

Lantmännen Year-end Report

January - December 2019

Financial development

- Net sales were MSEK 48,523 (43,962), an increase of 10 percent, including 7 percent organic growth.
- Operating income was MSEK 1,983 (1,443) and adjusted for items affecting comparability MSEK 2,087 (1,580). The largest earnings improvements were in the Food Sector.
- Income after financial items was MSEK 1,773 (1,250).
- Cash flow before financing activities was MSEK 1,837 (-824).
- Investments totaled MSEK 2,201 (1,825).

Significant events

- The Board proposes a total dividend of MSEK 730 (620) in the form of a refund and supplementary payment of MSEK 205 (157), a contribution dividend of MSEK 237 (213) and a contribution issue of MSEK 288 (250).
- Lantmännen's "Farming of the Future" report, pointing the way to more sustainable Swedish farming, was presented.
- Christian Johansson assumed the role of Lantmännen's CFO on February 3.
- Lantmännen was named Sweden's most sustainable brand among business customers in the 2019 Sustainable Brand Index survey.

Lantmännen's key figures¹⁾

	2019 Sep-Dec	2018 Sep-Dec	2019 Jan-Dec	2018 Jan-Dec
Net sales, MSEK	16,794	14,786	48,523	43,962
Operating income, MSEK	766	279	1,983	1,443
Operating margin, %	4.6	1.9	4.1	3.3
Income after financial items, MSEK	698	192	1,773	1,250
Net income for the period, MSEK	615	272	1,551	1,182
Cash flow before financing activities, MSEK	842	-912	1,837	-824
Return on equity, %	10.5	5.1	9.1	7.6
Return on operating capital, %	7.9	3.3	6.8	6.0
Total assets, MSEK			41,194	37,095
Equity ratio, %			42.5	43.2
Investments in non-current assets, MSEK	721	623	2,201	1,825
Net debt, MSEK			10,165	8,719
Interest coverage ratio, times			7.4	6.0
Average number of employees			10,250	9,940
Adjusted for items affecting comparability ²⁾				
Operating income, MSEK	855	416	2,087	1,580
Operating margin, %	5.1	2.8	4.3	3.6
Income after financial items, MSEK	787	329	1,877	1,387
Net income for the period, MSEK	703	379	1,652	1,289
Return on equity, %	12.0	7.1	9.7	8.2
Return on operating capital, %	8.8	5.0	7.2	6.6

¹⁾ 2019 affected by the introduction of IFRS 16. ²⁾ See page 16 for further information

President's overview



Lantmännen's income after net financial items and adjusted for items affecting comparability amounts to MSEK 1,877 – a significant improvement compared with the previous year's income of MSEK 1,387.

Lantmännen's result for 2019 is the highest ever. All Sectors and Business Areas improved their earnings during the year and we have advanced our positions in most areas of operation. Although the beginning of the year was marked by the difficult situation after the 2018 drought and heatwave, the large and good quality harvest in 2019 contributed to a strong recovery of earnings within the Agriculture Sector.

The year's good result also means that Lantmännen's proposed dividend of MSEK 730 is the highest ever, which is very gratifying after a period that has been challenging for many of our members. Lantmännen's most important mission is to contribute to positive development for our members' farms – so it feels great to be able to deliver a result at this high level.

The grain business in the Agriculture Sector continued to be affected by the consequences of the 2018 summer drought during the first half of the year. The 2019 harvest was significantly better: the third largest ever, and 12 percent larger than the average harvest for the last five years. It is particularly pleasing that the year's harvest was both large and of good quality after the previous year's challenges. In total, the Agriculture Sector delivered a slightly higher operating income than 2018.

The Energy Sector's operating income is significantly higher than in the previous year. The businesses in the Sector have consistently shown positive development and they are all well positioned within their respective areas, which is a strength for future development. A high ethanol price in the last four-month period contributed positively to a strong end to the year. The acquired oat facility in Kimstad also has good potential to become a large and important business for Lantmännen in the long term.

In the Food Sector, Lantmännen Unibake in particular continues to develop well, and sales and profitability have increased in virtually all markets.

The major investments made in the new bakeries in Poland and Belgium are progressing according to plan, as are operations in the acquired bakery business in Melbourne. During the year, Lantmännen Cerealia carried out an extensive improvement program, which has now started to produce the intended effects in the form of improved productivity and lower cost levels.

The Swecon Business Area has delivered its highest operating income ever. The level of activity during the year was high in all Swecon's markets, although there were some signs of a slowdown in the final months of the year. Demand for servicing and spare parts remains strong, due to larger machine populations and increased use of machines by customers.

The Real Estate Business Area delivered at a stable level during the year, according to plan. Several real estate development projects are in progress, and initiatives are being made to further expand district heating operations in the coming years – including through new boilers and collaborations with local operators.

The last few years have been Lantmännen's most successful of all time, and I would venture to say that we as a company are in a stronger position than ever before. We will continue to focus on further strengthening our positions in the market: among other things, through continued investments in infrastructure, product and service development, and research and development in all areas of activity. In this way, we continue the work on our long-term ambition to drive the development of farming of the future – and to continue helping to create a world-class Swedish agriculture.

A handwritten signature in black ink, which appears to read "Per Olof Nyman".

Per Olof Nyman
President & CEO, Lantmännen

Comments on the period

The new reporting standard IFRS 16, effective from January 1, 2019, means that lessees/tenants report leases/rental agreements as a right-of-use asset and a financial liability. The new standard will have a significant impact on, among other things, *total assets*, *net debt* and *related key figures*. *Operating income* is affected by the fact that depreciation is reported instead of lease costs, and *net financial income* is affected by estimated interest expenses on lease liabilities. The introduction of IFRS 16 has had a minor impact on operating income and net financial income. In *cash flow*, lease payments, which were previously reported as an operating expense, are apportioned between the financial items paid (interest) and the reduction of the lease liability. The introduction of IFRS 16 has not had any effect on total cash flow for the period. Comparatives for previous periods have not been restated, in accordance with the applied transition method. More information → [Notes on page 22](#)

The Group's net sales and earnings

Net sales

Lantmännen's net sales for the third four-month period amounted to MSEK 16,794 (14,786), an increase of 14 percent.

The increase is distributed as follows: organic growth 11 percent, currency translation effects 2 percent, and the remainder is from acquired and divested operations.

Net sales for the full year were MSEK 48,523 (43,962), an increase of 10 percent. The increase is distributed as follows: organic growth 7 percent, currency translation effects 2 percent, and the remainder is from acquired and divested operations. Organic growth is partly affected by higher grain prices as a result of the 2018 drought.

Sales increased in all segments, both for the four-month period and the full year, with the largest increase in the Agriculture and Energy Sectors.

Operating income

Operating income for the third four-month period was MSEK 766 (279) and adjusted for items affecting comparability MSEK 855 (416). Net items affecting comparability amounted to MSEK -89 (-137). The Food Sector was affected by restructuring costs of MSEK -59 in Lantmännen Unibake, where it was decided to close three bakeries in Poland, Hungary and Denmark as part of the streamlining of Unibake's European production platform. The Real Estate Business Area had items affecting comparability in the form of capital gains of MSEK 97 on property sales. The Agriculture Sector was affected by MSEK -127, attributable to the associated company Hauptgenossenschaft Nord AG (HaGe Kiel), whose subsidiary Betriebsmittel Service Logistik GmbH & Co KG (BSL) has reached a settlement agreement with the German competition authority in a case concerning the German plant protection wholesale market. Operating income adjusted for items affecting comparability was higher than in the same period the previous year in all segments apart from the Real Estate Business Area, where the decline is entirely related to lower earnings from property sales.

