

# Interim Report **first quarter 2021**

Johan Westman, CEO

# Agenda

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- 02 Key events
- 03 Business and financial update
- 04 Concluding remarks
- 05 Q&A



# Summary Q1 2021

Continued earnings growth in a time of volatility and uncertainty

## Highlights

- Adjusted operating profit, excluding non-recurring items and at fixed FX, increased by 11 percent
- Food Ingredients
  - Growth for high-end infant nutrition solutions in Special Nutrition
  - Significant volume growth in Plant-based Foods
  - Negative impact from the Covid-19 pandemic, mainly in Foodservice but also in Bakery
- Chocolate & Confectionery Fats
  - Strong profit growth driven by good volume development for our customer co-developed solutions
  - All regions show growing volumes
  - Higher competitive intensity in the market compared to last year
- Continued strong result in Technical Products & Feed
- Our optimization program, initiated during Q2 2020, is progressing according to plan
- Earnings per share increased by 4 percent to SEK 1.56

## Growth and returns

**Volume**  
**569,000 MT**  
(flat y/y)

**Adjusted operating profit**  
**SEK 551 million**  
(+1 % y/y, +11% y/y\*)

**Adjusted operating profit per kilo**  
**SEK 0.97**  
(up 1% y/y, up 12% y/y\*)

**ROCE**  
14.4%\*\*

\* Fixed FX

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



# Key events

## AAK partners with Big Idea Ventures

- To support new and emerging start-up companies developing alternatives to meat and dairy products and to create further collaboration opportunities with some of the most recognized players in the food industry, AAK has invested in Big Idea Ventures' New Protein Fund I.
- With this investment, AAK gets closer to prospering early-stage businesses who are active within one of our key growth segments.



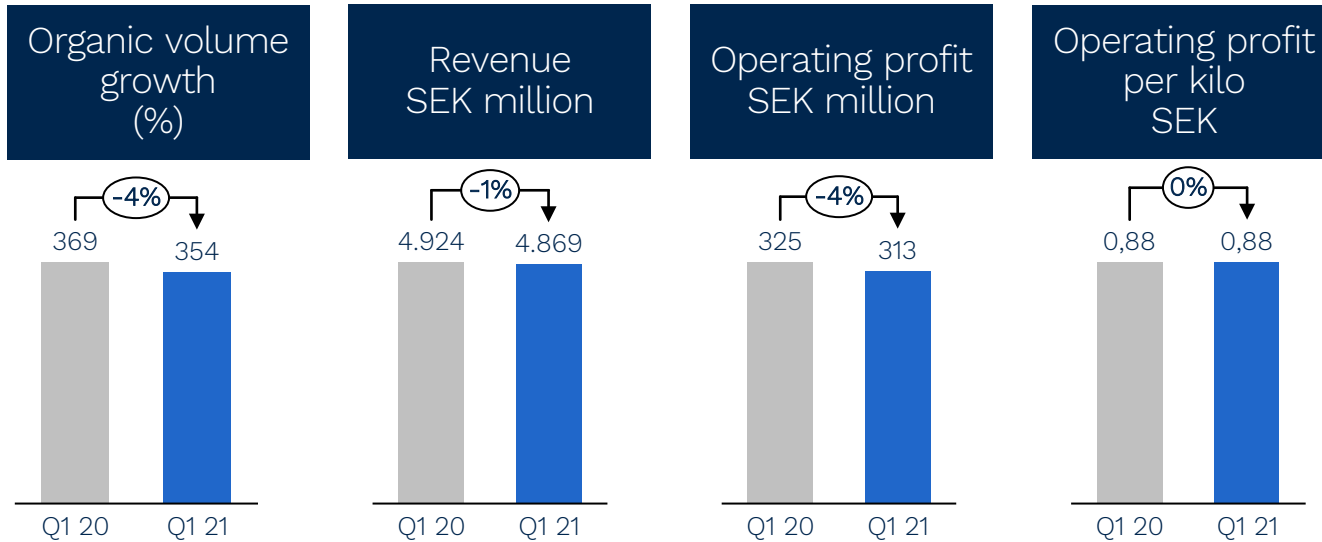
## AAK implements satellite monitoring to support zero deforestation

- AAK has partnered with market-leading sustainability tech companies Earthqualizer and Satelligence that provide high-resolution satellite data. The partnerships allow AAK to monitor its global supply base for palm oil with great accuracy and in real time. This will make it possible to earlier detect signs of deforestation and take immediate action.
- This innovative monitoring technology is an important part of our sustainability strategy and by 2025, our goal is that 100 percent of the palm oil that we source should be 100 percent verified deforestation-free.





