



**Fredrik Nilsson**  
**Chief Financial Officer**

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**Anne Mette Olesen**  
**Chief Marketing Officer**

**Annual General Meeting**  
**May 30, 2018**



# Agenda

- 1 Business performance 2017
- 2 Key events 2017
- 3 Our company program, The AAK Way
- 4 Business performance Q1, 2018
- 5 Sustainability update
- 6 Trends and ambitions



# The Co-Development Company



More than **3,300** employees  
**20** Production and Customization Plants

**25** Sales Offices

Sales in **100** countries

**Global** footprint

**Leading** positions

# Business performance – 2017

## HIGHLIGHTS

# 2017



- 7<sup>th</sup> consecutive year of record-high operating profit
- Strong double-digit profit development in Food Ingredients
- Double-digit organic volume and profit growth in Chocolate & Confectionery Fats
- Technical Products & Feed almost back to historical profit levels
- Earnings per share has improved by 19%

## GROWTH & RETURNS

**Volume**  
**2,129,000 MT**  
(up 10%, organically 5%)

**Operating profit**  
**SEK 1,786 million**  
(up 11%)

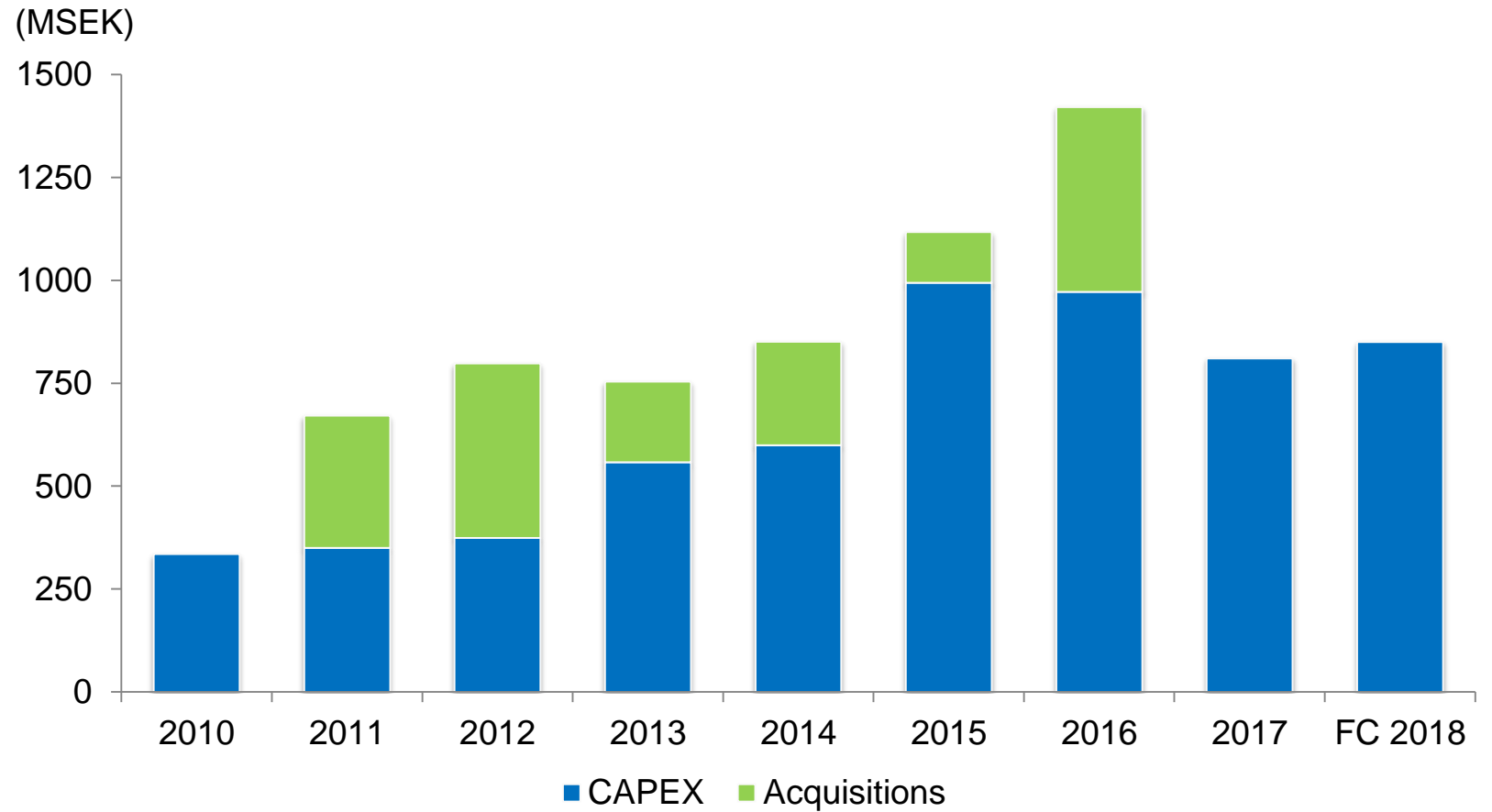
**Operating profit**  
**per kilo**  
**SEK 0.84**  
(up 1%)

