

# Lantmännen Interim Report January-April


# 2013



**“ Lantmännen takes  
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 33,500 Swedish farmers, we have approximately 10,000 employees, a presence in 22 countries and revenues of SEK 36.5 billion. Our company is founded on knowledge and values built up through generations of owners. With research, development and operations throughout the chain, 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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## **Financial Reporting**

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Interim Report 2nd four months  
Year-End-Report 2013

October 2, 2013  
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## **Distribution**

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Interim and other reports are available in English and Swedish.  
All reports can be downloaded from ► [www.lantmannen.se/en](http://www.lantmannen.se/en)

# The period in brief January-April 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 Previously unpublished values for the previous year's four-month periods have been prepared and are included in the report.)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 12,027 (11,640). Currency effects had an impact of –2 percent on net sales.

**Operating income** amounted to MSEK 18 (95) during the period. The figure was affected by a capital loss of MSEK –62 (0) on the divestment of the milling operations in Riga. After adjustment for items affecting comparability, operating income was MSEK 80 (95). Net income for the year includes costs of the ongoing restructuring program, which are MSEK 26 for the year to date.

**Income after financial items** amounted to MSEK 71 (27) during the period. The figure includes items affecting comparability of MSEK 56 (0). After adjustment for these items, income after financial items was MSEK 15 (27).

**Income after tax** amounted to MSEK 55 (40).

**Cash flow before financing activities** totaled MSEK 1,084 (291).

**Investments** amounted to MSEK 407 (286).

**Lantmännen and the UK investment company CapVest** have agreed to form a new company in the poultry market. The new company will acquire Kronfågel Group in Sweden and Denmark from Lantmännen and Cardinal Foods AS in Norway from CapMan of Finland. The transaction is expected to be completed in June 2013. Lantmännen will own 46 percent of the new company and control 48 percent of the votes.

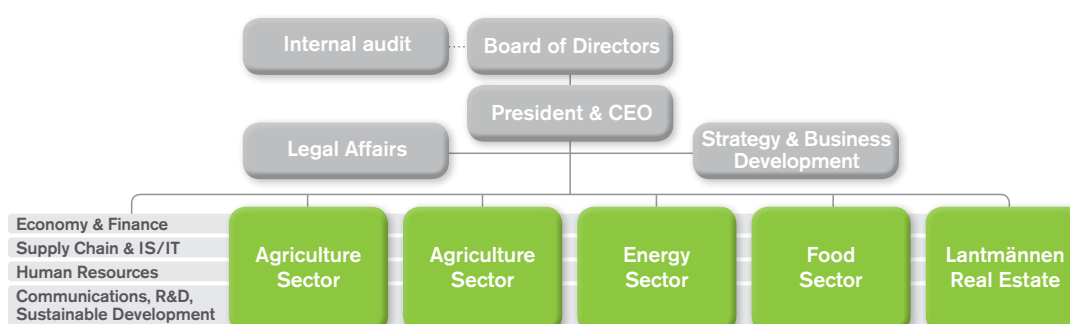
**In the Sustainable Brands survey** Lantmännen retains its position as Sweden's most sustainable consumer goods/food brand and is named Sweden's fourth most sustainable brand overall.



## Key figures

	2013 Jan-Apr	2012 Jan-Apr	2012 Jan-Dec
Net sales, MSEK	12,027	11,640	36,526
Operating income, MSEK	18	95	685
Operating margin, %	0.1	0.8	1.9
Income after financial items, MSEK	71	27	503
Net income for the period, MSEK	55	40	412
Cash flow before financing activities, MSEK	1,084	291	–222
Return on equity, %	1.5	1.1	3.8
Return on operating capital, %	0.3	1.6	3.8
Total assets, MSEK	26,657	26,188	26,367
Equity ratio, %	41.0	41.9	41.5
Investments, MSEK	407	286	1,292
Net debt, MSEK	6,369	7,018	7,506
Interest coverage ratio, times	1.6	1.2	2.2
Average number of employees	9,823	10,214	10,249
Operating income excluding items affecting comparability, MSEK	80	95	747
Income after financial items excluding items affecting comparability, MSEK	15	27	565

## Lantmännen's organization





# President's overview

Lantmännen's income after net financial items, adjusted for items affecting comparability, for the first four months of the year was MSEK 15, which is largely in line with the the same period in 2012, when it was MSEK 27. The figure for 2013 includes costs of approx. MSEK 26 for the ongoing restructuring of the Food Sector and Lantbruk Sweden, which are not reported as items affecting comparability.

The recession in Europe has continued in the first four months, with a situation of caution in most of Lantmännen's markets. The effects of the weak economy have been lessened to some extent by our cost reduction and efficiency efforts, and we continue to focus strongly on creating added value within Lantmännen – regardless of the external growth picture.

## How our Sectors performed

The Agriculture Sector's operating income for the first four months is lower than the previous year, partly due to the long winter and delayed sales for the spring planting season. The many improvements in the Sector can be seen in a more efficient supply chain, with a good level of service, despite delayed and at times hectic spring work. We are stepping up our focus on dynamic marketing efforts and during the period, a new sales organization was established, with the aim of getting even closer to our agricultural customers.

The continuing caution on the machinery market and the long winter have been instrumental in the Machinery Sector's order intake and operating income being lower than in the previous year. At Lantmännen Maskin, work continues on the action program that will lead to more efficient operations. Many measures have been initiated during the first four months, particularly in the area of customer service. One of our improvements means that customers can now purchase parts from Lantmännen Maskin's online store.

The Energy Sector's operating income for the first four months has improved from the previous year, mainly due to a better ethanol-grain price relationship and further production efficiency improvements at the ethanol plant. However, the operations continue to run at a loss and the market is still highly volatile. In April, it was decided to suspend production on the smaller production line.

The Food Sector's operating income is in line with the previous year. The situation of increased price pressure, tougher competition and an increasing interest in low-price products remains. The action program within Cerealia is producing the expected effects and Unibake has begun a major restructuring and efficiency program to optimize and utilize its resources in a better way. Two large transactions were decided on in the



Sector – Cerealia sold its mill in Riga, and Lantmännen and the UK investment company CapVest decided to jointly establish a leading company in the Scandinavian poultry market. The sale of Kronfågel to the new company means that we realize the value built up in Kronfågel during our ownership. We also create a platform for further value creation in the Scandinavian poultry market – value in which Lantmännen will have a share as an important partner in the new company.

