Scandi Standard

Fourth quarter and year-end report 2017

20 February 2018

- Net sales in the fourth quarter 2017 rose to MSEK 2,060.6 (1,507.6), of which newly acquired Manor Farm accounted for MSEK 430.5. Excluding Manor Farm, the increase was 8 percent. Net sales increased in Sweden, Denmark and Finland but declined in Norway.
- Adjusted operating income* in the quarter increased to MSEK 115.5 (32.9), corresponding to a margin of 5.6 (2.2) percent. Manor Farm is included with MSEK 24.2.
- Apart from Manor Farm, the improvement in adjusted operating income* refers to compensation from third party in a total amount of MSEK 26.7 for part of the campylobacter effects, lower impact from the bird flu, and improved adjusted operating income* in Denmark and Finland.
- Income for the period increased to MSEK 58.3 (0.7) and earnings per share were SEK 0.89 (0.01).
- Operating cash flow was MSEK 99.1 (29.0), positively impacted by higher income and lower capital expenditure. Net interest-bearing debt increased to MSEK 1,885.6 (1,515.4) due to the acquisition of Manor Farm.
- The Board proposes a dividend for 2017 of SEK 1.80 (1.35) per share, corresponding to an increase of 33 percent.

MSEK	Q4 2017	Q4 2016	Change	2017	2016	Change
Net sales	2,060.6	1,507.6	37%	7,100.9	5,967.4	19%
Adjusted EBITDA*	180.6	88.4	104%	559.0	451.6	24%
Depreciation and amortization	-67.6	-55.2	22%	-232.4	-201.3	15%
Adjusted operating income*	115.5	32.9	251%	329.1	251.6	31%
Non comparable items	-25.0	-11.6	-	-34.4	-13.4	157%
Operating income	90.5	21.3	325%	294.7	238.2	24%
Finance net	-17.0	-21.6	-21%	-71.1	-71.3	0%
Income after finance net	73.5	-0.3	24590%	223.6	166.9	34%
Income tax expense	-15.2	1.0	-1620%	-55.7	-35.5	57%
Income for the period	58.3	0.7	8224%	167.9	131.4	28%
Adjusted EBITDA margin*	8.8%	5.9%	-	7.9%	7.6%	-
Adjusted operating margin*	5.6%	2.2%	-	4.6%	4.2%	-
Earnings per share, SEK	0.89	0.01	8818%	2.73	2.21	24%
Adjusted return on operating capital employed*	11.1%	10.3%	-	11.1%	10.32%	-
Return on equity	13.8%	13.9%	-	13.8%	13.9%	-
Operating cash flow	99.1	29.0	-	213.1	112.7	-
Net interest-bearing debt	1,885.6	1,515.4	24%	1,885.6	1,515.4	24%

* Adjusted for non-comparable items, see page 5.

About Scandi Standard

Scandi Standard is passionate about the tasty, healthy and climate-smart chicken! We are 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 7 billion. For more information, please visit www.scandistandard.com.

CEO statement

The Group achieved strong organic growth and improved margins overall in 2017. Excluding newly acquired Manor Farm, net sales for the full year increased by 9 percent, and by 9 percent pro forma compared to the full year 2016. Operations in Sweden and Denmark showed an increase in net sales of 7 and 8 percent respectively, while net sales in Norway rose by 3 percent and in Finland by 90 percent. Manor Farm achieved growth of 8 percent pro forma. Adjusted operating income for the Group for the full year 2017 improved by 20 percent excluding Manor Farm and by 18 percent pro forma.

The Group's net sales in the fourth quarter amounted to MSEK 2,060.6, an increase of 8 percent excluding Manor Farm and by 7 percent pro forma compared to the corresponding quarter last year. Sweden and Denmark achieved growth of 5 and 22 percent respectively, while net sales in Norway declined by 7 percent. Net sales in Finland increased by 29 percent and was in line with the average for the first three quarters 2017.

Adjusted operating income for the Group in the fourth quarter amounted to MSEK 115.5 compared to MSEK 32.9 in the fourth quarter 2016. The weak result last year was negatively impacted by approximately MSEK 29 related to the bird flu. After a challenging 2017, it is satisfying to report that the impact of the bird flu is no longer significant and that the level of campylobacter in our supply chain in Sweden is record low. Our risk management process has been effective resulting in compensation from third party in a total amount of MSEK 26,7 in the quarter for part of the campylobacter effects on adjusted operating income.

The Swedish operation reported adjusted operating income of MSEK 40.8 in the fourth quarter compared to MSEK 27.5 in the fourth quarter last year. The bird flu had a negative impact of approximately MSEK 6 compared to approximately MSEK 14 last year. We expect a negative impact of the bird flu in the first quarter 2018 of approximately MSEK 1-3 per month.

In addition to the effects of the bird flu, adjusted operating income for the Swedish operation was also impacted by weaker than normal demand for chilled products in the retail channel. The decline in demand is mainly caused by the attention paid to the unusually high levels of campylobacter recorded in the first half of 2017. At the same time, the producers have not yet fully adjusted their volumes which has led to oversupply and pressure on prices. Of the above mentioned third party compensation, MSEK 11.7 is included in adjusted operating income for Sweden. We do not anticipate to receive any further compensation during the year. We also expect continued soft demand for chilled products in Sweden.

The Danish operation showed a continued positive trend in income in the fourth quarter. Adjusted operating income amounted to MSEK 34.6 compared to MSEK 13.6 in the fourth quarter last year. The strong result was mainly achieved through extra deliveries of ready to eat products to one of our large European customers. Income was also favourably impacted by unusually high export prices.

Based on the positive reception of the new premium products under De Danske Familiegårde brand, we have decided to recruit additional sales persons to drive the concept and to significantly increase our efforts in marketing during 2018. Although I am confident that these investments in the medium to long term will add value to both the category and the Group, they will have a negative impact on income short term. We also expect a decline in export prices from the current unusually high level.

The operation in Norway achieved a continued strong result in the quarter. Adjusted operating income amounted to MSEK 30.1 compared to MSEK 27.8 in the fourth quarter last year, corresponding to a margin of 8.3 percent compared to 7.2 percent last year. The positive trend during the last quarters has been driven by a strong and innovative product offering in combination with increased plant efficiency. Given the current contract dynamics in the Norwegian market, we expect stable market shares during 2018.

I am pleased to report a strong fourth quarter for Manor Farm with adjusted operating income of MSEK 24.2 (15.6 proforma). The positive trend in income was driven by unusually strong Christmas sales, a favourable product and channel mix as well as higher yield in production. The integration process is proceeding according to plan. I appreciate the commitment and positive contributions from the management team for Ireland. There is potential for efficiency improvements in a number of areas. We expect to decide on a capital expenditure program during the first half of 2018 aimed at increasing efficiency in the production plant.

Adjusted operating income for the Finnish operation was negative and amounted to MSEK -8.1 in the fourth quarter compared to MSEK -20.4 in the fourth quarter last year. Although the result in Finland has been disappointing, it was satisfying to see an improvement of MSEK 4.6 from the third quarter 2017. As capacity utilization is still low, the depreciation-to-sales ratio is almost twice as high as for our other operations. However, the plant is very modern and the requirements regarding capital expenditure and working capital going forward will be limited. We continue to implement the measures necessary to reach break-even as soon as possible.