Operating income for the full year 2019 was MSEK 1,983 (1,443) and adjusted for items affecting comparability MSEK 2,087 (1,580). Net items affecting comparability amounted to

MSEK -104 (-137). In addition to the third four-month period's items affecting comparability, the Energy Sector and the Food Sector had net items affecting comparability of MSEK -15 (0) earlier in the year. The provision reported in previous years in the Energy Sector in connection with the EU Commission's investigation of Lantmännen Agroetanol and two other ethanol producers was adjusted up by MSEK 60 as a result of a weaker Swedish krona. The Energy Sector was also positively affected by MSEK 80 as a result of a value adjustment of non-current assets related to the acquisition of the oat operations in Kimstad. The Food Sector was affected by a provision of MSEK 35 related to restructuring costs in Lantmännen Cerealia. Operating income adjusted for items affecting comparability improved in all segments apart from the Real Estate Business Area. The Food Sector showed the biggest improvement in absolute figures and the Energy Sector had the biggest percentage improvement.

Acquired operations had a positive impact of MSEK 3 on Lantmännen's operating income adjusted for items affecting comparability for the four-month period and MSEK 22 for the full year 2019. Currency translation effects had a positive impact of MSEK 12 on operating income for the four-month period and MSEK 32 for the full year.

Net financial income and income after financial items

Net financial income for the third four-month period was MSEK -68 (-87). Income after financial items totaled MSEK 698 (192) and adjusted for items affecting comparability MSEK 787 (329).

Net financial income for the full period was MSEK -210 (-193). The change in net financial income is due to increased interest expenses as an effect of the introduction of IFRS 16. Accumulated income after financial items was MSEK 1,773 (1,250) and adjusted for items affecting comparability MSEK 1,877 (1,387).

Tax and income after tax

Tax expense for the year was MSEK 222 (68). Lantmännen's tax expense was affected by the fact that dividends, including refunds and supplementary payments, from economic associations are tax deductible. The previous year's

tax expense was lower due to the capitalization of previously unused tax loss carryforwards.

Income after tax amounted to MSEK 1,551 (1,182), of which MSEK 1,545 (1,176) was attributable to members of the economic association and MSEK 6 (6) to non-controlling interests (minority ownership) in the Group's subsidiaries.

Cash flow

Cash flow from operating activities for the year was MSEK 4,226 (1,023). The cash operating surplus contributed MSEK 3,637 (2,268) and cash flow from working capital contributed MSEK 589 (-1,245). The strong increase in cash flow from working capital is mainly attributable to the Agriculture Sector. Tied-up capital was positively affected by the Sector returning to being a grain exporter, having previously needed to import grain as a result of the low harvest in 2018. Cash flow from the operating surplus, and therefore cash flow from operating activities, has been positively affected by MSEK 462 in 2019 as a result of the introduction of IFRS 16.

Investments in non-current assets were MSEK -2,201 (-1,825) and sales of non-current assets amounted to MSEK 272 (199), which meant that net investments for the period were MSEK -1,929 (-1,626). The increase in investments is largely due to investments in the Swecon Business Area related to a new financing solution for rental machines. Among the other investments are Lantmännen Unibake's continuing investments in the modern new bakery in Poland and the Real Estate Business Area's investments in, for example, Bjuv and Mölndal.

Net acquisitions and divestments of operations amounted to MSEK -473 (-333). In the third four-month period, 50 percent of the district heating company Gimmersta Agrovärme in the district of Katrineholm was acquired. In addition, investments were made in the associated companies HaGe Kiel and Tillväxtbolaget för Sveriges Lantbrukare through participation in the two companies' new share issues. Earlier in the year, Lantmännen Unibake acquired the Australian pastry manufacturer Bakery Du Jour and the Energy Sector acquired an oat business in Kimstad. The

holding in the Norwegian associated company Akershus Traktor was divested in the second four-month period.

Lantmännen took part in HK Scan's new share issue during the year.

Cash flow before financing activities was MSEK 1,837 (-824). The change in interest-bearing liabilities was MSEK -1,054 (1,108). The change includes MSEK -462 connected with the introduction of IFRS 16 and a subordinated debenture repayment of MSEK -250.

The period's cash flow including financing activities was MSEK 454 (-219).

Financial position

Equity amounted to MSEK 17,505 (16,027) at December 31. This included MSEK 94 (92) attributable to owners other than members of the economic association, i.e. the minority interest in Group companies.

Net debt totaled MSEK 10,165 (8,719). Since year-end, net debt has increased by a total of MSEK 1,446, of which MSEK 2,394 is an effect of the introduction of IFRS 16.

Cash and cash equivalents at the end of the period were MSEK 1,183 (720) and total assets were MSEK 41,194 (37,095). Total assets have increased by MSEK 4,099, most of which is due to the introduction of IFRS 16. The equity ratio was 42.5 (43.2) percent. If IFRS 16 is not taken into account, the equity ratio was 45 percent.

Risks and uncertainties

The risks in Lantmännen's operations are strategic risks associated with trademarks, climate, external regulations, the economy, operational risks (e.g., fluctuating energy, ethanol and commodity prices) and financial risks. The risks are described in detail in Lantmännen's Annual Report → [Lantmannen.com/financialinformation](https://lantmannen.com/financialinformation)

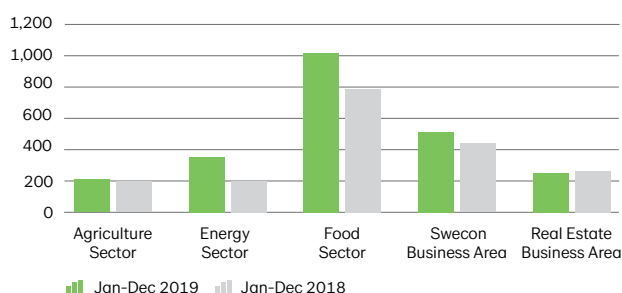
Changes in the Group

In January, the Australian pastry manufacturer Bakery Du Jour was acquired (renamed Lantmännen Unibake Australia). The company has an annual turnover of just over MSEK 200 and 90 employees.

The Energy Sector acquired the UK company Tate &

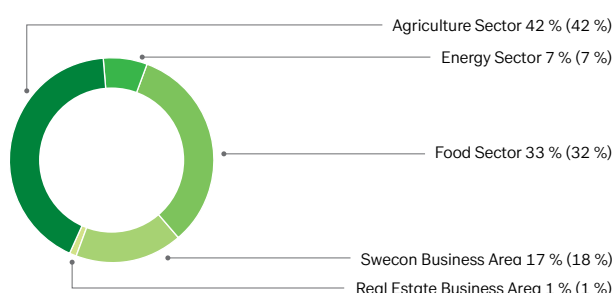
Operating income per segment, accumulated Jan-Dec

Adjusted for items affecting comparability, MSEK



Distribution of Group's net sales

Including intra-Group sales





Lyle's oat business in Kimstad, comprising property, a mill and non-current assets. The business has an annual turnover of approximately MSEK 50 and complements Lantmännen's existing heat-treated oat operations. About 35 employees were included in the acquisition.

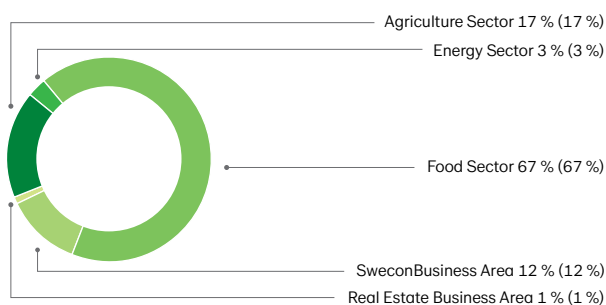
The holding in the Norwegian associated company Akershus Traktor was divested in July.

In October, Lantmännen Agrovärme acquired 50 percent of the district heating Gimmersta Agrovärme, which supplies district heating in the district of Katrineholm.

Human resources

The average number of employees on December 31 was 10,250 (9,940) and the number of full-time employees was 10,059 (9,895). The increase is mainly due to acquired operations and the Swecon Business Area.

