



Arne Frank, CEO

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**Capital Market Day**  
**November 18, 2015**

**AAK**

# Forward-looking statement



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.

Given these uncertainties, readers should not put undue reliance on any forward-looking statements. Forward-looking statements represent estimates and assumptions only as of the date that they were made. The information contained in this presentation is subject to change without notice and AAK does not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable laws and regulations.



# Agenda

AAKtion

Financial update

Growth markets – China/Brazil

TROPICAO™

Q & A

# AAK Speakers



Arne Frank  
CEO



Fredrik Nilsson  
CFO



Torben Friis Lange  
President AAK Asia



Gerardo Garza  
President AAK  
South Latin America



René Schou  
Global Marketing Director  
CCF





# September YTD

## Volume

**1,342,000** MT  
(up 4% organically y/y)

## Operating profit\*

SEK **1,023** million  
(up 15% y/y, up 4% y/y\*\*)

## Operating profit per kilo\*

SEK **0.76** kg  
(up 7% y/y, unchanged y/y\*\*)

## ROCE R12M

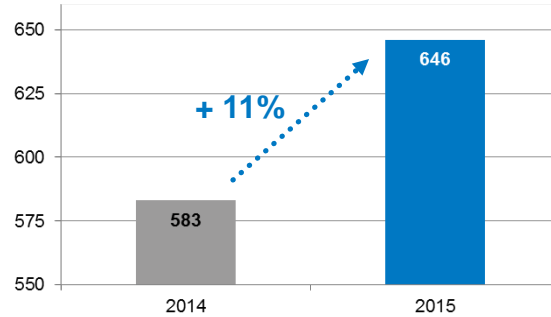
**15.8%**  
(down 0.2% since December 2014)

\* Excluding non-recurring items

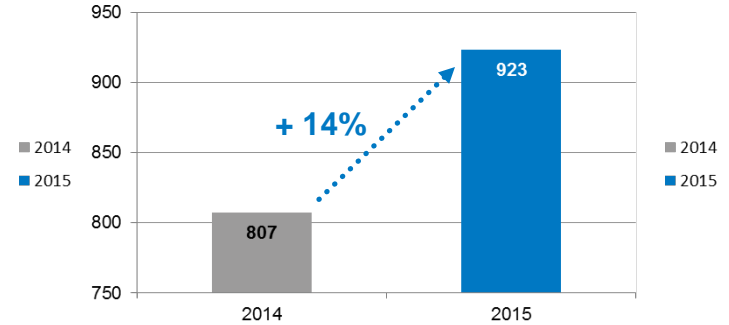
\*\* Fixed FX and comp. units

# FI – January to September

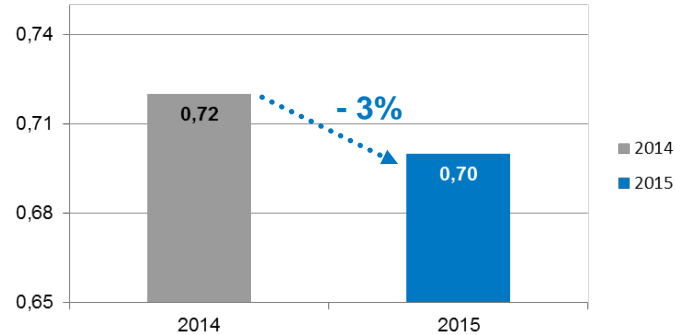
Operating profit (SEK million)



Volume ('000 MT)



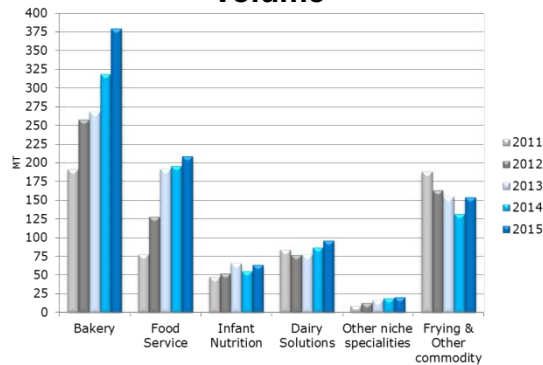
Operating profit per kilo (SEK)



