



Arne Frank, CEO
Fredrik Nilsson, CFO

**Interim report
Third quarter 2015**

AAK

Agenda

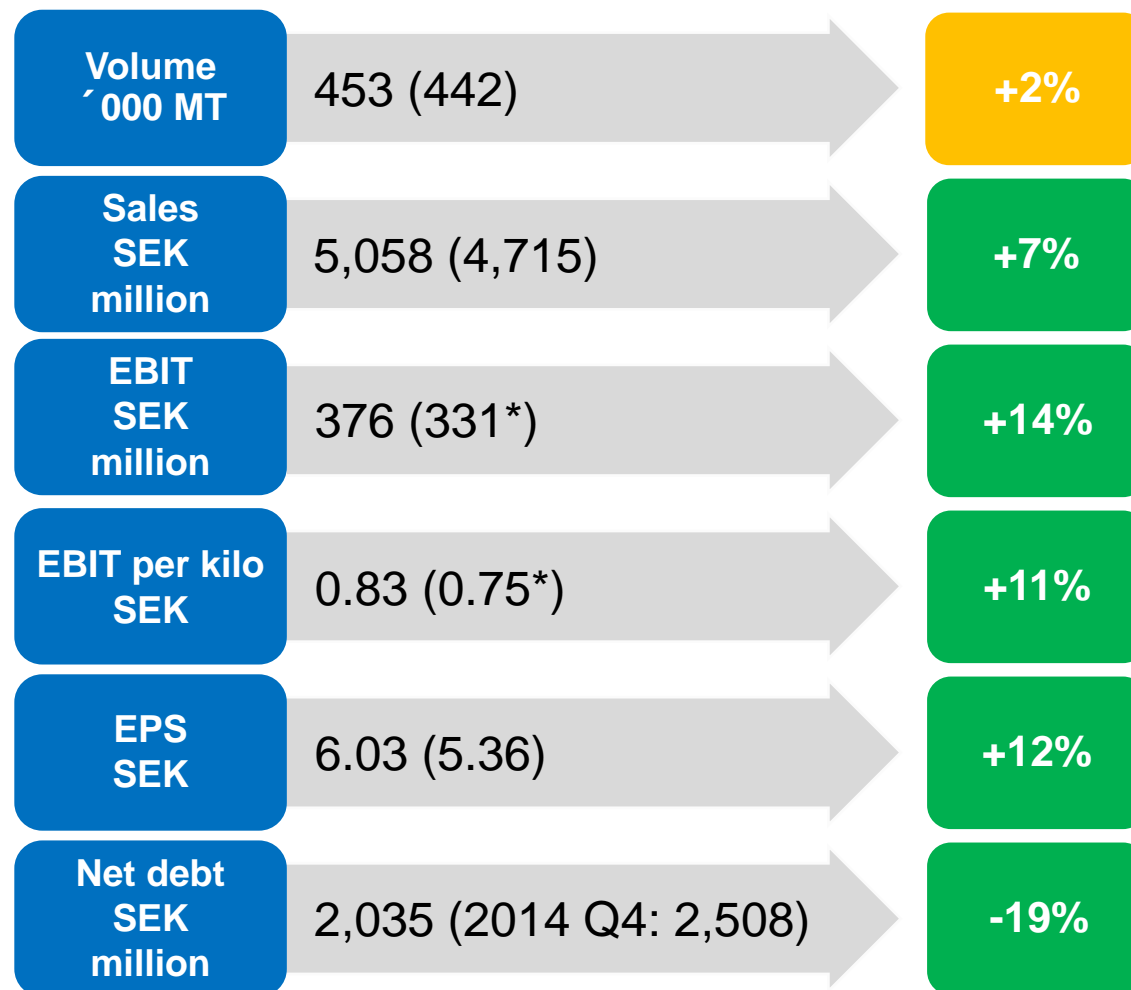
Third quarter 2015

Business area information

AAKtion

Q & A

Third quarter 2015



* Excluding non-recurring items

Third quarter 2015

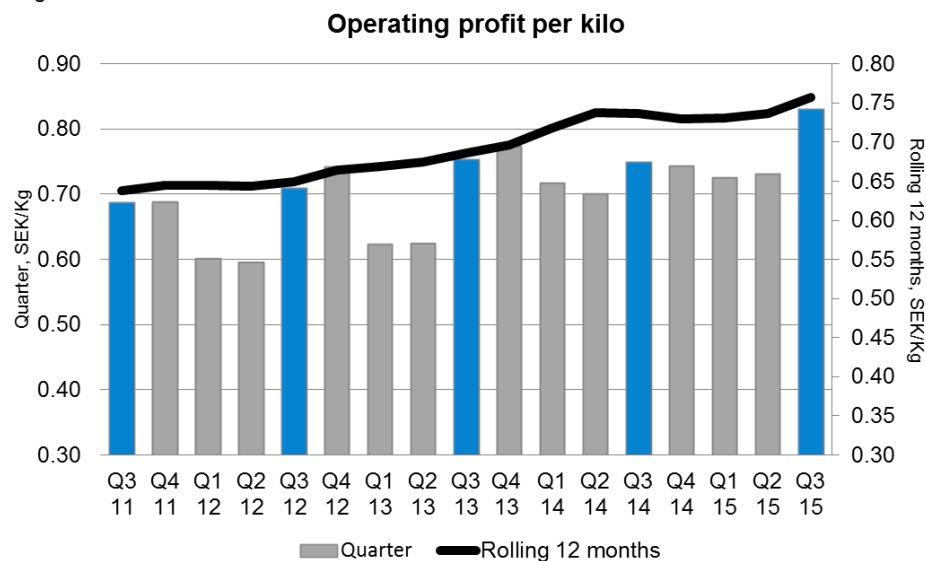
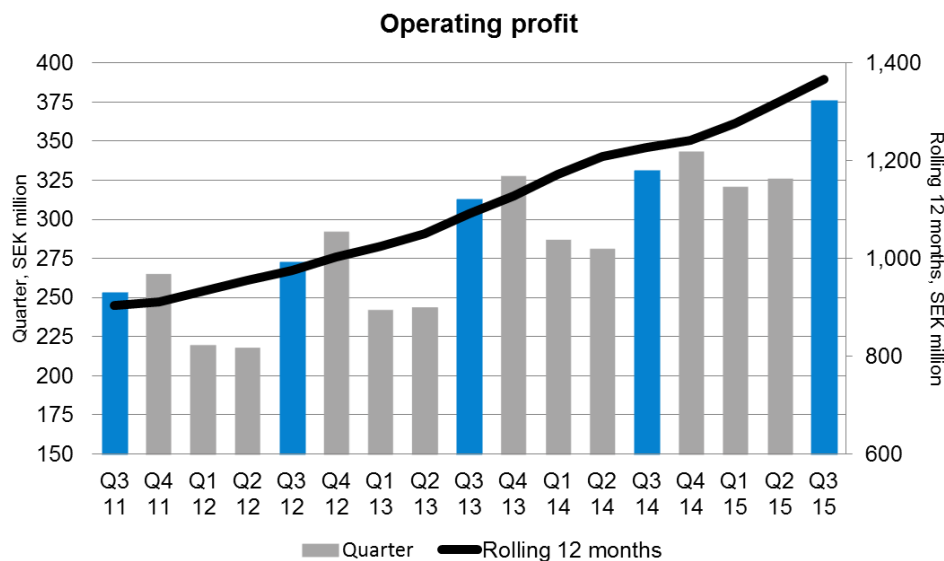
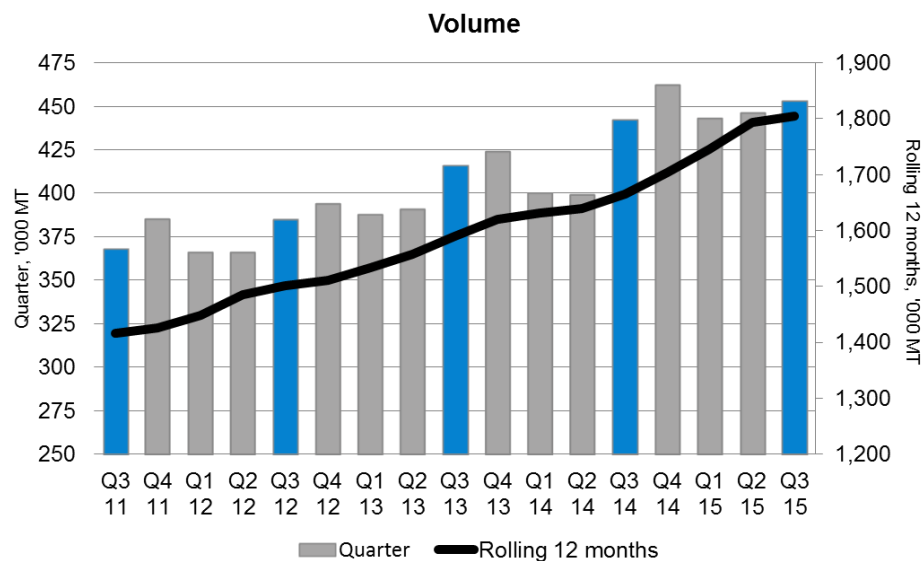
◆ AAK Group – Operating profit

- ◆ Operating profit reached SEK 376 million (331 excluding net positive, non-recurring items of SEK 13 million)
 - ◆ Improvement of 14 percent
 - ◆ Positive currency translation impact by SEK 27 million (16)
 - ◆ Operating profit at fixed foreign exchange rates, and adjusted for last year's divestment of Binol and non-recurring items, improved by 7 percent
- ◆ Operating profit per kilo reached SEK 0.83 (0.75 excluding non-recurring items)

