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*CEO*

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*CFO*

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*Director Investor Relations*

# AAK's Interim Report Fourth Quarter and Year-End, 2013

# Agenda



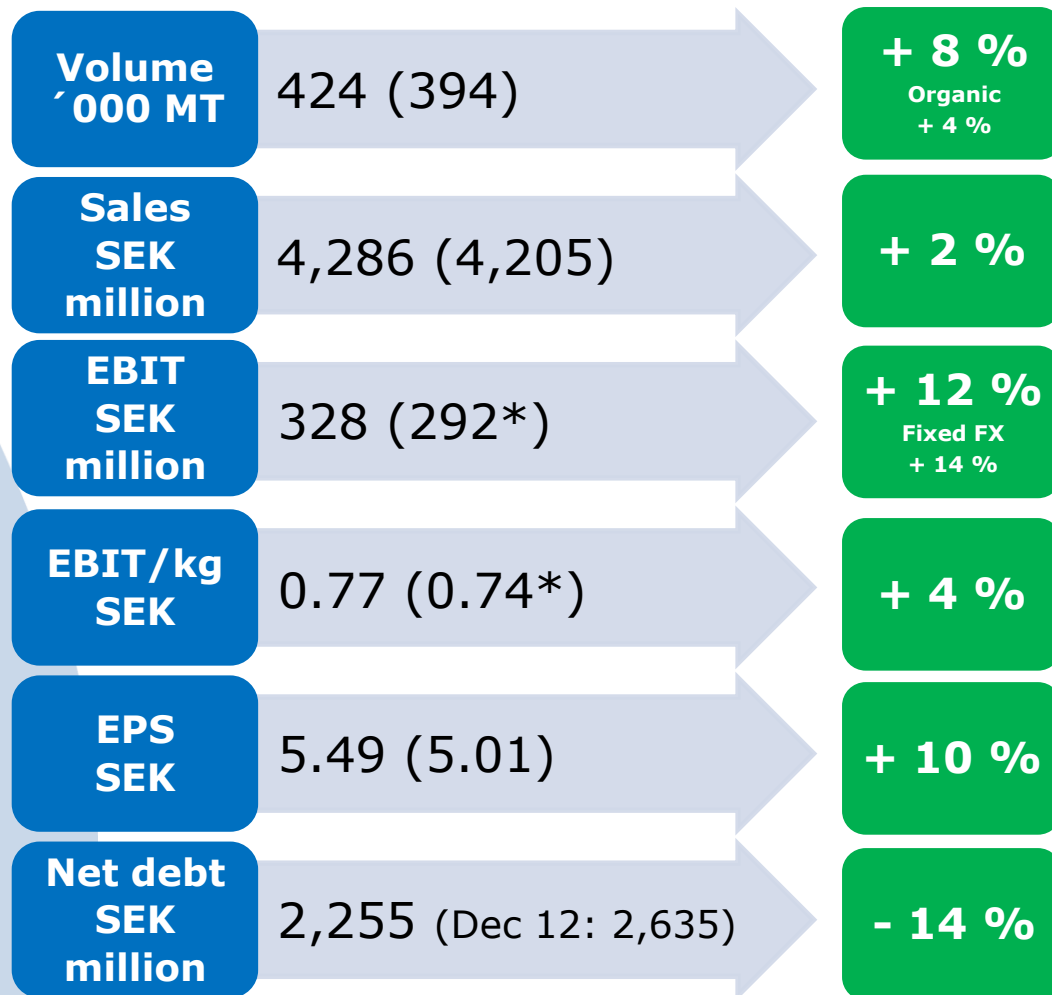
Fourth quarter and year-end 2013

Business area information

AAK Acceleration / AAKtion

Q & A


# Fourth quarter 2013



\* Adjusted for Sandy

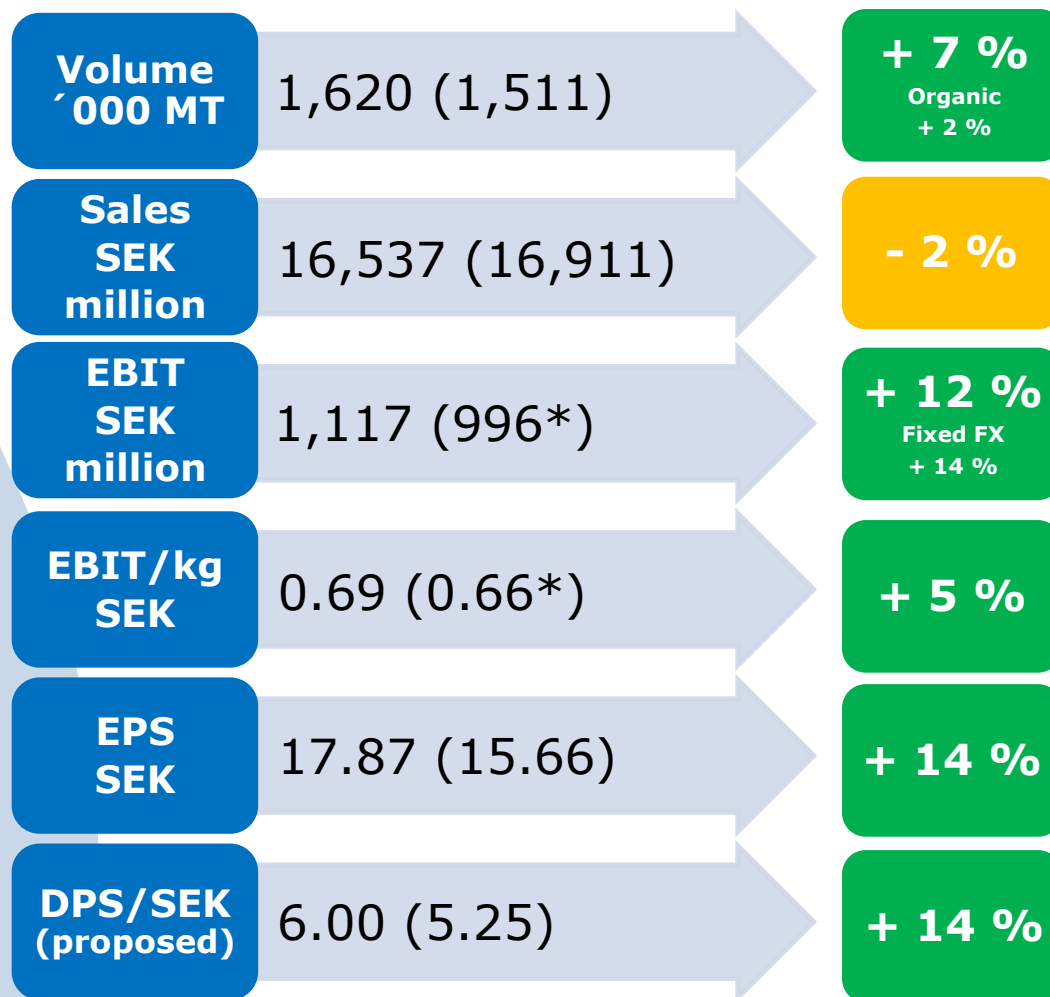
# Fourth quarter 2013



- 
- A large, semi-circular graphic on the left side of the slide features a close-up of an hourglass. The top bulb of the hourglass is filled with Swedish Krona coins, and a smaller amount is visible in the bottom bulb. The background of the graphic is dark and out of focus.
- Operating profit, AAK Group
    - Record high quarterly result
    - Operating profit was SEK 328 million (292\*), an improvement by 12 percent
    - Operating profit at fixed exchange rates improved by 14 percent
    - Operating profit per kilo continued to improve at SEK 0.77 (0.74\*), an improvement by 4 percent
  - Operating profit, business areas
    - Food Ingredients reached a result of SEK 218 million (220\*), in line with the exceptionally strong fourth quarter last year
    - Chocolate & Confectionery Fats improved significantly by 40 percent to SEK 115 million (82\*)
    - Technical Products & Feed improved by 14 percent to SEK 24 million (21)

