



Fredrik Nilsson
CFO & Acting CEO

Anne Mette Olesen
Chief Marketing Officer

**Annual General
Meeting**
May 17, 2017



Agenda

Key events 2016

Result 2016

First quarter 2017

New company program

Key events 2016

Acquisition



New production facilities in Brazil and China



Sustainability



New company program/New focus areas



The Co-Development Company



More than **3.000** Talented Employees
20 Production and Customization plants
25 Sales offices
Sales in **100** countries
Global footprint
Leading positions

Acquisition of California Oils Corporation

- ◆ Transform AAK into a true national speciality and semi-speciality edible oils company in the US
- ◆ Bring AAK's customer co-development approach to a national level in the US
- ◆ Focus on cross-selling AAK products, leveraging customers and customer co-development
- ◆ Annual volume of 110,000 MT
 - ◆ Revenues of approximately SEK 1,350 million in 2015



Inauguration of new factory in Brazil

- ◆ New speciality and semi-speciality edible oils factory
 - ◆ Investment: SEK 400 million, total capacity of 100,000 MT
- ◆ Major step forward for our global growth strategy
- ◆ Production facility for speciality and semi-speciality edible oils within Bakery, Dairy and Chocolate & Confectionery

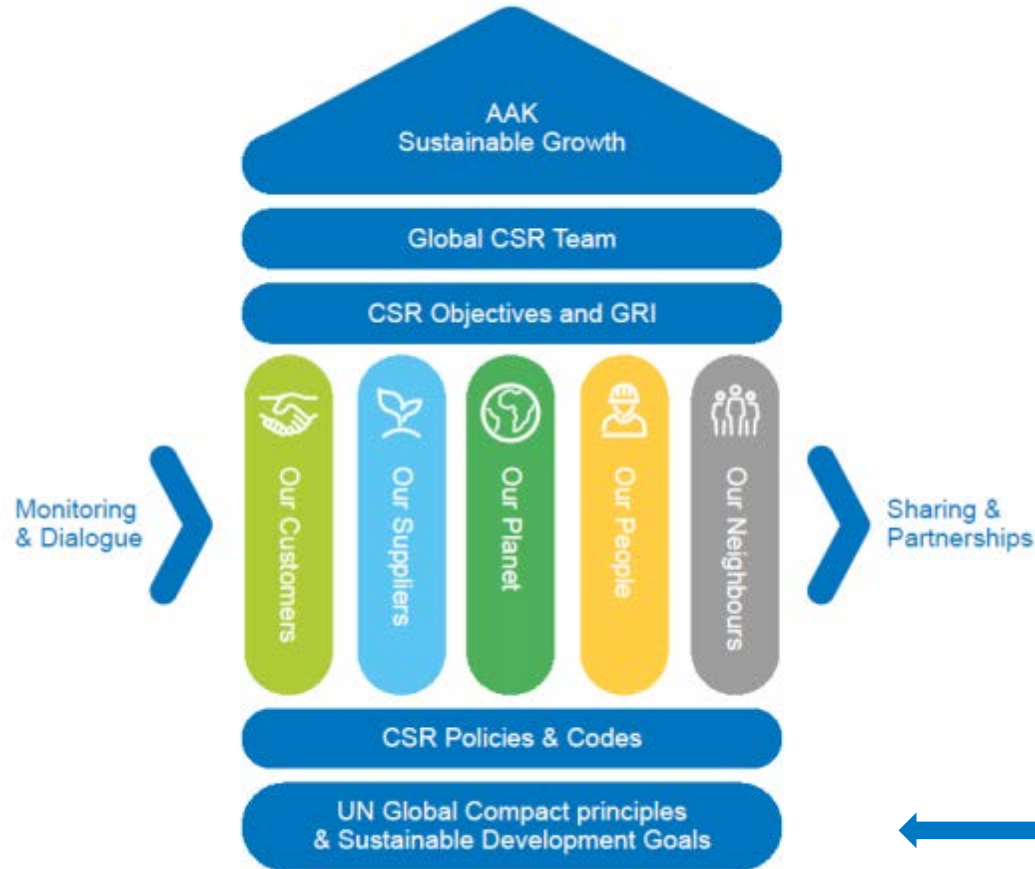


Investing in China – AAK Zhangjiagang

- ◆ New speciality and semi-speciality edible oils factory
 - ◆ Investment: SEK 400 million, capacity of 100,000 MT
- ◆ Production facility for speciality and semi-speciality edible oils within Bakery, Dairy and Chocolate & Confectionery
- ◆ AAK Zhangjiagang delivered its first volumes during the first quarter 2017



Sustainable growth



Key progress during 2015–2016

-6.1% Energy consumption per unit processed

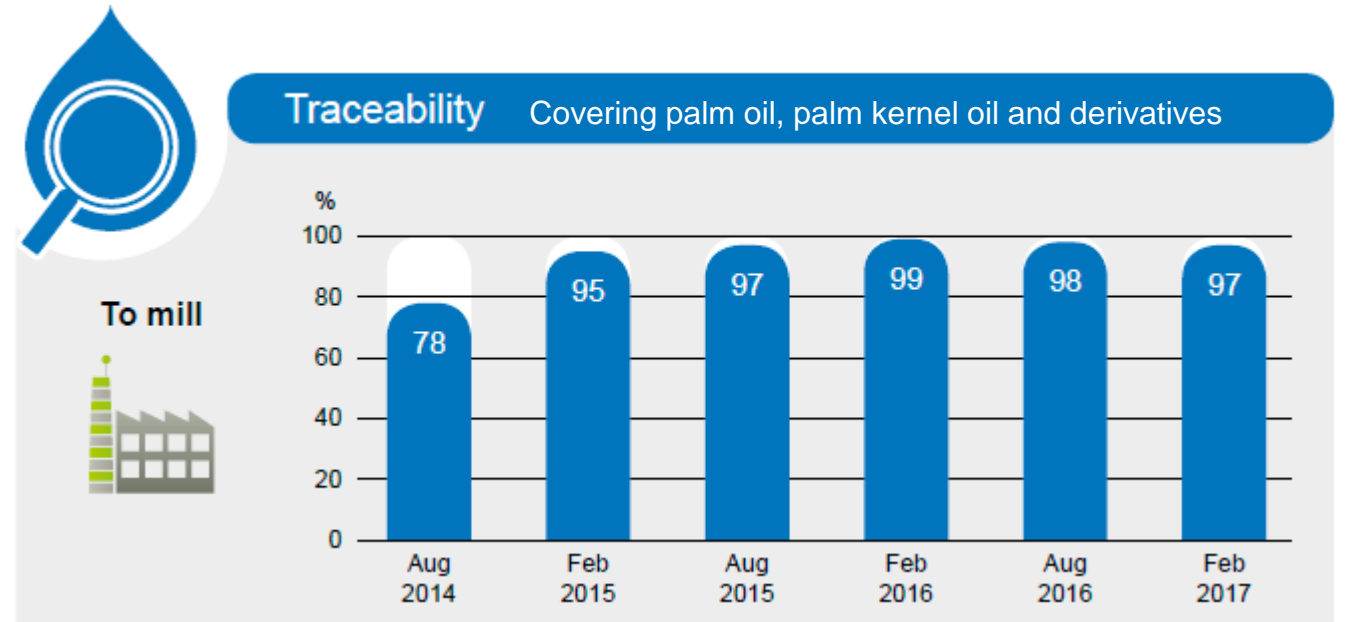
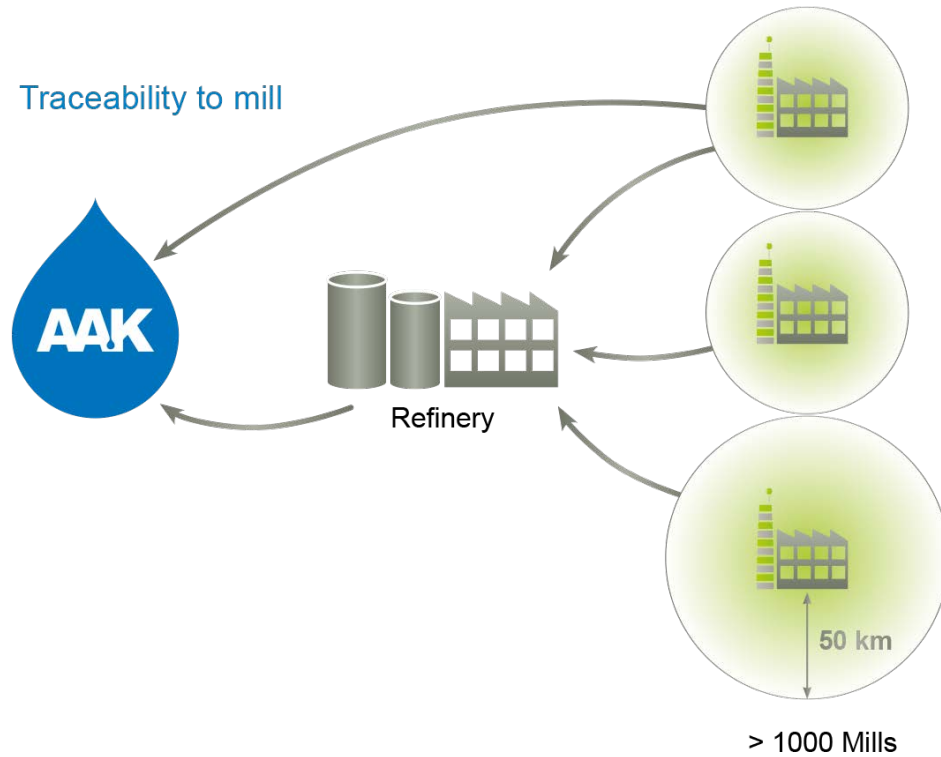
-2.2% Water consumption per unit processed

