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Financial performance

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.

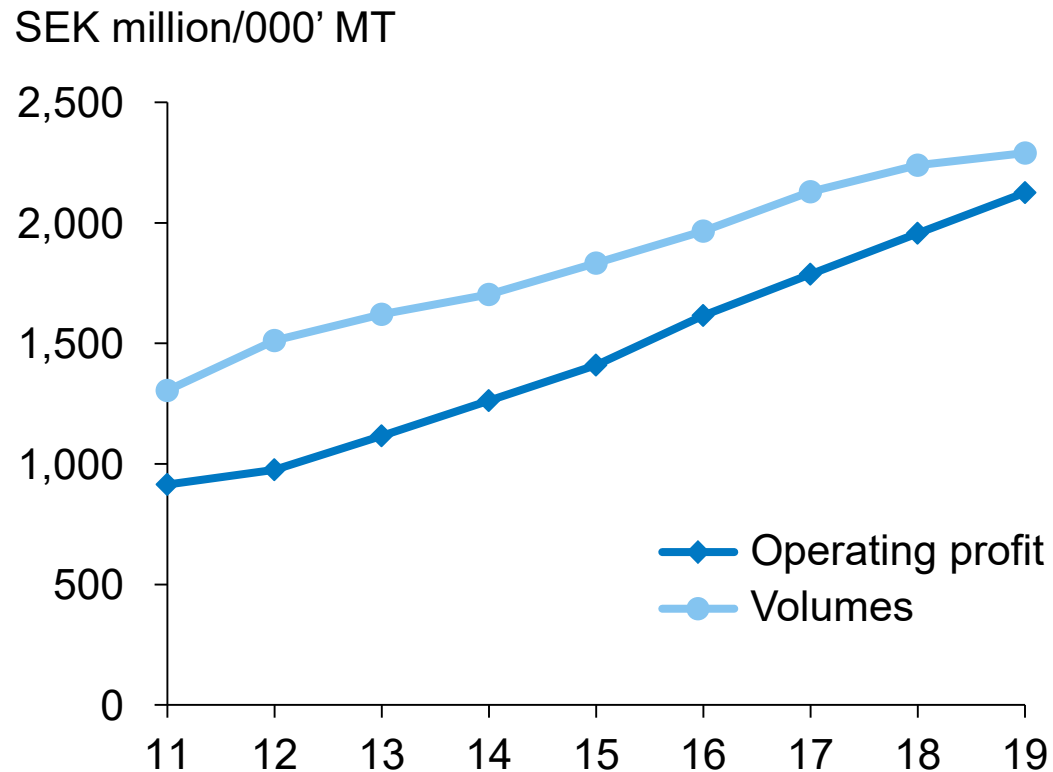
This presentation contains a number of forward-looking statements including, in particular, statements about future events, future financial performances, plans, strategies, expectations, prospects, competitive environment, regulation and supply and demand. AAK has based these forward-looking statements on its views with respect to future events and financial performance. Actual financial performance of the entities described herein could differ materially from that projected in the forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections, and financial performance may be better or worse than anticipated.

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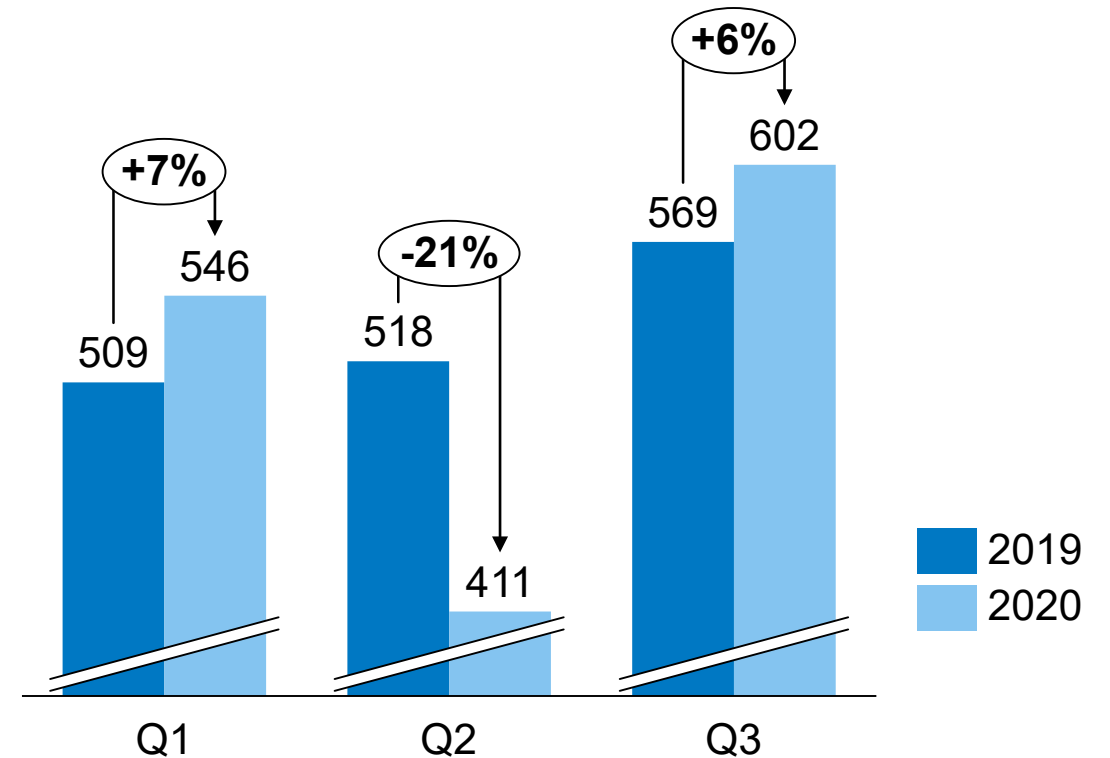
AAK has a strong track record and continues to deliver in uncertain times

- ◆ Solid growth throughout 2020, apart from Q2 which was heavily impacted by the Covid-19 pandemic
- ◆ Growth in year-over-year profit in all our segments in Q3

Historic growth...