Through investments in Sweden and Norway in the past years, we have achieved substantial growth in net sales of ready to eat products. In order to meet a further increase in demand for these products from our large customers, such as McDonalds, we have decided to expand capacity at our plant in Farre, Denmark.

The Group's net interest-bearing debt declined from the third quarter and amounted to MSEK 1,885.6 at year-end. We continue our efforts to reduce working capital from the high level in 2017 and to further strengthen the cash flow. We expect capital expenditure to amount to approximately MSEK 350 in 2018, of which MSEK 150 refers to the above mentioned capacity expansion in Farre. The total amount for capital expenditure may be revised later in the year after the decision on the investment program for Ireland.

Although the Group's income and margin short term will be affected by a number of factors mentioned above, I am convinced that we will see a more positive trend in the second half of the year. We are also well positioned to achieve organic as well as structural growth in the coming years.

The Board has decided to propose a dividend for 2017 of SEK 1.80 per share, which corresponds to an increase of 33 percent from SEK 1.35 last year.

Leif Bergvall Hansen
Managing Director and CEO

Net sales and income

Net sales
Net sales in the fourth quarter 2017 increased to MSEK 2,060.6 compared to MSEK 1,507.6 in the fourth quarter last year. The newly acquired Irish company Manor Farm, which was consolidated as of 28 August 2017, is included in net sales with MSEK 430.5. Excluding Manor Farm, net sales increased by 8 percent and by 9 percent at constant exchange rates.

Net sales increased by 5 percent in Sweden, 22 percent in Denmark and 29 percent in Finland, but declined by 7 percent in Norway.

Net sales by product category, excluding Ireland, rose by 1 percent for chilled products and by 18 percent for frozen products at constant exchange rates.

Income
Operating income, adjusted for non-comparable items, increased in the fourth quarter 2017 to MSEK 115.5 compared to MSEK 32.9 in the fourth quarter last year, corresponding to a margin of 5.6 (2.2) percent. Manor Farm is included with MSEK 24.2. Adjusted operating income improved in Denmark, Finland, Norway and Sweden.

Adjusted operating income includes third-party compensation in a total amount of MSEK 26.7 for part of the effects from the increased levels of campylobacter in the Valla facility in Sweden during the first half 2017. Of this amount, MSEK 11.7 is included in adjusted operating income for Sweden and MSEK 15,0 in Group costs.

The negative impact from the bird flu on adjusted operating income was substantially lower than in the fourth quarter last year and amounted to approximately MSEK 6, as compared to approximately MSEK 40 in the fourth quarter 2016 of which MSEK 11.2 was include in non-comparable items.

Operating income, including non-comparable items, increased to MSEK 90.5 (21.3), corresponding to a margin of 4.4 (1.4) percent. Manor Farm is included with MSEK 24.2. Non-comparable items were MSEK -25.0 (-11.6), see table on page 5.

Income for the period amounted to MSEK 58.3 (0.7), corresponding to earnings per share of SEK 0.89 (0.01).

Full year 2017

Net sales
Net sales for the full year 2017 increased to MSEK 7,100.9 compared to MSEK 5,967.4 for the full year 2016. Manor Farm is included with net sales of MSEK 596.3. Excluding Manor Farm net sales increased by 9 percent and by 8 percent at constant exchange rates.

Net sales increased by 7 percent in Sweden, 8 percent in Denmark, 3 percent in Norway and by 90 percent in Finland.

Net sales by product category, excluding Ireland, rose by 6 percent for chilled products and by 9 percent for frozen products at constant exchange rates.

Income
Operating income, adjusted for non-comparable items, increased to MSEK 329.1 compared to MSEK 251.6 for the full year 2016, corresponding to a margin of 4.6 (4.2) percent. Manor Farm is included with MSEK 36.3.

Adjusted operating income improved in Denmark and Norway, but declined in Sweden. Adjusted operating income in Finland was still negative, but improved from 2016.

Adjusted operating income includes third-party compensation in a total amount of MSEK 36.7 for part of the campylobacter effects, of which MSEK 21.7 is included in adjusted operating income for Sweden and MSEK 15,0 in Group costs.

The negative impact from the bird flu on adjusted operating income amounted to approximately MSEK 46, as compared to approximately MSEK 40 for the full year 2016 of which MSEK 11.2 was include in non-comparable items.

Operating income, including non-comparable items, increased to MSEK 294.7 (238.2), corresponding to a margin of 4.2 (4.0) percent. Manor Farm is included with MSEK 36.3. Non-comparable items were MSEK -34.4 (-13.4), see table on page 5.

Income for the period amounted to MSEK 167.9 (131.4), corresponding to earnings per share of SEK 2.73 (2.21).

Impact of bird flu

Denmark was declared free of bird flu at the end of the first quarter 2017 and trade bans were lifted. A new case of bird flu was detected in a Swedish commercial flock during the second quarter 2017 and trade restrictions for Swedish poultry products still remain.

The negative impact on operating income in the fourth quarter 2017 amounted to approximately MSEK 6 and referred to Sweden. The negative impact for the full year 2017 was approximately MSEK 46, of which MSEK 35 referred to Sweden and 11 MSEK to Denmark.

A continued negative impact on operating income of MSEK 1-3 per month is expected in the first quarter 2018.

Non-comparable items

Non-comparable items in EBITDA and operating income	Q4 2017	Q4 2016	2017	2016
Staff reduction costs[1)]	-1.5	-4.5	-1.5	-4.5
Write-down of inventory[2)]	-	-6.7	-	-6.7
Restructuring of production[3)]	-19.2	-	-19.2	-
Costs related to fire[4)]	-4.0	-	-4.0	-
Transaction costs[5)]	-0.4	-0.4	-24.9	-2.2
Revaluation of contingent consideration[6)]	0.1	-	29.8	-
Cancellation of leasing contract[7)]	-	-	-14.6	-
Total	-25.0	-11.6	-34.4	-13.4

[1)] Staff reduction costs in Sweden in the fourth quarter 2017 and in Denmark in the fourth quarter 2016.
[2)] Write down of inventory in Denmark in the fourth quarter 2016.
[3)] Restructuring of and changes in production in Sweden.
[4)] Costs related to a fire in Sødams' facility in Denmark.
[5)] Deal fees related to the acquisition of the Irish company Manor Farm in 2017 and the majority shareholding in Sødams in Denmark in 2016.
[5)] Revaluation of contingent consideration in connection with the acquisition of the remaining 20% of the shares in Sødams in Denmark.
[5)] Costs for cancellation of a leasing contract and project costs in Sweden.

Segment information

Sweden

MSEK	Q4 2017	Q4 2016	Change	2017	2016	Change
Net sales	615.3	583.9	5%	2,556.7	2,391.9	7%
Adjusted operating income*	40.8	27.5	48%	151.3	174.0	-13%
Adjusted operating margin*	6.6%	4.7%	-	5.9%	7.3%	-
Non-comparable items	-20.7	-	-	-35.3	-1.1	-
Operating income	20.1	27.5	-27%	116.0	172.9	-33%

* Adjusted for non-comparable items.

