



Interim report

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Second quarter 2018

AAK

Financial highlights

Q2 2018

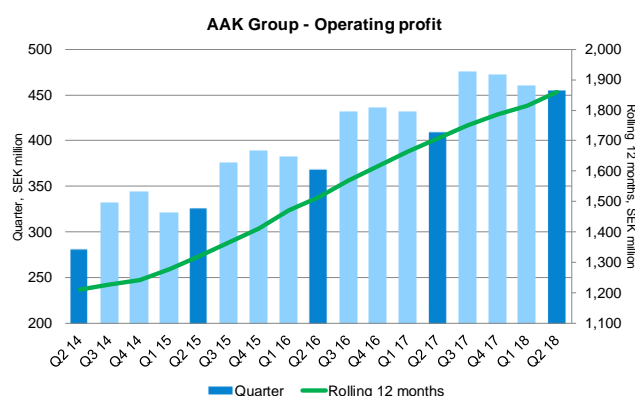
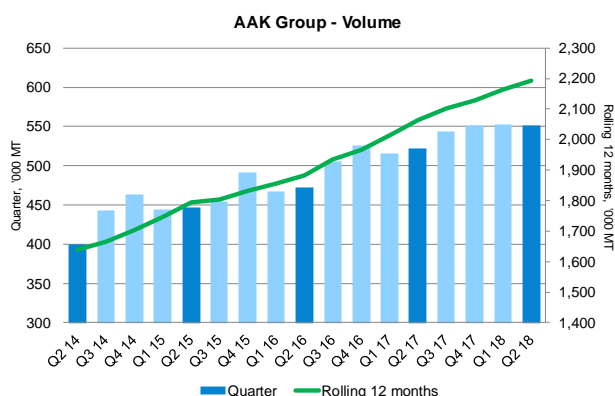
- Total volumes for the quarter amounted to 550,000 MT (521,000), an organic growth of 6 percent (5).
- Operating profit, including a positive currency translation impact of SEK 2 million, reached SEK 454 million (409), an improvement by 11 percent.
- Net result amounted to SEK 310 million (273), an improvement by 14 percent.
- Earnings per share increased by 15 percent, to SEK 1.20 (1.04).
- Cash flow from operating activities amounted to SEK 396 million (171).
- Return on Capital Employed (ROCE), R12M, was 15.5 percent (15.6 at December 31, 2017).

Q1-Q2 2018

- Total volumes for the period amounted to 1,101,000 MT (1,036,000), an organic growth of 6 percent (10 whereof organic growth 5).
- Operating profit, including a negative currency translation impact of SEK 7 million, reached SEK 914 million (840), an improvement by 9 percent.
- Net result amounted to SEK 627 million (548), an improvement by 14 percent.
- Earnings per share increased by 15 percent, to SEK 2.43 (2.12).
- Cash flow from operating activities amounted to SEK 0 million (negative 237).
- Return on Capital Employed (ROCE), R12M, was 15.5 percent (15.6 at December 31, 2017).

	Q2 2018	Q2 2017	Δ %	Q1-Q2 2018	Q1-Q2 2017	Δ %	R12 months	Full year 2017
Volumes, '000 MT	550	521	+6	1,101	1,036	+6	2,194	2,129
Operating profit, SEK million	454	409	+11	914	840	+9	1,860	1,786
Operating profit per kilo, SEK	0.83	0.79	+5	0.83	0.81	+2	0.85	0.84
Net result, SEK million	310	273	+14	627	548	+14	1,291	1,212
Earnings per share, SEK*	1.20	1.04	+15	2.43	2.12	+15	5.02	4.71
Return on Capital Employed (R12M), percent	15.5	15.3	+1	15.5	15.3	+1	15.5	15.6

* Share data recalculated in accordance with the decided share split (6:1) by the Annual General Meeting on May 30 2018.



CEO's comments

Continued strong performance

The positive trend we have seen over the last few years continued during the second quarter. Organic volume growth reached 6 percent (5). Based on our initiatives and by focusing on selected segments and applications in line with our company program The AAK Way, we continue to gain market shares.

Year-over-year, operating profit increased by 11 percent to SEK 454 million (409), a new all-time high for a second quarter. Earnings per share increased by 15 percent. Operating cash flow including changes in working capital was also good in the quarter.

All three business areas showed volume growth as well as profit growth. In addition, most of our geographic markets have seen good progress. However, there has been a slightly weaker development in the US market during the quarter.

Food Ingredients had another strong quarter with Dairy and Special Nutrition leading the way. For the second consecutive quarter our Bakery segment continued to show growth.

After a challenging first quarter, Chocolate & Confectionery Fats was back to a small profit growth. This despite being hampered by a stretched utilization of some production lines as well as a planned maintenance stop which will support future volume growth of high-end products.

Business area Technical Products & Feed reported strong volume and profit growth in the quarter. The product mix continued to improve within the fatty acids business. Compared to last year we had a shorter maintenance stop and lower raw material prices.

The AAK Way

Our company program The AAK Way is progressing well and yielding good results.

To further broaden our geographic footprint, we have taken important steps in Asia during the quarter. We have decided to invest in a customization plant in the Philippines. This will strengthen our position in yet another important market, particularly within Special Nutrition, Dairy and Chocolate & Confectionery Fats.

We have also signed an exclusive agent and distributor agreement with Food Specialities Limited (FSL), based in Dubai, to increase our presence in the Middle East.

