



Capital Markets Day 2024

Deliver, Develop, Discover

Agenda

- 1 Strategic update
- 2 Financials
- 3 Innovation
- 4 Lunch
- 5 Q&A breakout sessions
- 6 Concluding remarks

Today's *speakers*

An experienced leadership team

Presentations



Johan Westman

- Chief Executive Officer
- With AAK since 2018



Tomas Bergendahl

- Chief Financial Officer
- With AAK since 2021



Niall Sands

- President Commercial Development & Innovation
- With AAK since 2018

Q&A Breakout sessions



Susanne Jaspers

- President AAK Europe & Strategic Accounts
- With AAK since 2022



Tim Stephenson

- President Global Sourcing & Trading and Sustainability
- With AAK since 1995



David Smith

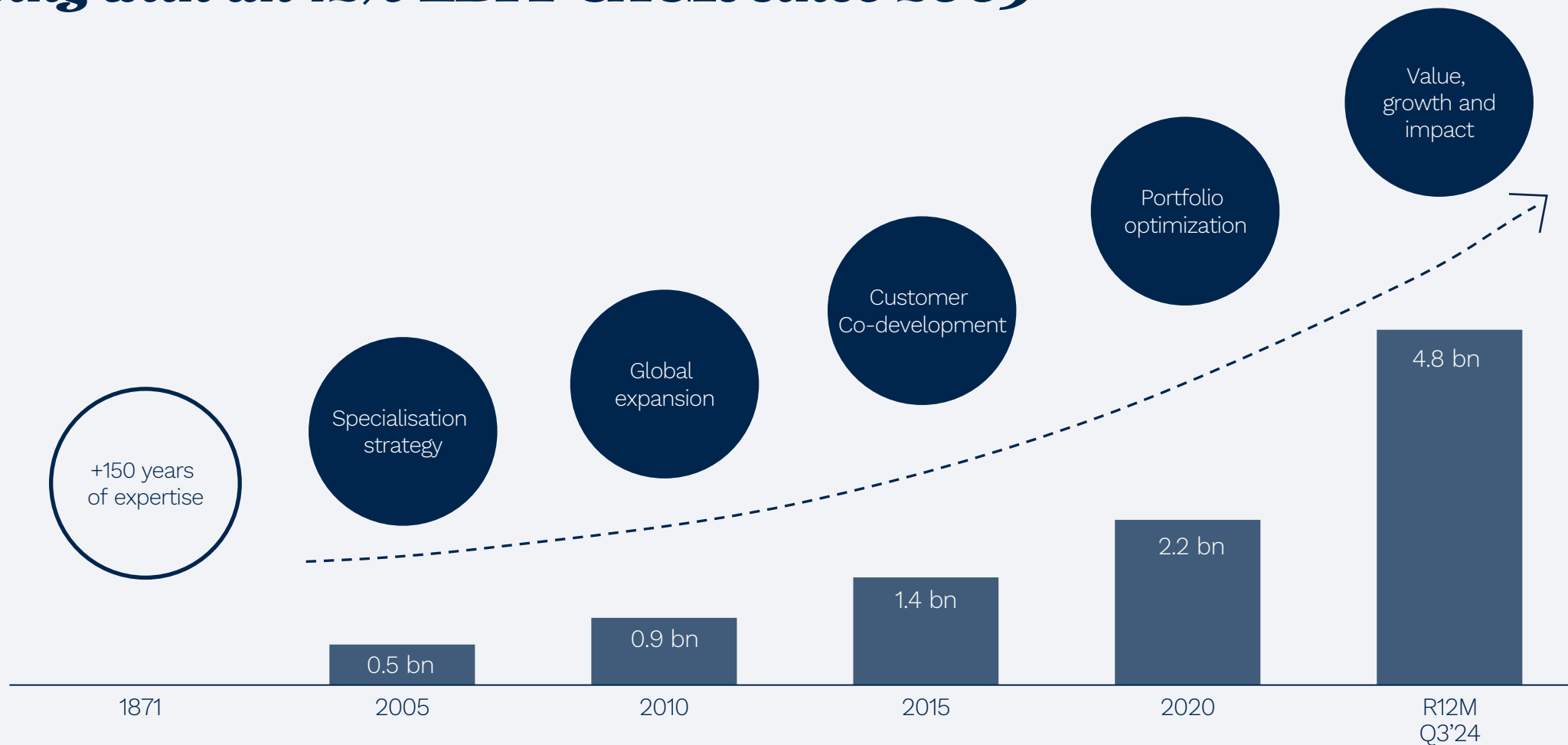
- President Global Operations
- With AAK since 2001

The background features a light blue sky with a yellow sun partially obscured by a light blue cloud on the right. On the left, there are several stylized yellow flowers with green stems. At the bottom, a light blue wavy line represents the ground, with a few more stylized flowers on the right side.

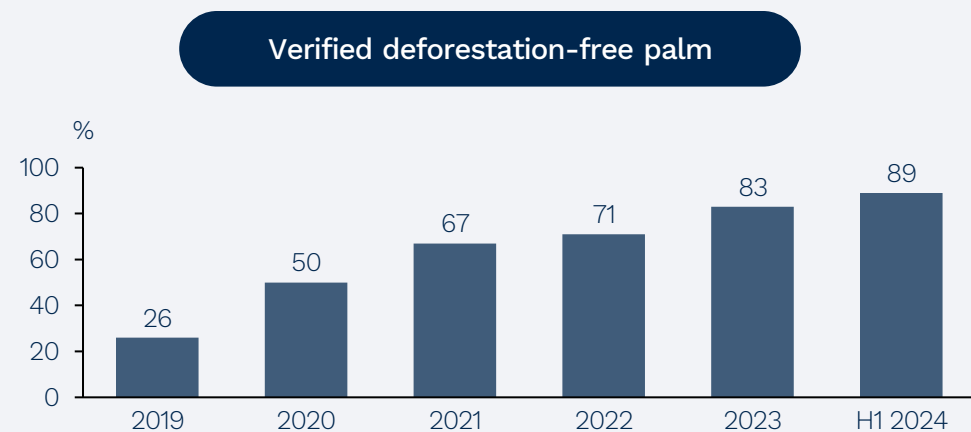
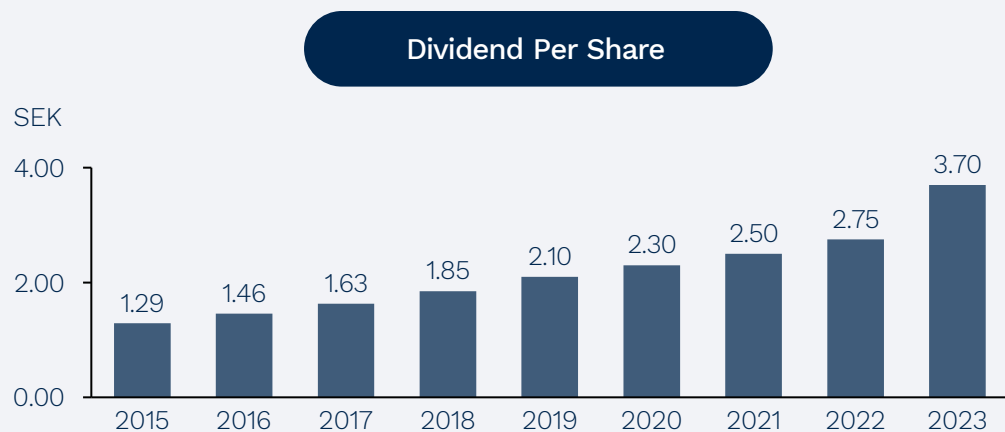
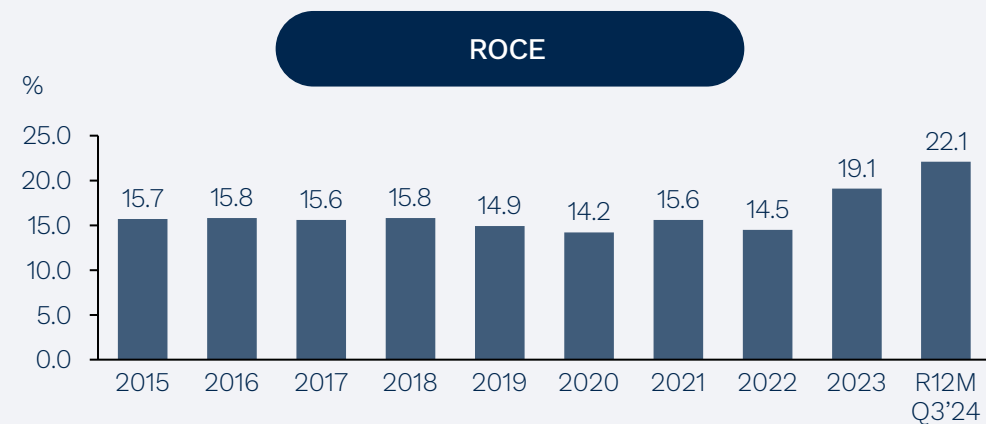
Strategic update

Deliver, Develop, Discover
Johan Westman, Chief Executive Officer

AAK has a strong track record of delivering on our strategy,
growing with an 12% EBIT CAGR since 2005



Proven track record of **generating value** for our shareholders and stakeholders alike driving margin, capital efficiency and sustainability



Driving value in our **core business**



Specialty ingredients

Unique multi-oil, multi-processing and functionality

+5,000 SKUs

... continue shifting to **higher speciality** ingredients



Customer co-development

End-product application and ingredients expertise

+4,000 customers

... continue **winning with our customers** in their respective end-markets



Value-adding flexible service

Tailored service, e.g., logistics, innovation and sustainability

16 innovation centers

... continue delivering **differentiated** services



Distribution footprint

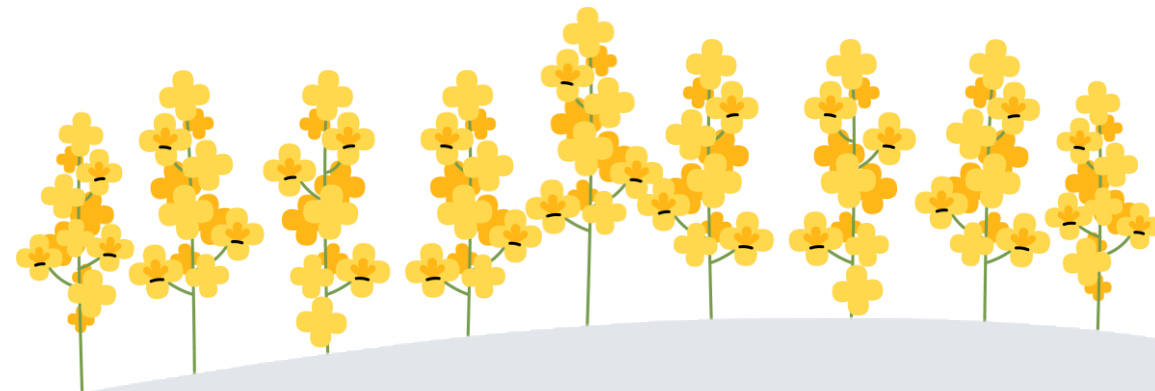
Global footprint, close to local and global customers

20 production sites

... continue **optimizing how we operate** our business

An empowered organization with an ***interdependent culture*** and ***passionate people***

Since launching the **2030 Aspiration** two years ago



We have...

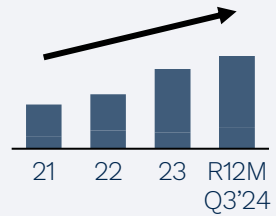
- ✓ Doubled our value creation and continued our specialty journey
- ✓ Built an increasingly aligned organization
- ✓ Improved value and volume mix
- ✓ Strengthened our recognition among stakeholders

More to be done....

