

# Interim Report

# Third quarter 2023

Johan Westman, CEO

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# Agenda

- 1) Highlights Q3
- 2) Selected events
- 3) Business & financial update
- 4) Concluding remarks
- 5) Q&A



# Forward-looking statements

This presentation includes forward-looking statements that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realized from the proposals described herein.

This presentation contains a number of forward-looking statements including, in particular, statements about future events, future financial performances, plans, strategies, expectations, prospects, competitive environment, regulation and supply and demand. AAK has based these forward-looking statements on its views with respect to future events and financial performance. Actual financial performance of the entities described herein could differ materially from that projected in the forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections, and financial performance may be better or worse than anticipated.

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# Strong profit growth, including a sequential volume improvement

## Highlights Q3 2023

- Operating profit increased 35 percent at fixed foreign exchange rates.
- Operating profit per kilo increased 43 percent at fixed FX rates, driven by higher sales of speciality solutions, productivity improvements, and better portfolio and price management.
- Volumes improved sequentially but declined 5 percent y/y.
- Strong cash flow, mainly driven by increased earnings and a positive effect from inventories.
- Continued deleveraging on strong profit growth and a reduced debt level.
- ROCE at 17.2 percent.
- Anticipate a finish to the year that is in line with the average performance in the first nine months.

## Growth and returns Q3 2023

**Volume**  
**529,000 MT**  
(-5% y/y)

**Operating profit**  
**SEK 1,143 million**  
(+39% y/y, +35% y/y<sup>1</sup>)

**Operating profit per kilo**  
**SEK 2.16**  
(+47% y/y, +43% y/y<sup>1</sup>)

**Operating cash flow**  
**SEK 1,214 million**

**Net debt/EBITDA**  
**0.73**

**ROCE**  
**17.2%<sup>2</sup>**

<sup>1</sup> Fixed FX

<sup>2</sup> Rolling 12 months

# Selected events

## Joining forces for Better Health

- A joint R&D project between AAK and Maastricht University, aiming to mitigate type 2 diabetes and related health conditions such as obesity, has received recognition and support from the Government of the Netherlands.
- The study will investigate if increased levels of short-chain fatty acids can improve insulin sensitivity, decrease body weight and inhibit inflammation.
- The study is an example of how AAK cooperates to drive positive change and foster the development of innovative, healthy, and nutritious solutions within the food and ingredients industry.



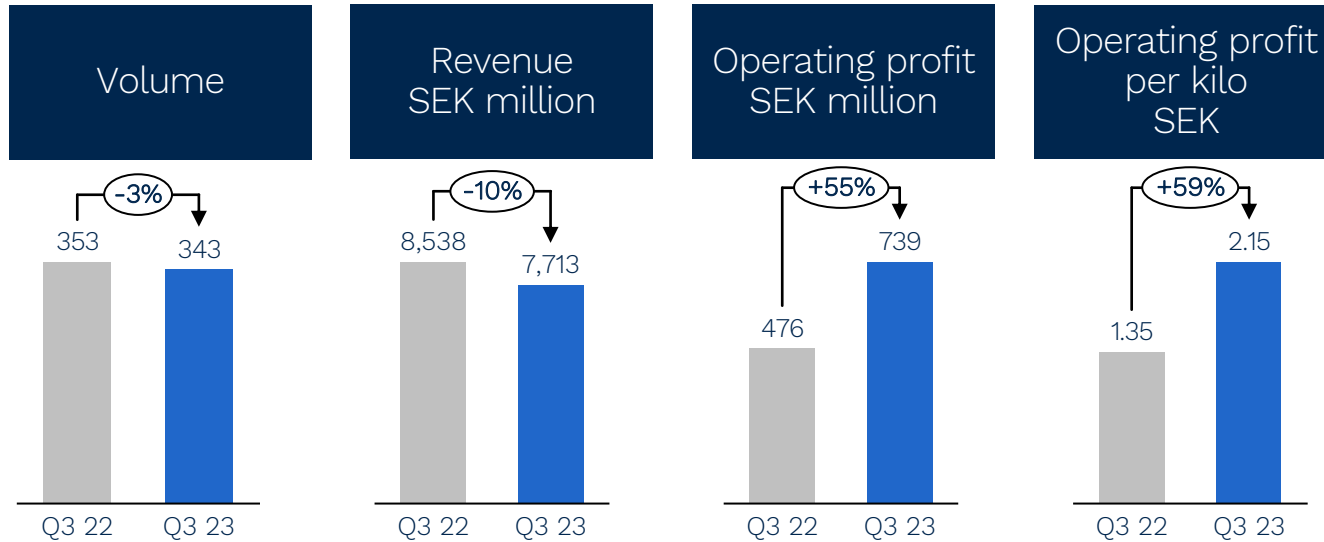
## New Chairman of AAK's Board of Directors

