

A portrait of Fredrik Nilsson, a man with short brown hair and glasses, wearing a dark blue suit, a light blue shirt, and a green and blue striped tie. He is looking directly at the camera with a slight smile. The background is a blurred image of financial charts and data.

Fredrik Nilsson
Chief Financial Officer
and acting Chief Executive Officer

CFO update

How we measure success

Important financial KPIs

**Organic volume
growth**
Higher than market growth


Operating profit
Double-digit growth

ROCE
A balancing act

**Strong balance
sheet**
Net debt / EBITDA < 3.0

Free cash flow
Cash is king

AAK's performance – a history of success (CAGR)



Volume*
+7.9%

**Operating profit
improvement***
+11.5%

**EPS
improvement***
+8.3%

**Dividend
increase***
+10.5%

* CAGR 2010 - 2017



Good progress in most of the focus areas 2017

◆ Organic growth

- ◆ 5% higher than underlying market growth

◆ Operating profit

- ◆ > 10% year-on-year improvement

◆ Return on capital employed (ROCE)

- ◆ Has started to increase again after greenfield investments and acquisition of California Oil Corporation

◆ Strong balance sheet

- ◆ Net debt / EBITDA < 1.5

◆ Free cash flow

- ◆ Challenge due to higher raw material prices
- ◆ Working capital days remain flat

Income statement

Volume*, (‘000 MT)

