

AAK



Interim report for the third quarter 2014

Chief Executive's comments

Again record high operating profit

Again a record high operating profit was achieved. This was mainly driven by the expected and continued significant improvement in Chocolate & Confectionery Fats. Food Ingredients remained stable despite some headwinds. Total volumes were up 6 percent.

Operating profit, excluding non-recurring items, reached SEK 331 million (313), an improvement of 6 percent compared to the corresponding quarter in 2013.

Operating profit, including acquisition related costs amounting to SEK 7 million (10) and a non-recurring, net positive impact of SEK 20 million related to the acquisition of CSM Benelux NV in Merksem, Belgium, reached SEK 344 million (303), an improvement of 14 percent. The currency translation impact was positive SEK 16 million.

Operating profit per kilo, excluding non-recurring items, remained stable at SEK 0.75 (0.75) despite the dilutive impact of the recent acquisitions in Belgium and Colombia and challenges in Infant Nutrition in China.

Operating profit per kilo in Food Ingredients declined from SEK 0.78 to SEK 0.71.

Operating profit per kilo excluding the dilutive impact of the acquisitions mentioned above would have been SEK 0.08 higher.

Operating profit per kilo in Chocolate & Confectionery Fats improved significantly and reached SEK 1.59 (1.36). Technical Products & Feed improved to SEK 0.37 (0.36).

Business Area operating profit:

- Food Ingredients was stable at SEK 211 million (211) compared to a very strong third quarter 2013.
- Chocolate & Confectionery Fats improved significantly by 19 percent, reaching SEK 125 million (105).
- Technical Products & Feed remained stable at SEK 24 million (24).

Earnings per share increased by 10 percent, to SEK 5.36 (4.86).

Sales amounted to SEK 4,715 million (4,206). The increase was mainly due to the impact of the acquisitions and a positive currency translation impact of SEK 238 million.

Business development

Food Ingredients reported, all in all, a stable quarter, however, with a very mixed picture. Dairy solutions reported high single-digit growth. Infant Nutrition, product range Akonino®, also grew very strongly.

However, as earlier communicated and expected, our InFat® business through Advanced Lipids AB; a joint venture of AAK and Enzymotec, continued to struggle very severely in the Chinese market. Further, commodity volumes continued to decrease.

Chocolate & Confectionery Fats developed very well with high double-digit growth for Cocoa Butter Equivalents (CBE). In Ukraine volumes decreased. However, volumes in Russia increased.

Operational cash flow as expected

Operating cash flow including changes in working capital amounted to negative SEK 52 million (positive 303 million). As predicted earlier, working capital increased and the increase amounted to SEK 369 million (increase 12 million) due to higher raw material prices during the fourth quarter 2013. Working capital is expected to be relatively stable during the fourth quarter 2014. In the first quarter 2015 we do expect material improvements following today's low prices on our main raw materials.

ROCE

ROCE has been negatively affected by acquisitions and initial greenfield investments in Brazil and China. Return on Capital Employed (ROCE), calculated on a rolling 12 months basis, was 16.5 percent (16.4 at December 31, 2013). The ROCE for the third quarter was 14.3 percent (16.1 percent at September 30, 2013).

Acquisitions and main investments

AAK has during the quarter made acquisitions in Belgium and Colombia. These have been consolidated during the third quarter and they both have a dilutive impact on operating profit per kilo for the Group and for Food Ingredients. Both acquisitions are on track with their integration plans.



The construction of a new factory in Brazil, which has been announced earlier, is developing according to plan.

Further, the company has announced a decision to construct a speciality and semi-speciality edible oils factory in China.

AAktion

In January 2014, we launched the new company program “AAktion” for 2014-2016. The program is intended to further strengthen our focus on “Sales-Innovation-Execution”. AAKtion is developing 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.

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

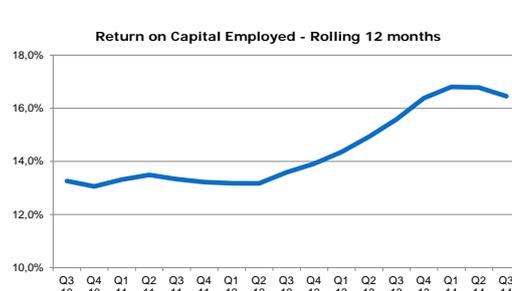
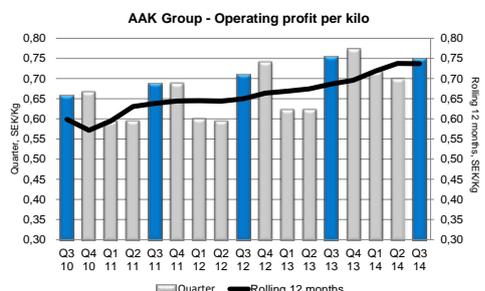
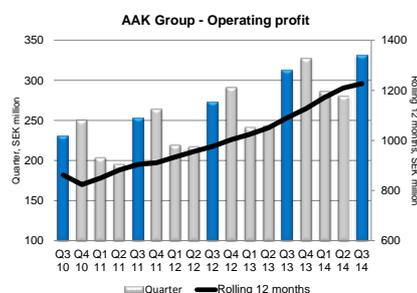
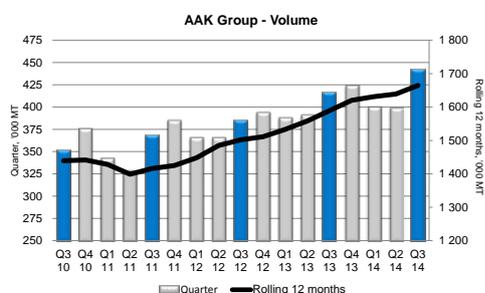