Further to this, a new Customer Innovation Center will be established in Tokyo to enable us to co-develop chocolate and other speciality solutions together with our customers in Japan.



Initial reflections

During my first months I have visited most of our sites around the world to learn more about our different businesses.

It has been very interesting, informative and above all motivating. Professionalism, dedication and a passion for AAK, our partners, our solutions and innovations permeate the entire organization.

It is with great joy and pride that I summarize my first time in AAK, a very well-managed company. We have a decentralized organization with strong regional leadership and with constant focus on customer co-development.

With these qualities and with a drive to continuously grow and evolve, I'm convinced that we have a good base from which we can continue to grow profitably, organically and through acquisitions.

Concluding remarks

Based on our 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.

Johan Westman
CEO and President

The AAK Group, second quarter 2018

Volumes

Volumes continued to grow nicely, by 6 percent (11). Organic volume growth was 6 percent (5) due to an increased demand for speciality and semi-speciality products, which alone generated organic volume growth of 4 percent (5).

Net sales

Sales amounted to SEK 6,929 million (6,612). There was an underlying growth in sales due to a positive product mix, organic volume growth and a positive currency translation impact of SEK 16 million.

Operating profit

Operating profit reached SEK 454 million (409), an improvement of 11 percent compared to the corresponding quarter in 2017.

The currency translation impact was positive SEK 2 million of which SEK 3 million was related to Food Ingredients, SEK 0 million to Chocolate & Confectionery Fats and negative SEK 1 million to Group Functions. The currency translation impact was insignificant and the improvement in operating profit remained at 11 percent.

Operating profit per kilo reached SEK 0.83 (0.79), an increase by 5 percent.

Net financial cost

Net financial cost increased and amounted to SEK 31 million (22). This was due to increased borrowings in high interest rate countries and increased interest rates in a few markets.

Earnings per share

Earnings per share increased by 15 percent, to SEK 1.20 (1.04), due to increased operating profit and lower tax costs, partly offset by higher financial costs.

Cash flow and investments

Operating cash flow including changes in working capital amounted to SEK 396 million (171). Cash flow from working capital was positive, amounting to SEK 65 million (negative 66).

Despite continued volume growth (impacting negatively on accounts receivables) cash flow from working capital was positive due to reduced inventory levels and higher accruals. This was partly offset by reduced accounts payables.

Cash outflow from investing activities amounted to SEK 174 million (192).

Return on Capital Employed (ROCE)

Calculated on a rolling 12 months basis, Return on Capital Employed (ROCE) was 15.5 percent (15.6 at December 31, 2017). The increased operating profit has been offset by higher working capital during the first quarter this year. ROCE for the second quarter was 14.4 percent compared to 14.5 percent for the corresponding quarter 2017.

Financial position

The equity/assets ratio amounted to 46 percent (46 percent at December 31, 2017). Net debt at June 30, 2018 amounted to SEK 3,363 million (SEK 2,666 million at December 31, 2017). In June, SEK 412 million was paid in dividend. At June 30, 2018 the Group had total committed credit facilities of SEK 6,476 million (6,213 as of December 31, 2017), with SEK 2,923 million of unused committed credit facilities.

Employees

The average number of employees at June 30, 2018 was 3,433 (3,399 at December 31, 2017).

Selected key events



On May 30, AAK's Annual General Meeting was held in Malmö, Sweden. This year we had a record-high 840 participants – shareholders and guests. The high number of participants is great recognition from our stakeholders that our work and performances are appreciated and that we are steering our company in the right direction.

At the end of May, AAK announced that it will invest in a customization plant in the Philippines. The plant will be located on land owned by oils and fats refinery San Pablo Manufacturing Company in Batangas, approximately 100 kilometers south of Manila. The investment will strengthen our position in yet another important Asian market. The customization plant, which will be operational at the end of 2018, will be located close to many of our key customers and offers very good inbound and outbound logistics for the Philippine market.



In June, AAK signed an exclusive agent and distributor agreement with Food Specialities Limited (FSL), the leading food and beverage ingredient supplier in the GCC (Gulf Cooperation Council) region. FSL, with its headquarters in Dubai and with warehousing facilities in Saudi Arabia and the United Arab Emirates, offers a wide range of products within food and beverage, foodservice, FMCG as well as within the dairy, agro and pharmaceutical industries. Thanks to this new cooperation, AAK's innovative and customized solutions will make their way to our customers via FSL's wide distribution network in the GCC countries.

Last month, we announced that we will open a Customer Innovation Center in the Minato ward of Tokyo, this to further strengthen our capabilities and customer co-development approach in the Japanese market. The center will be focused on applications within Chocolate & Confectionery Fats but will also cover customer innovation projects and new product development within our Dairy and Special Nutrition segments.

Food Ingredients, Q2 2018

Operating profit
+ 8%

Operating profit per kilo
+ 3%

	Q2 2018	Q2 2017	Δ %	Q1-Q2 2018	Q1-Q2 2017	Δ %	R12 months	Full year 2017
Volumes, '000 MT	378	360	+5	752	705	+7	1,494	1,447
Net sales, SEK million	4,717	4,457	+6	9,175	8,852	+4	17,988	17,665
Operating profit, SEK million	292	271	+8	563	520	+8	1,150	1,107
Operating profit per kilo, SEK	0.77	0.75	+3	0.75	0.74	+1	0.77	0.77

Volumes

Food Ingredients reported organic volume growth of 5 percent (3). The demand for speciality and semi-speciality products continued to be good, generating organic volume growth of 5 percent (2).

