

Fourth quarter and Full-year report 2021

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Agenda

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- 04 Business and financial update
- 05 Concluding remarks
- 06 Q&A



Summary Q4 2021

Record-high operating profit with strong development across the board

Highlights

- Operating profit increased 13 percent at fixed foreign exchange rates
- Food Ingredients
 - Volumes grew 5 percent mainly driven by a good rebound in Foodservice, but also supported by growth in Special Nutrition, Dairy and Plant-based Foods.
 - Operating profit increased 7 percent at fixed foreign exchange rates, mainly due to the recovery in Foodservice and an improved profitability in Bakery.
- Chocolate & Confectionery Fats
 - The positive momentum seen in previous quarters continued, with good demand in all geographies resulting in 20 percent growth in operating profit, at fixed foreign exchange rates.
- Technical Products & Feed
 - Another quarter with a very strong profit development, driven by increased demand for natural ingredients and higher margins in our feed business.
 - Operating profit grew 46 percent to an all-time high.

Growth and returns

Volume
610,000 MT
(+5%)

Operating profit
SEK 659 million
(+9% y/y, +13% y/y*)

Operating profit per kilo
SEK 1.08
(up 3% y/y, up 7% y/y*)

ROCE
15.6%**

* Fixed FX

** Rolling 12 months incl. IFRS 16 effect

Key events

AAK receives innovation award



On November 30, our AkoBisc® GO! won the Sensory Innovation Award in conjunction with the Food ingredients Europe trade show in Frankfurt, Germany.

AkoBisc® GO!, a revolutionary biscuit fat creating a unique sensory biscuit quality, was also nominated in the category Food Tech Innovation Award.

- In addition, our highly functional CBE product ILLEXAO™ was nominated for the Sustainability Innovation Award. ILLEXAO™ enables chocolate to meet deforestation-free claims.

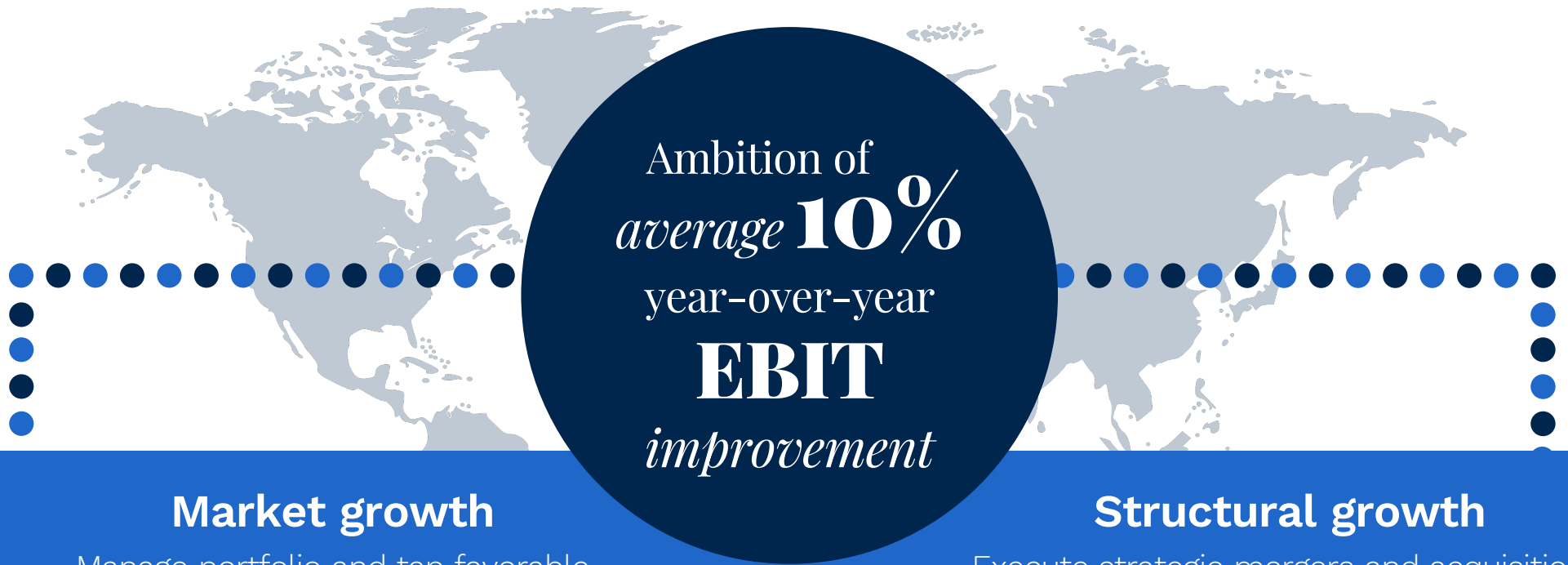


Meeting face-to-face at our Capital Market Day

- We held our annual Capital Market Day in November. A chance to meet in person, under safe conditions, in Malmö, Sweden.
- Updates were given on strategy, financial development and sustainability. Other presentations included: the complexity of speciality oils and fats, market opportunities tied to sustainability, and first-hand experiences from working with AAK's direct shea sourcing program Kolo Nafaso in West Africa.

