



# Interim Report

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First quarter, 2016

**AAK**

## Chief Executive's comments

### All-time high operating profit for a first quarter

Again, a record-high operating profit was achieved with double-digit year-on-year improvements in all business areas. All entities performed as planned or better.

Food Ingredients reported a very strong quarter due to a further improved product mix and positive contributions from recent acquisitions. Chocolate & Confectionery Fats reported an impressive quarter with double-digit volume growth and a continued improved product mix. Technical Products & Feed also reported a very strong quarter, mainly due to a continued positive development for the technical fatty acids business.

Total volumes continued to grow nicely and were up 5 percent (11). Organic volume growth was flat (last year 4 percent) due to declining commodity volumes in Food Ingredients. However, the demand for speciality and semi-speciality products was good, generating organic volume growth of 2 percent (negative 1).

Operating profit reached SEK 381 million (321), an improvement of 19 percent compared to the corresponding quarter in 2015. The currency translation impact was negative SEK 10 million (positive 36).

Operating profit per kilo reached SEK 0.82 (0.72). The currency translation impact was negative SEK 0.02 (positive 0.08).

Business area operating profit:

- Food Ingredients improved by 17 percent, reaching SEK 229 million (195).
- Chocolate & Confectionery Fats reported a result of SEK 159 million (136), an improvement of 17 percent.
- Technical Products & Feed improved by 26 percent, reaching SEK 29 million (23).

Operating profit per kilo in Food Ingredients increased from SEK 0.65 to SEK 0.73, mainly as a consequence of the improved product mix. At fixed foreign exchange rates operating profit per kilo improved by 15 percent.

Operating profit per kilo for Chocolate & Confectionery Fats remained stable at SEK 1.89 (1.89). At fixed foreign exchange rates operating profit per kilo in Chocolate & Confectionery Fats improved by 3 percent.



Technical Products & Feed reported an increased operating profit per kilo, SEK 0.42 (0.33).

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.

Sales amounted to SEK 4,963 million (4,836). The increase was mainly due to the positive product mix, partly offset by a negative currency translation impact of SEK 148 million, and the effect of acquisitions.

### Food Ingredients

Speciality and semi-speciality products in Food Ingredients showed a stable development in the quarter. The picture between the different segments was, however, very mixed.

The Bakery segment had a challenging quarter globally with a negative volume development.

The Dairy segment continued the strong trend from the second half of 2015 and again reported double-digit organic volume growth despite the low prices on milk fat. The Nordics, North Latin America 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, reported double-digit volume growth. Infant Nutrition product range Akonino® also showed double-digit volume growth but at an even higher rate.

Foodservice also reported organic volume growth, with good development particularly in the Nordics and the UK. Market conditions in the US continued to be a little more challenging.

Commodity products showed a negative volume development after an exceptional growth in 2015.

### **Chocolate & Confectionery Fats**

Total volumes for Chocolate & Confectionery Fats increased by 17 percent. Organic volume growth in the quarter 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. Low-end products continued to be under strong competitive pressure, but volumes remained flat in the quarter.

### **Cash flow**

Operating cash flow including changes in working capital amounted to negative SEK 16 million (positive 428). As previously predicted, cash flow from working capital was negative, amounting to SEK 380 million (positive 86). The substantial increase in raw material prices during the last quarters, combined with working capital tied up for the two greenfield investments, will continue to have negative impact on working capital during 2016.

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

Calculated on a rolling 12 months basis, Return on Capital Employed (ROCE) was 16.0 percent (15.7 at December 31, 2015). ROCE improved despite being negatively effected by higher working capital due to increased raw material prices, initial greenfield investments in Brazil and China, and acquisitions. The ROCE

for the first quarter was 15.2 percent compared to 14.4 percent for the corresponding quarter 2015.

### **Greenfield investments**

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.

### **AAKtion**

Our company program for 2014–2016, “AAKtion”, is developing according to plan. The program is intended to further strengthen the 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.

