

Year-end Report  
January-December 2010



Lantmännen





Lantmännen is one of the largest agriculture, machinery, energy and food groups in the Nordic region. Examples of Lantmännen's brands are AXA, Kungsörnen, Kronfågel, GoGreen, Hatting and Gooh. Owned by around 36,000 Swedish farmers, Lantmännen has more than 10,000 employees, operations in 18 countries and revenues of SEK 36 billion. Lantmännen operates along the entire processing chain and we take responsibility from field to fork. To read more go to: [www.lantmannen.com](http://www.lantmannen.com) and [www.lantmannen.se](http://www.lantmannen.se)

### Notice of General Meeting

The Annual General Meeting will be held at Clarion Hotel, Ringvägen 98, Stockholm, on Wednesday, the 4th of May 2011.

### Financial Reporting

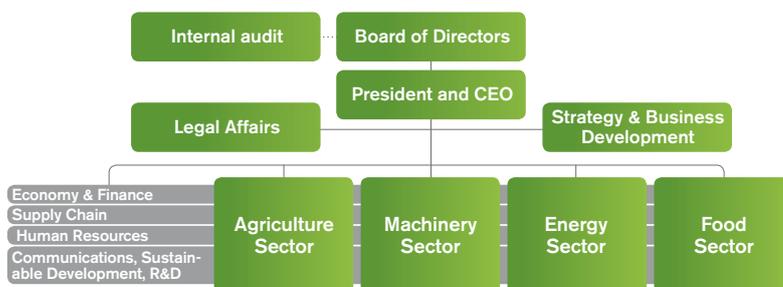
Annual Report and Sustainability Report 2010  
 - Available at [www.lantmannen.com](http://www.lantmannen.com) 18 February 2011  
 - Distribution of printed Swedish edition Week 9, 2011  
 Interim Report Q1 3 May 2011  
 Interim Report Q2 22 July 2011  
 Interim Report Q3 28 October 2011

### Distribution

Lantmännen's printed Annual Report and Sustainability Report is distributed to anyone who would like a copy. Interim and other reports are available in English and Swedish. All reports can be downloaded from

► [www.lantmannen.com](http://www.lantmannen.com)

### Lantmännen's organization



# The period in brief

Beginning 2010 Lantmännen will apply International Financial Reporting Standards (IFRS) as adopted by the EU in its consolidated financial statements. Comparable figures for 2009 have been restated. The effects of the transition are reported as an adjustment of equity at 1 January 2009. More significant differences between IFRS and previously applied policies are described in the interim report for March 2010, which is available at Lantmännen's website, ► [www.lantmannen.com](http://www.lantmannen.com)

**Net sales** for the Group amounted to MSEK 9,960 (8,351) in fourth quarter 2010, up 19 percent, with currency effects accounting for –4 percentage points. Net sales for full-year 2010 totaled MSEK 35,988 (34,978), an increase of 3 percent, of which currency effects accounted for –3 percentage points. Changes in the Group's composition increased annual revenues by just over 1 percent.

**Operating income** amounted to MSEK 40 (–42) in the fourth quarter. Operating income for the full-year amounted to MSEK 1,059 (477). Operating income for the quarter includes items affecting comparability totaling MSEK –137 (–167), with the full year amounting to MSEK –164 (–111). Adjusted for these items affecting comparability, the operating income for the quarter totaled MSEK 177 (125) and MSEK 1,223 (588) cumulatively for the year.

**Income after financial items** amounted to MSEK –15 (–132) in the fourth quarter. For the full year, income after financial items increased to MSEK 822 (104). Adjusted for items affecting comparability, the full-year earnings for the previous year amounted to MSEK 946 (215).

**Net income** totaled MSEK 66 (–39) in the fourth quarter and MSEK 725 (182) for the full year.

**Investments** amounted to MSEK 1,587 (1,538) during the year.

**Cash flow** before financing activities totaled MSEK 2,692 (2,272) during the year.

During the fourth quarter, a **comprehensive action plan** called ONE Lantmännen Lantbruk was adopted in the Swedish agriculture operations.

**Königke Baumaschinen**, a company that imports and sells Volvo construction machinery in northern Germany, was purchased on 1 October 2010. The business is part of the Machinery Sector.

**The Swedish and British willow operations** in the Energy Sector were sold during the fourth quarter.

**The minority stake in Agrico Nordic**, which was part of the Agriculture Sector, was sold during the fourth quarter.

**A package of more than 40 properties was sold** in the fourth quarter, providing capital gains of MSEK 189.

Lantmännen Cerealia's mill in Vejle, Denmark, **was written down** by MSEK 192. Cerealia is part of the Food Sector.

Key figures	2010	2009	2010	2009
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales, MSEK	9,960	8,351	35,988	34,978
Operating income, MSEK	40	–42	1,059	477
Operating margin, %	0.4	–0.5	2.9	1.4
Income after financial items, MSEK	–15	–132	822	104
Net income for the period, MSEK	66	–39	725	182
<b>Operating income excluding items affecting comparability, MSEK</b>	<b>177</b>	<b>125</b>	<b>1,223</b>	<b>588</b>
<b>Income after financial items excluding items affecting comparability, MSEK</b>	<b>82</b>	<b>35</b>	<b>946</b>	<b>215</b>
Cash flow before financing activities, MSEK	517	396	2,692	2,272
Return on equity, %	2.5	–1.5	7.0	1.8
Return on operating capital, %	0.9	–0.8	5.7	2.2
Total assets, MSEK			27,009	29,630
Equity ratio, %			38.6	34.5
Investments, MSEK	412	502	1,587	1,538
Net debt, MSEK			7,501	9,739
Interest coverage ratio, times			3.2	1.2
Number of employees			10,350	10,552

# Operations January-December 2010

## Business Environment & Market

There is a strong trend towards increased grain production and consumption in the world. Against a backdrop of healthy global stocks and exceptional crop levels during the 2009/2010 harvest year, the year started with depressed prices on the grain market. Then Russia's most severe drought in 130 years sent prices spiraling during the summer. Even though stocks were plentiful, there was a sustained price surge, because major exporting countries in particular were affected by a decline in production which reduced the volume of trade. The 2010/2011 world harvest is expected to be the third-largest on record, although consumption is forecast to exceed production, which will reduce carryover stocks. This may become the basis for continuing price volatility ahead of the next harvest. The higher grain prices are now creating the conditions for improved profitability in grain production and increased cultivation in the future.

After a difficult period of low demand and reduced profitability, the global market for beef and milk stabilized during 2010. However, the higher grain prices are driving feed prices up and once again putting pressure on profitability for livestock producers. Swedish animal production is moving towards fewer but larger herds. In the feed market, we are seeing a tendency towards increasing use of raw materials and concentrates rather than ready-to-use feed.

In 2010, the Swedish and Norwegian machinery markets recovered from historically low levels. The recovery in the Baltic countries, Denmark and the rest of Europe was considerably slower. The period 2008 to 2010 was marked by a strong shift in the construction machinery market from the USA and Europe to China and Brazil.

The EU has introduced detailed sustainability criteria for biofuels. Although the criteria could well involve certain limitations and increases in costs, they may also represent a competitive advantage if properly managed. The sustainability criteria cover the entire biofuel production chain, from crop production to end use. Discussions are in progress in the EU and Sweden regarding what instruments should be used to increase biofuel use. The aim is to meet the target of 10 percent renewable energy in the transport sector by 2020 and the target for Sweden to have a fossil-free vehicle fleet by 2030.

