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**SoLA update**



# Agenda

- ◆ Macroeconomic landscape in SoLA: Brazil
- ◆ Market landscape: Customers & Consumers
- ◆ SoLA Capabilities
  - ◆ Manufacturing capacity
  - ◆ Supply chain
  - ◆ Co-Development
  - ◆ Go-to-Market
- ◆ Brazil site status
- ◆ Ramp-up

# Macroeconomic Landscape

*Brazil's economic environment has changed...*

## Recent highlights in international press

- ◆ FT: *"Brazil's terrible fall from economic grace...S&P's decision to downgrade the country's debt to junk is a warning"*  
September 13, 2015
- ◆ WSJ: *"Brazil's Real Hits Two-Decade Low...Brazil's currency swooned, as investors wagered that the commodity rout and political turmoil will continue to batter the country's economy"*  
September 23, 2015
- ◆ The Economist: *"Recession's sharp bite...The shrinking of a once-vibrant economy is shocking ordinary folk as well as number-crunchers"*  
September 19, 2015

## Brazil's GDP annual growth (%)

Analysts's average forecast by date



# Macroeconomic Landscape

*...but outlook for AAK – SoLA remains positive.*

## Basis for market potential highlight in investment case...

- ◆ Most global customers are established with manufacturing footprints across Brazil
- ◆ A world leading industrial country
  - ◆ Chocolate: world's 4<sup>th</sup> largest manufacturer
  - ◆ Biscuits: world's 3<sup>rd</sup> largest manufacturer
  - ◆ Cosmetics: world's 3<sup>rd</sup> largest market
- ◆ Leading Global player in the chocolate business has the world's largest chocolate factory in Paraná, Brazil
- ◆ Top Global & Regional F&B players with manufacturing footprint in the region

## ...that continues to provide a positive outlook

- ◆ Reuters: *"Nestlé sees space for growth in Brazil and keeps investment plan...Laurent Freixe indicated 'nothing changes' in plans, despite the weak economy. Nestlé Americas grew by 6.6% in the 1<sup>st</sup> half 2015"*  
September 09, 2015
- ◆ Valor Economico: *"Mondelez accelerates product launches...Mondelez is doubling the number of product launches this year to recover its double digit growth rate..."*  
July 20, 2015
- ◆ Valor Economico: *"During crisis, Brazilians eat more cookies...Abimapi (Brazilian Association of Industrialized Biscuits and Pastries) indicates the market for cookies will grow around 5% in 2015, despite the economic turmoil."*  
June 15, 2015

