

# We make farming thrive



**Lantmännen Annual Report  
including Sustainability Report**



### President's overview

Lantmännen's results continued to develop positively in 2014. Many of our businesses have taken further large and small improvement steps, and work on Lantmännen's long-term strategy has begun to produce results in several areas. See ▶ page 10.



### Responsible business

Lantmännen has signed the Global Compact, the UN's initiative for responsible business, with a commitment to implement its principles. Lantmännen's Annual Report including Sustainability Report and information on our website are structured to meet the Global Compact's communication on progress requirements. We also apply the GRI (Global Reporting Initiative) sustainability reporting guidelines. See ▶ page 146.



### Strategy 2020

Lantmännen's Strategy 2020 is based on a new growth-oriented international environment that creates new opportunities. With the agricultural company as our starting-point, we develop profitable business and create added value in Lantmännen's entire value chain. The goal is for Lantmännen to be the leader in grain and oilseed trade in the Baltic region. See ▶ page 20.



### Our owners and business partners

Our assignment is to contribute to the profitability of the owners' farms and maximize the return on their capital in the association. As business partners and owners of Lantmännen, they share the Group's profit through dividends. See ▶ pages 13-15.



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# Welcome to Lantmännen!



**Lantmännen is an agricultural cooperative and northern Europe's leader in agriculture, machinery, bioenergy and food products. Owned by 29,000 Swedish farmers, we have 8,000 employees, operations in over 20 countries and revenues of SEK 33 billion. With grain as our basis, we process arable land resources for economically viable farming. Some of our best-known food brands are AXA, Kungsörnen, GoGreen, Korvbrödsbagarn, Schulstad and Gooh. Our company is founded on knowledge and values built up through generations of owners. With research, development and operations throughout the chain, together we can take responsibility from field to fork.**

# Lantmännen in numbers

**Net sales** for the Group totaled MSEK 32,666 (33,802), a decline of 3 percent compared with the previous year. Adjusted for acquired and divested operations, net sales were 3 percent higher, with currency effects having an impact of 2 percentage points.

**Operating income** amounted to MSEK 1,453 (89) and adjusted for items affecting comparability MSEK 851 (805). These items comprised capital gains of MSEK 731 (363) and restructuring costs and impairment of MSEK -129 (-1,079).

**Income after financial items** was MSEK 1,342 (85) and adjusted for items affecting comparability MSEK 740 (683). The previous year's net financial income included non-recurring capital gains of MSEK 118.

**Net income after tax** was MSEK 1,225 (100).

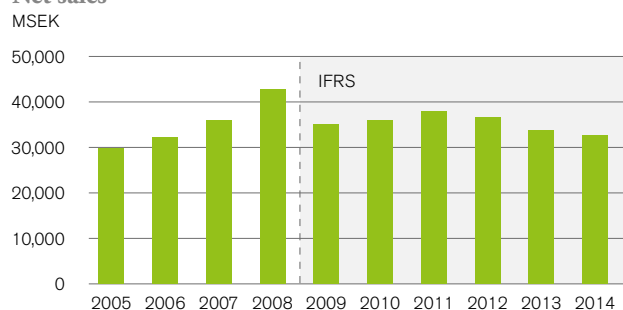
**Investments** during the year amounted to MSEK 1,087 (1,043).

**Cash flow before** financing activities was MSEK 2,077 (2,450).

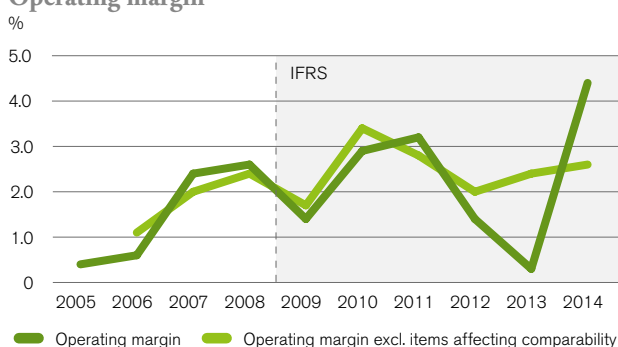
**Dividend** The Board has decided to pay a dividend in the form of a 1.5 (1.5) percent refund on members' purchases from Lantmännen Lantbruk Sweden and 0.5 (0.5) percent on purchases from the Machinery Sector's Swedish operations. The Board has also decided that a final price adjustment of 1.5 (1.5) percent will be paid for delivered grain, oilseed and grass seed. The total refund and final price adjustment is estimated at MSEK 135 (129).

The Board proposes that the AGM adopt a contribution dividend of 9 (9) percent, a total of MSEK 178 (171), and a contribution issue of MSEK 150 (0). In total, the proposed contribution dividend and contribution issue amount to 17 (9) percent of the association's contributed capital. The Board proposes a dividend on subordinated debentures of 9 (3) percent, totaling MSEK 5 (2).

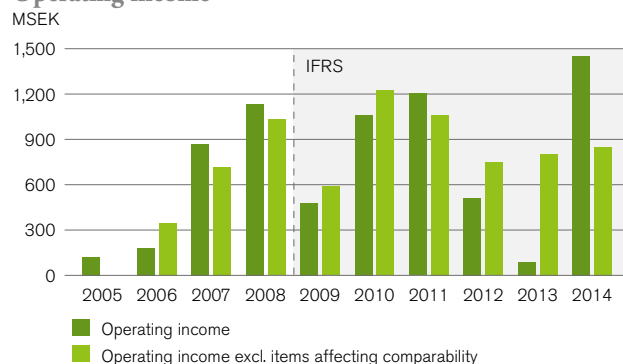
## Net sales



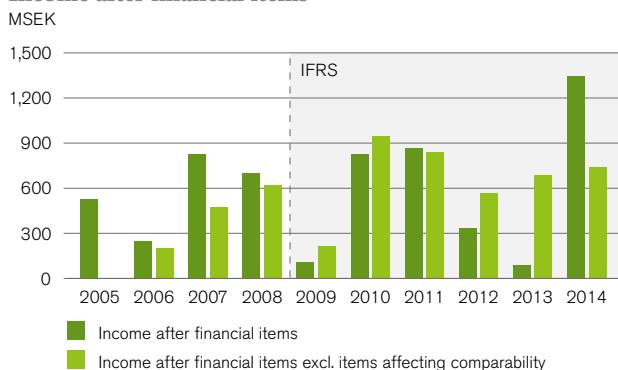
## Operating margin



## Operating income



## Income after financial items



**Transition to IFRS:** Lantmännen began reporting under IFRS (International Financial Reporting Standards) in 2010. Comparative figures for the years 2005-2008 have not been restated under IFRS rules. A more detailed description of the effects of the transition to IFRS on the 2009 income statement and balance sheet can be found in Lantmännen's 2010 Annual Report. Lantmännen's annual reports can be downloaded from [lantmannen.se/larsredovisning](http://lantmannen.se/larsredovisning)

“ It has been an eventful and important year for Lantmännen, culminating in several major improvements.

Key figures	2014	2013
Net sales, MSEK	32,666	33,802
Operating income, MSEK	1,453	89
Operating margin, %	4.4	0.3
Income after financial items, MSEK	1,342	85
Net income for the year, MSEK	1,225	100
Cash flow before financing activities, MSEK	2,077	2,450
Return on equity, %	10.6	0.9
Return on operating capital, %	9.1	0.5
Total assets, MSEK	27,131	26,001
Equity ratio, %	43.8	42.5
Investments in non-current assets, MSEK	1,087	1,043
Net debt, MSEK	3,674	4,963
Interest cover ratio, times	6.9	1.3
Number of members	28,617	32,082
Average number of employees	8,311	9,133
of which women, %	28	29
Total CO <sub>2</sub> emissions, thousand tonnes	216.3	300.1
CO <sub>2</sub> emissions, tonnes per MSEK value added	30.1	42.9
CO <sub>2</sub> emissions, tonnes per MSEK net sales	6.6	8.9
Total sick leave, %	3.8	3.7

Key figures excluding items affecting comparability	2014	2013
Operating income, MSEK	851	805
Operating margin, %	2.6	2.4
Income after financial items, MSEK	740	683
Return on equity, %	5.1	4.4
Return on operating capital, %	5.3	4.7

Sales by market, MSEK	2014	2013	Change
Sweden	16,028	16,592	-3 %
Denmark	3,678	4,526	-19 %
Germany	3,541	3,068	15 %
Norway	2,749	3 776	-27 %
United Kingdom	1,364	1,493	-9 %
Netherlands	819	801	2 %
Finland	555	313	77 %
Belgium	469	463	1 %
Poland	461	422	9 %
Spain	423	99	327 %
Russia	341	360	-5 %
France	324	156	108 %
Baltics	243	244	0 %
Rest of Europe	536	643	-17 %
United States	910	716	27 %
Rest of world	225	130	73 %
<b>Total</b>	<b>32,666</b>	<b>33,802</b>	<b>-3 %</b>

### Lantmännen's Annual General Meeting

The AGM will be held at the Hilton Stockholm Slussen Hotel, Guldgränd 8, Stockholm, on Tuesday May 5, 2015.

### Financial Reporting

Interim Report Jan-Apr ..... June 3, 2015  
Interim Report May-Aug ..... Oct 1, 2015

### Distribution & Ordering

The printed Annual Review, which is a summary of the Annual Report including Sustainability Report, will be distributed to anyone requesting a copy. The Annual Review, Annual Report including Sustainability Report, Appendix: Sustainability-Related Indicators and Interim Reports are available in Swedish and English. All reports can be downloaded from [lantmannen.se/ekonomi](http://lantmannen.se/ekonomi) or ordered by calling +46(0)10-556 00 00.

### Listen to us!

You can also listen to selected parts of Lantmännen's Annual Report including Sustainability Report on your computer or directly on your mobile. Learn more at [lantmannen.se/lyssna2014](http://lantmannen.se/lyssna2014) (available in Swedish)

### Global Reporting Initiative (GRI)

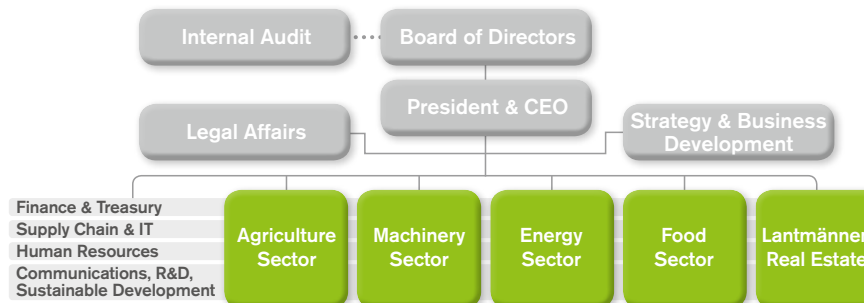
Lantmännen has been reporting according to the GRI Sustainability Reporting Guidelines for several years. This year we moved to the GRI's new G4 version for sustainability reporting. Learn more on [pages 146-147](http://lantmannen.se/responsibility) and at [lantmannen.se/responsibility](http://lantmannen.se/responsibility)



# Our structure and our business

## Organization 2014

Lantmännen's business is divided into four Sectors and one real estate segment. The Lantmännen Group also has ownership shares in several international companies.



## Agriculture Sector [▶ page 35](#)

The Agriculture Sector is based in Sweden but is also active internationally, primarily in northern Europe. The Sector, which constitutes Lantmännen's core business, develops and markets products and services to promote strong, competitive farming. The Sector includes *Lantmännen Lantbruk*, *Lantmännen Krafti* and *Lantmännen Agro Bizz*. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned companies *HaGe Kiel*, *Scandagra Group* and *Scandagra Polska*.

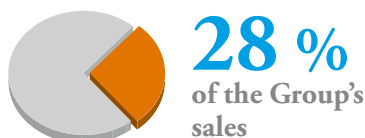


Johan Andersson  
Senior Vice President &  
Head of Agriculture Sector

Key figures	2014	2013
Net sales, MSEK	10,337	10,294
Operating income, MSEK	6	67
Operating margin, %	0.1	0.7
Return on operating capital, %	0.1	1.7
Investments in non-current assets, MSEK	126	141
Average number of employees	962	1,118
of which women, %	31	31
Women in executive management, %	44	44
Total CO <sub>2</sub> emissions, thousand tonnes	58.4	60.3
CO <sub>2</sub> emissions, tonnes per MSEK value added	78.5	71
CO <sub>2</sub> emissions, tonnes per MSEK net sales	5.6	5.9
Total sick leave, %	2.8	3.1
<b>Key figures excl. items affecting comparability</b>	<b>2014</b>	<b>2013</b>
Operating income, MSEK	56	105
Operating margin, %	0.5	1.0
Return on operating capital, %	1.4	2.6

## Machinery Sector [▶ page 41](#)

The Machinery Sector comprises *Lantmännen Maskin*, *Swecon* and *Agro Oil*. Lantmännen Maskin imports, markets and sells farm machinery in Scandinavia. Swecon markets and sells Volvo Construction Equipment in Sweden, the Baltic region and Germany. Agro Oil markets and sells lubricants and chemical maintenance products in Scandinavia and Estonia under the Agrol brand.



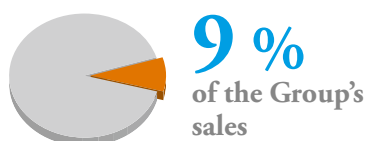
Håkan Pettersson  
Senior Vice President &  
Head of Machinery Sector

Key figures	2014	2013
Net sales, MSEK	9,484	8,934
Operating income, MSEK	181	255
Operating margin, %	1.9	2.9
Return on operating capital, %	8.6	11.5
Investments in non-current assets, MSEK	414	415
Average number of employees	1,836	1,813
of which women, %	9	10
Women in executive management, %	15	13
Total CO <sub>2</sub> emissions, thousand tonnes	-	-
CO <sub>2</sub> emissions, tonnes per MSEK value added	-	-
CO <sub>2</sub> emissions, tonnes per MSEK net sales	-	-
Total sick leave, %	3.1	3.2
<b>Key figures excl. items affecting comparability</b>	<b>2014</b>	<b>2013</b>
Operating income, MSEK	181	255
Operating margin, %	1.9	2.9
Return on operating capital, %	8.6	11.5

## Energy Sector ▶ page 49

The Energy Sector manufactures and markets sustainable ethanol, protein feed, glucose syrup, starch products, alkylate petrol, potable spirits and gluten. The Energy Sector is Sweden's largest bioenergy company. The Sector's business areas are *Lantmännen Agroetanol*, *Lantmännen Aspen* and *Lantmännen Reppe*.

The Energy Sector operates in a global market, with the main focus on Europe. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned companies *Agroenergi Neova Pellets* and *Norlic*.



Carl von Schantz  
Senior Vice President &  
Head of Energy Sector

Key figures	2014	2013
Net sales, MSEK	3,059	3,723
Operating income, MSEK	72	-846
Operating margin, %	2.4	-22.7
Return on operating capital, %	5.5	-40.5
Investments in non-current assets, MSEK	43	83
Average number of employees	280	345
of which women, %	23	23
Women in executive management, %	12	20
Total CO <sub>2</sub> emissions, thousand tonnes	21.1	40.4
CO <sub>2</sub> emissions, tonnes per MSEK value added	58.1	108
CO <sub>2</sub> emissions, tonnes per MSEK net sales	6.9	10.8
Total sick leave, %	1.9	2.5
Key figures excl. items affecting comparability	2014	2013
Operating income, MSEK	72	-46
Operating margin, %	2.4	-1.2
Return on operating capital, %	5.5	-2.2

## Food Sector ▶ page 53

The Food Sector develops, processes and markets products that include flour, breakfast foods, pasta, frozen and fresh bread, ready-to-eat meals and pet food. The Sector has its base in the Nordic countries and has a presence in about twenty countries. The Sector's business areas are *Lantmännen Cerealia*, *Lantmännen Unibake* and *Lantmännen Doggy*. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned company *Viking Malt*.



Per Olof Nyman  
President & CEO Lantmännen  
& Head of Food Sector

Key figures	2014	2013
Net sales, MSEK	11,180	12,593
Operating income, MSEK	442	373
Operating margin, %	4.0	3.0
Return on operating capital, %	5.7	4.5
Investments in non-current assets, MSEK	368	307
Average number of employees	4,911	5,524
of which women, %	32	34
Women in executive management, %	25	24
Total CO <sub>2</sub> emissions, thousand tonnes	131.3	194.7
CO <sub>2</sub> emissions, tonnes per MSEK value added	38.2	54
CO <sub>2</sub> emissions, tonnes per MSEK net sales	13.8	15.5
Total sick leave, %	4.6	4.5
Key figures excl. items affecting comparability	2014	2013
Operating income, MSEK	521	503
Operating margin, %	4.7	4.0
Return on operating capital, %	6.7	6.1

## Lantmännen Real Estate ▶ page 62

Lantmännen Real Estate operates on a commercial market basis, and develops properties in order to create optimal value for the Group's activities and to optimize external revenue. Premises are rented out externally and internally within Lantmännen, but the strategy is to increase the proportion of external rental income. Lantmännen Real Estate is one of Sweden's major property companies with approximately 150 investment properties in 80 locations. From 2015, the Sector also includes Lantmännen Agrovärme, which produces and sells ready heat and district heating.



Mikael Nicander  
Senior Vice President &  
Head of Lantmännen Real Estate

Key figures	2014	2013
Net sales, MSEK	394	364
Operating income, MSEK <sup>1)</sup>	157	149
Operating margin, %	n.a.	n.a.
Return on operating capital, % <sup>1)</sup>	12.1	13.9
Investments in non-current assets, MSEK	123	75
Average number of employees	33	26
of which women, %	34	39
Women in executive management, %	0	0
Total CO <sub>2</sub> emissions, thousand tonnes	-	-
CO <sub>2</sub> emissions, tonnes per MSEK value added	-	-
CO <sub>2</sub> emissions, tonnes per MSEK net sales	-	-
Total sick leave, %	1.9	0.4
Key figures excl. items affecting comparability	2014	2013
Operating income, MSEK	212	190
Return on operating capital, %	16.3	17.8

<sup>1)</sup> Excluding property sales.

# The year's events in brief 2014

January

February

March

April

May

June

July

August

## Period 1

- Lantmännen was named "Sweden's most sustainable brand" in the Sustainable Brands consumer survey, in competition with 242 companies.



- The Group Board and Management participated in 28 district meetings that were held around the country during spring.
- Lantmännen Real Estate sold the building rights for 7,200 m<sup>2</sup> gross floor area in Almby in eastern Örebro to Riksbyggen.
- One of Sweden's largest talent networks, 4potentials, conducted a survey on how companies work to attract, recruit and develop talented employees. Lantmännen was named winner of the "Talent Company of the Year" award.

## Period 2

- Lantmännen Real Estate acquired a retail property of 3,800 m<sup>2</sup> in Svedala. The acquisition is part of the strategy to build a portfolio of properties with long contracts.
- Lantmännen Cerealia strengthened its supply capacity through the acquisition of Björnerud Gård's pancake business in Färgelanda.



- GoGreen was first to launch Swedish-grown black beans from Skåne and white beans and kidney beans from Öland thanks to Lantmännen's investment in development and innovation.
- To increase accessibility and the level of service for the 2014 harvest, Lantmännen opened five new grain receiving facilities in Karpalund, Staffanstorp, Vara and Vårgårda and Lantmännen's large silo in Stockholm.

- Lantmännen and Neova AB formed a new wood pellet company. Agroenergi Neova Pellets comprises Neova's refined solid biofuel business in Sweden and Lantmännen Agroenergi's corresponding operations in Sweden and Latvia. The company is now a leader in wood pellet solutions.



- Lantmännen Cerealia acquired Strängnäs Valskvarn, further enhancing its strong position in the Swedish flour industry.
- May marked the start of a new mentoring program by Lantmännen Lantbruk and Hushållningssällskapet (Rural Economy and Agricultural Societies). The program is aimed at agriculture and agronomy students.
- Lantmännen sold its German and Polish plant breeding and seed operations to Syngenta. At the same time, a partnership began in which Lantmännen gains access to Syngenta's knowledge and varieties, and is able to share the company's broad research and development.
- Lantmännen held its AGM in May at which all Lantmännen's Board members were re-elected.
- The IPO of Scandi Standard AB, which includes Kronfågel Group, was on June 27 when a part of Lantmännen's holding in the company was sold. The remaining ownership interest in Scandi Standard amounts to 13.5 percent.
- A new trainee program was started as part of efforts to ensure the Group has a long-term supply of skilled managers and employees for key positions.





September October November December January and February 2015

### Period 3

- Lantmännen initiated a new strategic partnership in plant breeding with the French company Secobra. At the same time, Lantmännen transferred its southern spring barley program to Secobra. Lantmännen continues to run the program for early spring barley in Lännäs.
- Lantmännen Cerealia sold the mince operations in Laholm to Orkla Foods Sverige.
- Norlic, the new carbon dioxide facility established by AGA Gas and Lantmännen Agroetanol on Händelö in Norrköping, was opened. The facility allows more cost-efficient ethanol production and brings environmental benefits by utilizing and purifying carbon dioxide. Lantmännen has a 9.9 percent ownership share in Norlic.



- Sweden achieved its highest total harvest since 1997. Although winter rape did well from a historical perspective, the conclusion must be that the 2014 harvest was winter wheat's year.
- To give customers optimum workshop services and spare parts availability, Lantmännen Maskin started partnerships in servicing, repair and spare parts management.
- Lantmännen is engaged in LRF Växtodling (Federation of Swedish Farmers Crop Production). The aim is to strengthen the competitiveness of Swedish crop production in a global market.
- The Board decided that from 2016, the number of districts will be 19. This is to adapt to a declining membership, but is also an opportunity to find new forms of work.

### 2015



#### Bronze in Vetemästaren

*Björn Wallin and Nils Lundberg led Lantmännen's Board team to third place in the Vetemästaren competition.*

- Lantmännen signed an agreement to acquire the Finnish bakery company Vaasan with operations in northern Europe.
- Lantmännen Lantbruk opened its new ThermoSeed facility in Eslöv, which is the most modern in Europe for seeds and forages. ThermoSeed™ is not chemically treated and is suitable for both organic and conventional farming. ThermoSeed has shown the same or even better results than chemically treated seed.
- Lantmännen's program of subordinated debentures, which started in 2009, matured in December and MSEK 56 was repaid to investors. New subordinated debentures totaling MSEK 250 were issued in January 2015.
- The boards of Lantmännen and Kalmar Lantmän have proposed a merger between the associations. The merger proposal will be decided on by Kalmar Lantmän's annual general meeting and dealt with at Lantmännen ek för's meeting in May 2015.
- The 2015 Signum Prize is one of the many awards Lantmännen has received. The prize, awarded at the Trademark Day in Stockholm, goes to the Nordic company that has shown the best brand management and care.
- For the second year running, Lantmännen was named "Talent Company of the Year". The prize is awarded by 4potentials, one of Sweden's largest talent networks.

# Chairman's comments

2014 has been another eventful year for Lantmännen. As one of the most important companies in the Swedish agricultural and food industry, we have opportunities and responsibilities to develop our business in a way that is beneficial to Swedish farming. The dividend for the year, MSEK 463, has gone back into Swedish farming, which shows that Lantmännen is fulfilling its role as an agricultural cooperative in the market.

Lantmännen operates in an environment where prices of our main raw materials are affected by international economies, weather and politics. Developments in eastern Europe and the rapid consolidation of agricultural companies in Europe are two clear examples. In Sweden, we have been active in the debate on conditions for agricultural business and the opportunities offered by agriculture in everything from jobs to sustainable development of society. I consider our active role in the formation of LRF Växtodling (Crop Production) as a good base for work on growth and competitiveness. Here, a Swedish food strategy that sees growth opportunities instead of increased taxes and complicated regulations should be a positive signal.

**“With new working methods, an ongoing focus on young entrepreneurs and closer cooperation with Lantmännen Lantbruk and Lantmännen Maskin, we have all the conditions to strengthen the businesses and member engagement.”**

Work on changes in the membership organization has been an important task during the year and I am fully convinced that the new organization provides new opportunities. With new working methods, an ongoing focus on young entrepreneurs and closer cooperation with Lantmännen Lantbruk and Lantmännen Maskin, we have all the conditions to strengthen businesses and member engagement.

A pleasing development during the year is that we have gained two local associations as new members. For me, this is confirmation that our business direction is on the right track, but it is also testimony to the importance of nurturing and developing long-term relationships. In this respect, the proposed merger with Kalmar Lantmän is another very important piece of the jigsaw. A Lantmännen company that brings together

expertise and proactive initiatives can produce positive effects in many different ways, particularly with regard to opportunities for developing Swedish livestock production.

Spring saw the establishment of Lantmännen's long-term direction – Strategy 2020. Work on the strategy has been very interesting, in particular since we see the potential of a growth-oriented and international environment that creates new opportunities for both Lantmännen and our own agricultural companies. We also see an increased demand for added value connected with health, quality and the environment. Our main conclusions are that Lantmännen's value chain is a stable platform, while global demand for agricultural commodities presents opportunities to develop our agriculture-related operations. An important part of the strategy is also the ability to harness our knowledge of responsible production which can provide growth from new sustainable business. Farming, the agricultural company and the grain value chain are focus areas in the strategy and our objective is for Lantmännen to be a leading player in the grain value chain from field to fork in the Baltic region.

There have been major changes within Lantmännen Lantbruk during the year. Competitive and customer-oriented agricultural activities are one of the Board's key objectives. The new management's proactive market efforts are encouraging and have been very well received. Despite the fall harvest being one of the largest ever reaped, we managed the logistics well. Lantmännen Lantbruk has also emphasized the importance of the animal feed business – including a clear business organization for feed.

Machine operations are developing well, but earnings are being held back by a tight market situation, notably in the contracting sector due to the absence of infrastructure investments. At the same time, I can affirm that, despite a declining tractor market, Valtra and Fendt gained market shares. The decentralization that has been implemented within Lantmännen Maskin has also contributed to a more active relationship with the customers.

For Lantmännen Energy, I want to start by bringing up the new company formed by the merger of Lantmännen Agroenergi and Neova's pellet business, which is a good example of how we can develop both a business and a market through partnership. I would also mention Lantmännen Agroetanol, which time and again develops business through innovation, as in the case of the carbon dioxide facility, and through the use of new cost-effective raw materials in production. At the same time, there still remains political uncertainty regarding our Swedish ethanol production. Politicians' failure to recognize the difference between ethanol with different climate performances is sadly the expression of an ignorance that is in danger of hitting Sweden hard.

An important part of the strategy is to develop our food operations. Through its dedicated efforts, Lantmännen Cerealia

has achieved great success, both in the market and financially. The acquisition of Strängnäs Valskvarn is a clear indication that our processing is important for Swedish farming. When it comes to product development, I am particularly proud of our oat products, which show how we at Lantmännen connect the chain from field to fork. Lantmännen Unibake is showing a positive development and is a company that, in both the short and long term, can strengthen Lantmännen and in doing so can also strengthen us as farmers. The agreement to acquire Vaasan may represent a very big step in the progression towards being a stronger international player in the area of bread.

On the topic of managing and achieving profitable growth for our portfolio holdings, the Scandi Standard IPO, which left us with an ownership share of 13.5 percent, cannot be ignored. I can say that, through very well executed strategic decisions and active involvement from management, the divestments of Scandi Standard and Kronfågel Group in 2013 and 2014 have had a positive impact on earnings of just over SEK 1 billion, which means we can now reinvest these funds in line with the strategy.

Lantmännen's strong financial position and several successful businesses have laid the foundation for the high dividend proposal. The Board also wishes to confirm the Agriculture Sector's performance. Consequently, the Board has adopted a refund and final price adjustment of 1.5 percent for Lantmännen Lantbruk and 0.5 percent for Lantmännen Maskin. The Board also proposes a contribution dividend of 9 percent and a contribution issue of MSEK 150.

I see the positive response to our subordinated debenture issue and the over-subscription as good evidence that members and others believe in our long-term development.

Finally, I would like to thank all our employees for their dedication. Achievement of our goals requires the right skills, good leadership and effective organization. I see widespread evidence that our President & CEO Per Olof Nyman is a valued leader. The ability to exercise leadership that shows the opportunities in developing daily work and clarifies the strategy is a major asset for employees and owners alike.

For me, Lantmännen is a company where we can really benefit from collaboration along the entire value chain – from oat crops to grains and porridge! It is also quite natural for us to have the agricultural company at the center of the new strategy – the work and measures we carry out must benefit you and your business in different ways. To summarize briefly – we make farming thrive.

Klockrike, February 2015

Bengt-Olof Gunnarson  
*Chairman, Lantmännen*



# President's overview



Lantmännen's income after net financial items for 2014, adjusted for items affecting comparability, amounts to MSEK 740 (683). During the year, a number of steps have been taken within the framework of Lantmännen's long-term strategy, and the Company is well positioned for future growth.

Lantmännen's results have continued to develop positively in 2014. Many of our businesses have taken further improvement steps, on both a large and a small scale, and work on Lantmännen's long-term strategy has begun to produce results in several areas. In combination with Lantmännen's strong financial position, this means that we are well prepared to create further growth in the Group after a period of consolidation.

## How our Sectors performed

Great improvements have been made within the agriculture-related operations of the Agriculture Sector and Lantmännen Maskin during the year. Special focus has been placed on creating a customer and service-oriented organization for Swedish farmers – whether in relation to grain deliveries, feed and crop advice or servicing and spare parts. These efforts will continue with undiminished vigor in 2015 – we can still do better! We have also significantly reduced our overheads in the business during the year, which is a necessity in an increasingly challenging competitive environment.

In January 2015, it was announced that the boards of Lantmännen and Kalmar Lantmän have proposed a merger between the two associations. The merger proposal will be decided on by Kalmar Lantmän's annual general meeting and dealt with at Lantmännen's meeting. A combined Lantmännen and Kalmar Lantmän – if the merger is adopted – will result in an even more competitive company with roots and ownership among Swedish farmers. The merger requires the approval of the competition authorities.

The Agriculture Sector's earnings are lower than in the previous year, partly due to lower sales of spring seed and intensifying competition in the Swedish market, as well as slightly lower earnings for the Sector's international interests. The Sector performed positively during the latter part of the year, with an improvement in earnings. 2015 will see a continuation of efforts to achieve cost leadership and create long-term profitable agricultural activities that promote Swedish farming.

The machinery market was weak during the year, mainly as a result of a deteriorating investment capacity for Scandinavian

“**We are well prepared to create further growth in the Group after a period of consolidation.**”

farming, which was partly due to falling milk prices, and also an effect of a sharp fall in demand for large construction machinery in Sweden following lower activity in the mining industry and delayed political infrastructure decisions. The Machinery Sector has been working intensively on measures to counteract the fall in demand, and a new savings program has been launched aimed at significantly lowering the cost structure of the business.

The businesses in the Energy Sector continue to perform well, which is pleasing. Lantmännen Aspen developed very positively. The Sector's largest business, Lantmännen Agroetanol, still faces challenges in terms of very low ethanol prices and a continuing lack of political clarity regarding long-term energy and climate policies in Sweden and the EU. Otherwise, the operations continued to improve during the year and were virtually cash flow neutral in 2014.

The Food Sector continues its growth, improving earnings compared with the previous year. Several large corporate transactions were conducted in the Sector during the year. All of them are in line with Lantmännen's Strategy 2020 and strengthen our business. One example is the acquisition of Strängnäs Valskvarn, an important part of the future plant structure in Mälardalen. In January 2015, it was announced that Lantmännen Unibake has signed an agreement with Lion Capital for the acquisition of the Finnish company Vaasan, with operations in bake-off, crispbread and fresh bread. As is customary, the acquisition of Vaasan is subject to approval by the Swedish Competition Authority.

Lantmännen's partly-owned company Scandi Standard, which includes Kronfågel Group, went public in late June. The successful IPO meant that Lantmännen could continue to realize the value that has been built up in Kronfågel over many years. With a continuing small ownership in Scandi Standard, Lantmännen is also able to share in the company's future value creation.

Lantmännen Real Estate continued to perform well in 2014 and delivered solid earnings. Efforts to optimize Lantmännen's own property use, develop the properties we manage and increase the proportion of external tenants continue.

### Strategy for growth

In 2014, we took a number of steps forward in implementing Lantmännen's new growth-oriented and long-term strategy, called "Strategy 2020". The strategy focuses mainly on creating value, growth and profitability in three overall parts of our business portfolio: agriculture-related operations, the grain value chain and the portfolio companies. The strategy focuses on the vast majority of our operations, particularly in Lantmännen's extended home market around the Baltic Sea. However, for our



international bread operations within Lantmännen Unibake and certain of the portfolio companies (Lantmännen Aspen, for example), the profitable growth goal goes beyond that and the goal for Lantmännen Unibake is to create profitable growth at global level. In Strategy 2020, there also remains the process of establishing food exports – oat products, for example – to emerging markets such as China.

Two transactions that confirm our strategic direction are the planned acquisition of Vaasan in Finland and the planned merger with Kalmar Lantmän. Assuming that the acquisition of Vaasan can be implemented as planned after examination by the competition authorities, Lantmännen will be able to expand its product portfolio with a number of well-known and appreciated brands. At the same time, we are strengthening our presence in several markets in the Baltic Sea region – particularly in Finland and the Baltic countries. The proposed merger with Kalmar Lantmän will result in more efficient use of the expertise that exists in both Lantmännen and Kalmar Lantmän and will strengthen the customer offering to our owners.

The employees and managers at Lantmännen are one of the most important pieces of the jigsaw in terms of successfully implementing our strategy. We further strengthened our focus on skills and leadership development in 2014, with our initiatives including structured management training and induction of new employees. We also make continuous efforts to attract and recruit the right skills for the future - something that is becoming increasingly important for all companies as competition in the labor market intensifies.

In conclusion, I would like to thank all our stakeholders – owners, employees, business partners, suppliers and customers – for their fine work and productive cooperation during 2014. All in all, it has been an eventful and important year for Lantmännen, and it is our continuing ambition to be a leading player in the grain value chain from field to fork, thereby helping to make Swedish farming thrive. I look forward to taking further steps in this work during 2015.

Stockholm, February 2015

Per Olof Nyman  
*President & CEO, Lantmännen*

# Our brand

Our owners are the symbol and vitality of our brand. We live off the land and the land is the origin of everything we produce and the foundation of everything we do. As a major player in the chain from field to fork, we have a responsibility and obligation and the ability to embrace a long-term and sustainable approach.

## Together we take responsibility from field to fork

Being owned by Swedish farmers and taking responsibility from field to fork are unique values for Lantmännen, added values that are increasingly important to our customers. With the same values, whatever the market, we create credibility, confidence and a stronger position. With reinvestments and a long-term approach, we help to make farming thrive.

### Our assignment

Our assignment is to contribute to the profitability of members' farms and maximize the return on their capital in the association.

### Our mission

We make farming thrive.

### Our vision

Our vision is to lead the processing of arable land resources in an innovative and responsible way for tomorrow's agriculture.

### Our business concept

We are an agricultural cooperative that processes arable land resources in a responsible manner. With our collective expertise and operations from field to fork, we lead development in the grain value chain. We operate in an international market, in which Sweden constitutes the foundation of our business activities.

### Our brand promise

Together we take responsibility from field to fork.



Good food from  
Lantmännen



## Sweden's most sustainable brand 2014

Swedish consumers voted Lantmännen "Sweden's most sustainable brand" in the Sustainable Brands survey, in competition with 242 ranked companies including ICA, IKEA, Volvo and Coop. For several years, Lantmännen has worked on the brand promise to take responsibility from field to fork. In the survey, 9,000 consumers assessed the performance of Sweden's largest brands within environmental and social responsibility.



## Brand work with clear results

The Lantmännen brand is well known in Sweden and is linked to key values such as responsibility and origin. Active communication and the green sprout emblem on product packaging have been instrumental in the Lantmännen brand becoming a strong support for our consumer brands, which include AXA, Kungsörnen, Gooh, GoGreen and Korvbrödsbagarn. Over the last six years, we have successfully built Lantmännen into Sweden's most sustainable brand in all categories, and it is vital to continue defending the unique position created.

## Even more effective branding with Strategy 2020

Using Strategy 2020 as our basis, we use the brand to develop Lantmännen into a company working for the future of farming. Through the strategy and a long-term emphasis on innovation and product development, partnerships and collaborations, we have a clear focus on the agricultural cooperative. With operations throughout the chain from field to fork, we represent long-term responsibility and sustainable business development. We lead development by creating value from grain with the aim of making farming thrive. Having a common basis makes it clear how all parts work together and gives us a clear thread running through what we do and what we communicate. This makes our brand building more dynamic.

Branding is a Group-wide process. Our owners and employees create the brand and influence the results of the brand work. Lantmännen's brands have different roles, but all parts are equally important in building a common whole. The goal is for Lantmännen to be the leader in the grain value chain, with Strategy 2020 enabling interaction between development, activities and communication. Then we meet customers' expectations and our brand investments are more effective.

# Farmer-owned and governed

Lantmännen is an agricultural cooperative rooted in Swedish farming and owned by about 29,000 farmers around the country. Active member involvement through districts, membership meetings, the council of trustees, motions and written communication plays a crucial role in safeguarding the strength and benefits of collaboration in the form of a cooperative enterprise.

Lantmännen's corporate governance is exercised via the districts, the annual general meeting, the Board and several other forums, such as the council of trustees. As part of efforts to develop the district boards, there is an ongoing process aimed at clarifying the districts' role and mission. Work on modernizing Lantmännen's articles of association and adapting them to a new membership organization continued during the year. At various membership meetings and several council of trustees meetings, time has been devoted to dialogue and involvement in formulating Lantmännen's long-term direction – Strategy 2020. In this respect, the proposed merger with Kalmar Lantmän is another very important piece of the jigsaw.

## District activities

The districts are the basis of the members' role as owners and an important link between the members and the businesses. Each district has a board that works both locally and on cross-cutting issues for Lantmännen.

Discussions on the organization and tasks of the districts as part of the further development of their activities and contributions to the Group continued during the year. From 2016, the number of districts will be 19. This is an adaptation to a declining membership, but is also an opportunity to find new forms of work.

November saw the start of a series of meetings aimed at young entrepreneurs, with Lantmännen Lantbruk, Lantmännen Maskin and the districts talking about the strength of being a cooperative, farmer-owned enterprise. Elected members joined Lantmännen Lantbruk and Lantmännen Maskin at Borgeby Fältdagar, Brunnby Lantbrukardagar and other events – a concrete way of showing the concerted strength of Lantmännen. Approximately 500 farmers gathered in Lycksele for a membership meeting in mid-November. Participants in a panel discussion included Lantmännen's Chairman Bengt-Olov Gunnarson, Arla's Chairman Åke Hantoft and LRF's CEO Anders Källström.

## Lantmännen's corporate governance



## Annual General Meeting

Lantmännen's 2014 Annual General Meeting was held on May 15 in Stockholm. The Meeting dealt with five motions on areas such as the development of sampling methods for DON in oats and segregation costs for different soy qualities. Also at the meeting, the Grodden scholarship was awarded to ten prominent farmers connected with Lantmännen. The scholarship also included a seminar on Lantmännen. At the statutory Board meeting, Bengt-Olov Gunnarson was elected as Chairman and Nils Lundberg as Vice Chairman.

## District Board Conference

The District Board Conference was held on November 11-12, and had three themes. Day one was devoted to *animal feed*, with the collective expertise of Lantmännen Lantbruk there to talk about opportunities and future issues in the area of feed for various species. Day two focused on *Lantmännen's Strategy 2020*. Presentation materials and a film about the new strategy were shown. There was also discussion about *new forms of work in the districts*, and regional reference groups for Lantmännen Lantbruk and Lantmännen Maskin. A meeting was also held for district nomination committee conveners, who have an important role in the new member organization.

## New membership organization in 2016

- Closer cooperation with Lantmännen Lantbruk and Lantmännen Maskin.
- New forms of work; regional reference groups and inter-groups.
- Increased focus on young entrepreneurs.
- Training of elected representatives.

# Lantmännen creates long-term economic value

Lantmännen's assignment is to contribute to the profitability of its owners' farms and maximize the return on their capital in the association. As business partners and owners of Lantmännen, they share the Group's profit through dividends.

Lantmännen has distributed more than SEK 3.5 billion to its members since 2001. A total dividend of MSEK 463 is proposed for 2014. Lantmännen's strong financial position and several successful businesses have laid the foundation for the historically high dividend proposal.

## Owner value

### Where are earnings created?

Lantmännen consists of farming operations and extensive commercial and industrial activities including mills, bakeries and machinery operations.

Most of the earnings are generated in the industrial activities. It is clear to see the advantages to Lantmännen of integration along the value chain and diversification of risk by having industrial activities. Consequently, owners receive a higher margin further along the value chain and in other industrial activities. The generated earnings are distributed to the members according to the dividend policy.

### Dividend policy

The principles for dividends are set out in the dividend policy adopted by the Board. It is the Group Board's aim for Lantmännen to generate regular and stable dividends for its owners over time in the form of refunds and final price adjustments, contribution dividends and contribution issues. The Group Board's overall intention is that the dividend level will be adjusted to reflect factors such as financial position, earnings, cash flow, strategic investment needs and expected profitability.

### How are earnings distributed?

As a main rule, refunds and final price adjustments are based on earnings from contribution-based agriculture operations. Contribution dividends and contribution issues are primarily based on earnings from activities that are not contribution-based, such as food, energy, property and parts of machinery.

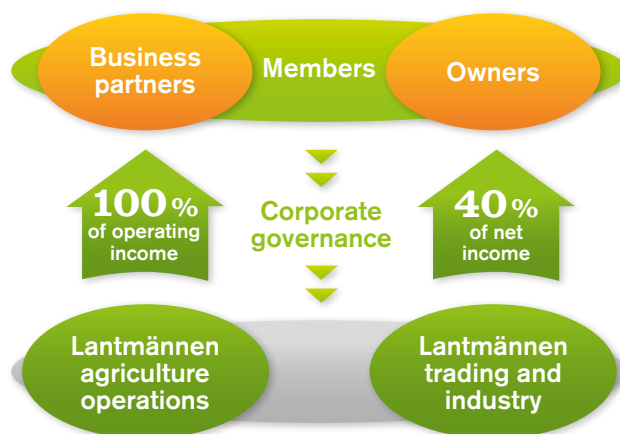
Refunds and final price adjustments are paid in proportion to the members' business with the agriculture operations. The Board has decided to pay a dividend in the form of a 1.5 (1.5) percent refund on members' purchases from Lantmännen Lantbruk Sweden and 0.5 (0.5) percent on purchases from the Machinery Sector's Swedish operations. The Board has also decided that a final price adjustment of 1.5 (1.5) percent will be paid for delivered grain, oilseed and grass seed. The total refund and final price adjustment is estimated at MSEK 135 (129).

Contribution dividends on contributed capital are paid in proportion to members' paid-in and issued contributions. Contribution issues mean that part of the collectively-owned unrestricted capital is transferred to members' individual contributed capital. The Board proposes that the AGM adopt a contribution dividend of 9 (9) percent, a total of MSEK 178 (171), and a contribution issue of MSEK 150 (0). The Board proposes a dividend on subordinated debentures of 9 (3) percent, totaling MSEK 5 (2).

### Contributed capital – paid-in and issued

Lantmännen's members contribute capital through their contributions in the association. Contributed capital amounted to MSEK 1,977 at the end of 2014 and consisted of paid-in contributions of MSEK 931 and issued contributions of MSEK 1,046.

### Lantmännen's earnings distribution



Members of Lantmännen share the Group's profits through dividends.





“As a member since 2001, we’ve been able to share over SEK 3.5 billion in dividends from Lantmännen.

#### Member contributions

MSEK	2014	2013	2012	2011
<i>Member contributions:</i>				
Paid-in	931	829	753	680
Issued	1,046	1,074	1,016	888
<b>Total</b>	<b>1,977</b>	<b>1,903</b>	<b>1,769</b>	<b>1,568</b>

#### Dividend<sup>1</sup>

MSEK	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Refund, final price adjustment	135	129	120	110	95	1	122	83	64	139
Contribution dividend <sup>2</sup>	178	171	88	78	68	63	57	50	56	50
Contribution issue <sup>2</sup>	150	-	80	152	177	100	110	151	99	100
<b>Total</b>	<b>463</b>	<b>300</b>	<b>288</b>	<b>340</b>	<b>340</b>	<b>164</b>	<b>289</b>	<b>284</b>	<b>219</b>	<b>289</b>

Contributed dividend and contributed issue as % of contributed capital

17 % 9 % 9 % 15 % 18 % 13 % 14 % 20 % 13 % 14 %

<sup>1</sup> Reported amounts may include adjustment compared with previous years' proposals.

<sup>2</sup> Pursuant of the Board of Directors' proposal for 2014.

#### Owning Lantmännen

##### *Value of the dividend*

For a member who has had an average annual turnover of MSEK 3 with Lantmännen since 2001 and has kept the dividend in Lantmännen's accounts, the dividend for 2014 is approximately MSEK 1 or, popularly expressed, a new tractor!

##### *Trading in contribution issues*

Members of Lantmännen have been able to buy and sell contribution issues since 2009. This trading provides opportunities for more active ownership. Contribution issues carry the same entitlement to contribution dividends and new contribution issues as paid-in contributions. There were 13 trading sessions in 2014. The total turnover was MSEK 19 and the transaction price varied between 102 and 110 percent of the nominal value.

##### *Invitation to invest in Lantmännen Kycklinginvest*

In 2013, Lantmännen's members were invited to subscribe for shares in Lantmännen Kycklinginvest which owned Lantmännen's shares in Scandi Standard AB. The IPO of Scandi Standard's shares was in June and the shares have subsequently performed positively.

##### *Issue of subordinated debentures*

A new invitation to subscribe for subordinated debentures in Lantmännen was presented to members and employees in Sweden during the year. The issue, which amounted to a maximum of MSEK 250, was conducted in January 2015 and was slightly oversubscribed. The subordinated debentures have an average maturity of 5 years.



# Targets and target monitoring

Lantmännen defines the overall long-term profitability target as return on equity. Return on equity was 10.6 percent in 2014. Lantmännen has a strong financial position and its financial strength improved further during the year. Lantmännen's equity target is a minimum of 40 percent. The equity ratio was 43.8 percent at year-end.

## Return on equity

The Group's return target is dependent on the composition of the portfolio. The current business portfolio is estimated as having a total return on equity potential of 8 percent over a business cycle.

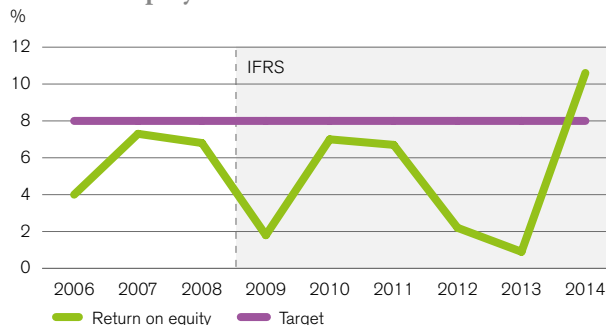
### 2014 outcome

Return on equity was 10.6 (0.9) percent in 2014. The higher return on equity for 2014 reflects the improved earnings trend for industrial activities and is also an effect of gains on divestments of operations, including the IPO of Scandi Standard.

The average return on equity over the last five years, excluding the impairment of Lantmännen Agroetanol, was 6.9 percent.

Return target	Outcome			Average return
	2012	2013	2014	2010-2014
<b>8%</b>	2.2	0.9	10.6	6.9%

## Return on equity



## Equity ratio

An important part of Lantmännen's strategic platform is to maintain a stable financial base, which provides better scope for strategic choices in response to external changes. Lantmännen uses the equity ratio to measure its financial strength. Lantmännen's equity target is a minimum of 40 percent, which reflects Lantmännen's desired financial risk profile and the Board's view of long-term financial stability.

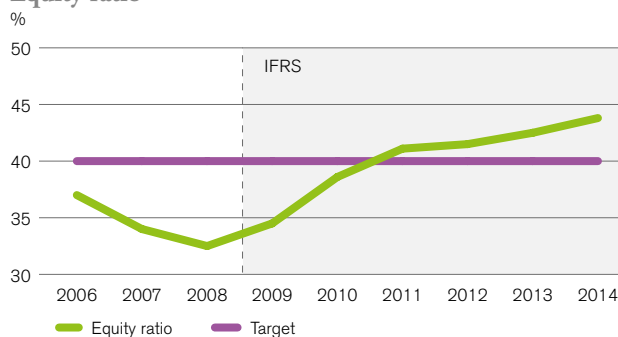
### 2014 outcome

The equity ratio was 43.8 (42.5) percent at December 31, 2014. The increase was partly due to improved earnings for the business areas and partly due to divestments, including Scandi Standard and the German and Polish plant breeding and seed operations. The equity ratio has improved to 43.8 percent from 32.5 percent in 2008.

## Equity ratio target

Equity ratio target	Outcome		
	2012	2013	2014
<b>40%</b>	41.5	42.5	43.8

## Equity ratio





### Customer targets

Satisfied customers make more repeat purchases, strengthen brands and customer relationships, and generate new customers. Lantmännen conducts regular Customer Satisfaction Index measurements, with clear follow-ups in our operations. Lantmännen has a strong position in its home markets. The objective is to maintain a strong position in all markets where Lantmännen has a presence. However, market share is not a specified target and the main focus is on continuing profitable growth.

### Employee targets

Job satisfaction (how happy and motivated employees are) affects Lantmännen's success. Lantmännen's job satisfaction target is 70. In the most recent survey in 2013, the result was 68, which is a good result in a European comparison with similar companies. Lantmännen also strives for good management, and the management index target is 70. The overall

result in 2013 was 71, a very strong result. The next survey will be conducted in 2015.

Lantmännen continued its work environment development during the year, which included the Board's adoption of a new health and wellness policy, while there was another increase in incident reporting – from 2,488 to 2,900. The target is at least 10 reported incidents per accident and the result currently stands at 12.7. Lantmännen has a clear work environment policy that must be followed, and internal reporting procedures support the preventive measures. Learn more at [lantmannen.se/responsibility](http://lantmannen.se/responsibility) and pages 32-34.

#### Accidents & incidents

	2014	2013
Number of fatalities due to work-related injuries	0	0
Number of accidents <sup>1</sup>	228	262
Injury rate <sup>2</sup>	16.8	17.6
Number of reported incidents <sup>3</sup>	2,900	2,488
Number of incidents per accidents (lost-time)	12.7	9.5

<sup>1</sup> Work-related accident resulting in at least one day's absence after the accident occurred.

<sup>2</sup> Injury rate is defined as the number of accidents per million actual hours worked.

<sup>3</sup> Incidents are defined as unintended events that could have resulted in ill health or an accident.

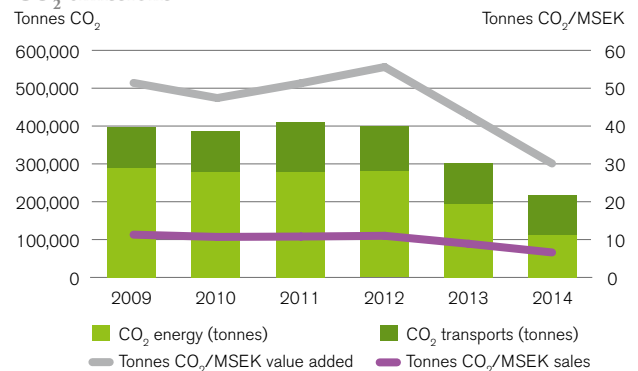
### Climate targets

Lantmännen has 2014 reached the overall climate target for 2020: total CO<sub>2</sub> emissions have fallen by just over 40 percent in both absolute and relative figures since 2009. Focused work on increased energy efficiency and phasing-out of fossil fuels has contributed to the reduction – use of heating oil, for example, has fallen by over 70 percent. However, a significant proportion of the emissions reduction in recent years has had extraordinary causes. The number of Group companies and production facilities has declined as a result of sales or mergers, which has reduced energy consumption and emissions. In 2014, it was decided to purchase origin-certified renewable electricity for the entire Scandinavian operations, thereby reducing our carbon footprint by the equivalent of 50,000 tonnes or 19 percent. The aim is to continue to reduce the carbon footprint by streamlining measures and reduced use of fossil fuels in areas such as transport. About 20 oil boilers still need to be converted in order to reach the goal of completely oil-free operations, and the plan is for this to take place gradually between now and 2020.

#### Climate target, reduction in CO<sub>2</sub> emissions

**40%** 2009-2020 **Achieved**

#### CO<sub>2</sub> emissions



# External trends

It is the major global trends, and ultimately the growing middle class in Asia, that affect the future direction for Lantmännen and Swedish farming. What happens in Sweden has little impact on long-term demand and prices for agricultural products.

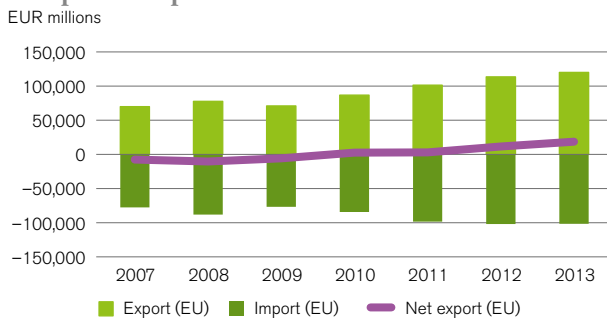
## 4 external megatrends

1. Growing middle class in China and rest of Asia
2. Low growth in Lantmännen's current main markets
3. Consumer demand driving health and sustainable development
4. Imbalance between supply and demand creating volatile commodity prices

### 1 Growing middle class in China and rest of Asia

As a result of a large population and a growing economy in Asia, the middle class, is expected to continue to grow, particularly in China and India. This in turn is driving demand for agricultural commodities, with China, for example, no longer able to achieve self-sufficiency. China accounts for 20 percent of the world's population, but has no more than 11 percent of the world's arable land and only 9 percent of the world's water availability. This creates a new situation for European and Swedish food production, with the EU moving from being a net importer to a net exporter.

#### Europe's net exports



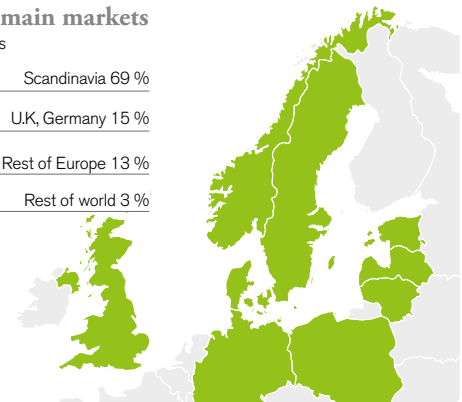
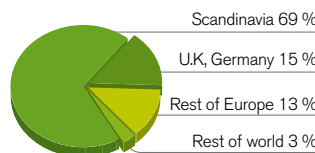
*Europe is moving towards a new role as a net exporter, particularly in terms of finished consumer goods for emerging economies.*

### 2 Low growth in Lantmännen's current main markets

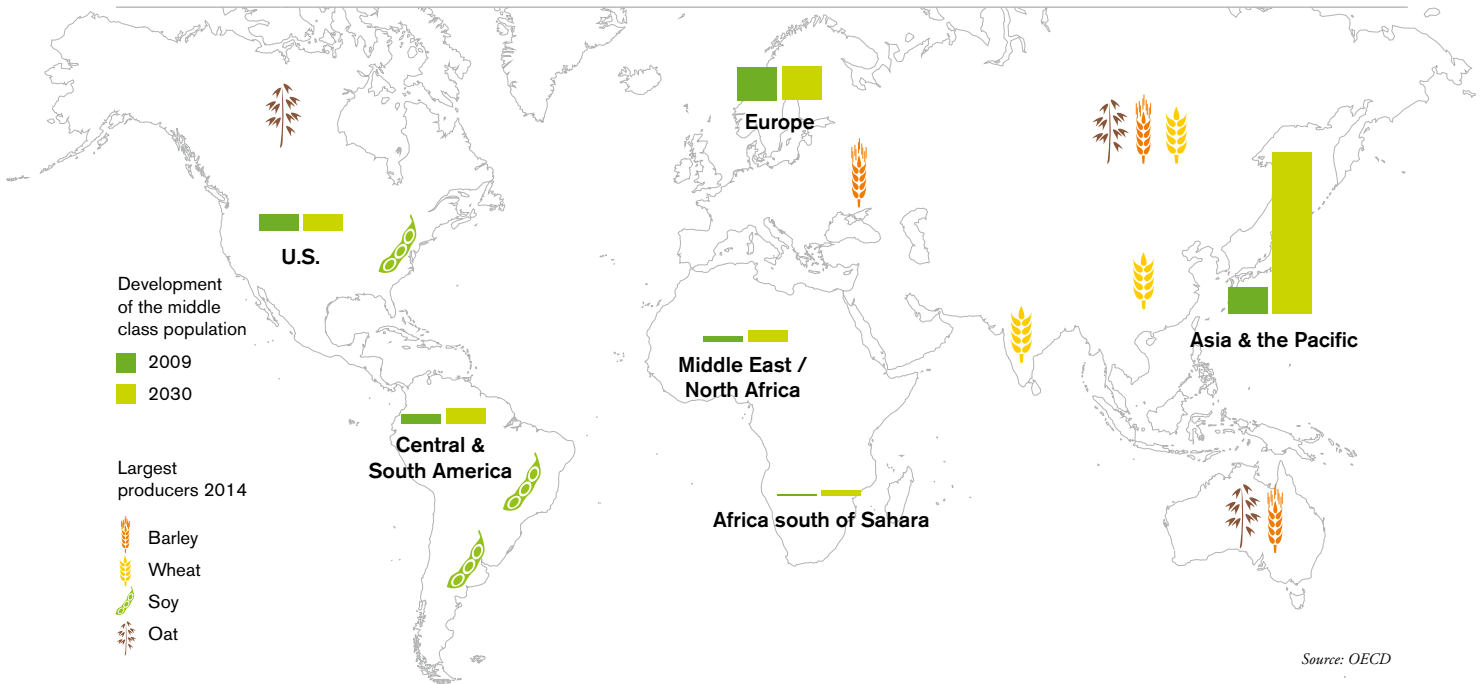
Lantmännen's main markets in Europe are mature markets. Growth is low but stable, and is characterized by strong price competition. 84 percent of Lantmännen's sales are in Sweden, Norway, Denmark, Germany and the UK. For the period up to 2017, average growth for these countries is 1.7 percent, compared with global growth of 3.7 percent. Over a longer time horizon, Lantmännen is exposed to regions with relatively low growth.

#### Lantmännen's main markets

Share of Group's sales

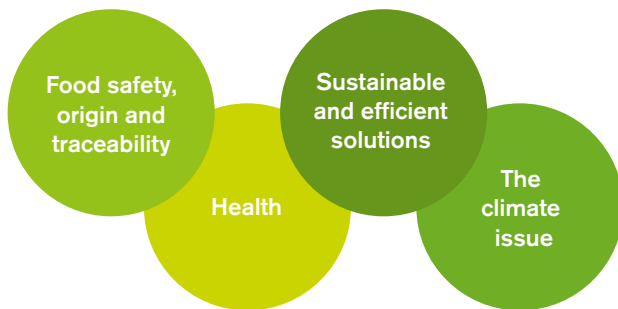


## Growing middle class in Asia is driving demand



### 3 Consumer demand driving health and sustainable development

Consumer trends show a greatly increased focus on health effects and other sustainability aspects concerning what we eat. This is expected to continue with a stronger focus in the period ahead. Food safety and traceability are key issues and of vital importance not only in Sweden but also in the rest of Europe, and go hand in hand with the desire to create more sustainable development.



We also need to address how the climate issue, one of our generation's greatest global challenges, affects the conditions for our business, market and consumer expectations.

### 4 Imbalance between supply and demand creating volatile commodity prices

Grain supply varies, while demand is rising. However, record crops in 2014 have depressed prices, even though the long-term trend is for increasing prices. Globally, there is potential for increased production, particularly of grain in Russia and soy in Brazil, but it takes time to develop the infrastructure and there is political uncertainty in many countries. The important thing is to see the whole chain from field to fork and not to focus on agriculture and the food industry individually. The price is set internationally and raw materials are traded locally.

#### Grain price development in Sweden



*Demand for grain is high and growing. However, 2014 was a year of record harvests which depressed prices.*

# Strategy 2020 – our long-term Group strategy

Our strategy is based on a growth-oriented changing external environment that creates new opportunities for Lantmännen and agricultural companies.

## Strategy 2020



**With the agricultural company as the starting-point, Lantmännen will develop profitable business and create added value throughout the value chain.**

### 1 Develop agricultural business in partnership with agricultural companies

The goal is for Lantmännen to be the leader in grain trading in the Baltic region. Agricultural partnerships will increase production and competitiveness in primary production.

Lantmännen also wants to have the best offering in feed, seed, forages, farm machinery, equipment, servicing, parts, risk management, financing and advisory services for the professional farmer in Sweden.

### 2 Create value from grain

Lantmännen will create value from grain through market-leading business in the processing industry. This will be achieved by strengthening the position in the Nordic milling industry. The aim is also to strengthen Lantmännen's oat business throughout the value chain. By means of an efficient production platform and through growth and acquisitions, Lantmännen will be a leading international player in frozen bread. Our

focus is also on fresh meal solutions, malt business, biofuels, starch and other highly processed grain products.

### 3 Business development from field to fork

By operating throughout the value chain, Lantmännen is able to create added value such as health, traceability and sustainability. Lantmännen will be a leading player in the grain value chain from field to fork.

