



# Second quarter report 2019

## Continued strong growth and improved results

21 August 2019

- Net sales increased by 10 percent to MSEK 2,472 (2,252) in the second quarter 2019. Net sales increased by 8 percent in Sweden, 20 percent in Denmark, 7 percent in Norway, 13 percent in Finland and remained unchanged in Ireland.
- Adjusted operating income<sup>2)</sup> increased by 24 percent to MSEK 115 (92), corresponding to a margin of 4.6 (4.1) percent. Adjusted operating income increased in all segments.
- Income for the period improved to MSEK 50 (32). Earnings per share rose to SEK 0.78 (0.49). The increase compared to previous year is mainly referring to the improvement in operating income.
- Operating cash flow was MSEK 138 (74). The improvement is referring to the increased operating income and lower capital expenditure.
- Net interest-bearing debt increased by MSEK 40 from 31 March 2019 to MSEK 2,451.
- 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	Q2 2019	Q2 2018 <sup>1)</sup>	Change	H1 2019	H1 2018 <sup>1)</sup>	Change	LTM	2018 <sup>1)</sup>
Net sales	2,472	2,252	10%	4,930	4,368	13%	9,359	8,797
Adjusted EBITDA <sup>2)</sup>	194	181	7%	384	351	9%	751	719
Adjusted operating income (EBIT) <sup>2)</sup>	115	92	24%	225	175	29%	431	381
Non-comparable items <sup>2)</sup>	-13	-23	-	-13	-23	-	-39	-49
Operating income (EBIT)	101	69	46%	212	152	39%	392	333
Finance net	-38	-31	-23%	-59	-60	1%	-99	-99
Income after finance net	64	39	63%	153	92	66%	294	233
Income tax expense	-14	-7	-106%	-31	-18	-72%	-46	-33
Income for the period	50	32	54%	122	74	64%	248	200
Adjusted EBITDA margin <sup>2)</sup>	7.8%	8.1%	-	7.8%	8.0%	-	8.0%	8.2%
Adjusted operating margin (EBIT) <sup>2)</sup>	4.6%	4.1%	-	4.6%	4.0%	-	4.6%	4.3%
Earnings per share, SEK	0.78	0.49	57%	1.88	1.14	66%	3.79	3.05
Adjusted return on operating capital employed <sup>2)</sup>	10.4%	10.0%	-	10.4%	10.0%	-	10.4%	9.7%
Return on equity	15.6%	14.6%	-	15.6%	14.6%	-	15.6%	13.2%
Operating cash flow	138	74	87%	179	106	69%	428	354
Net interest-bearing debt	-2,451	-2,497	2%	-2,451	-2,497	2%	-2,451	-2,370

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

<sup>2)</sup> Adjusted for non-comparable items, see page 12.

### 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 Krontågel, 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 8 billion. For more information, please visit [www.scandistandard.com](http://www.scandistandard.com).

## CEO statement

The Group reported a continued strong growth and an improved result for the second quarter of 2019. We generated a top line growth of 10 percent to MSEK 2,472 and our adjusted EBIT increased by 24 percent to MSEK 115 compared to the same quarter last year.

The demand for our products continued to flourish in the second quarter and we continued to gain market share and improve our sales mix. Our top line growth was consequently well above the 7 percent average organic growth we have demonstrated over the last five years. The strongest growth was generated in the Ready-to-eat product category (26 percent) and in the Ready-to-cook Chilled product category (10 percent). We continue to observe a decline in the less profitable Ready-to-cook Frozen product category (-10 percent) and the export share continued to decrease in the second quarter.

Poultry products are becoming increasingly attractive to consumers due to taste, environmental profile, favorable pricing and not least a very healthy product compared to most substitutes. During the last years we have gained market share in our home markets through the introduction of new innovative products and our focus on improved sustainability work. I am convinced that these drivers will continue to work in our favor and enable us to sustain significant growth over the longer term.

Scandi Standard is uniquely positioned among our competitors in our home markets. We are geographically well diversified, have a skilled organization and a robust structural setup. During last year we have proven our ability to pass through raw material price changes and I am looking forward to gradually demonstrate the earnings power inherent in our business model.

The majority of our capital investments this year will be directed towards our business in Ireland. The investments are aimed at increasing efficiency, improving animal welfare, food safety differentiation and debottlenecking. For the group, we expect to invest around MSEK 380 in 2019. During the beginning of the third quarter of 2019, we have paid the first tranche for the earn out linked to the Manor Farm acquisition in the amount of MSEK 133.

By the end of the second quarter 2019, our net interest-bearing debt was MSEK 2,451, compared with MSEK 2,497 by the end of the same quarter last year. Operating cash flow was MSEK 138 compared to MSEK 74 in the same quarter last year, mainly driven by higher EBITDA and lower capital expenditure. During the quarter, we returned MSEK 131 (SEK 2.00 per share) to our shareholders and reinvested MSEK 102 in our business. We remain committed to finding a good balance between returning capital to our shareholders and reinvesting into profitable growth.

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. We believe the acquisition of Manor Farm is a good illustration of how we can create value and stability for our shareholders. The acquisition has contributed to further geographic diversification and we are happy with our cross-country teams' ability to deliver benefits through exchanging best practice within the group.

I am pleased with the way Scandi Standard is currently positioned with a robust business model of sustainably produced, healthy products. Based on the current market outlook, I see good opportunities for incrementally improving returns to the shareholders in the coming periods.

*Leif Bergvall Hansen  
Managing Director and CEO*



## Net Sales and income

MSEK	Q2 2019	Q2 2018 <sup>1)</sup>	Change	H1 2019	H1 2018 <sup>1)</sup>	Change	LTM	2018 <sup>1)</sup>
Net sales	2,472	2,252	10%	4,930	4,368	13%	9,359	8,797
Adjusted EBITDA <sup>2)</sup>	194	181	7%	384	351	9%	751	719
Adjusted operating income (EBIT) <sup>2)</sup>	115	92	24%	225	175	29%	431	381
Non-comparable items <sup>2)</sup>	-13	-23	-	-13	-23	-	-39	-49
Operating income (EBIT)	101	69	46%	212	152	39%	392	333
Of which the effect of changes in estimated life of fixed assets	9	-	-	18	-	-	46	28
Finance net	-38	-31	-23%	-59	-60	1%	-99	-99
Income after finance net	64	39	63%	153	92	66%	294	233
Income tax expense	-14	-7	-106%	-31	-18	-72%	-46	-33
Income for the period	50	32	54%	122	74	64%	248	200
Adjusted EBITDA-margin <sup>2)</sup>	7.8%	8.1%	-	7.8%	8.0%	-	8.0%	8.2%
Adjusted operating margin (EBIT) <sup>2)</sup>	4.6%	4.1%	-	4.6%	4.0%	-	4.6%	4.3%
Earnings per share, SEK	0.78	0.49	57%	1.88	1.14	66%	3.79	3.05

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

<sup>2)</sup> Adjusted for non-comparable items, see page 12.

