



Arne Frank, CEO
Fredrik Nilsson, CFO

**Interim report
Fourth quarter
and Year-end 2016**

Agenda

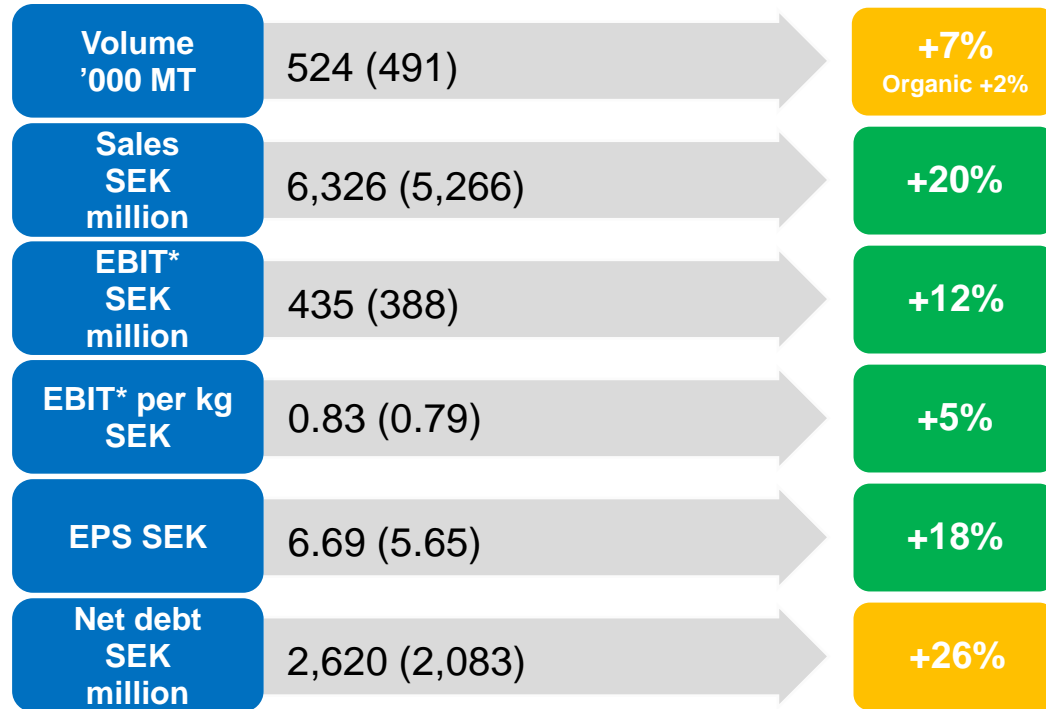
Fourth quarter 2016

Business area information

AAKtion & The AAK Way

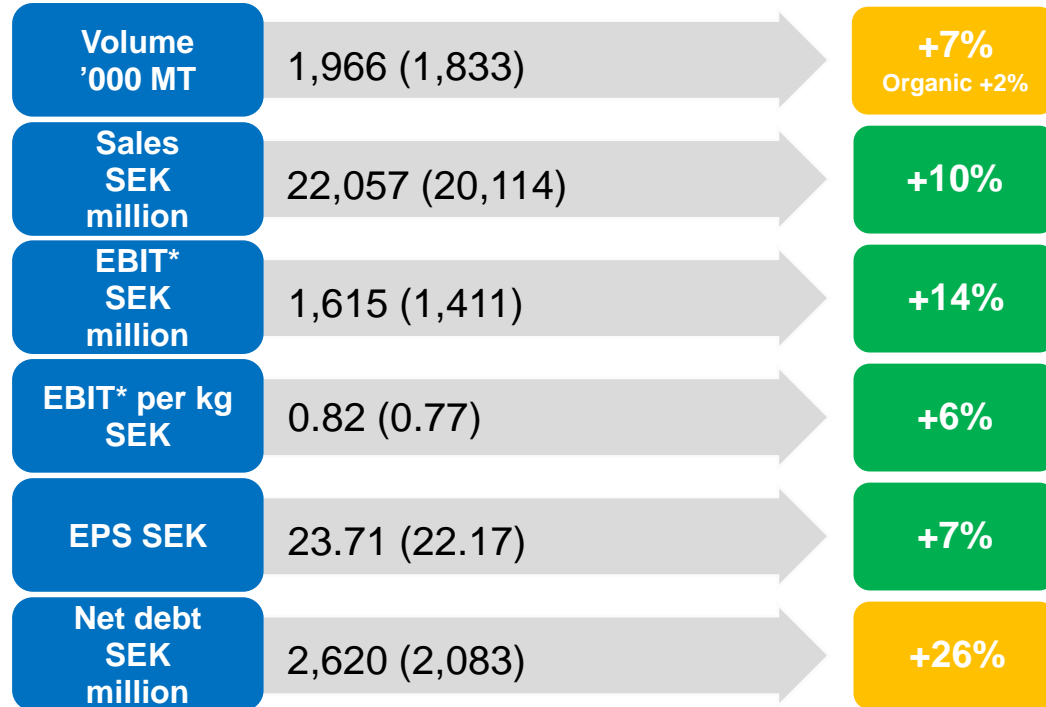
Q & A

Fourth quarter 2016



