



Interim Report

Fourth quarter and
Year-end report, 2016

AAK

Chief Executive's comments

Again – all-time high operating profit and strong cash flow

We are happy and proud to see that our determined, targeted and hard work based upon the clear strategy is yielding good results. For both the quarter and the full year AAK achieved again a record-high operating profit. The double-digit year-on-year improvement for the Group continued, a trend since 2010. This is despite parts of the world markets experiencing material challenges.

Operating profit, excluding non-recurring items, reached SEK 435 million (388), an improvement of 12 percent compared to the corresponding quarter in 2015. The currency translation impact was negative SEK 8 million, mainly related to Food Ingredients. Operating profit, at fixed foreign exchange rates and including non-recurring items, improved by 23 percent.

Food Ingredients reported a strong quarter with high single-digit profit growth due to a continued improved product mix, including a higher portion of customer co-developed solutions. Ramp-up costs in Brazil have, according to plan, been absorbed in the reported profit.

Chocolate & Confectionery Fats reported an impressive quarter with strong double-digit organic volume growth and profit growth.

Technical Products & Feed was in line with the previous two quarters but had a more challenging development compared to the exceptionally strong corresponding quarter in 2015.

Total volumes continued to grow nicely and were up 7 percent (6). Organic volume growth was 2 percent (1), despite continued declining commodity volumes in Food Ingredients where the growth in 2015 was exceptional. However, the demand for speciality and semi-speciality products continued to be strong, generating organic volume growth of 5 percent (0).

Business Area operating profit:

- Food Ingredients improved by 8 percent, reaching SEK 278 million (257).
- Chocolate & Confectionery Fats reported a result of SEK 169 million (135), an improvement of 25 percent.

- Technical Products & Feed reached SEK 24 million (32).

Operating profit per kilo, excluding non-recurring items, reached SEK 0.83 (0.79), an improvement of 5 percent. The currency translation impact was negative SEK 0.02.



Operating profit per kilo for Food Ingredients increased to SEK 0.79 (0.77). This was due to an improved product mix, offset by a negative currency translation impact and ramp-up costs related to greenfield investments. At fixed foreign exchange rates, operating profit per kilo improved by 5 percent.

Operating profit per kilo for Chocolate & Confectionery Fats improved strongly and reached SEK 1.69 (1.57), an improvement of 8 percent. There was continued organic volume growth for both speciality and semi-speciality products in the quarter with the latter being particularly strong. Ramp-up costs related to greenfield investments have had a negative impact on operating profit per kilo.

Operating profit per kilo for Technical Products & Feed decreased, reaching SEK 0.34 (0.45).

Earnings per share increased by 18 percent, to SEK 6.69 (5.65). This is despite increased financial costs due to extended borrowings in high-interest rate countries (Brazil, China and India) and increased earnings in countries with high tax rates.

Sales amounted to SEK 6,326 million (5,266). The increase was mainly due to the positive product mix, increased raw material prices and acquisitions, partly offset by a negative translation impact of SEK 96 million.

Food Ingredients

The demand for speciality and semi-speciality products was stable, generating organic volume growth of 1 percent (1). The picture between the segments was mixed though.

The Bakery segment had another challenging quarter, particularly in Western Europe. In other regions, however, we are starting to see some improvements.

The Dairy segment continued the trend from previous quarters and reported solid organic

volume growth. Several regions and markets showed strong growth. Milk fat prices have been at a very low level for several quarters but have increased since the summer.

Special Nutrition, comprised of Infant, Senior and Medical Nutrition, reported double-digit volume growth. This was driven by an extraordinary volume growth for our Infant Nutrition product range Akonino®. Our other Infant Nutrition product range InFat®, sold through Advanced Lipids AB, a joint venture of AAK and Enzymotec, had a more challenging quarter after relatively strong volume growth last year. However, the product mix was significantly better.

Foodservice reported organic volume growth with good development particularly in the UK and the US.

Commodity products showed negative volume development after exceptional growth in 2015.

Chocolate & Confectionery Fats

Total volumes increased by 16 percent (2). Organic volume growth in the quarter was 16 percent (negative 2).

There was continued organic volume growth for both high-end and low-end products in the quarter with the latter showing particularly strong growth for the second consecutive quarter.

After two years of severely deteriorating market conditions in Russia and Ukraine, the strong growth during the first three quarters continued, but still from low levels.

Strong cash flow

Operating cash flow including changes in working capital amounted to SEK 843 million (661). Cash flow from working capital was positive, amounting to SEK 426 million (292). The strong cash flow was due to increased accounts payables and reduced accounts receivables, this despite organic volume growth. Increased raw material prices and working capital tied up for the greenfield investments continued to have a negative impact on the cash flow.

Return on Capital Employed (ROCE)

Calculated on a rolling 12 months basis, Return on Capital Employed (ROCE) was 15.8 percent (15.7 at December 31, 2015). This is despite the negative effect of higher working

capital due to increased raw material prices, greenfield investments and acquisitions.

Greenfield investments

Our greenfield project in Brazil is progressing according to plan and volumes are increasing quarter by quarter.

Our China greenfield project also continues according to plan. The first limited volumes will be delivered during the first quarter 2017.

To be able to deliver the whole product range from the factories, the gradual ramp-ups will continue during 2017.

AAKtion

Our company program for 2014–2016, “AAKtion”, has been completed during the quarter. The overall implementation of the program has progressed well over its three years.

New company program and management ambition

Our new company program, The AAK Way, will guide us up through 2019. Our key focus with the program is to enable the company to continue to deliver strong organic growth. This will be achieved by focusing on five priority areas: Go to Market, Operational Excellence, Special Focus Areas, Innovation, and People.

