

Year-end Report
January - December 2009




Lantmännen



Lantmännen is one of the largest groups in the food, energy and agriculture industries in the Nordic region. Lantmännen is owned by around 37,000 Swedish farmers. Arable land and its possibilities constitute the basis of Lantmännen's operations. The Group operates throughout the value chain, from field to fork.

Financial reporting

Interim Report Q1 May 3, 2010

Interim Report Q2 July 23, 2010

Interim Report Q3 October 28, 2010

The Annual Report 2009 will be published on

▶ www.lantmannen.com on February 22, 2010. Distribution of the printed Annual Report will start February 26, 2010.

Notice of General Meeting

The Annual General Meeting will be held at Clarion Hotell, Ringvägen 98, Stockholm, on Wednesday, the 5th of May 2010, at 10 am.

Distribution policy

Lantmännen's printed Annual Report and Sustainability Report is distributed to anyone who would like a copy. The interim and other reports, including expanded sustainability information, are available in English and Swedish. All reports may be downloaded from ▶ www.lantmannen.com



The period in brief January - December 2009

Net sales for the Group for the fourth quarter of 2009 amounted to MSEK 8,358 (10,562), down 21 percent. For full-year 2009 net sales totaled MSEK 35,101 (42,868), a decrease of 18 percent. Adjusted for changes in the Group's composition, cumulative net sales fell by 15 percent.

Operating income amounted to MSEK -84 (-48) in the fourth quarter, and adjusted for items affecting comparability it came to MSEK 83 (38). Cumulative operating income for the full year amounted to MSEK 305 (1,136), and adjusted for items affecting comparability it came to MSEK 455 (1,032).

Income after financial items totaled MSEK -174 (-210) during the fourth quarter, and adjusted for items affecting comparability it was MSEK -7 (-100). Cumulatively for full-year 2009, income after financial items fell to MSEK -65 (702), and adjusted for items affecting comparability it came to MSEK 85 (622).

Net earnings amounted to MSEK -116 (-162) during the fourth quarter and cumulatively for full-year 2009 the figure was MSEK -73 (558).

Investments in fixed assets during the year amounted to MSEK 1,538 (2,700).

Cash flow before financing activities amounted to MSEK 396 (-404) during the fourth quarter and to MSEK 2,272 (-2,776) for the full year.

The decision to begin negotiations on the closure of Cerealia's plant in Mjölby was made during the quarter. As result, production will be increased at Cerealia's other facilities.

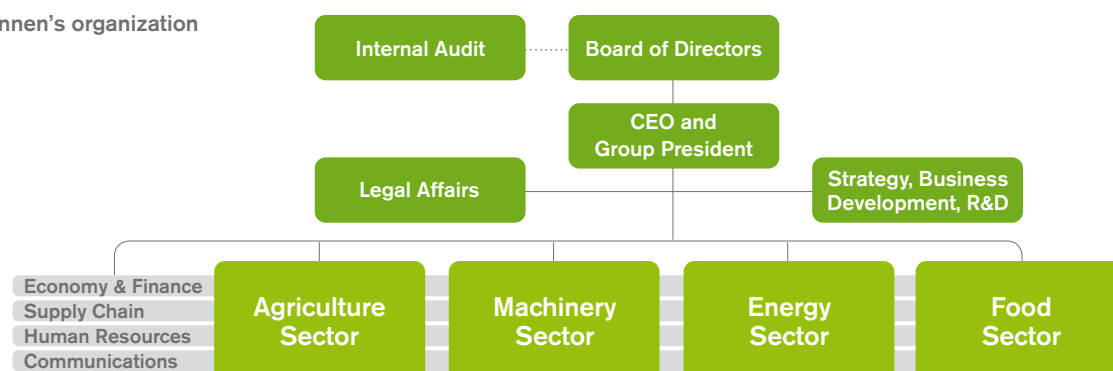
Starting October 1, Lantmännen reorganized its operations into four sectors: Agriculture, Machinery, Energy and Food.

Shape, the comprehensive efficiency program adopted in the third quarter is progressing as planned. As a result of the program, the number of employees was reduced by 237 in 2009. Of the program's total estimated annual savings of MSEK 400, the measures carried out in 2009 contributed an estimated MSEK 130.

Key figures	2009 Oct-Dec	2008 Oct-Dec	2009 Jan-Dec	2008 Jan-Dec	Change
Net sales, MSEK	8,358	10,562	35,101	42,868	-18%
Operating income, MSEK	-84	-48	305	1,136	-73%
Operating margin, %	-1.0	-0.5	0.9	2.6	-1.7
Income after financial items, MSEK	-174	-210	-65	702	-109%
Cash flow before financing activities, MSEK	396	-404	2,272	-2,776	182%
Income for the period, MSEK ¹	-116	-162	-73	558	-113%
Return on equity, % ¹	-4.5	-1.6	-0.7	6.8	-7.5
Return on operating capital, %	-1.7	-0.9	1.4	5.6	-4.2
Total assets, MSEK			28,891	32,553	-11%
Equity ratio, %			35.4	32.5	2.9
Investments, MSEK	502	677	1,538	2,700	-43%
Net debt, MSEK			9,289	11,654	-20%
Interest coverage ratio, times			0.8	2.0	-1.2
Number of employees			10,552	12,671	-17%

¹ For estimating the return on equity refund and final price adjustment are reversed, for the quarter MSEK 0 (-121) and cumulatively MSEK -1 (-122).

Lantmännen's organization



Operations January-December 2009

Business environment & Market

2009 was a very challenging year. The global financial crisis and subsequent recession hit companies and private individuals hard throughout the world, which is also evident in Lantmännen's earnings for the year. At the same time Lantmännen's efficiency and cost-savings program began in earnest to take effect in 2009, and the fourth quarter of the year showed signs that the economy is slowly starting to recover. These signs have been confirmed by a Federation of Swedish Farmers – LRF analysis of the agricultural economy, which points out that both the international and Swedish economies are showing signs of recovery, even though orders are still considerably weaker than normal.

