



Scandi Standard

First quarter report 2017

11 May 2017

- Net sales increased by 15 percent to MSEK 1,593.8 (1,386.3), and by 11 percent at constant exchange rates. All countries contributed to the increase.
- Adjusted operating income* declined to MSEK 59.3 (68.3), corresponding to a margin of 3.7 (4.9) percent. Adjusted operating income* increased in Norway but declined in Sweden, Denmark and Finland.
- The bird flu had a negative impact of approximately MSEK 18 on adjusted operating income* in the quarter, referring to Sweden and Denmark.
- Income for the period declined to MSEK 29.9 (42.4) and earnings per share were SEK 0.50 (0.71).
- Operating cash flow amounted to MSEK 5.0 (35.5), with a higher increase in inventories than last year. Net interest bearing debt was MSEK 1,520.8 (1,350.6).

MSEK	Q1 2017	Q1 2016	Change	LTM	2016
Net sales	1,593.8	1,386.3	15%	6,174.9	5,967.4
Adjusted EBITDA*	112.8	115.0	-2%	449.4	451.6
Depreciation and amortization	-53.5	-47.6	12%	-207.2	-201.3
Adjusted operating income*	59.3	68.3	-13%	242.6	251.6
Non-comparable items	-1.2	-1.1	-	-13.5	-13.4
Operating income	58.1	67.2	-14%	229.1	238.2
Finance net	-19.0	-13.2	44%	-77.1	-71.3
Income after finance net	39.1	54.0	-28%	152.0	166.9
Income tax expense	-9.2	-11.6	-21%	-33.1	-35.5
Income for the period	29.9	42.4	-29%	118.9	131.4
Adjusted EBITDA margin*	7.1%	8.3%	-	7.3%	7.6%
Adjusted operating margin*	3.7%	4.9%	-	3.9%	4.2%
Earnings per share, SEK	0.50	0.71	-29%	2.00	2.21
Adjusted return on capital employed*	9.4%	11.4%	-	9.4%	10.3%
Return on equity	23.4%	27.8%	-	23.4%	33.0%
Operating cash flow	5.0	35.5	-86%	82.2	112.7
Net interest-bearing debt	1,520.8	1,350.6	13%	1,520.8	1,515.4

* Adjusted for non-comparable items, see page 3.

Scandi Standard is the largest producer of chicken-based food products in the Nordic region with leading positions in Sweden, Denmark and Norway. The company produces, markets and sells chilled and frozen products under the brands Kronfågel, Danpo, Den Stolte Hane, Vestfold Fugl, Ivars, Chicky World and Naapurin Maalaiskana, as well as for private labels. For more information, see www.scandistandard.com

CEO Statement

I am pleased to report net sales of MSEK 1,593.8, a growth of 15 percent compared to the first quarter last year. Sweden and Norway made the largest contributions and grew by 15 percent and 17 percent respectively, while Denmark grew by 6 percent. Net sales in Finland were in line with the fourth quarter 2016. The growth in net sales was driven by increased demand and improved market positions.

As in the fourth quarter 2016, the operating margin was adversely affected by the effects of bird flu but to a lesser extent. The price pressure in Denmark continued in both the local market and on exports. We were still able to report an adjusted operating income for the quarter of MSEK 59.3, which was a large improvement from MSEK 32.9 in the fourth quarter 2016.

Adjusted operating income in Sweden and Denmark was MSEK 35.2 and MSEK 22.1 respectively, compared to MSEK 43.6 and MSEK 28.7 respectively in the first quarter last year. The total negative impact of the bird flu in the quarter is estimated at MSEK 18. We have earlier communicated that the negative effect on operating income from the bird flu was estimated at MSEK 4-8 per month. Although Denmark has recently been cleared from bird flu and trade restrictions have been lifted, we expect prices to continue to be negatively impacted until trade patterns are normalized. The process of clearing Sweden from bird flu unfortunately experienced a set back by a recent new detection of the disease in a commercial flock outside of our supply chain. We therefore maintain the above-mentioned guidance regarding the impact of the bird flu on operating income.

The adverse development in Sweden and Denmark was partially compensated by Norway where adjusted operating income rose by 54 percent to MSEK 31.0, corresponding to a margin of 8.0 percent. The Norwegian organisation has done a good job in positioning the product portfolio with the three main retailers in Norway. The improvement in margin was driven by higher volumes and increased efficiency in production.

