



Lantmännen
Year-end Report
January - December 2018

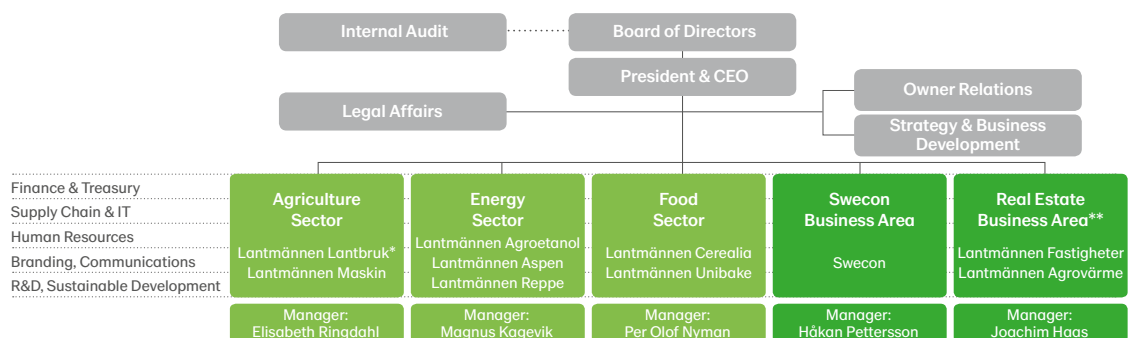


Lantmännen is an agricultural cooperative and Northern Europe's leader in agriculture, machinery, bioenergy and food products. Owned by 25,000 Swedish farmers, we have 10,000 employees, operations in over 20 countries and an annual turnover of SEK 45 billion (approximately EUR 4.5 billion).

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

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

Lantmännen's organization



* Lantmännen Lantbruk Sweden and international operations.

** Real Estate Business Area consist of Lantmännen Real Estate (Lantmännen Fastigheter) and Lantmännen District Heating (Lantmännen Agrovärme).

Financial reporting and publication orders

Annual Report with Sustainability Report 2018 and Annual Review 2018 • February 21, 2019
 Interim 1st four months 2019 • May 29, 2019
 Interim 2nd four months 2019 • October 3, 2019

This report can be downloaded from lantmannen.com/en/financialinformation
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President's overview

Lantmännen's income after net financial items, adjusted for items affecting comparability, for 2018 amounts to MSEK 1,387. The drought and lower ethanol prices have had a strong impact on income, which is lower than in the previous year (MSEK 1,552).

2018 has been dominated by the drought and the warm spring and summer, which has led to the lowest grain harvest in many years and a low supply of roughage. The low harvest has presented considerable challenges for our members and for many of Lantmännen's businesses – and the consequences will continue to affect us in 2019.

During the year, Lantmännen introduced several measures to ease the situation for our members – including an extra dividend, an extra discount and more favorable interest rates on credit. Lantmännen distributed a total of MSEK 700 during the year and the proposed dividend for 2018 is MSEK 619, which is the largest ordinary dividend in Lantmännen's history. Despite these measures, the situation for many farmers is very difficult as we enter 2019.

How our Sectors and Business Areas performed

The *Agriculture Sector* has had an intensive year, with a great focus on measures to offer solutions for farmers affected by the drought. The very low harvest has had a major effect on earnings in the grain business in particular. The Sector's other businesses have developed well, partly compensating for the loss within the grain business. Feed product sales volumes have risen sharply during the year.

The *Energy Sector* has also had a challenging year. Lantmännen Agroetanol has been negatively affected by a lower average price of ethanol during the year and higher grain prices towards the end of the year as a result of the drought. Lantmännen Aspen has continued to develop well, although the hot and dry weather has had an impact on sales. Lantmännen Reppe's operations in Växjö have been discontinued due to profitability problems, but at the same time we see increased business opportunities in the remaining operations in Lidköping.

In the *Food Sector*, Lantmännen Cerealia continues its improvement work: by focusing on the core areas, we aim to create stability and higher efficiency in the business and a stable platform for growth in the longer term. Lantmännen Unibake's businesses continue to develop very well, with total growth exceeding market growth. The new bakeries in Nowa Sól (Poland) and Londerzeel (Belgium) are increasing their production according to plan.



The sales and earnings trend in the *Swecon Business Area* has been very strong during the year, and operating income is the highest ever for the second year running. In addition to the successful Swedish operations, Germany in particular is increasingly contributing to the positive earnings trend. The launch of the "mySwecon" digital service is one of several highlights from the last year.

The *Real Estate Business Area* is developing according to plan, reporting an operating income excluding property sales that is higher than in the previous year – mainly due to increased leasing.

Challenges in the short term – opportunities in the longer term

Lantmännen has developed very well in recent years, and although the challenging situation after the 2018 harvest has led to a break in the trend, the year's result is still strong. In the longer term, our ambitions are just as high as before – and we have every opportunity to reach them. During the year, our long-term strategy has been updated to cover a longer time horizon; the updated strategy has been named "Field to Fork 2030" and is an ambitious plan that shows the way towards continuing profitable growth for all our businesses.

In 2019, we will need to act vigorously and flexibly to meet the continued market challenges we see ahead of us due to the drought of 2018. At the same time, we will take further steps in line with our strategy in order to become an even better and more profitable company in the coming years – thereby strengthening our position as the Swedish farmers' best business partner.

Stockholm, February 2019

A handwritten signature in black ink, reading "Per Olof Nyman". The signature is fluid and cursive.

Per Olof Nyman
President & CEO, Lantmännen

The period in brief January-December 2018

Net sales for the Group amounted to MSEK 14,786 (13,928) for the third four-month period and MSEK 43,962 (39,686) for the full year 2018.

Operating income was MSEK 279 (472) for the third four-month period and adjusted for items affecting comparability MSEK 416 (503). Operating income for the full year 2018 was MSEK 1,443 (1,677) and adjusted for items affecting comparability MSEK 1,580 (1,708).

Cash flow from operating activities for the year was MSEK 1,023 (2,398). The operating surplus contributed MSEK 2,268 (2,453) and cash flow from working capital contributed MSEK -1,245 (-55). Investments in non-current assets amounted to MSEK 1,825 (2,593) and the net figure for acquisitions and divestments of operations was MSEK -333 (-852). Cash flow before financing activities was MSEK -824 (-703) and total cash flow was MSEK -219 (-852).



Lantmännen acquired the Finnish company Raisio's cattle feed business in the third four-month period.

In August, to ease the negative effects of the drought, Lantmännen presented an **action package for members** with a total value of approximately MSEK 220. The package includes, among other things, an extra dividend, and an extra discount and supplement on trading with Lantmännen. The extraordinary general meeting in September adopted an extra dividend of MSEK 133 for 2017, which was paid out in the same month, according to plan.

Proposed dividend: The Board proposes a refund and supplementary payment of 1.5 (2.5) percent on trade with Lantmännen Lantbruk Sweden and a 0.5 (0.5) percent refund on purchases from Lantmännen Maskin's and Swecon's Swedish operations. The total proposed refund and supplementary payment is MSEK 156 (245).

The Board proposes a contribution dividend of 8 (9) percent of the contributions' nominal value, totaling MSEK 213 (222), and a contribution issue of MSEK 250 (100). In total, the proposed contribution dividend and contribution issue amount to 17 (13) percent of the association's contributed capital.

This means that the total proposed dividend to members is MSEK 619 (700 the previous year, including extra dividend of MSEK 133). The Board also proposes a 5.25 (6.0) percent dividend on subordinated debentures, totaling MSEK 13 (15).

Lantmännen's key figures	2018	2017	2018	2017
	Sep-Dec	Sep-Dec	Jan-Dec	Jan-Dec
Net sales, MSEK	14,786	13,928	43,962	39,686
Operating income, MSEK	279	472	1,443	1,677
Operating margin, %	1.9	3.4	3.3	4.2
Income after financial items, MSEK	192	409	1,250	1,521
Net income for the period, MSEK	272	390	1,182	1,305
Cash flow before financing activities, MSEK	-912	48	-824	-703
Return on equity, %	5.1	7.8	7.6	9.0
Return on operating capital, %	3.3	6.3	6.0	7.8
Total assets, MSEK			37,095	34,540
Equity ratio, %			43.2	43.3
Investments in non-current assets, MSEK	623	871	1,825	2,593
Net debt, MSEK			8,719	7,274
Interest coverage ratio, times			6.0	6.3
Average number of employees			9,940	9,850
Adjusted for items affecting comparability				
Operating income, MSEK	416	503	1,580	1,708
Operating margin, %	2.8	3.6	3.6	4.3
Income after financial items, MSEK	329	440	1,387	1,552
Net income for the period, MSEK	379	414	1,289	1,353
Return on equity, %	7.1	8.3	8.2	9.4
Return on operating capital, %	5.0	6.7	6.6	7.9

Business environment and market

In the latter part of 2018, the global economy was affected by concerns about trade policy, the Brexit negotiations and Italian politics. Most major economies show relatively good growth; the US economy is booming, and the euro area's conditions remain good. The emerging markets of China and India show strong figures, although the US-China trade dispute has weakened Chinese growth. The Nordic and Baltic countries are developing positively.

