

The background of the slide is a blurred photograph of a modern industrial or laboratory setting. In the lower right foreground, a person wearing a white lab coat and a white hairnet is looking down, focused on their work. The background shows multi-level structures, glass railings, and industrial equipment, all out of focus to create a sense of depth and activity.

Arne Frank

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## CEO update



# 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

CEO

CFO

US – special focus CalOils

Dairy

Infant Nutrition

Asia – special focus India/China

# AAK speakers



Arne Frank  
CEO



Fredrik Nilsson  
CFO



Terry Thomas  
President AAK  
USA and Canada



Henning Villadsen  
Marketing Director,  
Dairy



Karel Stoschek  
President  
Infant Nutrition



Torben Friis Lange  
President AAK Asia

# The Co-Development Company



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





# September YTD

## Volume

**1,442,000** MT

(up 1% organically y/y)

## Operating profit\*

SEK **1,180** million

(up 15% y/y, up 13% y/y\*\*)

## Operating profit per kilo\*

SEK **0.82** kg

(up 8% y/y, up 12% y/y\*\*)

## ROCE R12M

**15.7%**

(unchanged since December 2015)

## Cash flow from op. activities

SEK **369** million

(last year 1,075)

## EPS

SEK **17.03**

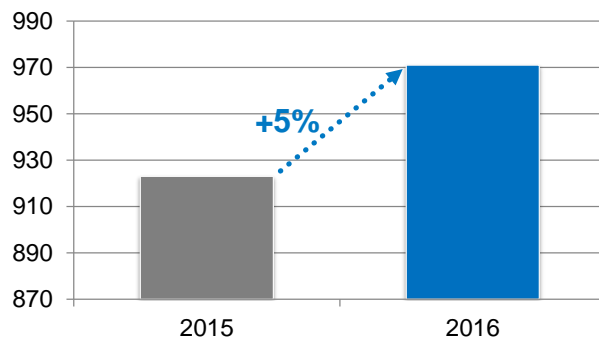
(up 3% y/y)

\* Excluding non-recurring items

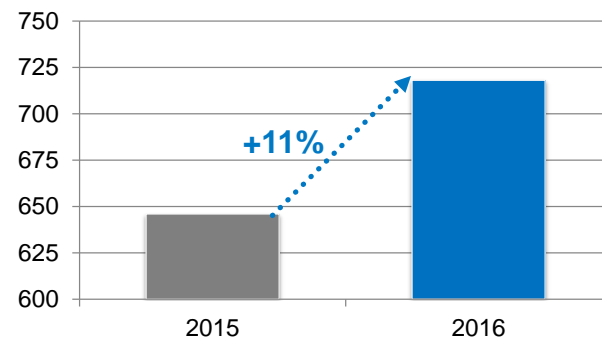
\*\* Fixed FX and comp. units

# FI – January to September

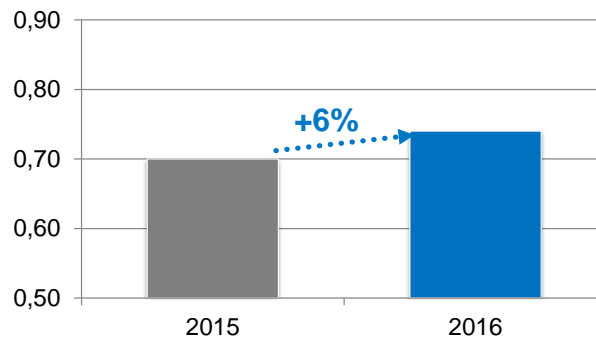
Volume ('000 MT)



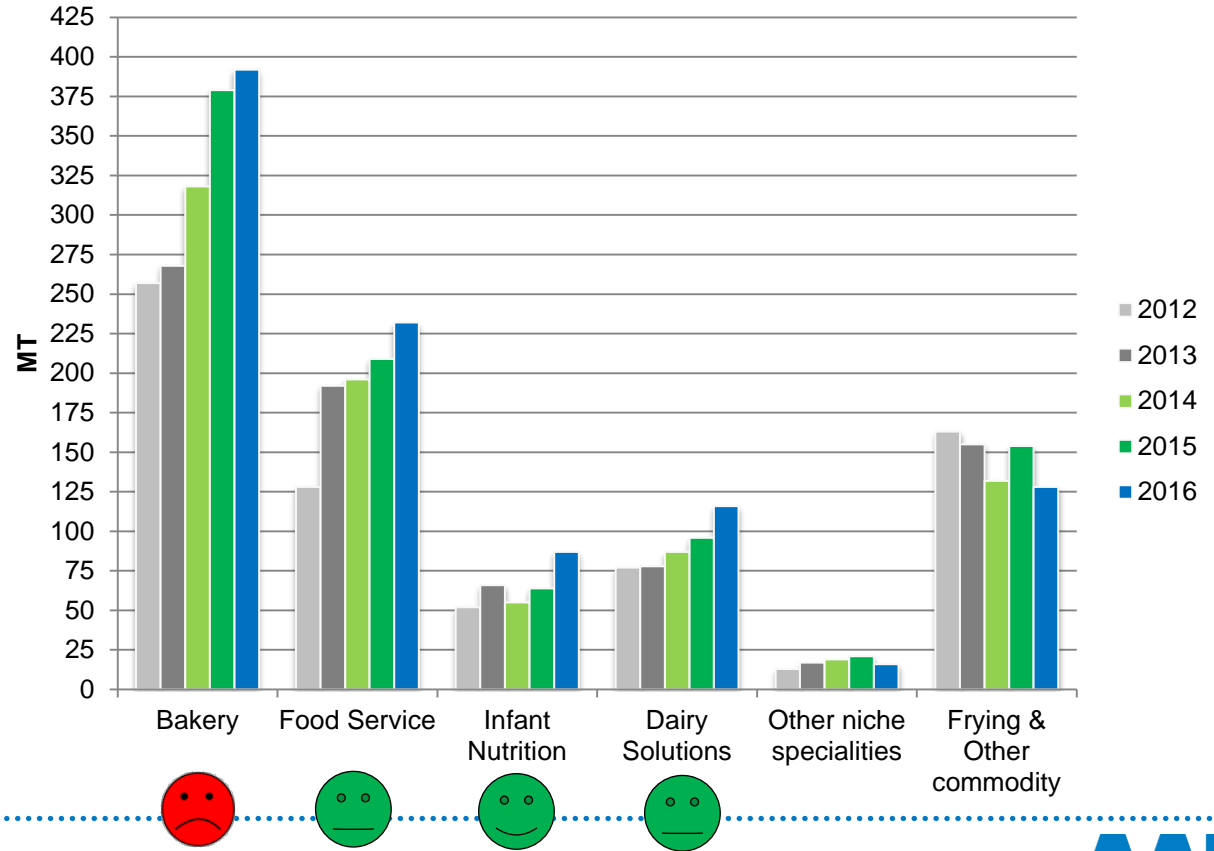
Operating profit (SEK million)