\* Adjusted for Sandy

# Full year 2013

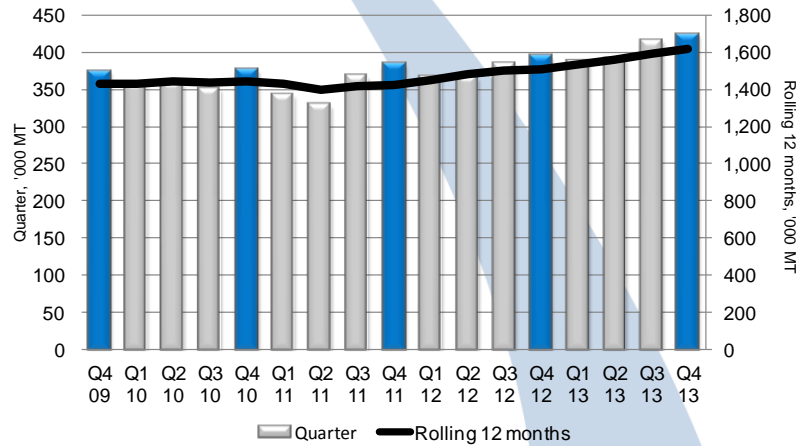


\* Adjusted for Sandy

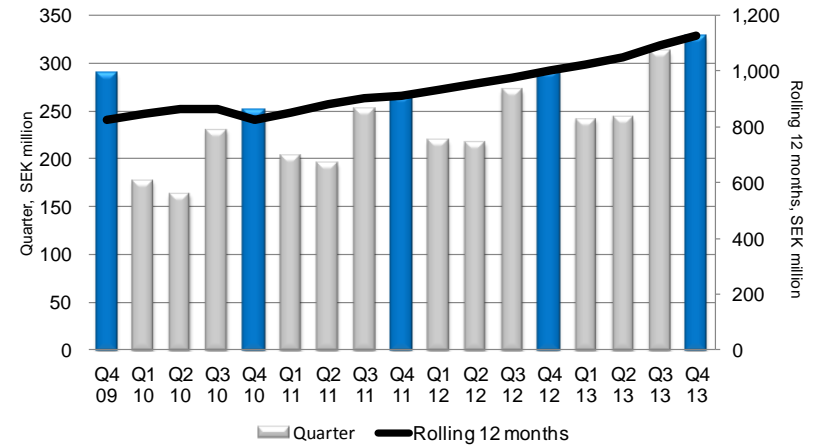
# Financial summary



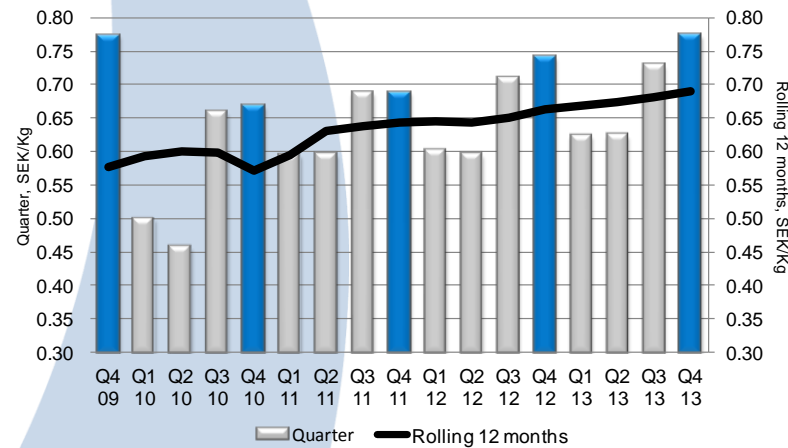
**AAK Group - Volume**



**AAK Group - Operating profit**



**AAK Group - Operating profit per kilo**



# Cash flow



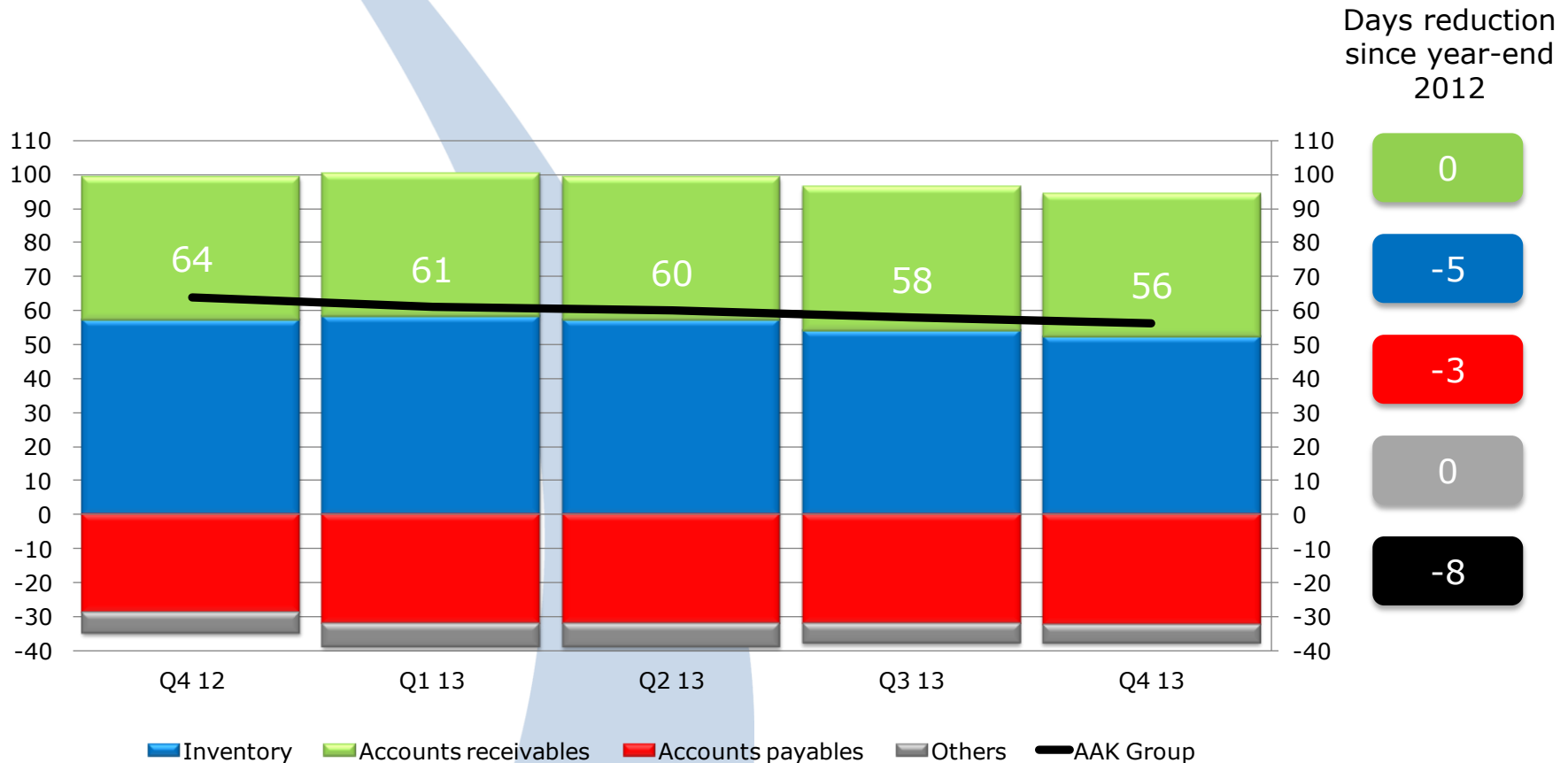
| SEK million  | Q4 2013    | Q4 2012    | Full year 2013 | Full year 2012 |
|--|------------|------------|----------------|----------------|
| EBITDA   | 410        | 357        | 1,460          | 1,322          |
| Paid interest  | -16        | -24        | -96            | -113           |
| Paid tax   | -52        | -8         | -261           | -267           |
| Non-cash items   | -16        | 2          | -20            | 8              |
| Change in working capital  | -118       | 112        | 217            | 589            |
| <b>Cash flow from operating activities incl. change in working capital</b> | <b>208</b> | <b>439</b> | <b>1,300</b>   | <b>1,539</b>   |
| Cash flow from investments   | -143       | -99        | -732           | -794           |
| <b>Free cash flow</b>  | <b>65</b>  | <b>340</b> | <b>568</b>     | <b>745</b>     |

