

**We make  
farming thrive**



**Lantmännen Annual Review**  
**2014**



### President's overview

Lantmännen's results continued to develop positively in 2014. Many of our businesses have taken further large and small improvement steps, and work on Lantmännen's long-term strategy has begun to produce results in several areas. See ► page 4



### Responsible business

Lantmännen has signed the Global Compact, the UN's initiative for responsible business, with a commitment to implement its principles. Lantmännen's Annual Report including Sustainability Report and information on our website are structured to meet the Global Compact's communication on progress requirements. We also apply the GRI (Global Reporting Initiative) sustainability reporting guidelines.



### Strategy 2020

Lantmännen's Strategy 2020 is based on a new growth-oriented international environment that creates new opportunities. With the agricultural company as our starting-point, we develop profitable business and create added value in Lantmännen's entire value chain. The goal is for Lantmännen to be the leader in grain and oilseed trade in the Baltic region. See ► page 18



### Our owners and business partners

Our assignment is to contribute to the profitability of the owners' farms and maximize the return on their capital in the association. As business partners and owners of Lantmännen, they share the Group's profit through dividends. See ► pages 11-13



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# Welcome to Lantmännen!



**Lantmännen is an agricultural cooperative and northern Europe's leader in agriculture, machinery, bioenergy and food products. Owned by 29,000 Swedish farmers, we have 8,000 employees, operations in over 20 countries and revenues of SEK 33 billion. With grain as our basis, we process arable land resources for economically viable farming. Some of our best-known food brands are AXA, Kungsörnen, GoGreen, Korvbrödsbagarn, Schulstad and Gooh. Our company is founded on knowledge and values built up through generations of owners. With research, development and operations throughout the chain, together we can take responsibility from field to fork.**

# Chairman's comments

2014 has been another eventful year for Lantmännen. As one of the most important companies in the Swedish agricultural and food industry, we have opportunities and responsibilities to develop our business in a way that is beneficial to Swedish farming. The dividend for the year, MSEK 463, has gone back into Swedish farming, which shows that Lantmännen is fulfilling its role as an agricultural cooperative in the market.

Lantmännen operates in an environment where prices of our main raw materials are affected by international economies, weather and politics. Developments in eastern Europe and the rapid consolidation of agricultural companies in Europe are two clear examples. In Sweden, we have been active in the debate on conditions for agricultural business and the opportunities offered by agriculture in everything from jobs to sustainable development of society. I consider our active role in the formation of LRF Växtodling (Crop Production) as a good base for work on growth and competitiveness. Here, a Swedish food strategy that sees growth opportunities instead of increased taxes and complicated regulations should be a positive signal.

**“With new working methods, an ongoing focus on young entrepreneurs and closer cooperation with Lantmännen Lantbruk and Lantmännen Maskin, we have all the conditions to strengthen the businesses and member engagement.”**

Work on changes in the membership organization has been an important task during the year and I am fully convinced that the new organization provides new opportunities. With new working methods, an ongoing focus on young entrepreneurs and closer cooperation with Lantmännen Lantbruk and Lantmännen Maskin, we have all the conditions to strengthen businesses and member engagement.

A pleasing development during the year is that we have gained two local associations as new members. For me, this is confirmation that our business direction is on the right track, but it is also testimony to the importance of nurturing and developing long-term relationships. In this respect, the proposed merger with Kalmar Lantmän is another very important piece of the jigsaw. A Lantmännen company that brings together

expertise and proactive initiatives can produce positive effects in many different ways, particularly with regard to opportunities for developing Swedish livestock production.

Spring saw the establishment of Lantmännen's long-term direction – Strategy 2020. Work on the strategy has been very interesting, in particular since we see the potential of a growth-oriented and international environment that creates new opportunities for both Lantmännen and our own agricultural companies. We also see an increased demand for added value connected with health, quality and the environment. Our main conclusions are that Lantmännen's value chain is a stable platform, while global demand for agricultural commodities presents opportunities to develop our agriculture-related operations. An important part of the strategy is also the ability to harness our knowledge of responsible production which can provide growth from new sustainable business. Farming, the agricultural company and the grain value chain are focus areas in the strategy and our objective is for Lantmännen to be a leading player in the grain value chain from field to fork in the Baltic region.

There have been major changes within Lantmännen Lantbruk during the year. Competitive and customer-oriented agricultural activities are one of the Board's key objectives. The new management's proactive market efforts are encouraging and have been very well received. Despite the fall harvest being one of the largest ever reaped, we managed the logistics well. Lantmännen Lantbruk has also emphasized the importance of the animal feed business – including a clear business organization for feed.

Machine operations are developing well, but earnings are being held back by a tight market situation, notably in the contracting sector due to the absence of infrastructure investments. At the same time, I can affirm that, despite a declining tractor market, Valtra and Fendt gained market shares. The decentralization that has been implemented within Lantmännen Maskin has also contributed to a more active relationship with the customers.

For Lantmännen Energy, I want to start by bringing up the new company formed by the merger of Lantmännen Agroenergi and Neova's pellet business, which is a good example of how we can develop both a business and a market through partnership. I would also mention Lantmännen Agroetanol, which time and again develops business through innovation, as in the case of the carbon dioxide facility, and through the use of new cost-effective raw materials in production. At the same time, there still remains political uncertainty regarding our Swedish ethanol production. Politicians' failure to recognize the difference between ethanol with different climate performances is sadly the expression of an ignorance that is in danger of hitting Sweden hard.

An important part of the strategy is to develop our food operations. Through its dedicated efforts, Lantmännen Cerealia

has achieved great success, both in the market and financially. The acquisition of Strängnäs Valskvarn is a clear indication that our processing is important for Swedish farming. When it comes to product development, I am particularly proud of our oat products, which show how we at Lantmännen connect the chain from field to fork. Lantmännen Unibake is showing a positive development and is a company that, in both the short and long term, can strengthen Lantmännen and in doing so can also strengthen us as farmers. The agreement to acquire Vaasan may represent a very big step in the progression towards being a stronger international player in the area of bread.

On the topic of managing and achieving profitable growth for our portfolio holdings, the Scandi Standard IPO, which left us with an ownership share of 13.5 percent, cannot be ignored. I can say that, through very well executed strategic decisions and active involvement from management, the divestments of Scandi Standard and Kronfågel Group in 2013 and 2014 have had a positive impact on earnings of just over SEK 1 billion, which means we can now reinvest these funds in line with the strategy.

Lantmännen's strong financial position and several successful businesses have laid the foundation for the high dividend proposal. The Board also wishes to confirm the Agriculture Sector's performance. Consequently, the Board has adopted a refund and final price adjustment of 1.5 percent for Lantmännen Lantbruk and 0.5 percent for Lantmännen Maskin. The Board also proposes a contribution dividend of 9 percent and a contribution issue of MSEK 150.

I see the positive response to our subordinated debenture issue and the over-subscription as good evidence that members and others believe in our long-term development.

Finally, I would like to thank all our employees for their dedication. Achievement of our goals requires the right skills, good leadership and effective organization. I see widespread evidence that our President & CEO Per Olof Nyman is a valued leader. The ability to exercise leadership that shows the opportunities in developing daily work and clarifies the strategy is a major asset for employees and owners alike.

For me, Lantmännen is a company where we can really benefit from collaboration along the entire value chain – from oat crops to grains and porridge! It is also quite natural for us to have the agricultural company at the center of the new strategy – the work and measures we carry out must benefit you and your business in different ways. To summarize briefly – we make farming thrive.

Klockrike, February 2015

Bengt-Olof Gunnarson  
*Chairman, Lantmännen*



# President's overview



Lantmännen's income after net financial items for 2014, adjusted for items affecting comparability, amounts to MSEK 740 (683). During the year, a number of steps have been taken within the framework of Lantmännen's long-term strategy, and the Company is well positioned for future growth.

Lantmännen's results have continued to develop positively in 2014. Many of our businesses have taken further improvement steps, on both a large and a small scale, and work on Lantmännen's long-term strategy has begun to produce results in several areas. In combination with Lantmännen's strong financial position, this means that we are well prepared to create further growth in the Group after a period of consolidation.

## How our Sectors performed

Great improvements have been made within the agriculture-related operations of the Agriculture Sector and Lantmännen Maskin during the year. Special focus has been placed on creating a customer and service-oriented organization for Swedish farmers – whether in relation to grain deliveries, feed and crop advice or servicing and spare parts. These efforts will continue with undiminished vigor in 2015 – we can still do better! We have also significantly reduced our overheads in the business during the year, which is a necessity in an increasingly challenging competitive environment.

In January 2015, it was announced that the boards of Lantmännen and Kalmar Lantmän have proposed a merger between the two associations. The merger proposal will be decided on by Kalmar Lantmän's annual general meeting and dealt with at Lantmännen's meeting. A combined Lantmännen and Kalmar Lantmän – if the merger is adopted – will result in an even more competitive company with roots and ownership among Swedish farmers. The merger requires the approval of the competition authorities.

The Agriculture Sector's earnings are lower than in the previous year, partly due to lower sales of spring seed and intensifying competition in the Swedish market, as well as slightly lower earnings for the Sector's international interests. The Sector performed positively during the latter part of the year, with an improvement in earnings. 2015 will see a continuation of efforts to achieve cost leadership and create long-term profitable agricultural activities that promote Swedish farming.

The machinery market was weak during the year, mainly as a result of a deteriorating investment capacity for Scandinavian

“ **We are well prepared to create further growth in the Group after a period of consolidation.** ”

farming, which was partly due to falling milk prices, and also an effect of a sharp fall in demand for large construction machinery in Sweden following lower activity in the mining industry and delayed political infrastructure decisions. The Machinery Sector has been working intensively on measures to counteract the fall in demand, and a new savings program has been launched aimed at significantly lowering the cost structure of the business.

The businesses in the Energy Sector continue to perform well, which is pleasing. Lantmännen Aspen developed very positively. The Sector's largest business, Lantmännen Agroetanol, still faces challenges in terms of very low ethanol prices and a continuing lack of political clarity regarding long-term energy and climate policies in Sweden and the EU. Otherwise, the operations continued to improve during the year and were virtually cash flow neutral in 2014.

The Food Sector continues its growth, improving earnings compared with the previous year. Several large corporate transactions were conducted in the Sector during the year. All of them are in line with Lantmännen's Strategy 2020 and strengthen our business. One example is the acquisition of Strängnäs Valskvarn, an important part of the future plant structure in Mälardalen. In January 2015, it was announced that Lantmännen Unibake has signed an agreement with Lion Capital for the acquisition of the Finnish company Vaasan, with operations in bake-off, crispbread and fresh bread. As is customary, the acquisition of Vaasan is subject to approval by the Swedish Competition Authority.

Lantmännen's partly-owned company Scandi Standard, which includes Kronfågel Group, went public in late June. The successful IPO meant that Lantmännen could continue to realize the value that has been built up in Kronfågel over many years. With a continuing small ownership in Scandi Standard, Lantmännen is also able to share in the company's future value creation.

Lantmännen Real Estate continued to perform well in 2014 and delivered solid earnings. Efforts to optimize Lantmännen's own property use, develop the properties we manage and increase the proportion of external tenants continue.

### Strategy for growth

In 2014, we took a number of steps forward in implementing Lantmännen's new growth-oriented and long-term strategy, called "Strategy 2020". The strategy focuses mainly on creating value, growth and profitability in three overall parts of our business portfolio: agriculture-related operations, the grain value chain and the portfolio companies. The strategy focuses on the vast majority of our operations, particularly in Lantmännen's extended home market around the Baltic Sea. However, for our



international bread operations within Lantmännen Unibake and certain of the portfolio companies (Lantmännen Aspen, for example), the profitable growth goal goes beyond that and the goal for Lantmännen Unibake is to create profitable growth at global level. In Strategy 2020, there also remains the process of establishing food exports – oat products, for example – to emerging markets such as China.

Two transactions that confirm our strategic direction are the planned acquisition of Vaasan in Finland and the planned merger with Kalmar Lantmän. Assuming that the acquisition of Vaasan can be implemented as planned after examination by the competition authorities, Lantmännen will be able to expand its product portfolio with a number of well-known and appreciated brands. At the same time, we are strengthening our presence in several markets in the Baltic Sea region – particularly in Finland and the Baltic countries. The proposed merger with Kalmar Lantmän will result in more efficient use of the expertise that exists in both Lantmännen and Kalmar Lantmän and will strengthen the customer offering to our owners.

The employees and managers at Lantmännen are one of the most important pieces of the jigsaw in terms of successfully implementing our strategy. We further strengthened our focus on skills and leadership development in 2014, with our initiatives including structured management training and induction of new employees. We also make continuous efforts to attract and recruit the right skills for the future - something that is becoming increasingly important for all companies as competition in the labor market intensifies.

In conclusion, I would like to thank all our stakeholders – owners, employees, business partners, suppliers and customers – for their fine work and productive cooperation during 2014. All in all, it has been an eventful and important year for Lantmännen, and it is our continuing ambition to be a leading player in the grain value chain from field to fork, thereby helping to make Swedish farming thrive. I look forward to taking further steps in this work during 2015.

Stockholm, February 2015

Per Olof Nyman  
*President & CEO, Lantmännen*

# Lantmännen in numbers

**Net sales** for the Group totaled MSEK 32,666 (33,802), a decline of 3 percent compared with the previous year. Adjusted for acquired and divested operations, net sales were 3 percent higher, with currency effects having an impact of 2 percentage points.

**Operating income** amounted to MSEK 1,453 (89) and adjusted for items affecting comparability MSEK 851 (805). These items comprised capital gains of MSEK 731 (363) and restructuring costs and impairment of MSEK -129 (-1,079).

**Income after financial items** was MSEK 1,342 (85) and adjusted for items affecting comparability MSEK 740 (683). The previous year's net financial income included non-recurring capital gains of MSEK 118.

**Net income after tax** was MSEK 1,225 (100).

**Investments** during the year amounted to MSEK 1,087 (1,043).

**Cash flow before** financing activities was MSEK 2,077 (2,450).

**Dividend** The Board has decided to pay a dividend in the form of a 1.5 (1.5) percent refund on members' purchases from Lantmännen Lantbruk Sweden and 0.5 (0.5) percent on purchases from the Machinery Sector's Swedish operations. The Board has also decided that a final price adjustment of 1.5 (1.5) percent will be paid for delivered grain, oilseed and grass seed. The total refund and final price adjustment is estimated at MSEK 135 (129).

The Board proposes that the AGM adopt a contribution dividend of 9 (9) percent, a total of MSEK 178 (171), and a contribution issue of MSEK 150 (0). In total, the proposed contribution dividend and contribution issue amount to 17 (9) percent of the association's contributed capital. The Board proposes a dividend on subordinated debentures of 9 (3) percent, totaling MSEK 5 (2).

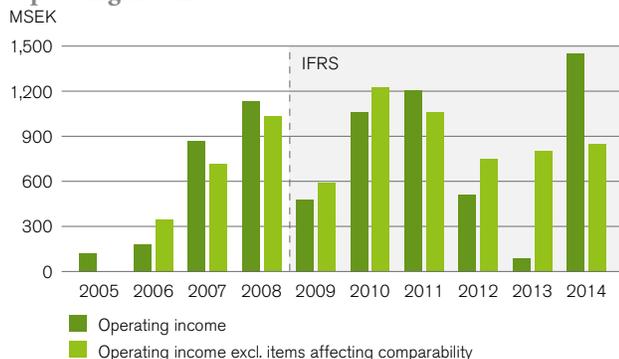
## Net sales



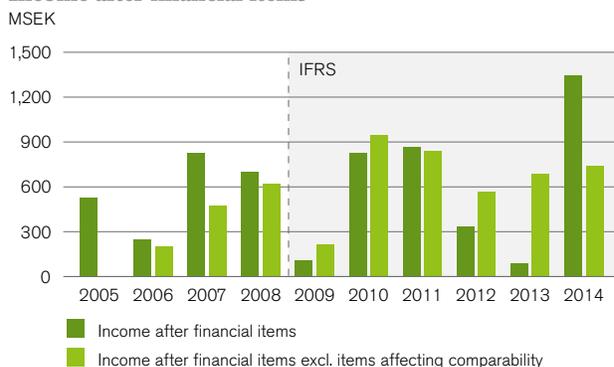
## Operating margin



## Operating income



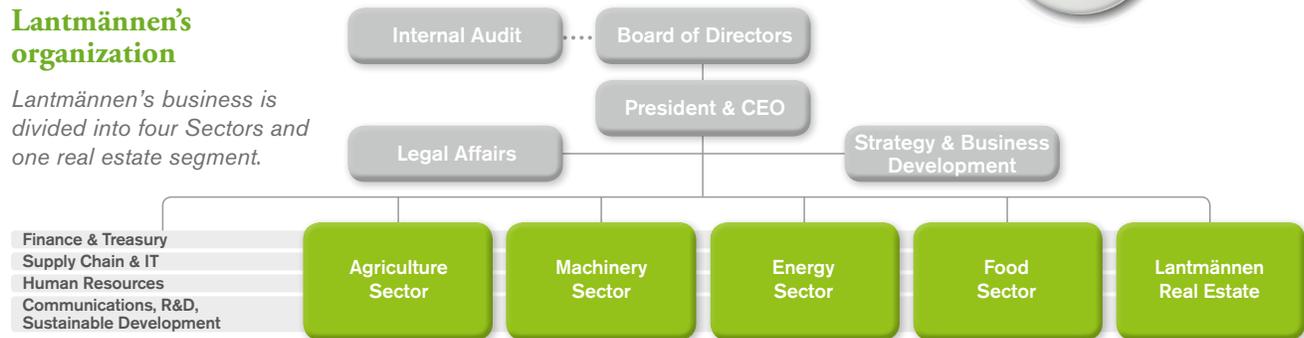
## Income after financial items



**Transition to IFRS:** Lantmännen began reporting under IFRS (International Financial Reporting Standards) in 2010. Comparative figures for the years 2005-2008 have not been restated under IFRS rules. A more detailed description of the effects of the transition to IFRS on the 2009 income statement and balance sheet can be found in Lantmännen's 2010 Annual Report. Lantmännen's annual reports can be downloaded from [lantmannen.se/larsredovisning](http://lantmannen.se/larsredovisning)

## Lantmännen's organization

Lantmännen's business is divided into four Sectors and one real estate segment.



