

Interim Report first quarter 2022

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Agenda

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Summary Q1 2022

All-time high operating profit with strong development across business areas

Highlights

- Volumes grew 1 percent while operating profit increased 15 percent at fixed foreign exchange rates.
 - Operating profit per kilo up 13 percent at fixed FX rates
- Food Ingredients
 - Volumes grew 2 percent, mainly as a result of a rebound in Foodservice.
 - Operating profit grew 9 percent at fixed FX rates, mainly due to the Foodservice recovery and improved profitability in Bakery.
- Chocolate & Confectionery Fats
 - Continued growth in volumes and operating profit (at fixed FX) – up 5 and 9 percent, respectively.
- Technical Products & Feed
 - Another quarter with strong development for operating profit, up 84 percent – driven by improved profitability in both feed and natural ingredients.

Growth and returns

Volume
575,000 MT
(+1%)

Operating profit
SEK 664 million
(+21% y/y, +15% y/y*)

Operating profit per kilo
SEK 1.15
(+19% y/y, +13% y/y*)

ROCE
15.4%**

* Fixed FX

** Rolling 12 months incl. IFRS 16 effect

Key events

Continued strong sustainability progress

- Our recently published sustainability report shows that we continued to improve in 2021. We made progress, not only in our sourcing activities, but also in our own operations.
- The share of verified deforestation-free palm oil, increased by 34 percent, to 67 percent. The number enrolled in our shea sourcing program Kolo Nafaso rose to 353,000; our sourcing of renewable electricity increased by 50 percentage points; and waste intensity and water consumption per processed unit were reduced by 18.6 and 20.9 percent, respectively.



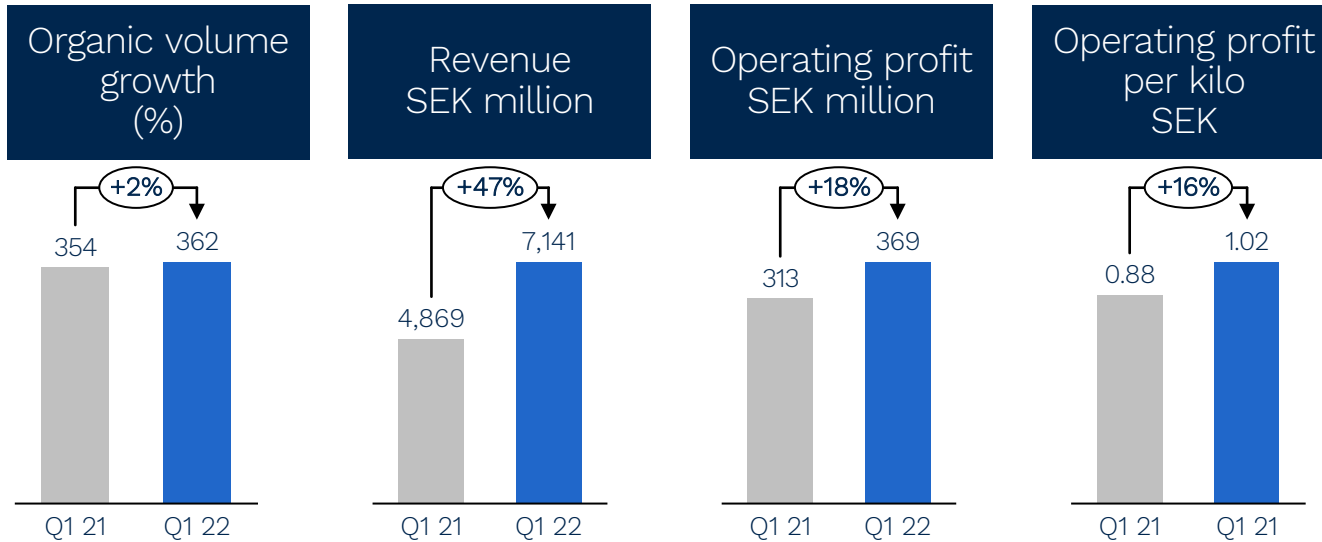
Key event after the quarter

AAK to leave Russia

- AAK has decided to permanently exit its business in Russia. The company has initiated this sensitive and difficult process, focusing on executing it in a controlled manner to ensure both legal compliance and the safety of our employees.
- We aim to leave our local joint venture, in which AAK holds 75 percent, by reaching an agreement to let the stake revert to the JV partner, from which it was originally acquired. The JV makes up approximately half of AAK's volumes in the country or 1.5 percent of the Group total, as measured in metric tons, most of which are reported in Food Ingredients.
- The other half of the Russian volumes are imported to and sold via AAK's Russia sales company, which will be closed. Most of these volumes are reported in Chocolate & Confectionery fats. AAK is working diligently to re-route as much as possible of these volumes to customers in other geographies.
- The exit is expected to lead to a cost of SEK 300–350 million, affecting the income statement in Q2.
- Given the expected gradual transfer of volumes, AAK estimates that the total impact on operating profit will be in the range of SEK 75–100 million in 2022.