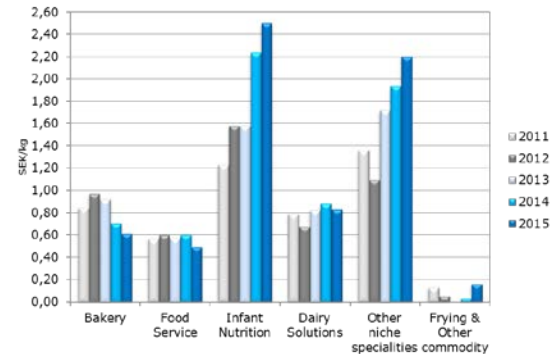
# FI – January to September



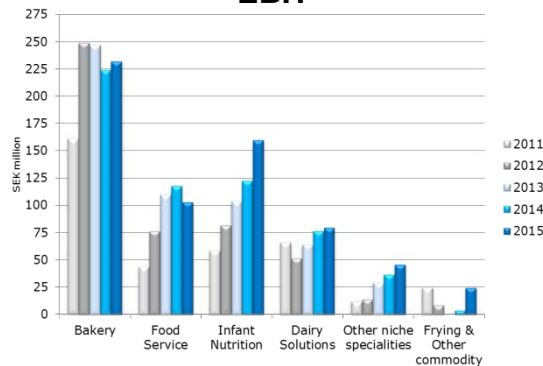
**Volume**



**EBIT/kilo**

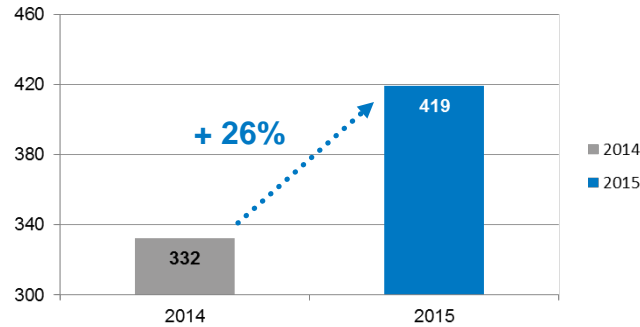


**EBIT**

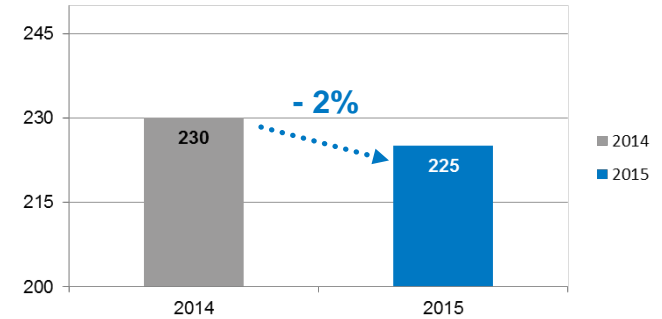


# CCF – January to September

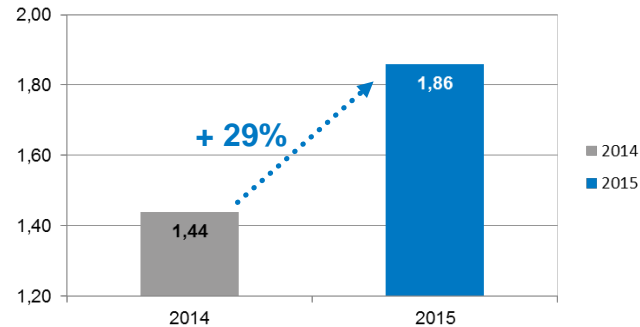
Operating profit (SEK million)



Volume ('000 MT)



Operating profit per kilo (SEK)





# Cocoa butter price



For information regarding cocoa and cocoa butter please refer to information at [www.icco.org](http://www.icco.org)

