

Johan Westman, CEO  
Fredrik Nilsson, CFO

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**Interim Report  
Fourth quarter  
and Year-end  
report 2020**

**AAK**



# Agenda

- 1 CEO update
- 2 Business area information
- 3 CFO update
- 4 ESG and purpose
- 5 Concluding remarks
- 5 Q&A

## 2020 – the Covid-19 pandemic

The pandemic is still impacting people, societies, and business operations across the world ...

... AAK shows resilience and has adapted to a new reality

Our highest priority continues to be the health and safety of our employees

Our strong contingency plans have secured operations and logistics around the world

Our business, as a global key supplier in food ingredients, is to a large degree resilient, but uncertainty remains high

We have adapted our everyday work to new conditions, we are leveraging our learnings, and we are prepared for opportunities when the pandemic is over

The achievements made by our organization, through passion, drive and agility, show the strengths of AAK and bodes well going forward – in times of uncertainty as well as when engaging in new strategic opportunities



# Solid full-year performance in a challenging environment

## HIGHLIGHTS

# 2020



- Operating profit, excluding non-recurring items and at fixed FX, was up 5 percent
- Food Ingredients
  - Negative impact from the Covid-19 pandemic, mainly in Foodservice but also in Bakery and Dairy
  - Plant-based Foods continues to grow
  - Growth in high-end solutions in Special Nutrition, i.e. Infant Nutrition
- Strong profit growth in Chocolate & Confectionery Fats mainly driven by supply chain improvements and better-yielding shea kernels
- Continued strong performance in Technical Products & Feed
- Our optimization program, initiated during Q2, is progressing according to plan
- Earnings per share increased by 5 percent
- Proposed dividend of SEK 2.30 per share (2.10), an increase of 9 percent

## GROWTH & RETURNS

**Volume**  
**2,195,000 MT**  
(-4% y/y)

**Adjusted operating profit**  
**SEK 2,165 million**  
(flat y/y, 5% y/y\*)

**Operating profit per kilo**  
**SEK 0.99**  
(up 5% y/y, up 10% y/y\*)

**ROCE**  
**14.3%\*\***

\* Fixed FX

\*\* Rolling 12 months incl. IFRS 16 effect

# Strong finish to an unprecedented year

## HIGHLIGHTS

# Q4 2020

- Operating profit up 8 percent, and 19 percent at fixed FX
- Food Ingredients was negatively impacted by lower sales in Foodservice
  - Special Nutrition grew volumes of high-end speciality solutions for Infant Nutrition
  - Plant-based Foods continued with significant volume growth, driven by both plant-based dairy and plant-based meat solutions
- Chocolate & Confectionery Fats reported a significant growth in operating profit driven by supply chain improvements, better-yielding shea kernels as well as volume growth
- Continued strong profit in our Technical Products & Feed business
- Earnings per share increased by 8 percent

## GROWTH & RETURNS

**Volume**  
**580,000 MT**  
(Flat y/y)

**Adjusted operating profit**  
**SEK 607 million**  
(up 8% y/y, 19% y/y\*)

**Operating profit per kilo**  
**SEK 1.05**  
(up 8% y/y, up 19% y/y\*)

**ROCE**  
**14.3%\*\***

\* Fixed FX

\*\* Rolling 12 months incl. IFRS 16 effect

# Key events

## AAK joins MISTA innovation platform

- ◆ To accelerate innovation and drive further growth within the plant-based foods market, AAK has joined the MISTA innovation platform, based in San Francisco, USA
- ◆ MISTA brings together the expertise of larger food and ingredients companies and selected start-ups to optimize ideas, products, people and investments in order to solve current and future challenges within the ever-changing food and beverage industries



## Plant-based Foods Global Center of Excellence

- ◆ AAK has decided to establish a Plant-based Foods Global Center of Excellence on the company's premises in Zaandijk, the Netherlands
- ◆ AAK has been operating here for decades and this strategic location, near Amsterdam in one of Europe's largest food and agribusiness economies, offers proximity to many customers and industry peers as well as the nearby 'Wageningen Food Valley'



- ◆ This investment reaffirms our commitment to grow our presence in this dynamic and fast-paced category
- ◆ The center is expected to be operational by the end of 2021

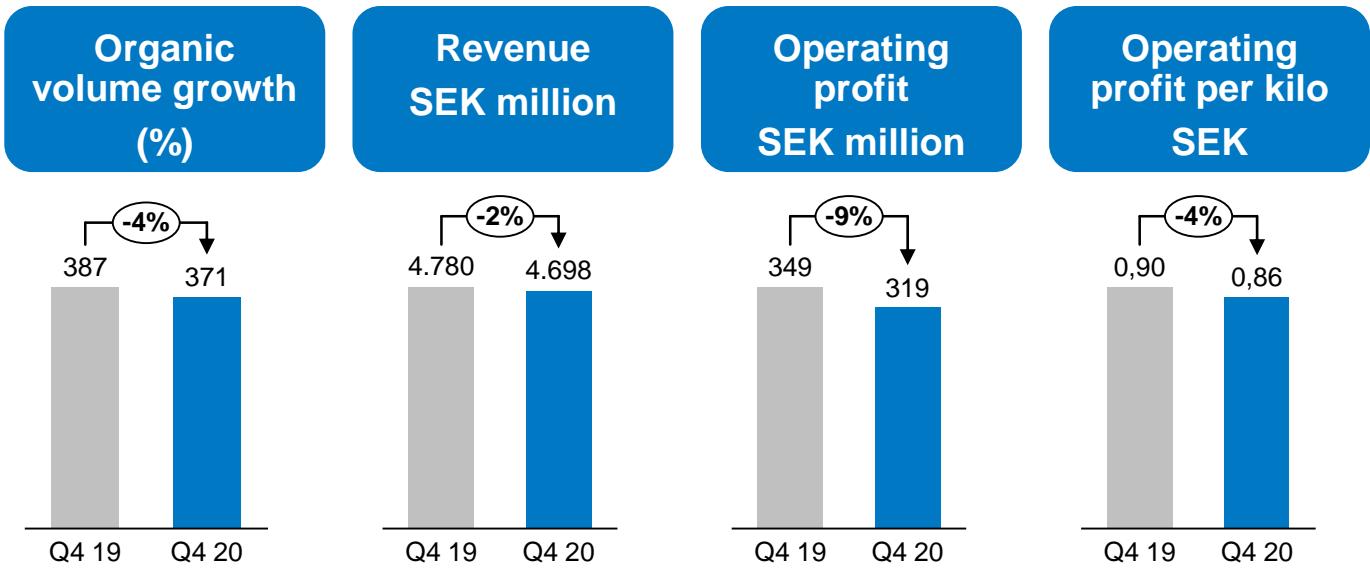
# New CFO

# Tomas Bergendahl

- Tomas Bergendahl has been appointed new Chief Financial Officer of AAK.
- Tomas joins AAK with extensive experience and a solid finance background. For the past five and a half years he has served as CFO and Executive Vice President at COWI Holding A/S, a leading international consulting group within engineering, economics and environmental science based in Denmark.
- He will assume his position as of May 1, 2021