**ROCE**  
**15.6%**





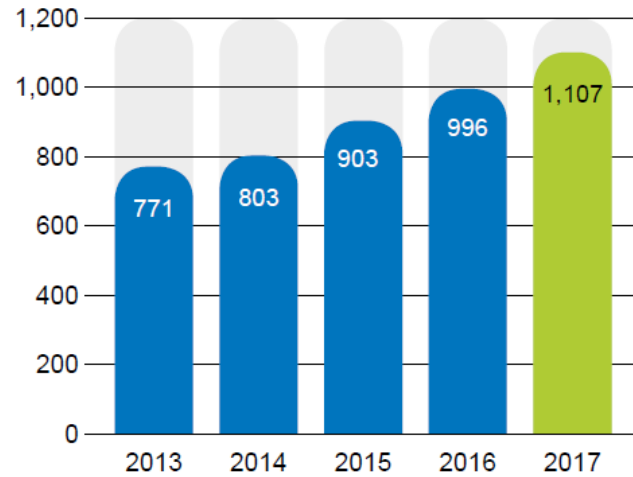
# Investments for future growth



# Food Ingredients 2017

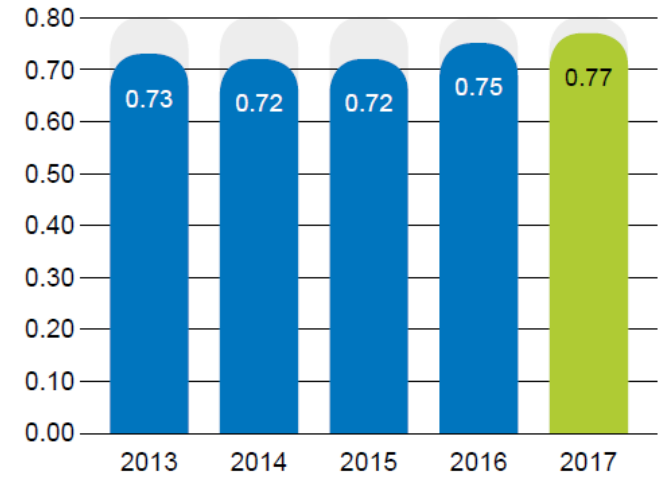
## Operating profit (58% of Group total)

(SEK million)



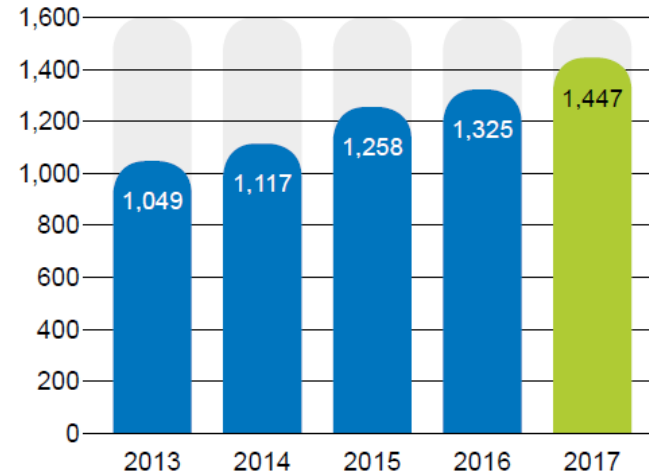
## Operating profit per kilo

(SEK)



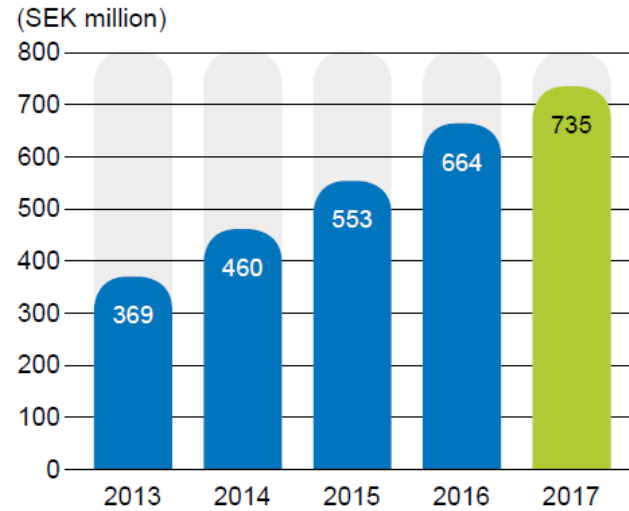
## Volumes (68% of Group total)

(Thousand tons)

