

Lantmännen's Interim Report

January - August 2019

Financial development

- Net sales were MSEK 31,729 (29,176), an increase of 9 percent, including 5 percent organic growth.
- Operating income was MSEK 1,217 (1,164) and adjusted for items affecting comparability MSEK 1,232 (1,164). The largest earnings improvements have been in the Food Sector and the Swecon Business Area.
- Income after financial items was MSEK 1,075 (1,058).
- Cash flow before financing activities was MSEK 995 (88).
- Investments totaled MSEK 1,480 (1,202).

Significant events in the second four-month period

- Lantmännen's annual general meeting in May adopted a refund and supplementary payment, contribution dividend and contribution issue, which together represent a dividend of MSEK 620 to members.
- Lantmännen's grain facility in Hargshamn was officially opened.
- Lantmännen's CFO Ulf Zenk has announced that he will be leaving Lantmännen in October.

Lantmännen's key figures¹⁾

	2019 May-Aug	2018 May-Aug	2019 Jan-Aug	2018 Jan-Aug	2018 Jan-Dec
Net sales, MSEK	16,395	15,432	31,729	29,176	43,962
Operating income, MSEK	809	806	1,217	1,164	1,443
Operating margin, %	4.9	5.2	3.8	4.0	3.3
Income after financial items, MSEK	740	765	1,075	1,058	1,250
Net income for the period, MSEK	644	664	936	910	1,182
Cash flow before financing activities, MSEK	1,284	140	995	88	-824
Return on equity, %	11.5	12.7	8.4	8.8	7.6
Return on operating capital, %	8.3	10.1	6.3	7.4	6.0
Total assets, MSEK			43,881	38,785	37,095
Equity ratio, %			39.3	41.6	43.2
Investments in non-current assets, MSEK	807	541	1,480	1,202	1,825
Net debt, MSEK			11,820	7,944	8,719
Interest coverage ratio, times			6.9	7.5	6.0
Average number of employees			10,260	9,929	9,940
Adjusted for items affecting comparability					
Operating income, MSEK	824	806	1,232	1,164	1,580
Operating margin, %	5.0	5.2	3.9	4.0	3.6
Income after financial items, MSEK	755	765	1,090	1,058	1,387
Net income for the period, MSEK	657	664	949	910	1,289
Return on equity, %	11.7	12.7	8.5	8.8	8.2
Return on operating capital, %	8.4	10.1	6.3	7.4	6.6

¹⁾ 2019 affected by the introduction of IFRS 16.

President's overview



Lantmännen's income after financial items for the first eight months, adjusted for items affecting comparability, is MSEK 1,090, a slight improvement from MSEK 1,058 for the same period the previous year.

Despite the continuing large impact on earnings from the previous year's drought, Lantmännen continues to develop positively, and virtually all businesses apart from the Agriculture Sector show an operating income that is higher than or in line with the previous year. Lantmännen Unibake in the Food Sector and the Swecon Business Area are developing particularly well, with both of them presenting historically high results. The consequences of last summer's drought have continued to burden the Agriculture Sector's earnings during the second four-month period.

At the time of writing, this year's harvest is more or less completed, and it is very pleasing to see such large harvest volumes after last year's low harvest. Grain quality is also generally good this year, although rain towards the end of the harvest period has led to high water content in large parts of the country. During August, Lantmännen received approximately 1.3 million tonnes of grain, which is the highest monthly listing ever. The large volumes have presented challenges both for Lantmännen and our members, but the harvesting work has nevertheless flowed relatively well. The investments Lantmännen has made – and continues to make – in the infrastructure for grain around the country have been of great help during this year's harvest.

Lantmännen continues to drive the agricultural and food sectors in a direction that promotes growth and food exports. We have several ongoing collaborations and initiatives: for example, the plant breeding competence center SLU Grogrund, which was officially opened at Alnarp in early September, and the collaboration with Felleskjøpet,

Hushållningssällskapet and Dataväxt on access to data, which will facilitate and improve the efficiency of operations on the farm.

Another very important area is the climate issue: Swedish agriculture is already among the most sustainable in the world, and we have even higher ambitions for the future. These include building knowledge on climate, evaluating the business potential of reduced emissions from primary production and creating a realistic plan to achieve the overall climate targets by 2050. An early conclusion from the work is that production can be increased while climate and environmental impacts are reduced, and many exciting initiatives are in progress in the area.

Lantmännen's results for the first eight months are among the best ever, despite the challenges of last summer's drought – and I feel great confidence that the positive trend will continue. The strong result confirms once again that we have a solid strategy, a strong business portfolio, good relationships with members and customers – and, last but not least, competent and committed employees. We have everything in place to meet our goal of continuing to build both a world-class company and world-class Swedish farming, and I look forward to pressing on with these efforts.

A handwritten signature in black ink, reading 'Per Olof Nyman'.

Per Olof Nyman
President & CEO, Lantmännen

Comments on the period

The new reporting standard IFRS 16 is effective from January 1, 2019, which 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 21*

The Group's net sales and earnings January-August 2019

Net sales

Lantmännen's net sales for the second four-month period amounted to MSEK 16,395 (15,432), an increase of 6 percent. The increase is distributed as follows: organic growth 3 percent, currency translation effects 1 percent, and the remainder is from acquired and divested operations. Sales increased in all segments apart from the Swecon Business Area, which reported sales in line with the same period the previous year.

Net sales for the first eight months were MSEK 31,729 (29,176), an increase of 9 percent. The increase is distributed as follows: organic growth 5 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.

Operating income

Operating income was MSEK 809 (806) for the second four-month period and adjusted for items affecting comparability MSEK 824 (806). Net items affecting comparability amounted to MSEK -15 (0). The previously reported provision 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. At the same time, the Energy Sector was 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 earlier in the year. 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 for the four-month period was higher in all segments apart from the Agriculture Sector.

Operating income for the first eight months was MSEK 1,217 (1,164) and adjusted for items affecting comparability MSEK 1,232 (1,164). The Food Sector and the Swecon Business Area showed the largest improvements in operating income, but the Energy Sector also reported a higher operating income than in the same period the previous year.

The Agriculture Sector and Real Estate Business Area reported a lower operating income for the first eight months. The Agriculture Sector is still affected by the 2018 drought. The Real Estate Business Area's lower operating income is related to lower income from property sales, which amounted to MSEK 26 compared with MSEK 52 the previous year.

Acquired operations had a positive impact of MSEK 8 on Lantmännen's operating income adjusted for items affecting comparability for the four-month period and MSEK 19 for the first eight months. Positive currency translation effects had an impact of MSEK 14 on operating income for the four-month period and MSEK 20 for the first eight months.

Net financial income and income after financial items

Net financial income for the second four-month period was MSEK -69 (-41). Income after financial items was MSEK 740 (765).