We reiterated our ambition of 10% average EBIT growth at our CMD

With a solid strategic direction in a market where strong consumer trends drive demand



Ambition of
average **10%**
year-over-year
EBIT
improvement

Market growth

Manage portfolio and tap favorable consumer trends

Optimization

Focus on productivity and cost structure

Structural growth

Execute strategic mergers and acquisitions, greenfields and brownfields

High value-adding solutions

Progress on sustainable, co-developed speciality solutions

Summary 2021

Delivering on our growth ambition in a very dynamic year

Highlights

- We successfully handled a very dynamic year and fulfilled our financial ambition: an average annual EBIT growth of 10 percent
- Operating profit for all business areas reached all-time-high levels
- We delivered on the cost reduction program that we launched in 2020, and mid-year we announced an optimization program in Bakery, which is running according to plan
- Earnings per share, excluding items affecting comparability tied to the Bakery optimization, reached SEK 6.71, up 11 percent. Including these items, EPS amounted to SEK 5.59
- The Board of Directors proposes a dividend of SEK 2.50 (2.30)
- We continued to drive sustainability progress in our operations as well as in our supply chain, making good headway on several KPIs

Growth and returns

Volume
2,312,000 MT
(+5%)

Adjusted operating profit
SEK 2,393 million
(+11% y/y, +18% y/y*)

Adjusted operating profit per kilo
SEK 1.04
(up 5% y/y, up 12% y/y*)

ROCE
15.6%**

* Fixed FX

** Rolling 12 months incl. IFRS 16 effect

AAK invests in substantial CO₂ reduction

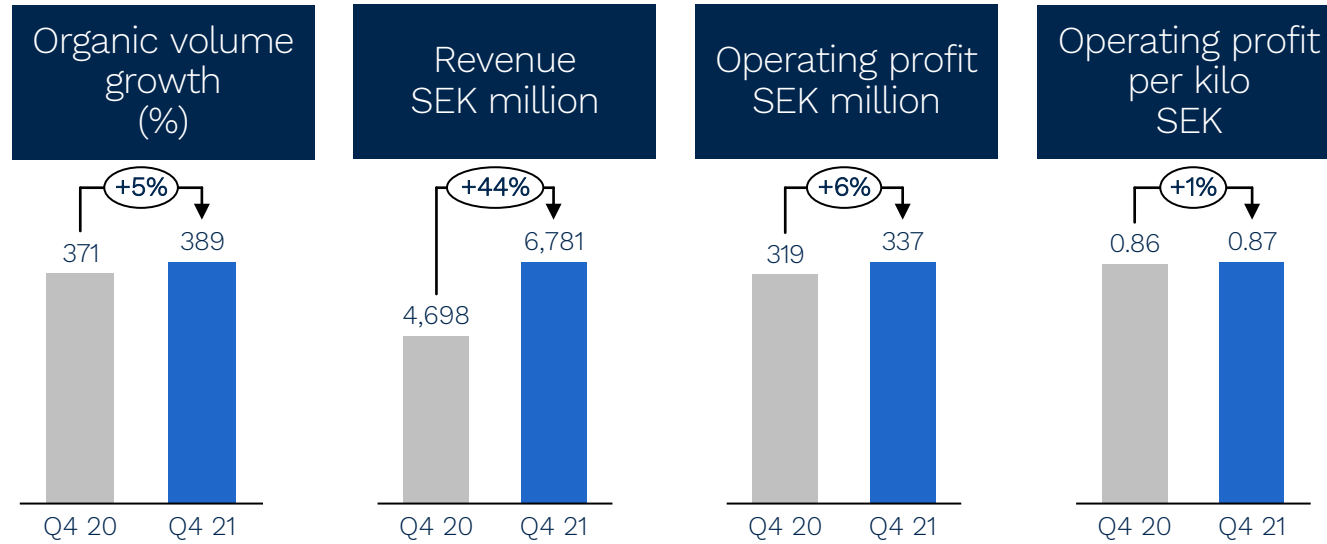
Part of commitment to accelerate sustainability progress in our own operations

- We invest SEK 500 million in two biomass boilers at the production site in Aarhus, Denmark
- The boilers will run on shea meal – a residue from crushing shea kernels – rather than fossil fuel. Burning shea meal generates ash, which can be used as fertilizer – in essence, all parts of the shea kernels will be used
- Change of fuel will cut local CO₂ emissions by approx. 90 percent – reducing the Group's total scope 1 emissions by roughly 16 percent
- The initiative is expected to generate annual savings of up to SEK 100 million
- Project expected to be completed by end of 2023





