

A close-up photograph of a person's hand on a steering wheel. The person is wearing a smartwatch with a black strap. The watch screen shows the time 14:08 at the top, a line graph in the background, and the large white letters 'AAK' in the foreground. The background of the image is a blurred car interior with blue ambient lighting. A large blue teardrop-shaped graphic is overlaid on the left side of the image.

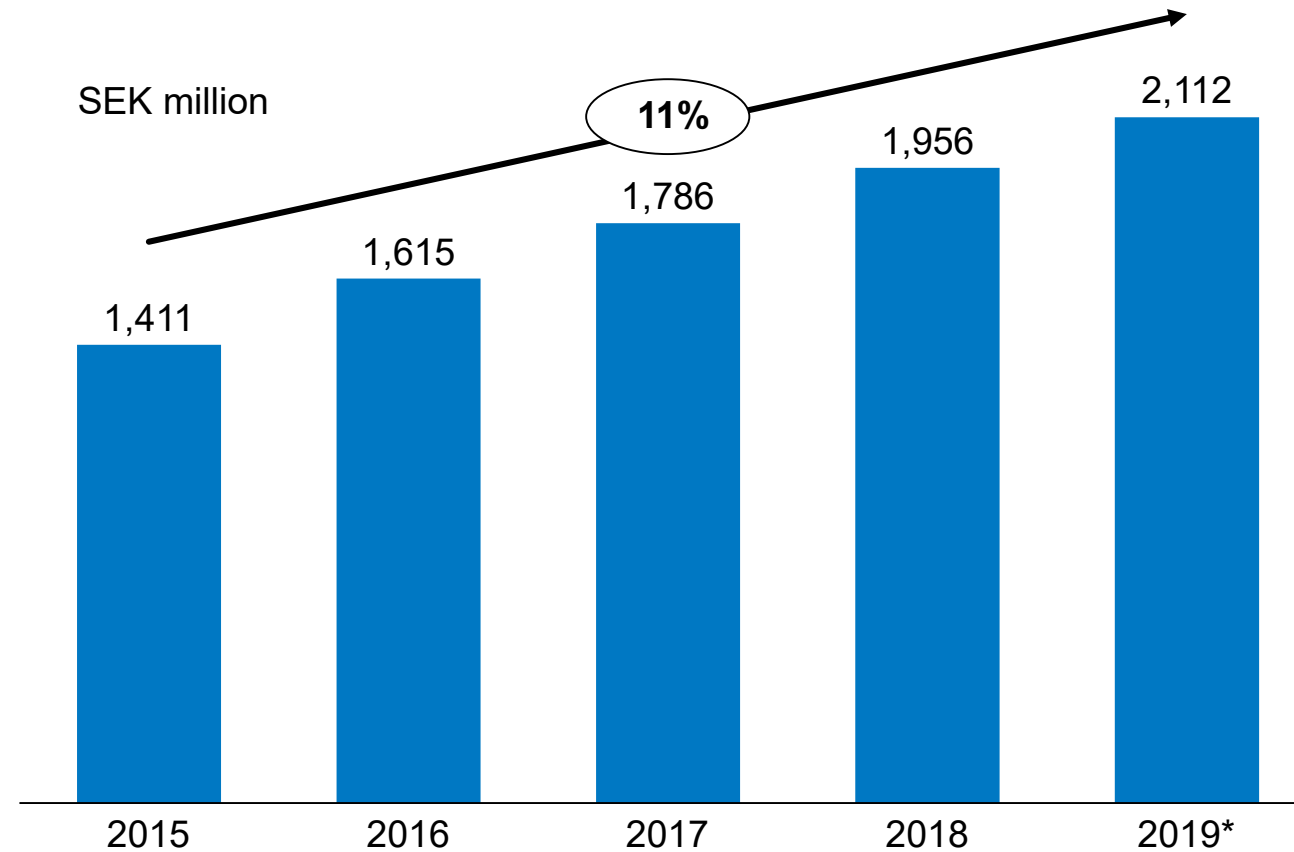
Fredrik Nilsson  
Chief Financial Officer