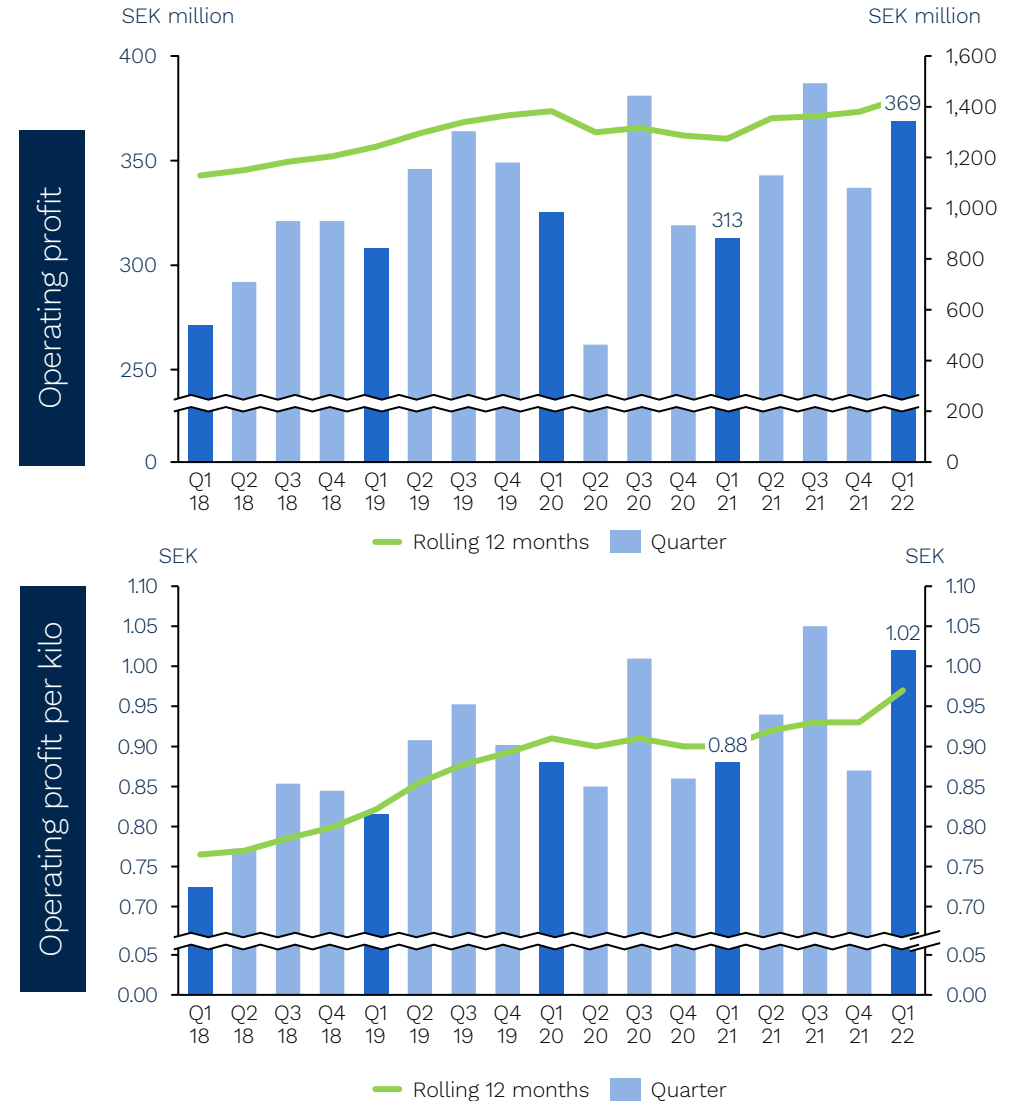
Food Ingredients*



Business area development

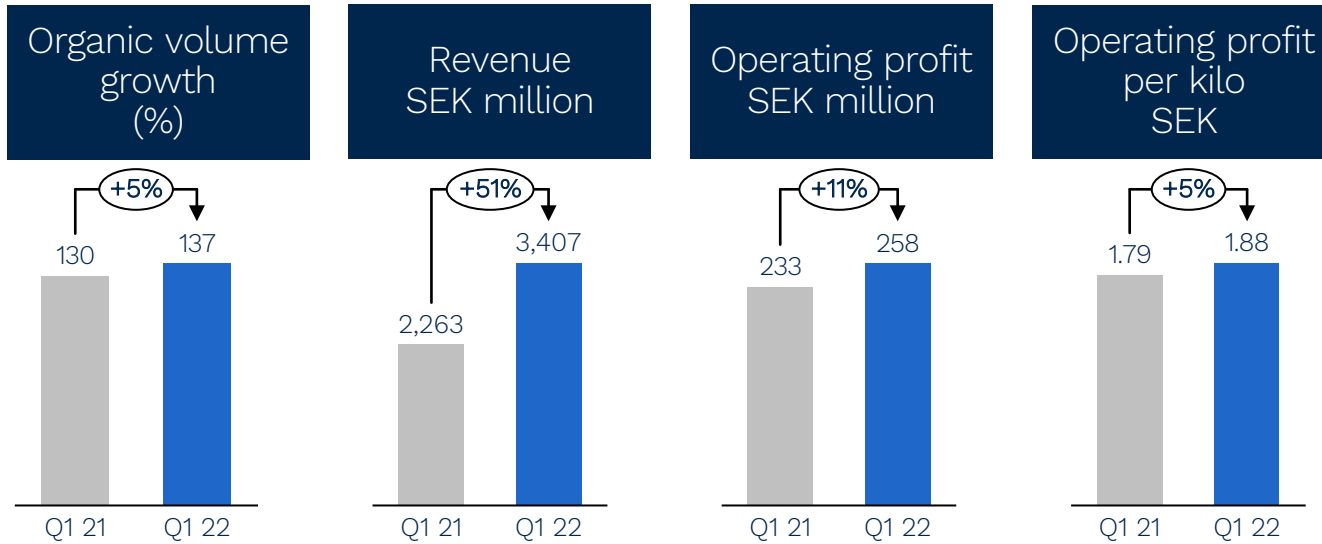
- Volumes increased somewhat – the main reason being Foodservice which showed a nice, double-digit recovery. Special Nutrition also grew, driven by semi-speciality, while high-end solutions declined.
- Bakery volumes were down due to prioritization of speciality/semi-speciality solutions to further drive improved profitability by optimizing our portfolio.
- Dairy was flat, as was Plant-based Foods – although growth was noted in important markets such as Europe and U.S – for plant-based dairy and meat solutions, respectively.
- Operating profit and operating profit per kilo grew 9 and 7 percent, at fixed FX rates, mainly driven by the recovery in Foodservice and the improved profitability in Bakery.

