

# Interim Report

Fourth quarter and  
Year-end report, 2015



## Chief Executive's comments

### A new record high operating profit and continued organic volume growth

Again, a record high operating profit was achieved with solid year-on-year improvements. Food Ingredients reported a very strong quarter due to a further improved product mix, continued organic volume growth and a relatively moderate fourth quarter last year. Chocolate & Confectionery Fats continued to improve but, as expected, at a slightly slower pace after some very strong quarters. Technical Products & Feed reported a very strong quarter, mainly due to a positive development for the technical fatty acids business.

Total volumes continued to grow nicely and were up 6 percent (9). Organic volume growth was 1 percent (1).

Operating profit, excluding acquisition costs of SEK 15 million, reached SEK 388 million (343 excluding net positive, non-recurring items of SEK 16 million), an improvement of 13 percent compared to the corresponding quarter in 2014. Operating profit at fixed foreign exchange rates, and adjusted for acquisition costs and non-recurring items, improved by 7 percent. During the quarter we have continued to invest in the organization by adding more resources in Sales and Customer Innovation, particularly in growth markets.

The currency translation impact was positive SEK 22 million (27).

Operating profit per kilo, excluding acquisition costs, reached SEK 0.79 (0.74 excluding non-recurring items). The currency translation impact was SEK 0.04 (0.06).

Business Area operating profit:

- Food Ingredients improved by 17 percent, reaching SEK 257 million (220).
- Chocolate & Confectionery Fats reported a result of SEK 135 million (128), an improvement of 5 percent.
- Technical Products & Feed improved by 28 percent, reaching SEK 32 million (25).

Operating profit per kilo for Food Ingredients increased from SEK 0.71 to SEK 0.77. At fixed foreign exchange rates, operating profit per kilo improved by 4 percent despite continued volume growth in commodity products.

Operating profit per kilo for Chocolate & Confectionery Fats reached SEK 1.57 (1.52), an improvement of 3 percent. At fixed foreign exchange rates operating profit per kilo declined by 5 percent due to a continued very strong competitive pressure on low-end products and previously mentioned investments in the organization.



Technical Products & Feed reported an increased operating profit per kilo, reaching SEK 0.45 (0.37).

Earnings per share decreased by 21 percent, to SEK 5.65 (7.12). This was due to an exceptional low tax cost related to non-recurring items in the fourth quarter, 2014.

Sales amounted to SEK 5,266 million (4,856). The increase was mainly due to acquisitions, organic volume growth and a positive currency translation impact of SEK 158 million. This was, however, partly offset by lower raw material prices.

### Business development

Food Ingredients continued to grow organically and reported a 2 percent volume increase. The picture between the segments was, however, very variable.

The Bakery segment had a challenging quarter, particularly in Europe. Other regions, such as the US, continued to show good organic volume growth.

The Dairy segment continued the strong trend from the third quarter and reported double-digit organic volume growth despite the low prices on milk fat. Europe and the US showed particularly strong growth in this segment.

Infant Nutrition speciality volumes, comprising InFat® business in Advanced Lipids AB, a joint venture of AAK and Enzymotec, continued the organic growth trend from the last two quarters. For the full year though, we only see a modest organic volume growth after the extraordinary first quarter in 2014. Infant Nutrition product range Akonino® continued to show good organic volume growth.

Food Service reported low organic volume growth, however with continued good growth in the UK. Market conditions in the US were more challenging.

Commodity products showed organic volume growth for the fifth consecutive quarter, but still from a very low level and bringing in some incremental profit.

Total volumes for Chocolate & Confectionery Fats increased by 2 percent. The organic volume growth in the quarter was negative by 2 percent. The business area was, however, again negatively influenced by the deteriorating market conditions in Russia. After 24 months of deteriorating market conditions, Ukraine has during the fourth quarter stabilized at a low level. Total volumes excluding Russia were stable in the quarter. Low-end products continued to be under very strong competitive pressure, a trend since several quarters.

### **Operating cash flow as expected**

Operating cash flow including changes in working capital amounted to SEK 661 million (495). Cash flow from working capital was positive mainly due to lower raw material prices and amounted to SEK 292 million (84).

### **Return on Capital Employed (ROCE)**

Calculated on a rolling 12 months basis, Return on Capital Employed (ROCE) was 15.7 percent (16.0 at December 31, 2014). ROCE was negatively affected by the greenfield investments in Brazil and China. The ROCE for the fourth quarter reached 14.9 percent compared to 14.5 percent for the corresponding quarter in 2014.

### **Greenfield investments**

As earlier communicated, the start-up of the new factory in Brazil is planned for the first quarter, 2016. Construction of the new factory in China is developing according to plan.

### **AAK has taken over the activities of phospholipids business**

During November, AAK entered a management agreement with the trustee in the bankruptcy of TLC and Belovo – both part of the BNLfood Group – to restart the operations of TLC, an ingredient supplier to the global nutrition market, located in Bastogne, Belgium.

TLC is specialized in extracting phospholipids from egg yolk. Such phospholipids offer additional benefits when included in nutrition formulas and reinforce functions of the brain,

the eyes and the immune system at all life stages.

By blending these phospholipids with Akonino®, AAK's solution for infant formulas, AAK will be able to extend its product range within the infant nutrition market and the nutrition markets in general, with new advanced customer co-developed products.

### **AAK awarded best chocolate innovation**

In December, AAK's revolutionary chocolate solution TROPICAO™ was recognized with an award at Food ingredients Europe (FiE) Innovation Awards in Paris.

TROPICAO™ has been developed to overcome heat-related bloom, the most frequent reason for chocolate quality complaints in hot climates. With AAK's innovative solution, chocolate manufacturers in hot climate markets such as Latin America, Asia and the Middle East are able to produce bloom-stable chocolate and still maintain the chocolate's sensorial properties. Early feedback from customers has been very strong. However, sales cycles are lengthy.

