Third quarter report 2018

5 November 2018

- Net sales increased by 24 percent to MSEK 2,263 (1,825). The increase refers mainly to the Irish company Manor Farm, which was acquired as of 28 August 2017. Net sales increased by 5 percent in Sweden, 12 percent in Denmark, 7 percent in Norway and 24 percent in Finland.
- Adjusted operating income[1)] rose by 19 percent to MSEK 100 (84), corresponding to a margin of 4.4 (4.6) percent. Ireland accounted for the major part of the increase, Norway and Finland also achieved improvements.
- Income for the period amounted to MSEK 53 (47), corresponding to earnings per share of SEK 0.82 (0.75). The increase compared to previous year is, in addition to an improved operating income, referring to improved net finance cost.
- Operating cash flow was MSEK 50 (114), impacted by higher capital expenditures primarily related to the finalization of the extention of the facility in Farre, Denmark and a small increase in working capital.
- Net interest-bearing debt increased by MSEK 54 from 30 June 2018 to MSEK 2,093 as a result of the higher capital expenditure and the acquisition of a majority stake in Rokkedahl Food ApS in Denmark which was completed during the quarter. Rokkedahl produces and markets premium chicken and is a good complement to the Group's growing premium offer in the Danish market.

Pro forma including the acquired Irish operation[2)]

- Including Manor Farm on a pro forma basis, net sales increased by 9 percent.

  Adjusted operating income[1)] amounted to MSEK 100 (94), corresponding to a margin of 4.4 (4.5) percent.

MSEK	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change	LTM	2017
Net sales	2,263	1,825	24%	6,631	5,040	32%	8,692	7,101
Adjusted EBITDA[1)]	170	142	20%	477	379	26%	658	559
Adjusted operating income[1)] (EBIT)	100	84	19%	270	214	26%	385	329
Non-comparable items	-12	0	-	-36	-10	-	-60	-34
Operating income (EBIT)	87	84	4%	234	204	15%	325	295
Finance net	-19	-26	25%	-72	-54	-33%	-89	-71
Income after finance net	68	58	18%	163	150	8%	236	224
Income tax expense	-15	-11	-29%	-33	-40	19%	-48	-56
Income for the period	53	47	15%	130	110	19%	189	168
Adjusted EBITDA margin[1)]	*7.5%*	*7.8%*	-	*7.2%*	*7.5%*	-	*7.6%*	*7.9%*
Adjusted operating margin[1)] (EBIT)	*4.4%*	*4.6%*	-	*4.1%*	*4.2%*	-	*4.4%*	*4.6%*
Earnings per share, SEK	0.82	0.75	9%	2.00	1.82	10%	2.89	2.73
Adjusted return on capital employed[1)]	10.5%	8.2%	-	10.5%	8.2%	-	10.5%	11.1%
Return on equity	12.8%	9.5%	-	12.8%	9.5%	-	12.8%	13.8%
Operating cash flow	50	114	-57%	146	114	28%	245	213
Net interest-bearing debt	-2,093	-1,932	-8%	-2,093	-1,932	-8%	-2,093	-1,886

For the previous year, the Irish operation was consolidated during the period 28 August – 30 September 2017.

Pro forma[2)], including Ireland	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change	LTM	2,017
Net sales	2,263	2,082	9%	6,631	6,146	8%	8,692	8,207
Adjusted operating income[1)] (EBIT)	100	94	5%	270	261	4%	385	376
Adjusted operating margin[1)] (EBIT)	*4.4%*	*4.5%*	-	*4.1%*	*4.2%*	-	*4.4%*	*4.6%*

[1)]Adjusted for non-comparable items, see page 12.

[2)]The pro forma figures are presented for illustrative purpose in order to show how the segment would have contributed to the Group's net sales and operating income if it had been part of the Group during the whole of 2017. The pro forma figures have not been audited. See page 3-4.

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 Kronfågel, Danpo, Den Stolte Hane, Naapurin Maalaiskana and Manor Farm. Eggs are also produced and sold in Norway. We are approximately 3,000 employees with annual sales of more than SEK 8 billion. For more information, please visit www.scandistandard.com.

The CEO comments on the third quarter

The Group's net sales increased by 9 percent pro forma to MSEK 2,263 compared to MSEK 2,081 pro forma in the third quarter 2017, and by 3 percent adjusted for exchange rate effects. All countries contributed to the increase. Adjusted operating profit amounted to MSEK 100 compared to MSEK 94 pro forma in the third quarter 2017, corresponding to a margin of 4.4 (4.5 pro forma) percent.

Our segments in Norway, Ireland (pro forma) and Finland all contributed with improved margins in the quarter. The result in Sweden and Denmark remained weak in the quarter due to costs associated with frozen stock clearance and market investments respectively.

We continue to see a strong sales development in chilled and Ready-to-eat products, partly benefitting from positive currency effect. By customer channel the sales increase is highest in Retail, driven by a strong development in Denmark, but also in Ireland (pro forma) and Sweden. I am pleased to see a positive development in Food Service as well. Adjusted EBIT shows a positive development pro forma despite significant raw material price increases as we have been able to implement price increases combined with a positive sales mix effect

I am pleased to report full recovery of the fresh market in Sweden, which has impacted our margins negatively in the recent quarters. Although the result in Sweden will remain impacted throughout the remainder of the second half of 2018 due to stock clearance of frozen products, the underlying result is clearly improved. This bodes well for obtaining a more normalised margin level in Sweden from 2019.

During 2018 we have implemented robust initiatives in Denmark aimed at de-commoditising a larger part of the product portfolio. Our newly established brand Danske Familiegårde has been very well received thanks to successful product development, strong marketing support and a newly recruited sales team. I expect these front-loaded investments to be converted into a favourable price mix from 2019. Currently about 14% of our domestic retail sales is sold under the brand and we will be pushing to sequentially increase the share in the coming years.

The merger of our free range/organic chicken business in Denmark with Rokkedahl Food is another measure to strengthen the business in Denmark. High end birds, which have been a marginal segment for us in the past, are processed in small series and are well suited for a medium sized processing plant. The combination of the volumes of the businesses further allows economies of scale and I am hence convinced that the category can be successfully developed into a profitable market segment.

We continue to benefit from sharing best practice across markets. A good example is the development in Norway, where we through investments and other optimization initiatives have increased productivity significantly over the last couple of years, something that is also reflected in the increased margins.

Given the significant raw material price increases observed in the recent quarter, we have been working strenuously to obtain price increases towards our clients. I am pleased that our way of cooperating with our customers pays off in the current environment, as we already have agreed some price increases, while some are still being negotiated. We expect to recover the cost increases on our domestic markets. Within our commodity-based export business from Denmark, however, no short-term cost recovery is expected.

We have a clear target of increasing our exposure to the Ready-to-eat category as this segment is fast growing and generates stable strong margins. To facilitate further growth, we have carried out a major expansion of the Farre plant which is dedicated to such products. The MSEK 150 m investment is completed in accordance with budget and the new line has recently been started.

Net interest-bearing debt increased by MSEK 54 in the quarter to MSEK 2,093.The increase was driven by the higher capital exenditures and by the consolidation of the interest bearing liabilities of Rokkedahl Food amounting to MSEK 95. As previously communicated our overall investments in 2018 are estimated to MSEK 350, of which MSEK 337 were spent in the first three quarters. In light of limited investments and release of working capital, we expect a strong cash flow in the fourth quarter.

