



Fredrik Nilsson
CFO and acting CEO

**Interim report
First quarter 2018**

AAK

Agenda

- 1 First quarter 2018
- 2 Business area information
- 3 The AAK Way
- 4 Q&A

Highlights 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 percent
- 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)

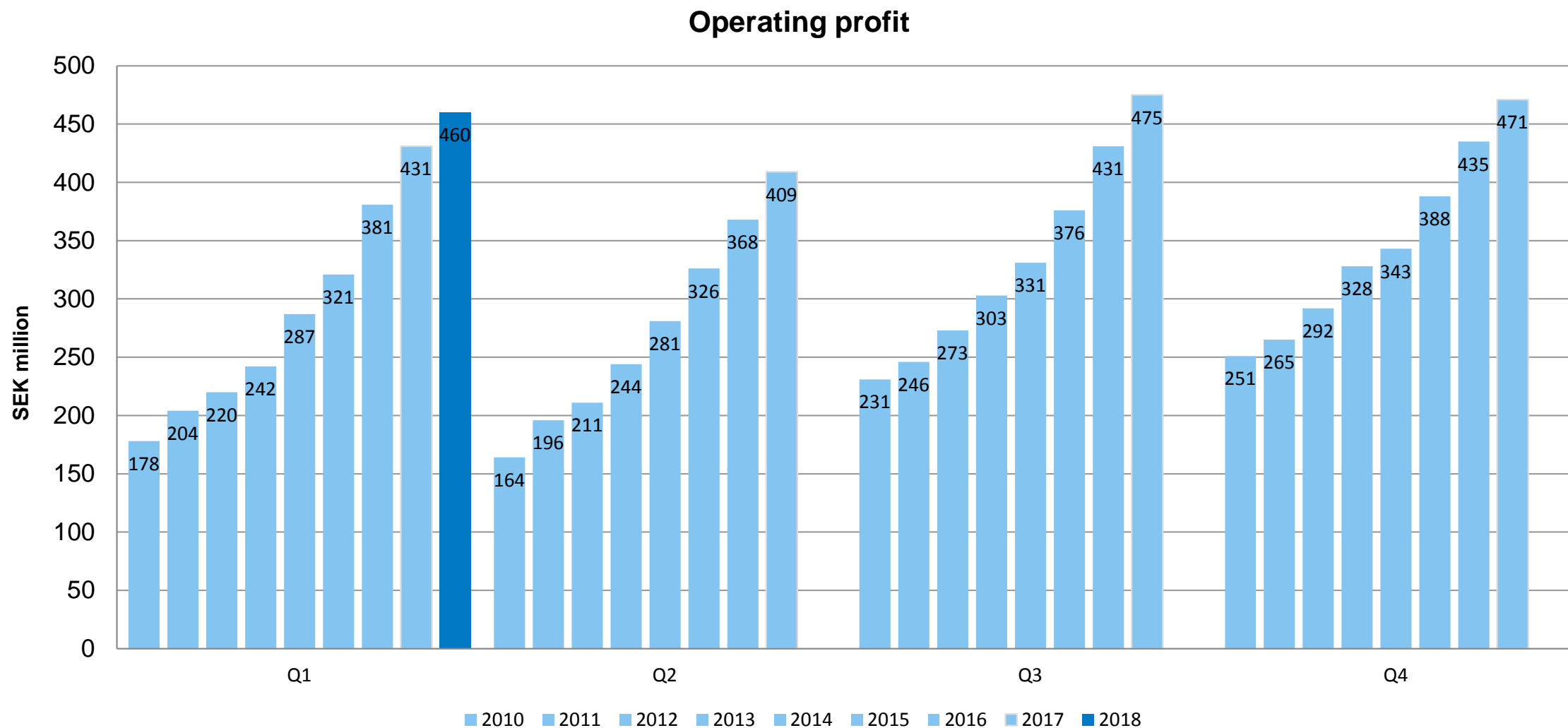
Operating profit
SEK 460 million
(up 7% y/y, up 9% y/y*)