# Since last Capital Market Day

Infant Nutrition



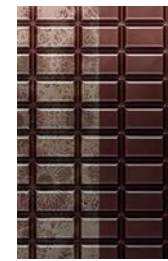
AAKtion

**AAK***tion*

Acquisitions & partnerships



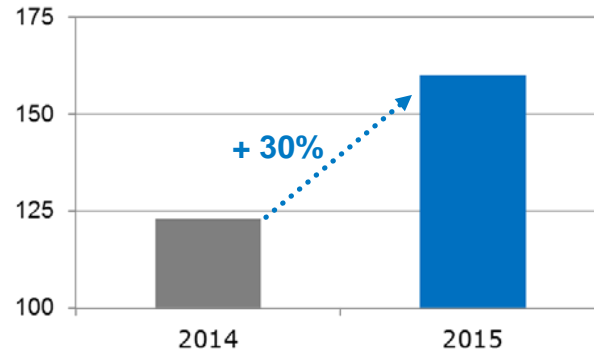
Product development



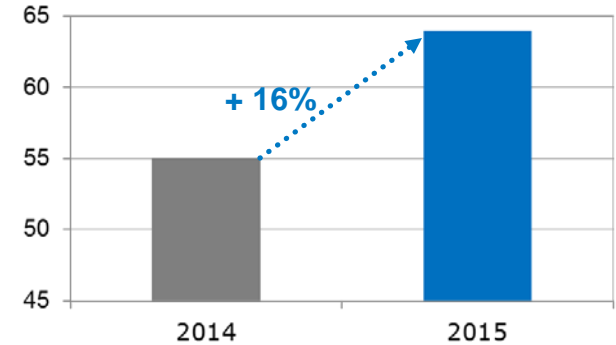
# Infant Nutrition



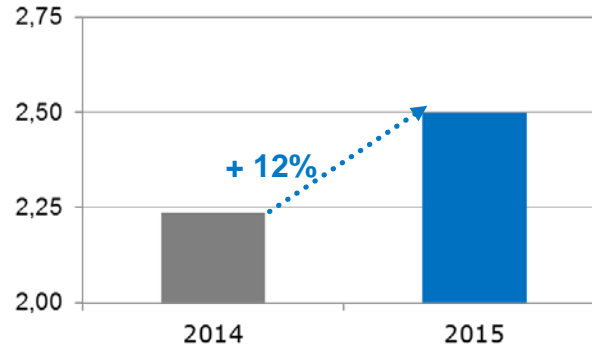
Operating profit (SEK million)



Volume ('000 MT)



Operating profit per kilo (SEK)





# Infant Nutrition – the market

- ◆ Continuing to be attractive growth market:
  - ◆ 2010-2015 average value growth 11% (total milk formulas)
- ◆ China opening up the one-child policy
- ◆ Europe & Australia/NZ are large sources of finished products to China
  - ◆ New capacity build-up
  - ◆ Increased number of joint ventures created between the producers to have optimal production networks

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Source: Euromonitor International, September 2015



# Infant Nutrition – the market

- ◆ Consumer trend towards premium products
  - ◆ Increased spend on premium nutrition
  - ◆ E-commerce channel is driving category growth
  - ◆ Organic oils in the mature markets
- ◆ Toddler milk formulas
  - ◆ Fastest growing segment
  - ◆ Driven by mature and emerging markets

Source: Euromonitor International, September 2015

The Co-Development Company





# Infant Nutrition – INFAT®

Marketed by Advanced Lipids AB (a joint venture of AAK and Enzymotec)

- ◆ New markets: the US, Mexico, South Africa and Australia
- ◆ Global expansion with regional blending
- ◆ China, directly and indirectly, still the main market

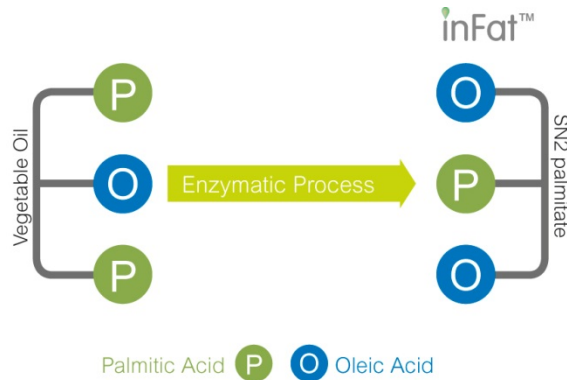


Diagram of the enzymatic process of INFAT




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# Infant Nutrition – Akonino®

