



Johan Westman
President and CEO

**Annual
General Meeting
May 15, 2019**

AAK

We are AAK – The Co-Development Company



More than **3,700** Talented Employees

More than **20** Production
and Customization plants

25 Sales offices

Sales in **100** countries

Global footprint

Leading positions

A business model focused on collaboration, value and growth



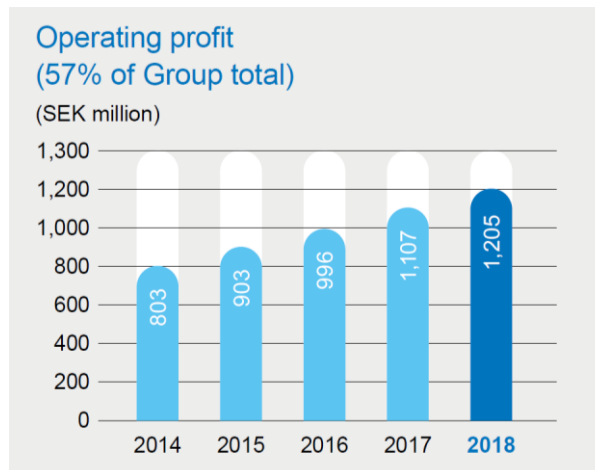
- ◆ >140 years of experience within oils & fats
- ◆ Value-adding vegetable oil solutions
- ◆ Expertise in lipid technology within foods and special nutrition applications
- ◆ Wide range of raw materials
- ◆ Broad process capabilities – develops innovative and value-adding solution across many industries
- ◆ Unique Co-Development approach in close collaboration with our customers

Three business areas

Food Ingredients



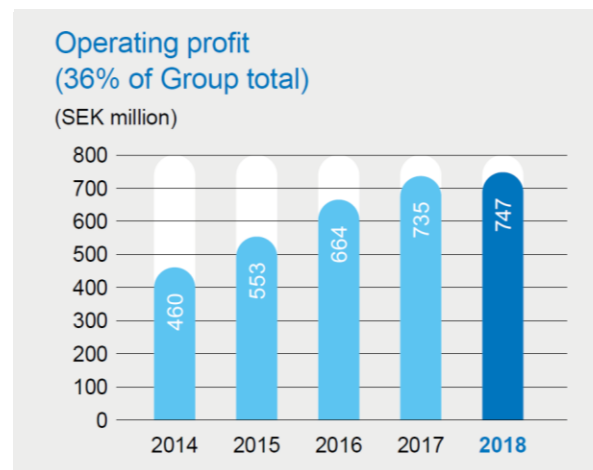
- ◆ Largest business area
- ◆ Strong organic growth
- ◆ Solutions to the bakery, dairy, foodservice and special nutrition industries



Chocolate & Confectionery Fats



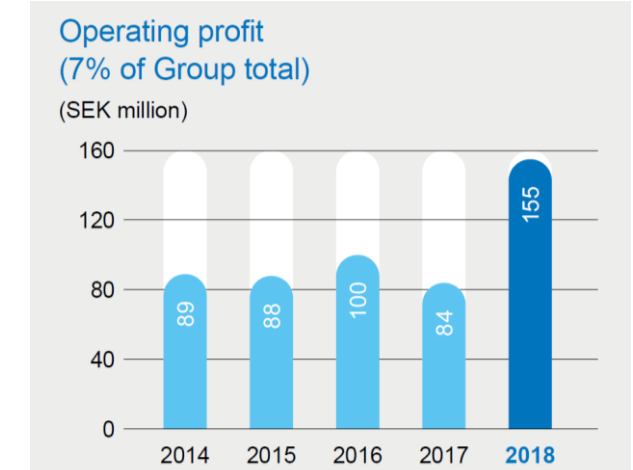
- ◆ Market leader within functional cocoa butter alternatives
- ◆ Speciality fats for confectionery fillings



