



Fredrik Nilsson

---

# CFO Update

# Good progress in the focus areas presented at the CMD 2015

## ◆ Strengthen growth through:

### ◆ Organic growth



- ◆ Customer co-development

- ◆ New markets

### ◆ Selective acquisitions



### ◆ Capital efficiency



- ◆ Working capital management





# AAK's performance from 2010 a history of success – CAGR

Volume\*

**+5%**

Operating profit  
improvement\*

**+11%**

EPS  
improvement\*

**+7%**

Dividend increase\*

**+10%**

\* CAGR January 2010 – December 2016 (analyst consensus, November 3, 2016)

# Continuous y/y improvements



		YTD	Q3	Q2	Q1
Volume (’000 MT)	Reported	<b>+7%</b>	+11%	+6%	+5%
	Organic	<b>+1%</b>	+4%	+1%	-0%
Operating profit (SEK million)	Reported	<b>+15%</b>	+15%	+13%	+19%
	Fixed FX and comp. units	<b>+13%</b>	+15%	+13%	+12%
EPS (SEK)		<b>+3%</b>	-0%	+2%	+9%

# Income statement


	Q1-3 2016	Q1-3 2015	Change	%
Volumes ('000 MT)	1 442	1 342	100	+7%
Sales	15 731	14 848	883	+6%
Operating profit*	1 180	1 023	157	+15%
Operating profit per kilo*	0,82	0,76	0,06	+8%
Financial net	-124	-85	-39	+46%
Tax	-288	-250	-38	+15%
Net result	753	701	52	+7%
Earnings per share	17,03	16,52	0,51	+3%











- ◆ All-time high operating profit
- ◆ Increased financial costs due to extended borrowings in high-interest rate countries (Brazil, China and India)
- ◆ Tax rate of 27.7%, 1.4% higher than last year due to increased earnings in countries with high tax rates

