

Lantmännen Interim Report January-August

2014



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



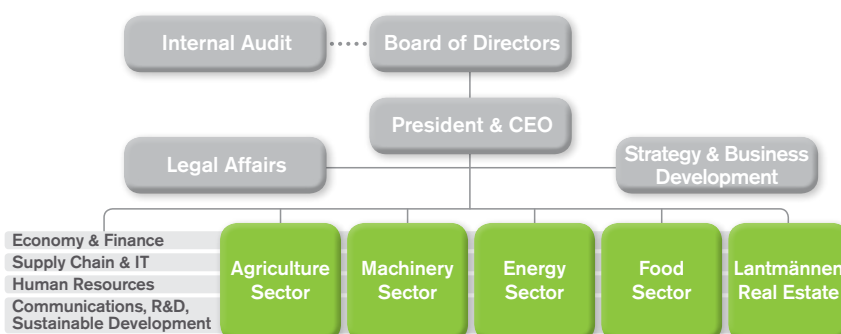


Lantmännen is an agricultural cooperative and Northern Europe's leader in agriculture, machinery, bioenergy and food products. Owned by 32,000 Swedish farmers, we have more than 8,000 employees, operations in over 20 countries and revenues of SEK 30 billion. With grain as our basis, we process arable land resources for economically viable farming. Some of our best-known food brands are AXA, Kungsörnen, GoGreen, Hatting, Schulstad and Gooh. 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.

To read more, go to lantmannen.se/en

Follow us on [facebook.com/jordtillbord](https://www.facebook.com/jordtillbord) and twitter.com/lantmannen

Lantmännen's organization



Financial reporting and publication orders

Year-end Report 2014 • February 9, 2015

The Annual Report including Sustainability Report, Appendix – Sustainability-Related Indicators, interim reports and other reports are available in Swedish and English. All reports can be downloaded from ► lantmannen.se/ekonomi



President's overview

Lantmännen's income after net financial items for the first eight months is MSEK 1,118, compared with MSEK 640 for the same period the previous year. The higher earnings reflect capital gains on Scandi Standard's IPO and the sale of Lantmännen's German and Polish plant breeding and seed operations to Syngenta, both conducted in the summer. Adjusted for non-recurring items, operating income for the first eight months is MSEK 437 (434), a result that is in line with the previous year.

The Agriculture Sector's earnings are lower than in the previous year, primarily a result of lower income in the seed business due to a smaller spring sowing area. This means that the earnings do not reflect the current situation of the Sector, which has performed well over the last four months. Cost adjustments within the Sector's salaried-employee organization, which began in spring, have now been completed. This year's harvest work has gone well – Lantmännen was quick to forecast that this would be a large harvest, and to respond to the increased volumes and strengthen the service level to our customers, we opened five new grain receiving facilities, which were much appreciated. The quality of this year's harvest has been generally good, although heavy rain has resulted in certain local problems

The Machinery Sector's earnings are lower than in the previous year. This is mainly due to a fall in demand, particularly for large construction machinery in Sweden, although the tractor market in Scandinavia is also declining. Both Lantmännen Maskin and Swecon are working intensively on measures to counter the reduced demand.

The Energy Sector shows earnings that are significantly higher than in the previous year, and has turned the earnings trend to positive figures since last year. Lantmännen Agroetanol's earnings are much higher than in the previous year, partly due to lower depreciation charges following the impairment loss recognized in the 2013 year-end financial statements, and partly the result of continuing improvements in production.

The Food Sector continues its positive performance and shows somewhat better earnings for the 8-month period than in the previous year. Adjusted for the divested chicken business, the Sector's earnings show a marked improvement on the same period in 2013. Both Lantmännen Cerealia and Lantmännen Unibake continue to perform well.

Lantmännen Real Estate's operating income, excluding property sales, is in line with the previous year.

Work on our long-term strategy continues

This has been a very eventful second four-month period for Lantmännen. In addition to the continuous development work that is in progress in all of our businesses, a number of major corporate transactions have also been conducted. These transactions are all clearly in line with our long-term strategy, which was established in spring. They have also

helped to improve Lantmännen's financial strength and position the Group for future growth.

June saw the start of a strategic partnership with Syngenta, which acquired Lantmännen's German and Polish plant breeding and seed operations at the same time. The company Scandi Standard, which includes Kronfågel Group, went public in late June. The market showed keen interest and reacted positively to the IPO, which meant that Lantmännen has continued to realize the value built up in Kronfågel over many years. Lantmännen, which is one of the largest owners of Scandi Standard even after the IPO, will also have a share in future value creation in the company.

The establishment of Lantmännen's and Neova's joint pellet company was completed in May, with the new company now becoming the largest player in wood pellets. A number of businesses were also acquired during the four-month period, including Strängnäs Valskvarn, which will be an important part of Lantmännen's future plant structure within grain processing in Mälardalen, and the pancake business of Björnerud Gård AB in Färgelanda, which strengthens Lantmännen Cerealia's position in chilled ready meals.

One of Lantmännen's strengths and competitive advantages is our presence throughout the chain, from field to fork. This is something we are continuing to develop and exploit in order to increase profitability in every part of the chain. To further strengthen the integration of the value chain and the link between agriculture and the processing industries, Lantmännen's Group management was increased by two persons in August – Krister Zackari, Senior Vice President Lantmännen Cerealia and Werner Devinck, Senior Vice President Lantmännen Unibake.

Lantmännen's long-term strategy provides all of our businesses with a stable foundation for development. In the fall, work continues on developing concrete business plans and activities based on our overall strategy – including additional investments in innovation and product development, collaborations and partnerships with other companies and development of the Lantmännen brand. I am full of expectation as we enter the final months of the year, and I look forward to continuing to lead Lantmännen on the road ahead!

Per Olof Nyman
President & CEO, Lantmännen

The period in brief January-August 2014



The Group's net sales for the second four-month period amounted to MSEK 11,184 (11,023) and for the eight-month period MSEK 21,689 (23,050). Adjusted for the Kronfågel business, sold in May 2013, sales for the four-month period increased by 5 percent and for the full period by 1 percent.

Operating income for the four-month period was MSEK 1,107 (596). This included items affecting comparability, which amounted to MSEK 681 (150). These items consist of a capital gain, including revaluation effect, of MSEK 584 on the IPO of Scandi Standard, a capital gain of MSEK 147 on the sale of Lantmännen's German and Polish plant breeding and seed operations, and restructuring costs of MSEK -50 in the Agriculture Sector. After adjustment for these items, operating income for the four-month period was MSEK 426 (446). Operating income for the first eight months was MSEK 1,177 (614). After adjustment for items affecting comparability, operating income was MSEK 496 (526).

Income after financial items amounted to MSEK 1,080 (569) for the four-month period and MSEK 1,118 (640) for the eight months. Net financial income in the eight-month period in the previous year was affected by a one-time capital gain of MSEK 118 on the sale of investment shares.

Income after tax was MSEK 1,031 (562) for the four-month period and MSEK 1,086 (617) for the first eight months.

Cash flow before financing activities was MSEK 77 (913) for the four-month period and MSEK 858 (1,997) for the first eight months. Cash flow, both in the four-month period and cumulatively, has been affected by increased working capital and lower cash flow from acquisitions and divestments of businesses compared with the same periods the previous year.

Investments amounted to MSEK 385 (303) for the four-month period and MSEK 707 (710) for the first eight months.

At Lantmännen's Annual General Meeting in May, Ulf Gundemark, Helle Kruse-Nielsen, Thomas Magnusson and Björn Wallin were re-elected to the Board. At the statutory Board meeting, Bengt-Olov Gunnarson was elected Chairman and Nils Lundberg Vice Chairman.

Lantmännen Cerealia acquired Strängnäs Valskvarn AB in August.

In August, Lantmännen's Board adopted the issue of subordinated debentures up to a maximum amount of MSEK 250 during January 2015.

Lantmännen's key figures

| | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | 2013 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net sales, MSEK | 11,184 | 11,023 | 21,689 | 23,050 | 33,802 |
| Operating income, MSEK | 1,107 | 596 | 1,177 | 614 | 89 |
| Operating margin, % | 9.9 | 5.4 | 5.4 | 2.7 | 0.3 |
| Income after financial items, MSEK | 1,080 | 569 | 1,118 | 640 | 85 |
| Net income for the period, MSEK | 1,031 | 562 | 1,086 | 617 | 100 |
| Cash flow before financing activities, MSEK | 77 | 913 | 858 | 1,997 | 2,450 |
| Return on equity, % | 26.9 | 14.9 | 14.5 | 8.3 | 0.9 |
| Return on operating capital, % | 20.6 | 10.7 | 11.2 | 5.4 | 0.5 |
| Total assets, MSEK | | | 28,223 | 27,127 | 26,001 |
| Equity ratio, % | | | 42.9 | 43.1 | 42.5 |
| Investments, MSEK | 385 | 303 | 707 | 710 | 1,043 |
| Net debt, MSEK | | | 4,153 | 4,975 | 4,963 |
| Interest coverage ratio, times | | | 7.8 | 3.7 | 1.3 |
| Average number of employees | | | 8,382 | 9,397 | 9,133 |
| Operating income, excluding items affecting comparability, MSEK | 426 | 446 | 496 | 526 | 805 |
| Income after financial items, excluding items affecting comparability, MSEK | 399 | 419 | 437 | 434 | 683 |

Business environment, sales and earnings

Business environment and market

Economic trends in the world are diverse: some countries, including the United States, Germany and China, are showing stable growth, while economic growth in other areas – such as Russia, Brazil and parts of the euro area – has slowed or stagnated completely. There are also considerable differences between individual European countries, in terms of, for example, domestic demand and the impact of ongoing conflicts around the world, in particular in the Middle East. The negative development in parts of the euro area is also a consequence of the marked deterioration in relations between Europe and Russia.