◆ Business areas – Operating profit

- ◆ Food Ingredients reported a result of SEK 230 million (211), an improvement of 9 percent
- ◆ Chocolate & Confectionery Fats improved by 33 percent and reached SEK 166 million (125)
- ◆ Technical Products & Feed reported a result of SEK 11 million (20 adjusted for the Binol divestment)

Financial summary – AAK Group

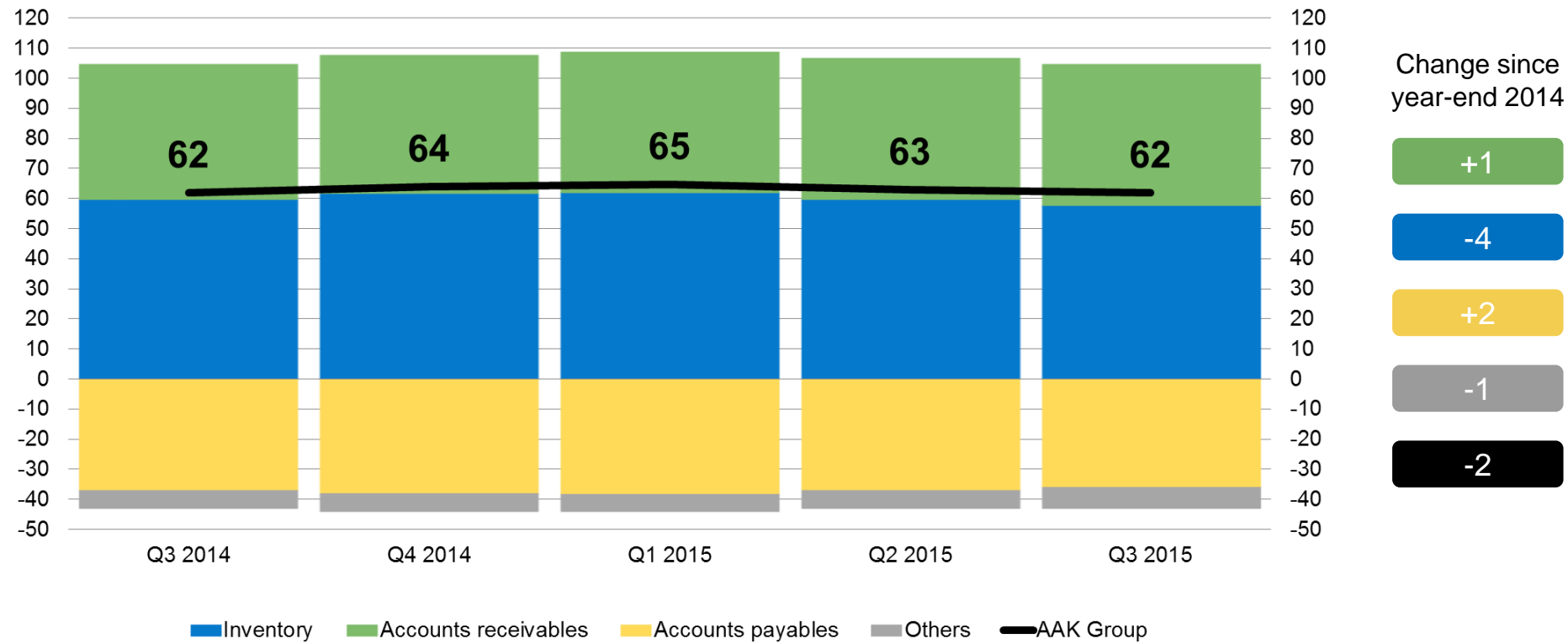


Cash flow

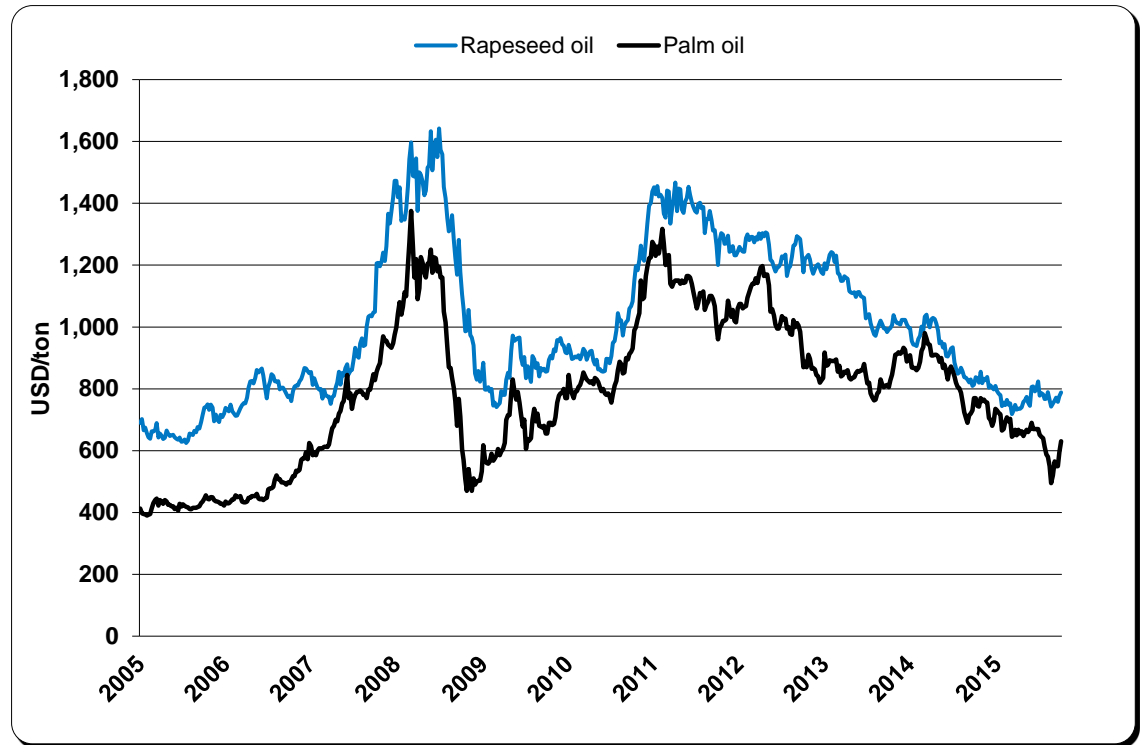
SEK million	Q3 2015	YTD 2015	Q3 2014	YTD 2014	FY 2014
EBITDA	479	1,351	442	1,185	1,643
Paid interest	-28	-85	-29	-90	-111
Paid tax	-84	-199	-100	-239	-319
Non-cash items	-28	-80	4	-15	39
Change in working capital (WC)	-81	88	-369	-644	-560
Cash flow from operating activities incl change in WC	258	1,075	-52	197	692
Cash flow from investments	-234	-467	-352	-661	-708
Free cash flow	24	608	-404	-464	-16

- Operating cash flow including changes in working capital amounted to positive SEK 258 million (negative 52)
- Cash flow from working capital was, as expected, negative due to increased inventory and amounted to negative SEK 81 million (negative 369)