\* Excluding non-recurring items and acquisition costs

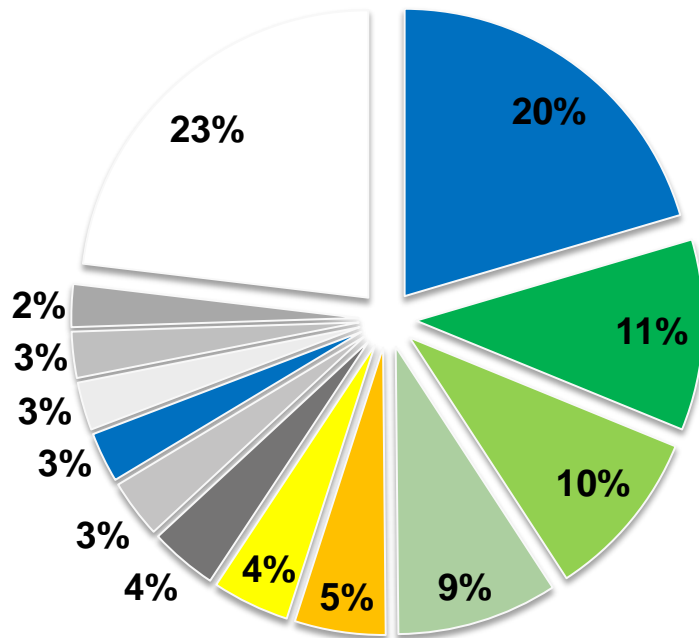


# FX exposure



	Movement vs SEK	EBIT impact
USD		
MXN		
GBP		
EUR		
BRL		

# Revenue split by country – September YTD



■ USA

■ UK

■ Mexico

■ Sweden

■ India

■ Germany

■ Turkey

■ Norway

■ Brazil

■ Netherlands

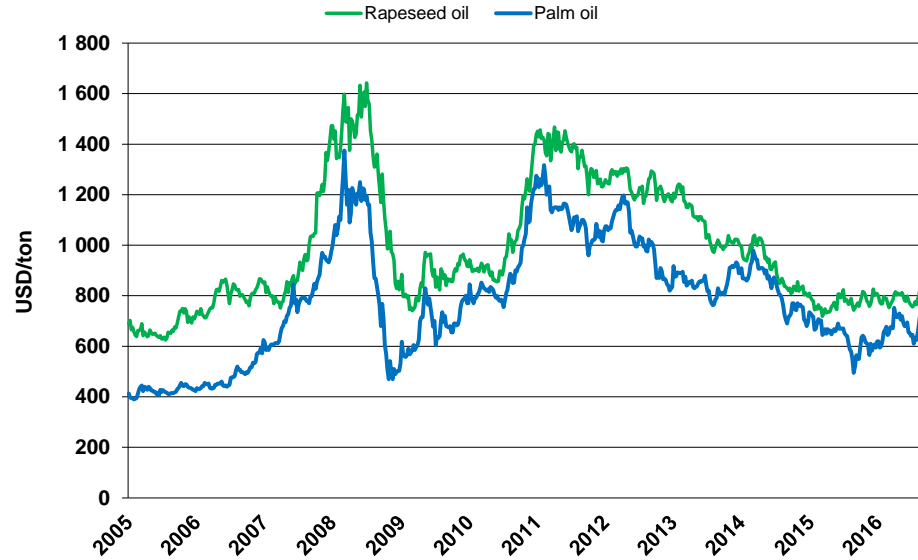
# Balance sheet

	30.09.16	31.12.15	Change	%
Total non-current assets	7 027	6 388	639	+10%
Working capital	4 047	3 087	960	+31%
Inventory	4 533	3 599	934	+26%
Accounts receivables	3 055	2 426	629	+26% <sup>1</sup>
Accounts payables	-2 670	-2 383	-287	+12%
Other working capital items	-871	-555	-316	+57%
Net debt	3 165	2 083	1 082	+52%
Net debt / EBITDA, multiple	1,59	1,13	0,46	+41%
Equity to assets ratio, %	44	48	-4	-8%

- Higher non-current assets due to greenfield investments and acquisitions
- Working capital has been negatively impacted by the substantial increase in raw material prices and tied up working capital for the greenfield investments

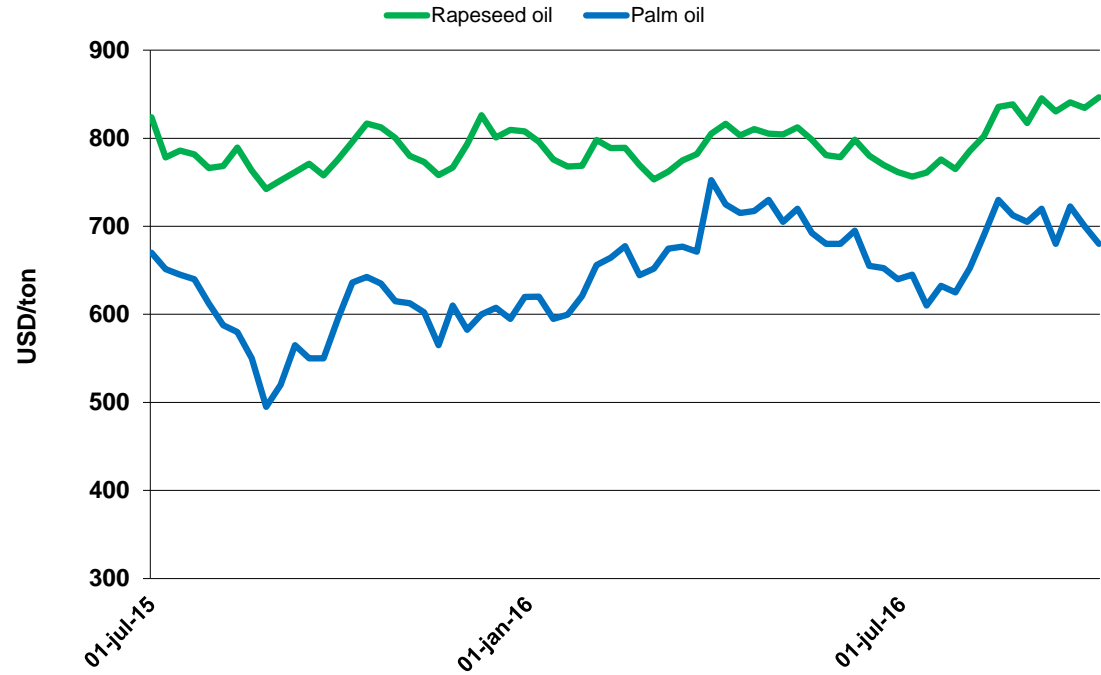


# Raw material prices



- ◆ 10 percent change in all raw material prices will effect working capital by +/- SEK 250 million
- ◆ Time lag of six to nine months