The Russian import sanctions on agricultural and food products introduced on August 7 affect the EU's agricultural exports, and the scope of the embargo could see more than half of the EU's Russia exports disappearing. One obvious risk arising from this situation is that the prices of agricultural and food products in the European market will fall further, and the European Commission is currently working on measures to minimize the impact of the Russian import restrictions. The restrictions are expected to have significant negative effects on the domestic Russian economy.

GDP growth in Sweden is hampered by weak export demand, although the forecasts indicate relatively good growth in the coming years, partly due to strong domestic demand. The difficult parliamentary situation following the general election in Sweden is in danger of creating general economic uncertainty – particularly in the agricultural sector, through measures that include proposals on fertilizer tax and transport charges.

Wheat prices have continued to fall since April. Globally, it is expected to be a record harvest year for wheat, corn and soybeans. This has not occurred for all of these crops for more than 50 years, and it will contribute towards low grain prices. However, the quality of the Swedish harvest is good in a European context, which may mean increased export opportunities.

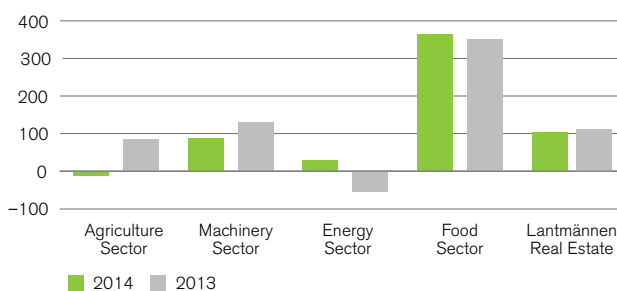
The international dairy market has continued to weaken during the summer and the situation has been compounded by the Russian embargo. According to LRF Dairy Sweden's latest dairy market report, world market prices for dairy products have fallen by 20-25 percent during 2014, and the increase in milk production is expected to tail off during the rest of the year. LRF also reports a decline of 11 percent in Swedish settlement prices since April.

The farm machinery markets in Sweden, Norway and Denmark have slowed in the second four-month period, largely due to the lower milk prices, and this is having an adverse impact on the agricultural sector's investment capacity. In the Swedish market for construction machinery, the combination of reduced activity in the mining sector and cautious decisions in several major infrastructure projects has resulted in a continuing decline.

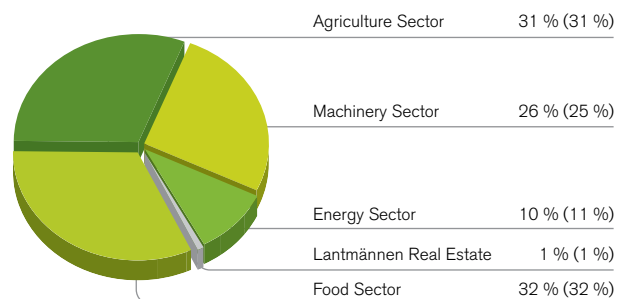
After negotiations with the European Commission, the Swedish Government has submitted a new proposal for the conditions for biofuels up to and including December 31, 2015. From January 2016, a new Swedish policy instrument system must be in place, which means that preparatory work needs to begin relatively soon.

According to the latest report from HUI Research/Statistics Sweden, Swedish retail sales increased by 3.3 percent between July 2013 and July 2014. Sales have increased by 1.9 percent in the year to date. Sales growth to the end of July has increased in all Nordic countries, but price competition remains intense. Consumer trends in food are essentially the same – healthy and convenient products continue to be important, while demand for sustainably produced products is increasing both among consumers and in the B2B market. The strong organic trend continues, with sales of organic products increasing sharply both in retail stores and restaurants. Demand for gluten-free products also continues to increase. E-commerce in food is growing at a faster pace than in other sectors.

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



Sales per sector, January-August ¹⁾
Including intra-Group sales, MSEK



¹⁾ The 2013 figures have been adjusted for the divested Kronfågel Group.

The Group's net sales and earnings

January-August 2014

Net sales

Lantmännen's net sales for the second four months amounted to MSEK 11,184 (11,023), an increase of 1 percent. Sales increased in the Agriculture Sector, but declined slightly in the Energy and Food Sectors.

Net sales for the first eight months amounted to MSEK 21,689 (23,050), a decline of 6 percent.

Adjusted for the Kronfågel business, sold in May 2013, sales for the four-month period increased by 5 percent and for the full period by 1 percent.

Currency effects had a positive impact of 2 percent on net sales for the four-month period and 1 percent for the eight months.

Operating income

Operating income for the second four-month period was MSEK 1,107 (596). This included items affecting comparability, which amounted to MSEK 681 (150). These items consist of a capital gain, including revaluation effect, of MSEK 584 on the IPO of Scandi Standard, a capital gain of MSEK 147 on the sale of Lantmännen's German and Polish plant breeding and seed operations, and restructuring costs of MSEK -50 in the Agriculture Sector. After adjustment for items affecting comparability, operating income for the period was MSEK 426 (446).

Operating income for the first eight months was MSEK 1,177 (614). After adjustment for items affecting comparability, operating income was MSEK 496 (526). Operating income improved in the Energy and Food Sectors, while for the Agriculture and Machinery Sectors it was below the level for the same period the previous year.

Currency effects had an impact of MSEK 9 on operating income in the four-month period and MSEK 3 in the first eight months.

Net financial income

Net financial income for the four-month period was MSEK -27 (-27). The previous year included a capital gain of MSEK 25 on the sale of investment shares. Adjusted for this item, the previous year's four-month net financial income was MSEK -52.

The improvement in net financial income for the second four-month period in 2014 is primarily due to lower borrowing rates and reduced net debt as a result of the proceeds received from participation in Scandi Standard's IPO and the sale of the German and Polish plant breeding and seed operations.

Net financial income for the period January-August was MSEK -59 (26). The previous year included a capital gain of MSEK 143 on the sale of investment shares. Items affecting comparability represented MSEK 118 and adjusted for these items, net financial income for the previous year was MSEK -92. The improvement in net financial income, adjusted for items affecting comparability, was mainly due to lower borrowing rates and a reduction in net debt.

Tax and income after tax

Tax expenses for the first eight months, calculated using the estimated tax rate for the full year, were MSEK 32 (23).

The Group's income after tax amounted to MSEK 1,086 (617), with MSEK 1,077 (616) of this figure attributable to members of the economic association and MSEK 9 (1) to non-controlling interests (minority ownership) in the Group's subsidiaries.

Cash flow

Cash flow from operating activities was MSEK 835 (1,541). The cash operating surplus contributed MSEK 922 (983) to the figure, while the change in working capital had a negative effect of MSEK -87 (558).

Investments in non-current assets were MSEK -707 (-710), while sales of non-current assets amounted to MSEK 168 (6), which meant that net investments for the period were MSEK -539 (-704). Acquisitions and divestments of operations generated a positive cash flow of MSEK 967 (1,310). Financial investments (mainly commercial papers) were MSEK -405 (-150). Cash flow before financing activities was MSEK 858 (1,997), while total cash flow including financing activities was MSEK -17 (1,780).

Financial position

Equity amounted to MSEK 12,095 at August 31 (11,044 at January 1). MSEK 29 (28 at January 1) of this amount is attributable to owners other than members of the economic association, i.e. the minority interest in Group companies. The Group's financial position has improved since the beginning of January, mainly due to divestments of operations. Net debt has fallen by MSEK 810 during the year and ended the period at MSEK 4,153 (4,963 at January 1).

The Group's liquidity is good. Cash & cash equivalents amounted to MSEK 2,282 at August 31 (2,295 at January 1). The equity ratio was 42.9 percent (42.5 at January 1). Total assets have increased to MSEK 28,223, compared with MSEK 26,001 at January 1.

Risks and uncertainties

All business activity is subject to risk. The risks in Lantmännen's operations comprise strategic risks associated with trademarks, external regulations, the economy and political decisions, operational risks (e.g., fluctuating energy, ethanol and commodity prices) and financial risks. The risks are described in detail in the 2013 Annual Report. The main uncertainty concerning Lantmännen's operations and earnings still relates to the profitability of Lantmännen Agroetanol, which is highly dependent on ethanol price trends and the price of grain. If the liter price of ethanol changes by SEK 1, at full capacity utilization, annual earnings will be affected by approx. MSEK 200 at constant prices for inputs and feed. It is estimated that a change of SEK 0.50 per kilo in the price of grain will affect annual earnings by approx. MSEK 200, provided the price of feed correlates with the price of grain.