### **AAK awarded best bakery innovation**

AAK's solution Akopastry HP was also awarded at FiE. This innovation has been developed for industrial puff pastry manufacturers and shows significant cost efficiency. In addition, products with Akopastry HP show an improved structure of the pastry as well as an improved nutritional profile.

### **AAKtion**

Our company program for 2014–2016, "AAKtion", is developing according to plan. The program is intended to further strengthen our focus on "Sales-Innovation-Execution".

### **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.

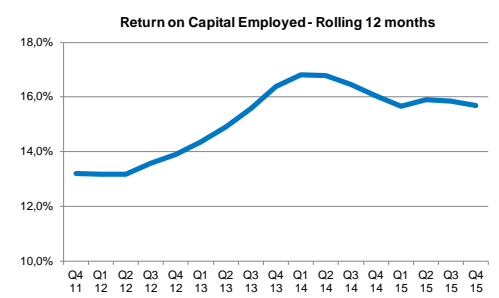
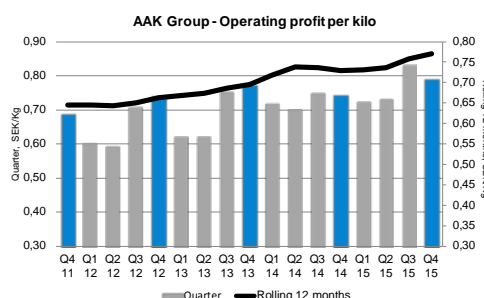
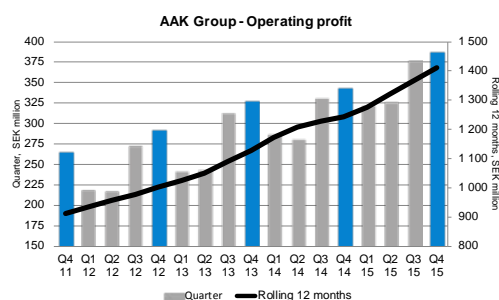
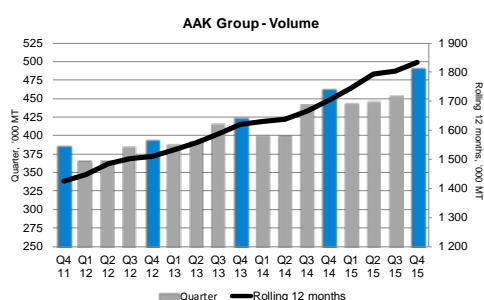
Arne Frank  
Chief Executive Officer and President

## Financial highlights and key ratios

SEK million	Q4 2015	Q4 2014	Δ %	Full year 2015	Full year 2014	Δ %
<b>Income statement</b>						
Volumes ('000 MT)	491	462	+6	1,833	1,703	+8
Operating profit excluding non-recurring items	388 <sup>1)</sup>	343 <sup>2)</sup>	+13	1,411 <sup>1)</sup>	1,242 <sup>2)</sup>	+14
Operating profit including non-recurring items	373	359	+4	1,409	1,262	+12
Net profit	245	299	-18	945	887	+7
<b>Financial position</b>						
Total assets	13,896	12,512	-	13,896	12,512	-
Equity	6,650	5,800	-	6,650	5,800	-
Net working capital	3,087	3,301	-	3,087	3,301	-
Net interest-bearing debt	2,083	2,508	-	2,083	2,508	-
<b>Cash flow</b>						
EBITDA	490	459	+7	1,840	1,643	+12
Cash flow from operating activities	661	495	-	1,736	692	-
Cash flow from investing activities	-549	-47	-	-1,016	-708	-
Free cash flow	112	448	-	720	-16	-
<b>Earnings per share</b>						
Earnings per share before dilution	5.65	7.12	-21	22.17	21.15	+5
Earnings per share after dilution	5.64	7.06	-20	22.12	20.97	+5
<b>Key figures</b>						
Volume growth, %	+6	+9	-	+8	+5	-
Operating profit per kilo (excl. non-recurring items <sup>1,2)</sup>	0.79	0.74	+7	0.77	0.73	+5
Return on Capital Employed (R12 months)	15.7	16.0	-2	15.7	16.0	-2
Net debt / EBITDA	1.13	1.52	-26	1.13	1.52	-26

<sup>1)</sup> Non-recurring items for the fourth quarter 2015 consist of acquisition costs of SEK 15 million related to the acquisition of 51 percent of Kamani Oil Industries Pvt. and the acquisition of TLC of BNLfood Group. Non-recurring items for the full year 2015 amounted to negative SEK 2 million and consist of above mentioned acquisition costs of SEK 15 million, SEK 45 million in net profit as a result of the sale of the company's office building in M.P. Bruuns Gade, Aarhus, Denmark. An assessment of previously made non-recurring provisions has resulted in increased provisions of SEK 32 million.

<sup>2)</sup> Non-recurring items for the fourth quarter 2014 consist of the net profit from the divestment of Binol (SEK 81 million) and, mainly, a non-recurring cost for further production optimization in Europe of SEK 65 million. Net total positive impact of SEK 16 million in the fourth quarter 2014. Non-recurring items for the full year 2014 amounted to SEK 20 million and consist of above mentioned items, acquisition costs of SEK 16 million and a net positive impact of SEK 20 million related to the acquisition of CSM Benelux NV in Merksem, Belgium.



Operating profit and operating profit per kilo in the diagrams above have been adjusted to exclude acquisition costs and non-recurring items.

## The AAK Group, fourth quarter 2015

### Volumes

Volumes increased by 6 percent (9) compared to the fourth quarter 2014. The organic volume growth in the quarter was 1 percent (1).

