

Johan Westman
President and CEO

**Annual
General Meeting
May 13, 2020**

AAK

2019 in brief – continued double-digit profit growth

Highlights

2019



- Sales amounted to SEK 28,510 million (27,592), an increase by 3 percent
- Double-digit operating profit growth continues
- Operating cash flow including changes in working capital amounted to SEK 1,558 million (1,090)
- Reported tax costs reduced to 25 percent (27)
- Earnings per share +12 percent
- Three strategic acquisitions to support future profit growth

Growth & Returns

Volume
2,290,000 MT
+2%

Operating profit
SEK 2,157 million
+10%
(excl. acquisition costs)

Operating profit
per kilo SEK 0.94
+8%
(excl. acquisition costs)

Return on Capital
Employed
14.9%

Our business areas

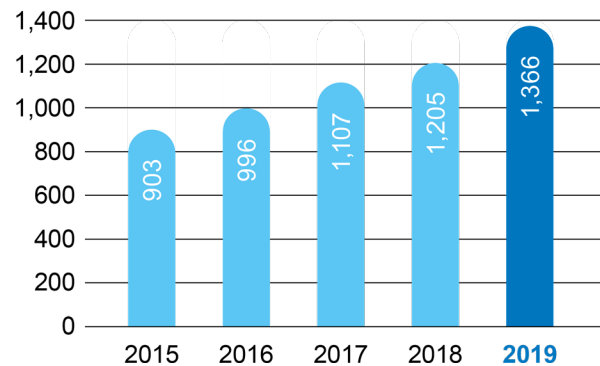
Food Ingredients



- Largest business area
- Solutions for bakery, dairy, plant-based foods, foodservice, and special nutrition
- Strong organic growth

Operating profit (59% of Group total)

(SEK million)



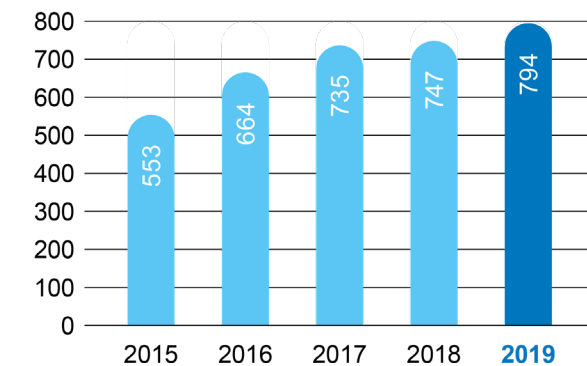
Chocolate & Confectionery Fats



- Market leader within functional cocoa butter alternatives
- Speciality fats for chocolates, such as confectionery fillings and spreads

Operating profit (34% of Group total)

(SEK million)



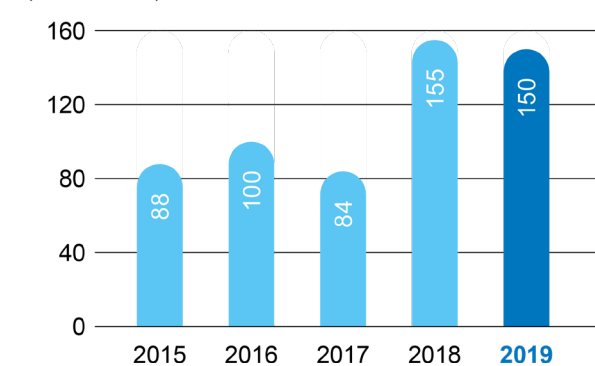
Technical Products & Feed



- Sustainable business using by-products from speciality oils manufacturing
- Fatty acids and glycerine
- Proteins and fats for animal feed

Operating profit (7% of Group total)

(SEK million)



