



We make farming thrive

**Lantmännen's Interim Report
January - August 2017**



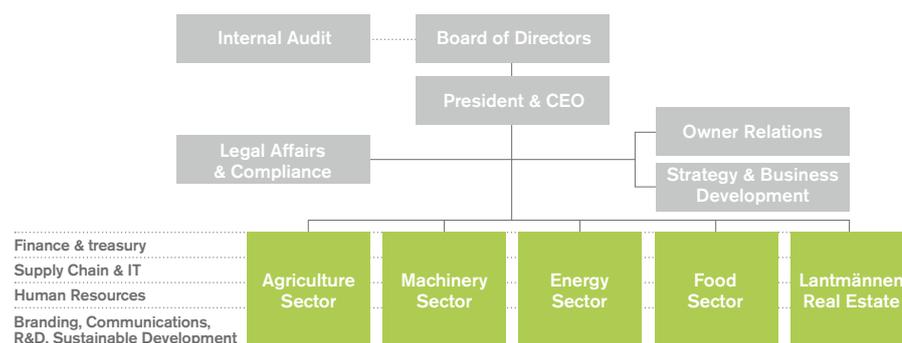
Lantmännen



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 40 billion. With grain as our basis, we create value from farmland resources to make farming thrive. Some of our best-known food brands are AXA, Bonjour, Kungsörnen, GoGreen, GooH, FINN CRISP and Schulstad.

Our company is founded on knowledge and values built up through generations of owners. Having research, development and operations throughout the value chain means that we can take responsibility together – from field to fork.

Lantmännen's organization



Financial reporting and publication orders

Year-end report 2017 • February 6, 2018.

The Annual Report with Sustainability Report, Appendix – Sustainability-Related Indicators, interim reports and other reports are available in English and Swedish. All reports can be downloaded from www.lantmannen.com/en/financialinformation
 For more information: lantmannen.com/en Follow us on: facebook.com/jordtillbord and twitter.com/lantmannen



President's overview

Lantmännen's income after financial items, adjusted for items affecting comparability, for the first eight months of 2017 is MSEK 1,112, compared with MSEK 1,021 for the same period the previous year. Lantmännen's earnings growth remains strong and there are good conditions in place for delivering a high refund and supplementary payment again in 2017.

The Agriculture Sector shows stable earnings, despite a late harvest. The year's harvest work was very intensive due to a concentrated harvest and reception period, presenting major challenges in many parts of the country. Operating income for the Sector's international interest holdings is somewhat higher than the previous year. The acquisition of the Finnish company K-maatalous, now being renamed Lantmännen Agro Oy, was finalized on June 1. With this acquisition we have completed the Baltic Sea circle, and integration of the new business is underway.

The strong sales development continues in the *Machinery Sector*: Lantmännen has maintained its strong position in the Swedish tractor market and has established a strong position with the new Fendt combine. Work is in progress to further strengthen our Swedish machine operations, with the aim of achieving stronger earnings in the company. Swecon continues to deliver at a high level, constantly consolidating its position in the very strong market for construction machinery.

The Energy Sector has improved its operating income compared with the previous year – driven mainly by higher earnings for Lantmännen Agroetanol, which continues its successful development of exports of ethanol with high climate performance. However, a certain slowdown in the premium levels for our climate-efficient Generation 1 ethanol has been noted in the last four-month period. The focus on Generation 2 ethanol, based on waste products, continues and we are also currently building a circular flow of bakery waste in Finland.

A provision of MSEK 300 was recognized in the second four-month period of 2016 in connection with the European Commission's ongoing investigation of Lantmännen Agroetanol and two other ethanol producers for alleged violation of EU competition law. In accordance with current accounting policies, the provision has been adjusted to MSEK 440.

The Food Sector's operating income is slightly lower than in the previous year. The result was affected by Lantmännen Cerealia's restructuring costs and by start-up costs and insurance revenue for a Lantmännen Unibake bakery in Belgium. Cerealia's acquisition of Russian crispbread producer Orient Products LLC was completed in September, strengthening Lantmännen's position in Europe's largest food market. Several investment projects in Unibake are in progress in Belgium, Poland Russia and other countries. In Finland, the process of streamlining the bakery infrastructure has progressed well, with continued high customer delivery performance.

Lantmännen Real Estate continues to show stable development. In August, Lantmännen and the property company Hemsö created a joint venture to focus on development and management of community properties. Lantmännen obtains a good capital gain from the arrangement and an opportunity to continue developing its community property portfolio with a long-term partner.

Lantmännen continues to actively participate in Swedish food production development, including the government's national food strategy that will shape food policy up to 2030. In September, the government announced the building of a plant breeding competence center at the Swedish University of Agricultural Sciences – an initiative that Lantmännen has driven and very much welcomes. Plant breeding creates value throughout the chain from field to fork: for farmers, the food industry, consumers – and ultimately for Swedish growth and competitiveness.

In conclusion, I would like to thank all those who have participated so far in our Ownership dialogue, which will provide a basis for updating our long-term strategy. Several interesting meetings were held in spring and summer, and I look forward to further discussions and input from our owners. Together we continue to develop Lantmännen into an even better company for the future.

Per Olof Nyman
President & CEO, Lantmännen

The period in brief January-August 2017

Net sales amounted to MSEK 13,560 (12,837) for the second four-month period and MSEK 25,758 (24,517) for the first eight months.

Operating income amounted to MSEK 804 (708) for the second four-month period and adjusted for items affecting comparability MSEK 804 (762). Net items affecting comparability during the four-month period amounted to MSEK 0 (–54) and consist of insurance compensation of MSEK +96 in the Food Sector for the rebuilding of Lantmännen Unibake's bakery in Londerzeel, restructuring costs of MSEK –34 in Lantmännen Cerealia, a capital gain of MSEK +78 in Lantmännen Real Estate and a provision of MSEK –140 in the Energy Sector in connection with the EU Commission's ongoing investigation of Lantmännen Agroetanol and two other ethanol producers for alleged violation of EU competition laws. Operating income for the first eight months was MSEK 1,205 (1,073) and adjusted for items affecting comparability MSEK 1,205 (1,127).

Cash flow from operating activities for the first eight months was MSEK 1,031 (1,797). Investments in non-current assets totaled MSEK 1,722 (1,582). Cash flow before financing activities was MSEK –751 (594). Cash flow for the period was MSEK –746 (399).

At Lantmännen's annual general meeting in May, Henrik Wahlberg and Ove Gustafsson were elected as new Board members after Bengt-Olov Gunnarson and Björn Wallin declared themselves unavailable for re-election. At the meeting, Per Lindahl, Gunilla Aschan, Johan Mattsson and Hans Wallemyr were re-elected to the Board. The meeting adopted a contribution dividend and contribution issue which with the supplementary payment and refund represents a dividend of MSEK 509 to members. At the statutory Board meeting, Per Lindahl was elected Chairman and Hans Wallemyr was elected Vice Chairman.

In June, Lantmännen acquired the Finnish company K-maatalous from Kesko Group. The company is one of the largest players in the Finnish agricultural market with a turnover of approximately SEK 3 billion.



Lantmännen's key figures

| | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | 2016 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net sales, MSEK | 13,560 | 12,837 | 25,758 | 24,517 | 37,244 |
| Operating income, MSEK | 804 | 708 | 1,205 | 1,073 | 1,606 |
| Operating margin, % | 5.9 | 5.5 | 4.7 | 4.4 | 4.3 |
| Income after financial items, MSEK | 758 | 663 | 1,112 | 967 | 1,457 |
| Net income for the period, MSEK | 601 | 429 | 915 | 707 | 1,274 |
| Cash flow before financing activities, MSEK | –918 | –47 | –751 | 594 | 826 |
| Return on equity, % | 12.5 | 9.7 | 9.7 | 8.1 | 9.6 |
| Return on operating capital, % | 11.2 | 10.6 | 8.6 | 8.1 | 8.0 |
| Total assets, MSEK | | | 33,990 | 33,056 | 32,490 |
| Equity ratio, % | | | 43.0 | 40.5 | 42.7 |
| Investments in non-current assets, MSEK | 860 | 941 | 1,722 | 1,582 | 2,333 |
| Net debt, MSEK | | | 6,812 | 6,631 | 6,289 |
| Interest coverage ratio, times | | | 7.4 | 5.2 | 5.6 |
| Average number of employees | | | 9,907 | 9,911 | 9,880 |

Adjusted for items affecting comparability

| | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | 2016 Jan-Dec |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating income, MSEK | 804 | 762 | 1,205 | 1,127 | 1,697 |
| Operating margin, % | 5.9 | 5.9 | 4.7 | 4.6 | 4.6 |
| Income after financial items, MSEK | 758 | 717 | 1,112 | 1,021 | 1,548 |
| Net income for the period, MSEK | 625 | 590 | 939 | 868 | 1,457 |
| Return on equity, % | 13.0 | 13.4 | 9.9 | 10.0 | 11.0 |
| Return on operating capital, % | 11.2 | 11.4 | 8.6 | 8.6 | 8.4 |

Business environment and market

Summer and early fall have continued to be characterized by political risks and geopolitical tensions. In the United States in particular, there is considerable political uncertainty in fundamental areas such as taxes, healthcare and immigration.