2017	2016	Change	%
1,579	1,442	137	10%

Operating profit, SEK million

2017	2016	Change	%
1,315	1,180	135	11%

Operating profit per kilo*, SEK

2017	2016	Change	%
0.83	0.82	0.01	1%

Financial net, SEK million

2017	2016	Change	%
94	124	-30	-24%

Tax, SEK million

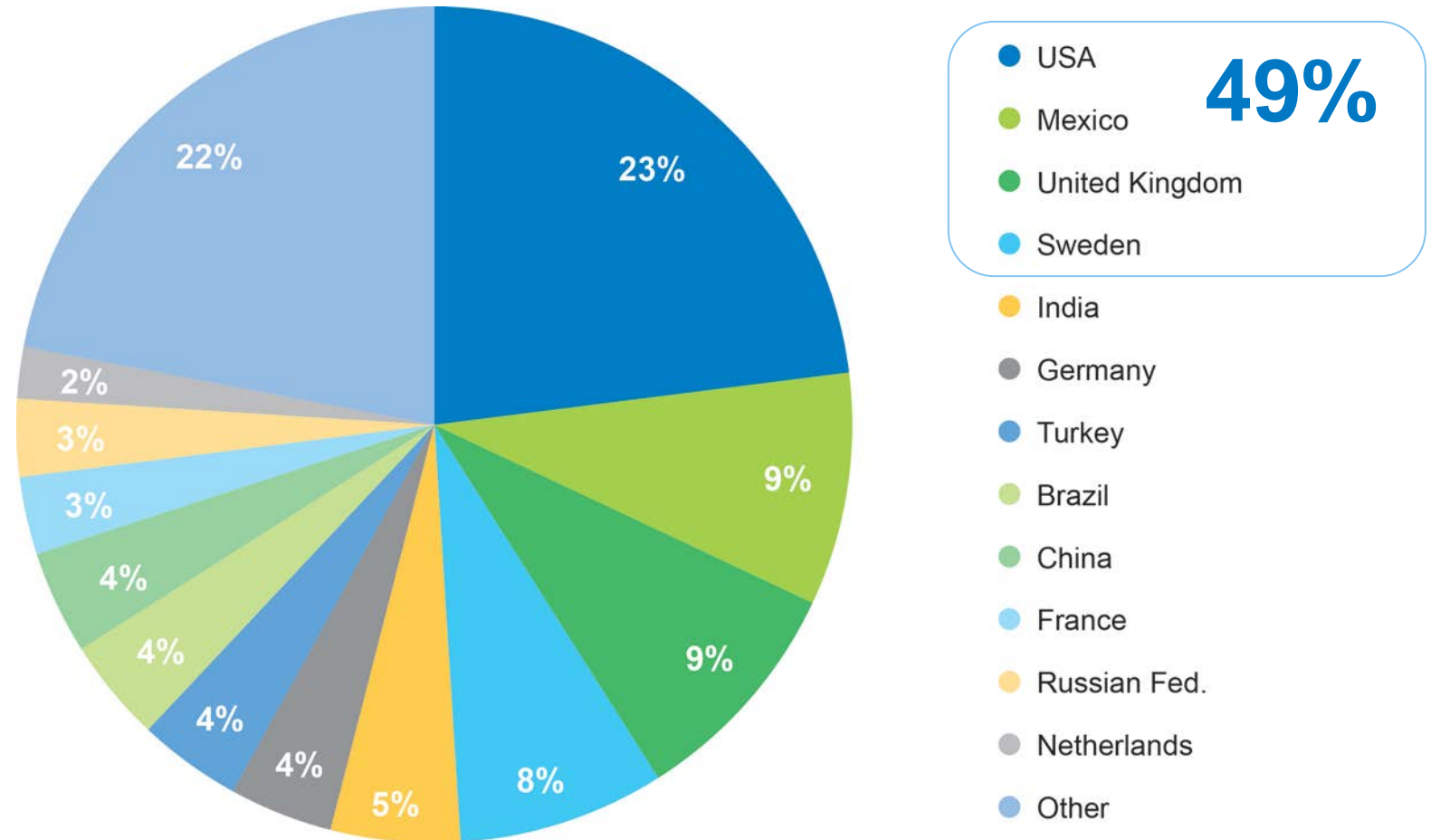
2017	2016	Change	%
358	288	70	24%

Earnings per share, SEK

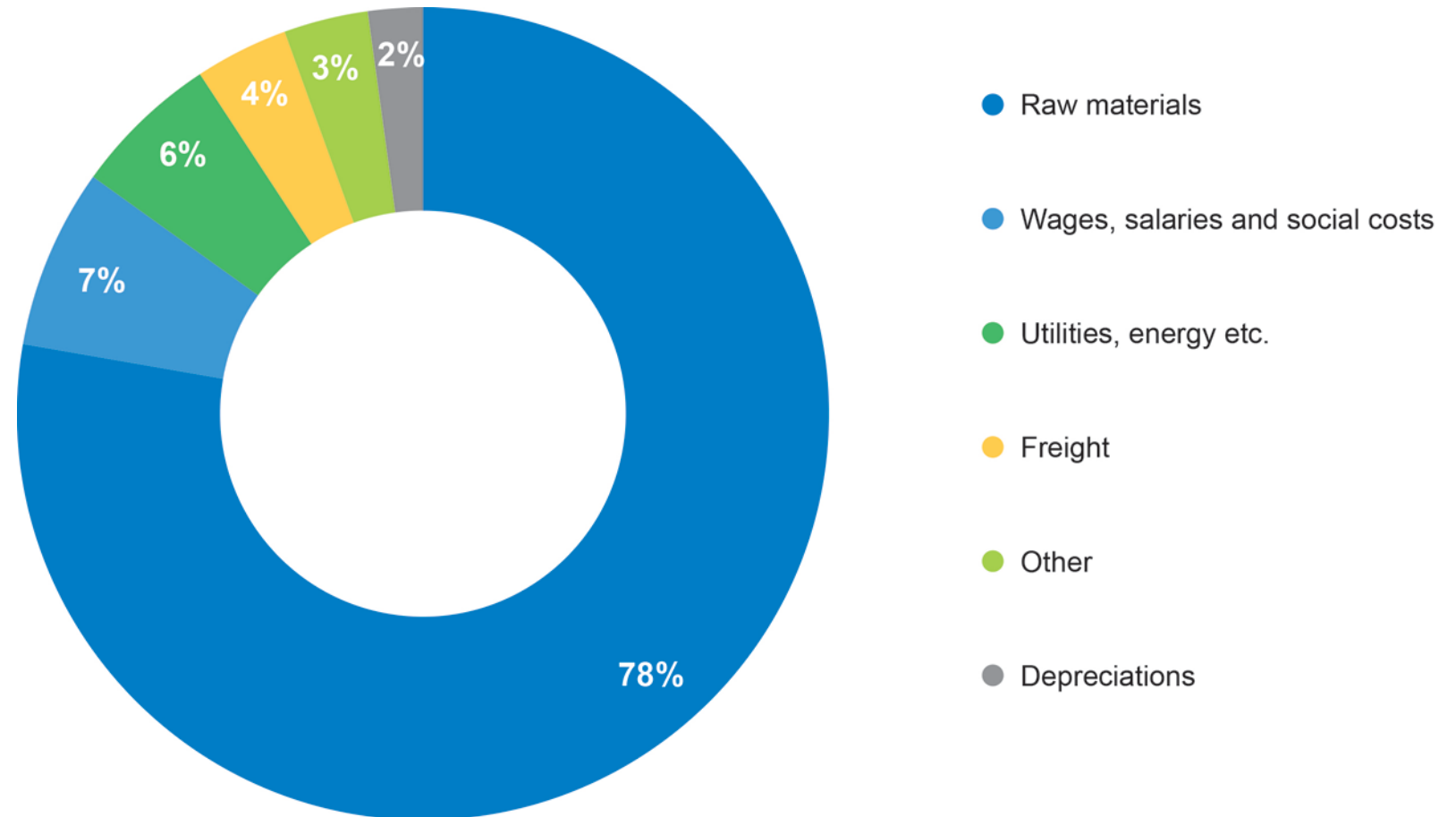
2017	2016	Change	%
19.9	17.0	2.9	17%

