

# Lantmännen Year-end Report January-December

# 2012



” **Lantmännen takes  
responsibility from  
field to fork**

  
Lantmännen



**Lantmännen is one of the largest agriculture, machinery, energy and food groups in the Nordic region. Examples of our brands are AXA, Kungsörnen, Kronfågel, GoGreen, Hatting, Schulstad and Gooh. Owned by 33,500 Swedish farmers, we have more than 10,000 employees, a presence in 22 countries and revenues of SEK 36.5 billion. Our company is founded on knowledge and values built up through generations of owners. With research, development and operations throughout the chain, we are able to take responsibility from field to fork.**

**To read more, go to [www.lantmannen.com](http://www.lantmannen.com)**

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## **Financial Reporting**

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With effect from January 1, 2013, Lantmännen will report on a four-monthly basis rather than quarterly as previously. The Annual and Sustainability Report 2012 and the Annual Report are available at

<a href="http://www.lantmannen.com">www.lantmannen.com</a>	February 25, 2013
English Annual Report	March 2013
Interim Report 1st four months	May 31, 2013
Interim Report 2nd four months	October 2, 2013

## **Notice of Annual General Meeting**

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The Annual General Meeting will be held at the Clarion Hotel, Ringvägen 98, Stockholm, on Monday, May 6, 2013.

## **Distribution**

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The Annual Report, the Annual and Sustainability Report, the appendix Sustainability-Related Indicators, interim reports and other reports are available in English and Swedish. All reports can be downloaded from

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

The printed Annual Report, which is a summary of the Annual and Sustainability Report, will be distributed to anyone requesting a copy. Printed reports can be ordered at ► [www.lantmannen.com](http://www.lantmannen.com)

# The period in brief January-December 2012

**The Group's net sales** for the fourth quarter of 2012 amounted to MSEK 9,558 (9,665), a decline of 1 percent. Currency effects had only a marginal impact on sales. Net sales for the full year 2012 amounted to MSEK 36,526 (37,896). This is a decline of 4 percent, which is largely due to currency effects.

**Operating income** for the fourth quarter amounted to MSEK 128 (192). Operating income for the full year was MSEK 685 (1,204). This includes items affecting comparability of MSEK -62 (141). After adjustment for these items, operating income for the quarter was MSEK 130 (51) and for the year MSEK 747 (1,063).

**Income after financial items** for the fourth quarter amounted to MSEK 98 (31). Income after financial items for the full year declined to MSEK 503 (867). After adjustment for items affecting comparability, the figure for the full year was MSEK 565 (841).

**Net income after tax** for the fourth quarter amounted to MSEK 58 (50) and for the full year MSEK 412 (720).

**Cash flow before financing activities** for the year was MSEK -222 (876). The figure for 2011 includes property sales of approx. MSEK 1,057 to the Grodden pension fund.

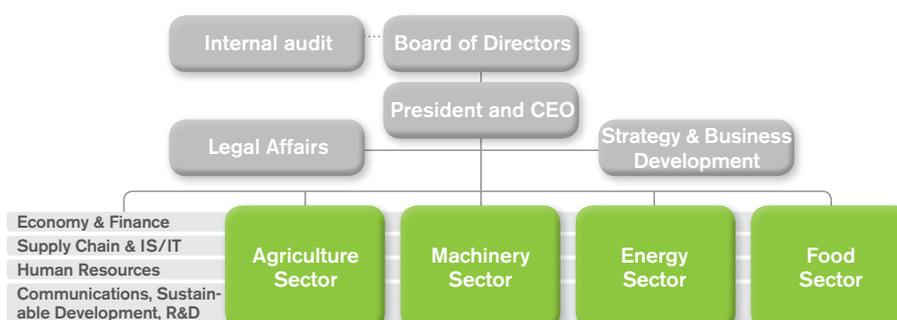
**Investments** amounted to MSEK 1,292 (1,431) during the year.

**Dividend** The Board has decided to pay a dividend in the form of a 1.25 percent refund and final price adjustment on transactions with Lantmännen ek för and SW Seed, and 0.5 percent on transactions with Lantmännen Maskin. The total dividend is MSEK 120 (110). The Board of Directors proposes that the Annual General Meeting approve a 5 (5) percent dividend on contributed capital, totaling MSEK 87 (78), and a contribution issue of MSEK 80 (152). The proposed dividend on subordinated debentures is 3.75 (6.75) percent, a total of MSEK 2 (4).

## Key figures

	2012 Oct-Dec	2011 Oct-Dec	2012 Jan-Dec	2011 Jan-Dec
Net sales, MSEK	9,558	9,665	36,526	37,896
Operating income, MSEK	128	192	685	1,204
Operating margin, %	1.3	2.0	1.9	3.2
Income after financial items, MSEK	98	31	503	867
Net income for the period, MSEK	58	50	412	720
Cash flow before financing activities, MSEK	458	1,253	-222	876
Return on equity, %	2.1	1.8	3.8	6.7
Return on operating capital, %	2.8	4.0	3.8	6.5
Total assets, MSEK			26,367	26,621
Equity ratio, %			41.5	41.1
Investments, MSEK	424	271	1,292	1,431
Net debt, MSEK			7,506	7,186
Interest coverage ratio, times			2.2	2.5
Average number of employees			10,249	10,296
Operating income excluding items affecting comparability, MSEK	130	51	747	1,063
Income after financial items excluding items affecting comparability, MSEK	100	5	565	841

## Lantmännen's organization



# Business environment, sales and earnings

## Business Environment & Market

The ongoing recession in Europe continues and growth forecasts for 2013 have been revised downwards. Despite the financial turmoil, the Nordic countries have maintained relatively stable economies, although the longer the recession goes on, the weaker their economies are becoming.