Interest in food and its origin is increasing constantly, while customers' and consumers' behavior patterns are changing. B2B customers are changing their habits and now have new expectations. Customers are showing a tendency to reduce stocks, invest in efficient logistics solutions and cut down the number of suppliers. Low-price stores are becoming increasingly common and there is a clear focus on cheaper goods. The tough competitive situation in the milling industry continued during 2010, particularly in Denmark,

## Significant items affecting comparability

MSEK	2010 Oct-Dec	2009 Oct-Dec	2010 Jan-Dec	2009 Jan-Dec
<b>Reported operating income</b>	<b>40</b>	<b>-42</b>	<b>1,059</b>	<b>477</b>
<i>Items affecting comparability in operating income:</i>				
Capital gains from				
- sale of properties	189	0	208	58
- sale of operations, equities	0	-	5	-
Impairment of non-current assets etc.	-213	0	-249	-24
Restructuring costs, Shape	-	-124	-	-150
Restructuring costs, other	-113	-43	-128	-58
Other, revaluation effect of gradual acquisition of participations in Bakehouse	-	0	-	63
Total items affecting comparability in operating income	-137	-167	-164	-111
<b>Operating income adjusted for items affecting comparability</b>	<b>177</b>	<b>125</b>	<b>1,223</b>	<b>588</b>
<b>Reported income after financial items</b>	<b>-15</b>	<b>-132</b>	<b>822</b>	<b>104</b>
Items affecting comparability in operating income according to the above	-137	-167	-164	-111
<i>Items affecting comparability in financial items:</i>				
Capital gains from sale of shares, etc.	40	-	40	-
Total items affecting comparability in net financial income	40	0	40	0
<b>Income after financial items adjusted for items affecting comparability</b>	<b>82</b>	<b>35</b>	<b>946</b>	<b>215</b>
Return on equity, excluding items affecting comparability, %	5.0	3.2	7.8	2.2
Return on operating capital, excluding items affecting comparability, %	3.8	2.5	6.5	2.8

although Latvia also encountered strong price pressure from German players. The food market will continue to place a strong focus on price. Consolidation in the chicken industry continues, while on the international stage the trend is moving towards major alliances between large slaughterhouses.

#### **Risks and uncertainty factors**

All business activity is subject to risk. The risks in Lantmännen's operations encompass strategic risks associated with trademarks and external regulations, operational risks such as fluctuating prices of energy and commodities and financial risks. These risks are described in detail in the 2009 Annual Report.

At present, the main uncertainty concerning Lantmännen's operations and earnings relates to profitability for Lantmännen Agroetanol, which is highly dependent on ethanol price trends and the price of grain. If the liter price of ethanol changes by SEK 1, annual earnings are affected by approximately MSEK 200 at constant prices for inputs and feed. It is estimated that a SEK 0.50 per kilo change in the price of grain will affect earnings by approx. MSEK 185 per year assuming that the price of feed covaries with the price of grain.

Both ethanol and grain prices experienced sharp fluctuations during the year. The relatively high ethanol price noted at the beginning of the year fell in April to its lowest level since April 2009 and then rose again in stages. The price of grain varied during the year and rose sharply in the second half of the year.

The low harvest results in Sweden could necessitate more grain imports, which will trigger higher freight costs.

#### **Changes in the Group**

There was a step-up in activity associated with the disposal and acquisition of operations in the second half of the year as part of our strategy to become leaner and stronger.

In October, Lantmännen acquired the German company Könicke Baumaschinen GmbH & Co. KG for MSEK 134 by assuming liability for the repayment of loans. The company is part of the Machinery Sector, which has increased its presence in the German construction machinery market. As Könicke imports and sells Volvo construction machinery in northern Germany, the move complements the Sector's current activities in central Germany. At the time of the acquisition Könicke had approximately 200 employees and annual sales of approx. SEK 1.5 billion. An acquisition balance sheet has been prepared but is still preliminary.

The Swedish willow operations were sold to Salixenergi Europa AB in November, while the UK willow production company Renewable Fuels Ltd was sold to Coppice Resources Ltd in December. Both entities had been part of the Food Sector.

Lantmännen's majority stake in the real estate company Tre Skåne was sold to Hemfosa Fastigheter AB in December.

Also in December, the minority share in Agrico Nordic AB was sold to the majority owner, the Dutch company Agrico Holding BV. The company, which had been part of the Agriculture Sector, produces and markets seed potatoes in Sweden.

At the end of the third quarter, Lantmännen sold its holding in Lantmännen SweChick, the Nordic countries' leading supplier of breeding stock for the broiler industry, to Aviagen, the world's largest poultry breeder. SweChick had been part of the Food Sector.

At the beginning of the third quarter, Lantmännen's 51-percent holding in SeedGard AB was sold to the minority owner, the Dutch company INCOTEC Holding BV.

In the second quarter, Lantmännen increased its holding in Bakehouse, one of the U.K.'s leading suppliers of pastries and specialty breads, from 63 to 100 percent. During the second quarter, Lantmännen also acquired a bakery for fast food products in Hungary. Both of these entities are part of the Food Sector.

During the second quarter, Lantmännen sold Lantmännen Ecobrånslé, a biodiesel company in the Energy Sector, to Energigårdarna i Eslöv AB.

Lantmännen's and Scan's jointly owned IS/IT company Conagri was also sold in the second quarter to Logica, a leading international IT services company. In the same quarter, the Park & Mark business area in the Agriculture Sector was sold to Weibulls Horto AB.

This year's total divestments of companies have generated a capital gain of approx. MSEK 20.

At the beginning of the year, the Energy Sector's lubricant business was transferred to the Machinery Sector and its distillation business to the Agriculture Sector, while administration of the Agrol card was placed under Lantmännen Finans AB.

#### **Other important events**

In the second quarter, the Food Sector closed its bakery in Glostrup, Denmark, with production moved to Unibake's plants in Finland and Germany.

During the second quarter, the Agriculture Sector phased out its remaining operations in Lantmännen Solanum and the feed plant in Norrköping.

In early July the Machinery Sector received an additional order from the Swedish Defence Materiel Administration (FMV). Placed in April, the initial MSEK 140 order for machinery was expanded by an order for front loaders valued at a further MSEK 100.

In August, the Food Sector commenced construction of a bakery factory in Bedford, U.K. The new facility will employ 200 people and is scheduled to come on line in May 2011. Lantmännen's new feed plant in Lidköping and dog and cat food plant in Vårgårda opened in the second quarter. The plants are part of the Agriculture Sector and Food Sector, respectively.

At the end of the second quarter, Lantmännen signed new agreements concerning the Group's long-term financing. The new agreements, which replace old loan agreements, consist partly of a borrowing facility with a group of banks and partly of bilateral loan agreements. Furnished by Danske Bank, Nordea, Swedbank and Handelsbanken and DnB NOR, the new borrowing facility has a limit of MSEK 3,000 and falls due during the second quarter of 2013. Bilateral

loan agreements totaling MSEK 2,800 have been signed with the Swedish Export Credit Corporation, Danske Bank and Nordea. These loans all fall due during the second quarter of 2015 and are partially guaranteed by the Swedish Export Credits Guarantee Board.

During the second quarter Lantmännen Finans AB transferred all of the company's leasing and installment agreements, totaling around MSEK 1,600, to ML Rental AB, a subsidiary of Swedbank Finans. At the same time, a long-term future partnership was established, the rationale for which is to maintain a high level of service and favorable terms vis-à-vis the machinery companies' customers.

In September, the Food Sector recalled cake mixes under the Kungsörnen and Amo brands. The recall came amid suspicions that an ingredient in cake mixes sold under the Amo brand in Denmark had triggered an allergic reaction in a few Danish consumers. The ingredient in question is also found in some of Kungsörnen's cake mixes.

In October, it was decided to make a capacity-increasing investment at Kronfågel's processing plant in Farre, Denmark.

In October, the Agriculture Sector presented an action program called ONE Lantmännen Lantbruk in Lantmännen Lantbruk. The program is aimed at creating more customer-focused and competitive operations by having a flatter and clearer organization, with Lantmännen SW Seed's operations being integrated into Lantbruk Sverige's operations. The action program is being implemented in 2010 and 2011.

The Agriculture Sector has also made decisions to improve the efficiency of grain handling in Sweden. Under the plan, 17 reception sites will be run as seasonal facilities, 18 will be kept open year-round and three will be closed completely. It has also been decided to streamline feed operations. The costs of all the adopted measures in the Agriculture Sector have negatively affected earnings by MSEK 65 in the fourth quarter.

More than 40 properties were sold in the fourth quarter, generating a capital gain of MSEK 189.

In the fourth quarter, Lantmännen also sold its holdings in InTradebolagen. The capital gain of MSEK 40 is reported in net financial items.

#### Events after the end of the period

CFO Per Olof Nyman took up the position of Executive Vice President on 1 January 2011. On 1 January 2011, Håkan

Pettersson took up the position of Senior Vice President & Head of Machinery Sector, while Carl von Schantz took up the position of Senior Vice President & Head of Energy Sector.

#### Group net sales and earnings

##### Fourth quarter 2010

###### Net sales

Fourth quarter net sales for Lantmännen amounted to MSEK 9,960 (8,351). Currency effects resulting from a stronger Swedish krona had a negative impact of 4 percent on earnings compared with the same quarter the previous year. The acquisition of Könicke Baumaschinen in Germany resulted in an increase in sales of just under MSEK 450 for the quarter. Other Group changes had only a marginal effect on net sales. Increased sales of construction machinery in Sweden and farm machinery in Sweden and Norway, higher grain and fertilizer sales volumes and positive sales trends for Kronfågel's Danish operations all more than compensated for negative currency effects.