In this report, we present the results of our property operations for the first time. 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. The Sector's operating income for the first four months has improved compared with the previous year. Read more on page 10.

## We have the attributes to succeed

I would like to thank everyone who attended our annual general meeting in May. Many constructive views were put forward, and it is always rewarding to discuss Lantmännen's development with our owners. At the meeting, I spoke also about what we need to do to ensure we create value in our company, even in the face of an outside world with little or no growth. There are four main areas on which we are focusing: 1) cost leadership in all of our businesses; 2) innovation and sustainable business development; 3) collaboration and partnerships; and 4) establishment in new markets. External factors and our own circumstances mean that we have to develop in order to achieve success, and we have all the necessary attributes to succeed. We have a unique position as a company; we have committed and knowledgeable owners, talented employees – and a clear focus on how to continue creating value at Lantmännen. We have already started to notice results in several areas, although we still have many improvements to implement – and I look forward to leading this work!

Per Olof Nyman  
President & CEO, Lantmännen

# Business environment, sales and earnings

## Business environment & market

Grain and oilseed prices fell a little during the early months of the year, as a result of a favorable development for fall crops and sowing in Russia and Ukraine, as well as higher global stocks than expected due to reduced feed consumption. In the period ahead, the strongest drivers will be weather developments in the northern hemisphere and the effects of the general economy on demand. With regard to payment for grass seed cultivation, the settlement price for growers has risen during two growing seasons, which means that seed cultivation can once again compete economically with grain.

The fall-sown areas of grain and oilseed in Sweden are 11 percent less than the previous year and 25 percent less than the average for the last five years. Winter oilseed rape suffered some winterkill in both Skåne and Central Sweden, while some winter losses of seed grain were also noted in central Sweden. This meant that there were significantly larger areas than usual for this year's spring sowing.

The international dairy market has strengthened significantly during the period. Industry analysts expect a strong world market during the second and third quarters too, with continuing high prices. Higher settlement prices have improved the situation for Swedish milk producers, although their profitability is still under pressure. In its dairy market report for March, LRF Dairy Sweden writes that the worst is likely to be over and that the dairy market now has a better balance between production and demand.

Production of Swedish beef and pork fell sharply in the previous year. The slaughter of cattle has risen this year from the previous low level, while the trend of reduced slaughter of pigs continued in early 2013.

The number of newly registered tractors is still at a low level, and the financial turmoil continues to have a significant impact on the willingness to invest in agriculture, although there are signs of an improvement ahead of the second half of the year. Competition in the servicing market

has become keener and price sensitivity has increased. Customers are also increasingly likely to seek alternative servicing suppliers and parts distributors online.

The cyclical Swedish construction industry lost further momentum during the first months of the year. In particular, there is a decrease in demand in the mining industry, and several large infrastructure projects have been postponed. The German economy is still strong, although turmoil in the eurozone and somewhat weaker growth in exports are slowing growth forecasts.

The market conditions for ethanol production have deteriorated in the first four months of the year. In February, the European Commission imposed an anti-dumping duty to offset anti-competitive imports of state-subsidized American ethanol to the EU. However, this did not strengthen the price of ethanol to the extent expected, which has resulted in production standstills at plants in Europe.

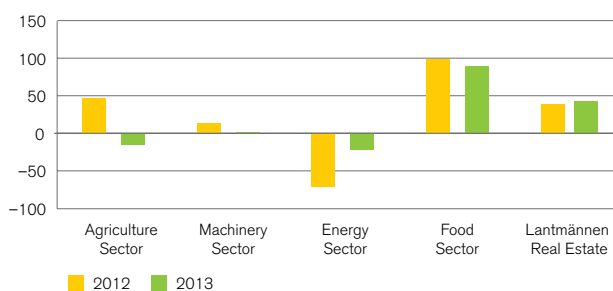
The Swedish government has submitted its proposal for a quota obligation for biofuels. The introduction is scheduled for May 2014 and means that low biofuel blends will be liable for energy tax and will be allocated quotas in the oil companies' fuel pool on an annual basis. High biofuel blends will remain tax-exempt.

Food consumers continue to choose low-price products and private labels in preference to more established or more expensive brands and products. Other trends include a continuing interest in time-saving and convenient offers, genuine raw products and gluten-free products. The potential for growth in the East, particularly in Eastern Europe and Russia, is still higher than in other European markets.

Over the last year, the property industry has shown a recovery from the very low activity level that resulted from the global financial crisis. Market rents in Sweden have increased slightly during the year and demand for premises is increasing. Land prices are also rising – particularly in places with high demand for housing.

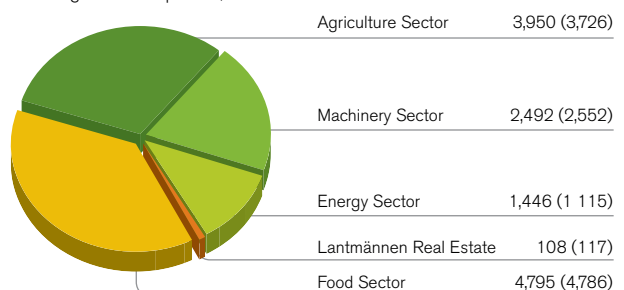
## Operating income per sector, accumulated January–April

Adjusted for items affecting comparability, MSEK



## Sales per sector, 2013

Including intra-Group sales, MSEK



## The Group's net sales and earnings

### January-April 2013

#### Net sales

Lantmännen's net sales for the first four months amounted to MSEK 12,027 (11,640), which is an increase of 3 percent. Currency effects had an impact of -2 percent on net sales. The increase in net sales is largely due to higher sales volumes in the Agriculture and Energy Sectors.

#### Operating income

Operating income for the period amounted to MSEK 18 (95). The figure was affected by a capital loss of MSEK -62 (0) on the divestment of the milling operations in Riga. After adjustment for items affecting comparability, operating income was MSEK 80 (95). Net income for the year includes costs of the ongoing restructuring program, which are MSEK 26 for the year to date.