Distribution of Group's employees



Other significant events during the four-month period

Lantmännen's membership decreased by about 5,000 during the year, mainly as a result of amended Articles of Association based on conclusions from Lantmännen's Owner Dialogue.

Lantmännens "Farming of the Future" report was presented. The report points the way towards more sustainable Swedish farming.

Lantmännen and Yara started a collaborative project on the development of fossil-free fertilizer – an important step towards the world's first certified fossil-free food chain.

A cross-border cooperation, the Responsible Shipping Initiative (RSI), was started to promote improved employment conditions, work environment, safety and environmental performance onboard cargo vessels operating in the Baltic Sea and North Sea.

Lantmännen's program of subordinated debentures, which started in 2015, matured in December and MSEK 250 was repaid to investors. New subordinated debentures totaling MSEK 250 were issued in January 2020.

Events after the end of the period

Christian Johansson assumed the role of Lantmännen's CFO on February 3. Most recently, he comes from a position as Senior Vice President & CFO of SKF.

Business customers named Lantmännen Sweden's most sustainable brand in 2019 in both the FMCG (fast-moving consumer goods) category and overall (all sectors) from among 75 Swedish brands. This was announced when the Sustainable Brand Index Survey of Business-to-Business was presented at the end of January 2020.



Agriculture Sector

The Agriculture Sector's net sales for 2019 are higher than in the previous year, which is largely due to continued high demand for feed and good development in the Finnish operations. The Sector's operating income adjusted for items affecting comparability is also higher than in the previous year at MSEK 210 (197), primarily due to a significantly higher result in the third four-month period.

Reception of the 2019 harvest, the third largest ever, was completed during the four-month period. This shows that the consequences of last summer's drought, which affected business during the year, have eased and Lantmännen Lantbruk has now returned to its normal business model as a net exporter of grain. Investments in the grain handling infrastructure continued during the year, for example in Hammenhög and a new facility in Hargshamn.

Demand for feed remains high for all species, and sales remain at higher levels than before the drought period in 2018, despite a certain decline at the end of the year. Demand for seed remains high, although the year's sales of seed are slightly lower than in the previous year, mainly due to the extensive spring sowing in 2018.

The Finnish agricultural operations continue to develop positively. Lantmännen Feed, which was acquired at the end of 2018, has been integrated successfully and is delivering in line with the business plan. Lantmännen Agro's operations are also performing well, with higher earnings than in the previous year.

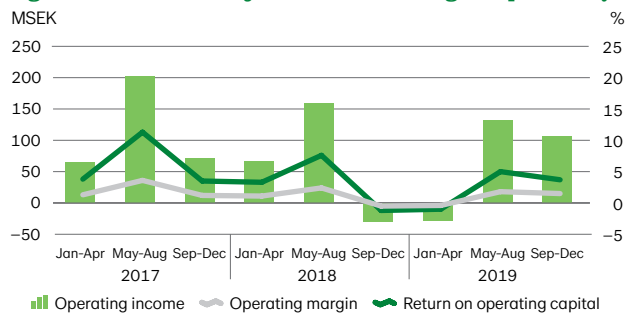
Like other operations, the Sector's international holdings in Germany, Poland and the Baltic region have been feeling the consequences of last summer's drought and show lower earnings than in the previous year.

Lantmännen Maskin's operating income is a little better than in the previous year, mainly due to the positive effects of the ongoing cost-saving and efficiency program. Total demand for tractors and equipment during the year was lower than in the previous year.

In December, Leif Thorwaldsson took over as the new CEO of Lantmännen Maskin.

An item affecting comparability attributable to the associated company HaGe Kiel's subsidiary BSL had a negative effect on the Sector's earnings.

Agriculture Sector, adj. for items affecting comparability





Key figures, Agriculture Sector

	2019 Sep-Dec	2018 Sep-Dec	2019 Jan-Dec	2018 Jan-Dec	Change
Net sales, MSEK	7,298	6,279	21,841	19,338	13 %
Operating income, MSEK	-21	-95	83	131	-48
Operating margin, %	-0.3	-1.5	0.4	0.7	
Return on operating capital, %	-0.7	-3.8	1.0	2.0	
Operating income, adj. for items affecting comparability, MSEK	106	-29	210	197	13
Operating margin, adj. for items affecting comparability, %	1.5	-0.5	1.0	1.0	
Return on operating capital, adjusted for items affecting comparability, %	3.7	-1.2	2.5	3.0	
Average number of employees			1,734	1,678	3 %

Lantmännen Lantbruk Sweden

	2019 Sep-Dec	2018 Sep-Dec	2019 Jan-Dec	2018 Jan-Dec	Change
Net sales, MSEK	4,418	3,752	13,181	11,622	13 %
Operating income, MSEK	73	-109	109	38	71
Operating margin, %	1.7	-2.9	0.8	0.3	
Return on operating capital, %	5.0	-8.1	2.6	1.1	
Operating income, adj. for items affecting comparability, MSEK	73	-43	109	104	5
Operating margin, adj. for items affecting comparability, %	1.7	-1.1	0.8	0.9	
Return on operating capital, adj. for items affecting comparability, %	5.0	-3.2	2.6	3.0	
Average number of employees			791	757	5 %

Lantmännen Maskin Sweden

	2019 Sep-Dec	2018 Sep-Dec	2019 Jan-Dec	2018 Jan-Dec	Change
Net sales, MSEK	1,269	1,222	3,753	3,875	-3 %
Operating income, MSEK	-7	-2	9	1	8
Operating margin, %	-0.6	-0.2	0.2	0.0	
Return on operating capital, %	-1.6	-0.5	0.6	0.1	
Average number of employees			759	815	-7 %



Energy Sector

The Sector's net sales for 2019 are higher than in the previous year, and operating income adjusted for items affecting comparability is MSEK 355, a significant improvement from MSEK 200 the previous year.

Lantmännen Agroetanol's operating income is higher than in the previous year, mainly due to a much higher average ethanol price during the year and a better price relationship between ethanol, feed products and inputs. Earnings have been partly dampened by higher grain prices, while production volumes have developed positively, contributing to the higher operating income.

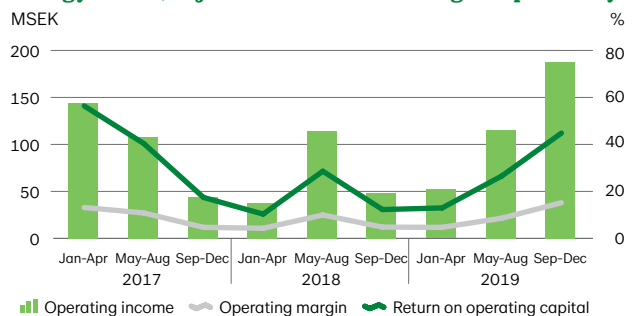
Lantmännen Aspen's sales volumes continue to develop positively in virtually all markets – in particular as a result of more favorable weather in 2019 than in the year before, when drought in large parts of Europe led to reduced demand.

Lantmännen Reppe's operating income is better than in the previous year. Demand for spirits is still high, and concentrating Reppe's operations in Lidköping has contributed positively to earnings. In December, Swedish organic vodka made from Västergötland wheat was launched – the first vodka ever under the Lantmännen brand.

Integration of the oat operations in Kimstad, which were acquired earlier in the year, has proceeded according to plan.

Two items affecting comparability had an impact on the Sector's operating income during the year. As a result of a weaker Swedish krona, the previously reported provision in connection with the EU Commission's investigation of Lantmännen Agroetanol and two other ethanol producers was adjusted up by MSEK 60. At the same time, operating income was positively affected by MSEK 80 as a result of a value adjustment of non-current assets related to the acquisition of the oat facility in Kimstad.