The Bakery segment reported volume growth for the second consecutive quarter. However, the challenge to change the product mix towards a greater proportion of high-end products remains. There was organic volume growth in all regions except the US which continued to be weak.

The Dairy segment continued the strong trend from the past years and once again reported double-digit organic volume growth. All regions showed strong growth except the Nordics which experienced decreased volumes of low-end semi-speciality solutions.

Special Nutrition continued its strong momentum. The segment once again reported volume growth with an improved product mix compared to the corresponding quarter last year. Sub-segment Infant Nutrition was the main driver but we also progressed within Medical and Senior Nutrition, although from a much smaller base.

Due to harsher market conditions in the US, volumes in Foodservice declined slightly. However, the Nordics continued to improve after a challenging 2017. Commodity products reported organic volume growth of 3 percent (7).

Net sales

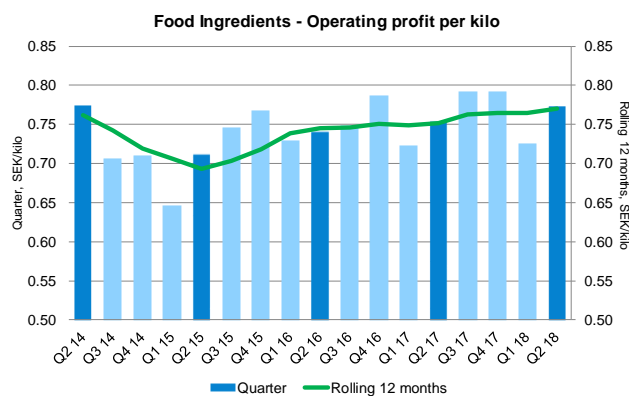
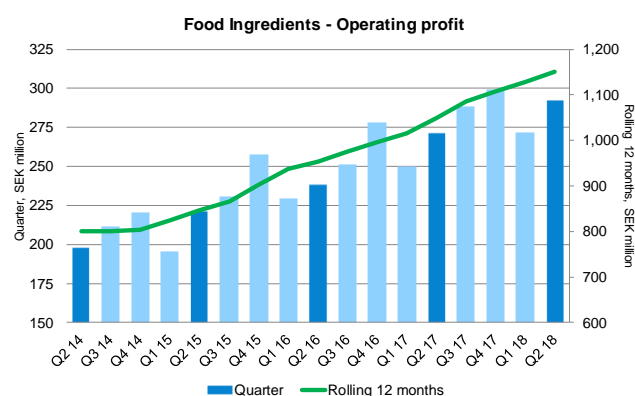
Sales amounted to SEK 4,717 million (4,457). The increase was mainly due to a continued positive product mix, organic volume growth and a positive currency translation impact of SEK 29 million.

Operating profit

Operating profit improved by 8 percent to SEK 292 million (271). This was driven by a continued improved product mix, including a higher proportion of customer co-developed solutions. The currency translation impact was positive SEK 3 million. At fixed foreign exchange rates operating profit increased by 7 percent.

Operating profit per kilo for Food Ingredients improved by 3 percent and reached SEK 0.77 (0.75).

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





Chocolate & Confectionery Fats, Q2 2018

**Operating profit
+ 2%**

	Q2 2018	Q2 2017	Δ %	Q1-Q2 2018	Q1-Q2 2017	Δ %	R12 months	Full year 2017
Volumes, '000 MT	97	95	+2	199	193	+3	410	404
Net sales, SEK million	1,843	1,796	+3	3,642	3,699	-2	7,297	7,354
Operating profit, SEK million	169	165	+2	359	361	-1	733	735
Operating profit per kilo, SEK	1.74	1.74	+0	1.80	1.87	-4	1.79	1.82

**Operating profit
per kilo
+ 0%**

Volumes

Organic volume growth for the business area continued. The increase was 2 percent (14).

The volume growth has been impacted by a stretched utilization of some production lines as well as a planned maintenance stop. Despite this, we have seen good growth for high-end products but a slightly more challenging quarter for our semi-speciality products. During the maintenance stop we have also taken actions to gradually increase capacity to support future volume growth.

Net sales

Net sales for the business area increased by SEK 47 million mainly as a consequence of volume growth and an improved product mix, partly offset by a negative currency translation impact of SEK 13 million.

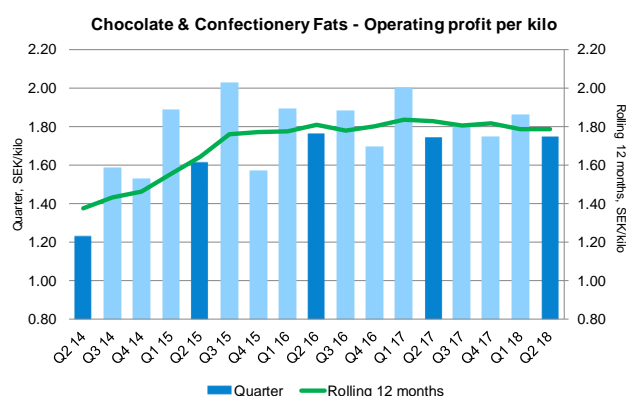
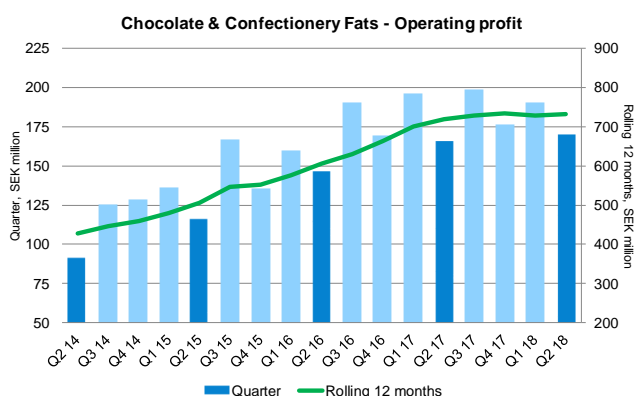
Operating profit

Operating profit reached SEK 169 million (165), an increase by 2 percent. There was no currency translation impact.