Arne Frank
Chief Executive Officer and President

Financial highlights and key ratios

SEK million	Q3 2014	Q3 2013	Δ %	Q1-3 2014	Q1-3 2013	Δ %	Full year 2013
Income statement							
Volumes ('000 MT)	442	416	+6	1,241	1,196	+4	1,620
Operating profit excluding non-recurring items*	331	313	+6	899	799	+13	1,127
Operating profit including non-recurring items*	344	303	+14	903	789	+14	1,117
Net profit	225	201	+12	588	512	+15	741
Financial position							
Total assets	12,455	9,356	-	12,455	9,356	-	10,045
Equity	5,268	4,051	-	5,268	4,051	-	4,364
Net working capital	3,406	2,481	-	3,406	2,481	-	2,581
Net interest-bearing debt	2,886	2,367	-	2,886	2,367	-	2,255
Cash flow							
EBITDA	442	390	+13	1,184	1,050	+13	1,460
Cash flow from operating activities	-52	303	-	197	1,092	-82	1,300
Cash flow from investing activities	-352	-329	+7	-661	-589	+12	-732
Free cash flow	-404	-26	-	-464	503	-	568
Earnings per share							
Earnings per share before dilution	5.36	4.86	+10	14.03	12.39	+13	17.87
Earnings per share after dilution	5.31	4.78	+11	13.89	12.21	+14	17.62
Key figures							
Volume growth, %	+6	+8	-	+4	+7	-	+7
Operating profit per kilo (excl. non-recurring items*)	0.75	0.75	-	0.72	0.67	+7	0.69
Return on Capital Employed (R12 months)	16.5	16.0	+3	16.5	16.0	+3	16.4
Net debt / EBITDA	1.79	1.68	+7	1.79	1.68	+7	1.54

*) Non-recurring items for the third quarter consist of acquisition costs of SEK 7 million (10) and the non-recurring, net positive impact of SEK 20 million related to the acquisition of CSM Benelux NV in Merksem, Belgium. Non-recurring items for Q1-Q3 consist of acquisition costs of SEK 16 million (10) and the non-recurring items of SEK 20 million.



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

The AAK Group, Third quarter 2014

Volumes

Volumes increased by 6 percent compared to the third quarter 2013 mainly due to the acquisitions in Belgium and Colombia. Organic growth was negative by 3 percent. On the other hand, Dairy solutions showed high single-digit growth. Our value propositions with “no trans, low sat and lower cost” is gaining further traction in several key markets. Infant Nutrition, product range Akonino®, grew strongly in all markets. The issues in the Chinese market for our InFat® business in Advance Lipids AB; a joint venture of AAK and Enzymotec continued. There was a negative effect from the new additional direct tax in Mexico for industrially produced bakery, confectionery and other indulgence products. Further, commodity volumes were shrinking.

Chocolate & Confectionery Fats continued to develop very nicely with very high double-digit growth in Cocoa Butter Equivalent (CBE). The market interest for CBE continues to be strong.

Net sales

Net sales increased by SEK 509 million mainly due to acquisitions and a positive currency translation impact of SEK 238 million.

Operating profit

Operating profit, excluding acquisition related costs and a non-recurring, net positive impact of SEK 20 million related to the acquisition of CSM Benelux NV in Merksem, Belgium, reached SEK 331 million (313), an improvement of 6 percent compared to the corresponding quarter in 2013.

Operating profit, including acquisition related costs amounting to SEK 7 million (10) and a non-recurring, net positive impact of SEK 20 million related to the acquisition of CSM Benelux NV in Merksem, Belgium, amounted to SEK 344 million (303), an improvement of 14 percent. The currency translation impact was positive SEK 16 million.

Operating profit per kilo excluding acquisition costs and the non-recurring, net positive impact related to the acquisition of CSM Benelux NV in Merksem, Belgium, remained stable at SEK 0.75 (0.75) despite the dilutive impact of the recent acquisitions in Belgium and Colombia and our challenges for Advanced Lipids in China. Operating profit per kilo in Food Ingredients declined from SEK 0.78 to SEK 0.71.

Operating profit per kilo in Chocolate & Confectionery Fats improved significantly and reached SEK 1.59 (1.36). Technical Products & Feed improved to SEK 0.37 (0.36).

The costs for Group Functions have increased by SEK 2 million, mainly due to increased resources in R&D. The costs are in line with the innovation focus in the new company program, AAKtion. In addition, the third quarter operating result included acquisition related costs of SEK 7 million (10) and a non-recurring, net positive impact of SEK 20 million related to the acquisition of CSM Benelux NV in Merksem, Belgium.

