

Interim Report Fourth quarter and year-end report 2022

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Agenda

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Strong Q4 earnings despite volumes being impacted by the exit from Russia and the optimization program in Bakery

Highlights Q4 2022

- Operating profit increased 14 percent at fixed foreign exchange rates and volumes declined 6 percent.
 - Our decision to exit Russia negatively impacted operating profit by SEK 40 million compared to last year.
 - Operating profit per kilo up 22 percent at fixed FX rates, with all three business areas improving margins.
- The volume decline was largely due to the decision to exit Russia and the optimization program in Bakery.
 - Excluding Russia, volumes declined by 3 percent
- Strong cash flow as the effects of lower raw material prices had a positive effect on working capital. Higher investments year-on-year.
- Proposed dividend of SEK 2.75 per share, corresponding to an increase of 10% compared to last year and a payout ratio of 40%.
- Submitted our Science Based Targets (SBTi) for scope 1, 2 and 3 (non-FLAG).
- To support our updated strategy and long-term aspiration, we have sharpened the organizational structure with changes to the Executive Committee.

Growth and returns Q4 2022

Volume
571,000 MT
(-6%)

**Adjusted
operating profit**
SEK 778 million
(+18% y/y, +14% y/y*)

**Adjusted operating
profit per kilo**
SEK 1.36
(+26% y/y, +22% y/y*)

ROCE
14.5%**

* Fixed FX

** Rolling 12 months incl. IFRS 16 effect

Key events

Strengthened the position in southeast India

- In November 2022, we strengthened our position in the Indian market by acquiring Arani Agro Oil.
- The acquisition gives AAK a platform for serving a high concentration of strategic customers in southeast India, mainly focused on Chocolate & Confectionery Fats, Special Nutrition, Bakery, and Dairy.