*All figures are excluding items affecting comparability





Chocolate & Confectionery Fats*



Business area development

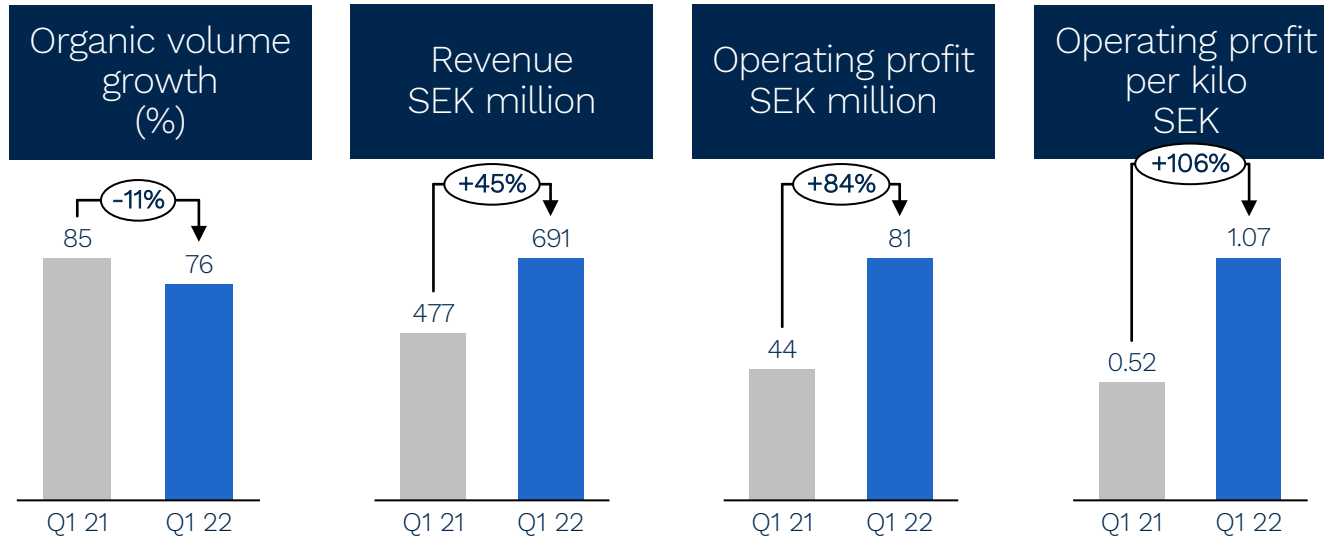
- Volumes increased 5 percent, driven by good underlying demand, with most regions reporting solid volume growth.
 - Only a limited volume impact in Q1 from our decision related to Russia. Going forward, we expect to be able to gradually re-route some of the Russian volumes to other geographies.
 - Demand for filling fats and semi-speciality solutions remained strong.
- Operating profit grew 9 percent, at fixed FX rates, based on our strong global position for co-developed solutions, as well as higher volumes. Operating profit per kilo grew 3 percent.