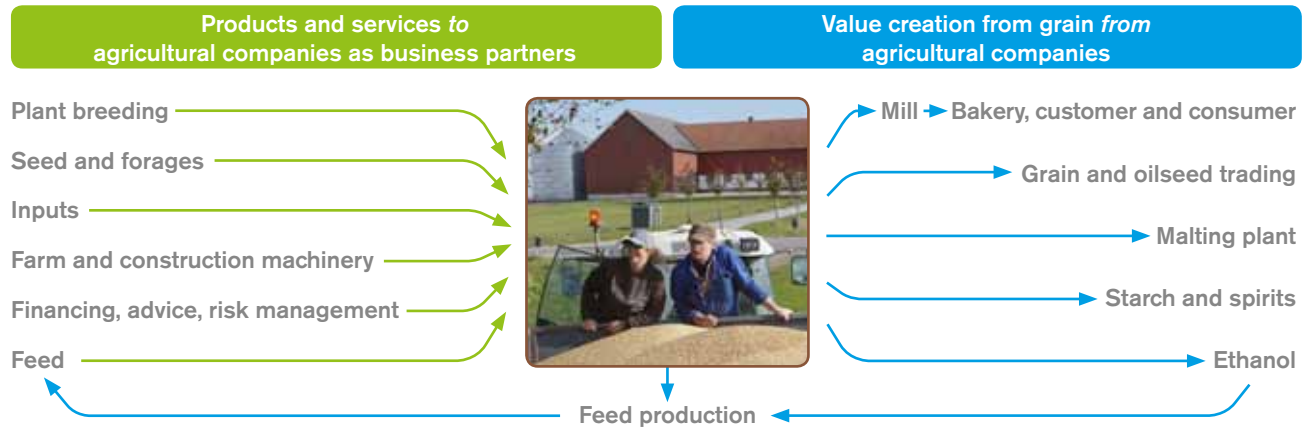
### 4 Manage and achieve profitable growth in the portfolio holdings

The goal is profitable growth through portfolio holdings associated with the grain value chain. This will be achieved through partnerships with companies able to create conditions for growth. Lantmännen's property holdings will provide an improved cash flow and bring additional value.

## Our 2020 objective

**Lantmännen as leading player in the grain value chain from field to fork in the Baltic region.**

## ... with the agricultural company in focus



## From field to fork for profitability and value in the short and long term

Lantmännen's assignment – to contribute to the profitability of owners' farms and maximize the return on their capital in the association – is unchanged, and it is therefore natural for the agricultural company and grain value chain to be more clearly in focus. Lantmännen will continue to develop agribusiness in partnership with farmers. Lantmännen's value chain from field to fork represents a stable platform and a unique starting-point in the expanded home market. Global demand for agricultural raw materials creates opportunities to strengthen the growth of the agribusiness.

With responsibility, control and knowledge throughout the value chain, Lantmännen can offer added value linked to *quality*, *health* and *environment*. Together, we can develop operations and business in all stages, from feed to breakfast cereals. Lantmännen's new Strategy 2020 includes additional investments in innovation and product development, collaborations and partnerships and development of Lantmännen's brand.

Lantmännen's return is reinvested in the owners' business and in long-term investments in research and development within Lantmännen.

### Examples of strategic activities in line with Strategy 2020

- Lantmännen has entered into a partnership with Syngenta in seed and plant breeding, whereby we gain access to knowledge and varieties, and therefore share in Syngenta's broad investment in research and development.
- Lantmännen Lantbruk has entered into a partnership with the French plant breeding company Secobra related to its southern spring barley program.
- Lantmännen Cerealia has acquired Strängnäs Valskvarn.
- We have developed new customer-specific grain concepts with a focus on climate and environmental performance. Lantmännen has continued its focus on new oat varieties and healthy foods based on oats.
- To expand capacity for supplying pancakes to the restaurant and retail trade, Björnerud Gård's pancake business has been acquired. This also enables Lantmännen Cerealia to focus more on chilled ready meals.
- The company Scandi Standard, which includes Kronfågel Group, went public in late June. This meant that Lantmännen was able to continue to realize the value that has built up in Kronfågel over many years, and Lantmännen will also have a share in future value creation in the company.
- Lantmännen Agroenergi's pellet business and Neova merged their respective operations and are now the leader in wood pellet solutions.

# Important issues – for responsible business

Lantmännen's business concept is to process farmland resources in an innovative and responsible way. Throughout the chain from field to fork, we work to take responsibility for the impacts of the operations on people and the environment, and to continue developing sustainable business. The focus is on the areas where we have the greatest opportunity to make a difference.

## Responsibility throughout the value chain

Lantmännen's responsibility from field to fork covers a broad spectrum of special issues in economy, the environment and social responsibility, and spans our entire value chain – from the cultivation of our raw materials and processing activities to the sale and consumption of our products and services. Our responsibility is defined in Lantmännen's Code of Conduct. Governance in the form of a systematic approach, targets and monitoring at the management level is in place for most areas, and work is under development in others.

## Focus on the most important

In our annual report, we focus on the issues we consider most important for a long-term sustainable and profitable Lantmännen. They are areas that are particularly important to our customers, shareholders and other key stakeholders, and areas where Lantmännen's operations have a significant impact on

people and the environment. They also include issues that are unique to our industry and business, which gives us a special responsibility and an opportunity to push for sustainable development. More information about our work can be found at [lantmannen.se/omlantmannen](http://lantmannen.se/omlantmannen)

## Materiality analysis – our most important issues

Below is a summary of issues that are important to Lantmännen and our stakeholders. The priority categorization was conducted in an internal process with key personnel at Lantmännen and was based on Lantmännen's strategic work, the Code of Conduct and other frameworks, and knowledge and results from stakeholder dialogue. Implementation and reporting of a materiality analysis is also part of the application of the new GRI Sustainability Reporting Guidelines. ➤ pages 146-147 and [lantmannen.se/responsibility](http://lantmannen.se/responsibility)

## Materiality analysis







### Returns and reinvestment make farming thrive (agricultural cooperative ownership)

Lantmännen's mission is to make farming thrive. Returns from operations are reinvested in the owners' farms and provide opportunities for long-term investments in research and development. The cooperative ownership model is central to economic stability and endurance over time. For our owners, this is about Lantmännen being a business partner characterized by a long-term approach and a local presence. More about our ownership model [▶](#) pages 13-15.



### Research & innovation in the grain value chain

Lantmännen's knowledge and operations in every stage represent an opportunity to drive and contribute to development in the grain value chain. Continuing business development in order to create value from grain is also a key part of Lantmännen's Strategy 2020. We focus on long-term research aimed at developing and moving the entire grain sector in a more sustainable direction, while contributing to long-term profitability and growth. Lantmännen's research foundation invests significant resources in research at universities and institutes in areas such as plant breeding, biological crop protection, use of by-products, resource management, health and eating habits. More about our investments in research and innovative business development on [▶](#) pages 24-25.



### Product safety, quality and traceability

Product safety and quality are important issues for our customers and consumers. Lantmännen's knowledge and presence in all stages from field to fork gives us a unique opportunity to ensure control and traceability of our products. The green sprout on food from Lantmännen is our guarantee of responsibly produced food, with quality and food safety playing a key role. More about our work [▶](#) Food Sector pages 53-60, [lantmannen.se/responsibility](http://lantmannen.se/responsibility)



### Environmental impact from cultivation of our raw materials

Long-term sustainability in the food sector is largely determined in the cultivation stage. From a lifecycle perspective, crop cultivation also represents the greatest environmental impact for many of Lantmännen's products. For grain, Lantmännen's most important raw material, the impacts include carbon footprint, soil fertility and yields over time, water, use of plant nutrients and crop protection and effects on biodiversity. For soy, palm oil and other imported commodities, there are also social risks to manage, such as working conditions and human rights for those working on the plantations. More about our work on reducing environmental impacts [▶](#) pages 24-25, 27 and at [lantmannen.se/responsibility](http://lantmannen.se/responsibility)



### Climate impact

A large proportion of the world's greenhouse emissions come from the food industry, which gives rise to a specific industry responsibility. From a lifecycle perspective, a large part of the climate impact for Lantmännen's products is in the cultivation stage. However, our own processing activities also cause greenhouse emissions, primarily through use of energy and transport. Lantmännen is working towards proactive climate targets to reduce these, and is collaborating with customers and suppliers to reduce the carbon footprint in other parts of the value chain. Lantmännen is one of the companies in the Haga Initiative, a Swedish business network working for a more proactive climate policy. Learn more on [▶](#) pages 17, 25-26 and at [lantmannen.se/responsibility](http://lantmannen.se/responsibility)



### Additional important issues

In addition to the issues described above, Lantmännen's responsibility work includes a large number of other other issues, which are also vital to an efficiently functioning and long-term successful business. These include work on health and safety, leadership and employee participation, and business ethics. Certain issues are very high on the agenda for some of Lantmännen's stakeholders. These include product-related questions about origin, health properties and product information. More about our work at [▶](#) [lantmannen.se/responsibility](http://lantmannen.se/responsibility)

# Business development – from field to fork

Demand for cultivated raw materials is increasing, which is sharpening the focus on the challenges of food security in the future. Our knowledge of grain and proximity to its cultivation provides unique opportunities to contribute to more sustainable production and create profitable added values.

## Business development in the grain value chain

Lantmännen's business development involves producing and offering products and services with quality, health and environmental added values that are in demand, and which also contribute to development in a sustainable direction. The concept of what is a good performance and what gives added values changes over time. Consequently, Lantmännen's business development involves a step-by-step moving of positions so that the average performance for a category is gradually improved.

Lantmännen's contribution to the development of a more sustainable supply of food and energy is based on our knowledge of grain as a raw material and our presence all the way from field to fork. Increased growth from sustainable business requires cooperation with other players in the value chain – long-term development and innovation initiatives with researchers and suppliers, and constructive dialogue with customers and consumers about what added values are in demand and can be offered.



## Investment in research and development

Lantmännen has a long tradition of research and innovation work, and invests about MSEK 250-300 on this each year. We invest in both our own and external research projects to promote new knowledge. The focus is on the grain value chain – from plant breeding and cultivation to processing, product development and consumption.

A priority research area is how challenges such as climate change and soil fertility changes affect cultivation: reduced increase in yields, crop damage in the form of mold toxins and water damage, needs for phosphorus and more. Learn more about Lantmännen Research Foundation at [lantmannen.se/omlantmannen](https://lantmannen.se/omlantmannen)

## MSEK 62 to research on sustainable production systems

The Swedish Research Council Formas, Mistra and Lantmännen Research Foundation have provided funding of MSEK 62 for research on “Efficient and sustainable production systems in aqua-, agri- and horticulture”. Five research groups will share the funding in the period 2014-2017. Questions that will be studied further include “How do we optimize the use of arable land?” and “Is it possible to increase the wheat harvest, while reducing the environmental impact of cultivation?”.

**“We shall work with customers and suppliers to halve the impacts on the environment and natural resources in the grain value chain. Our target is to generate 10 percent growth from new sustainable business by 2020.”**

## Wheat with a lower carbon footprint

The greatest potential to make a difference for a more sustainable food supply is in the cultivation stage. Based on Lantmännen's collective knowledge and analyses carried out, the assessment is that there is potential to reduce the climate impact of grain-based products by about 30 percent by 2020 if the best available techniques and knowledge are used in each stage in the chain. Key areas include needs-based fertilization that provides efficient nutrient utilization, reduced tillage and a transition to renewable fuels.

Lantmännen participates in the development of cultivation with less environmental impact through advice to farmers and development of techniques, methods and regulations.

During the year, a new grain concept for wheat was developed in collaboration with one of our food customers. The criteria encompass the entire chain from cultivation (through contract farming) and transport to our own processing, with

a focus on reducing the carbon footprint and promoting biodiversity. Overall, this reduces the carbon footprint by about 20 percent compared with average wheat production. The first volumes of wheat under the new concept were produced during the fall harvest in 2014.

### New grain concept – examples of criteria

- BAT fertilizer with low carbon footprint
- N-sensor for optimized nitrogen fertilization
- Eco-driving
- Energy audits at the farm
- Lark\* squares 16-20 m<sup>2</sup>/ha
- Origin-labeled renewable electricity

\* Skylark numbers have fallen by 75 percent during the last 35 years in Sweden. An effective way of changing the situation has been to provide lark squares – unsown patches where skylarks can find food.

## Continuing focus on oats

Oats have several unique health properties. It has been scientifically proven<sup>1)</sup> that oats contribute to the maintenance of normal blood glucose levels, lower the cholesterol level and help to keep the stomach in shape. This is mainly due to the high content of soluble fiber, beta-glucans, in oats. Conditions for oat cultivation are very good in the Nordic region. For several years, Lantmännen has invested in research and innovation in order to take advantage of the beneficial properties of oats and develop both new oat varieties and healthy foods. AXA Oat Flakes and SPC-flakes, with medicinal properties, are two examples.

### New successful oat varieties

Lantmännen has a long and successful track record in plant breeding. With operations in every stage, we have the conditions to test and evaluate new varieties, from seed to finished product. Both in Sweden and internationally, there is increasing demand for oats with high quality and yields – varieties with a high beta-glucan content, for example. In recent years, our long-term development work has resulted in several top varieties, with successful launches in Sweden, Canada, the UK and elsewhere. Another new variety (Nike) is being introduced in Sweden in 2015. Nike has achieved the highest yield of all varieties in Swedish variety testing for six years in a row – a record!

### Increased demand for Pure Oats<sup>2)</sup>

People with gluten intolerance cannot tolerate wheat, rye or barley, but can usually eat oats. Lantmännen has developed a system for tracing the oats all the way to the oat field, which



means that pure oats, free from cross-contamination of other grains, can be guaranteed.

Consumer demand for gluten-free products has increased steadily over the last 10 years. To meet the demand and exploit the potential that also exists in the organic market, growers of organic oats were contracted in 2014 to produce Pure Oats until next year. This corresponds to about 20 percent of organic oats currently grown, which means a tenfold increase for Pure Oats.

### Oat exports to the US

Swedish oats are internationally sought after for their good quality. In December 2014, 73,000 tonnes of oats were shipped from Sweden to the United States. This represents about 12 percent of Swedish oat production in a normal year.

<sup>1)</sup> Approved health claims from EFSA.

<sup>2)</sup> The Pure Oats label is used on oat products that are guaranteed free from cross-contamination of other grains. The definition is that there may be no more than four individual grains from other grain per 15,000 oat kernels, or a maximum of 20 milligrams per kilo of finished product.

# Dialogue – that drives development

Cooperation and dialogue with the external environment are the basis of the process of managing risk and shared challenges, and jointly developing sustainable business.

Lantmännen's goal is to have established dialogue in all areas and on special issues that we consider to be business critical and where challenges need to be resolved jointly with others. Some of these are issues where we must keep pace with the external environment in order to take responsibility, while others are issues where we want to take the lead but cannot make a crucial difference on our own. The form, level and Lantmännen's role vary according to the conditions and purpose.

Here we give some examples of forums and partnerships that have been particularly important in 2014. More on stakeholder dialogue, communication channels and important issues can be found at [lantmannen.se/omlantmannen](http://lantmannen.se/omlantmannen)

## Industry dialogue on responsible soy cultivation

In 2014, representatives from the entire Swedish food chain came together to make a collective appeal for responsibly cultivated soy according to the Round Table on Responsible Soy (RTRS).

Under the Swedish agreement, 100 percent of the soy used in food from the signatory companies must be covered by RTRS certification by 2015. Lantmännen was one of the first companies in the world to buy certified soy when it came on the market in 2011. In 2014, 60 percent of Lantmännen's soy purchases were covered by RTRS certification.



*The soy dialogue has attracted international attention as a good example of competition-neutral handling of a major issue, and was presented by Lantmännen's Gustav Kämpe together with Arla at the annual international RTRS conference in Brazil.*

## International and national networks

Lantmännen took part as a partner in the EAT forum held in May in Stockholm. 400 representatives from the academic world, business and politics from a total of 28 countries gathered to discuss global challenges for health and sustainable food supply. Learn more at [www.eatforum.org](http://www.eatforum.org)

During the year, Lantmännen continued to develop the existing local dialogue and partnerships in the area of sustainable food supply. Water consumption, food waste, health and nutrition are some areas in which Lantmännen actively collaborates with other players in the food industry.



Lantmännen has been a member company in the Haga Initiative since 2011. This network works to reduce climate impacts from business and industry and pushes for a more proactive climate policy by acting as a role model and showing that ambitious climate strategies also contribute to business and profitability.

In 2014, Lantmännen achieved its climate target to reduce its own carbon emissions by 40 percent from 2009 to 2020. Continuing work on energy efficiency, the phasing out of fuel oil and the transition to renewable electricity were factors that contributed to the reduction. More about our climate work and climate targets on [page 17](#).

## Many dialogue channels on Lantmännen's sustainability work



We use several different channels to disseminate knowledge and share what we are doing in various areas of sustainability. These channels include our website, social media, such as Facebook and Twitter, and ongoing relationships with newspaper editors and blogs. Lantmännen also runs a sustainability blog <http://lantmannen.se/omlantmannen/Press-och-media> in which the Group's director of sustainable development publishes comments, thoughts and ideas about current sustainability topics.

We are also members of different industry associations and collaborate on sustainability issues with LI (Swedish Food Federation) and others. Lantmännen also has ongoing dialogues with organizations and agencies such as the WWF, the Swedish Society for Nature Conservation and the Swedish Environmental Protection Agency.



Naturskyddsföreningen

# Ensuring responsibility

Lantmännen's brand promise *Together we take responsibility from field to fork* reflects a shared ambition to be a responsible company. Customers and consumers should feel confident that we have knowledge and control through our entire operations, and that we work to minimize negative impacts on people, the environment and natural resources.

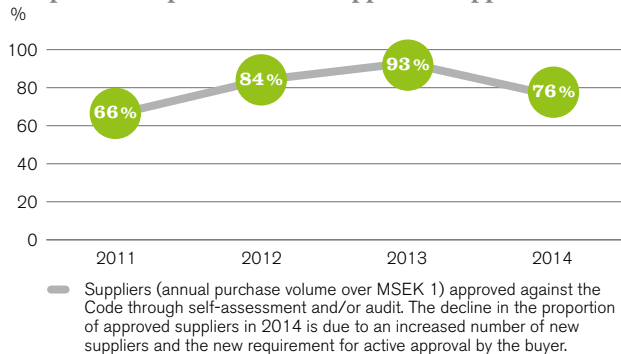
## The Code of Conduct is an important tool for fulfilling our responsibility

Our ownership model, vision, mission and business concept are evidence of Lantmännen's commitment to long-term and responsible business. In many areas, comprehensive legislation, industry guidelines and other regulatory frameworks form the basis for our work on responsibility from field to fork. Lantmännen's Code of Conduct and Supplier Code of Conduct are important tools for fulfilling our responsibility more tangibly and must serve as guidance in day-to-day work. Implementation of the Code, which applies to all employees throughout the organization, is a key part of efforts to ensure responsibility. In 2014, the Code was revised and updated in line with external changes and our own strategy and ambition. All employees are required to renew their training in the Code.

## Responsible sourcing – supplier assessment

Lantmännen endeavors to establish long-term, productive supplier relationships in which responsibility and profitability go hand in hand. Our Supplier Code of Conduct applies to all suppliers and sets out clear expectations with regard to the

### Proportion of purchases from approved suppliers



environment, social responsibility and business ethics. The Code has been an integral part of Lantmännen's sourcing process since 2013. The supplier assessment requirement has been sharpened from 2014. All suppliers with an annual purchase volume over MSEK 1 will be monitored and risk assessed by means of self-assessment against the Code of Conduct. To become approved, a supplier must have undergone an assessment that has been approved by the buyer. The work is continuously monitored by Lantmännen's sourcing committee. Learn more at [lantmannen.se/responsibility](http://lantmannen.se/responsibility)

### Supplier audits in 2014

Supplier monitoring is also done through independent third-party audits. Priority supplier and purchasing categories are those for which we have identified high risk and significant improvement potential, where we have a good opportunity to exert an influence or those that are business critical for some other reason. All identified non-conformances are followed up and must be corrected and closed within one year. Most identified non-conformances have been in *Work environment and safety*. In the four audits carried out in 2014, we have focused on how our suppliers ensure dissemination of the requirements along the supply chain. The goal going forward is to increase the number of audits.

Read more in the appendix Sustainability-related Indicators [www.lantmannen.se/ekonomi](http://www.lantmannen.se/ekonomi)

# Risks and risk management

Risk is inherent in any business activity. Risk is an event, the occurrence of which may have an adverse effect on Lantmännen's operations. Risks can arise from mismanagement or events and decisions outside our control. Effective risk management is fundamental to Lantmännen's ability to conduct business.

Lantmännen's owners, customers, employees, consumers and suppliers have high expectations with regard to transparent risk management. Our corporate culture is built on our established values, Code of Conduct and practices, as well as our responsibility from field to fork, and is the basis for Lantmännen's risk management work. Identifying and managing risks is an integral part of strategic planning and operational management and control. Continuous business intelligence and internal and external dialogue with stakeholders are crucial to risk identification.

## Governance and management

*Strategic risks* associated with business development and long-term planning are largely dealt with by the Group Board and as part of the annual strategy work.



*Operational risk management* is based on a proactive risk management process, a number of key risk policies and our Code of Conduct. Our management of *financial and commodity-related risks* is based on the Group's financial policy and the risk policies specific to each activity. Risk policies include currency, interest rate and commodity trading. Financial and risk policies are evaluated and ratified by the Group Board.

Lantmännen's Board is responsible to the owners for the company's risk management. Group management regularly reports on risk issues to the Board and its Audit Committee. Risk identification and continuity planning are an important part of every manager's responsibility. *Lantmännen's Risk Committee* is

responsible for ensuring compliance with the Group Board's adopted risk mandates, and reports to the Board's Audit Committee on a monthly basis. Learn more in the Corporate Governance Report ➤ page 136.

## Integrated risk management

Lantmännen's risk management is established as an *ERM-process (Enterprise Risk Management)*, where risks are identified, assessed and reported annually as part of the strategy and business planning process. This is described in the Board of Directors' Report ➤ page 71. Lantmännen also has a risk screening tool for managing risks associated with the Code of Conduct. Risk screening is conducted by type of business, country and raw material and is then measured against available risk indices from established organizations. These include Transparency International's corruption index and the World Business Council for Sustainable Development's water resources survey.

## Systematic work environment and safety program

Lantmännen works constantly to identify, analyze and address risks, both at Group and local level. All facilities are inspected regularly on the basis of Lantmännen's policies and guidelines. A safe work environment is a high priority and we work continuously to identify and address risks in this area. Since 2009, there has been regular monitoring of work environment programs throughout the organization, with annual reporting to Group management.

Thanks to continuous improvements in safety training at the facilities, there is a much better overall level of safety and safe behavior by employees. This has reduced the risk of both personal injuries and production disruptions, and the number of workplace accidents has fallen by 34 since 2013. In addition to improving life for our employees, Lantmännen's systematic safety work is also favorably viewed by insurance companies, both during claim settlements and premium negotiations.

## Risk overview

The risk management process has allowed identification of a number of main risk areas for Lantmännen. Financial risk management is described in more detail in note 23 ➤ page 113. The Corporate Governance Report ➤ page 136 contains a description of internal control and risk assessment aimed at preventing errors in financial reporting. Read more in the Board of Directors' Report ➤ page 71.

## Strategic risks















Strategic risks are associated with business development and long-term planning, and Lantmännen's brand. The most significant strategic risks concern the ability to adapt the business to economic changes, conduct effective business development and meet Lantmännen's brand promises.

Lantmännen's Group management establishes the strategic risk levels in consultation with the Board. Strategic risks are evaluated as part of the annual strategy process and in connection with critical business decisions. Maneuverability is reinforced by flexibility and cost and capital efficiency at all levels. Fast dissemination of appropriate information is ensured through the Company's management structures and processes. The main strategic risks include external risks, notably changes in

the economy, trends, competition and overall brand positioning, as well as political decisions and regulatory changes in the markets in which Lantmännen is active.

Lantmännen's good reputation is one of our strengths and is the basis of leadership and recruitment. The Code of Conduct defines our social, environmental and ethical business responsibilities. Activities aimed at maintaining and strengthening the brand are strategically important.

There are risks of overlooking threats and opportunities in business development, and of sub-optimizing operations and making wrong decisions. R&D projects are an important part of our strategic business development, which we regularly review.

Description of risk	Probability	Impact	Risk management
<b>Regulation and supervision.</b> New laws and regulations may restrict operations or bring new, stricter requirements. Lantmännen's operations are partly subject to permit, regulation and supervision and are affected by regulatory changes in Sweden and the EU.	 Moderate	 Moderate	Each Sector and business area constantly monitors changes and adapts its operations. <b>2014 outcome:</b> Through discussions with the Swedish Tax Agency and the Ministry of Finance, Lantmännen has brought about a legislative amendment lowering collateral requirements for the transportation of ethanol by tanker.
<b>The economy and price competition.</b> The risk of business operations being affected by general changes in economic conditions, changes in demand in specific areas and Lantmännen's relative market competitiveness. Price competition is strong in most of Lantmännen's markets.	 High	 High	We aim for flexibility and adapt the cost situation to economic fluctuations. Action plans have been prepared for major changes in demand. We minimize and counteract price competition for our products by working on price and mix, innovation and ongoing brand strengthening. <b>2014 outcome:</b> Major external and economic uncertainty affected margins and volumes, mainly in the Machinery Sector, but this was offset by continuing savings programs.
<b>Customer and consumer trends</b> The changing behavior of customers and consumers presents both opportunities and risks.	 Moderate	 Moderate	Lantmännen develops innovative services and products based on customers' preferences and requirements. <b>2014 outcome:</b> The health trend of increased demand for corn and other grains continued, which favored Lantmännen.
<b>Business ethics risks.</b> Lantmännen operates in countries and industries with varied business ethics risks, such as corruption.	 Moderate	 High	The emphasis of Lantmännen's operations is in countries and industries with relatively low risks. Prevention measures in the form of Code of Conduct training, targeted information and competition law training have been implemented. Systematic monitoring of compliance with the anti-corruption policy and Code of Conduct. <b>2014 outcome:</b> 94 percent responding companies. 78 percent of employees have completed Code of Conduct training.
<b>Trademark risks.</b> The risk of damage to Lantmännen's brand if Lantmännen's activities are conducted in a manner that, from an economic, environmental and social perspective, is unsustainable in the long term and/or if stakeholders perceive Lantmännen as not meeting its brand promise.	 Moderate	 High	Lantmännen works systematically to take responsibility and reduce impacts on humans and the environment from field to fork. We do this through the requirements we impose on raw materials and suppliers, our processing procedures and the products and services we supply to the market. We actively pursue stakeholder dialogue and strive for honest and transparent reporting/communication of work and results. <b>2014 outcome:</b> Increased consumer awareness about Lantmännen and our brand promise, and our first place in Sweden's most sustainable brand indicate a stronger brand with a clear sustainability profile. This means higher expectations from outside and lower tolerance for any deviations or deficiencies.
<b>Shortage of leadership and skills.</b> A shortage of the skills and leadership needed to achieve Lantmännen's business objectives, either in the short or long term.	 Moderate	 High	Lantmännen pursues systematic, strategic work with a focus on succession planning and skills supply and on further strengthening Lantmännen's employer brand among current and potential employees. <b>2014 outcome:</b> Our employer brand has continued to perform strongly. Implementation of Group-wide system support for skills audits and analyses has begun. Management training has been conducted, and Lantmännen's internal mentoring program has been developed. Measures to strengthen gender equality and diversity within Lantmännen continue.
<b>Climate risks.</b> Climate change may have a long-term impact on soil fertility, access to good-quality water and resistance to pests.	 Moderate	 Moderate	A long-term risk that requires development of cultivation techniques, plant breeding and geographical adaptation. <b>2014 outcome:</b> Work to address changing cultivation conditions is in progress in ongoing research and development.

\* The 2014/2015 risk assessment was conducted by the area manager and internal expertise.















# Operational risks

Operational risks are elements of the day-to-day operations of Lantmännen's Sectors, and include commodity price risks and handling errors that compromise quality and safety. Many operational risks can be controlled, and are often regulated by policies, guidelines and instructions in order to provide consistent and effective safety in the Group. A large number of operational risks are also insurable. Risks associated with compliance with laws and regulations, financial reporting and internal control also come under the category of operational risks.

Lantmännen uses the financial markets to manage price risk in commodity purchases, sales of ethanol and the purchase of energy such as electricity and gas. Long-term hedging of

prices increases predictability and evens out price volatility. Price risks are managed within the financial policy. The importance of a systematic and preventive approach to operational risks increases as capacity utilization of our plants grows and integrated operating processes are introduced. As handling errors can also occur at our suppliers' premises, it is important to conduct audits with follow-up of our suppliers and the goods we purchase.

Lantmännen's Supplier Code of Conduct specifies ethical, environmental and health & safety requirements that all suppliers must agree to comply with, and all suppliers are risk-assessed against this. See [▶ page 27](#)

Description of risk	Probability	Impact	Risk management
<b>Energy prices.</b> Sharply fluctuating electricity and gas prices in the energy market and Lantmännen's annual consumption of approx. 700 GWh present a considerable risk.	 Low	 Moderate	Lantmännen hedges electricity prices through financial futures of up to 36 months, depending on the business's situation. <b>2014 outcome:</b> Electricity price hedges were entered into in accordance with the financial policy.
<b>Commodity prices.</b> Commodities such as grain, soy and rape represent a large part of Lantmännen's total costs. Price volatility may increase with strong demand, limited global scope for land expansion and rising uncertainty about climate effects on crop yields.	 Moderate	 Moderate	Lantmännen works actively to hedge commodity prices through supplier agreements and in the financial commodity markets. Commodities trading is regulated in policy documents. <b>2014 outcome:</b> Commodity prices were hedged.
<b>Price relationship in Swedish ethanol production.</b> The ethanol plant in Norrköping is greatly affected by grain prices and ethanol price trends and by political decisions such as the EU's tariff rules on fuel ethanol.	 High	 High	Lantmännen continuously hedges grain, and scope for hedging ethanol improved during the year through increased liquidity in the futures market for ethanol. In addition, extensive development of the ethanol business aimed at broadening both the raw material base and the product range is reducing the impact of the ethanol-grain price relationship. <b>2014 outcome:</b> A new facility for handling alternative raw materials is now operational and new technical applications for ethanol outside the biofuels sector have been put on the market.
<b>Work environment and safety.</b> Some of our facilities have hazardous work environments and activities that could pose a danger or risk to health.	 Moderate	 Moderate	Increased systemization, reporting and monitoring are a priority. There have been 50-60 annual workplace follow-ups since 2009. All managers undergo health & safety training. <b>2014 outcome:</b> Accidents declined to 228 from 262 in 2013.
<b>Product safety risks.</b> If Lantmännen's products have defects, this represents risks to customers and consumers.	 Moderate	 High	Products are regularly assessed from a safety perspective and given clear product information. <b>2014 outcome:</b> We are working on third-party certification. All incidents are analyzed and action plans are being drawn up to prevent the risk. Procedures for some quality tests have been strengthened during the year to increase product safety.
<b>Sustainability risks in the supply chain.</b> Lantmännen has suppliers in high-risk countries and industries with regard to work environment, social conditions and corruption. Lantmännen also handles a number of raw materials and products with a risk of major impact on the ecosystem. These include plant nutrients, crop protection, soy, palm oil, animal raw materials and cocoa. For grain, our largest raw material, there are a number of issues to deal with, such as sludge fertilizing, stem shortening, cadmium, and DON.	 Moderate	 Moderate	There are systematic processes for assessing and monitoring suppliers based on our Supplier Code of Conduct with increased focus on compliance throughout the supply chain. Ongoing development of the requirements for grain as a raw material. For soy and palm oil, there are special strategies to safeguard our responsibility. <b>2014 outcome:</b> 76 percent approved suppliers with a purchase volume over MSEK 1, 33 supplier audits since 2010, 60 percent RTRS certified soy, 100 percent RSPO certification for palm oil.
<b>Insurable risks.</b> Assets such as property and production equipment can suffer serious damage in the event of fire or power failure. Food product recalls may give rise to major costs, partly direct costs, but also indirectly in the form of a decline in reputation among consumers.	 Low	 Low	Lantmännen has an insurance program for property and liability risk and works systematically to limit the risk of incidents. Insurance costs are reduced by channelling most of the insurance programs via the Group's own insurance company. <b>2014 outcome:</b> The number of claims has been reduced through systematic loss prevention. During the year, resources were devoted to finding good insurance solutions in connection with new business acquisitions and divestments.

\* The 2014/2015 risk assessment was conducted by the area manager and internal expertise.



## Financial risks and commitments

Lantmännen is exposed to financial risks that could cause fluctuations in earnings, cash flow and items in the statement of financial position. The management of these risks is described in the financial policy, which is Lantmännen's overall governing document for financial risks. Financial status and financial policy compliance are regularly reported to Group Management and the Group Board.

After consulting the businesses, Lantmännen Treasury is responsible for financing, financial and commodity risk controls, liquidity planning, payment solutions and capital efficiency projects. Risk consolidation and control minimizes the actual risk and also the costs of measures such as hedging currency flows.

Financial transactions with a financial or commercial counterparty are subject to credit risk, which is minimized by credit control and a good customer spread across segments and markets. Counterparty risk in financial transactions is minimized by using several different players with good credit ratings.

Lantmännen handles large volumes of grain sourced locally in Sweden or internationally. A constantly changing market price exposes Lantmännen to risk when buying and selling. Commodity risk can be minimized by matching purchases and sales or hedging the price in the financial markets. To measure and manage risk in the grain chain, Lantmännen uses a risk management system that measures the volume and value of a commodity position. This is compared with the risk that each business unit is allowed to take under the established risk policy.

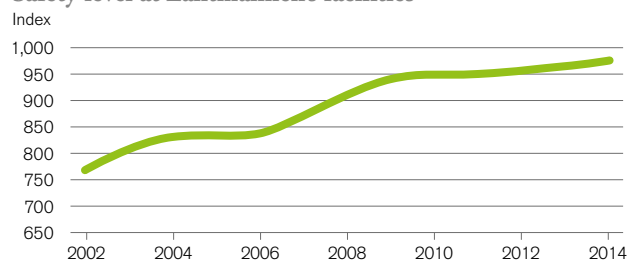
Lantmännen has pledged assets and other financial commitments. Many of these relate to assets pledged for credit institution

loans, such as liens on property. Lantmännen has pension obligations, primarily to salaried employees in Sweden. The Grodden pension fund manages and safeguards Lantmännen's defined benefit pension obligations for the majority of salaried employees at Lantmännen. In the final analysis, the pension obligation to beneficiaries remains with Lantmännen.

### Lantmännen's risk management

Lantmännen's risk management function is responsible for Lantmännen's global insurance portfolio, which includes property, product liability, general liability and transport. Lantmännen and the insurance companies work together to analyze damage and propose preventive measures. Lantmännen has its own insurance company through which it insures certain risks that are not insurable on the open market.

### Safety level at Lantmännen's facilities



The curve shows how Lantmännen's loss prevention leads to continuous improvement. We are also constantly tightening requirements for index attainment.

Description of risk	Probability	Impact	Risk management
<b>Refinancing/liquidity risk.</b> When renewing loans and credit, there is a risk of higher costs and less access to new financing. Liquidity risk is the risk of inability to discharge payment obligations due to insufficient liquidity.	Low	Low	Refinancing risk is limited by having a spread of counterparties and maturity profiles of loans and debts to credit institutions. Lantmännen's financial policy regulates liquidity risk by stipulating that guaranteed unused credit facilities and cash shall exceed MSEK 1,500. <b>2014 outcome:</b> Liquidity forecasts were made continuously. Lantmännen's liquidity is good.
<b>Interest rate risk.</b> Changes in the market rate may have adverse effects on earnings and cash flows. The time it takes for interest rates changes to affect net interest depends on the fixed rate period for loans.	Low	Low	The strategy is to take out loans with short fixed-interest periods but long maturities. Lantmännen has entered into a number of interest rate swaps and has extended the fixed-interest period for existing loans. <b>2014 outcome:</b> The strategy on fixed-interest periods and tied-up capital minimized the interest rate risk. The average fixed-interest duration was reduced to 13 (14) months.
<b>Currency risk.</b> Changes in exchange rates affect Lantmännen's earnings, equity and competitive situation in different ways. Payment flows and agreements in different currencies create a currency risk.	Moderate	Moderate	Lantmännen's currency risk is managed centrally and the aim is to minimize currency effects by using currency inflows for payments in the same currency. In addition, financial instruments are used to hedge expected payment flows, using the guidelines contained in Lantmännen's financial policy. <b>2014 outcome:</b> Currency flows were hedged in line with the policy and by systematic work on customer and credit management.
<b>Credit and counterparty risk.</b> Lantmännen's financial transactions give rise to credit risks associated with financial and commercial counterparties.	Low	Moderate	Lantmännen only works with banks that have a high credit rating and in particular those that participate in the Group's long-term financing. In order to minimize the credit risk associated with outstanding trade receivables, Lantmännen has a policy of conducting special credit checks. <b>2014 outcome:</b> Preventive work resulted in low credit losses for Lantmännen during the year. The lower milk settlement price was an uncertainty factor.

\* The 2014/2015 risk assessment was conducted by the area manager and internal expertise.

# Our employees

Lantmännen aims to be an attractive employer, with safe workplaces where every employee can contribute to achieving our operational goals. We work actively to attract the right skills and to develop our employees and managers.

## Values and involvement

Lantmännen's values of openness, drive and a holistic view must permeate and characterize behavior and decision-making in our day-to-day operations. Everyone at Lantmännen is required to have a performance appraisal with their immediate supervisor at least once a year. The appraisal focuses on individual performance in relation to Lantmännen's defined targets. Assessment of personal targets, cooperation and leadership are key elements, while aligning attitudes and behavior with Lantmännen's values also plays a part in how employees achieve defined targets.



## Employer rankings – HR Director of the Year

Lantmännen's Elisabeth Wallin Mononen received the "HR Director of the Year" award at the "Talent Excellence Awards" held by the employer branding company Universum. The award is presented to the HR Director who has most actively worked on employer branding and successfully anchored the concept in the company's management group.

*"Elisabeth Wallin Mononen has been instrumental in developing Lantmännen's employer branding strategy and is behind the change journey the company has been on in its efforts to attract the best talent."*

Lantmännen's internal mentoring program, which began as a pilot in 2013, continued with new mentor pairings in 2014. The program aims primarily to further develop managers and specialists by utilizing and sharing expertise and experience from different parts of Lantmännen.

## Employee survey

A survey of all Lantmännen's employees is conducted every two years and is a way of monitoring the effectiveness of employee participation and leadership. In the most recent survey in 2013, Lantmännen's job satisfaction result was 68 (target is 70), while the management index result was 71 (target is 70). The next survey will be conducted in 2015.

## Safety first

Many of our employees work in a production environment where work environment risks occur. A safe work environment is a high priority at Lantmännen and we work systematically to continuously identify and act on risks. Since 2009, the work environment of all our operations has been monitored regularly, with annual reporting to Group Management. Monitoring also includes about 50 annual loss prevention inspections on site at Lantmännen's production facilities.

A large number of work environment training courses for managers and safety representatives were conducted during the year, and an updated work environment policy, including wellness issues, was ratified by Lantmännen's Board. Work is in progress to implement web-based system support for systematic work environment and improvement efforts. One of the improvements will be better non-conformance reporting and more consistent follow-up of incidents and accidents, as well as access to clear comparisons and statistics from the sectors in which Lantmännen operates.

## Continuing investment in better health

Lantmännen sees proactive health and wellness initiatives as important to sustainable performance. Health screening, follow-ups and health checks are carried out continuously, providing a basis for continuing efforts at individual and group level. The results are processed in workshops at management level in each company, where goals and action plans are defined.

In 2014, health screening and follow-up were carried out in the Agriculture, Machinery and Energy Sectors, and at Lantmännen Unibake.



### Labor law and human rights protection

Lantmännen's international presence means that we must keep constantly updated about social risks in order to ensure that Lantmännen is a responsible employer at all locations where we operate. This responsibility is based on current legislation in each country and our own Code of Conduct, which in some cases has stricter requirements than existing laws.

Important issues include ensuring Lantmännen's compliance with labor law and protecting human rights. Regulated working conditions and freedom of association are fundamental rights, and Lantmännen has regular interaction with trade union and employee representatives. Lantmännen has a European Works Council and in the various countries in which we operate there is structured and regular cooperation at different levels in each company.

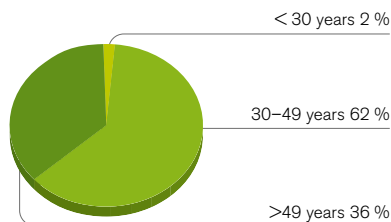
Another important area is equal treatment. Lantmännen takes an active stand against all forms of victimization and

discrimination, and we see equality and diversity as a basis for new ideas, broader perspectives and development. Measures to strengthen equality and diversity at Lantmännen are one way of ensuring access to the right skills and leadership.

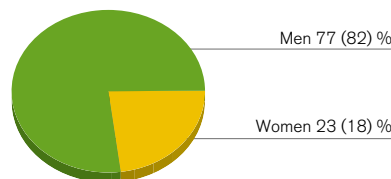
### Whistleblowing system

Lantmännen aims to be an open and transparent company with good business ethics, and a company that cares about safety and respect for all people. All employees should have a safe and easy way of drawing attention to irregularities and reporting concerns if something is not in keeping with Lantmännen's values, Code of Conduct, policies or guidelines. A whistleblowing committee has been established and a new web-based support system was launched in 2014. This means that employees at all Lantmännen's businesses will be able to report their observations and concerns anonymously.

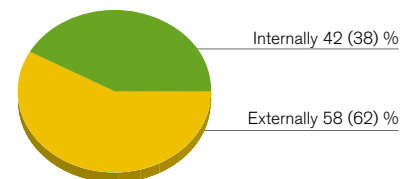
Age distribution, managers



Gender distribution, managers



Recruitment, managers



## Attracting, recruiting and developing

Retaining and further developing skills and leadership within Lantmännen and at the same time attracting new employees are prerequisites for conducting competitive business. Several parts of Lantmännen are facing generational shifts, which brings an associated challenge of ensuring skills supply. Being



Trainees (from left): Victoria Done, Fredrik Ringård, Kajsa Hedbrant, Markus Lidborn, Pauline Lidberg, Kasper Harbo Hansen, Ebba Carlson

### Lantmännen's "Graduate Trainee Program"

2014 saw the start of the fourth session of Lantmännen's fifteen-month trainee program. 816 people applied for the seven places on the program, which consists of four projects periods, a strategic group assignment and at least one month's work outside Sweden. Lantmännen's trainee program has climbed from 46th place in 2012 to 11th place in the national rankings for the most attractive trainee programs.

an attractive employer with a qualitative recruitment process, internal development programs and high internal mobility is key to attracting the right skills. In 2014, 42 percent of management positions were filled internally, an increase of 4 percentage points from the previous year.

Employee development is crucial to Lantmännen's development as a company and Lantmännen works actively on internal skills and management development programs. Introduction of new managers, management training and management group/team development are ongoing activities. About 90 managers participated in Lantmännen's management training during the year. Lantmännen's one-year international management development program for senior managers and a development program for junior managers and specialists were held during the year.

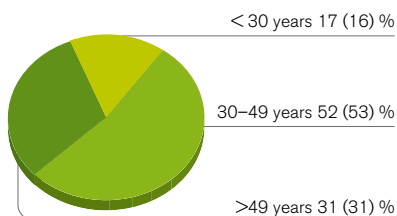
The process of strengthening Lantmännen's employer brand and promoting it to students and young professionals continued. Lantmännen has had an attractive trainee program and collaborations with Sweden's two largest talent networks for several years. Lantmännen visits the career fairs at Sweden's largest universities every year. A good position in several rankings is confirmation that Lantmännen is perceived as an attractive employer, and there has been a marked improvement among students and young professionals since the employer branding work began in 2006.

### Innovation training for employees

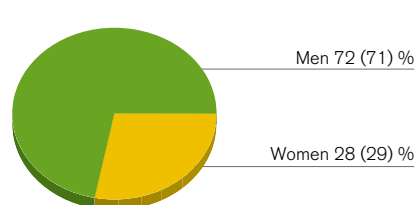
Lantmännen Växthus (Greenhouse) was held in spring 2014. This is a practical training program for employees who have an innovative business concept and enables them to develop their ideas into finished business models. This is partly a way of harnessing the ideas and potential that exist within Lantmännen, but is also a way of strengthening skills in business development and innovation.

For further information about results and several key figures linked to work environment, social conditions and human rights, see [lantmannen.se/gri](http://lantmannen.se/gri)

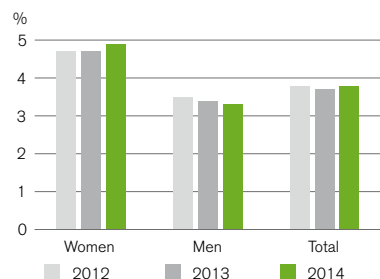
#### Age distribution, employees



#### Gender distribution, employees



#### Sick leave



# Agriculture Sector



# Agriculture Sector

The Agriculture Sector is based in Sweden but is also active internationally, primarily in northern Europe. The Sector, which constitutes Lantmännen's core business, develops and markets products and services to promote strong, competitive farming. The Sector encompasses Lantmännen Lantbruk, Lantmännen Krafft and Lantmännen Agro Bizz. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned companies HaGe Kiel, Scandagra Group and Scandagra Polska. The Agriculture Sector accounts for 30 percent of Lantmännen's sales.

## Operations

*Lantmännen Lantbruk* offers a wide range of products for livestock and crop production to promote strong, competitive farming. Lantmännen Lantbruk has several important international collaborations, which are aimed at better utilization of its own and others' expertise. This applies to both seed and plant breeding and feed development. Feed is sold under the strong brands Nötfor, Piggfor, Pullfor and Protect. Seed and forages are sold under the SW brand in Sweden and internationally. The operations also include plant breeding in order to be able to offer the best varieties adapted to Swedish conditions. Lantmännen Lantbruk is also a major participant in the grain market and purchases grain, oilseed and forages, which

are sold on to Swedish and international industrial customers. The Agriculture Sector is based in Sweden, but also has a strong position in the grain market throughout the Baltic region through its international ownership interests.

Growth in international operations is a clear ambition and northern Europe represents a growth market.

*Lantmännen Krafft* is also a part of the Agriculture Sector. The company is market leader in horse feed in Sweden and has sales in over 15 countries. In order to focus on the core business, *Lantmännen Bygglant* was divested to Borga Group in spring.

Johan Andersson took over as head of the Agriculture Sector at the beginning of the year. Since then, intensive work to strengthen the Sector's competitiveness has been in progress, and this work will continue in 2015.

## International ownership

The Agriculture Sector is responsible for Lantmännen's ownership interests in the German group Hage Kiel, the Baltic operations of Scandagra Group and Scandagra Polska. Through the interest holdings, the Sector has a share in grain and input trading in the Baltic Sea region.

## Business environment and market

The Sector's market is dominated by high price volatility, largely an effect of the narrow relationship between supply and demand. The political turmoil in Russia and Ukraine contributed to rising world prices for grain and oilseed early in



2014. However, the prices fell in spring due to good prospects of record harvests in many parts of the world. In the fall, it emerged that the Swedish harvest was the highest since 1997, with large wheat acreage being a significant factor.

Harvests of wheat, oilseeds and soy were also very large in other parts of the world. This meant that for the second year in a row, stores and silos were filled to about the same level as in 2009, when prices were low. This caused further pressure on prices in the fall, and at the end of September, the price of milling wheat was approximately EUR 150 per tonne, the lowest price since summer 2010. Prices rose again in the last quarter of the year, reaching EUR 200 per tonne. This was due to increased uncertainty about Russia's wheat exports, large grain purchases from commodity funds and the logistical challenges of the large soy harvest in the United States.

Some areas of Swedish livestock production remained under major pressure. Russia's import ban on most food in summer, and the import ban on pork at the beginning of the year, had an adverse effect on world prices. Milk production in Europe increased, but there was no corresponding rise in demand and the settlement price decreased in 2014.

The strong health trend among consumers is continuing, which means there is increased interest in organic foods. Sales of organic products in the retail sector rose by about 30 per cent in the first half of 2014.

### Outlook for 2015

The world's growing population and China's growing middle class will continue to drive the high demand for agricultural commodities. This creates new opportunities to strengthen the development of the Sector's businesses. In 2015, the focus will be on gaining market shares and volume in both the international and the Swedish market. Attractive products and offerings, a cost-efficient organization and a skilled sales force will lead to sharper competitiveness and increasing market shares in 2015.

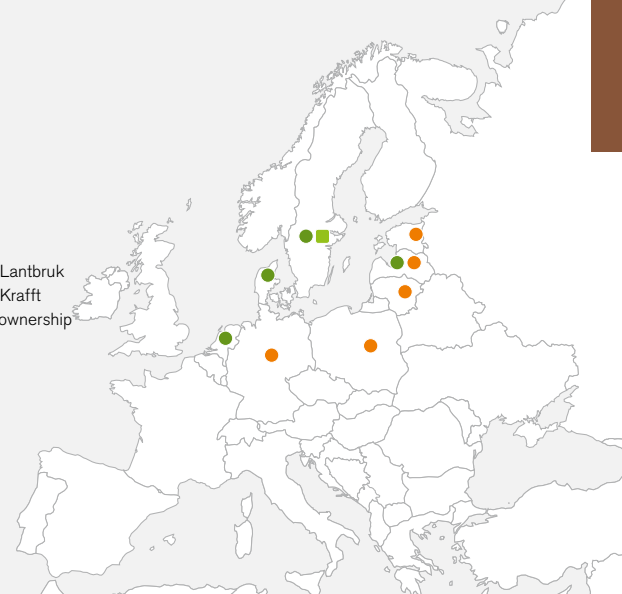
### Responsible business

The Agriculture Sector works to

- develop and offer innovative products and services that contribute to sustainable, competitive Swedish farming
- make efficient use of raw materials, other materials, energy and equipment
- apply responsible production criteria when purchasing inputs and feed materials
- provide a safe and stimulating work environment that engages employees and utilizes their skills

### Markets

- Lantmännen Lantbruk
- Lantmännen Krafft
- International ownership



### Agriculture Sector

#### Key figures

	2014	2013
Net sales, MSEK <sup>1</sup>	10,337	10,294
Operating income, MSEK	6	67
Operating margin, %	0.1	0.7
Return on operating capital, %	0.1	1.7
Investments in non-current assets, MSEK	126	141
Average number of employees	962	1,118
of which women, %	31	31
Women in executive management, %	44	44
CO <sub>2</sub> emissions, thousand tonnes	58.4	60.3
CO <sub>2</sub> emissions, tonnes per MSEK value added	78.5	71
CO <sub>2</sub> emissions, tonnes per MSEK net sales	5.6	5.9
Total sick leave, %	2.8	3.1

<sup>1</sup> Including intra-Group sales

Excl. items affecting comparability	2014	2013
Operating income, MSEK	56	105
Operating margin, %	0.5	1.0
Return on operating capital, %	1.4	2.6

### Agriculture Sector's brands



**Nötfor**  
**Piggor**  
**Pullfor**  
**Protect**

# Lantmännen Lantbruk



Lantmännen Lantbruk offers a wide range of products for livestock and crop production. The products are marketed under the strong brands Nötfor, Piggfor, Pullfor, Protect, and SW. Lantmännen Lantbruk is also a major participant in the grain market and purchases grain, oilseed and forages, which are sold on to Swedish and international industry. Through product and business development, Lantmännen Lantbruk works to strengthen Swedish farming.

## Operations in 2014

Several activities aimed at strengthening the competitiveness of operations were carried out during the year. One important step was to create a more business-oriented organization, which now consists of four main businesses: *grain, feed, seed and crop production*. Operations are based on the Swedish farmer, and increasing local engagement is a process that will be intensified during 2015.

After an analysis of the costs of operations, the salaried-employee organization was reduced by about 100 positions and the organization currently has fewer managers and fewer support

functions. The change, which was implemented according to plan, has resulted in a more fast-paced and customer-oriented organization.

In order to strengthen its local presence and increase the level of service, Lantmännen Lantbruk opened several new grain receiving facilities before the harvest. The new facility in Stockholm enabled us to receive larger volumes from the Mälaren area.

Several strategic partnerships were initiated during the year. In order to strengthen Swedish livestock production, Lantmännen began a collaboration with HK Scan, which covers feed and advisory services to Swedish pig producers. Strategic partnerships in plant breeding have been initiated with both Syngenta and Secobra. Lantmännen's German and Polish plant breeding operations were divested to Syngenta in spring. In parallel, a collaboration was initiated which gives Lantmännen access to Syngenta's varieties and expertise, thereby ensuring supply of high-quality seeds adapted to Swedish conditions. To further sharpen plant breeding, Lantmännen also transferred the southern spring barley program to Secobra, freeing up resources for other breeding programs.

## Grain

Lantmännen Lantbruk buys and sells grain, oilseeds and pulses. In a normal harvest year, the volume is about 2.3 million





tonnes. About 75 percent of the grain and oilseeds is sold on the Swedish market – mainly to mills and distilleries, and feed, ethanol and malting plants. The export market is also important for the grain business, and the main export markets are Germany, the Netherlands, Belgium, Denmark, Norway, the US, the UK, Spain, Switzerland and North Africa.

Large areas of winter wheat were sown in fall 2013. This, in combination with good overwintering and favorable weather conditions in spring, resulted in a very high harvest in 2014. The total harvest was about 6 million tonnes of grain, oilseeds and pulses, which is the largest since 1997 and well above the five-year average of 5.2 million tonnes. The harvest started much earlier than usual and in favorable weather and harvest conditions, resulting in low water content. However, the weather conditions deteriorated and the quality fell in central Sweden in general and western Sweden in particular. The result was a low falling number for bread grain and color problems with oats. Despite some dark colored oats at the end of the harvest period, the levels of the DON toxin were significantly lower than in previous years and caused just minor problems. The high yields of wheat meant in general a slightly low protein content, while protein levels in malting barley remained good. During the harvest, Lantmännen handled about 1.5 million tonnes of grain, which is the highest level for many years.

### Animal feed

Lantmännen Lantbruk develops and supplies a comprehensive range of feeds for livestock production. The majority of the feed sales goes to livestock producers in Sweden, but exports have been successful and export sales have increased significantly.

Milk prices showed an adverse trend in 2014. The decline in prices has affected dairy producers' profitability and hence our sales of inputs.

Lantmännen Lantbruk's development project for better chicken feed was concluded during spring. The project, which lasted for two years, was aimed at meeting customers' expectations in the area of feed performance. This means high growth, low feed consumption and a low number of quality remarks at the slaughterhouse. The project was very successful and sales of Pullfor Slakt were successful during the year, with total sales increasing by 21 percent.

In feed production, there is a strong focus on cost optimization, both in adapting to the declining market and in relation to production capacity.

*We develop feed for the animal's health and the farmer's profitability. This means our varieties satisfy the needs of the livestock at all times. Our comprehensive range can be used to combine the options that best suit the goals for the farming activities.*



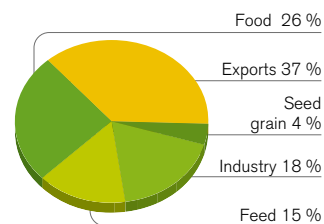
### Lantmännen Lantbruk Sweden

Key figures	2014	2013
Net sales, MSEK <sup>1</sup>	10,097	9,817
Operating income, MSEK	-42	12
Operating margin, %	-0.4	0.1
Return on operating capital, %	-1.5	0.4
Investments in non-current assets, MSEK	124	135
Average number of employees	878	965
of which women, %	30	31

<sup>1</sup> Including intra-Group sales

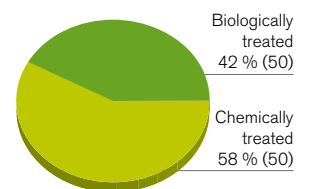
Excl. items affecting comparability	2014	2013
Operating income, MSEK	8	49
Operating margin, %	0.1	0.5
Return on operating capital, %	0.3	1.7

### Use of purchased grains



Lantmännen Lantbruk purchases about 2.3 million tonnes of grain and oilseeds from Swedish farmers every year. The grain and oilseeds are then sold on.

### Share of biologically treated seed



The volume of ThermoSeed treated seed in 2014 was unchanged from 2013.



### Seed & Forages

Under the SW brand, Lantmännen Lantbruk breeds and markets seed in the areas of seed grain, oilseeds and grass seed. Lantmännen Lantbruk works actively to develop new varieties of a high quality and currently offers a wide range of seeds. The range of fall and spring seed was further strengthened in 2014. Nike (oat) and Ingrid (pea) are examples of new varieties with very good properties that are well suited for Swedish conditions.

Conditions for sowing were good in fall 2013 and there was minimal winterkill, resulting in lower spring sowing in 2014. The ban on use of neonicotinoids in pesticides meant that the spring rape acreage was half its normal size. Favorable weather conditions in fall 2014 resulted in very high seeding throughout the country. The winter rape acreage is estimated to be the highest in 20 years.

In 2014, Lantmännen Lantbruk entered into several strategic partnerships in plant breeding. The German and Polish plant breeding and seed operations have been sold to Syngenta and an R & D collaboration has been initiated for wheat, together with market representation, notably in the Swedish market, for Syngenta's varieties.

Sustainability issues remain in focus and a new ThermoSeed line was put into use in Eslöv during the year. This means that the southern market can also be supplied with environmentally-treated seed of the highest quality. Germinating capacity tests have shown that ThermoSeed is at least equally effective as chemicals in seed treatment.

### Crop production

Lantmännen Lantbruk markets a wide range of products for crop production and feed conservation. The range includes fertilizer, lime, pesticides, silage agents and specialty products such as stretch film, plastic, net and yarn.

The fertilizer market was relatively strong in the lead-up to fall, mainly due to speculation about the return of the fertilizer

tax. As we entered fall, it became clear that the tax would not be reintroduced in 2015 and there was a slowdown in sales.

We had a very early spring with good weather conditions, which resulted in a long season and high fungicide sales. Sales of insecticides and herbicides were slightly lower than in the previous year. Specialty goods have developed positively and Lantmännen Lantbruk increased sales in this area in 2014.

### Efforts to reduce costs and increase market shares continue in 2015

Efforts to increase Lantmännen Lantbruk's competitiveness will be intensified in 2015. With the customer's needs in focus, work to develop attractive offerings and products continues. Examples of this include a new Nötfor range that will be launched in the fall, and new, more flexible, contract models for grain trade.

The process of strengthening local business will enter a new phase in 2015, with stronger links between the regions and Lantmännen's ownership districts. In this way, Lantmännen's local engagement increases and the potential of the Group's ownership structure is better utilized. Another important aspect of strengthening local business is to offer customers the best skills and service, and bringing together feed sellers is part of this work.

Continuously reviewing the cost structure of the business is a prerequisite for increasing competitiveness. This includes having an efficient and fast-paced organization, a cost-effective supply chain and a well-utilized production capacity.

In addition to proactive strategies in the local market, international business is of great importance to the profitability of operations. In 2015, Lantmännen Lantbruk aims to strengthen its position in the grain market in the Baltic region. To achieve this requires larger volumes and increased grain sourcing and these efforts are already well underway.

### Lantmännen Krafft

Lantmännen Krafft is Sweden's largest horse feed supplier, with well-known brands such as Krafft GROOV and Krafft SPORT. The company is represented in about 15 countries in addition to Sweden. Lantmännen Krafft has 18 employees and its head office is in Malmö with effect from November 2104. The offices in Falkenberg and Umeå were closed during fall as part of a restructuring process.

Lantmännen Krafft's performance during the year showed a slight decline compared with the previous year. The main reason was the warm winter and high-quality roughage. A new product was launched during the year in connection with the Falsterbo Horse Show. The product, Krafft Mash Sensitive, was developed in collaboration with a German feed producer. In 2014, a three-year sponsorship arrangement was initiated with Sweden International Horse Show.

# Machinery Sector



# Machinery Sector

The Machinery Sector comprises three business areas: Lantmännen Maskin, which specializes in agriculture, Swecon, which operates in construction machinery, and Agro Oil, which develops lubricants. The Sector accounts for 28 percent of Lantmännen's sales.

## Operations

*Lantmännen Maskin* imports, markets and sells farm machinery in Scandinavia. Swecon markets and sells Volvo Construction Equipment in Sweden, the Baltic region and Germany. *Agro Oil* markets and sells lubricants and chemical maintenance products in Scandinavia and Estonia under the Agrol brand.

## Business environment and market

The markets for tractors declined throughout Europe, while manufacturers increased their production capacity, resulting in an overproduction of vehicles. Lower settlement prices for farmers diminished the willingness to invest. Increased price competition and a stronger euro had a negative impact

on the margin for imported machinery. In Scandinavia, the tractor market continued its downward trend from 2013, but despite this, Lantmännen Maskin increased its market share in this area.

In Swecon's areas, the markets for construction machinery were stable. Volumes shifted towards smaller, more compact machines as a result of a weakening mining economy and a lower rate of infrastructure operations. However, campaigns targeting specific segments enabled an improvement in market shares.

The volume for several of Agro Oil's most important segments have been adversely affected by a lower overall market and longer servicing intervals for machinery. However, the negative development was offset by new external customers and a certain expansion of the range, which allowed the total volume to be maintained.

## Outlook for 2015

Markets are expected to remain cautious about new investments in the face of price pressure for agricultural products and postponed major infrastructure projects. However, customers will have high utilization of existing machinery and



both the servicing market and spare part sales are expected to be stable.

An increasingly competitive situation for spare parts and workshop services requires a greater focus on expanding the products and services offered to customers in response to price competition from external players. Machines with the latest engine technology, adapted to European environmental standards, will continue to be launched in 2015.



