

# Year-end Report

January - December 2008



Lantmännen



# Lantmännen

Lantmännen is one of the Nordic region's largest food, energy and agriculture groups. Lantmännen is owned by around 40,000 Swedish farmers. The basis of Lantmännen's operations is arable land and its possibilities. The Group operates in all links of the value chain, from farmland to fork.

## Significant events

### First quarter 2008

- Lantmännen Cerealia was formed through the merger of Lantmännen Axa and Lantmännen Mills.
- Lantmännen acquired 50 percent of GoGreen and 28 percent of JSC Rigas Dzirnavniesks from the Finnish company Raisio, which assumed Lantmännen's 25 percent stake in Melia.
- Lantmännen divested its holding in Svenska Foder.
- Lantmännen Unibake acquired Baco OY, Finland.
- Svalöf Weibull divested Weibull Trädgård.
- The Supreme Court ruled that Lantmännen is not liable for what the Swedish Board of Agriculture paid out to farmers whose farms were affected by feed infected by salmonella in 2003.
- Lantmännen's Code of Conduct was adopted.

### Second quarter 2008

- Lantmännen increased its holding in HaGe Kiel, Germany, to 38 percent.
- Lantmännen Unibake acquired the U.S. bakery Euro-Bake and the U.K. bakery Eurobuns.
- Lantmännen divested the Group's shareholding in the Danish company Hedegaard A/S.

### Third quarter 2008

- Lantmännen Granngården and its subsidiary Nordpost were divested to EQT.
- Lantmännen acquired a minority stake in Bosarpkyckling AB, Sweden.

### Fourth quarter 2008

- An agreement was reached with Fazer on the divestment of Lantmännen Färskröd in Sweden.

- Lantmännen and BASF did a share swap whereby Svalöf Weibull became a wholly owned subsidiary of Lantmännen and the Group's part ownership of BASF Plant Science ended.
- An Extraordinary Association Meeting approved amending the Articles of Association to permit trading in issued contributions.
- Lantmännen began its long-term brand-building efforts for "Good food".
- Operations began on Lantmännen Energi's new ethanol line at the plant in Norrköping, Sweden.

### After the end of the financial year

- The divestment of the Swedish fresh bread business to Fazer was completed in January.

#### Financial reporting

Interim Report Q1	April 29, 2009
Interim Report Q2	July 24, 2009
Interim Report Q3	November 5, 2009

#### Notice of Annual Association Meeting

The Annual Association Meeting will be held at Clarion Hotell, Ringvägen 98, Stockholm, on Tuesday, April 28, 2009, at 10:00 am

*The Annual Report 2008 will be published on [www.lantmannen.com](http://www.lantmannen.com) on February 27, 2009, and distributed by mail to members starting March 6, 2009.*

# Year in brief

**Net sales** for the Group during the year amounted to MSEK 42,868 (35,989), an increase of 19 percent.

**Operating income** during the year amounted to MSEK 1,136 (870), an increase of 31 percent.

**Income after financial items** during the year totaled MSEK 702 (822). Adjusted for items affecting comparability, cumulative income after financial items in the period was MSEK 622 (470).

**Net income for the year** was MSEK 558 (588).

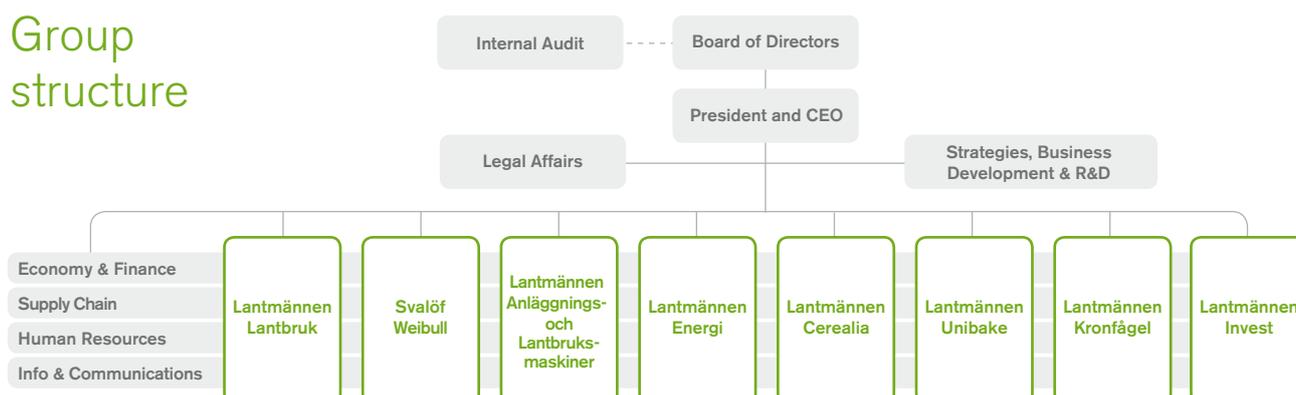
**Investment during the year** amounted to MSEK 2,700 (2,259).