The recession dealt a powerful blow to the ag-related operations in a year marked by low grain and milk prices, resulting in generally poorer profits in agriculture businesses. This has naturally reduced the buying and investment power of farmers, impacting in turn Lantmännen's earnings.

Although the food business is relatively immune to cyclical changes, customer behavior changes during recessions. They choose cheaper food or cheaper brands, and eat more meals at home.

Fourth quarter 2009

During the fourth quarter Lantmännen's ag operations were negatively impacted by the above effects of the recession, resulting in decreased feed and seed sales. In addition, the Government's decision to exempt commercial fertilizers from tax beginning January 1, 2010 led to virtually a complete standstill in fertilizer sales in the latter part of the year.

The Machinery Sector was also affected by the reduced investment power of farmers, which was seen in the decline in the number of orders placed during the year. However, the fourth quarter saw an upturn in Lantmännen's market shares, and the extensive cost-savings program had a positive impact on earnings.

The Energy Sector improved its earnings by MSEK 100 in the fourth quarter, driven mainly by the performance of Lantmännen Agroenergi and Lantmännen Agroetanol. In the fourth quarter the new production line in Norrköping reached 90 percent of capacity and improved its feed production output. In addition, the market price of ethanol also moved upward.

Food operations also continued to perform well in the fourth quarter. Consumption in the categories where Lant-

Significant items affecting comparability

MSEK	2009 Oct-Dec	2008 Oct-Dec	2009 Jan-Dec	2008 Jan-Dec
Recognized operating income	-84	-48	305	1,136
<i>Items affecting comparability in operating income:</i>				
Capital gain from				
- sale of properties	-	-	58	235
- sale of operations, equities	-	269	-	350
Reversal of salmonella reserve	-	1	-	181
Impairment of fixed assets, etc	-	-340	-	-371
Impairment and restructuring costs, sale of Lantmännen Färsbröd in Sweden	-	-16	-	-291
Restructuring costs, Shape	-124	0	-150	-
Restructuring costs, other	-43	0	-58	-
Total items affecting comparability in operating income	-167	-86	-150	104
Operating income adjusted for items affecting comparability	83	38	455	1,032
Recognized income after financial items	-174	-210	-65	702
Items affecting comparability in operating income according to the above	-167	-86	-150	104
<i>Items affecting comparability in financial items:</i>				
Impairment of loan receivables	-	-24	-	-24
Total items affecting comparability in net financial income	-	-24	-	-24
Income after financial items adjusted for items affecting comparability	-7	-100	85	622
Return on equity, excluding items affecting comparability %	0.5	2.7	0.4	6.0
Return on operating capital, excluding items affecting comparability %	1.7	0.7	2.2	5.1
Operating margin, excluding items affecting comparability %	1.0	0.4	1.3	2.4

männen is active is increasing, and we are seeing continued positive performance of the markets in most categories. Dynamic cost-saving programs at, above all, Lantmännen Unibake also had a positive impact on earnings, while Lantmännen Cerealia's earnings dipped somewhat in the fourth quarter due to extremely tough price competition in the Danish bakery and industry segment.

Savings and initiatives

Lantmännen's cost-savings and efficiency programs began to produce results during the year. At Swecon in particular, well implemented efforts led to a reduction of costs, and Lantmännen Unibake's comprehensive cost-savings program yielded good results. This work will continue in 2010 in all parts of Lantmännen, with additional focus on the Swedish agriculture operations, where further measures are needed to improve earnings and strengthen our competitiveness in the market.

The strategic work of increasing our organizational efficiency and continuous improvements in the supply chain continued as planned, yielding nearly MSEK 700 in savings by the end of 2009. In combination with a slower investment pace, efforts to reduce tied-up capital in Lantmännen also had a beneficial effect – with Lantmännen showing a positive cash flow for the third straight quarter in a row. During the year, operating working capital (accounts receivable, inventories and accounts payable) decreased by as much as SEK 2.5 billion.

A number of structural changes were made on the production side during the year to bolster Lantmännen's future competitiveness. Examples of these restructuring costs include the cost of closing Lantmännen Kronfågel's plant in Kristianstad in connection with the planned consolidation of chicken production in Valla, plus the cost of the planned closure of the mill in Mjölby and Lantmännen Unibake's facility in Fristrup, Denmark.

Risks and uncertainty factors

The Group's activities are subject to various strategic, operating and financial risks. They are described in detail in the Board of Directors' report in the Annual Report for 2008.

The general downturn in the economy has suppressed demand for many of the Group's products. At the end of the year some signs of recovery were glimpsed. However, a prolonged recession could lead to continued reduced demand,

particularly in the machinery business, and a shifting of demand in the food business to products with lower prices and margins. A prolonged recession also represents a greater risk of credit losses.

During the fall the price of ethanol climbed further at the same time as the price level of energy grains remained low, benefiting Lantmännen's ethanol operation. However, market prices for ethanol, energy grains and feed materials are still volatile.

Changes in the Group

In the third quarter SW Seed established a company together with a French and a British partner to breed, produce and market winter oilseed rape for the European market. SW Seed is the majority owner of the company, SW Winter Oilseed AB.

During the second quarter Lantmännen Unibake increased its holding in Bakehouse from 25 percent to 63 percent, thereby securing majority ownership of the U.K.'s leading distributor of pastries, croissants and specialty breads. Bakehouse was consolidated as a subsidiary from May and was reported as an associated company prior to that.

During the second quarter, Lantmännen Cerealia sold all its shares in the milling company JSC Rezekne Dzirnaveiks to Scandinavian Farmers AB, an associated company in the Lantmännen Group co-owned with the Danish company DLG.

