

Press release

AAK's Interim report for the fourth quarter and year-end report 2018 – continued strong organic volume and profit growth in the fourth quarter

AAK Group

- 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).
- Cash flow from operating activities amounted to SEK 566 million (844). Cash flow from working capital was positive, amounting to SEK 60 million (262).
- Return on Capital Employed (ROCE), R12M, was 15.8 percent (15.6 at December 31, 2017).
- The Board of Directors proposes that a dividend of SEK 1.85 (1.63) per share be paid for the financial year 2018.

Business areas

- Food Ingredients – operating profit improved by 7 percent to SEK 321 million (299).
- Chocolate & Confectionery Fats – operating profit reached SEK 182 million (176), an improvement of 3 percent.
- Technical Products & Feed – operating profit improved by 61 percent, reaching SEK 50 million (31).

CEO's comments

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.

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.

Press and analyst conference

The Interim report for the fourth quarter and year-end report 2018 will be presented today, February 8, 2019 at 10 a.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 3,600 employees. **We are AAK – The Co-Development Company.***

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