Operating profit per kilo (SEK)

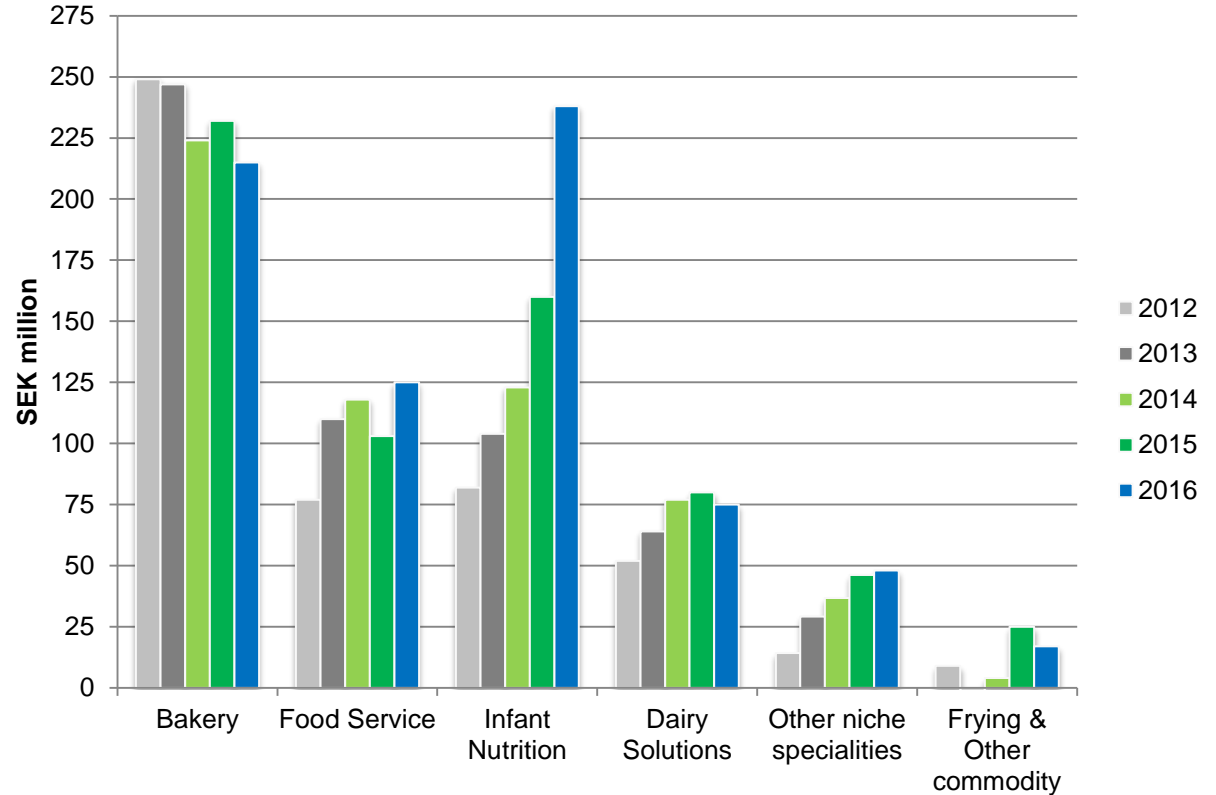


# FI volume – January to September

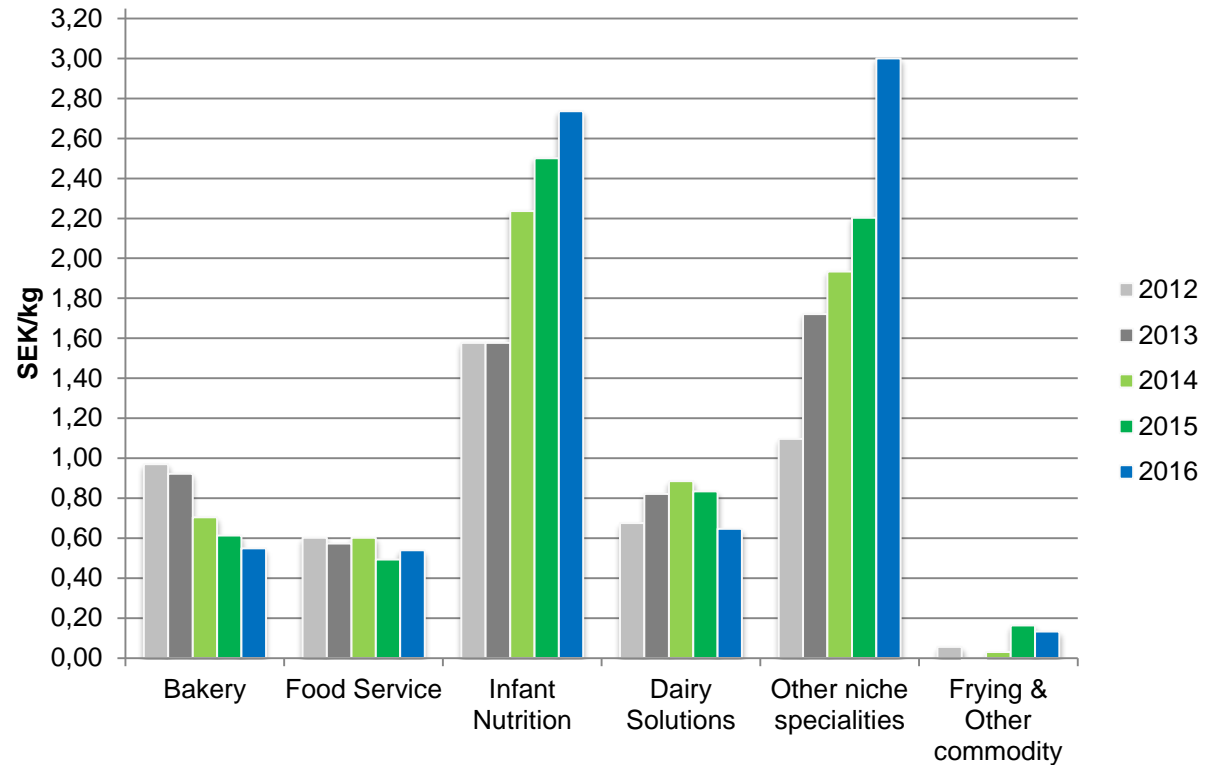




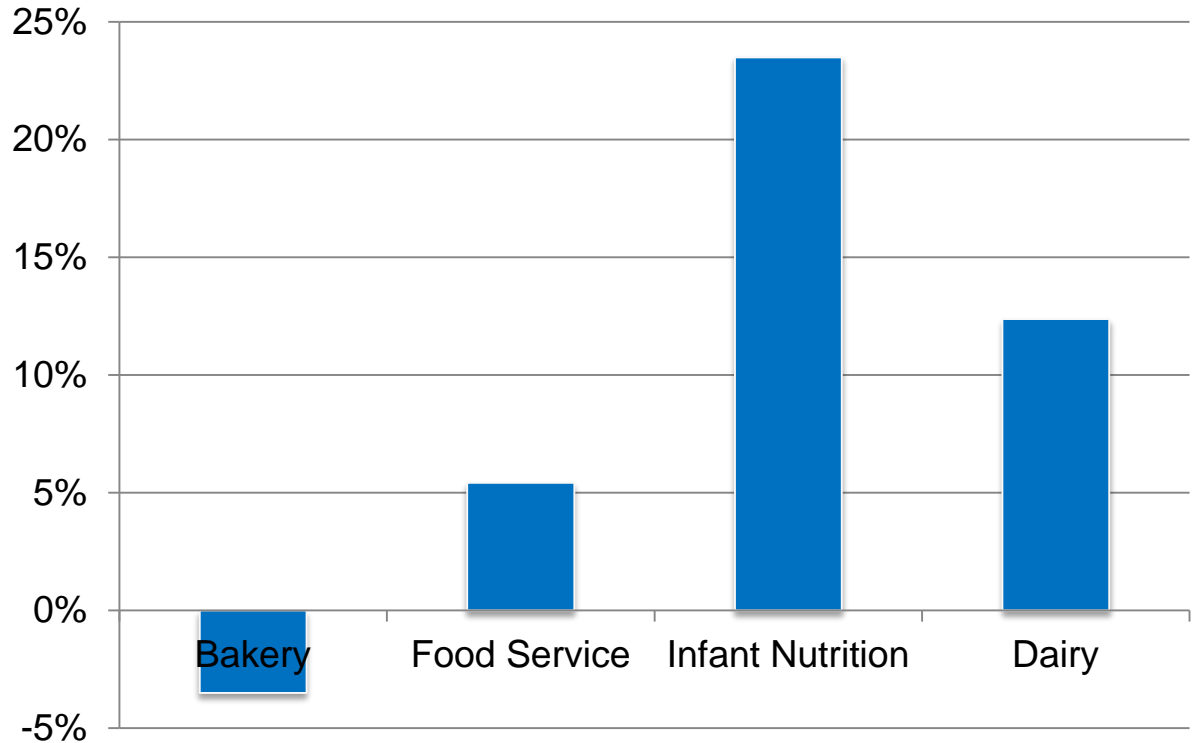
# FI EBIT– January to September



# FI EBIT/kg– January to September



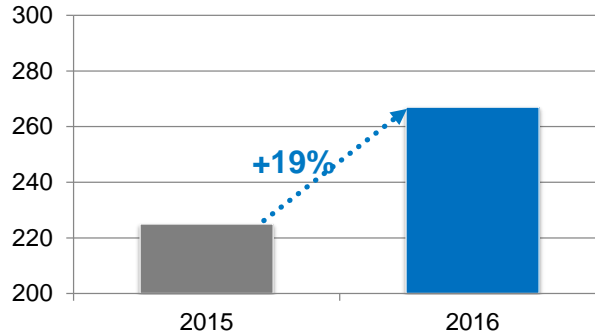
# FI organic growth – January to September



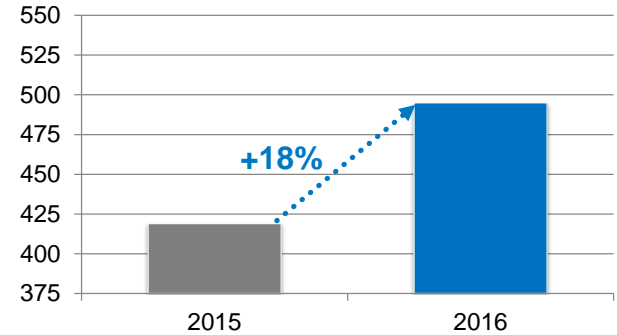
# CCF – January to September



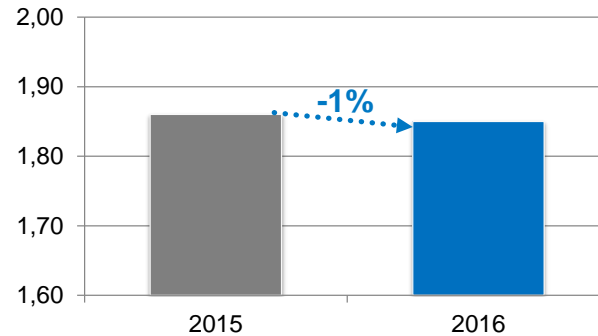
Volume ('000 MT)



Operating profit (SEK million)



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

AAKtion



CSR



Product development



New factories in  
Brazil and China



Acquisition



## 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

# AAK Palm Oil Policy

- ◆ Source palm oil produced without destruction of
  - ◆ High Conservation Value (HCV) areas
  - ◆ High Carbon Stocks (HCS) forest
  - ◆ Peatland of any depth
- ◆ Ensure Free, Prior and Informed Consent (FPIC) takes place prior to new plantation development
- ◆ Strongly act on any violations
- ◆ Increase volume of RSPO certified palm oil
- ◆ Ensure traceability in our palm oil supply chain
  - ◆ To mills by 2014
  - ◆ To plantations by 2017 – under review





