

# Lantmännen Year-end Report January-December

# 2013



**“ Together we take  
responsibility from  
field to fork**

  
Lantmännen



Lantmännen is one of the largest agriculture, machinery, energy and food groups in the Nordic region. Examples of our brands are AXA, Kungsörnen, GoGreen, Hatting, Schulstad and Gooh. Owned by 32,000 Swedish farmers, we have 8,500 employees, a presence in some 20 countries and revenues of SEK 33 billion. Our company is founded on knowledge and values built up through generations of owners. With research, development and operations throughout the chain, together we are able to take responsibility from field to fork.

To read more, go to [www.lantmannen.se/en](http://www.lantmannen.se/en)

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### Notice of Annual General Meeting

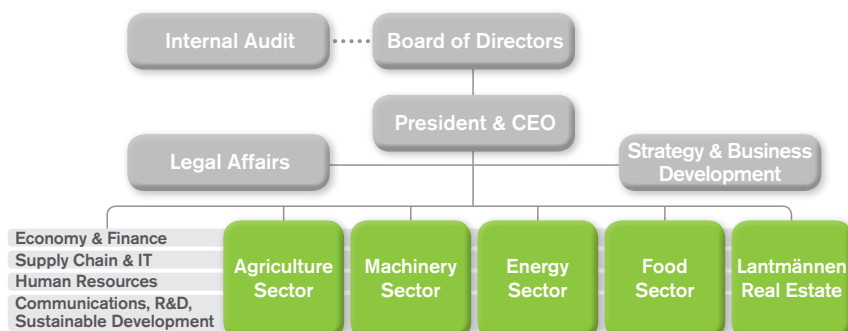
The Annual General Meeting will be held at the Hilton Stockholm Slussen Hotel, Guldgränd 8, Stockholm, on Thursday May 15, 2014.

### Financial reporting and publication orders

With effect from January 1, 2013, Lantmännen reports on a four-monthly basis rather than quarterly as previously. Interim Report 1st four months • June 4, 2014. Interim Report 2nd four months • Oct 1, 2014

The Annual Report including Sustainability Report, Appendix – Sustainability-Related Indicators, interim reports and other reports are available in English and Swedish. All reports can be downloaded from [www.lantmannen.se/ekonomi](http://www.lantmannen.se/ekonomi)

### Lantmännen's organization



# President's overview of the year

“Improved underlying operating income, strong cash flow and a further strengthening of our financial position despite impairment of MSEK 800 at Agroetanol.”

Lantmännen's income after net financial items, adjusted for items affecting comparability, for 2013 was MSEK 683 – an improvement of MSEK 118 compared with the previous year. The higher income was mainly due to profitability improvements in the Food Sector, and a significantly better net financial income.

Items affecting comparability for the year had an adverse effect of MSEK 598 on income. The largest of these included an impairment loss of MSEK 800 on the value of the ethanol plant in

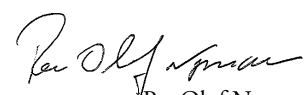
Norrköping and a capital gain of MSEK 425 on the sale of Lantmännen Kronfågel. Lantmännen's income after net financial items, including these items, was MSEK 85.

The impairment of the value of the Norrköping ethanol plant is the effect of parliament's decision to introduce new policy instruments for biofuels in Sweden in May 2014, as well as uncertainty regarding long-term energy and climate policies in Sweden and the EU, which dramatically worsen the long-term prospects for the business. The market also has an oversupply of ethanol, partly as a result of increased production in Europe and lower consumption. In view of these factors, Lantmännen's Board decided to recognize an impairment loss of MSEK 800. The total amount has been charged to the income statement for 2013, and has no impact on Lantmännen's cash flow.

In 2013, Lantmännen Kronfågel was sold to the newly formed company Scandinavian Standard, in which Lantmännen has a 46 percent holding. The transaction generated a capital gain of MSEK 425 and reduced Lantmännen's net debt by more than SEK 1 billion. The transaction

also presents the opportunity for future added value for Lantmännen as a joint owner of Scandinavian Standard.

Cash flow amounted to SEK 2.5 billion during the year, mainly due to the Kronfågel sale and lower working capital. The Group's net debt declined by approximately SEK 2.3 billion during the year and currently stands at approximately SEK 5.4 billion. This resulted in a stronger equity ratio, which ended the year at 42.5 percent, its highest level in over 10 years. The improved financial position has enabled the Board to propose to the Annual General Meeting that an increased dividend, totaling MSEK 298, be paid to Lantmännen's owners.

  
Per Olof Nyman  
President & CEO, Lantmännen



## 2013 in brief

MSEK	2013	2012
Income after financial items adjusted for items affecting comparability	683	565
Agroetanol impairment	-800	-
Kronfågel capital gain	425	-
Other non-recurring items	-223	-62
Recognized income after financial items	85	503
Recognized operating income	89	685
Income after tax	100	412
Cash flow before financing activities	2,450	-222
Equity ratio	42.5 %	41.5 %

# The year in brief January-December 2013

(From 2013, Lantmännen publishes interim reports every four months. Previously unpublished values for the previous year's four-month periods have been prepared and are included in the report.)

**Net sales** for the Group amounted to MSEK 10,752 (12,569) for the four-month period and 33,802 (36,526) for the full year 2013. After adjustment for divested operations, net sales were 6 percent lower for the period and 2 percent lower for the full year 2013.

**Operating income** after adjustment for items affecting comparability amounted to MSEK 279 (345) for the four-month period and MSEK 805 (747) for the full year. Items affecting comparability totaled MSEK -804 (2) for the period and MSEK -716 (-62) for the full year. Impairment of Agroetanol's plant in Norrköping was the largest item, totaling MSEK 800. Operating income including these items was MSEK -525 (343) for the period and MSEK 89 (685) for the full year.

**Income after financial items** after adjustment for items affecting comparability amounted to MSEK 249 (291) for the four-month period and MSEK 683 (565) for the full year. Net financial income was affected by a one-time capital gain of MSEK 118 on the sale of



investment shares. Income after financial items including items affecting comparability was MSEK -555 (289) for the period and MSEK 85 (503) for the full year.

**Cash flow before financing activities** was MSEK 453 (121) for the four-month period and MSEK 2,450 (-222) for the full year.

**Investments** amounted to MSEK 333 (516) for the four-month period and MSEK 1,043 (1,292) for the full year.

**Dividend** The Board has decided to pay a dividend in the form of a 1.5 (1.25) percent refund on 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 (1.25) percent will be paid for delivered grain, oilseed and grass seed. The total refund and final price adjustment is estimated at MSEK 127 (120). The Board of Directors proposes that the Annual General Meeting approve a 9 (5) percent dividend on contributed capital, totaling MSEK 171 (88), and a contribution issue of MSEK 0 (80). In total, the proposed contribution dividend and contribution issue amount to 9 (9) percent of the association's contributed capital, despite the lack of a contribution issue in 2013. The proposed dividend on subordinated debentures is 3.0 (3.75) percent, a total of MSEK 2 (2).

## Lantmännen's key figures

	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec
Net sales, MSEK	10,752	12,569	33,802	36,526
Operating income, MSEK	-525	343	89	685
Operating margin, %	-4.9	2.7	0.3	1.9
Income after financial items, MSEK	-555	289	85	503
Net income for the period, MSEK	-517	205	100	412
Cash flow before financing activities, MSEK	453	121	2,450	-222
Return on equity, %	-13.3	5.6	0.9	3.8
Return on operating capital, %	-9.5	5.5	0.5	3.8
Total assets, MSEK			26,001	26,367
Equity ratio, %			42.5	41.5
Investments, MSEK	333	516	1,043	1,292
Net debt, MSEK			4,963	7,506
Interest coverage ratio, times			1.3	2.2
Average number of employees			9,133	10,249
Operating income, excluding items affecting comparability, MSEK	279	345	805	747
Income after financial items, excluding items affecting comparability, MSEK	249	291	683	565

# Business environment, sales and earnings

## Business environment & market

The global economy began a gradual recovery in 2013, although this is progressing more slowly than many analysts expected. However, Scandinavia developed a little better than other parts of Europe. Growth forecasts for Europe in 2014 remain weak, although the outlook appears somewhat better for the Nordic countries. There are positive indicators that markets in the United States and Japan will recover at a slightly faster pace in 2014. Grain prices were relatively stable during the last four months of 2013.