Net sales in Sweden in the fourth quarter 2017 increased by 5 percent to MSEK 615.3 compared to MSEK 583.9 in the corresponding quarter last year. Net sales of frozen products rose by 39 percent, while net sales of chilled products declined by 18 percent.

The retail market for chicken products in Sweden continued to decline in the quarter in both value and volume compared to the fourth quarter last year. The negative trend in the market has led to oversupply of chicken and increased price competition. The decline in demand is mainly caused by the attention paid to the higher than normal levels of campylobacter in the first half of 2017. The levels of campylobacter during the second half of the year was lower than normal.

Adjusted operating income increased by 48 percent to MSEK 40.8 (27.5), corresponding to a margin of 6.6 (4.7) percent. Adjusted operating income includes third-party compensation in a total amount of MSEK 11.7 for part of the effects from the increased levels of campylobacter in the Valla facility in the first half of 2017. A lower share of net sales in chilled products than in the fourth quarter last year had an adverse effect on adjusted operating income and margin. The negative impact from the bird flu on adjusted operating income declined to approximately MSEK 6 from approximately MSEK 14 in the fourth quarter last year.

Denmark

MSEK	Q4 2017	Q4 2016	Change	2017	2016	Change
Net sales	670.7	550.2	22%	2,529.3	2,332.0	8%
Adjusted operating income*	34.6	13.6	154%	120.6	94.5	28%
Adjusted operating margin*	5.2%	2.4%	-	4.8%	4.1%	-
Non-comparable items	-4.0	-11.2	-	-4.0	-11.9	-
Operating income	30.6	2.4	1174%	116.6	82.6	41%

* Adjusted for non-comparable items.

Net sales in Denmark in the fourth quarter 2017 increased by 22 percent to MSEK 670.7 compared to MSEK 550.2 in the corresponding quarter last year. Net sales in local currency rose by 22 percent.

The strong growth in net sales was mainly achieved through extra deliveries to a large European customer. Higher sales in the retail channel and of ready to eat products in the foodservice channel, as well as increased exports at higher prices, also contributed.

Adjusted operating income increased by 154 percent to MSEK 34.6 (13.6), corresponding to a margin of 5.2 (2.4) percent. There was no negative impact from the bird flu on adjusted operating income compared to approximately MSEK 12 in the fourth quarter last year.

Norway

MSEK	Q4 2017	Q4 2016	Change	2017	2016	Change
Net sales	360.9	388.1	-7%	1,483.0	1,433.7	3%
Adjusted operating income*	30.1	27.8	8%	122.0	94.9	29%
Adjusted operating margin*	8.3%	7.2%	-	8.2%	6.6%	-
Non-comparable items	-	-	-	-	-	-
Operating income	30.1	27.8	8%	122.0	94.9	29%

* Adjusted for non-comparable items.

Net sales in Norway in the fourth quarter 2017 declined by 7 percent to MSEK 360.9 compared to MSEK 388.1 in the corresponding quarter last year. Net sales in local currency declined by 2 percent.

Net sales in the retail channel increased from last year, while net sales in the food-service channel declined as a result of a rationalization of the product range.

Adjusted operating income increased by 8 percent to MSEK 30.1 (27.8), corresponding to a margin of 8.3 (7.2) percent. The improvement in adjusted operating income and margin was mainly achieved through increased efficiency in production.

Finland

MSEK	Q4 2017	Q4 2016	Change	2017	2016	Change
Net sales	91.0	70.8	29%	328.5	172.7	90%
Adjusted operating income*	-8.1	-20.4	60%	-43.0	-52.4	18%
Adjusted operating margin*	-8.9%	-28.8%	-	-13.1%	-30.3%	-
Non-comparable items	-	-	-	-	-	-
Operating income	-8.1	-20.4	60%	-43.0	-52.4	18%

* Adjusted for non-comparable items.

Net sales in Finland in the fourth quarter 2017 increased by 29 percent to MSEK 91.0 compared to MSEK 70.8 in the corresponding quarter last year. Net sales in local currency rose by 27 percent.

Adjusted operating income amounted to MSEK -8.1 (-20.4). The improvement refers to higher efficiency and yield in production, as well as a more favourable product mix. In addition, the reduction in the number of employees in production at the end of the third quarter had a full impact on adjusted operating income in the fourth quarter.

Ireland

The acquisition of Manor Farm was completed on 28 August 2017 and the operation is included in the Group's accounts from this date.

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, adjusted operating income and operating income if it had been part of the Group from 2016. See also appendix on page 27.

The pro forma figures have been adjusted to be comparable with the Group’s statements in respect of accounting year, accounting principles and certain owner costs that previously affected the company.

MSEK	Reported Q4 2017	Pro forma Q4 2016	Change	Pro forma 2017	Pro forma 2016	Change
Net sales	430.5	424.6	1%	1,702.4	1,576.6	8%
Adjusted operating income*	24.2	15.6	55%	101.5	93.5	9%
Adjusted operating margin*	5.6%	3.7%	-	6.0%	5.9%	-
Non-comparable items	-	18.6	-	-	18.6	-
Operating income	24.2	34.2	-29%	101.5	112.1	-10%

Net sales In Ireland in the fourth quarter 2017 increased by 1 percent to MSEK 430.5 compared to MSEK 424.6 in the corresponding quarter last year pro forma. Net sales in local currency rose by 2 percent.

Adjusted operating income increased by 55 percent to MSEK 24.2 (15.6 pro forma), corresponding to a margin of 5.6 (3.7 pro forma) percent. The improvement in adjusted operating income and margin was driven by unusually strong Christmas sales, a favourable product and channel mix, as well as higher yield in production.

Cash flow and investments

Operating cash flow amounted to MSEK 99.1 (29.0) in the fourth quarter 2017 and to MSEK 213.1 (112.7) for the full year 2017. Cash flow for both periods was positively impacted by higher income and lower capital expenditure compared to last year.

Working capital as of 31 December 2017 amounted to MSEK 616.1 (352.2), corresponding to 7.5 (5.9) percent of net sales[1)]. The increase compared to last year refers partly to the acquired operation in Ireland, but also to higher inventories and trade receivables. Excluding Ireland, working capital was largely unchanged during the fourth quarter 2017. Inventories declined by MSEK 20, while trade receivables increased by MSEK 31.

Net capital expenditure amounted to MSEK 49.7 (66.9) in the fourth quarter 2017 and to MSEK 198.8 (265.4) for the full year 2017. The declined from last year is mainly explained by the large extension of the Valla facility in Sweden which was finalised last year. Projects during the year referred mainly to efficiency improvements in production.