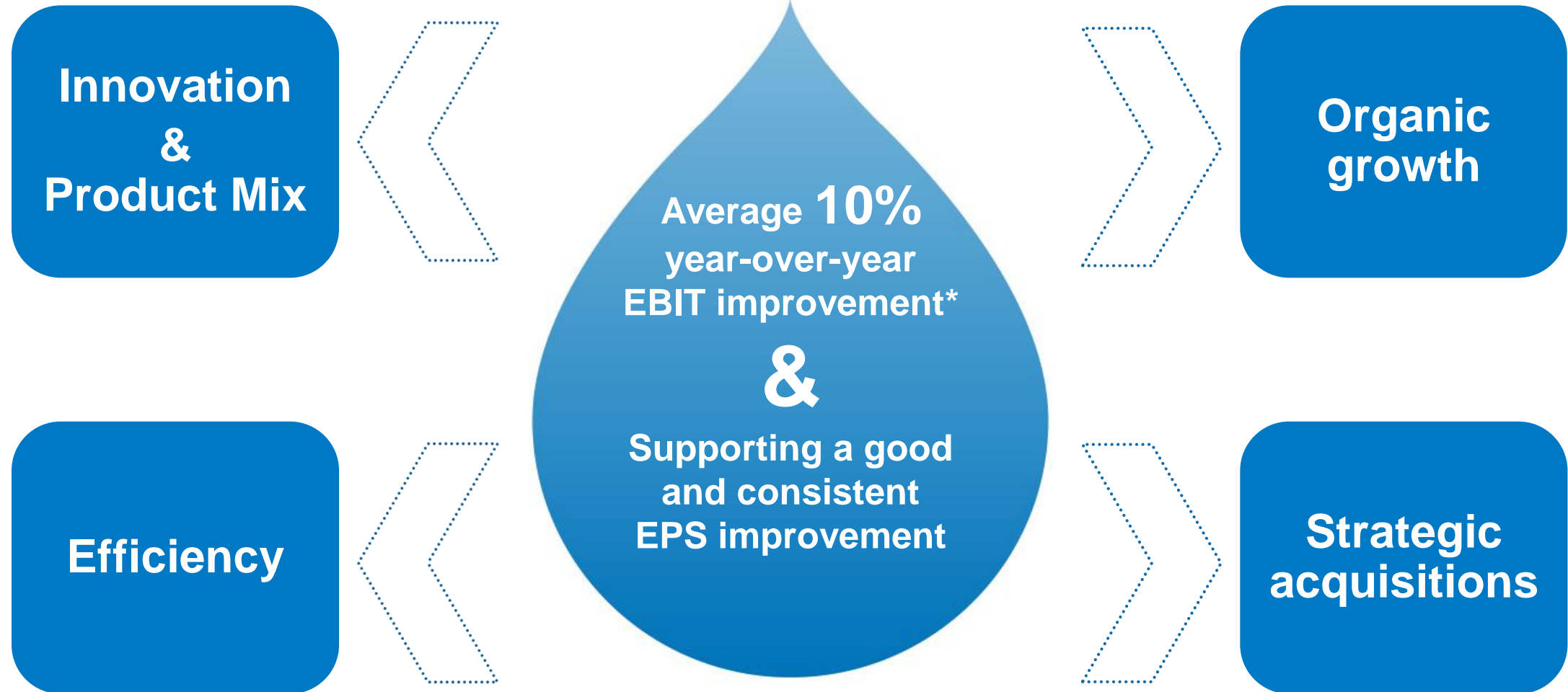
Technical Products & Feed



- ◆ Fatty acids and glycerine
- ◆ Proteins and fats for animal feed



Management ambition



*Excluding acquisitions and at fixed FX

2018 in brief

Highlights

2018



- Operating profit increased by 10%, in line with our management ambition
- 8th consecutive year with record-high operating profit
- Record-high operating profit for all business areas
- Within Chocolate & Confectionery Fats, demand for some high-end products has been greater than our capacity
- Dividend +11%

Key Ratios

Volume
2,239,000 MT
(+5%)

Operating profit
SEK 1,956 million
(+10%)

Operating profit
per kilo
SEK 0.87
(+4%)