* Adjusted for non-recurring items

Full year 2016



- ◆ 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

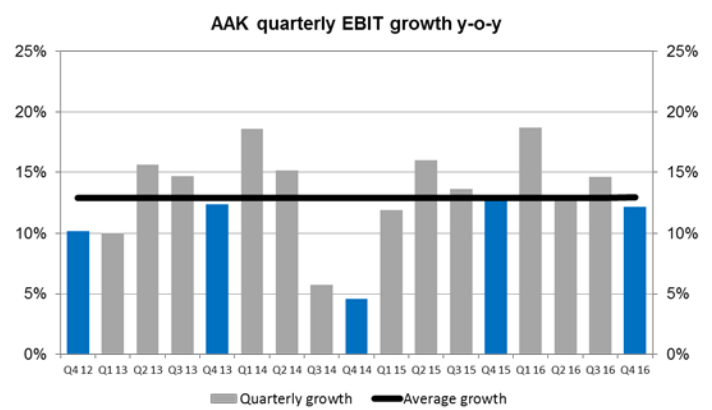
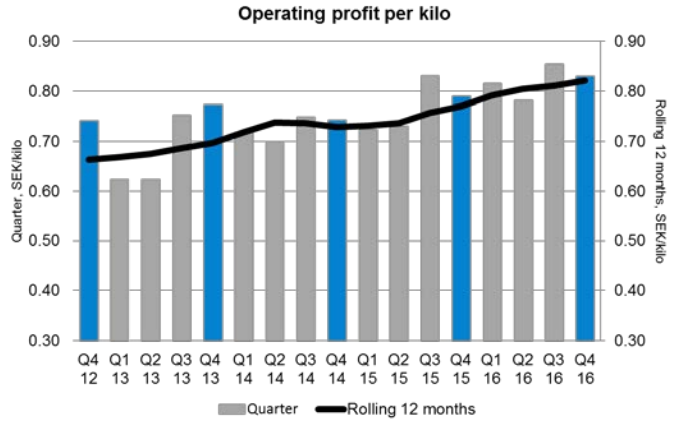
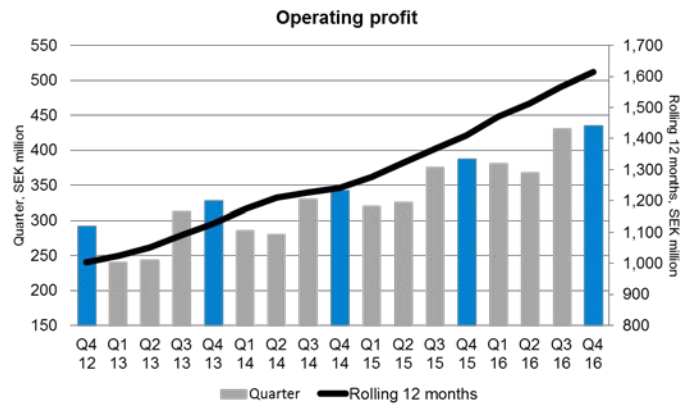
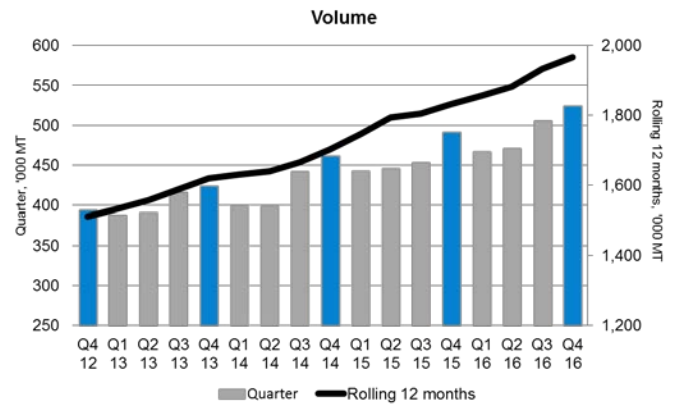
◆ AAK Group – Operating profit