-6.7% Water discharge per unit processed

-4.9% Net direct CO₂ emissions



Progress on sustainable palm oil – Traceability



Progress on sustainable palm oil – Risk Management



Risk Management

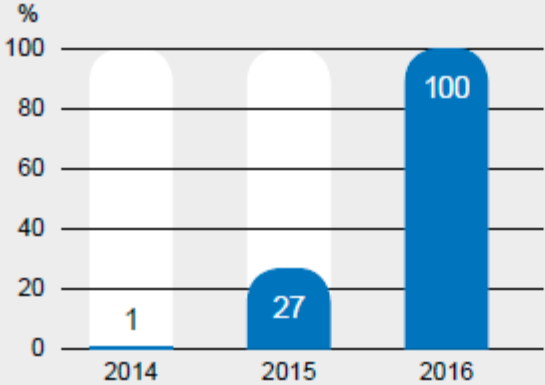
Desktop risk assessment



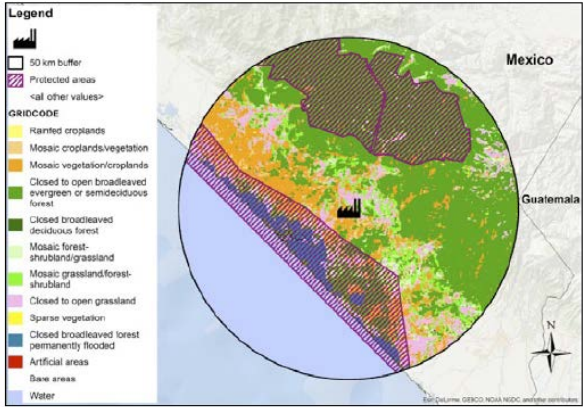
Percentage of AAK's Palm suppliers risk assessed by Proforest:



Geospatial risk assessment



Volume covered by geospatial risk assessment.

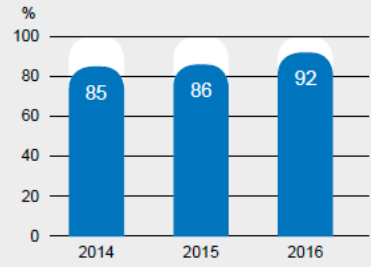


Progress on sustainable palm oil – Supplier Engagement



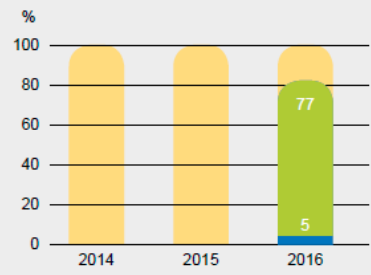
Suppliers Engagement

Supplier Code of Conduct



Volume covered by signed supplier Code of Conduct.

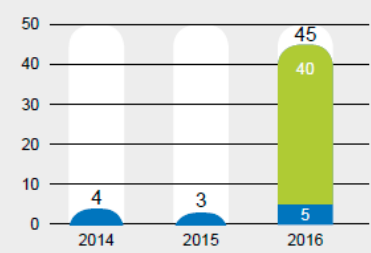
Palm Oil Policy



- Suppliers informed about AAK's Palm Oil Policy
- Signed AAK's Palm Oil Policy
- Has aligned Policy (verified by Proforest)

Higher priority suppliers invited to workshops facilitated by Proforest.

Mill engagement



- Number of mills who attended a Proforest/AAK workshop
- Number of on-site audits

- Strong engagement with suppliers
- Founding member and continuing on the RSPO Board
- Working on potential smallholder projects as they account for over 40% of palm oil production