- Patrik Andersson has been appointed Chairman of AAK's Board of Directors until a new Chairman is elected at the General Meeting.
- The appointment follows the deeply saddening and sudden passing of AAK's former Chairman of the Board, Georg Brunstam.
- Patrik Andersson, has been a valued member of the Board of Directors since 2019 and has worked next to George for several years. Patrik's operational background includes six years as President and CEO of Loomis, as well as leadership roles at Unilever, Barilla, Rieber & Son, and Orkla.



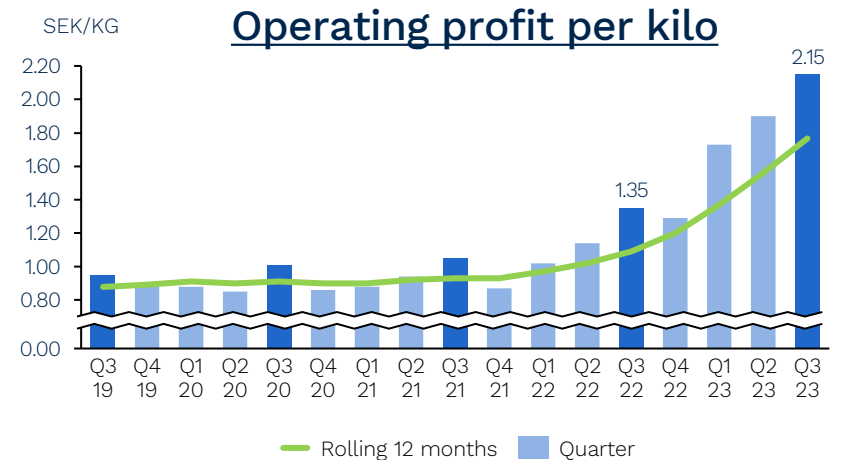
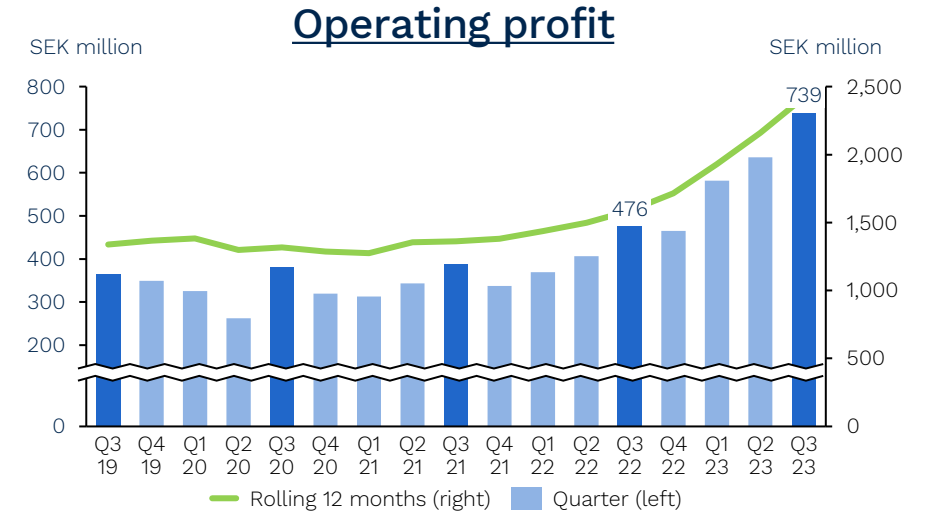