#### Net financial income

The Group's net financial income for the period January-April 2013 was MSEK 53, compared with MSEK -68 the previous year. The figure includes a capital gain of MSEK 118 on the sale of investment shares. Net financial income adjusted for the capital gain was MSEK -65, in line with the previous year.

#### Tax and income after tax

Tax expense for the period amounted to MSEK -16 (+13) and is calculated on the basis of the estimated tax rate for the full year.

The Group's net income after tax for the period amounted to MSEK 55 (40), of which MSEK 53 (40) was attributable to members of the cooperative association and MSEK 2 (0) to non-controlling interests (minority owners) in the Group's subsidiaries.

#### Cash flow

Cash flow from operating activities in the period was MSEK 1,348 (502). The cash operating surplus contributed MSEK 336 (270) to the figure, while lower working capital had a positive effect of MSEK 1,012 (232).

The period's investments in non-current assets had an impact of MSEK -407 (-286) on cash flow. After sales of non-current assets, net investments amounted to MSEK -401 (-211).

Divestments of operations generated a positive cash flow of MSEK 6 (0).

Cash flow before financing activities was MSEK 1,084 (291), while total cash flow including financing activities was MSEK 912 (-295).

#### Financial position

Equity at April 30 amounted to MSEK 10,938 (10,932 at year-end), of which MSEK 33 (33) was attributable to owners other than members of the cooperative association, i.e. the minority interest in Group companies.

The Group's net debt was affected by the positive cash flow before financing activities and the divestment of the milling operations in Riga, for which the existing debt was assumed by the purchaser. Net debt decreased to MSEK 6,369 (7,506 at year-end).

The Group's liquidity is good. Cash & cash equivalents at April 30 were MSEK 1,261 (352 at year-end).

The equity ratio at April 30 was 41.0 percent (41.5 percent at year-end).

Total assets were largely unchanged during the period, amounting to MSEK 26,657 (26,367 at year-end).

#### Risks and uncertainties

All business activity is subject to risk. The risks in Lantmännen's operations are strategic risks associated with trademarks, external regulations and the economy, operational risks (such as fluctuating prices of energy, ethanol and commodities) and financial risks. The risks are described in detail in the 2012 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 approx. MSEK 200 at constant prices for inputs and feed. It is estimated that a change of SEK 0.50 per kilo in the price of grain will affect annual earnings by approx. MSEK 185, provided the price of feed correlates with the price of grain.

#### Changes in the Group

The Latvian milling operations were divested to JSC Malsena Plius in March. The operations had been part of the Food Sector. The divestment has had a marginal impact on the Group's sales and total assets, and a positive effect on the Group's net debt.

#### Other important events

Lantmännen Agroetanol and AGA Gas AB have signed an agreement to establish 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 will be 9.9 percent. The plant is expected to be taken into operation in the middle of 2014.

Lantmännen and the UK investment company CapVest have come to an agreement on the establishment of a company that will operate in the Scandinavian poultry market. The new company will acquire Kronfågel Group in Sweden and Denmark from Lantmännen and Cardinal Foods AS in Norway from CapMan of Finland. The transaction is expected to be completed in June 2013 and will bring a significant capital gain and a reduction in net debt for Lantmännen. Lantmännen will own 46 percent and control 48 percent of the votes





in the new group of companies, which is expected to have an annual turnover of over SEK 5 billion.

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

At Lantmännen's Annual General Meeting in May, Lena Philipson was elected to the Board to replace the retiring Director Anita Steen, and Bengt-Olov Gunnarson, Per Lindahl, Nils Lundberg and Hans Wallemyr were re-elected to the Board. At the statutory Board meeting, Bengt-Olov Gunnarson was re-elected Chairman of the Board and Nils Lundberg Vice Chairman.

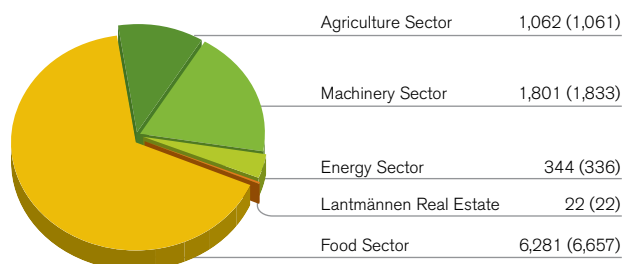
To improve the development of new products and feed concepts for cattle, pigs and poultry, Lantmännen Lantbruk and the Dutch company Agrifirm have signed a partnership agreement with Felleskjøpet Fôrutvikling of Norway.

In the Sustainable Brands survey, Lantmännen retained its position as Sweden's most sustainable consumer goods/food brand and was named Sweden's fourth most sustainable brand overall.

#### Human resources

The average number of employees during the first four months of the year was 9,823 (10,214). The decline is partly the result of efficiency measures within the Food Sector and the divestment of the milling operations in Latvia.

#### Average number of employees per sector, 2013



## Agriculture Sector

<i>Agriculture Sector</i>	2013 Jan-Apr	2012 Jan-Apr	Change Jan-Apr
Net sales, MSEK	3,950	3,726	6 %
Operating income, MSEK	-15	47	-62
Operating margin, %	-0.4	1.3	
Return on operating capital, %	-1.1	3.8	
Average number of employees	1,062	1,061	0 %

<i>Lantbruk Sweden<sup>1)</sup></i>	2013 Jan-Apr	2012 Jan-Apr	Change Jan-Apr
Net sales, MSEK	3,850	3,590	7 %
Operating income, MSEK	20	63	-43
Operating margin, %	0.5	1.8	
Return on operating capital, %	1.9	7.1	
Average number of employees	908	890	2 %

<sup>1)</sup> In addition to the contribution-related activities, Lantbruk Sweden also includes Swedish subsidiaries.

The Agriculture Sector's net sales for the first four months were slightly up on the previous year. This was largely due to strong demand for seed after a smaller than usual sown area in the fall and some winterkill damage to crops in the long winter.

Operating income for the first four months was MSEK -15, which is a decline compared with the same period in 2012, when it was MSEK 47. The figure for 2013 also includes the cost of restructuring the sales organization, which had a negative effect of MSEK 12 on operating income. The decline was also partly due to the long winter and later spring planting, which delayed sales and deliveries and in some cases led to increased price pressure in the market. The situation is the same for the international operations and interests, which also showed significantly lower results than in the previous year.

