



## Results Update

26 August 2020

**BUY** (since 05 May 2020)

Share price: SEK71.9

New target price: SEK85.0

## Scandi Standard

## Solid quarter and positive outlook

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**Margin growth in a difficult quarter – adjusted EBIT 12% above our estimate**

The adjusted EBIT margin increased by 35bps Y/Y to 5% (we had 4.6%). The rapid mix shift from food service to retail sales (caused by Covid-19) was initially challenging, but following production and inventory adjustments, it has become supportive for the gross margin (+90bps Y/Y). Organic sales were flat Y/Y (we estimated -2%), hampered by previous price adjustments due to lower raw material costs and a 20% decrease for the Food service segment. Reported EBIT contained Covid-19 related net one-off items of SEK17m (including government grants) mainly due to the temporary shutdown of the Danish Ready-to-Eat plant.

**Adjusted EBIT(20e) upgraded by 8% and EBIT(21–22e) by 6–7%**

The sales trend was positive during Q2 and sales increased by 7% Y/Y in June despite negative FX effects. The consumer behaviour seems to be gradually normalising, but sales to the Food service channel (normally ~20% of sales) remain volatile and rose by 2% in July but decreased again by ~15% during the first part of August. However, this is mitigated by continued strong sales to the Retail segment, which increased by 10% in July and 7% during the first part of August. Management therefore expects group sales growth of ~4% in Q3, which implies organic growth of ~7% (we expected 0% ahead of the report) despite some remaining Y/Y headwind from previous price adjustments. Margins should also continue to strengthen, driven by the higher sales and a continued positive mix.

**BUY reiterated with a new target price of SEK85 (78)**

In addition to structural growth opportunities, management remains optimistic about a continued consolidation of the European poultry industry. Once the last earn-out for Manor Farm (acquired in 2017) has been paid in 2021, the solid cash flow could also enable higher dividends, which should cap the downside risk in the shares. However, despite the growth outlook, the valuation is attractive both in absolute terms and relative to peers. Our new target price is based on NI2M EV/EBITA of ~13.5x, which would still be undemanding.

## Changes in this report

	From	To	Chg
EPS adj. 2020e	5.2	5.8	+12%
EPS adj. 2021e	6.1	6.5	+7%
EPS adj. 2022e	6.4	6.9	+8%

## Upcoming events

Q3 Report	04 Nov 2020
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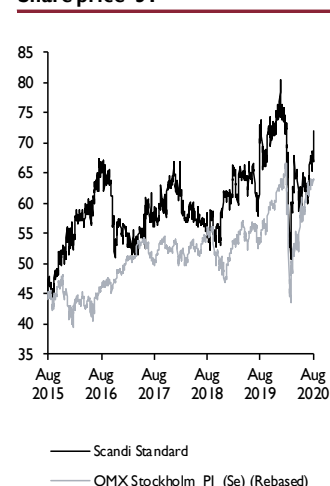
## Key facts

No. shares (m)	66.1
Market cap. (USDm)	541
Market cap. (SEKm)	4,750
Net IB Debt. (SEKm)	2,111
Adjustments (SEKm)	-40
EV (2020e) (SEKm)	6,820
Free float	85.0%
Avg. daily vol. ('000)	82
Risk	Medium Risk
Fiscal year end	December
Share price as of (CET)	26 Aug 2020 16:45

## Key figures (SEK)

	2019	2020e	2021e	2022e
Sales	9,916	10,088	10,556	10,962
EBITDA	754	784	904	950
EBIT	428	438	552	588
EPS	3.60	4.31	5.71	6.18
EPS adj.	4.71	5.84	6.48	6.92
DPS	0.00	2.50	3.10	3.30
Sales growth Y/Y	12%	2%	5%	4%
EPS adj. growth Y/Y	7%	24%	11%	7%
EBIT margin	4.3%	4.3%	5.2%	5.4%
P/E adj.	15.3	12.3	11.1	10.4
EV/EBIT	16.6	15.6	12.6	11.8
EV/EBITA	14.8	13.9	11.5	10.9
EV/EBITDA	9.4	8.7	7.7	7.3
P/BV	2.7	2.3	2.1	1.9
Dividend yield	0.0%	3.5%	4.3%	4.6%
FCF yield	6.8%	4.1%	2.5%	4.7%
Equity/Total Assets	27.8%	31.3%	33.9%	35.9%
ROCE	9.4%	9.7%	11.7%	12.0%
ROE adj.	18.7%	20.5%	20.1%	19.6%
Net IB debt/EBITDA	2.9	2.7	2.5	2.3

## Share price -5Y



High/Low (12M) SEK80.5/50.7

Perf.	3M	6M	12M	YTD
Abs.	21.5	3.2	2.7	-3.4
Rel.	8.8	0.8	-17.0	-6.6

Source: Carnegie Research, FactSet

Performance & valuation

Price relative to market – 1Y



— Scandi Standard  
— OMX Stockholm PI (Se)

Source: Factset

Price relative to sector – 1Y



— Scandi Standard  
— Consumer Discretionary & Staples

Source: Factset

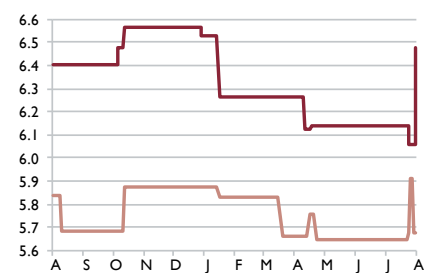
Adj. EPS expectations – 2020e



— Carnegie  
— Consensus

Source: Factset, Carnegie Research

Adj. EPS expectations – 2021e



— Carnegie  
— Consensus

Source: Factset, Carnegie Research

Performance

snapshot	1M	3M	12M	YTD
Scandi Standard %	15.6	21.5	2.7	-3.4
Peer group %	2.9	5.2	-3.6	-3.9
Carnegie Consumer Discr & Staples %	6.3	10.6	9.4	3.2
OMXSPI %	2.6	12.7	19.7	3.2
MSCI Nordic %	2.4	9.9	17.0	4.8
MSCI Europe %	0.7	6.3	-2.1	-10.7
S&P 500 %	6.7	14.7	19.2	6.2
MSCI World %	5.1	12.3	13.1	1.6