As previously communicated, we have identified a number of attractive capital project in Ireland post acquisition aimed at increased efficiency, animal welfare, food safety differentiation and debottlenecking. We have decided to phase in a number of these investment next year. For the group, we expect to invest around MSEK 380 in 2019.

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.

Leif Bergvall Hansen
Managing Director and CEO

Net sales and income pro forma

The Irish company Manor Farm was acquired as of 28 August 2017 and is included in the Group's accounts from this date as the segment Ireland. The pro forma figures below are presented solely for illustrative purpose in order to show how the segment would have contributed to the Group's net sales and operating income for the third quarter and first nine months of 2018 if it had been part of the Group during the whole of 2017.

The pro forma figures have been calculated by including the accounts of Carton Bros ULC adjusted for differences in accounting period and for parts of the operation that was not included in the acquisition.

Pro forma MSEK	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change	LTM	2017
Net sales	2,263	2,082	9%	6,631	6,146	8%	8,692	8,207
Adjusted EBITDA*	170	161	6%	477	460	4%	658	641
Adjusted operating income* (EBIT)	100	94	5%	270	261	4%	385	376
Non-comparable items	-12	0	-	-36	-10	-	-60	-34
Operating income (EBIT)	87	94	-7%	234	251	-7%	325	342
*Adjusted EBITDA-margin**	*7.5%*	*7.7%*	-	*7.2%*	*7.5%*	-	*7.6%*	*7.8%*
Adjusted operating margin (EBIT)*	*4.4%*	*4.5%*	-	*4.1%*	*4.2%*	-	*4.4%*	*4.6%*

*Adjusted for non-comparable items, see page 12.

Net sales

Net sales in the third quarter 2018 increased by 9 percent pro forma to MSEK 2,263 compared to MSEK 2,082 pro forma in the third quarter 2017. The increase was 3 percent pro forma at constant exchange rates.

Net sales increased by 5 percent in Sweden, 12 percent in Denmark, 7 percent in Norway, 13 percent in Ireland and 24 percent in Finland.

Income

Adjusted for non-comparable items, operating income in the third quarter 2018 increased to MSEK 100 (94 pro forma), corresponding to a margin of 4.4 (4.6 pro forma) percent.

Adjusted operating income improved in Norway, Ireland and Finland but declined in Sweden and Denmark.

Including non-comparable items, operating income declined by 7 percent pro forma to MSEK 87 (94 pro forma), corresponding to a margin of 3.8 (4.5 pro forma) percent. Non-comparable items were MSEK -12 (-) and included mainly costs for the closure of a pilot site for rearing and hatching of eggs in Sweden, see page 12.

Ireland – pro forma

Pro forma MSEK	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change	LTM	2017
Net sales	479	423	13%	1,442	1,272	13%	1,873	1,702
Adjusted EBITDA*	38	33	15%	114	96	18%	144	127
Adjusted operating income* (EBIT)	23	20	15%	70	57	22%	87	74
Non-comparable items	-	-	-	-	-	-	-	-
Operating income (EBIT)	23	20	15%	70	57	22%	87	74
*Adjusted EBITDA-margin**	*7.9%*	*7.8%*	-	*7.9%*	*7.6%*	-	*7.7%*	*7.4%*
Adjusted operating margin (EBIT)*	*4.8%*	*4.7%*	-	*4.8%*	*4.5%*	-	*4.7%*	*4.4%*

*Adjusted for non-comparable items, see page 12.

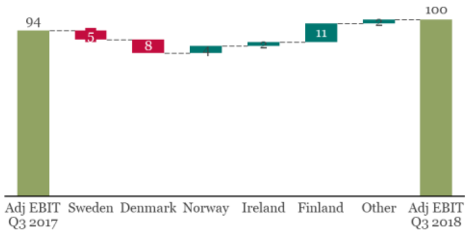
Net sales in Ireland in the third quarter 2018 increased by 13 percent pro forma to MSEK 479 compared to MSEK 423 pro forma in the third quarter 2017. Net sales in local currency rose by 4 percent pro forma.

Adjusted operating income increased by 15 percent pro forma compared to last year to MSEK 23 (20 pro forma), corresponding to a margin of 4.8 (4.7 pro forma) percent. The improvement in adjusted operating income and margin was mainly achieved through higher efficiency in the entire supply chain.

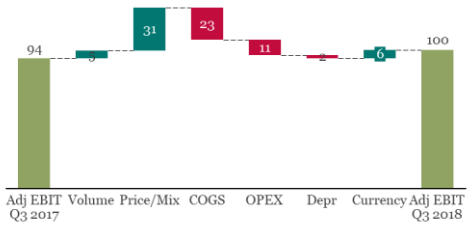
MSEK	Sweden Q3 2018	Sweden Q3 2017	Denmark Q3 2018	Denmark Q3 2017	Norway Q3 2018	Norway Q3 2017	Ireland[1] Q3 2018	Ireland[1] Q3 2017	Finland Q3 2018	Finland Q3 2017	Elimiminations and group common costs Q3 2018	Elimiminations and group common costs Q3 2017	Total Group[1] Q3 2018	Total Group[1] Q3 2017
Net sales	692	658	729	654	384	360	479	423	99	80	-120	-93	2,263	2,082
Adjusted EBITDA[2]	55	61	43	50	45	37	38	33	3	-9	-13	-11	170	161
Depreciation	-19	-19	-16	-15	-11	-10	-7	-6	-6	-4	0	0	-59	-53
Adjusted operating income[2] before amortisation	35	41	27	35	34	27	30	27	-3	-13	-13	-11	111	107
Amortisation	0	0	-1	0	-4	-4	-7	-7	0	0	0	-1	-13	-12
Adjusted operating income (EBIT)[2][3]	35	41	28	34	30	24	23	20	-3	-13	-13	-11	100	94
Non-comparable items	-11	-15	0	0	0	0	-	0	0	0	-1	14	-12	0
Operating income (EBIT)	24	26	28	34	30	24	23	20	-3	-13	-15	2	87	94
Adjusted EBITDA-margin[2]	8.0%	9.2%	5.9%	7.6%	11.6%	10.3%	7.9%	7.8%	2.6%	-11.2%	10.6%	11.6%	7.5%	7.7%
Adjusted operating margin (EBIT)[2]	5.1%	6.3%	3.9%	5.3%	7.8%	6.5%	4.8%	4.7%	-3.3%	-16.1%	11.0%	12.3%	4.4%	4.5%

[1]Pro forma
[2]Adjusted for non-comparable items, see page 14.
[3]EBIT for Denmark and Total Group includes income from associates amounting to MSEK 2.

Change in adjusted operating income (EBIT) vs Q3 2017 (pro forma)



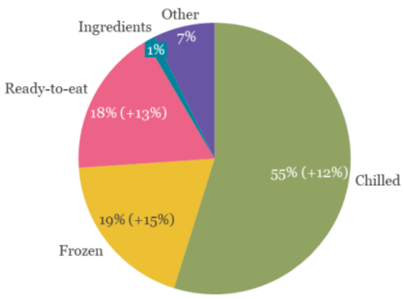
Adjusted operating income improved in the third quarter by 5 percent pro forma to MSEK 100 (94 pro forma). Adjusted operating income improved in Norway, Ireland (pro forma) and Finland while it deteriorated in Sweden and Denmark



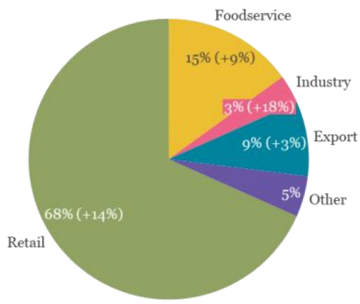
A strong mix together with price increases offset the higher purchasing costs in the quarter.