* Excluding non-recurring items and acquisition costs











Revenue split by country



Split of costs



FX exposure

	Movement vs SEK	EBIT impact
USD		
MXN		
GBP		
EUR		
TRY		



Balance sheet, SEK million

Total non-current assets

2017	2016	Change	%
7,153	7,027	126	2%

Working capital

2017	2016	Change	%
4,447	3,582	865	24%

Net debt

2017	2016	Change	%
3,233	3,165	68	2%

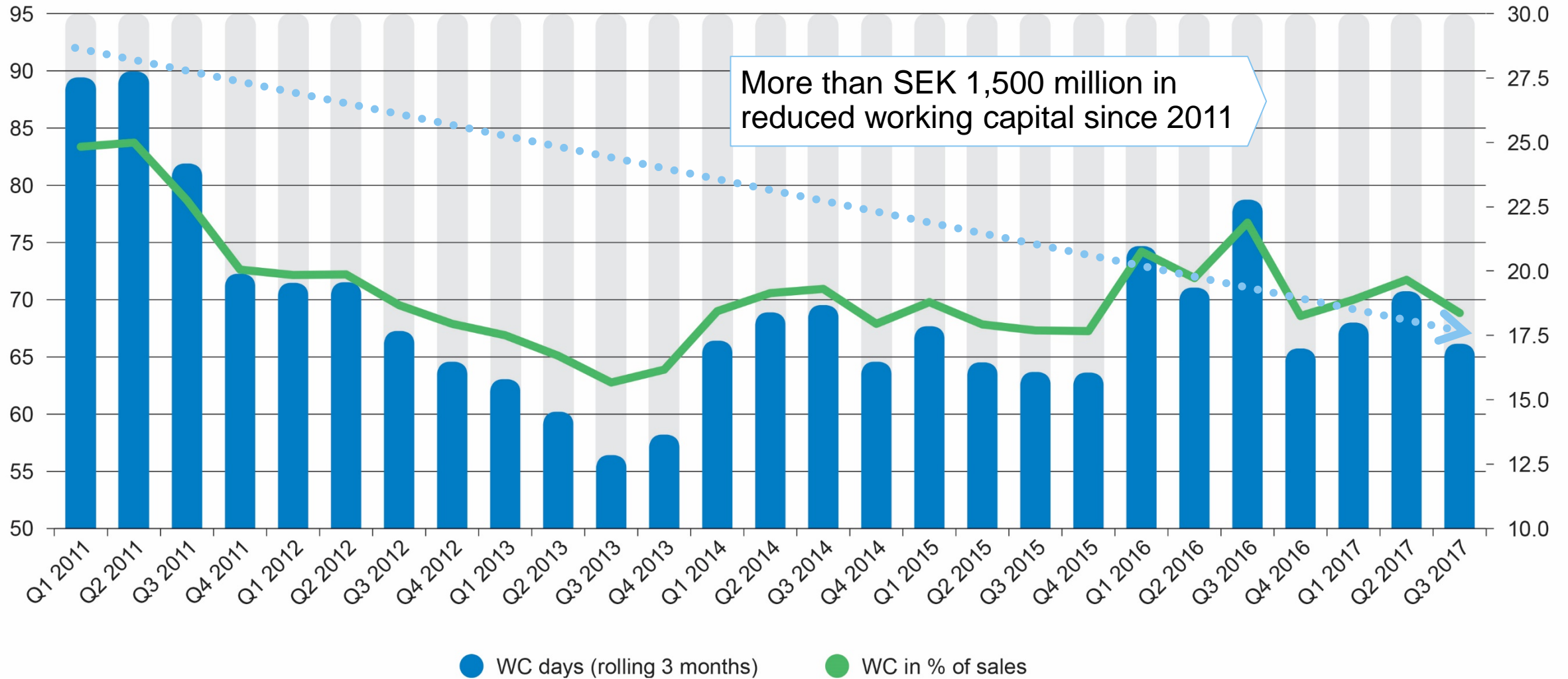
Net debt / EBITDA, multiple

