



Interim report

Second quarter, 2019



Financial highlights

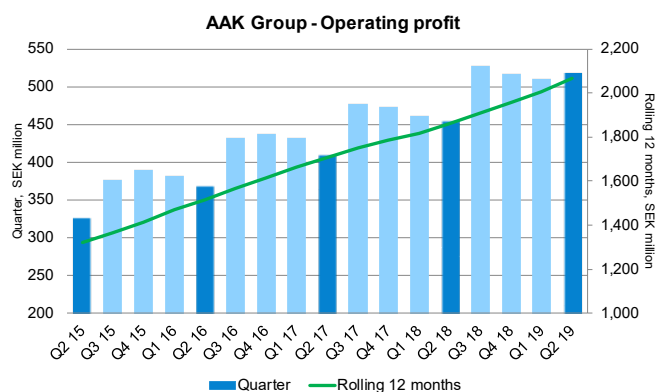
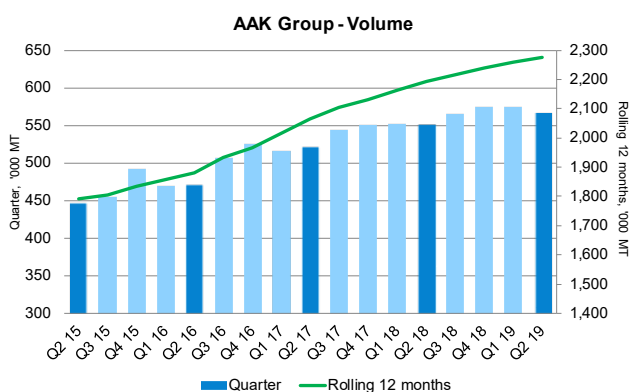
Q2 2019

- Total volumes for the 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).

Q1–Q2 2019

- Total volumes for the period amounted to 1,137,000 MT (1,101,000), organic growth of 3 percent (6).
- Operating profit, including a positive currency translation impact of SEK 39 million, reached SEK 1,018 million (914), an improvement of 11 percent.
- Net result amounted to SEK 714 million (627), an improvement of 14 percent.
- Earnings per share increased by 14 percent, to SEK 2.78 (2.43).
- Cash flow from operating activities amounted to SEK 802 million (0).
- Return on Capital Employed (ROCE), R12M, was 15.5 percent (15.8 at December 31, 2018).

	Q2 2019	Q2 2018	Δ %	Q1-Q2 2019	Q1-Q2 2018	Δ %	R12 months	Full year 2018
Volumes, '000 MT	565	550	+3	1,137	1,101	+3	2,275	2,239
Operating profit, SEK million	518	454	+14	1,018	914	+11	2,060	1,956
Operating profit excl. acquisition costs, SEK million	518	454	+14	1,027	914	+12	2,069	1,956
Operating profit per kilo, SEK	0.92	0.83	+11	0.90	0.83	+8	0.91	0.87
Operating profit per kilo excl. acquisition costs, SEK	0.92	0.83	+11	0.90	0.83	+8	0.91	0.87
Net result, SEK million	362	310	+17	714	627	+14	1,427	1,340
Earnings per share, SEK	1.42	1.20	+18	2.78	2.43	+14	5.56	5.21
Return on Capital Employed (R12M), percent	15.5	15.5	+0	15.5	15.5	+0	15.5	15.8



Strong profit growth and strategic launch of our portfolio for plant-based alternatives

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.

Key product launches

The rapid growth of vegan, vegetarian and flexitarian diets is creating new and exciting opportunities. This development is very relevant to AAK as plant-based ingredients have been the core of our business for more than a century. To meet the strong consumer trend, we have launched AkoPlanet™, a new portfolio with tailor-made solutions for food manufacturers developing plant-based alternatives within the meat, dairy and ice cream segments.

Many of the key characteristics of animal-derived products can be recreated through optimal formulations of oils and fats together with other specific ingredients. This has positive implications for the flavor, texture and other sensory attributes of plant-based foods. By using our unique co-development approach, we help our customers to bring plant-based products to the market.



In addition, we have launched COBAO™ Pure, a breakthrough chocolate solution that delivers significantly improved bloom-retarding effects, delays migration, and extends shelf life. The solution is expected to be beneficial mainly in the fast-growing premium chocolate segment.

Sustainability achievements

We continue to make substantial progress within our sustainability activities to contribute towards the UN Sustainable Development Goals. Through our responsible sourcing activities, we see a positive impact on smallholders' livelihoods, and through our co-development work, we continuously create new sustainable solutions.

In West Africa, we have further strengthened our shea sourcing program Kolo Nafaso and our work with women's groups. We are now directly working with more than 230,000 women, an increase by more than 70 percent since last year. This is an important achievement in securing our long-term growth for shea-based solutions.

Company program

The AAK Way, now in its final year, is progressing well and yielding good results. We have now started to work on our next company program. We will share more information about this during the fourth quarter.

Concluding remarks

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.

Johan Westman
President and CEO

AAK Group, Q2 2019

Volumes

Volumes continued to grow, by 3 percent (6). Organic volume growth was 3 percent (6). Speciality and semi-speciality products grew organically by 3 percent (4).

Net sales

Sales amounted to SEK 6,946 million (6,929). There was an underlying growth in sales due to organic volume growth, a higher proportion of speciality solutions, and a positive currency translation impact of SEK 145 million. This was offset by lower raw material prices.

Operating profit

Operating profit reached SEK 518 million (454), an improvement of 14 percent compared to the corresponding quarter in 2018.