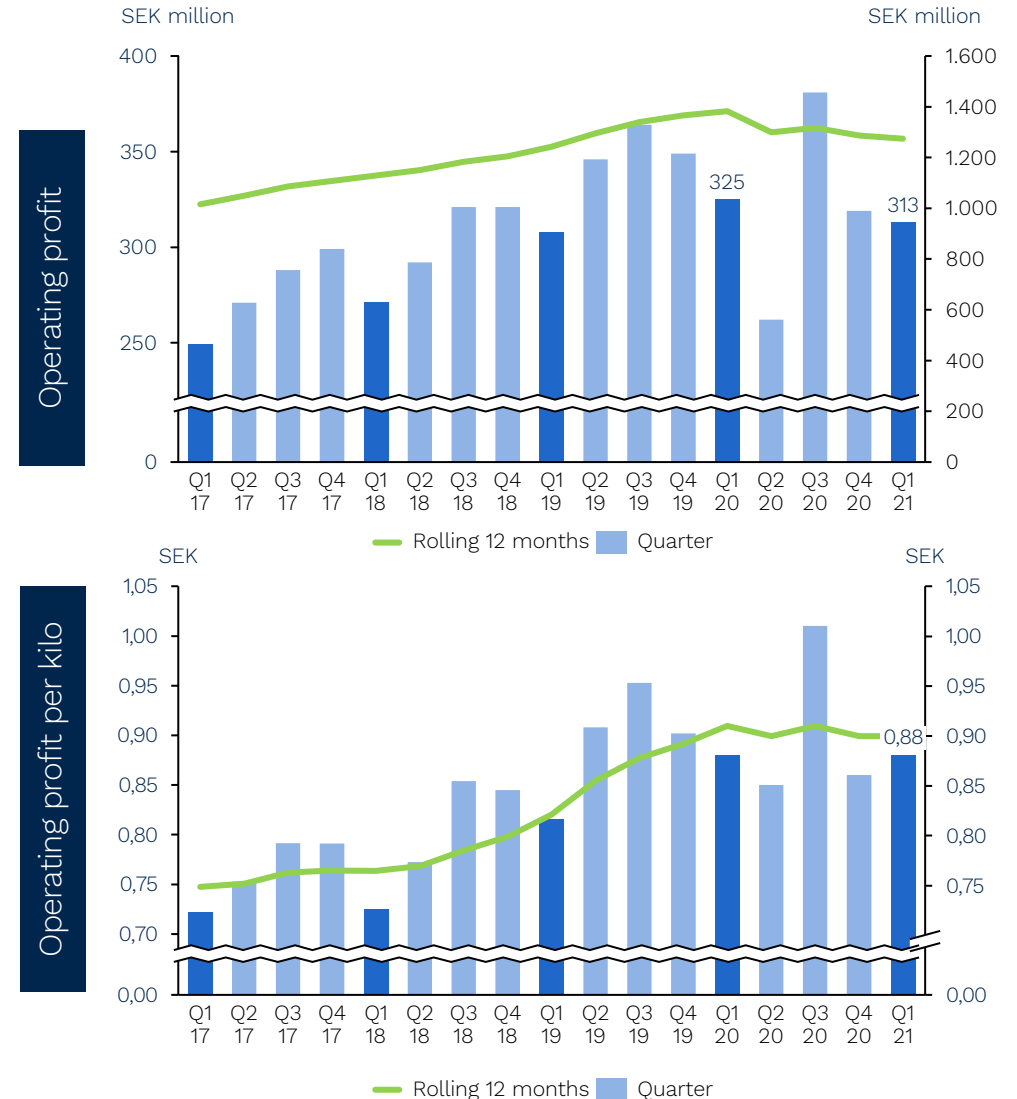
# Food Ingredients\*



## Business area development

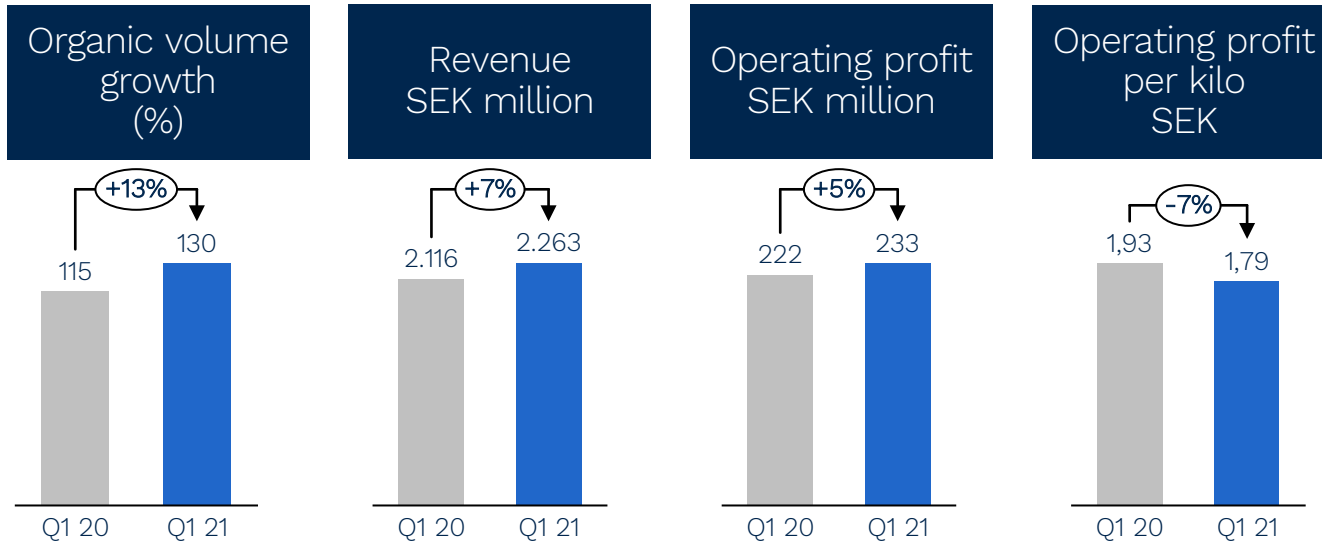
- Volumes increased for high-end speciality solutions within Special Nutrition and our new stand-alone processing plant in China, focusing on the production of infant nutrition speciality solutions, is now operational
- Plant-based Foods continued its strong trend with high double-digit volume growth
- Significantly lower Foodservice volumes, but sequential improvement during the quarter
- Bakery volumes decreased as the segment was negatively impacted by restrictions and lockdowns, for example in Turkey and North Latin America

\*All figures are excluding items affecting comparability