There was a larger supply of wheat at the end of the year than in the previous year, and the crops that were planted for harvest in 2014 are in generally good condition in the major producing areas. This has resulted in price pressure.

At the end of 2013, LRF Dairy Sweden reported that the international dairy market had shown stable growth during summer and fall. Good demand in the global market resulted in high global market prices for dairy products. In Sweden, the settlement price for milk rose gradually during the year. The global supply of milk is increasing, although exceptionally high demand from the world's biggest importer, China, more than offsets the increase. Industry analysts expect the increased demand from China to continue in 2014.

The total market for farm machinery

continued to decline in 2013, and the weak economy had a clear impact on the willingness to invest in agriculture throughout the year. Tractor sales in Sweden, for example, fell by 11 percent. However, there were some signs again of a slight increase in demand in the latter part of the year.

There was a significant decline in growth in the Nordic mining industry in 2013. Listed Nordic mining companies have experienced a sharp decline in market capitalization, and this is particularly the case for young companies engaged in exploration. Lower demand, particularly from China, has led to falling commodity prices, which in turn means reduced investments in machinery. An upturn in base metal prices is not expected until 2015 at the earliest.

It is the Swedish Construction Federation's assessment that the overall Nordic construction industry is gradually improving, and the forecast for 2014 looks better than before. However, demand for farm buildings remains very low. EU investment grants for animal stalls came to an end in 2013, and the matter is currently being investigated by the Government Offices, which means that farmers are holding back on investments.

The price situation in the ethanol market is still difficult, particularly for European producers. The price of ethanol

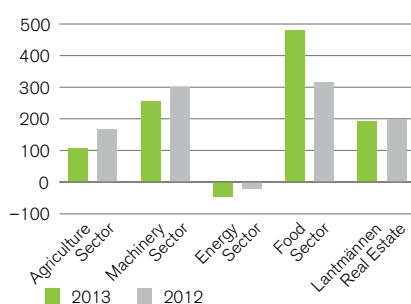
fell sharply in the latter part of 2013. As grain prices did not decline at the same rate, this resulted in an even more unfavorable ethanol-grain price relationship than before. In addition, there is excess supply in Europe at present.

In November, parliament adopted a proposal for a volume-based quota obligation for biofuels, and the legislation comes into force on May 1, 2014. There are also associated changes to the tax and tariff rules for ethanol produced and imported into Sweden. Other countries are investigating corresponding solutions. Germany, for example, has decided instead to introduce a system based on reduction quotas for greenhouse gases – i.e., the actual climate benefits of biofuels – which take effect in 2015. Corresponding rules will also be introduced in Sweden in 2017.

According to Statistics Sweden and HUI Research, retailing showed strong growth in 2013. The year's biggest trends, which persisted during the last four months, were increased demand for discount products, time-efficient and convenient offers, genuine raw products and gluten-free products. Interest in oat-based products is also increasing, as the health effects of oats become more well known. The potential for eastward growth – in Russia and Eastern Europe – is still higher than in other European markets.

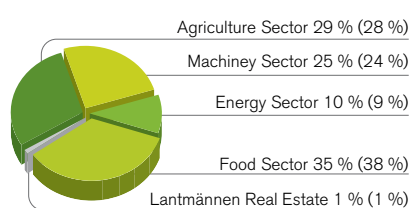
## Operating income, accumulated 2013

Adjusted for items affecting comparability, MSEK

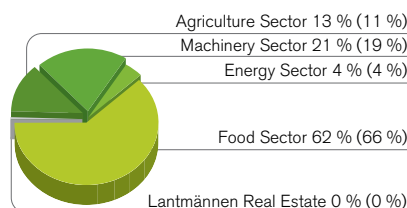


## Distribution of Group's sales

Including intra-Group sales



## Distribution of Group's employees





### The Group's net sales and earnings January-December 2013

#### *Net sales*

Net sales for the third four-month period amounted to MSEK 10,752 (12,569), a decline of 14 percent. Adjusted for the sale of Kronfågel Group, the decline was 6 percent. The Agriculture and Energy Sectors reported reduced net sales, while the Food Sector showed a slight increase.

Net sales for the full year 2013 amounted to MSEK 33,802 (36,526), a decline of 7 percent. Adjusted for divested operations, net sales were 2 percent lower than the previous year. Currency effects had an impact of -1 percent on net sales for the full year, but had no impact on the four-month period.

#### *Operating income*

After adjustment for items affecting comparability, operating income for the four-month period was MSEK 279 (345). Items affecting comparability were MSEK -804 (-2), MSEK 800 of which was an impairment loss on the ethanol plant in Norrköping. The impairment was based on a valuation of the business by reference to future cash flows, the most important factor being parliament's decision to introduce new policy instruments for biofuels. The decision opens the Swedish market to imports of cheaper and less sustainable ethanol (referred to as T1) from the United States, resulting in increased price pressure. The combination of this situation and sharply falling ethanol prices during the last four-month period, due to increased supply and lower demand, has dramatically changed the conditions for the ethanol business.

The impairment of the ethanol plant has not had any effect on current operations or consolidated cash flow for 2013. Operating income for the four-month period was MSEK -525 (343).

After adjustment for items affecting comparability, operating income for the full year was MSEK 805 (747). The improvement was attributable to the Food Sector and a reduction in central administration costs. Net items affecting comparability amounted to MSEK -716 (-62) and consist of impairment of the ethanol plant in Norrköping (MSEK 800), other impairment and restructuring costs (MSEK 279) and profit from the sale of subsidiaries (MSEK 363). Operating income for the full year was MSEK 89 (685).

Currency effects had an impact of MSEK -26 on operating profit for the full year, but had no impact on the four-month period.

#### *Net financial income*

Net financial income for the third four-month period was MSEK -30 (-54). The improvement is largely due to lower borrowing rates and reduced net debt, both of which resulted in improved net interest income compared with the same period the previous year.

After adjustment for items affecting comparability, net financial income for the full year was MSEK -122 (-182). Net financial income was affected by lower borrowing rates, reduced net debt, mainly due to the sale of Kronfågel, and capital gains of MSEK 143 on the sale of investment shares, MSEK 118 of which was non-recurring. Taking into account these items, net financial

income for the full year was MSEK -4 (-182).

#### *Tax and income after tax*

Tax for the year was MSEK +15 (-91). Tax was affected by the fact that income from the sale of subsidiaries is non-taxable and that dividends, including refunds and final price adjustments, from Lantmännen ek för are tax deductible.

The Group's net income after tax for the full year was MSEK 100 (412). MSEK 100 (413) of this figure is attributable to cooperative association members and MSEK 0 (-1) to non-controlling interests (minority owners) in the Group's subsidiaries.

#### *Cash flow*

Cash flow from operating activities during the year was MSEK 2,294 (983). The cash operating surplus contributed MSEK 1,570 (1,358) to the figure, while the change in working capital had a positive effect of MSEK 724 (-375).

The year's investments in non-current assets were MSEK -1,043 (-1,292) and include an investment in a modern packaging line at the Vejle mill in Denmark. Sales of non-current assets during the year amounted to MSEK 181 (129). Investments in non-current assets during the year amounted to MSEK -862 (-1,163).

Acquisitions and divestments of operations generated a positive net cash flow of MSEK 1,196 (0). Cash flow before financing activities amounted to MSEK 2,450 (-222).