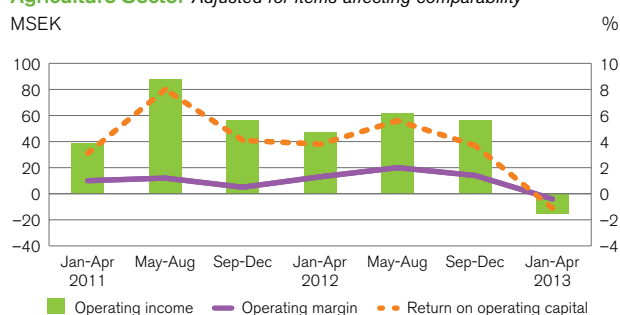
Swedish dairy farmers' milk prices have improved slightly, but the situation is still difficult for many milk producers. This has led to reduced demand for feed, and the total market has declined during the period. Despite delayed and at times

hectic spring work, the supply chain worked efficiently, with a good level of service. An increasing focus is being placed on more dynamic marketing efforts and offerings. During the first four months, for example, a new sales organization was introduced, with the aim of getting even closer to the customers. In the grain business, work is underway to offer better conditions and simplify customers' grain sales prior to the year's harvest.

At the annual Ekogalan in February, Lantmännen BioAgri was named Eco Company of the Year, in particular recognition of its work in developing eco-friendly crop protection. BioAgri's Managing Director Kenneth Alness was also one of five people nominated for the "Sustainable Leadership 2013" award.

In order to strengthen the local presence in grain intensive areas, three new grain receiving facilities will be opened for this year's harvest. The new facilities will be located in Gräs-torp, Falköping (Viken) and Fjärdhundra. This will increase Lantmännen's total grain receiving facilities to 39.

### Agriculture Sector Adjusted for items affecting comparability





## Machinery Sector

<i>Machinery Sector</i>	2013 Jan-Apr	2012 Jan-Apr	Change Jan-Apr
Net sales, MSEK	2,492	2,552	-2 %
Operating income, MSEK	2	13	-11
Operating margin, %	0.1	0.5	
Return on operating capital, %	0.2	1.9	
Average number of employees	1,801	1,833	-2 %

<i>Results of the Machinery Sector's farm machinery operations:</i>	2013 Jan-Apr	2012 Jan-Apr	Change Jan-Apr
Net sales, MSEK	723	805	-10 %
Operating income, MSEK	-44	-46	2
Operating margin, %	-6.1	-5.7	
Return on operating capital, %	-18.6	-20.1	
Average number of employees	717	740	-3 %

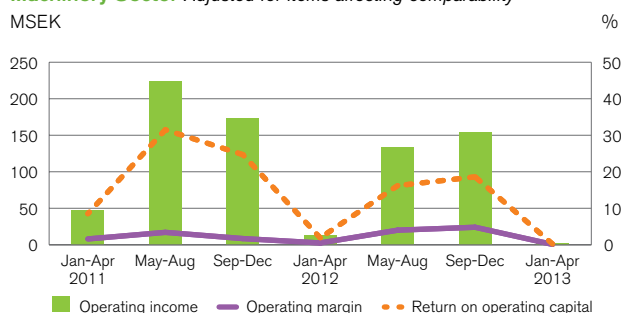
The Machinery Sector's net sales were largely in line with the previous year. The machinery market is still dominated by caution, with a significantly reduced investment appetite, and the total market for both farm and construction machinery continues to decline. The tractor market in Sweden, for example, has fallen by 19 percent compared with the previous year. In addition, the long winter caused delayed deliveries, which had an adverse effect on earnings.

Operating income for the first four months was MSEK 2 (13), which is lower than the previous year.

During the fall, Lantmännen Maskin's management traveled around Sweden to meet customers, suppliers and owners. This has resulted in a comprehensive action program of more than fifty improvement points which will lead to more efficient operations. Many measures have been initiated during the first four months, although it will be some time before full effect is achieved. The Sector is focusing on improving customer service and customer satisfaction. One of the improvements allows customers to purchase parts from Lantmännen Maskin's online store.

In April, Swecon participated in Bauma, the world's largest trade fair for construction machinery, which is held every three years in Munich. The fair consisted of almost 3,500 exhibitors and received 530,000 visitors from more than 200 countries.

**Machinery Sector** Adjusted for items affecting comparability  
MSEK



## Energy Sector

<i>Energy Sector</i>	2013 Jan-Apr	2012 Jan-Apr	Change Jan-Apr
Net sales, MSEK	1,446	1,115	30 %
Operating income, MSEK	-22	-71	49
Operating margin, %	-1.5	-6.4	
Return on operating capital, %	-3.0	-9.5	
Average number of employees	344	336	2 %

The Energy Sector's net sales increased compared with the previous year. This is mainly due to higher prices for ethanol and feed at the beginning of the year, and an increased production volume.

The Energy Sector's operating income for in the first four months was considerably better than the previous year, although the Sector still reported a negative figure of MSEK -22 (-71). The improvement is largely due to a better ethanol-grain price relationship and further improvements in production efficiency at the ethanol plant in Norrköping. However the market is still very volatile, and in April it was decided to suspend production on the smaller of Lantmännen Agroetanol's two production lines. This represents approx. 25 percent of the total production volume.

The market situation is very challenging; grain prices are still at a level which, in combination with excess ethanol production, is squeezing profitability in the business. Fuel consumption in Europe has also fallen significantly – by approx. 10 percent compared with 2012. Several ethanol producers are failing to achieve profitability, and even larger competitors in the UK and the Netherlands have taken the decision to reduce or completely shut down their production.

