



Welcome

Capital Market Day
November 20, 2019

AAK



Johan Westman
President and CEO

Business update

AAK

AAK speakers



Johan Westman

President and CEO

09:10–09:50

💧 Business update
and strategy



Fredrik Nilsson

Chief Financial
Officer

09:50–10:10

💧 Financial
development



Anne Mette Olesen

Chief Marketing
Officer incl. CSR

10:10–10:35

💧 Sustainability
progress



Torben Friis Lange

President Asia and
Global Sourcing &
Trading

11:00–11:15

💧 Shea supply
chain



Marco Oomen

Business Development
Director, CCF

11:15–11:40

💧 Lecithin



Henning Villadsen

Business Development
Director, Dairy

11:40–12:00

💧 Solutions for
plant-based food

AAK today



More than **3,800**
Talented Employees

More than **20** Production
and Customization plants

25 Sales offices

Sales in **100** countries

Global footprint

Leading positions

Continued profit growth on the back of a strong Food Ingredients performance

HIGHLIGHTS

YTD
19



- Strong trend and improved mix in Food Ingredients
 - Our business for plant-based solutions has generated strong volume and profit growth, although from a small base
- As expected, the lower raw material yield in our CCF business continued with higher-than-normal production costs
- Three acquisitions have strengthened our portfolio
- Reported tax cost reduced to 25 percent (27)
- Earnings per share increased by 12 percent
- Cash flow impacted by sourcing of strategic raw materials

GROWTH & RETURNS

Volume
1,708,000 MT
(up 3% y/y)

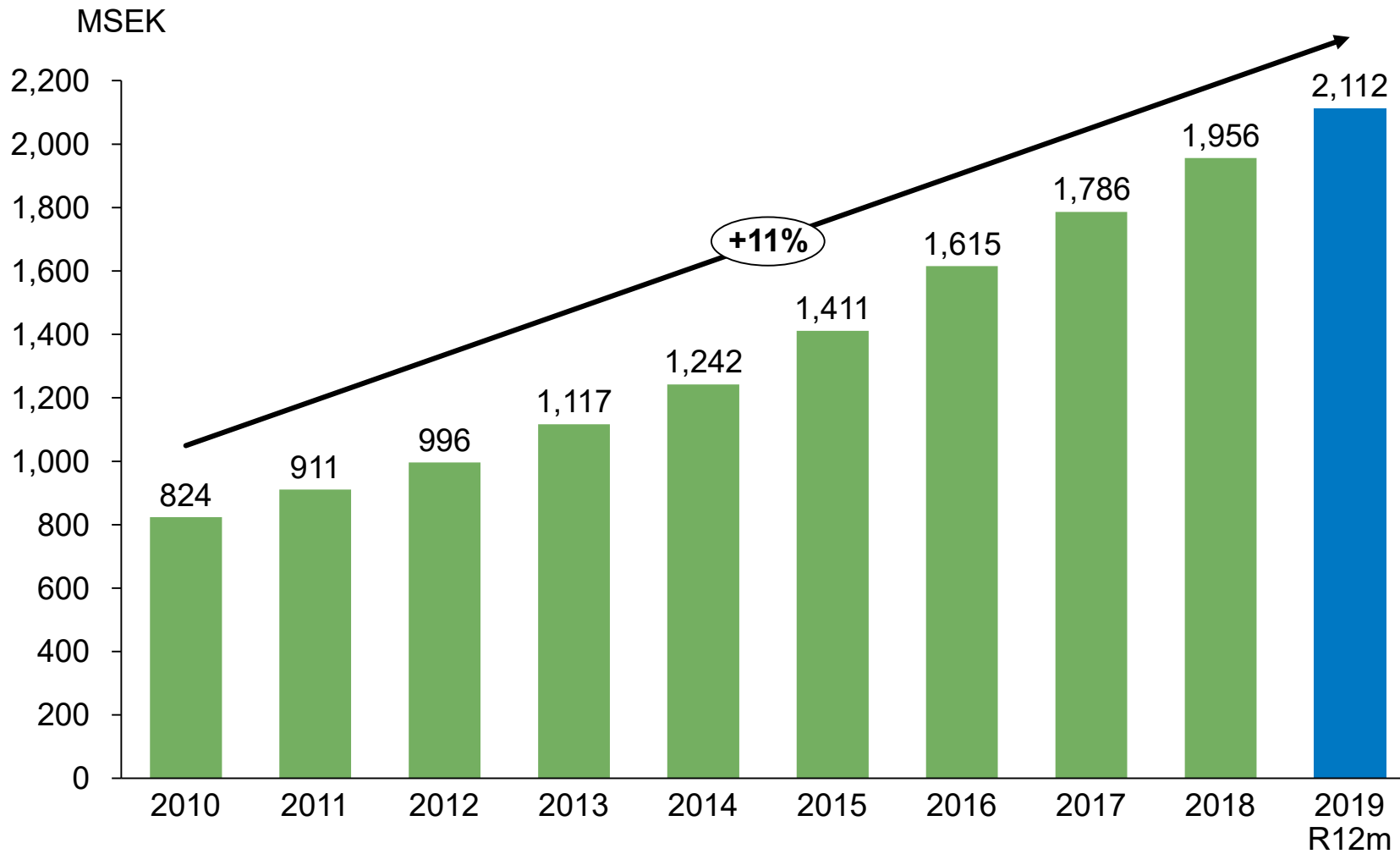
Adjusted operating profit
SEK 1,596 million
(up 11% y/y, up 6% y/y*)