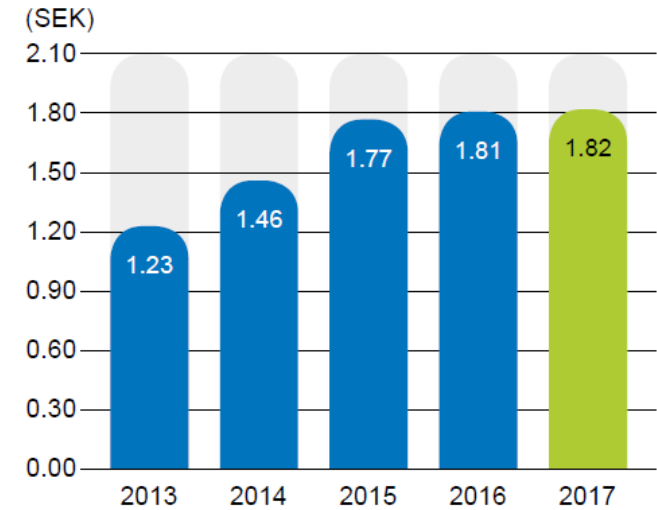


# Chocolate & Confectionery Fats 2017

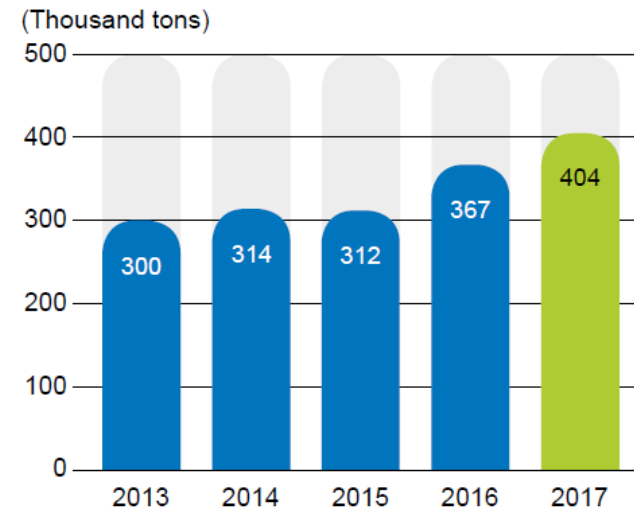
Operating profit (38% of Group total)



Operating profit per kilo

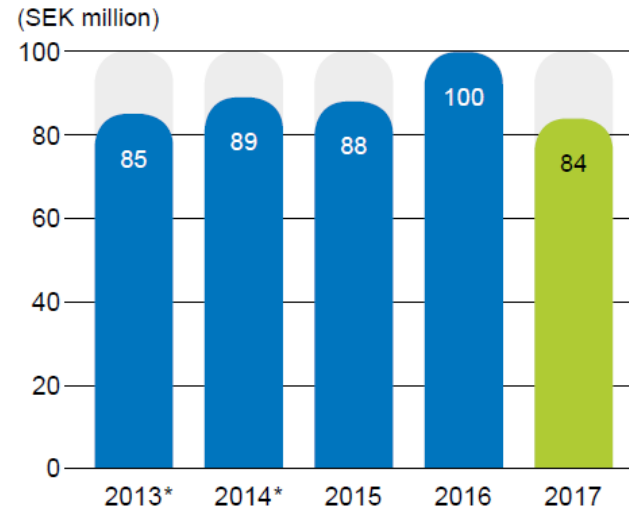


Volumes (19% of Group total)

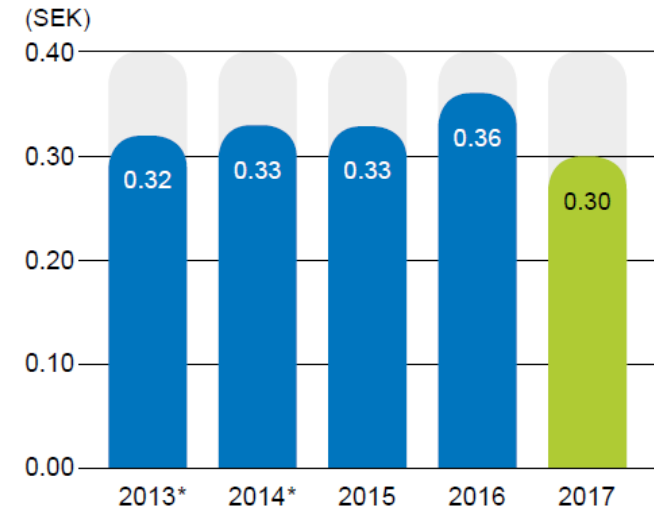


# Technical Products & Feed 2017

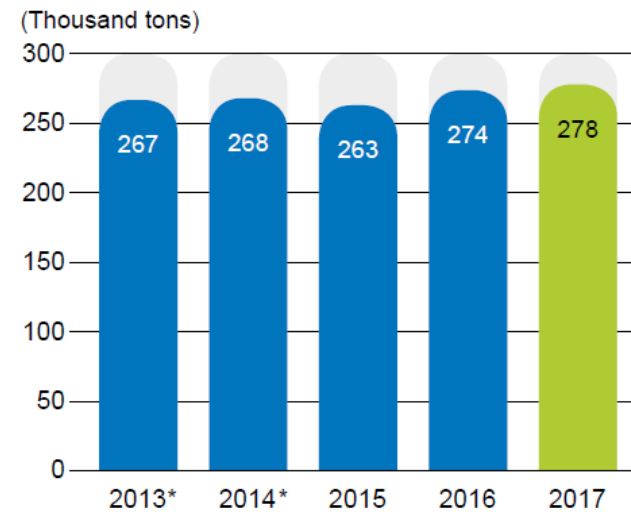
## Operating profit (4% of Group total)



## Operating profit per kilo



## Volumes (13% of Group total)



\*2013 and 2014 adjusted for Binol divestment.