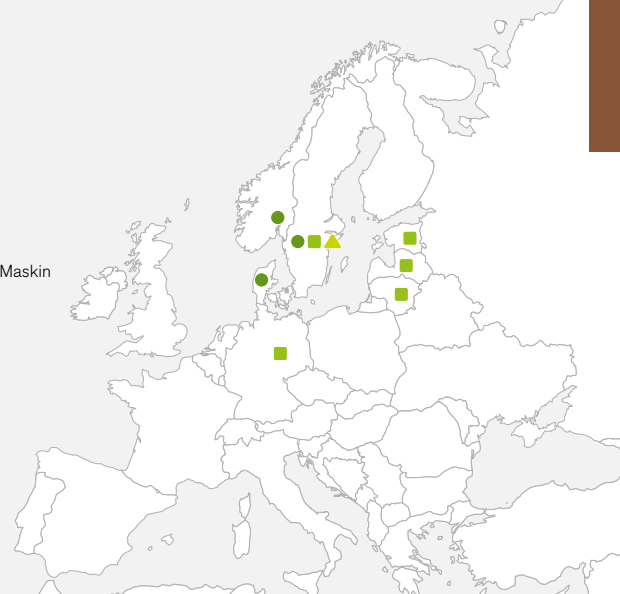
### Responsible business

The Machinery Sector works to increase responsibility, which means:

- continuing work on the standardization of chemicals
- continuing development and improvement of work environment reporting and monitoring
- continuing efforts to increase customer satisfaction through ongoing surveys
- the establishment of a new business within Swecon Sverige in 2015. The business will sell used spare parts obtained by dismantling used Volvo machines
- continuing focus on being an attractive employer, including using our employees' ideas and suggestions for improvement

### Markets

- Lantmännen Maskin
- Swecon
- ▲ Agro Oil



### Machinery Sector



### Machinery Sector

#### Key figures

	2014	2013
Net sales, MSEK <sup>1</sup>	9,484	8,934
Operating income, MSEK	181	255
Operating margin, %	1.9	2.9
Return on operating capital, %	8.6	11.5
Investments in non-current assets, MSEK	414	415
Average number of employees	1,836	1,813
of which women, %	9	10
Women in executive management, %	15	13
CO <sub>2</sub> emissions, thousand tonnes	-	-
CO <sub>2</sub> emissions, tonnes per MSEK value added	-	-
CO <sub>2</sub> emissions, tonnes per MSEK net sales	-	-
Total sick leave, %	3.1	3.2

<sup>1</sup> Including intra-Group sales

#### Excl. items affecting comparability

	2014	2013
Operating income, MSEK	181	255
Operating margin, %	1.9	2.9
Return on operating capital, %	8.6	11.5

### Machinery Sector's brands



# Lantmännen Maskin



Lantmännen Maskin imports, markets and sells farm machinery, spare parts and servicing in Sweden, Norway and Denmark. Lantmännen Maskin represents a broad product portfolio with strong brands such as Valtra, Fendt and Claas.

## Operations

### Sweden

Lantmännen Maskin's strong plant structure was developed during the year and strengthened with several new partners within spare parts/retail and workshops.

Spring saw the launch of a new concept for tractors five or more years old – Lantmännen Maskin Classic – which includes quality-assured parts and a lower cost of servicing. An investment in an expanded range of spare parts for most tractor brands and a new focus on the retail and accessories range were initiated.

The results of a continuing focus on supplier negotiations included a two-year factory warranty for the Valtra, Fendt and Claas tractor brands, as well as price conditions that were improved and made more viable in European terms. Lantmännen Maskin also introduced five-year machine insurance for new tractors.

Distribution agreements have been reached with several new equipment suppliers and new brands are now on sale,

including sprayers from Dammann, telescopic handlers and loaders from Kramer and snow equipment from Westbjörn and FMG. In addition, negotiations began in the fall with regard to a distribution agreement with Kuhn, one of the world's leading manufacturers of farm machinery in several product categories.

The market for agricultural machinery is extremely competitive. To meet customers' needs and demand, there is a continuing focus on investing in a complementary range of machinery, equipment, spare parts and accessories and an expanded range of services in the areas of servicing and financing. The importance of the cooperation will be a key part of efforts to develop supplier relationships. In late fall, a tour was arranged with Lantmännen Lantbruk and Owner Relations aimed at young farmers and designed to emphasize the importance of cooperative ownership and its benefits to Swedish farming, both in machinery and agriculture operations. Costs related to adapting the organization reduced earnings for 2014.

### Norway

Efforts to improve earnings and reduce tied-up capital and inventories have been positive and are also continuing in 2015. A merger of the subsidiaries Akershus Traktor and Lantmännen Maskin Midt-Norge was implemented on November 1 and is expected to eventually bring an improvement in earnings. The process of developing the external dealership chain began in late 2014 and will continue during 2015 and 2016.

### Denmark

LMB Denmark, which imports Claas and Valtra farm machinery, was divided on January 1, 2014 and now only imports the Claas range for distribution through independent dealers. A new sales company, Lantmännen Maskin DK, took over the sales and servicing of Valtra products on January 1, 2014.

### Business environment

Agricultural companies in Scandinavia are being strongly affected by factors such as the unrest in Russia and Eastern Europe, world milk and grain prices and changed EU funding. This is leaving farmers cautious about investing. The weak krona means that costs are increasing, which affects prices. Several large manufacturers have made substantial investments in their production facilities and increased production capacity. At the same time, the total market for tractors is falling sharply in Europe. An excess stock of machines will make the competition situation even worse.

### Market

#### Sweden

The downward trend in the tractor market we saw in 2013 continued in 2014, with a decline of 5 percent. However, Lantmännen Maskin increased its overall market share by 2.5 percent to 37.8 percent. Valtra consolidated its role as market leader and increased its market share by 1.8 percent. The success of Valtra is partly attributable to a very close and productive cooperation with the manufacturer during the year. Fendt also reached a high point, becoming Sweden's fifth best-selling tractor brand in 2014. Claas combines continue to have a high market share.

#### Norway

The total market for tractors in Norway fell by 18 percent compared with 2013. The combination of a weaker NOK against the euro and strong price competition in the Norwegian market had a negative effect on sales in the first half of the year, but showed a clear improvement in the latter part of 2014. The Norwegian market for combine harvesters fell by 50 percent compared with 2013, and therefore had a major impact on sales.

#### Denmark

Demand for tractors and farm machinery in Denmark has fallen and the total market for tractors declined by 25 percent in 2014. However, despite the decline, both Claas and Valtra increased their market share in Denmark.



Lantmännen Maskin's store

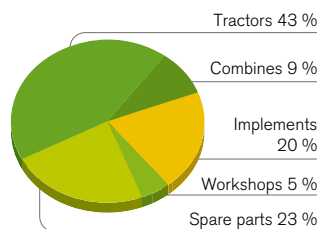
### Lantmännen Maskin Sweden

Key figures	2014	2013
Net sales, MSEK <sup>1</sup>	2,955	2,766
Operating income, MSEK	-38	-13
Operating margin, %	-1.3	-0.5
Return on operating capital, %	-4.6	-1.7
Investments in non-current assets, MSEK	14	11
Average number of employees	729	723
of which women, %	8	8

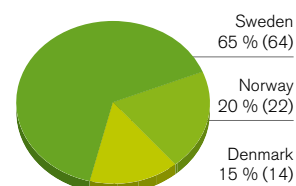
<sup>1</sup> Including intra-Group sales

Excl. items affecting comparability	2014	2012
Operating income, MSEK	-38	-13
Operating margin, %	-1.3	-0.5
Return on operating capital, %	-4.6	-1.7

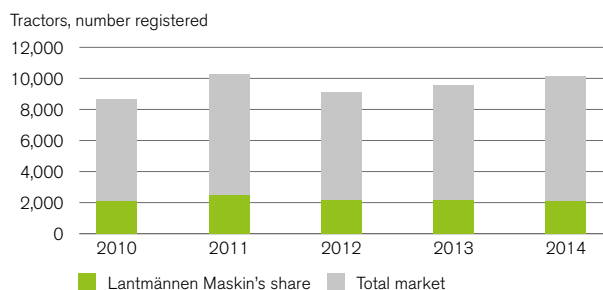
### Sales by product group



### Sales by market



### Total market for tractors in Scandinavia



# Swecon



Swecon is a dealer and partner of Volvo Construction Equipment and engages in marketing, sales and servicing in the markets in Sweden, Germany, Estonia, Latvia and Lithuania. The product range consists of wheel loaders, dumpers, excavators and road construction equipment.

## Operations

### Sweden

Several already decided infrastructure projects have been postponed, creating uncertainty and caution among customers. To better adjust the business to the current market situation, Swecon conducted a reorganization, resulting in a reduced workforce. A targeted sales push in specific product segments brought positive results and increased market shares. New improvement projects were initiated during the year with the aim of reducing tied-up capital and improving operational management. CSI (customer satisfaction index) surveys of completed servicing and repair work are carried out continuously and show a continuing improvement.

In fall 2014, Swecon and Volvo Construction Equipment launched Classic Parts, a new concept covering quality-assured spare parts at a low price for older Volvo construction equipment.

The aim is to increase Swecon's sale of spare parts for older machines, as many customers are now looking for alternative sourcing channels for spare parts. We also introduced a range of wheel loaders tailored for the agricultural market.

### Baltic Region

With a cost-effective structure and well established servicing operations, Swecon's three Baltic companies are showing a stable performance in their business, despite relatively low volumes.





### Germany

In mid-2014, Swecon was appointed as the dealer in north-east Germany for Sennebogen, a German company that is a quality leader in crane technology and material handling around the world. The development of the distribution network continued, and more partners for compact equipment were established in 2014. This was aimed at further improving the market presence while also reducing costs.

On September 1, Falk Bösche took over as managing director of Swecon Baumaschinen GmbH.

### Business environment

The global market for construction machinery declined, mainly due to a sharp fall in demand in China. Overall, Europe also showed weak demand, but with a few exceptions. This increases competition in our home markets in Sweden and Germany, which despite everything remained stable. Producers of machines had low utilization and therefore reduced profitability. Volvo CE decided to leave certain product segments during the year.

### Market

#### Sweden

During much of the year, the market was very cautious, mainly due to the slowdown in the mining and civil engineering sector, but there was an improvement during the last four months. For the full year, this meant that the Swedish market grew in units but with a change in the mix and a shift toward smaller segments.

#### Baltic Region

The total markets in Estonia and Latvia, where our customers have been particularly hit by the situation in Russia, showed a decline during the year, while Lithuania increased, mainly due to the move to the euro in 2015. Investments in the construction sector and infrastructure remained at a low level.

#### Germany

The German civil engineering market was initially very favorable due to a mild winter, which meant that the rental fleets were utilized to the maximum. The high utilization meant that investments in the fleets were postponed until the latter part of the year. Overall, the total machinery market increased a little compared with the previous year.



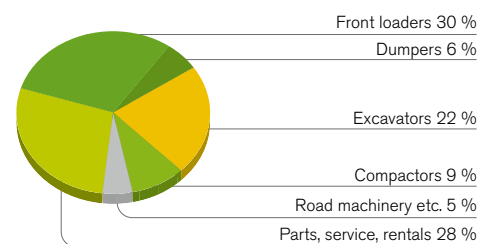
### Swecon

#### Key figures

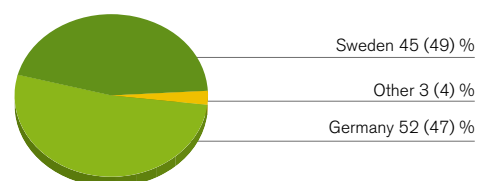
	2014	2013
Net sales, MSEK <sup>1</sup>	5,208	4,781
Average number of employees	937	933
of which women, %	9	7

<sup>1</sup> Including intra-Group sales

#### Swecon, sales by product group



#### Swecon, sales by market



### Swecon offers

Swecon has flexible solutions for safe machinery ownership. Everything under one roof:

- Swecon Finans offers attractive financing for machinery purchases, in cooperation with Lantmännen Finans
- Swecon Machinery insurance. In cooperation with Moderna Försäkringar and Aon Sweden AB, Swecon is able to offer a simple, secure and flexible insurance solution
- Swecon Trygghetsavtal is the best solution for maximum productivity at the lowest cost

# Agro Oil



Agro Oil is a major supplier of lubricants to the professional market under the Agrol brand. Products are sold through internal and external distributors.

Agro Oil offers a customized and comprehensive range of products for agricultural, forestry and construction customers. Several of the products are proprietary and have unique features. An important component of product development is to minimize customers' impact on the environment, either directly with eco-friendly products, or indirectly with products that extend the service life or reduce the fuel consumption of the machinery. Most of the products are produced by Petrolia AB, which is jointly owned by Lantmännen, OKQ8 and OK-föreningar. Agrol lubricants are sold in Sweden, Norway, Denmark and Estonia.

Despite continuing weak growth in Agro Oil's main segments, sales were stable compared with the previous year. Lantmännen Maskin was successful in taking on customers who previously purchased Agrol's products through Lantmännen Lantbruk and sales to agricultural customers were stable during the year. A new range of maintenance products in smaller packaging was launched in the fall. Launches included the product Agrol Rena Händer, a smart way of washing hands when there is no access to water.



## Agro Oil

### Key figures

	2014	2013
Net sales, MSEK <sup>1</sup>	193	194
Average number of employees	10	9
of which women, %	12	9

<sup>1</sup> Including intra-Group sales

# Energy Sector



# Energy Sector

The Energy Sector manufactures and markets sustainable ethanol, protein feed, glucose syrup, starch products, alkylate petrol, potable spirits and gluten. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned companies Agroenergi Neova Pellets and Norlic, Scandinavia's largest wood pellet company and largest producer of liquid carbon dioxide. The Energy Sector is the largest bio-energy producer in Sweden and accounts for 9 percent of the Group's sales.

## Operations

The Sector's business areas are *Lantmännen Agroetanol*, *Lantmännen Aspen* and *Lantmännen Reppe*. The Energy Sector operates in a global market, with the main focus on Europe. We offer responsibly produced bio-based and environmentally smart energy, food and industrial products and related services. Production takes place in Sweden, with wholly or partly-owned sales companies in France and Germany.

In 2014, Lantmännen Agroenergi and Neova's Pellets business area merged to form the Nordic region's largest wood pellet company, Agroenergi Neova Pellets. The company is now a joint venture in Lantmännen's portfolio of companies and is owned equally by Lantmännen and Neova.

Lantmännen and AGA Gas AB's new carbon dioxide facility was opened during the year. The facility is located adjacent

to Agroetanol's factory on Händelö in Norrköping. The facility, which is largest of its kind and is co-owned by Agroetanol and AGA in the form of the company Norlic, purifies and liquefies the carbon dioxide naturally formed during ethanol production. Carbon dioxide has a number of relevant applications in food and other industries. The facility's treatment of the carbon dioxide helps to further improve ethanol's climate performance, corresponding to a reduction in greenhouse gas emissions (GHG) of more than 90 percent compared with petrol. The initiative is a good example of Lantmännen's ambition to sustainably create added value from all parts of the raw material grain.

## Business environment and market

Bioenergy is Sweden's most widely used type of energy, accounting for about a third of energy consumption. Transport is the sector that is most dependent on fossil energy and the transition to sustainable transport is therefore a major challenge. The Energy Sector produces ethanol with high carbon efficiency, which is in demand as a replacement for fossil petrol and diesel.

Sweden is the first EU country to have achieved the target of ten percent renewable energy in the transport sector by 2020, and the next targets are to have a fossil-free vehicle fleet by 2030 and no net emissions of greenhouse gases by 2050.

This coming year will be critical for industrial policy, as new Swedish policy instruments have to be adopted with effect from 2016. One challenge will be to align Sweden's high targets for renewable fuels with the EU's regulations. Increasing low level ethanol blends in petrol from the current five percent



to ten percent is an important, cost effective tool for reducing the transport sector's emissions.

The profitability of ethanol production in Europe has been under intense pressure in recent years due to an unfavorable ethanol-grain price relationship. There is still a large amount of uncertainty about how profitability will develop in the industry, which also affects Lantmännen Agroetanol.

Feed prices are driven by continuing high demand for protein ingredients. Demand for wheat starch is increasing at the expense of other starch products in the paper and packaging industries, which creates favorable market conditions for Lantmännen Reppe. Lantmännen Aspen's alkylate petrol continues to take market share from conventional petrol in the small engine segment.

### Outlook for 2015

The Energy Sector continues to benefit from the improved market conditions that several of the Sector's companies are encountering, and is proactively managing the risks associated with operations within the ethanol industry. Positive signals about the importance of the greenhouse gas performance to Swedish policy instruments are creating opportunities to leverage the added value linked to the high environmental performance of Lantmännen Agroetanol's ethanol. After the successful establishment of the carbon dioxide facility, Lantmännen Agroetanol is focusing on development projects related to new products and markets, such as ethanol-based fuel for adapted diesel engines and various applications for industrial alcohol. In addition, work continues on alternative raw materials and other activities, with the aim of strengthening both financial and environmental performance. Continuing positive growth is primarily achieved for Reppe by eliminating production constraints and for Aspen by providing market resources and broadening its product range.

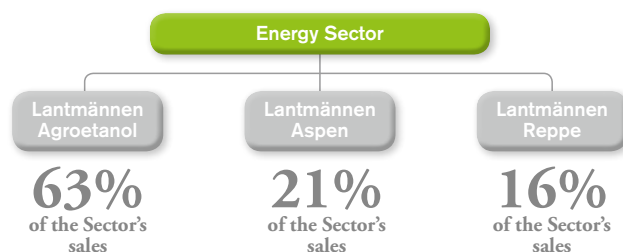
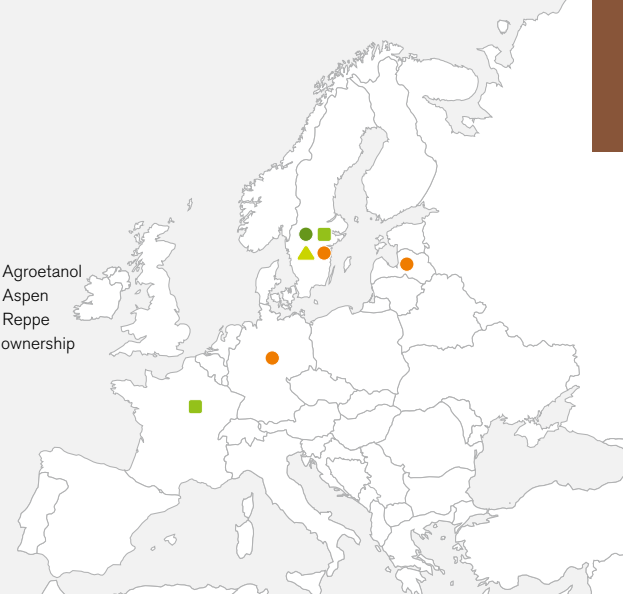
### Responsible business

The Energy Sector works to increase responsibility, which means:

- the Group's climate and energy targets permeate the Sector's operations
- the carbon dioxide facility's utilization of carbon dioxide improves Agroetanol's resource efficiency and greenhouse gas performance
- the Sector works actively on health, environment and safety to provide safe and secure workplaces Lantmännen Aspen is a model in terms of safety, with no lost-time accidents since 2010
- the Sector continuously improves the quality and process yield in the production of its products

### Markets

- Lantmännen Agroetanol
- Lantmännen Aspen
- ▲ Lantmännen Reppe
- International ownership



### Energy Sector

#### Key figures

	2014	2013
Net sales, MSEK <sup>1</sup>	3,059	3,723
Operating income, MSEK	72	-846
Operating margin, %	2.4	-22.7
Return on operating capital, %	5.5	-40.5
Investments in non-current assets, MSEK	43	83
Average number of employees	280	345
of which women, %	23	23
Women in executive management, %	12	20
CO <sub>2</sub> emissions, thousand tonnes	21.1	40.4
CO <sub>2</sub> emissions, tonnes per MSEK value added	58.1	108
CO <sub>2</sub> emissions, tonnes per MSEK net sales	6.9	10.8
Total sick leave, %	1.9	2.5

<sup>1</sup> Including intra-Group sales

Excl. items affecting comparability	2014	2013
Operating income, MSEK	72	-46
Operating margin, %	2.4	-1.2
Return on operating capital, %	5.5	-2.2

### Energy Sector's brands



## Lantmännen Agroetanol

Lantmännen Agroetanol is a large-scale biorefinery which processes the base raw material grain into renewable alternatives to non-sustainable or fossil products.

Lantmännen Agroetanol processes grain into ethanol for fuel and technical products, protein products for the animal feed market and carbon dioxide. The company's vision is to be an attractive partner in climate work, driven by nature, with the production and sale of ethanol, protein products and carbon dioxide creating climate benefits and added value at every stage.

Lantmännen Agroetanol is the Nordic region's largest producer of sustainable ethanol, its ethanol production corresponding to more than half of Swedish ethanol consumption. The annual production capacity of the Händelö facility in Norrköping is 225,000 m3 of ethanol, 200,000 tonnes of protein-rich animal feed under the name Agrodank and about 90,000 tonnes of carbon dioxide in the partly-owned company Norlic. The company's main ethanol clients are oil companies in northern Europe, while Agrodank is mainly sold to feed producers in the Nordic region and carbon dioxide to AGA for further sale.

The unfavorably low price situation for ethanol is hitting profitability hard and market conditions are very unpredictable, with much uncertainty about the future policy direction. Vigorous restructuring initiatives, investments in innovation activities and lower depreciation were factors that contributed to an improved performance for the company in 2014. Lantmännen Agroetanol has also intensified its work on differentiated ethanol products for new markets. In addition, the company has developed the ability to handle alternative raw materials in the form of industrial waste products, such as returned packaged bread. A number of projects are also being carried out with a view to launching new improved feed products in existing and new markets, which should help reduce Swedish protein imports.

In terms of Lantmännen's overall sustainability efforts, the company now fulfills an important role, as the ethanol produced reduces greenhouse gas emissions by more than 90 percent compared with petrol.

Learn more at [www.agroetanol.se](http://www.agroetanol.se)

### Lantmännen Agroetanol

#### Key figures

	2014	2013
Net sales, MSEK <sup>1</sup>	1,719	2,172
Operating income, MSEK	-42	-941
Operating income excluding items affecting comparability	-42	-141
Average number of employees	92	103
of which women, %	20	20

<sup>1</sup> Including intra-Group sales



## Lantmännen Aspen

Lantmännen Aspen develops, manufactures and markets Aspen alkylate petrol.

Aspen alkylate petrol is used mainly in petrol-driven engines in lawnmowers, chainsaws and boats, for example, and is an environmentally friendly petroleum product almost completely free from harmful substances like benzene and other aromatics. Focusing on people, machinery and the environment, Aspen has evolved into the market leader in large parts of Europe and in Canada. The year went better than expected, with a significantly higher growth rate than in recent years. Successful marketing efforts and favorable weather conditions with good grass growth contributed to the good result. Learn more at [www.aspen.se](http://www.aspen.se)

### Lantmännen Aspen

#### Key figures

	2014	2013
Net sales, MSEK <sup>1</sup>	557	503
Average number of employees	57	55
of which women, %	31	30

<sup>1</sup> Including intra-Group sales

## Lantmännen Reppe

Lantmännen Reppe creates value by processing wheat into glucose syrup, wheat gluten, potable spirits, starch products and animal feed.

As one of Sweden's oldest industries, Lantmännen Reppe supplies products mainly to the food and paper industries, and has one of the Nordic region's largest distilleries, which produces fine spirits and vodka for the beverage industry. Successful marketing initiatives have brought new customers, mainly in the area of starch products used primarily in the growing packing and packaging industry. The conversion from fuel oil to bio-oil a few years ago has reduced fossil carbon dioxide emissions by 95 percent. In addition to the reduced environmental impact, there are also significant financial savings from lower carbon taxation, which is completely in line with Lantmännen's strategy for sustainable business development. Learn more at [www.reppe.se](http://www.reppe.se)

### Lantmännen Reppe

#### Key figures

	2014	2013
Net sales, MSEK <sup>1</sup>	431	415
Average number of employees	75	72
of which women, %	23	22

<sup>1</sup> Including intra-Group sales

# Food Sector



Good food from  
Lantmännen



# Food Sector

The Food Sector develops, processes and markets products that include flour, breakfast foods, pasta, frozen and fresh bread, ready-to-eat meals and pet food. While the Nordic countries represent the base of the business, the Sector operates in about 20 countries. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned company Viking Malt. The Food Sector accounts for 32 percent of the Group's sales.

## Operations

The Food Sector is divided into three business areas – *Lantmännen Cerealia*, *Lantmännen Unibake* and *Lantmännen Doggy*. Production takes place at about 37 facilities and the Sector has many strong brands, such as AXA, Kungsörnen, Amo, Regal, GoGreen, Gooh, Hatting, Schulstad, Korvbrödsbagarn, Doggy and Mjau.

In 2014, both Lantmännen Unibake and Lantmännen Cerealia gained new managing directors. Werner Devinck took over as Senior Vice President of Lantmännen Unibake during the year, while Krister Zackari took over as Senior Vice President of Lantmännen Cerealia.

## Business environment and market

Both the food retail and food services markets in Sweden showed relatively good growth in 2014. However, the situation remained challenging in other markets where Lantmännen operates – markets affected by continuing weak consumer demand. All markets are characterized by intense competition, both from private labels and other suppliers' brands. Trends and added values such as convenience, health, quality, and environmental and sustainability issues remain important.

According to the latest report from HUI Research/Statistics Sweden, Swedish retail sales increased by 2.2 percent in 2014. Consumer trends in food are essentially the same – healthy and convenient products continue to be important, while demand for sustainably produced products is increasing both among consumers and in the B2B market.

The strong organic trend continues, with sales of organic products increasing sharply both in retail stores and the restaurant segment. Demand for gluten-free products also continues to increase. E-commerce in food is growing at a faster pace than in other sectors.

*Frozen pancakes from Kungsörnen*





## Continued streamlining and proactive investments in operations

Efforts to streamline operations continued during the year in response to the tough competitive situation. These efforts are being conducted in all business areas within the Sector. Organizational changes aimed at improving efficiency were implemented during the year. These are necessary measures for continuous cost reduction in order to ensure competitiveness. The efficiency measures that have been implemented enable proactive investments to be made.

The process of strengthening the Food Sector's priority brands continued during the year. A large number of new products were launched and new packaging design was introduced on several product lines. Consumer communication was shown on television and other media, and several high-profile retail store and consumer activities were well received.

New proactive activities in line with Strategy 2020 were established in all business areas during the year. A number of company acquisitions were also made during the year. Lantmännen Cerealia acquired Strängnäs Valskvarn and Björnerud Gård's pancake business in Färgelanda, while Lantmännen Cerealia's mince operations in Laholm were sold to Orkla Foods Sverige.



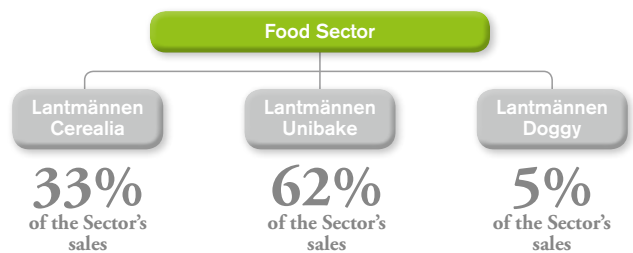
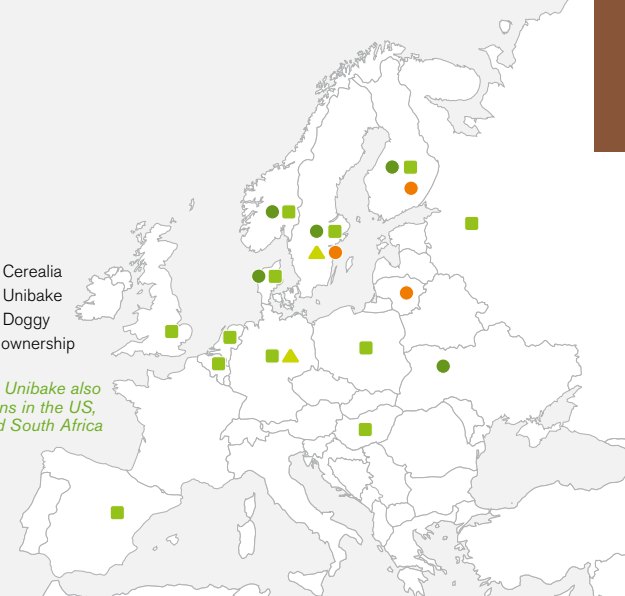
*GoGreen Strawberry Coconut Smoothie*  
 1 cup GoGreen Coconut Drink unsweetened  
 1 cup strawberries  
 1 cm grated fresh ginger  
 3 tablespoons honey  
 2 tablespoons lemon juice

## Outlook for 2015

The intense competition is expected to continue in 2015 and all business areas within the Food Sector will therefore continue to streamline operations and improve customer offerings.

## Markets

- Lantmännen Cerealia
  - Lantmännen Unibake
  - ▲ Lantmännen Doggy
  - International ownership
- Lantmännen Unibake also has operations in the US, Australia and South Africa



## Food Sector<sup>1</sup>

### Key figures

	2014	2013
Net sales, MSEK <sup>2</sup>	11,180	12,593
Operating income, MSEK	442	373
Operating margin, %	4.0	3.0
Return on operating capital, %	5.7	4.5
Investments in non-current assets, MSEK	368	307
Average number of employees	4,911	5,524
of which women, %	32	34
Women in executive management, %	25	24
CO <sub>2</sub> emissions, thousand tonnes	131.3	194.7
CO <sub>2</sub> emissions, tonnes per MSEK value added	38.2	54
CO <sub>2</sub> emissions, tonnes per MSEK net sales	13.8	15.5
Total sick leave, %	4.6	4.5

<sup>1</sup> 2013 includes Kronfågel Group January-May.

From June 2013 to May 2014, only includes share of income of Scandi Standard.

<sup>2</sup> Including intra-Group sales

Excl. items affecting comparability	2014	2013
Operating income, MSEK	521	503
Operating margin, %	4.7	4.0
Return on operating capital, %	6.7	6.1

Sales by country	2014	2013
Sweden	24 %	24 %
Denmark	22 %	23 %
Norway	15 %	18 %
United Kingdom	11 %	10 %
Rest of Europe	22 %	20 %
Rest of world	6 %	5 %

# Lantmännen Cerealia



Lantmännen Cerealia develops, produces and sells grain-based products such as flour, flour mixes, hulled grains, muesli, pasta and pancakes, as well as ready-to-eat meals, beans and lentils. These are mainly sold to Nordic consumers under brands such as Kungsörnen, AMO, Regal, AXA, Sopps, GoGreen and Gooh, and also to several of the largest bakeries in the Nordic region and to food service/catering and restaurants. Operations are conducted in Sweden, Norway, Denmark, Finland and Ukraine.

## Operations

Lantmännen Cerealia provides customers and end consumers with grain-based products of high quality and with continuous improvements in terms of health, ecology and sustainability.

The products are made in our own facilities in Sweden, Norway, Denmark and Ukraine. Capacity was increased during the year in response to the acquisitions of Strängnäs Valskvarn and Björnerud Gård's pancake business in Färge-landa. At the same time, the mince operations in Laholm were divested.

Lantmännen Cerealia maintains a strong focus on innovation in order to constantly improve and to meet customers' and consumers' growing requirements. Innovation takes place on a business-to-business basis and in the consumer activities. About one-fifth of Lantmännen Cerealia's consumer sales in 2014 related to products newer than 24 months.

To ensure the business area is always able to supply good food, a large proportion of innovation work is aimed at improving the products in terms of health and sustainability. During the year, for example, the first wheat harvests in line with Lantmännen's new grain concept were received. The concept, which was developed with Polarbröd, brings a reduction of about 20 percent in CO<sub>2</sub> emissions compared with conventional grain cultivation and increases biodiversity. Following a unique launch by GoGreen during the year, organic Swedish-grown kidney beans and white and black beans from Öland, developed together with Lantmännen's research foundation, are now being offered for the first time. GoGreen also launched salt-free casserole sauces, which were in great demand among consumers. AXA's launches included new muesli varieties, oat flakes with a new flavor and porridge in new convenient packaging – all based on Nordic oats. In the pasta segment, new variants have been launched in the MåBra/ Lev Godt series under the Kungsörnen and Sopps brands. These new variants, some of which are based on oats, have significantly higher fiber content than normal white pasta.

Good food is important for our future generations. To increase the enjoyment of food and get Swedish school cooks more involved, Kungsörnen and partners arranged the “Skolmats Gastro – SM i Skolmat” competition.

Lantmännen Cerealia endeavors to address sustainability in every way, and has therefore worked to effectively reduce energy consumption and improve mill operations. Special focus was placed on energy efficiency at the Norwegian mills Bjølsen and Moss during the year, and Lantmännen Cerealia’s entire electricity consumption in 2014 was green electricity produced from wind, water and sun.

### Business environment

Consumption growth in most product categories was generally weak in all Nordic countries, but the value of consumer sales continued to increase in several segments. Our bakery customers are adversely affected by reduced consumption of ready-to-eat fresh bread. At the same time, the Oats category, for example, is showing strong growth in both consumption and value throughout the Nordic region, while fresh ready-to-eat food is showing growth in Sweden.

Competition and price pressure from private labels remains strong, and imports of grain from outside the Nordic region are increasing, particularly from northern Germany. Despite a record wheat harvest during the year, availability of high-quality wheat was lacking. This was mainly due to a lower protein content in the year’s harvest.

### Market and market performance

Lantmännen Cerealia’s strong brands and innovative products have contributed to the Norwegian business performing well during the year. There was solid growth in Denmark, despite continuing price pressure and low margins. In Sweden, Lantmännen Cerealia faces tough challenges from customers focusing on squeezing purchase prices while supporting their own brands. Lantmännen Cerealia has experienced positive growth for grains and porridge in the breakfast category. Sales of meal solutions from GoGreen have found new consumers and achieved success, as have fresh meals from Gooh.

Lantmännen Cerealia’s sales to bakeries and industrial customers have been adversely affected by declining consumption of fresh bread and increased competition from foreign players with lower prices. Operations in Ukraine have performed well despite the turmoil that affected the country during the year.

### Outlook for 2015

Lantmännen Cerealia continues to add value in the grain chain and to deliver good food to customers and consumers, and plans during 2015 include taking new steps to make health and sustainability improvements. In addition, streamlining and improvement work is continuing throughout the organization.



Gooh! Pasta with mushroom sauce

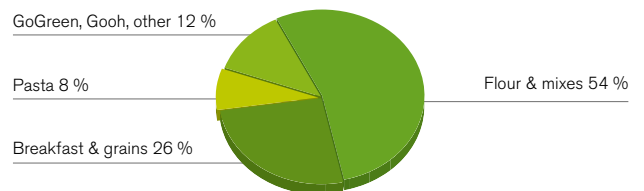
### Lantmännen Cerealia

#### Key figures

	2014	2013
Net sales, MSEK <sup>1</sup>	3,762	3,898
Average number of employees	1,123	1,141
of which women, %	38	38

<sup>1</sup> Including intra-Group sales

### Lantmännen Cerealia Sales by product category



### Responsible business

Lantmännen Cerealia continues to offer innovative products which we develop in a responsible manner. This means:

- manufacturing with renewable energy, efficient use of raw materials, other materials, energy and equipment
- providing a safe and stimulating work environment that engages employees and utilizes their skills
- developing grain in a sustainable manner, continuing to safeguard agronomic standards
- working for responsible production conditions for other raw materials

### Lantmännen Cerealia’s brands



# Lantmännen Unibake



Lantmännen Unibake is a leading international bakery group producing high-quality frozen and fresh bread products for the food service and food retail sectors. The wide assortment includes different types of bread, pastries, croissants and bread for the fast food sector. Lantmännen Unibake reported sales of MSEK 7,200 in 2014.

## Operations

Lantmännen Unibake offers innovative and leading bakery solutions to its customers and has 3,800 employees at bakeries in Denmark, Sweden, Norway, Finland, Poland, Belgium, Germany, Russia, Hungary, the UK and the US. There are also sales representatives in Spain, the Netherlands, France, Latvia, Italy, South Africa and Australia.

Lantmännen Unibake operates in a competitive global market where product innovation, customer concepts and category and product development are key elements of the business. Cost-effectiveness is an important aspect of strengthening competitiveness in relation to other industries, and we work continuously to improve our production platform and make it a more integrated and Group-wide

business model. In this way, we exploit more synergies and optimize the utilization of existing production capacity. In 2014, we continued to focus strongly on reducing the costs in our processes to create additional resources for growth.

## Business environment

Growth in Lantmännen Unibake's main markets in Europe remains weak. The protracted recession has brought a change to the retail sector in Europe – discount brands are increasing their share in all markets, leading to margin pressure, and private labels are continuing to gain market shares.

The market for bake-off bread continues to rise slowly, while sales of industrial baked fresh bread are declining in most markets. Quick service restaurant sales are increasing, which is positive for the frozen bread category, and the eating out trend is driving growth for portioned meals.

## New product launches

The Brooklyn Burger bun was launched on the Swedish market in 2014. This is a rustic sourdough bun primarily directed at quality-conscious consumers. In 2014, Lantmännen Unibake's brioche burger buns were also launched on several markets. Both concepts have been positively received, particularly

because they fit well into the consumer trend for premium products in the growing “burger culture” of quick and convenient meals. Mini-sized pastries have also gained ground in cafés and hotel buffets. To strengthen our offering to diet-conscious customers during the year, we also launched a number of high-quality pastries served in smaller portions.

### Food trends in Europe

European trends show that customers want food and meal solutions that are nutritious without compromising on great taste. Consumers are also looking for new concepts and ideas, while still appreciating familiar and traditional flavors. This means that the bakeries’ future lies in offering variety.

Transparency is another important area, and customers’ more stringent requirements for quality in food concern all aspects – from the ingredients used to where, when and by whom the food was produced.



### Lantmännen Unibake

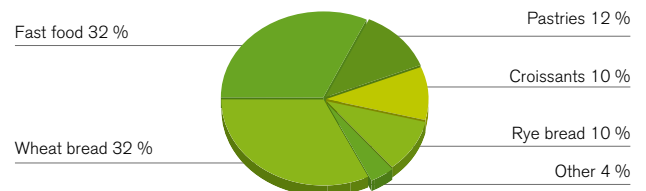
#### Key figures

	2014	2013
Net sales, MSEK <sup>1</sup>	7,200	6,956
Average number of employees	3,613	3,679
of which women, %	31	29

<sup>1</sup> Including intra-Group sales

### Lantmännen Unibake

#### Sales by product category



### Responsible business

Priorities in the area of sustainability are to:

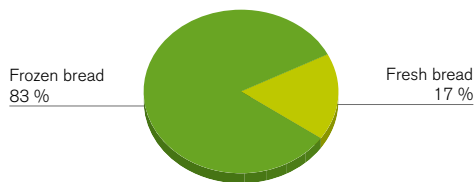
- reduce the climate impact of daily operations by 33 percent between 2009 and 2020
- calculate the carbon footprint of products from our various product categories
- promote responsibly produced palm oil by buying certificates for a corresponding amount of sustainable palm oil
- ensure compliance with and monitoring of our supplier code of conduct

### Lantmännen Unibake’s brands

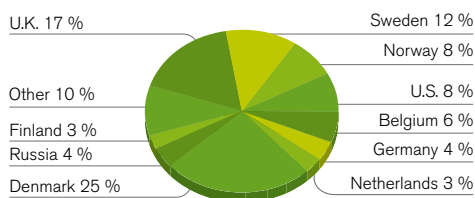




### Sales by product category



### Sales by market



### Active safety work

Taking responsibility is a fundamental part of Lantmännen Unibake's business, which means that processes and systems must meet strict requirements from stakeholders all over the world. Our bakeries must be role models in the industry, which is why efforts are focused on careful handling of ingredients, detailed planning and scrupulous cleaning procedures.

We also set clear requirements for activities at our suppliers' premises, and they have to undertake to comply with Lantmännen's supplier code of conduct.

Lantmännen Unibake's goal is to offer our customers innovative high-quality products, produced with leading solutions and quality ingredients – and always based on a sustainable approach and an excellent standard of food safety. By meeting these goals, we aim to take a leading position in the global bakery industry.

# Lantmännen Doggy

Lantmännen Doggy manufactures dry and wet cat and dog food. Our brands are Doggy, Mjau, Bozita, Bozita Feline and Bozita Robur.

## Operations

Lantmännen Doggy's major change program continued in 2014. Our four target areas are to reduce costs, to achieve profitable growth driven by innovation, to be the customer's first choice and to have proud and motivated employees.

Employees play a key role in creating long-term sustainable results. We work on our values, such as *openness*, *a holistic view* and *drive*, and focus on skills development, teamwork and project cooperation.

We adapted our production to order during the year, which has led some cutbacks. In doing so, we also freed capacity to develop our own brands in order to create conditions for profitable growth driven by innovation.

## Business environment and market

The three major trends that govern the markets for dog and cat food are *humanization*, *health* and *convenience*. During the fall, Mjau functional food was launched, in line with the current health trend. Over 80 percent of Sweden's cats are neutered and Mjau is specially tailored for neutered cats and different activity levels of cats.

Sales and distribution channels for pet food are becoming increasingly segmented. Our major sales channels are supermarkets, pet food stores and the Internet. Sweden is our home market, but we also have sales in other Nordic countries, Germany, the Netherlands, Switzerland, Austria, Russia, Poland and the Czech Republic. During the year, we strengthened our relationship with a vendor in the Czech Republic.

We signed an agreement with a distributor in Iceland and the first delivery took place in the fall. At the turn of the year, we also started a partnership with an importer in Turkey. Our concept is Swedish-produced in combination with the unique Tetra packaging for wet dog and cat food, and this combination means we continue to find new customers in Europe. The packaging is both transport-efficient and FSC-labeled (Forest Stewardship Council), without compromising on taste or durability.



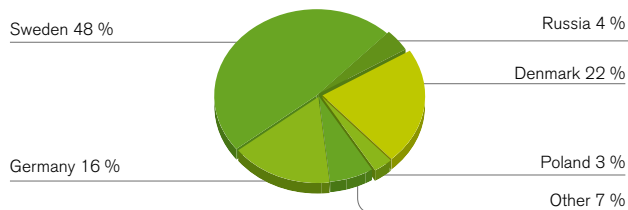
## Lantmännen Doggy

### Key figures

	2014	2013
Net sales, MSEK <sup>1</sup>	564	595
Average number of employees	174	189
of which women, %	18	3

<sup>1</sup> Including intra-Group sales

## Lantmännen Doggy Sales by market



## Responsible business

We offer innovative dog and cat food which we produce in a responsible manner. This means:

- ▶ production is based on renewable energy, efficient use of raw materials for packaging and equipment
- ▶ we provide a safe and stimulating work environment
- ▶ our fresh ingredients come from Swedish breeders who comply with the strict Swedish animal welfare rules
- ▶ we engage in carbon-efficient cooperation for packaging, storage and transport

## Lantmännen Doggy's brands



# Lantmännen Real Estate



Lantmännen Real Estate is one of Sweden's major property companies with about 150 investment properties in 80 locations. The total managed surface area is approximately 1,300,000 m<sup>2</sup>, of which 100,000 m<sup>2</sup> is for Lantmännen's Grodden pension fund. The properties are commercial premises, such as offices, shops, workshops and warehouses.

### Operations

Lantmännen Real Estate operates on a commercial market basis, and develops properties in order to create optimal value for the Group's activities and to optimize external revenue. Premises are rented out externally and internally within Lantmännen, but the strategy is to increase the proportion of external rental income.

We work on concentrating the property portfolio, which means that certain properties that do not fit into the company's management strategy or have limited development potential are sold or exchanged, while properties that suit the portfolio can be acquired. The strategy is to provide the Lantmännen Group with appropriate premises and to acquire premises in good locations. An example of this is project development of existing properties into commercial projects or residential projects.

Two properties and three leasehold rights from the city of Malmö and a retail property in Svedala were acquired during the year. Lantholmen, a 50/50-owned property company in Mälardalen, was established, with approximately 30,000 m<sup>2</sup> of logistics and office space. A retail property was built in Avesta, with occupancy in spring 2015. Residential building rights were sold in Norrtälje and Kalmarsand and an office property was acquired in Enköping.

### Lantmännen Agrovärme

From 2015, Lantmännen Agrovärme is part of Lantmännen Real Estate. Lantmännen Agrovärme was previously included in the Energy Sector. Lantmännen Agrovärme conducts heating operations through the supply of district heating and ready heat to ten or so small towns in central and southern Sweden. The strategy is to achieve growth for the heating business with its own cash flow by concentrating existing district heating networks and building heating systems primarily for industry, where tax rebates are being reduced significantly from 2015, and by establishing new district heating networks.

### Market outlook

Market rents in Sweden showed a slightly upward trend in 2014. This is expected to slow down in 2015 in the face of reduced demand for premises. Land prices showed a general increase in 2014, with the highest growth in attractive locations where housing demand is strong. Land with a local development plan is in demand, as this type of project has short lead times and lower risk.



### Lantmännen Real Estate

#### Key figures

	2014	2013
Net sales, MSEK <sup>1</sup>	394	364
Operating income, MSEK	212	190
Operating income excl. sale of properties, MSEK	157	149
Return on operating capital, %	16.3	17.8
Return on operating capital, excl. sale of properties, %	12.1	13.9
Investments in non-current assets, MSEK	123	75
Average number of employees	33	26
of which women, %	34	39
Women in executive management, %	0	0
Total sick leave, %	1.9	0.4

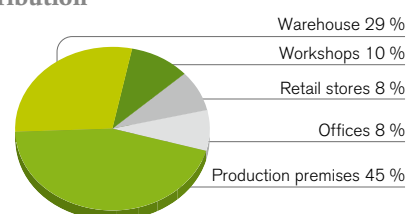
<sup>1</sup> Including intra-Group sales

#### Excl. items affecting comparability

	2014	2013
Operating income, MSEK	212	190
Return on operating capital, %	16.3	17.8

### Lantmännen Real Estate

#### Surface distribution



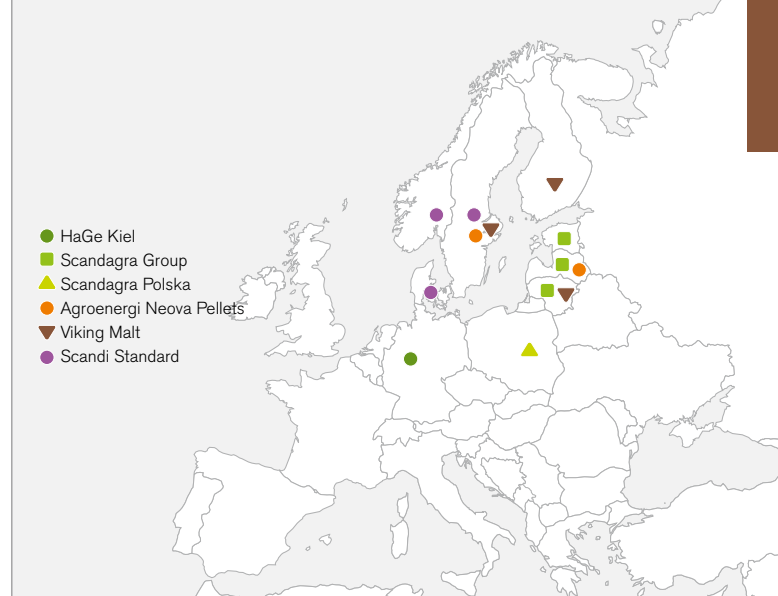
### Responsible business

We work with responsibility. This means:

- replacing fossil-based heating with environmentally superior alternatives in order to reduce the energy consumption of our properties
- increasing our tenants' awareness and encouraging them to actively reduce energy consumption and minimize environmental impacts by measures such as separate cost accounting for heating, electricity and rubbish collection
- implementing environmental certification (Green Building) for properties where this is possible
- always evaluating the choice of building materials from a sustainability perspective during renovation and construction
- Investing in and developing solutions for sustainable electricity, with at least one facility to be partly running on solar electricity in 2015

# Lantmännen's international ownership

The Agriculture, Energy and Food Sectors are partners in a number of international companies. These companies' operations are primarily located in Germany, Poland and the Baltic countries.



## HaGe Kiel

**Holding  
40  
percent**

HaGe Kiel is one of Germany's largest agricultural enterprises. Hauptgenossenschaft Nord AG Group (HaGe Kiel) has a turnover of approximately EUR 2.8 billion and about 1,600 employees. Lantmännen has been an owner of HaGe Kiel since 2006.

Lantmännen's present holding in HaGe Kiel is 40 percent. DLG (Dansk Landbrugs Grovvaeselskab) owns 54 percent and the remaining shares are owned by different investors.

With Lantmännen and DLG, HaGe Kiel represents a strong network that provides an increased exchange of experience and creates synergies.

HaGe Kiel owns, wholly or partly, a number of subsidiaries with various operations in different parts of Germany that cater for retailers and local farming customers. The business includes grain trading and the sale of farm inputs such as seed, crop protection, fertilizer and machinery.

## Scandagra Group

**Holding  
50  
percent**

Scandagra Group operates in the three Baltic countries. The Group has a turnover of approximately SEK 2 billion and about 225 employees. The company is jointly owned (50-50) by Lantmännen and DLG.

Its operations comprise the sale of crop production inputs and grain trading. The Group's three sales companies – Scandagra Eesti, Scandagra Lietuva and Scandagra Latvia – are engaged in the sale of crop production inputs and grain trading. Scandagra Eesti also operates a feed plant with a production capacity of over 100,000 tonnes.

## Scandagra Polska

**Holding  
50  
percent**

Scandagra Polska is a merchant of grain and other inputs in the Polish agricultural market and has a turnover of approximately SEK 1.1 billion. The company was acquired from HaGe Kiel in July 2014 and its name was changed from HaGe Polska. Scandagra Polska is jointly owned (50-50) by Lantmännen and DLG.

## Agroenergi Neova Pellets

**Holding  
50  
percent**

Agroenergi Neova Pellets manufactures and sells solid biofuels, such as wood pellets, has a turnover of approximately SEK 1 billion and about 160 employees. The company has a strong position in the Swedish market and in the Baltic region.

The company was formed through a merger of Lantmännen's and Neova's pellet operations. Lantmännen and Neova, which in turn is a wholly subsidiary of the Finnish Vapo Group, each own 50 percent of the company with effect from June 2014.

## Viking Malt

**Holding  
38  
percent**

Viking Malt produces malt in Finland, Sweden and Lithuania. The business has a turnover of approximately MEUR 140 and about 140 employees. Lantmännen's stake in Viking Malt is 38 percent; the remainder is owned by the Finnish company

Polttimo. Viking Malt supplies about 330,000 tonnes of malt annually to breweries and distilleries in northern Europe and companies around the world.

## Scandi Standard

**Holding  
13.5  
percent**

Scandi Standard AB, which includes Kronfågel Group, was listed on Nasdaq Stockholm on June 27, 2014 and a proportion of Lantmännen's holding in the company was divested at the same time. The remaining ownership interest in Scandi Standard amounts to 13.5 percent.

# Annual Report

## The Board of Directors' Report

is a review of the Company's operations, financial position and results of operations.

## The income statement

and statement of comprehensive income show revenue and costs.

## The statement of financial position

shows assets and liabilities including equity.

## The statement of changes in equity

shows the change in equity/net assets.

## The statement of cash flows

shows where the money comes from and what it is used for.

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# Board of Directors' Report

The Board of Directors and President and CEO of Lantmännen ek för, Corporate Identity No. 769605-2856, hereby present the annual report for the 2014 financial year. The earnings and financial position of the Parent Company and Group are presented in the following income statements and statements of financial position, with associated comments and notes.

## The Group's business and organization

Lantmännen is one of the largest groups in the Nordic region, with operations divided into four sectors – the Agriculture Sector, the Machinery Sector, the Energy Sector and the Food Sector – and Lantmännen Real Estate.

Lantmännen is an agricultural cooperative owned by 29,000 farmers who process farmland resources in a responsible way. The value chain from field to fork represents a stable platform and a unique starting-point. Global demand for agricultural raw materials creates opportunities to increase the growth of agriculture-related operations. One of the Group's goals is to create a cohesive organization that makes best use of the strength throughout the value chain.

Lantmännen's principal market is northern Europe, with a focus on the Nordic and Baltic regions.

### Agriculture Sector

The Agriculture Sector, which constitutes Lantmännen's core business, develops and markets products and services to promote strong, competitive farming. The Agriculture Sector is based in Sweden, but is also active internationally, primarily in northern Europe. In addition to Lantmännen Lantbruk, the Sector consists of Lantmännen Krafft and Lantmännen Agro Bizz. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned companies *HaGe Kiel*, *Scandagra Group* and *Scandagra Polska*.

Lantmännen Lantbruk offers a wide range of products for livestock production, with feed sold under the Nötfor, Piggfor,

- The Group's net sales amounted to MSEK 32,666 (33,802), a decline of 3 percent. Adjusted for acquired and divested operations, net sales were 3 percent higher than in the previous year.
- Operating income was MSEK 1,453 (89) and adjusted for items affecting comparability MSEK 851 (805).
- Income after financial items totaled MSEK 1,342 (85) and adjusted for items affecting comparability MSEK 740 (683).
- Net income after tax was MSEK 1,225 (100).
- Investments totaled MSEK 1,087 (1,043).
- Cash flow before financing activities was MSEK 2,077 (2,450).
- Total refunds and final price adjustments for 2014 were MSEK 135 (129).
- The Board proposes a contribution dividend of MSEK 178 (171) and a contribution issue of MSEK 150 (0).

*Glossary and definitions, see page 134.*

Pullfor and Protect brands. Seed and forages are sold under the SW brand, which is a strong brand both in Sweden and internationally. Lantmännen Lantbruk is also a major participant in the grain market and purchases grain, oilseed and forages, which are sold on to Swedish and international industry. Krafft is the market leader in horse feed in Sweden and is represented in 15 other countries.

### Machinery Sector

The Machinery Sector comprises *Lantmännen Maskin*, *Swecon* and *Agro Oil*. Lantmännen Maskin imports, markets and sells farm machinery in Scandinavia. Swecon markets and sells Volvo Construction Equipment in Sweden, Germany and the Baltic region. Agro Oil develops, markets and sells lubricants and maintenance products in Scandinavia under the Agrol brand.



*Including intra-Group sales*

### Energy Sector

The Energy Sector manufactures and markets sustainable ethanol, protein feed, glucose syrup, starch products, alkylate petrol, potable spirits and gluten. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned company Agroenergi Neova Pellets, the largest wood pellet company in the Nordic region. The Energy Sector is Sweden's largest bioenergy producer.

Lantmännen Agroetanol is a large-scale biorefinery which processes grain into ethanol with a high climate performance and protein products for the animal feed market. Lantmännen Aspen develops, manufactures and markets Aspen alkylate petrol. Lantmännen Reppe creates value by refining grain into glucose syrup, wheat gluten, potable spirits, starch products and animal feed raw ingredients.

### Food Sector

The Food Sector develops, processes and markets products that include flour, breakfast foods, pasta, frozen and fresh bread, ready-to-eat meals and pet food. The Nordic countries represent the base of the business, but the Sector operates in about 20 countries. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned company Viking Malt. The Food Sector is divided into three business areas – Lantmännen Cerealia, Lantmännen Unibake and Lantmännen Doggy.

Lantmännen Cerealia develops, produces and sells grain-based products such as flour, flour mixes, hulled grains, muesli, pasta and pancakes, as well as ready-to-eat meals, beans and lentils. Lantmännen Unibake is a leading international bakery group producing frozen and fresh bread products which are sold to the food service and food retail sectors. Lantmännen Doggy manufactures dry and wet cat and dog food.

### Lantmännen Real Estate

Lantmännen Real Estate is one of Sweden's major property companies with about 150 investment properties in 80 locations. The total managed surface area is approximately 1,300,000 m<sup>2</sup>, of which 100,000 m<sup>2</sup> is for Lantmännen's Grodden pension fund. Lantmännen Real Estate operates on a commercial basis, and develops properties in order to create optimal value for the Group's activities and optimize external revenue.

### Changes in the Group structure

Lantmännen Lantbruk's German and Polish plant breeding and seed operations were sold to Syngenta in July. At the same time, a strategic partnership began in which Lantmännen gains access to Syngenta's knowledge and varieties, and the company's extensive research and development activities. The sale generated a capital gain of MSEK 147 and a positive cash flow of MSEK 403. The divested operations' annual turnover was approximately MSEK 200, with total assets of about MSEK 200, including liabilities of about MSEK 20. The average annual number of employees was 70.

Borga Gruppen took over the construction operations of Lantmännen Bygglant in May in 2014. Lantmännen Bygglant's annual turnover was approximately MSEK 270, with total assets of about MSEK 80. The transfer did not generate any capital gains or losses.

The merger of Lantmännen Agroenergi's Swedish and Latvian pellet operations and Neova's corresponding operations in Sweden was completed in June. Lantmännen owns 50 percent of the merged company. Agroenergi Neova Pellets is a joint venture, which means that Lantmännen's share of the company's income after tax is recognized in operating income. The company is expected to have an annual turnover of approximately SEK 1 billion with about 160 employees. Lantmännen's Swedish and Latvian pellet operations had an annual turnover of approximately MSEK 600, with total assets of MSEK 400, including liabilities of about MSEK 100. The average annual number of employees was about 100.

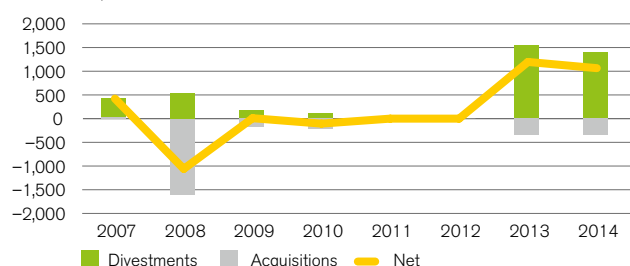
Scandi Standard AB was listed on June 27, 2014 and a large proportion of Lantmännen's holding in the company was divested at the same time. The transaction resulted in a capital gain, including revaluation effect, of MSEK 584 and a cash flow of MSEK 801. The remaining ownership interest in Scandi Standard amounts to 13.5 percent. Consequently, the holding in Scandi Standard moves from being an associate to a capital investment holding.

Lantmännen Cerealia's mince operations in Laholm were sold to Orkla Foods. The transaction was completed in October.

The acquisition of 50 percent of the shares in the Polish agricultural company Scandagra Polska (formerly HaGe Polska) was completed in July. The company is jointly owned (50-50) by

### Acquisitions and divestments

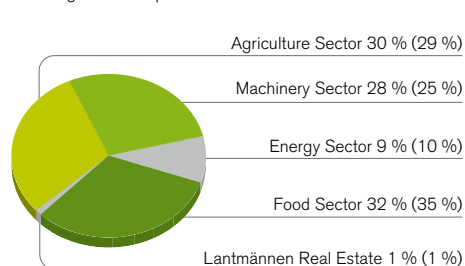
Cash effects, MSEK



The acquisition of the non-controlling interest in Lantmännen Kronfågel gave a positive cash flow in 2007. There were no acquisitions or divestments in 2011 and 2012.

### Share of Lantmännen's sales

Including intra-Group sales



Lantmännen and DLG of Denmark. Scandagra Polska is a merchant of grain and other inputs in the Polish agricultural market and has a turnover of approximately SEK 1.1 billion.

In December, the Agriculture Sector acquired a 2.4 minority interest in Swecon Anläggningsmaskiner.

Lantmännen Cerealia acquired Strängnäs Valskvarn AB in August. The company has a turnover of approximately MSEK 150 and 22 employees.

In June, Lantmännen Cerealia acquired the pancake business of Björnerud Gård AB in Färgelanda. Lantmännen Cerealia took over the employees, machinery and customer contracts. The business has 15 employees and a turnover of approximately MSEK 40.

In December, Lantmännen Real Estate acquired the property company Galgvreten 3:5 AB, with a property in Enköping. The property companies Insjövasen AB, with building rights in Norrtälje, and Kalmarsand AB, with properties in Håbo, were sold in the same month.

The acquisition balance sheets for companies acquired during the year are still preliminary.

### Election of the Board

Members of the Board of Lantmännen ek för are elected for two-year terms. The Board consists of nine AGM-elected members, three employee representatives and the President & CEO. At Lantmännen's Annual General Meeting in May, Ulf Gundemark, Helle Kruse Nielsen, Thomas Magnusson and Björn Wallin were re-elected to the Board. At the statutory Board meeting, Bengt-Olov Gunnarson was elected Chairman and Nils Lundberg Vice Chairman.

### Other significant events in 2014

During spring, 28 district meetings were held around the country, with participation by the Group's Board and management. Lantmännen's Annual General Meeting was held in May in Stockholm.

In the Sustainable Brands consumer survey, Lantmännen was named "Sweden's Most Sustainable Brand". Lantmännen was also placed 12th in this year's Nordic Brand Reputation Survey, which surveys about 5,000 consumers to measure public confidence in Sweden's 60 most visible companies.

In a poll of 6,000 members of 4potentials, one of Sweden's largest talent networks, Lantmännen was named "Talent Company of the Year" for its efforts to attract, recruit and develop talented employees. In addition, more people than ever applied for Lantmännen's trainee program, which was held for the fourth time in 2014. There were 815 applicants for seven trainee positions.

In SIFO's survey of decision-makers in Swedish companies, Lantmännen has been ranked as one of Sweden's most innovative companies.

Senior Vice President Supply Chain Per Arfvidsson was appointed Executive Vice President of Lantmännen in May.

Lantmännen Lantbruk, Lantmännen Maskin and Swecon participated in the Borgeby Fältdagar agricultural fair, which attracted a record number of visitors in 2014.

In June, Lantmännen Lantbruk and HK Scan initiated a strategic partnership in feed and advisory services for competitive and long-term Swedish pig production.

Following Lars Träff's retirement, authorized accountant Helen Siberg Wendin is EY's chief auditor for Lantmännen with effect from 2014.

To strengthen Lantmännen Lantbruk, a reorganization was implemented on August 1, which brought an increased customer focus and reduced costs within the Sector. The new organization involved the loss of 100 jobs, half of them in Malmö.

To increase accessibility and the level of service for farmers, Lantmännen opened another five grain receiving facilities in Karpalund, Staffanstorp, Vara and Vårgårda and Lantmännen's large silo in Stockholm in time for the 2014 harvest.

To further strengthen Group Management's business focus and integration of the value chain, two new persons joined Group Management in August – Krister Zackari, Senior Vice President Lantmännen Cerealia, and Werner Devinck, Senior Vice President Lantmännen Unibake.

Lantmännen initiated a new strategic partnership in plant breeding with the French company Secobra. At the same time, Lantmännen transferred its southern spring barley program to Secobra.

Lantmännen Agroetanol's and AGA Gas's new carbon dioxide facility in Norrköping, Norlic AB, was opened in September. Lantmännen's ownership share is 9.9 percent.