### Second quarter 2019

#### Net sales

Net sales for the Group in the second quarter 2019 increased by 10 percent to MSEK 2,472 compared to MSEK 2,252 in the second quarter 2018. The increase was 8 percent at constant exchange rates.

Net sales in Sweden increased by 8 percent with growth mainly driven by price increases as well as a positive sales mix.

Net sales in Denmark increased by 20 percent corresponding to 17 percent in local currency. The growth is driven by a strong development in Ready-to-eat products to Foodservice and that net sales from Rokkedahl Food ApS now is included in net sales as well as the positive development for sales under the brand De Danske Familiegårde in Retail.

Net Sales in Norway increased by 7 percent corresponding to 5 percent in local currency driven by positive sales. Net Sales in Ireland remained unchanged, corresponding to 2 percent decrease in local currency. Net sales in Finland increased by 13 percent corresponding to 14 percent in local currency.

#### Income

Adjusted operating income for the Group in the second quarter 2019 increased by 24 percent to MSEK 115 compared to MSEK 92 the second quarter 2018, corresponding to an operating margin of 4.6 (4.1) percent.

Adjusted operating income improved in all segments. The improvements in adjusted operating income was driven by strong growth in net sales as well as a positive sales mix as an effect of growth in the product categories Ready-to-cook Chilled and Ready-to-eat. Adjusted operating income for the Group was positively impacted by lower depreciations, amounting to MSEK 9, following a review of the useful economic life of a number of

the fixed assets in the Group that was performed during the fourth quarter 2018.

Operating income increased by 46 percent to MSEK 101 (69), corresponding to an operating margin of 4.1 (3.1) percent. The non-comparable items in the quarter amounted to MSEK -13 (-23) and refers to staff reduction in Denmark and closing of a hatchery in Finland.

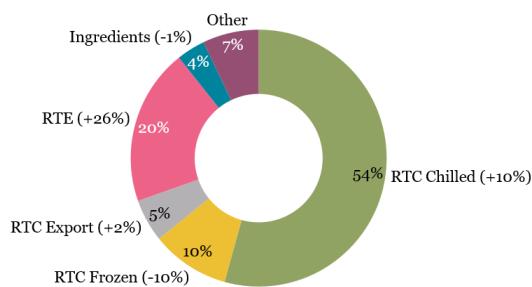
Finance net for the Group in the second quarter 2019 was MSEK -38 (-31), including interest expenses related to leases reported according to IFRS 16 Leases, of MSEK 3 (4).

Tax expenses for the Group in the second quarter 2019 amounted to MSEK 14 (7) corresponding to an effective tax rate of approximately 22 (17) percent.

Income for the period for the Group in the second quarter was MSEK 50 (32). Earnings per share rose to SEK 0.78 (0.49).

## Net Sales by product category and sales channel for the second quarter 2019 compared to the second quarter 2018

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



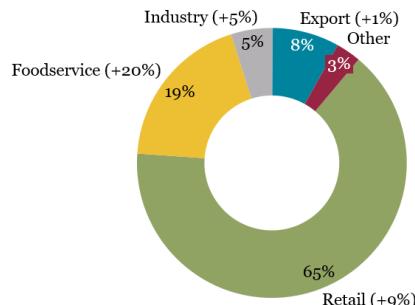
Net sales increased by 10 percent in the second quarter 2019 in the Ready-to-cook Chilled product category, mainly driven by price increases as well as a favorable sales mix in Retail.

Net sales decreased by 10 percent for the Ready-to-cook Frozen product category, partly because of better chilled sales across several markets.

Net sales increased by 2 percent in the Ready-to-cook Export product category.

Net sales in the second quarter increased by 26 percent for the Ready-to-eat product category driven by strong volume development in several markets as well as a continued keeping of sales on a high level of Ready-to-eat products for Foodservice.

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

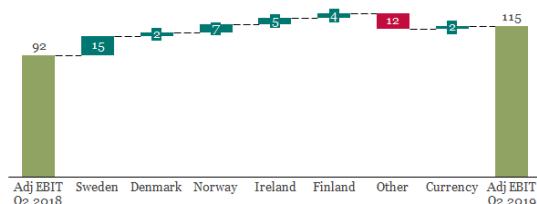


Net sales to the Retail channel increased by 9 percent in the second quarter 2019, mainly driven by price increases in several markets as well as higher sales in the Ready-to-cook Chilled category across the Group.

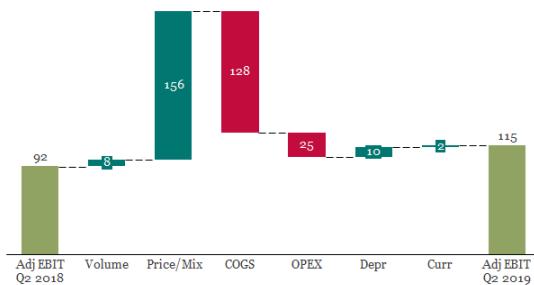
Net Sales to the Foodservice channel increased by 20 percent in the second quarter, mainly driven by a continued keeping of sales on a high level of Ready-to-eat products for Foodservice.

Net Sales to the Industry channel increased by 5 percent while net sales to the Export channel increased by 1 percent.

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



Adjusted operating income for the Group increased by 24 percent or MSEK 22 in the second quarter 2019, to MSEK 115 compared to MSEK 92 in the second quarter 2018. Adjusted operating income increased in all segments.



The increase in the adjusted operating income is mainly explained by a positive sales mix with a better development of sales in the Ready-to-eat and Ready-to-cook Chilled categories. Price increases, accomplished during the second half of 2018 and the first quarter of 2019, have mostly compensated for the increase in costs we have experienced because of the increase in feed prices. The operating costs have increased during the second quarter 2019 compared to the second quarter last year, partly driven by higher marketing costs.

## Cash Flow and investments

Operating cash flow in the second quarter 2019 amounted to MSEK 138 (74). Cash flow was impacted positively by increased operating profit and lower investments compared to the second quarter last year.

Working capital as of 30 June 2019 amounted to MSEK 498 (632), corresponding to 5.3 (7.7) percent of net sales. The decrease compared to the previous year is mainly due to higher trade payables.

Net capital expenditure in the second quarter 2019 decreased with 36 to MSEK 102 (138).

The Group applies IFRS 16 Leases as from 1 January 2019 and all leases are carried on the balance sheet. Leasing contracts are disclosed as right-of-use assets. In the second quarter 2019, the net increase of leasing assets amounted to MSEK 10 (18).