In parallel to our new company program we have established a new management ambition for the coming years. We expect, on average, a 10 percent year-on-year improvement in operating profit which will support a good and consistent improvement in earnings per share. The ambition will be achieved through organic growth, innovation, a continued improved product mix, and improved efficiency.

Concluding remarks

Based on AAK's customer value propositions for health and reduced costs, and our customer product co-development and solutions approach, we continue to remain prudently optimistic about the future.

The main drivers are the continued positive underlying development in Food Ingredients and the continued improvement in Chocolate & Confectionery Fats.

Arne Frank
Chief Executive Office

Financial highlights and key ratios

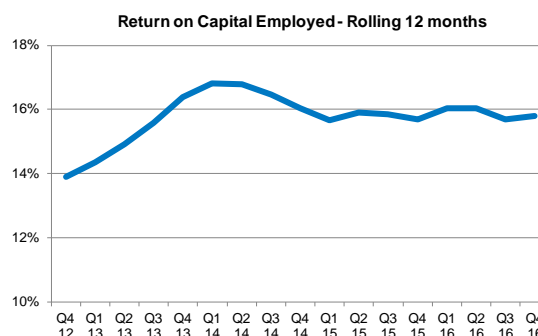
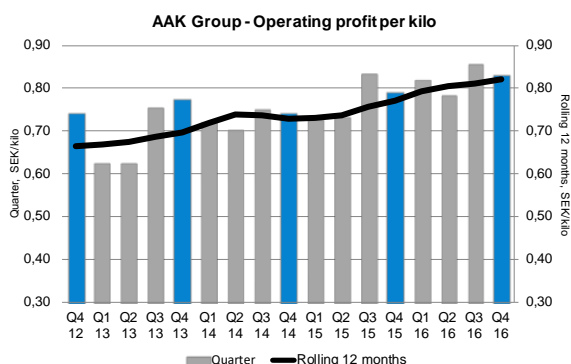
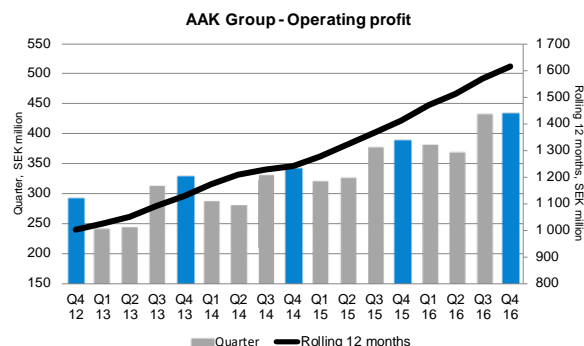
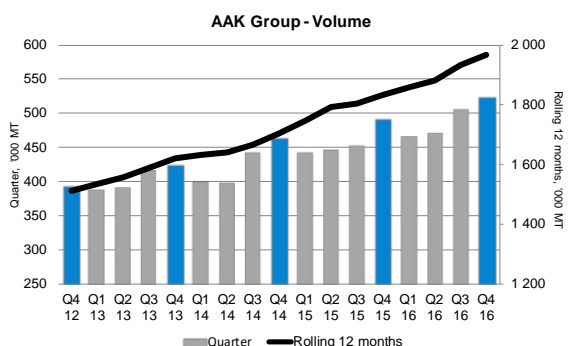
SEK million (unless otherwise stated)	Q4 2016	Q4 2015	Δ %	Full year 2016	Full year 2015	Δ %
Income statement						
Volumes ('000 MT)	524	491	+7	1,966	1,833	+7
Operating profit excluding non-recurring items	435 ¹⁾	388 ²⁾	+12	1,615 ³⁾	1,411 ⁴⁾	+14
Operating profit including non-recurring items	450 ¹⁾	373 ²⁾	+21	1,615 ³⁾	1,409 ⁴⁾	+15
Net profit	287	245	+17	1,040	945	+10
Financial position						
Total assets	17,184	13,896	-	17,184	13,896	-
Equity	7,576	6,650	-	7,576	6,650	-
Net working capital	3,604	3,087	-	3,604	3,087	-
Net interest-bearing debt	2,620	2,083	-	2,620	2,083	-
Cash flow						
EBITDA	574	490	+17	2,079	1,840	+13
Cash flow from operating activities	843	661	-	1,213	1,736	-
Cash flow from investing activities	-327	-549	-	-1,421	-1,016	-
Free cash flow	516	112	-	-208	720	-
Earnings per share						
Earnings per share before dilution, SEK	6.69	5.65	+18	23.71	22.17	+7
Earnings per share after dilution, SEK	6.69	5.64	+19	23.71	22.12	+7
Key figures						
Volume growth, %	+7	+6	-	+7	+8	-
Operating profit per kilo (excl. non-recurring items), SEK	0.83	0.79	+5	0.82	0.77	+6
Return on Capital Employed (R12 months)	15.8	15.7	+1	15.8	15.7	+1
Net debt / EBITDA, multiple	1.26	1.13	+12	1.26	1.13	+12

1) Non-recurring items for the fourth quarter 2016 amounted to SEK 15 million and consist of a reassessment of the preliminary negative goodwill relating to the acquisition of California Oils Corporation.

2) Non-recurring items for the fourth quarter 2015 consist of acquisition costs of SEK 15 million related to Kamani Oil Industries Pvt. and TLC.

3) Non-recurring items for the full year 2016 amounted to SEK 0 million and consist of acquisition costs of SEK 15 million and a net positive impact of SEK 15 million related to the acquisition of California Oils Corporation.