The sale of Lantmännen Färskbröd in Sweden was completed at the beginning of the year with Fazer Bageri AB taking over all shares of Lantmännen Färskbröd AB from Lantmännen in January. The effect on earnings was taken into account through a provision in the 2008 year-end closing.

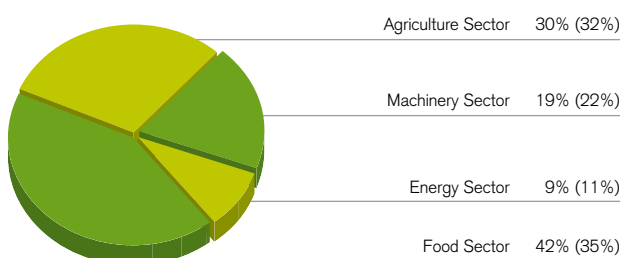
In the first quarter, Lantmännen Lantbruk and the Dutch company Agrico formed a joint-venture company, Agrico Nordic, to produce and market seed potatoes in Sweden.

The acquisition balances for purchased companies are still preliminary.

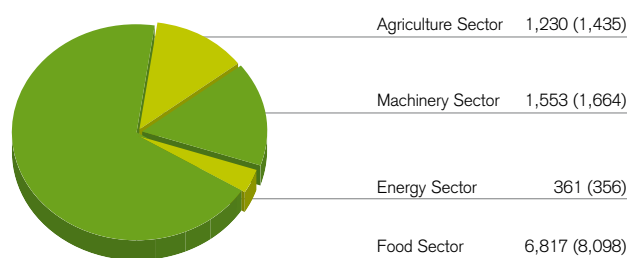
Other important events

Lantmännen began operating under a new organizational structure from the fourth quarter. Instead of business areas, the new organization is divided into four sectors: Agriculture headed by Arne Rantzow, Machinery headed by Clas Eriksson, Energy headed by Monika Lekander and Food headed by Johan Karlström (beginning March 8, 2010). The purpose of

Sales per sector



Number of employees per sector



the new Group structure is to create a more competitive and efficient Lantmännen focusing on customers.

The new sector structure is part of a major organizational overhaul, which led to a comprehensive efficiency program called Shape. Under the program, approximately 400 sales and administrative employees will have to leave Lantmännen. The total cost of currently adopted structural changes amounts to MSEK 150, all of which will be charged against 2009 earnings. Once the program is completely implemented the annual savings will amount to MSEK 400.

In the fourth quarter Lantmännen decided to commence negotiations to shut down Cerealia's plant in Mjölby, with closure planned for 2010. Production will be redistributed to Cerealia's other facilities.

In the third quarter Lantmännen signed an agreement to purchase the Norwegian pasta brand Sopp. Through the acquisition Lantmännen will become the market leader in pasta in Norway. The deal went into effect at the beginning of 2010.

Lantmännen decided during the third quarter to build a bakery for baked goods in the U.K., which is Unibake's biggest market and is viewed as having great future potential. Unibake's bakery in Fristrup, Denmark, will be closed when the new bakery opens.

In the third quarter Lantmännen decided to invest MSEK 65 in Lantmännen Doggy's plant in Vårgårda. The investment will increase production of dog and cat food products in Tetra Recart packages.

Lantmännen decided in the third quarter to transfer production at Kronfågel's plant in Kristianstad to the facility in Valla. 175 employees in Kristianstad are affected by the decision. The closure of the plant in Kristianstad will be implemented 2010-2011.

In April, members and employees in certain countries were given an opportunity to invest in subordinated debentures in Lantmännen. MSEK 56 worth of debentures were subscribed to. No subordinated debentures were traded during the three trading periods held during the year.

Events after the end of the reporting period

Johan Karlström was appointed CEO of the Food Sector in early February. He will assume his position on March 8, 2010.

Group's net sales and earnings

Fourth quarter 2009

Fourth quarter net sales in the Lantmännen Group amounted to MSEK 8,358 (10,562), down 21 percent. Adjusted for group changes, which above all concern the sale of Granngården and Lantmännen Färskröd in Sweden, net sales fell by 19 percent. The decreased revenues are mainly due to lower sales of chiefly fertilizer and feed along with lower prices for several products in the Agriculture Sector. In addition, machinery sales in the Machinery Sector continued to be depressed by the prevailing economic situation. In September, sales of fertilizer ground to halt after the Government announced its plan to abolish the fertilizer tax from January 1, 2010.

During the fourth quarter operating income in the Lantmännen Group amounted to MSEK -84 (-48).

Operating income was affected by items affecting comparability totaling MSEK -167 (-86), primarily relating to restructuring costs. Adjusted for these items, operating income amounted to MSEK 83 (38) in the fourth quarter. The improvement of the adjusted result is firstly related to the improved earnings of Agroetanol, in step with higher capacity utilization at the new plant in Norrköping. Unibake's reduced costs resulting from the efficiency measures implemented also had a positive impact on the result. The lost fertilizer sales in the Agriculture Sector and the low sales of machinery in the Machinery Sector had the opposite effect.

Full-year 2009

Net sales

Cumulatively, full-year 2009 net sales in the Lantmännen Group amounted to MSEK 35,101 (42,868), down 18 percent. Adjusted for group changes, which above all concern the divestment of Granngården and Lantmännen Färskröd in Sweden and the acquisition of Euro-Bake, Eurobuns and Baco, net sales declined 15 percent. Among other reasons, the decrease in revenues is due lower grain prices and lower year-on-year sales volumes of fertilizer and feed in the Agriculture Sector. In the Machinery Sector sales of machinery plummeted owing to the weak economy.

Operating income

Full-year 2009 operating income in the Lantmännen Group amounted to MSEK 305 (1,136).