Net financial cost

Net financial cost increased and amounted to SEK 29 million (26). The increase was explained by increased borrowings for the financing of acquisitions and increased working capital.

Cash flow and investments

Operating cash flow in the third quarter came out as expected and amounted to negative SEK 52 million (positive 303 million). As predicted and communicated previously, working capital increased. The increase amounted to SEK 369 million (increase by 12 million last year), due to increased raw material prices during the fourth quarter 2013. Working capital is expected to be relatively stable during the fourth quarter 2014. However, in the first quarter 2015 we do expect material improvements following today's record-low prices on our main raw materials.

After net investments amounting to SEK 352 million (329), which included acquisitions and initial greenfield investments, cash flow was negative SEK 404 million (26).

AAK has acquired a bakery fats specialist in Belgium

As announced in the second quarter interim report, AAK has acquired the oils and fats business of CSM Benelux NV in Merksem, Belgium. The company is a leading bakery fats supplier mainly to the bakery markets in Belgium, the Netherlands and France. The acquired business employs around 100 people and had revenues of approximately SEK 970 million in 2013.

The impact on AAK's operating profit is expected to be very limited during 2014 and accordingly, this acquisition has a dilutive impact on operating profit per kilo.

The transaction was completed on July 1, 2014 and the unit was consolidated in the third quarter.

As communicated earlier, the acquisition will not start contributing to AAK's operating profit until the second half of 2015. A material turnaround of the business is planned for. As a result of this acquisition, negative goodwill of SEK 95 million was recorded in the third quarter. The Group has made a provision of SEK 75 million for necessary restructuring costs related to the planned integration and execution of synergies to improve results from the latter part of 2015. Accordingly, a non-recurring, net positive impact of SEK 20 million has been reported on the line "Other operating income" in the Income Statement on page 14.

The restructuring and integration of this business is on plan.

AAK strengthened its geographical footprint by acquiring FANAGRA in Colombia

On July 10, 2014 AAK acquired Fabrica Nacional de Grasas S.A. (FANAGRA), a Colombian company that specializes in vegetable oils and fats for the bakery segment. The company has 155 employees and had revenues of approximately SEK 270 million last year, with an annual volume of 30,000 MT. The impact on AAK's operating profit is expected to be very limited during 2014 and accordingly, this acquisition has a dilutive impact on operating profit per kilo.

AAK continues to expand in Turkey and acquired one more brand from Unilever

On July 18, 2014 AAK announced that it had signed an agreement to acquire the Turkish frying oil brand Frita from Unilever. Frita, a market leader in the frying oil segment in Turkey, covers a significant part of the local Food Service market. The brand had revenues of approximately SEK 75 million in 2013. The acquisition should be seen as a natural addition to AAK Turkey's existing product portfolio and is an add-on to the Unipro acquisition during the third quarter of 2013. The impact on AAK's operating profit is expected to be very limited.

AAK investing in China

On September 5, 2014 AAK announced that it will construct a speciality and semi-speciality edible oils factory in China. The intention is to pursue our global growth strategy and to add further presence in this strategically very important market.

The factory will be located in Zhangjiagang along the Yangtze River delta. This region, just northwest of Shanghai, is one of the most important Chinese centers for inbound and outbound logistics for efficient national coverage.

The investment is expected to amount to approximately SEK 400 million over a two-year period. The start-up of the new factory is planned for the beginning of 2016 and fully utilized it will increase AAK's total capacity by approximately 100,000 MT, with room for further expansion at a later stage.

The construction of the factory is part of a long-term plan in China that started with the establishment of an AAK sales subsidiary in 2011 and which was followed by the opening of an innovation center in Shanghai last year.

Financial position

The equity/assets ratio amounted to 42 percent (43 percent at December 31, 2013). Net debt at September 30, 2014, amounted to SEK 2,886 million (SEK 2,255 million on December 31, 2013).

At September 30, 2014, the Group had total committed credit facilities of approximately SEK 5,918 million (4,716 as of December 31, 2013), with approximately SEK 2,720 million of unused committed credit facilities.

Employees

The average number of employees at September 30, 2014 was 2,463 (2,207 at December 31, 2013). The reason for the increase in the number of employees is the recent acquisitions in Belgium and Colombia.

