



Interim report

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Fourth quarter and
year-end report 2018

AAK

Financial highlights

Q4 2018

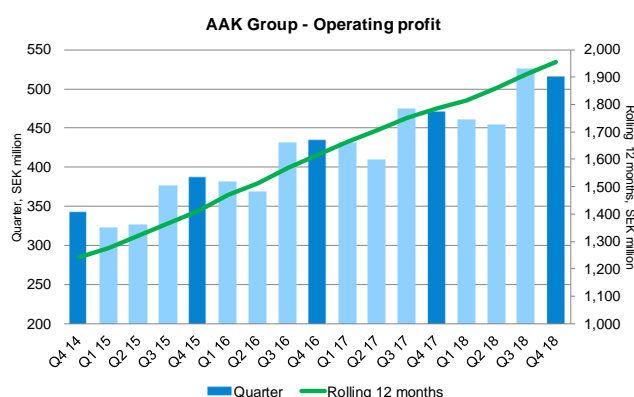
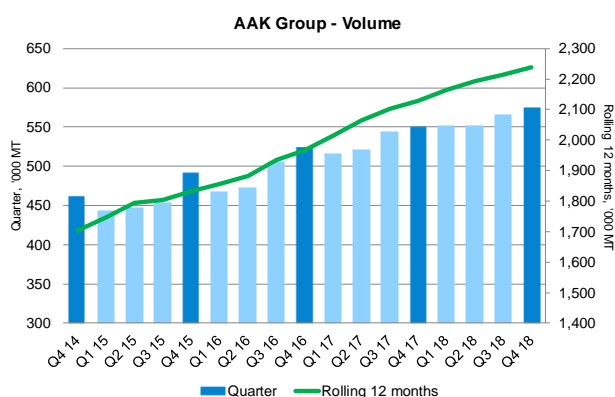
- Total volumes for the quarter amounted to 574,000 MT (550,000), organic growth of 4 percent (5).
- Operating profit, including a positive currency translation impact of SEK 13 million, reached SEK 516 million (471), an improvement of 10 percent.
- Net result amounted to SEK 354 million (349), an improvement of 1 percent.
- Earnings per share amounted to SEK 1.39 (1.39). The net result for 2017 was favorably impacted by a positive one-off tax income of SEK 35 million or SEK 0.14 per share. Consequently, our underlying earnings per share increased by SEK 0.14 or 11 percent year-over-year.
- Cash flow from operating activities amounted to SEK 566 million (844).
- Return on Capital Employed (ROCE), R12M, was 15.8 percent (15.6 at December 31, 2017).

Q1–Q4 2018

- Total volumes for the period amounted to 2,239,000 MT (2,129,000), organic growth of 5 percent (5).
- Operating profit, including a positive currency translation impact of SEK 22 million, reached SEK 1,956 million (1,786), an improvement of 10 percent.
- Net result amounted to SEK 1,340 million (1,212), an improvement of 11 percent.
- Earnings per share increased by 11 percent, to SEK 5.21 (4.71).
- Cash flow from operating activities amounted to SEK 1,090 million (1,099).
- Return on Capital Employed (ROCE), R12M, was 15.8 percent (15.6 at December 31, 2017).

	Q4 2018	Q4 2017	Δ %	Full year 2018	Full year 2017	Δ %
Volumes, '000 MT	574	550	+4	2,239	2,129	+5
Operating profit, SEK million	516	471	+10	1,956	1,786	+10
Operating profit per kilo, SEK	0.90	0.86	+5	0.87	0.84	+4
Net result, SEK million	354	349	+1	1,340	1,212	+11
Earnings per share, SEK*	1.39	1.39	+0	5.21	4.71	+11
Return on Capital Employed (R12M), percent	15.8	15.6	+1	15.8	15.6	+1

* 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 organic volume and profit growth in the fourth quarter

The consistent positive trend in operating profit continued during the fourth quarter. The main drivers for our profit growth were Dairy and Special Nutrition as well as business area Technical Products & Feed.

Our organic volume growth reached 4 percent (5). Business areas Chocolate & Confectionery Fats and Technical Products & Feed accounted for the strongest volume growth, both reporting a double-digit increase compared to last year.

Operating profit increased by 10 percent to SEK 516 million (471), a record-high profit for a fourth quarter. Earnings per share and operating cash flow were also good in the quarter.

Food Ingredients had a strong profit growth in the quarter with Dairy and Special Nutrition leading the way. Our Bakery segment continued the positive trend we have seen over the last quarters. The profit growth in our Foodservice segment was slightly negative.

Chocolate & Confectionery Fats had a stable quarter with continued profit growth. As expected, the volatility in raw material yields continued during the fourth quarter and had a negative impact on operating profit. We still see a greater demand for some of our high-end products compared to our current capacity. Thus, we continue to make investments to remove bottlenecks and strengthen our supply chain in order to support future volume growth.

Business area Technical Products & Feed had a very strong profit growth in the quarter on the back of an extraordinarily favorable product mix within the fatty acids business.

The AAK Way

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

After reaching out to more than 2,000 customers, we have, through our global customer survey, "We listen. We care. We act.", received very valuable input. While confirming our unique customer co-development approach, the survey results also gave us valuable input to further improve our customer value proposition.