### Key figures

	2014	2013
Net sales, MSEK	32,666	33,802
Operating income, MSEK	1,453	89
Operating margin, %	4.4	0.3
Income after financial items, MSEK	1,342	85
Net income for the year, MSEK	1,225	100
Cash flow before financing activities, MSEK	2,077	2,450
Return on equity, %	10.6	0.9
Return on operating capital, %	9.1	0.5
Total assets, MSEK	27,131	26,001
Equity ratio, %	43.8	42.5
Investments in non-current assets, MSEK	1,087	1,043
Net debt, MSEK	3,674	4,963
Interest cover ratio, times	6.9	1.3
Number of members	28,617	32,082
Average number of employees	8,311	9,133
of which women, %	28	29
Total CO <sub>2</sub> emissions, thousand tonnes	216.3	300.1
CO <sub>2</sub> emissions, tonnes per MSEK value added	30.1	42.9
CO <sub>2</sub> emissions, tonnes per MSEK net sales	6.6	8.9
Total sick leave, %	3.8	3.7

### Sales by market, MSEK

	2014	2013	Change
Sweden	16,028	16,592	-3 %
Denmark	3,678	4,526	-19 %
Germany	3,541	3,068	15 %
Norway	2,749	3 776	-27 %
United Kingdom	1,364	1,493	-9 %
Netherlands	819	801	2 %
Finland	555	313	77 %
Belgium	469	463	1 %
Poland	461	422	9 %
Spain	423	99	327 %
Russia	341	360	-5 %
France	324	156	108 %
Baltics	243	244	0 %
Rest of Europe	536	643	-17 %
United States	910	716	27 %
Rest of world	225	130	73 %
<b>Total</b>	<b>32,666</b>	<b>33,802</b>	<b>-3 %</b>

### Key figures excluding items affecting comparability

	2014	2013
Operating income, MSEK	851	805
Operating margin, %	2.6	2.4
Income after financial items, MSEK	740	683
Return on equity, %	5.1	4.4
Return on operating capital, %	5.3	4.7

### Net sales by sector

	2014	2013
Agriculture Sector, MSEK	10,337	10,294
Machinery Sector, MSEK	9,484	8,934
Energy Sector, MSEK	3,059	3,723
Food Sector, MSEK	11,180	12,593
Lantmännen Real Estate, MSEK	394	364

### Lantmännen's Annual General Meeting

The AGM will be held at the Hilton Stockholm Slussen Hotel, Guldgränd 8, Stockholm, on Tuesday May 5, 2015.

### Financial Reporting

Interim Report Jan-Apr ..... June 3, 2015  
Interim Report May-Aug ..... Oct 1, 2015

### Distribution & Ordering

The Annual Review, Annual Report including Sustainability Report, Appendix: Sustainability-Related Indicators and Interim Reports are available in Swedish and English and can be downloaded from [lantmannen.se/ekonomi](http://lantmannen.se/ekonomi)

### Listen to us!

Listen to selected parts of Lantmännen's Annual Report incl. Sustainability Report [lantmannen.se/lyssna2014](http://lantmannen.se/lyssna2014) (available in Swedish)

### Global Reporting Initiative (GRI)

Lantmännen has been reporting according to the GRI Sustainability Reporting Guidelines for several years. This year we moved to the GRI's new G4 version. See [lantmannen.se/responsibility](http://lantmannen.se/responsibility)

# The year's events in brief 2014

January

February

March

April

May

June

July

August

## Period 1

- Lantmännen was named “Sweden’s most sustainable brand” in the Sustainable Brands consumer survey, in competition with 242 companies.



- The Group Board and Management participated in 28 district meetings that were held around the country during spring.
- Lantmännen Real Estate sold the building rights for 7,200 m<sup>2</sup> gross floor area in Almby in eastern Örebro to Riksbyggen.
- One of Sweden’s largest talent networks, 4potentials, conducted a survey on how companies work to attract, recruit and develop talented employees. Lantmännen was named winner of the “Talent Company of the Year” award.

## Period 2

- Lantmännen Real Estate acquired a retail property of 3,800 m<sup>2</sup> in Svedala. The acquisition is part of the strategy to build a portfolio of properties with long contracts.
- Lantmännen Cerealia strengthened its supply capacity through the acquisition of Björnerud Gård’s pancake business in Färgelanda.



- GoGreen was first to launch Swedish-grown black beans from Skåne and white beans and kidney beans from Öland thanks to Lantmännen’s investment in development and innovation.
- To increase accessibility and the level of service for the 2014 harvest, Lantmännen opened five new grain receiving facilities in Karpalund, Staffanstorp, Vara and Vårgårda and Lantmännen’s large silo in Stockholm.

- Lantmännen and Neova AB formed a new wood pellet company. Agroenergi Neova Pellets comprises Neova’s refined solid biofuel business in Sweden and Lantmännen Agroenergi’s corresponding operations in Sweden and Latvia. The company is now a leader in wood pellet solutions.



- Lantmännen Cerealia acquired Strängnäs Valskvarn, further enhancing its strong position in the Swedish flour industry.
- May marked the start of a new mentoring program by Lantmännen Lantbruk and Hushållningssällskapet (Rural Economy and Agricultural Societies). The program is aimed at agriculture and agronomy students.
- Lantmännen sold its German and Polish plant breeding and seed operations to Syngenta. At the same time, a partnership began in which Lantmännen gains access to Syngenta’s knowledge and varieties, and is able to share the company’s broad research and development.
- Lantmännen held its AGM in May at which all Lantmännen’s Board members were re-elected.
- The IPO of Scandi Standard AB, which includes Kronfågel Group, was on June 27 when a part of Lantmännen’s holding in the company was sold. The remaining ownership interest in Scandi Standard amounts to 13.5 percent.
- A new trainee program was started as part of efforts to ensure the Group has a long-term supply of skilled managers and employees for key positions.



September October November December January and February 2015

### Period 3

- Lantmännen initiated a new strategic partnership in plant breeding with the French company Secobra. At the same time, Lantmännen transferred its southern spring barley program to Secobra. Lantmännen continues to run the program for early spring barley in Lännäs.
- Lantmännen Cerealia sold the mince operations in Laholm to Orkla Foods Sverige.
- Norlic, the new carbon dioxide facility established by AGA Gas and Lantmännen Agroetanol on Händelö in Norrköping, was opened. The facility allows more cost-efficient ethanol production and brings environmental benefits by utilizing and purifying carbon dioxide. Lantmännen has a 9.9 percent ownership share in Norlic.



- Sweden achieved its highest total harvest since 1997. Although winter rape did well from a historical perspective, the conclusion must be that the 2014 harvest was winter wheat's year.
- To give customers optimum workshop services and spare parts availability, Lantmännen Maskin started partnerships in servicing, repair and spare parts management.
- Lantmännen is engaged in LRF Växtodling (Federation of Swedish Farmers Crop Production). The aim is to strengthen the competitiveness of Swedish crop production in a global market.
- The Board decided that from 2016, the number of districts will be 19. This is to adapt to a declining membership, but is also an opportunity to find new forms of work.

### 2015



#### Bronze in Vetemästaren

*Björn Wallin and Nils Lundberg led Lantmännen's Board team to third place in the Vetemästaren competition.*

- Lantmännen signed an agreement to acquire the Finnish bakery company Vaasan with operations in northern Europe.
- Lantmännen Lantbruk opened its new ThermoSeed facility in Eslöv, which is the most modern in Europe for seeds and forages. ThermoSeed™ is not chemically treated and is suitable for both organic and conventional farming. ThermoSeed has shown the same or even better results than chemically treated seed.
- Lantmännen's program of subordinated debentures, which started in 2009, matured in December and MSEK 56 was repaid to investors. New subordinated debentures totaling MSEK 250 were issued in January 2015.
- The boards of Lantmännen and Kalmar Lantmän have proposed a merger between the associations. The merger proposal will be decided on by Kalmar Lantmän's annual general meeting and dealt with at Lantmännen ek för's meeting in May 2015.
- The 2015 Signum Prize is one of the many awards Lantmännen has received. The prize, awarded at the Trademark Day in Stockholm, goes to the Nordic company that has shown the best brand management and care.
- For the second year running, Lantmännen was named "Talent Company of the Year". The prize is awarded by 4potentials, one of Sweden's largest talent networks.

# Our brand

Our owners are the symbol and vitality of our brand. We live off the land and the land is the origin of everything we produce and the foundation of everything we do. As a major player in the chain from field to fork, we have a responsibility and obligation and the ability to embrace a long-term and sustainable approach.

## Together we take responsibility from field to fork

Being owned by Swedish farmers and taking responsibility from field to fork are unique values for Lantmännen, added values that are increasingly important to our customers. With the same values, whatever the market, we create credibility, confidence and a stronger position. With reinvestments and a long-term approach, we help to make farming thrive.

### Our assignment

Our assignment is to contribute to the profitability of members' farms and maximize the return on their capital in the association.

### Our mission

We make farming thrive.

### Our vision

Our vision is to lead the processing of arable land resources in an innovative and responsible way for tomorrow's agriculture.

### Our business concept

We are an agricultural cooperative that processes arable land resources in a responsible manner. With our collective expertise and operations from field to fork, we lead development in the grain value chain. We operate in an international market, in which Sweden constitutes the foundation of our business activities.

### Our brand promise

Together we take responsibility from field to fork.



Good food from  
Lantmännen



## Sweden's most sustainable brand 2014

Swedish consumers voted Lantmännen "Sweden's most sustainable brand" in the Sustainable Brands survey, in competition with 242 ranked companies including ICA, IKEA, Volvo and Coop. For several years, Lantmännen has worked on the brand promise to take responsibility from field to fork. In the survey, 9,000 consumers assessed the performance of Sweden's largest brands within environmental and social responsibility.



## Brand work with clear results

The Lantmännen brand is well known in Sweden and is linked to key values such as responsibility and origin. Active communication and the green sprout emblem on product packaging have been instrumental in the Lantmännen brand becoming a strong support for our consumer brands, which include AXA, Kungsörnen, Gooh, GoGreen and Korvbrödsbagarn. Over the last six years, we have successfully built Lantmännen into Sweden's most sustainable brand in all categories, and it is vital to continue defending the unique position created.

## Even more effective branding with Strategy 2020

Using Strategy 2020 as our basis, we use the brand to develop Lantmännen into a company working for the future of farming. Through the strategy and a long-term emphasis on innovation and product development, partnerships and collaborations, we have a clear focus on the agricultural cooperative. With operations throughout the chain from field to fork, we represent long-term responsibility and sustainable business development. We lead development by creating value from grain with the aim of making farming thrive. Having a common basis makes it clear how all parts work together and gives us a clear thread running through what we do and what we communicate. This makes our brand building more dynamic.

Branding is a Group-wide process. Our owners and employees create the brand and influence the results of the brand work. Lantmännen's brands have different roles, but all parts are equally important in building a common whole. The goal is for Lantmännen to be the leader in the grain value chain, with Strategy 2020 enabling interaction between development, activities and communication. Then we meet customers' expectations and our brand investments are more effective.

# Farmer-owned and governed

Lantmännen is an agricultural cooperative rooted in Swedish farming and owned by about 29,000 farmers around the country. Active member involvement through districts, membership meetings, the council of trustees, motions and written communication plays a crucial role in safeguarding the strength and benefits of collaboration in the form of a cooperative enterprise.

Lantmännen's corporate governance is exercised via the districts, the annual general meeting, the Board and several other forums, such as the council of trustees. As part of efforts to develop the district boards, there is an ongoing process aimed at clarifying the districts' role and mission. Work on modernizing Lantmännen's articles of association and adapting them to a new membership organization continued during the year. At various membership meetings and several council of trustees meetings, time has been devoted to dialogue and involvement in formulating Lantmännen's long-term direction – Strategy 2020. In this respect, the proposed merger with Kalmar Lantmän is another very important piece of the jigsaw.

## District activities

The districts are the basis of the members' role as owners and an important link between the members and the businesses. Each district has a board that works both locally and on cross-cutting issues for Lantmännen.

Discussions on the organization and tasks of the districts as part of the further development of their activities and contributions to the Group continued during the year. From 2016, the number of districts will be 19. This is an adaptation to a declining membership, but is also an opportunity to find new forms of work.

November saw the start of a series of meetings aimed at young entrepreneurs, with Lantmännen Lantbruk, Lantmännen Maskin and the districts talking about the strength of being a cooperative, farmer-owned enterprise. Elected members joined Lantmännen Lantbruk and Lantmännen Maskin at Borgeby Fältdagar, Brunnby Lantbrukardagar and other events – a concrete way of showing the concerted strength of Lantmännen. Approximately 500 farmers gathered in Lycksele for a membership meeting in mid-November. Participants in a panel discussion included Lantmännen's Chairman Bengt-Olov Gunnarson, Arla's Chairman Åke Hantoft and LRF's CEO Anders Källström.

## Lantmännen's corporate governance



## Annual General Meeting

Lantmännen's 2014 Annual General Meeting was held on May 15 in Stockholm. The Meeting dealt with five motions on areas such as the development of sampling methods for DON in oats and segregation costs for different soy qualities. Also at the meeting, the Grodden scholarship was awarded to ten prominent farmers connected with Lantmännen. The scholarship also included a seminar on Lantmännen. At the statutory Board meeting, Bengt-Olov Gunnarson was elected as Chairman and Nils Lundberg as Vice Chairman.

## District Board Conference

The District Board Conference was held on November 11-12, and had three themes. Day one was devoted to *animal feed*, with the collective expertise of Lantmännen Lantbruk there to talk about opportunities and future issues in the area of feed for various species. Day two focused on *Lantmännen's Strategy 2020*. Presentation materials and a film about the new strategy were shown. There was also discussion about *new forms of work in the districts*, and regional reference groups for Lantmännen Lantbruk and Lantmännen Maskin. A meeting was also held for district nomination committee conveners, who have an important role in the new member organization.

## New membership organization in 2016

- Closer cooperation with Lantmännen Lantbruk and Lantmännen Maskin.
- New forms of work; regional reference groups and inter-groups.
- Increased focus on young entrepreneurs.
- Training of elected representatives.

# Lantmännen creates long-term economic value

Lantmännen's assignment is to contribute to the profitability of its owners' farms and maximize the return on their capital in the association. As business partners and owners of Lantmännen, they share the Group's profit through dividends.

Lantmännen has distributed more than SEK 3.5 billion to its members since 2001. A total dividend of MSEK 463 is proposed for 2014. Lantmännen's strong financial position and several successful businesses have laid the foundation for the historically high dividend proposal.

## Owner value

### *Where are earnings created?*

Lantmännen consists of farming operations and extensive commercial and industrial activities including mills, bakeries and machinery operations.

Most of the earnings are generated in the industrial activities. It is clear to see the advantages to Lantmännen of integration along the value chain and diversification of risk by having industrial activities. Consequently, owners receive a higher margin further along the value chain and in other industrial activities. The generated earnings are distributed to the members according to the dividend policy.

### *Dividend policy*

The principles for dividends are set out in the dividend policy adopted by the Board. It is the Group Board's aim for Lantmännen to generate regular and stable dividends for its owners over time in the form of refunds and final price adjustments, contribution dividends and contribution issues. The Group Board's overall intention is that the dividend level will be adjusted to reflect factors such as financial position, earnings, cash flow, strategic investment needs and expected profitability.

### *How are earnings distributed?*

As a main rule, refunds and final price adjustments are based on earnings from contribution-based agriculture operations. Contribution dividends and contribution issues are primarily based on earnings from activities that are not contribution-based, such as food, energy, property and parts of machinery.

Refunds and final price adjustments are paid in proportion to the members' business with the agriculture operations. The Board has decided to pay a dividend in the form of a 1.5 (1.5) percent refund on members' purchases from Lantmännen Lantbruk Sweden and 0.5 (0.5) percent on purchases from the Machinery Sector's Swedish operations. The Board has also decided that a final price adjustment of 1.5 (1.5) percent will be paid for delivered grain, oilseed and grass seed. The total refund and final price adjustment is estimated at MSEK 135 (129).

Contribution dividends on contributed capital are paid in proportion to members' paid-in and issued contributions. Contribution issues mean that part of the collectively-owned unrestricted capital is transferred to members' individual contributed capital. The Board proposes that the AGM adopt a contribution dividend of 9 (9) percent, a total of MSEK 178 (171), and a contribution issue of MSEK 150 (0). The Board proposes a dividend on subordinated debentures of 9 (3) percent, totaling MSEK 5 (2).

### *Contributed capital – paid-in and issued*

Lantmännen's members contribute capital through their contributions in the association. Contributed capital amounted to MSEK 1,977 at the end of 2014 and consisted of paid-in contributions of MSEK 931 and issued contributions of MSEK 1,046.

## Lantmännen's earnings distribution



*Members of Lantmännen share the Group's profits through dividends.*



“As a member since 2001, we’ve been able to share over SEK 3.5 billion in dividends from Lantmännen.

#### Member contributions

MSEK	2014	2013	2012	2011
<i>Member contributions:</i>				
Paid-in	931	829	753	680
Issued	1,046	1,074	1,016	888
<b>Total</b>	<b>1,977</b>	<b>1,903</b>	<b>1,769</b>	<b>1,568</b>

#### Dividend<sup>1</sup>

MSEK	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Refund, final price adjustment	135	129	120	110	95	1	122	83	64	139
Contribution dividend <sup>2</sup>	178	171	88	78	68	63	57	50	56	50
Contribution issue <sup>2</sup>	150	-	80	152	177	100	110	151	99	100
<b>Total</b>	<b>463</b>	<b>300</b>	<b>288</b>	<b>340</b>	<b>340</b>	<b>164</b>	<b>289</b>	<b>284</b>	<b>219</b>	<b>289</b>

Contributed dividend and contributed issue as % of contributed capital

17 % 9 % 9 % 15 % 18 % 13 % 14 % 20 % 13 % 14 %

<sup>1</sup> Reported amounts may include adjustment compared with previous years' proposals.

<sup>2</sup> Pursuant of the Board of Directors' proposal for 2014.

#### Owning Lantmännen

##### *Value of the dividend*

For a member who has had an average annual turnover of MSEK 3 with Lantmännen since 2001 and has kept the dividend in Lantmännen's accounts, the dividend for 2014 is approximately MSEK 1 or, popularly expressed, a new tractor!

##### *Trading in contribution issues*

Members of Lantmännen have been able to buy and sell contribution issues since 2009. This trading provides opportunities for more active ownership. Contribution issues carry the same entitlement to contribution dividends and new contribution issues as paid-in contributions. There were 13 trading sessions in 2014. The total turnover was MSEK 19 and the transaction price varied between 102 and 110 percent of the nominal value.

##### *Invitation to invest in Lantmännen Kycklinginvest*

In 2013, Lantmännen's members were invited to subscribe for shares in Lantmännen Kycklinginvest which owned Lantmännen's shares in Scandi Standard AB. The IPO of Scandi Standard's shares was in June and the shares have subsequently performed positively.

##### *Issue of subordinated debentures*

A new invitation to subscribe for subordinated debentures in Lantmännen was presented to members and employees in Sweden during the year. The issue, which amounted to a maximum of MSEK 250, was conducted in January 2015 and was slightly oversubscribed. The subordinated debentures have an average maturity of 5 years.



