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President Asia

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## Asia update

Capital Market Day 2020

**AAK**



# Forward-looking statements

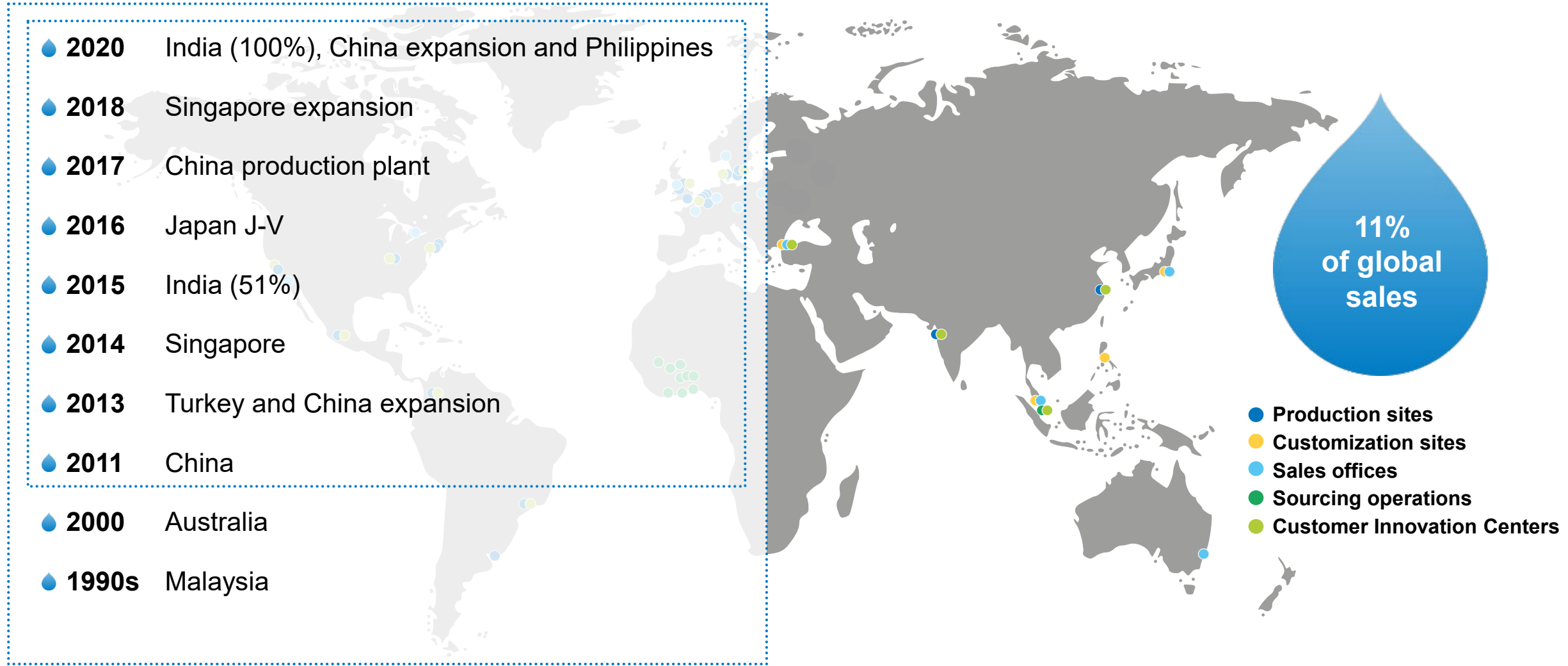
This presentation includes forward-looking statements that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realized from the proposals described herein.

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# Expanded Asian footprint and recent investments support growth ambitions

From 20 to 770 Asian colleagues in 10 countries over the last 10 years



# China FMCG market recovery differs across industries and food categories

While we, our customers, and consumers adapt to new normal

Sustained growth	Soy sauce	Carbonated beverages	H&N dietary supplements
Stable growth	Household detergents	Packaged water	Baby diapers
	Frozen food	Instant noodles	
V-type curve	Milk	Skin care products	Shampoo
	Toothpaste	Toothbrush	Clothing detergents
	Toilet paper	Tissues	Pet food
	Beer	Liquor/sake	Infant formula
U-type curve	Candies	Chocolate	Biscuits
	Cosmetics	Juice	Ready-to-drink
	Red wines/foreign wines	Chewing gums	Yogurts

Data source: Kantar Consumer Index; Bain analysis, China

- Foodservice/QSR recovering
- E-commerce with additional momentum
- Customer engagement with physical meetings
- Boosting online customer engagement
- Restricted access to manufacturing sites
- Contingency plans in place
- Safety first