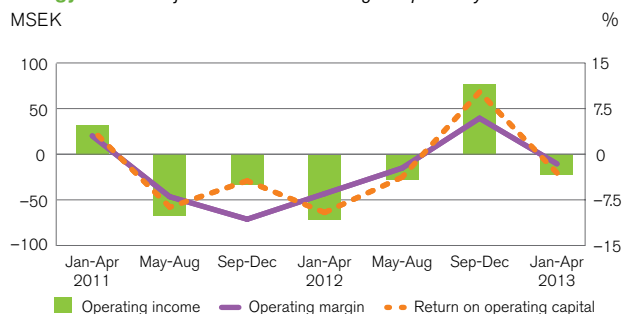
The Swedish government has submitted its proposal for a quota obligation for biofuels. The introduction is scheduled for May 2014 and means that low biofuel blends will be liable for energy tax and will be allocated quotas in the oil companies' fuel pool on an annual basis. High biofuel blends will

remain tax-exempt. Lantmännen believes that the proposal could lead to the use of ethanol with low climate benefits in Sweden, and has called for the relevant authorities to ensure that the requirement for pure ethanol with high climate benefits also applies to low biofuel blends.

Lantmännen Agroenergi improved its performance over the period, as a result of well-executed improvement measures, with reduced costs and increased production efficiency. The long winter has also contributed to increased market demand.

Lantmännen Aspen's sales for the first four months were adversely affected by the late spring in Europe. This caused a delay to forestry work and also affected demand for fuel for small engines such as those in lawn mowers and boats. In other respects, the operations continue to perform well.

**Energy Sector** Adjusted for items affecting comparability  
MSEK





## Food Sector

<i>Food Sector</i>	2013 Jan-Apr	2012 Jan-Apr	Change Jan-Apr
Net sales, MSEK	4,795	4,786	0 %
Operating income, MSEK	89	99	-10
Operating margin, %	1.9	2.1	
Return on operating capital, %	3.1	3.2	
Average number of employees	6,281	6,657	-6 %

The Food Sector's net sales were unchanged from the previous year, while operating income was in line with the previous year at MSEK 89 (99). The figure for 2013 was affected by restructuring costs of MSEK 14. The main challenges faced by the food sector are increased price pressure, fiercer competition and an increased focus on low-price products.

Two large transactions in the Sector were decided on during the period. Lantmännen Cerealia divested its mill in Riga in order to concentrate its resources and become more competitive in the Nordic market, and Lantmännen and the UK investment company CapVest decided to jointly establish a leading company in the Scandinavian poultry market. The sale of Kronfågel to the new company, with Lantmännen owning 46 percent and controlling 48 percent of the votes, means that the value built up in Kronfågel during Lantmännen's ownership is realized in the form of a large capital gain that will be recognized in the second four-monthly period. This also creates a platform for further value creation in the Scandinavian poultry market – value in which suppliers and Lantmännen as owner will have a share. Customers and consumers will also share in the value, with benefits such as increased resources for product development.

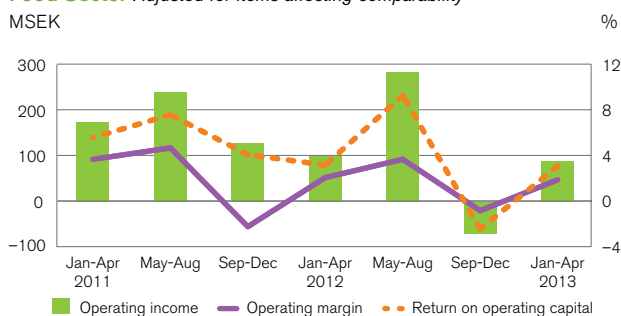
The action and restructuring program within Cerealia continues to produce effects as expected, which is also reflected in improved earnings. A major restructuring and efficiency program is in progress at Lantmännen Unibake, aimed at optimizing and utilizing resources in a better way.

Cerealia's operations in Norway are showing positive growth, particularly pasta and meal sales. In April, Axa Bjørn Havregröt was named "best in test" on the health and nutrition website Din Kost, which evaluated the nutritional content of 17 different porridge products. Kungsörnen's marketing won a silver medal at the Stockholm Media Awards in April in the category "Campaign of the Year". Kungsörnen took the prize for successful marketing communication and clear sales effects in connection with the brand's sponsorship of the TV program "Hela Sverige bakar".

Unibake's sales in the first four months were lower than the previous year, mainly as a result of the cold and late spring in Europe, which led to reduced demand for products such as sausage and hamburger rolls and pastries. Sales of fresh bread have also been adversely affected by the long-running school strike in Denmark. Operations in Russia, the United States and Poland are developing particularly well. Improvement work has continued at Unibake's UK bakery and is bringing marked improvements in production and logistics.

Kronfågel's Swedish operations have performed well during the first four months – at the plant in Valla, both the total production volume and productivity per employee have increased. In the period, it was decided to invest in a new fillet packing line, which is scheduled for completion in the second four-month period. In April, Danpo was awarded the Danish Productivity Prize from the Confederation of Danish Industry.

**Food Sector** Adjusted for items affecting comparability



# Lantmännen Real Estate

<i>Lantmännen Real Estate</i>	2013 Jan-Apr	2012 Jan-Apr	Change Jan-Apr
Net sales, MSEK	108	117	-8 %
Operating income excluding sale of properties, MSEK	43	39	4
Operating income, MSEK	56	71	-15
Return on operating capital, adjusted for sale of properties, %	12.8	12.4	
Average number of employees	22	22	0 %

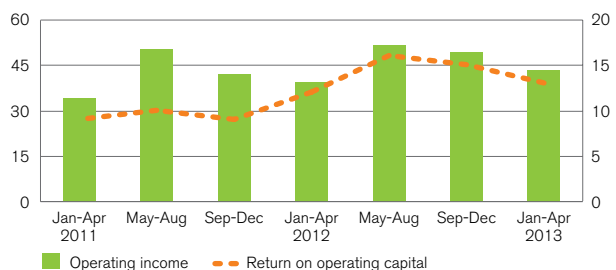
This report presents the results of Lantmännen's property operations for the first time. The property operations were previously reported under "other operations". Over the last few years, Lantmännen Real Estate has evolved from an internal service function into a commercial business with responsibility for its own results. Lantmännen Real Estate's work includes optimizing the use of premises in the Group's own industrial activities, and also professional leasing and management for external clients. Another important part of the business is property development, which involves purchasing, refurbishing and selling property.

An important part of Lantmännen Real Estate's work is restructuring and collocating activities at the same place – a good example of this is Jönköping, where Lantmännen Lantbruk, Lantmännen Maskin and Swecon now occupy the same property at the same address. These operations were previously conducted at several widespread premises. In addition to facilitating management and reducing Lantmännen's own premises

costs, this arrangement also frees up areas that can be sold or leased to external tenants.

