

Interim Report

Fourth quarter and
Year-end report, 2017

AAK

Acting CEO's comments

Record-high operating profit for a fourth quarter

Our determined, focused and hard work based upon our clear strategy is continuing to yield good results. For the 28th consecutive quarter, a record-high year-over-year operating profit was achieved. The Group reported a high single-digit increase for the fourth quarter, and a double-digit improvement at fixed foreign exchange rates.

Operating profit reached SEK 471 million (435 excluding non-recurring items), an improvement of 8 percent compared to the corresponding quarter in 2016. The currency translation impact was negative SEK 18 million of which SEK 12 million was related to Food Ingredients and SEK 6 million to Chocolate & Confectionery Fats. Operating profit at fixed foreign exchange rates and excluding non-recurring items improved by 12 percent.

Food Ingredients reported another strong quarter with high single-digit profit growth driven by a continued improved product mix, including a higher proportion of customer co-developed solutions.

Chocolate & Confectionery Fats has, as earlier communicated, seen a stronger than projected growth in demand, combined with some production disruptions in Aarhus, Denmark. This has resulted in increased production costs and higher supply chain costs. We have started to see an improvement in our production, however, due to higher volatility in the variations in some of our raw materials and the backlog from 2017, we expect an impact during the first quarter of 2018 as well. From the end of the first quarter 2018 we expect a lower volatility in the variations in these raw materials. Despite these challenges profit growth was solid with stable volume development. The mix continued to improve with some organic volume growth for speciality products.

Ramp-up costs for our new factories in Brazil and China have, according to plan, been absorbed in the reported profit for the two above-mentioned business areas.

Despite a challenging start to 2017, Technical Products & Feed reported strong growth in operating profit. Raw material prices in our fatty acids business have been back to more normal levels for some quarters.

Total volumes continued to grow nicely and increased by 5 percent (7). Organic volume growth was 5 percent (2). The demand for speciality and semi-speciality products continued to be strong

and generated organic volume growth of 7 percent (5).

Business area operating profit:

- Food Ingredients improved by 8 percent, reaching SEK 299 million (278). At fixed foreign exchange rates operating profit increased by 12 percent.
- Chocolate & Confectionery Fats reported a result of SEK 176 million (169), an improvement of 4 percent. At fixed foreign exchange rates operating profit was up 8 percent.
- Technical Products & Feed reached SEK 31 million (24), an improvement by 29 percent.



Operating profit per kilo for the Group reached SEK 0.86 (0.83 excluding non-recurring items), an improvement by 4 percent. The currency translation impact was negative SEK 0.03. At fixed foreign exchange rates operating profit per kilo increased by 7 percent.

Operating profit per kilo for Food Ingredients was stable at SEK 0.79 (0.79), mainly as a consequence of the improved product mix, offset by ramp-up costs in Brazil and China, and a negative currency translation impact. At fixed foreign exchange rates operating profit per kilo improved by 4 percent.

Operating profit per kilo for Chocolate & Confectionery Fats reached SEK 1.74 (1.69), an improvement by 3 percent. There was continued organic volume growth for speciality products, offset by the above-mentioned production disruptions and ramp-up costs as well as a negative currency translation impact. At fixed foreign exchange rates operating profit per kilo improved by 7 percent.

Technical Products & Feed reported an impressive operating profit per kilo, SEK 0.44 (0.34), an improvement by 29 percent. This was mainly due to an improved product mix in our fatty acids business.

Earnings per share increased by 24 percent, to SEK 8.31 (6.69). The US decision to reduce its corporate tax rate has impacted earnings per share by approximately SEK 0.80.

Sales amounted to SEK 6,594 million (6,326). The increase was mainly due to a positive product mix and organic volume growth. This was partly offset by a negative currency translation impact of SEK 295 million.

Food Ingredients

The demand for speciality and semi-speciality products was very good, generating organic volume growth of 9 percent (1).

Bakery had another challenging quarter, particularly within Europe and North Latin America. Development in the US continued to be weak. However, there was good growth in Asia, the Nordics and South Latin America.

The Dairy segment continued the strong trend from previous quarters and once again reported high double-digit organic volume growth. All regions showed very strong growth except the Nordics which had another challenging quarter.

Special Nutrition reported high double-digit volume growth with a significantly better product mix compared to the corresponding quarter last year. This was driven by a double-digit volume growth for our Infant Nutrition product range Akonino®. Our other Infant Nutrition product range InFat®, sold through Advanced Lipids AB, a joint venture of AAK and Enzymotec, also showed double-digit volume growth in the quarter.

Foodservice reported declining volumes in the quarter. This was mainly due to continued challenging market conditions in the Nordics.

Chocolate & Confectionery Fats

The organic volume growth increased by 1 percent (16). The mix continued to improve with organic volume growth for speciality products. The production disruptions have impacted the volume growth in the quarter.

At the end of the quarter we signed our first commercial contract for TROPICAO™, our chocolate solution for hot climate markets. This is an important milestone for AAK.

Cash flow

Operating cash flow including changes in working capital amounted to SEK 844 million (843). Cash flow from working capital amounted to SEK 262 million (426). Continued good working capital management combined with a positive impact from lower raw material prices have impacted cash flow favorably. However, this was partly offset by a continued organic volume growth and working capital tied up for our new factories in Brazil and China.

We have started to see a modest increase in raw material prices since the beginning of the third quarter which will impact our cash flow negatively with a time lag of 6–9 months.

Return on Capital Employed (ROCE)

Calculated on a rolling 12 months basis, Return on Capital Employed (ROCE) was 15.6 percent (15.8 at December 31, 2016). ROCE declined due to increased raw material prices (which impacted the first six months in 2017), investments in Brazil and China, and the acquisition in 2016. The ROCE for the fourth quarter was 15.9 percent compared to 14.6 percent for the corresponding quarter 2016.