Progress on sustainable palm oil – Education & Communication



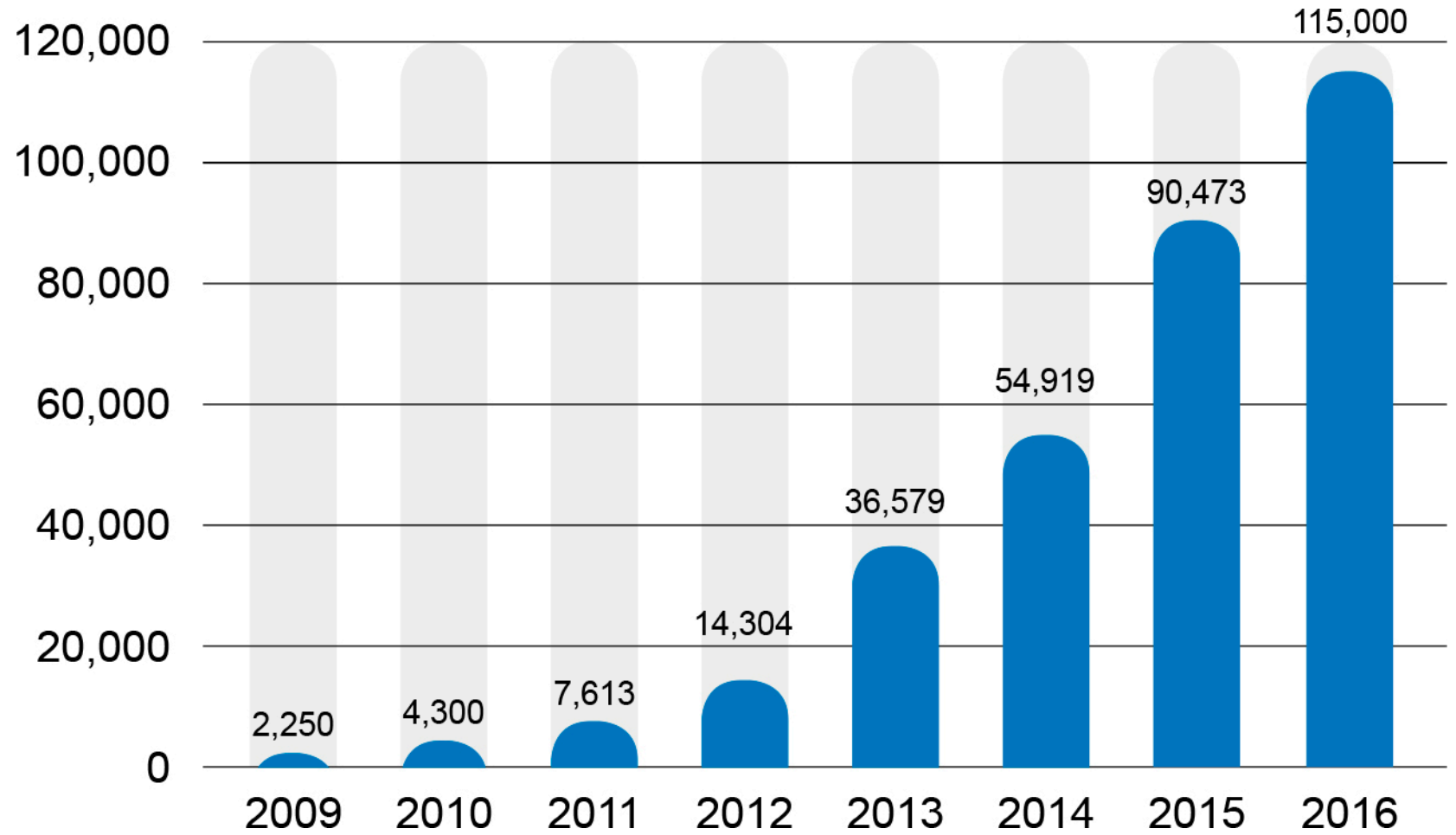
394 Number of AAK employees trained in AAK's Palm Oil Policy and Actions