# Raw material prices

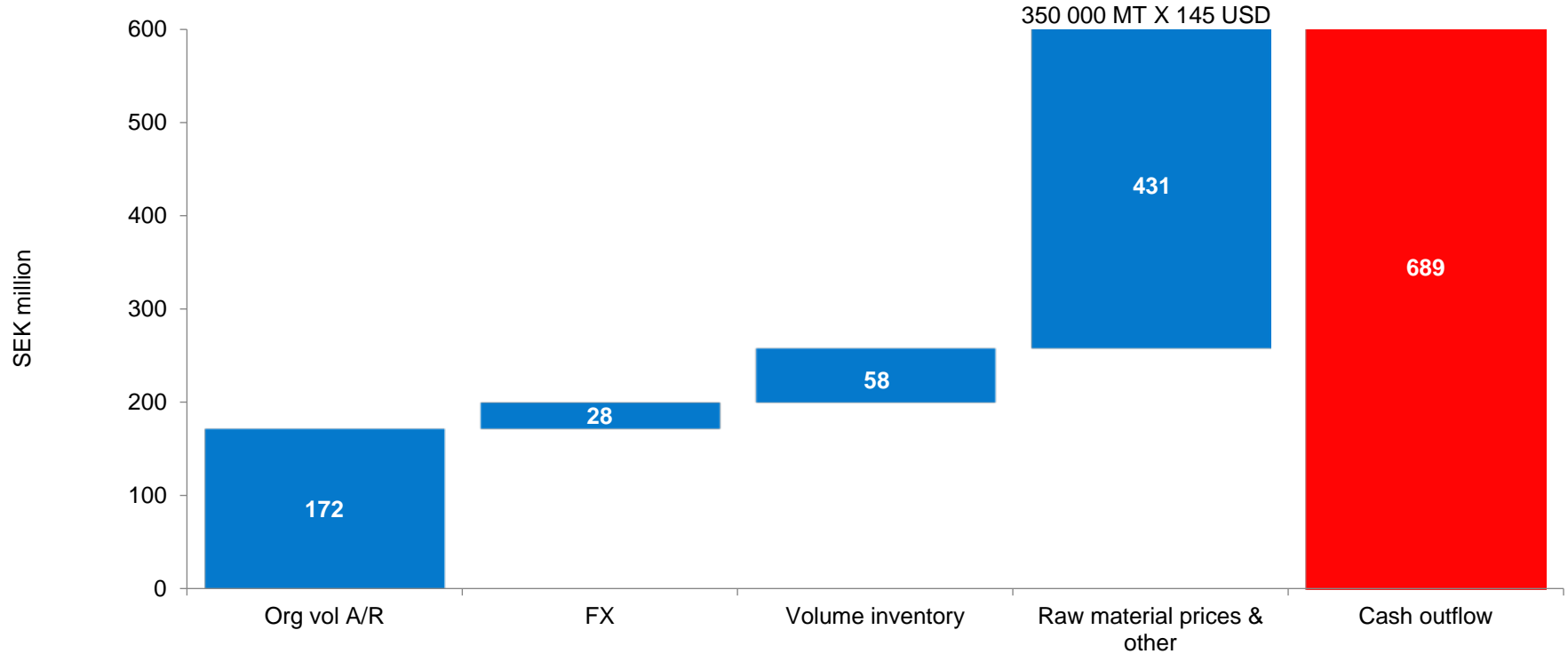


# Cash flow

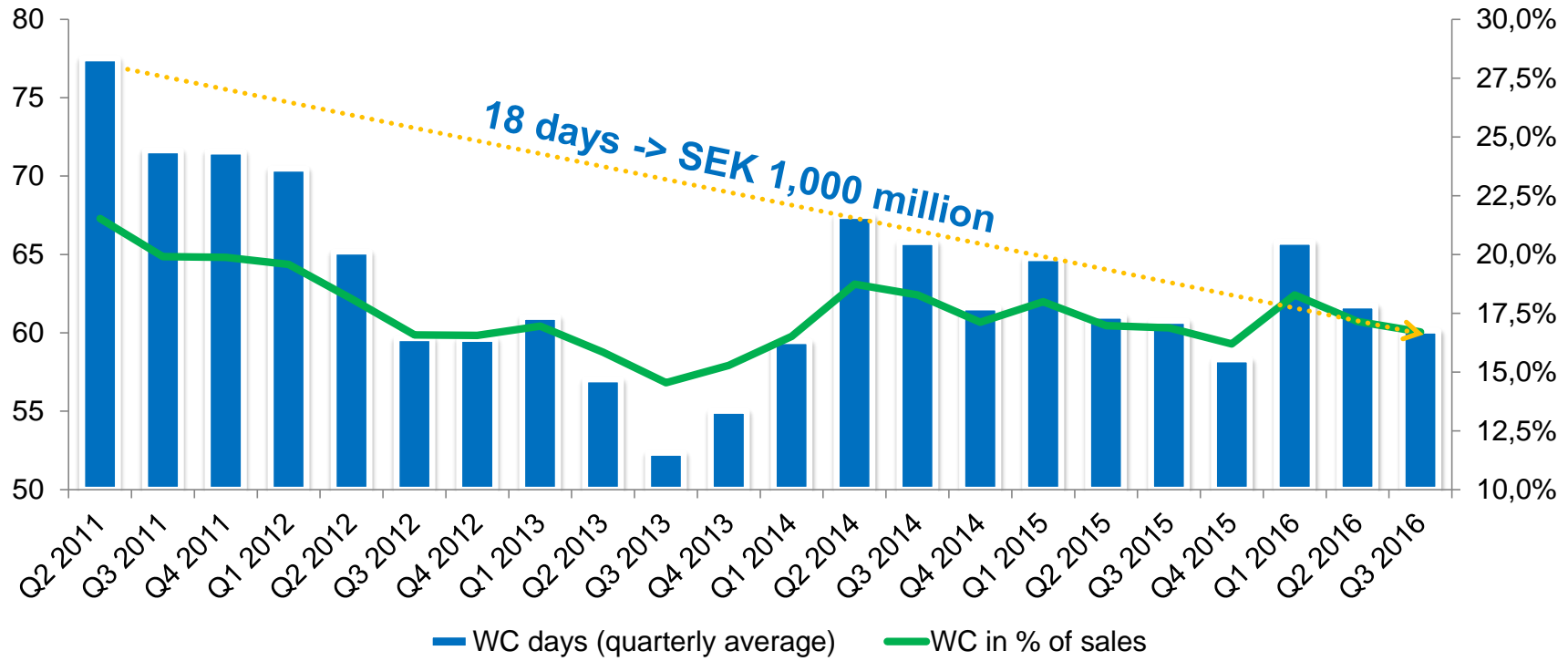
SEK million	Q3 2016	YTD 2016	Q3 2015	YTD 2015	FY 2015
EBITDA	530	1,505	479	1,351	1,840
Paid interest	-49	-121	-28	-85	-114
Paid tax	-134	-325	-84	-199	-270
Non-cash items	-15	-1	-28	-80	-100
Change in working capital (WC)	-467	-689	-81	88	380
<b>Cash flow from operating activities incl. changes in WC</b>	<b>-135</b>	<b>369</b>	<b>258</b>	<b>1,075</b>	<b>1,736</b>
Cash flow from investments	-708	-1,094	-234	-467	-1,016
<b>Free cash flow</b>	<b>-843</b>	<b>-725</b>	<b>24</b>	<b>608</b>	<b>720</b>