# Food Ingredients



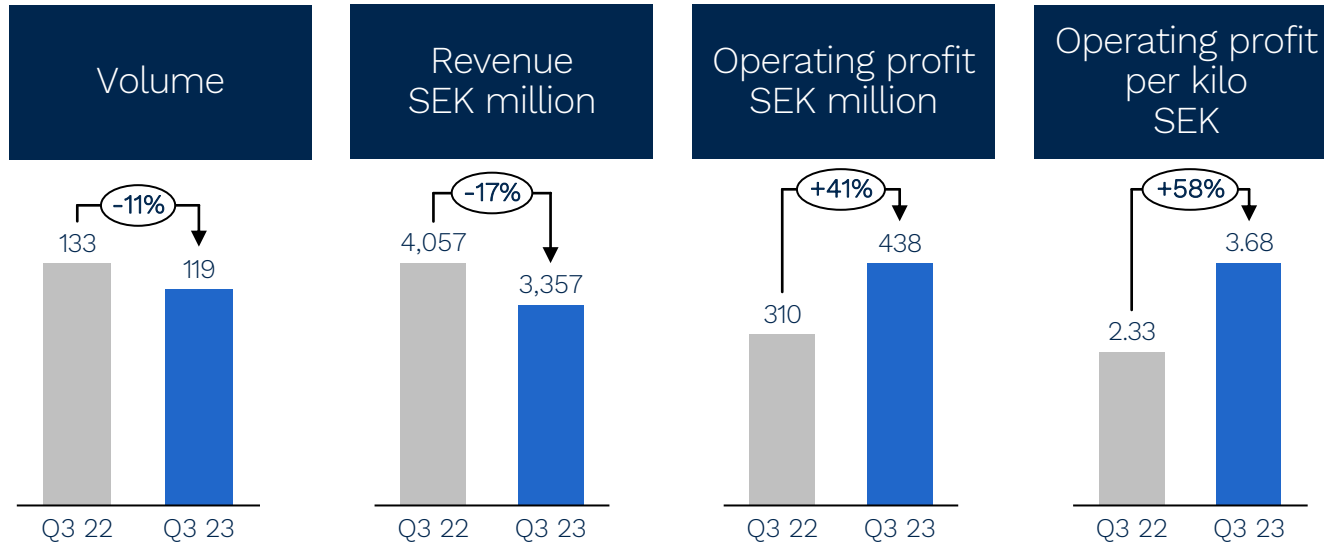
## Business area development

- Volumes decreased by 3 percent, largely due to the ongoing optimization program in Bakery as well as weak performance in Special Nutrition and Foodservice, somewhat mitigated by growth in Dairy.
- Operating profit per kilo increased to SEK 2.15 driven by higher sales of speciality solutions, productivity improvements, and better portfolio and price management. Excluding FX, the operating profit per kilo increased 59 percent.
- Operating profit increased with 55 percent driven by the strong operating profit per kilo and despite the decline in volumes. At fixed foreign exchange rates, operating profit increased by 54 percent.



