Interim report
Fourth quarter
and Year-end 2016

Arne Frank, CEO
Fredrik Nilsson, CFO
## Fourth quarter 2016

<table>
<thead>
<tr>
<th>Metric</th>
<th>2016</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume '000 MT</td>
<td>524 (491)</td>
<td>491</td>
<td>+7%</td>
</tr>
<tr>
<td>Sales SEK million</td>
<td>6,326 (5,266)</td>
<td>5,266</td>
<td>+20%</td>
</tr>
<tr>
<td>EBIT* SEK million</td>
<td>435 (388)</td>
<td>388</td>
<td>+12%</td>
</tr>
<tr>
<td>EBIT* per kg SEK</td>
<td>0.83 (0.79)</td>
<td>0.79</td>
<td>+5%</td>
</tr>
<tr>
<td>EPS SEK</td>
<td>6.69 (5.65)</td>
<td>5.65</td>
<td>+18%</td>
</tr>
<tr>
<td>Net debt SEK million</td>
<td>2,620 (2,083)</td>
<td>2,083</td>
<td>+26%</td>
</tr>
</tbody>
</table>

*Adjusted for non-recurring items
**Full year 2016**

<table>
<thead>
<tr>
<th>Metric</th>
<th>2016</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume '000 MT</td>
<td>1,966</td>
<td>(1,833)</td>
<td>+7%</td>
</tr>
<tr>
<td>Sales SEK million</td>
<td>22,057</td>
<td>(20,114)</td>
<td>+10%</td>
</tr>
<tr>
<td>EBIT* SEK million</td>
<td>1,615</td>
<td>(1,411)</td>
<td>+14%</td>
</tr>
<tr>
<td>EBIT* per kg SEK</td>
<td>0.82</td>
<td>(0.77)</td>
<td>+6%</td>
</tr>
<tr>
<td>EPS SEK</td>
<td>23.71</td>
<td>(22.17)</td>
<td>+7%</td>
</tr>
<tr>
<td>Net debt SEK million</td>
<td>2,620</td>
<td>(2,083)</td>
<td>+26%</td>
</tr>
</tbody>
</table>

* The Board of Directors and the CEO propose a dividend increase by SEK 1.00 from SEK 7.75 to SEK 8.75 per share

* Adjusted for non-recurring items
Fourth quarter 2016 – all-time high operating profit

- **AAK Group – Operating profit**
  - Operating profit, excluding non-recurring items, reached SEK 435 million (388), an improvement of 12 percent
  - Absorbed negative currency translation impact of SEK 8 million
  - Operating profit per kilo, excluding non-recurring items, reached SEK 0.83 (0.79), with the currency translation being negative by SEK 0.02 per kilo

- **Business areas – Operating profit**
  - Food Ingredients improved by 8 percent, reaching SEK 278 million (257)
  - Chocolate & Confectionery Fats reported a result of SEK 169 million (135), an improvement of 25 percent
  - Technical Products & Feed decreased by 25 percent, reaching SEK 24 million (32)
Financial summary – AAK Group

Volume

Operating profit

Operating profit per kilo

AAK quarterly EBIT growth y-o-y
Working capital days – rolling 12 months

Change since year-end 2015:
- Accounts receivables: -1
- Inventory: +8
- Accounts payables: 0
- Others: -6
- AAK Group: +1
10 percent change in all raw material prices will affect working capital by +/- SEK 250 million

Time lag of six to nine months
Raw material prices

USD/ton

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<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Rapeseed oil</td>
<td>Palm oil</td>
<td>Rapeseed oil</td>
<td>Palm oil</td>
</tr>
</tbody>
</table>

- Rapeseed oil: Fluctuates between 300 to 900 USD/ton, with a peak around Jul 2016.
- Palm oil: Fluctuates between 300 to 1,000 USD/ton, with a significant increase from Jul 2016 to Dec 2016.
Cash flow from working capital was positive, amounting to SEK 426 million (292).

The strong cash flow was due to increased accounts payables and reduced accounts receivables despite organic volume growth.

Cash outflow from investing activities amounted to SEK 327 million (549). The lower investments are mainly due to the completion of our greenfield project in Brazil.
### ROCE – fourth quarter 2016

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBIT (R12M)</th>
<th>Fixed assets</th>
<th>Working capital</th>
<th>ROCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2016</td>
<td>1,615</td>
<td>7,440</td>
<td>3,604</td>
<td>14.6</td>
</tr>
<tr>
<td>Q4 2015</td>
<td>1,409</td>
<td>6,388</td>
<td>3,087</td>
<td>14.9</td>
</tr>
</tbody>
</table>

- **EBIT (R12M)**: The earnings before interest and taxes for the rolling 12 months.
- **Fixed assets**: The value of the company's assets that are not considered to be current assets.
- **Working capital**: The difference between the company's current assets and current liabilities.
- **ROCE**: The return on capital employed, calculated as earnings before interest and taxes divided by the average capital employed over the period.
### Business trends – fourth quarter 2016