# Progress on sustainable palm oil

- ◆ Strong engagement with suppliers
    - ◆ Signed the AAK Palm Oil Policy
    - ◆ Traceable to mill
    - ◆ Independent risk assessment by Proforest
    - ◆ Workshops at supplier locations
    - ◆ On-site third party verification
    - ◆ Tight and continuous follow-up
    - ◆ Smallholder projects
  - ◆ Strong engagement with customers
    - ◆ Training global sales force
    - ◆ Workshops with customers and retailers
  - ◆ Continuing dialogue with all key stakeholders
  - ◆ Founding member and continuing on the RSPO Board
-

# CSR within shea in West Africa

- ◆ Women group program in Burkina Faso and Ghana now reached approx 117,000 women with 99,000 in Burkina Faso
  - ◆ Pre-financing and micro credits done in May-July in front of the coming season
    - ◆ Very good results on quality
    - ◆ Very small credit losses
  - ◆ Great interest from several large customers
  - ◆ Women Deliver is the world's largest global conference on girls' and women's health, rights, and well-being
  - ◆ AAK was part of an exhibition showing the efforts that businesses are doing to make a positive difference for women in developing countries
- 







# Biodiesel

- ◆ Very high use of rapeseed oil and palm oil for biodiesel particularly within the EU
- ◆ Encouraging information on potential “second generation” of biodiesel
- ◆ New rules and then potentially followed by a “second generation” would over time significantly reduce the pressure on the availability of these raw materials



# TROPICAO™

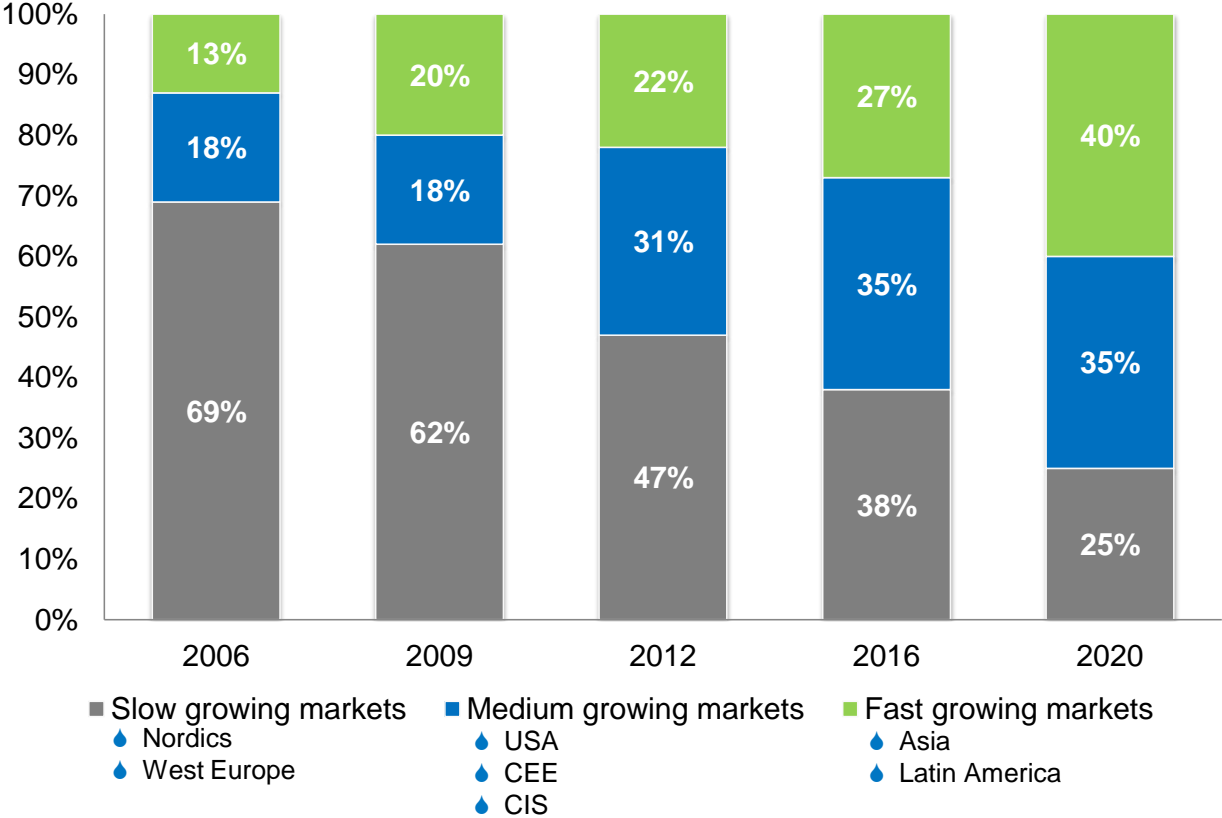
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A tropical revolution  
in chocolate production



**AAK**

# Medium and fast growing markets



# Inauguration of new factory in Brazil

- ◆ New speciality and semi-speciality edible oils factory
- ◆ Major step forward for our global growth strategy
- ◆ Closer to our customers in a key market





# China – according to plan





# California Oils Corporation



- ◆ Annual volume of 110,000 MT
- ◆ Revenues of approximately SEK 1,350 million in 2015
- ◆ Factory in Richmond, California
- ◆ Production facility offers capabilities across AAK's core product spectrum

- ◆ Strengthen AAK's presence in a very important market
- ◆ Transform AAK into a true national speciality and semi-speciality edible oils company in the US
- ◆ Bring AAK's customer co-development approach to a national level in the US and Canada
- ◆ Focus on cross-selling AAK products, leveraging customers and customer co-development



