

Press release

AAK's Interim report for the first quarter 2017 – all-time high operating profit for a first quarter

- Operating profit reached SEK 431 million (381), an improvement of 13 percent. The currency translation impact was SEK 7 million, mainly related to Chocolate & Confectionery Fats.
 - Ramp-up costs for the greenfield projects in Brazil and China have, according to plan, been absorbed in the reported profit.
- Total volumes continued to grow nicely and were up 10 percent (5). Organic volume growth was 5 percent (0). The demand for speciality and semi-speciality products continued to be strong and generated organic volume growth of 6 percent (2).
- Food Ingredients improved by 9 percent, reaching SEK 249 million (229). However, the picture between the different segments was mixed:
 - The Dairy segment continued the strong trend from 2016 and reported high double-digit organic volume growth. North Latin America, Asia, and the US showed particularly strong growth.
 - After some challenging quarters the Bakery segment was back to organic growth in several important regions, however the European market remained a challenge.
 - Special Nutrition reported medium single-digit volume growth, but with a significantly better product mix compared to the corresponding quarter last year. This was driven by a continued volume growth for our Infant Nutrition product range Akonino®, building on exceptionally strong volume growth last year. Our other Infant Nutrition product range InFat®, sold through Advanced Lipids AB, a joint venture of AAK and Enzymotec, had a strong volume growth in the quarter.
 - Foodservice reported declining volumes in the quarter. This was mainly due to more challenging market conditions in Europe.
- Chocolate & Confectionery Fats reported a result of SEK 196 million (159), an improvement of 23 percent. Both total volume growth and organic volume growth was 17 percent in the quarter. There was continued strong organic volume growth for both speciality and semi-speciality products, with several showing exceptional volume growth – in mature as well as in emerging markets.
- Technical Products & Feed reached SEK 19 million (29). Pressure from higher raw material prices had an unfavorable impact on operating profit for the fatty acids business, combined with last year's corresponding quarter being exceptionally strong for the fatty acids business.
- Earnings per share increased by 16 percent, to SEK 6.47 (5.56), despite increased earnings in countries with high tax rates.
- Operating cash flow including changes in working capital amounted to negative SEK 408 million (negative 16). As previously predicted, cash flow from working capital was negative, amounting to SEK 740 million (negative 380). Increased raw material prices, strong organic volume growth and working capital tied up for the two greenfield investments, continued to

have a negative impact on working capital. There has been a slight decrease in raw material prices during the first quarter which will have a positive impact during the second half of the year.

- Calculated on a rolling 12 months basis, Return on Capital Employed (ROCE) was 15.6 percent (15.8 at December 31, 2016).
- Our greenfield project in Brazil is progressing according to plan.
- The first very limited volumes from our new factory in China have been delivered during the first quarter. To be able to deliver the whole product range a gradual ramp-up will continue during the upcoming quarters.
- Our new company program, The AAK Way, will guide us up through 2019. Our key focus with the program is to enable the company to continue to deliver strong organic growth. This will be achieved by focusing on five priority areas: Go to Market, Operational Excellence, Special Focus Areas, Innovation and People. The implementation of the program is developing according to plan.

Concluding remarks:

“Based on AAK’s 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 the continued improvement in Chocolate & Confectionery Fats.”

The Interim report for the first quarter 2017 will be presented today, April 20, 2017 at 1 p.m. CET at a Press & Analyst telephone conference. For participation, please see instructions under the Investor tab at the AAK website, www.aak.com.

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*AAK is a leading provider of value-adding vegetable oils & fats. Our expertise in lipid technology within foods and special nutrition applications, our wide range of raw materials and our broad process capabilities enable us to develop innovative and value-adding solutions across many industries – Chocolate & Confectionery, Bakery, Dairy, Special Nutrition, Foodservice, Personal Care, and more. AAK’s proven expertise is based on more than 140 years of experience within oils & fats. Our unique co-development approach brings our customers’ skills and know-how together with our own capabilities and mindset for lasting results. Listed on the NASDAQ OMX Stockholm and with our headquarters in Malmö, Sweden, AAK has 20 different production facilities, sales offices in more than 25 countries and more than 3,000 employees. **We are AAK – The Co-Development Company.***