Working capital days – rolling 12 months

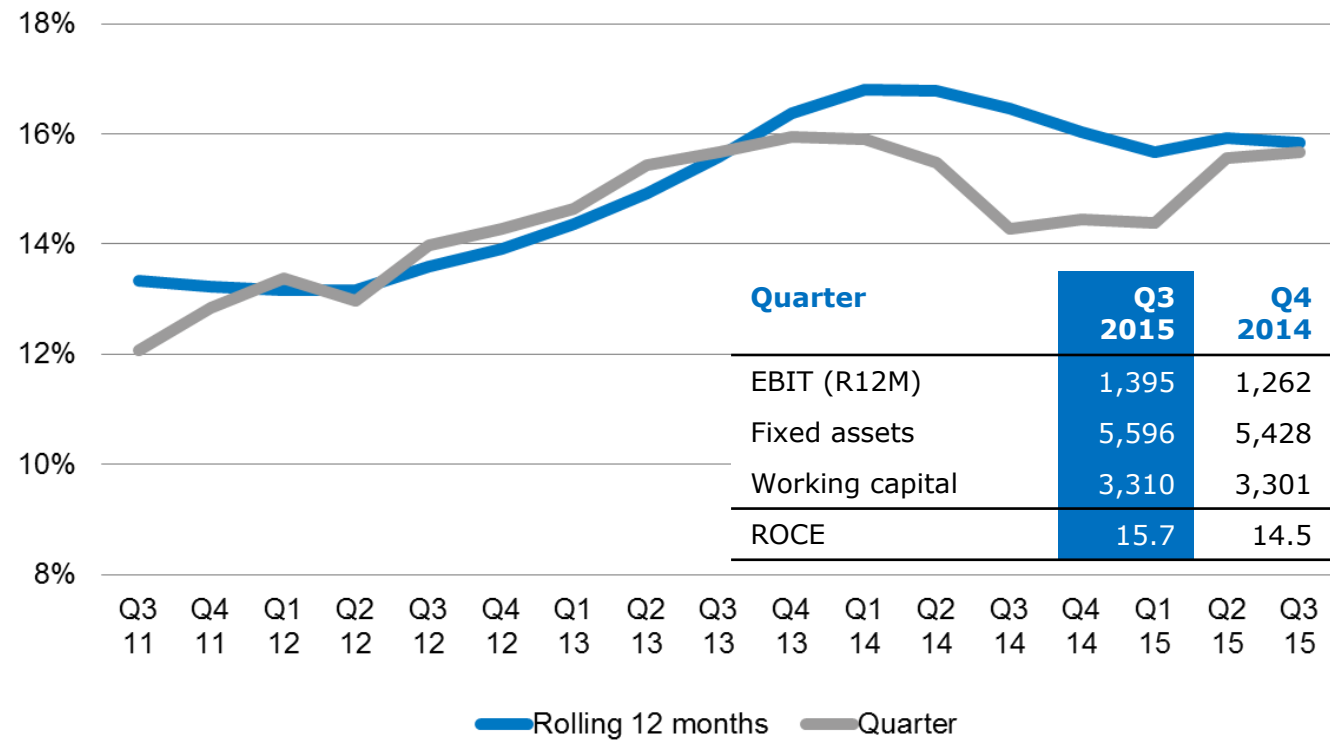


Raw material prices



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

ROCE – third quarter 2015



Business trends – third quarter 2015

	Share of volume	Nordics	WE	UK	USA	CEE	CIS	Asia	LA
Food Ingredients	68%	→	→	→	→	→	→	→	→
Chocolate & Confectionery Fats	18%	→	→		→	→	→	→	→
Technical Products & Feed	14%	→							
AAK Group	100%	→	→	→	→	→	→	→	→

Food Ingredients Q3 2015

Organic volume growth

+4%

Operating profit

+9%

Operating profit per kilo

+4%

◆ Operating profit improved to SEK 230 (211)

- ◆ Bakery continued to show organic growth
- ◆ Dairy reversed the trend from the last quarters and reported solid organic growth despite a low milk fat price
- ◆ Infant Nutrition speciality volumes, comprising InFat® business in Advanced Lipids AB, a joint venture of AAK and Enzymotec, continued the sequential organic growth trend from the second quarter. Year to date we still see negative year-on-year growth after the extraordinary first quarter in 2014
- ◆ Infant Nutrition product range Akonino® reported stable volume growth
- ◆ Food Service reported a stable quarter
- ◆ Commodity products showed again exceptional volume growth but still from a very low level
- ◆ The currency translation impact was positive SEK 15 million

◆ Operating profit per kilo increased from SEK 0.71 to SEK 0.74

- ◆ At fixed foreign exchange rates operating profit per kilo was stable but again negatively impacted by continued growth in commodity products

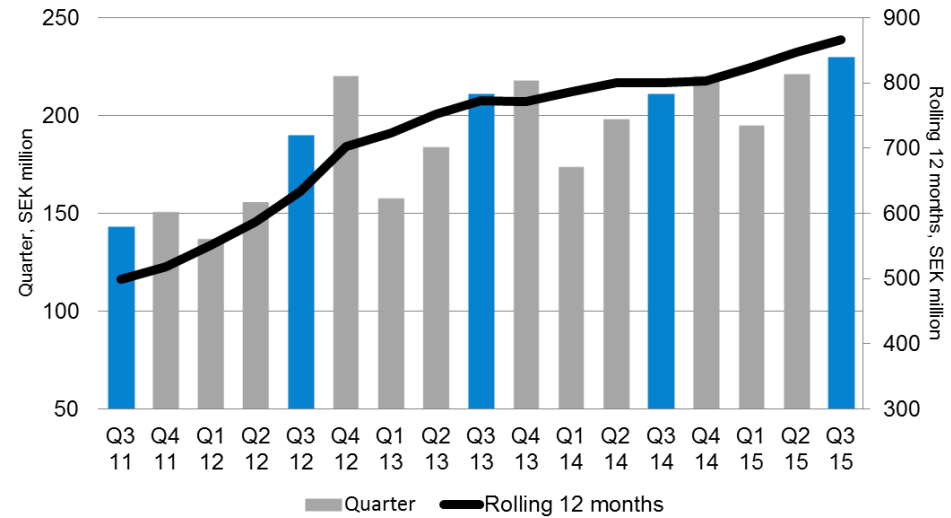
Food Ingredients – organic volume growth

	2015 Q3 YTD	2015 Q3	2015 Q2	2015 Q1	2014 FY
Speciality & semi-speciality	+3%	+2%	+4%	+1%	-1%
Commodity	+23%	+16%	+24%	+30%	-2%
Total	+7%	+4%	+9%	+8%	-1%

