



Arne Frank, CEO  
Fredrik Nilsson, CFO

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**Interim report  
Fourth quarter  
and Year-end 2015**

**AAK**

# Agenda

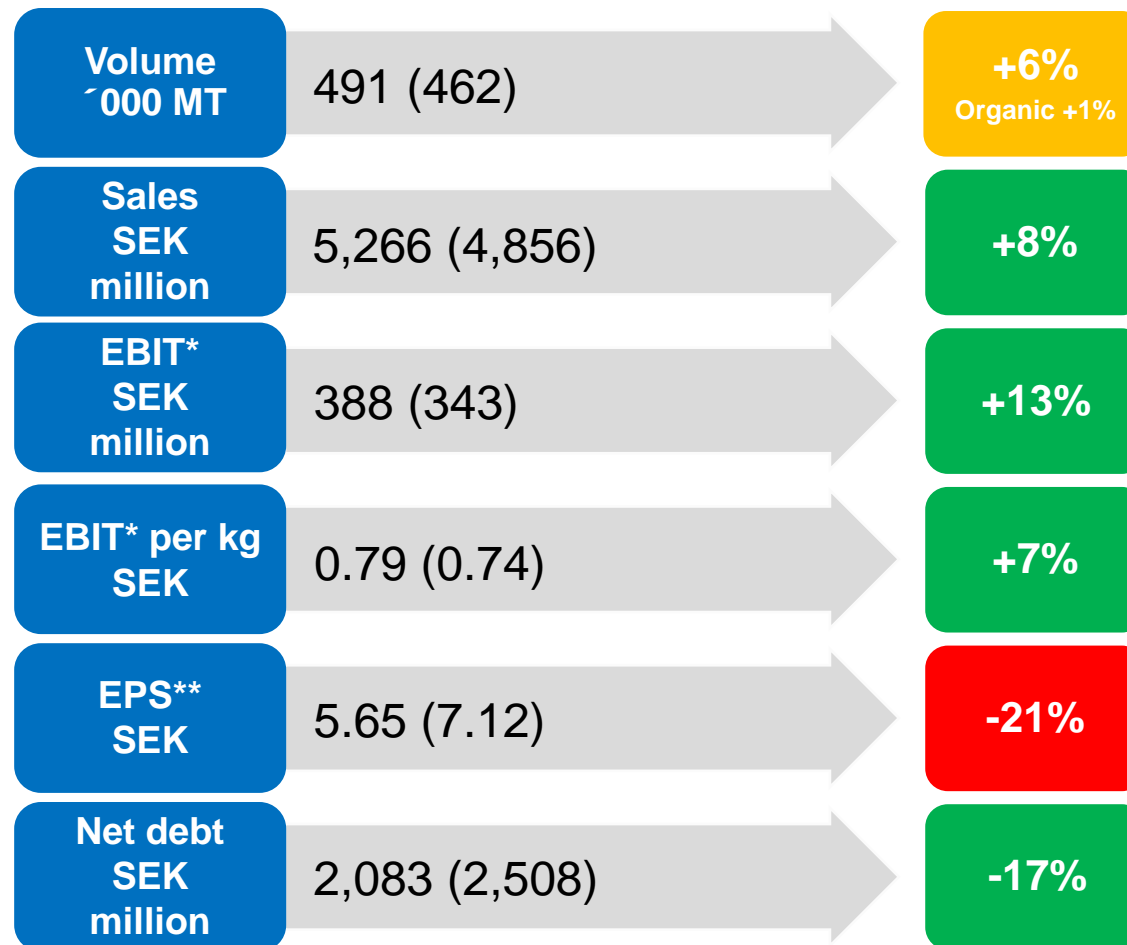
Fourth quarter 2015

Business area information

AAKtion

Q & A

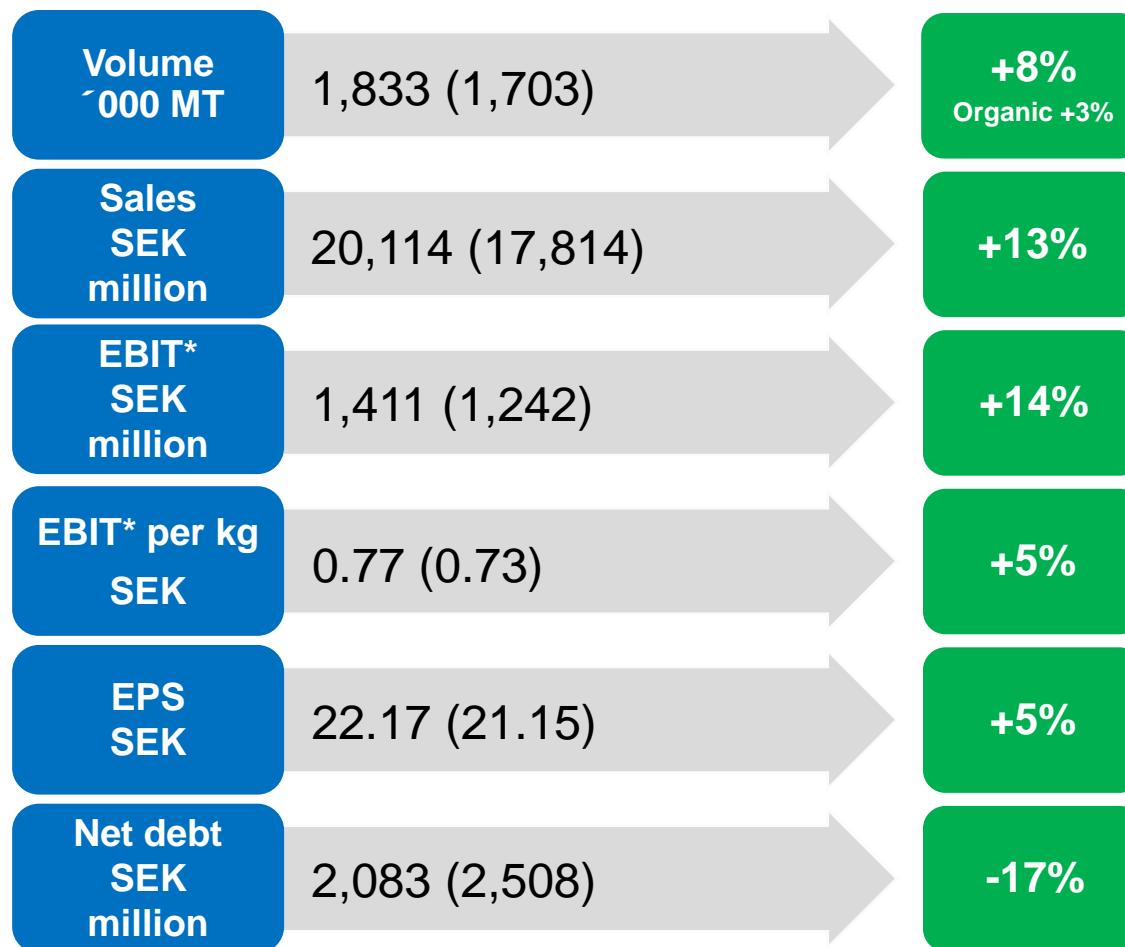
## Fourth quarter 2015



\* Excluding acquisition costs and non-recurring items