### *Financial position*

Equity amounted to MSEK 11,044 (10,932) at December 31. MSEK 28 (33) of this amount is attributable to owners other than members of the cooperative association, i.e. the minority interest in Group companies. The Group's financial position improved during the year, mainly as a result of the divestment of Kronfågel Group, but also as an effect of lower working capital. Net debt was reduced by MSEK 2,543 to SEK 4,963 (7,506) during the year, with the Kronfågel business contributing approximately 1 billion SEK. Cash & cash equivalents were MSEK 2,295 (352) at December 31. The equity ratio ended the year at 42.5 (41.5) percent. Total assets were slightly lower than at the previous year-end, amounting to MSEK 26,001 (26,367). The impairment loss on the ethanol plant reduced total assets by MSEK 800 and the equity ratio by slightly more than one percentage point.

### **Risks and uncertainties**

All business activity is subject to risk. The risks in Lantmännen's operations are strategic risks associated with trademarks, external regulations, the economy, operational risks (e.g., fluctuating energy, ethanol and commodity prices) and financial risks. The risks are described in detail in the Annual Report.

The main uncertainty concerning Lantmännen's operations and earnings still relates to the profitability of Lantmännen Agroetanol, which is highly dependent on ethanol price trends and the price of grain. If the liter price of ethanol changes by SEK 1, annual earnings will be affected by just over MSEK 200 at constant prices for inputs and feed. It is estimated that a change of SEK 0.50 per kilo change in the price of grain will affect annual earnings by approx. MSEK 200, provided the price of feed correlates with the price of grain.

### **Changes in the Group**

In October, the Agriculture Sector acquired the Danish agricultural company Agro Bizz A/S. The company's activities include trading in grain and sales of agricultural products. The company operates in Odense and achieved a turnover of MDKK 200 in 2012. The acquisition

has secured an increased presence for Lantmännen in the Danish market.

In spring 2013, Lantmännen and the UK investment company CapVest formed a company called Scandinavian Standard AB, which operates in the Scandinavian chicken market. Lantmännen sold Kronfågel Group in Sweden and Denmark to Scandinavian Standard in June 2013. At the same time, Scandinavian Standard acquired Cardinal Foods in Norway from CapMan of Finland. Lantmännen has a 46 percent ownership share and holds 48 percent of the votes in the new group of companies, which has an annual turnover of over SEK 5 billion.

Lantmännen's divestment of Kronfågel Group resulted in a capital gain of MSEK 425 and a reduction in net debt of approx. SEK 1 billion, also taking into account the acquisition of Scandinavian Standard. The proceeds from the divestment of Kronfågel Group amounted to SEK 1.3 billion. Kronfågel Group's annual turnover has been approx. SEK 3.5 billion, with total assets of SEK 1.7 billion, including liabilities of approx. SEK 0.9 billion. The average annual number of employees was about 1,200. Kronfågel Group's cash and cash equivalents at the transaction date represented an insignificant amount.

Scandinavian Standard is accounted for as an associate, which means that Lantmännen's share of that company's income after tax is recognized in operating income. The investment in Scandinavian Standard has had an impact of SEK 0.2 billion on total assets. The change has affected the Food Sector.

The Latvian milling operations were divested to JSC Malsena Plius in March. The divestment had a marginal effect on the Group's net sales and total assets, and a positive impact on the Group's net debt. The sale generated a capital loss of MSEK 62. The change has affected the Food Sector.

### **Other important events**

Johan Andersson, former CEO of the slaughterhouse business KLS Ugglarps, part of Danish Crown, was appointed new Head of the Agriculture Sector from January 1, 2014.

An agreement was signed in September for the acquisition of 50 percent

of the shares in the Polish agricultural company HaGe Polska. The company is a merchant of grain and other inputs in the Polish agricultural market and had a turnover corresponding to SEK 1.1 billion in 2012. The acquisition is subject to the approval of the competition authority, which has not yet been obtained.

During the year, Lantmännen Agroetanol and AGA Gas AB established a jointly-owned company, in order to build a facility to utilize and purify carbon dioxide from Lantmännen Agroetanol's Norrköping plant. Lantmännen's ownership share is 9.9 percent. The plant is expected to be taken into operation in the middle of 2014.

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

Lantmännen and Neova AB have signed an agreement on merging their wood pellet activities. The combined company consists of Lantmännen's pellet business in Sweden and Latvia and Neova's corresponding business in Sweden. The company will have an annual turnover of approx. SEK 1 billion and about 160 employees. Lantmännen will have a 50 percent ownership share in the company. The transaction is expected to be implemented during the first half of 2014 after approval from the relevant competition authorities.

### **Human resources**

The Average number of employees during the year was 9,133 (10,249), while the number of full-time employees at December 31 was 8,456 (9,867). The decrease is mainly due to the sale of Kronfågel Group and the mill operations in Latvia, but is also a result of efficiency measures in the Food Sector.

## Agriculture Sector

<i>Agriculture Sector</i>	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec	Change Jan-Dec
Net sales, MSEK	3,282	4,039	10,294	10,870	-5 %
Operating income, MSEK	15	56	67	165	-98
Operating margin, %	0.5	1.4	0.7	1.5	
Return on operating capital, %	1.0	3.7	1.7	4.3	
Operating income, adjusted for items affecting comparability, MSEK	20	56	105	165	-60
Operating margin, adjusted for items affecting comparability, %	0.6	1.4	1.0	1.5	
Return on operating capital, adjusted for items affecting comparability, %	1.4	3.7	2.6	4.3	
Average number of employees			1,118	1,133	-1 %
<i>Lantmännen Lantbruk Sweden</i>					
Net sales, MSEK	3,065	3,802	9,817	10,240	-4 %
Operating income, MSEK	-48	23	12	102	-90
Operating margin, %	-1.6	0.6	0.1	1.0	
Return on operating capital, %	-4.6	2.0	0.4	3.6	
Operating income, adjusted for items affecting comparability, MSEK	-44	23	49	102	-53
Operating margin, adjusted for items affecting comparability, %	-1.4	0.6	0.5	1.0	
Return on operating capital, adjusted for items affecting comparability, %	-4.2	2.0	1.7	3.6	
Average number of employees			965	964	0 %

The Agriculture Sector's net sales for the third four-month period and the full year 2013 declined compared with the previous year, largely as a result of lower sales volumes and generally low grain prices. Lantmännen Lantbruk Sweden was responsible for the majority of the decline.

Operating income after adjustment for items affecting comparability was MSEK 20 (56) for the four-month period and MSEK 105 (165) for the full year. The decline in the third four-month period was partly due to reduced harvest handling income and partly due to an earlier 2013 harvest than in the previous year, which meant that the results were reported in the second four-month period. Earnings were also affected by costs associated with the

relocation of feed production from Helsingborg to Falkenberg.

Major logistics problems with soy shipments from Brazil put profitability in the feed business under pressure during the year, and the shortage of this raw material has resulted in increased purchase costs and commodity prices. The fertilizer market was cautious towards the end of the year, resulting in lower volumes and price pressure.

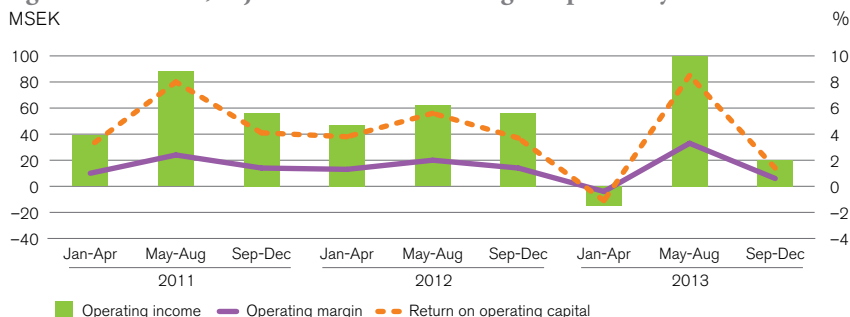
Lantmännen Lantbruk Sweden has focused strongly on completing the work of the "ONE Approach" improvement program, both during the third four-month period and the full year. Delivery performance during the year – both at harvest time and in deliveries to customers – has been good. The process of introducing a new sales organization in Swe-

den has been completed. Efforts aimed at obtaining the full effect of the rationalization are continuing in 2014, and there is a strong focus on improved service and increased proximity to the customer.