- 💧 Cash flow from operating activities incl. change in working capital amounted to SEK 208 million (439)
  - EBITDA improved by 53 million, from SEK 357 million to SEK 410 million
  - As expected working capital developed negatively and increased by SEK 118 million (positive 112)
- 💧 Working capital is expected to continue to increase because of the expected growth in Chocolate & Confectionery Fats



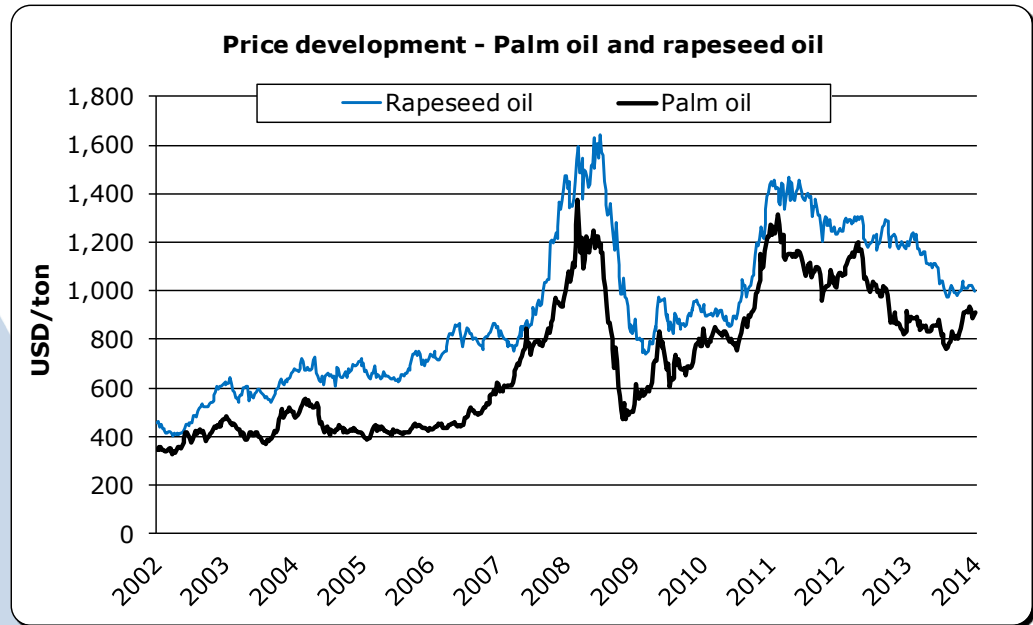
# Working capital days

## Rolling 12 months





# Raw material prices

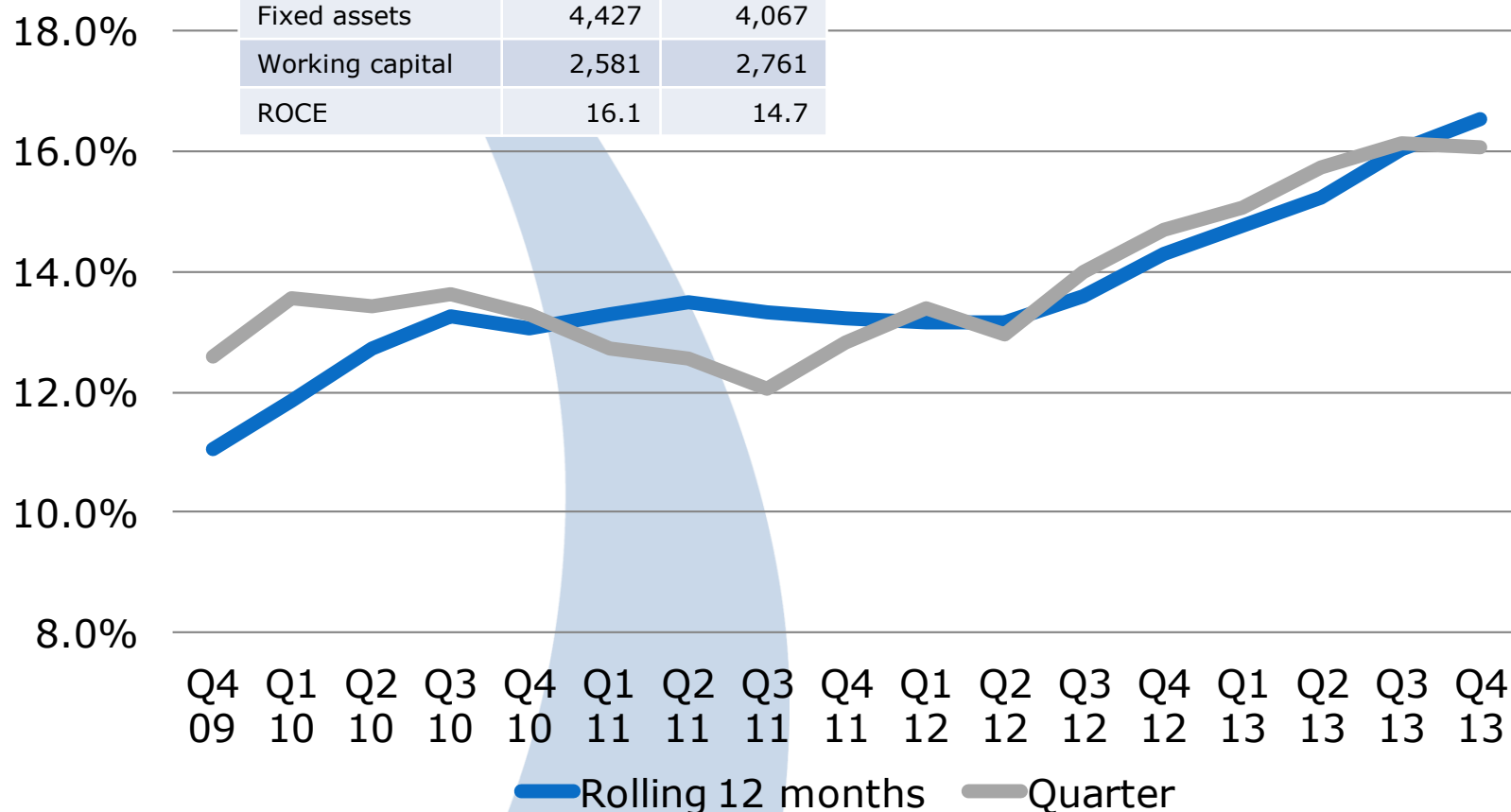


- ◆ 10 percent change in all raw material prices will effect working capital by +/- SEK 250 million
- ◆ Time lag of six to nine months

# ROCE – 31 December 2013



|                 | Full year<br>2013 | Full year<br>2012 |
|-----------------|-------------------|-------------------|
| EBIT R12M       | 1,127*            | 1,003**           |
| Fixed assets    | 4,427             | 4,067             |
| Working capital | 2,581             | 2,761             |
| ROCE            | 16.1              | 14.7              |



\* Excluding acquisition costs

\*\* Adjusted for Sandy and excluding acquisition costs

# Business trends full year 2013



|                                | Share of volume | Nord | WE | UK | USA | CEE | CIS | Asia | LA |
|--------------------------------|-----------------|------|----|----|-----|-----|-----|------|----|