The planned maintenance stop and the stretched utilization have resulted in some additional costs in the quarter as well as limited our possibilities to take advantage of new market opportunities.

Operating profit per kilo for the business area was stable and reached SEK 1.74 (1.74). The product mix improvement in the quarter was to some extent offset by the mentioned maintenance stop and the stretched utilization of some production lines.

We are expecting continued improvement in Chocolate & Confectionery Fats.





Technical Products & Feed, Q2 2018

Operating profit
+ 256%

Operating profit
per kilo
+ 207%

	Q2 2018	Q2 2017	Δ %	Q1-Q2 2018	Q1-Q2 2017	Δ %	R12 months	Full year 2017
Volumes, '000 MT	75	66	+14	150	138	+9	290	278
Net sales, SEK million	369	359	+3	749	738	+1	1,428	1,417
Operating profit, SEK million	32	9	+256	68	28	+143	124	84
Operating profit per kilo, SEK	0.43	0.14	+207	0.45	0.20	+125	0.43	0.30

Volumes

Volumes increased by 14 percent (0) compared to the corresponding quarter in 2017. Both our feed and fatty acids business reported double-digit volume growth. This was mainly due to this year's normal maintenance stop as opposed to the extended one in 2017.

Net sales

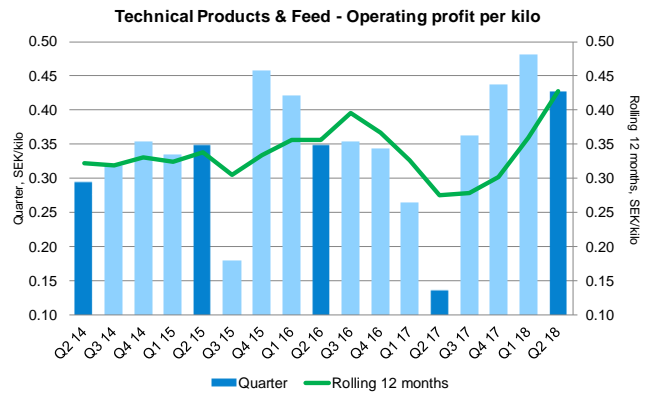
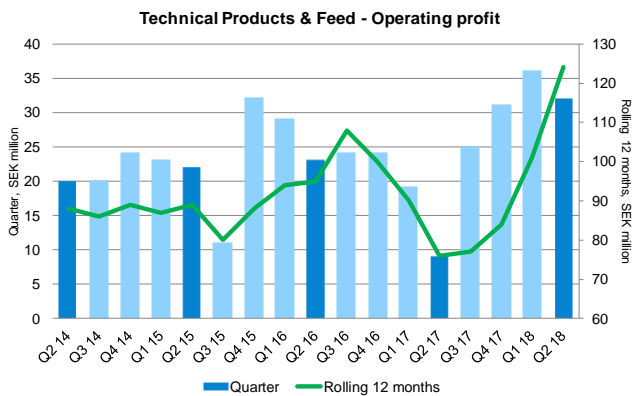
Net sales for the business area increased by SEK 10 million mainly due to the volume growth.

Operating profit

Operating profit improved by 256 percent reaching SEK 32 million (9). This was due to an improved product mix in our fatty acids business, volume growth as a result of last year's extended maintenance stop, and higher raw material prices that affected the fatty acids business negatively during the first six months of 2017.

The business area reported an operating profit per kilo of SEK 0.43 (0.14), an improvement by 207 percent.

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



The AAK Group, first six months 2018

Volumes

Total volumes were up by 6 percent (10). Organic volume growth was 6 percent (5).

Net sales

Sales amounted to SEK 13,566 million (13,289). There was an underlying growth in sales due to a positive product mix and organic volume growth, partly offset by a negative currency translation impact of SEK 225 million.

Operating profit

Operating profit reached SEK 914 million (840), an improvement of 9 percent.

The currency translation impact was negative SEK 7 million of which SEK 2 million was related to Food Ingredients, SEK 4 million to Chocolate & Confectionery Fats and SEK 1 million to Group Functions. Operating profit at fixed foreign exchange rates improved by 10 percent.

Operating profit per kilo reached SEK 0.83 (0.81). The currency translation impact was negative SEK 0.01. At fixed foreign exchange rates operating profit per kilo increased by 4 percent.

Net financial cost

Net financial cost decreased and amounted to SEK 55

million (63). The lower financial costs are mainly related to optimization in financing impacting the first quarter. However, from the second quarter we are experiencing higher financial costs due to increased borrowings in high interest rate countries and increased interest rates in a few markets.

Tax costs

Reported tax costs correspond to an average tax rate of 27 percent (29). This is mainly due to the reduction of the US corporate income tax (CIT) rate from January 1, 2018.