# Key events 2017



**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**

# Go to Market

## AAK Way of Selling



- ◆ Developed next level sales training
- ◆ Prepared Global Customer Survey

Volume

+9%

## Customer Co-Development



- ◆ Developed first wave of e-learning modules
- ◆ Global mapping of knowledge sharing tools

Pipeline Win Value

+30%

# Operational Excellence

## Sourcing Excellence



- ◆ Significant cost savings
- ◆ Progress on multi-oil sustainability

## Cost Effective & Flexible



- ◆ Continuous improvement based on Kaizen
- ◆ Global best practice teams

## World Class Delivery



- ◆ Improved progresses



# Special Focus Areas

## Special Nutrition



- Launched Special Nutrition globally
- First sales of Akovita®

Volume

+26%

## Dairy+



- Improved Customer Innovation set up
- Prepared launch of plant-based dairy solution

Volume

+29%

## INNOBO – Products



- Global Foodservice Customer Innovation team
- Mapped all products globally

Volume

+1%

# The AAK Way

## Innovation



- ◆ Developed and launched upgraded innovation process

## People



- ◆ Employee Engagement Survey +7%
- ◆ Leadership training globally

# Business performance Q1, 2018

## HIGHLIGHTS

# 2018



- ◆ 29th consecutive quarter of record-high operating profit
- ◆ Strong organic volume growth continued
- ◆ Gaining market shares
- ◆ Earnings per share increased by 15%
- ◆ The rate of capital expenditure remains on a high level
- ◆ Two new innovation centers inaugurated in the UK, one for Bakery in Hull and one for Foodservice in Runcorn

