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South Latin America update



Agenda

- 1 Macroeconomic landscape in SoLA
- 2 Market landscape: Customers & Consumers
- 3 SoLA capabilities
- 4 Go-to-Market
- 5 Business performance
- 6 SoLA the coming years



Macroeconomic landscape

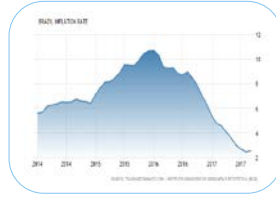
Brazil economic environment...



GDP growth



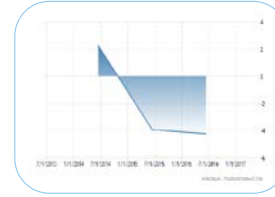
Industrial Production



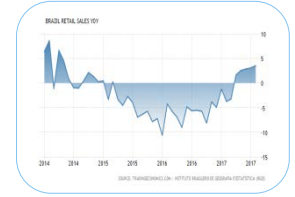
Inflation



Unemployment



Private Consumption



Retail Sales

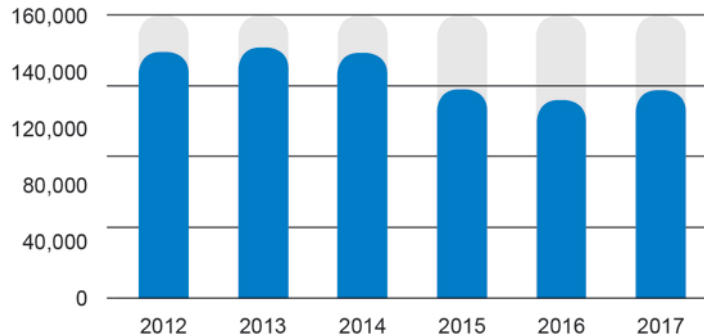
- ◆ Brazil in a recessionary environment for the third year in a row, while political instability is still ongoing...
- ◆ Argentina still facing uncertainties after recent Presidential elections
- ◆ Soft consumer demand with weak confidence, wages stagnation and high unemployment driving a low volume growth environment
- ◆ Industrial activity and retail sales still on the negative side...
- ◆ ...coupled with intense competition under an overcapacity environment

Source: IBGE, Trading Economics

Market landscape

Customers & Consumers

- ◆ SoLA population 325 million
 - ◆ Brazil & Argentina accounting for 80%
- ◆ Packaged food market
 - ◆ 2017: US\$ 118 billion
 - ◆ CAGR 2012 – 17: (3,31%)