MSEK	Q2 2019	Q2 2018 <sup>1)</sup>	H1 2019	H1 2018 <sup>1)</sup>	LTM	2018 <sup>1)</sup>
<b>Opening balance net interest-bearing debt</b>	<b>-2,411</b>	<b>-2,391</b>	<b>-2,370</b>	<b>-2,323</b>	<b>-2,497</b>	<b>-2,323</b>
EBITDA	183	159	373	329	706	662
Adjustments for non-cash items	2	0	6	4	5	3
Change working capital	66	71	-3	36	119	157
Net capital expenditure	-102	-138	-174	-228	-317	-371
Net increase in leasing assets	-10	-18	-22	-35	-85	-98
<b>Operating cash flow</b>	<b>138</b>	<b>74</b>	<b>179</b>	<b>106</b>	<b>428</b>	<b>354</b>
Paid finance items, net	-9	-18	-31	-37	-72	-78
Paid tax	-26	-34	-49	-53	-79	-83
Dividend	-131	-118	-131	-118	-131	-118
Business combinations	-	-4	-	-4	-	-4
Other items <sup>2)</sup>	-13	-6	-50	-69	-100	-119
<b>Net cash flow</b>	<b>-40</b>	<b>-107</b>	<b>-81</b>	<b>-175</b>	<b>46</b>	<b>-47</b>
<b>Closing balance net interest-bearing debt</b>	<b>-2,451</b>	<b>-2,497</b>	<b>-2,451</b>	<b>-2,497</b>	<b>-2,451</b>	<b>-2,370</b>

<sup>1)</sup> When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 and Annual Report 2018, Note 31.

<sup>2)</sup> Other items in the second quarter 2019 include negative effects from changes in exchange rates of MSEK 10. 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 30 June 2019 amounted to MSEK 1,655 (1,519). The equity to assets ratio improved to 26.7 (25.4) percent.

Net interest-bearing debt as of 30 June 2019 amounted to MSEK 2,451 (2,497). The increase compared to 31 March 2019 was MSEK 40.

Cash and cash equivalents as of 30 June 2019 amounted to MSEK 58 (84). Committed but not utilized credit facilities as of 30 June 2019 amounted to MSEK 449 (310).

## Segment information

### Sweden

MSEK	Q2 2019	Q2 2018 <sup>1)</sup>	Change	H1 2019	H1 2018 <sup>1)</sup>	Change	LTM	2018 <sup>1)</sup>
Net sales	711	661	8%	1,407	1,310	7%	2,753	2,656
Adjusted EBITDA <sup>2)</sup>	62	56	11%	122	114	7%	252	243
Adjusted operating income (EBIT) <sup>2)</sup>	43	29	51%	85	60	42%	163	138
Non-comparable items <sup>2)</sup>	-	-23	-	-	-23	-	-19	-42
Operating income (EBIT)	43	6	661%	85	37	130%	144	96
Of which the effect of changes in estimated life of fixed assets	6	-	-	12	-	-	23	11
Adjusted EBITDA-margin <sup>2)</sup>	8.7%	8.4%	-	8.7%	8.7%	-	9.1%	9.2%
Adjusted operating margin (EBIT) <sup>2)</sup>	6.1%	4.3%	-	6.0%	4.6%	-	5.9%	5.2%

<sup>1)</sup> When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 and Annual Report 2018, Note 31.

<sup>2)</sup> Adjusted for non-comparable items, see page 12.

Net sales in Sweden in the second quarter 2019 increased by 8 percent to MSEK 711 compared to MSEK 661 in the second quarter 2018.

Net sales increased mainly in Retail, driven by price increases as well as a favorable sales mix.

Adjusted operating income increased by 51 percent to MSEK 43 (29), corresponding to an adjusted operating margin of 6.1 (4.3) percent. Price

increases have compensated for the higher raw material costs incurred over the last quarters and a positive sales mix has further contributed to the improved adjusted operating income and adjusted operating margin.

### Denmark

MSEK	Q2 2019	Q2 2018 <sup>1)</sup>	Change	H1 2019	H1 2018 <sup>1)</sup>	Change	LTM	2018 <sup>1)</sup>
Net sales	826	688	20%	1,686	1,323	27%	3,113	2,750
Adjusted EBITDA <sup>2)</sup>	45	40	13%	99	82	20%	179	163
Adjusted operating income (EBIT) <sup>2)</sup>	25	22	14%	57	44	29%	105	92
Non-comparable items <sup>2)</sup>	-6	-	-	-6	-	-	-8	-2
Operating income (EBIT)	19	22	-15%	51	44	14%	97	90
Of which the effect of changes in estimated life of fixed assets	0	-	-	1	-	-	10	9
Adjusted EBITDA-margin <sup>2)</sup>	5.5%	5.9%	-	5.9%	6.2%	-	5.8%	5.9%
Adjusted operating margin (EBIT) <sup>2)</sup>	3.0%	3.2%	-	3.4%	3.3%	-	3.4%	3.3%

<sup>1)</sup> When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 and Annual Report 2018, Note 31.

<sup>2)</sup> Adjusted for non-comparable items, see page 12.

Net sales in Denmark in the second quarter 2019 increased by 20 percent to MSEK 826 compared to MSEK 688 in the second quarter 2018.

The increase in local currency was 17 percent.

The increase in net sales was achieved through a strong development in Ready-to-eat products in Foodservice, the consolidation of Rokkedahl Food Aps, which was acquired in the third quarter 2018, but also a positive development of sales under the brand De Danske Familiegårde in Retail.

Adjusted operating income increased by 14 percent to MSEK 25 (22), corresponding to a margin of 3.0 (3.2) percent. Adjusted operating income and

adjusted operating margin was improved thanks to the increase in net sales.

During the second quarter, reductions were made in the white-collar staff in Denmark. The cost for the staff reductions amounts to MSEK 6 and has been reported among non-comparable items in the quarter.

## Norway

MSEK	Q2 2019	Q2 2018 <sup>1)</sup>	Change	H1 2019	H1 2018 <sup>1)</sup>	Change	LTM	2018 <sup>1)</sup>
Net sales	419	393	7%	819	755	9%	1,576	1,512
Adjusted EBITDA <sup>2)</sup>	60	55	10%	115	102	12%	221	208
Adjusted operating income (EBIT) <sup>2)</sup>	41	34	21%	78	62	25%	147	131
Non-comparable items <sup>2)</sup>	-	-	-	-	-	-	-	-
Operating income (EBIT)	41	34	21%	78	62	25%	147	131
Of which the effect of changes in estimated life of fixed assets	2	-	-	5	-	-	10	5
Adjusted EBITDA-margin <sup>2)</sup>	14.3%	13.9%	-	14.0%	13.6%	-	14.0%	13.8%
Adjusted operating margin (EBIT) <sup>2)</sup>	9.8%	8.7%	-	9.5%	8.2%	-	9.3%	8.7%

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

<sup>2)</sup> Adjusted for non-comparable items, see page 12.

Net sales in Norway in the second quarter 2019 increased by 7 percent to MSEK 419 compared to MSEK 393 in the second quarter 2018. The increase in local currency was 5 percent. The increase in net sales refers to a positive sales mix.

Adjusted operating income increased by 21 percent to MSEK 41 (34), corresponding to an adjusted

operating margin of 9.8 (8.7) percent. The improvement in both adjusted operating income and adjusted operating margin were mainly achieved by a positive sales mix and good efficiency.