To become a "truly customer-centric" company and to further improve the customer experience, we have also



continued to train and educate our dedicated sales and customer innovation organization.

2018 – a year of strong performance

2018 has been another year of strong financial performance and we continue to grow faster than the market. Operating profit increased by 10 percent, in line with our ambition. This despite raw material yields continuing to be lower than normal within Chocolate & Confectionery Fats.

When looking back on my first year with AAK, I see a decentralized organization with strong regional leadership, and I see great dedication to our customers and our co-development approach. I am extremely proud and happy to be part of this AAK team and there is no doubt that we have great opportunities for continued profitable growth, organically and through acquisitions.

Concluding remarks

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

Johan Westman
President and CEO

The AAK Group, fourth quarter 2018

Volumes

Volumes continued to grow nicely, by 4 percent (5). Organic volume growth was 4 percent (5). Speciality and semi-speciality products grew organically by 2 percent (7).

Net sales

Sales amounted to SEK 6,992 million (6,594). There was an underlying growth in sales due to a positive product mix, organic volume growth and a positive currency translation impact of SEK 133 million.

Operating profit

Operating profit reached SEK 516 million (471), an improvement of 10 percent compared to the corresponding quarter in 2017.

The currency translation impact was positive SEK 13 million of which SEK 10 million was related to Food Ingredients, SEK 4 million to Chocolate & Confectionery Fats and negative SEK 1 million to Group Functions. Operating profit at fixed foreign exchange rates improved by 7 percent.

Operating profit per kilo reached SEK 0.90 (0.86), an increase of 5 percent. The currency translation impact was SEK 0.02. At fixed foreign exchange rates operating profit per kilo increased by 2 percent.

Net financial cost

Net financial cost increased and amounted to SEK 35 million (26). This was due to increased borrowings in high interest rate countries and increased interest rates in a few markets, mainly Turkey.

Earnings per share

Earnings per share amounted to SEK 1.39 (1.39). Compared to previous year, operating profit before tax continued to improve. Earnings per share in 2017 included a one-off tax income (SEK 0.14 per share) related to the US tax reform (TCJA).

Cash flow and investments

Operating cash flow including changes in working capital amounted to SEK 566 million (844). Cash flow from working capital was positive, amounting to SEK 60 million (262).

Lower raw material prices had a favorable effect on cash flow from working capital, impacting inventory and accounts receivables positively and accounts payables negatively. Underlying accounts receivables increased due to the continued volume growth. Purchase of some strategic raw materials, due to normal seasonality, also had a negative impact on cash flow.

Cash outflow from investing activities amounted to SEK 260 million (291). Capital expenditures were mainly related to regular maintenance investments and capacity increases.

Return on Capital Employed (ROCE)

Calculated on a rolling 12 months basis, Return on Capital Employed (ROCE) was 15.8 percent (15.6 at December 31, 2017). The increased operating profit has been partly offset by higher working capital during the first part of 2018. At the balance sheet date, ROCE was 15.5 percent (15.9).

Financial position

The equity/assets ratio amounted to 50 percent (46 percent at December 31, 2017). Net debt at December 31, 2018 amounted to SEK 2,667 million (2,666 at December 31, 2017). At December 31, 2018 the Group had total committed credit facilities of SEK 6,339 million (6,213 as of December 31, 2017), with SEK 4,698 million of unused committed credit facilities.

Employees

The average number of employees at December 31, 2018 was 3,609 (3,508 at December 31, 2017). The increase is mainly related to turning temporary employees in some European countries into permanent employees, as well as investing in more resources in West Africa.

Selected key events



On November 21, AAK hosted its annual Capital Market Day for analysts, investors and media representatives. This year's event, held in Blekinge, Sweden, included a presentation by President and CEO Johan Westman, focusing on AAK's strategy and business. This was followed by an update on the company's financial performance by Fredrik Nilsson, CFO, and a presentation from CMO Anne Mette Olesen on AAK's progress within the sustainability area. A more in-depth look at AAK's work within innovation and Customer Co-Development and the company's solutions for plant-based products were also provided. All presentations can be accessed at www.aak.com.

In early December, AAK issued a senior unsecured bond for a total of SEK 1.1 billion with a tenor of three years. The bond carries a floating interest rate of three months STIBOR plus 105 basis points. The transaction generated strong investor demand and was oversubscribed. The proceeds from the bond issue will be used to broaden AAK's funding base and for general corporate purposes.



On January 22, Corporate Knights Inc. ranked AAK among the 100 Most Sustainable Corporations in the world. Corporate Knights' annual ranking was launched in 2005 and this year some 7,500 companies (with at least USD 1 billion in revenues) were analyzed. The ranking was released on the sidelines of the World Economic Forum in Davos, Switzerland.

Food Ingredients, Q4 2018

Operating profit
+7%

Operating profit
per kilo
+6%

	Q4 2018	Q4 2017	Δ %	Full year 2018	Full year 2017	Δ %
Volumes, '000 MT	380	378	+1	1,508	1,447	+4
Net sales, SEK million	4,643	4,468	+4	18,468	17,665	+5
Operating profit, SEK million	321	299	+7	1,205	1,107	+9
Operating profit per kilo, SEK	0.84	0.79	+6	0.80	0.77	+4

Volumes

Food Ingredients reported an organic volume growth of 1 percent (7). The volume growth for speciality and semi-speciality products was slightly negative but there was a favorable development of the product mix within the categories.