Source: Euromonitor

SoLA: Brazil, Argentina, Peru, Chile, Bolivia, Uruguay, Paraguay

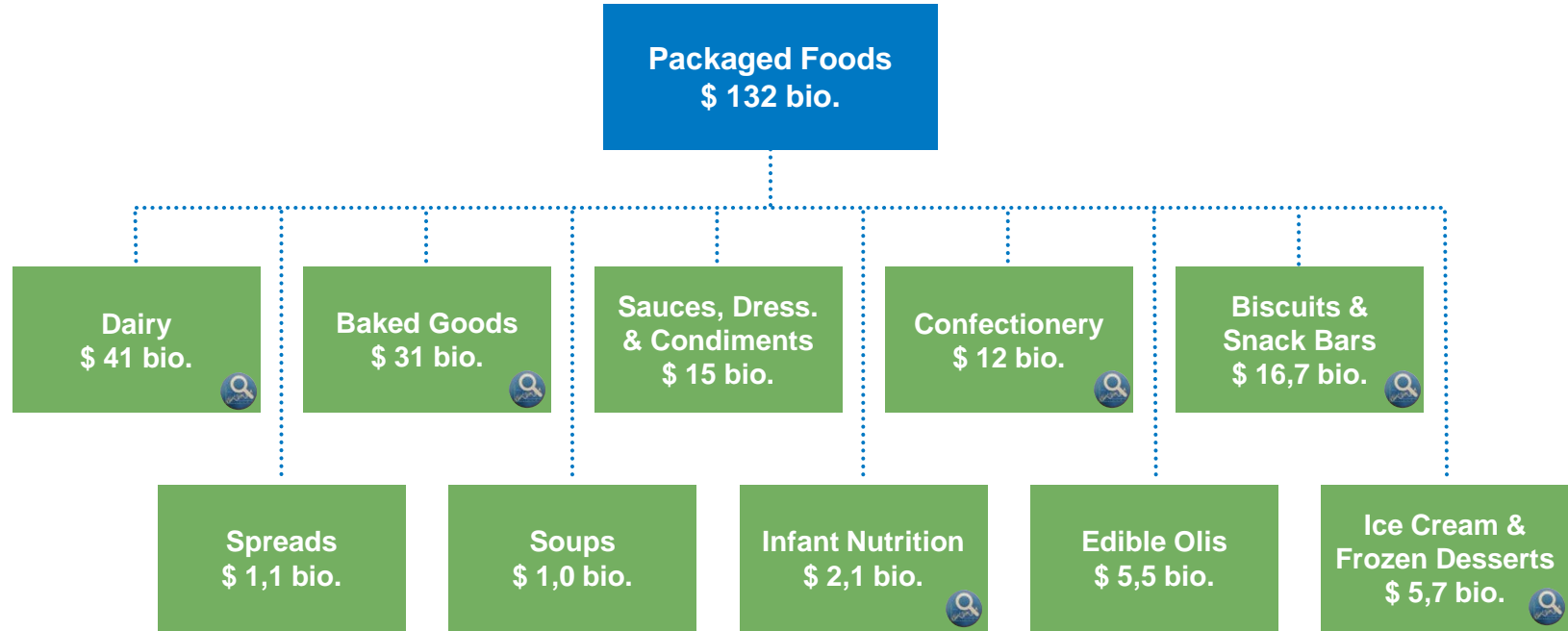


- ◆ Customers have faced limited volume demand...
 - ◆ Running manufacturing sites at low capacity rates,
 - ◆ Increased inventory levels,
 - ◆ Partial time working schedules,
 - ◆ Collective holidays,
 - ◆ 2nd & 3rd wave layoffs...

Market landscape

Customers & Consumers

Forecast 2020



Source: Euromonitor - Forecast 2020

SoLA: Brazil, Argentina, Peru, Chile, Bolivia, Uruguay, Paraguay

Market landscape Brazil

Key Product Categories 2017 Growth & Forecast



Baked Goods

-0,1%



2,5%



Ice Cream

-7,1%



3,5%



Biscuits

-0,1%



2,2%



Confectionery

-4,9%



2,8%



Infant Nutrition

+0,2%



3,8%



Dairy

-0,1%



3,7%



Volume 2017



Volume CAGR 2017-2021

Source: Euromonitor - Brazil

Market landscape

Customers & Consumers trends & drivers...