The currency translation impact was positive SEK 19 million of which SEK 12 million was related to Food Ingredients and SEK 7 million to Chocolate & Confectionery Fats. Operating profit at fixed foreign exchange rates improved by 10 percent.

Operating profit per kilo reached SEK 0.92 (0.83), an increase of 11 percent. The currency translation impact was SEK 0.03. At fixed foreign exchange rates, operating profit per kilo increased by 6 percent.

Net financial cost

Net financial cost increased and amounted to SEK 33 million (31). Interest costs paid to banks are down but the new accounting standard for leases, IFRS 16, has resulted in additional interest expenses of SEK 9 million compared to the corresponding quarter last year.

Tax costs

Reported tax costs corresponded to an average tax rate of 25 percent (27). A lower corporate tax rate in Sweden combined with further optimization of the capital structure in the Group have reduced the average tax rate.

Earnings per share

Earnings per share increased by 18 percent, to SEK 1.42 (1.20), due to increased operating profit combined with lower tax costs.

Cash flow and investments

Operating cash flow including changes in working capital amounted to SEK 408 million (396). Cash flow from working capital was negative, amounting to SEK 101 million (positive 65). Lower raw material prices had a positive impact on inventory and accounts receivables but this was offset by lower accounts payables.

Cash outflow from investment activities amounted to SEK 280 million (174), whereof SEK 112 million (0) was related to acquisitions. Capital expenditure was mainly related to regular maintenance investments and capacity increases.

Acquisitions

During the second quarter, AAK has further strengthened its position in the strategic and fast-growing Indian market by acquiring an additional 13 percent of the shares of AAK Kamani. AAK now owns 64 percent of AAK Kamani. The remaining 36 percent of the shares is owned by AAK Kamani's CEO Prakash Chawla and his family. The transaction had no significant impact on AAK's earnings.

Return on Capital Employed (ROCE)

Calculated on a rolling 12 months basis, Return on Capital Employed (ROCE) was 15.5 percent (15.8 at December 31, 2018). ROCE was negatively impacted by 0.3 percent due to the new accounting standard for leases, IFRS 16. ROCE for the second quarter was 14.4 percent (14.4 percent for the corresponding quarter 2018).

Financial position

The equity/assets ratio amounted to 49 percent (50 percent at December 31, 2018). Net debt at June 30, 2019 amounted to SEK 3,049 million (SEK 2,667 million at December 31, 2018). In June, SEK 469 million was paid in dividend. At June 30, 2019 the Group had total committed credit facilities of SEK 8,265 million (6,339 as of December 31, 2018), with SEK 6,772 million of unused committed credit facilities.

Employees

The average number of employees at June 30, 2019 was 3,781 (3,609 at December 31, 2018).

Selected key events



On May 15, AAK's Annual General Meeting was held in Malmö, Sweden. This year, we had a record-high 897 participants – shareholders and guests. The high number of participants is a great recognition from our stakeholders that our work and performances are appreciated and that we are steering our company in the right direction.



In early June, AAK launched AkoPlanet™, a new portfolio with tailor-made solutions for food manufacturers developing plant-based alternatives within the meat, dairy and ice cream segments. AkoPlanet™ will not only enable food manufacturers to meet a variety of industry opportunities, such as health, nutrition and sustainability, but also the fast-growing demand for plant-based products among consumers.

In mid-June, AAK launched COBAO™ Pure, a breakthrough chocolate bloom retarder that delivers significantly improved bloom-retarding effects in all kinds of applications including milk and dark chocolate tablets, coated and filled products, and dark chocolate with nuts. It delays migration and heat-related bloom, extending the shelf life of a product by between 50 and 400 percent depending on recipe, processing techniques and storage conditions.



Food Ingredients, Q2 2019

**Operating profit
+ 18%**

**Operating profit
per kilo
+ 18%**

	Q2 2019	Q2 2018	Δ %	Q1-Q2 2019	Q1-Q2 2018	Δ %	R12 months	Full year 2018
Volumes, '000 MT	381	378	+1	759	752	+1	1,515	1,508
Net sales, SEK million	4,715	4,717	-0	9,364	9,175	+2	18,657	18,468
Operating profit, SEK million	346	292	+18	654	563	+16	1,296	1,205
Operating profit per kilo, SEK	0.91	0.77	+18	0.86	0.75	+15	0.86	0.80

Volumes

Food Ingredients reported organic volume growth of 1 percent (5). The demand for speciality and semi-speciality products was marginally positive. However, there was a favorable development of the product mix within the segments.

The Bakery segment continued its positive trend towards a greater proportion of customer co-developed solutions. The strong volume growth continued in Asia while other regions reported limited or slightly negative volume growth. However, there was a very favorable development of the product mix in North Latin America, South Latin America and the US.

The Dairy segment reported a strong quarter with double-digit volume growth. Most regions showed strong growth, particularly North Latin America and the US. Although from a small base, our business for plant-based solutions continued its growth journey with strong growth for meat and dairy alternatives.

Special Nutrition continued to have a favorable mix within Infant Nutrition with a higher sale of concentrated solutions compared to blended ones. With this change in mix, volume growth was proportionately lower. Although from a small base, the positive trend within Medical and Senior Nutrition continued.

From a volume point of view, Foodservice reported a slightly negative development. However, the dedicated

work to increase the amount of customer co-developed solutions has resulted in an improved profitability, particularly in the US and the Nordics.