Net financial income for the full period was MSEK -142 (-106). The change in net financial income is mainly due to increased interest expenses as an effect of the introduction of IFRS 16. Income after financial items for the first eight months was MSEK 1,075 (1,058).

Tax and income after tax

Tax expense for the first eight months was MSEK 139 (148). Tax is calculated using the estimated tax rate for the full year.

Income after tax amounted to MSEK 936 (910), of which MSEK 930 (904) 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 first eight months was MSEK 2,588 (1,037). The operating surplus contributed MSEK 2,227 (1,696) and cash flow from working capital had an effect of MSEK 361 (-659). 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 282 in 2019 as a result of the introduction of IFRS 16.

Investments in non-current assets were MSEK –1,480 (–1,202) and sales of non-current assets amounted to MSEK 124 (121), which meant that net investments for the period were MSEK –1,356 (–1,081). 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 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 –312 (27). The holding in the associated company Akershus Traktor AS was divested in the second four-month period. During the first four-month period, Lantmännen Unibake acquired the Australian pastry manufacturer Bakery Du Jour and the Energy Sector acquired Tate & Lyle's oat business in Kimstad.

Cash flow before financing activities was MSEK 995 (88). The change in interest-bearing liabilities was MSEK –73 (1,068). The change includes MSEK –282 related to the introduction of IFRS 16.

The period's cash flow including financing activities was MSEK 593 (785).

Financial position

Equity at August 31 amounted to MSEK 17,252 (16,027, year-end). This includes MSEK 94 (92, year-end) attributable to owners other than members of the economic association, i.e. the minority interest in Group companies.

Net debt was MSEK 11,820 (8,719, year-end). Since year-end, net debt has increased by a total of MSEK 3,101, of which MSEK 2,494 is an effect of the introduction of IFRS 16.

Cash and cash equivalents at the end of the period were MSEK 1,334 (720, year-end) and total assets were MSEK 43,881 (37,095, year-end). Total assets have increased by MSEK 6,786, most of which is due to the introduction of IFRS 16, increased operating receivables and liabilities, and currency translation effects related to foreign operations.

The equity ratio was 39.3 percent (43.2, year-end). If

IFRS 16 is not taken into account, the equity ratio is in line with the same period the previous year.

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

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 & Lyle's oat business in Kimstad, which included 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 associated company Akershus Traktor AS was divested in July.

Human resources

The average number of employees on August 31 was 10,260 (9,929) and the number of full-time employees on August 31 was 10,552 (10,136). The increase is mainly due to acquired operations and the Swecon Business Area.

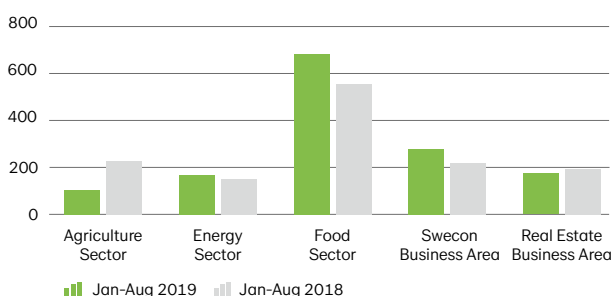
Other significant events during the four-month period

Lantmännen's CFO Ulf Zenk announced that he is leaving Lantmännen in October for a new position as CFO of the Bergendahl Group. With effect from October 7, Michael Sigsfors, Director Group Controlling, will be acting CFO until a successor is appointed.

New rules for members of the association are applicable from this year. The change means that members must have an average annual turnover of at least SEK 10,000 over a five-year period. Affected members have been informed.

Operating income per segment, accumulated Jan-Aug

Adjusted for items affecting comparability, MSEK



Distribution of Group's net sales

Including intra-Group sales





The food industry award "Livsmedelspriset" presented at the Food Days Conference in Halmstad, was awarded to Lantmännen's Växthus. Mats Larsson, Jakob Lindblad, Emma Nordell and Jakob Söderström of Lantmännen R&D proudly accepted the award.

The decision was made at Lantmännen's AGM in 2018 and is based on the conclusions from the 2017 Owner dialogue.

HK Scan carried out a new share issue in June. Lantmännen, which owns about 6 percent of the shares with just over 10 percent of the votes in HK Scan, invested MSEK 73 in the issue in order to maintain its share of the votes.

Lantmännen's grain facility in Hargshamn was officially opened in May. The facility has both drying and storage capacity and is an important part of the reception structure in Mälardalen.

The company Viking Malt was named 2019 Food Exporter of the Year by the Swedish Food Federation. Lantmännen has a 37.5 percent ownership share in the company.

ePURE, the European renewable ethanol association, has appointed Alarik Sandrup, Director Public and Regulatory Affairs at Lantmännen, as its new President.

Lantmännen was in attendance at Almedalen week in Visby in July. Representatives from Lantmännen participated in a number of seminars, debates and meetings about climate, agriculture, food, sustainable truck transport, preparedness and biofuels.

Lantmännen's Annual General Meeting

At Lantmännen's Annual General Meeting in May, Per Wijkander and Johan Bygge were elected as new Board members. Per Lindahl, Hans Wallemyr, Gunilla Aschan, Johan Mattsson and Henrik Wahlberg were re-elected to the Board. The other Board members are Ove Gustafsson and Sonat Burman-Olsson. Ulf Gundemark, who had declined re-election, stepped down after seven years of Board service. The meeting adopted a refund and supplementary payment, contribution dividend and contribution issue, which together represent a dividend of MSEK 620 to members. At the statutory Board meeting, Per Lindahl was re-elected Chairman and Hans Wallemyr Vice Chairman.

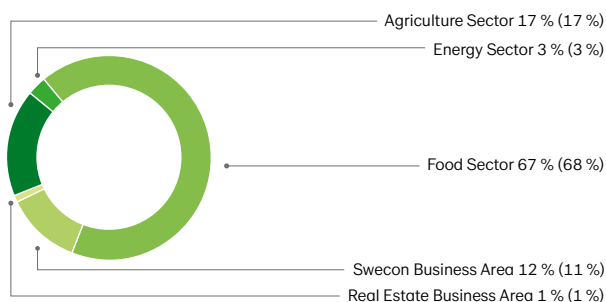
Events after the end of the period

Lantmännen's Växthus training program won the 2019 Swedish food industry award "Livsmedelspriset", a prestigious award presented annually by the Swedish Food Association at the Food Days Conference in Halmstad.

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

China's ambassador to Sweden Gui Congyou visited several farms and production facilities in Skåne in mid-September. The purpose of the visit, arranged by Lantmännen, HK Scan and the Swedish Meat Industry Association, was to gain an in-depth understanding of Swedish food production and facilitate exports of more Swedish food products, such as oats and pork, to China.

Distribution of Group's employees





Agriculture Sector

The Agriculture Sector's net sales for the first eight months are higher than in the previous year, largely due to continued high demand for feed, good development in the Finnish operations and higher grain prices as a result of the 2018 drought. The Sector's operating income is lower than in the previous year: MSEK 104 (226). This is an effect of the previous year's low grain harvest, which, among other things, resulted in higher grain purchasing costs and quality defects in imported grain.