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**Financial  
performance**

**AAK**

# Customer Co-Development and successful integration of acquisitions driving profit growth...

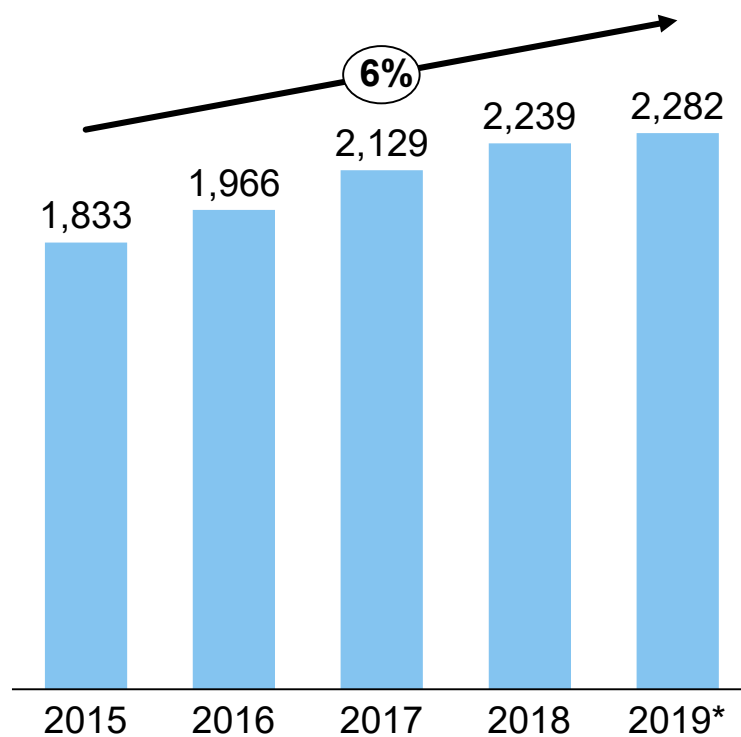


\* September, rolling 12 months

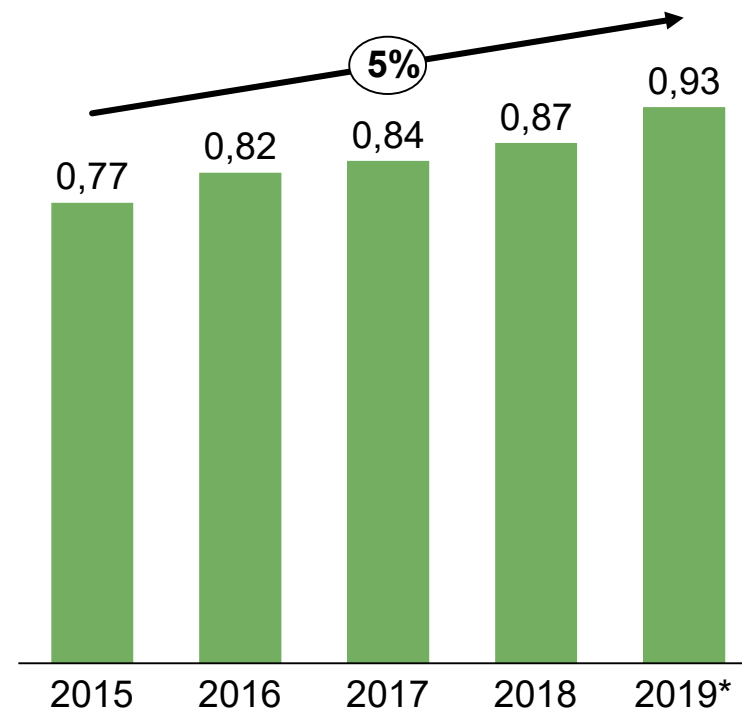


...through volume growth and value-adding solutions

Volume ('000 MT)



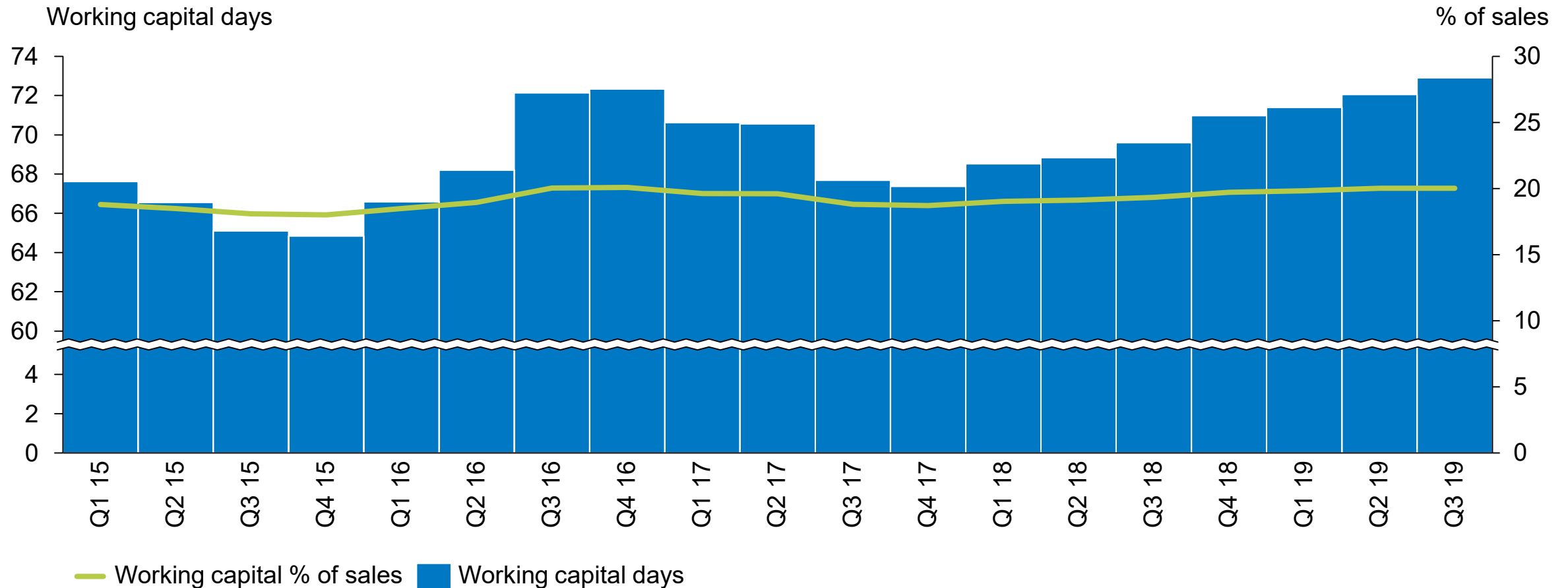
Operating profit/kilo (SEK)