Source: Factset

Valuation

snapshot	2019	2020e	2021e	2022e
P/E	20.0	16.7	12.6	11.6
P/E adj.	15.3	12.3	11.1	10.4
EV/EBITDA	9.2	8.7	7.7	7.3
EV/EBITA	14.5	13.9	11.5	10.9
P/BV	2.73	2.35	2.13	1.95
P/BV ex. GW	5.95	4.19	3.40	2.88
Dividend yield	0.0%	3.5%	4.3%	4.6%
FCF yield	6.8%	4.1%	2.5%	4.7%

Source: Carnegie Research

Peer group comparison	Rat.	Curr.	Price	P/E Adj. Carnegie		P/E Adj. Consensus		EV/EBITA Carnegie		EBITA Margin	Div. Yield
				20e	21e	20e	21e	20e	21e	21e	20e
AAK	Buy	SEK	177.35	31.1	26.6	31.6	26.6	23.1	19.8	8.4%	1.2%
Axfood	Hold	SEK	196.40	23.4	22.4	23.1	22.6	19.2	18.3	4.5%	3.7%
Cloetta	Buy	SEK	24.78	19.8	14.4	19.8	14.4	17.9	13.2	11.7%	2.8%
Kesko	Hold	EUR	19.14	25.2	24.1	25.2	24.2	21.5	21.2	4.5%	3.3%
Olvi	Buy	EUR	43.10	21.0	18.3	21.0	18.7	15.7	14.1	13.4%	2.6%
Raisio	Buy	EUR	3.07	22.4	19.2	21.9	19.2	14.5	13.6	12.3%	4.2%
<b>Weighted avg.</b>				<b>24.3</b>	<b>23.1</b>	<b>&gt;50</b>	<b>&gt;50</b>	<b>19.9</b>	<b>19.3</b>	<b>5.5%</b>	<b>3.0%</b>

Source: Carnegie Research

## Q2(20) – outcome versus estimates

Scandi Standard										
Carnegie estimates	2019					2020				
	Q1	Q2	Q3	Q4	Q1	Q2a	Q2e	Dev.	Q2e	Dev.
<b>SEKm</b>										
<b>Net Sales</b>	2,458	2,472	2,541	2,420	2,479	2,448	2,372	3%	2,481	(1%)
<b>EBITDA (adj)</b>	190	199	209	185	202	200	193	4%	198	1%
EBITDA margin (adj)	7.7%	8.0%	8.2%	7.6%	8.1%	8.2%	8.1%	0.1%	8.0%	0.2%
<b>EBIT (adj)</b>	110	115	125	104	117	122	109	12%	115	6%
EBIT margin (adj)	4.5%	4.6%	4.9%	4.3%	4.7%	5.0%	4.6%	0.4%	4.6%	0.3%
Non-recurring items	0	-13	0	-16	-43	-17	-14	21%	-15	13%
Net financials	-21	-38	-34	-21	-34	-19	-22	(14%)	-21	(8%)
<b>Pre-tax profit</b>	89	65	94	67	41	85	73	17%	79	7%
Tax	-17	-14	-20	-25	-6	-12	-15	(19%)	-16	(26%)
<b>Net profit</b>	72	52	75	39	35	73	59	24%	63	16%
DPS (SEK)										
Growth Y/Y										
	2019					2020				
	Q1	Q2	Q3	Q4	Q1	Q2a	Q2e	Dev.	Q2e	Dev.
Sales growth	16%	10%	12%	12%	1%	-1%	-4%	3.1%	0%	(1.3%)
<b>Group organic growth</b>	11%	6%	10%	10%	0%	0%	-2%	2.4%	n/a	n/a
<b>Business areas - organic growth:</b>										
Sweden	7%	8%	11%	6%	5%	-3%	3%	(6.0%)	n/a	n/a
Denmark	23%	8%	13%	20%	-11%	-4%	-15%	11.0%	n/a	n/a
Norway	7%	5%	8%	5%	9%	6%	4%	1.6%	n/a	n/a
Finland	2%	14%	30%	18%	16%	6%	8%	(2.0%)	n/a	n/a
Ireland	2%	-2%	1%	3%	6%	11%	4%	7.5%	n/a	n/a
Business areas: Sales										
	2019					2020				
	Q1	Q2	Q3	Q4	Q1	Q2a	Q2e	Dev.	Q2e	Dev.
Sweden	695	711	765	692	732	687	732	(6%)	n/a	n/a
Denmark	860	826	873	868	784	797	707	13%	n/a	n/a
Norway	400	419	415	385	419	395	389	1%	n/a	n/a
Finland	112	129	132	118	134	145	140	3%	n/a	n/a
Ireland	496	501	496	479	538	532	521	2%	n/a	n/a
Other	-106	-114	-139	-121	-127	-108	-118	9%	n/a	n/a
<b>Group Sales</b>	2,458	2,472	2,541	2,420	2,479	2,448	2,372	3%	2,481	(1%)
Business areas: EBIT (adj)										
	2019					2020				
SEKm	Q1	Q2	Q3	Q4	Q1	Q2a	Q2e	Dev.	Q2e	Dev.
Sweden	42	43	48	49	49	46	46	(0%)	n/a	n/a
Denmark	32	25	28	16	20	18	13	34%	n/a	n/a
Norway	37	41	40	32	34	42	34	24%	n/a	n/a
Finland	0	1	2	-4	1	2	2	(15%)	n/a	n/a
Ireland	17	32	30	28	36	41	35	16%	n/a	n/a
Group common costs	-18	-27	-23	-18	-23	-27	-22	(19%)	n/a	n/a
<b>Group EBIT (adj)</b>	110	115	125	104	117	122	109	12%	115	6%
Business areas: adj. EBIT margins										
	2019					2020				
	Q1	Q2	Q3	Q4	Q1	Q2a	Q2e	Dev.	Q2e	Dev.
Sweden	6.1%	6.1%	6.3%	7.1%	6.7%	6.7%	6.3%	0.4%	n/a	n/a
Denmark	3.7%	3.0%	3.2%	1.8%	2.5%	2.3%	1.9%	0.4%	n/a	n/a
Norway	9.2%	9.8%	9.7%	8.4%	8.1%	10.6%	8.7%	1.9%	n/a	n/a
Finland	0.3%	0.8%	1.5%	-3.2%	0.7%	1.4%	1.2%	0.1%	n/a	n/a
Ireland	3.4%	6.4%	6.1%	5.8%	6.8%	7.7%	6.8%	0.9%	n/a	n/a
<b>Group EBIT (adj) margin</b>	4.5%	4.6%	4.9%	4.3%	4.7%	5.0%	4.6%	0.4%	4.6%	0.3%