- Cash flow from working capital was negative, amounting to SEK 467 million (negative 81)
  - The increase in working capital was mainly related to the substantially increased raw material prices during the last quarters, combined with working capital tied up for the two greenfield investments
  - The higher raw material prices and the greenfield investments will continue to have a negative impact on working capital during 2016
- Cash outflow from investing activities amounted to SEK 708 million (234). The increased outflow is mainly related to the acquisition of CalOils and the on-going greenfield projects in Brazil and China

# Working capital cash flow YTD 2016

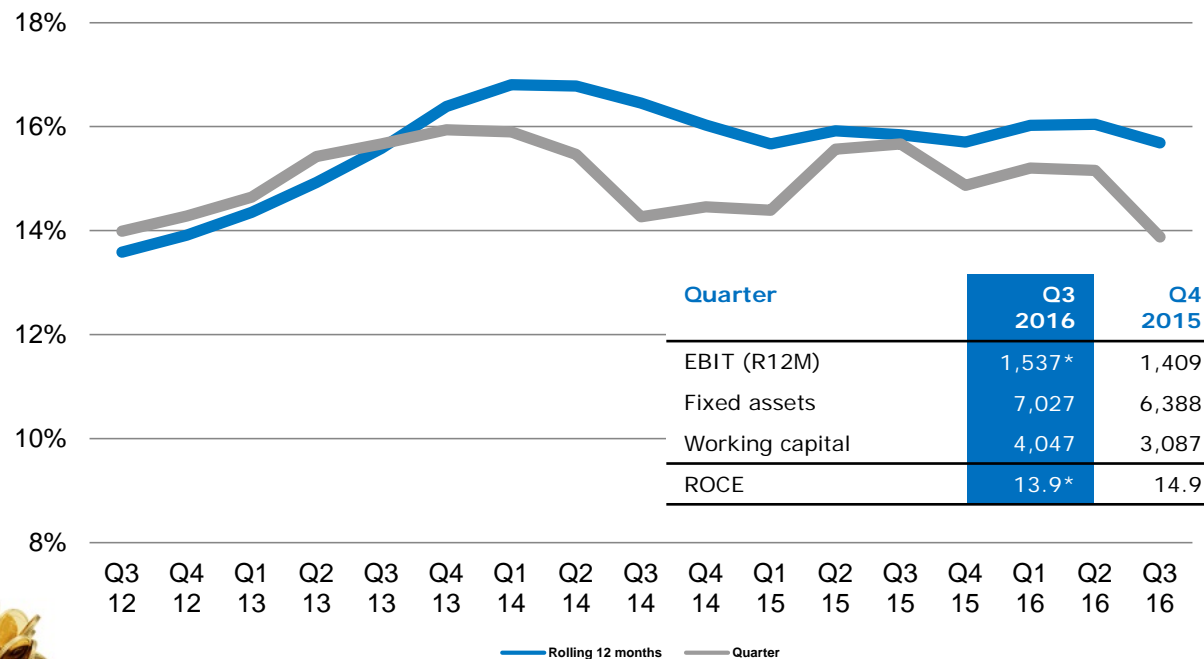


# Working capital





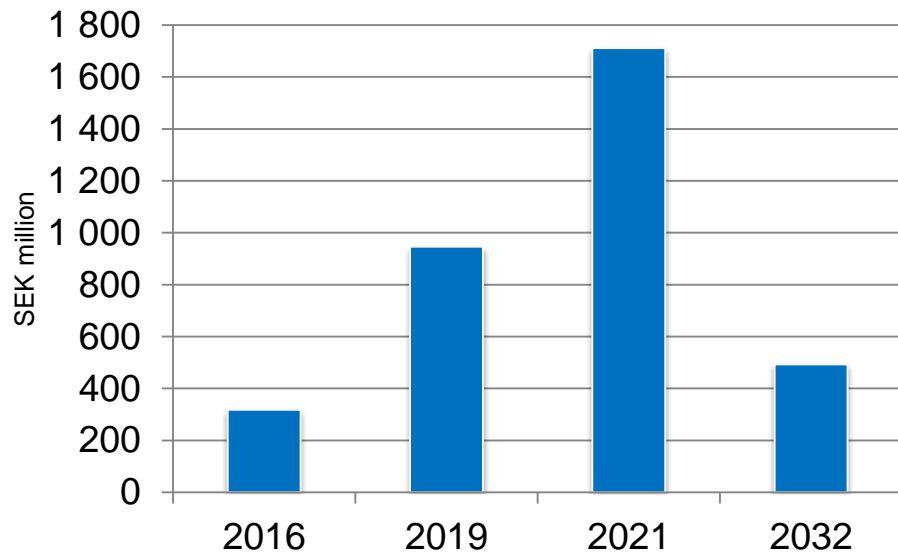
# ROCE – third quarter 2016



\* Excl non-recurring costs and acquisition costs, EBIT SEK 1,568 million and ROCE 14.2 percent

# Solid debt portfolio

## Maturity profile of interest-bearing debt



Average maturity of long-term loans is 5.0 years

- Interest-bearing debt SEK 3,165 million as at September 2016

- Average cost of debt 4.5%

## Main financing sources

- EUR 400 million club loan
  - Maturing in H1/2021
- SEK 1 400 million multi-currency facility
  - Maturing in H1/2019