4) Non-recurring items for the full year 2015 amounted to negative SEK 2 million and consist of acquisition costs of SEK 15 million and SEK 45 million in net profit as a result of the sale of the company's office building in M.P. Bruuns Gade, Aarhus, Denmark. An assessment of previously made non-recurring provisions has resulted in increased provisions of SEK 32 million.



The AAK Group, fourth quarter 2016

Volumes

Volumes increased by 7 percent (6) compared to the fourth quarter 2015. Organic volume growth was 2 percent (1) despite continued declining commodity volumes in Food Ingredients where the growth in 2015 was exceptional. However, the demand for speciality and semi-speciality products was strong, generating organic volume growth of 5 percent (0).

Net sales

Sales amounted to SEK 6,326 million (5,266). The increase was mainly due to the positive product mix, increased raw material prices and acquisitions, partly offset by a negative translation impact of SEK 96 million.

Operating profit

Operating profit, excluding non-recurring items, reached SEK 435 million (388), an improvement of 12 percent compared to the corresponding quarter in 2015. The currency translation impact was negative SEK 8 million, mainly related to Food Ingredients. Operating profit at fixed foreign exchange rates and including non-recurring items, improved by 23 percent. Operating profit, including non-recurring items, amounted to SEK 450 million (373).

Operating profit per kilo, excluding non-recurring items, reached SEK 0.83 (0.79). The currency translation impact was negative SEK 0.02.

Net financial cost

Net financial cost increased, reaching SEK 46 million (29). The Group's borrowings in high-interest rate countries (Brazil, China and India) have increased due to ongoing greenfield

projects, recently made acquisitions, and increased working capital due to higher raw material prices.

Cash flow and investments

Operating cash flow including changes in working capital amounted to SEK 843 million (661). Cash flow from working capital was positive, amounting to SEK 426 million (292). The strong cash flow was due to increased accounts payables and reduced accounts receivables, this despite organic volume growth. Increased raw material prices and working capital tied up for the greenfield investments continued to have a negative impact on the cash flow.

Cash outflow from investing activities amounted to SEK 327 million (549). The lower investments are mainly due to the completion of our greenfield project in Brazil.

Financial position

The equity/assets ratio amounted to 44 percent (48 percent at December 31, 2015). Net debt at December 31, 2016 amounted to SEK 2,620 million (SEK 2,083 million on December 31, 2015). At December 31, 2016 the Group had total committed credit facilities of approximately SEK 6,139 million (5,924 as of December 31, 2015), with approximately SEK 3,388 million of unused committed credit facilities.

Employees

The average number of employees at December 31, 2016 was 2,971 (2,815 at December 31, 2015).

Business Area Food Ingredients, Q4 2016

	Q4 2016	Q4 2015	Δ%	Full year 2016	Full year 2015	Δ%
Operating profit						
+8 %						
Operating profit per kilo						
+3 %						
Volumes ('000 MT)	354	335	+6	1,325	1,258	+5
Net sales, SEK million	4,146	3,542	+17	14,707	13,556	+8
Operating profit, SEK million	278	257	+8	996	903	+10
Operating profit per kilo, SEK	0.79	0.77	+3	0.75	0.72	+4

Volumes

The demand for speciality and semi-speciality products was stable, generating organic volume growth of 1 percent (1). The picture between the segments was mixed though.

The Bakery segment had another challenging quarter, particularly in Western Europe. In other regions, however, we are starting to see some improvements.

The Dairy segment continued the trend from previous quarters and reported solid organic volume growth. Several regions and markets showed strong growth. Milk fat prices have been at a very low level for several quarters but have increased since the summer.

Special Nutrition, comprised of Infant, Senior and Medical Nutrition, reported double-digit volume growth. This was driven by an extraordinary volume growth for our Infant Nutrition product range Akonino®. Our other Infant Nutrition product range InFat®, sold through Advanced Lipids AB, a joint venture of AAK and Enzymotec, had a more challenging quarter after relatively strong volume growth last year. However, the product mix was significantly better.

Foodservice reported organic volume growth with good development particularly in the UK and the US.

Commodity products showed negative volume development after exceptional growth in 2015.

Net sales

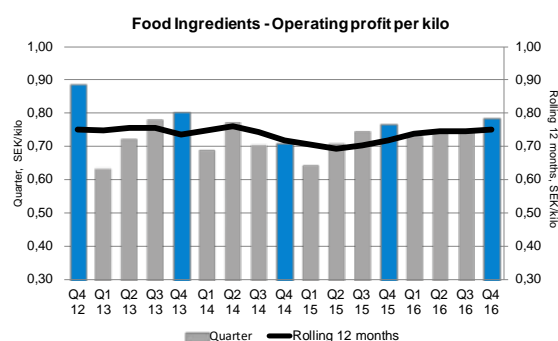
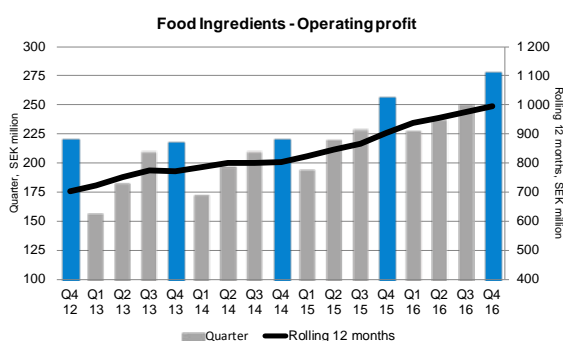
Sales amounted to SEK 4,146 million (3,542). The increase was mainly due to acquisitions, increased raw material prices, and an improved product mix, partly offset by lower commodity volumes, and a negative currency translation impact of SEK 111 million.