- ◆ 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

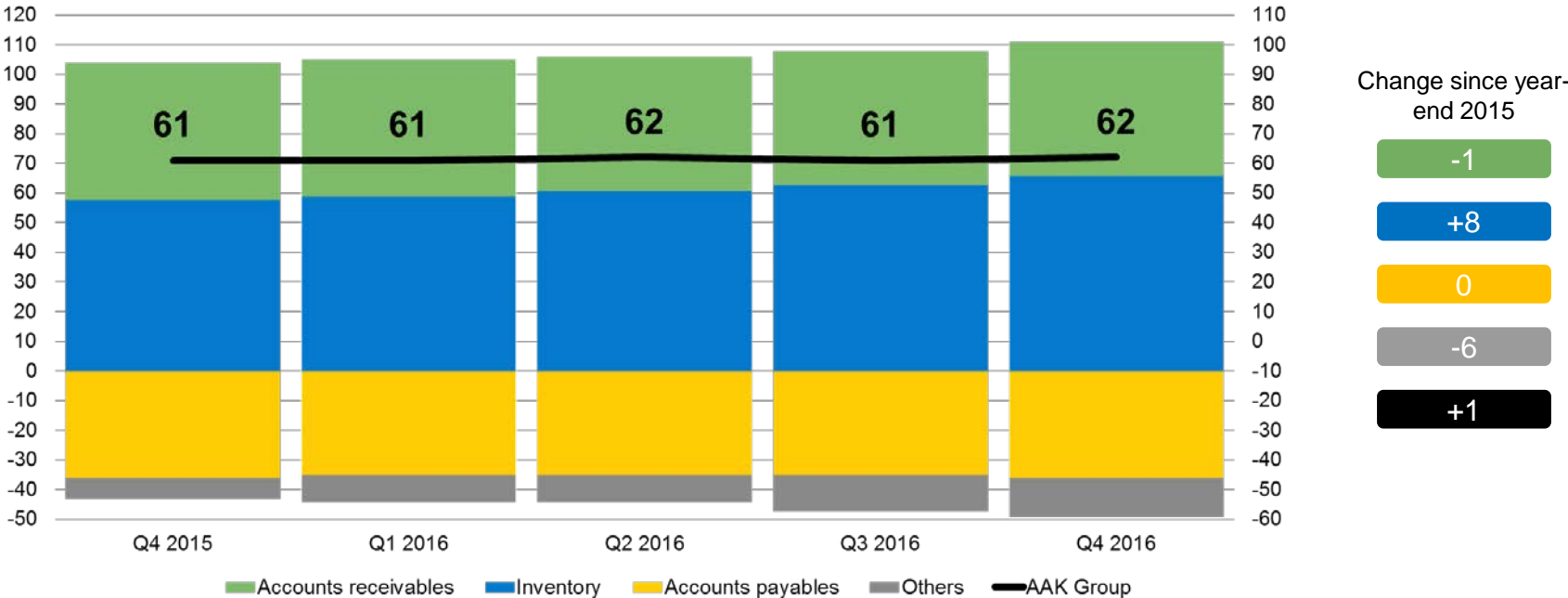
◆ Business areas – Operating profit

- ◆ 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)

