



Karel Stoschek  
BU President

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# Infant Nutrition

# Today's agenda

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Global performance

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Global market

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Future direction

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Key takeaways

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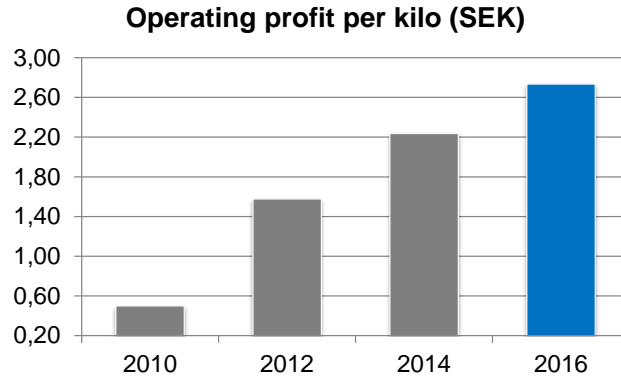
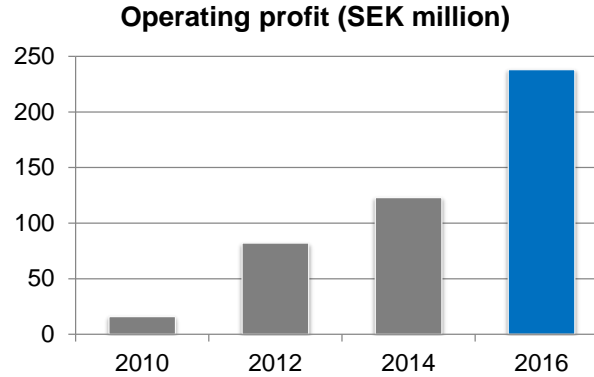
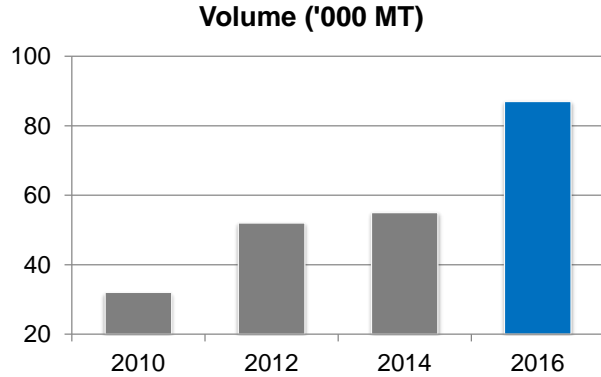
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# Infant Nutrition – performance



# AAK Infant Nutrition at a glance



## ◆ Global organization

- ◆ Sales
- ◆ Marketing
- ◆ R&D
- ◆ Product management
- ◆ Customer innovation

**Serving customers  
from 12 plants  
around the world**



# Infant Nutrition – our value proposition to the industry

## Akonino®

- ◆ Growth in the current markets:
  - ◆ US, Europe, India, China
  - ◆ Double-digit organic volume growth
- ◆ New markets:
  - ◆ Pakistan, Iran, Australia, Brazil
- ◆ Growth in tailor-made blend portfolio:
  - ◆ Multi-oil blending
  - ◆ Organic oils
- ◆ Egg phospholipids:
  - ◆ New customers in: Europe, China, Korea

## INFAT®

THE NEW SN2 ERA

INFAT is sold and marketed by Advanced Lipids\*

- ◆ Double-digit organic volume growth
- ◆ New customers and markets:
  - ◆ US, China, NZ, Australia, Korea, Europe
- ◆ Product portfolio:
  - ◆ New blends
  - ◆ Growth in the high value concentrate