Energy Sector, adjusted for items affecting comparability



Key figures, Energy Sector

	2019 Sep-Dec	2018 Sep-Dec	2019 Jan-Dec	2018 Jan-Dec	Change
Net sales, MSEK	1,228	1,041	3,741	3,117	20 %
Operating income, MSEK	188	16	375	168	207
Operating margin, %	15.3	1.5	10.0	5.4	
Return on operating capital, %	45.8	4.0	30.3	14.6	
Operating income, adj. for items affecting comparability, MSEK	188	48	355	200	155
Operating margin, adj. for items affecting comparability, %	15.3	4.6	9.5	6.4	
Return on operating capital, adj. for items affecting comparability, %	45.8	12.3	28.7	17.4	
Average number of employees			301	282	7 %



Food Sector

Net sales in the Food Sector are higher than in the previous year, mainly due to a continuing increase in sales within Lantmännen Unibake. Operating income adjusted for items affecting comparability was MSEK 1,018 (787) – the Sector's highest ever result.

Virtually all Lantmännen Unibake's markets and categories are developing positively and delivering good results. The investments that have been made in the business in recent years, for example in acquisitions and new bakeries, are now producing positive effects. Sales have increased significantly in most markets, with production efficiency also increasing due to higher capacity utilization in the bakeries. The addition of Lantmännen Unibake Australia, acquired at the beginning of the year, has made a positive contribution.

Lantmännen Cerealia shows a higher operating income than in the previous year. The improvement is mainly due to good effects from the improvement program implemented during the year, with process improvements in the supply chain, a more efficient organizational structure and a simplified product range.

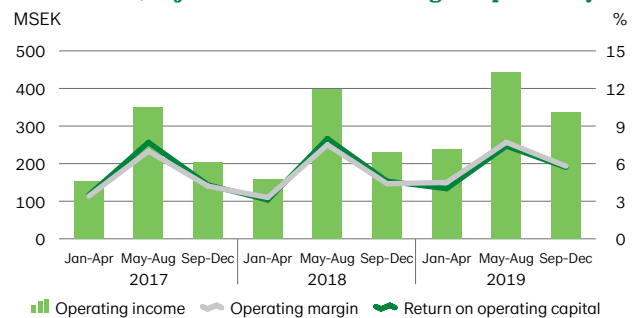
During the year, a number of products were successfully launched within breakfast and rye snacks. In addition, Cerealia and the e-commerce operator Matsmart have joined forces to start an online store for some of the range,

which is available to Lantmännen's members and users of the LM² digital portal.

Earnings for the partly-owned company Viking Malt are a little higher than in the previous year. The challenges in securing the supply of raw materials in the early part of the year have diminished with the new harvest.

The Sector's operating income was affected by restructuring costs of MSEK –94.

Food Sector, adjusted for items affecting comparability



Key figures, Food Sector

	2019 Sep-Dec	2018 Sep-Dec	2019 Jan-Dec	2018 Jan-Dec	Change
Net sales, MSEK	5,809	5,233	16,867	15,351	10 %
Operating income, MSEK	277	192	924	748	176
Operating margin, %	4.8	3.7	5.5	4.9	
Return on operating capital, %	4.7	3.9	5.2	5.0	
Operating income, adj. for items affecting comparability, MSEK	336	231	1,018	787	231
Operating margin, adj. for items affecting comparability, %	5.8	4.4	6.0	5.1	
Return on operating capital, adj. for items affecting comparability, %	5.7	4.6	5.7	5.3	
Average number of employees			6,694	6,568	2 %



Swecon Business Area

The Swecon Business Area's net sales are higher than in the previous year, a trend we have seen for several years. Operating income is MSEK 514 (440) – the highest ever.

The level of activity during the year was high in all Swecon's markets, although there were some signs of a slowdown in the second half of the year. Sales of large machines have been good in northern Sweden, while competition is tougher in southern Sweden. Demand for servicing and spare parts remains high – however, a slowdown was also noticed in this area towards the end of the year.

An agreement on the single largest transaction of the year was signed with the trading company Bauma GmbH in Germany in the third four-month period.

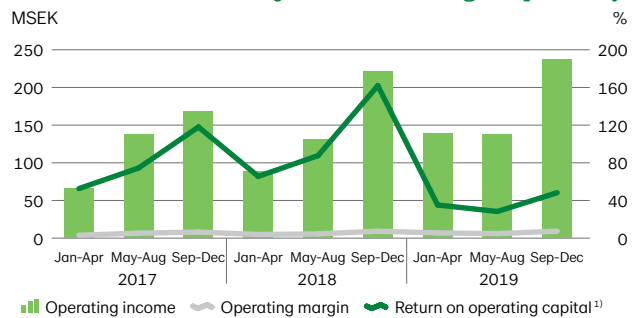
The digital portal mySwecon has been presented at the German construction exhibition NordBau. Many large customers have now started using the service, and there are currently about 5,500 machines registered. Volvo's new electric compact machines were also presented at the trade fair.

Another major challenge for Swecon is recruiting and retaining knowledgeable technical personnel. The number of employees has increased during the year, but the market

is still fast-paced and there is very intense competition for employees.

Work is in progress to further improve customer accessibility. Swecon's new facility in Mölndal, which will serve customers in the Gothenburg area, was officially opened in the third four-month period. A new facility has also been completed in Tallinn, and occupancy is expected in early 2020. Construction of another new facility is in progress in Berlin.

Swecon Business Area, adj. for items affecting comparability



Key figures, Swecon Business Area

	2019 Sep-Dec	2018 Sep-Dec	2019 Jan-Dec	2018 Jan-Dec	Change
Net sales, MSEK	3,192	3,040	8,588	8,252	4 %
Operating income, MSEK	237	221	514	440	74
Operating margin, %	7.4	7.3	6.0	5.3	
Return on operating capital, % ¹⁾	48.3	161.9	37.4	104.6	
Average number of employees			1,198	1,119	7 %

¹⁾ The introduction of IFRS 16 in 2019 has had a significant impact on the key figure Return on operating capital.



Impression of Lantmännen's new offices in Malmö



Real Estate Business Area

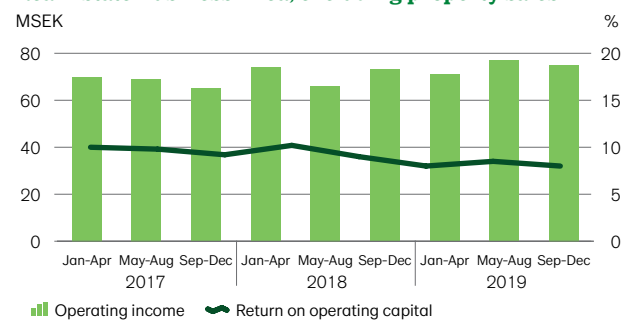
The Real Estate Business Area's net sales are slightly higher than the previous year. Operating income excluding all property sales is MSEK 223 (213), while operating income adjusted for property sales affecting comparability is MSEK 252 (265).

Items affecting comparability had a positive effect of MSEK 97 on the Business Area's operating income and were related to property sales in Malmö, Skellefteå and Umeå.

During the four-month period, contracts have been signed for development of the port area near Lantmännen Cerealia's mill in Västra Hamnen, Malmö, where among other things, a new office block will be built. On completion, Lantmännen will rent premises to replace Lantmännen's current premises in the Tre Skåne office building.

Lantmännen Agrovärme and the company Gimmersta Energi have formed the jointly owned company Gimmersta Agrovärme, which supplies district heating in the district of Katrineholm.