The consequences of last summer's drought continued to affect the Sector's businesses during the second four-month period, an effect that is gradually subsiding with the new harvest. The harvest intake in August was the highest since measurements began, and the total harvest forecast indicates volumes that are about 75 percent higher than in the previous year and 10 percent higher than the average for the last five years. Rain towards the end of the period has led to high water content in some areas, but grain quality is generally good.

The year's harvest work has progressed relatively well, although the large grain volumes have put pressure on some reception facilities. The investments in the grain handling infrastructure in anticipation of larger harvests have generally been successful. Work on the early harvest for the new facility in Hargshamn, which was opened in May, has

also gone well after some start-up problems at the beginning of the harvest period.

Demand for feed is still very high, with higher sales volumes for all species. Demand for spring seed and other inputs has been lower than in the previous year – deliveries of fall seed are still being made, and sales so far are slightly higher than last year.

In keeping with tradition, Lantmännen Lantbruk and Lantmännen Maskin participated as co-organizers of the Borgeby and Brunnby exhibitions in late June and early July. About 20,000 people visited Borgeby Fältdagar and just over 6,000 Brunnby Lantbrukardagar – in particular, Fendt's Ideal combine and Lantmännen Maskin's new e-commerce solution attracted keen interest.

The Finnish agricultural operations continue to perform well. Integration of Lantmännen Feed Oy's cattle feed business, acquired at the end of the previous year, has progressed according to plan.

The Sector's international holdings in Germany, Poland and the Baltic region are still feeling the consequences of last summer's drought and show lower earnings than in the previous year.

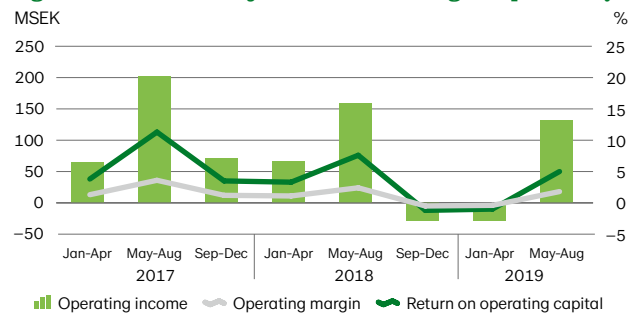
Key figures Agriculture Sector

	2019 May-Aug	2018 May-Aug	2019 Jan-Aug	2018 Jan-Aug	Change
Net sales, MSEK	7,314	6,717	14,543	13,059	11 %
Operating income, MSEK	132	159	104	226	-122
Operating margin, %	1.8	2.4	0.7	1.7	
Return on operating capital, %	5.0	7.6	1.9	5.5	
Average number of employees			1,730	1,680	3 %



Lantmännen Maskin's operating income is higher than in the previous year, mainly due to the positive effects of the ongoing cost-saving and efficiency program. Among other things, a number of unprofitable facilities have been closed, the workforce has been reduced and the range focused on more machine-related products. Demand for tractors and equipment remains lower than in the previous year. However, a certain improvement has been noted in connection with the new harvest – and also due to a good grass harvest during July and August.

Agriculture Sector, adj. for items affecting comparability



Key figures

Lantmännen Lantbruk Sweden

	2019 May-Aug	2018 May-Aug	2019 Jan-Aug	2018 Jan-Aug	Change
Net sales, MSEK	4,314	3,942	8,763	7,870	11 %
Operating income, MSEK	42	71	36	147	-111
Operating margin, %	1,0	1,8	0,4	1,9	
Return on operating capital, %	3,4	6,7	1,3	7,1	
Average number of employees			787	759	4 %

Key figures

Lantmännen Maskin Sweden

	2019 May-Aug	2018 May-Aug	2019 Jan-Aug	2018 Jan-Aug	Change
Net sales, MSEK	1,361	1,429	2,484	2,653	-6 %
Operating income, MSEK	27	18	16	3	13
Operating margin, %	2,0	1,3	0,6	0,1	
Return on operating capital, %	5,9	5,0	1,7	0,4	
Average number of employees			759	828	-8 %



Energy Sector

The Sector's net sales at the end of the first eight months are higher than in the previous year, and operating income adjusted for items affecting comparability is MSEK 167 – an improvement from MSEK 152 in the previous year. All businesses in the Sector show a higher operating income than in the previous year.

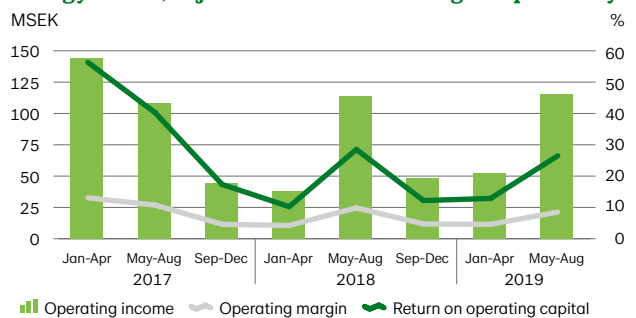
Lantmännen Agroetanol's operating income is better than in the previous year, mainly due to a higher ethanol price and an improved price relationship between ethanol, feed products and inputs. However, the positive effect was dampened by generally higher grain prices during the period.

Lantmännen Aspen continues to develop positively, with higher sales volumes and an improved operating income from the previous year. Volume development is positive in virtually all markets – not least because the summer weather has been more favorable this year than last, when drought in large parts of Europe reduced demand.

Lantmännen Reppe's operating income is better than in the previous year, with demand for spirits remaining strong. The concentration of Reppe's operations to Lidköping contributed positively to the Sector's operating income, according to plan.

Two items affecting comparability had an impact on the Sector's operating income in the four-month period. 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 May-Aug	2018 May-Aug	2019 Jan-Aug	2018 Jan-Aug	Change
Net sales, MSEK	1,350	1,146	2,513	2,076	21 %
Operating income, MSEK	135	114	187	152	35
Operating margin, %	10.0	9.9	7.4	7.3	
Return on operating capital, %	31.7	29.1	22.6	19.9	
Operating income, adj. for items affecting comparability, MSEK	115	114	167	152	15
Operating margin, adj. for items affecting comparability, %	8.5	9.9	6.6	7.3	
Return on operating capital, adjusted for items affecting comparability, %	27.0	29.1	20.2	19.9	
Average number of employees			296	283	5 %



Food Sector

Net sales in the Food Sector are higher than in the previous year, mainly due to continued sales increases within Lantmännen Unibake. The Sector's operating income adjusted for items affecting comparability is MSEK 682 – considerably higher than MSEK 556 for the same period the previous year.