\* Advanced Lipids is a joint venture of AAK and Enzymotec



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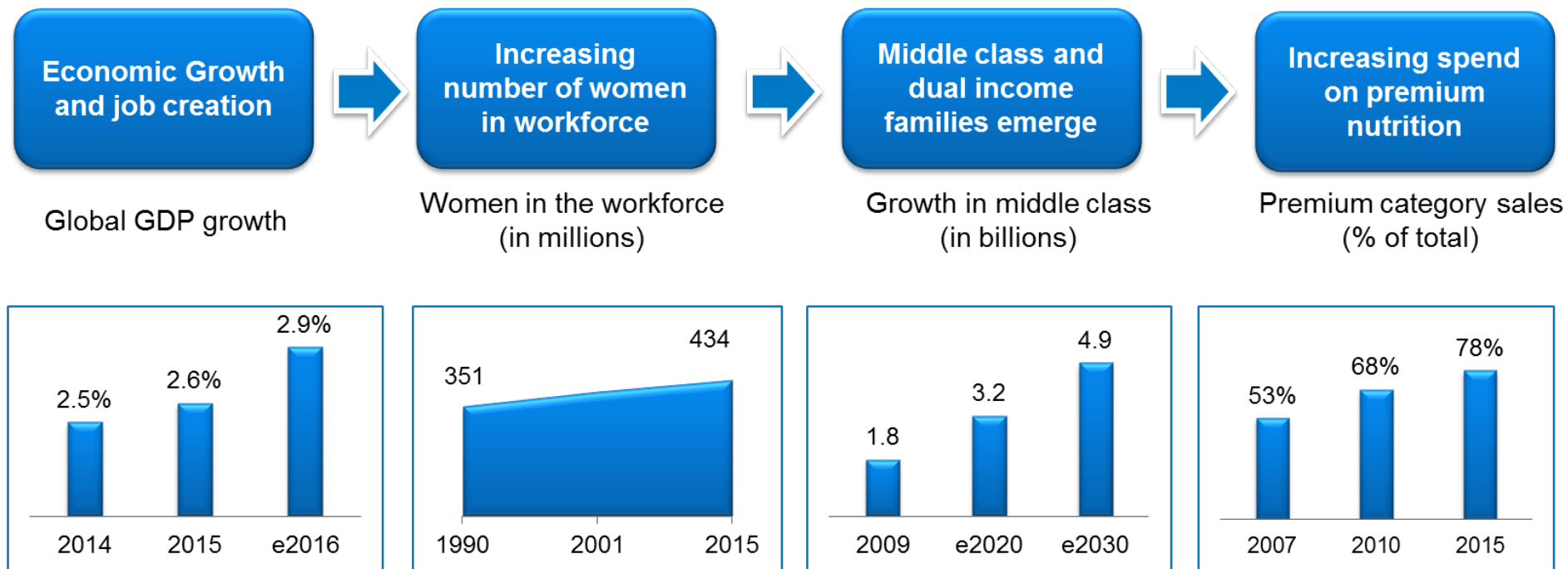
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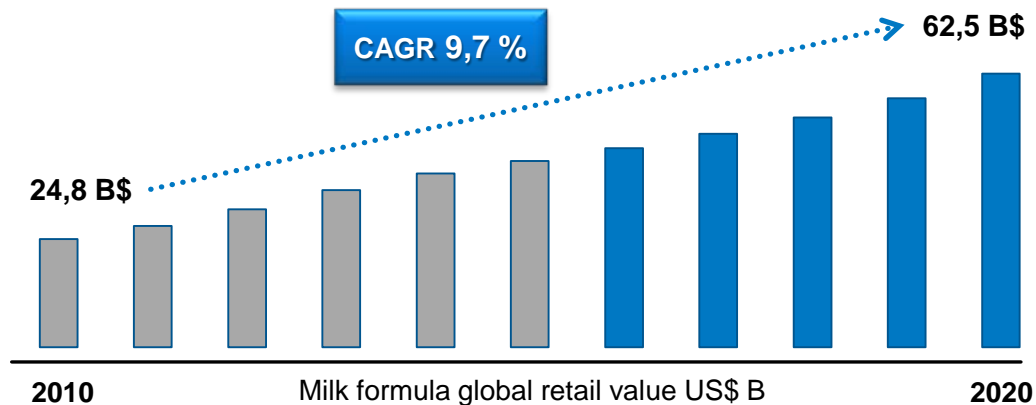
# Trends driving growth



Sources: Euromonitor International, September 2016, World Bank & AAK



# Attractive industry



- ◆ One of the fastest-growing packaged food categories in the world
- ◆ Future increase in Chinese birth rate
- ◆ Expanding for wider sales channels
- ◆ Value growing faster than volume