Net sales

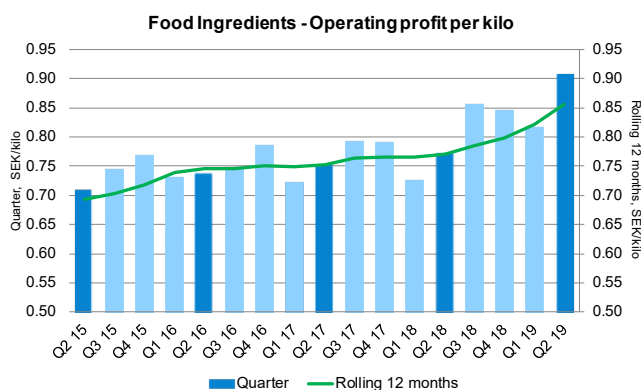
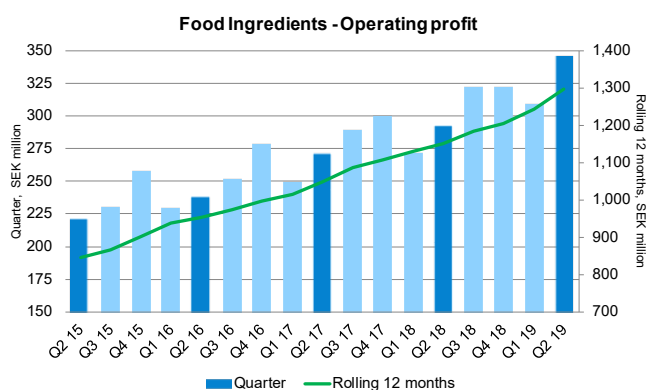
Sales amounted to SEK 4,715 million (4,717). There was an underlying growth in sales due to organic volume growth, a higher proportion of speciality solutions, and a positive currency translation impact of SEK 118 million. This was offset by lower raw material prices.

Operating profit

Operating profit improved by 18 percent to SEK 346 million (292). This was driven by a higher proportion of customer co-developed solutions. The currency translation impact was positive SEK 12 million. At fixed foreign exchange rates operating profit increased by 14 percent.

Operating profit per kilo for Food Ingredients improved by 18 percent and reached SEK 0.91 (0.77). The currency translation impact was SEK 0.03. At fixed foreign exchange rates operating profit per kilo improved by 14 percent.

Integration of recent acquisitions in the Netherlands and the UK is developing according to plan.





Chocolate & Confectionery Fats, Q2 2019

Operating profit
+ 5%

Operating profit
per kilo
- 9%

	Q2 2019	Q2 2018	Δ %	Q1-Q2 2019	Q1-Q2 2018	Δ %	R12 months	Full year 2018
Volumes, '000 MT	112	97	+15	227	199	+14	458	430
Net sales, SEK million	1,874	1,843	+2	3,867	3,642	+6	7,836	7,611
Operating profit, SEK million	177	169	+5	383	359	+7	771	747
Operating profit per kilo, SEK	1.58	1.74	-9	1.69	1.80	-6	1.68	1.74

Volumes

There was significant organic volume growth for the business area in the quarter. The increase was 15 percent (2). There was volume growth for both high-end and low-end semi-speciality products, particularly filling fats and cocoa butter substitutes (CBS).

The demand for high-end solutions remains high. As earlier communicated, we have decided on investments to strengthen our supply chain and increase capacity in our existing production facilities in order to support current and expected future volume growth. These investment projects are progressing according to plan and are expected to be completed by year-end.

Net sales

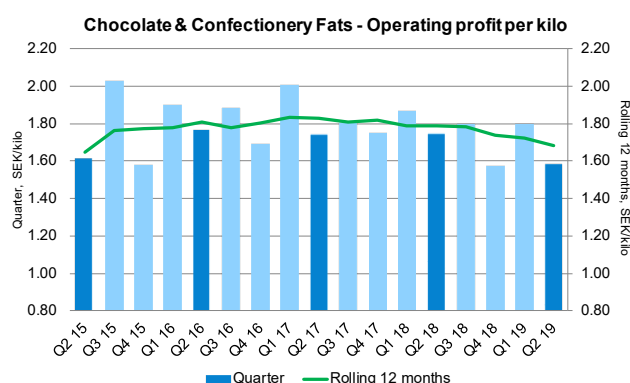
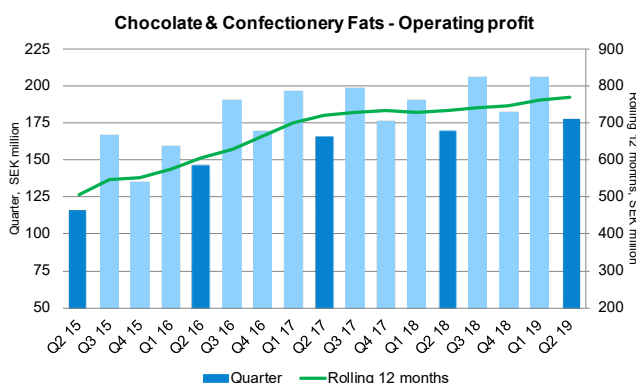
Net sales for the business area amounted to SEK 1,874 million (1,843), an increase by SEK 31 million. This was mainly due to organic volume growth and a positive currency translation impact of SEK 27 million, offset by lower raw material prices.

Operating profit

Operating profit reached SEK 177 million (169), an improvement of 5 percent. The currency translation impact was SEK 7 million. At fixed foreign exchange rates operating profit increased by 1 percent.