\*\* EPS decreased due to an exceptional low tax cost related to non-recurring items in the fourth quarter, 2014

# Full year 2015



💧 The Board of Directors and the CEO propose a dividend increase by SEK 1.00 from SEK 6.75 to SEK 7.75 per share

\* Excluding acquisition costs and non-recurring items

# Fourth quarter 2015

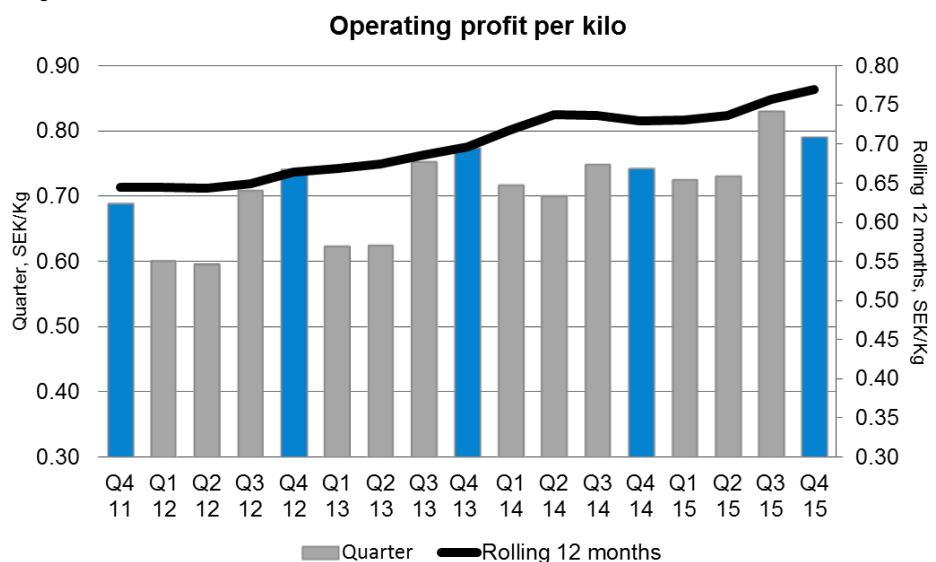
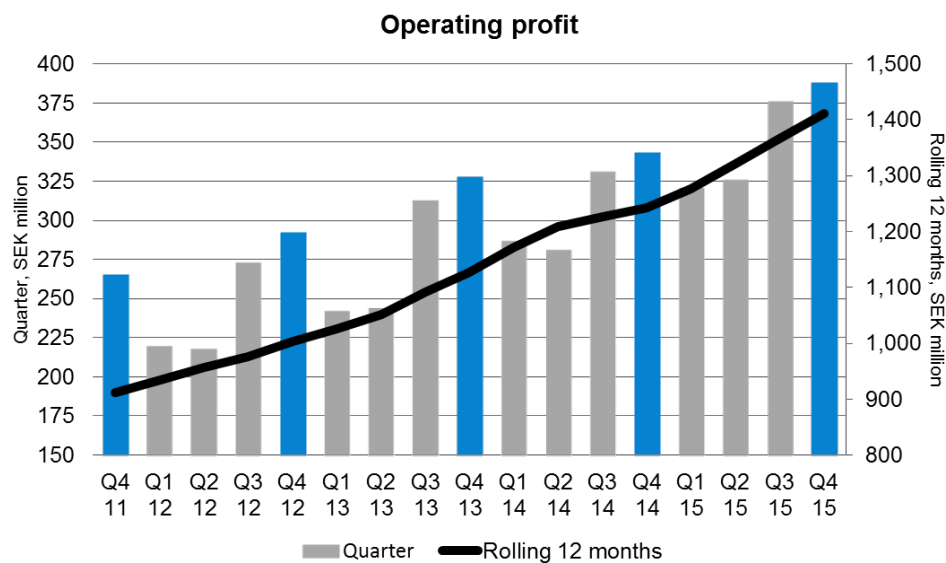
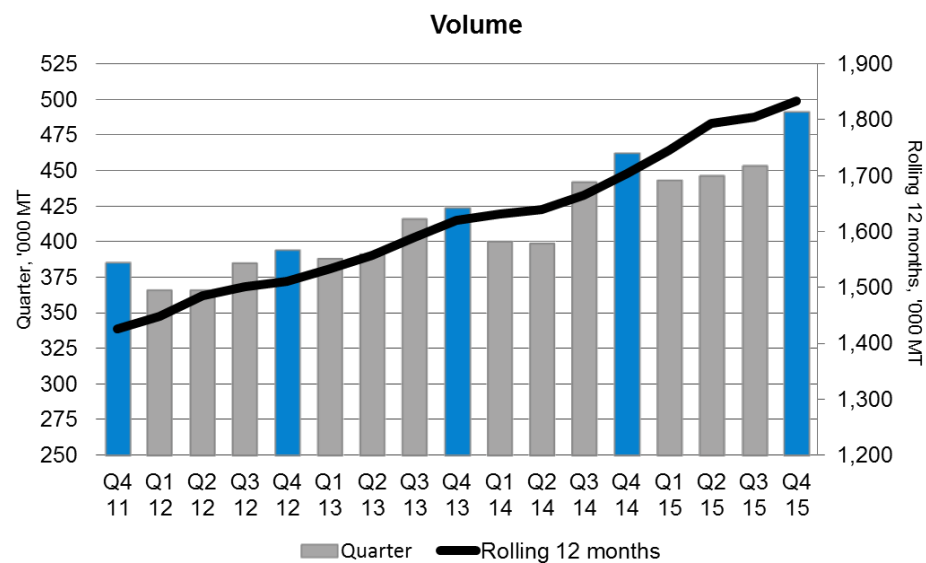
## ◆ AAK Group – Operating profit