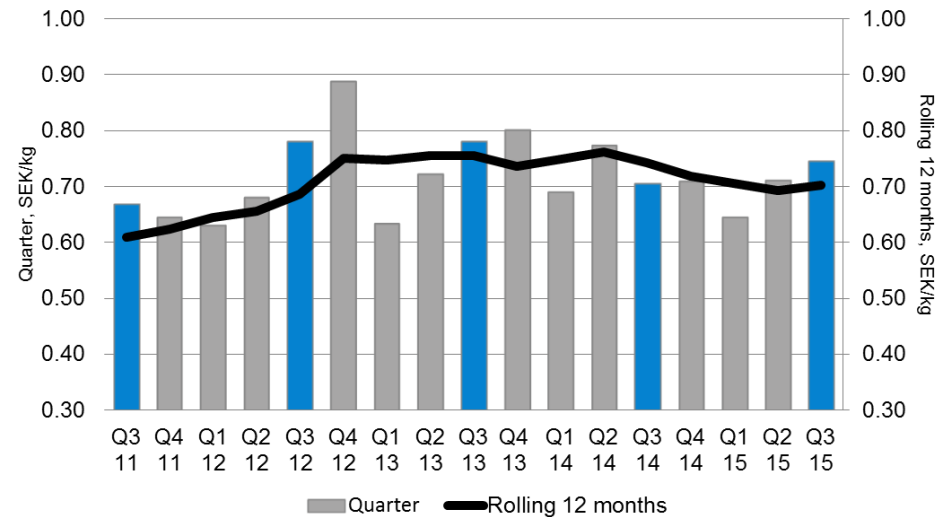
Food Ingredients



Operating profit



Operating profit per kilo



Chocolate & Confectionery Fats Q3 2015

Organic volume growth

+4%

Operating profit

+33%

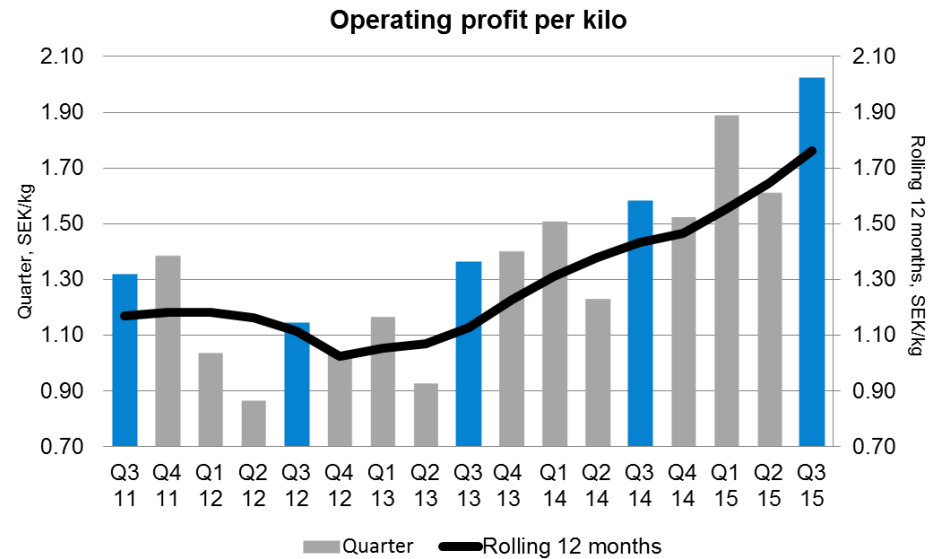
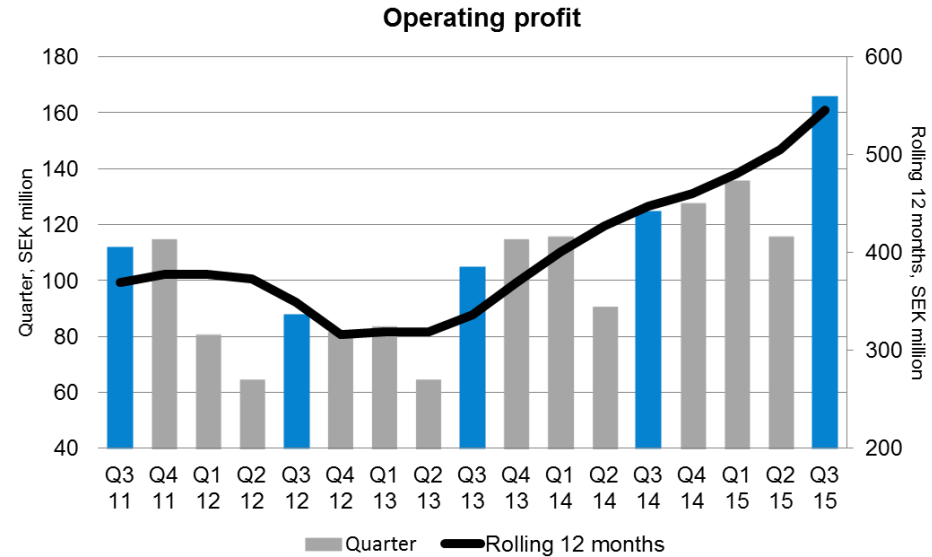
Operating profit per kilo