Lantmännen Unibake has continued to streamline its production platform and has decided to move personnel and production from one of Unibake's bakeries in Örebro to two other bakeries in Örebro and Mantorp. In addition, negotiations to close the bakery in Suhl in Germany have begun.

During October 2014, the EU Commission conducted inspections at a number of companies in Europe in the bioenergy sector, among them Lantmännen Agroetanol. The EU Commission has not provided any feedback from the inspection.

In the fall, the Group's Board decided to grant membership of Lantmännen ek för to two local associations, Vinbergsortens Lantmannaförening and Köingeortens Lantmän. Membership provides opportunities to develop cooperation and business relations.

Lantmännen's program of subordinated debentures, which started in 2009, matured in December and MSEK 56 was repaid to investors at the end of December.

During the fall, after a period of discussion at membership meetings and in the council of trustees, as well as several consultation processes, the Board decided on a new membership organization comprising 19 districts and with renewed forms of work. The new organization will be introduced in 2016.

## Sustainable development

Lantmännen's business concept is to process farmland resources in an innovative and responsible way. Consequently, sustainable operational and business development is a central part of the strategic direction. Efforts in this area include risk management and responsibility for impacts on people and the environment, as well as proactive innovation and business development.

With globalization and a growing middle class in Asia, there is rising demand for cultivated raw materials, which is sharpening the focus on the ecological and social challenges of food security in the future. More and more consumers are also demanding responsibly produced products with added health and environmental value. Lantmännen's knowledge of grain and its presence along the entire value chain present unique opportunities to offer this, while also developing profitable business.

### *Business development in the grain value chain*

Lantmännen's Strategy 2020 has a clear emphasis on sustainable business development, with a focus on the grain value chain. A vision and measurable goal were formulated during the year: to work with customers and suppliers to halve the impacts on the environment and natural resources in the grain value chain, and to generate 10 percent growth from new sustainable business by 2020.

Lantmännen has a long tradition of research and innovation work and invests in both its own and external research projects, which cover everything from plant breeding and cultivation to processing, product development and consumption. A priority research area is how challenges such as climate change and soil fertility changes affect cultivation, including stagnating crop yields, crop damage in the form of mold toxins, water damage, use of phosphorus and so on.

In 2014, Lantmännen developed new customer-specific grain concepts with a focus on climate and environmental performance. The focus on new oat varieties and healthy oat-based foods also continued during the year, with the aim of responding to the demand and potential in the Nordic and international market.

### *Ensuring responsibility – implementation of the Code*

Lantmännen's Code of Conduct contains general guidelines to ensure a good work environment and social conditions, good business ethics and environmental responsibility. The Code of Conduct applies to Lantmännen's entire operations and all employees are trained in the Code. Relevant sections also apply to elected representatives in the owner organization, suppliers and partners. In 2014, the Code was revised and updated in line with external changes and our own strategy and ambition. The Code is now being circulated among the decision-making bodies.

Implementation and monitoring of the Supplier Code of Conduct is an integral part of Lantmännen's sourcing process. The supplier assessment requirement has been sharpened from

2014. All suppliers with an annual purchase volume over MSEK 1 will be monitored and risk assessed by means of self-assessment against the Code of Conduct. To become approved, a supplier must have undergone an assessment that has been approved by the buyer. Supplier monitoring is also done through independent third-party audits. Priority supplier and purchasing categories with high risk and significant improvement potential have been identified. For the audits carried out in 2014, the focus has been how suppliers ensure dissemination of the requirements along the supply chain.

Imported raw materials such as soy and palm oil are an important purchasing category. Lantmännen has 100 percent RSPO certification for the volume of palm oil used in food, thereby supporting responsibly produced palm oil. 60 percent of Lantmännen's soy import volume was RTRS certified in 2014. Under a new sector agreement in the Swedish food chain during the year, Lantmännen has committed to achieving 100 percent RTRS certification in 2015.

### *Climate target*

Lantmännen has achieved the overall climate target for 2020: total CO<sub>2</sub> emissions have fallen by just over 40 percent in both absolute and relative figures since 2009. Several years of focused work on increased energy efficiency and phasing-out of fossil fuels have contributed to the result – for example, use of heating oil has declined by over 70 percent. New challenging climate targets will be formulated during 2015.

Lantmännen is also working with suppliers and customers to reduce the carbon footprint in other stages of production. Lantmännen is also one of the 14 members of the Haga Initiative, a network of companies that take active climate responsibility and highlight the opportunities that arise from adopting sustainable development.

### *Operations subject to permit and notification requirements under the Swedish Environmental Code*

In Sweden, Lantmännen conducts operations subject to permit requirements at 95 plants, and operations subject to notification requirements at 21 plants, all of them in accordance with the Environmental Code. These activities include mills, workshops and production facilities for feeds, ethanol, fuel pellets and food. The main direct environmental impacts are noise, emissions into the air and water, and temporary storage of hazardous waste. Production units in other countries adapt their operations, apply for any required permits and report to the authorities in accordance with local laws.

### *Reporting under GRI and Global Compact*

Lantmännen reports its sustainability performance annually in the framework of the Global Reporting Initiative (GRI) guidelines. GRI's new G4 guidelines have been used for 2014. The Annual Report including Sustainability Report and the information on Lantmännen's website also fulfill the requirements



on Communication on Progress (COP), which is a disclosure on progress made in implementing the Global Compact principles on responsible business.

### Research and development

Lantmännen has a long tradition of research and innovation work, and invests about MSEK 250-300 on this each year. Lantmännen invests in both its own and external research projects to promote new knowledge. The focus is on the grain value chain – from plant breeding and cultivation to processing, product development and consumption.

The Swedish Research Council Formas, Mistra and Lantmännen Research Foundation have provided funding of MSEK 62 for research on “Efficient and sustainable production systems in aqua-, agri- and horticulture”. Five research groups will share the funding in the period 2014-2017.

Lantmännen’s total R&D expenses in 2014 totaled MSEK 269 (293).

### Human resources

The average number of employees during the year was 8,311 (9,133), and the number of full-time employees at December 31, 2014 was 8,085 (8,456). 3,702 (4,082) of the average number of employees were employed in Sweden.

Lantmännen’s goal is to be an attractive employer providing a healthy working climate where skills are nurtured and developed throughout the Group.

Lantmännen’s equal opportunity and diversity policy states that the Group shall safeguard and value the skills, qualities and experience of all employees, regardless of gender, age, ethnicity, beliefs, sexual orientation, disability or other individual differences. In addition, it states that the Group will not tolerate any bullying, harassment or discrimination.

The objective of Lantmännen’s remuneration policy is to offer employees compensation that reflects Lantmännen’s commitment to attract and retain qualified expertise. The fundamental guidelines are to:

- ensure that employees at Lantmännen receive market-based compensation that makes it possible to recruit and retain capable employees in line with Lantmännen’s shared values: openness, a holistic view and drive.
- offer an individual salary structure that is based on performance, duties, qualifications, experience and position, and is therefore neutral with regard to gender, ethnicity, disability, sexual orientation, etc.

Within the framework of the remuneration policy, a variable salary can be paid to a defined target group in addition to the fixed salary. Pension and other benefits are paid in accordance with the rules applicable in each country or special agreements.

The AGM adopts guidelines for remuneration of senior executives (Group Management) on the basis of the Board’s proposals. The 2014 AGM decided on the guidelines to be applied in 2015. These are in line with the 2014 guidelines, with the addition that the Head of the Agriculture Sector is included in the variable salary program from 2015.

Further information on personnel, employee benefits, guidelines for remuneration of senior executives in 2014 and their application, and financial figures for the year are shown in note 5.

### Long-term financial targets and achievement of objectives

Lantmännen defines the overall profitability target as return on equity. Return on equity was 10.6 percent and adjusted for non-recurring items 5.1 percent in 2014. Lantmännen has a strong financial position which was improved further during the year. Lantmännen’s equity target is a minimum of 40 percent. The equity ratio was 43.8 percent at the end of 2014.

### Significant risks and uncertainties

Risks is inherent in any business activity and is an event, the occurrence of which may have an adverse effect on Lantmännen’s operations. Risks can arise from mismanagement or events and decisions outside our control. Effective risk management is fundamental to Lantmännen’s ability to conduct business.

Lantmännen’s owners, customers, employees, consumers and suppliers have high expectations with regard to transparent risk management. The corporate culture, which is built on established values, Lantmännen’s Code of Conduct and responsibility from field to fork, is the basis for the Company’s risk management work. Identifying and managing risks is a part of strategic planning and ongoing operational management and control. Continuous business intelligence and internal and external dialogue with stakeholders are crucial to risk identification.

Lantmännen’s risk management is established as an ERM (Enterprise Risk Management) process, where risks are identified, assessed and reported annually as part of the strategy and business planning process. Lantmännen has a risk screening tool for managing risks associated with the Code of Conduct. Risk screening is conducted by type of business, country and raw material and is then measured against available risk indexes from established organizations. These include Transparency International’s corruption index and the World Business Council for Sustainable Development’s water resources survey. Financial risk management is described in more detail in note 23.

*Lantmännen’s risk management function* is responsible for Lantmännen’s global insurance portfolio, which includes property, product liability, general liability and transport. Lantmännen and the insurance companies work together to analyze damage and propose preventive measures. Lantmännen has its

own insurance company through which it insures certain risks that are not insurable on the open market.

#### *Strategic risks*

Strategic risks are associated with business development and long-term planning, and Lantmännen's brand. The most significant strategic risks are concerned with adapting the business to economic changes and conducting effective business development in line with Lantmännen's brand promises.

Lantmännen's Group management establishes the strategic risk levels with the Board. Strategic risks are evaluated as part of the annual strategic planning process and in connection with critical business decisions. Maneuverability is reinforced by flexibility and cost and capital efficiency at all levels. Fast dissemination of appropriate information is ensured through the Company's management structures and processes.

The main strategic risks include external risks, notably changes in the economy, trends, competition and overall brand positioning, as well as political decisions and regulatory changes in the markets in which Lantmännen is active.

In October 2014, the EU Commission conducted inspections at a number of companies in Europe in the bioenergy sector, among them Lantmännen Agroetanol. The EU Commission has not provided any feedback from the inspection.

Part of Lantmännen's production and sourcing is in Russia and Ukraine. The uncertain situation in the region may have an impact on the association's operations, earnings, financial position and prospects.

#### *Operational risks*

Operational risks are an element of the Sectors' day-to-day operations, and include commodity price risks and handling errors that compromise quality and safety. Many operational risks can be controlled, and are often regulated by policies, guidelines and instructions in order to provide consistent and effective safety in the Group. A large number of operational risks are also insurable. Risks associated with compliance with laws and regulations, financial reporting and internal control also come under the category of operational risks.

Lantmännen uses the financial markets to manage price risk in commodity purchases, sales of ethanol and the purchase of energy such as electricity and gas. Long-term hedging of prices increases predictability and evens out price volatility. Price risks are managed within the financial policy. The importance of a systematic and preventive approach to operational risks increases as capacity utilization of Lantmännen's plants grows and integrated operating processes are introduced.

As handling errors can also occur at Lantmännen's suppliers' premises, it is important to conduct audits with follow-up of our suppliers and the goods we purchase. Lantmännen's Supplier Code of Conduct specifies ethical, environmental and H & S requirements that all suppliers must agree to comply with, and all suppliers are risk-assessed against this.

#### *Financial risks*

Lantmännen is exposed to financial risks that could cause fluctuations in earnings, cash flow and items in the statement of financial position. The management of these risks is described in the financial policy, which is Lantmännen's overall governing document for financial risks. Financial status reporting and compliance with the financial policy are regularly reported to Group Management and the Group Board. Agreements have been signed with a number of banks in order to safeguard Lantmännen's long-term financing.

After consultation with the business operations, Lantmännen Finans is responsible for financing, financial and commodity risk controls, liquidity planning, payment solutions and capital efficiency projects. Risk consolidation and control minimizes the actual risk and also the costs of measures such as hedging currency flows.

Financial transactions with a financial or commercial counterparty are subject to credit risk, which is minimized by credit control of customers and a good spread of customers across multiple segments and markets. Counterparty risk in financial transactions is minimized by using several different players with good credit ratings.

Every year, Lantmännen handles large volumes of grain sourced locally in Sweden or internationally. The grain is then sold to external customers or internally to Lantmännen's industries. A constantly changing market price exposes Lantmännen to risk when buying and selling. Commodity risk can be minimized by matching purchases and sales or hedging the price in the financial markets.

Lantmännen uses a risk management system to measure and manage risk in the grain chain, from sourcing and grain trading to the finished product. The system measures the volume and value of each commodity position. This is compared with the risk that each business unit is allowed to take under the established risk policy.

Lantmännen has pension obligations, primarily to Swedish salaried employees. The Grodden pension fund has managed and safeguarded Lantmännen's defined benefit pension obligations for the majority of the salaried employees in Sweden since 2011. In the final analysis, the pension obligation to beneficiaries remains with Lantmännen.

Financial risk management is described in more detail in note 23.

#### *Events after the end of the reporting period*

The boards of Lantmännen and Kalmar Lantmän have proposed a merger between the associations. If the merger goes ahead, the members of Kalmar Lantmän will become members of Lantmännen ek för and will therefore receive the same conditions that apply to other members of Lantmännen. Kalmar Lantmän is at present an organization member of Lantmännen ek för. The merger proposal will be decided on by Kalmar

Lantmän's annual general meeting and dealt with at Lantmännen ek för's meeting. The merger is subject to the approval of the Swedish Competition Authority. Kalmar Lantmän is an agricultural cooperative with operations in agriculture, machinery and retail stores. The association is owned by 1,800 farmers, has 190 employees and a turnover of SEK 1.2 billion.

Lantmännen has signed an agreement to acquire the Finnish bakery company Vaasan Group Oy. Vaasan is the world's largest producer of thin crisp products and the world's second largest crispbread producer. The company is also a major bake-off player in the Nordic region and has a significant presence in the fresh bread segment. The acquisition of Vaasan is subject to the approval of the relevant authorities and the transaction is expected to be completed in the middle of 2015. Lantmännen already indirectly owns 8 percent of the shares in Vaasan and the remainder will be acquired through the planned transaction. Vaasan has a turnover of just over EUR 400 million (approximately SEK 4 billion) and about 2,700 employees in Finland, Estonia, Latvia, Lithuania, Sweden and Norway.

The 2015 Signum Prize is one of the many awards Lantmännen has received. The prize, awarded at the Trademark Day in Stockholm, goes to the Nordic company that has shown the best brand management and care.

#### *Issue of subordinated debentures*

An issue of subordinated debentures was conducted in January 2015 in order to broaden the capital base while strengthening the members' ownership role and employees participation in Lantmännen's earnings growth. The issue was a little over-subscribed and subordinated debentures with a total value of MSEK 250 were issued.

### Strategy 2020

Since 2013, Lantmännen's Board and management have been conducting an external analysis to evaluate how Lantmännen and Swedish farmers should capitalize on new challenges and business opportunities. The work, which has been coordinated in different owner meetings, has culminated in the new long-term direction, Strategy 2020.

The new strategy is based on a growth-oriented changing environment that creates new opportunities for Lantmännen and the farmers, and is now being implemented throughout the Group.

Lantmännen's assignment – to contribute to the profitability of owners' farms and maximize the return on their capital in the association – is unchanged, and it is therefore natural for the farmer and grain value chain to be more clearly in focus. Lantmännen will continue to develop agriculture-related business in partnership with farmers. This is also about clearer creation of value from grain through investments in innovation and product development, a streamlined supply chain, strong brands and new concepts. Lantmännen continues

to manage and profitably develop portfolio holdings outside the core business, aimed at bringing value to the Group as a whole. With a presence throughout the entire chain, Lantmännen is in a unique and strong position to offer traceability, health and sustainability.

To succeed in Lantmännen's objective – to be a leading player in the grain value chain from field to fork in the Baltic region – requires close cooperation with owners and customers, and the right skills, the right leadership and an effective organization.

### Outlook

Lantmännen's growth-oriented strategy – "Strategy 2020" – has already begun to yield results in several areas and will continue to produce effects in 2015.

The Agriculture Sector's market is dominated by high price volatility, largely an effect of the close relationship between supply and demand. The political turmoil in Russia and Ukraine, for example, is affecting world prices for grain and oilseed. The Sector continues its efforts to strengthen competitiveness, with measures such as further cost efficiency and adaptation to the market.

Some years of uncertainty are also expected in the Machinery Sector, with both the construction and farm machinery markets remaining weak. Efforts to reduce costs and increase efficiency will continue alongside market investments. Concepts such as partnership in the servicing business, which began in 2014, will continue and expand over the next few years.

The Energy Sector continues to focus on increasing sales and reducing costs in its operations. Lantmännen Agroetanol is expected to remain challenged by low ethanol prices and a lack of clarity on long-term energy and climate policies in Sweden and the EU. At the same time, there is scope for exports to countries, such as Germany and Finland, with stricter environmental regulations that promote green ethanol.

The Food Sector is likely to face intense competition from private labels and other suppliers' brands. Trends and added values such as convenience, health, quality, and other environmental and sustainability issues are expected to remain important. The strong health trend among consumers is expected to continue, bringing increased interest in organic foods. Efforts to streamline operations in response to the tough competitive situation will continue, as will the development of new products and solutions to meet consumers' and customers' demands and needs.

Lantmännen Real Estate is expected to continue to deliver stable results, even though the increase in market rents is likely to come to a halt in 2015.

Lantmännen has a strong financial position and is well positioned for future growth.

## Group Net sales and earnings

- Lantmännen's net sales amounted to MSEK 32,666 (33,802)
- Operating income increased to MSEK 1,453 (89)
- Adjusted for items affecting comparability, operating income was MSEK 851 (805)
- Scandi Standard was listed and a large proportion of Lantmännen's holding was sold, generating a gain of MSEK 584
- The German and Polish plant breeding and seed operations were sold, generating a gain of MSEK 147

### Net sales

Lantmännen's net sales for the year amounted to MSEK 32,666 (33,802), a decline of 3 percent. Adjusted for acquired and divested operations, net sales were 3 percent higher than in the previous year. Currency effects had an impact of 2 percent on net sales.

### Operating income

Operating income was MSEK 1,453 (89). Items affecting comparability had an impact of MSEK 602 (-716) on operating income. These items consisted of capital gains of MSEK 584 connected with Scandi Standard's IPO and MSEK 147 on the sale of Lantmännen's German and Polish plant breeding and seed operations, as well as restructuring costs of MSEK -129. Items affecting comparability in 2013 totaled MSEK -716, of which MSEK -800 was impairment of Lantmännen's ethanol plant. Adjusted for items affecting comparability, operating income was MSEK 851 (805).

### Net financial income and income after financial items

Net financial income amounted to MSEK -111 (-4). The figure for 2013 includes a capital gain of MSEK 143 on the sale of investment shares, of which MSEK 118 was non-recurring. Adjusted for items affecting comparability, net financial income was MSEK -111 (-122). The improvement compared with 2013 is mainly due to lower borrowing rates and reduced net debt as a result of the proceeds received from participation in Scandi Standard's IPO and the sale of the German and Polish plant breeding and seed operations.

Income after financial items totaled MSEK 1,342 (85) and adjusted for items affecting comparability it was MSEK 740 (683).

### Tax and income after tax

Tax for the year was MSEK -117 (+15). Tax was affected by a non-taxable capital gain and the fact that dividends, including refunds and final price adjustments, from Lantmännen ek för are tax deductible.

The Group's income after tax amounted to MSEK 1,225 (100), with MSEK 1,217 (100) of this figure attributable to members of the economic association and MSEK 8 (0) to non-controlling interests (minority ownership) in the Group's subsidiaries.

### Items affecting comparability\*

MSEK	2014	2013
<b>Recognized operating income</b>	<b>1,453</b>	<b>89</b>
<i>Items affecting comparability in operating income:</i>		
Capital gains on sale of operations	731	363
Impairment of assets in Agroetanol's operations	-	-800
Restructuring costs, Agriculture Sector	-50	-38
Restructuring costs, Food Sector	-79	-130
Restructuring costs, other	-	-111
<b>Total items affecting comparability in operating income</b>	<b>602</b>	<b>-716</b>
<b>Operating income, adjusted for items affecting comparability</b>	<b>851</b>	<b>805</b>
<b>Recognized income after financial items</b>	<b>1,342</b>	<b>85</b>
Items affecting comparability in operating income according to above	602	-716
<i>Items affecting comparability in financial items:</i>		
Capital gain on disposal of shares	-	118
<b>Total items affecting comparability in net financial income</b>	<b>-</b>	<b>118</b>
<b>Income after financial items adjusted for items affecting comparability</b>	<b>740</b>	<b>683</b>
Return on equity, adjusted for items affecting comparability, %	5.1	4.4
Return on operating capital, adjusted for items affecting comparability, %	5.3	4.7

\* See also ► note 9.

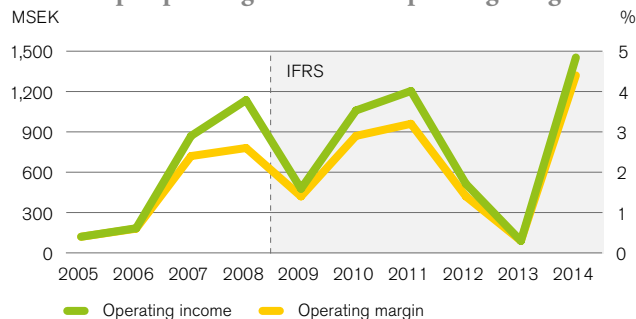
## Consolidated Income statement

MSEK	Note	2014	2013
<b>Net sales</b>	<b>3, 4</b>	<b>32,666</b>	<b>33,802</b>
Other operating income	4	1,187	816
Changes in inventories of finished goods and work in progress		-15	-241
Capitalized work for own account		2	6
Raw materials and consumables		-12,312	-13,332
Merchandise		-8,894	-8,121
Employee benefits expense	5	-4,741	-4,938
Depreciation, amortization and impairment	6	-1,103	-2,104
Other operating expenses	7	-5,439	-5,939
Share of income of companies, accounted for using the equity method	15	102	140
<b>Operating income</b>	<b>9, 10</b>	<b>1,453</b>	<b>89</b>
Finance income	8	118	333
Finance costs	8	-229	-337
<b>Income after financial items</b>		<b>1,342</b>	<b>85</b>
Tax	11	-117	15
<b>Net income for the year</b>		<b>1,225</b>	<b>100</b>
<b>Net income for the year attributable to:</b>			
Members of the economic association		1,217	100
Non-controlling interests		8	0

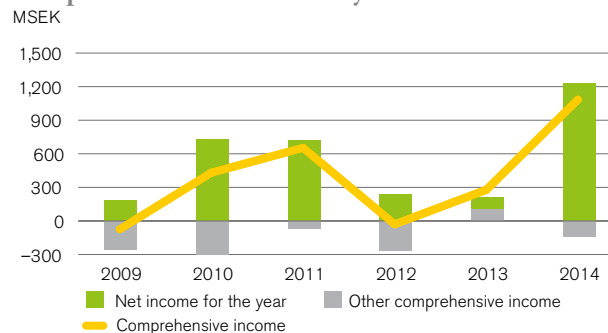
## Consolidated Statement of Comprehensive Income

MSEK	Note	2014	2013
<b>Net income for the year</b>		<b>1,225</b>	<b>100</b>
<b>Other comprehensive income</b>	<b>21</b>		
<i>Items that will not be reclassified to the income statement</i>	<b>24</b>		
Actuarial gains and losses on defined benefit pension plans		-313	307
Tax on actuarial gains and losses		70	-68
<b>Total</b>		<b>-243</b>	<b>239</b>
<i>Items that will be reclassified to the income statement</i>			
Available-for-sale financial assets, net of tax		24	-119
Cash flow hedges, net of tax		7	8
Exchange differences on translation of foreign operations		209	92
Net gain on hedge of net investment in foreign operations, net of tax		-174	-86
Tax attributable to items that will be reclassified		37	44
<b>Total</b>		<b>103</b>	<b>-61</b>
<b>Other comprehensive income, net of tax</b>		<b>-140</b>	<b>178</b>
<b>Total comprehensive income</b>		<b>1,085</b>	<b>278</b>
<b>Total comprehensive income attributable to:</b>			
Members of the economic association		1,077	278
Non-controlling interests		8	0

### The Group's operating income and operating margin



### Comprehensive income for the year



# Performance per business area (for full segment information, see note 3).

MSEK	Agriculture Sector		Machinery Sector		Energy Sector		Food Sector		Lantmännen Real Estate		Lantmännen Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net sales	10 337	10,294	9,484	8,934	3,059	3,723	11,180	12,593	394	364	32,666	33,802
Operating income	6	67	181	255	72	-846	442	373	212	190	1,453	89
Return on operating capital, %	0.1	1.7	8.6	11.5	5.5	-40.5	5.7	4.5	16.3	17.8	9.1	0.5
Operating income, adjusted for items affecting comparability	56	105	181	255	72	-46	521	503	212	190	851	805
Return on operating capital, adjusted for items affecting comparability, %	1.4	2.6	8.6	11.5	5.5	-2.2	6.7	6.1	16.3	17.8	5.3	4.7

## Agriculture Sector

The Agriculture Sector's net sales were a little higher than in the previous year. Operating income adjusted for items affecting comparability was MSEK 56 (105). The decline for the year is mainly due to challenges in the seed business early in the year, with lower spring seed sales and an intensifying competitive situation in the Swedish market. Earnings for international interests were lower than in the previous year.

The grain business performed well throughout the year, mainly thanks to the large harvest this year. The intensive work on the harvest was productive, with large volumes, generally good quality and satisfied suppliers. The effects of the successful harvest continued to be seen in the fall, with large deliveries of wheat and oats, while the weak quality of the French harvest resulted in increased export demand from southern Europe and Africa.

The year's spring seed campaigns began in October with the market launch of two new varieties – Nike forage oat and Ingrid pea. Lantmännen's strong grain concepts produced good effects, including "Climate and nature" and "100% Oats". Market demand was generally good. In October, operations started at Lantmännen's new ThermoSeed facility in Eslöv, where heat-treated seed is produced.

Feed operations performed well during the year, with Lantmännen's market position strengthening in the face of continuing intense competition. The challenging situation for milk producers in particular has led to a stronger focus on price.

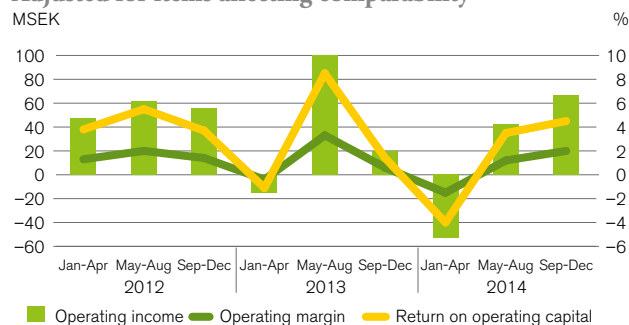
Fertilizer sales volumes were high towards the end of 2014,

primarily driven by fears of the return of the fertilizer tax. Following the government's statement that this will not happen until 2016, the market has slowed somewhat. Price pressure on commodities remains strong.

A number of changes were implemented in the Sector during the year. These included cost adjustments within the salaried-employee organization, divestment of Byggglant's construction operations and the sale of the German and Polish plant breeding and seed operations. These changes brought reduced costs and a more efficient organization, thereby strengthening the Sector's competitiveness. 2015 will see a continuation of efforts to achieve cost leadership and create long-term, viable and profitable agricultural activities that promote Swedish agriculture.

## Agriculture Sector

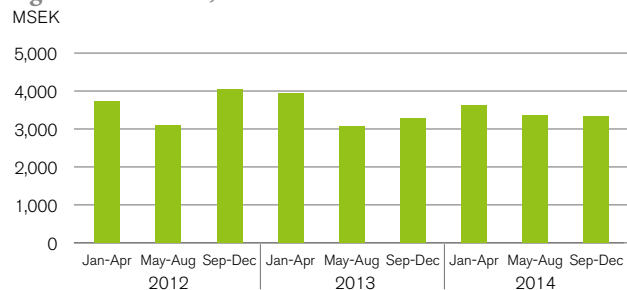
### Adjusted for items affecting comparability



## Agriculture-related operations

MSEK	Lantmännen Lantbruk Sweden		Lantmännen Maskin Sweden	
	2014	2013	2014	2013
Net sales	10,097	9,817	2,955	2,766
Operating income	-42	12	-38	-13
Return on operating capital, %	-1.5	0.4	-4.6	-1.7
Operating income, adjusted for items affecting comparability	8	49	-38	-13
Return on operating capital, adjusted for items affecting comparability, %	0.3	1.7	-4.6	-1.7

## Agriculture Sector, net sales



## Machinery Sector

The Machinery Sector's net sales were higher than in the previous year for both Lantmännen Maskin and Swecon. The Sector's operating income was lower than in the previous year, at MSEK 181 (255). The result was affected by significant reorganization costs, primarily in Lantmännen Maskin Sweden.

Total tractor sales in Sweden continued to slow in the fall. Lantmännen has a strong market position and has increased its market share in Sweden, but despite this, operating income was lower than in the previous year due to reduced demand and the reorganization costs. Total sales for Norway and Denmark also fell sharply during the year. Lantmännen gained market share in Denmark, but Norway showed a decline in market share. However, at the end of the year, a slight improvement in Lantmännen's sales in Norway was noted, and additional projects are underway to improve profitability. These include cost reduction measures, increased marketing efforts and a restructuring of the sales force.

The construction machinery market in Sweden was weak throughout the year, mainly as a result of decreased activity in the mining sector and delayed political decisions in a number of major infrastructure projects. By contrast, the parts and servicing market in Sweden continued to develop positively. Market development in Germany is relatively stable, and Swecon's German leasing activities performed positively during the year.

Both Lantmännen Maskin and Swecon are working on

comprehensive action programs to reduce costs and increase operational efficiency in order to adjust to the weaker market conditions. At the same time, the focus on aggressive marketing continues.

As a result of Lantmännen Maskin's targeted work on price negotiations with suppliers during the year, Swedish farmers are now being offered corresponding European prices for machinery.

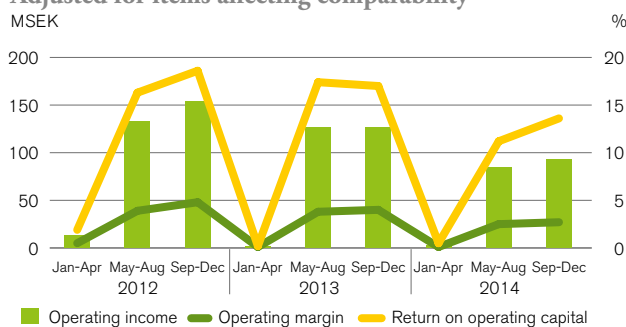
Lantmännen Classic, the servicing concept for older tractors which was launched in the spring, has been positively received and there are plans to expand it to Norway and Denmark. A similar concept, Volvo Classic, has been created for construction equipment. Lantmännen Maskin continues to establish collaboration with servicing, repair and spare parts partners throughout Sweden with the aim of further improving customers' proximity to workshops and spare parts.

## Energy Sector

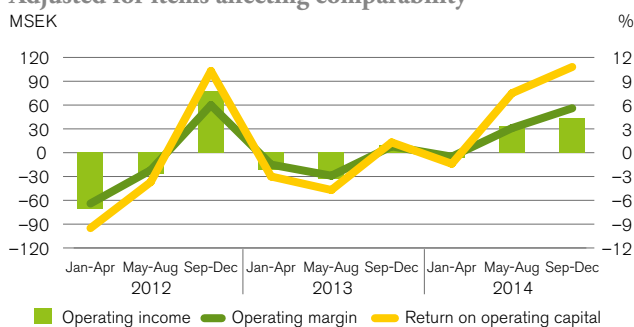
The Energy Sector's net sales were lower than in the previous year, which was largely an effect of the divested pellet business. Operating income adjusted for items affecting comparability was higher than in 2013, at MSEK 72 (-46).

Market conditions for Lantmännen Agroetanol were more unfavorable in 2014 than in the previous year, with low ethanol prices in Europe. During the fall, lower grain prices after the year's large harvest had a certain positive impact on earnings for the business. The increase in operating income for the ethanol

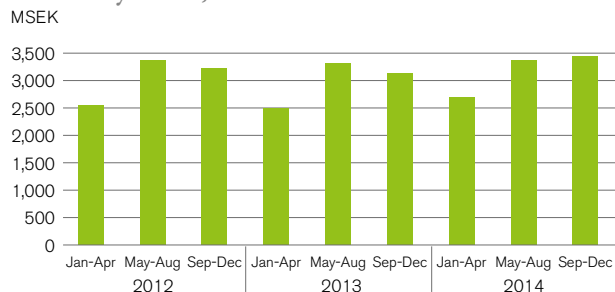
### Machinery Sector Adjusted for items affecting comparability



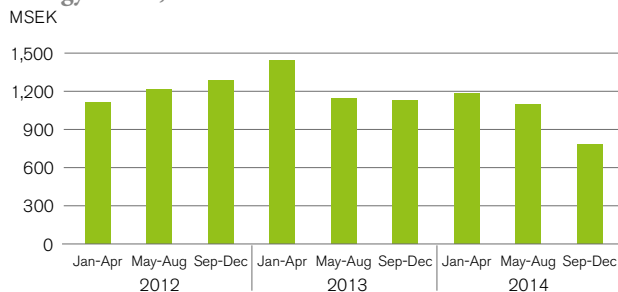
### Energy Sector Adjusted for items affecting comparability



### Machinery Sector, net sales



### Energy Sector, net sales





business is also attributable to reduced depreciation of the ethanol plant after the impairment loss recognized in 2013, as well as continuing improvements in productivity at the plant, optimization of the organization, increased resource efficiency and new approaches to alternative production materials.

Lantmännen Aspen continued to show strong growth, increasing its sales during the year. This was due to a combination of a stronger sales focus and increased exports, and favorable weather in the form of a mild winter and a warm spring. There was also a focus on strengthening product development. One result of this is the new alkylate petrol “Aspen 2 Full Range Technology”, which has been well received by customers.

Lantmännen Reppe also developed positively during the year, partly through cost savings and productivity improvements, but also through increased sales. The investments in production efficiency have produced the expected effect.

The process of merging and integrating Lantmännen Agroenergi’s and Neova’s wood pellet operations into the newly formed company Agroenergi Neova Pellets AB continued during the latter part of the year.

All of the Sector’s businesses have continued to work intensively on measures to create growth by improving and increasing sales. The work includes the creation of a common sales methodology, in order to get even closer to the customer and further improve the quality of customer contact.

## Food Sector

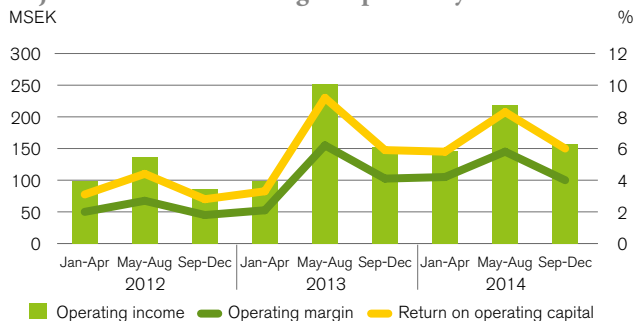
The Food Sector’s net sales were lower than in the previous year, and this was fully attributable to the sale of Kronfågel Group in 2013. All of the Food Sector’s business areas improved their operating income during the year. The Sector’s operating income, adjusted for items affecting comparability, was higher than in the previous year, at MSEK 521 (503).

In Lantmännen Cerealia, there were a number of major transactions during the year – the divestment of the mince operations in Laholm was completed in the fall, while earlier in the year Björnerud Gård’s pancake business and Strängnäs Valskvarn were acquired, both of which are important parts of Cerealia’s future strategy and plant structure.

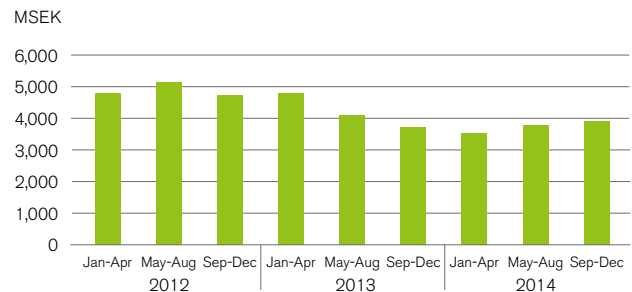
Work on cost savings continues as planned, as does the focus on grain concepts that connect customers and growers more closely – for example, the “Climate and nature” concept – and an increased focus on Swedish oats. The situation in the B2B market remains challenging, with increased competition, notably from Denmark and Germany. GoGreen continues to perform well, and the product launches during the year, which included Swedish-grown white, black and kidney beans, have been well received. Gooh also developed positively.

Lantmännen Unibake performed positively during the year, with good sales growth – particularly in the UK, the Benelux area, Finland and the United States. Long-term efforts to

### Food Sector Adjusted for items affecting comparability



### Food Sector, net sales







further strengthen competitiveness and growth in all markets continue as planned, and Unibake has consolidated its market position as the customers' primary business partner. Lantmännen Unibake continued its strong focus on creating innovative and value-creating solutions to meet consumers' needs. In the fall, it was decided to move personnel and production from one of Lantmännen Unibake's bakeries in Örebro to two other bakeries in Örebro and Mantorp as part of ongoing efficiency work. In addition, negotiations to close production in Suhl in Germany began. In November, a new production line was opened in St. Petersburg, Florida, which more than doubles the capacity and creates new business and growth opportunities.

Lantmännen Doggy completed the process of winding up its partnership with a major private label operator during the fall. Consequently, and as expected, sales were down on the previous year, particularly in specialist retail stores in the Nordic region and Germany. New product development for the specialist retail sector continues. In addition, efforts to develop work in the new retail trade sales force continue, with a particular focus on strengthening distribution to more stores.

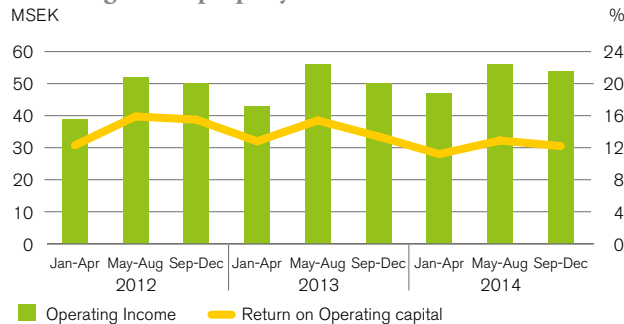
The unrest in Ukraine has not affected Lantmännen's operations to any significant extent so far. However, both Lantmännen Cerealia and Lantmännen Unibake are keeping a close eye on developments and maintaining close contact with their employees in Ukraine and Russia.

### Lantmännen Real Estate

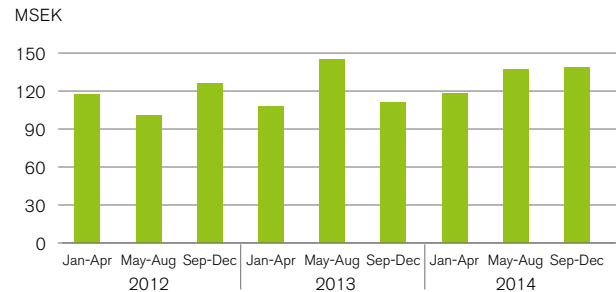
Lantmännen Real Estate's net sales were higher than in the previous year. Operating income, including the sale of property, was MSEK 212 (190), which was higher than in the previous year. Operating income, excluding the sale of property, amounted to MSEK 157 (149). Capital gains on property sales vary from year to year, and were a little higher in 2014 than in 2013.

A number of property transactions were conducted during the year. These included the sale of building rights in Norrtälje and a contractual agreement to acquire a property in Helsingborg with City Gross and Burger King as tenants. Lantmännen Real Estate continues to work actively on property development and increased the proportion of external rental income during the year.

### Lantmännen Real Estate, excluding sale of property



### Lantmännen Real Estate, net sales



# Consolidated Statement of financial position

MSEK	Note	2014 Dec 31	2013 Dec 31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	6,612	7,040
Investment properties	13	566	297
Goodwill	14	2,915	2,594
Other intangible assets	14	752	814
Holdings accounted for using the equity method	15	1,512	1,460
Non-current financial assets	16	918	782
Deferred tax assets	11	322	223
Other non-current assets	17	10	77
<b>Total non-current assets</b>		<b>13,607</b>	<b>13,287</b>
<b>Current assets</b>			
Inventories	18	5,379	5,249
Trade and other receivables	19	4,723	4,866
Current interest-bearing assets	20	345	288
Current tax assets	11	19	16
Cash and cash equivalents	20	3,058	2,295
<b>Total current assets</b>		<b>13,524</b>	<b>12,714</b>
<b>TOTAL ASSETS</b>		<b>27,131</b>	<b>26,001</b>

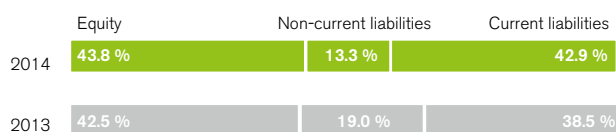
MSEK	Note	2014 Dec 31	2013 Dec 31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Member contributions		1,977	1,903
Other contributed capital		2,625	2,602
Reserves		-65	-168
Retained earnings		7,322	6,679
<b>Total equity attributable to members of the economic association</b>		<b>11,859</b>	<b>11,016</b>
Non-controlling interests		17	28
<b>Total equity</b>	21	<b>11,876</b>	<b>11,044</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	22, 23	2,600	4,334
Provisions for pensions	24	517	168
Deferred tax liabilities	11	200	151
Other non-current provisions	25	227	249
Other non-current liabilities	26	54	37
<b>Total non-current liabilities</b>		<b>3,598</b>	<b>4,939</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	22, 23	4,601	3,546
Trade and other payables	27	6,573	6,212
Current tax liabilities	11	59	58
Current provisions	25	424	202
<b>Total current liabilities</b>		<b>11,657</b>	<b>10,018</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,131</b>	<b>26,001</b>

Pledged assets and contingent liabilities, see note 31.

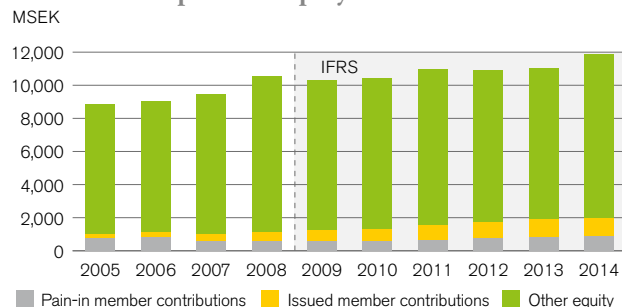
## Distribution of the Group's assets



## Distribution of the Group's equity and liabilities



## Contributed capital and equity



## Equity ratio and net debt/equity ratio



- The equity ratio was 43.8 (42.5) percent
- Return on equity was 10.6 (0.9) percent
- The Group's average operating capital declined to MSEK 15,916 (16,995)
- The capital turnover rate was 2.1 (2.0)

## Assets and investments

Total assets were MSEK 27,131 (26,001) at the end of the year, a decline of MSEK 1,130. The Swedish krona weakened against other currencies during the year, which increased the value of balance-sheet items from non-Swedish subsidiaries. Currency effects include an increase of about MSEK 450 in the value of property, plant and equipment and intangible assets.

The value of property, plant and equipment fell by MSEK 428. This was mainly due to divestments, notably the sale of the Lantmännen Lantbruk's German and Polish plant breeding and seed operations, and Lantmännen Agroenergi's new classification as a joint venture. Investments in property, plant and equipment were MSEK 1,006 (960), including Lantmännen Lantbruk's investment in the Eslöv ThermoSeed facility, Swecon's investment in machinery rental and Lantmännen Unibake's investment in production, with new production lines in the United States and Sweden.

Investment properties increased by MSEK 269 to MSEK 566 (297) as a result of property acquisitions and investments in existing properties. In addition, properties were reclassified from property, plant and equipment to investment properties.

Total intangible assets were MSEK 3,667 (3,408), an increase of MSEK 259.

## Liabilities and equity

Group equity amounted to MSEK 11,876 (11,044) at the end of the year, MSEK 17 (28) of which was attributable to owners other than the members of the economic association, i.e. non-controlling interests in Group companies. Net income for the

year increased equity by MSEK 1,225 (100), while dividends and contributed capital reduced equity by MSEK 237 (162).

Remeasurement effects recognized in OCI reduced equity by MSEK 140 (178).

The Group's net debt amounted to MSEK 3,674 (4,963) at the end of the year. The reduction of MSEK 1,289 was largely an effect of the sale of shares in Scandi Standard in connection with the company's IPO, other divestments and lower working capital. Pension liabilities increased from MSEK 168 to MSEK 517. The increase of MSEK 349 is largely due to the effects of changes in the actuarial assumptions for discount rates, life expectancy, etc.

The Group's liquidity at the end of the year was MSEK 3,932 MSEK (3,379). The figure is calculated on the basis of Lantmännen's current loan agreements and their covenants. The increased liquidity is largely due to the reduction of net debt and a slightly higher EBITDA, which affects the borrowing facility. At the end of 2014, Lantmännen was operating well within the framework of the covenants associated with its existing loan agreements.

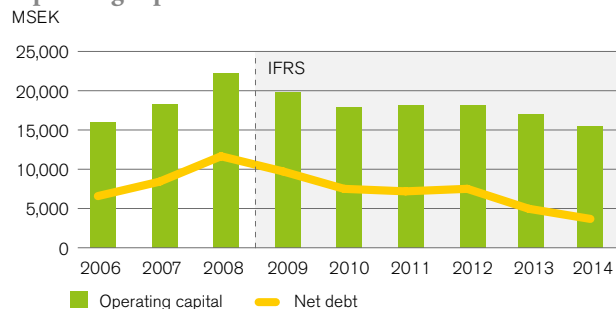
The equity ratio was 43.8 percent (42.5) at the end of the year.

## Net debt

MSEK	2014	2013
Liabilities to credit institutions	3,474	4,710
Savings and deposit accounts, members et al.	3,204	2,967
Pension liabilities	517	168
Subordinated debentures	0	56
Other interest-bearing liabilities	524	148
<b>Total interest-bearing liabilities</b>	<b>7,719</b>	<b>8,049</b>
Other interest-bearing assets	987	791
Short-term investments, maturity less than 3 months	2,094	1,725
Cash and bank balances	964	570
<b>Total interest-bearing assets</b>	<b>4,045</b>	<b>3,086</b>
<b>Group's net debt</b>	<b>3,674</b>	<b>4,963</b>

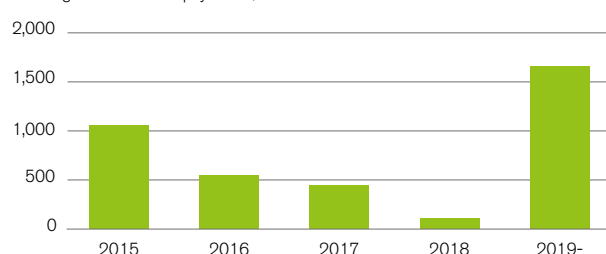
Shares held on an operational basis are reported under financial assets in the statement of financial position, but are not included in net debt; instead, they are reported as part of the Group's operating capital. Their value was MSEK 276 for 2014 and MSEK 279 for 2013.

## Operating capital and net debt



## Maturity profile of liabilities to credit institutions

Including future interest payments, MSEK



## Consolidated Statement of cash flows

MSEK	Note	2014	2013
<b>OPERATING ACTIVITIES</b>			
Operating income		1,453	89
Adjustment for non-cash items <sup>1)</sup>		166	1,681
		<b>1,619</b>	<b>1,770</b>
Financial items paid, net	<b>34:1</b>	-180	-96
Taxes paid		-77	-104
<b>Cash flow from operating activities before change in working capital</b>		<b>1,362</b>	<b>1,570</b>
<i>Cash flow from changes in working capital</i>			
Change in inventories		-165	208
Change in operating receivables		265	181
Change in operating liabilities		305	335
		<b>405</b>	<b>724</b>
<b>Cash flow from operating activities</b>		<b>1,767</b>	<b>2,294</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of operations	<b>34:2</b>	-338	-347
Divestment of operations	<b>34:3</b>	1,403	1,543
Investment in property, plant & equipment	<b>34:4</b>	-1,006	-961
Investment in intangible assets		-81	-82
Sale of property, plant & equipment and intangible assets		390	181
Change in financial investments		-58	-178
<b>Cash flow from investing activities</b>		<b>310</b>	<b>156</b>
<b>Cash flow before financing activities</b>		<b>2,077</b>	<b>2,450</b>
<b>FINANCING ACTIVITIES</b>			
Change in loans	<b>34:5</b>	-1,069	-353
Paid-in contributed capital		138	103
Refunded capital contribution		-64	-49
Dividend paid		-304	-208
<b>Cash flow from financing activities</b>		<b>-1,299</b>	<b>-507</b>
<b>Cash flow for the year</b>		<b>778</b>	<b>1,943</b>
Cash and cash equivalents at beginning of year		2,295	352
Exchange gains/losses		-15	0
<b>Cash and cash equivalents at end of year</b>	<b>34:6</b>	<b>3,058</b>	<b>2,295</b>

<sup>1)</sup> MSEK	2014	2013
<b>Adjustment for non-cash items</b>		
Depreciation, amortization and impairment of non-current assets	1,103	2,104
Share of income of joint ventures/associates	-86	-109
Capital gains on sale of non-current assets and operations	-801	-384
Other items	-50	70
<b>Total</b>	<b>166</b>	<b>1,681</b>

- Positive cash flow from operating activities, amounting to MSEK 1,362 (1,570)
- The Group's net investments in non-current assets generated a cash flow of MSEK –697 (–862)
- Cash flow before financing activities was MSEK 2,077 (2,450)

### Cash flow from operating activities

The cash operating surplus, i.e. before changes in working capital, gave a positive cash flow of MSEK 1,362 (1,570), while a lower working capital than in the previous year increased the cash flow by MSEK 405 (724). The decline in cash flow from changes in working capital compared with the previous year is due to increased capital tied up in inventories. Cash flow from operating activities was therefore MSEK 1,767 (2,294).

### Cash flow from investing activities

Divestments generated a positive cash flow of MSEK 1,403 (1,543), with the sale of shares in the associate Scandinavian Standard contributing MSEK 801 and the sale of Lantmännen Lantbruk's German and Polish plant breeding and seed operations MSEK 403. Acquisitions generated a cash flow of MSEK –338 (–347), primarily attributable to the acquisition of Strängnäs Valskvarn AB and the property company Galgvreten 3: 5 AB.

Payments relating to investments in property, plant and equipment and intangible assets were slightly higher than in the previous year, amounting to MSEK –1,087 (–1,043), while sales of non-current assets generated a cash flow of MSEK 390 (181). Investments in property, plant and equipment were MSEK 1,006 (961), including Lantmännen

Lantbruk's investment in the Eslöv ThermoSeed facility and Lantmännen Unibake's investment in production, with new production lines in the United States and Sweden.

Cash flow from investing activities was MSEK 310, compared with MSEK 156 in the previous year.

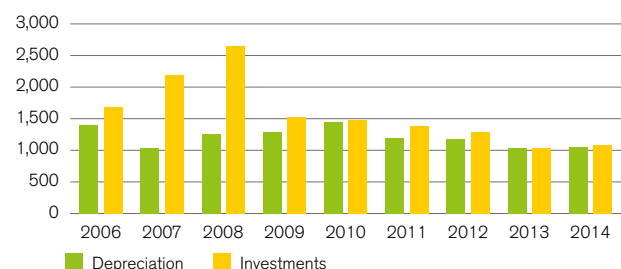
### Cash flow from financing activities

Financing activities generated a cash flow of –1,299 (–507), mainly attributable to a reduction of MSEK –1,069 (–353) in net loans. The dividend of MSEK –304 (–208) is distributed as follows: MSEK –171 (–88) contribution dividends and MSEK –129 (–120) refunds and final price adjustments to members of the association.

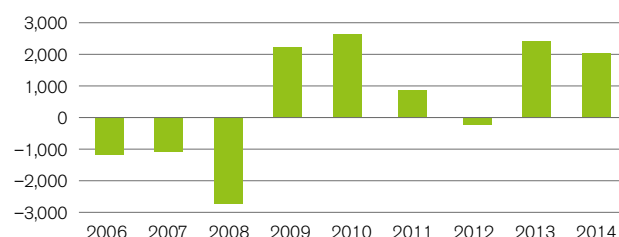
### Cash flow for the year

Total cash flow for the year was MSEK 778 (1,943), while cash and cash equivalents stood at MSEK 3,058 (2,295) at the end of the year.

Depreciation/investment in property, plant and equipment  
MSEK



Cash flow before financing activities  
MSEK



## Consolidated Statement of changes in Equity

MSEK	Note	Member contributions	Other contributed capital	Reserves	Retained earnings	Total Lantmännen's owners	Non-controlling interests	Total equity
Opening balance, January 1, 2013		1,769	2,479	-107	6,758	10,899	33	10,932
Net income for the year		-	-	-	100	100	0	100
Other comprehensive income, net of tax		-	-	-61	239	178	-	178
Total comprehensive income		-	0	-61	339	278	0	278
Distributions to owners		80	123	-	-418	-215	-1	-216
Contributed capital paid in by members		103	-	-	-	103	-	103
Contributed capital paid out to members		-49	-	-	-	-49	-	-49
Purchase of NCI, Bygglant etc		-	-	-	-	0	-4	-4
<b>Closing balance, December 31, 2013</b>	<b>21</b>	<b>1,903</b>	<b>2,602</b>	<b>-168</b>	<b>6,679</b>	<b>11,016</b>	<b>28</b>	<b>11,044</b>
Net income for the year		-	-	-	1,217	1,217	8	1,225
Other comprehensive income, net of tax		-	-	103	-243	-140	-	-140
Total comprehensive income		0	0	103	974	1,077	8	1,085
Distributions to owners		-	23	-	-331	-308	-3	-311
Contributed capital paid in by members		138	-	-	-	138	-	138
Contributed capital paid out to members		-64	-	-	-	-64	-	-64
Changes relating to non-controlling interests		-	-	-	-	0	-16	-16
<b>Closing balance, December 31, 2014</b>	<b>21</b>	<b>1,977</b>	<b>2,625</b>	<b>-65</b>	<b>7,322</b>	<b>11,859</b>	<b>17</b>	<b>11,876</b>

More information about equity can be found in the Parent Company's statement of changes in equity on ► page 89 and in note 21.

Equity attributable to members of the economic association, MSEK	2014	2013
Contributed capital, paid in	931	829
Contributed capital, issued	1,046	1,074
Other equity	9,882	9,113
<b>Total equity attributable to members of the economic association</b>	<b>11,859</b>	<b>11,016</b>

## Operations

The activities of the Parent Company Lantmännen ek för consist of Lantmännen's core operations in the Agriculture Sector, Lantmännen's lubricating oil operations and the corporate functions.

## Number of members

The number of members on December 31, 2014 was 28,617 (32,082).

## Net sales and operating income

Net sales amounted to MSEK 10,602 (10,278).

Operating income for the year was MSEK –180 (–255). The increase in operating income from the previous year is partly due to the receipt of MSEK 65 from Lantmännens Gemensamma Pensionsstiftelse Grodden.

## Income after net financial items

Income after financial items was MSEK –320 (755).

Net financial income amounted to MSEK –140 (1,010). Net financial income for the year includes a capital gain of MSEK 38 (1,105) on the sale of shares and interests, and dividends of MSEK 20 (109). It also includes impairment of shares and interests amounting to MSEK –51 (–222) and exchange losses of MSEK –196 (–97). The previous year's capital gain comprised the sale of Kronfågel Group, MSEK 962, and the sale of investment shares, MSEK 143. Impairment of shares in 2013 related primarily to the holding in Lantmännen Agroetanol AB.

## Investments

Investments in non-current assets for the year totaled MSEK 164 (180).

## Subordinated debentures

Lantmännen ek för's subordinated debentures of MSEK 56 from the 2009 issue matured and were repaid on December 30, 2014.

New subordinated debentures totaling MSEK 250 were issued on January 15, 2015. The new subordinated debentures have a term of 5 years and mature on December 30, 2019.

## Equity ratio

The equity ratio at the end of the year was 43.5 (39.7) percent.

## Human resources

The average number of employees was 1,161 (1,262).

## APPROPRIATION OF PROFIT

### Refund and final price adjustment

The Board has decided to pay a 1.5 (1.5) percent refund on members' purchases of inputs from Lantmännen Lantbruk Sweden and 0.5 (0.5) percent on their purchases from the Machinery Sector's Swedish operations. The Board has also

decided that a final price adjustment of 1.5 (1.5) percent will be paid for delivered grain, oilseed and grass seed. The total refund and final price adjustment is estimated at MSEK 135 (129). The actual outcome of the 2013 refunds and final price adjustments was MSEK 129, compared with MSEK 127 allocated in the 2013 financial statements. The refund and final price adjustment is recognized directly in consolidated equity as a dividend.

## Contribution dividend

The Board proposes that the AGM adopt a contribution dividend of 9 (9) percent, a total of MSEK 178 (171), on paid-in and issued contributions to direct members, organization members and local associations.

## Contribution issue

The Board proposes that the AGM adopt a contribution issue of MSEK 150 (0). The issue capital will be distributed as follows: 75 percent based on the members' paid-in and issued contributed capital and 25 percent on the members' contribution-based turnover with the association in 2014.

In total, the proposed contribution dividend and contribution issue amount to 17 (9) percent of the association's contributed capital.

## Subordinated debentures

The Board proposes that the AGM adopt a dividend on subordinated debentures of 9 (3) percent, which corresponds to MSEK 5 (2).

## Proposal for appropriation of profit

The Board of Directors proposes that the Parent Company's unappropriated earnings of TSEK 6,000,400 be allocated as follows:

Contribution dividend	TSEK	177,968
Contribution issue	TSEK	150,000
Dividend on subordinated debentures	TSEK	5,059
Transferred to statutory reserve	TSEK	150,000
Carried forward	TSEK	5,517,373
<b>Total</b>	<b>TSEK</b>	<b>6,000,400</b>

Because of trading in contribution issues, the Board has decided that the date on which holdings give entitlement to dividends, contribution dividends and contribution issues will be the date of the Annual General Meeting, May 5, 2015.

The dividend is calculated on the basis of the membership roll as updated on December 31, 2014. The contribution dividend amount may be changed as a result of membership changes up to May 5, 2015.

The 2014 Annual Report will be presented for adoption at the Annual General Meeting on May 5, 2015.

## Parent Company **Income Statement**

MSEK	Note	2014	2013
Net sales, external		8,765	8,067
Net sales, intra-Group		1,837	2,211
<b>Net sales, total</b>	<b>35</b>	<b>10,602</b>	<b>10,278</b>
Change in products in progress, finished goods and work in progress for third parties		-86	-17
Capitalized work for own account		1	5
Other operating income	<b>35</b>	251	212
		<b>10,768</b>	<b>10,478</b>
<b>Operating expenses</b>			
Raw materials and consumables		-6,667	-6,351
Merchandise		-1,676	-1,798
Other external costs	<b>36</b>	-1,582	-1,431
Employee benefits expense	<b>5</b>	-872	-950
Depreciation, amortization and impairment		-151	-203
<b>Total operating expenses</b>		<b>-10,948</b>	<b>-10,733</b>
<b>Operating income</b>	<b>37, 40</b>	<b>-180</b>	<b>-255</b>
<b>Income from financial items</b>			
Income from investments in Group companies	<b>38</b>	26	815
Income from investments in joint ventures/associates	<b>38</b>	0	32
Income from other securities and receivables classified as non-current assets	<b>39</b>	-20	145
Interest income from Group companies		234	304
Other interest and similar income		123	172
Interest expenses to Group companies		-86	-84
Other interest and similar expenses		-221	-277
Exchange differences, financial items	<b>40</b>	-196	-97
<b>Total financial items</b>		<b>-140</b>	<b>1,010</b>
<b>Income after financial items</b>		<b>-320</b>	<b>755</b>
Refund and final price adjustment		-137	-127
Appropriations	<b>48</b>	0	-
Group contributions received		443	-
Group contributions paid		-117	-339
<b>Income before tax</b>		<b>-131</b>	<b>289</b>
Tax on net income for the year	<b>41</b>	31	163
<b>NET INCOME FOR THE YEAR</b>		<b>-100</b>	<b>452</b>

As there is no difference in the Parent Company between net income and comprehensive income, a statement of comprehensive income has not been prepared.



