

# Interim Report second quarter 2022

Johan Westman, CEO

Tomas Bergendahl, CFO

# Agenda

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- 05 Q&A



# Summary Q2 2022

Strong quarter despite high volatility and a demanding macro-economic climate

## Highlights

- Volumes increased by 1 percent, and both adjusted operating profit as well as adjusted operating profit per kilo grew by 15 percent.
  - Operating profit was flat at fixed FX rates
- Food Ingredients
  - Volumes decreased by 2 percent, mainly as a result of our continued optimization effort in our Bakery business in Europe.
  - Adjusted operating profit grew by 3 percent at fixed FX rates, mainly driven by improved profitability in Bakery and Dairy. Well-executed portfolio management impacted positively in the quarter.
- Chocolate & Confectionery Fats
  - Continued volume growth by 7 percent. Adjusted operating profit decreased by 9 percent at fixed FX rates due to our exit from the Russian market.
- Technical Products & Feed
  - Continued strong development for adjusted operating profit, up 48 percent, mainly driven by our feed business.

## Growth and returns

**Volume**  
**554,000 MT**  
(+1%)

**Adjusted operating profit**  
**SEK 624 million**  
(+15% y/y, flat y/y\*)

**Adjusted operating profit per kilo**  
**SEK 1.13**  
(+15% y/y, flat y/y\*)

**ROCE**  
15.0%\*\*

\* Fixed FX

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



# Key events

## Annual General Meeting 2022

- On May 18, AAK's Annual General Meeting was held in Malmö, Sweden. After two years without a physical event, due to the pandemic, we had the pleasure of welcoming some 350 shareholders and guests.

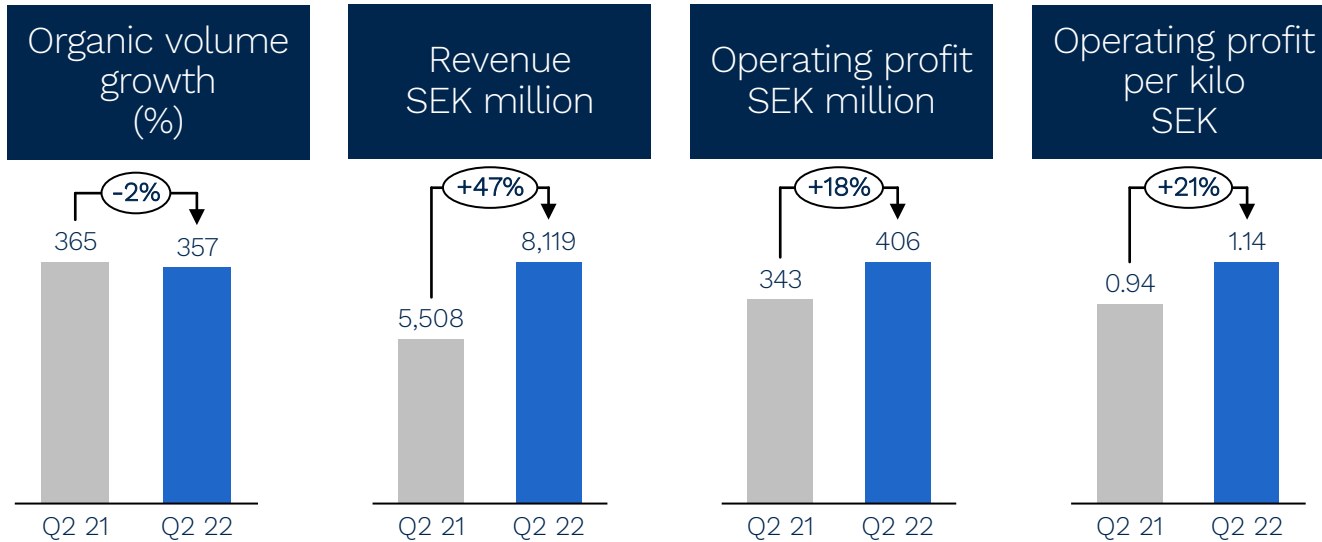


## AAK issues bond for a total of SEK 1 billion

- On June 8, AAK issued a senior unsecured bond for a total of SEK 800 million with a duration of three years. The following day, and under the same terms, the transaction was increased by SEK 200 million to a total of SEK 1 billion through a so-called tap issue. The transaction generated strong investor demand.
- The proceeds from the bond issue will be used to broaden AAK's funding base and for general corporate purposes. AAK will apply for the new bond to be listed on Nasdaq Stockholm's Corporate Bond List.

