

A man with grey hair, wearing a brown suit, white shirt, and blue patterned tie, stands in front of the Great Wall of China. The wall stretches across the background, set against a backdrop of green mountains and a cloudy sky. A large blue teardrop-shaped graphic is overlaid on the left side of the image.

Torben Friis Lange
President Asia and
Chairman Global Sourcing
and Trading

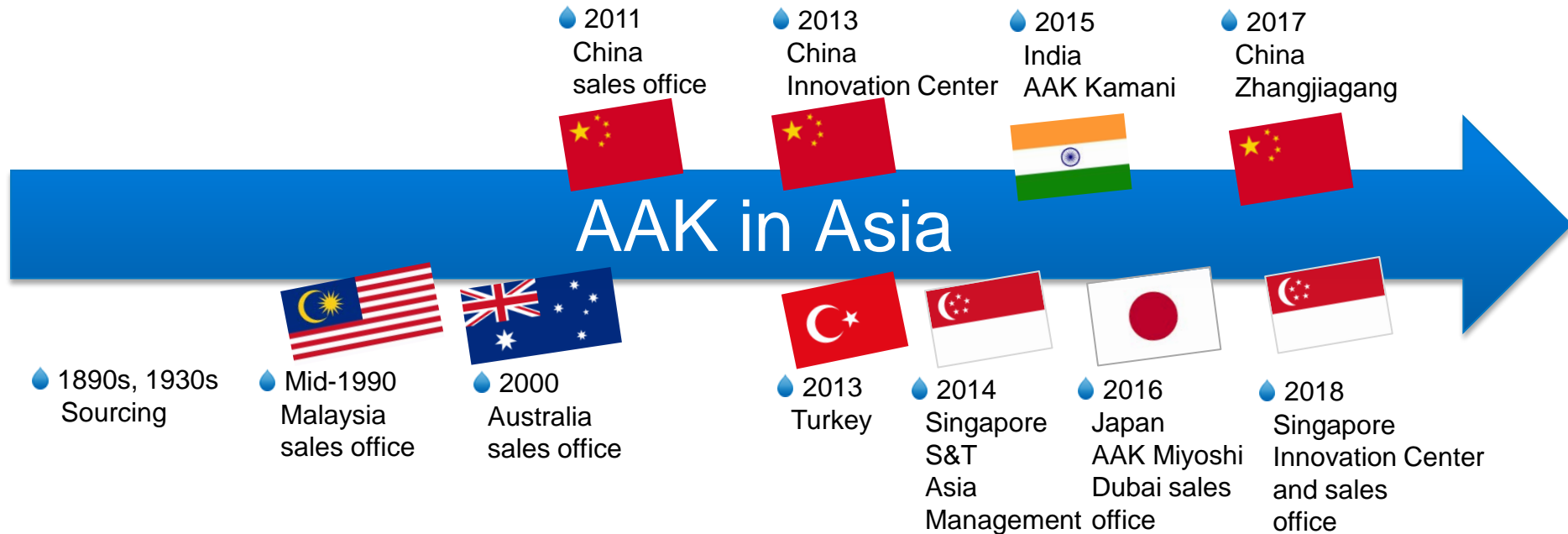
Asia update
special focus area
China



Agenda

- 1 AAK Asia evolution
- 2 Updates: Japan, India and Turkey
- 3 Macroeconomic landscape in China
- 4 Market landscape: Customers and consumers in China
- 5 AAK China capabilities
- 6 Business performance
- 7 AAK China in the coming years

AAK Asia Evolution





Update – Japan

- ◆ Created JV early 2016: AAK Miyoshi Japan
- ◆ Production facilities for AAK, first phase of products was developed during 2016
- ◆ First customer approvals and deliveries in 2017
- ◆ Customer dialogues, introducing AAK's products in the Japanese market
- ◆ Yearly technical seminar with participating by AAK global experts and international and Japanese experts
- ◆ The Japanese market for chocolate is growing despite the shrinking population
- ◆ AAK is also focusing on Nutrition targeting the senior segment