The 2012 agricultural year was characterized by extreme weather in Sweden, with large regional variations, but generally it was very successful for Swedish grain growers. High global demand for grain is driven primarily by the growing middle classes in emerging countries. Agricultural revenue in general is increasingly affected by the world market.

Swedish beef, pork and grain producers benefited from higher settlement prices in 2012, while milk producers were hit by lower settlement prices due to surpluses on the world market. For milk producers, the year was dominated by declining prices and pressure on profitability, which was compounded by higher feed prices. However, milk prices recovered slightly during the second half of the year.

Investment in agriculture remains low, despite higher settlement prices and good results for grain farmers. This is also reflected in a significantly weaker order intake for farm machinery during the year.

The overall Nordic construction market is also experiencing a gradual slow-down. The volume of investment in the Swedish construction sector is expected to rise slightly in 2013, mainly due to increased housing investment, while investment in plant is expected to decline.

Ethanol prices rose in 2012, resulting in a less unfavorable ethanol-grain price relationship. However, prices fell again during the latter months of the year and the market continues to be very volatile.

In the food sector, retailers' total sales increased by approx. 4 percent in 2012. The increase was primarily driven by price increases in response to rising commodity prices. However, volume growth was weaker.

Many countries, both in Europe and globally, continue to struggle with declining demand from concerned consumers, falling production and rising unemployment. In Sweden, households' optimism increased towards the end of 2012 and interest rates are low, which indicates increased consumption. However, this is dependent on the number of lay-off notices not increasing too much, which could adversely affect consumption in the same way as in 2008. In the food sector, the trend of increased demand for low-price products and private labels is expected to continue.

## The Group's net sales and earnings

### Fourth quarter 2012

#### Net sales

Lantmännen's net sales for the fourth quarter amounted to MSEK 9,558 (9,665), which is a decline of 1 percent. Currency effects had a marginal effect on sales. The decline in net sales is largely due to lower sales volumes in the Machinery Sector and the divestment of the distillate business in the Agriculture Sector.

#### Operating income

Lantmännen's operating income for the fourth quarter amounted to MSEK 128 (192). After adjustment for items affecting comparability, operating income was MSEK 130 (51).

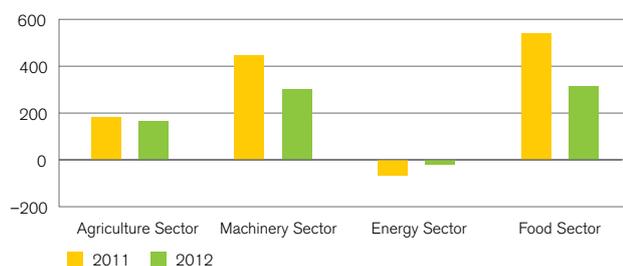
### January – December 2012 period

#### Net sales

Lantmännen's net sales for the year amounted to MSEK 36,526 (37,896), which is a decline of 4 percent. Currency effects made a negative contribution of -2 percent. The decline in net sales is mainly attributable to the Machinery Sector, which has experienced a fall in demand for machinery as a result of the economic downturn.

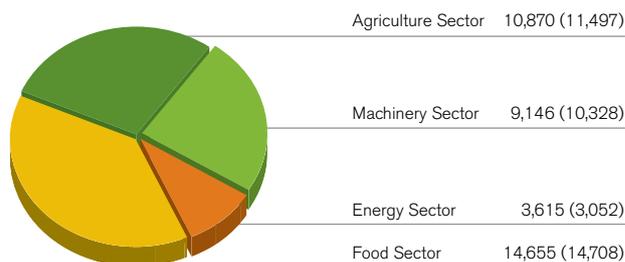
## Operating income per sector, accumulated January–December

Adjusted for items affecting comparability, MSEK



## Sales per sector, 2012

MSEK





#### *Operating income*

Lantmännen's operating income for the year amounted to MSEK 685 (1,204). Items affecting comparability totaled MSEK -62 (141) and were attributable to restructuring costs in the Food Sector. After adjustment for these items, operating income for the full year amounted to MSEK 747 (1,063). The Energy Sector reported an improved operating income compared with the previous year. The other Sectors all had a lower operating income than in the previous year.

Commissioning and start-up costs for Unibake's new bakery in England were considerably higher than anticipated. These costs, together with poor accounting control and deficiencies in the financial statements, had a negative impact on the Group's results. Extensive work has been carried out to safeguard the subsidiary's balance sheet at December 31, 2012. The accounting deficiencies and uncertainties have been largely corrected and a project aimed at rationalizing the plant is in progress.

#### *Net financial income*

The Group's net financial income for the year was MSEK -182 (-337). Net financial income for 2011 included a write-down of shares in VK Mühlen by MSEK 115. After adjustment for the write-down, net financial income for that year was MSEK -222. The improvement in net financial income is largely due to Lantmännen's establishment of a pension fund at the end of the previous year and the return on its assets making a positive contribution to Lantmännen's net financial income for 2012. Previously, net financial income was only affected by interest expenses for pension liabilities.

A lower average interest rate on liabilities to credit institutions also had a positive impact on net financial items.

#### *Tax and income after tax*

Tax expense for the year amounted to MSEK -91 (-147), giving an effective tax rate of 18 (17) percent. The tax rate was affected by the fact that dividends, including refunds and final price adjustments, from Lantmännen ek för are tax deductible.

The Group's net income after tax for the year amounted to MSEK 412 (720). MSEK 413 (720) of this figure is attributable to cooperative association members and MSEK -1 (0) to non-controlling interests (minority owners) in the Group's subsidiaries.

#### *Cash flow*

Cash flow from operating activities was MSEK 983 (1,015) during the year. The cash operating surplus contributed MSEK 1,358 (1,655) to the figure, while working capital reduced the cash flow by MSEK -375 (-640).