The Bakery segment continued its positive trend. Volume growth was particularly strong in North Latin America while most other markets showed limited volume growth. The product mix continued to improve with a greater proportion of customer co-developed solutions.

The long-term growth trend within Dairy continued and the segment once again reported organic volume growth. All regions showed good growth except the Nordics which experienced decreased volumes of low-end semi-speciality products.

Special Nutrition had a negative volume growth in the quarter but that was compensated by a very favorable product mix in Infant Nutrition. Although from a small base, the positive trend within Medical and Senior Nutrition continued.

The volume growth in our Foodservice segment was slightly negative.

Due to some good spot opportunities, commodity products reported strong organic volume growth.

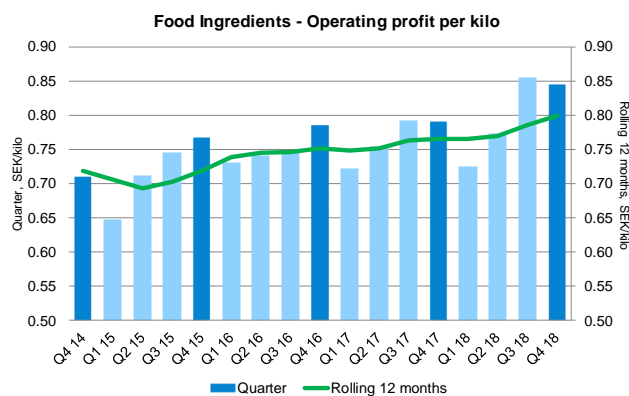
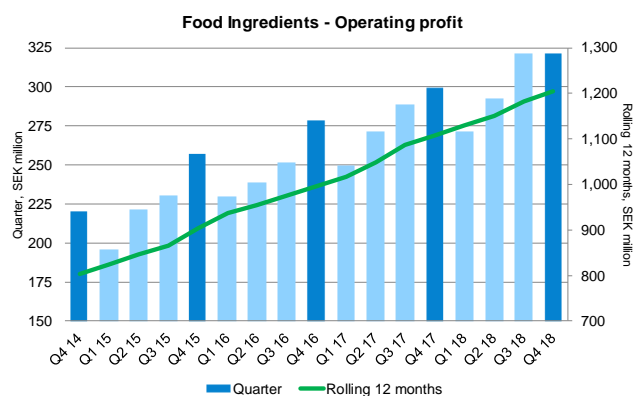
Net sales

Sales amounted to SEK 4,643 million (4,468). The increase was mainly due to an improved product mix and a positive currency translation impact of SEK 109 million.

Operating profit

Operating profit improved by 7 percent to SEK 321 million (299). This was driven by a continued improved product mix, including a greater proportion of customer co-developed solutions. The currency translation impact was positive SEK 10 million. At fixed foreign exchange rates operating profit increased by 4 percent.

Operating profit per kilo for Food Ingredients improved by 6 percent and reached SEK 0.84 (0.79). The currency translation impact was SEK 0.03. At fixed foreign exchange rates operating profit per kilo increased by 4 percent.





Chocolate & Confectionery Fats, Q4 2018

Operating profit
+3%

Operating profit
per kilo
-10%

	Q4 2018	Q4 2017	Δ %	Full year 2018	Full year 2017	Δ %
Volumes, '000 MT	116	101	+15	430	404	+6
Net sales, SEK million	1,962	1,789	+10	7,611	7,354	+3
Operating profit, SEK million	182	176	+3	747	735	+2
Operating profit per kilo, SEK	1.57	1.74	-10	1.74	1.82	-4

Volumes

There was significant organic volume growth for the business area in the quarter. The increase was 15 percent (1). There was particularly strong volume growth for some low-end semi-speciality products.

Production capacity, compared to demand, remains stretched for certain high-end products. We continue to make investments to remove bottlenecks and strengthen our supply chain in order to support current and expected future volume growth of high-end products.

Net sales

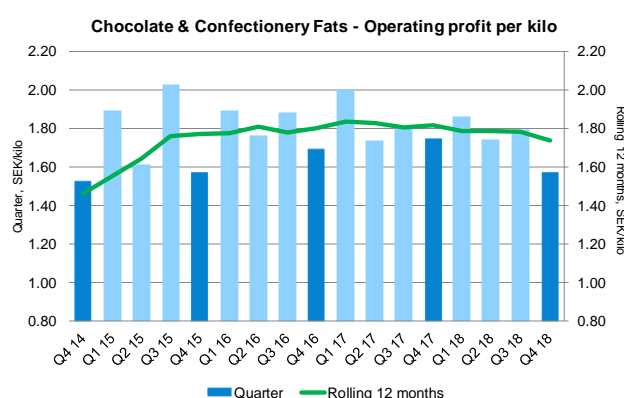
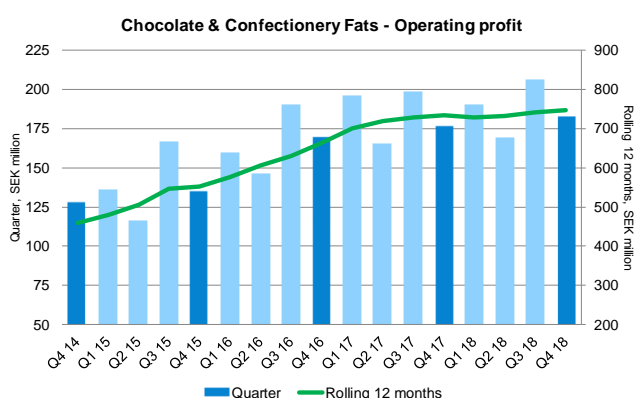
Net sales for the business area increased by SEK 173 million mainly as a consequence of volume growth and a positive currency translation impact of SEK 24 million.