Operating profit

Operating profit improved by 8 percent to SEK 278 (257), due to a continued improved product mix, including a higher portion of customer co-developed solutions. Ramp-up costs in Brazil have, according to plan, been absorbed in the reported profit growth. The currency translation impact was negative SEK 8 million.

Operating profit per kilo for Food Ingredients increased to SEK 0.79 (0.77). This was due to an improved product mix, offset by a negative currency translation impact and ramp-up costs related to greenfield investments. At fixed foreign exchange rates, operating profit per kilo improved by 5 percent.

We expect a continued positive underlying development for this business area.



Business Area Chocolate & Confectionery Fats, Q4 2016

	Q4 2016	Q4 2015	Δ%	Full year 2016	Full year 2015	Δ%
Operating profit						
+25 %						
Operating profit per kilo						
+8 %						
Volumes ('000 MT)	100	86	+16	367	312	+18
Net sales, SEK million	1,858	1,414	+31	6,117	5,315	+15
Operating profit, SEK million	169	135	+25	664	553	+20
Operating profit per kilo, SEK	1.69	1.57	+8	1.81	1.77	+2

Volumes

Total volumes for the business area increased by 16 percent (2). Organic volume growth continued to be impressive, increasing by 16 percent in the quarter (negative 2).

There was continued organic volume growth for both high-end and low-end products in the quarter with the latter showing particularly strong growth for the second consecutive quarter.

After two years of severely deteriorating market conditions in Russia and Ukraine, the strong growth during the first three quarters continued, but still from low levels.

Net sales

Net sales increased by SEK 444 million as a consequence of volume growth, increased raw material prices, acquisitions, and a positive currency translation impact of SEK 14 million.

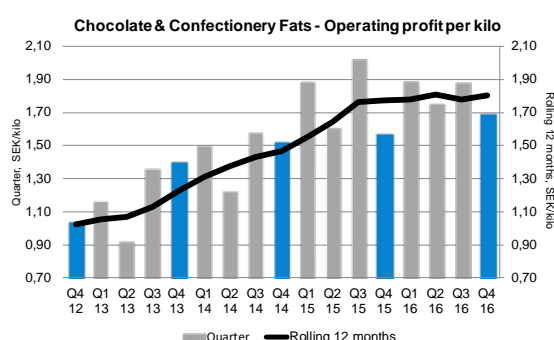
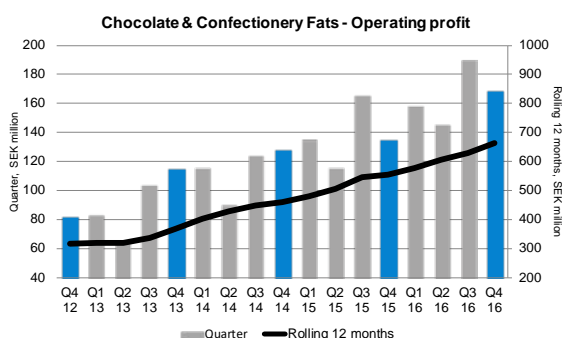
Recent years' strong customer co-development, new innovative solutions, and further expansion of our geographical footprint are continuing to yield positive results.

Operating profit

As expected, operating profit improved further, by 25 percent, and reached SEK 169 million (135). There was no currency translation impact in the quarter.

Operating profit per kilo for Chocolate & Confectionery Fats improved strongly and reached SEK 1.69 (1.57), an improvement of 8 percent. There was continued organic volume growth for both speciality and semi-speciality products in the quarter with the latter being particularly strong. Ramp-up costs related to greenfield investments have had a negative impact on operating profit per kilo.

We are expecting continued improvement in Chocolate & Confectionery Fats.



Business Area Technical Products & Feed, Q4 2016

	Q4 2016	Q4 2015	Δ%	Full year 2016	Full year 2015	Δ%
Operating profit						
-25 %						
Operating profit per kilo						
-24 %						
Volumes ('000 MT)	70	70	+0	274	263	+4
Net sales, SEK million	322	310	+4	1,233	1,243	-1
Operating profit, SEK million	24	32	-25	100	88	+14
Operating profit per kilo, SEK	0.34	0.45	-24	0.36	0.33	+9

Volumes

Volumes were stable compared to the corresponding quarter in 2015.

Net sales

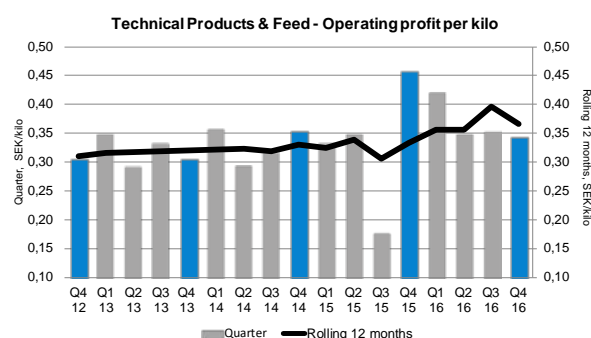
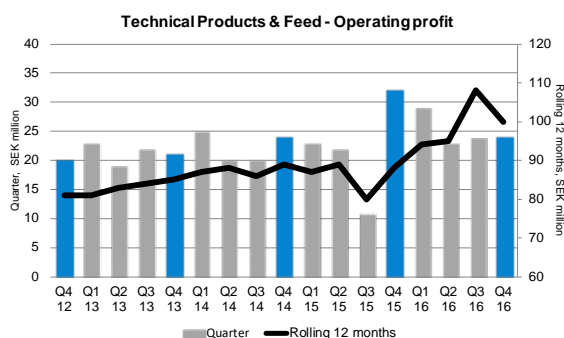
Net sales for the business area increased by SEK 12 million as a result of higher raw material prices.