## Key figures

	2008 Oct-Dec	2007 Oct-Dec	2008 Jan-Dec	2007 Jan-Dec	Change
Net sales, MSEK	10,562	10,011	42,868	35,989	19%
Operating income, MSEK	-48	466	1,136	870	31%
Operating margin, %	0	5	3	2	1
Income after financial items, MSEK	-210	354	702	822	-15%
Net income for the period, MSEK	-162	227	558	588	-5%
Return on equity, %	-2	13	7	7	0
Return on operating capital, %	-1	11	6	5	1
Return on capital employed, %	0	10	6	7	-1
Total assets, MSEK			32,553	28,743	13%
Equity ratio, %			33	34	-1
Investment, MSEK	677	748	2,700	2,259	20%
Net debt, MSEK			11,654	8,413	39%
Interest coverage ratio			2	2	0
Number of employees			12,671	12,830	-1%

## Group structure



# Operations January-December 2008

## Market and earnings performance

2008 was an exciting and good year for Lantmännen in terms of earnings. Underlying income after financial items (adjusted for items affecting comparability) is the best ever for the Lantmännen. Lantmännen's strategic efforts in continuous improvements in the supply chain, focus on our core business, greater emphasis on marketing and sustainable development have been successful.

## Savings pave the way for new initiatives

The ambitious savings targets of our continuous improvement efforts have been met, which paves the way for further streamlining and initiatives in the Lantmännen Group. One major factor contributing to this progress is the efforts within the framework of LEAD (Learn, Engage, Analyze, Do), a method for continuous improvement that has been implemented in many businesses in Lantmännen in 2008, with very good results. In 2009 we will accelerate the pace of improvement.

## A leaner and stronger Lantmännen

As part of our strategy to focus on core businesses, a number of acquisitions and divestments have been made. Lantmännen has increased its part ownership in HaGe Kiel to 38%, and we now own 100 percent in Svalöf Weibull.

## Major items affecting comparability

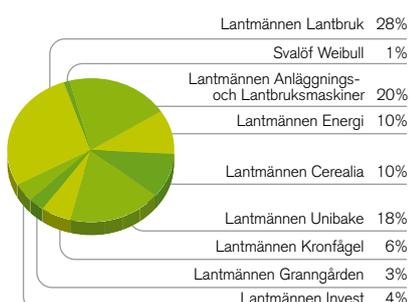
MSEK	2008 Jan-Dec	2007 Jan-Dec
<b>Recognized operating income</b>	<b>1,136</b>	<b>870</b>
<i>Items affecting comparability in operating income:</i>		
Capital gain from		
- sale of properties	235	-
- sale of businesses	350	315
Reversal of salmonella reserve	181	-
Impairment of fixed assets	-371	-29
Impairment and structural costs, sale of fresh bread business in Sweden	-291	-
Structural costs, impairment of grain elevators, etc.	-	-168
Other (Net)	-	34
Impact on operating income	104	152
<b>Operating income adjusted for items affecting comparability</b>	<b>1,032</b>	<b>718</b>
<b>Recognized income after financial items</b>		
<b>Items affecting comparability in operating income according to the above</b>	<b>702</b>	<b>822</b>
<i>Items affecting comparability in income after financial items:</i>		
Impairment loss on loan	-24	
Capital gains from sale of shares, etc.	-	184
Refund of pension guarantees	-	16
Total financial items affecting comparability	-24	200
<b>Income after financial items adjusted for items affecting comparability</b>	<b>622</b>	<b>470</b>

At Lantmännen Unibake we have also acquired the U.S. bakery Euro-Bake, the U.K. bakery Eurobuns and the Finnish bakery Baco.

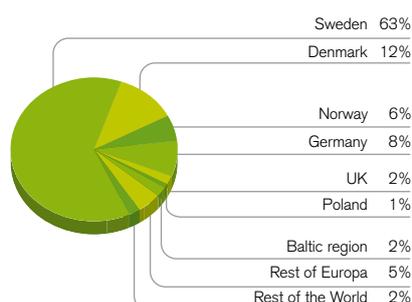
To focus even more on our core businesses, there have also been a number of major divestments. The divestment of the Granngården busi-

ness area to EQT, the Svalöf Weibull's divestment of all its shares in Weibull Trädgård and the divestment of Svenska Foder are some examples. During the year an agreement was signed with Fazer to divest the fresh bread business in Sweden, and the transfer was completed in January 2009.