Net sales by product category and sales channel, Q3 2018 (pro forma)

(Percentage of Group's total net sales and change vs Q3 2017 in brackets, pro forma).



During the third quarter, Ready-to-eat-products showed growth as well as Chilled and Frozen products. The weakened Swedish krona contributed to growth in all product categories.



All sales channels showed high sales growth rate. Retail grew in all countries, in particular in Denmark where the acquisition of Rokkedahl and positive development for the De Danske Familiegårde-brand contributed.

Net sales and income

MSEK	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change	LTM	2017
Net sales	2,263	1,825	24%	6,631	5,040	32%	8,692	7,101
Adjusted EBITDA*	170	142	20%	477	379	26%	658	559
Adjusted operating income* (EBIT)	100	84	19%	270	214	26%	385	329
Non-comparable items	-12	0	-	-36	-10	-	-60	-34
Operating income (EBIT)	87	84	4%	234	204	15%	325	295
*Adjusted EBITDA-margin**	*7.5%*	*7.8%*	-	*7.2%*	*7.5%*	-	*7.6%*	*7.9%*
Adjusted operating margin (EBIT)*	*4.4%*	*4.6%*	-	*4.1%*	*4.2%*	-	*4.4%*	*4.6%*

*Adjusted for non-comparable items, see page 12.

Net sales

Net sales in the third quarter 2018 increased by 24 percent to MSEK 2,263 compared to MSEK 1,825 in the third quarter 2017. The increase was 18 percent at constant exchange rates.

The increase refers mainly to the Irish operation which was acquired as of 28 August 2017 and contributed with MSEK 479 (166) in net sales. In the previous year, the Irish operation was consolidated during the period 28 August – 30 September. Net sales increased by 5 percent in Sweden, 12 percent in Denmark, 7 percent in Norway and 24 percent in Finland.

Net sales rose by 38 percent for chilled products, by 14 percent for frozen products and by 13 percent for Ready-to-eat products.

Income

Adjusted for non-comparable items, operating income in the third quarter 2018 increased by 19 percent to MSEK 100 (84), corresponding to a margin of 4.4 (4.6) percent.

The newly acquired Irish operation contributed with MSEK 23 (9) to adjusted operating income. Adjusted operating income improved in Norway and Finland, but declined in Sweden and Denmark.

Including non-comparable items, operating income increased by 4 percent to MSEK 87 (84), corresponding to a margin of 3.9 (4.6) percent. Non-comparable items amounted to MSEK -12 (-) and included mainly costs for the closure of a pilot site for rearing and hatching of eggs in Sweden, see page 12.

Impact of bird flu in 2018

All trade restrictions due to the bird flu was lifted during the second quarter 2018. The restrictions were imposed in November 2016 following the detection of the bird flu (H5N8) in Denmark, Sweden and Finland among other countries. No further negative impact on the Group's operating income is therefore expected going forward. The impact on operating income during the first nine months of 2018 was MSEK 12 (40) and during the third quarter MSEK – (9).

Cash flow and investments

Operating cash flow in the third quarter 2018 amounted to MSEK 50 (114). Cash flow was negatively impacted by the higher capital expenditure mainly related to the finalizing of the expansion of the facility in Farre in Denmark. Cash flow was also affected by a deterioration of working capital by MSEK 6 compared with an improvement of MSEK 19 in the third quarter last year.

Working capital as of 30 September 2018 amounted to MSEK 654 (580), corresponding to 7.5 (7.2) percent of net sales. The increase compared to the previous year is mainly due to the acquisition of the Irish operation and exchange rate effects.

Net capital expenditure increased to MSEK 109 (46). The increase refers mainly to the finalization of the expansion for Ready-to-eat products in the Farre facility in Denmark.

MSEK	Q3 2018	Q3 2017	9M 2018	9M 2017	LTM	2017
Opening balance net debt	**-2,039**	**-1,619**	**-1,886**	**-1,515**	**-1,932**	**-1,515**
EBITDA	158	141	443	369	633	559
Adjustments for non-cash items	7	-	10	-	10	-
Change working capital	-6	19	30	-106	-12	-147
Net capital expenditure	-109	-46	-337	-149	-387	-199
Operating cash flow	**50**	**114**	**146**	**114**	**245**	**213**
Paid finance items, net	-18	-16	-49	-46	-62	-59
Paid income tax	-6	-5	-59	-16	-46	-3
Dividend	-	-	-118	-80	-117	-80
Business combinations	0	-274	-4	-274	-4	-274
Other items*	-80	-133	-123	-114	-177	-168
Net cash flow	**-54**	**-314**	**-207**	**-417**	**-161**	**-371**
Closing balance net debt	**-2,093**	**-1,932**	**-2,093**	**-1,932**	**-2,093**	**-1,886**

*) Other items in the third quarter 2018 include positive effects from changes in exchange rates of MSEK 11 and assumed net debt of the newly acquired Rokkedahl, 95 MSEK. Other items in the third quarter 2017 include assumed net debt from Manor Farm.

Financial position

Total equity attributable to the owners of the parent company as of 30 September 2018 amounted to MSEK 1,583 (1,352). The equity to assets ratio improved to 28.1 (26.3) percent.

Net interest-bearing debt as of 30 September 2018 amounted to MSEK 2,093 (1,932). The increase of MSK 161 compared to 30 September 2017 refers mainly to high capital expenditure. The increase compared to 30 June 2018 was MSEK 54, and refers to high capital expenditure, but also debt assumed in connection with the acquisition of the majority of Rokkedahl Food ApS in Denmark, amounting to MSEK 95.

Cash and cash equivalents as of 30 September 2018 amounted to MSEK 118 (113). Committed but not utilized credit facilities as of 30 September 2018 amounted to MSEK 289 (299).

Segment information

As from January 2018, the Group allocates amortisation of acquired intangible assets to the segments. Comparative figures for adjusted operating income and operating income in the report have been restated. See page 22.

Sweden

MSEK	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change	LTM	2017
Net sales	692	658	5%	2,002	1,941	3%	2,617	2,557
Adjusted EBITDA*	55	61	-9%	151	168	-10%	211	228
Adjusted operating income* (EBIT)	35	41	-14%	94	109	-14%	135	150
Non-comparable items	-11	-15	-	-34	-15	-	-55	-35
Operating income (EBIT)	24	26	-7%	60	95	-37%	80	114
*Adjusted EBITDA-margin**	*8.0%*	*9.2%*	-	*7.5%*	*8.6%*	-	*8.1%*	*8.9%*
Adjusted operating margin (EBIT)*	*5.1%*	*6.3%*	-	*4.7%*	*5.6%*	-	*5.1%*	*5.9%*

*Adjusted for non-comparable items, see page 12.

Net sales in Sweden in the third quarter 2018 increased by 5 percent to MSEK 692 compared to MSEK 658 in the third quarter 2017.

Net sales increased mainly in Retail partly driven by an increase in sales of Ready-to-eat-products.

Adjusted operating income declined by 14 percent to MSEK 35 (41), corresponding to a margin of 5.1 (6.3) percent. Adjusted operating income and margin were negatively affected by stock clearance and higher production cost due to lower production volumes during the summer aimed at achieving a more balanced inventory situation.