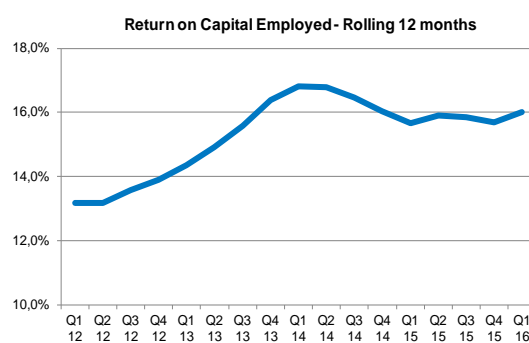
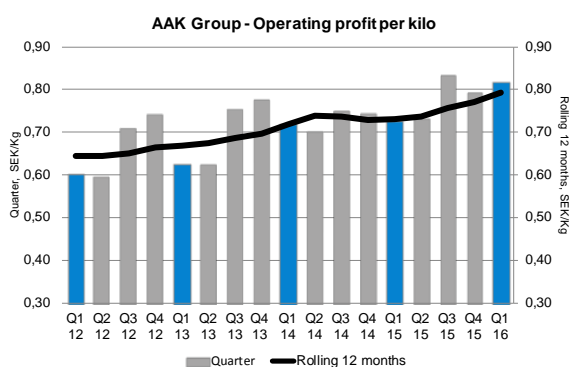
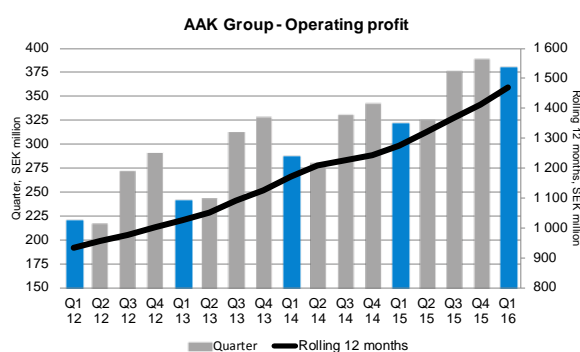
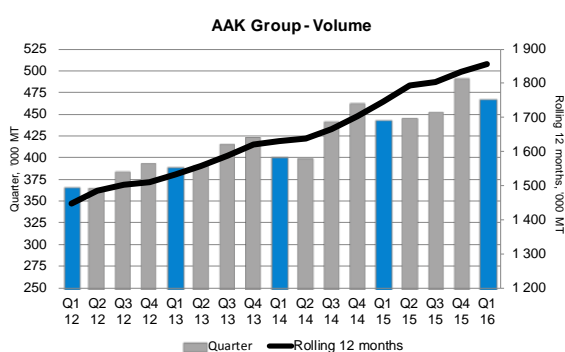
The main drivers are the continued positive underlying development in Food Ingredients and a continued improvement in Chocolate & Confectionery Fats.

Arne Frank  
Chief Executive Officer and President

## Financial highlights and key ratios

| SEK million   | Q1<br>2016 | Q1<br>2015 | Δ % | Full year<br>2015 |
|---|------------|------------|-----|-------------------|
| <b>Income statement</b>                             |            |            |     |                   |
| Volumes ('000 MT)                                   | 467        | 443        | +5  | 1,833             |
| Operating profit excluding non-recurring items      | 381        | 321        | +19 | 1,411*            |
| Operating profit including non-recurring items      | 381        | 321        | +19 | 1,409             |
| Net profit  | 249        | 216        | +15 | 945               |
| <b>Financial position</b>                           |            |            |     |                   |
| Total assets  | 13,930     | 12,995     | -   | 13,896            |
| Equity  | 6,663      | 6,397      | -   | 6,650             |
| Net working capital                                 | 3,289      | 3,390      | -   | 3,087             |
| Net interest-bearing debt                           | 2,279      | 2,170      | -   | 2,083             |
| <b>Cash flow</b>                                    |            |            |     |                   |
| EBITDA  | 493        | 426        | +16 | 1,840             |
| Cash flow from operating activities                 | -16        | 428        | -   | 1,736             |
| Cash flow from investing activities                 | -192       | -160       | -   | -1,016            |
| Free cash flow                                      | -208       | 268        | -   | 720               |
| <b>Earnings per share</b>                           |            |            |     |                   |
| Earnings per share before dilution                  | 5.56       | 5.11       | +9  | 22.17             |
| Earnings per share after dilution                   | -          | 5.08       | -   | 22.12             |
| <b>Key figures</b>                                  |            |            |     |                   |
| Volume growth, %                                    | +5         | +11        | -   | +8                |
| Operating profit per kilo (excl. acquisition costs) | 0.82       | 0.72       | +14 | 0.77              |
| Return on Capital Employed                          | 16.0       | 15.7       | +2  | 15.7              |
| Net debt / EBITDA                                   | 1.20       | 1.28       | -6  | 1.13              |

\* Non-recurring items for the full year 2015 amounted to negative SEK 2 million and consist of acquisition costs of SEK 15 million and 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.



## The AAK Group, first quarter 2016

### Volumes

Volumes increased by 5 percent (11) compared to the first quarter 2015. Organic volume growth was flat (last year 4 percent) due to declining commodity volumes in Food Ingredients. However, the demand for speciality and semi-speciality products was good, generating organic volume growth of 2 percent (negative 1).

### Net sales

Sales amounted to SEK 4,963 million (4,836). The increase was mainly due to the positive product mix, partly offset by a negative currency translation impact of SEK 148 million, and the effect of acquisitions.

### Operating profit

Operating profit reached SEK 381 million (321), an improvement of 19 percent compared to the corresponding quarter in 2015. The currency translation impact was negative SEK 10 million (positive 36).

Operating profit per kilo reached SEK 0.82 (0.72). The currency translation impact was negative SEK 0.02 (positive 0.08).

### Net financial cost

Net financial cost increased, amounting to SEK 38 million (27). 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 negative SEK 16 million (positive 428). As previously predicted, cash flow from working capital was negative, amounting to SEK 380 million (positive 86). The substantial increase in raw material prices during the last quarters, combined with working capital tied up for the two greenfield investments, will continue to have negative impact on working capital during 2016.