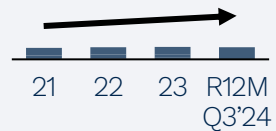
- Continue to improve value creation per kilo
- Further align and optimize operations and organization
- Grow volumes in prioritized markets
- Continue to strengthen impact and recognition

Strong development in “Invest” and “Optimize”, driven by higher specialty mix, optimization and co-development in our core

High EBIT growth driven by CCF



Slight EBIT growth despite market slowdown



Invest in continued growth



Chocolate & Confectionery Fats



Special Nutrition and Health

Optimize for value creation



Bakery

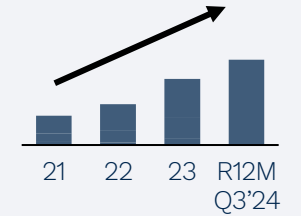


Dairy



Foodservice

Broad-based high EBIT growth



Bet for the future



Plant-based and New food solutions



Technical Products



Personal Care

Maintain and cultivate



Natural Emulsifiers

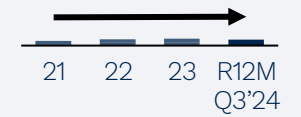


Fish Feed



Feed

Roughly flat EBIT growth



Updated 2030 Aspiration

Continue to **Deliver** and **Develop**, aspiring to reach profitability of SEK 3+ per kilo by 2030 and grow volumes faster than the market, achieving our target of double-digit earnings growth. Beyond 2030, **Discover** new opportunities to drive sustainable growth and further expand our business.

2024

Deliver on continuously aligned organization

- *Alignment & optimization*
- *Continued focus on speciality*
- *Co-Development*
- *Sustainability leadership*

Deliver on our updated 2030 aspiration

2024 - 2030

Develop and innovate speciality ingredients

- *Emerging consumer needs and markets*
- *Enhanced customer outcomes*
- *Health and high-purity leadership*

Drive value growth towards and beyond 2030 aspiration

2030 -

Discover and expand addressable markets

- *Bets for the future*
- *Fossil-free*
- *Plant-based origins*

Expand specialty market, beyond 2030 aspiration

Raising the 2030 aspiration



Aspiration

The first choice for plant-based oil ingredients

Value

Aspiring to achieve profitability of SEK 3+ per kilo, through strategic investments in our specialty journey

Growth

Aspiring to achieve volume growth that outpaces the growth rate of the underlying market*

Impact

Aspiring to be increasingly recognized for our positive impact by stakeholders

* Global processed oils, Oil World (July 2023), Faostat, S&P Global/IHS Markit
* Excluding acquisitions and divestments



Financial target

A double-digit compounder

Grow operating profit by an average of 10 percent per year over time



Key sustainability objectives*

Sustainability from plant to brand

Deforestation-free supply chain

100% verified deforestation-free (VDF) palm by 2025

People

Continue to invest in developing a best-in-class culture and empowering employees to thrive and deliver results

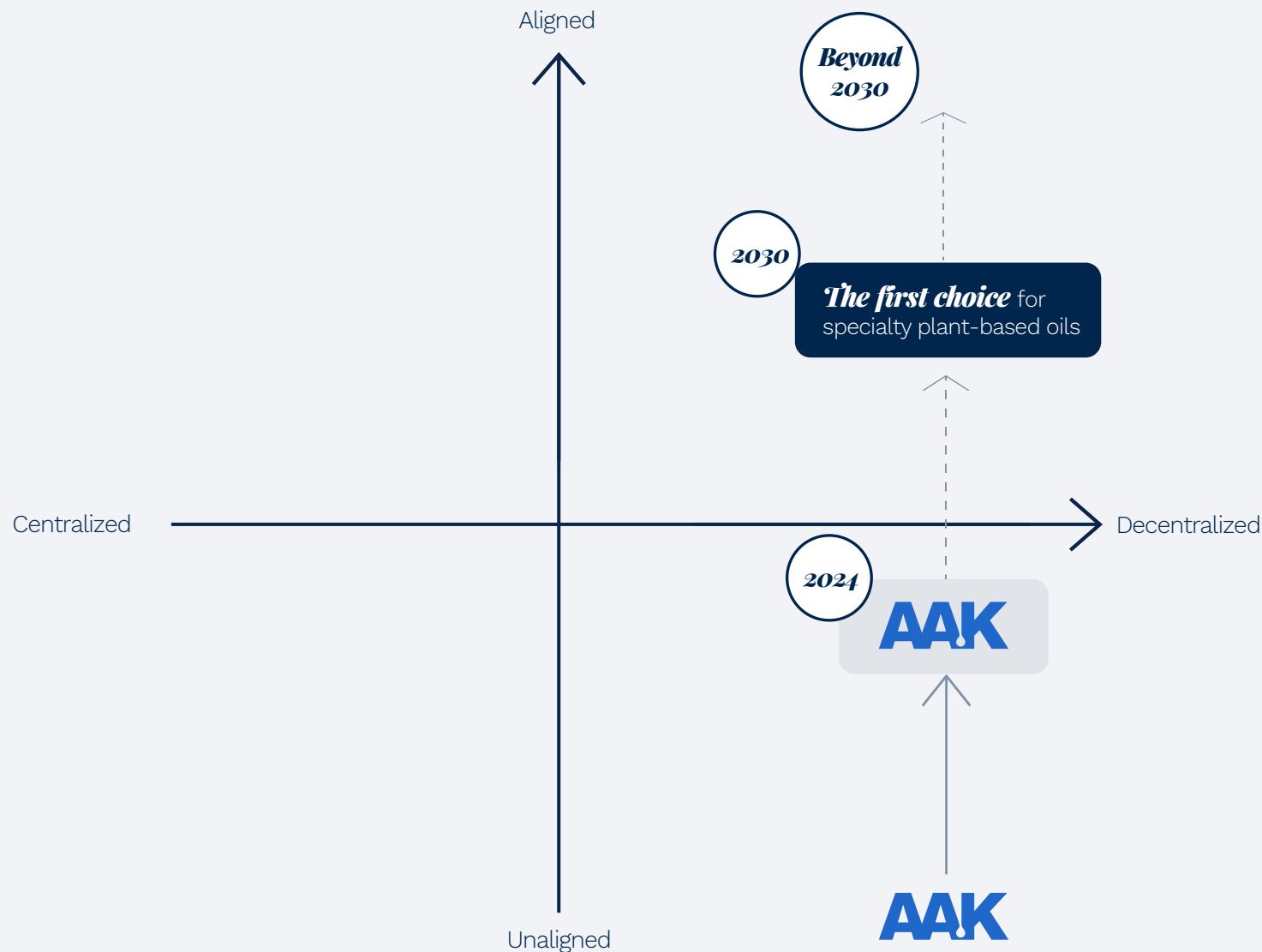
SBTi

Deliver on our approved Science Based Targets for emission reduction

* Selection of Sustainability Targets and Initiatives. For a comprehensive overview, please refer to the 2023 Sustainability Report.

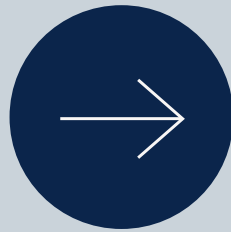
Deliver strategic alignment

Continue optimizing our decentralized structure, increasing alignment to unlock operational efficiencies and drive value creation.



7 major forces shaping the specialty oils & fats industry

Stable



over the last 3-5 years

1. Demand for palm oil

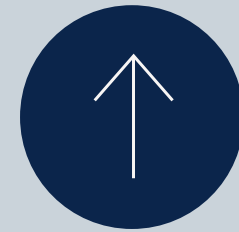
Some acceleration



over the last 3-5 years

2. New disruptive technologies
3. New end-markets
4. Local, regional and niche CPG companies
5. CPG professionalization and consolidation

Major acceleration



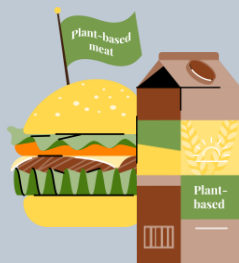
over the last 3-5 years

6. Requirements on sustainability and health
7. Volatility in supply price and availability

Growing market and demand in AAK's specialty solutions

Food

solutions to the bakery, dairy, foodservice, and special nutrition industries, as well as the fast-growing market for plant-based foods.

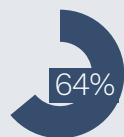


+25% *Global population reaching 10 billion in 2050*

Transition to more **sustainable and plant-based food system**

1 000 kcal beef = ~ 120 m²
1 000 kcal palm oil = < 0.5 m²

Share of volumes



Share of sales



Share of operating profit



Chocolate & Confectionery

functional cocoa butter equivalents for chocolate, cocoa butter alternatives for coating and moulding compounds, and speciality fats for confectionery fillings.



~40x more

chocolate consumption per capita in the US and Europe vs. in China and India

Share of volumes



Share of sales



Share of operating profit



Technical products & Feed

making use of side streams for animal feed and replacing fossil-based technologies with plant-based alternatives.



~8 million MT of paraffin and mineral oils used outside fuel and plastics in consumer and industrial product applications

Transition to more a **sustainable consumer industry**

Share of volumes




Share of sales



Share of operating profit



AAK's innovation portfolio is well positioned to deliver on the consumer demands are **shaping the future ingredients industry**