A decision was taken during the quarter to close a pilot facility for rearing and hatching of eggs in Sweden. The cost is estimated to MSEK 11 and has been reported as non-comparable items in the quarter.

Denmark

MSEK	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change	LTM	2017
Net sales	729	654	12%	2,052	1,859	10%	2,723	2,529
Adjusted EBITDA*	43	50	-14%	118	135	-12%	165	182
Adjusted operating income* (EBIT)	28	34	-18%	72	83	-14%	106	117
Non-comparable items	-	-	-	-	-	-	-4	-4
Operating income (EBIT)	28	34	-18%	72	83	-14%	102	113
*Adjusted EBITDA-margin**	*5.9%*	*7.6%*	-	*5.7%*	*7.3%*	-	*6.1%*	*7.2%*
Adjusted operating margin (EBIT)*	*3.9%*	*5.3%*	-	*3.5%*	*4.5%*	-	*3.9%*	*4.6%*

*Adjusted for non-comparable items, see page 12.

Net sales in Denmark in the third quarter 2018 increased by 12 percent to MSEK 729 compared to MSEK 654 in the third quarter 2017. The increase in local currency was 3 percent.

The increase in net sales was mainly achieved through higher sales in the retail channel and of Ready-to-eat products. The newly launched premium range under the Danske Familiegårde brand showed a continued positive development.

Adjusted operating income declined by 18 percent to MSEK 28 (34), corresponding to a margin of 3.9 (5.3) percent. Adjusted operating income and margin were negatively affected by higher marketing costs related to De Danske Familiegårde brand as well as by higher costs for raw materials and operating costs.

The expansion of the facility in Farre in order to increase the capacity within Ready-to-eat products was finalized in the quarter. 51 percent of the shares of Rokkedahl Food ApS were acquired during the quarter. Rokkedahl Food produces and markets premium chicken in the Danish market. The purpose of the acquisition is to strengthen the Group's postion within the premium segment. For more information about the acquisition, see page 20.

Norway

MSEK	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change	LTM	2017
Net sales	384	360	7%	1,139	1,122	2%	1,500	1,483
Adjusted EBITDA*	45	37	21%	132	120	10%	172	160
Adjusted operating income* (EBIT)	30	24	27%	89	81	11%	115	107
Non-comparable items	-	-	-	-	-	-	-	-
Operating income (EBIT)	30	24	27%	89	81	11%	115	107
*Adjusted EBITDA-margin**	*11.6%*	*10.3%*	-	*11.6%*	*10.7%*	-	*11.5%*	*10.8%*
Adjusted operating margin (EBIT)*	*7.8%*	*6.5%*	-	*7.8%*	*7.2%*	-	*7.7%*	*7.2%*

*Adjusted for non-comparable items, see page 12.

Net sales in Norway in the third quarter 2018 increased by 7 percent to MSEK 384 compared to MSEK 360 in the third quarter 2017. In local currency, sales development was flat.

Adjusted operating income increased by 27 percent to MSEK 30 (24), corresponding to a margin of 7.8 (6.5) percent. The improvement in both operating income and operating margin was mainly achieved by a favourable cost structure as a result of investments in specialization and higher efficiency in production.

Ireland

MSEK	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change	LTM	2017
Net sales	479	166	-	1,442	166	-	1,873	596
Adjusted EBITDA*	38	14	-	114	14	-	144	44
Adjusted operating income* (EBIT)	23	9	-	70	9	-	88	27
Non-comparable items	-	-	-	-	-	-	-	-
Operating income (EBIT)	23	9	-	70	9	-	88	27
*Adjusted EBITDA-margin**	*7.9%*	*8.4%*	-	*7.9%*	*8.4%*	-	*7.7%*	*7.5%*
Adjusted operating margin (EBIT)*	*4.8%*	*5.7%*	-	*4.8%*	*5.7%*	-	*4.7%*	*4.6%*

*Adjusted for non-comparable items, se page 12.

Net sales in Ireland in the third quarter 2018 amounted to MSEK 479 (166). Adjusted operating income was MSEK 23 (9), corresponding to a margin of 4.8 (5.7) percent. In the previous year, the Irish operation was consolidated in the Group during the period 28 August – 30 September. For comments on the Irish operation, see the pro forma section on page 3.

Finland

MSEK	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change	LTM	2017
Net sales	99	80	24%	319	238	34%	410	329
Adjusted EBITDA*	3	-9	129%	4	-24	117%	1	-27
Adjusted operating income* (EBIT)	-3	-13	75%	-13	-35	63%	-21	-43
Non-comparable items	-	-	-	-	-	-	-	-
Operating income (EBIT)	-3	-13	75%	-13	-35	63%	-21	-43
*Adjusted EBITDA-margin**	*2.6%*	*-11.2%*	-	*1.3%*	*-10.1%*	-	*0.2%*	*-8.3%*
Adjusted operating margin (EBIT)*	*-3.3%*	*-16.1%*	-	*-4.0%*	*-14.7%*	-	*-5.2%*	*-13.2%*

*Adjusted for non-comparable items, se page 12.

Net sales in Finland in the third quarter 2018 increased by 24 percent to MSEK 99 compared to MSEK 80 in the third quarter 2017. The increase in local currency was 13 percent.

Adjusted operating income improved to MSEK -3 (-13). The improvement refers mainly to higher efficiency and better yield in production, as well as a more favourable product mix.

Personnel

The average number of employees (FTE) in the third quarter 2018 was 3,057 (2,246) and 3,024 (2,019) the first nine months 2018. The increase refers mainly to the Irish operation, which was acquired as of 28 August 2017 and is included with 954 persons.

The Group's sustainability work

During the year, 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 work taking place in the Group. For a comprehensive description of the sustainability work in the group, please see the Scandi Standard Annual Report2017, which is available at www.scandistandard.com.

Our vision and contribution to sustainable transport

Sustainable transport for Scandi Standard is about providing transport solutions that are produced in a responsible and resource-efficient way. Our ambition within transport is to be among the industry leaders regarding environmental and social responsibility. We are dedicated to work on all our sites to create, track and improve various transport KPIs. Our goal is to follow the Paris agreement, and thereby cut our carbon dioxide footprint in half every decade. To fulfil this we have an agreement with all our transport suppliers that requires them to follow our business ethics, deliver requested KPIs and urge them to only use highest level of Euro-Norm trucks (EURO 6-Norm). Of course, we continuously follow up and track on KPIs and we have scheduled meetings with suppliers on a regular basis.

Safe and climate-smart transport

Different types of transport are a major part of our business. Every day, all year round, we take responsibility for transporting chickens from our farms to our facilities, so that customers and consumers receive the products they need. It is a matter of course that we work for safe transport to reduce our environmental impact, including reducing fuel consumption and emissions from our own transport.

In 2017 we identified and carried out a project, where all live bird transport to our Swedish factory in Valla and finished goods transport out of the factory were performed by trucks running on HVO, Hydrotreated Vegetable Oil. HVO is a form of renewable diesel, produced from renewable raw materials such as vegetable and animal fats from, for example, rapeseed oil or slaughter residues. Depending on the raw material, HVO reduces Co2 emissions by 30–90 percent.

Between 70 and 80 percent of Scandi Standard's Swedish transports uses HVO from Neste. The Valla facility, as well as the transport suppliers, has their own tanks with HVO fuel installed at their sites. By using HVO the Group has reduced its CO2 emissions by 2,000 tonnes per year. Hopefully we will be able to produce HVO from our own slaughter residues in our own facility in the future, and the objective is that more companies within the Group will use this fuel to further reduce climate impact.