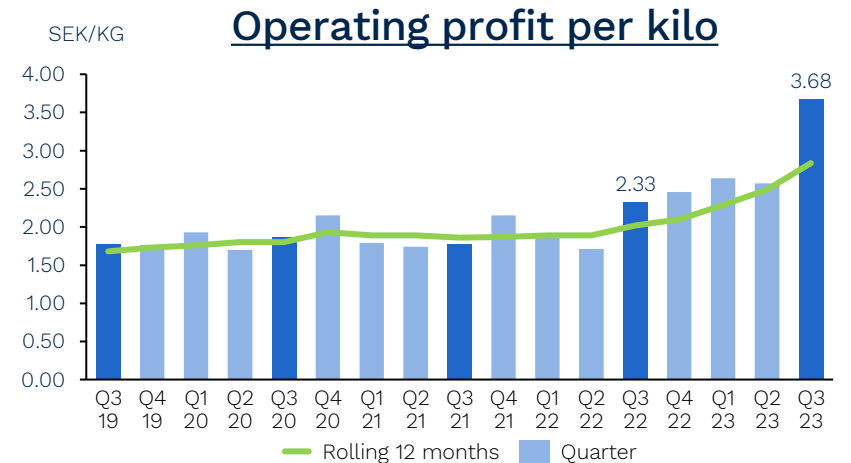


# Chocolate & Confectionery Fats



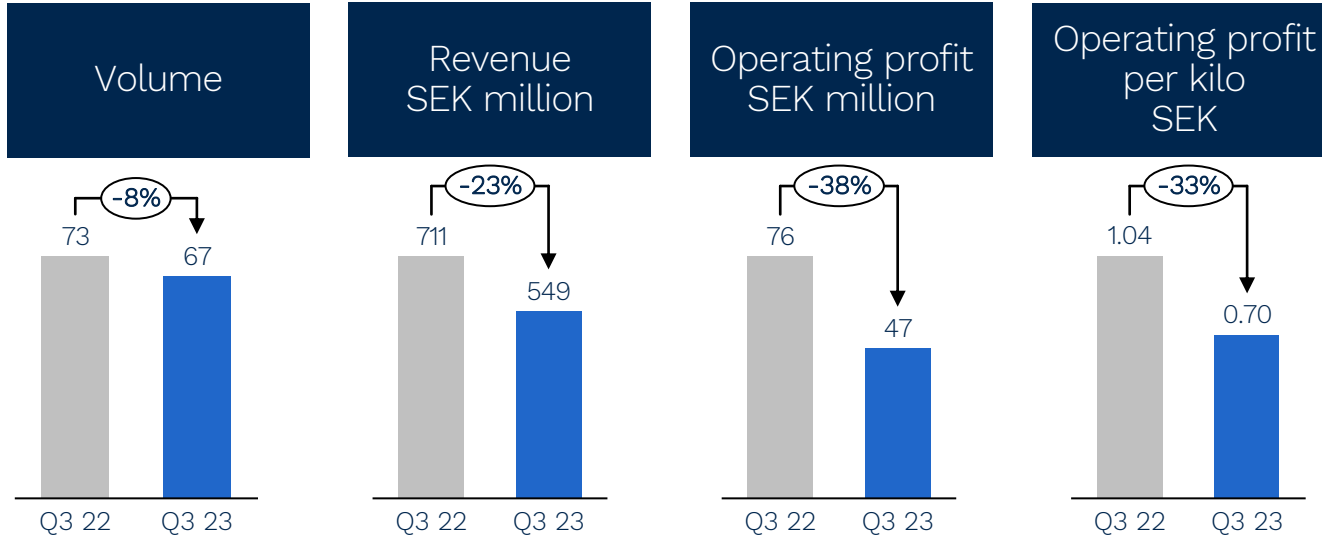
## Business area development

- Volumes in Chocolate & Confectionery Fats decreased by 11 percent following a record-high third quarter last year. In a two-year comparison, adjusted for Russia, volumes remained roughly flat, whereas in a three-year perspective, volumes grew by double-digits.
- Operating profit per kilo was strong and increased by 58 percent y/y. The strong margin development was driven by higher sales of speciality solutions, productivity improvements, and better portfolio and price management.
- Operating profit grew 41 percent compared to the same period of last year driven by the strong operating profit per kilo and despite the decline in volumes. At fixed foreign exchange rates, operating profit increased by 32 percent.