Almost half of Lantmännen Real Estate's income comes from external customers, while the remainder comes from the Group's own operations. Net sales for the first four months of 2013 amounted to MSEK 108 and the operating income excluding sale of properties was MSEK 43.

**Lantmännen Real Estate** adjusted for result from sale of properties  
MSEK %





## Condensed consolidated income statement

MSEK	2013 Jan-Apr	2012 Jan-Apr	May 2012- Apr 2013	2012 Jan-Dec
<b>Net sales</b>	<b>12,027</b>	<b>11,640</b>	<b>36,913</b>	<b>36,526</b>
Other operating income	86	118	391	423
Changes in inventories of finished goods and work in progress	-411	-170	168	409
Capitalized work for own account	1	0	3	2
Raw materials and consumables	-4,731	-4,583	-15,109	-14,961
Agricultural commodities	-2,810	-2,653	-9,521	-9,364
Employee benefits expense	-1,765	-1,791	-5,296	-5,322
Other operating expenses	-1,987	-2,078	-5,849	-5,940
Share of income of associates	11	11	97	97
Depreciation, amortization and impairment	-403	-399	-1,189	-1,185
<b>Operating income</b>	<b>18</b>	<b>95</b>	<b>608</b>	<b>685</b>
Finance income	175	77	345	247
Finance costs	-122	-145	-406	-429
<b>Income after financial items</b>	<b>71</b>	<b>27</b>	<b>547</b>	<b>503</b>
Tax	-16	13	-120	-91
<b>Net income for the period after tax</b>	<b>55</b>	<b>40</b>	<b>427</b>	<b>412</b>
<b>Net income for the period attributable to:</b>				
Members of the cooperative association	53	40	426	413
Non-controlling interests	2	0	1	-1

## Condensed consolidated statement of comprehensive income

MSEK	2013 Jan-Apr	2012 Jan-Apr	May 2012- Apr 2013	2012 Jan-Dec
<b>Net income for the period after tax</b>	<b>55</b>	<b>40</b>	<b>427</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	22	-	-150	-172
Tax on actuarial gains and losses	-5	-	41	46
<b>Total</b>	<b>17</b>	<b>-</b>	<b>-109</b>	<b>-126</b>
<i>Items that will be reclassified to the income statement</i>				
Available-for-sale financial assets	-33	26	-18	41
Reclassification to the income statement on disposal of available-for-sale financial assets	-76	-	-76	-
Cash flow hedges	54	-129	112	-71
Exchange differences on translation of foreign operations	-43	59	-348	-246
Net gain on hedge of net investment in foreign operations	19	12	169	162
Reclassification of translation differences on disposal of foreign operations	9	-	9	-
Tax attributable to items that will be reclassified	6	32	-56	-30
<b>Total</b>	<b>-64</b>	<b>0</b>	<b>-208</b>	<b>-144</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>-47</b>	<b>0</b>	<b>-317</b>	<b>-270</b>
<b>Total comprehensive income for the period</b>	<b>8</b>	<b>40</b>	<b>110</b>	<b>142</b>
<b>Total comprehensive income for the period attributable to:</b>				
Members of the cooperative association	6	40	109	143
Non-controlling interests	2	0	1	-1

## Condensed consolidated four-monthly income statements

MSEK	2013 Jan-Apr	2012 Sep-Dec	2012 May-Aug	2012 Jan-Apr
<b>Net sales</b>	<b>12,027</b>	<b>12,569</b>	<b>12,317</b>	<b>11,640</b>
Other operating income	86	254	51	118
Changes in inventories of finished goods and work in progress	-411	-316	895	-170
Capitalized work for own account	1	1	1	0
Raw materials and consumables	-4,731	-5,049	-5,329	-4,583
Agricultural commodities	-2,810	-3,220	-3,491	-2,653
Employee benefits expense	-1,765	-1,767	-1,764	-1,791
Other operating expenses	-1,987	-1,894	-1,968	-2,078
Share of income of associates	11	40	46	11
Depreciation, amortization and impairment	-403	-395	-391	-399
<b>Operating income</b>	<b>18</b>	<b>223</b>	<b>367</b>	<b>95</b>
Finance income	175	76	94	77
Finance costs	-122	-130	-154	-145
<b>Income after financial items</b>	<b>71</b>	<b>169</b>	<b>307</b>	<b>27</b>
Tax	-16	-52	-52	13
<b>Net income for the period after tax</b>	<b>55</b>	<b>117</b>	<b>255</b>	<b>40</b>
<b>Net income for the period attributable to:</b>				
Members of the cooperative association	53	119	254	40
Non-controlling interests	2	-2	1	0

## The Group's significant items affecting comparability

MSEK	2013 Jan-Apr	2012 Jan-Apr	2012 Jan-Dec
<b>Recognized operating income</b>	<b>18</b>	<b>95</b>	<b>685</b>
<i>Items affecting comparability in operating income:</i>			
Capital gains on sale of operations	-62	-	-
Restructuring costs, Food Sector	-	-	-62
Total items affecting comparability in operating income	-62	-	-62
<b>Operating income, adjusted for items affecting comparability</b>	<b>80</b>	<b>95</b>	<b>747</b>
<b>Recognized income after financial items</b>	<b>71</b>	<b>27</b>	<b>503</b>
Items affecting comparability in operating income according to above	-62	-	-62
<i>Items affecting comparability in financial items:</i>			
Capital gain on sale of investment shares	118	-	-
Total items affecting comparability in net financial income	118	-	-
<b>Income after financial items adjusted for items affecting comparability</b>	<b>15</b>	<b>27</b>	<b>565</b>
Return on equity, excluding items affecting comparability, %	0.4	1.1	4.2
Return on operating capital, excluding items affecting comparability, %	1.4	1.6	4.1