Real Estate Business Area, excluding property sales



Key figures, Real Estate Business Area

	2019 Sep-Dec	2018 Sep-Dec	2019 Jan-Dec	2018 Jan-Dec	Change
Net sales, MSEK	191	177	556	525	6 %
Operating income, excluding property sales, MSEK	75	73	223	213	10
Operating income, MSEK	175	73	349	265	84
Operating margin, adj. for property sales, %	39.3	41.2	40.1	40.6	
Return on operating capital, adj. for property sales, %	8.0	9.6	8.2	9.6	
Operating income, adj. for items affecting comparability, MSEK	78	73	252	265	-13
Operating margin, adj. for items affecting comparability, %	40.8	41.2	45.3	50.5	
Return on operating capital, adj. for items affecting comparability, %	8.4	9.6	9.3	11.9	
Average number of employees			46	46	0 %

Condensed consolidated income statement

MSEK	2019 Sep-Dec	2018 Sep-Dec ¹⁾	2019 Jan-Dec	2018 Jan-Dec ¹⁾
Net sales	16,794	14,786	48,523	43,962
Other operating income	256	70	482	279
Changes in inventories of finished goods and work in progress	-224	649	-207	-301
Raw materials and consumables	-4,393	-4,502	-14,298	-12,767
Merchandise	-6,047	-5,824	-16,734	-15,583
Employee benefits expense	-2,269	-2,081	-6,573	-6,037
Depreciation, amortization and impairment	-736	-484	-2,063	-1,363
Other operating expenses	-2,532	-2,362	-7,113	-6,866
Share of income of equity accounted companies	-83	27	-34	119
Operating income	766	279	1,983	1,443
Finance income	41	18	112	96
Finance costs	-109	-105	-322	-289
Income after financial items	698	192	1,773	1,250
Tax	-83	80	-222	-68
Net income for the period	615	272	1,551	1,182
Net income for the period attributable to:				
Members of the economic association	615	272	1,545	1,176
Non-controlling interests	0	0	6	6

Condensed consolidated statement of comprehensive income

MSEK	2019 Sep-Dec	2018 Sep-Dec ¹⁾	2019 Jan-Dec	2018 Jan-Dec ¹⁾
Net income for the period	615	272	1,551	1,182
Other comprehensive income				
<i>Items that will not be reclassified to the income statement</i>				
Actuarial gains and losses on defined benefit pension plans, net before tax	-252	-52	-298	-30
Shares in companies measured at fair value through other comprehensive income, net before tax	74	-34	121	-69
Tax attributable to items that will not be reclassified	52	11	53	12
Total	-126	-75	-124	-87
<i>Items that will be reclassified to the income statement</i>				
Cash flow hedges, net before tax	-10	203	-60	30
Exchange differences on translation of foreign operations	-232	-315	317	198
Net gain on hedge of net investment in foreign operations, net before tax	82	79	-31	-50
Tax attributable to items that will be reclassified	-15	-51	9	15
Total	-175	-84	235	193
<i>Share of OCI in equity accounted companies</i>				
Items that will be reclassified to the income statement	-61	-67	30	83
Total	-61	-67	30	83
Other comprehensive income, net of tax	-362	-226	141	189
Total comprehensive income for the period	253	46	1,692	1,371
Total comprehensive income attributable to:				
Members of the economic association	253	46	1,686	1,365
Non-controlling interests	0	0	6	6

¹⁾ In accordance with previously applied accounting policies for leasing.

Condensed consolidated statement of financial position

MSEK	2019 Dec 31	2018 Dec 31 ²⁾
ASSETS		
Property, plant and equipment	13,297	10,012
Investment property	630	661
Goodwill	5,724	5,350
Other intangible assets	3,620	3,451
Equity accounted holdings	2,490	2,299
Non-current financial assets	620	629
Deferred tax assets	252	248
Other non-current assets	137	57
Total non-current assets	26,770	22,707
Inventories	6,561	6,943
Trade and other receivables	6,488	6,668
Current interest-bearing assets	123	39
Current tax assets	69	18
Cash and cash equivalents	1,183	720
Total current assets	14,424	14,388
TOTAL ASSETS	41,194	37,095
EQUITY AND LIABILITIES		
Equity attributable to members of the economic association	17,411	15,935
Non-controlling interests	94	92
Total equity	17,505	16,027
Non-current interest-bearing liabilities ¹⁾	5,263	5,493
Provisions for pensions	942	611
Deferred tax liabilities	720	650
Other non-current provisions	251	208
Other non-current liabilities	14	43
Total non-current liabilities	7,190	7,005
Current interest-bearing liabilities	5,886	4,002
Trade and other payables	9,714	9,280
Current tax liabilities	149	103
Current provisions	750	678
Total current liabilities	16,499	14,063
TOTAL EQUITY AND LIABILITIES	41,194	37,095
Equity ratio	42.5	43.2
¹⁾ Including subordinated debentures, MSEK	0	250

²⁾ In accordance with previously applied accounting policies for leasing.

Condensed consolidated statement of cash flows

MSEK	2019 Sep-Dec	2018 Sep-Dec ²⁾	2019 Jan-Dec	2018 Jan-Dec ²⁾
Operating income	766	279	1,983	1,443
Adjustment for non-cash items ¹⁾	781	464	2,037	1,191
Financial items paid, net	-96	-136	-210	-234
Taxes paid	-41	-35	-173	-132
Cash flow from operating activities before changes in working capital	1,410	572	3,637	2,268
Change in working capital	228	-586	589	-1,245
Cash flow from operating activities	1,638	-14	4,226	1,023
Acquisitions and divestments	-161	-360	-473	-333
Investments in property, plant & equipment and intangible assets	-721	-623	-2,201	-1,825
Sale of property, plant & equipment and intangible assets	148	78	272	199
Change in financial investments	-62	7	13	112
Cash flow from investing activities	-796	-898	-2,389	-1,847
Cash flow before financing activities	842	-912	1,837	-824
Change in interest-bearing liabilities and pension provisions	-981	40	-1,054	1,108
Change in contributed capital	0	0	45	100
Dividend paid	0	-132	-374	-603
Cash flow from financing activities	-981	-92	-1,383	605
Cash flow for the period	-139	-1,004	454	-219
Cash and cash equivalents at beginning of period	1,334	1,733	720	927
Exchange differences in cash and cash equivalents	-12	-9	9	12
Cash and cash equivalents at end of period	1,183	720	1,183	720
¹⁾ Depreciation and impairment of non-current assets	736	484	2,063	1,363
Share of income of equity accounted companies	137	-19	92	-58
Capital gains/losses on sale of non-current assets and operations	-107	4	-130	-45
Other non-cash items	15	-5	12	-69
Adjustment for non-cash items	781	464	2,037	1,191

²⁾ In accordance with previously applied accounting policies for leasing.

Condensed consolidated statement of changes in equity

MSEK	2019 Jan-Dec			2018 Jan-Dec		
	Members of the association	Non-controlling interest	Total equity	Members of the association	Non-controlling interest	Total equity
Closing balance	15,935	92	16,027	14,859	89	14,948
Changes due to amended accounting policies in associates	115	-	115	-33	-	-33
Opening balance, January 1	16,050	92	16,142	14,826	89	14,915
Total comprehensive income for the period	1,686	6	1,692	1,365	6	1,371
Distribution to owners	-370	-4	-374	-356	-3	-359
Contributed capital paid in by members	114	-	114	161	-	161
Contributed capital paid out to members	-69	-	-69	-61	-	-61
Closing balance	17,411	94	17,505	15,935	92	16,027
Equity attributable to members of the economic association						
Contributed capital, paid in	1,373			1,318		
Contributed capital, issued	1,586			1,346		
Other equity	14,452			13,271		
Total equity attributable to members of the economic association	17,411			15,935		