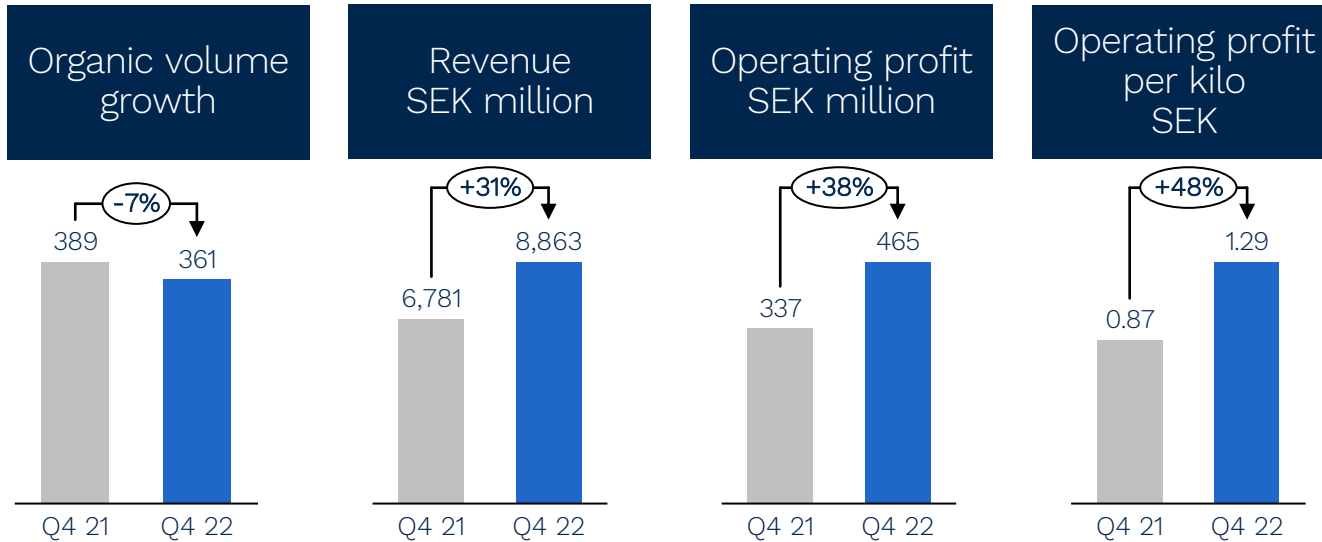
Updated strategy and aspiration

- At the Capital Market Day in November, AAK presented an updated strategy and long-term aspiration.
- The major update in this year's strategy review was the 2030 aspiration:
 - To double our EBIT per kilo by investing in our speciality journey.
 - To grow faster than the market average in our prioritized speciality markets.
 - To be recognized for our increasingly positive impact by our stakeholders.





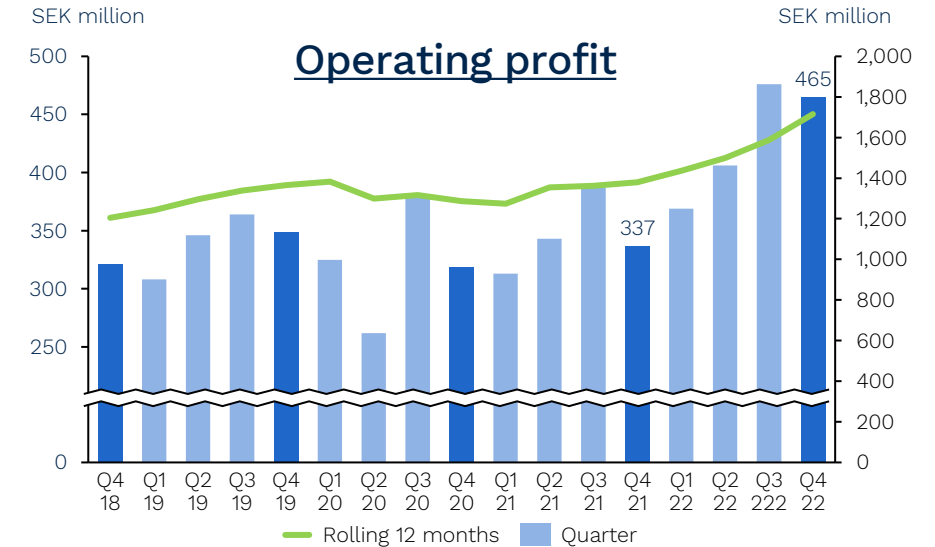
Food Ingredients*



Business area development

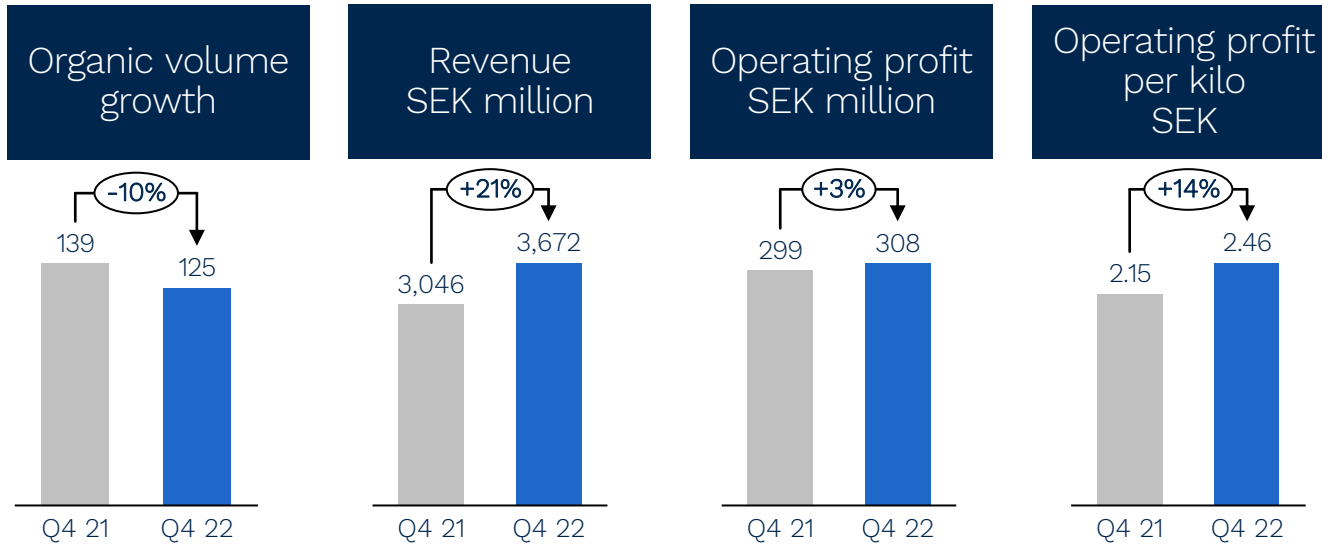
- Volumes decreased by 7 percent, largely due to the optimization program in Bakery as well as the controlled withdrawal from the Russian market. Adjusting for Russia, fourth-quarter volumes in Food Ingredients declined by 6 percent.
- Operating profit and operating profit per kilo grew by 33 and 43 percent at fixed FX rates.
- The strong operating profit growth was broad-based and led by Bakery and Dairy, driven by our dedicated work with contract and product portfolio management. Special Nutrition also performed well, driven by favorable product and geographical mix, as well as declining raw material prices.