###### Operating income

Fourth quarter operating income for Lantmännen amounted to MSEK 40 (-42).

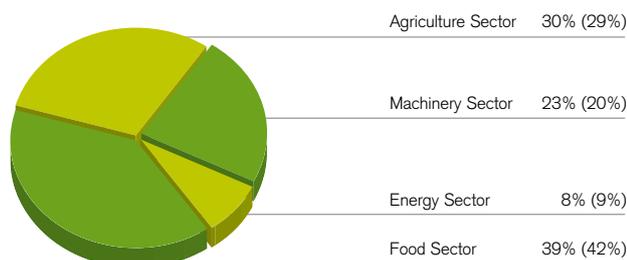
Earnings were affected by items affecting comparability totaling MSEK -137 (-167), of which MSEK 189 (0) related to the sale of properties, MSEK -213 (0) to impairment of non-current assets and MSEK -113 (-167) to restructuring costs. After adjustment for items affecting comparability, operating income amounted to MSEK 177 (125). The ongoing efficiency programs contributed to the positive earnings trend. In addition, earnings were considerably improved by higher sales of construction machinery in Sweden and farm machinery in Sweden and Norway. The significant improvement in earnings for Kronfågel's Danish operations was also a contributory factor.

##### January-December 2010 period

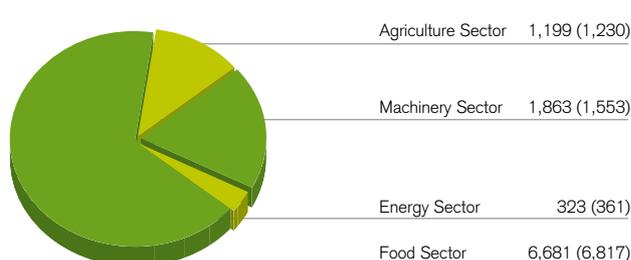
###### Net sales

Lantmännen's net sales for the year amounted to MSEK 35,988 (34,978), which is an increase of 3 percent, with currency effects representing -3 percentage points. The acquisition of Könicke Baumaschinen in Germany resulted in an increase in sales of almost MSEK 450 for the full year. Other

Sales per sector



Number of employees per sector



Group changes had only a marginal effect on net sales. The increase in sales is largely due to increased sales of construction machinery in Sweden, higher sales volumes for grain and fertilizer and a positive sales trend for Kronfågel's Danish operations. These factors have compensated for the negative currency effects.

#### *Operating income*

Lantmännen's operating income for the year amounted to MSEK 1,059 (477). Earnings were affected by items affecting comparability totaling MSEK -164 (-111), of which MSEK 213 (58) related to the sale of properties and operations, MSEK -249 (-24) to impairment of non-current assets and MSEK -128 (-208) to restructuring costs. After adjustment for items affecting comparability, operating income amounted to MSEK 1,223 (588).

All sectors apart from Food reported a higher operating income compared with the previous year. The Agriculture and Machinery Sectors achieved the best improvement in earnings. The ongoing efficiency-improvement programs, including Shape and Lead, made a strong contribution to the positive earnings trend. Disregarding currency effects, the Food sector also improved its operating income (after adjustment for items affecting comparability) compared with the previous year.

The Shape program is progressing according to plan. Measures implemented to date represent annual savings of approx. MSEK 300, corresponding to almost three-quarters of the savings target.

#### *Net financial income*

The Group's net financial income for 2010 amounted to MSEK -237 compared with MSEK -373 the previous year. The MSEK 136 improvement is largely due to reduced borrowing following a reduction in tied-up capital in the Group, but is also an effect of lower interest rates than in the previous year. The reduction in tied-up capital is primarily a result of the capital efficiency measures implemented in the Group under the Cash Race project. Net financial income for the year was also positively affected by capital gains of MSEK 40 from the sale of shares.

#### *Tax and net income*

Tax expense for the year amounted to MSEK -97 (78), which gives an effective tax rate of 12 percent. The low effective tax is an effect of the recognition and utilization of previously unrecognized tax losses. Contribution dividends, refunds and final price adjustments are recognized directly in equity, although they are tax deductible and as such also have a positive effect on tax recognized in the income statement.

Accordingly, the Group's profit after tax for 2010 amounted to MSEK 725 (182), of which MSEK 719 (162) refers to cooperative association members and MSEK 6 (20) to non-controlling interests (minority ownership) in the Group's subsidiaries.



## Performance per sector



### Agriculture Sector

	Oct-Dec		Jan-Dec	
	2010	2009	2010	2009
Net sales, MSEK	3,051	2,355	11,111	10,664
Operating income, MSEK	-71	-66	82	-145
Operating margin, %	-2.3	-2.8	0.7	-1.4
Return on operating capital, %	-6.8	-7.5	2.2	-3.4
<b>Operating income adjusted for items affecting comparability, MSEK</b>	<b>-6</b>	<b>-25</b>	<b>167</b>	<b>-99</b>
<b>Operating margin, adjusted for items affecting comparability, %</b>	<b>-0.2</b>	<b>-1.1</b>	<b>1.5</b>	<b>-0.9</b>
<b>Return on operating capital, adjusted for items affecting comparability, %</b>	<b>-0.6</b>	<b>-2.9</b>	<b>4.4</b>	<b>-2.4</b>
Number of employees			1,199	1,230

#### Fourth quarter

**Net sales** for the fourth quarter amounted to MSEK 3,051 (2,355), an increase of 30 percent compared with the fourth quarter the previous year. Most of the change in the quarter is attributable to Lantbruk's cooperative operations, where sales were MSEK 723 higher than in 2009. The increase is mainly due to higher fertilizer volumes, which were adversely affected by the fertilizer tax effect in the previous year. Fourth quarter sales were also positively affected by the combination of high-grain prices and somewhat higher grain volumes.

**Operating income** for the fourth quarter amounted to MSEK -71 (-66). Earnings for the cooperative operations were boosted by a sharp increase in fertilizer sales. This was largely the result of the abolition of the fertilizer tax at the end of 2009, when significant sales volumes were shifted to 2010. The effects were countered by lower production results and restructuring costs for the ONE Lantmännen Lantbruk action program. SW Seed's increased license sales made a positive contribution to operating income during the quarter. In addition, total earnings from international operations also improved on the previous year's figure.

#### January-December period

**Net sales** for the full year totaled MSEK 11,111 (10,644), an increase of 4 percent. As was the case for the quarter, the improvement was largely attributable to Lantmännen Lantbruk's cooperative operations and high fertilizer sales. Lower volumes of grain and Nötfor and lower price levels for grain and fertilizer countered the positive sales effect. 459 milk production facilities were closed during the year and total milk deliveries fell by 3 percent, which had a negative effect on sales of Nötfor.

**Operating income** for the full year amounted to MSEK 82 (-145). As was the case for the quarter, the cooperative operations were mainly responsible for the improvement, as a result of higher sales volumes for fertilizer and grain seed. This was offset to some extent by lower feed and grain volumes. Earnings were also adversely affected by restructuring costs totaling MSEK 85, which comprise costs for the ONE Lantmännen Lantbruk action program, impairment of non-current assets at a number of grain plants and at the feed plant in Norrköping.

The previous year's results were adversely affected by the write-down of fertilizer inventories and downgrading of grain resulting from the poor quality of the harvest. SW Seed's increased license sales in Germany contributed to the higher operating income during the year.

In addition, total earnings for the year from international operations improved compared with the previous year, with HaGe Kiel in particular reporting higher earnings compared with the previous year. Earnings from international operations are reported with a one-month lag and cover the period December 2009 to November 2010.

The aim of the ONE Lantmännen Lantbruk action program to increase the competitiveness and improve the profitability of the cooperative operations by creating ONE Lantmännen Lantbruk, with a common culture and common working methods. The new organization, which also involves a merger between Lantbruk Sverige and SW Seed, was introduced as planned on 1 January 2011, and work associated with the action program continues. It is expected that the company will need to lose approximately 60 administrative employees.