Earnings for SW Seed's international operations in the four-month period were better than in the previous year, mainly due to increased license revenue for winter wheat in Germany and Poland. Earnings for the full year 2013 were in line with the previous year. The same applies to earnings for international interests, which are affected by the same market conditions as the Swedish operations, namely price pressure for feed and fertilizer.

Johan Andersson took over as the new Head of the Agriculture Sector on January 1, 2014.

**Agriculture Sector, adjusted for items affecting comparability**  
MSEK





## Machinery Sector

	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec	Change Jan-Dec
<i>Machinery Sector</i>					
Net sales, MSEK	3,133	3,220	8,934	9,146	-2 %
Operating income, MSEK	126	154	255	300	-45
Operating margin, %	4.0	4.8	2.9	3.3	
Return on operating capital, %	17.0	18.6	11.5	12.9	
Operating income, adjusted for items affecting comparability, MSEK	126	154	255	300	-45
Operating margin, adjusted for items affecting comparability, %	4.0	4.8	2.9	3.3	
Return on operating capital, adjusted for items affecting comparability, %	17.0	18.6	11.5	12.9	
Average number of employees			1,813	1,830	-1 %
<i>Lantmännen Maskin Sweden</i>					
Net sales, MSEK	956	969	2,766	2,916	-5 %
Operating income, MSEK	1	-18	-13	-36	23
Operating margin, %	0.1	-1.9	-0.5	-1.2	
Return on operating capital, %	0.2	-6.7	-1.7	-4.6	
Operating income, adjusted for items affecting comparability, MSEK	1	-18	-13	-36	23
Operating margin, adjusted for items affecting comparability, %	0.1	-1.9	-0.5	-1.2	
Return on operating capital, adjusted for items affecting comparability, %	0.2	-6.7	-1.7	-4.6	
Average number of employees			723	733	-1 %

The Machinery Sector's net sales were a little lower than in the previous year, both for the third four-month period and the full year 2013. This is largely due to continuing caution in the total market for farm and construction machinery, with a general decline in sales. The largest deviations in the Sector's sales compared with the previous year were in Sweden, in both farm and construction machinery.

The Sector's operating income was also somewhat lower than in the previous year, both for the four-month period, which was MSEK 126 (154), and the full year, which was MSEK 255 (300). This is primarily the result of the decline in sales. The lower demand during the year was partly offset by initiated and implemented improvement projects, as well as new concepts in the servicing and parts segments.

The tractor market in Sweden has declined over a long period. Tractor sales in 2013 were 11 percent lower than in 2012 and almost 24 percent lower than in 2011.

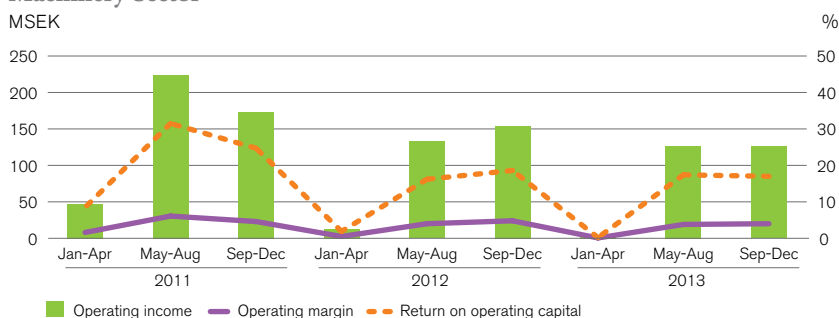
Valtra is still the market leader and continued to strengthen its market share during the year, despite the falling market. Milk producers showed improved profitability during the year, although the level of investment in agriculture remains relatively low. However, a certain increase in market activity in Sweden was noted at the end of the year.

A comprehensive action program is in progress at Lantmännen Maskin aimed at improving the business, with a particular focus on customer service and customer satisfaction. This is a lengthy initiative, but several positive effects have already been seen in 2013. These

include improved supplier relationships, clearer communication with customers and online parts sales. The action program improvements are also reflected in operating income for the year, which is better than the previous year despite a smaller overall market.

Operating income for Swecon is at a historically high level, even though the level of activity is low in the building/construction and mining industry in Sweden and Germany. The operations continue to perform well. Swecon continues to gain market share, net sales in the engineering segment have increased during the year and the rental equipment business continues to increase, notably in Germany.

### Machinery Sector



# Energy Sector

<i>Energy Sector</i>	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec	Change Jan-Dec
Net sales, MSEK	1,130	1,288	3,723	3,615	3 %
Operating income, MSEK	-791	77	-846	-21	-825
Operating margin, %	-70.0	6.0	-22.7	-0.6	
Return on operating capital, %	-119.6	10.3	-40.5	-0.9	
Operating income, adjusted for items affecting comparability, MSEK	9	77	-46	-21	-25
Operating margin, adjusted for items affecting comparability, %	0.8	6.0	-1.2	-0.6	
Return on operating capital, adjusted for items affecting comparability, %	1.3	10.3	-2.2	-0.9	
Average number of employees			345	344	0 %

The Energy Sector's net sales showed a marginal increase and are largely in line with the previous year. Operating income after adjustment for items affecting comparability was lower both for the four-month period, which was MSEK 9 (77), and the full year, which was MSEK -46 (-21). This is almost entirely attributable to lower earnings for Lantmännen Agroetanol.

Lantmännen Agroetanol's situation remains very uncertain, with the price of ethanol having fallen sharply during the last four months of the year. Although production efficiency at the ethanol plant continues to improve, profitability is being hit by the combination of political decisions and the already unfavorable ethanol price situation. The future market remains very unpredictable. In particular, parliament's decision to introduce new policy instruments for biofuels in Sweden in May 2014 dramatically changed the playing field. Together, these factors have resulted in an impairment loss of MSEK 800. The impairment was based on a valuation of the business by

reference to estimated future cash flows. The impairment has not had any effect on current operations or consolidated cash flows for 2013, although it has reduced the Sector's total assets.

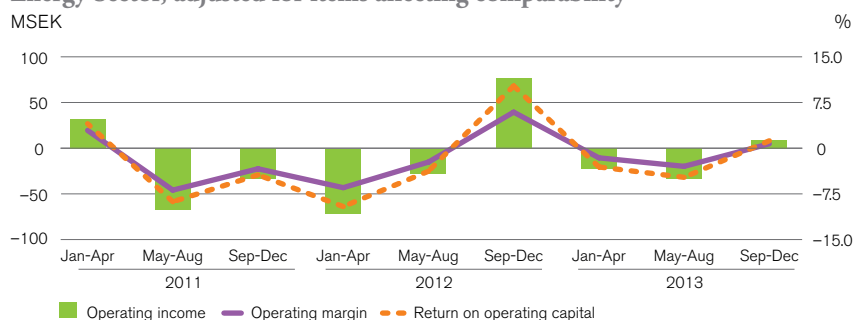
Lantmännen Agroenergi performed well during the year, resulting in a marked improvement in earnings. The business has made a comprehensive effort to reduce costs and increase productivity, while sales have increased as a result of a strong focus on attracting new customers.

Lantmännen Aspen also continues to perform well, and reported slightly better results than in the previous year. After a challenging start to the year due to the late spring, sales improved significantly in the latter part of 2013.

After the end of the year, Lantmännen and Neova AB signed an agreement on merging their wood pellet activities. The combined company consists of Lantmännen's pellet business in Sweden and Latvia and Neova's corresponding business in Sweden. The company will have an annual turnover of approximately

SEK 1 billion and about 160 employees. Lantmännen will have a 50 percent ownership share in the company. The transaction is expected to be implemented during the first half of 2014 after approval from the relevant competition authorities.