*All figures are excluding items affecting comparability





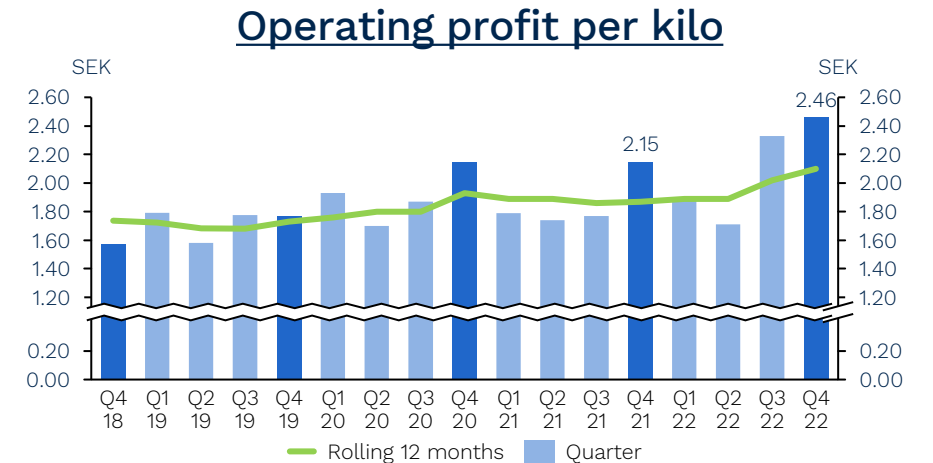
Chocolate & Confectionery Fats*



Business area development

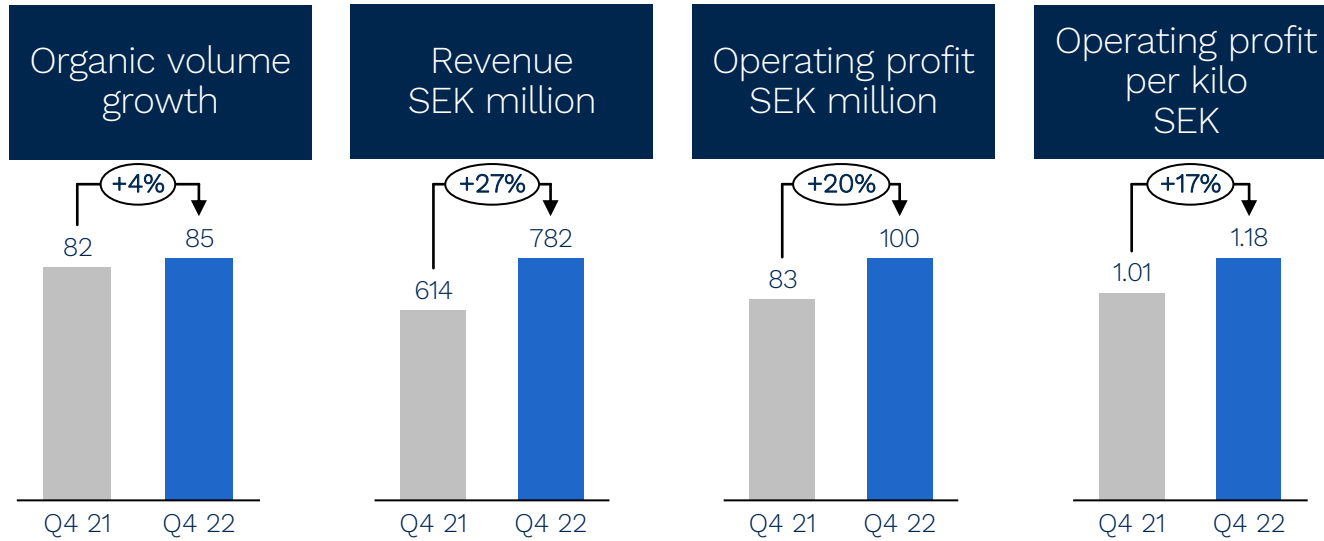
- Volumes decreased by 10 percent following the withdrawal from the Russian market. Excluding Russia, volumes increased by 1 percent, driven by our successful co-development, including strong demand for speciality and semi-speciality solutions.
 - The performance was broad-based, with all regions performing well, except for a slight decline in North America. Europe declined due to Russia.
- At fixed foreign exchange rates, operating profit and operating profit per kilo increased by 1 and 12 percent, respectively. The decision to exit Russia negatively impacted operating profit by SEK 40 million compared to the fourth quarter of last year.