### Net sales

Sales amounted to SEK 5,266 million (4,856). The increase was mainly due to acquisitions, organic volume growth and a positive currency translation impact of SEK 158 million. This was, however, partly offset by lower raw material prices.

### Operating profit

Operating profit, excluding acquisition costs of SEK 15 million, reached SEK 388 million (343 excluding net positive, non-recurring items of SEK 16 million), an improvement of 13 percent compared to the corresponding quarter in 2014. Operating profit at fixed foreign exchange rates, and adjusted for acquisition costs and non-recurring items, improved by 7 percent. The currency translation impact was positive SEK 22 million (27).

Operating profit per kilo, excluding acquisition costs, reached SEK 0.79 (0.74 excluding non-recurring items). The currency translation impact was SEK 0.04 (0.06).

### Net financial cost

Net financial cost increased and amounted to SEK 29 million (22). The Group's borrowings in high-interest rate countries have increased due to ongoing greenfield projects and recently made acquisitions.

### Cash flow and investments

Operating cash flow including changes in working capital amounted to SEK 661 million (495). Cash flow from working capital was positive mainly due to lower raw material prices and amounted to SEK 292 million (84).

Cash outflow from investing activities amounted to SEK 549 million (47, including received payment from the sale of Binol). The increased outflow is mainly related to the ongoing greenfield projects in Brazil and China, and the payment for 51 percent of Kamani Oil Industries Pvt Ltd.

### Financial position

The equity/assets ratio amounted to 48 percent (46 percent at December 31, 2014). Net debt at December 31, 2015, amounted to SEK 2,083 million (SEK 2,508 million on December 31,

2014). At December 31, 2015, the Group had total committed credit facilities of approximately SEK 5,924 million (5,818 as of December 31, 2014), with approximately SEK 3,766 million of unused committed credit facilities.

### Employees

The average number of employees at December 31, 2015 was 2,712 (2,439 at December 31, 2014). The increased number of employees is entirely related to the acquisition of 51 percent of Kamani Oil Industries Pvt Ltd.

### Partnership established in Japan

AAK has in October established a partnership with Miyoshi Oils & Fats Co. by forming a new company together for the Japanese market, AAK Miyoshi JP. The Japanese market is particularly interesting for the Chocolate & Confectionery Fats and Bakery segments.

AAK owns 70 percent of the new company. The remaining 30 percent is owned by Miyoshi Oils & Fats Co. AAK Miyoshi JP will have both sales and customer innovation resources and will focus on products for the chocolate and confectionery, bakery, dairy and infant nutrition markets. The partnership is operational since January, 2016.

### AAK has taken over the activities of phospholipids business

During November, AAK entered a management agreement with the trustee in the bankruptcy of TLC and Belovo – both part of the BNLfood Group – to restart the operations of TLC, an ingredient supplier to the global nutrition market, located in Bastogne, Belgium.

TLC is specialized in extracting phospholipids from egg yolk. By blending these phospholipids with Akonino®, AAK's solution for infant formulas, AAK will be able to extend its product range within the infant nutrition market and the nutrition markets in general, with new advanced customer co-developed products.

### AAK awarded best chocolate and best bakery innovations in Europe

In December, TROPICAO™, the company's revolutionary chocolate solution, and Akopastry HP, AAK's latest innovation within the Bakery segment, were both recognized with innovation awards at Food ingredients Europe Innovation Awards in Paris.

## Business Area Food Ingredients, Q4 2015

	SEK million	Q4 2015	Q4 2014	Δ %	Full year 2015	Full year 2014	Δ %
Operating profit							
<b>+ 17 %</b>							
Volumes ('000 MT)		335	310	+8	1,258	1,117	+13
Net sales		3,542	3,215	+10	13,556	11,509	+18
Operating profit per kilo							
<b>+ 8 %</b>							
Operating profit		257	220	+17	903	803	+12
Operating profit per kilo		0.77	0.71	+8	0.72	0.72	-0

### Volumes

Food Ingredients reported organic volume growth of 2 percent. The picture between the segments was, however, very variable.

The Bakery segment had a challenging quarter, particularly in Europe. Other regions, such as the US, continued to show good organic volume growth.

The Dairy segment continued the strong trend from the third quarter and reported double-digit organic volume growth despite the low prices on milk fat. Europe and the US showed particularly strong growth in this segment.

Infant Nutrition speciality volumes, comprising InFat® business in Advanced Lipids AB, a joint venture of AAK and Enzymotec, continued the organic growth trend from the last two quarters. For the full year though, we only see a modest organic volume growth after the extraordinary first quarter in 2014. Infant Nutrition product range Akonino® continued to show good organic volume growth.

Food Service reported low organic volume growth, however with continued good growth in the UK. Market conditions in the US were more challenging.

Commodity products showed organic volume growth for the fifth consecutive quarter, but still from a very low level and bringing in some incremental profit.

### Net sales

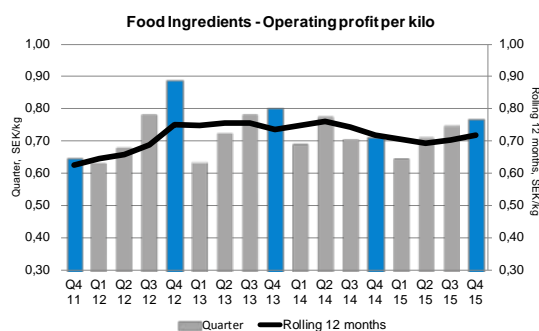
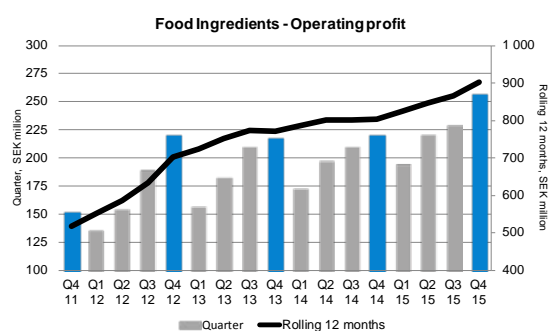
Sales amounted to SEK 3,542 million (3,215). The increase was mainly due to increased volumes related to acquisitions, organic volume growth and a positive currency translation impact of SEK 108 million. This was, however, partly offset by lower raw material prices.