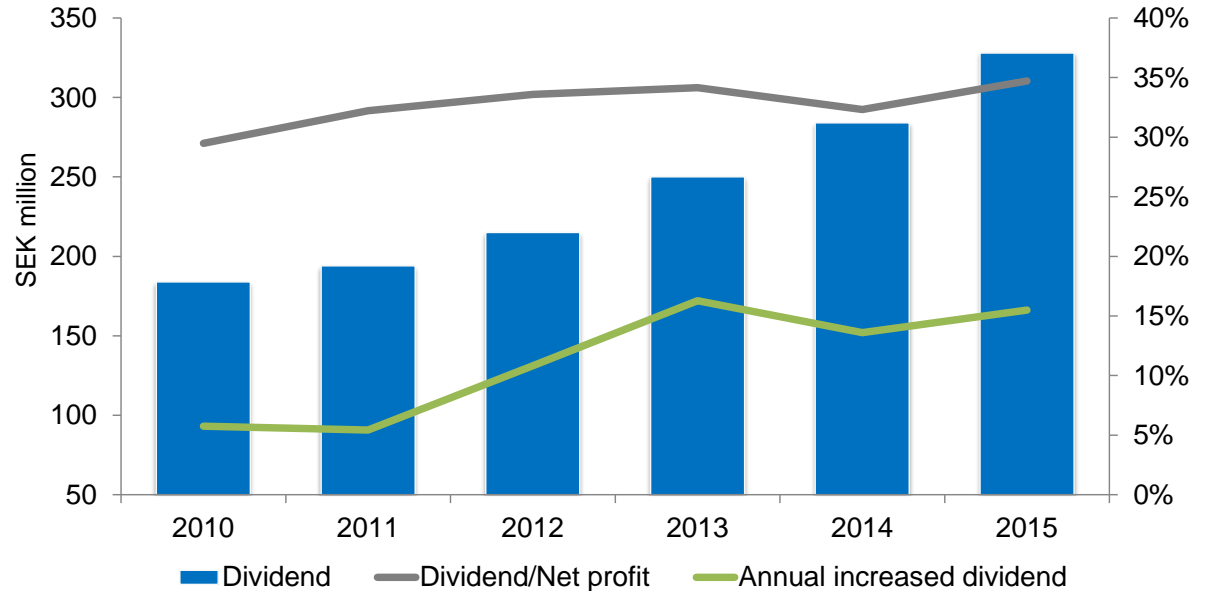
## Back-up facilities

- SEK 500 million, mortgage loan
- SEK 990 million, other facilities

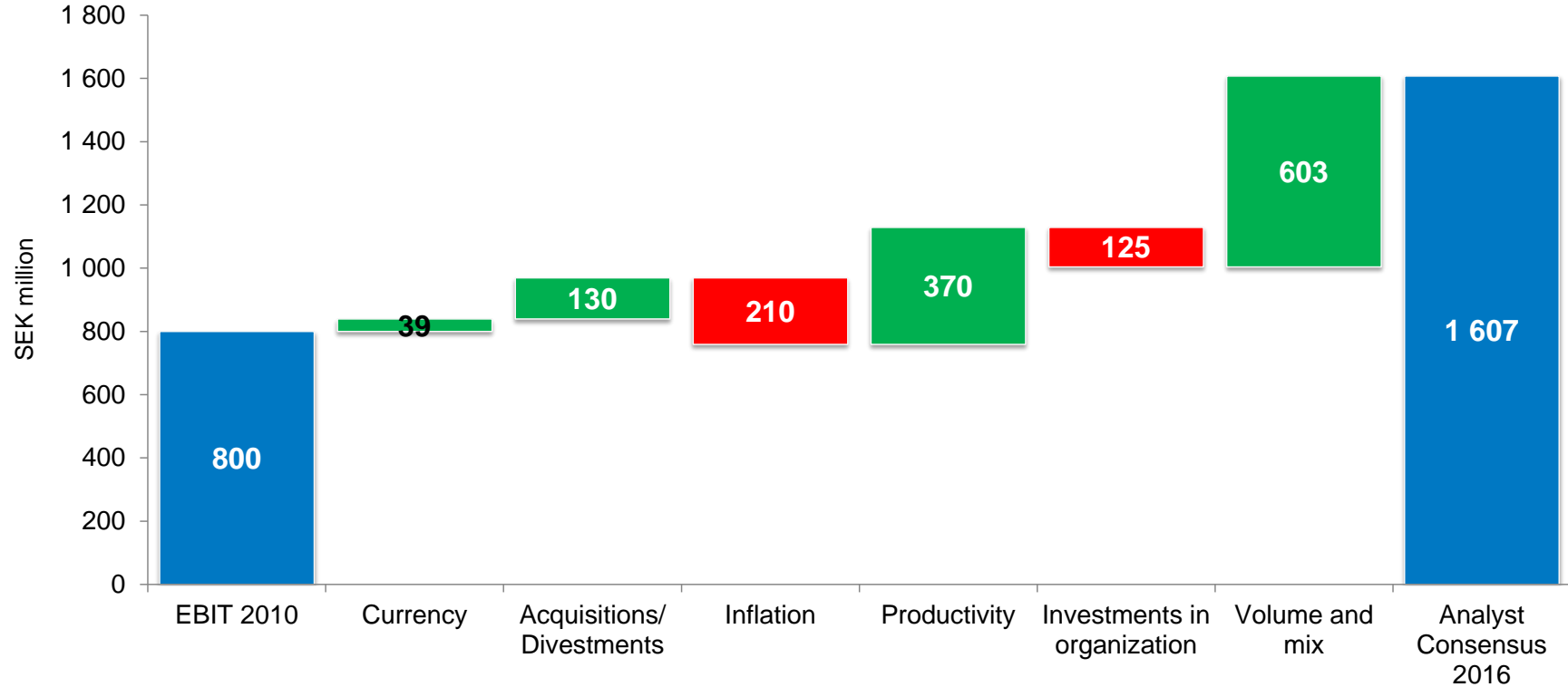


# Dividend policy

- ◆ Strive to pay stable dividend linked to the long-term performance – 30 to 50% of the consolidated profit after tax