\* September, rolling 12 months

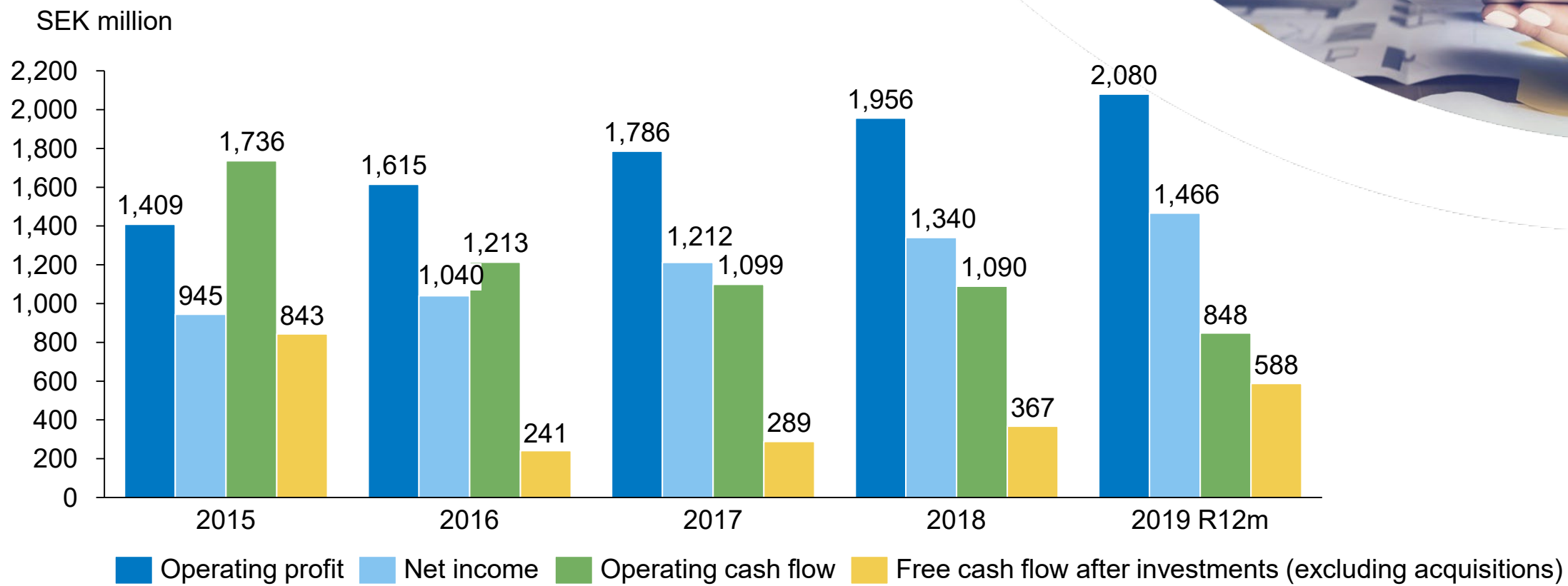
## Working capital days – stable trend in percent of sales

- ◆ Entering new markets/geographies put pressure on working capital days
- ◆ Strong push on payment terms from customers
- ◆ Potential to improve cash flow from working capital through focused efforts



# Strong track record of free cash flow

- Over SEK 2,000 million in free cash flow since 2015 (excluding acquisitions)



# The AAK Way coming to an end

– solid progress and good results set a strong foundation for our next company strategy

## Go to Market

- Continuous training on Creating Customer Value
- Follow up on global customer survey – *We listen, We care, We act*
- Training on oils & fats and customers' industries

## Operational Excellence

- Further progressing with multi-oil sustainability
- Global networks enabling best practice sharing on key production capabilities
- Continuous Improvement and Lean practices enabled by a strengthened toolbox

## Innovation

- Market-driven innovation process

## Special Focus Areas

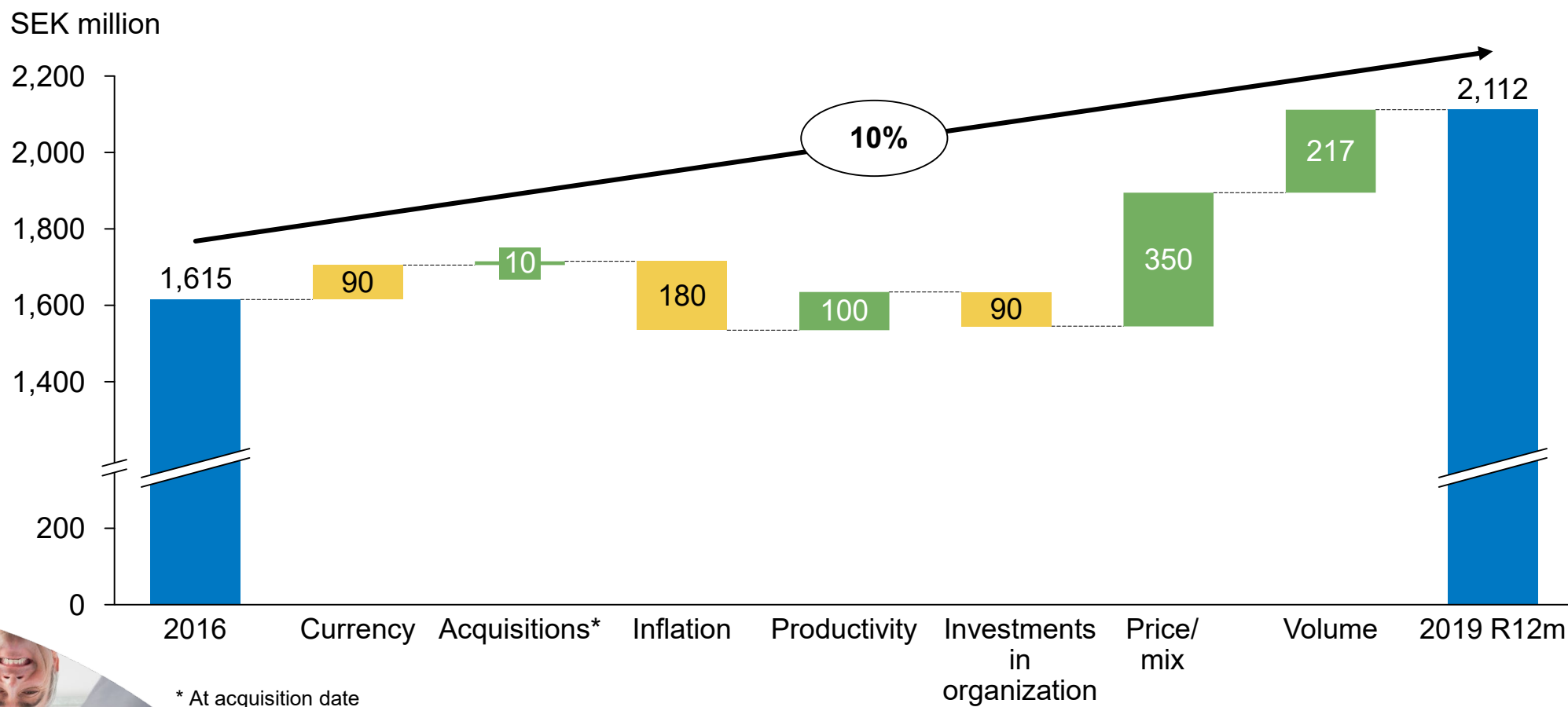
- Senior and Medical Nutrition businesses growing
- Launch of AkoPlanet™ – AAK portfolio with solutions for plant-based foods
- Cross-regional collaboration for strengthened INNOBO-Products offerings