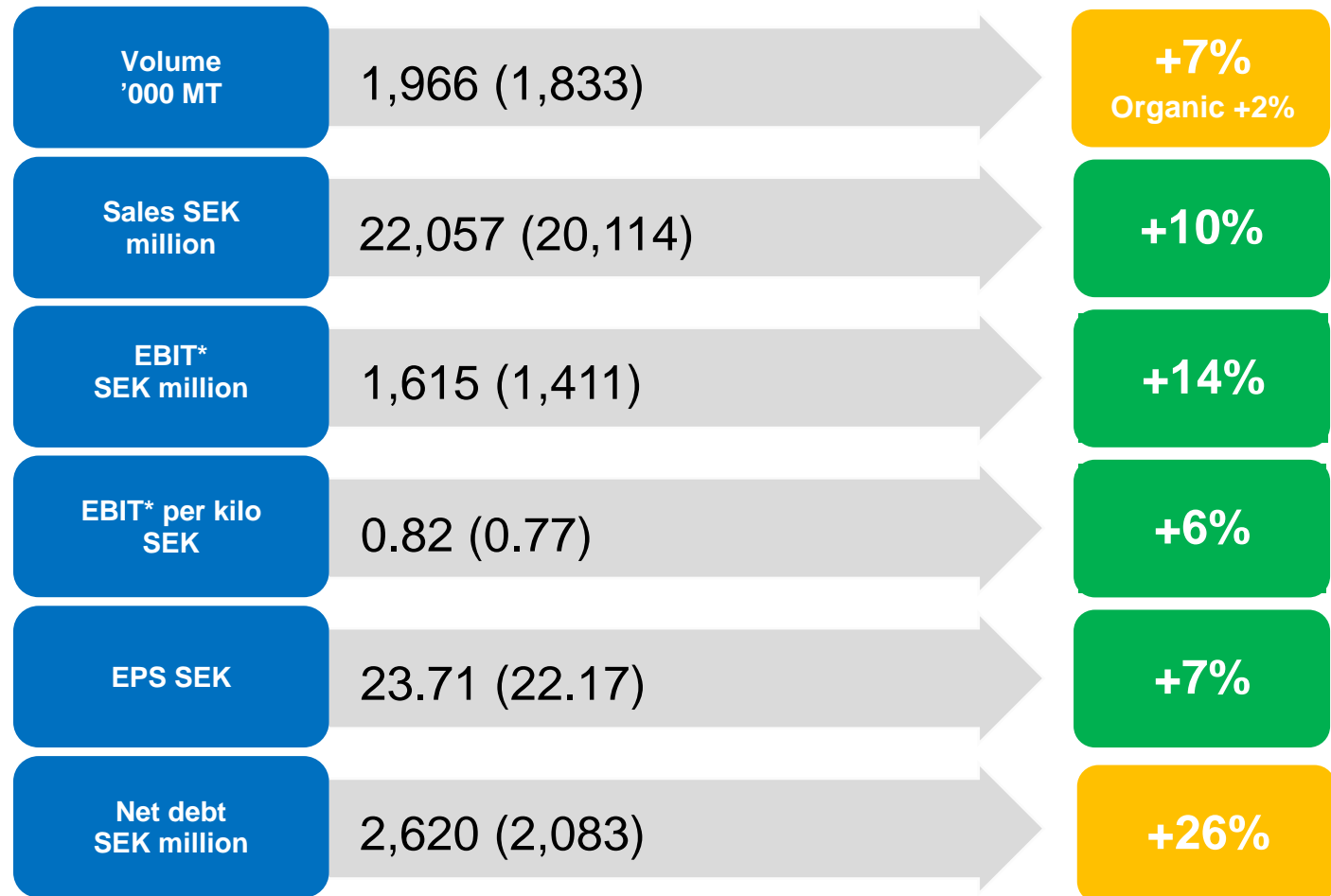
6 Number of progress reports



Continued growth within AAK's women's groups program

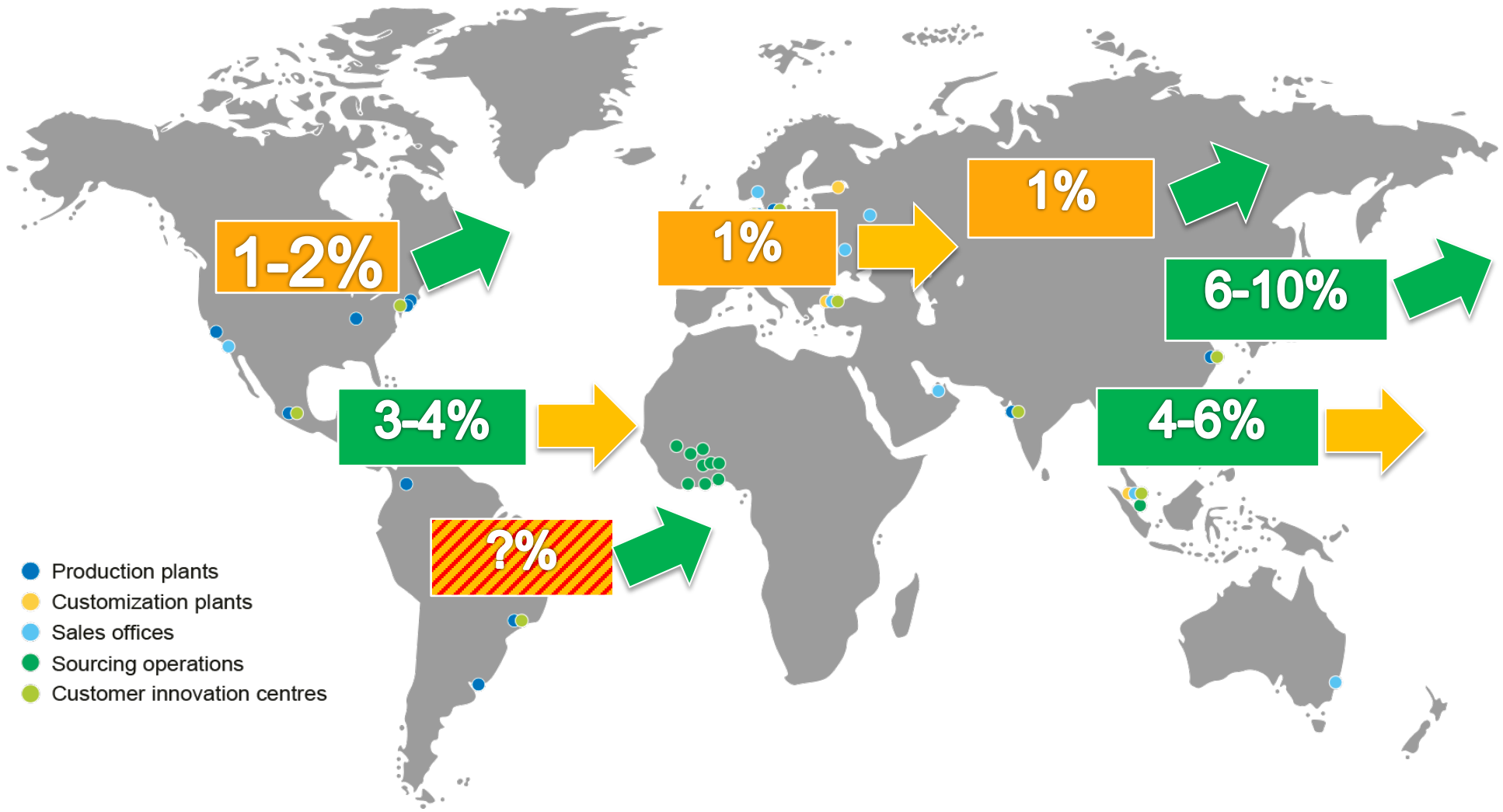


Full year 2016



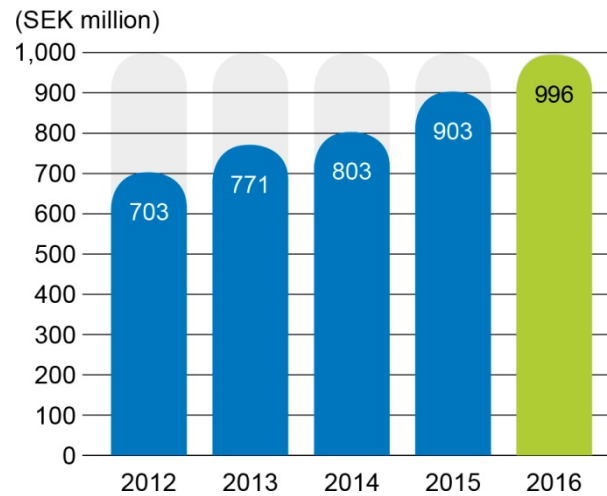
* Adjusted for non-recurring items

AAK year-to-date vs. market growth

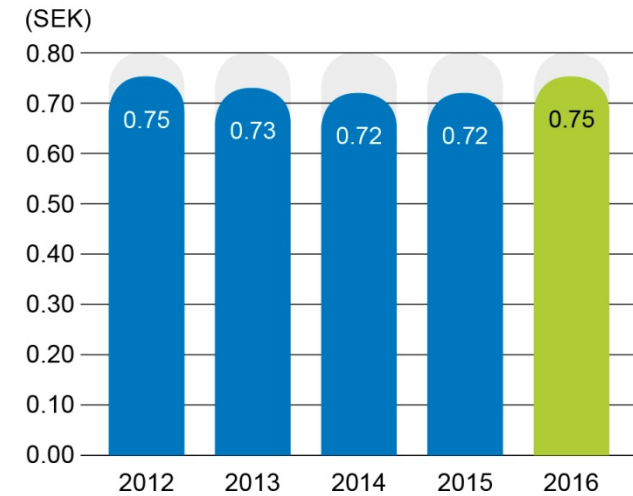


Food Ingredients

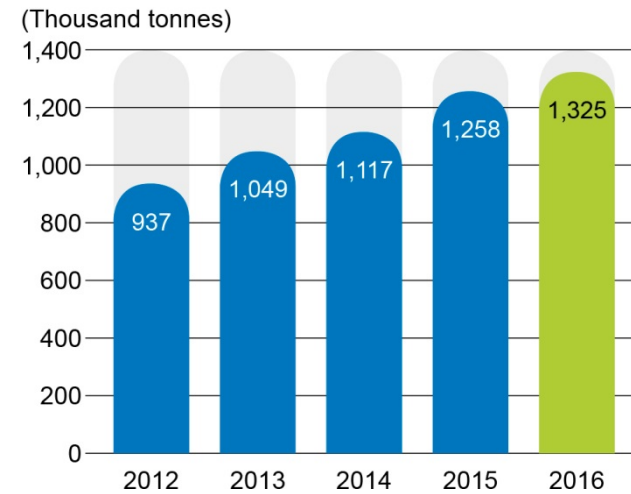
Operating profit (56% of Group total)



Operating profit per kilo



Volumes (69% of Group total)

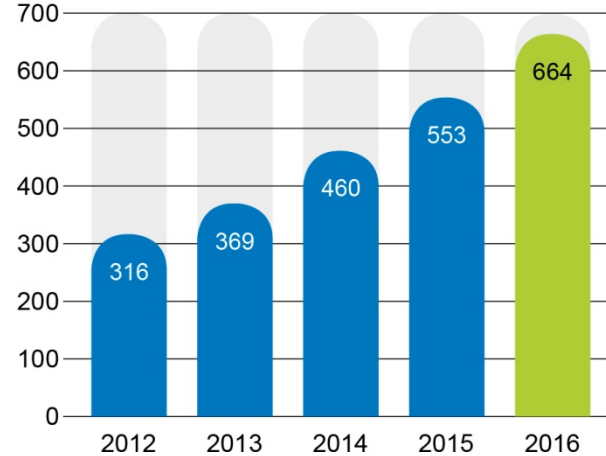


Chocolate & Confectionery Fats



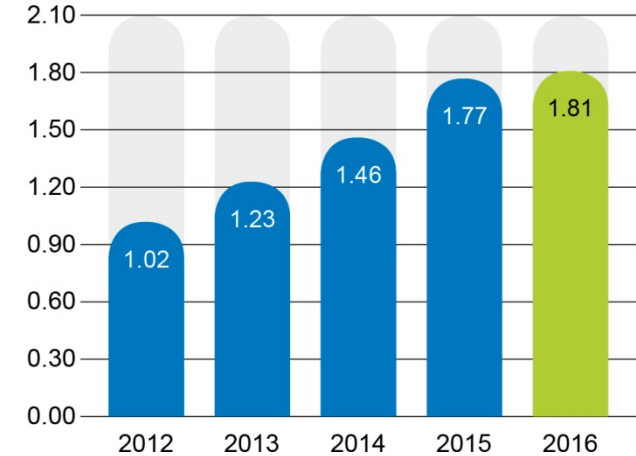
Operating profit (38% of Group total)

(SEK million)