+27%

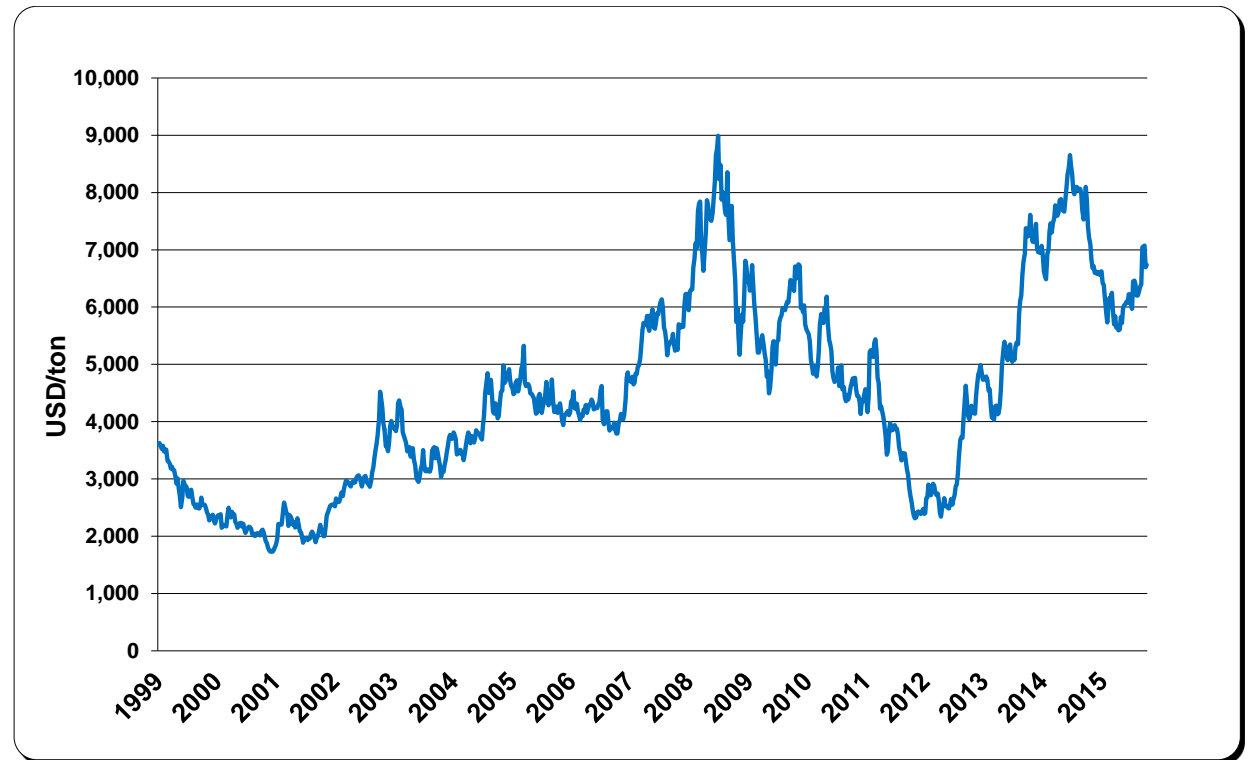


- ◆ **Operating profit improved and reached SEK 166 million (125)**
 - ◆ Despite the severely deteriorating market conditions in Ukraine and Russia, the business area showed an impressive organic volume growth
 - ◆ Low-end products continued to be under strong competitive pressure, a trend since several quarters
 - ◆ The currency translation impact was SEK 12 million
- ◆ **Operating profit per kilo improved by 27 percent to record high SEK 2.02 (1.59)**
 - ◆ The main reasons for this improvement are;
 - ◆ Continued positive development in the product mix
 - ◆ A high cocoa butter price
 - ◆ Important technical and other customer benefits
 - ◆ Positive currency translation

Chocolate & Confectionery Fats



Cocoa butter price



For information regarding cocoa and cocoa butter please refer to information at www.icco.org