Operating profit

Operating profit reached SEK 182 million (176), an increase by 3 percent. The currency translation impact was positive SEK 4 million. At fixed foreign exchange rates operating profit increased by 1 percent.

As previously projected and communicated, volatility in raw material yields continue to give lower output and higher production costs. This has, however, to some extent been offset by the price development on high-end products being slightly positive in the quarter.

Operating profit per kilo declined and reached SEK 1.57 (1.74). This was due to the strong volume growth for some low-end semi-speciality products and the higher production costs mentioned above. The currency translation impact was SEK 0.03. At fixed foreign exchange rates operating profit per kilo declined by 12 percent.





Technical Products & Feed, Q4 2018

Operating profit
+61%

Operating profit
per kilo
+45%

	Q4 2018	Q4 2017	Δ %	Full year 2018	Full year 2017	Δ %
Volumes, '000 MT	78	71	+10	301	278	+8
Net sales, SEK million	387	337	+15	1,513	1,417	+7
Operating profit, SEK million	50	31	+61	155	84	+85
Operating profit per kilo, SEK	0.64	0.44	+45	0.51	0.30	+70

Volumes

Volumes increased by 10 percent (1) compared to the corresponding quarter in 2017. Both our feed and fatty acids business reported volume growth.

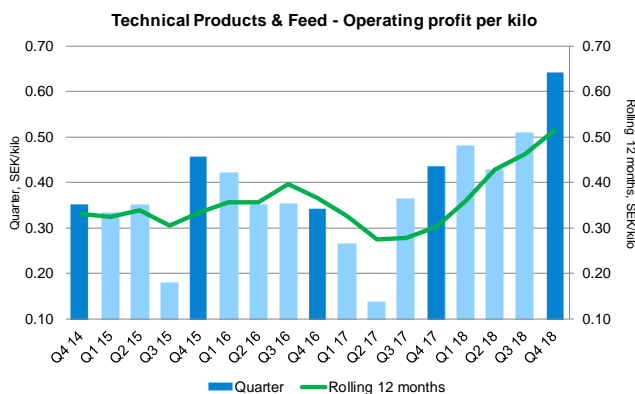
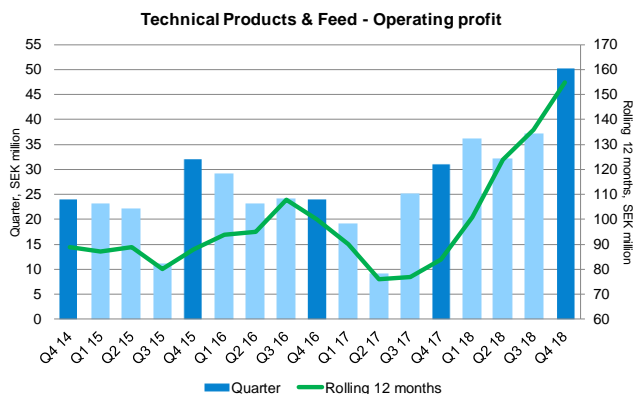
Net sales

Net sales for the business area increased by SEK 50 million mainly due to the volume growth.

Operating profit

Operating profit improved by 61 percent reaching SEK 50 million (31). This was due to an improved and extraordinarily favorable product mix in our fatty acids business, volume growth in both our feed and fatty acids business, and a good performance in our crushing operation.

The business area reported an operating profit per kilo of SEK 0.64 (0.44), an improvement of 45 percent.



The AAK Group, full year 2018

Volumes

Total volumes were up by 5 percent (8). Organic volume growth was 5 percent (5).

Net sales

Sales amounted to SEK 27,592 million (26,436). There was an underlying growth in sales due to a positive product mix, organic volume growth, and a positive currency translation impact of SEK 149 million.

Operating profit

Operating profit reached SEK 1,956 million (1,786), an improvement of 10 percent.

The currency translation impact was SEK 22 million of which SEK 17 million was related to Food Ingredients, SEK 7 million to Chocolate & Confectionery Fats and negative SEK 2 million to Group Functions. Operating profit at fixed foreign exchange rates improved by 8 percent.

Operating profit per kilo reached SEK 0.87 (0.84). The currency translation impact was SEK 0.01. At fixed foreign exchange rates operating profit per kilo increased by 3 percent.

Net financial cost

Net financial cost increased and amounted to SEK 127 million (120). This was due to increased borrowings in high interest rate countries and increased interest rates in a few markets, mainly Turkey.

Tax costs

Reported tax costs corresponded to an average tax rate of 27 percent (27).

Cash flow and investments

Operating cash flow including changes in working capital amounted to SEK 1,090 million (1,099). Cash flow from working capital was negative, amounting to SEK 555 million (negative 388).