Changes in the Group

Lantmännen Lantbruk's German and Polish plant breeding and seed operations were sold to Syngenta in July. At the same time, a strategic partnership began in which Lantmännen gains access to Syngenta's knowledge and varieties, and the company's extensive research and development activities. The sale generated a capital gain of MSEK 147 and a positive cash flow of MSEK 403. The

divested operations' annual turnover had been approximately MSEK 200, with total assets of approximately MSEK 200, including liabilities of approximately MSEK 20. The average annual number of employees was 70. At the time of the divestment, cash and cash equivalents were approximately MSEK 15.

Borga Gruppen took over the construction operations of Lantmännen Bygglant in May in 2014. Lantmännen Bygglant's service and biogas operations are being discontinued.

The merger of Lantmännen Agroenergi's pellet operations in Sweden and Latvia and Neova's corresponding operations in Sweden was completed in June. Lantmännen owns 50 percent of the merged company. Agroenergi Neova Pellets AB is accounted for as an associate, which means that Lantmännen's share of the company's income after tax is recognized in operating income. The company is expected to have an annual turnover of approximately SEK 1 billion and about 160 employees. Lantmännen's pellet operations in Sweden and Latvia had an annual turnover of approximately MSEK 600, with total assets of approximately MSEK 400 and liabilities of MSEK 100. The average annual number of employees was 100. The pellet operations' cash and cash equivalents at the merger date represented an insignificant amount.

Scandi Standard AB was listed on June 27 and a proportion of Lantmännen's holding in the company was divested at the same time. The remaining ownership interest in Scandi Standard amounts to 13.5 percent. The transaction resulted in a capital gain, including revaluation effect, of MSEK 584 and a cash flow of MSEK 801. Consequently, the holding in Scandi Standard moves from being an associate to a capital investment holding.

The acquisition of 50 percent of the shares in the Polish agricultural company HaGe Polska was completed in July. The company's name was changed to Scandagra Polska. The agreement, which was signed in September 2013, was approved by the relevant competition authorities in May 2014. The company is jointly owned (50-50) by Lantmännen and DLG of Denmark.

Scandagra Polska is a merchant of grain and other inputs in the Polish agricultural market and has a turnover of approximately 110 million euros.

Lantmännen Cerealia acquired Strängnäs Valskvarn AB in August. The company has a turnover of approximately MSEK 150 and 22 employees.

In June, Lantmännen Cerealia acquired the pancake business of Björnerud Gård AB in Färgelanda. The business has 15 employees and a turnover of approximately MSEK 40. Lantmännen Cerealia took over the employees, machinery and customer contracts.

The acquisition balance sheets for the acquired companies are still preliminary.

Other important events

- At Lantmännen's Annual General Meeting in May, Ulf Gundemark, Helle Kruse-Nielsen, Thomas Magnusson and Björn Wallin were re-elected to the Board. At the statutory Board meeting, Bengt-Olov Gunnarson was elected Chairman and Nils Lundberg Vice Chairman.
- Senior Vice President Supply Chain Per Arfvidsson was appointed Executive Vice President Operations of Lantmännen in May.

- Lantmännen Lantbruk, Lantmännen Maskin and Swecon took part in the Borgeby Fältdagar agricultural fair in June, which attracted a record number of visitors this year.
- In SIFO's survey of decision-makers in Swedish companies, Lantmännen has been ranked as one of Sweden's most innovative companies.
- In June, Lantmännen Lantbruk and HK Scan initiated a strategic partnership in feed and advisory services for competitive and long-term Swedish pig production.
- Following Lars Träff's retirement, authorized accountant Helene Sjöberg Wendin took over in June as EY's chief auditor for Lantmännen.
- In July, Lantmännen Cerealia signed an agreement with Orkla Foods Sverige for the sale of the mince operations in Laholm. The operations are expected to be taken over in October 2014.
- In order to further strengthen its business focus and integration in the value chain, Group management has been increased by two persons with effect from August – Krister Zackari, Senior Vice President of Lantmännen Cerealia, and Werner Devinck, Senior Vice President of Lantmännen Unibake.
- Lantmännen has an existing program of subordinated debentures, which started in 2009 and expires at year-end. Consequently, at the end of August, the Board adopted an issue of new subordinated debentures up to a maximum amount of MSEK 250 during January 2015.

Events after the end of the reporting period

Lantmännen Agroetanol's and AGA Gas's new carbon dioxide facility in Norrköping, Norlic AB, was opened in September. Lantmännen's ownership share is 9.9 percent.

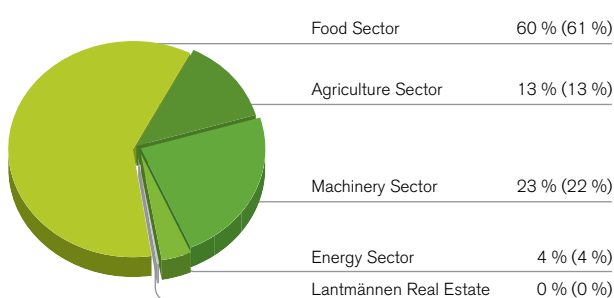
Lantmännen has entered into a new strategic partnership in plant breeding with the French company Secobra. At the same time, Lantmännen is transferring its southern spring barley program to Secobra.

Vinbergsortens Lantmannaförening outside Falkenberg has become a member of Lantmännen ek för, thereby further deepening a long and strong relationship.

Human resources

The average number of employees during the year was 8,382 (9,397). The decrease is mainly due to the sale of Kronfågel Group in 2013, but is also a result of efficiency measures in the Agriculture Sector and corporate functions. The number of full-time employees at August 31, 2014 was 8,491 (8,827).

Average number of employees per sector ¹⁾



¹⁾ The 2013 figures have been adjusted for the divested Kronfågel Group.

Agriculture Sector

Agriculture Sector

| | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | Change Jan-Aug |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|
| Net sales, MSEK | 3,371 | 3,062 | 6,994 | 7,012 | 0 % |
| Operating income, MSEK | -8 | 67 | -61 | 52 | -113 |
| Operating margin, % | -0.2 | 2.2 | -0.9 | 0.7 | |
| Return on operating capital, % | -0.6 | 5.7 | -2.4 | 2.0 | |
| Operating income, adjusted for items affecting comparability, MSEK | 42 | 100 | -11 | 85 | -96 |
| Operating margin, adjusted for items affecting comparability, % | 1.2 | 3.3 | -0.2 | 1.2 | |
| Return on operating capital, adjusted for items affecting comparability, % | 3.5 | 8.5 | -0.4 | 3.3 | |
| Average number of employees | | | 1,012 | 1,101 | -8 % |

Lantmännen Lantbruk Sweden

| | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | Change Jan-Aug |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|
| Net sales, MSEK | 3,246 | 2,902 | 6,775 | 6,752 | 0 % |
| Operating income, MSEK | -24 | 40 | -41 | 60 | -101 |
| Operating margin, % | -0.7 | 1.4 | -0.6 | 0.9 | |
| Return on operating capital, % | -2.7 | 4.8 | -2.3 | 3.2 | |
| Operating income, adjusted for items affecting comparability, MSEK | 26 | 73 | 9 | 93 | -84 |
| Operating margin, adjusted for items affecting comparability, % | 0.8 | 2.5 | 0.1 | 1.4 | |
| Return on operating capital, adjusted for items affecting comparability, % | 3.1 | 8.8 | 0.5 | 4.9 | |
| Average number of employees | | | 904 | 947 | -5 % |

The Agricultural Sector's net sales for the second four-month period were slightly higher than the same period the previous year, while for the year to date they were in line with the previous year. Operating income for the second four-month period, adjusted for items affecting comparability, was lower than the same period the previous year at MSEK 42 (100). Operating income for the first eight months amounted to MSEK -11 (85). The decline is mainly due to challenges in the seed business due to the mild winter and fewer winter losses than normal.

The intensive work on this year's harvest has gone well, with large volumes and generally good quality, although the heavy rain has caused problems in some parts of the country. The level of service during harvest has been good, with satisfied suppliers and efficient logistics, and the five new grain receiving facilities, which were opened for this year's harvest, have been very positively received. The feed business is developing well. Market competition is still intense, but Lantmännen's sales volume and market share have increased, and work is in progress to further strengthen profitability. The fertilizer market remains difficult, with strong price pressure and a reduction in demand during the year. Lantmännen's new Thermosteed facility in Eslöv, where heat-treated seed is produced, was opened in October.

Earnings in the international interests reflect the Swedish trend – lower earnings so far this year compared with the previous year and challenges, particularly in the fertilizer market.

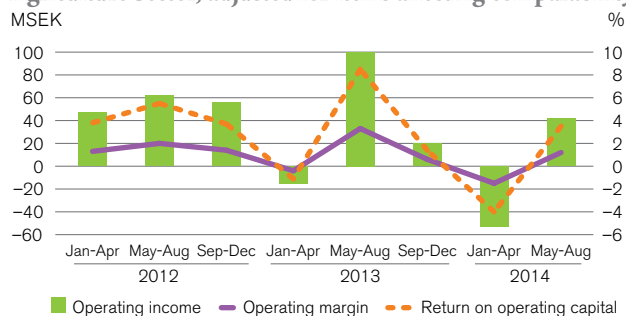
Cost adjustments within the Sector's salaried-employee organization, which began in spring, have now been completed. The total workforce has been reduced by 98 jobs. This will lead to a more efficient organization and reduced costs, thereby further strengthening the Sector's competitiveness.