The Group's investments in non-current assets amounted to MSEK -1,292 (-1,431) and include the Food Sector's investments in a new croissant production line in Belgium and a new packaging line in the mill in Vejle, Denmark. The year's net investments in non-current assets amounted to MSEK -1,163 (-160). The figure for 2011 includes property sales of MSEK 1,057 to the Grodden pension fund.

No acquisitions or divestments of operations affecting cash flow were made during the year.

Cash flow before financing activities amounted to MSEK -222 (876).

### Financial position

Equity at December 31 amounted to MSEK 10,932 (10,942), of which MSEK 33 (36) refers to owners other than the members of the cooperative association, i.e. the minority interest in Group companies.

Net debt was a little higher than at the previous year-end, amounting to MSEK 7,506 (7,186).

Payment capacity, which is the Group's available line of credit, is calculated on the basis of Lantmännen's current loan agreements and their covenants. Payment capacity amounted to MSEK 1,287 at the end of December, compared with MSEK 1,615 at the end of the previous year (calculated according to agreements then in force). At the end of December, Lantmännen was within the covenants associated with its existing loan agreements. Cash & cash equivalents were MSEK 352 (739).

The equity ratio ended the year at 41.5 (41.1) percent.

Total assets were slightly down on the previous year, amounting to MSEK 26,367 (26,621).

### Risks and uncertainties

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

The main uncertainty concerning Lantmännen's operations and earnings still relates to the profitability of Lantmännen Agroetanol, which is highly dependent on ethanol price trends and the price of grain. If the liter price of ethanol changes by SEK 1, annual earnings will be affected by approx. 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 annual earnings by approx. MSEK 200, provided the price of feed correlates with the price of grain.

### Changes in the Group

There were no changes in the Group's composition during the period.

### Other important events in the fourth quarter

- At the end of the year, it was decided to open three new grain receiving facilities for next year's harvest.
- Ulf Zenk took over as CFO. He was previously CFO at Bong, where he had been a member of Group Management since 2004.
- The Örkelljunga local association asked to leave Lantmännen.
- A seminar on the theme "Cooperative business opportunities for the future" was held in November.
- Lantmännen continues to improve in the area of responsible soybean imports, increasing its proportion of certified soy from 22 to 37 percent. This is done through dialog with our suppliers and by purchasing RTRS certificates.

### Important events after the end of the reporting period

Lantmännen Agroetanol and AGA Gas AB have signed an agreement to form a jointly owned company, of which Lantmännen's ownership share will be approx. 10 percent, in order to build a facility to utilize and purify carbon dioxide from Lantmännen Agroetanol's Norrköping plant. The plant is expected to be taken into operation in the middle of 2014.

### Human resources

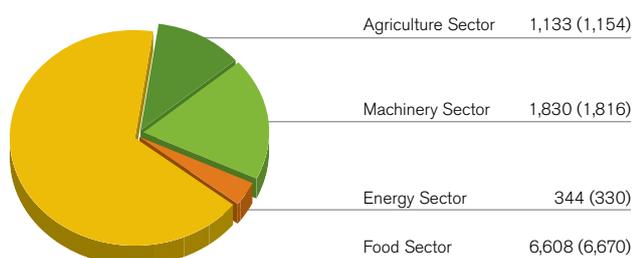
The average number of employees was 10,249 (10,296).

### Accounting policies

Lantmännen applies International Financial Reporting Standards (IFRS), as adopted by the EU. This report has been prepared in accordance with IAS 34 "Interim Financial Reporting" and the Swedish Annual Accounts Act. The Parent Company's report has been prepared in accordance with RFR 2 (Swedish Financial Reporting Board) and the Swedish Annual Accounts Act.

The accounting policies applied in the report correspond with those applied in preparing the 2011 Annual Report. There are no new or amended standards or other rules that have had an effect on Lantmännen's financial reporting.

### Average number of employees per sector, 2012



## Agriculture Sector

<i>Agriculture Sector</i>	2012 Oct-Dec	2011 Oct-Dec	2012 Jan-Dec	2011 Jan-Dec	Change Jan-Dec
Net sales, MSEK	3,131	2,739	10,870	11,497	-5 %
Operating income, MSEK	-32	-30	165	183	-18
Operating margin, %	-1.0	-1.1	1.5	1.6	
Return on operating capital, %	-2.8	-2.9	4.3	4.8	
Average number of employees			1,133	1,154	-2 %

<i>Results of the Agriculture Sector's contribution-related operations</i>	2012 Oct-Dec	2011 Oct-Dec	2012 Jan-Dec	2011 Jan-Dec	Change Jan-Dec
Net sales, MSEK	2,952	2,489	10,189	10,638	-4 %
Operating income, MSEK	-53	-57	100	77	23
Operating margin, %	-1.8	-2.3	1.0	0.7	
Return on operating capital, %	-6.1	-7.9	3.6	2.9	
Average number of employees			950	963	-1 %

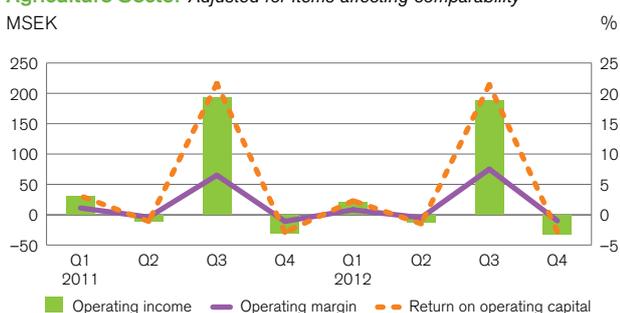
Net sales for 2012 declined compared with the previous year, mainly due to the divestment of the petroleum business in the first quarter. This was partly compensated for by higher grain and fertilizer volumes. Operating income for the fourth quarter amounted to MSEK -32, which is on a par with the previous year. Operating income for the full year amounted to MSEK 165 (183). The decline was largely due to lower earnings from international operations, which experienced a fall in sales volumes during the year.