Cumulative operating income was affected by items affecting comparability totaling MSEK -150 (104). The figure includes the MSEK -150 cost of the ongoing efficiency program, Shape, other restructuring costs totaling MSEK -58 and MSEK 58 in capital gains. Adjusted for these items, cumulative operating income amounted to MSEK 455 (1,032).

The primary reasons for the deterioration in earnings were lower sales and leasing of construction machinery, considerable volume decreases and inventory write-downs relating to fertilizer, plus costs related to the low quality of the 2008 grain harvest.

Moreover, the incidents involving bits of glass found in frozen chicken products in the spring negatively impacted the Group's earnings by approximately MSEK 70.

Net financial income

The Group's net financial income amounted to MSEK -370 compared with MSEK -434 the previous year. The previous year's net financial income included an item affecting comparability amounting to MSEK -24. Adjusted for this item net financial income last year came to MSEK -410. The main explanation for the MSEK 40 improvement is not only decreased borrowing thanks to reduced tied-up capital in the Group, but also lower interest rates in 2009

compared with the previous year. The reduction in tied-up capital is partly a result of the capital rationalization measures carried out in the Group, and partly an effect of lower prices for grain and production inputs along with lower sales volumes.

Tax and net earnings

Total tax expense for the year was positive, amounting to MSEK 13 (–36).

The minority's share of the net income for the year came to MSEK –20 (14). The positive minority share in the previous year was primarily a result of the then minority owner's share of Svalöf Weibull's negative earnings. Svalöf Weibull has been wholly owned by Lantmännen since November 2008.

The Group's net earnings for 2009 thus amounted to MSEK –73 (558).

Performance per sector

Agriculture Sector

	Q4		Full year	
	2009	2008	2009	2008
Net sales, MSEK	2,356	3,513	10,749	14,154
Operating income, MSEK	–57	14	–140	361
Operating margin, %	–2.4	0.4	–1.3	2.6
Return on operating capital, %	–6.5	1.2	–3.3	8.8
Number of employees			1,230	1,435

Fourth quarter net sales totaled MSEK 2,356 (3,513), a decrease of 33 percent. The main reason for the decrease is that sales of fertilizer were lost as a result of the Government's proposal to abolish the fertilizer tax. It is estimated that much of the lost sales will have a positive impact on sales during the first quarter of 2010. Lower volumes in feed and the lower prices of grain, fertilizer and feed also had a negative impact on revenues, which was partly compensated by higher grain volumes.

Net sales for full-year 2009 totaled MSEK 10,749 (14,154), a decrease of 24 percent. Compared with 2008, the MSEK –1,500 decrease in fertilizer sales was also the primary reason for the lower net sales for the full-year. Revenues were also affected by lower feed volumes along with lower grain and feed prices.

Besides the proposal to abolish the fertilizer tax, fertilizer sales were impacted because farmers purchased much of their 2009 need for fertilizer already in 2008 due to expectations of higher fertilizer price levels in 2009.

Sales of grain were negatively affected by the prevailing state of the market and by customers' efforts to cut capital tied up in inventories. Grain sales recovered to certain extent in the latter part of the period, albeit at a lower price level. Cattle feed sales fell due to the decline in the number of dairy cows. At the same time the weak profitability of milk producers during the year drove a demand for lower performing, lower priced feed. Lantmännen's new Vida range consequently won market share in the latter part of the year.

Overall, however, Lantmännen lost market shares in the feed market in 2009.

The revenues of the SW Seed and Bygglant business units were largely on par with the previous year.

Operating income for the fourth quarter amounted to MSEK –57 (14). The lost fertilizer sales explain the bulk of the decrease compared with the previous year, of which the effect of the fertilizer tax amounted to MSEK –37. The reduced feed volume is a further contributing factor to the earnings decline. In addition, license revenue reporting changes at SW Seed negatively impacted earnings during the quarter along with MSEK 41 in restructuring costs under the Shape program. International operations contributed higher earnings in the quarter compared with the previous year.

Amounting to MSEK –140 (361), operating income for full-year 2009 was negatively impacted by the lower net sales of fertilizer, grain and feed. The combined decline in fertilizer and feed sales caused an earnings shortfall of approximately MSEK –200, of which the effect of the fertilizer tax came to MSEK –50. In addition, earnings were negatively impacted by a total of MSEK –230 through the write-down of existing fertilizer stocks, downgrading of grain due to the low quality of the 2008 harvest and sharply higher logistics costs for transporting and importing goods relating to these quality problems. Compensation to farmers concerning the germination problem with the Ritz variety of oilseed rape amounted to MSEK 15. The total cost of the Shape efficiency program amounted to MSEK 46 during the year.

Operating income for the sector includes total earnings of MSEK 64 (163) from shares in the international associated companies, primarily HaGe Kiel in Germany and Scandinavian Farmers in the Baltic countries. The previous year's earnings were affected by MSEK 81 in capital gains from the divestment of shares in Hedegaard A/S.

Earnings were unsatisfactory in the Agriculture Sector's cooperative operations. A number of action programs were carried out during the year to improve profitability. They include the new business plan for fertilizer and seed sales, new organizational structure under the Shape program, and the implementation of the LEAD productivity program at all feed plants. It is estimated these measures will improve cost levels by approximately MSEK 120 annually when the measures are fully implemented in 2010. These measures are insufficient and further actions will be necessary to achieve a satisfactory result.