The Swedish economy remains strong: domestic demand is driving growth, while Swedish exports are also benefiting from the continuing global economic recovery. Employment in Sweden continues to increase, and unemployment is at its lowest level since fall 2008. However, there are significant differences between the EMU countries' economies. Germany's unemployment is just over 5 percent, the lowest since the late 1980s, while Spain's unemployment is over 17 percent.

The Riksbank notes that inflation has risen. However, global inflationary pressure is low and the outside world's monetary policy remains very expansive. The Riksbank's Executive Board left the monetary policy unchanged at its last meeting. A slight upward revision was made to the inflation path, while the repo rate path was left unchanged. Other central banks are expected to continue along the same path, with a slow and gradual normalization of the monetary policy.

The price of grain fell sharply in August. This was mainly due to an upward revision of harvest forecasts, particularly for Russia, where the wheat harvest is set to reach record levels. France has benefited from a large, good quality harvest, while Germany, Poland and the Baltic region have experienced quality problems due to large amounts of rain. The Board of Agriculture's forecast for the total Swedish grain harvest indicates 6.3 million tonnes, which is slightly higher than the average for the last five years. The harvest is of good quality in terms of falling number and specific weight, and both wheat and malting barley show good protein content. More negative quality factors are a dark color on late-harvested oats and some skin damage to malting barley.

The International Grain Council forecasts an increase in global trade in wheat, corn, rice and soybeans over the next

five years, mainly driven by increased demand in Asia and Africa. Food and feed are expected to remain the main drivers of demand.

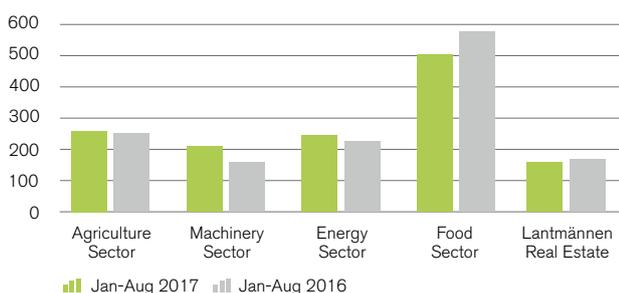
The government has announced that it is investing MSEK 175 in the period 2018-2020 to support the conversion to organic farming, in order to increase Swedish production of organic food and meet consumer demand.

According to LRF Dairy Sweden's reports, reduced supply and stable demand for dairy products have led to rising global prices. Profitability (milk revenue minus feed cost) in Sweden declined a little in spring, but is significantly higher than a year ago. The market is characterized by a record high price of butter, just over 60 percent higher so far this year. The full-year forecast for Swedish milk production is around 1.3 percent lower than the previous year.

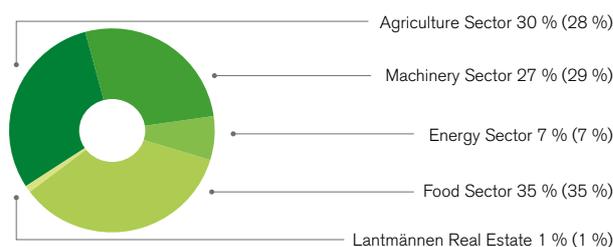
According to Statistics Sweden /HUI Research and DLF, sales of fast-moving consumer goods (FMCG), measured at current prices, increased by 3.2 percent between July 2016 and July 2017. DLF reports that the sales volume increased by 0.9 percent compared with the previous year and that the FMCG price growth rate is 2.0 percent for the year to date. According to Eurostat, Nordic FMCG growth, measured at current prices, is 1.4 percent. Growth in the restaurant industry is higher and is happening, to some extent, at the expense of fast-moving consumer goods.

Strong consumer trends within the Nordic food industry include health, responsibility and sustainability, and origin. In Sweden, demand for locally produced products is rising. There is keen interest in quality and premium products, although discount brands and Private Label continue to gain market shares. Urbanization and an increasing proportion of single-person households are driving demand for food-to-go and bake-off products. Demand for organic products remains strong, and in certain food categories demand appears to be outstripping supply. Consumers are increasingly demanding alternative proteins, i.e., non-meat proteins.

Operating income per Sector, accumulated January-August
Adjusted for items affecting comparability, MSEK



Distribution of Group's sales
Including intra-Group sales



Comments on the interim period

The Group's net sales and earnings January-August 2017

Net sales

Lantmännen's net sales for the second four-month period amounted to MSEK 13,560 (12,837), an increase of 6 percent. Net sales for the first eight months were MSEK 25,758 (24,517), an increase of 5 percent. Adjusted for acquired and divested operations, net sales for the four-month period increased by 4 percent and for the full period by 6 percent. Net sales adjusted for acquisitions and divestments increased in all Sectors. Currency effects had a positive impact of 1 percent on net sales for both the four-month period and the full period.

Operating income

Operating income for the second four-month period was MSEK 804 (708) and adjusted for items affecting comparability MSEK 804 (762). Net items affecting comparability amounted to MSEK 0 (-54).

In the Food Sector, the final insurance payment for the burnt-down bakery in Londerzeel, Belgium, had a positive impact of MSEK 96 (357) on earnings for the second four-month period after it was decided to reinvest the entire capacity lost in the fire. In the Energy Sector, a further provision of MSEK 140 (300) has been recognized in the second four-month period in connection with the European Commission's ongoing investigation of Lantmännen Agroetanol and two other ethanol producers for alleged violation of EU competition law.

A provision of MSEK 34 has been made in the Food Sector for structural costs relating to Cerealia's restructuring program for improved cost efficiency and competitiveness. In the previous year, the Food Sector was affected by structural costs of MSEK 50 and property acquisition costs of MSEK 61 in Russia. A capital gain of MSEK 78 on property operations had a positive effect on earnings for the four-month period.

Operating income for the first eight months was MSEK 1,205 (1,073) and adjusted for items affecting comparability MSEK 1,205 (1,127). Operating income adjusted for items affecting comparability has improved in the Machinery, Energy and Agriculture Sectors. Operating income in the Food Sector is lower, partly due to planned start-up costs for the new bakery in Londerzeel and intense competition in several of Cerealia's product categories.

Currency effects had a positive impact of MSEK 4 on operating income for the four-month period and MSEK 8 for the first eight months.

Net financial income and income after financial items

Net financial income for the second four-month period was MSEK -46 (-45). Income after financial items was MSEK 758 (663) and adjusted for items affecting comparability MSEK 758 (717). Net financial income for the period January-August 2017 was MSEK -93 (-106). The improvement is mainly due to favorable currency effects. Income after financial items for the first eight months totaled MSEK 1,112 (967) and adjusted for items affecting comparability MSEK 1,112 (1,021).

Tax and income after tax

Tax expense for the first eight months was MSEK 197 (260). Tax is calculated using the estimated tax rate for the full year. Income after tax amounted to MSEK 915 (707), of which MSEK 910 (706) was attributable to members of the economic association and MSEK 5 (1) 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 1,031 (1,797). The operating surplus contributed MSEK 1,783 (1,765), while cash flow from working capital contributed MSEK -752 (32). The decline in cash flow from working capital is partly due to increased inventories in the Agriculture Sector.

Investments in non-current assets were MSEK -1,722 (-1,582), while sales of non-current assets were MSEK 264 (366), resulting in net investments of MSEK -1,458 (-1,216). Two production properties in Finland were acquired, and investments were made in a number of bakeries notably in Poland, Russia and Belgium, and the Strängnäs mill.

Net acquisitions and divestments of operations amounted to MSEK -213 (18). During the period, K-maatalous, currently being renamed Lantmännen Agro Oy, was acquired from the Finnish Kesko Group and 50 percent of Lantmännen Samhällsfastigheter AB was divested.

Cash flow before financing activities was MSEK -751 (594), while cash flow for the period, including financing activities, was MSEK -746 (399).

Financial position

Equity at August 31 amounted to MSEK 14,620 (13,883, year-end), of which MSEK 91 (88, year-end) is attributable to owners other than members of the economic association, i.e. the minority interest in Group companies.

Since the beginning of the year, net debt has increased by MSEK 523 to MSEK 6,812 (6,289, year-end). Cash and cash equivalents at the end of the period were MSEK 1,020 (1,773, year-end) and total assets were MSEK 33,990 (32,490, year-end). The equity ratio was 43.0 percent (42.7, year-end).