Condensed consolidated four-monthly income statements

MSEK	2019 Sep-Dec	2019 May-Aug	2019 Jan-Apr	2018 Sep-Dec ¹⁾	2018 May-Aug ¹⁾	2018 Jan-Apr ¹⁾
Net sales	16,794	16,395	15,334	14,786	15,432	13,744
Other operating income	256	176	50	70	91	118
Changes in inventories of finished goods and work in progress	-224	423	-406	649	19	-969
Raw materials and consumables	-4,393	-5,368	-4,537	-4,502	-4,849	-3,416
Merchandise	-6,047	-5,605	-5,082	-5,824	-5,233	-4,526
Employee benefits expense	-2,269	-2,170	-2,134	-2,081	-1,958	-1,998
Depreciation, amortization and impairment	-736	-698	-629	-484	-442	-437
Other operating expenses	-2,532	-2,394	-2,187	-2,362	-2,307	-2,197
Share of income of equity accounted companies	-83	50	-1	27	53	39
Operating income	766	809	408	279	806	358
Finance income	41	34	37	18	36	42
Finance costs	-109	-103	-110	-105	-77	-107
Income after financial items	698	740	335	192	765	293
Tax	-83	-96	-43	80	-101	-47
Net income for the period	615	644	292	272	664	246
Net income for the period attributable to:						
Members of the economic association	615	643	287	272	663	241
Non-controlling interests	0	1	5	0	1	5

The Group's items affecting comparability

MSEK	2019 Sep-Dec	2018 Sep-Dec ¹⁾	2019 Jan-Dec	2018 Jan-Dec ¹⁾
Recognized operating income	766	279	1,983	1,443
<i>Items affecting comparability in operating income:</i>				
Competition case, associated company, Agriculture Sector	-127	-	-127	-
Action package, Agriculture Sector	-	-66	-	-66
Adjusted provision, Energy Sector	-	-	-60	-
Fair value adjustment, Energy Sector	-	-	80	-
Restructuring costs, Energy Sector	-	-32	-	-32
Restructuring costs, Food Sector	-59	-39	-94	-39
Capital gains, Real Estate Business Area	97	-	97	-
Total items affecting comparability in operating income	-89	-137	-104	-137
Operating income, adjusted for items affecting comparability	855	416	2,087	1,580
Recognized income after financial items	698	192	1,773	1,250
Items affecting comparability in operating income according to above	-89	-137	-104	-137
Income after financial items adjusted for items affecting comparability	787	329	1,877	1,387
Return on equity, adjusted for items affecting comparability, %	12.0	7.1	9.7	8.2
Return on operating capital, adjusted for items affecting comparability, %	8.8	5.0	7.2	6.6

¹⁾ In accordance with previously applied accounting policies for leasing.

The Group's net sales per segment and business

MSEK	2019 Sep-Dec	2018 Sep-Dec	2019 Jan-Dec	2018 Jan-Dec	Change %
Net sales excluding leasing activities					
Lantmännen Lantbruk Sweden	4,418	3,752	13,181	11,622	13 %
Lantmännen Lantbruk Finland	1,470	1,245	4,617	3,612	28 %
Lantmännen Maskin Sweden	1,269	1,222	3,753	3,875	-3 %
Agriculture Sector, other and eliminations	141	60	290	229	26 %
Agriculture Sector	7,298	6,279	21,841	19,338	13 %
Lantmännen Agroetanol	787	585	2,282	1,734	32 %
Lantmännen Reppe	163	166	479	472	1 %
Lantmännen Aspen	283	299	971	928	5 %
Energy Sector, other and eliminations	-5	-9	9	-17	-153 %
Energy Sector	1,228	1,041	3,741	3,117	20 %
Lantmännen Unibake	4,415	3,914	12,852	11,584	11 %
Lantmännen Cerealia	1,527	1,437	4,419	4,139	7 %
Food Sector, other and eliminations	-126	-121	-404	-375	8 %
Food Sector	5,816	5,230	16,867	15,348	10 %
Swecon Sweden	1,861	1,596	4,478	4,116	9 %
Swecon Germany	1,065	1,196	3,333	3,394	-2 %
Swecon Baltic	102	91	293	287	2 %
Swecon Business Area, other and eliminations	-2	-2	-5	-3	67 %
Swecon Business Area	3,026	2,881	8,099	7,794	4 %
Real Estate Business Area	42	39	116	114	2 %
Other operations	243	228	649	598	9 %
Eliminations	-1,071	-1,127	-3,443	-2,967	-47 %
Total	16,582	14,571	47,870	43,342	10 %
Net sales from leasing activities					
Swecon Business Area	166	159	489	458	7 %
Real Estate Business Area	149	138	440	411	7 %
Eliminations	-103	-82	-276	-249	10 %
Lantmännen Group	212	215	653	620	5 %
Total net sales	16,794	14,786	48,523	43,962	10 %

Segment information, adjusted for items affecting comparability

Operating income per segment, adjusted for items affecting comparability

MSEK	2019 Sep-Dec	2018 Sep-Dec ³⁾	2019 Jan-Dec	2018 Jan-Dec ³⁾
Agriculture Sector	106	-29	210	197
Energy Sector	188	48	355	200
Food Sector	336	231	1,018	787
Swecon Business Area	237	221	514	440
Real Estate Business Area ¹⁾	78	73	252	265
Other operations	-71	-58	-162	-180
Group items	-19	-70	-100	-129
Total	855	416	2,087	1,580
¹⁾ Including capital gain/loss on sale of property	3	0	29	52

Operating margin per segment, adjusted for items affecting comparability

%	2019 Sep-Dec	2018 Sep-Dec ³⁾	2019 Jan-Dec	2018 Jan-Dec ³⁾
Agriculture Sector	1.5	-0.5	1.0	1.0
Energy Sector	15.3	4.6	9.5	6.4
Food Sector	5.8	4.4	6.0	5.1
Swecon Business Area	7.4	7.3	6.0	5.3
Total	5.1	2.8	4.3	3.6

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

%	2019 Sep-Dec	2018 Sep-Dec ³⁾	2019 Jan-Dec	2018 Jan-Dec ³⁾
Agriculture Sector	3.7	-1.2	2.5	3.0
Energy Sector	45.8	12.3	28.7	17.4
Food Sector	5.7	4.6	5.7	5.3
Swecon Business Area	48.3	161.9	37.4	104.6
Real Estate Business Area ²⁾	8.0	9.6	8.2	9.6
Total	8.8	5.0	7.2	6.6

²⁾ Adjusted for gain/loss on sale of property.

³⁾ In accordance with previously applied accounting policies for leasing.

Segment information

Operating income per segment

MSEK	2019 Sep-Dec	2018 Sep-Dec ³⁾	2019 Jan-Dec	2018 Jan-Dec ³⁾
Agriculture Sector	-21	-95	83	131
Energy Sector	188	16	375	168
Food Sector	277	192	924	748
Swecon Business Area	237	221	514	440
Real Estate Business Area ¹⁾	175	73	349	265
Other operations	-71	-58	-162	-180
Group items	-19	-70	-100	-129
Total	766	279	1,983	1,443
¹⁾ Including capital gain/loss on sale of property	100	0	126	52

Operating margin per segment

%	2019 Sep-Dec	2018 Sep-Dec ³⁾	2019 Jan-Dec	2018 Jan-Dec ³⁾
Agriculture Sector	-0.3	-1.5	0.4	0.7
Energy Sector	15.3	1.5	10.0	5.4
Food Sector	4.8	3.7	5.5	4.9
Swecon Business Area	7.4	7.3	6.0	5.3
Total	4.6	1.9	4.1	3.3

Return on operating capital per segment

%	2019 Sep-Dec	2018 Sep-Dec ³⁾	2019 Jan-Dec	2018 Jan-Dec ³⁾
Agriculture Sector	-0.7	-3.8	1.0	2.0
Energy Sector	45.8	4.0	30.3	14.6
Food Sector	4.7	3.9	5.2	5.0
Swecon Business Area	48.3	161.9	37.4	104.6
Real Estate Business Area ²⁾	8.0	9.6	8.2	9.6
Total	7.9	3.3	6.8	6.0

²⁾ Adjusted for gain/loss on sale of property.

³⁾ In accordance with previously applied accounting policies for leasing.

Parent Company

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

Net sales were MSEK 13,627 (12,099) and operating income was MSEK -179 (-111).

Net financial items were MSEK 130 (165) and income after financial items was MSEK -49 (54).

Net investments in non-current assets during the year totaled MSEK 273 (169). The equity ratio at the end of the year increased to 45.2 (44.9) percent.