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









ROCE
15.4%

* Fixed FX

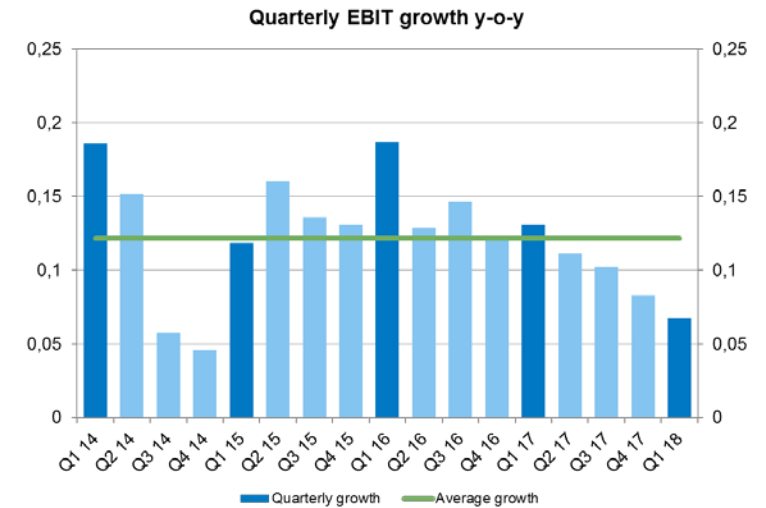
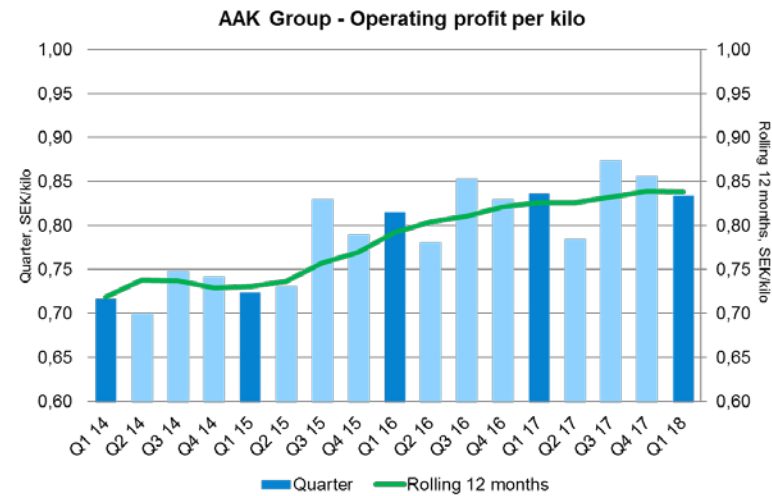
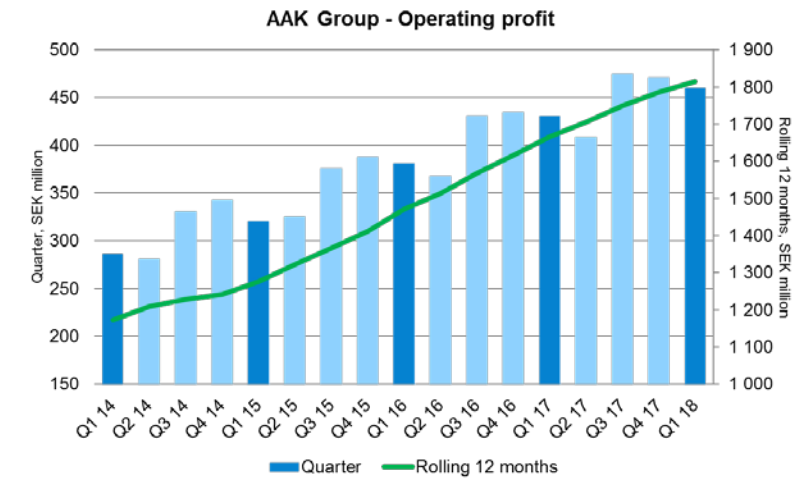
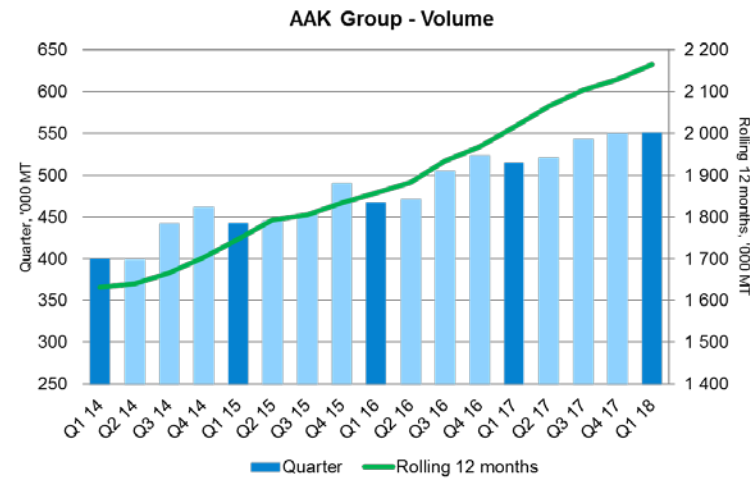
29th consecutive quarter with a record-high year-over-year operating profit