*All figures are excluding items affecting comparability





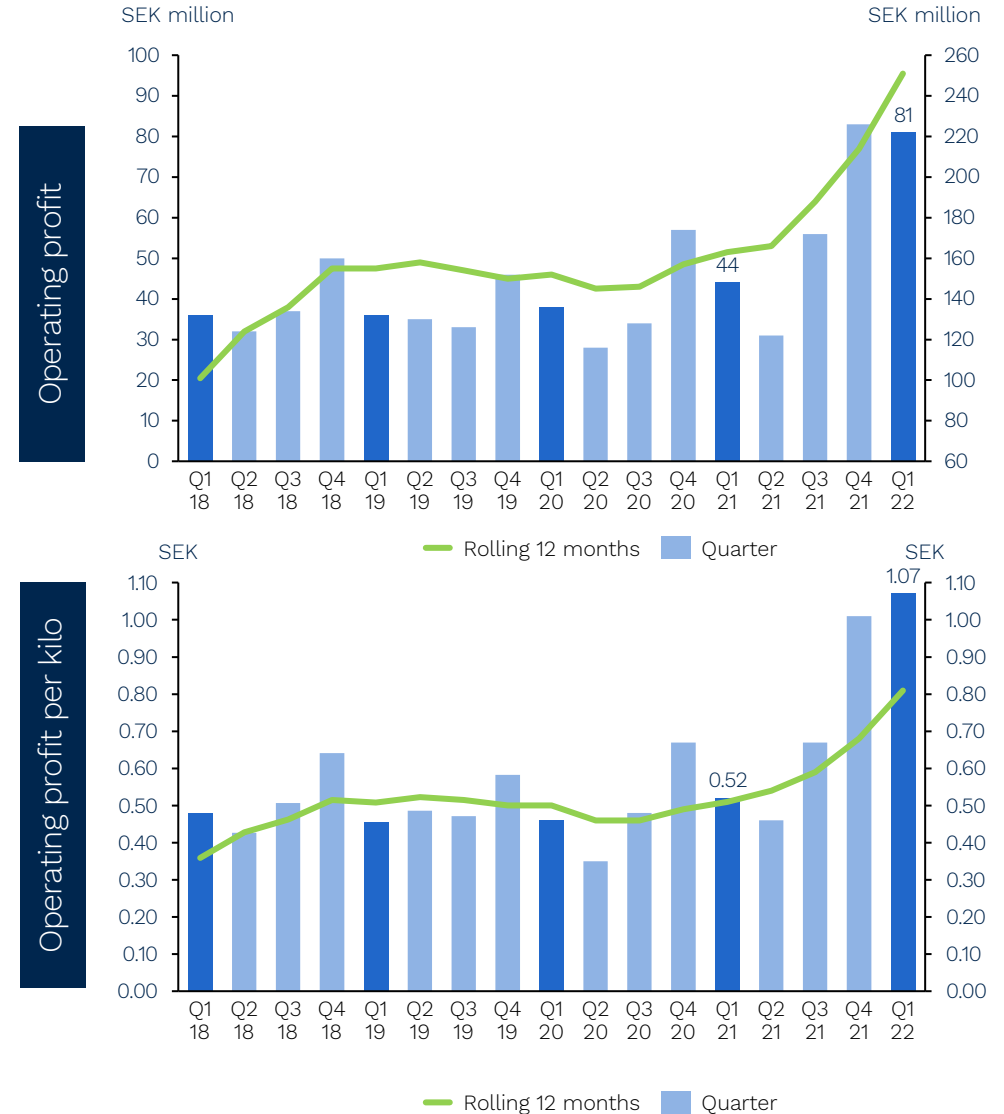
Technical Products & Feed*



Business area development

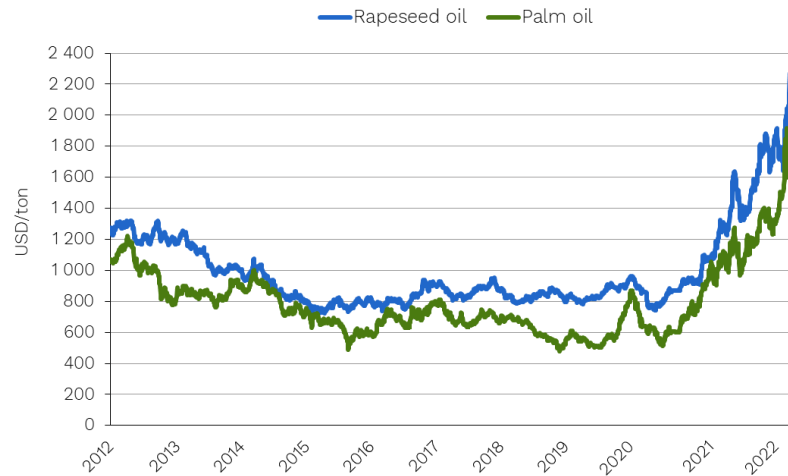
- Operating profit reached an all-time high for a first quarter, growing 84 percent. This was mainly driven by improved profitability for our feed business and for natural ingredients.
- Volumes were down, as a result of a decline in our feed business. Market conditions for feed were favorable, but we experienced production-related disturbances in the quarter. Mitigating actions are underway in the second quarter. Demand for natural ingredients for technical products remained strong.

