

Press release

AAK's Interim report for the first quarter 2018 – record-high operating profit for a first quarter

AAK Group

- Total volumes for the quarter amounted to 551,000 MT (515,000), an organic growth of 7 percent (5).
- Operating profit, including a negative currency translation impact of SEK 9 million, reached SEK 460 million (431), an improvement by 7 percent.
- Net result amounted to SEK 317 million (275), an improvement by 15 percent.
- Earnings per share increased by 15 percent, to SEK 7.42 (6.47).
- Cash flow from operating activities was negative and amounted to SEK 396 million (negative 408).
- Return on Capital Employed (ROCE), R12M, was 15.4 percent (15.6 at December 31, 2017).

Business areas

- Food Ingredients – operating profit improved strongly by 9 percent to SEK 271 million (249).
- Chocolate & Confectionery Fats – operating profit reached SEK 190 million (196).
- Technical Products & Feed – operating profit increased by 89 percent, reaching SEK 36 million (19).

Acting CEO's comments

The favorable trend we have seen in most of our product segments for some time continued during the first quarter. Based on our initiatives and by focusing on selected segments and applications in line with our company program The AAK Way, the strong organic volume growth continued and reached 7 percent (5). We are clearly gaining market shares.

We achieved a record-high year-over-year operating profit of SEK 460 million (431), an improvement of 7 percent. The currency translation impact was negative by SEK 9 million. Fewer working days compared to the corresponding quarter last year as well as harsh weather conditions in parts of the US lessened the increase in operating profit.

We have seen high single-digit growth in operating profit for business area Food Ingredients. Segments Dairy and Special Nutrition, in particular, continue to show good development. Most of our geographical markets have seen good progress during the quarter.

After a particularly strong first quarter last year, Chocolate & Confectionery Fats had a more challenging quarter due to the volatility in some of our raw materials and slightly more aggressive pricing from some competitors. It is also important to note the seasonality in our chocolate business. This year, Easter fell in the first quarter while it in 2017 fell in the second quarter.

Business area Technical Products & Feed has successfully continued to improve the product mix, particularly within the fatty acids business.



AAK is dedicated to continuously improve. This is vital to secure customer success and shareholder value in both the short and the long term. AAK's improved profitability is the result of hard work across the Group.

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 a continued improvement in Chocolate & Confectionery Fats.

Press and analyst conference

The Interim report for the first quarter 2018 will be presented today, April 23, 2018 at 1 p.m. CET at a press and analyst conference. For participation, please see instructions under the Investor tab at the AAK website, www.aak.com.

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*AAK is a leading provider of value-adding vegetable oils & fats. Our expertise in lipid technology within foods and special nutrition applications, our wide range of raw materials and our broad process capabilities enable us to develop innovative and value-adding solutions 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. Our unique co-development approach brings our customers' skills and know-how together with our own capabilities and mindset for lasting results. Listed on Nasdaq Stockholm and with our headquarters in Malmö, Sweden, AAK has 20 different production facilities, sales offices in more than 25 countries and more than 3,300 employees. **We are AAK – The Co-Development Company.***

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