2017	2016	Change	%
1.43	1.59	-0.16	-10%

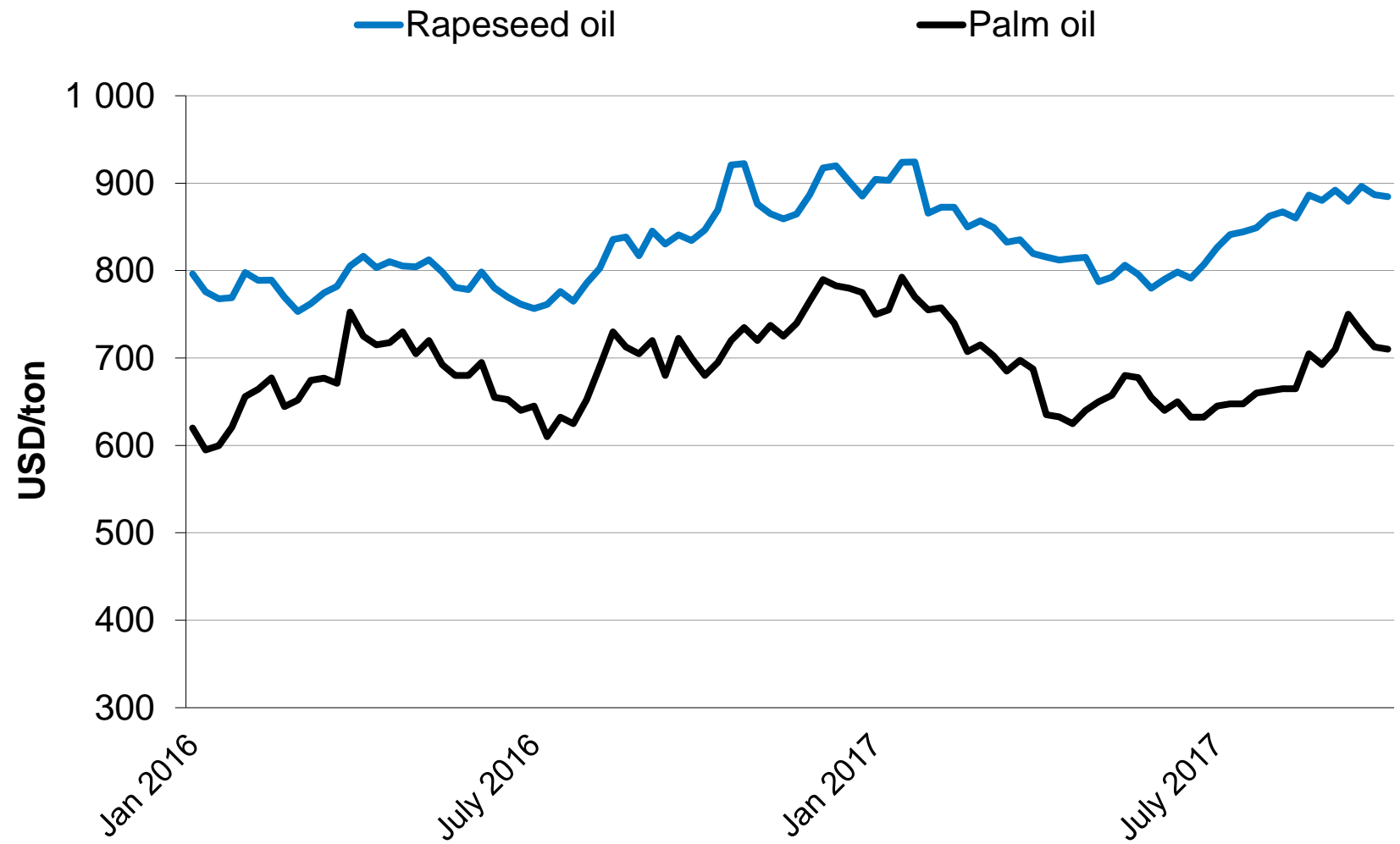
Equity to asset ratio, %

2017	2016	Change	%
45%	44%	1	2%

Working capital



Raw material prices



Cash flow

SEK million	Q3 2017	YTD 2017	Q3 2016	YTD 2016
EBITDA	595	1,680	529	1,505
Paid interest	-35	-99	-49	-121
Paid tax	-98	-385	-134	-325
Non-cash items	-126	-291	-14	0
Change in working capital (WC)	156	-650	-467	-689