# Chocolate & Confectionery Fats\*



## Business area development

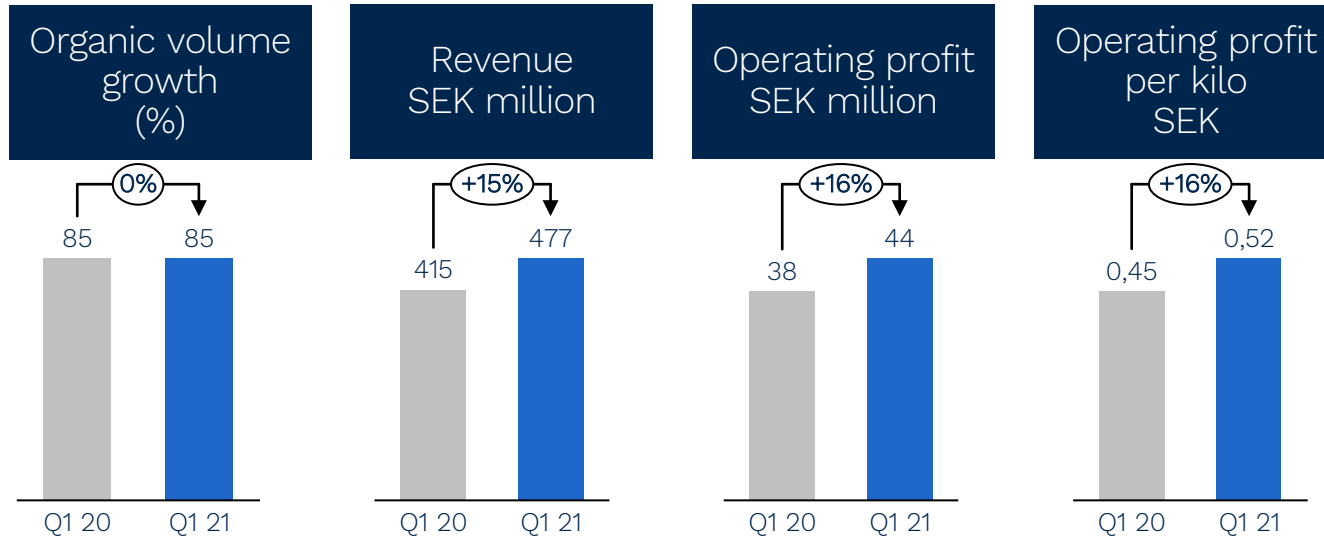
- Strong demand for our speciality solutions such as cocoa butter equivalents, filling fats, and spreads, but also for our semi-speciality solutions
- All regions reported volume growth, strongest in South Latin America and USA
- Within Europe, demand was particularly strong in Russia, well supported by our recent acquisition in Saint Petersburg
- The higher raw material prices have, to some extent, changed customers' contractual behaviors which have reduced the average duration of our contract portfolio, and we continue to see a somewhat higher competitive intensity in the market