In August, Lantmännen Unibake's company in Lithuania, Vilniaus duona, celebrated its 135th anniversary with the "Bread grown in Lithuania" initiative. Pictured are Gražvydas Jukna, Commercial Director, Lantmännen Unibake Lithuania, and Bronius Markauskas, Lithuanian Minister of Agriculture.

Risks and uncertainties

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

Changes in the Group

In January, Lantmännen's operation with importing responsibility for Claas in Denmark (LMB Danmark A/S) was divested to Danish Agro. The sale generated a capital gain of MSEK 6 and a positive cash flow of MSEK 50. The divested operation's annual turnover was approximately MSEK 520, with total assets of about MSEK 200. The average number of employees was 15. At the time of the divestment, cash and cash equivalents were approximately MSEK 140.

Lantmännen Unibake acquired Anderson Bakery (PS Bageri AB) outside Stockholm in March. The company, which mainly produces baguettes, has an annual turnover of approximately MSEK 75 and 30 employees.

In May, 50 percent of the shares in the subsidiary Akershus Traktor AS were sold. The company is a Valtra dealer in Norway, with an annual turnover of approximately MSEK 660, total assets of about MSEK 340 and an average number of employees of about 100. Akershus Traktor AS is now an associated company.

In June, Lantmännen Lantbruk acquired the Finnish company K-maatalous from Kesko Group for just under MSEK 300 through a share acquisition and loan repayment. K-maatalous is one of the largest players in the Finnish agricultural market with an annual turnover of approximately SEK 3 billion and 45 employees. The company operates in four areas: crop production, feed, grain and accessories and spare parts for agricultural machinery. K-maatalous is being renamed Lantmännen Agro Oy.

In August, 50 percent of the shares in the property group

Lantmännen Samhällsfastigheter AB were sold to the property company Hemsö. The Group has an annual turnover of approximately MSEK 20 and total assets of about MSEK 220. After the divestment, the real estate group becomes a joint venture and will be renamed Lanthem Samhällsfastigheter AB.

The acquisition balance sheets are still preliminary.

Human resources

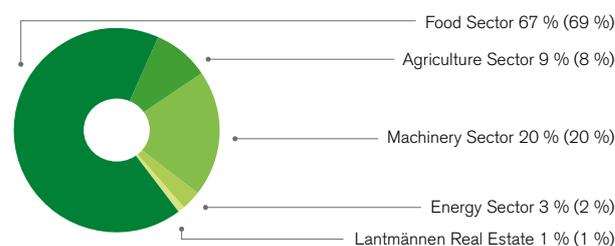
The average number of employees was 9,907 (9,911) and the number of full-time employees was 10,101 (10,195) at August 31, 2017. The number of employees has decreased through divested operations and efficiency measures, mainly in the Food Sector, but has also increased through acquisitions in 2017 and late 2016.

Other significant events during the four-month period

Version 1.0 of the LM² digital tool for Lantmännen's agribusiness customers was launched in May. The tool includes five areas: Cultivation, Grain, Feed, Machinery and Finance. Development of LM² continues and more services will be launched.

As is their tradition, Lantmännen Lantbruk and Lantmännen Maskin participated in the Borgeby and Brunnby agricultural fairs.

Distribution of Group's employees





Part one of Lantmännen's Ownership dialogue, focusing on long-term direction, financing and dividends, has been completed. The aim is to engage elected representatives and members in Lantmännen's strategy work.

Advocacy work to develop the EU's view of crop-based biofuels continues, and a final decision on a future biofuel policy is expected to come in 2018.

Through its research foundation, Lantmännen has helped identify a natural substance – an antioxidant found in abundance in broccoli – which shows positive effects in patients with type 2 diabetes.

Lantmännen's Annual General Meeting

At Lantmännen's AGM in May, Henrik Wahlberg and Ove Gustafsson were elected as new Board members after Bengt-Olov Gunnarson and Björn Wallin declared themselves unavailable for re-election. At the meeting, Per Lindahl, Gunilla Aschan, Johan Mattsson and Hans Wallemyr were re-elected to the Board. The meeting adopted a contribution dividend and contribution issue which with the supplementary payment and refund represents a dividend of MSEK 509 to members.

At the statutory Board meeting, Per Lindahl was elected Chairman and Hans Wallemyr was elected Vice Chairman.

Events after the end of the period

Lantmännen Cerealia has acquired the Russian crispbread producer Orient Products LLC. The company has an annual turnover of about SEK 100 million and 250 employees. Orient is a market leader in crispbread in Russia, with the Schedrie and Kruazett brands.

The government has decided to support a Swedish plant breeding center at SLU (Swedish University of Agricultural Sciences). During the period 2018-2020, MSEK 90 will be invested in building a national competence center for plant breeding, an area in which Lantmännen has been a driving force.

A new Head of Cerealia Business Area was appointed after the end of the reporting period. Carl-Peter Thorwid, who joins Cerealia from his previous role with Unibake, took up his position on October 1.

Bengt Alestig is to be the new CEO of Lantmännen Maskin and will take up his position at the beginning of 2018. Bengt Alestig joins the company from his role as CEO of Linde Material Handling.



Agriculture Sector

| <i>Key figures Agriculture Sector</i> | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | Change |
|--|-----------------|-----------------|-----------------|-----------------|--------|
| Net sales, MSEK | 4,330 | 3,390 | 8,201 | 7,175 | 14 % |
| Operating income, MSEK | 163 | 156 | 259 | 250 | 9 |
| Operating margin, % | 3.8 | 4.6 | 3.2 | 3.5 | |
| Return on operating capital, % | 11.2 | 12.5 | 9.2 | 9.7 | |
| Average number of employees | | | 847 | 756 | 12 % |
| <i>Key figures, Lantmännen Lantbruk Sweden</i> | | | | | |
| Net sales, MSEK | 3,609 | 3,323 | 7,431 | 7,064 | 5 % |
| Operating income, MSEK | 126 | 134 | 223 | 220 | 3 |
| Operating margin, % | 3.5 | 4.0 | 3.0 | 3.1 | |
| Return on operating capital, % | 15.1 | 16.8 | 13.4 | 12.9 | |
| Average number of employees | | | 797 | 724 | 10 % |

The Agriculture Sector's net sales are higher than the previous year, and operating income is MSEK 259, compared with MSEK 250 the previous year.

This year's Swedish harvest is expected to be larger than the last five-year average, which is slightly more than previous forecasts. Harvest work has been very intensive due to high harvesting capacity and simultaneous harvests in large parts of Sweden, resulting in a concentrated harvest and reception period. Despite the stresses this has meant for the entire supply chain, about the same grain volumes have been received this year as last year – in two weeks' less time.

Good volume growth in the feed business has continued in the second four-month period, despite intense competition

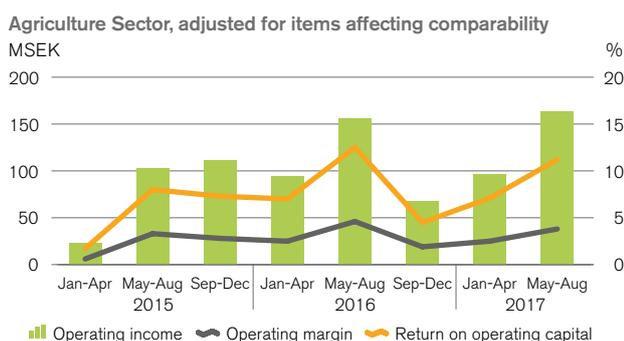
in the market. Fall seed sales have begun in the second four-month period; so far, with slightly higher sales volumes than last year.

The Sector's international interest holdings show an operating income that is somewhat better than the previous year. Scandagra Baltikum continues to develop positively, and efficiency improvement in HaGe Kiel has produced results.

The acquisition of the Finnish company K-maatalous was finalized on June 1 and the company is being renamed Lantmännen Agro Oy. The process of integrating the new business is in progress.

Development of the LM² digital tool continues as planned, with the main focus on integrating Lantmännen's existing financial portal into LM² and making the service available on mobile devices. The new services are expected to be launched in 2018.

"Project Makeover" was launched at Lantmännen Lantbruk's production facilities in the second four-month period – a major initiative to create an improved work environment and increased satisfaction at the facilities. The main focus is on customer reception areas, changing rooms, fences and gates, asphalt and buildings. Signage and lighting at a number of selected facilities have also been improved, as part of efforts to highlight the presence at a number of locations, thereby strengthening the brand.