- ◆ Operating profit, excluding acquisition costs of SEK 15 million, reached SEK 388 million (343 excluding net positive, non-recurring items of SEK 16 million)
- ◆ Improvement of 13 percent
- ◆ Positive currency translation impact by SEK 22 million (27)
- ◆ Operating profit at fixed foreign exchange rates, and adjusted for acquisition costs and non-recurring items, improved by 7 percent
- ◆ Operating profit per kilo, excluding acquisition costs, reached SEK 0.79 (0.74 excluding non-recurring items)

## ◆ Business areas – Operating profit

- ◆ Food Ingredients improved by 17 percent, reaching SEK 257 million (220)
- ◆ Chocolate & Confectionery Fats reported a result of SEK 135 million (128), an improvement of 5 percent
- ◆ Technical Products & Feed improved by 28 percent, reaching SEK 32 million (25)

# Financial summary – AAK Group

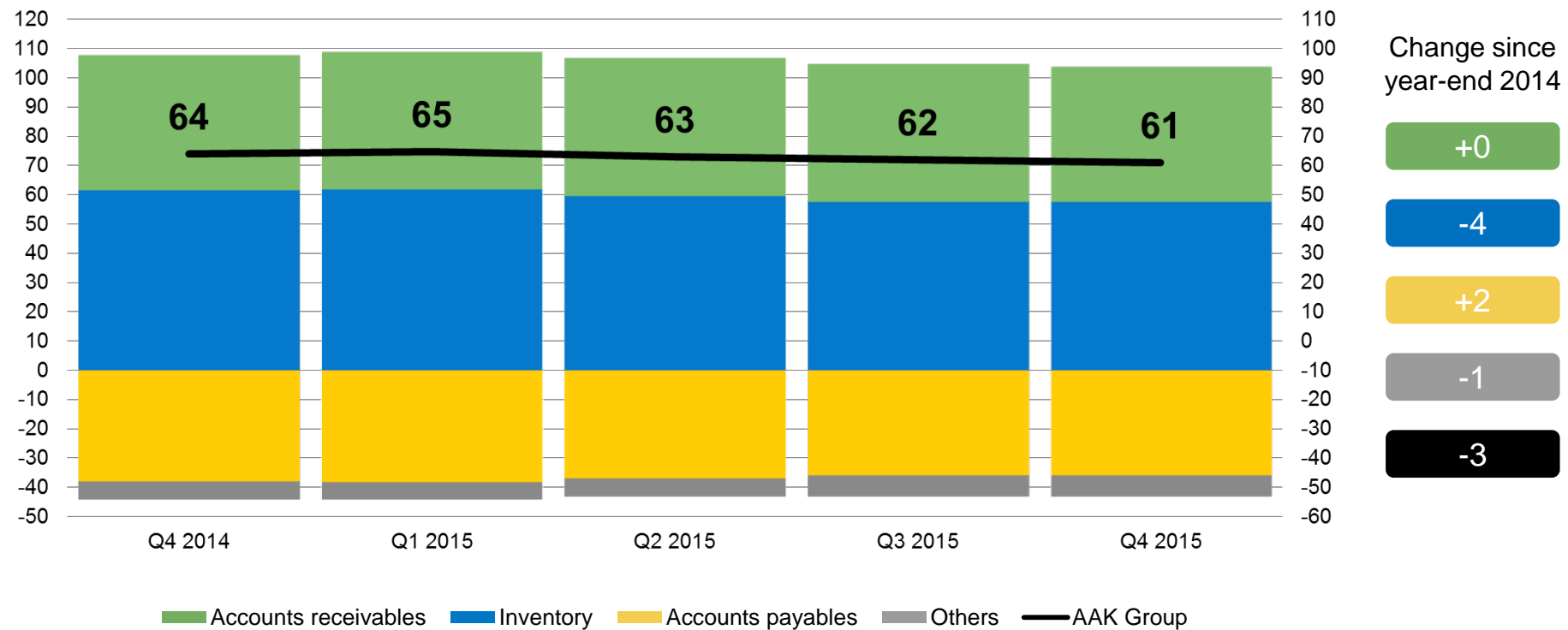


# Cash flow

SEK million	Q4 2015	FY 2015	Q4 2014	FY 2014