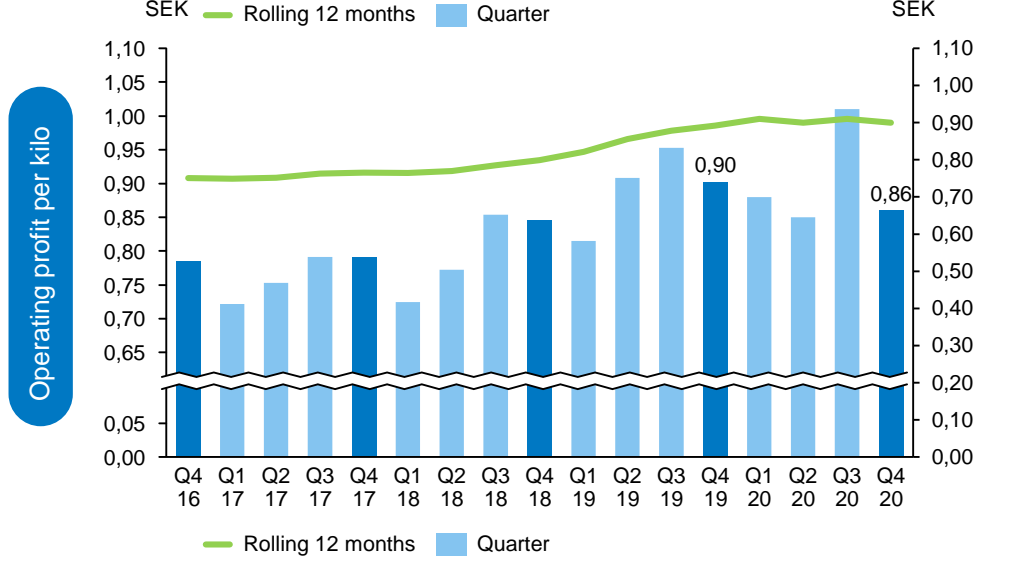
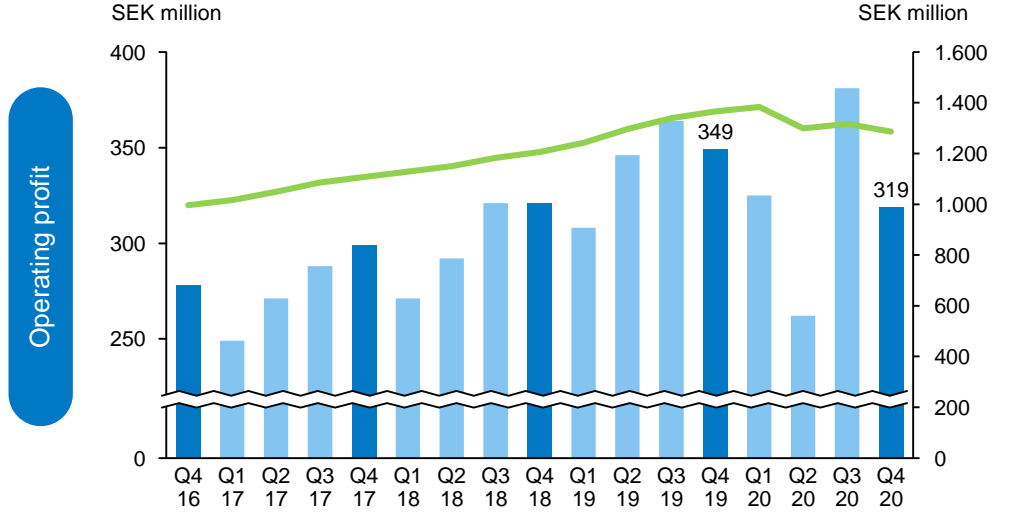
# Food Ingredients\*



## Business area development

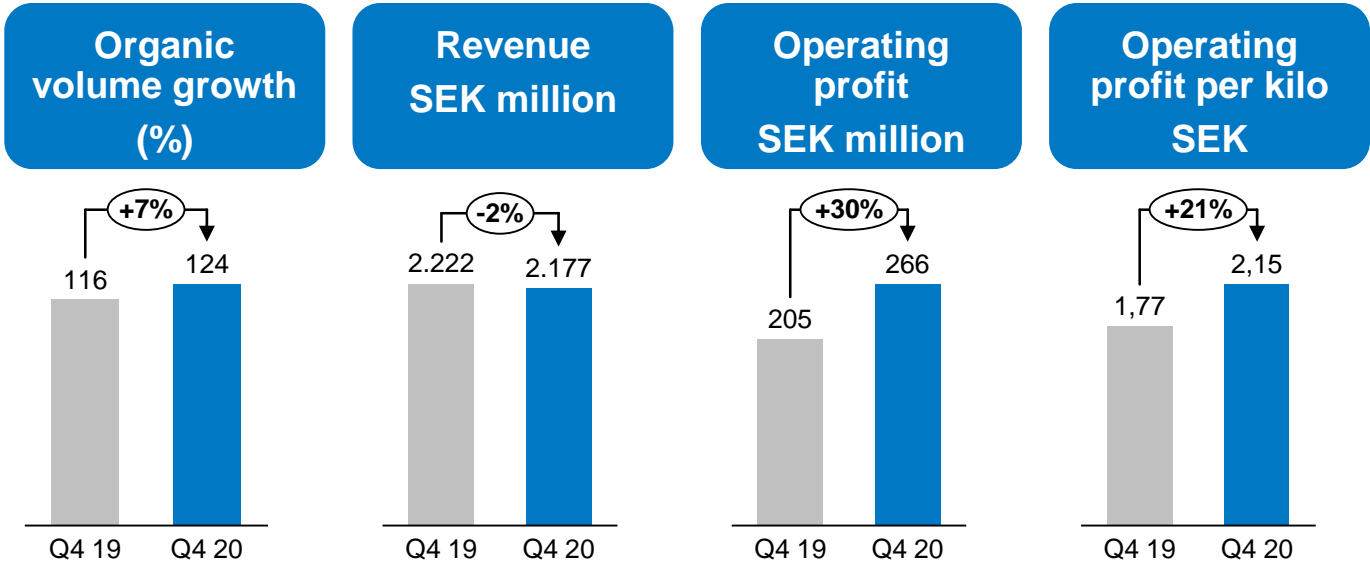
- In Special Nutrition, high-end solutions in sub-segment Infant Nutrition continued to grow by double digits, driven by Asia and supported by new local Chinese customers
- Significantly lower Foodservice volumes
- Bakery reported volume growth despite certain markets being negatively impacted by restrictions and lockdowns
- Plant-based Foods continued its strong trend with high double-digit volume growth