The AAK Way

The key focus of our company program The AAK Way is to enable the company to continue to deliver strong organic growth. This will be achieved by focusing on five priority areas: Go to Market, Operational Excellence, Special Focus Areas, Innovation, and People. The implementation of the program is developing according to plan.

Summary of 2017

This has been a very special year for AAK. We have improved operating profit by 11 percent. We have inaugurated our new factory in China, delivered our first products within Senior Nutrition, and signed our first contract for TROPICAO™. Alongside these achievements we were struck by grief when our CEO Arne Frank passed away this summer. In this unfortunate situation our Management has, together with its teams, very professionally executed on our strategy with incredible spirit and commitment.

Georg Brunstam new Chairman

For the Annual General Meeting 2018, the Nomination Committee proposes Georg Brunstam as new Chairman of the Board. With Melker Schörling AB as the main shareholder, Georg has developed Hexpol into a highly profitable, world-leading player in the polymer industry. He recently left his executive position at Hexpol for the role as Chairman of the Board, and is now proposed for the corresponding role in AAK.

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.

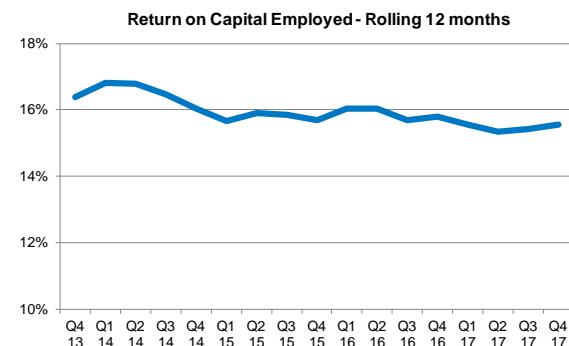
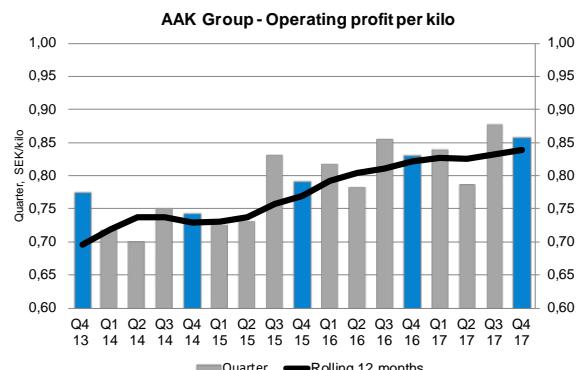
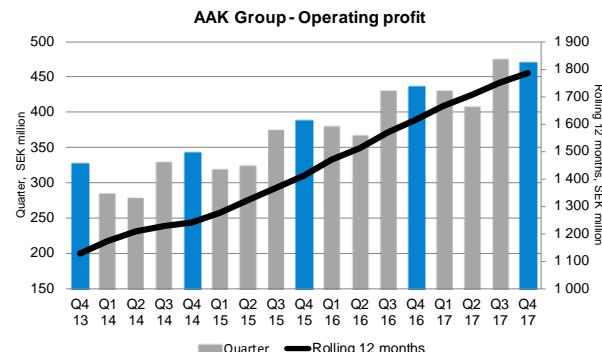
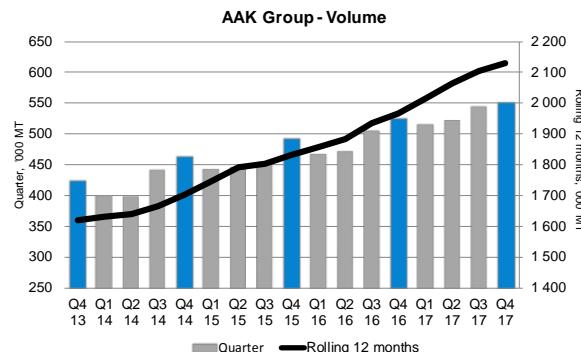
Fredrik Nilsson
Chief Financial Officer and acting CEO

Financial highlights and key ratios

SEK million (unless otherwise stated)	Q4 2017	Q4 2016	Δ %	Full year 2017	Full year 2016	Δ %
Income statement						
Volumes ('000 MT)	550	524	+5	2,129	1,966	+8
Operating profit excluding non-recurring items	471	435 ¹⁾	+8	1,786	1,615 ²⁾	+11
Operating profit including non-recurring items	471	450 ¹⁾	+5	1,786	1,615 ²⁾	+11
Net profit	349	287	+22	1,212	1,040	+17
Financial position						
Total assets	16,892	17,184	-	16,892	17,184	-
Equity	7,734	7,576	-	7,734	7,576	-
Net working capital	3,970	3,604	-	3,970	3,604	-
Net interest-bearing debt	2,666	2,620	-	2,666	2,620	-
Cash flow						
EBITDA	597	574	+4	2,277	2,079	+10
Cash flow from operating activities	844	843	-	1,099	1,213	-
Cash flow from investing activities	-291	-327	-	-810	-1,421	-
Free cash flow	553	516	-	289	-208	-
Earnings per share						
Earnings per share, SEK	8.31	6.69	+24	28.24	23.71	+19
Key figures						
Volume growth, %	+5	+7	-	+8	+7	-
Operating profit per kilo (excl. non-recurring items), SEK	0.86	0.83	+4	0.84	0.82	+2
Return on Capital Employed (R12 months), %	15.6	15.8	-1	15.6	15.8	-1
Net debt / EBITDA, multiple	1.17	1.26	-7	1.17	1.26	-7

1) Non-recurring items for the fourth quarter 2016 amounted to SEK 15 million and consist of a reassessment of the preliminary negative goodwill relating to the acquisition of California Oils Corporation.

2) Non-recurring items for the full year 2016 amounted to SEK 0 million and consist of acquisition costs of SEK 15 million and a net positive impact of SEK 15 million related to the acquisition of California Oils Corporation.



The AAK Group, fourth quarter 2017

Volumes

Volumes continued to grow nicely, by 5 percent (7). Organic volume growth was 5 percent (2) due to an increased demand for speciality and semi-speciality products, which alone generated organic volume growth of 7 percent (5).