# Targets and target monitoring

Lantmännen defines the overall long-term profitability target as return on equity. Return on equity was 10.6 percent in 2014. Lantmännen has a strong financial position and its financial strength improved further during the year. Lantmännen's equity target is a minimum of 40 percent. The equity ratio was 43.8 percent at year-end.

## Return on equity

The Group's return target is dependent on the composition of the portfolio. The current business portfolio is estimated as having a total return on equity potential of 8 percent over a business cycle.

### 2014 outcome

Return on equity was 10.6 (0.9) percent in 2014. The higher return on equity for 2014 reflects the improved earnings trend for industrial activities and is also an effect of gains on divestments of operations, including the IPO of Scandi Standard.

The average return on equity over the last five years, excluding the impairment of Lantmännen Agroetanol, was 6.9 percent.

Return target	Outcome			Average return
	2012	2013	2014	2010-2014
<b>8%</b>	2.2	0.9	10.6	6.9%

## Return on equity



## Equity ratio

An important part of Lantmännen's strategic platform is to maintain a stable financial base, which provides better scope for strategic choices in response to external changes. Lantmännen uses the equity ratio to measure its financial strength. Lantmännen's equity target is a minimum of 40 percent, which reflects Lantmännen's desired financial risk profile and the Board's view of long-term financial stability.

### 2014 outcome

The equity ratio was 43.8 (42.5) percent at December 31, 2014. The increase was partly due to improved earnings for the business areas and partly due to divestments, including Scandi Standard and the German and Polish plant breeding and seed operations. The equity ratio has improved to 43.8 percent from 32.5 percent in 2008.

## Equity ratio target

Equity ratio target	Outcome		
	2012	2013	2014
<b>40%</b>	41.5	42.5	43.8

## Equity ratio





### Customer targets

Satisfied customers make more repeat purchases, strengthen brands and customer relationships, and generate new customers. Lantmännen conducts regular Customer Satisfaction Index measurements, with clear follow-ups in our operations. Lantmännen has a strong position in its home markets. The objective is to maintain a strong position in all markets where Lantmännen has a presence. However, market share is not a specified target and the main focus is on continuing profitable growth.

### Employee targets

Job satisfaction (how happy and motivated employees are) affects Lantmännen's success. Lantmännen's job satisfaction target is 70. In the most recent survey in 2013, the result was 68, which is a good result in a European comparison with similar companies. Lantmännen also strives for good management, and the management index target is 70. The overall

result in 2013 was 71, a very strong result. The next survey will be conducted in 2015.

Lantmännen continued its work environment development during the year, which included the Board's adoption of a new health and wellness policy, while there was another increase in incident reporting – from 2,488 to 2,900. The target is at least 10 reported incidents per accident and the result currently stands at 12.7. Lantmännen has a clear work environment policy that must be followed, and internal reporting procedures support the preventive measures. Learn more at [lantmannen.se/responsibility](http://lantmannen.se/responsibility)

#### Accidents & incidents

	2014	2013
Number of fatalities due to work-related injuries	0	0
Number of accidents <sup>1</sup>	228	262
Injury rate <sup>2</sup>	16.8	17.6
Number of reported incidents <sup>3</sup>	2,900	2,488
Number of incidents per accidents (lost-time)	12.7	9.5

<sup>1</sup> Work-related accident resulting in at least one day's absence after the accident occurred.

<sup>2</sup> Injury rate is defined as the number of accidents per million actual hours worked.

<sup>3</sup> Incidents are defined as unintended events that could have resulted in ill health or an accident.

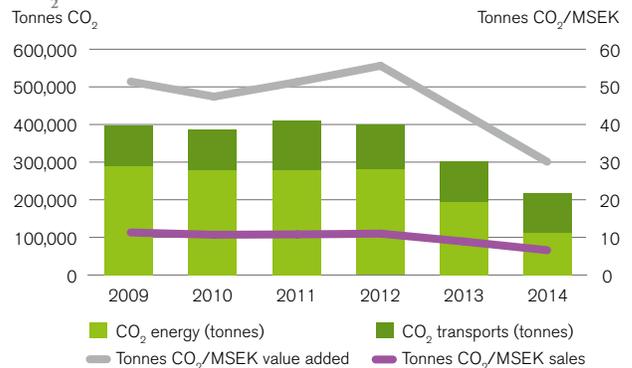
### Climate targets

Lantmännen has 2014 reached the overall climate target for 2020: total CO<sub>2</sub> emissions have fallen by just over 40 percent in both absolute and relative figures since 2009. Focused work on increased energy efficiency and phasing-out of fossil fuels has contributed to the reduction – use of heating oil, for example, has fallen by over 70 percent. However, a significant proportion of the emissions reduction in recent years has had extraordinary causes. The number of Group companies and production facilities has declined as a result of sales or mergers, which has reduced energy consumption and emissions. In 2014, it was decided to purchase origin-certified renewable electricity for the entire Scandinavian operations, thereby reducing our carbon footprint by the equivalent of 50,000 tonnes or 19 percent. The aim is to continue to reduce the carbon footprint by streamlining measures and reduced use of fossil fuels in areas such as transport. About 20 oil boilers still need to be converted in order to reach the goal of completely oil-free operations, and the plan is for this to take place gradually between now and 2020.

#### Climate target, reduction in CO<sub>2</sub> emissions

**40%** 2009-2020 Achieved

#### CO<sub>2</sub> emissions



# External trends

It is the major global trends, and ultimately the growing middle class in Asia, that affect the future direction for Lantmännen and Swedish farming. What happens in Sweden has little impact on long-term demand and prices for agricultural products.

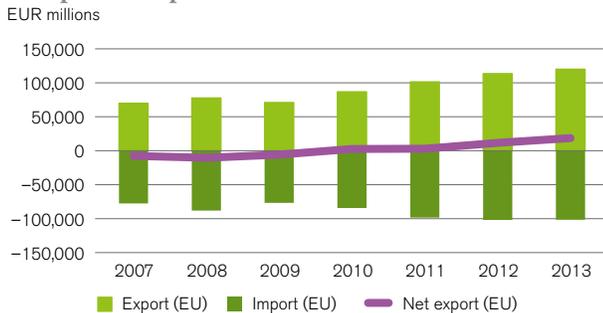
## 4 external megatrends

1. Growing middle class in China and rest of Asia
2. Low growth in Lantmännen's current main markets
3. Consumer demand driving health and sustainable development
4. Imbalance between supply and demand creating volatile commodity prices

### 1 Growing middle class in China and rest of Asia

As a result of a large population and a growing economy in Asia, the middle class, is expected to continue to grow, particularly in China and India. This in turn is driving demand for agricultural commodities, with China, for example, no longer able to achieve self-sufficiency. China accounts for 20 percent of the world's population, but has no more than 11 percent of the world's arable land and only 9 percent of the world's water availability. This creates a new situation for European and Swedish food production, with the EU moving from being a net importer to a net exporter.

#### Europe's net exports



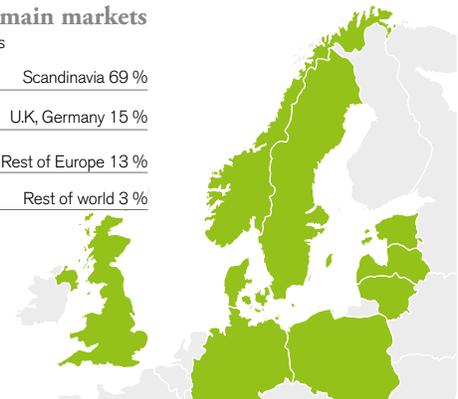
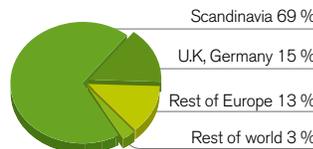
*Europe is moving towards a new role as a net exporter, particularly in terms of finished consumer goods for emerging economies.*

### 2 Low growth in Lantmännen's current main markets

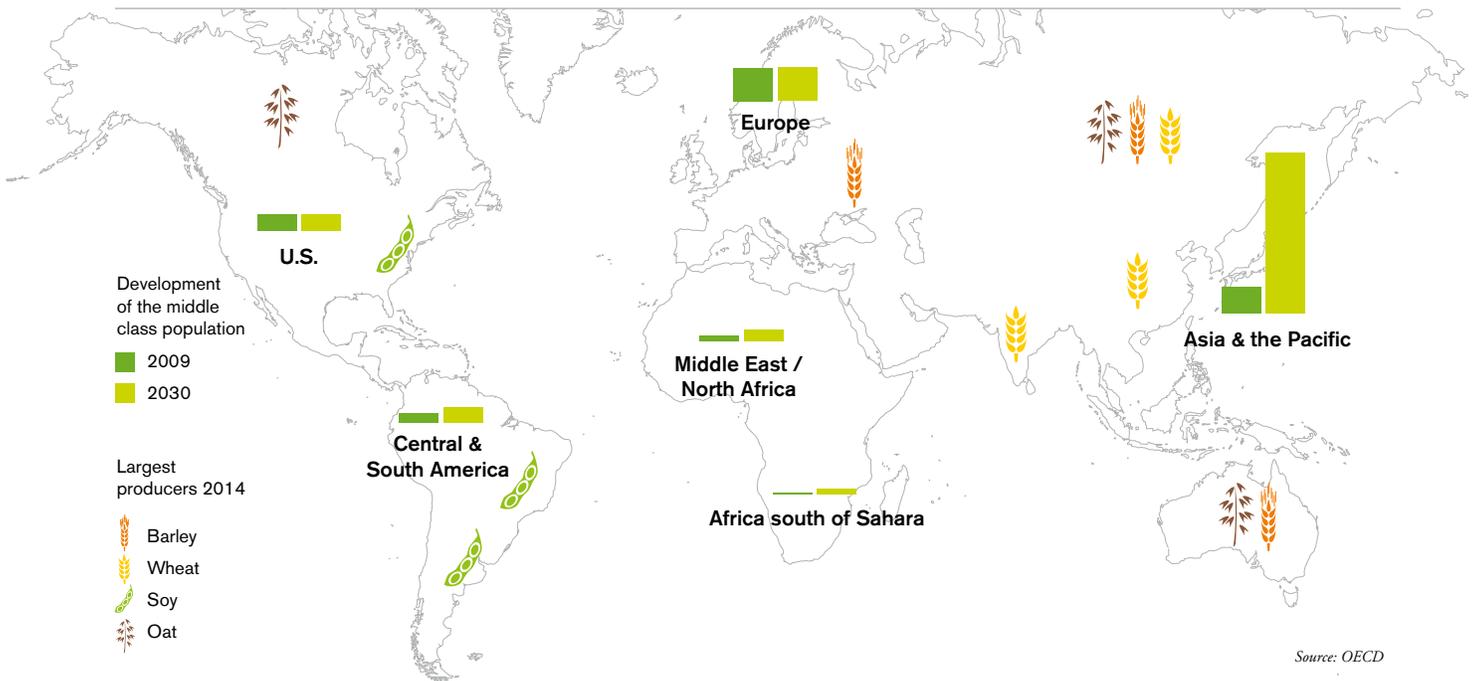
Lantmännen's main markets in Europe are mature markets. Growth is low but stable, and is characterized by strong price competition. 84 percent of Lantmännen's sales are in Sweden, Norway, Denmark, Germany and the UK. For the period up to 2017, average growth for these countries is 1.7 percent, compared with global growth of 3.7 percent. Over a longer time horizon, Lantmännen is exposed to regions with relatively low growth.

#### Lantmännen's main markets

Share of Group's sales



## Growing middle class in Asia is driving demand



### 3 Consumer demand driving health and sustainable development

Consumer trends show a greatly increased focus on health effects and other sustainability aspects concerning what we eat. This is expected to continue with a stronger focus in the period ahead. Food safety and traceability are key issues and of vital importance not only in Sweden but also in the rest of Europe, and go hand in hand with the desire to create more sustainable development.

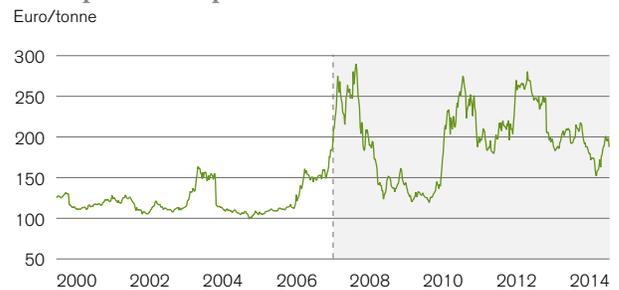


We also need to address how the climate issue, one of our generation's greatest global challenges, affects the conditions for our business, market and consumer expectations.

### 4 Imbalance between supply and demand creating volatile commodity prices

Grain supply varies, while demand is rising. However, record crops in 2014 have depressed prices, even though the long-term trend is for increasing prices. Globally, there is potential for increased production, particularly of grain in Russia and soy in Brazil, but it takes time to develop the infrastructure and there is political uncertainty in many countries. The important thing is to see the whole chain from field to fork and not to focus on agriculture and the food industry individually. The price is set internationally and raw materials are traded locally.

#### Grain price development in Sweden



*Demand for grain is high and growing. However, 2014 was a year of record harvests which depressed prices.*

# Strategy 2020 – our long-term Group strategy

Our strategy is based on a growth-oriented changing external environment that creates new opportunities for Lantmännen and agricultural companies.

## Strategy 2020



**With the agricultural company as the starting-point, Lantmännen will develop profitable business and create added value throughout the value chain.**

### 1 Develop agricultural business in partnership with agricultural companies

The goal is for Lantmännen to be the leader in grain trading in the Baltic region. Agricultural partnerships will increase production and competitiveness in primary production.

Lantmännen also wants to have the best offering in feed, seed, forages, farm machinery, equipment, servicing, parts, risk management, financing and advisory services for the professional farmer in Sweden.

### 2 Create value from grain

Lantmännen will create value from grain through market-leading business in the processing industry. This will be achieved by strengthening the position in the Nordic milling industry. The aim is also to strengthen Lantmännen's oat business throughout the value chain. By means of an efficient production platform and through growth and acquisitions, Lantmännen will be a leading international player in frozen bread. Our

focus is also on fresh meal solutions, malt business, biofuels, starch and other highly processed grain products.

### 3 Business development from field to fork

By operating throughout the value chain, Lantmännen is able to create added value such as health, traceability and sustainability. Lantmännen will be a leading player in the grain value chain from field to fork.

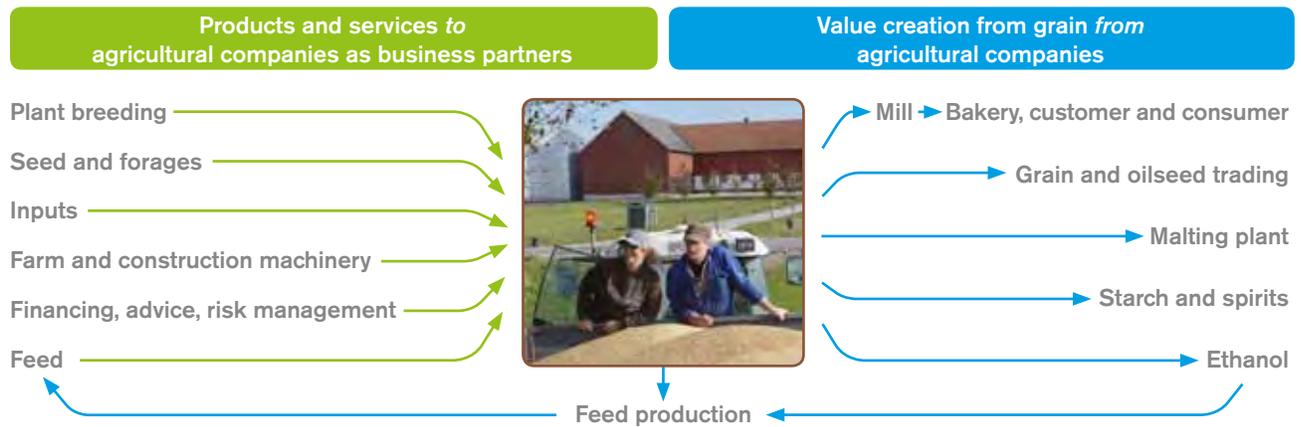
### 4 Manage and achieve profitable growth in the portfolio holdings

The goal is profitable growth through portfolio holdings associated with the grain value chain. This will be achieved through partnerships with companies able to create conditions for growth. Lantmännen's property holdings will provide an improved cash flow and bring additional value.

## Our 2020 objective

**Lantmännen as leading player in the grain value chain from field to fork in the Baltic region.**

## ... with the agricultural company in focus



## From field to fork for profitability and value in the short and long term

Lantmännen's assignment – to contribute to the profitability of owners' farms and maximize the return on their capital in the association – is unchanged, and it is therefore natural for the agricultural company and grain value chain to be more clearly in focus. Lantmännen will continue to develop agribusiness in partnership with farmers. Lantmännen's value chain from field to fork represents a stable platform and a unique starting-point in the expanded home market. Global demand for agricultural raw materials creates opportunities to strengthen the growth of the agribusiness.

With responsibility, control and knowledge throughout the value chain, Lantmännen can offer added value linked to *quality*, *health* and *environment*. Together, we can develop operations and business in all stages, from feed to breakfast cereals. Lantmännen's new Strategy 2020 includes additional investments in innovation and product development, collaborations and partnerships and development of Lantmännen's brand.

Lantmännen's return is reinvested in the owners' business and in long-term investments in research and development within Lantmännen.

### Examples of strategic activities in line with Strategy 2020

- Lantmännen has entered into a partnership with Syngenta in seed and plant breeding, whereby we gain access to knowledge and varieties, and therefore share in Syngenta's broad investment in research and development.
- Lantmännen Lantbruk has entered into a partnership with the French plant breeding company Secobra related to its southern spring barley program.
- Lantmännen Cerealia has acquired Strängnäs Valskvarn.
- We have developed new customer-specific grain concepts with a focus on climate and environmental performance. Lantmännen has continued its focus on new oat varieties and healthy foods based on oats.
- To expand capacity for supplying pancakes to the restaurant and retail trade, Björnerud Gård's pancake business has been acquired. This also enables Lantmännen Cerealia to focus more on chilled ready meals.
- The company Scandi Standard, which includes Kronfågel Group, went public in late June. This meant that Lantmännen was able to continue to realize the value that has built up in Kronfågel over many years, and Lantmännen will also have a share in future value creation in the company.
- Lantmännen Agroenergi's pellet business and Neova merged their respective operations and are now the leader in wood pellet solutions.