Virtually all Lantmännen Unibake's markets and categories are developing positively and delivering good results. In most markets, sales have shown a clear improvement from the previous year and the addition of Lantmännen Unibake Australia, which was acquired at the beginning of the year, has made a positive contribution.

Unibake's sales in Norway are temporarily higher in 2019 as a result of a fire at a competitor's bakery last year. In Sweden, sales during the summer months have been significantly higher than in the previous year, when there was a barbecue and fire ban in the country during much of the summer. Another production line was opened at the bakery in Londerzeel, Belgium, during the four-month period. Uncertainty regarding the Brexit process has given rise to some minor costs in the form of, for example, inventory building and consulting fees.

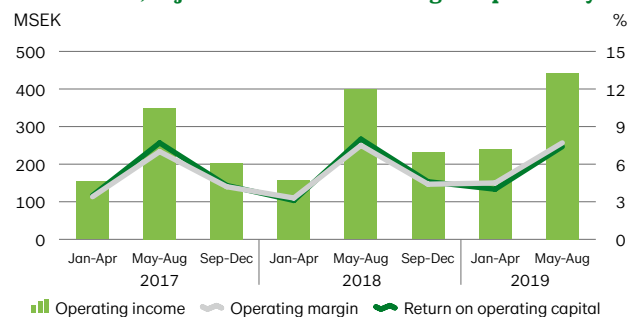
Lantmännen Cerealia shows an operating income that is slightly higher than in the previous year. The improvement is largely due to cost savings and good results for the international businesses in Russia and Ukraine. The ongoing improvement efforts are showing results, for example

through process improvements in the supply chain, a more efficient organizational structure and a simplified product range. An item affecting comparability, namely restructuring costs of MSEK 35, had an impact on the Sector's operating income for the four-month period.

Competition remains intense in several of Cerealia's product categories. Demand for oat products has continued to increase.

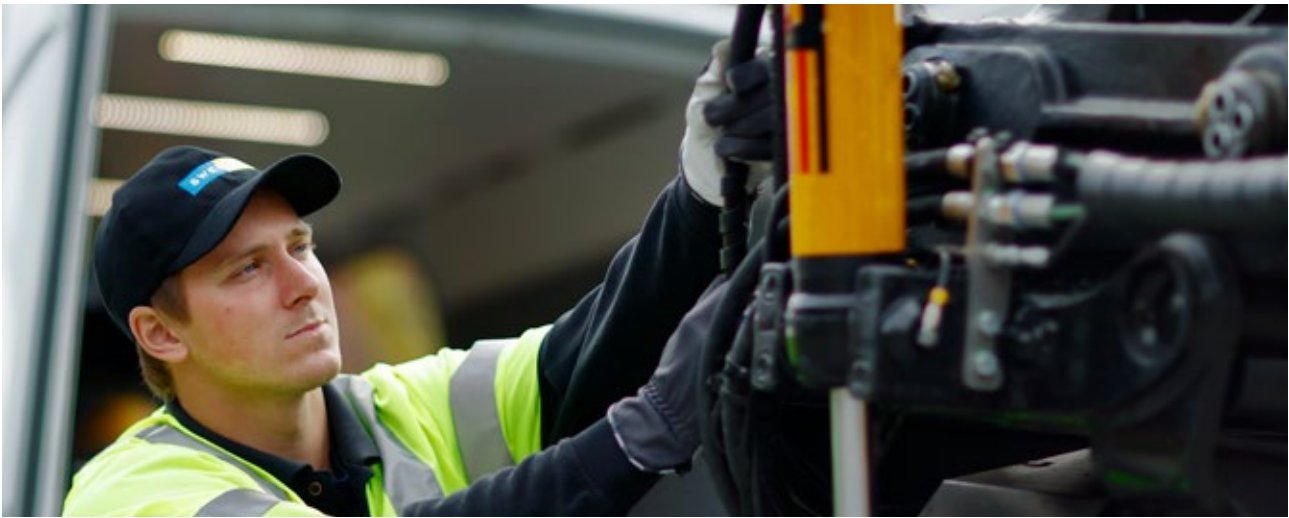
The operations of the partly-owned company Viking Malt are developing according to plan, and the company's earnings are in line with the previous year. The beginning of the year brought challenges in securing the supply of raw materials as a result of the previous summer's drought, an effect that is subsiding with the new harvest.

Food Sector, adjusted for items affecting comparability



Key figures, Food Sector

	2019 May-Aug	2018 May-Aug	2019 Jan-Aug	2018 Jan-Aug	Change
Net sales, MSEK	5,752	5,318	11,058	10,118	9 %
Operating income, MSEK	408	399	647	556	91
Operating margin, %	7.1	7.5	5.9	5.5	
Return on operating capital, %	6.8	8.0	5.4	5.6	
Operating income, adj. for items affecting comparability, MSEK	443	399	682	556	126
Operating margin, adj. for items affecting comparability, %	7.7	7.5	6.2	5.5	
Return on operating capital, adjusted for items affecting comparability, %	7.4	8.0	5.7	5.6	
Average number of employees			6,717	6,575	2 %



Swecon Business Area

The Swecon Business Area's net sales are in line with the previous year. Operating income amounts to MSEK 277, a clear improvement from MSEK 219 for the same period the previous year.

The activity level remains high in all Swecon's markets, with the German market in particular continuing to increase. However, certain signals of slowdown are starting to be noticed. Sales of large machines in northern Sweden are good, while competition is tougher in southern Sweden. Demand for servicing and spare parts remains high in all markets, due to a larger machine population and increased use of the machines by Swecon's customers.

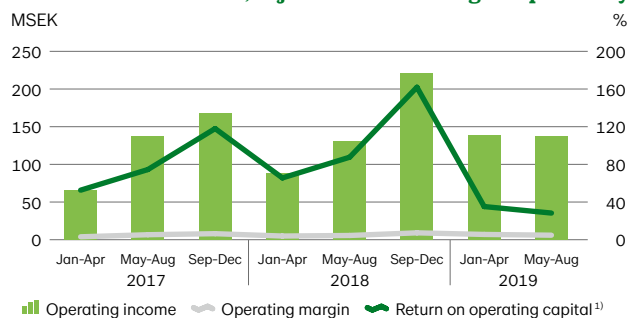
A number of marketing activities were carried out during the second four-month period, including the Load Up North trade fair in Umeå and at the World Rallycross Championships in Höljes, where Swecon was the main sponsor. In June, Swecon also built the festival area for Sweden Rock Festival in Blekinge, together with Volvo Lastvagnar and Volvo Penta. At the end of June, Swecon took part in the Borgeby Fältdagar in Skåne, where both large and small machines were demonstrated to the visitors.

A new facility will soon be completed in Mölndal and will replace the present facility which the business has outgrown

– occupancy is scheduled for the fourth quarter. New facilities are also being built in Berlin and Tallinn.