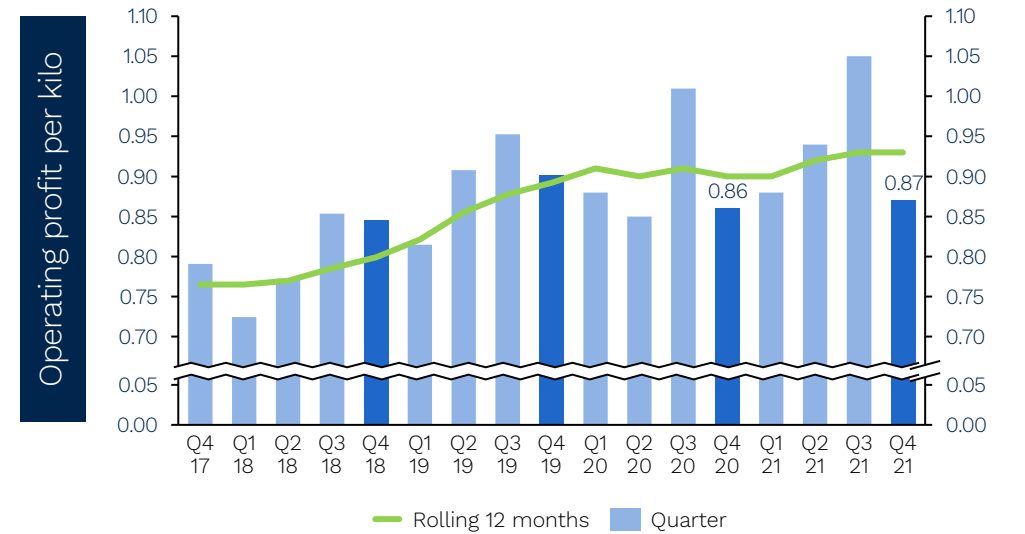
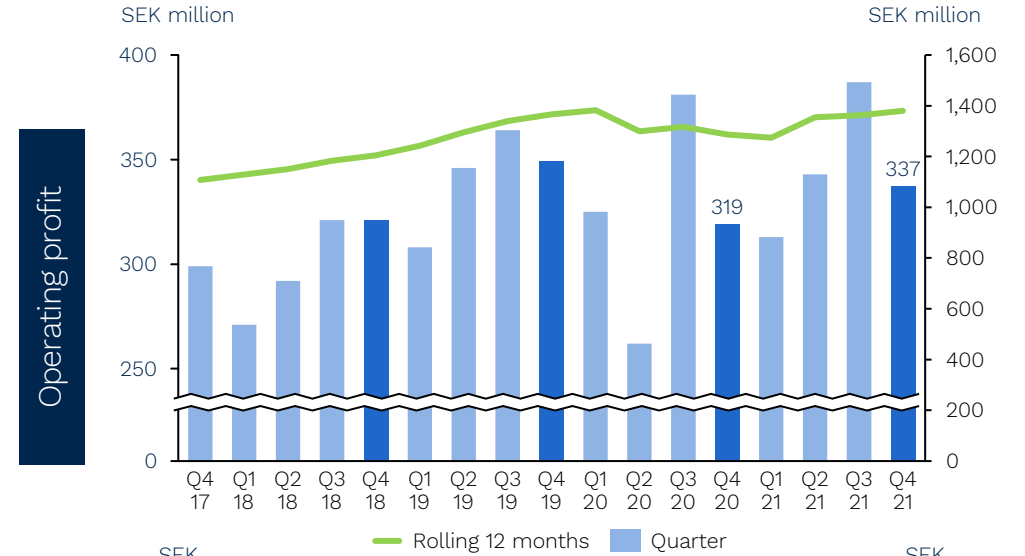
Food Ingredients*



Business area development

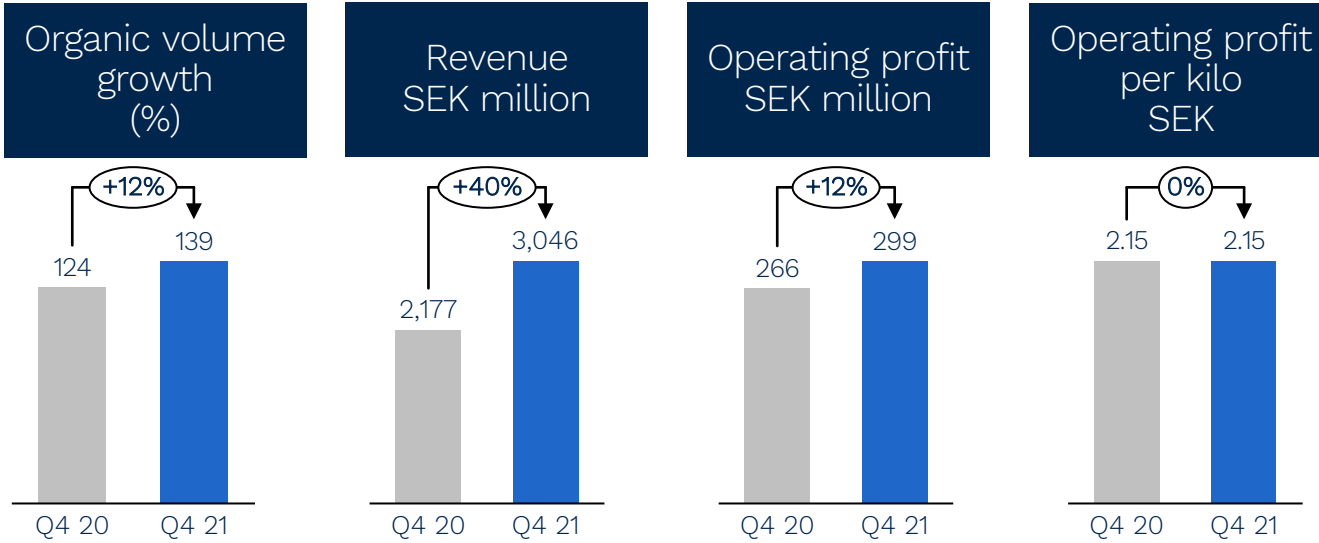
- Volumes increased, mainly boosted by double-digit growth in Foodservice. The continued recovery in Foodservice, combined with improved profitability in Bakery, contributed to a 6 percent increase in operating profit, or 7 percent at fixed FX rates
- Plant-based Foods continued its positive volume trend, mainly supported by growth in plant-based dairy solutions
- Special Nutrition also grew its volumes, reflecting higher demand for our semi-speciality solutions in Infant Nutrition. Demand in China, for high-end solutions, was also up
- Bakery volumes were flat. Growth in Asia was strong, whereas volumes in Europe and US declined slightly as we continued to prioritize speciality and semi-speciality solutions