# Important issues – for responsible business

Lantmännen's business concept is to process farmland resources in an innovative and responsible way. Throughout the chain from field to fork, we work to take responsibility for the impacts of the operations on people and the environment, and to continue developing sustainable business. The focus is on the areas where we have the greatest opportunity to make a difference.

## Responsibility throughout the value chain

Lantmännen's responsibility from field to fork covers a broad spectrum of special issues in economy, the environment and social responsibility, and spans our entire value chain – from the cultivation of our raw materials and processing activities to the sale and consumption of our products and services. Our responsibility is defined in Lantmännen's Code of Conduct. Governance in the form of a systematic approach, targets and monitoring at the management level is in place for most areas, and work is under development in others.

## Focus on the most important

In our annual report, we focus on the issues we consider most important for a long-term sustainable and profitable Lantmännen. They are areas that are particularly important to our customers, shareholders and other key stakeholders, and areas where Lantmännen's operations have a significant impact on

people and the environment. They also include issues that are unique to our industry and business, which gives us a special responsibility and an opportunity to push for sustainable development. More information about our work can be found at [lantmannen.se/omlantmannen](http://lantmannen.se/omlantmannen)

## Materiality analysis – our most important issues

Below is a summary of issues that are important to Lantmännen and our stakeholders. The priority categorization was conducted in an internal process with key personnel at Lantmännen and was based on Lantmännen's strategic work, the Code of Conduct and other frameworks, and knowledge and results from stakeholder dialogue. Implementation and reporting of a materiality analysis is also part of the application of the new GRI Sustainability Reporting Guidelines. [lantmannen.se/responsibility](http://lantmannen.se/responsibility)

## Materiality analysis





### Returns and reinvestment make farming thrive (agricultural cooperative ownership)

Lantmännen's mission is to make farming thrive. Returns from operations are reinvested in the owners' farms and provide opportunities for long-term investments in research and development. The cooperative ownership model is central to economic stability and endurance over time. For our owners, this is about Lantmännen being a business partner characterized by a long-term approach and a local presence. More about our ownership model [▶](#) pages 11-13.



### Research & innovation in the grain value chain

Lantmännen's knowledge and operations in every stage represent an opportunity to drive and contribute to development in the grain value chain. Continuing business development in order to create value from grain is also a key part of Lantmännen's Strategy 2020. We focus on long-term research aimed at developing and moving the entire grain sector in a more sustainable direction, while contributing to long-term profitability and growth. Lantmännen's research foundation invests significant resources in research at universities and institutes in areas such as plant breeding, biological crop protection, use of by-products, resource management, health and eating habits. More about our investments in research and innovative business development on [▶](#) page 22.



### Product safety, quality and traceability

Product safety and quality are important issues for our customers and consumers. Lantmännen's knowledge and presence in all stages from field to fork gives us a unique opportunity to ensure control and traceability of our products. The green sprout on food from Lantmännen is our guarantee of responsibly produced food, with quality and food safety playing a key role. More about our work [▶](#) Food Sector pages 34-35, [lantmannen.se/responsibility](http://lantmannen.se/responsibility)



### Environmental impact from cultivation of our raw materials

Long-term sustainability in the food sector is largely determined in the cultivation stage. From a lifecycle perspective, crop cultivation also represents the greatest environmental impact for many of Lantmännen's products. For grain, Lantmännen's most important raw material, the impacts include carbon footprint, soil fertility and yields over time, water, use of plant nutrients and crop protection and effects on biodiversity. For soy, palm oil and other imported commodities, there are also social risks to manage, such as working conditions and human rights for those working on the plantations. More about our work on reducing environmental impacts [▶](#) pages 22-24 and at [lantmannen.se/responsibility](http://lantmannen.se/responsibility)



### Climate impact

A large proportion of the world's greenhouse emissions come from the food industry, which gives rise to a specific industry responsibility. From a lifecycle perspective, a large part of the climate impact for Lantmännen's products is in the cultivation stage. However, our own processing activities also cause greenhouse emissions, primarily through use of energy and transport. Lantmännen is working towards proactive climate targets to reduce these, and is collaborating with customers and suppliers to reduce the carbon footprint in other parts of the value chain. Lantmännen is one of the companies in the Haga Initiative, a Swedish business network working for a more proactive climate policy. Learn more on [▶](#) pages 15, 23-24 and at [lantmannen.se/responsibility](http://lantmannen.se/responsibility)



### Additional important issues

In addition to the issues described above, Lantmännen's responsibility work includes a large number of other other issues, which are also vital to an efficiently functioning and long-term successful business. These include work on health and safety, leadership and employee participation, and business ethics. Certain issues are very high on the agenda for some of Lantmännen's stakeholders. These include product-related questions about origin, health properties and product information. More about our work at [▶](#) [lantmannen.se/responsibility](http://lantmannen.se/responsibility)

# Business development – from field to fork

Demand for cultivated raw materials is increasing, which is sharpening the focus on the challenges of food security in the future. Our knowledge of grain and proximity to its cultivation provides unique opportunities to contribute to more sustainable production and create profitable added values.

## Business development in the grain value chain

Lantmännen's business development involves producing and offering products and services with quality, health and environmental added values that are in demand, and which also contribute to development in a sustainable direction. The concept of what is a good performance and what gives added values changes over time. Consequently, Lantmännen's business development involves a step-by-step moving of positions so that the average performance for a category is gradually improved.

Lantmännen's contribution to the development of a more sustainable supply of food and energy is based on our knowledge of grain as a raw material and our presence all the way from field to fork. Increased growth from sustainable business requires cooperation with other players in the value chain – long-term development and innovation initiatives with researchers and suppliers, and constructive dialogue with customers and consumers about what added values are in demand and can be offered.



## Investment in research and development

Lantmännen has a long tradition of research and innovation work, and invests about MSEK 250-300 on this each year. We invest in both our own and external research projects to promote new knowledge. The focus is on the grain value chain – from plant breeding and cultivation to processing, product development and consumption.

A priority research area is how challenges such as climate change and soil fertility changes affect cultivation: reduced increase in yields, crop damage in the form of mold toxins and water damage, needs for phosphorus and more. Learn more about Lantmännen Research Foundation at [lantmannen.se/omlantmannen](http://lantmannen.se/omlantmannen)

## MSEK 62 to research on sustainable production systems

The Swedish Research Council Formas, Mistra and Lantmännen Research Foundation have provided funding of MSEK 62 for research on “Efficient and sustainable production systems in aqua-, agri- and horticulture”. Five research groups will share the funding in the period 2014-2017. Questions that will be studied further include “How do we optimize the use of arable land?” and “Is it possible to increase the wheat harvest, while reducing the environmental impact of cultivation?”.

**“We shall work with customers and suppliers to halve the impacts on the environment and natural resources in the grain value chain. Our target is to generate 10 percent growth from new sustainable business by 2020.”**

## Wheat with a lower carbon footprint

The greatest potential to make a difference for a more sustainable food supply is in the cultivation stage. Based on Lantmännen's collective knowledge and analyses carried out, the assessment is that there is potential to reduce the climate impact of grain-based products by about 30 percent by 2020 if the best available techniques and knowledge are used in each stage in the chain. Key areas include needs-based fertilization that provides efficient nutrient utilization, reduced tillage and a transition to renewable fuels.

Lantmännen participates in the development of cultivation with less environmental impact through advice to farmers and development of techniques, methods and regulations.

During the year, a new grain concept for wheat was developed in collaboration with one of our food customers. The criteria encompass the entire chain from cultivation (through contract farming) and transport to our own processing, with

a focus on reducing the carbon footprint and promoting biodiversity. Overall, this reduces the carbon footprint by about 20 percent compared with average wheat production. The first volumes of wheat under the new concept were produced during the fall harvest in 2014.

### New grain concept – examples of criteria

- BAT fertilizer with low carbon footprint
- N-sensor for optimized nitrogen fertilization
- Eco-driving
- Energy audits at the farm
- Lark\* squares 16-20 m<sup>2</sup>/ha
- Origin-labeled renewable electricity

\* Skylark numbers have fallen by 75 percent during the last 35 years in Sweden. An effective way of changing the situation has been to provide lark squares – unsown patches where skylarks can find food.

## Continuing focus on oats

Oats have several unique health properties. It has been scientifically proven<sup>1)</sup> that oats contribute to the maintenance of normal blood glucose levels, lower the cholesterol level and help to keep the stomach in shape. This is mainly due to the high content of soluble fiber, beta-glucans, in oats. Conditions for oat cultivation are very good in the Nordic region. For several years, Lantmännen has invested in research and innovation in order to take advantage of the beneficial properties of oats and develop both new oat varieties and healthy foods. AXA Oat Flakes and SPC-flakes, with medicinal properties, are two examples.

### New successful oat varieties

Lantmännen has a long and successful track record in plant breeding. With operations in every stage, we have the conditions to test and evaluate new varieties, from seed to finished product. Both in Sweden and internationally, there is increasing demand for oats with high quality and yields – varieties with a high beta-glucan content, for example. In recent years, our long-term development work has resulted in several top varieties, with successful launches in Sweden, Canada, the UK and elsewhere. Another new variety (Nike) is being introduced in Sweden in 2015. Nike has achieved the highest yield of all varieties in Swedish variety testing for six years in a row – a record!

### Increased demand for Pure Oats<sup>2)</sup>

People with gluten intolerance cannot tolerate wheat, rye or barley, but can usually eat oats. Lantmännen has developed a system for tracing the oats all the way to the oat field, which



means that pure oats, free from cross-contamination of other grains, can be guaranteed.

Consumer demand for gluten-free products has increased steadily over the last 10 years. To meet the demand and exploit the potential that also exists in the organic market, growers of organic oats were contracted in 2014 to produce Pure Oats until next year. This corresponds to about 20 percent of organic oats currently grown, which means a tenfold increase for Pure Oats.

### Oat exports to the US

Swedish oats are internationally sought after for their good quality. In December 2014, 73,000 tonnes of oats were shipped from Sweden to the United States. This represents about 12 percent of Swedish oat production in a normal year.

<sup>1)</sup> Approved health claims from EFSA.

<sup>2)</sup> The Pure Oats label is used on oat products that are guaranteed free from cross-contamination of other grains. The definition is that there may be no more than four individual grains from other grain per 15,000 oat kernels, or a maximum of 20 milligrams per kilo of finished product.

# Ensuring responsibility

Lantmännen's brand promise *Together we take responsibility from field to fork* reflects a shared ambition to be a responsible company. Customers and consumers should feel confident that we have knowledge and control through our entire operations, and that we work to minimize negative impacts on people, the environment and natural resources.

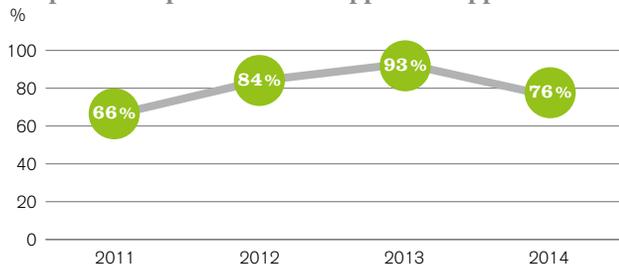
## The Code of Conduct is an important tool for fulfilling our responsibility

Our ownership model, vision, mission and business concept are evidence of Lantmännen's commitment to long-term and responsible business. In many areas, comprehensive legislation, industry guidelines and other regulatory frameworks form the basis for our work on responsibility from field to fork. Lantmännen's Code of Conduct and Supplier Code of Conduct are important tools for fulfilling our responsibility more tangibly and must serve as guidance in day-to-day work. Implementation of the Code, which applies to all employees throughout the organization, is a key part of efforts to ensure responsibility. In 2014, the Code was revised and updated in line with external changes and our own strategy and ambition. All employees are required to renew their training in the Code.

## Responsible sourcing – supplier assessment

Lantmännen endeavors to establish long-term, productive supplier relationships in which responsibility and profitability go hand in hand. Our Supplier Code of Conduct applies to all suppliers and sets out clear expectations with regard to the

### Proportion of purchases from approved suppliers



— Suppliers (annual purchase volume over MSEK 1) approved against the Code through self-assessment and/or audit. The decline in the proportion of approved suppliers in 2014 is due to an increased number of new suppliers and the new requirement for active approval by the buyer.



environment, social responsibility and business ethics. The Code has been an integral part of Lantmännen's sourcing process since 2013. The supplier assessment requirement has been sharpened from 2014. All suppliers with an annual purchase volume over MSEK 1 will be monitored and risk assessed by means of self-assessment against the Code of Conduct. To become approved, a supplier must have undergone an assessment that has been approved by the buyer. The work is continuously monitored by Lantmännen's sourcing committee. Learn more at [lantmannen.se/responsibility](http://lantmannen.se/responsibility)

### Supplier audits in 2014

Supplier monitoring is also done through independent third-party audits. Priority supplier and purchasing categories are those for which we have identified high risk and significant improvement potential, where we have a good opportunity to exert an influence or those that are business critical for some other reason. All identified non-conformances are followed up and must be corrected and closed within one year. Most identified non-conformances have been in *Work environment and safety*. In the four audits carried out in 2014, we have focused on how our suppliers ensure dissemination of the requirements along the supply chain. The goal going forward is to increase the number of audits.

Read more in the appendix Sustainability-related Indicators [www.lantmannen.se/ekonomi](http://www.lantmannen.se/ekonomi)

# Risks and risk management

Risk is inherent in any business activity. Risk is an event, the occurrence of which may have an adverse effect on Lantmännen's operations. Risks can arise from mismanagement or events and decisions outside our control. Effective risk management is fundamental to Lantmännen's ability to conduct business.

Lantmännen's owners, customers, employees, consumers and suppliers have high expectations with regard to transparent risk management. Our corporate culture is built on our established values, Code of Conduct and practices, as well as our responsibility from field to fork, and is the basis for Lantmännen's risk management work. Identifying and managing risks is an integral part of strategic planning and operational management and control. Continuous business intelligence and internal and external dialogue with stakeholders are crucial to risk identification.

## Governance and management

*Strategic risks* associated with business development and long-term planning are largely dealt with by the Group Board and as part of the annual strategy work.



*Operational risk management* is based on a proactive risk management process, a number of key risk policies and our Code of Conduct. Our management of *financial and commodity-related risks* is based on the Group's financial policy and the risk policies specific to each activity. Risk policies include currency, interest rate and commodity trading. Financial and risk policies are evaluated and ratified by the Group Board.

Lantmännen's Board is responsible to the owners for the company's risk management. Group management regularly reports on risk issues to the Board and its Audit Committee. Risk identification and continuity planning are an important part of

every manager's responsibility. *Lantmännen's Risk Committee* is responsible for ensuring compliance with the Group Board's adopted risk mandates, and reports to the Board's Audit Committee on a monthly basis.

## Integrated risk management

Lantmännen's risk management is established as an *ERM-process (Enterprise Risk Management)*, where risks are identified, assessed and reported annually as part of the strategy and business planning process. Lantmännen also has a risk screening tool for managing risks associated with the Code of Conduct. Risk screening is conducted by type of business, country and raw material and is then measured against available risk indices from established organizations. These include Transparency International's corruption index and the World Business Council for Sustainable Development's water resources survey.

## Systematic work environment and safety program

Lantmännen works constantly to identify, analyze and address risks, both at Group and local level. All facilities are inspected regularly on the basis of Lantmännen's policies and guidelines. A safe work environment is a high priority and we work continuously to identify and address risks in this area. Since 2009, there has been regular monitoring of work environment programs throughout the organization, with annual reporting to Group management.

Thanks to continuous improvements in safety training at the facilities, there is a much better overall level of safety and safe behavior by employees. This has reduced the risk of both personal injuries and production disruptions, and the number of workplace accidents has fallen by 34 since 2013. In addition to improving life for our employees, Lantmännen's systematic safety work is also favorably viewed by insurance companies, both during claim settlements and premium negotiations.

## Risk overview

Lantmännen's financial policy governs how financial risks shall be handled and the Group's Risk Committee receives regular reports on changes to the Group's financial risks. Internal control over financial reporting is a process designed to provide assurance of the reliability of financial reporting. The overall aim of internal control is to protect owners' investments and the Association's assets.

# Our employees

Lantmännen aims to be an attractive employer, with safe workplaces where every employee can contribute to achieving our operational goals. We work actively to attract the right skills and to develop our employees and managers.

## Values and involvement

Lantmännen's values of openness, drive and a holistic view must permeate and characterize behavior and decision-making in our day-to-day operations. Everyone at Lantmännen is required to have a performance appraisal with their immediate supervisor at least once a year. The appraisal focuses on individual performance in relation to Lantmännen's defined targets. Assessment of personal targets, cooperation and leadership are key elements, while aligning attitudes and behavior with Lantmännen's values also plays a part in how employees achieve defined targets.

Lantmännen's internal mentoring program, which began as a pilot in 2013, continued with new mentor pairings in 2014. The program aims primarily to further develop managers and specialists by utilizing and sharing expertise and experience from different parts of Lantmännen.

## Employee survey

A survey of all Lantmännen's employees is conducted every two years and is a way of monitoring the effectiveness of employee participation and leadership. In the most recent survey in 2013, Lantmännen's job satisfaction result was 68 (target is 70), while the management index result was 71 (target is 70). The next survey will be conducted in 2015.

## Safety first

Many of our employees work in a production environment where work environment risks occur. A safe work environment is a high priority at Lantmännen and we work systematically to continuously identify and act on risks. Since 2009, the work environment of all our operations has been monitored regularly, with annual reporting to Group Management. Monitoring also includes about 50 annual loss prevention inspections on site at Lantmännen's production facilities.

A large number of work environment training courses for managers and safety representatives were conducted during the year, and an updated work environment policy, including



*Trainees (from left): Victoria Done, Fredrik Ringård, Kajsa Hedbrant, Markus Lidborn, Pauline Lidberg, Kasper Harbo Hansen, Ebba Carlson*

## Lantmännen's "Graduate Trainee Program"

2014 saw the start of the fourth session of Lantmännen's fifteen-month trainee program. 816 people applied for the seven places on the program, which consists of four projects periods, a strategic group assignment and at least one month's work outside Sweden. Lantmännen's trainee program has climbed from 46th place in 2012 to 11th place in the national rankings for the most attractive trainee programs.

wellness issues, was ratified by Lantmännen's Board. Work is in progress to implement web-based system support for systematic work environment and improvement efforts. One of the improvements will be better non-conformance reporting and more consistent follow-up of incidents and accidents, as well as access to clear comparisons and statistics from the sectors in which Lantmännen operates.

## Continuing investment in better health

Lantmännen sees proactive health and wellness initiatives as important to sustainable performance. Health screening, follow-ups and health checks are carried out continuously, providing a basis for continuing efforts at individual and group level. The results are processed in workshops at management level in each company, where goals and action plans are defined.