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

<i>Cooperative operations in the Agriculture Sector</i>	Oct-Dec		Jan-Dec	
	2010	2009	2010	2009
Net sales, MSEK	2,710	1,987	10,110	9,545
Operating income, MSEK	-115	-69	-49	-242
Operating margin, %	-4.2	-3.5	-0.5	-2.5
Return on operating capital, %	-15.5	-9.9	-1.9	-6.9
<b>Operating income adjusted for items affecting comparability, MSEK</b>	<b>-50</b>	<b>-31</b>	<b>36</b>	<b>-204</b>
<b>Operating margin, adjusted for items affecting comparability, %</b>	<b>-1.8</b>	<b>-1.6</b>	<b>0.4</b>	<b>-2.1</b>
<b>Return on operating capital, adjusted for items affecting comparability, %</b>	<b>-6.8</b>	<b>-4.5</b>	<b>1.4</b>	<b>-5.8</b>
Number of employees			858	876



## Machinery Sector

	Oct-Dec		Jan-Dec	
	2010	2009	2010	2009
Net sales, MSEK	2,871	1,788	8,561	7,129
Operating income, MSEK	41	-18	206	17
Operating margin, %	1.4	-1.0	2.4	0.2
Return on operating capital, %	8.3	-3.4	10.4	0.8
<b>Operating income adjusted for items affecting comparability, MSEK</b>	<b>71</b>	<b>27</b>	<b>236</b>	<b>64</b>
<b>Operating margin, adjusted for items affecting comparability, %</b>	<b>2.5</b>	<b>1.5</b>	<b>2.8</b>	<b>0.9</b>
<b>Return on operating capital, adjusted for items affecting comparability, %</b>	<b>14.4</b>	<b>5.3</b>	<b>12.0</b>	<b>3.1</b>
Number of employees			1,863	1,553

### Fourth quarter

**Net sales** for the fourth quarter amounted to MSEK 2,871 (1,788), an increase of 61 percent compared with the previous year. Most of the increase in sales is attributable to Swecon, where Swedish business continues to thrive. The higher sales for Swecon reflect not only a stronger market, but also increasing market shares. The acquisition of Konicke Baumaschinen in Germany increased sales for the fourth quarter by just under MSEK 450. The German market is showing signs of slow recovery, while market performance in the Baltic countries is still weak. The aftermarket, i.e. sales of spare parts and service, was healthy in all of Swecon's markets.

Fourth quarter net sales for Lantmännen Maskin were higher than in the previous year. The Swedish and Norwegian operations show positive sales growth, while sales in Denmark have fallen sharply in the wake of low market activity resulting from credit constraints on farmers. The overall market for tractors in Sweden and Norway continues to perform positively, whereas the performance in Denmark remains weak.

The transfer of the lubricant operations from the Energy Sector to the Machinery Sector increased fourth quarter sales by MSEK 52 compared with the previous year.

Longer delivery times from the main suppliers are having an adverse effect on sales, particularly sales of new construction machinery.

**Operating income** for the fourth quarter amounted to MSEK 41 (-18). The improvement is mainly attributable to the increase in construction machinery sales in Sweden, but is also an effect of much better results for Lantmännen Maskin. Restructuring costs associated with the Konicke acquisition had a negative effect of MSEK -30 on the Machinery Sector's earnings.

### January-December period

**Net sales** for the full year totaled MSEK 8,561 (7,129), equivalent to an increase of 20 percent. The factors behind the full-year performance are largely the same as for the fourth quarter. The new tractor models from Valtra have been well received throughout Scandinavia, and the market shares for Valtra increased in all three markets compared with the previous year. The acquisition of Konicke affected sales for the full year by just under MSEK 450. The transfer of the lubricant operations to the Machinery Sector increased sales for the year by MSEK 174 compared with the previous year.

**Operating income** for the full year amounted to MSEK 206 (17). Earnings rose at both Lantmännen Maskin and Swecon. The earnings improvement is primarily a result of lower costs, thanks to an extensive streamlining effort, and of higher sales of construction machinery in Sweden. The lubricant operations made a positive contribution to earnings.

In Germany, efforts are in progress to integrate Konicke into the existing operations of Swecon Baumaschinen. The integration program will continue during 2011.



*The Group's farm machinery operations are part of the Machinery Sector and are conducted in Lantmännen Maskin, as described below.*

	Oct-Dec		Jan-Dec	
<i>Lantmännen Maskin</i>	2010	2009	2010	2009
Net sales, MSEK	1,139	1,003	4,135	4,071
Operating income, MSEK	0	-25	27	-21
Operating margin, %	0.0	-2.5	0.7	-0.5
Return on operating capital, %	0.1	-6.9	2.0	-1.6
<b>Operating income adjusted for items affecting comparability, MSEK</b>	<b>0</b>	<b>-10</b>	<b>27</b>	<b>-5</b>
<b>Operating margin, adjusted for items affecting comparability, %</b>	<b>0.0</b>	<b>-1.0</b>	<b>0.7</b>	<b>-0.1</b>
<b>Return on operating capital, adjusted for items affecting comparability, %</b>	<b>0.1</b>	<b>-2.8</b>	<b>2.0</b>	<b>-0.4</b>
Number of employees			790	795



## Energy Sector

	Oct-Dec		Jan-Dec	
	2010	2009	2010	2009
Net sales, MSEK	825	876	3,005	3,193
Operating income, MSEK	31	65	113	94
Operating margin, %	3.8	7.4	3.8	2.9
Return on operating capital, %	5.2	10.3	4.7	3.6
<b>Operating income adjusted for items affecting comparability, MSEK</b>	<b>43</b>	<b>70</b>	<b>125</b>	<b>105</b>
<b>Operating margin, adjusted for items affecting comparability, %</b>	<b>5.2</b>	<b>8.0</b>	<b>4.2</b>	<b>3.3</b>
<b>Return on operating capital, adjusted for items affecting comparability, %</b>	<b>7.2</b>	<b>11.1</b>	<b>5.2</b>	<b>4.1</b>
Number of employees			323	361

### Fourth quarter

Fourth quarter net sales totaled MSEK 825 (876), a decline of 6 percent. The decline is primarily an effect of the sale and transfer of operations at the turn of 2009/2010 to, among others, the Machinery Sector, which affected revenues in the third quarter by MSEK -74 compared with the previous year. The decline was compensated for by somewhat higher sales for Lantmännen Agroenergi, which reported high sales of fuel pellets and heat as a result of the cold start to winter.

Operating income for the fourth quarter amounted to MSEK 31 (65). The decline is largely an effect of the stronger Swedish krona, which adversely affected Lantmännen Aspen and Lantmännen Agroetanol, and the loss of earnings from the transferred lubricant operations. The world market price of ethanol expressed in euros fell during the fourth quarter but was also listed at higher levels than last year.

### January-December period

Net sales for the full year amounted to MSEK 3,005 (3,193), a decrease of 6 per cent. The main explanation for the decrease is the sale and transfer of operations at the beginning of 2010. The revenues of these operations amounted to MSEK 229 in 2009. For Lantmännen Agroetanol, net sales grew to MSEK 1,457 (1,389) as a result of sales of ethanol and feed increasing by 20 percent due to higher capacity utilization.

Operating income for the year was MSEK 113 (94). The improved earnings are attributable to Lantmännen Agroetanol, MSEK 4 compared with MSEK -60 the previous year, and to Lantmännen Agroenergi. In Lantmännen Agroetanol the improved earnings are attributed to higher ethanol and feed sales, successful efforts to increase capacity utilization and a relatively speaking low purchase price for grain, since significant volumes were delivered under agreements signed before the sharp jump in market prices. During the year the average price of ethanol was about the same level in euros, but in kronor it was somewhat lower in 2010 compared with 2009 due to the stronger Swedish krona.

For Lantmännen Agroenergi, the unusually cold winter in Sweden at the beginning and end of the year combined with efficiency measures carried out had a positive impact on earnings.

For the sector's other activities, Lantmännen Aspen and Lantmännen Reppe, operating income for the full year was slightly weaker than last year. In Lantmännen Aspen's case it was mainly due to negative currency effects and for Lantmännen Reppe it was because of low margins resulting from higher grain prices.