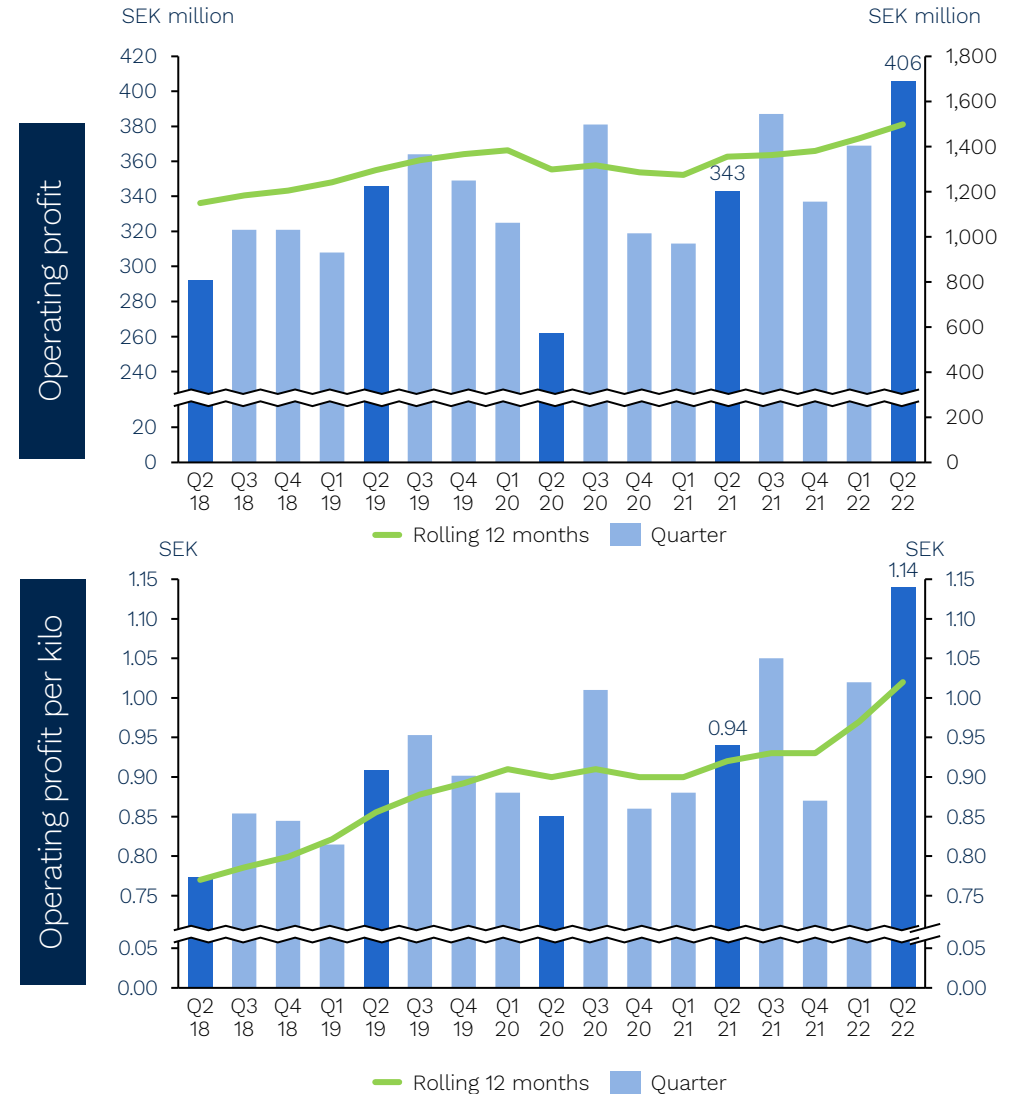


# Food Ingredients\*



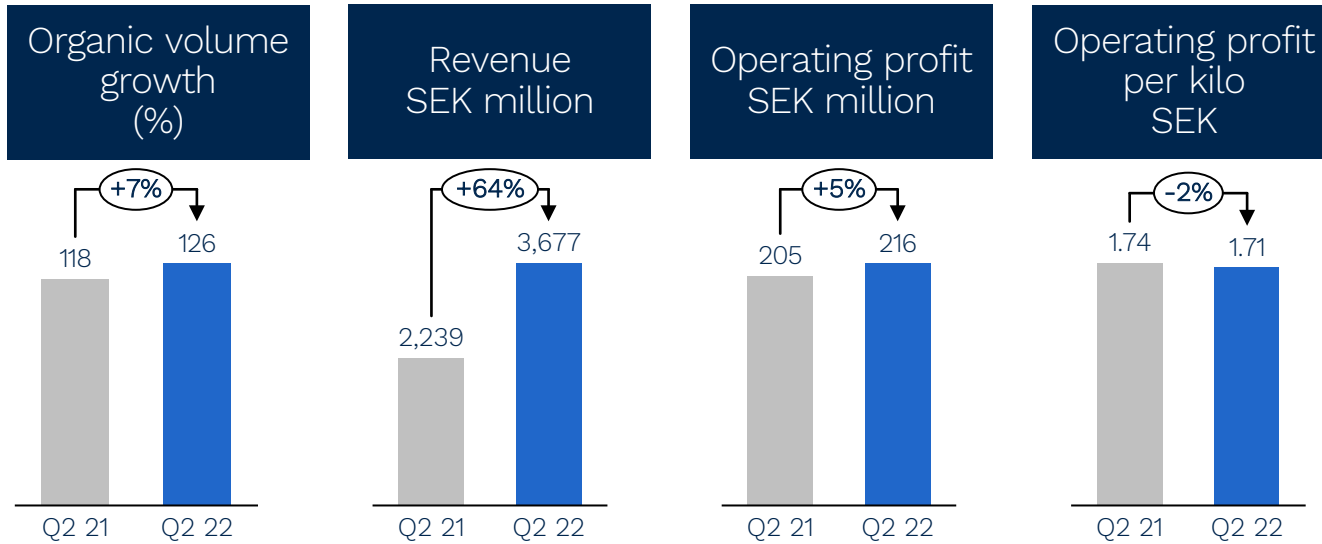
## Business area development

- Volumes decreased slightly – mainly driven by our continued effort to optimize the Bakery business in Europe, with a continued prioritization of speciality and semi-speciality solutions. This was partly offset by an increase in Asia.
  - Foodservice volumes continued to increase, mainly driven by Europe.
  - Dairy volumes increased, mainly driven by the US and Asia.
  - Speciality fat systems for Plant-based Foods grew by double digits. Demand in the segment as a whole remained stable both for dairy and meat alternatives.
  - Operating profit and operating profit per kilo grew by 3 and 5 percent, at fixed FX rates. Our dedicated work with product portfolio management had a positive impact in the quarter.
- \*All figures are excluding items affecting comparability