Cash flow from operating activities incl. changes in WC	492	255	-135	370
Cash flow from investments	-175	-519	-708	-1,094
Free cash flow	317	-264	-843	-725

Return on Capital Employed (ROCE)

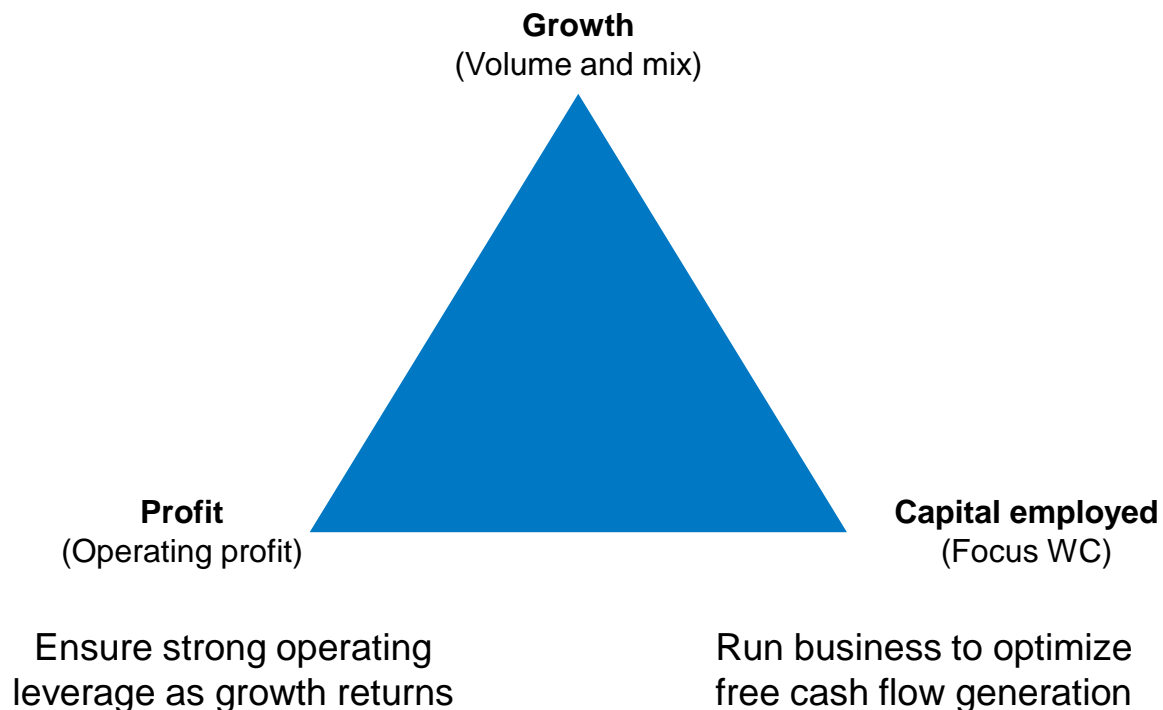
We target a gradual and continuous improvement

ROCE end Q3 2017*
15.4%

EBITA LTM
SEK million
1,765

**Capital
employed**
SEK million
11,448

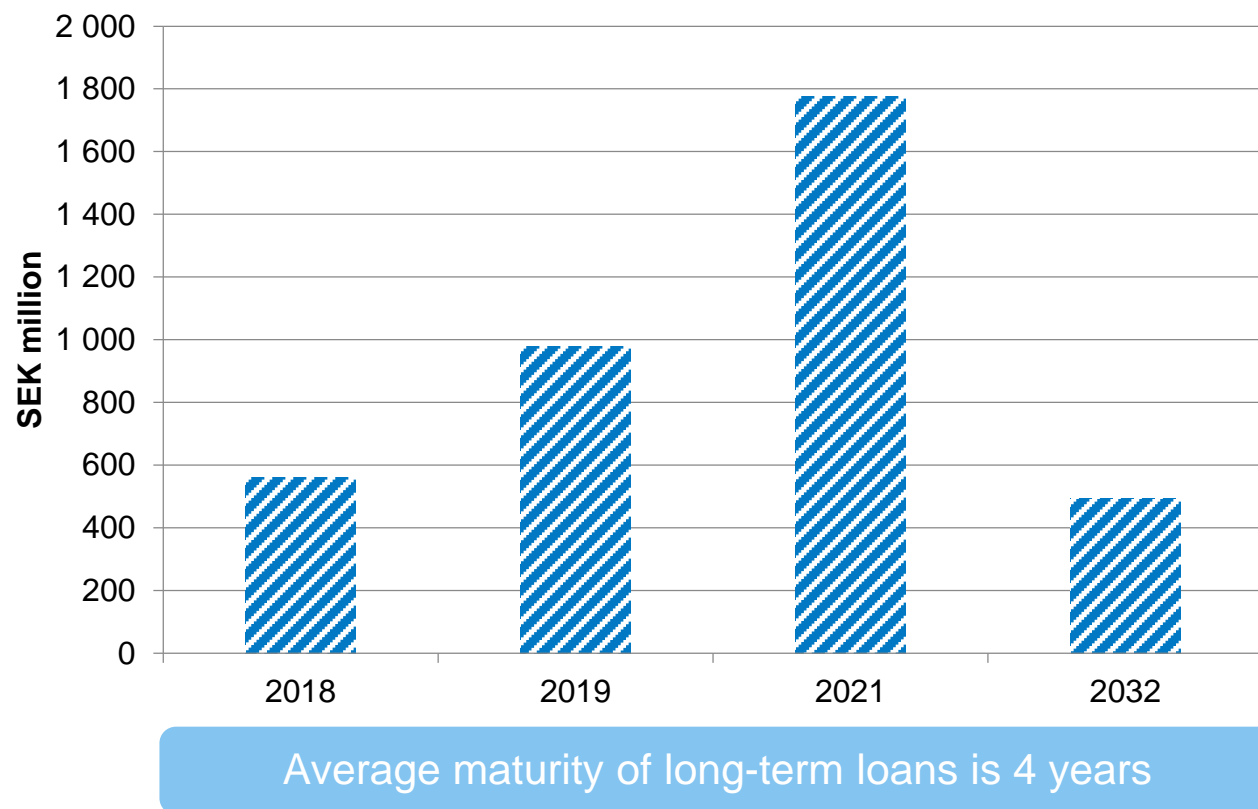
Growth and operating leverage
to drive increase in ROCE