Cash flow and investments

Operating cash flow including changes in working capital amounted to SEK 0 million (negative 237). Cash flow from working capital was negative, amounting to SEK 578 million (negative 806).

A modest increase in raw material prices during the third quarter last year impacted cash flow from working capital negatively during the first quarter. We have also seen continued organic volume growth during the first six months.

Cash outflow from investing activities amounted to SEK 304 million (344).

General information

Related parties

No significant changes have taken place in relations or transactions with related parties since 2017.

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, please refer to AAK's Annual Report.

Accounting policies in 2018

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, please see our Annual Report. A number of new and amended standards are effective for periods beginning after January 1, 2018. None of these have a significant effect on the consolidated financial statements of the Group or the Parent company.

Alternative Performance Measures (APMs)

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 19–20.

Definitions

For definitions, please see our Annual Report.

Change in the number of shares and votes

In June, the number of shares and votes in AAK AB (publ.) increased as a result of the share split (6:1) resolved upon by AAK AB's Annual General Meeting on May 30, 2018. As of June 29, 2018, the number of shares and votes in the company amounts to 253,730,934.

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 positive SEK 773 million (negative 26).

Interest-bearing liabilities minus cash and cash equivalents and interest-bearing assets totalled a negative of SEK 1,048 million (negative 1,440 as of December 31, 2017). Investments in intangible and tangible assets amounted to SEK 4 million (0).

The Parent Company's balance sheet and income statement are shown on pages 21–22.

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.

Audit review

This report has not been reviewed by the company's auditors.

Malmö, July 18, 2018

Georg Brunstam
Chairman of the Board

Gun Nilsson
Board member

Bengt Baron
Board member

Märta Schörling Andreen
Board member

Lillie Li Valeur
Board member

Marianne Kirkegaard
Board member

Leif Håkansson
Trade union representative

Lena Nilsson
Trade union representative

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The information is information that AAK AB (publ.) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 10:20 a.m. CET on July 18, 2018.

AAK Group

Income statement

SEK million	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017	Full year 2017
Net sales	6,929	6,612	13,566	13,289	26,436
Other operating income	40	27	81	54	129
Total operating income	6,969	6,639	13,647	13,343	26,565
Raw materials and supplies	-5,236	-5,075	-10,259	-10,238	-20,216
Other external expenses	-622	-545	-1,199	-1,074	-2,208
Cost for remuneration to employees	-516	-485	-999	-944	-1,862
Amortization and impairment losses	-141	-123	-276	-245	-491
Other operating expenses	-0	-2	-0	-2	-2
Total operating costs	-6,515	-6,230	-12,733	-12,503	-24,779
Operating profit (EBIT)	454	409	914	840	1,786
Interest income	2	5	3	6	11
Interest expense	-29	-26	-53	-63	-112
Other financial items	-4	-1	-5	-6	-19
Total financial net	-31	-22	-55	-63	-120
Result before tax	423	387	859	777	1,666
Income tax	-113	-114	-232	-229	-454
Net result	310	273	627	548	1,212
Attributable to non-controlling interests	7	9	10	10	18
Attributable to the Parent company's shareholders	303	264	617	538	1,194

Comprehensive income

SEK million	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017	Full year 2017
Profit for the period	310	273	627	548	1,212
Items that will not be reclassified to profit or loss:					
Remeasurements of post-employment benefit obligations	-	11	-	11	-15
	-	11	-	11	-15
Items that may subsequently be reclassified to profit or loss:					
Translation differences	274	-411	684	-432	-706
	274	-411	684	-432	-706
Total comprehensive income for the period	584	-127	1,311	127	491
Attributable to non-controlling interests	7	7	10	9	16
Attributable to the Parent company's shareholders	577	-134	1,301	118	475

Condensed balance sheet

SEK million	30.06.2018	30.06.2017	31.12.2017
Assets			
Goodwill	1,709	1,626	1,601
Other intangible assets	346	335	349
Tangible assets	5,450	5,098	5,178
Financial assets	53	42	40
Deferred tax assets	123	135	73
Total non-current assets	7,681	7,236	7,241
Inventory	4,837	4,717	4,656
Accounts receivables	3,615	3,358	3,210
Current receivables	1,748	1,244	1,305
Cash and cash equivalents	872	639	480
Total current assets	11,072	9,958	9,651
Total assets	18,753	17,194	16,892
Equity and liabilities			
Shareholders' equity	8,553	7,270	7,664
Non-controlling interests	80	63	70
Total equity including non-controlling interests	8,633	7,333	7,734
Liabilities to banks and credit institutions	3,469	3,829	2,354
Pension liabilities	169	125	164
Deferred tax liabilities	493	527	437
Non-interest-bearing liabilities	410	340	363
Total non-current liabilities	4,541	4,821	3,318
Liabilities to banks and credit institutions	752	233	628
Accounts payables	2,918	2,875	3,137
Other current liabilities	1,909	1,932	2,075
Total current liabilities	5,579	5,040	5,840
Total equity and liabilities	18,753	17,194	16,892

No changes have arisen in contingent liabilities.