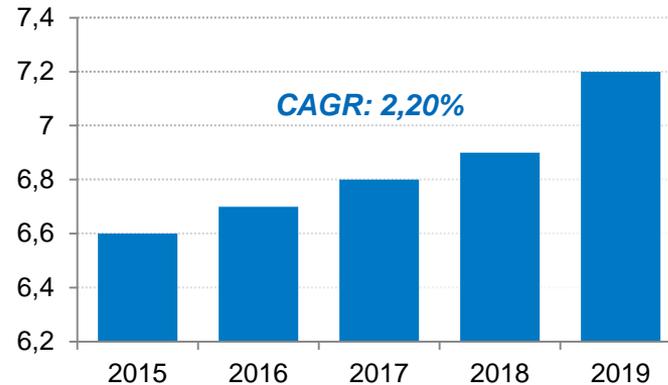
# Market Landscape SoLA

## Customers & Consumers



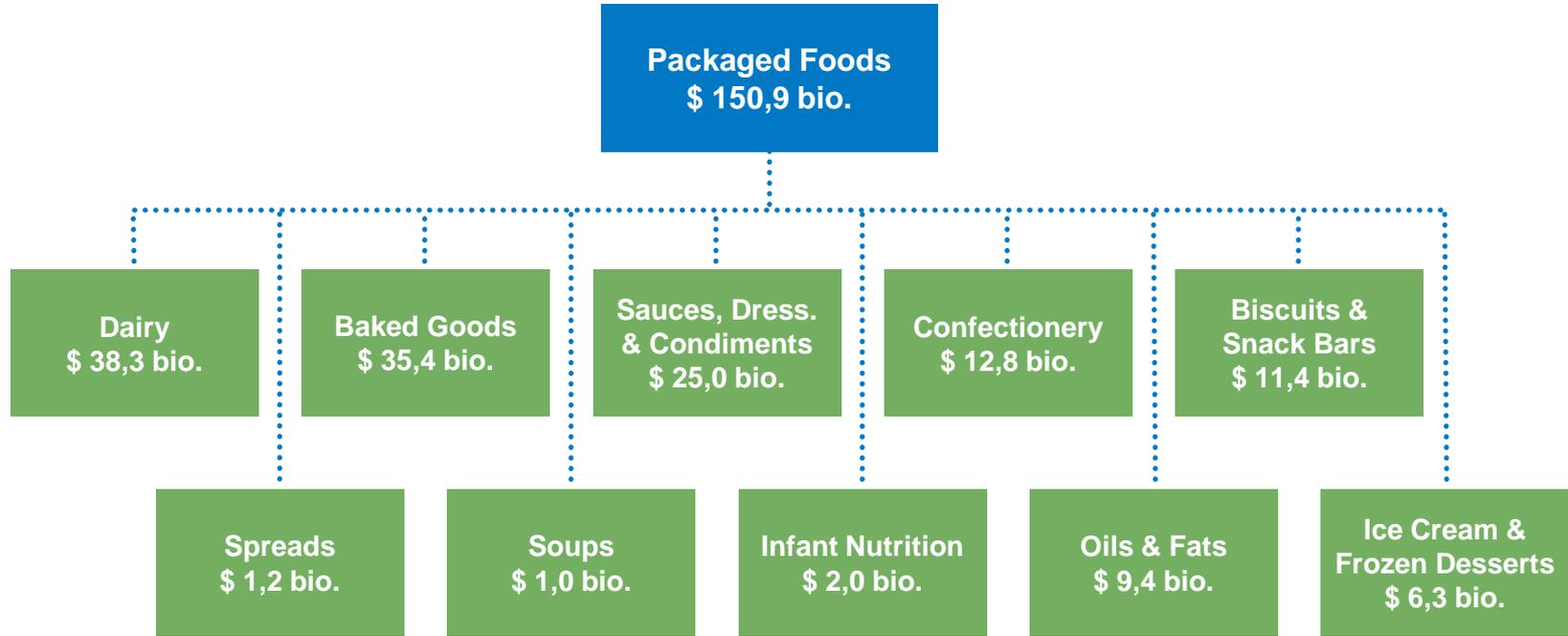
- ◆ Population 315 million
  - ◆ Strong emerging middle class
    - ◆ 50% growth in the last decade & now representing > 30% of Latam population, up to 50% in Brazil.
- ◆ Packaged food market:
  - ◆ 2015: US\$ 151 billion;
  - ◆ CAGR 2015-19: 2,71%

Oils & Fats' Consumption\* (mio MT)



\*Source: Euromonitor  
SOLA: Brazil, Argentina, Peru, Chile, Bolivia, Uruguay, Paraguay

# Market Landscape SoLA



Source: Euromonitor

# Market Landscape



	Bakery	Dairy	Infant Nutrition	Food Service	Frying	CCF
BRAZIL	High Focus	High Focus	Medium Focus	High Focus	High	High Focus
ARGENTINA	High Focus	Medium Focus	Medium Focus	High	High	High Focus
CHILE	Medium Focus	Medium Focus	Low / Not Significant	Medium	Medium	Medium Focus
PERU	Medium Focus	Medium Focus	Low / Not Significant	Medium	Medium	Medium Focus
URUGUAY	Low / Not Significant Focus	Low / Not Significant Focus	Low / Not Significant Focus			