Technical Products & Feed

Organic volume growth

-2%

Operating profit

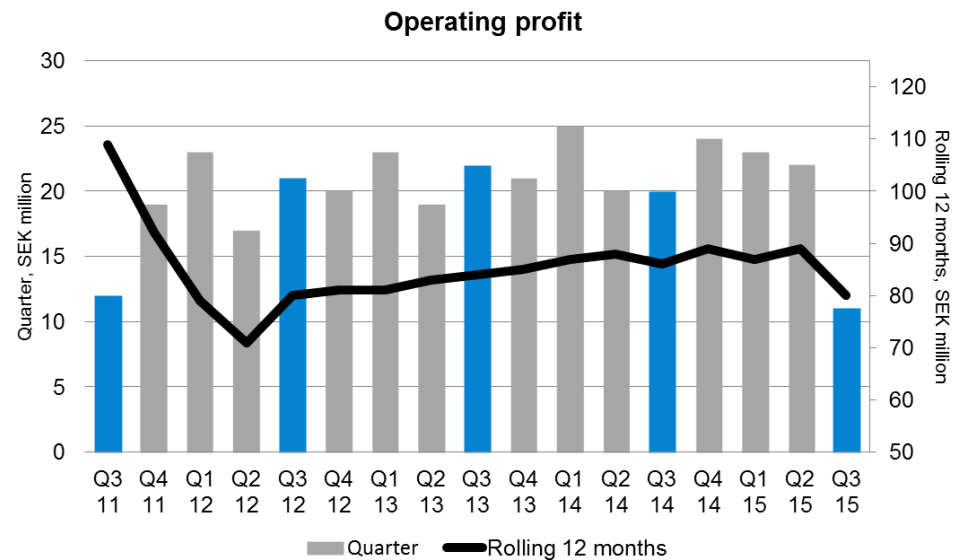
-45%

Operating profit per kilo

-44%

◆ Operating profit declined to SEK 11 million (20)

- ◆ The business area had a challenging quarter due to a planned but more extensive maintenance stop than normal
- ◆ Volumes decreased mainly related to lower sales of feed products



The first choice for value-adding vegetable oil solutions



SALES

Sales



Customer co-development



INNOVATION

Innovation



EXECUTION

Service



Quality



Productivity



PEOPLE



Ahead of plan



On plan



Behind plan

Launch of TropicaO™

TROPICAO™

- ◆ This innovation has been developed for hot climate markets such as Latin America, Asia and the Middle East
- ◆ Despite chocolate consumption being on the rise in these markets chocolate manufacturers face significant challenges as the characteristics of chocolate risk to change in hot climates when distribution chains are far from perfect
- ◆ Heat-related bloom, which gives the chocolate an undesirable white surface and potentially also a sandy, dry texture, is cited as the most frequent reason for chocolate quality complaints in hot climates
- ◆ Chocolate with TROPICAO™ will maintain a non-bloom appearance as well as its sensory attributes when exposed to higher temperatures and unperfect distribution chains
- ◆ Early feedback from customers has been very strong. However, sales cycles are lengthy. For more information on TROPICAO™, please see www.aaktropica.com





Acquisition of 51% of Kamani Oil Industries

- Leading company within speciality and semi-speciality fats in India

- ◆ Annual volume of 100,000 MT
- ◆ Revenues of approximately SEK 1,000 million 2014
- ◆ Factory 70 km from Mumbai
 - ◆ Administration and sales office in Mumbai
- ◆ Technical expertise and customer co-development is core
- ◆ Well maintained and equipped R&D and QC facility
- ◆ Distribution network across India
- ◆ The company will operate as AAK Kamani



Strategic rationale

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- 
- ◆ Geographical expansion into important growth market
 - ◆ Large and growing population in India
 - ◆ Small but rapidly growing chocolate market
 - ◆ Increasing urbanisation and middle class
 - ◆ A local partner is critical to a success in India
 - ◆ Kamani's culture, know-how and positioning is very much in line with AAK's
 - ◆ Platform for increased AAK sales of semi-speciality and speciality products
 - ◆ Opportunity to accelerate a systematic customer co-development approach

Partnership established in Japan



- ◆ AAK has established a partnership with Miyoshi Oils & Fats Co. by forming a new company together for the Japanese market, AAK Miyoshi JP
- ◆ The Japanese market is particularly interesting for the Chocolate & Confectionery Fats and Bakery segments
- ◆ AAK will own 70 percent of the new company. The remaining 30 percent will be owned by Miyoshi Oils & Fats Co
- ◆ AAK Miyoshi JP will have both sales and customer innovation resources and will focus on products for the chocolate and confectionery, bakery, dairy and infant nutrition markets
- ◆ The partnership will be operational from January, 2016

Capital market day November 18, 2015



◆ Program for the day

- 12:00–13:00 Registration and a light lunch
- 13:00–14:30 Presentations from the CEO and the CFO
- 14:45–15:45 Presentations from our Management in China and Brazil
- 16:00–16:30 TROPICAO™ presentation
- 16:30–17:00 Q & A

◆ Location

Fotografiska
Stadsgårdshamnen 24
116 45 Stockholm
www.fotografiska.eu

- ◆ Please confirm your participation no later than October 30, 2015 by following the instructions on www.aak.com/capitalmarketday

Concluding remarks from the 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;
 - ◆ We are expecting a continued positive underlying development for Food Ingredients
 - ◆ We are expecting continued improvement in Chocolate & Confectionery Fats

Questions & answers



Financial calendar

Financial calendar 2015/2016

November 18, 2015	Capital Market Day, Stockholm
February 3, 2016	Fourth quarter and year-end report 2015
April 27, 2016	First quarter report 2016
May 11, 2016	Annual General Meeting
July 19, 2016	Second quarter report 2016

Investor Relations contact

Fredrik Nilsson

Chief Financial Officer

Phone: +46 40 627 83 34

Mobile: +46 708 95 22 21

E-mail: fredrik.nilsson@aak.com

Further Investor Relations material
can be found at www.aak.com/en/Investor



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