



Karel Stoschek
President Special Nutrition

**Special Nutrition
update**



A growth story

- 1 Business update
- 2 Senior Nutrition
- 3 Medical Nutrition
- 4 Infant Nutrition
- 5 Key takeaways



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Business overview, YTD September



Market

- ◆ Global effect on China regulatory change – increased demand on specialities
- ◆ EFSA regulation for infant and toddler nutrition
- ◆ High demand on speciality product – organic, allergic, premium
- ◆ Global market growth continuing in all three sub-segments



Highlights

- ◆ Deliveries from new AAK locations in 2017: China, Brazil, US and Uruguay
- ◆ Organic infant nutrition strong growth driver
- ◆ Continued scale-up of INFAT® production capacity
- ◆ Egg PL products shipped to Asia and South America

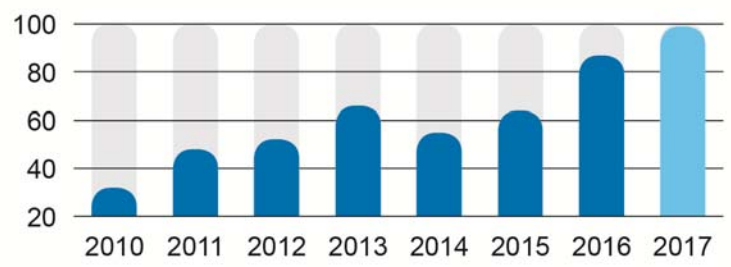


Business
performance

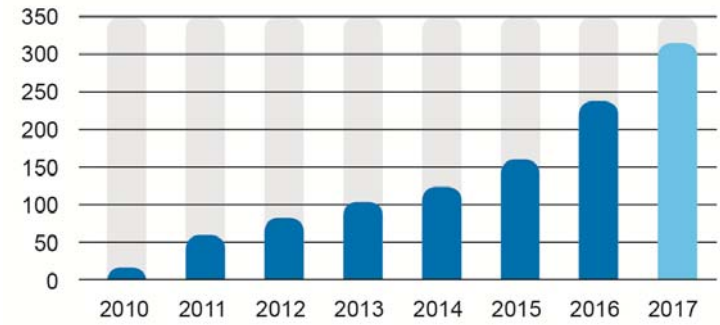
- ◆ A strong YTD performance – continued to grow faster than the market
- ◆ Demand on specialties and organic products – positive effect on EBIT per MT
- ◆ Volume growth driven by growth of existing markets/customers/products and expanding new markets/customers/products

We have created significant value

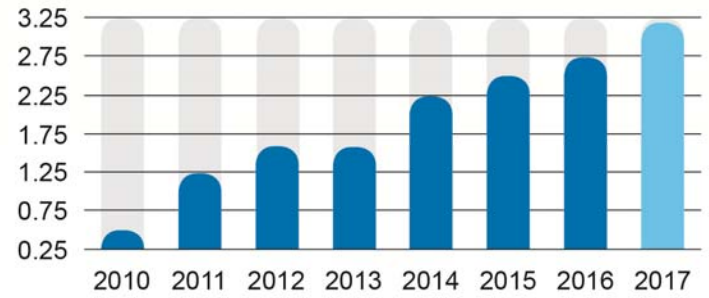
Volume ('000 MT)



Operating profit (SEK million)



Operating profit per kilo (SEK)



AAK Special Nutrition at a glance

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

Serving customers from 13 plants around the world





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Nutrition to increase senior vitality