Unlock time and money



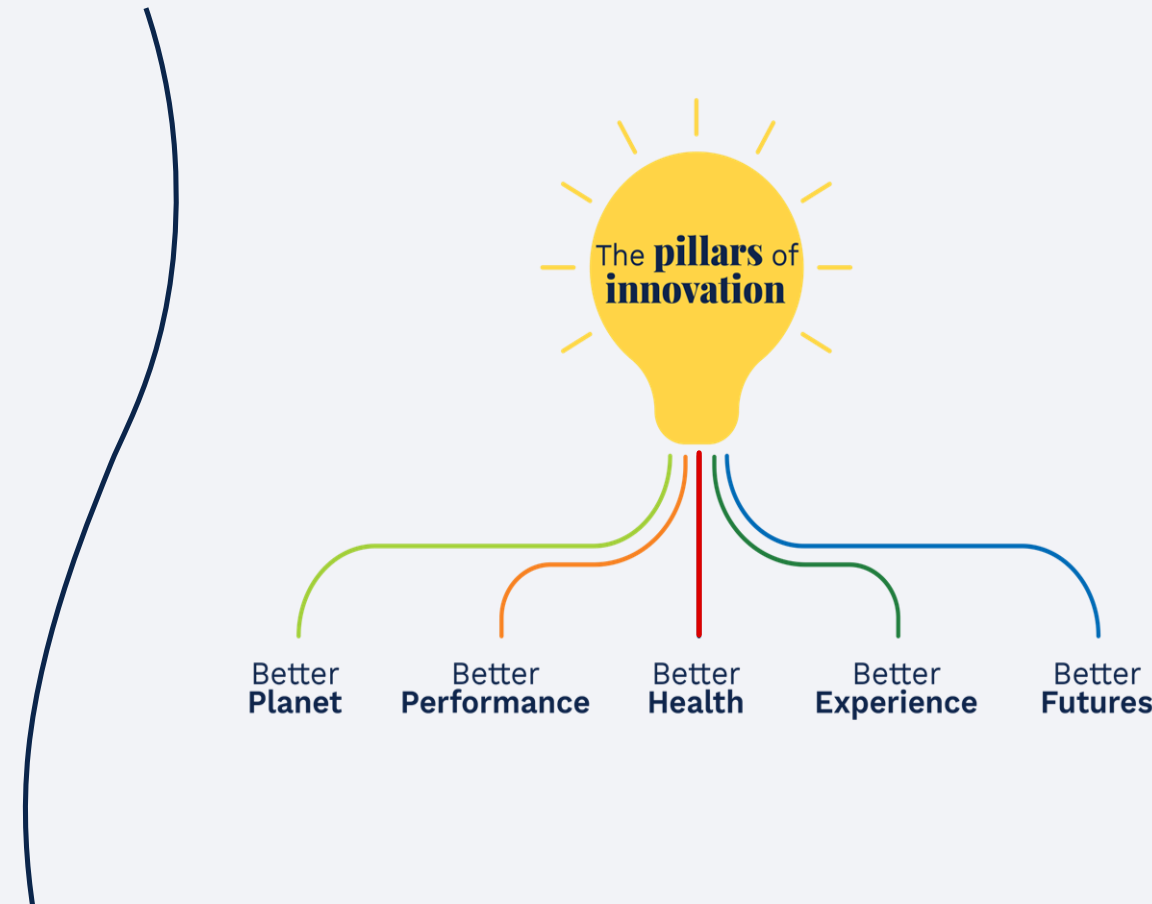
Treasure Planet



Pro-active Health and Wellness

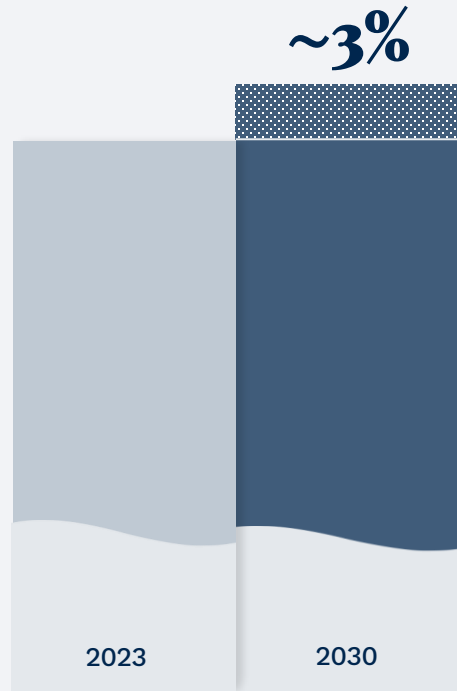


Escape and Indulgence

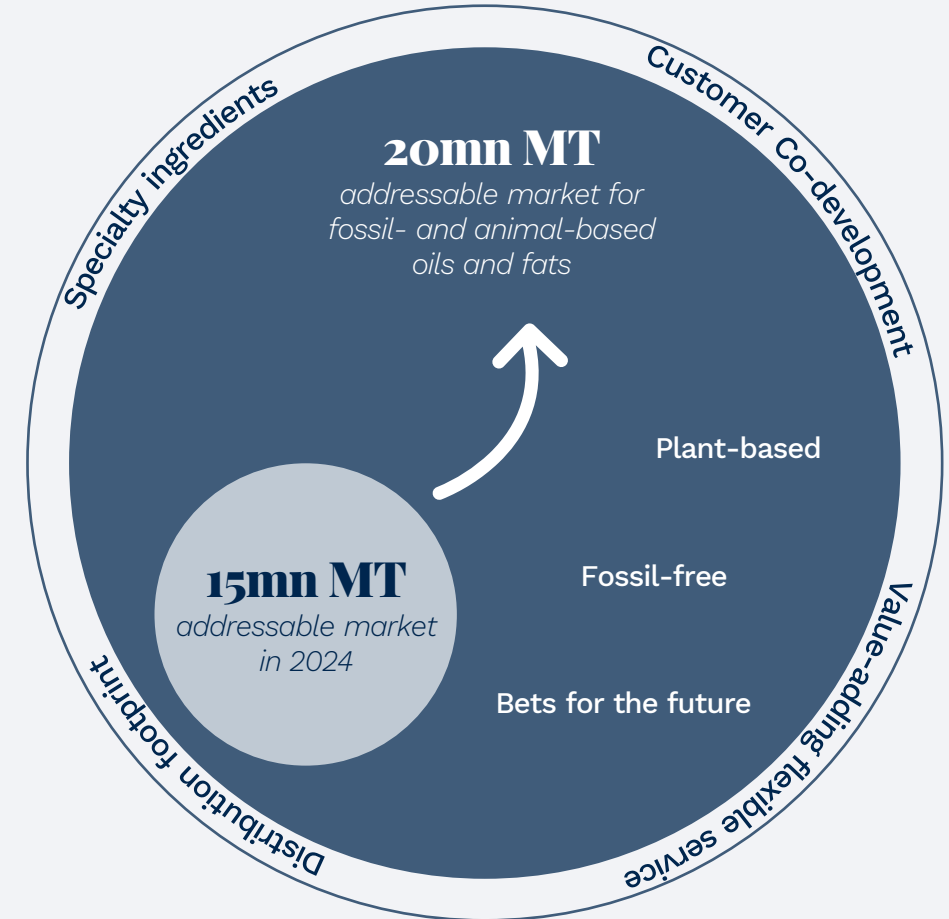


Solid underlying *market growth* ...

Current addressable market, oils & fats
(CAGR, volume)



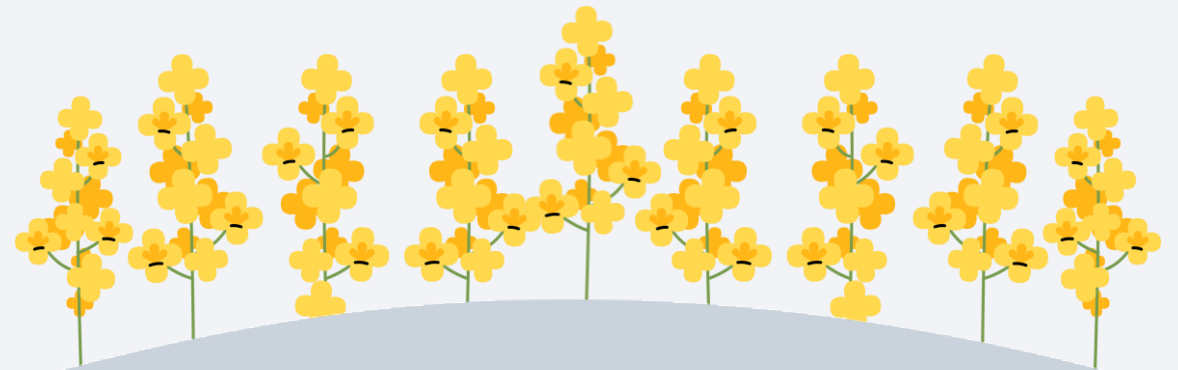
... opportunity to expand *specialty market*



Raising the 2030 Aspiration

Deliver, Develop, Discover

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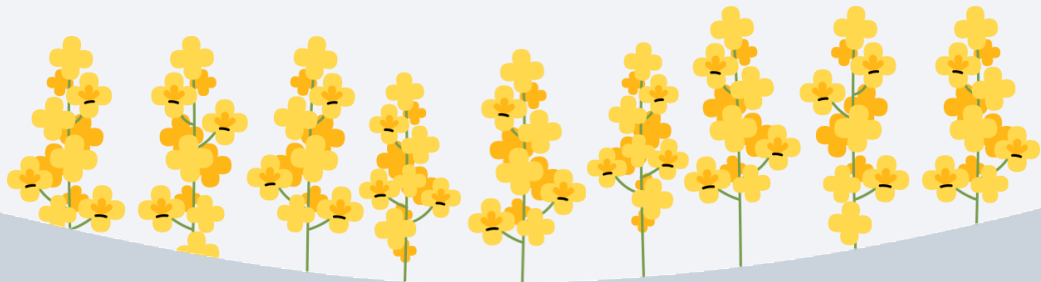
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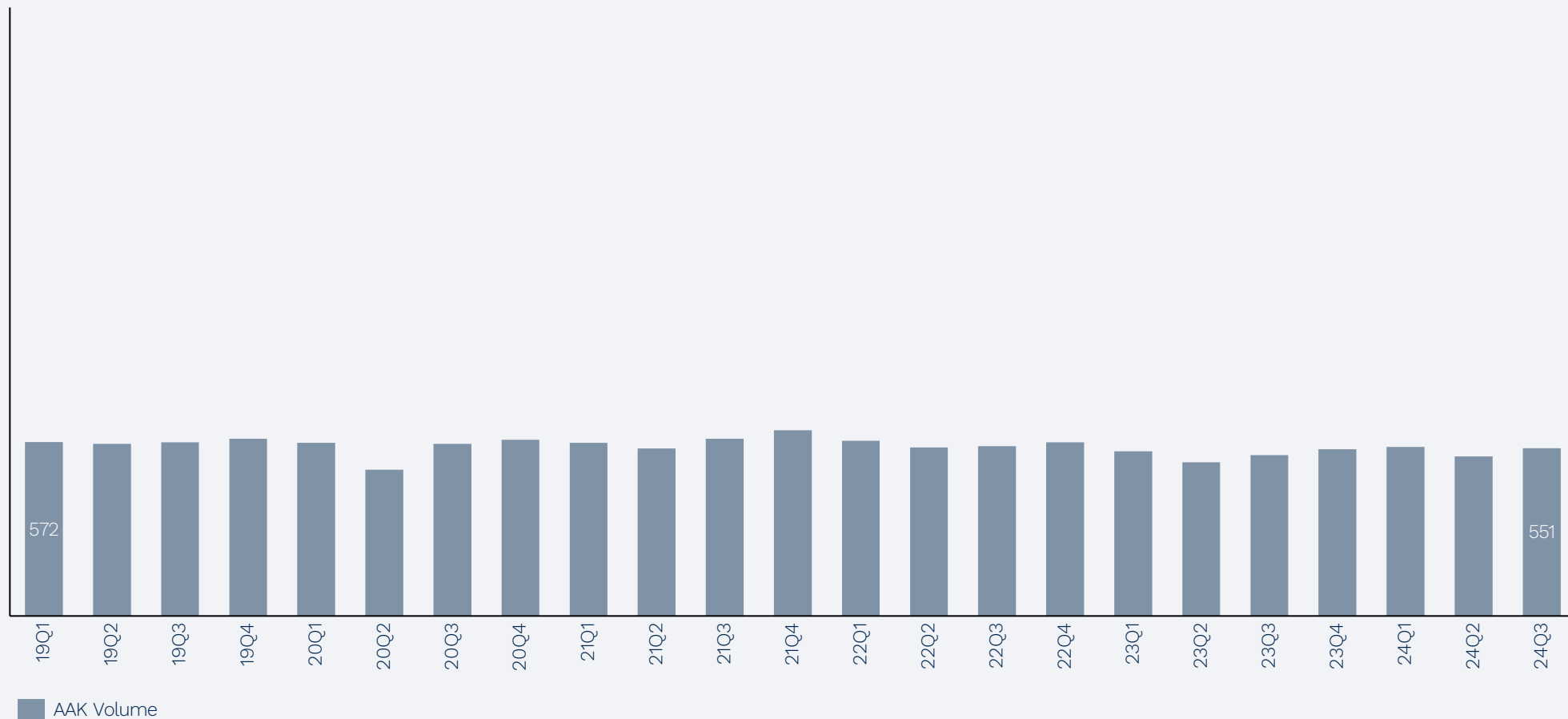


Financials

Deliver, Develop, Discover
Tomas Bergendahl, Chief Financial Officer

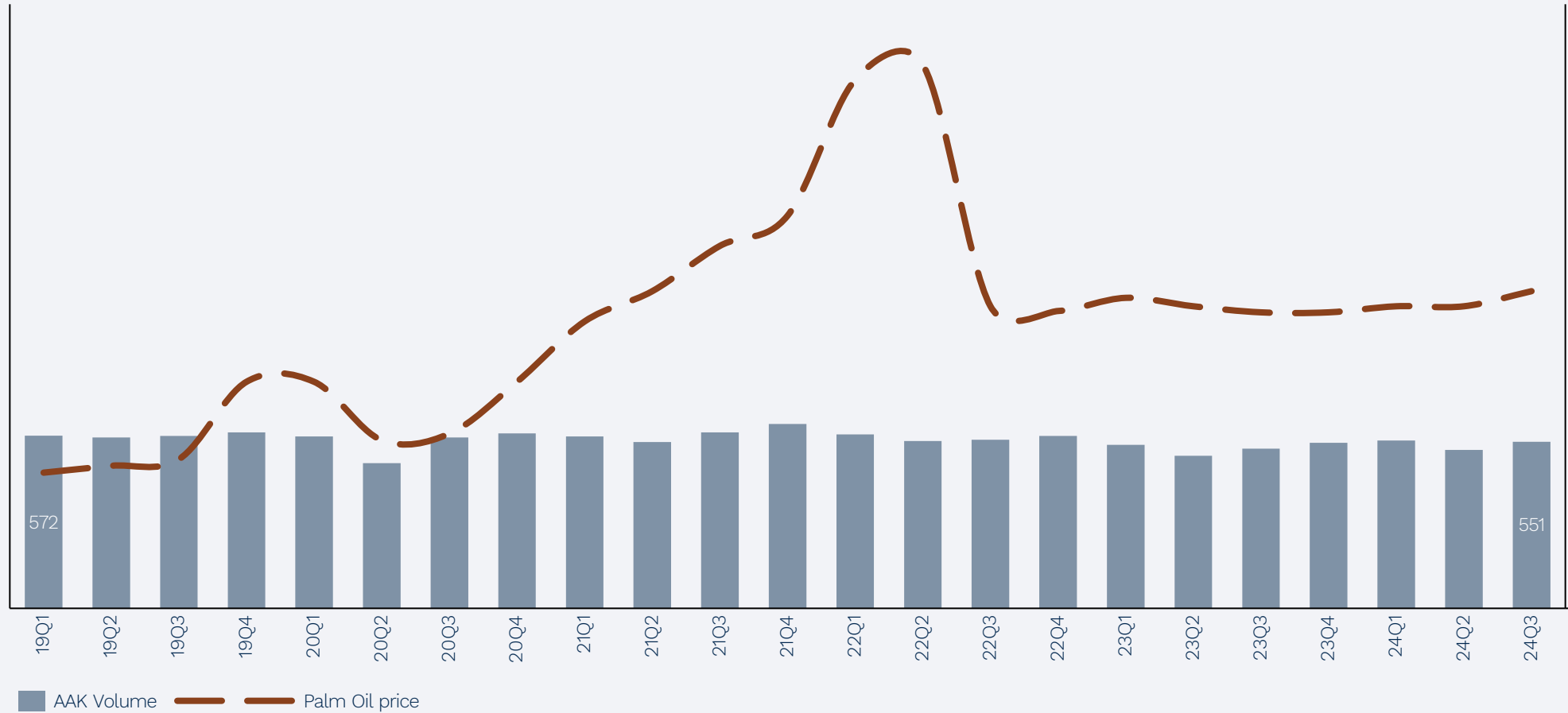


Strong track record with *underlying profitability improvement* in times of volatility and uncertainty