Net sales

Sales amounted to SEK 6,594 million (6,326). The increase was mainly due to a positive product mix and organic volume growth. This was partly offset by a negative currency translation impact of SEK 295 million.

Operating profit

Operating profit reached SEK 471 million (435 excluding non-recurring items), an improvement of 8 percent compared to the corresponding quarter in 2016.

The currency translation impact was negative SEK 18 million of which SEK 12 million was related to Food Ingredients and SEK 6 million to Chocolate & Confectionery Fats. Operating profit at fixed foreign exchange rates and excluding non-recurring items improved by 12 percent.

Operating profit per kilo reached SEK 0.86 (0.83 excluding non-recurring items), an improvement by 4 percent. The currency translation impact was negative SEK 0.03. At fixed foreign exchange rates operating profit per kilo increased by 7 percent.

Net financial cost

Net financial cost decreased and amounted to SEK 26 million (46). Lower financial costs are due to the company optimizing financing in a few high interest rate countries. The company has, in addition, temporarily benefited from the structure in the interest market.

Cash flow and investments

Operating cash flow including changes in working capital amounted to SEK 844 million (843). Cash flow from working capital was positive, amounting to SEK 262 million (426).

Continued good working capital management combined with a positive impact from lower raw material prices have impacted cash flow favorably. However, this was partly offset by a continued organic volume growth and working capital tied up for our new factories in Brazil and China.

We have started to see a modest increase in raw material prices since the beginning of the third quarter which will impact our cash flow negatively with a time lag of 6–9 months.

Cash outflow from investing activities amounted to SEK 291 million (327).

Financial position

The equity/assets ratio amounted to 46 percent (44 percent at December 31, 2016). Net debt at December 31, 2017 amounted to SEK 2,666 million (SEK 2,620 million on December 31, 2016). At December 31, 2017 the Group had total committed credit facilities of approximately SEK 6,213 million (6,139 as of December 31, 2016), with approximately SEK 3,685 million of unused committed credit facilities.

New factories

The ramp-up of our new factories in Brazil and China is progressing according to plan with volumes increasing quarter by quarter.

New CEO and President appointed

On November 24, it was announced that the Board of Directors had appointed Johan Westman as AAK's new President and CEO. Johan is currently Senior Vice President Europe and Managing Director of the BlankLight division at Shiloh Industries, a global innovative solutions provider to the mobility market. He will join AAK with broad industrial and international experience and will start no later than June 1, 2018.

Employees

The average number of employees at December 31, 2017 was 3,399 (3,256 at December 31, 2016).

Business Area Food Ingredients, Q4 2017

	Q4 2017	Q4 2016	△%	Full year 2017	Full year 2016	△%
Operating profit						
+8 %						
Operating profit per kilo						
+0 %						
Volumes ('000 MT)	378	354	+7	1,447	1,325	+9
Net sales, SEK million	4,468	4,146	+8	17,665	14,707	+20
Operating profit, SEK million	299	278	+8	1,107	996	+11
Operating profit per kilo, SEK	0.79	0.79	+0	0.77	0.75	+3

Volumes

Food Ingredients reported organic volume growth of 7 percent (1). The demand for speciality and semi-speciality products was very good, generating organic volume growth of 9 percent (1).

Bakery had another challenging quarter, particularly within Europe and North Latin America. Development in the US continued to be weak. However, there was good growth in Asia, the Nordics and South Latin America.

The Dairy segment continued the strong trend from previous quarters and once again reported high double-digit organic volume growth. All regions showed very strong growth except the Nordics which had another challenging quarter.

Special Nutrition reported high double-digit volume growth with a significantly better product mix compared to the corresponding quarter last year. This was driven by a double-digit volume growth for our Infant Nutrition product range Akonino®. Our other Infant Nutrition product range InFat®, sold through Advanced Lipids AB, a joint venture of AAK and Enzymotec, also showed double-digit volume growth in the quarter.

Foodservice reported declining volumes in the quarter. This was mainly due to continued challenging market conditions in the Nordics.

Commodity products showed negative 1 percent (-13) organic volume growth.

Net sales

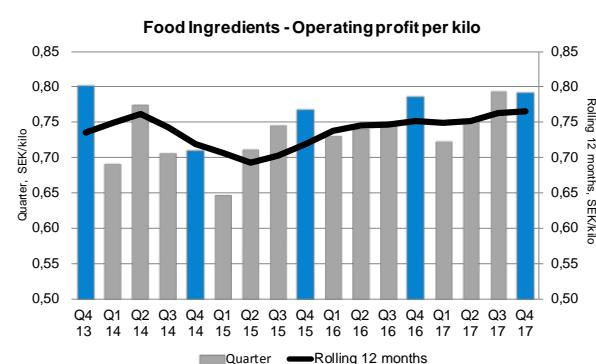
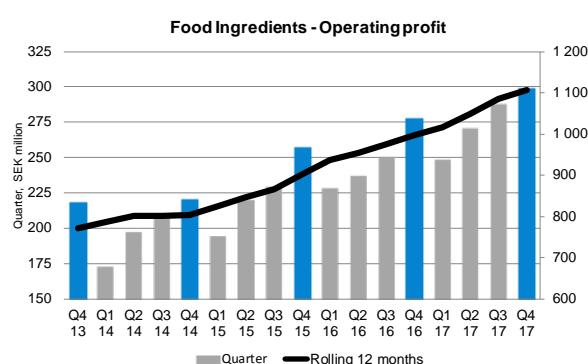
Sales amounted to SEK 4,468 million (4,146). The increase was mainly due a positive product mix and organic volume growth. This was partly offset by a negative currency translation impact of SEK 205 million.

Operating profit

Operating profit improved by 8 percent to SEK 299 (278) driven by a continued improved product mix, including a higher portion of customer co-developed solutions. Ramp-up costs in Brazil and China have, according to plan, been absorbed in the reported profit. The currency translation impact was negative SEK 12 million. At fixed foreign exchange rates, operating profit increased by 12 percent.