Operating profit

Operating profit reached SEK 24 million (32). Last year's corresponding quarter was exceptionally strong for the fatty acids business. Pressure from higher raw material prices had an unfavourable impact on operating profit.

Operating profit per kilo decreased, reaching SEK 0.34 (0.45).

The operating profit is expected to be stable or to improve slightly compared to the prior year.



The AAK Group, full year 2016

Volumes

Total volumes were up 7 percent (8) and organic volume growth was up 2 percent (3).

Net sales

Sales amounted to SEK 22,057 million (20,114). The increase was mainly due to the positive product mix, increased raw material prices, and acquisitions, partly offset by a negative currency translation impact of SEK 648 million.

Operating profit

Operating profit, excluding non-recurring items, reached SEK 1,615 million (1,411), an improvement of 14 percent. Operating profit at fixed foreign exchange rates, and excluding non-recurring items, improved by 17 percent.

Including non-recurring items, operating profit reached SEK 1,615 million (1,409), an improvement of 15 percent. Non-recurring items amounted to net SEK 0 million (negative net 2). The currency translation impact was negative SEK 37 million.

Operating profit per kilo, excluding non-recurring items, reached SEK 0.82 (0.77). The currency translation impact was negative SEK 0.02.

Net financial cost

Net financial cost increased, reaching SEK 170 million (114). The Group's borrowings in high-interest rate countries (Brazil, China and India) have increased due to ongoing greenfield projects, recently made acquisitions, and increased working capital due to higher raw material prices.

Tax costs

Reported tax costs correspond to an average tax rate of 28 percent (27). The reported tax rate is 1 percent higher than last year due to increased earnings in countries with higher tax rates.

Cash flow and investments

Operating cash flow including changes in working capital amounted to SEK 1,213 million (1,736). Cash flow from working capital was negative, amounting to SEK 263 million (positive 380). This was due to the impact from substantially increased raw material prices during the last quarters, combined with working capital tied up for the two greenfield investments.

Cash outflow from investing activities amounted to SEK 1,421 million (1,016). The increased

outflow is mainly related to acquisitions and the greenfield projects in Brazil and China.

Acquisition of California Oils Corporation

AAK announced on July 15, 2016 its entry into an agreement to acquire California Oils Corporation. The transaction was completed on August 31. Acquisition costs of SEK 15 million were reported in the third quarter.

The acquisition will not start contributing to AAK's operating profit until the third quarter 2017. A material turnaround of the business is planned. This will be supported by the implementation of our customer co-development concept with focus on tailor-made speciality and semi-speciality solutions.

Due to the complexity of calculating a fair value of the assets and liabilities in California Oils Corporation, AAK made a very preliminary assessment of the fair value in the third quarter which resulted in a negative goodwill, equal to planned integration costs.

In the fourth quarter AAK made a final assessment. This resulted in a negative goodwill of SEK 135 million. The planned integration costs of SEK 120 million that were recorded in the third quarter remained unchanged.

Accordingly, a non-recurring, net positive impact of SEK 15 million has been reported on the line "Operating other income" in the Income Statement on page 13.

Acquisition of non-controlling interest in AAK Mexico

During the third quarter AAK acquired 4.5 percent of the non-controlling interest in AAK Mexico from United Plantation Berhad. AAK now owns more than 99 percent of the shares in AAK Mexico.

Changes in the Board of Directors

Melker Schörling announced in October, 2016 that he will leave his position as Chairman of the Board of AAK AB (publ.) at the Annual General Meeting on May 17, 2017. The Nomination Committee will make a proposal for new Chairman. Melker Schörling will continue to support and act as adviser to AAK's Management as well for the Board of AAK.

As earlier communicated, Ulrik Svensson left his position as CEO of Melker Schörling AB (publ.) at the end of the year. At the same time he left his position as Board member of AAK AB (publ.).

General information

Related parties

No significant changes have taken place in relations or transactions with related parties since 2015.

Risks and uncertainty factors

AAK is a global company represented in many countries and as such is exposed to a number of commercial and financial risks. Accordingly, risk management is an important process for AAK in its work to achieve established targets.

Efficient risk management is an ongoing process conducted within the framework of business control, and is part of the ongoing review and forward-looking assessment of operations.

AAK's long-term risk exposure is assumed not to deviate from the inherent exposure associated with AAK's ongoing business operations.

For a more in-depth analysis of risks, refer to AAK's Annual Report for 2015.

Accounting principles in 2016

This interim report is prepared in accordance with the Swedish Annual Accounts Act and IAS 34, Interim Financial Reporting. For information regarding the accounting policies applied, see the Annual Report for 2015. The accounting policies are unchanged, compared with those applied in 2015. A number of new and amended standards are effective for periods beginning after January 1, 2016. None of these is expected to have a significant effect on the consolidated financial statements of the Group or the Parent company.

Alternative Performance Measures (APMs)

New ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures (APMs) are effective for the financial year 2016. Accordingly, AAK publishes the explanation of use, definitions as well as reconciliations of its APMs to IFRS financial statements.

AAK presents APMs to reflect underlying business performance and to enhance comparability from period to period. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS.

Definitions of Alternative Performance Measures can be found at www.aak.com under the Investor tab. For reconciliation of Alternative Performance

Measures, see pages 17–18.

Definitions

For definitions, see the Annual Report for 2015.