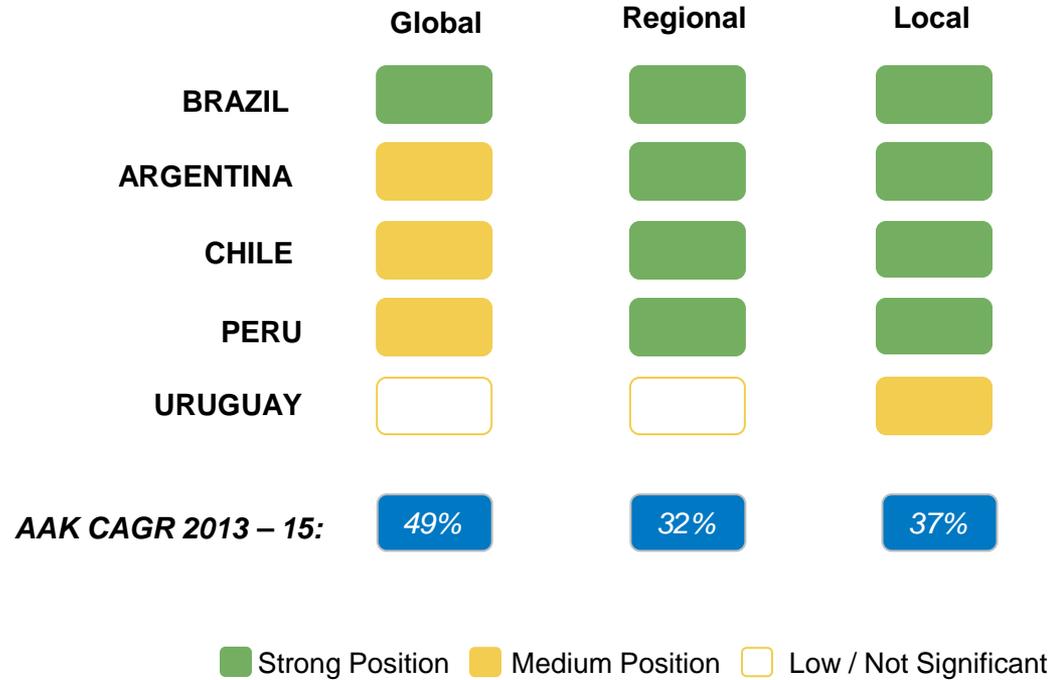
Market Potential: ■ High ■ Medium  Low / Not Significant

Focus for AAK: 

Source: Euromonitor

# Market Landscape

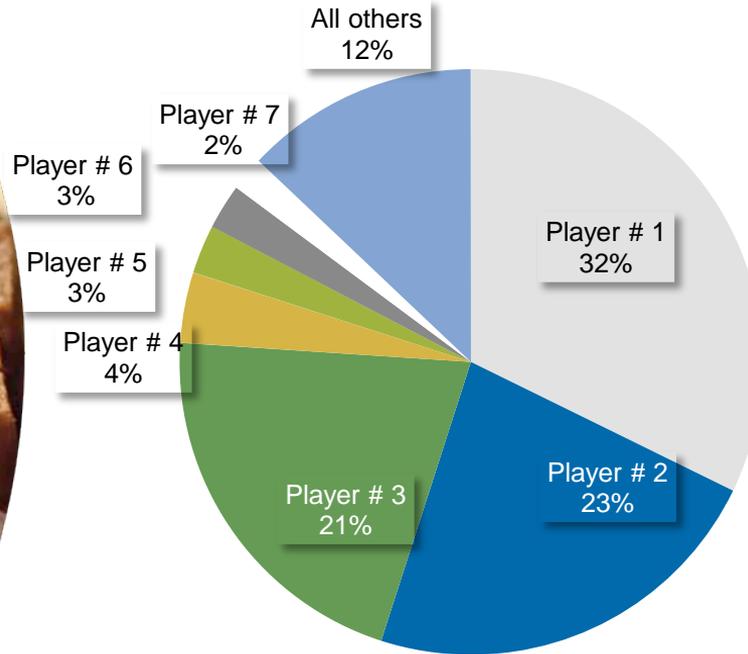
## Customers



Source: Euromonitor

# Market Landscape

## Key players in the CCF market



- ◆ The big five, all growing above market average
- ◆ Strong presence of regional & local players
- ◆ Significant number of small local players