## GROWTH & RETURNS

**Volume**  
**551,000 MT**  
(up 7% y/y)

**Operating profit**  
**SEK 460 million**  
(up 7% y/y, up 9% y/y\*)

**Operating profit**  
**per kilo**  
**0.83 SEK**  
(down 1% y/y, up 2% y/y\*)

**ROCE**  
**15.4%**

\*Fixed FX

# Business areas Q1, 2018

## Food Ingredients

Organic volume growth  
**+9%**

Operating profit  
**+9%**

Operating profit per kilo  
**+0%**

## Chocolate & Confectionery Fats

Organic volume growth  
**+4%**

Operating profit  
**-3%**

Operating profit per kilo  
**-7%**

## Technical Products & Feed

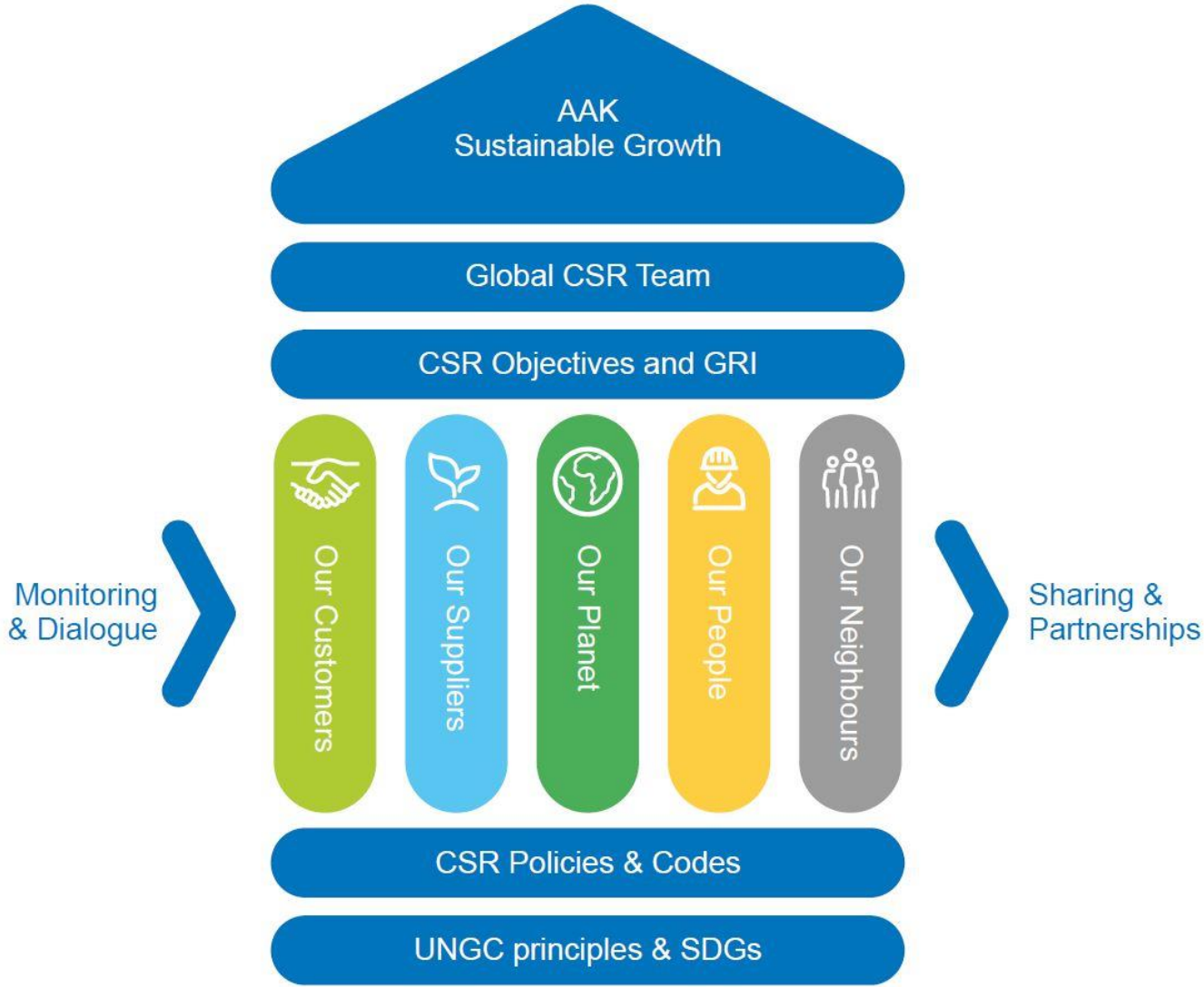
Organic volume growth  
**+4%**

Operating profit  
**+89%**

Operating profit per kilo  
**+85%**



# Sustainable growth – House of Sustainability



# Our Suppliers – Responsible sourcing



## ◆ AAK Responsible Sourcing Policy

- ◆ complements the AAK Group Supplier Code of Conduct
- ◆ applies to all of AAK’s procurement of vegetable oils and related raw materials
- ◆ is based on the principles of:



Legal compliance



Anti-corruption



Human rights



Labour rights



Housing



Land rights and tenure



Environment

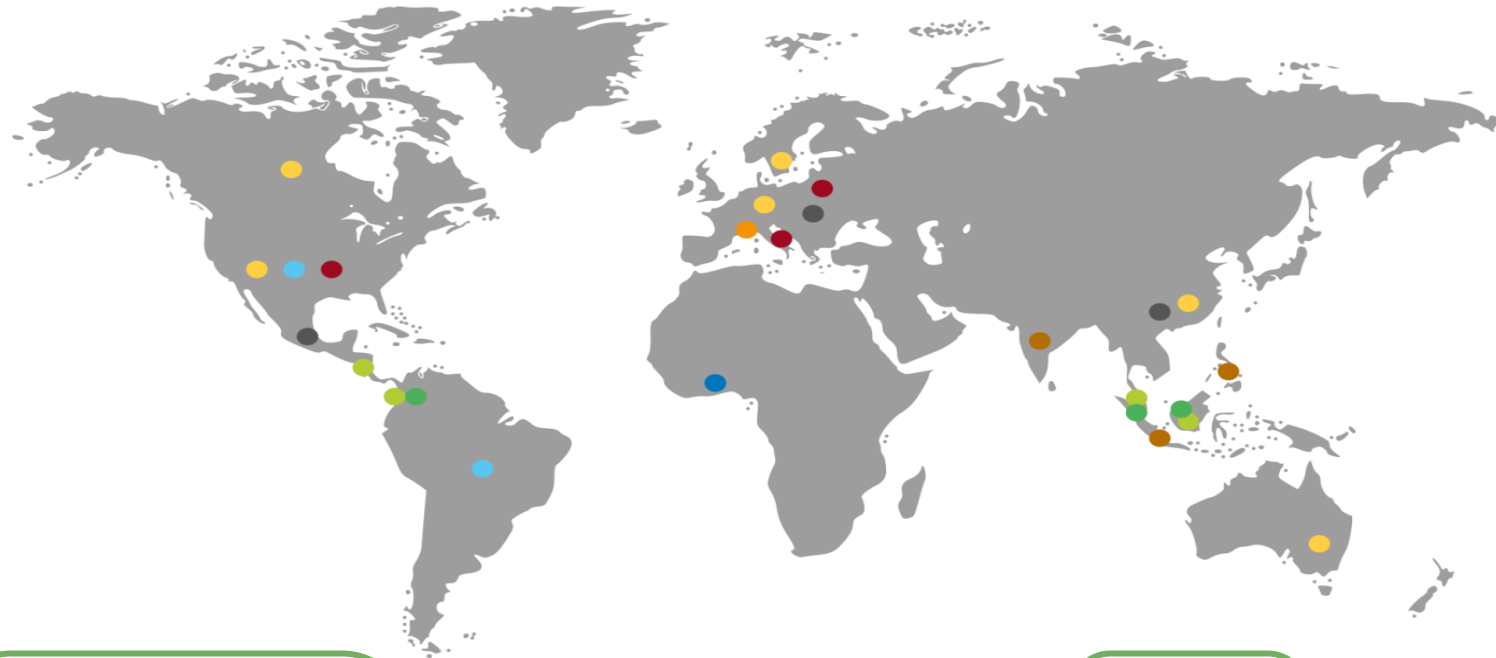


Smallholder



Traceability

# Our Suppliers – Responsible sourcing



● Rapeseed and rapeseed oil



Northern and Central Europe, Canada, US, Australia and China

● Palm oil



Asia and Central and South America

● Palm kernel oil



Asia and South America

● Olive oil



Southern Europe

● Soya bean oil



US and South America

● Sunflower oil



Eastern Europe, Mexico and China

● Shea kernels



West Africa

● Corn oil



America and Eastern and Southern Europe

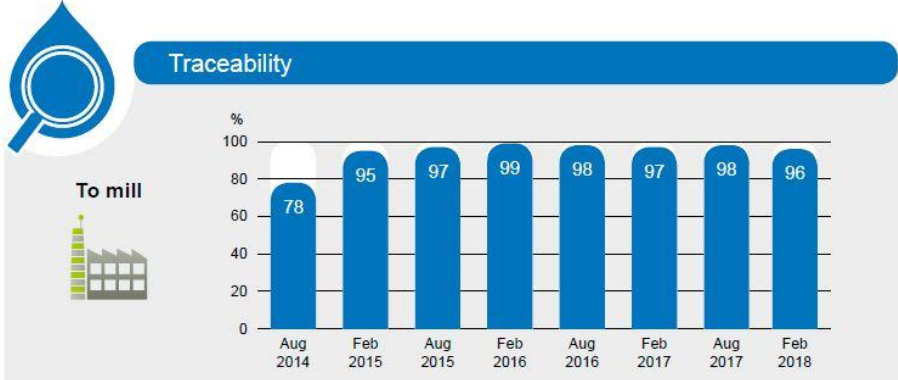
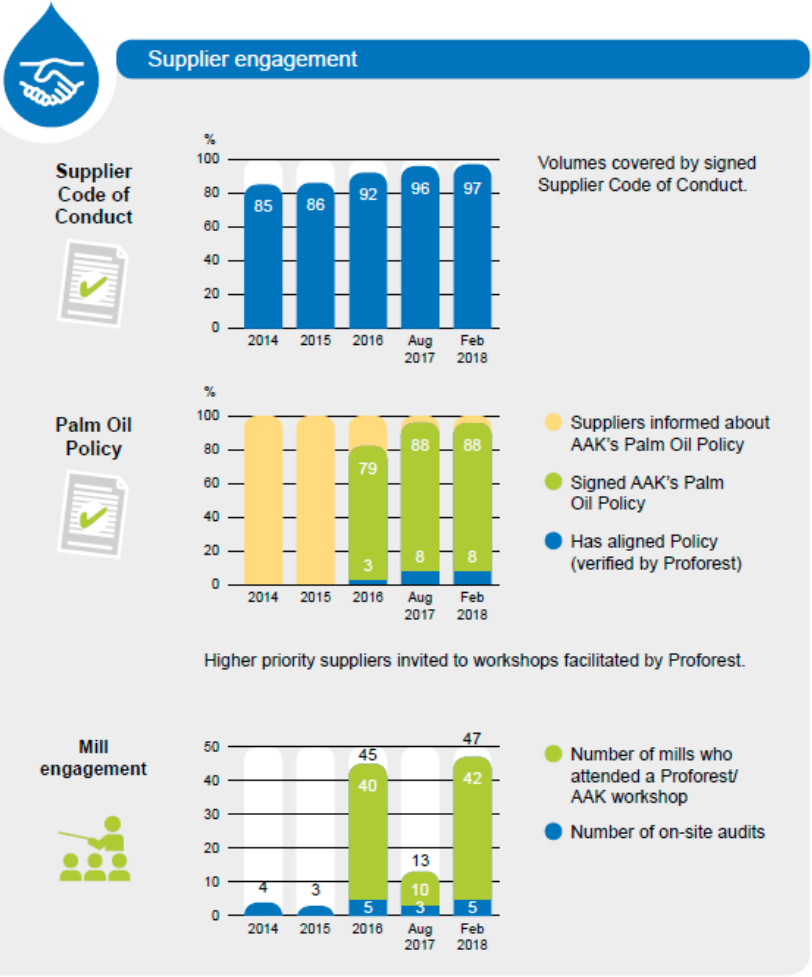
● Coconut oil