*All figures are excluding items affecting comparability



Raw material prices

Rapeseed oil and palm oil



Cocoa butter

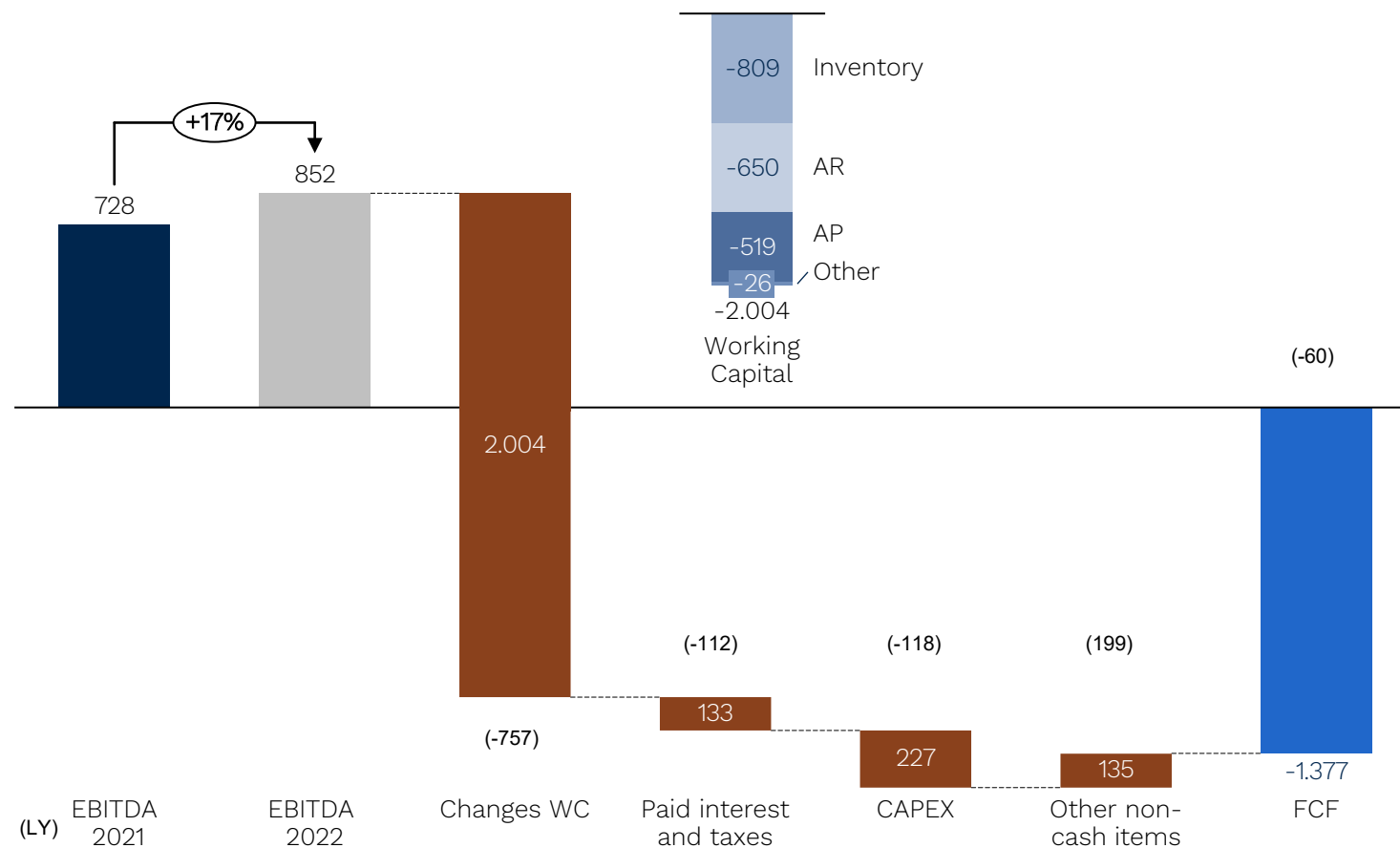


Comments

- Price levels of palm oil and rapeseed oil has risen further in the beginning of 2022
- High raw material prices impact working capital and capital employed
- From the current elevated raw material price levels, a 10 percent change in all raw material prices will affect working capital by +/- SEK 700 million with a time lag of 6–9 months