| Food Ingredients               | 65 %            | →    | →  | →  | →   | →   | →   | →    | →  |
| Chocolate & Confectionery Fats | 18 %            | →    | →  |    | →   | →   | →   | →    | →  |
| Technical Products & Feed      | 17 %            | →    |    |    |     |     |     |      |    |
| AAK Group                      | 100 %           | →    | →  | →  | →   | →   | →   | →    | →  |



# Food Ingredients



-1%


+0%

## Fourth quarter 2013

- ◆ As expected the operating profit for the fourth quarter was slightly lower than last year. However, still a strong performance at SEK 218 million (220\*)
  - Significant recovery in Dairy. Infant Nutrition and Food Service continued their positive developments
- ◆ Operating profit per kilo was quite high at SEK 0.80 (0.89\*) but lower than last year mainly due to the faster growth of semi-speciality products versus other product segments
- ◆ Volume growth by 10 percent
  - For comparable units volumes increased by 6 percent

\* Adjusted for Sandy

# Food Ingredients – organic volume growth



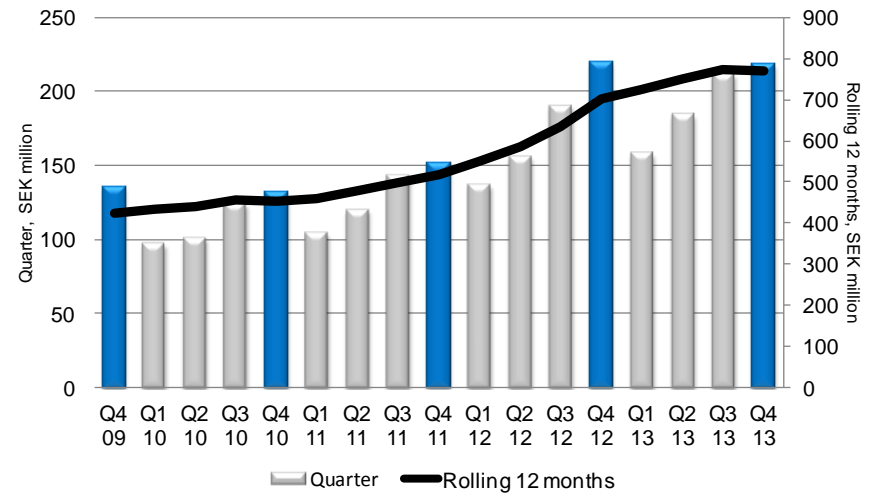
|                              | FY   | Q4   | Q3    | Q2   | Q1   |
|------------------------------|------|------|-------|------|------|
| Speciality & semi-speciality | + 7% | + 7% | + 11% | + 8% | + 2% |
| Commodity                    | -1%  | + 3% | +5%   | -3%  | -9%  |
| Total                        | + 4% | + 6% | +9%   | +2%  | -2%  |