Consumers

Affordability

Savings & Trade
Down

Cautious Spending

Health & Wellness

Nutrition &
Functionality

Convenience

Sustainability



Customers

Core Volumes Share
Protection

Affordable Portfolio &
Smaller packages

Productivity,
Efficiency & Savings

Formula Optimization

Innovation & New
Product Development

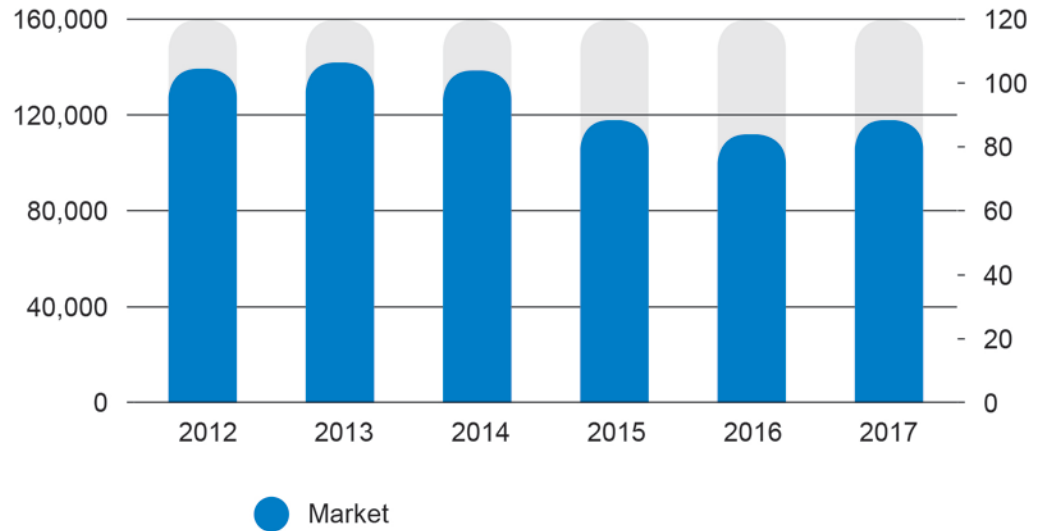
Sustainability

Market landscape

Customers and Consumers



SoLA Packaged Food Sales
(US\$mio)



Source: Euromonitor

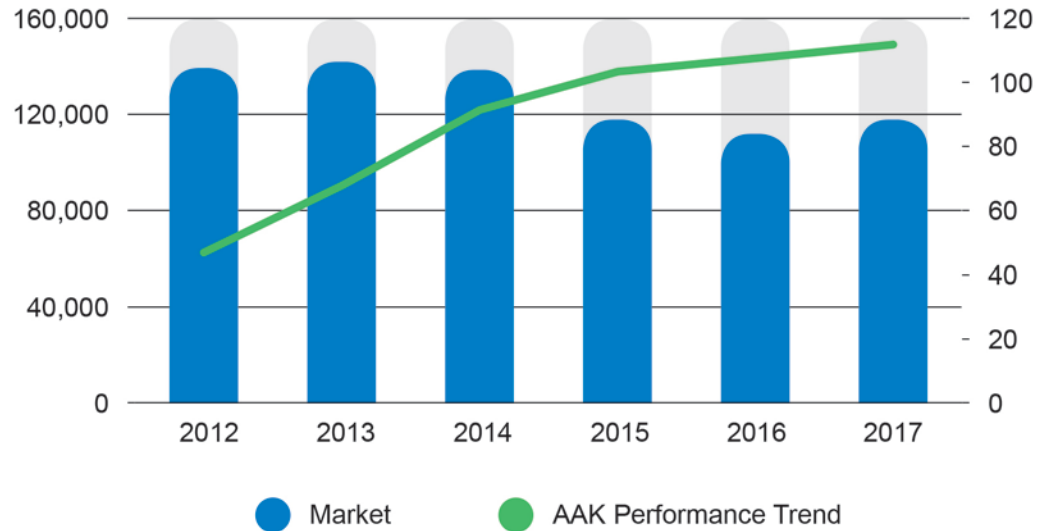
SoLA: Brazil, Argentina, Chile, Peru, Uruguay, Bolivia and Paraguay.

Market landscape

Customers and Consumers



SoLA Packaged Food Sales
(US\$mio)

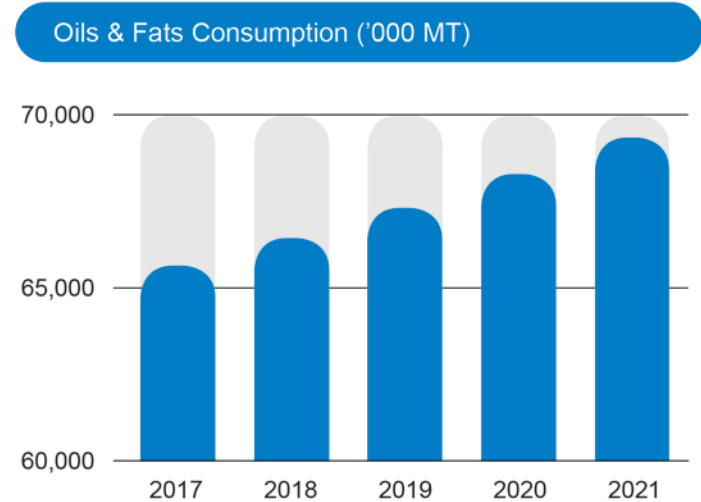
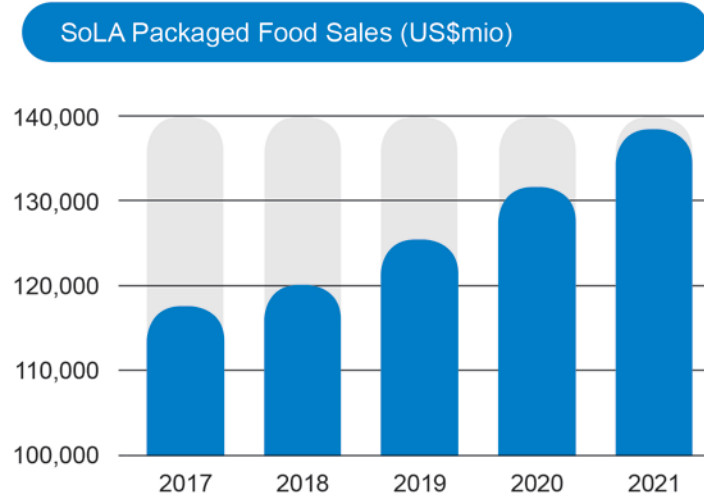