### Operating profit

Operating profit improved by 17 percent to SEK 257 (220). The currency translation impact was positive SEK 13 million.

Operating profit per kilo in Food Ingredients increased from SEK 0.71 to SEK 0.77. At fixed foreign exchange rates operating profit per kilo improved by 4 percent despite continued volume growth in commodity products.

We expect a continued positive underlying development for this business area.



# Business Area Chocolate & Confectionery Fats, Q4 2015

	SEK million	Q4 2015	Q4 2014	Δ %	Full year 2015	Full year 2014	Δ %
Operating profit							
<b>+ 5 %</b>							
Volumes ('000 MT)		86	84	+2	312	314	-1
Net sales		1,414	1,319	+7	5,315	4,891	+9
Operating profit per kilo							
<b>+ 3 %</b>							
Operating profit		135	128	+5	553	460	+20
Operating profit per kilo		1.57	1.52	+3	1.77	1.46	+21

## Volumes

Total volumes for Chocolate & Confectionery Fats increased by 2 percent. The organic volume growth in the quarter was negative by 2 percent. The business area was, however, again negatively influenced by the deteriorating market conditions in Russia. After 24 months of deteriorating market conditions, Ukraine has during the fourth quarter stabilized at a low level. Total volumes excluding Russia were stable in the quarter. Low-end products continued to be under very strong competitive pressure, a trend since several quarters.

## Net sales

Net sales for Chocolate & Confectionery Fats increased by SEK 95 million as a consequence of increased volumes due to acquisitions, partly offset by lower raw material prices. The currency translation impact was positive SEK 49 million.

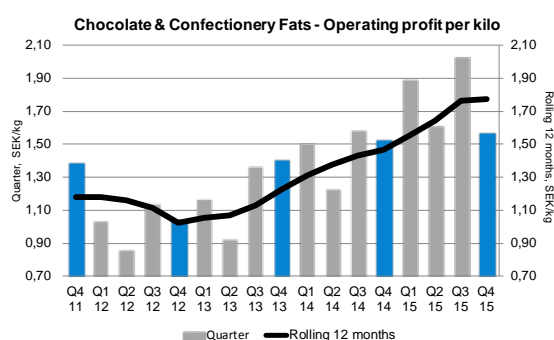
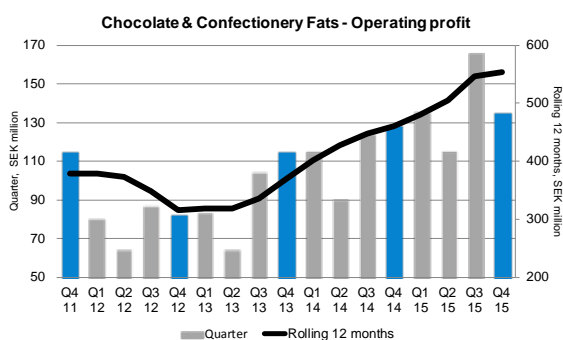
The professional efforts within this business area during 2011 to 2013, with very low cocoa butter prices, our customer co-development work and the promotion of Cocoa Butter Equivalent (CBE) based on other customer benefits than just cost, are now yielding results and will yield further.

## Operating profit

As expected, operating profit improved further, by 5 percent, and reached SEK 135 million (128). Margins continued to improve driven by the increase in cocoa butter prices since 2013. The currency translation impact was positive SEK 10 million.

Operating profit per kilo improved by 3 percent to SEK 1.57 (1.52). The main reason for this improvement is the positive currency translation impact, partly offset by a continued very strong competitive pressure on low-end products. During the quarter we have continued to invest in the organization by adding more resources in Sales and Customer Innovation, particularly in growth markets.

We are expecting continued improvement in Chocolate & Confectionery Fats.



# Business Area Technical Products & Feed, Q4 2015

	SEK million	Q4 2015	Q4 2014	Δ%	Full year 2015	Full year 2014*	Δ%
Operating profit							
<b>+ 28 %</b>							
Operating profit per kilo							
<b>+ 22 %</b>							
Volumes ('000 MT)		70	68	+3	263	268	-2
Net sales		310	322	-4	1,243	1,324	-6
Operating profit		32	25	+28	88	89	-1
Operating profit per kilo		0.45	0.37	+22	0.33	0.33	0

## Volumes

After a challenging third quarter due to a planned but more extensive maintenance stop than normal, volumes for the fourth quarter increased by 3 percent compared to the corresponding quarter in 2014. This was mainly related to increased sales of technical fatty acids.

## Net sales

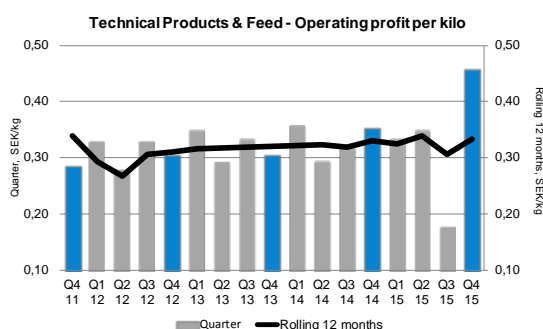
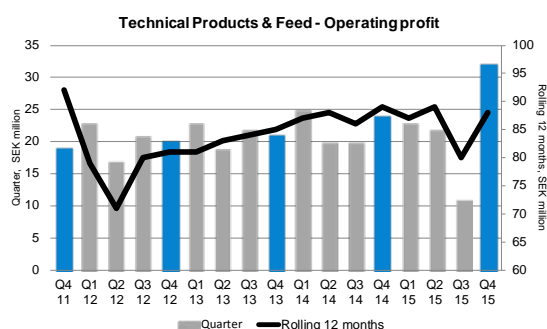
Net sales for the business area decreased by SEK 12 million mainly as a result of lower raw material prices.