Finland generated an adjusted operating loss of MSEK 12.5, which was at the same level as the underlying operating loss in the fourth quarter last year. The switch in focus from ramping up production volumes to growing margins is expected to reduce losses in Finland in the coming quarters.

In the fourth quarter 2016 and in the beginning of 2017 we registered unusually high levels of campylobacter in our facility in Valla, Sweden. A number of actions have been taken throughout the value chain and we are now seeing normalized levels. We are proud of the high food safety standards in the Nordic region and will do our outmost to maintain these in the future. We will continuously work on reducing the incidence of campylobacter in our products.

We have initiated several activities to reduce working capital, which in combination with lower capital expenditure will have a positive effect on cash flow. We will continue to focus on improving margins as well as growing sales in the premium segments and within further processed products. I am convinced that the Group, despite the current challenges, has a strong platform to achieve profitable organic and structural growth in the European poultry market.

Leif Bergvall Hansen
Managing Director and CEO

Net sales and income

Net sales for the first quarter 2017 increased by 15 percent to MSEK 1,593.8 (1,386.3) compared to the corresponding period last year. Net sales at constant exchange rates rose by 11 percent.

Net sales increased by 15 percent in Sweden, 6 percent in Denmark, 17 percent in Norway and 237 percent in Finland compared to the corresponding period last year.

Net sales by product category rose by 17 percent for chilled products and by 6 percent for frozen products at constant exchange rates.

Operating income, adjusted for non-comparable items, declined to MSEK 59.3 (68.3), corresponding to a margin of 3.7 (4.9) percent. Adjusted operating income increased in Norway but declined in Sweden, Denmark and Finland.

The bird flu had a negative impact of approximately MSEK 18 on adjusted operating income in the quarter, referring to Sweden and Denmark. The effects mainly included lower prices and margins on exports.

Operating income, including non-comparable items, amounted to MSEK 58.1 (67.2). Non-comparable items were -1.2 (-1.1), see table below.

Income for the period amounted to MSEK 29.9 (42.4), corresponding to earnings per share of SEK 0.50 (0.71).

Impact of bird flu

The prevalence of bird flu (H5N8) was detected in a number of European countries during 2016 and from November 2016 also in Denmark, Sweden and Finland, which led to trade bans regarding poultry products from mainly markets in Asia.

In a press release on 25 November 2016 and in the fourth quarter and year-end report 2016, the Group communicated that the negative effect on operating income from these export restrictions was estimated at MSEK 4-8 per month, with a larger impact during the initial period. As stated above the negative impact on operating income in the first quarter 2017 was approximately MSEK 18.

At the end of the quarter, Danish authorities declared Denmark free of bird flu and trade bans were lifted. It is expected, however, that it will take time until trading patterns have been normalized. The trade bans still apply to Sweden and Finland. The estimated monthly negative impact of MSEK 4-8 on operating income is therefore still valid.

Non-comparable items

MSEK	Q1 2017	Q1 2016	LTM	2016
Non-comparable items in EBITDA and operating income				
Staff reduction costs*	-	-	-4.5	-4.5
Write down of inventory**	-	-	-6.7	-6.7
Transaction costs***	-1.2	-1.1	-2.3	-2.2
Total	-1.2	-1.1	-13.5	-13.4
Non-comparable items in finance net and tax effects				
Tax effect on adjustments	0.2	0.2	3.0	2.9
Non-comparable items in income for the period				
	-1.0	-0.9	-10.6	-10.5

*) Staff reduction costs in Denmark, i.e. salaries paid during notice period.

**) Write down of inventory in Denmark due to the bird flu.

***) Deal fees related to acquisitions.

Segment information

Sweden

MSEK	Q1 2017	Q1 2016	Change	LTM	2016
Net sales	647.5	563.9	15%	2,475.5	2,391.9
Adjusted operating income*	35.2	43.6	-19%	165.6	174.0
Adjusted operating margin*	5.4%	7.7%	-	6.7%	7.3%
Non comparable items	-	-1.1	-	-	-1.1
Operating income	35.2	42.5	-17%	165.6	172.9

* Adjusted for non-comparable items, see page 3 and 8.

Net sales in Sweden in the first quarter 2017 increased by 15 percent to MSEK 647.5 (563.9). Net sales of frozen products increased by 26 percent driven by campaigns, while net sales of chilled products grew by 9 percent.

The growth in the retail market in the quarter was lower than in the latter part of 2016.