Business Area Food Ingredients, Q3 2014

	SEK million	Q3 2014	Q3 2013	Δ %	Q1-3 2014	Q1-3 2013	Δ %	Full year 2013
Operating profit								
0 %								
Volumes ('000 MT)		298	272	+10	807	776	+4	1,049
Net sales		3,089	2,780	+11	8,294	7,991	+4	10,798
Operating profit per kilo								
-9 %								
Operating profit		211	211	0	583	553	+5	771
Operating profit per kilo		0.71	0.78	-9	0.72	0.71	+1	0.73

Volumes

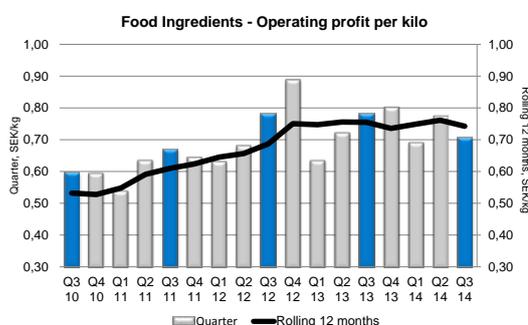
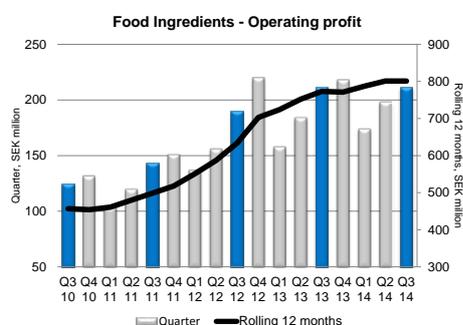
Food Ingredients reported a volume growth of 10 percent mainly due to the acquisitions in Belgium and Colombia. Food Ingredients reported, all in all, a stable quarter. This, however, with a very mixed picture. Dairy solutions reported high single-digit growth. Infant Nutrition, product range Akonino®, also grew very strongly, while commodity volumes continued to decrease.

There was a negative effect from the new additional direct tax in Mexico for industrially produced bakery, confectionery and other indulgence products.

As expected and communicated earlier, Infant Nutrition speciality volumes, InFat® business in Advance Lipids AB; a joint venture of AAK and Enzymotec, continued to be negatively affected by the Chinese market for infant formulas.

In Advanced Lipids, AAK is, amongst other functions, responsible for sales. However, in China specifically, sales are handled by our JV partner Enzymotec.

For comparable units, volumes were negative by 3 percent.



Net sales

Net sales increased by SEK 309 million mainly due to increased volumes related to the acquisitions and a positive currency translation impact of SEK 186 million.

Operating profit

Operating profit remained stable at SEK 211 million compared to the very strong third quarter 2013 at SEK 211 million. The currency translation impact was positive SEK 10 million.

Operating profit per kilo, including the dilutive impact of the acquisitions in Belgium and Colombia and our challenges for Advanced Lipids in China, declined, as expected, from SEK 0.78 to SEK 0.71. Operating profit per kilo excluding the dilutive impact of the acquisitions mentioned above would have been SEK 0.08 higher.

Operating profit for the full year 2014 is expected to improve compared to last year.

Business Area Chocolate & Confectionery Fats, Q3 2014

	SEK million	Q3 2014	Q3 2013	Δ %	Q1-3 2014	Q1-3 2013	Δ %	Full year 2013
Operating profit								
+19 %								
Volumes ('000 MT)		79	77	+2	230	219	+5	300
Net sales		1,277	1,059	+21	3,571	3,059	+17	4,200
Operating profit per kilo								
+17 %								
Operating profit		125	105	+19	332	254	+31	369
Operating profit per kilo		1.59	1.36	+17	1.44	1.16	+24	1.23

Volumes

Volumes increased by 2 percent.

The product mix improved strongly with high double-digit growth in speciality products (mainly CBE) while low-end products declined. In Ukraine volume continued to decline, while in Russia volumes continued to grow. The recently implemented Russian ban on food imports does not include AAK's ingredient products.

For comparable units, volumes decreased by 2 percent due to reduced low-end product volumes, while CBE volumes achieved very high double-digit growth.

Net sales

Net sales for Chocolate & Confectionery Fats increased by SEK 218 million as a consequence of increased volumes and an improved product mix. The currency translation impact was positive SEK 50 million.

The professional efforts within this business area during last years, with very low cocoa butter prices, the work with customer co-development and promoting CBE based on other customer benefits than just cost, are now yielding results and will yield further.

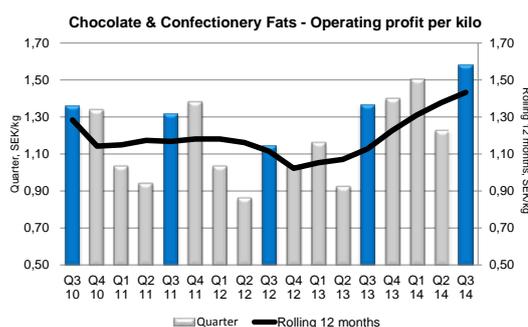
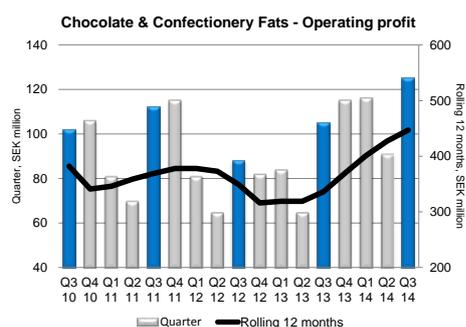
Operating profit

As expected, operating profit improved significantly, by 19 percent, and reached SEK 125 million (105). Margins continue to improve driven by the dramatic increase in cocoa butter prices since 2013. The currency translation impact was positive SEK 7 million.