Change in equity

2018

SEK million	Shareholders' equity	Non-controlling interests	Total equity incl. non-controlling interests
Opening balance January 1, 2018	7,664	70	7,734
Profit for the period	617	10	627
Other comprehensive income	684	-	684
Total comprehensive income	1,301	10	1,311
Dividend	-412	-	-412
Closing balance June 30, 2018	8,553	80	8,633

2017

SEK million	Shareholders' equity	Non-controlling interests	Total equity incl. non-controlling interests
Opening balance January 1, 2017	7,522	54	7,576
Profit for the period	538	10	548
Other comprehensive income	-420	-1	-421
Total comprehensive income	118	9	127
Dividend	-370	-	-370
Closing balance June 30, 2017	7,270	63	7,333

Financial instruments

SEK million	Asset	Liability
Financial instruments reported in balance sheet June 30, 2018		
Sales and purchase contracts	425	126
Currency hedge contracts	210	77
Total derivatives financial instruments	635	203
Fair value adjustment inventory	14	-28
Total financial instruments	649	175

Cash flow statement

SEK million	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017	Full year 2017
Operating activities					
Operating profit	454	409	914	840	1,786
Depreciation and amortization	141	123	276	245	491
Other non-cash items	-100	-131	-319	-165	-263
Cash flow before interest and tax	495	401	871	920	2,014
Interest paid and received	-32	-18	-49	-64	-114
Tax paid	-132	-146	-244	-287	-413
Cash flow before changes in working capital	331	237	578	569	1,487
Changes in inventory	211	112	40	21	21
Changes in accounts receivables	-30	-83	-284	-424	-341
Changes in accounts payables	-296	-319	-359	-323	-18
Changes in other working capital items	180	224	25	-80	-50
Changes in working capital	65	-66	-578	-806	-388
Cash flow from operating activities	396	171	0	-237	1,099
Investing activities					
Acquisition of intangible and tangible assets	-175	-196	-305	-350	-817
Proceeds from sale of property, plant and equipment	1	4	1	6	7
Cash flow from investing activities	-174	-192	-304	-344	-810
Cash flow after investing activities	222	-21	-304	-581	289
Financing activities					
Subscription warrants	-	-	-	-	37
Changes in loans	380	474	1,080	1,028	-33
Dividend paid	-412	-370	-412	-370	-370
Cash flow from financing activities	-32	104	668	658	-366
Cash flow for the period	190	83	364	77	-77
Cash and cash equivalents at start of period	669	581	480	586	586
Exchange rate difference for cash equivalents	13	-25	28	-24	-29
Cash and cash equivalents at end of period	872	639	872	639	480

Key ratios

SEK million (unless otherwise stated)	Q2 2018	Q2 2017	Δ %	Q1-Q2 2018	Q1-Q2 2017	Δ %	Full year 2017
Income statement							
Volumes, '000 MT	550	521	+6	1,101	1,036	+6	2,129
Operating profit	454	409	+11	914	840	+9	1,786
Net result	310	273	+14	627	548	+14	1,212
Financial position							
Total assets	18,753	17,194	+9	18,753	17,194	+9	16,892
Equity	8,633	7,333	+18	8,633	7,333	+18	7,734
Net working capital	5,235	4,510	+16	5,235	4,510	+16	3,970
Net interest-bearing debt	3,363	3,539	-5	3,363	3,539	-5	2,666
Cash flow							
EBITDA	595	532	+12	1,190	1,085	+10	2,277
Cash flow from operating activities	396	171	-	0	-237	-	1,099
Cash flow from investing activities	-174	-192	-	-304	-344	-	-810
Free cash flow	222	-21	-	-304	-581	-	289
Share data*							
Number of shares, thousand	253,731	253,731	+0	253,731	253,731	+0	253,731
Earnings per share, SEK**	1.20	1.04	+15	2.43	2.12	+15	4.71
Equity per share, SEK	33.71	28.65	+18	33.71	28.65	+18	30.21
Market value on closing date, SEK	139.50	102.50	+36	139.50	102.50	+36	117.08
Other key ratios							
Volume growth, percent	+6	+11	-	+6	+10	-	+8
Operating profit per kilo, SEK	0.83	0.79	+5	0.83	0.81	+2	0.84
Return on Capital Employed (R12 months), percent	15.5	15.3	+1	15.5	15.3	+1	15.6
Net debt / EBITDA, multiple	1.41	1.62	-13	1.41	1.62	-13	1.17

* Share data recalculated in accordance with the decided share split (6:1) by the Annual General Meeting on May 30 2018.

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

Quarterly data by business area

Operating profit

SEK million	2017 Q1	Q2	Q3	Q4	Full year	2018 Q1	Q2
Food Ingredients	249	271	288	299	1,107	271	292
Chocolate & Confectionery Fats	196	165	198	176	735	190	169
Technical Products & Feed	19	9	25	31	84	36	32
Group Functions	-33	-36	-36	-35	-140	-37	-39
Operating profit AAK Group	431	409	475	471	1,786	460	454
Financial net	-41	-22	-31	-26	-120	-24	-31
Result before tax	390	387	444	445	1,666	436	423

Net sales by market

2018

SEK million	FI Q2 2018	CCF Q2 2018	TPF Q2 2018	Total Q2 2018	FI Q1-Q2 2018	CCF Q1-Q2 2018	TPF Q1-Q2 2018	Total Q1-Q2 2018
Europe	2,140	795	367	3,302	4,164	1,599	744	6,507
North and South America	1,939	801	2	2,742	3,739	1,516	5	5,260
Asia	583	203	0	786	1,167	420	0	1,587
Other countries	55	44	0	99	105	107	0	212
Net sales	4,717	1,843	369	6,929	9,175	3,642	749	13,566

Alternative Performance Measures (APMs)