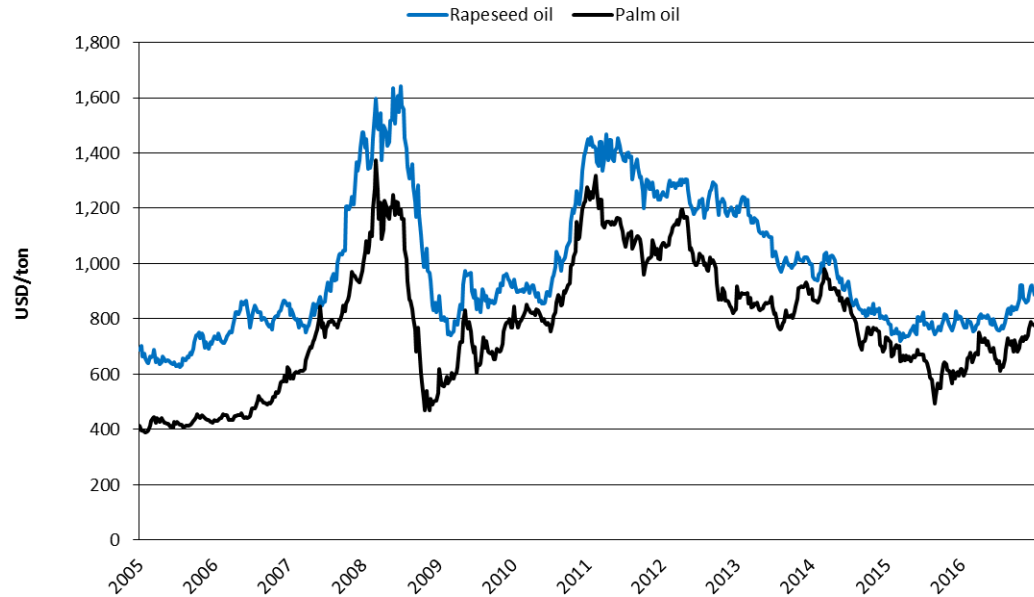
Financial summary – AAK Group



Working capital days – rolling 12 months

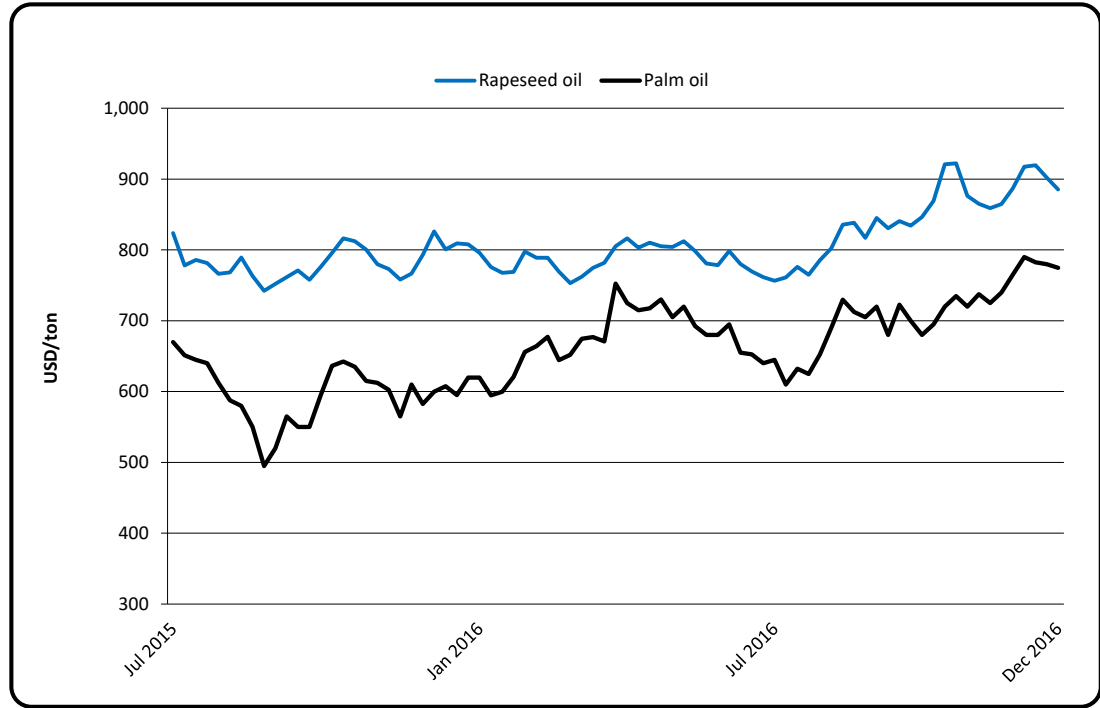


Raw material prices



- ◆ 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

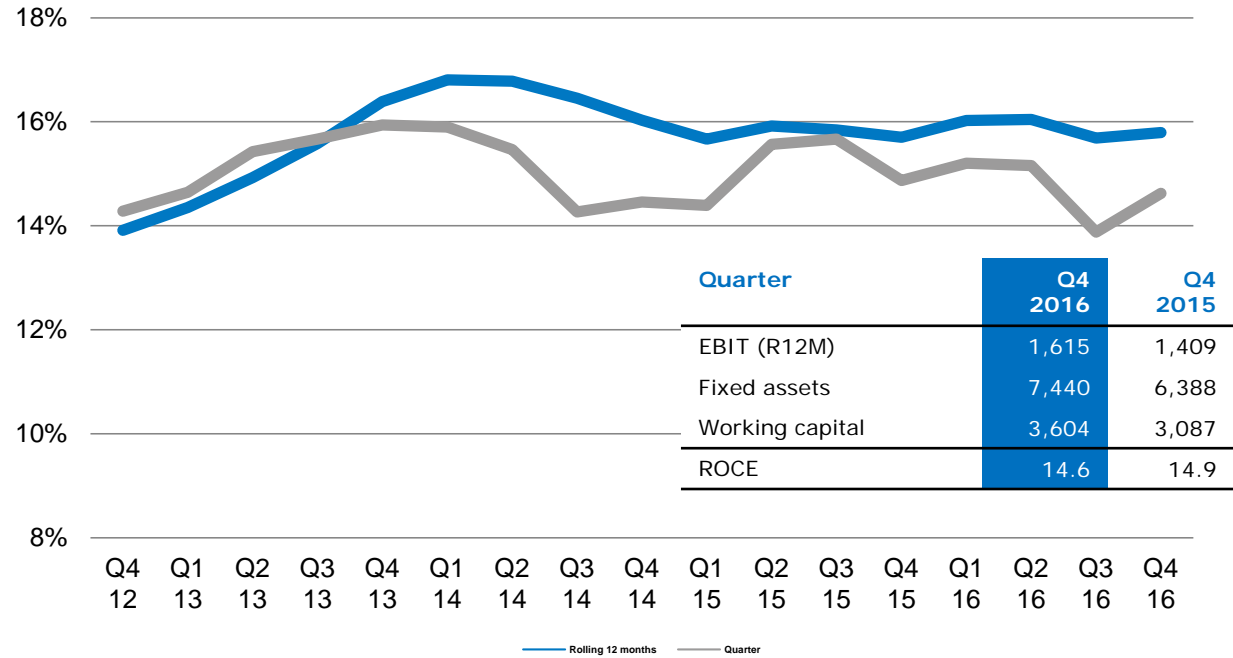


Cash flow

SEK million	Q4 2016	FY 2016	Q4 2015	FY 2015
EBITDA	574	2,079	490	1,840
Paid interest	-42	-163	-30	-114
Paid tax	-78	-403	-71	-270
Non-cash items	-37	-37	-20	-100
Change in working capital (WC)	426	-263	292	380
Cash flow from operating activities incl. changes in WC	843	1,213	661	1,736
Cash flow from investments	-327	-1,421	-549	-1,016
Free cash flow	516	-208	112	720

- ◆ 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



Business trends – fourth quarter 2016

	Share of volume	Nordics	WE	UK	USA	CEE	CIS	Asia	LA
Food Ingredients	68%	→	↘	→	↗	→	→	↗	↗
Chocolate & Confectionery Fats	19%	→	→		↗	↗	↗	↗	→
Technical Products & Feed	13%	→							
AAK Group	100%	→	→	→	↗	↗	→	↗	↗

Food Ingredients Q4 2016

Organic volume growth

-2%

Operating profit

+8% (+11%*)

Operating profit per kilo

+3% (+5%*)

