

Press release

AAK's Interim report for the third quarter 2018 – all-time high operating profit

AAK Group

- Total volumes for the quarter amounted to 564,000 MT (543,000), organic growth of 4 percent (4).
- Operating profit, including a positive currency translation impact of SEK 16 million, reached SEK 526 million (475), an improvement of 11 percent.
- Net result amounted to SEK 359 million (315), an improvement of 14 percent.
- Earnings per share increased by 16 percent, to SEK 1.39 (1.20).
- Cash flow from operating activities amounted to SEK 524 million (492). Cash flow from working capital was negative, amounting to SEK 37 million (positive 156).
- Return on Capital Employed (ROCE), R12M, was 15.7 percent (15.6 at December 31, 2017).

Business areas

- Food Ingredients – operating profit improved by 11 percent to SEK 321 million (288).
- Chocolate & Confectionery Fats – operating profit reached SEK 206 million (198), an improvement of 4 percent.
- Technical Products & Feed – operating profit improved by 48 percent, reaching SEK 37 million (25).

CEO's comments

The positive trend we have seen over the last few years continued during the third quarter. The main drivers for our profit growth were Dairy and Special Nutrition which both are important focus areas within our company program The AAK Way.

Organic volume growth reached 4 percent (4). Operating profit increased by 11 percent to SEK 526 million (475). Earnings per share increased by 16 percent and operating cash flow 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, the slightly weaker development in the US market continued during the third quarter.

Food Ingredients had another strong quarter with Dairy and Special Nutrition leading the way. Our Bakery segment showed good volume growth as well as an improved product mix with a greater proportion of customer co-developed solutions.

Chocolate & Confectionery Fats reported a stable quarter with continued profit growth. We continue to 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 in order to support future volume growth.

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.

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 trends in the food industry.

Press and analyst conference

The Interim report for the third quarter 2018 will be presented today, October 25, 2018 at 1 p.m. CET at a press and analyst conference. For participation, please see instructions under the Investor tab at the AAK website, www.aak.com.

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*AAK is a leading provider of value-adding vegetable oils & fats. Our expertise in lipid technology within foods and special nutrition applications, our wide range of raw materials and our broad process capabilities enable us to develop innovative and value-adding solutions across many industries – Chocolate & Confectionery, Bakery, Dairy, Special Nutrition, Foodservice, Personal Care, and more. AAK's proven expertise is based on more than 140 years of experience within oils & fats. Our unique co-development approach brings our customers' skills and know-how together with our own capabilities and mindset for lasting results. Listed on Nasdaq Stockholm and with our headquarters in Malmö, Sweden, AAK has 20 different production facilities, sales offices in more than 25 countries and more than 3,400 employees. **We are AAK – The Co-Development Company.***