## Ireland

MSEK	Q2 2019	Q2 2018 <sup>1)</sup>	Change	H1 2019	H1 2018 <sup>1)</sup>	Change	LTM	2018 <sup>1)</sup>
Net sales	501	499	0%	997	963	4%	1,928	1,894
Adjusted EBITDA <sup>2)</sup>	47	43	10%	80	78	2%	159	157
Adjusted operating income (EBIT) <sup>2)</sup>	32	27	17%	49	47	4%	98	96
Non-comparable items <sup>2)</sup>	-	-	-	-	-	-	-2	-2
Operating income (EBIT)	32	27	17%	49	47	4%	96	94
Adjusted EBITDA-margin <sup>2)</sup>	9.4%	8.6%	-	8.0%	8.1%	-	8.3%	8.3%
Adjusted operating margin (EBIT) <sup>2)</sup>	6.3%	5.4%	-	4.9%	4.9%	-	5.1%	5.1%

<sup>1)</sup> When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 and Annual Report 2018, Note 31.

<sup>2)</sup> Adjusted for non-comparable items, see page 12.

Net sales in Ireland in the second quarter 2019 was MSEK 501, compared to MSEK 499 in the second quarter 2018. In local currency it was a decrease of 2 percent.

Adjusted operating income increased with 17 percent to MSEK 32 (27), corresponding to an adjusted operating margin of 6.3 (5.4) percent. The increase in adjusted operating profit and adjusted operating margin was partly due to an improved sales mix and lower operating costs.

## Finland

MSEK	Q2 2019	Q2 2018 <sup>1)</sup>	Change	H1 2019	H1 2018 <sup>1)</sup>	Change	LTM	2018 <sup>1)</sup>
Net sales	129	114	13%	242	220	10%	438	416
Adjusted EBITDA <sup>2)</sup>	6	3	-121%	12	4	-	17	9
Adjusted operating income (EBIT) <sup>2)</sup>	1	-4	113%	1	-10	-	-2	-13
Non-comparable items <sup>2)</sup>	-7	-	-	-7	-	-	-7	-
Operating income (EBIT)	-7	-4	-54%	-6	-10	-	-9	-13
Of which the effect of changes in estimated life of fixed assets	1	-	-	1	-	-	5	4
Adjusted EBITDA-margin <sup>2)</sup>	4.4%	2.2%	-	5.0%	1.7%	-	4.0%	2.2%
Adjusted operating margin (EBIT) <sup>2)</sup>	0.4%	-3.7%	-	0.5%	-4.4%	-	-0.5%	-3.1%

<sup>1)</sup> When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 and Annual Report 2018, Note 31.

<sup>2)</sup> Adjusted for non-comparable items, see page 12.

Net sales in Finland in the second quarter 2019 increased by 13 percent to MSEK 129 compared to MSEK 114 in the second quarter 2018. The increase in local currency was 14 percent.

Adjusted operating income improved to MSEK 1 (-4), corresponding to a margin of 0.4 (-3.7) percent. The improvement in adjusted operating income and adjusted operating margin refers mainly to a more favorable sales mix.

During the second quarter, the decision was made to close down hatchery operations. Costs of MSEK 7 has been reported as non-comparable items.

## Personnel

The average number of employees (FTE) in the second quarter 2019 was 3,124 (3,054) and 3,067 (3,008) in the first half of the year.

## The Group's sustainability work

The sustainability work of the Group has been coordinated under the heading "The Scandi Way" with the work streams People, Chicken and Planet. There will be cases presented in the interim reports showing the sustainability work taking place in the Group.

For a comprehensive description of the sustainability work in the group, please see the Scandi Standard Annual Report 2018, which is available at [www.scandistandard.com](http://www.scandistandard.com).

### Sustainable packaging, reduced use of plastic

The Planet work stream is focused on climate and resource efficiency, including Scandi Standard's own processing activities as well as other parts of the value chain. One important area is Sustainable packaging and responsible use of plastics. Scandi Standard is affected by new legislation and trends in packaging. For example, the EU states that all plastic packaging must be able to be reused or easily recycled by 2030. We also see increasing consumer awareness regarding negative effects from plastic use and pollution.

The Group adopted a new packaging strategy in 2018. In our work we will prioritize clean, non-composite materials (mono solutions), and choose recycled and thinner materials where possible.

We have set a goal for all our plastic packaging to be made from renewable or recycled materials by 2023 at the latest, and to reduce the use of plastic in our own production by 30 percent by 2025.

### Switching to RPET trays

Starting with Sweden Q3 2019, we switch the trays used in consumer packages to RPET trays based

on 100% recycled material. The RPET trays save resources and reduce climate impact, are recyclable and meet all our quality and functional requirements.

### Smarter wrapping, thinner plastic film

A new type of pallet wrapping in our production reduce the use of plastic film with 30 percent, which corresponds to more than 20 tons per year for the Group. The new equipment is now in use in Sweden and Denmark and will be implemented in all plants in the Group.

We have also started the use of a new thinner plastic film for frozen products in Denmark and Sweden, with the potential of saving 250 tons of plastic per year.

– I am very proud of what we have done so far. But there is more to do, not least linked to the opportunities within renewable and recycled plastic. We want to create better packaging solutions and I look forward to the rest of 2019, which certainly will offer exciting opportunities within this field, says Janneke Vackerberg, Head of Sustainability.



## 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](http://www.scandistandard.com).

## Board of Director's assurance

This interim report for the second quarter and first half of 2019 provides a fair overview of the operations, position and results of the Parent Company and the Group, and describes material risks and uncertainties faced by the Parent Company and the companies that are included in the Group.

Stockholm, 21 August 2019

Per Harkjær

*Chairman of the Board*

Gunilla Aschan

*Board member*

Vincent Carton

*Board member*

Øystein Engebretsen

*Board member*

Michael Parker

*Board member*

Karsten Slotte

*Board member*

Heléne Vibbleus

*Board member*

Leif Bergvall Hansen  
*Managing Director and CEO*

The interim report has not been subject to review by the Company's auditors.  
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## Segment information

### Net sales by country

MSEK	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	LTM	2018
Sweden	711	661	8%	1,407	1,310	7%	2,753	2,656
of which internal sales	58	54	7%	116	107	8%	234	225
Denmark	826	688	20%	1,686	1,323	27%	3,113	2,750
of which internal sales	54	47	14%	100	91	10%	206	197
Norway	419	393	7%	819	755	9%	1,576	1,512
of which internal sales	1	-	-	1	-	-	1	-
Ireland	501	499	0%	997	963	4%	1,928	1,894
of which internal sales	-	-	-	-	-	-	-	-
Finland	129	114	13%	242	220	10%	438	416
of which internal sales	1	2	-	3	4	-34%	6	8
Intra-group eliminations	-114	-103	11%	-220	-203	9%	-448	-430
Total net sales	<b>2,472</b>	<b>2,252</b>	<b>10%</b>	<b>4,930</b>	<b>4,368</b>	<b>13%</b>	<b>9,359</b>	<b>8,797</b>

### Net sales per product category

MSEK	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	LTM	2018
Ready-to-cook Chilled	1,344	1,219	10%	2,634	2,339	13%	4,912	4,616
Ready-to-cook Frozen	244	271	-10%	522	553	-6%	1,061	1,092
Ready-to-cook Export	134	132	2%	260	254	2%	557	552
Ready-to-eat	487	386	26%	960	734	31%	1,755	1,529
Ingredients	89	89	-1%	179	181	-1%	372	374
Other*	174	155	13%	376	308	22%	702	634
Total net sales	<b>2,472</b>	<b>2,252</b>	<b>10%</b>	<b>4,931</b>	<b>4,368</b>	<b>13%</b>	<b>9,359</b>	<b>8,797</b>