The US central bank, the Federal Reserve, raised its interest rates four times in 2018, resulting in a stronger dollar and higher market interest rates. The Fed has signaled another two interest rate hikes in 2019. The European Central Bank concluded its bond purchasing at the end of the year, and a first increase in the interest rate is expected in 2019.

The Swedish economy remains strong, although a certain slowdown in growth was evident at the end of 2018. In January, the National Debt Office announced that the 2018 budget surplus was SEK 80 billion, which is 16 billion lower than expected. The strong public finances have contributed to stability in the financial market, despite the prolonged process of forming a government.

The so-called January agreement, which led to a cross-bloc government, contains some structural reforms, tax cuts and investments in infrastructure. The government's amending budget, expected in the early part of the year, is expected to increase inflationary pressure.

CPI inflation, measured with a fixed interest rate, rose to 2.2 percent in December. Just before Christmas, the Riksbank announced that it was raising the repo rate from -0.5 to -0.25 percent, the first interest rate increase in seven years. However, the Riksbank's Executive Board expressed some concern about underlying inflationary pressure and decided to postpone the timing of the next planned increase.

The United Kingdom is due to leave the EU on March 29. In January, the UK Parliament voted to reject the agreement negotiated between the UK and the EU, which means

that it is currently unclear whether a deal will be in place by the exit date.

The 2018 global grain harvest was lower than in the previous year – particularly the wheat harvest, which fell by 5 percent from the previous year. The Swedish harvest was extremely low; the total harvest is estimated at 3.3 million tonnes, which is 45 percent less than the previous year and 43 percent below the five-year average. The field bean harvest fell by 63 percent and the harvest of cut grasses declined by 26 percent compared with the previous year. The low harvest has meant that Sweden has gone from net exporter to net importer of grain.

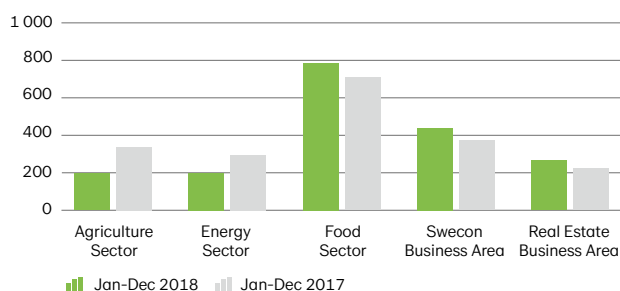
The early harvest and favorable conditions during fall have resulted in a large fall-sown acreage: the winter wheat acreage has increased by 13 percent, the winter rye acreage by 62 percent and the winter rape acreage by 11 percent compared with the five-year average. The organically grown acreage has increased significantly and is about 60 percent larger than in 2017.

According to Statistics Sweden, the sales volume for Swedish fast-moving consumer goods increased by 0.8 percent in 2018. Sales increased by 3.2 percent during the same period.

Health, sustainability and origin are important consumer trends within food in the Nordic region. Interest in climate-friendly products and organic goods remains strong. Vegetarian consumption is increasing, and consumers are increasingly demanding non-meat-proteins. Brands with clear objectives and strong values are appreciated – authenticity and origin are increasingly important. There is a growing trend towards locally sourced products and the majority of Swedish consumers are willing to pay a higher price for Swedish food. Consumers are demanding gluten-free foods and products with a low sugar and salt content. Another health trend is an increased interest in functional food – products that promote intestinal health and enhance well-being and functions of the body.

Operating income per segment, accumulated Jan-Dec

Adjusted for items affecting comparability, MSEK



Distribution of Group's sales

Including Intra-Group sales



Comments on the period

The Group's net sales and earnings full year 2018

Net sales

Lantmännen's net sales for the third four-month period amounted to MSEK 14,786 (13,928), an increase of 6 percent. The increase is due to organic growth of 3 percent and currency translation effects of 2 percent, with the remainder attributable to acquired and divested operations.

Net sales for the year increased by 11 percent to MSEK 43,962 (39,686). For the full year 2018, organic growth was 4 percent and currency translation effects were 2 percent, while acquired and divested operations were responsible for the remainder of the increase. Sales increased in all segments for both the four-month period and the full year.

Operating income

Operating income for the third four-month period was MSEK 279 (472) and adjusted for items affecting comparability MSEK 416 (503). Operating income adjusted for items affecting comparability was significantly lower than in the same period the previous year in the Agriculture Sector but higher in other segments.

Operating income for the full year 2018 was MSEK 1,443 (1,677) and adjusted for items affecting comparability MSEK 1,580 (1,708). The drought in 2018 had a significant impact on operating income, notably in the Agriculture and Energy Sectors, which have a significantly lower operating income than in the previous year. However, operating income for the Swecon Business Area and the Food Sector was higher than in the previous year.

Acquired and divested operations had a negative effect on operating income for the third four-month period. This is mainly due to the drought, which affected the acquisitions within the Agriculture Sector. Operating income for the full year 2018 was positively affected by acquired and divested operations. Currency translation effects had a positive impact of MSEK 9 on operating income for the four-month period and MSEK 28 for the full year.

Items affecting comparability amounted to MSEK -137 (-31), both for the four-month period and the full year. The Agriculture Sector has items affecting comparability of MSEK -66 related to the extra discount and supplement on trading with Lantmännen Lantbruk Sweden and for the waiving of the fee for repurchased grain contracts. The item is part of Lantmännen's action package to ease the negative effects of the drought. The Energy Sector has restructuring costs of MSEK 32 due to the discontinuation of Lantmännen Reppe's production of glucose syrup in Växjö. The Food Sector has structural costs of MSEK 39 for restructuring in Lantmännen Unibake, which affects personnel and non-current assets in both the fresh and frozen bakery operations.

Net items affecting comparability in 2017 were MSEK -31. In the Food Sector, items affecting comparability were MSEK 96, consisting of the final part of the insurance payment for the bakery that burnt down in Belgium, and restructuring costs of

MSEK 34 in Lantmännen Cerealia, and MSEK 31 in Lantmännen Unibake. In 2017, a provision of MSEK 140 was recognized in the Energy Sector in connection with the European Commission's investigation of Lantmännen Agroetanol and two other ethanol producers for alleged violation of EU competition law. Property operations were affected by a capital gain of MSEK 78 in 2017.

Net financial income and income after financial items

Net financial income for the third four-month period was MSEK -87 (-63). Income after financial items totaled MSEK 192 (409) and adjusted for items affecting comparability MSEK 329 (440).

Net financial income for the full year was MSEK -193 (-156). The change is due to negative currency effects during the first half of 2018, but also to the fact that net financial income for 2017 was affected by capital gains on sales of shares. Accumulated income after financial items was MSEK 1,250 (1,521) and adjusted for items affecting comparability MSEK 1,387 (1,552).

Tax and income after tax

Tax expense for the year was MSEK 68 (216). Lantmännen's tax expense was affected by the fact that dividends, including refunds and supplementary payments, from economic associations are tax deductible. The year's tax expense year has declined as a result of the utilization of previously uncapitalized tax loss carryforwards.

Income after tax amounted to MSEK 1,182 (1,305), of which MSEK 1,176 (1,301) was attributable to members of the economic association and MSEK 6 (4) to non-controlling interests (minority ownership) in the Group's subsidiaries.

Cash flow

Cash flow from operating activities for the year was MSEK 1,023 (2,398). The cash operating surplus contributed MSEK 2,268 (2,453) and cash flow from working capital contributed MSEK -1,245 (-55). The lower cash flow from working capital is mainly attributable to the Agriculture Sector, as an effect of the drought. As a result of the low harvest in Sweden, the Agriculture Sector has gone from exporter to importer of grain, leading to a sharp increase in tied-up capital.

Investments in non-current assets were MSEK -1,825 (-2,593), while sales of non-current assets amounted to MSEK 199 (319), which meant that net investments for the year were MSEK -1,626 (-2,274). The investments include the bakery which Lantmännen Unibake is currently building in Poland and the Agriculture Sector's acquisition of agricultural land for plant breeding purposes in Svalöv.

Net acquisitions and divestments of operations amounted to MSEK -333 (-852). Lantmännen has acquired the Finnish company Raisio's cattle feed business (renamed Lantmännen Feed) through the acquisition of shares and assets and a loan repayment.

Cash flow before financing activities was MSEK –824 (–703). The change in interest-bearing liabilities was MSEK 1,108 (200).

Total cash flow including financing activities was MSEK –219 (–852).

Financial position

Equity amounted to MSEK 16,027 (14,948) at December 31. This includes MSEK 92 (89) attributable to owners other than members of the economic association, i.e. the minority interest in Group companies. Net debt increased by MSEK 1,445 to MSEK 8,719 (7,274). Cash and cash equivalents at the end of the period were MSEK 720 (927) and total assets were MSEK 37,095 (34,540). The increase in total assets is mainly due to increased operating receivables and liabilities, new borrowings and currency translation effects related to foreign operations.