\*All figures are excluding items affecting comparability





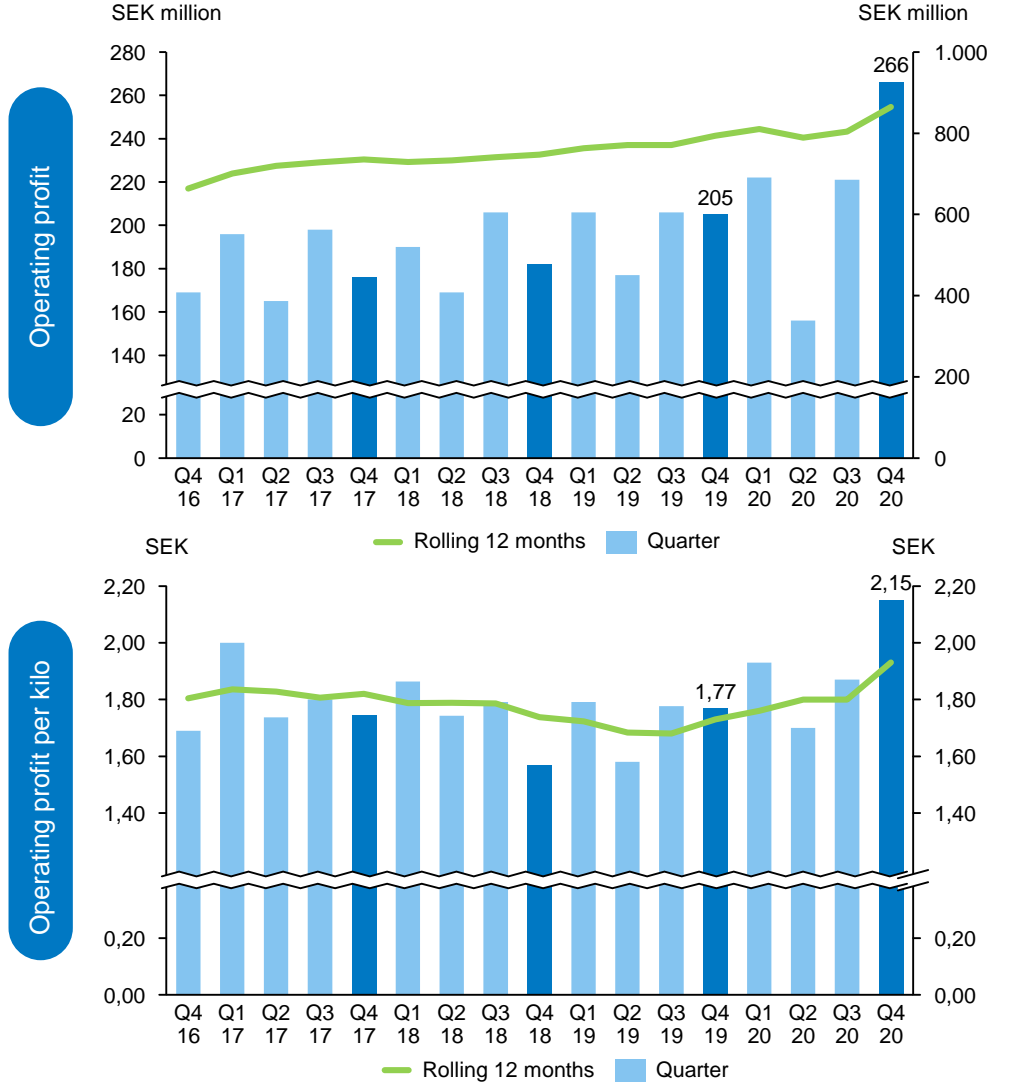
# Chocolate & Confectionery Fats\*



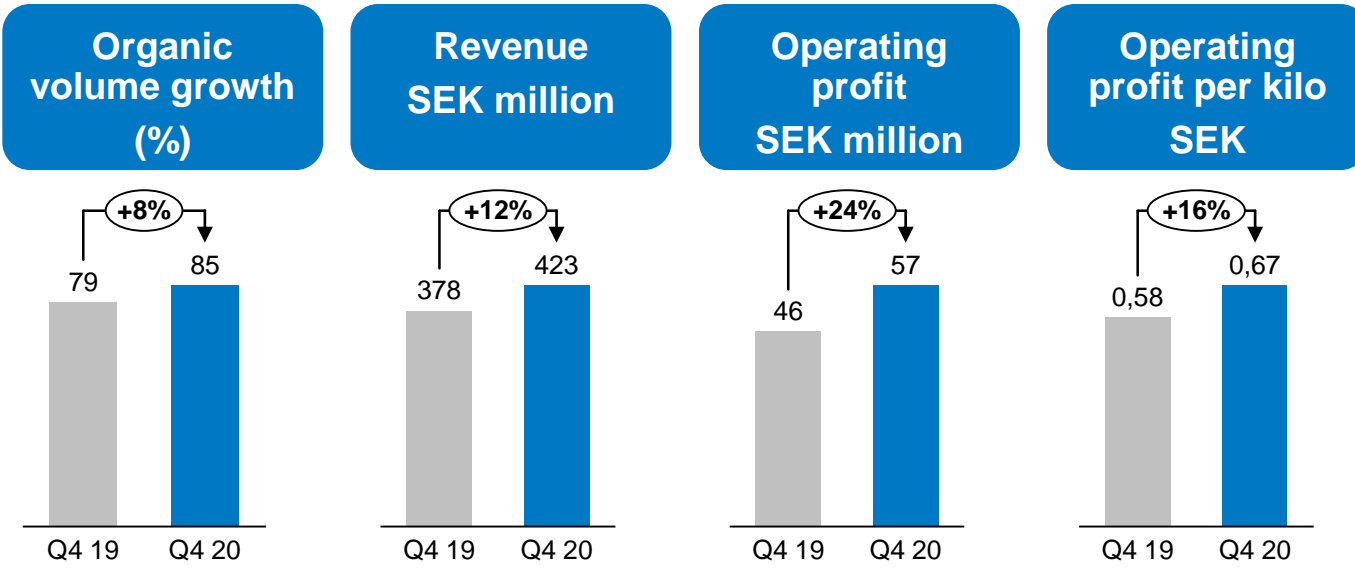
## Business area development

- Strong demand for our speciality solutions such as cocoa butter equivalents, but also for our semi-speciality solutions
- All regions reported volume growth with the strongest growth in Latin America and USA
- The growth in operating profit was very strong due to a lower cost base achieved by the implemented supply chain improvements, increased production capacity in Aarhus, Denmark, and the better-yielding shea kernels