\*) 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	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	LTM	2018
Sweden	711	661	8%	1,407	1,310	7%	2,753	2,656
Denmark	581	496	17%	1,197	971	23%	2,224	1,999
Norway	384	364	5%	758	714	6%	1,459	1,415
Ireland	47	48	-2%	95	95	0%	185	185
Finland	12	11	14%	23	22	6%	42	41

### Exchange rates\*

	H1 2019	H1 2018	2018
DKK/SEK	1.41	1.36	1.38
NOK/SEK	1.08	1.06	1.07
EUR/SEK	10.51	10.14	10.26

\*) Average exchange rates

## Adjusted operating income (EBIT)

MSEK	Q2 2019	Q2 2018 <sup>1)</sup>	H1 2019	H1 2018 <sup>1)</sup>	LTM	2018 <sup>1)</sup>
Sweden	43	29	85	60	163	138
Denmark	25	22	57	44	105	92
Norway	41	34	78	62	147	131
Ireland	32	27	49	47	98	96
Finland	1	-4	1	-10	-2	-13
Group	-27	-15	-45	-29	-80	-64
<b>Total</b>	<b>115</b>	<b>92</b>	<b>225</b>	<b>175</b>	<b>431</b>	<b>381</b>

## Non-comparable items in operating income

MSEK	Q2 2019	Q2 2018	H1 2019	H1 2018	LTM	2018
Staff reduction costs <sup>2)</sup>	-6	-1	-6	-1	-6	-1
Restructuring of production <sup>3)</sup>	-7	-22	-7	-22	-27	-42
Transaction costs <sup>4)</sup>	-	-	-	-	-11	-11
Effect of changes in estimated useful life of fixed assets <sup>5)</sup>	-	-	-	-	8	8
Other	-	-	-	-	-3	-3
<b>Total</b>	<b>-13</b>	<b>-23</b>	<b>-13</b>	<b>-23</b>	<b>-39</b>	<b>-49</b>

## Non-comparable items in operating income by segment

MSEK	Q2 2019	Q2 2018	H1 2019	H1 2018	LTM	2018
Sweden	-	-23	-	-23	-19	-42
Denmark	-6	-	-6	-	-8	-2
Norway	-	-	-	-	-	-
Ireland	-	-	-	-	-2	-2
Finland	-7	-	-7	-	-7	-
Koncernen	-	-	-	-	-3	-3
<b>Total</b>	<b>-13</b>	<b>-23</b>	<b>-13</b>	<b>-23</b>	<b>-39</b>	<b>-49</b>

## Operating income (EBIT)

MSEK	Q2 2019	Q2 2018 <sup>1)</sup>	H1 2019	H1 2018 <sup>1)</sup>	LTM	2018 <sup>1)</sup>
Sweden	43	6	85	37	144	96
Denmark	19	22	51	44	97	90
Norway	41	34	78	62	147	131
Ireland	32	27	49	47	96	94
Finland	-7	-4	-6	-10	-9	-13
Koncernen	-27	-15	-45	-29	-83	-67
<b>Total operating income (EBIT)</b>	<b>101</b>	<b>69</b>	<b>212</b>	<b>152</b>	<b>392</b>	<b>333</b>
Finance net	-38	-31	-59	-60	-99	-99
Income tax expense	-14	-7	-31	-18	-46	-33
<b>Income for the period</b>	<b>50</b>	<b>32</b>	<b>122</b>	<b>74</b>	<b>248</b>	<b>200</b>

<sup>1)</sup> When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 and Annual Report 2018, Note 31.

<sup>2)</sup> Staff reduction costs in Denmark in the second quarter 2019 and in Sweden in the second quarter 2018.

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

<sup>4)</sup> Deal fees mainly related to the acquisitions of Rokkedahl Food ApS in Denmark in 2018 and Manor Farm in Ireland 2017.

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

## Consolidated income statement

MSEK	Q2 2019	Q2 2018 <sup>1)</sup>	H1 2019	H1 2018 <sup>1)</sup>	LTM	2018 <sup>1)</sup>
Net sales	2,472	2,252	4,930	4,368	9,359	8,797
Other operating revenues	3	23	9	32	20	42
Changes in inventories of finished goods and work in progress	4	-8	27	-13	29	-10
Raw materials and consumables	-1,474	-1,340	-2,999	-2,604	-5,685	-5,291
Cost of personnel	-526	-466	-992	-877	-1,879	-1,763
Depreciation, amortisation and impairment	-83	-90	-163	-178	-316	-331
Other operating expenses	-295	-302	-602	-576	-1,139	-1,113
Share of income of associates	1	-	1	-0	3	2
<b>Operating income</b>	<b>101</b>	<b>69</b>	<b>212</b>	<b>152</b>	<b>392</b>	<b>333</b>
Finance income	0	0	0	0	1	1
Finance expenses	-38	-31	-59	-60	-99	-100
<b>Income after finance net</b>	<b>64</b>	<b>39</b>	<b>153</b>	<b>92</b>	<b>294</b>	<b>233</b>
Income tax expense	-14	-7	-31	-18	-46	-33
<b>Income for the period</b>	<b>50</b>	<b>32</b>	<b>122</b>	<b>74</b>	<b>248</b>	<b>200</b>
Whereof attributable to:						
Shareholders of the Parent Company	51	32	123	74	248	199
Non-controlling interests	-1	-	-1	-	0	1
Average number of shares	65,345,665	65,268,959	65,332,140	65,251,366	65,325,246	65,285,191
Earnings per share before dilution, SEK	0.78	0.49	1.88	1.14	3.79	3.05
Earnings per share after dilution, SEK	0.78	0.49	1.88	1.14	3.79	3.05
Number of shares at the end of the period	66,060,890	66,060,890	66,060,890	66,060,890	66,060,890	66,060,890

## Consolidated statement of comprehensive income

MSEK	Q2 2019	Q2 2018 <sup>1)</sup>	H1 2019	H1 2018 <sup>1)</sup>	LTM	2018 <sup>1)</sup>
Income for the period	50	32	122	74	248	200
<b>Other comprehensive income</b>						
<i>Items that will not be reclassified to the income statement</i>						
Actuarial gains and losses in defined benefit pension plans	-4	-6	-13	-10	-10	-7
Tax on actuarial gains and losses	1	1	3	2	2	2
<b>Total</b>	<b>-3</b>	<b>-5</b>	<b>-10</b>	<b>-8</b>	<b>-8</b>	<b>-6</b>
<i>Items that will or may be reclassified to the income statement</i>						
Cash flow hedges	1	-4	-5	-3	-8	-5
Currency effects from conversion of foreign operations	31	39	75	133	22	80
Income from currency hedging of foreign operations	11	0	6	-4	1	-10
Tax attributable to items that will be reclassified to the income statement	0	1	1	1	2	2
<b>Total</b>	<b>44</b>	<b>36</b>	<b>78</b>	<b>127</b>	<b>18</b>	<b>67</b>
Other comprehensive income for the period, net of tax	40	31	67	119	10	61
<b>Total comprehensive income for the period</b>	<b>90</b>	<b>63</b>	<b>190</b>	<b>193</b>	<b>258</b>	<b>261</b>
Whereof attributable to:						
Shareholders of the Parent Company	91	63	191	193	258	260
Non-controlling interests	-1	-	-1	-	-0	1

<sup>1)</sup> When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 and Annual Report 2018, Note 31.