Operating profit per kilo improved by 17 percent to SEK 1.59 (1.36). The main reasons for these improvements are the higher proportion of CBE and a lower proportion of low-end product.

Regarding the threat from Ebola in some of the neighbouring countries to our shea kernel sourcing activities, we are applying very strict safety procedures and precautions. Currently, we see no other effects to our activities in West Africa apart from our precautionary initiatives. See more under Risks and uncertainty factors on page 11.

The performance of this business area is expected to continue to improve significantly compared to the same quarter last year.



Business Area Technical Products & Feed, Q3 2014

	SEK million	Q3 2014	Q3 2013	Δ %	Q1-3 2014	Q1-3 2013	Δ %	Full year 2013
Operating profit								
0 %								
Operating profit per kilo								
+3 %								
Volumes ('000 MT)		64	67	-5	204	201	+1	271
Net sales		348	367	-5	1,092	1,201	-9	1,539
Operating profit		24	24	0	77	73	+5	97
Operating profit per kilo		0.37	0.36	+3	0.38	0.36	+5	0.36

Volumes

Volumes decreased by 5 percent compared to the corresponding quarter in 2013. This was mainly related to lower sales of technical products.

Net sales

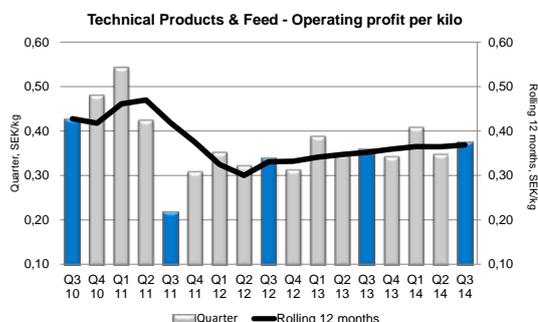
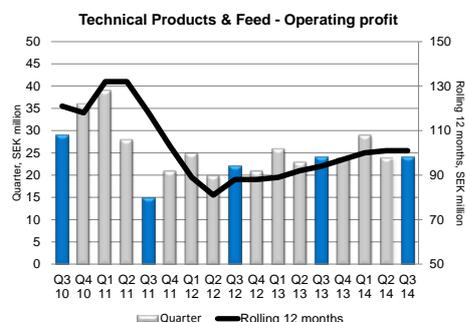
Net sales for the business area decreased by SEK 19 million or by 5 percent as a result of a changed product mix.

Operating profit

Operating profit remained stable at SEK 24 million (24).

Operating profit per kilo increased by 3 percent at SEK 0.37 (0.36).

For 2014, operating profit is expected to be stable or to improve slightly compared to the prior year.



The AAK Group, first nine months 2014

Volumes

Volumes increased by 4 percent during the first nine months mainly due to acquisitions. Organic growth was negative 2 percent due to shrinking commodity volumes, lower volumes of semi-speciality products in Mexico and the InFat® issues. Most other businesses have developed well or very well.

Net sales

Net sales increased by SEK 707 million mainly as a result of the acquisitions. Currency translation impact was positive SEK 286 million.

Operating result

Operating profit excluding acquisition related costs and a non-recurring, net positive impact of SEK 20 million related to the acquisition of CSM Benelux NV in Merksem, Belgium, for the first nine months of 2014 was a record-high, reaching SEK 899 million (799), an improvement of 13 percent. The currency translation impact was positive SEK 21 million.

Operating profit, including acquisition related costs amounting to SEK 16 million (10) and a non-recurring, net positive impact of SEK 20 million related to the acquisition of CSM Benelux NV in Merksem, Belgium, reached SEK 903 million (789), an improvement of 14 percent.

Operating profit per kilo, excluding acquisition costs and a non-recurring, net positive impact of SEK 20 million related to the acquisition of CSM Benelux NV in Merksem, Belgium, amounted to SEK 0.72 (0.67) despite the dilutive impact of the recent acquisitions in Belgium and Colombia. Operating profit per kilo in Food Ingredients improved despite the dilutive impact of the acquisitions and reached SEK 0.72 (0.71). Operating profit per kilo in Chocolate & Confectionery Fats improved significantly and reached SEK 1.44 (1.16). Technical Products & Feed improved to SEK 0.38 (0.36).

Net financial cost

Net financial cost increased to SEK 86 million (77) mainly due to increased borrowings as a consequence of financing the acquisitions, initial greenfield investments and the increase working capital. One-off costs related to refinancing have impacted the first nine months.

Cash flow

Cash flow after changes in working capital for the first nine months of 2014 amounted to SEK 197 million (1,092), including increased working capital of SEK 644 million (improvements 335 million) due to increased raw material prices and the impact of growth in Chocolate & Confectionery Fats.

AAK strategic investment in Brazil

During the first quarter 2014 AAK decided to commence construction of a new speciality and semi-speciality edible oils factory in Jundiaí, São Paulo, Brazil. The investment is expected to be approximately SEK 400 million over a two-year period. The start-up of the new factory is planned for the latter part of 2015 and fully utilized it will increase AAK's total capacity by 100,000 to 120,000 MT.