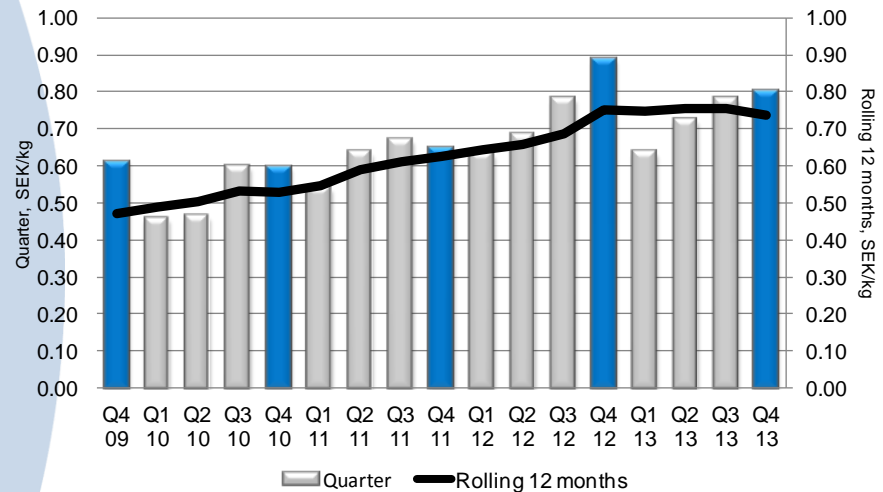
# Food Ingredients



Food Ingredients - Operating profit



Food Ingredients - Operating profit per kilo





# Chocolate & Confectionery Fats

**AAK****+40%****+41%**

## Fourth quarter 2013

- Operating profit improved significantly by 40 percent and reached SEK 115 million (82\*)
  - The underlying CBE margin improved driven by the increase in cocoa butter prices which have risen significantly during 2013
  - Operating profit at fixed exchange rates improved by 41 percent
- Operating profit per kilo at SEK 1.40 (1.04\*)
  - Improved by 35 percent mainly due to
    - Higher CBE margins
    - Better product mix with increased volumes of CBE and Personal Care
- Total volume increased by 4 percent
  - Organic growth was flat

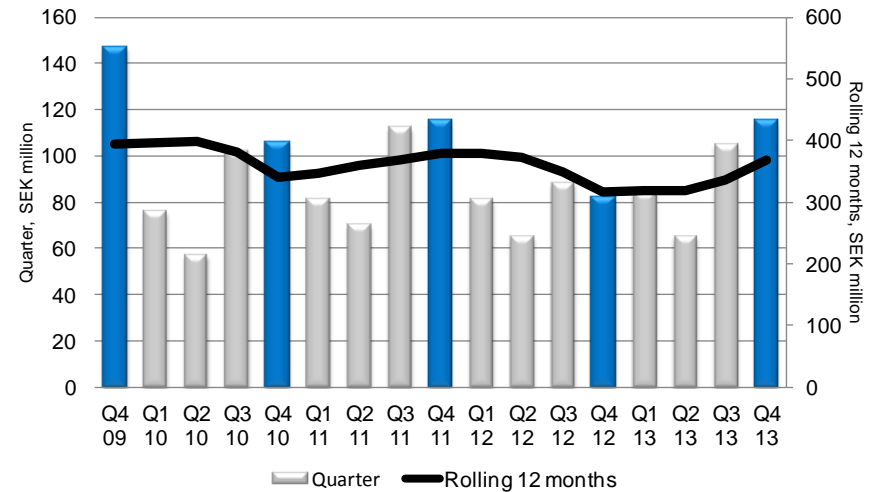
\* Adjusted for Sandy



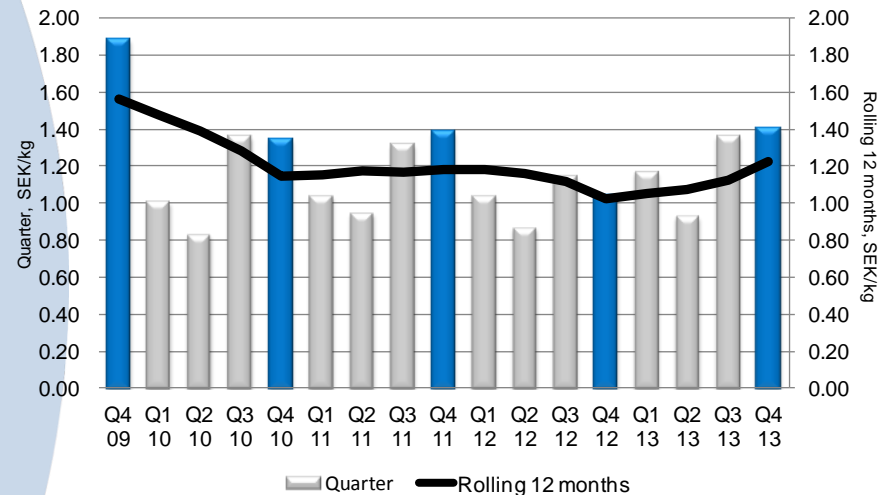
# Chocolate & Confectionery Fats



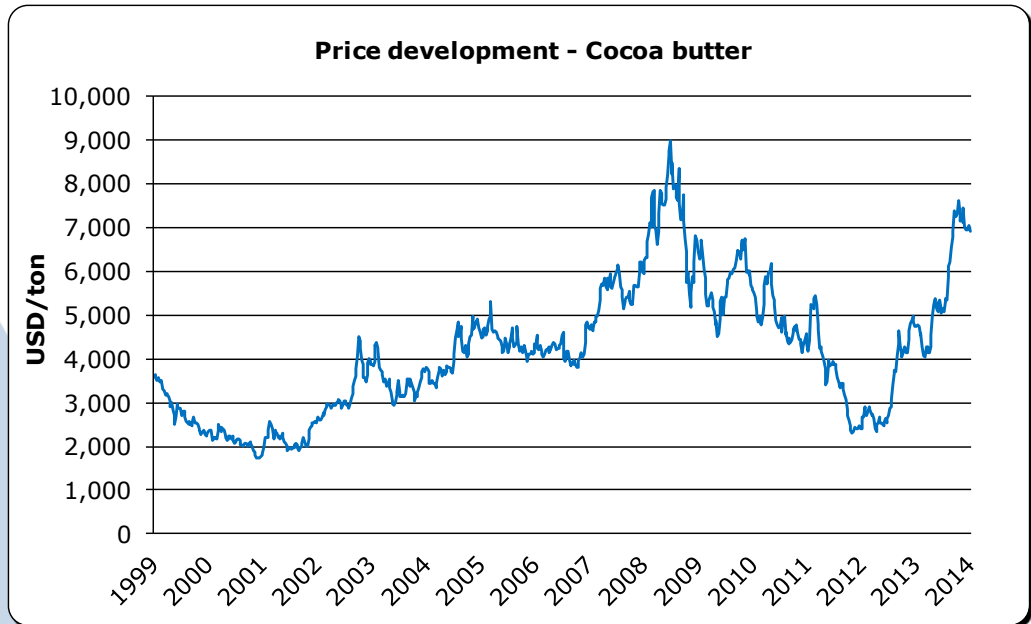
Chocolate & Confectionery Fats - Operating profit