## Condensed consolidated statement of financial position

MSEK	2013 Apr 30	2012 Apr 30	2012 Dec 31
<b>ASSETS</b>			
Property, plant & equipment	8,515	8,924	8,662
Investment property	264	196	266
Goodwill	2,532	2,697	2,554
Other intangible assets	863	752	875
Investments in associates	1,261	1,238	1,269
Financial assets	537	705	619
Deferred tax assets	242	317	217
Other non-current assets	41	13	46
<b>Total non-current assets</b>	<b>14,255</b>	<b>14,842</b>	<b>14,508</b>
Inventories	5,439	5,336	5,946
Trade and other receivables	5,620	5,458	5,454
Current interest-bearing assets	55	81	96
Current tax assets	27	27	11
Cash & cash equivalents	1,261	444	352
<b>Total current assets</b>	<b>12,402</b>	<b>11,346</b>	<b>11,859</b>
<b>TOTAL ASSETS</b>	<b>26,657</b>	<b>26,188</b>	<b>26,367</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to members of the cooperative association	10,905	10,946	10,899
Non-controlling interests	33	36	33
<b>Total equity</b>	<b>10,938</b>	<b>10,982</b>	<b>10,932</b>
Non-current interest-bearing liabilities <sup>1)</sup>	4,753	4,586	5,002
Provisions for pensions	478	343	432
Deferred tax liabilities	118	162	125
Other non-current provisions	249	365	324
Other non-current liabilities	47	37	36
<b>Total non-current liabilities</b>	<b>5,645</b>	<b>5,493</b>	<b>5,919</b>
Current interest-bearing liabilities	2,888	3,215	3,036
Trade and other payables	6,943	6,250	6,222
Current tax liabilities	78	62	57
Current provisions	165	186	201
<b>Total current liabilities</b>	<b>10,074</b>	<b>9,713</b>	<b>9,516</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26,657</b>	<b>26,188</b>	<b>26,367</b>
Equity ratio	41.0	41.9	41.5
<sup>1)</sup> Including subordinated debentures, MSEK	56	56	56

## Condensed consolidated statement of cash flow

MSEK	2013 Jan-Apr	2012 Jan-Apr	2012 Jan-Dec
Income after financial items	71	27	503
Adjustment for non-cash items <sup>1)</sup>	300	309	972
Taxes paid	-35	-66	-117
<b>Cash flow from operating activities before change in working capital</b>	<b>336</b>	<b>270</b>	<b>1,358</b>
Change in working capital	1,012	232	-375
<b>Cash flow from operating activities</b>	<b>1,348</b>	<b>502</b>	<b>983</b>
Acquisitions and divestments	6	0	0
Investments in non-current assets	-407	-286	-1,292
Sale of non-current assets	6	75	129
Change in financial investments	131	0	-42
<b>Cash flow from investing activities</b>	<b>-264</b>	<b>-211</b>	<b>-1,205</b>
<b>Cash flow before financing activities</b>	<b>1,084</b>	<b>291</b>	<b>-222</b>
Change in contributed capital	0	0	49
Dividend paid	-	-	-190
Change in loans	-172	-586	-16
<b>Cash flow from financing activities</b>	<b>-172</b>	<b>-586</b>	<b>-157</b>
<b>Cash flow for the period</b>	<b>912</b>	<b>-295</b>	<b>-379</b>
Cash and cash equivalents at beginning of period	352	739	739
Exchange differences	-3	0	-8
<b>Cash and cash equivalents at the end of the period</b>	<b>1,261</b>	<b>444</b>	<b>352</b>
<sup>1)</sup> Depreciation and impairment of non-current assets	403	399	1,185
Less share of income in associates	-11	-11	-78
Capital gains on sale of non-current assets and operations	-69	-56	-81
Other non-cash items	-23	-23	-54
	300	309	972



## Condensed consolidated statement of changes in equity

MSEK	2013 Jan-Apr			2012 Jan-Apr			2012 Jan-Dec		
	Association members	Non- controlling interests	Total equity	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	10,906	36	10,942
Total comprehensive income for the period	6	2	8	40	0	40	143	-1	142
Distributions to owners			-			-	-198	-2	-200
Contributed capital paid in by members			-			-	99		99
Contributed capital paid out to members			-			-	-50		-50
Other changes relating to non-controlling interests		-2	-2			-	-1	-	-1
<b>Closing balance</b>	<b>10,905</b>	<b>33</b>	<b>10,938</b>	<b>10,946</b>	<b>36</b>	<b>10,982</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	753			680			753		
Contributed capital, issued	1,016			888			1,016		
Other equity	9,136			9,378			9,130		
<b>Total equity attributable to members of the cooperative association</b>	<b>10,905</b>			<b>10,946</b>			<b>10,899</b>		

## 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 Jan-Apr	2012 Jan-Apr	Change %	May 2012- Apr 2013	2012 Jan-Dec
Agriculture Sector	3,950	3,726	6 %	11,094	10,870
Machinery Sector	2,492	2,552	-2 %	9,086	9,146
Energy Sector	1,446	1,115	30 %	3,946	3,615
Food Sector	4,795	4,786	0 %	14,664	14,655
Lantmännen Real Estate	108	117	-8 %	335	344
Other operations	142	93	53 %	405	356
Eliminations	-906	-749	21 %	-2,617	-2,460
<b>Total</b>	<b>12,027</b>	<b>11,640</b>	<b>3 %</b>	<b>36,913</b>	<b>36,526</b>

### Operating income per segment

MSEK	2013 Jan-Apr	2012 Jan-Apr	May 2012- Apr 2013	2012 Jan-Dec
Agriculture Sector	-15	47	103	165
Machinery Sector	2	13	289	300
Energy Sector	-22	-71	28	-21
Food Sector	89	99	242	252
Lantmännen Real Estate <sup>1)</sup>	56	71	183	198
Other operations	-52	-85	-197	-230
Group items	-40	21	-40	21
<b>Total</b>	<b>18</b>	<b>95</b>	<b>608</b>	<b>685</b>
<sup>1)</sup> Including result from sale of properties	13	32	35	54

### Operating margin per segment

%	2013 Jan-Apr	2012 Jan-Apr	2012 Jan-Dec
Agriculture Sector	-0.4	1.3	1.5
Machinery Sector	0.1	0.5	3.3
Energy Sector	-1.5	-6.4	-0.6
Food Sector	1.9	2.1	1.7
<b>Total</b>	<b>0.1</b>	<b>0.8</b>	<b>1.9</b>

### Return on operating capital per segment

%	2013 Jan-Apr	2012 Jan-Apr	2012 Jan-Dec
Agriculture Sector	-1.1	3.8	4.3
Machinery Sector	0.2	1.9	12.9
Energy Sector	-3.0	-9.5	-0.9
Food Sector	3.1	3.2	2.8
Lantmännen Real Estate <sup>1)</sup>	12.8	12.4	14.9
<b>Total</b>	<b>0.3</b>	<b>1.6</b>	<b>3.8</b>

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

## Parent Company

The activities of the Parent Company, Lantmännen ek för, encompass Lantmännen's core operations in the Agriculture Sector, Lantmännen's lubricating oil operations and corporate functions. Net sales amounted to MSEK 4,010 (3,717), while operating income was MSEK –31 (–6).