### Financial position

The equity/assets ratio amounted to 48 percent (48 percent at December 31, 2015). Net debt at March 31, 2016, amounted to SEK 2,279 million (SEK 2,083 million at December 31, 2015).

At March 31, 2016, the Group had total committed credit facilities of SEK 5,898 million (5,924 as of December 31, 2015), with SEK 3,820 million of unused committed credit facilities at quarter-end.

### Employees

The average number of employees at March 31, 2016 was 2,750 (2,738 at December 31, 2015). The increase of employees is related to recently made acquisitions and ongoing greenfield projects.

### Events after the balance sheet

No events after the balance sheet date to report.

## Business Area Food Ingredients, Q1 2016

|                           | SEK million | Q1 2016      | Q1 2015 | Δ % | Full year 2015 |
|---------------------------|-------------|--------------|---------|-----|----------------|
| Operating profit          |             |              |         |     |                |
| <b>+17 %</b>              |             | <b>314</b>   | 302     | +4  | <b>1,258</b>   |
| Operating profit per kilo |             |              |         |     |                |
| <b>+12 %</b>              |             | <b>0.73</b>  | 0.65    | +12 | <b>0.72</b>    |
|                           |             | <b>3,295</b> | 3,245   | +2  | <b>13,556</b>  |
|                           |             | <b>229</b>   | 195     | +17 | <b>903</b>     |
|                           |             | <b>0.73</b>  | 0.65    | +12 | <b>0.72</b>    |

### Volumes

Food Ingredients reported negative organic volume growth of 3 percent (positive 8). Speciality and semi-speciality showed stable development in the quarter. The picture between the different segments was, however, very mixed.

The Bakery segment had a challenging quarter globally with a negative volume development.

The Dairy segment continued the strong trend from the second half of 2015 and again reported double-digit organic volume growth despite the low prices on milk fat. The Nordics, North Latin America 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, reported double-digit volume growth. Infant Nutrition product range Akonino® also showed double-digit volume growth but at an even higher rate.

Foodservice also reported organic volume growth, with good development particularly in the Nordics and the UK. Market conditions in the US continued to be a little more challenging.

Commodity products showed a negative volume development after an exceptional growth in 2015.

### Net sales

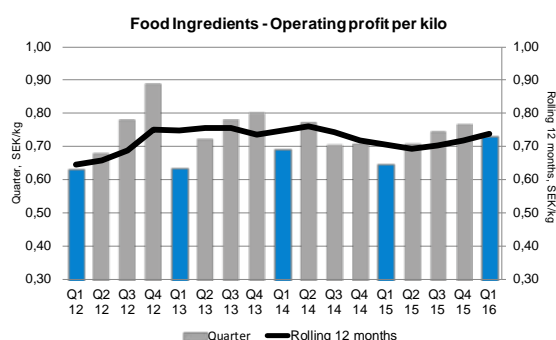
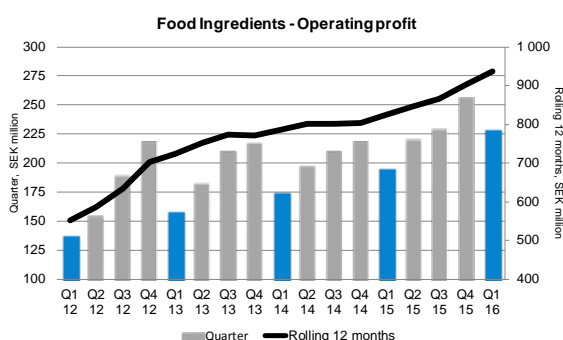
Sales amounted to SEK 3,295 million (3,245). The increase was mainly due to acquisitions, an improved product mix which was partly offset by lower commodity volumes, and a negative currency translation impact of SEK 122 million.

### Operating profit

Operating profit improved by 17 percent to SEK 229 million (195). The currency translation impact was negative by SEK 5 million (positive 22).

Operating profit per kilo in Food Ingredients increased from SEK 0.65 to SEK 0.73, mainly as a consequence of the improved product mix. At fixed foreign exchange rates operating profit per kilo improved by 15 percent.

We are expecting a continued positive underlying development for this business area.



# Business Area Chocolate & Confectionery Fats, Q1 2016

|                           | SEK million | Q1 2016      | Q1 2015 | Δ % | Full year 2015 |
|---------------------------|-------------|--------------|---------|-----|----------------|
| Operating profit          |             |              |         |     |                |
| <b>+17 %</b>              |             | <b>84</b>    | 72      | +17 | <b>312</b>     |
|                           |             | <b>1,362</b> | 1,259   | +8  | <b>5,315</b>   |
| Operating profit per kilo |             |              |         |     |                |
| <b>+0 %</b>               |             | <b>1.89</b>  | 1.89    | +0  | <b>1.77</b>    |

## Volumes

Total volumes for Chocolate & Confectionery Fats increased by 17 percent. Organic volume growth in the quarter 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. Low-end products continued to be under strong competitive pressure, but volumes remained flat in the quarter.