Update – India

- ◆ GDP growing at 7%
- ◆ Private consumption led GDP growth
- ◆ Per capita income expected to double by 2025; drive consumption growth in snacks, dairy and outside home meals
- ◆ Investments in capacity and innovation capabilities
- ◆ Strong engagement with multinationals and local customers on co-development platform
- ◆ Strong pipeline of value-adding products for both Industrial and Foodservice segments
- ◆ General Sales Tax and demonetization have negatively impacted 2017
- ◆ A clear positive impact



Update – Turkey

- ◆ GDP growing at 5%
- ◆ Consumer confidence
- ◆ Growth in food/special foods
- ◆ High growth in Artisan products
- ◆ Co-development strategy with multinationals in Turkey and local producers increased wins in projects
- ◆ Serving more than 7,500 various end customers in Foodservice
- ◆ AAK Academies all around Turkey with specialized chefs to demonstrate AAK technologies

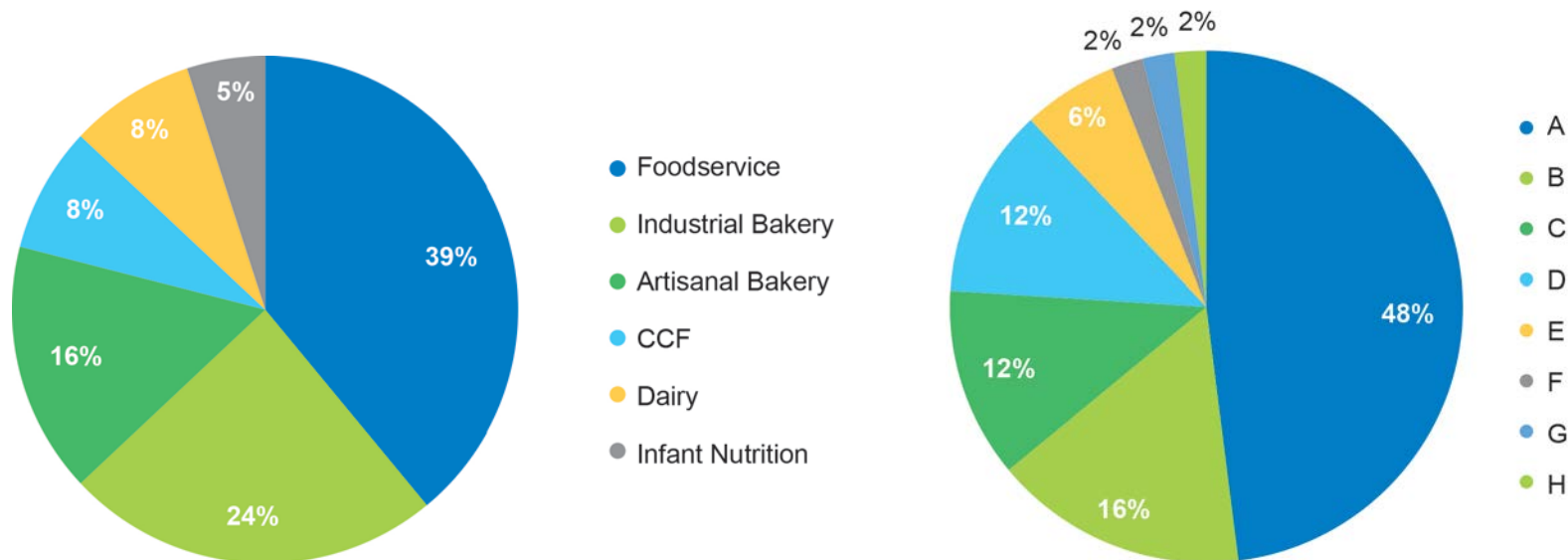
A scenic view of the Great Wall of China winding along a rocky ridge, surrounded by lush green trees and distant mountains under a cloudy sky. A large blue teardrop-shaped graphic is overlaid on the left side of the image.