*All figures are excluding items affecting comparability





Technical Products & Feed*

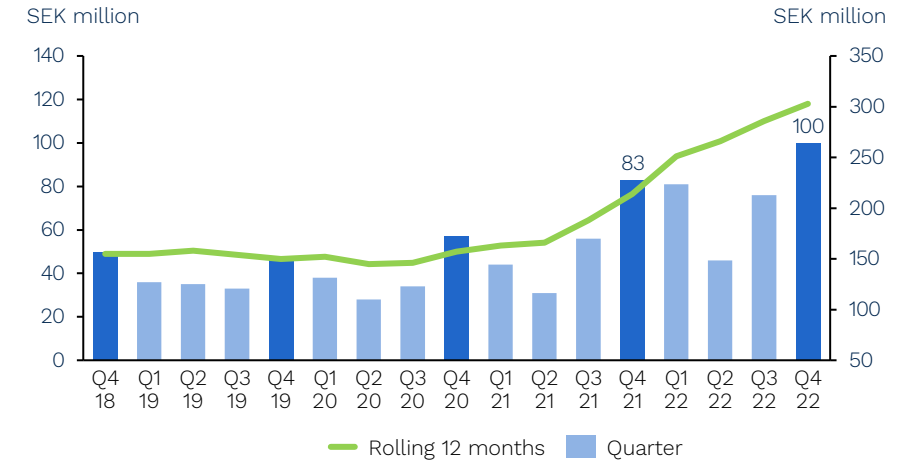


Business area development

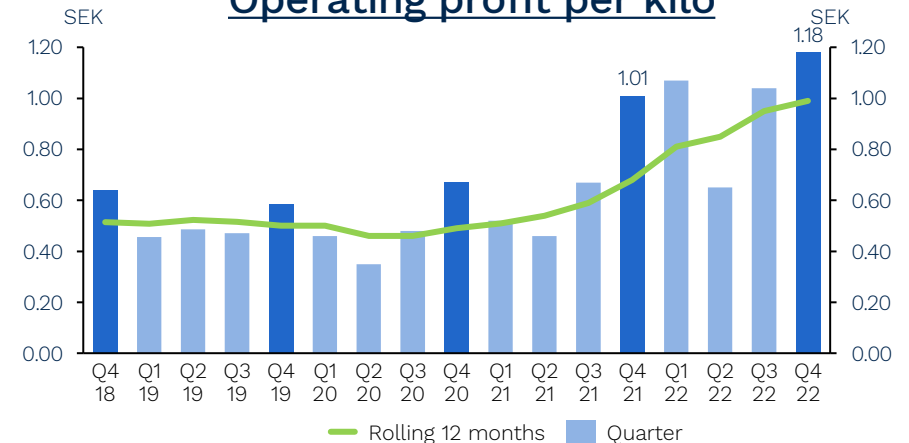
- Volumes in the fourth quarter increased by 4 percent compared to the fourth quarter of 2021.
 - The increase was driven by strong performance in our Feed business.
 - In Technical Products, volumes decreased, driven by Natural Ingredients and internal use of biofuels used to partly offset the cost of high energy prices.
- Operating profit increased by 20 percent driven by significant improvement of profitability in Natural Ingredients and higher volumes in Feed. Operating profit per kilo increased with 17 percent.