- In addition, profit growth was supported by volume growth and the cost reduction measures initiated in the second quarter

\*All figures are excluding items affecting comparability



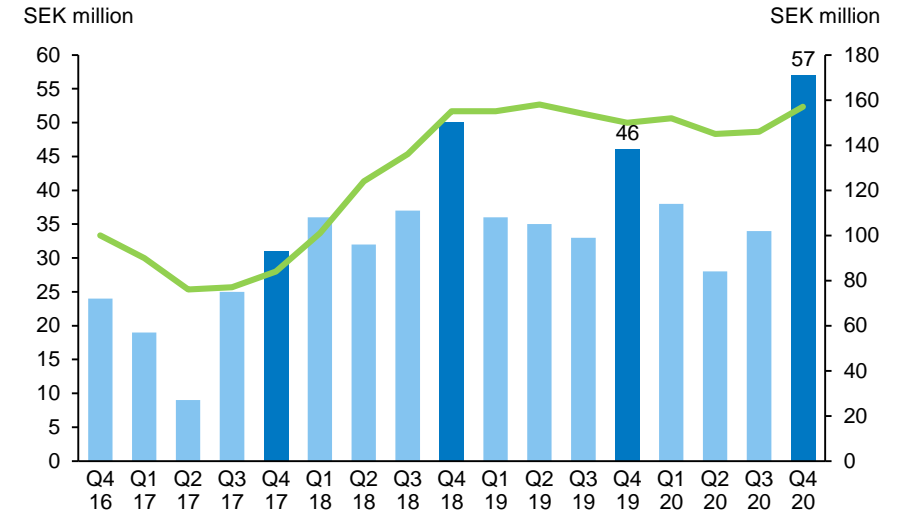
# Technical Products & Feed\*



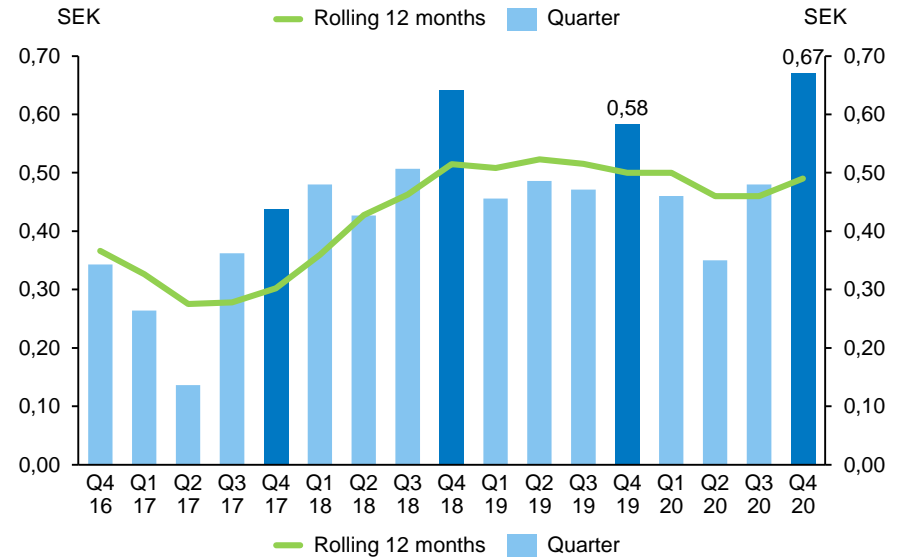
## Business area development

- The feed business continued to grow while volume growth within our fatty acids business was negative due to a lower demand for technical solutions
- The strong growth in operating profit was mainly driven by good performances in our feed business and crushing operations, however, our fatty acids business also contributed due to a favorable product mix