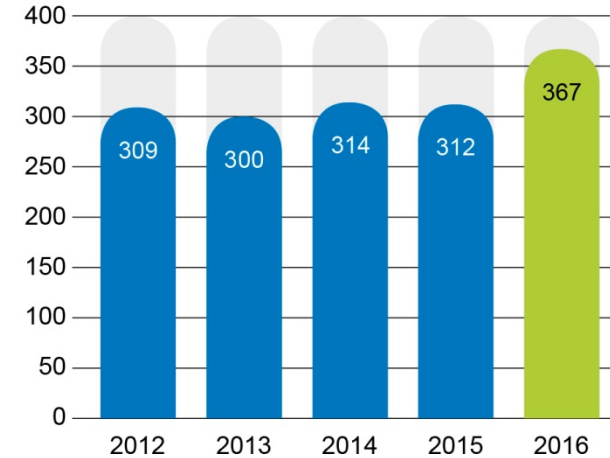
Operating profit per kilo

(SEK)

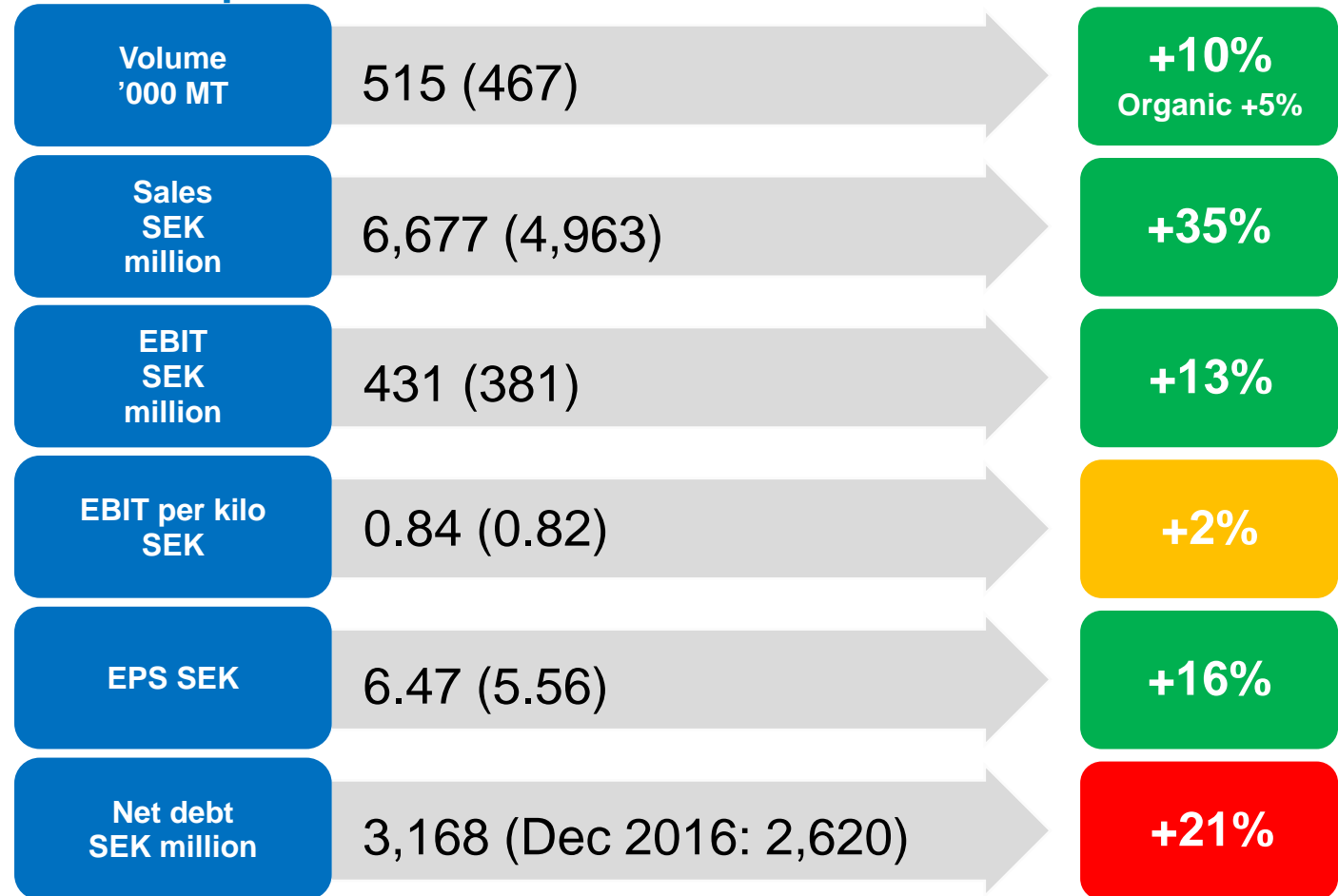


Volumes (19% of Group total)

(Thousand tonnes)



First quarter 2017 – all-time high operating profit for a first quarter



Food Ingredients Q1 2017

Organic volume growth

+2%

Operating profit

+9%

Operating profit per kilo

-1%

- ◆ **Operating profit increased to SEK 249 million (229)**

- ◆ After some challenging quarters the Bakery segment was back to organic growth in several important regions, however the European market remained a challenge
- ◆ The Dairy segment continued the strong trend from 2016 and reported high double-digit organic volume growth
- ◆ Special Nutrition reported medium single-digit volume growth, but with a significantly better product mix compared to the corresponding quarter last year
- ◆ Foodservice reported declining volumes in the quarter. This was mainly due to more challenging market conditions in Europe

- ◆ **Operating profit per kilo was stable at SEK 0.72 (0.73)**

- ◆ Improved product mix
- ◆ Ramp-up costs related to greenfield investments have had a negative impact on operating profit per kilo



Chocolate & Confectionery Fats Q1 2017

Organic volume growth

+17%

Operating profit

+23%

Operating profit per kilo

+6%

- ◆ **Operating profit increased to SEK 196 million (159)**

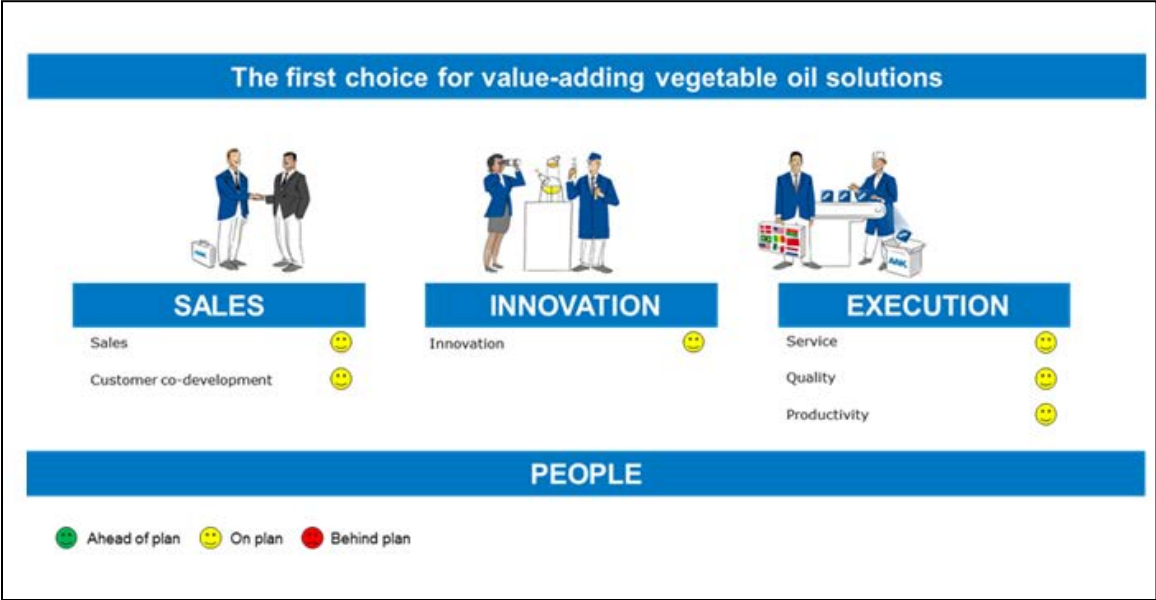
- ◆ There was continued strong organic volume growth for both speciality and semi-speciality products, with several showing exceptional volume growth – in mature as well as in emerging markets
- ◆ The currency translation impact was SEK 6 million

