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## Dairy

# Agenda

- 1 Dairy market
- 2 AAK performance
- 3 Market trends
- 4 AAK value-adding solutions
- 5 Plant-based dairy
- 6 Key takeaways

# Dairy segments

## Dairy

- Cheese
- Fermented prod.
- Milk drink & pwd.
- Yellow fats
- Whipped topping
- Coffee whitener

## Most used type

- Dairy
- Dairy
- Dairy
- Vegetable
- Vegetable
- Vegetable

## Ice cream

- Ice cream body
- Ice cream coatings

## Most used type

- Vegetable
- Vegetable

## Plant-based dairy

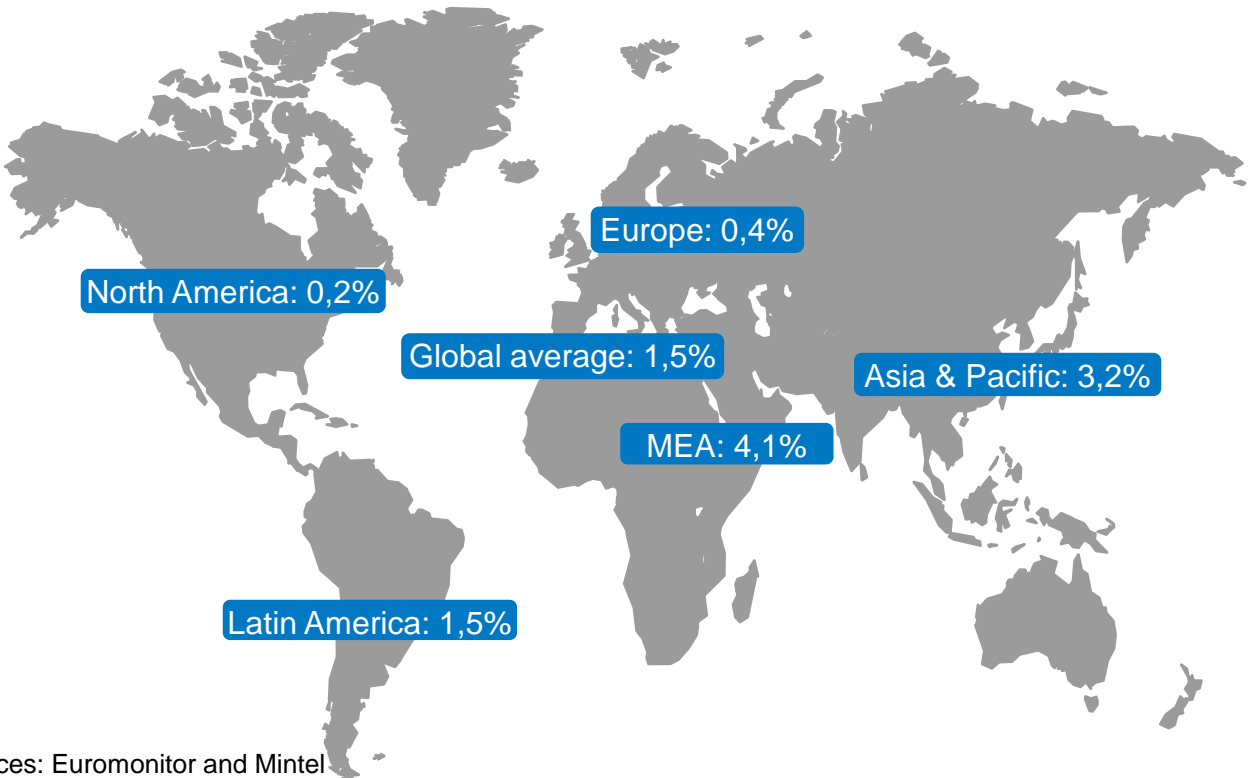
- Drink
- Frozen dessert
- Cheese

## Most used type

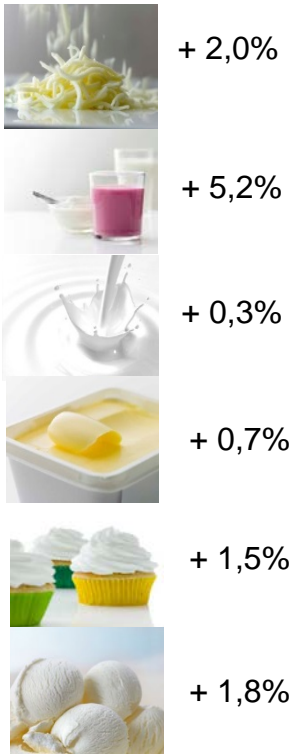
- Vegetable
- Vegetable
- Vegetable



# Dairy & Ice cream growth expectations 2016–2019\*



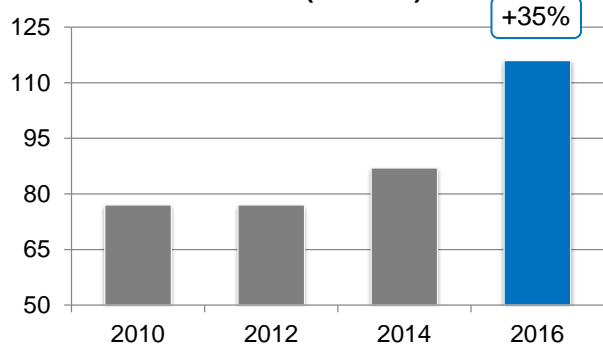