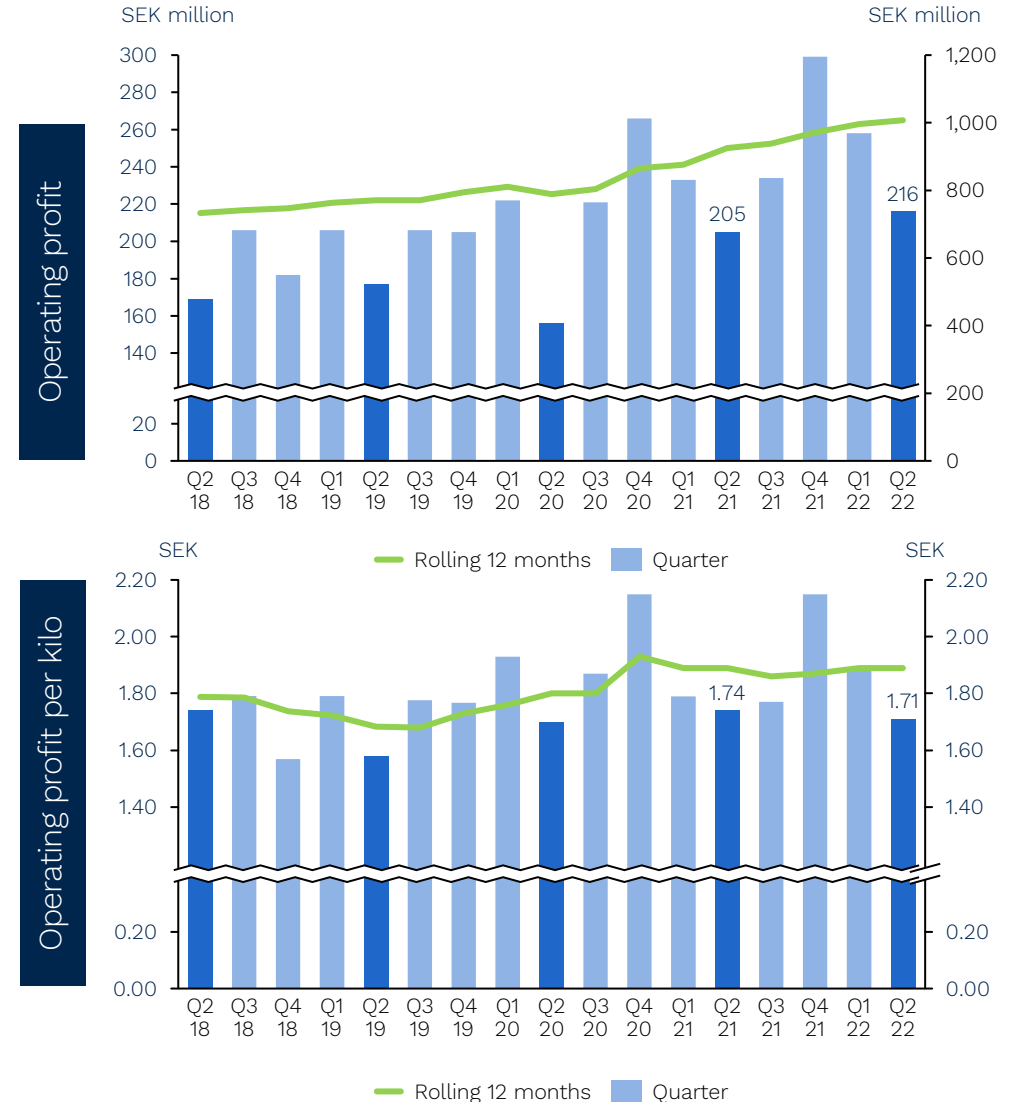
# Chocolate & Confectionery Fats\*



## Business area development

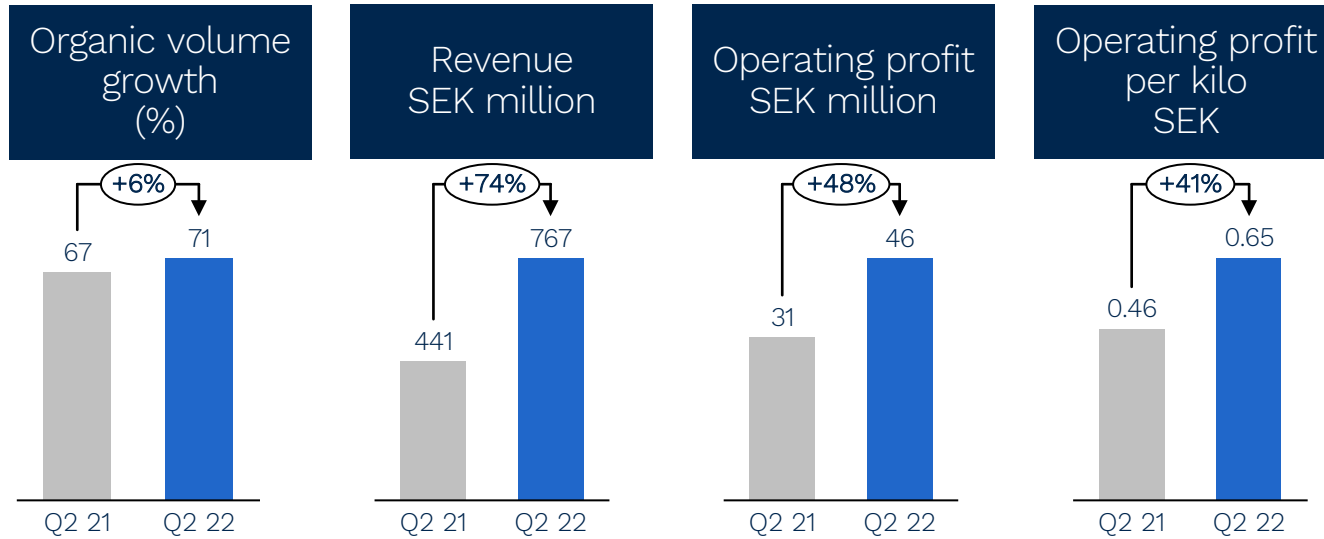
- Volumes increased by 7 percent, driven by good market growth and our strong market position.
- Our decision to exit the Russian market is impacting the quarter by SEK 30–40 million compared to last year. The previously communicated annual impact on operating profit of SEK 75–100 million remains. Excluding this impact, the business area showed strong performance in a continued competitive market.