The equity ratio was 43.2 (43.3) percent.

Risks and uncertainties

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

Changes in the Group

In November, Lantmännen acquired the Finnish company Raisio's cattle feed business (renamed Lantmännen Feed) through the acquisition of shares and assets and a loan repayment. The business has annual sales of about EUR 74 million and a market share of about 35 percent of the Finnish cattle feed market. About 70 employees in Finland were included in the acquisition. In January, a majority shareholding in the company ThermoSeed Global was acquired. The acquisition ensures continuing investment in environmentally-friendly seed treatment, both in Sweden and internationally.

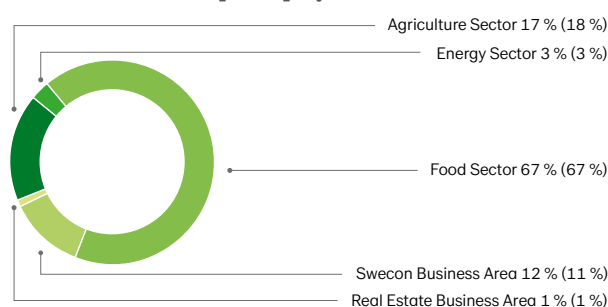
Human resources

The average number of employees was 9,940 (9,850) and the number of full-time employees at December 31, 2018 was 9,895 (9,597).

Lantmännen's action package

In August, to ease the negative economic effects of the drought, Lantmännen presented an action package for members, with a total value of about MSEK 220.

Distribution of Group's employees



The package comprises:

- Extra dividend for 2017 calculated as 2 percent on trading with Lantmännen Lantbruk Sweden in the period January to August 2018. The dividend, which amounted to MSEK 133, was paid in September after adoption by the Extraordinary General Meeting on September 1, 2018.
- Extra discount and supplement of MSEK 55 calculated as 2 percent on trading with Lantmännen Lantbruk Sweden from September to the end of December 2018.
- Waiving of the SEK 0.10 per kilo charge on repurchased grain contracts, estimated value MSEK 23.
- 1.5 percent reduction in the interest rate on Lantmännen's financing service in the period September 1, 2018 to September 30, 2019, estimated value MSEK 12.
- Offer of special credit for managing the cost of repurchasing non-fulfilled forward contracts and pool agreements.

Other significant events during the four-month period

In November, the Lantmännen Board decided on an update of Lantmännen's dividend policy. The decision means that from now on the contribution issue to members is distributed as follows: 50 percent (previously 75 percent) on paid-in and issued capital and 50 percent (previously 25 percent) on members' turnover with Lantmännen. Other parts of the dividend policy are unchanged.

Lantmännen and Felleskjøpet Agri initiated a collaboration to develop digital agricultural services. At the same time, the Norwegian company Felleskjøpet Agri acquired part of Lantmännen's subsidiary Dataväxt, which provides digital services for Swedish farmers. Lantmännen is still the majority owner of Dataväxt.

Kerstin Arnemo resigned from the Lantmännen Board in October at her own request.

Lantmännen was named Sweden's most sustainable brand in the fast-moving consumer goods category in the Sustainable Brand Index (SBI) survey of Swedish business customers, which was presented in November. Earlier in the year – when SBI published its brand survey of Swedish consumers – Lantmännen was named Sweden's most sustainable food brand and Sweden's third most sustainable brand.

Brexit

The UK is due to leave the EU on March 29, 2019, and Brexit is expected to have a significant impact on companies that do business in or with the UK. Unibake is preparing for a worst-case scenario, and Brexit has been an important focus area during the year. To identify risks and ensure adequate measures are in place, a project team was established during the year and will continue to work in the early part of 2019.

Events after the end of the period

In January 2019, Lantmännen Unibake acquired the Australian pastry manufacturer Bakery Du Jour. The company has annual sales of just over MSEK 200 and 90 employees.

Lantmännen came first in Business Index 2019, a new sustainability study that ranks Sweden's 50 largest companies in terms of sustainability and value creation in their operations.



Agriculture Sector

Key figures Agriculture Sector	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec	Change
Net sales, MSEK	6,279	6,106	19,338	16,660	16 %
Operating income, MSEK	-95	71	131	337	-206
Operating margin, %	-1.5	1.2	0.7	2.0	
Return on operating capital, %	-3.8	3.5	2.0	6.1	
Operating income, adjusted for items affecting comparability, MSEK	-29	71	197	337	-140
Operating margin, adjusted for items affecting comparability, %	-0.5	1.2	1.0	2.0	
Return on operating capital, adjusted for items affecting comparability, %	-1.2	3.5	3.0	6.1	
Average number of employees			1,678	1,697	-1 %

The Agriculture Sector's net sales for 2018 are significantly higher than in the previous year, mainly due to the acquisition of Lantmännen Agro in Finland, completed in June 2017, and generally higher price levels. The Sector's operating income adjusted for items affecting comparability amounts to MSEK 197, compared with MSEK 337 in the previous year. The lower operating income is due to the year's low grain harvest.

The Agriculture Sector has items affecting comparability of MSEK -66 related to the extra discount and supplement on trading with Lantmännen Lantbruk Sweden and the waiving of the fee for repurchased grain contracts. The item is part of Lantmännen's action package to ease the negative effects of the drought.

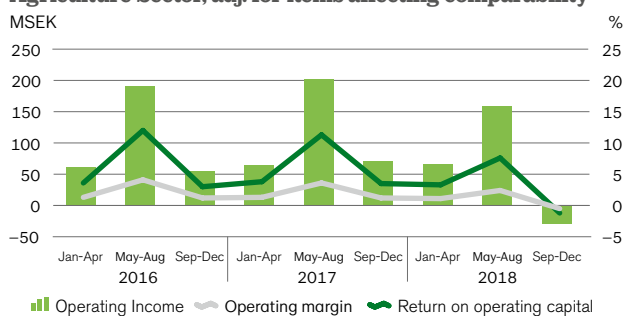
The drought and heatwave during the 2018 harvest year had a strong influence on the last six months of the year and will continue to have a significant effect in the period ahead. This places great demands on, among other things, the Sector's ability to provide the industrial businesses with grain and on taking concrete action to ease the effects of the drought. As a result of the low harvest, Sweden has gone from exporter to importer of grain, leading to a sharp increase in tied-up capital in Lantmännen's agribusiness.

Demand for feed has been very high during and after summer due to the drought and shortage of roughage on farms. The year's fall-sown acreage is unusually large, which has led to increased demand for seed during fall, mainly rape and winter wheat. There has been a significant shortage of spring seed. After the end of the year, the EU approved a Swedish dispensation to use seed from farms, which facilitates the situation ahead of the spring sowing.

The integration of Lantmännen Agro in Finland is progressing well, and the implementation of a Sector-wide ERP system was completed in November. The acquisition of the Finnish company Raisio's cattle feed business (renamed Lantmännen Feed) was completed on November 1.

The Sector's international interest holdings in Germany, Poland and the Baltic region were also affected by the summer's extreme weather, and these operations reported a lower operating income than in the previous year.

Agriculture Sector, adj. for items affecting comparability





Key figures, Lantmännen Lantbruk Sweden	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec	Change
Net sales, MSEK	3,752	3,738	11,622	11,169	4 %
Operating income, MSEK	-109	3	38	226	-188
Operating margin, %	-2.9	0.1	0.3	2.0	
Return on operating capital, %	-8.1	0.3	1.1	8.2	
Operating income, adjusted for items affecting comparability, MSEK	-43	3	104	226	-122
Operating margin, adjusted for items affecting comparability, %	-1.1	0.1	0.9	2.0	
Return on operating capital, adjusted for items affecting comparability, %	-3.2	0.3	3.0	8.2	
Average number of employees			757	807	-6 %

Key figures, Lantmännen Maskin Sweden	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec	Change
Net sales, MSEK	1,222	1,247	3,875	3,629	7 %
Operating income, MSEK	-2	-10	1	-3	4
Operating margin, %	-0.2	-0.8	0.0	-0.1	
Return on operating capital, %	-0.5	-3.2	0.1	-0.3	
Average number of employees			815	831	-2 %

The dry, hot summer also had an impact on Lantmännen Maskin during the year: farmers showed less ability to invest and the Swedish tractor market continued to decline in 2018, which brought further price pressure in the market. Lantmännen's order intake was good up to and including the start of the third four-month period but declined towards the end of the year. Demand for equipment, spare parts and servicing remains good.

A cost-saving and efficiency program was initiated within Lantmännen Maskin during the year. The workforce has been slightly reduced and the product range is under continuous development, with a greater focus on offering machine-related products, while more peripheral parts of the range are being phased out.