## Food Sector

	Oct-Dec		Jan-Dec	
	2010	2009	2010	2009
Net sales, MSEK	3,583	3,617	14,484	15,109
Operating income, MSEK	-36	126	534	691
Operating margin, %	-1.0	3.5	3.7	4.6
Return on operating capital, %	-1.5	4.8	5.4	6.4
<b>Operating income adjusted for items affecting comparability, MSEK</b>	<b>183</b>	<b>189</b>	<b>784</b>	<b>789</b>
<b>Operating margin, adjusted for items affecting comparability, %</b>	<b>5.1</b>	<b>5.2</b>	<b>5.4</b>	<b>5.2</b>
<b>Return on operating capital, adjusted for items affecting comparability, %</b>	<b>7.6</b>	<b>7.3</b>	<b>7.9</b>	<b>7.3</b>
Number of employees			6,681	6,817

### Fourth quarter 2009

Net sales in the Food Sector amounted to MSEK 3,583 (3,617) in the fourth quarter, a decrease of 1 percent. Stripped of currency effects, revenues rose by 6 percent. The increase in sales was mainly generated by Lantmännen Cerealia and Lantmännen Kronfågel's Danish operation, and partly by implemented price increases. In Lantmännen Unibake revenues were impacted by lower sales in the Danish and German operations. 2010's acquisitions, the pasta brand Sopps in Norway and Elsö Pesti, a fast food product bakery in Hungary, did not have any significant impact on the Sector's revenues in the fourth quarter compared with the previous year.

The positive performance of Lantmännen Kronfågel's Danish operation was mainly an effect of higher sales volumes.

Compared with the previous year, Lantmännen Doggy revenues increased thanks mainly to higher sales of Tetra Recart products.

Operating income for the Food Sector was MSEK -36 (126) in the fourth quarter. Following impairment testing for the year, Lantmännen Cerealia's mill in Vejle, Denmark, was written down by MSEK 192. The reason for the write-down was the operation's earnings performance. The write-down is divided among buildings, machinery and installations. Adjusted for foreign currency translation and items affecting comparability, operating income was on level with the previous year.

Lantmännen Cerealia's earnings, adjusted for items affecting comparability, improved mainly due to good sales in Denmark.

Lantmännen Kronfågel's operating income in the fourth quarter also improved compared with the previous year, which above all can be attributed to the Danish operation, which turned the previous year's negative earnings into positive earnings.

Lantmännen Unibake's operating income deteriorated compared with the previous year, due among other things to the impact of rising commodity prices from August, while the effects of the price increases that were implemented were first seen in December.

### January–December period

The Food Sector's net sales for the full year amounted to MSEK 14,484 (15,109), a decrease of 4 percent. Adjusted for foreign currency translation effects, revenues rose by 2 percent.

Lantmännen Kronfågel's net sales rose compared with the previous year in both Sweden and Denmark.

Lantmännen Cerealia's net sales fell by 2 percent adjusted for foreign currency translation, where primarily sales in Denmark decreased as a result of the changed competition situation in the bakery and industrial segment. In Sweden, sales fell too, as seen primarily in the volumes of the food service segment but also to grocery stores. The acquisition of Sopps, the leading pasta brand in the Norwegian market, has continued to perform well. Gooh is seeing a steadily increasing sales trend as a result of the introduction of the concept in a growing number of stores. Thanks to the new production facility in Järna, the number of meals sold compared with the previous year increased by 38 percent.

Lantmännen Unibake's net sales fell 9 per cent. Adjusted for foreign currency translation effects, the decrease was 2 per cent. In the Danish fresh bread operation, volumes fell for rye bread, and in frozen bread demand has been increasingly focused on low-margin products. In addition, the share of sales to low-price chains has increased, primarily in Germany, Poland and Scandinavia. Lantmännen Doggy's sales rose 15 percent, affected by volume increases not only for Tetra Recart, but also dry food.



**Operating income** for the Food Sector amounted to MSEK 534 (691) for the full year. Adjusted for items affecting comparability, and foreign currency translation effects, operating income exceeded that of the year before.

Lantmännen Kronfågel's earnings rose, even adjusted for the glass incident, mainly thanks to increased sales and higher efficiency in the Danish production. The glass incident, which occurred in March 2009, is estimated to have impacted the previous year's earnings by a total of MSEK -70.

Lantmännen Cerealia's operating income fell primarily

due to the tough competition in the bakery and industrial segment in Denmark.

Stripped of currency effects and items affecting comparability, Lantmännen Unibake's operating income fell compared with the previous year, largely due to commodity price increases. Most of the deterioration in earnings occurred in the fourth quarter.

Despite an increase in sales, Lantmännen Doggy's earnings were in line with the previous year, mainly due to the start-up costs for the new Tetra Recart line.



## Other financial information

### Financial position and liquidity

Group equity amounted to MSEK 10,422 (10,225) at year end, of which MSEK 32 (85) refers to owners other than the members of the cooperative association, i.e. the minority interest in Group companies. The decrease in that part of equity owned by others than members is primarily an effect of the acquisition of the minority interest in the Food Sector's British company Bakehouse. Net income for the year after tax of MSEK 725 increased equity while dividends paid and above all negative translation differences for foreign operations decreased equity. The negative translation differences are an effect of the stronger Swedish krona compared with the previous year end.

Total assets at year end amounted to MSEK 27,009 (29,630). The sale of Lantmännen Finans AB's leasing and installment agreements at the end of June represents a considerable decrease of total assets. The stronger Swedish krona's effect on translation of assets in the Group's foreign operations also caused a decrease in total assets.

The Group's net debt at the end of the year amounted to MSEK 7,501 (9,739). One of the factors behind the decrease is less borrowing attributed to good cash flow from operating activities. The strong Swedish krona has also meant that borrowing in foreign currency decreased in value, thereby also lowering net debt.

The Group's available line of credit (payment capacity) is calculated on the basis of Lantmännen's current loan agreements and the terms entered into therein. Lantmännen signed new long-term credit and loan agreements in June. As of the end of December, payment capacity amounted to MSEK 3,600 (2,639 at the end of 2009/2010 calculated according to agreements then in force).

The equity ratio at year end was 38.6 percent (34.5). About half of the improvement in the equity ratio is attributed to the reduction in total assets following Lantmännen Finans AB's sale of its leasing and installment agreements.

### Investments

Group investments in non-current assets amounted to MSEK 1,587 (1,538) during the year. The single largest investment

concerned the ongoing establishment of the Danish pastry bakery in Bedford, U.K.

Other major investment projects in the Group include an expansion of Reppe's rectified spirits and starch plant in Lidköping and the expansion of the chicken slaughterhouse in Valla.

### Cash flow

Operating activities during the year provided a positive cash flow of MSEK 2,157 (3,555). The main reason for the positive cash flow in 2010 is the good result from operations before depreciation, amortization and impairment charges. The strong positive cash flow from operating activities in 2009 was mainly an effect of the capital efficiency measures carried out under the Cash Race project.

The disbursements relating to the year's investments in property, plant and equipment and intangible assets amounted to MSEK 1,587 (1,538) at the same time as sales of non-current assets provided an inflow of MSEK 903 (210), of which the majority was derived from the sale of properties. In all this yielded a negative cash flow, relating to net investments in non-current assets, of MSEK 684 (1,328).

Changes in the Group's composition represented a cash flow totaling MSEK -105 (9) during the year. The acquisition of new businesses, mainly the Machinery Sector's purchase of Könicke in Germany and the Food Sector's purchase of the minority interest in Bakehouse, negatively affected the cash flow by MSEK 225 (172). The sale of businesses, mainly the Food Sector's sale of SweChick and the Group's sale of the real estate company Tre Skåne, provided a positive cash flow of MSEK 120 (181). In addition to the purchase prices the amount also includes the change in the Group's borrowing as a direct consequence of the acquisition or disposal.

Interest-bearing receivables and investments declined, yielding a positive cash flow of MSEK 1,324 (36), primarily as an effect of the transfer of Lantmännen Finans AB's leasing and installment agreements to one of Swedbank Finans's subsidiaries. Consequently, total cash flow from investing activities, including investments in non-current assets and businesses, was MSEK 535 (-1,283).

Cash flow before financing activities thus amounted to MSEK 2,692 compared with MSEK 2,272 the previous year.

Financing activities yielded a negative cash flow of MSEK 2,180 (2,141) mainly due to repayment of borrowings.

The Group's total cash flow for the year was thus positive, amounting to MSEK 512 (131), and the Group's cash and cash equivalents totaled MSEK 869 (391) at the end of the year.

#### Human resources

The average number of employees during the period was 10,350 (10,552). The decrease is primarily a result of the ongoing efficiency program, Shape.

#### Accounting policies

Beginning 2010 Lantmännen will apply International Financial Reporting Standards (IFRS), as adopted by the EU.

This report has been prepared for the Group according to IAS 34 "Interim Financial Reporting" and the Annual Reports Act, RFR 2 (Swedish Financial Reporting Board) has been applied to the parent company and the report has been prepared according to the Annual Reports Act.

Under IFRS 1 the standards that apply to 2010 have been applied to all financial information in this report.