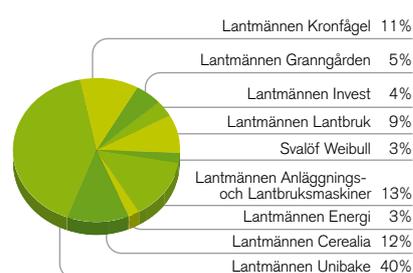
## Sales by business area including intra-group sales



## Sales by market



## Number of employees per business area



### *Sustainable development – an obvious strategic choice*

To develop Lantmännen's brand, the communication concept "Good food" was launched in 2008. Good food is the result of our endeavors and brand promise to take responsibility from farmland to fork. We are an international food producing company with high ambitions. Safe food is becoming increasingly important to the consumer, and there Lantmännen, which operates along the entire chain from farmland to fork, has unique opportunities. Sustainable development is therefore an obvious part of our overall strategic choices where our common Code of Conduct will be one of many ways to ensure that we are accountable. Based on the UN Global Compact, Lantmännen's new Code of Conduct was introduced in 2008 and is a collection of guidelines for how we as a company are to work in an ethically, socially and environmentally proper manner.

### *Large supply of grain has meant lower prices*

The world's total grain harvest in 2008 was substantially bigger than in 2007. This meant that supply exceeded demand in 2008 and resulted in a decline in grain prices since March 2008. In Sweden the 2008 harvest was good in terms of volume, but rain in August and September meant that the quality, primarily in central Sweden, was poor. Much of the milling grain raised will only be usable for feed or energy purposes, and Lantmännen was forced to import substantially more milling grain than in a normal year. This leads to higher freight costs, which affects our total raw materials cost.

### *Weaker fourth quarter*

The financial turmoil in the world that began in the third quarter has affected Lantmännen, of course, through fall-offs in orders and sales in certain operations, primarily in Lantmännen Anläggnings- och Lantbruksmaskiner. This is clearly seen in the fourth quarter, which was considerably weaker than previous quarters. The anxiety in the financial markets has also resulted in higher financing costs for the Group.

### *Firm ground for Lantmännen*

However, we at Lantmännen, with due respect for a changing world, remain strong. We are continuing to work intensively on programs for how we can best deal with the slowdown. Thanks to our focused and successful strategy efforts in 2008, we are standing on firm ground as we face these future challenges.

### **Risks and uncertainty factors**

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

The relatively poor quality of Swedish grain in 2008 necessitated grain imports for food production, leading to higher purchasing costs for the Group. It is uncertain when or whether the cost increase can be compensated in the form of higher prices.

The new ethanol plant in Norrköping went into operation in November with a good supply of raw material. The proposed elimination of import duty on low-price ethanol may imply that product will have to be marketed in countries other than Sweden, resulting in higher costs. It is uncertain how much of planned production will be affected.

Although the recession has not yet adversely impacted Lantmännen's food business, if it deepens and persists, there is a risk that consumers will replace premium products with cheaper alternatives. Reduced travel during the slowdown has negatively impacted sales for Lantmännen Unibake. Orders for construction machinery dropped sharply during the latter part of the year not only in Germany and the Baltics, but also in Sweden.

The worldwide financial crisis is also affecting Lantmännen. Since the banks have increased the net interest margin on portions of the Group's loans, which have a weighted fixed interest term of around six months, the Group's borrowing costs have risen by approximately MSEK 70 on an annual basis. However, the higher interest margin for Lantmännen will be compensated for in 2009 by the fact that central banks are lowering the key rates more

than the higher net interest margin. Lantmännen expects that for the foreseeable future banks will continue to charge borrowers a higher net interest margin than prior to the financial crisis.

During the financial crisis the Swedish krona weakened markedly. If this weakness persists, Lantmännen will be affected by higher purchasing costs for imported goods, primarily in the Lantbruksmaskiner business unit.

### **Events after the end of the financial year**

The sale of Lantmännen Färskröd in Sweden to Fazer was completed in January 2009.

### **Net sales**

In the period October-December net sales in the Lantmännen Group totaled MSEK 10,562 (10,011), an increase of 6 percent. Net sales for the period January-December amounted to MSEK 42,868 (35,989), an increase of 19 percent. Adjusted for changes in Group structure, net sales rose by 24 percent. Price increases for grain and input products contributed to the increase in sales at Lantmännen Lantbruk, Lantmännen Cerealia, Lantmännen Unibake and Lantmännen Kronfågel. Also contributing to the sharp rise in sales were bigger deliveries of grain, crop production inputs, construction machinery and externally produced ethanol.

At Lantmännen Lantbruk net sales were up 43 percent, totaling MSEK 12,980 (9,107). Total sales volume rose by 13 percent during the year. It was primarily grain and crop production inputs that contributed to this increase. Moreover, higher prices for grain, feed and fertilizer also contributed to the increase in sales.