June saw the start of a strategic partnership with the agricultural company Syngenta, which acquired Lantmännen's German and Polish plant breeding and seed operations at the same time. The partnership gives Lantmännen access to Syngenta's knowledge and varieties, and the company's extensive research and development activities.

The acquisition of the Polish agricultural company HaGe Polska was completed in July and the company's name was changed to Scandagra Polska. The company is jointly owned (50-50) by Lantmännen and DLG of Denmark.

September saw the start of a strategic partnership in plant breeding with the French company Secobra, which took over Lantmännen's southern spring barley program at the same time.

Agriculture Sector, adjusted for items affecting comparability



Machinery Sector

Machinery Sector

| | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | Change Jan-Aug |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|
| Net sales, MSEK | 3,366 | 3,309 | 6,052 | 5,801 | 4 % |
| Operating income, MSEK | 85 | 127 | 88 | 129 | -41 |
| Operating margin, % | 2.5 | 3.8 | 1.5 | 2.2 | |
| Return on operating capital, % | 11.2 | 17.4 | 6.2 | 8.8 | |
| Operating income, adjusted for items affecting comparability, MSEK | 85 | 127 | 88 | 129 | -41 |
| Operating margin, adjusted for items affecting comparability, % | 2.5 | 3.8 | 1.5 | 2.2 | |
| Return on operating capital, adjusted for items affecting comparability, % | 11.2 | 17.4 | 6.2 | 8.8 | |
| Average number of employees | | | 1,834 | 1,807 | 2 % |

Lantmännen Maskin Sweden

| | | | | | |
|--|-------|-------|-------|-------|------|
| Net sales, MSEK | 1,097 | 1,087 | 2,026 | 1,810 | 12 % |
| Operating income, MSEK | 21 | 30 | -9 | -14 | 5 |
| Operating margin, % | 1.9 | 2.8 | -0.4 | -0.8 | |
| Return on operating capital, % | 7.6 | 12.2 | -1.6 | -2.8 | |
| Operating income, adjusted for items affecting comparability, MSEK | 21 | 30 | -9 | -14 | 5 |
| Operating margin, adjusted for items affecting comparability, % | 1.9 | 2.8 | -0.4 | -0.8 | |
| Return on operating capital, adjusted for items affecting comparability, % | 7.6 | 12.2 | -1.6 | -2.8 | |
| Average number of employees | | | 726 | 720 | 1 % |

The Machinery Sector's sales were slightly higher than in the previous year, both for the second four-month period and the year to date. Operating income for the second four-month period was lower than in the same period the previous year at MSEK 85 (127), while cumulative operating income amounted to MSEK 88 (129).

Tractor sales in Sweden in the first four months were higher than in the previous year, but slowed again in the second four-month period. The total market so far this year is in line with the previous year. Lantmännen maintains a strong market position and has increased its market share in Sweden during the year to date. The tractor market in Denmark slowed somewhat in the second four-month period, although both Claas and Valtra increased their market share. In Norway, the total market remains much smaller than in the previous year and Lantmännen's market share declined in the four-month period.

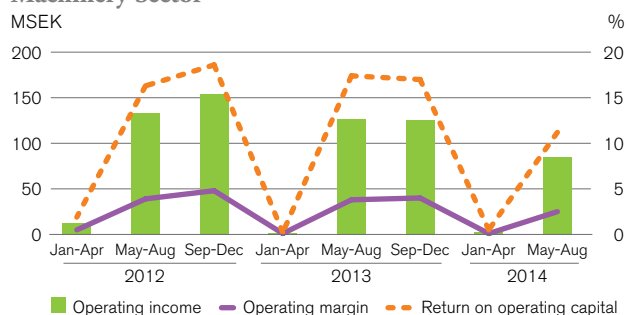
The construction machinery market continues to be weak, particularly in Sweden, as a result of decreased activity in the mining sector and cautious political decisions in a number of major infrastructure projects. However, the parts and servicing market in Sweden developed positively during the four-month period. In Germany, the situation is the same as earlier in

the year, with sales of new construction machinery increasing slightly and sales of used rental machinery declining. A new Vice President of Swecon Germany was appointed in the second four-month period.

Both Lantmännen Maskin and Swecon are working on comprehensive action programs to reduce costs and increase operational efficiency, in order to adjust to the weaker market conditions. At the same time, preparatory work is in progress for dynamic marketing efforts during the fall.

Lantmännen Classic, the servicing concept for older tractors, which was launched in the spring has been positively received. In September, Lantmännen Maskin's collaboration with partners in servicing, repair and spare parts management was extended to further improve customers' proximity to workshops and spare parts.

Machinery Sector



Energy Sector

Division Energi

| | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | Change Jan-Aug |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|
| Net sales, MSEK | 1,097 | 1,147 | 2,277 | 2,593 | -12 % |
| Operating income, MSEK | 34 | -33 | 28 | -55 | 83 |
| Operating margin, % | 3.1 | -2.9 | 1.2 | -2.1 | |
| Return on operating capital, % | 7.5 | -4.7 | 3.1 | -3.9 | |
| Operating income, adjusted for items affecting comparability, MSEK | 34 | -33 | 28 | -55 | 83 |
| Operating margin, adjusted for items affecting comparability, % | 3.1 | -2.9 | 1.2 | -2.1 | |
| Return on operating capital, adjusted for items affecting comparability, % | 7.5 | -4.7 | 3.1 | -3.9 | |
| Average number of employees | | | 304 | 347 | -12 % |

The Energy Sector's net sales for the second four-month period were in line with the previous year, while for the year to date they showed a decline on the previous year. Operating income for the second four-month period was much higher than the same period the previous year at MSEK 34 (-33). Operating income for the first eight months amounted to MSEK 28 (-55).

Ethanol prices in Europe so far this year have been at record low levels, making it very difficult to achieve profitability in the ethanol business. Despite this, Lantmännen Agroetanol improved its performance compared with the previous year. The increase is partly attributable to reduced depreciation of the ethanol plant, after the impairment loss that was recognized in the 2013 annual financial statements, but also to continuing improvements in productivity at the plant, optimization of the organization, increased resource efficiency and new approaches to alternative production materials. During the four-month period, carbon dioxide from ethanol production started to be delivered to the new carbon dioxide plant, which is owned by Lantmännen and AGA Gas and was opened on September 10. Lantmännen's ownership share is 9.9 percent.

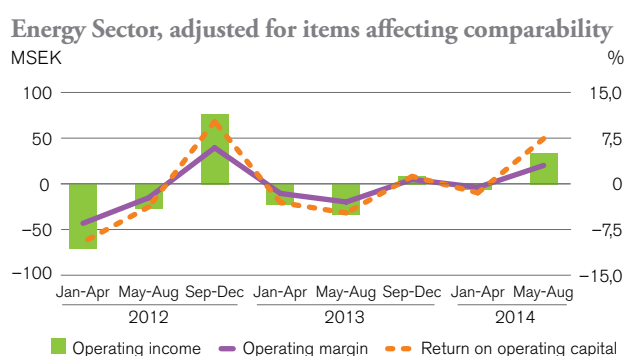
Lantmännen Aspen continues to show strong growth and has increased its sales in the year to date – partly due to a mild winter and warm spring, but particularly through a stronger

sales focus and increased exports. The launch of the alkylate petrol "Aspen 2 Full Range Technology" was successful and the product has been well received by customers.

Lantmännen Reppe is developing according to plan and its four-month earnings were higher than in the previous year, partly as a result of increased sales of starch to the paper industry.

All of the Sector's businesses are working intensively on measures to create growth by improving and increasing sales. The work includes the creation of a common sales methodology, in order to get even closer to the customer and further improve the quality of customer contact.

The merger of Lantmännen Agroenergi's pellet operations in Sweden and Latvia and Neova's corresponding operations in Sweden was completed in June. The newly formed company, of which Lantmännen and Neova each own 50 percent, is called Agroenergi Neova Pellets AB.



Food Sector

Division Livsmedel

| | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | Change Jan-Aug |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|
| Net sales, MSEK | 3,771 | 4,090 | 7,285 | 8,885 | -18 % |
| Operating income, MSEK | 218 | 129 | 364 | 228 | 136 |
| Operating margin, % | 5.8 | 3.2 | 5.0 | 2.6 | |
| Return on operating capital, % | 8.3 | 4.7 | 7.0 | 4.0 | |
| Operating income, adjusted for items affecting comparability, MSEK | 218 | 252 | 364 | 351 | 13 |
| Operating margin, adjusted for items affecting comparability, % | 5.8 | 6.2 | 5.0 | 4.0 | |
| Return on operating capital, adjusted for items affecting comparability, % | 8.3 | 9.2 | 7.0 | 6.2 | |
| Average number of employees | | | 4,908 | 5,806 | -15 % |

The Food Sector's net sales have declined compared with the previous year, both for the second four-month period and the year to date. The change is due to the divestment of Kronfågel Group. Operating income for the second four-month period, adjusted for items affecting comparability, was lower than the same period the previous year at MSEK 218 (252). Operating income for the first eight months amounted to MSEK 364 (351).