Operating profit



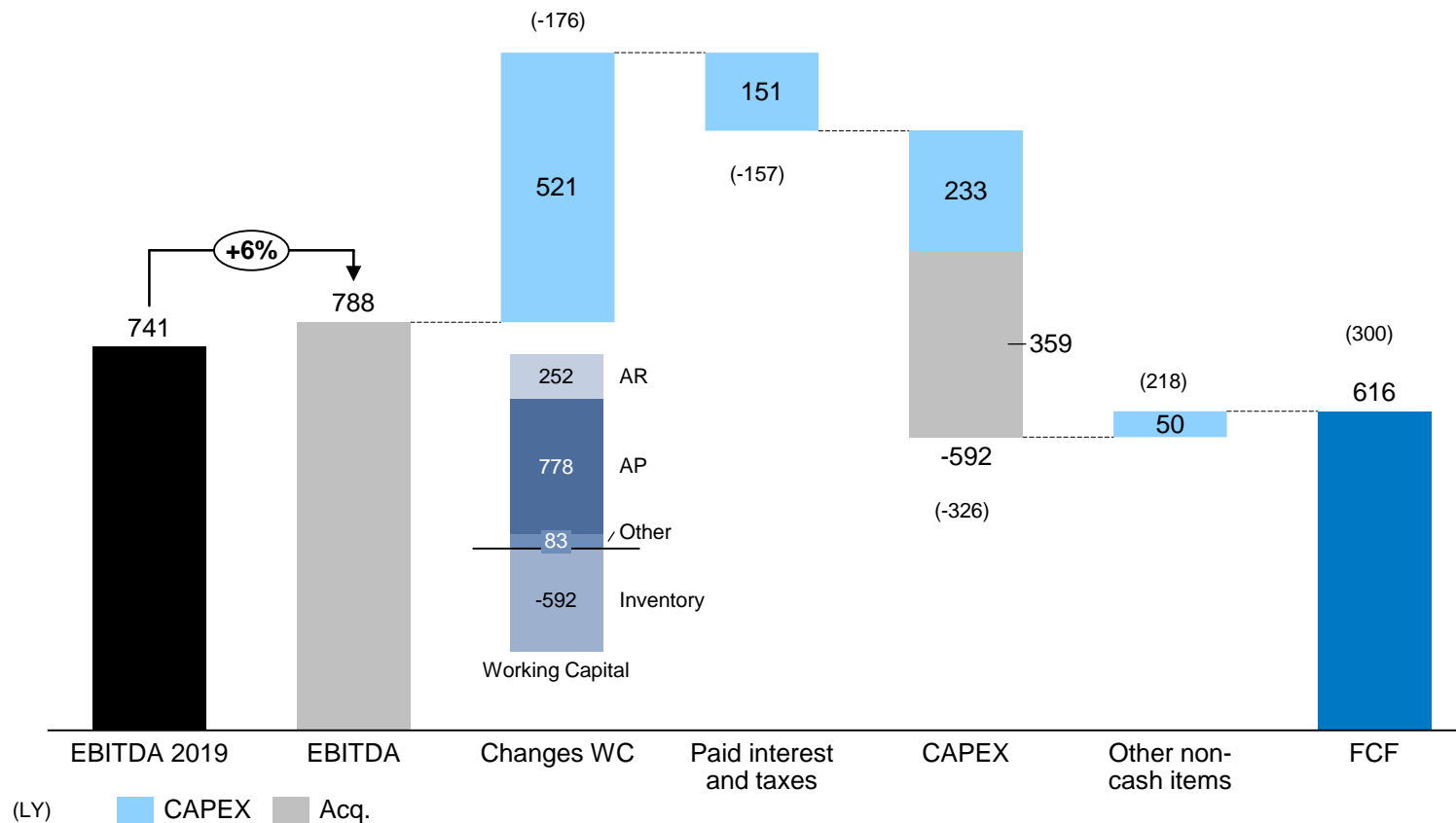
Operating profit per kilo



\*All figures are excluding items affecting comparability

# Q4 2020 – SEK 600 million in free cash flow including acquisitions, driven by strong working capital management

## Cash flow Q4 2020



## Comments

- Accounts receivables decreased due to normal seasonality and impacted cash flow positively
- Inventory has increased due to normal seasonality
- The increased inventory has been offset by increased accounts payables partly driven by rising raw material prices

**With the current raw material prices, we expect a significant negative impact on working capital during the first half of 2021**

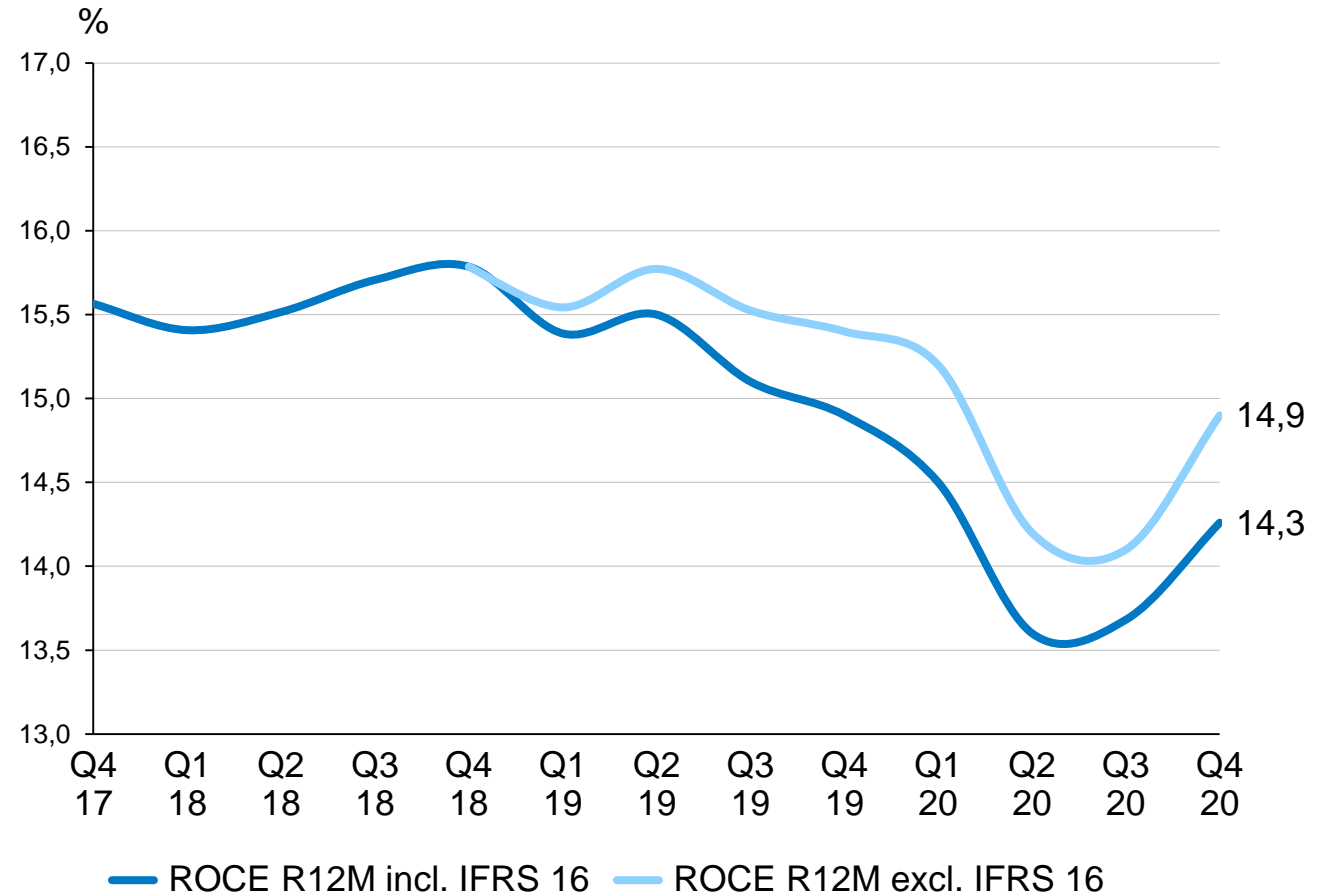
# Return on Capital Employed (ROCE) – strong finish to the year