Chocolate & Confectionery Fats - Operating profit per kilo



# Cocoa butter price



For information regarding cocoa and cocoa butter please refer to information at [www.icco.org](http://www.icco.org)

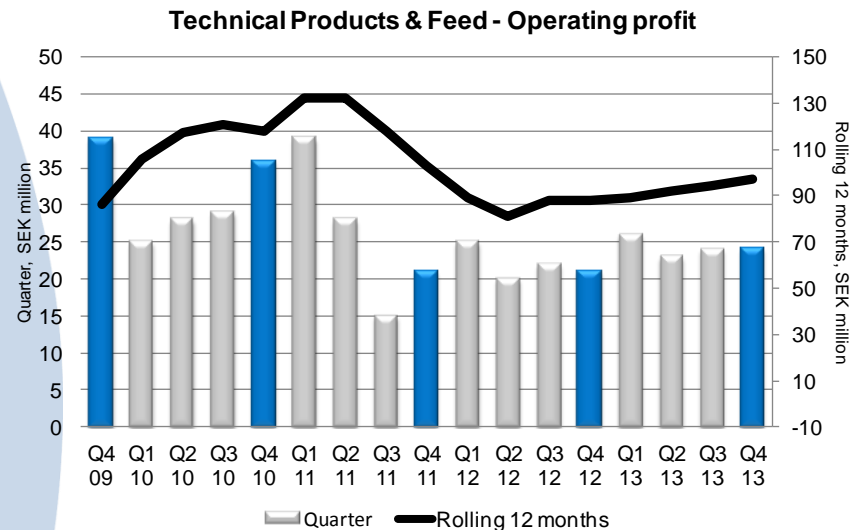
# Technical Products & Feed



**+14%**

## Fourth quarter 2013

- Operating profit improved to SEK 24 million (21)
  - Mainly due to improved feed business
- Volumes increased by 4 percent compared to the corresponding quarter in 2012



# Business area guidance



## ◆ Food Ingredients

- We continue to remain optimistic for the future of this business area considering the speciality and the semi-speciality strategy and the very strong health profile. Operating profit growth for the full year 2014 is expected to be approximately at the 2013 growth rate

## ◆ Chocolate & Confectionery Fats

- The performance of this business area is expected to continue to improve

## ◆ Technical Products & Feed

- For 2014, the operating profit is expected to be stable or to improve slightly



# AAK Acceleration



|                        |   |            |
|------------------------|---|------------|
| Bakery                 | } | Growth     |
| Dairy                  |   |            |
| CCF                    |   |            |
| Infant Nutrition       |   |            |
| Food Service           |   |            |
| Merger & Acquisition   |   |            |
| Fast-growing economies | } | Efficiency |
| Purchasing             |   |            |
| Productivity           |   |            |
| Sales                  | } | People     |
| Mobilize ourselves     |   |            |
| Internal communication |   |            |

| KPI<br>Q4 13 | KPI<br>Q3 13 |
|--------------|--------------|
| ☹️           | ☹️           |
| ☹️           | 😡            |
| ☹️           | ☹️           |
| 😊            | 😊            |
| ☹️           | ☹️           |
| N.A          | N.A          |
| ☹️           | ☹️           |
| 😊            | 😊            |
| ☹️           | ☹️           |
| ☹️           | ☹️           |
| ☹️           | ☹️           |
| ☹️           | ☹️           |

😊 Ahead of plan    ☹️ Slightly ahead of plan    ☹️ On plan    😡 Behind plan

# SWOT



## Strengths

- Natural sourcing
- Positive reputation

## Weaknesses

- Minimal Asian presence
- Mature end-use markets

## Opportunities

- Natural ingredients
- Growth in speciality ingredients

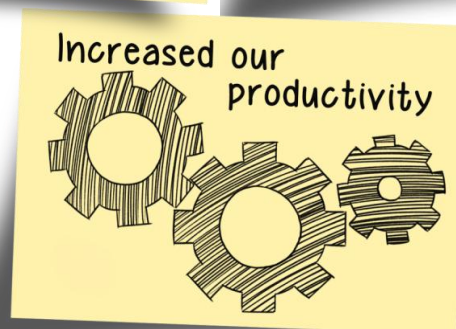
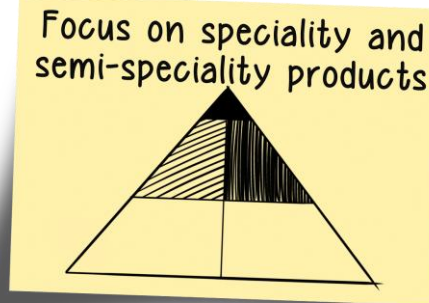
## Threats

- Raw material prices
- Competitive market

Source: Euromonitor May 2013

The first choice for value-added vegetable oil solutions

# AAK Acceleration - we have accelerated!



**Focused Segment approach**

|        |  |  |  |  |  |  |  |  |  |
|--------|--|--|--|--|--|--|--|--|--|
| Bakery |  |  |  |  |  |  |  |  |  |
| CCF    |  |  |  |  |  |  |  |  |  |
| Dairy  |  |  |  |  |  |  |  |  |  |
| Infant |  |  |  |  |  |  |  |  |  |
| TPF    |  |  |  |  |  |  |  |  |  |
| FS     |  |  |  |  |  |  |  |  |  |