ROCE
15.8%

Milestones 2018

100 years anniversary



Mexico

New Customer Innovation Centers



Singapore



Hull, UK



Runcorn, UK



Sweden

New Customization Plant



Philippines

GCC region



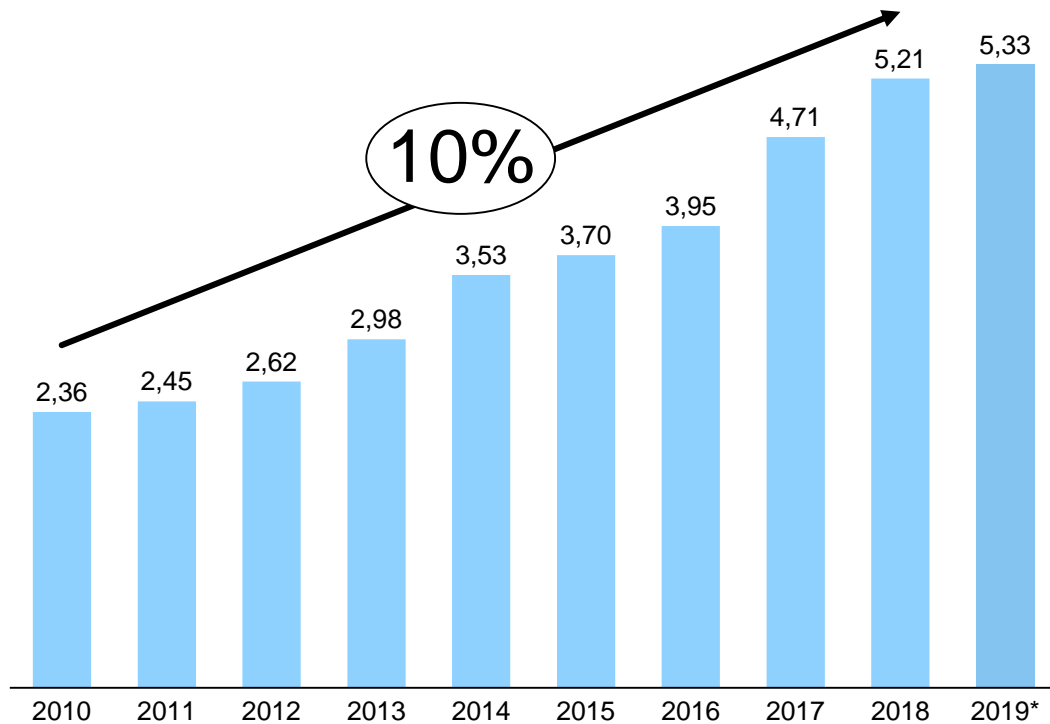
Dubai

MTN program

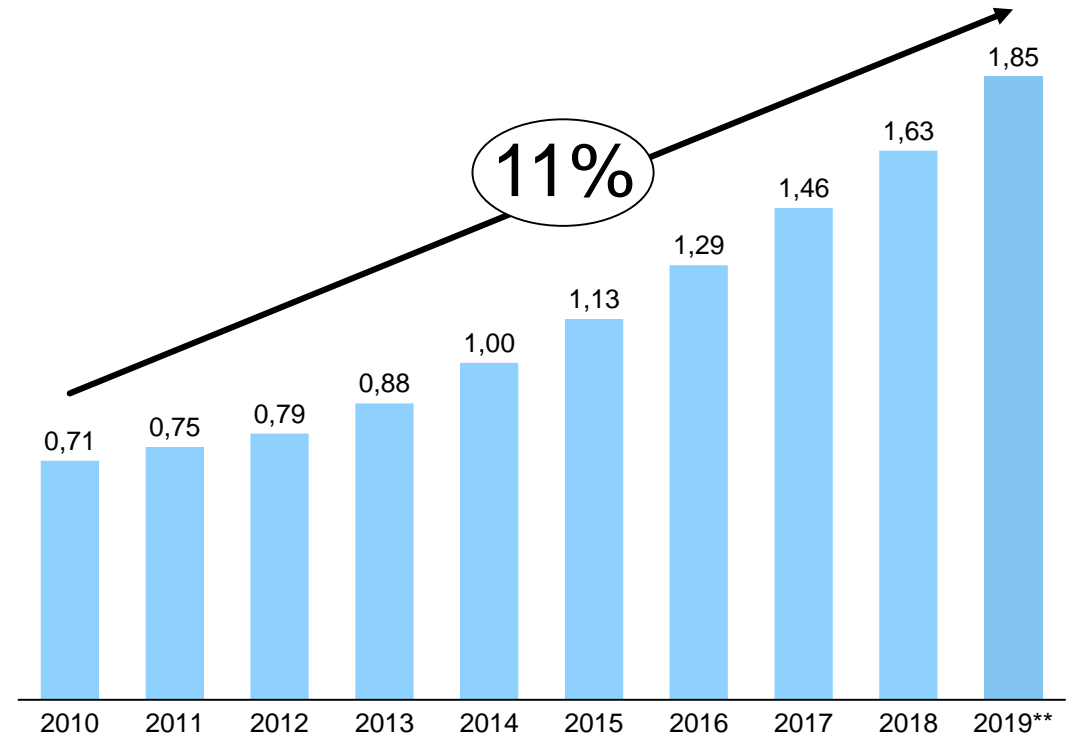


Consistent EPS growth drives consistent dividends

Earnings per share