Nomination Committee

At the Annual General Meeting 2016, Mikael Ekdahl (Melker Schörling AB), Lars-Åke Bokenberger (AMF Fonder), Henrik Didner (Didner & Gerge Fonder), and Johan Strandberg (SEB Investment Management) were elected members of the Nomination Committee. Mikael Ekdahl was elected Chairman of the Nomination Committee.

Annual General Meeting

The Annual General Meeting will be held on May 17, 2017 at 2 p.m. CET in Malmö, Sweden (Malmö Arena). The Annual Report for 2016 will be available at www.aak.com from April 19, 2017 and is expected to be distributed to the shareholders during the week starting April 24, 2017. The report will at that time also be available at AAK's headquarters.

Shareholders who wish to participate at the Annual General Meeting must be registered in the share register maintained by Euroclear Sweden AB on May 11, 2017. To be eligible to participate in the Annual General Meeting, shareholders with nominee-registered holdings should temporarily re-register their shares in their own names through the agency of their nominees so that they are recorded in the share register in good time before May 11, 2017. Notification of attendance should be made to AAK's head office no later than 4 p.m. CET on May 11, 2017.

Proposed dividend

The Board of Directors and the CEO propose that a dividend of SEK 8.75 (7.75) per share be paid for the financial year 2016. The proposed recording day for the dividend is May 19, 2017. It is expected that the dividend will reach the shareholders on May 24, 2017.

The Parent Company and Group Functions

The Parent Company is a holding company for the AAK Group. Its functions are primarily activities related to the development and administration of the Group.

The result for the Parent Company after financial items amounted to negative SEK 14 million (1).

Interest-bearing liabilities minus cash and cash equivalents and interest-bearing assets totalled a negative of SEK 1,301 million (negative 1,007 as of December 31, 2015). Investments in intangible and tangible assets amounted to SEK 5 million (4).

The Parent Company's balance sheet and income statement are shown on pages 13–14.

Accounting policies

AAK AB (publ.) is the Parent Company of the AAK Group. The company has prepared its financial reports in accordance with the Annual Accounts Act and RFR 2 Reporting for legal entities.

Changes in the balance sheet

No major change in the parent company since year-end.

Malmö, February 3, 2017

Melker Schörling
Chairman of the Board

Arne Frank
Chief Executive Officer

Märta Schörling
Board member

Marianne Kirkegaard
Board member

Lillie Li Valeur
Board member

Annika Westerlund
Trade union representative

Leif Håkansson
Trade union representative

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The information is that which AAK AB (publ.) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Act. The information was submitted for publication, through the agency of the contact person set out above, at 07:50 a.m. CET on February 3, 2017.

Report of Review of Interim Financial Information

Introduction

We have reviewed the condensed interim financial information (interim report) of AAK AB (publ.) as of December 31, 2016 and the twelve-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA,

and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, February 2, 2017

PricewaterhouseCoopers

Sofia Götmar-Blomstedt
Authorized Public Accountant

Income statement

SEK million	Group			Parent		
	Q4 2016	Q4 2015	Full year 2016	Full year 2015	Full year 2016	Full year 2015
Net sales	6,326	5,266	22,057	20,114	95	80
Other operating income	44	47	109	194	0	0
Total operating income	6,370	5,313	22,166	20,308	95	80
Raw materials and supplies	-4,741	-3,884	-16,362	-15,008	-	-
Other external expenses	-558	-513	-1,973	-1,833	-63	-96
Cost for remuneration to employees	-492	-425	-1,726	-1,590	-101	-88
Amortization and impairment losses	-124	-117	-464	-431	-1	-1
Other operating expenses	-5	-1	-26	-37	-3	-15
Total operating costs	-5,920	-4,940	-20,551	-18,899	-168	-200
Operating profit (EBIT)	450	373	1,615	1,409	-73	-120
Income from shares in group companies	-	-	-	-	63	125
Interest income	1	1	6	3	0	0
Interest expense	-43	-27	-159	-99	-4	-4
Other financial items	-4	-3	-17	-18	-	0
Total financial net	-46	-29	-170	-114	59	121
Result before tax	404	344	1,445	1,295	-14	1
Income tax	-117	-99	-405	-350	-5	-1
Net result	287	245	1,040	945	-19	0
Attributable to non-controlling interests	4	6	37	12	-	-
Attributable to the Parent company's shareholders	283	239	1,003	933	-19	0

Comprehensive income

SEK million	Group			Parent		
	Q4 2016	Q4 2015	Full year 2016	Full year 2015	Full year 2016	Full year 2015
Profit for the period	287	245	1,040	945	-19	0
Items that will not be reclassified to profit or loss:						
Remeasurements of post-employment benefit obligations	6	16	5	19	-	-
	6	16	5	19	-	-
Items that may subsequently be reclassified to profit or loss:						
Translation differences	194	-62	189	44	-	-
Fair-value changes in cash flow hedges	2	8	23	25	-	-
Tax attributable to fair-value changes in cash flow hedges	0	-2	-5	-6	-	-
	196	-56	207	63	-	-
Total comprehensive income for the period	489	205	1,252	1,027	-19	0
Attributable to non-controlling interests	2	4	36	7	-	-
Attributable to the Parent company's shareholders	487	201	1,216	1,020	-19	0