## People

- Leadership development
- Preparing the organization for the future

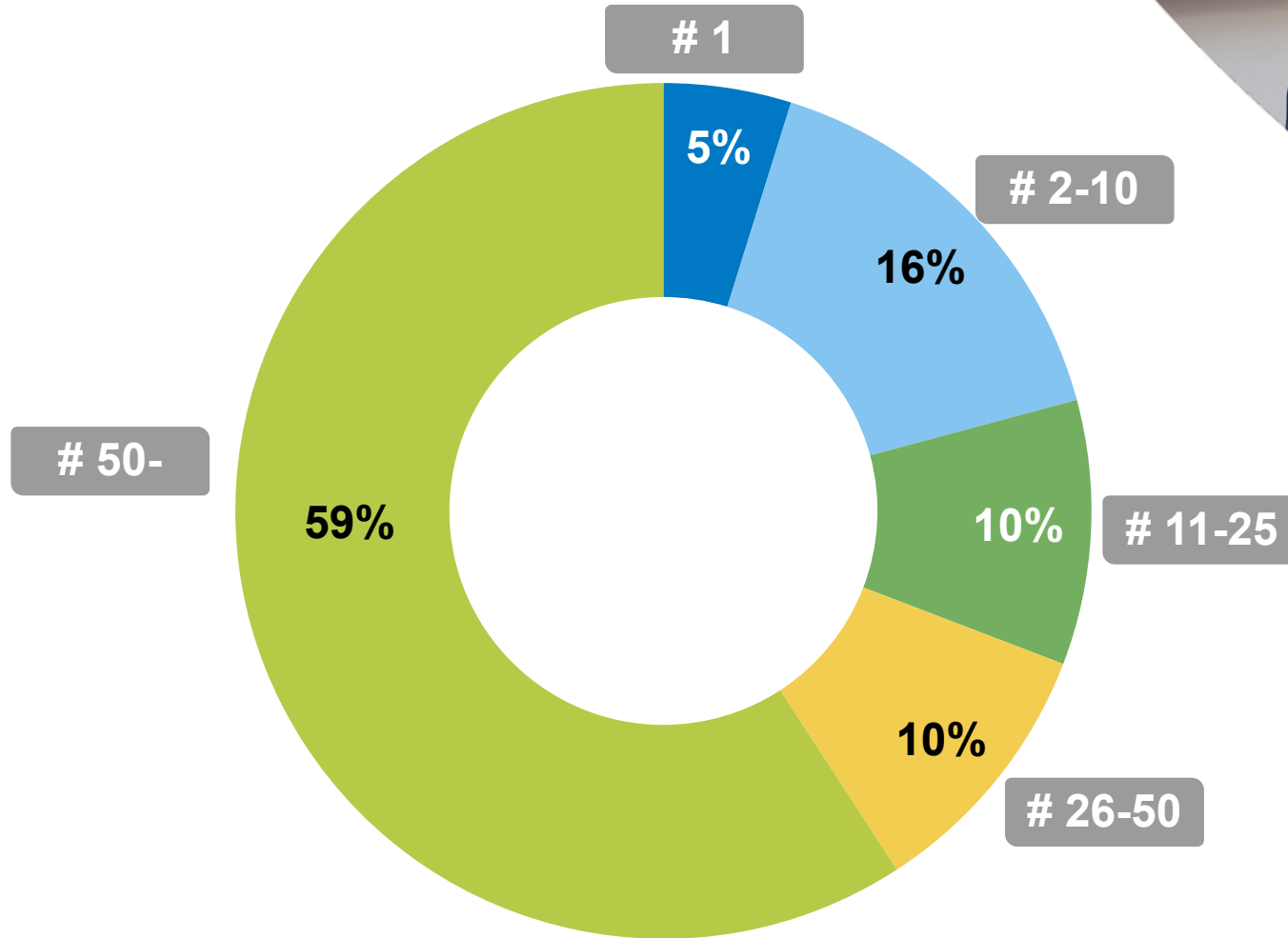


# The AAK Way – anatomy of growth in operating profit





## Low customer concentration decreases dependency and risk





# Preparations to mitigate effects of Brexit in place

- ◆ Approximately 90 percent of our business in the UK is for the UK market
- ◆ Main expected cost drivers identified as tariffs on goods sold and imported into and out of the UK
- ◆ Other effects include
  - ◆ Build-up of safety stocks
  - ◆ Additional staff to handle customs, logistics and VAT compliance
- ◆ Mitigating actions will be taken to limit effects



# Capital allocation principles

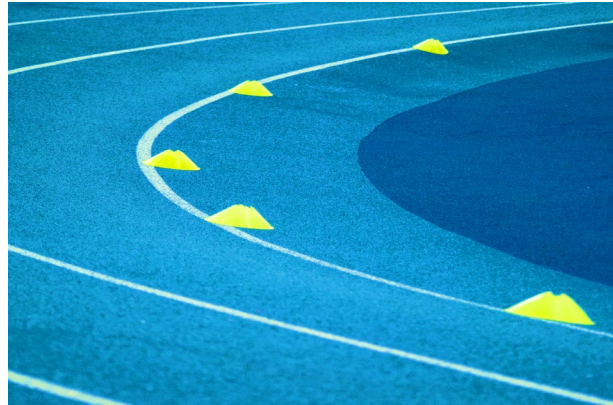
Solid balance sheet provides strong platform for growing long-term shareholder value