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

Operating profit per kilo reached SEK 1.58 (1.74), a decrease of 9 percent. The currency translation impact was SEK 0.06. At fixed foreign exchange rates operating profit per kilo decreased by 13 percent. As mentioned above, the decrease in operating profit per kilo was due to higher production costs and strong volume growth for low-end semi-speciality products.





Technical Products & Feed, Q2 2019

Operating profit
+ 9%

Operating profit per kilo
+ 14%

	Q2 2019	Q2 2018	Δ %	Q1-Q2 2019	Q1-Q2 2018	Δ %	R12 months	Full year 2018
Volumes, '000 MT	72	75	-4	151	150	+1	302	301
Net sales, SEK million	357	369	-3	746	749	-0	1,510	1,513
Operating profit, SEK million	35	32	+9	71	68	+4	158	155
Operating profit per kilo, SEK	0.49	0.43	+14	0.47	0.45	+4	0.52	0.51

Volumes

Volumes decreased by 4 percent (14) compared to the corresponding quarter in 2018. Our fatty acids business continued to grow while volumes within our feed business was slightly negative.

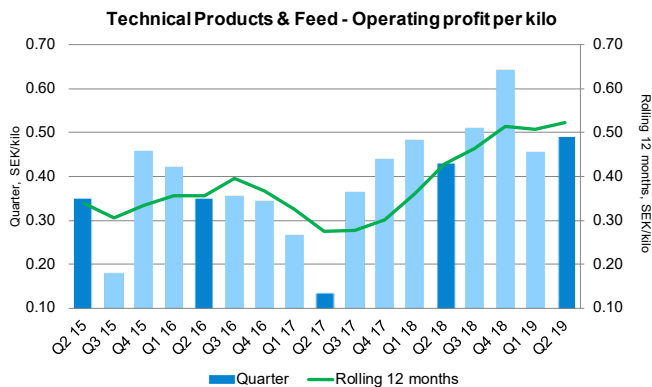
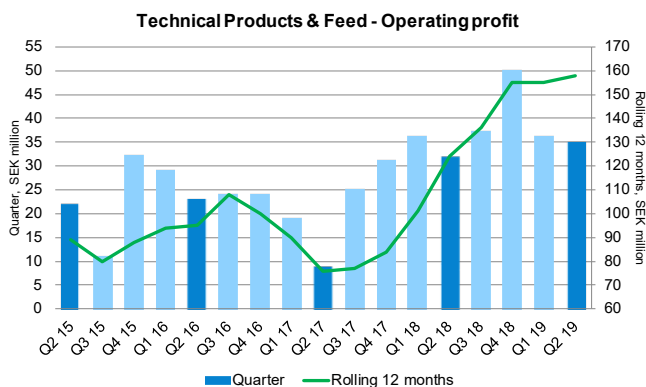
Net sales

Net sales for the business area decreased by SEK 12 million due to the lower volumes.

Operating profit

Operating profit improved by 9 percent reaching SEK 35 million (32), mainly due to a continued good momentum in both our fatty acids and our feed business. The profit growth was mainly related to increased sales of high-end solutions within our feed business.

The business area reported an operating profit per kilo of SEK 0.49 (0.43), an improvement of 14 percent.



The AAK Group, first six months 2019

Volumes

Total volumes were up by 3 percent (6). Organic volume growth was 3 percent (6).

Net sales

Sales amounted to SEK 13,977 million (13,566). There was an underlying growth in sales due to organic volume growth, a higher proportion of speciality solutions, and a positive currency translation impact of SEK 390 million. This was partly offset by lower raw material prices.

Operating profit

Operating profit reached SEK 1,018 million (914), an improvement of 11 percent. Excluding acquisition costs of SEK 9 million, operating profit improved by 12 percent.

The currency translation impact was positive SEK 39 million of which SEK 24 million was related to Food Ingredients, SEK 16 million to Chocolate & Confectionery Fats while Group Functions was negative SEK 1 million. Operating profit at fixed foreign exchange rates improved by 7 percent.

Operating profit per kilo reached SEK 0.90 (0.83), an increase of 8 percent. Excluding acquisition costs, operating profit per kilo improved by 9 percent. The currency translation impact was SEK 0.03. At fixed foreign exchange rates operating profit per kilo increased by 4 percent.

Net financial cost

Net financial cost increased and amounted to SEK 63 million (55). Interest costs paid to banks are down but the new accounting standard for leases, IFRS 16, has resulted in additional interest expenses of SEK 17 million compared to the corresponding period last year.

Tax costs

Reported tax costs correspond to an average tax rate of 25 percent (27). A lower corporate tax rate in Sweden combined with further optimization of capital structure in the Group have reduced the average tax rate.

Earnings per share

Earnings per share increased by 14 percent, to SEK 2.78 (2.43), due to increased operating profit combined with lower tax costs.

Cash flow and investments

Operating cash flow including changes in working capital amounted to SEK 802 million (0). Cash flow from working capital was negative, amounting to SEK 168 million (negative 578). Continued volume growth impacted cash flow from accounts receivables negatively. Lower raw material prices had a favorable impact on cash flow from inventory. However, the lower raw material prices had a negative impact on accounts payables.

Cash outflow from investment activities amounted to SEK 576 million (304), whereof SEK 281 million (0) was related to acquisitions.

Acquisitions

During the first quarter, AAK announced its acquisition of Dutch company MaasRefinery B.V. and British foodservice company BD Foods Ltd. MaasRefinery had revenues of SEK 50 million in 2018 and BD Foods' revenues for the same year amounted to SEK 120 million. Neither of the transactions had a significant impact on AAK's earnings.