HVO has several advantages over fossil diesel. It is a completely renewable and sustainable fuel that gives up to 90 percent lower greenhouse gas emissions. It can be mixed with regular diesel and since HVO has the same chemical composition as fossil diesel, no further investments or modifications of the vehicles are required. Neste's fuel meets the EN15940 standard for paraffinic fuels. However, we are aware that there is some criticism of HVO, but the palm oil, that is sometimes used, is certified and we believe that the benefits outweigh.

Risks and uncertainties

Scandi Standards' risks and uncertainties are described on pages 44-48 and pages 76-78 in the Annual Report 2017, which is available at www.scandistandard.com.

Stockholm, 5 November 2018

Leif Bergvall Hansen
Managing Director and CEO

This is a translation of the original Swedish version published on **www.scandistandard.com**

Auditor's report

Scandi Standard AB (publ). reg. no. 556921-0627

Introduction

We have reviewed the condensed interim financial information (interim report) of Scandi Standard AB (publ) as of 30 September 2018 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 5 November 2018

Öhrlings PricewaterhouseCoopers AB

Bo Lagerström

Authorized Public Accountant

Segment information

As from January 2018, the Group allocates amortisation on acquired intangible assets to the segments. Comparative figures for adjusted operating income and operating income in the report have been restated. See page 22.

Net sales by country

MSEK	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change	LTM	2017
Sweden	692	658	5%	2,002	1,941	3%	2,617	2,557
of which internal sales	61	51	19%	168	143	18%	221	196
Denmark	729	654	12%	2,052	1,859	10%	2,723	2,529
of which internal sales	51	42	23%	143	142	1%	186	185
Norway	384	360	7%	1,139	1,122	2%	1,500	1,483
of which internal sales	5	-	-	5	-	-	5	-
Ireland	479	166	-	1,442	166	-	1,873	596
of which internal sales	-	-	-	-	-	-	-	-
Finland	99	80	24%	319	238	34%	410	329
of which internal sales	2	-	-	6	-	-	18	12
Koncernens elimineringar	-120	-93	28%	-323	-285	13%	-430	-393
Total net sales	**2,263**	**1,825**	**24%**	**6,631**	**5,040**	**32%**	**8,692**	**7,101**

Net sales in local currency

Millions in local currency	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change	LTM	2017
Denmark	522	509	3%	1,494	1,443	4%	2,004	1,953
Norway	353	353	0%	1,067	1,081	-1%	1,422	1,436
Ireland	46	17	-	141	17	-	186	62
Finland	10	8	13%	31	25	26%	40	34

Net sales per product category

MSEK	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change	LTM	2017
Chilled	1,241	902	38%	3,883	2,523	54%	4,565	3,205
Frozen	432	378	14%	1,120	1,164	-4%	1,674	1,718
Ready-to-eat	400	353	13%	1,238	973	27%	1,679	1,414
Other*	190	192	-1%	390	380	3%	774	764
Total net sales	**2,263**	**1,825**	**24%**	**6,631**	**5,040**	**32%**	**8,692**	**7,101**

*) Relates mainly to the sale of pet food, as well as SweHatchs' sale of day-old chicks.

Exchange rates*

	9M 2018	9M 2017	2017
SEK/NOK	1.07	1.04	1.03
SEK/DKK	1.37	1.29	1.29
SEK/EUR	10.23	9.58	9.63

*) Average exchange rates

Adjusted operating income (EBIT)

MSEK	Q3 2018	Q3 2017	9M 2018	9M 2017	LTM	2017
Sweden	35	41	94	109	135	150
Denmark	28	34	72	83	106	117
Norway	30	24	89	81	115	107
Ireland	23	9	70	9	88	27
Finland	-3	-13	-13	-35	-21	-43
Group	-13	-11	-42	-34	-36	-29
Total adjusted operating income	**100**	**84**	**270**	**214**	**385**	**329**

Non-comparable items in operating income (EBIT)

MSEK	Q3 2018	Q3 2017	9M 2018	9M 2017	LTM	2017
Staff reduction costs[1]	**-**	-	**-1**	-	-3	-2
Restructuring of production[2]	**-11**	-	**-33**	-	-52	-19
Costs related to fire[3]	**-**	-	**-**	-	-4	-4
Transaction costs[4]	**-1**	-16	**-1**	-25	-2	-25
Revaluation of contingent consideration[5]	**-**	**30**	**-**	**30**	-	30
Cancellation of leasing contract[6]	**-**	**-15**	**-**	**-15**	-	-15
Total adjustments to operating income	**-12**	**-0**	**-36**	**-10**	**-60**	**-34**

Non-comparable items in operating income (EBIT) by segment

MSEK	Q3 2018	Q3 2017	9M 2018	9M 2017	LTM	2017
Sweden	-11	-15	-34	-15	-55	-35
Denmark	-	-	-	-	-4	-4
Norway	-	-	-	-	-	-
Ireland	-	-	-	-	-	-
Finland	-	-	-	-	-	-
Koncernen	-1	14	-1	5	-1	5
Total adjustments to operating income	**-12**	**-0**	**-36**	**-10**	**-60**	**-34**

Operating income (EBIT)

MSEK	Q3 2018	Q3 2017	9M 2018	9M 2017	LTM	2017
Sweden	24	26	60	95	80	114
Denmark	28	34	72	83	102	113
Norway	30	24	89	81	115	107
Ireland	23	9	70	9	88	27
Finland	-3	-13	-13	-35	-21	-43
Koncernen	-15	2	-44	-29	-38	-24
Total operating income	**87**	**84**	**234**	**204**	**325**	**295**
Finance net	-19	-26	-72	-54	-89	-71
Income tax expense	-15	-11	-33	-40	-48	-56
Income for the period	**53**	**47**	**130**	**110**	**189**	**168**

1) Staff reduction costs in Sweden in the second quarter 2018 and fourth quarter 2017.
2) Restructuring of and changes in production in Sweden.
3) Costs related to a fire in Sødams' facility in Denmark.
4) Deal fees related to the acquisition of the Irish company Manor Farm in 2017 and the majority shareholding in Sødams in Denmark in 2016.
5) Revaluation of contingent consideration in connection with the acquisition of the remaining 20% of the shares in Sødams in Denmark.
6) Costs for cancellation of a leasing contract and project costs in Sweden.

Consolidated income statement

MSEK	Q3 2018	Q3 2017	9M 2018	9M 2017	LTM	2017
Net sales	2,263	1,825	6,631	5,040	8,692	7,101
Other operating revenues	11	13	43	32	79	68
Changes in inventories of finished goods and work in progress	-40	-4	-53	83	-82	54
Raw materials and consumables	-1,339	-1,106	-3,943	-3,103	-5,171	-4,330
Cost of personnel	-429	-346	-1,305	-968	-1,737	-1,400
Depreciation, amortisation and impairment	-73	-57	-210	-165	-278	-232
Other operating expenses	-309	-241	-930	-716	-1,183	-969
Share of income of associates	2	0	2	0	4	3
Operating income	**87**	**84**	**234**	**204**	**325**	**295**
Finance income	1	0	1	1	1	1
Finance expenses	-20	-26	-72	-55	-90	-72
Income after finance net	**68**	**58**	**163**	**150**	**236**	**224**
Income tax expense	-15	-11	-33	-40	-48	-56
Income for the period	**53**	**47**	**130**	**110**	**189**	**168**
Whereof attributable to:						
Shareholders of the Parent Company	53	47	130	110	189	168
Non-controlling interests	0	-	0	-	0	-
Average number of shares[1),2)]	65,318,465	62,093,907	65,273,978	60,289,471	65,291,655	61,570,177
Earnings per share, SEK	0.82	0.75	2.00	1.82	2.89	2.73
Earnings per share after dilution, SEK	0.82	0.75	2.00	1.82	2.89	2.73
Number of shares at the end of the period[2)]	66,060,890	66,060,890	66,060,890	66,060,890	66,060,890	66,060,890

[1)] 163,700 shares were purchased during 2017.
[2)] 6,000,000 shares were issued during Q3 2017.