◆ Bakery



◆ Dairy



◆ Infant Nutrition



◆ Frying

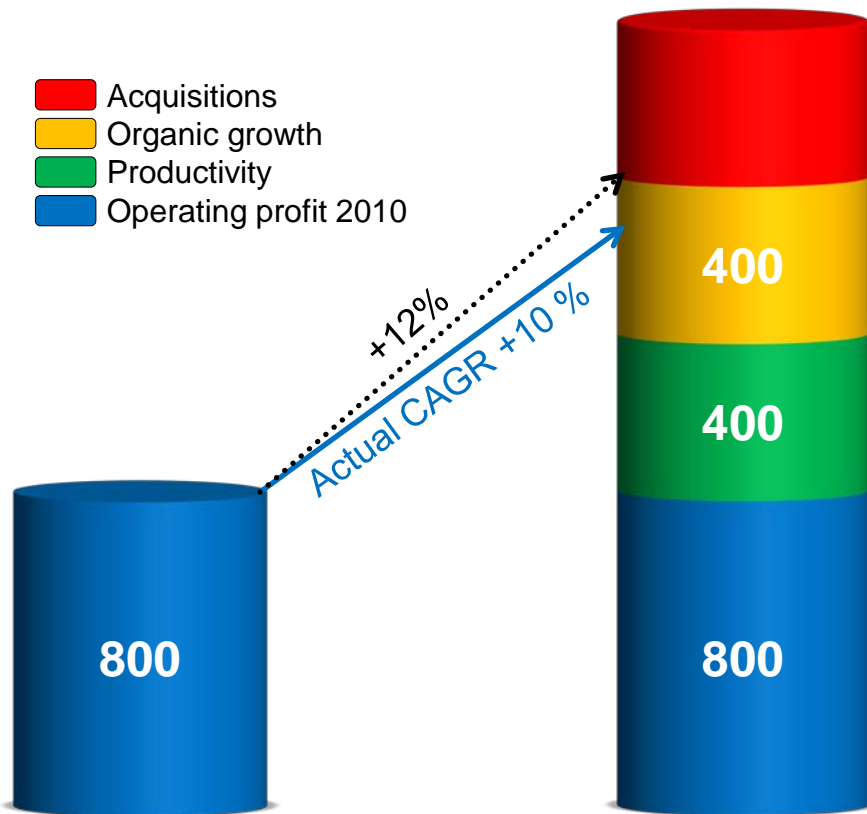


◆ Confectionery



- Production plants
- Sales offices
- Customer innovation centres

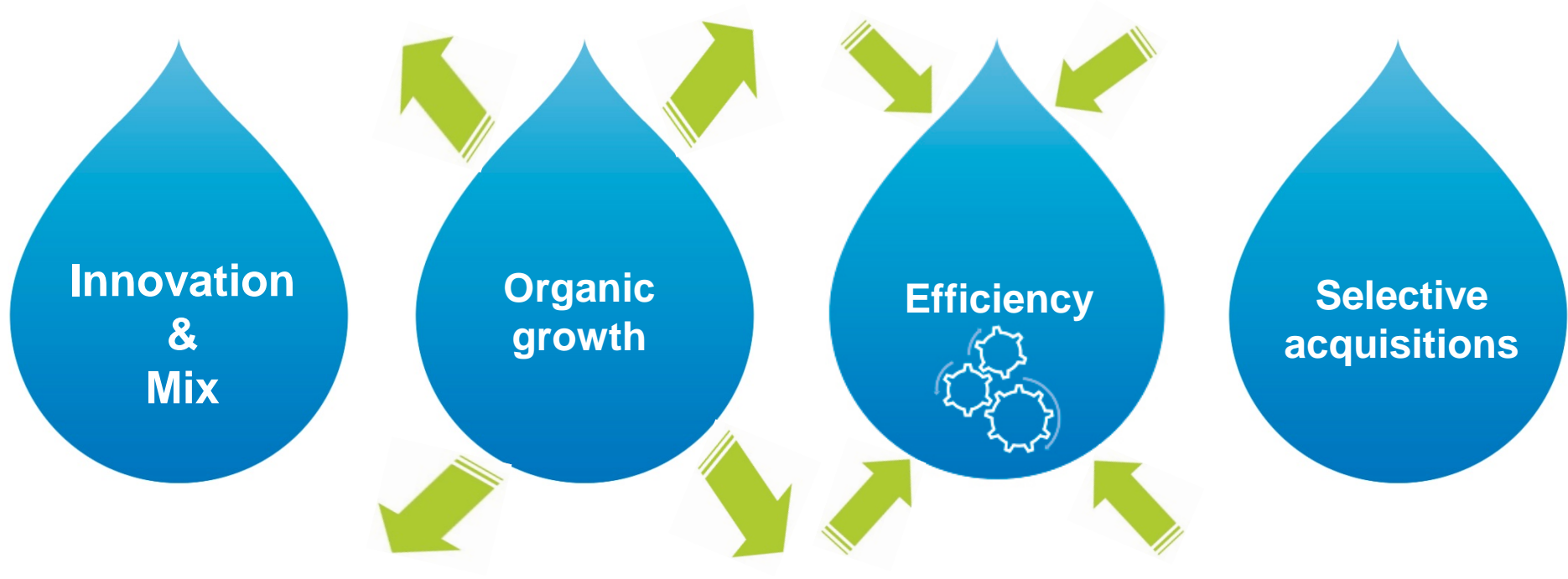
# Management ambition, 2010–2016\*



- Ambition probably reached in 2016 but with some support of M&A and partly translation differences
- Much larger investments in organization for;
  - Organic growth, particularly in China and Brazil
  - R&D, people and IP
- Situations in Russia, Ukraine, Middle East and Brazil not anticipated in 2010