EBITDA	490	1,840	459	1,643
Paid interest	-29	-114	-21	-111
Paid tax	-71	-270	-80	-319
Non-cash items	-21	-100	53	39
Change in working capital (WC)	292	380	84	-560
<b>Cash flow from operating activities incl change in WC</b>	<b>661</b>	<b>1,736</b>	<b>495</b>	<b>692</b>
Cash flow from investments	-549	-1,016	-47	-708
<b>Free cash flow</b>	<b>112</b>	<b>720</b>	<b>448</b>	<b>-16</b>

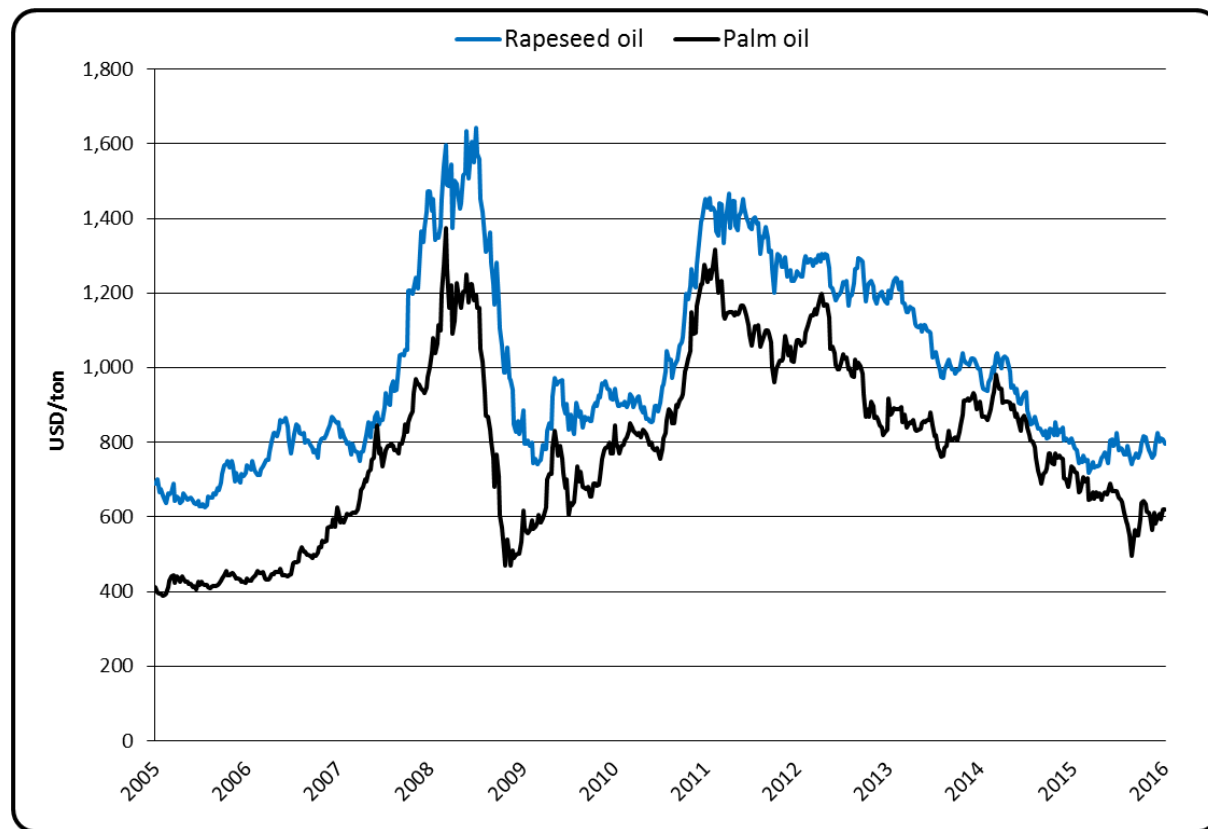
- Operating cash flow including changes in working capital amounted to positive SEK 661 million (495)
- Cash flow from working capital was positive SEK 292 million mainly due to lower raw material prices (84)
- Cash outflow from investing activities amounted to SEK 549 million (47, including received payment from the sale of Binol). The increased outflow is mainly related to the ongoing greenfield projects in Brazil and China, and the payment for 51 percent of Kamani Oil Industries Pvt Ltd