**Consolidated statement of financial position**

MSEK	Note	Jun 30, 2019	Jun 30, 2018 <sup>1)</sup>	Dec 31, 2018 <sup>1)</sup>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		957	955	922
Other intangible assets		997	1,045	995
Property plant and equipment		1,655	1,405	1,481
Right of use assets		425	462	486
Non-current leasing receivables		10	-	10
Participations in associated companies		44	43	41
Financial assets		5	4	5
Deferred tax assets		58	50	55
<b>Total non-current assets</b>		<b>4,151</b>	<b>3,964</b>	<b>3,996</b>
<b>Current assets</b>				
Biological assets	3	104	78	94
Inventory		687	659	655
Trade receivables		926	955	850
Other short-term receivables		107	84	115
Prepaid expenses and accrued income		156	164	176
Current leasing receivables		2	-	2
Derivative instruments		-	-	-
Cash and cash equivalents		58	84	89
<b>Total current assets</b>		<b>2,040</b>	<b>2,024</b>	<b>1,980</b>
<b>TOTAL ASSETS</b>		<b>6,191</b>	<b>5,988</b>	<b>5,976</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholder's equity</b>				
Share capital		1	1	1
Other contributed equity		727	857	857
Reserves		212	197	134
Retained earnings		716	464	594
<b>Capital and reserves attributable to shareholders</b>		<b>1,655</b>	<b>1,519</b>	<b>1,586</b>
Non-controlling interests		0	-	1
<b>Total equity</b>		<b>1,655</b>	<b>1,519</b>	<b>1,587</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Non-current interest-bearing liabilities		1,997	1,972	1,949
Non-current leasing liabilities		418	385	421
Derivative instruments		18	10	11
Provisions for pensions		29	21	16
Other provisions		4	13	10
Deferred tax liabilities		153	158	169
Other non-current liabilities	4	228	240	218
<b>Total non-current liabilities</b>		<b>2,849</b>	<b>2,799</b>	<b>2,794</b>
<b>Current liabilities</b>				
Current interest-bearing liabilities		0	140	0
Current leasing liabilities		75	74	76
Derivative instruments		0	1	1
Trade payables		973	792	901
Tax payables		20	52	22
Other current liabilities		251	269	243
Accrued expenses and prepaid income		368	342	353
<b>Total current liabilities</b>		<b>1,687</b>	<b>1,671</b>	<b>1,595</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,191</b>	<b>5,988</b>	<b>5,976</b>

<sup>1)</sup> When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 and Annual Report 2018, Note 31.

## Consolidated statement of changes in equity

<u>Equity attributable to shareholders of the Parent Company</u>							
MSEK	Note	Share capital	Other contributed equity	Reserves	Retained earnings	Equity attributable to shareholders of the Parent Company	Non-controlling interests
<b>Closing balance Dec 31, 2017</b>	1	975	70	409	1,455	-	1,455
Transition effect, IFRS 16	1			-16	-16	-	-16
<b>Opening balance Jan 1, 2018</b>	1	<b>975</b>	<b>70</b>	<b>393</b>	<b>1,439</b>	-	<b>1,439</b>
Income for the period				202	202	1	204
Income for the period, IFRS 16				-3	-3		-3
Other comprehensive income, net after tax			67	-6	61		61
<b>Total comprehensive income</b>	-	-	<b>67</b>	<b>193</b>	<b>260</b>	1	<b>261</b>
Dividend				-118		-118	-118
Long term incentive programme (LTIP)					5	5	5
Non-controlling interests on acquisition of subsidiary	1					-	0
<b>Transactions with non-controlling interests</b>						-	0
<b>Total transactions with the owners</b>	0	<b>-118</b>	<b>0</b>	<b>5</b>	<b>-113</b>	0	<b>-113</b>
Other changes				-3	3	-	-
<b>Closing balance Dec 31, 2018</b>	1	<b>857</b>	<b>134</b>	<b>594</b>	<b>1,586</b>	1	<b>1,587</b>
<b>Opening balance Jan 1, 2019</b>	1	<b>857</b>	<b>134</b>	<b>594</b>	<b>1,586</b>	1	<b>1,587</b>
Income for the period				123	123	-1	122
Other comprehensive income, net after tax			78	-10	67		67
<b>Total comprehensive income</b>	-	-	<b>78</b>	<b>113</b>	<b>191</b>	-1	<b>190</b>
Dividend				-131		-131	-131
Long term incentive programme (LTIP)					9	9	9
<b>Total transactions with the owners</b>	-	<b>-131</b>	-	<b>9</b>	<b>-121</b>	0	<b>-121</b>
<b>Closing balance Jun 30, 2019</b>	1	<b>727</b>	<b>212</b>	<b>716</b>	<b>1,655</b>	0	<b>1,655</b>

## Consolidated statement of cash flows

MSEK	Q2 2019	Q2 2018 <sup>1)</sup>	H1 2019	Q1 2018 <sup>1)</sup>	LTM	2018 <sup>1)</sup>
<b>OPERATING ACTIVITIES</b>						
Operating income	101	69	212	152	392	333
Adjustment for non-cash items	83	119	167	211	289	333
Paid finance items, net	-9	-18	-31	-37	-72	-78
Paid current income tax	-26	-34	-49	-53	-79	-83
<b>Cash flow from operating activities before changes in operating capital</b>	<b>150</b>	<b>137</b>	<b>298</b>	<b>272</b>	<b>531</b>	<b>505</b>
Changes in inventories	-4	8	-27	11	-39	-1
Changes in operating receivables	68	-34	-42	2	12	56
Changes in operating payables	2	98	66	23	146	103
<b>Changes in working capital</b>	<b>66</b>	<b>71</b>	<b>-3</b>	<b>36</b>	<b>119</b>	<b>157</b>
<b>Cash flow from operating activities</b>	<b>216</b>	<b>209</b>	<b>295</b>	<b>308</b>	<b>650</b>	<b>663</b>
<b>INVESTING ACTIVITIES</b>						
Business combinations	-	-4	-	-4	-	-4
Investments in rights of use assets	0	0	0	0	-2	-1
Investment in property, plant and equipment	-110	-138	-182	-228	-331	-378
Sale of property, plant and equipment	8	0	8	-	14	7
<b>Cash flows used in investing activities</b>	<b>-102</b>	<b>-142</b>	<b>-174</b>	<b>-232</b>	<b>-319</b>	<b>-376</b>
<b>FINANCING ACTIVITIES</b>						
New loan	-	308	-	422	-276	146
Repayment loan	-8	-365	-8	-432	268	-156
Change in overdraft facility	-1	140	14	140	-149	-24
Payments for amortization of leasing liabilities	-22	-20	-43	-38	-85	-81
Dividend	-131	-118	-131	-118	-131	-118
Other	10	-	13	-	13	-
<b>Cash flows in financing activities</b>	<b>-151</b>	<b>-54</b>	<b>-154</b>	<b>-26</b>	<b>-360</b>	<b>-232</b>
<b>Cash flows for the period</b>	<b>-38</b>	<b>12</b>	<b>-33</b>	<b>50</b>	<b>-29</b>	<b>54</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>92</b>	<b>70</b>	<b>89</b>	<b>30</b>	<b>84</b>	<b>30</b>
Currency effect in cash and cash equivalents	3	2	2	4	2	4
<b>Cash flow for the period</b>	<b>-38</b>	<b>12</b>	<b>-33</b>	<b>50</b>	<b>-29</b>	<b>54</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>58</b>	<b>84</b>	<b>58</b>	<b>84</b>	<b>58</b>	<b>89</b>

