

# Press release

## AAK's Interim report for the first quarter 2019 – strong organic growth and strategic investments

### AAK Group

- Total volumes for the first quarter amounted to 572,000 MT (551,000), organic growth of 4 percent (7).
- Operating profit, excluding acquisition costs of SEK 9 million, reached SEK 509 million (460), a year-over-year improvement by 11 percent. Including acquisition costs, operating profit increased by 9 percent.
- Net result amounted to SEK 352 million (317), an improvement of 11 percent.
- Earnings per share increased by 9 percent, to SEK 1.35 (1.24).
- Cash flow from operating activities amounted to SEK 394 million (negative 396).
- Return on Capital Employed (ROCE), R12M, was 15.4 percent (15.8 at December 31, 2018).

### Business areas

- Food Ingredients – operating profit improved by 14 percent to SEK 308 million (271).
- Chocolate & Confectionery Fats – operating profit reached SEK 206 million (190), an improvement of 8 percent.
- Technical Products & Feed – operating profit reached SEK 36 million (36).

### CEO's comments

The consistent positive trend in organic volume and profit growth continued during the first quarter. Food Ingredients was the main driver for our profit growth with good contributions from all segments.

Organic volume growth for the Group was 4 percent (7). Business area Chocolate & Confectionery Fats accounted for the strongest volume growth, reporting an increase of 13 percent compared to last year.

Operating profit, excluding acquisition costs, amounted to SEK 509 million, an improvement of 11 percent compared to last year and a record-high operating profit for a first quarter. Earnings per share and operating cash flow were also good in the quarter.

Food Ingredients had a strong start to the year with a 14 percent growth in operating profit. Dairy and Foodservice led the way, but Bakery and Special Nutrition also contributed. All geographic markets showed good progress during the quarter.

Chocolate & Confectionery Fats had a good quarter with continued profit growth and we continue to see strong demand for high-end solutions. As expected, volatility in raw material yields continued during the quarter, impacting operating profit negatively. Our investment projects to increase capacity and strengthen our supply chain are progressing according to plan.



Business area Technical Products & Feed had a stable quarter following a very strong performance in 2018. There was continued good momentum in the business area, but the number of production days was slightly lower than normal due to a longer maintenance stop.

Some key strategic events during the quarter include the acquisitions of Dutch company MaasRefinery B.V. and British foodservice company BD Foods Ltd. We have also decided to make add-on investments in our production facility in Zhangjiagang, China that will increase our capacity and support the expected future volume growth.

We offer plant-based, healthy, high value-adding oils and fats solutions by using our customer co-development approach and we see favorable underlying trends in our markets. Thus, we continue to remain prudently optimistic about the future.

### Press and analyst conference

The Interim report for the first quarter 2019 will be presented today, April 23, 2019 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](http://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 more than 20 different production facilities, sales offices in more than 25 countries and more than 3,700 employees. **We are AAK – The Co-Development Company.***

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