- At fixed foreign exchange rates, operating profit decreased by 9 percent. In a like-for-like comparison, excluding Russia, operating profit grew slightly.

\*All figures are excluding items affecting comparability





# Technical Products & Feed\*



## Business area development

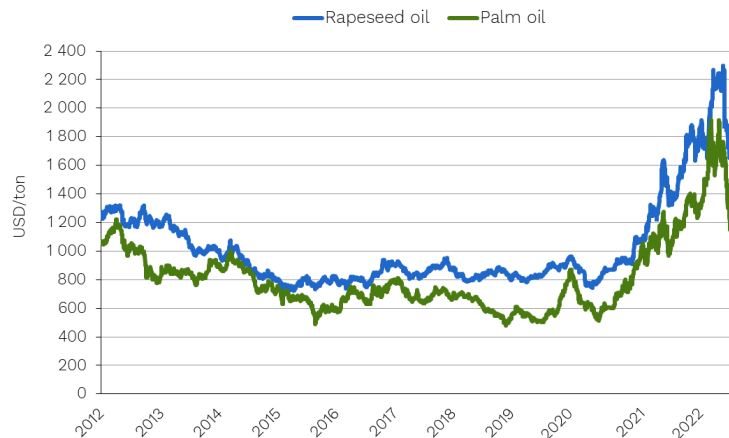
- Operating profit reached SEK 46 million (31), up 48 percent compared to last year. This was mainly driven by improved profitability in natural ingredients.
- Volumes increased by 6 percent, mainly driven by our feed business. Market conditions in feed remained favorable.
- Fatty acids volumes decreased while demand for natural ingredients remained strong.