In 2014, health screening and follow-up were carried out in the Agriculture, Machinery and Energy Sectors, and at Lantmännen Unibake.

## Labor law and human rights protection

Lantmännen's international presence means that we must keep constantly updated about social risks in order to ensure that Lantmännen is a responsible employer at all locations where we operate. This responsibility is based on current legislation in each country and our own Code of Conduct, which in some cases has stricter requirements than existing laws.

Important issues include ensuring Lantmännen's compliance with labor law and protecting human rights. Regulated working conditions and freedom of association are fundamental rights, and Lantmännen has regular interaction with trade union and employee representatives. Lantmännen has a European Works Council and in the various countries in which we operate there is structured and regular cooperation at different levels in each company.

Another important area is equal treatment. Lantmännen takes an active stand against all forms of victimization and discrimination, and we see equality and diversity as a basis for new ideas, broader perspectives and development. Measures to strengthen equality and diversity at Lantmännen are one way of ensuring access to the right skills and leadership.

## Whistleblowing system

Lantmännen aims to be an open and transparent company with good business ethics, and a company that cares about safety and respect for all people. All employees should have a safe and easy way of drawing attention to irregularities and reporting concerns if something is not in keeping with Lantmännen's values, Code of Conduct, policies or guidelines. A whistleblowing committee has been established and a new web-based support system was launched in 2014. This means that employees at all Lantmännen's businesses will be able to report their observations and concerns anonymously.

## Attracting, recruiting and developing

Retaining and further developing skills and leadership within Lantmännen and at the same time attracting new employees are prerequisites for conducting competitive business. Several

parts of Lantmännen are facing generational shifts, which brings an associated challenge of ensuring skills supply. Being an attractive employer with a qualitative recruitment process, internal development programs and high internal mobility is key to attracting the right skills. In 2014, 42 percent of management positions were filled internally, an increase of 4 percentage points from the previous year.

Employee development is crucial to Lantmännen's development as a company and Lantmännen works actively on internal skills and management development programs. Introduction of new managers, management training and management group/team development are ongoing activities. About 90 managers participated in Lantmännen's management training during the year. Lantmännen's one-year international management development program for senior managers and a development program for junior managers and specialists were held during the year.

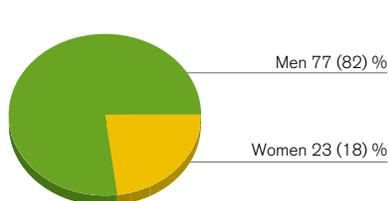
The process of strengthening Lantmännen's employer brand and promoting it to students and young professionals continued. Lantmännen has had an attractive trainee program and collaborations with Sweden's two largest talent networks for several years. Lantmännen visits the career fairs at Sweden's largest universities every year. A good position in several rankings is confirmation that Lantmännen is perceived as an attractive employer, and there has been a marked improvement among students and young professionals since the employer branding work began in 2006.

## Innovation training for employees

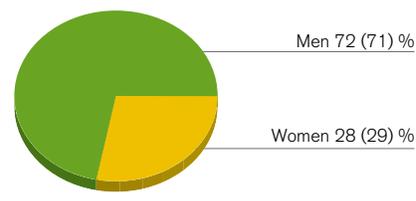
Lantmännen Växthus (Greenhouse) was held in spring 2014. This is a practical training program for employees who have an innovative business concept and enables them to develop their ideas into finished business models. This is partly a way of harnessing the ideas and potential that exist within Lantmännen, but is also a way of strengthening skills in business development and innovation.

*For further information about results and several key figures linked to work environment, social conditions and human rights, see [lantmannen.se/gri](http://lantmannen.se/gri)*

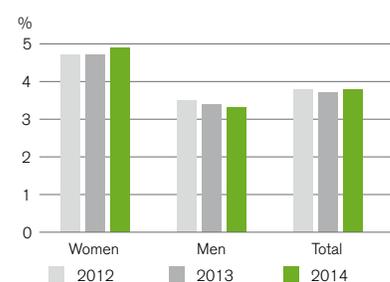
Gender distribution, managers



Gender distribution, employees



Sick leave



# Agriculture Sector



The Agriculture Sector is based in Sweden but is also active internationally, primarily in northern Europe. The Sector, which constitutes Lantmännen's core business, develops and markets products and services to promote strong, competitive farming. The Sector encompasses Lantmännen Lantbruk, Lantmännen Krafft and Lantmännen Agro Bizz. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned companies HaGe Kiel, Scandagra Group and Scandagra Polska. The Agriculture Sector accounts for 30 percent of Lantmännen's sales.

## Operations

*Lantmännen Lantbruk* offers a wide range of products for livestock and crop production to promote strong, competitive farming. Lantmännen Lantbruk has several important international collaborations, which are aimed at better utilization of its own and others' expertise. This applies to both seed and plant breeding and feed development. Feed is sold under the strong brands Nötfor, Piggfor, Pullfor and Protect. Seed and forages are sold under the SW brand in Sweden and internationally. The operations also include plant breeding in order to be able to offer the best varieties adapted to Swedish conditions. Lantmännen Lantbruk is also a major participant in the grain market and purchases grain, oilseed and forages, which

are sold on to Swedish and international industrial customers. The Agriculture Sector is based in Sweden, but also has a strong position in the grain market throughout the Baltic region through its international ownership interests.

Growth in international operations is a clear ambition and northern Europe represents a growth market.

*Lantmännen Krafft* is also a part of the Agriculture Sector. The company is market leader in horse feed in Sweden and has sales in over 15 countries. In order to focus on the core business, *Lantmännen Bygglant* was divested to Borga Group in spring.

Johan Andersson took over as head of the Agriculture Sector at the beginning of the year. Since then, intensive work to strengthen the Sector's competitiveness has been in progress, and this work will continue in 2015.

## International ownership

The Agriculture Sector is responsible for Lantmännen's ownership interests in the German group Hage Kiel, the Baltic operations of Scandagra Group and Scandagra Polska. Through the interest holdings, the Sector has a share in grain and input trading in the Baltic Sea region.

## Business environment and market

The Sector's market is dominated by high price volatility, largely an effect of the narrow relationship between supply and demand. The political turmoil in Russia and Ukraine contributed to rising world prices for grain and oilseed early in



Johan Andersson  
Senior Vice President &  
Head of Agriculture Sector



2014. However, the prices fell in spring due to good prospects of record harvests in many parts of the world. In the fall, it emerged that the Swedish harvest was the highest since 1997, with large wheat acreage being a significant factor.

Harvests of wheat, oilseeds and soy were also very large in other parts of the world. This meant that for the second year in a row, stores and silos were filled to about the same level as in 2009, when prices were low. This caused further pressure on prices in the fall, and at the end of September, the price of milling wheat was approximately EUR 150 per tonne, the lowest price since summer 2010. Prices rose again in the last quarter of the year, reaching EUR 200 per tonne. This was due to increased uncertainty about Russia's wheat exports, large grain purchases from commodity funds and the logistical challenges of the large soy harvest in the United States.

Some areas of Swedish livestock production remained under major pressure. Russia's import ban on most food in summer, and the import ban on pork at the beginning of the year, had an adverse effect on world prices. Milk production in Europe increased, but there was no corresponding rise in demand and the settlement price decreased in 2014.

The strong health trend among consumers is continuing, which means there is increased interest in organic foods. Sales of organic products in the retail sector rose by about 30 per cent in the first half of 2014.

### Outlook for 2015

The world's growing population and China's growing middle class will continue to drive the high demand for agricultural commodities. This creates new opportunities to strengthen the development of the Sector's businesses. In 2015, the focus will be on gaining market shares and volume in both the international and the Swedish market. Attractive products and offerings, a cost-efficient organization and a skilled sales force will lead to sharper competitiveness and increasing market shares in 2015.

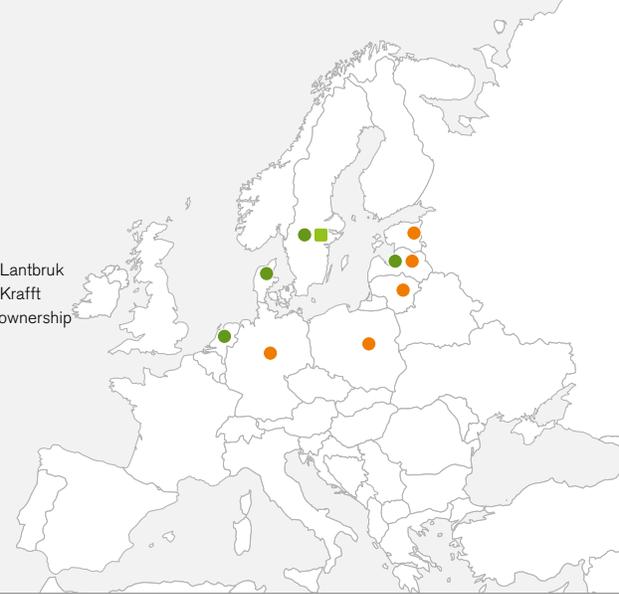
### Responsible business

The Agriculture Sector works to

- develop and offer innovative products and services that contribute to sustainable, competitive Swedish farming
- make efficient use of raw materials, other materials, energy and equipment
- apply responsible production criteria when purchasing inputs and feed materials
- provide a safe and stimulating work environment that engages employees and utilizes their skills

### Markets

- Lantmännen Lantbruk
- Lantmännen Kraftt
- International ownership



### Agriculture Sector

#### Key figures

	2014	2013
Net sales, MSEK <sup>1</sup>	10,337	10,294
Operating income, MSEK	6	67
Operating margin, %	0.1	0.7
Return on operating capital, %	0.1	1.7
Investments in non-current assets, MSEK	126	141
Average number of employees	962	1,118
of which women, %	31	31
Women in executive management, %	44	44
CO <sub>2</sub> emissions, thousand tonnes	58.4	60.3
CO <sub>2</sub> emissions, tonnes per MSEK value added	78.5	71
CO <sub>2</sub> emissions, tonnes per MSEK net sales	5.6	5.9
Total sick leave, %	2.8	3.1

<sup>1</sup> Including intra-Group sales

Excl. items affecting comparability	2014	2013
Operating income, MSEK	56	105
Operating margin, %	0.5	1.0
Return on operating capital, %	1.4	2.6

### Agriculture Sector's brands



**Nötfor**  
**Piggor**  
**Pullfor**  
**Protect**

# Machinery Sector



The Machinery Sector comprises three business areas: Lantmännen Maskin, which specializes in agriculture, Swecon, which operates in construction machinery, and Agro Oil, which develops lubricants. The Sector accounts for 28 percent of Lantmännen's sales.

## Operations

*Lantmännen Maskin* imports, markets and sells farm machinery in Scandinavia. Swecon markets and sells Volvo Construction Equipment in Sweden, the Baltic region and Germany. *Agro Oil* markets and sells lubricants and chemical maintenance products in Scandinavia and Estonia under the Agrol brand.

## Business environment and market

The markets for tractors declined throughout Europe, while manufacturers increased their production capacity, resulting in an overproduction of vehicles. Lower settlement prices for farmers diminished the willingness to invest. Increased price competition and a stronger euro had a negative impact

on the margin for imported machinery. In Scandinavia, the tractor market continued its downward trend from 2013, but despite this, Lantmännen Maskin increased its market share in this area.

In Swecon's areas, the markets for construction machinery were stable. Volumes shifted towards smaller, more compact machines as a result of a weakening mining economy and a lower rate of infrastructure operations. However, campaigns targeting specific segments enabled an improvement in market shares.

The volume for several of Agro Oil's most important segments have been adversely affected by a lower overall market and longer servicing intervals for machinery. However, the negative development was offset by new external customers and a certain expansion of the range, which allowed the total volume to be maintained.

## Outlook for 2015

Markets are expected to remain cautious about new investments in the face of price pressure for agricultural products and postponed major infrastructure projects. However, customers will have high utilization of existing machinery and



Håkan Pettersson  
Senior Vice President &  
Head of Machinery Sector



both the servicing market and spare part sales are expected to be stable.

An increasingly competitive situation for spare parts and workshop services requires a greater focus on expanding the products and services offered to customers in response to price competition from external players. Machines with the latest engine technology, adapted to European environmental standards, will continue to be launched in 2015.



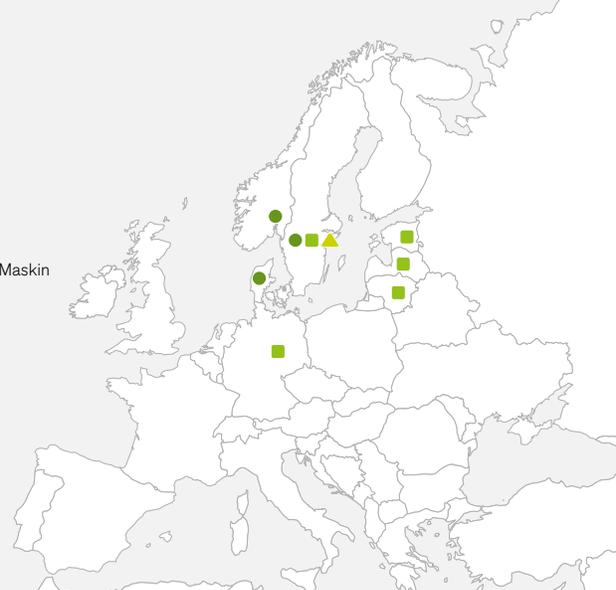
### Responsible business

The Machinery Sector works to increase responsibility, which means:

- continuing work on the standardization of chemicals
- continuing development and improvement of work environment reporting and monitoring
- continuing efforts to increase customer satisfaction through ongoing surveys
- the establishment of a new business within Swecon Sverige in 2015. The business will sell used spare parts obtained by dismantling used Volvo machines
- continuing focus on being an attractive employer, including using our employees' ideas and suggestions for improvement

### Markets

- Lantmännen Maskin
- Swecon
- ▲ Agro Oil



### Machinery Sector



### Machinery Sector

#### Key figures

	2014	2013
Net sales, MSEK <sup>1</sup>	9,484	8,934
Operating income, MSEK	181	255
Operating margin, %	1.9	2.9
Return on operating capital, %	8.6	11.5
Investments in non-current assets, MSEK	414	415
Average number of employees	1,836	1,813
of which women, %	9	10
Women in executive management, %	15	13
CO <sub>2</sub> emissions, thousand tonnes	-	-
CO <sub>2</sub> emissions, tonnes per MSEK value added	-	-
CO <sub>2</sub> emissions, tonnes per MSEK net sales	-	-
Total sick leave, %	3.1	3.2

<sup>1</sup> Including intra-Group sales

#### Excl. items affecting comparability

	2014	2013
Operating income, MSEK	181	255
Operating margin, %	1.9	2.9
Return on operating capital, %	8.6	11.5

### Machinery Sector's brands



# Energy Sector



The Energy Sector manufactures and markets sustainable ethanol, protein feed, glucose syrup, starch products, alkylate petrol, potable spirits and gluten. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned companies Agroenergi Neova Pellets and Norlic, Scandinavia's largest wood pellet company and largest producer of liquid carbon dioxide. The Energy Sector is the largest bio-energy producer in Sweden and accounts for 9 percent of the Group's sales.

## Operations

The Sector's business areas are *Lantmännen Agroetanol*, *Lantmännen Aspen* and *Lantmännen Reppe*. The Energy Sector operates in a global market, with the main focus on Europe. We offer responsibly produced bio-based and environmentally smart energy, food and industrial products and related services. Production takes place in Sweden, with wholly or partly-owned sales companies in France and Germany.

In 2014, Lantmännen Agroenergi and Neova's Pellets business area merged to form the Nordic region's largest wood pellet company, Agroenergi Neova Pellets. The company is now a joint venture in Lantmännen's portfolio of companies and is owned equally by Lantmännen and Neova.

Lantmännen and AGA Gas AB's new carbon dioxide facility was opened during the year. The facility is located adjacent

to Agroetanol's factory on Händelö in Norrköping. The facility, which is largest of its kind and is co-owned by Agroetanol and AGA in the form of the company Norlic, purifies and liquefies the carbon dioxide naturally formed during ethanol production. Carbon dioxide has a number of relevant applications in food and other industries. The facility's treatment of the carbon dioxide helps to further improve ethanol's climate performance, corresponding to a reduction in greenhouse gas emissions (GHG) of more than 90 percent compared with petrol. The initiative is a good example of Lantmännen's ambition to sustainably create added value from all parts of the raw material grain.

## Business environment and market

Bioenergy is Sweden's most widely used type of energy, accounting for about a third of energy consumption. Transport is the sector that is most dependent on fossil energy and the transition to sustainable transport is therefore a major challenge. The Energy Sector produces ethanol with high carbon efficiency, which is in demand as a replacement for fossil petrol and diesel.

Sweden is the first EU country to have achieved the target of ten percent renewable energy in the transport sector by 2020, and the next targets are to have a fossil-free vehicle fleet by 2030 and no net emissions of greenhouse gases by 2050.

This coming year will be critical for industrial policy, as new Swedish policy instruments have to be adopted with effect from 2016. One challenge will be to align Sweden's high targets for renewable fuels with the EU's regulations. Increasing low level ethanol blends in petrol from the current five percent



Carl von Schantz  
Senior Vice President &  
Head of Energy Sector



to ten percent is an important, cost effective tool for reducing the transport sector's emissions.

The profitability of ethanol production in Europe has been under intense pressure in recent years due to an unfavorable ethanol-grain price relationship. There is still a large amount of uncertainty about how profitability will develop in the industry, which also affects Lantmännen Agroetanol.

Feed prices are driven by continuing high demand for protein ingredients. Demand for wheat starch is increasing at the expense of other starch products in the paper and packaging industries, which creates favorable market conditions for Lantmännen Reppe. Lantmännen Aspen's alkylate petrol continues to take market share from conventional petrol in the small engine segment.

### Outlook for 2015

The Energy Sector continues to benefit from the improved market conditions that several of the Sector's companies are encountering, and is proactively managing the risks associated with operations within the ethanol industry. Positive signals about the importance of the greenhouse gas performance to Swedish policy instruments are creating opportunities to leverage the added value linked to the high environmental performance of Lantmännen Agroetanol's ethanol. After the successful establishment of the carbon dioxide facility, Lantmännen Agroetanol is focusing on development projects related to new products and markets, such as ethanol-based fuel for adapted diesel engines and various applications for industrial alcohol. In addition, work continues on alternative raw materials and other activities, with the aim of strengthening both financial and environmental performance. Continuing positive growth is primarily achieved for Reppe by eliminating production constraints and for Aspen by providing market resources and broadening its product range.