Adjusted operating profit per kilo
SEK 0.93
(up 8% y/y, up 5% y/y*)

ROCE
15.1%**

* Fixed FX

Steady year-over-year increase in adjusted operating profit

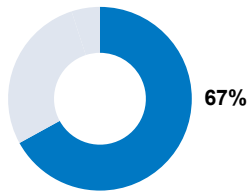


Food Ingredients

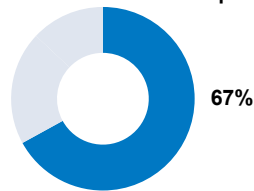


- Solutions to the bakery, dairy, foodservice, plant-based foods, and special nutrition industries
- Strong organic growth and continued shift towards more value-based solutions
- Supported by strong global trends and consumer focus on sustainability, health, nutrition, etc.

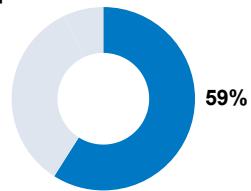
Volumes*



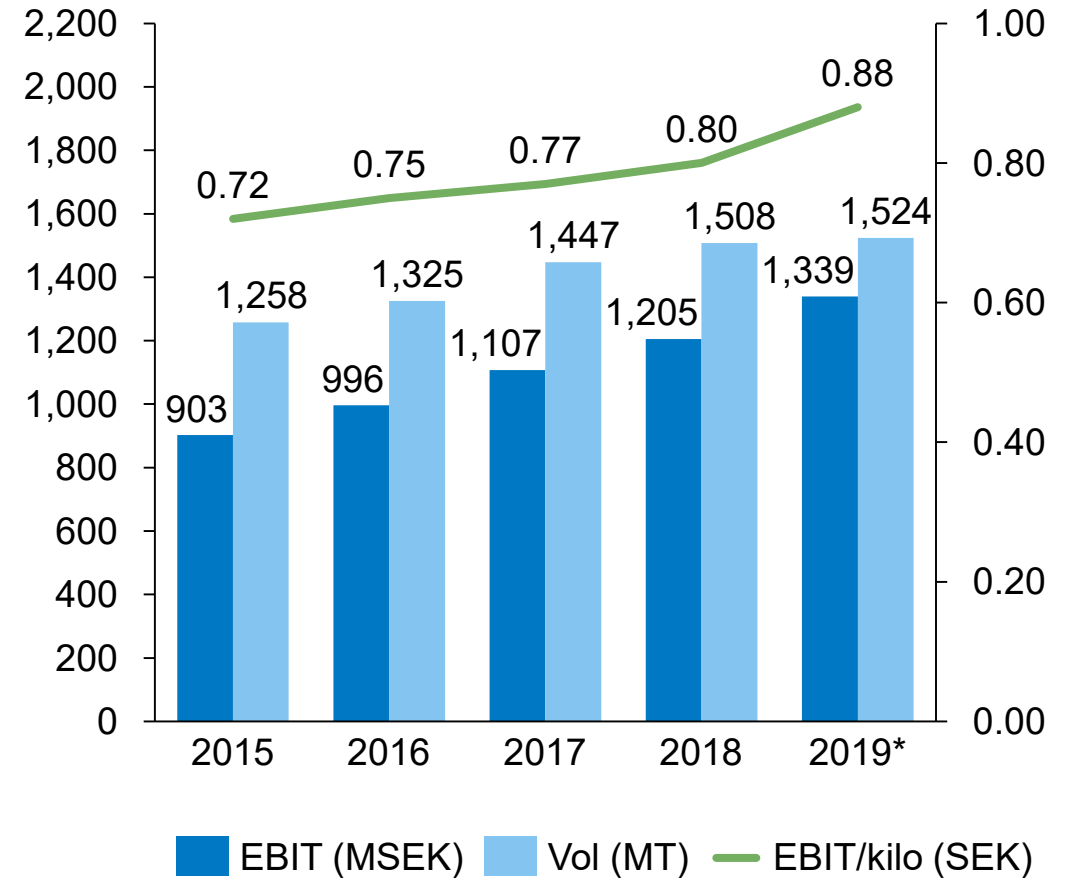
Net sales*



Operating profit*



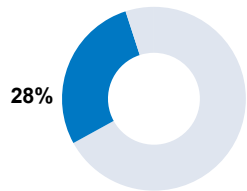
* September, rolling 12 months



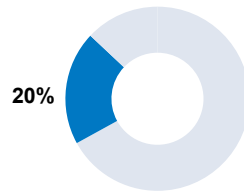
Chocolate & Confectionery Fats

- Market leader within functional solutions for:
 - Chocolate