Lantmännen Cerealia has made a number of large corporate transactions in the second four-month period. The pancake business of Björnerud Gård AB in Färgelanda was acquired in June and an agreement was signed in July for the sale of the mince operations in Laholm. In August, Lantmännen Cerealia acquired Strängnäs Valskvarn, which is directly adjacent to Lantmännen Lantbruk's silo facility in Strängnäs and will become an important part of Lantmännen's future plant structure for grain. There were several product launches during the four-month period. In August, Krister Zackari took over as new Vice President of Lantmännen Cerealia.

Lantmännen Cerealia conducted several product launches during the four-month period. These included GoGreen's Swedish-grown kidney beans, white beans and black beans and Kungsörnen's oat pasta. Interest in oat-based products remains strong, and demand for oats has risen in pace with increasing consumption of porridge.

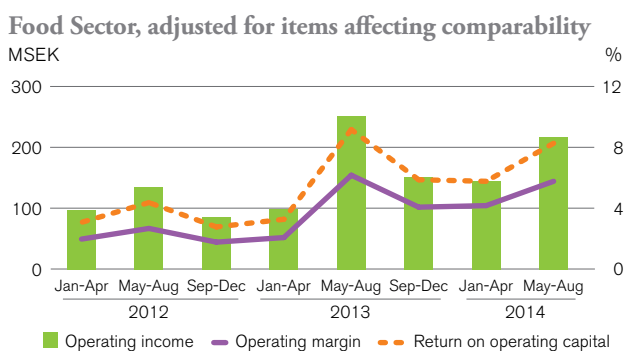
Most of Lantmännen Unibake's markets continue to perform very well, particularly in the UK, where results have improved considerably. Norway's earnings were somewhat weaker than the previous year, in the face of increased competition, pressure on margins and currency effects. Russia and the United States continued to show good sales figures in the second

four-month period, as did Finland, Germany and Hungary. Long-term efforts to further strengthen competitiveness and growth in all markets are continuing as planned and Unibake is consolidating its market position as the customers' primary business partner. This is achieved in particular by Unibake sharing its expertise with customers – one example is the "Unibake Academy", a new international concept that helps stores to increase their sales, with courses for staff on topics such as baking, presentation of the product range and how to maximize sales during the day. Unibake is also working to create innovative and value-creating solutions to meet consumers' needs – one example is the Brooklyn Burger concept for fast food, which was originally a Swedish concept for retail stores and is now applied in food service and Unibake's other markets.

In the second four-month period, Lantmännen Doggy continued the process of winding up its partnership with a major private label operator. Consequently, and as expected, sales were down on the previous year, particularly in specialist retail stores in the Nordic region and Germany. Efforts continue to develop work in the new sales force for the retail trade, and to develop new products for the specialist channel.

The IPO of the company Scandi Standard, which includes Kronfågel Group, was in late June. The market reacted positively and with keen interest. After the IPO, Lantmännen's ownership interest in Scandi Standard was 13.5 percent.

The unrest in Ukraine has not affected Lantmännen's operations to any significant extent so far. However, both Lantmännen Cerealia and Lantmännen Unibake are keeping a close eye on developments and maintaining close contact with their employees in Ukraine and Russia.



Lantmännen Real Estate

Lantmännen Real Estate

| | | | | | |
|--|------|------|------|------|------|
| Net sales, MSEK | 137 | 145 | 255 | 253 | 1 % |
| Operating income excluding property sales, MSEK | 56 | 56 | 103 | 99 | 4 |
| Operating income, MSEK | 56 | 56 | 104 | 112 | -8 |
| Return on operating capital, excluding property sales, % | 12.9 | 15.4 | 12.0 | 14.2 | |
| Average number of employees | | | 33 | 25 | 29 % |

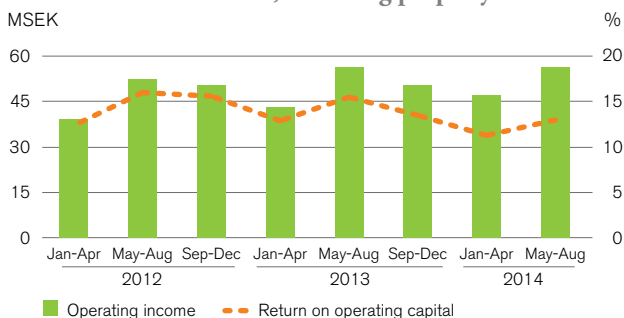
| 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | Change Jan-Aug |
|-----------------|-----------------|-----------------|-----------------|-------------------|
| 137 | 145 | 255 | 253 | 1 % |
| 56 | 56 | 103 | 99 | 4 |
| 56 | 56 | 104 | 112 | -8 |
| 12.9 | 15.4 | 12.0 | 14.2 | |
| | | 33 | 25 | 29 % |

Lantmännen Real Estate's net sales are at roughly the same level as in the previous year, both for the second four-month period and for the year to date. Operating income, excluding property sales, for the second four-month period was in line with the same period the previous year at MSEK 56 (56). Operating income for the first eight months amounted to MSEK 103 (99).

Three properties and two leasehold rights were acquired from the city of Malmö in June. Lantmännen and the company Property Dynamics formed a 50/50 joint venture com-

pany called Lantholmen, with a property portfolio comprising about 30,000 square meters in Mälardalen and specializing in logistics and office space. In addition, Lantmännen is building a property with retail space for Willys and Rusta in Avesta, with occupancy in spring 2015. In a barter transaction with Kristianstad Municipality, Lantmännen sold the property which previously housed a chicken slaughterhouse at Helge river, while Lantmännen Real Estate acquired Yllan in Kristianstad – a historical building with office, exhibition and conference space – from Kristianstad Municipality.

Lantmännen Real Estate, excluding property sales



International ownership

The Agriculture, Energy and Food Sectors are partners in a number of international companies. These companies' operations are primarily located in Germany, Poland and the Baltic countries.

HaGe Kiel (39 %)

Hauptgenossenschaft Nord AG (HaGe Kiel) has a turnover of approximately 2.8 billion euros and about 1,600 employees. Lantmännen's holding in HaGe Kiel is 39 percent. DLG (Dansk Landbrugs Grovvarereselskab) owns 54 percent and the remaining shares are owned by different investors. Operations include feed production, the purchase and sale of grain and the sale of farm inputs.

Scandagra Group (50 %)

Scandagra Group operates in the three Baltic countries. The Group has a turnover of approximately 220 million euros and about 225 employees. The company is jointly owned (50-50) by Lantmännen and DLG. The operations consist of the sale of crop production inputs and the purchase and sale of grain.

Scandagra Polska (50 %)

Scandagra Polska is a merchant of grain and other inputs in the Polish agricultural market and has a turnover of approximately 110 million euros. The company is jointly owned (50-50) by Lantmännen and DLG with effect from July 2014.

Agroenergi Neova Pellets (50 %)

Agroenergi Neova Pellets has a turnover of approximately SEK 1 billion and about 160 employees. The company has a leading position in the Swedish market and a strong position in the Baltic region. Lantmännen and Neova each own 50 percent of the company with effect from July 2014.

Viking Malt (38 %)

Viking Malt produces malt in Finland, Sweden and Lithuania. The company has a turnover of approximately 330 million euros and about 130 employees. The company supplies 360,000 tonnes of malt annually to breweries, distilleries and selected companies. Lantmännen owns 38 percent of the company, with the remainder being owned by the Finnish company Polttimo.

Condensed consolidated income statement

| MSEK | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | Sep 2013- Aug 2014 | 2013 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Net sales | 11,184 | 11,023 | 21,689 | 23,050 | 32,441 | 33,802 |
| Other operating income | 884 | 534 | 1,001 | 620 | 1,197 | 816 |
| Changes in inventories of finished goods and work in progress | 228 | 546 | 4 | 135 | -372 | -241 |
| Capitalized work for own account | 0 | 2 | 1 | 3 | 4 | 6 |
| Raw materials and consumables | -4,432 | -4,593 | -8,174 | -9,324 | -12,182 | -13,332 |
| Goods for resale | -3,141 | -2,888 | -6,050 | -5,698 | -8,473 | -8,121 |
| Employee benefits expense | -1,589 | -1,603 | -3,164 | -3,368 | -4,734 | -4,938 |
| Other operating expenses | -1,730 | -1,964 | -3,506 | -3,951 | -5,494 | -5,939 |
| Share of income of associates | 35 | 62 | 50 | 73 | 117 | 140 |
| Depreciation, amortization and impairment | -332 | -523 | -674 | -926 | -1,852 | -2,104 |
| Operating income | 1,107 | 596 | 1,177 | 614 | 652 | 89 |
| Finance income | 49 | 91 | 106 | 266 | 173 | 333 |
| Finance costs | -76 | -118 | -165 | -240 | -262 | -337 |
| Income after financial items | 1,080 | 569 | 1,118 | 640 | 563 | 85 |
| Tax | -49 | -7 | -32 | -23 | 6 | 15 |
| Net income for the period after tax | 1,031 | 562 | 1,086 | 617 | 569 | 100 |
| Net income for the period attributable to: | | | | | | |
| Members of the economic association | 1,023 | 563 | 1,077 | 616 | 561 | 100 |
| Non-controlling interests | 8 | -1 | 9 | 1 | 8 | 0 |