- ◆ **Operating profit per kilo increased from SEK 1.89 to SEK 2.00**

- ◆ Continued improved product mix
- ◆ Ramp-up costs related to greenfield investments have had a negative impact on operating profit per kilo
- ◆ Recent years' strong customer co-development, new innovative solutions, and further expansion of our geographical footprint are continuing to yield positive results



Three years with AAKtion



Stronger sales platform, improved product mix, growing with global customers

More and improved customer co-development driving value

Improved innovation through prioritization and stronger capabilities

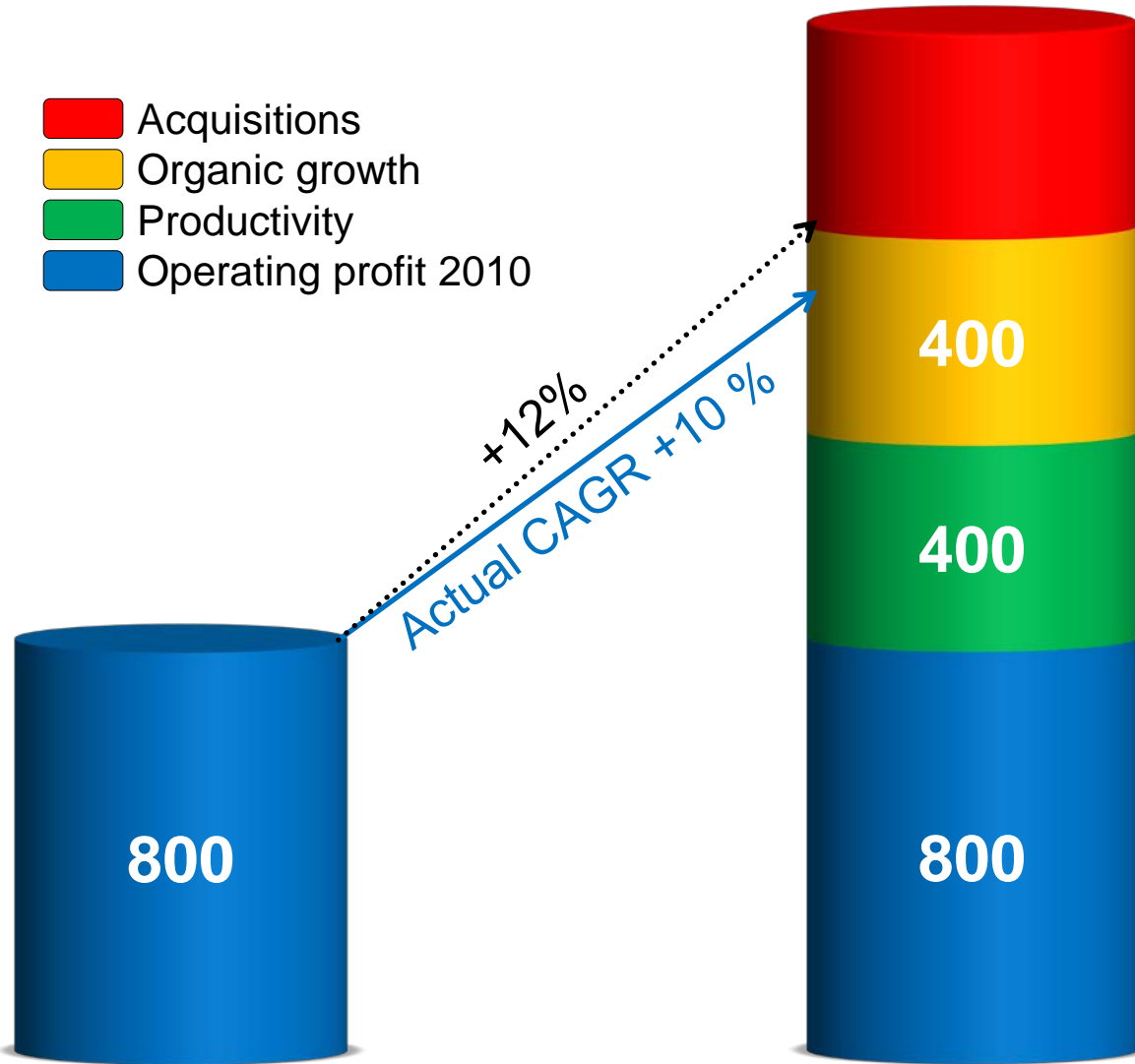
TROPICAO launched and stronger NPD

Strengthened supply chain built on high service, improved quality and continuous productivity improvements

Strengthening our team by development and continued to focus on our values

Management ambition 2010–2016*

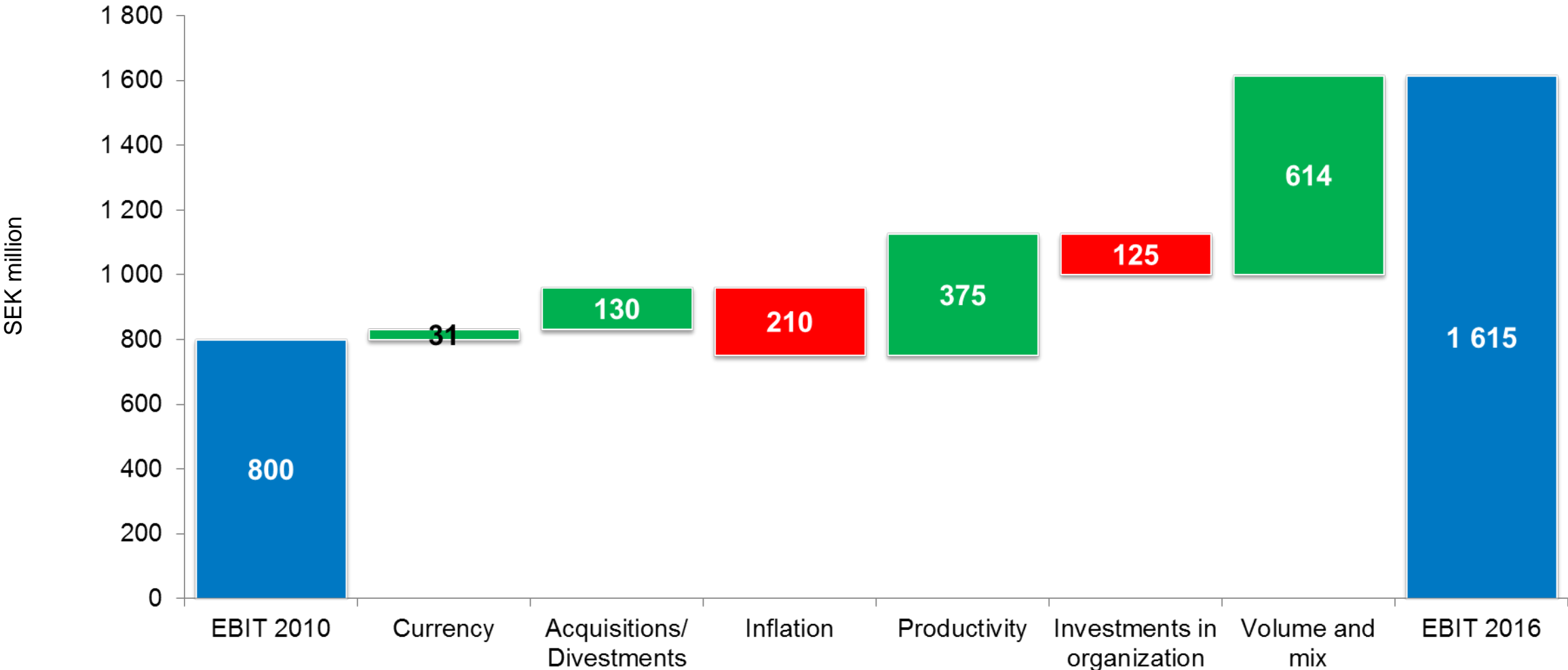
- Acquisitions
- Organic growth
- Productivity
- Operating profit 2010