Adjusted operating income declined by 19 percent to MSEK 35.2 (43.6), corresponding to a margin of 5.4 (7.7) percent. The higher proportion of net sales of frozen products over chilled, as well as the campaigns, had a negative impact on operating income and margin. The negative effect of the bird flu on adjusted operating income in the quarter was approximately MSEK 9.

Notable product launches in the quarter included ready-to-eat chicken skewers for the deli counter, the first skewers on the market made from Swedish chicken.

Denmark

MSEK	Q1 2017	Q1 2016	Change	LTM	2016
Net sales	579.7	548.8	6%	2,362.9	2,332.0
Adjusted operating income*	22.1	28.7	-23%	87.9	94.5
Adjusted operating margin*	3.7%	5.2%	-	3.7%	4.1%
Non-comparable items	-	-	-	-11.9	-11.9
Operating income	22.1	28.7	-23%	76.0	82.6

* Adjusted for non-comparable items, see page 3 and 8.

Net sales in Denmark in the first quarter 2017 increased by 6 percent to MSEK 579.7 (548.8), and by 3 percent in local currency.

Adjusted operating income declined by 23 percent to MSEK 22.1 (28.7), corresponding to a margin of 3.7 (5.2) percent. The decline in adjusted operating income and margin was due to continued price pressure in the domestic market as well as on exports. The pressure on prices has been more pronounced since the bans on exports due to the bird flu were implemented. The negative effect of the bird flu on adjusted operating income in the quarter was approximately MSEK 9.

At the end of the quarter, Danish authorities declared Denmark free of bird flu and trade bans were lifted. It is expected, however, that it will take time until trading patterns have been normalized.

Norway

MSEK	Q1 2017	Q1 2016	Change	LTM	2016
Net sales	388.1	331.9	17%	1,489.9	1,433.7
Adjusted operating income*	31.0	20.1	54%	105.8	94.9
Adjusted operating margin*	8.0%	6.1%	-	7.1%	6.6%
Non comparable items	-	-	-	-	-
Operating income	31.0	20.1	54%	105.8	94.9

* Adjusted for non-comparable items, see page 3 and 8.

Net sales in Norway in the first quarter 2017 increased by 17 percent to MSEK 388.1 (331.9) and by 8 percent in local currency. The increase refers to higher deliveries to Coop Norway than last year, as well as a positive trend in deliveries to NorgesGruppen under the agreement signed in the first quarter 2016.

The new Premium product range of free-range chicken, which was launched in the third quarter 2016, also contributed.

Adjusted operating income increased by 54 percent to MSEK 31.0 (20.1), corresponding to a margin of 8.0 (6.1) percent. The increase in adjusted operating income and margin was attributable to higher volumes and improved production efficiency.

Finland

MSEK	Q1 2017	Q1 2016	Change	LTM	2016
Net sales	69.8	20.7	237%	221.8	172.7
Adjusted operating income*	-12.5	-9.2	-36%	-55.7	-52.4
Adjusted operating margin*	-17.9%	-44.4%	-	-25.1%	-30.3%
Non comparable items	-	-	-	-	-
Operating income	-12.5	-9.2	36%	-55.7	-52.4

* Adjusted for non-comparable items, see page 3 and 8.

Net sales in Finland in the first quarter 2017 increased by 237 percent to MSEK 69.8 (20.7), and by 234 percent in local currency.

Adjusted operating income amounted to MSEK -12.5 (-9.2). The adjusted operating income was negatively affected by stock clearance as well as inefficiency in production.

Cash flow and investments

Operating cash flow in the first quarter 2017 amounted to MSEK 5.0 (35.5). Working capital rose by MSEK 56.0 (31.9) as inventories showed an increase of MSEK 61.3. The increase in inventories was mainly an effect of lower than expected demand in Sweden as well as the bird flu. Accounts receivable and accounts payable increased with a net positive impact of MSEK 5.3 on working capital in the quarter.

Working capital as of 31 March 2017 amounted to MSEK 396.8 (303.9), corresponding to 6.4 (5.5) percent of net sales.

Capital expenditure in the first quarter 2017 amounted to MSEK 50.6 (46.5) and refers mainly to productivity improvement projects in Sweden and efficiency improvement projects in Finland.