The new factory will expand our product portfolio of Food Ingredients and Chocolate & Confectionery Fats products in Brazil and particularly strengthen our ability to supply Bakery and Dairy solutions as well as further develop our Chocolate & Confectionery Fats business. The new factory will include an innovation center which will give our customers the possibility to work closely with AAK's Customer Innovation team.

Acquisitions made during the third quarter

The following acquisitions have been made and these have been consolidated in the third quarter:

	Sales 2013 SEK million	Employees
CSM Benelux NV	970	100
FANAGRA	270	155

These acquisitions have been made during the year and are not of a significant nature.

More details related to acquisitions and initial greenfield investments can be found on pages 5–6.

Refinancing

AAK has signed new committed credit facilities. The new credit facilities are partly a five-year club deal of EUR 400 million (approximately SEK 3,600 million), partly two committed three-year bilateral facilities, totaling SEK 1,500 million.

General information

Name change

At the Annual General Meeting on May 8, 2014 it was decided to change the company name from AarhusKarlshamn AB (publ) to AAK AB (publ).

Related parties

No significant changes have taken place in relations or transactions with related parties since 2013.

Hurricane Sandy and insurance compensation

Late during the second quarter 2014, the company made a final settlement related to Hurricane Sandy insurance compensation.

AAK initiates arbitration against Enzymotec

As communicated in a press release dated May 16, 2014, AAK AB has initiated an arbitration at ICC, International Court of Arbitration, against the company Enzymotec Ltd with respect to certain disputed matters under the Shareholders' Agreement entered into on June 14, 2007 regarding the joint venture company Advanced Lipids AB.

AAK is generally very cautious about taking legal actions. This dispute is commented upon because Enzymotec has released information regarding the dispute.

Risks and uncertainty factors

AAK is a global company represented in many countries and as such is exposed to a number of commercial and financial risks. Accordingly, risk management is an important process for AAK in its work to achieve established targets.

Efficient risk management is an ongoing process conducted within the framework of business control, and is part of the ongoing review of operations and forward-looking assessment of operations.

AAK's long-term risk exposure is assumed not to deviate from the inherent exposure associated with AAK's ongoing business operations.

For a more in-depth analysis of risks, refer to AAK's Annual Report for 2013.

AAK and Ebola Virus Disease (EVD)

AAK is sourcing shea kernels throughout West Africa and has offices, yards and warehouses in Burkina Faso, Mali, Ivory Coast, Ghana, Togo

and Benin. Some of these countries are bordering countries with the EVD outbreak.

AAK is constantly monitoring the EVD situation in West Africa following advice and guidance from authorities and competent international organizations.

Bearing in mind our widespread and robust supply chains and our shea kernel stocks, we do not currently expect any problems sourcing shea kernels or supplying our customers with products containing shea (primarily CBE). Currently, our shea kernel sourcing activities are not influenced – apart from our precautionary initiatives.

Accounting principles in 2014

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 2013. The accounting policies are unchanged, compared with those applied in 2013. A number of new and amended standards are effective for periods beginning after January 1, 2014. 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 2013.

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 61 million (positive 52).

Interest-bearing liabilities minus cash and cash equivalents and interest-bearing assets totalled a negative of SEK 801 million (negative 661 as of December 31, 2013). Investments in intangible and tangible assets amounted to SEK 1 million (0).

The Parent Company's balance sheet and income statement are shown on pages [14–15].

The costs for Group Functions have increased mainly as a consequence of the increased

management ambition related to growth and AAKtion, specifically Innovation involving additional resources for new product development. Group Functions also included acquisition related costs in the second and third quarter. During the third quarter a non-recurring, net positive impact of SEK 20 million related to the acquisition of CSM Benelux NV in Merksem, Belgium was recorded.

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, October 29, 2014



Arne Frank
Chief Executive Officer and President

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 October 29, 2014 at 08.15 am CET.

Report of Review of Interim Financial Information

Introduction

We have reviewed the condensed interim financial information (interim report) of AAK AB (publ) as of September 30, 2014 and the nine-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, October 29, 2014