\*All figures are excluding items affecting comparability





# Technical Products & Feed\*



## Business area development

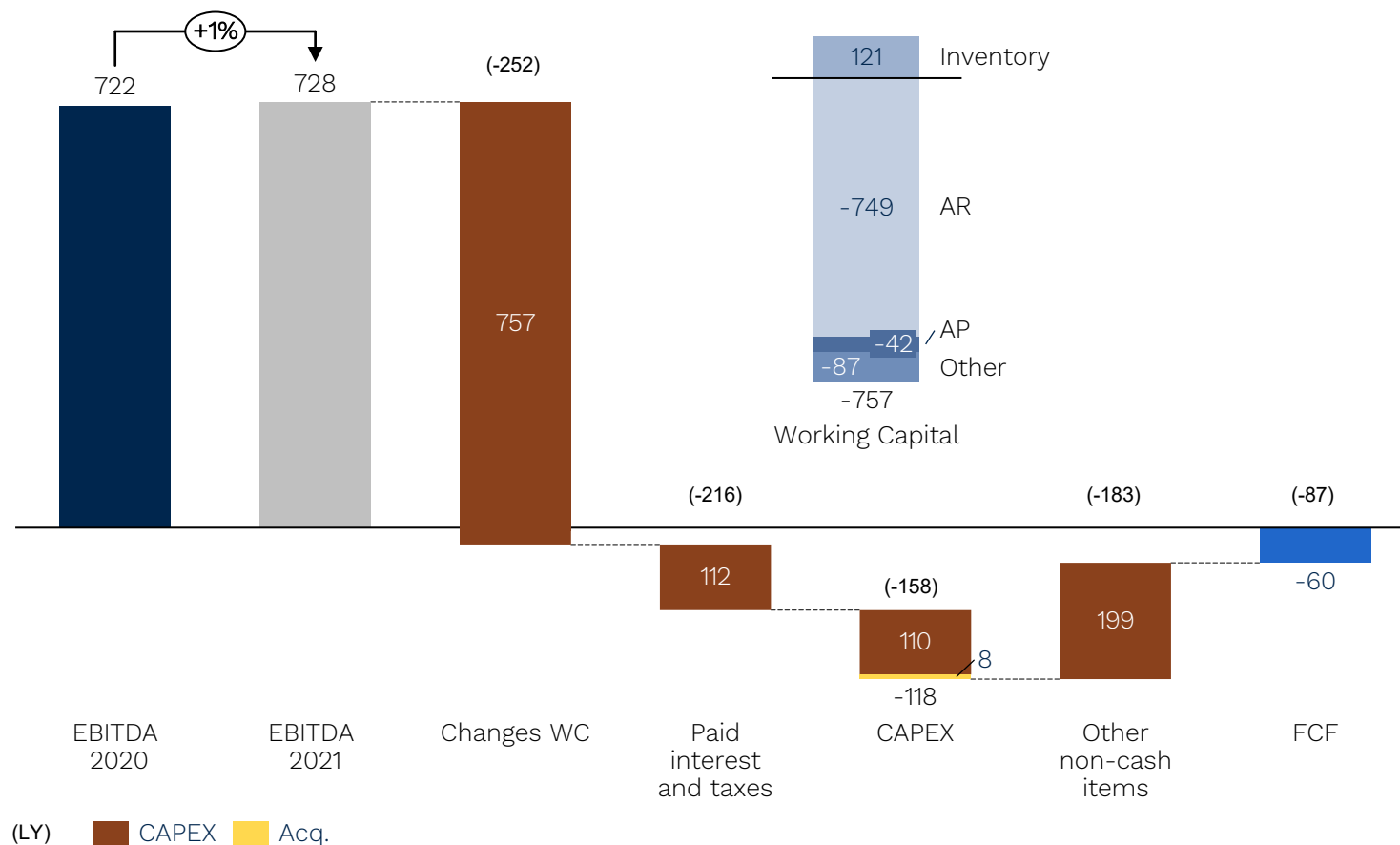
- Compared to the corresponding quarter in 2020, volumes were flat both for our fatty acids business and our feed business
- Strong growth in operating profit due to a strong performance in our crushing operation and good cost control
- For business area Technical Products & Feed, maintenance is performed in the second quarter. This results in fewer production days and lower feed sales. Maintenance is expected to be slightly more extensive in the second quarter 2021 compared to the corresponding period last year