Change in net debt

MSEK	Q1 2017	Q1 2016	LTM	2016
Opening balance net debt	-1,515.4	-1,313.0	-1,350.6	-1,313.0
EBITDA	111.6	113.9	435.9	438.2
Change in working capital	-56.0	-31.9	-84.2	-60.1
Capital expenditure	-50.6	-46.5	-269.5	-265.4
Operating cashflow	5.0	35.5	82.2	112.7
Paid finance items net	-15.3	-11.3	-60.9	-59.3
Paid current income tax	-5.5	-12.8	-17.8	-25.1
Paid dividend	0.0	0.0	-107.3	-107.3
Other	10.4	-49.0	-66.4	-123.4
Total change in net debt	-5.4	-37.6	-170.2	-202.4
Closing balance net debt	-1,520.8	-1,350.6	-1,520.8	-1,515.4

Financial position

Total equity as of 31 March 2017 amounted to MSEK 990.9 (969.2). The equity to assets ratio was 27.8 (29.2) percent.

Net interest-bearing debt as of 31 March 2017 increased to MSEK 1,520.8 (1,350.6) as compared to MSEK 1,515.4 at year-end 2016. Cash and cash equivalents amounted to MSEK 23.0 (149.6). Committed but not utilized credit facilities amounted to MSEK 976.0.

Personnel

The average number of employees (FTE) in the first quarter 2017 was 1,807 (1,591), as compared to 1,680 for the full year 2016.

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 in the first quarter 2017 amounted to MSEK 0.5 (0.5).

Events after the close of the period

Annual General Meeting

The Annual General Meeting (AGM) 2017 was held on 25 April in Stockholm, Sweden. The AGM approved the proposed dividend of SEK 1.35 per share and April 27 as record date.

The number of Board members was increased from 8 to 9. In accordance with the proposal by the Nomination Committee, Per Harkjaer was re-elected Chairman of the Board of Directors. Ulf Gundemark, Samir Kamal, Michael Parker, Harald Pousette, Asbjorn Reinkind, Karsten Slotte and Helene Vibbleus were re-elected members of the Board of Directors. Öystein Engebretsen was elected as new member of the Board of Directors.

The AGM also approved the Board of Directors' proposal for a Long Term Incentive Program (LTIP 2017) for key employees, which is of the same type as LTIP 2015 and LTIP 2016. For further details, see the press release from the AGM at www.scandistandard.com.

New case of bird flu in Sweden

On 25 April 2017, a new case of bird flu was detected in a commercial flock in Sweden. The disease has not been found among any of Scandi Standard's suppliers.

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 on www.scandistandard.com.

Stockholm, 11 May 2017

Leif Bergvall Hansen
Managing Director and CEO

This 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	Q1 2017	Q1 2016	Change	LTM	2016
Sweden	647.5	563.9	15%	2,475.5	2,391.9
of which internal sales	47.3	41.1	15%	176.5	170.3
Denmark	579.7	548.8	6%	2,362.9	2,332.0
of which internal sales	44.0	37.9	16%	198.7	192.6
Norway	388.1	331.9	17%	1,489.9	1,433.7
of which internal sales	-	-	-	-	-
Finland	69.8	20.7	237%	221.8	172.7
of which internal sales	-	-	-	-	-
Intra-group eliminations	-91.3	-79.0	16%	-375.2	-362.9
Total net sales	1,593.8	1,386.3	15%	6,174.9	5,967.4

Net sales in local currency

MSEK	Q1 2017	Q1 2016	Change	LTM	2016
Denmark	453.4	439.0	3%	1,847.7	1,833.3
Norway	366.9	338.9	8%	1,433.7	1,405.7
Finland	7.3	2.2	234%	23.3	18.2

Net sales by product category

MSEK	Q1 2017	Q1 2016	Change	LTM	2016
Chilled	751.2	620.4	21%	2,854.5	2,723.7
Frozen	662.8	614.1	8%	2,614.2	2,565.5
Eggs	81.3	77.6	5%	319.1	315.4
Other*	98.5	74.2	33%	387.1	362.8
Total net sales	1,593.8	1,386.3	15%	6,174.9	5,967.4