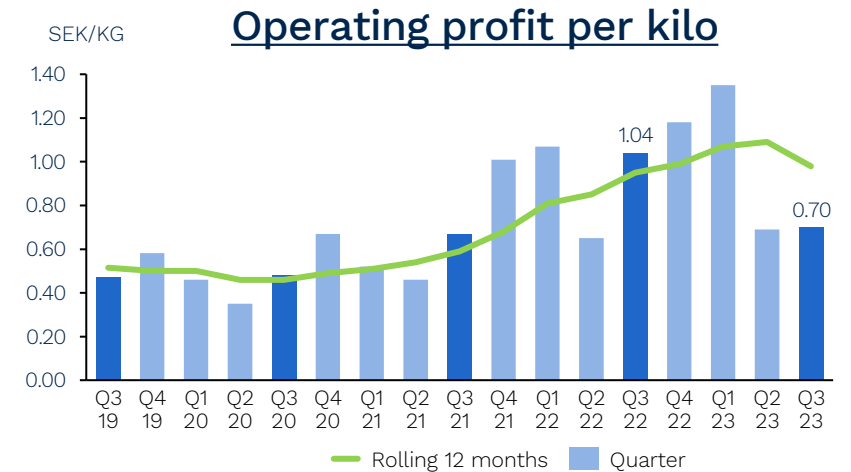


# Technical Products & Feed



## Business area development

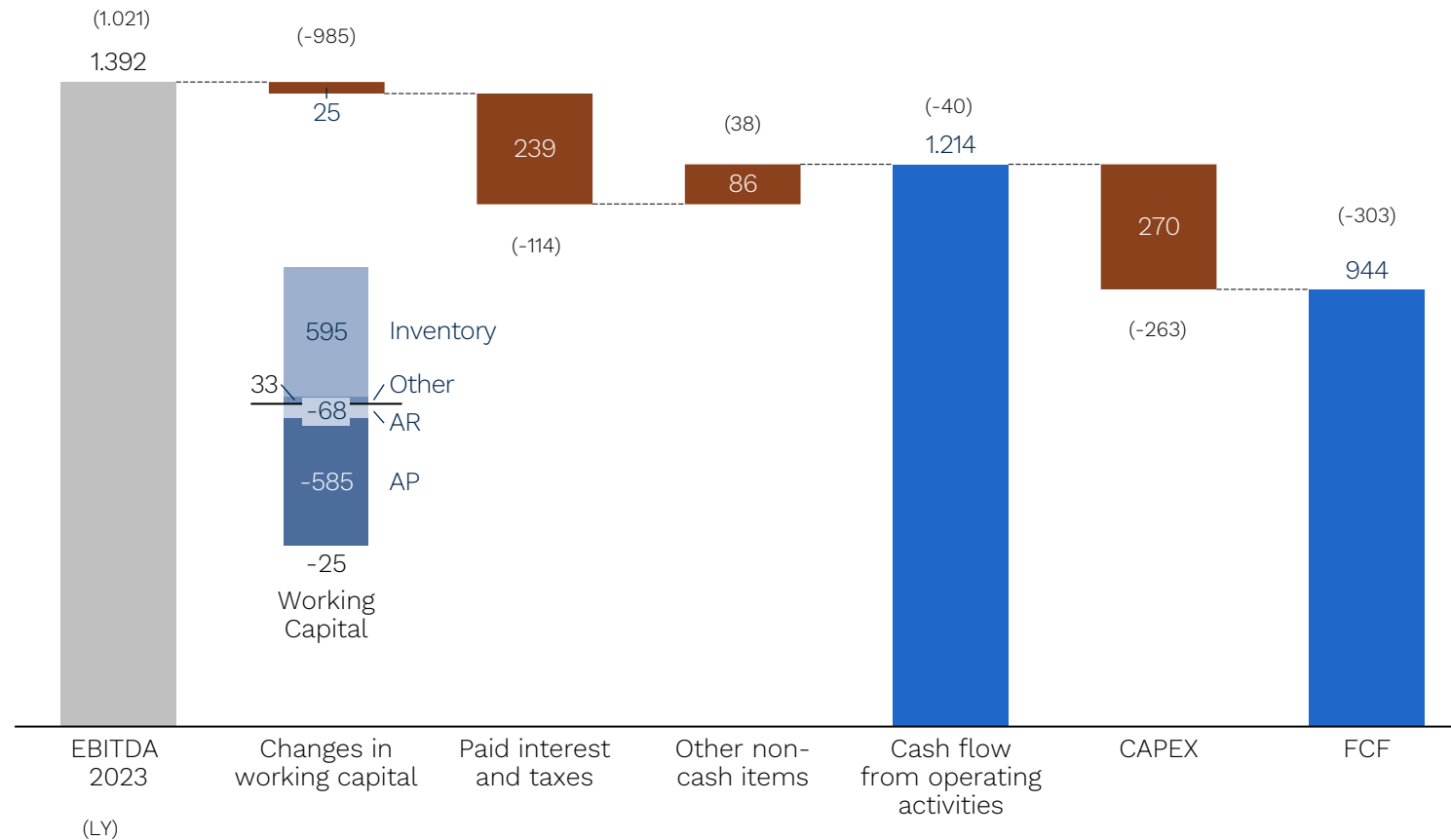
- In the third quarter, volumes decreased 8 percent compared to the same period in 2022, with declines in both Technical Products and Feed. The decline can be attributed to an efficiency upgrade in one of our pellet boilers. During this period, some of the side fractions that were typically sold to the biofuels industry were used internally to compensate for the boiler temporarily being offline.
- Candles performed well and grew volumes in the quarter.
- As a result of the lower volumes in Technical Products as well as a slightly lower y/y crush margin, the operating profit per kilo declined by 33 percent compared to the third quarter of last year, resulting in operating profit declining by 38 percent.