◆ 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

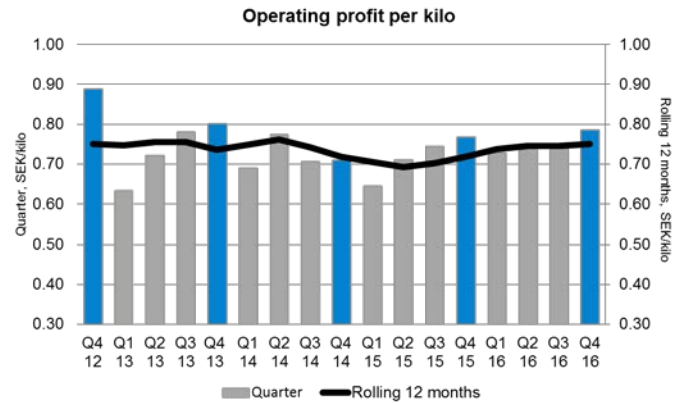
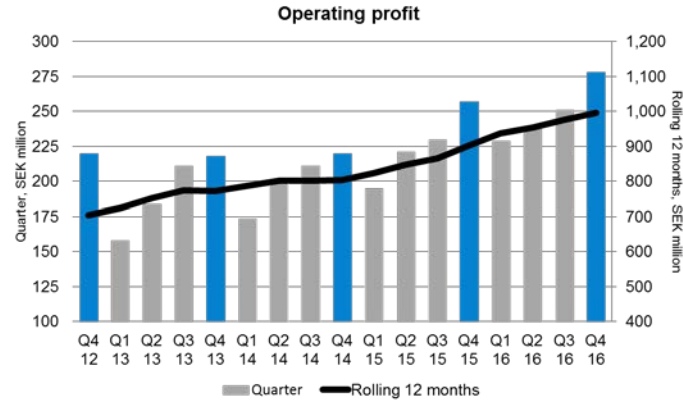


Food Ingredients – organic volume growth



	2016 FY	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 FY
FI - speciality & semi-speciality	+1%	+1%	+2%	+3%	0%	+2%
FI - commodity	-13%	-13%	-9%	-21%	-9%	+19%
FI - total	-2%	-2%	0%	-3%	-3%	+5%

Food Ingredients





Chocolate & Confectionery Fats Q4 2016

Organic volume growth

+16%

Operating profit

+25%

Operating profit per kilo

+8%

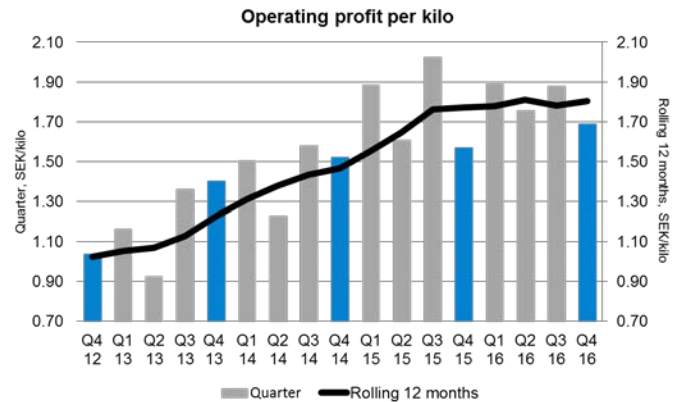
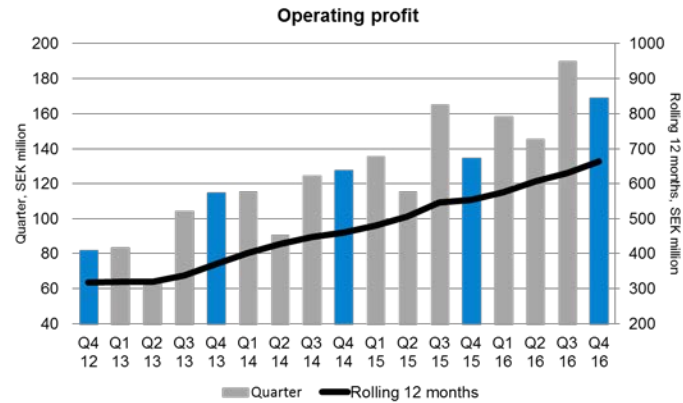
- **Operating profit increased to SEK 169 million (135)**