Exchange rates**

	Q1 2017	Q1 2016	LTM	2016
SEK/NOK	1.06	0.98	1.10	1.02
SEK/DKK	1.28	1.25	1.30	1.27
SEK/EUR	9.51	9.32	9.68	9.49

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

**) Average exchange rates.

Adjusted operating income

MSEK	Q1 2017	Q1 2016	LTM	2016
Sweden	35.2	43.6	165.6	174.0
Denmark	22.1	28.7	87.9	94.5
Norway	31.0	20.1	105.8	94.9
Finland	-12.5	-9.2	-55.7	-52.4
Group	-11.1	-10.4	-39.7	-39.0
Amortization	-5.4	-4.5	-21.3	-20.4
Total adjusted operating income	59.3	68.3	242.6	251.6

Adjustments to operating income

MSEK	Q1 2017	Q1 2016	LTM	2016
Sweden	-	-1.1	-	-1.1
Denmark	-	-	-11.9	-11.9
Norway	-	-	-	-
Finland	-	-	-	-
Group	-1.2	-	-1.6	-0.4
Total adjustments to operating income	-1.2	-1.1	-13.5	-13.4

Operating income

MSEK	Q1 2017	Q1 2016	LTM	2016
Sweden	35.2	42.5	165.6	172.9
Denmark	22.1	28.7	76.0	82.6
Norway	31.0	20.1	105.8	94.9
Finland	-12.5	-9.2	-55.7	-52.4
Group	-12.3	-10.4	-41.3	-39.4
Amortization	-5.4	-4.5	-21.3	-20.4
Total operating income	58.1	67.2	229.1	238.2
Finance net	-19.0	-13.2	-77.1	-71.3
Income tax expense	-9.2	-11.6	-33.1	-35.5
Income for the period	29.9	42.4	118.9	131.4

Consolidated income statement

MSEK	Q1 2017	Q1 2016	2016
Net sales	1,593.8	1,386.3	5,967.4
Other operating revenues	9.5	11.9	31.5
Changes in inventories of finished goods and work in progress	64.6	-3.6	44.3
Raw materials and consumables	-1,015.2	-800.4	-3,603.2
Cost of personnel	-308.7	-262.0	-1,115.0
Depreciation, amortization and impairment	-53.5	-47.6	-201.3
Other operating expenses	-232.4	-218.3	-886.8
Share of income of associates	0.0	0.9	1.3
Operating income	58.1	67.2	238.2
Finance income	0.2	1.2	1.2
Finance expenses	-19.2	-14.4	-72.5
Income after finance net	39.1	54.0	166.9
Income tax expense	-9.2	-11.6	-35.5
Income for the period	29.9	42.4	131.4
Whereof attributable to shareholders of the Parent Company	29.9	42.4	131.4
Average number of shares ¹⁾	59,397,278	59,612,178	59,542,034
Earnings per share, SEK	0.50	0.71	2.21
Earnings per share after dilution, SEK	0.50	0.71	2.21
Number of shares at the end of the period	60,060,890	60,060,890	60,060,890

¹⁾214,900 shares were purchased during 2016.

Consolidated statement of comprehensive income

MSEK	Q1 2017	Q1 2016	2016
Income for the period	29.9	42.4	131.4
Other comprehensive income			
<i>Items that will not be reclassified to the income statement</i>			
Actuarial gains and losses in defined benefit pension plans	-5.3	-12.1	-28.5
Tax on actuarial gains and losses	1.2	2.7	6.3
Total	-4.1	-9.4	-22.2
<i>Items that will or may be reclassified to the income statement</i>			
Cash flow hedges	1.4	-2.8	4.7
Currency effects from conversion of foreign operations	-5.2	10.2	43.6
Income from currency hedging of foreign operations	-2.8	3.1	12.3
Tax attributable to items that will be reclassified to the income statement	-0.3	0.7	-1.1
Total	-6.9	11.2	59.5
Other comprehensive income for the period, net of tax	-11.0	1.8	37.3
Total comprehensive income for the period	18.9	44.2	168.7
Whereof attributable to shareholders of the Parent Company	18.9	44.2	168.7