The average number of employees was 1,010 (953).

The number of members on December 31, 2019 fell to 19,690 (24,798).

Proposed dividend

The Board of Directors proposes that dividends be paid to both direct members and local associations as follows:

Refund and supplementary payment of MSEK 205 (157)

- 1.75 (1.5) percent in refund and supplementary payment on members' trading with Lantmännen Lantbruk Sweden
- 1.0 (0.5) percent in refund on members' purchases from Lantmännen Maskin's and Swecon's Swedish operations.

Contribution dividend of MSEK 237 (213)

- 8 (8) percent on the nominal value of the contributions.

Contribution issue of MSEK 288 (250)

- The issue capital will be distributed as follows: 50 (50) percent based on members' contributions, paid-in and issued contributed capital, and 50 (50) percent on members' contribution-based turnover with the association in 2019.

Dividend

MSEK	2019 ¹⁾	2018 ²⁾
Refund and supplementary payment	205	157
Contribution dividend	237	213
Contribution issue	288	250
Total	730	620

¹⁾ According to Board's proposal.

²⁾ Actual outcome.

The Board also proposes a 6.5 (5.25) percent dividend on subordinated debentures, totaling MSEK 16 (13), based on the conditions in the subordinated debenture offer.

The dividend is calculated on the basis of the membership roll as updated on December 31, 2019. The amounts may be adjusted as a result of changes in the membership roll up to date of the Annual General Meeting.

Due to trading in contribution issues, the Board has decided that the date on which holdings give entitlement to a dividend (contribution dividend and contribution issue) is the date of the Annual General Meeting.

Lantmännen's Annual General Meeting

The Annual General Meeting will be held at Clarion Hotel Sign, Norra Bantorget, Stockholm, on May 7, 2020.

Parent Company condensed income statement

MSEK	2019 Jan-Dec	2018 Jan-Dec
Net sales, total	13,627	12,099
Other operating income	252	277
Change in products in progress, finished goods and work in progress for third parties	-268	-50
Raw materials and consumables	-8,730	-7,914
Merchandise	-2,071	-1,841
Employee benefits expense	-835	-765
Depreciation, amortization and impairment	-171	-172
Other operating expenses	-1,983	-1,745
Operating income	-179	-111
Income from financial items	130	165
Income after financial items	-49	54
Refund and supplementary payment ¹⁾	-	-2
Group contributions	885	515
Tax	-45	-18
Net income for the year	791	549

¹⁾ The actual outcome for the 2017 refund and supplementary payment was MSEK 2 higher than the amount allocated in 2017. The difference was recognized as an expense in 2018.

Parent Company statement of comprehensive income ¹⁾

MSEK	2019 Jan-Dec
Net income for the period	791
Other comprehensive income	
<i>Items that will not be reclassified to the income statement</i>	
Financial assets at fair value through other comprehensive income, net before tax	79
Total	79
<i>Items that will be reclassified to the income statement</i>	
Cash flow hedges, net before tax	-60
Tax attributable to items that will be reclassified	2
Total	-58
Other comprehensive income, net of tax	21
Total comprehensive income	812

¹⁾ The Parent Company introduced IFRS 9 Financial Instruments on January 1, 2019.

Parent Company condensed statement of financial position

MSEK	2019 Dec 31	2018 Dec 31
ASSETS		
Intangible assets	454	477
Property, plant and equipment	826	749
Investments in Group companies	11,012	9,808
Investments in joint ventures/associates	1,365	1,240
Receivables from Group companies	4,694	4,906
Other securities held as non-current assets	300	154
Other non-current receivables	56	240
Total non-current assets	18,707	17,574
Inventories	2,390	2,889
Receivables from Group companies	8,380	9,370
Other current receivables	2,355	2,191
Short-term investments, incl. cash and bank balances	643	105
Total current assets	13,768	14,555
TOTAL ASSETS	32,475	32,129
EQUITY AND LIABILITIES		
Equity	14,303	14,050
Untaxed reserves	466	466
Provisions	74	95
Non-current liabilities	3,109	5,043
Current liabilities to Group companies	7,289	6,966
Other current liabilities	7,234	5,509
TOTAL EQUITY AND LIABILITIES	32,475	32,129
Equity ratio	45.2	44.9

Notes

Accounting policies

Lantmännen applies International Financial Reporting Standards (IFRS), as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Accounting policies and calculation methods are unchanged from those applied in the 2018 annual report, apart from the application of IFRS 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments with effect from January 1, 2019. IFRS 16 and IFRIC 23 and their effects on Lantmännen are commented on below. Reporting for the Parent Company is in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. Accounting policies and calculation methods are unchanged from those applied in the 2018 annual report, apart from the reporting of financial instruments, for which the Parent Company, with effect from January 1, 2019, has adopted the application of IFRS 9 Financial Instruments as a legal entity. The introduction of IFRS 9 means that the Parent Company and the Group apply the same principles for reporting financial instruments. The transition has resulted in an increase of MSEK 29, net after tax, in the Parent Company's equity at January 1, 2019.

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 Leases with effect from January 1, 2019. The new standard makes no distinction between operating and finance leases/rental agreements for the lessee. Under the new standard, lessees report leases as a right-of-use asset, i.e. the right to use the asset during the lease term, and a financial liability, i.e. the lessee's commitment to make lease payments. Depreciation of the right-of-use asset and interest on the lease liability are reported in the income statement.

Lease payments are apportioned between the finance charge and reduction of the lease liability.

Lantmännen has chosen to apply the simplified transition approach, which means that comparative amounts for previous periods have not been restated. Right-of-use assets are reported in property, plant and equipment, and lease liabilities are included in current and non-current interest-bearing liabilities.

On transition to IFRS 16, Lantmännen reported an additional MSEK 2,632 as right-of-use assets and MSEK 2,593 as financial liabilities. The difference between right-of-use assets and lease liabilities relates to prepaid lease payments. Identified operating leases primarily concern land, office premises, production and warehouse premises, rental machines, service vehicles and company cars.

The reporting of depreciation of right-of-use assets instead of lease costs has had a slightly positive impact on operating income. Interest on lease liabilities has had a negative impact on net financial income.

Further information about the transition effects and new accounting policies based on IFRS 16 are presented in Lantmännen's 2018 annual report.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 is a new interpretation that deals with uncertainty in the treatment of income taxes under IAS 12 Income Taxes. The introduction of IFRIC 23 will not have any material impact on the reporting of tax risks.

Provision in connection with the EU Commission's investigation

A provision of MSEK 440 has been recognized since 2017 in connection with the European Commission's investigation of Lantmännen Agroetanol and two other ethanol producers for alleged violation of EU competition law. Due to a weaker Swedish krona, the provision was adjusted up by MSEK 60 in the second four-month period of 2019, making the total provision MSEK 500. Lantmännen has cooperated fully with the EU Commission during the investigation and is now engaged in a settlement process.

Financial assets and liabilities with information on fair value, December 31, 2019

MSEK	Carrying amount	Fair value
Assets		
Other shares and interests	582	582
Other financial assets	37	37
Other non-current assets	8	8
Trade and other receivables	5,995	5,995
Current interest-bearing assets	123	123
Cash and cash equivalents	1,183	1,183
Total financial assets	7,928	7,928
Liabilities		
Non-current interest-bearing liabilities	5,263	5,429
Other non-current liabilities	14	14
Current interest-bearing liabilities	5,886	5,929
Trade and other payables	6,046	6,046
Total financial liabilities	17,209	17,418

Financial assets and liabilities measured at fair value, by level, December 31, 2019

MSEK	Level 1	Level 2	Level 3	Total
Assets				
Derivatives with positive fair value	243	87	-	330
Other financial assets measured at fair value	465	-	117	582
Total assets	708	87	117	912
Liabilities				
Derivatives with negative fair value	266	184	-	450
Total liabilities	266	184	-	450

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.

