



**We make  
farming  
thrive**

**Lantmännen's  
Year-end Report  
January–December 2017**

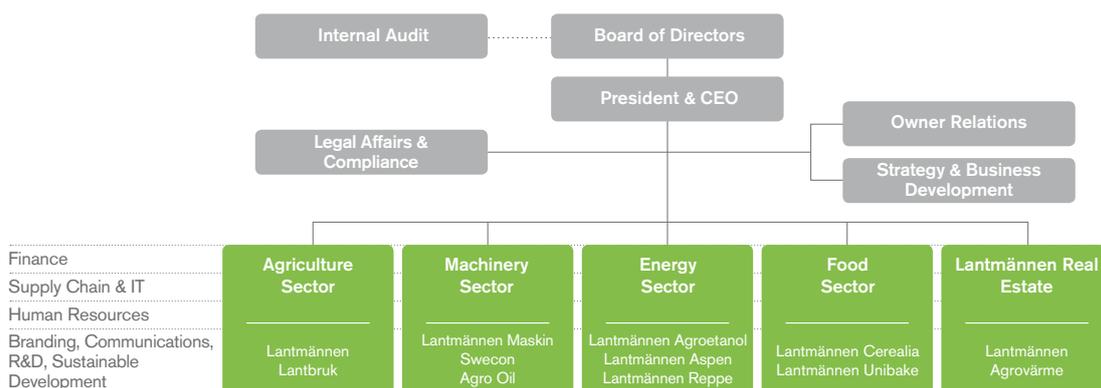
 **Lantmännen**



**Lantmännen is an agricultural cooperative and Northern Europe’s leader in agriculture, machinery, bioenergy and food products. Owned by 25,000 Swedish farmers, we have 10,000 employees, operations in over 20 countries and an annual turnover of SEK 40 billion. With grain as our basis, we create value from farmland resources to make farming thrive. Some of our best-known food brands are AXA, Bonjour, Kungsörnen, GoGreen, GooH, FINN CRISP, Korvbrödsbagarn and Hatting.**

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

### Lantmännen’s organization



### Financial reporting and publication orders

Annual Report with Sustainability Report 2017 and Annual Review 2017 • February 22, 2018.  
 Interim 1st four months • June 1, 2018  
 Interim 2nd four months • October 4, 2018

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## President's overview

*Lantmännen has continued its positive development in 2017. Income after net financial items, adjusted for items affecting comparability, amounts to MSEK 1,552, compared with MSEK 1,548 the previous year.*

2017 has been another good year for Lantmännen. The Group as a whole is developing positively, with most of our operations maintaining or strengthening their positions in their respective markets. At the same time, some businesses face challenges in terms of tougher conditions and more intense competition in the market, which means we must increase our focus on improvements and increased efficiency. The strong results for the year mean that Lantmännen can once again provide a historically high dividend this year, which is very pleasing.

### Our Sectors' Performance

The Agriculture Sector continues its positive development and reports a higher operating income. The year's large and late harvest has meant pressure in many places, both for our own infrastructure and for farmers. In order to address the larger grain harvests and contribute to continued positive development for Swedish grain cultivation, a number of strategic investments are being made that will strengthen the future infrastructure. The acquisition of the Finnish company K-maatalous – now Lantmännen Agro Oy – was completed during the year. The acquisition completes the circle around the Baltic Sea and provides further opportunities for our agribusiness.

From 2018, Lantmännen Maskin will be part of the Agriculture Sector, enabling our agriculture-related operations to further strengthen their offering together and create better customer contact. As part of the new strategy within agricultural machinery, most of our machinery business in Norway and Denmark was divested during the year as planned.

Swecon showed very strong growth during 2017, partly driven by strong construction and civil engineering activity. After the re-organization of the Machinery Sector, Swecon remains a separate business area in Sweden, Germany and the Baltic region from 2018. With this change to the organization, we hope to create further focus and continue to grow the business profitably.

The Energy Sector has had another successful year, with a continuation of successful ethanol exports, mainly to Germany. However, lower ethanol prices were noted in the latter part of the year. In December, Lantmännen Aspen acquired the French alkylate petrol producer Marline, thereby strengthening the position in the important French market.

In the Food Sector, an action program to increase Lantmännen Cerealía's profitability has been initiated. The key points are a focus on the core businesses, improved quality and cost-efficiency. There have been several new product launches during the year – including Kungsörnen's pasta made from durum wheat from Gotland. The Russian crispbread company Orient Products was acquired in 2017, thereby strengthening our position in the profitable and growing Russian market.

Lantmännen Unibake continues its positive growth in most markets, particularly in Russia, where demand for our fast food products continued to rise during the year and in fresh bread in Finland and the Baltic region, where both market shares and earnings were further strengthened. Large investments are, among other things, made in bakeries in Belgium, Poland and Russia. During the year, Lantmännen Unibake also launched distribution operations in Singapore and strengthened its position in Australia.

Lantmännen Real Estate has shown stable development during the year. A new joint venture in residential care homes has been formed with the property company Hemsö and Lantmännen Agrovärme has acquired a district heating company in Vinslöv.

Lantmännen has shown extremely good development in recent years, which is testimony to the fact that we are a company with the right strategy, strong expertise and good customer relationships. In 2018, we will take further steps to become even better in all these areas and continue to be Swedish farmers' best business partner.

Stockholm, February 2018

Per Olof Nyman  
President & CEO, Lantmännen

# The period in brief January-December 2017

**Net sales** for the Group amounted to MSEK 13,928 (12,727) for the third four-month period and MSEK 39,686 (37,244) for the full year 2017.

**Operating income** was MSEK 472 (533) for the four-month period and adjusted for items affecting comparability MSEK 503 (570). Items affecting comparability in the four-month period amounted to MSEK -31 (-37) and were related to restructuring costs in the Food Sector. Operating income for the full year 2017 was MSEK 1,677 (1,606) and adjusted for items affecting comparability MSEK 1,708 (1,697). The year's net items affecting comparability amounted to MSEK -31 (-91).

**Cash flow** from operating activities for the year was MSEK 2,398 (3,136). Investments in non-current assets were MSEK 2,593 (2,333) and acquisitions of operations amounted to MSEK 1,076 (404). Cash flow before financing activities was MSEK -703 (826) and total cash flow was MSEK -852 (489).

**Lantmännen acquired** the Russian crispbread producer Orient Products, the French alkylate petrol producer Marline and the district heating company Byavärme in Vinslöv in the third four-month period.

**Dividend:** The Board has decided to pay a 2.5 (2.5) percent refund and supplementary payment on trade with Lantmännen Lantbruk Sweden and a 0.5 (0.5) percent refund on purchases from the Machinery Sector's Swedish operations. The total refund and supplementary payment is estimated at MSEK 244 (231). The Board proposes that the Annual General Meeting (AGM) adopt a contribution dividend of 9 (9) percent of the nominal amount, totaling MSEK 222 (207), and a contribution issue of MSEK 100 (70). In total, the proposed contribution dividend and contribution issue amount to 13 (12) percent of the association's contributed capital. The total proposed dividend to the owners is therefore MSEK 566 (508). The Board also proposes that the AGM adopt a 6.0 (7.25) percent dividend on subordinated debentures, totaling MSEK 15 (18).



FINN CRISP  
Carrot Crunch  
Crispbread

## Lantmännen's key figures

	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec
Net sales, MSEK	13,928	12,727	39,686	37,244
Operating income, MSEK	472	533	1,677	1,606
Operating margin, %	3.4	4.2	4.2	4.3
Income after financial items, MSEK	409	490	1,521	1,457
Net income for the period, MSEK	390	567	1,305	1,274
Cash flow before financing activities, MSEK	48	232	-703	826
Return on equity, %	7.8	12.3	9.0	9.6
Return on operating capital, %	6.3	7.6	7.8	8.0
Total assets, MSEK			34,540	32,490
Equity ratio, %			43.3	42.7
Investments in non-current assets, MSEK	871	751	2,593	2,333
Net debt, MSEK			7,274	6,289
Interest coverage ratio, times			6.0	5.6
Average number of employees			9,850	9,880
<b>Adjusted for items affecting comparability</b>				
Operating income, MSEK	503	570	1,708	1,697
Operating margin, %	3.6	4.5	4.3	4.6
Income after financial items, MSEK	440	527	1,552	1,548
Net income for the period, MSEK	414	589	1,353	1,457
Return on equity, %	8.3	12.8	9.4	11.0
Return on operating capital, %	6.7	8.2	7.9	8.4

# Business environment and market

Global growth exceeded many analysts' expectations during 2017 and the economy is expected to strengthen further in 2018. In January, industrial output and world trade continued to grow in both emerging and developed economies. Most large central banks are changing their monetary policy to become less expansive.