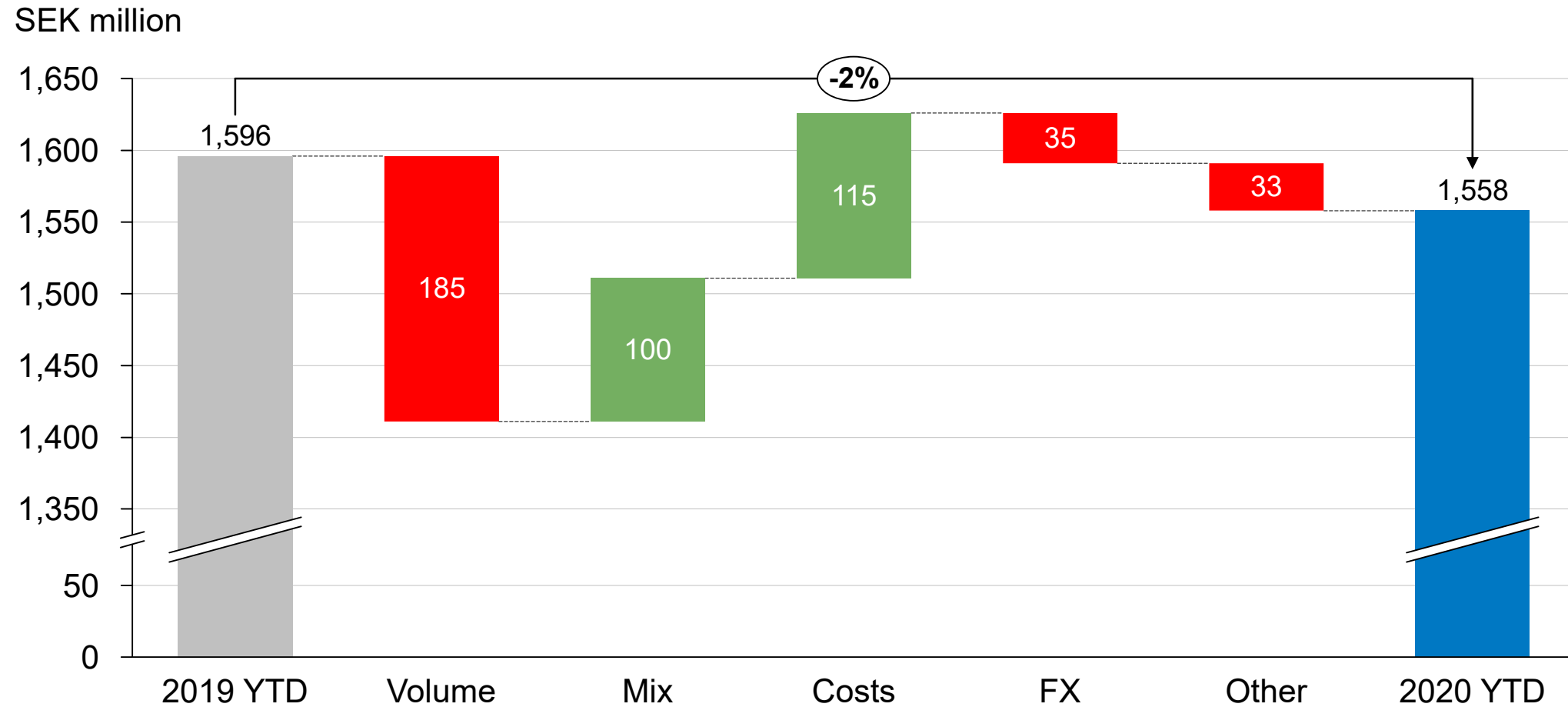


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Operating profit

Lower cost base creates leverage – cost-saving measures initiated in Q2

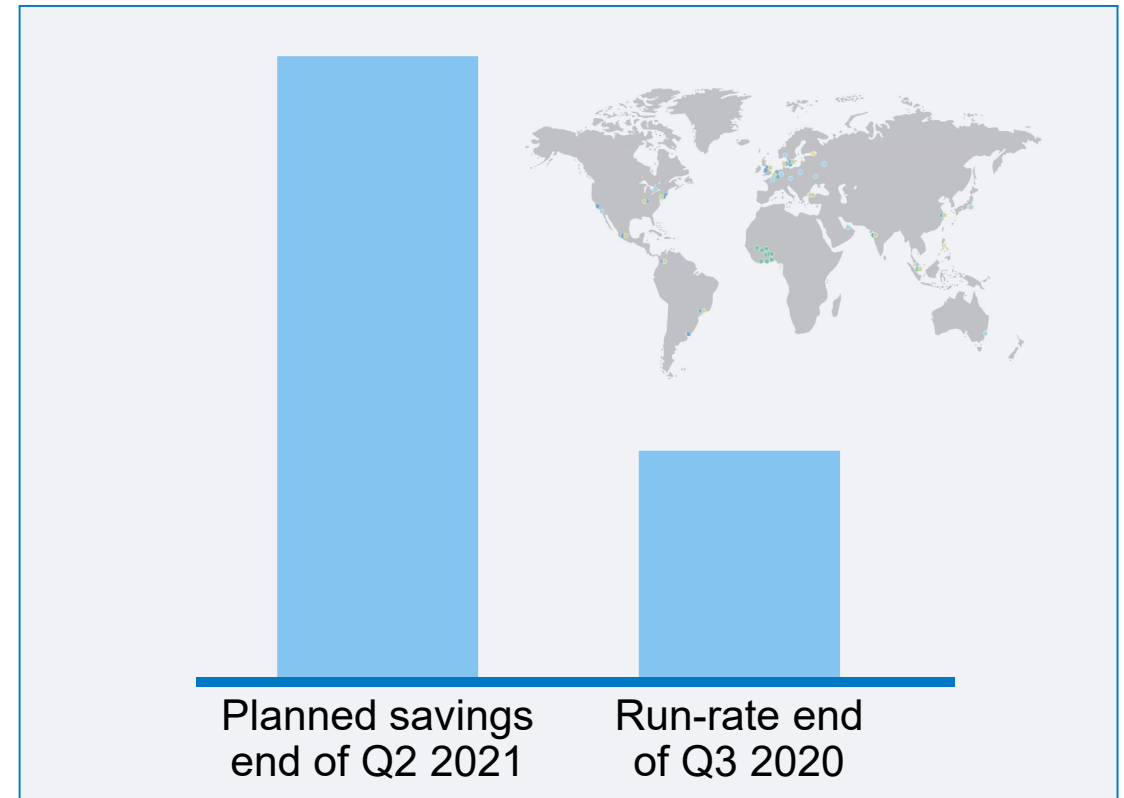


Update on our accelerated optimization efforts

Scope and nature of announced savings measures

- ✓ **Non-recurring restructuring costs of SEK 200 million** related to long-term structural measures
- ✓ **Annual savings of SEK 150 million** to be generated with full run-rate impact by second half of 2021