Source: Euromonitor

SoLA: Brazil, Argentina, Chile, Peru, Uruguay, Bolivia and Paraguay.

Market landscape

2018 – 2020, promising growth ahead...



Source: Euromonitor

SoLA: Brazil, Argentina, Peru, Chile, Bolivia, Uruguay, Paraguay

AAK SoLA

Capabilities & Footprint



AAK SoLA

Capabilities & Footprint

Jundiai Site

- Official opening: June 2016
- Started-Up: 2H 2016
- All processes (Bleaching, Deodorization, Hydrogenation, Interestification, Melting Units, Fractionation, Packing & Bulk loading station units) in place

Go-to-Market

- Sales, Customer Innovation & Marketing teams highly experienced and trained
- Full SoLA territories coverage & market reach
- Geographies – Categories – Customers
- Strong Agents & Distributors network



S&T
Supply Chain
Operations
Finance & Admin
HR
IT

Montevideo Site

- Fractionation, Hydrogenation, Physical Refining, Melting Unit, Deodorization, Packing & Bulk load station units in place
- Specialities and semi-specialities to Brazil, Argentina, Chile, Peru and Uruguay
- High efficiency & productivity site

Customer Innovation & Product Development

- Chocolate, Bakery & Biscuits and Dairy application labs
- Sensory capabilities
- State-of-the-Art full Product Development capabilities

Go-to-Market

Customer & market centric approach

- Developed & built up product portfolio for Bakery, Biscuits, Ice Cream, Dairy & other applications aligned with local markets needs & trends
- 21 new customers
- Win rate 52% (out of number of projects pipeline)
- 9 AAK Academies & Innovation Days performed with customers
- Establishing leading position as the Co-Development Company based on customer's trust, reliability, service and value added
- Strong presence in major trade shows



Fats & Oils International Congress
May 2017



FISPAL Ice Cream
June 2017



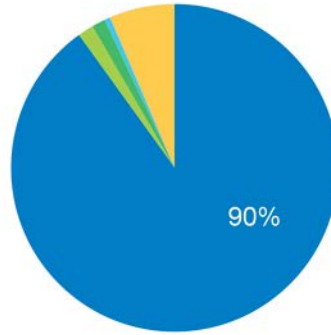
Food Ingredients South America
August 2017

Go-to-Market

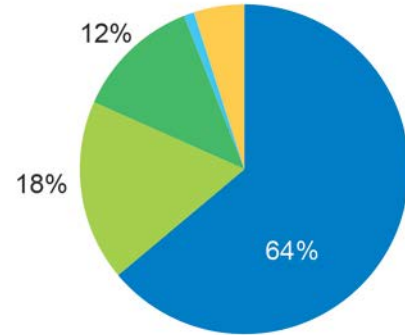
Market reach...

Increasing share in new markets, while maintaining our leading position in CCF...