The Swedish economy remains good, with high employment and low interest rates. There is currently a strong focus on the housing market; after several years of price increases, housing prices have fallen towards the end of 2017, which is expected to lead to reduced building and therefore a negative effect on GDP development. At the same time, the global growth means that demand for Swedish exports has continued to increase, which counteracts the negative effect of reduced building.

Inflation is close to the Riksbank's target, and the first steps to a more normalized monetary policy have been taken with the Riksbank's decision not to extend its asset purchasing program. Some analysts believe that this indicates that a first interest rate hike will be coming shortly.

Global grains production for 2017 was large: according to the International Grains Council, it was the second-largest ever, and global wheat production was the highest in the last five years. Import demand in Asia and Africa continues to increase and global grain stocks are expected to decline for the first time in five years.

According to LRF Dairy Sweden's latest report, the global dairy market is being affected by continuing high butter prices, although prices have fallen a little in recent months. In November, average world prices were 17 percent higher than twelve months earlier and demand for dairy

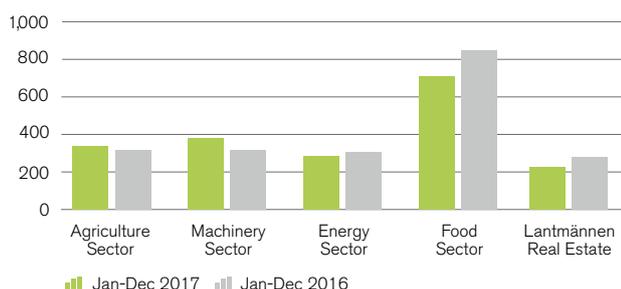
products is increasing in all large importing countries. In January and February, Arla lowered its settlement price for both standard and organic milk. The forecast for Swedish milk collection in 2017 is a decline of 1.1 percent from the previous year.

According to Statistics Sweden and HUI Research, sales of fast-moving consumer goods (FMCG), measured at current prices, increased by 2.9 percent between November 2016 and November 2017. Price increases account for most of the increase – volume growth in the same period was about 0.5 percent. Growth in the restaurant industry is stronger and amounted to 9.1 percent in the same period.

Strong consumer trends within the Nordic food industry include health, sustainability and origin. The proportion of consumers who are willing to change their food consumption to reduce environmental impacts has increased sharply over the last year, from 25 to 62 percent. Demand for organic products remains strong, and in certain food categories demand appears to be outstripping supply. Choosing products with Swedish raw materials rather than organic is also a growing trend; 72 percent of consumers choose conventionally produced Swedish food rather than imported organic food. Consumers are increasingly demanding alternative proteins, i.e., non-meat proteins. The technology revolution has reached the food sector, with major investments to create a more sustainable food system, including plant-based proteins and new cultivation methods.

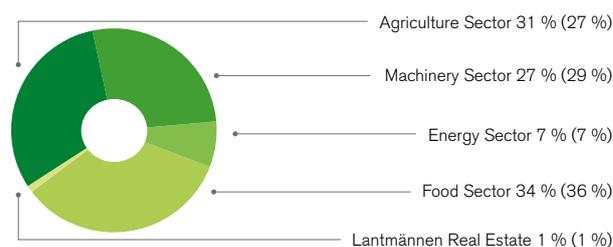
## Operating income per Sector, accumulated Jan-Dec

Adjusted for items affecting comparability, MSEK



## Distribution of Group's sales

Including intra-Group sales



# Comments on the period

## The Group's net sales and earnings

January-December 2017

### Net sales

Lantmännen's net sales for the third four-month period amounted to MSEK 13,928 (12,727), an increase of 9 percent.

Net sales for the full year 2017 were MSEK 39,686 (37,244), an increase of 7 percent. Adjusted for acquired and divested operations, the increase was 3 percent for the period and 5 percent for the full year 2017. Net sales adjusted for acquisitions and divestments increased in all Sectors. Currency effects had only a marginal impact on net sales for both the four-month period and the full year.

### Operating income

Operating income was MSEK 472 (533) for the third four-month period and adjusted for items affecting comparability MSEK 503 (570). Items affecting comparability during the four-month period were MSEK -31 (-37) and were related to restructuring costs in the Food Sector arising from the restructuring of Lantmännen Unibake's fresh bread operations.

Operating income for the full year 2017 was MSEK 1,677 (1,606) and adjusted for items affecting comparability MSEK 1,708 (1,697). The year's net items affecting comparability amounted to MSEK -31 (-91). In the Food Sector, the final insurance payment for the burnt-down bakery in Londerzeel, Belgium, had a positive impact of MSEK 96 (357) on earnings after it was decided to reinvest the entire capacity lost in the fire. Restructuring provisions have been made as a result of Lantmännen Cerealía's restructuring program for improved cost efficiency and competitiveness MSEK -34 and restructuring of Lantmännen Unibake's fresh bread operations MSEK -31. In the previous year, the Food Sector was affected by structural costs of MSEK -87 and property acquisition costs of MSEK -61 in Russia. The Food Sector's total net items affecting comparability amounted to MSEK 31 (209). In the second four-month period, a provision of MSEK -140 (-300) was recognized in the Energy Sector in connection with the European Commission's ongoing investigation of Lantmännen Agroetanol and two other ethanol producers for alleged violation of EU competition law. Items affecting comparability for the year were also positively affected by a capital gain of MSEK 78 in the property operation.

Compared with the previous year, the Group's income adjusted for items affecting comparability was higher in the Machinery and Agriculture Sectors, but lower in the Food Sector, partly due to planned start-up costs for the new bakeries in Nowa Sól, Poland, and Londerzeel, Belgium, high butter prices, and tough competition for Cerealía in several product categories and costs for ongoing improvement projects.

Currency effects had an impact of MSEK 1 on operating income for the four-month period and MSEK 9 for the full year.

### Net financial income and income after financial items

Net financial income for the four-month period was MSEK -63 (-43). Income after financial items totaled MSEK 409 (490) and adjusted for items affecting comparability MSEK 440 (527).

Net financial income for the full year 2017 was MSEK -156 (-149). The decline in net financial income is due to negative currency effects as a result of the continuing weakening of the Swedish krona. Income after financial items was MSEK 1,521 (1,457) and adjusted for items affecting comparability MSEK 1,552 (1,548).

### Tax and income after tax

Tax expense for the year was MSEK 216 (183). Lantmännen's tax expense is, among other things, affected by the fact that dividends, including refunds and supplementary payments, from economic associations are tax deductible.

Income after tax amounted to MSEK 1,305 (1,274), of which MSEK 1,301 (1,273) was attributable to members of the economic association and MSEK 4 (1) to non-controlling interests (minority ownership) in the Group's subsidiaries.

### Cash flow

Cash flow from operating activities for the year was MSEK 2,398 (3,136). The cash operating surplus contributed MSEK 2,453 (2,571) to the figure and cash flow from working capital contributed MSEK -55 (565). The decline in cash flow from working capital is mainly attributable to an inventory increase in the Agriculture Sector.

Investments in non-current assets were MSEK -2,593 (-2,333) and sales of non-current assets were MSEK 319 (449), resulting in net investments of MSEK -2,274 (-1,884). Investments were made in a number of bakeries, notably in Poland, Russia and Belgium, in the mill in Strängnäs and acquisitions of production properties in Finland.