## Dividends



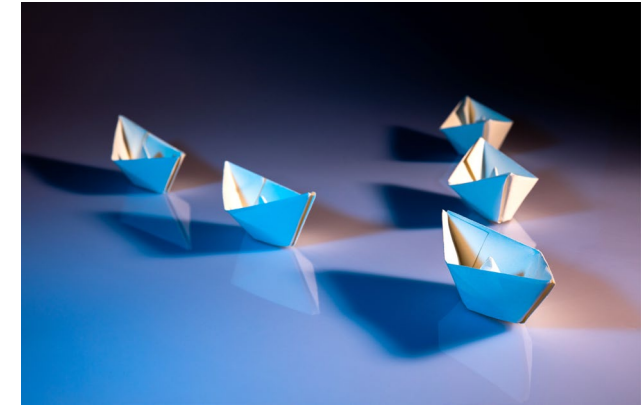
- ◆ Consistent dividends
- ◆ 30–50 percent of net profit
- ◆ History of dividend growth above 10 percent

## Core business investments



- ◆ Capacity expansion
- ◆ Improve efficiency
- ◆ Brownfield investments

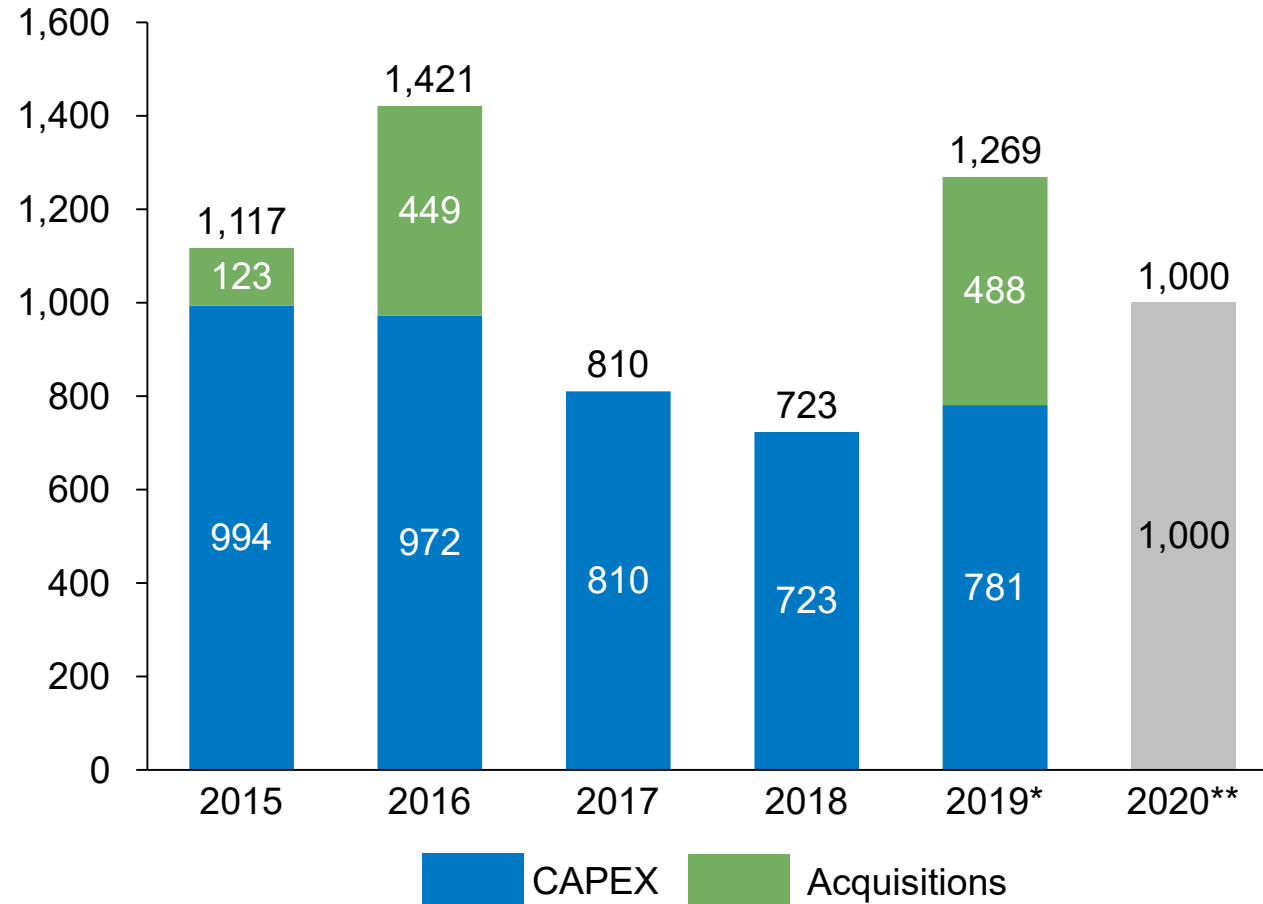
## Acquisitions



- ◆ Bolt-on
- ◆ Strategic targets
- ◆ Adjacencies

# CAPEX – increasing investments to keep growth momentum

SEK million



\* September, rolling 12 months

\*\* Indication

## Investments done enhancing growth areas

- Debottleneck CAPEX
- Capacity expansions in India and China
- Acquisitions in core business and adjacencies
- Strengthened sourcing capabilities in West Africa

## Balanced cash flow and CAPEX

- CAPEX over last three years at 3 percent of sales
- Good maintenance CAPEX control
- Prudent strategic prioritization of investments