<table>
<thead>
<tr>
<th>Share of volume</th>
<th>Nordics</th>
<th>WE</th>
<th>UK</th>
<th>USA</th>
<th>CEE</th>
<th>CIS</th>
<th>Asia</th>
<th>LA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Ingredients</td>
<td>68%</td>
<td>↘️</td>
<td>↘️</td>
<td>↗️</td>
<td>↘️</td>
<td>↘️</td>
<td>↘️</td>
<td>↘️</td>
</tr>
<tr>
<td>Chocolate &amp; Confectionery Fats</td>
<td>19%</td>
<td>↘️</td>
<td>↘️</td>
<td>↗️</td>
<td>↘️</td>
<td>↘️</td>
<td>↘️</td>
<td>↘️</td>
</tr>
<tr>
<td>Technical Products &amp; Feed</td>
<td>13%</td>
<td>↘️</td>
<td>↘️</td>
<td>↗️</td>
<td>↘️</td>
<td>↘️</td>
<td>↘️</td>
<td>↘️</td>
</tr>
<tr>
<td>AAK Group</td>
<td>100%</td>
<td>↘️</td>
<td>↘️</td>
<td>↗️</td>
<td>↘️</td>
<td>↘️</td>
<td>↘️</td>
<td>↘️</td>
</tr>
</tbody>
</table>
### Food Ingredients Q4 2016

<table>
<thead>
<tr>
<th>Organic volume growth</th>
<th>Operating profit</th>
<th>Operating profit per kilo</th>
</tr>
</thead>
<tbody>
<tr>
<td>-2%</td>
<td>+8% (+11%*)</td>
<td>+3% (+5%*)</td>
</tr>
</tbody>
</table>

- **Operating profit increased to SEK 278 million (257)**
  - Specialty and semi-specialty reported organic volume growth of 1 percent
  - The Bakery segment had another challenging quarter particularly in Western Europe. In other regions, however, we are starting to see some improvements
  - The Dairy segment continued the strong trend from the previous quarters
  - Special Nutrition, comprised of Infant, Senior and Medical Nutrition, reported double-digit volume growth. This was driven by extraordinary growth for our product range Akonino®. Our other Infant Nutrition product range InFAT® had a more challenging quarter after relatively strong volume growth last year. However, the product mix was significantly better
  - Foodservice reported organic volume growth with good development particularly in the UK and the US
  - Commodity products showed negative volume development after an exceptional volume growth in 2015
  - The currency translation impact was negative SEK 8 million

- **Operating profit per kilo increased from SEK 0.77 to SEK 0.79**
  - At fixed foreign exchange rates operating profit per kilo improved by 5 percent

* At fixed FX
### Food Ingredients – organic volume growth

<table>
<thead>
<tr>
<th></th>
<th>2016 FY</th>
<th>2016 Q4</th>
<th>2016 Q3</th>
<th>2016 Q2</th>
<th>2016 Q1</th>
<th>2015 FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>FI - speciality &amp; semi-speciality</td>
<td>+1%</td>
<td>+1%</td>
<td>+2%</td>
<td>+3%</td>
<td>0%</td>
<td>+2%</td>
</tr>
<tr>
<td>FI - commodity</td>
<td>-13%</td>
<td>-13%</td>
<td>-9%</td>
<td>-21%</td>
<td>-9%</td>
<td>+19%</td>
</tr>
<tr>
<td>FI - total</td>
<td>-2%</td>
<td>-2%</td>
<td>0%</td>
<td>-3%</td>
<td>-3%</td>
<td>+5%</td>
</tr>
</tbody>
</table>
Food Ingredients
Chocolate & Confectionery Fats Q4 2016

Organic volume growth: +16%
Operating profit: +25%
Operating profit per kilo: +8%

- **Operating profit increased to SEK 169 million (135)**
  - Continued organic growth for both high-end and low-end products with the latter showing particularly strong growth for the second consecutive quarter
  - After two years of severely deteriorating market conditions in Russia and Ukraine, the strong growth during the first three quarters continued, but still from low levels
  - There was no currency translation impact in the quarter

- **Operating profit per kilo increased from SEK 1.57 to SEK 1.69**
  - 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
Chocolate & Confectionery Fats

Operating profit

Operating profit per kilo

The Co-Development Company
For information regarding cocoa and cocoa butter please refer to information at www.icco.org
Operating profit in the quarter was SEK 24 million (32)

- Volumes were stable compared to the corresponding quarter in 2015
- Operating profit reached SEK 24 million (32). Last year’s corresponding quarter was exceptionally strong for the fatty acids business. Pressure from higher raw material prices had an unfavorable impact on operating profit

Organic volume growth: 0%
Operating profit: -25%
Operating profit per kilo: -24%
Summarising the 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 pipeline
- 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 for the coming years

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

* Excluding acquisitions and at fixed FX
Concluding remarks from the CEO

- 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;
  - We are expecting a continued positive underlying development for Food Ingredients
  - We are expecting continued improvement in Chocolate & Confectionery Fats
Questions & answers
## Financial calendar 2016/2017

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 20, 2017</td>
<td>First quarter report 2017</td>
</tr>
<tr>
<td>May 17, 2017</td>
<td>Annual General Meeting, Malmö</td>
</tr>
<tr>
<td>July 17, 2017</td>
<td>Second quarter report 2017</td>
</tr>
<tr>
<td>October 26, 2017</td>
<td>Third quarter report 2017</td>
</tr>
<tr>
<td>February 5, 2018</td>
<td>Fourth quarter and year-end report 2017</td>
</tr>
</tbody>
</table>
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