# Strong cash flow driven by earnings and a stable working capital development

## Cash flow Q3 2023



## Comments

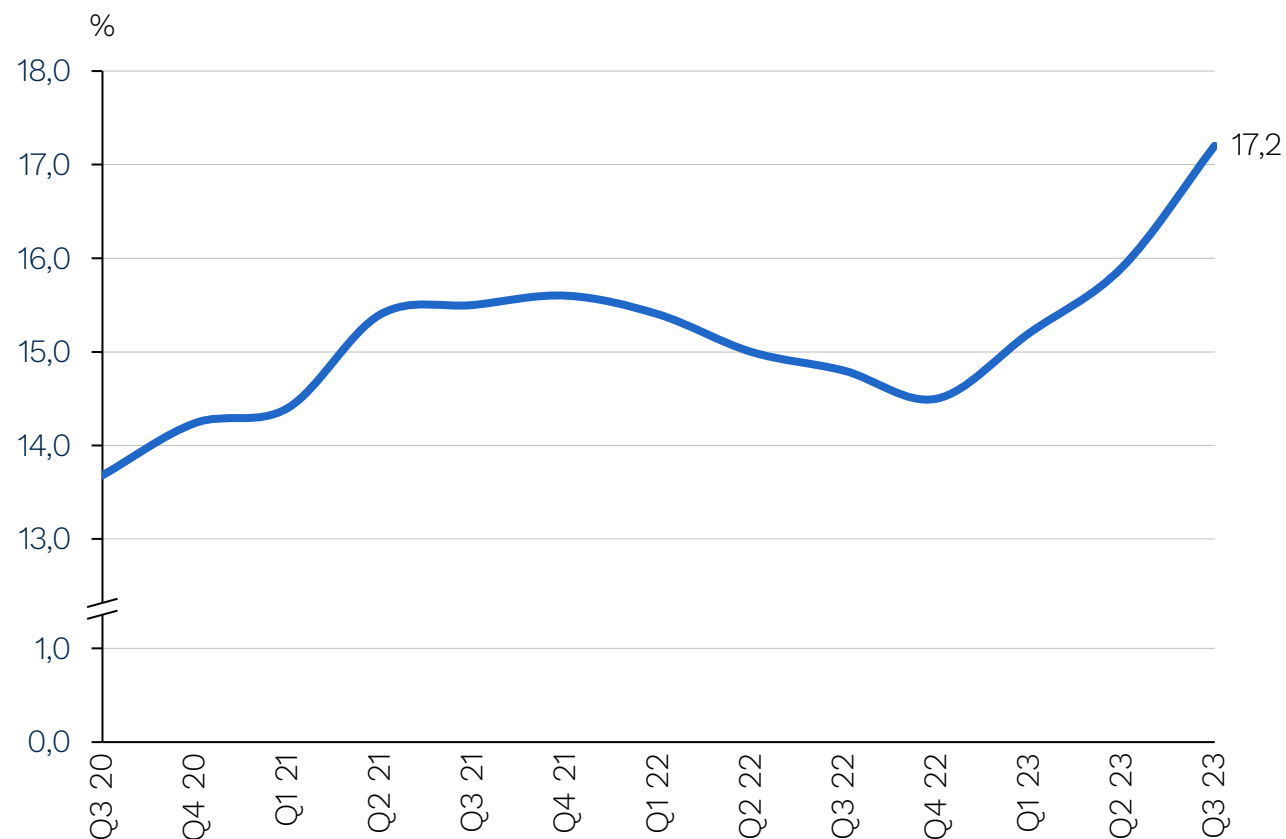
- Cash flow from inventory was positively affected by lower inventory levels as well as inventory composition.
- Cash flow from receivables was negative following the sequentially higher sales.
- Cash flow from accounts payables was negative following the lower inventory levels.