2014



2017

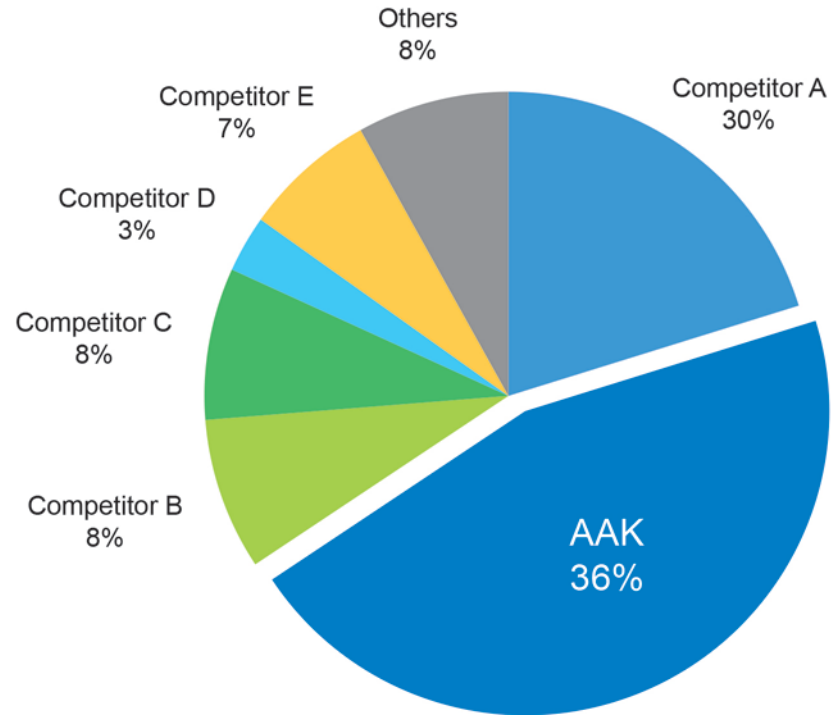


● CCF ● Bakery ● Dairy ● Special Nutrition ● Other

Source: AAK

Go-to-Market

Semi-speciality & speciality CCF market

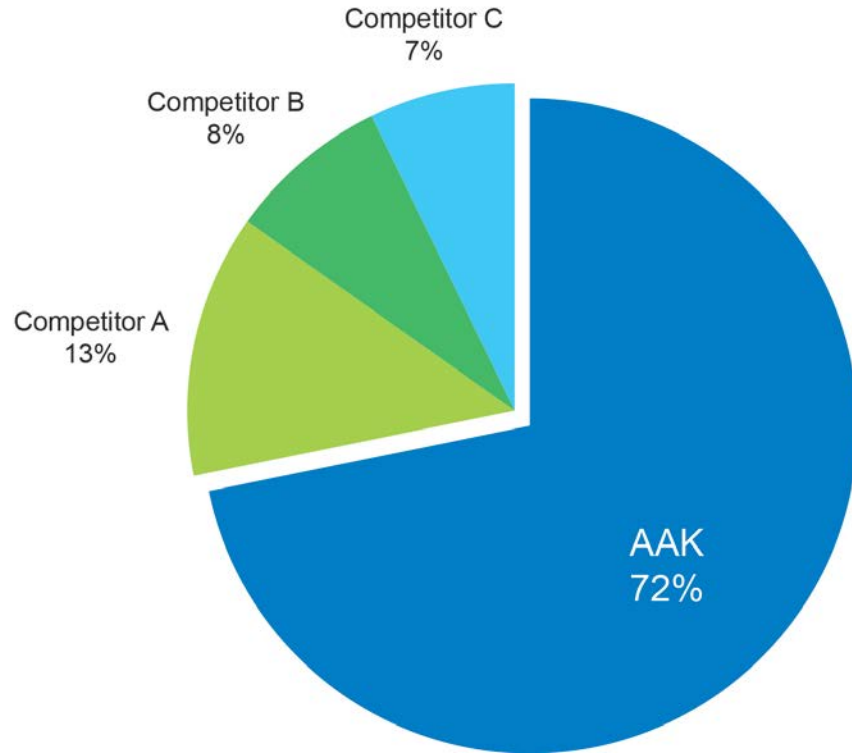


Source: AAK Analysis (Share in volume)