<sup>1)</sup> When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 and Annual Report 2018, Note 31.

**Parent Company income statement**

MSEK	Q2 2019	Q2 2018	H1 2019	H1 2018	LTM	2018
Net sales	-	-	-	-	-	-
Operating expenses	-0	-0	-0	-0	-0	-0
<b>Operating income</b>	<b>-0</b>	<b>-0</b>	<b>-0</b>	<b>-0</b>	<b>-0</b>	<b>-0</b>
Finance net	6	4	16	7	40	31
<b>Income after finance net</b>	<b>6</b>	<b>4</b>	<b>16</b>	<b>7</b>	<b>40</b>	<b>31</b>
Group contribution	-	-	-	-	-15	-15
Tax expenses	-1	-1	-2	-2	0	-
<b>Income for the period</b>	<b>6</b>	<b>3</b>	<b>15</b>	<b>6</b>	<b>25</b>	<b>16</b>

**Parent Company statement of comprehensive income**

MSEK	Q2 2019	Q2 2018	H1 2019	H1 2018	LTM	2018
Income for the period	6	3	15	6	25	16
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>6</b>	<b>3</b>	<b>15</b>	<b>6</b>	<b>25</b>	<b>16</b>

## Parent Company Statement of financial position

MSEK	Note	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investments in subsidiaries		533	533	533
Receivables from Group entities		405	410	405
<b>Total non-current assets</b>		<b>938</b>	<b>943</b>	<b>938</b>
<b>Current assets</b>				
Receivables from Group entities		21	-	16
Cash and cash equivalents		-	-	0
<b>Total current assets</b>		<b>21</b>	<b>-</b>	<b>16</b>
<b>TOTAL ASSETS</b>		<b>959</b>	<b>943</b>	<b>954</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b>Restricted equity</b>				
Share capital		1	1	1
<b>Non-restricted equity</b>				
Share premium account		727	857	857
Retained earnings		-37	-48	-53
Income for the period		15	6	16
<b>Total equity</b>		<b>705</b>	<b>815</b>	<b>821</b>
<b>Current liabilities</b>				
Tax liability		2	2	-
Liabilities to Group entities	4	252	126	134
Accrued expenses and prepaid income		-	-	-
<b>Total current liabilities</b>		<b>253</b>	<b>128</b>	<b>134</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>959</b>	<b>943</b>	<b>954</b>

## Parent Company statement of changes in equity

MSEK	
<b>Opening balance Jan 1, 2018</b>	<b>922</b>
Income for the period	16
Other comprehensive income, net after tax	-
<b>Total comprehensive income</b>	<b>16</b>
Dividend	-118
<b>Total transactions with the owners</b>	<b>-118</b>
<b>Closing balance Dec 31, 2018</b>	<b>821</b>
<b>Opening balance Jan 1, 2019</b>	<b>821</b>
<b>Income for the period</b>	<b>15</b>
Other comprehensive income, net after tax	-
<b>Total comprehensive income</b>	<b>15</b>
Dividend	-131
Transfer of shares allotted according to LTIP 2015	0
<b>Closing balance Jun 30, 2019</b>	<b>705</b>

# 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.

### 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 Note 1 and 5 in the Annual Report 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.

## 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 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 produces organic chicken and was the first producer in this field in Sweden.

**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, 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 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	
	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018								
RTC Chilled	301	284	296	208	197	193	446	443	104	90	-	-	1,344	1,219
RTC Frozen	163	174	32	42	35	42	7	9	8	5	-	-	244	271
RTC Export	4	2	101	104	-	-	29	25	-	1	-	-	134	132
RTE	94	73	317	245	73	64	-	-	2	3	-	-	487	386
Ingredients	16	18	44	40	5	2	17	22	6	6	-	-	89	89
Other	133	110	36	48	109	91	1	-	9	9	-113	-103	175	155
<b>Total</b>	<b>711</b>	<b>661</b>	<b>826</b>	<b>688</b>	<b>419</b>	<b>393</b>	<b>501</b>	<b>499</b>	<b>129</b>	<b>114</b>	<b>-113</b>	<b>-103</b>	<b>2,472</b>	<b>2,252</b>

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

Jun 30, 2019, MSEK	Valued at amortized cost	Valued at fair value through profit and loss <sup>1)</sup>	Valued at fair value through other comprehensive income <sup>1)</sup>
<b>Assets</b>			
Other non-current financial assets	5	-	-
Leasing receivables	11	-	-
Biological assets	-	104	-
Trade and other receivables	926	-	-
Derivatives instruments	-	-	-
Cash and cash equivalents	58	-	-
<b>Total financial assets</b>	<b>1,001</b>	<b>104</b>	<b>-</b>
<b>Liabilities</b>			
Non-current interest-bearing liabilities	1,997	-	-
Other non-current liabilities	-	228	-
Leasing liabilities	494	-	-
Derivatives instruments	-	-	18
Current interest-bearing liabilities	0	-	-
Other current liabilities	-	132	-
Trade and other payables	973	-	-
<b>Total financial liabilities</b>	<b>3,464</b>	<b>360</b>	<b>18</b>

Jun 30, 2018, MSEK	Valued at amortized cost	Valued at fair value through profit and loss <sup>1)</sup>	Valued at fair value through other comprehensive income <sup>1)</sup>
<b>Assets</b>			
Other non-current financial assets	4	-	-
Leasing receivables	-	-	-
Biological assets	-	78	-
Trade receivables	955	-	-
Derivatives instruments	-	-	-
Cash and cash equivalents	84	-	-
<b>Total financial assets</b>	<b>1,044</b>	<b>78</b>	<b>-</b>
<b>Liabilities</b>			
Non-current interest-bearing liabilities	1,972	-	-
Other non-current liabilities	-	240	-
Leasing liabilities	459	-	-
Derivatives instruments	-	-	11
Current interest-bearing liabilities	245	-	-
Other current liabilities	-	104	-
Trade and other payables	792	-	-
<b>Total financial liabilities</b>	<b>3,468</b>	<b>344</b>	<b>11</b>

<sup>1)</sup> 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 30 June 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 30 June 2019, the derivatives amounted to MSEK -18 (-11). 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 30 June 2019 those amounted to MSEK 104 (78). For the Group's long-term borrowing, which as of 30 June 2019 amounted to MSEK 1,997 (1,972), 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 current liabilities and other non-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

Other current liabilities and other non-current liabilities for the Group as per 30 June 2019 amounting to MSEK 132 (104) and MSEK 228 (240), respectively refers to the additional purchase price related to performed acquisitions. The current liabilities to Group entities in the Parent Company as per 30 June 2019 amounted to MSEK 252 (126).