* ROCE: Returns on capital employed calculated on rolling 12 months

Solid debt portfolio

- ◆ Structure of loans and borrowings
- ◆ Interest-bearing debt SEK 3,810 million as at September 2017
- ◆ SEK 3,006 million of unused committed credit facilities as at September 2017



Main financing sources

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

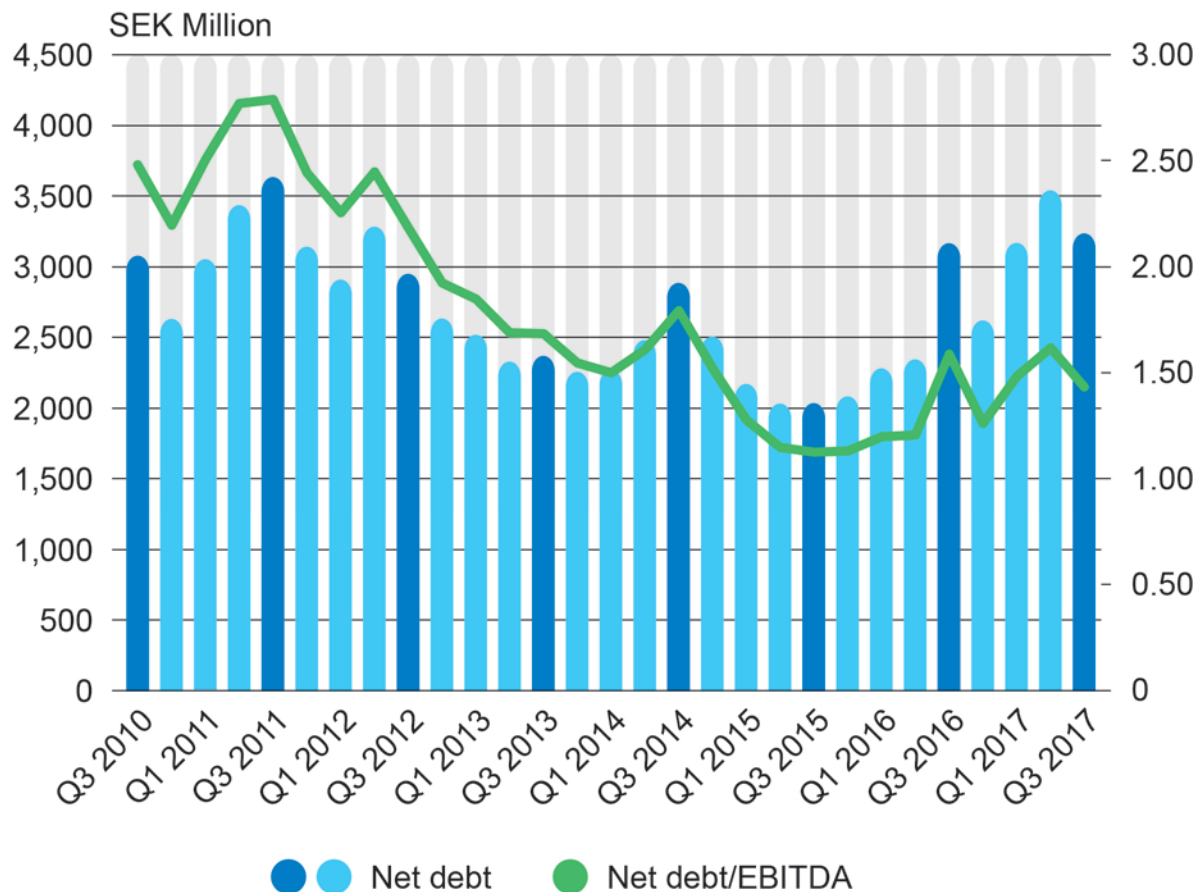
Back-up facilities

- ◆ SEK 500 million, mortgage loan
- ◆ SEK 970 million, other facilities

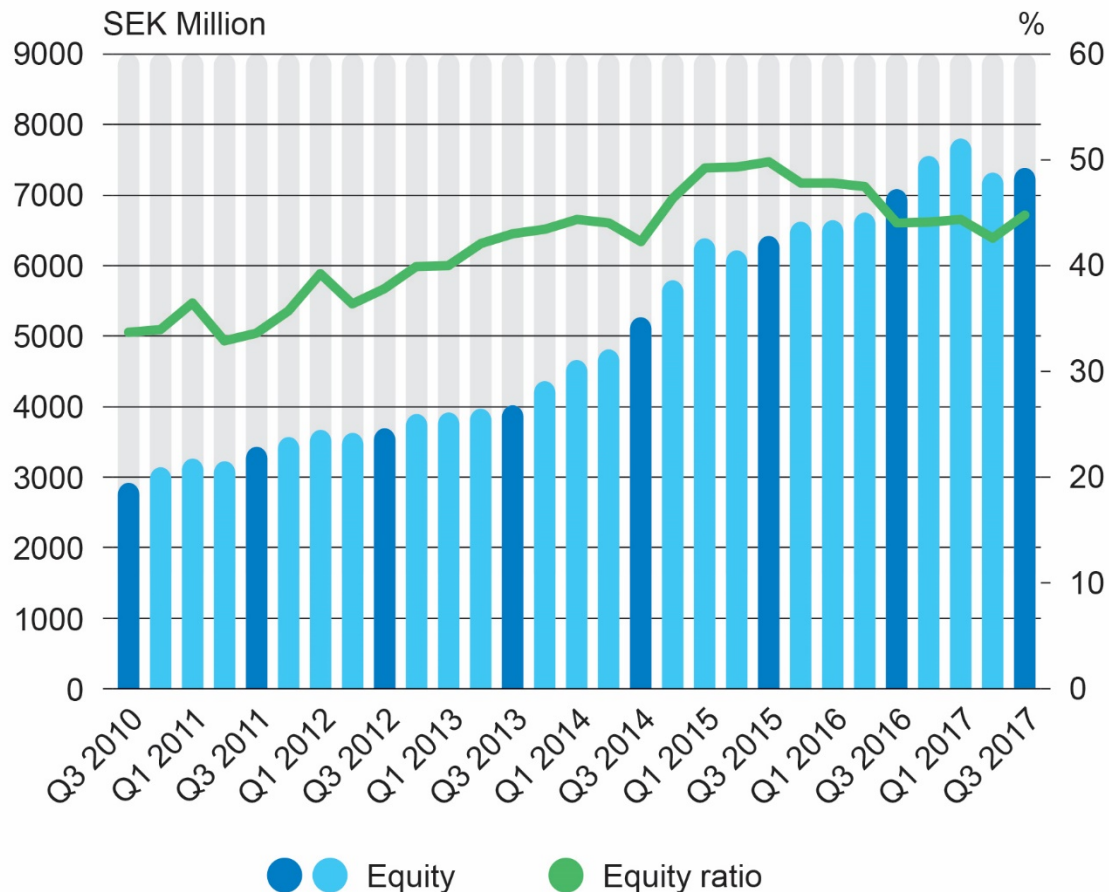
A strong balance sheet ensures maximum flexibility

Improvement since 2010

Net debt and Net debt/EBITDA



Equity and Equity ratio



Investments and capital allocation

How we allocate capital

We maximize room to invest in growth and shareholder return

Priorities

- To be well-capitalized
(Net debt/EBITDA < 3x)
- To pay stable dividends
(30-50% pay-out ratio)
- Invest in organic growth
- Mergers and acquisitions