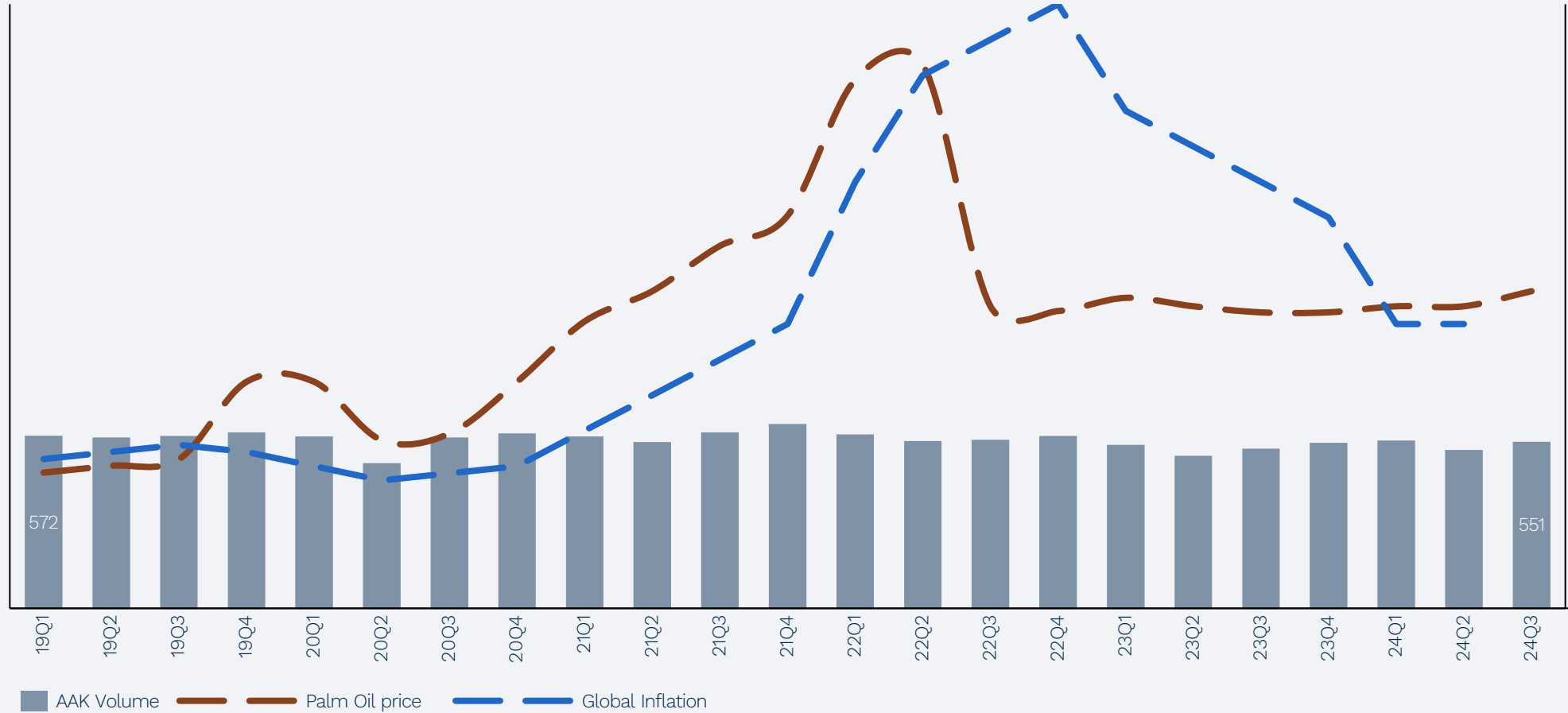
Source: Conceptual illustration of external factors impacting the business

Strong track record with *underlying profitability improvement* in times of volatility and uncertainty



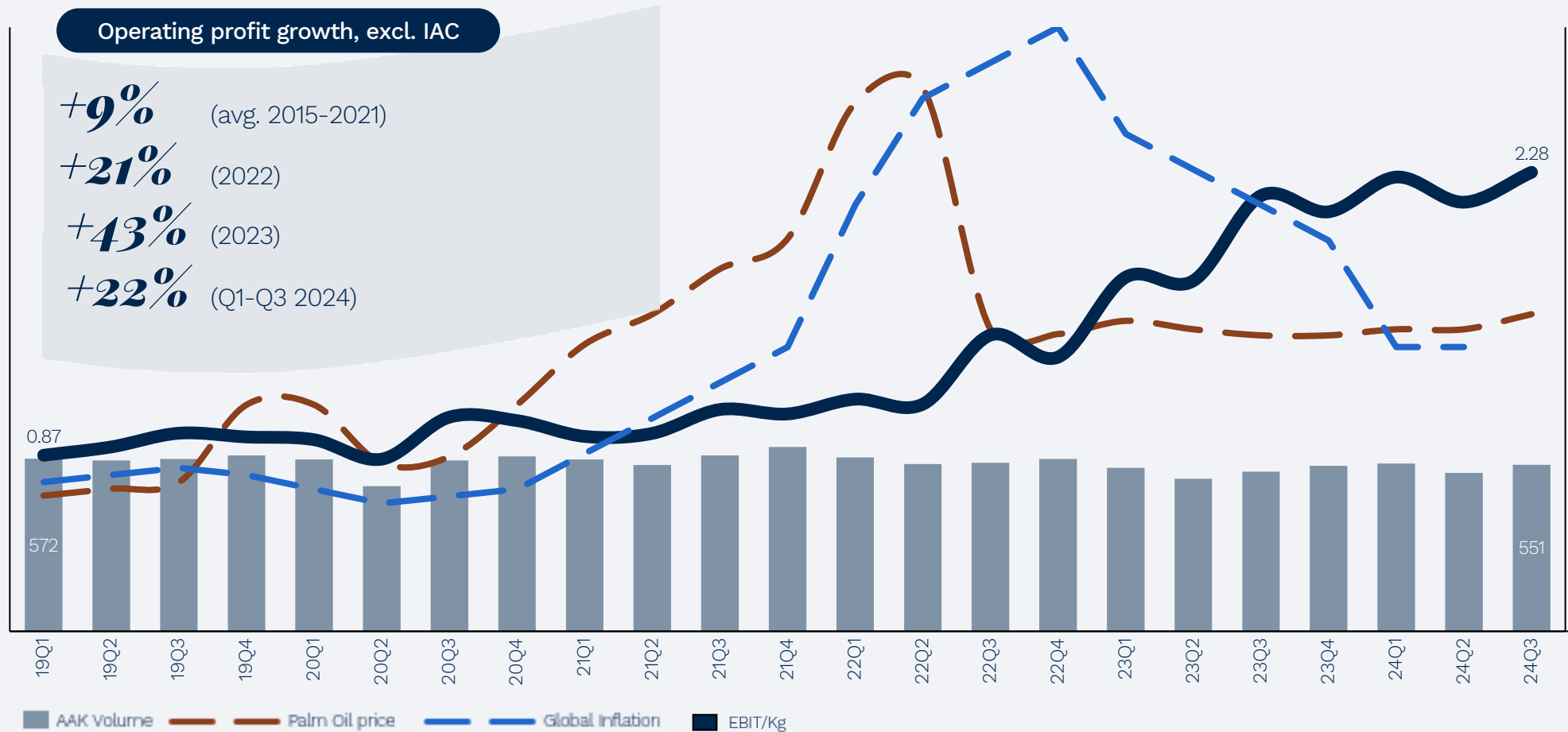
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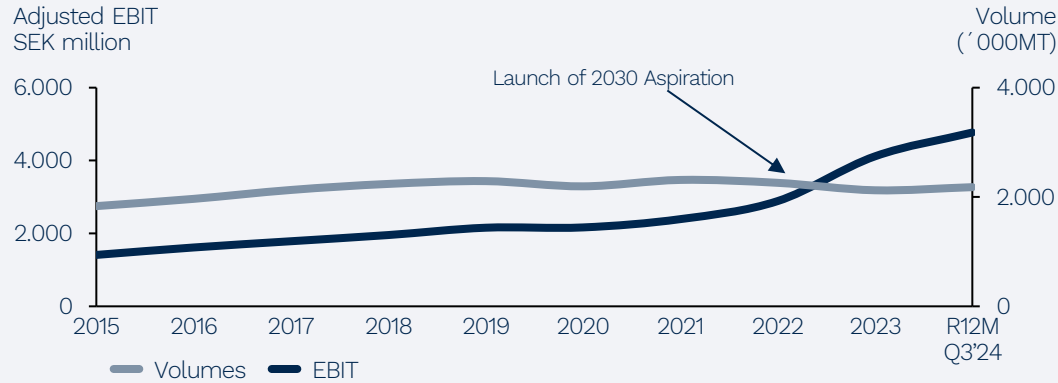
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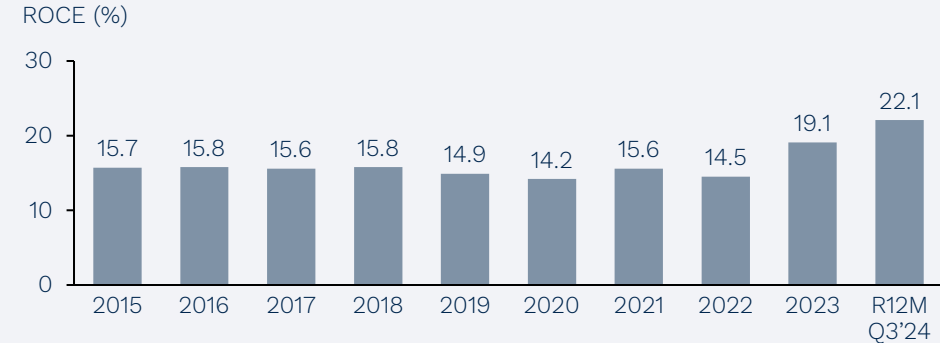
Source: Conceptual illustration of external factors impacting the business

A decentralized organization with a *track record of delivery*

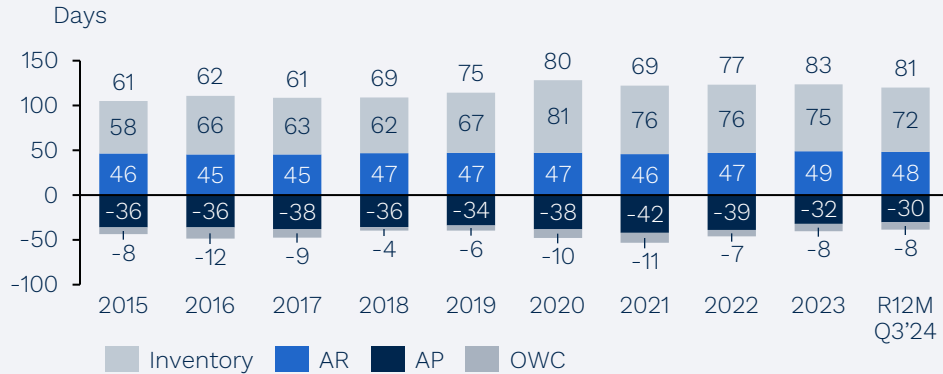
Focus on value-adding solutions and optimizations...