Machinery Sector

| <i>Key figures, Machinery Sector</i> | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | Change |
|--|-----------------|-----------------|-----------------|-----------------|--------|
| Net sales, MSEK | 3,935 | 4,222 | 7,267 | 7,372 | -1 % |
| Operating income, MSEK | 181 | 147 | 209 | 158 | 51 |
| Operating margin, % | 4.6 | 3.5 | 2.9 | 2.1 | |
| Return on operating capital, % | 34.2 | 23.6 | 20.1 | 13.2 | |
| Average number of employees | | | 1,951 | 1,945 | 0 % |
| <i>Key figures, Lantmännen Maskin Sweden</i> | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | Change |
| Net sales, MSEK | 1,357 | 1,272 | 2,382 | 2,216 | 7 % |
| Operating income, MSEK | 39 | 35 | 7 | 2 | 5 |
| Operating margin, % | 2.9 | 2.8 | 0.3 | 0.1 | |
| Return on operating capital, % | 11.8 | 10.4 | 1.1 | 0.3 | |
| Average number of employees | | | 836 | 794 | 5 % |

The Machinery Sector's net sales are in line with the previous year. Operating income is MSEK 209, an increase from MSEK 158 in the previous year.

The good sales trend from the beginning of the year has continued for both Lantmännen Maskin and Swecon. However, the Sector's sales have been adversely affected by the planned divestments of the Norwegian and Danish import operations.

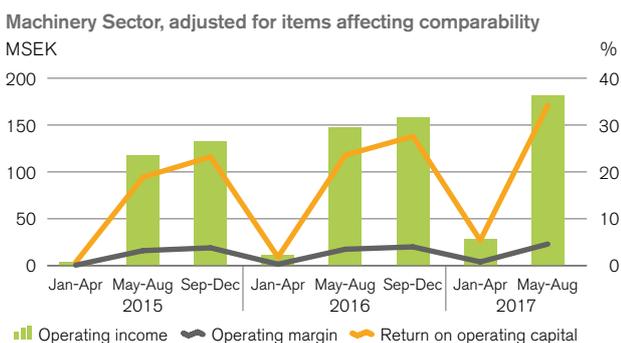
Lantmännen Maskin is undergoing major changes due to a stronger focus on the Swedish market and the updated supplier agreement with AGCO. On April 1, Lantmännen Maskin took on import responsibility for Massey Ferguson's machines, and sales of new machines from Claas have been discontinued.

The Swedish tractor market has declined by about 10 percent compared with the previous year, and there is very tough competition among machine suppliers and distributors. Lantmännen maintains its strong market position and has a significantly higher order intake for the year to date than last year. Sales of Fendt's combines are also progressing well, with successful deliveries, good support and generally satisfied customers. Sales of equipment from Kuhn have also grown during the year, and the brand is now well established on the market.

Swecon continues to develop very well. Demand for construction machinery in Sweden remains high, and Swecon has maintained its market share during the second four-month period. The workshops have high capacity utilization and spare part sales have increased. Spare part sales have also increased. The market share in Germany is stable and Swecon has increased its market share a little in Lithuania.

A new facility for Swecon in Riga, Latvia, was opened in August. The opening ceremony was well-attended, with representatives from the Swedish Embassy and the Swedish Chamber of Commerce, and many customers.

During the second four-month period, 50 percent of the Akershus tractor dealer in Norway was sold to BR Industrier, which already owns Jæren Traktorsenter. Together, Akershus and Jæren will be one of the major machinery dealers in Norway.



Energy Sector

| <i>Key figures, Energy Sector</i> | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | Change |
|--|-----------------|-----------------|-----------------|-----------------|--------|
| Net sales, MSEK | 946 | 1,000 | 1,980 | 1,809 | 9 % |
| Operating income, MSEK | -37 | -159 | 104 | -75 | 179 |
| Operating margin, % | -3.9 | -15.9 | 5.3 | -4.1 | |
| Return on operating capital, % | -14.1 | -45.9 | 20.7 | -10.5 | |
| Operating income, adjusted for items affecting comparability, MSEK | 103 | 141 | 244 | 225 | 19 |
| Operating margin, adjusted for items affecting comparability, % | 10.9 | 14.1 | 12.3 | 12.4 | |
| Return on operating capital, adjusted for items affecting comparability, % | 40.1 | 40.4 | 48.5 | 31.3 | |
| Average number of employees | | | 245 | 236 | 4 % |

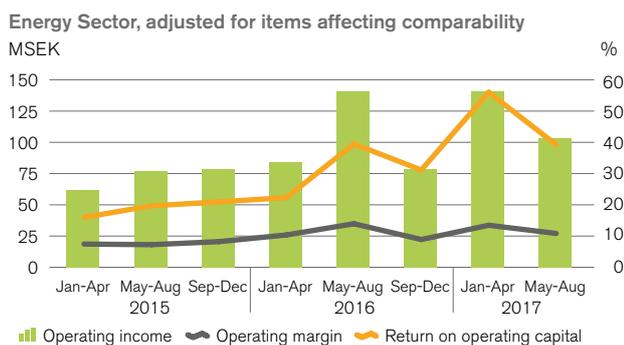
The Energy Sector's net sales for the first eight months are a little higher than the previous year, and operating income adjusted for items affecting comparability is MSEK 244 – an increase from MSEK 225 the previous year. All the Sector's businesses have been adversely affected by higher commodity prices earlier in the year.

The improvement is driven by Lantmännen Agroetanol, which increased its earnings from the previous year. This is mainly due to continued successful work on exports of climate-friendly ethanol to Germany, increased sales of ethanol produced from recycled industrial waste products and a higher price of ethanol during the year than previously.

A provision of MSEK 300 was recognized in the second four-month period of 2016 in connection with the European Commission's ongoing investigation of Lantmännen Agroetanol and two other ethanol producers for alleged violation of EU competition law. In accordance with current accounting policies, the provision has been adjusted to MSEK 440. Lantmännen is fully cooperating with the commission in the investigation.

Lantmännen Aspen has been affected by lower demand due to adverse weather in spring and summer and by increased competition in the Nordic region. Most markets in the rest of Europe continue to develop well.

Lantmännen Reppe continues to experience good demand, and the long-term program to increase production capacity and improve the balance of production continues.





Food Sector

Key figures, Food Sector

| | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | Change |
|--|-----------------|-----------------|-----------------|-----------------|--------|
| Net sales, MSEK | 4,986 | 4,760 | 9,515 | 9,184 | 4 % |
| Operating income, MSEK | 412 | 637 | 566 | 822 | -256 |
| Operating margin, % | 8.3 | 13.4 | 5.9 | 9.0 | |
| Return on operating capital, % | 9.0 | 15.3 | 6.3 | 10.0 | |
| Operating income, adjusted for items affecting comparability, MSEK | 350 | 391 | 504 | 576 | -72 |
| Operating margin, adjusted for items affecting comparability, % | 7.0 | 8.2 | 5.3 | 6.3 | |
| Return on operating capital, adjusted for items affecting comparability, % | 7.7 | 9.4 | 5.6 | 7.0 | |
| Average number of employees | | | 6,560 | 6,657 | -1 % |

The Food Sector's net sales are higher than the previous year. Operating income adjusted for items affecting comparability amounts to MSEK 504, compared with MSEK 576 for the same period the previous year. The decline is mainly due to Lantmännen Cerealia, which continues to encounter intense competition in several product categories.

Extensive work is in progress at Cerealia to sharpen the organization, increase cost and production efficiency and build an organizational platform for profitable growth and competitiveness in all market categories.

Cerealia continues to invest in innovation and brands, with continued marketing of Kungsörrens pasta made from durum wheat from Gotland and "Little Farmer" – Lantmännen's

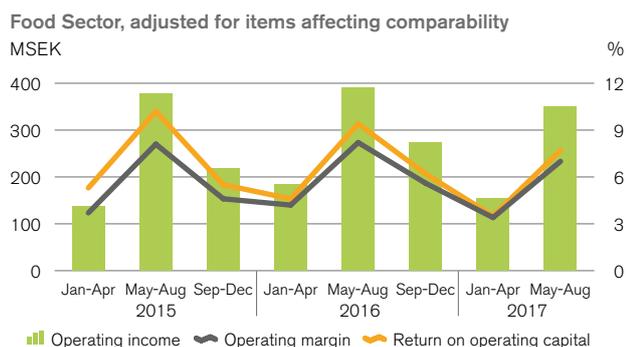
organic, locally produced baby food – during the four-month period.

Lantmännen Unibake continues to show stable development, increasing its sales in the second four-month period. The main growth is in Russia, where both sales and operating margin have shown a marked increase in the year to date. Record high butter prices have adversely affected the margin for some of Unibake's products.

Several investment projects are in progress within Unibake, including the start-up phase for the new bakery in Londerzeel, Belgium, the building of a new bakery in Nowa Sol, Poland, and the building of a new warehouse in Yegorievsk, Russia. In Finland, the closure of a number of bakeries and production relocation has proceeded well, with continued high customer delivery performance.

Burger buns were launched for the first time under the Vaasan brand in Finland's food stores in the four-month period and were well received.