Source: Carnegie Research, Infront

### Valuation method

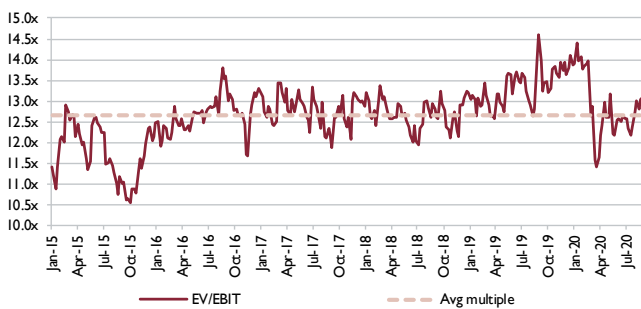
We rate Scandi Standard BUY. Our recommendation is based on both a DCF and peer group valuation. Based on our estimates and a target multiple of ~13.5x N12M EV/EBIT, we arrive at a fair value of SEK85 (78). Please see our model assumptions below.

	Country	MCAP			P/E adj.			EV/EBIT(A) adj.*			EV/EBITDA			EV/Sales			Dividend Yield	
		EUR	20e	21e	22e	20e	21e	22e	20e	21e	22e	20e	21e	22e	20e	21e		
<b>Scandi Standard</b>	<b>Sweden</b>	<b>458</b>	<b>12.3x</b>	<b>11.1x</b>	<b>10.4x</b>	<b>12.4x</b>	<b>11.5x</b>	<b>10.9x</b>	<b>8.7x</b>	<b>7.7x</b>	<b>7.3x</b>	<b>0.68x</b>	<b>0.66x</b>	<b>0.63x</b>	<b>3.5%</b>	<b>4.3%</b>		
<b>Nordic peer group</b>																		
Atria Oyj Class A	FINLAND	241	10.5x	8.5x	8.0x	12.7x	9.8x	8.7x	5.1x	4.2x	3.8x	0.32x	0.29x	0.26x	5.2%	5.7%		
Axfood	Sweden	3,968	23.4x	22.4x	21.8x	19.2x	18.3x	17.9x	9.8x	9.4x	9.2x	0.86x	0.83x	0.81x	3.7%	3.7%		
Bakklafrost	Norway	3,027	62.1x	26.7x	20.0x	46.8x	19.4x	15.2x	23.9x	13.7x	11.2x	4.62x	4.14x	3.80x	0.0%	1.3%		
Cloetta	Sweden	690	19.8x	14.4x	13.3x	17.7x	13.2x	11.9x	12.1x	9.5x	8.7x	1.71x	1.54x	1.46x	2.8%	4.0%		
Grieg Seafood	Norway	955	87.3x	23.9x	18.3x	65.6x	18.0x	14.6x	19.8x	10.7x	9.2x	1.90x	1.50x	1.47x	0.0%	0.0%		
ICA Gruppen	Sweden	8,389	21.3x	20.2x	19.7x	18.8x	18.5x	18.4x	9.6x	9.4x	9.3x	0.85x	0.85x	0.83x	2.8%	2.9%		
Kesko	Finland	7,585	25.2x	24.1x	23.1x	21.5x	21.2x	20.4x	10.7x	10.6x	10.4x	0.97x	0.95x	0.92x	3.3%	3.4%		
Lerøy Seafood Group	Norway	3,116	21.8x	13.1x	11.3x	19.2x	12.2x	10.3x	12.5x	9.0x	7.8x	1.88x	1.64x	1.59x	2.7%	4.5%		
Mowi	Norway	8,456	27.1x	16.0x	13.5x	24.2x	14.5x	11.8x	17.2x	11.4x	9.6x	2.45x	2.25x	2.06x	1.6%	4.6%		
Olvi	Finland	895	21.0x	18.3x	16.8x	15.7x	14.1x	12.6x	10.9x	9.8x	8.8x	2.07x	1.88x	1.69x	2.6%	2.8%		
Orkla	Norway	8,534	19.4x	19.3x	18.7x	19.2x	18.1x	17.2x	14.0x	13.2x	12.5x	2.13x	2.07x	2.00x	3.0%	3.1%		
Raisio	Finland	482	22.4x	19.2x	17.5x	14.5x	13.6x	12.4x	11.4x	10.3x	9.4x	1.73x	1.67x	1.58x	4.2%	4.6%		
SalMar	Norway	5,008	27.2x	22.3x	18.8x	21.2x	20.1x	16.7x	15.8x	15.0x	13.0x	4.47x	4.24x	2.93x	0.0%	4.9%		
<b>Average</b>			<b>30.2x</b>	<b>18.8x</b>	<b>16.7x</b>	<b>24.2x</b>	<b>16.4x</b>	<b>14.5x</b>	<b>13.1x</b>	<b>10.3x</b>	<b>9.5x</b>	<b>1.9x</b>	<b>1.7x</b>	<b>1.6x</b>	<b>2.6%</b>	<b>3.6%</b>		
<b>Median</b>			<b>22.9x</b>	<b>19.3x</b>	<b>17.9x</b>	<b>19.2x</b>	<b>18.0x</b>	<b>14.6x</b>	<b>11.7x</b>	<b>10.1x</b>	<b>9.3x</b>	<b>1.8x</b>	<b>1.6x</b>	<b>1.6x</b>	<b>2.8%</b>	<b>3.9%</b>		
<b>International peer group</b>																		
Bell Food Group Ltd.	SWITZERLAND	1,403	14.9x	13.2x	12.5x	15.2x	13.8x	13.3x	7.2x	6.8x	6.6x	0.55x	0.54x	0.54x	2.3%	2.6%		
Cranswick plc	UNITED KINGDOM	2,210	21.6x	20.9x	20.7x	17.8x	17.2x	16.4x	12.4x	11.8x	11.2x	1.13x	1.08x	1.03x	1.7%	1.8%		
GFPT Public Co. Ltd.	THAILAND	451	15.0x	12.8x	11.6x	19.9x	15.9x	14.4x	8.1x	6.8x	6.2x	1.19x	1.04x	0.91x	1.5%	1.9%		
Hormel Foods Corporation	UNITED STATES	23,494	30.9x	28.6x	26.8x	24.3x	22.3x	20.9x	20.6x	19.1x	18.0x	2.81x	2.73x	2.67x	1.8%	2.0%		
Industrias Bachoco SAB de CV CI	MEXICO	1,572	9.0x	12.8x	11.2x	8.2x	6.2x	5.2x	5.3x	4.3x	3.8x	0.39x	0.36x	0.32x	1.7%	2.1%		
Societe LDC Societe Anonyme	FRANCE	1,782	11.4x	10.7x	10.7x	8.2x	7.1x	6.5x	4.7x	4.1x	4.0x	0.37x	0.34x	0.31x	1.4%	1.5%		
NH Foods Ltd.	JAPAN	4,070	22.4x	18.1x	16.4x	17.0x	14.9x	13.8x	9.0x	8.3x	7.9x	0.55x	0.55x	0.54x	1.8%	1.9%		
Pilgrim's Pride Corporation	UNITED STATES	3,325	21.2x	9.4x	7.8x	16.1x	8.1x	7.2x	8.5x	5.4x	4.8x	0.48x	0.44x	0.41x	0.0%	0.0%		
Sanderson Farms, Inc.	UNITED STATES	2,163	19.1x	14.1x	14.1x	15.0x	10.0x	31.4x	7.8x	6.0x	0.74x	0.67x	0.59x	1.1%	1.2%			
Tyson Foods, Inc. Class A	UNITED STATES	19,199	12.7x	10.9x	9.1x	11.7x	10.0x	8.4x	8.2x	7.3x	6.3x	0.78x	0.73x	0.69x	2.7%	2.8%		
<b>Average</b>			<b>17.7x</b>	<b>15.7x</b>	<b>14.1x</b>	<b>15.4x</b>	<b>13.1x</b>	<b>11.6x</b>	<b>11.5x</b>	<b>8.2x</b>	<b>7.5x</b>	<b>0.9x</b>	<b>0.8x</b>	<b>0.8x</b>	<b>1.6%</b>	<b>1.8%</b>		
<b>Median</b>			<b>15.0x</b>	<b>13.0x</b>	<b>12.1x</b>	<b>16.1x</b>	<b>14.4x</b>	<b>11.6x</b>	<b>8.4x</b>	<b>7.1x</b>	<b>6.3x</b>	<b>0.6x</b>	<b>0.6x</b>	<b>0.6x</b>	<b>1.7%</b>	<b>1.9%</b>		