## Operating profit

Operating profit reached SEK 32 million (25) due to a positive development of the fatty acids business.

Operating profit per kilo increased by 22 percent at SEK 0.45 (0.37).

The operating profit is expected to be stable or to improve slightly compared to the prior year.



\*) Last year adjusted for Binol divestment



## The AAK Group, full year 2015

### Volumes

Total volumes were up 8 percent (5) and organic volume growth was up 3 percent (negative 1).

### Net sales

Sales amounted to SEK 20,114 million (17,814). The increase was mainly due to the effect of the acquisitions, organic volume growth and a positive currency translation impact of SEK 1,417 million. This was, however, partly offset by lower raw material prices.

### Operating result

Operating profit, excluding acquisition costs and non-recurring items, reached SEK 1,411 million (1,242), an improvement of 14 percent. Operating profit at fixed foreign exchange rates, and adjusted for last year's divestment of Binol, acquisition costs, and non-recurring items, improved by 4 percent.

Including non-recurring items – the profit from the divestment of the office building in Aarhus; non-recurring provisions made in the second quarter 2015; acquisition costs reported in the fourth quarter 2015; last year's acquisition costs; and the net positive impact related to the acquisition of CSM Benelux NV in Merksem, Belgium – operating profit reached SEK 1,409 million (1,262), an improvement of 12 percent. The currency translation impact was positive SEK 125 million (48).

Operating profit per kilo, excluding acquisition costs and non-recurring items, improved and reached SEK 0.77 (0.73). The currency translation impact was SEK 0.07 (0.03). Operating profit per kilo was negatively impacted by the dilutive effect of the acquisitions in Belgium, Colombia and India, and continued volume growth in commodity products in Food Ingredients.

### Net financial cost

Net financial cost increased and reached SEK 114 million (108). The Group's borrowings in high-interest rate countries have increased due to ongoing greenfield projects and recently made acquisitions.

### Tax

Reported tax cost corresponds to an average tax rate of 27 percent (23). The underlying average tax rate for the Group is approximately 26–28 percent (26–27). The increased tax rate is related to increased earnings from countries with higher

tax rates. The favorable tax rate in 2014 was mainly due to the fact that most of the profit from the divestment of Binol was tax exempt.

### Cash flow

Cash flow after changes in working capital amounted to SEK 1,736 million (692), including improvements in working capital by SEK 380 million (negative SEK 560 million). This is mainly due to lower raw material prices, partly offset by organic volume growth.

### Sale of office building in Aarhus

The company has sold its office building in M.P. Bruuns Gade, Aarhus, Denmark. The transaction was completed during the month of June, 2015.

### Acquisition of 51% of Kamani Oil Industries

During September, 2015, we acquired 51 percent of the shares of Kamani Oil Industries Pvt Ltd. The company had revenues of approximately SEK 1,000 million last year, with an annual volume of 100,000 MT. The acquisition was completed on October 1, 2015.

The acquired surplus value preliminary amounted to approximately SEK 260 million for 100 percent of the company and relates to customer relations (which are amortized annually), goodwill and brands.

There is, in addition, a put/call option under which AAK could acquire the remaining 49 percent of the company within the next 3–7 years. The acquisition cost related to Kamani has been expensed during the fourth quarter.

### Partnership established in Japan

AAK has established a partnership with Miyoshi Oils & Fats Co. by forming a new company together for the Japanese market, AAK Miyoshi JP. AAK owns 70 percent of the new company. The remaining 30 percent is owned by Miyoshi Oils & Fats Co. The partnership is operational since January, 2016.

### AAK has taken over the activities of phospholipids business

During November, AAK entered a management agreement with the trustee in the bankruptcy of TLC and Belovo – both part of the BNLfood Group – to restart the operations of TLC, an ingredient supplier to the global nutrition market, located in Bastogne, Belgium.

## General information

### Related parties

No significant changes have taken place in relations or transactions with related parties since 2014.

### The dispute between AAK and Enzymotec has been ruled upon

In the spring of 2014, AAK AB communicated that it had initiated arbitration proceedings at ICC, International Court of Arbitration, against the company Enzymotec Ltd with respect to certain disputed matters under the Shareholders' Agreement entered into on June 14, 2007 regarding the joint venture company Advanced Lipids AB.

In the arbitration Enzymotec submitted a claim of USD 40 million against AAK. Enzymotec's claim was denied in its entirety by the ICC tribunal. AAK's declaratory claim against Enzymotec regarding liability was also denied.

### 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 of operations 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, refer to AAK's Annual Report for 2014.

### Accounting principles in 2015

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, see the Annual Report for 2014. The accounting policies are unchanged, compared with those applied in 2014. A number of new and amended standards are effective for periods beginning after January 1, 2015. None of these are expected to have a significant effect on the consolidated financial statements of the Group or the Parent company.

### Definitions

For definitions, see the Annual Report for 2014.

### Nomination Committee

At the Annual General Meeting 2015, Mikael Ekdahl (Melker Schörling AB), Henrik Didner (Didner & Gerge Fonder), Åsa Nisell (Swedbank Robur Fonder) and Lars-Åke Bokenberger (AMF Fonder), were elected members of the Nomination Committee in respect of the Annual General Meeting 2015. Mikael Ekdahl was elected chairman of the Nomination Committee.