Consolidated statement of comprehensive income

MSEK	Q3 2018	Q3 2017	9M 2018	9M 2017	LTM	2017
Income for the period	53	47	130	110	189	168
Other comprehensive income						
Items that will not be reclassified to the income statement						
Actuarial gains and losses in defined benefit pension plans	7	-3	-3	-5	12	9
Tax on actuarial gains and losses	-2	1	1	1	-3	-2
Total	**6**	**-2**	**-2**	-4	**9**	**7**
Items that will or may be reclassified to the income statement						
Cash flow hedges	4	1	1	3	3	5
Currency effects from conversion of foreign operations	-29	4	104	1	146	42
Income from currency hedging of foreign operations	5	3	1	-7	-11	-18
Tax attributable to items that will be reclassified to the income statement	-1	0	0	-1	-1	-1
Total	**-21**	8	**106**	-4	137	**28**
Other comprehensive income for the period, net of tax	-15	6	104	-8	147	35
Total comprehensive income for the period	**38**	52	**234**	102	335	**203**
Whereof attributable to:						
Shareholders of the Parent Company	**38**	52	**234**	102	335	**203**
Non-controlling interests	**0**	-	**0**	-	0	-

Consolidated statement of financial position

MSEK	Note	30 September 2018	30 September 2017	31 December 2017
ASSETS				
Non-current assets				
Goodwill		966	891	896
Other intangible assets		1,020	1,014	1,017
Property plant and equipment		1,531	1,234	1,245
Participations in associated companies		45	37	40
Financial assets		4	0	0
Deferred tax assets		58	44	40
Total non-current assets		**3,624**	**3,220**	**3,238**
Current assets				
Biological assets		84	75	72
Inventory		608	658	649
Trade receivables		974	825	879
Other short term receivables		85	100	125
Prepaid expenses and accrued income		148	144	160
Derivate instruments		0	0	1
Cash and cash equivalents		118	113	30
Total current assets		**2,016**	**1,917**	**1,915**
TOTAL ASSETS		**5,640**	**5,136**	**5,153**
EQUITY AND LIABILITIES				
Shareholder's equity				
Share capital		1	1	1
Other contributed equity		857	974	974
Reserves		242	39	70
Retained earnings		483	338	410
Capital and reserves attributable to owners		**1,583**	**1,352**	**1,455**
Non-controlling interests		**19**	**-**	**-**
Total equity		**1,602**	**1,352**	**1,455**
Liabilities				
Non-current liabilities				
Non-current interest bearing liabilities		1,992	1,973	1,849
Derivate instruments		7	11	9
Provisions for pensions		12	38	11
Other provisions		13	0	12
Deferred tax liabilities		156	167	172
Other non-current liabilities	4	240	310	319
Total non-current liabilities		**2,420**	**2,499**	**2,373**
Current liabilities				
Current interest bearing liabilities		314	62	58
Derivative instruments		1	0	0
Trade payables		766	715	716
Tax payables		59	60	59
Other current liabilities		157	102	188
Accrued expenses and prepaid income		321	346	306
Total current liabilities		**1,618**	**1,285**	**1,326**
TOTAL EQUITY AND LIABILITIES		**5,640**	**5,136**	**5,153**

Consolidated statement of changes in equity

MSEK	Note	
Opening balance 1 January 2017		**972**
Income for the period		168
Other comprehensive income, net after tax		35
Total comprehensive income		**203**
Dividend		-80
New share issue		353
Transaction costs related to new share issue		-1
Profit related to utilization of purchasing option in Sødams Øko Fjerkræslagteri ApS		6
Adjustment opening balance		1
Long term incentive programme (LTIP)		11
Repurchase own shares		-10
Total transactions with the owners		**280**
Closing balance 31 December 2017		**1,455**
Opening balance 1 January 2018		**1,455**
Income for the period		130
Other comprehensive income, net after tax		104
Total comprehensive income		**234**
Dividend		-118
Long term incentive programme (LTIP)		9
Transactions with non-controlling interests		3
Non-controlling interests on acquisition of subsidiary	1	22
Transactions with non-controlling interests		-3
Total transactions with the owners		**-86**
Closing balance 30 September 2018		**1,602**

Consolidated statement of cash flows

MSEK	Q3 2018	Q3 2017	9M 2018	9M 2017	LTM	2017
OPERATING ACTIVITIES						
Operating income	87	84	234	204	325	295
Adjustment for non-cash items	48	32	219	143	281	206
Paid finance items net	-18	-16	-49	-46	-62	-59
Paid current income tax	-6	-5	-59	-16	-46	-3
Cash flow from operating activities before changes in operating capital	**111**	**95**	**345**	**285**	**499**	**439**
Changes in inventories	51	2	62	-77	81	-57
Changes in operating receivables	-18	-25	-16	-156	-108	-248
Changes in operating payables	-39	41	-16	126	16	158
Changes in working capital	**-6**	**19**	**30**	**-106**	**-12**	**-147**
Cash flow from operating activities	**105**	**114**	**375**	**179**	**487**	**292**
INVESTING ACTIVITIES						
Business combinations	0	-274	-4	-274	-4	-274
Investment in property, plant and equipment	-110	-46	-338	-149	-403	-214
Sale of property, plant and equipment	1	0	1	0	16	15
Cash flows used in investing activities	**-109**	**-320**	**-341**	**-423**	**-391**	**-473**
FINANCING ACTIVITIES						
New loan	58	443	480	1,894	490	1,904
Repayment	-38	-18	-470	-1,387	-604	-1,521
Change in overdraft facility	21	-225	161	-93	155	-99
Dividend	-	-	-118	-80	-117	-80
New share issue	-	-	-	-	-	-
Repurchase own shares	-	-	-	-	-10	-10
Cash flows in financing activities	**41**	**201**	**53**	**333**	**-86**	**194**
Cash flows for the period	**36**	**-5**	**87**	**90**	**10**	**13**
Cash and cash equivalents at beginning of the period	**84**	**118**	**30**	**23**	**113**	**23**
Currency effect in cash and cash equivalents	-3	0	1	1	-5	-6
Cash flow for the period	36	-5	87	90	10	13
Cash and cash equivalents at the end of the period	**118**	**113**	**118**	**113**	**118**	**30**

Parent company income statement

MSEK	Q3 2018	Q3 2017	9M 2018	9M 2017	2017
Net sales	-	-	0	4	-
Operating expenses	0	-	0	-4	0
Operating income	**0**	**-**	**0**	**0**	**0**
Finance net	3	1	11	6	11
Income after finance net	**3**	**1**	**11**	**6**	**11**
Group contribution	-	-	-	-	-11
Tax expenses	-1	-1	-2	-1	-
Income for the period	**3**	**0**	**8**	**5**	**0**