\* EV/EBIT when available

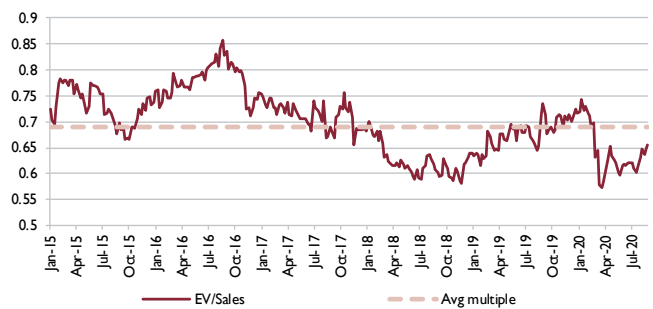
Source: Carnegie Research & Factset

Scandi Standard - EV/EBIT N12M



Source: Carnegie Research, Factset

Scandi Standard - EV/Sales N12M



Source: Carnegie Research, Factset

## Interim figures

Scandi Standard																
Carnegie estimates																
SEKm	2019				2020				Old		New		Old		New	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3e	Q4e	2019	2020e	2020e	2021e	2021e	2022e	2022e	
<b>Net Sales</b>	2,458	2,472	2,541	2,420	2,479	2,448	2,631	2,508	9,892	9,664	10,066	9,975	10,533	10,328	10,939	
<b>EBITDA (adj)</b>	190	199	209	185	202	209	218	216	783	796	845	851	904	885	950	
EBITDA margin (adj)	7.7%	8.0%	8.2%	7.6%	8.1%	8.5%	8.3%	8.6%	7.9%	8.2%	8.4%	8.5%	8.6%	8.6%	8.7%	
<b>EBIT (adj)</b>	110	115	125	104	117	122	131	128	454	464	499	521	552	548	588	
EBIT margin (adj)	4.5%	4.6%	4.9%	4.3%	4.7%	5.0%	5.0%	5.1%	4.6%	4.8%	5.0%	5.2%	5.2%	5.3%	5.4%	
Non-recurring items	0	-13	0	-16	-43	-17	0	0	-30	-57	-60	0	0	0	0	
Net financials	-21	-38	-34	-21	-34	-19	-20	-20	-113	-98	-93	-79	-76	-75	-74	
<b>Pre-tax profit</b>	89	65	94	67	41	85	111	109	315	309	346	442	476	474	515	
Tax	-17	-14	-20	-25	-6	-12	-23	-22	-76	-61	-63	-91	-98	-97	-105	
<b>Net profit</b>	72	52	75	39	35	78	90	84	238	247	286	350	377	376	408	
DPS (SEK)									0.0	2.1	2.5	2.9	3.1	3.1	3.3	

Growth Y/Y	2019				2020				Old		New		Old		New	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3e	Q4e	2019e	2020e	2020e	2021e	2021e	2022e	2022e	
Sales growth	16%	10%	12%	12%	1%	-1%	4%	4%	12%	-2%	2%	3%	5%	4%	4%	
<b>Group organic growth</b>	11%	6%	10%	10%	0%	0%	7%	6%	9%	0%	3%	4%	6%	4%	4%	
<b>Business areas - organic growth:</b>																
Sweden	7%	8%	11%	6%	5%	-3%	7%	9%	8%	4%	4%	4%	7%	5%	5%	
Denmark	23%	8%	13%	20%	-11%	-4%	4%	4%	16%	-9%	-2%	6%	7%	4%	4%	
Norway	7%	5%	8%	5%	9%	6%	6%	5%	6%	5%	6%	2%	3%	3%	4%	
Finland	2%	14%	30%	18%	16%	11%	11%	11%	16%	8%	12%	4%	6%	5%	5%	
Ireland	2%	-2%	1%	3%	6%	6%	7%	5%	1%	4%	6%	3%	3%	3%	3%	