Svalöf Weibull's net sales were down 40 percent and totaled MSEK 550 (921). During the year Weibull Trädgård was divested. Remaining operations' net sales were up 8 percent and totaled MSEK 474 (441). The primary reason for the increase were higher sales of spring seed in Sweden and higher sales of winter rape and winter wheat in Germany and Poland.

Net sales at Lantmännen Anlägg-

nings- och Lantbruksmaskiner amounted to MSEK 9,529 (8,456), an increase of 13 percent. The increase primarily pertains to construction machinery. A substantial falloff in the demand for construction machinery was noted in all markets in the latter half of the year.

Lantmännen Energi's net sales increased by 48 percent to MSEK 4,574 (3,089). The main reason for the increase is higher sales of externally produced ethanol at Lantmännen Agroetanol.

At Lantmännen Cerealia net sales were up 19 percent, totaling MSEK 4,544 (3,833). The increase is due to the high grain prices in 2008, but also to good sales in Norway and Denmark, for example.

At Lantmännen Unibake net sales were up 22 percent, totaling MSEK 8,228 (6,751). The increase is chiefly due to the acquisition of Baco, Eurobuns and Euro-Bake, but also to the high grain prices in 2008.

Lantmännen Kronfågel increased its net sales by 14 percent to MSEK 2,856 (2,507). The higher net sales are primarily the result of price changes on account of higher grain prices, which were passed along the entire chain to the customer. Sales volume was lower than in the previous year, but with a better product mix.

Lantmännen Invest's net sales amounted to MSEK 2,028 (2,086), an increase of 14 percent from MSEK 1,772 for comparable units; last year's net sales included Analycen, which was sold in October 2007. Sales increased the most at Lantmännen Bygglant, Lantmännen Reppe and Lantmännen Doggy.

#### Operating income

Operating income in the Lantmännen Group in the period October-December was MSEK -48 (466). Adjusted for items affecting comparability, operating income for the period amounted to MSEK 39 (131). The single biggest items affecting comparability were the positive earnings effect of the swap of Lantmännen's holding in BASF Plant Science Holding for BASF's holding in Svalöf Weibull, MSEK 269, and the impairment recognition in the fresh bread business in Denmark and Poland, MSEK -340. Items affecting compa-

rability in 2007 were capital gains on the divestment of Analycen and other businesses, MSEK 315.

January-December income was MSEK 1,136 (870). Earnings are affected by items affecting comparability totaling MSEK 104 (152). Adjusted for these items, operating income for the period amounted to MSEK 1,032 (718). In addition to items affecting comparability arising in the fourth quarter, earnings were affected by capital gains on the divestment of properties, MSEK 235, participations in associated companies, MSEK 81, reversal of the salmonella reserve, MSEK 181, and the result of the settlement with Fazer on the divestment of the fresh bread business in Sweden, MSEK -291. The Group's earnings were only marginally affected by the divestment of Lantmännen Granngården and Weibull Trädgård.

In recent years, corporate functions, such as Economy, Finance, IT, Human Resources, Information & Communication and Supply Chain have been built up to support the operating units. In step with this process, debiting from Lantmännen ek för increased in 2008, which was charged to the business areas' reported operating income.

Lantmännen Lantbruk's operating income rose by MSEK 28, amounting to MSEK 172. The improvement compared with the previous year is primarily explained by the larger sales volumes of grain and crop production inputs.

International operations in Lantbruk's area of business are run via associated companies. The share in these operations' earnings totaled MSEK 82 (-4). The improvement primarily refers to the holding in HaGe Kiel, where the stake was increased from 20 to 38 percent during the year. The divestment of Lantmännen's holding in Hedegaard A/S contributed a capital gain of MSEK 81 to total earnings from associated companies, resulting in total earnings for 2008 of MSEK 163.

Operating income in Svalöf Weibull amounted to MSEK 1 (11). Operating income includes a capital loss on the divestment of Weibull Trädgård of MSEK -33. The result of the divestment for the Group was marginal.

Earnings from the remaining part of Svalöf Weibull were impacted favorably as a result of higher sales of spring seed in Sweden and winter wheat and winter rape in Germany and Poland.

Lantmännen Anläggnings- och Lantbruksmaskiner's operating income amounted to MSEK 376 (397). Earnings were affected by higher costs and lower margins on construction machinery.

Operating income in Lantmännen Energi amounted to MSEK -110 (2). The deterioration in earnings is primarily due to rising raw material prices in the production of solid biofuels, higher grain costs for the 2007/2008 harvest in ethanol production and negative earnings from buying and selling externally produced ethanol.

Operating income in Lantmännen Cerealia amounted to MSEK 206 (172). The earnings improvement relates to good sales volumes in the retail segment and a changed product mix in the industry and bakery segment.

Lantmännen Unibake's operating income totaled MSEK 212 (226). Operating income was adversely impacted by heavy price pressure primarily in the retail segment and by production disruptions at Färskbröd Danmark.