Operating profit per kilo for Food Ingredients was stable at SEK 0.79 (0.79), mainly as a consequence of the improved product mix, partly offset by ramp-up costs and a negative currency translation impact. At fixed foreign exchange rates operating profit per kilo improved by 4 percent.

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



Business Area Chocolate & Confectionery Fats, Q4 2017

	Q4 2017	Q4 2016	△%	Full year 2017	Full year 2016	△%
Operating profit						
+4 %						
Operating profit per kilo						
+3 %						
Volumes ('000 MT)	101	100	+1	404	367	+10
Net sales, SEK million	1,789	1,858	-4	7,354	6,117	+20
Operating profit, SEK million	176	169	+4	735	664	+11
Operating profit per kilo, SEK	1.74	1.69	+3	1.82	1.81	+1

Volumes

Organic volume growth for the business area was 1 percent (16).

There was continued organic volume growth for high-end products in the quarter as these, due to the earlier mentioned production disruptions in Aarhus, Denmark, have been prioritized above low-end products.

Net sales

Net sales for Chocolate & Confectionery Fats decreased by SEK 69 million as a consequence of lower raw material prices and a negative currency translation impact of SEK 90 million. This was partly offset by volume growth and an improved product mix.

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

At the end of the quarter we signed our first commercial contract for TROPICAO™, our chocolate solution for hot climate markets. This is an important milestone for AAK.

Operating profit

Operating profit improved by 4 percent and reached SEK 176 million (169).

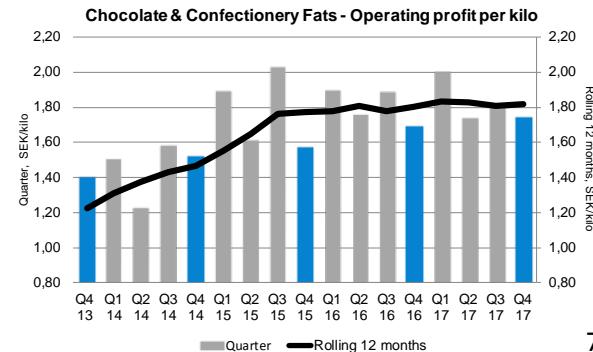
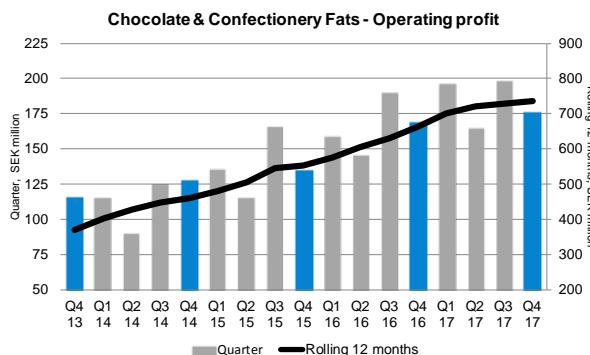
As earlier communicated, the business area has seen a stronger than projected growth in demand, combined with some production disruptions in Aarhus, Denmark. This has resulted in increased production costs and higher supply chain costs. We have started to see an improvement in our production, however, due to higher volatility in the variations in some of our raw materials and the backlog from 2017 there will be an impact during the first quarter of 2018 as well. From the end of the first quarter 2018 we expect a lower volatility in the variations in these raw materials.

Ramp-up costs in Brazil and China have, according to plan, been absorbed in the reported profit.

The currency translation impact was negative SEK 6 million. At fixed foreign exchange rates, operating profit improved by 8 percent.

Operating profit per kilo for Chocolate & Confectionery Fats increased to SEK 1.74 (1.69), an improvement of 3 percent. There was continued organic volume growth for speciality products, offset by the above-mentioned production disruptions and ramp-up costs as well as a negative currency translation impact. At fixed foreign exchange rates operating profit per kilo improved by 7 percent.

We are expecting continued improvement in Chocolate & Confectionery Fats.



Business Area Technical Products & Feed, Q4 2017

	Q4 2017	Q4 2016	△%	Full year 2017	Full year 2016	△%
Operating profit						
+29 %						
Volumes ('000 MT)	71	70	+1	278	274	+1
Net sales, SEK million	337	322	+5	1,417	1,233	+15
Operating profit, SEK million	31	24	+29	84	100	-16
Operating profit per kilo, SEK	0.44	0.34	+29	0.30	0.36	-17

Volumes

Volumes were stable compared to the corresponding quarter in 2016.

material prices in our fatty acids business have been back to more normal levels for some quarters. Our Feed business has also developed positively in the quarter.

Net sales

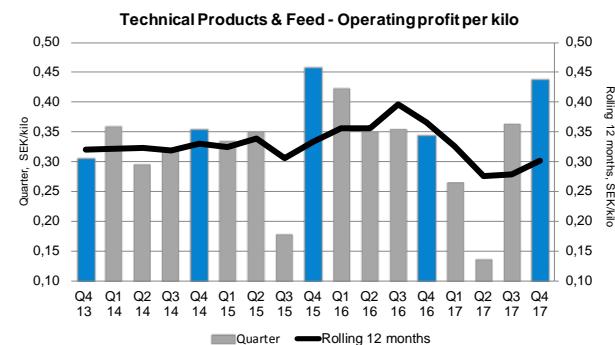
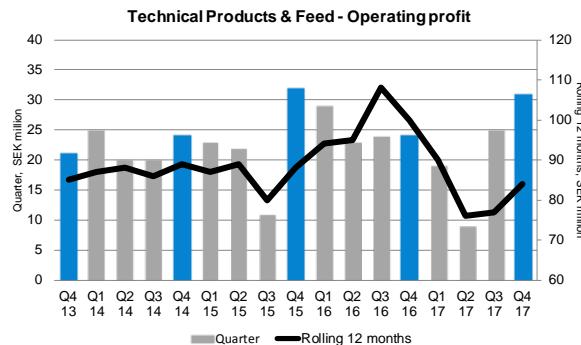
Net sales for the business area increased by SEK 15 million as a result of an improved product mix.