*All figures are excluding items affecting comparability

Operating profit

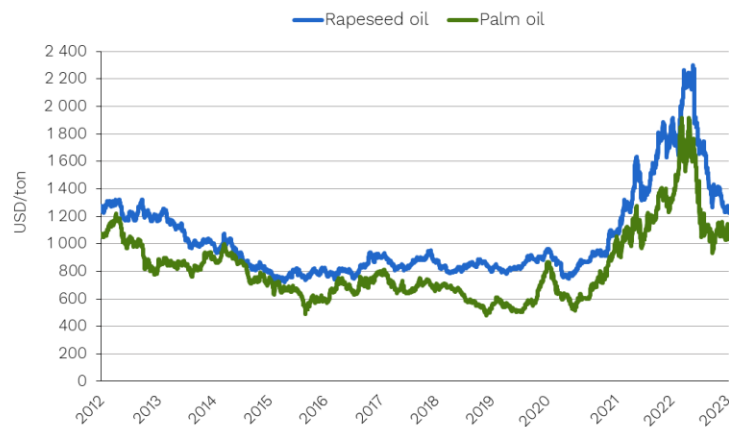


Operating profit per kilo



Prices of key raw materials have stabilized

Rapeseed oil and palm oil



Cocoa butter

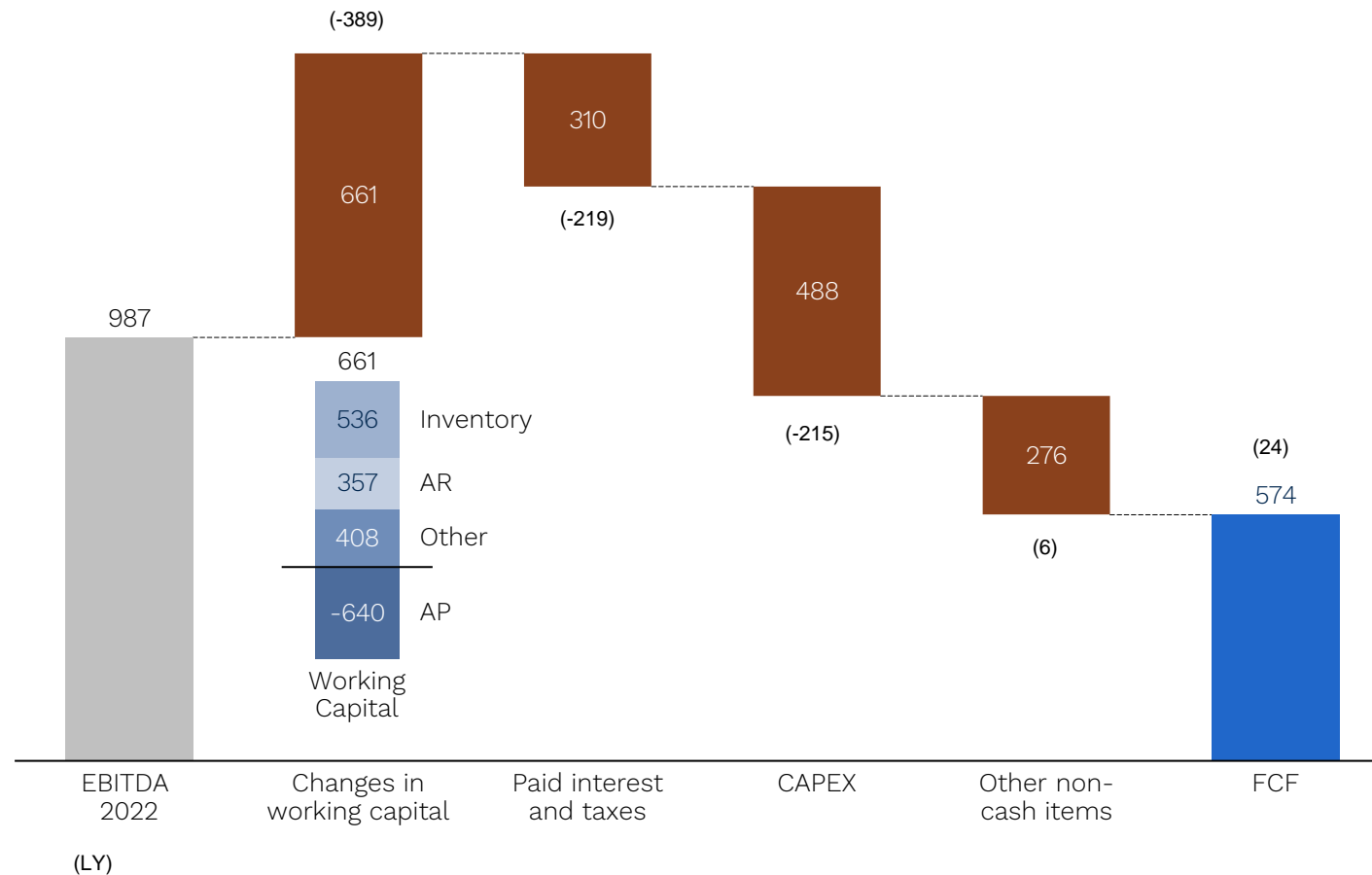


Comments

- Price levels of palm oil and rapeseed oil increased significantly in the first half of 2022. Prices started to decline in 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 roughly 6–9 months.