## Net sales

Net sales for Chocolate & Confectionery Fats increased by SEK 103 million as a consequence of volume growth, an improved product mix, and acquisitions. This was partly offset by a negative currency translation impact of SEK 26 million.

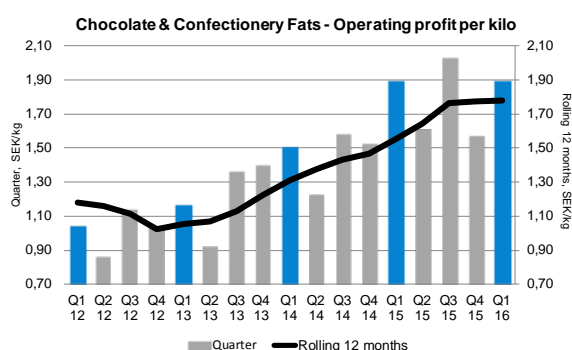
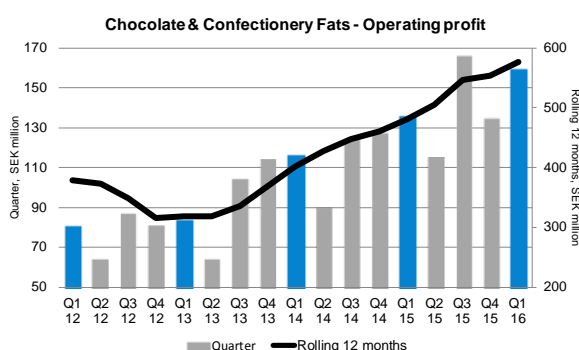
Recent years' strong customer co-development, new innovative solutions, and further expansion of our geographical footprint are continuing to yield positive results.

## Operating profit

As expected, operating profit improved further, by 17 percent, reaching SEK 159 million (136). The currency translation impact was negative SEK 5 million (positive 14).

Operating profit per kilo for Chocolate & Confectionery Fats remained stable at SEK 1.89 (1.89). At fixed foreign exchange rates operating profit per kilo improved by 3 percent.

We are expecting continued improvement in Chocolate & Confectionery Fats.



## Business Area Technical Products & Feed, Q1 2016

|                           | SEK million | Q1 2016     | Q1 2015 | Δ % | Full year 2015 |
|---------------------------|-------------|-------------|---------|-----|----------------|
| Operating profit          |             |             |         |     |                |
| <b>+26 %</b>              |             | <b>69</b>   | 69      | +0  | <b>263</b>     |
| Operating profit per kilo |             |             |         |     |                |
| <b>+27 %</b>              |             | <b>0.42</b> | 0.33    | +27 | <b>0.33</b>    |
|                           |             |             |         |     | <b>1,243</b>   |
|                           |             |             |         |     | <b>88</b>      |
|                           |             |             |         |     | <b>0.33</b>    |

### Volumes

Volumes were flat (negative 1) compared to the corresponding quarter in 2015. This was mainly related to volume growth for technical fatty acids, offset by lower feed volumes.

### Net sales

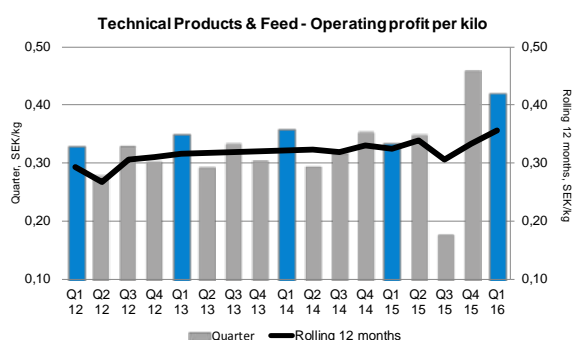
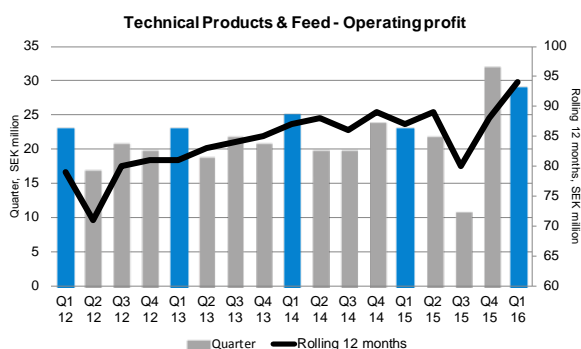
Net sales for the business area decreased by SEK 26 million or by 8 percent as a result of a changed product mix.

### Operating profit

Operating profit reached SEK 29 million (23), due to a positive development of the fatty acids business.

Operating profit per kilo at SEK 0.42 (0.33) increased by 27 percent.

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





## General information

### Related parties

No significant changes have taken place in relations or transactions with related parties since 2015.

### 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 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 2015.

### Accounting principles in 2016

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 2015. The accounting policies are unchanged, compared with those applied in 2015. A number of new and amended standards are effective for periods beginning after January 1, 2016. None of these is 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 2015.