- ✓ **Non-recurring income of SEK 206 million** linked to an optimization of the company's capital structure
- ✓ **Net impact from non-recurring items on reported operating profit was positive SEK 6 million** in the second quarter

Progress of announced savings



Actions to optimize costs provide strong platform for profit growth

Both short- and long-term cost-saving measures implemented

Savings measures

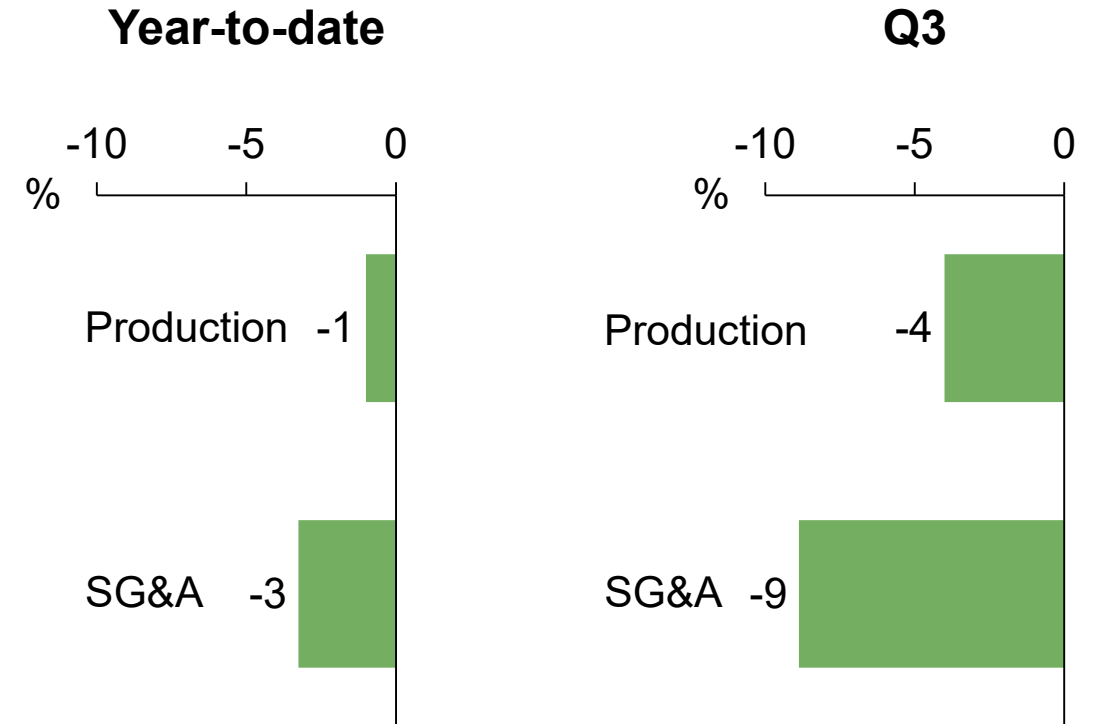
Long-term

- ✓ Headcount reductions
- ✓ Optimizing procurement

Short-term

- ✓ Headcount
- ✓ Furloughs, temps, unfilled vacancies
- ✓ Reductions in travel, trade shows, etc.