Business areas: Sales	2019				2020				Old		New		Old		New	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3e	Q4e	2019	2020e	2020e	2021e	2021e	2022e	2022e	
Sweden	695	711	765	692	732	687	815	754	2,863	2,963	2,988	3,082	3,204	3,228	3,348	
Denmark	860	826	873	868	784	797	885	879	3,427	3,078	3,345	3,229	3,518	3,332	3,647	
Norway	400	419	415	385	419	395	398	377	1,619	1,559	1,589	1,586	1,635	1,639	1,706	
Finland	112	129	132	118	134	145	142	127	491	530	548	544	574	566	600	
Ireland	496	501	496	479	538	532	512	488	1,972	2,030	2,071	2,049	2,099	2,097	2,154	
Other	-106	-114	-139	-121	-127	-108	-123	-118	-481	-496	-476	-515	-496	-535	-516	
<b>Group Sales</b>	2,458	2,472	2,541	2,420	2,479	2,448	2,631	2,508	9,892	9,664	10,066	9,975	10,533	10,328	10,939	

Business areas: EBIT (adj)	2019				2020				Old		New		Old		New	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3e	Q4e	2019	2020e	2020e	2021e	2021e	2022e	2022e	
Sweden	42	43	48	49	49	46	55	54	183	197	204	210	223	223	236	
Denmark	32	25	28	16	20	18	24	26	100	81	88	115	118	122	130	
Norway	37	41	40	32	34	42	40	36	151	136	152	144	155	150	163	
Finland	0	1	2	-4	1	2	2	0	-1	5	5	9	8	9	10	
Ireland	17	32	30	28	36	41	33	31	107	129	141	130	143	133	148	
Group common costs	-18	-27	-23	-18	-23	-27	-23	-19	-86	-84	-92	-86	-95	-89	-99	
<b>Group EBIT (adj)</b>	110	115	125	104	117	122	131	128	454	464	499	521	552	548	588	

Business areas: adj. EBIT margins	2019				2020				Old		New		Old		New	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3e	Q4e	2019	2020e	2020e	2021e	2021e	2022e	2022e	
Sweden	6.1%	6.1%	6.3%	7.1%	6.7%	6.8%	6.8%	7.1%	6.4%	6.6%	6.8%	6.8%	6.9%	6.9%	7.0%	
Denmark	3.7%	3.0%	3.2%	1.8%	2.5%	2.2%	2.7%	3.0%	2.9%	2.6%	2.6%	3.6%	3.4%	3.6%	3.6%	
Norway	9.2%	9.8%	9.7%	8.4%	8.1%	10.7%	10.1%	9.5%	9.3%	8.8%	9.6%	9.1%	9.5%	9.2%	9.6%	
Finland	0.3%	0.8%	1.5%	-3.2%	0.7%	1.4%	1.4%	0.0%	-0.1%	0.9%	0.9%	1.6%	1.4%	1.6%	1.7%	
Ireland	3.4%	6.4%	6.1%	5.8%	6.8%	7.7%	6.4%	6.4%	5.4%	6.3%	6.8%	6.3%	6.8%	6.4%	6.9%	
<b>Group EBIT (adj) margin</b>	4.5%	4.6%	4.9%	4.3%	4.7%	5.0%	5.0%	5.1%	4.6%	4.8%	5.0%	5.2%	5.2%	5.3%	5.4%	

