

## Press release

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

- Operating profit, excluding acquisition costs of SEK 15 million, reached SEK 431 million (376), an improvement of 15 percent and an all-time high record. This despite a currency translation impact of negative SEK 10 million (positive 27), mainly related to Food Ingredients.
- Total volumes continued to grow nicely and were up 11 percent (2). Organic volume growth was 4 percent (2). The demand for speciality and semi-speciality products was strong, generating organic volume growth of 5 percent (2).
- Food Ingredients improved by 9 percent, reaching SEK 251 million (230). The picture between the different segments was mixed, with several showing very good development:
  - The Dairy segment continued its trend and reported, yet again, solid organic volume growth.
  - The Bakery segment, however, had another challenging quarter. Volumes continued to decline, although at a slower pace than during the year's first two quarters.
  - Infant Nutrition reported strong double-digit volume growth. This was particularly driven by an extraordinary volume growth for our product range Akonino® but also by InFat®, sold through Advanced Lipids AB, a joint venture of AAK and Enzymotec.
  - Foodservice reported organic volume growth with good development particularly in the U.K., the U.S. and the Nordics.
- Chocolate & Confectionery Fats reported a result of SEK 190 million (166), an improvement of 14 percent.
  - Total volumes increased by 23 percent (4) and organic volume growth was 15 percent (4).
  - We saw continued organic volume growth for both high-end and low-end products with the latter showing particularly strong growth after some challenging quarters.
  - After two years of severely deteriorating market conditions in Russia and Ukraine, the strong growth during the first two quarters continued, but still from relatively low levels.
- Technical Products & Feed reached SEK 24 million (11). Last year's low result was, as communicated at the time, due to a planned and extended maintenance stop.
- Earnings per share were stable at SEK 6.00 (6.03). Increased financial costs due to extended borrowings in high-interest rate countries (Brazil, China and India) and

increased earnings in countries with high tax rates had a very unfavorable impact on earnings per share.

- Operating cash flow including changes in working capital amounted to negative SEK 135 million (258). Cash flow from working capital was negative, amounting to SEK 467 million (negative 81). This was, as expected and communicated, due to the substantially increased raw material prices during the last quarters, combined with working capital tied up for the two large greenfield investments.
- Calculated on a rolling 12 months basis, Return on Capital Employed (ROCE) was however unchanged, 15.7 percent (15.7 percent at December 31, 2015).
- As communicated earlier, AAK has during the third quarter acquired the leading U.S. West Coast based vegetable oils company California Oils Corporation from Mitsubishi Corporation of Japan. California Oils Corporation, also known as CalOils, had last year revenues of approximately SEK 1,350 million and a volume of approximately 110,000 MT.
- Our new factory in Brazil, which was inaugurated during the second quarter, is progressing according to plan. Some limited volumes have been delivered. To be able to deliver the whole product range a gradual ramp-up will continue during the coming quarters. Our China greenfield project also 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 third quarter 2016 will be presented today, October 26, 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 20 different production facilities, sales offices in more than 25 countries and more than 2,800 employees. **We are AAK – The Co-Development Company.***