The Philippines, Indonesia and India

# Sustainable palm – strong engagement with our suppliers

proforest





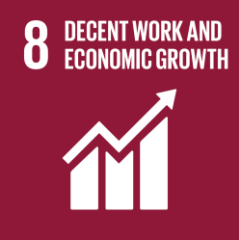
# Palm – contributing to the SDGs



Smallholder livelihoods



Traditional food crops



RSPO certification



HCV, HCS, no peatland

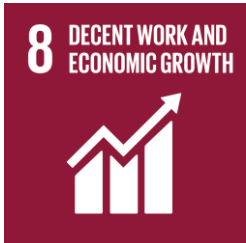


Forever Sabah

# Shea – contributing to the SDGs



Pre-financing and banking



Investing in gardens



Affording medication



Logistics and warehouses



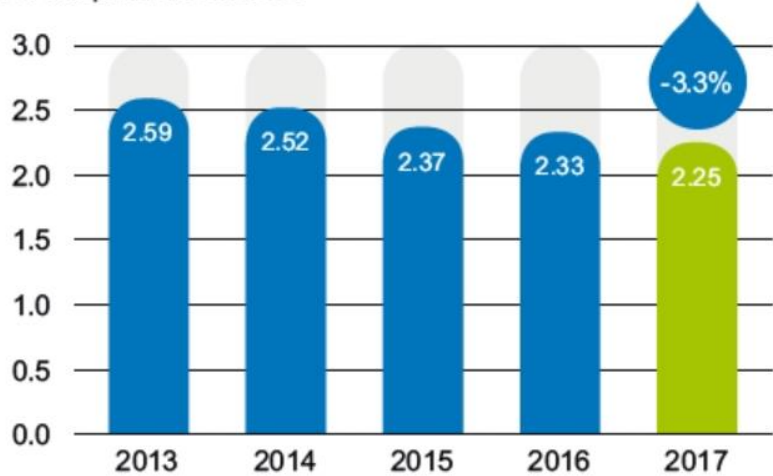
Rocket stoves

# Our Planet – AAK’s resource efficiency



Energy consumption

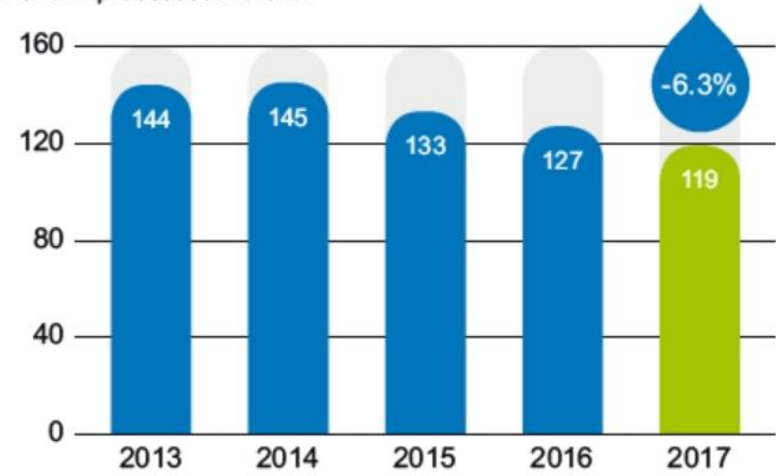
Per unit processed material



Reduced energy consumption over the past 5 years -13.1%

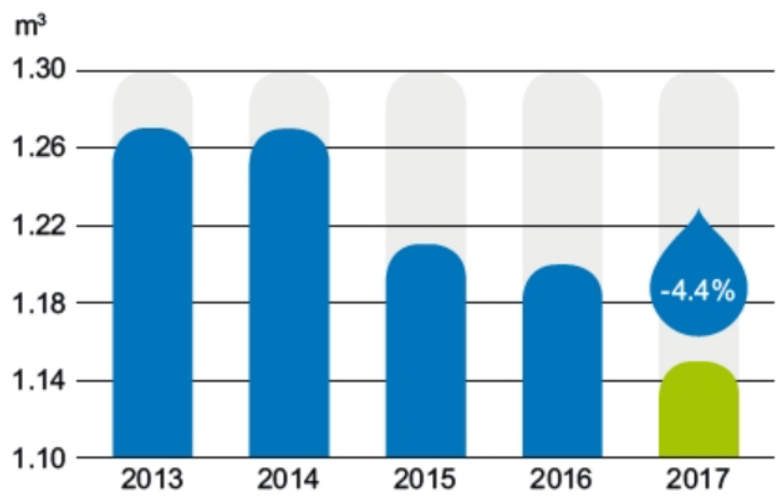
Total direct CO<sub>2</sub> emissions

Per unit processed material



Reduced direct CO<sub>2</sub>-emissions over the past 5 years -17.4%

Water consumption per processed unit



Reduced water consumption over the past 5 years -9.5%



# Trends

## Indulgence



We focus on the global key drivers that affect the behavior of end consumers.