A number of new services were launched in the LM² web portal during the year, including price display and LM² Finance. A collaboration on digitalization was initiated with the Norwegian company Felleskjøpet Agri in September.



Energy Sector

Key figures, Energy Sector

	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec	Change
Net sales, MSEK	1,041	974	3,117	3,068	2 %
Operating income, MSEK	16	44	168	156	12
Operating margin, %	1.5	4.5	5.4	5.1	
Return on operating capital, %	4.0	17.6	14.6	20.5	
Operating income, adj. for items affecting comparability, MSEK	48	44	200	296	-96
Operating margin, adj. for items affecting comparability, %	4.6	4.5	6.4	9.6	
Return on operating capital, adjusted for items affecting comparability, %	12.3	17.6	17.4	38.9	
Average number of employees			282	258	9 %

The Sector's net sales for 2018 are in line with the previous year, while operating income adjusted for items affecting comparability is MSEK 200 – a decline from MSEK 296 the previous year. Net sales and earnings were positively affected by Lantmännen Aspen's acquisition of the French alkylate petrol producer Marline, which was completed at the end of 2017.

Lantmännen Agroetanol's operating income is considerably lower than in the previous year. This is mainly due to lower ethanol prices than in the previous year and higher grain prices at the end of the year as a result of the summer drought. Production during the year was affected by planned feed dryer replacements: to date, two out of four dryers have

been replaced. In November, a new facility was opened in Kotka in Finland for recycling residues, from, for example, Lantmännen's bakeries, for use as a raw material in ethanol production.

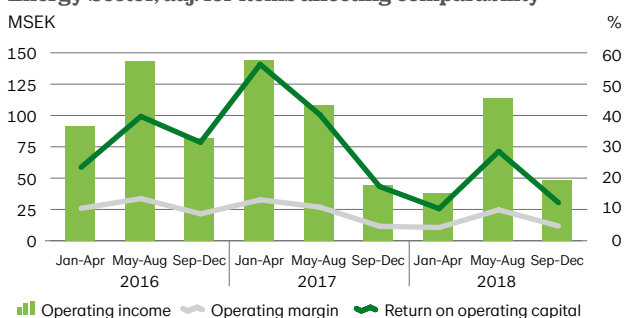
Lantmännen Aspen shows higher operating income than in the previous year, largely due to the contribution from the acquisition of Marline in France and a favorable currency effect due to the weak Swedish krona. The dry, hot summer in northern Europe has meant lower alkylate petrol sales.

Lantmännen Reppe shows an operating income in line with the previous year, and the company has continued to work on developing new products and increasing production efficiency. Production in Växjö ceased in December, due to insufficient profitability; Reppe will now focus on the production of gluten, spirits, starch and feedstuffs in Lidköping. Costs for discontinuing the operations in Växjö have affected the Sector's operating income, with an item affecting comparability of MSEK -32.

The jointly owned pellet company Scandbio shows a slightly higher operating income than in the previous year, mainly due to the cold start to the year.

In November, Scania in collaboration with Agroetanol launched the world's first ethanol heavy goods vehicle. The new HGV model is powered by ED95, an ethanol-based fuel, and represents a step towards reducing fossil fuel dependency and associated emissions in road transport.

Energy Sector, adj. for items affecting comparability





Food Sector

Key figures, Food Sector

	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec	Change
Net sales, MSEK	5,233	4,834	15,351	14,349	7 %
Operating income, MSEK	192	173	748	739	9
Operating margin, %	3.7	3.6	4.9	5.2	
Return on operating capital, %	3.9	3.6	5.0	5.4	
Operating income, adj. for items affecting comparability, MSEK	231	204	787	708	79
Operating margin, adj. for items affecting comparability, %	4.4	4.2	5.1	4.9	
Return on operating capital, adjusted for items affecting comparability, %	4.6	4.3	5.3	5.1	
Average number of employees			6,568	6,499	1 %

The Food Sector's net sales are higher than in the previous year. Operating income adjusted for items affecting comparability amounts to MSEK 787, compared with MSEK 708 in the previous year. Both sales and earnings have been positively affected by currency translation effects, primarily in Lantmännen Unibake.

Lantmännen Cerealia shows a slightly higher operating income than in the previous year, mainly due to continued cost savings and the contribution from the Russian crispbread producer Orient Products, acquired in September 2017. During the year, Lantmännen Cerealia also took over the mix and packing business of the food company Ceres in Bjuv. Despite intense competition in large parts of the market, Lantmännen Cerealia has increased its market share in Sweden in

the large breakfast category. Demand for oat products in particular has increased in 2018.

Lantmännen Unibake continues to perform well and reported higher earnings than in the previous year. In particular, Russia, the UK, Finland and the Baltic region are developing well, showing growth exceeding the rest of the market. Unibake's results have been adversely affected by planned start-up costs in the new bakeries in Belgium and Poland, which are both now producing at higher capacity and utilization.

Lantmännen Unibake's earnings have been positively affected by the continuous efforts to reduce costs in production, and by the fact that costs for higher butter prices have been largely compensated for in stores.

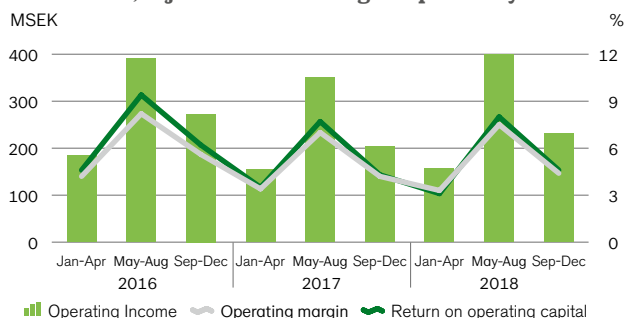
Both Lantmännen Cerealia and Lantmännen Unibake were affected by rising raw material prices towards the end of the year as a result of the summer drought. In some areas, challenges are also linked to the generally lower quality of the year's harvest compared with the previous year.

The Sector has an item affecting comparability of MSEK -39 related to restructuring in Lantmännen Unibake.

The operations of the jointly-owned company Viking Malt continue to develop well, although the quality of the year's harvest has presented certain production challenges due to high protein content.

The Sector's operating income was positively affected by the sale of the associated company Struer Brød.

Food Sector, adj. for items affecting comparability





Swecon Business Area

Key figures Swecon Business Area	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec	Change
Net sales, MSEK	3,040	2,636	8,252	7,361	12 %
Operating income, MSEK	221	168	440	372	68
Operating margin, %	7.3	6.4	5.3	5.1	
Return on operating capital, %	161.9	118.0	104.6	82.0	
Average number of employees			1,119	1,053	6 %

The Swecon Business Area's net sales are higher than in the previous year. Operating income was MSEK 440, an increase from MSEK 372 for the previous year – and Swecon's highest ever operating income.

In Sweden, the total market remains at a high level, and both sales and the order backlog were at historically high levels at the end of 2018. The larger machinery population and increased machine utilization by Swecon's customers mean that the servicing and spare parts market is also increasing. Competition increased a little during the last months of the year.

The total market is increasing in Germany, and Swecon has continued to gain market shares during the year. Swecon

is maintaining its market shares in the Baltic countries. In Germany and the Baltic region, the increased machinery population and higher utilization are also driving the aftermarket in terms of servicing and spare parts.

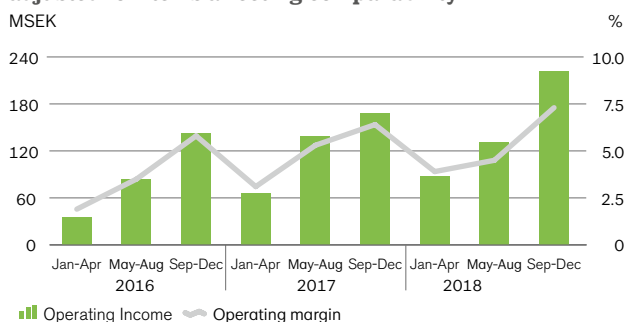
A continuing major challenge is the lack of technical staff, and finding and training new employees to respond to the increased demand. During the year, Swecon has appointed a number of new technicians, although the availability of machine operators and technical staff is still limited and there is fierce competition in the labor market.

Deliveries of wheel loaders to the Swedish Defense Materiel Administration began at the end of the year. The agreement covers about 50 new wheel loaders per year over the next two years, and also includes technical system support and other support, as well as spare parts and service availability.

The large German construction exhibition NordBau took place in September. One of the new features introduced at the Exhibition was "mySwecon" – a new digital service for Swecon's customers, which collects information about the customer's machines and facilitates contact with Swecon and bookings for spare parts or servicing. MySwecon is based on the same technical platform as LM².

The Volvo CE Masters EMEA competition for technicians was held in Dubai at the end of November, with ten teams being tested on both theoretical and practical knowledge. Swecon Germany took third place and goes through to the global final to be held in Eskilstuna in March.