Income after financial items totaled MSEK 171 (44). Net financial income for the year includes a capital gain of MSEK 118 (0) on the sale of investment shares, and dividends of MSEK 21 (20).

The figure also includes a foreign exchange gain of MSEK 29 (–1) as a consequence of the stronger Swedish krona.

Exchange gains relate primarily to hedging of investments in foreign subsidiaries, which are recognized directly in the Group's equity via other comprehensive income.

The year's net investments in non-current assets amounted to MSEK 47 (38).

The equity ratio at April 30 was 41.6 percent (42.5 at year-end).

The average number of employees in the Parent Company was 1,212 (1,119). The increase is due to the transfer of operations from SW Seed AB.

## Parent Company Condensed income statement

MSEK	2013 Jan-Apr	2012 Jan-Apr
Net sales, external	3,216	3,062
Net sales, intra-Group	794	655
<b>Net sales, total</b>	<b>4,010</b>	<b>3,717</b>
Less excise duties	–2	–3
Change in products in progress, finished goods and work in progress for third parties	–88	–31
Capitalized work for own account	1	0
Other operating income	96	134
	4,017	3,817
<b>Operating expenses</b>		
Raw materials and consumables	–2,411	–1,978
Agricultural commodities	–828	–1,012
Other external costs	–449	–499
Employee benefits expense	–313	–278
Depreciation, amortization and impairment	–47	–56
<b>Total operating expenses</b>	<b>–4,048</b>	<b>–3,823</b>
<b>Operating income</b>	<b>–31</b>	<b>–6</b>
Income from financial items	202	50
<b>Income after financial items</b>	<b>171</b>	<b>44</b>
Tax	–33	–9
<b>Net income for the period</b>	<b>138</b>	<b>35</b>



## Parent Company

### Condensed statement of financial position

MSEK	2013 Apr 30	2012 Apr 30
<b>ASSETS</b>		
Intangible assets	227	193
Property, plant & equipment	843	894
Interests in Group companies	5,996	7,108
Investments in associates	832	820
Non-current receivables from Group companies	714	138
Other securities held as non-current assets	426	346
Other non-current receivables	109	147
<b>Total non-current assets</b>	<b>9,147</b>	<b>9,646</b>
Inventories	1,639	1,408
Current receivables from Group companies	11,756	9,636
Other current receivables	2,500	2,288
Current investments incl. cash & bank	932	0
<b>Total current assets</b>	<b>16,827</b>	<b>13,332</b>
<b>TOTAL ASSETS</b>	<b>25,974</b>	<b>22,978</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	10,580	9,664
Untaxed reserves	311	311
Provisions	185	198
Non-current liabilities	4,514	4,121
Current liabilities to Group companies	6,116	4,213
Other current liabilities	4,268	4,471
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>25,974</b>	<b>22,978</b>
Equity ratio	41.6	43.1

## 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 property operations are reported as a separate segment from 2013. Comparative figures for 2012 have been restated based on the new segment division.

### Financial assets and liabilities measured at fair value

MSEK, April 30, 2013	Total carrying amount	Fair value
<b>Assets</b>		
Other shares and interests	287	287
Financial investments	250	250
Trade and other receivables	4,808	4,808
Interest-bearing receivables	55	55
Cash and bank balances	1,261	1,261
<b>Total financial assets</b>	<b>6,661</b>	<b>6,661</b>
<b>Liabilities</b>		
Interest-bearing liabilities	4,753	4,744
Other non-current liabilities	16	16
Interest-bearing liabilities	2,888	2,888
Trade and other payables	4,257	4,257
<b>Total financial liabilities</b>	<b>11,914</b>	<b>11,904</b>

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

MSEK, April 30, 2013	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivatives with positive fair value	31	12	-	43
Other financial assets measured at fair value	261	-	103	364
<b>Total assets</b>	<b>292</b>	<b>12</b>	<b>103</b>	<b>407</b>
<b>Liabilities</b>				
Derivatives with negative fair value	33	33	-	66
Other financial liabilities measured at fair value	-	-	-	-
<b>Total liabilities</b>	<b>33</b>	<b>33</b>	<b>-</b>	<b>66</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, April 30, 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
Derivatives <sup>1)</sup>	88	-45	43	-8	35
Cash and cash equivalents <sup>2)</sup>	358	-26	332	-	332
<b>Total</b>	<b>446</b>	<b>-71</b>	<b>375</b>	<b>-8</b>	<b>367</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
Derivatives <sup>3)</sup>	111	-45	66	-8	58
Current interest-bearing liabilities <sup>4)</sup>	26	-26	0	-	0
<b>Total</b>	<b>137</b>	<b>-71</b>	<b>66</b>	<b>-8</b>	<b>58</b>

<sup>1)</sup> Included in the balance sheet under Financial assets MSEK 537, Trade and other receivables MSEK 5,620 and Current interest-bearing assets MSEK 55.

<sup>2)</sup> Included in the balance sheet under Cash and cash equivalents MSEK 1,261.

<sup>3)</sup> Included in the balance sheet under Non-current interest-bearing liabilities MSEK 4,753, Other non-current liabilities MSEK 47 and Current interest-bearing liabilities MSEK 2,888.

<sup>4)</sup> Included in the balance sheet under Current interest-bearing liabilities MSEK 2,888.

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.

On assignment for the Board of Directors

Stockholm, May 30, 2013



Per Olof Nyman

President & CEO

Lantmännen

## Auditor's Review Report

This interim report has not been audited or reviewed by the association's auditors.

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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)