Special focus
area
China

AAK

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

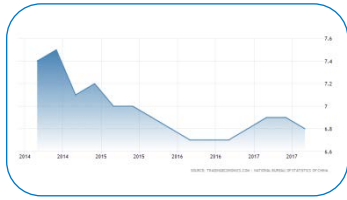
China speciality and semi-speciality oils and fats market 1,310,000 MT



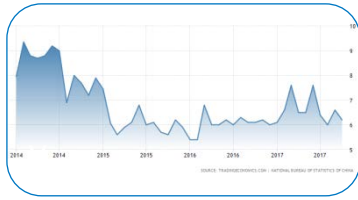
AAK China – significant growth opportunities and many challenges

Macroeconomic landscape

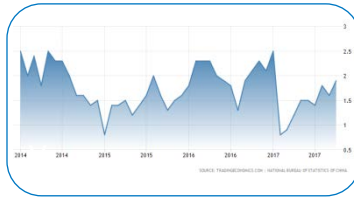
China economic environment...



GDP growth



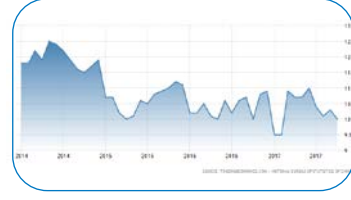
Industrial production



Inflation



Unemployment



Retail sales

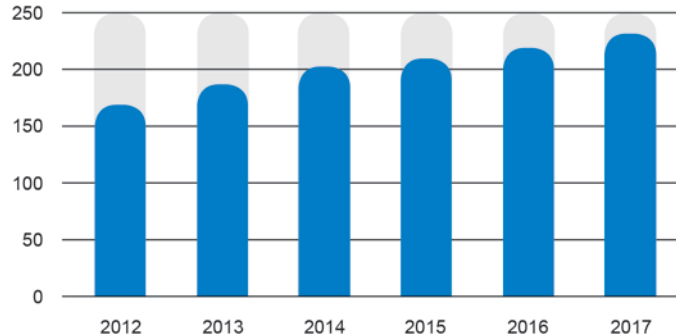
- ◆ China GDP growth 6.9% this year, it's still a very robust economy
- ◆ 19th National People Congress has set the tone for the next five years
- ◆ Consumer confidence has been steadily built up. Domestic consumption is booming
- ◆ Improved business environment thanks to the effective anti-corruption campaign
- ◆ Industrial activity and retail sales are quite positive

Source: Trading Economics, National Bureau of Statistics of China

Market landscape

Customers and consumers

- ◆ China population 1,379 million
- ◆ Packaged food market
 - ◆ 2017: US\$ 232 billion
 - ◆ CAGR 2012–17: (6,6%)