Cash flow from acquisitions of operations was MSEK -1,076 (-404). Lantmännen has acquired K-maatalous (renamed Lantmännen Agro Oy) from the Finnish Kesko Group, Marline, France's leading alkylate petrol producer, the Russian crispbread producer Orient Products, the Swedish baguette bakery Anderson Bakery and the district heating company Byavärme. Net acquisitions and divestments of operations amounted to MSEK -852 (-357).

Cash flow before financing activities was MSEK -703 (826) and total cash flow including financing activities was MSEK -852 (489).

### Financial position

Equity at December 31 amounted to MSEK 14,948 (13,883). This includes MSEK 89 (88) attributable to owners other than members of the economic association, i.e. the minority interest in Group companies. Net debt increased by



MSEK 985 to MSEK 7,274 (6,289). Cash and cash equivalents at December 31 were MSEK 927 (1,773) and total assets were MSEK 34,540 (32,490). The equity ratio was 43.3 (42.7) percent.

#### **Risks and uncertainties**

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

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

In January, Lantmännen's operation with importing responsibility for Claas in Denmark (LMB Danmark A/S) was divested to Danish Agro. The sale generated a capital gain of MSEK 6 and a positive cash flow of MSEK 50. The divested operation's annual turnover was approximately MSEK 520, with total assets of about MSEK 200, and the average number of employees was 15. At the time of the divestment, cash and cash equivalents were approximately MSEK 140.

In March, Lantmännen Unibake acquired Anderson Bakery (PS Bageri AB) outside Stockholm. The company, which mainly produces baguettes, has an annual turnover of approximately MSEK 75 and 30 employees.

In May, 50 percent of the shares in the subsidiary Akershus Traktor AS, a Norwegian Valtra dealer, were sold. The company's annual turnover was approximately MSEK 660, with total assets of about MSEK 340, and the average number of employees was about 100. Akershus Traktor AS then became an associated company.

In June, Lantmännen Lantbruk acquired the Finnish company K-maatalous (renamed Lantmännen Agro Oy) from Kesko Group. The debt-free price of the sale, structured as a share transaction, was approximately MSEK 300. K-maatalous is one of the largest operators in the Finnish agricultural market and operates in four areas: plant production, animal feed, grain, and implements and parts for agricultural machines. The company, which has 45 independent retailers with a total of 78 stores, has an annual turnover of about SEK 3 billion and 45 employees.

In August, 50 percent of the shares in the real estate group Lantmännen Samhällsfastigheter AB were sold to the property company Hemsö. The group's annual turnover was approximately MSEK 20, with total assets of about MSEK 220. After the divestment, the real estate group became a joint venture and was renamed Lanthem Samhällsfastigheter AB.

In September, Lantmännen Cerealia acquired the Russian crispbread producer Orient Products. The company has an annual turnover of about MSEK 100 and 250 employees.

Orient Products is a market leader in crispbread in Russia, with the Schedrie and Kruazett brands.

In December, Lantmännen Aspen acquired the French alkylate petrol producer Marline. Marline is the leading French company in specialty fuels and finished blends for small engines and the acquisition provides scope to expand the offering in France and grow in new customer segments. Marline has a turnover of approximately MSEK 200 and about 20 employees.

In December, Lantmännen Real Estate acquired the district heating company Byavärme in Vinslöv. The business is based on local biofuels in cooperation with local players. Byavärme has a turnover of approximately MSEK 7 and no employees.

The acquisition balance sheets for acquisitions in the third four-month period are still preliminary.

#### Human resources

The average number of employees during the year was 9,850 (9,880) and the number of full-time employees at December 31, 2017 was 9,597 (9,764). The number of employees has decreased through divested operations and efficiency measures, mainly in the Food Sector, but has also increased through acquisitions during the year.

#### Other significant events during the four-month period

In September, Carl-Peter Thorwid was appointed as the new Head of the Cerealia business area. Carl-Peter Thorwid comes to Cerealia from a position at Lantmännen Unibake.

In October, Jan Mauritzson took over as CEO of Lantmännen Agroetanol. Jan Mauritzson joins the company from Smurfit Kappa where he was CEO of one of the group's companies in Norway.

The government has decided to support a Swedish plant breeding center at the Swedish University of Agricultural Sciences, an area in which Lantmännen has been a driving force. During the period 2018-2020, MSEK 90 will be invested in building a national competence center for plant breeding.

The ThermoSeed technique and Lantmännen BioAgri's CEO Kenneth Alness were award winners when the Swedish University of Agricultural Sciences named the most successful innovations during its 40-year history. The award concerned the Swedish ThermoSeed invention – an effective and environmentally-friendly method of non-chemical seed treatment.

Lantmännen participated in the UN Climate Conference (COP23) in the German city of Bonn in November. During the conference, Lantmännen participated in Fossil Free Sweden's seminar on industry's transition to fossil free operations and presented Lantmännen Agroetanol's sustainable business model.

"Lantmännens hus" in Kalmar was opened. This a new facility gathering together all Lantmännen's operations in the region.

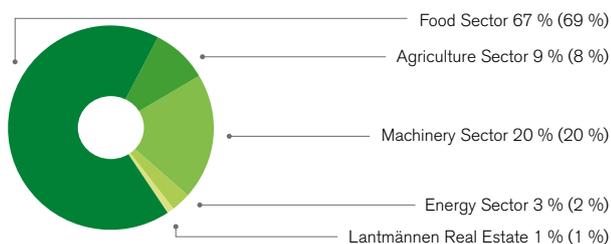
#### Events after the end of the period

In January, Lantmännen acquired a majority shareholding in the company ThermoSeed Global. The acquisition ensures continuing investment in environmentally-friendly seed treatment, both in Sweden and internationally.

Bengt Alestig took over as CEO of Lantmännen Maskin in early 2018. Bengt Alestig joins the company from Linde Material Handling where he was CEO.

Magnus Kagevik has been appointed as new Head of the Energy Sector and takes up his position in March, 2018. Magnus Kagevik joins the Sector from his position as Executive Vice President Assa Abloy AB & President APAC in Hong Kong.

#### Distribution of Group's employees





## Agriculture Sector

<i>Key figures Agriculture Sector</i>	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec	Change
Net sales, MSEK	4,866	3,592	13,067	10,767	21 %
Operating income, MSEK	81	68	340	318	22
Operating margin, %	1.7	1.9	2.6	3.0	
Return on operating capital, %	4.7	4.5	7.5	7.8	
Average number of employees			866	766	13 %
<i>Key figures, Lantmännen Lantbruk Sweden</i>					
Net sales, MSEK	3,738	3,523	11,169	10,587	5 %
Operating income, MSEK	3	5	226	225	1
Operating margin, %	0.1	0.1	2.0	2.1	
Return on operating capital, %	0.3	0.5	8.2	8.2	
Average number of employees			807	734	10 %

The Agriculture Sector's net sales are higher than the previous year, and operating income is MSEK 340, compared with MSEK 318 the previous year. Sales for the second half of the year were positively affected by the acquisition of the Finnish company K-maatalous (renamed Lantmännen Agro Oy).

The year's grain harvest of about 6 million tonnes was larger than the five-year average. Harvest work has been very intensive with a prolonged harvest period and heavy rain towards the end of the period, which resulted in lower quality for some of the harvest. The quality problems had a negative effect on earnings for the third four-month period. The late harvest also resulted in less fall sowing than in the previous year, which will affect harvest volumes in 2018. There has been high demand for spring seed during fall.



Two large grain-related infrastructure projects are in progress, driven by the impending closure of the facilities in Uppsala and Ystad. In addition, a number of initiatives are in progress aimed at meeting the ever-increasing grain harvests and contributing to continued positive development for Swedish grain cultivation.

The plant breeding operations' long-term need for land has been covered with the acquisition of 185 hectares of experimental land in Svalöv.

Good volume growth in the feed business has continued in the third four-month period, with increased sales volumes for Nötfor and Piggfor.

Operating income for the Sector's international interest holdings is higher than the previous year. Scandagra Group is showing positive development and efficiency improvements in HaGe Kiel have produced good results. However, Scandagra Polska has reported lower earnings than in the previous year.

Development of the LM<sup>2</sup> digital tool has continued during the year, with a focus on preparations for the integration of Lantmännen's existing financial portal, and a brand new service for feed agreements has been launched. The number of users has increased constantly since the tool was launched in May.