Q1 2022 cash flow impacted by higher raw material prices

Cash flow Q1 2022



Comments

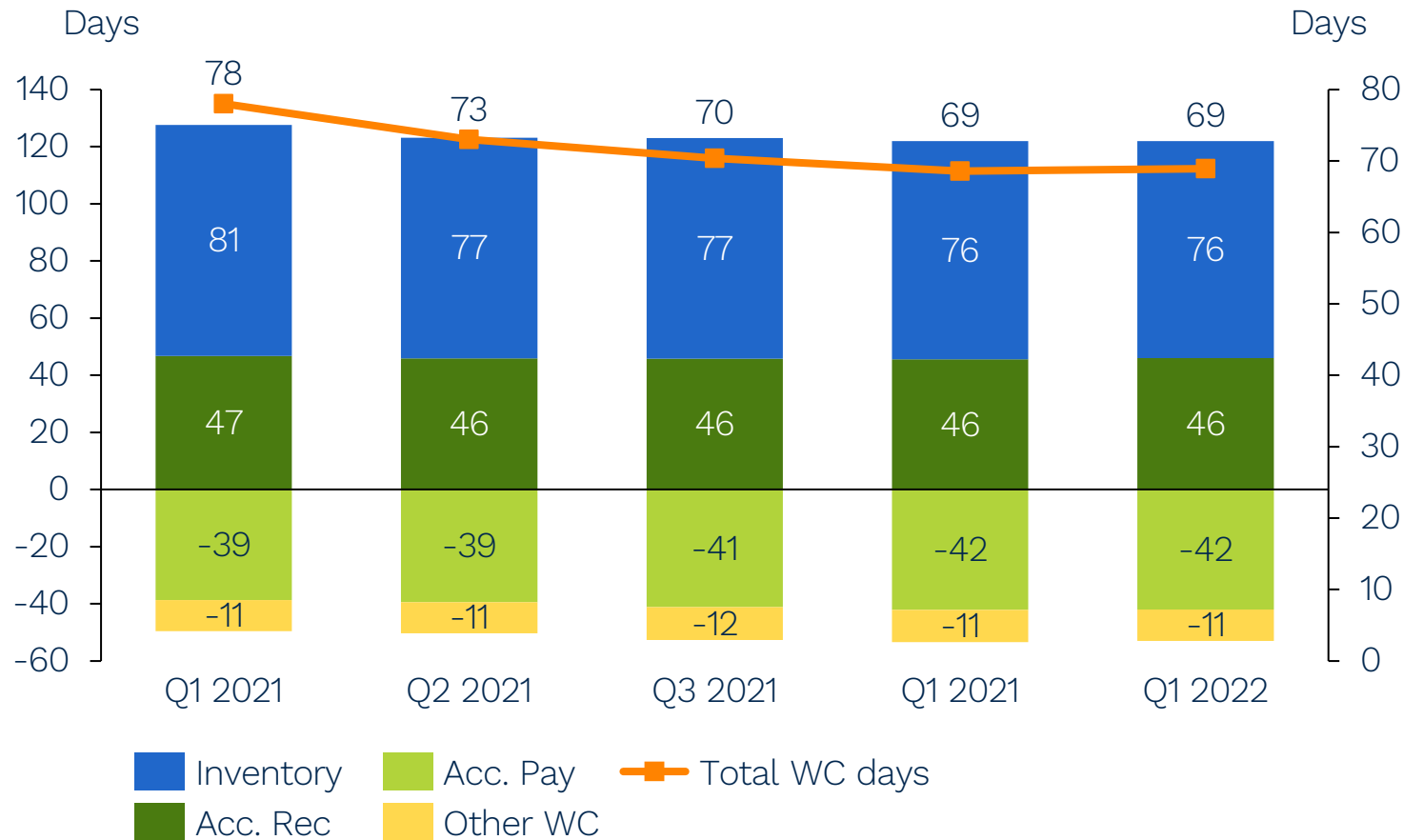
- Working capital was negatively affected by higher raw material prices. This had a negative effect on inventory and accounts receivables. Accounts payables cash flow was negative, despite rising raw material prices, mainly driven by one-off effects due to changed contractual payment terms and changed sourcing patterns.
- Capex was related to regular maintenance and de-bottlenecking as well as the construction of the biomass boiler in Aarhus

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

Working capital days improving

Working capital days – rolling 12 months

Comments



- Positive trend on working capital days
- Progress on reducing receivable days while increasing payable days

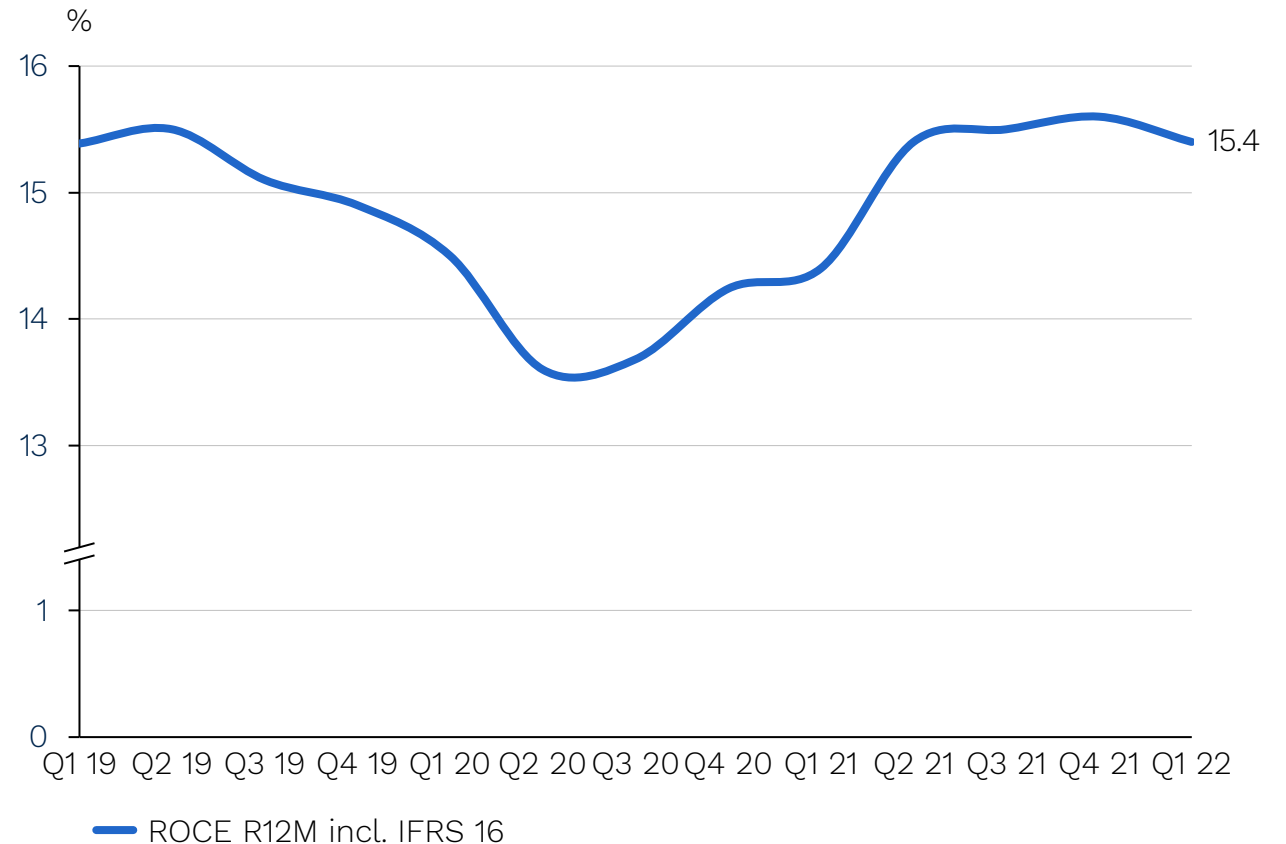
Return on Capital Employed (ROCE)

