

# Press release

## AAK's Interim report for the second quarter 2019 – strong profit growth and strategic launch of our portfolio for plant-based alternatives

### AAK Group

- Total volumes for the second quarter amounted to 565,000 MT (550,000), organic growth of 3 percent (6).
- Operating profit, including a positive currency translation impact of SEK 19 million, reached SEK 518 million (454), an improvement of 14 percent.
- Net result amounted to SEK 362 million (310), an improvement of 17 percent.
- Earnings per share increased by 18 percent, to SEK 1.42 (1.20).
- Cash flow from operating activities amounted to SEK 408 million (396).
- Return on Capital Employed (ROCE), R12M, was 15.5 percent (15.8 at December 31, 2018).

### Business areas

- Food Ingredients – operating profit improved by 18 percent to SEK 346 million (292).
- Chocolate & Confectionery Fats – operating profit reached SEK 177 million (169), an improvement of 5 percent.
- Technical Products & Feed – operating profit reached SEK 35 million (32), an improvement of 9 percent.

### CEO's comments

Our strong profit growth continued in the second quarter with Food Ingredients as the main driver. Chocolate & Confectionery Fats and Technical Products & Feed also contributed nicely.

Organic volume growth was 3 percent (6) where Chocolate & Confectionery Fats had the strongest growth, reporting an increase of 15 percent.

Operating profit amounted to SEK 518 million, an improvement of 14 percent compared to last year and an all-time high operating profit for a second quarter. Earnings per share increased by 18 percent with a good operating cash flow in the quarter.

Food Ingredients continued its strong trend with an improved operating profit of 18 percent. Dairy, Bakery and Foodservice led the way, but there was good contribution from Special Nutrition as well. The strongest regional developments were in the US, North Latin America and Asia.

Chocolate & Confectionery Fats had another stable quarter and we continue to see a strong demand for high-end solutions. The strongest developments were in Europe and South Latin America. As expected, lower than normal raw material yields continued to impact operating profit negatively. Our investment projects to increase capacity and strengthen our supply chain are progressing according to plan and are expected to be completed by year-end.



Business area Technical Products & Feed improved its operating profit by 9 percent despite a very strong performance in 2018. The continued good momentum was particularly driven by the feed business.

Some key strategic events during the quarter include the launch of AkoPlanet™, our new portfolio with tailor-made solutions for food manufacturers developing plant-based alternatives within the meat, dairy and ice cream segments. We have also launched COBAO™ Pure, a breakthrough chocolate solution that delivers significantly improved bloom-retarding effects, delays migration, and extends shelf life.

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 second quarter 2019 will be presented today, July 16, 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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