### Annual General Meeting

The Annual General Meeting will be held on May 11, 2016 at 2:00 p.m. CET in Malmö, Sweden (Europaporten). The Annual Report for 2015 has been distributed to shareholders and is also 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 Wednesday, 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 Wednesday, May 4, 2016. Notification of attendance should be made to Euroclear Sweden AB by mail or telephone no later than 4:00 p.m. CET on Wednesday, May 4, 2016:

Mail:

AAK AB, c/o Euroclear Sweden AB  
Box 191, SE-101 23 Stockholm, Sweden  
(please mark the envelope "Annual General Meeting 2016")

Telephone:

+46 8 402 90 45

More information about the Annual General Meeting can be found at [www.aak.com](http://www.aak.com).

### 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 Parent Company's invoiced sales during the first quarter of 2016 amounted to SEK 20 million (18). The result for the Parent Company after financial items amounted to negative SEK 16 million (negative 16).

The costs for Group Functions have increased by SEK 3 million mainly as a consequence of the increased management ambition related to AAKtion, specifically Innovation, by adding resources for new product development.

Interest-bearing liabilities minus cash and cash equivalents and interest-bearing assets totalled a negative of SEK 1,056 million (negative 1,007 as at December 31, 2015). Investments in intangible and tangible assets amounted to SEK 1 million (0). The Parent Company's income statement and balance sheet are shown on pages 11–12.

### 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 changes since year-end.

Malmö, April 27, 2016

Arne Frank  
Chief Executive Officer and President

This report has not been reviewed by the company's auditors.

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 April 27, 2016 at 11:00 a.m. CET.

## Income statement

| SEK million                                       | Group         |               |                   | Parent     |            |
|---|---------------|---------------|-------------------|------------|------------|
|   | Q1<br>2016    | Q1<br>2015    | Full year<br>2015 | Q1<br>2016 | Q1<br>2015 |
| Net sales   | 4,963         | 4,836         | 20,114            | 20         | 18         |
| Other operating income                            | 24            | 30            | 194               | 0          | 0          |
| <b>Total operating income</b>                     | <b>4,987</b>  | <b>4,866</b>  | <b>20,308</b>     | <b>20</b>  | <b>18</b>  |
| Raw materials and supplies                        | -3,624        | -3,630        | -15,008           | -          | -          |
| Other external expenses                           | -456          | -432          | -1,833            | -10        | -14        |
| Cost for remuneration to employees                | -414          | -378          | -1,590            | -24        | -19        |
| Amortisation and impairment losses                | -112          | -105          | -431              | 0          | 0          |
| Other operating expenses                          | 0             | 0             | -37               | 0          | 0          |
| <b>Total operating costs</b>                      | <b>-4,606</b> | <b>-4,545</b> | <b>-18,899</b>    | <b>-34</b> | <b>-33</b> |
| <b>Operating profit (EBIT)</b>                    | <b>381</b>    | <b>321</b>    | <b>1,409</b>      | <b>-14</b> | <b>-15</b> |
| Interest income                                   | 1             | 1             | 3                 | -          | -          |
| Interest expense                                  | -33           | -23           | -99               | -2         | -1         |
| Other financial items                             | -6            | -5            | -18               | -          | 0          |
| <b>Total financial net</b>                        | <b>-38</b>    | <b>-27</b>    | <b>-114</b>       | <b>-2</b>  | <b>-1</b>  |
| <b>Result before tax</b>                          | <b>343</b>    | <b>294</b>    | <b>1,295</b>      | <b>-16</b> | <b>-16</b> |
| Income tax  | -94           | -78           | -350              | 0          | 4          |
| <b>Net result</b>                                 | <b>249</b>    | <b>216</b>    | <b>945</b>        | <b>-16</b> | <b>-12</b> |
| Attributable to non-controlling interests         | 14            | 2             | 12                | -          | -          |
| Attributable to the Parent company's shareholders | 235           | 214           | 933               | -16        | -12        |

## Comprehensive income

| SEK million  | Group       |            |                   | Parent     |            |
|--|-------------|------------|-------------------|------------|------------|
|  | Q1<br>2016  | Q1<br>2015 | Full year<br>2015 | Q1<br>2016 | Q1<br>2015 |
| Income for the period  | 249         | 216        | 945               | -16        | -12        |
| Items that will not be reclassified to profit or loss:         |             |            |                   |            |            |
| Remeasurements of post employment benefit obligations          | -           | -          | 19                | -          | -          |
|  | -           | -          | <b>19</b>         | -          | -          |
| Items that may subsequently be reclassified to profit or loss: |             |            |                   |            |            |
| Translation differences  | -241        | 331        | 44                | -          | -          |
| Fair-value changes in cash flow hedges                         | 6           | -0         | 25                | -          | -          |
| Tax attributable to fair value changes in cash flow hedges     | -1          | 0          | -6                | -          | -          |
|  | <b>-236</b> | <b>331</b> | <b>63</b>         | -          | -          |
| <b>Total comprehensive income for the period</b>               | <b>13</b>   | <b>547</b> | <b>1,027</b>      | <b>-16</b> | <b>-12</b> |
| Attributable to non-controlling interests                      | 11          | 4          | 7                 | -          | -          |
| Attributable to the Parent company's shareholders              | 2           | 543        | 1,020             | -16        | -12        |