Operating income for Lantmännen Kronfågel, before the reversal of negative goodwill, improved considerably, amounting to MSEK 96 (35). Relatively stable demand and an improved product mix in Sweden, plus greater efficiency in plants, all contributed to the earnings improvement. After the reversal of negative goodwill cumulative operating income was MSEK 149 (71).

Lantmännen Invest's operating income totaled MSEK 59 (306). The previous year's earnings included a capital gain on the divestment of Lantmännen Analycen totaling MSEK 269. The earnings improvement in comparable units is attributed to improved results in Lantmännen Reppe and Lantmännen Bygglant in particular.

#### Income after financial items

Income after financial items totaled MSEK 702 (822). Adjusted for items affecting comparability, income amounted to MSEK 622 (470).

Financial items for the year totaled MSEK -434 (-48). Financial items include items affecting comparability totaling MSEK -24. Adjusted for this item, financial items for the year amounted to MSEK -410. The previous year's financial items included items affecting comparability totaling MSEK 200, primarily attributable to a capital gain on the sale of investment equities. Adjusted for these items, the previous year's financial items amounted to MSEK -248. The higher financial expenses are primarily explained by increased borrowing for acquisitions and investment and more tied-up capital, but also by higher interest rates in 2008 compared with last year.

#### Net income for the period

Net income for the year after tax and minority interests amounted to MSEK 558 (588). Refund and final price adjustment affect earnings in the amount of MSEK -122 (-83).

Tax for the year totaled MSEK -36 (-134). During the fourth quarter the Swedish Riksdag lowered the corporate tax rate in Sweden for 2009 from 28 percent to 26.3 percent, which only marginally affected tax for the year. During the year tax loss carryforwards from previous years were capitalized in the amount of MSEK 159, MSEK 52 of which was utilized during the year.

Minority share of net income for the year totaled MSEK 14, compared with MSEK -17 the previous year. The positive minority share during the year is primarily due to the minority share in Svalöf Weibull's negative earnings up until October.

#### Seasonal variations

The Lantmännen Group's operations are seasonal. At Lantmännen Energi the sale of solid biofuels and heat are strongly linked to the winter season. The high season for the food business is during the summer months. Lantmännen Lantbruk's high seasons are the spring and fall.

#### Financial position and liquidity

The Group's equity on December 31, 2008, was MSEK 10,528, compared

with MSEK 9,483 at the end of the previous year. Of the change of MSEK 1,045, MSEK 558 comes from net income for the year and MSEK 548 from positive translation differences from translation of foreign subsidiaries. Payments of capital contributions from members increased equity by MSEK 52. Payments of investment dividend of MSEK 50 and refunds of capital contributions of MSEK 63 reduced equity. Most of the refunded capital contributions of MSEK 262 the previous year concerned adjustments owing to changed assumptions regarding members' obligation to invest in the Association.

Total assets were MSEK 32,553 (28,743). The increase in total assets is primarily an effect of the large investment in the mill in Vejle and the ethanol plant in Norrköping, which increased the value of the Group's fixed assets. Investment in new businesses in Lantmännen Unibake as well as the effects of changes in exchange rates connected with translation of foreign subsidiaries also made a substantial contribution to the higher total assets.

The Group's net debt amounted to MSEK 11,654 (8,413), and on the same date, total payment capacity was MSEK 747 (1,007). New terms for the Group's credit facility has increased the available line of credit by MSEK 1,700.

The equity ratio was 33 percent (34).

#### Investment

The Group's investment in fixed assets totaled MSEK 2,700 (2,259). The biggest capital outlays to go into operation during the year were the new mill in Vejle, Denmark, and the new ethanol plant in Norrköping. During the year, construction began on a new feed plant in Lidköping and a new seed plant in Eslöv. Total amount invested in the mill in Vejle comes to MSEK 560, MSEK 165 of which in 2008. The mill has gone into operation, with delivery of flour to customers as of the second quarter. The amount invested in the ethanol plant in Norrköping totaled MSEK 760 during the year. So far, the investment totals just over MSEK 1,400, and the plant went into operation in November. Amounts invested in the feed plant and

seed plant in 2008 amounted to MSEK 88 and MSEK 26, respectively.

#### Cash flow

The Group's cash flow during the year totaled MSEK -233 (-400). Operating activities contributed a positive cash flow of MSEK 423 (219).

Investment activity for the year resulted in negative cash flow totaling MSEK -3,199 (-1,322). For investment in fixed assets, MSEK 2,700 (2,259) was spent, and sales of fixed assets yielded a positive cash flow in the amount of MSEK 416 (147), yielding in total a net outflow of MSEK -2,284 (-2,112). Investment in new operations affected cash flow in the amount of MSEK -1,592 (+22), and the divestment of businesses yielded a positive cash flow of MSEK 532 (401). Investment in operations primarily refers to acquisitions at Lantmännen Unibake and Lantmännen Lantbruk's acquisition of additional participations in the associated company HaGe Kiel. Financial investments were reduced net, thereby contributing a positive cash flow MSEK 145 (+367).