The fair value of the assets and liabilities in the acquired companies resulted in a moderate goodwill. Acquisition-related costs of SEK 9 million have been charged to Group functions during the first quarter.

During the second quarter, AAK has further strengthened its position in the strategic and fast-growing Indian market by acquiring an additional 13 percent of the shares of AAK Kamani. AAK now owns 64 percent of AAK Kamani. The remaining 36 percent of the shares is owned by AAK Kamani's CEO Prakash Chawla and his family. The transaction had no significant impact on AAK's earnings.

General information

Related parties

No significant changes have taken place in relations or transactions with related parties since 2018.

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 2019

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.

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

The Group has adopted IFRS 16 using the modified retrospective approach with the cumulative effect initially recognized on January 1, 2019, which means the comparatives for 2018, in accordance with the standard, are not restated. The Group has adopted 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 calculations of the transition effects have now been completed and the lease liability and right-of-use asset as at January 1, 2019 amounted to SEK 741 million. Equity was not affected in the transition to IFRS 16.

The lease liability as at June 30, 2019 is SEK 753 million and the right-of-use asset SEK 746 million. Year-to-date, the new standard has impacted Amortization and impairment losses negatively by SEK 48 million and Other external expenses positively by SEK 56 million, with a net positive effect on EBIT of SEK 8 million. Interest expenses were impacted negatively by SEK 17 million. For further information about current lease agreements, see note 28 in the Annual Report.

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 20–21.

Definitions

For definitions, please see our Annual Report.

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 1,415 million (773).

Interest-bearing liabilities minus cash and cash equivalents and interest-bearing assets totalled a positive of SEK 3,087 million (1,710 as of December 31, 2018). Investments in intangible and tangible assets amounted to SEK 2 million (4).

The Parent Company's balance sheet and income statement are shown on pages 23–24.

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 16, 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

Patrik Andersson
Board member

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 11:00 a.m. CET on July 16, 2019.

AAK Group

Condensed Income statement

SEK million	Q2 2019	Q2 2018	Q1-Q2 2019	Q1-Q2 2018	Full year 2018
Net sales	6,946	6,929	13,977	13,566	27,592
Other operating income	38	40	77	81	180
Total operating income	6,984	6,969	14,054	13,647	27,772
Raw materials and supplies	-5,028	-5,236	-10,200	-10,259	-20,723
Other external expenses*	-660	-622	-1,324	-1,199	-2,462
Cost for remuneration to employees	-603	-516	-1,167	-999	-2,073
Amortization and impairment losses*	-170	-141	-336	-276	-552
Other operating expenses	-5	-0	-9	-0	-6
Total operating costs	-6,466	-6,515	-13,036	-12,733	-25,816
Operating profit (EBIT)	518	454	1,018	914	1,956
Interest income	2	2	4	3	6
Interest expense*	-32	-29	-67	-53	-124
Other financial items	-3	-4	0	-5	-9
Total financial net	-33	-31	-63	-55	-127
Result before tax	485	423	955	859	1,829
Income tax*	-123	-113	-241	-232	-489
Net result	362	310	714	627	1,340
Attributable to non-controlling interests	1	7	10	10	18
Attributable to the Parent company's shareholders	361	303	704	617	1,322

* Impact in the Income statement related to accounting standard IFRS 16 Leases

Other external expenses	+30	-	+56	-	-
Amortization and impairment losses	-25	-	-48	-	-
Interest expense	-9	-	-17	-	-
Income tax	+1	-	+2	-	-

Comprehensive income

SEK million	Q2 2019	Q2 2018	Q1-Q2 2019	Q1-Q2 2018	Full year 2018
Profit for the period	362	310	714	627	1,340
Items that will not be reclassified to profit or loss:					
Remeasurements of post-employment benefit obligations	-	-	-	-	-28
	-	-	-	-	-28
Items that may subsequently be reclassified to profit or loss:					
Translation differences	-40	274	377	684	362
Fair-value changes in cash flow hedges	-3	-	-3	-	-
Tax related to fair-value changes in cash flow hedges	1	-	1	-	-
	-42	274	375	684	362
Total comprehensive income for the period	320	584	1,089	1,311	1,674
Attributable to non-controlling interests	1	7	13	10	18
Attributable to the Parent company's shareholders	319	577	1,076	1,301	1,656

Condensed balance sheet

SEK million	30.06.2019	30.06.2018	31.12.2018
Assets			
Goodwill	1,788	1,709	1,666
Other intangible assets	372	346	333
Tangible assets	5,830	5,450	5,468
Right of use asset	746	-	-
Financial assets	39	53	30
Deferred tax assets	75	123	61
Total non-current assets	8,850	7,681	7,558
Inventory	4,762	4,837	4,705
Accounts receivables	3,670	3,615	3,441
Current receivables	1,756	1,748	1,594
Cash and cash equivalents	744	872	737
Total current assets	10,932	11,072	10,477
Total assets	19,782	18,753	18,035
Equity and liabilities			
Shareholders' equity	9,533	8,553	8,908
Non-controlling interests	83	80	88
Total equity including non-controlling interests	9,616	8,633	8,996
Liabilities to banks and credit institutions	3,087	3,469	2,551
Pension liabilities	225	169	206
Deferred tax liabilities	484	493	490
Lease liabilities	659	-	-
Non-interest-bearing liabilities	380	410	434
Total non-current liabilities	4,835	4,541	3,681
Liabilities to banks and credit institutions	477	752	661
Accounts payables	2,683	2,918	2,685
Lease liabilities	94	-	-
Other current liabilities	2,077	1,909	2,012
Total current liabilities	5,331	5,579	5,358
Total equity and liabilities	19,782	18,753	18,035

No changes have arisen in contingent liabilities.