💧 We target a gradual and continuous improvement

**ROCE end Q4 2020\***  
**14.3%**

**EBIT LTM**  
**SEK 2,167**  
**million**

**Capital**  
**employed\***  
**SEK 15,197**  
**million**

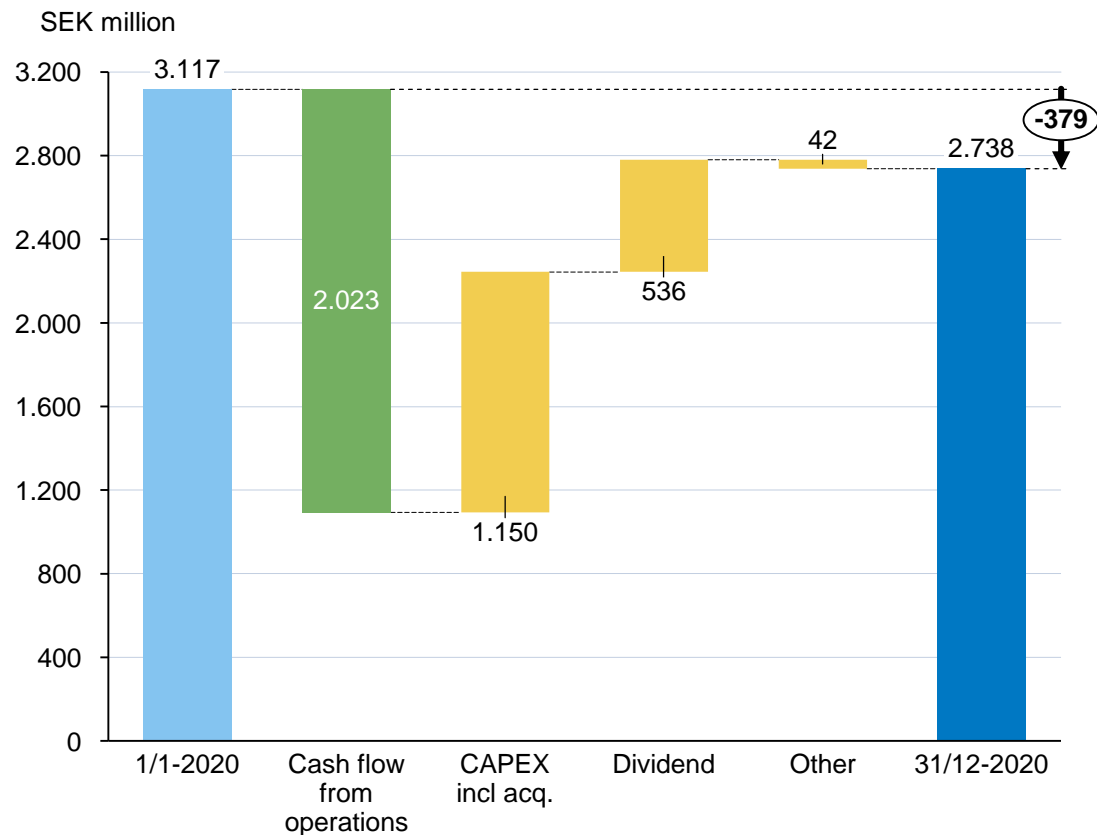


\* ROCE: Return on Capital Employed calculated on rolling 12 months

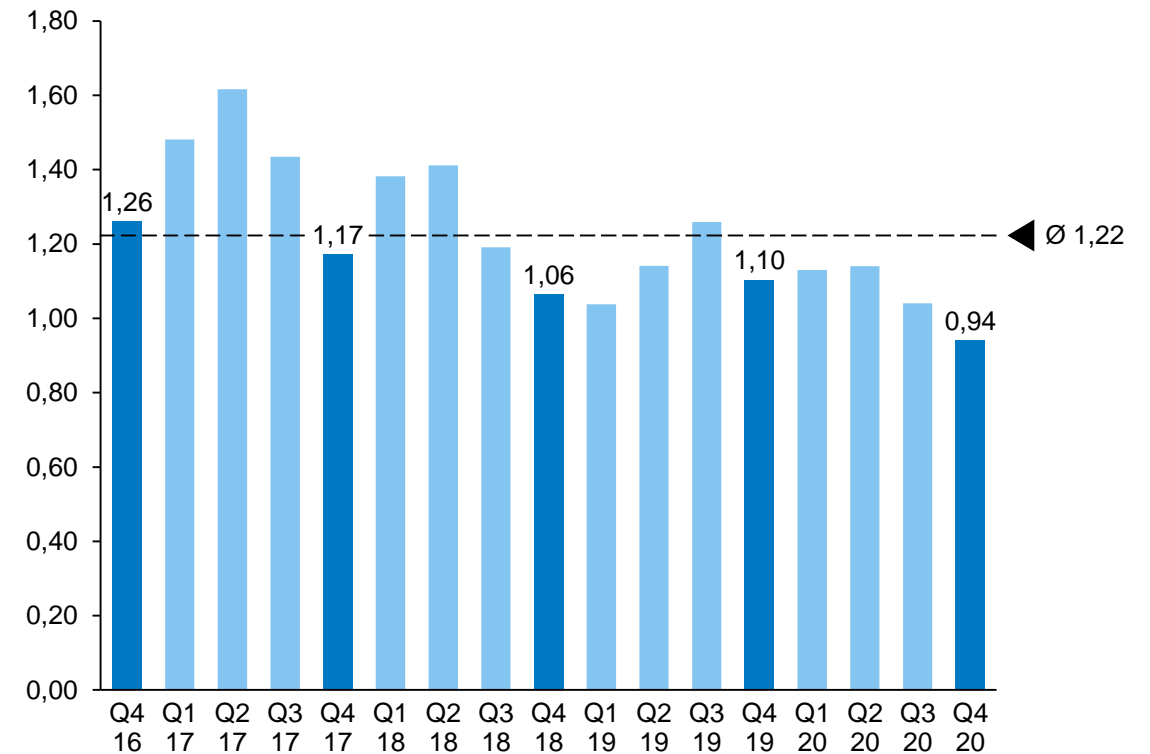
# Net debt

Low net debt/EBITDA provides solid foundation

## Net debt year-to-date

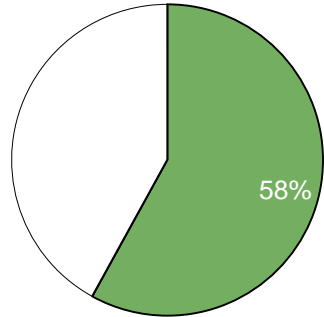


## Net debt/EBITDA

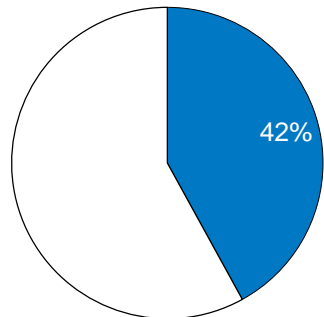


# Loan and duration profile

## Long term



## Short term



	SEK million	Duration
Mortgage	514	12 years
MTN bond	500	3 years
MTN bond	500	3 years
Clubloan	600	1 year

	SEK million	Duration
Clubloan	6	9 months
Bank loans	443	6 months
MTN bond	1,100	1 year

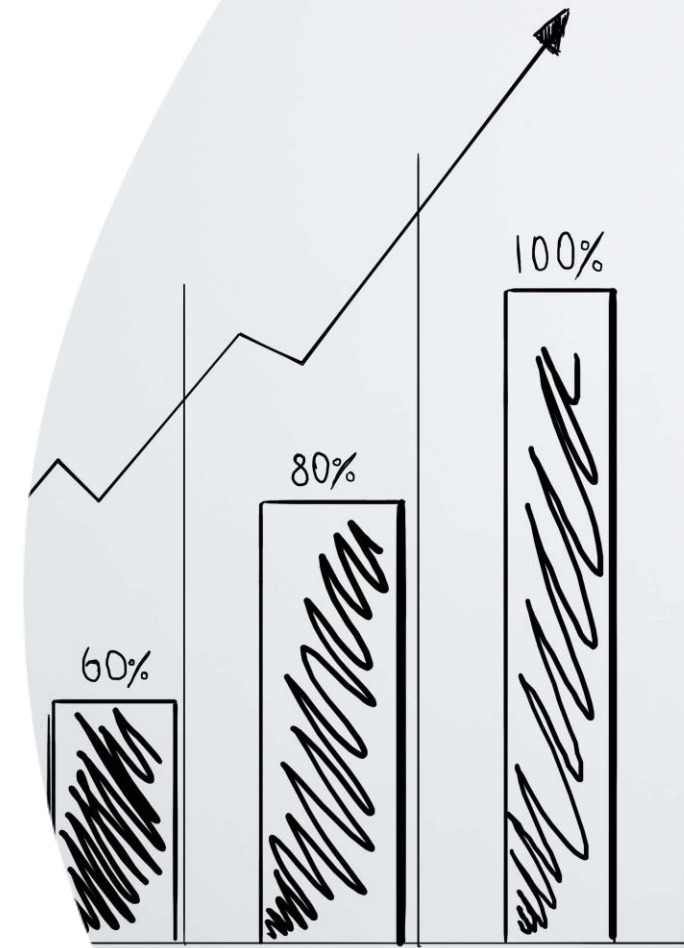
<b>Total loans financial institutes</b>	<b>3,663</b>	
Cash	1,200	
<b>Net debt excl. pension provisions</b>	<b>2,463</b>	
<b>Committed credit facilities</b>	<b>7,234</b>	



## FX exposure – negative translation impact in the quarter

◆ Based on current FX rates we expect further negative impact during the first quarter

	Average rate full-year 2019	Average rate full-year 2020	Movement vs SEK	Spot rate Dec 2020
USD	9.43	9.16	➔	8.21
EUR	10.56	10.47	➔	11.04
GBP	12.06	11.85	➔	11.22
MXN	0.49	0.43	➔	0.41



Our purpose

**Making Better Happen™**

The Co-Development Company







› At AAK, we are Making Better Happen™  
from plant to brand

# Our commitment – Making Better Happen™ from plant to brand

– ESG impact facilitated through key targets and ambitions