# Working capital days – rolling 12 months



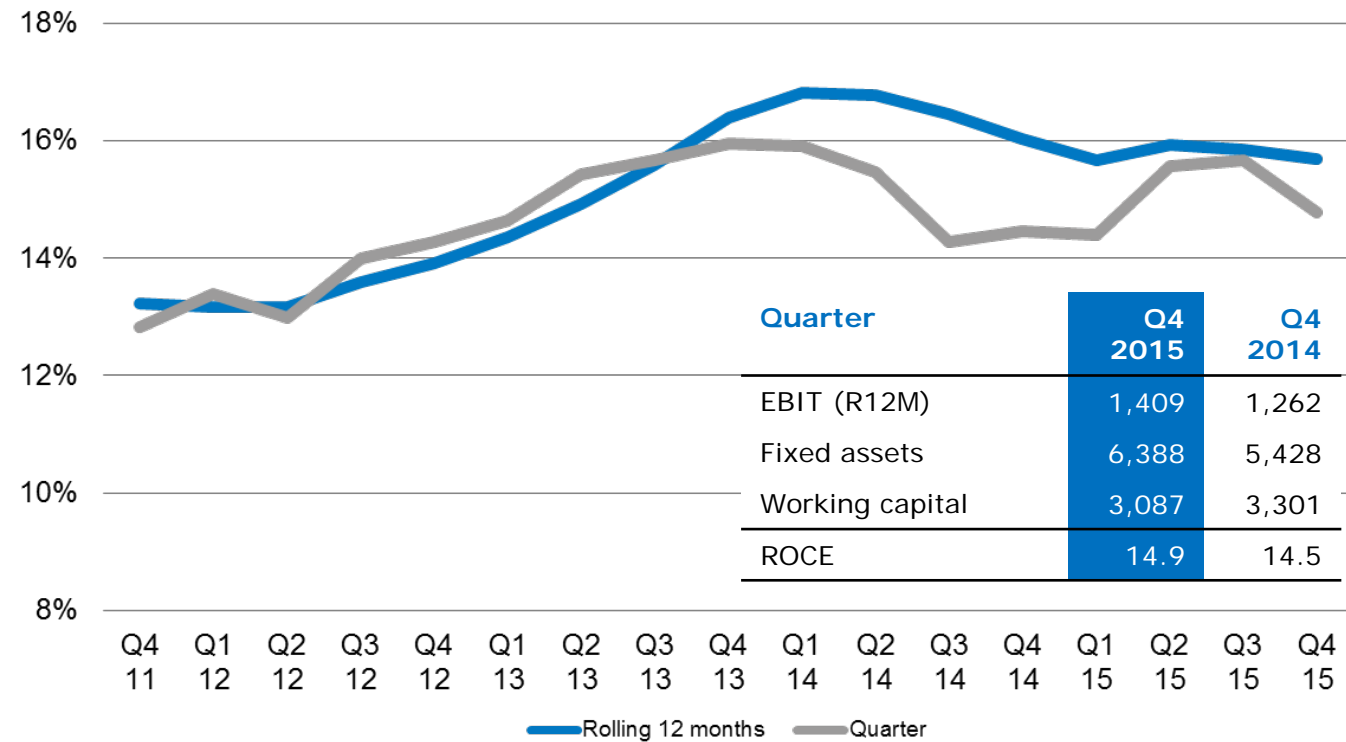


# Raw material prices



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

# ROCE – fourth quarter 2015



# Business trends – fourth 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 Q4 2015

Organic volume growth

**+2%**

Operating profit

**+17%**

Operating profit per kilo

**+8%**

## ◆ Operating profit improved to SEK 257 million (220)

- ◆ The Bakery segment had a challenging quarter, particularly in Europe
- ◆ The Dairy segment continued the strong trend and reported double-digit organic volume growth
- ◆ Infant Nutrition speciality volumes, comprising InFat® business in Advanced Lipids AB, a joint venture of AAK and Enzymotec, continued the organic growth trend from the last two quarters. For the full year though, we only see a modest organic volume growth after the extraordinary first quarter in 2014
- ◆ Infant Nutrition product range Akonino® reported stable volume growth
- ◆ Food Service reported low organic volume growth
- ◆ Commodity products showed continued organic volume growth
- ◆ The currency translation impact was positive SEK 13 million