The business area reported an impressive operating profit per kilo, SEK 0.44 (0.34), an improvement by 29 percent.

Operating profit

Operating profit improved by SEK 7 million, reaching SEK 31 million (24), an improvement by 29 percent. This was mainly due to an improved product mix in our fatty acids business. Raw

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



* The operating profit is expected to gradually come back to more normal levels during the upcoming quarters (guidance from the Interim Report for the third quarter 2017).

The AAK Group, full year 2017

Volumes

Total volumes were up 8 percent (7) and organic volume growth was 5 percent (2).

Net sales

Sales amounted to SEK 26,436 million (22,057). The increase was mainly due to positive product mix and increased raw material prices, partly offset by a negative currency translation impact of SEK 327 million.

Operating profit

Operating profit reached SEK 1,786 million (1,615), an improvement of 11 percent. The currency translation impact was negative SEK 19 million. Operating profit at fixed foreign exchange rates improved by 12 percent.

Operating profit per kilo reached SEK 0.84 (0.82). The currency translation impact was negative SEK 0.01.

Net financial cost

Net financial cost decreased and amounted to SEK 120 million (170). Lower financial costs are due to the company optimizing financing in a few high interest rate countries. The company has, in addition, temporarily benefited from the structure in the interest market.

Tax costs

The US tax reform, Tax Cuts & Jobs Act (TCJA), has impacted AAK in the fourth quarter this year due to the reduction of the US corporate tax rate from 35 to 21 percent.

As a consequence of the reduced tax rate in the US, AAK has reported a positive one-off tax income of SEK 35 million during the fourth quarter of 2017. The one-off positive tax income is due to revaluations of future tax liabilities, which AAK USA has on its balance sheet. The one-off positive tax effect in the fourth quarter 2017 is not expected to have a material impact on cash flow.

Reported tax costs correspond to an average tax rate of 27 percent (28). The reported tax rate is 1 percent lower than last year due to the above-mentioned one-off positive tax income related to the US tax reform.

In addition, as an effect of the new legislation, AAK expects that the Group tax rate for 2018 will be between 27 and 28 percent.

Cash flow and investments

Operating cash flow including changes in working capital amounted to SEK 1,099 million (1,213). Cash flow from working capital was negative, amounting to SEK 388 million (negative 263).

Good working capital management has impacted cash flow favorably. However, this was offset by a continued organic volume growth, a net negative impact from higher raw material prices, and working capital tied up for our new factories in Brazil and China.

We have started to see a modest increase in raw material prices since the beginning of the third quarter which will impact our cash flow negatively with a time lag of 6–9 months.

Cash outflow from investing activities amounted to SEK 810 million (1,421 including acquisition). Capital expenditures during the year was mainly related to regular maintenance investments, our new factory in China, and capacity increases in Asia and the US.

Financial position

The equity/assets ratio amounted to 46 percent (44 percent at December 31, 2016). Net debt at December 31, 2017 amounted to SEK 2,666 million (SEK 2,620 million on December 31, 2016). At December 31, 2017 the Group had total committed credit facilities of approximately SEK 6,213 million (6,139 as of December 31, 2016), with approximately SEK 3,685 million of unused committed credit facilities.

General information

Related parties

No significant changes have taken place in relations or transactions with related parties since 2016.

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 2016.

Accounting principles in 2017

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 2016. The accounting policies are unchanged, compared with those applied in 2016. A number of new and amended standards are effective for periods beginning after January 1, 2017. None of these have a significant effect on the consolidated financial statements of the Group or the Parent company.

Accounting principles in 2018

A number of new and amended standards are effective for periods beginning after January 1, 2018. The company has in detail analyzed the consequences of the accounting standards "IFRS 9 Financial Instruments" and "IFRS 15 Revenue from Contracts with Customers". None of these is expected to have a significant effect on the consolidated financial statements of the Group or the Parent company.

Alternative Performance Measures (APMs)

AAK presents APMs to reflect underlying business performance and to enhance comparability from period to period. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS.

Definitions of Alternative Performance Measures can be found at www.aak.com under the Investor tab. For reconciliation of Alternative Performance Measures, see pages 17–18.

Definitions

For definitions, see the Annual Report for 2016.

Nomination Committee

At the Annual General Meeting 2017, Märta Schörling Andreen (Melker Schörling AB), Lars-Åke Bokenberger (AMF Fonder), Henrik Didner (Didner & Gerge Fonder), and Yvonne Sörberg (Handelsbanken Fonder) were elected members of the Nomination Committee. Märta Schörling Andreen was elected Chairman of the Nomination Committee.

Annual General Meeting

The Annual General Meeting will be held on May 30, 2018 at 2 p.m. CET in Malmö, Sweden (Malmö Arena). The Annual Report for 2017 will be available at www.aak.com from April 30, 2018 and is expected to be distributed to the shareholders during the week starting May 7, 2018. The report will at that time also be available at AAK's headquarters.

Shareholders who wish to participate at the Annual General Meeting must be registered in the share register maintained by Euroclear Sweden AB on May 24, 2018. 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 24, 2018. Notification of attendance should be made to AAK's head office no later than 4 p.m. CET on May 24, 2018.

Georg Brunstam new Chairman

For the Annual General Meeting 2018, the Nomination Committee proposes Georg Brunstam as new Chairman of the Board. With Melker Schörling AB as the main shareholder, Georg has developed Hexpol into a highly profitable, world-leading player in the polymer industry. He recently left his executive position at Hexpol for the role as Chairman of the Board, and is now proposed for the corresponding role in AAK.

Proposed dividend

The Board of Directors proposes that a dividend of SEK 9.75 (8.75) per share be paid for the

financial year 2017. The proposed recording day for the dividend is June 1, 2018. It is expected that the dividend will reach the shareholders on June 7, 2018.