Two large items affecting comparability had an impact on the Sector's operating income in the second four-month period. The final insurance payment for the burnt-down bakery in Londerzeel, Belgium, had a positive impact of MSEK 96 on the period's earnings after it was decided to reinvest the entire capacity lost in the fire. Earnings were negatively affected by a provision of MSEK 34 made for structural costs relating to Cerealia's restructuring program for improved cost efficiency and competitiveness.





Lantmännen Real Estate

| Key figures, Lantmännen Real Estate | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | Change |
|--|-----------------|-----------------|-----------------|-----------------|--------|
| Net sales, MSEK | 159 | 125 | 335 | 290 | 16 % |
| Operating income, excluding property sales, MSEK | 69 | 60 | 139 | 121 | 18 |
| Operating income, MSEK | 161 | 65 | 236 | 167 | 69 |
| Return on operating capital, adjusted for property sales, % | 9.8 | 10.4 | 9.9 | 10.7 | |
| Operating income, adjusted for items affecting comparability, MSEK | 83 | 65 | 158 | 167 | -9 |
| Average number of employees | | | 44 | 39 | 13 % |

Lantmännen Real Estate's net sales are higher than the previous year, and operating income excluding property sales is MSEK 139, compared with MSEK 121 for the same period the previous year. Income from property sales is MSEK 97 (46).

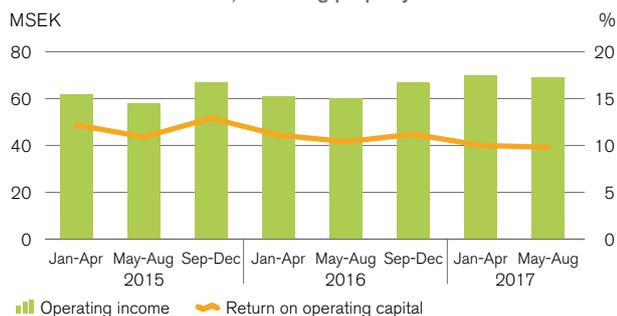
In August, Lantmännen and the property company Hemsö created a joint venture that will focus on development and management of community properties. Lantmännen sold 50 percent of the real estate group Lantmännen Samhällsfastigheter AB to Hemsö. The transaction generated a capital gain of MSEK 78 for Lantmännen and provides an opportunity to continue developing the community property portfolio with a long-term partner.

Hemsö owns more than 350 community properties in Sweden, Finland and Germany, with a total market value of SEK 35 billion.

The construction of "Lantmännens hus" in Kalmar continues as planned. All Lantmännen's agricultural operations in the region will be gathered in the new facility and occupancy is scheduled for the end of the year.

Lantmännen Agrovärme is developing steadily and according to plan.

Lantmännen Real Estate, excluding property sales





Lantmännen's international ownership

Lantmännen has interest holdings in a number of international companies. These companies' operations are primarily located in the Nordic region, Germany, Poland and the Baltic countries.

In order to strengthen and expand existing international agricultural cooperation, Lantmännen and the Danish agricultural company DLG (Dansk Landbrugs Grovareselskab) have established the company Lantmännen DLG International (LDI). The purpose of the new company is to expand the position in markets and businesses where Lantmännen and DLG already have a strong partnership and to expand into new, mainly European, markets.

HaGe Kiel holding 41 %

Hauptgenossenschaft Nord AG (HaGe Kiel) has an annual turnover of approximately SEK 21 billion and about 1,600 employees. Lantmännen owns 41 percent of HaGe Kiel, while DLG owns 54 percent. Operations include grain trading and the sale of inputs in the agricultural market. HaGe Kiel has well developed logistics chains and port terminals located in Hamburg, Kiel and Rostock which supply the market with grain and oilseeds, both locally and internationally. HaGe Kiel has feed factories and also trades in agricultural goods, machinery and sales of leisure and garden products. Lantmännen's share of income is included in the Agriculture Sector.

Scandagra Group holding 50 %

Scandagra Group AB operates in the Baltic region. The Group has an annual turnover of approximately SEK 2.7 billion and about 300 employees. The company is jointly owned (50-50) by Lantmännen and DLG. The operations are conducted through three sales companies – Scandagra Eesti, Scandagra Latvia and Scandagra Lietuva. The sales companies engage in the sale of crop production inputs and the purchase and sale of grain. Scandagra Eesti also has a feed plant with a production capacity of just over 100,000 tonnes. Lantmännen's share of income is included in the Agriculture Sector.

Scandagra Polska holding 50 %

Scandagra Polska, which is a merchant of grain and other inputs in the Polish agricultural market, has an annual turnover of approximately SEK 1.3 billion and about 170 employees. The company is jointly owned (50-50) by Lantmännen and DLG. Scandagra Polska is one of many traders in the large and diversified Polish market. Lantmännen's share of income is included in the Agriculture Sector.

Scandbio holding 50 %

Scandbio is the largest wood fuel company in Sweden and sells 100 percent renewable energy in the form of heat pellets, bedding pellets, briquettes, biomass logs and wood powder. The products are manufactured by using residues from the forestry and sawmill industry. The company has an annual turnover of approximately SEK 900 million and about 160 employees. Scandbio has a strong position in the Swedish market and in the Baltic Sea region. Lantmännen and Neova each own 50 percent of the company. Lantmännen's share of income is included in the Energy Sector.

Viking Malt holding 38 %

Viking Malt is refiner of grain, and supplies about 600,000 tonnes of malt annually to breweries and distilleries in northern Europe, and to selected customers around the world. Viking Malt produces malt in Finland, Sweden, Denmark, Poland and Lithuania. The company has an annual turnover of approximately SEK 1.8 billion and about 240 employees. Lantmännen owns 38 percent of the company, with the remainder being owned by the Finnish company Polttimo. Lantmännen's share of income is included in the Food Sector.

Condensed consolidated income statement

| MSEK | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | Sep 2016- Aug 2017 | 2016 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Net sales | 13,560 | 12,837 | 25,758 | 24,517 | 38,485 | 37,244 |
| Other operating income | 287 | 465 | 374 | 611 | 563 | 800 |
| Changes in inventories of finished goods and work in progress | -192 | 838 | -702 | -20 | -982 | -300 |
| Raw materials and consumables | -3,888 | -4,428 | -7,360 | -7,299 | -11,165 | -11,104 |
| Merchandise | -4,425 | -4,401 | -8,105 | -8,040 | -11,939 | -11,874 |
| Employee benefits expense | -1,933 | -1,837 | -3,823 | -3,639 | -5,762 | -5,578 |
| Depreciation, amortization and impairment | -417 | -383 | -815 | -748 | -1,232 | -1,165 |
| Other operating expenses | -2,217 | -2,394 | -4,189 | -4,349 | -6,355 | -6,515 |
| Share of income of equity accounted companies | 29 | 11 | 67 | 40 | 125 | 98 |
| Operating income | 804 | 708 | 1,205 | 1,073 | 1,738 | 1,606 |
| Finance income | 42 | 81 | 81 | 123 | 123 | 165 |
| Finance costs | -88 | -126 | -174 | -229 | -259 | -314 |
| Income after financial items | 758 | 663 | 1,112 | 967 | 1,602 | 1,457 |
| Tax | -157 | -234 | -197 | -260 | -120 | -183 |
| Net income for the period | 601 | 429 | 915 | 707 | 1,482 | 1,274 |
| Net income for the period attributable to: | | | | | | |
| Members of the economic association | 602 | 429 | 910 | 706 | 1,477 | 1,273 |
| Non-controlling interests | -1 | 0 | 5 | 1 | 5 | 1 |

Condensed consolidated statement of comprehensive income

| MSEK | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | Sep 2016- Aug 2017 | 2016 Jan-Dec |
|--|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Net income for the period | 601 | 429 | 915 | 707 | 1,482 | 1,274 |
| Other comprehensive income | | | | | | |
| <i>Items that will not be reclassified to the income statement</i> | | | | | | |
| Net actuarial gains and losses on defined benefit pension plans (before tax) | 18 | -177 | 44 | -218 | 100 | -162 |
| Tax on actuarial gains and losses | -4 | 39 | -10 | 48 | -22 | 36 |
| Total | 14 | -138 | 34 | -170 | 78 | -126 |
| <i>Items that will be reclassified to the income statement</i> | | | | | | |
| Net available-for-sale financial assets (before tax) | 19 | 47 | 9 | 66 | 24 | 81 |
| Net cash flow hedges (before tax) | 66 | 9 | 33 | 29 | 26 | 22 |
| Exchange differences on translation of foreign operations | -125 | 160 | -99 | 167 | -73 | 193 |
| Net gain on hedge of net investment in foreign operations (before tax) | -11 | -43 | -15 | -69 | -14 | -68 |
| Tax attributable to items that will be reclassified | -23 | -4 | -9 | -6 | -1 | 2 |
| Total | -74 | 169 | -81 | 187 | -38 | 230 |
| <i>Share of OCI in equity accounted companies</i> | | | | | | |
| Items that will be reclassified to the income statement | -40 | 47 | -21 | 49 | -19 | 51 |
| Total | -40 | 47 | -21 | 49 | -19 | 51 |
| Other comprehensive income, net of tax | -100 | 78 | -68 | 66 | 21 | 155 |
| Total comprehensive income for the period | 501 | 507 | 847 | 773 | 1,503 | 1,429 |
| Total comprehensive income attributable to: | | | | | | |
| Members of the economic association | 502 | 507 | 842 | 772 | 1,498 | 1,428 |
| Non-controlling interests | -1 | 0 | 5 | 1 | 5 | 1 |