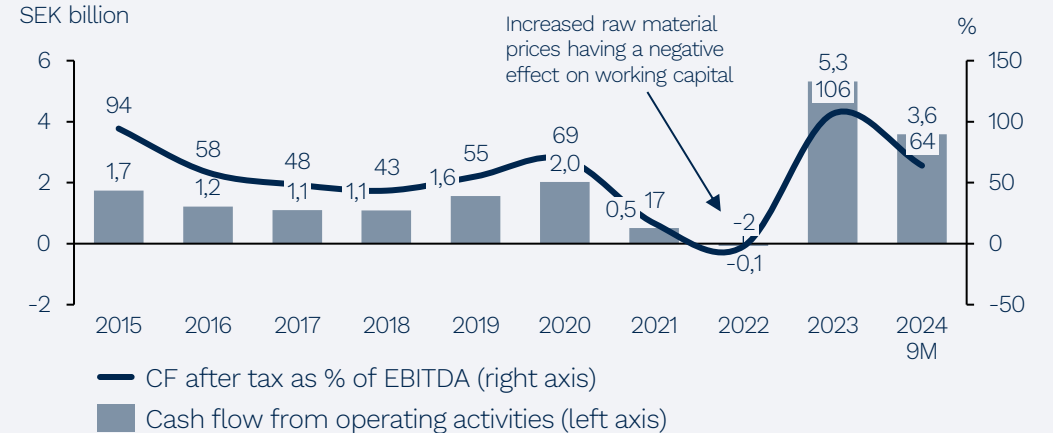
...generating strong return on capital employed



...despite NWC management not fully meeting expectations

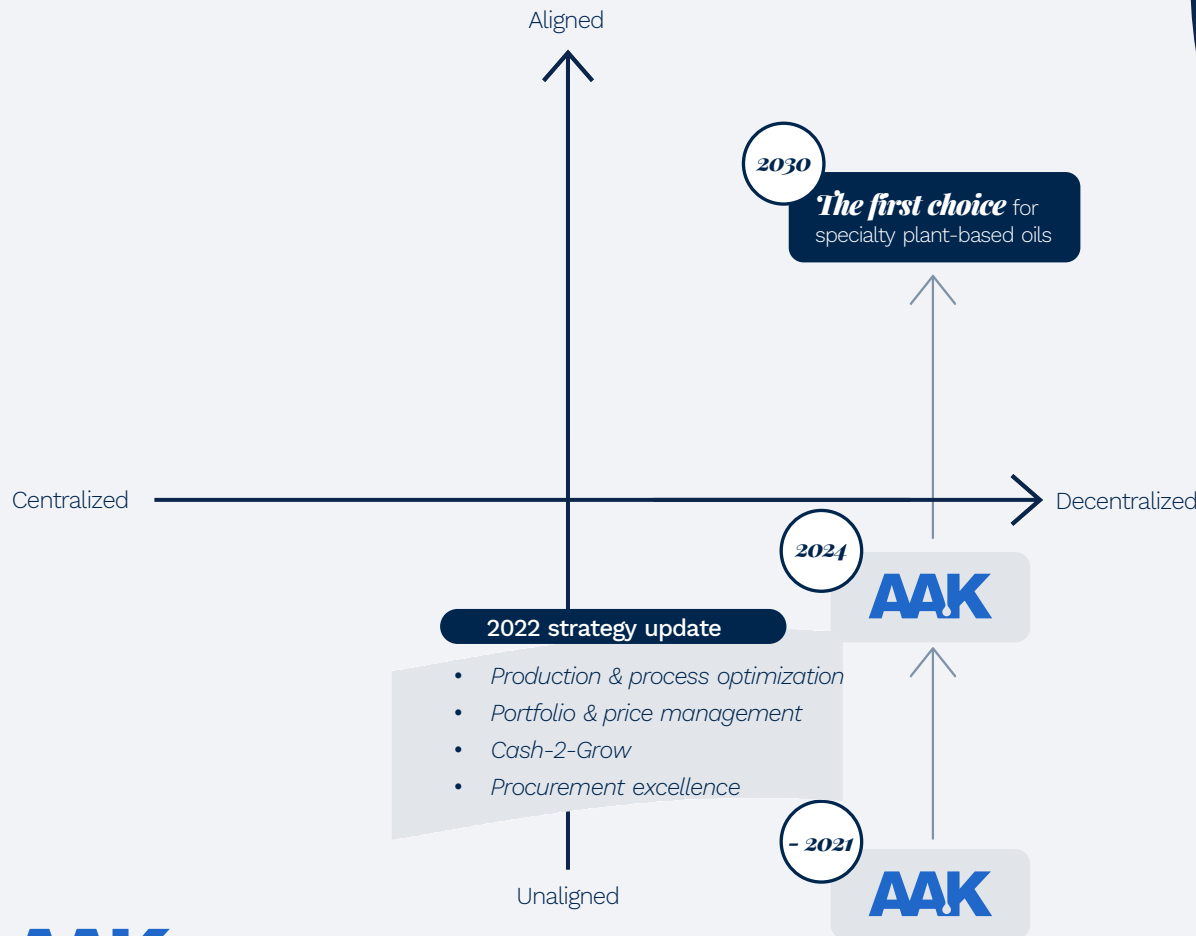


...highlight potential for enhanced cash flow generation

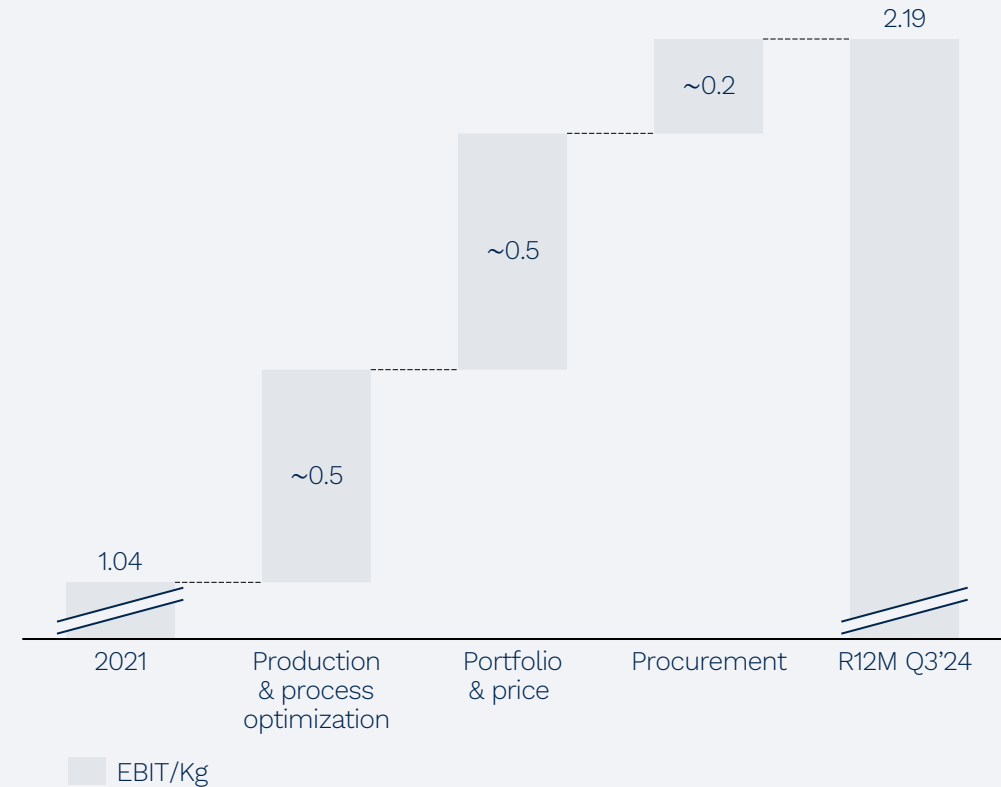


Alignment and optimization expected to *continue delivering results*

From **Decentralized & Unaligned...**



...to **Decentralized & increasingly Aligned**



Source: Company estimates, net of inflationary cost increases

Updated 2030 Aspiration

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2024

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Deliver on our updated 2030 aspiration

2024-2030

Develop and innovate speciality ingredients

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Drive value growth towards and beyond 2030 aspiration

2030 -

Discover and expand addressable markets

- *Bets for the future*
- *Fossil-free*
- *Plant-based origins*

Expand specialty market, beyond 2030 aspiration

Raising the 2030 aspiration



Aspiration

The first choice for plant-based oil ingredients

Value

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Growth

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Aspiring to be increasingly recognized for our positive impact by stakeholders

*Global processed oils, Oil World (July 2023), Faostat, S&P Global/IHS Markit

* Excluding acquisitions and divestments



Financial target

A double-digit compounder

Grow operating profit by an average of 10 percent per year over time



Model assumptions**

Ensuring long-term value creation

Operating cash flow after tax average 60-70% of EBITDA, and before tax average 80-90% of EBITDA

CAPEX/EBITDA: ~20-30%

Income tax: ~25%

ROCE: Gradual improvement over time

Net debt/EBITDA: Potential for <3x to support continued growth and investments

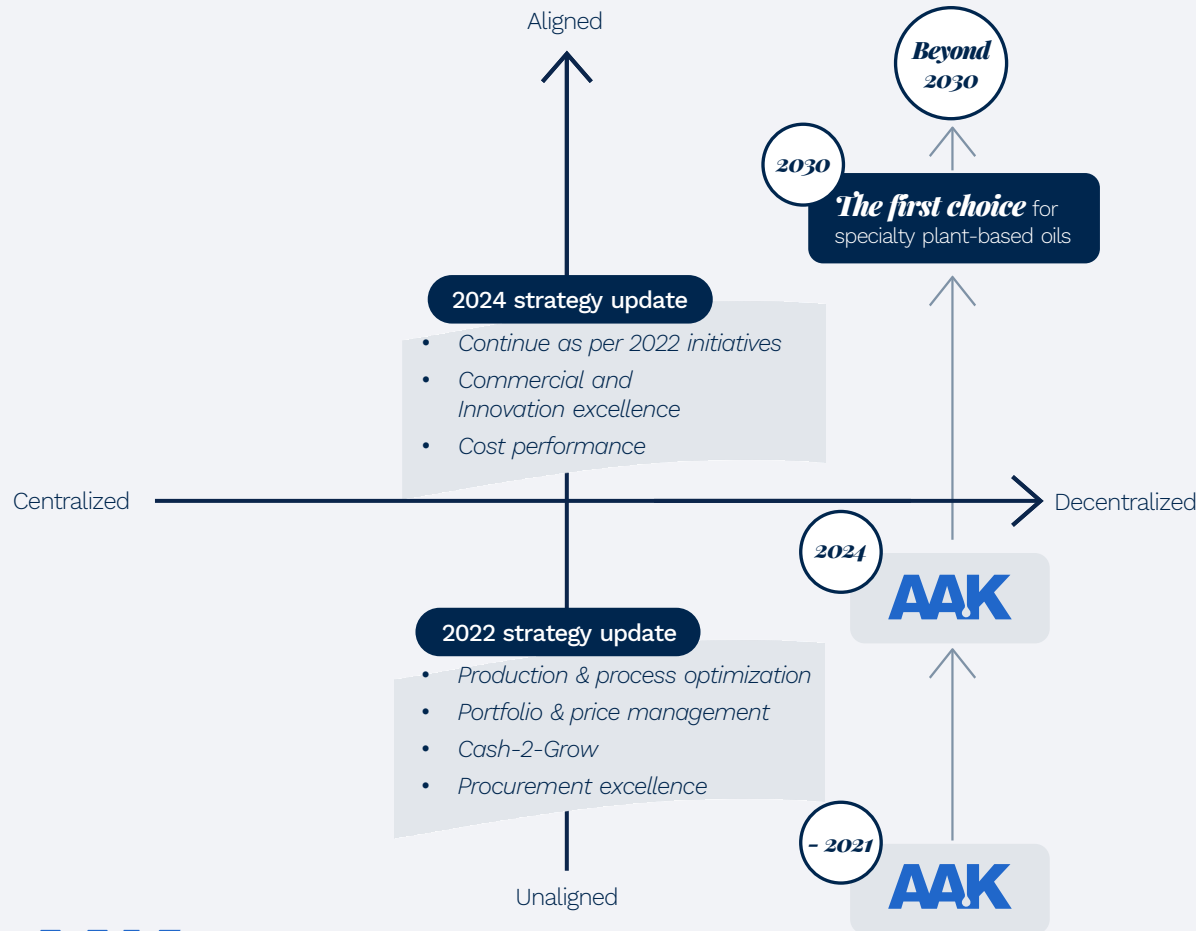
Dividend policy: 30-50% of net profit

Distribution of potential excess cash via dividend

** Model assumptions should not be construed as financial targets or guidance. Rather, they represent indicative metrics based on long-term averages, assuming stable market conditions and the absence of extraordinary events or disruptions.