By 2040 senior
population to double
and reach 1.5bn



Active lifestyle
supports healthy
aging. Emerging
market segment



Focus on right
nutrition is essential

End
products
Liquids
&
Powder

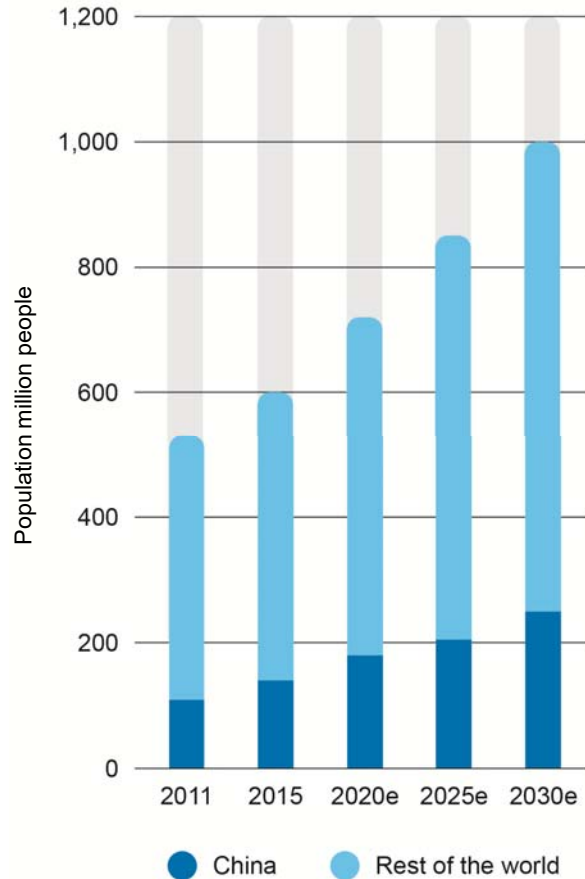
Health
claims are
key market
drivers



Sources: Euromonitor International

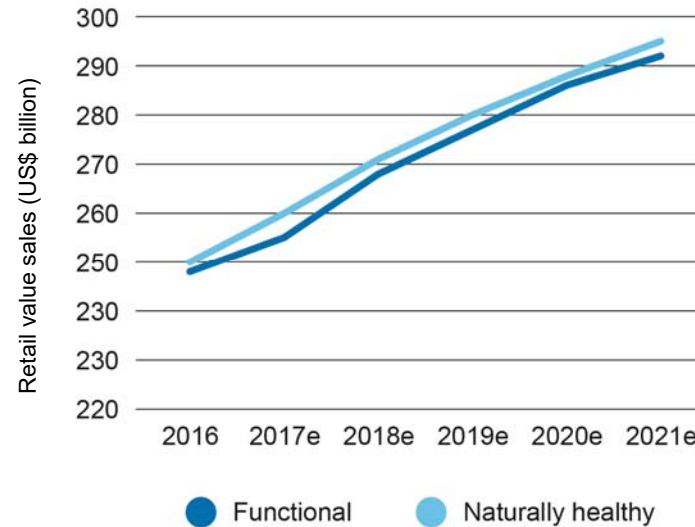
Market development

Population aged 65+ in China and rest of the world

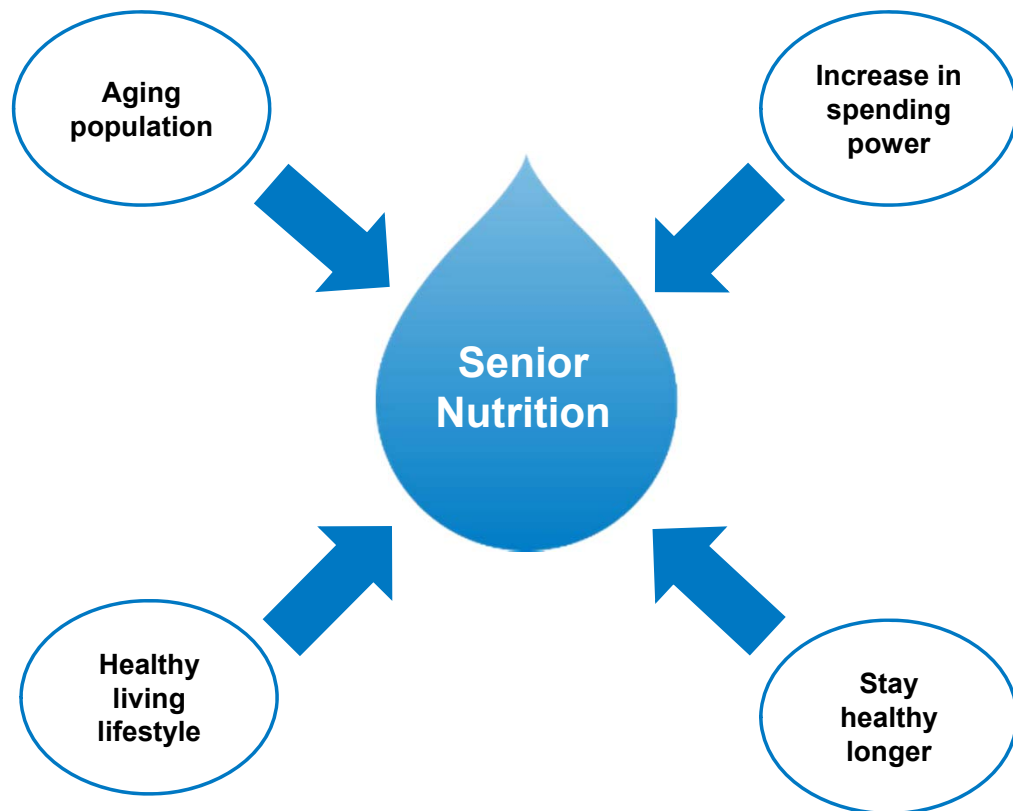


Sources: Euromonitor International, September 2017 and AAK

Health and wellness market size



Senior Nutrition – trends driving the growth



Sources: Euromonitor International, US Consensus bureau and AAK



The AAK Way – Akovita®

A leading provider of **value-adding essential lipids**

Tailor-made solutions:

- ◆ Extensive portfolio of essential fats
- ◆ Optimized lipid nutrition for specific areas
- ◆ Bio-active ingredients
- ◆ Global partner with proven track record with results
- ◆ Solutions supported by approved claims



Heart health



Brain health



Digestion





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Unlocking the potential of medical nutrition