# Parent Company Statement of Financial Position

MSEK	Note	2014 Dec 31	2013 Dec 31	MSEK	Note	2014 Dec 31	2013 Dec 31
<b>ASSETS</b>				<b>EQUITY AND LIABILITIES</b>			
<b>Non-current assets</b>				<b>Equity</b>			
<b>Intangible assets</b>				<b>Restricted equity</b>			
Intangible assets	42	185	223	Member contributions		1,977	1,903
		185	223	Subordinated debentures		0	56
<b>Property, plant and equipment</b>	43			Restricted reserves		2,625	2,602
Land and buildings		251	226			4,602	4,561
Investment properties	44	52	41	<b>Non-restricted equity</b>			
Plant and machinery		490	473	Non-restricted reserves, retained earnings		6,101	5,845
Other non-current assets		124	78	Net income for the year		-100	452
		917	818			6,001	6,297
<b>Non-current financial assets</b>				<b>Total equity</b>			
Investments in Group companies	45	6,843	6,572			10,603	10,858
Investments in joint ventures/associates	15	1,063	1,065	<b>Untaxed reserves</b>	48	311	311
Receivables from Group companies		1,066	1,411	<b>Provisions</b>			
Receivables from joint ventures/associates		31	297	Provisions for pensions	49	4	3
Other non-current financial assets		259	387	Other provisions	50	160	206
Deferred tax asset	41	301	270	<b>Total provisions</b>		164	209
Other non-current assets		0	40	<b>Non-current liabilities</b>			
		9,563	10,042	Non-current liabilities to credit institutions		2,381	4,090
<b>Total non-current assets</b>		<b>10,665</b>	<b>11,083</b>	Other non-current liabilities		62	39
<b>Current assets</b>				<b>Total non-current liabilities</b>			
Inventories	46	2,252	2,008			2,443	4,129
Trade receivables		1,567	1,693	<b>Current liabilities</b>			
Receivables from Group companies		8,068	10,973	Current liabilities to credit institutions		1,000	500
Receivables from joint ventures/associates		11	8	Trade payables		1,964	1,732
Other current receivables		204	294	Liabilities to Group companies		6,092	8,167
Prepayments and accrued income	47	189	133	Liabilities to joint ventures/associates		0	1
		12,291	15,109	Other current liabilities	51	1,805	1,710
Short-term investments		1,791	1,654	Accruals and deferred income	52	528	359
Cash and bank balances		163	130	<b>Total current liabilities</b>		11,389	12,469
<b>Total current assets</b>		<b>14,245</b>	<b>16,893</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,910</b>	<b>27,976</b>
<b>TOTAL ASSETS</b>		<b>24,910</b>	<b>27,976</b>	<b>Pledged assets</b>	54	492	473
				<b>Contingent liabilities</b>	54	982	935

## Parent Company **Statement of cash flows**

MSEK	2014	2013
<b>OPERATING ACTIVITIES</b>		
Operating income	-180	-255
Refund and final price adjustment	-129	-120
Adjustment for non-cash items <sup>1)</sup>	149	193
	<b>-160</b>	<b>-182</b>
Financial items paid, net <sup>2)</sup>	2	269
Taxes paid	0	0
Cash flow from operating activities before change in working capital	<b>-158</b>	<b>87</b>
<i>Cash flow from changes in working capital</i>		
Change in inventories	-244	234
Change in operating receivables	116	349
Change in operating liabilities	24	-40
	<b>-104</b>	<b>543</b>
<b>Cash flow from operating activities</b>	<b>-262</b>	<b>630</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of operations and shareholder contributions	-512	-1,555
Divested operations, share capital repayments	277	1,677
Investment in property, plant & equipment	-215	-102
Investment in intangible assets	0	-78
Sale of property, plant & equipment and intangible assets	5	15
Change in financial assets	2,827	-789
<b>Cash flow from investing activities</b>	<b>2,382</b>	<b>-832</b>
<b>Cash flow before financing activities</b>	<b>2,120</b>	<b>-202</b>
<b>FINANCING ACTIVITIES</b>		
Group contributions paid, net	-339	128
Change in loans	-1,456	1,894
Paid-in contributed capital	138	103
Refunded capital contribution	-64	-49
Repayment of subordinated debentures	-56	-
Dividend paid	-173	-90
<b>Cash flow from financing activities</b>	<b>-1,950</b>	<b>1,986</b>
<b>Cash flow for the year</b>	<b>170</b>	<b>1,784</b>
Cash and cash equivalents at beginning of year	1,784	0
<b>Cash and cash equivalents at end of year <sup>3)</sup></b>	<b>1,954</b>	<b>1,784</b>

From 2014, refunds and final price adjustments are reported as a separate item under operating activities. 2013 has been corrected in line with the new accounting policy.

MSEK	2014	2013
<sup>1)</sup> Adjustment for non-cash items		
Depreciation, amortization and impairment of non-current assets	151	203
Capital loss on sale of non-current assets and operations	-2	-10
Total	<b>149</b>	<b>193</b>
<sup>2)</sup> Financial items		
Dividends received	20	108
Interest received	343	462
Interest paid	-154	-328
Other financial payments	-	124
Realized exchange losses	-207	-97
Total	<b>2</b>	<b>269</b>
<sup>3)</sup> Cash and cash equivalents		
Cash and bank balances	163	130
Short-term investments, maturity less than 3 months	1,791	1,654
Total	<b>1,954</b>	<b>1,784</b>

## Parent Company **Statement of changes in equity**

MSEK	Contributed capital	Subordinated debentures	Restricted reserves	Non-restricted equity	Total equity
<b>Equity, Jan 1, 2013</b>	<b>1,769</b>	<b>56</b>	<b>2,479</b>	<b>6,138</b>	<b>10,442</b>
Net income for the year	-	-	-	452	452
Dividend paid <sup>1)</sup>	-	-	-	-90	-90
Contributed capital paid in by members	103	-	-	-	103
Contributed capital paid out to members	-49	-	-	-	-49
Appropriation of profit	80	-	123	-203	0
<b>Equity, Dec 31, 2013</b>	<b>1,903</b>	<b>56</b>	<b>2,602</b>	<b>6,297</b>	<b>10,858</b>
Net income for the year	-	-	-	-100	-100
Dividend paid <sup>1)</sup>	-	-	-	-173	-173
Repayment of subordinated debentures	-	-56	-	-	-56
Contributed capital paid in by members	138	-	-	-	138
Contributed capital paid out to members	-64	-	-	-	-64
Appropriation of profit	-	-	23	-23	0
<b>Equity, Dec 31, 2014</b>	<b>1,977</b>	<b>0</b>	<b>2,625</b>	<b>6,001</b>	<b>10,603</b>

<sup>1)</sup> Contribution dividend MSEK -171 (-88), dividend on subordinated debentures MSEK -2 (-2), reported as interest expense in the Group.

MSEK 11 (7) of the contributed capital paid out is attributable to refunds resulting from changed conditions with regard to members' obligation to invest in the association, while MSEK 53 (42) is attributable to refunds to members who have left the association.

In 2015, an estimated MSEK 103 (64) in contributed capital will be refunded to members. MSEK 80 (53) refers to refunds to members who have left the association and MSEK 23 (11) to refunds to members resulting from changed conditions with regard to members' obligation to invest in the association.

The unmet obligation of members to invest in Lantmännen pursuant to the association's articles of association amounted to MSEK 614 (722) at December 31, 2014.

Contributed capital, MSEK	2014	2013
Paid-in contributed capital	931	829
Issued contributed capital	1,046	1,074
<b>Total</b>	<b>1,977</b>	<b>1,903</b>

Lantmännen ek för's subordinated debentures of MSEK 56 from the 2009 issue matured and were repaid on December 30, 2014. New subordinated debentures totaling MSEK 250 were issued on January 15, 2015. The new subordinated debentures have a term of 5 years and mature on December 30, 2019.

# Notes to the annual financial statements

Amounts in MSEK unless otherwise stated.

Lantmännen ek för conducts its operations as a co-operative economic association and is headquartered in Stockholm, Sweden.

The address of the main office is S:t Göransgatan 160 A. Lantmännen ek för's corporate identity number is 769605-2856. The 2014 financial statements for the Group and Parent Company will be presented for adoption by the Annual General Meeting on May 5, 2015.

## Notes – Group

### Note 1 Accounting policies

The principal accounting policies applied in preparing this annual report are summarized in this note. The same policies are normally applied for both the Parent Company and the Group. Parent Company policies that differ from those of the Group are described under separate headings.

#### BASIS OF PREPARATION

Lantmännen's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. IFRS includes International Accounting Standards (IAS) and interpretations of standards (IFRIC and SIC). In addition to the Annual Accounts Act and IFRS, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, has also been applied.

The Parent Company's annual financial statements have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities.

Lantmännen applies the cost method for measuring assets and liabilities, except for derivative instruments and the categories 'available-for-sale financial assets' and 'financial assets and liabilities measured at fair value through profit or loss'. These financial assets and liabilities are not measured at fair value in the Parent Company. Non-current assets and non-current liabilities essentially consist only of amounts expected to be recovered or paid after more than twelve months reckoned from the closing date. Current assets and current liabilities essentially consist only of amounts that are expected to be recovered or paid within twelve months reckoned from the closing date.

Standards, amendments and interpretations that entered into force in 2014, have been adopted by the EU and are applied in the Group.

#### IFRS 10 Consolidated Financial Statements

##### IAS 27 Separate Financial Statements – amendment

IFRS 10 supersedes the section of IAS 27 concerning the preparation of consolidated financial statements. IAS 27 will then be used only for the Parent Company's reporting of Investments in Group companies. The rules concerning the preparation of consolidated financial statements have not changed. However, IFRS 10 clarifies the procedure for determining whether control exists or not. Shareholdings, i.e., voting rights, are not necessarily required for control to exist.

The amendment has not had any impact on the Group's financial reporting.

#### IFRS 11 Joint Arrangements and the amended IAS 28 Investments in Associates and Joint Ventures

IFRS 11 addresses accounting for joint arrangements, defined as an arrangement of which two or more parties have joint control. IFRS 11 supersedes IAS 31 and SIC 13. Joint arrangements are divided into two categories – joint operations and joint ventures. In joint operations, each joint operator accounts for the assets, liabilities, revenues and expenses relating to its interest in the joint arrangement. Joint ventures, where each joint venturer owns an interest in the company's net assets, are accounted for using the equity method. Use of proportional consolidation is prohibited.

The amendment has not had any impact on the Group's financial reporting.

#### IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 establishes what information is required to be disclosed about interests in subsidiaries, associates and joint arrangements. An entity is required to make significant qualitative and quantitative disclosures about the nature of any risks associated with its interests in other entities and the effects of these interests on its financial statements.

Note 15 has been updated to reflect the new requirements.

#### IAS 32 Financial Instruments: Classification – amendment

The amendment clarifies the definition of certain terms regarding offsetting of financial assets and financial liabilities.

The amendment has only had a marginal impact on the Group's reporting.

#### IAS 36 Impairment – amendment

The amendment means additional disclosures about fair value when the recoverable amount of an impaired asset is based on fair value less costs to sell, and harmonization of disclosure requirements with what applies when the recoverable amount is calculated based on value in use.

The amendment has only had a marginal impact on the Group's reporting.

#### IAS 39 Financial Instruments: Recognition and Measurement – amendment

The amendment provides relief from discontinuing hedge accounting when an entity is forced to change the immediate counterparty of a hedging instrument to achieve clearing with a central counterparty.

The amendment has not had any impact on the Group's reporting.

#### Investment entities

Not relevant to the Group.

Standards, amendments and interpretations that have been adopted by the EU but have not entered into force, and have not been early adopted by the Group

#### IFRIC 21 Levies

The interpretation clarifies when to recognize a liability for a levy.

The interpretation is expected to have only a limited impact on the Group's reporting.

Standards, amendments and interpretations that have not yet been adopted by the EU

#### IFRS 9 Financial Instruments: Recognition and Measurement

This standard is part of a complete project to replace the existing standard IAS 39. There is no timetable for EU adoption, but IFRS 9 will probably be effective from 2018 at the earliest.

The Group is awaiting completion of all the parts of the standard, and has not yet assessed the impact of the new standard.

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 is effective from 2017. The standard replaces the previously issued

## Note 1 continued

standards and interpretations that deal with revenue. IFRS 15 provides a single model for recognition of revenue arising from customer contracts. An evaluation of the new standard and its impact on the Group's reporting will be made in 2015.

### **IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – amendment**

The amendment, effective from 2016, provides guidance for parent companies on accounting for a transaction where control is lost by selling all or part of the holding in a subsidiary to an associate or a joint venture accounted for in accordance with the equity method.

The amendment is not expected to have any impact on the Group's reporting in the current situation.

### **IFRS 11 Joint Arrangements – amendment**

The amendment, effective from 2016, requires a joint operation that acquires another joint operation to account for the acquisition in accordance with IFRS 3 Business Combinations.

The amendment is not expected to have any impact on the Group's reporting in the current situation.

### **IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – amendments**

The amendments are effective from 2016. The amendments prohibit revenue-based depreciation of property, plant and equipment and revenue-based amortization of intangible assets.

The amendments do not have any impact on the Group's reporting.

### **IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – amendments**

The amendments are effective from 2016 and apply to financial reporting for bearer plants.

The amendments do not have any impact on the Group's reporting.

### **IAS 19 Employee Benefits – amendment**

The amendment applies to the accounting for contributions from employees or third parties to defined benefit plans.

The amendment is not expected to have any impact on the Group's reporting.

### **IAS 27 Separate Financial Statements – amendment**

The amendment is effective from 2016, but is not applicable to Lantmännen.

### **Changes to the Parent Company's accounting policies**

The Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities has been updated. The amendments do not have any impact on the Parent Company's reporting.

## **ASSUMPTIONS AND ACCOUNTING ESTIMATES**

To ensure preparation of the financial statements in accordance with IFRS, assumptions and estimates must be made which affect reported assets and liabilities and income and expenses, as well as other information disclosed. The actual outcome may differ from these estimates. The areas in which assumptions and accounting estimates have the greatest impact on carrying amounts are described in more detail in note 2.

## **CORRECTION OF PRIOR PERIODS**

In 2012, Lantmännen discontinued the operations of the company Lantmännen Finance Ireland, conducted in Ireland, with accounting and reporting in Danish kroner. The majority of the equity in the company was repaid to the Parent Company, Lantmännen ek för in 2012. The company was liquidated in early 2014. The repayment of equity meant that Lantmännen ek för recognized a large exchange gain in the 2012 results. However, no impact was reported at Group level in 2012.

As the company's operations were discontinued in 2012, it is Lantmännen assessment that the results of the discontinued operations should also be recognized in the consolidated financial statements for that year. The 2012 income statement and statement of comprehensive income have therefore been corrected as follows: Other operating expenses have increased by MSEK 172 to MSEK -6,112, giving Operating income of MSEK -513, Income after financial items of MSEK 331 and Net income of MSEK 240. Exchange differences

on translation of foreign operations are now MSEK 332 and Net gain on hedge of net investment in foreign operations is MSEK -160, resulting in Total other comprehensive income of MSEK -98. Consequently, there was no change to total comprehensive income in 2012. The statement of financial position is only affected in the distribution of items in equity. The closing balance for the Translation reserve is corrected by MSEK +172 to MSEK -139 and Retained earnings by MSEK -172 to MSEK 6,858. The changes in equity also affect the opening and closing balances for 2013 by the same amount, resulting in a closing balance of MSEK -110 for the Translation reserve and MSEK 6,679 for Retained earnings. The 2013 opening balances for these items correspond with what is stated for the 2012 closing balances above.

## **JUDGEMENTS IN THE APPLICATION OF ACCOUNTING POLICIES**

Contributed capital in an economic association is refunded when the member leaves the association. Based on the rules contained in IAS 32 that are applicable to the contributed capital of co-operative enterprises, Lantmännen has, on the basis of the conditions that apply to capital contributions in accordance with its Articles of Association, made the judgment that the association's contributed capital shall be treated as equity in the consolidated financial statements.

Lantmännen has furthermore made the judgment that the refunds and final price adjustments payable to members, and which depend on the association's performance, shall be considered dividends in the consolidated financial statements.

## **CONSOLIDATED FINANCIAL STATEMENTS**

The Group's financial statements comprise the financial statements for the Parent Company and all Group entities in accordance with the definitions below. A Group entity is consolidated from the date on which the Group obtains control, or for associates, significant influence, over the enterprise, while divested Group entities are included in the consolidated financial statements up to and including the date on which the Group still has control, or for associates, significant influence, over the enterprise.

### **Subsidiaries**

Subsidiaries are companies in which Lantmännen, directly or indirectly, holds or controls more than 50 percent of the votes or otherwise exercises control. There are no holdings not classified as subsidiaries where these conditions are met. In all companies currently classified as subsidiaries, Lantmännen owns more than 50 percent of the votes and capital.

The consolidated financial statements are prepared according to the purchase method. The cost of an investment in a subsidiary is the cash amount and the fair value of any non-cash consideration paid for the investment. The value of the acquired net asset, the equity in the company, is determined by measuring acquired assets and liabilities and contingent liabilities at their fair value on the date of acquisition. Those fair values constitute the Group's cost. If the cost of an investment in a subsidiary exceeds the fair value of the acquired company's identifiable net assets, the difference is recognized as goodwill on consolidation. Whether a minority's share of goodwill should be measured and included as an asset is determined for each acquisition. If the cost is less than the final fair value of the net assets the difference is recognized directly in the income statement.

All intra-Group transactions, including receivables and liabilities, income and expenses as well as unrealized earnings, are eliminated in their entirety.

### **Associates and joint ventures**

Associates are companies over which Lantmännen has a significant, but not controlling, influence. This is normally the case when the Group holds between 20 and 50 percent of the voting rights. Companies over which Lantmännen and other parties have contractual joint control are classified as joint ventures. All companies in which Lantmännen holds between 20 and 50 percent of the voting rights are classified as joint ventures or associates. No companies with a larger or smaller ownership share are classified in this way.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost. Acquired assets and liabilities are measured in the same way as for subsidiaries, and the carrying amount includes goodwill and other Group adjustments. The Group's share of the company's income after tax arising after the acquisition, adjusted for any depreciation/reversals of the value on consolidation, is reported on a separate line in the income statement and is included in operating income. The share of income is calculated on the basis of Lantmännen's share of equity in the company. The equity method means that the consolidated carrying amount of investments in these companies corresponds to the Group's share of the equity of companies

## Note 1 continued

plus the residual value of fair value adjustments. Unrealized gains and losses that do not involve an impairment loss are eliminated in proportion to the Group's investment in the associate.

### Non-controlling interests (minorities)

The minority interest's share of a subsidiary's net assets is recognized as a separate item in consolidated equity. In the consolidated income statement, the minority's share is included in accounting profit and information is disclosed about the amount in connection with the accounting profit. Transactions with minority shareholders are recorded as transactions within equity. Any difference between the minority's share of equity and consideration paid or received is recognized directly as a change in equity attributable to the Parent Company's owners. With each acquisition, Lantmännen assesses whether the minority's share of equity should be measured at fair value or as a proportion of identifiable net assets.

### Translation of foreign Group entities

Statements of financial position and income statements for all Group entities whose functional currency is not the presentation currency are translated into the Group's presentation currency using the following procedures:

- Assets and liabilities are translated at the closing rate on each reporting date reported in the statement of financial position.
- Revenues and expenses are translated at the average rate for each year reported in the income statement and statement of comprehensive income.
- All translation differences that arise are recognized as a separate item under other comprehensive income in the statement of comprehensive income.

In cases where net investments in foreign operations are hedged with financial instruments the foreign exchange differences arising on translation of these instruments are also recognized in the statement of comprehensive income.

When a foreign operation is disposed of, the cumulative translation differences and exchange differences for any financial instruments held for hedging the net investment in the company are recognized as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated according to the same principles as the entity.

### Parent Company

The Parent Company recognizes all investments in Group entities, associates and joint ventures at cost, adjusted where applicable by accumulated impairment losses.

### FOREIGN CURRENCY TRANSACTIONS AND BALANCE SHEET ITEMS

The various entities within the Group present their reports in the currency of the primary economic environment in which they operate (the functional currency). The consolidated financial statements are prepared in Swedish kronor (SEK), which is the Parent Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date.

Foreign currency receivables and liabilities are remeasured at closing-date rates at the end of each reporting period. Exchange differences arising on such remeasurement, and upon payment of the transaction, are recognized in the income statement. However, exchange differences arising on remeasurement of items that are hedging transactions, and that qualify for hedge accounting, are recognized in other comprehensive income. Gains and losses on operating receivables and liabilities are netted and reported within operating income. Gains and losses on borrowings and financial investments are reported as financial items.

Exchange differences on receivables which represent an extended investment in subsidiaries are recognized in other comprehensive income in the same way as translation differences relating to investments in foreign subsidiaries.

### SEGMENT REPORTING

Reported operating segments are consistent with the internal reporting submitted to the chief operating decision maker, who is the person that allocates resources and evaluates the results of the operating segments. At Lantmännen, this role is assumed by the President, who, on behalf of the Board, takes charge of day-to-day management and governance.

The business segments are consistent with the Group's operational structure, in which activities are divided into four Sectors and Lantmännen Real Estate. The

segments are organized around different types of products and services. The four Sectors are Agriculture, Machinery, Energy and Food. Activities not reported as a separate segment, mainly corporate functions, are reported as Other operations. A further description of the operating segments is provided in ► note 3.

The segments are responsible for their operating income and the assets and liabilities used in their own operations, namely the operating capital. Financial items and taxes do not fall within the Sectors' responsibility; these are reported centrally for the Group. The same accounting policies are used for the segments as for the Group, apart from pensions (IAS 19 only at Group level) and financial instruments (IAS 39 only at Group level).

Transactions between Sectors, segments and other operations are carried out on commercial terms.

### PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are recognized at cost less accumulated depreciation and any accumulated impairment. Cost includes expenditure that can be directly attributed to the acquisition of the asset, including the effect of cash flow hedges relating to investment purchases in foreign currencies. Start-up and pre-production costs that are necessary for bringing the asset to its pre-determined condition are included in the cost. For major investments, where the total investment value is at least MSEK 300 and the investment period lasts at least 12 months, interest during construction is included in the cost of the asset.

Subsequent expenditure on property, plant and equipment increases the cost only if it is probable that the Group will have future economic benefit from the subsequent expenditure. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

### Investment properties

Investment properties are recognized at cost less accumulated depreciation and any accumulated impairment. The fair value of investment properties is provided as an additional disclosure, see ► notes 13 and 42. In the Group, properties where more than 90 percent is rented to parties other than Group entities are classified as investment properties.

### Parent Company

In the Parent Company, properties are classified as investment properties when more than 90 percent is rented to other entities. The Parent Company's investment properties rented to Group entities are reported as operating properties in the consolidated financial statements.

### Depreciation policies for property, plant and equipment

Land is assumed to have an indefinite useful life and is therefore not depreciated. Depreciation of other property, plant and equipment is based on cost less estimated residual value. Depreciation is straight-line over the asset's estimated useful life. Each component of a larger item of property, plant and equipment with a cost that is significant in relation to the asset's total cost and with a useful life significantly different from the rest of the asset, is depreciated separately.

The assets' residual values and useful lives are tested at least annually and adjusted as necessary.

### The following depreciation schedules are applied:

Buildings	14-100 years
Grain elevators	10-33 years
Property fixtures	10-25 years
Plant and machinery	5-20 years
Equipment, tools	5-15 years
Vehicles	5-10 years
Office equipment	3-10 years

### INTANGIBLE ASSETS

An intangible asset is recognized when the asset is identifiable, the Group controls the asset, and it is expected to yield future economic benefits. Intangible assets such as goodwill, trademarks and customer relationships are identified and measured normally in connection with business combinations. Expenditures on internally generated trademarks, customer relationships and internally generated goodwill are recognized in the income statement as an expense when they are incurred.

### Goodwill

Goodwill is the amount by which the cost of acquisition exceeds the fair value of the net assets acquired by the Group in a business combination. The value of

## Note 1 continued

the goodwill is allocated to the operating segment's cash-generating units which are expected to benefit from the acquisition that gave rise to the goodwill item. Goodwill is carried at cost less accumulated impairment losses and is tested annually for impairment. Goodwill impairment is not reversed.

Goodwill arising on acquisition of joint ventures/associates is included in the carrying amount of the joint venture/associate and is tested for impairment as part of the value of the total investment in the joint venture/associate.

Net gains or losses on the disposal of Group entities include the remaining carrying amount of the goodwill attributable to the divested entity.

### Trademarks

The value of trademarks is carried at cost less any accumulated amortization and impairment losses. Trademarks with an indefinite useful life are not amortized but are tested annually for impairment in the same way as goodwill. Trademarks that Lantmännen intends to continue using for the foreseeable future and that have a cost of at least MSEK 10 are classified as trademarks with an indefinite useful life.

The relief from royalty method is used to measure trademarks identified in a business combination.

Trademarks with a finite useful life are amortized on a straight-line basis over their expected useful life, which varies between 5 to 10 years.

### Parent Company

The Parent Company recognizes the value of trademarks at cost less any accumulated amortization and impairment losses.

### Customer and supplier relationships

Intangible assets in the form of customer and supplier relationships are identified in connection with business combinations. The value of customer relationships is calculated using the multi-period excess earning method, together with any other relevant information, and is carried at cost less accumulated amortization and impairment losses.

At present, existing customer relationships are considered to have a useful life of 7 years and existing supplier relationships a useful life of 10 years.

### Research and development

Expenditure on research is recognized as an expense in the period in which it is incurred. Expenditure on development is recognized as an intangible asset only if it is technically and financially feasible to complete the asset, it is expected to provide future economic benefits and the cost of the asset can be measured reliably. In respect of development of seed grain, this means that costs cannot be capitalized until an official variety test has shown potential success for the variety. With regard to the development of fuels, expenditure is capitalized only when the product can demonstrate technical acceptance and commercial potential and political decisions have been made. Currently, this means that all expenditure on the development of commercial products and similar products is expensed as incurred. Expenditure on development of business-related IC/IT systems is capitalized if the general preconditions according to the above are met and the total expenditure is estimated to exceed MSEK 3.

Capitalized expenditure is amortized on a straight-line basis over the estimated useful life of 5 to 10 years.

### Other intangible assets

Intangible assets also include patents, licenses and other rights. The assets are carried at cost less accumulated amortization and impairment losses. Amortization is straight-line over the expected useful life of the asset, which is estimated at 5 to 10 years.

Subsequent expenditure on other intangible assets increases the cost only if it is likely that the Group will have future economic benefit from the subsequent expenditure. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

### IMPAIRMENT

Intangible assets with an indefinite useful life are not amortized but are tested for impairment annually or more frequently if there is an indication of impairment. The carrying amounts of assets that are amortized are regularly tested. At the end of each reporting period, an assessment is made as to whether there is any indication that the assets are impaired and need to be written down. The recoverable amount is estimated for these assets and for assets with indefinite useful lives.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognized if the recoverable amount is less than the carrying amount. A previously recognized impairment loss is reversed if the reasons for the earlier impairment no longer exist. However, an impairment loss is reversed only to the extent that it does not increase the carrying amount of an asset above the amount that would have been determined had no impairment loss been recognized in prior years. Impairment of goodwill is never reversed.

For an asset that depends on other assets generating cash flows, the value in use of the smallest cash-generating unit to which the asset belongs is estimated. Goodwill is always allocated to the cash-generating units that benefit from the acquisition that generated the goodwill.

An asset's value in use is the present value of the estimated future cash flows that are expected from using the asset and its estimated residual value at the end of its useful life. When calculating the value in use, future cash flows are discounted at an interest rate before tax that takes into account a market assessment of risk-free interest rates and risk involved with the specific asset. At Lantmännen the risk premium is estimated in relation to the proximity of the operation to the farmer. Operations close to the farmer have a lower risk premium level.

### INVENTORIES

Inventories are measured at the lower of cost and net realizable value at the reporting date. The cost is estimated by applying the FIFO (first in/first out) method or weighted average prices. The cost of self-produced goods includes raw materials, direct wages, other direct costs and production-related overhead costs, based on normal production capacity. Borrowing costs are not included in the measurement of inventories. Net realizable value is the estimated selling price in operating activities less the estimated costs to complete and sell the product.

For information on recognition of grain stocks, see below under the heading "Revenue recognition – grain".

### FINANCIAL ASSETS AND LIABILITIES – FINANCIAL INSTRUMENTS

All financial instruments are recognized in the statement of financial position. Financial assets include cash and cash equivalents, trade receivables, shares and other equity instruments, loan receivables, other interest-bearing instruments and derivatives. Financial liabilities include trade payables, loans and derivatives. Derivative instruments include forward contracts, futures and swaps used primarily to cover risks relating to exchange rate and commodity price fluctuations and exposure to interest-rate risks. Derivative instruments are recognized in the statement of financial position when the agreements are made. Trade receivables are recognized in the statement of financial position when the invoice is issued. Trade payables are recognized when an invoice is received. Other financial assets and financial liabilities are recognized in the statement of financial position on the settlement date. A financial asset or part of the asset is derecognized on the settlement date or when it expires. A financial liability or part of a financial liability is derecognized on the settlement date or when it is extinguished in another manner.

#### Classification of financial instruments

Measurement is based on how a particular financial instrument is classified. Classification takes place at the time the transaction is conducted. Lantmännen classifies its financial instruments in the following categories:

#### Financial assets measured at fair value through profit or loss

A financial asset is assigned to this category if it is held for trading. Derivative instruments with a positive market value are assigned to this category if they have not been identified as hedging instruments. Unlisted shares and market-listed interest-bearing securities are included in this category. Changes in value in this category are recognized in profit or loss.

#### Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category are carried at amortized cost and are subject to impairment testing.

Impairment of a financial asset takes place if events occur that provide evidence that the future cash flows from the asset will be adversely affected. Impairment testing of trade receivables is based on an individual assessment of each past due receivable and the counterparty in question. Recurrent late payment, nonpayment or other financial troubles from the counterparty are seen as evidence of impairment. If a receivable is considered uncollectible, a provision is recognized,

## Note 1 continued

which is the difference between the carrying amount of the asset and the amount expected to be received. The provision remains in place until payment is received, a reassessment is made or a loss is established

### Available-for-sale financial assets

A financial asset that has not been classified in any of the above categories and is not a derivative instrument is included in this category. Financial assets are carried at fair value, and the change in value is recognized in OCI and accumulated in equity until the asset is sold, unless an impairment loss requires a change in value to be reclassified to profit or loss before then.

### Financial liabilities measured at fair value through profit or loss

Derivative instruments with a negative fair value are assigned to this category, unless the instrument has been identified as a hedging transaction. Changes in the values of these instruments are recognized in profit or loss.

### Other liabilities

This category includes all liabilities except for derivative instruments. Other liabilities are carried at amortized cost.

### Derivatives used in hedge accounting

This category includes derivatives used in hedge accounting in accordance with the description in the section on Derivative instruments and hedge accounting.

### Non-current financial assets

Equities and interest-bearing securities acquired for permanent use in operations are reported under non-current financial assets. Listed equities are categorized as "available-for-sale financial assets". Unlisted shares and market-listed securities are categorized as "at fair value through profit or loss". Unlisted interest-bearing securities are categorized as "loans and receivables".

### Trade receivables

Trade receivables are included in the "loans and receivables" category and are recognized at the amount expected to be collected based on an individual assessment of doubtful trade receivables.

### Short-term investments

Short-term investments are mainly short-term bank deposits with an original maturity of between 3 and 12 months or instruments that are immediately marketable. Short-term investments are included in the "loans and receivables" category.

### Cash and cash equivalents

Cash and cash equivalents comprise cash, immediately available bank deposits as well as other money market instruments with an original maturity less than three months and are included in the "loans and receivables" category.

### Interest-bearing liabilities

Interest-bearing liabilities are mainly loans from credit institutions and members. Also included are the public's deposits with Lantmännen Finans AB and subordinated debentures issued by the Parent Company. Interest-bearing loans are initially recognized at cost corresponding to the fair value of the performance received. The transaction costs are amortized over the term of the loan. These liabilities are included in the "other liabilities" category.

## DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

Holdings of financial derivative instruments comprise interest rate and currency swaps, currency forward contracts, commodity derivatives and electricity derivatives.

Derivative instruments are carried at fair value and the result of the remeasurement affects the income statement when the derivative does not qualify for hedge accounting. Hedge accounting may be applied if certain criteria are met with regard to documentation of the hedge relationship and the hedge effectiveness. Most of the derivative contracts used at Lantmännen have been entered into to hedge risks such as currency risk.

The majority of the derivative instruments held by Lantmännen are hedging instruments that qualify for hedge accounting. Financial derivative instruments that are hedging instruments hedge either an asset or a liability, a net investment in foreign operations or are a hedge of an actual or forecast transaction. IAS 39 defines three different hedging relationships: cash flow hedges, hedging of net investments and fair value hedges. Lantmännen currently only applies cash flow hedging and hedging of net investments.

A cash flow hedge is a hedge held to reduce the risk of an impact on profit or loss from changes in cash flow relating to a highly probable forecast future transaction or in transactions associated with an asset or liability. In cash flow hedge accounting, the change in the derivative instrument's fair value is recognized in other comprehensive income and accumulated in equity. When the hedged position is recognized in profit or loss, the result of the revaluation of the derivative instrument is also transferred to profit or loss.

Cash flow hedging using various types of derivative instruments is applied for currency and commodity price risks in commercial flows, electricity price risks and interest rate risks in the debt portfolio. The hedging instruments include forward currency contracts, cash in fixed-term deposits and currency accounts.

Hedging of net investments refers to hedges held to reduce the effect of changes in the value of a net investment in a foreign operation owing to a change in foreign exchange rates. Foreign currency gains or losses arising from remeasurement of the fair value of the instruments used for these hedges are recognized in other comprehensive income and accumulated in equity. The result is reclassified from equity to profit or loss upon disposal of the foreign operation.

Net investments are currently hedged by borrowing and currency swaps in the corresponding foreign currency.

Exchange differences on receivables which represent an extended investment in subsidiaries are recognized in OCI in the same way as translation differences relating to investments in foreign subsidiaries.

### Currency risk

Currency derivatives are entered into with the aim of limiting the impact of short-term currency movements on Lantmännen's earnings and financial position. The basis for Lantmännen's financial policy is that the currency is part of the pricing and shall therefore be hedged by no later than when agreements are entered into with customers.

### Interest rate risk

Interest rate derivatives are used for the purpose of changing the fixed-rate interest period of underlying financial assets and liabilities. Interest rate swaps are used to hedge against interest rate risks. Amounts that are to be paid or received according to the interest rate swap agreement are recognized on an ongoing basis as interest income or interest expense.

### Commodity price risk

Commodity derivatives are used for the purpose of reducing earnings fluctuations caused by variations in the price of commodities, particularly wheat, malting barley, oilseed rape and soybeans. Hedge accounting is applied, which means that the effect of the hedge is recognized in the income statement in the same period as the underlying transaction.

### Electricity price risk

Electricity derivatives are entered into to increase the predictability of costs, thereby reducing earnings volatility and the need for changes in prices to customers caused by fluctuations in the price of electricity.

### Ethanol price risk

Ethanol derivatives are used for the purpose of reducing earnings volatility caused by variations in the price of ethanol. The capacity to hedge price risk via derivatives in the ethanol market is limited. Ethanol is priced in EUR or USD. The basis for the Group's financial policy is that the currency is part of the transaction's pricing and shall therefore be hedged by no later than when agreements are established. Ethanol price risk only arises in the Energy Sector.

### Parent Company

In the Parent Company, financial instruments are accounted for using the cost method. As the interest-bearing assets and liabilities of the Parent Company are consistent in all material respects with those of the Group, no special disclosures are provided for the Parent Company. The Parent Company reports issued subordinated debentures under equity and the return under dividends.

## DETERMINATION OF FAIR VALUE

Most of Lantmännen's financial instruments are listed in official markets and measured at the quoted market prices. This applies, for instance, to commodity futures and energy derivatives.

For unlisted financial instruments, or if the market for a certain financial asset is inactive, the value is determined through the application of generally accepted



## Note 1 continued

valuation techniques, whereby the Group makes assumptions based on market conditions prevailing at the reporting date. The fair value of forward exchange contracts and currency swaps is estimated based on current forward rates at the reporting date, while interest rate swaps are valued using estimates of future discounted cash flows. Market rates and current credit margins form the basis for determining the fair value of long-term borrowings. Fair value measurement, primarily for OTC derivatives, takes into account the assessed credit risk for both Lantmännen and the counterparty, based on official financial instrument marketplaces.

For financial assets and liabilities with short maturities, the fair value is estimated at cost adjusted for any impairment. If the fair value of equity instruments cannot be determined, they are reported at cost adjusted for any impairment.

### PROVISIONS

Provisions are recognized when Lantmännen has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. The amount of the provision is recognized the best estimate of the expenditure required to settle the obligation at the reporting date. For long-term material amounts, provisions are measured at the present value of the expenditure required to settle the obligation, taking into account the time value of money. Provisions for warranty obligations are made and estimated on the basis of previous years' warranty costs and an assessment of the future warranty risk. Provisions are made when the product or service has been sold. Provisions for restructuring measures are made when a detailed, formal plan for measures is in place and well-founded expectations have been created for those who will be affected by the measures. No provisions are made for future operating losses.

### EMPLOYEE BENEFITS

#### Pensions

Lantmännen has both defined contribution and defined benefit pension plans, most of which are funded.

With defined contribution plans, the company pays fixed contributions to a separate legal entity and has no obligation to pay further contributions thereafter. The costs for these plans are charged to consolidated profit as the benefits are earned.

Defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, based on factors such as salary, years of service and age. The Group's companies bear the risk associated with paying out promised benefits. Plan assets in funded plans can only be used to pay benefits under the pension agreement.

The liability recognized in the statement of financial position consists of the net of the estimated present value of the defined benefit obligation and the fair value of the plan assets associated with the obligation at the reporting date, either in a pension fund or in some other arrangement.

Pension costs and pension obligations for defined benefit plans are calculated according to the projected unit credit method. This method allocates the costs for pensions as the employees carry out services for the company that increase their entitlement to future benefits. The company's obligation is calculated annually by independent actuaries. The obligation comprises the present value of the expected future payments. The discount rate that is used corresponds to the interest rate for high-quality corporate bonds or treasury bonds with a maturity that corresponds to the average term for the obligations and the currency. An interest rate equivalent to the interest rates of high-quality mortgage bonds is used for Swedish plans. These bonds are considered equivalent to corporate bonds as they have a sufficiently deep market to be used as the basis for the discount rate.

Actuarial gains and losses may arise in determining the present value of the defined benefit obligation and fair value of plan assets. These arise either when the actual outcome diverges from the previously calculated assumption or the assumption changes.

Actuarial gains and losses are recognized in Other comprehensive income.

A special payroll tax is calculated on the difference between the pension obligation determined according to IAS 19 and the pension obligation determined according to the rules applied in the legal entity. The calculated future payroll tax is reported in the statement of financial position as part of the pension obligation. The change in the provision is recognized to the extent that it relates to actuarial gains or losses in OCI.

#### Parent Company

The Parent Company applies the Pension Obligations Vesting Act (Tryggandelagen) and the Swedish Financial Supervisory Authority's rules relating to defined benefit pensions, which is a requirement for tax deductibility. The accounting follows RFR 2 Accounting for Legal Entities. The most significant differences from the rules in IAS 19 relate to the determination of the discount rate and the fact that the obligation is calculated on the basis of present salary level and that actuarial gains and losses are recognized in the income statement as soon as they arise.

#### Termination benefits

A provision for costs in connection with termination of personnel is recognized only if the company is obligated to end employment before the normal retirement date or when benefits are provided as an incentive to encourage voluntary termination. Estimated termination benefits are recognized as a provision when a detailed plan for the measure is presented.

#### Variable salary

Provisions for variable salary are expensed on an ongoing basis in accordance with the economic substance of current agreements.

#### TAXES

The Group's tax expense consists of current tax and deferred tax. Taxes are recognized in the income statement, except when the underlying transaction is recognized directly in equity or OCI, in which case the related tax effect is also recognized in equity or OCI. However, in the case of contribution dividends, refunds and final price adjustments, which are reported as dividends in equity, the tax effect of these tax-deductible items is recognized in the income statement according to the rules applicable to tax effects of dividends. Current tax is the tax payable or receivable for the current year. Current tax also includes adjustments to current tax attributable to prior periods.

Deferred tax is recognized using the balance sheet liability method on all temporary differences arising between the tax base of assets and liabilities and their carrying amount. Deferred tax is measured at the nominal amount and is calculated by applying the tax rates and regulations that have been enacted or substantively enacted by the reporting date. Deferred taxes relating to temporary differences attributable to investments in subsidiaries and joint ventures/associates are not recognized, as, in each case, Lantmännen is able to control the date for their reversal and it is not considered probable that any such reversal will occur in the near future.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are recognized only to the extent that it is considered probable that these will result in lower tax payments in the future.

Deferred tax assets and deferred tax liabilities are offset when they are attributable to the same tax authority and the companies in question have a legally enforceable right to offset current tax assets against current taxation liabilities.

#### Parent Company

Because of the relationship between tax expense and accounting profit, the Parent Company recognizes deferred tax liabilities in untaxed reserves. (However, in the consolidated financial statements, untaxed reserves are divided into deferred tax liabilities and equity.)

#### REVENUE

Revenue is recognized net of value added taxes, excise duties and, where relevant, the value of discounts provided.

Revenue from the sale of goods and services is recognized on delivery to the customer and in accordance with the terms of the sale, i.e., when the significant risks and rewards of ownership have been transferred to the customer. Rental income is recognized in the period to which the rental relates.

The percentage of completion method is used for construction contracts when the outcome can be estimated reliably. Revenue is recognized in the income statement by reference to the contract's stage of completion.

Interest income is recognized on a time-proportion basis using the effective interest method.

Royalties and similar revenues are recognized on an accruals basis in accordance with the substance of the relevant agreement.

Dividends are recognized when the right to receive a dividend has been established.

## Note 1 continued

Other revenue includes compensation for sales outside the Group's ordinary activities, such as external rental income, gains or losses on sales of non-current assets and gains or losses on disposals of Group entities.

### REVENUE RECOGNITION – GRAIN

Lantmännen's entire contractual purchases of the grain harvest for a single harvest year are considered as one project from a hedging perspective. The project starts on July 1 of the harvest year and ends when the grain for this harvest year has been sold out, or no later than September of the following year. In this way, the result of the entire project is distributed evenly in relation to delivered quantities over the lifetime of the project, regardless of fluctuations in actual sale and purchase prices during the period. Whenever a loss is identified, it is recognized directly in the income statement.

The valuation of current grain stocks is based on the purchase prices that are determined according to the policies described above at the end of each reporting period.

### REFUND AND FINAL PRICE ADJUSTMENT

Members of Lantmännen ek för may receive a refund for patronage with the association and the machinery business, plus a final price adjustment on sales to the association. The amount of the refund and final price adjustment is decided by the Board at the end of the year. The refund and final price adjustment represents part of the economic association's dividend to its members and is recognized as a dividend in the consolidated financial statements.

#### Parent Company

In the Parent Company the refund and final price adjustment is recognized as an expense in the income statement and is reported under income after financial items. It is not recognized on an accruals basis during the year but in its entirety when the Board makes its decision on the refund and final price adjustment amount.

### LEASING

The Group acts both as lessor and lessee. The Group acts as a lessor only with regard to goods it normally sells, i.e., in connection with customer financing.

Leases are classified in the consolidated financial statements as finance leases or operating leases. A finance lease is a lease that transfers substantially all the financial risks and rewards incident to ownership. An operating lease is a lease other than a finance lease.

The lessee recognizes a finance lease as a non-current asset and a corresponding interest-bearing liability in the statement of financial position at an amount equal to the value of the leased asset. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The lease payments are apportioned between interest and amortization of the initially recognized liability.

The lessee does not recognize an operating lease as asset in the statement of financial position. The total lease payments are recognized as an expense on a straight-line basis over the lease term.

When the Group is lessor, assets leased under operating leases are recognized as non-current assets in the statement of financial position and are depreciated over their estimated useful life. The lease payments are included in operating income and allocated on a straight-line basis over the term of the lease. In the case of finance leases, the transaction is recognized as a sale that gives rise to a receivable, which is recognized as a finance lease receivable. Payments received in connection with finance leases are recognized as interest income and amortization of the finance lease receivable.

#### Parent Company

All leases in the Parent Company are accounted for according to the rules for operating leases. The Parent Company only acts as a lessee.

### GOVERNMENT GRANTS

Government grants are recognized in the statement of financial position and the income statement when there is reasonable assurance that the Group will comply with any conditions attached to the grant and the grant will be received. Grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. If the government grant or assistance is neither related to the acquisition of assets nor to compensation of costs, it is recognized as other income.

### BORROWING COSTS

Borrowing costs attributable to investments in assets that take more than 12 months to complete, and for which the investment amount is at least MSEK 300, are capitalized as part of the investment amount. Other borrowing costs are expensed in the period in which they are incurred.

### BIOLOGICAL ASSETS

Biological assets are measured and carried at fair value in accordance with IAS 41. Within Lantmännen there are businesses that own and manage biological assets. These assets normally have a short life, less than one year. For that reason Lantmännen has chosen to view the recognized cost as an estimate of fair value. These operations account for a small fraction of Lantmännen's overall operations.

### NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Lantmännen only reclassifies assets as held for sale if their value is substantial. The current threshold is MSEK 50.

### GROUP CONTRIBUTIONS AND SHAREHOLDER CONTRIBUTIONS

#### Parent Company

Lantmännen accounts for group contributions according to the alternative rule, whereby both group contributions received and group contributions made are reported as an appropriation.

The issuer recognizes the shareholder contribution in shares and interests to the extent that impairment is not required. The recipient recognizes the shareholder contribution directly in equity.

### RELATED PARTIES

By virtue of its control, the Parent Company has a related party relationship with its subsidiaries and sub-subsidiaries. By virtue of their significant influence, the Group and Parent Company have a related party relationship with their joint ventures/associates, which include directly and indirectly owned companies.

"Lantmännens Gemensamma Pensionsstiftelse Grodden" is a post-employment benefit plan for employees of companies in the Lantmännen Group. As such, the fund is considered to be a related party.

Intra-Group purchases and sales of goods and services are conducted at market prices.

By virtue of their right to participate in the decisions concerning the Parent Company's strategies, Board members have significant influence over the Parent Company and are therefore considered to be related parties. The purpose of an economic association is to promote the economic interests of its members through the economic activities in which they participate. Accordingly, purchases and sales of goods and services have been conducted during the financial year between the Parent Company and individual Board members who are members of the association. These individual Board members also participate in the financing of the association. Transactions between Board members in their capacity as owners and the economic association have taken place in accordance with the association's objectives. As Board members are subject to the same conditions as other members, the amounts involved in these transactions are not disclosed.

#### Applied rates for the Group's major currencies:

MSEK	2014		2013	
	Average rate	Closing rate	Average rate	Closing rate
DKK	1.22	1.28	1.16	1.20
EUR	9.10	9.52	8.65	8.94
GBP	11.29	12.14	10.19	10.73
NOK	1.09	1.05	1.11	1.06
USD	6.86	7.81	6.51	6.51

## Note 2 Significant judgments, accounting estimates and assumptions

Preparation of annual financial statements in accordance with IFRS in many cases requires management to make judgments and use of accounting estimates and assumptions in determining the carrying amounts of assets and liabilities. These estimates are based on historical experience and assumptions that are considered reasonable and realistic in the current circumstances. The actual outcome may differ from the accounting estimates and assumptions.

The estimates and underlying assumptions are regularly reviewed. The effect of a change in an accounting estimate is recognized in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

A general description of the accounting policies where management's accounting estimates and assumptions are expected to have a material effect on the Lantmännen Group's financial position and financial statements is provided below. The carrying amounts at the reporting date can be found in the statement of financial position and associated notes.

### Impairment of goodwill and other assets

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually or whenever there are indications of possible impairment – in situations such as a changed business environment, a divestment decision or closure of operations. The Group's goodwill and other intangible assets amounted to MSEK 3,667 (3,408) at the end of the year, which corresponds to 31 (31) percent of the Group's equity. Other assets are tested for impairment as soon as there is an indication that an asset's recoverable amount is lower than its carrying amount.

In most cases, an asset's value in use is estimated by reference to the present value of the future cash flows the Group expects to derive from the asset. The cash flow projection is based on assumptions that represent management's best estimate of the economic conditions that will exist over the remaining useful life of the asset. The estimates are based on the latest financial plan.

An impairment loss is recognized if the estimated value in use is lower than the carrying amount.

The discount rates used to calculate the present value of the expected future cash flows are estimated from the current weighted average cost of capital established within the Group for the markets in which the cash-generating units are active.

Other estimates regarding expected future results and the discount rates used can give different values of assets from those applied. Impairment is described in more detail in ► note 6.

### Deferred tax assets and tax liabilities

Assessments are made to determine deferred tax assets and tax liabilities. Deferred tax assets, which arise mainly from unused tax losses or unused tax credits, are recognized as an asset when it is considered likely that the deferred tax assets can be utilized and offset against future taxable profits. Other assumptions regarding the outcome of these future taxable profits, as well as changes in tax rates and rules can result in significant differences in the measurement of deferred taxes. For more information about amounts, see ► note 11.

### Pensions

The value of pension obligations for defined benefit pension plans is determined by using actuarial calculations based on assumptions about discount rates, future salary increases, inflation and demographics. The discount rate, which is the most critical assumption, is based on the market return on high-quality corporate bonds, namely mortgage bonds with long maturities. The rate is extrapolated to correspond to the pension plan's duration. A lower discount rate increases the present value of the pension obligation and pension cost, while a higher discount rate has the reverse effect. A 0.25 percent change in the discount rate would change the pension obligation by just over MSEK 80.

For more information about amounts and further sensitivity analyses, see ► note 23.

## Note 3 Segment reporting

### INFORMATION ABOUT OPERATING SEGMENTS

Financial year 2014 MSEK	Agriculture Sector	Machinery Sector	Energy Sector	Food <sup>1)</sup> Sector	Lantmännen Real Estate	Other operations	Group-wide	Total Group
<b>Net sales</b>								
External sales	8,928	9,467	2,967	11,137	132	35	-	32,666
Internal sales	1,409	17	92	43	262	473	-2,296	0
<b>Total net sales</b>	<b>10,337</b>	<b>9,484</b>	<b>3,059</b>	<b>11,180</b>	<b>394</b>	<b>508</b>	<b>-2,296</b>	<b>32,666</b>
<b>Operating income per segment</b>	<b>6</b>	<b>181</b>	<b>72</b>	<b>442</b>	<b>212</b>	<b>-220</b>	<b>760</b>	<b>1,453</b>
<i>Of which share of income of joint ventures/associates</i>	59	-	2	41	0	-	-	102
Finance income								118
Finance costs								-229
Tax expense for the year								-117
<b>Net income for the year</b>								<b>1,225</b>
<b>Other disclosures</b>								
Assets	3,483	2,889	1,254	8,563	1,571	1,485	-661	18,584
Share of equity in joint ventures/associates	1,081	-	193	217	8	13	-	1,512
Unallocated assets	-	-	-	-	-	-	-	7,035
<b>Total assets</b>	<b>4,564</b>	<b>2,889</b>	<b>1,447</b>	<b>8,780</b>	<b>1,579</b>	<b>1,498</b>	<b>-661</b>	<b>27,131</b>
Liabilities	372	1,042	197	1,030	221	2,187	-661	4,388
Unallocated liabilities								10,867
Equity								11,876
<b>Total liabilities and equity</b>	<b>372</b>	<b>1,042</b>	<b>197</b>	<b>1,030</b>	<b>221</b>	<b>2,187</b>	<b>-661</b>	<b>27,131</b>
Investments	126	414	43	368	123	13	-	1,087
Depreciation, amortization and impairment	-114	-285	-83	-566	-39	-16	-	-1,103

<sup>1)</sup> Associate Scandi Standard was part of the Sector until the end of May 2014.

Note 3 continued

#### INFORMATION ABOUT OPERATING SEGMENTS

Financial year 2013 MSEK	Agriculture Sector	Machinery Sector	Energy Sector	Food Sector <sup>1)2)</sup>	Lantmännen Real Estate	Other operations <sup>2)</sup>	Group-wide	Total Group
<b>Net sales</b>								
External sales	8,602	8,908	3,601	12,544	121	26	-	33,802
Internal sales	1,692	26	122	49	243	415	-2,547	0
<b>Total net sales</b>	<b>10,294</b>	<b>8,934</b>	<b>3,723</b>	<b>12,593</b>	<b>364</b>	<b>441</b>	<b>-2,547</b>	<b>33,802</b>
<b>Operating income per segment</b>	<b>67</b>	<b>255</b>	<b>-846</b>	<b>373</b>	<b>190</b>	<b>-222</b>	<b>272</b>	<b>89</b>
<i>Of which share of income of joint ventures/associates</i>	<i>69</i>	<i>-</i>	<i>2</i>	<i>69</i>	<i>-1</i>	<i>1</i>	<i>-</i>	<i>140</i>
Finance income								333
Finance costs								-337
Tax expense for the year								15
<b>Net income for the year</b>								<b>100</b>
<b>Other disclosures</b>								
Assets	3,720	3,047	1,711	8,100	1,364	1,335	-523	18,754
Share of equity in joint ventures/associates	989	-	12	439	9	11	-	1,460
Unallocated assets								5,787
<b>Total assets</b>	<b>4,709</b>	<b>3,047</b>	<b>1,723</b>	<b>8,539</b>	<b>1,373</b>	<b>1,346</b>	<b>-523</b>	<b>26,001</b>
Liabilities	413	925	223	893	110	2,197	-525	4,236
Unallocated liabilities								10,721
Equity								11,044
<b>Total liabilities and equity</b>	<b>413</b>	<b>925</b>	<b>223</b>	<b>893</b>	<b>110</b>	<b>2,197</b>	<b>-525</b>	<b>26,001</b>
Investments	141	415	83	307	75	22	-	1,043
Depreciation, amortization and impairment	-136	-233	-971	-661	-33	-70	-	-2,104

<sup>1)</sup> Kronfågel Group was part of the Sector until the end of May 2013 and associate Scandi Standard was part of the Sector from the beginning of June 2013.

<sup>2)</sup> Associate Viking Malt is part of the Food Sector from 2014. Comparative figures for 2013 have been restated.

#### INFORMATION ABOUT GEOGRAPHIC AREAS

MSEK	2014		2013	
	External sales	Non-current assets	External sales	Non-current assets
Sweden	16,028	5,382	16,592	5,222
Denmark	3,678	2,426	4,526	2,373
Germany	3,541	1,036	3,068	1,296
Norway	2,749	354	3,776	383
United Kingdom	1,364	1,048	1,493	960
Netherlands	819	18	801	17
Finland	555	263	313	224
Belgium	469	1,244	463	1,187
Poland	461	131	422	126
Spain	423	0	99	0
Russia	341	16	360	33
France	324	0	156	0
Baltic Region	243	20	244	38
Rest of Europe	536	46	643	59
United States	910	373	716	287
Rest of world	225	0	130	0
<b>Total</b>	<b>32,666</b>	<b>12,357</b>	<b>33,802</b>	<b>12,205</b>

No Lantmännen customer accounts for 10 percent or more of the Group's total sales.

The information presented regarding distribution of revenue by geographical area is grouped according to customer location.

Information regarding assets is based on geographical areas grouped according to asset location, i.e., where the entity carries on its production of goods and services, and includes property, plant and equipment, intangible assets and investments in joint ventures/associates.

Lantmännen's activities are operationally divided into four Sectors and Lantmännen Real Estate.

Internal reporting to Group Management and the Board corresponds with the Group's operational structure, which means the Group's operating segments are its Sectors and Lantmännen Real Estate. The division is based on the Group's operations from a product and customer perspective.

Sales between the Group's entities are conducted at market terms and conditions.

The assets and liabilities used in the segments' operating activities are attributed directly to the Sector that is responsible for the relevant area. These assets and liabilities include property, plant and equipment, intangible assets, current

*Note 3 continued*

assets, operating liabilities and provisions attributable to the sale of goods and services, i.e., the Sectors' operating capital. Assets and liabilities are attributed directly to the Sectors or allocated to them in a reasonable and reliable manner.

Responsibility for the management of what the Group defines as financial assets and liabilities, and for the Group's tax lies with the corporate functions at central level. Financial assets and liabilities, provisions for pensions, taxes, gains and losses on the remeasurement of financial instruments (IAS 39) and pension obligations (IAS 19) have not been allocated to each Sector.

All capital expenditure on property, plant and equipment and intangible assets, apart from expendable equipment and company acquisitions, is included in the segments' investments.

The Group consists of four Sectors, each specializing in different industries, and Lantmännen Real Estate. The segment 'other operations' includes a number of small companies which are controlled at central level. The Sectors are outlined below:

*The Agriculture Sector* constitutes the Group's core business. The Sector develops and supplies products and services that will create the conditions for profitable and competitive agriculture for Lantmännen's owners. The Sector buys and sells grain and processes, develops and markets products in feed, crop production and seed. The Sector also includes the Group's international agriculture operations in the form of interests in joint ventures and associates.

*The Machinery Sector* imports, markets and sells farm machinery and equipment in Scandinavia and is the distributor and dealer of Volvo construction equipment in Sweden, the Baltics, and northern and central Germany. The Sector also markets and sells lubricants and hydraulic oils and engages in servicing and parts sales in its area of operation.

*The Energy Sector* develops and manufactures bio-based energy products and environmentally friendly service products, such as grain-based fuel ethanol, district heating, alkylate petrol and alcohol for the beverage industry.

The Sector also includes the Group's joint ventures and associates in the energy area.

*The Food Sector* encompasses the Group's food production and consumer product entities. The Sector is divided into three business areas:

- Lantmännen Cerealia, which develops, manufactures and sells grain-based products such as flour, flour mixes, hulled grains, muesli, pasta and pancakes, as well as ready-to-eat meals, beans and lentils. Products are distributed through supermarkets, restaurants, food service providers, bakeries, wholesalers and the food industry in Northern Europe.
- Lantmännen Unibake, which develops, manufactures and sells frozen bread and bake-off products all over the world, and fresh bread mainly in Denmark and Poland. Lantmännen Unibake is one of Europe's largest bakery companies, with customers in food service operations and food retailing.
- Lantmännen Doggy, which develops and manufactures dry and wet cat and dog food.

The Sector also includes the Group's joint ventures and associates in the food area.

*Lantmännen Real Estate's* work includes optimizing the use of premises in the Group's own industrial activities, as well as professional leasing and management for external clients. Another important part of the business is property development, which involves purchasing, refurbishing and selling property.

## Note 4 Breakdown of revenue

MSEK	2014	2013
<b>Net sales</b>		
Sales of goods	31,687	32,865
Service contracts	55	139
Construction contracts	407	370
Leasing activities, machinery	232	170
Leasing activities, premises	132	120
Royalties	127	114
Other	26	24
<b>Total</b>	<b>32,666</b>	<b>33,802</b>
<b>Other operating income</b>		
Capital gains	861	467
Government grants	10	7
Other	316	342
<b>Total</b>	<b>1,187</b>	<b>816</b>

Capital gains include a gain of MSEK 584 on the sale of shares in Scandi Standard in connection with the company's IPO (including a revaluation effect of MSEK 248 on the remaining shares in the company), a gain of MSEK 147 on the sale of German and Polish plant breeding and seed business and a gain of MSEK 51 (41) on the sale of properties. The comparative figure for 2013 includes a gain of MSEK 425 on the sale of Kronfågel Group.

## Note 5 Employees and employee benefits expense

Average number of employees	2014	of which female	2013	of which female
<b>Group</b>				
Sweden	3,702	27 %	4,082	28 %
Denmark	1,253	28 %	1,504	28 %
Germany	688	21 %	726	24 %
United Kingdom	634	22 %	669	24 %
Norway	433	30 %	440	31 %
Poland	422	36 %	446	36 %
Belgium	384	30 %	380	30 %
Ukraine	241	57 %	241	57 %
United States	201	34 %	207	29 %
Russia	147	52 %	168	51 %
Hungary	59	52 %	72	53 %
Finland	57	19 %	63	18 %
Estonia	35	18 %	35	17 %
Netherlands	20	10 %	17	12 %
Lithuania	12	8 %	11	8 %
Latvia	10	24 %	61	19 %
Spain	8	64 %	7	57 %
France	5	9 %	4	0 %
<b>Total, Group</b>	<b>8,311</b>	<b>28 %</b>	<b>9,133</b>	<b>29 %</b>
<b>Parent Company</b>				
Sweden	1,161	35 %	1,262	36 %
<b>Total, Parent Company</b>	<b>1,161</b>	<b>35 %</b>	<b>1,262</b>	<b>36 %</b>

Note 5 continued

Employee benefits expense MSEK	Group		Parent Company	
	2014	2013	2014	2013
Salaries and benefits, Boards and Managing Directors	79	69	10	7
- of which variable component	9	4	3	2
Salaries and benefits, other employees	3,405	3,584	622	617
Social security costs	786	817	220	219
Pension costs <sup>1)</sup>	246	282	77	75
Other staff costs	225	186	25	32
<b>Total</b>	<b>4,741</b>	<b>4,938</b>	<b>954</b>	<b>950</b>

<sup>1)</sup> MSEK 7 (6) of the Group's pension costs relate to Boards and Managing Directors. The outstanding pension obligation to them is MSEK 1 (12). MSEK 4 (3) of the Parent Company's pension costs relate to Boards and Managing Directors. The outstanding pension obligation to them is MSEK 0 (0).

Gender representation in executive management Female representation, %	Group		Parent Company	
	2014	2013	2014	2013
Boards of Directors	9	11	15	15
Other senior executives	24	26	20	25

## SALARIES AND REMUNERATION OF SENIOR EXECUTIVES

### Senior executives

Senior executives as referred to in this note are Lantmännen's Group Management, which consists of the President & CEO, the Executive Vice President, three Heads of Sectors, two Managing Directors of business areas and three Directors of Corporate Functions. Members of Group Management may be employed by the Parent Company or by subsidiaries. In 2014, the composition of the senior executives group was increased by two persons, from 8 at the beginning of the year to 10 at the end of the year. During the year, one of the members of Group Management at the beginning of year was appointed Executive Vice President. In 2013, the corresponding figure was 8 persons at the beginning of the year and 8 at the end.

### Lantmännen's Remuneration Committee

Lantmännen's Board of Directors has a special Remuneration Committee. The Committee's tasks include preparing the Board's decisions regarding the salaries and remuneration of the President & CEO and Executive Vice President, and, in consultation with the President & CEO, preparing proposals on terms for the remuneration of Group Management prior to the President & CEO's decision.

### Lantmännen's remuneration policy

The objective of Lantmännen's remuneration policy is to offer compensation that reflects Lantmännen's commitment to attract and retain qualified expertise. The fundamental guidelines are to:

- ensure that employees at Lantmännen receive market-based compensation that makes it possible to recruit and retain capable employees in line with Lantmännen's shared values: openness, a holistic view and drive.
- offer an individual salary structure that is based on performance, duties, qualifications, experience and position, and is therefore neutral with regard to gender, ethnicity, disability, sexual orientation, etc.

### Remuneration structure 2014

The Annual General Meeting decides on the remuneration of the Board of Directors for the period until the next AGM. The remuneration is distributed between a fixed annual fee and an hourly fee. The AGM's decisions on the fixed fee cover the Chairman, the Vice Chairman and other Board members.

The AGM adopts guidelines for remuneration of Group management on the basis of the Board's proposals. The 2013 meeting adopted the guidelines that were applied in 2014.

Lantmännen's remuneration structure for Group Management consists of the following components:

- Fixed salary
- Variable salary
- Pension
- Termination and other benefits

### Fixed salary

Members of Lantmännen's Group Management undergo an annual salary review on January 1. The review considers individual performance, market salary growth, changed areas of responsibility, company performance and local agreements and regulations.