# Return on Capital Employed (ROCE)

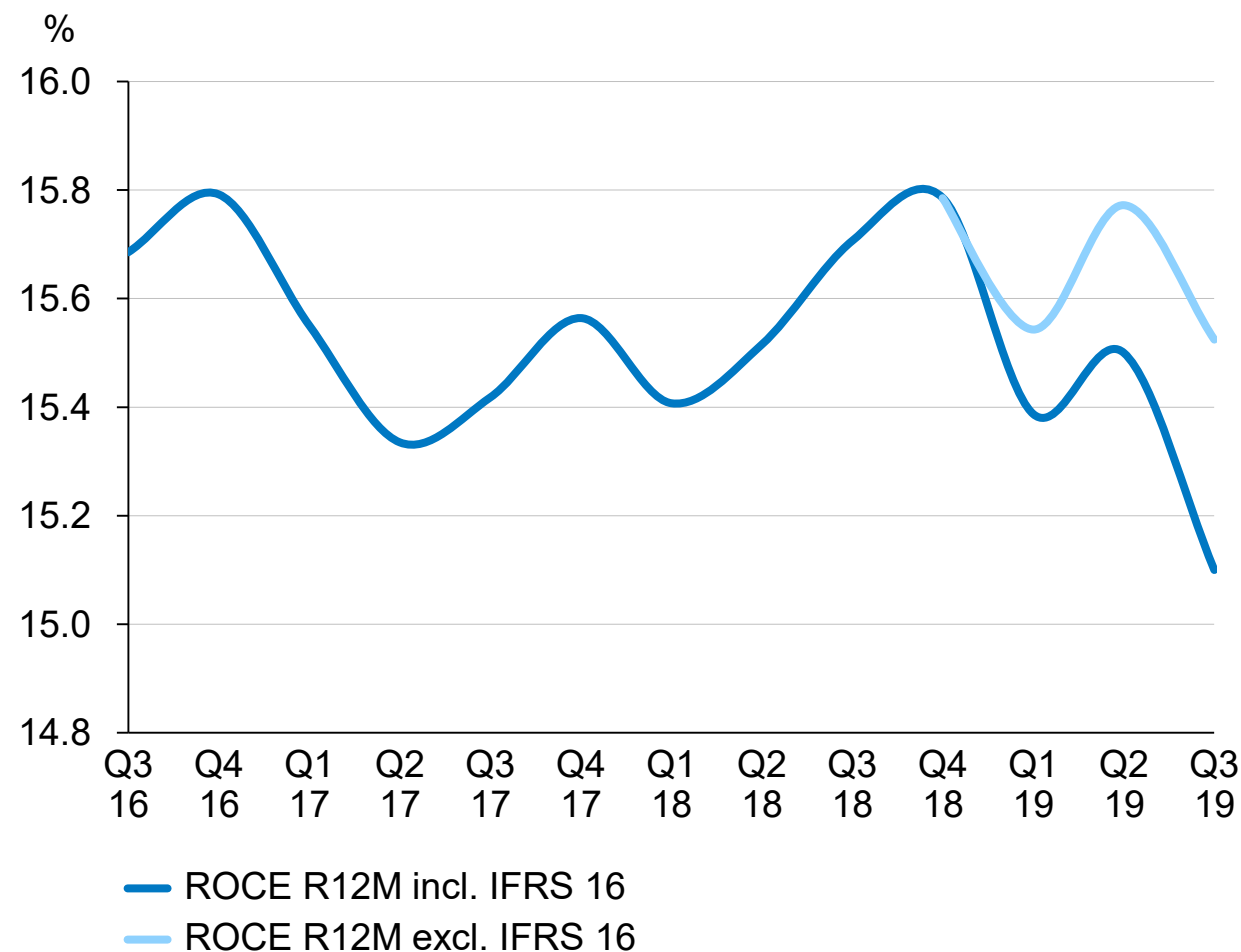
- We target a gradual and continuous improvement – recent drop has been driven by strategic purchase of key raw materials and acquisitions