\*All figures are excluding items affecting comparability



# Q1 2021 cash flow impacted by higher raw material prices

## Cash flow Q1 2021



## Comments

- Cash flow from inventory was positive as lower inventory levels offset the higher raw material prices
- Accounts receivables cash flow was negative driven by higher raw material prices and sales of more speciality solutions to customers with longer payment terms
- Accounts payables cash flow was negative as increased raw material prices were offset by lower sourced volumes

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



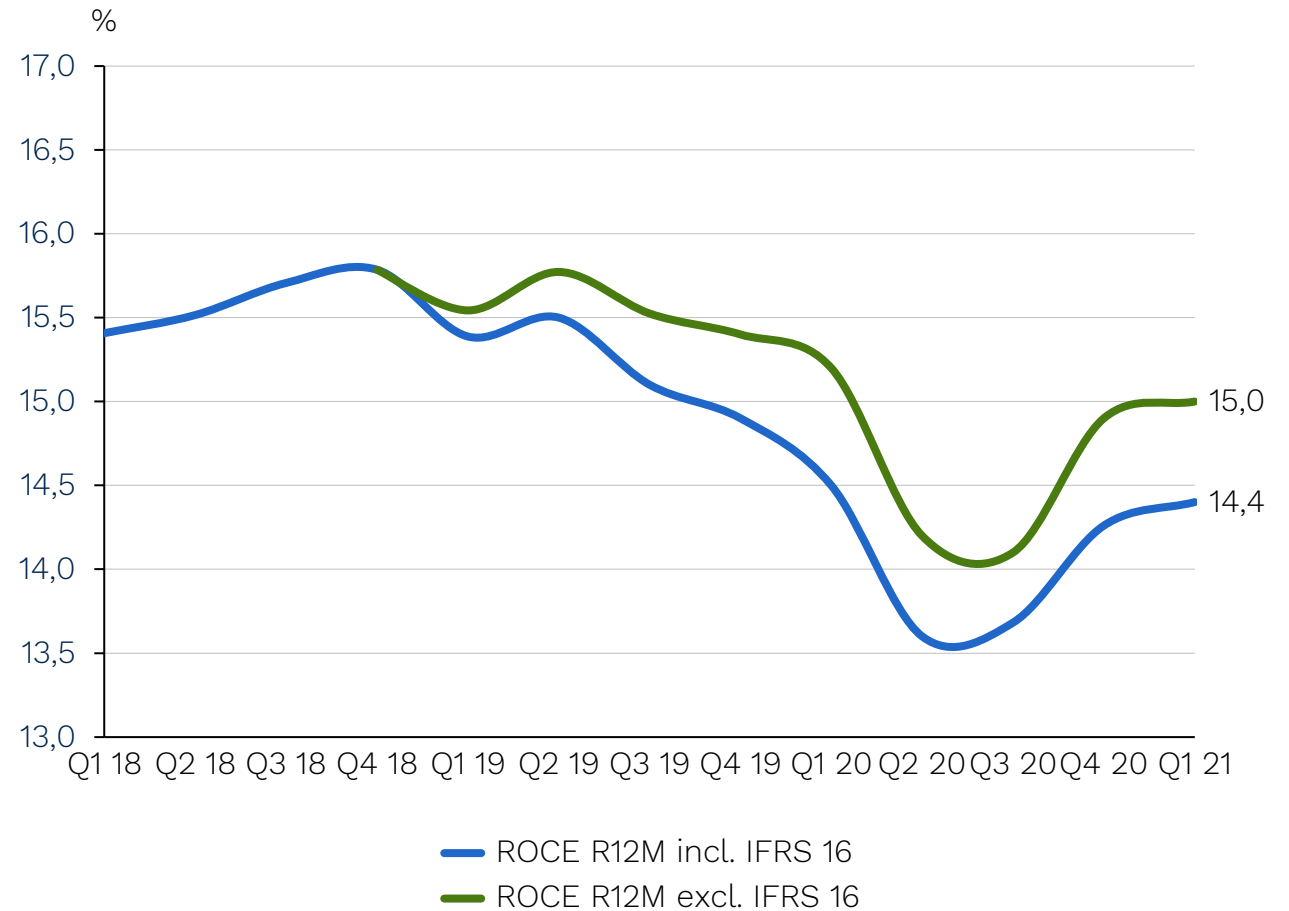
# Return on Capital Employed (ROCE)