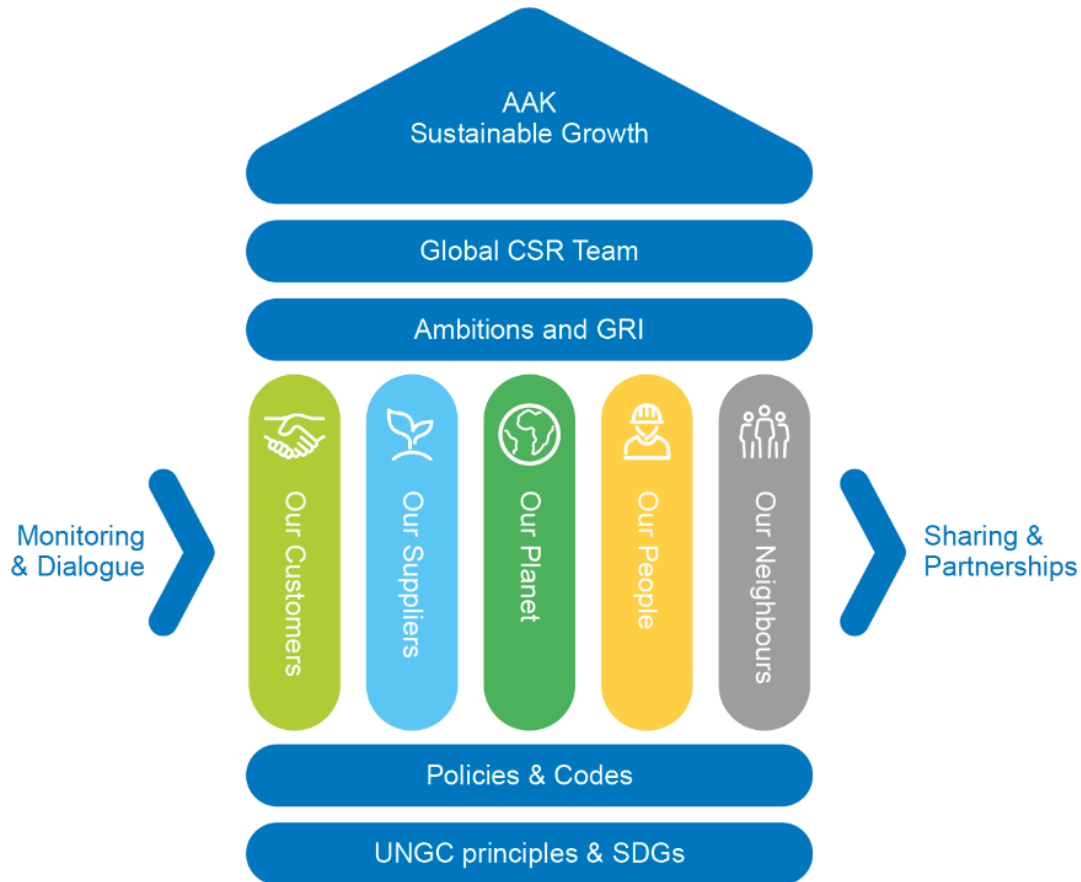
Dividends per share



* Rolling 12 months
** Board's proposal

- ◆ Dividend policy – payout ratio of 30-50% of net profit
- ◆ Proposed dividend in 2019 SEK 1.85 per share = 36% of net profit

Sustainable growth – fundamental for AAK



Ranked among the 100 most sustainable corporations in the world. Our clients value our sustainability work.