 - Compounds for coating and molding
 - Speciality fats for confectionery fillings
- Continued growth, but EBIT/kilo has slowed down due to lower raw material yield in 2018 and 2019
 - Batches with old shea kernel used during 2018 and 2019
 - Capacity improvements and new kernels at hand from early 2020

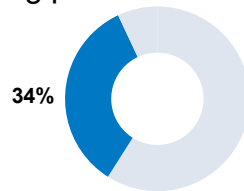
Volumes*



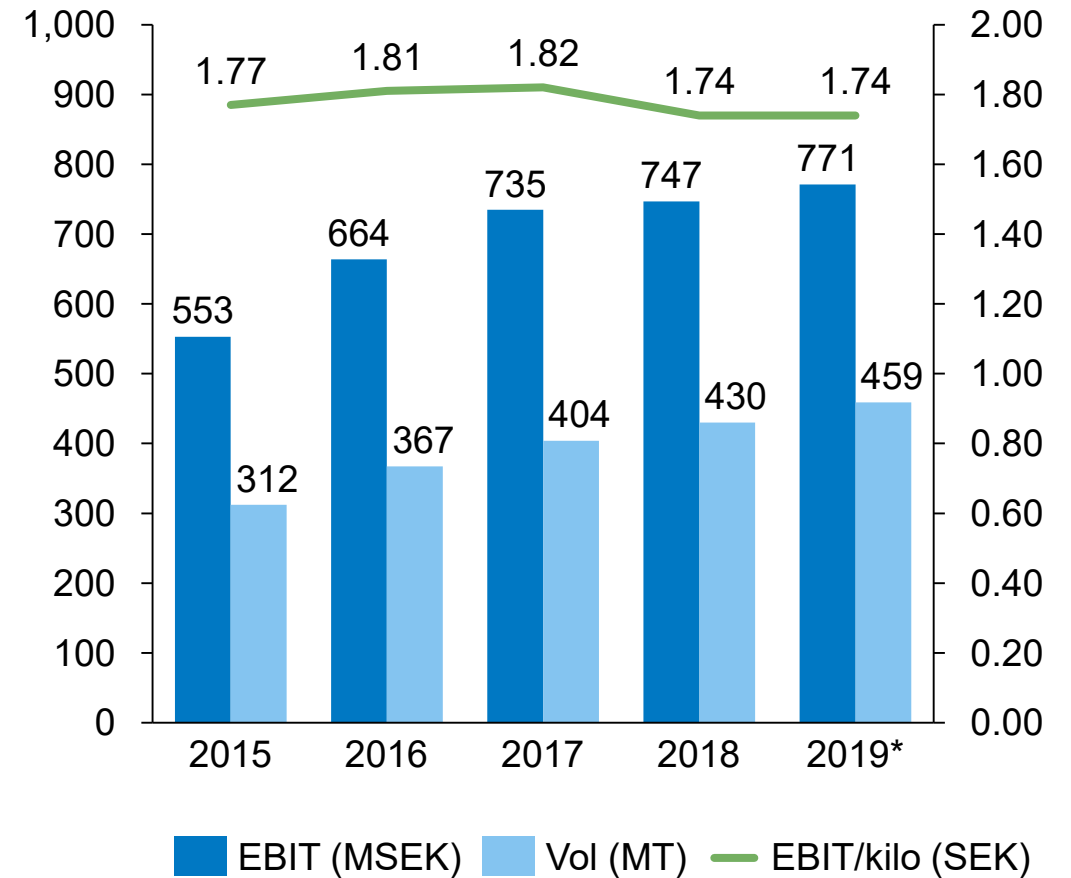
Net sales*



Operating profit*



* September, rolling 12 months

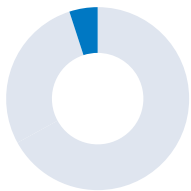


Technical Products & Feed

- Sustainable business using by-products from speciality oils manufacturing
- Refined into value-adding solutions for:
 - Technical products such as detergents and candles as well as paper production and tire manufacturing
 - Animal feed
- New level of performance with regards to EBIT/kilo
 - Stronger customer co-development with a higher share of value-based solutions