We target a gradual and continuous improvement

**ROCE end Q1 2021\***  
**14.4%**

**EBIT LTM**  
**SEK 2,176**  
**million**

**Capital**  
**employed\***  
**SEK 15,160**  
**million**

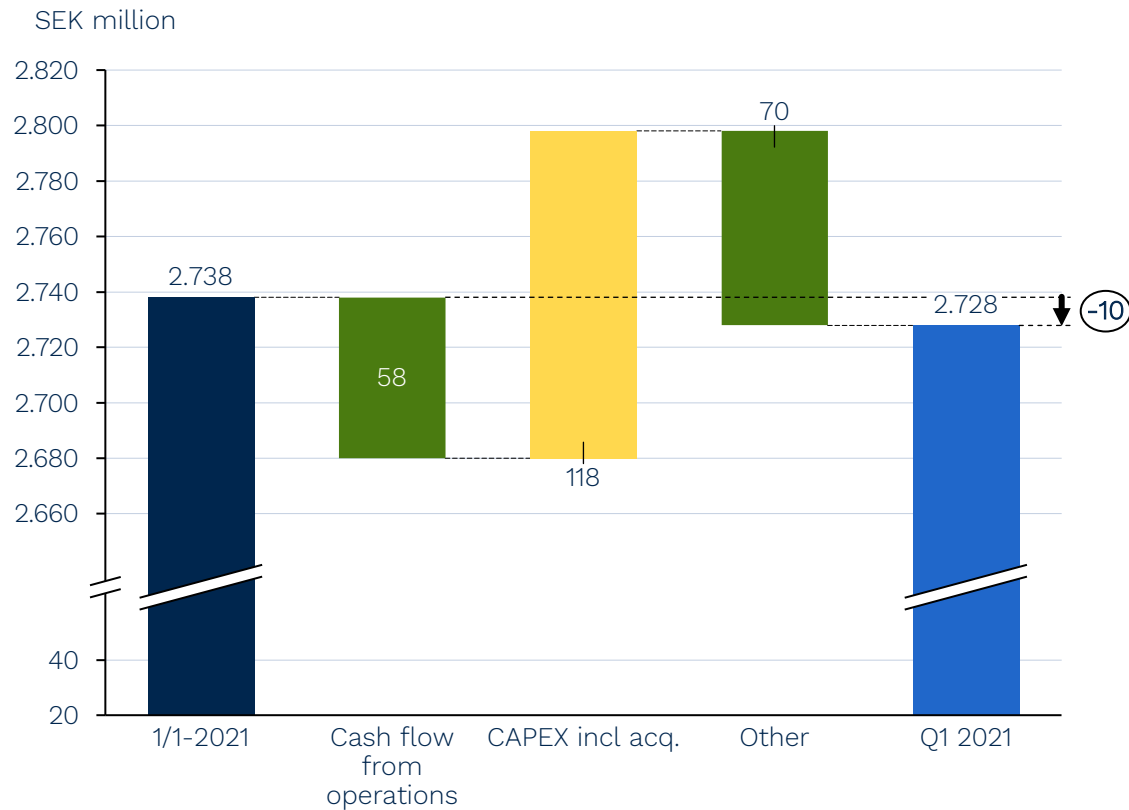


\* ROCE: Return on Capital Employed calculated on rolling 12 months

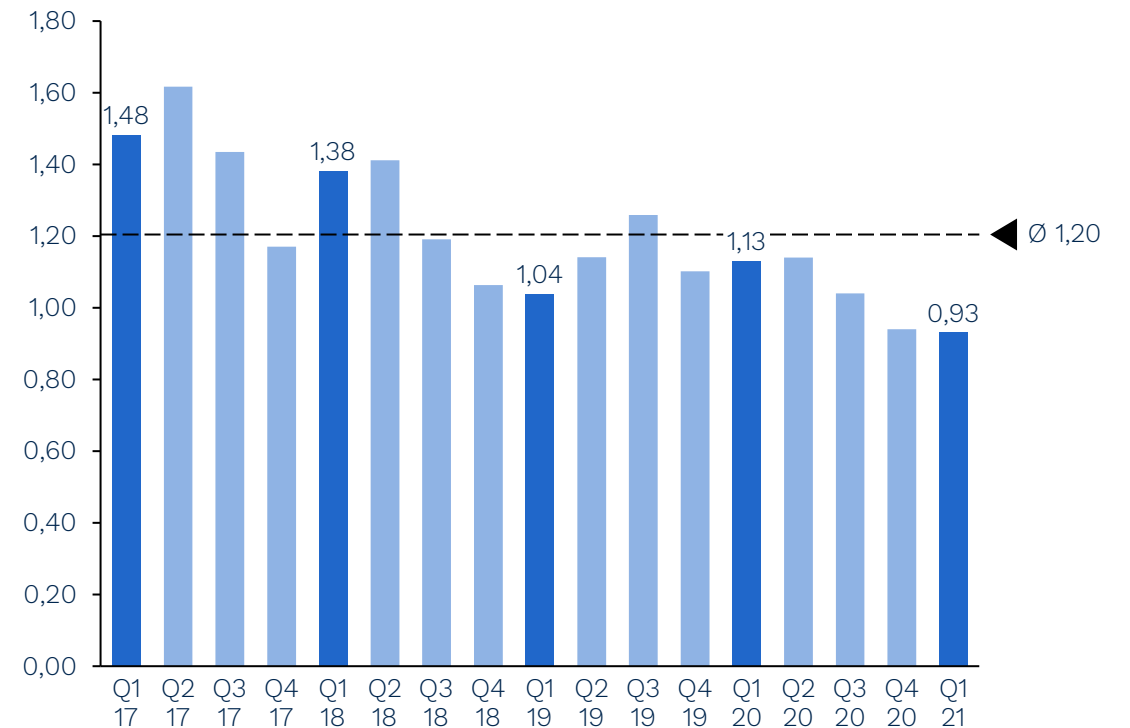
# Net debt

Low net debt/EBITDA provides solid foundation

## Net debt year-to-date



## Net debt/EBITDA



## FX exposure – negative translation impact in the quarter

	Average rate full-year 2020	Average rate YTD 2021	Movement vs SEK	Spot rate March 2021
USD	9.16	8.42	➡	8.72
EUR	10.47	10.15	➡	10.24
GBP	11.85	11.61	➡	12.03
MXN	0.43	0.41	➡	0.43

## Concluding remarks



We offer plant-based, healthy, high value-adding oils and fats solutions based on our customer co-development approach. We continuously strengthen our portfolio of solutions that are good for both people and planet. Despite the short- to mid-term uncertainty, 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