*All figures are excluding items affecting comparability





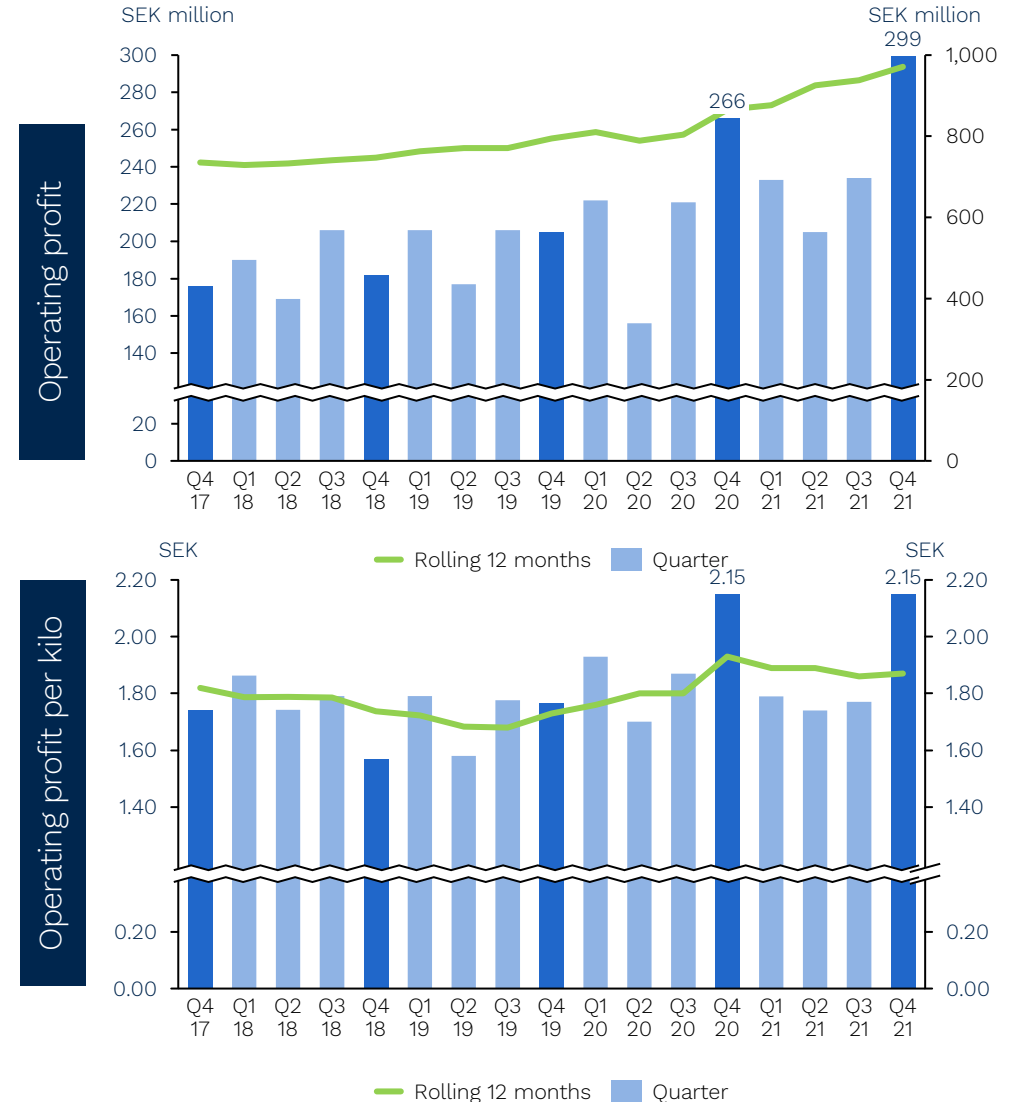
Chocolate & Confectionery Fats*



Business area development

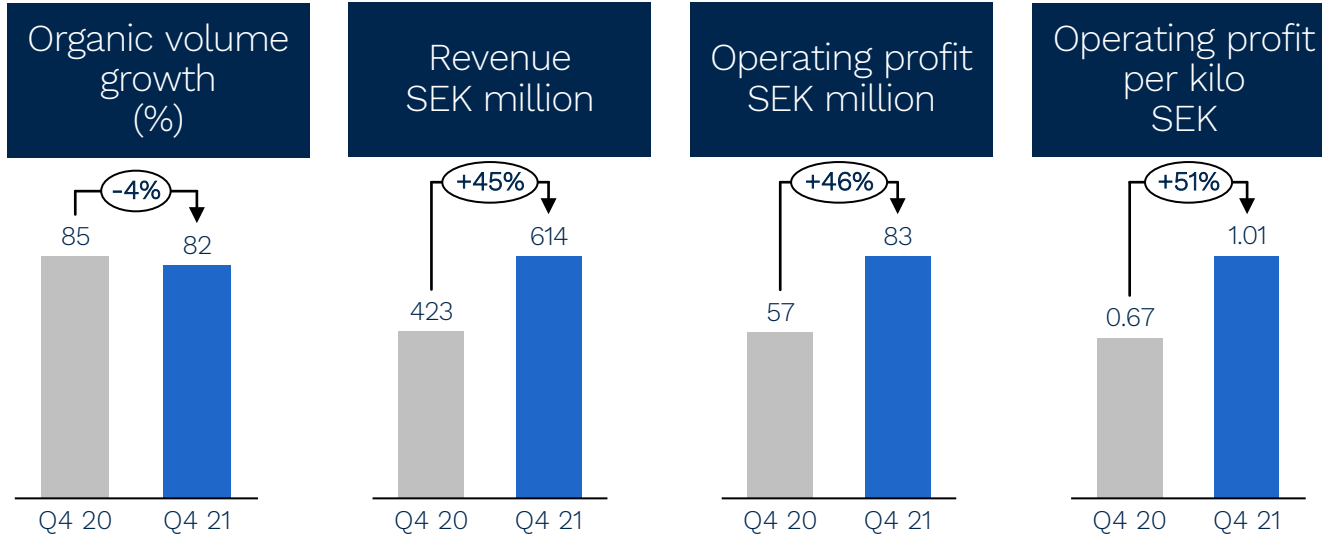
- Another good quarter, with volumes up 12 percent. Market demand was good, but main explanatory factor was a positive impact from our successful co-development approach
- All regions reported strong volume growth
- Demand for filling fats and our semi-speciality solutions remained strong
- Operating profit reached an all-time high in the quarter, up 12 percent year-on-year. At fixed foreign exchange rates, the increase was 20 percent. Higher volumes and AAK's strong global position explains the very positive outcome

*All figures are excluding items affecting comparability





Technical Products & Feed*



Business area development

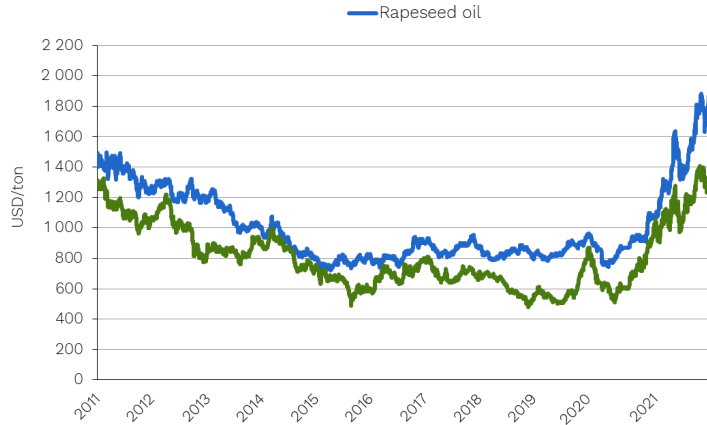
- Operating profit grew 46 percent in the quarter, reaching an all-time high. This was mainly driven by increased demand for natural ingredients as well as higher margins in our feed business
- Volumes were slightly lower as a result of a decline in the feed business. Demand for natural ingredients, however, continued to grow, reflecting a trend of increased focus on sustainability across different industry segments where our solutions can replace, for example, fossil-based ingredients in various products