Financial assets and liabilities with information on fair value, December 31, 2018

MSEK	Carrying amount	Fair value
Assets		
Other shares and interests	364	364
Other financial assets	265	265
Other non-current assets	57	57
Trade and other receivables	6,101	6,101
Current interest-bearing assets	39	39
Cash and cash equivalents	720	720
Total financial assets	7,546	7,546
Liabilities		
Non-current interest-bearing liabilities	5,493	5,598
Other non-current liabilities	43	43
Current interest-bearing liabilities	4,002	3,999
Trade and other payables	7,565	7,565
Total financial liabilities	17,103	17,205

Financial assets and liabilities measured at fair value, by level, December 31, 2018

MSEK	Level 1	Level 2	Level 3	Total
Assets				
Derivatives with positive fair value	296	9	-	305
Other financial assets measured at fair value	257	0	106	363
Total assets	553	9	106	668
Liabilities				
Derivatives with negative fair value	186	117	-	303
Total liabilities	186	117	-	303

Alternative performance measures

In addition to the application of IFRS, Lantmännen has also chosen to follow new guidelines on definitions of alternative performance measures issued by the European Securities and Markets Authority (ESMA). An APM is a measure that is used to evaluate an entity's financial position but is not defined in any of the IASB's issued international reporting standards. The Guidelines require entities to provide an explanation of the basis of calculation of the alternative performance measures used. These principles are aimed at giving external parties better understanding of an entity's financial statements.

Current loan agreements were concluded before the introduction of IFRS 16, and all definitions for components included in the calculation of the liquidity reserve are calculated excluding the effects of IFRS 16 – i.e., Liquidity reserve, EBITDA according to bank definition, Net Debt according to bank definition and Net Debt according to bank definition/EBITDA according to bank definition.

Description of financial performance measures (including alternative performance measures)

Key figures	Description	Reason for use
Return on equity	Return on equity is calculated as net income for the period divided by average equity.	Shows owners the return on their invested capital.
Return on operating capital	Return on operating capital is calculated as annualized operating income for the period divided by average operating capital.	Measures the return on the capital used in the business.
Liquidity reserve	Cash and cash equivalents and loans granted under the provisions in the existing loan agreements.	Shows the available borrowing capacity based on the current loan agreements.
EBITDA according to bank definition.	Operating income, excluding income from associates, and excluding depreciation, amortization and impairment. Operating income is also adjusted for acquired and divested companies, and refers to the last 12 months.	To calculate the key ratio Net debt according to bank definition/EBITDA according to bank definition.
Net financial income	Net financial income is finance income less finance costs.	Shows the net result of the company's financial operations.
Average equity/operating 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.	Ensures accurate calculation of return on equity and operating capital.
Investments in non-current assets	Total of the period's investments in property, plant & equipment and intangible assets excluding right-of-use assets.	The size of the investments made to maintain existing capacity and to achieve expansion and growth.
Adjusted income	Adjusted income is income net of items affecting comparability.	An adjustment to exclude items affecting comparability.
Items affecting comparability	The Group's income can be inflated or reduced by certain items that affect comparability. These are one-time items not directly related to the planned future operations and outside the range of MSEK +/-30.	Accounting for items that have been adjusted due to specific events that otherwise affect comparability between different periods. Provides a better understanding of the operating activities.
Capital turnover rate	Net sales divided by average operating capital.	Shows the efficiency of the use of operating capital.
Cash flow from operating activities	Net income for the period adjusted for items that are not cash inflows or outflows but accounting costs, such as depreciation and capital gains/losses. Adjustments are also made for financial items and income taxes paid, and changes in inventories, operating receivables and operating liabilities.	Shows cash flow from operations that can be used for investments and acquisitions.
Net debt according to bank definition	Net debt according to bank definition is based on net debt, but it is calculated as the effect of no financial assets being included, except cash and cash equivalents and certain listed (liquid) shares, and less subordinated debentures.	To calculate the key ratio Net debt according to bank definition/EBITDA according to bank definition.
Net debt according to bank definition/EBITDA according to bank definition.	Net debt according to bank definition divided by EBITDA according to bank definition.	Indicates how fast a company can repay its debt (expressed in years).
Net debt	Net debt comprises interest-bearing liabilities, including pension liabilities and accrued interest, less financial assets.	Shows the net of interest-bearing assets and interest-bearing liabilities.
Net debt/equity ratio	Net debt divided by equity.	Shows financial risk and is therefore used to view the level of debt funding.
Operating capital	Operating capital is calculated as non-interest-bearing assets minus non-interest-bearing liabilities. Tax assets and tax liabilities are not included in operating capital's assets and liabilities.	Shows how much capital is used in the operations.
Interest coverage ratio	Interest coverage ratio is calculated as income after financial items plus interest expenses divided by interest expenses.	Shows the ability to cover interest expenses.
Operating margin	The operating margin is operating income as a percentage of net sales for the period.	Shows the profitability of the operations.
Operating income	Operating income consists of net sales and other operating income less operating expenses.	Shows the result of operating activities.
Equity ratio	Equity divided by total assets.	Shows what proportion of the assets are financed by the owners.

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This information is information that Lantmännen ek för is required to disclose under the EU Market Abuse Regulation. The information was submitted by the above contact person for publication at 08.00 CET on February 10, 2020.

Review report

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

Financial Reporting

Annual Report with Sustainability Report 2019 and Annual Review 2019 • February 20, 2020.

Interim 1st four months 2020 • June 3, 2020

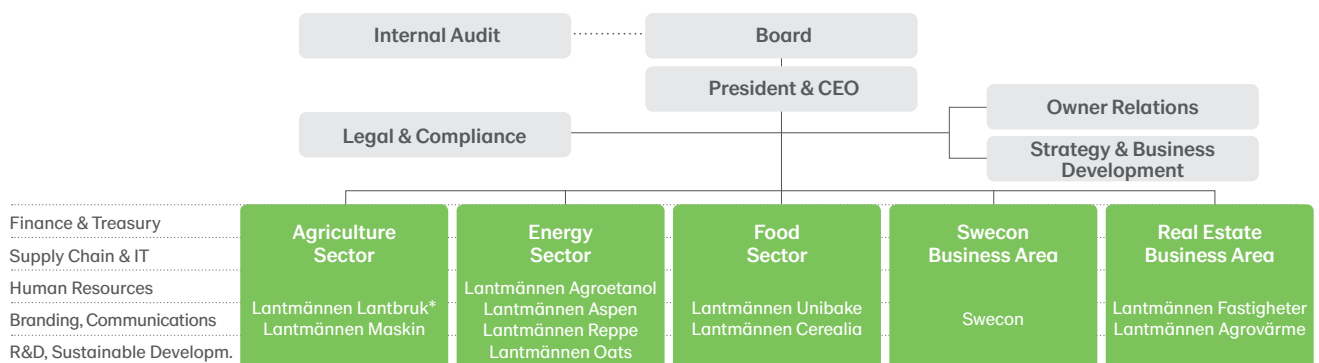
Interim 2nd four months 2020 • October 2, 2020

*This report can be downloaded from
www.lantmannen.com/en/financialinformation*

For more information: lantmannen.com/en Follow us on: facebook.com/jordtillbord and twitter.com/lantmannen

About Lantmännen

Lantmännen is an agricultural cooperative and Northern Europe's leader in agriculture, machinery, bioenergy and food products. Owned by 20,000 Swedish farmers, we have 10,000 employees, operations in over 20 countries and an annual turnover of SEK 50 billion. With grain as our basis, we create value from farmland resources to make farming thrive. Some of our best-known food brands are AXA, Bonjour, Kungsörnen, GoGreen, Gooh, FINN CRISP, Korvbrödsbagarn and Hatting. Our company is founded on knowledge and values built up through generations of owners. Having research, development and operations throughout the value chain means that we can take responsibility together – from field to fork.



* Lantmännen Lantbruk Sweden and international operations.