Capital employed impacted by rising raw material prices

ROCE end Q1 2022*
15.4%

EBIT LTM
SEK 2,506
million

Capital
employed*
SEK 16,228
million

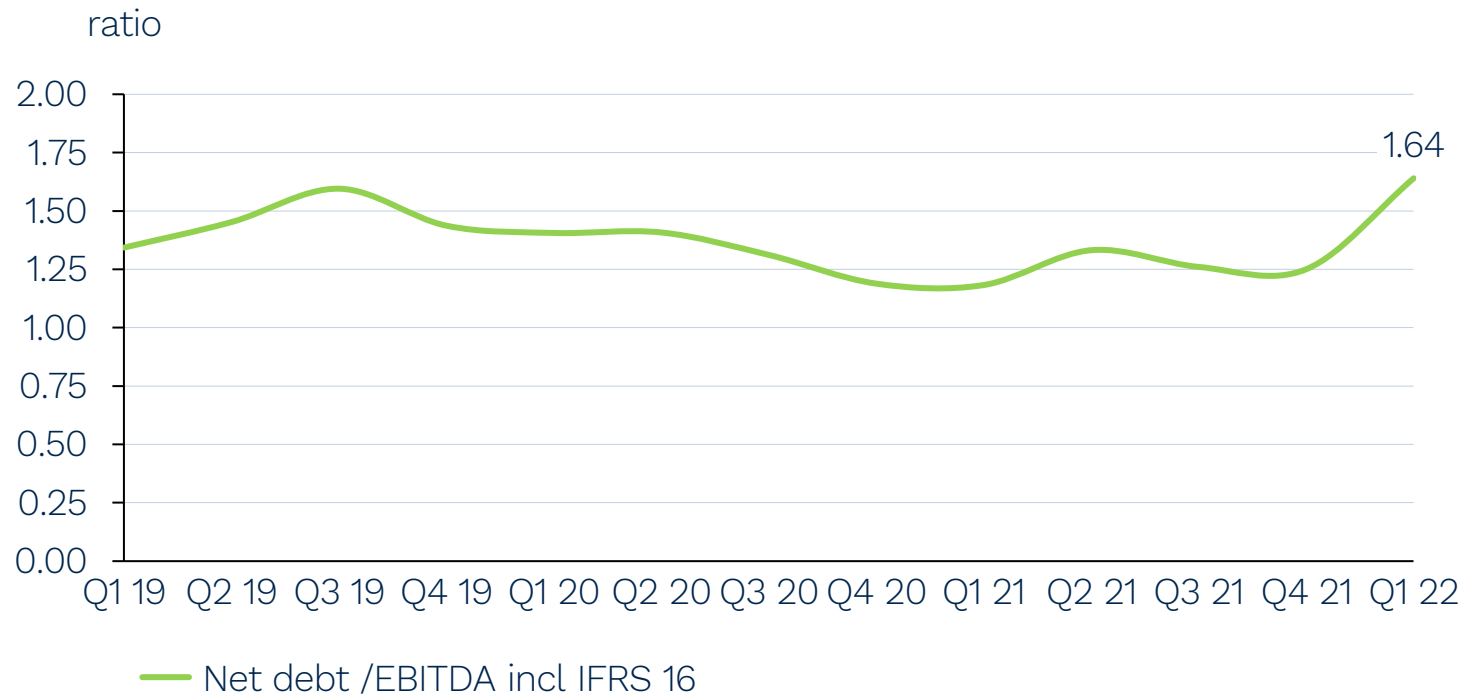


* ROCE: Return on Capital Employed calculated on rolling 12 months

Net debt/EBITDA

- High raw material prices leads to increased net debt/EBITDA

Net debt/EBITDA



Concluding remarks



- The war in Europe, and its ripple effects, have thrown the world into new uncertainties. As an important supplier of plant-based ingredients for food and technical products, we are well positioned to manage risks and to deliver value – something we have proven in the past few years' dynamic environment.
- Despite short- to mid-term uncertainty, we therefore 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