Source: Carnegie Research

**Financial statements**

<b>Profit &amp; loss</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>	<b>2021e</b>	<b>2022e</b>
Sales	0	5,286	5,453	5,999	7,169	8,838	9,916	10,088	10,556	10,962
COGS	0	-3,116	-3,147	-3,559	-4,276	-5,301	-5,979	-5,906	-6,178	-6,404
<b>Gross profit</b>	<b>0</b>	<b>2,171</b>	<b>2,306</b>	<b>2,440</b>	<b>2,893</b>	<b>3,537</b>	<b>3,937</b>	<b>4,182</b>	<b>4,379</b>	<b>4,558</b>
Other income & costs	0	-1,763	-1,861	-2,002	-2,340	-2,875	-3,184	-3,398	-3,475	-3,608
Share in ass. operations and JV	0	2	2	2	0	2	1	0	0	0
<b>EBITDA</b>	<b>0</b>	<b>410</b>	<b>447</b>	<b>440</b>	<b>553</b>	<b>664</b>	<b>754</b>	<b>784</b>	<b>904</b>	<b>950</b>
Depreciation PPE	0	-151	-168	-181	-202	-197	-190	-209	-211	-219
Depreciation lease assets	0	0	0	0	0	-84	-85	-86	-90	-93
Amortisation development costs	0	0	0	0	0	0	0	0	0	0
Amortisation other intangibles	0	0	0	0	0	0	0	0	0	0
Impairments / writedowns	0	0	0	0	0	0	0	0	0	0
<b>EBITA</b>	<b>0</b>	<b>259</b>	<b>279</b>	<b>259</b>	<b>351</b>	<b>383</b>	<b>479</b>	<b>490</b>	<b>603</b>	<b>637</b>
Amortization acquisition related	0	-20	-19	-20	-31	-51	-51	-51	-51	-49
Impairment acquisition related	0	0	0	0	0	0	0	0	0	0
<b>EBIT</b>	<b>0</b>	<b>239</b>	<b>260</b>	<b>238</b>	<b>320</b>	<b>332</b>	<b>428</b>	<b>438</b>	<b>552</b>	<b>588</b>
Share in ass. operations and JV	0	0	0	0	0	0	0	0	0	0
Net financial items	0	-162	-44	-71	-71	-100	-113	-93	-76	-74
of which interest income/expenses	0	-154	-51	-60	-59	-79	-83	-81	-66	-63
of which interest on lease liabilities	0	0	0	0	0	-13	-12	-11	-11	-10
of which other items	0	-8	7	-12	-12	-8	-18	0	0	0
<b>Pre-tax profit</b>	<b>0</b>	<b>76</b>	<b>216</b>	<b>167</b>	<b>249</b>	<b>232</b>	<b>315</b>	<b>345</b>	<b>476</b>	<b>515</b>
Taxes	0	-20	-52	-36	-56	-33	-76	-63	-98	-105
Post-tax minorities interest	0	0	0	0	0	-1	-1	3	-1	-1
Discontinued operations	0	0	0	0	0	0	0	0	0	0
<b>Net profit</b>	<b>0</b>	<b>56</b>	<b>164</b>	<b>132</b>	<b>194</b>	<b>198</b>	<b>238</b>	<b>285</b>	<b>377</b>	<b>408</b>
Adjusted EBITDA	0	473	478	453	588	712	783	844	904	950
Adjusted EBITA	0	321	310	272	385	431	508	550	603	637
Adjusted EBIT	0	301	291	252	355	380	457	498	552	588
Adjusted net profit	0	122	207	163	251	290	311	386	428	457
Sales growth Y/Y	na	+chg	3.2%	10.0%	19.5%	23.3%	12.2%	1.7%	4.6%	3.8%
EBITDA growth Y/Y	na	+chg	9.0%	-1.6%	25.8%	20.0%	13.6%	4.0%	15.2%	5.1%
EBITA growth Y/Y	na	+chg	7.7%	-7.1%	35.6%	9.0%	25.1%	2.3%	23.1%	5.7%
EBIT growth Y/Y	na	+chg	8.8%	-8.1%	34.4%	3.5%	29.0%	2.4%	26.0%	6.5%
EBITDA margin	nm	7.7%	8.2%	7.3%	7.7%	7.5%	7.6%	7.8%	8.6%	8.7%
EBITA margin	nm	4.9%	5.1%	4.3%	4.9%	4.3%	4.8%	4.9%	5.7%	5.8%
EBIT margin	nm	4.5%	4.8%	4.0%	4.5%	3.8%	4.3%	4.3%	5.2%	5.4%
Tax rate	na	26.5%	23.9%	21.2%	22.3%	14.3%	24.2%	18.3%	20.5%	20.5%
<b>Cash flow</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>	<b>2021e</b>	<b>2022e</b>
EBITDA	0	410	447	440	553	664	754	784	904	950
Paid taxes	0	-31	-14	-33	-54	-38	-54	-63	-98	-105
Change in NWC	0	-381	75	-82	-288	280	150	-40	-98	-70
Non cash adjustments	0	0	0	0	0	0	109	3	12	1
Discontinued operations	0	0	0	0	0	0	0	0	0	0
<b>Total operating activities</b>	<b>0</b>	<b>-2</b>	<b>508</b>	<b>325</b>	<b>212</b>	<b>905</b>	<b>959</b>	<b>685</b>	<b>721</b>	<b>776</b>
Capex tangible assets	0	-141	-207	-265	-199	-371	-420	-288	-410	-361
Capitalised development costs	0	0	0	0	0	0	0	0	0	0
Capex - other intangible assets	0	0	0	0	0	0	0	0	0	0
Acquisitions/divestments	0	-31	-56	-30	-274	-4	-133	-117	-117	0
Other non-cash adjustments	0	0	0	0	0	0	0	0	0	0
<b>Total investing activities</b>	<b>0</b>	<b>-172</b>	<b>-262</b>	<b>-296</b>	<b>-473</b>	<b>-375</b>	<b>-553</b>	<b>-405</b>	<b>-527</b>	<b>-361</b>
Net financial items	0	-162	-44	-71	-71	-100	-113	-93	-76	-74
Lease payments	0	0	0	0	0	-109	-118	-120	-126	-130
Dividend paid and received	0	0	-78	-108	-81	-119	-132	0	-165	-205
Share issues & buybacks	0	6	0	0	0	0	0	0	0	0
Change in bank debt	0	1,252	-57	82	383	42	-24	0	0	0
Other cash flow items	0	20	-19	64	264	-304	0	0	0	0
<b>Total financing activities</b>	<b>0</b>	<b>1,117</b>	<b>-198</b>	<b>-33</b>	<b>495</b>	<b>-577</b>	<b>-375</b>	<b>-202</b>	<b>-356</b>	<b>-399</b>
Operating cash flow	0	-2	508	325	212	905	959	685	721	776
Free cash flow	0	-305	257	-12	-58	338	320	195	120	221
Net cash flow	0	943	48	-4	234	-47	31	78	-163	17
Change in net IB debt	0	-330	123	-104	-141	2	161	100	-138	43
Capex / Sales	nm	2.7%	3.8%	4.4%	2.8%	4.2%	4.2%	2.9%	3.9%	3.3%
NWC / Sales	nm	3.6%	6.3%	5.8%	7.4%	6.1%	3.2%	2.6%	3.2%	3.8%