## ◆ Operating profit per kilo increased from SEK 0.71 to SEK 0.77

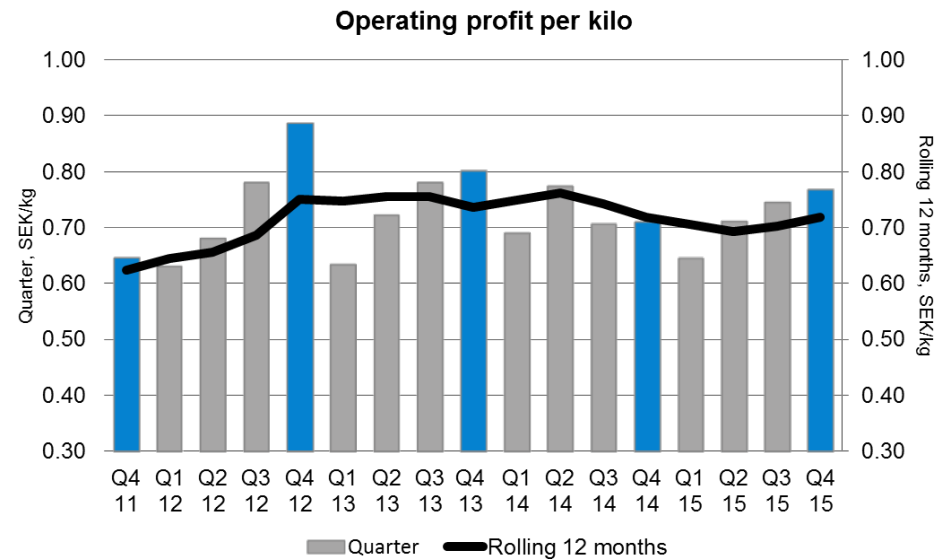
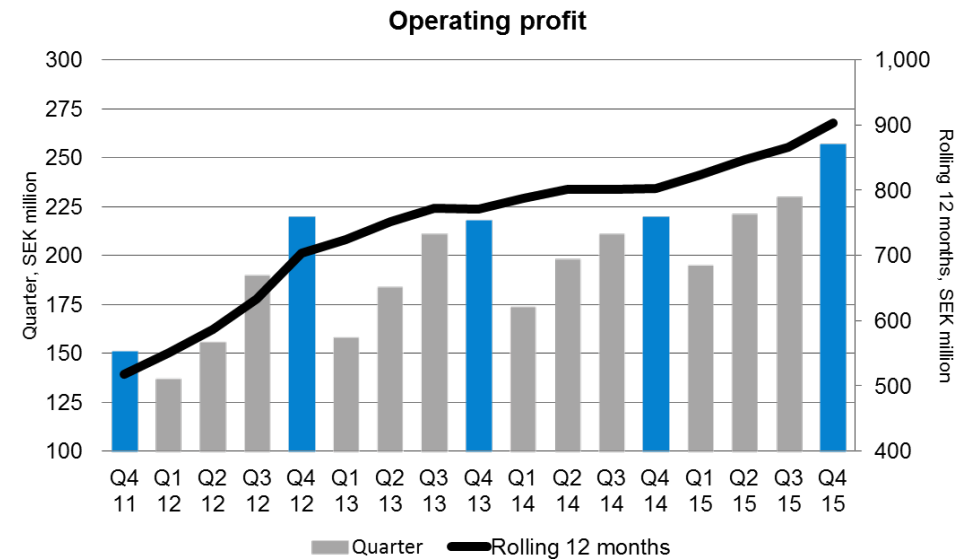
- ◆ At fixed foreign exchange rates operating profit per kilo improved by 4 percent despite continued volume growth in commodity products

## Food Ingredients – organic volume growth

	2015 FY	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 FY
Speciality & semi-speciality	+2%	+1%	+2%	+4%	+1%	-1%
Commodity	+19%	+6%	+16%	+24%	+30%	-2%
Total	+5%	+2%	+4%	+9%	+8%	-1%