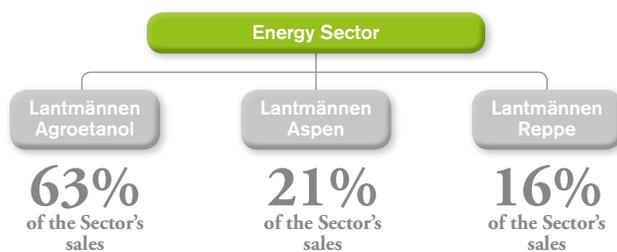
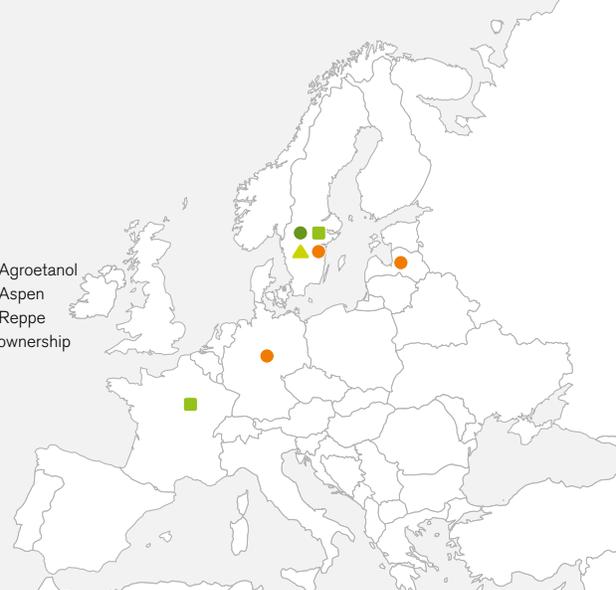
### Responsible business

The Energy Sector works to increase responsibility, which means:

- the Group's climate and energy targets permeate the Sector's operations
- the carbon dioxide facility's utilization of carbon dioxide improves Agroetanol's resource efficiency and greenhouse gas performance
- the Sector works actively on health, environment and safety to provide safe and secure workplaces Lantmännen Aspen is a model in terms of safety, with no lost-time accidents since 2010
- the Sector continuously improves the quality and process yield in the production of its products

### Markets

- Lantmännen Agroetanol
- Lantmännen Aspen
- ▲ Lantmännen Reppe
- International ownership



### Energy Sector

#### Key figures

	2014	2013
Net sales, MSEK <sup>1</sup>	3,059	3,723
Operating income, MSEK	72	-846
Operating margin, %	2.4	-22.7
Return on operating capital, %	5.5	-40.5
Investments in non-current assets, MSEK	43	83
Average number of employees	280	345
of which women, %	23	23
Women in executive management, %	12	20
CO <sub>2</sub> emissions, thousand tonnes	21.1	40.4
CO <sub>2</sub> emissions, tonnes per MSEK value added	58.1	108
CO <sub>2</sub> emissions, tonnes per MSEK net sales	6.9	10.8
Total sick leave, %	1.9	2.5

<sup>1</sup> Including intra-Group sales

Excl. items affecting comparability	2014	2013
Operating income, MSEK	72	-46
Operating margin, %	2.4	-1.2
Return on operating capital, %	5.5	-2.2

### Energy Sector's brands



# Food Sector



The Food Sector develops, processes and markets products that include flour, breakfast foods, pasta, frozen and fresh bread, ready-to-eat meals and pet food. While the Nordic countries represent the base of the business, the Sector operates in about 20 countries. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned company Viking Malt. The Food Sector accounts for 32 percent of the Group's sales.

## Operations

The Food Sector is divided into three business areas – *Lantmännen Cerealia*, *Lantmännen Unibake* and *Lantmännen Doggy*. Production takes place at about 37 facilities and the Sector has many strong brands, such as AXA, Kungsörnen, Amo, Regal, GoGreen, Gooh, Hatting, Schulstad, Korvbrödsbagarn, Doggy and Mjau.

In 2014, both Lantmännen Unibake and Lantmännen Cerealia gained new managing directors. Werner Devinck took over as Senior Vice President of Lantmännen Unibake during the year, while Krister Zackari took over as Senior Vice President of Lantmännen Cerealia.

## Business environment and market

Both the food retail and food services markets in Sweden showed relatively good growth in 2014. However, the situation remained challenging in other markets where Lantmännen operates – markets affected by continuing weak consumer demand. All markets are characterized by intense competition, both from private labels and other suppliers' brands. Trends and added values such as convenience, health, quality, and environmental and sustainability issues remain important.

According to the latest report from HUI Research/Statistics Sweden, Swedish retail sales increased by 2.2 percent in 2014. Consumer trends in food are essentially the same – healthy and convenient products continue to be important, while demand for sustainably produced products is increasing both among consumers and in the B2B market. The strong organic trend continues, with sales of organic products increasing sharply both in retail stores and the restaurant segment. Demand for gluten-free products also continues to increase. E-commerce in food is growing at a faster pace than in other sectors.

## Continued streamlining and proactive investments in operations

Efforts to streamline operations continued during the year in response to the tough competitive situation. These efforts are being conducted in all business areas within the Sector.



Per Olof Nyman  
President & CEO Lantmännen  
& Head of Food Sector



Organizational changes aimed at improving efficiency were implemented during the year. These are necessary measures for continuous cost reduction in order to ensure competitiveness. The efficiency measures that have been implemented enable proactive investments to be made.

The process of strengthening the Food Sector's priority brands continued during the year. A large number of new products were launched and new packaging design was introduced on several product lines. Consumer communication was shown on television and other media, and several high-profile retail store and consumer activities were well received.

New proactive activities in line with Strategy 2020 were established in all business areas during the year. A number of company acquisitions were also made during the year. Lantmännen Cerealia acquired Strängnäs Valskvarn and Björnerud Gård's pancake business in Färgelanda, while Lantmännen Cerealia's mince operations in Laholm were sold to Orkla Foods Sverige.

## Outlook for 2015

The intense competition is expected to continue in 2015 and all business areas within the Food Sector will therefore continue to streamline operations and improve customer offerings.

## Responsible business

We continue to offer innovative products which we develop in a responsible manner. This means:

- ▶ manufacturing with renewable energy, efficient use of raw materials, other materials, energy and equipment
- ▶ providing a safe and stimulating work environment that engages employees and utilizes their skills
- ▶ ensure compliance with and monitoring of our supplier code of conduct

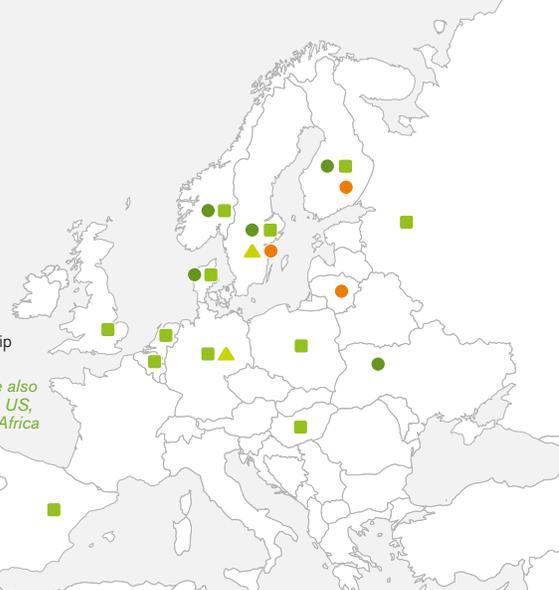
## Some of our brands



## Markets

- Lantmännen Cerealia
- Lantmännen Unibake
- ▲ Lantmännen Doggy
- International ownership

■ Lantmännen Unibake also has operations in the US, Australia and South Africa



## Food Sector<sup>1</sup>

### Key figures

	2014	2013
Net sales, MSEK <sup>2</sup>	11,180	12,593
Operating income, MSEK	442	373
Operating margin, %	4.0	3.0
Return on operating capital, %	5.7	4.5
Investments in non-current assets, MSEK	368	307
Average number of employees	4,911	5,524
of which women, %	32	34
Women in executive management, %	25	24
CO <sub>2</sub> emissions, thousand tonnes	131.3	194.7
CO <sub>2</sub> emissions, tonnes per MSEK value added	38.2	54
CO <sub>2</sub> emissions, tonnes per MSEK net sales	13.8	15.5
Total sick leave, %	4.6	4.5

<sup>1</sup> 2013 includes Kronfågel Group January-May.

From June 2013 to May 2014, only includes share of income of Scandi Standard.

<sup>2</sup> Including intra-Group sales

### Excl. items affecting comparability

	2014	2013
Operating income, MSEK	521	503
Operating margin, %	4.7	4.0
Return on operating capital, %	6.7	6.1

### Sales by country

	2014	2013
Sweden	24 %	24 %
Denmark	22 %	23 %
Norway	15 %	18 %
United Kingdom	11 %	10 %
Rest of Europe	22 %	20 %
Rest of world	6 %	5 %

# Lantmännen Real Estate



1 %  
of the Group's  
sales

Mikael Nicander  
Senior Vice President  
& Head of  
Lantmännen Real Estate



Lantmännen Real Estate is one of Sweden's major property companies with about 150 investment properties in 80 locations. The total managed surface area is approximately 1,300,000 m<sup>2</sup>, of which 100,000 m<sup>2</sup> is for Lantmännen's Grodden pension fund. The properties are commercial premises, such as offices, shops, workshops and warehouses.

## Operations

Lantmännen Real Estate operates on a commercial market basis, and develops properties in order to create optimal value for the Group's activities and to optimize external revenue. Premises are rented out externally and internally, but the strategy is to increase the proportion of external rental income. We work on concentrating the property portfolio, which means that certain properties that do not fit into the company's management strategy or have limited development potential are sold or exchanged, while properties that suit the portfolio can be acquired. The strategy is to provide the Lantmännen Group with appropriate premises and to acquire premises in good locations. Two properties and three leasehold rights from the city of Malmö and a retail property in Svedala were acquired during the year. Lantholmen, a 50/50-owned property company in Mälardalen, was established, with approximately 30,000 m<sup>2</sup> of logistics and office space.

## Lantmännen Agrovärme

From 2015, Lantmännen Agrovärme is part of Lantmännen Real Estate (previously within the Energy Sector). Lantmännen Agrovärme conducts heating operations through the supply of district heating and ready heat to ten or so small towns in central and southern Sweden. The strategy is to achieve growth for the heating business with its own cash flow by concentrating existing district heating networks and building heating systems primarily for industry, where tax rebates are being reduced significantly from 2015, and by establishing new district heating networks.

## Market outlook

Market rents in Sweden showed a slightly upward trend in 2014. This is expected to slow down in 2015. Land prices showed a general increase in 2014, with the highest growth in attractive locations where housing demand is strong. Land with a local development plan is in demand, as this type of project has short lead times and lower risk.



\* Reported within Lantmännen Real Estate from January 1, 2015

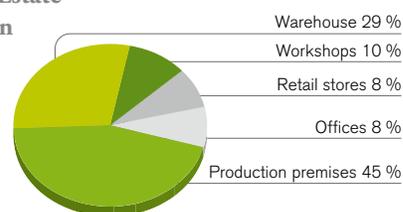
## Lantmännen Real Estate

Key figures	2014	2013
Net sales, MSEK <sup>1</sup>	394	364
Operating income, MSEK	212	190
Operating income excl. sale of properties, MSEK	157	149
Return on operating capital, %	16.3	17.8
Return on operating capital, excl. sale of properties, %	12.1	13.9
Investments in non-current assets, MSEK	123	75
Average number of employees	33	26
of which women, %	34	39
Women in executive management, %	0	0
Total sick leave, %	1.9	0.4

<sup>1</sup> Including intra-Group sales

Excl. items affecting comparability	2014	2013
Operating income, MSEK	212	190
Return on operating capital, %	16.3	17.8

## Lantmännen Real Estate Surface distribution



## Responsible business

We work with responsibility. This means:

- replacing fossil-based heating with environmentally superior alternatives in order to reduce the energy consumption of our properties
- increasing our tenants' awareness and encouraging them to actively reduce energy consumption and minimize environmental impacts by measures such as separate cost accounting for heating, electricity and rubbish collection
- implementing environmental certification where this is possible
- always evaluating the choice of building materials from a sustainability perspective during renovation and construction
- Investing in and developing solutions for sustainable electricity, with at least one facility to be partly running on solar electricity in 2015

# Lantmännen's international ownership

The Agriculture, Energy and Food Sectors are partners in a number of international companies. These companies' operations are primarily located in Germany, Poland and the Baltic countries.

## HaGe Kiel

**Holding  
40  
percent**

HaGe Kiel is one of Germany's largest agricultural enterprises. Hauptgenossenschaft Nord AG Group (HaGe Kiel) has a turnover of approximately EUR 2.8 billion and about 1,600 employees. Lantmännen has been an owner of HaGe Kiel since 2006.

Lantmännen's present holding in HaGe Kiel is 40 percent. DLG (Dansk Landbrugs Grovvareselskab) owns 54 percent and the remaining shares are owned by different investors.

With Lantmännen and DLG, HaGe Kiel represents a strong network that provides an increased exchange of experience and creates synergies.

HaGe Kiel owns, wholly or partly, a number of subsidiaries with various operations in different parts of Germany that cater for retailers and local farming customers. The business includes grain trading and the sale of farm inputs such as seed, crop protection, fertilizer and machinery.

## Scandagra Group

**Holding  
50  
percent**

Scandagra Group operates in the three Baltic countries. The Group has a turnover of approximately SEK 2 billion and about 225 employees. The company is jointly owned (50-50) by Lantmännen and DLG.

Its operations comprise the sale of crop production inputs and grain trading. The Group's three sales companies – Scandagra Eesti, Scandagra Lietuva and Scandagra Latvia – are engaged in the sale of crop production inputs and grain trading. Scandagra Eesti also operates a feed plant with a production capacity of over 100,000 tonnes.

## Scandagra Polska

**Holding  
50  
percent**

Scandagra Polska is a merchant of grain and other inputs in the Polish agricultural market and has a turnover of approximately SEK 1.1 billion. The company was acquired from HaGe Kiel in July 2014 and its name was changed from HaGe

Polska. Scandagra Polska is jointly owned (50-50) by Lantmännen and DLG.

## Agroenergi Neova Pellets

**Holding  
50  
percent**

Agroenergi Neova Pellets manufactures and sells solid biofuels, such as wood pellets, has a turnover of approximately SEK 1 billion and about 160 employees. The company has a strong position in the Swedish market and in the Baltic region.

The company was formed through a merger of Lantmännen's and Neova's pellet operations. Lantmännen and Neova, which in turn is a wholly subsidiary of the Finnish Vapo Group, each own 50 percent of the company with effect from June 2014.

## Viking Malt

**Holding  
38  
percent**

Viking Malt produces malt in Finland, Sweden and Lithuania. The business has a turnover of approximately MEUR 140 and about 140 employees. Lantmännen's stake in Viking Malt is 38 percent; the remainder is owned by the Finnish company

Polttimo. Viking Malt supplies about 330,000 tonnes of malt annually to breweries and distilleries in northern Europe and companies around the world.

## Scandi Standard

**Holding  
13.5  
percent**

Scandi Standard AB, which includes Kronfågel Group, was listed on Nasdaq Stockholm on June 27, 2014 and a proportion of Lantmännen's holding in the company was divested at the same time. The remaining ownership interest in Scandi Standard amounts to 13.5 percent.

# Board of Directors



Per Lindahl, Pär-Johan Lööf, Helle Kruse Nielsen, Bengt-Olov Gunnarson, Björn Wallin, Thomas Magnusson

The Board consists of ten members and three employee representatives. Board members of Lantmännen ek för are elected for two-year terms. The Annual General Meeting will be held on May 5, 2015.

Holdings of contribution issues are reported as at December 31, 2014.

## **Bengt-Olov Gunnarson** *Chairman*

Klockrike  
 Born: 1951  
 Director since 2005, Chairman since 2012  
 Member of Lantmännen  
*Other functions at Lantmännen:* Remuneration Committee  
*Education:* Agricultural and Rural Management, Swedish University of Agricultural Sciences  
*Main occupation:* Farmer  
*Directorships:* Viking Malt Oy, Viking Malt Aktiebolag and Hauptgenossenschaft Nord AG  
*Production:* Crops, forestry and wind power  
*Contribution issues:* SEK 377,361\*  
*Subordinated debentures\*\*:* SEK 50,000

## **Nils Lundberg** *Vice Chairman*

Skivarp  
 Born: 1958  
 Director since 2007  
 Member of Lantmännen  
*Other functions at Lantmännen:* Audit Committee  
*Education:* Agricultural Economics and Management, Swedish University of Agricultural Sciences  
*Main occupation:* Farmer  
*Production:* Crops, wind power  
*Directorships:* Viking Malt Oy, Viking Malt Aktiebolag, Ljusterö Golf AB (Chairman), Halmstadgården Vindpark AB (Chairman), Näsbyhills Agro Aktiebolag, Vassmolösa Vind AB and AE Advice Öresund AB (Alternate Director)  
*Contribution issues:* SEK 3,025,106\*

## **Ulf Gundemark**

Stockholm, Dalarö  
 Born: 1951  
 Director since 2012  
 Not a member of Lantmännen  
*Other functions at Lantmännen:* Remuneration Committee  
*Education:* M.Sc. (Engineering), Chalmers University of Technology  
*Main occupation:* Directorships  
*Directorships:* Ripasso Energy AB (Chairman), Constructor Group AS, Nordisk Solar AS, AQ Group AB, Papyrus Holding AB, Scandi Standard AB (publ) and GUMACO AB

## **Helle Kruse Nielsen**

Denmark, Rungsted Kyst  
 Born: 1953  
 Director since 2010  
 Not a member of Lantmännen  
*Other functions at Lantmännen:* Remuneration Committee  
*Education:* M.Sc. (Business and Economics), Copenhagen Business School  
*Main occupation:* Directorships  
*Directorships:* New Wave Group AB and Oriflame SA  
*Subordinated debentures\*\*:* SEK 100,000

## **Per Lindahl**

Kristianstad  
 Born: 1964  
 Director since 2011  
 Member of Lantmännen  
*Other functions at Lantmännen:* Owner Committee, Lantmännen Research Foundation  
*Education:* Agriculture  
*Main occupation:* Farmer  
*Production:* Crops (potatoes and grain), broiler breeding  
*Directorships:* Hushållningssällskapet Skåne (Chairman), Hushållningssällskapet Kompetensutveckling i Syd AB and Hushållningssällskapet Skogsförvaltning Syd AB  
*Contribution issues:* SEK 1,055,774

## **Thomas Magnusson**

Tävelsås  
 Born: 1950  
 Director since 2005  
 Member of Lantmännen  
*Other functions at Lantmännen:* Audit Committee  
*Education:* Agriculture  
*Main occupation:* Farmer  
*Production:* Milk, beef  
*Directorships:* Vice President LRF (Federation of Swedish Farmers), Vice President Cogeca  
*Contribution issues:* SEK 20,375

\* Together with related parties, or through wholly or partly owned companies.