A modest increase in raw material prices during the third quarter 2017 impacted cash flow from working capital negatively during the first part of 2018 while lower raw material prices had a favorable impact during the latter part of the year. Continued organic volume growth during the year has resulted in an outflow of cash flow from working capital.

Cash outflow from investing activities amounted to SEK 723 million (810). Capital expenditures were mainly related to regular maintenance investments and capacity increases in several regions.

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

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.

IFRS 16 replaces IAS 17 as of January 1, 2019. According to the new standard, almost all leases will be recognized on the balance sheet as a right-of-use asset and a lease liability. In the income statement a depreciation will be recognized in the operating income and an interest expenses in net financial result. The Group will be affected primarily for lease agreements of rental for premises and lease of vehicles.

The Group will adopt IFRS 16 using the modified retrospective approach with the cumulative effect initially recognized on January 1, 2019, which means the comparatives for 2017, in accordance with the standard, will not be restated. The Group will apply the majority of the practical expedients allowed for the first time that IFRS 16 is applied, the most significant being to account for leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases. The Group will also, after initial application, apply the practical expedients of accounting for leases with a lease term of 12 months or less and leases of

low value as an expense on a straight-line basis in the income statement.

The Group estimates that the lease liability as at January 1, 2019 will be approximately SEK 900 million and the right-of-use asset about SEK 900 million. Equity will not be affected in the transition to IFRS 16. For further information about current lease agreements, see note 28 in the Annual Report 2017.

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.

Nomination Committee

At the Annual General Meeting 2018, Märta Schörling Andreen (Melker Schörling AB), Henrik Didner (Didner & Gerge Fonder), Lars-Åke Bokenberger (AMF Fonder) and Yvonne Sörberg (Handelsbanken fonder) were elected members of the Nomination Committee in respect of the Annual General Meeting 2019. Märta Schörling Andreen was elected chairman of the Nomination Committee.

In accordance with the Annual General Meeting's resolution, and the share register as of August 30, 2018, Leif Törnvall (Alecta) has replaced Yvonne Sörberg (Handelsbanken fonder) as member of the Nomination Committee.

Annual General Meeting

The Annual General Meeting will be held on May 15, 2019 at 2 p.m. CET in Malmö, Sweden (Malmö Arena).

The Annual Report for 2018 will be available at www.aak.com from April 11, 2019 and is expected to be distributed to shareholders during the end of the week starting with April 15, 2019. 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 9, 2019. 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 9, 2019. Notification of attendance should be made to AAK's head office no later than 4 p.m. CET on May 9, 2019.

Proposed dividend

The Board of Directors proposes that a dividend of SEK 1.85 (1.63) per share be paid for the financial year 2018. The proposed recording day for the dividend is May 17, 2019. It is expected that the dividend will reach the shareholders on May 22, 2019.

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 SEK 2,122 million (negative 11).

Interest-bearing liabilities minus cash and cash equivalents and interest-bearing assets totalled a positive of SEK 1,710 million (negative 1,440 as of December 31, 2017). Investments in intangible and tangible assets amounted to SEK 6 million (3). 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.

Malmö, February 8, 2019

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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CFO

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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 08:50 a.m. CET on February 8, 2019.

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, 2018 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 8, 2019

PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt
Authorized Public Accountant
Auditor in charge

Linda Corneliusson
Authorized Public Accountant

AAK Group

Income statement

SEK million	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Net sales	6,992	6,594	27,592	26,436
Other operating income	68	50	180	129
Total operating income	7,060	6,644	27,772	26,565
Raw materials and supplies	-5,205	-5,009	-20,723	-20,216
Other external expenses	-631	-574	-2,462	-2,208
Cost for remuneration to employees	-568	-464	-2,073	-1,862
Amortization and impairment losses	-138	-126	-552	-491
Other operating expenses	-2	-0	-6	-2
Total operating costs	-6,544	-6,173	-25,816	-24,779
Operating profit (EBIT)	516	471	1,956	1,786
Interest income	1	3	6	11
Interest expense	-39	-24	-124	-112
Other financial items	3	-5	-9	-19
Total financial net	-35	-26	-127	-120
Result before tax	481	445	1,829	1,666
Income tax	-127	-96	-489	-454
Net result	354	349	1,340	1,212
Attributable to non-controlling interests	3	-2	18	18
Attributable to the Parent company's shareholders	351	351	1,322	1,194

Comprehensive income

SEK million	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Profit for the period	354	349	1,340	1,212
Items that will not be reclassified to profit or loss:				
Remeasurements of post-employment benefit obligations	-9	-7	-28	-15
	-9	-7	-28	-15
Items that may subsequently be reclassified to profit or loss:				
Translation differences	-170	-51	362	-706
	-170	-51	362	-706
Total comprehensive income for the period	175	291	1,674	491
Attributable to non-controlling interests	5	-1	18	16
Attributable to the Parent company's shareholders	170	292	1,656	475