Consolidated statement of financial position

MSEK	Note	31 March 2017	31 March 2016	31 December 2016
ASSETS				
Non-current assets				
Goodwill		698.6	683.6	703.8
Other intangible assets		493.4	490.1	503.0
Property plant and equipment		1,012.9	896.6	1,010.8
Participations in associated companies		37.5	42.9	45.5
Financial assets		-	0.4	0.2
Surplus in funded pension plans		-	3.7	-
Deferred tax assets		47.2	28.0	46.8
Total non-current assets		2,289.6	2,145.3	2,310.1
Current assets				
Inventory		662.4	532.0	603.2
Trade receivables and other receivables		404.5	358.0	400.2
Other short term receivables		88.8	44.5	87.5
Prepaid expenses and accrued income		93.4	84.1	72.3
Derivate instruments		0.2	2.0	0.4
Cash and cash equivalents		23.0	149.6	23.2
Total current assets		1,272.3	1,170.2	1,186.8
TOTAL ASSETS		3,561.9	3,315.5	3,496.9
EQUITY AND LIABILITIES				
Shareholder's equity				
Share capital		0.6	0.6	0.6
Other contributed equity		702.7	810.0	702.7
Reserves		35.8	-5.0	42.7
Retained earnings		251.8	163.6	226.0
Total equity		990.9	969.2	972.0
Liabilities				
Non-current liabilities				
Non-current interest bearing liabilities		1,499.3	1,411.2	1,427.6
Derivate instruments		13.1	19.6	14.2
Provisions for pensions		24.6	1.2	19.7
Deferred tax liabilities		104.2	95.2	109.3
Other non-current liabilities	4	46.2	53.3	46.3
Total non-current liabilities		1,687.4	1,580.5	1,617.1
Current liabilities				
Current interest bearing liabilities		31.3	69.3	96.8
Trade payables		456.5	374.3	475.5
Tax payables		44.4	27.4	35.1
Other current liabilities		126.0	136.7	100.9
Accrued expenses and prepaid income		225.4	158.1	199.5
Total current liabilities		883.6	765.8	907.8
TOTAL EQUITY AND LIABILITIES		3,561.9	3,315.5	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	29.9
Other comprehensive income, net after tax	-11.0
Total comprehensive income	18.9
Dividend	-
Repurchase own shares	-
Total transactions with the owners	0
Closing balance 31 March 2017	990.9

Consolidated statement of cash flows

MSEK	Q1 2017	Q1 2016	2016
OPERATING ACTIVITIES			
Operating income	58.1	67.2	238.2
Adjustment for non-cash items	55.6	56.5	180.9
Paid finance items net	-15.3	-11.3	-59.3
Paid current income tax	-5.5	-12.8	-25.1
Cash flows from operating activities before changes in operating capital	92.9	99.6	334.7
Change in inventories	-61.3	3.5	-49.0
Change in operating receivables	-29.4	-31.7	-94.0
Change in operating payables	34.7	-3.7	82.9
Cash flows from operating activities	36.9	67.7	274.6
INVESTING ACTIVITIES			
Business combinations	0.0	-22.5	-30.2
Investment in property, plant and equipment	-50.6	-46.5	-265.4
Cash flows used in investing activities	-50.6	-69.0	-295.6
FINANCING ACTIVITIES			
New loan	1,450.2	18.3	-
Repayment	-1,367.5	-6.9	-67.7
Change in overdraft facility	-69.3	-	93.3
Paid dividend	-	-	-107.3
Repurchase own shares	0.0	-	-14.3
Cash flows in financing activities	13.4	11.4	-96.0
Cash flows for the period	-0.3	10.1	-117.0
Cash and cash equivalents at beginning of the period	23.2	142.7	142.7
Currency effect in cash and cash equivalents	0.1	-3.2	-2.5
Cash flows for the period	-0.3	10.1	-117.0
Cash and cash equivalents at the end of the period	23.0	149.6	23.2

Parent Company income statement

MSEK	Q1 2017	Q1 2016	2016
Net sales	-	-	-
Operating expenses	-	-	-
Operating income	-	-	-
Finance net	3.3	3.6	14.6
Income after finance net	3.3	3.6	14.6
Group contribution	-	-	-14.6
Tax expenses	-0.7	-0.8	-
Income for the period	2.6	2.8	0

Parent Company statement of comprehensive income

MSEK	Q1 2017	Q1 2016	2016
Income for the period	2.6	2.8	0
Other comprehensive income	-	-	-
Total comprehensive income for the period	2.6	2.8	0

Parent Company statement of financial position

MSEK	Note	31 December		
		2017	2016	
ASSETS				
Non-current assets				
Investments in subsidiaries		532,7	532,7	
Receivables from Group entities		358,8	358,8	
Total non-current assets		891,5	891,4	
TOTAL ASSETS		891,5	891,4	
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		0,6	0,6	
Non-restricted equity				
Share premium account		702,7	810,0	
Retained earnings		-42,8	-28,6	
Income for the period		2,6	2,8	
Total equity		663,1	784,8	
Current liabilities				
Tax liability		0,7	0,8	
Liabilities to Group entities	4	227,7	105,8	
Total current liabilities		228,4	106,6	
TOTAL EQUITY AND LIABILITIES		891,5	891,4	