Swecon has joined Lantmännen Maskin and the Swedish Armed Forces in launching a collaboration on skills supply. The Swedish transport industry lacks technicians, and the collaboration will make it easier to find and retain employees. In addition, the collaboration will make it easier for employees in the transport industry to combine their career with part-time involvement in the Armed Forces.

Swecon Business Area, adj. for items affecting comparability



Key figures Swecon Business Area

	2019 May-Aug	2018 May-Aug	2019 Jan-Aug	2018 Jan-Aug	Change
Net sales, MSEK	2,893	2,935	5,396	5,212	4 %
Operating income, MSEK	138	131	277	219	58
Operating margin, %	4.8	4.5	5.1	4.2	
Return on operating capital, % ¹⁾	28.3	87.6	31.4	77.2	
Average number of employees			1,194	1,100	9 %

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

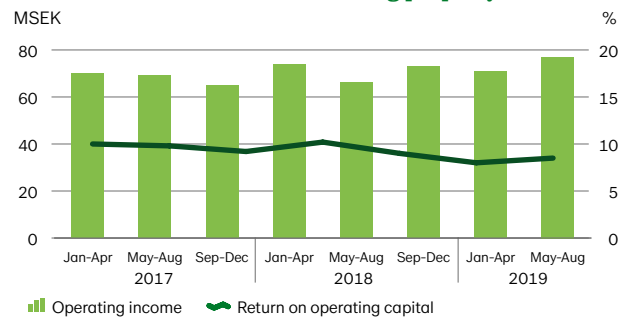
The Real Estate Business Area's net sales are in line with the previous year, and operating income excluding property sales amounted to MSEK 148, compared with MSEK 140 for the same period the previous year

In August, Lantmännen's Group Board of Directors decided to proceed with the construction of new offices for some of Lantmännen's operations in Malmö. The new offices will be built near Lantmännen Cerealia's mill in Västra Hamnen and will replace the premises in the Tre Skåne office building.

Lantmännen Real Estate sold land in Tygelsjö to the jointly-owned company Lanthem during the four-month period. The land will be used to build a grocery store and retirement home.

The construction of Swecon's new facility in Mölndal is more or less completed and is expected to be ready for occupancy in the fourth quarter. The new facility is larger and more efficient than the current one and is located next to Volvo's premises in Mölndal.

Real Estate Business Area, excluding property sales



Key figures Real Estate Business Area

	2019 May-Aug	2018 May-Aug	2019 Jan-Aug	2018 Jan-Aug	Change
Net sales, MSEK	170	159	365	348	5 %
Operating income, excluding property sales, MSEK	77	66	148	140	8
Operating income, MSEK	85	71	174	192	-18
Return on operating capital, adjusted for property sales, %	8.5	9.0	8.3	9.5	
Average number of employees			47	46	2 %

Condensed consolidated income statement

MSEK	2019 May-Aug	2018 May-Aug ¹⁾	2019 Jan-Aug	2018 Jan-Aug ¹⁾	Sep 2018- Aug 2019	2018 Jan-Dec ¹⁾
Net sales	16,395	15,432	31,729	29,176	46,515	43,962
Other operating income	176	91	226	209	296	279
Changes in inventories of finished goods and work in progress	423	19	17	-950	666	-301
Raw materials and consumables	-5,368	-4,849	-9,905	-8,265	-14,407	-12,767
Merchandise	-5,605	-5,233	-10,687	-9,759	-16,511	-15,583
Employee benefits expense	-2,170	-1,958	-4,304	-3,956	-6,385	-6,037
Depreciation, amortization and impairment	-698	-442	-1,327	-879	-1,811	-1,363
Other operating expenses	-2,394	-2,307	-4,581	-4,504	-6,943	-6,866
Share of income of equity accounted companies	50	53	49	92	76	119
Operating income	809	806	1,217	1,164	1,496	1,443
Finance income	34	36	71	78	89	96
Finance costs	-103	-77	-213	-184	-318	-289
Income after financial items	740	765	1,075	1,058	1,267	1,250
Tax	-96	-101	-139	-148	-59	-68
Net income for the period	644	664	936	910	1,208	1,182
Net income for the period attributable to:						
Members of the economic association	643	663	930	904	1,202	1,176
Non-controlling interests	1	1	6	6	6	6

Condensed consolidated statement of comprehensive income

MSEK	2019 May-Aug	2018 May-Aug ¹⁾	2019 Jan-Aug	2018 Jan-Aug ¹⁾	Sep 2018- Aug 2019	2018 Jan-Dec ¹⁾
Net income for the period	644	664	936	910	1,208	1,182
Other comprehensive income (OCI)						
<i>Items that will not be reclassified to the income statement</i>						
Actuarial gains and losses on defined benefit pension plans, net before tax	-85	19	-46	22	-98	-30
Financial assets at fair value through other comprehensive income, net before tax	6	-32	47	-35	13	-69
Tax attributable to items that will not be reclassified	11	0	1	1	12	12
Total	-68	-13	2	-12	-73	-87
<i>Items that will be reclassified to the income statement</i>						
Cash flow hedges, net before tax	-83	-64	-50	-173	153	30
Exchange differences on translation of foreign operations	52	80	549	513	234	198
Hedge of net investment in foreign operations, net before tax	-35	-40	-113	-129	-34	-50
Tax attributable to items that will be reclassified	27	22	24	66	-27	15
Total	-39	-2	410	277	326	193
<i>Share of OCI in equity accounted companies</i>						
Items that will be reclassified to the income statement	28	53	91	150	24	83
Total	28	53	91	150	24	83
Other comprehensive income, net of tax	-79	38	503	415	277	189
Total comprehensive income for the period	565	702	1,439	1,325	1,485	1,371
Total comprehensive income attributable to:						
Members of the economic association	564	701	1,433	1,319	1,479	1,365
Non-controlling interests	1	1	6	6	6	6

¹⁾ In accordance with previously applied accounting policies for leasing

Condensed consolidated statement of financial position

MSEK	2019 31 Aug	2018 31 Aug ²⁾	2018 31 Dec ²⁾
ASSETS			
Property, plant and equipment	13,483	10,030	10,012
Investment property	671	639	661
Goodwill	5,812	5,453	5,350
Other intangible assets	3,702	3,456	3,451
Equity accounted holdings	2,538	2,339	2,299
Non-current financial assets	523	678	629
Deferred tax assets	274	202	248
Other non-current assets	65	159	57
Total non-current assets	27,068	22,956	22,707
Inventories	7,818	6,717	6,943
Trade and other receivables	7,544	7,311	6,668
Current interest-bearing assets	25	30	39
Current tax assets	92	38	18
Cash and cash equivalents	1,334	1,733	720
Total current assets	16,813	15,829	14,388
TOTAL ASSETS	43,881	38,785	37,095
EQUITY AND LIABILITIES			
Equity attributable to members of the economic association	17,158	16,023	15,935
Non-controlling interests	94	93	92
Total equity	17,252	16,116	16,027
Non-current interest-bearing liabilities ¹⁾	7,946	6,251	5,493
Provisions for pensions	626	504	611
Deferred tax liabilities	630	624	650
Other non-current provisions	279	221	208
Other non-current liabilities	55	95	43
Total non-current liabilities	9,536	7,695	7,005
Current interest-bearing liabilities	4,651	3,627	4,002
Trade and other payables	11,525	10,517	9,280
Current tax liabilities	221	185	103
Current provisions	696	645	678
Total current liabilities	17,093	14,974	14,063
TOTAL EQUITY AND LIABILITIES	43,881	38,785	37,095
Equity ratio	39.3	41.6	43.2
¹⁾ Including subordinated debentures, MSEK	250	250	250
²⁾ In accordance with previously applied accounting policies for leasing			