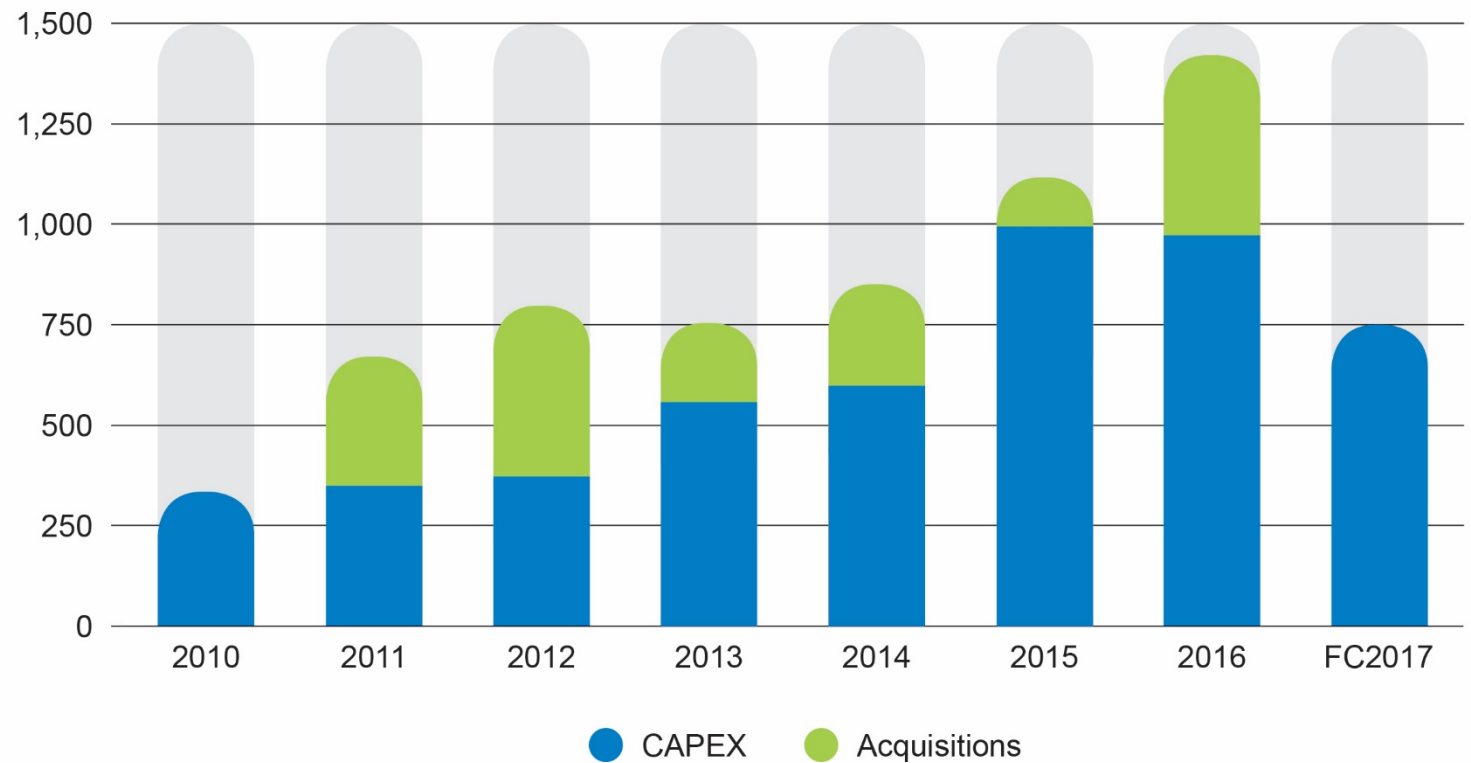
Balanced cash flow and CAPEX

Investments done enhancing growth areas

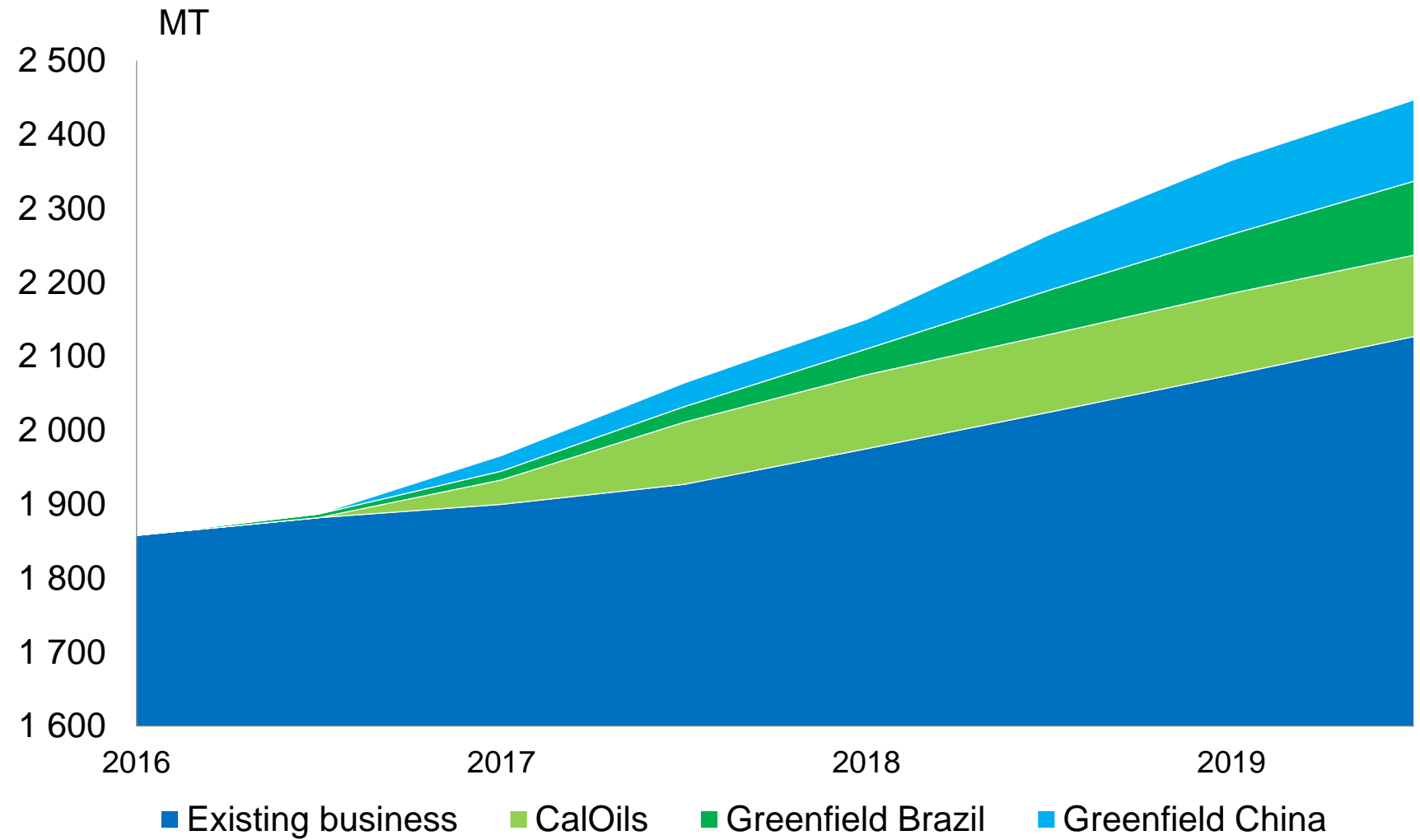
- 💧 New plant in Brazil 2015-2016
- 💧 New plant in China 2016-2017
- 💧 Capacity additions related to acquisition of California Oils Corporation
- 💧 Debottleneck CAPEX