\*All figures are excluding items affecting comparability



# Raw material prices

Rapeseed oil and palm oil



Cocoa butter



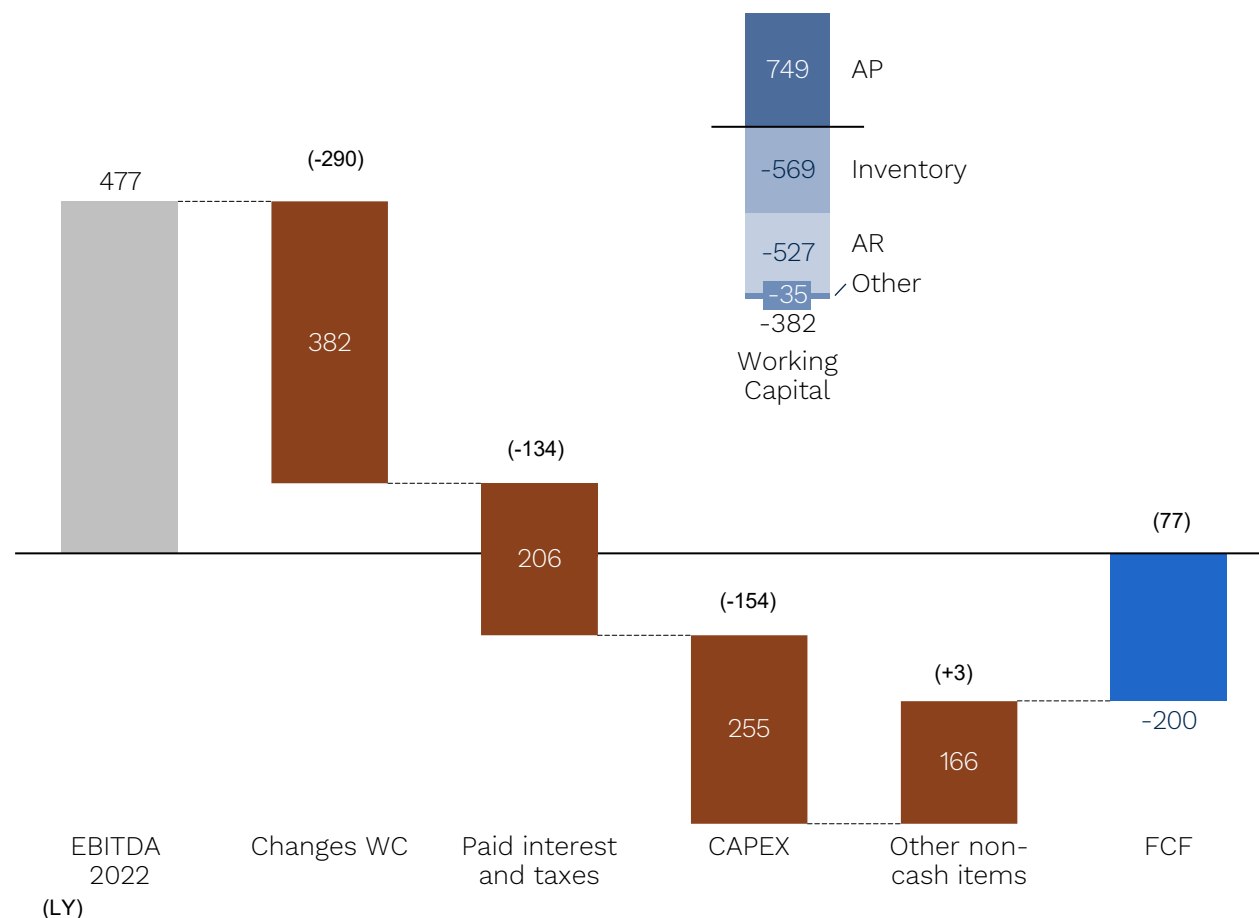
## Comments

- Price levels of palm oil and rapeseed oil have increased significantly in the beginning of 2022. Prices have started to come down since the beginning of June.
- 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.



# Q2 2022 cash flow impacted by higher raw material prices

## Cash flow Q2 2022



## Comments

- Working capital was negatively affected by higher raw material prices. This had a negative effect on inventory and accounts receivables and a corresponding positive effect on accounts payables.
- CAPEX was related to regular maintenance and de-bottlenecking as well as the construction of the biomass boiler in Aarhus, Denmark.