Condensed consolidated statement of cash flows

MSEK	2019 May-Aug	2018 May-Aug ²⁾	2019 Jan-Aug	2018 Jan-Aug ²⁾	2018 Jan-Dec ²⁾
Operating income	809	806	1,217	1,164	1,443
Adjustment for non-cash items ¹⁾	652	359	1,256	727	1,191
Financial items paid, net	-24	-58	-114	-98	-234
Taxes paid	-54	-33	-132	-97	-132
Cash flow from operating activities before changes in working capital	1,383	1,074	2,227	1,696	2,268
Change in working capital	398	-523	361	-659	-1,245
Cash flow from operating activities	1,781	551	2,588	1,037	1,023
Acquisitions and divestments of operations, net	196	27	-312	27	-333
Investments in property, plant & equipment and intangible assets	-807	-541	-1,480	-1,202	-1,825
Sale of property, plant & equipment and intangible assets	51	77	124	121	199
Change in financial investments	63	26	75	105	112
Cash flow from investing activities	-497	-411	-1,593	-949	-1,847
Cash flow before financing activities	1,284	140	995	88	-824
Change in interest-bearing liabilities and pension provisions	-398	187	-73	1,068	1,108
Change in contributed capital	45	100	45	100	100
Dividend paid	-374	-471	-374	-471	-603
Cash flow from financing activities	-727	-184	-402	697	605
Cash flow for the period	557	-44	593	785	-219
Cash and cash equivalents at beginning of period	770	1,774	720	927	927
Exchange differences in cash and cash equivalents	7	3	21	21	12
Cash and cash equivalents at end of period	1,334	1,733	1,334	1,733	720
¹⁾ Depreciation and impairment of non-current assets	698	442	1,327	879	1,363
Share of income of equity accounted companies	-50	-28	-45	-39	-58
Capital gains/losses on sale of non-current assets and operations	-4	-4	-23	-49	-45
Other non-cash items	8	-51	-3	-64	-69
Adjustment for non-cash items	652	359	1,256	727	1,191

²⁾ In accordance with previously applied accounting policies for leasing

Condensed consolidated statement of changes in equity

MSEK	2019 Jan-Aug			2018 Jan-Aug			2018 Jan-Dec		
	Members of the association	Non- controlling interest	Total equity	Members of the association	Non- controlling interest	Total equity	Members of the association	Non- controlling interest	Total equity
Closing balance, previous year	15,935	92	16,027	14,859	89	14,948	14,859	89	14,948
Changes due to amended accounting policies in associates	115	-	115	-33	-	-33	-33	-	-33
Opening balance, January 1	16,050	92	16,142	14,826	89	14,915	14,826	89	14,915
Total comprehensive income for the period	1,433	6	1,439	1,319	6	1,325	1,365	6	1,371
Distribution to owners	-370	-4	-374	-222	-2	-224	-356	-3	-359
Contributed capital paid in by members	114	-	114	161	-	161	161	-	161
Contributed capital paid out to members	-69	-	-69	-61	-	-61	-61	-	-61
Closing balance	17,158	94	17,252	16,023	93	16,116	15,935	92	16,027
Equity attributable to members of the economic association									
Contributed capital, paid in	1,372			1,318			1,318		
Contributed capital, issued	1,586			1,346			1,346		
Other equity	14,200			13,359			13,271		
Total equity attributable to members of the economic association	17,158			16,023			15,935		

Condensed consolidated four-monthly income statements

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

The Group's items affecting comparability

MSEK	2019 May-Aug	2018 May-Aug ¹⁾	2019 Jan-Aug	2018 Jan-Aug ¹⁾	2018 Jan-Dec ¹⁾
Recognized operating income	809	806	1 217	1 164	1 443
<i>Items affecting comparability in operating income:</i>					
Adjusted provision, Energy Sector	-60	-	-60	-	-
Fair value adjustment, Energy Sector	80	-	80	-	-
Restructuring costs, Energy Sector	-	-	-	-	-32
Restructuring costs, Food Sector	-35	-	-35	-	-39
Action package, Agriculture Sector	-	-	-	-	-66
Total items affecting comparability in operating income	-15	-	-15	-	-137
Operating income, adjusted for items affecting comparability	824	806	1 232	1 164	1 580
Recognized income after financial items	740	765	1 075	1 058	1 250
Items affecting comparability in operating income according to above	-15	-	-15	-	-137
Income after financial items adjusted for items affecting comparability	755	765	1 090	1 058	1 387
Return on equity, adjusted for items affecting comparability, %	11.7	12.7	8.5	8.8	8.2
Return on operating capital, adjusted for items affecting comparability, %	8.4	10.1	6.3	7.4	6.6

¹⁾ In accordance with previously applied accounting policies for leasing

The Group's net sales per segment and business

MSEK	2019 May-Aug	2018 May-Aug	2019 Jan-Aug	2018 Jan-Aug	Change, %	Sep 2018- Aug 2019	2018 Jan-Dec
Net sales excluding leasing activities							
Lantmännen Lantbruk Sweden	4,314	3,942	8,763	7,870	11 %	12,515	11,622
Lantmännen Lantbruk Finland	1,566	1,222	3,147	2,367	33 %	4,392	3,612
Lantmännen Maskin Sweden	1,361	1,429	2,484	2,653	-6 %	3,706	3,875
Agriculture Sector, other and eliminations	73	124	149	169	-12 %	209	229
Agriculture Sector	7,314	6,717	14,543	13,059	11 %	20,822	19,338
Lantmännen Agroetanol	810	645	1,495	1,149	30 %	2,080	1,734
Lantmännen Reppe	152	155	316	306	3 %	482	472
Lantmännen Aspen	371	351	688	629	9 %	987	928
Energy Sector, other and eliminations	17	-5	14	-8	275 %	5	-17
Energy Sector	1,350	1,146	2,513	2,076	21 %	3,554	3,117
Lantmännen Cerealía	1,441	1,360	2,892	2,702	7 %	4,329	4,139
Lantmännen Unibake	4,452	4,089	8,437	7,670	10 %	12,351	11,584
Food Sector, other and eliminations	-144	-131	-278	-254	-9 %	-399	-375
Food Sector	5,749	5,318	11,051	10,118	9 %	16,281	15,348
Swecon Sweden	1,321	1,349	2,617	2,520	4 %	4,213	4,116
Swecon Germany	1,299	1,305	2,268	2,198	3 %	3,464	3,394
Swecon Baltic	100	116	191	196	-3 %	282	287
Swecon Business Area, other and eliminations	-1	0	-3	-1	-200 %	-5	-3
Swecon Business Area	2,719	2,770	5,073	4,913	3 %	7,954	7,794
Real Estate Business Area	27	25	74	75	-1 %	113	114
Other operations	213	194	406	370	10 %	634	598
Eliminations	-1,209	-955	-2,372	-1,840	-29 %	-3,499	-2,967
Total	16,163	15,215	31,288	28,771	9 %	45,859	43,342
Net sales from leasing activities							
Food Sector	3	0	7	0		10	3
Swecon Business Area	174	165	323	299	8 %	482	458
Real Estate Business Area	144	134	291	273	7 %	429	411
Eliminations	-89	-82	-180	-167	-8 %	-265	-252
Total	232	217	441	405	9 %	656	620
Total net sales	16,395	15,432	31,729	29,176	9 %	46,515	43,962