Year-over-year savings, fixed FX



Continued profit growth rests on four pillars

10%

Structural growth

M&A and brownfield/greenfield investments

Optimization

Focus on productivity

Volume

Growth at least in line with market growth

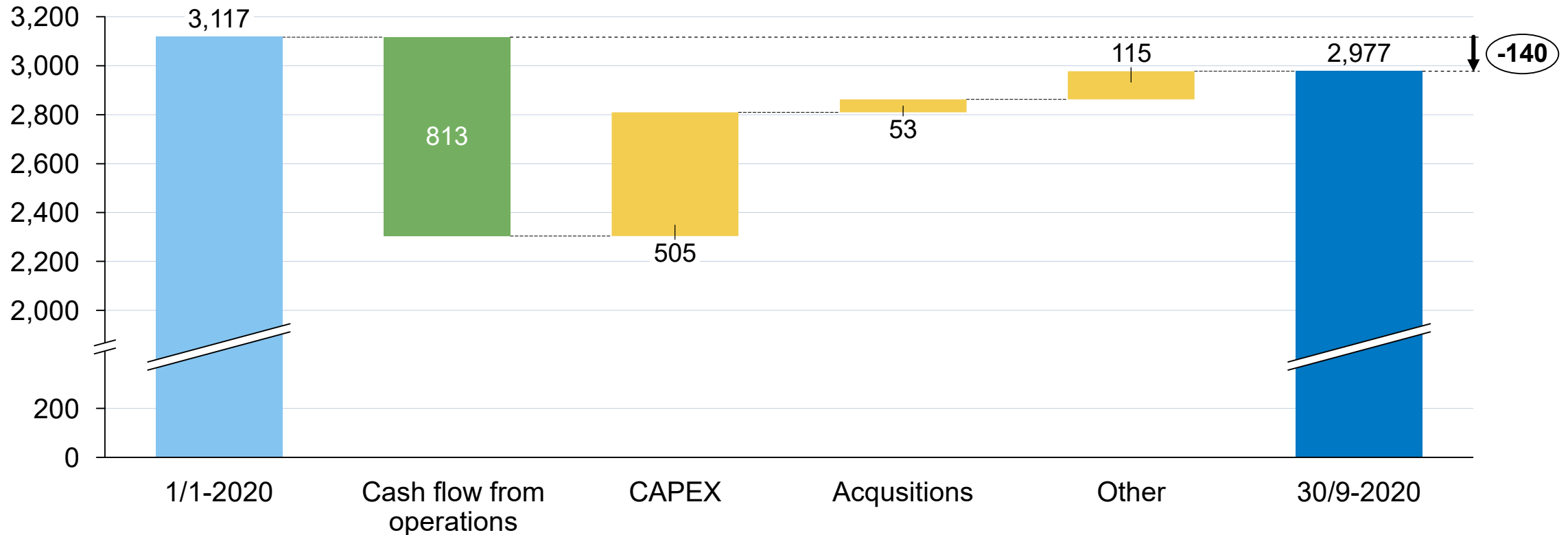
Mix

Increase co-developed solutions

Strong cash flow in the first three quarters drives decreased net debt

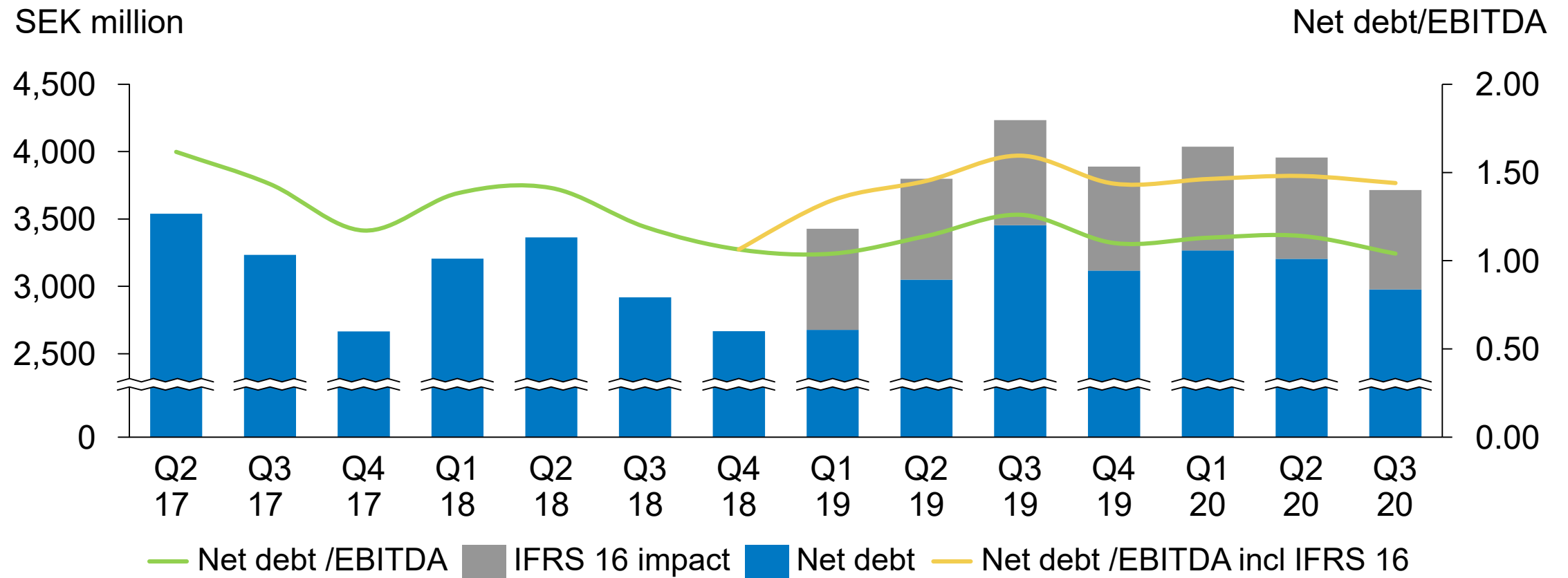
Net debt development year-to-date

SEK million



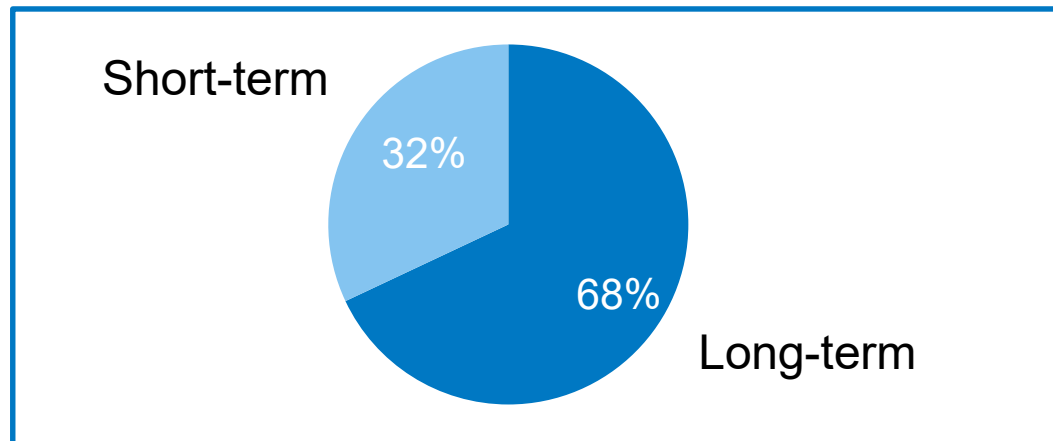
Net debt remains low – reduces financial risk and creates room to maneuver