Swecon Business Area, adjusted for items affecting comparability





Real Estate Business Area

Key figures Real Estate Business Area	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec	Change
Net sales, MSEK	177	176	525	511	3 %
Operating income, excluding property sales, MSEK	73	65	213	204	9
Operating income, MSEK	73	66	265	302	-37
Return on operating capital, adjusted for property sales, %	9.6	9.2	9.6	9.7	
Operating income, adj. for items affecting comparability, MSEK	73	66	265	224	41
Average number of employees			46	45	2 %

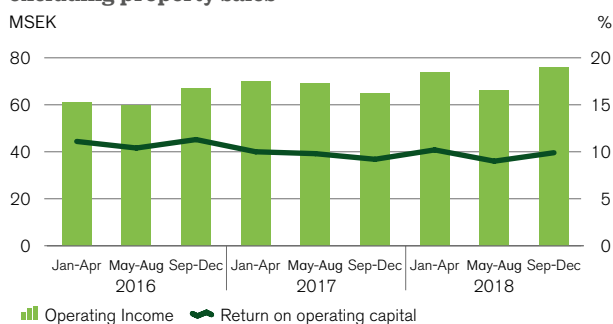
The Real Estate Business Area's net sales are a little higher than the previous year, and operating income excluding property sales is MSEK 213, compared with MSEK 204 the previous year. Income from property sales was MSEK 52 (98). Operating income excluding property sales has been positively affected by increased leasing, particularly during the first four months.

The difference in income from property sales is due to the previous year's large divestment of community properties to the property company Lanthem, now jointly owned by Lantmännen Real Estate and Hemsö.

As part of the acquisition of the Finnish company Raisio's cattle feed business, which was finalized in November, Lantmännen Real Estate has acquired two feed factories Ylivieska and Kouvola. During the year, Lantmännen Real Estate secured land in a number of strategically important locations – including Svalöv, Kalmar and Örebro. Work on building a new facility for Swecon in Mölndal also began during the year. The facility is planned to be ready for occupancy in the last quarter of 2019.

Lantmännen Agrovärme's operations continue to develop according to plan. The result for 2018 is a little lower than in the previous year, due to the warm weather of the summer and the challenges of securing chip raw material.

Real Estate Business Area, excluding property sales





Lantmännen's international ownership

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

Lantmännen and the Danish agricultural company DLG (Dansk Landbrugs Grovvarereselskab) jointly own the company Lantmännen DLG International (LDI) for the purpose of strengthening and expanding existing international agricultural cooperation. The purpose of the company is to expand the position in markets and businesses where Lantmännen and DLG already have a strong partnership and to expand into new, mainly European, markets.

HaGe Kiel holding 41 %

Hauptgenossenschaft Nord (HaGe Kiel) has an annual turnover of approximately EUR 2 billion and about 1,550 employees. Lantmännen owns 41 percent of HaGe Kiel, while DLG owns 54 percent. Operations include grain trading and the sale of inputs in the agricultural market. HaGe Kiel has well developed logistics chains and port terminals located in Hamburg, Kiel and Rostock which supply the market with grain and oilseeds, both locally and internationally. HaGe Kiel has feed factories and also trades in agricultural goods, machinery and sales of leisure and garden products. Lantmännen's share of income is included in the Agriculture Sector.

Scandagra Group holding 50 %

Scandagra Group operates in the Baltic region. The Group has an annual turnover of just over EUR 300 million and about 350 employees. The company is jointly owned (50-50) by Lantmännen and DLG. The operations are conducted through three sales companies – Scandagra Eesti, Scandagra Latvia and Scandagra Lietuva. The sales companies engage in the sale of crop production inputs and the purchase and sale of grain. Scandagra Eesti also has a feed plant with a production capacity of just over 100,000 tonnes. Lantmännen's share of income is included in the Agriculture Sector.

Scandagra Polska holding 50 %

Scandagra Polska, a merchant of grain and other inputs in the Polish agricultural market, has an annual turnover of just over PLN 400 million (approximately EUR 100 million) and about 120 employees. The company is jointly owned (50-50) by Lantmännen and DLG. Scandagra Polska is one of many traders in the large and fragmented Polish market. Lantmännen's share of income is included in the Agriculture Sector.

Scandbio holding 50 %

Scandbio is the largest wood fuel company in Sweden and sells 100 percent renewable energy in the form of heat pellets, wood powder, briquettes, biomass logs and bedding pellets. The products are manufactured by using residues from the sawmill industry. The company has an annual turnover of approximately SEK 1 billion and about 160 employees. Scandbio has a strong position in the Swedish market and in the Baltic Sea region. Lantmännen and Neova each own 50 percent of the company. Lantmännen's share of income is included in the Energy Sector.

Viking Malt holding 37.5 %

Viking Malt refines grain, and supplies about 600,000 tonnes of malt annually to breweries and distilleries in northern Europe, and a number of customers around the world. Viking Malt produces malt in Finland, Sweden, Denmark, Poland and Lithuania. The company has an annual turnover of just over EUR 200 million and about 240 employees. Lantmännen owns 37.5 percent of the company, with the remainder being owned by the Finnish company Polttimo. Lantmännen's share of income is included in the Food Sector.

Condensed consolidated income statement

MSEK	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec
Net sales	14,786	13,928	43,962	39,686
Other operating income	70	66	279	440
Changes in inventories of finished goods and work in progress	649	167	-301	-535
Raw materials and consumables	-4,502	-4,826	-12,767	-12,186
Merchandise	-5,824	-4,366	-15,583	-12,471
Employee benefits expense	-2,081	-1,924	-6,037	-5,747
Depreciation, amortization and impairment	-484	-427	-1,363	-1,242
Other operating expenses	-2,362	-2,233	-6,866	-6,422
Share of income of equity accounted companies	27	87	119	154
Operating income	279	472	1,443	1,677
Finance income	18	70	96	151
Finance costs	-105	-133	-289	-307
Income after financial items	192	409	1,250	1,521
Tax	80	-19	-68	-216
Net income for the period	272	390	1,182	1,305
Net income for the period attributable to:				
Members of the economic association	272	391	1,176	1,301
Non-controlling interests	0	-1	6	4

Condensed consolidated statement of comprehensive income

MSEK	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec
Net income for the period	272	390	1,182	1,305
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 before tax	-52	-45	-30	-1
Financial assets at fair value through other comprehensive income, net before tax	-34	-	-69	-
Tax attributable to items that will not be reclassified	11	10	12	0
Total	-75	-35	-87	-1
<i>Items that will be reclassified to the income statement</i>				
Available-for-sale financial assets, net before tax	-	-26	-	-17
Cash flow hedges, net before tax	203	-39	30	-6
Exchange differences on translation of foreign operations	-315	217	198	118
Net gain on hedge of net investment in foreign operations, net before tax	79	-15	-50	-30
Tax attributable to items that will be reclassified	-51	19	15	10
Total	-84	156	193	75
<i>Share of OCI in equity accounted companies</i>				
Items that will be reclassified to the income statement	-67	64	83	43
Total	-67	64	83	43
Other comprehensive income, net before tax	-226	185	189	117
Total comprehensive income for the period	46	575	1,371	1,422
Total comprehensive income attributable to:				
Members of the economic association	46	576	1,365	1,418
Non-controlling interests	0	-1	6	4

Condensed consolidated four-monthly income statements

MSEK	2018 Sep-Dec	2018 May-Aug	2018 Jan-Apr	2017 Sep-Dec	2017 May-Aug	2017 Jan-Apr
Net sales	14,786	15,432	13,744	13,928	13,560	12,198
Other operating income	70	91	118	66	287	87
Changes in inventories of finished goods and work in progress	649	19	-969	167	-192	-510
Raw materials and consumables	-4,502	-4,849	-3,416	-4,826	-3,888	-3,472
Merchandise	-5,824	-5,233	-4,526	-4,366	-4,425	-3,680
Employee benefits expense	-2,081	-1,958	-1,998	-1,924	-1,933	-1,890
Depreciation, amortization and impairment	-484	-442	-437	-427	-417	-398
Other operating expenses	-2,362	-2,307	-2,197	-2,233	-2,217	-1,972
Share of income of equity accounted companies	27	53	39	87	29	38
Operating income	279	806	358	472	804	401
Finance income	18	36	42	70	42	39
Finance costs	-105	-77	-107	-133	-88	-86
Income after financial items	192	765	293	409	758	354
Tax	80	-101	-47	-19	-157	-40
Net income for the period	272	664	246	390	601	314
Net income for the period attributable to:						
Members of the economic association	272	663	241	391	602	308
Non-controlling interests	0	1	5	-1	-1	6