Segment information, adjusted for items affecting comparability

Operating income per segment, adjusted for items affecting comparability

MSEK	2019 May-Aug	2018 May-Aug ²⁾	2019 Jan-Aug	2018 Jan-Aug ²⁾	Sep 2018- Aug 2019	2018 Jan-Dec ²⁾
Agriculture Sector	132	159	104	226	75	197
Energy Sector	115	114	167	152	215	200
Food Sector	443	399	682	556	913	787
Swecon Business Area	138	131	277	219	498	440
Real Estate Business Area ¹⁾	85	71	174	192	247	265
Other operations	-43	-44	-91	-122	-149	-180
Group items	-46	-24	-81	-59	-151	-129
Total	824	806	1,232	1,164	1,648	1,580
¹⁾ Including capital gain/loss on sale of property	8	5	26	52	26	52

Operating margin per segment, adjusted for items affecting comparability

%	2019 May-Aug	2018 May-Aug ²⁾	2019 Jan-Aug	2018 Jan-Aug ²⁾	Sep 2018- Aug 2019	2018 Jan-Dec ²⁾
Agriculture Sector	1.8	2.4	0.7	1.7	0.4	1.0
Energy Sector	8.5	9.9	6.6	7.3	6.0	6.4
Food Sector	7.7	7.5	6.2	5.5	5.6	5.1
Swecon Business Area	4.8	4.5	5.1	4.2	5.9	5.3
Total	5.0	5.2	3.9	4.0	3.5	3.6

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

%	2019 May-Aug	2018 May-Aug ²⁾	2019 Jan-Aug	2018 Jan-Aug ²⁾	Sep 2018- Aug 2019	2018 Jan-Dec ²⁾
Agriculture Sector	5.0	7.6	1.9	5.5	0.9	3.0
Energy Sector	27.0	29.1	20.2	19.9	17.7	17.4
Food Sector	7.4	8.0	5.7	5.6	5.4	5.3
Swecon Business Area	28.3	87.6	31.4	77.2	48.8	104.6
Real Estate Business Area ³⁾	8.5	9.0	8.3	9.5	8.7	9.6
Total	8.4	10.1	6.3	7.4	5.9	6.6

²⁾ In accordance with previously applied accounting policies for leasing

³⁾ Adjusted for gain/loss on sale of property

Segment information

Operating income per segment

MSEK	2019 May-Aug	2018 May-Aug ²⁾	2019 Jan-Aug	2018 Jan-Aug ²⁾	Sep 2018- Aug 2019	2018 Jan-Dec ²⁾
Agriculture Sector	132	159	104	226	9	131
Energy Sector	135	114	187	152	203	168
Food Sector	408	399	647	556	839	748
Swecon Business Area	138	131	277	219	498	440
Real Estate Business Area ¹⁾	85	71	174	192	247	265
Other operations	-43	-44	-91	-122	-149	-180
Group items	-46	-24	-81	-59	-151	-129
Total	809	806	1,217	1,164	1,496	1,443
¹⁾ Including capital gain/loss on sale of property	8	5	26	52	26	52

Operating margin per segment

%	2019 May-Aug	2018 May-Aug ²⁾	2019 Jan-Aug	2018 Jan-Aug ²⁾	Sep 2018- Aug 2019	2018 Jan-Dec ²⁾
Agriculture Sector	1.8	2.4	0.7	1.7	0.0	0.7
Energy Sector	10.0	9.9	7.4	7.3	5.7	5.4
Food Sector	7.1	7.5	5.9	5.5	5.2	4.9
Swecon Business Area	4.8	4.5	5.1	4.2	5.9	5.3
Total	4.9	5.2	3.8	4.0	3.2	3.3

Return on operating capital per segment

%	2019 May-Aug	2018 May-Aug ²⁾	2019 Jan-Aug	2018 Jan-Aug ²⁾	Sep 2018- Aug 2019	2018 Jan-Dec ²⁾
Agriculture Sector	5.0	7.6	1.9	5.5	0.1	2.0
Energy Sector	31.7	29.1	22.6	19.9	16.7	14.6
Food Sector	6.8	8.0	5.4	5.6	5.0	5.0
Swecon Business Area	28.3	87.6	31.4	77.2	48.8	104.6
Real Estate Business Area ³⁾	8.5	9.0	8.3	9.5	8.7	9.6
Total	8.3	10.1	6.3	7.4	5.4	6.0

²⁾ In accordance with previously applied accounting policies for leasing

³⁾ Adjusted for gain/loss on sale of property

Parent Company

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

Net sales were MSEK 9,041 (8,163) and operating income was MSEK –162 (23).

Income from financial items was MSEK 104 (–5).

Income after financial items was MSEK –58 (18).

Net investments in non-current assets totaled MSEK 168 (86).

The equity ratio was 40.6 percent (44.9, year-end).

The average number of employees in the Parent Company was 1,006 (955).