The Agriculture Sector includes cooperative agriculture operations in Lantmännen ek för as listed below:

Cooperative operations in Agriculture Sector

	Q4		Full year	
	2009	2008	2009	2008
Net sales, MSEK	1,988	3,120	9,630	12,903
Operating income, MSEK	–70	–11	–242	160
Operating margin, %	–3.5	–0.4	–2.5	1.2
Return on operating capital, %	–9.9	–1.1	–6.9	4.5
Number of employees			876	1,052

Machinery Sector

	Q4		Full year	
	2009	2008	2009	2008
Net sales, MSEK	1,781	2,254	7,101	9,529
Operating income, MSEK	-13	50	35	376
Operating margin, %	-0.7	2.2	0.5	3.9
Return on operating capital, %	-2.5	8.8	1.6	17.1
Number of employees			1,553	1,664

Net sales during the fourth quarter amounted to MSEK 1,781 (2,254). The sharp decline is firstly due to Swecon, where the weak economy continued to impact sales and leasing of construction machinery. However, the fourth quarter saw some improvement in demand in the Swedish market. Sales of farm machinery also declined as a consequence of the weak agricultural economy. The situation is particularly troubling in Denmark where the financial turmoil continues to restrict farmers' access to external financing of machinery purchases. On the other hand, Sweden and Norway saw some improvement in demand and sales in the remaining months of the year.

Net sales for full-year 2009 totaled MSEK 7,101 (9,529), a decrease of 25 percent. Like the fourth quarter, the full-year performance was a consequence of the sharp decline in sales of new machinery. On the other hand, the aftermarket for parts and service has been stable for both Swecon and Lantmännen Maskin and was at the level of the previous year.

Operating income in the fourth quarter came to MSEK -13 (50). The quarterly earnings include MSEK 45 concerning costs relating to the Shape efficiency program. Otherwise, the chief explanation for the decrease is the lower sales of construction machinery.

For full-year 2009 operating income amounted to MSEK 35 (376), a decrease of 91 percent. Cumulatively too, the earnings deviation is related to the lower revenues. In Lantmännen Maskin the weakening of the Swedish krona also had a highly negative impact on earnings since it has been very difficult to implement compensating price increases on imported machinery in a market in overall decline. In Swecon, the comprehensive rationalization measures implemented during year positively impacted earnings by a considerable amount. The total costs for the Shape program came to MSEK 47 for the year.

Energy Sector

	Q4		Full year	
	2009	2008	2009	2008
Net sales, MSEK	888	1,208	3,258	4,867
Operating income, MSEK	59	-36	67	-83
Operating margin, %	6.6	-3.0	2.1	-1.7
Return on operating capital, %	9.3	-5.3	2.6	-3.4
Number of employees			361	356

Net sales during the fourth quarter amounted to MSEK 888 (1,208). The main reason for the decrease in revenues is that starting in 2009 sales of diesel and fuel oil are reported by the Agriculture Sector. The Energy Sector has previously acted

as an intermediary between the supplier and the Agriculture Sector, which is responsible for sales to external customers. In addition, higher production of ethanol at Lantmännen Agroetanol's plant in Norrköping failed to fully compensate lower sales of externally produced ethanol.

Net sales for full-year 2009 totaled MSEK 3,258 (4,847), a decrease of 33 percent. Like the deviation in the fourth quarter, the majority of the shortfall, MSEK -900, is due to the fact that diesel and heating fuel sales are now reported only by the Agriculture Sector and the decline in trading of externally produced ethanol.

Operating income in the fourth quarter amounted to MSEK 59 (-36). The improved earnings mainly refer to ethanol operations in Agroetanol, where production on the new line now functions as planned, reaching a capacity utilization rate of 88 percent during the quarter. MSEK 5 in Shape program-related costs were charged against earnings during the quarter.

Operating income for full-year 2009 amounted to MSEK 67 (-83). With improved earnings, the majority of operations contributed to the overall increase compared with the previous year. Operations in solid biofuels were positively impacted by successful work on productivity and quality-raising measures at sites including the plant in Latvia along with lower temperatures than in the previous year. The improvement in Agroetanol is mainly related to the considerable start-up costs in 2008 being followed this year by a positive earnings performance in step with higher capacity utilization and production. Higher prices for ethanol and higher volumes of alkylate petrol sold contributed heavily to the sector's improved earnings. The annual cost of the Shape program amounted to MSEK 11.

Food Sector

	Q4		Full year	
	2009	2008	2009	2008
Net sales, MSEK	3,617	4,061	15,109	15,501
Operating income, MSEK	94	100	598	574
Operating margin, %	2.6	2.5	4.0	3.7
Return on operating capital, %	3.7	3.6	5.7	5.7
Number of employees			6,817	8,098

Net sales for the fourth quarter amounted to MSEK 3,617 (4,016). Net sales in the previous year included MSEK 323 from the divestment of Lantmännen Färskröd in Sweden. Adjusted for acquisitions and divestments of companies in the sector, net sales fell by 3 percent. The decrease is mainly related to severe price pressure in the flour market and lower volumes in primarily in the bakery and industry segment. This is in part a result of decreased sales of fresh bread throughout Scandinavia. At the same time, higher sales in Lantmännen Doggy contributed to an increase in the sector's net sales.

Net sales for full-year 2009 came to MSEK 15,109 (15,501), a decrease of 3 percent compared with the previous year. Adjusted for acquisitions and disposals, net sales grew by 4 percent.

The factors behind the full-year performance are the

same as those affecting the fourth quarter. In addition, volumes and net sales in the frozen bread business increased slightly in most markets despite the weak economy.

While Lantmännen Kronfågel lost sales in the beginning of the year due to the glass incident, sales have now recovered to about the same level as before the incident. Overall, however, net sales in Sweden were somewhat lower than in the previous year.

Fourth quarter operating income for the Food Sector amounted to MSEK 94 (100). Operating income was affected by MSEK -43 (15) in items affecting comparability. Adjusted for items affecting comparability and acquisitions and disposals carried out, operating income was up MSEK 38, a 44 percent increase on the previous year.