## ➤ BETTER SOURCING



### Engage to transform

- ◆ Set science-based engagement targets for our supply chain – scope 3
- ◆ 100% verified deforestation-free palm and soy supply chains by 2025
- ◆ 100% palm traceability to plantation by 2025
- ◆ Simultaneously improve our impact on smallholders' and women's livelihoods

## ➤ BETTER OPERATIONS



### Reduce environmental and social risks

- ◆ Minimize our environmental impact and increase resource efficiency per processed unit of raw material
- ◆ Set science-based targets for our operations – scope 1+2
- ◆ Working towards an injury-free workplace

## ➤ BETTER SOLUTIONS



### Enable a better world

- ◆ Engage with our customers to accelerate and improve our impact
- ◆ Be a knowledgeable partner on sustainability and a catalyst for change
- ◆ Increase share of revenue from solutions with sustainability credentials
- ◆ Improve the quality and sensory performance of plant-based foods

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



## Concluding remarks



We offer plant-based, healthy, high value-adding oils and fats solutions based on our customer co-development approach. In spite of the short- to mid-term uncertainty from the Covid-19 pandemic, we see no reason to adjust our view on the strong favorable underlying long-term trends in our markets. Thus, we continue to remain prudently optimistic about the future and we are fully committed to Making Better Happen™

# Q&A

# Financial calendar



## Financial calendar 2021

April 23, 2021	Interim report first quarter 2021
May 7, 2021	Annual General Meeting
July 16, 2021	Interim report second quarter 2021
November 1, 2021	Interim report third quarter 2021