PricewaterhouseCoopers



Sofia Götmar-Blomstedt
Authorized Public Accountant

Income statement

SEK million	Group					Parent		
	Q3 2014	Q3 2013	Q1-3 2014	Q1-3 2013	Full year 2013	Q1-3 2014	Q1-3 2013	Full year 2013
Net sales	4,715	4,206	12,958	12,251	16,537	54	47	72
Other operating income *	59	32	111	118	172	0	0	0
Total operating income	4,774	4,238	13,069	12,369	16,709	54	47	72
Raw materials and supplies	-3,590	-3,242	-9,776	-9,530	-12,792	-	-	-
Other external expenses	-395	-318	-1,105	-919	-1,265	-55	-50	-78
Cost for remuneration to employees	-345	-287	-1,001	-866	-1,189	-48	-42	-57
Amortisation and impairment losses	-98	-87	-281	-261	-343	-1	-1	-1
Other operating expenses	-2	-1	-3	-4	-3	0	0	0
Total operating costs	-4,430	-3,935	-12,166	-11,580	-15,592	-104	-93	-136
Operating profit (EBIT)	344	303	903	789	1,117	-50	-46	-64
Income from shares in group companies	-	-	-	-	-	-	115	1,146
Interest income	1	1	4	4	6	-	-	-
Interest expense	-28	-20	-75	-58	-81	-10	-16	-20
Other financial items	-2	-7	-15	-23	-25	-1	-1	-1
Total financial net	-29	-26	-86	-77	-100	-11	98	1,125
Result before tax	315	277	817	712	1,017	-61	52	1,061
Income tax	-90	-76	-229	-200	-276	13	-	0
Net result	225	201	588	512	741	-48	52	1,061
Attributable to non-controlling interests	2	3	6	6	9	-	-	-
Attributable to the Parent company's shareholders	223	198	582	506	732	-48	52	1,061

*) including a non-recurring, net positive impact of SEK 20 million related to the acquisition of CSM Benelux NV in Merksem, Belgium.

Comprehensive income

SEK million	Group					Parent		
	Q3 2014	Q3 2013	Q1-3 2014	Q1-3 2013	Full year 2013	Q1-3 2014	Q1-3 2013	Full year 2013
Profit for the period	225	201	588	512	741	-48	52	1,061
Items that will not be reclassified to profit or loss:								
Remeasurements of post employment benefit obligations	-9	-	-16	-	-7	-	-	-
	-9	-	-16	-	-7	-	-	-
Items that may subsequently be reclassified to profit or loss:								
Translation differences	239	-144	485	-105	-54	-	-	-
Fair-value changes in cash flow hedges	0	-3	-7	27	21	-	-	-
Tax attributable to fair-value changes in cash flow hedges	0	1	2	-7	-5	-	-	-
	239	-146	480	-85	-38	-	-	-
Total comprehensive income for the period	455	55	1,052	427	696	-48	52	1,061
Attributable to:								
Non-controlling interests	2	1	8	7	10	-	-	-
Parent company shareholders	453	54	1,044	420	686	-48	52	1,061

Condensed balance sheet

SEK million	Group			Parent		
	30.09.2014	30.09.2013	31.12.2013	30.09.2014	30.09.2013	31.12.2013
Assets						
Goodwill	1,277	1,089	1,115	-	-	-
Other intangible assets	118	128	123	-	1	0
Tangible assets	3,637	2,929	3,027	1	1	1
Financial assets	191	139	162	5,476	4,532	5,476
Total non-current assets	5,223	4,285	4,427	5,477	4,534	5,477
Inventory	3,411	1,997	2,501	-	-	-
Current receivables	3,392	2,830	2,886	73	46	146
Cash and cash equivalents	429	244	231	0	0	0
Total current assets	7,232	5,071	5,618	73	46	146
Total assets	12,455	9,356	10,045	5,550	4,580	5,623
Equity and liabilities						
Shareholders' equity	5,226	4,020	4,330	4,712	3,858	4,909
Non-controlling interests	42	31	34	-	-	-
Total equity including non-controlling interests	5,268	4,051	4,364	4,712	3,858	4,909
Total non-current liabilities	3,701	2,872	2,797	-	-	-
Accounts payables	2,247	1,374	1,727	5	1	18
Other current liabilities	1,239	1,059	1,157	833	721	696
Total current liabilities	3,486	2,433	2,884	838	722	714
Total equity and liabilities	12,455	9,356	10,045	5,550	4,580	5,623

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, 2014	4,330	34	4,364
Profit for the period	582	6	588
Other comprehensive income	462	2	464
Total comprehensive income	5,374	42	5,416
New issue of shares	102	-	102
Dividend	-250	-	-250
Closing equity September 30, 2014	5,226	42	5,268

SEK million	Total equity capital	Non-controlling interests	Total equity incl. non-controlling interests
Openings equity January 1, 2013	3,812	24	3,836
Profit for the period	506	6	512
Other comprehensive income	-86	1	-85
Total comprehensive income	4,232	31	4,263
Stock options	3	-	3
Dividend	-215	-	-215
Closing equity September 30, 2013	4,020	31	4,051

During 2014, 540,500 new shares have been issued which have increased equity by SEK 102 million.

Financial instruments

SEK million	Asset	Liability
Financial instruments reported in balance sheet September 30, 2014		
Raw material hedge contracts	317	72
FX hedge contracts	70	53
Interest rate swaps	14	68
Total derivatives financial instruments	401	193
Fair value adjustment inventory	-35	58
Total financial instruments	366	251

AAK Group – Cash flow statement

SEK million	Q3 2014	Q3 2013	Q1-3 2014	Q1-3 2013	Full year 2013
Operating activities					
Cash flow from operating activities before changes in working capital	317	315	841	757	1,083
Changes in working capital	-369	-12	-644	335	217
Cash flow from operating activities	-52	303	197	1,092	1,300
Investing activities					
Cash flow from investing activities	-352	-329	-661	-589	-732
Cash flow after investing activities	-404	-26	-464	503	568
Financing activities					
Cash flow from financing activities	543	24	641	-585	-666
Cash flow for the period	139	-2	177	-82	-98
Cash and cash equivalents at start of period	277	254	231	330	330
Exchange rate difference for cash equivalents	13	-8	21	-4	-1
Cash and cash equivalents at end of period	429	244	429	244	231