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

# Our strategy for future profitable growth

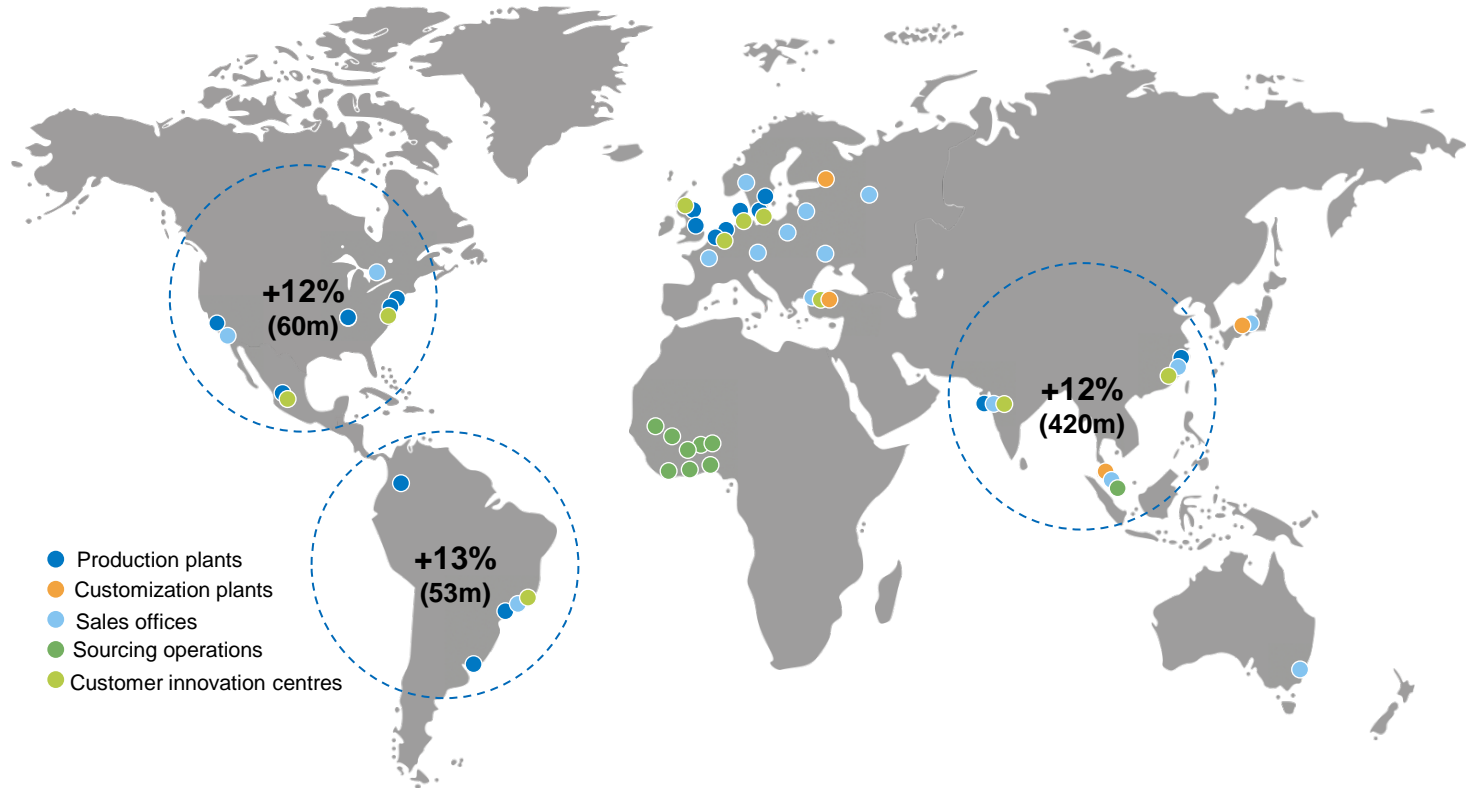


# Strong business drivers

- ◆ World population is increasing
  - ◆ 7.3 billion in 2015 ➡ 8.5 billion in 2030 **16%**
  - ◆ By 2030, **5 billion** will be living in urban areas – up from 3.5 billion **43%**
- ◆ 45% of all population growth is in **Asia**
- ◆ Global middle class population will grow by **150%**

\*United Population Fund; UN projections; Reuters

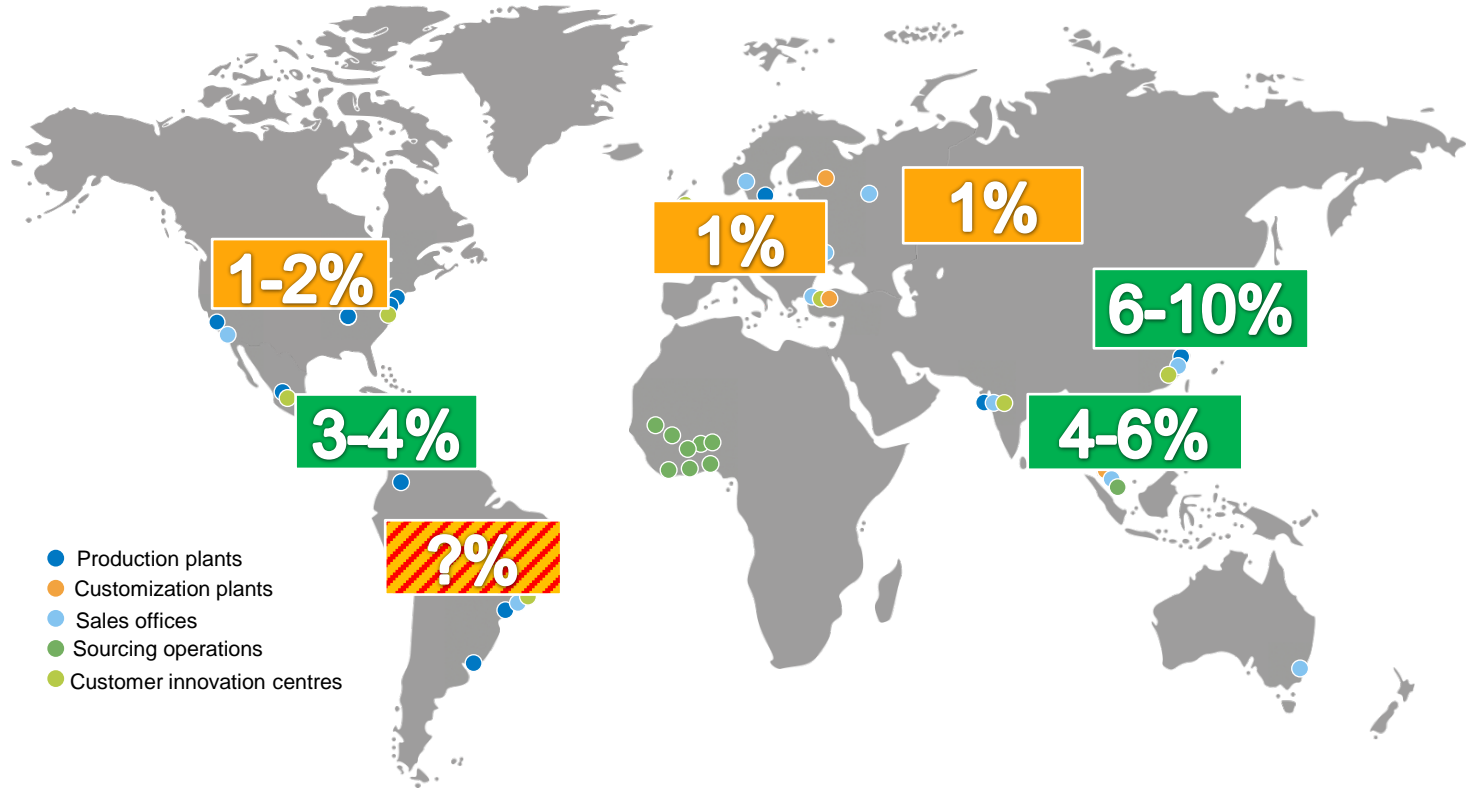
# Population growth\* - market opportunity