\*\* Subordinated debentures as at January 15, 2015. Previous subordinated debentures matured on December 30, 2014 and new ones were issued on January 15, 2015.



Tommy Brunsärn, Lena Philipson, Per Olof Nyman, Nils Lundberg, Tomas Welander, Hans Wallemyr, Ulf Gundemark

### Per Olof Nyman

President & CEO  
Head of Food Sector  
Stockholm  
Born: 1956  
Not a member of Lantmännen  
*Other functions at Lantmännen:* Board member and Chairman of Lantmännen Fastigheter AB  
*Hired:* 2008  
*Education:* M.Sc. (Industrial and Management Engineering)  
*Directorships:* Hauptgenossenschaft Nord AG, SPBI Service AB and LRF Konsult Aktiebolag  
*Subordinated debentures\*\*:* SEK 250,000

### Lena Philipson

Kölbäck, Skänninge  
Born: 1962  
Director since 2013  
Member of Lantmännen  
*Other functions at Lantmännen:* Owner Committee  
*Education:* B.Sc., Linköping University, and Market Economy, IHM Business School  
*Main occupation:* Farmer  
*Production:* Crops  
*Directorships:* SMR ek för  
*Contribution issues:* SEK 140,617\*  
*Subordinated debentures\*\*:* SEK 1,100,000\*

### Hans Wallemyr

Falköping  
Born: 1956  
Director since 2007  
Member of Lantmännen  
*Other functions at Lantmännen:* Owner Committee, Lantmännen Research Foundation  
*Education:* Agriculture  
*Main occupation:* Farmer  
*Production:* Wind power, potatoes, forestry, breeding/training showjumpers and dressage horses  
*Directorships:* Källebergs vind AB (Chairman), Agroenergi Neova AB and Åsle vind AB.  
*Contribution issues:* SEK 298,807\*

### Björn Wallin

Vattholma  
Born: 1964  
Director since 2008  
Member of Lantmännen  
*Other functions at Lantmännen:* Owner Committee  
*Education:* M.Sc. (Agricultural Economics and Management), Swedish University of Agricultural Sciences  
*Main occupation:* Farmer  
*Production:* Crops  
*Directorships:* Styrelseledamot i Hauptgenossenschaft Nord AG  
*Contribution issues:* SEK 94,591

### Employee Representatives

#### Tommy Brunsärn

Södertälje  
Born: 1959  
Director since 2007  
Unions representative  
*Main occupation:* Category Manager Purchase Breakfast

#### Pär-Johan Löf

Uppsala  
Born: 1966  
Director since 2013  
Personnel representative Akademikerförbundet  
*Main occupation:* Innovation Project Manager  
Lantmännen R&D  
*Subordinated debentures\*\*:* SEK 100,000

#### Tomas Welander

Gothenburg  
Born: 1961  
Director since 2012  
IF Metall representative  
*Main occupation:* Servicing technician, Swecon

### Board Secretary

#### Tove Cederborg

General Counsel  
Born: 1964  
*Hired:* 2011  
*Education:* LLB, Lund University 1992  
*Subordinated debentures\*\*:* SEK 100,000

### Auditors

#### Elected auditors

#### Maude Fyrenius

Lärbro  
Born: 1973  
Auditor for Lantmännen since 2014  
*Education:* Agrotechnology  
*Main occupation:* Farmer  
*Production:* Crops, lamb and beef, nature conservation  
*Contribution issues:* SEK 12,666\*

#### Gustav Jansson

Enköping  
Born: 1967  
Auditor for Lantmännen since 2012  
*Education:* Agriculture  
*Main occupation:* Farmer, accounting consultant  
*Production:* Crops, forestry  
*Contribution issues:* SEK 578,119

#### Anders Åbyhammar

Fellingsbro  
Born: 1956  
Auditor for Lantmännen since 2005  
*Education:* Agricultural and Rural Management  
*Main occupation:* Farmer, accounting consultant, LRF Konsult  
*Production:* Crops, forestry, lambs, electricity/hydropower  
*Contribution issues:* SEK 392,955

#### Authorized Public Accountant

#### Helene Siberg Wendin

EY, Stockholm  
Born: 1965  
Auditor for Lantmännen since 1991  
*Other assignments:* Scania, Boliden, Husqvarna, IKEA

\* Together with related parties, or through wholly or partly owned companies.

\*\* Subordinated debentures as at January 15, 2015. Previous subordinated debentures matured on December 30, 2014 and new ones were issued on January 15, 2015.

# Lantmännen



Johan Andersson, Tove Cederborg, Per Arvidsson, Elisabeth Wallin Mononen, Håkan Pettersson, Per Olof Nyman, Werner Devinck, Ulf Zenk, Carl von Schantz, Krister Zackari

## Group Management

Holdings of contribution issues are reported as at December 31, 2014.

### Per Olof Nyman

President & CEO  
Head of Food Sector  
Stockholm  
Born: 1956  
Hired: 2008  
Education: M.Sc. (Industrial and Management Engineering)  
Directorships: Hauptgenossenschaft Nord AG, SPBI Service AB and LRF Konsult Aktiebolag  
Subordinated debentures\*: SEK 250,000

### Johan Andersson

Senior Vice President & Head of Agriculture Sector  
Born: 1965  
Hired: 2014  
Education: Agricultural and Rural Management, Swedish University of Agricultural Sciences  
Subordinated debentures\*: SEK 1,000,000  
Contribution issues: SEK 218,447

### Per Arvidsson

Executive Vice President Operations  
Born: 1962  
Hired: 2011  
Education: M.Sc. (Mechanical Engineering, Industrial Organization & Logistics) Chalmers University of Technology

### Werner Devinck

Senior Vice President Lantmännen Unibake  
Born: 1958  
Hired: 2013  
Education: Economist, University of Leuven, Belgium.

### Håkan Pettersson

Senior Vice President & Head of Machinery Sector  
Born: 1956  
Swecon UAB.  
Hired: 2002  
Education: M.Sc. (Industrial and Management Engineering), Linköping  
Subordinated debentures\*: SEK 50,000

### Carl von Schantz

Senior Vice President & Head of Energy Sector  
Responsible for Sustainable Development  
Born: 1973  
Hired: 2011  
Education: MBA, Kellogg School of Management; BA, Northwestern University  
Directorships: Agroenergi Neova Pellets AB, Mackmyra Svensk Whisky AB and SPBI Service AB (Alternate Director)  
Subordinated debentures\*: SEK 200,000

### Elisabeth Wallin Mononen

Senior Vice President Human Resources  
Born: 1959  
Hired: 2005  
Education: LLB, Lund University, and MBA, University of Illinois at Chicago

### Krister Zackari

Senior Vice President Lantmännen Cerealia  
Born: 1963  
Hired: 2014  
Education: MBA (Business and Economics), Stockholm School of Economics

### Ulf Zenk

Senior Vice President & CFO  
Born: 1963  
Hired: 2012  
Education: M.Sc. (Business and Economics), Linköping University  
Directorships: Sparbanken Skåne, Viking Malt Oy and Viking Malt Aktiebolag  
Subordinated debentures\*: SEK 150,000

### Tove Cederborg

General Counsel  
Born: 1964  
Hired: 2011  
Education: LLB, Lund University  
Subordinated debentures\*: SEK 100,000

\* Subordinated debentures as at January 15, 2015. Previous subordinated debentures matured on December 30, 2014 and new ones were issued on January 15, 2015.

# Group Net sales and earnings



- ▶ Lantmännen's net sales amounted to MSEK 32,666 (33,802)
- ▶ Operating income increased to MSEK 1,453 (89)
- ▶ Adjusted for items affecting comparability, operating income was MSEK 851 (805)
- ▶ Scandi Standard was listed and a large proportion of Lantmännen's holding was sold, generating a gain of MSEK 584
- ▶ The German and Polish plant breeding and seed operations were sold, generating a gain of MSEK 147

## Net sales

Lantmännen's net sales for the year amounted to MSEK 32,666 (33,802), a decline of 3 percent. Adjusted for acquired and divested operations, net sales were 3 percent higher than in the previous year. Currency effects had an impact of 2 percent on net sales.

## Operating income

Operating income was MSEK 1,453 (89). Items affecting comparability had an impact of MSEK 602 (-716) on operating income. These items consisted of capital gains of MSEK 584 connected with Scandi Standard's IPO and MSEK 147 on the sale of Lantmännen's German and Polish plant breeding and seed operations, as well as restructuring costs of MSEK -129. Items affecting comparability in 2013 totaled MSEK -716, of which MSEK -800 was impairment of Lantmännen's ethanol plant. Adjusted for items affecting comparability, operating income was MSEK 851 (805).

## Net financial income and income after financial items

Net financial income amounted to MSEK -111 (-4). The figure for 2013 includes a capital gain of MSEK 143 on the sale of investment shares, of which MSEK 118 was non-recurring.

Adjusted for items affecting comparability, net financial income was MSEK -111 (-122). The improvement compared with 2013 is mainly due to lower borrowing rates and reduced net debt as a result of the proceeds received from participation in Scandi Standard's IPO and the sale of the German and Polish plant breeding and seed operations.

Income after financial items totaled MSEK 1,342 (85) and adjusted for items affecting comparability it was MSEK 740 (683).

## Tax and income after tax

Tax for the year was MSEK -117 (+15). Tax was affected by a non-taxable capital gain and the fact that dividends, including refunds and final price adjustments, from Lantmännen ek för are tax deductible.

The Group's income after tax amounted to MSEK 1,225 (100), with MSEK 1,217 (100) of this figure attributable to members of the economic association and MSEK 8 (0) to non-controlling interests (minority ownership) in the Group's subsidiaries.

## Items affecting comparability

MSEK	2014	2013
<b>Recognized operating income</b>	<b>1,453</b>	<b>89</b>
<i>Items affecting comparability in operating income:</i>		
Capital gains on sale of operations	731	363
Impairment of assets in Agroetanol's operations	-	-800
Restructuring costs, Agriculture Sector	-50	-38
Restructuring costs, Food Sector	-79	-130
Restructuring costs, other	-	-111
<b>Total items affecting comparability in operating income</b>	<b>602</b>	<b>-716</b>
<b>Operating income, adjusted for items affecting comparability</b>	<b>851</b>	<b>805</b>
<b>Recognized income after financial items</b>	<b>1,342</b>	<b>85</b>
Items affecting comparability in operating income according to above	602	-716
<i>Items affecting comparability in financial items:</i>		
Capital gain on disposal of shares	-	118
<b>Total items affecting comparability in net financial income</b>	<b>-</b>	<b>118</b>
<b>Income after financial items adjusted for items affecting comparability</b>	<b>740</b>	<b>683</b>
Return on equity, adjusted for items affecting comparability, %	5.1	4.4
Return on operating capital, adjusted for items affecting comparability, %	5.3	4.7

# Financial Overview

## CONDENSED INCOME STATEMENTS

MSEK	IFRS						Swedish GAAP				
	2014	2013	2012 <sup>1)</sup>	2011	2010	2009	2009	2008	2007	2006	2005
Net sales	32,666	33,802	36,526	37,896	35,988	34,978	34,950	42,592	35,769	32,055	29,610
EBITDA	2,556	2,193	1,698	2,570	2,624	1,884	1,855	3,046	2,172	1,815	1,633
Depreciation, amortization and impairment	-1,103	-2,104	-1,185	-1,366	-1,565	-1,407	-1,550	-1,910	-1,302	-1,632	-1,513
Operating income	1,453	89	513	1,204	1,059	477	305	1,136	870	183	120
Finance income and costs	-111	-4	-182	-337	-237	-373	-370	-434	-48	61	406
Income after financial items	1,342	85	331	867	822	104	-65	702	822	244	526
Refund, final price adjustment <sup>2)</sup>	-	-	-	-	-	-	-1	-122	-83	-64	-139
Tax, minority <sup>3)</sup>	-117	15	-91	-147	-97	78	-7	-22	-151	152	124
<b>Net income for the year</b>	<b>1,225</b>	<b>100</b>	<b>240</b>	<b>720</b>	<b>725</b>	<b>182</b>	<b>-73</b>	<b>558</b>	<b>588</b>	<b>332</b>	<b>511</b>

<sup>1)</sup> Restated for discontinued operation Lantmännen Finance Ireland.

<sup>2)</sup> Under IFRS, refund/final price adjustment is recognized in the same way as dividends. Includes local refunds/final price adjustments in 2005. Reported amounts may include adjustments for previous years.

<sup>3)</sup> Includes adjustment for minority share before transition to IFRS.

## CONDENSED STATEMENTS OF FINANCIAL POSITION

MSEK	IFRS						Swedish GAAP				
	2014	2013	2012	2011	2010	2009	2009	2008	2007	2006	2005
Property, plant and equipment	7,178	7,337	8,928	9,258	9,758	10,798	10,667	10,974	8,915	7,661	7,348
Goodwill	2,915	2,594	2,554	2,640	2,779	3,030	3,078	3,386	2,510	2,512	1,785
Other intangible assets	752	814	875	767	713	748	391	459	444	416	327
Other non-current assets	2,762	2,542	2,151	2,069	2,094	3,581	3,313	3,140	2,324	2,433	2,190
<b>Total non-current assets</b>	<b>13,607</b>	<b>13,287</b>	<b>14,508</b>	<b>14,734</b>	<b>15,344</b>	<b>18,157</b>	<b>17,449</b>	<b>17,959</b>	<b>14,193</b>	<b>13,022</b>	<b>11,650</b>
Inventories	5,379	5,249	5,946	5,506	5,224	5,646	5,646	7,059	6,303	4,804	4,622
Other current assets	5,087	5,170	5,561	5,642	5,572	5,436	5,411	7,266	7,797	6,695	7,256
Cash and cash equivalents	3,058	2,295	352	739	869	391	385	269	450	822	1,040
<b>Total current assets</b>	<b>13,524</b>	<b>12,714</b>	<b>11,859</b>	<b>11,887</b>	<b>11,665</b>	<b>11,473</b>	<b>11,442</b>	<b>14,594</b>	<b>14,550</b>	<b>12,321</b>	<b>12,918</b>
<b>Total assets</b>	<b>27,131</b>	<b>26,001</b>	<b>26,367</b>	<b>26,621</b>	<b>27,009</b>	<b>29,630</b>	<b>28,891</b>	<b>32,553</b>	<b>28,743</b>	<b>25,343</b>	<b>24,568</b>
Equity, members of the Parent	11,859	11,016	10,899	10,906	10,390	10,140	10,148	10,528	9,483	9,038	8,872
Equity, NCI	17	28	33	36	32	85	69	56	289	328	388
<b>Total equity</b>	<b>11,876</b>	<b>11,044</b>	<b>10,932</b>	<b>10,942</b>	<b>10,422</b>	<b>10,225</b>					
Provisions <sup>1)</sup>		-	-	-	-	-	2,206	2,371	2,952	2,978	3,021
Non-current liabilities	3,598	4,939	5,919	5,360	7,320	9,523	6,951	8,220	5,379	5,454	3,045
Current liabilities	11,657	10,018	9,516	10,319	9,267	9,882	9,517	11,378	10,640	7,545	9,242
<b>Total equity and liabilities</b>	<b>27,131</b>	<b>26,001</b>	<b>26,367</b>	<b>26,621</b>	<b>27,009</b>	<b>29,630</b>	<b>28,891</b>	<b>32,553</b>	<b>28,743</b>	<b>25,343</b>	<b>24,568</b>
Net debt	3,674	4,963	7,506	7,186	7,501	9,739	9,289	11,654	8,413	6,581	
Contribution dividend, contribution issue <sup>2)</sup>	328	171	168	230	245	163	163	167	201	155	150
Refund and final price adjustment <sup>3)</sup>	135	129	120	110	95	1	-	-	-	-	-

<sup>1)</sup> Under IFRS, provisions are not reported as a separate category, but are included in current and non-current liabilities.

<sup>2)</sup> According to Board's proposal for 2014.

<sup>3)</sup> Under IFRS, refund/final price adjustment is recognized as a dividend in the Group.

Lantmännen began reporting under IFRS (International Financial Reporting Standards) in 2010. Comparative figures for the years 2005-2008 have not been restated under IFRS rules. 2009 is presented partly according to IFRS and partly according to the accounting policies for that year. A more detailed description of the effects of the transition to IFRS on the 2009 income statement and balance sheet can be found in Lantmännen's 2010 Annual Report.

# Key figures

KEY FIGURES	IFRS						Swedish GAAP				
	2014	2013	2012 <sup>1)</sup>	2011	2010	2009	2009	2008	2007	2006	2005
Operating margin, %	4.4	0.3	1.4	3.2	2.9	1.4	0.9	2.6	2.4	0.6	0.4
Profit margin, %	3.8	0.3	0.7	1.9	2.0	0.5	-0.2	1.3	1.6	1.0	1.7
Capital turnover rate, times	2.1	2.0	2.0	2.1	1.9	1.6	1.7	2.1	2.0	-	-
Return on equity, %	10.6	0.9	2.2	6.7	7.0	1.8	-0.7	6.8	7.3	4.0	8
Return on operating capital, %	9.1	0.5	2.8	6.5	5.7	2.2	1.4	5.6	5.3	-	-
Equity ratio, %	43.8	42.5	41.5	41.1	38.6	34.5	35.4	32.5	34.0	37.0	37.7
Net debt/equity ratio, times	0.4	0.4	0.7	0.7	0.7	0.9	0.9	1.1	0.9	-	-
Average number of employees	8,311	9,133	10,249	10 296	10 350	10,552	10,552	12,671	12,830	12,833	12,230

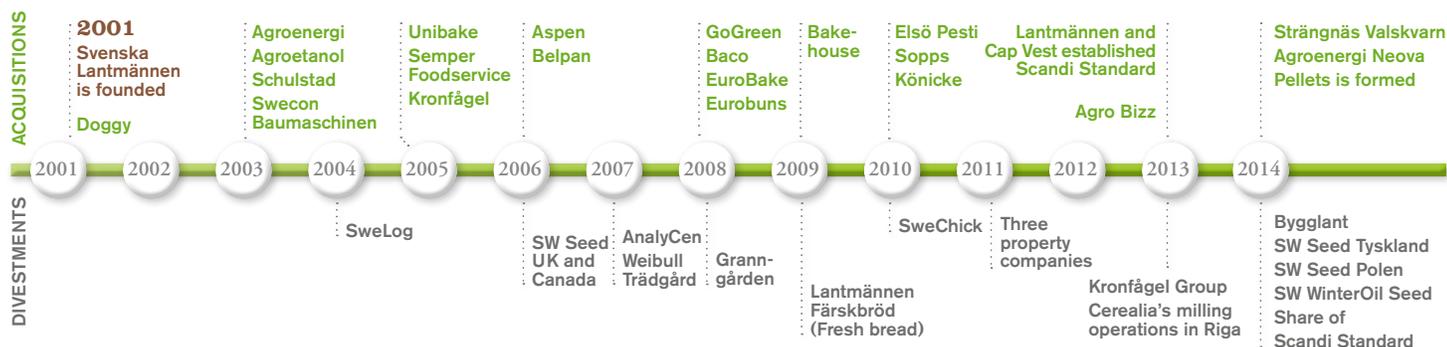
<sup>1)</sup> Restated for discontinued operation Lantmännen Finance Ireland.