*All figures are excluding items affecting comparability



Raw material prices

Rapeseed oil and palm oil



Cocoa butter



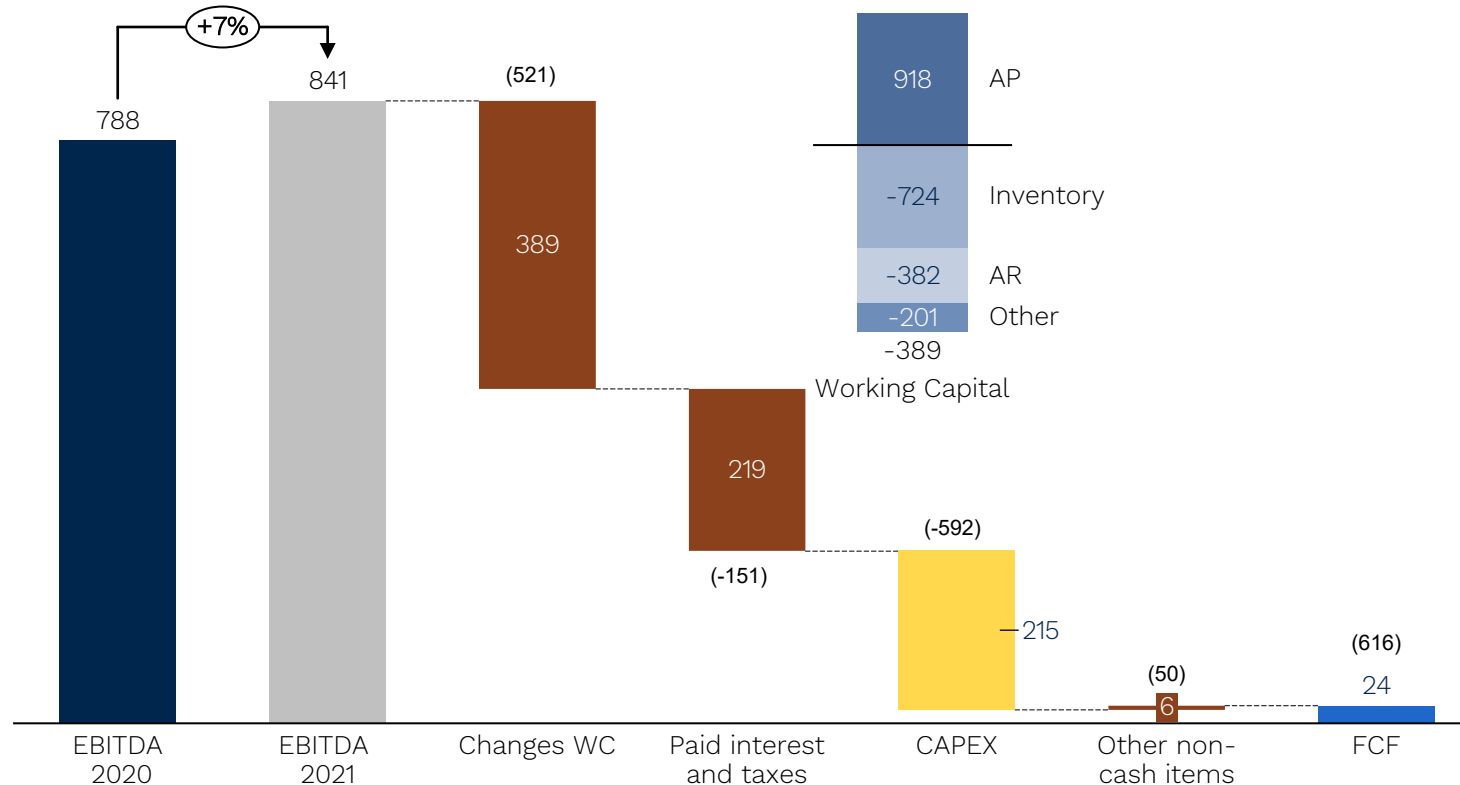
Comments

- Price levels of palm oil and rapeseed oil remain high
- 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



Q4 2021 cash flow impacted by higher raw material prices

Cash flow Q4 2021



Comments

- Working capital was negatively affected by higher raw material prices. This had a positive effect on accounts payables and a corresponding negative effect on inventory and accounts receivables
- Capex was related to regular maintenance and de-bottlenecking

With the current raw material prices, we expect a continued negative impact on working capital during in 2022