Energy Sector, adjusted for items affecting comparability



# Food Sector

<i>Food Sector</i>	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec	Change Jan-Dec
Net sales, MSEK	3,708	4,737	12,593	14,655	-14 %
Operating income, MSEK	138	84	350	252	98
Operating margin, %	3.7	1.8	2.8	1.7	
Return on operating capital, %	5.5	2.8	4.3	2.8	
Operating income, adjusted for items affecting comparability, MSEK	145	85	480	314	166
Operating margin, adjusted for items affecting comparability, %	3.9	1.8	3.8	2.1	
Return on operating capital, adjusted for items affecting comparability, %	5.7	2.9	5.9	3.4	
Average number of employees			5,524	6,608	-16 %

All of the Food Sector's businesses improved their operating income during the year. The Sector's operating income, adjusted for items affecting comparability, was higher than in the previous year, both for the four-month period, which was MSEK 145 (85), and the full year, which was MSEK 480 (314).

However, the key figures for the Food Sector are not fully comparable with the previous year. This is largely due to the sale of Kronfågel Group, which ceased to be consolidated in Lantmännen's accounts with effect from June 2013. In addition, Cerealia's milling operations in Latvia were sold in March 2013. The divestments have reduced the Sector's total assets by approx. SEK 1.8 billion.

Lantmännen Cerealia was very successful in improving cost efficiency for the entire business in 2013, and continued the positive trend from 2012. The improvements consist of both restructuring and an increased focus on transparency and communication between the different parts of the organization.

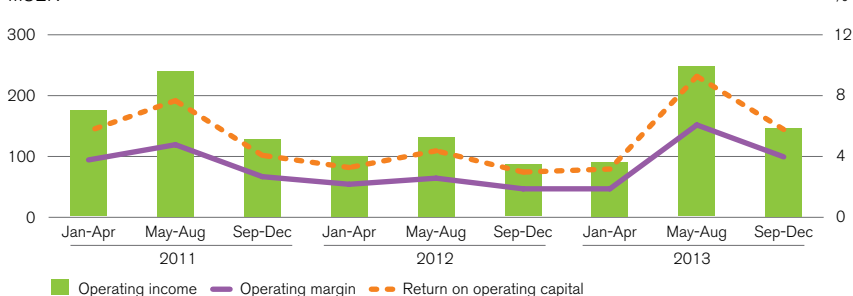
The new packaging line at the Vejle mill in Denmark has worked very efficiently, resulting in further savings. Several new products were launched during the year, including oatflakes with apple and cinnamon, mix products from Kungsörnen and organic vegetables in eco-friendly packaging from GoGreen. Gooh's operations continue to develop well. Market volumes have declined a little in most of Cerealia's categories. Sales of high-carb foods remained under pressure during the year, while demand for protein-rich foods increased. Market competition continues to be strong, both from private labels and more established brands and products.

At Lantmännen Unibake the effects of the new, more efficient organization started to be noticed during the year. Operating income is significantly higher than in the previous year, primarily due to a marked improvement in the UK business, where a comprehensive improvement program was implemented during the year, mainly aimed at production efficiency. Unibake's sales in

emerging markets, particularly Russia, and in the United States continue to show positive growth. In Denmark and Germany, efforts to exploit synergies from operations and improve production efficiency continue, and are aimed at addressing the strong price competition and reduced market demand. In the fall, it was decided to make staff cutbacks in Örebro and Mantorp as a result of a new investment that streamlines the process flow. A total of about 60 individuals, including 55 union workers, were affected.

Lantmännen Doggy was very successful with production and cost efficiency measures and also produced an improved sales mix. Doggy's operating income was higher than in the previous year, both for the four-month period and the full year.

**Food Sector, adjusted for items affecting comparability**  
MSEK



# Lantmännen Real Estate

<i>Lantmännen Real Estate</i>	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec	Change Jan-Dec
Net sales, MSEK	111	126	364	344	6 %
Operating income excluding sale of properties, MSEK	50	50	149	140	9
Operating income, MSEK	78	70	190	198	-8
Return on operating capital, adjusted for sale of properties, %	13.5	15.4	13.9	14.5	
Average number of employees			26	22	18 %

With effect from 2013, Lantmännen's real estate activities are reported as one segment. The real estate activities were previously reported under "Other operations".

Over the last few years, Lantmännen Real Estate has evolved from an internal service function into a commercial business with responsibility for its own results. 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.

Lantmännen Real Estate's net sales were at roughly the same level as the previous year, both for the four-month period and the full year. Operating income was also in line with the previous year, and amounted to MSEK 78 (70) for third four-month period and MSEK 190 (198) for the full year 2013.

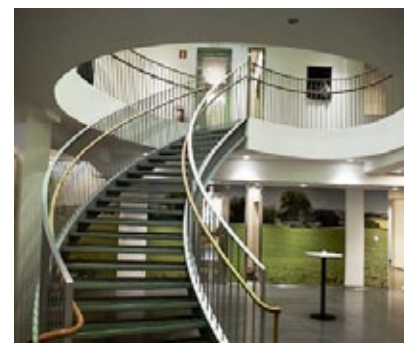
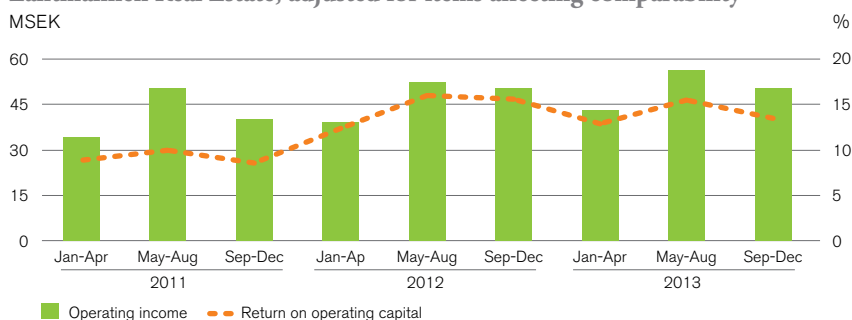
Net operating income was slightly better than the previous year, mainly due to lower costs associated with snow removal as a result of the mild start to the winter in Sweden.

Property sales vary from year to year and capital gains were lower in 2013 than in 2012.

During the year, Lantmännen Maskin's and Swecon's facility in Örebro was completed and officially opened after renovation and conversion. This was Lantmännen Real Estate's single largest investment in 2013. In the third four-month period, Lantmännen Real Estate also acquired a newly built food property in Svedala with a long term rental contract.

The Sector is placing an increased focus on developing properties in the commercial sector.

Lantmännen Real Estate, adjusted for items affecting comparability  
MSEK



## Condensed consolidated income statement

MSEK	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec
<b>Net sales</b>	<b>10,752</b>	<b>12,569</b>	<b>33,802</b>	<b>36,526</b>
Other operating income	196	254	816	423
Changes in inventories of finished goods and work in progress	-376	-196	-241	409
Capitalized work for own account	3	1	6	2
Raw materials and consumables	-4,008	-5,049	-13,332	-14,961
Agricultural commodities	-2,423	-3,220	-8,121	-9,364
Employee benefits expense	-1,570	-1,767	-4,938	-5,322
Other operating expenses	-1,988	-1,894	-5,939	-5,940
Share of income of associates	67	40	140	97
Depreciation, amortization and impairment	-1,178	-395	-2,104	-1,185
<b>Operating income</b>	<b>-525</b>	<b>343</b>	<b>89</b>	<b>685</b>
Finance income	67	76	333	247
Finance costs	-97	-130	-337	-429
<b>Income after financial items</b>	<b>-555</b>	<b>289</b>	<b>85</b>	<b>503</b>
Tax	38	-84	15	-91
<b>Net income for the period after tax</b>	<b>-517</b>	<b>205</b>	<b>100</b>	<b>412</b>
<b>Net income for the period attributable to:</b>				
Members of the cooperative association	-516	207	100	413
Non-controlling interests	-1	-2	0	-1