## Condensed balance sheet

| SEK million   | Group         |               |               | Parent       |              |
|---|---------------|---------------|---------------|--------------|--------------|
|   | 31.03.2016    | 31.03.2015    | 31.12.2015    | 31.03.2016   | 31.03.2015   |
| <b>Assets</b>   |               |               |               |              |              |
| Goodwill  | 1,529         | 1,381         | 1,567         | -            | -            |
| Other intangible assets                                 | 362           | 125           | 377           | 4            | 0            |
| Tangible assets   | 4,331         | 3,948         | 4,295         | 1            | 1            |
| Financial assets  | 28            | 34            | 52            | 5,476        | 5,476        |
| Deferred tax assets                                     | 118           | 127           | 97            | -            | -            |
| <b>Total non-current assets</b>                         | <b>6,368</b>  | <b>5,615</b>  | <b>6,388</b>  | <b>5,481</b> | <b>5,477</b> |
| Inventory   | 3,606         | 3,212         | 3,599         | -            | -            |
| Accounts receivables                                    | 2,486         | 2,609         | 2,426         | 24           | 24           |
| Other current receivables                               | 1,056         | 1,217         | 1,024         | 179          | 147          |
| Cash and cash equivalents                               | 414           | 342           | 459           | 0            | 0            |
| <b>Total current assets</b>                             | <b>7,562</b>  | <b>7,380</b>  | <b>7,508</b>  | <b>203</b>   | <b>171</b>   |
| <b>Total assets</b>                                     | <b>13,930</b> | <b>12,995</b> | <b>13,896</b> | <b>5,684</b> | <b>5,648</b> |
| <b>Equity and liabilities</b>                           |               |               |               |              |              |
| Shareholders' equity                                    | 6,599         | 6,348         | 6,597         | 4,573        | 4,804        |
| Non-controlling interests                               | 64            | 49            | 53            | -            | -            |
| <b>Total equity including non-controlling interests</b> | <b>6,663</b>  | <b>6,397</b>  | <b>6,650</b>  | <b>4,573</b> | <b>4,804</b> |
| Liabilities to banks and credit institutions            | 2,303         | 2,271         | 2,132         | -            | -            |
| Pension liabilities                                     | 131           | 150           | 128           | -            | -            |
| Deferred tax liabilities                                | 436           | 343           | 454           | -            | -            |
| Non-interest-bearing liabilities                        | 277           | 96            | 288           | -            | -            |
| <b>Total non-current liabilities</b>                    | <b>3,147</b>  | <b>2,860</b>  | <b>3,002</b>  | <b>-</b>     | <b>-</b>     |
| Liabilities to banks and credit institutions            | 262           | 94            | 287           | -            | -            |
| Accounts payables                                       | 2,019         | 2,193         | 2,383         | 7            | 4            |
| Other current liabilities                               | 1,839         | 1,451         | 1,574         | 1,104        | 840          |
| <b>Total current liabilities</b>                        | <b>4,120</b>  | <b>3,738</b>  | <b>4,244</b>  | <b>1,111</b> | <b>844</b>   |
| <b>Total equity and liabilities</b>                     | <b>13,930</b> | <b>12,995</b> | <b>13,896</b> | <b>5,684</b> | <b>5,648</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, 2016      | 6,597                | 53                        | 6,650  |
| Profit for the period                | 235                  | 14                        | 249  |
| Other comprehensive income           | -233                 | -3                        | -236   |
| <b>Total comprehensive income</b>    | <b>2</b>             | <b>11</b>                 | <b>13</b>                                    |
| <b>Closing equity March 31, 2016</b> | <b>6,599</b>         | <b>64</b>                 | <b>6,663</b>                                 |

| 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                | 214                  | 2                         | 216  |
| Other comprehensive income           | 329                  | 2                         | 331  |
| <b>Total comprehensive income</b>    | <b>543</b>           | <b>4</b>                  | <b>547</b>                                   |
| New issue of shares                  | 50                   | -                         | 50   |
| <b>Closing equity March 31, 2015</b> | <b>6,348</b>         | <b>49</b>                 | <b>6,397</b>                                 |

During 2015, 267,950 new shares have been issued which have increased equity by SEK 50 million.