### Variable salary

Lantmännen has a Group-wide variable salary program, which for 2014 covered all members of Group Management apart from the Head of the Agriculture Sector. Decisions about target groups and guidelines for variable salary are made annually by the Annual General Meeting in the case of the Group Management and by the Board of Lantmännen in other cases. For 2014, the program consists of quantitative and qualitative targets. The quantitative (financial) targets represent 75 percent of the maximum variable salary and are linked to the economic value added that the operating units generate for Lantmännen. The qualitative (individual) targets represent 25 percent.

The maximum variable salary that could be paid to Lantmännen's Group management in 2014 was 30 percent of the agreed fixed salary, before salary exchange, with full achievement of targets. The results are shown in the table below.

The total maximum variable salary that could be paid to employees entitled to variable salary in 2014 was approximately MSEK 30, excluding social security costs. The 2014 variable salary was estimated at MSEK 21, excluding social security costs.

### Pensions

Lantmännen offers Group Management occupational pensions in accordance with national practice, local agreements and other regulations.

The majority of Group Management members have entitlement to a pension after the age of 65. There are currently three main principles governing pension accrual for members of Lantmännen's Group Management, all of whom apart from one are employed in Sweden:

- Occupational pension accrual in accordance with the ITP agreement, with a pensionable salary ceiling of 30 income base amounts and payment of sickness benefits as laid down in the ITP agreement, and with a premium provision corresponding to 30 percent of salary over 30 income base amounts. Within the premium framework, the individual employee decides on the sub-division between old-age, survivor and sickness benefits.
- Occupational pension accrual in accordance with the ITP agreement up to 7.5 income base amounts and payment of sickness benefits as laid down in the ITP agreement, and with a premium provision corresponding to 30 percent of salary over 7.5 income base amounts. The Executive Vice President's pension accrual follows this structure.
- A defined contribution pension, with a premium of 10-30 percent of the pensionable salary. The President & CEO receives a defined contribution pension, with a premium of 30 percent of the pensionable salary.

All senior executives apart from two have a retirement age of 65, including the President & CEO and Executive Vice President, and earn their pensions in accordance with one of the main principles described above. Two senior executives have entitlement to a pension before the age of 65. One of them has pension rights on reaching the age of 63. The pension is accrued in the form of a defined benefit pension arrangement corresponding to 60 percent of a previously defined pensionable salary. If the employee chooses to remain in service until the age of 65, the pension rights accrue from the age of 63 to 65, according to the ITP plan. The other senior executive has a pension entitlement from the age of 60, and the benefits are in accordance with the ITP plan. In addition to this, provision has been made for a fixed premium that is not index-linked.

### Other benefits

In addition to fixed salaries, variable salaries and pensions, Lantmännen offers other benefits in the form of company cars, occupational injury insurance and occupational group life insurance in accordance with local agreements and regulations. In addition, members of Group Management are entitled to private health insurance and supplementary health insurance that can give benefits for salary up to 50 income base amounts. For countries outside Sweden, equivalent benefits are offered in accordance with national practice and legislation.

Note 5 continued

Salaries and remuneration of senior executives 2014

The President & CEO and Executive Vice President have a notice period of six months for termination of employment at their own request and six months for termination at Lantmännen's request. If employment is terminated at Lantmännen's request, they will receive termination benefits corresponding to the fixed salary and other benefits (including occupational pension and insurance), in addition to pay

during the notice period corresponding to 12 months' fixed salary but with a full deduction of any salary from a new employer. Other members of Group Management have a notice period of six months for termination of employment at their own request and at Lantmännen's request. If the termination is at Lantmännen's request, termination benefits corresponding to six or 12 months' fixed salary are paid, with any income from other employment during this period deducted.

Salaries and remuneration of senior executives 2014

TSEK	Directors' fees	Fixed salary <sup>4)</sup>	Variable salary <sup>5)</sup>	Pension <sup>4)</sup>	Other benefits <sup>6)</sup>	Total 2014
Elected Board members of Lantmännen ek för, according to specification below <sup>1)</sup>	4,315					4,315
President & CEO Per Olof Nyman		5,292	1,904	3,104	118	10,418
Executive Vice President Per Arfvidsson <sup>2)</sup>		2,040	600	541	108	3,289
Group Management, other <sup>3)</sup>		18,836	3,877	5,762	836	29,311
	<b>4,315</b>	<b>26,168</b>	<b>6,381</b>	<b>9,407</b>	<b>1,062</b>	<b>47,333</b>

Salaries and remuneration of senior executives 2013

TSEK	Directors' fees	Fixed salary <sup>4)</sup>	Variable salary <sup>5)</sup>	Pension <sup>4)</sup>	Other benefits <sup>6)</sup>	Total 2013
Elected Board members of Lantmännen ek för, according to specification below <sup>1)</sup>	4,433					4,433
President & CEO Per Olof Nyman		5,069	1,721	3,045	113	9,948
Group Management, other <sup>3)</sup>		15,731	2,655	4,814	816	24,016
	<b>4,433</b>	<b>20,800</b>	<b>4,376</b>	<b>7,859</b>	<b>929</b>	<b>38,397</b>

Board of Directors' fees <sup>1)</sup>

TSEK	2014	2013
Bengt-Olov Gunnarson <sup>7)</sup>	888	905
Nils Lundberg <sup>8)</sup>	549	546
Helle Kruse Nielsen	400	418
Lena Philipson <sup>9)</sup>	409	296
Ulf Gundemark	400	399
Per Lindahl	459	448
Thomas Magnusson	406	399
Hans Wallemyr	400	461
Björn Wallin	404	419
Anitra Steen <sup>10)</sup>	0	142
<b>Total</b>	<b>4,315</b>	<b>4,433</b>

<sup>1)</sup> Includes remuneration from both Lantmännen ek för and other Group companies and covers fixed annual fee and an hourly fee.

<sup>2)</sup> Appointed Executive Vice President in May 2014. This position was vacant in 2013.

<sup>3)</sup> Other Group Management consisted of 8 (7) individuals at year-end. The average for the year was 7.2 (7). Disclosures regarding Group Management only apply to individuals who are members of Lantmännen's Group Management.

<sup>4)</sup> Certain members of Group Management are entitled to switch between fixed salary and pension within the framework of current tax legislation.

<sup>5)</sup> Estimated variable salary for each year, payable the following year. The estimated variable salary for 2013 was consistent with the outcome.

<sup>6)</sup> Mainly company cars; other benefits include health insurance and subsistence.

<sup>7)</sup> Chairman of the Board

<sup>8)</sup> Vice Chairman of the Board

<sup>9)</sup> From May 6, 2013

<sup>10)</sup> To May 6, 2013

## Note 6 Depreciation, amortization and impairment of assets

MSEK	2014	2013
<b>Depreciation and amortization</b>		
Land and buildings	121	137
Plant and machinery	748	803
Equipment, tools, fixtures and fittings	78	92
Investment properties	7	5
Intangible assets	101	105
<b>Total</b>	<b>1,055</b>	<b>1,142</b>
<b>Impairment, reversal of impairment</b>		
Land and buildings	1	219
Plant and machinery	35	623
Equipment, tools, fixtures and fittings	6	12
Goodwill	-	39
Brands with indefinite useful life	6	-
Other intangible assets	-	69
<b>Total</b>	<b>48</b>	<b>962</b>

Total depreciation, amortization and impairment

MSEK	2014	2013
Land and buildings	122	356
Plant and machinery	783	1,426
Equipment, tools, fixtures and fittings	84	104
Investment properties	7	5
Goodwill	0	39
Brands with indefinite useful life	6	0
Other intangible assets	101	174
<b>Total</b>	<b>1,103</b>	<b>2,104</b>

Impairment by Sector

MSEK	2014	2013
<b>Agriculture Sector</b>		
- as an effect of restructuring decision	5	21
<b>Energy Sector</b>		
- from annual impairment testing	-	800
<b>Food Sector</b>		
- as an effect of restructuring decision	37	88
<b>Other operations</b>		
- as an effect of restructuring decision	6	53
<b>Total</b>	<b>48</b>	<b>962</b>

For further details see also ► notes 12, 13 and 14.

Note 6 continued

Impairment

Lantmännen measures the recoverable amount of assets in predefined cash-generating units when there are indications that there may have been a material decline in value and this is not expected to be temporary.

Lantmännen always conducts annual impairment testing (usually in the third four-month period) of cash-generating units that contain goodwill and other intangible assets with an indefinite useful life, irrespective of whether there is any indication that the assets may be impaired.

The recoverable amount of cash-generating units is determined by calculating their value in use. Value in use is the present value of the estimated future cash flows expected to be derived from continuing use of the asset. The estimates for the year are based on adopted budgets for 2015 and adopted strategic plans for 2016 and 2017. The calculation of value in use is also based on what management believes are reasonable market assumptions, and includes cash flow projections for the existing operations, with annual growth after 2017 assumed to be weak, i.e. about 1 percent for most operations.

The discount rates used for the present value calculation of the expected future cash flows correspond to the long-term return requirements, before tax, that have been defined for operations in the cash-generating units. In determining the discount rate, the risk associated with the asset in question is taken into account; proximity of operations to the farmer have a lower risk premium.

The cash-generating units, as defined at Lantmännen, are at a lower organizational level than the segments which are shown in Lantmännen's segment reporting and which correspond to the Group's Sectors and real estate operations.

This year's measurement of the value of goodwill and intangible assets with indefinite useful lives did not result in any impairment. An impairment loss of MSEK 800 on goodwill and non-current assets in Lantmännen Agroetanol was recognized in 2013.

The majority (87 percent) of the Group's value of goodwill and other assets with indefinite useful lives is attributable to the business area Lantmännen Unibake. A pre-tax discount rate of 9 (9) percent was applied during impairment testing of this cash-generating unit and no impairment was identified. An increase of 1 percentage point in the discount rate would reduce the estimated value in use by MSEK 769. With an increase of 2 percentage points, an impairment loss would occur, all other assumptions remaining unchanged.

Other units with goodwill and intangible assets with indefinite useful lives were within the estimated value in use limit during impairment testing for the year.

Other impairment of non-current assets during the year was an effect of restructuring decisions and not a result of impairment testing of the assets in cash-generating units.

## Note 7 Fees and reimbursement of expenses to auditors

MSEK	2014	2013
<b>Ernst &amp; Young</b>		
Annual audit	14	16
Other auditing services	0	0
Tax consultancy services	4	5
Other services	2	1
<b>Total</b>	<b>20</b>	<b>22</b>
<b>Other auditors</b>		
Annual audit	1	2
Other services	0	2
<b>Elected auditors</b>		
Annual audit	1	1

The annual audit comprises the auditing of the annual financial statements for the Parent Company and Group, the accounting records and the administration of the Board of Directors and President & CEO. It also include other duties incumbent on the company's auditors, as well as advice and other assistance arising from observations made while performing the audit or carrying out such other duties.



## Note 8 Finance income and expense

MSEK	2014			2013		
	Income	Expense	Total	Income	Expense	Total
<b>Financial assets at fair value through profit or loss</b>						
Dividend	3	-	3	2	-	2
Capital gains/losses	0	-	0	1	-	1
			3			3
<b>Loans and receivables</b>						
Interest income, receivables from members	55	-	55	66	-	66
Other interest income	61	-	61	74	-	74
			116			140
<b>Available-for-sale financial assets <sup>1)</sup></b>						
Capital gains/losses	-	-	-	144	-	144
Impairment, reversal of impairment	-22	-	-22	-	-	-
			-22			144
<b>Derivatives used in hedge accounting</b>						
Interest on currency forward contracts and swaps	22	-22	0	45	-44	1
Ineffective portion of hedges	-1	0	-1	1	-1	0
			-1			1
<b>Other financial liabilities</b>						
Interest expense, pension plans	-	-4	-4	-	-15	-15
Interest expense, liabilities to members	-	-53	-53	-	-66	-66
Interest expense, liabilities to the public	-	-25	-25	-	-30	-30
Interest expense, borrowing	-	-93	-93	-	-112	-112
Other borrowing expenses	-	-9	-9	-	-25	-25
Other interest expenses	-	-16	-16	-	-42	-42
Currency effects	-	-7	-7	-	-2	-2
			-207			-292
<b>Total</b>	<b>118</b>	<b>-229</b>	<b>-111</b>	<b>333</b>	<b>-337</b>	<b>-4</b>

<sup>1)</sup> Impairment for the year for available-for-sale financial assets related to shares in Mackmyra Svensk Whisky. The capital gain for the previous year was related to the sale of shares in Swedbank, Cloetta and VK Mühlen.

## Note 9 Items affecting comparability

The Group's income can be inflated or reduced by certain items that affect comparability. An overview of these items is presented below. See also the Board of Directors' Report on ► page 74. An item affecting comparability is a one-time item that is not directly related to the planned future operations and is outside the range of MSEK +/- 30.

MSEK	2014	2013
Capital gains on sale of operations	731	363
<b>Items affecting comparability in other operating income</b>		
	<b>731</b>	<b>363</b>
Impairment of non-current assets	-40	-923
Impairment of goodwill	-	-39
Restructuring costs	-89	-117
<b>TOTAL Items affecting comparability in operating income</b>	<b>602</b>	<b>-716</b>
<b>Items affecting comparability in income after financial items</b>		
Capital gain on sale of investment shares	-	118
<b>Total</b>	<b>0</b>	<b>118</b>
<b>Total items affecting comparability in income after financial items</b>		
	<b>602</b>	<b>-598</b>
Tax effect of items affecting comparability	28	203
<b>Total items affecting comparability in net income for the year</b>	<b>630</b>	<b>-395</b>

### Items affecting comparability by Segment/Sector in 2014

MSEK	Impairment of non-current assets	Restructuring costs	Other	Total
Agriculture Sector	-	-50	-	-50
Food Sector	-40	-39	-	-79
Other operations	-	-	731	731
<b>Total</b>	<b>-40</b>	<b>-89</b>	<b>731</b>	<b>602</b>

In the Agriculture Sector, the costs were related to restructuring measures aimed at achieving an efficient organization and stronger competitiveness for the Sector.

The Food Sector's costs were related to the ongoing streamlining of the production platform in the Unibake business area.

Other operations showed capital gains arising from Scandi Standard's IPO and divestment of the German and Polish plant breeding and seed operations.

Note 9 continued

Items affecting comparability by Segment/Sector in 2013

MSEK	Impairment of non-current assets	Restructuring costs	Other	Total
Agriculture Sector	-21	-17	-	-38
Energy Sector	-800	-	-	-800
Food Sector	-88	-42	-	-130
Other operations	-53	-58	363	252
<b>Total</b>	<b>-962</b>	<b>-117</b>	<b>363</b>	<b>-716</b>

The Agriculture Sector's costs were associated with restructuring measures under the "ONE approach" program.

The Energy Sector's costs were related to impairment of assets attributable to Agroetanol's operations and were an effect of the annual impairment testing.

The Food Sector's costs concerned restructuring measures to adapt operations to the market in the Lantmännen Unibake and Lantmännen Doggy business areas.

Costs for Other operations included restructuring measures at the head office, while the positive figure related to capital gains on the sale of Kronfågel Group and the mill operations in Latvia.

## Note 10 Exchange differences affecting income

MSEK	2014	2013
Exchange differences affecting operating income	-67	34
Exchange differences in financial items	-7	-15
<b>Total</b>	<b>-74</b>	<b>19</b>

<i>Exchange differences in operating income are included in</i>	2014	2013
Net sales	0	0
Cost of materials	-77	36
Other operating income/expense	10	-2
<b>Total</b>	<b>-67</b>	<b>34</b>

## Note 11 Taxes

MSEK	2014	2013
<b>Tax on net income for the year</b>		
<b>Current tax expense (-)/tax income (+)</b>		
Tax expense/income for the period	-126	-114
Adjustment of tax attributable to prior years	5	-14
<b>Total current tax</b>	<b>-121</b>	<b>-128</b>
<b>Deferred tax expense (-)/tax income (+)</b>		
Deferred tax from changes in temporary differences	-7	69
Deferred taxes arising from changes in tax rates	2	3
Deferred tax income in capitalized loss carryforwards	34	170
Utilization of previously capitalized loss carryforwards	-3	-20
Impairment of previously capitalized loss carryforwards	-22	-79
<b>Total deferred tax</b>	<b>4</b>	<b>143</b>
<b>Total recognized tax expense</b>	<b>-117</b>	<b>15</b>

Reconciliation of effective tax	2014		2013	
	Percent	MSEK	Percent	MSEK
Income before tax		1 342		85
Anticipated tax according to enacted Swedish tax rate	22.0	-295	22.0	-19
<b>Items with tax effects on the results and their impact on the effective tax rate:</b>				
Impairment of goodwill on consolidation	-	-	11	-9
Non-deductible expenses	4	-48	13	-11
Tax-exempt capital gains	-13	178	-100	85
Other non-taxable income	0	4	-4	3
Loss carryforward arising during the year, not capitalized as a deferred tax asset	1	-19	34	-29
Utilization of previously uncapitalized loss carryforwards	-1	20	-14	12
Impairment of previously capitalized loss carryforwards	2	-22	93	-79
Effect of special tax rules for economic associations <sup>1)</sup>	-5	62	-68	58
Tax attributable to prior years	0	5	16	-14
Effect of changes to tax rates and tax laws	0	2	-4	3
Reversal of income of joint ventures/associates	-2	22	-36	31
Other	2	-26	19	-16
<b>Recognized effective tax</b>	<b>9</b>	<b>-117</b>	<b>-18</b>	<b>15</b>

<sup>1)</sup> According to the tax rules applicable to economic associations, the dividend proposed by the Board, which will be paid in the subsequent year, is tax deductible in the current year and was taken into account in calculating the current tax. Refunds and final price adjustments are also tax deductible expenses, and are not reported in the income statement, but as a dividend.

The effective tax rate for the year was mainly affected by non-taxable capital gain/losses and the special tax rules for economic associations regarding dividends, refunds and final price adjustments.

### Tax items recognized through other comprehensive income

MSEK	2014	2013
<b>Deferred tax</b>		
Actuarial gains and losses on defined benefit pension plans	70	-68
Cash flow hedges	-1	-2
Available-for-sale financial assets	-	23
<b>Total</b>	<b>69</b>	<b>-47</b>
<b>Current tax</b>		
Current tax in hedges of net investments	38	23
<b>Total tax effects in other comprehensive income</b>	<b>107</b>	<b>-24</b>

Note 11 continued

Deferred tax asset/tax liability MSEK	2014			2013		
	Deferred tax asset	Deferred tax liability	Net	Deferred tax asset	Deferred tax liability	Net
<b>Group</b>						
Land and buildings	66	153	-87	71	113	-42
Machinery and equipment	79	330	-251	76	309	-233
Intangible assets	-	105	-105	-	102	-102
Trade receivables	5	-	5	4	-	4
Pension provisions	124	-	124	41	-	41
Other provisions	45	-	45	29	-	29
Loss carryforwards	314	-	314	306	-	306
Other	136	59	77	124	55	69
<b>Total</b>	<b>769</b>	<b>647</b>	<b>122</b>	<b>651</b>	<b>579</b>	<b>72</b>
Offsetting of assets/liabilities	-447	-447	0	-428	-428	0
<b>Total, net deferred tax asset</b>	<b>322</b>	<b>200</b>	<b>122</b>	<b>223</b>	<b>151</b>	<b>72</b>

Deferred tax assets and liabilities attributable to the same tax authority have been offset against each other.

Change in deferred tax in temporary differences and loss carryforwards 2014

MSEK	Amount at beginning of year	Recognized in income statement	Recognized in OCI	Changes in acquisitions/divestments	Reclassifications	Translation differences	Amount at end of 2014
<b>Group</b>							
Land and buildings	-42	-21	-	-21	0	-3	-87
Machinery and equipment	-233	-21	-	10	1	-8	-251
Intangible assets	-102	-1	-	-	-	-2	-105
Trade receivables	4	1	-	-	-	0	5
Pension provisions	41	13	70	-	-	0	124
Other provisions	29	15	-	-	-	1	45
Loss carryforwards	306	7	-	-	-	1	314
Other	69	11	-1	-	-6	4	77
<b>Total</b>	<b>72</b>	<b>4</b>	<b>69</b>	<b>-11</b>	<b>-5</b>	<b>-7</b>	<b>122</b>

Change in deferred tax in temporary differences and loss carryforwards 2013

MSEK	Amount at beginning of year	Recognized in income statement	Recognized in OCI	Changes in acquisitions/divestments	Reclassifications	Translation differences	Amount at end of 2013
<b>Group</b>							
Land and buildings	-30	57	-	-70	-	1	-42
Machinery and equipment	-197	21	-	-56	-	-1	-233
Intangible assets	-118	18	-	-2	2	-2	-102
Trade receivables	5	-1	-	-	-	-	4
Pension provisions	104	-	-68	-	5	0	41
Other provisions	34	-6	-	-	2	-1	29
Loss carryforwards	243	62	-	-	-	1	306
Other	51	-8	21	3	0	2	69
<b>Total</b>	<b>92</b>	<b>143</b>	<b>-47</b>	<b>-125</b>	<b>9</b>	<b>0</b>	<b>72</b>

Loss carryforwards

At the end of the year the Group had loss carryforwards of MSEK 2,255 (2,234), of which MSEK 1,395 (1,354) was taken into account in the computation of deferred tax.

The remainder related mainly to loss carryforwards in the German and Swedish operations. These have not been assigned any value as it is currently uncertain whether they will be utilized.

The loss carryforwards not included in the computation of deferred tax amount to MSEK 860 (880) and expire as follows:

MSEK	2014	2013
2014	-	1
2015	-	1
2016	-	1
2017 and later	35	6
	<b>35</b>	<b>9</b>
Indefinite life	825	871
<b>Total</b>	<b>860</b>	<b>880</b>

## Note 12 Property, plant and equipment

MSEK	Land and land improvements		Buildings		Plant and machinery		Equipment, tools, fixtures and fittings		Construction in progress		Total property, plant and equipment	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Accumulated cost of acquisition	750	786	4,131	4,233	13,357	13,403	1,558	1,569	227	234	20,023	20,225
Accumulated depreciation	-87	-99	-1,942	-1,874	-9,083	-8,911	-1,226	-1,246	-10	-10	-12,348	-12,140
Accumulated impairment	-49	-49	-198	-212	-779	-748	-37	-36	-	-	-1,063	-1,045
<b>Carrying amount</b>	<b>614</b>	<b>638</b>	<b>1,991</b>	<b>2,147</b>	<b>3,495</b>	<b>3,744</b>	<b>295</b>	<b>287</b>	<b>217</b>	<b>224</b>	<b>6,612</b>	<b>7,040</b>
Balance at beginning of year	638	587	2,147	2,425	3,744	4,853	287	373	224	424	7,040	8,662
Investments <sup>1)</sup>	0	1	21	22	457	494	42	38	486	406	1,006	961
Company acquisitions	0	118	35	117	41	3	7	-	0	-	83	238
Company divestments	-37	-7	-100	-194	-79	-421	-18	-58	-9	-100	-243	-780
Sales and disposals	-18	-3	-21	-18	-317	-111	-1	-2	-	-	-357	-134
Regular depreciation for the year	-4	-8	-117	-129	-748	-803	-78	-92	-	-	-947	-1,032
Impairment for the year	0	-48	-1	-171	-35	-625	-6	-12	-	-	-42	-856
Reversal of impairment losses	-	-	-	-	0	2	-	-	-	-	0	2
Reclassifications	20	0	-48	75	313	307	58	38	-487	-506	-144	-86
Translation differences	15	-2	75	20	119	45	4	2	3	-	216	65
<b>Carrying amount</b>	<b>614</b>	<b>638</b>	<b>1,991</b>	<b>2,147</b>	<b>3,495</b>	<b>3,744</b>	<b>295</b>	<b>287</b>	<b>217</b>	<b>224</b>	<b>6,612</b>	<b>7,040</b>
<b>Leases, MSEK</b>												
Carrying amount of assets held under finance leases	0	0	67	66	325	274	29	22	0	0	421	362

<sup>1)</sup> Investments for the year do not include any capitalized interest.

Government grants reduced the year's investments in equipment by MSEK 0 (11) and construction in progress by MSEK 0 (0). Contractual obligations relating to investments in property, plant and equipment amounted to MSEK 100 (225) at the end of the year. For further information about depreciation and impairment, see ► note 6. For further information about leases, see ► note 28 Leases and ► note 29 Customer financing.

## Note 13 Investment properties

MSEK	Land		Buildings		Total investment properties	
	2014	2013	2014	2013	2014	2013
Accumulated cost of acquisition	105	66	646	413	751	479
Accumulated depreciation	-11	-12	-174	-170	-185	-182
<b>Carrying amount</b>	<b>94</b>	<b>54</b>	<b>472</b>	<b>243</b>	<b>566</b>	<b>297</b>
Balance at beginning of year	54	57	243	209	297	266
Acquisitions	12	0	103	0	115	0
Investments in properties	18	0	43	0	61	0
Sales and disposals	-4	-6	-15	-30	-19	-36
Regular depreciation for the year	0	0	-7	-5	-7	-5
Reclassifications	14	3	105	69	119	72
<b>Carrying amount</b>	<b>94</b>	<b>54</b>	<b>472</b>	<b>243</b>	<b>566</b>	<b>297</b>

Properties where less than 10 percent of office space is used for the Lantmännen Group's own activities are classified as investment properties in the Group. For further information about leases, see ► note 29 Customer financing.

Note 13 continued

#### Changes in fair value

MSEK	2014	2013
Fair value at beginning of year	724	585
Acquisitions	115	0
Investments in properties	61	13
Sales and disposals	-61	-73
Changes in value	8	42
Reclassifications	119	157
<b>Fair value at end of year</b>	<b>966</b>	<b>724</b>

All investment properties have been valued according to hierarchy level 3, based on unobservable inputs, and according to the methods described below. Fair value has been determined on the basis of internal assessments. Property sales carried out during the year have been reconciled.

The value has been estimated using the following measurement methods:

- In the majority of cases the market price method has been used, where sales of equivalent properties in the market are used to support the valuation.
- Capitalization of earnings using cash flow calculations, where the properties' future net operating income and estimated residual value have been calculated.
- In certain cases the capitalization of earnings using the net capitalization method has been utilized, where a normalized figure for net operating income is seen in relation to a market-adjusted direct return requirement.

#### Investment properties' impact on income for the period

MSEK	2014	2013
Rental income	85	70
Direct costs, including costs for repair and maintenance		
- Properties that generate rents	-28	-25
- Properties that do not generate rents	0	-3
<b>Net operating income</b>	<b>57</b>	<b>42</b>

## Note 14 Intangible assets

MSEK	Other intangible assets											
	Goodwill		Trademarks		Customer and supplier relationships		Patents, licenses and similar rights		Capitalized expenditure on development, internally generated		Total other intangible assets	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Accumulated cost of acquisition	2,954	2,706	596	590	450	405	208	292	633	594	1,887	1,881
Accumulated amortization	-	-	-242	-236	-262	-192	-204	-278	-347	-287	-1,055	-993
Accumulated impairment	-39	-112	-	-	-	-	-1	-6	-79	-68	-80	-74
<b>Carrying amount</b>	<b>2,915</b>	<b>2,594</b>	<b>354</b>	<b>354</b>	<b>188</b>	<b>213</b>	<b>3</b>	<b>8</b>	<b>207</b>	<b>239</b>	<b>752</b>	<b>814</b>
Balance at beginning of year	2,594	2,554	354	357	213	234	8	184	239	100	814	875
Investments	-	-	-	-	-	-	-	-	20	82	20	82
Company acquisitions	109	-	-	-	-	12	-	-	-	-	-	12
Sales and disposals	-	-	-	-	-	-	-	-	-	1	-	1
Regular amortization for the year	-	-	-1	-4	-43	-38	-3	-12	-54	-51	-101	-105
Impairment for the year	-	-39	-	-	-	-	-	-	-6	-69	-6	-69
Reclassifications	-	1	-	-	-1	-	-2	-165	2	173	-1	8
Translation differences	212	78	1	1	19	5	0	1	6	3	26	10
<b>Carrying amount</b>	<b>2,915</b>	<b>2,594</b>	<b>354</b>	<b>354</b>	<b>188</b>	<b>213</b>	<b>3</b>	<b>8</b>	<b>207</b>	<b>239</b>	<b>752</b>	<b>814</b>
<b>Allocation of goodwill, brands and customer/supplier relationships per Sector</b>												
Agriculture Sector	-	-	-	-	9	12						
Machinery Sector	23	7	-	-	57	62						
Energy Sector	97	97	50 <sup>1)</sup>	50	-	-						
Food Sector	2,795	2,490	304 <sup>2)</sup>	304	122	139						
of which Lantmännen Unibake business area	2,672	2,460	184 <sup>2)</sup>	184	122	139						
<b>Total</b>	<b>2,915</b>	<b>2,594</b>	<b>354</b>	<b>354</b>	<b>188</b>	<b>213</b>						

<sup>1)</sup> Brand with indefinite useful life, Aspen.

<sup>2)</sup> Of which brands with indefinite useful lives MSEK 304 (304): Sopps and GoGreen in the Lantmännen Cerealia business area (MSEK 120) and Schulstad in the Lantmännen Unibake business area (MSEK 184).

There were no contractual obligations relating to investments in intangible assets at the end of the year.

Further information about amortization, impairment and annual impairment testing of goodwill and trademarks with indefinite useful lives can be found in ► note 6.

## Note 15 Investments accounted for using the equity method

Lantmännen's holdings in associates and joint arrangements classified as joint ventures are accounted for using the equity method.

Lantmännen reports income from associates and joint ventures with a one-month lag, which means that net income for the year includes Lantmännen's share of their income for the period December of the previous year to November of the current year. The lag is a practical measure, as the companies are not able to apply all aspects of Lantmännen's reporting process.

MSEK	Group		Parent Company	
	2014	2013	2014	2013
Accumulated cost of acquisition	1,514	1,462	1,080	1,067
Accumulated impairment	-2	-2	-17	-2
<b>Carrying amount</b>	<b>1,512</b>	<b>1,460</b>	<b>1,063</b>	<b>1,065</b>
Balance at beginning of year	1,460	1,269	1,065	832
Acquisitions/issues	233	233	51	233
Divestments	-342	-166	-231	-
Share of income of associates	102	140	-	-
Dividend for the year	-14	-33	-	-
Reclassifications	55	-	193	-
Impairment	-	-	-15	-
Translation differences	18	17	-	-
<b>Carrying amount</b>	<b>1,512</b>	<b>1,460</b>	<b>1,063</b>	<b>1,065</b>
Investments in joint ventures	346	102	293	66
Investments in associates	1,166	1,358	770	999
<b>Total</b>	<b>1,512</b>	<b>1,460</b>	<b>1,063</b>	<b>1,065</b>

Any impairment and reversal of impairment is recognized in the income statement under Share of income of companies, accounted for using the equity method.

Acquisitions for the year include 50 percent of Scandagra Polska Sp. z o.o.

In connection with Scandi Standard's IPO in June 2014, Lantmännen divested a large proportion of its holding in the company. The remaining holding of 13.5 percent has been reclassified as investment shares. MSEK 342 of the divestments and MSEK 124 of the reclassifications was attributable to Scandi Standard.

In 2014 a directed non-cash issue was implemented in Lantmännen Agroenergi AB, whereby Lantmännen's ownership was reduced from 100 to 50 percent and the company was reclassified from a subsidiary to a joint venture. The reclassified amount was MSEK 179.

The previous year's acquisitions related mainly to 46 percent in the associate Scandi Standard AB, which acquired Kronfågel Group from Lantmännen in early June 2013. The divestments mainly concerned the holding in the Estonian bread company Leibur.

MSEK	Share of income of joint ventures and associates		Dividends from joint ventures and associates	
	2014	2013	2014	2013
<b>Joint ventures</b>				
Scandagra Group AB	10	7	-	-
Scandagra Polska Sp.z.o.o	2	-	-	-
Agroenergi Neova Pellets AB	-2	-	-	-
Other	-1	0	0	0
<b>Associates</b>				
HaGe Kiel AG	47	62	-	18
Viking Malt Oy	19	23	14	14
Scandi Standard AB <sup>1)</sup>	23	35	-	-
Other	4	13	0	1
<b>Carrying amount</b>	<b>102</b>	<b>140</b>	<b>14</b>	<b>33</b>

<sup>1)</sup> Change of name from Scandinavian Standard AB.

### Summary of financial information for joint ventures (100 percent)

MSEK	Scandagra Group		Agroenergi	
	2014	2013	Scandagra Polska <sup>1)</sup>	Neova Pellets <sup>2)</sup>
<b>Balance sheet items</b>				
Non-current assets	172	163	47	234
Current assets	817	680	286	444
<i>of which cash and cash equivalents</i>	6	15	2	20
<b>Total assets</b>	<b>989</b>	<b>843</b>	<b>333</b>	<b>678</b>
Non-current liabilities	68	72	1	45
Current liabilities	763	633	270	348
<b>Total liabilities</b>	<b>831</b>	<b>705</b>	<b>271</b>	<b>393</b>
<b>Net assets, 100%</b>	<b>158</b>	<b>138</b>	<b>62</b>	<b>285</b>
<b>Ownership share in company, %</b>	<b>50 %</b>	<b>50 %</b>	<b>50 %</b>	<b>50 %</b>
Lantmännen's share of net assets	79	69	31	143
Goodwill on consolidation	-	-	25	34
<b>Carrying amount in Lantmännen</b>	<b>79</b>	<b>69</b>	<b>56</b>	<b>177</b>

<sup>1)</sup> Company acquired in 2014

<sup>2)</sup> Company reclassified from subsidiary in 2014

MSEK	Scandagra Group		Agroenergi	
	2014	2013	Scandagra Polska <sup>1)</sup>	Neova Pellets <sup>2)</sup>
<b>Balance sheet items</b>				
Non-current assets	2 113	2,077	1,111	356
Current assets	20	14	4	-4
<i>of which cash and cash equivalents</i>	-17	-19	-1	-13
<i>of which interest income</i>	12	11	0	0
<i>of which interest expenses</i>	-18	-19	-3	-5
<i>of which tax expenses/income</i>	-2	-5	0	0
<b>Net income for the year, 100%</b>	<b>20</b>	<b>14</b>	<b>4</b>	<b>-4</b>
<b>Ownership share in company, %</b>	<b>50 %</b>	<b>50 %</b>	<b>50 %</b>	<b>50 %</b>
Lantmännen's share of net income for the year	10	7	2	-2
<b>Carrying amount in Lantmännen</b>	<b>10</b>	<b>7</b>	<b>2</b>	<b>-2</b>

<sup>1)</sup> Company acquired in 2014

<sup>2)</sup> Company reclassified from subsidiary in 2014

Operating income in other joint ventures was MSEK -2 (-1), and Lantmännen's recognized share of income was MSEK -1 (0).

Note 15 continued

Summary of financial information for associates (100 percent)

MSEK	HaGe Kiel AG		Viking Malt Oy	
	2014	2013	2014	2013
<b>Balance sheet items</b>				
Non-current assets	1,878	1,784	391	414
Current assets	5,984	5,592	538	643
<b>Total assets</b>	<b>7,862</b>	<b>7,376</b>	<b>929</b>	<b>1,057</b>
Non-current liabilities	988	966	182	253
Current liabilities	4,592	4,280	196	272
<b>Total liabilities</b>	<b>5,580</b>	<b>5,246</b>	<b>378</b>	<b>525</b>
<b>Net assets, 100 %</b>	<b>2,282</b>	<b>2,130</b>	<b>551</b>	<b>532</b>
<i>Ownership share in company, %</i>	39 %	39 %	38 %	38 %
Lantmännen's share of net assets	890	831	209	202
Goodwill on consolidation	29	27	0	0
<b>Carrying amount in Lantmännen</b>	<b>919</b>	<b>858</b>	<b>209</b>	<b>202</b>

MSEK	HaGe Kiel AG		Viking Malt Oy	
	2014	2013	2014	2013
<b>Income statement items</b>				
Net sales	23,194	24,966	1,277	1,380
<b>Net income for the year</b>	<b>120</b>	<b>158</b>	<b>50</b>	<b>61</b>
<b>Net income for the year, 100 %</b>	<b>120</b>	<b>158</b>	<b>50</b>	<b>61</b>
<i>Ownership share in company, %</i>	39 %	39 %	38 %	38 %
Lantmännen's share of net income for the year	47	62	19	23
<b>Carrying amount in Lantmännen</b>	<b>47</b>	<b>62</b>	<b>19</b>	<b>23</b>

Operating income in other associates was MSEK 57 (104), and Lantmännen's recognized share of income was MSEK 27 (48). MSEK 50 (76) of the total income related to Scandi Standard, and Lantmännen's recognized share of income was MSEK 23 (35).

Information on contingent liabilities for joint ventures and associates can be found in note 33. Lantmännen does not have any commitments to the companies over and above these contingent liabilities. There are no restrictions on the companies' ability to transfer assets to their owners.

Parent and Group holdings of shares in associates and joint ventures, December 31, 2014

Company name	Corporate ID no.	Domicile	Number of participations	Share of capital, %	Carrying amount, Group, MSEK	Carrying amount, Parent, MSEK
<i>Joint ventures owned by Parent Company:</i>						
Scandagra Group AB	556009-3121	Stockholm	85,000	50	79	42
Scandagra Polska Sp. Z o.o	PL 0000138255	Poland	2,686	50	56	48
Agroenergi Neova Pellets AB	556215-0606	Jönköping	30,000	50	177	179
AB Tillväxt för Svensk Animalieproduktion	556155-9831	Stockholm	135,000	50	26	24
Rural Patent Svenska AB	556530-9654	Stockholm	50	50	0	0
<i>Joint ventures owned by other Group companies:</i>						
Kajan 18 i Luleå Fastigheter AB	556831-3679	Stockholm	250	50	8	-
Nacka Skarpnäs Fastigheter AB	556831-3661	Stockholm	250	50	0	-
<i>Associates owned by Parent Company:</i>						
Raiffeisen Hauptgenossenschaf Nord AG (HaGe Kiel AG)	DE134852742	Germany	9,476,850	39	919	579
Viking Malt Oy	FI 0802004-9	Finland	1,381,387	38	209	178
VetGross Holding AB	556892-6108	Stockholm	1,041,667	25	12	11
Åhus Stuveriinteressenter AB	556039-8256	Åhus	5,987	50	1	1
European Agri Trade A/S	26207177	Denmark	180	36	0	0
European Crop Protection A/S	21538388	Denmark	232	46	0	0
European Fertilizer A/S	20296372	Denmark	250	50	0	0
Piteå Spannmåls AB	556090-8187	Piteå	1,500	30	0	0
Cgrain AB	556932-8023	Uppsala	12,500	25	1	1
<i>Associates owned by other Group companies:</i>						
Aspen-Produkte Handels GmbH	HR205654	Germany		50	16	-
Unibake Japan Inc		Japan		49	1	-
Struer Brød A/S	18798794	Denmark	1	33	7	-
<b>Total</b>					<b>1,512</b>	<b>1,063</b>

## Note 16 Non-current financial assets

MSEK	2014	2013
Receivables from joint ventures/associates <sup>1)</sup>	64	297
Other shares and interests	276	279
Bonds	49	57
Available-for-sale financial assets	406	29
Derivative instruments	-	4
Other non-current financial assets	123	116
<b>Total</b>	<b>918</b>	<b>782</b>

<sup>1)</sup> of which Scandi Standard AB MSEK 285 in 2013.

### Available-for-sale financial assets

MSEK	2014	2013
Balance at beginning of year	29	333
Investments	2	-
Divestments	-	-329
Impairment <sup>1)</sup>	-22	-
Fair value remeasurement for the year	25	25
Reclassifications	372	-
<b>Carrying amount</b>	<b>406</b>	<b>29</b>

<sup>1)</sup> Relates to Mackmyra Svensk Whisky.

### Available-for-sale financial assets, fair value

MSEK	2014	2013
Scandi Standard AB	391	-
Mackmyra Svensk Whisky AB	10	26
Other	5	3
<b>Carrying amount</b>	<b>406</b>	<b>29</b>

Available-for-sale financial assets refer to shareholdings in listed companies. During the year, Scandi Standard AB was reclassified from an associate in connection with the company's IPO.

The largest individual item in Other shares and interests is a holding of about 8 percent in the investment company Lion/Visor Cayman 1, which owns a number of bakery operators under the Vaasan brand. In January 2015, Lantmännen announced its intention to acquire the entire company during 2015. Other shares and interests also include Lantmännen's holding in LRF. The carrying amount of Other shares and interests is considered consistent with the fair value.

Remeasurement to fair value of available-for-sale financial assets is recognized in OCI in the consolidated statement of comprehensive income. Impairment and reversal of impairment is recognized in the income statement under finance income and costs.

## Note 17 Other non-current assets

MSEK	2014	2013
Non-current derivative instruments, operating	0	0
Other non-current operating assets	10	77
<b>Total</b>	<b>10</b>	<b>77</b>

## Note 18 Inventories

MSEK	2014	2013
Raw materials and consumables	703	1,686
Products in progress	392	112
Finished goods	1,884	1,203
Merchandise	2,289	2,248
Advances to suppliers	111	0
<b>Total</b>	<b>5,379</b>	<b>5,249</b>

MSEK 46 (113) of inventories for the year were measured at net realizable value. Impairment losses of MSEK 6 (14) were recognized during the year, while previous impairment of MSEK 4 (8) was reversed. The total cost of goods sold during the year was MSEK 26,177 (27,963).

From 2014, the principle for classification of grain stocks has been changed. All grain was previously reported under raw materials. The new principle means that grain is only reported as a raw material prior to drying and cleaning. After this, grain is reported under products in progress or finished goods.

## Note 19 Trade and other receivables

MSEK	2014	2013
Trade receivables	3,181	3,417
Trade receivables, joint ventures/associates	11	17
Finance service, members	559	600
Derivative instruments	85	29
Other operating receivables from joint ventures/associates	3	0
Other current receivables	508	470
Prepayments and accrued income	376	333
<b>Total</b>	<b>4,723</b>	<b>4,866</b>

### Age analysis of trade receivables

MSEK	2014	2013
Receivables, not yet due	2,772	2,853
<b>Receivables, past due</b>		
< 30 days	345	437
31-60 days	41	53
61-90 days	15	23
> 91 days	95	115
<b>Total</b>	<b>3,268</b>	<b>3,481</b>
Provision for doubtful debts	-87	-64
<b>Total</b>	<b>3,181</b>	<b>3,417</b>

### Provision for doubtful debts

MSEK	2014	2013
Provision at beginning of year	-64	-100
New provision for anticipated losses	-51	-16
Utilization of provision for identified losses	21	44
Reversal of provisions no longer required	6	8
From acquired, divested companies	3	0
Exchange differences	-2	0
<b>Provision at end of year</b>	<b>-87</b>	<b>-64</b>

The cost of doubtful debts for the year was MSEK -45 (-8) and was recognized in other operating expenses. For information about credit quality of trade receivables, see ► note 23.



Note 19 continued

Prepayments and accrued income MSEK	2014	2013
Prepaid rent	57	55
Prepaid insurance	24	21
Bonuses and discounts	6	7
Other prepayments	186	152
Other accrued income	103	98
<b>Total</b>	<b>376</b>	<b>333</b>

## Note 20 Current interest-bearing assets and cash and cash equivalents

Current interest-bearing assets MSEK	2014	2013
Receivables from joint ventures/associates	118	2
Finance leases, Lantmännen Finans AB	0	-
Interest-bearing receivables	141	20
Other short-term investments	0	250
Derivative instruments	57	1
Other current financial assets	29	15
<b>Total</b>	<b>345</b>	<b>288</b>

Cash and cash equivalents MSEK	2014	2013
Cash and bank balances	964	570
Short-term investments < 3 months	2,094	1,725
<b>Total</b>	<b>3,058</b>	<b>2,295</b>

Receivables with a maturity of up to one year and investments with maturities between three months and one year are recognized as current interest-bearing assets.

As short-term investments normally have a fixed rate period of less than three months, they carry very little interest rate risk.

## Note 21 Equity

MSEK	Member contributions	Other contributed capital	Hedge reserve	Available-for-sale assets	Translation reserve	Retained earnings	Equity attrib. to members of association	Equity attributable to NCI	Total equity
<b>Equity, Jan 1, 2013</b>	<b>1,769</b>	<b>2,479</b>	<b>-60</b>	<b>92</b>	<b>-139</b>	<b>6,758</b>	<b>10,899</b>	<b>33</b>	<b>10,932</b>
Net income for the period after tax	-	-	-	-	-	100	100	0	100
Actuarial gains and losses on pension plans	-	-	-	-	-	307	307	-	307
Available-for-sale financial assets									
- remeasurement for the year	-	-	-	3	-	-	3	-	3
- transferred to income statement	-	-	-	-122	-	-	-122	-	-122
Cash flow hedges									
- remeasurement for the year	-	-	86	-	-	-	86	-	86
- transferred to income statement	-	-	-78	-	-	-	-78	-	-78
Exchange differences on translation of foreign operations	-	-	-	-	92	-	92	-	92
Net gain on hedge of net investment in foreign operations									
- net income for the year	-	-	-	-	-107	-	-107	-	-107
- transferred to income statement	-	-	-	-	21	-	21	-	21
Tax relating to components of other comprehensive income	-	-	-2	23	23	-68	-24	-	-24
<b>Other comprehensive income for the period, net of tax</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>-96</b>	<b>29</b>	<b>239</b>	<b>178</b>	<b>0</b>	<b>178</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>-96</b>	<b>29</b>	<b>339</b>	<b>278</b>	<b>0</b>	<b>278</b>
Dividend paid <sup>1)</sup>	-	-	-	-	-	-88	-88	-1	-89
Refund and final price adjustment	-	-	-	-	-	-127	-127	-	-127
Contributed capital paid in by members	103	-	-	-	-	-	103	-	103
Contributed capital paid out to members	-49	-	-	-	-	-	-49	-	-49
Appropriation of profit	80	123	-	-	-	-203	0	-	0
Other non-owner changes <sup>2)</sup>	-	-	-	-	-	0	0	-4	-4
<b>Total equity, December 31, 2013</b>	<b>1,903</b>	<b>2,602</b>	<b>-54</b>	<b>-4</b>	<b>-110</b>	<b>6,679</b>	<b>11,016</b>	<b>28</b>	<b>11,044</b>

<sup>1)</sup> Refers to contribution dividend concerning parent association members.

<sup>2)</sup> 2013 includes acquisition of NCI in Lantmännen Bygglant AB.

Note 21 continued

MSEK	Member contributions	Other contributed capital	Hedge reserve	Available-for-sale assets	Translation reserve	Retained earnings	Equity attrib. to members of association	Equity attributable to NCI	Total equity
<b>Total equity, opening balance Jan 1, 2014</b>	<b>1,903</b>	<b>2,602</b>	<b>-54</b>	<b>-4</b>	<b>-110</b>	<b>6,679</b>	<b>11,016</b>	<b>28</b>	<b>11,044</b>
Net income for the period after tax	-	-	-	-	-	1,217	1,217	8	1,225
Actuarial gains and losses on pension plans	-	-	-	-	-	-313	-313	-	-313
Available-for-sale financial assets									
- remeasurement for the year	-	-	-	20	-	-	20	-	20
- transferred to income statement	-	-	-	4	-	-	4	-	4
Cash flow hedges									
- remeasurement for the year	-	-	91	-	-	-	91	-	91
- transferred to income statement	-	-	-84	-	-	-	-84	-	-84
Exchange differences on translation of foreign operations	-	-	-	-	209	-	209	-	209
Net gain on hedge of net investment in foreign operations									
- net income for the year	-	-	-	-	-183	-	-183	-	-183
- transferred to income statement	-	-	-	-	9	-	9	-	9
Tax relating to components of other comprehensive income	-	-	-1	-	38	70	107	-	107
Other comprehensive income for the period, net of tax	0	0	6	24	73	-243	-140	0	-140
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>24</b>	<b>73</b>	<b>974</b>	<b>1,077</b>	<b>8</b>	<b>1,085</b>
Dividend paid 1)	-	-	-	-	-	-171	-171	-3	-174
Refund and final price adjustment	-	-	-	-	-	-137	-137	-	-137
Contributed capital paid in by members	138	-	-	-	-	-	138	-	138
Contributed capital paid out to members	-64	-	-	-	-	-	-64	-	-64
Appropriation of profit	0	23	-	-	-	-23	0	-	0
Other non-owner changes 2)	-	-	-	-	-	-	0	-16	-16
<b>Total equity, Dec 31, 2014</b>	<b>1,977</b>	<b>2,625</b>	<b>-48</b>	<b>20</b>	<b>-37</b>	<b>7,322</b>	<b>11,859</b>	<b>17</b>	<b>11,876</b>

1) Refers to contribution dividend concerning parent association members.

2) 2014 includes acquisition of minority in Swecon Anläggningsmaskiner.

Restricted reserves are reported under other contributed capital in the Parent Company.

For cash flow hedges where the hedged transaction has not yet occurred, the hedging reserve comprises the cumulative effective portion of gains or losses arising from remeasuring the hedging instruments at fair value. Hedging transactions in the reserve relate to cash flow hedges. The cumulative gain or loss recognized in the hedge reserve will be recycled to profit or loss when the hedged transaction affects profit or loss.

The translation reserve comprises all exchange differences arising on translation of financial statements of foreign operations to the Group's presentation currency (SEK). Gains and losses on hedging instruments that qualify as hedges of a net investment in a foreign operation are also included in the translation reserve and recognized there after deduction of tax.

The reserve for available-for-sale assets includes the accumulated net change in fair value of financial assets classified as "available-for-sale financial assets" until the asset is sold or is written down in the income statement before then.

#### Management of the Group's capital

Lantmännen has two overall financial objectives:

- return on equity of at least 8 percent over a business cycle and with the present business portfolio
- equity ratio of at least 40 percent

To achieve these objectives, Lantmännen uses financial instruments for its operations and specific profitability targets for each business. These profitability targets are expressed as a percentage of operating capital and vary according to the type of business and profitability levels for comparable enterprises outside Lantmännen. It is Lantmännen's aim that each business will achieve a return on operating capital that is at least on a par with that of comparable enterprises outside the Group.

Future investments are allocated primarily to areas that meet the profitability target and have potential for profitable growth.

## Note 22 Interest-bearing liabilities

Non-current interest-bearing liabilities			
MSEK	Note	2014	2013
Non-current liabilities to credit institutions	23	2,465	4,183
Debentures		-	56
Financial liabilities, leases	28	48	49
Other non-current interest-bearing liabilities		50	29
Derivative instruments		37	17
<b>Total</b>		<b>2,600</b>	<b>4,334</b>
Current interest-bearing liabilities			
MSEK	Note	2014	2013
Current liabilities to credit institutions	23	1,009	526
Liabilities to members, savings		927	805
Liabilities to members, capital account		715	724
Deposits with Lantmännen Finans AB from the public		1,562	1,438
Financial liabilities, leases	28	17	13
Liabilities to joint ventures/associates		107	-
Other current interest-bearing liabilities		168	24
Derivative instruments		96	16
<b>Total</b>		<b>4,601</b>	<b>3,546</b>

Deposits with Lantmännen Finans AB from the public are from companies, members, employees and other individuals. The deposit accounts offer unrestricted withdrawals, interest from the first SEK 1 and cover of EUR 100,000 under the national deposit guarantee scheme.

No borrowing costs were capitalized in 2014.

## Note 23 Financial instruments and financial risk management

### RISK MANAGEMENT

Lantmännen is exposed to different types of financial risks in the course of its international operations. Financial risks are the risks of fluctuations in the Group's earnings and cash flow as a result of changes in commodity market prices, exchange rates, interest rates and refinancing, and also includes credit and counterparty risks.

Lantmännen conducts internal banking activities through the corporate function Group Finance within Lantmännen ek för.

The main task of Group Finance is to provide cost-effective financing, identify and efficiently minimize financial risks to which the Group is exposed in its daily operations, support management and Group companies and optimize the Group's net financial items and tied-up capital.

The financial policy governs how financial risks shall be handled and specifies the mandate, limits and which financial instruments may be used. The Group's financial policy is established annually by Lantmännen's Board of Directors. The Group's Risk Committee receives regular reports on changes to the Group's financial risks. Group Finance also handles the Lantmännen's netting system and is responsible for handling the Group's liquidity via cash pools in banks. Only banks and credit institutions that have a high credit rating and have a high level of participation in the Group's long-term financing are accepted as counterparties to Lantmännen in financial transactions.

### CAPITAL STRUCTURE AND FINANCIAL COVENANTS

Lantmännen is actively working on its capital structure to ensure long-term financial stability, meet the organization's need for capital at the lowest cost and ensure opportunities for future acquisitions. Lantmännen uses multiple financial ratios to measure its capital structure and has, for example, a long-term objective that its equity ratio shall exceed 40 percent.

To fund its activities, Lantmännen has loans from several banks and credit institutions. The credit conditions for the loans depend on Lantmännen's financial performance and are described in the covenants contained in the agreements. For further information on Lantmännen's covenants, see "Refinancing risk" below.

Lantmännen also has loans where collateral is pledged as security, mainly in real estate mortgages. For further information see ► note 33.

### CURRENCY RISK

In the course of its operations, Lantmännen is exposed to currency risk, in the form of exchange rate fluctuations affecting the Group's earnings and financial position.

The Group's currency exposure includes both transaction exposure and translation exposure. The Group's currency risk management is aimed at minimizing the short-term effect of exchange rate fluctuations and their adverse impact on the Group's earnings and financial position.

#### Transaction exposure

Under the Group's financial policy, the Sectors' foreign currency sales and purchases are hedged with Group Finance, either by order or based on a rolling 12-month exposure forecast. Currency risks are managed by Group Finance and the aim is to minimize the effects of currency fluctuations in the first instance by using foreign currency inflows for payments in the same currency. In addition, financial instruments are used to hedge forecast cash flows, in accordance with the guidelines contained in Lantmännen's financial policy.

About 90 percent of the expected currency flow in EUR is hedged for the first period of 2015.

#### Distribution of trade receivables by currency, December 31, 2014

MSEK	Group	Parent Company
SEK	1,884	1,471
EUR	740	95
DKK	373	-
NOK	360	-
GBP	227	1
USD	60	0
Other currencies	96	-
<b>Total</b>	<b>3,740</b>	<b>1,567</b>

#### Distribution of trade receivables by currency, December 31, 2013

MSEK	Group	Parent Company
SEK	2,101	1,578
EUR	744	115
DKK	430	-
GBP	199	-
Other currencies	543	-
<b>Total</b>	<b>4,017</b>	<b>1,693</b>

#### Distribution of trade payables by currency, December 31, 2014

MSEK	Group	Parent Company
SEK	2,446	1,858
EUR	936	100
DKK	209	2
NOK	56	1
GBP	103	0
USD	31	3
Other currencies	82	0
<b>Total</b>	<b>3,863</b>	<b>1,964</b>

#### Distribution of trade payables by currency, December 31, 2013

MSEK	Group	Parent Company
SEK	2,369	1,651
EUR	812	69
DKK	213	1
GBP	108	1
Other currencies	192	10
<b>Total</b>	<b>3,694</b>	<b>1,732</b>

#### Translation exposure

Translation exposure is the effect of changes in exchange rates when foreign subsidiaries' income statements and statements of financial position are translated into the Group's presentation currency, SEK. Currency hedging of investments in foreign subsidiaries (net assets including goodwill on consolidation) is managed by means of foreign currency loans and currency swaps, and is referred to as the equity hedge. These are recognized at the closing rate on the reporting date. In the Parent Company, exchange differences attributable to these loans (net of tax) and translation differences from the net assets of subsidiaries are recognized in other comprehensive income and accumulated in consolidated equity. Only net investments with significant exposure to a currency are hedged. At present, net investments in EUR, DKK and GBP are hedged.

If the Swedish krona weakened against other currencies by 10 percent, equity would increase by MSEK 480 (445), not taking into account the equity hedge. If the equity hedge is taken into account, equity would increase by MSEK 261 (159), all other things being equal.

Exchange rate fluctuations also affect the translation of foreign subsidiaries' income statements to SEK. As this translation is not hedged, the translation difference is exposed to currency risk and as such is included in the sensitivity analysis below.

Note 23 continued

**Foreign-exchange sensitivity in transaction and translation exposure**

Lantmännen is primarily exposed to the EUR, DKK, GBP, USD and NOK. The different currencies represent both inflows and outflows against the Swedish krona and a large proportion of them are hedged. Consequently, the transaction-related earnings impact of an exchange rate change is considered to be minimal.

If, on translation of operating income, the Swedish krona were to weaken against subsidiaries' currencies by 10 percent, this would have an adverse impact of MSEK -53 (-45) on operating income, all other things being equal. The calculation does not take into account any changes in prices and customer behavior caused by the exchange rate movements.

Risk	Change	Operating income effect, MSEK	
		2014	2013
EUR/SEK	-10 %	-18	-24
DKK/SEK	-10 %	-3	14
NOK/SEK	-10 %	-10	-9
GBP/SEK	-10 %	-5	-9
USD/SEK	-10 %	-5	-6
Other	-10 %	-14	-12
<b>Total</b>		<b>-55</b>	<b>-46</b>

The currency derivatives used are forward exchange contracts.

The currency distribution of the Group's outstanding forward contracts was as follows:

Currency distribution and payment structure, operating forward contracts			
MSEK	2015	2016	2017
EUR	-1,721	-8	-
DKK	74	0	-
NOK	-201	0	-
GBP	91	6	-
USD	-69	-8	-
CHF	-2	-	-
<b>Total</b>	<b>-1,828</b>	<b>-10</b>	<b>-</b>

The nominal net amount per currency is shown in the table above. Negative amounts represent sales of a particular currency and positive amounts represent purchases.

The average remaining maturity of the forward contracts at December 31, 2014 was 5 (4) months.

**PRICE RISK**

Lantmännen uses the financial markets to manage price risk associated with commodity and energy purchases and ethanol sales. The purpose of the price hedges is to increase predictability and even out rapid price fluctuations, thereby ensuring the right prices are passed on to customers.

**Commodity price risk**

Lantmännen's main commodity price risk is associated with wheat, oilseed rape, barley, oats and soybeans. The pricing of commodities varies over time as a result of international supply and demand. Commodity risks are primarily attributable to Lantmännen Lantbruk's activities, Lantmännen Cerealia's milling operations and Lantmännen Agroetanol's ethanol production. In addition to hedging prices by means of supply contracts, prices are also hedged through commodity exchanges and banks. Pricing of most commodities is based on USD or EUR. Under Lantmännen's financial policy, the currency is considered to be part of the transaction's pricing and must be hedged on or before the transaction date.

A +/-10 percent movement in the commodity price would affect the valuation of the underlying derivatives outstanding on the closing date, which in turn would affect operating income by MSEK -/+12 and equity by MSEK -/+119. However, such a market price change would be offset by a price change for the hedged physical item.

**Energy price risk**

Through its energy-intensive operations Lantmännen is subject to risks associated with price changes for energy, particularly electricity and gas. If the energy price risk is not hedged, the price changes in the energy market will have a direct impact on the Group's operating income. For this reason, the majority of the Group's electricity consumption in Sweden, Denmark and Norway is hedged through the NordPool energy exchange. Telge Kraft became Lantmännen's electricity supplier in 2014, and Lantmännen no longer deals directly in exchange-traded contracts, which means that there is no need to provide collateral.

Risk management of electricity prices is aimed at creating predictability in power purchasing costs. Electricity derivatives are priced in EUR. A minimum of 70 percent of the currency risk in electricity contracts is normally required to be hedged when the budget price is set for the following year's electricity consumption.

**Electricity price hedging for Sweden, Denmark and Norway**

Maturity year	2015	2016	2017	2018
Hedged share of forecast annual need	69 %	32 %	26 %	10 %

From January 1, 2015, Group Finance is also responsible for electricity price hedging for the UK. For 2015, 56 percent of the projected annual need in the UK is hedged.

The Group companies' total electricity consumption in 2014 was 488 (566) GWh. The share for the operations in Sweden, Denmark and Norway was 391 (457) GWh. The reduction in electricity consumption from 2013 is partly due to the comparative figure for 2013 including five months' consumption by Scandi Standard. Other reasons for the decline in consumption in 2014 were the sale of Agroenergi's pellet business and production cutbacks at Agroetanol. The Group companies' gas consumption in 2014 was 180 (204) GWh. The share for the operations in Sweden and Denmark was 91 (112) GWh. From August 1, 2014, Group Finance is responsible for gas price hedging for the UK operations. Consumption in the UK for 2014 was 26 GWh. 60 percent of the Group's 2015 gas requirement for Denmark, Sweden and the UK has been hedged through supply contracts.

A +/-10 percent movement in the price of electricity would affect the valuation of the energy hedges outstanding on the closing date, which in turn would affect operating income by MSEK +/-2 and equity by MSEK +/-15.

**Price hedges via ethanol and gasoline contracts**

Ethanol derivatives were entered into in 2014 for the purpose of reducing earnings volatility caused by variations in the price of ethanol and were attributable to Lantmännen Agroetanol in the Energy Sector. Ethanol is normally priced in EUR. A +/-10 percent change in the price of ethanol would affect operating income by MSEK 0 and equity by MSEK -/+1.

Financial gasoline contracts are used within Agroetanol to hedge ethanol sales based on the Eurobob assessment and within Aspen to hedge prices in connection with alkylate purchases. A +/-10 percent change in the Eurobob price would affect operating income by MSEK -1 and equity by MSEK -/+12.

**INTEREST RATE RISK**

Interest-bearing borrowing means that the Group is exposed to interest rate risk. Interest rate risk is the risk that changes in market interest rates will have an adverse effect on the Group's earnings and cash flows. How quickly a lasting change in interest rates is reflected in the Group's net financial items depends on the borrowing's fixed-rate period. The Group's fixed-rate period is normally brief but may be extended to limit the effect of a rise in interest rates. Interest rate swaps are among the tools that are used to manage liabilities' fixed-rate periods without changing the underlying loans.

At December 31, 2014, the Group's outstanding liabilities to credit institutions, including outstanding interest rate swaps, had a weighted average fixed-rate period of just over 15 (14) months.