Source: Euromonitor

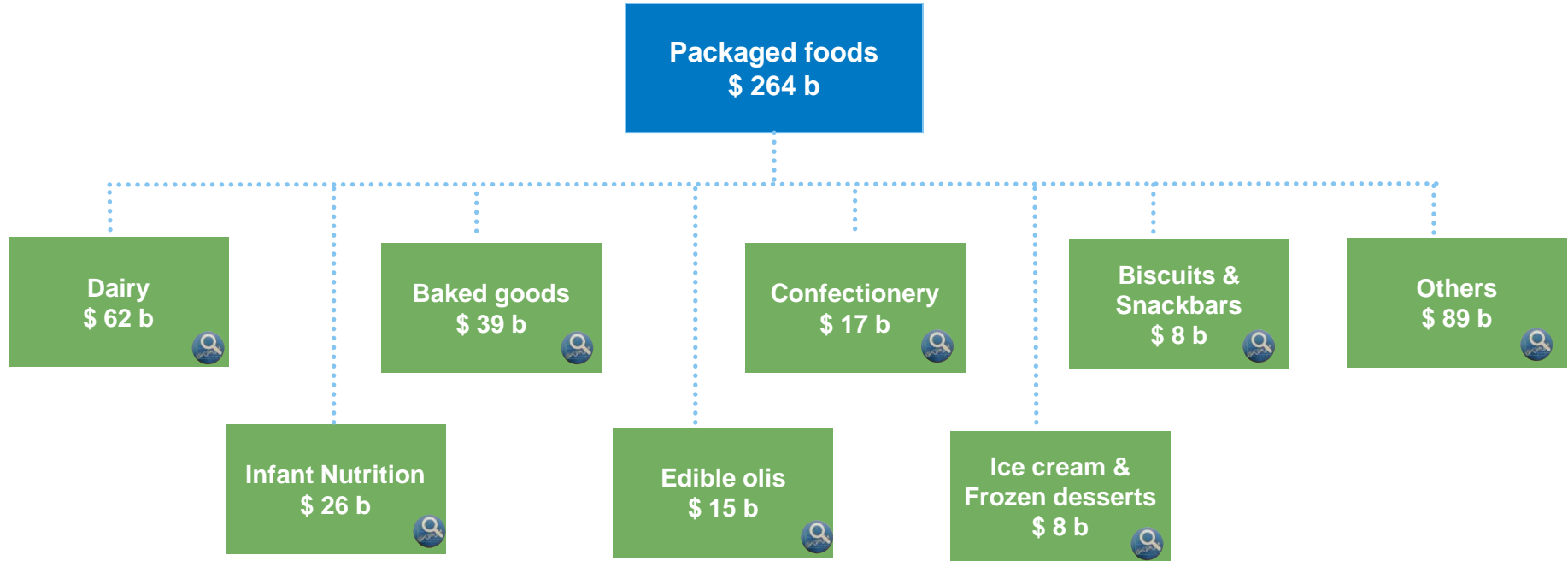


- ◆ Overall growth in line with GDP growth
 - ◆ Consumers become more demanding in terms of product quality, fast delivery and access channels
 - ◆ Manufacturers start to focus on innovation rather than endless price competition
 - ◆ The booming e-commerce has narrowed the gap between upper tier cities and lower tier cities

Market landscape

Customers and consumers

Forecast 2020



Source: Euromonitor - Forecast 2020

Market landscape China

Key product categories 2017, growth and forecast



Baked goods

12,3%

10,7%



Ice cream

1,4%

1,9%



Biscuits

1%

2,7%



Confectionery

0,4%

3,1%



Infant Nutrition

7,1%

6,2%



Dairy

2,5%

4,1%



Volume 2017



Volume CAGR 2017-2021

Source: Euromonitor - China

Market landscape – China

Customers and consumers trends and drivers...

Consumers

Affordability
High quality
Aspiration
“Accessible”
Health & Wellness
Nutrition & Balance
Convenience
Safety



Customers

Affordable Portfolio
Price stability
Productivity,
efficiency & savings
Co-Development
New Product
Development
Quality



Play to win

- ◆ Focus on multinationals 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 based on health, nutrition and functionality
- ◆ Focus on specialities
- ◆ Zhangjiagang state-of-the-art and flexible
- ◆ Strong technical capabilities and unique technology

Building Co-Development partnerships through AAK ACADEMY™

Tradeshows

- FIC 2017 and seminar
- Bakery China 2017 in Shanghai

Academy

- FIC Academy
- Infant Nutrition Academy
- CCF Academy
- Bakery Academy

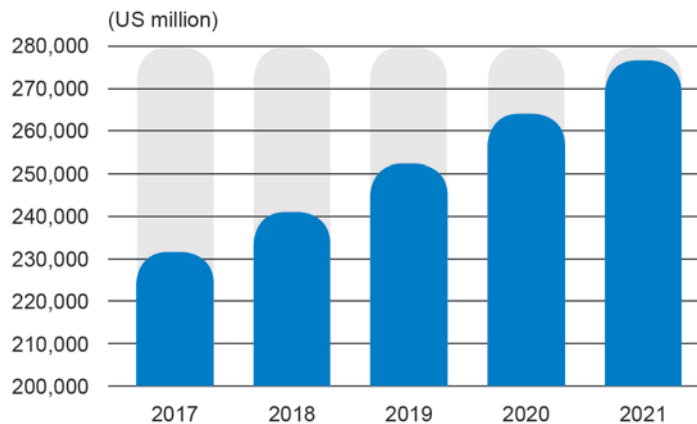
Distributor conference



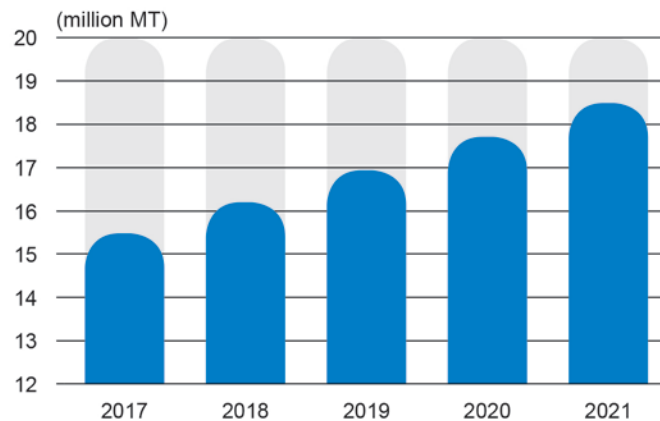
Market landscape

2018 – 2021 promising growth ahead...