May 7, 2021	Annual General Meeting
July 16, 2021	Interim report second quarter 2021
October 29, 2021	Interim report third quarter 2021
November 23, 2021	Capital Market Day

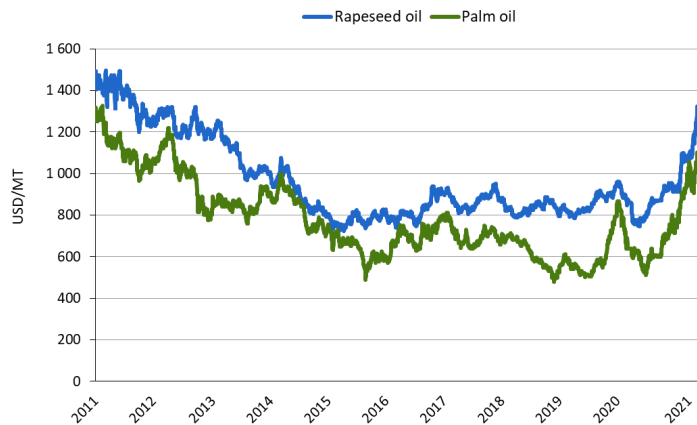


# Appendix

## Supplementary information

# Raw material prices

Rapeseed oil and palm oil



Cocoa butter



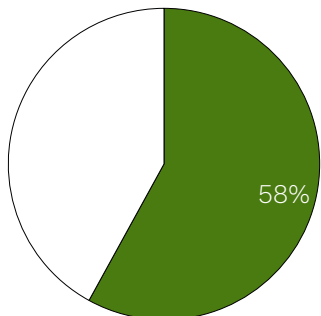
## Comments

- Price levels of palm oil and rapeseed oil are unusually high, with levels not seen in many years
- High raw material prices impact working capital and capital employed
- 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

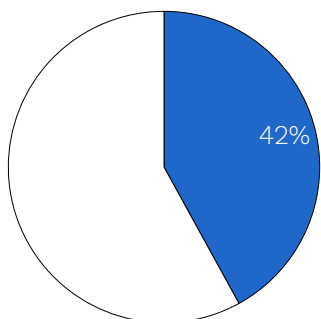


# Loan and duration profile

## Long term



## Short term



	SEK million	Duration
Mortgage	524	12 years
MTN bond	1,000	3 years
Club loan	500	1,5 years
Bilateral	140	> 1 year