## Financial instruments

| SEK million   | Asset      | Liability  |
|---|------------|------------|
| <b>Financial instruments reported in balance sheet March 31, 2016</b> |            |            |
| Raw material hedge contracts  | 111        | 210        |
| FX hedge contracts  | 85         | 130        |
| Interest rate swaps   | 5          | 43         |
| <b>Total derivatives financial instruments</b>                        | <b>201</b> | <b>383</b> |
| Fair value adjustment inventory                                       | 300        | 98         |
| <b>Total financial instruments</b>                                    | <b>501</b> | <b>481</b> |

## AAK Group – Cash flow statement

| SEK million  | Q1<br>2016  | Q1<br>2015 | Full year<br>2015 |
|--|-------------|------------|-------------------|
| <b>Operating activities</b>                                |             |            |                   |
| Operating profit   | 381         | 321        | 1,409             |
| Depreciation and amortization                              | 112         | 105        | 431               |
| Other non cash items                                       | -8          | -15        | -100              |
| <b>Cash flow before interest and tax</b>                   | <b>485</b>  | <b>411</b> | <b>1,740</b>      |
| Interest paid and received                                 | -38         | -26        | -114              |
| Tax paid   | -83         | -43        | -270              |
| <b>Cash flow before changes in working capital</b>         | <b>364</b>  | <b>342</b> | <b>1,356</b>      |
| Changes in inventories                                     | -69         | 76         | -292              |
| Changes in accounts receivables                            | -118        | -11        | 126               |
| Changes in accounts payables                               | -318        | -127       | 148               |
| Changes in other working capital items                     | 125         | 148        | 398               |
| Changes in working capital                                 | -380        | 86         | 380               |
| <b>Cash flow from operating activities</b>                 | <b>-16</b>  | <b>428</b> | <b>1,736</b>      |
| <b>Investing activities</b>                                |             |            |                   |
| Acquisition of intangible an tangible assets               | -193        | -161       | -994              |
| Acquisition of operations and shares, net of cash acquired | -           | -          | -123              |
| Proceeds from sale of property, plan and equipment         | 1           | 1          | 1                 |
| Divestment of operations and shares                        | -           | -          | 100               |
| Cash flow from investing activities                        | -192        | -160       | -1,016            |
| <b>Cash flow after investing activities</b>                | <b>-208</b> | <b>268</b> | <b>720</b>        |
| <b>Financing activities</b>                                |             |            |                   |
| New share issue  | -           | 50         | 107               |
| Changes in loans   | 169         | -247       | -344              |
| Dividend paid  | -           | -          | -284              |
| Cash flow from financing activities                        | 169         | -197       | -521              |
| <b>Cash flow for the period</b>                            | <b>-39</b>  | <b>71</b>  | <b>199</b>        |
| Cash and cash equivalents at start of period               | 459         | 264        | 264               |
| Exchange rate difference for cash equivalents              | -6          | 7          | -4                |
| <b>Cash and cash equivalents at end of period</b>          | <b>414</b>  | <b>342</b> | <b>459</b>        |

## AAK Group – Share data

|  | Q1<br>2016 | Q1<br>2015 | Full year<br>2015 |
|--|------------|------------|-------------------|
| Number of shares, thousand                     | 42,288     | 41,987     | 42,288            |
| Earnings per share, SEK*                       | 5.56       | 5.11       | 22.17             |
| Earnings per share incl. dilution, SEK**       | -          | 5.08       | 22.12             |
| Earnings per share incl. full dilution, SEK*** | -          | 5.07       | 22.16             |
| Equity per share, SEK                          | 156.05     | 151.67     | 156.77            |
| Market value on closing date                   | 645.00     | 484.50     | 627.50            |

\* 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). No outstanding share options since December, 2015.

\*\*\* 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. No outstanding share options since December, 2015.