China packaged food sales



Oils & Fats consumption

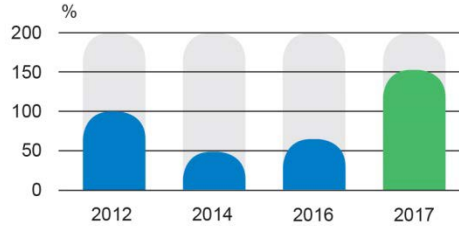


Source: Euromonitor

AAK China

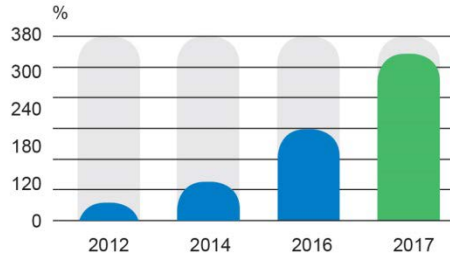
Business performance and highlights

Organic volume growth

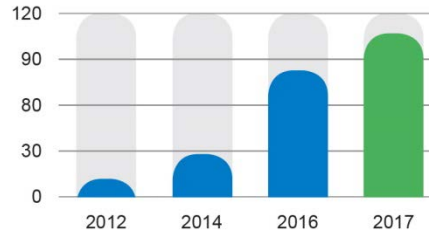


CAGR: 119%

of customers

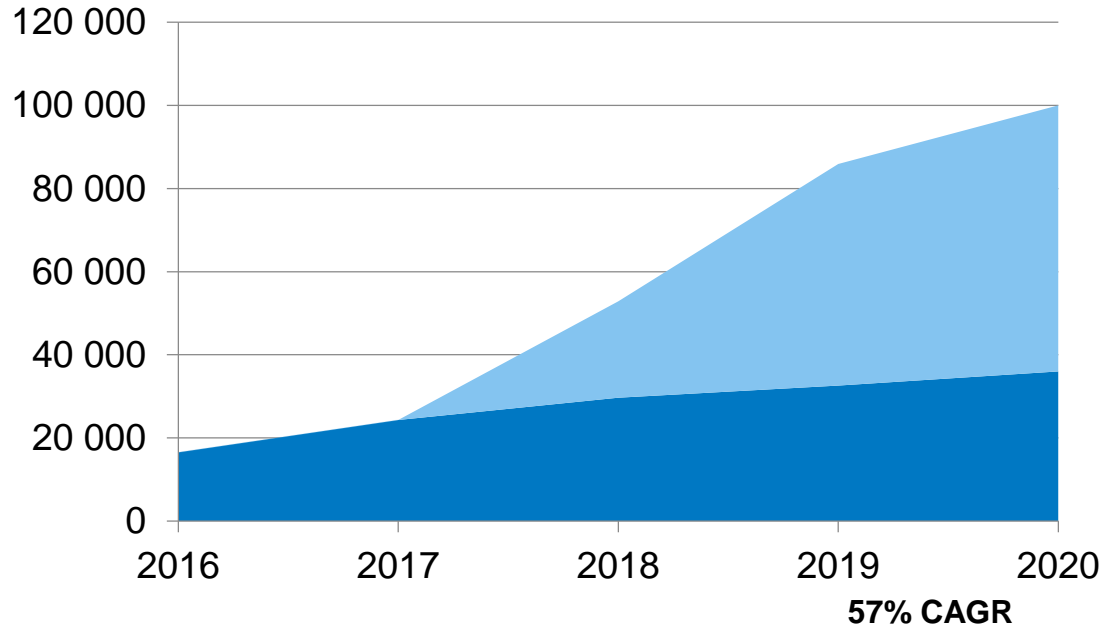


of employees



AAK China

Volume Ramp-Up



Vol in MT.





Thank you!

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