Parent Company condensed income statement

MSEK	2019 Jan-Aug	2018 Jan-Aug
Net sales, total	9,041	8,163
Other operating income	162	179
Change in products in progress, finished goods and work in progress for third parties	130	–316
Raw materials and consumables	–6,086	–4,900
Merchandise	–1,471	–1,329
Employee benefits expense	–583	–544
Depreciation, amortization and impairment	–113	–113
Other operating expenses	–1,242	–1,117
Operating income	–162	23
Income from financial items	104	–5
Income after financial items	–58	18
Tax	0	32
Net income for the period	–58	50

Parent Company statement of comprehensive income¹⁾

MSEK	2019 Jan-Aug	2018 Jan-Aug
Net income for the period	–58	50
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	8	0
Total	8	0
<i>Items that will be reclassified to the income statement</i>		
Cash flow hedges, net before tax	–50	
Tax attributable to items that will be reclassified	–1	
Total	–51	0
Other comprehensive income, net after tax	–43	0
Total comprehensive income	–101	50

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

Parent Company condensed statement of financial position

MSEK	2019 31 Aug	2018 31 Aug
ASSETS		
Intangible assets	440	484
Property, plant and equipment	796	719
Investments in Group companies	10,005	7,845
Investments in joint ventures/associates	1,258	1,237
Receivables from Group companies	6,213	4,724
Other securities held as non-current assets	214	162
Other non-current receivables	137	303
Total non-current assets	19,063	15,474
Inventories	3,433	2,806
Receivables from Group companies	8,205	12,567
Other current receivables	3,182	2,858
Short-term investments, incl. cash and bank balances	575	1,056
Total current assets	15,395	19,287
TOTAL ASSETS	34,458	34,761
EQUITY AND LIABILITIES		
Equity	13,640	13,683
Untaxed reserves	466	466
Provisions	77	112
Non-current liabilities	5,327	5,782
Current liabilities to Group companies	7,204	8,446
Other current liabilities	7,744	6,272
TOTAL EQUITY AND LIABILITIES	34,458	34,761
Equity ratio	40.6	40.4

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 just over MSEK 30, 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.

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

MSEK	Carrying amount	Fair value
Assets		
Other shares and interests	484	484
Other financial assets	39	39
Other non-current assets	47	47
Trade and other receivables	7,091	7,091
Current interest-bearing assets	25	25
Cash and cash equivalents	1,334	1,334
Total financial assets	9,020	9,020
Liabilities		
Non-current interest-bearing liabilities	7,946	8,006
Other non-current liabilities	55	55
Current interest-bearing liabilities	4,651	4,688
Trade and other payables	7,537	7,537
Total financial liabilities	20,189	20,286

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

MSEK	Level 1	Level 2	Level 3	Total
Assets				
Derivatives with positive fair value	411	11	-	422
Other financial assets measured at fair value	377	-	107	484
Total assets	788	11	107	906
Liabilities				
Derivatives with negative fair value	369	293	-	662
Total liabilities	369	293	-	662

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.

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 Treatmentsg

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. As a result of a weaker Swedish krona, the provision has been adjusted up by MSEK 60, 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, August 31, 2018

MSEK	Carrying amount	Fair value
Assets		
Other shares and interests	400	400
Other financial assets	278	278
Other non-current assets	149	149
Trade and other receivables	6,054	6,054
Current interest-bearing assets	30	30
Cash and cash equivalents	1,733	1,733
Total financial assets	8,644	8,644
Liabilities		
Non-current interest-bearing liabilities	6,251	6,242
Other non-current liabilities	93	93
Current interest-bearing liabilities	3,627	3,627
Trade and other payables	6,464	6,464
Total financial liabilities	16,435	16,426

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

MSEK	Level 1	Level 2	Level 3	Total
Assets				
Derivatives with positive fair value	497	9	-	506
Other financial assets measured at fair value	285	-	115	400
Total assets	782	9	115	906
Liabilities				
Derivatives with negative fair value	538	26	-	564
Total liabilities	538	26	-	564

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
Adjusted income	Adjusted income is income net of items affecting comparability.	An adjustment to exclude items affecting comparability.
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.
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.
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.
Equity ratio	Equity divided by total assets.	Shows the proportion of the assets that are financed by the owners.
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.
Investments in non-current assets	Total of the period's investments in property, plant & equipment and intangible assets.	The size of the investments made to maintain existing capacity and to achieve expansion and growth.
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.
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.
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 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/equity ratio	Net debt divided by equity.	Shows financial risk and is therefore used to view the level of debt funding.
Net financial income	Net financial income is finance income less finance costs.	Shows the net result of the company's financial operations.
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.
Operating income	Operating income consists of net sales and other operating income less operating expenses.	Shows the result of operating activities.
Operating margin	The operating margin is operating income as a percentage of net sales for the period.	Shows the profitability of the operations.
Return on equity	Return on equity is calculated as annualized 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.

On assignment for the Board of Directors
Stockholm, October 2, 2019



Per Olof Nyman
President & CEO
Lantmännen

Review report

Lantmännen ekonomisk förening

To the Board of Directors and the CEO

Introduction

We have reviewed the condensed interim report for Lantmännen economic association as at August 31, 2019 and for the eight-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report in a conclusion, based on our review.

Scope of the review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, a conclusion based on a review does not have the same assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not been prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent association.

Stockholm, October 2, 2019

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Maude Fyrenius
Member representative
Auditor

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Member representative
Auditor

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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 October 3, 2019.*

Financial Reporting

Year-end report 2019 • February 10, 2020

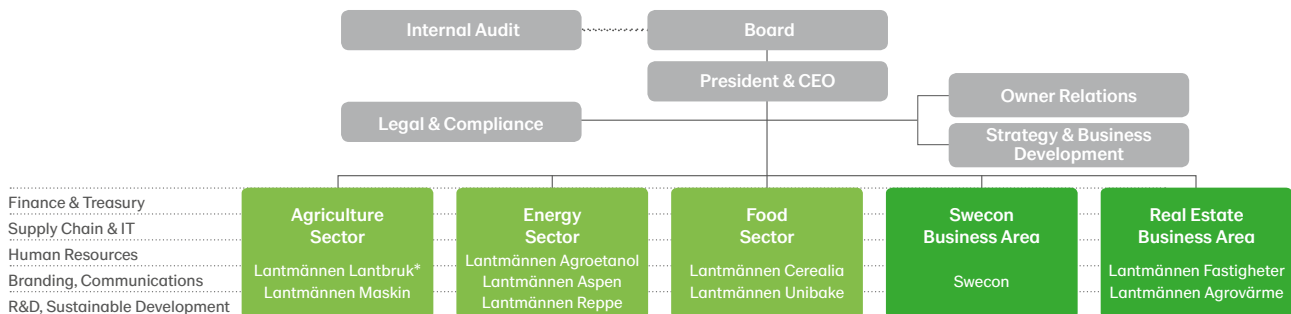
Annual report 2019 • February 20, 2020

This report can be downloaded from lantmannen.com/financialinformation

For more information: lantmannen.com 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 25,000 Swedish farmers, we have 10,000 employees, operations in over 20 countries and an annual turnover of SEK 45 billion (approximately EUR 4.3 billion). With grain at the heart of our operations, we refine arable land resources to make farming thrive. Some of our best-known food brands are AXA, Bonjour, Kungsörnen, GoGreen, Gooh, FINN CRISP, Schulstad and Vaasan. Our company is founded on the knowledge and values acquired through generations of farmers. With research, development and operations throughout the value chain, together we take responsibility from field to fork. For more information: lantmannen.com



* Lantmännen Lantbruk Sweden and international operations.