(LY) CAPEX

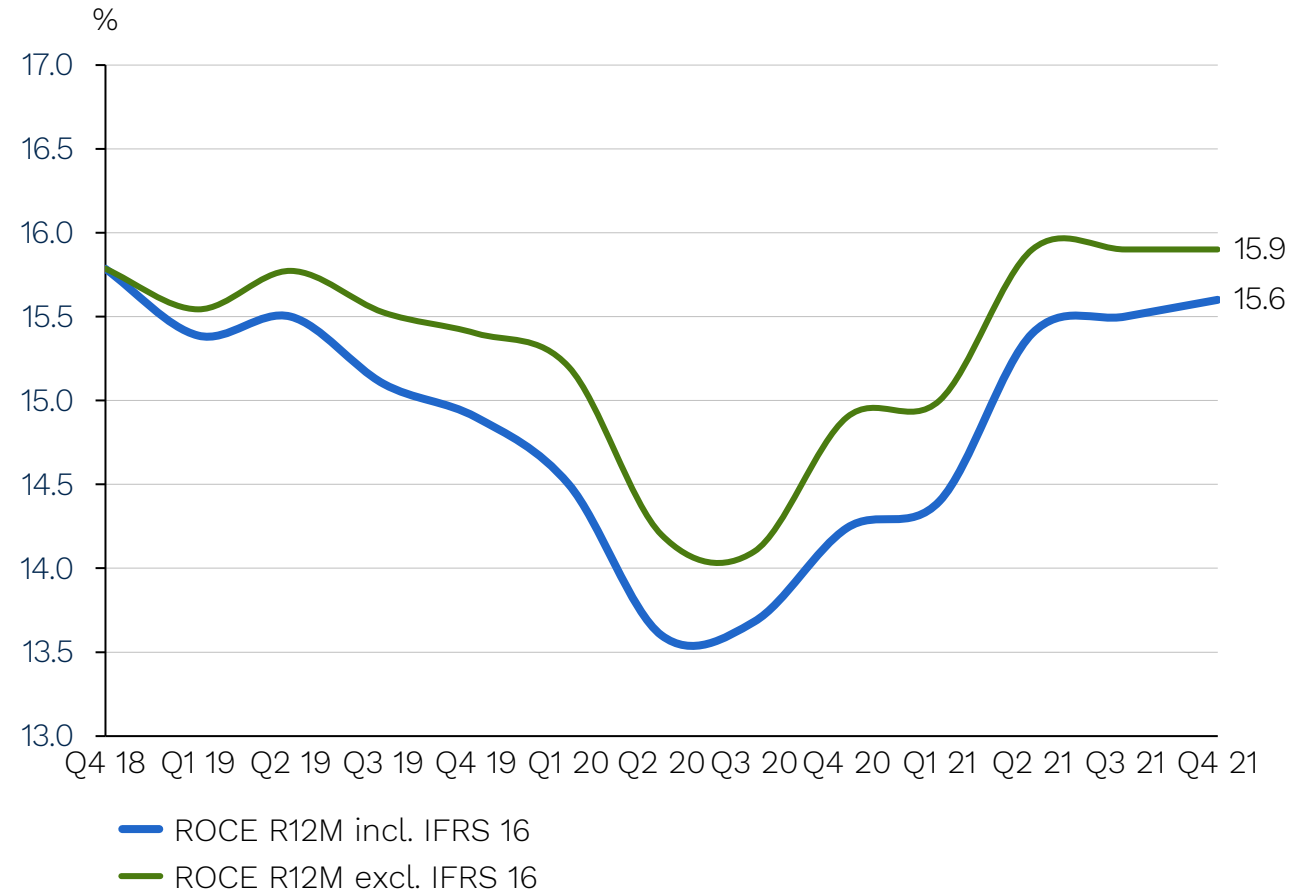
Return on Capital Employed (ROCE)