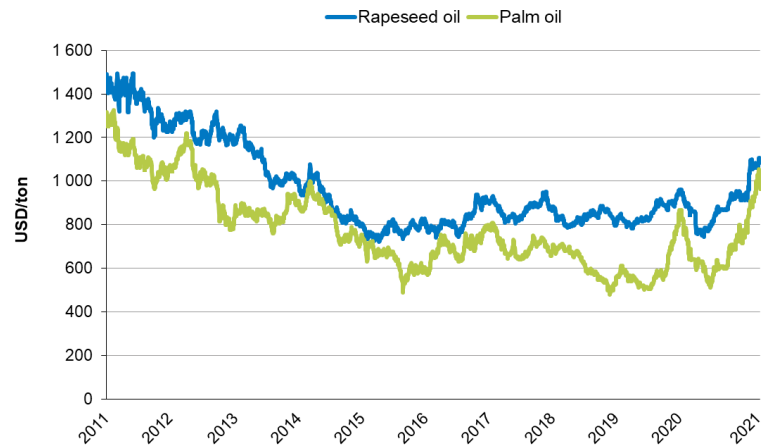
Q4 presentation

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**Supplementary  
information**

# Raw material prices

## Rapeseed oil and palm oil



## Cocoa butter



## Comments

- ◆ Palm prices dropped significantly during the first quarter after a spike in the beginning of January 2020
- ◆ Since the beginning of May 2020, prices have started to rise reaching new highs at year-end
- ◆ A 10 percent change in all raw material prices will affect working capital by +/- SEK 350 million with a time lag of 6–9 months





# Condensed income statement

SEK million	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Net sales	7,298	7,380	27,934	28,510
Other operating income	62	61	364	193
<b>Total operating income</b>	<b>7,360</b>	<b>7,441</b>	<b>28,298</b>	<b>28,703</b>
Raw materials and supplies	-5,402	-5,349	-20,572	-20,743
Other external expenses	-611	-702	-2,416	-2,685
Cost for remuneration to employees	-549	-636	-2,334	-2,423
Depreciation, amortization and impairment losses	-181	-179	-755	-687
Other operating expenses	-10	-13	-54	-23
<b>Total operating expenses</b>	<b>-6,753</b>	<b>-6,879</b>	<b>-26,131</b>	<b>-26,561</b>
<b>Operating profit (EBIT)</b>	<b>607</b>	<b>562</b>	<b>2,167</b>	<b>2,142</b>
Interest income	2	3	7	10
Interest expense	-26	-30	-114	-133
Other financial items	-7	-7	-20	-8
<b>Total financial net</b>	<b>-31</b>	<b>-34</b>	<b>-127</b>	<b>-131</b>
<b>Profit before tax</b>	<b>576</b>	<b>528</b>	<b>2,040</b>	<b>2,011</b>
Income tax	-137	-127	-459	-498
<b>Profit for the period</b>	<b>439</b>	<b>401</b>	<b>1,581</b>	<b>1,513</b>
Attributable to non-controlling interests	8	6	18	26
Attributable to the Parent company's shareholders	431	395	1,563	1,487

# Condensed balance sheet

SEK million	31.12.2020	31.12.2019
<b>Total non-current assets</b>	<b>8,947</b>	<b>9,456</b>
Inventory	6,569	6,681
Accounts receivables	3,336	3,529
Current receivables	2,226	2,271
Cash and cash equivalents	1,2	982
<b>Total current assets</b>	<b>13,331</b>	<b>13,463</b>
<b>Total assets</b>	<b>22,278</b>	<b>22,919</b>
<b>Total equity including non-controlling interests</b>	<b>9,738</b>	<b>10,421</b>
Liabilities to banks and credit institutions	2,087	2,987
Pension liabilities	278	241
Lease liabilities	617	675
Deferred tax liabilities	480	511
Non-interest-bearing liabilities	440	525
<b>Total non-current liabilities</b>	<b>3,902</b>	<b>4,939</b>
Liabilities to banks and credit institutions	1,565	870
Lease liabilities	117	110
Accounts payables	3,659	3,354
Other current liabilities	3,297	3,225
<b>Total current liabilities</b>	<b>8,638</b>	<b>7,559</b>
<b>Total equity and liabilities</b>	<b>22,278</b>	<b>22,919</b>

No changes have arisen in contingent liabilities

# KPI sheet

SEK million (unless otherwise stated)	Q4 2020	Q4 2019	Δ %	Full year 2020	Full year 2019	Δ %
<b>Income statement</b>						
Volumes, '000 MT	580	582	0	2,195	2,290	-4
Operating profit	607	562	8	2,167	2,142	1
Operating profit excluding items affecting comparability and acquisition costs	607	562	8	2,165	2,157	0
Profit for the period	439	401	9	1,581	1,513	4
<b>Financial position</b>						
Total assets	22,278	22,919	-3	22,278	22,919	-3
Equity	9,738	10,421	-7	9,738	10,421	-7
Net working capital	5,186	5,908	-12	5,186	5,908	-12
Net debt	2,738	3,117	-12	2,738	3,117	-12
<b>Cash flow</b>						
EBITDA	788	741	6	2,922	2,829	3
Cash flow from operating activities	1,208	626	-	2,023	1,558	-
Cash flow from investing activities	-592	-326	-	-1,150	-1,335	-
Free cash flow	616	300	-	873	223	-
<b>Share data</b>						
Number of shares, thousand	255,414	253,731	1	255,414	253,731	1
Earnings per share, SEK*	1.69	1.56	8	6.16	5.86	5
Earnings per share incl. dilution, SEK**	1.69	1.55	9	6.13	5.84	5
Earnings per share incl. full dilution, SEK***	1.67	1.52	10	6.07	5.74	6
Equity per share, SEK	38.00	40.74	-7	38.00	40.74	-7
Market value on closing date, SEK	166.00	178.00	-7	166.00	178.00	-7
<b>Other key ratios</b>						
Volume growth, percent	0	1	-	-4	2	-
Operating profit per kilo, SEK	1.05	0.97	8	0.99	0.94	5
Operating profit per kilo excluding items affecting comparability and acquisition costs, SEK	1.05	0.97	8	0.99	0.94	5
Return on Capital Employed (R12 months), percent	14.3	14.9	-4	14.3	14.9	-4
Net debt / EBITDA, multiple	0.94	1.10	-15	0.94	1.10	-15

\*The calculation of earnings per share is based on weighted average number of outstanding shares.

\*\* The calculation of earnings per share is based on weighted average number of outstanding shares including dilution from outstanding subscription options (in accordance with IAS 33).

\*\*\* Earnings per share after full dilution is calculated by dividing net income for the period by the total number of average outstanding shares for the period including a conversion of all outstanding share options to ordinary shares.