



Torben Friis Lange

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Update Asia
with special focus
on India and China

Agenda

Update Asia

Special focus on:

India

China



AAK expansion in Asia

**September 2014,
China**



- AAK announces that it will construct a speciality and semi-speciality edible oils factory in Zhangjiagang, China, to be finalized in late 2016.

**September 2015,
India**



- AAK acquires 51 percent of the shares of Kamani Oil Industries Pvt Ltd., one of the leading speciality and semi-speciality oils and fats companies in India, creating AAK Kamani.

**October 2015,
Japan**



- AAK establishes a partnership with Japanese company Miyoshi Oils & Fats Co. by forming AAK Miyoshi JP, of which AAK will own 70 percent.

AAK KAMANI

Market landscape – Asia

	Bakery	Dairy	Infant Nutrition	Food-service	Frying	CCF
CHINA						
INDIA						
TURKEY						
JAPAN						
MIDDLE EAST						
OTHER						

Market potential: High Medium Low/Not significant

Focus for AAK:

Sources: Euromonitor, AAK analysis

Current performance Asia, YTD

Volume
growth

+111%

EBIT improvement

+109%

Update sub-regions – Turkey

- ◆ Increasing volume year-on-year
- ◆ Market shrinkage due to various turmoil
- ◆ Tourist industry significantly negatively impacted
- ◆ Expanding with new innovative products in bakery segment
- ◆ Exporting to nearby regions
- ◆ Longer term: a potential for further growth





Update sub-regions – Asia Pacific

Southeast Asia, Australia, New Zealand etc.

- ◆ Asian consumer sentiment improving
- ◆ Western aspirations persist
- ◆ Innovation continues – new attractive segments evolving
- ◆ Growth in region – in pockets
- ◆ Progress on approvals with multinational corporations in key segments
- ◆ Investments continue in the food and confectionery industries

Update sub-regions – Middle East

- ◆ New sales office in Dubai
- ◆ Despite many country-specific issues, good pockets with growth, generally young demographic development
- ◆ Egypt – increasing industrialization
- ◆ Lifted embargos in the region
- ◆ Gulf Cooperation Council (GCC) countries – heavy impact from low mineral oil prices



Update AAK Miyoshi – Japan

- ◆ Based on global trends in Japan
- ◆ Co-Develop new ranges of products, optimizing Japanese and global experiences and methods
- ◆ Quality production and technical know-how

Co-Development day in Tokyo

- ◆ 65 participants – all major chocolate producers and food industry media. Customer feedback: very high level of technical interaction

A vibrant, crowded outdoor market scene in India. In the foreground, a woman in a yellow and orange sari sits on the ground, surrounded by large piles of fresh vegetables like eggplants and leafy greens. Other vendors and customers are scattered throughout the market, some standing and others sitting. The background shows a street lined with shops and more people, creating a sense of a bustling community hub. A large blue teardrop-shaped graphic is overlaid on the left side of the image, containing the text 'Special focus' and 'India'.

Special focus

India

Welcome to India





Macroeconomic landscape

- ◆ Population: 1.27 billion (2015)
 - ◆ 65% below 35 years
 - ◆ Literacy rate: 74%
- ◆ GDP: USD 2.18 trillion (2015)
Current growth: 7.4%
- ◆ GDP per capita: USD 1,688 (2015)
- ◆ 7th largest world economy, member of G20
- ◆ 30 states and 6 union territories
- ◆ New GST / VAT legislation
- ◆ 29 languages

Macroeconomic landscape

- ◆ Age profile: young population (average 27 years)
- ◆ Increasing working class / urbanization
- ◆ Increasing education spent
- ◆ Consciousness for health and food safety
- ◆ Globalized taste appreciation
- ◆ Aspiration levels rising



Market landscape

Product categories growth forecast, next five years



Chocolate & confectionery

9.7%

13.7%



Baked goods

3.2%

7.2%



Dairy

6.4%

11.3%



Ice cream and frozen dessert

13.3%

16.5%



Infant & growing-up nutrition

4.8%

11.2%



Volume growth 2016



CAGR 2016–2021

Source: Euromonitor

The evolution – AAK Kamani



1995

1999

2010

September 2015

AAK KAMANI



- ◆ Current Management, as Chawla Brothers, takes over defunct 30 MT batch refinery in Mumbai
- ◆ First speciality fat produced for customer
- ◆ Manufacturing facility operational in Khopoli
- ◆ AAK acquires 51 percent of the shares of Kamani Oil Industries Pvt Ltd., one of the leading speciality and semi-speciality oils and fats companies in India, creating AAK Kamani
 - ◆ Revenues of approx. SEK 1,000 million (2014)
 - ◆ Annual volume of 100,000 MT
 - ◆ Strategically located in Khopoli, HQ in Mumbai

Segments

- ◆ Infant Nutrition, Pharma and Cosmetics
- ◆ Confectionery
- ◆ Foodservice
- ◆ Bakery
- ◆ Ice cream & Frozen desserts
- ◆ Commodity fats