- ◆ Continue investment in customer co-development and quality
- ◆ On-going global expansion
  - ◆ New locations: China, Brazil, India
  - ◆ Capacity expansion in EU
- ◆ Akonino® PL
  - ◆ Expansion of speciality ingredient portfolio
  - ◆ Unique lipid ingredient
  - ◆ Used in infant nutrition and nutrition formulas





# AAK has acquired the assets of Belgian nutritional ingredient supplier

- ◆ AAK will restart the operations of TLC (part of the BNLfood Group)
- ◆ Specialized in extracting phospholipids from egg yolk
- ◆ Phospholipids extracted from egg yolk offer additional benefits when included in nutrition formulas and reinforce functions of:
  - ◆ The brain
  - ◆ The eyes
  - ◆ The immune system at all life stages
- ◆ By blending these phospholipids with Akonino®, AAK will be able to extend its product range within the infant nutrition market
- ◆ The new products containing extracted egg yolk phospholipids will be branded Akonino® PL
- ◆ AAK better positioned to globalize this product

# The first choice for value-adding vegetable oil solutions



## SALES

Sales



Customer Co-Development



## INNOVATION

Innovation



## EXECUTION

Service



Quality



Productivity



## PEOPLE



Ahead of plan

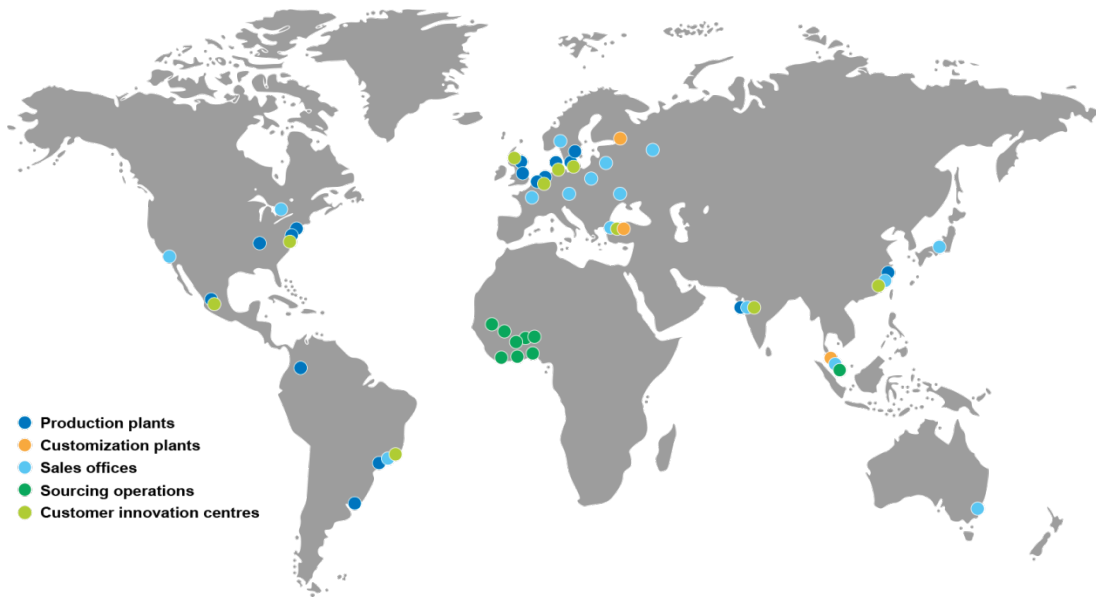


On plan



Behind plan

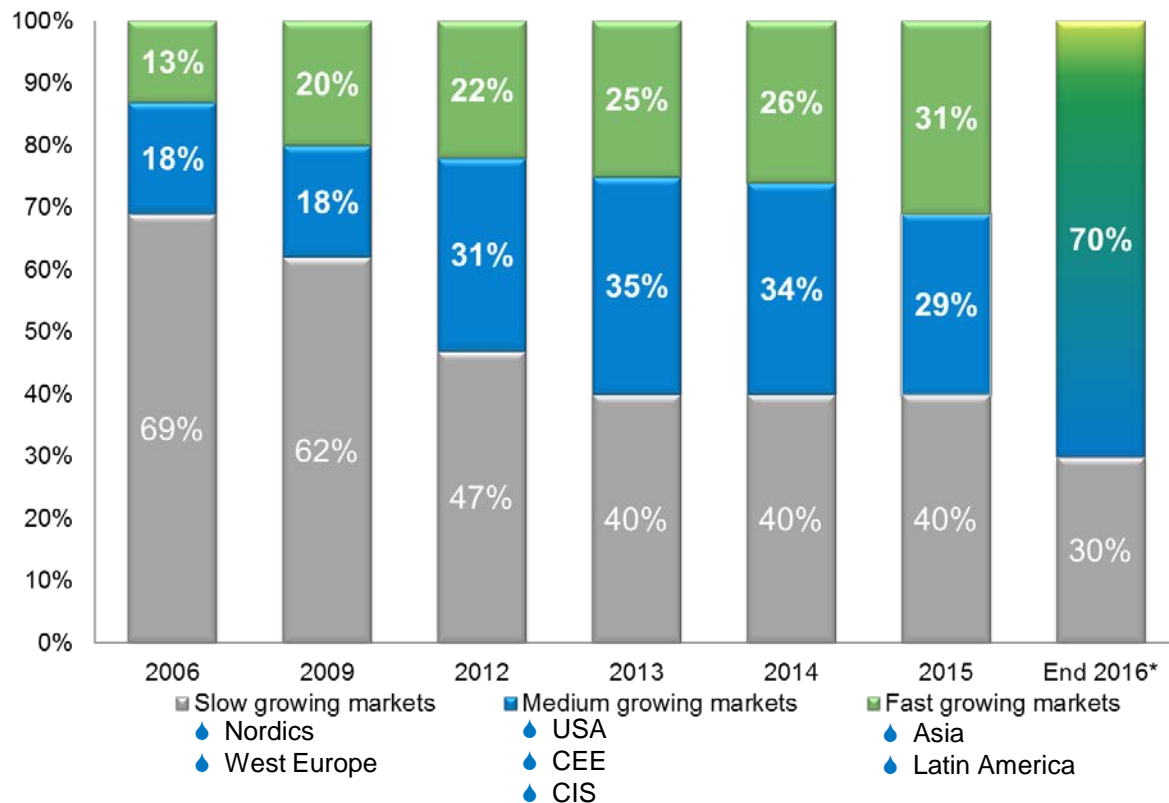
# The Co-Development Company



More than **2,700** Talented Employees  
Production and  
**19** Customization plants  
**25** Sales companies  
Sales in **100** countries  
**Global** footprint  
**Leading** positions



# Medium and fast growing markets\*



\* Management ambition – edible oil volumes

# High activity level in Asia



# Acquisition of 51% of Kamani Oil Industries

- Leading company within speciality and semi-speciality fats in India

- ◆ Annual volume of 100,000 MT
- ◆ Revenues of approx. SEK 1,000 million 2014
- ◆ Factory 70 km from Mumbai
  - ◆ Administration and sales office in Mumbai
- ◆ Technical expertise and customer co-development is core
- ◆ Well maintained and equipped R&D and QC facility
- ◆ Distribution network across India
- ◆ The company will operate as AAK Kamani



# Strategic rationale

- ◆ Geographical expansion into important growth market
  - ◆ Large and growing population in India
  - ◆ Small but rapidly growing chocolate market
- ◆ Increasing urbanization and middle class
- ◆ A local partner is critical to a success in India
  - ◆ Kamani's culture, know-how and positioning is very much in line with AAK's
- ◆ Platform for increased AAK sales of semi-speciality and speciality products
- ◆ Opportunity to accelerate a systematic customer co-development approach