Proposed share split

The Board of Directors proposes, with the purpose to facilitate the trade in the company's shares listed at Nasdaq Stockholm, that the Annual General Meeting 2018 resolves on a share split 6:1 so that each existing share is divided into six (6) shares. The record date for the share split is proposed to be June 14, 2018.

The Board of Directors also proposes the Annual General Meeting to change the limits of the number of shares in the articles of association of the company in order to adapt the articles of association to the number of shares which will be the result of the proposed share split.

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 negative SEK 11 million (negative 14).

Interest-bearing liabilities minus cash and cash equivalents and interest-bearing assets totalled a negative of SEK 1,440 million (negative 1,301 as of December 31, 2016). Investments in intangible and tangible assets amounted to SEK 3 million (5).

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 5, 2018

Mikael Ekdahl
Chairman of the Board

Gun Nilsson
Board member

Märta Schörling Andreen
Board member

Marianne Kirkegaard
Board member

Lillie Li Valeur
Board member

Bengt Baron
Board member

Leif Håkansson
Trade union representative

Annika Westerlund
Trade union representative

For further information, please contact:

Fredrik Nilsson

Chief Financial Officer and acting CEO

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E-mail: fredrik.nilsson@ak.com

The information is information that AAK AB (publ.) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:50 a.m. CET on February 5, 2018.

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, 2017 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 5, 2018

PricewaterhouseCoopers

Sofia Götmar-Blomstedt
Authorized Public Accountant

Income statement

SEK million	Group		Parent			
	Q4 2017	Q4 2016	Full year 2017	Full year 2016	Full year 2017	Full year 2016
Net sales	6,594	6,326	26,436	22,057	97	95
Other operating income	50	44	129	109	0	0
Total operating income	6,644	6,370	26,565	22,166	97	95
Raw materials and supplies	-5,009	-4,741	-20,216	-16,362	-	-
Other external expenses	-574	-558	-2,208	-1,973	-67	-63
Cost for remuneration to employees	-464	-492	-1,862	-1,726	-97	-101
Amortization and impairment losses	-126	-124	-491	-464	-2	-1
Other operating expenses	-0	-5	-2	-26	-	-3
Total operating costs	-6,173	-5,920	-24,779	-20,551	-166	-168
Operating profit (EBIT)	471	450	1,786	1,615	-69	-73
Income from shares in group companies	-	-	-	-	67	63
Interest income	3	1	11	6	0	0
Interest expense	-24	-43	-112	-159	-5	-0
Other financial items	-5	-4	-19	-17	-4	-4
Total financial net	-26	-46	-120	-170	58	59
Result before tax	445	404	1,666	1,445	-11	-14
Income tax	-96	-117	-454	-405	2	-5
Net result	349	287	1,212	1,040	-9	-19
Attributable to non-controlling interests	-2	4	18	37	-	-
Attributable to the Parent company's shareholders	351	283	1,194	1,003	-9	-19

Comprehensive income

SEK million	Group		Parent			
	Q4 2017	Q4 2016	Full year 2017	Full year 2016	Full year 2017	Full year 2016
Profit for the period	349	287	1,212	1,040	-9	-19
Items that will not be reclassified to profit or loss:						
Remeasurements of post-employment benefit obligations	-7	6	-15	5	-	-
	-7	6	-15	5	-	-
Items that may subsequently be reclassified to profit or loss:						
Translation differences	-51	194	-706	189	-	-
Fair-value changes in cash flow hedges	-	2	-	23	-	-
Tax attributable to fair-value changes in cash flow hedges	-	0	-	-5	-	-
	-51	196	-706	207	-	-
Total comprehensive income for the period	291	489	491	1,252	-9	-19
Attributable to non-controlling interests	-1	2	16	36	-	-
Attributable to the Parent company's shareholders	292	487	475	1,216	-9	-19

Condensed balance sheet

SEK million	Group 31.12.2017	31.12.2016	Parent 31.12.2017	31.12.2016
Assets				
Goodwill	1,601	1,686	-	-
Other intangible assets	349	357	7	5
Tangible assets	5,178	5,164	3	4
Financial assets	40	32	5,333	5,485
Deferred tax assets	73	201	3	-
Total non-current assets	7,241	7,440	5,346	5,494
Inventory	4,656	4,850	-	-
Accounts receivables	3,210	3,027	-	-
Current receivables	1,305	1,281	125	145
Cash and cash equivalents	480	586	-	-
Total current assets	9,651	9,744	125	145
Total assets	16,892	17,184	5,471	5,639
Equity and liabilities				
Shareholders' equity	7,664	7,522	3,915	4,243
Non-controlling interests	70	54	-	-
Total equity including non-controlling interests	7,734	7,576	3,915	4,243
Liabilities to banks and credit institutions	2,354	2,857	-	-
Pension liabilities	164	134	14	8
Deferred tax liabilities	437	520	-	-
Non-interest-bearing liabilities	363	320	-	-
Total non-current liabilities	3,318	3,831	14	8
Liabilities to banks and credit institutions	628	217	-	-
Accounts payables	3,137	3,258	15	9
Other current liabilities	2,075	2,302	1,527	1,379
Total current liabilities	5,840	5,777	1,542	1,388
Total equity and liabilities	16,892	17,184	5,471	5,639

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, 2017	7,522	54	7,576
Profit for the period	1,194	18	1,212
Other comprehensive income	-719	-2	-721
Total comprehensive income	475	16	491
Subscription warrants	37	-	37
Dividend	-370	-	-370
Closing equity December 31, 2017	7,664	70	7,734

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	1,003	37	1,040
Other comprehensive income	213	-1	212
Total comprehensive income	1,216	36	1,252
Non-controlling interest	37	-35	2
Dividend	-328	-	-328
Closing equity December 31, 2016	7,522	54	7,576