➔ *AAK has a strong position with all major players in the chocolate industry.*

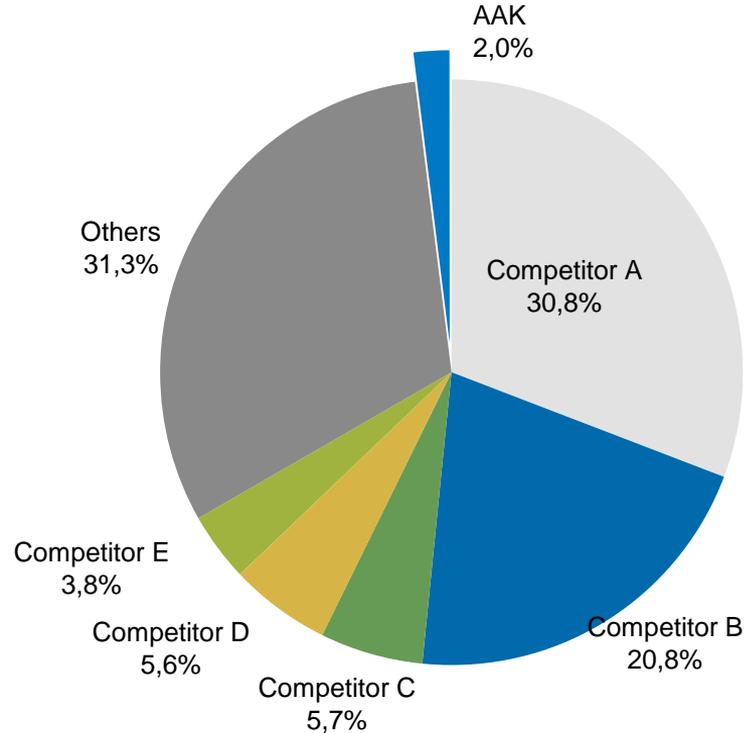
Source: Euromonitor

\* Shares in value



# Market Landscape

## Shares in the *Oils & Fats*' market



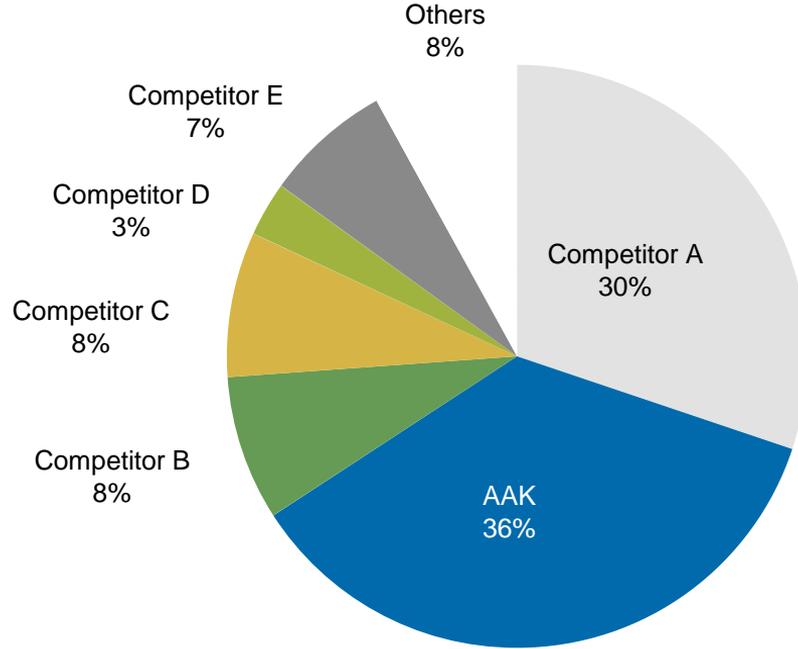
\* Shares in volume

Source: Euromonitor & AAK Market Intelligence



# Market Landscape

Shares in the semi-speciality & speciality **CCF** market



\* Shares in volume

Source: Euromonitor & AAK Market Intelligence



# Market Landscape

*Consumers & Customers' trends & drivers*

## Consumers

- Value for Money
- Cautious Spending
- Health & Wellness
  - Nutrition & Functionality
- Convenience
- Affordability
- Sustainability

## Customers

- Core Bss & Vol Share Protection
- Productivity, Efficiency & Savings
- Formula Optimization
- Innovation & New Product Development
- Sustainability