## Condensed consolidated statement of comprehensive income

MSEK	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec
<b>Net income for the period after tax</b>	<b>-517</b>	<b>205</b>	<b>100</b>	<b>412</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	54	-172	307	-172
Tax on actuarial gains and losses	-12	46	-68	46
<b>Total</b>	<b>42</b>	<b>-126</b>	<b>239</b>	<b>-126</b>
<i>Items that will be reclassified to the income statement</i>				
Available-for-sale financial assets, net before tax	-7	12	-119	41
Cash flow hedges, net before tax	-111	44	8	-71
Exchange differences on translation of foreign operations	104	164	92	-246
Net gain on hedge of net investment in foreign operations, net before tax	-84	-85	-86	162
Tax attributable to items that will be reclassified	42	8	44	-30
<b>Total</b>	<b>-56</b>	<b>143</b>	<b>-61</b>	<b>-144</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>-14</b>	<b>17</b>	<b>178</b>	<b>-270</b>
<b>Total comprehensive income for the period</b>	<b>-531</b>	<b>222</b>	<b>278</b>	<b>142</b>
<b>Total comprehensive income for the period attributable to:</b>				
Members of the cooperative association	-530	224	278	143
Non-controlling interests	-1	-2	0	-1

## Condensed consolidated four-monthly income statements

MSEK	2013 Sep-Dec	2013 May-Aug	2013 Jan-Apr	2012 Sep-Dec	2012 May-Aug	2012 Jan-Apr
<b>Net sales</b>	<b>10,752</b>	<b>11,023</b>	<b>12,027</b>	<b>12,569</b>	<b>12,317</b>	<b>11,640</b>
Other operating income	196	534	86	254	51	118
Changes in inventories of finished goods and work in progress	-376	546	-411	-196	775	-170
Capitalized work for own account	3	2	1	1	1	0
Raw materials and consumables	-4,008	-4,593	-4,731	-5,049	-5,329	-4,583
Agricultural commodities	-2,423	-2,888	-2,810	-3,220	-3,491	-2,653
Employee benefits expense	-1,570	-1,603	-1,765	-1,767	-1,764	-1,791
Other operating expenses	-1,988	-1,964	-1,987	-1,894	-1,968	-2,078
Share of income of associates	67	62	11	40	46	11
Depreciation, amortization and impairment	-1,178	-523	-403	-395	-391	-399
<b>Operating income</b>	<b>-525</b>	<b>596</b>	<b>18</b>	<b>343</b>	<b>247</b>	<b>95</b>
Finance income	67	91	175	76	94	77
Finance costs	-97	-118	-122	-130	-154	-145
<b>Income after financial items</b>	<b>-555</b>	<b>569</b>	<b>71</b>	<b>289</b>	<b>187</b>	<b>27</b>
Tax	38	-7	-16	-84	-20	13
<b>Net income for the period after tax</b>	<b>-517</b>	<b>562</b>	<b>55</b>	<b>205</b>	<b>167</b>	<b>40</b>
<b>Net income for the period attributable to:</b>						
Members of the cooperative association	-516	563	53	207	166	40
Non-controlling interests	-1	-1	2	-2	1	0

## The Group's significant items affecting comparability

MSEK	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec
<b>Recognized operating income</b>	<b>-525</b>	<b>343</b>	<b>89</b>	<b>685</b>
<i>Items affecting comparability in operating income:</i>				
Capital gains on sale of operations			363	
Impairment of assets in Agroetanol	-800		-800	
Restructuring costs, Agriculture Sector	-5		-38	
Restructuring costs, Food Sector	-7	-2	-130	-62
Restructuring costs, other	8		-111	
<i>Total items affecting comparability in operating income</i>	<i>-804</i>	<i>-2</i>	<i>-716</i>	<i>-62</i>
<b>Operating income, adjusted for items affecting comparability</b>	<b>279</b>	<b>345</b>	<b>805</b>	<b>747</b>
<b>Recognized income after financial items</b>	<b>-555</b>	<b>289</b>	<b>85</b>	<b>503</b>
Items affecting comparability in operating income according to above	-804	-2	-716	-62
<i>Items affecting comparability in financial items:</i>				
Capital gain on sale of investment shares			118	
<i>Total items affecting comparability in net financial income</i>			<i>118</i>	
<b>Income after financial items adjusted for items affecting comparability</b>	<b>249</b>	<b>291</b>	<b>683</b>	<b>565</b>
Return on equity, excluding items affecting comparability, %	3.1	5.6	4.4	4.2
Return on operating capital, excluding items affecting comparability, %	5.0	5.6	4.7	4.1

## Condensed consolidated statement of financial position

MSEK	2013 Dec 31	2012 Dec 31
<b>ASSETS</b>		
Property, plant & equipment	7,040	8,662
Investment property	297	266
Goodwill	2,594	2,554
Other intangible assets	814	875
Investments in associates	1,460	1,269
Financial assets	782	619
Deferred tax assets	223	217
Other non-current assets	77	46
<b>Total non-current assets</b>	<b>13,287</b>	<b>14,508</b>
Inventories	5,249	5,946
Trade and other receivables	4,866	5,454
Current interest-bearing assets	288	96
Current tax assets	16	11
Cash & cash equivalents	2,295	352
<b>Total current assets</b>	<b>12,714</b>	<b>11,859</b>
<b>TOTAL ASSETS</b>	<b>26,001</b>	<b>26,367</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to members of the cooperative association	11,016	10,899
Non-controlling interests	28	33
<b>Total equity</b>	<b>11,044</b>	<b>10,932</b>
Non-current interest-bearing liabilities <sup>1)</sup>	4,334	5,002
Provisions for pensions	168	432
Deferred tax liabilities	151	125
Other non-current provisions	249	324
Other non-current liabilities	37	36
<b>Total non-current liabilities</b>	<b>4,939</b>	<b>5,919</b>
Current interest-bearing liabilities	3,546	3,036
Trade and other payables	6,212	6,222
Current tax liabilities	58	57
Current provisions	202	201
<b>Total current liabilities</b>	<b>10,018</b>	<b>9,516</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26,001</b>	<b>26,367</b>
Equity ratio, %	42.5	41.5
<sup>1)</sup> Including subordinated debentures, MSEK	56	56

## Condensed consolidated statement of cash flow

MSEK	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec
Income after financial items	-555	289	85	503
Adjustment for non-cash items <sup>1)</sup>	1,179	185	1,589	972
Taxes paid	-37	-34	-104	-117
<b>Cash flow from operating activities before change in working capital</b>	<b>587</b>	<b>440</b>	<b>1,570</b>	<b>1,358</b>
Change in working capital	166	130	724	-375
<b>Cash flow from operating activities</b>	<b>753</b>	<b>570</b>	<b>2,294</b>	<b>983</b>
Acquisitions and divestments, net	-114	0	1,196	0
Investments in non-current assets	-333	-516	-1,043	-1,292
Sale of non-current assets	175	45	181	129
Change in financial investments	-28	22	-178	-42
<b>Cash flow from investing activities</b>	<b>-300</b>	<b>-449</b>	<b>156</b>	<b>-1,205</b>
<b>Cash flow before financing activities</b>	<b>453</b>	<b>121</b>	<b>2,450</b>	<b>-222</b>
Change in contributed capital	-1	1	54	49
Dividend paid	-118	-112	-208	-190
Change in loans	-171	-45	-353	-16
<b>Cash flow from financing activities</b>	<b>-290</b>	<b>-156</b>	<b>-507</b>	<b>-157</b>
<b>Cash flow for the period</b>	<b>163</b>	<b>-35</b>	<b>1,943</b>	<b>-379</b>
Cash and cash equivalents at beginning of period	2,127	387	352	739
Exchange differences	5	0	0	-8
<b>Cash and cash equivalents at the end of the period</b>	<b>2,295</b>	<b>352</b>	<b>2,295</b>	<b>352</b>
<sup>1)</sup> Depreciation and impairment of non-current assets	1,178	395	2,104	1,185
Less share of income in associates	-67	-40	-109	-78
Capital gains on sale of non-current assets and operations	-5	-19	-384	-81
Other non-cash items	73	-151	-22	-54
	1,179	185	1,589	972