## 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 fulfill its financial obligations.

From Income Statement, MSEK		Q2 2019	Q2 2018 <sup>1)</sup>	H1 2019	Q1 2018 <sup>1)</sup>	LTM	2018 <sup>1)</sup>
Net sales	<b>A</b>	2,472	2,252	4,930	4,368	9,359	8,797
Income for the period	<b>B</b>	50	32	122	74	248	200
+ Reversal of tax on income for the year		14	7	31	18	46	33
<b>Income after finance net</b>	<b>C</b>	<b>64</b>	<b>39</b>	<b>153</b>	<b>92</b>	<b>294</b>	<b>233</b>
+ Reversal of financial expenses		38	31	59	60	99	100
+ Reversal of financial income		-0	0	-0	-0	-1	-1
<b>Operating income (EBIT)</b>	<b>D</b>	<b>101</b>	<b>69</b>	<b>212</b>	<b>152</b>	<b>392</b>	<b>333</b>
+ Reversal of depreciation, amortization and impairment		83	90	163	178	316	331
+ Reversal of share of income of associates		-1	0	-1	0	-3	-2
<b>EBITDA</b>	<b>E</b>	<b>183</b>	<b>159</b>	<b>373</b>	<b>329</b>	<b>706</b>	<b>662</b>
Non-comparable items in income for the period (EBIT)	<b>F</b>	13	23	13	23	39	49
<b>Adjusted income for the period (EBIT)</b>	<b>D+F</b>	<b>115</b>	<b>92</b>	<b>225</b>	<b>175</b>	<b>431</b>	<b>381</b>
<i>Adjusted operating margin (EBIT)</i>	<i>(D+F)/A</i>	<i>4.6%</i>	<i>4.1%</i>	<i>4.6%</i>	<i>4.0%</i>	<i>4.6%</i>	<i>4.3%</i>
Non-comparable items in EBITDA	<b>G</b>	11	22	11	22	45	57
<b>Adjusted EBITDA</b>	<b>E+G</b>	<b>194</b>	<b>181</b>	<b>384</b>	<b>351</b>	<b>751</b>	<b>719</b>
<i>Adjusted EBITDA-margin %</i>	<i>(E+G)/A</i>	<i>7.8%</i>	<i>8.1%</i>	<i>7.8%</i>	<i>8.0%</i>	<i>8.0%</i>	<i>8.2%</i>

<sup>1)</sup> When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 and Annual Report 2018, Note 31.

From Balance Sheet, MSEK	June 30, 2019	June 30, 2018 <sup>1)</sup>	Dec 31, 2018 <sup>1)</sup>			
<b>Total assets</b>	<b>6,191</b>	<b>5,988</b>	<b>5,976</b>			
<b>Non-current non-interest-bearing liabilities</b>						
- Deferred tax liabilities	-153	-158	-169			
- Other non-current liabilities	-228	-240	-218			
<b>Total non-current non-interest-bearing liabilities</b>	<b>-381</b>	<b>-398</b>	<b>-387</b>			
<b>Current non-interest-bearing liabilities</b>						
Trade payables	-973	-792	-901			
Tax payables	-20	-52	-22			
Other current liabilities	-251	-269	-243			
Accrued expenses and prepaid income	-368	-342	-353			
<b>Total current non-interest-bearing liabilities</b>	<b>-1,612</b>	<b>-1,456</b>	<b>-1,518</b>			
<b>Capital employed</b>	<b>4,198</b>	<b>4,135</b>	<b>4,071</b>			
Less: Cash and cash equivalents	-58	-84	-89			
<b>Operating capital</b>	<b>4,140</b>	<b>4,050</b>	<b>3,982</b>			
<b>Average capital employed</b>	<b>H</b>	<b>4,166</b>	<b>3,785</b>	<b>3,943</b>		
<b>Average operating capital</b>	<b>I</b>	<b>4,095</b>	<b>3,684</b>	<b>3,884</b>		
Operating income, LTM		392	331	333		
Adjusted operating income, LTM	<b>J</b>	431	379	381		
Financial income	<b>K</b>	0	0	1		
<b>Adjusted return on capital employed</b>	<b>(J+K)/H</b>	<b>10.4%</b>	<b>10.0%</b>	<b>9.7%</b>		
Adjusted return on operating capital	<b>J/I</b>	<b>10.5%</b>	<b>10.3%</b>	<b>9.8%</b>		
<b>Interest bearing liabilities</b>						
Non-current interest-bearing liabilities		1,997	1,972	1,949		
Non-current leasing liabilities		418	385	421		
Derivative instruments		18	11	12		
Current interest-bearing liabilities		0	140	0		
Current leasing liabilities		75	74	76		
<b>Total interest-bearing liabilities</b>		<b>2,508</b>	<b>2,583</b>	<b>2,458</b>		
Less: Cash and cash equivalents		-58	-84	-89		
<b>Net interest-bearing debt</b>		<b>2,451</b>	<b>2,499</b>	<b>2,370</b>		
From Statement of Cash Flow, MSEK	Q2 2019	Q2 2018 <sup>1)</sup>	H1 2019	Q1 2018 <sup>1)</sup>	LTM	2018 <sup>1)</sup>
<b>OPERATING ACTIVITIES</b>						
Operating income (EBIT)	101	69	212	152	392	333
Adjustment for non-cash items						
Depreciation, amortization and impairment	83	90	163	178	316	331
Share of income of associates	-1	0	-1	0	-3	-2
<b>EBITDA</b>	<b>183</b>	<b>159</b>	<b>373</b>	<b>329</b>	<b>706</b>	<b>662</b>
Non-comparable items in EBITDA	<b>G</b>	11	22	11	22	45
<b>Adjusted EBITDA</b>	<b>194</b>	<b>181</b>	<b>384</b>	<b>351</b>	<b>751</b>	<b>719</b>

<sup>1)</sup> When applicable, adjusted for changed accounting principles according to IFRS 16 Leases, see Note 1 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 percent of net sales.

### Adjusted operating margin

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

### Adjusted EBITDA margin

Adjusted EBITDA as a percent 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.

### Adjusted earnings per share (EPS)

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

### Earnings per share (EPS)

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

### 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.

### 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.

### COGS

Cost of goods sold

### Production costs

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

### 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.

### 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 21 August 2019 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](http://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

• Interim report for the third quarter 2019	November 6, 2019
• Interim report for the fourth quarter 2019	February 6, 2020
• Interim report for the first quarter 2020	May 12, 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 21 August 2019.

### 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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