Change in net debt

MSEK	Q4 2017	Q4 2016	2017	2016
Opening balance net debt	**-1,932.4**	**-1,542.6**	**-1,515.4**	**-1,313.0**
EBITDA	180.6	76.8	559.0	438.2
Change in working capital	-31.8	19.1	-147.1	-60.1
Net capital expenditure	-49.7	-66.9	-198.8	-265.4
Operating cashflow	**99.1**	**29.0**	**213.1**	**112.7**
Paid interest	-12.6	-18.7	-59.0	-59.3
Paid income tax	13.0	-5.8	-3.1	-25.1
Dividend	-	-	-80.2	-107.3
Acquisition of Manor Farm	-	-	-274.1	-30.2
Other	-52.7	22.7	-166.9	-93.2
Total change in net debt	**46.8**	**27.2**	**-370.2**	**-202.4**
Closing balance net debt	**-1,885.6**	**-1,515.4**	**-1,885.6**	**-1,515.4**

1)Net sales for the Group in 2017 with the addition of net sales for Ireland 2017 pro forma.

Financial position

Total equity as of 31 December 2017 amounted to MSEK 1,454.6 (972.0). The equity to assets ratio was 28.2 (27.8) percent.

The issue of 6 million shares in August 2017 directed to the sellers of Manor Farm increased equity by approximately SEK 60,000 to SEK 659,749 and the total number of shares to 66,060,890.

Net interest-bearing debt as of 31 December 2017 increased to MSEK 1,885.6 (1,515.4) due to the acquisition of Manor Farm. Cash and cash equivalents amounted to MSEK 30.1 (23.2). Committed but not utilized credit facilities as of 31 December 2017 amounted to MSEK 389.5 .

Personnel

The average number of employees (FTE) was 2,932 (1,763) in the fourth quarter 2017 and 2,264 (1,680) for the full year 2017. The increase in the fourth quarter and full year 2017 refers to Manor Farm, which was acquired as of 28 August 2017, and is included with 930 persons for the full year 2017.

Transactions with related parties

Scandi Standard has an agreement with Lantmännen, a major shareholder, for the rental of the facility in Åsljunga, Sweden. Rental costs under this agreement amounted to MSEK 0.6 (0.6) in the fourth quarter 2017 and MSEK 2.2 (2.2) for the full year 2017.

Dividend

The Board of Directors proposes a dividend for 2017 of SEK 1.80 (1.35) per share, for a total dividend payment of approximately MSEK 117.4 (80.2), based on the number of outstanding shares at year-end 2017. The proposed dividend corresponds to approximately 56 (57) percent of income for the period adjusted for non-comparable items .

The company'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 2018

The Annual General Meeting (AGM) 2018 will be held on 22 May at 1 pm 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.

Purchase of own shares

In accordance with the authorization by the Annual General Meeting 2017, Scandi Standard has purchased own shares during the year to secure the cost and delivery of shares to participants in the Group's long-term incentive program 2017 (LTIP 2017). A total of 163,700 shares were purchased during November and December, corresponding to 0.2 percent of the total number of outstanding shares. The shares were purchased on Nasdaq Stockholm.

Risks and uncertainties

Scandi Standards' risks and uncertainties are described on pages 41-43 and pages 68-69 in the Annual Report 2016, which is available at www.scandistandard.com.

The acquisition of Manor Farm implies that the Group, in addition to the risks described in the Annual Report, will be exposed to changes in feed prices through the feed mill owned by the company which produces feed to its contracted growers, and other risks related to the acquisition as such.

Stockholm, 20 February 2018

Leif Bergvall Hansen
Managing Director and CEO

The 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 2017	Q4 2016	Change	2017	2016	Change
Sweden	615.3	583.9	5%	2,556.7	2,391.9	7%
of which internal sales	52.5	42.8	23%	195.6	170.3	15%
Denmark	670.7	550.2	22%	2,529.3	2,332.0	8%
of which internal sales	43.1	42.8	1%	185.1	192.6	-4%
Norway	360.9	388.1	-7%	1,483.0	1,433.7	3%
of which internal sales	-	-	-	-	-	-
Finland	91.0	70.8	29%	328.5	172.7	90%
of which internal sales	12.2	-	-	12.2	-	-
Ireland	430.5	-	-	596.3	-	-
of which internal sales	-	-	-	-	-	-
Intra-group eliminations	-107.8	-85.4	26%	-392.9	-362.9	8%
Total net sales	**2,060.6**	**1,507.6**	**37%**	**7,100.9**	**5,967.4**	**19%**

Net sales in local currency

Millions in local currency	Q4 2017	Q4 2016	Change	2017	2016	Change
Denmark	510.4	417.6	22%	1,953.3	1,833.3	7%
Norway	354.2	360.1	-2%	1,435.6	1,405.7	2%
Finland	9.3	7.3	27%	34.1	18.2	87%
Ireland	44.6	-	-	61.9	-	-

Net sales by product category

MSEK	Q4 2017	Q4 2016	Change	2017	2016	Change
Chilled	1,116.9	690.2	62%	3,495.8	2,723.7	28%
Frozen	738.4	625.8	18%	2,839.5	2,565.5	11%
Eggs	87.6	86.3	2%	329.7	315.4	5%
Other*	117.7	105.3	12%	435.9	362.8	20%
Total net sales	**2,060.6**	**1,507.6**	**37%**	**7,100.9**	**5,967.4**	**19%**

Exchange rates**

	Q4 2017	Q4 2016	2017	2016
SEK/NOK	1.02	1.08	1.03	1.02
SEK/DKK	1.31	1.32	1.29	1.27
SEK/EUR	9.83	9.70	9.63	9.49

*) Relates mainly to SweHatch sales of day-old chicks, and sales of pet food.
**) Average exchange rates.

Adjusted operating income

MSEK	Q4 2017	Q4 2016	2017	2016
Sweden	40.8	27.5	151.3	174.0
Denmark	34.6	13.6	120.6	94.5
Norway	30.1	27.8	122.0	94.9
Finland	-8.1	-20.4	-43.0	-52.4
Ireland	24.2	-	36.3	-
Group	5.9	-8.9	-27.9	-39.0
Amortization	-12.0	-6.7	-30.2	-20.4
Total adjusted operating income	**115.5**	**32.9**	**329.1**	**251.6**

Adjustments to operating income

MSEK	Q4 2017	Q4 2016	2017	2016
Sweden	-20.7	-	-35.3	-1.1
Denmark	-4.0	-11.2	-4.0	-11.9
Norway	-	-	-	-
Finland	-	-	-	-
Ireland	-	-	-	-
Group	-0.3	-0.4	4.9	-0.4
Total adjustments to operating income	**-25.0**	**-11.6**	**-34.4**	**-13.4**

Operating income

MSEK	Q4 2017	Q4 2016	2017	2016
Sweden	20.1	27.5	116.0	172.9
Denmark	30.6	2.4	116.6	82.6
Norway	30.1	27.8	122.0	94.9
Finland	-8.1	-20.4	-43.0	-52.4
Ireland	24.2	-	36.3	-
Group	5.6	-9.3	-23.0	-39.4
Amortization	-12.0	-6.7	-30.2	-20.4
Total operating income	90.5	21.3	294.7	238.2
Finance net	-17.0	-21.6	-71.1	-71.3
Income tax expense	-15.2	1.0	-55.7	-35.5
Income for the period	**58.3**	**0.7**	**167.9**	**131.4**