More important differences between IFRS and previously applied principles are described in the interim report for March 2010, which is available at Lantmännen's website, [www.lantmannen.com](http://www.lantmannen.com).

## Parent Company

#### Parent Company

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

Net sales during the year totaled MSEK 10,547 (10,130). Operating income for the year amounted to MSEK -150 (-455). The primary reason for the improved earnings was agriculture operations, mainly as a result of higher sales volumes of fertilizer and seed. This was counteracted somewhat by lower feed and grain volumes. Structural costs totaling MSEK 85 (46) were charged against earnings. The restructuring costs for the year consist of costs for the ONE Lantmännen Lantbruk action program and impairment of non-current assets at a number of grain facilities and the feed plant in Norrköping.

The earnings of the previous year were negatively impacted by the write-down of fertilizer inventories and downgrading of grain resulting from the poor quality of the harvest

Capital gains from sales of properties were also higher in 2010 than the previous year and amounted to MSEK 167 compared with MSEK 61 in 2009.

Income after financial items totaled MSEK 774 (223). Net financial items amounted to MSEK 924 (678). Net financial items include MSEK 404 (153) in foreign exchange gains on loans in currencies other than SEK. This is a result of the strengthening of the Swedish krona. Currency gains relate primarily to hedging of investments in foreign subsidiaries and are recognized at the consolidated level directly in equity via other comprehensive income. Net financial items for the year also include MSEK 54 (63) in capital gains from the sale of shares and participations and dividends, primarily from subsidiaries, in the amount of MSEK 485 (487).

Net investments for the year in non-current assets totaled

MSEK 123 (332). The equity ratio at year-end amounted to 41.9 percent (36.7).

The average number of employees during the year in the parent company was 1,099 (1,228).

#### Dividend

The Board of Directors has decided to pay a 1 percent (0) refund on members' purchases of inputs from Lantmännen ek för and 0.5 percent (0) on members' purchases from the Machinery Sector's Swedish operations. The Board has also decided that a final price adjustment of 1 percent (0) will be paid for delivered grain and oilseeds. The total refund and final price adjustment is estimated at MSEK 95 (0) and is recognized in equity in the consolidated financial statements.

The Board proposes paying a contribution dividend of 5 percent (5) on paid-in and issued contributions to direct members, organization members and local associations, a total of MSEK 68. The Board also proposes a contribution issue totaling MSEK 177, in which the issue capital is to be divided as follows: 75 percent based on members' paid-in and issued contributed capital and 25 percent based on the members' contribution-related turnover with the cooperative in 2010. In all, the contribution dividend and contribution issue resulted in a return on the contributed capital totaling 18 percent (13) for 2010.

Furthermore, the Board proposes that the dividend on subordinated debentures shall be 5.5 percent (3), which amounts to MSEK 3 (1).

As a result of the trading in contribution issues, the Board has decided that the date on which the holding entitles the holder to a dividend, in the form of either a contribution dividend or a contribution issue, will be the date of the Annual General Meeting, Wednesday, the 4th of May 2011.

# Condensed consolidated income statement

MSEK	2010 Oct-Dec	2009 Oct-Dec	2010 Jan-Dec	2009 Jan-Dec
<b>Net sales <sup>1)</sup></b>	<b>9,960</b>	<b>8,351</b>	<b>35,988</b>	<b>34,978</b>
Other operating revenue	310	157	633	718
Changes in inventories of finished goods and work in progress	89	-68	107	12
Capitalized work for own account	2	0	2	0
Cost of materials	-6,589	-4,842	-22,139	-21,545
Payroll expenses	-1,431	-1,509	-5,502	-5,851
Other operating expenses	-1,752	-1,742	-6,557	-6,519
Share of income of associated companies	25	0	92	91
Depreciation, amortization and impairment	-574	-389	-1,565	-1,407
<b>Operating income</b>	<b>40</b>	<b>-42</b>	<b>1,059</b>	<b>477</b>
Financial income	78	42	194	197
Financial expenses	-133	-132	-431	-570
<b>Income after financial items</b>	<b>-15</b>	<b>-132</b>	<b>822</b>	<b>104</b>
Tax	81	93	-97	78
<b>Net income for the period after tax</b>	<b>66</b>	<b>-39</b>	<b>725</b>	<b>182</b>
<b>Net income for the period attributable to:</b>				
Members of the cooperative association	65	-58	719	162
Non-controlling interests	1	19	6	20

<sup>1)</sup> Net sales are reported excluding excise duties.

# Condensed consolidated statement of comprehensive income

MSEK	2010 Oct-Dec	2009 Oct-Dec	2010 Jan-Dec	2009 Jan-Dec
<b>Net income for the period after tax</b>	<b>66</b>	<b>-39</b>	<b>725</b>	<b>182</b>
Actuarial gains and losses on defined benefit pension plans	169	-53	169	-53
Available-for-sale financial assets	-1	13	-22	-5
Cash flow hedges	50	58	69	-11
Exchange differences on translation of foreign operations	-195	68	-770	-264
Net gain on hedge of net investment in foreign operations	90	-81	431	89
Tax relating to components of other comprehensive income	-72	20	-171	-13
Other comprehensive income for the period, net of tax	41	25	-294	-257
<b>Total comprehensive income for the period</b>	<b>107</b>	<b>-14</b>	<b>431</b>	<b>-75</b>
<b>Total comprehensive income for the period attributed to:</b>				
Members of the cooperative association:	106	-36	425	-92
Non-controlling interests	1	22	6	17

# Condensed consolidated statement of financial position

MSEK	2010 31 Dec	2009 31 Dec
<b>ASSETS</b>		
Property, plant and equipment	9,515	10,451
Investment properties	243	347
Goodwill	2,779	3,030
Other intangible assets	713	748
Investments in associates	1,157	1,182
Non-current financial assets	662	1,882
Deferred tax assets	231	469
Other non-current assets	44	48
<b>Total non-current assets</b>	<b>15,344</b>	<b>18,157</b>
Inventories	5,224	5,646
Accounts receivable and other operating receivables	5,417	4,672
Short-term interest-bearing assets	139	694
Current tax assets	16	70
Cash and cash equivalents	869	391
<b>Total current assets</b>	<b>11,665</b>	<b>11,473</b>
<b>TOTAL ASSETS</b>	<b>27,009</b>	<b>29,630</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to members of the cooperative association	10,390	10,140
Non-controlling interests	32	85
<b>Total equity</b>	<b>10,422</b>	<b>10,225</b>
Long-term interest-bearing liabilities <sup>1)</sup>	5,096	7,054
Provisions for pension obligations	1,776	1,910
Deferred tax liabilities	100	172
Other long-term provisions	299	366
Other long-term liabilities	49	21
<b>Total long-term liabilities</b>	<b>7,320</b>	<b>9,523</b>
Short-term interest-bearing liabilities	2,299	3,742
Accounts payable and other operating liabilities	6,585	5,908
Current tax liabilities	113	131
Short-term provisions	270	101
<b>Total short-term liabilities</b>	<b>9,267</b>	<b>9,882</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>27,009</b>	<b>29,630</b>
Equity ratio	38.6	34.5
<sup>1)</sup> Including subordinated debentures, MSEK	56	56

# Condensed consolidated quarterly income statements

MSEK	2010 Oct-Dec	2010 Jul-Sep	2010 Apr-Jun	2010 Jan-Mar	2009 Oct-Dec	2009 Jul-Sep	2009 Apr-Jun	2009 Jan-Mar
<b>Net sales <sup>1)</sup></b>	<b>9,960</b>	<b>8,719</b>	<b>9,153</b>	<b>8,156</b>	<b>8,351</b>	<b>8,742</b>	<b>9,316</b>	<b>8,569</b>
Other operating revenue	310	100	78	145	157	139	261	161
Changes in inventories of finished goods and work in progress	89	69	17	-68	-68	23	46	11
Capitalized work for own account	2	0	0	0	0	0	0	0
Cost of materials	-6,589	-5,227	-5,611	-4,712	-4,842	-5,277	-6,053	-5,373
Payroll expenses	-1,431	-1,311	-1,391	-1,369	-1,509	-1,427	-1,492	-1,423
Other operating expenses	-1,752	-1,540	-1,653	-1,612	-1,742	-1,550	-1,593	-1,634
Share of income of associated companies	25	27	25	15	0	17	25	49
Depreciation, amortization and impairment	-574	-309	-306	-376	-389	-348	-327	-343
<b>Operating income</b>	<b>40</b>	<b>528</b>	<b>312</b>	<b>179</b>	<b>-42</b>	<b>319</b>	<b>183</b>	<b>17</b>
Financial income	78	26	51	39	42	55	40	60
Financial expenses	-133	-105	-93	-100	-132	-133	-145	-160
<b>Income after financial items</b>	<b>-15</b>	<b>449</b>	<b>270</b>	<b>118</b>	<b>-132</b>	<b>241</b>	<b>78</b>	<b>-83</b>
Tax	81	-92	-66	-20	93	-68	-20	73
<b>Net income for the period after tax</b>	<b>66</b>	<b>357</b>	<b>204</b>	<b>98</b>	<b>-39</b>	<b>173</b>	<b>58</b>	<b>-10</b>
<b>Net income for the period attributable to:</b>								
Members of the cooperative association:	65	357	203	94	-58	173	57	-10
Non-controlling interests	1	0	1	4	19	0	1	0

<sup>1)</sup> Net sales are reported excluding excise duties.