Net debt and debt ratio



Diversified debt portfolio reduces financial risk and creates flexibility

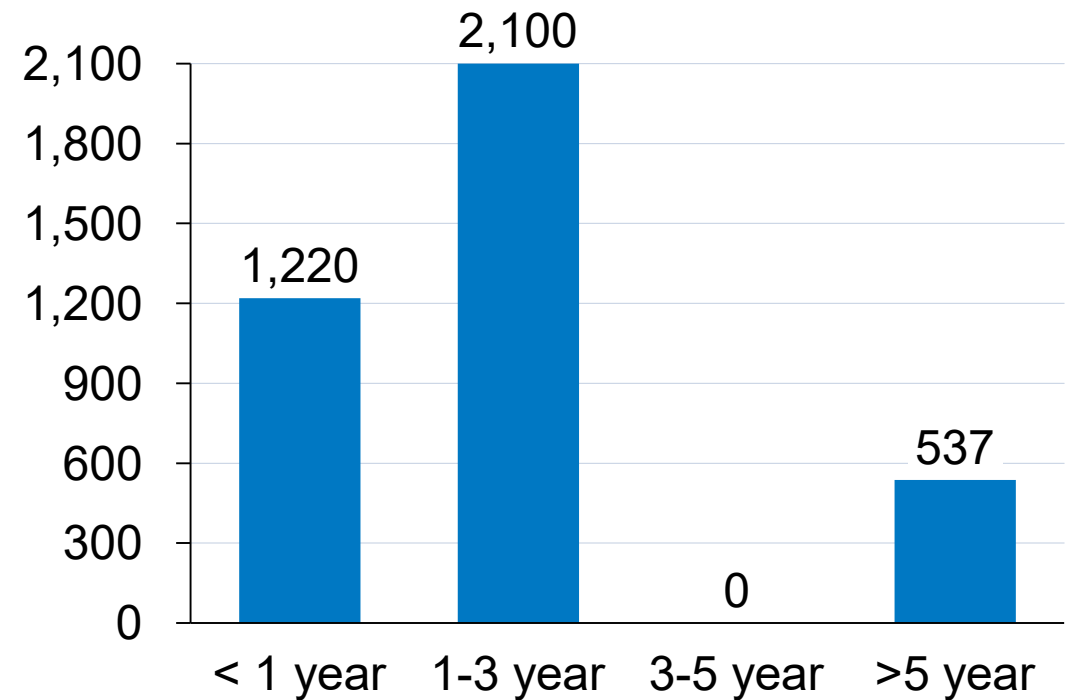
Debt profile



**Committed credit facilities of
SEK 6,891 million**

Maturity profile

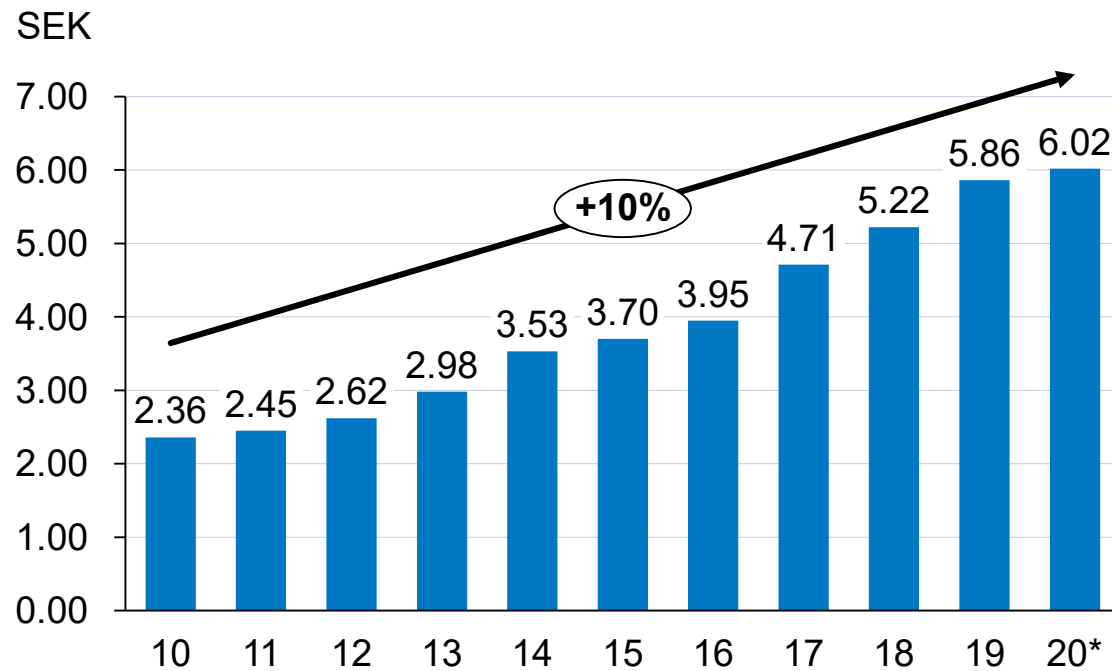
SEK million