Go-to-Market

Speciality CCF market



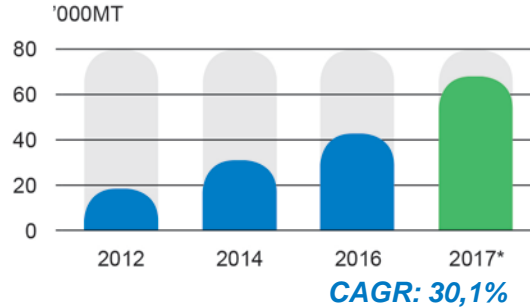
Source: AAK Analysis (Share in volume)



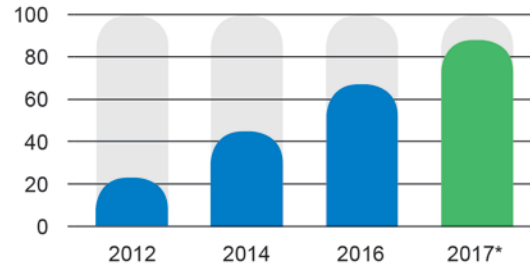
AAK SoLA

Business Performance & Highlights

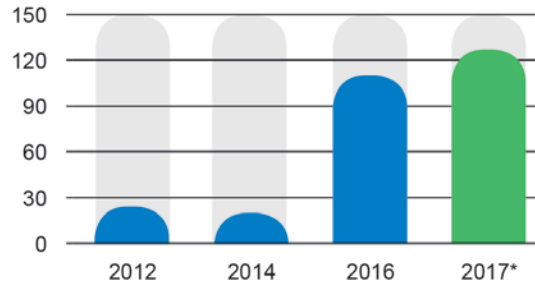
Organic Vol Growth



of Customers

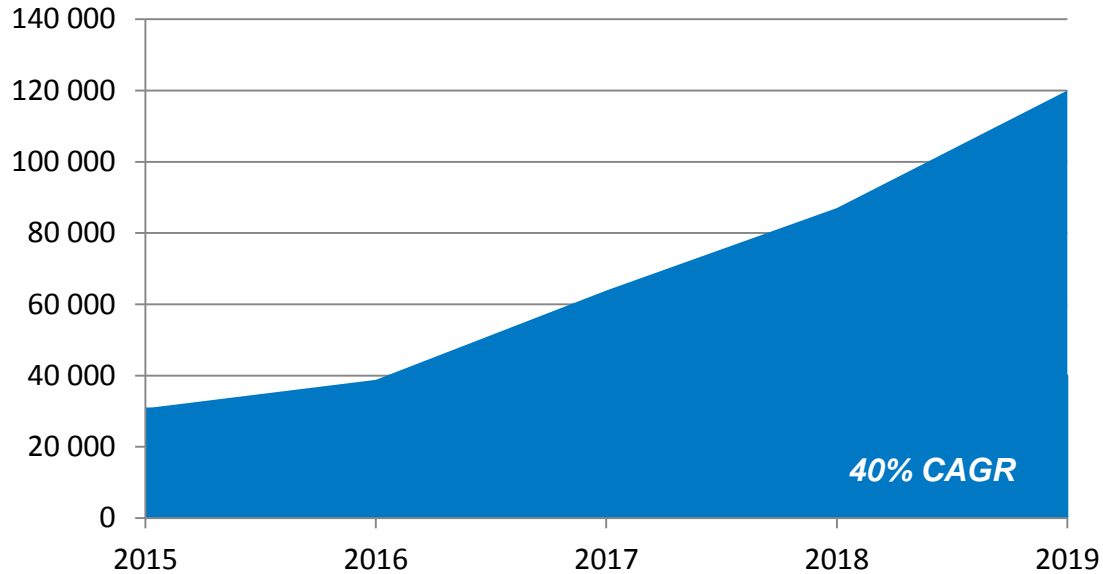


of Employees



AAK SoLA

Volume Ramp-Up



Vol in MT.
AAK BR + AAK UY



An aerial photograph of Rio de Janeiro, Brazil, showing the city's dense urban landscape, green hills, and the bay. A large, semi-transparent blue teardrop shape is overlaid on the left side of the image. Inside the teardrop, the text "Thank you!" is written in white, followed by a horizontal dotted line and the website address "www.aak.com". The AAK logo is visible in the bottom right corner of the image.

Thank you!

www.aak.com

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