AAK Group – Share data

	Q3 2014	Q3 2013	Q1-3 2014	Q1-3 2013	Full year 2013
Number of shares, thousand	41,662	40,898	41,662	40,898	41,122
Earnings per share, SEK*	5.36	4.86	14.03	12.39	17.87
Earnings per share incl. dilution, SEK**	5.31	4.78	13.89	12.21	17.62
Earnings per share incl. full dilution, SEK***	5.27	4.71	13.82	11.99	17.38
Equity per share, SEK	125.44	98.31	125.91	98.31	105.76
Market value on closing date	377.00	401.50	377.00	401.50	412.00

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

** The calculation of earnings per share is based on weighted average number of outstanding shares including dilution from outstanding subscription options (in accordance with IAS 33).

*** Earnings per share after full dilution is calculated by dividing net income for the period by the total number of average outstanding shares for the period including a conversion of all outstanding share options to ordinary shares.

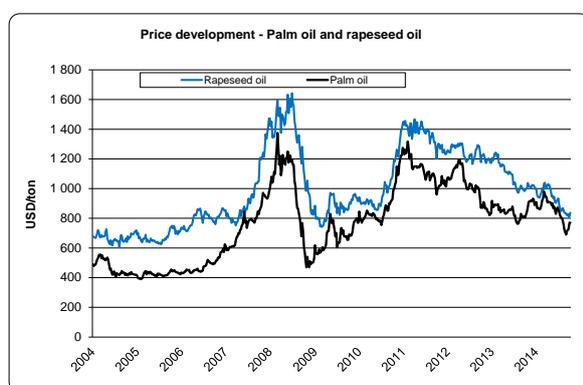
Quarterly data – Business areas

Operating profit

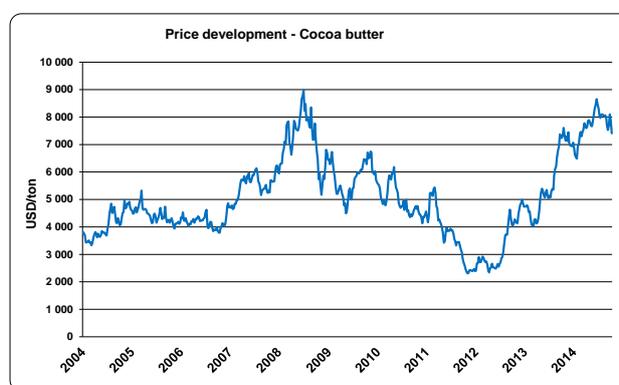
SEK million	2013				Full year	2014		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3
Food Ingredients	158	184	211	218	771	174	198	211
Chocolate & Confectionery Fats	84	65	105	115	369	116	91	125
Technical Products & Feed	26	23	24	24	97	29	24	24
Group Functions	-26	-28	-27	-29	-110	-32	-32	-29
Total AAK Group excl. non-recurring items	242	244	313	328	1,127	287	281	331
Acquisition costs and non-recurring items			-10		-10		-9	13
Total legal operating profit AAK Group	242	244	303	328	1,117	287	272	344
Financial net	-23	-28	-26	-23	-100	-26	-31	-29
Result before tax	219	216	277	305	1,017	261	241	315

Price trends in raw materials

Palm oil and rapeseed oil



Cocoa butter



For information regarding cocoa and cocoa butter, please refer to information at www.icco.org

Additional information

Press and analyst conference

AAK will host a conference call on October 29, 2014 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 2014

A capital market day including a plant visit in Karlshamn, Sweden will be held on November 12, 2014.

The fourth quarter and year-end report for 2014 will be published on February 3, 2015.

Financial calendar 2015

The interim report for the first quarter 2015 will be published on April 22, 2015.

The interim report for the second quarter 2015 will be published on July 17, 2015.

The interim report for the third quarter 2015 will be published on October 29, 2015.

The fourth quarter and year-end report for 2015 will be published on February 2, 2016.

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-added vegetable oil solutions

AAK is one of the world's leading producers of high value-added speciality vegetable oils and fats solutions. These oils and fats solutions are characterized by a high level of technological content and innovation. AAK's solutions are used as substitute for butter-fat and cocoa butter, trans-free and low saturated solutions but also addressing other needs of our customers. AAK has production facilities in Belgium, Colombia, Denmark, Mexico, the Netherlands, Sweden, Great Britain, Uruguay and the US. Further AAK has also toll manufacturing operations in Russia and Malaysia. The company is organized in three Business Areas; Food Ingredients, Chocolate and Confectionery Fats and Technical Products & Feed. AAK's shares are traded on the NASDAQ OMX, Stockholm, within the Large Cap segment. Further information on AAK can be found on the company's website www.aak.com.

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