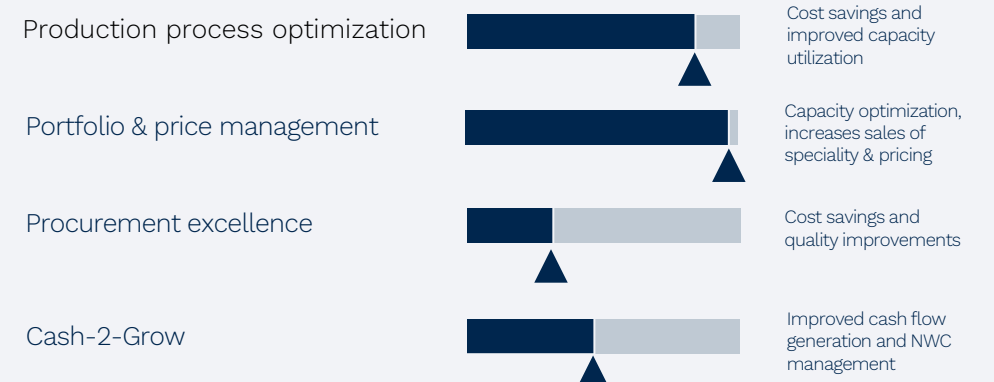
Alignment and optimization expected to *continue delivering results*

From **Decentralized** and **Unaligned...**



...to **Decentralized** and increasingly **Aligned**

2022 strategy update

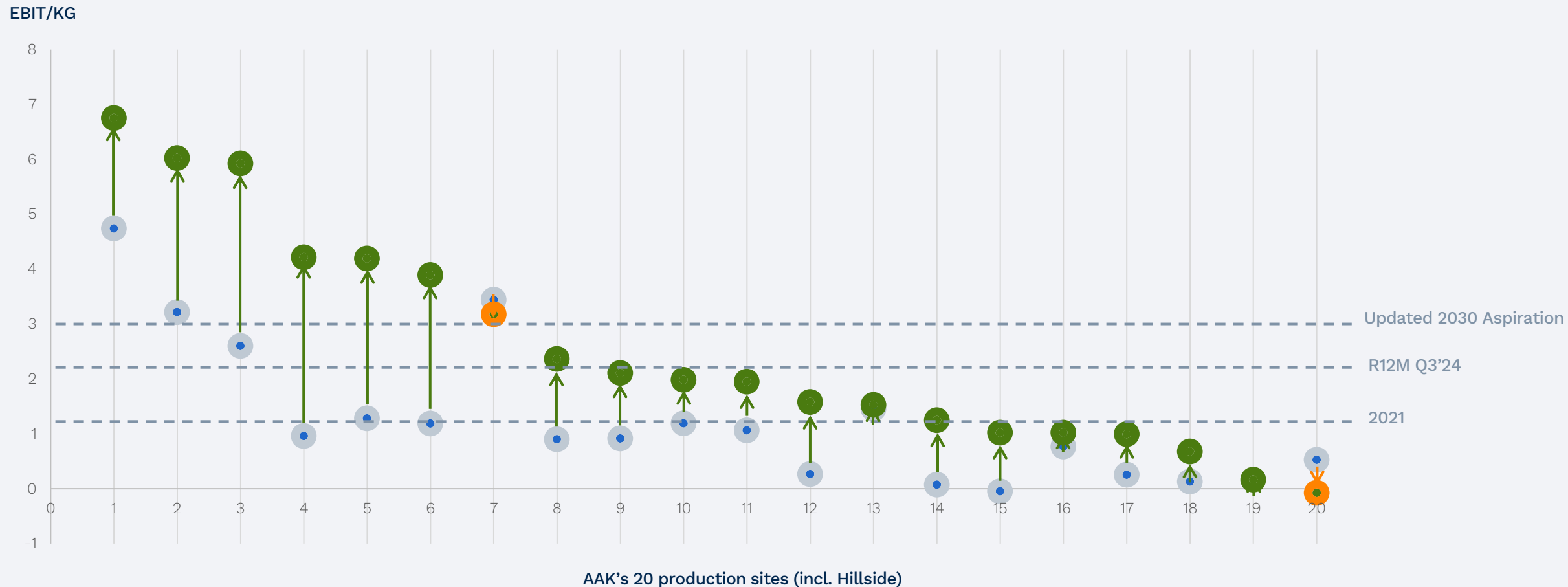


2024 strategy update



Source: Company estimates, Q3'24

Broad-based EBIT/kg improvement *across our global production footprint* *however, variances still exist among our 20 production sites*



Capital allocation to drive *shareholder value creation*

- via sustainable and profitable long-term growth

1.

Investing for growth



- ✓ Innovation
- ✓ Capacity
- ✓ Capability
- ✓ Efficiency

2.

Acquisitions



3.

Return to shareholders

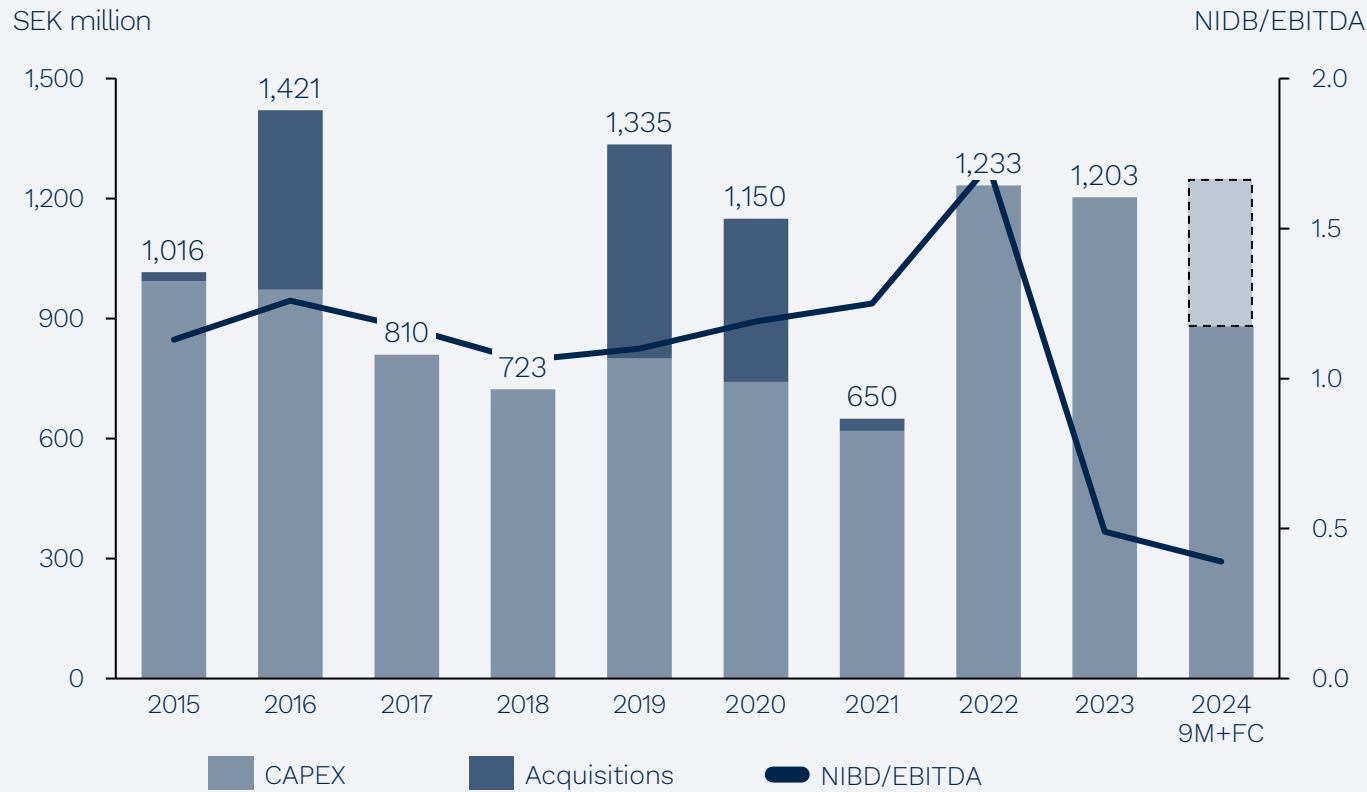


- ✓ Dividend policy, **30-50 percent** of net profit
- ✓ Historic dividend growth of above **10 percent**
- ✓ Potential for **<3x Net debt/EBITDA** to support continued growth and investments
- ✓ Distribution of potential excess cash via dividend

A **solid balance sheet** with the potential for <3x Net debt/EBITDA to support continued **growth and investments**

1. Investing for *growth*

Historical CAPEX overview



Future CAPEX priorities

- Innovation, capacity expansions, efficiency gains and capability
- CAPEX/EBITDA ~20-30%
- Potential for Net debt/EBITDA <3x to support continued growth and investments

2. Criteria for selecting/deselecting *M&A opportunities*



Geographical expansion

- Stable regions
- Logistically strategic location
- Local demand confirmed



Capacity expansion

- Potential for capacity and capability upgrades
- Focused on the value adding step of the value-chain

M&A

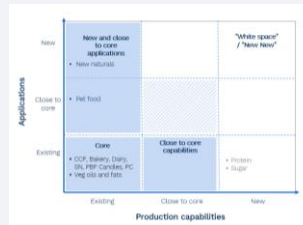


Technology & capabilities

- Plant-based oils
- Fermentation
- Cultivated cellular oils
- Power-to-X

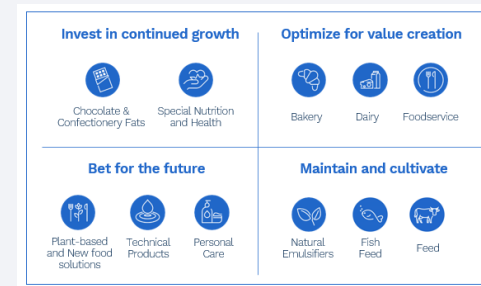


Adjacent product portfolio



Other

- Vertical integration back to the crude oil stage, excluding plantation and crushing.
- Opportunity should overlap with “Invest in continued growth” and/or “Bet for the future”.