The Swedish contribution-related operations performed positively during the year as a result of a well-executed action program which has created operational order and efficiency. Despite the large and far-reaching changes and high staff turnover, operating profit was improved by almost thirty percent. Virtually all of the positions in the new organization have now been filled, and the focus is increasingly on creating attractive customer offerings.

2012 was a very good year for grain growers, with the exception of certain areas. The delayed harvest in parts of the country affected the fall tillage, resulting in a reduction in fall sowing. Despite the large grain volumes, the Sector's grain receiving operations ran smoothly, apart from transportation problems in certain areas. At the end of the year, it was decided to open three new grain receiving facilities for next year's harvest, which met with a very positive response.

The Sector conducted successful campaigns in the areas of crop protection, fertilizer and feed during the year, and delivery accuracy is generally good. Demand for grass seed declined during the year due to dairy farmers prolonging their use of existing pasture land in response to lower settlement prices.

**Agriculture Sector** Adjusted for items affecting comparability  
MSEK



## Machinery Sector

<i>Machinery Sector</i>	2012 Oct-Dec	2011 Oct-Dec	2012 Jan-Dec	2011 Jan-Dec	Change Jan-Dec
Net sales, MSEK	2,533	2,896	9,146	10,328	-11 %
Operating income, MSEK	121	129	300	444	-144
Operating margin, %	4.8	4.5	3.3	4.3	
Return on operating capital, %	19.4	24.7	12.9	22.4	
Average number of employees			1,830	1,816	1%

<i>Results of the Machinery Sector's farm machinery operations</i>	2012 Oct-Dec	2011 Oct-Dec	2012 Jan-Dec	2011 Jan-Dec	Change Jan-Dec
Net sales, MSEK	1,201	1,253	4,308	4,527	-5 %
Operating income, MSEK	0	9	26	78	-52
Operating margin, %	0.0	0.7	0.6	1.7	
Return on operating capital, %	0.0	2.8	2.1	6.4	
Average number of employees			869	866	0 %

Net sales for 2012 showed a decline compared with the previous year, as a result of a general downturn in the machinery market. Operating income for the fourth quarter amounted to MSEK 121, compared with MSEK 129 the previous year. Operating income for the full year amounted to MSEK 300 (444).

The global market for both farm and construction machinery is declining, with sales falling sharply, particularly in Sweden. The aftermarket is also weaker than previously. The decline was larger than expected.

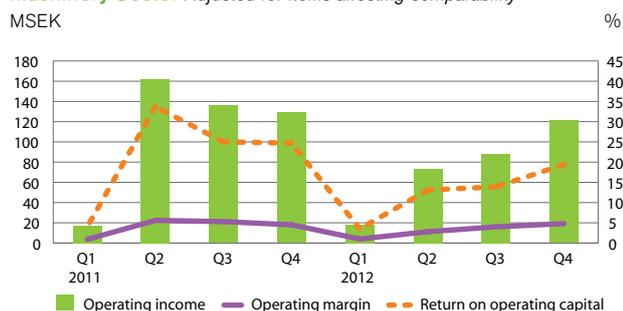
Willingness to invest in agriculture, particularly among dairy farmers, is noticeably weaker than in the previous year. Although there are still many inquiries, fewer of them lead to a completed purchase.

The delivery problems that affected both the farm and construction equipment operations in the first half of the year were remedied in the second half of the year. Valtra regained its position as the market leader in tractors in the Swedish market, and the backlog of construction equipment deliveries is being cleared.

Measures to adapt the Sector's operations to changed market conditions have been largely implemented, although some are yet to be completed. All companies in the Sector constantly review their administrative costs, organizational efficiency and level of tied-up capital.

The Machinery Sector works actively with our key suppliers on marketing and customer contact in order to strengthen its market position.

**Machinery Sector** Adjusted for items affecting comparability  
MSEK



## Energy Sector

<i>Energy Sector</i>	2012 Oct-Dec	2011 Oct-Dec	2012 Jan-Dec	2011 Jan-Dec	Change Jan-Dec
Net sales, MSEK	936	743	3,615	3,052	18 %
Operating income, MSEK	47	-112	-21	-141	120
Operating margin, %	5.0	-15.1	-0.6	-4.6	
Return on operating capital, %	8.4	-19.4	-0.9	-6.1	
Operating income, adjusted for items affecting comparability, MSEK	47	-39	-21	-68	47
Operating margin, adjusted for items affecting comparability, %	5.0	-5.2	-0.6	-2.2	
Return on operating capital, adjusted for items affecting comparability, %	8.4	-6.7	-0.9	-2.9	
Average number of employees			344	330	4 %

Net sales for 2012 showed an increase, and were largely driven by higher sales volumes and higher ethanol prices. Operating income for the fourth quarter was MSEK 47 (-112), which is an increase compared with the same quarter the previous year. Operating income for the full year amounted to SEK -21 million (-141). This is an increase compared with the previous year and was mainly due to a positive performance from Lantmännen Agroetanol.

The ethanol-grain price relationship, which had previously been unfavorable, improved during the second half of the year, resulting in a better operating income for the ethanol business. Operating income was also positively affected by an end to U.S. ethanol imports into Europe under the wrong tariff and by a drought in the United States that brought a poor corn harvest and rising corn and ethanol prices in the U.S. market. Operating income for Lantmännen Agroetanol amounted to MSEK -82 (-131).

However, the market continues to be very volatile. The European Commission has concluded that U.S. support for domestic ethanol production led to dumping on the EU market, and has decided to issue, on February 22, 2013, a decision to impose anti-dumping duties of approx. 10 percent on ethanol imports from the United States.