Financial instruments

SEK million	Asset	Liability
Financial instruments reported in balance sheet		
December 31, 2017		
Raw material hedge contracts	380	238
FX hedge contracts	122	147
Total derivatives financial instruments	502	385
Fair value adjustment inventory	54	41
Total financial instruments	556	426

AAK Group – Cash flow statement

SEK million	Q4 2017	Q4 2016	Full year 2017	Full year 2016
Operating activities				
Operating profit	471	450	1,786	1,615
Depreciation and amortization	126	124	491	464
Other non-cash items	28	-37	-263	-37
Cash flow before interest and tax	625	537	2,014	2,042
Interest paid and received	-15	-42	-114	-163
Tax paid	-28	-78	-413	-403
Cash flow before changes in working capital	582	417	1,487	1,476
Changes in inventory	-387	-277	21	-818
Changes in accounts receivables	152	52	-341	-489
Changes in accounts payables	311	563	-18	814
Changes in other working capital items	186	88	-50	230
Changes in working capital	262	426	-388	-263
Cash flow from operating activities	844	843	1,099	1,213
Investing activities				
Acquisition of intangible and tangible assets	-291	-326	-817	-977
Acquisition of operations and shares, net of cash acquired	-	-2	-	-449
Proceeds from sale of property, plant and equipment	-	1	7	5
Cash flow from investing activities	-291	-327	-810	-1,421
Cash flow after investing activities	553	516	289	-208
Financing activities				
Subscription warrants	37	-	37	-
Changes in loans	-661	-342	-33	645
Dividend paid	-	-	-370	-328
Cash flow from financing activities	-624	-342	-366	317
Cash flow for the period	-71	174	-77	109
Cash and cash equivalents at start of period	545	403	586	459
Exchange rate difference for cash equivalents	6	9	-29	18
Cash and cash equivalents at end of period	480	586	480	586

AAK Group – Share data

	Q4 2017	Q4 2016	Full year 2017	Full year 2016
Number of shares, thousand	42,288	42,288	42,288	42,288
Earnings per share, SEK*	8.31	6.69	28.24	23.71
Equity per share, SEK	181,23	177,87	181,23	177,87
Market value on closing date, SEK	702,50	599,50	702,50	599,50

* The calculation of earnings per share is based on weighted average number of outstanding shares.

Quarterly data – Business areas

Operating profit

SEK million	2016				2017				Full year	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	
Food Ingredients	229	238	251	278	996	249	271	288	299	1,107
Chocolate & Confectionery Fats	159	146	190	169	664	196	165	198	176	735
Technical Products & Feed	29	23	24	24	100	19	9	25	31	84
Group Functions	-36	-39	-34	-36	-145	-33	-36	-36	-35	-140
Total AAK Group excl. non-recurring items	381	368	431	435	1,615	431	409	475	471	1,786
Acquisition costs and non-recurring items	-	-	-15	15	-	-	-	-	-	-
Total legal operating profit AAK Group	381	368	416	450	1,615	431	409	475	471	1,786
Financial net	-38	-39	-47	-46	-170	-41	-22	-31	-26	-120
Result before tax	343	329	369	404	1,445	390	387	444	445	1,666

Alternative Performance Measures (APMs)

Organic volume growth

%	Q4 2017	Q4 2016	Full year 2017	Full year 2016
Food Ingredients				
Organic volume growth	7	-2	4	-2
Acquisitions/divestments	-	8	5	7
Volume growth as reported	7	6	9	5
Chocolate & Confectionery Fats				
Organic volume growth	1	16	10	13
Acquisitions/divestments	-	-	-	5
Volume growth as reported	1	16	10	18
Technical Products & Feed				
Organic volume growth	1	0	1	4
Acquisitions/divestments	-	-	-	-
Volume growth as reported	1	0	1	4
AAK Group				
Organic volume growth	5	2	5	2
Acquisitions/divestments	-	5	3	5
Volume growth as reported	5	7	8	7

EBITDA

SEK million	Q4 2017	Q4 2016	Full year 2017	Full year 2016
Operating profit (EBIT)	471	450	1,786	1,615
Add back depreciation and amortization	126	124	491	464
EBITDA	597	574	2,277	2,079

Return on Capital Employed (ROCE)

SEK million	Full year 2017	Full year 2016
Total assets	16,892	17,184
Cash and cash equivalents	-480	-586
Financial assets	-6	-3
Accounts payables	-3,137	-3,258
Other non-interest-bearing liabilities	-2,058	-2,293
Capital employed	11,211	11,044
Operating profit (Rolling 12 months)	1,786	1,615
Return on Capital Employed (ROCE), %	15.9	14.6

Working capital

SEK million	Full year 2017	Full year 2016
Inventory	4,656	4,850
Accounts receivables	3,210	3,027
Other current receivables, non-interest-bearing	1,299	1,277
Accounts payables	-3,137	-3,258
Other current liabilities, non-interest-bearing	-2,058	-2,293
Working capital	3,970	3,603

Net debt

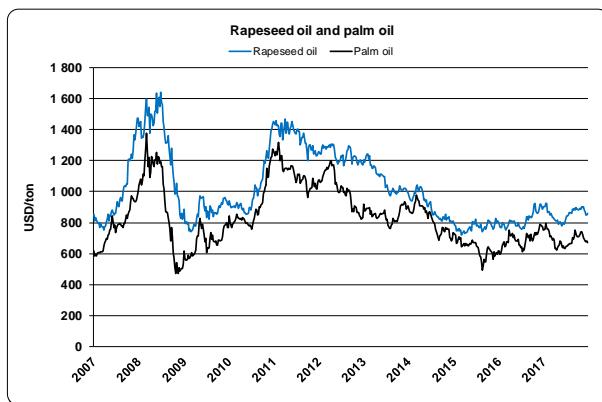
SEK million	Full year 2017	Full year 2016
Current interest-bearing receivables	5	3
Cash and cash equivalents	480	586
Pension liabilities	-164	-134
Non-current liabilities to banks and credit institutions	-2,354	-2,857
Current liabilities to banks and credit institutions	-628	-217
Other interest-bearing liabilities	-5	-1
Net debt	-2,666	-2,620