## Segment growth



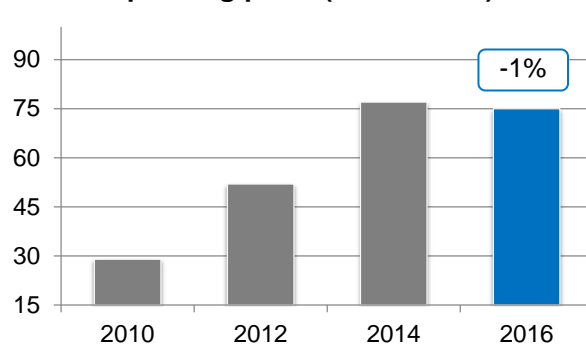
\*Sources: Euromonitor and Mintel

# Financial key figures\*

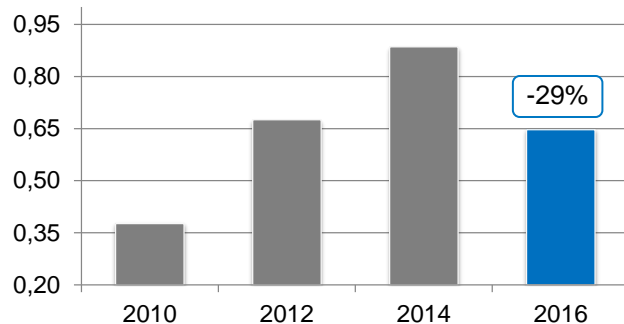
Volume ('000 MT)



Operating profit (SEK million)



Operating profit per kilo (SEK)



\* September YTD





Health & wellness

# Sustainability



# Animal welfare





# Clean label



<b>Nutrition Facts</b>	
Serving Size 1 Apple (125 g)	
Amount Per Serving	
Calories 65	Calories from Fat 2
% Daily Value*	
Total Fat 0g	0%
Saturated Fat 0g	0%
Trans Fat	
Cholesterol 0mg	0%
Sodium 1mg	0%
Total Carbohydrate 17g	6%
Dietary Fiber 3g	12%
Sugars 13g	
Protein 0g	
Vitamin A 1%	Vitamin C 10%
Calcium 1%	Iron 1%

\*Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.