Financing activities contributed a total positive cash flow of MSEK 2,543 (703) through increased borrowing.

The Group's liquid funds at the end of the period amounted to MSEK 269 (484).

#### Personnel

In the period the average number of employees in the Lantmännen Group was 12,671 (12,830). In the parent company the average number of employees was 1,317 (1,317).

#### Accounting policies

Lantmännen prepares its interim reports in accordance with the Swedish Accounting Standards Board's general recommendations for voluntary interim reporting (BFNAR 2007:1) and the Swedish Financial Accounting Standards Council's recommendations RR20, Interim Reporting.

The accounting policies applied in this report agree with those applied when preparing the 2007 Annual Report.

In 2008 there have been no new or changed rules that affect Lantmännen's reporting.

#### **Parent Company**

The operations of the parent company Lantmännen ek för consists in part of Lantmännen's core business in the business area Lantmännen Lantbruk and in part of Group functions.

Net sales in January-December amounted to MSEK 13,252 (9,323). Higher grain and input product prices contributed to the increase in sales. Operating income amounted to MSEK 242 (-292). Capital gains on the sale of properties contributed MSEK 222 to the positive result. In 2007 MSEK 160 was charged to operating income in extra expenses for demolishing grain elevators.

Income after financial items totaled MSEK 671 (237). Financial items for

the year include MSEK 302 (301) in capital gains on the sale of shares and MSEK 566 (167) in dividends, primarily from subsidiaries.

Net investment totaled MSEK 416 (275). The equity ratio was 32 percent (35).

#### **Dividends**

The Board of Directors has decided to pay a 1 percent (1) refund on members' purchases of feed, fertilizer, seeds, plant protection, grain and petroleum products. During the year, the Board also decided that a refund of 0.5 percent (0) will also be paid on purchases from Lantmännen Anläggnings- och Lantbruksmaskiner. A final price adjustment of 1 percent (1) will be paid for delivered grain. MSEK 121 will be spent on this.

The Board recommends paying an investment dividend of 5 percent (5)

on paid-in and issued contributions to direct members and 3.7 percent (3.6) to organization members and local associations, a total of MSEK 57. The Board also proposes a contribution issue totaling MSEK 110 (151), in which the issue capital is to be divided as follows: 75 percent based on the members' paid-in capital contributions and 25 percent based on the members' contribution-related sales. In all the investment dividend and contribution issue result in a return on capital contributions totaling 14 percent for 2008.

As a consequence of the introduction of trading in issued contributions, the Board has decided that the date on which the holding entitles the holder to a dividend, in the form of either an investment dividend or a contribution issue, will be the date of the Association Meeting, April 28, 2009.

# Summary statement of income

MSEK	2008 Oct-Dec	2007 Oct-Dec	2008 Jan-Dec	2007 Jan-Dec	Change %
Net sales	10,562	10,011	42,868	35,989	19
Other operating revenue	202	431	958	633	51
Cost of materials	-6,778	-6,599	-28,087	-22,649	24
Payroll expenses	-1,623	-1,537	-6,053	-5,913	2
Other expenses	-1,530	-1,541	-6,812	-5,958	14
Share of income in associated companies	4	25	172	70	146
Depreciation, amortization and impairment losses	-885	-324	-1,910	-1,302	47
<b>Operating income</b>	<b>-48</b>	<b>466</b>	<b>1,136</b>	<b>870</b>	<b>31</b>
Financial income	49	16	255	467	-45
Financial expenses	-211	-128	-689	-515	34
<b>Income after financial items</b>	<b>-210</b>	<b>354</b>	<b>702</b>	<b>822</b>	<b>-15</b>
Refund and final price adjustment	-121	-88	-122	-83	47
Tax	164	-30	-36	-134	-73
Minority share of income for the period	5	-9	14	-17	182
<b>Net income for the period</b>	<b>-162</b>	<b>227</b>	<b>558</b>	<b>588</b>	<b>-5</b>