Parent company statement of comprehensive income

MSEK	Q3 2018	Q3 2017	9M 2018	9M 2017	2017
Income for the period	3	0	8	5	0
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	**3**	**0**	**8**	**5**	**0**

Parent company statement of financial position

MSEK	Not	30 September 2018	30 September 2017	31 December 2017
ASSETS				
Non-current assets				
Investments in subsidiaries		533	533	533
Receivables from Group entities		405	405	405
Total non-current assets		**938**	**938**	**938**
Current assets				
Receivables from Group entities		5	1	-
Other short term receivables		0	0	0
Total current assets		**5**	**1**	**0**
TOTAL ASSETS		**943**	**939**	**938**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		1	1	1
Non-restricted equity				
Share premium account		857	975	974
Retained earnings		-48	-43	-53
Income for the period		8	5	0
Total equity		**818**	**937**	**922**
Current liabilities				
Tax liability		2	1	-
Liabilities to Group entities	4	122	-	16
Accrued expenses and prepaid income		0	0	-
Total current liabilities		125	**1**	**16**
TOTAL EQUITY AND LIABILITIES		**943**	**939**	**938**

Parent company statement of changes in equity

MSEK	
Opening balance 1 January 2017	**660**
Income for the period	0
Other comprehensive income, net after tax	-
Total comprehensive income	**0**
Dividend	-80
New share issue	353
Transaction costs related to new share issue	-1
Repurchase own shares	-10
Total transactions with the owners	**262**
Closing balance 31 December 2017	**922**
Opening balance 1 January 2018	**922**
Income for the period	8
Other comprehensive income, net after tax	-
Total comprehensive income	**8**
Dividend	-118
Transfer of shares allotted according to LTIP 2015	5
Total transactions with the owners	**-113**
Closing balance 30 September 2018	**818**

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, issued by the Swedish Financial Reporting Board.

IFRS 9, Financial instruments and IFRS 15, Revenue from contracts with customers are in effect as of 1 January 2018. The application of the standard will not have any significant impact on the financial statements of the Group. For a description of the accounting principles applied by the Group, see the Annual report 2017.

IFRS 16, 'Leases', was issued in January 2016 and supersedes IAS 17 Leases. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The standard will affect the accounting for the Group's operating leases. The Group started the implementation process in 2017 and will complete the identification of relevant information in the Group's leasing contracts during 2018. This will be used for analyses of consequences and for further quantification of the effect. The operating leases that will be recorded on Scandi Standard's balance sheet as a result of IFRS 16 will mainly be for land and buildings (offices and production facilities), transport (cars, forklifts and trucks) and other equipment (e.g. IT and other office equipment). At this stage, the Group is not able to quantify the impact of the new rules on the Group's financial statements or to decide on the method of first-time application.

Long-term incentive programmes
The Annual General Meeting 2018 decided on a long-term incentive programme (LTIP 2018) for key employees. The programme is intended to contribute to long-term value growth and is of the same type as the outstanding, LTIP 2016 and LTIP 2017. 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 2017.

Acquisition of 51 percent of the shares in Rokkedahl Food ApS
Danpo A/S, a group company reported in Segment Denmark, acquired newly issued shares in Rokkedahl Food ApS, representing 51 percent of the outstanding shares, as of 1 September 2018. Payment for the shares were made in kind by transferring customer contracts from Danpo A/S to Rokkedahl. At the same time, Danpo A/S entered into an agreement giving an option to acquire the remaining shares in 2023 at a price representing 6 times EBITDA. Acquired net assets have been valued at zero. Goodwill is valued at MSEK 22 representing the synergies and human capital benefits that the transaction generates. Goodwill is not expected to be tax deductable. The transaction has no cash effects for the Group.

The purpose of the acquisition is to strengthen the Group's position within the premium segment on the Danish retail market by adding volume and production capacity. The company will be reported in segment Denmark. The transaction costs are not expected to be significant.

Fair value of the non controlling interest is estimated to be MSEK 22.

Rokkedahl contributed to the net sales of the Group by MSEK 11 and to the net income by MSEK 0. Had the acquisition taken place at 1 January 2018, the Group net sales and net inome would have been MSEK 2,325 and MSEK 45 respectively.

Acquisition price	MSEK
Intangible assets reported earlier: customer relations	14
Deferred tax	-3
Acquisition price gross	11
Acquisition price net (49,02%)	5

Acquired assets and liabilities at fair value	
Tangible assets	75
Deferred tax asset	8
Inventories, accounts receivables and such	11
Other current and non current assets	7
Borrowing	-95
Current liabilities	-7
Acquired identified net assets	0
Intangible assets: customer relations	5
Non-controlling interest	-22
Goodwill	22
Net assets	5

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 2017.

It occurs that the total amounts in tables and statements not always summarize, as there are rounding differences. The aim is to have each line item corresponding to the source and it might therefore be rounding differences in the totals.

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 Jæren 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 Maalaskainan Oy. Operations include slaughtering, production and development of fresh and frozen chicken products for the Finnish market.

As from January 2018, the Group allocates amortisation of acquired intangible assets to the segments. Comparative figures for adjusted operating income and operating income in the report have been restated. For a summary of the effects of the changed principle for Q3 and the first nine months 2017, see the table below.

Amortisation of acquired intangible assets	Q3 2017			9M 2017		
MSEK	Adjusted operating income	Allocated amortisation	Adjusted operating income after allocation	Adjusted operating income	Allocated amortisation	Adjusted operating income after allocation
Sweden	41	0	41	110	-1	109
Denmark	35	-1	34	86	-2	83
Norway	28	-4	24	92	-12	81
Ireland	12	-2	9	12	-2	9
Finland	-13	-	-13	-35	-	-35
Group items	-11	-	-11	-34	-	-34
Amortisation	-8	8	-	-18	18	-
Total	**84**	**-**	**84**	**214**	**-**	**214**

Net sales per product category and segment

	Sweden		Denmark		Norway		Ireland		Finland		Group items		Total	
MSEK	**Q3 2018**	**Q3 2017**	**Q3 2018**	**Q3 2017**	**Q3 2018**	**Q3 2017**	**Q3 2018**	**Q3 2017**	**Q3 2018**	**Q3 2017**	**Q3 2018**	**Q3 2017**	**Q3 2018**	**Q3 2017**
Chilled	282	276	210	198	187	200	479	166	92	66	-10	-4	1,241	902
Frozen	190	184	196	169	50	26	-	-	2	3	-6	-3	432	378
Ready-to-eat	85	72	265	231	56	53	-	-	3	1	-9	-4	400	353
Other	135	126	58	57	91	82	-	-	1	10	-95	-82	190	193
Total	**692**	**658**	**729**	**654**	**384**	**360**	**479**	**166**	**99**	**80**	**-120**	**-93**	**2,263**	**1,825**

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 September 2018 and for the comparison period, are shown in the tables below.