Condensed consolidated statement of comprehensive income

| MSEK | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | Sep 2013- Aug 2014 | 2013 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Net income for the period after tax | 1,031 | 562 | 1,086 | 617 | 569 | 100 |
| Other comprehensive income | | | | | | |
| <i>Items that will not be reclassified to the income statement</i> | | | | | | |
| Actuarial gains and losses on defined benefit pension plans, net of tax | -73 | 231 | -137 | 253 | -83 | 307 |
| Tax on actuarial gains and losses | 16 | -51 | 30 | -56 | 18 | -68 |
| Total | -57 | 180 | -107 | 197 | -65 | 239 |
| <i>Items that will be reclassified to the income statement</i> | | | | | | |
| Available-for-sale financial assets, net of tax | 56 | -3 | 44 | -112 | 37 | -119 |
| Cash flow hedges, net of tax | 195 | 65 | 101 | 119 | -10 | 8 |
| Exchange differences on translation of foreign operations | 90 | 43 | 127 | 9 | 210 | 92 |
| Net gain on hedge of net investment in foreign operations, net of tax | -51 | -42 | -86 | -23 | -149 | -86 |
| Tax attributable to items that will be reclassified | -33 | -4 | -3 | 2 | 39 | 44 |
| Total | 257 | 59 | 183 | -5 | 127 | -61 |
| Other comprehensive income for the period, net of tax | 200 | 239 | 76 | 192 | 62 | 178 |
| Total comprehensive income for the period | 1,231 | 801 | 1,162 | 809 | 631 | 278 |
| Total comprehensive income for the period attributable to: | | | | | | |
| Members of the economic association | 1,223 | 802 | 1,153 | 808 | 623 | 278 |
| Non-controlling interests | 8 | -1 | 9 | 1 | 8 | 0 |

Condensed consolidated four-monthly income statements

| MSEK | 2014 May-Aug | 2014 Jan-Apr | 2013 Sep-Dec | 2013 May-Aug | 2013 Jan-Apr |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net sales | 11,184 | 10,505 | 10,752 | 11,023 | 12,027 |
| Other operating income | 884 | 117 | 196 | 534 | 86 |
| Changes in inventories of finished goods and work in progress | 228 | -224 | -376 | 546 | -411 |
| Capitalized work for own account | 0 | 1 | 3 | 2 | 1 |
| Raw materials and consumables | -4,432 | -3,742 | -4,008 | -4,593 | -4,731 |
| Goods for resale | -3,141 | -2,909 | -2,423 | -2,888 | -2,810 |
| Employee benefits expense | -1,589 | -1,575 | -1,570 | -1,603 | -1,765 |
| Other operating expenses | -1,730 | -1,776 | -1,988 | -1,964 | -1,987 |
| Share of income of associates | 35 | 15 | 67 | 62 | 11 |
| Depreciation, amortization and impairment | -332 | -342 | -1,178 | -523 | -403 |
| Operating income | 1,107 | 70 | -525 | 596 | 18 |
| Finance income | 49 | 57 | 67 | 91 | 175 |
| Finance costs | -76 | -89 | -97 | -118 | -122 |
| Income after financial items | 1,080 | 38 | -555 | 569 | 71 |
| Tax | -49 | 17 | 38 | -7 | -16 |
| Net income for the period after tax | 1,031 | 55 | -517 | 562 | 55 |
| Net income for the period attributable to: | | | | | |
| Members of the economic association | 1,023 | 54 | -516 | 563 | 53 |
| Non-controlling interests | 8 | 1 | -1 | -1 | 2 |

The Group's items affecting comparability

| MSEK | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | 2013 Jan-Dec |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Recognized operating income | 1,107 | 596 | 1,177 | 614 | 89 |
| <i>Items affecting comparability in operating income:</i> | | | | | |
| Capital gains on sale of operations | 731 | 425 | 731 | 363 | 363 |
| Impairment of assets in Lantmännen Agroetanol's operations | - | - | - | - | -800 |
| Restructuring costs, Agriculture Sector | -50 | -33 | -50 | -33 | -38 |
| Restructuring costs, Food Sector | - | -123 | - | -123 | -130 |
| Restructuring costs, other | - | -119 | - | -119 | -111 |
| <i>Total items affecting comparability in operating income</i> | <i>681</i> | <i>150</i> | <i>681</i> | <i>88</i> | <i>-716</i> |
| Operating income, adjusted for items affecting comparability | 426 | 446 | 496 | 526 | 805 |
| Recognized income after financial items | 1,080 | 569 | 1,118 | 640 | 85 |
| Items affecting comparability in operating income according to above | 681 | 150 | 681 | 88 | -716 |
| <i>Items affecting comparability in financial items:</i> | | | | | |
| Capital gain on disposal of shares | - | - | - | 118 | 118 |
| <i>Total items affecting comparability in net financial income</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>118</i> | <i>118</i> |
| Income after financial items adjusted for items affecting comparability | 399 | 419 | 437 | 434 | 683 |
| Return on equity, adjusted for items affecting comparability, % | 8,8 | 9,3 | 5,3 | 5,1 | 4,4 |
| Return on operating capital, adjusted for items affecting comparability, % | 7,9 | 8,0 | 4,7 | 4,6 | 4,7 |

Condensed consolidated statement of financial position

| MSEK | 2014 Aug 31 | 2013 Aug 31 | 2013 Dec 31 |
|--|----------------|----------------|----------------|
| ASSETS | | | |
| Property, plant and equipment | 6,895 | 7,684 | 7,040 |
| Investment properties | 348 | 262 | 297 |
| Goodwill | 2,774 | 2,564 | 2,594 |
| Other intangible assets | 777 | 770 | 814 |
| Investments in associates | 1,428 | 1,529 | 1,460 |
| Non-current financial assets | 882 | 660 | 782 |
| Deferred tax assets | 228 | 77 | 223 |
| Other non-current assets | 83 | 43 | 77 |
| Total non-current assets | 13,415 | 13,589 | 13,287 |
| Inventories | 6,216 | 5,800 | 5,249 |
| Trade and other receivables | 5,461 | 5,300 | 4,866 |
| Current interest-bearing assets | 793 | 236 | 288 |
| Current tax assets | 56 | 75 | 16 |
| Cash and cash equivalents | 2,282 | 2,127 | 2,295 |
| Total current assets | 14,808 | 13,538 | 12,714 |
| TOTAL ASSETS | 28,223 | 27,127 | 26,001 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to members of the economic association | 12,066 | 11,673 | 11,016 |
| Non-controlling interests | 29 | 30 | 28 |
| Total equity | 12,095 | 11,703 | 11,044 |
| Non-current interest-bearing liabilities ¹⁾ | 2,093 | 4,757 | 4,334 |
| Provisions for pensions | 311 | 222 | 168 |
| Deferred tax liabilities | 158 | 151 | 151 |
| Other non-current provisions | 287 | 239 | 249 |
| Other non-current liabilities | 46 | 40 | 37 |
| Total non-current liabilities | 2,895 | 5,409 | 4,939 |
| Current interest-bearing liabilities | 5,430 | 2,918 | 3,546 |
| Trade and other payables | 7,572 | 6,815 | 6,212 |
| Current tax liabilities | 54 | 44 | 58 |
| Current provisions | 177 | 238 | 202 |
| Total current liabilities | 13,233 | 10,015 | 10,018 |
| TOTAL EQUITY AND LIABILITIES | 28,223 | 27,127 | 26,001 |
| Equity ratio | 42.9 | 43.1 | 42.5 |
| ¹⁾ Including subordinated debentures, MSEK | 56 | 56 | 56 |

Condensed consolidated statement of cash flows

| MSEK | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | 2013 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Income after financial items | 1,080 | 569 | 1,118 | 640 | 85 |
| Adjustment for non-cash items ¹⁾ | -544 | 110 | -152 | 410 | 1,589 |
| Taxes paid | -12 | -32 | -44 | -67 | -104 |
| Cash flow from operating activities before change in working capital | 524 | 647 | 922 | 983 | 1,570 |
| Change in working capital | -696 | -454 | -87 | 558 | 724 |
| Cash flow from operating activities | -172 | 193 | 835 | 1,541 | 2,294 |
| Acquisitions and divestments | 960 | 1,304 | 967 | 1,310 | 1,196 |
| Investments in non-current assets | -385 | -303 | -707 | -710 | -1,043 |
| Sale of non-current assets | 124 | 0 | 168 | 6 | 181 |
| Change in financial investments | -450 | -281 | -405 | -150 | -178 |
| Cash flow from investing activities | 249 | 720 | 23 | 456 | 156 |
| Cash flow before financing activities | 77 | 913 | 858 | 1,997 | 2,450 |
| Change in contributed capital | 69 | 55 | 72 | 55 | 54 |
| Dividend paid | -302 | -90 | -305 | -90 | -208 |
| Change in loans | -221 | -10 | -642 | -182 | -353 |
| Cash flow from financing activities | -454 | -45 | -875 | -217 | -507 |
| Cash flow for the period | -377 | 868 | -17 | 1,780 | 1,943 |
| Cash and cash equivalents at beginning of period | 2,652 | 1,261 | 2,295 | 352 | 352 |
| Exchange differences | 7 | -2 | 4 | -5 | 0 |
| Cash and cash equivalents at the end of the period | 2,282 | 2,127 | 2,282 | 2,127 | 2,295 |
| ¹⁾ Depreciation and impairment of non-current assets | 332 | 523 | 674 | 926 | 2,104 |
| Less share of income in associates | -21 | -31 | -36 | -42 | -109 |
| Capital gains on sale of non-current assets and operations | -722 | -434 | -723 | -379 | -384 |
| Other non-cash items | -133 | 52 | -67 | -95 | -22 |
| Total adjustment for non-cash items | -544 | 110 | -152 | 410 | 1,589 |