Parent Company statement of changes in equity

MSEK

Opening balance 1 January 2016	782.1
Income for the period	0.0
Other comprehensive income, net after tax	-
Total comprehensive income	0.0
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	2.6
Other comprehensive income, net after tax	-
Total comprehensive income	2.6
Dividend	0.0
Repurchase own shares	0.0
Total transactions with the owners	0.0
Closing balance 31 March 2017	663.1

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 and IFRS 15 Revenue from contracts with customers are both adopted by EU and apply from January 1, 2018. Scandi Standard does not intend to apply them in advance. The work to evaluate the consequences of these standards is progressing according to plan. For more information, see Note 1 in the 2016 Annual Report.

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 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 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 Nærbo 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.

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

31 March 2017, MSEK	Financial assets at fair value through profit or loss							Measured at amortized cost	Fair value by level ¹
	Loans and receivables	Derivatives used in hedge accounting	Other financial assets and liabilities	Total carrying amount					
Assets									
Other non-current financial assets	-	-	-	-	-	-	-	-	-
Trade receivables	404.5	-	-	-	404.5	404.5	-	-	-
Derivates	-	-	0.2	-	0.2	-	-	0.2	-
Cash and cash equivalents	23.0	-	-	-	23.0	23.0	-	-	-
Total financial assets	427.5	-	0.2	-	427.7	427.5	-	0.2	-
Liabilities									
Non-current interest bearing liabilities	-	-	-	1,499.3	1,499.3	1,499.3	-	-	-
Other non-current liabilities	-	-	-	46.2	46.2	-	-	46.2	-
Derivates	-	-	13.1	-	13.1	-	-	13.1	-
Current interest bearing liabilities	-	-	-	31.3	31.3	31.3	-	-	-
Trade payables	-	-	-	456.5	456.5	456.5	-	-	-
Total financial liabilities	-	-	13.1	2,033.3	2,046.4	1,987.1	-	59.3	-

31 March 2016, MSEK	Financial assets at fair value through profit or loss							Measured at amortized cost	Fair value by level ¹
	Loans and receivables	Derivatives used in hedge accounting	Other financial assets and liabilities	Total carrying amount					
Assets									
Other non-current financial assets	0.4	-	-	-	-	0.4	0.4	-	-
Trade receivables	358.0	-	-	-	358.0	358.0	-	-	-
Current interest-bearing receivables	-	-	2.0	-	2.0	-	-	2.0	-
Cash and cash equivalents	149.6	-	-	-	149.6	149.6	-	-	-
Total financial assets	508.0	-	2.0	-	510.0	508.0	-	2.0	-
Liabilities									
Non-current interest bearing liabilities	-	-	-	1,411.2	1,411.2	1,411.2	-	-	-
Other non-current liabilities	-	-	-	53.3	53.3	-	-	53.3	-
Derivates	-	-	19.6	-	19.6	-	-	19.6	-
Current interest-bearing liabilities	-	-	-	69.3	69.3	69.3	-	-	-
Trade payables	-	-	-	374.3	374.3	374.3	-	-	-
Total financial liabilities	-	-	19.6	1,908.1	1,927.7	1,854.8	-	72.9	-

¹The 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 March 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 March 2017 the derivatives amounted to MSEK 12.9 (-17.6).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 March 2017 those amounted to MSEK 49.9 (37.5). For the Group's long-term borrowing, which as of 31 March 2017 amounted to MSEK 1499.3 (1498.3), 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 Sødam Øko Fjerkræslagteri Aps. An assessment of the profitability progress with the company has been made per March 2017 and the previous assessment remains, thus the remaining purchase price and call option will be used. No adjustment of previously made provision has therefore been made.

Note 4. Other liabilities

The entire other non-current liability per 31 March 2017 for the Group in the amount of MSEK 46.2 (53.3) refers to the additional purchase price related to acquisitions performed in 2015 and 2016. The other liabilities to Group entities in the Parent Company as per 31 March 2017 amount to MSEK 227.7 (105.8), of which MSEK 213.1(23.8) is related to cash pool and MSEK 14.6 (4.0) to Group contribution and o.o MSEK (78.0) to other short term liabilities to Group entities.