Source: Carnegie Research

## Financial statements, continued

Balance sheet	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Acquired intangible assets	0	611	597	704	896	922	940	888	837	788
Other fixed intangible assets	0	529	490	503	1,017	995	957	957	957	957
Capitalised development	0	0	0	0	0	0	0	0	0	0
Tangible assets	0	810	882	1,011	1,245	1,481	1,748	1,827	2,026	2,167
Lease assets	0	0	0	0	0	486	427	428	429	430
Other IB assets (1)	0	0	0	0	0	0	0	0	0	0
Other non-IB assets	0	90	75	93	80	111	96	96	96	96
<b>Fixed assets</b>	<b>0</b>	<b>2,040</b>	<b>2,043</b>	<b>2,310</b>	<b>3,238</b>	<b>3,996</b>	<b>4,167</b>	<b>4,195</b>	<b>4,345</b>	<b>4,438</b>
Inventories (2)	0	547	530	603	721	749	826	858	918	965
Receivables (2)	0	363	365	488	1,004	965	994	1,009	1,056	1,096
Prepaid exp. & other NWC items (2)	0	55	63	72	160	178	91	123	160	178
IB current assets (1)	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	1	0	0	0	0	0
Cash & cash equivalents (1)	0	91	143	23	30	89	194	272	110	126
<b>Current assets</b>	<b>0</b>	<b>1,055</b>	<b>1,101</b>	<b>1,187</b>	<b>1,915</b>	<b>1,981</b>	<b>2,105</b>	<b>2,262</b>	<b>2,244</b>	<b>2,365</b>
<b>Total assets</b>	<b>0</b>	<b>3,095</b>	<b>3,144</b>	<b>3,497</b>	<b>5,153</b>	<b>5,977</b>	<b>6,272</b>	<b>6,457</b>	<b>6,589</b>	<b>6,803</b>
Shareholders' equity	0	886	925	972	1,455	1,586	1,738	2,023	2,235	2,438
Minorities	0	0	0	0	0	1	3	0	1	2
Other equity	0	0	0	0	0	0	0	0	0	0
<b>Total equity</b>	<b>0</b>	<b>886</b>	<b>925</b>	<b>972</b>	<b>1,455</b>	<b>1,587</b>	<b>1,741</b>	<b>2,023</b>	<b>2,236</b>	<b>2,440</b>
Deferred tax	0	76	86	109	172	169	174	174	174	174
LT IB debt (1)	0	1,460	1,381	1,428	1,850	1,949	1,925	1,925	1,925	1,925
Other IB provisions (1)	0	0	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	497	454	432	408	381
Other non-IB liabilities	0	20	17	80	351	255	179	179	62	62
<b>LT liabilities</b>	<b>0</b>	<b>1,556</b>	<b>1,485</b>	<b>1,617</b>	<b>2,373</b>	<b>2,870</b>	<b>2,732</b>	<b>2,710</b>	<b>2,569</b>	<b>2,542</b>
ST IB debt (1)	0	39	61	97	58	0	0	0	0	0
Payables (2)	0	352	353	476	716	901	1,117	1,190	1,214	1,228
Accrued exp. & other NWC items (2)	0	231	300	300	494	596	549	515	538	559
Other ST non-IB liabilities	0	31	21	35	59	23	133	19	32	33
Liabilities - assets held for sale	0	0	0	0	0	0	0	0	0	0
<b>Current liabilities</b>	<b>0</b>	<b>653</b>	<b>734</b>	<b>908</b>	<b>1,326</b>	<b>1,520</b>	<b>1,799</b>	<b>1,724</b>	<b>1,784</b>	<b>1,820</b>
<b>Total equity and liabilities</b>	<b>0</b>	<b>3,095</b>	<b>3,144</b>	<b>3,497</b>	<b>5,153</b>	<b>5,977</b>	<b>6,272</b>	<b>6,457</b>	<b>6,589</b>	<b>6,803</b>
Net IB debt (=1)	0	1,428	1,301	1,521	1,889	2,373	2,211	2,111	2,249	2,206
Net working capital (NWC) (=2)	0	381	306	387	675	395	245	285	382	452
Capital employed (CE)	0	2,436	2,438	2,625	3,824	4,173	4,285	4,545	4,734	4,912
Capital invested (CI)	0	2,331	2,274	2,605	3,833	4,280	4,316	4,384	4,631	4,793
Equity / Total assets	nm	29%	29%	28%	28%	27%	28%	31%	34%	36%
Net IB debt / EBITDA	nm	3.5	2.9	3.5	3.4	3.6	2.9	2.7	2.5	2.3
<b>Per share data (SEK)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>	<b>2021e</b>	<b>2022e</b>
Adj. no. of shares in issue YE (m)	0.00	60.06	60.06	60.06	66.06	66.06	66.06	66.06	66.06	66.06
Diluted no. of Shares YE (m)	0.00	60.06	60.06	60.06	66.06	66.06	66.06	66.06	66.06	66.06
EPS	na	0.93	2.73	2.19	3.07	2.99	3.60	4.31	5.71	6.18
EPS adj.	na	2.04	3.45	2.71	3.98	4.39	4.71	5.84	6.48	6.92
CEPS	na	3.75	5.81	5.52	6.76	6.53	6.91	7.91	9.29	9.83
DPS	0.00	1.30	1.80	1.35	1.80	2.00	0.00	2.50	3.10	3.30
BVPS	na	14.8	15.4	16.2	22.0	24.0	26.3	30.6	33.8	36.9
<b>Performance measures</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>	<b>2021e</b>	<b>2022e</b>
ROE	nm	12.7%	18.1%	13.9%	16.0%	13.0%	14.3%	15.2%	17.7%	17.5%
Adj. ROCE pre-tax	na	na	13.2%	10.3%	11.6%	10.3%	11.3%	12.2%	12.8%	13.0%
Adj. ROIC after-tax	na	na	10.2%	8.8%	9.3%	9.1%	9.0%	10.3%	10.6%	10.8%
<b>Valuation</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>	<b>2021e</b>	<b>2022e</b>
FCF yield	0.0%	-6.5%	5.5%	-0.2%	-1.2%	7.2%	6.8%	4.1%	2.5%	4.7%
Dividend yield YE	na	2.7%	3.3%	2.4%	2.8%	3.2%	0.0%	3.5%	4.3%	4.6%
Dividend payout ratio	na	139.2%	66.0%	61.6%	58.6%	66.9%	0.0%	58.0%	54.3%	53.4%
Dividend + buy backs yield YE	na	2.7%	3.3%	2.4%	2.8%	3.2%	0.0%	3.5%	4.3%	4.6%
EV/Sales YE	na	0.81	0.83	0.82	0.84	0.73	0.71	0.68	0.66	0.63
EV/EBITDA YE	na	10.5	10.2	11.2	10.9	9.7	9.4	8.7	7.7	7.3
EV/EBITA YE	na	16.7	16.3	19.0	17.2	16.9	14.8	13.9	11.5	10.9
EV/EBITA adj. YE	na	13.4	14.7	18.1	15.7	15.0	14.0	12.4	11.5	10.9
EV/EBIT YE	na	18.1	17.5	20.7	18.9	19.5	16.6	15.6	12.6	11.8
P/E YE	na	>50	19.9	26.0	20.7	20.7	20.7	16.7	12.6	11.6
P/E adj. YE	na	23.7	15.7	21.1	16.0	14.1	15.8	12.3	11.1	10.4
P/BV YE	na	3.27	3.52	3.52	2.88	2.58	2.83	2.35	2.13	1.95
Share price YE		48.2	54.3	57.0	63.5	61.9	74.4	71.9		

Source: Carnegie Research



## Disclosures and disclaimers

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### Ratings and risk assessment structure

#### Current rating system as of October 2011

Buy (B), upside of at least 10% to the target price and with an attractive risk/reward profile

Hold (H), the stock is trading close to its target price and is fairly valued

Sell (S), unattractive risk/reward ratio as the stock is trading above its target price

Not rated (NR), Under review (UR), Under bid (UB). The investment rating, if any, has been suspended temporarily.