Consolidated income statement

MSEK	Q4 2017	Q4 2016	2017	2016
Net sales	2,060.6	1,507.6	7,100.9	5,967.4
Other operating revenues	35.9	-0.7	68.0	31.5
Changes in inventories of finished goods and work in progress	-28.3	65.8	54.4	44.3
Raw materials and consumables	-1,228.0	-978.7	-4,330.2	-3,603.2
Cost of personnel	-431.7	-286.1	-1,399.8	-1,115.0
Depreciation, amortization and impairment	-67.6	-55.2	-232.4	-201.3
Other operating expenses	-252.9	-231.1	-968.7	-886.8
Share of income of associates	2.5	-0.3	2.5	1.3
Operating income	**90.5**	**21.3**	**294.7**	**238.2**
Finance income	0.5	0.4	1.1	1.2
Finance expenses	-17.5	-22.0	-72.2	-72.5
Income after finance net	**73.5**	**-0.3**	**223.6**	**166.9**
Income tax expense	-15.2	1.0	-55.7	-35.5
Income for the period	**58.3**	**0.7**	**167.9**	**131.4**
Whereof attributable to shareholders of the Parent Company	58.3	0.7	167.9	131.4
Average number of shares[1)2)]	65,344,107	59,397,278	61,570,177	59,542,034
Earnings per share before dilution, SEK	0.89	0.01	2.73	2.21
Earnings per share after dilution, SEK	0.89	0.01	2.73	2.21
Number of shares at the end of the period[2)]	66,060,890	60,060,890	66,060,890	60,060,890

[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 2017	Q4 2016	2017	2016
Income for the period	58.3	0.7	167.9	131.4
Other comprehensive income				
Items that will not be reclassified to the income statement				
Actuarial gains and losses in defined benefit pension plans	12.0	3.0	9.4	-28.5
Tax on actuarial gains and losses	-2.6	-0.6	-2.1	6.3
Total	**9.4**	**2.4**	**7.3**	**-22.2**
Items that will or may be reclassified to the income statement				
Cash flow hedges	3.2	2.2	5.3	4.7
Currency effects from conversion of foreign operations	45.6	-4.8	41.8	43.6
Income from currency hedging of foreign operations	-8.8	2.1	-18.2	12.3
Tax attributable to items that will be reclassified to the income statement	-0.7	-0.6	-1.1	-1.1
Total	**39.3**	**-1.1**	**27.8**	**59.5**
Other comprehensive income for the period, net of tax	**48.7**	**1.3**	**35.1**	**37.3**
Total comprehensive income for the period	**107.0**	**2.0**	**203.0**	**168.7**
Whereof attributable to shareholders of the Parent Company	**107.0**	**2.0**	**203.0**	**168.7**

Consolidated statement of financial position

MSEK	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Goodwill		896.3	703.8
Other intangible assets		1,016.8	503.0
Property plant and equipment		1,245.0	1,010.8
Participations in associated companies		40.2	45.5
Financial assets		0.0	0.2
Deferred tax assets		39.9	46.8
Total non-current assets		**3,238.1**	**2,310.1**
Current assets			
Inventory		720.5	603.2
Trade receivables		878.7	400.2
Other short term receivables		125.4	87.5
Prepaid expenses and accrued income		159.5	72.3
Derivate instruments		0.6	0.4
Cash and cash equivalents		30.2	23.2
Total current assets		**1,914.9**	**1,186.8**
TOTAL ASSETS		**5,153.1**	**3,496.9**
EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital		0.7	0.6
Other contributed equity		974.7	702.7
Reserves		81.4	42.7
Retained earnings		397.9	226.0
Total equity		**1,454.6**	**972.0**
Liabilities			
Non-current liabilities			
Non-current interest bearing liabilities		1,849.5	1,427.6
Derivate instruments		9.1	14.2
Provisions for pensions		23.4	19.7
Deferred tax liabilities		171.8	109.3
Other non-current liabilities	4	318.9	46.3
Total non-current liabilities		**2,372.7**	**1,617.1**
Current liabilities			
Current interest bearing liabilities		57.8	96.8
Trade payables		715.8	475.5
Tax payables		58.7	35.1
Other current liabilities		187.6	100.9
Accrued expenses and prepaid income		305.9	199.5
Total current liabilities		**1,325.8**	**907.8**
TOTAL EQUITY AND LIABILITIES		**5,153.1**	**3,496.9**

Consolidated statement of changes in equity

MSEK	
Opening balance 1 January 2016	**924.9**
Income for the period	131.4
Other comprehensive income, net after tax	37.3
Total comprehensive income	**168.7**
Dividend	-107.3
Repurchase own shares	-14.3
Total transactions with the owners	-121.6
Closing balance 31 December 2016	**972.0**

Opening balance 1 January 2017	**972.0**
Income for the period	167.9
Other comprehensive income, net after tax	35.1
Total comprehensive income	**203.0**
Dividend	-80.2
New share issue	352.8
Transaction costs related to new share issue	-0.6
Profit related to utilization of purchasing option in Sødams Øko Fjerkræslagteri ApS	6.4
Adjustment	0.6
Long-term incentive program	10.9
Repurchase of own shares	-10.3
Total transactions with the owners	**279.6**
Closing balance 31 December 2017	**1,454.6**

Consolidated statement of cash flows

MSEK	Q4 2017	Q4 2016	2017	2016
OPERATING ACTIVITIES				
Operating income	90.5	21.3	294.7	238.2
Adjustment for non-cash items	53.6	46.9	206.3	180.9
Paid finance items net	-12.6	-18.7	-59.0	-59.3
Paid current income tax	13.0	-5.8	-3.1	-25.1
Cash flow from operating activities before changes in operating capital	**144.5**	**43.7**	**438.9**	**334.7**
Changes in inventories	20.0	-57.0	-56.6	-49.0
Changes in operating receivables	-92.7	17.6	-248.2	-94.0
Changes in operating payables	40.9	58.5	44.5	82.9
Cash flow from operating activities	**112.7**	**62.8**	**291.8**	**274.6**
INVESTING ACTIVITIES				
Business combinations	-	-	-274.1	-30.2
Investment in property plant and equipment	-65.1	-66.9	-214.2	-265.4
Sale of property, plant and equipment	15.4	0.0	15.4	0.0
Cash flows used in investing activities	**-49.7**	**-66.9**	**-472.9**	**-295.6**
FINANCING ACTIVITIES				
New loan	11.0	-	1,904.5	19.5
Repayment	-134.2	-51.4	-1,520.8	-87.2
Change in overdraft facility	-5.4	45.8	-98.7	93.3
Dividend	-	-	-80.2	-107.3
Repurchase own shares	-10.3	-	-10.3	-14.3
Cash flows in financing activities	**-138.9**	**-5.6**	**194.5**	**-96.0**
Cash flows for the period	**-75.9**	**-9.7**	**13.4**	**-117.0**
Cash and cash equivalents at beginning of the period	**113.1**	**33.4**	**23.2**	**142.7**
Currency effect in cash and cash equivalents	-7.0	-0.5	-6.4	-2.5
Cash flow for the period	-75.9	-9.7	13.4	-117.0
Cash and cash equivalents at the end of the period	**30.2**	**23.2**	**30.2**	**23.2**