# Quarterly statements of income

MSEK	2008 Oct-Dec	2008 Jul-Sep	2008 Apr-Jun	2008 Jan-Mar	2007 Oct-Dec	2007 Jul-Sep	2007 Apr-Jun	2007 Jan-Mar
Net sales	10,562	10,707	11,752	9,847	10,011	8,859	9,376	7,743
Other operating revenue	202	180	299	277	431	82	60	60
Cost of materials	-6,778	-6,899	-7,966	-6,444	-6,599	-5,374	-6,034	-4,642
Payroll expenses	-1,623	-1,491	-1,526	-1,413	-1,537	-1,435	-1,509	-1,432
Other expenses	-1,530	-1,962	-1,835	-1,485	-1,541	-1,635	-1,392	-1,390
Share of income in associated companies	4	25	117	26	25	18	23	4
Depreciation, amortization and impairment losses	-885	-381	-333	-311	-324	-372	-302	-304
<b>Operating income</b>	<b>-48</b>	<b>179</b>	<b>508</b>	<b>497</b>	<b>466</b>	<b>143</b>	<b>222</b>	<b>39</b>
Financial income	49	90	70	46	16	96	90	265
Financial expenses	-211	-206	-131	-141	-128	-125	-130	-132
<b>Income after financial items</b>	<b>-210</b>	<b>63</b>	<b>447</b>	<b>402</b>	<b>354</b>	<b>114</b>	<b>182</b>	<b>172</b>
Refund and final price adjustment	-121	-1	0	0	-88	5	0	0
Tax	164	-46	-82	-72	-30	-5	-51	-48
Minority share of income for the period	5	-16	13	12	-9	-11	12	-9
<b>Net income for the period</b>	<b>-162</b>	<b>0</b>	<b>378</b>	<b>342</b>	<b>227</b>	<b>103</b>	<b>143</b>	<b>115</b>

# Summary balance sheet

MSEK	2008 Dec. 31	2007 Dec. 31
<b>ASSETS</b>		
Intangible assets	3,845	2,954
Tangible fixed assets	10,974	8,915
Financial fixed assets	3,140	2,324
<b>Total fixed assets</b>	<b>17,959</b>	<b>14,193</b>
Inventories	7,059	6,303
Current receivables	7,112	7,412
Short-term investments incl. cash and cash equivalents	423	835
<b>Total current assets</b>	<b>14,594</b>	<b>14,550</b>
<b>TOTAL ASSETS</b>	<b>32,553</b>	<b>28,743</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	10,528	9,483
Minority interests	56	289
Provisions	2,371	2,952
Long-term liabilities	8,220	5,379
Current liabilities	11,378	10,640
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>32,553</b>	<b>28,743</b>
Equity ratio	33	34

# Summary cash flow statement

MSEK	2008 Jan-Dec	2007 Jan-Dec
Cash flow from operations before changes in working capital	1,153	1,454
Change in working capital	-730	-1,235
<b>Cash flow from operations</b>	<b>423</b>	<b>219</b>
Acquisitions, disposals of businesses	-1,060	423
Net investment in tangible and intangible assets	-2,284	-2,112
Change in financial assets*	145	367
<b>Cash flow from investing activities</b>	<b>-3,199</b>	<b>-1,322</b>
Change in capital contributions	-11	-236
Dividend paid	-53	-61
Change in outstanding liabilities	2,607	1,000
<b>Cash flow from financing activities</b>	<b>2,543</b>	<b>703</b>
Cash flow for the period	-233	-400
Cash and cash equivalents at the beginning of the period	484	875
Exchange rate difference	18	9
<b>Cash and cash equivalents at the end of the period</b>	<b>269</b>	<b>484</b>

\* Including effect of MSEK -141 in reclassification from liquid funds.

# Group changes in equity

MSEK	2008 Jan-Dec	2007 Jan-Dec
Opening balance, Equity, January 1	9,483	9,038
Translation differences	724	239
Hedging of net investment in foreign subsidiaries	-176	-90
Net income for the year	558	588
Investment dividend paid	-50	-56
Contributed capital paid in by members	52	26
Contributed capital paid out to members	-63	-262
Closing balance, Equity, December 31	10,528	9,483

## Net sales by business area

MSEK	2008 Oct-Dec	2007 Oct-Dec	2008 Jan-Dec	2007 Jan-Dec	Change %
Lantmännen Lantbruk	3,147	2,814	12,980	9,107	43
Svalöf Weibull	135	212	550	921	-40
Lantmännen Anläggnings- och Lantbruksmaskiner	2,254	2,549	9,529	8,456	13
Lantmännen Energi	1,139	917	4,574	3,089	48
Lantmännen Cerealia	1,151	946	4,544	3,833	19
Lantmännen Unibake	2,184	1,749	8,228	6,751	22
Lantmännen Kronfågel	732	618	2,856	2,507	14
Lantmännen Grangården	0	534	1,269	2,401	-47
Lantmännen Invest	584	520	2,028	2,086	-3
Other and Eliminations	-764	-848	-3,690	-3,162	17
<b>Total</b>	<b>10,562</b>	<b>10,011</b>	<b>42,868</b>	<b>35,989</b>	<b>19</b>