## Condensed consolidated statement of changes in equity

MSEK	Jan-Dec 2013			Jan-Dec 2012		
	Association members	Non-controlling interests	Total equity	Association members	Non-controlling interests	Total equity
Opening balance, January 1	10,899	33	10,932	10,906	36	10,942
Total comprehensive income for the period	278	0	278	143	-1	142
Distributions to owners	-215	-1	-216	-198	-2	-200
Contributed capital paid in by members	103		103	99		99
Contributed capital paid out to members	-49		-49	-50		-50
Other changes relating to non-controlling interests		-4	-4	-1	0	-1
<b>Closing balance</b>	<b>11,016</b>	<b>28</b>	<b>11,044</b>	<b>10,899</b>	<b>33</b>	<b>10,932</b>
<b>Equity attributable to members of the cooperative association</b>						
Contributed capital, paid in	829			753		
Contributed capital, issued	1,074			1,016		
Other equity	9,113			9,130		
<b>Total equity attributable to members of the cooperative association</b>	<b>11,016</b>			<b>10,899</b>		

## Segment information, adjusted for items affecting comparability

(Comparative figures for 2012 are restated based on the new segment division, with Lantmännen Real Estate now reported as a separate segment.)

### Net sales per segment

MSEK	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec	Change %
Agriculture Sector	3,282	4,039	10,294	10,870	-5 %
Machinery Sector	3,133	3,220	8,934	9,146	-2 %
Energy Sector	1,130	1,288	3,723	3,615	3 %
Food Sector <sup>1)</sup>	3,708	4,737	12,593	14,655	-14 %
Lantmännen Real Estate	111	126	364	344	6 %
Other operations	159	199	441	356	24 %
Eliminations	-771	-1,040	-2,547	-2,460	4 %
<b>Total</b>	<b>10,752</b>	<b>12,569</b>	<b>33,802</b>	<b>36,526</b>	<b>-7 %</b>

<sup>1)</sup> Including Kronfågel Group until May 2013.

### Operating income per segment, adjusted for items affecting comparability

MSEK	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec
Agriculture Sector	20	56	105	165
Machinery Sector	126	154	255	300
Energy Sector	9	77	-46	-21
Food Sector	145	85	480	314
Lantmännen Real Estate <sup>1)</sup>	78	70	190	198
Other operations	-96	-113	-199	-230
Group items	-3	16	20	21
<b>Total</b>	<b>279</b>	<b>345</b>	<b>805</b>	<b>747</b>
	28	16	41	54

<sup>1)</sup> Including capital gain on the sale of properties

### Operating margin per segment, adjusted for items affecting comparability

%	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec
Agriculture Sector	0.6	1.4	1.0	1.5
Machinery Sector	4.0	4.8	2.9	3.3
Energy Sector	0.8	6.0	-1.2	-0.6
Food Sector	3.9	1.8	3.8	2.1
<b>Total</b>	<b>2.6</b>	<b>2.7</b>	<b>2.4</b>	<b>2.0</b>

### Return on operating capital per segment, adjusted for items affecting comparability

%	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec
Agriculture Sector	1.4	3.7	2.6	4.3
Machinery Sector	17.0	18.6	11.5	12.8
Energy Sector	1.3	10.3	-2.2	-0.9
Food Sector	5.7	2.9	5.9	3.4
Lantmännen Real Estate <sup>1)</sup>	13.5	15.4	13.9	14.5
<b>Total</b>	<b>5.0</b>	<b>5.6</b>	<b>4.7</b>	<b>4.1</b>

<sup>1)</sup> Adjusted for sale of properties.

## Segment information

(Comparative figures for 2012 are restated based on the new segment division, with Lantmännen Real Estate now reported as a separate segment.)

### Net sales per segment

MSEK	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec	Change %
Agriculture Sector	3,282	4,039	10,294	10,870	-5 %
Machinery Sector	3,133	3,220	8,934	9,146	-2 %
Energy Sector	1,130	1,288	3,723	3,615	3 %
Food Sector <sup>1)</sup>	3,708	4,737	12,593	14,655	-14 %
Lantmännen Real Estate	111	126	364	344	6 %
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Eliminations	-771	-1,040	-2,547	-2,460	4 %
<b>Total</b>	<b>10,752</b>	<b>12,569</b>	<b>33,802</b>	<b>36,526</b>	<b>-7 %</b>

<sup>1)</sup> Including Kronfågel Group until May 2013.

### Operating income per segment

MSEK	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec
Agriculture Sector	15	56	67	165
Machinery Sector	126	154	255	300
Energy Sector	-791	77	-846	-21
Food Sector	138	84	350	252
Lantmännen Real Estate <sup>1)</sup>	78	70	190	198
Other operations	-96	-112	-199	-230
Group items	5	14	272	21
<b>Total</b>	<b>-525</b>	<b>343</b>	<b>89</b>	<b>685</b>
	28	16	41	54

<sup>1)</sup> Including capital gains on the sale of properties.

### Operating margin per segment

%	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec
Agriculture Sector	0.5	1.4	0.7	1.5
Machinery Sector	4.0	4.8	2.9	3.3
Energy Sector	-70.0	6.0	-22.7	-0.6
Food Sector	3.7	1.8	2.8	1.7
<b>Total</b>	<b>-4.9</b>	<b>2.7</b>	<b>0.3</b>	<b>1.9</b>

### Return on operating capital per segment

%	2013 Sep-Dec	2012 Sep-Dec	2013 Jan-Dec	2012 Jan-Dec
Agriculture Sector	1.0	3.7	1.7	4.3
Machinery Sector	17.0	18.6	11.5	12.8
Energy Sector	-119.6	10.3	-40.5	-0.9
Food Sector	5.5	2.8	4.3	2.8
Lantmännen Real Estate <sup>1)</sup>	13.5	15.4	13.9	14.5
<b>Total</b>	<b>-9.5</b>	<b>5.5</b>	<b>0.5</b>	<b>3.8</b>

<sup>1)</sup> Adjusted for sale of properties.

## Parent Company

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.

The Parent Company's net sales amounted to MSEK 10,284 (10,646) and operating income was MSEK -255 (-95). Income from financial items was MSEK 1,010 (968), which meant that income after financial items was MSEK 755 (873).

Net financial income for the year includes capital gains of MSEK 962 (-13) on the sale of subsidiaries and MSEK 143 (3) on the sale of investment shares. dividends, mainly from subsidiaries, of MSEK 109 (613), impairment of subsidiaries totaling MSEK -222 (-5) and foreign exchange losses of MSEK -97 (251).

The capital gain on the sale of subsidiaries in 2013 relates to the divestment of Kronfågel Group. Impairment of shares in subsidiaries relates to the holdings in Lantmännen Agroetanol AB and NötCenter Viken AB.

The foreign exchange gains in 2012 relate mainly to a gain on the repayment of share capital from Lantmännen Finance Ireland.

Net investments in non-current assets for the year amounted to MSEK 180 (143).

The equity ratio at the end of the year was 39.7 (42.5) percent.

The Average number of employees in the Parent Company was 1,262 (1,244). The increase is due to the transfer of personnel from SW Seed AB on April 1, 2012.

### Dividend

The Board of Directors has decided to pay a 1.5 (1.25) percent refund on members' purchases of inputs from Lantmännen Lantbruk Sweden and 0.5 (0.5) percent on members' purchases from the Machinery Sector's Swedish operations. The Board has also decided that a final price adjustment of 1.5 (1.25) percent will be paid for delivered grain, oilseed and grass seed. The total refund and final price adjustment is estimated at MSEK 127 (120).