During the year, extensive work has begun at Lantmännen Lantbruk's production facilities aimed at creating an improved work environment and increased satisfaction. The main focus is on customer reception areas, changing rooms, fences and gates, signage, lighting, asphalt and buildings.



## Machinery Sector

<i>Key figures, Machinery Sector</i>	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec	Change
Net sales, MSEK	3,873	3,971	11,140	11,343	-2 %
Operating income, MSEK	172	158	381	316	65
Operating margin, %	4.4	4.0	3.4	2.8	
Return on operating capital, %	36.4	27.6	25.2	17.8	
Average number of employees			1,933	1,951	-1 %
<i>Key figures, Lantmännen Maskin Sweden</i>	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec	Change
Net sales, MSEK	1,247	1,146	3,629	3,362	8 %
Operating income, MSEK	-10	-12	-3	-10	7
Operating margin, %	-0.8	-1.0	-0.1	-0.3	
Return on operating capital, %	-3.2	-3.8	-0.3	-1.0	
Average number of employees			831	799	4 %

The Machinery Sector's net sales are in line with the previous year, despite the divestment of the Norwegian and Danish import operations as planned. Sales growth has been good for both Lantmännen Maskin and Swecon. Operating income is MSEK 381, compared with MSEK 316 the previous year.

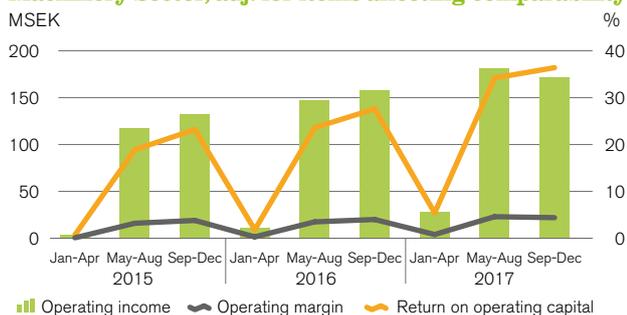
Intensive work is in progress within Lantmännen Maskin as a result of a stronger focus on the Swedish market and the updated supplier agreement with AGCO. With effect from 2018, Lantmännen Maskin is integrated into the Agriculture Sector in order to further strengthen the customer offering in the agriculture operations.

There is very tough competition among machine suppliers and distributors on the Swedish tractor market. Lantmännen maintains its strong position in the market, and sales of equipment showing positive growth.

In January 2018, Bengt Alestig took over as the new CEO of Lantmännen Maskin.

Swecon has performed very positively during the year, delivering records in terms of both sales and earnings. The good results are driven mainly by strong demand for construction machinery in Sweden. The workshops have high capacity utilization and spare part sales have increased. Swecon's market share in Germany is stable, which is also the case for Estonia and Latvia, while the market share in Lithuania has increased.

### Machinery Sector, adj. for items affecting comparability





## Energy Sector

<i>Key figures, Energy Sector</i>	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec	Change
Net sales, MSEK	904	889	2,884	2,698	7 %
Operating income, MSEK	38	79	142	4	138
Operating margin, %	4.2	8.9	4.9	0.1	
Return on operating capital, %	15.7	31.8	19.1	0.4	
Operating income, adjusted for items affecting comparability, MSEK	38	79	282	304	-22
Operating margin, adjusted for items affecting comparability, %	4.2	8.9	9.8	11.3	
Return on operating capital, adjusted for items affecting comparability, %	15.7	31.8	37.8	31.4	
Average number of employees			248	234	6 %

The Energy Sector's net sales for 2017 are higher than the previous year, and operating income adjusted for items affecting comparability is MSEK 282 – a decline from MSEK 304 the previous year.

Lantmännen Agroetanol has increased its earnings from the previous year, mainly due to continued successful work on exports of climate-friendly ethanol to Germany, increased sales of ethanol produced from recycled industrial waste products and a higher price of ethanol during the year than previously. However, lower ethanol prices were noted in the third four-month period, which had a negative effect on earnings.

A further provision of MSEK 140 was recognized in the second four-month period in connection with the European Commission's ongoing investigation of Lantmännen Agroetanol and two other ethanol producers for alleged violation of EU competition law, bringing the total provision to MSEK 440. Lantmännen is fully cooperating with the commission in the investigation.

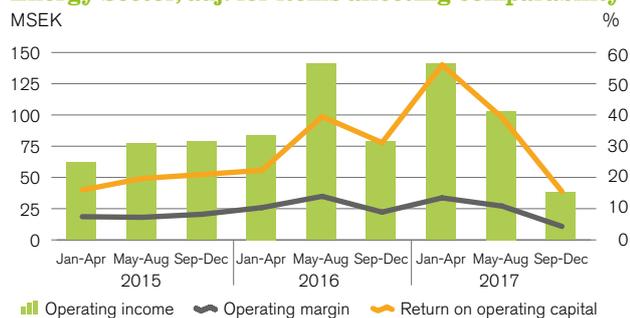
Lantmännen Aspen is experiencing tougher competition in the Nordic markets, while most markets in the rest of Europe continue to develop well. The French alkylate petrol producer Marline was acquired in December, enabling an expansion of Lantmännen Aspen's existing offering in France and growth in new customer segments. Marline has a turnover of approximately MSEK 200 and about 20 employees.

A long-term program to increase production capacity and improve the balance of production is in progress at Lantmännen Reppe.

The jointly owned pellet company Scandbio has shown positive development during the year with increased sales volumes and strong earnings.

Magnus Kagevik takes over as new Head of the Energy Sector in March 2018, and Jan Mauritzson took over as new CEO of Lantmännen Agroetanol in October 2017.

### Energy Sector, adj. for items affecting comparability





## Food Sector

### Key figures, Food Sector

	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec	Change
Net sales, MSEK	4,834	4,864	14,349	14,048	2 %
Operating income, MSEK	173	236	739	1,058	-319
Operating margin, %	3.6	4.9	5.2	7.5	
Return on operating capital, %	3.6	5.3	5.4	8.4	
Operating income, adjusted for items affecting comparability, MSEK	204	273	708	849	-141
Operating margin, adjusted for items affecting comparability, %	4.2	5.6	4.9	6.0	
Return on operating capital, adjusted for items affecting comparability, %	4.3	6.2	5.1	6.7	
Average number of employees			6,499	6,610	-2 %

The Food Sector's net sales are in line with the previous year. Operating income adjusted for items affecting comparability amounts to MSEK 708, compared with MSEK 849 for the previous year.

Lantmännen Cerealia's results have been negatively affected by particularly tough competition in large parts of the market and by costs of ongoing projects – including capacity expansion of the mill in Strängnäs and the relocation of production from Odense to Malmö.

Despite the tough competition, Lantmännen Cerealia has maintained its market shares in most large product categories during the year. Within the B2B business, sales volumes are positive. Extensive work is in progress aimed at improving cost and production efficiency and building an

organizational platform for profitable growth and competitiveness in all market categories.

Cerealia's acquisition of Russian crispbread producer Orient Products was completed in September, thereby strengthening the position in the large and growing Russian market. Orient is a market leader in crispbread in Russia and has about 250 employees.

In September, Carl-Peter Thorwid was appointed as the new Head of Lantmännen Cerealia.

Lantmännen Unibake continues to show stable development. Fresh bread operations in Finland and the Baltic region are developing well, and the Russian operations are showing good growth after the investment in a new bakery in 2016. At the same time, earnings were adversely affected by record high butter prices and the planned start-up costs for the new facilities in Belgium and Poland. Continuous efforts are being directed towards increasing efficiency and reducing costs at the production facilities.

The jointly owned company Viking Malt is performing very positively and has strengthened its earnings during the year.

The Sector's items affecting comparability comprised the final insurance payment for the burnt-down bakery in Londerzeel, Belgium, which had a positive effect on operating income, restructuring costs relating to Lantmännen Cerealia's restructuring program for improved cost efficiency and competitiveness, which had a negative effect, and restructuring costs relating to Lantmännen Unibake's fresh bread operations, which also had a negative effect.