Condensed change in equity

2019

SEK million	Shareholders' equity	Non-controlling interests	Total equity incl. non-controlling interests
Opening balance January 1, 2019	8,908	88	8,996
Profit for the period	704	10	714
Other comprehensive income	372	3	375
Total comprehensive income	1,076	13	1,089
Non-controlling interest	18	-18	-
Dividend	-469	-	-469
Closing balance June 30, 2019	9,533	83	9,616

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

Financial instruments

SEK million	Asset	Liability
Financial instruments reported in balance sheet June 30, 2019		
Sales and purchase contracts	581	201
Currency hedge contracts	118	98
Total derivatives financial instruments	699	299
Fair value adjustment inventory	58	-23
Total financial instruments	757	276

Condensed cash flow statement

SEK million	Q2 2019	Q2 2018	Q1-Q2 2019	Q1-Q2 2018	Full year 2018
Operating activities					
Operating profit	518	454	1,018	914	1,956
Depreciation and amortization	170	141	336	276	552
Other non-cash items	-54	-100	-81	-319	-278
Cash flow before interest and tax	634	495	1,273	871	2,230
Interest paid and received	-24	-32	-75	-49	-102
Tax paid	-101	-132	-228	-244	-483
Cash flow before changes in working capital	509	331	970	578	1,645
Changes in inventory	148	211	120	40	63
Changes in accounts receivables	55	-30	-97	-284	-208
Changes in accounts payables	-161	-296	-111	-359	-538
Changes in other working capital items	-143	180	-80	25	128
Changes in working capital	-101	65	-168	-578	-555
Cash flow from operating activities	408	396	802	0	1,090
Investing activities					
Acquisition of intangible and tangible assets	-169	-175	-296	-305	-725
Acquisition of operations and shares, net of cash acquired	-112	-	-281	-	-
Proceeds from sale of property, plant and equipment	1	1	1	1	2
Cash flow from investing activities	-280	-174	-576	-304	-723
Cash flow after investing activities	128	222	226	-304	367
Financing activities					
Changes in loans	301	380	283	1,080	289
Amortization of lease liability	-30	-	-56	-	-
Dividend paid	-469	-412	-469	-412	-412
Cash flow from financing activities	-198	-32	-242	668	-123
Cash flow for the period	-70	190	-16	364	244
Cash and cash equivalents at start of period	814	669	737	480	480
Exchange rate difference for cash equivalents	0	13	23	28	13
Cash and cash equivalents at end of period	744	872	744	872	737

Key ratios

SEK million (unless otherwise stated)	Q2 2019	Q2 2018	Δ %	Q1-Q2 2019	Q1-Q2 2018	Δ %	Full year 2018
Income statement							
Volumes, '000 MT	565	550	+3	1,137	1,101	+3	2,239
Operating profit	518	454	+14	1,018	914	+11	1,956
Operating profit excl. acquisition costs	518	454	+14	1,027	914	+12	1,956
Net result	362	310	+17	714	627	+14	1,340
Financial position							
Total assets	19,782	18,753	+5	19,782	18,753	+5	18,035
Equity	9,616	8,633	+11	9,616	8,633	+11	8,996
Net working capital	5,434	5,235	+4	5,434	5,235	+4	5,062
Net interest-bearing debt	3,049	3,363	-9	3,049	3,363	-9	2,667
Cash flow							
EBITDA	688	595	+16	1,354	1,190	+14	2,508
Cash flow from operating activities	408	396	-	802	0	-	1,090
Cash flow from investing activities	-280	-174	-	-576	-304	-	-723
Free cash flow	128	222	-	226	-304	-	367
Share data*							
Number of shares, thousand	253,731	253,731	+0	253,731	253,731	+0	253,731
Earnings per share, SEK**	1.42	1.20	+18	2.78	2.43	+14	5.21
Earnings per share incl. dilution, SEK***	1.42	1.20	+18	2.77	2.43	+14	5.21
Earnings per share incl. full dilution, SEK****	1.39	1.20	+16	2.72	2.43	+12	5.21
Equity per share, SEK	37.57	33.71	+11	37.57	33.71	+11	35.11
Market value on closing date, SEK	176.00	139.50	+26	176.00	139.50	+26	122.70
Other key ratios							
Volume growth, percent	+3	+6	-	+3	+6	-	+5
Operating profit per kilo, SEK	0.92	0.83	+11	0.90	0.83	+8	0.87
Operating profit per kilo excl. acquisition costs, SEK	0.92	0.83	+11	0.90	0.83	+8	0.87
Return on Capital Employed (R12 months), percent	15.5	15.5	+0	15.5	15.5	+0	15.8
Net debt / EBITDA, multiple	1.14	1.41	-19	1.14	1.41	-19	1.06

* 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	2018 Q1	Q2	Q3	Q4	Full year	2019 Q1	Q2
Food Ingredients	271	292	321	321	1,205	308	346
Chocolate & Confectionery Fats	190	169	206	182	747	206	177
Technical Products & Feed	36	32	37	50	155	36	35
Group Functions	-37	-39	-38	-37	-151	-50	-40
Operating profit AAK Group	460	454	526	516	1,956	500	518
Financial net	-24	-31	-37	-35	-127	-30	-33
Result before tax	436	423	489	481	1,829	470	485