Condensed balance sheet

SEK million	Group		Parent	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Assets				
Goodwill	1,686	1,567	-	-
Other intangible assets	357	377	5	3
Tangible assets	5,164	4,295	4	1
Financial assets	32	52	5,485	5,476
Deferred tax assets	201	97	-	-
Total non-current assets	7,440	6,388	5,494	5,480
Inventory	4,850	3,599	-	-
Accounts receivables	3,027	2,426	-	-
Current receivables	1,281	1,024	145	193
Cash and cash equivalents	586	459	-	-
Total current assets	9,744	7,508	145	193
Total assets	17,184	13,896	5,639	5,673
Equity and liabilities				
Shareholders' equity	7,522	6,597	4,243	4,590
Non-controlling interests	54	53	-	-
Total equity including non-controlling interests	7,576	6,650	4,243	4,590
Liabilities to banks and credit institutions	2,857	2,132	-	-
Pension liabilities	134	128	8	-
Deferred tax liabilities	520	454	-	-
Non-interest-bearing liabilities	320	288	-	-
Total non-current liabilities	3,831	3,002	8	-
Liabilities to banks and credit institutions	217	287	-	-
Accounts payables	3,258	2,383	9	6
Other current liabilities	2,302	1,574	1,379	1,077
Total current liabilities	5,777	4,244	1,388	1,083
Total equity and liabilities	17,184	13,896	5,639	5,673

No changes have arisen in contingent liabilities.

AAK Group – Change in equity

SEK million	Total equity capital	Non-controlling interests	Total equity incl. non-controlling interests
Openings equity January 1, 2016	6,597	53	6,650
Profit for the period	1,003	37	1,040
Other comprehensive income	213	-1	212
Total comprehensive income	1,216	36	1,252
Non-controlling interest	37	-35	2
Dividend	-328	-	-328
Closing equity December 31, 2016	7,522	54	7,576

SEK million	Total equity capital	Non-controlling interests	Total equity incl. non-controlling interests
Openings equity January 1, 2015	5,755	45	5,800
Profit for the period	933	12	945
Other comprehensive income	86	-4	82
Total comprehensive income	1,019	8	1,027
New issue of shares	107	-	107
Dividend	-284	-	-284
Closing equity December 31, 2015	6,597	53	6,650

During 2015, 569,400 new shares have been issued which have increased equity by SEK 107 million.

Financial instruments

SEK million	Asset	Liability
Financial instruments reported in balance sheet December 31, 2016		
Raw material hedge contracts	246	504
FX hedge contracts	223	173
Interest rate swaps	-	46
Total derivatives financial instruments	469	723
Fair value adjustment inventory	246	1
Total financial instruments	715	724

AAK Group – Cash flow statement

SEK million	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Operating activities				
Operating profit	450	373	1,615	1,409
Depreciation and amortization	124	117	464	431
Other non-cash items	-37	-20	-37	-100
Cash flow before interest and tax	537	470	2,042	1,740
Interest paid and received	-42	-30	-163	-114
Tax paid	-78	-71	-403	-270
Cash flow before changes in working capital	417	369	1,476	1,356
Changes in inventory	-277	-246	-818	-292
Changes in accounts receivables	52	193	-489	126
Changes in accounts payables	563	139	814	148
Changes in other working capital items	88	206	230	398
Changes in working capital	426	292	-263	380
Cash flow from operating activities	843	661	1,213	1,736
Investing activities				
Acquisition of intangible and tangible assets	-326	-426	-977	-994
Acquisition of operations and shares, net of cash acquired	-2	-123	-449	-123
Proceeds from sale of property, plant and equipment	1	0	5	1
Divestment of operations and shares	-	-	-	100
Cash flow from investing activities	-327	-549	-1,421	-1,016
Cash flow after investing activities	516	112	-208	720
Financing activities				
New share issue	-	23	-	107
Changes in loans	-342	-78	645	-344
Dividend paid	-	-	-328	-284
Cash flow from financing activities	-342	-55	317	-521
Cash flow for the period	174	57	109	199
Cash and cash equivalents at start of period	403	392	459	264
Exchange rate difference for cash equivalents	9	10	18	-4
Cash and cash equivalents at end of period	586	459	586	459

AAK Group – Share data

	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Number of shares, thousand	42,288	42,288	42,288	42,288
Earnings per share, SEK*	6.69	5.65	23.71	22.17
Earnings per share incl. dilution, SEK**	6.69	5.64	23.71	22.12
Earnings per share incl. full dilution, SEK***	6.69	5.65	23.71	22.16
Equity per share, SEK	177,87	156,77	177,87	156,77
Market value on closing date, SEK	599,50	627,50	599,50	627,50

* The calculation of earnings per share is based on weighted average number of outstanding shares.

** The calculation of earnings per share is based on weighted average number of outstanding shares including dilution from outstanding subscription options (in accordance with IAS 33).

*** Earnings per share after full dilution is calculated by dividing net income for the period by the total number of average outstanding shares for the period including a conversion of all outstanding share options to ordinary shares.

Quarterly data – Business areas

Operating profit

SEK million	2015				Full year	2016				Full year
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Food Ingredients	195	221	230	257	903	229	238	251	278	996
Chocolate & Confectionery Fats	136	116	166	135	553	159	146	190	169	664
Technical Products & Feed	23	22	11	32	88	29	23	24	24	100
Group Functions	-33	-33	-31	-36	-133	-36	-39	-34	-36	-145
Total AAK Group excl. non-recurring items	321	326	376	388	1,411	381	368	431	435	1,615
Acquisition costs and non-recurring items	-	13	-	-15	-2	-	-	-15	15	-
Total legal operating profit AAK Group	321	339	376	373	1,409	381	368	416	450	1,615
Financial net	-27	-30	-28	-29	-114	-38	-39	-47	-46	-170
Result before tax	294	309	348	344	1,295	343	329	369	404	1,445

Alternative Performance Measures (APMs)