A +/-1 percentage point change in interest rates would affect the valuation of interest rate swaps outstanding on the closing date, which in turn would affect operating income by MSEK +/-0 and equity by MSEK +/-19.

Note 23 continued

#### REFINANCING RISK, LIQUIDITY RISK AND PAYMENT CAPACITY

Refinancing risk is the risk that costs will be higher and opportunities for financing limited when loans and other credit arrangements are renewed. Liquidity risk is the risk that the Group will encounter difficulty in discharging payment obligations. Lantmännen limits its refinancing risk by having a well-diversified group of counterparties and maturities for its loans. The weighted average maturity of loans with credit institutions at the end of the year was 7.4 (5.7) years.

By constantly maintaining cash assets or unused credit facilities, the Group ensures it has sound payment capacity, thereby reducing the liquidity risk. The Group's liquidity (available line of credit) is calculated on the basis of Lantmännen's loan agreement and associated covenants signed with the syndication banks on July 4, 2012. Liquidity at December 31, 2014 was MSEK 3,932 (3,379).

#### Maturity structure of liabilities to credit institutions<sup>1)</sup>

MSEK	Group		Parent Company	
	2014	2013	2014	2013
2014	-	780	-	750
2015	1,051	2,072	1,040	2,061
2016	541	838	530	826
2017	448	445	437	43
2018	107	105	97	93
2019-	1,655	1,198	1,602	1,145
<b>Total</b>	<b>3,802</b>	<b>5,438</b>	<b>3,706</b>	<b>4,918</b>

<sup>1)</sup> Including future interest payments

The table above includes future undiscounted interest payments. The loans' maturity structure is reported as the earliest date on which payment may be requested. Foreign currency loans have been converted to SEK. The table below shows liabilities to credit institutions, distributed by currency.

#### Maturity structure of liabilities to credit institutions by currency

MSEK	Total	2016–			
		2015	2017	2018–	> 2019
EUR	369	1	368	-	-
DKK	1,352	26	94	193	1,039
SEK	2,081	1,024	527	528	2
<b>Total</b>	<b>3,802</b>	<b>1,051</b>	<b>989</b>	<b>721</b>	<b>1,041</b>
Of which interest	328	42	62	55	169
<b>Total excl. interest</b>	<b>3,474</b>	<b>1,009</b>	<b>927</b>	<b>666</b>	<b>872</b>

#### External currency swaps related to financing of Group companies

MSEK	Group		Parent Company	
	2014	2013	2014	2013
EUR	1,105	1,082	1,105	1,082
DKK	852	763	852	763
NOK	400	475	400	475
GBP	1,466	1,274	1,466	1,274
USD	270	225	270	225
SEK	-4,191	-3,826	-4,191	-3,826
PLN	232	-	232	-
<b>Total</b>	<b>134</b>	<b>-7</b>	<b>134</b>	<b>-7</b>

All external currency swaps related to the financing of Group companies are in the Parent Company, Lantmännen ek för.

#### Other interest-bearing liabilities, savings and capital account

Other current liabilities include members' savings of MSEK 927 (805). Deposits into the capital account totaled MSEK 2,277 MSEK (2,162), of which MSEK 1,562 (1,438) was through Lantmännen Finans AB. These liabilities are formally short-term and the deposits may be withdrawn with one day's notice. However, experience shows little movement in these liabilities. See ► note 22.

Other non-current interest-bearing liabilities, consisting mainly of long-term lease liabilities, amount to MSEK 115 (152).

In credit agreements with banks, Lantmännen is bound by financial covenants requiring its equity ratio to be always higher than 30 percent, net debt/EBITDA to be below 3.75 (4.25) and EBITDA/net financial items to be at least 3.5 times at the end of the year. If Lantmännen fails to meet the covenants, the bank is entitled to terminate the credits prematurely. At December 31, 2014, according to the bank syndicate's definition, the equity ratio was 43.8 (42.5) percent, net debt/EBITDA was 2.0 (2.6) and EBITDA/net financial items was 20.6 (567) times. The previous year's figure of 567 for EBITDA/net financial items was calculated for the full year, including a gain on the sale of investment shares. The corresponding figure, net of this gain, was 14.1 times.

#### Maturity structure of derivative instruments, nominal amounts

December 31, 2014

MSEK	2015	2016	2017	2018-	Fair value
Currency derivatives	-5,017	-4	-	-	-38
Interest rate derivatives	238	-	500	189	-37
Energy derivatives	95	48	35	14	-21
Commodity derivatives	-1,307	-23	-	-	19
Ethanol and Eurobob derivatives	-128	-	-	-	-9
<b>Total</b>	<b>-6,119</b>	<b>21</b>	<b>535</b>	<b>203</b>	<b>-86</b>

#### Maturity structure of derivative instruments, nominal amounts

December 31, 2013

MSEK	2014	2015	2016	2017-	Fair value
Currency derivatives	-4,781	-1	-	-	-23
Interest rate derivatives	541	239	-	692	-12
Energy derivatives	109	51	11	-	-28
Commodity derivatives	-482	-12	-	-	3
Ethanol derivatives	-2	-	-	-	-1
<b>Total</b>	<b>-4,615</b>	<b>277</b>	<b>11</b>	<b>692</b>	<b>-61</b>

#### CREDIT AND COUNTERPARTY RISK

Credit and counterparty risk is the risk that the counterparty in a transaction will be unable to discharge its obligations, thereby causing a loss for Lantmännen. Counterparty risk is limited by only accepting counterparties with high credit-worthiness according to the established financial policy and by defining the maximum exposure per counterparty according to the counterparty's credit-worthiness.

Financial counterparties are selected on the basis of rating criteria, taking into account the spread of counterparty risk and other mutual business interaction. Lantmännen has signed ISDA agreements and CSA agreements with the majority of its counterparties.

#### Customer credit risk

The credit risk associated with trade receivables is managed through special credit rating reviews. Lantmännen has credit control procedures in place and obtains information about the financial position of customers from various credit-rating agencies. Lantmännen has a good spread of the customers as a result of the Group having different business areas and operating in several countries and in different markets. Lantmännen also conducts active monitoring of trade receivables across company boundaries in the Group in order to minimize customer defaults and ensure payment precision.

Some of the trade receivables in the Food Sector are resold to Nordea Finans Sverige AB and Nordea Finans Danmark A/S without recourse. At the end of the year, receivables sold amounted to MSEK 199 (218).

Lantmännen Finans AB has transferred its leasing and hire purchase contracts to Swedbank. Swedbank has limited recourse. At December 31, 2014, recourse was MSEK 59 (58). The item is reported under other liabilities in the consolidated statement of financial position.

For information about past due trade receivables and provisions, see ► note 19.

Note 23 continued

Financial assets and liabilities measured at fair value in the statement of financial position at December 31, 2014

Assets, MSEK	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value	85	57	-	142
Other financial assets measured at fair value	456	38	276	770
<b>Total assets</b>	<b>541</b>	<b>95</b>	<b>276</b>	<b>912</b>
<b>Liabilities, MSEK</b>				
Derivatives with negative fair value	95	133	-	228
Other financial liabilities measured at fair value	-	-	-	-
<b>Total liabilities</b>	<b>95</b>	<b>133</b>	<b>-</b>	<b>228</b>

Financial assets and liabilities measured at fair value in the statement of financial position at December 31, 2013

Assets, MSEK	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value	29	4	-	33
Other financial assets measured at fair value	87	-	279	366
<b>Total assets</b>	<b>116</b>	<b>4</b>	<b>279</b>	<b>399</b>
<b>Liabilities, MSEK</b>				
Derivatives with negative fair value	54	33	-	87
Other financial liabilities measured at fair value	-	-	-	-
<b>Total liabilities</b>	<b>54</b>	<b>33</b>	<b>-</b>	<b>87</b>

Fair value hierarchy with information on inputs used to measure fair value

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities.

**Level 2:** Inputs other than the quoted prices included in level 1 that are observable for the asset or liability, i.e. quoted prices or data derived therefrom.

**Level 3:** Unobservable inputs for measurement of the asset or liability.

Assets in Level 3 refer to other shares and interests and have been measured at cost of acquisition, which is considered a good reflection of the fair value at the closing date.

As the interest-bearing assets and liabilities of the Parent Company are consistent in all material respects with those of the Group, no special disclosures are provided for the Parent Company.

Financial assets and liabilities by measurement category 2014

December 31, 2014, MSEK	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Derivatives used in hedge accounting	Other derivatives	Other financial liabilities	Total carrying amount	Fair value
<b>ASSETS</b>								
Other shares and interests		280	402	-	-	-	682	682
Other financial assets	88	148	-	-	-	-	236	236
Trade and other receivables	-	3,751	-	85	-	-	3,836	3,836
Current interest-bearing assets	-	288	-	57	-	-	345	345
Cash and cash equivalents	-	3,058	-	-	-	-	3,058	3,058
<b>Total assets</b>	<b>368</b>	<b>7,245</b>	<b>402</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>8,157</b>	<b>8,157</b>
<b>LIABILITIES</b>								
Non-current interest-bearing liabilities	-	-	-	37	-	2,563	2,600	2,614
Other non-current liabilities	-	-	-	5	-	-	5	5
Current interest-bearing liabilities	-	-	-	96	-	4,505	4,601	4,601
Trade and other payables	-	-	-	90	-	3,863	3,953	3,953
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>228</b>	<b>-</b>	<b>10,931</b>	<b>11,159</b>	<b>11,173</b>

Financial assets and liabilities by measurement category 2013

December 31, 2013, MSEK	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Derivatives used in hedge accounting	Other derivatives	Other financial liabilities	Total carrying amount	Fair value
<b>ASSETS</b>								
Other shares and interests		279	29	-	-	-	308	308
Other financial assets	57	413	-	3	1	-	474	474
Trade and other receivables	-	4,034	-	30	-	-	4,064	4,064
Current interest-bearing assets	-	287	-	1	-	-	288	288
Cash and cash equivalents	-	2,295	-	-	-	-	2,295	2,295
<b>Total assets</b>	<b>336</b>	<b>7,029</b>	<b>29</b>	<b>34</b>	<b>1</b>	<b>-</b>	<b>7,429</b>	<b>7,429</b>
<b>LIABILITIES</b>								
Non-current interest-bearing liabilities	-	-	-	17	-	4,317	4,334	4,331
Other non-current liabilities	-	-	-	11	-	-	11	11
Current interest-bearing liabilities	-	-	-	16	-	3,530	3,546	3,546
Trade and other payables	-	-	-	43	-	3,694	3,737	3,737
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87</b>	<b>-</b>	<b>11,541</b>	<b>11,628</b>	<b>11,625</b>

Note 23 continued

Offsetting of financial assets and liabilities, December 31, 2014

MSEK	Gross amount for financial assets	Gross amount for financial liabilities offset against financial assets	Net amount in statement of financial position (SOFP)	Related amounts not offset in SOFP – Financial instruments	Net amount, assets
Derivatives	142	0	142	-125	17
Cash and cash equivalents	967	-4	963	-	963
<b>Total</b>	<b>1,109</b>	<b>-4</b>	<b>1,105</b>	<b>-125</b>	<b>980</b>

MSEK	Gross amount for financial liabilities	Gross amount for financial liabilities offset against financial assets	Net amount in statement of financial position (SOFP)	Related amounts not offset in SOFP – Financial instruments	Net amount, liabilities
Derivatives	228	-	228	-125	103
Current interest-bearing liabilities	4	-4	0	-	0
<b>Total</b>	<b>232</b>	<b>-4</b>	<b>228</b>	<b>-125</b>	<b>103</b>

Trading in derivatives is subject to the ISDA (International Swaps and Derivatives Association) agreement, which stipulates the netting of liabilities and receivables. This can be done in the course of operations and in situations such as breaches of contract or early termination.

There is some opportunity for offsetting trade receivables and payables in respect of members. This opportunity has not been exercised, and potential set-off amounts have not been recognized as the amounts involved are not significant.

Offsetting of financial assets and liabilities, December 31, 2013

MSEK	Gross amount for financial assets	Gross amount for financial liabilities offset against financial assets	Net amount in statement of financial position (SOFP)	Related amounts not offset in SOFP – Financial instruments	Net amount, assets
Derivatives	55	-22	33	-4	29
Cash and cash equivalents	281	-30	251	-	251
<b>Total</b>	<b>336</b>	<b>-52</b>	<b>284</b>	<b>-4</b>	<b>280</b>

MSEK	Gross amount for financial liabilities	Gross amount for financial liabilities offset against financial assets	Net amount in statement of financial position (SOFP)	Related amounts not offset in SOFP – Financial instruments	Net amount, liabilities
Derivatives	109	-22	87	-4	83
Current interest-bearing liabilities	30	-30	0	-	0
<b>Total</b>	<b>139</b>	<b>-52</b>	<b>87</b>	<b>-4</b>	<b>83</b>

## Note 24 Pensions

Lantmännen has both defined contribution and defined benefit pension plans. The defined benefit plans, which are reported in Lantmännen's statement of financial position, are funded and unfunded. The largest defined benefit plans are PRI pension plans in Sweden. These plans have been funded since the middle of December 2011, when Lantmännen transferred assets to a pension fund to safeguard these obligations. The obligations are also still insured through the Swedish PRI Pensionsgaranti system, but at a lower amount than previously. PRI Pensionsgaranti is a mutual insurance company that guarantees employees' future pensions. Now that the assets are in a separate fund, the obligations can be reduced by the market value of the fund's assets when reported in the statement of financial position. Six of the Swedish companies within Lantmännen are connected to the fund. There is no obligation for the companies in the fund to make additional contributions to the fund. There are also funded pension plans in Norway, where two of the companies have pension obligations safeguarded by funds.

Defined benefit obligations and value of plan assets in the Group:

Defined benefit plans		
MSEK	2014	2013
<i>Funded plans:</i>		
Defined benefit obligations under Swedish PRI Pensionsgaranti plans	2,213	1,774
Other defined benefit obligations	137	122
Fair value of plan assets	-1,879	-1,767
<b>Total net value of funded plans</b>	<b>471</b>	<b>129</b>
<i>Unfunded plans:</i>		
Other unfunded obligations	46	39
<b>Total unfunded plans</b>	<b>-</b>	<b>39</b>
<b>Provisions for pensions, net value</b>	<b>517</b>	<b>168</b>

### Pension cost in the income statement

MSEK	2014	2013
<i>Defined benefit plans</i>		
Cost of pensions accrued during the year	42	49
Interest expense, interest income, net	4	15
Service cost, prior periods	11	-
Curtailments and settlements	-	-7
<b>Cost of defined benefit plans</b>	<b>57</b>	<b>57</b>
Cost of defined contribution plans	193	240
<b>Total pension cost in the income statement</b>	<b>250</b>	<b>297</b>
<i>The cost is recognized on the following lines in the income statement</i>		
Employee benefits expense	246	282
Finance costs	4	15
<b>Total cost relating to pensions</b>	<b>250</b>	<b>297</b>

### Pension-related remeasurements in OCI

MSEK	2014	2013
<i>Defined benefit plans</i>		
Return on plan assets in excess of what is recognized as interest income in the income statement	130	95
Experience-based adjustment of obligation	5	70
Effects of changes in demographic assumptions	-111	-11
Effects of changes in financial assumptions	-337	153
<b>Total actuarial gains (+) and losses (-)</b>	<b>-313</b>	<b>307</b>
Tax on above items	70	-68
<b>Total recognized in OCI</b>	<b>-243</b>	<b>239</b>

### Pension plans by country

	2014			2013		
	Obligations	Plan assets	Pension liability	Obligations	Plan assets	Pension liability
Sweden	2,219	-1,783	436	1,781	-1,674	107
Norway	137	-96	41	122	-93	29
Germany	38	-	38	30	-	30
Netherlands, Poland	2	-	2	2	-	2
<b>Total</b>	<b>2,396</b>	<b>-1,879</b>	<b>517</b>	<b>1,935</b>	<b>-1,767</b>	<b>168</b>

The following summary explains how obligations, assets and the net amount changed during the year:

	2014			2013		
	Defined benefit obligations	Plan assets	Net	Defined benefit obligations	Plan assets	Net
Opening balance	1,935	1,767	168	2,215	1,783	432
Reclassification of payroll tax to pension liability	-	-	0	86	-	86
Service cost during the year	42	-	42	49	-	49
Interest recognized in income statement	75	71	4	75	60	15
Payment of pension benefits	-101	-	-101	-99	-	-99
Compensation paid to employer <sup>1)</sup>	-	-94	94	-	-22	22
Payment of contributions by employer <sup>1)</sup>	-	13	-13	-	18	-18
Curtailments and settlements	11	-	11	-7	-	-7
Return on plan assets in excess of recognized interest	-	130	-130	-	95	-95
Remeasurement of pension obligations recognized in OCI	443	-	443	-212	-	-212
Effects of divested operations	-	-	0	-153	-151	-2
Other	-9	-6	-3	-8	-7	-1
Translation differences	-	-2	2	-11	-9	-2
<b>Closing balance, pension liability</b>	<b>2,396</b>	<b>1,879</b>	<b>517</b>	<b>1,935</b>	<b>1,767</b>	<b>168</b>
Of which funded plans			471			129
Of which unfunded plans			46			39

<sup>1)</sup> Compensation from the Swedish pension fund consists of MSEK 88 (17) to 4 (1) companies in 2014, and the remaining MSEK 5 (5) relates to Norwegian pension plans. One (2) Swedish company paid MSEK 2 (11) into the pension fund in 2014. The remaining MSEK 11 million (7) relates to contributions to Norwegian plans.



Note 24 continued

Fair value of plan asset categories and percentage of total plan assets

	2014 MSEK	2013 MSEK	2014 %	2013 %
Property	1,050	936	56 %	53 %
Fixed-interest investments	208	181	11 %	10 %
Structural products	65	60	3 %	3 %
Equity investments	302	182	16 %	10 %
Hedge funds	164	177	9 %	10 %
Cash and cash equivalents	90	231	5 %	13 %
<b>Total</b>	<b>1,879</b>	<b>1,767</b>	<b>100 %</b>	<b>100 %</b>

All equity investments are listed.

Actuarial assumptions <sup>2)</sup>	2014	2013
Discount rate	2.75 %	4.0 %
Future salary increases	3.0 %	3.0 %
Inflation	1.5 %	2.0 %
Life expectancy assumptions, Sweden	DUS14	DUS06

<sup>2)</sup> Weighted average, corresponding to the Swedish assumptions, as Swedish plans dominate.

A 0.25 percent decrease in the discount rate would increase the Swedish pension obligation (which is 94 percent of the total) by approximately MSEK 86, while a 0.25 percent increase in the interest rate would reduce it by approximately MSEK 81. A change of one year in mortality assumptions would increase the obligation by approximately MSEK 82 in the case of a longer life expectancy, and would reduce it by the same amount in the case of a shorter

life expectancy. A 0.25 percent change in inflation would reduce the obligation by approximately MSEK 67 in the case of a fall in inflation and would increase it by approximately MSEK 71 in the case of a rise. A 0.25 percent change in salary growth assumptions would increase the obligation by approximately MSEK 35 in the case of a higher assumption and would reduce it by approximately MSEK 33 in the case of a lower assumption. The pension fund's return was approximately 6.2 percent in 2014. A change of 1 percentage point in the return would increase or decrease the value of the plan assets by approximately MSEK 17.

The Swedish funded plans cover active members, 17 (18) percent, paid-up policyholders, 36 (35) percent, and retired persons, 47 (47) percent.

Expected payments of pensions under defined benefit pension plans in 2015 are MSEK 98 (93).

For certain employees in Sweden insurance premiums are paid to Alecta with regard to commitments under the traditional ITP (individual supplementary pension) plan. The plan is a multi-employer defined benefit plan. At present, Alecta is unable to disclose the information that is required to recognize this plan as a defined benefit plan. Consequently, pensions insured through Alecta, are recognized as a defined contribution plan. Of the above cost of MSEK 193 (240) for defined contribution plans, MSEK 24 (24) relates to Alecta premiums for traditional ITP plans. Alecta's surplus may be distributed to the policyholders and/or the insured. At the end of the year, Alecta's surplus in the form of its collective funding ratio amounted to 143 (148) percent. The collective funding ratio reflects the market value of Alecta's assets as a percentage of its insurance obligations, calculated in accordance with Alecta's actuarial assumptions, which do not follow IAS 19.

Information on pensions for senior executives can be found in ► note 5.

## Note 25 Other provisions

MSEK	Guarantee commitments	Actuarial provisions	Restructuring measures	Other	Total 2014	Total 2013
Opening balance	113	72	87	179	451	525
Provisions during the period	60	11	147	222	440	193
Amounts utilized during the period	-48	-2	-90	-24	-164	-146
Reversals during the period	-18	-	-20	-	-38	-31
Reclassifications	-	-	-	-40	-40	-86
Translation differences	2	-	-	-	2	-2
<b>Carrying amount at end of period</b>	<b>109</b>	<b>81</b>	<b>124</b>	<b>337</b>	<b>651</b>	<b>451</b>
Of which current provisions	84	25	92	223	424	202
Of which non-current provisions	25	56	32	114	227	249

MSEK 185 of the non-current provisions is expected to be used in 2017 and thereafter.

Increases in existing provisions are included in the period's provisions.

The majority of the year's restructuring provisions are mainly related to measures in the Food Sector, Agriculture Sector and corporate functions, and are expected to be used in 2015.

Pension obligations of MSEK 40 covered by endowment insurance were reclassified as defined contribution pension plans in 2014, in accordance with the applicable principles in IAS 19. The corresponding receivable from the insurers, previously recognized as an asset, has also been reclassified.

Reclassifications in Other in 2013 were for payroll tax provisions related to the Swedish pension liability, which are reported under provisions for pensions from 2013.

MSEK 111 (123) of the provisions under Other relates to the estimated costs of closing down grain elevators. No new provisions for grain elevators were made in 2014.

In corporate groups the size of Lantmännen, there are normally a number of ongoing disputes. Lantmännen has assessed the most likely outcome of the disputes currently at issue, and where an outflow of financial resources is probable, a corresponding amount has been recognized as a provision.

## Note 26 Other non-current liabilities

MSEK	2014	2013
Non-current derivative instruments, operating	5	11
Other non-current operating liabilities	46	26
Non-current liabilities to joint ventures/associates	3	0
<b>Total</b>	<b>54</b>	<b>37</b>

## Note 27 Trade and other payables

MSEK	2014	2013
Trade payables	3,863	3,694
Trade payables, joint ventures/associates	0	1
Derivative instruments	90	43
Other current liabilities	917	940
Accruals and deferred income	1,703	1,534
<b>Total</b>	<b>6,573</b>	<b>6,212</b>

### Accruals and deferred income

MSEK	2014	2013
Accrued personnel-related costs	490	480
Bonuses and discounts	170	102
Other accruals	595	594
Deferred income	448	358
<b>Total</b>	<b>1,703</b>	<b>1,534</b>

## Note 28 Leases

The Group is both a lessor and a lessee. The Group as lessor is reported in note 29, Customer financing. The Group's obligations as a lessee are reported in this note. The Group has both operating and finance lease obligations.

### Operating leases

#### Recognized cost of operating leases, MSEK

MSEK	2014	2013
Minimum lease payments	248	187
Contingent rents	6	1
<b>Total</b>	<b>254</b>	<b>188</b>

Future obligations under non-cancelable operating leases are reported below.

#### Minimum lease payments due

MSEK	2014	2013
Within one year	74	98
Between one and five years	318	355
After five years	441	552
<b>Total</b>	<b>833</b>	<b>1,005</b>

Companies in the Lantmännen Group are tenants in properties owned by Lantmännen's pension fund. The annual rent for these properties was MSEK 74 (79) in 2014 and is expected to be MSEK 71 in 2015. 27 percent of the leases run until 2020/2022 and 73 percent until 2025. The estimated rent for these contracts is included in the minimum lease payments reported above.

### Finance leases

Liabilities under finance leases are recognized as interest-bearing liabilities in the consolidated statement of financial position. Payments due within one year are recognized as current financial liabilities, while payments due after one year are a non-current financial liabilities.

#### Recognized costs, payment of finance leases

MSEK	2014	2013
Minimum lease payments		
- reported as interest	1	2
- reported as payment (reduction of liability)	3	3
Contingent rents	0	0
<b>Total payments under finance leases</b>	<b>4</b>	<b>5</b>

The carrying amount of the leased assets at the reporting date is reported in note 12, Property, plant and equipment.

Future minimum lease payments (payment and interest) by period:

Maturity	2014			2013		
	Payment	Interest	Total charge	Payment	Interest	Total charge
Within one year	17	1	18	13	2	15
Between one and five years	31	3	34	29	5	34
After five years	17	0	17	20	2	22
<b>Total</b>	<b>65</b>	<b>4</b>	<b>69</b>	<b>62</b>	<b>9</b>	<b>71</b>

## Note 29 Customer financing

Customer financing is mainly concerned with financing Lantmännen's sales of farm and construction machinery to end customers. Customer financing through leasing occurs mainly in the Group's international machinery operations.

The real estate operations' leasing of premises to external customers is also reported as customer financing.

Customer financing through finance leases occurs to a very limited extent, and outstanding receivables are well below MSEK 1 for both years.

### Operating leases

For leasing of machinery and premises to customers under operating leases, future payments under non-cancelable operating leases fall due as follows:

Minimum lease payments due MSEK	2014	2013
Within one year	158	128
Between one and five years	269	113
After five years	191	124
<b>Total</b>	<b>618</b>	<b>365</b>

## Note 31 Government grants

MSEK	2014	2013
Grants recognized as revenue	10	7
Grants that reduced expenses	8	6
<b>Total</b>	<b>18</b>	<b>13</b>
Grants during the year that reduced the value of non-current assets	-	11
Grants recognized as deferred income at the reporting date	-	1

## Note 30 Related party transactions

The association's Board members have significant influence over the Parent Company and are therefore considered to be related parties. The purpose of an economic association is to promote its members' economic interests through trade with them. To this end, purchases and sales of goods and services are conducted with individual Board members who are also members of the association. Similarly, these individual Board members also participate in the financing of the association. As all these transactions have occurred in accordance with the association's purpose and under the conditions applicable to other members, the amounts involved are not disclosed.

Lantmännen's 46-percent interest in the associate company Scandi Standard AB (publ), formerly Scandinavian Standard AB, is owned by the subsidiary Lantmännen Kycklinginvest AB (publ) with effect from January 2014. In fall 2013, Lantmännen's members, Board and management were offered the opportunity to become shareholders of Kycklinginvest. A total of 34 persons accepted the offer and in January 2014, Lantmännen sold them 1.9 percentage points of its holding in Kycklinginvest for MSEK 7.9 at market terms and conditions. In June 2014, in connection with Scandi Standard's IPO, Kycklinginvest divested a large part of its shareholding in the company. Lantmännen ek för then acquired the minority shares in Kycklinginvest for MSEK 19.1. The acquisition was conducted at the same conditions that applied to Lantmännen for Scandi Standard's IPO.

Salaries and similar benefits received by senior executives are reported in note 5. Dividends from subsidiaries and joint ventures/associates are shown in ► notes 15 and 38. Receivables from and liabilities to joint ventures/associates are shown in ► notes 16, 19, 20, 22, 26 and 27.

Related party transactions	2014	2013
Intra-group purchases, share of total purchases, %	13	13
Intra-group sales, share of total sales, %	10	10
Purchases of goods and services from joint ventures/associates, MSEK	142	166
Sales of goods and services to joint ventures/associates, MSEK	143	133
Transfer of capital to "Lantmännens Gemensamma Pensionsstiftelse Grodden", MSEK	2	11
Transfer of capital from pension fund to Lantmännen, credited, MSEK	88	17
Rent paid to pension fund, MSEK	74	79
Sales of goods and services to pension fund, MSEK	95	121
Repurchase of property from pension fund, MSEK	-	93

## Note 32 Acquisitions and divestments

### Acquisitions 2014

The following acquisitions of subsidiaries were made during the year.

Company	Business	Acquisition date	Purchase price, MSEK	Acquisition-related costs, MSEK	Goodwill, MSEK	Other intangible assets, MSEK	Annual sales, MSEK	Number of employees	Acquired interest	Holding after acquisition
Strängnäs Valskvarn AB	Milling	Aug-14	178	-	94	-	139	22	100 %	100 %
Galgvreten 3:5 AB	Property	Dec-14	81	-	-	-	12	0	100 %	100 %
Other smaller acquisitions			0	-	-	-	-	-	100 %	100 %

Strängnäs Valskvarn AB is a strategic acquisition to secure grain handling in Mälardalen and exploit synergies with Lantmännen's existing facilities. The acquisition balance sheets for companies acquired in 2014 are preliminary.

There are no plans to divest parts of the acquired companies. For information on the fair value of net assets in acquired operations, see ► note 34:2 in the notes to the statement of cash flows.

### Acquisitions 2013

The following acquisitions of subsidiaries were made during the year.

Company	Business	Acquisition date	Purchase price, MSEK	Acquisition-related costs, MSEK	Goodwill, MSEK	Other intangible assets, MSEK	Annual sales, MSEK	Number of employees	Acquired interest	Holding after acquisition
Agro Bizz A/S	Grain trade	Oct-13	9	-	-	10	152	3	90 %	90 %
Triton 6 AB	Property	Dec-13	81	-	-	-	1	0	100 %	100 %
Triton 7 AB	Property	Dec-13	12	-	-	-	0	0	100 %	100 %
Fastica AB unä Livsmedelsfastigheter i Svedala AB	Property	Dec-13	8	-	-	-	7	0	100 %	100 %
Other smaller acquisitions			3	-	-	1	20	0		

### Divestments 2014

The following divestments of subsidiaries were made during the year.

Company	Sale date	Consolidated net sales 2014, MSEK	Consolidated net sales 2013, MSEK	Average no. of employees 2014	Average no. of employees 2013	Divested interest	Holding after divestment
Lantmännen SW Seed GmbH	Jun-14	20	135	38	42	100 %	0 %
Lantmännen SW Seed Hadmersleben GmbH	Jun-14	0	0	31	30	100 %	0 %
SW Winter Oilseed AB	Jun-14	4	9	0	0	100 %	0 %
Other smaller divestments		0	-	-	-	100 %	0 %

Lantmännen's German and Polish plant breeding and seed operations, and the companies Lantmännen SW Seed GmbH, Lantmännen Seed Hadmersleben GmbH and SW Winter Oilseed AB were divested in July 2014. The sale generated a capital gain of MSEK 147 and reduced net debt by MSEK 403. The proceeds from the divestment were MSEK 354.

Only a few minor divestments were made in addition to the above sales.

The divestments made in 2014 are not considered to be operations of significant value and have consequently not been classified or reported as discontinued operations.

For information on the fair value of net assets in divested operations, see ► note 34:3 in the notes to the statement of cash flows on page 123.

### Divestments 2013

The following divestments of subsidiaries were made during the year.

Company	Sale date	Consolidated net sales 2013, MSEK	Consolidated net sales 2012, MSEK	Average no. of employees 2013	Average no. of employees 2012	Divested interest	Holding after divestment
Rigas Dzirnnavieks JS	Mar-13	36	216	96	98	100 %	0 %
Kronfågel Group	Jun-13	1,522	3,476	1,228	1,311	100 %	0 %

Lantmännen's divestment of Kronfågel Group generated a capital gain of MSEK 425 and a reduction in net debt of approximately SEK 1 billion, also taking into account the acquisition of the associate Scandi Standard. The proceeds from the divestment amounted to SEK 1.3 billion.

The divestments made in 2013 are not considered to be operations of significant value and have consequently not been classified or reported as discontinued operations.

## Note 33 Pledged assets and contingent liabilities

### Pledged assets

MSEK			Total pledged assets	
			2014	2013
	For own financial liabilities	Other commitments		
Real estate mortgages	1,110	-	1,110	1,037
Chattel mortgages	10	-	10	10
Bank accounts	-	15	15	21
Other	-	21	21	19
<b>Total</b>	<b>1,120</b>	<b>36</b>	<b>1,156</b>	<b>1,087</b>

Real estate mortgages have been provided for the liabilities of the Parent Company in the amount of MSEK 997 (921), of which MSEK 539 (487) relates to properties owned by subsidiaries.

### Contingent liabilities

MSEK	2014	2013
Guarantees for		
- joint ventures	213	125
- others	31	93
Other contingent liabilities	204	263
<b>Total</b>	<b>448</b>	<b>481</b>

There have been some reclassifications between Guarantees for others and Other contingent liabilities for the year 2013.

The change in guarantees for joint ventures relates mainly to Scandagra Group. The change in other contingent liabilities relates mainly to reduced buy-back and residual value obligations in machinery operations.

The Swedish fresh bread business divested in 2009 conducts part of its operations in a leased property in Umeå. Lantmännen ek för and the divested company are parties to this lease. The aim of the buyer is to continue operations in the property. All lease payments are paid directly by the divested company. Lantmännen subsidizes the lease payments as part of the sales agreement. A provision for this subsidy has been recognized in the statement of financial position for the Group and Lantmännen ek för. In Lantmännen's opinion there is no longer any risk that it will be required to make lease payments for the property. Consequently, no further provisions or contingent liabilities have been recognized.

## Note 34 Notes to the statement of cash flows

MSEK	2014	2013	MSEK	2014	2013
<b>1) Interest paid and dividends received</b>			<b>3) Divestment of operations</b>		
Dividends received	2	31	<i>Assets and liabilities divested</i>		
Interest received	125	179	Property, plant and equipment	243	794
Interest paid	-108	-333	Intangible assets	1	0
Realized foreign exchange gains/losses	-183	-101	Financial assets	319	124
Other financial payments	-16	128	Inventories	131	490
<b>Total</b>	<b>-180</b>	<b>-96</b>	Operating receivables	174	510
				<b>868</b>	<b>1,918</b>
<b>2) Acquisition of operations</b>			Loans	152	34
<i>Assets and liabilities acquired</i>			Operating liabilities	115	704
Property, plant and equipment	217	238	Capital gains/losses	-802	-363
Intangible assets	94	12		<b>-535</b>	<b>375</b>
Financial assets	1	1	Consideration received	1,403	1,543
Inventories	30	6	Cash and cash equivalents in divested operations	0	0
Operating receivables	18	4	<b>Effect on cash and cash equivalents</b>	<b>1,403</b>	<b>1,543</b>
Cash and cash equivalents	0	0			
	<b>360</b>	<b>261</b>			
Financial liabilities	64	135			
Operating liabilities	10	10			
	<b>74</b>	<b>145</b>			
Loans in acquired companies	-	-			
Purchased interests in associates	22	231			
Purchase of non-controlling interests	30	0			
<b>Purchase consideration paid</b>	<b>338</b>	<b>347</b>			
Cash and cash equivalents in acquired operations	0	0			
<b>Effect on cash and cash equivalents</b>	<b>338</b>	<b>347</b>			
			<b>4) Investments</b>		
			The Group's investments in property, plant and equipment held under finance leases amounted to MSEK 309 (180) during the year.		
			<b>5) Change in loans</b>		
			New loans	1,500	-
			Repayment of loans	-2,836	-
			Change in operating loans	267	-353
			<b>Total</b>	<b>-1,069</b>	<b>-353</b>
			<b>6) Cash and cash equivalents</b>		
			Cash and bank balances	963	570
			Short-term investments, maturity less than 3 months	2,095	1,725
			<b>Total</b>	<b>3,058</b>	<b>2,295</b>

Further information on acquired operations can be found in ► note 32.

Further information on divested operations can be found in ► note 32.

The Group's total liquidity, defined as cash, bank deposits and credit available under the provisions of applicable loan agreements, was MSEK 3,932 (3,379) at the end of the year.

## Notes to the Parent Company financial statements

### Note 35 Breakdown of revenue

MSEK	2014	2013
<b>Net sales</b>		
Sales of goods	10,137	9,867
Service contracts	329	354
Royalties, license revenue	80	-
Rental activities	56	57
<b>Total</b>	<b>10,602</b>	<b>10,278</b>
<b>Other operating income</b>		
Services	116	127
Capital gains	2	13
Government grants	5	1
Royalties, license revenue	54	41
Other <sup>1)</sup>	74	30
<b>Total</b>	<b>251</b>	<b>212</b>

<sup>1)</sup> The item Other for 2014 includes insurance compensation of MSEK 35.

Customers outside Sweden accounted for approximately 18 (14) percent of the Parent Company's total net sales.

### Note 36 Fees and reimbursement of expenses to auditors

MSEK	2014	2013
<b>Ernst &amp; Young</b>		
Annual audit	4	4
Tax consultancy services	1	1
Other services	1	0
<b>Total</b>	<b>6</b>	<b>5</b>
<b>Elected auditors</b>		
Annual audit	1	1

### Note 37 Operating income

#### Related party transactions

Related party transactions in the Parent Company's operating income are shown below. In this context, transactions with members in accordance with the Association's objectives are not considered related party transactions. Salaries and similar benefits received by senior executives are reported in Note 5. Dividends from subsidiaries and joint ventures/associates are shown in ► note 38.

MSEK	2014	2013
Intra-group purchases, share of total purchases, %	5	4
Intra-group sales, share of total sales, %	17	21
Purchases of goods and services from joint ventures/associates, MSEK	141	166
Sales of goods and services to joint ventures/associates, MSEK	30	28
Receipts from the Grodden pension fund	65	-

#### Leases

Operating expenses include MSEK 12 (10) in operating lease costs. Future obligations under non-cancelable operating leases are reported below.

#### Minimum lease payments due

MSEK	2014	2013
Within one year	10	10
Between one and five years	12	15
After five years	2	3
<b>Total</b>	<b>24</b>	<b>28</b>

### Note 38 Income from investments in Group companies and joint ventures/associates

#### Income from investments in Group companies

MSEK	2014	2013
Dividend	3	75
Capital gain on disposal of shares	38	962
Impairment	-15	-222
<b>Total</b>	<b>26</b>	<b>815</b>

Capital gain on disposal of shares includes an additional purchase price of MSEK 28 related to the sale of Kungsplattan AB in 2008. The impairment of MSEK 15 relates to shares in Lantmännen Energi AB. The previous year's capital gain of MSEK 962 was from the sale of Kronfågel Group, while impairment of shares related to the holdings in Lantmännen Agroetanol AB and NötCenter Viken AB.

#### Income from investments in joint ventures/associates

MSEK	2014	2013
Dividend	14	32
Impairment	-14	-
<b>Total</b>	<b>0</b>	<b>32</b>

A dividend of MSEK 14 was received from Viking Malt Oy. The impairment of MSEK 14 relates to shares in Agroenergi Neova Pellets AB.

## Note 39 Income from other securities and receivables classified as non-current assets

MSEK	2014	2013
Dividend	2	2
Capital gain on disposal of shares	-	143
Impairment	-22	0
<b>Total</b>	<b>-20</b>	<b>145</b>

The impairment in 2014 is related to shares in Mackmyra Svensk Whisky AB.

The capital gain on disposal of shares in 2013 relates to the sale of shares in Swedbank, VK Mühlen and Cloetta.

## Note 40 Exchange differences affecting income

MSEK	2014	2013
Exchange differences affecting operating income	-73	16
<i>Exchange differences in financial items</i>		
Exchange differences in financial items, external	-514	-138
Exchange differences in financial items, internal	318	41
<b>Total</b>	<b>-196</b>	<b>-97</b>

## Note 41 Taxes

### Tax on net income for the year

MSEK	2014	2013
<b>Current tax expense (-)/tax income (+)</b>		
Tax expense/income for the period	-	-
<b>Total current tax</b>	<b>0</b>	<b>0</b>
<b>Deferred tax expense (-)/tax income (+)</b>		
Deferred tax arising from changes in temporary differences	-2	-1
Deferred tax income in capitalized loss carryforward during the year	33	164
<b>Total deferred tax</b>	<b>31</b>	<b>163</b>
<b>Total recognized tax expense</b>	<b>31</b>	<b>163</b>

Reconciliation of effective tax	2014		2013	
	Percent	MSEK	Percent	MSEK
Income before tax		-131		289
Anticipated tax according to enacted Swedish tax rate	22.0 %	29	22.0 %	-64
Non-deductible expenses	-8 %	-11	2 %	-6
Impairment of shares	-5 %	-6	17 %	-49
Tax-exempt capital gains/losses	6 %	8	-76 %	220
Tax-exempt dividend	3 %	4	-9 %	26
Contribution dividend deductible for tax purposes	25 %	33	-11 %	31
Tax attributable to prior years	-23 %	-30	0 %	-
Other	3 %	4	-2 %	5
<b>Recognized effective tax</b>	<b>24 %</b>	<b>31</b>	<b>-57 %</b>	<b>163</b>

### Deferred tax asset/tax liability

MSEK	2014			2013		
	Deferred tax asset	Deferred tax liability	Net	Deferred tax asset	Deferred tax liability	Net
Land and buildings	-	2	-2	-	2	-2
Other provisions	12	-	12	14	-	14
Loss carryforwards	291	-	291	258	-	258
<b>Total</b>	<b>303</b>	<b>2</b>	<b>301</b>	<b>272</b>	<b>2</b>	<b>270</b>
Offsetting of assets/liabilities	-2	-2	0	-2	-2	0
<b>Total, net deferred tax asset</b>	<b>301</b>	<b>0</b>	<b>301</b>	<b>270</b>	<b>0</b>	<b>270</b>

Deferred tax assets and deferred tax liabilities are offset against each other and the net asset is recognized in the statement of financial position.

### Change in deferred tax in temporary differences and loss carryforwards

MSEK	2014			2013		
	Amount at beginning of year	Recognized in income statement	Amount at end of year	Amount at beginning of year	Recognized in income statement	Amount at end of year
Land and buildings	-2	0	-2	-2	0	-2
Other provisions	14	-2	12	15	-1	14
Loss carryforwards	258	33	291	94	164	258
<b>Total</b>	<b>270</b>	<b>31</b>	<b>301</b>	<b>107</b>	<b>163</b>	<b>270</b>

### Loss carryforwards

Loss carryforwards amounted to approximately MSEK 1,323 (1,173) at the end of the year, all of which were included in the computation of deferred tax assets.

## Note 42 Intangible assets

MSEK	Patents, licenses and trademarks		Capitalized development expenses		Total intangible assets	
	2014	2013	2014	2013	2014	2013
Accumulated cost of acquisition	246	246	211	214	457	460
Accumulated amortization	-147	-135	-84	-67	-231	-202
Accumulated impairment	-	-	-41	-35	-41	-35
<b>Carrying amount</b>	<b>99</b>	<b>111</b>	<b>86</b>	<b>112</b>	<b>185</b>	<b>223</b>
Balance at beginning of year	111	123	112	87	223	210
Investments	-	-	-	69	0	69
Sales and disposals	-	-	-3	-	-3	0
Regular amortization for the year	-12	-12	-17	-9	-29	-21
Impairment for the year	-	-	-6	-35	-6	-35
<b>Carrying amount</b>	<b>99</b>	<b>111</b>	<b>86</b>	<b>112</b>	<b>185</b>	<b>223</b>

The brand Schulstad is owned by Lantmännen ek för and has an amortization period of 20 years in the Parent Company. As the brand is of strategic importance and is classified as an asset with an indefinite useful life in the Group, the amortization is not reported in the consolidated financial statements.

## Note 43 Property, plant and equipment

MSEK	Land <sup>1)</sup>		Buildings		Total land and buildings	
	2014	2013	2014	2013	2014	2013
Accumulated cost of acquisition	129	105	714	703	843	808
Accumulated depreciation	-51	-49	-518	-510	-569	-559
Accumulated impairment	-	-	-23	-23	-23	-23
<b>Carrying amount</b>	<b>78</b>	<b>56</b>	<b>173</b>	<b>170</b>	<b>251</b>	<b>226</b>
Balance at beginning of year	56	56	170	144	226	200
Regular depreciation for the year	-1	-1	-9	-8	-10	-9
Reclassifications	23	1	12	34	35	35
<b>Carrying amount</b>	<b>78</b>	<b>56</b>	<b>173</b>	<b>170</b>	<b>251</b>	<b>226</b>

<sup>1)</sup> Including land improvements.

MSEK	Plant and machinery		Equipment, tools, fixtures & fittings		Construction in progress		Total other non-current assets	
	2014	2013	2014	2013	2014	2013	2014	2013
Accumulated cost of acquisition	2,992	2,889	517	488	72	48	589	536
Accumulated depreciation	-2,377	-2,294	-446	-439	-	-	-446	-439
Accumulated impairment	-125	-122	-19	-19	-	-	-19	-19
<b>Carrying amount</b>	<b>490</b>	<b>473</b>	<b>52</b>	<b>30</b>	<b>72</b>	<b>48</b>	<b>124</b>	<b>78</b>
Balance at beginning of year	473	513	30	34	48	50	78	84
Investments	47	-	1	-	167	102	168	102
Regular depreciation for the year	-89	-87	-11	-11	-	-	-11	-11
Impairment for the year	-5	-31	-	0	-	-	-	0
Reclassifications	64	78	32	7	-143	-104	-111	-97
<b>Carrying amount</b>	<b>490</b>	<b>473</b>	<b>52</b>	<b>30</b>	<b>72</b>	<b>48</b>	<b>124</b>	<b>78</b>



## Note 44 Investment properties

MSEK	Land <sup>1)</sup>		Buildings		Total investment properties	
	2014	2013	2014	2013	2014	2013
Accumulated cost of acquisition	19	18	201	190	220	208
Accumulated depreciation	-12	-12	-154	-153	-166	-165
Accumulated impairment	-	-	-2	-2	-2	-2
<b>Carrying amount</b>	<b>7</b>	<b>6</b>	<b>45</b>	<b>35</b>	<b>52</b>	<b>41</b>
Balance at beginning of year	6	7	35	56	41	63
Sales and disposals	0	0	0	-4	0	-4
Regular depreciation for the year	0	0	-1	-1	-1	-1
Intra-group transfers	-	-1	-	0	0	-1
Reclassifications	1	0	11	-16	12	-16
<b>Carrying amount</b>	<b>7</b>	<b>6</b>	<b>45</b>	<b>35</b>	<b>52</b>	<b>41</b>

<sup>1)</sup> Including land improvements.

Properties where less than 10 percent of office space is used for the Parent Company's own activities are classified as investment properties.

### Fair value and changes

MSEK	2014	2013
Fair value at beginning of year	190	227
Investments in properties	6	6
Divestments	-1	-3
Intra-group acquisitions, divestments	0	-1
Changes in value	2	17
Reclassifications	3	-56
<b>Fair value at end of year</b>	<b>200</b>	<b>190</b>

All investment properties have been valued according to hierarchy level 3, based on unobservable inputs, and according to the methods described below.

Fair value has been determined on the basis of internal assessments. Property sales carried out during the year have also been reconciled.

The value has been estimated using the following measurement methods:

- In the majority of cases the market price method has been used, where sales of equivalent properties in the market are used to support the valuation.
- Capitalization of earnings using cash flow calculations, where the properties' future net operating income and estimated residual value have been calculated.
- In certain cases the capitalization of earnings using the net capitalization method has been utilized, where a normalized figure for net operating income is seen in relation to a market-adjusted direct return requirement.

### Investment properties impact on income for the period

MSEK	2014	2013
Rental income	24	22
Direct costs, including costs for repair and maintenance		
- Properties that generate rents	-8	-8
- Properties that do not generate rents	0	-3
<b>Net operating income</b>	<b>16</b>	<b>11</b>

## Note 45 Investments in Group companies

MSEK	2014	2013
Accumulated cost of acquisition	7,540	7,254
Accumulated write-ups	200	200
Accumulated impairment	-897	-882
<b>Carrying amount</b>	<b>6,843</b>	<b>6,572</b>
Balance at beginning of period	6,572	6,185
Acquisitions/shareholder contributions	479	1,323
Impairment for the year	-15	-222
Divestments	0	-307
Share capital/equity repayments	0	-407
Reclassifications	-193	0
<b>Carrying amount</b>	<b>6,843</b>	<b>6,572</b>

MSEK 50 (10) of the year's acquisitions were external acquisitions, the largest being the acquisition of a minority stake in Swecon Anläggningsmaskiner AB at MSEK 30. In the previous year, MSEK 976 related to Intra-Group acquisitions, with the acquisition of Lantmännen Schulstad A/S representing the largest proportion. Shareholder contributions paid amounted to MSEK 437 (337), including MSEK 394 to Kycklinginvest AB and MSEK 34 to Lantmännen Agroenergi AB.

Impairment for the year was attributable to Lantmännen Energi AB. The previous year's impairment was mainly attributable to Lantmännen Agroetanol AB. Impairment is recognized in the income statement under Income from investments in Group companies.

The previous year's divestments related mainly to the sale of companies in Kronfågel Group.

Reclassifications for the year related Lantmännen Agroenergi AB, which at the time of the merger with Neova's pellet operations was reclassified as a joint venture and renamed Agroenergi Neova Pellet AB.

The previous year's capital repayments comprised MSEK -190 from Lantmännen Finance Ireland and MSEK -217 from Aspen Clean Fuel.

Note 45 continued

Parent Company and Group holdings of interests in Group companies, December 31, 2014

This overview comprises directly-held subsidiaries, as well as indirectly-held companies with revenues exceeding MSEK 200.

Company name	Corporate identity no.	Domicile	Number of shares	Share, %	Carrying amount, MSEK
<i>Shares and interests in Swedish subsidiaries</i>					
Lantmännen Agroetanol AB	556028-0611	Norrköping	50,000	100.0	234
Lantmännen Agrovärme AB	556229-5666	Enköping	10,000	100.0	2
Lantmännen Aspen AB	556329-9519	Gothenburg	3,850	100.0	180
Lantmännen AS-Faktor AB	556530-9720	Enköping	100	100.0	0
Lantmännen BioAgri AB	556056-1283	Enköping	20,000	100.0	3
Lantmännen Bränsleteknik AB	556301-2771	Örebro	50,000	100.0	35
Lantmännen Cerealia AB	556017-2222	Malmö	200,000	100.0	662
Lantmännen Cerealia A/S	69 120 717	Vejle		100.0	
Lantmännen Doggy AB	556055-5129	Vårgårda	103,625	100.0	156
Lantmännen Energi AB	556118-3954	Stockholm	400	100.0	39
Lantmännen Finans AB	556664-8118	Stockholm	2,000,000	100.0	200
Lantmännen Real Estate AB	556017-8443	Stockholm	3,000	100.0	18
Lantmännen GoGreen AB	556034-8939	Stockholm	300	100.0	0
Lantmännen Invest AB	556003-3192	Stockholm	440,000	100.0	63
Lantmännen Krafft AB	556156-4039	Falkenberg	5,000	100.0	1
Lantmännen Kycklinginvest AB	556951-0687	Stockholm	160,529	100.0	406
Lantmännen Maskin AB	556005-7639	Malmö	10,000	100.0	10
Lantmännen R&D AB	556043-7088	Stockholm	1,000	100.0	1
Lantmännen Reppe AB	556000-1538	Växjö	25,000	100.0	28
Lantmännen Service AB	556831-3695	Stockholm	500	100.0	0
Lantmännen Solanum AB	556066-1687	Kävlinge	1,000	100.0	0
Lantmännen SW Seed AB	556001-5272	Svalöv	298,667	100.0	160
Swecon Baumaschinen GmbH	HR B1403	Düsseldorf		100.0	
Lantmännen Swedish Oats AB	556813-6773	Stockholm	50,000	100.0	0
Lantmännen Unibake Sweden AB	556186-7796	Örebro	100,000	100.0	27
Doofmas & Co AB	556547-7394	Stockholm	3,400,000	100.0	238
Fastighets AB Slätpricken AB	556831-3794	Stockholm	500	100.0	0
Gyllebo Gödning AB	556179-2911	Lidköping	2,000	66.7	0
Maselaboratorierna AB	556009-7353	Uppsala	5,000	100.0	0
Matpartner R&S AB	556103-7192	Stockholm	100	100.0	0
Nötcenter Viken AB	556559-4503	Falköping	9,000	100.0	7
Pane Invest AB	556992-5752	Stockholm	1,000	100.0	0
Swecon Anläggningsmaskiner AB	556575-1137	Eskilstuna	500,000	100.0	402
Vegolia AB	556020-6574	Falkenberg	1,000	100.0	1
Åhus Foder HB	969723-3394	Åhus		70.0	0
<i>Shares and interests in foreign subsidiaries</i>					
Lantmännen Agro Bizz A/S	10 095 921	Nordfyns	450	90.0	9
Lantmännen Cerealia AS	910629085	Oslo	17,968,129	100.0	222
Lantmännen Maskin AS	914109981	Asker	3,000	100.0	27
Akerhus Traktor AS <sup>1)</sup>	947340204	Jessheim		100.0	
Lantmännen Maskin A/S	12545479	Horsens	5,000	100.0	1
Lantmännen Schulstad A/S	10245613	Copenhagen	100,000	100.0	948
Lantmännen Schulstad Sp z o o	KRS8038	Poznan		100.0	
Lantmännen Unibake Holding A/S	37249211	Horsens	3,000,000	100.0	2,708
Lantmännen Unibake Denmark A/S	29219354	Horsens		100.0	
Oy Lantmännen Unibake Ab Finland	1463476-8	Helsinki		100.0	
Lantmännen Unibake GmbH & Co KG	HRA 121351	Verden		100.0	
Lantmännen Unibake Russia LLC	1045002352130	Moscow		100.0	
Lantmännen Unibake USA, Inc	36-4034179	Chicago, USA		100.0	
Lantmännen Unibake UK Ltd	3315763	Milton Keynes		100.0	
Lantmännen Unibake Mouscron	0461118402	Mouscron		100.0	
Lantmännen Unibake Londerzeel NV	0461025063	Londerzeel		100.0	
Lantmännen Unibake Norge AS	989 135 082	Oslo	3,405,694	100.0	34
Aktieselskabet af 4. juli 2003	26 864 097	Hvidovre	5,000	100.0	1
Dirual AG	CH-0203002	Zurich	199,997	100.0	22
LMB Danmark A/S	75297319	Brøndby	5,000	100.0	0
<b>Total, Parent Company</b>					<b>6,843</b>

<sup>1)</sup> LM Maskin Midt Norge AS was merged into Akershus Traktor AS in November 2014.

## Note 46 Inventories

MSEK	2014	2013
Raw materials and consumables	234	1,206
Products in progress	327	0
Finished goods	1,231	329
Merchandise	349	473
Advances to suppliers	111	0
<b>Total</b>	<b>2,252</b>	<b>2,008</b>

MSEK 4 (0) of the total value of inventories relates to goods measured at net realizable value.

From 2014, the principle for classification of grain stocks has been changed, which means that grain is only reported as a raw material prior to drying and cleaning. After this process, grain is reported under products in progress or finished goods. In previous years, all grain was accounted for as a raw material.

## Note 47 Prepayments and accrued income

MSEK	2014	2013
Other prepayments	98	91
Accrued interest income	10	24
Other accrued income	81	18
<b>Total</b>	<b>189</b>	<b>133</b>

## Note 48 Year-end appropriations, untaxed reserves

Untaxed reserves, MSEK	2014	2013
Accelerated accumulated depreciation		
- Intangible assets	99	111
- Machinery and equipment	212	200
<b>Total</b>	<b>311</b>	<b>311</b>

Appropriations, MSEK	2014	2013
Reversal of excess amortization of intangible assets	12	-
Excess depreciation of property, plant and equipment for the year	-12	-
<b>Total</b>	<b>0</b>	<b>0</b>

## Note 49 Pensions

All of the Parent Company's defined benefit pension obligations are governed by the Pension Obligations Vesting Act (Tryggandelagen).

Lantmännen ek för's defined benefit pension obligations have been safeguarded by assets in Lantmännens Gemensamma Pensionsstiftelse Grodden since 2011.

As these pension obligations are secured through a fund, which is completely outside Lantmännen Group, the obligation is offset against Lantmännen ek för's share of the market value of the fund's assets. The fair value measurement of the fund's assets is conducted by external valuers.

### Note 49 continued

The pension liability recognized in the statement of financial position is as follows:

MSEK	2014	2013
Value of pension obligations under funded pension plans	931	923
Fair value of Lantmännen ek för's share of the pension fund's assets	-931	-923
<b>Net obligation</b>	<b>0</b>	<b>0</b>
Other unfunded pension plans	4	3
<b>Total</b>	<b>4</b>	<b>3</b>

Specification of changes in recognized pension liability during the year:

MSEK	2014	2013
Liability at beginning of year	3	3
Pension costs for the year	62	58
Pension liabilities assumed from Group companies	1	-
Pension payments	-62	-58
<b>Liability at end of year</b>	<b>4</b>	<b>3</b>

The calculation of pension obligations under funded pension plans was carried out by PRI Pensionsgaranti according to their own adopted actuarial assumptions.

Specification of pension-related costs for the period:

MSEK	2014	2013
<i>Book reserve pensions</i>		
Current service cost	17	16
Interest expenses	45	42
	62	58
Compensation received	-65	-
<b>Total book reserve pension costs</b>	<b>-3</b>	<b>58</b>
<i>Pension through insurance</i>		
Insurance premiums	60	59
<b>Net pension costs for the year, excluding taxes</b>	<b>57</b>	<b>117</b>

MSEK	2014	2013
Pensions costs recognized as employee benefits in operating income	12	75
Pensions costs recognized as interest expense in net financial items	45	42
<b>Total</b>	<b>57</b>	<b>117</b>

Fair value of Lantmännen ek för's share of the pension fund's assets:

MSEK	2014	2013
Property	664	596
Fixed-interest investments	104	83
Structural products	42	39
Equity investments	186	111
Hedge funds	105	115
Cash and cash equivalents	41	137
<b>Total</b>	<b>1,142</b>	<b>1,081</b>

The difference between the value of Lantmännen ek för's share of assets in the fund and recognized pension obligations above, is attributable to over-consolidation in the fund. Under the current rules, pension liability is not recognized as an asset. Consequently, only assets equivalent to the value of the liability reduce debt. Over-consolidation at the end of the year was MSEK 211 (158).

Next year's projected payments under defined benefit pension plans amount to MSEK 61 (58).

## Note 50 Other provisions

MSEK	Restructuring measures	Other	Total	
			2014	2013
Carrying amount at beginning of period	30	176	206	196
Provisions during the period	73	2	75	76
Amounts utilized during the period	-50	-22	-72	-52
Reclassifications	-	-40	-40	-
Reversals during the period	-9	0	-9	-14
<b>Carrying amount at end of period</b>	<b>44</b>	<b>116</b>	<b>160</b>	<b>206</b>

Increases in existing provisions are included in the period's provisions. Most of the year's restructuring provisions relate to the ongoing efficiency programs in the Agriculture Sector.

In 2014, pension obligations covered by company-owned endowment insurance amounting to MSEK 40 were reclassified as a defined contribution plan in accordance with RFR2 rules. The corresponding receivable from the insurers, previously reported under Other non-current assets, have therefore also been reversed.

MSEK 111 (123) of the provisions under Other relates to the estimated costs of closing down grain elevators. No new provisions for grain elevators were made in 2014.

About 30 percent of the total provisions are expected to be utilized in 2015. The remainder will not be utilized in the next three years.

## Note 51 Other current liabilities

Other current liabilities include savings and capital account liabilities to members amounting to MSEK 1,642 (1,529).

## Note 52 Accruals and deferred income

MSEK	2014	2013
Accrued personnel-related costs	141	143
Accrued interest	14	27
Other accruals	366	179
Deferred income	7	10
<b>Total</b>	<b>528</b>	<b>359</b>

## Note 53 Financial instruments

MSEK	2014	2013
<b>Shares and interests</b>	<b>258</b>	<b>280</b>
<b>Loans and receivables</b>		
Non-current interest-bearing receivables from subsidiaries	1,066	1,411
Non-current interest-bearing receivables from joint ventures/associates	31	297
Other non-current interest-bearing receivables	2	107
Trade receivables	1,888	2,033
Current interest-bearing receivables from subsidiaries	7,299	10,625
Other current interest-bearing receivables	171	26
Short-term investments	1,791	1,654
Cash and bank balances	163	130
<b>Total</b>	<b>12,411</b>	<b>16,283</b>
<b>Financial liabilities measured at amortized cost</b>		
Non-current interest-bearing liabilities	2,410	4,117
Trade payables	2,024	1,797
Current interest-bearing liabilities to subsidiaries	5,679	7,374
Other current interest-bearing liabilities	2,810	2,055
<b>Total</b>	<b>12,923</b>	<b>15,343</b>

The Parent Company does not measure or report derivative instruments. All of the Group's derivative instruments, apart from those that relate to ethanol, are held by the Parent Company. The maturity structure and fair values of these are shown in ► note 23. Note 23 also contains other information about the Parent Company's financial instruments.

## Note 54 Pledged assets and contingent liabilities

Pledged assets MSEK	For own financial liabilities	Other commitments	Total pledged assets	
			2014	2013
Real estate mortgages	458	-	458	434
Chattel mortgages	-	-	0	0
Bank accounts	-	15	15	21
Other	-	19	19	18
<b>Total</b>	<b>458</b>	<b>34</b>	<b>492</b>	<b>473</b>

Real estate mortgages are used as collateral for loans from Realkredit Danmark.

Contingent liabilities MSEK	2014	2013
Guarantees for		
- Group companies	697	727
- joint ventures	213	125
Other contingent liabilities	72	83
<b>Total</b>	<b>982</b>	<b>935</b>

The increase in guarantees for joint ventures relates to obligations to third parties for Scandagra Group.


The Board of Directors and the President & CEO hereby certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the Group's financial position and performance. The Parent Company's financial statements have been prepared in accordance with generally accepted accounting principles, and give a true and fair view of the Parent Company's financial position and performance.

The Board of Directors' Report for the Group and Parent Company provides a true and fair overview of the development, financial position and performance of the Group and Parent Company, and describes significant risks and uncertainties faced by the Group, the Parent Company and companies belonging to the Group.