- 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**

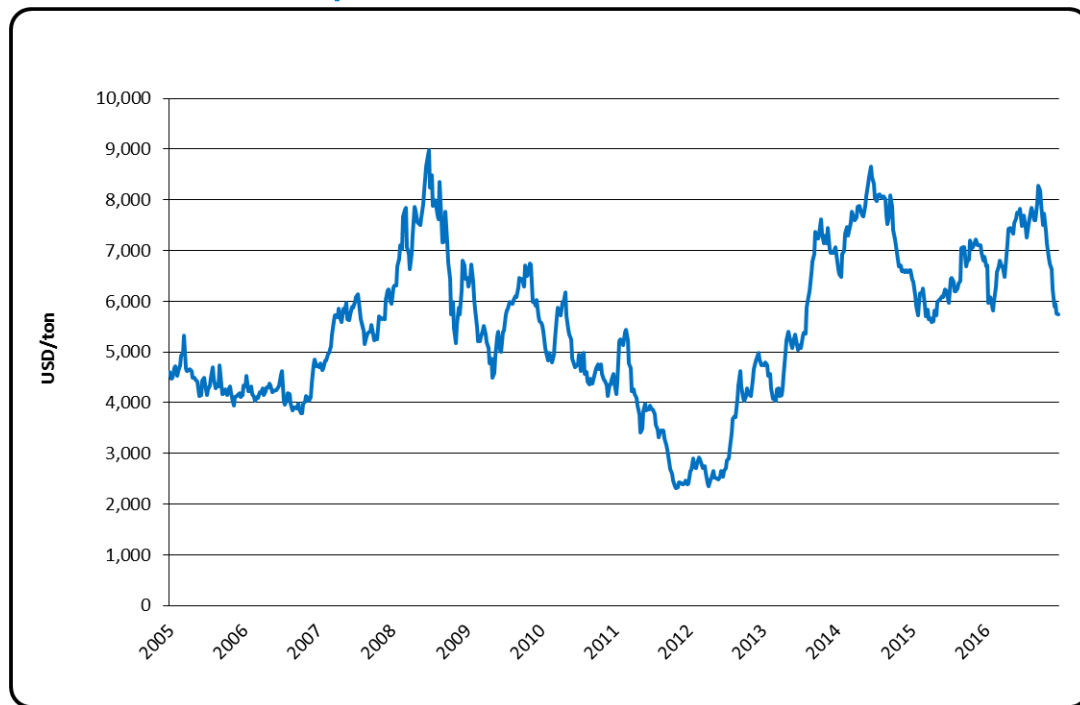
- Ramp-up costs related to greenfield investments have had a negative impact on operating profit per kilo
- Recent years' strong customer co-development, new innovative solutions, and further expansion of our geographical footprint are continuing to yield positive results

Chocolate & Confectionery Fats





Cocoa butter price



For information regarding cocoa and cocoa butter please refer to information at www.icco.org

Technical Products & Feed Q4 2016

Organic volume growth

0%

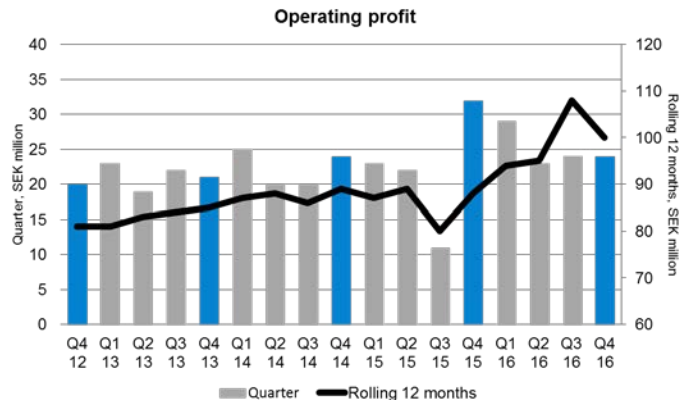
Operating profit

-25%

Operating profit per kilo

-24%

- ◆ **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



The first choice for value-adding vegetable oil solutions



PEOPLE

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
- Tropicaol 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