May 18	Annual General Meeting
July 19	Interim report second quarter
October 25	Interim report third quarter
November 29	Capital Market Day



Appendix

Supplementary information

KPI sheet

SEK million (unless otherwise stated)	Q1 2022	Q1 2021	Δ %	Full year 2021
Income statement				
Volumes, '000 MT	575	569	+ 1	2,312
Operating profit	664	551	+ 21	2,089
Operating profit excluding IAC	664	551	+ 21	2,393
Profit for the period	492	400	+ 23	1,447
Profit for the period excluding IAC	492	400	+ 23	1,733
Financial position				
Total assets	30,661	22,992	+ 33	27,166
Equity	12,748	10,791	+ 18	11,831
Net working capital	9,311	5,951	+ 56	7,327
Net debt	5,206	2,728	+ 90	3,817
Cash flow				
Cash flow from operating activities	-1,150	58	-	508
Cash flow from investing activities	-227	-118	-	-650
Share data				
Number of shares, thousand	258,551	256,425	+ 1	258,501
Earnings per share before dilution, SEK ¹⁾	1.89	1.56	+ 21	5.59
Earnings per share after dilution, SEK ²⁾	1.89	1.55	+ 22	5.58
Equity per share, SEK	49.11	41.93	+ 17	45.58
Market value on closing date, SEK	175.00	197.70	+ 11	195.30
Other key ratios				
Volume growth, percent	1	0	-	5
Operating profit per kilo, SEK	1.15	0.97	+ 19	0.90
Operating profit per kilo excluding IAC, SEK	1.15	0.97	+ 19	1.04
Return on Capital Employed (R12 months), percent	15.4	14.3	+ 8	15.6
Net debt / EBITDA, multiple	1.64	1.18	+ 39	1.25

- ¹⁾ Earnings per share are calculated based on a weighted average number of outstanding shares.
- ²⁾ Earnings per share are calculated based on a weighted average number of outstanding shares after dilution from outstanding subscription warrants.

Condensed income statement

SEK million	Q1 2022	Q1 2021	Full year 2021
Net sales	11,239	7,609	35,452
Other operating income	29	46	186
Total operating income	11,268	7,655	35,638
Change in inventories of finished goods and work in progress	74	18	356
Raw materials and consumables	-8,867	-5,707	-27,219
Goods for resale	-244	-152	-834
Other external expenses	-717	-509	-2,346
Cost for remuneration to employees	-654	-573	-2,527
Depreciation, amortization and impairment losses	-188	-177	-958
Other operating expenses	-8	-4	-21
Total operating expenses	-10,604	-7,104	-33,549
Operating profit (EBIT)	664	551	2,089
Financial income	15	5	19
Financial expense	-33	-30	-121
Total financial net	-18	-25	-102
Profit before tax	646	526	1,987
Income tax	-154	-126	-540
Profit for the period	492	400	1,447
Attributable to non-controlling interests	2	2	10
Attributable to the Parent Company's shareholders	490	398	1,437

Condensed balance sheet

SEK million	31.03.2022	31.03.2021	31.12.2021
Assets			
Total non-current assets	9,473	9,226	9,130
Inventory	10,056	6,631	9,054
Accounts receivables	5,914	4,190	5,132
Current receivables	4,053	1,700	2,849
Cash and cash equivalents	1,165	1,245	1,001
Total current assets	21,188	13,766	18,036
Total assets	30,661	22,992	27,166
Non-controlling interests	50	40	48
Total equity including non-controlling interests	12,748	10,791	11,831
Liabilities to banks and credit institutions	1,571	2,101	1,611
Pension liabilities	274	284	271
Lease liabilities	485	622	493
Deferred tax liabilities	412	478	444
Other non-current liabilities	413	441	361
Total non-current liabilities	3,155	3,926	3,180
Liabilities to banks and credit institutions	3,967	1,598	2,333
Lease liabilities	124	113	128
Accounts payables	5,343	3,736	5,696
Other current liabilities	5,324	2,828	3,998
Total current liabilities	14,758	8,275	12,155



FX exposure – positive translation impact of SEK 31 million in the quarter

	Average rate Q1 2021	Average rate Q1 2022	Movement vs SEK	Spot rate March 2022
USD	8.42	9.27	➔	9.45
EUR	10.15	10.45	➔	10.60
GBP	11.61	12.49	➔	12.68
MXN	0.41	0.45	➔	0.46

Everything we do is about
Making Better Happen™