Operating income was positively impacted by efficiency measures implemented in the frozen bread business. Production rationalization measures also contributed to Lantmännen Doggy's improved earnings. Caused by strong pressure on prices, the weak earnings of both the Danish chicken operation and Cerealia's milling business had the opposite effect. The cost of the Shape program amounted to MSEK 5 during the quarter.

The Food Sector's operating income for full-year 2009 came to MSEK 598 (574). Adjusted for items affecting comparability and acquisitions and disposals carried out, operating income fell 4 percent compared with the previous year.

The full-year earnings were affected by the same factors shaping the fourth quarter. In the bread business operating income was also negatively impacted by the recession, with low-margin products increasing as a consequence of a change in consumption patterns. The cost of the Shape program amounted to MSEK 16 during the year.

The glass incident in the Swedish chicken business impacted the Group's full-year earnings by approximately MSEK 70. The amount refers to the recall costs as well as the costs for increased scanning of products and the earnings impact of lost sales.

Seasonal variations

The Lantmännen Group's operations are seasonal. The Energy Sector's sales of solid biofuels and heat are strongly linked to the winter season. The high season for the food business is during the summer months. The Agriculture Sector's high seasons are the spring and fall.

Financial position and liquidity

The Group's equity at December 31, 2009 was MSEK 10,148, compared with MSEK 10,528 at the end of the previous year. Of the MSEK -380 change, MSEK -73 comes from the net income for the year and MSEK -305 from negative translation differences from translation of foreign subsidiaries. Payment of contributed capital from members increased capital by MSEK 52 and the issue of subordinated debentures added MSEK 56 to equity. Payment of contribution dividends of MSEK 57 and repayment of MSEK 53 in contributed capital reduced shareholders' equity.

Total assets amounted to MSEK 28,891 (32,553). The

decrease in total assets is primarily an effect of reduced tied-up working capital.

The Group's net debt at the end of the year amounted to MSEK 9,289 (11,654).

Total payment capacity, including cash and bank balances, amounted on the same date to MSEK 2,639 (747).

The equity ratio was 35.4 percent (32.5).

Investments

Group investments in fixed assets during the year amounted to MSEK 1,538 (2,700). The single largest investment concerned the building of the new feed plant in Lidköping.

Other major investment projects in the Group include a new seed plant in Eslöv, phase two of the special mill in Vejle, Denmark, a new Gooh plant in Järna and the rebuilding of the chicken slaughterhouse in Aars, Denmark.

Cash flow

Operating activities contributed a positive cash flow of MSEK 3,555 (423). Lower tied-up working capital resulting from measures including the "Cash Race" project was the primary reason for the improvement.

Investments in fixed assets totaled MSEK 1,538 (2,700) while sales of fixed assets generated a positive cash flow of MSEK 210 (416), yielding in total a net outflow of MSEK -1,328 (-2,284) relating to the Group's plants. The previous year's cash flow includes the expenditure totaling approximately MSEK 925 for the strategic investments in the ethanol plant in Norrköping and the mill in Vejle.

Investments in new operations affected cash flow in the amount of MSEK -172 (-1,592), and the divestment of businesses generated a cash flow of MSEK 181 (532), for a total of MSEK 9 (-1,060). The year's investments in operations mainly pertain to the acquisition of Bakehouse while the divestments mainly concern Lantmännen Färskröd in Sweden and JSC Rezekne Dzirnaviēks.

Net financial investments decreased, producing a positive cash flow of MSEK 36 (145), which resulted in a total cash flow from investing activities, including investments in fixed assets and operations, of MSEK -1,283 (-3,199).

Cash flow before financing activities thus amounted to MSEK 2,272 compared with MSEK -2,776 the previous year.

Financing activities yielded a negative cash flow of MSEK -2,141 (2,543) mainly due to amortization of borrowings and reduced use of credit.

The Group's total cash flow thus amounted to MSEK 131 (-233) during the year.

The Group's cash and cash equivalents at the end of the period amounted to MSEK 391 (269).

Human resources

During the year the average number of employees in the Lantmännen Group was 10,552 (12,671). The decrease is mainly attributable to the sale of Lantmännen Färskröd in Sweden at the beginning of the year and the sale of Granngården in August 2008.

Accounting policies

Lantmännen prepares its interim report in accordance with the Swedish Accounting Standards Board's general recommendations for voluntary year-end reports (BFNAR 2007:1) and the Swedish Financial Accounting Standards Council's recommendation RR 20, Interim Reporting.

The accounting policies applied in the year-end report agree with those applied when preparing the 2008 Annual Report.

There were no new or changed recommendations or other rules affecting Lantmännen's reporting in 2009.

Lantmännen will begin preparing its consolidated financial statements according to IFRS (International Financial Reporting Standards) in 2010. Information about the transition will be presented in the interim report for the first quarter of 2010.

Parent Company

The activities of the Parent Company Lantmännen ek för consist in part of Lantmännen's core operations in the Agriculture Sector and in part of Group functions.

Net sales amounted to MSEK 10,130 (13,252). Operating income amounted to MSEK -455 (242). The lower operating income is mainly due to the cooperative business-related MSEK -402 charge in the Agriculture Sector resulting from the considerable decrease in volume and inventory write-downs on fertilizer along with costs relating to the low quality of the 2008 grain harvest. Capital gains from sales of properties were also lower than in previous years and amounted to MSEK 61 compared with MSEK 222 in 2008. A total of MSEK 51 was charged against 2009 earnings for the restructuring costs for the ongoing efficiency program, Shape.

Income after financial items totaled MSEK 223 (671). Net financial items for the year include MSEK 63 (301) in capital gains from the sale of shares and MSEK 537 (566) in dividends, primarily from subsidiaries.

Net investments totaled MSEK 332 (416). The equity ratio was 36.6 percent (32.3).

In the Parent Company the average number of employees was 1,228 (1,317).