Balanced cash flow and CAPEX

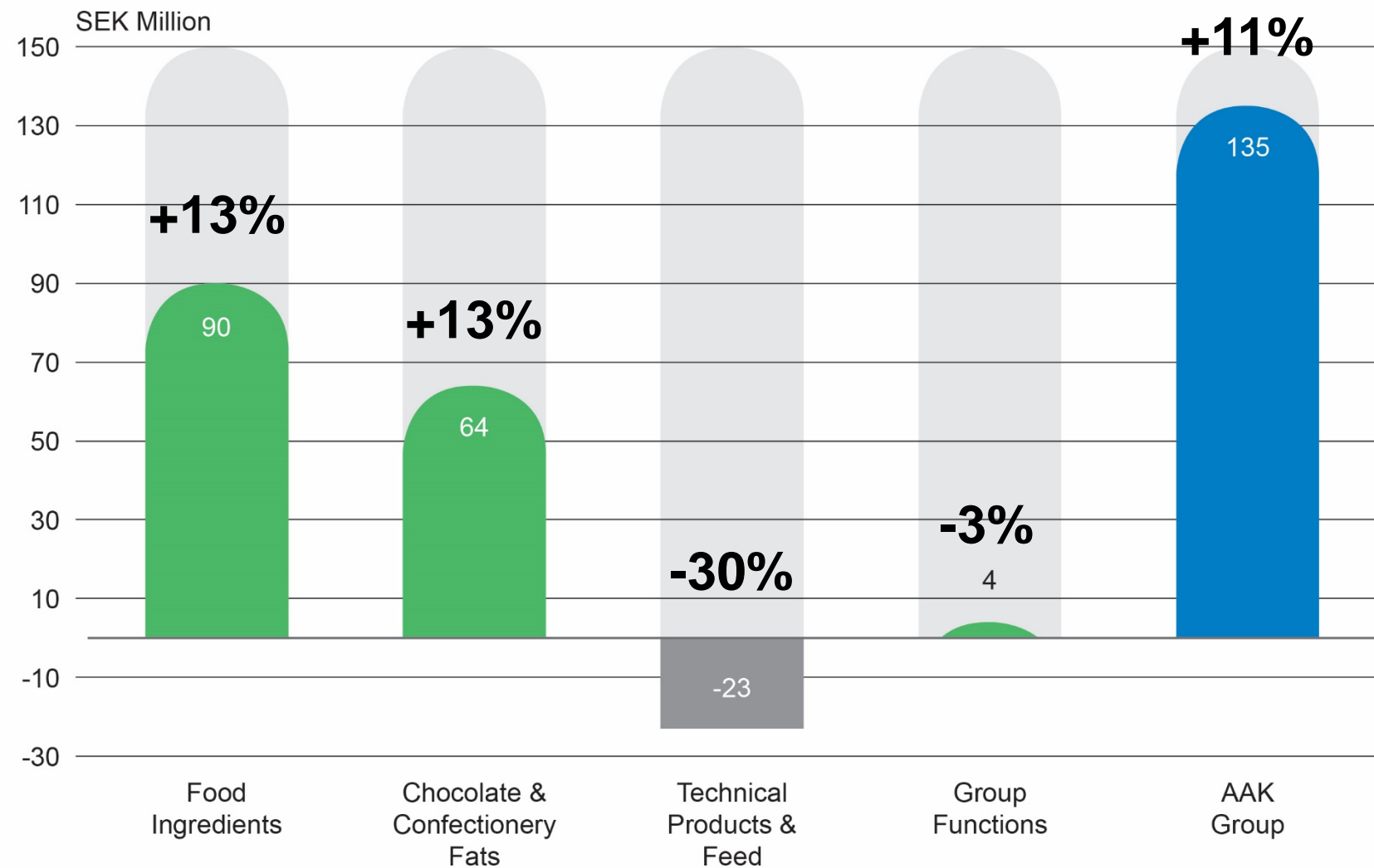
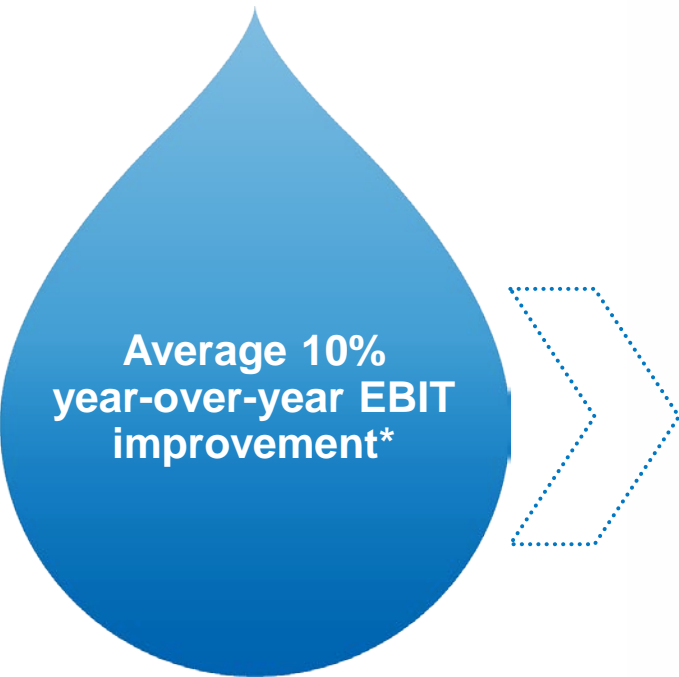
- 💧 Good maintenance CAPEX control
- 💧 Prudent strategic prioritization of investments



Potential volume growth



Our long-term management ambition – result after nine months



*Excluding acquisitions and at fixed FX

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

Indulgence
Health
Trust
Personalization
Convenience

* Excl. acquisitions and fixed FX

The background features a blue-toned image of financial data, including line graphs with fluctuating lines in purple, yellow, and red, and a bar chart with white bars. Overlaid on this is a large, solid blue teardrop shape on the left side. Inside this shape, the text 'Thank you!' is centered, followed by a horizontal dotted line and the website address 'www.aak.com'. In the bottom right corner, the 'AAK' logo is displayed in a bold, blue, sans-serif font.

Thank you!

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