Condensed consolidated four-monthly income statements

| MSEK | 2017 May-Aug | 2017 Jan-Apr | 2016 Sep-Dec | 2016 May-Aug | 2016 Jan-Apr |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net sales | 13,560 | 12,198 | 12,727 | 12,837 | 11,680 |
| Other operating income | 287 | 87 | 189 | 465 | 146 |
| Changes in inventories of finished goods and work in progress | -192 | -510 | -280 | 838 | -858 |
| Raw materials and consumables | -3,888 | -3,472 | -3,805 | -4,428 | -2,871 |
| Merchandise | -4,425 | -3,680 | -3,834 | -4,401 | -3,639 |
| Employee benefits expense | -1,933 | -1,890 | -1,939 | -1,837 | -1,802 |
| Depreciation, amortization and impairment | -417 | -398 | -417 | -383 | -365 |
| Other operating expenses | -2,217 | -1,972 | -2,166 | -2,394 | -1,955 |
| Share of income of equity accounted companies | 29 | 38 | 58 | 11 | 29 |
| Operating income | 804 | 401 | 533 | 708 | 365 |
| Finance income | 42 | 39 | 42 | 81 | 42 |
| Finance costs | -88 | -86 | -85 | -126 | -103 |
| Income after financial items | 758 | 354 | 490 | 663 | 304 |
| Tax | -157 | -40 | 77 | -234 | -26 |
| Net income for the period | 601 | 314 | 567 | 429 | 278 |
| Net income for the period attributable to: | | | | | |
| Members of the economic association | 602 | 308 | 567 | 429 | 277 |
| Non-controlling interests | -1 | 6 | 0 | 0 | 1 |

The Group's items affecting comparability

| MSEK | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | 2016 Jan-Dec |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Recognized operating income | 804 | 708 | 1,205 | 1,073 | 1,606 |
| <i>Items affecting comparability in operating income:</i> | | | | | |
| Insurance compensation, Food Sector | 96 | 357 | 96 | 357 | 357 |
| Restructuring costs, Food Sector | -34 | -111 | -34 | -111 | -148 |
| Provisions, Energy Sector | -140 | -300 | -140 | -300 | -300 |
| Capital gains, Lantmännen Real Estate | 78 | - | 78 | - | - |
| <i>Total items affecting comparability in operating income</i> | <i>0</i> | <i>-54</i> | <i>0</i> | <i>-54</i> | <i>-91</i> |
| Operating income, adjusted for items affecting comparability | 804 | 762 | 1,205 | 1,127 | 1,697 |
| Recognized income after financial items | 758 | 663 | 1,112 | 967 | 1,457 |
| Items affecting comparability in operating income according to above | 0 | -54 | 0 | -54 | -91 |
| Income after financial items adjusted for items affecting comparability | 758 | 717 | 1,112 | 1,021 | 1,548 |
| Return on equity, adjusted for items affecting comparability, % | 13.0 | 13.4 | 9.9 | 10.0 | 11.0 |
| Return on operating capital, adjusted for items affecting comparability, % | 11.2 | 11.4 | 8.6 | 8.6 | 8.4 |

Condensed consolidated statement of financial position

| MSEK | 2017 Aug 31 | 2016 Aug 31 | 2016 Dec 31 |
|--|----------------|----------------|----------------|
| ASSETS | | | |
| Property, plant and equipment | 8,690 | 7,809 | 8,240 |
| Investment properties | 630 | 803 | 858 |
| Goodwill | 4,623 | 4,490 | 4,611 |
| Other intangible assets | 3,041 | 2,789 | 2,980 |
| Equity accounted holdings | 2,029 | 1,833 | 1,896 |
| Non-current financial assets | 951 | 750 | 770 |
| Deferred tax assets | 137 | 129 | 136 |
| Other non-current assets | 32 | 11 | 23 |
| Total non-current assets | 20,133 | 18,614 | 19,514 |
| Inventories | 6,422 | 6,097 | 5,270 |
| Trade and other receivables | 6,318 | 6,548 | 5,727 |
| Current interest-bearing assets | 52 | 94 | 176 |
| Current tax assets | 45 | 27 | 30 |
| Cash and cash equivalents | 1,020 | 1,676 | 1,773 |
| Total current assets | 13,857 | 14,442 | 12,976 |
| TOTAL ASSETS | 33,990 | 33,056 | 32,490 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to members of the economic association | 14,529 | 13,371 | 13,795 |
| Non-controlling interests | 91 | 20 | 88 |
| Total equity | 14,620 | 13,391 | 13,883 |
| Non-current interest-bearing liabilities ¹⁾ | 4,936 | 4,003 | 4,991 |
| Provisions for pensions | 442 | 544 | 519 |
| Deferred tax liabilities | 467 | 374 | 437 |
| Other non-current provisions | 270 | 241 | 247 |
| Other non-current liabilities | 28 | 30 | 25 |
| Total non-current liabilities | 6,143 | 5,192 | 6,219 |
| Current interest-bearing liabilities | 3,331 | 4,479 | 3,373 |
| Trade and other payables | 8,997 | 8,975 | 8,199 |
| Current tax liabilities | 195 | 219 | 89 |
| Current provisions | 704 | 800 | 727 |
| Total current liabilities | 13,227 | 14,473 | 12,388 |
| TOTAL EQUITY AND LIABILITIES | 33,990 | 33,056 | 32,490 |
| Equity ratio | 43.0 | 40.5 | 42.7 |
| ¹⁾ Including subordinated debentures, MSEK | 250 | 250 | 250 |

Condensed consolidated statement of cash flows

| MSEK | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | 2016 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating income | 804 | 708 | 1,205 | 1,073 | 1,606 |
| Adjustment for non-cash items ¹⁾ | 430 | 686 | 793 | 970 | 1,302 |
| Financial items paid, net | -41 | -124 | -105 | -187 | -205 |
| Taxes paid | -26 | -27 | -110 | -91 | -132 |
| Cash flow from operating activities before changes in working capital | 1,167 | 1,243 | 1,783 | 1,765 | 2,571 |
| Change in working capital | -1,038 | -461 | -752 | 32 | 565 |
| Cash flow from operating activities | 129 | 782 | 1,031 | 1,797 | 3,136 |
| Acquisitions and divestments of operations, net | -217 | 43 | -213 | 18 | -357 |
| Investments in property, plant & equipment and intangible assets | -860 | -941 | -1,722 | -1,582 | -2,333 |
| Sale of property, plant & equipment and intangible assets | 141 | 79 | 264 | 366 | 449 |
| Change in financial investments | -111 | -10 | -111 | -5 | -69 |
| Cash flow from investing activities | -1,047 | -829 | -1,782 | -1,203 | -2,310 |
| Cash flow before financing activities | -918 | -47 | -751 | 594 | 826 |
| Change in loans | 446 | -10 | 349 | 86 | -57 |
| Change in contributed capital | 117 | 102 | 100 | 102 | 103 |
| Dividend paid | -444 | -383 | -444 | -383 | -383 |
| Cash flow from financing activities | 119 | -291 | 5 | -195 | -337 |
| Cash flow for the period | -799 | -338 | -746 | 399 | 489 |
| Cash and cash equivalents at beginning of period | 1,830 | 2,009 | 1,773 | 1,252 | 1,252 |
| Exchange differences in cash and cash equivalents | -11 | 5 | -7 | 25 | 32 |
| Cash and cash equivalents at the end of the period | 1,020 | 1,676 | 1,020 | 1,676 | 1,773 |
| ¹⁾ Depreciation, amortization and impairment of non-current assets | 417 | 383 | 815 | 748 | 1,165 |
| Share of income of equity accounted companies | -19 | 14 | -33 | -15 | -63 |
| Capital gains/losses on sale of non-current assets and operations | -100 | -11 | -109 | -53 | -23 |
| Other non-cash items | 132 | 300 | 120 | 290 | 223 |
| Adjustment for non-cash items | 430 | 686 | 793 | 970 | 1,302 |