Dividend

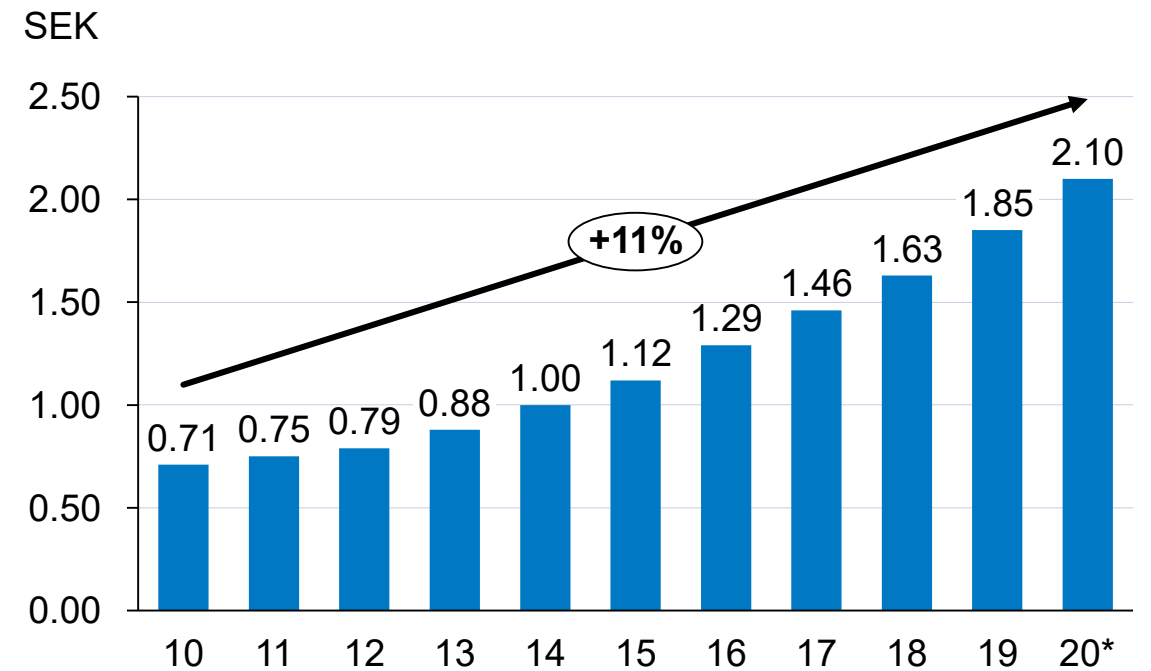
- ◆ Dividend policy to pay out 30–50 percent of net profit
- ◆ Board of Directors has proposed a dividend of SEK 2.10 for 2019; Extraordinary General Meeting on Nov. 26
- ◆ 10 percent CAGR in earnings per share over the last 10 years