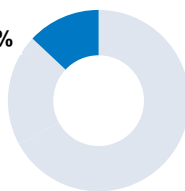
Volumes*

5%



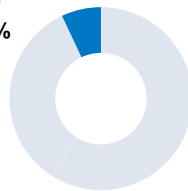
Net sales*

13%

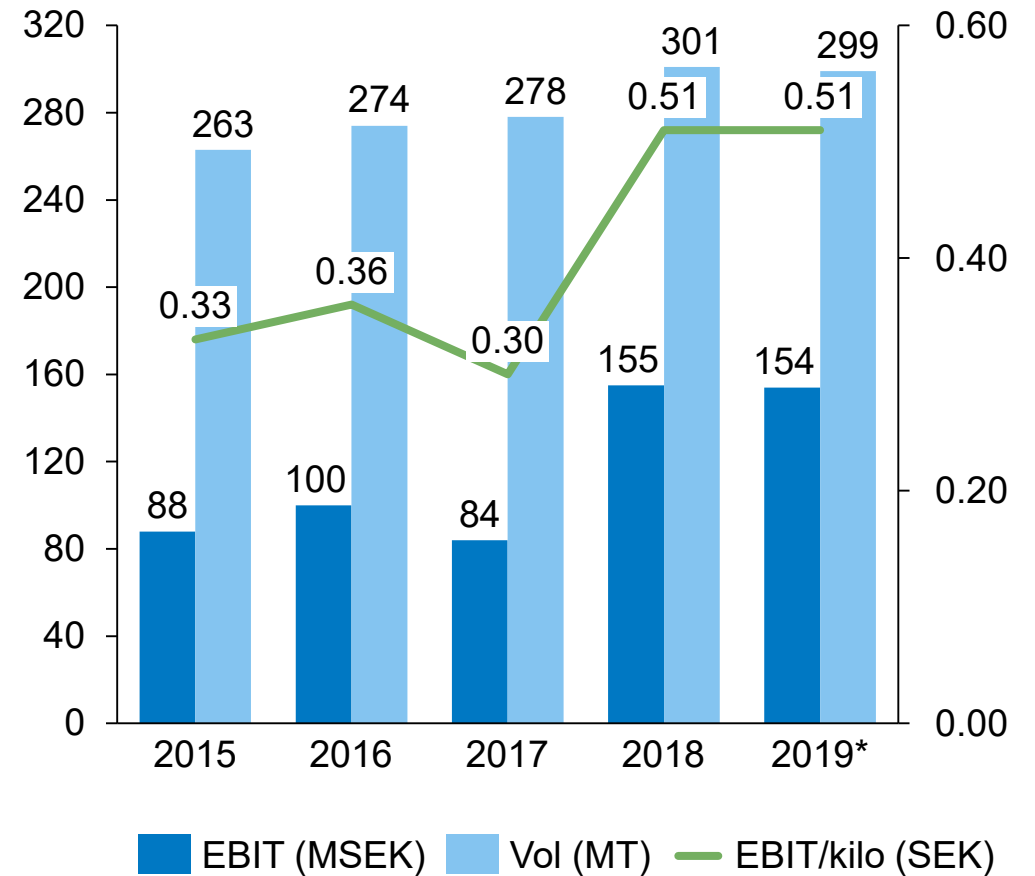


Operating profit*

7%



* September, rolling 12 months

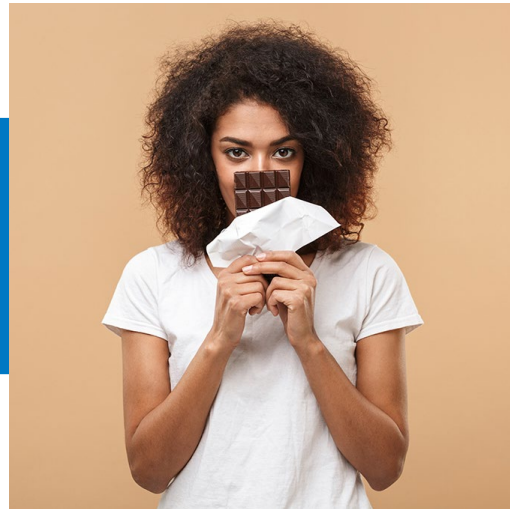


Highlights 2019

AkoPlanet™



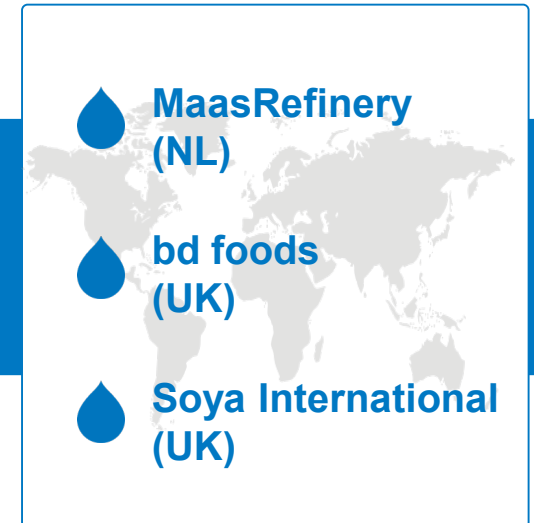
COBAO™ Pure



Sustainability progress



Mergers & Acquisitions



Business update summary



We are well positioned with our offer of plant-based, healthy, high value-adding oils and fats solutions, using our customer co-development approach. We continue to see favorable underlying trends in our markets and we remain prudently optimistic about the future.