### Annual General Meeting

The Annual General Meeting will be held on May 11, 2016 at 14:00 CET in Malmö, Sweden (Europaporten). The Annual Report for 2015 is expected to be distributed to the shareholders during the week starting April 18, 2016 and will at that time also be available on AAK's website and at its head office.

Shareholders who wish to participate at the Annual General Meeting must be registered in the share register maintained by Euroclear Sweden AB on May 4, 2016. 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 4, 2016. Notification of attendance should be made to AAK's head office no later than 16:00 CET on May 4, 2016.

### Proposed dividend

The Board of Directors and the CEO propose that a dividend of SEK 7.75 (6.75) per share be paid for the financial year 2015. The proposed recording day for the dividend is May 13, 2016. It is expected that the dividend will reach the shareholders on May 18, 2016.

### 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 1 million (negative 4).

Interest-bearing liabilities minus cash and cash equivalents and interest-bearing assets totalled a negative of SEK 1,007 million (negative 803 as of

December 31, 2014). Investments in intangible and tangible assets amounted to SEK 4 million (0).

The Parent Company's balance sheet and income statement are shown on pages 13-14.

### 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 3, 2016

Melker Schörling  
Chairman of the Board

Ulrik Svensson  
Board member

Märta Schörling  
Board member

Marianne Kirkegaard  
Board member

Lillie Li Valeur  
Board member

Arne Frank  
Chief Executive Officer  
and President

Annika Westerlund  
Trade union  
representative

Leif Håkansson  
Trade union  
representative

The information is that which AAK AB (publ.) is obliged to publish under the provisions of the Stock Exchange and Clearing Operations Act and/or the Trading in Financial Instruments Act. The information was released to the media for publication on February 3, 2016 at 08:50 am CET.

## 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, 2015 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 3, 2016

PricewaterhouseCoopers

Sofia Götmar-Blomstedt  
Authorized Public Accountant

## Income statement

SEK million	Group			Parent		
	Q4 2015	Q4 2014	Full year 2015	Full year 2014	Full year 2015	Full year 2014
Net sales	5,266	4,856	20,114	17,814	80	74
Other operating income	47	105	194	216	0	0
<b>Total operating income</b>	<b>5,313</b>	<b>4,961</b>	<b>20,308</b>	<b>18,030</b>	<b>80</b>	<b>74</b>
Raw materials and supplies	-3,884	-3,676	-15,008	-13,452	-	-
Other external expenses	-513	-525	-1,833	-1,630	-111	-95
Cost for remuneration to employees	-425	-296	-1,590	-1,297	-88	-61
Amortisation and impairment losses	-117	-100	-431	-381	-1	-1
Other operating expenses	-1	-5	-37	-8	0	0
<b>Total operating costs</b>	<b>-4,940</b>	<b>-4,602</b>	<b>-18,899</b>	<b>-16,768</b>	<b>-200</b>	<b>-157</b>
<b>Operating profit (EBIT)</b>	<b>373</b>	<b>359</b>	<b>1,409</b>	<b>1,262</b>	<b>-120</b>	<b>-83</b>
Income from shares in group companies		-		-	125	93
Interest income	1	2	3	6	-	-
Interest expense	-27	-22	-99	-97	-4	-13
Other financial items	-3	-2	-18	-17	-	-1
<b>Total financial net</b>	<b>-29</b>	<b>-22</b>	<b>-114</b>	<b>-108</b>	<b>121</b>	<b>79</b>
<b>Result before tax</b>	<b>344</b>	<b>337</b>	<b>1,295</b>	<b>1,154</b>	<b>1</b>	<b>-4</b>
Income tax	-99	-38	-350	-267	-1	0
<b>Net result</b>	<b>245</b>	<b>299</b>	<b>945</b>	<b>887</b>	<b>-</b>	<b>-4</b>
Attributable to non-controlling interests	6	2	12	8	-	-
Attributable to the Parent company's shareholders	239	297	933	879	-	-4

## Comprehensive income

SEK million	Group Q4 2015	Q4 2014	Full year 2015	Full year 2014	Parent Full year 2015	Full year 2014
Profit for the period	245	299	945	887	-	-4
Items that will not be reclassified to profit or loss:						
Remeasurements of post employment benefit obligations	16	-46	19	-62	-	-
	<b>16</b>	<b>-46</b>	<b>19</b>	<b>-62</b>	-	-
Items that may subsequently be reclassified to profit or loss:						
Translation differences	-62	270	44	755	-	-
Fair-value changes in cash flow hedges	8	2	25	-5	-	-
Tax attributable to fair-value changes in cash flow hedges	-2	-1	-6	1	-	-
	<b>-56</b>	<b>271</b>	<b>63</b>	<b>751</b>	-	-
<b>Total comprehensive income for the period</b>	<b>205</b>	<b>524</b>	<b>1,027</b>	<b>1,576</b>	-	<b>-4</b>
Attributable to:						
Non-controlling interests	4	3	7	11	-	-
Parent company shareholders	201	521	1,020	1,565	-	-4