## % of the category

### Special formula

**7%** (CAGR 6,5%)  
Premature, allergy

### Standard formula

**29%** (CAGR 7,9%)  
0–6 months

### Follow-on formula

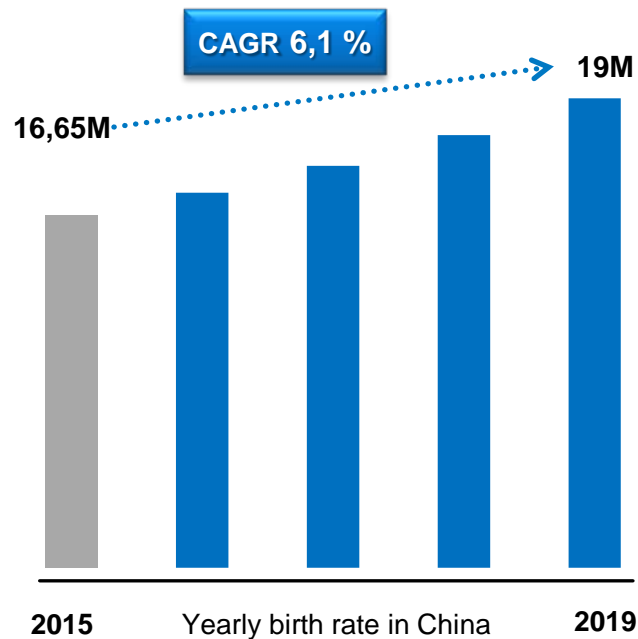
**21%** (CAGR 8,7%)  
6–12 months

### Toddler formula

**43%** (CAGR 12,3%)  
+12 months

Sources: Euromonitor International, September 2016 and AAK

# China – the key market



- Premium category growing
- E-commerce continuing to grow
- Regulatory changes in 2016
- Customer consolidation
- Future birth rate growth



Sources: China National Bureau of Statistics, September 2016 and AAK

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# Importance of lipids in nutrition

- ◆ Lipids are essential nutrients and a vital energy source for healthy development throughout the human life.

Brain development  
and brain health

- Long-chain polyunsaturated fatty acids and phospholipids

Bone strength

- High omega 3 oils

Reduced  
inflammation

- High omega 3 oils

Improved digestion  
and energy uptake

- MCT and omega 9 oils

Heart health

- Low saturated fat, high omega 3 oils, phytosterols

# Expanding to wider special nutrition markets

## INFANT NUTRITION



## SENIOR NUTRITION



## MEDICAL NUTRITION



**New markets – New opportunities – New solutions**



# Expanding to wider special nutrition markets – **Senior Nutrition**

- ◆ The elderly group in developed economies will grow from 164M in 2015 to 222M by 2030 → **35%**
- ◆ The older consumers are increasingly focused on staying **healthy for longer**
- ◆ The 60+ age group has **high spending power** → 60% of total urban consumption growth in WE and Northeast Asia

Sources: US Consensus bureau and AAK





# Expanding to wider special nutrition markets – **Medical Nutrition**

- ◆ Growth market due to aging population, CAGR of **4,6%** (2014–2021)
  - ◆ Parenteral nutrition, CAGR of **5,1%**
  - ◆ Enteral nutrition, CAGR of **4,4%**
- ◆ Rising demand for health care services globally
- ◆ Higher health care spending in emerging markets
- ◆ AAK Medical Nutrition – today
  - ◆ Parenteral and enteral nutrition categories
  - ◆ Several customers in Europe
  - ◆ Tailor-made oils to meet specific nutritional and regulatory requirements

Source: Kalorama information 2014 Medical Nutrition



# Leverage a well-positioned business for future growth medium and long term

- ◆ End consumers have **similar needs**
- ◆ **Go-To-Market** synergies
- ◆ **Tailor-made** blends
- ◆ Sourcing special oils
- ◆ Regulatory and **food safety**



# AAK capabilities for wider nutrition platform

- ◆ AAK has strong **knowledge** and a **solid reputation** within speciality oils and fats
- ◆ Global production **footprint**
- ◆ Global commercial and knowledgeable **Customer Innovation** team
- ◆ **Customer Co-Development** approach
- ◆ FDA approved facility (GMP, API) for medical nutrition



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# Key takeaways – special nutrition

## ◆ Infant Nutrition – further growth

- ◆ One of the fastest-growing packaged food categories
- ◆ Global production footprint and Go-To-Market organization
- ◆ Tailor-made solutions to match customer needs
- ◆ Robust project pipeline

## ◆ Senior and Medical Nutrition – new growth areas

- ◆ Global aging population
- ◆ Increasing project pipeline
- ◆ Synergies with Infant Nutrition
- ◆ Strong value propositions