30 September 2018, MSEK	Valued at amortized cost	Valued at fair value through profit and loss[1]	Valued at fair value through other comprehensive income[1]
Assets			
Other non-current financial assets	-	-	-
Trade receivables	974	-	-
Derivate instruments	-	-	0
Cash and cash equivalents	118	-	-
Total financial assets	**1,092**	**0**	**0**
Liabilities			
Non-current interest bearing liabilities	1,992	-	-
Other non-current liabilities	-	240	-
Derivate instruments	-	-	8
Current interest bearing liabilities	211	103	-
Other current liabilities	-	-	-
Trade payables	766	-	-
Total financial liabilities	**2,969**	**344**	**8**

30 September 2017, MSEK	Loans and receivables	Derivatives used in hedge accounting	Other financial assets and liabilities	Total carrying amount	Measured at amortized cost	Fair value by level[1]
Assets						
Other non-current financial assets	-	-	-	-	-	-
Trade receivables	825	-	-	825	825	-
Derivate instruments	-	0	-	0	-	0
Cash and cash equivalents	113	-	-	113	113	-
Total financial assets	**938**	**0**	**-**	**938**	**938**	**0**
Liabilities						
Non-current interest bearing liabilities	-	-	1,973	1,973	1,973	-
Other non-current liabilities	-	-	310	310	-	310
Derivate instruments	-	11	-	11	-	11
Current interest bearing liabilities	-	-	62	62	62	-
Trade payables	-	-	715	715	715	-
Total financial liabilities	**-**	**11**	**3,059**	**3,071**	**2,750**	**321**

[1)] The valuation of the Groups financial assets and liabilities is performed in accordance with the fair-value hierarchy:
Level 1. Quoted prices (unadjusted) in active markets for identical instruments
Level 2. Data other than quoted prices included within level 1 that are observable for the asset or liability either directly as prices or indirectly as derived from prices.
Level 3. Non-observable data for the asset or liability.

As of 30 September 2018, 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 September 2018, the derivatives amounted to MSEK -8 (-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 September 2018 those amounted to MSEK 84 (75). For the Group's long-term borrowing, which as of 30 September 2018 amounted to MSEK 1,992 (1,973), 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 (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

The entire other non-current liability for the Group as per 30 September 2018 amounting to MSEK 240 (310) refers to the additional purchase price related to performed acquisitions. The other current liabilities to Group entities in the Parent Company as per 30 September 2018 amounted to MSEK 122 (-).

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		**Q3 2018**	**Q3 2017**	**9M 2018**	**9M 2017**	**LTM**	**2017**
Net sales	**A**	2,263	1,825	6,631	5,040	8,692	7,101
Income for the period	**B**	53	47	130	110	189	168
+ Reversal of income tax expense		15	11	33	40	48	56
Income after finance net	**C**	**68**	**58**	**163**	**150**	**236**	**224**
+ Reversal of financial expenses		20	**26**	72	**55**	**90**	**72**
+ Reversal of financial income		0	**0**	-1	**-1**	**-1**	**-1**
Operating income (EBIT)	**D**	**87**	**84**	**234**	**204**	**325**	**295**
+ Reversal of depreciation, amortization and impairment		73	57	210	165	278	232
+ Reversal of share of income of associates		-2	0	-2	0	-4	-3
EBITDA	**E**	**158**	**141**	**443**	**369**	**599**	**525**
Non-comparable items in operating income (EBIT)	**F**	12	0	36	10	60	34
Adjusted operating income (EBIT)	**D+F**	**100**	**84**	**270**	**214**	**385**	**329**
Adjusted operating margin (EBIT)	*(D+F)/A*	*4.4%*	*4.6%*	*4.1%*	*4.2%*	*4.4%*	*4.6%*
Non-comparable items in EBITDA	**G**	12	0	35	10	59	34
Adjusted EBITDA	**E+G**	**170**	**142**	**477**	**379**	**658**	**559**
Adjusted EBITDA-margin %	*(E+G)/A*	*7.5%*	*7.8%*	*7.2%*	*7.5%*	*7.6%*	*7.9%*

From Balance Sheet, MSEK		30 September 2018	30 September 2017	31 December 2017
Total assets		**5,640**	**5,136**	**5,153**
Non-current non interest bearing liabilities				
- Deferred tax liabilities		-156	-167	-172
- Other non-current liabilities		-240	-310	-319
Total non-current non interest bearing liabilites		**-397**	**-477**	**-491**
Current non interest bearing liabilities				
Trade payables		-766	-715	-716
Tax payables		-59	-60	-59
Other current liabilities		-157	-102	-188
Accrued expenses and prepaid income		-321	-346	-306
Total current non interest bearing liabilities		**-1,303**	**-1,223**	**-1,268**
Capital employed		**3,940**	**3,436**	**3,394**
Cash and cash equivalents		-118	**-113**	**-30**
Operating capital		**3,822**	**3,323**	**3,364**
Average capital employed	**H**	**3,688**	**2,998**	**2,963**
Average operating capital	**I**	**3,572**	**2,925**	**2,936**
Operating income, LTM		325	226	295
Adjusted operating income, LTM	**J**	385	247	329
Finance income	**K**	1	1	1
Adjusted return on capital employed	**(J+K)/H**	**10.5%**	**8.2%**	**11.1%**
Adjusted return on operating capital	**J/I**	**10.8%**	**8.4%**	**11.2%**
Interest bearing liabitities				
Non-current liabilities		1,992	1,973	1,849
Derivate instruments		8	11	9
Current liabilities[1)]		211	62	58
Total interest bearing liabilities		**2,210**	**2,046**	**1,916**
Less: Cash		-118	-113	-30
Net interest bearing debt		**2,093**	**1,932**	**1,886**

[1)] In Current liabilities in the Consolidated statement of financial position MSEK 103 is included that is referring to short term part of the Contingent consideration, which is not part of Net interest bearing debt

From Statement of Cash Flows, MSEK		Q3 2018	Q3 2017	9M 2018	9M 2017	LTM	2017
OPERATING ACTIVITIES							
Operating income (EBIT)		87	84	234	204	325	295
Adjustment for non-cash items							
Depreciation, amortization and impairment		73	57	210	165	278	232
Share of income of associates		-2	0	-2	0	-4	-3
EBITDA		**158**	**141**	**443**	**369**	**599**	**525**
Non-comparable items in EBITDA	**G**	12	0	35	10	59	34
Adjusted EBITDA		**170**	**142**	**477**	**379**	**658**	**559**

Definitions

Working capital
Total inventory and operating receivables less non-interest bearing current liabilities.

Operating capital
Total assets less cash and cash equivalents and non-interest-bearing liabilities, including deferred tax liabilities.

Adjusted return on operating capital
Adjusted operating income last twelve months (LTM) divided by average operating capital.

Capital employed
Total assets less non-interest-bearing liabilities, including deferred tax liabilities.

Adjusted return on capital employed
Adjusted operating income last twelve months (LTM) plus interest income divided by average capital employed.

Return on equity
Income for the period last twelve months (LTM) divided by average total equity.

Net interest-bearing debt
Interest-bearing debt excluding arrangement fees less cash and cash equivalents.

Adjusted operating income
Operating income adjusted for non-comparable items assessed by Group Management.

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

Adjusted EBITDA-margin
Adjusted EBITDA as a percentage of net sales.

Adjusted operating cash flow
Operating cash flow, adjusted for non-comparable items assessed by Group Management.

Conference call

A conference call for investors, analysts and media will be held on 5 November 2018 at 8.30 AM CET.

Dial-in numbers:
UK: 020 3936 2999
Sweden: 010 884 80 16
US: 1 845 709 8568
Other countries: +44 20 3936 2999

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

• Interim report for the fourth quarter and full year 2018:	20 February 2019
• Interim report for the first quarter 2019	9 May 2019

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 CET on 5 November 2018.

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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