Condensed consolidated statement of changes in equity

| MSEK | 2014 Jan-Aug | | | 2013 Jan-Aug | | | 2013 Jan-Dec | | |
|---|------------------------|----------------------------------|-----------------|------------------------|----------------------------------|-----------------|------------------------|----------------------------------|-----------------|
| | Association members | Non- controlling interests | Total equity | Association members | Non- controlling interests | Total equity | Association members | Non- controlling interests | Total equity |
| Opening balance, January 1 | 11,016 | 28 | 11,044 | 10,899 | 33 | 10,932 | 10,899 | 33 | 10,932 |
| Total comprehensive income for the period | 1,153 | 9 | 1,162 | 808 | 1 | 809 | 278 | 0 | 278 |
| Distribution to owners | -174 | -3 | -177 | -88 | -1 | -89 | -215 | -1 | -216 |
| Contributed capital paid in by members | 135 | | 135 | 103 | | 103 | 103 | - | 103 |
| Contributed capital paid out to members | -64 | | -64 | -49 | | -49 | -49 | - | -49 |
| Other changes relating to non-controlling interests | | -5 | -5 | | -3 | -3 | - | -4 | -4 |
| Closing balance | 12,066 | 29 | 12,095 | 11,673 | 30 | 11,703 | 11,016 | 28 | 11,044 |
| Equity attributable to members of the economic association | | | | | | | | | |
| Contributed capital, paid in | 928 | | | 830 | | | 829 | | |
| Contributed capital, issued | 1,046 | | | 1,074 | | | 1,074 | | |
| Other equity | 10,092 | | | 9,769 | | | 9,113 | | |
| Total equity attributable to members of the economic association | 12,066 | | | 11,673 | | | 11,016 | | |

Segment information, adjusted for items affecting comparability

(Comparative figures for 2013 for the Food Sector and Other operations have been adjusted to reflect the associate Viking Malt's inclusion in the Food Sector from 2014.)

Net sales per segment

| MSEK | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | Change % | Sep 2013- Aug 2014 | 2013 Jan-Dec |
|---------------------------|-----------------|-----------------|-----------------|-----------------|-------------|-----------------------|-----------------|
| Agriculture Sector | 3,371 | 3,062 | 6,994 | 7,012 | 0 % | 10,276 | 10,294 |
| Machinery Sector | 3,366 | 3,309 | 6,052 | 5,801 | 4 % | 9,185 | 8,934 |
| Energy Sector | 1,097 | 1,147 | 2,277 | 2,593 | -12 % | 3,407 | 3,723 |
| Food Sector ¹⁾ | 3,771 | 4,090 | 7,285 | 8,885 | -18 % | 10,993 | 12,593 |
| Lantmännen Real Estate | 137 | 145 | 255 | 253 | 1 % | 366 | 364 |
| Other operations | 171 | 140 | 335 | 282 | 19 % | 494 | 441 |
| Eliminations | -729 | -870 | -1,509 | -1,776 | -15 % | -2,280 | -2,547 |
| Total | 11,184 | 11,023 | 21,689 | 23,050 | -6 % | 32,441 | 33,802 |

¹⁾ Kronfågel Group was included until the end of May 2013.

Operating income per segment, adjusted for items affecting comparability

| MSEK | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | Sep 2013- Aug 2014 | 2013 Jan-Dec |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Agriculture Sector | 42 | 100 | -11 | 85 | 9 | 105 |
| Machinery Sector | 85 | 127 | 88 | 129 | 214 | 255 |
| Energy Sector | 34 | -33 | 28 | -55 | 37 | -46 |
| Food Sector | 218 | 252 | 364 | 351 | 516 | 503 |
| Lantmännen Real Estate ¹⁾ | 56 | 56 | 104 | 112 | 182 | 190 |
| Other operations | -50 | -58 | -116 | -119 | -219 | -222 |
| Group items | 41 | 2 | 39 | 23 | 36 | 20 |
| Total | 426 | 446 | 496 | 526 | 775 | 805 |

¹⁾ Including capital gain on sale of property

Operating margin per segment, adjusted for items affecting comparability

| % | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | 2013 Jan-Dec |
|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Agriculture Sector | 1.2 | 3.3 | -0.2 | 1.2 | 1.0 |
| Machinery Sector | 2.5 | 3.8 | 1.5 | 2.2 | 2.9 |
| Energy Sector | 3.1 | -2.9 | 1.2 | -2.1 | -1.2 |
| Food Sector | 5.8 | 6.2 | 5.0 | 4.0 | 4.0 |
| Total | 3.8 | 4.0 | 2.3 | 2.3 | 2.4 |

Return on operating capital adjusted for items affecting comparability

| % | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | 2013 Jan-Dec |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Agriculture Sector | 3.5 | 8.5 | -0.4 | 3.3 | 2.6 |
| Machinery Sector | 11.2 | 17.4 | 6.2 | 8.8 | 11.5 |
| Energy Sector | 7.5 | -4.7 | 3.1 | -3.9 | -2.2 |
| Food Sector | 8.3 | 9.2 | 7.0 | 6.2 | 6.1 |
| Lantmännen Real Estate ¹⁾ | 12.9 | 15.4 | 12.0 | 14.2 | 13.9 |
| Total | 7.9 | 8.0 | 4.7 | 4.6 | 4.7 |

¹⁾ Adjusted for gain on sale of property.

Segment information

(Comparative figures for 2013 for the Food Sector and Other operations have been adjusted to reflect the associate Viking Malt's inclusion in the Food Sector from 2014.)

Net sales per segment

| MSEK | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | Change % | Sep 2013- Aug 2014 | 2013 Jan-Dec |
|---------------------------|-----------------|-----------------|-----------------|-----------------|-------------|-----------------------|-----------------|
| Agriculture Sector | 3,371 | 3,062 | 6,994 | 7,012 | 0 % | 10,276 | 10,294 |
| Machinery Sector | 3,366 | 3,309 | 6,052 | 5,801 | 4 % | 9,185 | 8,934 |
| Energy Sector | 1,097 | 1,147 | 2,277 | 2,593 | -12 % | 3,407 | 3,723 |
| Food Sector ¹⁾ | 3,771 | 4,090 | 7,285 | 8,885 | -18 % | 10,993 | 12,593 |
| Lantmännen Real Estate | 137 | 145 | 255 | 253 | 1 % | 366 | 364 |
| Other operations | 171 | 140 | 335 | 282 | 19 % | 494 | 441 |
| Eliminations | -729 | -870 | -1,509 | -1,776 | -15 % | -2,280 | -2,547 |
| Total | 11,184 | 11,023 | 21,689 | 23,050 | -6 % | 32,441 | 33,802 |

¹⁾ Kronfågel Group was included until the end of May 2013.

Operating income per segment

| MSEK | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | Sep 2013- Aug 2014 | 2013 Jan-Dec |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Agriculture Sector | -8 | 67 | -61 | 52 | -46 | 67 |
| Machinery Sector | 85 | 127 | 88 | 129 | 214 | 255 |
| Energy Sector | 34 | -33 | 28 | -55 | -763 | -846 |
| Food Sector | 218 | 129 | 364 | 228 | 509 | 373 |
| Lantmännen Real Estate ¹⁾ | 56 | 56 | 104 | 112 | 182 | 190 |
| Other operations | -50 | -58 | -116 | -119 | -219 | -222 |
| Group items | 772 | 308 | 770 | 267 | 775 | 272 |
| Total | 1,107 | 596 | 1,177 | 614 | 652 | 89 |

¹⁾ Including capital gain on sale of property

Operating margin per segment

| % | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | 2013 Jan-Dec |
|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Agriculture Sector | -0.2 | 2.2 | -0.9 | 0.7 | 0.7 |
| Machinery Sector | 2.5 | 3.8 | 1.5 | 2.2 | 2.9 |
| Energy Sector | 3.1 | -2.9 | 1.2 | -2.1 | -22.7 |
| Food Sector | 5.8 | 3.2 | 5.0 | 2.6 | 3.0 |
| Total | 9.9 | 5.4 | 5.4 | 2.7 | 0.3 |

Return on operating capital

| % | 2014 May-Aug | 2013 May-Aug | 2014 Jan-Aug | 2013 Jan-Aug | 2013 Jan-Dec |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Agriculture Sector | -0.6 | 5.7 | -2.4 | 2.0 | 1.7 |
| Machinery Sector | 11.2 | 17.4 | 6.2 | 8.8 | 11.5 |
| Energy Sector | 7.5 | -4.7 | 3.1 | -3.9 | -40.5 |
| Food Sector | 8.3 | 4.7 | 7.0 | 4.0 | 4.5 |
| Lantmännen Real Estate ¹⁾ | 12.9 | 15.4 | 12.0 | 14.2 | 13.9 |
| Total | 20.6 | 10.7 | 11.2 | 5.4 | 0.5 |

¹⁾ Adjusted for gain on sale of property.