.....

Strategy update

AAK

**AAK builds
on a strong
performance
with...**

35

**record quarters
in a row!**

The new strategic direction will preserve our DNA,
but we will sharpen our focus to strengthen our position



Passion, drive and entrepreneurship



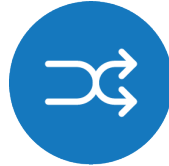
Strong regional ownership and accountability



Co-development and Customer centricity



Sustainability and responsibility towards all stakeholders



Flexibility and agility in sourcing and production

We have reviewed our market and capabilities and defined the future strategic direction of AAK to successfully continue our growth journey

Where we will play



Focus on key growth opportunities within our established industries and new adjacencies

How we will play



Rethink how we manage our industries given diverse market dynamics

What will enable us to play



Secure key enablers that will ensure that AAK is set up to deliver on the ambition

Our assessment shows significant opportunities in our current market for continued profitable growth

Where we will play



Focus on key growth opportunities within our established industries and new adjacencies

Market growth

AAK's focus market of **speciality oils & fats** is expected to **grow faster** than commodity oils & fats

Consumer trends

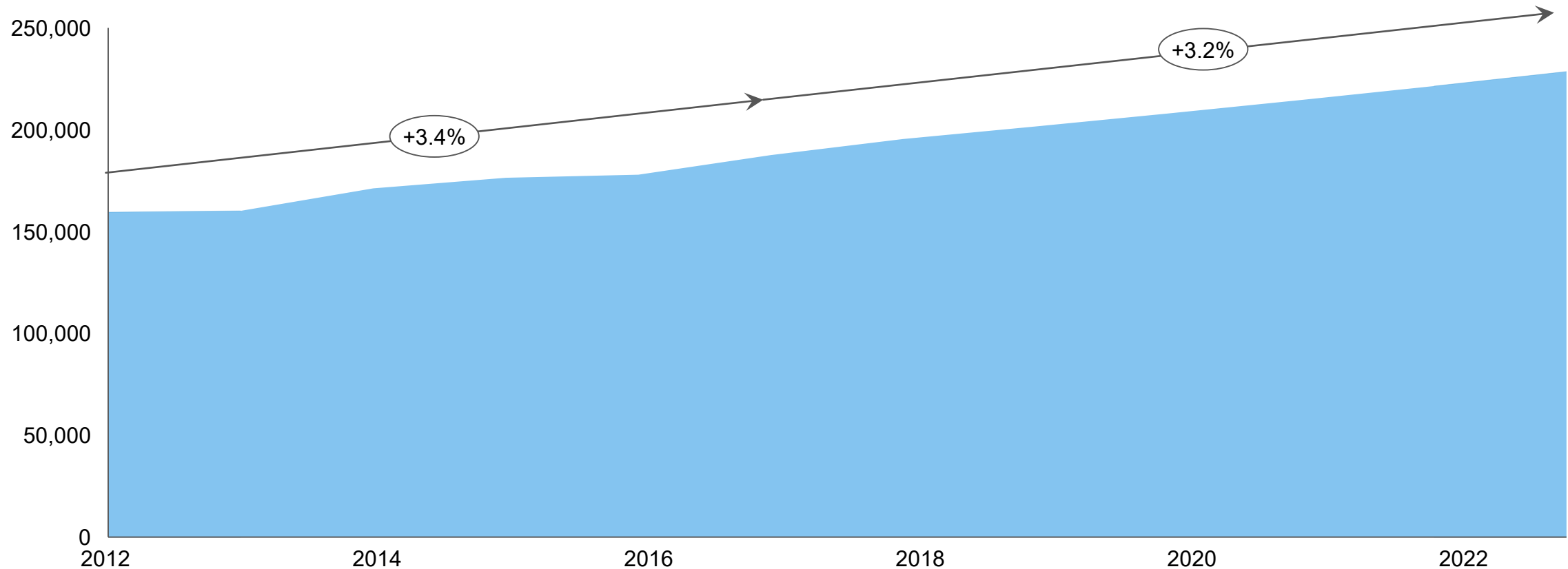
AAK is well positioned to benefit from the consumer trends within areas of e.g. sustainability, premiumization, and health and nutrition

Market dynamics

The **market dynamics differ across categories** and AAK has a strong position in the more **differentiated, high-value and faster-growing categories**

The O&F market grows at ~3% per year but our assessments indicate that the speciality O&F market is growing faster, confirming our focus market