Organic volume growth

Percent	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017	Full year 2017
Food Ingredients					
Organic volume growth	5	3	7	3	4
Acquisitions/divestments	-	9	-	8	5
Volume growth	5	12	7	11	9
Chocolate & Confectionery Fats					
Organic volume growth	2	14	3	16	10
Acquisitions/divestments	-	-	-	0	-
Volume growth	2	14	3	16	10
Technical Products & Feed					
Organic volume growth	14	0	9	2	1
Acquisitions/divestments	-	-	-	0	-
Volume growth	14	0	9	2	1
AAK Group					
Organic volume growth	6	5	6	5	5
Acquisitions/divestments	-	6	-	5	3
Volume growth	6	11	6	10	8

EBITDA

SEK million	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017	Full year 2017
Operating profit (EBIT)	454	409	914	840	1,786
Add back depreciation and amortization	141	123	276	245	491
EBITDA	595	532	1,190	1,085	2,277

Return on Capital Employed (ROCE)

SEK million	30.06.2018	30.06.2017	R12M 30.06.2018	R12M 31.12.2017
Total assets	18,753	17,194	17,542	17,099
Cash and cash equivalents	-872	-639	-641	-566
Financial assets	-160	-10	-54	-13
Accounts payables	-2,918	-2,875	-2,984	-3,073
Other non-interest-bearing liabilities	-1,887	-1,924	-1,875	-1,963
Capital employed	12,916	11,746	11,988	11,484
Operating profit (Rolling 12 months)	1,860	1,706	1,860	1,786
Return on Capital Employed (ROCE), percent	14.4	14.5	15.5	15.6

Net working capital

SEK million	30.06.2018	Full year 2017
Inventory	4,837	4,656
Accounts receivables	3,615	3,210
Other current receivables, non-interest-bearing	1,588	1,299
Accounts payables	-2,918	-3,137
Other current liabilities, non-interest-bearing	-1,887	-2,058
Net working capital	5,235	3,970

Net debt

SEK million	30.06.2018	Full year 2017
Current interest-bearing receivables	160	5
Cash and cash equivalents	872	480
Pension liabilities	-169	-164
Non-current liabilities to banks and credit institutions	-3,469	-2,354
Current liabilities to banks and credit institutions	-752	-628
Other interest-bearing liabilities	-5	-5
Net debt	-3,363	-2,666

Equity to assets ratio

SEK million	30.06.2018	Full year 2017
Shareholders' equity	8,553	7,664
Non-controlling interests	80	70
Total equity including non-controlling interests	8,633	7,734
Total assets	18,753	16,892
Equity to assets ratio, percent	46.0	45.8

Income statement – Parent company

SEK million	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017	Full year 2017
Net sales	33	23	65	47	97
Other operating income	0	0	0	0	0
Total operating income	33	23	65	47	97
Other external expenses	-22	-11	-39	-18	-67
Cost for remuneration to employees	-26	-28	-55	-52	-97
Amortization and impairment losses	-0	-1	-1	-1	-2
Other operating expenses	-	0	-	-	-
Total operating costs	-48	-40	-95	-71	-166
Operating profit (EBIT)	-15	-17	-30	-24	-69
Dividend from group companies	812	-	812	-	-
Income from shares in group companies	-	-	-	-	67
Interest income	0	-	0	-	0
Interest expense	-4	-1	-8	-2	-5
Other financial items	-1	-	-1	-	-4
Total financial net	807	-1	803	-2	58
Result before tax	792	-18	773	-26	-11
Income tax	2	4	5	5	2
Net result	794	-14	778	-21	-9
Attributable to non-controlling interests	-	-	-	-	-
Attributable to the Parent company's shareholders	794	-14	778	-21	-9

Comprehensive income – Parent company

SEK million	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017	Full year 2017
Profit for the period	794	-14	778	-21	-9
Items that will not be reclassified to profit or loss:					
	-	-	-	-	-
Items that may subsequently be reclassified to profit or loss:					
	-	-	-	-	-
Total comprehensive income for the period	794	-14	778	-21	-9
Attributable to non-controlling interests	-	-	-	-	-
Attributable to the Parent company's shareholders	794	-14	778	-21	-9

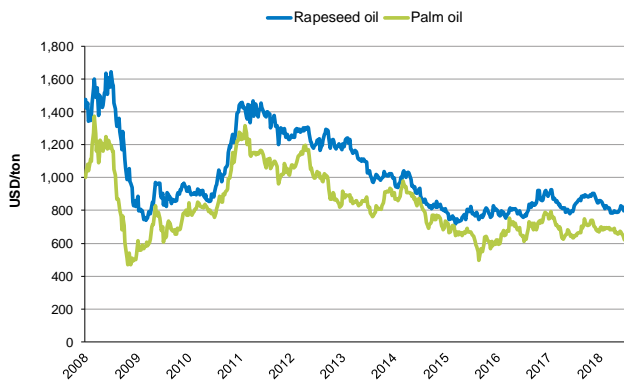
Condensed balance sheet – Parent company

SEK million	30.06.2018	30.06.2017	31.12.2017
Assets			
Other intangible assets	10	4	7
Tangible assets	3	4	3
Financial assets	5,333	5,492	5,333
Deferred tax assets	3	5	3
Total non-current assets	5,349	5,505	5,346
Accounts receivables	-	-	-
Current receivables	72	80	125
Cash and cash equivalents	0	0	-
Total current assets	72	80	125
Total assets	5,421	5,585	5,471
Equity and liabilities			
Shareholders' equity	4,280	3,852	3,915
Non-controlling interests	-	-	-
Total equity including non-controlling interests	4,280	3,852	3,915
Pension liabilities	14	14	14
Total non-current liabilities	14	14	14
Accounts payables	15	7	15
Other current liabilities	1,112	1,712	1,527
Total current liabilities	1,127	1,719	1,542
Total equity and liabilities	5,421	5,585	5,471