# Return on Capital Employed increase on strong operating profit

**ROCE end Q3 2023\***  
**17.2%**

**EBIT LTM**  
**SEK 3,753**  
**million**

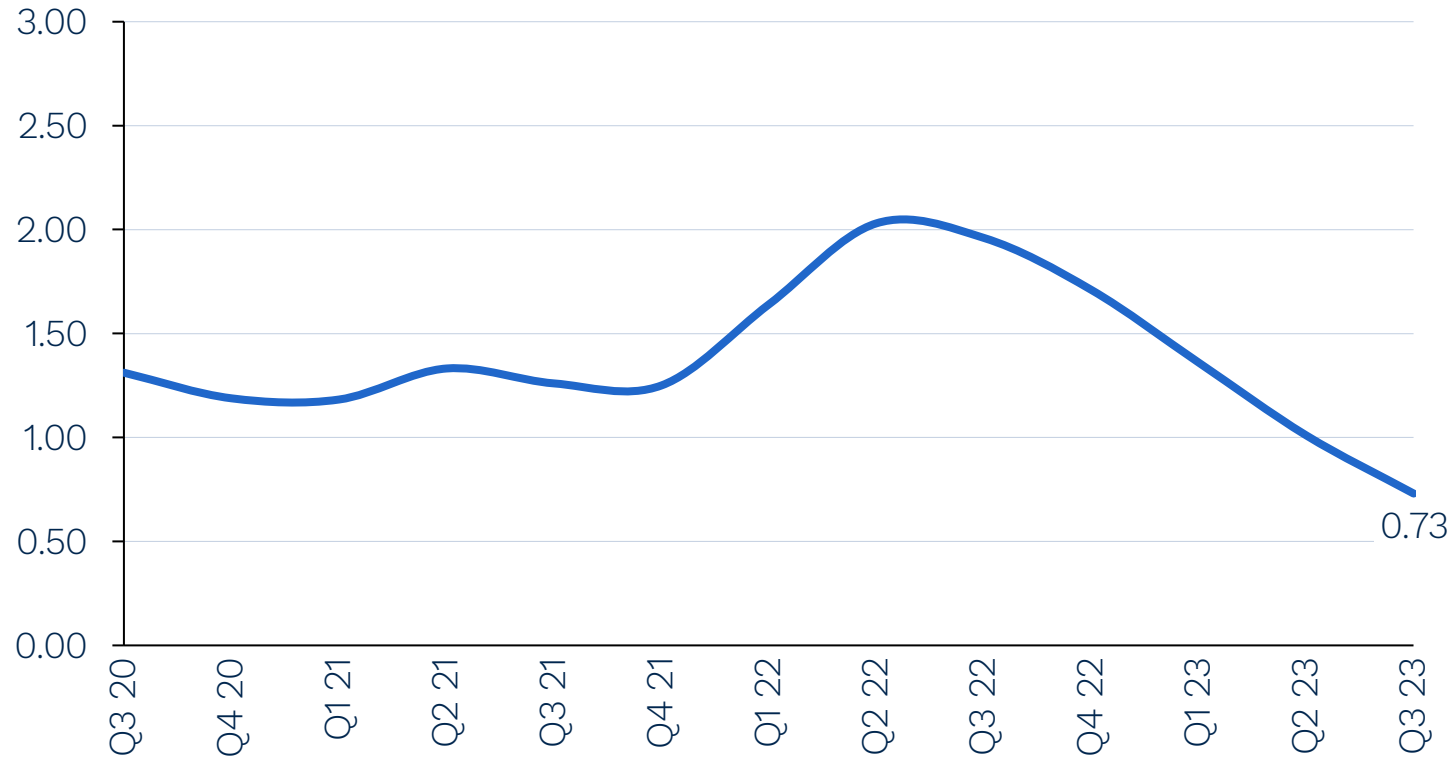
**Capital**  
**employed\***  
**SEK 21,870**  
**million**



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

# Net debt/EBITDA reduction on strong profit growth and reduced net debt

## Net debt/EBITDA



# Concluding remarks



- Strong profit growth, including a sequential volume improvement.
- Volumes declined year-over-year but improved compared to the second quarter.
- The strong profit growth was driven by improved profitability, which, in turn, was a result of higher sales of speciality solutions, productivity improvements, and better portfolio and price management.
- Strong cash flow, driven by increased earnings and a positive effect from inventories.
- Anticipate a finish to the year that is in line with the average performance in the first nine months.

# Q&A

# Financial calendar

| Financial calendar |                                       |
|--------------------|---------------------------------------|
| October 25, 2023   | Interim report 9M, 2023               |
| February 7, 2024   | Interim report 12M, 2023              |
| April 25, 2024     | Interim report 3M, 2024               |
| May 8, 2024        | Annual General Meeting, Malmö, Sweden |
| July 18, 2024      | Interim report 6M, 2024               |
| October 24, 2025   | Interim report 9M, 2024               |
| February 5, 2025   | Interim report 12M, 2024              |



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