Today’s agenda

1. Global performance
2. Global market
3. Future direction
4. Key takeaways
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Infant Nutrition – performance

**Volume (’000 MT)**

- 2010: 10
- 2012: 20
- 2014: 30
- 2016: 40

**Operating profit (SEK million)**

- 2010: 100
- 2012: 120
- 2014: 150
- 2016: 200

**Operating profit per kilo (SEK)**

- 2010: 0.50
- 2012: 1.00
- 2014: 2.50
- 2016: 3.00
AAK Infant Nutrition at a glance

- Global organization
  - Sales
  - Marketing
  - R&D
  - Product management
  - Customer innovation

Serving customers from 12 plants around the world

AAK US
AAK Mexico
AAK UK
AAK Netherlands
AAK Sweden
AAK Belgium
AAK Brazil
AAK Turkey
AAK China Q1, 2017
AAK Asia-Pacific
AAK Kamani
Infant Nutrition – our value proposition to the industry

**Akonino®**

- Growth in the current markets:
  - US, Europe, India, China
  - Double-digit organic volume growth
- New markets:
  - Pakistan, Iran, Australia, Brazil
- Growth in tailor-made blend portfolio:
  - Multi-oil blending
  - Organic oils
- Egg phospholipids:
  - New customers in: Europe, China, Korea

**INFAT**

INFAT is sold and marketed by Advanced Lipids*

- Double-digit organic volume growth
- New customers and markets:
  - US, China, NZ, Australia, Korea, Europe
- Product portfolio:
  - New blends
  - Growth in the high value concentrate

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* Advanced Lipids is a joint venture of AAK and Enzymotec
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Trends driving growth

Economic Growth and job creation

Global GDP growth

Increasing number of women in workforce

Women in the workforce (in millions)

Middle class and dual income families emerge

Growth in middle class (in billions)

Increasing spend on premium nutrition

Premium category sales (% of total)

Sources: Euromonitor International, September 2016, World Bank & AAK
Attractive industry

- One of the fastest-growing packaged food categories in the world
- Future increase in Chinese birth rate
- Expanding for wider sales channels
- Value growing faster than volume

Sources: Euromonitor International, September 2016 and AAK
China – the key market

- Premium category growing
- E-commerce continuing to grow
- Regulatory changes in 2016
- Customer consolidation
- Future birth rate growth

Yearly birth rate in China

Sources: China National Bureau of Statistics, September 2016 and AAK
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Importance of lipids in nutrition

- Lipids are essential nutrients and a vital energy source for healthy development throughout the human life.

- **Brain development and brain health**
  - Long-chain polyunsaturated fatty acids and phospholipids

- **Bone strength**
  - High omega 3 oils

- **Reduced inflammation**
  - High omega 3 oils

- **Improved digestion and energy uptake**
  - MCT and omega 9 oils

- **Heart health**
  - Low saturated fat, high omega 3 oils, phytosterols
Expanding to wider special nutrition markets

INFANT NUTRITION + SENIOR NUTRITION + MEDICAL NUTRITION

New markets – New opportunities – New solutions
Expanding to wider special nutrition markets – Senior Nutrition

- The elderly group in developed economies will grow from 164M in 2015 to 222M by 2030 → 35%
- The older consumers are increasingly focused on staying healthy for longer
- The 60+ age group has high spending power → 60% of total urban consumption growth in WE and Northeast Asia

Sources: US Consensus bureau and AAK
Expanding to wider special nutrition markets – Medical Nutrition

- Growth market due to aging population, CAGR of 4.6% (2014–2021)
  - Parenteral nutrition, CAGR of 5.1%
  - Enteral nutrition, CAGR of 4.4%

- Rising demand for health care services globally
- Higher health care spending in emerging markets

- AAK Medical Nutrition – today
  - Parenteral and enteral nutrition categories
  - Several customers in Europe
  - Tailor-made oils to meet specific nutritional and regulatory requirements

Source: Kalorama information 2014 Medical Nutrition
Leverage a well-positioned business for future growth medium and long term

- End consumers have **similar needs**
- **Go-To-Market** synergies
- **Tailor-made** blends
- Sourcing special oils
- Regulatory and **food safety**
AAK capabilities for wider nutrition platform

- AAK has strong **knowledge** and a **solid reputation** within speciality oils and fats

- Global production **footprint**

- Global commercial and knowledgeable **Customer Innovation** team

- **Customer Co-Development** approach

- FDA approved facility (GMP, API) for medical nutrition
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Key takeaways – special nutrition

- **Infant Nutrition – further growth**
  - One of the fastest-growing packaged food categories
  - Global production footprint and Go-To-Market organization
  - Tailor-made solutions to match customer needs
  - Robust project pipeline

- **Senior and Medical Nutrition – new growth areas**
  - Global aging population
  - Increasing project pipeline
  - Synergies with Infant Nutrition
  - Strong value propositions