12.8	-17.8	-25.1
Dividend paid	0.0	0.0	-107.3	-107.3
Other	10.4	-49.0	-66.4	-123.4
Closing balance NIBD	-1,520.8	-1,350.6	-1,520.8	-1,515.4

- **Negative net cash flow in the quarter**
 - SEK 56m working capital increase
- **Working capital measures implemented**
 - Expected to impact cash flow during rest of the year
- **Conservative capital expenditure planned for 2017**
 - To be revisited during the year

Working capital and equity

MSEK	31 mars 2017	31 mars 2016
Inventory	662.4	532.0
Receivables	586.7	486.6
Payables	-852.3	-696.6
NWC	396.8	322.0
<i>as % of sales</i>	6.4%	5.9%
Equity	990.9	969.2
Equity/assets ratio	27.8%	29.2%

- Working capital was 6.4% (5.9%) of net sales (LTM)
- Equity ratio 28%



Summary

- Strong underlying improvement in the quarter
- Ongoing challenges expected to diminish during 2H 2017
 - Encouraged by early lift of export restrictions from Denmark
 - Results in Finland expected to improve
- Measures taken to improve cash flow over next quarters
 - Targeted working capital initiatives
 - Conservative capital expenditure for the time being
- Strong ambitions for profitable organic and strategic growth



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	Q4 2016	Q1 2017
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	1,507.6	1,593.8
Sales growth	1%	3%	-4%	-3%	3%	3%	10%	6%	12%	12.0%	10%	15%
EBIT (Adj)	76.3	66.5	79.6	67.6	77.0	71.7	68.1	68.3	74.3	76.1	32.9	59.3
EBIT margin	5.9%	4.9%	6.4%	5.2%	5.7%	5.1%	5.0%	4.9%	4.9%	4.8%	2.2%	4.9%
Sweden (MSEK)												
Sales	524.9	543.8	488.0	530.9	564.4	572.5	571.5	563.9	618.6	625.4	583.9	647.5
Sales growth	17%	15%	3%	6%	8%	5%	17%	6%	11%	9.0%	2%	15%
EBIT (Adj)	30.6	29.8	33.9	33.0	43.3	39.2	37.5	43.7	51.8	51.0	27.5	35.2
EBIT margin	5.8%	5.5%	6.9%	6.2%	7.7%	6.9%	6.6%	7.7%	8.4%	8.2%	4.7%	5.4%
Denmark (MSEK)												
Sales	523.0	584.9	554.3	584.8	570.5	589.1	539.2	548.8	596.3	636.7%	550.2	579.7
Sales growth	1%	9%	8%	7%	9%	1%	-3%	-6%	5%	8%	2%	6%
EBIT (Adj)	23.7	24.4	32.3	32.8	35.3	38.0	34.2	28.7	21.8	30.4	13.6	22.1
EBIT margin	4.5%	4.2%	5.8%	5.6%	6.2%	6.5%	6.3%	5.2%	3.7	4.8%	2.5%	3.7%
Norway (MSEK)												
Sales	307.0	309.3	278.8	275.7	280.4	200.5	321.8	331.9	353.0	360.7	388.4	388.1
Sales growth	-22%	-18%	-28%	-26%	-9%	-3%	15%	20%	26%	20.0%	21%	17%
EBIT (Adj)	28.1	24.3	25.0	13.2	9.6	16.0	21.6	20.1	26.1	20.9%	27.8	31.0
EBIT margin	9.2%	7.9%	9.0%	4.8%	3.4%	5.3%	6.7%	6.1%	7.0%	5.8%	7.2%	8.0%
Finland (MSEK)												
Sales	-	-	-	-	-	19.6	15.9	20.7	34.0	47.2	70.8	69.8
Sales growth	-	-	-	-	-	-	-	-	-	141%	345.0%	237%
EBIT (Adj)	-	-	-	-	-	-8.9	-11.7	-9.2	-11.7	-11.1	-20.4	-12.5
EBIT margin	-	-	-	-	-	-45.4%	-73.6%	-44.4%	-34.4%	-23.5%	-28.8%	-17.9%

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