

# Press release

## AAK's Interim report for the first quarter 2016 – all-time high operating profit for a first quarter

- A record-high operating profit of SEK 381 million (321) was achieved, an improvement of 19 percent. The currency translation impact was negative SEK 10 million (positive 36).
- Total volumes continued to grow nicely and were up 5 percent. Organic volume growth was flat due to declining commodity volumes in Food Ingredients. However, the demand for speciality and semi-speciality products was strong, generating organic volume growth of 2 percent.
- Food Ingredients improved by 17 percent, reaching SEK 229 million (195). The picture between the different segments was, however, very mixed.
  - The Dairy segment continued the strong trend from the second half of 2015 and again reported double-digit organic volume growth.
  - The Bakery segment had a challenging quarter globally with a negative volume development.
  - Our InFat® business through Advanced Lipids AB, a joint venture of AAK and Enzymotec, reported double-digit volume growth.
  - Infant Nutrition product range Akonino® also showed double-digit volume growth but at an even higher rate.
  - Foodservice reported organic volume growth, with good development particularly in the Nordics and the UK.
- Chocolate & Confectionery Fats reported a result of SEK 159 million (136), an improvement of 17 percent.
  - Total volumes in the quarter increased by 17 percent and organic volume growth was 11 percent. In addition, the business area had a favorable development of the product mix.
  - After two years of severely deteriorating market conditions in Russia and Ukraine, the first quarter showed strong growth, but from a low level.
  - High-end products continued the strong trend from the first three quarters of last year and again reported double-digit organic volume growth.
- Technical Products & Feed improved its operating profit by 26 percent, reaching SEK 29 million (23). This was mainly due to a positive development of the fatty acids business.
- Earnings per share increased by 9 percent, to SEK 5.56 (5.11). Increased financial costs due to extended borrowings in high-interest rate countries and higher tax costs had an unfavorable impact on earnings per share.

- Calculated on a rolling 12 months basis, Return on Capital Employed (ROCE) was 16.0 percent (15.7 percent at December 31, 2015).
- The first very limited volumes from our new factory in Brazil 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 China greenfield project continues to develop 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”, says Arne Frank, CEO and President, AAK Group. “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 2016 will be presented today, April 27, 2016 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](http://www.aak.com).

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*AAK is a leading provider of value-adding vegetable oils & fats. Our expertise in oils & fats within food 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, Infant 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 19 different production facilities, sales offices in more than 25 countries and more than 2,700 employees. We are AAK – **The Co-Development Company**.*