**ROCE end Q3 2019\***  
**15.1%**

**EBIT LTM**  
**SEK million**  
**2,097**

**Capital  
employed\***  
**SEK million**  
**13,872**

Growth and operating leverage  
to drive increase in ROCE

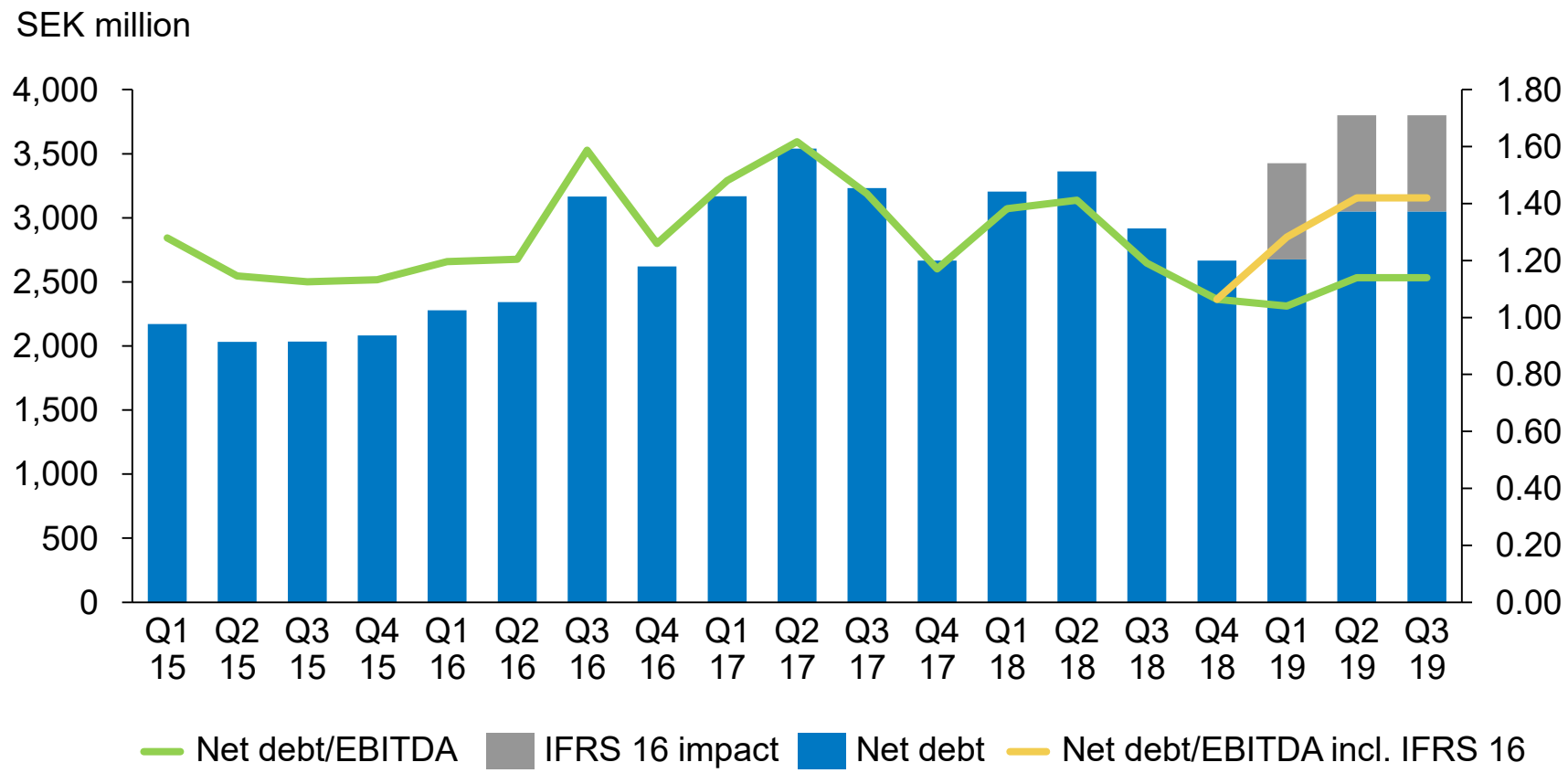


\* ROCE: Return on Capital Employed calculated on rolling 12 months

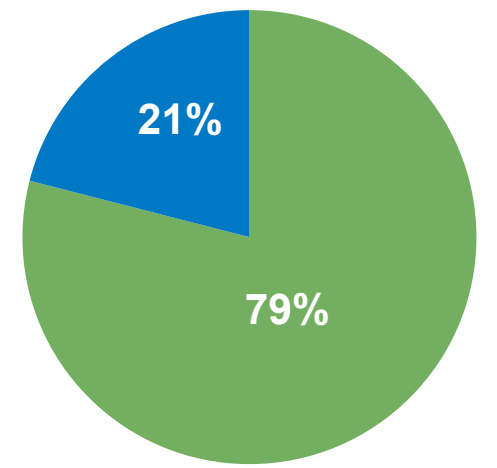


# Solid balance sheet and well-balanced debt portfolio provide strong foundation for future growth

## Net debt

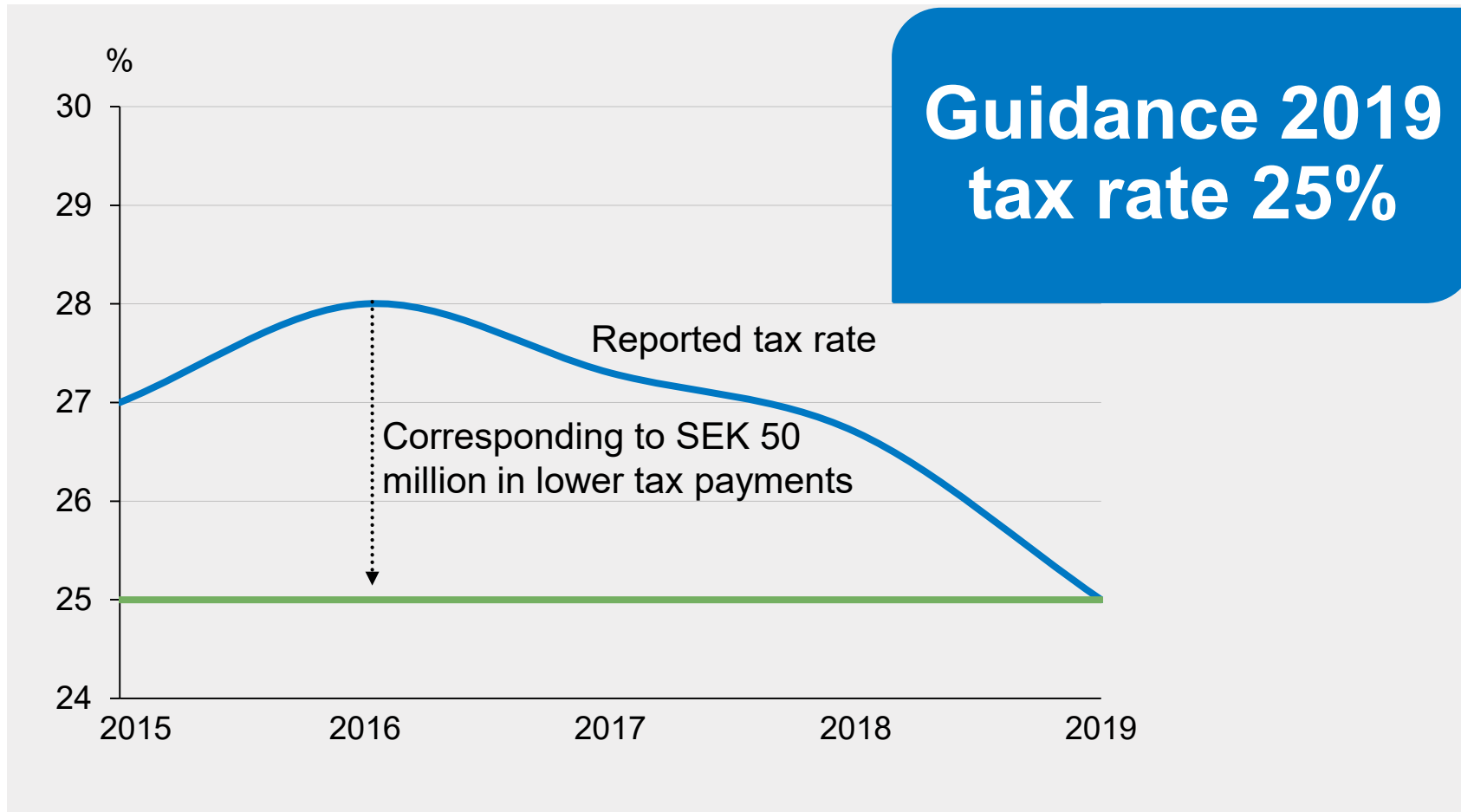


## Maturity profile



SEK 7,186 million in committed credit facilities at September 30

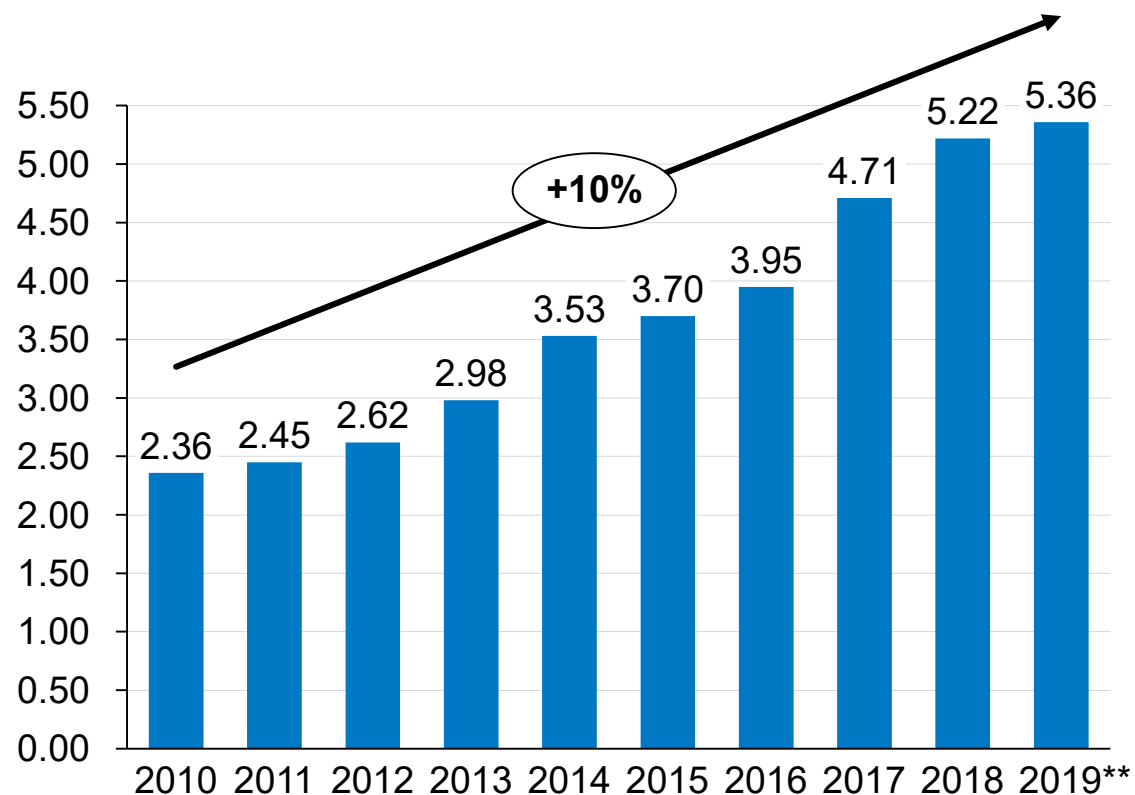