Equity to assets ratio

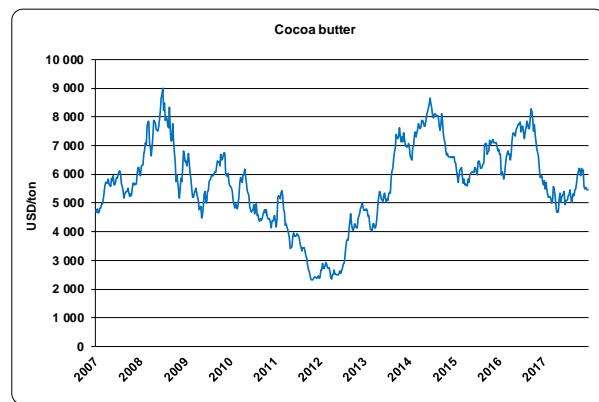
SEK million	Full year 2017	Full year 2016
Shareholders' equity	7,664	7,522
Non-controlling interests	70	54
Total equity including non-controlling interests	7,734	7,576
Total assets	16,892	17,184
Equity to assets ratio, %	45.8	44.1

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

Additional information

Press and analyst conference

AAK will host a conference call on February 5, 2018 at 1 p.m. CET. The conference call can be accessed via our home page, www.aak.com.

The annual and quarterly reports are also published on www.aak.com.

Financial calendar 2018

The interim report for the first quarter 2018 will be published on April 23, 2018.

The Annual General Meeting will be held on May 30, 2018.

The interim report for the second quarter 2018 will be published on July 18, 2018.

The interim report for the third quarter 2018 will be published on October 25, 2018.

The fourth quarter and year-end report for 2018 will be published on February 1, 2019.

Forward-looking statements

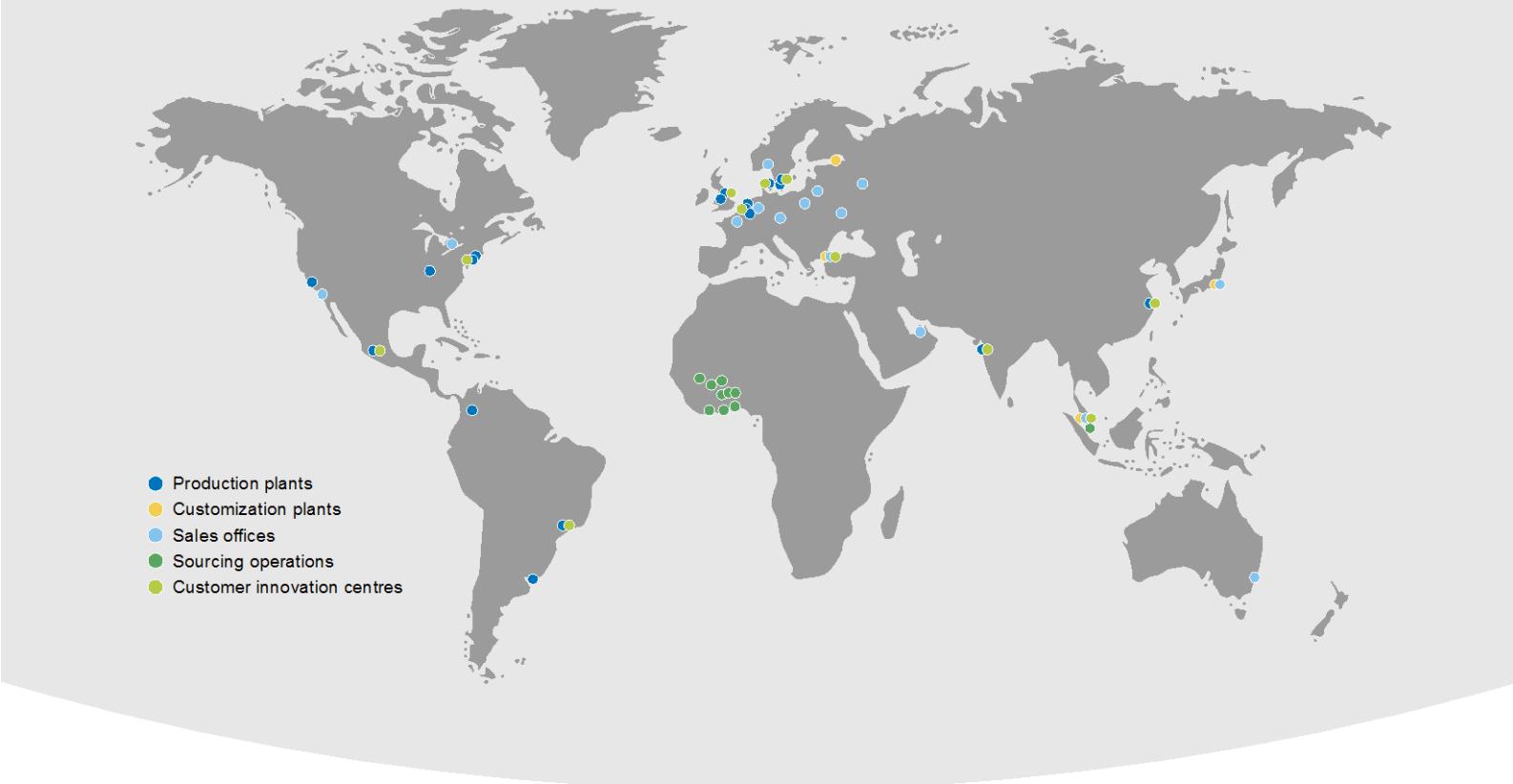
This report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of AAK AB (publ.), may cause actual developments and results to differ materially from the expectations expressed in this report.

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, Special Nutrition, Foodservice, 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, 20 production facilities and customization plants, and sales offices in more than 25 countries, our more than 3,300 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.

Explore more at
www.aak.com

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