Dividend

The Board of Directors has decided to pay 0 percent (1) in refunds for members' purchases of feed, fertilizer, seed, crop protection, grain, petroleum products and purchases from the machinery business and 0 percent (1) final price adjustment for delivered grain.

The Board proposes paying a contribution dividend of 5 percent (5) on paid-in and issued contributions to direct members and 5 percent (3.7) to organization members and local associations, a total of MSEK 63. The Board also proposes a contribution issue totaling MSEK 100, in which the issue capital is to be divided as follows: 75 percent based on members' paid-in and issued contributed capital and 25 percent based on the members' contribution-related turnover. In all, the contribution dividend and contribution issue resulted in a return on the contributed capital totaling 13 (14) percent for 2009. In addition the dividend on subordinated debentures will be 3 percent, MSEK 1.

As a consequence of the introduction of trading in contribution issues, the Board has decided that the date on which the holding entitles the holder to a dividend, in the form of either a contribution dividend or a contribution issue, will be the date of the General Meeting, May 5, 2010.

Summary statement of income

MSEK	2009 Oct-Dec	2008 Oct-Dec	2009 Jan-Dec	2008 Jan-Dec	Change %
Net sales	8,358	10,562	35,101	42,868	-18
Other operating income	156	202	654	958	-32
Cost of materials	-4,929	-6,778	-21,707	-28,087	-23
Payroll expenses	-1,509	-1,623	-5,851	-6,053	-4
Other expenses	-1,736	-1,530	-6,439	-6,812	-4
Share of income of associated companies	10	4	97	172	-44
Depreciation, amortization and impairment	-434	-885	-1,550	-1,910	-19
Operating income	-84	-48	305	1,136	-73
Financial income	43	49	197	255	-23
Financial expenses	-133	-211	-567	-689	-18
Income after financial items	-174	-210	-65	702	-109
Refund and final price adjustment	0	-121	-1	-122	-
Tax	77	164	13	-36	-136
Minority's share of net income for the year	-19	5	-20	14	-243
Net income for the period	-116	-162	-73	558	-113

Quarterly statements of income

MSEK	2009 Oct-Dec	2009 Jul-Sep	2009 Apr-Jun	2009 Jan-Mar	2008 Oct-Dec	2008 Jul-Sep	2008 Apr-Jun	2008 Jan-Mar
Net sales	8,358	8,778	9,360	8,605	10,562	10,707	11,752	9,847
Other operating income	156	138	200	160	202	180	299	277
Cost of materials	-4,929	-5,302	-6,065	-5,411	-6,778	-6,899	-7,966	-6,444
Payroll expenses	-1,509	-1,427	-1,492	-1,423	-1,623	-1,491	-1,526	-1,413
Other expenses	-1,736	-1,504	-1,582	-1,617	-1,530	-1,962	-1,835	-1,485
Share of income of associated companies	10	18	23	46	4	25	117	26
Depreciation, amortization and impairment	-434	-376	-361	-379	-885	-381	-333	-311
Operating income	-84	325	83	-19	-48	179	508	497
Financial income	43	54	40	60	49	90	70	46
Financial expenses	-133	-132	-148	-154	-211	-206	-131	-141
Income after financial items	-174	247	-25	-113	-210	63	447	402
Refund and final price adjustment	0	0	-1	0	-121	-1	0	0
Tax	77	-79	-27	42	164	-46	-82	-72
Minority's share of net income for the year	-19	0	-1	0	5	-16	13	12
Net income for the period	-116	168	-54	-71	-162	0	378	342

Summary balance sheet

MSEK	2009 Dec .31	2008 Dec. 31
ASSETS		
Goodwill	3,078	3,386
Other intangible fixed assets	391	459
Tangible fixed assets	10,667	10,974
Participations in associated companies	1,174	1,195
Long-term financial assets	1,824	1,774
Other long-term assets	315	171
Total fixed assets	17,449	17,959
Inventories	5,646	7,059
Accounts receivable and other operating receivables	4,724	6,636
Short-term financial assets	687	630
Cash and bank balances	385	269
Total current assets	11,442	14,594
TOTAL ASSETS	28,891	32,553
EQUITY AND LIABILITIES		
Equity	10,148	10,528
Minority interests	69	56
Provisions for pensions	1,514	1,544
Other provisions	692	827
Total provisions	2,206	2,371
Long-term financial liabilities	6,930	8,219
Other long-term liabilities	21	1
Total long-term liabilities	6,951	8,220
Short-term financial liabilities	3,741	4,565
Accounts payable and other operating liabilities	5,776	6,813
Total current liabilities	9,517	11,378
TOTAL EQUITY AND LIABILITIES	28,891	32,553
Equity ratio	35.4	32.5

Summary cash flow statement

MSEK	2009 Oct-Dec	2008 Oct-Dec	2009 Jan-Dec	2008 Jan-Dec
Income after financial items	-174	-210	-65	702
Adjustment for items not included in cash flow ¹⁾	394	181	1,249	670
Paid tax	28	18	-46	-219
Cash flow from operating activities before change in working capital	248	-11	1,138	1,153
Change in working capital	637	-22	2,417	-730
Cash flow from operating activities	885	-33	3,555	423
Acquisitions, disposals of operations	-125	-58	9	-1,060
Investments in tangible and intangible assets, net	-470	-639	-1,328	-2,284
Change in financial investments	106	326	36	145
Cash flow from investing activities	-489	-371	-1,283	-3,199
Cash flow before financing activities	396	-404	2,272	-2,776
Change in contributed capital	-2	3	-1	-11
Dividend paid	-7	-1	-65	-53
Contributed capital through subordinated debentures	-	-	56	-
Change in loans	-500	239	-2,131	2,607
Cash flow from financing activities	-509	241	-2,141	2,543
Cash flow for the period	-113	-163	131	-233
Liquid funds at beginning of period	500	419	269	484
Exchange rate difference in liquid funds	4	13	-9	18
Liquid funds at end of period	391	269	391	269
¹⁾ Depreciation and impairment of fixed assets	434	885	1,550	1,910
Less share of income in associated companies	-10	-4	-97	-172
Capital gains on sale of fixed assets and operations	9	-255	-106	-591
Change regarding provisions made	18	-86	-43	-220
Other items	-57	-359	-55	-257
	394	181	1,249	670