Parent Company income statement

MSEK	Q4 2017	Q4 2016	2017	2016
Net sales	-	-	-	-
Operating expenses	0.0	-	0.0	-
Operating income	**0.0**	**-**	**0.0**	-
Finance net	5.5	3.6	11.1	14.6
Income after finance net	**5.5**	**3.6**	**11.1**	**14.6**
Group contribution	-11.1	-	-11.1	-14.6
Tax expenses	-	-0.9	-	-
Income for the period	-5.6	2.7	0.0	0.0

Parent Company statement of comprehensive income

MSEK	Q4 2017	Q4 2016	2017	2016
Income for the period	-5.6	2.7	0.0	0.0
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	**-5.6**	**2.7**	**0.0**	**0.0**

Parent Company statement of financial position

MSEK	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Investments in subsidiaries		532.7	532.7
Receivables from Group entities		405.2	358.8
Total non-current assets		**937.9**	**891.5**
TOTAL ASSETS		**937.9**	**891.5**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		0.7	0.6
Non-restricted equity			
Share premium account		974.7	702.7
Retained earnings		-53.2	-42.8
Income for the period		-	-
Total equity		**922.2**	**660.5**
Current liabilities			
Tax liability		-	-
Liabilities to Group entities	4	15.7	231.0
Total current liabilities		15.7	**231.0**
TOTAL EQUITY AND LIABILITIES		937.9	**891.5**

Parent Company statement of changes in equity

MSEK	
Opening balance 1 January 2016	**782.1**
Income for the period	-
Other comprehensive income, net after tax	-
Total comprehensive income	**-**
Dividend	-107.3
Repurchase own shares	-14.3
Total transactions with the owners	**-121.6**
Closing balance 31 December 2016	**660.5**
Opening balance 1 January 2017	**660.5**
Income for the period	-
Other comprehensive income, net after tax	-
Total comprehensive income	**-**
Dividend	-80.2
New issue shares	352.8
Transaction costs related to new share issue	-0.6
Repurchase own shares	-10.3
Total transactions with the owners	**261.7**
Closing balance 31 December 2017	**922.2**

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.

IFRS 9, 'Financial Instruments', published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments, Recognition and Measurement. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. The standard must be applied for financial years commencing on or after 1 January 2018, with early adoption permitted. The Group has reviewed its financial assets and liabilities and assessed the potential impact on its consolidated financial statements resulting from the application of IFRS 9. Based on the assessments performed Scandi Standard concluded that its current hedge relationships qualifies as continuing hedges upon the adoption of IFRS 9 and has updated its hedge documentation in accordance with IFRS 9. This does not have an impact on the company's balance sheet or income statement. Also in other areas IFRS 9 does not have a material impact on Scandi Standard's consolidated financial statements. The Group applies the new rules retrospectively from 1 January 2018

IFRS 15, 'Revenue from contracts with customers', establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This standard replaces IAS 18 covering contracts for goods and services, IAS 11 covering construction contracts and IFRIC 13 covering Customer Loyalty Programmes. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The standard is mandatory for financial years commencing on or after 1 January 2018, with early adoption permitted. The Group has finalized the analysis during the past financial year and has reviewed a significant share of the customer contracts. Scandi Standard has not identified any cases where the new standard changes revenue recognition in the Group. The implementation will therefore not have any impact on the financial statements of the Group.

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 is mandatory for financial years commencing on or after 1 January 2019. A company can choose to apply IFRS 16 before this date but only if it also applies IFRS 15 Revenue from contracts with customers. The standard will affect the accounting for the Group's operating leases. The Group started the implementation process in 2017 and will complete the identification of relevant information in the Group's leasing contracts during 2018. The operating leases that will be recorded on Scandi Standard's balance sheet as a result of IFRS 16 will mainly be for land and buildings (offices and production facilities), transport (cars, forklifts and trucks) and other equipment (e.g. IT and other office equipment). At this stage, the Group is not able to quantify the impact of the new rules on the Group's financial statements or to decide on the method of first-time application. However, the Group does not intend to adopt the standard before its effective date.

Acquisition of Manor Farm

On 28 August 2017 the Group completed the acquisition of Manor Farm in the republic of Ireland by acquiring 100 percent of the outstanding shares in Carton Bros ULC. Consideration and acquired assets and liabilities are specified in the table below. The purchase price allocation is final.

Consideration	MSEK
Cash	278.0
Issued shares (6 million shares)	336.7
Contingent consideration, recorded as a liability	307.9
Total	**922.0**
Acquired assets and liabilities at fair value	
Cash and cash equivalents	3.9
Tangible fixed assets	223.8
Brand	74.0
Customer relationships	460.9
Inventory	56.9
Receivables	361.3
Payables	-265.5
Borrowings	-94.8
Provisions etc.	-27.4
Deferred tax	-67.3
Identified assets and liabilities	**725.7**
Goodwill	196.3
Total	**922.0**

Cash impact of acquisition	MSEK
Cash payment	-278.0
Cash and cash equivalents in the acquired entity	3.9
Total	**-274.1**

Goodwill refers to expected synergies through transfer of technical knowledge and production methods as well as an improved diversification by being present on one more market. None of the goodwill is expected to be deductible for tax purposes.

Contingent consideration
The contingent consideration will be paid depending on the EBITDA of the acquired business during the years 2017-2020, with a first payment of MEUR 0.4 if EBITDA in 2017 exceeds MEUR 13. The remaining parts of the contingent consideration, which have an expected nominal aggregate base amount of MEUR 35, are subject to adjustments based on the actual EBITDA in each of the years 2018, 2019 and 2020 compared to the 2016 EBITDA. For the calculation of each part of the contingent consideration, a sliding EV/EBITDA multiple scale is used ranging from a minimum multiple of zero to a maximum multiple of 9. The parts of the contingent consideration will be paid upon availability of audited accounts for the relevant year

Transaction costs
Costs related to the acquisition have been expensed as incurred and amounts to MSEK 24.9, whereof MSEK 0.4 was incurred during the fourth quarter. The costs have been reported as non-comparable items in operating income and refer to due diligence, transaction advice and stamp duty.

Revenue and profit contribution
The acquired business contributed with net sales of MSEK 596.3 and operating income of MSEK 36.3 for the period 28 August 2017 to 31 December 2017. If the acquisition had occurred on 1 January 2017, consolidated net sales and income for the period for the full year 2017 had been MSEK 8,179.4 and MSEK 213,1 respectively.

Long-term incentive program
The Annual General Meeting 2017 decided on a long-term incentive programme (LTIP 2017) for key employees. The programme is intended to contribute to long-term value growth and is of the same type as LTIP 2015 and LTIP 2016. 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 2016.

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 2016.

Note 2. Segment information

Scandi Standard's business is operationally divided into the countries of Sweden, Denmark, Norway Finland and Ireland
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 was the first producer of organic chicken in Sweden.

Segment Denmark comprises Danpo A/S, the associate Farmfood A/S and the newly acquired Sødams Øko Fjerkræslagteri ApS. Danpo A/S slaughters, produces, develops and processes 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. Sødams Øko Fjerkræslagteri ApS processes organic and free-range chicken for the Danish market.