Condensed balance sheet

SEK million	31.12.2018	31.12.2017
Assets		
Goodwill	1,666	1,601
Other intangible assets	333	349
Tangible assets	5,468	5,178
Financial assets	30	40
Deferred tax assets	61	73
Total non-current assets	7,558	7,241
Inventory	4,705	4,656
Accounts receivables	3,441	3,210
Current receivables	1,594	1,305
Cash and cash equivalents	737	480
Total current assets	10,477	9,651
Total assets	18,035	16,892
Equity and liabilities		
Shareholders' equity	8,908	7,664
Non-controlling interests	88	70
Total equity including non-controlling interests	8,996	7,734
Liabilities to banks and credit institutions	2,551	2,354
Pension liabilities	206	164
Deferred tax liabilities	490	437
Non-interest-bearing liabilities	434	363
Total non-current liabilities	3,681	3,318
Liabilities to banks and credit institutions	661	628
Accounts payables	2,685	3,137
Other current liabilities	2,012	2,075
Total current liabilities	5,358	5,840
Total equity and liabilities	18,035	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	1,322	18	1,340
Other comprehensive income	334	0	334
Total comprehensive income	1,656	18	1,674
Dividend	-412	-	-412
Closing balance December 31, 2018	8,908	88	8,996

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	1,194	18	1,212
Other comprehensive income	-719	-2	-721
Total comprehensive income	475	16	491
Subscription warrants	37	-	37
Dividend	-370	-	-370
Closing balance December 31, 2017	7,664	70	7,734

Financial instruments

SEK million	Asset	Liability
Financial instruments reported in balance sheet December 31, 2018		
Sales and purchase contracts	544	180
Currency hedge contracts	123	78
Total derivatives financial instruments	667	258
Fair value adjustment inventory	31	32
Total financial instruments	698	290

Cash flow statement

SEK million	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Operating activities				
Operating profit	516	471	1,956	1,786
Depreciation and amortization	138	126	552	491
Other non-cash items	26	28	-278	-263
Cash flow before interest and tax	680	625	2,230	2,014
Interest paid and received	-15	-15	-102	-114
Tax paid	-159	-28	-483	-413
Cash flow before changes in working capital	506	582	1,645	1,487
Changes in inventory	-241	-387	63	21
Changes in accounts receivables	265	152	-208	-341
Changes in accounts payables	-59	311	-538	-18
Changes in other working capital items	95	186	128	-50
Changes in working capital	60	262	-555	-388
Cash flow from operating activities	566	844	1,090	1,099
Investing activities				
Acquisition of intangible and tangible assets	-260	-291	-725	-817
Proceeds from sale of property, plant and equipment	0	-	2	7
Cash flow from investing activities	-260	-291	-723	-810
Cash flow after investing activities	306	553	367	289
Financing activities				
Subscription warrants	-	37	-	37
Changes in loans	-297	-661	289	-33
Dividend paid	-	-	-412	-370
Cash flow from financing activities	-297	-624	-123	-366
Cash flow for the period	9	-71	244	-77
Cash and cash equivalents at start of period	723	545	480	586
Exchange rate difference for cash equivalents	5	6	13	-29
Cash and cash equivalents at end of period	737	480	737	480

Key ratios

SEK million (unless otherwise stated)	Q4 2018	Q4 2017	Δ %	Full year 2018	Full year 2017	Δ %
Income statement						
Volumes, '000 MT	574	550	+4	2,239	2,129	+5
Operating profit	516	471	+10	1,956	1,786	+10
Net result	354	349	+1	1,340	1,212	+11
Financial position						
Total assets	18,035	16,892	+7	18,035	16,892	+7
Equity	8,996	7,734	+16	8,996	7,734	+16
Net working capital	5,062	3,970	+28	5,062	3,970	+28
Net interest-bearing debt	2,667	2,666	+0	2,667	2,666	+0
Cash flow						
EBITDA	654	597	+10	2,508	2,277	+10
Cash flow from operating activities	566	844	-	1,090	1,099	-
Cash flow from investing activities	-260	-291	-	-723	-810	-
Free cash flow	306	553	-	367	289	-
Share data*						
Number of shares, thousand	253,731	253,731	+0	253,731	253,731	+0
Earnings per share, SEK**	1.39	1.39	+0	5.21	4.71	+11
Earnings per share incl. dilution, SEK***	1.39	1.39	+0	5.21	4.71	+11
Earnings per share incl. full dilution, SEK****	1.39	1.39	+0	5.21	4.71	+11
Equity per share, SEK	35.11	30.21	+16	35.11	30.21	+16
Market value on closing date, SEK	122.70	117.08	+5	122.70	117.08	+5
Other key ratios						
Volume growth, percent	+4	+5	-	+5	+8	-
Operating profit per kilo, SEK	0.90	0.86	+5	0.87	0.84	+4
Return on Capital Employed (R12 months), percent	15.8	15.6	+1	15.8	15.6	+1
Net debt / EBITDA, multiple	1.06	1.17	-9	1.06	1.17	-9

* 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.