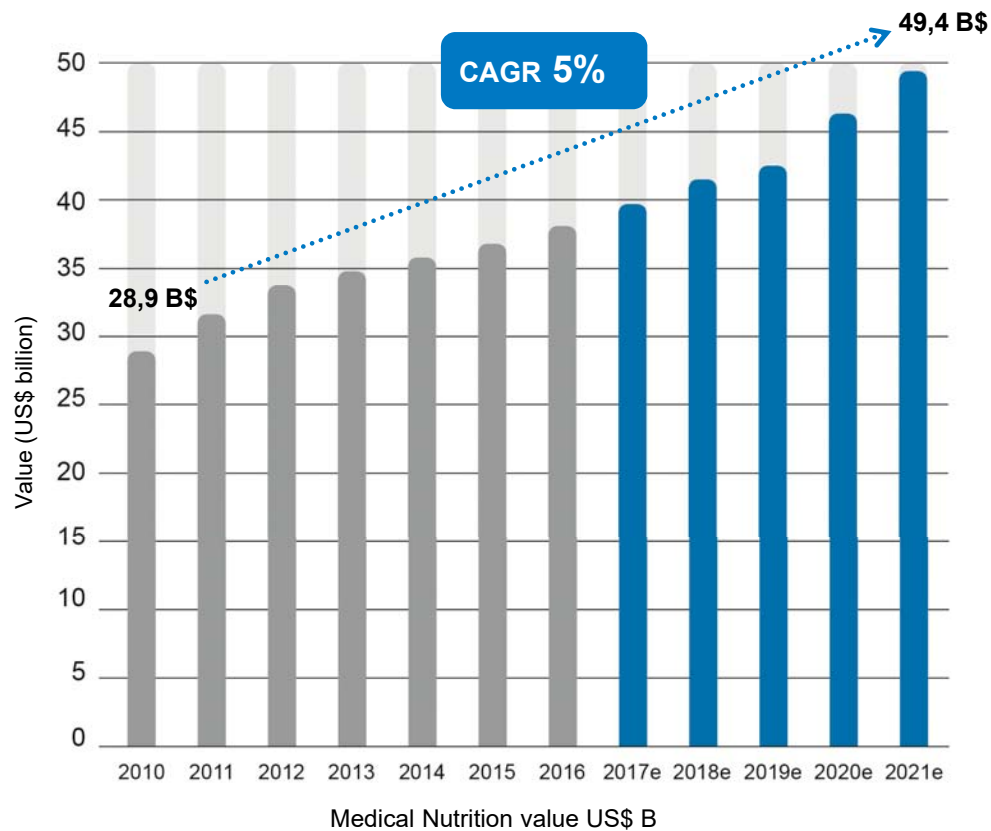
End
products
Liquids
&
Powder

Specifications
and
certifications



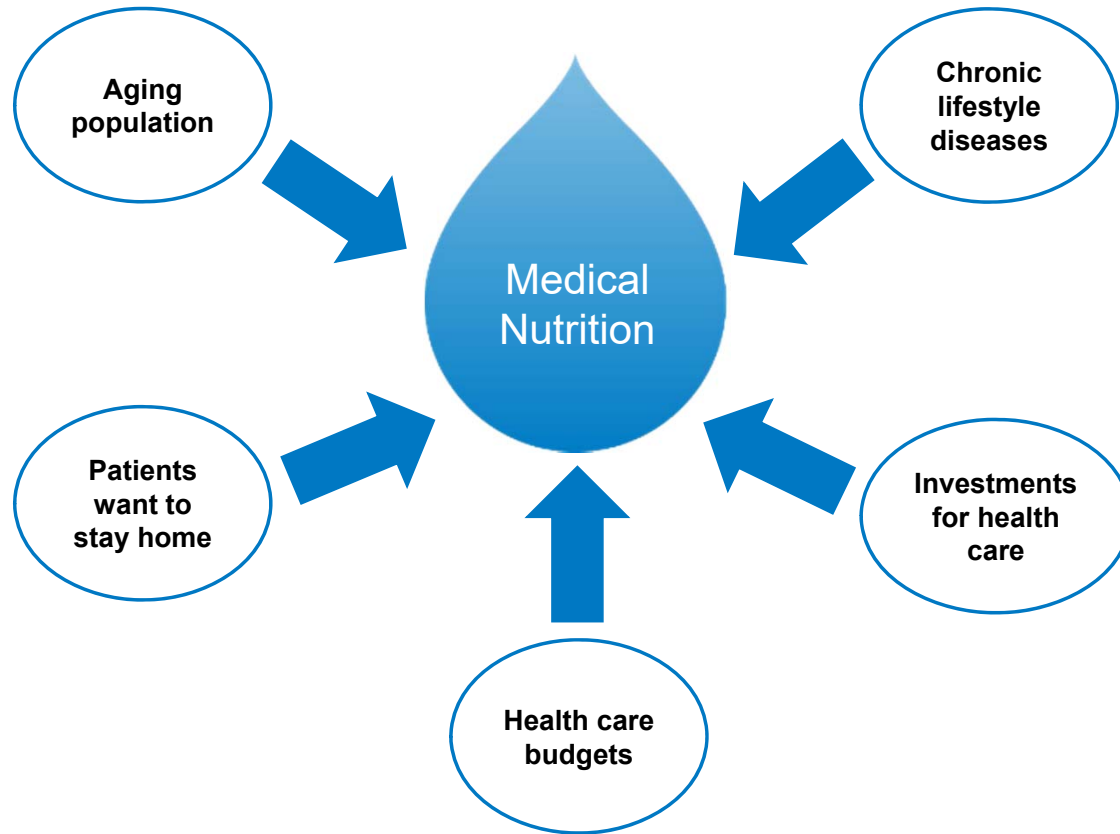
Sources: Euromonitor International

Market development



Sources: Kalorama and AAK

Medical Nutrition category trends



Sources: Euromonitor International, US Consensus bureau and AAK

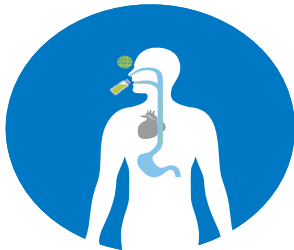