Excl. items affecting comparability	2014	2013	2012	2011	2010	2009	2009	2008	2007	2006	2005
Operating income, MSEK	851	805	747	1 063	1 223	588	588	1 032	718	346	
Operating margin, %	2.6	2.4	2.0	2.8	3.4	1.7	1.7	2.4	2.0	1.1	
Income after financial items, MSEK	740	683	565	841	946	215	215	622	470	199	
Return on equity, %	5.1	4.4	4.2	5.9	7.8	2.2					
Return on operating capital, %	5.3	4.7	4.1	5.7	6.5	2.8					

CONDENSED STATEMENTS OF CASH FLOWS MSEK	IFRS						Swedish GAAP				
	2014	2013	2012	2011	2010	2010	2009	2008	2007	2006	2005
Cash flow from operating activities before changes in working capital	1,362	1,570	1,358	1 655	2 131	2 131	1,138	1,153	1,454	1,317	1,223
Cash flow from changes in working capital	405	724	-375	-640	26	26	2,417	-730	-1,235	-764	1,053
Cash flow from investments in property, plant and equipment and intangible assets, net	-697	-862	-1,163	-160	-684	-684	-1,328	-2,284	-2,112	-1,427	-1,007
<b>Cash flow from operations</b>	<b>1,070</b>	<b>1,432</b>	<b>-180</b>	<b>855</b>	<b>1 473</b>	<b>1 473</b>	<b>2,227</b>	<b>-1,861</b>	<b>-1,893</b>	<b>-874</b>	<b>1,269</b>
Cash flow from acquisitions and divestments of operations, net <sup>1)</sup>	1,065	1,196	0	0	-105	-105	9	-1,060	423	-1,108	-77
Cash flow from financing activities	2,077	2,450	-222	876	2,692	2,692	2,272	-2,776	-1,103	-1,205	2,000
Cash flow for the year	778	1,943	-379	-128	512	512	131	-233	-400	-640	552
Cash and cash equivalents at end of year	3,058	2,295	352	739	869	869	391	269	484	875	1,539

<sup>1)</sup> 2014 includes acquisition of 100 percent of Strängnäs Valskvarn, sale of shares in Scandi Standard and divestment of Lantmännen Lantbruk's German and Polish plant breeding and seed operations (SW Seed Poland, SW Seed, Germany, SW Winter Oil Seed).  
 2013 includes acquisition of 46 percent of Scandi Standard and divestment of Kronfågel Group and Rīgas Dzīrnavnieks.  
 2010 includes acquisition of 37 percent of Bakehouse and divestment of SweChick, Ecobrånslé and Conagri.  
 2009 includes acquisition of 38 percent of Bakehouse and divestment of Lantmännen Färskröd in Sweden.  
 2008 includes acquisition of Euro-Bake, Eurobuns and Baco and divestment of Weibull Trädgård and Granngård.  
 2007 includes acquisition of the minority in Kronfågel and divestment of Analycen.  
 2006 includes acquisition of Belpan Group and Aspen.

## The Group's major acquisitions, divestments and partnerships



Svenska Lantmännen was formed through the merger of nine associations and SLR. Over the last 10 years, Lantmännen has streamlined the organization through acquisitions and divestments in order to concentrate on the core business.

# How to read the Income Statement

The income statement summarizes the year's finances, showing all income and expenses from operations contributing to net income for the year.

## Sales

This is where you will find the Company's total sales

## Expenses

The costs of producing and selling goods and services are shown here.

## Operating income

This shows whether sales are profitable.

## Financial items

Income or expenses associated with loans, investments, shares, securities, etc.

## Earnings

This is also called net income and shows profit after tax.

The statement of comprehensive income is based on net income for the year, plus all other changes in equity during the year from non-owner transactions. Owner transactions are summarized under Other comprehensive income.

## Other comprehensive income

OCI shows the fair value remeasurement of balance sheet items and exchange gains and losses. These count as income/expense and are part of the Group's comprehensive income for the year. OCI is added to equity and is the amount that can be distributed to owners.

## Total comprehensive income

This shows the results of the year's operations and remeasurements. The amount increases or reduces the Group's equity.

## Consolidated income statement

MSEK	2014	2013
<b>Net sales</b>	<b>32,666</b>	<b>33,802</b>
Other operating income	1,187	816
Changes in inventories of finished goods and work in progress	-15	-241
Capitalized work for own account	2	6
Raw materials and consumables	-12,312	-13,332
Merchandise	-8,894	-8,121
Employee benefits expense	-4,741	-4,938
Depreciation, amortization and impairment	-1,103	-2,104
Other operating expenses	-5,439	-5,939
Share of income of companies, accounted for using the equity method	102	140
<b>Operating income</b>	<b>1,453</b>	<b>89</b>
Finance income	118	333
Finance costs	-229	-337
<b>Income after financial items</b>	<b>1,342</b>	<b>85</b>
Taxes	-117	15
<b>Net income for the year</b>	<b>1,225</b>	<b>100</b>
<b>Net income for the year attributable to:</b>		
Members of the economic association	1,217	100
Non-controlling interests	8	0

## Consolidated statement of comprehensive income

MSEK	2014	2013
<b>Net income for the year</b>	<b>1,225</b>	<b>100</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	-313	307
Tax on actuarial gains and losses	70	-68
<b>Total</b>	<b>-243</b>	<b>239</b>
<i>Items that will be reclassified to the income statement</i>		
Available-for-sale financial assets, net of tax	24	-119
Cash flow hedges, net of tax	7	8
Exchange differences on translation of foreign operations	209	92
Net gain on hedge of net investment in foreign operations, net of tax	-174	-86
Tax attributable to items that will be reclassified	37	44
<b>Total</b>	<b>103</b>	<b>-61</b>
<b>Other comprehensive income, net of tax</b>	<b>-140</b>	<b>178</b>
<b>Total comprehensive income</b>	<b>1,085</b>	<b>278</b>
<b>Total comprehensive income attributable to:</b>		
Members of the economic association	1,077	278
Non-controlling interests	8	0

# How to read the Statement of Financial Position

The statement of financial income provides a picture of existing assets and how they have been financed. The value of total assets is always equal to the value of the liabilities. Liabilities consist of liabilities to owners, equity and other liabilities.

## Non-current assets

Non-current assets are assets that are used or owned for more than one year and contribute to the company's value growth. This is where we find the value of tangible assets (factories, other property, machinery, equipment, etc.) and intangible assets (non-physical assets, e.g. goodwill, purchased trademarks and patents). Goodwill is the portion of the purchase price of a subsidiary that cannot be attributed to other assets and mainly reflects anticipated synergies and staff skills. Non-current assets is also where we find the value of our share in the equity of joint ventures and associates (20-50 percent ownership).

## Current assets

Current assets are assets held for sale or used in the business. These are assets that are consumed in a short time and can readily be converted to cash. This is where we find the value of goods still in stock, and our receivables from customers for products and services sold but not yet paid for. Cash and cash equivalents, mainly bank deposits, are reported under current assets.

## Equity

Equity shows the existing net assets (assets – liabilities) belonging to the owners and on which they expect a return. Lantmännen's overall financial goal is to provide a long-term return of 8 percent on this equity over a business cycle and with the corresponding business portfolio. The result used to calculate the return is "Net income for the year" in the consolidated income statement. Member contributions, both paid-in and issued, are an important component of equity. Other capital is amounts earned over the years in the parent association and Lantmännen companies; this is not distributed to members but is used as financing for assets that will generate future earnings.

## Liabilities

Liabilities are divided into non-current and current liabilities, which is a way of denoting the length of time before they are due for settlement.

## Consolidated statement of financial position

MSEK	2014 Dec 31	2013 Dec 31
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,612	7,040
Investment properties	566	297
Goodwill	2,915	2,594
Other intangible assets	752	814
Holdings accounted for using the equity method	1,512	1,460
Non-current financial assets	918	782
Deferred tax assets	322	223
Other non-current assets	10	77
<b>Total non-current assets</b>	<b>13,607</b>	<b>13,287</b>
<b>Current assets</b>		
Inventories	5,379	5,249
Trade and other receivables	4,723	4,866
Current interest-bearing assets	345	288
Current tax assets	19	16
Cash and cash equivalents	3,058	2,295
<b>Total current assets</b>	<b>13,524</b>	<b>12,714</b>
<b>TOTAL ASSETS</b>	<b>27,131</b>	<b>26,001</b>
<b>MSEK</b>		
	2014 31 dec	2013 31 dec
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Member contributions	1,977	1,903
Other contributed capital	2,625	2,602
Reserves	-65	-168
Retained earnings	7,322	6,679
<b>Total equity attributable to members of the economic association</b>	<b>11,859</b>	<b>11,016</b>
Non-controlling interests	17	28
<b>Total equity</b>	<b>11,876</b>	<b>11,044</b>
<b>Non-current liabilities</b>		
Non-current interest-bearing liabilities	2,600	4,334
Provisions for pensions	517	168
Deferred tax liabilities	200	151
Other non-current provisions	227	249
Other non-current liabilities	54	37
<b>Total non-current liabilities</b>	<b>3,598</b>	<b>4,939</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	4,601	3,546
Trade and other payables	6,573	6,212
Current tax liabilities	59	58
Current provisions	424	202
<b>Total current liabilities</b>	<b>11,657</b>	<b>10,018</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>27,131</b>	<b>26,001</b>

# How to read the Statement of Cash Flows

## Operating activities

Operating activities are net income for the year plus non-cash items, i.e. items that are not cash inflows or outflows but accounting costs. For example, depreciation and capital losses reduce earnings but do not involve a payment. Taxes paid during the year are deducted. Adjustments are also made for changes in inventories, current receivables (mainly trade receivables) and current liabilities (mainly trade payables).

## Investing activities

Investing activities show cash outflows for various investments and inflows from sales of operations, non-current assets or financial investments. Unlike the income statement, this shows the full year's payments for an investment – e.g., a company acquisition is not a cost in the income statement, and an asset's cost is divided using depreciation, based on the asset's estimated useful life.

## Financing activities

Financing activities show how activities and investments are funded if cash flow from operating activities is insufficient. They also show payments (e.g., dividends to owners or loan repayments) to the parties funding the activities.

## Consolidated statement of cash flows

MSEK	2014	2013
<b>OPERATING ACTIVITIES</b>		
Operating income	1,453	89
Adjustment for non-cash items <sup>1)</sup>	166	1,681
	<b>1,619</b>	<b>1,770</b>
Financial items paid	-180	-96
Taxes paid	-77	-104
<b>Cash flow from operating activities before changes in working capital</b>	<b>1,362</b>	<b>1,570</b>
<i>Cash flow from changes in working capital</i>		
Change in inventories	-165	208
Change in operating receivables	265	181
Change in operating liabilities	305	335
	<b>405</b>	<b>724</b>
<b>Cash flow from operating activities</b>	<b>1,767</b>	<b>2,294</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of operations	-338	-347
Divestment of operations	1,403	1,543
Investment in property, plant & equipment	-1,006	-961
Investment in intangible assets	-81	-82
Sale of property, plant & equipment and intangible assets	390	181
Change in financial investments	-58	-178
<b>Cash flow from investing activities</b>	<b>310</b>	<b>156</b>
<b>Cash flow before financing activities</b>	<b>2,077</b>	<b>2,450</b>
<b>FINANCING ACTIVITIES</b>		
Change in loans	-1,069	-353
Paid-in contributed capital	138	103
Refunded capital contribution	-64	-49
Dividend paid	-304	-208
<b>Cash flow from financing activities</b>	<b>-1,299</b>	<b>-507</b>
<b>Cash flow for the year</b>	<b>778</b>	<b>1,943</b>
Cash and cash equivalents at beginning of year	2,295	352
Exchange gains/losses	-15	0
<b>Cash and cash equivalents at end of year</b>	<b>3,058</b>	<b>2,295</b>
MSEK		
2014		
2013		
<sup>1)</sup> Adjustment for non-cash items		
Depreciation, amortization and impairment of non-current assets	1,103	2,104
Share of income of joint ventures/associates	-86	-109
Capital gains on sale of non-current assets and operations	-801	-384
Other items	-50	70
<b>Total</b>	<b>166</b>	<b>1,681</b>

# Consolidated Statement of changes in Equity

## Consolidated Statement of changes in Equity

MSEK	Member contributions	Other contributed capital	Reserves	Retained earnings	Total Lantmännen's owners	Non-controlling interests	Total equity
Opening balance, January 1, 2013	1,769	2,479	-107	6,758	10,899	33	10,932
Net income for the year	-	-	-	100	100	0	100
Other comprehensive income, net of tax	-	-	-61	239	178	-	178
Total comprehensive income	-	0	-61	339	278	0	278
Distributions to owners	80	123	-	-418	-215	-1	-216
Contributed capital paid in by members	103	-	-	-	103	-	103
Contributed capital paid out to members	-49	-	-	-	-49	-	-49
Purchase of NCI, Bygglant etc	-	-	-	-	0	-4	-4
Closing balance, December 31, 2013	1,903	2,602	-168	6,679	11,016	28	11,044
Net income for the year	-	-	-	1,217	1,217	8	1,225
Other comprehensive income, net of tax	-	-	103	-243	-140	-	-140
Total comprehensive income	0	0	103	974	1,077	8	1,085
Distributions to owners	-	23	-	-331	-308	-3	-311
Contributed capital paid in by members	138	-	-	-	138	-	138
Contributed capital paid out to members	-64	-	-	-	-64	-	-64
Changes relating to non-controlling interests	-	-	-	-	0	-16	-16
Closing balance, December 31, 2014	1,977	2,625	-65	7,322	11,859	17	11,876

Equity attributable to members of the economic association, MSEK	2014	2013
Contributed capital, paid in	931	829
Contributed capital, issued	1,046	1,074
Other equity	9,882	9,113
Total equity attributable to members of the economic association	11,859	11,016

### Management of the Group's capital

Lantmännen has two overall financial objectives:

- return on equity of at least 8 percent over a business cycle and with the present business portfolio
- equity ratio of at least 40 percent

To achieve these objectives, Lantmännen uses financial instruments for its operations and specific profitability targets for each business.

These profitability targets are expressed as a percentage of operating capital and vary according to the type of business and profitability levels for comparable enterprises outside Lantmännen. It is Lantmännen's aim that each business will achieve a return on operating capital that is at least on a par with that of comparable enterprises outside the Group.

Future investments are allocated primarily to areas that meet the profitability target and have potential for profitable growth.



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# Addresses



## Lantmännen ek för

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S:t Göransgatan 160 A  
Box 30192, SE-104 25 Stockholm  
Tel: +46 10 556 00 00  
Corporate Identity No: 769605-2856  
info@lantmannen.com  
lantmannen.se/omlantmannen

## Agriculture Sector

---

SE-205 03 Malmö  
Tel: +46 10 556 00 00  
lantmannen.se/omlantmannen

## Lantmännen Lantbruk

---

von Troils väg 1  
SE-213 73 Malmö  
Tel: +46 10 556 56 00  
Customer service,  
tel: +46 771 111 222  
lantmannenlantbruk.se

## Lantmännen Krafft

---

von Troils väg 1  
SE-213 73 Malmö  
Tel: +46 10 556 55 70  
Customer service,  
tel: +46 20 30 40 40  
krafft.nu

## Machinery Sector

---

S:t Göransgatan 160 A  
Box 30192, SE-104 25 Stockholm  
Tel: +46 10 556 00 00  
lantmannen.se/omlantmannen

## Lantmännen Maskin

---

Bjurögatan 26  
Box 174  
SE-201 21 Malmö  
Tel: +46 771 38 64 00  
lantmannenmaskin.se

## Agro Oil

---

S:t Göransgatan 160 A  
Box 30192  
SE-104 25 Stockholm  
Tel: +46 10 556 00 00  
agrol.se

## Swecon

---

Bolindervägen 104  
Box 55  
SE-631 02 Eskilstuna  
Tel: +46 10 556 08 50  
swecon.se

## Energy Sector

---

S:t Göransgatan 160 A  
Box 30192, SE-104 25 Stockholm  
Tel: +46 10 556 00 00  
lantmannen.se/omlantmannen

## Lantmännen Agroetanol

---

Hanholmsvägen 69  
Box 932  
SE-601 19 Norrköping  
Tel: +46 10 556 01 50  
agroetanol.se

## Lantmännen Aspen

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Iberovägen 2  
SE-438 54 Hindås  
Tel: +46 301 23 00 00  
aspen.se

## Lantmännen Reppe

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Stora Råppevägen 73  
SE-352 50 Växjö  
Tel: +46 10 556 15 40  
reppet.se

## Food Sector

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S:t Göransgatan 160 A  
Box 30192, SE-104 25 Stockholm  
Tel: +46 10 556 00 00  
lantmannen.se/omlantmannen

## Lantmännen Cerealia

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S:t Göransgatan 160 A  
Box 30192  
SE-104 25 Stockholm  
Tel: +46 10 556 22 00  
lantmannen.se/omlantmannen

## Lantmännen Unibake

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Sluseholmen 8a  
DK-2450 Copenhagen SV  
Denmark  
Tel: +45 762 850 00  
lantmannen-unibake.com

## Lantmännen Doggy

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Doggyvägen 1  
SE-447 84 Vårgårda  
Tel: +46 10 556 21 00  
doggy.se

## Lantmännen Real Estate

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S:t Göransgatan 160 A  
Box 30192, SE-104 25 Stockholm  
Tel: +46 10 556 00 00  
lantmannenfastigheter.se

## **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.

Read more about good food on [www.lantmannen.se/en](http://www.lantmannen.se/en)

Follow us on [facebook.com/jordtillbord](https://facebook.com/jordtillbord) and [twitter.com/lantmannen](https://twitter.com/lantmannen)  
For job vacancies, see [lantmannen.se/jobb](http://lantmannen.se/jobb) or [facebook.com/lantmannencareer](https://facebook.com/lantmannencareer)

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.