Segment Norway comprises Den Stolte Hane Jæren AS, Den Stolte Hane Egg 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. The segment also handles and sells small quantities of turkey and duck.

Segment Finland comprises the former Huttulan-operation, which was acquired in May 2015 and renamed Kronfågel Oy. Operations include slaughtering, production and development of fresh and frozen chicken products for the Finnish market.

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

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 2017 and for the comparison period, are shown in the tables below.

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	878.7	-	-	878.7	878.7	-
Derivates	-	0.7	-	0.7	-	0.7
Cash and cash equivalents	30.1	-	-	30.1	30.1	-
Total financial assets	**908.9**	**0.7**	**-**	**909.5**	**908.9**	**0.7**
Liabilities						
Non-current interest bearing liabilities	-	-	1,849.5	1,849.5	1,849.5	-
Other non-current liabilities	-	-	318.9	318.9	-	318.9
Derivates	-	9.1	-	9.1	-	9.1
Current interest bearing liabilities	-	-	57.8	57.8	57.8	-
Trade payables	-	-	715.8	715.8	715.8	-
Total financial liabilities	**-**	**9.1**	**2,942.0**	**2,951.1**	**2,623.1**	**328.0**

31 December 2016, 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	400.2	-	-	400.2	400.2	-
Deivates	-	0.4	-	0.4	-	0.4
Cash and cash equivalents	23.2	-	-	23.2	23.2	-
Total financial assets	**423.4**	**0.4**	**-**	**423.8**	**423.4**	**0.4**
Liabilities						
Non-current interest bearing liabilities	-	-	1,427.6	1,427.6	1,427.6	-
Other non-current liabilities	-	-	46.3	46.3	16.7	29.6
Derivates	-	14.2	-	14.2	-	14.2
Current interest-bearing liabilities	-	-	96.8	96.8	96.8	-
Trade payables	-	-	475.5	475.5	475.5	-
Total financial liabilities	**-**	**14.2**	**2,046.2**	**2,060.4**	**2,016.6**	**43.8**

[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 2017 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 2017 the derivatives amounted to MSEK -8.4 (-13.8). 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 2017 those amounted to MSEK 49.4 (46.8). For the Group's long-term borrowing, which as of 31 December 2017 amounted to MSEK 1,849.5 (1,427.6), 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 refers to the additional purchase price related to the acquisition of Carton Bros ULC. The liability is valued at fair value.

Note 4. Other liabilities

The entire other non-current liability for the Group as per 31 December 2017 amounting to MSEK 318.9 (46.3) 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 2017 amounted to MSEK 15.7 (231.0).

Not 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 2017**	**Q4 2016**	**2017**	**2016**
Net sales	A	2,060.6	1,507.6	7,100.9	5,967.4
Income for the period	B	58.3	0.7	167.9	131.4
+ Income tax expense		15.2	-1.0	55.7	35.5
Income after finance net	**C**	**73.5**	**-0.3**	**223.6**	**166.9**
+Financial income and expenses, net		17.0	21.6	71.1	71.3
Operating income	**D**	**90.5**	**21.3**	**294.7**	**238.2**
+Depreciation, amortization and impairment		67.6	55.2	232.4	201.3
+Share of income of associates		-2.5	0.3	-2.5	-1.3
EBITDA	**E**	**155.6**	**76.8**	**524.6**	**438.2**
Non-comparable items in operating income	F	25.0	11.6	34.4	13.4
Adjusted operating income	**D+F**	**115.5**	**32.9**	**329.1**	**251.6**
Adjusted operating margin	**(D+F)/A**	**5.6%**	**2.2%**	**4.6%**	**4.2%**
Non-comparable items in EBITDA	F	25.0	11.6	34.4	13.4
Adjusted EBITDA	**E+F**	**180.6**	**88.4**	**559.0**	**451.6**
Adjusted EBITDA-margin, %	**(E+F)/A**	**8.8%**	**5.9%**	**7.9%**	**7.6%**

From balance sheet, MSEK		31 December 2017	31 December 2016
Total assets		**5,153.1**	**3,496.9**
Non-current non-interest bearing liabilities			
- Deferred tax liabilities		-171.8	-109.3
- Other non-current liabilities		-318.9	-46.3
Total non-current interest bearing liabilites		**-490.7**	**-155.6**
Current non-interest bearing liabilities			
Trade payables		-715.8	-475.5
Tax payables		-58.7	-35.1
Other current liabilities		-187.6	-100.9
Accrued expenses and prepaid income		-305.9	-199.5
Total current non-interest bearing liabilities		**-1,268.0**	**-811.0**
Capital employed		**3,394.4**	**2,530.3**
Cash and cash equivalents		**-30.2**	**-23.2**
Operating capital		**3,364.2**	**2,507.1**
Average capital empoyed	**G**	**2,962.3**	**2,457.8**
Average operating capital	**H**	**2,935.7**	**2,374.8**
Operating income, LTM		294.7	238.2
Adjusted operating income, LTM	I	329.1	251.6
Finance income	J	1.1	1.2
Adjusted return on capital employed	(I+J)/G	**11.1%**	**10.3%**
Adjusted return on operating capital	I/H	**11.2%**	**10.6%**

From balance sheet, MSEK	31 December 2017	31 December 2016
Interest bearing liabitities		
Non-current interest bearing liabilities	1,849.5	1,427.6
Derivates	8.5	14.2
Current interest bearing liabilities	57.8	96.8
Total interest bearing liabilities	1,915.8	1,538.6
Cash	-30.2	-23.2
Net interest bearing debt	1,885.6	1,515.4

From statement of cash flows, MSEK		Q4 2017	Q4 2016	2017	2016
OPERATING ACTIVITIES					
Operating income		90.5	21.3	294.7	238.2
Adjustment for non-cash items					
Depreciation, amortization and impairment		67.6	55.2	232.4	201.3
Share of income of associates		-2.5	0.3	-2.5	-1.3
EBITDA		**155.6**	**76.8**	**524.6**	**438.2**
Non-comparable items in EBITDA	F	25.0	11.6	34.4	13.4
Adjusted EBITDA		**180.6**	**88.4**	**559.0**	**451.6**

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 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
Operating income adjusted for non-comparable items assessed by Group Management 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 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
Adjusted operating income before depreciation, amortization and impairment and share of income of associates.

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 2018 at 10.00 AM CET.

The dial-in numbers are:
UK: 020 3059 8125
Sweden: +46 8 50 510 036
Other countries: +44 20 3059 8125

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

• First quarter report 2018	3 May 2018
• Annual General Meeting	22 May 2018
• Second quarter report 2018	22 August 2018
• Third quarter report 2018	31 October 2018

This interim report comprises information which Scandi Standard is required to disclose under the Securities Markets Act and/or the Financial Instruments Trading Act. It was released for publication at 07:30 CET on 20 February 2017.

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, 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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Appendix.