The AAK Way – Akomed®

Unlocking the potential of medical nutrition

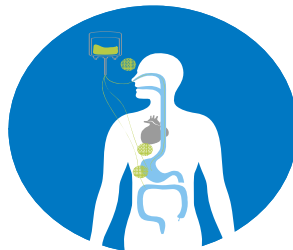
Tailor-made solutions:

- ◆ GMP, API, FDA – certification done (Karlshamn)
- ◆ Speciality portfolio of bio-active ingredients
- ◆ Unique STG (Structured TriGlycerides) and MCT oils
- ◆ Egg phospholipids
- ◆ Olive oil

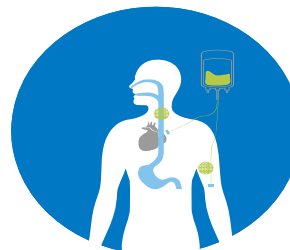
Oral Nutritional
Supplementation



Enteral nutrition



Parenteral nutrition





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The world's fastest-growing consumers

Mother's milk is always the first choice and the aim with infant nutrition is to resemble breast milk as closely as possible.

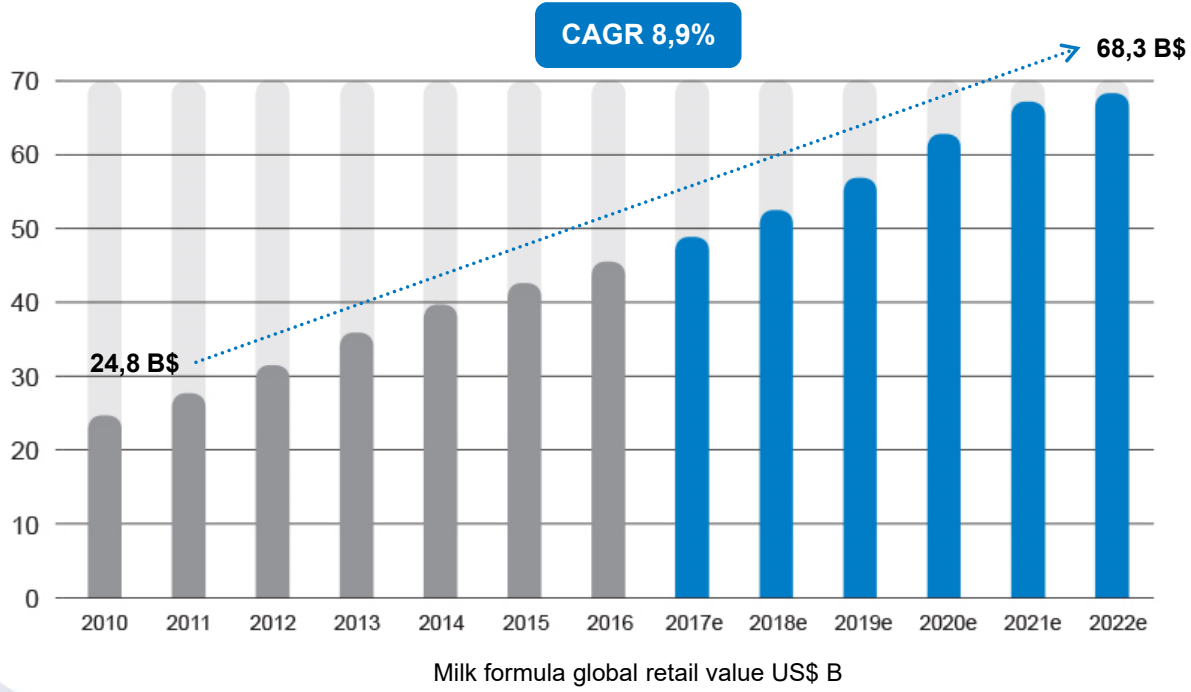
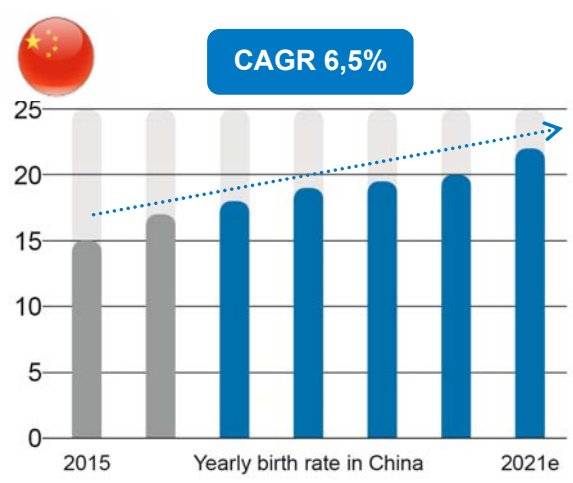