- Ambition probably reached in 2016 but with some support of:
 - M&A
 - Translation differences
- Much larger investments in organization for:
 - Organic growth, particularly in China and Brazil
 - R&D, people and IP
- Situations in Russia, Ukraine, Middle East and Brazil not anticipated in 2010

*As expressed at the Capital Market Day November 10, 2010

Follow-up on the "Management ambition"*



*As expressed at the Capital Market Day November 10, 2010 and at fixed exchange rates



The **AAK** Way

A blue, rounded cartoon character with a smiling face, wearing white gloves and shoes. It is standing on the right side of the image, pointing its right hand towards the word 'Way' in the title 'The AAK Way'. The character has a friendly, approachable appearance.

Innovation

Go To Market

- ◆ AAK Way of Selling
- ◆ Customer Co-Development

Operational Excellence

- ◆ Sourcing Excellence
- ◆ Cost Effective & Flexible
- ◆ World Class Delivery

Special Focus Areas

- ◆ Special Nutrition
- ◆ Dairy+
- ◆ INNOBO-Products

People

New focus area: Special Nutrition

INFANT NUTRITION



SENIOR NUTRITION



MEDICAL NUTRITION



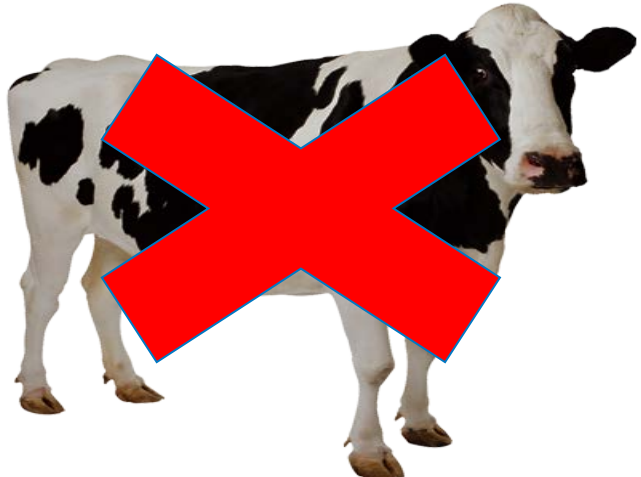
New markets – New opportunities – New solutions