Continued progress on sustainability implementation and making a difference for smallholders.



Continued progress on environmental efficiency.



Developing and safeguarding our people.



Making a difference within our local communities.

Global sustainability achievements 2018

Ambitions 2018+

Our Customers

Achievements 2018

Be a strong and knowledgeable partner on sustainability for our customers

Full implementation of our Code of Conduct for Agents and Distributors

Our global customer survey verified that we are an appreciated partner on sustainability. Many sustainability webinars and e-learning modules have been completed to strengthen the knowledge of AAK's employees.

97 percent, which is **15** percentage points higher than last year.

Ambitions 2018+

Our Suppliers

Achievements 2018

Further strengthen our direct cooperation with the shea-collecting women as well as with other shea suppliers

Fully sustainable palm oil meeting AAK's policy requirements by 2020

Continuously improve livelihoods of smallholders

Many shea supplier engagement workshops were held. A survey was conducted in Burkina Faso and Ghana covering almost **1,000** women giving us input on how we can further improve our collaboration.

In the US and Europe almost 100 percent of our suppliers signed up to the AAK Code of Conduct and the AAK Sustainable Palm Oil Policy. Progress in Latin America and Asia has been more challenging than anticipated and will be a priority for 2019.

AAK has smallholder projects within the shea, palm and coconut supply chains which all contribute to improved livelihoods.

Ambitions 2018+

Our Planet

Achievements 2018

Less than **1.5** percent of waste disposed as landfill/deposit by 2018

Reduce net CO₂ emissions per processed raw material unit

Based on our 2016 scope, 1.5 percent of the waste was sent to landfill, in line with our ambition set in 2015.

Net CO₂ emissions increased by 0.74 percent for the AAK scope 2016 sites. The main reasons are that the US East Coast suffered colder temperatures than usual in January–February requiring more energy than usual.

Ambitions 2018+

Our People

Achievements 2018

Working towards a zero-injuries workplace

Continuously improve the competencies and engagement of our people

Lost Time Injury Rate (LTIR): AAK production sites: LTIR at 0.6 – **25** percent improvement.

Significant training efforts globally and across functions. Both face to face and e-learning.

Ambitions 2018+

Our Neighbours

Achievements 2018

All sites engage in relevant local projects and activities

All sites were engaged in relevant activities with the local communities.

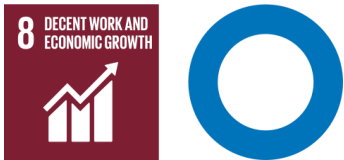


Sustainable sourcing of raw materials – important progress during the year

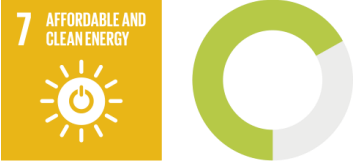
- ◆ The number of women engaged in our direct shea sourcing program Kolo Nafaso is more than **134,000**
- ◆ Together with Proforest, AAK conducted a risk assessment in 2018 for our coconut supply chains
- ◆ As for sustainable sourcing of palm oil, we continue our strong engagement to drive and ensure sustainability

Substantial contributions to the Sustainable Development Goals

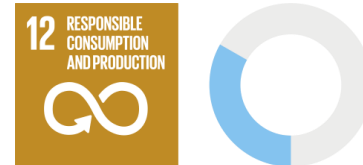
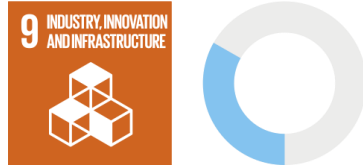
High contribution