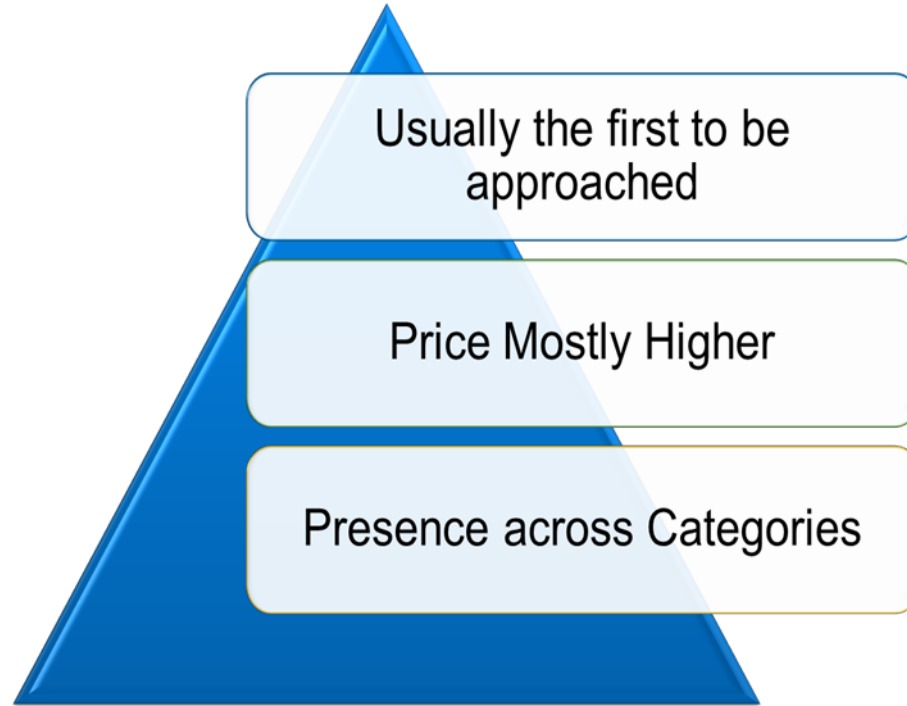




Play to win

- ◆ Understanding of India – a must
- ◆ Strong innovation capability
- ◆ Co-Development
- ◆ Deep and intimate customer relationships
- ◆ Superior service and quality
- ◆ Speciality Oils & Fats focus
- ◆ Strong people and team

Premium positioning



Customer Co-Development



AAK KAMANI
ACADEMY™

Customer Co-Development

Distributor incentive trip



Customer Co-Development



AAK Kamani
Bakery
challenge



The Co-Development Company



Customer Innovation interaction at AAHAR Expo, Delhi

- ◆ Customer Innovation centre equipped with sophisticated instruments and pilot plants
- ◆ Approved by DSIR, Govt. of India
- ◆ Dedicated team to meet customer service satisfaction/expectations
- ◆ Food Innovation lab and AAK Kamani Academy – customer support and business development
- ◆ Customer innovation, value addition as theme to achieve first preferred supplier status/ co-development company