### Food Sector, adj. for items affecting comparability MSEK





# Lantmännen

## Lantmännen Real Estate

Key figures, Lantmännen Real Estate	2017	2016	2017	2016	Change
	Sep-Dec	Sep-Dec	Jan-Dec	Jan-Dec	
Net sales, MSEK	176	165	511	455	12 %
Operating income, excluding property sales, MSEK	65	67	204	188	16
Operating income, MSEK	66	114	302	281	21
Return on operating capital, adjusted for property sales, %	9.2	11.2	9.7	10.9	
Operating income, adjusted for items affecting comparability, MSEK	66	114	224	281	-57
Average number of employees			45	39	15 %

Lantmännen Real Estate's net sales are a little higher than the previous year, and operating income excluding property sales is MSEK 204, compared with MSEK 188 the previous year. Income from property sales was MSEK 98 (93).

In August, Lantmännen and the property company Hemsö formed a joint venture named Lanthem which will focus on development and management of community properties. The arrangement provides an opportunity to continue developing the community property portfolio with a long-term partner.

“Lantmännens hus” in Kalmar was opened in December – a new facility gathering together all Lantmännen's operations in the region. Several hundred members, customers, suppliers and partners visited the inauguration of the 2,300 square meter premises. Swecon's new premises in Södertälje were also completed in the third four-month period.

In December, Lantmännen Agrovärme acquired the district heating company Byavärme in Vinslöv. The business is based on local biofuels in cooperation with local players.

### Lantmännen Real Estate, excluding property sales





## Lantmännen's international ownership

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

In order to strengthen and expand existing international agricultural cooperation, Lantmännen and the Danish agricultural company DLG (Dansk Landbrugs Grovareselskab) have established the company Lantmännen DLG International (LDI). The purpose of the company is to expand the position in markets and businesses where Lantmännen and DLG already have a strong partnership and to expand into new, mainly European, markets.

### **HaGe Kiel holding 41 %**

Hauptgenossenschaft Nord AG (HaGe Kiel) has an annual turnover of approximately SEK 21 billion and about 1,600 employees. Lantmännen owns 41 percent of HaGe Kiel, while DLG owns 54 percent. Operations include grain trading and the sale of inputs in the agricultural market. HaGe Kiel has well developed logistics chains and port terminals located in Hamburg, Kiel and Rostock which supply the market with grain and oilseeds, both locally and internationally. HaGe Kiel has feed factories and also trades in agricultural goods, machinery and sales of leisure and garden products. Lantmännen's share of income is included in the Agriculture Sector.

### **Scandagra Group holding 50 %**

Scandagra Group AB operates in the Baltic region. The Group has an annual turnover of just under SEK 3 billion and about 300 employees. The company is jointly owned (50-50) by Lantmännen and DLG. The operations are conducted through three sales companies – Scandagra Eesti, Scandagra Latvia and Scandagra Lietuva. The sales companies engage in the sale of crop production inputs and the purchase and sale of grain. Scandagra Eesti also has a feed plant with a production capacity of just over 100,000 tonnes. Lantmännen's share of income is included in the Agriculture Sector.

### **Scandagra Polska holding 50 %**

Scandagra Polska, which is a merchant of grain and other inputs in the Polish agricultural market, has an annual turnover of just over SEK 1 billion and about 170 employees. The company is jointly owned (50-50) by Lantmännen and DLG. Scandagra Polska is one of many traders in the large and fragmented Polish market. Lantmännen's share of income is included in the Agriculture Sector.

### **Scandbio holding 50 %**

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

### **Viking Malt holding 37,5 %**

Viking Malt is refiner of grain, and supplies about 600,000 tonnes of malt annually to breweries and distilleries in northern Europe, and to a number of customers around the world. Viking Malt produces malt in Finland, Sweden, Denmark, Poland and Lithuania. The company has an annual turnover of just over SEK 2 billion and about 240 employees. Lantmännen owns 37.5 percent of the company, with the remainder being owned by the Finnish company Polttimo. Lantmännen's share of income is included in the Food Sector.

## Condensed consolidated income statement

MSEK	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec
<b>Net sales</b>	<b>13,928</b>	<b>12,727</b>	<b>39,686</b>	<b>37,244</b>
Other operating income	66	189	440	800
Changes in inventories of finished goods and work in progress	167	-280	-535	-300
Raw materials and consumables	-4,826	-3,805	-12,186	-11,104
Merchandise	-4,366	-3,834	-12,471	-11,874
Employee benefits expense	-1,924	-1,939	-5,747	-5,578
Depreciation, amortization and impairment	-427	-417	-1,242	-1,165
Other operating expenses	-2,233	-2,166	-6,422	-6,515
Share of income of equity accounted companies	87	58	154	98
<b>Operating income</b>	<b>472</b>	<b>533</b>	<b>1,677</b>	<b>1,606</b>
Finance income	70	42	151	165
Finance costs	-133	-85	-307	-314
<b>Income after financial items</b>	<b>409</b>	<b>490</b>	<b>1,521</b>	<b>1,457</b>
Tax	-19	77	-216	-183
<b>Net income for the period</b>	<b>390</b>	<b>567</b>	<b>1,305</b>	<b>1,274</b>
<b>Net income for the period attributable to:</b>				
Members of the economic association	391	567	1,301	1,273
Non-controlling interests	-1	0	4	1

## Condensed consolidated statement of comprehensive income

MSEK	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec
<b>Net income for the period</b>	<b>390</b>	<b>567</b>	<b>1,305</b>	<b>1,274</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to the income statement</i>				
Actuarial gains and losses on defined benefit pension plans, net (before tax)	-45	56	-1	-162
Tax on actuarial gains and losses	10	-12	0	36
<b>Total</b>	<b>-35</b>	<b>44</b>	<b>-1</b>	<b>-126</b>
<i>Items that will be reclassified to the income statement</i>				
Available-for-sale financial assets, net (before tax)	-26	15	-17	81
Cash flow hedges, net (before tax)	-39	-7	-6	22
Exchange differences on translation of foreign operations	217	26	118	193
Gain on hedge of net investment in foreign operations, net (before tax)	-15	1	-30	-68
Tax attributable to items that will be reclassified	19	8	10	2
<b>Total</b>	<b>156</b>	<b>43</b>	<b>75</b>	<b>230</b>
<i>Share of OCI in equity accounted companies</i>				
Items that will be reclassified to the income statement	64	2	43	51
<b>Total</b>	<b>64</b>	<b>2</b>	<b>43</b>	<b>51</b>
<b>Other comprehensive income, net of tax</b>	<b>185</b>	<b>89</b>	<b>117</b>	<b>155</b>
<b>Total comprehensive income for the period</b>	<b>575</b>	<b>656</b>	<b>1,422</b>	<b>1,429</b>
<b>Total comprehensive income attributable to:</b>				
Members of the economic association	576	656	1,418	1,428
Non-controlling interests	-1	0	4	1

## Condensed consolidated four-monthly income statements

MSEK	2017 Sep-Dec	2017 May-Aug	2017 Jan-Apr	2016 Sep-Dec	2016 May-Aug	2016 Jan-Apr
<b>Net sales</b>	<b>13,928</b>	<b>13,560</b>	<b>12,198</b>	<b>12,727</b>	<b>12,837</b>	<b>11,680</b>
Other operating income	66	287	87	189	465	146
Changes in inventories of finished goods and work in progress	167	-192	-510	-280	838	-858
Raw materials and consumables	-4,826	-3,888	-3,472	-3,805	-4,428	-2,871
Merchandise	-4,366	-4,425	-3,680	-3,834	-4,401	-3,639
Employee benefits expense	-1,924	-1,933	-1,890	-1,939	-1,837	-1,802
Depreciation, amortization and impairment	-427	-417	-398	-417	-383	-365
Other operating expenses	-2,233	-2,217	-1,972	-2,166	-2,394	-1,955
Share of income of equity accounted companies	87	29	38	58	11	29
<b>Operating income</b>	<b>472</b>	<b>804</b>	<b>401</b>	<b>533</b>	<b>708</b>	<b>365</b>
Finance income	70	42	39	42	81	42
Finance costs	-133	-88	-86	-85	-126	-103
<b>Income after financial items</b>	<b>409</b>	<b>758</b>	<b>354</b>	<b>490</b>	<b>663</b>	<b>304</b>
Tax	-19	-157	-40	77	-234	-26
<b>Net income for the period</b>	<b>390</b>	<b>601</b>	<b>314</b>	<b>567</b>	<b>429</b>	<b>278</b>
<b>Net income for the period attributable to:</b>						
Members of the economic association	391	602	308	567	429	277
Non-controlling interests	-1	-1	6	0	0	1