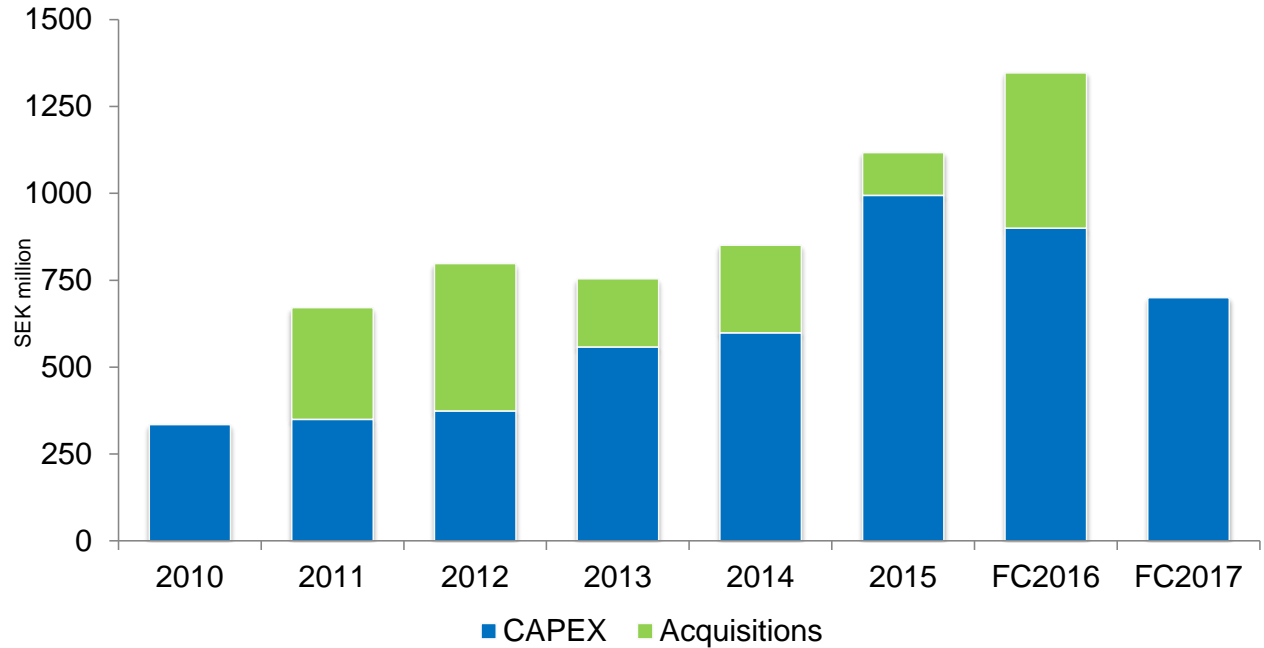


# Follow-up on the "Management ambition"\*



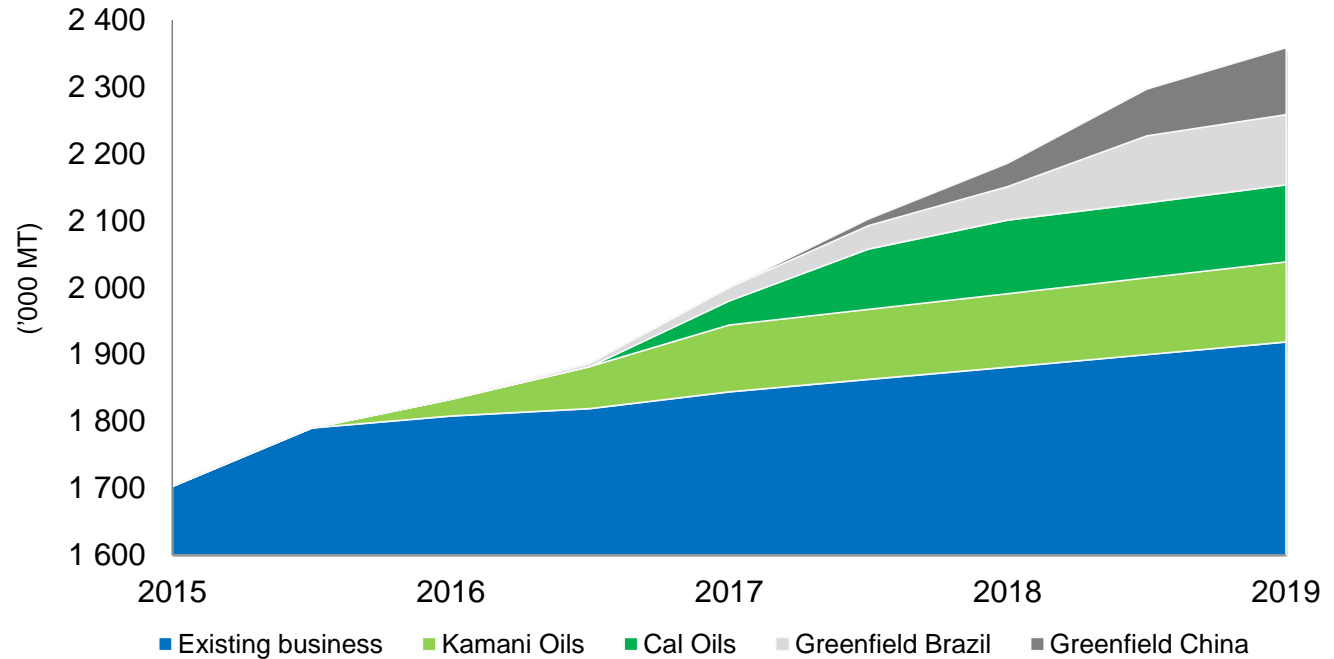
\*As expressed at the Capital Market Day November 10, 2010 and at fixed exchange rates