Indicative O&F consumption ('000 MT)



Source: IHS Global, 2018, Transparency market research



Consumer trends are setting the direction in the market



AAK is well positioned to benefit from the consumer trends



Sustainability as a competitive advantage

AAK is regarded as a trustworthy partner with focus on traceability and sustainability throughout the value chain



Consumers' increasing demand for higher quality

AAK is well positioned in the speciality segment where there is demand for premium and co-developed solutions

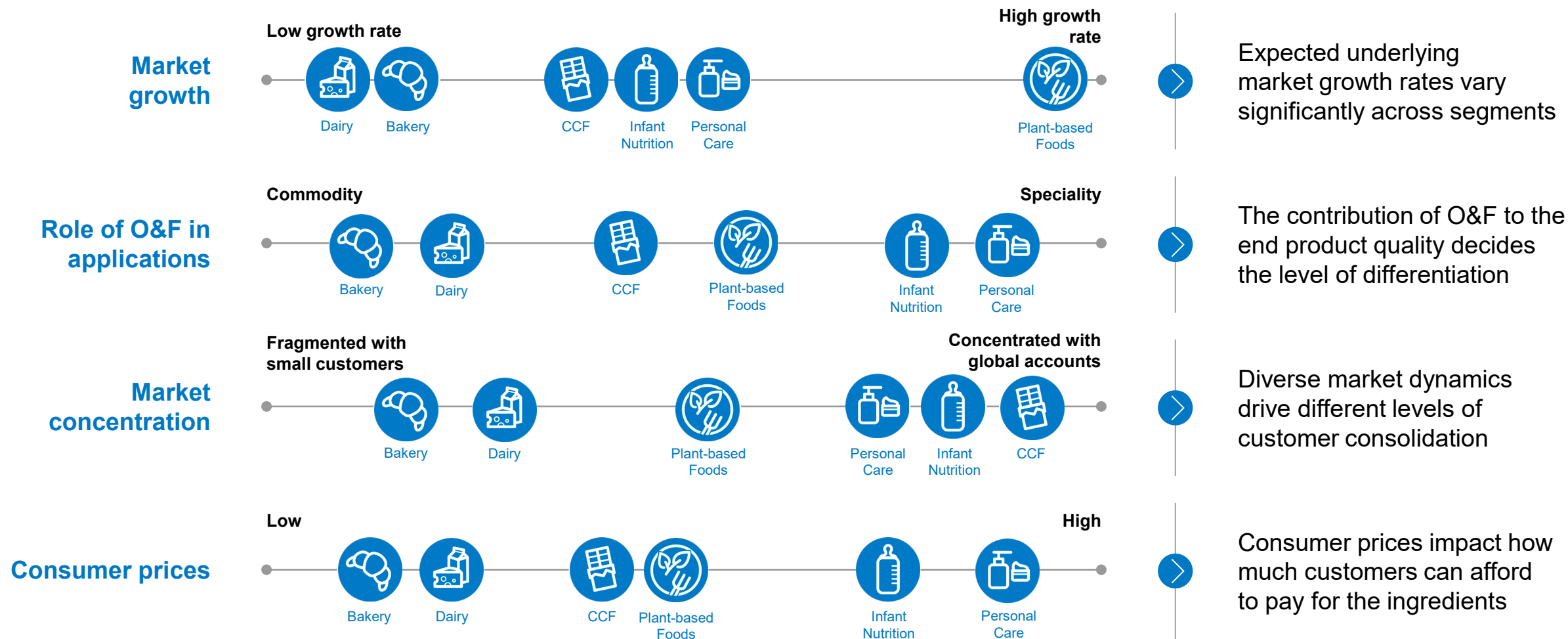


Health and well-being on the rise

AAK's natural and plant-based solutions are on trend with consumer demands for health and nutrition



The market dynamics differ across categories and AAK has a strong position in the more differentiated, high-value and faster-growing categories



Note: Above visual is merely indicative. Does not include all segments.

Acknowledging that the different markets are characterized by very different dynamics, it is important to differentiate our approach to them

Where we will play



Focus on key growth opportunities within our established industries and new adjacencies