Continued investment in technology and capabilities for the Chinese market

Stronger team to further improve our position in China

- ◆ Greenfield plant in Zhangjiagang (near Shanghai)
- ◆ General expansion and dedicated technology to serve the high-end Chinese Infant Nutrition market
- ◆ Commissioning and ramp-up during 2021
- ◆ Transformational management team in place and executing growth strategy



# AAK India proves resilient while entering a new growth phase

Supported by long-term positive demographic bonus\* and outlook



Note: Pre-Covid 19 image

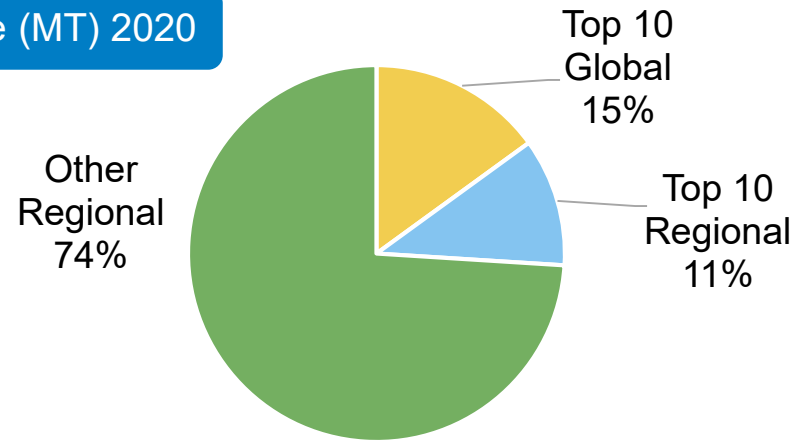
- ◆ AAK acquiring 100% of AAK Kamani from founding family
- ◆ Resilient business performance during ongoing Covid-19 pandemic
- ◆ 35 years of demographic bonus\* seen to power economic development
- ◆ Continued capacity and NPD investment from multinationals and local hero brands

\* Demographic bonus = The productive age population is larger than the non-productive population

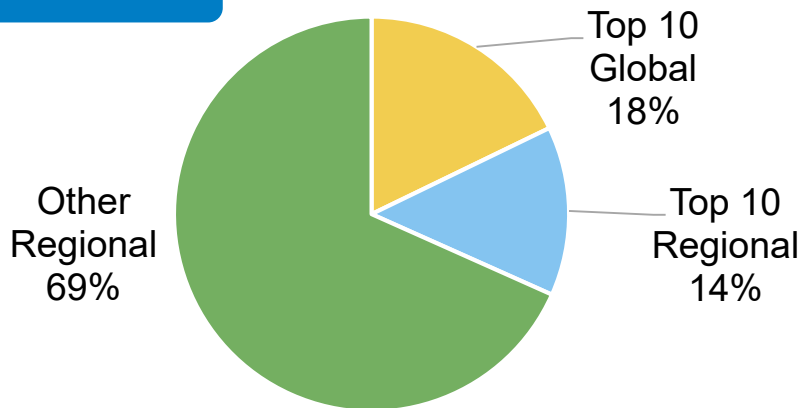
# Successful local co-development strategy gives broad customer base

## Supporting global brands expand in Asia as well as local heroes up-trading

Asia volume (MT) 2020



Asia sales 2020



- >700 active customers across Asia (>10 MT YTD purchase)
- Strong customer loyalty from local co-development experts
- Latest Kantar brand analysis\* indicate local Asian brands grow slightly faster than global brands in most food categories
- AAK range of specialized oils & fats serves both higher-end and affordable segments
- Untapped potential in all focus categories

\* Asia Brand Footprint 2019, Kantar 2019

# Execution of Critical Enablers is an integrated part of Asia

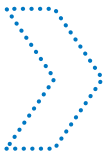
## Illustrated by Product Management and Customer Co-Development 2.0

### Differentiators



- Customer Co-Development 2.0
- Sustainability as a true differentiator

### Backbone



- Product Management
- End-to-end supply chain planning and execution

### Foundation



- People, Purpose, Culture



# Product Management supports our speciality ingredients journey

## Roadmap and activities in place



*Pricing*

- ◆ Deep dive analysis at SKU level
- ◆ Advancing analytical tools for better insights
- ◆ Optimize end-to-end for competitiveness



*Faster portfolio and co-development process*

- ◆ Portfolio analysis to support innovation with clear value proposition
- ◆ “First time right” matching customer needs and product features
- ◆ Cross-functional transparency of pipeline value and quality



*Increased profit per kilo*

- ◆ Win by being customers’ “first choice”
- ◆ Stronger product sales loyalty
- ◆ Improved scalability in operations



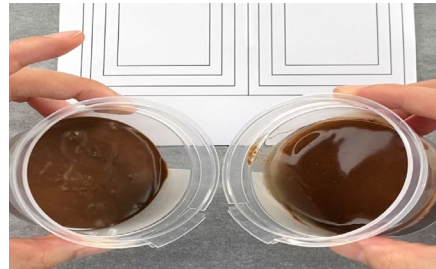
# Customer Co-Development 2.0 - Digital Acceleration