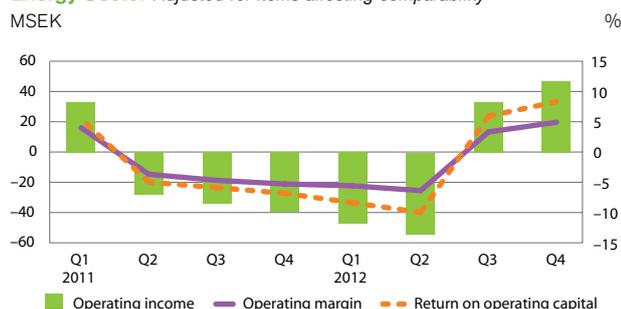
Production efficiency at the ethanol plant was improved even more during the year, with production records achieved during several consecutive months in the second half of the year. Efforts to develop new revenue streams from production – in the form of protein feed and carbon dioxide, for example – also continued.

The situation for the Swedish pellet industry stabilized during the year, although competition remains fierce and profitability is under pressure. With new management, Lantmännen Agroenergi is now reviewing its industrial structure to strengthen the company's profitability.

Lantmännen Aspen continues to develop in a positive direction and showed sales growth during the year. Work to identify new customer groups and applications for Aspen's products continues.

Lantmännen Agroetanol and AGA Gas AB have signed an agreement to form a jointly owned company, of which Lantmännen's ownership share will be approx. 10 percent, in order to build a facility to utilize and purify carbon dioxide from Lantmännen Agroetanol's Norrköping plant. The plant is expected to be taken into operation in the middle of 2014.

**Energy Sector** Adjusted for items affecting comparability  
MSEK



# Food Sector

<i>Food Sector</i>	2012 Oct-Dec	2011 Oct-Dec	2012 Jan-Dec	2011 Jan-Dec	Change Jan-Dec
Net sales, MSEK	3,496	3,677	14,655	14,708	0 %
Operating income, MSEK	37	-173	252	298	-46
Operating margin, %	1.1	-4.7	1.7	2.0	
Return on operating capital, %	1.6	-7.3	2.8	3.2	
Operating income, adjusted for items affecting comparability, MSEK	39	68	314	539	-225
Operating margin, adjusted for items affecting comparability, %	1.1	1.8	2.1	3.7	
Return on operating capital, adjusted for items affecting comparability, %	1.7	2.9	3.4	5.7	
Average number of employees			6,608	6,670	-1 %

Net sales for 2012 were at the same level as the previous year. The Sector's operating income for the year, after adjustment for items affecting comparability, was MSEK 314 (539), which is a decline compared with 2011. Operating income for the fourth quarter, after adjustment for items affecting comparability, was MSEK 39 (68).

The year was dominated by intense price competition and rising commodity prices, resulting in squeezed margins. Competition from private labels remains strong, and demand for low-price products continues.

Commissioning and start-up costs for Unibake's new bakery in England were considerably higher than anticipated. These costs, together with poor accounting control and deficiencies in the financial statements, had a highly negative impact on the Food Sector's results. Extensive efforts have been carried out to safeguard the subsidiary's balance sheet at December 31, 2012. The accounting deficiencies and uncertainties have been largely remedied and a project aimed at rationalizing the plant is in progress, including new management and improvement of accounting skills.

All of the Sector's business units are working intensively on improvements along the entire value chain – including cost reductions, organizational efficiency, better planning

and monitoring processes and the creation of more attractive concepts and offerings to customers. The product portfolio is also being reviewed and sharpened in a number of food categories, while several business areas had new management appointments during the year.

Lantmännen Cerealia's sales declined in the first half of the year, but the negative trend eased off during the rest of the year. Measures were implemented to streamline the organization and enhance supply chain efficiency – by improving planning processes along the entire value chain, for example.

Lantmännen Unibake's new croissant production facility in Mouscron, Belgium, was put into operation in 2012, while Unibake's bakery in Verden, Germany, was closed. Unibake's sales, particularly in Eastern Europe, Russia and the United States, are showing positive growth.

Other activities worthy of note during the year included the ongoing production improvements at Lantmännen Kronfågel's facility in Valla and the implementation of supply chain efficiencies and market adjustments at Lantmännen Doggy.

**Food Sector** Adjusted for items affecting comparability  
MSEK



## Condensed consolidated income statement

MSEK	2012 Oct-Dec	2011 Oct-Dec	2012 Jan-Dec	2011 Jan-Dec
<b>Net sales</b>	<b>9,558</b>	<b>9,665</b>	<b>36,526</b>	<b>37,896</b>
Other operating income	179	508	423	687
Changes in inventories of finished goods and work in progress	876	82	409	65
Capitalized work for own account	1	1	2	4
Raw materials and consumables	-6,120	-3,966	-14,961	-15,605
Agricultural commodities	-1,440	-2,407	-9,364	-8,712
Employee benefits expense	-1,329	-1,470	-5,322	-5,419
Other operating expenses	-1,329	-1,725	-5,940	-6,453
Share of income of associates	27	28	97	107
Depreciation, amortization and impairment	-295	-524	-1,185	-1,366
<b>Operating income</b>	<b>128</b>	<b>192</b>	<b>685</b>	<b>1,204</b>
Finance income	71	75	247	239
Finance costs	-101	-236	-429	-576
<b>Income after financial items</b>	<b>98</b>	<b>31</b>	<b>503</b>	<b>867</b>
Tax	-40	19	-91	-147
<b>Net income for the period after tax</b>	<b>58</b>	<b>50</b>	<b>412</b>	<b>720</b>
<b>Net income for the period attributable to:</b>				
Members of the cooperative association	60	52	413	720
Non-controlling interests	-2	-2	-1	0