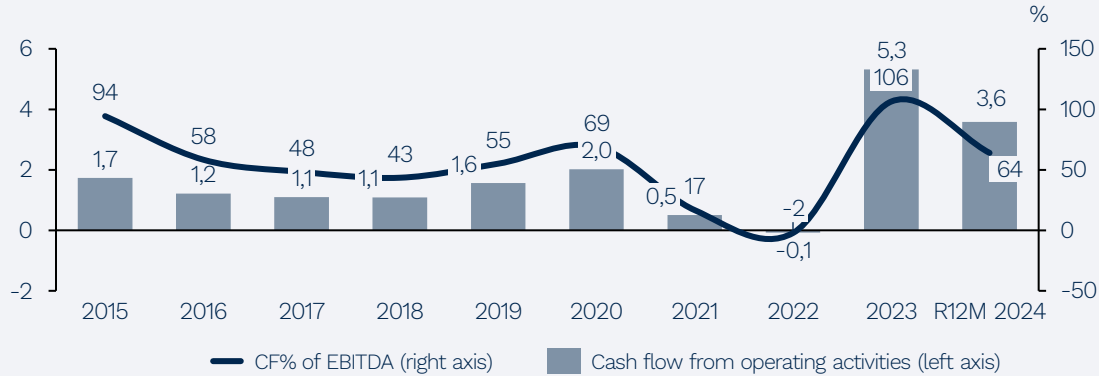


- Direct-to-consumer targets excluded

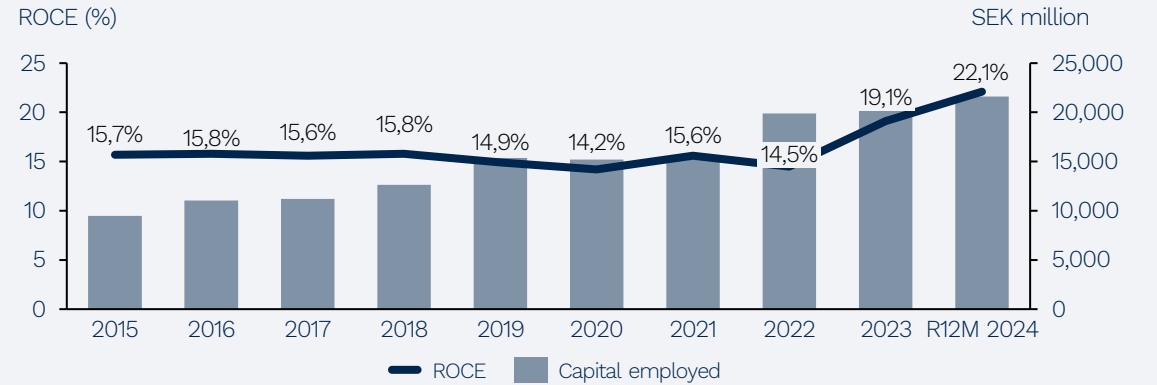
Opportunities should be focused on **high-value products** (accretive EBIT/Kg) and connected with **fats and oils**

3. We continue to be disciplined, resulting in *attractive returns*

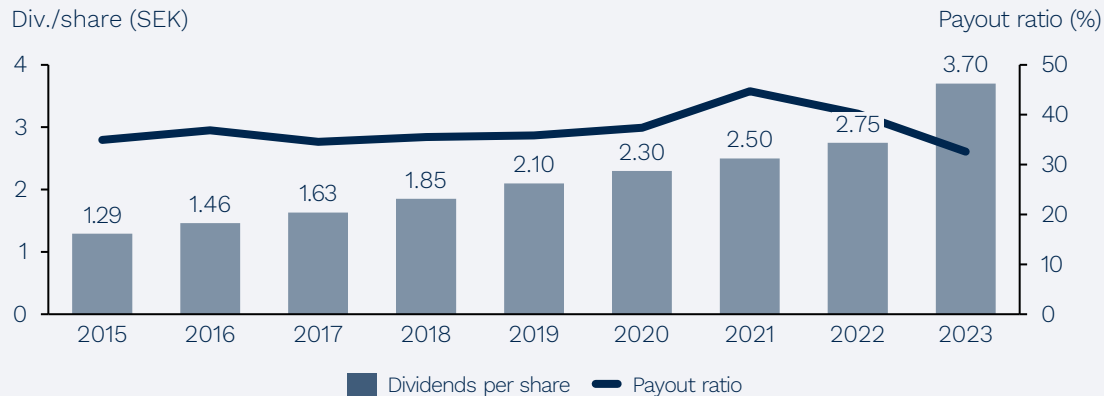
Aspire for operating cash flow after tax to average 60-70% of EBITDA



Gradual ROCE improvement over time



Historic annual dividend growth of above 10 percent



Potential for Net debt/EBITDA <3x to support continued growth and investments



Raising the 2030 aspiration



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Net debt/EBITDA: Potential for <3x to support transformational acquisitions and investments

Dividend policy: 30-50% of net profit

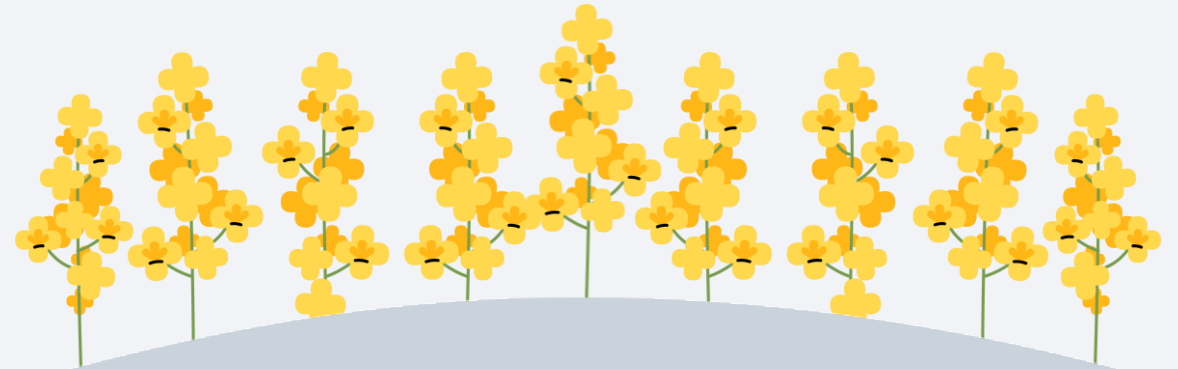
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Raising the 2030 Aspiration

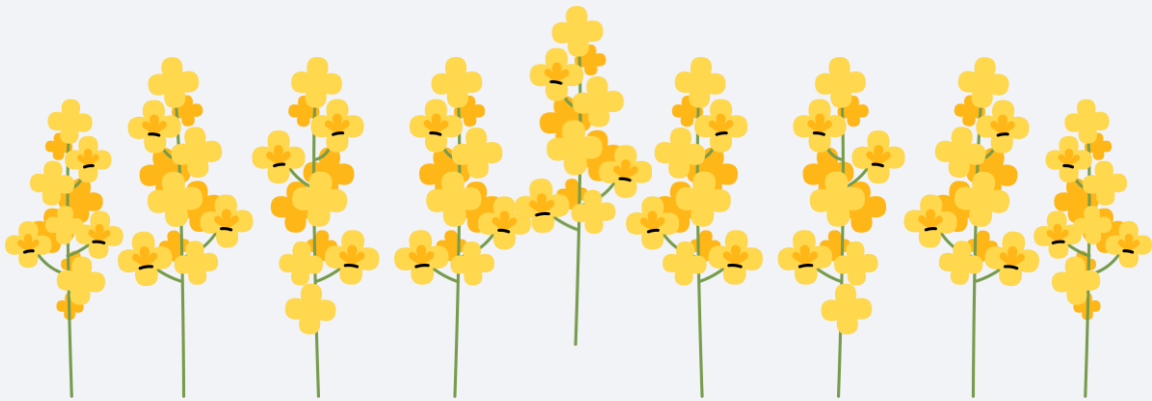
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AAK

Q&A



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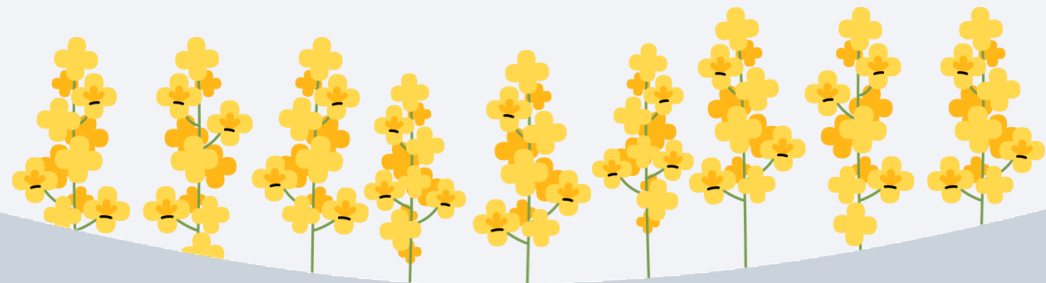
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Develop & Discover

Innovation at AAK

Niall Sands, President Commercial Development & Innovation



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- Alignment & optimization
- Increased share of speciality
- Co-Development
- Sustainability leadership

Deliver on our updated 2030 aspiration

2024-2030

Develop and innovate speciality ingredients

- Emerging consumer needs and markets
- Enhanced customer outcomes
- Health and high-purity leadership

Drive value growth towards and beyond 2030 aspiration

2030 -

Discover and expand addressable markets

- Bets for the future
- Fossil-free
- Plant-based origins

Expand specialty market, beyond 2030 aspiration

Ambition to move towards an ***insights-driven strategic innovation approach***, delivering innovation both short and long-term

Insights driven

Moving towards an outward-looking, insights driven approach, emphasizing long-term consumer-centric strategic innovation

Deliver on 2030 Aspiration

Alignment towards a shared AAK 2030 Aspiration; commercialize new business, meet shifting consumer preferences; sustainability, taste, texture and affordability, enabled by an innovation mindset & culture

Three time horizons

Holistic strategic innovation with goals to deliver results on the three time horizons: 1-2 year, 2-5 year, and 5+ years impact

The *world is changing*, providing unique *opportunities for innovation*

1.

Ever changing consumer expectations

- *Emerging consumer needs and sentiment*
- *Life stages and healthy ageing*
- *Health, nutrition and wellness*
- *Local cultural preferences*
- *Cleaner, clearer labelling*

2.

Technology enabling new applications and solutions

- *Food safety technologies*
- *Shelf-life extension & waste management*
- *Alternative ingredients*
- *New production methods*

3.

Consumers focusing on affordability

- *Consumer confidence; spending power and affordability*
- *Household budgets tightening, contributed by food spend*
- *Energy markets, currency, and raw material movements*

4.

Finding new value in sustainability

- *CO₂ emissions, climate change and sustainable practices*
- *Scarce resource management*
- *Food miles and eco-labels*

5.

New policy & regulations, shifting consumption

- *Geopolitical stability*
- *Regulation & Policy – sugar tax, EUDR, ultra processed food (HFSS)*
- *Food safety regulations and labelling*

*The Food and Beverage industry is an ”**experience economy**” – our customers are innovating & communicating this way to consumers*