New focus area: Plant-based Dairy

Skip a step



Grow the crops



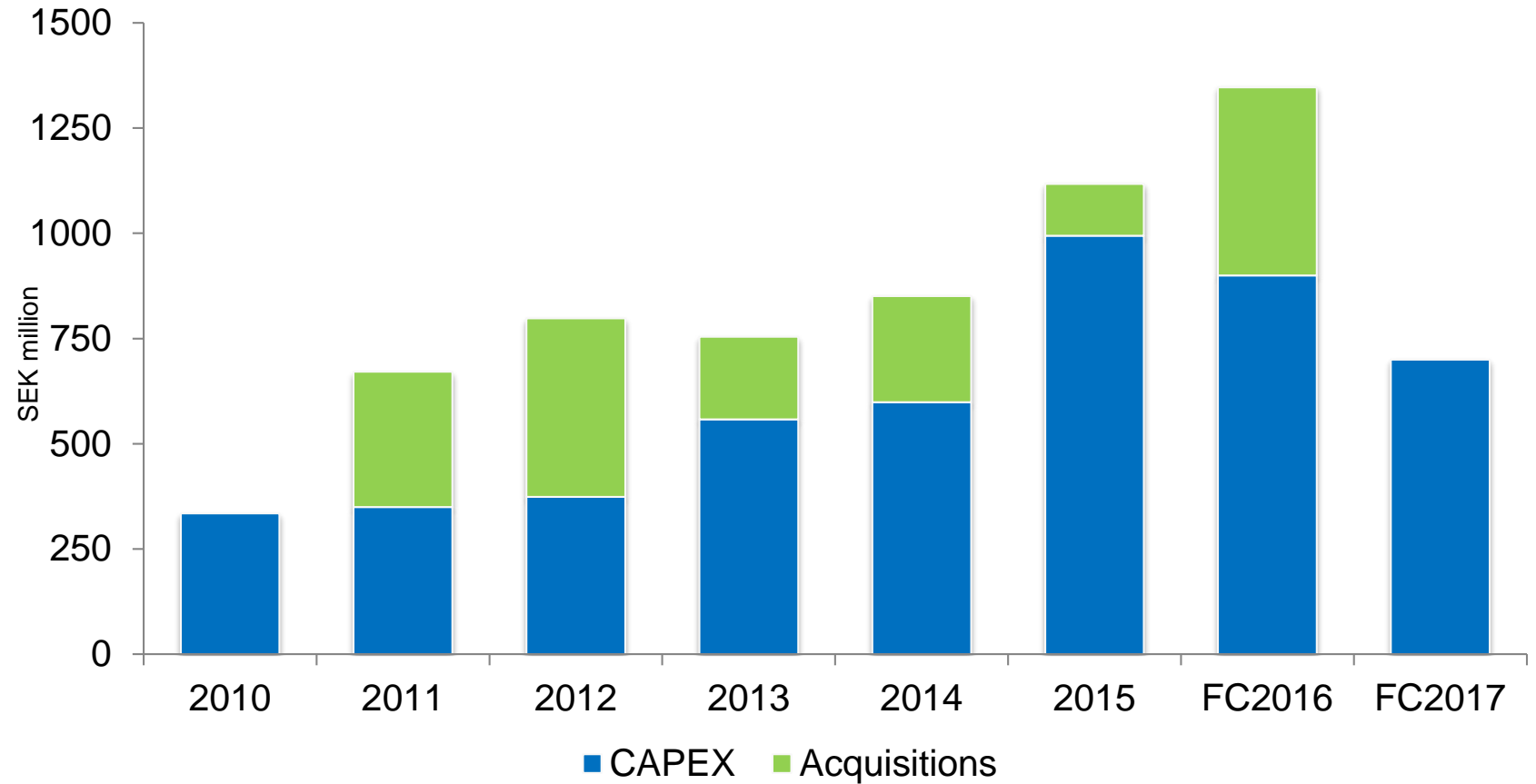
Feed the cows



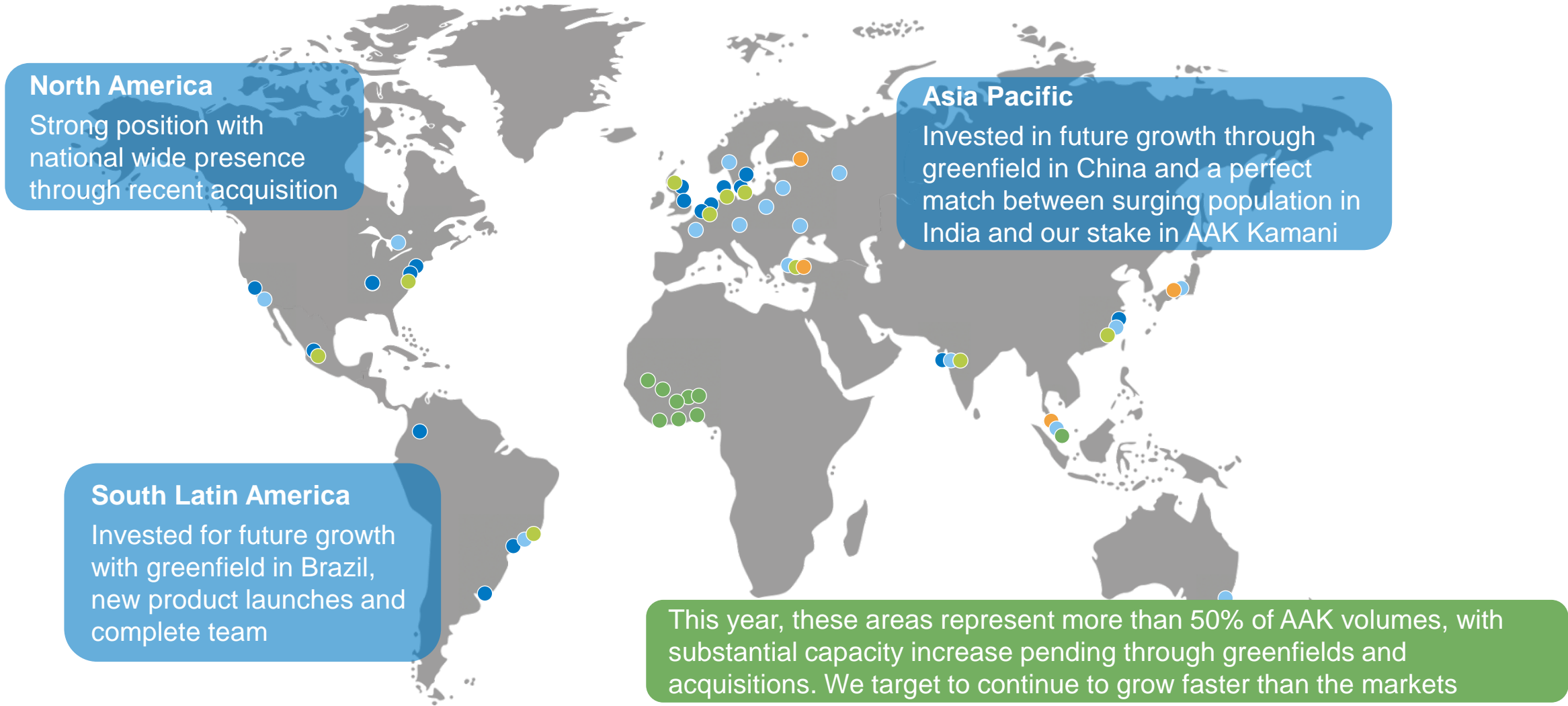
Produce the food



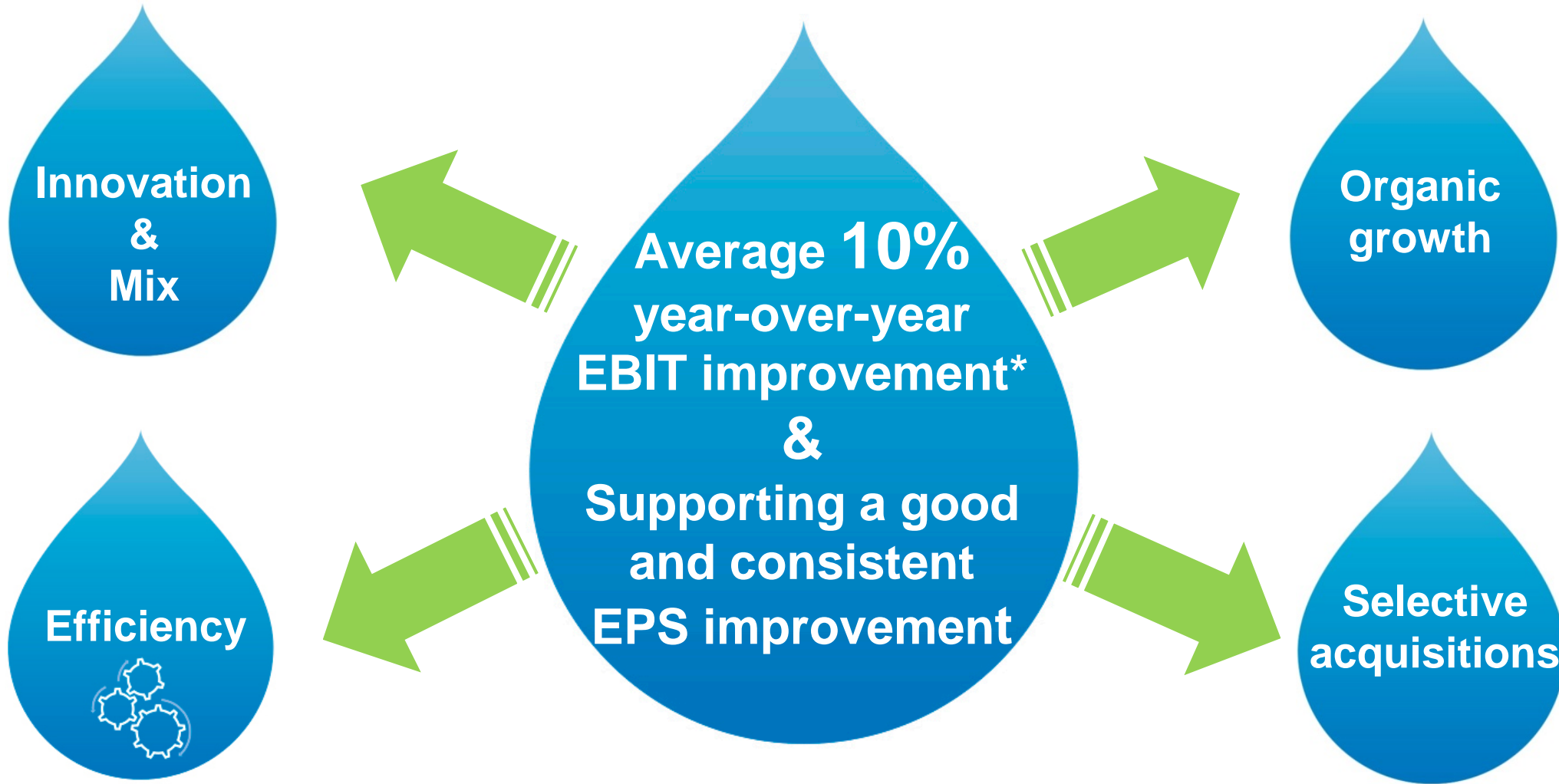
Investing for future growth



AAK's position in growing markets



Management ambition for the coming years



* Excluding acquisitions and at fixed FX



Concluding remarks

- ◆ Based on AAK's customer value propositions for
 - ◆ Health and reduced costs
 - ◆ Customer product co-development and solutions approach
- ◆ We continue to remain prudently optimistic about the future
- ◆ The main drivers are:
 - ◆ The continued positive underlying development in Food Ingredients
 - ◆ A continued improvement in Chocolate & Confectionery Fats



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