## Condensed consolidated statement of comprehensive income

MSEK	2012 Oct-Dec	2011 Oct-Dec	2012 Jan-Dec	2011 Jan-Dec
<b>Net income for the period after tax</b>	<b>58</b>	<b>50</b>	<b>412</b>	<b>720</b>
Actuarial gains and losses on defined benefit pension plans	-172	-156	-172	-156
Available-for-sale financial assets	11	28	41	38
Cash flow hedges	27	-101	-71	37
Exchange differences on translation of foreign operations	95	-225	-246	-17
Net gain on hedge of net investment in foreign operations	-47	115	162	5
Income tax relating to components of other comprehensive income	51	32	16	26
Other comprehensive income for the period, net of tax	-35	-307	-270	-67
<b>Total comprehensive income for the period</b>	<b>23</b>	<b>-257</b>	<b>142</b>	<b>653</b>
<b>Total comprehensive income for the period attributable to:</b>				
Members of the cooperative association	25	-255	143	653
Non-controlling interests	-2	-2	-1	0

## Condensed consolidated quarterly income statements

MSEK	2012 Oct-Dec	2012 Jul-Sep	2012 Apr-Jun	2012 Jan-Mar	2011 Oct-Dec	2011 Jul-Sep	2011 Apr-Jun	2010 Jan-Mar
<b>Net sales</b>	<b>9,558</b>	<b>9,034</b>	<b>9,281</b>	<b>8,653</b>	<b>9,665</b>	<b>9,627</b>	<b>9,930</b>	<b>8,674</b>
Other operating income	179	97	73	74	508	74	53	52
Changes in inventories of finished goods and work in progress	876	-186	-236	-45	82	-48	87	-56
Capitalized work for own account	1	0	1	0	1	1	1	1
Raw materials and consumables	-6,120	-2,026	-3,829	-2,986	-3,966	-3,916	-4,042	-3,681
Agricultural commodities	-1,440	-3,489	-1,983	-2,452	-2,407	-2,142	-2,539	-1,624
Employee benefits expense	-1,329	-1,310	-1,352	-1,331	-1,470	-1,306	-1,347	-1,296
Other operating expenses	-1,329	-1,515	-1,553	-1,543	-1,725	-1,532	-1,605	-1,591
Share of income of associates	27	22	50	-2	28	25	43	11
Depreciation, amortization and impairment	-295	-292	-298	-300	-524	-277	-277	-288
<b>Operating income</b>	<b>128</b>	<b>335</b>	<b>154</b>	<b>68</b>	<b>192</b>	<b>506</b>	<b>304</b>	<b>202</b>
Finance income	71	44	69	63	75	60	61	43
Finance costs	-101	-109	-101	-118	-236	-120	-109	-111
<b>Income after financial items</b>	<b>98</b>	<b>270</b>	<b>122</b>	<b>13</b>	<b>31</b>	<b>446</b>	<b>256</b>	<b>134</b>
Tax	-40	-54	-6	9	19	-100	-44	-22
<b>Net income for the period after tax</b>	<b>58</b>	<b>216</b>	<b>116</b>	<b>22</b>	<b>50</b>	<b>346</b>	<b>212</b>	<b>112</b>
<b>Net income for the period attributable to:</b>								
Members of the cooperative association	60	215	116	22	52	346	212	110
Non-controlling interests	-2	1	0	0	-2	0	0	2

## Significant items affecting comparability

MSEK	2012 Oct-Dec	2011 Oct-Dec	2012 Jan-Dec	2011 Jan-Dec
<b>Recognized operating income</b>	<b>128</b>	<b>192</b>	<b>685</b>	<b>1,204</b>
<i>Items affecting comparability in operating income:</i>				
Capital gains on				
- sale of assets to Lantmännen's Pension Fund	-	455	-	455
Impairment of non-current assets etc.	-	-148	-	-148
Restructuring costs, Food Sector	-2	-93	-62	-93
Impairment of goodwill, Energy Sector	-	-73	-	-73
Total items affecting comparability in operating income	-2	141	-62	141
<b>Operating income, adjusted for items affecting comparability</b>	<b>130</b>	<b>51</b>	<b>747</b>	<b>1,063</b>
<b>Recognized income after financial items</b>	<b>98</b>	<b>31</b>	<b>503</b>	<b>867</b>
Items affecting comparability in operating income according to above	-2	141	-62	141
<i>Items affecting comparability in financial items:</i>				
Impairment of shareholding in VK Mühlen	0	-115	0	-115
Total items affecting comparability in net financial income	0	-115	0	-115
<b>Income after financial items adjusted for items affecting comparability</b>	<b>100</b>	<b>5</b>	<b>565</b>	<b>841</b>
Return on equity, excluding items affecting comparability, %	2.1	-1.3	4.2	5.9
Return on operating capital, excluding items affecting comparability, %	2.8	1.1	4.1	5.8

## Condensed consolidated statement of financial position

MSEK	2012 Dec 31	2011 Dec 31
<b>ASSETS</b>		
Property, plant & equipment	8,662	9,057
Investment property	266	201
Goodwill	2,554	2,640
Other intangible assets	875	767
Investments in associates	1,269	1,277
Financial assets	619	515
Deferred tax assets	217	232
Other non-current assets	46	45
<b>Total non-current assets</b>	<b>14,508</b>	<b>14,734</b>
Inventories	5,946	5,506
Trade and other receivables	5,454	5,511
Current interest-bearing assets	96	119
Current tax assets	11	12
Cash & cash equivalents	352	739
<b>Total current assets</b>	<b>11,859</b>	<b>11,887</b>
<b>TOTAL ASSETS</b>	<b>26,367</b>	<b>26,621</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to members of the cooperative association	10,899	10,906
Non-controlling interests	33	36
<b>Total equity</b>	<b>10,932</b>	<b>10,942</b>
Non-current interest-bearing liabilities <sup>1)</sup>	5,002	4,570
Provisions for pensions	432	347
Deferred tax liabilities	125	147
Other non-current provisions	324	273
Other non-current liabilities	36	23
<b>Total non-current liabilities</b>	<b>5,919</b>	<b>5,360</b>
Current interest-bearing liabilities	3,036	3,642
Trade and other payables	6,222	6,278
Current tax liabilities	57	90
Current provisions	201	309
<b>Total current liabilities</b>	<b>9,516</b>	<b>10,319</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26,367</b>	<b>26,621</b>
Equity ratio	41.5	41.1
<sup>1)</sup> Including subordinated debentures, MSEK	56	56