The Group's items affecting comparability

MSEK	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec
Recognized operating income	279	472	1 443	1 677
<i>Items affecting comparability in operating income:</i>				
Insurance compensation, Food Sector	-	-	-	96
Action package, Agriculture Sector	-66	-	-66	-
Restructuring costs, Energy Sector	-32	-	-32	-
Restructuring costs, Food Sector	-39	-31	-39	-65
Provisions, Energy Sector	-	-	-	-140
Capital gains, Lantmännen Real Estate	-	-	-	78
Total items affecting comparability in operating income	-137	-31	-137	-31
Operating income, adjusted for items affecting comparability	416	503	1,580	1,708
Recognized income after financial items	192	409	1,250	1,521
Items affecting comparability in operating income according to above	-137	-31	-137	-31
Income after financial items adjusted for items affecting comparability	329	440	1,387	1,552
Return on equity, adjusted for items affecting comparability, %	7.1	8.3	8.2	9.4
Return on operating capital, adjusted for items affecting comparability, %	5.0	6.7	6.6	7.9

Condensed consolidated statement of financial position

MSEK	2018 31 Dec	2017 31 Dec
ASSETS		
Property, plant and equipment	10,012	9,387
Investment property	661	643
Goodwill	5,350	5,238
Other intangible assets	3,451	3,327
Equity accounted holdings	2,299	2,182
Non-current financial assets	629	825
Deferred tax assets	248	170
Other non-current assets	57	27
Total non-current assets	22,707	21,799
Inventories	6,943	5,948
Trade and other receivables	6,668	5,823
Current interest-bearing assets	39	18
Current tax assets	18	25
Cash and cash equivalents	720	927
Total current assets	14,388	12,741
TOTAL ASSETS	37,095	34,540
EQUITY AND LIABILITIES		
Equity attributable to members of the economic association	15,935	14,859
Non-controlling interests	92	89
Total equity	16,027	14,948
Non-current interest-bearing liabilities ¹⁾	5,493	4,523
Provisions for pensions	611	554
Deferred tax liabilities	650	638
Other non-current provisions	208	240
Other non-current liabilities	43	28
Total non-current liabilities	7,005	5,983
Current interest-bearing liabilities	4,002	3,841
Trade and other payables	9,280	8,966
Current tax liabilities	103	98
Current provisions	678	704
Total current liabilities	14,063	13,609
TOTAL EQUITY AND LIABILITIES	37,095	34,540
Equity ratio	43.2	43.3
¹⁾ Including subordinated debentures, MSEK	250	250

Condensed consolidated statement of cash flows

MSEK	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec
Operating income	279	472	1,443	1,677
Adjustment for non-cash items ¹⁾	464	314	1,191	1,107
Financial items paid, net	-136	-105	-234	-210
Taxes paid	-35	-11	-132	-121
Cash flow from operating activities before changes in working capital	572	670	2,268	2,453
Change in working capital	-586	697	-1,245	-55
Cash flow from operating activities	-14	1,367	1,023	2,398
Acquisitions and divestments of operations, net	-360	-639	-333	-852
Investments in property, plant & equipment and intangible assets	-623	-871	-1,825	-2,593
Sale of property, plant & equipment and intangible assets	78	55	199	319
Change in financial investments	7	136	112	25
Cash flow from investing activities	-898	-1,319	-1,847	-3,101
Cash flow before financing activities	-912	48	-824	-703
Change in interest-bearing liabilities and pension provisions	40	-149	1,108	200
Change in contributed capital	0	-4	100	96
Dividend paid	-132	-1	-603	-445
Cash flow from financing activities	-92	-154	605	-149
Cash flow for the period	-1,004	-106	-219	-852
Cash and cash equivalents at beginning of period	1,733	1,020	927	1,773
Exchange differences in cash and cash equivalents	-9	13	12	6
Cash and cash equivalents at the end of the period	720	927	720	927
¹⁾ Depreciation and impairment of non-current assets	484	427	1,363	1,242
Share of income of equity accounted companies	-19	-84	-58	-117
Capital gains/losses on sale of non-current assets and operations	4	1	-45	-108
Other non-cash items	-5	-30	-69	90
Adjustment for non-cash items	464	314	1,191	1,107

Condensed consolidated statement of changes in equity

MSEK	2018 Jan-Dec			2017 Jan-Dec		
	Members of the association	Non- controlling interest	Total equity	Members of the association	Non- controlling interest	Total equity
Closing balance	14,859	89	14,948	13,795	88	13,883
Changes due to amended accounting policies in associates	-33	-	-33	-	-	-
Opening balance, January 1	14,826	89	14,915	13,795	88	13,883
Total comprehensive income for the period	1,365	6	1,371	1,418	4	1,422
Distribution to owners	-356	-3	-359	-450	-7	-457
Contributed capital paid in by members	161	-	161	171	-	171
Contributed capital paid out to members	-61	-	-61	-75	-	-75
Other change ¹⁾	-	-	-	-	4	4
Closing balance	15,935	92	16,027	14,859	89	14,948
Equity attributable to members of the economic association						
Contributed capital, paid in	1,318			1,208		
Contributed capital, issued	1,346			1,256		
Other equity	13,271			12,395		
Total equity attributable to members of the economic association	15,935			14,859		
¹⁾ Of which acquisition of subsidiaries with NCI					4	4

Segment information, adjusted for items affecting comparability

Net sales per segment

MSEK	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec	Change Jan-Dec, %
Agriculture Sector	6,279	6,106	19,338	16,660	16 %
Energy Sector	1,041	974	3,117	3,068	2 %
Food Sector	5,233	4,834	15,351	14,349	7 %
Swecon Business Area	3,040	2,636	8,252	7,361	12 %
Real Estate Business Area	177	176	525	511	3 %
Other operations	228	166	598	637	-6 %
Eliminations	-1,212	-964	-3,219	-2,900	-11 %
Total	14,786	13,928	43,962	39,686	11 %

Operating income per segment, adjusted for items affecting comparability

MSEK	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec
Agriculture Sector	-29	71	197	337
Energy Sector	48	44	200	296
Food Sector	231	204	787	708
Swecon Business Area	221	168	440	372
Real Estate Business Area ¹⁾	73	66	265	224
Other operations	-58	-46	-180	-156
Group items	-70	-4	-129	-73
Total	416	503	1,580	1,708
¹⁾ Including capital gain on sale of property.	0	1	52	20

Operating margin per segment, adjusted for items affecting comparability

%	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec
Agriculture Sector	-0.5	1.2	1.0	2.0
Energy Sector	4.6	4.5	6.4	9.6
Food Sector	4.4	4.2	5.1	4.9
Swecon Business Area	7.3	6.4	5.3	5.1
Total	2.8	3.6	3.6	4.3

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

%	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec
Agriculture Sector	-1.2	3.5	3.0	6.1
Energy Sector	12.3	17.6	17.4	38.9
Food Sector	4.6	4.3	5.3	5.1
Swecon Business Area	161.9	118.0	104.6	82.0
Real Estate Business Area ¹⁾	9.6	9.2	9.6	9.7
Total	5.0	6.7	6.6	7.9

¹⁾ Adjusted for gain on sale of property.

Segment information

Net sales per segment

MSEK	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec	Change Jan-Dec, %
Agriculture Sector	6,279	6,106	19,338	16,660	16 %
Energy Sector	1,041	974	3,117	3,068	2 %
Food Sector	5,233	4,834	15,351	14,349	7 %
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Other operations	228	166	598	637	-6 %
Eliminations	-1,212	-964	-3,219	-2,900	-11 %
Total	14,786	13,928	43,962	39,686	11 %

Operating income per segment

MSEK	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec
Agriculture Sector	-95	71	131	337
Energy Sector	16	44	168	156
Food Sector	192	173	748	739
Swecon Business Area	221	168	440	372
Real Estate Business Area ¹⁾	73	66	265	302
Other operations	-58	-46	-180	-156
Group items	-70	-4	-129	-73
Total	279	472	1,443	1,677
¹⁾ Including capital gain on sale of property.	0	1	52	98

Operating margin per segment

%	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec
Agriculture Sector	-1.5	1.2	0.7	2.0
Energy Sector	1.5	4.5	5.4	5.1
Food Sector	3.7	3.6	4.9	5.2
Swecon Business Area	7.3	6.4	5.3	5.1
Total	1.9	3.4	3.3	4.2

Return on operating capital per segment

%	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec
Agriculture Sector	-3.8	3.5	2.0	6.1
Energy Sector	4.0	17.6	14.6	20.5
Food Sector	3.9	3.6	5.0	5.4
Swecon Business Area	161.9	118.0	104.6	82.0
Real Estate Business Area ¹⁾	9.6	9.2	9.6	9.7
Total	3.3	6.3	6.0	7.8

¹⁾ Adjusted for gain on sale of property.

Parent Company

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

The Parent Company's net sales amounted to MSEK 12,099 (11,571) and its operating income was MSEK -111 (-10).

Net financial income amounted to MSEK 165 (557). Net financial income includes dividends of MSEK 81 (597). Net financial income was also affected by currency effects of MSEK -67 (-54), mainly due to a weaker Swedish krona. Income after financial items was MSEK 54 (547).

Investments in non-current assets during the year totaled MSEK 169 (130).

The equity ratio at the end of the year was 44.9 (45.0) percent.