## Personalization



## Health



## Trust



## Convenience





# Strong business drivers

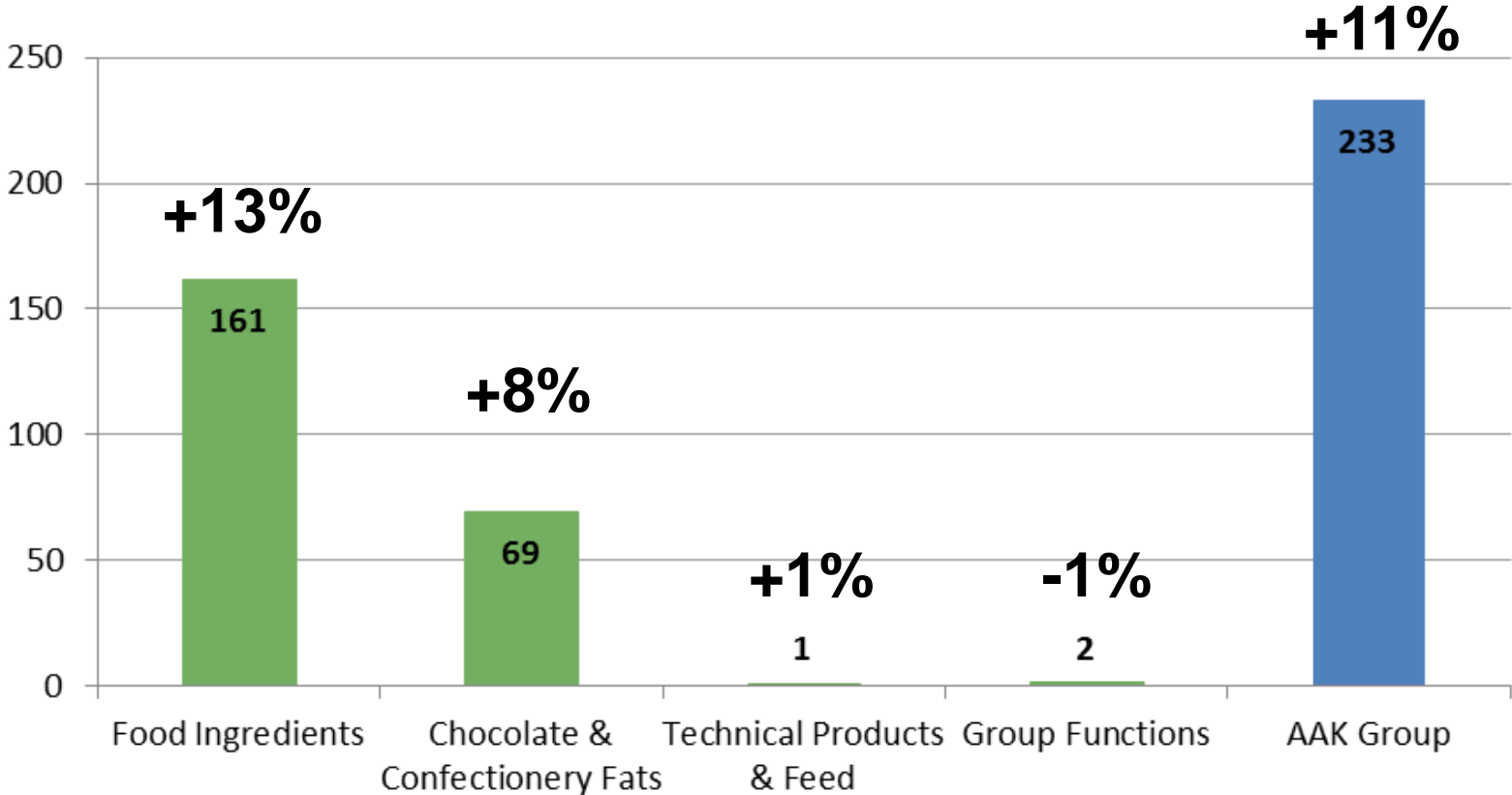
- ◆ World population is increasing
- ◆ From 7.6 billion in 2017 → estimated 8.6 billion 2030 **13%**
- ◆ By 2030, 5 billion will be living in urban areas – up from 3.5 billion **43%**
- ◆ 44% of all population growth is in Asia
- ◆ Global middle class population will grow by **150%**

Sources: UN projections; Euromonitor International; Nielsen data; 2017

# Our long-term management ambition

Average 10% year-over-year EBIT improvement\* & Supporting a good and consistent EPS improvement

CAGR after 15 months (Jan 2017 – Mars 2018)



\*Excluding acquisitions and at fixed FX

# AAK investment case highlights

# 1

Above the  
market  
growth

# 2

Average 10%  
year-over-year  
operating profit  
improvement\*

# 3

Strong  
balance sheet  
supporting  
further growth

# 4

Very strong  
underlying  
growth drivers

Indulgence  
Health  
Trust  
Personalization  
Convenience

\* Excl. acquisitions and fixed FX

## Concluding remarks



We continue to remain prudently optimistic about the future.

# Johan Westman new President and CEO for AAK

- ◆ Born in 1973
- ◆ Master's degree in Industrial Engineering from Chalmers University of Technology in Gothenburg, Sweden
- ◆ Close to 20 years of experience in management consulting and from the automotive supplier industry
- ◆ President of the Finnveden Metal Structures AB division 2008–2014
- ◆ President and CEO of FinnvedenBulten AB (publ.) 2009–2014
- ◆ Senior Vice President Europe and Managing Director of the BlankLight-division at Shiloh Industries 2014–2018



**Together we will continue this growth journey and take AAK to the next level.**





# First impressions





Thank you!

[www.aak.com](http://www.aak.com)

**AAK**