## Condensed consolidated statement of cash flow

MSEK	2012	2011	2012	2011
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Income after financial items	98	31	503	867
Adjustment for non-cash items <sup>1)</sup>	98	245	972	894
Taxes paid	-27	-21	-117	-106
<b>Cash flow from operating activities before change in working capital</b>	<b>169</b>	<b>255</b>	<b>1,358</b>	<b>1,655</b>
Change in working capital	635	208	-375	-640
<b>Cash flow from operating activities</b>	<b>804</b>	<b>463</b>	<b>983</b>	<b>1,015</b>
Investments in non-current assets	-424	-271	-1,292	-1,431
Sale of non-current assets <sup>2)</sup>	0	1,061	129	1,271
Change in financial investments	78	0	-42	21
<b>Cash flow from investing activities</b>	<b>-346</b>	<b>790</b>	<b>-1,205</b>	<b>-139</b>
<b>Cash flow before financing activities</b>	<b>458</b>	<b>1,253</b>	<b>-222</b>	<b>876</b>
Change in contributed capital	-1	1	49	41
Change in loans	-386	474	-16	700
Transfer of cash to pension fund	-	-1,578	-	-1,578
Dividend paid (including refunds and final price adjustments)	-109	-96	-190	-167
<b>Cash flow from financing activities</b>	<b>-496</b>	<b>-1,199</b>	<b>-157</b>	<b>-1,004</b>
Cash flow for the period	-38	54	-379	-128
Cash and cash equivalents at beginning of period	392	696	739	869
Exchange differences	-2	-11	-8	-2
<b>Cash and cash equivalents at the end of the period</b>	<b>352</b>	<b>739</b>	<b>352</b>	<b>739</b>
<sup>1)</sup> Depreciation and impairment of non-current assets	295	524	1,185	1,366
Less share of income in associates	-27	-28	-78	-86
Capital gains on sale of non-current assets and operations	0	-457	-81	-490
Other non-cash items	-170	206	-54	104
	<b>98</b>	<b>245</b>	<b>972</b>	<b>894</b>
<sup>2)</sup> of which transferred to pension fund		1,057		1,057

## Condensed consolidated statement of changes in equity

MSEK	2012			2011		
	Association members	Non-controlling interests	Total equity	Association members	Non-controlling interests	Total equity
Opening balance, January 1	10,906	36	10,942	10,390	32	10,422
Total comprehensive income for the period	143	-1	142	653		653
Distributions to owners	-198	-2	-200	-178	-1	-179
Contributed capital paid in by members	99	-	99	90		90
Contributed capital paid out to members	-50	-	-50	-49		-49
Other changes relating to non-controlling interests	-1	0	-1		5	5
<b>Closing balance</b>	<b>10,899</b>	<b>33</b>	<b>10,932</b>	<b>10,906</b>	<b>36</b>	<b>10,942</b>
<b>Equity attributable to members of the cooperative association</b>						
Contributed capital, paid in	753			680		
Contributed capital, issued	1,016			888		
Other equity	9,130			9,338		
<b>Total equity attributable to members of the cooperative association</b>	<b>10,899</b>			<b>10,906</b>		

## Segment Information

(The Group's reporting segments are its Sectors)

### Net sales per sector

MSEK	2012 Oct-Dec	2011 Oct-Dec	2012 Jan-Dec	2011 Jan-Dec	Change %
Agriculture Sector	3 131	2,739	10,870	11,497	-5 %
Machinery Sector	2 533	2,896	9,146	10,328	-11 %
Energy Sector	936	743	3,615	3,052	18 %
Food Sector	3 496	3,677	14,655	14,708	0 %
Other operations	44	149	414	610	-32 %
Eliminations	-582	-539	-2,174	-2,299	-5 %
<b>Lantmännen total</b>	<b>9 558</b>	<b>9,665</b>	<b>36,526</b>	<b>37,896</b>	<b>-4 %</b>

### Operating income per sector

MSEK	2012 Oct-Dec	2011 Oct-Dec	2012 Jan-Dec	2011 Jan-Dec
Agriculture Sector	-32	-30	165	183
Machinery Sector	121	129	300	444
Energy Sector	47	-112	-21	-141
Food Sector	37	-173	252	298
Other operations <sup>1)</sup>	-62	-73	-32	-107
Group items <sup>2)</sup>	17	451	21	527
<b>Lantmännen total</b>	<b>128</b>	<b>192</b>	<b>685</b>	<b>1,204</b>

<sup>1)</sup> Includes the following: Capital gain on the sale of properties 0 0 54 0

<sup>2)</sup> Includes the following: Capital gain on the sale of properties to Lantmännen Pension Fund 455 455

### Operating margin per sector

%	2012 Oct-Dec	2011 Oct-Dec	2012 Jan-Dec	2011 Jan-Dec
Agriculture Sector	-1.0	-1.1	1.5	1.6
Machinery Sector	4.8	4.5	3.3	4.3
Energy Sector	5.0	-15.1	-0.6	-4.6
Food Sector	1.1	-4.7	1.7	2.0
<b>Lantmännen total</b>	<b>1.3</b>	<b>2.0</b>	<b>1.9</b>	<b>3.2</b>

### Return on operating capital per sector

%	2012 Oct-Dec	2011 Oct-Dec	2012 Jan-Dec	2011 Jan-Dec
Agriculture Sector	-2.8	-2.9	4.3	4.8
Machinery Sector	19.4	24.7	12.9	22.4
Energy Sector	8.4	-19.4	-0.9	-6.1
Food Sector	1.6	-7.3	2.8	3.2
<b>Lantmännen total</b>	<b>2.8</b>	<b>4.0</b>	<b>3.8</b>	<b>6.5</b>

## Parent Company

The activities of the Parent Company, Lantmännen ek för, encompass Lantmännen's core operations in the Agriculture Sector, Lantmännen's lubricating oil operations and corporate functions. Net sales totaled MSEK 10,646 (11,057), while operating income amounted to MSEK -95 (-201).