Stockholm, February 19, 2015



Bengt-Olov Gunnarson  
*Chairman*




Nils Lundberg  
*Vice Chairman*



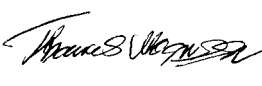
Ulf Gundemark



Helle Kruse Nielsen




Per Lindahl




Thomas Magnusson



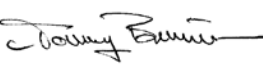
Lena Philipson



Hans Wallemyr




Björn Wallin




Tommy Brunsärn



Pär-Johan Lööf

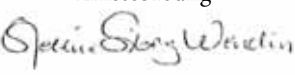


Tomas Welander




Per Olof Nyman  
*President & CEO*

Our audit report was submitted on February 19, 2015

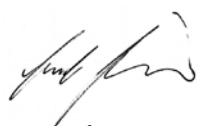
Ernst&Young  
  
Helene Siberg Wendin  
*Authorized Public Accountant*



Maude Fyrenius



Gustav Jansson



Anders Åbyhammar

The annual financial statements for the Group and Parent Company will be presented for adoption at the Annual General Meeting on May 5, 2015.

# Audit Report

To the annual general meeting of Lantmännen ek för Corporate identity number 769605-2856

## Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Lantmännen ek för for year 2014. The annual accounts and consolidated accounts of the society are included in the printed version of this document on pages 66-132

### Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. The authorized public accountants have conducted the audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards requires that we follow professional ethics and that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement. The member representative auditors have conducted the audit in accordance with generally accepted audit standards for member representative auditors in Sweden.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the society's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent society as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual general meeting adopt the income statement and balance sheet for the parent society and the group.

## Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the society's profit or loss and the administration of the Board of Directors and the Managing Director of Lantmännen ek för for the year 2014.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the society's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Economic Associations Act.

### Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the society's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the society's profit or loss, we examined whether the proposal is in accordance with the Economic Associations Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the society in order to determine whether any member of the Board of Directors or the Managing Director is liable to the society. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Economic Associations Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Opinions

We recommend to the annual general meeting that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, February 19, 2015



Helene Siberg Wendin  
Authorized Public Accountant



Maude Fyrenius,  
Member representative Auditor



Gustav Jansson  
Member representative Auditor



Anders Åbyhammar  
Member representative Auditor

# Glossary and definitions

**Agrodrank** • Protein-rich animal feed produced at Agroetanol in Norrköping.

**Average capital** • Average capital is computed on the closing balance of each month in the accounting period, i.e. twelve periods for the full year. All average capital ratios are calculated in this way.

**B2B** • Business to business.

**Bioenergy** • Energy made from continuously forming biomass. Biomass is biological material that is not transformed chemically or biologically to any extent. Bioenergy is a renewable energy source whose share of total energy use has increased in recent decades.

**Biofuels** • Renewable fuels produced from living organisms (biomass), which do not make a net contribution of carbon to the atmosphere during combustion. Logs, wood pellets, biogas and ethanol produced from grain are examples of biofuels.

**Biological diversity** • A term describing the diversity of life forms and species in an ecosystem. An ecosystem is a living biological community in a specific physical environment.

**Capital turnover rate** • Net sales divided by average operating capital.

**Code of Conduct** • Guidelines on ethical and responsible business operations for companies and organizations.

**DON (Deoxynivalenol)** • DON is a mold toxin that can occur in grain crops for feed and food purposes, particularly in wheat and oats. The mold toxin is formed by two fungi, *Fusarium graminearum* and *Fusarium culmorum* in the genus *Fusarium*.

**Ecosystem** • An ecosystem is a distinct part of nature, consisting of living components (plants, animals, microorganisms) in the system and non-living components (water, wind, minerals).

**Equity ratio** • Equity divided by total assets.

**ERM process** • A structured and proactive risk management process.

**Financial assets** • Financial receivables, short-term investments and cash and bank balances.

**Fossil fuels** • Non-renewable sources of energy such as coal, natural gas and oil. When fossil fuels burn, carbon dioxide is formed and builds up in the atmosphere. The net surplus formed contributes to an enhanced greenhouse effect.

**Global Compact** • UN corporate social responsibility initiative. An international framework of universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

**GMO** • Genetically modified organisms, plants or animals with characteristics added using gene technology.

**GRI** • Global Reporting Initiative. Provides guidelines for sustainability reporting that can be used by organizations to report environmental, social and economic aspects of their business, products and services.

**IFRS** • International Financial Reporting Standards.

**Interest cover ratio** • Interest cover is calculated as income after financial items plus finance costs divided by finance costs.

**ISDA agreement** • A standardized contract for financial trading.

**LDL cholesterol** • (Low Density Lipoprotein) also known as bad cholesterol. High LDL is a risk factor for cardiovascular disease.

**Liquidity** • Cash, bank deposits and lines of credit that can be used under current borrowing agreements.

**Net debt** • Net debt comprises interest-bearing liabilities, including pension liabilities and accrued net interest, less financial assets.

**Net debt/equity ratio** • Net debt divided by equity.

**Operating capital** • Operating capital is non-interest-bearing assets minus non-interest-bearing liabilities. Tax assets and tax liabilities are not included in operating capital's assets and liabilities.

**Operating margin** • The operating margin is operating income as a percentage of net sales for the year.

**Profit margin** • The profit margin is net income for the year as a percentage of net sales.

**R&D** • Research and development.

**Renewable energy sources** • Continuously renewed energy sources include the sun, wind, water and biofuels.

**Return on equity** • Return on equity is net income for the period divided by average equity.

**Return on operating capital** • Return on operating capital is operating income for the period divided by average operating capital.

**RSPO** • Roundtable on Sustainable Palm Oil. International round table process to develop criteria for sustainable palm.

**RTRS** • Round Table on Responsible Soy. International round table process to develop criteria for sustainable soy.

**Sludge** • Waste product from a waste treatment plant that can be used as fertilizer, primarily as a source of phosphorus, on farmland. The sludge, which contains biologically degradable materials and plant nutrients, can also contain undesirable substances such as heavy metals. Quality assurance before spreading it on fields is therefore important.

**TCO** • Total cost of ownership.

**Tetra Recart** • Cardboard-based, environmentally friendly packaging with properties corresponding to a traditional can. The packaging is easy to open and re-close.

**Value added** • EBITDA plus employee benefits expense.

**Volatile** • Tending to vary often or widely.

**Winterkill** • Winterkill is when crops sown in the fall do not survive the winter.



# Corporate Governance Report

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# Corporate Governance Report

The Corporate Governance Report has not been reviewed by the Association's auditors.



Lantmännen ek för is a Swedish co-operative economic association headquartered in Stockholm, Sweden. The Group's governance is based on the Association's Articles of Association, the Swedish Economic Associations Act and other applicable laws and rules. Lantmännen's Board of Directors and executive management endeavor to ensure the enterprise is able to meet the demands placed on it by owners, employees and other stakeholders in the best possible way.

## Owners

The Group's Parent Company is Lantmännen ek för, a co-operative enterprise owned by 28,258 farmers in Sweden. Pursuant to the Association's Articles of Association, the owners, i.e., the members of the Association, shall be engaged in farming or food production in the Association's area of operation. The district meeting and different owner meetings provide an opportunity for owners to express their views to the Board of Directors and management in various ways, including motions and written communication. See also the description under "Farmer-owned and owner-controlled". See [page 13](#).

## Contributed capital and voting rights

Each member of the Association has one vote, regardless of the size of investment. The members' obligation to invest is based on the turnover value of purchases from and deliveries

to the Association. The Board of Directors decides the product areas that will constitute the basis of the obligation to invest. The individual member's obligation to invest is 15 percent of the average value of the turnover with the Association over the last five years. However, the obligation to invest ranges from a minimum of SEK 10,000 to a maximum of SEK 450,000. Of the total contributed capital of MSEK 1,977, MSEK 931 has been paid in and MSEK 1,046 issued from distributable capital in the Association. At the end of 2014, members' obligation to invest totaled MSEK 1,545.

## Annual General Meeting

The Annual General Meeting is Lantmännen's supreme decision-making body. The AGM consists of delegates, who represent the members and are elected by the district meetings and the organization member Kalmar Lantmän's AGM. The districts are the basis of the members' role as owners of the Association. Delegate seats are distributed on the basis of a divisor in proportion to the number of members in the district and the organization member. The chairmen of district boards and the chairman of the board of the organization members shall be delegates. The number of delegates shall not be less than 100. Each delegate has one vote at the Meeting. The General Meeting has a quorum when more than half of the full number of delegates are in attendance. Each member is entitled to have business considered by the General Meeting.

The Annual General Meeting shall be held within six months of the end of the financial year. The Association's Board of Directors, Nomination Committee and auditors are elected at the Annual General Meeting. Other obligatory business to be considered by the Meeting includes adoption of the income statement and statement of financial position, allocation of the Association's profit or coverage of its loss, discharging the Board of Directors and President from liability and determination of Directors' and auditor fees.

## 2014 Annual General Meeting

The Annual General Meeting was held on May 15 in Stockholm. Board members of Lantmännen ek för are elected for two-year terms. The terms for Ulf Gundemark, Helle Kruse Nielsen, Thomas Magnusson and Björn Wallin expired. The Meeting resolved that the Board of Directors of Lantmännen ek för would consist of nine elected members and the President & CEO of the Association. At the meeting, Ulf Gundemark, Helle Kruse Nielsen, Thomas Magnusson and Björn Wallin were re-elected to the Board. The auditors are elected for one year at a time. Torvald Carlsson declared himself unavailable

for re-election. Gustav Jansson and Anders Åbyhammar were re-elected as elected auditors. Maude Fyrenius was appointed as elected auditor. The accounting firm EY was elected as the Association's authorized auditor. The Meeting also passed a resolution on the remuneration of the Board and other elected representatives, including fixed annual remuneration as well as per diem and travel compensation. The Meeting also appointed nine members to the Nomination Committee for the period up to and including the 2015 General Meeting.

The Meeting approved a contribution dividend totaling MSEK 171 to be distributed between paid-in and issued contributed capital. The Meeting adopted the Board's proposal that no contribution issue be paid. In addition to the contribution dividend, the Board decided to pay MSEK 135 in refunds and final price adjustments.

The total number of delegates was 101, 100 of whom were present at the Meeting. All Board members and all elected auditors were present at the Annual General Meeting.

#### Council of Trustees

The Association has a Council of Trustees. The district board chairmen and organization member shall serve on the Council of Trustees. In addition, the Board of Directors may appoint additional members. The role of the Council of Trustees is to advise the Group Board on development issues of a more long-term nature as well as communicate information between the Board of Directors and the districts. The Council of Trustees is also charged with the preparation of matters of principle and the nomination of members to the Association's Nomination Committee at the Annual General Meeting.

#### Council of Trustees in 2014

In addition to the obligatory members as stated above, the Board of Directors appointed two representatives of the local associations to the Council of Trustees. Also in attendance at Council of Trustees meetings are the Group Board, the Association's elected auditors and the chairman of the Nomination Committee, unless he or she is already part of the above-mentioned group. The Council of Trustees had three minuted meetings during the year.

#### Nomination Committee

The Nomination Committee is tasked with preparing and presenting proposals for the election and remuneration of Group Board members and auditors, and making recommendations with regard to the remuneration of other elected representatives. The articles of association state that the Nomination Committee shall have 7-13 members, who are elected by the Annual General Meeting. The Nomination Committee elects a chairman from among its members.

Based on the Association's current situation and future direction, the Nomination Committee's task is to assess whether the Board of Directors is appropriately composed

with regard to expertise. This assessment is based in part on an evaluation of the Board's work methods and decision processes performed by an independent party at the request of the Chairman of the Board and in consultation with the Nomination Committee. Any new recruitment to the Board is conducted according to a specified prepared by the Nomination Committee.

#### Nomination Committee 2014

In 2014, the Nomination Committee consisted of nine members: Kjell Eriksson (chairman), Håkan Christensson, Krister Andersson, Ann-Margret Assarsson, Viktoria Josefsson, Sören Lundström, Per-Olof Malm, Anders Rickardsson and Kjell Axelsson. Per-Olof Malm and Håkan Christensson resigned at the Annual General Meeting on May 15. Leif Karlsson and Christian Negendanck were elected new members. At the statutory Board meeting, Kjell Eriksson was re-elected Chairman and Viktoria Josefsson was re-elected Vice Chairman.

#### Owner Relations 2014

During the year the Owner Relations Department had seven members – five member services staff, the editor of "Grodden", and the member manager. The cost of the department and its entire activities amounted to approximately MSEK 32.2 in 2014. Costs for the 28 districts accounted for MSEK 11.6 of the total figure, and included fixed fees of MSEK 4.5 (39 percent) adopted by the AGM and variable fees of MSEK 3.7 (32 percent). The other MSEK 3.4 (29 percent) related to costs of the districts' various activities.

The cost of the Annual General Meeting, which also comes under the department's area of responsibility, was approximately MSEK 2. Other activities handled by the department include the Delegates' Meeting, Council of Trustees, District Board Conference, General Meeting, Nomination Committee and the owners' newsletter "Grodden".

#### Group Board

The overall task of the Board of Directors is to manage the Association's affairs on behalf of its members, in such a way that their economic interests are served in the best possible way. The Board is responsible for the Association's organization and management of its affairs and for ensuring satisfactory control of the Association's accounting, asset management and financial affairs. The Board decides the Group's overall goals, strategic plans and significant policies and monitors their compliance and updating. The Board also decides on acquisitions, divestments and major investments and approves the annual accounts and interim reports. The Board is also tasked with overseeing the President and regularly assessing the performance of the Group Management. The Board shall ensure that there is an effective system for follow-up and control of the Association's operations and financial position, that external

information is characterized by transparency and objectivity, that there is adequate monitoring of compliance with laws and regulations and that the necessary ethical guidelines are in place.

The work of the Board is directed by a work plan that governs the division of work and responsibility between the Board of Directors, the Chairman and the President. The formal work plan is updated and adopted at least once a year, normally at the statutory meeting of the Board. The articles of association state that the Board of Directors of Lantmännen shall consist of a minimum of 7 and a maximum of 13 members in addition to the President & CEO. The Board elects a chairman from among its members. The Board has an Audit Committee, a Remuneration Committee and an Owner Committee. The purpose of the committees is to develop and streamline the Board's work as well as prepare business within the respective areas. The committees have no decision-making powers. Members of the committees are appointed by the Board at the statutory Board meeting. Instructions for the committees are included in the Board's formal work plan.

#### The work of the Board of Directors in 2014

Since the Annual General Meeting on Thursday, May 15, 2014, the Board has consisted of nine members elected by the Meeting, three employee representatives and the President. The Head of the Legal Affairs corporate function serves as the Board's secretary. None of the elected Board members has an employment-like relationship with Lantmännen. Bengt-Olov Gunnarson was elected Chairman of the Board and Nils Lundberg Vice Chairman. The composition of the Board is shown in the presentation, see [page 142](#).

The Board held 22 meetings during the year. Three of the meetings were by telephone and three were per capsulam. The table on the previous page shows the attendance of the board members at the meetings. All of the association's auditors attended two of the meetings. In the spring, the Board decided on Lantmännen's long-term strategy, Strategy 2020,

based on an external analysis. Scandi Standard, which includes Kronfågel Group, went public during the year, Strängnäs Valskvarn was acquired and a new jointly owned company was formed from the merger of Lantmännen Agroenergi and Neova.

#### Audit Committee

The Audit Committee is tasked with preparing materials in matters relating to risk assessment, internal control, financial reporting and auditing. It also serves as a forum for dialog between different parties, such as external and internal auditors. The committee also works to ensure appropriate risk management, compliance with established financial reporting and internal control principles and the maintenance of proper relations with external auditors. The committee also ensures that the independence of external auditors is maintained, evaluates the audit and informs the Nomination Committee of the results. The Group's internal audit unit reports directly to the Audit Committee.

Before the AGM, the committee consisted of Nils Lundberg (chairman), Thomas Magnusson and Hans Wallemyr. The composition was unchanged after the meeting. The head of the internal audit unit serves as the committee's secretary. Members are appointed for one year at a time. In addition to distributing the minutes of Audit Committee meetings to the Board of Directors, the committee chairman gives an oral report on all important issues at the subsequent Board meeting. The committee held three minuted meetings during the year. The table below shows members' attendance.

#### Audit Committee, attendance and number of meetings 2014

	Feb 13	Jun 2	Sep 29
Nils Lundberg	●	●	●
Hans Wallemyr	●	●	●
Thomas Magnusson	●	●	●

#### Group Board, attendance and number of meetings 2014

	Jan 9	Jan 19	Jan 20	Jan 22	Feb 4	Feb 20	Mar 14	Apr 3	May 5	May 15	May 16	May 22	Jun 3	Jun 17-18	Aug 8	Aug 28	Sep 30	Oct 12	Oct 30	Nov 11	Dec 4	Dec 17-18
	☎				Per capsulam				☎	SM*					Per capsulam			☎	Per capsulam			
Bengt-Olov Gunnarson	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Tommy Brunsärn	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Ulf Gundemark	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Helle Kruse Nielsen	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Per Lindahl	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Nils Lundberg	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Pär-Johan Lööf	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Thomas Magnusson	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Lena Philipson	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Hans Wallemyr	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Björn Wallin	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Tomas Welander	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Per Olof Nyman	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

\* Statutory Board Meeting

### Remuneration Committee

The Remuneration Committee is tasked with preparing matters and drafting principles related to pay and other terms of employment for Group Management. These principles must be approved by the AGM. The committee prepares and submits decision-support material to the Board of Directors concerning conditions of employment for the President, and to the President for the other members of Group Management.

Before the AGM, the committee consisted of Bengt-Olov Gunnarson (chairman), Helle Kruse Nielsen and Ulf Gundemark, with President & CEO Per Olof Nyman as rapporteur. The committee's composition was unchanged after the 2014 AGM. The Group's Senior Vice President Human Resources serves as secretary. Members are appointed for one year at a time. In addition to distributing the minutes of Remuneration Committee meetings to the Board, the committee chairman makes an oral report on all important issues at the subsequent Board meeting.

The committee held five minuted meetings during the year. The table below shows the attendance of the members at the meetings.

#### Remuneration Committee, attendance and number of meetings 2014

	Jan 31	Apr 3	Aug 20	Nov 10	Dec 17
Bengt-Olov Gunnarson	●	●	●	●	●
Ulf Gundemark	●	●	●	●	●
Helle Kruse Nielsen	●	●	●	●	●

### Owner Committee

The Owner Committee is tasked with dealing with issues concerning ownership and the owner organization in the Group. The committee's work is aimed at ensuring that owner and member issues are dealt with in accordance with the Economic Associations Act and the Articles of Association. The committee also works to ensure that the Articles of Association, organization and relationship with owners and elected representatives are developed in such a way as to take into account ongoing changes in society and the business environment.

#### Owner Committee, attendance and number of meetings 2014

	Jan 27	Apr 1	Jun 9	Aug 19	Oct 22
Björn Wallin	●	●	●	●	●
Per Lindahl	●	●	●	●	●
Lena Philipson	●	●	●	●	●

Before the AGM, the committee consisted of Björn Wallin (chairman), Lena Philipson and Per Lindahl. Legal Counsel Tove Cederborg also attends the committee's meetings. The committee's composition was unchanged after the 2014 AGM. The Group's member manager serves as secretary. Members are appointed for one year at a time.

In addition to distributing the minutes of Owner Committee meetings to the Board, the committee chairman gives an oral report on all important issues at the subsequent Board meeting. The committee held five minuted meetings during the year. The table below shows the attendance of the members at the meetings.

### President and Group Management

The President & CEO is appointed by the Board and is responsible for the Association's day-to-day management. The division of work between the Board and the President is regulated in the Board's work plan. Group Management currently consists of 10 members. The composition of Group Management is shown in the presentation, see page 144. During the year, Group Management was increased by two – the Senior Vice Presidents of Lantmännen Unibake and Lantmännen Cerealia.

Group Management normally meets every six weeks.

### Internal Audit

The internal audit is an independent unit in the Group, which is engaged in objective assurance and advisory activities. The internal unit team makes systematic and structured assessments to help to increase the efficiency of the Group's risk management, governance and control, as well as its management processes.

The internal audit unit reports material observations and improvement proposals to the Group Board (via the Audit Committee) and to the operating units. It also audits the entire Group and acts as an independent review function for Lantmännen Finans AB in accordance with the requirements of the Swedish Financial Supervisory Authority. In addition to performing reviews and audits in accordance with the internal audit plan, the unit supports the Group's Board and Management by providing analyses and advice.

In 2014 the internal audit unit identified overall risks in the Group, performed audits of the Sectors and corporate functions and prepared an internal audit plan for 2015. The internal audit unit also participates in various steering groups and committees in order to obtain essential information and serve as a consultation body in the areas of risk management and internal control.

### External audit

The auditors are tasked with auditing the annual report, consolidated financial statements, accounting records and administration of the Board and President. There are four regular auditors. One is authorized and the other three are elected. All auditors are elected by the AGM for one year at a time. The authorized auditor is the accounting firm EY, with authorized public accountant Helene Siberg Wendin as chief auditor from 2014. The elected auditors are Maude Fyrenius, Gustav Jansson and Anders Åbyhammar.

In addition to their work on the statutory audit, the elected auditors focus on conducting the audit from a member's viewpoint.

# Lantmännen's organization and reporting structure

*The Board decides the Group's overall goals, strategic plans and significant policies and monitors their compliance and updating. The President & CEO is appointed by the Board and is responsible for the Association's day-to-day management.*



*Lantmännen is one of the largest operations in the Nordic region, with business divided into four sectors and a real estate segment.*

# Board of Directors' report on internal control over financial reporting

The responsibilities of the Board and President in the area of internal control are governed by the Swedish Economic Associations Act. The Board's responsibilities are also governed by the Swedish governance code for agricultural co-operatives and association enterprises (Association Code). Under the Association Code, the Board is required to submit a report about how efficiently the internal control over financial reporting has functioned during the past financial year. Lantmännen's Board of Directors has chosen to confine its report to a description of the organization of the internal control. This is consistent with the simplifications applicable since 2008 under the Swedish Corporate Governance Code.

Below is a description of the most important elements of the Association's system for internal control and management of risks associated with financial reporting.

Internal control over financial reporting is a process involving the Group Board, the Audit Committee, the President, management and other employees and it is designed to provide assurance of the reliability of financial reporting. The overall aim of internal control is to protect owners' investments and the Association's assets.

The control environment constitutes the basis of internal control and is made up of the values and ethics that the Lantmännen Group communicates and applies, together with the Group's organizational structure, management, decision-making channels, responsibility and authority, and the expertise possessed by employees. Other important areas in Lantmännen's internal control are communication and information and follow-up.

The Lantmännen Group's values represent a long-term commitment linked to its mission, business concept, goals and strategies that guide employees in their daily work. It is the Group's aim that its slogan "responsibility from field to fork" will permeate all internal and external actions. In 2008 the Board prepared, adopted and communicated a Code of Conduct for the Group. Its implementation continued in 2011, with extensive training initiatives to ensure that all employees and other stakeholders covered by the Code, such as suppliers,

understand and follow it. In 2012, the Code of Conduct was further concretized with the anti-corruption policy, which the Board adopted and tasked the President with implementing in the Group.

The Board has overall responsibility for internal control over financial reporting. The Board has adopted a written work plan that clarifies the responsibilities of the Board and governs the division of work between the Board and its committees. An Audit Committee regularly reports to the Board. In 2013, the Board adopted new decision-making and delegation instructions to determine overall rules for decision-making and delegation within the Group. The purpose of the instructions is to describe the organization, management and conduct of operations within Lantmännen with regard to subsidiaries and to clarify the relationship between different bodies and positions by defining responsibilities, duties and powers.

Lantmännen works continuously to ensure the appropriate expertise is present in key positions in both the corporate functions and Sectors. In addition, there are policies in place for important areas, which define responsibility, authority and procedural guidelines. The policies are available on Lantmännen's intranet. A financial manual has also been prepared for the Group's financial reporting.

Policy and guideline proposals on internal control over financial reporting were developed in 2014. In addition, the process of strengthening internal control in the Group has started, with the development of a working model for training, risk management and reporting on internal control. Risk briefings will be held with Sectors and business areas during 2015, and financial managers in the Group will be trained in this area.

Regular monitoring is conducted, in order to ensure the efficiency of internal control over financial reporting. The monitoring process includes analysis of regular financial reports against historical figures, budgets and forecasts as well as monitoring of reported activities. Monitoring takes place at company, business area, Sector and Group level.

# Board of Directors



Per Lindahl, Pär-Johan Lööf, Helle Kruse Nielsen, Bengt-Olov Gunnarson, Björn Wallin, Thomas Magnusson

The Board consists of ten members and three employee representatives. Board members of Lantmännen ek för are elected for two-year terms. The Annual General Meeting will be held on May 5, 2015.

Holdings of contribution issues are reported as at December 31, 2014.

## **Bengt-Olov Gunnarson** *Chairman*

Klockrike  
Born: 1951  
Director since 2005, Chairman since 2012  
Member of Lantmännen  
*Other functions at Lantmännen:* Remuneration Committee  
*Education:* Agricultural and Rural Management, Swedish University of Agricultural Sciences  
*Main occupation:* Farmer  
*Directorships:* Viking Malt Oy, Viking Malt Aktiebolag and Hauptgenossenschaft Nord AG  
*Production:* Crops, forestry and wind power  
*Contribution issues:* SEK 377,361\*  
*Subordinated debentures\*\*:* SEK 50,000

## **Nils Lundberg** *Vice Chairman*

Skivarp  
Born: 1958  
Director since 2007  
Member of Lantmännen  
*Other functions at Lantmännen:* Audit Committee  
*Education:* Agricultural Economics and Management, Swedish University of Agricultural Sciences  
*Main occupation:* Farmer  
*Production:* Crops, wind power  
*Directorships:* Viking Malt Oy, Viking Malt Aktiebolag, Ljusterö Golf AB (Chairman), Halmstadgården Vindpark AB (Chairman), Näsbyhills Agro Aktiebolag, Vassmolösa Vind AB and AE Advice Öresund AB (Alternate Director)  
*Contribution issues:* SEK 3,025,106\*

## **Ulf Gundemark**

Stockholm, Dalarö  
Born: 1951  
Director since 2012  
Not a member of Lantmännen  
*Other functions at Lantmännen:* Remuneration Committee  
*Education:* M.Sc. (Engineering), Chalmers University of Technology  
*Main occupation:* Directorships  
*Directorships:* Ripasso Energy AB (Chairman), Constructor Group AS, Nordisk Solar AS, AQ Group AB, Papyrus Holding AB, Scandi Standard AB (publ) and GUMACO AB

## **Helle Kruse Nielsen**

Denmark, Rungsted Kyst  
Born: 1953  
Director since 2010  
Not a member of Lantmännen  
*Other functions at Lantmännen:* Remuneration Committee  
*Education:* M.Sc. (Business and Economics), Copenhagen Business School  
*Main occupation:* Directorships  
*Directorships:* New Wave Group AB and Oriflame SA  
*Subordinated debentures\*\*:* SEK 100,000

## **Per Lindahl**

Kristianstad  
Born: 1964  
Director since 2011  
Member of Lantmännen  
*Other functions at Lantmännen:* Owner Committee, Lantmännen Research Foundation  
*Education:* Agriculture  
*Main occupation:* Farmer  
*Production:* Crops (potatoes and grain), broiler breeding  
*Directorships:* Hushållningssällskapet Skåne (Chairman), Hushållningssällskapet Kompetensutveckling i Syd AB and Hushållningssällskapet Skogsförvaltning Syd AB  
*Contribution issues:* SEK 1,055,774

## **Thomas Magnusson**

Tävelsås  
Born: 1950  
Director since 2005  
Member of Lantmännen  
*Other functions at Lantmännen:* Audit Committee  
*Education:* Agriculture  
*Main occupation:* Farmer  
*Production:* Milk, beef  
*Directorships:* Vice President LRF (Federation of Swedish Farmers), Vice President Cogeca  
*Contribution issues:* SEK 20,375

\* Together with related parties, or through wholly or partly owned companies.

\*\* Subordinated debentures as at January 15, 2015. Previous subordinated debentures matured on December 30, 2014 and new ones were issued on January 15, 2015.





Tommy Brunsärn, Lena Philipson, Per Olof Nyman, Nils Lundberg, Tomas Welander, Hans Wallemyr, Ulf Gundemark

### Per Olof Nyman

President & CEO  
Head of Food Sector  
Stockholm  
Born: 1956  
Not a member of Lantmännen  
*Other functions at Lantmännen:* Board member and Chairman of Lantmännen Fastigheter AB  
*Hired:* 2008  
*Education:* M.Sc. (Industrial and Management Engineering)  
*Directorships:* Hauptgenossenschaft Nord AG, SPBI Service AB and LRF Konsult Aktiebolag  
*Subordinated debentures\*\*:* SEK 250,000

### Lena Philipson

Kölbäck, Skänninge  
Born: 1962  
Director since 2013  
Member of Lantmännen  
*Other functions at Lantmännen:* Owner Committee  
*Education:* B.Sc., Linköping University, and Market Economy, IHM Business School  
*Main occupation:* Farmer  
*Production:* Crops  
*Directorships:* SMR ek för  
*Contribution issues:* SEK 140,617\*  
*Subordinated debentures\*\*:* SEK 1,100,000\*

### Hans Wallemyr

Falköping  
Born: 1956  
Director since 2007  
Member of Lantmännen  
*Other functions at Lantmännen:* Owner Committee, Lantmännen Research Foundation  
*Education:* Agriculture  
*Main occupation:* Farmer  
*Production:* Wind power, potatoes, forestry, breeding/ training showjumpers and dressage horses  
*Directorships:* Källebergs vind AB (Chairman), Agroenergi Neova AB and Åsle vind AB.  
*Contribution issues:* SEK 298,807\*

### Björn Wallin

Vattholma  
Born: 1964  
Director since 2008  
Member of Lantmännen  
*Other functions at Lantmännen:* Owner Committee  
*Education:* M.Sc. (Agricultural Economics and Management), Swedish University of Agricultural Sciences  
*Main occupation:* Farmer  
*Production:* Crops  
*Directorships:* Styrelseledamot i Hauptgenossenschaft Nord AG  
*Contribution issues:* SEK 94,591

### Employee Representatives

#### Tommy Brunsärn

Södertälje  
Born: 1959  
Director since 2007  
Unions representative  
*Main occupation:* Category Manager Purchase Breakfast

#### Pär-Johan Löf

Uppsala  
Born: 1966  
Director since 2013  
Personnel representative Akademikerförbundet  
*Main occupation:* Innovation Project Manager  
Lantmännen R&D  
*Subordinated debentures\*\*:* SEK 100,000

#### Tomas Welander

Gothenburg  
Born: 1961  
Director since 2012  
IF Metall representative  
*Main occupation:* Servicing technician, Swecan

### Board Secretary

#### Tove Cederborg

General Counsel  
Born: 1964  
*Hired:* 2011  
*Education:* LLB, Lund University 1992  
*Subordinated debentures\*\*:* SEK 100,000

### Auditors

#### Elected auditors

#### Maude Fyrenius

Lärbro  
Born: 1973  
Auditor for Lantmännen since 2014  
*Education:* Agrotechnology  
*Main occupation:* Farmer  
*Production:* Crops, lamb and beef, nature conservation  
*Contribution issues:* SEK 12,666\*

#### Gustav Jansson

Enköping  
Born: 1967  
Auditor for Lantmännen since 2012  
*Education:* Agriculture  
*Main occupation:* Farmer, accounting consultant  
*Production:* Crops, forestry  
*Contribution issues:* SEK 578,119

#### Anders Åbyhammar

Fellingsbro  
Born: 1956  
Auditor for Lantmännen since 2005  
*Education:* Agricultural and Rural Management  
*Main occupation:* Farmer, accounting consultant, LRF Konsult  
*Production:* Crops, forestry, lambs, electricity/hydropower  
*Contribution issues:* SEK 392,955

#### Authorized Public Accountant

#### Helene Siberg Wendin

EY, Stockholm  
Born: 1965  
Auditor for Lantmännen since 1991  
*Other assignments:* Scania, Boliden, Husqvarna, IKEA

\* Together with related parties, or through wholly or partly owned companies.

\*\* Subordinated debentures as at January 15, 2015. Previous subordinated debentures matured on December 30, 2014 and new ones were issued on January 15, 2015.

# Lantmännen



Johan Andersson, Tove Cederborg, Per Arvidsson, Elisabeth Wallin Mononen, Håkan Pettersson, Per Olof Nyman, Werner Devinck, Ulf Zenk, Carl von Schantz, Krister Zackari

## Group Management

Holdings of contribution issues are reported as at December 31, 2014.

### Per Olof Nyman

President & CEO  
Head of Food Sector  
Stockholm  
Born: 1956  
Hired: 2008  
Education: M.Sc. (Industrial and Management Engineering)  
Directorships: Hauptgenossenschaft Nord AG, SPBI Service AB and LRF Konsult Aktiebolag  
Subordinated debentures\*: SEK 250,000

### Johan Andersson

Senior Vice President & Head of Agriculture Sector  
Born: 1965  
Hired: 2014  
Education: Agricultural and Rural Management, Swedish University of Agricultural Sciences  
Subordinated debentures\*: SEK 1,000,000  
Contribution issues: SEK 218,447

### Per Arvidsson

Executive Vice President Operations  
Born: 1962  
Hired: 2011  
Education: M.Sc. (Mechanical Engineering, Industrial Organization & Logistics) Chalmers University of Technology

### Werner Devinck

Senior Vice President Lantmännen Unibake  
Born: 1958  
Hired: 2013  
Education: Economist, University of Leuven, Belgium.

### Håkan Pettersson

Senior Vice President & Head of Machinery Sector  
Born: 1956  
Swecon UAB.  
Hired: 2002  
Education: M.Sc. (Industrial and Management Engineering), Linköping  
Subordinated debentures\*: SEK 50,000

### Carl von Schantz

Senior Vice President & Head of Energy Sector  
Responsible for Sustainable Development  
Born: 1973  
Hired: 2011  
Education: MBA, Kellogg School of Management; BA, Northwestern University  
Directorships: Agroenergi Neova Pellets AB, Mackmyra Svensk Whisky AB and SPBI Service AB (Alternate Director)  
Subordinated debentures\*: SEK 200,000

### Elisabeth Wallin Mononen

Senior Vice President Human Resources  
Born: 1959  
Hired: 2005  
Education: LLB, Lund University, and MBA, University of Illinois at Chicago

### Krister Zackari

Senior Vice President Lantmännen Cerealia  
Born: 1963  
Hired: 2014  
Education: MBA (Business and Economics), Stockholm School of Economics

### Ulf Zenk

Senior Vice President & CFO  
Born: 1963  
Hired: 2012  
Education: M.Sc. (Business and Economics), Linköping University  
Directorships: Sparbanken Skåne, Viking Malt Oy and Viking Malt Aktiebolag  
Subordinated debentures\*: SEK 150,000

### Tove Cederborg

General Counsel  
Born: 1964  
Hired: 2011  
Education: LLB, Lund University  
Subordinated debentures\*: SEK 100,000

\* Subordinated debentures as at January 15, 2015. Previous subordinated debentures matured on December 30, 2014 and new ones were issued on January 15, 2015.



# Financial overview, GRI and facts

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Financial overview page 148

Key figures page 149

How to read the income statement page 150

How to read the statement of financial position page 151

How to read the statement of cash flows page 152

Addresses page 153

# About the Sustainability Report

## Global Compact and Global Reporting Initiative

*By applying the GRI guidelines for sustainability reporting, and complying with the reporting requirements set by Global Compact, Lantmännen strives for credible and relevant communication of its sustainability work. Below is a brief description of the frameworks and facts about our 2014 sustainability report. On the next page is a GRI index showing where the different areas and indicators are reported.*

### Global Compact

#### – Communication on Progress

In 2009, Lantmännen signed the Global Compact, the UN initiative for responsible business, thereby committing itself to implement the Global Compact's ten principles into its operations. The Global Compact also requires annual disclosure of progress and performance in the form of a COP (Communication on Progress). Lantmännen's Annual Report including Sustainability Report, together with information on our website, is structured in such a way as to meet these requirements. Learn more about the Global Compact and COP at [www.globalcompact.org](http://www.globalcompact.org)

### GRI

The GRI (Global Reporting Initiative) is an independent global organization that develops frameworks for sustain-

ability reporting. By applying the GRI guidelines, Lantmännen ensures credible, relevant and clear reporting of the performance of its operations from a holistic perspective, taking into account economic as well as environmental and social aspects. The guidelines provide criteria for defining report content and boundary-setting and give definitions of indicators and key figures in different special areas.

Lantmännen has been applying the GRI guidelines for several years, including the Food Processing sector supplement. For this our tenth sustainability report, we have elected to apply GRI's new G4 guidelines, core level. It is our aim to constantly develop both our work and our reporting in the area of sustainability. Learn more about GRI at [www.globalreporting.org](http://www.globalreporting.org)

#### Information on Lantmännen's 2014 Sustainability Report

- ▶ The reported information relates to 2014, unless otherwise indicated. The report is annual; the previous report was completed in February 2014.
- ▶ The report refers primarily to Lantmännen Group and its Sectors. Associates and joint ventures are not included.
- ▶ Comprehensive reporting of sustainability indicators and key ratios, with definitions and calculation methods, can be found in the Appendix "Sustainability-Related Indicators". See [www.lantmannen.se/omlantmannen](http://www.lantmannen.se/omlantmannen)
- ▶ Selection process for content: Disclosures are regarded as significant for Lantmännen and its stakeholders. The contents of this report were compiled in an internal process in which Lantmännen's sustainable development department worked with key personnel and internal specialists in different areas to conduct a materiality analysis. Significant issues are also identified through Lantmännen's continuous external analysis and dialogue with different stakeholders.
- ▶ The sustainability report has not been independently audited.
- ▶ The contact person for the report is Claes Johansson, Director Sustainable Development. [claes.johansson@lantmannen.com](mailto:claes.johansson@lantmannen.com)

#### THE GLOBAL COMPACT'S TEN PRINCIPLES

##### *Human rights*

Businesses should

- 1 support and respect the protection of internationally proclaimed human rights; and
- 2 make sure that they are not complicit in human rights abuses.

##### *Labor*

Businesses should

- 3 uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4 the elimination of all forms of forced and compulsory labor;
- 5 the effective abolition of child labor; and
- 6 the elimination of discrimination in employment and occupation.

##### *Environment*

Businesses should

- 7 support a precautionary approach to environmental challenges;
- 8 undertake initiatives to promote greater environmental responsibility; and
- 9 encourage the development and diffusion of environmentally friendly technologies.

##### *Anti-Corruption*

- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

# GRI Index

Indicator	Description	See page(s)
<b>GENERAL INFORMATION</b>		
Strategy and analysis		
G4-1	Statement from Chairman and President & CEO	8-11
Organization profile		
G4-3	Name of organization	Front page
G4-4	Primary brands, products and/or services	1
G4-5	Location of headquarters	153
G4-6	Countries where the organization operates	1, 99
G4-7	Nature of ownership and legal form	1
G4-8	Markets served	1, 3-5, 35-65
G4-9	Scale of the organization	1-3
G4-10	Description of workforce	33-34, 99-100
G4-11	Percentage of employees covered by collective bargaining agreements	<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>
G4-12	Description of the organization's supply chain	<a href="http://www.lantmannen.se/ansvar">www.lantmannen.se/ansvar</a>
G4-13	Significant organizational changes during the reporting period	6-7, 122
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	24-25, 27, 28-30 <a href="http://www.lantmannen.se/ansvar">www.lantmannen.se/ansvar</a>
G4-15	Externally developed economic, social or environmental charters, principles or other initiatives to which the organization subscribes or which it endorses	26, 146 <a href="http://www.lantmannen.se/ansvar">www.lantmannen.se/ansvar</a>
G4-16	Memberships of associations (such as industry associations)	26 <a href="http://www.lantmannen.se/ansvar">www.lantmannen.se/ansvar</a>
Identified material aspects and boundaries		
G4-1 – G4-23		22-23, 146-147 <a href="http://www.lantmannen.se/ansvar">www.lantmannen.se/ansvar</a>
Stakeholder engagement		
G4-24 – G4-27		22-23, 26, 146 <a href="http://www.lantmannen.se/ansvar">www.lantmannen.se/ansvar</a>
Report profile		
G4-28 – G4-33		146-147 <a href="http://www.lantmannen.se/ansvar">www.lantmannen.se/ansvar</a>
Governance		
G4-34	Governance structure of the organization	135-144
Ethics and integrity		
G4-56	The organization's values, principles and code of conduct	27 <a href="http://www.lantmannen.se/ansvar">www.lantmannen.se/ansvar</a>
<b>SPECIFIC INFORMATION (management and performance indicators for material aspects)</b>		
<b>ECONOMIC</b>		
Economic performance		<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>
Procurement practices		<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>
<b>ENVIRONMENTAL</b>		
Materials		<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>
Energy		<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>
Water		<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>
Emissions		<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>
Compliance		<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>
Transport		<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>
<b>LABOR PRACTICES AND DECENT WORK</b>		
Occupational health and safety		<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>
Training and education		<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>
Diversity and equal opportunity		<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>
<b>HUMAN RIGHTS</b>		
Non-discrimination		<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>
Risk assessment		<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>
<b>SOCIETY</b>		
Anti-corruption		<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>
<b>PRODUCT RESPONSIBILITY</b>		
Customer health and safety		<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>
Labeling		<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>
Compliance		<a href="http://www.lantmannen.se/gri">www.lantmannen.se/gri</a>

The above website links are to Swedish pages. Information in English can be found on the English pages under Our responsibility.

# Financial Overview

## CONDENSED INCOME STATEMENTS

MSEK	IFRS						Swedish GAAP				
	2014	2013	2012 <sup>1)</sup>	2011	2010	2009	2009	2008	2007	2006	2005
Net sales	32,666	33,802	36,526	37,896	35,988	34,978	34,950	42,592	35,769	32,055	29,610
EBITDA	2,556	2,193	1,698	2,570	2,624	1,884	1,855	3,046	2,172	1,815	1,633
Depreciation, amortization and impairment	-1,103	-2,104	-1,185	-1,366	-1,565	-1,407	-1,550	-1,910	-1,302	-1,632	-1,513
Operating income	1,453	89	513	1,204	1,059	477	305	1,136	870	183	120
Finance income and costs	-111	-4	-182	-337	-237	-373	-370	-434	-48	61	406
Income after financial items	1,342	85	331	867	822	104	-65	702	822	244	526
Refund, final price adjustment <sup>2)</sup>	-	-	-	-	-	-	-1	-122	-83	-64	-139
Tax, minority <sup>3)</sup>	-117	15	-91	-147	-97	78	-7	-22	-151	152	124
<b>Net income for the year</b>	<b>1,225</b>	<b>100</b>	<b>240</b>	<b>720</b>	<b>725</b>	<b>182</b>	<b>-73</b>	<b>558</b>	<b>588</b>	<b>332</b>	<b>511</b>

<sup>1)</sup> Restated for discontinued operation Lantmännen Finance Ireland.

<sup>2)</sup> Under IFRS, refund/final price adjustment is recognized in the same way as dividends. Includes local refunds/final price adjustments in 2005. Reported amounts may include adjustments for previous years.

<sup>3)</sup> Includes adjustment for minority share before transition to IFRS.

## CONDENSED STATEMENTS OF FINANCIAL POSITION

MSEK	IFRS						Swedish GAAP				
	2014	2013	2012	2011	2010	2009	2009	2008	2007	2006	2005
Property, plant and equipment	7,178	7,337	8,928	9,258	9,758	10,798	10,667	10,974	8,915	7,661	7,348
Goodwill	2,915	2,594	2,554	2,640	2,779	3,030	3,078	3,386	2,510	2,512	1,785
Other intangible assets	752	814	875	767	713	748	391	459	444	416	327
Other non-current assets	2,762	2,542	2,151	2,069	2,094	3,581	3,313	3,140	2,324	2,433	2,190
<b>Total non-current assets</b>	<b>13,607</b>	<b>13,287</b>	<b>14,508</b>	<b>14,734</b>	<b>15,344</b>	<b>18,157</b>	<b>17,449</b>	<b>17,959</b>	<b>14,193</b>	<b>13,022</b>	<b>11,650</b>
Inventories	5,379	5,249	5,946	5,506	5,224	5,646	5,646	7,059	6,303	4,804	4,622
Other current assets	5,087	5,170	5,561	5,642	5,572	5,436	5,411	7,266	7,797	6,695	7,256
Cash and cash equivalents	3,058	2,295	352	739	869	391	385	269	450	822	1,040
<b>Total current assets</b>	<b>13,524</b>	<b>12,714</b>	<b>11,859</b>	<b>11,887</b>	<b>11,665</b>	<b>11,473</b>	<b>11,442</b>	<b>14,594</b>	<b>14,550</b>	<b>12,321</b>	<b>12,918</b>
<b>Total assets</b>	<b>27,131</b>	<b>26,001</b>	<b>26,367</b>	<b>26,621</b>	<b>27,009</b>	<b>29,630</b>	<b>28,891</b>	<b>32,553</b>	<b>28,743</b>	<b>25,343</b>	<b>24,568</b>
Equity, members of the Parent	11,859	11,016	10,899	10,906	10,390	10,140	10,148	10,528	9,483	9,038	8,872
Equity, NCI	17	28	33	36	32	85	69	56	289	328	388
<b>Total equity</b>	<b>11,876</b>	<b>11,044</b>	<b>10,932</b>	<b>10,942</b>	<b>10,422</b>	<b>10,225</b>					
Provisions <sup>1)</sup>		-	-	-	-	-	2,206	2,371	2,952	2,978	3,021
Non-current liabilities	3,598	4,939	5,919	5,360	7,320	9,523	6,951	8,220	5,379	5,454	3,045
Current liabilities	11,657	10,018	9,516	10,319	9,267	9,882	9,517	11,378	10,640	7,545	9,242
<b>Total equity and liabilities</b>	<b>27,131</b>	<b>26,001</b>	<b>26,367</b>	<b>26,621</b>	<b>27,009</b>	<b>29,630</b>	<b>28,891</b>	<b>32,553</b>	<b>28,743</b>	<b>25,343</b>	<b>24,568</b>
Net debt	3,674	4,963	7,506	7,186	7,501	9,739	9,289	11,654	8,413	6,581	
Contribution dividend, contribution issue <sup>2)</sup>	328	171	168	230	245	163	163	167	201	155	150
Refund and final price adjustment <sup>3)</sup>	135	129	120	110	95	1	-	-	-	-	-

<sup>1)</sup> Under IFRS, provisions are not reported as a separate category, but are included in current and non-current liabilities.

<sup>2)</sup> According to Board's proposal for 2014.

<sup>3)</sup> Under IFRS, refund/final price adjustment is recognized as a dividend in the Group.

Lantmännen began reporting under IFRS (International Financial Reporting Standards) in 2010. Comparative figures for the years 2005-2008 have not been restated under IFRS rules. 2009 is presented partly according to IFRS and partly according to the accounting policies for that year. A more detailed description of the effects of the transition to IFRS on the 2009 income statement and balance sheet can be found in Lantmännen's 2010 Annual Report.

# Key figures

KEY FIGURES	IFRS						Swedish GAAP				
	2014	2013	2012 <sup>1)</sup>	2011	2010	2009	2009	2008	2007	2006	2005
Operating margin, %	4.4	0.3	1.4	3.2	2.9	1.4	0.9	2.6	2.4	0.6	0.4
Profit margin, %	3.8	0.3	0.7	1.9	2.0	0.5	-0.2	1.3	1.6	1.0	1.7
Capital turnover rate, times	2.1	2.0	2.0	2.1	1.9	1.6	1.7	2.1	2.0	-	-
Return on equity, %	10.6	0.9	2.2	6.7	7.0	1.8	-0.7	6.8	7.3	4.0	8
Return on operating capital, %	9.1	0.5	2.8	6.5	5.7	2.2	1.4	5.6	5.3	-	-
Equity ratio, %	43.8	42.5	41.5	41.1	38.6	34.5	35.4	32.5	34.0	37.0	37.7
Net debt/equity ratio, times	0.4	0.4	0.7	0.7	0.7	0.9	0.9	1.1	0.9	-	-
Average number of employees	8,311	9,133	10,249	10 296	10 350	10,552	10,552	12,671	12,830	12,833	12,230

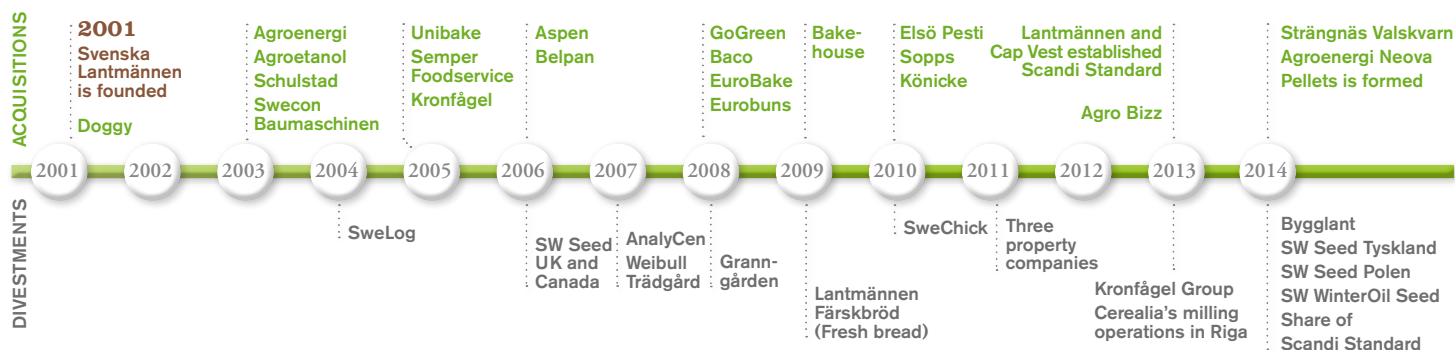
<sup>1)</sup> Restated for discontinued operation Lantmännen Finance Ireland.

Excl. items affecting comparability	2014	2013	2012	2011	2010	2009	2009	2008	2007	2006	2005
Operating income, MSEK	851	805	747	1 063	1 223	588	588	1 032	718	346	
Operating margin, %	2.6	2.4	2.0	2.8	3.4	1.7	1.7	2.4	2.0	1.1	
Income after financial items, MSEK	740	683	565	841	946	215	215	622	470	199	
Return on equity, %	5.1	4.4	4.2	5.9	7.8	2.2					
Return on operating capital, %	5.3	4.7	4.1	5.7	6.5	2.8					

CONDENSED STATEMENTS OF CASH FLOWS MSEK	IFRS						Swedish GAAP				
	2014	2013	2012	2011	2010	2010	2009	2008	2007	2006	2005
Cash flow from operating activities before changes in working capital	1,362	1,570	1,358	1 655	2 131	2 131	1,138	1,153	1,454	1,317	1,223
Cash flow from changes in working capital	405	724	-375	-640	26	26	2,417	-730	-1,235	-764	1,053
Cash flow from investments in property, plant and equipment and intangible assets, net	-697	-862	-1,163	-160	-684	-684	-1,328	-2,284	-2,112	-1,427	-1,007
<b>Cash flow from operations</b>	<b>1,070</b>	<b>1,432</b>	<b>-180</b>	<b>855</b>	<b>1 473</b>	<b>1 473</b>	<b>2,227</b>	<b>-1,861</b>	<b>-1,893</b>	<b>-874</b>	<b>1,269</b>
Cash flow from acquisitions and divestments of operations, net <sup>1)</sup>	1,065	1,196	0	0	-105	-105	9	-1,060	423	-1,108	-77
Cash flow from financing activities	2,077	2,450	-222	876	2,692	2,692	2,272	-2,776	-1,103	-1,205	2,000
Cash flow for the year	778	1,943	-379	-128	512	512	131	-233	-400	-640	552
Cash and cash equivalents at end of year	3,058	2,295	352	739	869	869	391	269	484	875	1,539

<sup>1)</sup> 2014 includes acquisition of 100 percent of Strängnäs Valskvarn, sale of shares in Scandi Standard and divestment of Lantmännen Lantbruk's German and Polish plant breeding and seed operations (SW Seed Poland, SW Seed, Germany, SW Winter Oil Seed).  
 2013 includes acquisition of 46 percent of Scandi Standard and divestment of Kronfågel Group and Rīgas Dzīrnavnieks.  
 2010 includes acquisition of 37 percent of Bakehouse and divestment of SweChick, Ecobrånslé and Conagri.  
 2009 includes acquisition of 38 percent of Bakehouse and divestment of Lantmännen Färskröd in Sweden.  
 2008 includes acquisition of Euro-Bake, Eurobuns and Baco and divestment of Weibull Trädgård and Granngård.  
 2007 includes acquisition of the minority in Kronfågel and divestment of Analycen.  
 2006 includes acquisition of Belpan Group and Aspen.

## The Group's major acquisitions, divestments and partnerships



Svenska Lantmännen was formed through the merger of nine associations and SLR. Over the last 10 years, Lantmännen has streamlined the organization through acquisitions and divestments in order to concentrate on the core business.

# How to read the Income Statement

The income statement summarizes the year's finances, showing all income and expenses from operations contributing to net income for the year.

## Sales

This is where you will find the Company's total sales

## Expenses

The costs of producing and selling goods and services are shown here.

## Operating income

This shows whether sales are profitable.

## Financial items

Income or expenses associated with loans, investments, shares, securities, etc.

## Earnings

This is also called net income and shows profit after tax.

The statement of comprehensive income is based on net income for the year, plus all other changes in equity during the year from non-owner transactions. Owner transactions are summarized under Other comprehensive income.

## Other comprehensive income

OCI shows the fair value remeasurement of balance sheet items and exchange gains and losses. These count as income/expense and are part of the Group's comprehensive income for the year. OCI is added to equity and is the amount that can be distributed to owners.

## Total comprehensive income

This shows the results of the year's operations and remeasurements. The amount increases or reduces the Group's equity.

## Consolidated income statement

MSEK	2014	2013
<b>Net sales</b>	<b>32,666</b>	<b>33,802</b>
Other operating income	1,187	816
Changes in inventories of finished goods and work in progress	-15	-241
Capitalized work for own account	2	6
Raw materials and consumables	-12,312	-13,332
Merchandise	-8,894	-8,121
Employee benefits expense	-4,741	-4,938
Depreciation, amortization and impairment	-1,103	-2,104
Other operating expenses	-5,439	-5,939
Share of income of companies, accounted for using the equity method	102	140
<b>Operating income</b>	<b>1,453</b>	<b>89</b>
Finance income	118	333
Finance costs	-229	-337
<b>Income after financial items</b>	<b>1,342</b>	<b>85</b>
Taxes	-117	15
<b>Net income for the year</b>	<b>1,225</b>	<b>100</b>
<b>Net income for the year attributable to:</b>		
Members of the economic association	1,217	100
Non-controlling interests	8	0

## Consolidated statement of comprehensive income

MSEK	2014	2013
<b>Net income for the year</b>	<b>1,225</b>	<b>100</b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to the income statement</i>		
Actuarial gains and losses on defined benefit pension plans	-313	307
Tax on actuarial gains and losses	70	-68
<b>Total</b>	<b>-243</b>	<b>239</b>
<i>Items that will be reclassified to the income statement</i>		
Available-for-sale financial assets, net of tax	24	-119
Cash flow hedges, net of tax	7	8
Exchange differences on translation of foreign operations	209	92
Net gain on hedge of net investment in foreign operations, net of tax	-174	-86
Tax attributable to items that will be reclassified	37	44
<b>Total</b>	<b>103</b>	<b>-61</b>
<b>Other comprehensive income, net of tax</b>	<b>-140</b>	<b>178</b>
<b>Total comprehensive income</b>	<b>1,085</b>	<b>278</b>
<b>Total comprehensive income attributable to:</b>		
Members of the economic association	1,077	278
Non-controlling interests	8	0



# How to read the Statement of Financial Position

The statement of financial income provides a picture of existing assets and how they have been financed. The value of total assets is always equal to the value of the liabilities. Liabilities consist of liabilities to owners, equity and other liabilities.

## Non-current assets

Non-current assets are assets that are used or owned for more than one year and contribute to the company's value growth. This is where we find the value of tangible assets (factories, other property, machinery, equipment, etc.) and intangible assets (non-physical assets, e.g. goodwill, purchased trademarks and patents). Goodwill is the portion of the purchase price of a subsidiary that cannot be attributed to other assets and mainly reflects anticipated synergies and staff skills. Non-current assets is also where we find the value of our share in the equity of joint ventures and associates (20-50 percent ownership).

## Current assets

Current assets are assets held for sale or used in the business. These are assets that are consumed in a short time and can readily be converted to cash. This is where we find the value of goods still in stock, and our receivables from customers for products and services sold but not yet paid for. Cash and cash equivalents, mainly bank deposits, are reported under current assets.

## Equity

Equity shows the existing net assets (assets – liabilities) belonging to the owners and on which they expect a return. Lantmännen's overall financial goal is to provide a long-term return of 8 percent on this equity over a business cycle and with the corresponding business portfolio. The result used to calculate the return is "Net income for the year" in the consolidated income statement. Member contributions, both paid-in and issued, are an important component of equity. Other capital is amounts earned over the years in the parent association and Lantmännen companies; this is not distributed to members but is used as financing for assets that will generate future earnings.

## Liabilities

Liabilities are divided into non-current and current liabilities, which is a way of denoting the length of time before they are due for settlement.

## Consolidated statement of financial position

MSEK	2014 Dec 31	2013 Dec 31
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,612	7,040
Investment properties	566	297
Goodwill	2,915	2,594
Other intangible assets	752	814
Holdings accounted for using the equity method	1,512	1,460
Non-current financial assets	918	782
Deferred tax assets	322	223
Other non-current assets	10	77
<b>Total non-current assets</b>	<b>13,607</b>	<b>13,287</b>
<b>Current assets</b>		
Inventories	5,379	5,249
Trade and other receivables	4,723	4,866
Current interest-bearing assets	345	288
Current tax assets	19	16
Cash and cash equivalents	3,058	2,295
<b>Total current assets</b>	<b>13,524</b>	<b>12,714</b>
<b>TOTAL ASSETS</b>	<b>27,131</b>	<b>26,001</b>
<b>MSEK</b>		
	2014 31 dec	2013 31 dec
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Member contributions	1,977	1,903
Other contributed capital	2,625	2,602
Reserves	-65	-168
Retained earnings	7,322	6,679
<b>Total equity attributable to members of the economic association</b>	<b>11,859</b>	<b>11,016</b>
Non-controlling interests	17	28
<b>Total equity</b>	<b>11,876</b>	<b>11,044</b>
<b>Non-current liabilities</b>		
Non-current interest-bearing liabilities	2,600	4,334
Provisions for pensions	517	168
Deferred tax liabilities	200	151
Other non-current provisions	227	249
Other non-current liabilities	54	37
<b>Total non-current liabilities</b>	<b>3,598</b>	<b>4,939</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	4,601	3,546
Trade and other payables	6,573	6,212
Current tax liabilities	59	58
Current provisions	424	202
<b>Total current liabilities</b>	<b>11,657</b>	<b>10,018</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>27,131</b>	<b>26,001</b>

# How to read the Statement of Cash Flows

## Operating activities

Operating activities are net income for the year plus non-cash items, i.e. items that are not cash inflows or outflows but accounting costs. For example, depreciation and capital losses reduce earnings but do not involve a payment. Taxes paid during the year are deducted. Adjustments are also made for changes in inventories, current receivables (mainly trade receivables) and current liabilities (mainly trade payables).

## Investing activities

Investing activities show cash outflows for various investments and inflows from sales of operations, non-current assets or financial investments. Unlike the income statement, this shows the full year's payments for an investment – e.g., a company acquisition is not a cost in the income statement, and an asset's cost is divided using depreciation, based on the asset's estimated useful life.

## Financing activities

Financing activities show how activities and investments are funded if cash flow from operating activities is insufficient. They also show payments (e.g., dividends to owners or loan repayments) to the parties funding the activities.

## Consolidated statement of cash flows

MSEK	2014	2013
<b>OPERATING ACTIVITIES</b>		
Operating income	1,453	89
Adjustment for non-cash items <sup>1)</sup>	166	1,681
	<b>1,619</b>	<b>1,770</b>
Financial items paid	-180	-96
Taxes paid	-77	-104
<b>Cash flow from operating activities before changes in working capital</b>	<b>1,362</b>	<b>1,570</b>
<i>Cash flow from changes in working capital</i>		
Change in inventories	-165	208
Change in operating receivables	265	181
Change in operating liabilities	305	335
	<b>405</b>	<b>724</b>
<b>Cash flow from operating activities</b>	<b>1,767</b>	<b>2,294</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of operations	-338	-347
Divestment of operations	1,403	1,543
Investment in property, plant & equipment	-1,006	-961
Investment in intangible assets	-81	-82
Sale of property, plant & equipment and intangible assets	390	181
Change in financial investments	-58	-178
<b>Cash flow from investing activities</b>	<b>310</b>	<b>156</b>
<b>Cash flow before financing activities</b>	<b>2,077</b>	<b>2,450</b>
<b>FINANCING ACTIVITIES</b>		
Change in loans	-1,069	-353
Paid-in contributed capital	138	103
Refunded capital contribution	-64	-49
Dividend paid	-304	-208
<b>Cash flow from financing activities</b>	<b>-1,299</b>	<b>-507</b>
<b>Cash flow for the year</b>	<b>778</b>	<b>1,943</b>
Cash and cash equivalents at beginning of year	2,295	352
Exchange gains/losses	-15	0
<b>Cash and cash equivalents at end of year</b>	<b>3,058</b>	<b>2,295</b>
MSEK		
2014		
2013		
<sup>1)</sup> Adjustment for non-cash items		
Depreciation, amortization and impairment of non-current assets	1,103	2,104
Share of income of joint ventures/associates	-86	-109
Capital gains on sale of non-current assets and operations	-801	-384
Other items	-50	70
<b>Total</b>	<b>166</b>	<b>1,681</b>

# Addresses



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## **Good food from Lantmännen**

The green sprout emblem on our packaging guarantees responsibly produced food. Food that we make an effort to provide in a sustainable manner, from field to fork.

Read more about good food on [www.lantmannen.se/en](http://www.lantmannen.se/en)

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Lantmännen has chosen to support We Effect. We Effect is a development cooperation organization that acts and works with a long-term approach in order to effect change.  
Help to self-help is We Effect's guiding principle.