Medium contribution



Low contribution



Q1 2019 – strong organic growth and strategic investments

Highlights

2019



Food Ingredients

- ◆ Operating profit +14%
- ◆ Dairy segment and Foodservices particularly strong
- ◆ All geographic markets showed good progress

Chocolate & Confectionery Fats

- ◆ Continued profit growth
- ◆ Continued strong demand for high-end solutions

Technical Products & Feed

- ◆ Stable quarter following a very strong performance in 2018

Key Ratios

Volume
572,000 MT
+4%

Operating profit*
SEK 509 million
+11%

Operating profit
per kilo
SEK 0.89
+7%

ROCE
15.4%

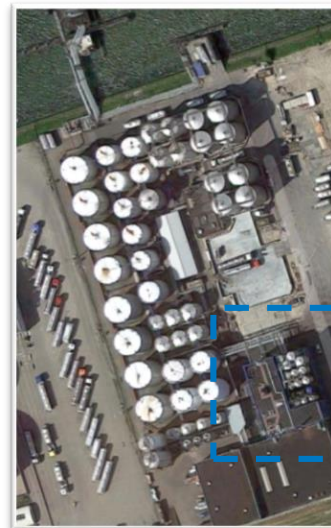
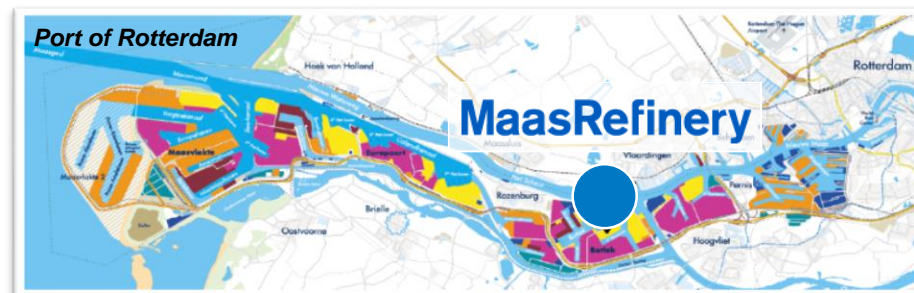
*Excluding acquisition costs

MaasRefinery – to accelerate growth, strengthen the European supply chain and add operational capabilities

- ◆ Capacity is approximately 40,000 MT with room for expansion
- ◆ Strategically located next to a deep-sea terminal in Rotterdam
- ◆ Established in 2009 and designed according to the latest process technology in order to maximize energy efficiency and minimize oil losses
- ◆ FSSC 22000 certified and compliant with Skal, Kosher, RSPO and GMP+

Strategic rationale

- ◆ Increase capacity to enable accelerated growth of our business in Europe
- ◆ Support existing European production footprint to optimize supply chain and save costs
- ◆ Strengthen capabilities and flexibility for the production of organic oils and fats