Changes in equity

MSEK	2009 Jan-Dec	2008 Jan-Dec
Equity at beginning of period	10,528	9,483
Translation differences	-370	724
Hedging of net investment in foreign subsidiaries	65	-176
Net income for the period	-73	558
Contribution dividend paid	-57	-50
Contributed capital paid in by members	52	52
Contributed capital paid out to members	-53	-63
Contributed capital through subordinated debentures	56	-
Equity at end of period	10,148	10,528
Equity in the Lantmännen Group		
Contributed capital, paid in	606	593
Contributed capital, issued	660	564
Subordinated debentures	56	-
Other equity	8,826	9,371
Total equity	10,148	10,528

Net sales per sector

MSEK	2009 Oct-Dec	2008 Oct-Dec	2009 Jan-Dec	2008 Jan-Dec	Change %
Agriculture Sector	2,356	3,513	10,749	14,154	-24
Machinery Sector	1,781	2,254	7,101	9,529	-25
Energy Sector	888	1,208	3,258	4,867	-33
Food Sector	3,617	4,061	15,109	15,501	-3
Lantmännen Granngården	0	0	0	1,269	-100
Other operations	177	122	623	511	22
Eliminations	-461	-596	-1,739	-2,963	-41
Total	8,358	10,562	35,101	42,868	-18

Operating income per sector

MSEK	2009 Oct-Dec	2008 Oct-Dec	2009 Jan-Dec	2008 Jan-Dec	Change %
Agriculture Sector	-57	14	-140	361	-139
Machinery Sector	-13	50	35	376	-91
Energy Sector	59	-36	67	-83	181
Food Sector ¹⁾	94	100	598	574	4
Lantmännen Granngården ²⁾	0	0	0	-22	100
Other operations ³⁾	-102	-110	-145	134	-208
Group items ⁴⁾	-65	-66	-110	-204	46
Total	-84	-48	305	1,136	-73

¹⁾ Includes Lantmännen Färskröd in Sweden in 2008

²⁾ Discontinued operation

³⁾ Includes, inter alia, the following items affecting comparability:

Capital gains on the sale of properties

Restructuring costs, Shape

58

-13

206

-

⁴⁾ Includes, inter alia, the following items affecting comparability:

Capital gains on the sale of operations

Reversal of salmonella reserve

Impairment and restructuring costs, Lantmännen Färskröd in Sweden

Restructuring costs, Shape

-

-

-

-17

81

181

-275

-

Operating margin per sector

%	2009 Oct-Dec	2008 Oct-Dec	2009 Jan-Dec	2008 Jan-Dec
Agriculture Sector	-2.4	0.4	-1.3	2.6
Machinery Sector	-0.7	2.2	0.5	3.9
Energy Sector	6.6	-3.0	2.1	-1.7
Food Sector	2.6	2.5	4.0	3.7
Lantmännen Granngården	-	-	-	-1.7
Total	-1.0	-0.5	0.9	2.6

Return on operating capital

%	2009 Oct-Dec	2008 Oct-Dec	2009 Jan-Dec	2008 Jan-Dec
Agriculture Sector	-6.5	1.2	-3.3	8.8
Machinery Sector	-2.5	8.8	1.6	17.1
Energy Sector	9.3	-5.3	2.6	-3.4
Food Sector	3.7	3.6	5.7	5.7
Lantmännen Granngården	-	-	-	-12.0
Total	-1.7	-0.9	1.4	5.6

Parent company

Summary statement of income

MSEK	2009 Jan-Dec	2008 Jan-Dec
Net sales, external	8,637	11,408
Net sales, intra-Group	1,493	1,844
Net sales, total	10,130	13,252
Other operating income	374	495
Cost of materials	-8,185	-10,930
Payroll expenses	-910	-831
Other expenses	-1,713	-1,607
Depreciation, amortization and impairment	-151	-137
Operating income	-455	242
Income from financial items	678	429
Income after financial items	223	671
Refund and final price adjustment	-1	-122
Tax	132	133
Net income for the period	354	682

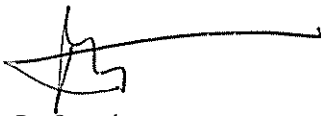
Summary balance sheet

MSEK	2009 Dec. 31	2008 Dec. 31
ASSETS		
Intangible fixed assets	188	207
Tangible fixed assets	1,520	1,461
Participations in Group companies	5,621	5,692
Long-term receivables from Group companies	178	221
Participations in associated companies	820	797
Other long-term securities holdings	152	138
Other long-term receivables	488	415
Total fixed assets	8,967	8,931
Inventories	2,041	2,732
Current receivables from Group companies	10,321	9,509
Other current receivables	1,598	3,190
Short-term investments incl. cash and bank	83	78
Total current assets	14,043	15,509
TOTAL ASSETS	23,010	24,440
EQUITY AND LIABILITIES		
Equity	8,207	7,670
Untaxed reserves	311	311
Provisions	908	898
Long-term liabilities	6,668	7,716
Current liabilities to Group companies	2,512	2,378
Other current liabilities	4,404	5,467
TOTAL EQUITY AND LIABILITIES	23,010	24,440
Equity ratio	36.6	32.3

Review report

This year-end report has not been audited by the association's auditors.

On assignment for the Board of Directors
Stockholm, February 9, 2010



Per Strömberg
CEO and Group President
Lantmännen

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Good food from Lantmännen

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