Not 5. Alternative KPIs

The Scandi Standard Group uses the below alternative KPIs. The Group believes that the presented alternative KPIs is useful for the users of the financial statements to understand the Groups ability to generate results before investments, assess the Groups opportunity to dividends and strategic investments and to assess the Groups ability to fulfill its financial obligations.

From income statement, MSEK		Q1 2017	Q1 2016	LTM	2016
Net sales	A	1,593.8	1,386.3	6,174.9	5,967.4
Income for the period	B	29.9	42.4	118.9	131.4
+ Income tax expense		9.2	11.6	33.1	35.5
Income after finance net	C	39.1	54.0	152.0	166.9
+Financial income and expenses, net		19.0	13.2	77.1	71.3
Operating income	D	58.1	67.2	229.1	238.2
+Depreciation, amortization and impairment		53.5	47.6	207.2	201.3
+Share of income of associates		0.0	-0.9	-0.4	-1.3
EBITDA	E	111.6	113.9	435.9	438.2
Non-comparable items in income for the period	F	1.0	0.9	10.6	10.5
Adjusted income for the period	B+F	30.9	43.3	129.5	141.9
Non-comparable items in income after finance net	G	1.2	1.1	13.5	13.4
Adjusted income after finance net	C+G	40.3	55.1	165.5	180.3
Non-comparable items in operating income	G	1.2	1.1	13.5	13.4
Adjusted operating income	D+G	59.3	68.3	242.6	251.6
Adjusted operating margin	(D+G)/A	3.7%	4.9%	3.9%	4.2%
Non-comparable items in EBITDA	G	1.2	1.1	13.5	13.4
Adjusted EBITDA	E+G	112.8	115.0	449.4	451.6
Adjusted EBITDA-margin %	(E+G)/A	7.1%	8.3%	7.3%	7.6%

From balance sheet, MSEK	31 March 2017	31 March 2016	31 December 2016
Total assets	3,561.9	3,315.6	3,496.9
Non-current non interest bearing liabilities			
- Deferred tax liabilities	-104.2	-95.2	-109.3
- Other non-current liabilities	-46.2	53.3	0.0
Total non-current interest bearing liabilities	-150.4	-41.9	-109.3
Current non interest bearing liabilities			
Trade payables	-456.5	-374.3	-475.5
Tax payables	-44.4	-27.4	-35.1
Other current liabilities	-126.0	-136.7	-100.9
Accrued expenses and prepaid income	-225.4	-158.1	-199.5
Total current non interest bearing liabilities	-852.3	-696.6	-811.0
Capital employed	2,559.2	2,577.1	2,576.6
Cash and cash equivalents	-23.0	-149.6	-23.2
Operating capital	2,536.2	2,427.5	2,553.4
 Average capital employed	H	2,568.1	2,576.8
Average operating capital	I	2,481.8	2,490.4
 Operating income, LTM		229.1	259.1
Adjusted operating income, LTM	J	242.5	292.2
Finance income	K	0.2	1.2
 Adjusted return on capital employed	(J+K)/H	9.4%	11.4%
Adjusted return on operating capital	J/I	9.8%	11.7%
 From balance sheet, MSEK	31 Mar 2017	31 Mar 2016	31 Dec 2016
Interest bearing liabilities			
Non-current interest bearing liabilities	1,499.3	1,411.2	1,427.6
Derivates	13.1	19.6	14.2
Current interest bearing liabilities	31.3	69.3	96.8
Total interest bearing liabilities	1,543.7	1,500.1	1,538.6
Cash and cash equivalents	-23.0	-149.6	-23.2
Net interest bearing debt	1,520.8	1,350.6	1,515.4

From statement of cash flows, MSEK	Q1 2017	Q1 2016	LTM	2016
Operating activities				
Operating income	58.1	67.2	229.1	238.2
Adjustment for non-cash items				
Depreciation, amortization and impairment	53.5	47.6	207.2	201.3
Share of income of associates	0.0	-0.9	-0.4	-1.3
EBITDA	111.6	113.9	435.9	438.2
Non-comparable items in EBITDA	G	1.2	1.1	13.5
Justerad EBITDA	112.8	115.0	449.4	451.6

Definitions

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 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

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 11 May 2017 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

- Report for the second quarter 2017: 23 August 2017
- Report for the third quarter 2017: 1 November 2017

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 11 May 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.

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