The Board proposes paying a contribution dividend of 9 (5) percent on paid-in and issued contributions to direct members, organization members and local associations, which totals MSEK 171 (88).

The Board proposes a contribution issue of MSEK 0 (80).

In total, the proposed contribution dividend and contribution issue amount to 9 (9) percent of the association's contributed capital, despite the lack of a contribution issue in 2013.

### Dividend

MSEK	2013	2012
Refund, final price adjustment	127	120
Contribution dividend	171	88
Contribution issue	0	80
<b>Total</b>	<b>298</b>	<b>288</b>

The Board proposes a dividend on subordinated debentures of 3.0 (3.75) percent, which gives a dividend of MSEK 2 (2). Due to the fact that there is trading in contribution issues, the Board has decided that the date on which the holding gives entitlement to a dividend (contribution dividend and contribution issue) will be the date of the Annual General Meeting, which is May 15, 2014.

## Parent Company Condensed income statement

MSEK	2013 Jan-Dec	2012 Jan-Dec
Net sales, external	8,073	8,573
Net sales, intra-Group	2,211	2,073
<b>Net sales, total</b>	<b>10,284</b>	<b>10,646</b>
Less excise duties	-6	-8
Change in products in progress, finished goods and work in progress for third parties	-17	33
Capitalized work for own account	5	1
Other operating income	212	348
	<b>10,478</b>	<b>11,020</b>
<b>Operating expenses</b>		
Raw materials and consumables	-6,351	-6,460
Agricultural commodities	-1,798	-2,085
Other external costs	-1,431	-1,516
Employee benefits expense	-950	-904
Depreciation, amortization and impairment	-203	-150
<b>Total operating expenses</b>	<b>-10,733</b>	<b>-11,115</b>
<b>Operating income</b>	<b>-255</b>	<b>-95</b>
Income from financial items	1,010	968
<b>Income after financial items</b>	<b>755</b>	<b>873</b>
Refund and final price adjustment	-127	-120
Group contributions	-339	128
Tax	163	-35
<b>Net income for the period</b>	<b>452</b>	<b>846</b>

## Parent Company Condensed statement of financial position

MSEK	2013 Dec 31	2012 Dec 31
<b>ASSETS</b>		
Intangible assets	223	210
Property, plant & equipment	818	860
Interests in Group companies	6,572	6,185
Investments in associates	1,065	832
Non-current receivables from Group companies	1,411	1,165
Other securities held as non-current assets	684	425
Other non-current receivables	310	113
<b>Total non-current assets</b>	<b>11,083</b>	<b>9,790</b>
Inventories	2,008	2,242
Current receivables from Group companies	10,973	10,799
Other current receivables	2,128	2,252
Current investments incl. cash & bank	1,784	0
<b>Total current assets</b>	<b>16,893</b>	<b>15,293</b>
<b>TOTAL ASSETS</b>	<b>27,976</b>	<b>25,083</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	10,858	10,442
Untaxed reserves	311	311
Provisions	209	199
Non-current liabilities	4,129	4,532
Current liabilities to Group companies	8,167	5,484
Other current liabilities	4,302	4,115
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>27,976</b>	<b>25,083</b>
Equity ratio, %	39.7	42.5

# Notes

## Accounting policies

Lantmännen applies International Financial Reporting Standards (IFRS), as adopted by the EU. For the Group, this interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act, and for the Parent Company in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act.

The accounting policies applied for the interim report correspond with those applied in preparing the 2012 Annual Report.

One new standard and amendments to two standards that affect Lantmännen's accounting are effective from January 1, 2013.

The new standard IFRS 13 Fair Value Measurement does not involve any changes to measurement principles, but requires enhanced disclosures for fair value measurement of financial instruments in interim financial reports.

The amendments to IFRS 7 Financial Instruments: Disclosures involve enhanced disclosure requirements. This includes disclosures of financial assets and liabilities that have been offset in the statement of financial position, and financial assets and liabilities that are subject to a netting agreement even if no offsetting has taken place. In 2013, this information must also be provided in interim reports.

Amendments to IAS 19 Employee Benefits have the following effects on Lantmännen:

- after adapting the pension liability to IAS 19, payroll tax is now included in the pension liability, having previously been reported under other provisions.
- interest expense is calculated on the net liability, i.e., the difference between the pension obligation and the plan assets. The return on plan assets in excess of the discount rate is recognized in other comprehensive income. The entire return was previously reported as financial income.

From 2013, Lantmännen publishes interim reports every four months. Previously unpublished values for the previous year's four-month periods have been prepared and are included in the report. Lantmännen's real estate operations are reported as a separate segment with effect from 2013. Comparative figures for 2012 are restated based on the new segment division.

## Financial assets and liabilities measured at fair value

MSEK, December 31, 2013	Total carrying amount	Fair value
<b>Assets</b>		
Other shares and interests	308	308
Financial investments	474	474
Trade and other receivables	4,046	4,046
Interest-bearing receivables	288	288
Cash and bank balances	2,295	2,295
<b>Total financial assets</b>	<b>7,411</b>	<b>7,411</b>
<b>Liabilities</b>		
Non-current interest-bearing liabilities	4,334	4,331
Other non-current liabilities	11	11
Current interest-bearing liabilities	3,546	3,546
Trade and other payables	3,737	3,737
<b>Total financial liabilities</b>	<b>11,628</b>	<b>11,625</b>

## Financial assets and liabilities measured at fair value with fair value measurement levels.

MSEK, December 31, 2013	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
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</b>				
Derivatives with negative fair value	54	33		87
Other financial liabilities measured at fair value				0
<b>Total liabilities</b>	<b>54</b>	<b>33</b>	<b>0</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. There has not been any movement between levels compared with 2012.

## Offsetting of financial assets and liabilities

MSEK, December 31, 2013	Gross amount for financial assets	Gross amount for financial liabilities offset against financial assets	Net amount in balance sheet	Related amount not offset in balance sheet – financial instruments	Net amount assets
Derivatives <sup>1)</sup>	55	-22	33	-4	29
Cash and cash equivalents <sup>2)</sup>	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 assets	Gross amount for financial liabilities offset against financial assets	Net amount in balance sheet	Related amount not offset in balance sheet – financial instruments	Net amount liabilities
Derivatives <sup>3)</sup>	109	-22	87	-4	83
Current interest-bearing liabilities <sup>4)</sup>	30	-30	0	-	0
<b>Total</b>	<b>139</b>	<b>-52</b>	<b>87</b>	<b>-4</b>	<b>83</b>

<sup>1)</sup> Included in the balance sheet under Financial assets MSEK 782, Trade and other receivables MSEK 4,866 and Current interest-bearing assets MSEK 288.

<sup>2)</sup> Included in the balance sheet under Cash and cash equivalents MSEK 2,295.

<sup>3)</sup> Included in the balance sheet under Non-current interest-bearing liabilities MSEK 4,334, Other non-current liabilities MSEK 37 and Current interest-bearing liabilities MSEK 3,546.

<sup>4)</sup> Included in the balance sheet under Current interest-bearing liabilities MSEK 3,546

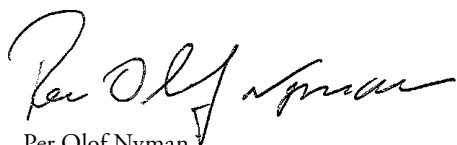
Trading in derivatives is subject to the ISDA (International Swaps and Derivatives Association) agreement, which stipulates the netting of liabilities and receivables. This can be done in the course of operations and in situations such as breaches of contract or early termination.

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.

# Auditor's Review Report

This year-end report has not been audited or reviewed by the association's auditors.

On assignment for the Board of Directors  
Stockholm, February 20, 2014



Per Olof Nyman  
*President & CEO*  
*Lantmännen*

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## For more information, please contact

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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)