The AAK Way



Innovation

Go To Market

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

Operational Excellence

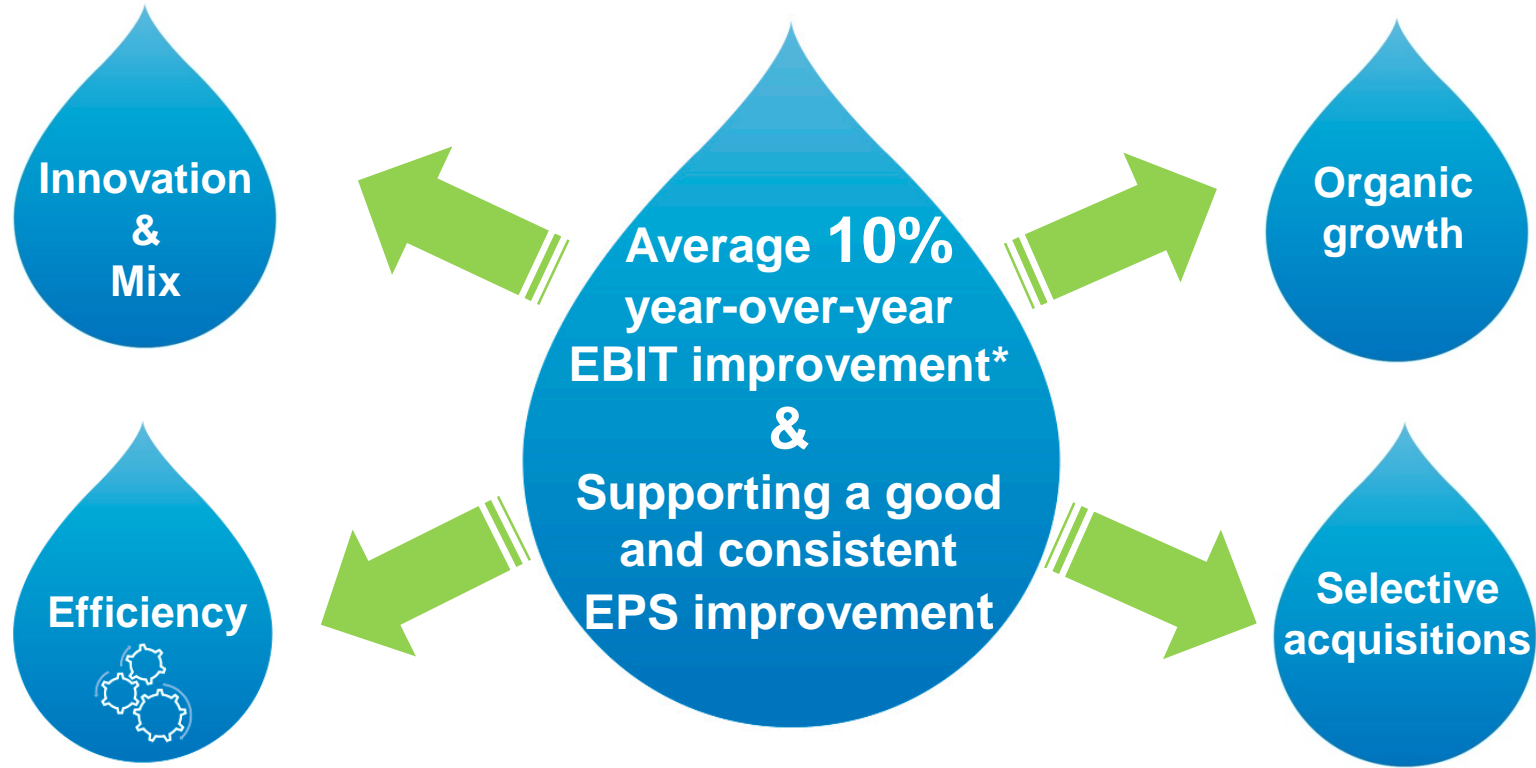
- ◆ Sourcing Excellence
- ◆ Cost Effective & Flexible
- ◆ World Class Delivery

Special Focus Areas

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

People

Management ambition for the coming years



* 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

Financial calendar 2016/2017

April 20, 2017	First quarter report 2017
May 17, 2017	Annual General Meeting, Malmö
July 17, 2017	Second quarter report 2017
October 26, 2017	Third quarter report 2017
November 28, 2017	Capital Market Day, Stockholm
February 5, 2018	Fourth quarter and year-end report 2017

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