**Continuing
market
growth**

**Market
consolidation
Regulatory
changes**

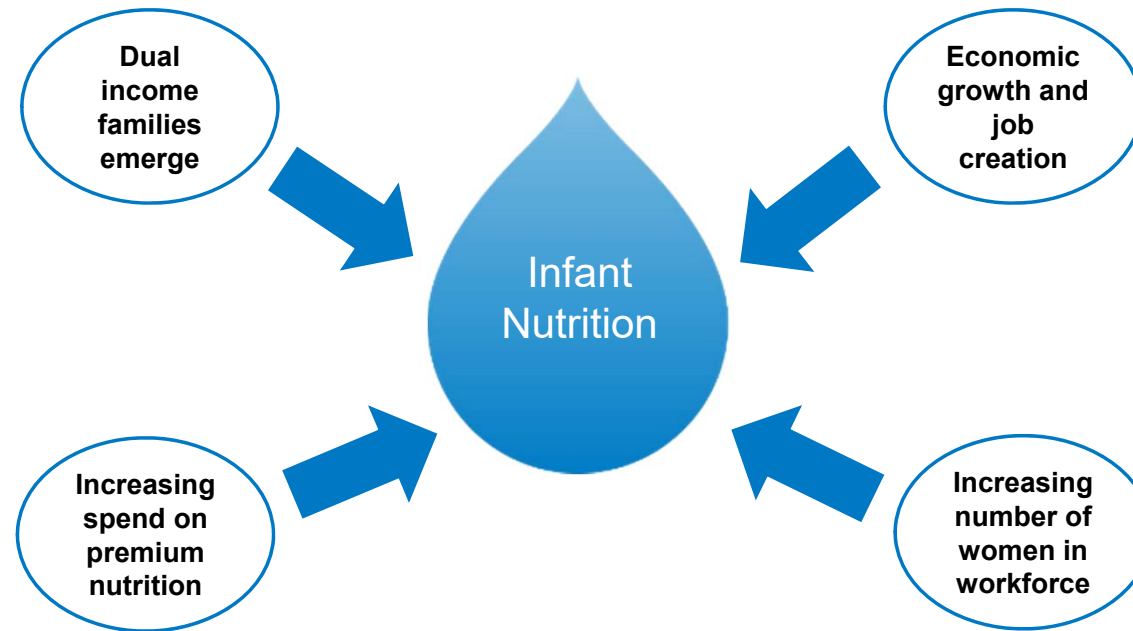


Market development



Sources: Euromonitor International and AAK

Infant Nutrition category trends



Sources: Euromonitor International and AAK

The AAK Way – Akonino®

In every step of a child's development

Akonino® is our foundation

- ◆ **Akonino® tailored solution** sourced from natural oils
- ◆ **Akonino® Food Safety** standard for secured quality
- ◆ **The Akonino® COFCC approved organic line,**
- ◆ **Akonino® – a unique natural solution,** which allows the same lipid structure as human milk combining DHA and Choline