Strong recovery despite continued volatility and uncertainty

ROCE end Q4 2021*
15.6%

EBIT LTM
SEK 2,393
million

Capital employed*
SEK 15,298
million

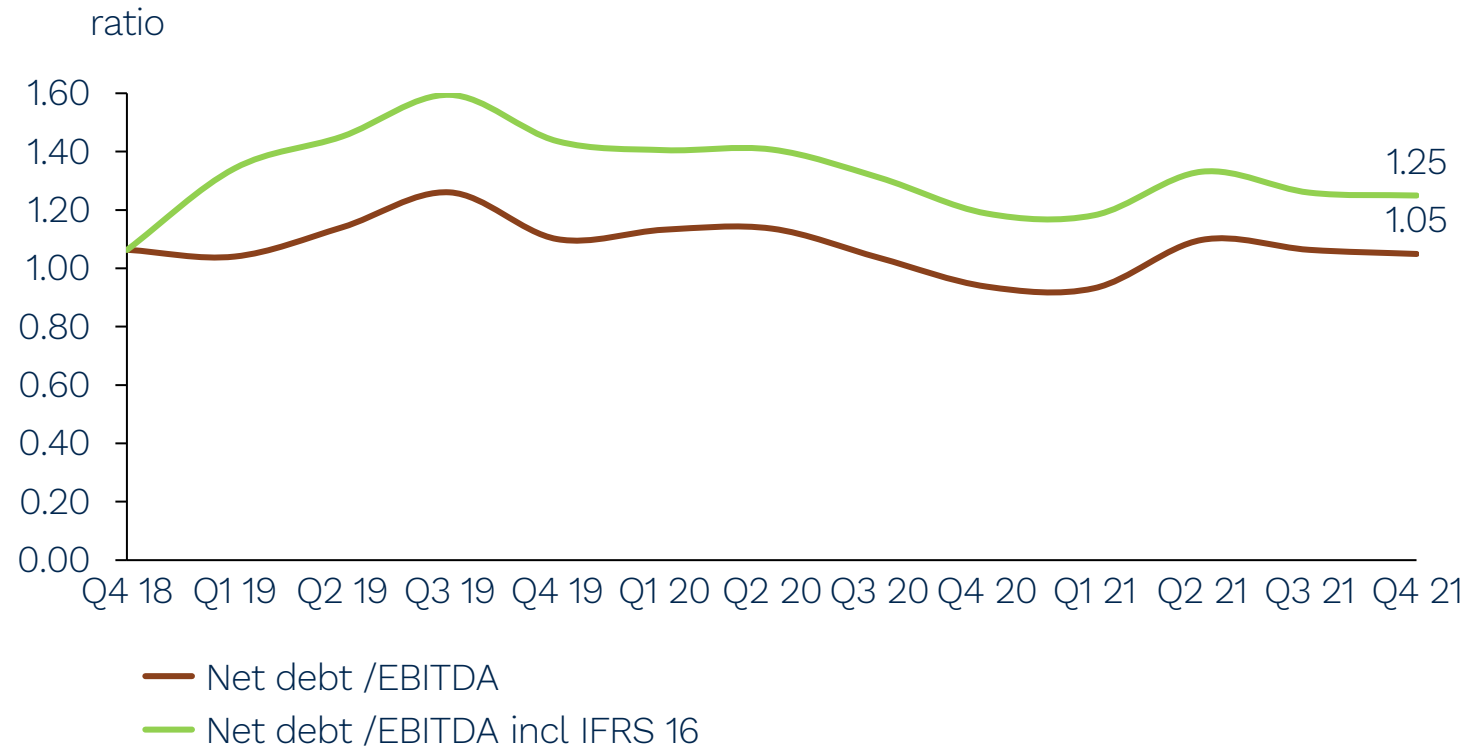


* ROCE: Return on Capital Employed calculated on rolling 12 months

Net debt/EBITDA

- Low net debt/EBITDA provides solid foundation for continued growth

Net debt/EBITDA



Concluding remarks



Despite 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 remain prudently optimistic about the future, and we are fully committed to Making Better Happen™

Q&A

Financial calendar

Financial calendar 2022

April 27	Interim report first quarter
May 18	Annual General Meeting
July 19	Interim report second quarter
October 25	Interim report third quarter



Appendix

Supplementary information

KPI sheet

SEK million (unless otherwise stated)	Q4 2021	Q4 2020
Income statement		
Volumes, '000 MT	610	580
Operating profit	659	607
Operating profit excluding IAC	659	607
Profit for the period	480	439
Profit for the period excluding IAC	480	439
Financial position		
Total assets	27,166	22,278
Equity	11,831	9,738
Net working capital	7,327	5,186
Net debt	3,817	3,472
Cash flow		
EBITDA	841	788
Cash flow from operating activities	239	1,208
Cash flow from investing activities	-215	-592
Free cash flow	24	616
Share data		
Number of shares, thousand	258,501	255,414
Earnings per share, SEK ¹⁾	1.84	1.69
Earnings per share incl. dilution, SEK ²⁾	1.84	1.69
Earnings per share incl. full dilution, SEK ³⁾	1.84	1.67
Equity per share, SEK	45.58	38.00
Market value on closing date, SEK	195.30	166.00
Other key ratios		
Volume growth, percent	+5	0
Operating profit per kilo, SEK	1.08	1.05
Operating profit per kilo excluding IAC, SEK	1.08	1.05
Return on Capital Employed (R12 months), percent	15.6	14.2

- ¹⁾ Earnings per share are calculated based on weighted average number of outstanding shares.
- ²⁾ Earnings per share are calculated based on weighted average number of outstanding shares including dilution from outstanding subscription warrants.
- ³⁾ Earnings per share are calculated based on total number of average outstanding shares including a conversion of all outstanding subscription warrants to ordinary shares.