## The Group's items affecting comparability

MSEK	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec
<b>Recognized operating income</b>	<b>472</b>	<b>533</b>	<b>1,677</b>	<b>1,606</b>
<i>Items affecting comparability in operating income:</i>				
Insurance compensation, Food Sector	-	-	96	357
Restructuring costs, Food Sector	-31	-37	-65	-148
Provisions, Energy Sector	-	-	-140	-300
Capital gains, Lantmännen Real Estate	-	-	78	-
<i>Total items affecting comparability in operating income</i>	<i>-31</i>	<i>-37</i>	<i>-31</i>	<i>-91</i>
<b>Operating income, adjusted for items affecting comparability</b>	<b>503</b>	<b>570</b>	<b>1,708</b>	<b>1,697</b>
<b>Recognized income after financial items</b>	<b>409</b>	<b>490</b>	<b>1,521</b>	<b>1,457</b>
Items affecting comparability in operating income according to above	-31	-37	-31	-91
<b>Income after financial items adjusted for items affecting comparability</b>	<b>440</b>	<b>527</b>	<b>1,552</b>	<b>1,548</b>
Return on equity, adjusted for items affecting comparability, %	8.3	12.8	9.4	11.0
Return on operating capital, adjusted for items affecting comparability, %	6.7	8.2	7.9	8.4

## Condensed consolidated statement of financial position

MSEK	2017 Dec 31	2016 Dec 31
<b>ASSETS</b>		
Property, plant and equipment	9,387	8,240
Investment properties	643	858
Goodwill	5,238	4,611
Other intangible assets	3,327	2,980
Equity accounted holdings	2,182	1,896
Non-current financial assets	825	770
Deferred tax assets	170	136
Other non-current assets	27	23
<b>Total non-current assets</b>	<b>21,799</b>	<b>19,514</b>
Inventories	5,948	5,270
Trade and other receivables	5,823	5,727
Current interest-bearing assets	18	176
Current tax assets	25	30
Cash and cash equivalents	927	1,773
<b>Total current assets</b>	<b>12,741</b>	<b>12,976</b>
<b>TOTAL ASSETS</b>	<b>34,540</b>	<b>32,490</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to members of the economic association	14,859	13,795
Non-controlling interests	89	88
<b>Total equity</b>	<b>14,948</b>	<b>13,883</b>
Non-current interest-bearing liabilities <sup>1)</sup>	4,523	4,991
Provisions for pensions	554	519
Deferred tax liabilities	638	437
Other non-current provisions	240	247
Other non-current liabilities	28	25
<b>Total non-current liabilities</b>	<b>5,983</b>	<b>6,219</b>
Current interest-bearing liabilities	3,841	3,373
Trade and other payables	8,966	8,199
Current tax liabilities	98	89
Current provisions	704	727
<b>Total current liabilities</b>	<b>13,609</b>	<b>12,388</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>34,540</b>	<b>32,490</b>
Equity ratio	43.3	42.7
<sup>1)</sup> Including subordinated debentures, MSEK	250	250

## Condensed consolidated statement of cash flows

MSEK	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec
Operating income	472	533	1,677	1,606
Adjustment for non-cash items <sup>1)</sup>	314	334	1,107	1,302
Financial items paid, net	-105	-18	-210	-205
Taxes paid	-11	-41	-121	-132
<b>Cash flow from operating activities before changes in working capital</b>	<b>670</b>	<b>808</b>	<b>2,453</b>	<b>2,571</b>
Change in working capital	697	532	-55	565
<b>Cash flow from operating activities</b>	<b>1,367</b>	<b>1,340</b>	<b>2,398</b>	<b>3,136</b>
Acquisitions and divestments of operations, net	-639	-375	-852	-357
Investments in property, plant & equipment and intangible assets	-871	-751	-2,593	-2,333
Sale of property, plant & equipment and intangible assets	55	83	319	449
Change in financial investments	136	-65	25	-69
<b>Cash flow from investing activities</b>	<b>-1,319</b>	<b>-1,108</b>	<b>-3,101</b>	<b>-2,310</b>
<b>Cash flow before financing activities</b>	<b>48</b>	<b>232</b>	<b>-703</b>	<b>826</b>
Change in interest-bearing liabilities	-149	-141	200	-57
Change in contributed capital	-4	1	96	103
Dividend paid	-1	-2	-445	-383
<b>Cash flow from financing activities</b>	<b>-154</b>	<b>-142</b>	<b>-149</b>	<b>-337</b>
<b>Cash flow for the period</b>	<b>-106</b>	<b>90</b>	<b>-852</b>	<b>489</b>
Cash and cash equivalents at beginning of period	1,020	1,676	1,773	1,252
Exchange differences in cash and cash equivalents	13	7	6	32
<b>Cash and cash equivalents at the end of the period</b>	<b>927</b>	<b>1,773</b>	<b>927</b>	<b>1,773</b>
<sup>1)</sup> Depreciation, amortization and impairment of non-current assets	427	417	1,242	1,165
Share of income of equity accounted companies	-84	-48	-117	-63
Capital gains/losses on sale of non-current assets and operations	1	30	-108	-23
Other non-cash items	-30	-65	90	223
<b>Adjustment for non-cash items</b>	<b>314</b>	<b>334</b>	<b>1,107</b>	<b>1,302</b>

## Condensed consolidated statement of changes in equity

MSEK	2017 Jan-Dec			2016 Jan-Dec		
	Members of the association	Non-controlling interest	Total equity	Members of the association	Non-controlling interest	Total equity
Closing balance	13,795	88	13,883	12,660	21	12,681
Changes due to amended accounting policies in associates	-	-	-	66	-	66
<b>Opening balance, January 1</b>	<b>13,795</b>	<b>88</b>	<b>13,883</b>	<b>12,726</b>	<b>21</b>	<b>12,747</b>
<b>Total comprehensive income for the period</b>	<b>1,418</b>	<b>4</b>	<b>1,422</b>	<b>1,428</b>	<b>1</b>	<b>1,429</b>
Distribution to owners	-450	-7	-457	-425	-2	-427
Contributed capital paid in by members	171	-	171	153	-	153
Contributed capital paid out to members	-75	-	-75	-50	-	-50
Other change <sup>1)</sup>	-	4	4	-37	68	31
<b>Closing balance</b>	<b>14,859</b>	<b>89</b>	<b>14,948</b>	<b>13,795</b>	<b>88</b>	<b>13,883</b>
<b>Equity attributable to members of the economic association</b>						
Contributed capital, paid in	1,208			1,101		
Contributed capital, issued	1,256			1,198		
Other equity	12,395			11,496		
<b>Total equity attributable to members of the economic association</b>	<b>14,859</b>			<b>13,795</b>		
<sup>1)</sup> Of which acquisition of subsidiaries with NCI		4	4		68	68
Of which associates' acquisition of NCI in subsidiaries				-37		-37

## Segment information, adjusted for items affecting comparability

### Net sales per segment

MSEK	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec	Change Jan-Dec, %
Agriculture Sector	4,866	3,592	13,067	10,767	21 %
Machinery Sector	3,873	3,971	11,140	11,343	-2 %
Energy Sector	904	889	2,884	2,698	7 %
Food Sector	4,834	4,864	14,349	14,048	2 %
Lantmännen Real Estate	176	165	511	455	12 %
Other operations	164	144	447	420	6 %
Eliminations	-889	-898	-2,712	-2,487	-9 %
<b>Lantmännen total</b>	<b>13,928</b>	<b>12,727</b>	<b>39,686</b>	<b>37,244</b>	<b>7 %</b>