## Operating income by business area

MSEK	2008 Oct-Dec	2007 Oct-Dec	2008 Jan-Dec	2007 Jan-Dec	Change %
Lantmännen Lantbruk	-8	37	172	144	19
Lantbruk, international associated companies	-19	-4	163	-4	
Svalöf Weibull	30	6	1	11	-91
Lantmännen Anläggnings- och Lantbruksmaskiner	50	127	376	397	-5
Lantmännen Energi	-43	15	-110	2	5,600
Lantmännen Cerealia	27	38	206	172	20
Lantmännen Unibake	32	74	212	226	-6
Lantmännen Kronfågel	39	48	149	71	110
Lantmännen Grangården	0	-30	-22	-94	77
Lantmännen Invest	21	293	59	306	-81
Other and Eliminations *	-177	-138	-70	-361	81
<b>Total</b>	<b>-48</b>	<b>466</b>	<b>1,136</b>	<b>870</b>	<b>31</b>

\* Includes impairment and structural costs related to the fresh bread business, capital gains on properties and reversal of salmonella reserve in 2008 and impairment of grain elevators in 2007.

# Operating margin by business area

%	2008 Oct-Dec	2007 Oct-Dec	2008 Jan-Dec	2007 Jan-Dec
Lantmännen Lantbruk, excluding international associated companies	0	1	1	2
Svalöf Weibull	22	3	0	1
Lantmännen Anläggnings- och Lantbruksmaskiner	2	5	4	5
Lantmännen Energi	-4	2	-2	0
Lantmännen Cerealia	2	4	5	4
Lantmännen Unibake	1	4	3	3
Lantmännen Kronfågel	5	8	5	3
Lantmännen Grangården	-	-6	-2	-4
Lantmännen Invest	4	56	3	15
<b>Total</b>	<b>0</b>	<b>5</b>	<b>3</b>	<b>2</b>

# Return on operating capital

%	2008 Oct-Dec	2007 Oct-Dec	2008 Jan-Dec	2007 Jan-Dec
Lantmännen Lantbruk, excluding international associated companies	-1	6	5	7
Svalöf Weibull	42	6	0	3
Lantmännen Anläggnings- och Lantbruksmaskiner	9	26	17	24
Lantmännen Energi	-7	3	-5	0
Lantmännen Cerealia	4	7	8	8
Lantmännen Unibake	2	5	3	4
Lantmännen Kronfågel	30	72	40	16
Lantmännen Grangården	-	-35	-12	-27
Lantmännen Invest *	20	264	15	67
<b>Total</b>	<b>-1</b>	<b>11</b>	<b>6</b>	<b>5</b>

\* 2007 includes capital gain on sale of Analycen.

# Parent Company

## Summary statement of income

MSEK	2008 Jan-Dec	2007 Jan-Dec
Net sales, external	11,408	7,856
Net sales, intra-group	1,844	1,467
<b>Net sales, total</b>	<b>13,252</b>	<b>9,323</b>
Other operating revenue	495	56
Cost of materials	-10,930	-7,730
Payroll expenses	-831	-774
Other expenses	-1,607	-1,020
Depreciation, amortization and impairment losses	-137	-147
<b>Operating income</b>	<b>242</b>	<b>-292</b>
Income from financial items	429	529
<b>Income after financial items</b>	<b>671</b>	<b>237</b>
Refund and final price adjustment	-122	-83
Year-end appropriations		-10
Tax	133	96
<b>Net income for the year</b>	<b>682</b>	<b>240</b>

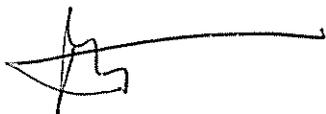
## Summary balance sheet

MSEK	2008 Dec. 31	2007 Dec. 31
<b>ASSETS</b>		
Intangible assets	207	200
Tangible fixed assets	1,461	1,198
Participations in Group companies	5,692	6,019
Long-term receivables from Group companies	221	289
Participations in associated companies	797	628
Other long-term securities holdings	138	161
Other long-term receivables	415	120
<b>Total fixed assets</b>	<b>8,931</b>	<b>8,615</b>
Inventories	2,732	2,309
Current receivables from Group companies	9,509	6,695
Other current receivables	3,190	3,110
Short-term investments incl. cash and cash equivalents	78	75
<b>Total current assets</b>	<b>15,509</b>	<b>12,189</b>
<b>TOTAL ASSETS</b>	<b>24,440</b>	<b>20,804</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	7,670	7,079
Untaxed reserves	311	311
Provisions	898	974
Long-term liabilities	7,716	4,814
Current liabilities to Group companies	2,378	3,142
Other current receivables	5,467	4,484
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>24,440</b>	<b>20,804</b>
Equity ratio	32	35

## Audit report

This year-end report has not been examined by the Association's auditors.

On assignment for the Board of Directors  
Stockholm, February 19, 2009

A handwritten signature in black ink, appearing to be 'Per Strömberg', with a long horizontal stroke extending to the right.

Per Strömberg  
President and CEO  
Lantmännen

## For more information, please contact

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