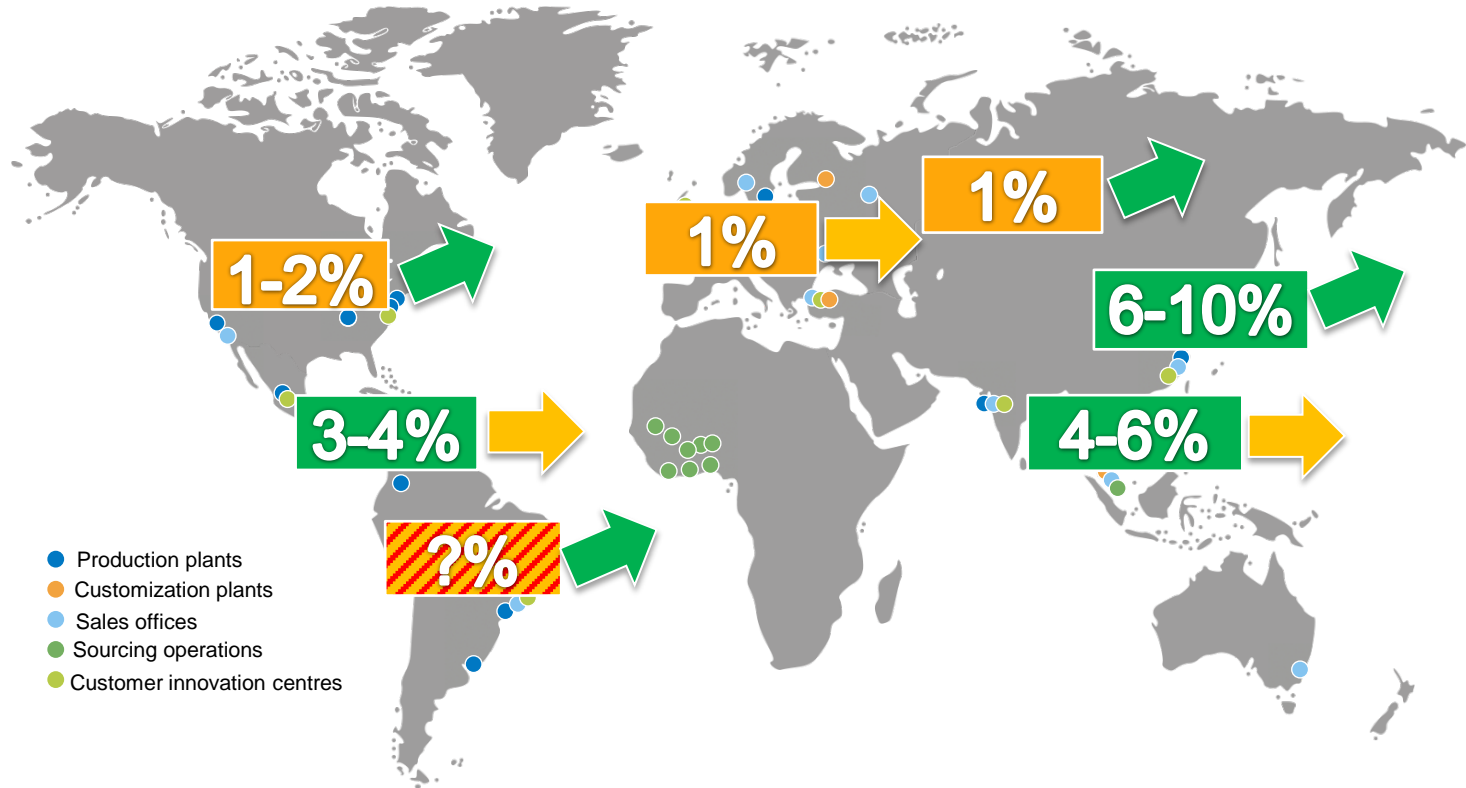
\* United Nation population growth 2015-2030



# Current market growth estimates



# AAK year to date vs market growth



# AAK's position in growing markets

## North America

Strong position with national wide presence through recent acquisition

## Asia Pacific

Invested in future growth through greenfield in China and a perfect match between surging population in India and our stake in AAK Kamani

## South Latin America

Invested for future growth with greenfield in Brazil, new product launches and complete team

This year, these areas represent more than 50% of AAK volumes, with substantial capacity increase pending through greenfields and acquisitions. We target to continue to grow faster than the markets

What's next?







# Our drivers

- ◆ Health
  - ◆ No trans
  - ◆ Low sat
- ◆ Dairy fat alternatives and Plant based dairy
- ◆ Nutrition
- ◆ Costs optimization for
  - ◆ Customers
  - ◆ Retailers
  - ◆ Consumers