### Risk assessment

The risk assessment is based on the analyst's evaluation of the company's equity beta based on the business risk (asset beta) and financial risk (gearing).

Low risk estimated equity beta <0.75

Medium risk estimated equity beta 0.75 to 1.25

High risk estimated equity beta >1.25

### Valuation, methodology, and assumptions

#### Target price

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#### Information

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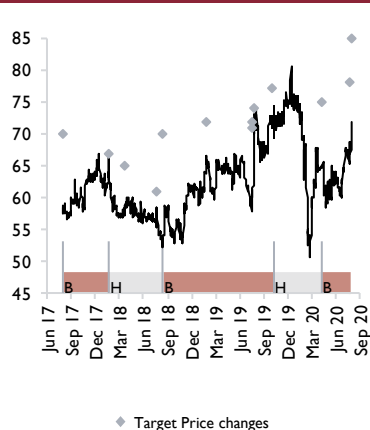
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**Scandi Standard price, rating and target price history (SCST.ST)**



Date	Analyst	Ccy	Target Price	Market price when disseminated	Rating
26 Aug 2020 16:45	Mikael Löfdahl	SEK	85.00	71.90	Buy
19 Aug 2020 17:23	Mikael Löfdahl	SEK	78.00	67.20	Buy
05 May 2020 17:53	Mikael Löfdahl	SEK	75.00	64.60	Buy
07 Nov 2019 06:10	Mikael Löfdahl	SEK	77.00	74.40	Hold
01 Nov 2019 06:35	Mikael Löfdahl	SEK	77.00	71.00	Buy
21 Aug 2019 16:48	Mikael Löfdahl	SEK	74.00	66.70	Buy
21 Aug 2019 16:48	Mikael Löfdahl	SEK	72.00	61.20	Buy
21 Aug 2019 16:48	Mikael Löfdahl	SEK	71.00	58.00	Buy
20 Feb 2019 17:59	Mikael Löfdahl	SEK	72.00	63.70	Buy
17 Sep 2018 06:21	Mikael Löfdahl	SEK	70.00	54.10	Buy
23 Aug 2018 06:09	Mikael Löfdahl	SEK	61.00	57.00	Hold
18 Apr 2018 16:42	Mikael Löfdahl	SEK	65.00	58.40	Hold
21 Feb 2018 06:15	Mikael Löfdahl	SEK	67.00	66.90	Hold

Our **Target Price Horizon** is 6–12 months

Source: Carnegie Research, Factset

**Company specific disclosures**

The following disclosures relate to relationships between Carnegie Investment Bank AB (with its subsidiaries, "Carnegie") and the subject company.

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**Stock rating distribution in the previous 12 months**

Ratings	Carnegie coverage universe % of total	Investment banking services* % of total
Buy	50	77
Hold	41	15
Sell	9	8

\*Investment banking services provided by Carnegie in the previous 12 months

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## Scandi Standard Company Summary

26 August 2020

Profit & loss	2018	2019	2020e	2021e	2022e
Sales	8,838	9,916	10,088	10,556	10,962
EBITDA	664	754	784	904	950
EBITA	383	479	490	603	637
EBIT	332	428	438	552	588
Pre-tax profit	232	315	345	476	515
Net profit	198	238	285	377	408
Adj. net profit	290	311	386	428	457
Balance sheet	2018	2019	2020e	2021e	2022e
Total assets	5,977	6,272	6,457	6,589	6,803
Shareholders' equity	1,586	1,738	2,023	2,235	2,438
Goodwill	922	940	888	837	788
Net IB debt	2,373	2,211	2,111	2,249	2,206
Cash flow	2018	2019	2020e	2021e	2022e
EBITDA	664	754	784	904	950
Operating cash flow	905	959	685	721	776
Net cash flow (NCF)	338	320	195	120	221
Decrease in net IB debt	2	161	100	-138	43

Per share data	2018	2019	2020e	2021e	2022e
EPS	2.99	3.60	4.31	5.7	6.2
EPS adj.	4.39	4.71	5.8	6.5	6.9
EPS adj. Growth	10.2%	7.5%	23.8%	11.0%	6.9%
CEPS	6.5	6.9	7.9	9.3	9.8
DPS	2.00	0.00	2.50	3.10	3.30
BVPS ex. GW	10.0	12.1	17.2	21.2	25.0
NIBDPS	35.9	33.5	31.9	34.0	33.4
Ratios	2018	2019	2020e	2021e	2022e
P/E	24.0	20.0	16.7	12.6	11.6
P/E adj.	16.4	15.3	12.3	11.1	10.4
P/BVPS	3.0	2.7	2.3	2.1	1.9
P/BVPS ex. GW	7.2	5.9	4.2	3.4	2.9
P/CEPS	11.0	10.4	9.1	7.7	7.3
EV/Sales	0.80	0.70	0.68	0.66	0.63
EV/EBITDA	10.7	9.2	8.7	7.7	7.3
EV/EBITA	18.6	14.5	13.9	11.5	10.9
Dividend yield	2.8%	0.0%	3.5%	4.3%	4.6%
FCF yield	7.2%	6.8%	4.1%	2.5%	4.7%

### Sales by geography

Denmark	31.7%
Sweden	28.3%
Ireland	19.6%
Norway	15.1%
Finland	5.2%

### Company description

Scandi Standard is the leading Nordic producer of chicken products, with operations in Sweden, Denmark, Norway and Finland. In 2017, it also became the market leader in Ireland through the acquisition of Manor Farm. The company name Scandi Standard is not known to consumers, but its brands are, for example, Kronfågel in Sweden, Danpo in Denmark, and Den Stolte Hane in Norway. Scandi Standard has evolved over 60 years of consolidation in the Nordic market. In 2013 there was a large merger of Kronfågel (Kronfågel and Danpo) and Cardinal Foods (Den Stolte Hane) which was followed by the IPO in Stockholm in 2014.

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### Major shareholders

	Capital	Votes		Capital	Votes
Oresund	15.3%	15.3%	Länsförsäkringar Fonder	5.1%	5.1%
Manor Farm	9.1%	9.1%	Lantmännen	5.0%	5.0%
Carnegie Fonder	5.2%	5.2%	Danske Invest	3.7%	3.7%

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Source: Carnegie Research