Net sales by market

2019

SEK million	FI Q2 2019	CCF Q2 2019	TPF Q2 2019	Total Q2 2019	FI Q1-Q2 2019	CCF Q1-Q2 2019	TPF Q1-Q2 2019	Total Q1-Q2 2019
Europe	2,095	857	357	3,309	4,155	1,797	746	6,698
North and South America	1,977	781	0	2,758	3,913	1,579	0	5,492
Asia	598	195	0	793	1,187	406	0	1,593
Other countries	45	41	0	86	109	85	0	194
Net sales	4,715	1,874	357	6,946	9,364	3,867	746	13,977

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 2019	Q2 2018	Q1-Q2 2019	Q1-Q2 2018	Full year 2018
Food Ingredients					
Organic volume growth	1	5	1	7	4
Acquisitions/divestments	-	-	-	-	-
Volume growth	1	5	1	7	4
Chocolate & Confectionery Fats					
Organic volume growth	15	2	14	3	6
Acquisitions/divestments	-	-	-	-	-
Volume growth	15	2	14	3	6
Technical Products & Feed					
Organic volume growth	-4	14	1	9	8
Acquisitions/divestments	-	-	-	-	-
Volume growth	-4	14	1	9	8
AAK Group					
Organic volume growth	3	6	3	6	5
Acquisitions/divestments	-	-	-	-	-
Volume growth	3	6	3	6	5

EBITDA

SEK million	Q2 2019	Q2 2018	Q1-Q2 2019	Q1-Q2 2018	Full year 2018
Operating profit (EBIT)	518	454	1,018	914	1,956
Add back depreciation and amortization	170	141	336	276	552
EBITDA	688	595	1,354	1,190	2,508

Return on Capital Employed (ROCE)

SEK million	30.06.2019	30.06.2018	R12M 30.06.2019	R12M 31.12.2018
Total assets	19,782	18,753	18,919	18,004
Cash and cash equivalents	-744	-872	-778	-696
Financial assets	-10	-160	-43	-51
Accounts payables	-2,683	-2,918	-2,776	-2,931
Other non-interest-bearing liabilities	-2,061	-1,887	-2,007	-1,935
Capital employed	14,284	12,916	13,315	12,391
Operating profit (Rolling 12 months)	2,060	1,860	2,060	1,956
Return on Capital Employed (ROCE), percent	14.4	14.4	15.5	15.8

Net working capital

SEK million	30.06.2019	Full year 2018
Inventory	4,762	4,705
Accounts receivables	3,670	3,441
Other current receivables, non-interest-bearing	1,749	1,574
Accounts payables	-2,683	-2,685
Other current liabilities, non-interest-bearing	-2,064	-1,973
Net working capital	5,434	5,062

Net debt

SEK million	30.06.2019	Full year 2018
Current interest-bearing receivables	10	20
Cash and cash equivalents	744	737
Pension liabilities	-225	-205
Non-current liabilities to banks and credit institutions	-3,087	-2,551
Current liabilities to banks and credit institutions	-477	-661
Other interest-bearing liabilities	-14	-7
Net debt	-3,049	-2,667

Equity to assets ratio

SEK million	30.06.2019	Full year 2018
Shareholders' equity	9,533	8,908
Non-controlling interests	83	88
Total equity including non-controlling interests	9,616	8,996
Total assets	19,782	18,035
Equity to assets ratio, percent	48.6	49.9

Acquisitions

During the first quarter 2019, AAK acquired the Dutch company MaasRefinery B.V. and the British foodservice company BD Foods Ltd. The effect on AAK's Balance sheet and Cash flow is shown below.

SEK million	Q1-Q2 2019
Fair value of acquired assets and liabilities	
Intangible fixed assets	44
Tangible fixed assets	128
Other non-current assets	10
Total fixed assets	182
Total current assets	56
Total assets	238
Total non-current liabilities	65
Total current liabilities	58
Total liabilities	123
Fair value of acquired assets and liabilities	115
Goodwill	68
Total purchase consideration transferred	183
Less cash and cash equivalents in acquired companies	-14
Cash flow from acquisition of operations and shares	169

During the second quarter 2019, AAK acquired an additional 13 percent of the shares in AAK Kamani, India, for an amount of SEK 112 million.

Income statement – Parent company

SEK million	Q2 2019	Q2 2018	Q1-Q2 2019	Q1-Q2 2018	Full year 2018
Net sales	32	33	65	65	119
Total operating income	32	33	65	65	119
Other external expenses	-49	-22	-78	-39	-105
Cost for remuneration to employees	-26	-26	-52	-55	-100
Amortization and impairment losses	-1	-0	-2	-1	-3
Total operating costs	-76	-48	-132	-95	-208
Operating profit (EBIT)	-44	-15	-67	-30	-89
Dividend from group companies	1,497	812	1,497	812	2,360
Income from shares in group companies	-	-	-	-	119
Interest income	0	0	1	0	4
Interest expense	-9	-4	-15	-8	-17
Other financial items	0	-1	-1	-1	-5
Total financial net	1,488	807	1,482	803	2,461
Result before tax	1,444	792	1,415	773	2,372
Income tax	12	2	18	5	-11
Net result	1,456	794	1,433	778	2,361
Attributable to non-controlling interests	-	-	-	-	-
Attributable to the Parent company's shareholders	1,456	794	1,433	778	2,361