# Partnership established in Japan

- ◆ AAK has established a partnership with Miyoshi Oils & Fats Co. by forming a new company, AAK Miyoshi JP
- ◆ This is particularly interesting for the Chocolate & Confectionery Fats and Bakery segments
- ◆ AAK will own 70 percent of the new company and the other 30 percent will be owned by Miyoshi Oils & Fats Co.
- ◆ AAK Miyoshi JP will have both sales and customer innovation resources
- ◆ Focus will be on products for the chocolate and confectionery, bakery, dairy and infant nutrition markets
- ◆ The partnership will be operational from January, 2016



# Product development – FI



- ◆ AKOPASTRY HP 400 & 200
  - ◆ High performance puff pastry solutions
  - ◆ For industrial puff pastry producers
  - ◆ Main value proposition: reduced costs
  - ◆ Better lamination structure
  - ◆ Better health claims





# TROPICAO™

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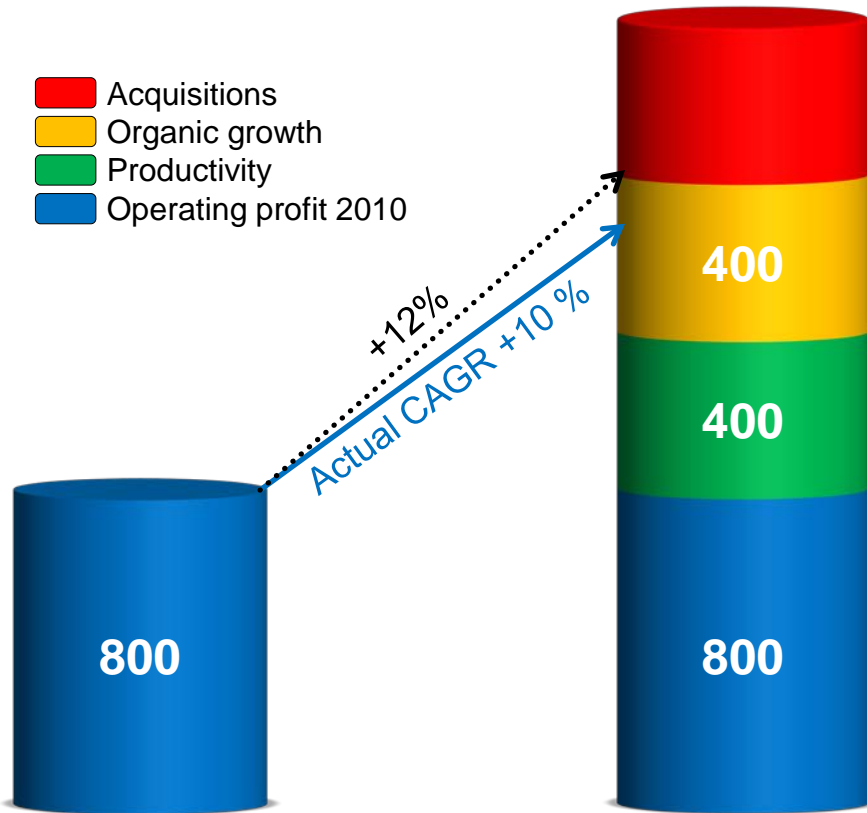
A tropical revolution  
in chocolate production



Food ingredients  
EUROPE  
INNOVATION  
AWARDS 2015

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# Management ambition, 2010–2016\*



## Changes since 2010

- Larger investments in organization for organic growth, China and Brazil
- Increased investments in R&D
- Situations in Russia and Ukraine

\* As expressed at the Capital Market Day November 10, 2010



# Conclusion

- ◆ Based on AAK's customer value propositions for
  - ◆ Health and reduced costs
  - ◆ Customer product co-development and solutions approach
- ◆ We continue to remain prudently optimistic about the future
- ◆ The main drivers;
  - ◆ We are expecting a continued positive underlying development for Food Ingredients
  - ◆ We are expecting continued improvement in Chocolate & Confectionery Fats





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



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