Income after financial items totaled MSEK 873 (462). Net financial income for the year includes a capital loss of MSEK -10 (19) from the sale of shares and participations, and dividends of MSEK 613 (739), mainly from subsidiaries. Net financial income also includes a foreign exchange gain of MSEK 251 (0), most of which relates to a gain on the repayment of share capital from Lantmännen Finance Ireland, and the strengthening of the Swedish krona against other currencies in 2012. The figure also includes a write-down of shares in subsidiaries of MSEK 5 (183).

The year's net investments in non-current assets amounted to MSEK 143 (138).

The equity ratio at the end of the year was 42.5 (43.7) percent.

The average number of employees in the Parent Company was 1,244 (1,157). The increase is due to a transfer of personnel from SW Seed AB.

### Dividend

The Board of Directors has decided to pay a 1.25 (1) percent refund on members' purchases of inputs from Lantmännen ek för and SW Seed and 0.5 (1) percent on members' purchases from the Machinery Sector's Swedish operations. The Board has also decided that a final price adjustment of 1.25 (1) percent will be paid for delivered grain, oilseed and grass

seed. The total refund and final price adjustment is estimated at MSEK 120 (110) and is recognized in equity in the consolidated financial statements.

The Board proposes paying a contribution dividend of 5 (5) percent on paid-in and issued contributions to direct members, organization members and local associations, which totals MSEK 87 (78).

The Board also proposes a contribution issue totaling MSEK 80 (152), in which the issue capital is divided as follows: 75 percent based on members' paid-in and issued contributed capital and 25 percent based on members' contribution-related turnover with the association in 2012.

In total, the contribution dividend and contribution issue amount to 9 (15) percent of the association's contributed capital.

### Dividend

MSEK	2012	2011
Refund, final price adjustment	120	110
Contribution dividend	87	78
Contribution issue	80	152
<b>Total</b>	<b>287</b>	<b>340</b>

The Board proposes a dividend on subordinated debentures of 3.75 (6.75) percent, which gives a dividend of MSEK 2 (4).

Due to the fact that there is trading in contribution issues, the Board has decided that the date on which the holding gives entitlement to a dividend (contribution dividend and contribution issue) will be the date of the Annual General Meeting, which is Monday, May 6, 2013.

## Condensed income statement

MSEK	2012 Jan-Dec	2011 Jan-Dec
Net sales, external	8,573	8,970
Net sales, intra-Group	2,073	2,087
<b>Net sales, total</b>	<b>10,646</b>	<b>11,057</b>
Less excise duties	-8	-9
Change in products in progress, finished goods and work in progress for third parties	33	10
Capitalized work for own account	1	4
Other operating income	348	298
	<b>11,020</b>	<b>11,360</b>
<b>Operating expenses</b>		
Raw materials and consumables	-6,460	-6,169
Agricultural commodities	-2,085	-2,750
Other external costs	-1,516	-1,591
Employee benefits expense	-904	-897
Depreciation, amortization and impairment	-150	-154
<b>Total operating expenses</b>	<b>-11,115</b>	<b>-11,561</b>
<b>Operating income</b>	<b>-95</b>	<b>-201</b>
Income from financial items	968	663
<b>Income after financial items</b>	<b>873</b>	<b>462</b>
Refunds and final price adjustments	-120	-110
Group contributions	128	167
Tax	-35	9
<b>Net income for the period</b>	<b>846</b>	<b>528</b>

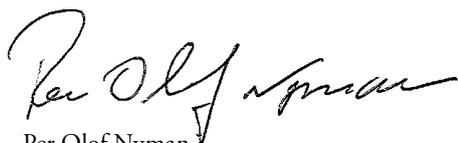
## Condensed statement of financial position

MSEK	2012 Dec 31	2011 Dec 31
<b>ASSETS</b>		
Intangible assets	210	194
Property, plant & equipment	860	922
Interests in Group companies	6,185	6,935
Investments in associates	832	861
Non-current receivables from Group companies	1,165	125
Other securities held as non-current assets	425	256
Other non-current receivables	113	152
<b>Total non-current assets</b>	<b>9,790</b>	<b>9,445</b>
Inventories	2,242	1,953
Current receivables from Group companies	10,799	8,676
Other current receivables	2,252	2,155
Current investments incl. cash & bank	0	355
<b>Total current assets</b>	<b>15,293</b>	<b>13,139</b>
<b>TOTAL ASSETS</b>	<b>25,083</b>	<b>22,584</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	10,442	9,629
Untaxed reserves	311	311
Provisions	199	215
Non-current liabilities	4,532	4,139
Current liabilities to Group companies	5,484	3,582
Other current liabilities	4,115	4,708
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>25,083</b>	<b>22,584</b>
Equity ratio	42.5	43.7

# Auditor's Review Report

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

On assignment for the Board of Directors  
Stockholm, February 21, 2013



Per Olof Nyman  
President and CEO  
Lantmännen

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## Good food from Lantmännen

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