# Investing for future growth

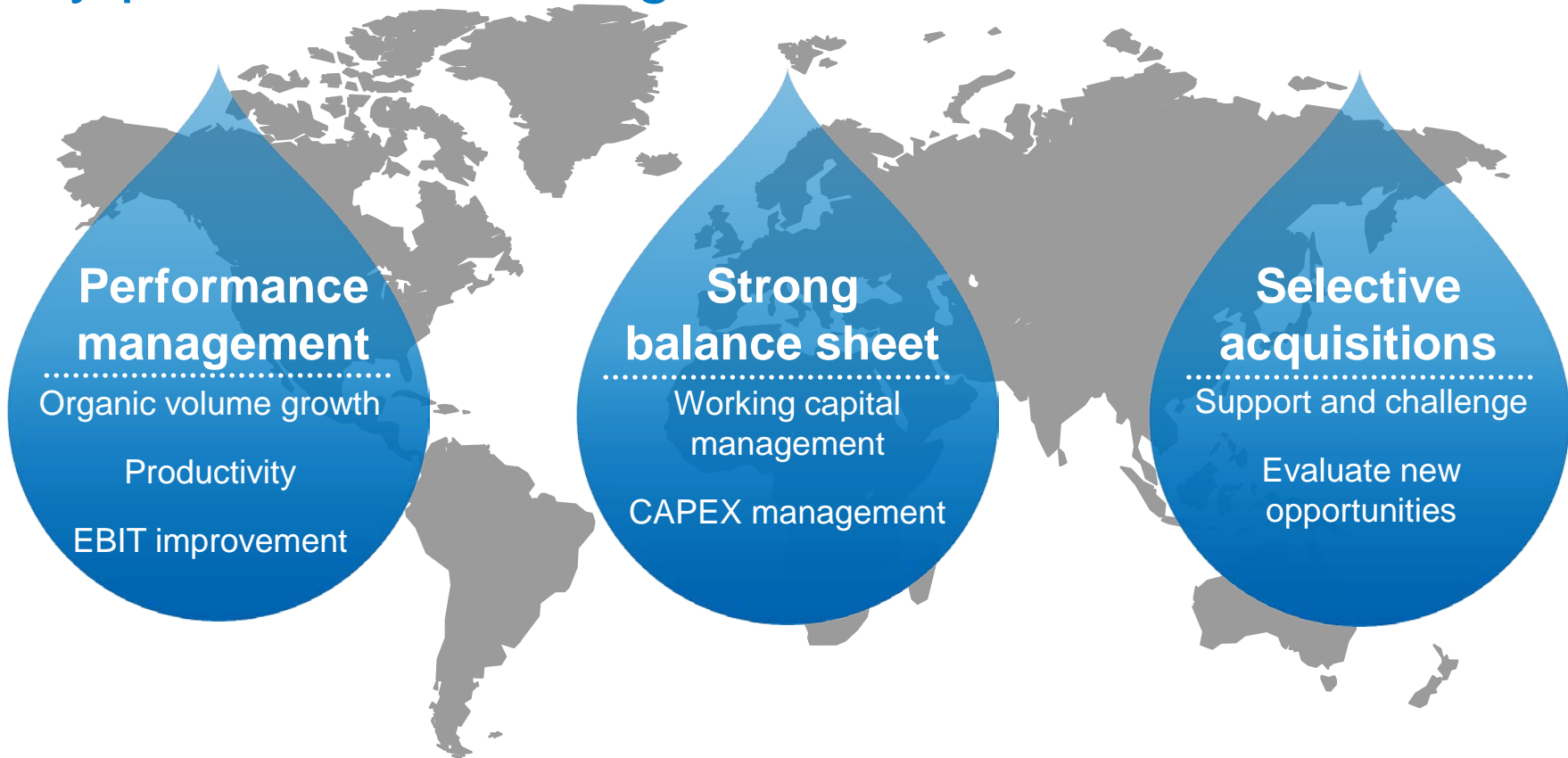




# Potential volume growth from acquisitions and greenfields



# Key priorities on our agenda



# AAK investment case highlights

1

Above the  
market growth

2

Average 10%  
year-over-year  
operating profit  
Improvement\*

3

Strong balance  
sheet supporting  
further growth

4

Very strong  
underlying growth  
drivers

- ◆ Health
- ◆ Demographics
- ◆ Costs
- ◆ Urbanization

\* Excl. acquisitions and at fixed FX



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



**AAK**