Highlights 2019

Increasing capacity



Customer Innovation Center



Product portfolio



Acquisitions



Sustainability progress

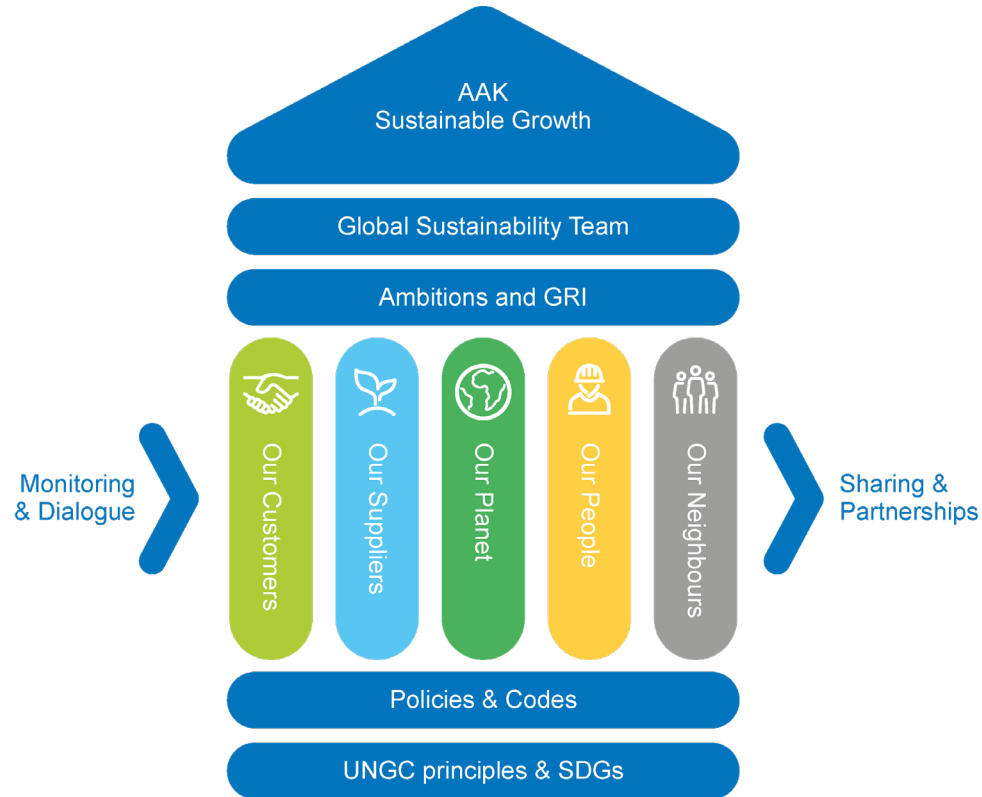


New strategic direction



Sustainability

Key achievements 2019 and key enablers for future success



A leading and knowledgeable partner on sustainability

- ◆ Launch of **AkoPlanet™**



Progressing on sustainability for our key raw materials

- ◆ Number of women in our women's groups program (Kolo Nafaso) in West Africa **increased by 72% to 230,000 women**



Minimizing our environmental impact and increasing resource efficiency per processed unit raw material

- ◆ Water consumption **decreased by 2.3%** vs. 2018
- ◆ Energy consumption **decreased by 7%** vs. 2018
- ◆ GHG emissions per unit material **have decreased by 4.4%** since 2012

Q1 2020 – continued profit growth in a volatile market

Highlights

2020



- ◆ Strong overall profit growth
- ◆ Continued strong growth for Plant-based Foods
- ◆ Foodservice, part of business area Food Ingredients, had significantly lower sales to restaurants, hotels and airline catering during the latter part of the quarter
- ◆ Strong customer campaigns in 2019 accelerated growth for CCF products filling fats and spreads in Q1
- ◆ Reported tax costs reduced to 24 percent (25)
- ◆ Earnings per share +11 percent

Growth & Returns

Volume
569,000 MT
-1%

Operating profit
SEK 546 million
+7%
(excl. acquisition costs)

Operating profit
per kilo SEK 0.96
+8%
(excl. acquisition costs)

Return on Capital
Employed
14.5%

The coronavirus situation

Health and safety

- ◆ Our first priority has been to secure the health and safety of our employees

Critical food supply

- ◆ AAK is a key supplier of food ingredients, a critical supply chain with high priority across the globe
- ◆ All our production plants have strong contingency plans to secure operations and logistics

Business impact

- ◆ Foodservice had significantly lower sales to restaurants, hotels and airline catering at the end of Q1
- ◆ In February, we were forced into an extended closedown of our China operations
- ◆ Disruptions in India at the end of March continue to impact our business negatively into Q2
- ◆ In South Latin America, several customers shut down production facilities temporarily due to restrictions and volume adjustments
- ◆ We expect a significant drop in demand for Foodservice and our non-food segments in the coming quarters which will have a material impact on earnings. In response, we are optimizing our cost base in affected segments without jeopardizing our long-term capabilities and strategic initiatives
- ◆ With local lockdowns and restrictions in the world, lowering of GDP estimates are evident. This can, for our other segments, lead to a direct or indirect negative impact on our earnings in the coming quarters

The new strategic direction will preserve our DNA, but we will sharpen our focus to strengthen our position



Passion, drive and entrepreneurship



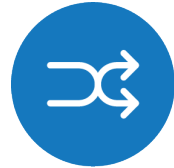
Strong regional ownership and accountability



Co-development and Customer centricity



Sustainability and responsibility towards all stakeholders



Flexibility and agility in sourcing and production

We have a strong, broad portfolio of industries with different opportunity profiles



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



Natural Emulsifiers



Personal Care



Technical Products & Feed



We offer plant-based, healthy, high value-adding oils and fats solutions by using our customer co-development approach and we see no reason to adjust our view on the strong favorable underlying long-term trends in our markets. Thus, we continue to remain prudently optimistic about the future, in spite of the short- to mid-term impact from the corona pandemic.



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