Pro forma for segment Ireland
The pro forma figures below have been prepared solely for illustrative purpose in order to show how the new segment would have contributed to the Group's net sales, operating income and financial position if it had been part of the Group from 2016. The pro forma figures are adjusted to be comparable to the Group's statements in respect of accounting year, accounting principles and certain owner costs that previously affected the company.

Scandi Standard excl. Ireland, MSEK	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Net sales	**1,386.3**	**1,503.5**	**1,569.9**	**1,507.6**	**1,593.8**	**1,621.8**	**1,65.9**	**1,630.0**
Adjusted EBITDA	**115.1**	**123.4**	**124.8**	**88.5**	**112.8**	**123.9**	**127.3**	**150.4**
Depreciation	-42.3	-44.7	-43.9	-49.0	-48.1	-48.6	-47.6	-47.0
EBITA	**72.8**	**78.7**	**80.9**	**39.5**	**64.7**	**75.3**	**79.7**	**103.4**
Amortisation	-4.5	-4.4	-4.8	-6.6	-5.4	-5.3	-5.3	-5.3
Adjusted operating income	**68.3**	**74.3**	**76.1**	**32.9**	**59.3**	**70.0**	**74.4**	**98.1**
Non-comparable items	-1.1	0.0	-0.7	-11.6	-1.2	-7.8	-0.5	-25.0
Operating income	**67.2**	**74.3**	**75.4**	**21.3**	**58.1**	**62.2**	**73.9**	**73.1**
Finance net	-13.2	-24.5	-12.0	-21.6	-19.0	-9.1	-25.9	-16.6
Income after finance net	**54.0**	**49.8**	**63.4**	**-0.3**	**39.1**	**53.1**	**48.0**	**56.5**
Tax	-11.6	-11.1	-13.8	1.0	-9.2	-19.9	-11.4	-11.2
Income for the period	**42.4**	**38.7**	**49.6**	**0.7**	**29.9**	**33.2**	**36.6**	**45.3**
Number of shares, million	60.1	60.1	60.1	60.1	60.1	60.1	60.1	60.1
Earnings per share, SEK	**0.71**	**0.64**	**0.83**	**0.01**	**0.50**	**0.55**	**0.61**	**0.75**
Earnings per share excl. amortisation, SEK	*0.78*	*0.72*	*0.91*	*0.12*	*0.59*	*0.64*	*0.7*	*0.84*
EBITDA-margin	*8.3%*	*8.2%*	*7.9%*	*5.9%*	*7.1%*	*7.6%*	*7.7%*	*9.2%*
Adjusted operating margin	*4.9%*	*4.9%*	*4.8%*	*2.2%*	*3.7%*	*4.3%*	*4.5%*	*6.0%*

Ireland, MSEK	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Net sales	**372.7**	**391.9**	**387.4**	**424.6**	**422.5**	**426.1**	**423.3**	**430.5**
Adjusted EBITDA	**26.9**	**33.1**	**35.6**	**22.3**	**29.0**	**34.4**	**33.0**	**30.1**
Depreciation	-5.3	-6.7	-5.7	-6.7	-6.4	-6.5	-6.2	-5.9
EBITA	**21.6**	**26.4**	**29.9**	**15.6**	**22.6**	**27.9**	**26.8**	**24.2**
Amortisation	-6.7	-6.8	-6.6	-6.7	-6.7	-6.8	-6.7	-6.8
Adjusted operating income	**14.9**	**19.6**	**23.3**	**8.9**	**15.9**	**21.1**	**20.1**	**17.4**
Non-comparable items	-	-	-	18,6	-	-	-	-
Operating income	**14.9**	**19.6**	**23.3**	**27.5**	**15.9**	**21.1**	**20.1**	**17.4**
Finance net	-0.7	-0.7	-0.6	-0.4	-0.6	-0.6	-0.1	-0.4
Income after finance net	**14.2**	**18.9**	**22.7**	**27.1**	**15.3**	**20.5**	**20.0**	**17.0**
Tax	-2.2	-2.8	-3.1	-3.9	-2.9	-3.7	0.1	-4.0
Income for the period	**12.0**	**16.1**	**19.6**	**23.2**	**12.4**	**16.8**	**20.1**	**13.0**
Number of shares, million	66.1	66.1	66.1	66.1	66.1	66.1	66.1	66.1
Earnings per share, SEK	**0.18**	**0.24**	**0.30**	**0.35**	**0.19**	**0.25**	**0.30**	**0.20**
Earnings per share excl. amortisation, SEK	*0.28*	*0.35*	*0.40*	*0.45*	*0.29*	*0.36*	*0.41*	*0.30*
EBITDA-margin	*7.2%*	*8.4%*	*9.2%*	*5.3%*	*6.9%*	*8.1%*	*7.8%*	*7.0%*
Adjusted operating margin	*4.0%*	*5.0%*	*6.0%*	*2.1%*	*3.8%*	*5.0%*	*4.7%*	*4.0%*

Pro forma, MSEK	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Net sales	**1,759.0**	**1,895.4**	**1,957.3**	**1,932.2**	**2,016.3**	**2,047.9**	**2,082.2**	**2,060.5**
Adjusted EBITDA	**142.0**	**156.5**	**160.4**	**110.8**	**141.8**	**158.3**	**160.3**	**180.5**
Depreciation	-47.6	-51.4	-49.6	-55.7	-54.5	-55.1	-53.8	-52.9
EBITA	**94.4**	**105.1**	**110.8**	**55.1**	**87.3**	**103.2**	**106.5**	**127.6**
Amortisation	-11.2	-11.2	-11.4	-13.3	-12.1	-12.1	-12.0	-12.1
Adjusted operating income	**83.2**	**93.9**	**99.4**	**41.8**	**75.2**	**91.1**	**94.5**	**115.5**
Non-comparable items	-1.1	-	-0.7	7.0	-1.2	-7.8	-0.5	-25.0
Operating income	**82.1**	**93.9**	**98.7**	**48.8**	**74.0**	**83.3**	**94.0**	**90.5**
Finance net	-13.9	-25.2	-12.6	-22.0	-19.6	-9.7	-26.0	-17.0
Income after finance net	**68.2**	**68.7**	**86.1**	**26.8**	**54.4**	**73.6**	**68.0**	**73.5**
Tax	-13.8	-13.9	-16.9	-2.9	-12.1	-23.6	-11.3	-15.2
Income for the period	**54.4**	**54.8**	**69.2**	**23.9**	**42.3**	**50.0**	**56.7**	**58.3**
Number of shares, million	66.1	66.1	66.1	66.1	66.1	66.1	66.1	66.1
Earnings per share, SEK	**0.82**	**0.83**	**1.05**	**0.36**	**0.64**	**0.76**	**0.86**	**0.88**
Earnings per share excl. amortisation, SEK	*0.99*	*1.00*	*1.22*	*0.56*	*0.82*	*0.94*	*1.04*	*1.07*
EBITDA-margin	*8.1%*	*8.3%*	*8.2%*	*5.7%*	*7.0%*	*7.7%*	*7.7%*	*8.8%*
Adjusted operating margin	*4.7%*	*5.0%*	*5.1%*	*2.2%*	*3.7%*	*4.5%*	*4.5%*	*5.6%*