# Food Ingredients



# Chocolate & Confectionery Fats Q4 2015

Organic volume growth

**-2%**

Operating profit

**+5%**

Operating profit per kilo

**+3%**

## ◆ Operating profit improved and reached SEK 135 million (128)

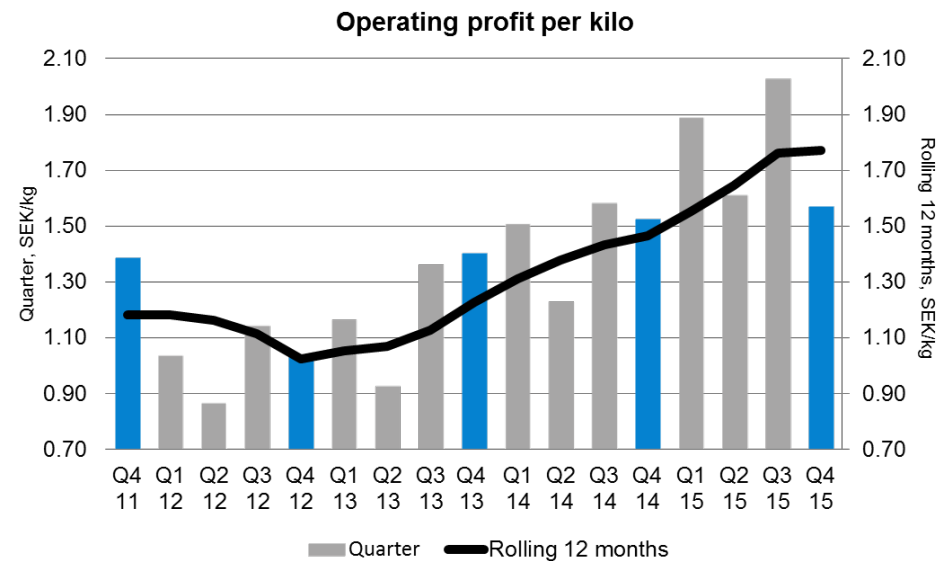
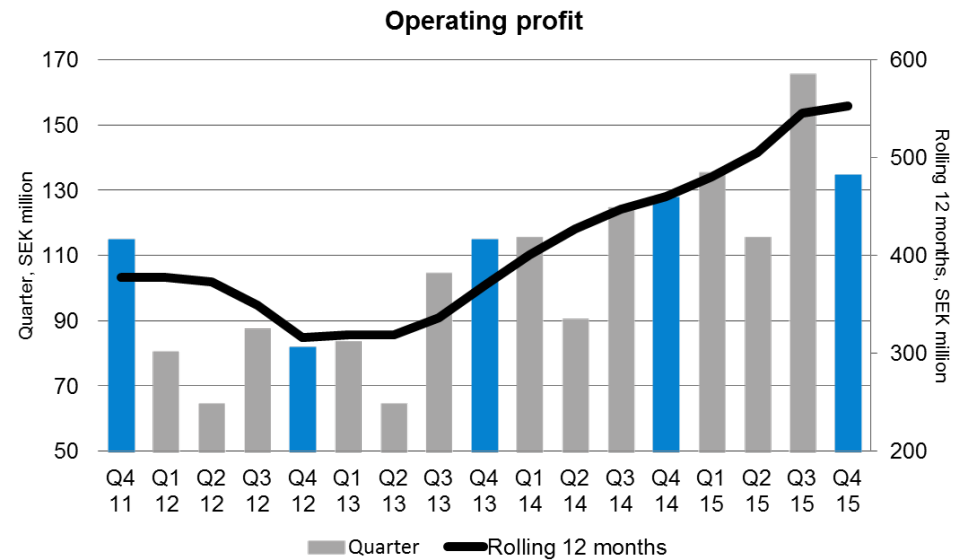
- ◆ The business area was again negatively influenced by deteriorating market conditions in Russia
  - ◆ After 24 months of deteriorating market conditions, Ukraine has during the fourth quarter stabilized at a low level
- ◆ Low-end products continued to be under strong competitive pressure, a trend since several quarters
- ◆ The currency translation impact was positive SEK 10 million

## ◆ Operating profit per kilo improved by 3 percent to SEK 1.57 (1.52)

- ◆ The main reason for this improvement is the positive currency translation impact, partly offset by a continued very strong competitive pressure on low-end products
- ◆ During the quarter we have continued to invest in the organization by adding more resources in Sales and Customer Innovation, particularly in growth markets