How we will play



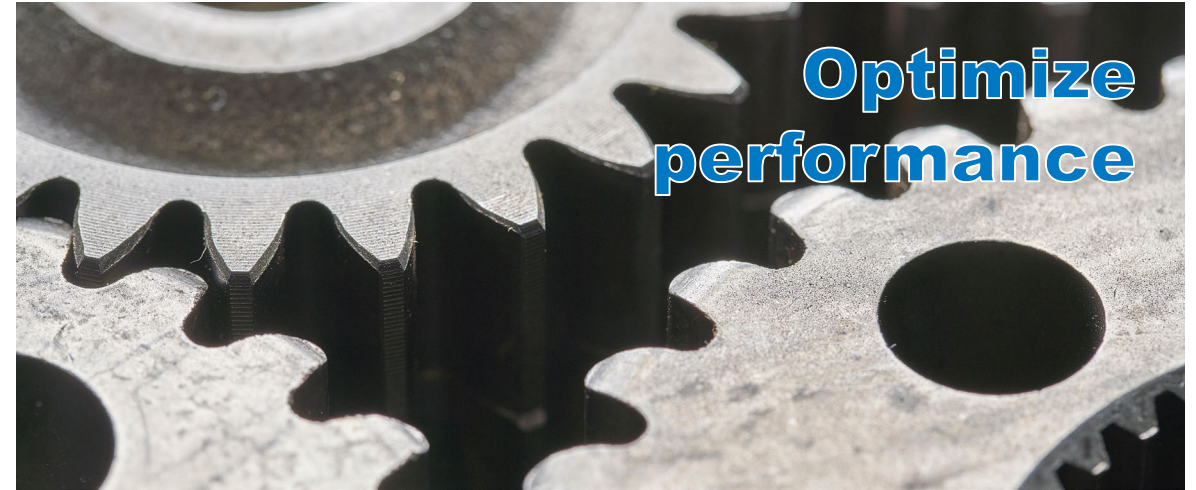
Rethink how we manage our industries given diverse market dynamics

What will enable us to play



Secure key enablers that will ensure that AAK is set up to deliver on the ambition

In light of the diverse market dynamics, we will apply different portfolio strategies, which will guide how we manage our respective industries



We have a strong, broad portfolio of industries with different opportunity profiles



Invest in continued growth



Chocolate &
Confectionery Fats



Special Nutrition



Bet for the future



Health & Nutrition platform



Plant-based Foods



Optimize performance



Bakery



Dairy



Foodservice



Maintain current strategy



Natural Emulsifiers



Personal Care



Technical Products & Feed

We will invest in CCF and Special Nutrition to continue our growth journey

Chocolate & Confectionery Fats



- ◆ Strong historical growth enabled by industry-leading application knowledge and ability to offer customers the best solutions
- ◆ Strengthening our key supply chains and continuous customer innovation will position us to capture the growth in high-value applications

Special Nutrition



- ◆ Good reputation for high-quality, tailor-made customer solutions has enabled high growth rates and attractive profit levels until now
- ◆ A strong innovation pipeline and investments in our ability to service key markets such as China will allow a continued strong growth projection

We will place bets for the future in Health & Nutrition and Plant-based Foods



Health & Nutrition platform



- ◆ Increasing consumer demand for health and nutritional benefits
- ◆ Investing in capabilities and functional claims substantiation will allow AAK to enable customers to claim health benefits and grow market

Plant-based Foods



- ◆ Fast-growing market where plant-based oils and fats are key ingredients but have seen limited application development by oils and fats providers
- ◆ High willingness from consumers to pay for strong value propositions

We will focus and optimize our approaches in Bakery, Dairy and Foodservice

Bakery and Dairy



- ◆ Overall market trends towards commoditization but specific underexploited, high-value product applications exist
- ◆ Opportunity in shifting product mixes towards higher-value products in specific applications and optimizing how to serve the market

Foodservice



- ◆ Diverse range of products and applications from frying oils to high-end, tailor-made dressings with significant variations in profitability levels
- ◆ Increase margins by focusing on co-developed high-value solutions and optimizing product range, market approach and operations

We will maintain current, successful strategies in a range of other industries

Natural Emulsifiers



- ◆ Speciality segment with large overlap with AAK product applications
- ◆ Recent acquisition is first step into market that is strategically fitting

Personal Care



- ◆ Growing business with strong value proposition in the beauty industry's quest to move to more natural ingredients
- ◆ Growth depends on further acceleration of replacement of mineral oils

Technical Products & Feed



- ◆ Healthy business functioning as an outlet for side fractions
- ◆ Current momentum in Feed and waxes for candles will be leveraged

Acknowledging that the different markets are characterized by very different dynamics, it is important to differentiate our approach to them

Where we will play



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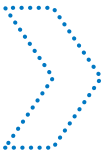
To further differentiate, we want to enhance our sustainability offerings and Customer Co-Development model by strengthening our foundation and backbone

Differentiators



- 💧 Customer Co-Development 2.0
- 💧 Sustainability as a true differentiator

Backbone



- 💧 Product management
- 💧 End-to-end supply chain planning and execution

Foundation



- 💧 People, Purpose, Culture

Our aim is to continue our growth journey by leveraging our global strengths and developing differentiated solutions with clear focus on customer value creation...



From strong foundation...