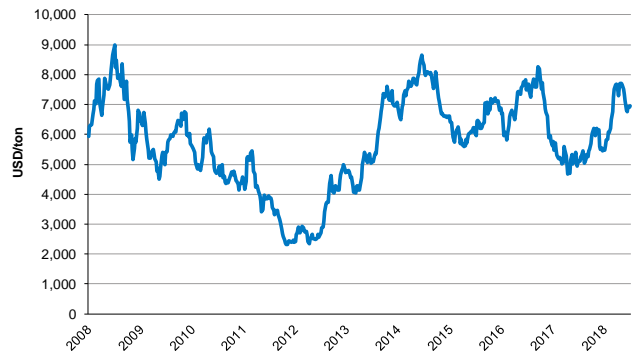
No changes have arisen in contingent liabilities.

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 July 18, 2018 at 1 p.m. CET. The conference call can be accessed via our website, www.aak.com.

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

Financial calendar 2018

The interim report for the third quarter 2018 will be published on October 25, 2018.

A capital market day will be held in Karlshamn, Sweden, on November 21, 2018.

The fourth quarter and year-end report for 2018 will be published on February 1, 2019.

Forward-looking statements

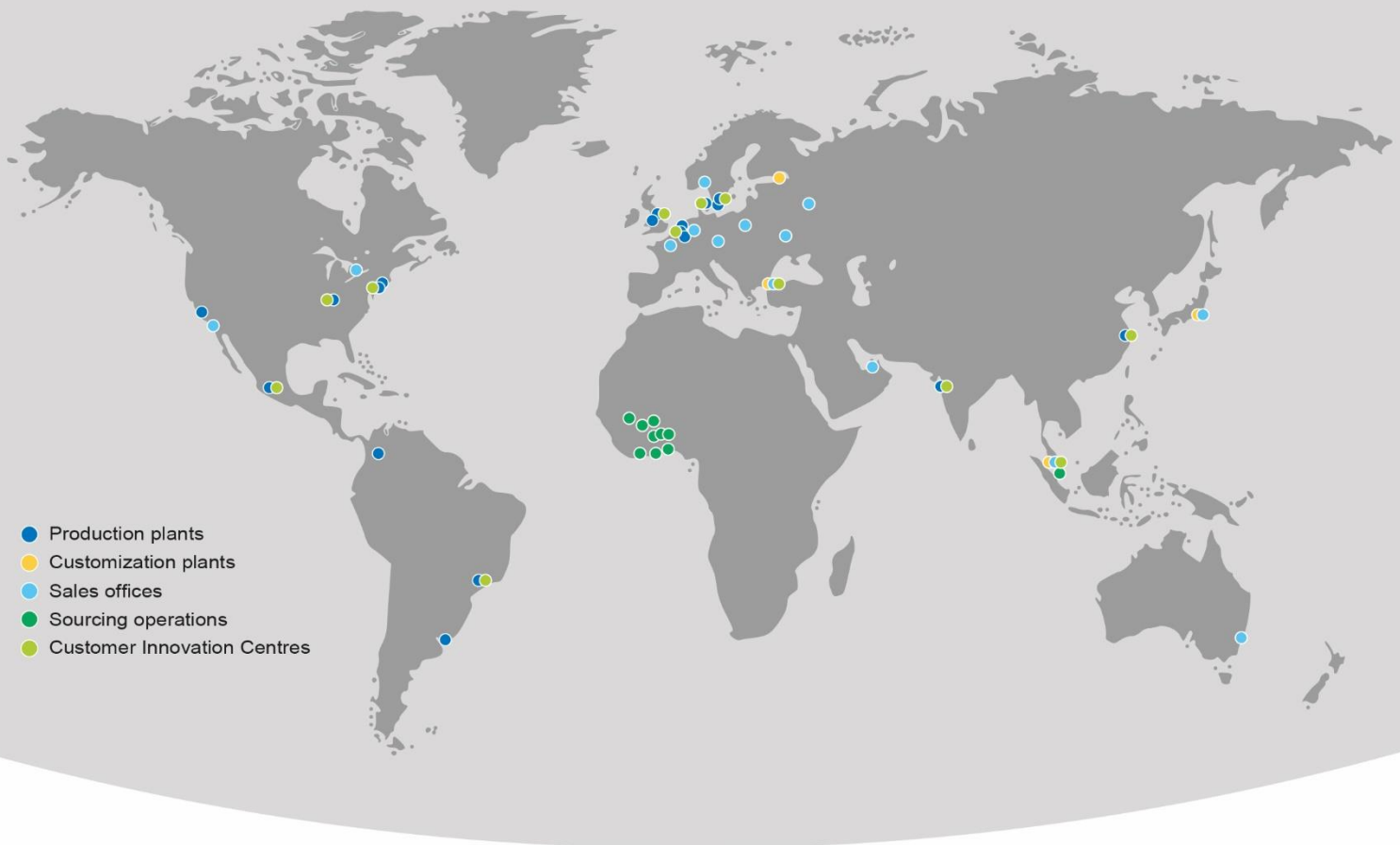
This report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of AAK AB (publ.), may cause actual developments and results to differ materially from the expectations expressed in this report.

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 3,400 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.

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