Earnings per share



* Rolling 12 months

Dividend per share



CAPEX overview

Due to the Covid-19 pandemic, certain investments have been postponed

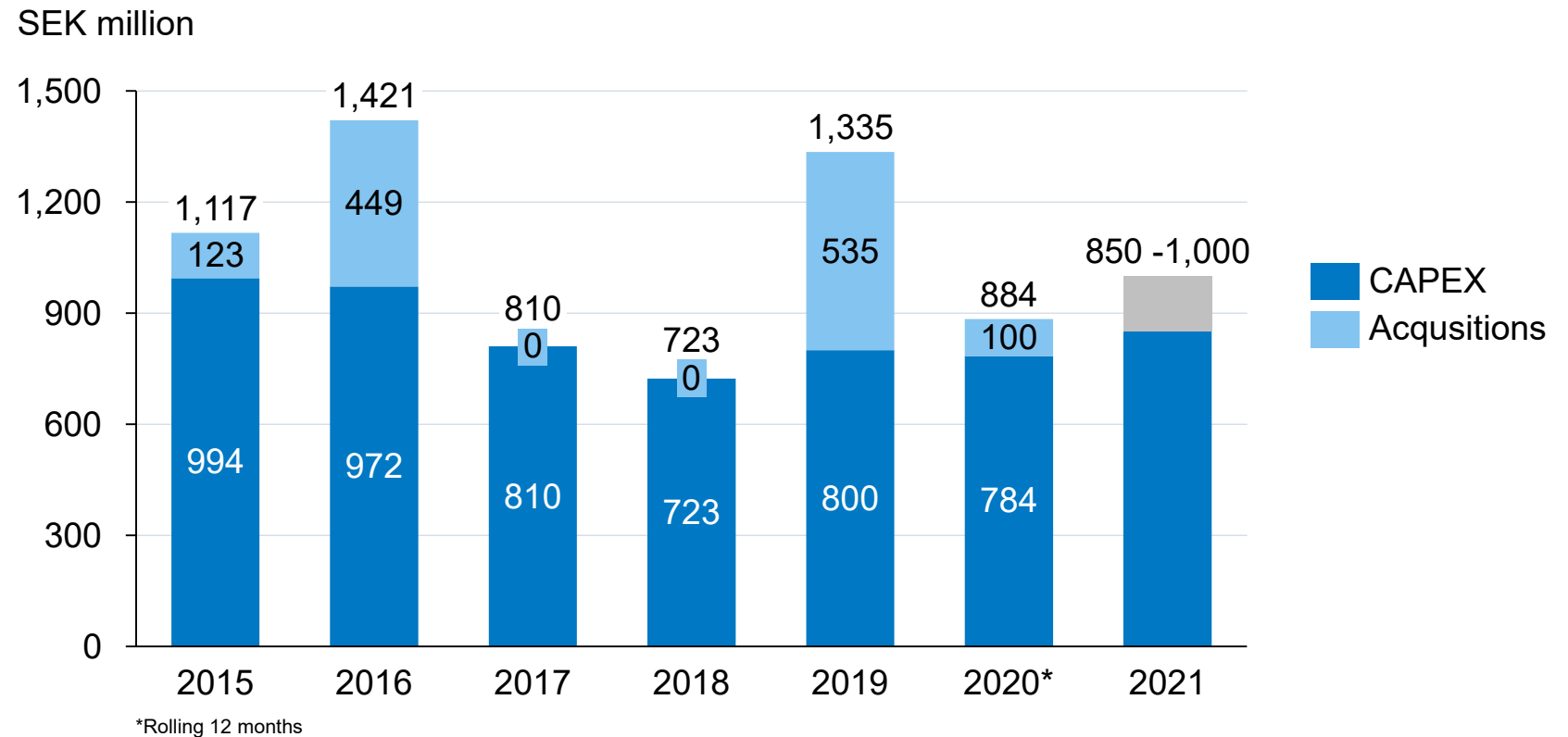
CAPEX priorities

- Safety
- Efficiency measures
- Capacity expansion

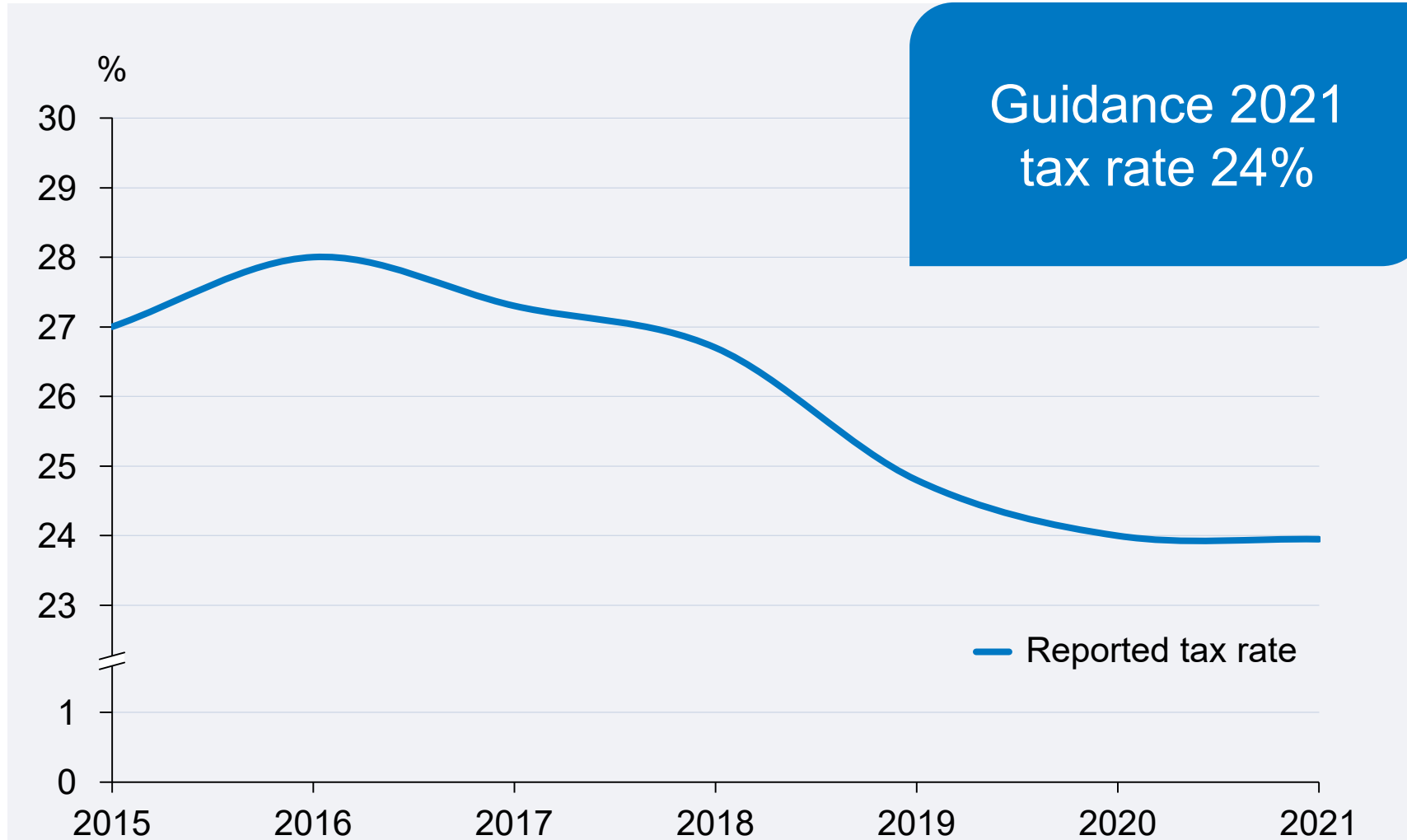
Recent major investments

- China INFAT® factory
- AAK Kamani

Long-term CAPEX overview



Successful management of the capital structure has resulted in lower tax rate

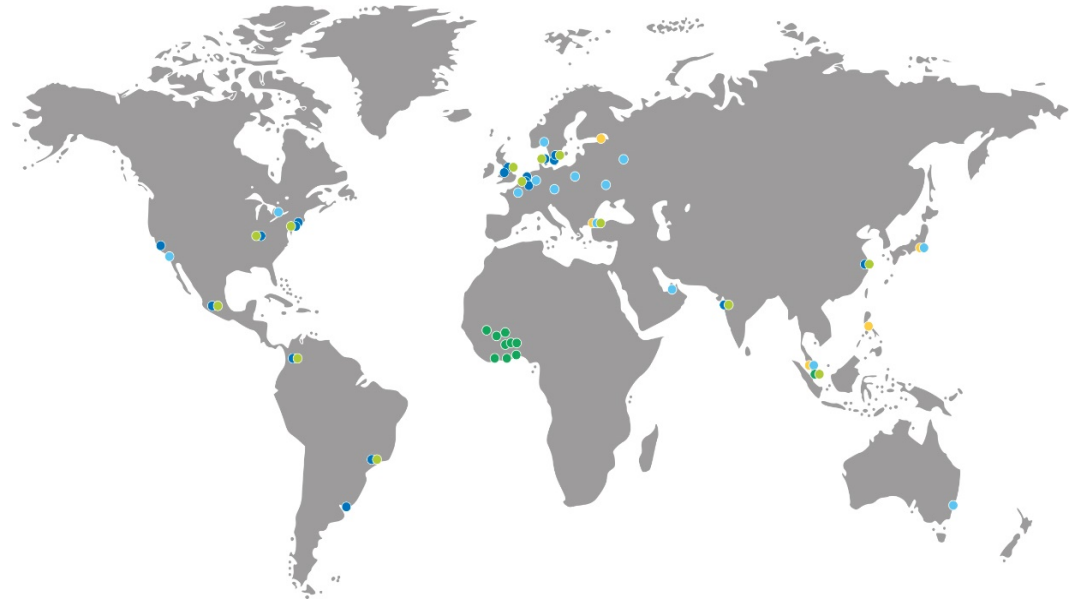
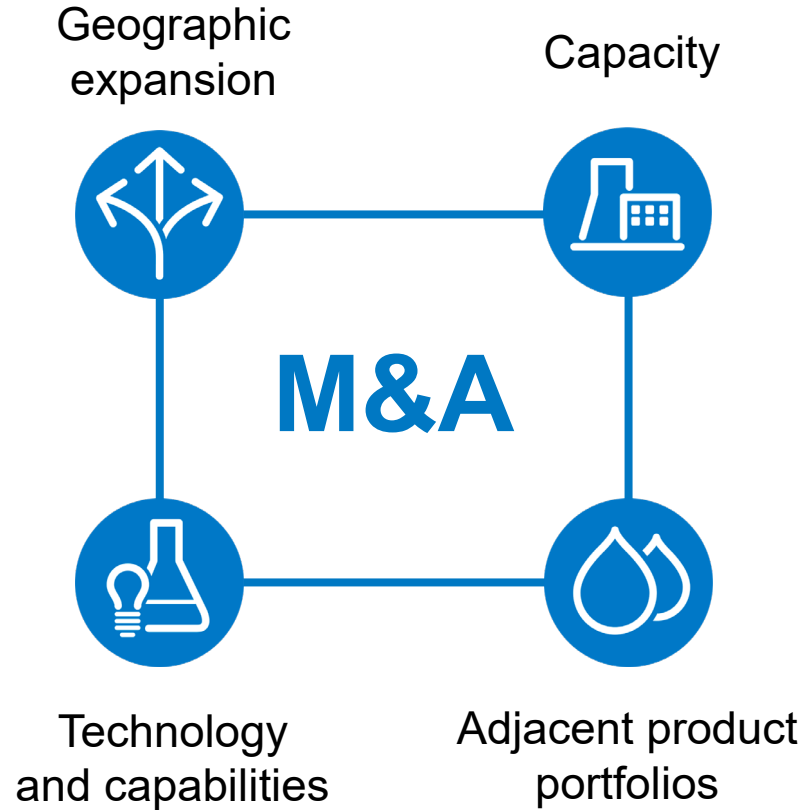


Preparations to mitigate effects of Brexit remain in place

- ◆ 85–90 percent of AAK's operations in the United Kingdom is distributed within the United Kingdom
- ◆ Main expected cost drivers identified as tariffs on goods sold and imported into and out of the United Kingdom
- ◆ Other effects include
 - ◆ Build-up of safety stocks
 - ◆ Additional staff to handle customs, logistics and VAT compliance
- ◆ Mitigating actions will be taken to limit effects



Despite a challenging environment M&A remains a key enabler in accelerating the execution of our strategy with strong leadership throughout our regions



Invest in continued growth



Bet for the future



Optimize performance



Maintain current strategy



Concluding remarks



We generate shareholder value by delivering organic as well as acquisitive growth. Our strong track record of delivering growth in earnings per share and dividend is supported by a solid balance sheet with well diversified funding. Thus, we continue to remain prudently optimistic about the future.

Thank you

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