# Premiumization



# AAK solutions

- ◆ Deliverables as to brand promise:
  - ◆ We achieve **lasting business value** together with our customers
  - ◆ We provide value-adding vegetable oils & fats solutions
- ◆ The value propositions per segment have a great fit with the market trends:
  - ◆ Health
  - ◆ Sustainability
  - ◆ Functionality
  - ◆ Origin
  - ◆ Cost efficiency



# AAK value-adding solutions – two examples



## ◆ Akomix (Ice cream) – value proposition

- ◆ Healthier ice cream with reduced saturated fat – patented
- ◆ Slower-melting ice cream with better shelf life
- ◆ Improved sustainability profile
- ◆ Cost optimization



## ◆ Akotop NH (Whipped topping) – value proposition

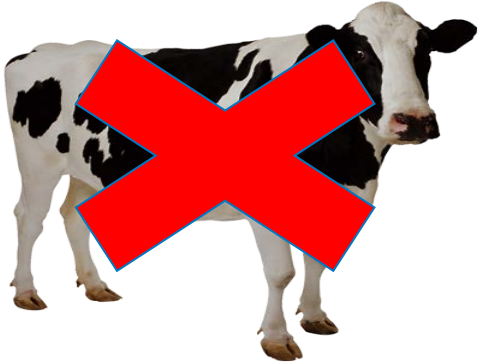
- ◆ Non-hydro solutions
- ◆ Functionality similar to hydro solutions incl. freeze/thaw stability
- ◆ Same creaminess and functionality with less fat
- ◆ Improved sustainability profile

# Plant-based dairy

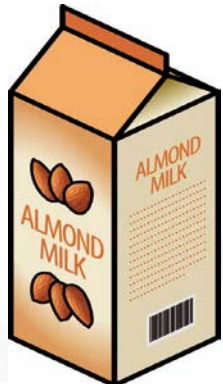
## Skip a step



Grow the crops



Feed the cows



Produce the food



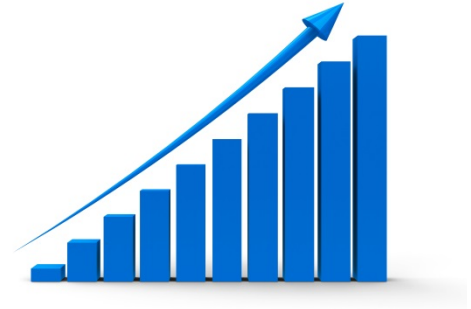
# Plant-based dairy market – consumers

- ◆ Sustainability, nutrition, animal welfare, and taste leading reasons for consumption
- ◆ Main target groups
  - ◆ Flexitarian and vegan lifestyles
  - ◆ Millennials and older iGeneration
- ◆ Social media plays a big part
  - ◆ Instagram, blogs, Twitter, Facebook



# Plant-based dairy

- ◆ Growth expectations 2016–2019
  - ◆ Segment growth is estimated to 10–15% CAGR
  - ◆ Segment is characterized by value-adding high margin products
  - ◆ The growth is especially expected within segments outside of the drink categories, e.g. ice cream and cheese





# Plant-based dairy

- ◆ Selective latest news
  - ◆ Unilever brand Ben & Jerry's launch plant-based ice cream
  - ◆ Starbucks adapts – adds almond milk to its menu
  - ◆ Danone acquisition of White Wave for \$12.5bn
  - ◆ Launch of *Plant Based Foods Association*



# Key takeaways – strong profitable growth

VISION: Global leading partner delivering value-adding solutions for the dairy and plant-based dairy industries by 2020

Deliver profitable growth by:

- ◆ Continuing to optimize the dairy fat alternative range for the dairy market
- ◆ Developing the next generation of value-adding solutions for the dairy market, focusing on:
  - ◆ Ice cream
  - ◆ Whipped topping
  - ◆ Cheese
- ◆ Developing a range of unique value-adding solutions for the plant-based dairy market