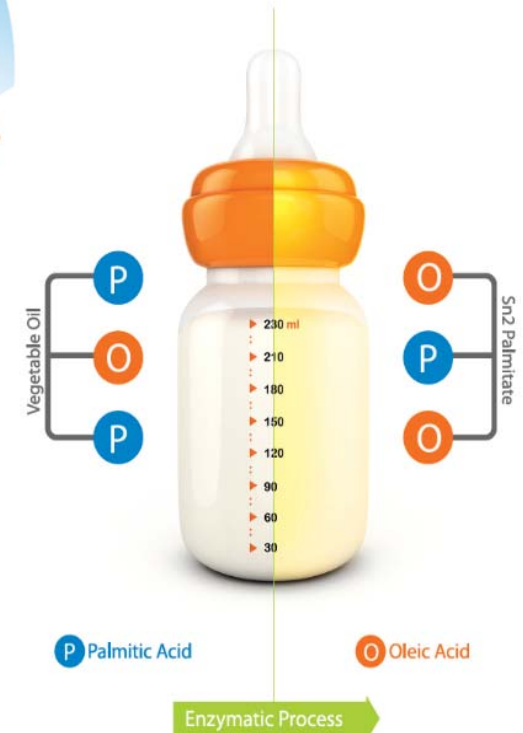
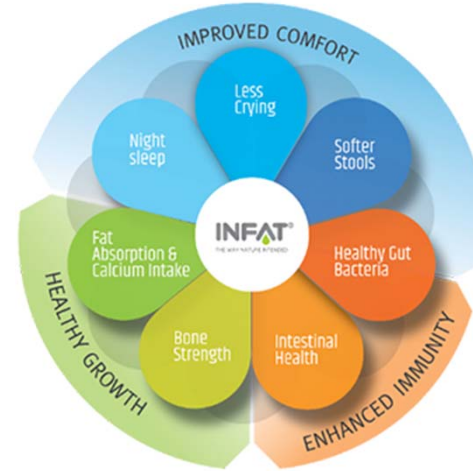


INFAT® continuing the global growth

marketed by Advanced Lipids (JV with Enzymotec)

INFAT®
THE WAY NATURE INTENDED

- Continuing the global growth
- China the most important end market
- Strong marketing platform to support customers
- Opening new markets in Asia and Latin America
- Strong innovation pipeline for future growth
- Continued scale-up of production capacity in Karlshamn





A growth story

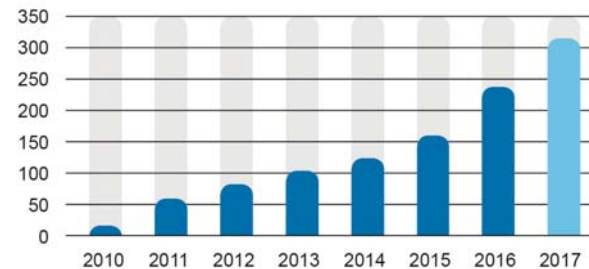
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Creating long-term value

- ◆ All focus categories are in the future growth markets
- ◆ Broad and balanced portfolio for nutrition applications
- ◆ Global presence and scale-up in all Special Nutrition categories
- ◆ Solid pipeline of customer co-developed projects
- ◆ Global leader in controlling contaminants

Operating profit (SEK million)



We serve Special Nutrition

INFANT NUTRITION



Akonino®
Tailor-made solutions

MEDICAL NUTRITION




Akomed®
Pioneering medical nutrition

SENIOR NUTRITION



Akovita®
Lipids for life

A photograph of a baby bottle filled with formula, a blue scoop filled with powder, and a spill of powder on a wooden surface. A large blue circle is overlaid on the left side of the image, containing the text 'Thank you!' and 'www.aak.com'.

Thank you!

www.aak.com

AAK