### Operating income per segment, adjusted for items affecting comparability

MSEK	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec
Agriculture Sector	81	68	340	318
Machinery Sector	172	158	381	316
Energy Sector	38	79	282	304
Food Sector	204	273	708	849
Lantmännen Real Estate <sup>1)</sup>	66	114	224	281
Other operations	-54	-80	-154	-182
Group items	-4	-42	-73	-189
<b>Lantmännen total</b>	<b>503</b>	<b>570</b>	<b>1,708</b>	<b>1,697</b>
<sup>1)</sup> Includes capital gains on property sales	1	47	20	93

### Operating margin per segment, adjusted for items affecting comparability

%	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec
Agriculture Sector	1.7	1.9	2.6	3.0
Machinery Sector	4.4	4.0	3.4	2.8
Energy Sector	4.2	8.9	9.8	11.3
Food Sector	4.2	5.6	4.9	6.0
<b>Lantmännen total</b>	<b>3.6</b>	<b>4.5</b>	<b>4.3</b>	<b>4.6</b>

### Return on operating capital, adjusted for items affecting comparability

%	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec
Agriculture Sector	4.7	4.5	7.5	7.8
Machinery Sector	36.4	27.6	25.2	17.8
Energy Sector	15.7	31.8	37.8	31.4
Food Sector	4.3	6.2	5.1	6.7
Lantmännen Real Estate <sup>1)</sup>	9.2	11.2	9.7	10.9
<b>Lantmännen total</b>	<b>6.7</b>	<b>8.2</b>	<b>7.9</b>	<b>8.4</b>

<sup>1)</sup> Adjusted for gain on sale of property.

## Segment information

### Net sales per segment

MSEK	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec	Change Jan-Dec, %
Agriculture Sector	4,866	3,592	13,067	10,767	21 %
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### Operating income per segment

MSEK	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec
Agriculture Sector	81	68	340	318
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Other operations	-54	-80	-154	-182
Group items	-4	-42	-73	-189
<b>Lantmännen total</b>	<b>472</b>	<b>533</b>	<b>1,677</b>	<b>1,606</b>
<sup>1)</sup> Includes capital gains on property sales	1	47	98	93

### Operating margin per segment

%	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec
Agriculture Sector	1.7	1.9	2.6	3.0
Machinery Sector	4.4	4.0	3.4	2.8
Energy Sector	4.2	8.9	4.9	0.1
Food Sector	3.6	4.9	5.2	7.5
<b>Lantmännen total</b>	<b>3.4</b>	<b>4.2</b>	<b>4.2</b>	<b>4.3</b>

### Return on operating capital,

%	2017 Sep-Dec	2016 Sep-Dec	2017 Jan-Dec	2016 Jan-Dec
Agriculture Sector	4.7	4.5	7.5	7.8
Machinery Sector	36.4	27.6	25.2	17.8
Energy Sector	15.7	31.8	19.1	0.4
Food Sector	3.6	5.3	5.4	8.4
Lantmännen Real Estate <sup>1)</sup>	9.2	11.2	9.7	10.9
<b>Lantmännen total</b>	<b>6.3</b>	<b>7.6</b>	<b>7.8</b>	<b>8.0</b>

<sup>1)</sup> Adjusted for gain on sale of property.

## Parent Company

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

Net sales amounted to MSEK 11,571 (11,068).

Operating income for the year was MSEK –10 (81). The figure for the previous year includes a capital gain of MSEK 75 on property sales.

Net financial income amounted to MSEK 557 (780).

Net financial income includes dividends of MSEK 597 (714), mainly from subsidiaries. Net financial income was also affected by currency effects of MSEK –54 (–39), mainly as a result of a weaker Swedish krona. Income after financial items was MSEK 547 (861).

Investments in non-current assets during the year totaled MSEK 130 (146).

The equity ratio at the end of the year was 45.0 (43.9) percent.

The average number of employees was 1,023 (997).

The number of members on December 31, 2017 was 25,021 (25,159). Refunded contributed capital is expected to amount to MSEK 64 (75) in 2018.

### Dividend

The Board has decided to pay a 2.5 (2.5) percent refund on members' purchases of inputs from Lantmännen Lantbruk Sweden and a supplementary payment of 2.5 (2.5) percent for delivered grain, oilseed and grass seed. The Board has also decided to pay a refund of 0.5 (0.5) percent on members' purchases from the Machinery Sector's Swedish operations. The total refund and supplementary payment is estimated at MSEK 244 (231). The actual outcome of the 2016 refund and supplementary payment was MSEK 231, compared with MSEK 232 allocated in the 2016 financial statements.

The Board proposes that the AGM adopt a contribution dividend of 9 (9) percent of the nominal amount of paid-in and issued contributions to both direct members and local associations, a total of MSEK 222 (207).

The Board proposes that the AGM adopt a contribution issue of MSEK 100 (70). The issue capital will be distributed as follows: 75 percent based on members' paid-in and issued contributed capital and 25 percent on members' contribution-based turnover with the association in 2017.

In total, the proposed contribution dividend and contribution issue amount to 13 (12) percent of the association's contributed capital.

### Dividend

MSEK	2017	2016
Refund and supplementary payment	244	231
Contribution dividend	222	207
Contribution issue	100	70
<b>Total</b>	<b>566</b>	<b>508</b>

The Board also proposes that the AGM adopt a 6.0 (7.25) percent dividend on subordinated debentures, a total of MSEK 15 (18), based on the conditions in the subordinated debenture offer.

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.

### Lantmännen's Annual General Meeting

*The Annual General Meeting will be held at:*  
the Hilton Stockholm Slussen Hotel, Guldgränd 8,  
Stockholm, on Monday, May 7, 2018.

## Parent Company condensed income statement

MSEK	2017 Jan-Dec	2016 Jan-Dec
Net sales, external	9,168	8,899
Net sales, intra-Group	2,403	2,169
<b>Net sales, total</b>	<b>11,571</b>	<b>11,068</b>
Change in products in progress, finished goods and work in progress for third parties	292	281
Other operating income	266	298
	<b>12,129</b>	<b>11,647</b>
<b>Operating expenses</b>		
Raw materials and consumables	-7,806	-7,308
Merchandise	-1,685	-1,747
Other external costs	-1,699	-1,574
Employee benefits expense	-790	-766
Depreciation, amortization and impairment	-159	-171
<b>Total operating expenses</b>	<b>-12,139</b>	<b>-11,566</b>
<b>Operating income</b>	<b>-10</b>	<b>81</b>
Income from financial items	557	780
<b>Income after financial items</b>	<b>547</b>	<b>861</b>
Refund and supplementary payment	-243	-231
Group contributions	810	415
Other appropriations	0	-155
Tax	-99	17
<b>Net income for the period</b>	<b>1,015</b>	<b>907</b>

## Parent Company

### condensed statement of financial position

MSEK	2017 Dec 31	2016 Dec 31
<b>ASSETS</b>		
Intangible assets	499	481
Property, plant and equipment	729	810
Investments in Group companies	7,795	8,892
Investments in joint ventures/associates	1,222	1,242
Receivables from Group companies	4,381	2,651
Other securities held as non-current assets	172	168
Other non-current receivables	268	199
<b>Total non-current assets</b>	<b>15,066</b>	<b>14,443</b>
Inventories	2,554	2,052
Receivables from Group companies	11,840	10,468
Other current receivables	1,752	2,063
Short-term investments, incl. cash and bank balances	186	1,146
<b>Total current assets</b>	<b>16,332</b>	<b>15,729</b>
<b>TOTAL ASSETS</b>	<b>31,398</b>	<b>30,172</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	13,771	12,885
Untaxed reserves	466	466
Provisions	125	146
Non-current liabilities	4,023	4,504
Current liabilities to Group companies	7,291	6,831
Other current liabilities	5,722	5,340
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>31,398</b>	<b>30,172</b>
Equity ratio	45.0	43.9

## Notes

### Accounting policies

Lantmännen applies International Financial Reporting Standards (IFRS), as adopted by the EU. This year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Reporting for the Parent Company is in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. The accounting policies applied for the year-end report correspond with those applied in preparing the 2016 Annual Report. No new or amended standards effective from 2017 have had a significant effect on Lantmännen's financial reporting. There have not been any significant changes to the assessments regarding new or amended accounting standards effective after 2017 compared with the assessments that were made in the 2016 Lantmännen Annual Report.