AAK *tion*

## The first choice for value-added vegetable oil solutions



### SALES

Sales



Customer co-development



### INNOVATION

Innovation



### EXECUTION

Service






Quality



Productivity

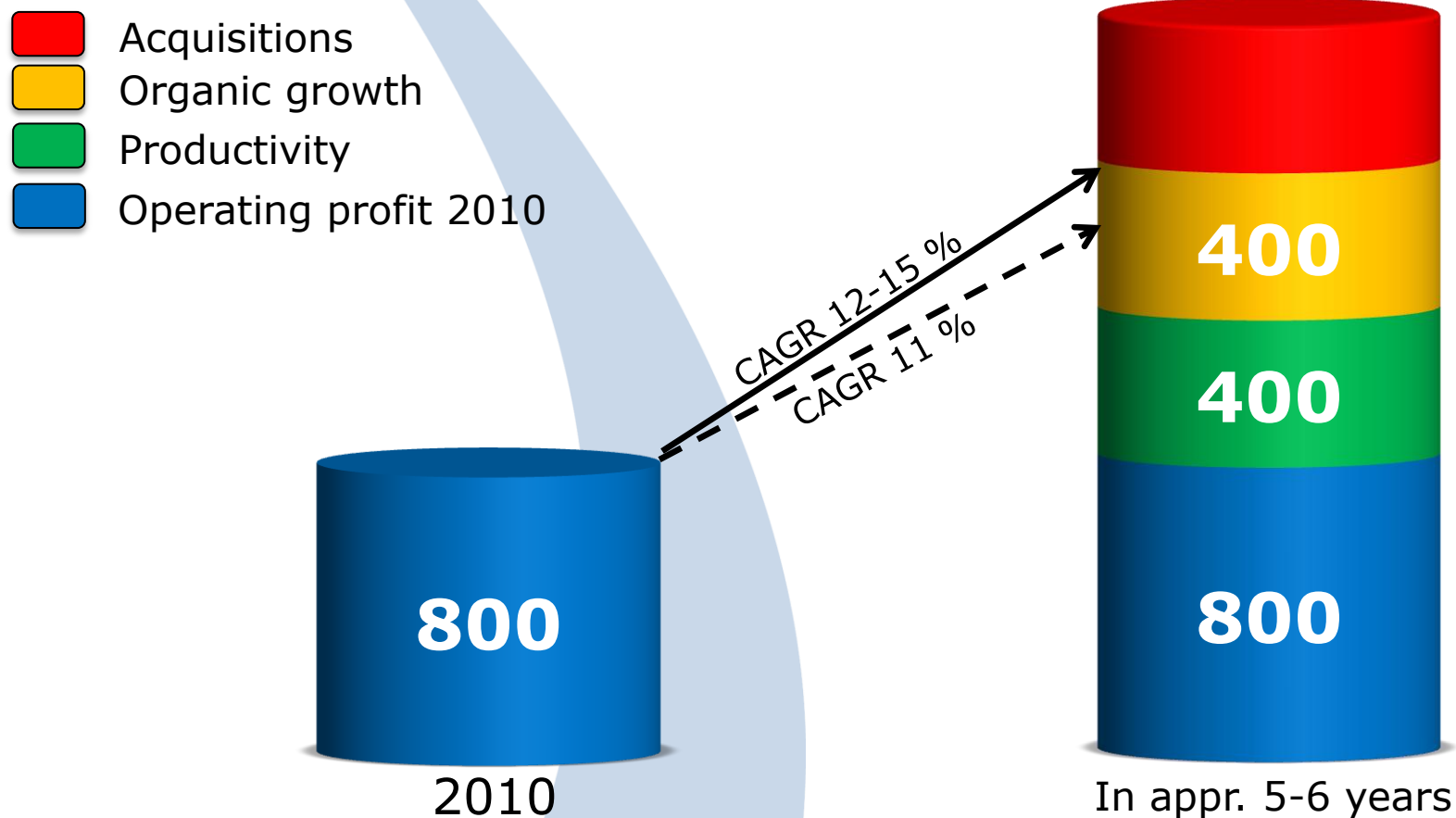


## PEOPLE

-  Ahead of plan
-  On plan
-  Behind plan

# AAK Acceleration

## - Management growth ambition



\* As expressed at the Capital Market Day November 10, 2010 and at fixed exchange rates



# Concluding remarks from CEO



- Based on AAK's customer value propositions for
  - Health and reduced costs
  - Customer product co-development and solutions approach
- We continue to remain prudently optimistic about the future
- The main drivers are
  - Continued positive underlying improvement in Food Ingredients
  - Continued improvement in Chocolate & Confectionery Fats

# Questions & answers



# Financial calendar



## Financial calendar 2014

|                   |   |
|-------------------|---|
| April 23, 2014    | First quarter report 2014                   |
| May 8, 2014       | Annual General Meeting                      |
| July 17, 2014     | Second quarter report 2014                  |
| October 29, 2014  | Third quarter report 2014                   |
| November 12, 2014 | Capital Market Day –<br>Karlshamn, Sweden   |
| February 3, 2015  | Fourth quarter and year-<br>end report 2014 |

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Further Investor Relations material  
can be found at [www.aak.com/en/Investor](http://www.aak.com/en/Investor)



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solutions