*** 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 by business area

Operating profit

SEK million	2017 Q1	Q2	Q3	Q4	Full year	2018 Q1	Q2	Q3	Q4	Full year
Food Ingredients	249	271	288	299	1,107	271	292	321	321	1,205
Chocolate & Confectionery Fats	196	165	198	176	735	190	169	206	182	747
Technical Products & Feed	19	9	25	31	84	36	32	37	50	155
Group Functions	-33	-36	-36	-35	-140	-37	-39	-38	-37	-151
Operating profit AAK Group	431	409	475	471	1,786	460	454	526	516	1,956
Financial net	-41	-22	-31	-26	-120	-24	-31	-37	-35	-127
Result before tax	390	387	444	445	1,666	436	423	489	481	1,829

Net sales by market

2018

SEK million	FI Q4 2018	CCF Q4 2018	TPF Q4 2018	Total Q4 2018	FI Full year 2018	CCF Full year 2018	TPF Full year 2018	Total Full year 2018
Europe	2,103	905	386	3,394	8,372	3,407	1,505	13,284
North and South America	1,947	752	1	2,700	7,652	3,090	8	10,750
Asia	554	264	0	818	2,256	926	0	3,182
Other countries	39	41	0	80	188	188	0	376
Net sales	4,643	1,962	387	6,992	18,468	7,611	1,513	27,592

Alternative Performance Measures (APMs)

Organic volume growth

Percent	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Food Ingredients				
Organic volume growth	1	7	4	4
Acquisitions/divestments	-	-	-	5
Volume growth	1	7	4	9
Chocolate & Confectionery Fats				
Organic volume growth	15	1	6	10
Acquisitions/divestments	-	-	-	-
Volume growth	15	1	6	10
Technical Products & Feed				
Organic volume growth	10	1	8	1
Acquisitions/divestments	-	-	-	-
Volume growth	10	1	8	1
AAK Group				
Organic volume growth	4	5	5	5
Acquisitions/divestments	-	-	-	3
Volume growth	4	5	5	8

EBITDA

SEK million	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Operating profit (EBIT)	516	471	1,956	1,786
Add back depreciation and amortization	138	126	552	491
EBITDA	654	597	2,508	2,277

Return on Capital Employed (ROCE)

SEK million	31.12.2018	31.12.2017	R12M 31.12.2018	R12M 31.12.2017
Total assets	18,035	16,892	18,004	17,099
Cash and cash equivalents	-737	-480	-696	-566
Financial assets	-20	-6	-51	-13
Accounts payables	-2,685	-3,137	-2,931	-3,073
Other non-interest-bearing liabilities	-1,973	-2,058	-1,935	-1,963
Capital employed	12,620	11,211	12,391	11,484
Operating profit (Rolling 12 months)	1,956	1,786	1,956	1,786
Return on Capital Employed (ROCE), percent	15.5	15.9	15.8	15.6

Net working capital

SEK million	Full year 2018	Full year 2017
Inventory	4,705	4,656
Accounts receivables	3,441	3,210
Other current receivables, non-interest-bearing	1,574	1,299
Accounts payables	-2,685	-3,137
Other current liabilities, non-interest-bearing	-1,973	-2,058
Net working capital	5,062	3,970

Net debt

SEK million	Full year 2018	Full year 2017
Current interest-bearing receivables	20	5
Cash and cash equivalents	737	480
Pension liabilities	-205	-164
Non-current liabilities to banks and credit institutions	-2,551	-2,354
Current liabilities to banks and credit institutions	-661	-628
Other interest-bearing liabilities	-7	-5
Net debt	-2,667	-2,666

Equity to assets ratio

SEK million	Full year 2018	Full year 2017
Shareholders' equity	8,908	7,664
Non-controlling interests	88	70
Total equity including non-controlling interests	8,996	7,734
Total assets	18,035	16,892
Equity to assets ratio, percent	49.9	45.8

Income statement – Parent company

SEK million	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Net sales	22	26	119	97
Other operating income	0	0	0	0
Total operating income	22	26	119	97
Other external expenses	-51	-33	-105	-67
Cost for remuneration to employees	-20	-19	-100	-97
Amortization and impairment losses	-1	-1	-3	-2
Total operating costs	-72	-53	-208	-166
Operating profit (EBIT)	-50	-27	-89	-69
Dividend from group companies	-	-	2,110	-
Income from shares in group companies	119	67	119	67
Interest income	4	0	4	0
Interest expense	-9	-2	-17	-5
Other financial items	-2	-4	-5	-4
Total financial net	112	61	2,211	58
Result before tax	62	34	2,122	-11
Income tax	-17	-5	-11	2
Net result	45	29	2,111	-9
Attributable to non-controlling interests	-	-	-	-
Attributable to the Parent company's shareholders	45	29	2,111	-9

Comprehensive income – Parent company

SEK million	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Profit for the period	45	29	2,111	-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	45	29	2,111	-9
Attributable to non-controlling interests	-	-	-	-
Attributable to the Parent company's shareholders	45	29	2,111	-9

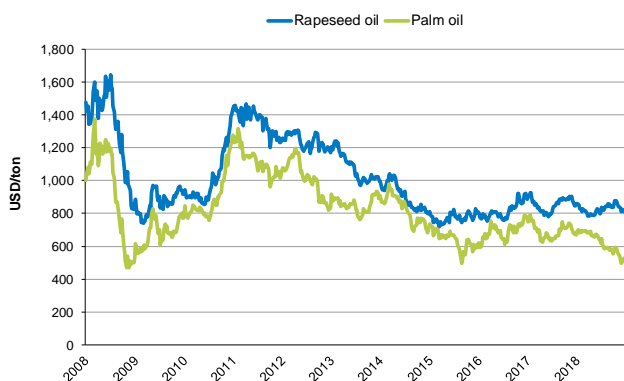
Condensed balance sheet – Parent company