## Condensed balance sheet

SEK million	Group 31.12.2015	31.12.2014	Parent 31.12.2015	31.12.2014
<b>Assets</b>				
Goodwill	1,567	1,327	-	-
Other intangible assets	377	127	3	0
Tangible assets	4,295	3,812	1	1
Financial assets	149	162	5,476	5,476
<b>Total non-current assets</b>	<b>6,388</b>	<b>5,428</b>	<b>5,480</b>	<b>5,477</b>
Inventory	3,599	3,209	-	-
Current receivables	3,450	3,611	192	156
Cash and cash equivalents	459	264	0	0
<b>Total current assets</b>	<b>7,508</b>	<b>7,084</b>	<b>192</b>	<b>156</b>
<b>Total assets</b>	<b>13,896</b>	<b>12,512</b>	<b>5,672</b>	<b>5,633</b>
<b>Equity and liabilities</b>				
Shareholders' equity	6,597	5,755	4,589	4,767
Non-controlling interests	53	45	-	-
<b>Total equity including non-controlling interests</b>	<b>6,650</b>	<b>5,800</b>	<b>4,589</b>	<b>4,767</b>
<b>Total non-current liabilities</b>	<b>3,002</b>	<b>3,109</b>	-	-
Accounts payables	2,383	2,244	6	7
Other current liabilities	1,861	1,359	1,077	859
<b>Total current liabilities</b>	<b>4,244</b>	<b>3,603</b>	<b>1,083</b>	<b>866</b>
<b>Total equity and liabilities</b>	<b>13,896</b>	<b>12,512</b>	<b>5,672</b>	<b>5,633</b>

No changes have arisen in contingent liabilities.

## AAK Group – Change in equity

SEK million	Total equity capital	Non-controlling interests	Total equity incl. non-controlling interests
Openings equity January 1, 2015	5,755	45	5,800
Profit for the period	933	12	945
Other comprehensive income	86	-4	82
<b>Total comprehensive income</b>	<b>6,774</b>	<b>53</b>	<b>6,827</b>
New issue of shares	107		107
Dividend	-284		-284
<b>Closing equity December 31, 2015</b>	<b>6,597</b>	<b>53</b>	<b>6,650</b>

During 2015, 569,400 new shares have been issued which have increased equity by SEK 107 million.

SEK million	Total equity capital	Non-controlling interests	Total equity incl. non-controlling interests
Openings equity January 1, 2014	4,330	34	4,364
Profit for the period	879	8	887
Other comprehensive income	686	3	689
<b>Total comprehensive income</b>	<b>5,895</b>	<b>45</b>	<b>5,940</b>
New issue of shares	112	-	112
Dividend	-250	-	-250
Divestment of subsidiary	-2	-	-2
<b>Closing equity December 31, 2014</b>	<b>5,755</b>	<b>45</b>	<b>5,800</b>

During 2014, 597,250 new shares have been issued which have increased equity by SEK 112 million.

## Financial instruments

SEK million	Asset	Liability
<b>Financial instruments reported in balance sheet December 31, 2015</b>		
Raw material hedge contracts	256	188
FX hedge contracts	103	90
Interest rate swaps	3	40
<b>Total derivatives financial instruments</b>	<b>362</b>	<b>318</b>
Fair value adjustment inventory	102	-15
<b>Total financial instruments</b>	<b>464</b>	<b>303</b>

## AAK Group – Cash flow statement

SEK million	Q4 2015	Q4 2014	Full year 2015	Full year 2014
<b>Operating activities</b>				
Cash flow from operating activities before changes in working capital	369	411	1,356	1,252
Changes in working capital	292	84	380	-560
<b>Cash flow from operating activities</b>	<b>661</b>	<b>495</b>	<b>1,736</b>	<b>692</b>
<b>Investing activities</b>				
Cash flow from investing activities	-549	-47	-1,016	-708
<b>Cash flow after investing activities</b>	<b>112</b>	<b>448</b>	<b>720</b>	<b>-16</b>
<b>Financing activities</b>				
Cash flow from financing activities	-55	-615	-521	26
<b>Cash flow for the period</b>	<b>57</b>	<b>-167</b>	<b>199</b>	<b>10</b>
Cash and cash equivalents at start of period	392	429	264	231
Exchange rate difference for cash equivalents	10	2	-4	23
<b>Cash and cash equivalents at end of period</b>	<b>459</b>	<b>264</b>	<b>459</b>	<b>264</b>

## AAK Group – Share data

	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Number of shares, thousand	42,288	41,719	42,288	41,719
Earnings per share, SEK*	5.65	7.12	22.17	21.15
Earnings per share incl. dilution, SEK**	5.64	7.06	22.12	20.97
Earnings per share incl. full dilution, SEK***	5.65	7.02	22.16	20.86
Equity per share, SEK	156.77	138.51	156.77	138.51
Market value on closing date	627,50	417.50	627,50	417.50

\* 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.