Condensed income statement

SEK million	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Net sales	10,441	7,298	35,452	27,934
Other operating income	49	62	186	364
Total operating income	10,490	7,360	35,638	28,298
Raw materials and supplies	-8,258	-5,402	-27,697	-20,572
Other external expenses	-720	-611	-2,346	-2,416
Cost for remuneration to employees	-661	-549	-2,527	-2,334
Depreciation, amortization and impairment losses	-182	-181	-958	-755
Other operating expenses	-10	-10	-21	-54
Total operating expenses	-9,831	-6,753	-33,549	-26,131
Operating profit (EBIT)	659	607	2,089	2,167
Interest income	2	2	7	7
Interest expense	-27	-26	-96	-114
Other financial items	-1	-7	-13	-20
Total financial net	-26	-31	-102	-127
Profit before tax	633	576	1,987	2,040
Income tax	-153	-137	-540	-459
Profit for the period	480	439	1,447	1,581
Attributable to non-controlling interests	4	8	10	18
Attributable to the Parent Company's shareholders	476	431	1,437	1,563



Condensed balance sheet

	31.12.2021	31.12.2020
Total non-current assets	9,130	8,947
Inventory	9,054	6,569
Accounts receivables	5,132	3,336
Current receivables	2,849	2,226
Cash and cash equivalents	1,001	1,200
Total current assets	18,036	13,331
Total assets	27,166	22,278
Total equity including non-controlling interests	11,831	9,738
Liabilities to banks and credit institutions	1,611	2,087
Pension liabilities	271	278
Lease liabilities	493	617
Deferred tax liabilities	444	480
Non-interest-bearing liabilities	361	440
Total non-current liabilities	3,180	3,902
Liabilities to banks and credit institutions	2,333	1,565
Lease liabilities	128	117
Accounts payables	5,696	3,659
Other current liabilities	3,998	3,297
Total current liabilities	12,155	8,638
Total equity and liabilities	27,166	22,278

FX exposure – negative translation impact of SEK 26 million in the quarter

	Average rate 2020	Average rate 2021	Movement vs SEK	Spot rate December 2021
USD	9.16	8.59	➔	9.04
EUR	10.47	10.16	➔	10.28
GBP	11.85	11.80	➔	12.24
MXN	0.43	0.42	➔	0.44

Everything we do is about
Making Better Happen™