SEK million	31.12.2018	31.12.2017
Assets		
Other intangible assets	11	7
Tangible assets	2	3
Financial assets	7,044	5,333
Deferred tax assets	3	3
Total non-current assets	7,060	5,346
Accounts receivables	-	-
Current receivables	170	125
Cash and cash equivalents	0	0
Total current assets	170	125
Total assets	7,230	5,471
Equity and liabilities		
Shareholders' equity	5,613	3,916
Non-controlling interests	-	-
Total equity including non-controlling interests	5,613	3,916
Liabilities to banks and credit institutions	1,499	-
Other non-current liabilities	26	25
Total non-current liabilities	1,525	25
Accounts payables	18	15
Other current liabilities	74	1,515
Total current liabilities	92	1,530
Total equity and liabilities	7,230	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 February 8, 2019 at 10 a.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 2019

The interim report for the first quarter 2019 will be published on April 23, 2019.

The Annual General Meeting will be held in Malmö, Sweden on May 15, 2019.

The interim report for the second quarter 2019 will be published on July 16, 2019.

The interim report for the third quarter 2019 will be published on October 24, 2019.

Forward-looking statements

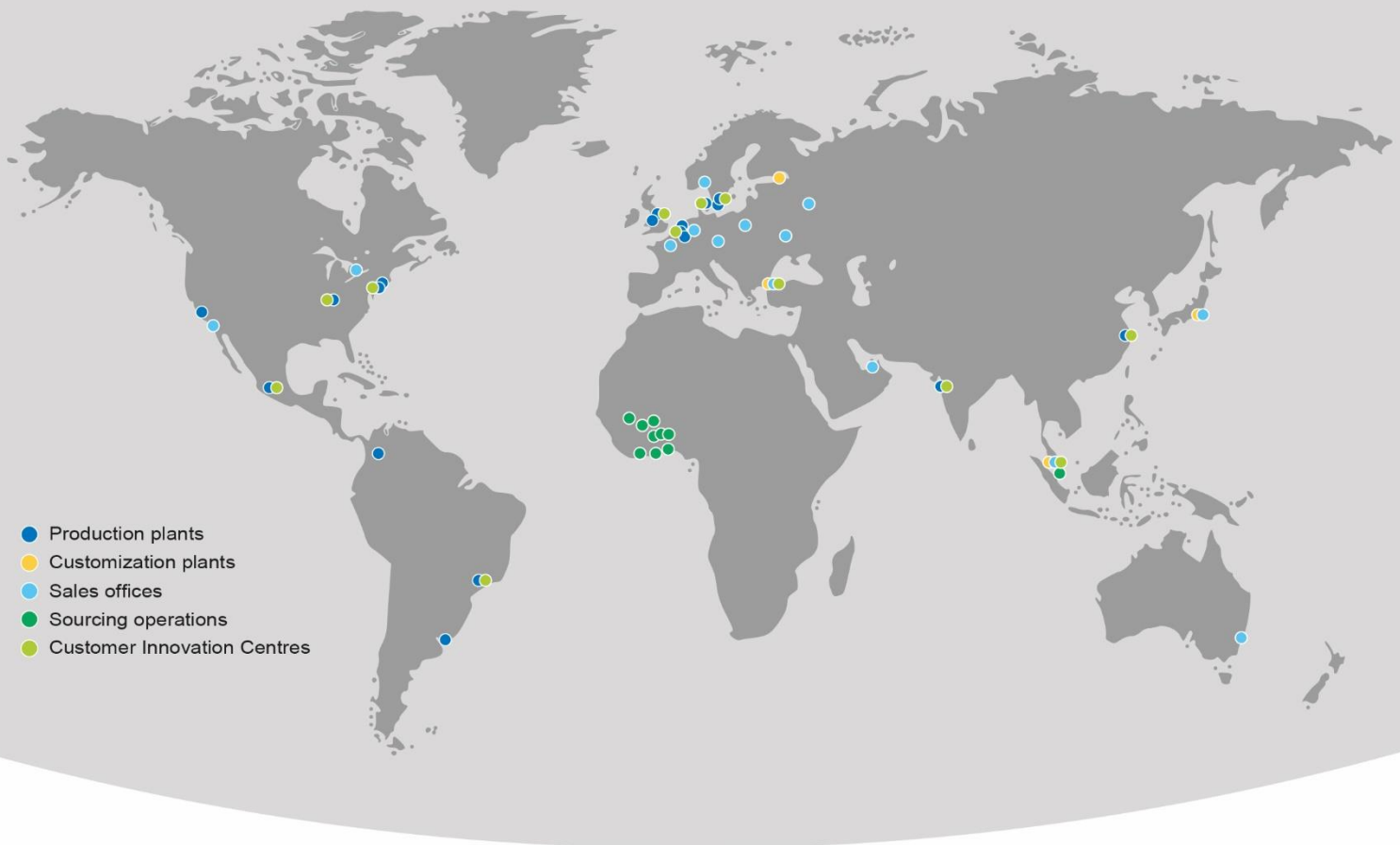
This report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of AAK AB (publ.), may cause actual developments and results to differ materially from the expectations expressed in this report.

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 3,600 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.



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