Organic volume growth

%	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Food Ingredients				
Organic volume growth	-2	2	-2	5
Acquisitions/divestments	8	6	7	8
Volume growth as reported	6	8	5	13
Chocolate & Confectionery Fats				
Organic volume growth	16	-2	13	-2
Acquisitions/divestments	0	4	5	1
Volume growth as reported	16	2	18	-1
Technical Products & Feed				
Organic volume growth	0	3	4	-2
Acquisitions/divestments	0	0	0	-1
Volume growth as reported	0	3	4	-3
AAK Group				
Organic volume growth	2	1	2	3
Acquisitions/divestments	5	5	5	5
Volume growth as reported	7	6	7	8

EBITDA

SEK million	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Operating profit (EBIT)	450	373	1,615	1,409
Add back depreciation and amortization	124	117	464	431
EBITDA	574	490	2,079	1,840

Return on Capital Employed (ROCE)

SEK million	Full year 2016	Full year 2015
Total assets	17,184	13,896
Cash and cash equivalents	-586	-459
Financial assets	-3	-8
Accounts payables	-3,258	-2,383
Other non-interest-bearing liabilities	-2,293	-1,571
Capital employed	11,044	9,475
Operating profit (Rolling 12 months)	1,615	1,409
Return on Capital Employed (ROCE), %	14.6	14.9

Working capital

SEK million	Full year 2016	Full year 2015
Inventory	4,850	3,599
Accounts receivables	3,027	2,426
Other current receivables, non-interest-bearing	1,277	1,016
Accounts payables	-3,258	-2,383
Other current liabilities, non-interest-bearing	-2,293	-1,571
Working capital	3,603	3,087

Net debt

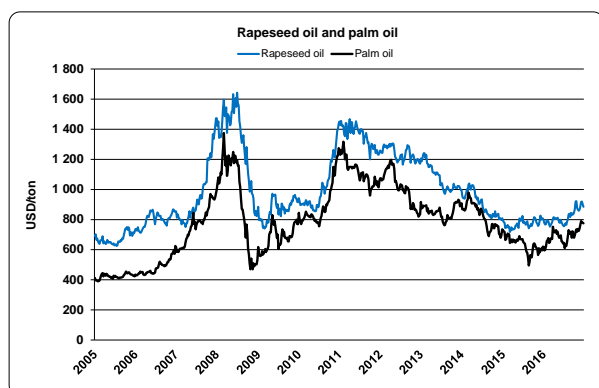
SEK million	Full year 2016	Full year 2015
Current interest-bearing receivables	3	8
Cash and cash equivalents	586	459
Pension liabilities	-134	-128
Non-current liabilities to banks and credit institutions	-2,857	-2,132
Current liabilities to banks and credit institutions	-217	-287
Other interest-bearing liabilities	-1	-3
Net debt	-2,620	-2,083

Equity to assets ratio

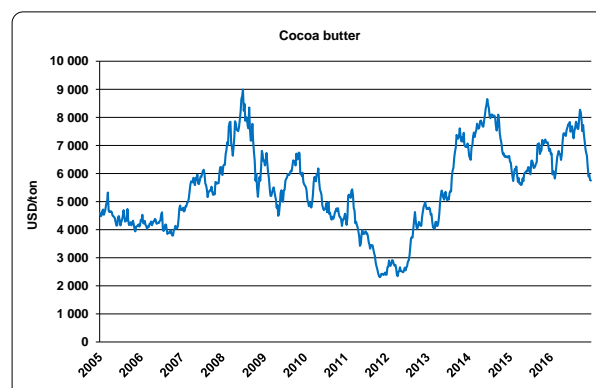
SEK million	Full year 2016	Full year 2015
Shareholders' equity	7,522	6,597
Non-controlling interests	54	53
Total equity including non-controlling interests	7,576	6,650
Total assets	17,184	13,896
Equity to assets ratio, %	44.1	47.9

Price trends in raw materials

Rapeseed oil and palm oil



Cocoa butter



For information regarding cocoa and cocoa butter please refer to information at www.icco.org

Additional information

Press and analyst conference

AAK will host a conference call on February 3, 2017 at 1 p.m. CET. The conference call can be accessed via our home page, www.aak.com.

The annual and quarterly reports are also published on www.aak.com.

Financial calendar 2017

The interim report for the first quarter 2017 will be published on April 20, 2017.

The Annual General Meeting will be held on May 17, 2017.

The interim report for the second quarter 2017 will be published on July 17, 2017.

The interim report for the third quarter 2017 will be published on October 26, 2017.

The fourth quarter and year-end report for 2017 will be published on February 5, 2018.

Forward-looking statements

This report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of AAK AB (publ.), may cause actual developments and results to differ materially from the expectations expressed in this report.

Governing text

The report has been translated from Swedish. The Swedish text shall govern for all purposes and prevail in the event of any discrepancy between the versions.

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The first choice for value-adding vegetable oil solutions

We develop and provide value-adding vegetable oil solutions in close collaboration with our customers, enabling them to achieve long lasting business results.

We do so through our in-depth expertise in oils & fats within food applications, working with a wide range of raw materials and broad process capabilities.

Through our unique co-development approach we bring together our customers' skills and know-how with our capabilities and mindset. By doing so, we solve customer specific needs across many industries – Chocolate & Confectionery, Bakery, Dairy, Special Nutrition, Foodservice, Personal Care, and more.

AAK's proven expertise is based on more than 140 years of experience within oils & fats. With our headquarters in Malmö, Sweden, 20 production facilities and customization plants, and sales offices in more than 25 countries, our more than 2,800 employees are dedicated to providing innovative value-adding solutions to our customers.

So no matter where you are in the world, we are ready to help you achieve long lasting results.

We are AAK – The Co-Development Company.



AAK AB (publ.)

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