# Condensed consolidated statement of cash flow

MSEK	2010 Oct-Dec	2009 Oct-Dec	2010 Jan-Dec	2009 Jan-Dec
Income after financial items	-15	-132	822	104
Adjustment for items not included in cash flow <sup>1)</sup>	517	352	1,385	1,080
Paid tax	-20	28	-76	-46
<b>Cash flow from operating activities before change in working capital</b>	<b>482</b>	<b>248</b>	<b>2,131</b>	<b>1,138</b>
Change in working capital	-67	637	26	2,417
<b>Cash flow from operating activities</b>	<b>415</b>	<b>885</b>	<b>2,157</b>	<b>3,555</b>
Acquisitions, disposals of operations	-118	-125	-105	9
Investments in property, plant and equipment and intangible assets, net	215	-470	-684	-1,328
Change in interest-bearing receivables and investments	5	106	1,324	36
<b>Cash flow from investing activities</b>	<b>102</b>	<b>-489</b>	<b>535</b>	<b>-1,283</b>
<b>Cash flow from financing activities</b>	<b>517</b>	<b>396</b>	<b>2,692</b>	<b>2,272</b>
Change in contributed capital	1	-2	-15	-1
Dividend paid	-3	-7	-72	-65
Capital contributed through subordinated debentures	-	0	-	56
Change in loans payable	-222	-500	-2,093	-2,131
<b>Cash flow from financing activities</b>	<b>-224</b>	<b>-509</b>	<b>-2,180</b>	<b>-2,141</b>
Cash flow for the period	293	-113	512	131
Cash and cash equivalents at the beginning of the period	583	500	391	269
Exchange rate differences	-7	4	-34	-9
<b>Cash and cash equivalents at the end of the period</b>	<b>869</b>	<b>391</b>	<b>869</b>	<b>391</b>
<sup>1)</sup> Depreciation, amortization and impairment of non-current assets	574	389	1,565	1,407
Less share of income in associated companies	-25	0	-92	-91
Capital gains on sale of non-current assets and operations	-200	9	-284	-106
Other items with no effect on liquidity	168	-46	196	-130
	517	352	1,385	1,080

# Condensed consolidated changes in equity

MSEK	2010 Jan-Dec	2009 Jan-Dec
<b>Attributable to members of the cooperative association:</b>		
Opening balance, 1 January	10,140	10,290
Total comprehensive income for the period	425	-92
Contribution dividend paid	-64	-57
Refund and final price adjustment	-95	
Contributed capital paid in by members	37	52
Contributed capital paid out to members	-53	-53
<b>Closing balance <sup>1)</sup></b>	<b>10,390</b>	<b>10,140</b>
<b>Attributable to non-controlling interests:</b>		
Opening balance, 1 January	85	56
Total comprehensive income for the period	6	17
Dividend	-12	-8
Change in the Group's composition	-47	20
Closing balance	32	85
<b>Total equity, closing balance</b>	<b>10,422</b>	<b>10,225</b>
<sup>1)</sup> <b>Equity attributable to members of the cooperative association</b>		
Contributed capital, paid in	612	606
Contributed capital, issued	738	660
Other equity	9,040	8,874
<b>Total equity attributable to members of the cooperative association</b>	<b>10,390</b>	<b>10,140</b>

# Segment information

(Information about the Group's sectors, which are consistent with the Group's segments.)

## Net sales per sector

MSEK	2010 Oct-Dec	2009 Oct-Dec	2010 Jan-Dec	2009 Jan-Dec	Change %
Agriculture Sector	3,051	2,355	11,111	10,664	4
Machine Sector	2,871	1,788	8,561	7,129	20
Energy Sector	825	876	3,005	3,193	-6
Food Sector	3,583	3,617	14,484	15,109	-4
Other operations	142	177	620	623	0
Eliminations	-512	-462	-1,793	-1,740	3
<b>Total</b>	<b>9,960</b>	<b>8,351</b>	<b>35,988</b>	<b>34,978</b>	<b>3</b>

## Operating income per sector

MSEK	2010 Oct-Dec	2009 Oct-Dec	2010 Jan-Dec	2009 Jan-Dec
Agriculture Sector	-71	-66	82	-145
Machine Sector	41	-18	206	17
Energy Sector	31	65	113	94
Food Sector	-36	126	534	691
Other operations <sup>1)</sup>	49	-107	61	-141
Group items <sup>2)</sup>	26	-42	63	-39
<b>Total</b>	<b>40</b>	<b>-42</b>	<b>1,059</b>	<b>477</b>

<sup>1)</sup> Includes among others the following items affecting comparability:

Capital gains from sale of properties	189	-	208	58
Restructuring costs, Shape	-	-	-	-13

<sup>2)</sup> Includes among others the following items affecting comparability:

Capital gains from sale of operations	-	-	5	-
Restructuring costs, Shape	-	-	-	-17
Revaluation effect of gradual acquisition of participations in Bakehouse	-	-	-	63

## Operating margin per sector

%	2010 Oct-Dec	2009 Oct-Dec	2010 Jan-Dec	2009 Jan-Dec
Agriculture Sector	-2.3	-2.8	0.7	-1.4
Machine Sector	1.4	-1.0	2.4	0.2
Energy Sector	3.8	7.4	3.8	2.9
Food Sector	-1.0	3.5	3.7	4.6
<b>Total</b>	<b>0.4</b>	<b>-0.5</b>	<b>2.9</b>	<b>1.4</b>

## Return on operating capital per sector

%	2010 Oct-Dec	2009 Oct-Dec	2010 Jan-Dec	2009 Jan-Dec
Agriculture Sector	-6.8	-7.5	2.2	-3.4
Machine Sector	8.3	-3.4	10.4	0.8
Energy Sector	5.2	10.3	4.7	3.6
Food Sector	-1.5	4.8	5.4	6.4
<b>Total</b>	<b>0.9</b>	<b>-0.8</b>	<b>5.7</b>	<b>2.2</b>

# Parent Company

## Condensed income statement

MSEK	2010 Jan-Dec	2009 Jan-Dec
Net sales, external	8,957	8,637
Net sales, intra-Group	1,590	1,493
<b>Net sales, total</b>	<b>10,547</b>	<b>10,130</b>
Other operating revenue	506	374
Cost of materials	-8,307	-8,185
Payroll expenses	-898	-910
Other expenses	-1,759	-1,713
Depreciation, amortization and impairment	-239	-151
<b>Operating income</b>	<b>-150</b>	<b>-455</b>
Income from financial items	924	678
<b>Income after financial items</b>	<b>774</b>	<b>223</b>
Refund and final price adjustment	-95	-1
Tax	-35	132
<b>Net income for the period</b>	<b>644</b>	<b>354</b>

## Condensed statement of financial position

MSEK	2010 31 Dec	2009 31 Dec
<b>ASSETS</b>		
Intangible assets	165	188
Property, plant and equipment	1,056	1,520
Participations in Group companies	6,757	5,621
Long-term receivables from Group companies	125	178
Participations in associated companies	851	820
Other long-term securities holdings	287	152
Other long-term receivables	143	488
<b>Total non-current assets</b>	<b>9,384</b>	<b>8,967</b>
Inventories	1,830	2,041
Short-term receivables from Group companies	8,746	10,321
Other short-term receivables	1,987	1,598
Short-term investments incl. cash and bank	386	83
<b>Total current assets</b>	<b>12,949</b>	<b>14,043</b>
<b>TOTAL ASSETS</b>	<b>22,333</b>	<b>23,010</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	9,131	8,207
Untaxed reserves	311	311
Provisions	983	908
Long-term liabilities	4,792	6,668
Short-term liabilities to Group companies	3,542	2,512
Other short-term liabilities	3,574	4,404
<b>SUMMA EQUITY AND LIABILITIES</b>	<b>22,333</b>	<b>23,010</b>
Equity ratio	41.9	36.7