BD Foods – a good fit with our global foodservice expansion

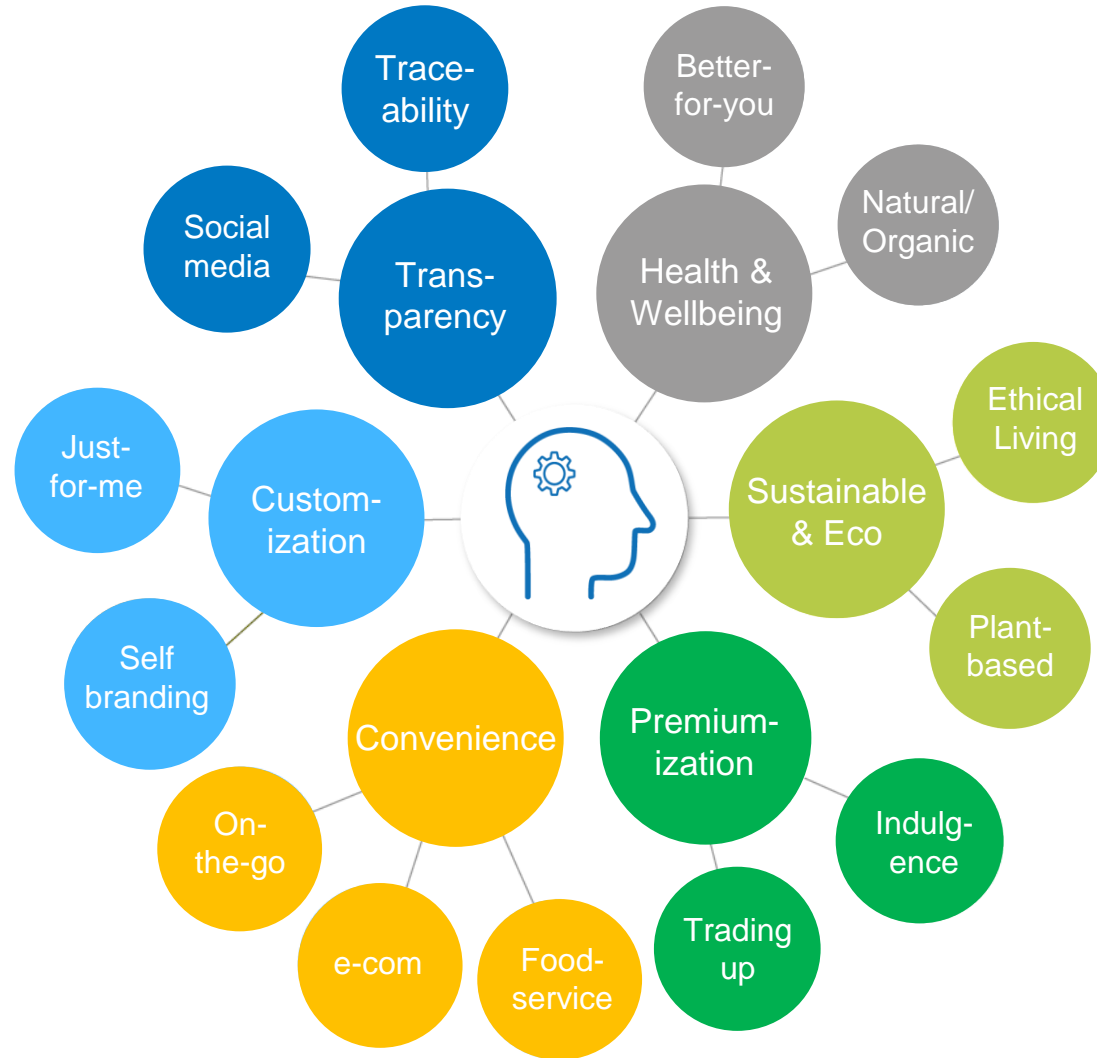
- ◆ Produces tailor-made restaurant quality meal accompaniments including sauces, salsas, chutneys, vinaigrettes, infused oils and dressings
- ◆ Portfolio of over 3,000 products
- ◆ Wide range of customers including restaurants, hotels, airlines, wholesalers, and food manufacturers
- ◆ Located in St Leonards-on-Sea (near Hastings)
- ◆ Established in 2001

Strategic rationale

- ◆ Broad product and packaging offering including dip pots and hot filled products
- ◆ Extensive know-how in new product development and packaging design
- ◆ Customer-focused innovation



Strong trends ensure our growth



Even more plant-based foods

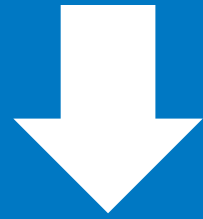


Our diets are changing

FLEXITARIAN



Global Customer Survey



We listen. We care. We act.

Mergers & Acquisitions Strategy



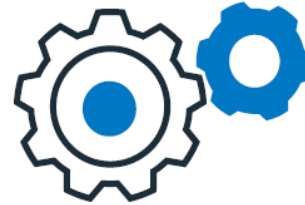
Geographic expansion



New platforms for continued / accelerated growth



Capacity



Vertical integration



Technology and capabilities



Adjacent product portfolios

Why invest in AAK?

1

Products in
line with
trends

2

Non-cyclical
business

3

Strong growth
– proven
track record



We offer plant-based, healthy, high value-adding oils and fats solutions by using our customer co-development approach. In addition, we see favorable underlying trends in the food industry. Thus, we continue to remain prudently optimistic about the future.



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