- ◆ Regional strongholds with an entrepreneurial approach to finding customer solutions
- ◆ Strong focus on sustainability in our supply chain by keeping our “house in order”
- ◆ Unique regional and customer-focused product development and management
- ◆ Industry-leading customer co-development with focus on tailor-made solutions



...to further leverage and synergies

- ◆ Global scale effects and synergies with more holistic end-to-end supply chain view
- ◆ Sustainability frontrunner setting new standards and offering differentiated solutions to customers
- ◆ Global product management leveraging insights, expertise and resources
- ◆ Increased depth and breadth of customer co-development with further customer centricity

...and with our in-depth knowledge in plant-based oils and fats continue to develop best in class value propositions fitting the needs of our customers



Customer Co-Development 2.0

- ◆ Stay ahead by offering a customer experience that is second to none
- ◆ Continue to develop unique customer solutions with a commercially scalable AAK backbone

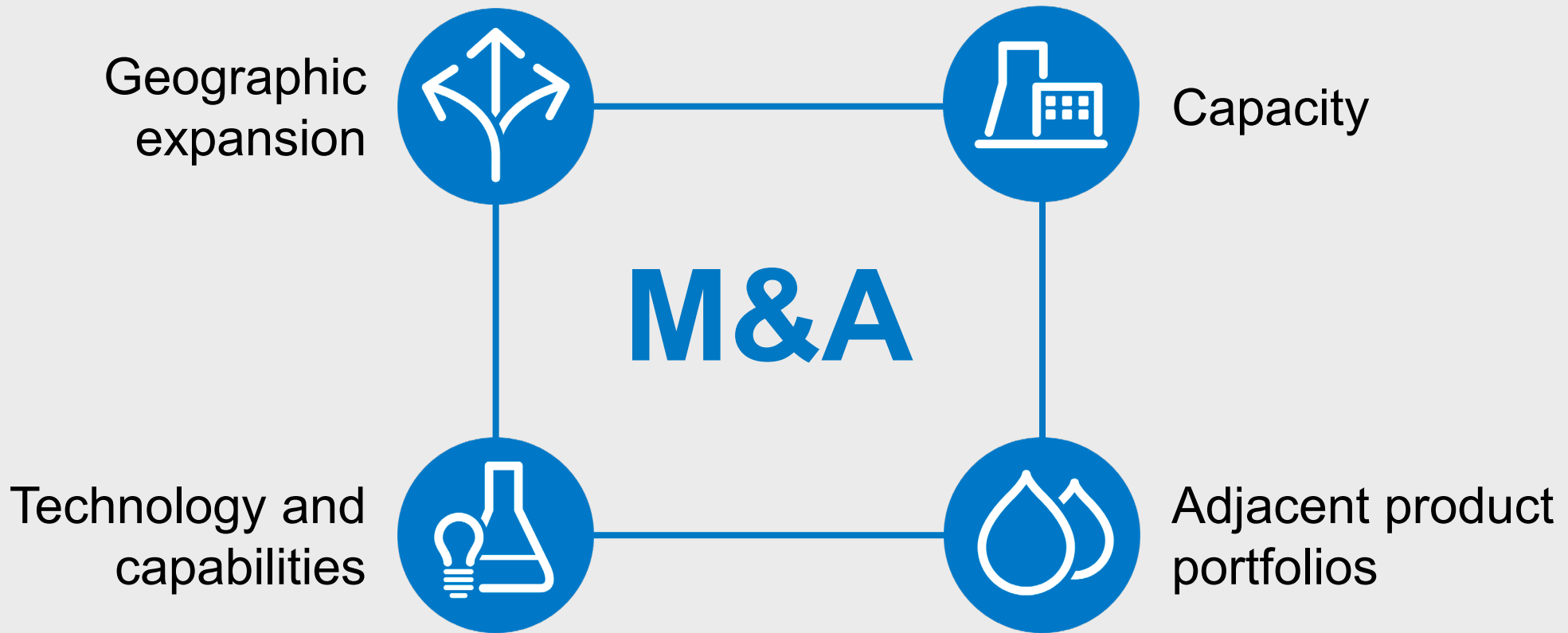
Sustainability as a true differentiator

- ◆ Focus so far on "house in order" to be considered the safe choice
- ◆ Going forward, even more differentiated solutions meeting the needs of our customers, consumers and the world we live in



Unique **value creation** for our customers

M&A remains a key enabler of our continued growth journey



Strong portfolio management and further strengthened offerings are key to reach our ambition of 10% EBIT growth

- Strategic direction supporting **AAK's continued growth**
- Focus on **speciality O&Fs** and capture opportunities created by the **favorable consumer trends**
- **Manage portfolio** with increased focus on markets with **higher growth rates** and opportunities to **differentiate** and **capture more value**
- Further position AAK in **speciality segments** of each industry that we serve and **optimize market approach**
- Continue **building on what makes us great** but initiate actions to further strengthen our **sustainability offerings** and **Customer Co-Development** model

**Average 10%
year-over-year
EBIT improvement
&
Supporting a good
and consistent
EPS improvement**



Thank you!

www.aak.com

AAK