# IFRS bridges

## Effect of the transition to IFRS on the income statement and comprehensive income for Sep-Dec 2009

MSEK	According to previously applied policies	Changed acquisition balance sheets, treatment of goodwill (IFRS 3)	Restoration of reversed negative goodwill (IFRS 3)	Financial instruments at fair value (IAS 39)	Pensions (IAS 19)	Translation differences previously in equity (IAS 1)	Other	According to IFRS
Net sales, excluding excise duties	8,344						7	8,351
Other revenue	156			1				157
Depreciation, amortization and impairment	-434	49					-4	-389
Other operating expenses	-8,160		-12	5			6	-8,161
Share of income of associated companies	10						-10	0
<b>Operating income</b>	<b>-84</b>	<b>49</b>	<b>-12</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>-42</b>
Financial items	-90			4			-4	-90
<b>Income after financial items</b>	<b>-174</b>	<b>49</b>	<b>-12</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>-5</b>	<b>-132</b>
Tax	77	4		-3			15	93
<b>Net income for the period after tax</b>	<b>-97</b>	<b>53</b>	<b>-12</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>-39</b>
Other comprehensive income for the period, net of tax		24		55	-39	-17	2	25
<b>Total comprehensive income for the period</b>	<b>-97</b>	<b>77</b>	<b>-12</b>	<b>62</b>	<b>-39</b>	<b>-17</b>	<b>12</b>	<b>-14</b>

## Effect of the transition to IFRS on the opening balance 1 January 2009

MSEK	According to previously applied policies	Changed acquisition balance sheets, treatment of goodwill (IFRS 3)	Restoration of reversed negative goodwill (IFRS 3)	Financial instruments at fair value (IAS 39)	Pensions (IAS 19)	Translation differences previously in equity (IAS 1)	Other	According to IFRS
Property, plant and equipment	10,974					-384	124	10,714
Goodwill	3,386	-399					-37	2,950
Other intangible assets	459	319						778
Investments in associates	1,195						-28	1,167
Non-current financial assets	1,774			78				1,852
Deferred tax assets	136			23	115	-6	22	290
Other non-current assets	35					-16	20	39
Accounts receivable and other operating receivables	6,543			40		-98	26	6,511
Short-term financial assets	630			25				655
Other current assets and cash and cash equivalents	7,421					-30		7,391
Assets in disposed of operations						534		534
<b>Total assets</b>	<b>32,553</b>	<b>-80</b>	<b>0</b>	<b>166</b>	<b>115</b>	<b>0</b>	<b>127</b>	<b>32,881</b>
Equity, Parent Company members	10,528	-134	294	-16	-322		-60	10,290
Non-controlling interests/ minority interest	56							56
<b>Equity</b>	<b>10,584</b>	<b>-134</b>	<b>294</b>	<b>-16</b>	<b>-322</b>	<b>0</b>	<b>-60</b>	<b>10,346</b>
Long-term financial liabilities	8,219			14		-158	20	8,095
Provisions for pension obligations	1,544				352	-139		1,757
Deferred tax liabilities	132	54		2		-4		184
Other long-term provisions and liabilities	696		-294		85	-35		452
Short-term financial liabilities	4,565			23		-2		4,586
Accounts payable and other operating liabilities	6,768			143		-187	167	6,891
Current tax liabilities	45							45
Liabilities in disposed of operations						525		525
<b>Total equity and liabilities</b>	<b>32,553</b>	<b>-80</b>	<b>0</b>	<b>166</b>	<b>115</b>	<b>0</b>	<b>127</b>	<b>32,881</b>

For the effects of the transition to IFRS on the closing balance for other quarters in 2009, see IFRS bridges in the Interim Reports for January-March 2010, January-June 2010 and January-September 2010.

## Effect of the transition to IFRS on the income statement and comprehensive income for Jan-Dec 2009

MSEK	According to previously applied policies	Changed acquisition balance sheets, treatment of goodwill (IFRS 3)	Restoration of reversed negative goodwill (IFRS 3)	Financial instruments at fair value (IAS 39)	Pensions (IAS 19)	Translation differences previously in equity (IAS 1)	Other	According to IFRS
Net sales, excluding excise duties	34,950						28	34,978
Other revenue	654	63		1				718
Depreciation, amortization and impairment	-1,550	199					-56	-1,407
Other operating expenses	-33,847		-71	-4			19	-33,903
Share of income of associated companies	97						-6	91
<b>Operating income</b>	<b>304</b>	<b>262</b>	<b>-71</b>	<b>-3</b>	<b>0</b>	<b>0</b>	<b>-15</b>	<b>477</b>
Financial items	-370			2			-5	-373
<b>Income after financial items</b>	<b>-66</b>	<b>262</b>	<b>-71</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>-20</b>	<b>104</b>
Tax	13	15					50	78
<b>Net income for the period after tax</b>	<b>-53</b>	<b>277</b>	<b>-71</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>30</b>	<b>182</b>
Other comprehensive income for the period, net of tax		109		-19	-39	-305	-3	-257
<b>Total comprehensive income for the period</b>	<b>-53</b>	<b>386</b>	<b>-71</b>	<b>-20</b>	<b>-39</b>	<b>-305</b>	<b>27</b>	<b>-75</b>

For the effects of the transition to IFRS on the income statement and statement of comprehensive income, plus a description of the nature of the various adjustment items for other quarters in 2009, see IFRS bridges in the Interim Reports for January-March 2010.

## Effect of the transition to IFRS on the closing balance 31 December 2009

MSEK	According to previously applied policies	Changed acquisition balance sheets, treatment of goodwill (IFRS 3)	Restoration of reversed negative goodwill (IFRS 3)	Financial instruments at fair value (IAS 39)	Pensions (IAS 19)	Subordinated debentures	Other	According to IFRS
Property, plant and equipment	10,667						131	10,798
Goodwill	3,078	-24					-24	3,030
Other intangible assets	391	357						748
Investments in associates	1,174						8	1,182
Non-current financial assets	1,824			58				1,882
Deferred tax assets	282			29	128		30	469
Other non-current assets	33						15	48
Accounts receivable and other operating receivables	4,654						18	4,672
Short-term financial assets	681			13				694
Other current assets and cash and cash equivalents	6,107							6,107
<b>Total assets</b>	<b>28,891</b>	<b>333</b>	<b>0</b>	<b>100</b>	<b>128</b>	<b>0</b>	<b>178</b>	<b>29,630</b>
Equity, Parent Company members	10,148	250	223	-37	-361	-56	-27	10,140
Non-controlling interests/ minority interest	69	16						85
<b>Equity</b>	<b>10,217</b>	<b>266</b>	<b>223</b>	<b>-37</b>	<b>-361</b>	<b>-56</b>	<b>-27</b>	<b>10,225</b>
Long-term financial liabilities	6,930			29		56	39	7,054
Provisions for pension obligations	1,514				396			1,910
Deferred tax liabilities	95	67		10				172
Other long-term provisions and liabilities	517		-223		93			387
Short-term financial liabilities	3,741			1				3,742
Accounts payable and other operating liabilities	5,746			97			166	6,009
Current tax liabilities	131							131
<b>Total equity and liabilities</b>	<b>28,891</b>	<b>333</b>	<b>0</b>	<b>100</b>	<b>128</b>	<b>0</b>	<b>178</b>	<b>29,630</b>

For the effects of the transition to IFRS on the closing balance for other quarters in 2009, see IFRS bridges in the Interim Reports for January-March 2010, January-June 2010 and January-September 2010.

## Audit report

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

On assignment for the Board of Directors  
Stockholm, 8 February 2011



Per Strömberg  
President and CEO  
Lantmännen

## For more information, please contact

Per Strömberg, President and CEO, tel. +46 8 657 42 24, mobile +46 70 385 11 91

Per Olof Nyman, Executive Vice President, CFO and Head of CF Finance, tel. +46 8 657 42 47, mobile +46 70 657 42 47

Anette Rosengren, Vice President & Head of CF Communication, tel. +46 8 657 43 19, mobile +46 70 299 59 50



**Gooh,  
Lamb and beef patties  
With dinkel (spelt) rice and hot curry**

[www.lantmannen.com](http://www.lantmannen.com)

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

## **Good food from Lantmännen**

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