	SEK million	Duration
Bilateral	51	9 months
Bank loans	397	6 months
MTN bond	1,100	< 1 year
<b>Total loans financial institutes</b>	<b>3,712</b>	
Cash and interest-bearing receivables	1,267	
<b>Net debt excl. pension liabilities</b>	<b>2,467</b>	
<b>Committed credit facilities</b>	<b>7,168</b>	





# Condensed income statement

SEK million	Q1 2021	Q1 2020	Full year 2020
Net sales	7,609	7,455	27,934
Other operating income	46	40	364
Total operating income	7,655	7,495	28,298
Raw materials and supplies	-5,841	-5,508	-20,572
Other external expenses	-509	-652	-2,416
Cost for remuneration to employees	-573	-611	-2,334
Depreciation, amortization and impairment losses	-177	-180	-755
Other operating expenses	-4	-2	-54
Total operating expenses	-7,104	-6,953	-26,131
Operating profit (EBIT)	551	542	2,167
Interest income	1	2	7
Interest expense	-22	-31	-114
Other financial items	-4	-6	-20
Total financial net	-25	-35	-127
Profit before tax	526	507	2,040
Income tax	-126	-124	-459
Profit for the period	400	383	1,581
Attributable to non-controlling interests	2	2	18
Attributable to the Parent Company's shareholders	398	381	1,563





# Condensed balance sheet

SEK million	31.03.2021	31.03.2020	31.12.2020
Total non-current assets	9,226	9,479	8,947
Inventory	6,631	6,651	6,569
Accounts receivables	4,190	4,017	3,336
Current receivables	1,700	1,750	2,226
Cash and cash equivalents	1,245	1,899	1,200
Total current assets	13,766	14,317	13,331
Total assets	22,992	23,796	22,278
Total equity including non-controlling interests	10,791	10,887	9,738
Liabilities to banks and credit institutions	2,101	3,566	2,087
Pension liabilities	284	231	278
Lease liabilities	622	681	617
Deferred tax liabilities	478	497	480
Non-interest-bearing liabilities	441	533	440
Total non-current liabilities	3,926	5,508	3,902
Liabilities to banks and credit institutions	1,598	1,384	1,565
Lease liabilities	113	107	117
Accounts payables	3,736	3,483	3,659
Other current liabilities	2,828	2,427	3,297
Total current liabilities	8,275	7,401	8,638
Total equity and liabilities	22,992	23,796	22,278

# KPI sheet

SEK million (unless otherwise stated)	Q1 2021	Q1 2020	Δ %	Full year 2020
<b>Income statement</b>				
Volumes, '000 MT	569	569	0	2,195
Operating profit	551	542	2	2,167
Operating profit excluding items affecting comparability and acquisition costs	551	546	1	2,165
Profit for the period	400	383	4	1,581
<b>Financial position</b>				
Total assets	22,992	23,796	-3	22,278
Equity	10,791	10,887	-1	9,738
Net working capital	5,951	6,498	-8	5,186
Net debt	2,728	3,266	-16	2,738
<b>Cash flow</b>				
EBITDA	728	722	1	2,922
Cash flow from operating activities	58	71	-	2,023
Cash flow from investing activities	-118	-158	-	-1,150
Free cash flow	-60	-87	-	873
<b>Share data</b>				
Number of shares, thousand	256,425	253,731	1	255,414
Earnings per share, SEK*	1.56	1.50	4	6.16
Earnings per share incl. dilution, SEK**	1.55	1.49	4	6.13
Earnings per share incl. full dilution, SEK***	1.54	1.47	5	6.07
Equity per share, SEK	41.93	42.57	-2	38.00
Market value on closing date, SEK	197.70	161.90	22	166.00
<b>Other key ratios</b>				
Volume growth, percent	0	-1	-	-4
Operating profit per kilo, SEK	0.97	0.95	2	0.99
Operating profit per kilo excluding items affecting comparability and acquisition costs, SEK	0.97	0.96	1	0.99
Return on Capital Employed (R12 months), percent	14.4	14.5	-1	14.3
Net debt / EBITDA, multiple	0.93	1.13	-18	0.94

- \* Earnings per share are calculated based on weighted average number of outstanding shares.
- \*\* Earnings per share are calculated based on weighted average number of outstanding shares including dilution from outstanding subscription options (in accordance with IAS 33).
- \*\*\* Earnings per share are calculated based on total number of average outstanding shares for the period including a conversion of all outstanding subscription options to ordinary shares



Everything we do is about  
**Making Better Happen™**