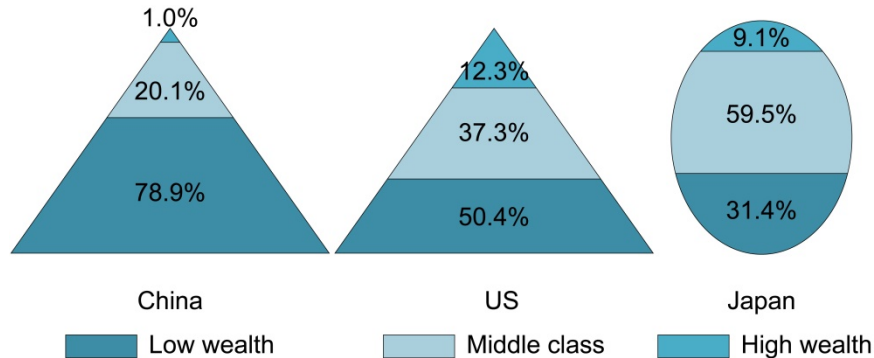
Special focus

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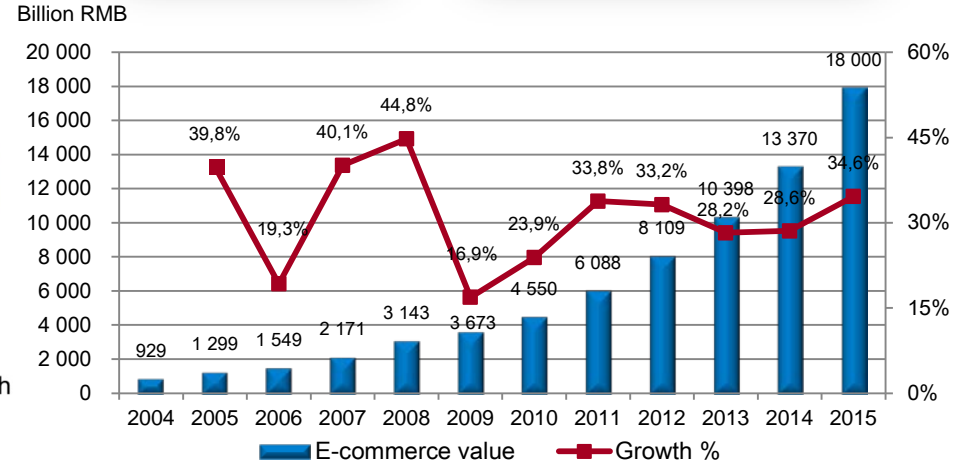
China

China economy - slow down of GDP growth but with stronger domestic consumption

- Rise of Middle Class in China
- Post 80's and Post 90's generations become the main force of consumption
- Go on-line



2015 China Household Finance Survey (CHFS)

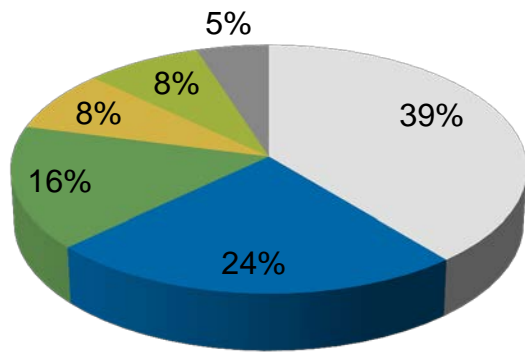


2015 China Internet 20 Years Development Report

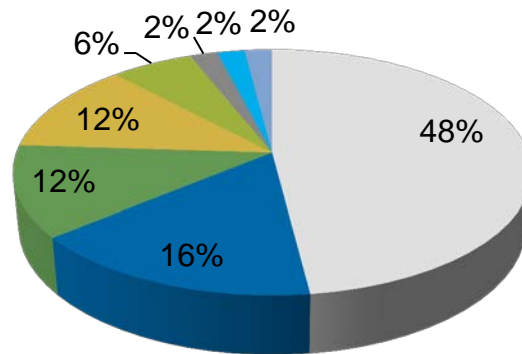
Notes: First half of 2016: GDP Growth 6.7%, domestic consumption growth 10.3%, Online sales growth 28.2%.

Speciality and semi-speciality oils and fats market is projected to grow at 8% p.a. in the next five years

**China speciality and semi-speciality
oils & fats market 1,310,000 MT**



- Food Services
- Industrial Bakery
- Artisanal Bakery
- CCF
- Dairy
- Infant Nutrition



- A
- B
- C
- D
- E
- F
- G
- H

AAK China – significant growth opportunities and many challenges

Market landscape

Product categories growth forecast, next five years



Chocolate &
confectionery

-3.0%

5.1%



Baked goods

5.2%

7.1%



Dairy

1.2%

7.5%



Ice cream and
frozen dessert

-0.1%

4.9%



Infant & growing-up
nutrition

4.8%

9.3%



Volume growth 2016



CAGR 2016–2021

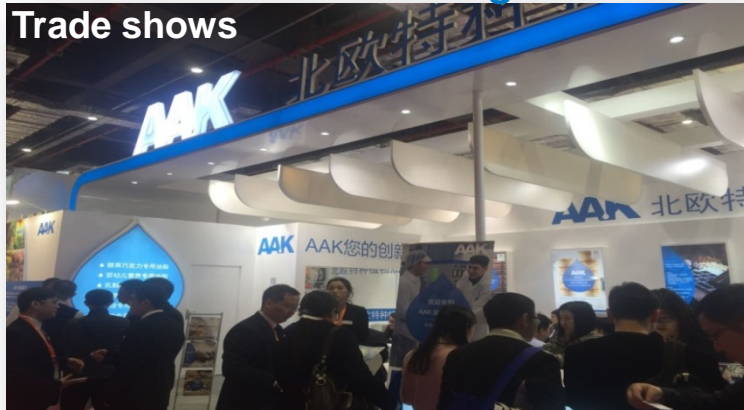
Source: Euromonitor



Play to win

- ◆ Focus on global and national/segment leaders
- ◆ Innovation with speed based on AAK's brand and reputation on quality...
 - ◆ Key customer priority
 - ◆ Delivering value-adding solutions
 - ◆ Strong concepts
- ◆ Focus on specialities
- ◆ Production in Zhangjiagang
- ◆ Flexible supply chain
- ◆ Strong technical capabilities and unique technology

Intensified activities through Co-Development



Building a strong team



Plant in Zhangjiagang will accelerate our growth in China significantly

Groundbreaking

• Sep / 2014

Refinery commissioning

• Nov / 2016

Civil construction

• Aug / 2016

Plant ready

• Dec / 2016





Thank you