With the development of raw material prices, we expect a continued negative impact on working capital for the remainder of 2022

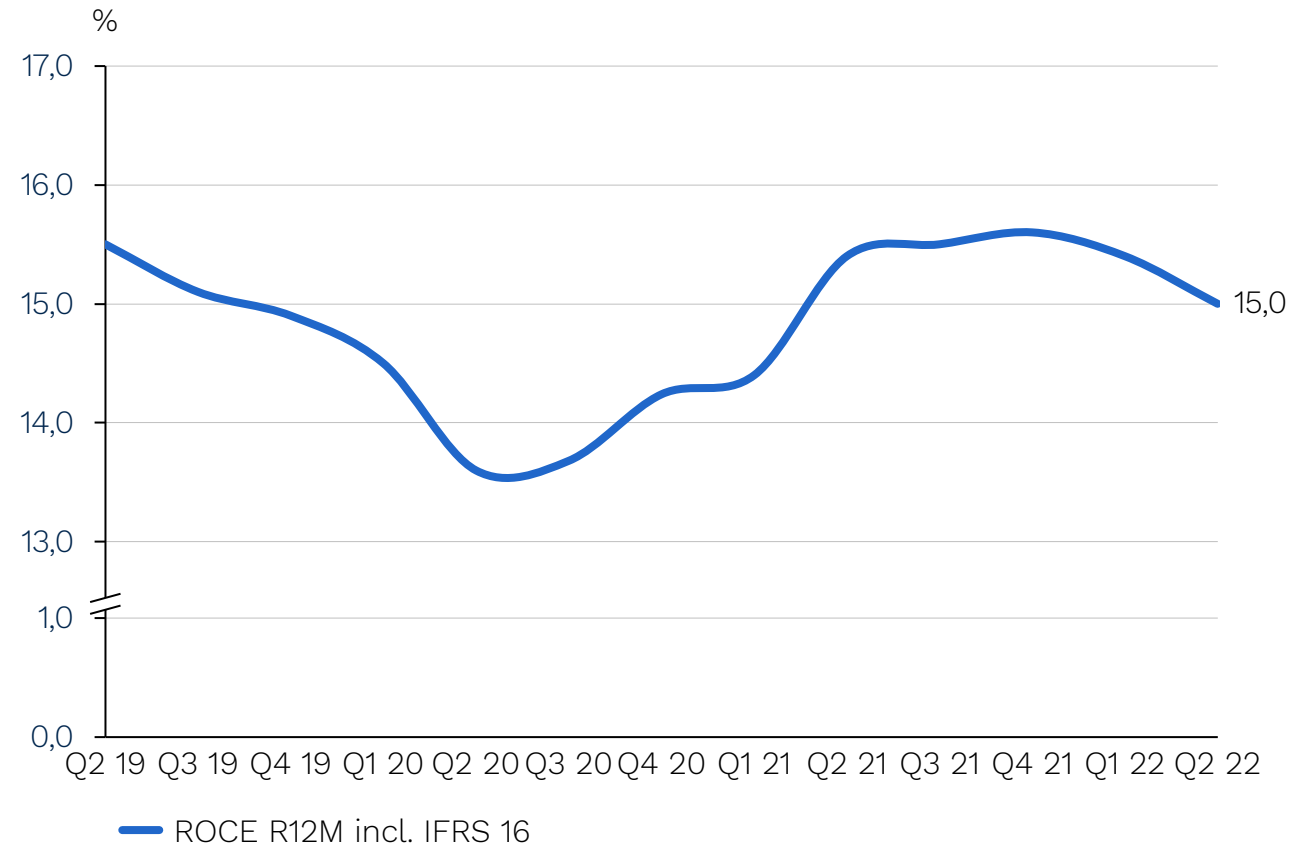
# Return on Capital Employed (ROCE)

Capital employed impacted by rising raw material prices

**ROCE end Q2 2022\***  
**15.0%**

**EBIT LTM**  
**SEK 2,589**  
**million**

**Capital**  
**employed\***  
**SEK 17,247**  
**million**



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

# Net debt/EBITDA increase, driven by high raw material prices

## Net debt/EBITDA



## Concluding remarks



- Despite the challenges and uncertainties that we faced throughout the second quarter, we continued to navigate well and delivered a strong result. 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' very dynamic environment.
- Despite continued 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 2022-2023

October 25, 2022	Interim report third quarter 2022
November 29, 2022	Capital Market Day 2022
February 2, 2023	Interim report fourth quarter 2022 and year-end report