Strong cash flow as effects from lower raw material prices are starting to show

Cash flow Q4 2022



Comments

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

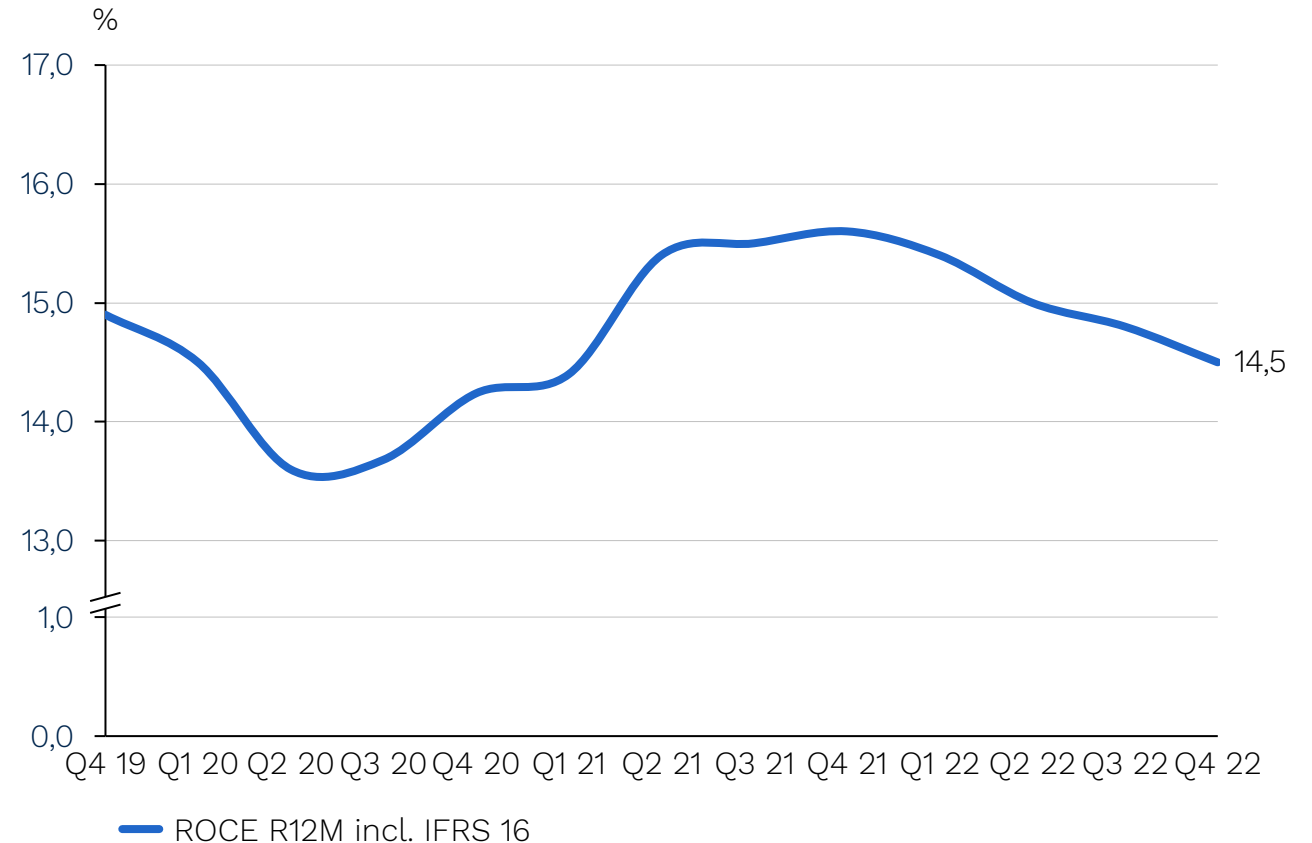
With the lower raw material prices, we expect the positive effect on cash flow to continue during the first half of 2023

Return on Capital Employed (ROCE) impacted by high raw material prices

ROCE end Q4 2022*
14.5%

EBIT LTM
SEK 2,888
million

Capital
employed*
SEK 19,889
million



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

Net debt/EBITDA decline on strong profit growth and lower raw material prices

Net debt/EBITDA



Concluding remarks



- A solid year with double-digit earnings growth driven by margin expansion. Strong Q4 earnings despite soft volume development.
- Productive finish to an eventful year.
 - Acquisition of Arani Agro Oil.
 - Capital Market Day presenting the updated strategy and long-term aspiration.
 - Sharpened the organizational structure.
- We remain prudently optimistic about the future despite prospects of a weaker economic outlook; strong business model and solid end-markets.

Q&A

Financial calendar

Financial calendar 2022-2023

May 4	Interim report Q1, 2023
May 4	Annual General Meeting
July 19	Interim report 1H, 2023
October 25	Interim report 9M, 2023
February 7, 2024	Interim report 12M, 2023



Appendix

Supplementary information

FX exposure – positive translation impact of SEK 24 million in the quarter

	Spot rate December 2022	Average rate Q4 2022	Average rate Q4 2021
USD	10.42	10.08	8.59
EUR	11.14	10.63	10.16
GBP	12.58	12.46	11.80
MXN	0.53	0.50	0.42

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