Parent Company

The activities of the Parent Company, Lantmännen ek för, encompass Lantmännen's core operations in the Agriculture Sector, Lantmännen's lubricating oil operations and corporate functions. The Parent Company's net sales amounted to MSEK 7,098 (7,081), while operating income was MSEK -184 (-2).

Income after financial items was MSEK -223 (1,209). Net financial income for the year was MSEK -39 (1 211), and included dividends of MSEK 20 (37) and a capital gain of MSEK 11 (1,105) on the sale of shares. The previous year's

capital gain comprised the sale of Kronfågel Group, MSEK 962, and the sale of investment shares, MSEK 143. Net financial income was also affected by a foreign exchange loss of MSEK -108 (-9) due to the weaker Swedish krona.

Net investments in non-current assets for the year amounted to MSEK 119 (110).

The equity ratio was 42.3 percent (39.7 at January 1).

The average number of employees in the Parent Company was 1,185 (1,249).

Parent Company condensed income statement

| MSEK | 2014 Jan-Aug | 2013 Jan-Aug |
|---|-----------------|-----------------|
| Net sales, external | 5,896 | 5,538 |
| Net sales, intra-Group | 1,202 | 1,543 |
| Net sales, total | 7,098 | 7,081 |
| Change in products in progress, finished goods and work in progress for third parties | 363 | -60 |
| Capitalized work for own account | 1 | 3 |
| Other operating income | 132 | 142 |
| | 7,594 | 7,166 |
| Operating expenses | | |
| Raw materials and consumables | -4,676 | -4,299 |
| Goods for resale | -1,336 | -1,283 |
| Other external costs | -1,007 | -890 |
| Employee benefits expense | -662 | -602 |
| Depreciation, amortization and impairment | -97 | -94 |
| Total operating expenses | -7,778 | -7,168 |
| Operating income | -184 | -2 |
| Income from financial items | -39 | 1,211 |
| Income after financial items | -223 | 1,209 |
| Refund and final price adjustment | | |
| Group contributions | | |
| Tax | 64 | 58 |
| Net income for the period | -159 | 1,267 |

Parent Company condensed consolidated income statement

| MSEK | 2014 Aug 31 | 2013 Aug 31 |
|--|----------------|----------------|
| ASSETS | | |
| Intangible assets | 211 | 244 |
| Property, plant and equipment | 903 | 841 |
| Investments in Group companies | 6,827 | 5,845 |
| Investments in associates | 1,075 | 1,064 |
| Non-current receivables from Group companiesg | 1,180 | 727 |
| Other securities held as non-current assets | 427 | 579 |
| Other non-current receivables | 190 | 110 |
| Total non-current assets | 10,813 | 9,410 |
| Inventories | 2,852 | 2,362 |
| Current receivables from Group companies | 6,832 | 11,899 |
| Other current receivables | 3,271 | 2,522 |
| Short-term investments, incl. cash and bank balances | 1,848 | 1,962 |
| Total current assets | 14,803 | 18,745 |
| TOTAL ASSETS | 25,616 | 28,155 |
| EQUITY AND LIABILITIES | | |
| Equity | 10,595 | 11,673 |
| Untaxed reserves | 311 | 311 |
| Provisions | 230 | 172 |
| Non-current liabilities | 1,889 | 4,555 |
| Current liabilities to Group companies | 5,222 | 6,681 |
| Other current liabilities | 7,369 | 4,763 |
| TOTAL EQUITY AND LIABILITIES | 25,616 | 28,155 |
| Equity ratio | 42.3 | 42.3 |

Notes

Accounting policies

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

There have been no changes to the accounting and valuation policies as described in Note 1 of the 2013 annual report.

Financial assets and liabilities measured at fair value, August 31, 2014

| MSEK | Total carrying amount | Fair value |
|--|-----------------------|---------------|
| Assets | | |
| Other shares and interests | 724 | 724 |
| Financial investments | 121 | 121 |
| Trade and other receivables | 4,610 | 4,610 |
| Interest-bearing receivables | 827 | 827 |
| Cash and bank balances | 2,282 | 2,282 |
| Total financial assets | 8,564 | 8,564 |
| Liabilities | | |
| Non-current interest-bearing liabilities | 2,094 | 2,100 |
| Other non-current liabilities | 1 | 1 |
| Current interest-bearing liabilities | 5,396 | 5,396 |
| Trade and other payables | 4,784 | 4,784 |
| Total financial liabilities | 12,275 | 12,281 |

Financial assets and liabilities measured at fair value, by measurement level, August 31, 2014

| MSEK | Level 1 | Level 2 | Level 3 | Total |
|--|------------|-----------|------------|------------|
| Assets | | | | |
| Derivatives with positive fair value | 135 | 16 | - | 151 |
| Other financial assets measured at fair value | 539 | - | 277 | 816 |
| Total assets | 674 | 16 | 277 | 967 |
| Liabilities | | | | |
| Derivatives with negative fair value | 22 | 75 | - | 97 |
| Other financial liabilities measured at fair value | - | - | - | - |
| Total liabilities | 22 | 75 | - | 97 |

Related party transactions

Lantmännen's 46-percent interest in the associate company Scandi Standard AB (publ), formerly Scandinavian Standard AB, is owned by the subsidiary Lantmännen Kycklinginvest AB (publ) with effect from January 2014. In fall 2013, Lantmännen's members, Board and management were offered the opportunity to become shareholders of Kycklinginvest. A total of 34 persons accepted the offer and in January 2014, Lantmännen sold them 1.9 percent of its holding in Kycklinginvest at market terms and conditions. In June 2014, in connection with Scandi Standard's IPO, Kycklinginvest divested a large part of its shareholding in the company. Lantmännen ek för subsequently acquired the minority shares in Kycklinginvest. The acquisition was conducted at the same conditions that applied to Lantmännen for Scandi Standard's IPO.

Financial assets and liabilities measured at fair value, August 31, 2013

| MSEK | Total carrying amount | Fair value |
|--|-----------------------|---------------|
| Assets | | |
| Other shares and interests | 139 | 139 |
| Financial investments | 521 | 521 |
| Trade and other receivables | 4,468 | 4,468 |
| Interest-bearing receivables | 236 | 236 |
| Cash and bank balances | 2,127 | 2,127 |
| Total financial assets | 7,491 | 7,491 |
| Liabilities | | |
| Non-current interest-bearing liabilities | 4,757 | 4,740 |
| Other non-current liabilities | 12 | 12 |
| Current interest-bearing liabilities | 2,918 | 2,918 |
| Trade and other payables | 4,172 | 4,173 |
| Total financial liabilities | 11,859 | 11,843 |

Financial assets and liabilities measured at fair value, by measurement level, August 31, 2013

| MSEK | Level 1 | Level 2 | Level 3 | Total |
|--|------------|-----------|------------|------------|
| Assets | | | | |
| Derivatives with positive fair value | 97 | 15 | - | 112 |
| Other financial assets measured at fair value | 93 | - | 103 | 196 |
| Total assets | 190 | 15 | 103 | 306 |
| Liabilities | | | | |
| Derivatives with negative fair value | 45 | 14 | - | 59 |
| Other financial liabilities measured at fair value | - | - | - | - |
| Total liabilities | 45 | 14 | - | 59 |

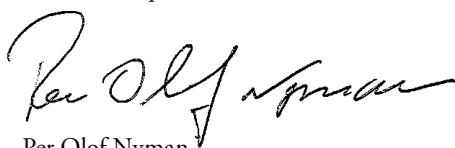
Fair value hierarchy with information on inputs used to measure fair value

- 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.

On assignment for the Board of Directors

Stockholm, September 30, 2014



Per Olof Nyman
President & CEO
Lantmännen

Review report

Lantmännen economic association

To the Board and the CEO

Introduction

We have reviewed the condensed interim report for Lantmännen economic association as at August 31, 2014 and for the eight months period then ended. The Board of Directors and the Managing Director 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 a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements 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, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, 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, September 30, 2014

Ernst & Young AB

Helene Siberg Wendin
Authorized Public Accountant

Maude Fyrenius

Gustav Jansson

Anders Åbyhammar

For more information, please contact

Per Olof Nyman
President & CEO

per.olof.nyman@lantmannen.com

Ulf Zenk
CFO

ulf.zenk@lantmannen.com

Good food from Lantmännen

The green sprout emblem on our packaging guarantees responsibly produced food. Food that we make an effort to provide in a sustainable manner, from field to fork.

Read more about good food on lantmannen.se/en