Condensed consolidated statement of changes in equity

| MSEK | 2017 Jan-Aug | | | 2016 Jan-Aug | | | 2016 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 | 13,795 | 88 | 13,883 | 12,660 | 21 | 12,681 | 12,660 | 21 | 12,681 |
| Changes due to amended accounting policies in associates | - | - | - | 66 | - | 66 | 66 | - | 66 |
| Opening balance, January 1 | 13,795 | 88 | 13,883 | 12,726 | 21 | 12,747 | 12,726 | 21 | 12,747 |
| Total comprehensive income for the period | 842 | 5 | 847 | 772 | 1 | 773 | 1,428 | 1 | 1,429 |
| Distribution to owners | -207 | -6 | -213 | -192 | -2 | -194 | -425 | -2 | -427 |
| Contributed capital paid in by members | 170 | - | 170 | 152 | - | 152 | 153 | - | 153 |
| Contributed capital paid out to members | -71 | - | -71 | -50 | - | -50 | -50 | - | -50 |
| Other change ¹⁾ | - | 4 | 4 | -37 | - | -37 | -37 | 68 | 31 |
| Closing balance | 14,529 | 91 | 14,620 | 13,371 | 20 | 13,391 | 13,795 | 88 | 13,883 |
| Equity attributable to members of the economic association | | | | | | | | | |
| Contributed capital, paid in | 1,212 | | | 1,100 | | | 1,101 | | |
| Contributed capital, issued | 1,256 | | | 1,198 | | | 1,198 | | |
| Other equity | 12,061 | | | 11,073 | | | 11,496 | | |
| Total equity attributable to members of the economic association | 14,529 | | | 13,371 | | | 13,795 | | |
| ¹⁾ Of which acquisition of subsidiaries with NCI | | 4 | 4 | | | | | 68 | 68 |
| Of which associates' acquisition of NCI in subsidiaries | | | | -37 | | -37 | -37 | | -37 |

Segment information, adjusted for items affecting comparability

Net sales per segment

| MSEK | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | Change Jan-Aug, % | Sep 2016- Aug 2017 | 2016 Jan-Dec |
|-------------------------|-----------------|-----------------|-----------------|-----------------|----------------------|-----------------------|-----------------|
| Agriculture Sector | 4,330 | 3,390 | 8,201 | 7,175 | 14 % | 11,793 | 10,767 |
| Machinery Sector | 3,935 | 4,222 | 7,267 | 7,372 | -1 % | 11,238 | 11,343 |
| Energy Sector | 946 | 1,000 | 1,980 | 1,809 | 9 % | 2,869 | 2,698 |
| Food Sector | 4,986 | 4,760 | 9,515 | 9,184 | 4 % | 14,379 | 14,048 |
| Lantmännen Real Estate | 159 | 125 | 335 | 290 | 16 % | 500 | 455 |
| Other operations | 157 | 139 | 283 | 276 | 3 % | 427 | 420 |
| Eliminations | -953 | -799 | -1,823 | -1,589 | -15 % | -2,721 | -2,487 |
| Lantmännen total | 13,560 | 12,837 | 25,758 | 24,517 | 5 % | 38,485 | 37,244 |

Operating income per segment, adjusted for items affecting comparability

| MSEK | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | Sep 2016- Aug 2017 | 2016 Jan-Dec |
|--|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Agriculture Sector | 163 | 156 | 259 | 250 | 327 | 318 |
| Machinery Sector | 181 | 147 | 209 | 158 | 367 | 316 |
| Energy Sector | 103 | 141 | 244 | 225 | 323 | 304 |
| Food Sector | 350 | 391 | 504 | 576 | 777 | 849 |
| Lantmännen Real Estate ¹⁾ | 83 | 65 | 158 | 167 | 272 | 281 |
| Other operations | -17 | -24 | -100 | -102 | -180 | -182 |
| Group items | -59 | -114 | -69 | -147 | -111 | -189 |
| Lantmännen total | 804 | 762 | 1,205 | 1,127 | 1,775 | 1,697 |
| ¹⁾ Including capital gain on sale of property | 14 | 5 | 19 | 46 | 66 | 93 |

Operating margin per segment, adjusted for items affecting comparability

| % | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | Sep 2016- Aug 2017 | 2016 Jan-Dec |
|-------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Agriculture Sector | 3.8 | 4.6 | 3.2 | 3.5 | 2.8 | 3.0 |
| Machinery Sector | 4.6 | 3.5 | 2.9 | 2.1 | 3.3 | 2.8 |
| Energy Sector | 10.9 | 14.1 | 12.3 | 12.4 | 11.3 | 11.3 |
| Food Sector | 7.0 | 8.2 | 5.3 | 6.3 | 5.4 | 6.0 |
| Lantmännen total | 5.9 | 5.9 | 4.7 | 4.6 | 4.6 | 4.6 |

Return on operating capital, adjusted for items affecting comparability

| % | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | Sep 2016- Aug 2017 | 2016 Jan-Dec |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Agriculture Sector | 11.2 | 12.5 | 9.2 | 9.7 | 7.6 | 7.8 |
| Machinery Sector | 34.2 | 23.6 | 20.1 | 13.2 | 22.8 | 17.8 |
| Energy Sector | 40.1 | 40.4 | 48.5 | 31.3 | 43.0 | 31.4 |
| Food Sector | 7.7 | 9.4 | 5.6 | 7.0 | 5.8 | 6.7 |
| Lantmännen Real Estate ¹⁾ | 9.8 | 10.4 | 9.9 | 10.7 | 10.3 | 10.9 |
| Lantmännen total | 11.2 | 11.4 | 8.6 | 8.6 | 8.5 | 8.4 |

¹⁾ Adjusted for gain on sale of property.

Segment information

Net sales per segment

| MSEK | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | Change Jan-Aug, % | Sep 2016- Aug 2017 | 2016 Jan-Dec |
|-------------------------|-----------------|-----------------|-----------------|-----------------|----------------------|-----------------------|-----------------|
| Agriculture Sector | 4,330 | 3,390 | 8,201 | 7,175 | 14 % | 11,793 | 10,767 |
| Machinery Sector | 3,935 | 4,222 | 7,267 | 7,372 | -1 % | 11,238 | 11,343 |
| Energy Sector | 946 | 1,000 | 1,980 | 1,809 | 9 % | 2,869 | 2,698 |
| Food Sector | 4,986 | 4,760 | 9,515 | 9,184 | 4 % | 14,379 | 14,048 |
| Lantmännen Real Estate | 159 | 125 | 335 | 290 | 16 % | 500 | 455 |
| Other operations | 157 | 139 | 283 | 276 | 3 % | 427 | 420 |
| Eliminations | -953 | -799 | -1,823 | -1,589 | -15 % | -2,721 | -2,487 |
| Lantmännen total | 13,560 | 12,837 | 25,758 | 24,517 | 5 % | 38,485 | 37,244 |

Operating income per segment

| MSEK | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | Sep 2016- Aug 2017 | 2016 Jan-Dec |
|--|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Agriculture Sector | 163 | 156 | 259 | 250 | 327 | 318 |
| Machinery Sector | 181 | 147 | 209 | 158 | 367 | 316 |
| Energy Sector | -37 | -159 | 104 | -75 | 183 | 4 |
| Food Sector | 412 | 637 | 566 | 822 | 802 | 1,058 |
| Lantmännen Real Estate ¹⁾ | 161 | 65 | 236 | 167 | 350 | 281 |
| Other operations | -17 | -24 | -100 | -102 | -180 | -182 |
| Group items | -59 | -114 | -69 | -147 | -111 | -189 |
| Lantmännen total | 804 | 708 | 1,205 | 1,073 | 1,738 | 1,606 |
| ¹⁾ Including capital gain on sale of property | 92 | 5 | 97 | 46 | 144 | 93 |

Operating margin per segment

| % | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | Sep 2016- Aug 2017 | 2016 Jan-Dec |
|-------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Agriculture Sector | 3.8 | 4.6 | 3.2 | 3.5 | 2.8 | 3.0 |
| Machinery Sector | 4.6 | 3.5 | 2.9 | 2.1 | 3.3 | 2.8 |
| Energy Sector | -3.9 | -15.9 | 5.3 | -4.1 | 6.4 | 0.1 |
| Food Sector | 8.3 | 13.4 | 5.9 | 9.0 | 5.6 | 7.5 |
| Lantmännen total | 5.9 | 5.5 | 4.7 | 4.4 | 4.5 | 4.3 |

Return on operating capital

| % | 2017 May-Aug | 2016 May-Aug | 2017 Jan-Aug | 2016 Jan-Aug | Sep 2016- Aug 2017 | 2016 Jan-Dec |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Agriculture Sector | 11.2 | 12.5 | 9.2 | 9.7 | 7.6 | 7.8 |
| Machinery Sector | 34.2 | 23.6 | 20.1 | 13.2 | 22.8 | 17.8 |
| Energy Sector | -14.1 | -45.9 | 20.7 | -10.5 | 24.4 | 0.4 |
| Food Sector | 9.0 | 15.3 | 6.3 | 10.0 | 6.0 | 8.4 |
| Lantmännen Real Estate ¹⁾ | 9.8 | 10.4 | 9.9 | 10.7 | 10.3 | 10.9 |
| Lantmännen total | 11.2 | 10.6 | 8.6 | 8.1 | 8.3 | 8.0 |

¹⁾ Adjusted for gain on sale of property.