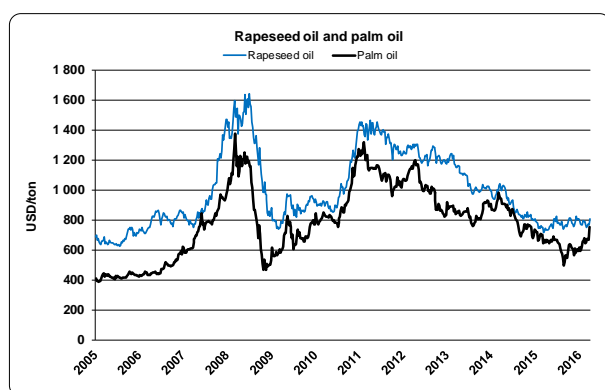
## Quarterly data – Business areas

### Operating profit

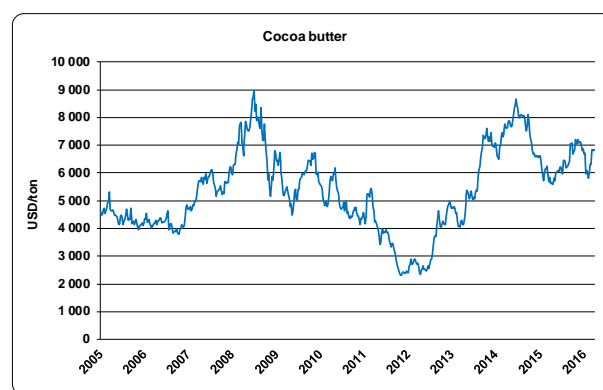
| SEK million                                      | 2015       |            |            |            | 2016         |            |
|--|------------|------------|------------|------------|--------------|------------|
|  | Q1         | Q2         | Q3         | Q4         | Full year    | Q1         |
| Food Ingredients                                 | 195        | 221        | 230        | 257        | 903          | 229        |
| Chocolate & Confectionery Fats                   | 136        | 116        | 166        | 135        | 553          | 159        |
| Technical Products & Feed                        | 23         | 22         | 11         | 32         | 88           | 29         |
| Group Functions                                  | -33        | -33        | -31        | -36        | -133         | -36        |
| <b>Total AAK Group excl. non-recurring items</b> | <b>321</b> | <b>326</b> | <b>376</b> | <b>388</b> | <b>1,411</b> | <b>381</b> |
| Acquisition costs and non-recurring items        | -          | 13         | -          | -15        | -2           | -          |
| <b>Total legal operating profit AAK Group</b>    | <b>321</b> | <b>339</b> | <b>376</b> | <b>373</b> | <b>1,409</b> | <b>381</b> |
| Financial net                                    | -27        | -30        | -28        | -29        | -114         | -38        |
| <b>Result before tax</b>                         | <b>294</b> | <b>309</b> | <b>348</b> | <b>344</b> | <b>1,295</b> | <b>343</b> |

## Price trends in raw materials

### Rapeseed oil and palm 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 April 27, 2016 at 1:00 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 2015**

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.

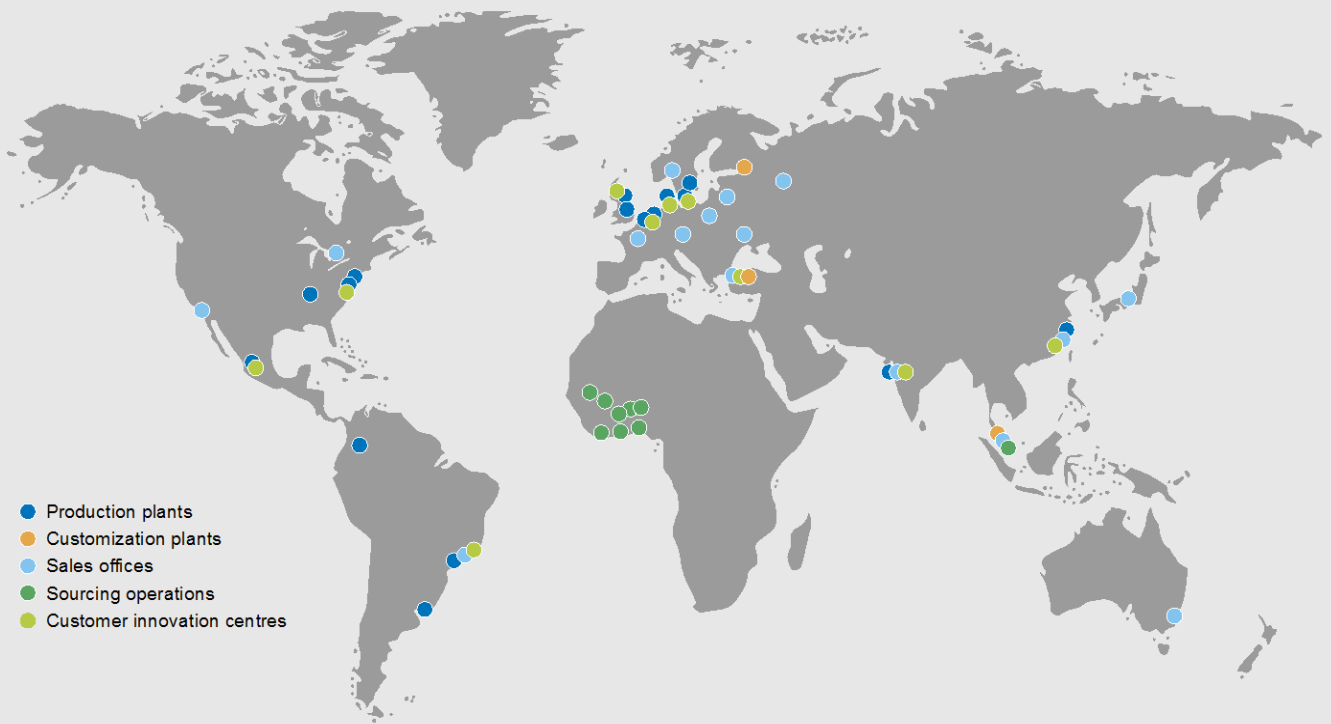
### **Governing text**

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.

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# The first choice for value-adding vegetable oil solutions

We develop and provide value-adding vegetable oil solutions in close collaboration with our customers, enabling them to achieve long lasting business results.

We do so through our in-depth expertise in oils & fats within food applications, working with a wide range of raw materials and broad process capabilities.

Through our unique co-development approach we bring together our customers' skills and know-how with our capabilities and mindset. By doing so, we solve customer specific needs across many industries – Chocolate & Confectionery, Bakery, Dairy, Infant Nutrition, Food Service, Personal Care, and more.

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.

So no matter where you are in the world, we are ready to help you achieve long lasting results.

We are AAK – The Co-Development Company.



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