The average number of employees was 953 (1,023).

The number of members on December 31, 2018 was 24,798 (25,021).

As part of Lantmännen's action package to ease the negative economic effects of the drought, the extraordinary general meeting on September 1, 2018 adopted an extra dividend for 2017, calculated as 2 percent on trading with Lantmännen Lantbruk Sweden during the period January to August 2018. The dividend, which amounted to MSEK 133, was paid in September. See page 5 for further information about Lantmännen's action package.

Proposed dividend

The Board of Directors proposes that dividends be paid to both direct members and local associations as follows:

Refund and supplementary payment:

- 1.5 (2.5) percent in refund and supplementary payment on the members' trading with Lantmännen Lantbruk Sweden.
- 0.5 (0.5) percent in refund on members' purchases from Lantmännen Maskin's and Swecon's Swedish operations.

The total proposed refund and supplementary payment is MSEK 156 (245).

Contribution dividend of 8 (9) percent on the nominal value of the contributions, totaling MSEK 213 (222).

Contribution issue of MSEK 250 (100). The issue capital will be distributed as follows: 50 (75) percent based on members' contributions, paid-in and issued contributed capital, and 50 (25) percent on members' contribution-based turnover with the association in 2018.

In total, the proposed contribution dividend and contribution issue amount to 17 (13) percent of the association's contributed capital.

Dividend

MSEK	2018 ¹⁾	2017
Refund and supplementary payment ²⁾	156	245
Extra dividend paid in September 2018	-	133
Contribution dividend	213	222
Contribution issue	250	100
Total	619	700

¹⁾ According to Board's proposal. As a result of amendments to Lantmännen ek för's Articles of Association, with effect from 2018, decisions on a refund and supplementary payment will be made at Lantmännen's annual general meeting and reported as a dividend directly in equity.

²⁾ The actual outcome of the 2017 refund and supplementary payment was MSEK 245, compared with MSEK 244 allocated in the 2017 financial statements.

The Board also proposes a 5.25 (6.0) percent dividend on subordinated debentures, totaling MSEK 13 (15), based on the conditions in the subordinated debenture offer.

Due to trading in contribution issues, the Board has decided that the date on which holdings give entitlement to a dividend (contribution dividend and contribution issue) is the date of the Annual General Meeting.

The dividend is calculated on the basis of the membership roll on December 31, 2018. The contribution dividend amount may be changed as a result of changes in the membership roll up to May 8, 2019.

Lantmännen's Annual General Meeting

The Annual General Meeting will be held at Clarion Hotel Sign, Norra Bantorget, Stockholm, on Wednesday, May 8, 2019.

Parent Company condensed income statement

MSEK	2018 Jan-Dec	2017 Jan-Dec
Net sales, external	9,521	9,168
Net sales, intra-Group	2,578	2,403
Net sales, total	12,099	11,571
Change in products in progress, finished goods and work in progress for third parties	-50	292
Other operating income	277	266
	12,326	12,129
Operating expenses		
Raw materials and consumables	-7,914	-7,806
Merchandise	-1,841	-1,685
Other external costs	-1,745	-1,699
Employee benefits expense	-765	-790
Depreciation, amortization and impairment	-172	-159
Total operating expenses	-12,437	-12,139
Operating income	-111	-10
Income from financial items	165	557
Income after financial items	54	547
Refund and supplementary payment ¹⁾	-2	-243
Group contributions	515	810
Tax	-18	-99
Net income for the period	549	1,015

¹⁾ The actual outcome for the 2017 refund and supplementary payment was MSEK 2 higher than the amount allocated in 2017. The difference has been recognized as an expense in 2018.

Parent Company condensed statement of financial position

MSEK	2018 31 Dec	2017 31 Dec
ASSETS		
Intangible assets	477	499
Property, plant and equipment	749	729
Investments in Group companies	9,808	7,795
Investments in joint ventures/associates	1,240	1,222
Receivables from Group companies	4,906	4,381
Other securities held as non-current assets	154	172
Other non-current receivables	240	268
Total non-current assets	17,574	15,066
Inventories	2,889	2,554
Receivables from Group companies	9,370	11,840
Other current receivables	2,191	1,752
Short-term investments, incl. cash and bank balances	105	186
Total current assets	14,555	16,332
TOTAL ASSETS	32,129	31,398
EQUITY AND LIABILITIES		
Equity	14,050	13,771
Untaxed reserves	466	466
Provisions	95	125
Non-current liabilities	5,043	4,023
Current liabilities to Group companies	6,966	7,291
Other current liabilities	5,509	5,722
TOTAL EQUITY AND LIABILITIES	32,129	31,398
Equity ratio	44.9	45.0

Notes

Accounting policies

Lantmännen applies International Financial Reporting Standards (IFRS), as adopted by the EU. This year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Reporting for the Parent Company is in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. Accounting policies and calculation methods are unchanged from those applied in the 2017 annual report, apart from the application of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, which began with effect from January 1, 2018. IFRS 9 and 15 and their effects on Lantmännen are commented on below. A description of Lantmännen's accounting policies as a result of the introduction of IFRS 9 and 15 can be found in Lantmännen's 2017 Annual Report.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains a model for the classification and measurement of financial instruments, a forward-looking impairment model for financial assets and a revised approach to hedge accounting. Classification and measurement under IFRS 9 are based on the entity's business model for managing financial assets and the assets' contractual cash flow characteristics. The introduction of IFRS 9 means changes to Lantmännen's classification of certain financial assets. This does not affect how these assets are valued in the balance sheet but affects how changes in value are reported. In other respects, the introduction of IFRS 9 does not have any material impact on the reporting of financial instruments. The introduction of IFRS 9 essentially involves the following changes to classification under IAS 39:

- Certain holdings classified as available-for-sale financial assets under IAS 39 are classified as at fair value through profit or loss under IFRS 9. The carrying amount of these holdings was MSEK 16 on December 31, 2017. The changed classification did not affect the carrying amount at the transition date.
- Certain holdings classified as at fair value through profit or loss under IAS 39 are classified as at fair value through other comprehensive income under IFRS 9. The carrying amount of these holdings was MSEK 123 on December 31, 2017. The changed classification did not affect the carrying amount at the transition date.

In summary, this means that assets measured at fair value through other comprehensive income increase compared with IAS 39. The transition to IFRS 9 does involve any change to the classification of other financial assets and liabilities. However, the names of the financial asset and liability categories are changed. In the transition rules for IFRS 9, Lantmännen has taken advantage of the option not to restate comparatives for 2017.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces all previously issued revenue-related standards and interpretations with a single model for revenue recognition. According to IFRS 15, revenue must be recognized when a promised product or service is transferred to a customer, either over time or at a point in time. Revenue is the amount that the entity expects to receive in exchange for transferred goods or services.

IFRS 15 entered into force on January 1, 2018. The Group and the Parent Company have applied the standard, including the 2016 amendments, from that date using the full retrospective method, with restatement of comparatives. The transition to IFRS 15 has not had any material financial restatement effects as of the transition date, which means that no adjustment of opening equity on January 1, 2017 has been reported. In addition, no adjustments have been required for the comparative year 2017. The comparative figures for 2017 are therefore unchanged.

Lantmännen's net sales

MSEK	2018 Sep-Dec	2017 Sep-Dec	2018 Jan-Dec	2017 Jan-Dec
Net sales from contracts with customers:				
Lantmännen Lantbruk Sweden	3,752	3,738	11,622	11,169
Lantmännen Lantbruk Finland	1,245	1,105	3,612	1,754
Lantmännen Maskin Sweden	1,222	1,247	3,875	3,629
Agriculture Sector, other and eliminations	60	16	229	108
Agriculture Sector	6,279	6,106	19,338	16,660
Lantmännen Agroetanol	585	593	1,734	1,903
Lantmännen Reppe	166	151	472	454
Lantmännen Aspen	299	233	928	721
Energy Sector, other and eliminations	-9	-3	-17	-10
Energy Sector	1,041	974	3,117	3,068
Lantmännen Cerealia	1,437	1,378	4,139	3,980
Lantmännen Unibake	3,914	3,575	11,584	10,726
Food Sector, other and eliminations	-121	-119	-375	-357
Food Sector	5,230	4,834	15,348	14,349
Swecon Sweden	1,596	1,429	4,116	3,881
Swecon Germany	1,196	979	3,394	2,816
Swecon Baltic	91	84	287	233
Swecon Business Area, other and eliminations	-2	-4	-3	-6
Swecon Business Area	2,881	2,488	7,794	6,924
Real Estate Business Area	39	43	114	109
Other operations	228	166	598	637
Eliminations	-1,127	-882	-2,967	-2,660
Total	14,571	13,729	43,342	39,087
Net sales from leasing activities:				
Food Sector	3	-	3	-
Swecon Business Area	159	148	458	437
Real Estate Business Area	138	133	411	402
Eliminations	-85	-82	-252	-240
Total	215	199	620	599
Total net sales	14,786	13,928	43,962	39,686

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 Leases from January 1, 2019. The new standard makes no distinction between operating and finance leases for the lessee. Under the new standard, lessees are required to account for leases as a right-of-use asset, i.e. the right to use the asset during the lease term, and a financial liability, i.e. the lessee's commitment to make lease payments. Depreciation of the right-of-use asset and interest on the lease liability are reported in the income statement. Lease payments are apportioned between the finance charge and reduction of the lease liability. Lantmännen has chosen to apply the exemption that the standard allows for short-term (lease term less than 12 months) and leases where the underlying asset is of low value. The new standard does not involve any major differences for lessors.