Product economy
Optimizing food



The story of today
What we do



Experience economy
Optimizing myself, my food, my planet



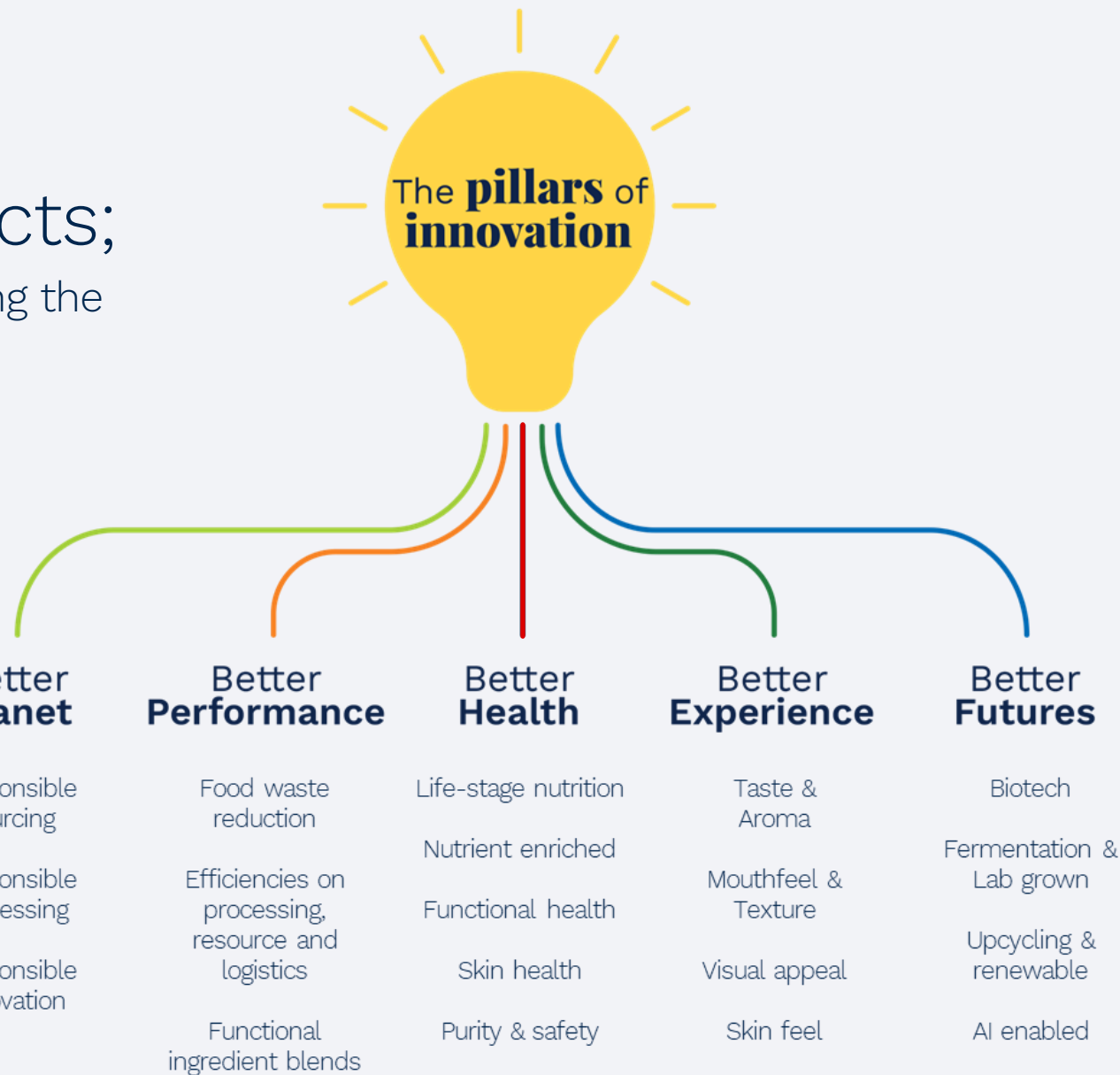
The story of tomorrow
The effect of what we do –
benefit & experience

5 common ***innovation themes*** anchor our projects; to deliver on the consumer demands shaping the future ingredients industry

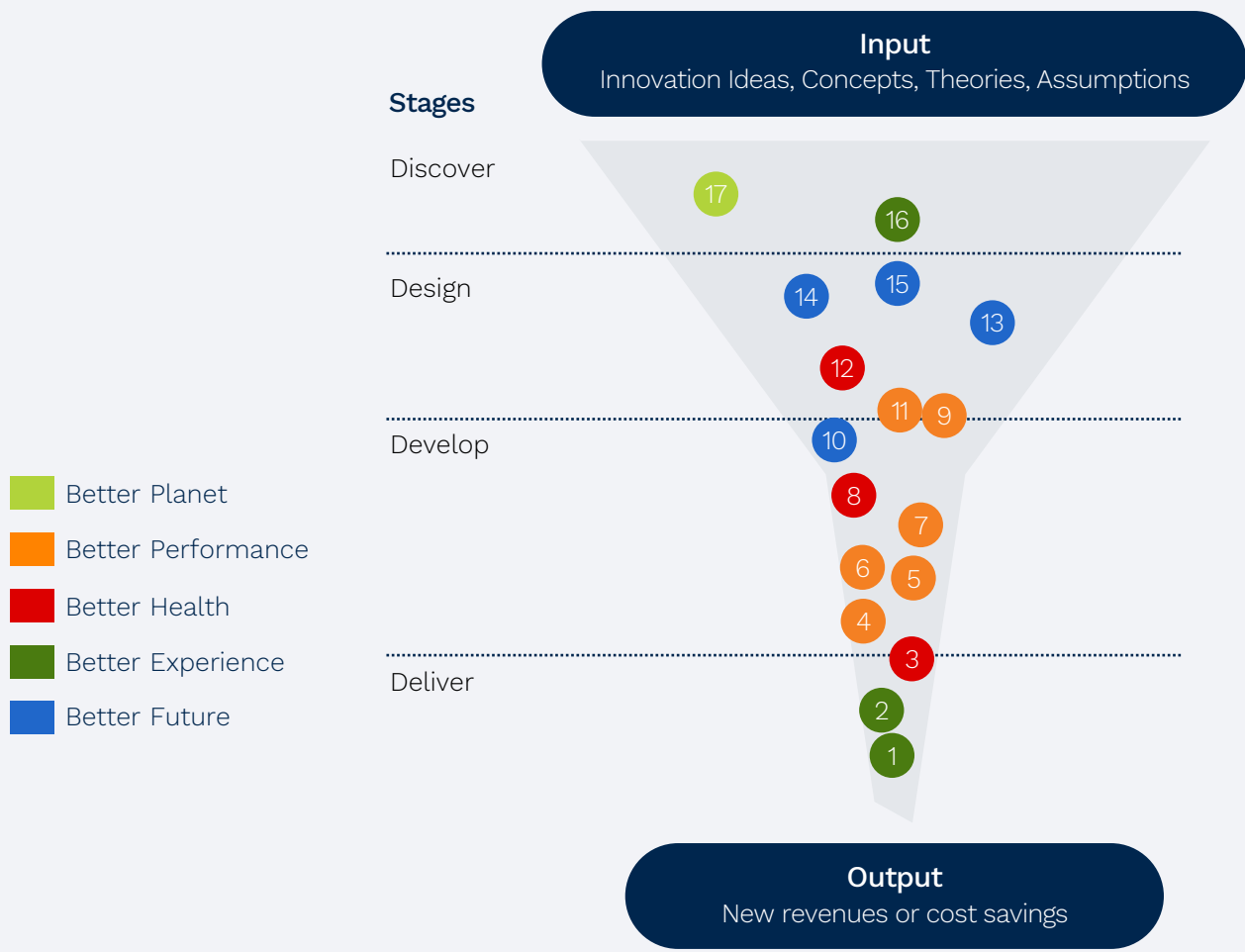


68 Innovation projects

in total across Horizons 1-3. New Product Development, New Technology Development, exploratory science & technology, PhD projects, peer partnerships and consortia



Our pipeline targets: (1) improved consumer experiences (2) efficient customer manufacturing processes (3) new AAK product categories (4) emerging technologies



Active Projects in AAK Innovation Pipeline (project examples)

	Theme	Application
17	Planet	Medical Nutrition
16	Experience	PB Dairy
15	Future/Tech	Personal Care
14	Future/Tech	New Tech
13	Future/Tech	New Tech
12	Health	Lifestyle Nutrition
11	Performance	CCF
10	Future/Tech	CCF & PBF
9	Performance	CCF
8	Health	Medical Nutrition
7	Performance	CCF
6	Performance	CCF
5	Performance	CCF
4	Performance	CCF
3	Health	Lifestyle Nutrition
2	Experience	PB Dairy
1	Experience	PB Meat

Enabled by a **holistic approach to innovation**

Our initial focus to **accelerate speed-to-market** and value creation ...



People



Process and projects



Governance

... leverage key enablers for better **innovation impact**



Center of Excellence assets



External engagement



Internal and external communication

AAK closely monitors and selectively ***invests in emerging oils and fats technologies*** with the potential to drive ***large impact***

Plant-based oils



- Extracting edible oils from new plant sources
- Creating solutions to improve taste, texture & nutritional profile of food

Fermented microbial oils



- Microalgae, yeast- and bacteria-based fermentation – potentially more functional and healthier, cost and scale challenges at present

Cultivated cellular oils



- Lab grown animal cell and insects based – functional yet costs, scale, regulatory, consumer acceptance challenges

Power-to-X

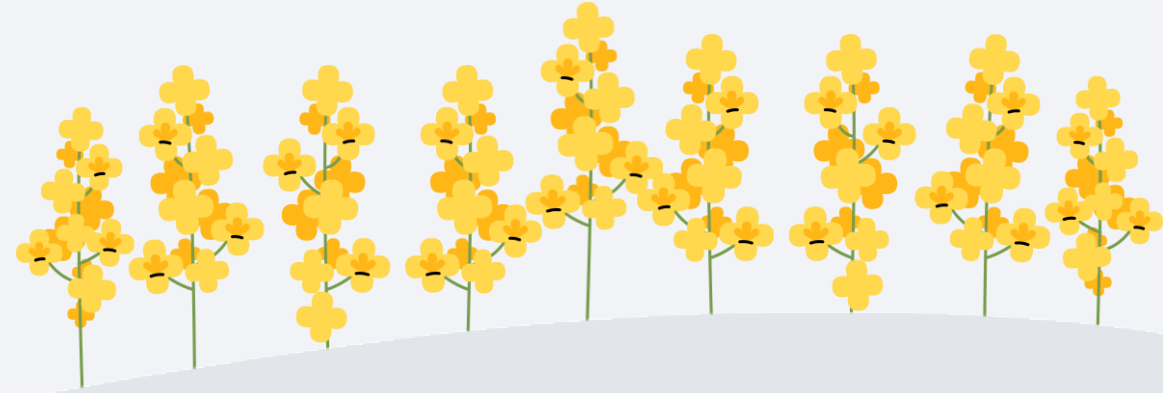


- Using carbon dioxide, water and energy to produce organic material. Can mimics oils & fats requires further R&D and investment

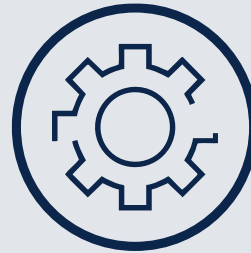
New technology can enable new value and a faster shift to a more ***sustainable oils and fats industry***

Innovation

at AAK



*Diverse team with extensive **technical & commercial food industry experience***



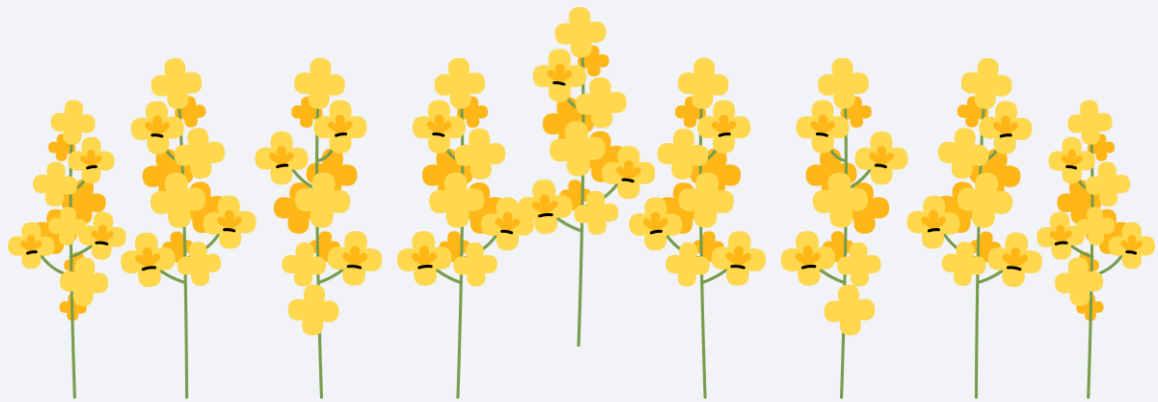
*Developing a specialty-led innovation portfolio anchored in **science & technology** enabled with **application expertise***



*Designed to meet the emerging customer & consumer needs of **Better Planet, Performance, Health, Experience, and Futures***

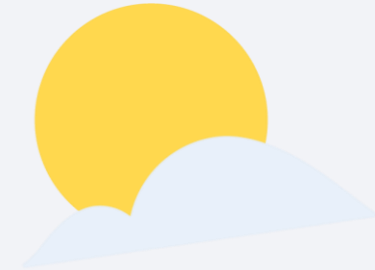
AAK

Q&A



Agenda

- 1 Strategic update
- 2 Financials
- 3 Innovation
- 4 Lunch**
- 5 Q&A breakout sessions
- 6 Concluding remarks



Everything we do is about
Making Better Happen™