Parent Company

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

The Parent Company's net sales amounted to MSEK 7,682 (7,385), while operating income was MSEK 49 (152). The figure for the previous year includes a capital gain of MSEK 75 on property sales.

Income from financial items was MSEK 621 (740). Net financial income includes dividends of MSEK 597 (707), including MSEK 557 (679) from subsidiaries, impairment of

MSEK –240 (0) on shares in subsidiaries and capital gains of MSEK 196 (27) on the sale of shares. Net financial income was also affected by net interest income of MSEK 60 (38) and exchange gains of MSEK 8 (–32). Income after financial items was MSEK 670 (892).

Net investments in non-current assets totaled MSEK 95 (68).

The equity ratio was 44.3 percent (43.9, year-end).

The average number of employees in the Parent Company was 1,017 (988).

Parent Company condensed income statement

| MSEK | 2017 Jan-Aug | 2016 Jan-Aug |
|---|-----------------|-----------------|
| Net sales, external | 6,099 | 5,997 |
| Net sales, intra-Group | 1,583 | 1,388 |
| Net sales, total | 7,682 | 7,385 |
| Change in products in progress, finished goods and work in progress for third parties | –147 | –219 |
| Other operating income | 161 | 209 |
| | 7,696 | 7,375 |
| Operating expenses | | |
| Raw materials and consumables | –4,765 | –4,285 |
| Merchandise | –1,217 | –1,311 |
| Other external costs | –1,014 | –993 |
| Employee benefits expense | –546 | –526 |
| Depreciation, amortization and impairment | –105 | –108 |
| Total operating expenses | –7,647 | –7,223 |
| Operating income | 49 | 152 |
| Income from financial items | 621 | 740 |
| Income after financial items | 670 | 892 |
| Refund and supplementary payment | – | 1 |
| Tax | –35 | –20 |
| Net income for the period | 635 | 873 |

Parent Company condensed statement of financial position

| MSEK | 2017 Aug 31 | 2016 Aug 31 |
|--|----------------|----------------|
| ASSETS | | |
| Intangible assets | 502 | 453 |
| Property, plant and equipment | 746 | 824 |
| Investments in Group companies | 7,797 | 8,819 |
| Investments in joint ventures/associates | 1,255 | 1,234 |
| Receivables from Group companies | 3,804 | 670 |
| Other securities held as non-current assets | 172 | 112 |
| Other non-current receivables | 340 | 159 |
| Total non-current assets | 14,616 | 12,271 |
| Inventories | 2,808 | 2,571 |
| Receivables from Group companies | 10,783 | 12,431 |
| Other current receivables | 2,447 | 2,901 |
| Short-term investments, incl. cash and bank balances | 437 | 818 |
| Total current assets | 16,475 | 18,721 |
| TOTAL ASSETS | 31,091 | 30,992 |
| EQUITY AND LIABILITIES | | |
| Equity | 13,395 | 12,850 |
| Untaxed reserves | 466 | 311 |
| Provisions | 127 | 125 |
| Non-current liabilities | 4,468 | 3,502 |
| Current liabilities to Group companies | 6,538 | 6,809 |
| Other current liabilities | 6,097 | 7,395 |
| TOTAL EQUITY AND LIABILITIES | 31,091 | 30,992 |
| Equity ratio | 44.3 | 42.2 |

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. 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. The accounting policies applied for the interim report correspond with those applied in preparing the 2016 Annual Report. No new or amended standards effective from 2017 have had a significant effect on Lantmännen's financial reporting.

There have not been any significant changes to the assessments regarding new or amended accounting standards effective after 2017 compared with the assessments that were made in the 2016 Lantmännen Annual Report.

Financial assets and liabilities with information on fair value, August 31, 2017

| MSEK | Total carrying amount | Fair value |
|--|-----------------------|---------------|
| Assets | | |
| Other shares and interests | 571 | 571 |
| Financial investments | 378 | 378 |
| Trade and other receivables | 5,134 | 5,134 |
| Current interest-bearing receivables | 31 | 31 |
| Cash and bank balances | 1,020 | 1,020 |
| Total financial assets | 7,134 | 7,134 |
| Liabilities | | |
| Non-current interest-bearing liabilities | 4,936 | 4,941 |
| Other non-current liabilities | 28 | 28 |
| Current interest-bearing liabilities | 3,331 | 3,331 |
| Trade and other payables | 5,514 | 5,514 |
| Total financial liabilities | 13,809 | 13,814 |

Financial assets and liabilities measured at fair value, by level, August 31, 2017

| MSEK | Level 1 | Level 2 | Level 3 | Total |
|--|------------|-----------|------------|------------|
| Assets | | | | |
| Derivatives with positive fair value | 163 | 1 | - | 164 |
| Other financial assets measured at fair value | 535 | 6 | 126 | 667 |
| Total assets | 698 | 7 | 126 | 831 |
| Liabilities | | | | |
| Derivatives with negative fair value | 78 | 27 | - | 105 |
| Other financial liabilities measured at fair value | - | - | - | - |
| Total liabilities | 78 | 27 | - | 105 |

Provision in connection with the EU Commission's ongoing investigation

A provision of MSEK 300 was recognized in the second four-month period of 2016 in connection with the European Commission's ongoing investigation of Lantmännen Agroetanol and two other ethanol producers for alleged violation of EU competition law. In accordance with current accounting policies, the provision has been adjusted to MSEK 440. Lantmännen is cooperating fully with the European Commission in the investigation.

Financial assets and liabilities with information on fair value, August 31, 2016

| MSEK | Total carrying amount | Fair value |
|--|-----------------------|---------------|
| Assets | | |
| Other shares and interests | 490 | 490 |
| Financial investments | 232 | 232 |
| Trade and other receivables | 5,712 | 5,712 |
| Current interest-bearing receivables | 92 | 92 |
| Cash and bank balances | 1,675 | 1,675 |
| Total financial assets | 8,201 | 8,201 |
| Liabilities | | |
| Non-current interest-bearing liabilities | 4,003 | 4,018 |
| Other non-current liabilities | 30 | 30 |
| Current interest-bearing liabilities | 4,479 | 4,479 |
| Trade and other payables | 6,015 | 6,015 |
| Total financial liabilities | 14,527 | 14,542 |

Financial assets and liabilities measured at fair value, by level, August 31, 2016

| MSEK | Level 1 | Level 2 | Level 3 | Total |
|--|------------|-----------|------------|------------|
| Assets | | | | |
| Derivatives with positive fair value | 66 | 4 | - | 70 |
| Other financial assets measured at fair value | 474 | 43 | 125 | 642 |
| Total assets | 540 | 47 | 125 | 712 |
| Liabilities | | | | |
| Derivatives with negative fair value | 14 | 44 | - | 58 |
| Other financial liabilities measured at fair value | - | - | - | - |
| Total liabilities | 14 | 44 | - | 58 |

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.

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.

Description of financial key figures (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. | Income before finance income and costs, tax, depreciation and impairment and profit share from associated companies, on a rolling 12 month basis, adjusted for acquired and divested companies. | To calculate the key ratio Net debt according to bank definition/EBITDA according to banking 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 finance costs divided by finance costs. | 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 increased 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 net interest, less financial assets. | Shows the net of interest-bearing assets and interest-bearing liabilities. |
| Net debt according to bank definition | Net debt comprises interest-bearing liabilities minus subordinated debentures less cash and cash equivalents. | To calculate the key ratio Net debt according to bank definition/EBITDA according to banking 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 calculated as 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 tied up in the business. |

On assignment for the Board of Directors
Stockholm, October 4, 2017



Per Olof Nyman
President & CEO
Lantmännen

Auditors' Review Report

Lantmännen economic association

To the Board of Directors and the CEO

Introduction

We have reviewed the condensed interim report for Lantmännen economic association as at August 31, 2017 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 4, 2017

Ernst & Young AB

Anders Kriström
Authorized Public Accountant

Maude Fyrenius
Member representative Auditor

Gustav Jansson
Member representative Auditor

Anders Åbyhammar
Member representative Auditor

For more information, please contact

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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 5, 2017.

Together we take responsibility from field to fork

Lantmännen has chosen to support We Effect.

We Effect is a development cooperation organization that acts and works with a long-term approach in order to effect change. Help to self-help is We Effect's guiding principle.