## M&A? - AAK has a very good track record of selective add on acquisitions and their integrations

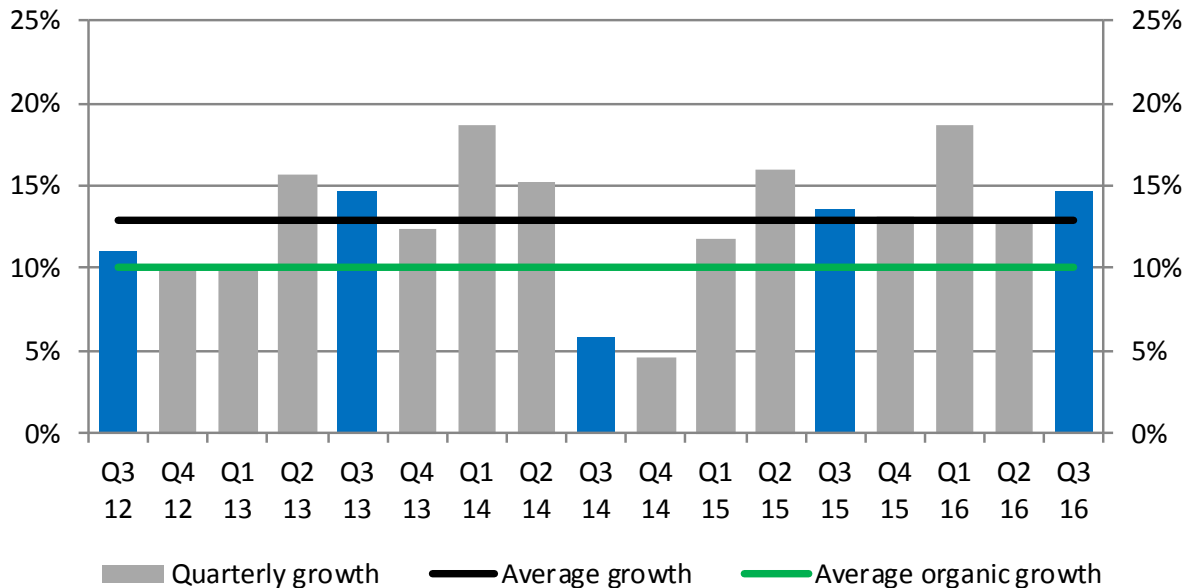


**ACQUISITION  
AHEAD**

◆ California Oils Corporation (US)	Q3/2016
◆ TLC/Belovo (Belgium)	Q4/2015
◆ Miyoshi Oils & Fats Co. (JV, Japan)	Q4/2015
◆ Kamani Oil Industries Pvt Ltd. (JV, India)	Q3/2015
◆ Frita brand from Unilever (Turkey)	Q3/2014
◆ FANAGRA (Colombia)	Q3/2014
◆ CSM Benelux NV (Belgium)	Q2/2014
◆ Unipro (Turkey)	Q3/2013
◆ Crown-Foods (Denmark)	Q2/2012
◆ Oasis Foods Company (US)	Q2/2012
◆ Golden Foods/Golden Brands (US)	Q3/2011

# A history of double-digit EBIT growth

AAK quarterly EBIT growth y-o-y

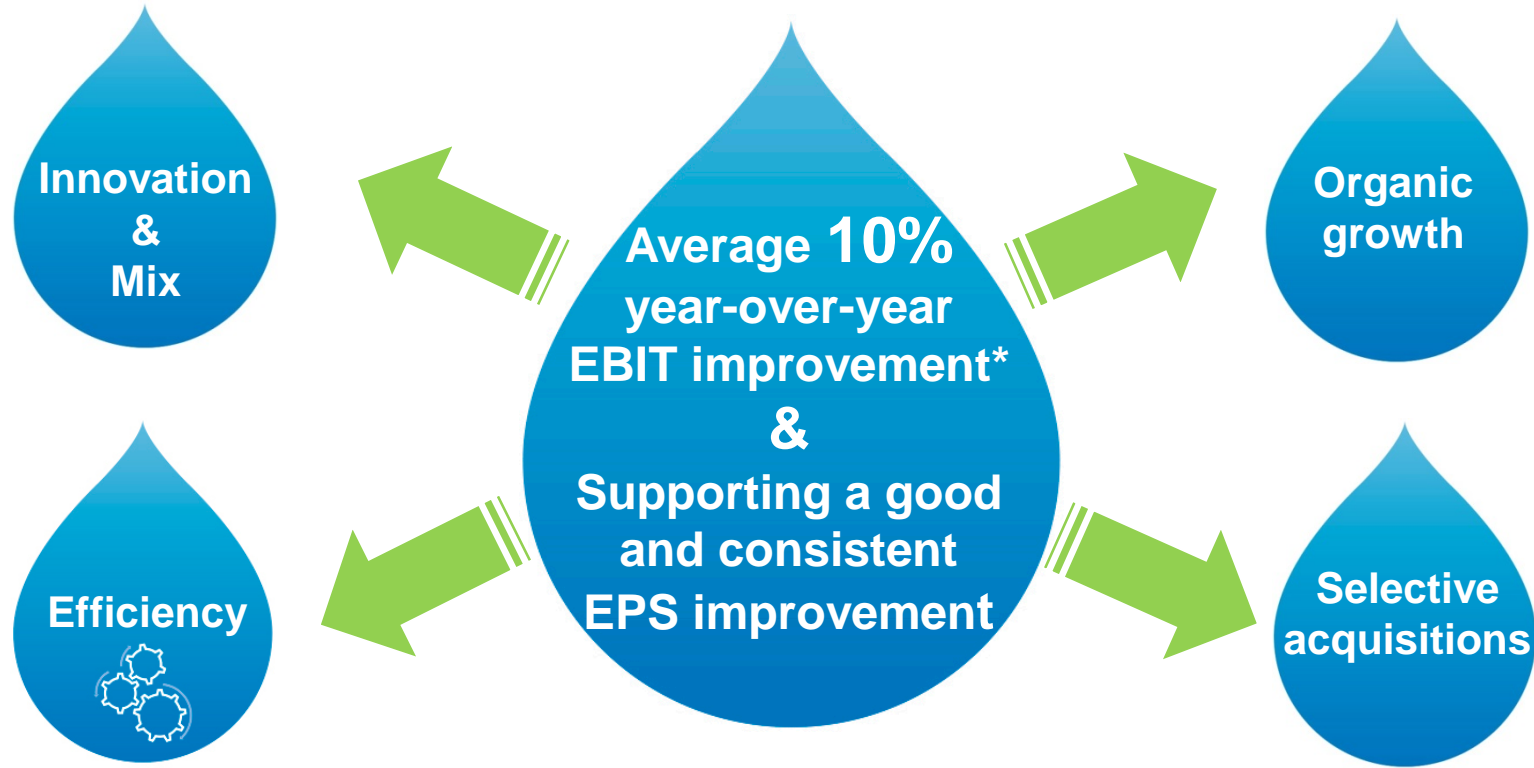




## Next management ambition?

- ◆ We have built and continue building a very solid foundation
- ◆ We are supported by very strong business drivers
- ◆ Strong organization with strong executive and local management
- ◆ Clear and very well aligned strategy and strategy execution
- ◆ High activity levels in the AAK Acceleration and AAKtion programs as well as in the 2017-2019 coming company program
- ◆ **So why slow down?**

# Management ambition for the coming years



\* Excluding acquisitions and at fixed FX



# Concluding remarks

- ◆ 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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