# Appendix

## Supplementary information



# KPI sheet

SEK million (unless otherwise stated)	Q2 2022	Q2 2021	Δ %
<b>Income statement</b>			
Volumes, '000 MT	554	550	1
Operating profit	274	237	16
Operating profit excluding IAC	624	541	15
Profit for the period	160	103	55
Profit for the period excluding IAC	479	389	23
<b>Financial position</b>			
Total assets	33,239	23,715	40
Equity	13,476	10,198	32
Net working capital	10,209	6,14	66
Net debt	6,095	3,937	55
<b>Cash flow</b>			
Cash flow from operating activities	55	231	-
Cash flow from investing activities	-255	-154	-
<b>Share data</b>			
Number of shares, thousand	258,551	256,514	1
Earnings per share before dilution, SEK <sup>1)</sup>	0.60	0.39	54
Earnings per share after dilution, SEK <sup>2)</sup>	0.60	0.39	54
Equity per share, SEK	51.95	39.59	31
Market value on closing date, SEK	166.90	191.80	-16
<b>Other key ratios</b>			
Volume growth, percent	1	14	-
Operating profit per kilo, SEK	0.49	0.43	14
Operating profit per kilo excluding IAC, SEK	1.13	0.98	15
Return on Capital Employed (R12 months), percent	15.0	15.4	-3
Net debt / EBITDA, multiple	2.03	1.33	52

- <sup>1)</sup> Earnings per share are calculated based on a weighted average number of outstanding shares.
- <sup>2)</sup> 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	Q2 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	Full year 2021
Net sales	12,563	8,188	23,802	15,797	35,452
Other operating income	62	45	91	91	186
Total operating income	12,625	8,233	23,893	15,888	35,638
Change in inventories of finished goods and work in progress	155	-21	229	-3	356
Raw materials and consumables	-10,178	-6,178	-19,045	-11,885	-27,219
Goods for resale	-318	-188	-562	-340	-834
Other external expenses	-827	-503	-1,544	-1,012	-2,346
Cost for remuneration to employees	-704	-686	-1,358	-1,259	-2,527
Depreciation, amortization and impairment losses	-203	-415	-391	-592	-958
Other operating expenses	-276	-5	-284	-9	-21
Total operating expenses	-12,351	-7,996	-22,955	-15,100	-33,549
Operating profit (EBIT)	274	237	938	788	2,089
Financial income	54	6	69	11	19
Financial expense	-60	-31	-93	-61	-121
Total financial net	-6	-25	-24	-50	-102
Profit before tax	268	212	914	738	1,987
Income tax	-108	-109	-262	-235	-540
Profit for the period	160	103	652	503	1,447
Attributable to non-controlling interests	5	3	7	5	10
Attributable to the Parent Company's shareholders	155	100	645	498	1,437

# Condensed balance sheet

SEK million	30.06.2022	30.06.2021	31.12.2021
<b>Assets</b>			
Total non-current assets	10,061	8,852	9,13
Inventory	10,995	7,423	9,054
Accounts receivables	6,657	4,356	5,132
Current receivables	3,846	1,945	2,849
Cash and cash equivalents	1,680	1,139	1,001
Total current assets	23,178	14,863	18,036
Total assets	33,239	23,715	27,166
Non-controlling interests	44	43	48
Total equity including non-controlling interests	13,476	10,198	11,831
Liabilities to banks and credit institutions	2,533	2,097	1,611
Pension liabilities	279	253	271
Lease liabilities	491	564	493
Deferred tax liabilities	408	430	444
Other non-current liabilities	279	422	361
Total non-current liabilities	3,990	3,766	3,180
Liabilities to banks and credit institutions	4,347	2,003	2,333
Lease liabilities	123	130	128
Accounts payables	6,363	4,525	5,696
Other current liabilities	4,940	3,093	3,998
Total current liabilities	15,773	9,751	12,155

## FX exposure – positive translation impact of SEK 84 million in the quarter

	Average rate Q2 2021	Average rate Q2 2022	Movement vs SEK	Spot rate June 2022
USD	8.43	9.57	➔	10.24
EUR	10.15	10.46	➔	10.72
GBP	11.68	12.41	➔	12.45
MXN	0.42	0.47	➔	0.51



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