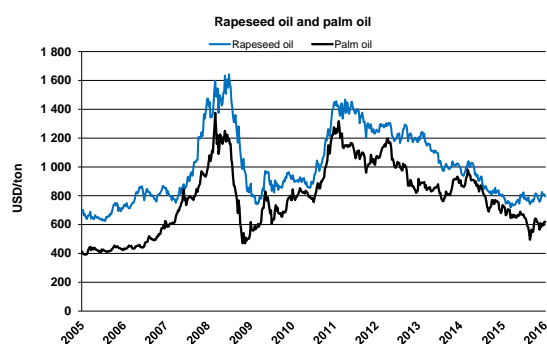
## Quarterly data – Business areas

### Operating profit

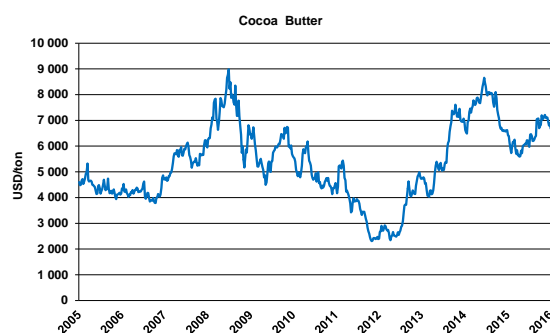
SEK million	2014					2015				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Food Ingredients	174	198	211	220	803	195	221	230	257	903
Chocolate & Confectionery Fats	116	91	125	128	460	136	116	166	135	553
Technical Products & Feed	29	24	24	25	102	23	22	11	32	88
Group Functions	-32	-32	-29	-30	-123	-33	-33	-31	-36	-133
<b>Total AAK Group excl. non-recurring items</b>	<b>287</b>	<b>281</b>	<b>331</b>	<b>343</b>	<b>1,242</b>	<b>321</b>	<b>326</b>	<b>376</b>	<b>388</b>	<b>1,411</b>
Acquisition costs and non-recurring items		-9	13	16	20		13		-15	-2
<b>Total legal operating profit AAK Group</b>	<b>287</b>	<b>272</b>	<b>344</b>	<b>359</b>	<b>1,262</b>	<b>321</b>	<b>339</b>	<b>376</b>	<b>373</b>	<b>1,409</b>
Financial net	-26	-31	-29	-22	-108	-27	-30	-28	-29	-114
<b>Result before tax</b>	<b>261</b>	<b>241</b>	<b>315</b>	<b>337</b>	<b>1,154</b>	<b>294</b>	<b>309</b>	<b>348</b>	<b>344</b>	<b>1,295</b>

## Price trends in raw materials

### Palm oil and rapeseed oil



### Cocoa butter



For information regarding cocoa and cocoa butter, please refer to information at [www.icco.org](http://www.icco.org)

## *Additional information*

### **Press and analyst conference**

AAK will host a conference call on February 3, 2016 at 1 p.m. CET. The conference call can be accessed via our home page, [www.aak.com](http://www.aak.com).

The annual and quarterly reports are also published on [www.aak.com](http://www.aak.com).

### **Financial calendar 2016**

The interim report for the first quarter 2016 will be published on April 27, 2016.

The Annual General Meeting will be held on May 11, 2016.

The interim report for the second quarter 2016 will be published on July 15, 2016.

The interim report for the third quarter 2016 will be published on October 26, 2016.

The fourth quarter and year-end report for 2016 will be published on February 3, 2017.

### **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.

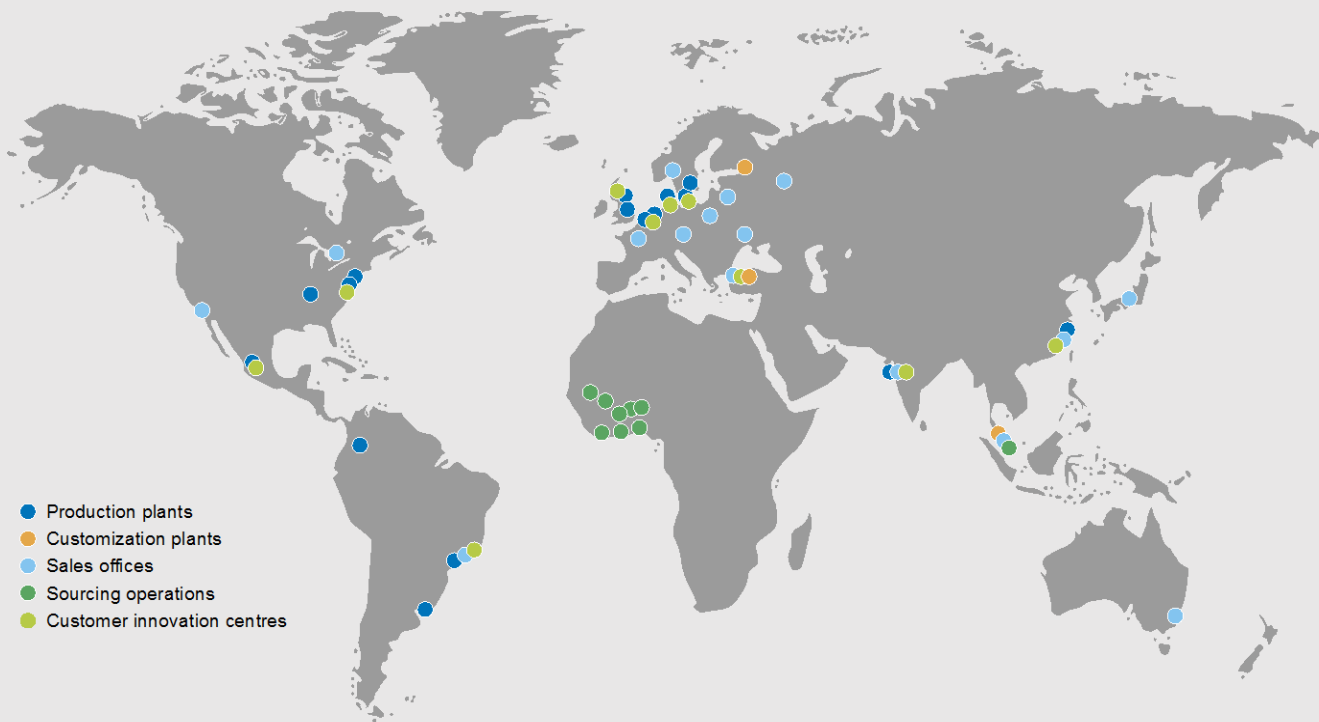
### **Investor Relations contact:**

Fredrik Nilsson, CFO

Phone: + 46 40 627 83 34

Mobile: + 46 708 95 22 21

E-mail: [fredrik.nilsson@aab.com](mailto:fredrik.nilsson@aab.com)



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AAK's proven expertise is based on more than 140 years of experience within oils & fats. With our headquarters in Malmö, Sweden, 19 production facilities and customization plants, and sales offices in more than 25 countries, our more than 2,700 employees are dedicated to providing innovative value-adding solutions to our customers.

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Jungmansgatan 12, SE-211 19 Malmö, Sweden

Phone: + 46 40 627 83 00, Reg. No. 556669-2850, [www.aak.com](http://www.aak.com)