## Enabling more efficient customer engagement

- Digital acknowledgement by stakeholders



- Industrial trial preparation and alignment



- Empower channel partners

- Virtual sensory and tasting sessions

- Ship-to-home sampling



- Webinars and virtual Academies



- More and deeper virtual customer engagement



- Enhanced digitalization of capabilities and benefits

# Industry portfolio recap



## Invest in continued growth



Chocolate & Confectionery Fats



Special Nutrition



## Bet for the future



Health & Nutrition platform



Plant-based Foods



## Optimize performance



Bakery



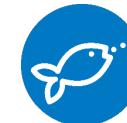
Dairy



Foodservice



## Maintain current strategy



Fish Feed



Natural Emulsifiers



Personal Care



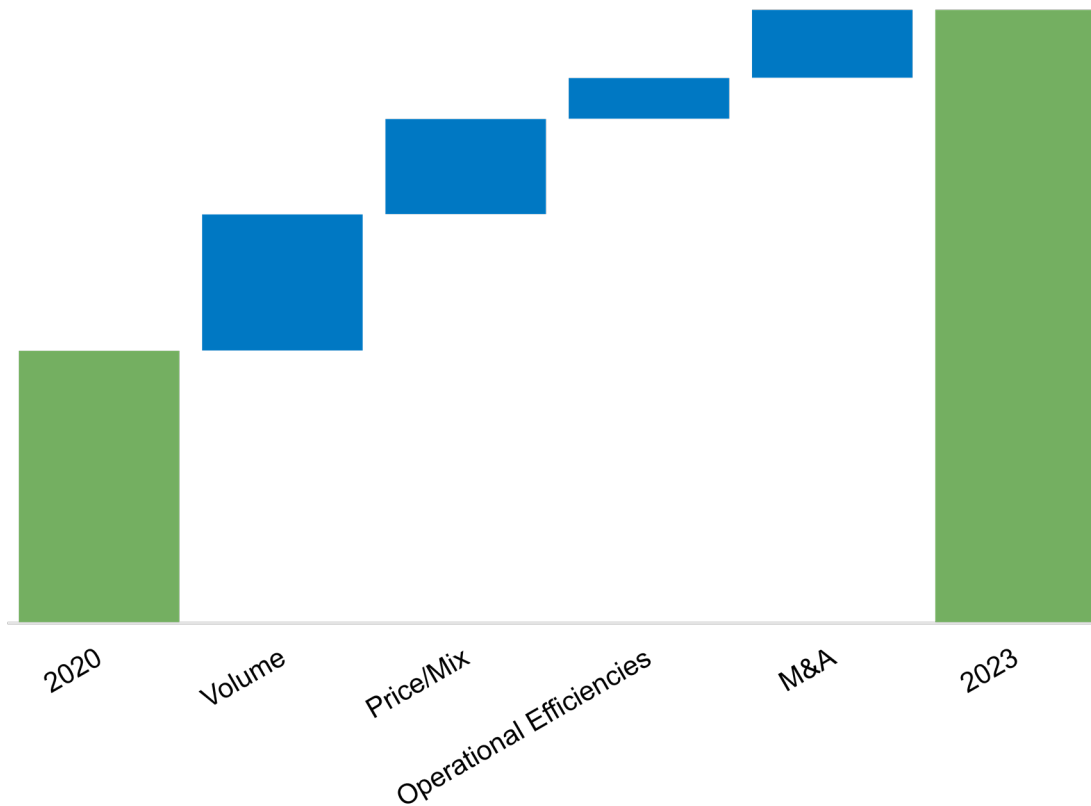
Technical Products & Feed



# Strategy execution will make Asia a larger part of AAK

With balanced impact from existing and new industries while outgrowing market

2020–2023 Asia EBIT development  
(illustrative, not drawn to scale)



- Ambition to grow EBIT above average AAK growth
- Grow faster than market in existing served markets
- Exploring and mature position in newer segments
- Critical enablers support EBIT growth; commercial excellence, product management and operational excellence
- M&A in core/adjacent product areas or enhancing capabilities

# AAK Asia developments

## Key messages

- ◆ New normal and uncertainties across Asia do not change our strategic scope or ambitions
- ◆ Prudent cost management brings us into 2021 in good shape while we see volumes picking up
- ◆ Completion of India acquisition and continued China investments solidify our current growth platform
- ◆ Diligent capability building across enablers like commercial excellence and product management
- ◆ Strategy execution supported by positive macro drivers and favorable consumer preferences will enable Asia to become a larger part of AAK globally



Thank you

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