### New accounting policies 2018

#### *IFRS 15 Revenue from Contracts with Customers*

The Lantmännen Group applies IFRS 15 Revenue from Contracts with Customers with effect from January 1, 2018. The Group has chosen to apply the full retrospective transition method in accordance with the transitional rules laid down in IFRS 15. The transition to IFRS 15 has not had any material financial restatement effects on the transition date, which means that no adjustment of opening equity on January 1, 2017 has been reported. In addition, no adjustments have been required for the comparative year 2017. The comparative figures for 2017 are therefore unchanged in the income statement, while there are some minor reclassifications in the balance sheet.

#### *IFRS 9 Financial Instruments:*

IFRS 9 addresses the reporting of financial assets and liabilities and replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard contains new rules for the classification and measurement of financial instruments, an impairment model based on expected credit losses and changed rules for hedge accounting.

For Lantmännen, the effects of the new rules are as follows:

- for the classification and measurement of financial instruments – assets measured at fair value through profit or loss will increase compared with IAS 39, which in turn is expected to lead to some increased earnings volatility in the future.
- for impairment – no material effect on reported provisions for credit losses.
- for hedge accounting – no significant change with regard to identified hedging relationships compared with the application of IAS 39 and no material effect on reported values in the balance sheet and income statement.

Comparative information will not be restated.

### Provision in connection with the EU Commission's ongoing investigation

A further provision of MSEK 140 was recognized in the second four-month period of 2017 in connection with the European Commission's ongoing investigation of Lantmännen Agroetanol and two other ethanol producers for alleged violation of EU competition law, bringing the total provision to MSEK 440. Lantmännen is fully cooperating with the commission in the investigation.

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

MSEK	Carrying amount	Fair value
<b>Assets</b>		
Other shares and interests	457	457
Other financial assets	368	368
Other non-current assets	14	14
Trade and other receivables	4,635	4,636
Current interest-bearing assets	18	18
Cash and cash equivalents	927	927
<b>Total financial assets</b>	<b>6,419</b>	<b>6,420</b>
<b>Liabilities</b>		
Non-current interest-bearing liabilities	4,523	4,524
Other non-current liabilities	28	28
Current interest-bearing liabilities	3,841	3,841
Trade and other payables	5 426	5 426
<b>Total financial liabilities</b>	<b>13,818</b>	<b>13,819</b>

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

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

**Financial assets and liabilities  
with information on fair value, December 31, 2016**

MSEK	Carrying amount	Fair value
<b>Assets</b>		
Other shares and interests	564	564
Other financial assets	206	206
Other non-current assets	7	7
Trade and other receivables	4,423	4,423
Current interest-bearing assets	176	176
Cash and cash equivalents	1,773	1,773
<b>Total financial assets</b>	<b>7,149</b>	<b>7,149</b>
<b>Liabilities</b>		
Non-current interest-bearing liabilities	4,991	5,000
Other non-current liabilities	25	25
Current interest-bearing liabilities	3,373	3,373
Trade and other payables	4,794	4,794
<b>Total financial liabilities</b>	<b>13,183</b>	<b>13,192</b>

**Financial assets and liabilities  
measured at fair value, by level, December 31, 2016**

MSEK	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivatives with positive fair value	30	66	-	96
Other financial assets measured at fair value	566	0	125	691
<b>Total assets</b>	<b>596</b>	<b>66</b>	<b>125</b>	<b>787</b>
<b>Liabilities</b>				
Derivatives with negative fair value	19	70	-	89
<b>Total liabilities</b>	<b>19</b>	<b>70</b>	<b>-</b>	<b>89</b>

**Fair value hierarchy with information on inputs used to measure fair value**

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.  
 Level 2: Inputs other than the quoted prices included in level 1 that are observable for the asset or liability, i.e. quoted prices or data derived therefrom.  
 Level 3: Unobservable inputs for measurement of the asset or liability.

There has not been any movement between levels.

## Alternative performance measures

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

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

## Description of financial key figures (including alternative performance measures)

Key figures	Description	Reason for use
Adjusted income	Adjusted income is income net of items affecting comparability.	An adjustment to exclude items affecting comparability.
Average equity/operating capital	Average capital is computed on the closing balance of each month in the accounting period, i.e. twelve periods for the full year. All average capital ratios are calculated in this way.	Ensures accurate calculation of return on equity and operating capital.
Capital turnover rate	Net sales divided by average operating capital.	Shows the efficiency of the use of operating capital.
Cash flow from operating activities	Net income for the period adjusted for items that are not cash inflows or outflows but accounting costs, such as depreciation and capital gains/losses. Adjustments are also made for financial items and income taxes paid, and changes in inventories, operating receivables and operating liabilities.	Shows cash flow from operations that can be used for investments and acquisitions.
EBITDA according to bank definition.	Income before finance income and costs, tax, depreciation and impairment and profit share from associated companies, on a rolling 12 month basis, adjusted for acquired and divested companies.	To calculate the key ratio Net debt according to bank definition/EBITDA according to banking definition.
Equity ratio	Equity divided by total assets.	Shows the proportion of the assets that are financed by the owners.
Interest coverage ratio	Interest coverage ratio is calculated as income after financial items plus finance costs divided by finance costs.	Shows the ability to cover interest expenses.
Investments in non-current assets	Total of the period's investments in property, plant & equipment and intangible assets.	The size of the investments made to maintain existing capacity and to achieve expansion and growth.
Items affecting comparability	The Group's income can be increased or reduced by certain items that affect comparability. These are one-time items not directly related to the planned future operations and outside the range of MSEK +/-30.	Accounting for items that have been adjusted due to specific events that otherwise affect comparability between different periods. Provides a better understanding of the operating activities.
Liquidity reserve	Cash and cash equivalents and loans granted under the provisions in the existing loan agreements.	Shows the available borrowing capacity based on the current loan agreements.
Net debt	Net debt comprises interest-bearing liabilities, including pension liabilities and accrued interest, less financial assets.	Shows the net of interest-bearing assets and interest-bearing liabilities.
Net debt according to bank definition	Net debt comprises interest-bearing liabilities minus subordinated debentures less cash and cash equivalents.	To calculate the key ratio Net debt according to bank definition/EBITDA according to banking definition.
Net debt according to bank definition/EBITDA according to bank definition.	Net debt according to bank definition divided by EBITDA according to bank definition.	Indicates how fast a company can repay its debt (expressed in years).
Net debt/equity ratio	Net debt divided by equity.	Shows financial risk and is therefore used to view the level of debt funding.
Net financial income	Net financial income is finance income less finance costs.	Shows the net result of the company's financial operations.
Operating capital	Operating capital is calculated as non-interest-bearing assets minus non-interest-bearing liabilities. Tax assets and tax liabilities are not included in operating capital's assets and liabilities.	Shows how much capital is used in the operations.
Operating income	Operating income consists of net sales and other operating income less operating expenses.	Shows the result of operating activities.
Operating margin	The operating margin is calculated as operating income as a percentage of net sales for the period.	Shows the profitability of the operations.
Return on equity	Return on equity is calculated as annualized net income for the period divided by average equity.	Shows owners the return on their invested capital.
Return on operating capital	Return on operating capital is calculated as annualized operating income for the period divided by average operating capital.	Measures the return on the capital used in the business.

On assignment for the Board of Directors  
Stockholm, February 5, 2018



Per Olof Nyman  
President & CEO  
Lantmännen

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## Auditors' Review Report

This year-end report has not been reviewed by the company's auditors.

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## For more information, please contact

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This information is information that Lantmännen ek is required to disclose under the EU Market Abuse Regulation.  
The information was submitted by the above contact person for publication at 11.00 CET on February 6, 2018.

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Corporate Identity No.: 769605-2856



# Together we take responsibility from field to fork

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