# Market Landscape

## Product Categories Growth Forecast



Baked Goods

1,3%

2,5%



Ice Cream

3,5%

3,5%



Biscuits

1%

2,2%



Confectionery

3,5%

2,8%



Infant Nutrition

9%

3,8%



Dairy

3%

3,7%



Food Service

5%

7,4%



Volume growth 2015



CAGR 2015-2019

# Performance SoLA YTD

Organic volume  
growth

**+22%**

EBIT  
Improvement

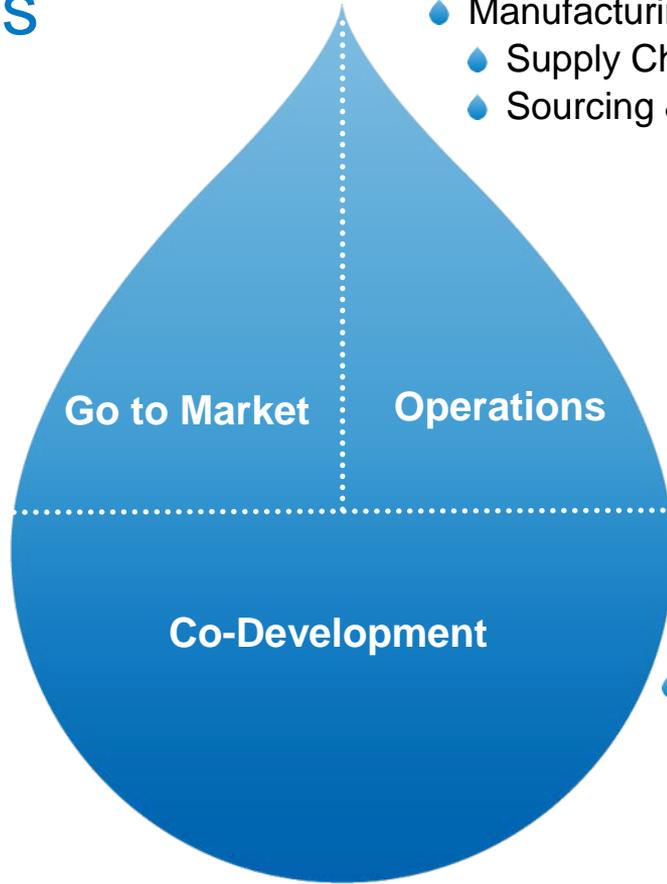
**+112%**

EBIT/kilo  
improvement

**+74%**

# SoLa Capabilities

- ◆ Sales
- ◆ CI Teams
- ◆ Agents & Distributors



- ◆ Manufacturing Sites UY & BR
- ◆ Supply Chain
- ◆ Sourcing & Trading



- ◆ Innovation Center & Application Labs
- ◆ (CCF, Dairy, Bakery)
- ◆ Local Product Development

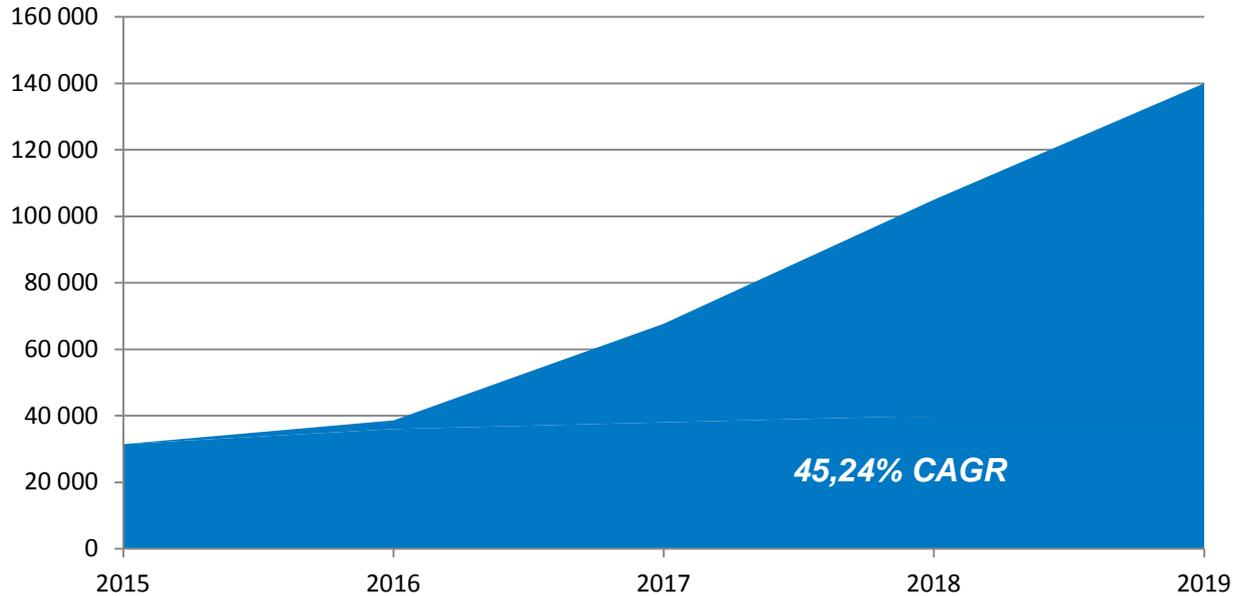
# SoLA Capabilities

## *Brazil Site Status*

- ◆ Project aligned to plan, to be delivered on time
- ◆ Ramp-up during next 18-24 months
- ◆ Strong interest from key customers

# SoLA Capabilities

## *Volume Ramp-Up*



Vol in MT.



[www.aak.com](http://www.aak.com)



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