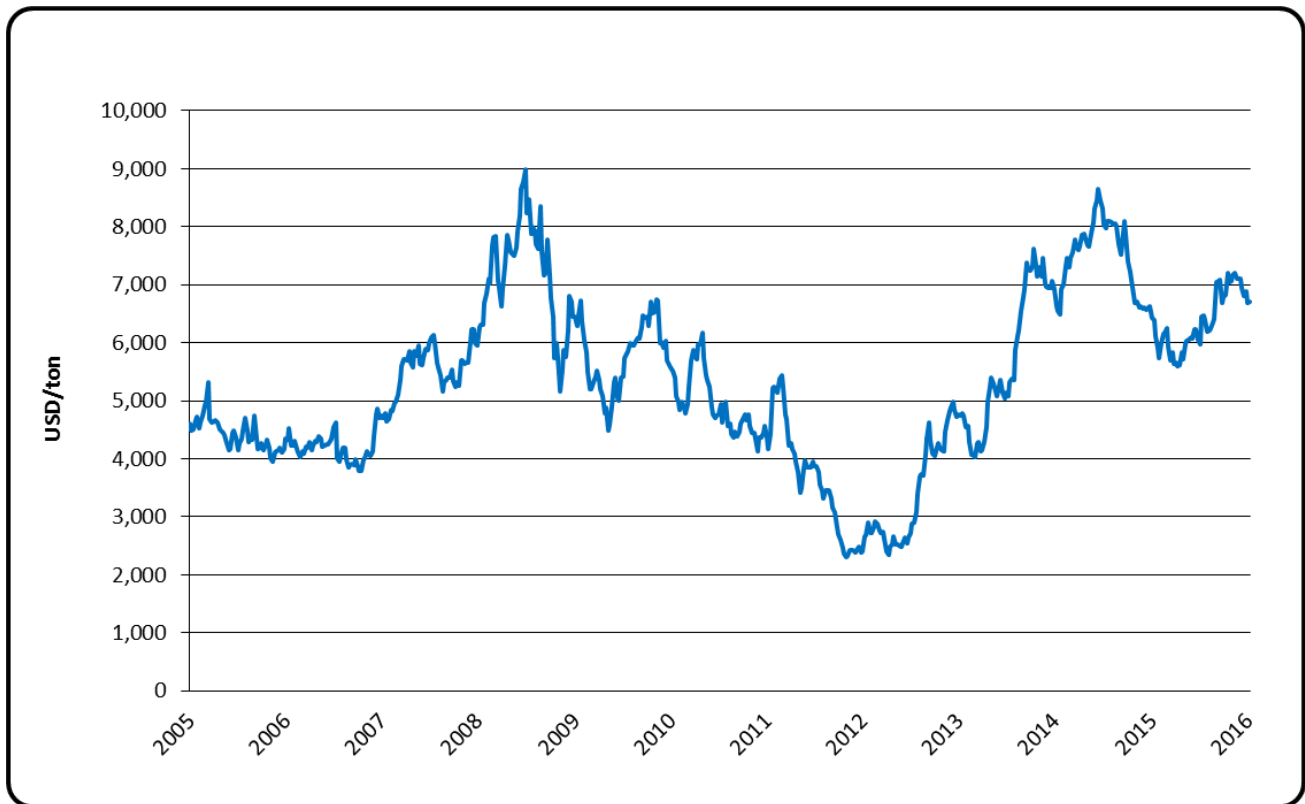


# Chocolate & Confectionery Fats





# 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 Q4 2015

Organic volume growth

**+3%**

Operating profit

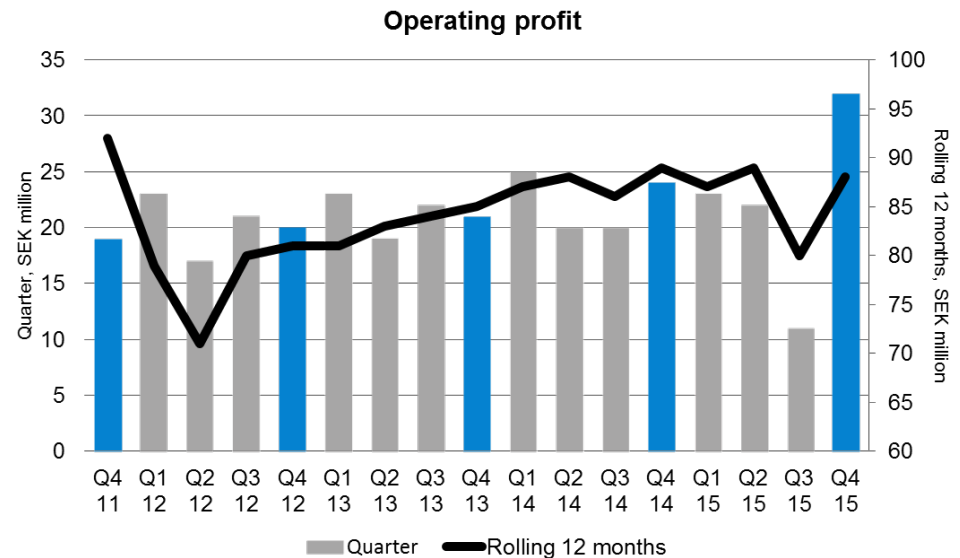
**+28%**

Operating profit per kilo

**+22%**

## ◆ Operating profit increased to SEK 32 million (25)

- ◆ After a challenging third quarter due to a planned but more extensive maintenance stop than normal, volumes for the fourth quarter increased by 3 percent compared to the corresponding quarter in 2014
- ◆ Volumes increased mainly related to increased sales of technical fatty acids



## 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



## Restart of operations of TLC

- An ingredient supplier to the global infant nutrition market in Belgium

- ◆ During November, AAK entered a management agreement with the trustee in the bankruptcy of TLC and Belovo – both part of the BNLfood Group – to restart the operations of TLC, an ingredient supplier to the global nutrition market, located in Bastogne, Belgium
- ◆ TLC is specialized in extracting phospholipids from egg yolk
- ◆ Such phospholipids offer additional benefits when included in nutrition formulas and reinforce functions of the brain, the eyes and the immune system at all life stages
- ◆ By blending these phospholipids with Akonino®, AAK's solution for infant formulas, AAK will be able to extend its product range within the infant nutrition market and the nutrition markets in general, with new advanced customer co-developed products



# TROPICAO™

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A tropical revolution  
in chocolate production



Food ingredients  
EUROPE  
INNOVATION  
AWARDS 2015

**AAK**

# Product development – Food Ingredients



- ◆ AKOPASTRY HP 400 & 200
  - ◆ High performance puff pastry solutions
  - ◆ For industrial puff pastry producers
  - ◆ Main value proposition: reduced costs
  - ◆ Better lamination structure
  - ◆ Better health claims



# Miscellaneous

- ◆ AAK Kamani has developed according to plan
  - ◆ Acquisition costs related to Kamani has been expensed during the fourth quarter
- ◆ The partnership with Miyoshi Oils & Fats Co. – AAK Miyoshi JP – is operational since January, 2016, and is developing according to plan





# 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 2016/2017

April 27, 2016	First quarter report 2016
May 11, 2016	Annual General Meeting
July 15, 2016	Second quarter report 2016
October 26, 2016	Third quarter report 2016
February 3, 2017	Fourth quarter and year-end report 2016

# Investor Relations contact

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