Comprehensive income – Parent company

SEK million	Q2 2019	Q2 2018	Q1-Q2 2019	Q1-Q2 2018	Full year 2018
Profit for the period	1,456	794	1,433	778	2,361
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	1,456	794	1,433	778	2,361
Attributable to non-controlling interests	-	-	-	-	-
Attributable to the Parent company's shareholders	1,456	794	1,433	778	2,361

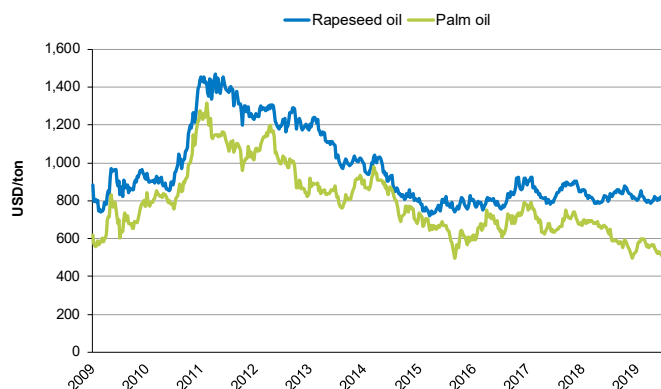
Condensed balance sheet – Parent company

SEK million	30.06.2019	30.06.2018	31.12.2018
Assets			
Other intangible assets	10	10	11
Tangible assets	3	3	2
Financial assets	8,424	5,333	7,044
Deferred tax assets	4	3	3
Total non-current assets	8,441	5,349	7,060
Current receivables	334	72	420
Cash and cash equivalents	0	0	-
Total current assets	334	72	420
Total assets	8,775	5,421	7,480
Equity and liabilities			
Shareholders' equity	6,827	4,280	5,863
Non-controlling interests	-	-	-
Total equity including non-controlling interests	6,827	4,280	5,863
Liabilities to banks and credit institutions	1,850	-	1,499
Other non-current liabilities	18	14	26
Total non-current liabilities	1,868	14	1,525
Accounts payables	7	15	18
Other current liabilities	73	1,112	74
Total current liabilities	80	1,127	92
Total equity and liabilities	8,775	5,421	7,480

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 16, 2019 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 2019

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

A capital market day will be held in Aarhus, Denmark, on November 20, 2019.

The fourth quarter and year-end report for 2019 will be published on January 30, 2020.

Forward-looking statements

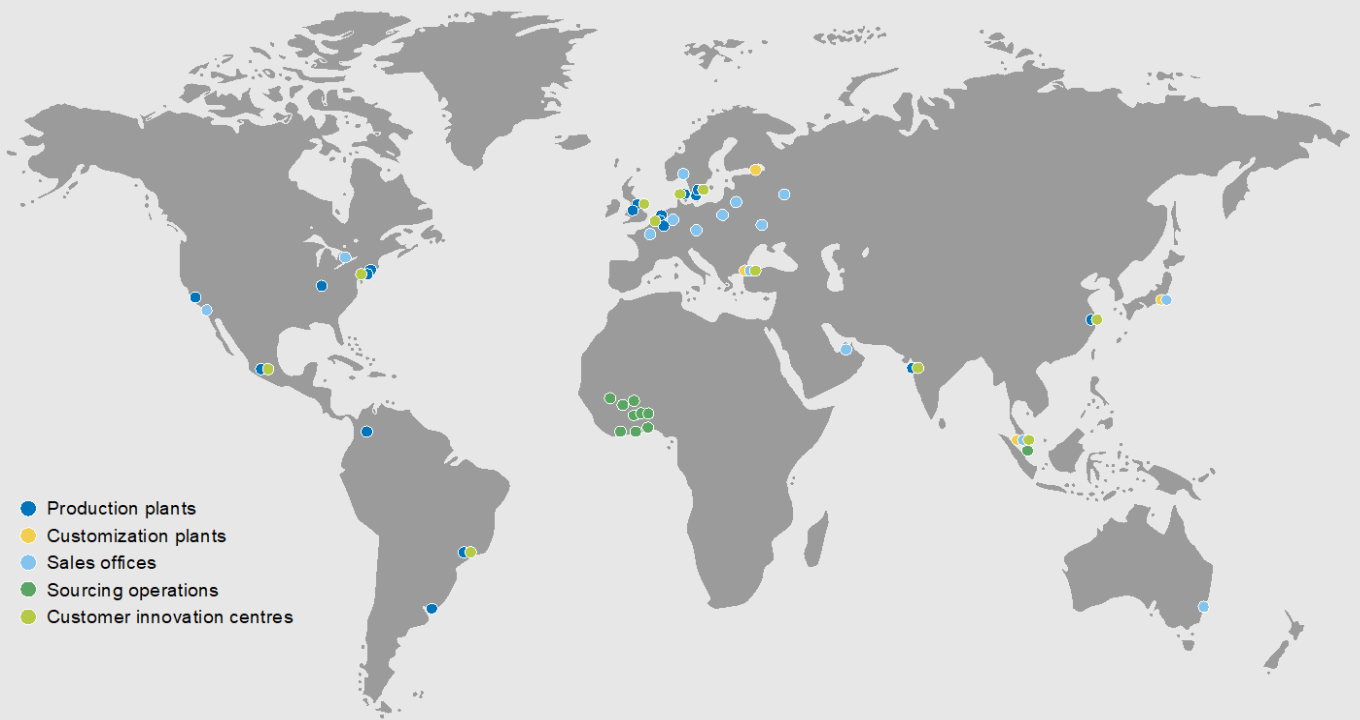
This report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of AAK AB (publ.), may cause actual developments and results to differ materially from the expectations expressed in this report.

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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