Strong focus to improve and optimize capital structure  
results in lower tax rate



# Consistent EPS growth drives consistent dividend

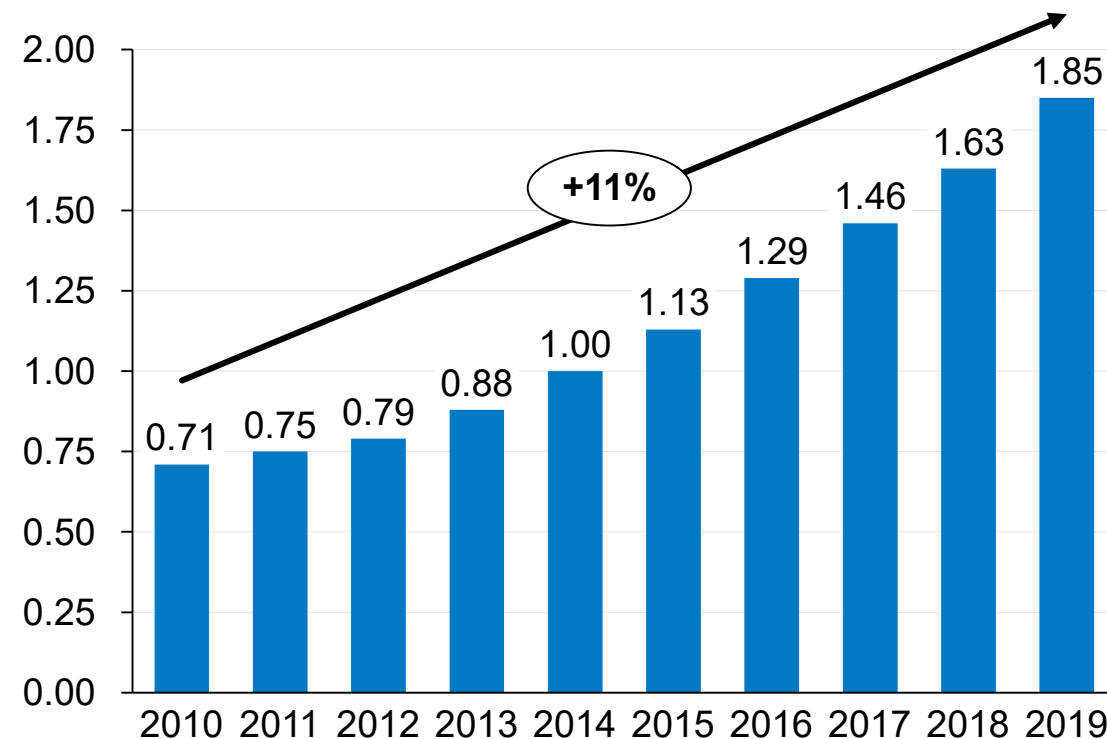
💧 Dividend policy to pay out 30–50 percent of net profit

## Earnings per share



\*\* September, rolling 12 months

## Dividend per share\*



\* Year paid out



Continue building on what makes us great, combined with different portfolio strategies, will enable our management ambition of 10% EBIT growth





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Thank you!

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[www.aak.com](http://www.aak.com)

**AAK**