In 2017, Lantmännen initiated a project to evaluate the effects of the new standard. The project has identified operating leases primarily for land, office premises, production and warehouse premises, rental machines, service vehicles and company cars.

Lantmännen has chosen to apply the simplified transition approach, which means that comparative amounts for previous periods have not been restated. A marginal borrowing rate has been set for each country for discounting identified leases. The right-of-use period has been assessed

on the basis of knowledge of the length of underlying agreements as well as termination and extension clauses. Right-of-use agreements shorter than 12 months or which terminate within 12 months of the transition date are classified as short-term leases and are therefore not included in the reported financial liabilities or rights of use. Right-of-use agreements with a replacement value of less than SEK 50,000 and all leases relating to office equipment have been classified as low value leases and are not included in the reported financial liabilities or rights of use.

Existing finance leases previously reported under IAS 17 Leases are reclassified in accordance with IFRS 16 at their reported amounts on the day before the application of the new standard.

Lantmännen estimates that a further SEK 2.6 billion in right-of-use assets and lease liabilities will be recognized in the balance sheet as of the transition date, January 1, 2019. The assessment is that operating income in 2019 will increase marginally and that income after financial items will decline marginally.

The RFR 2 exception concerning leases will be applied for the Parent Company. This means that the Parent Company's principles for accounting for leases will be unchanged.

Financial assets and liabilities with information on fair value, December 31, 2018

MSEK	Carrying amount	Fair value
Assets		
Other shares and interests	364	364
Other financial assets	265	265
Other non-current assets	57	57
Trade and other receivables	6,101	6,101
Current interest-bearing assets	39	39
Cash and cash equivalents	720	720
Total financial assets	7,546	7,546
Liabilities		
Non-current interest-bearing liabilities	5,493	5,598
Other non-current liabilities	43	43
Current interest-bearing liabilities	4,002	3,999
Trade and other payables	7,565	7,565
Total financial liabilities	17,103	17,205

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

MSEK	Level 1	Level 2	Level 3	Total
Assets				
Derivatives with positive fair value	296	9	-	305
Other financial assets measured at fair value	257	0	106	363
Total assets	553	9	106	668
Liabilities				
Derivatives with negative fair value	186	117	-	303
Total liabilities	186	117	-	303

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.

Changed tax rate in Sweden

During 2018, it was decided that corporate income tax in Sweden would be reduced from January 1, 2019. A calculation of the effect of the lower tax rate was made at the end of the year, which shows that the Group's earnings and balance sheet were only marginally affected.

Provision in connection with the EU Commission's investigation

A provision of MSEK 440 has been recognized since the previous year in connection with the European Commission's investigation of Lantmännen Agroetanol and two other ethanol producers for alleged violation of EU competition law. Lantmännen has cooperated fully with the EU Commission during the investigation and is now engaged in a settlement process.

Segments

On January 1, 2018, an organizational change was made. After the reorganization, Lantmännen presents financial information for the Agriculture, Energy and Food Sectors, and the Swecon and Real Estate business areas. Comparative figures for 2017 have been restated according to the new organization.

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

MSEK	Carrying amount	Fair value
Assets		
Other shares and interests	457	457
Other financial assets	368	368
Other non-current assets	27	27
Trade and other receivables	5,411	5,411
Current interest-bearing assets	18	18
Cash and cash equivalents	927	927
Total financial assets	7,208	7,208
Liabilities		
Non-current interest-bearing liabilities	4,523	4,524
Other non-current liabilities	28	28
Current interest-bearing liabilities	3,841	3,841
Trade and other payables	7,346	7,346
Total financial liabilities	15,738	15,739

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

MSEK	Level 1	Level 2	Level 3	Total
Assets				
Derivatives with positive fair value	83	3	-	86
Other financial assets measured at fair value	421	0	126	547
Total assets	504	3	126	633
Liabilities				
Derivatives with negative fair value	42	25	-	67
Total liabilities	42	25	-	67

Alternative performance measures

In addition to the application of IFRS, Lantmännen has also chosen to follow new guidelines on definitions of alternative performance measures issued by the European Securities and Markets Authority (ESMA). An APM is a measure that is used to evaluate an entity's financial position but is

not defined in any of the IASB's issued international reporting standards. The Guidelines require entities to provide an explanation of the basis of calculation of the alternative performance measures used. These principles are aimed at giving external parties better understanding of an entity's financial statements.

Description of financial performance measures (including alternative performance measures)

Key figures	Description	Reason for use
Adjusted income	Adjusted income is income net of items affecting comparability.	An adjustment to exclude items affecting comparability.
Average equity/operating capital	Average capital is computed on the closing balance of each month in the accounting period, i.e. twelve periods for the full year. All average capital ratios are calculated in this way.	Ensures accurate calculation of return on equity and operating capital.
Capital turnover rate	Net sales divided by average operating capital.	Shows the efficiency of the use of operating capital.
Cash flow from operating activities	Net income for the period adjusted for items that are not cash inflows or outflows but accounting costs, such as depreciation and capital gains/losses. Adjustments are also made for financial items and income taxes paid, and changes in inventories, operating receivables and operating liabilities.	Shows cash flow from operations that can be used for investments and acquisitions.
EBITDA according to bank definition.	Operating income, excluding income from associates, and excluding depreciation, amortization and impairment. Operating income is also adjusted for acquired and divested companies, and refers to the last 12 months.	To calculate the key ratio Net debt according to bank definition/EBITDA according to bank definition.
Equity ratio	Equity divided by total assets.	Shows the proportion of the assets that are financed by the owners.
Interest coverage ratio	Interest coverage ratio is calculated as income after financial items plus interest expenses divided by interest expenses.	Shows the ability to cover interest expenses.
Investments in non-current assets	Total of the period's investments in property, plant & equipment and intangible assets.	The size of the investments made to maintain existing capacity and to achieve expansion and growth.
Items affecting comparability	The Group's income can be inflated or reduced by certain items that affect comparability. These are one-time items not directly related to the planned future operations and outside the range of MSEK +/-30.	Accounting for items that have been adjusted due to specific events that otherwise affect comparability between different periods. Provides a better understanding of the operating activities.
Liquidity reserve	Cash and cash equivalents and loans granted under the provisions in the existing loan agreements.	Shows the available borrowing capacity based on the current loan agreements.
Net debt	Net debt comprises interest-bearing liabilities, including pension liabilities and accrued interest, less financial assets.	Shows the net of interest-bearing assets and interest-bearing liabilities.
Net debt according to bank definition	Net debt according to bank definition is based on net debt, but it is calculated as the effect of no financial assets being included, except cash and cash equivalents and certain listed (liquid) shares, and less subordinated debentures.	To calculate the key ratio Net debt according to bank definition/EBITDA according to bank definition.
Net debt according to bank definition/EBITDA according to bank definition.	Net debt according to bank definition divided by EBITDA according to bank definition.	Indicates how fast a company can repay its debt (expressed in years).
Net debt/equity ratio	Net debt divided by equity.	Shows financial risk and is therefore used to view the level of debt funding.
Net financial income	Net financial income is finance income less finance costs.	Shows the net result of the company's financial operations.
Operating capital	Operating capital is calculated as non-interest-bearing assets minus non-interest-bearing liabilities. Tax assets and tax liabilities are not included in operating capital's assets and liabilities.	Shows how much capital is used in the operations.
Operating income	Operating income consists of net sales and other operating income less operating expenses.	Shows the result of operating activities.
Operating margin	The operating margin is operating income as a percentage of net sales for the period.	Shows the profitability of the operations.
Return on equity	Return on equity is calculated as annualized net income for the period divided by average equity.	Shows owners the return on their invested capital.
Return on operating capital	Return on operating capital is calculated as annualized operating income for the period divided by average operating capital.	Measures the return on the capital used in the business.

On assignment for the Board of Directors
Stockholm, February 5, 2019



Per Olof Nyman
President & CEO
Lantmännen

Review report

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

For more information, please contact

Per Olof Nyman
President & CEO

per.olof.nyman@lantmannen.com

Ulf Zenk

Senior Vice President & CFO

ulf.zenk@lantmannen.com

This information is information that Lantmännen ek för is required to disclose under the EU Market Abuse Regulation. The information was submitted by the above contact person for publication at 08.00 CET February 6, 2019.



Together we take responsibility from field to fork

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