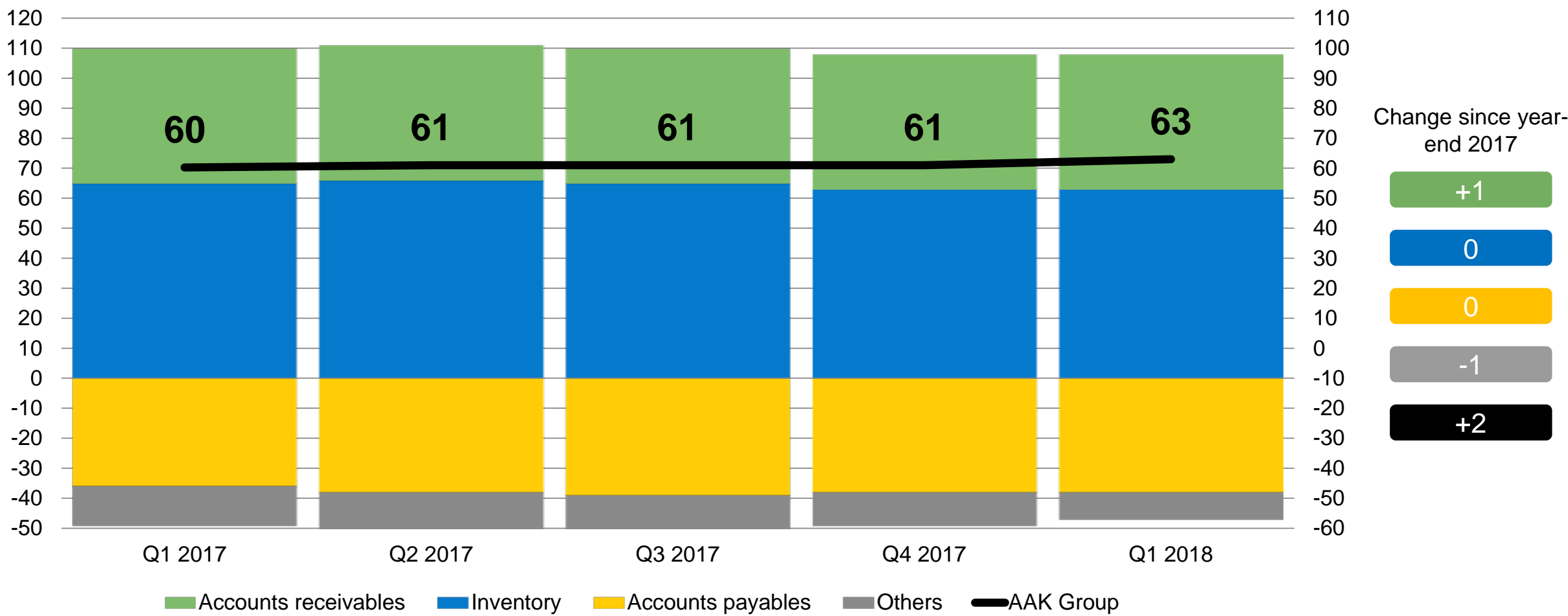
FX exposure – translation impact

	Average rate 2017	Average rate Q1 2018	Movement vs SEK	EBIT impact
USD	8.52	8.17		
EUR	9.65	10.00		
GBP	11.04	11.34		
MXN	0.45	0.43		

Financial summary – AAK Group

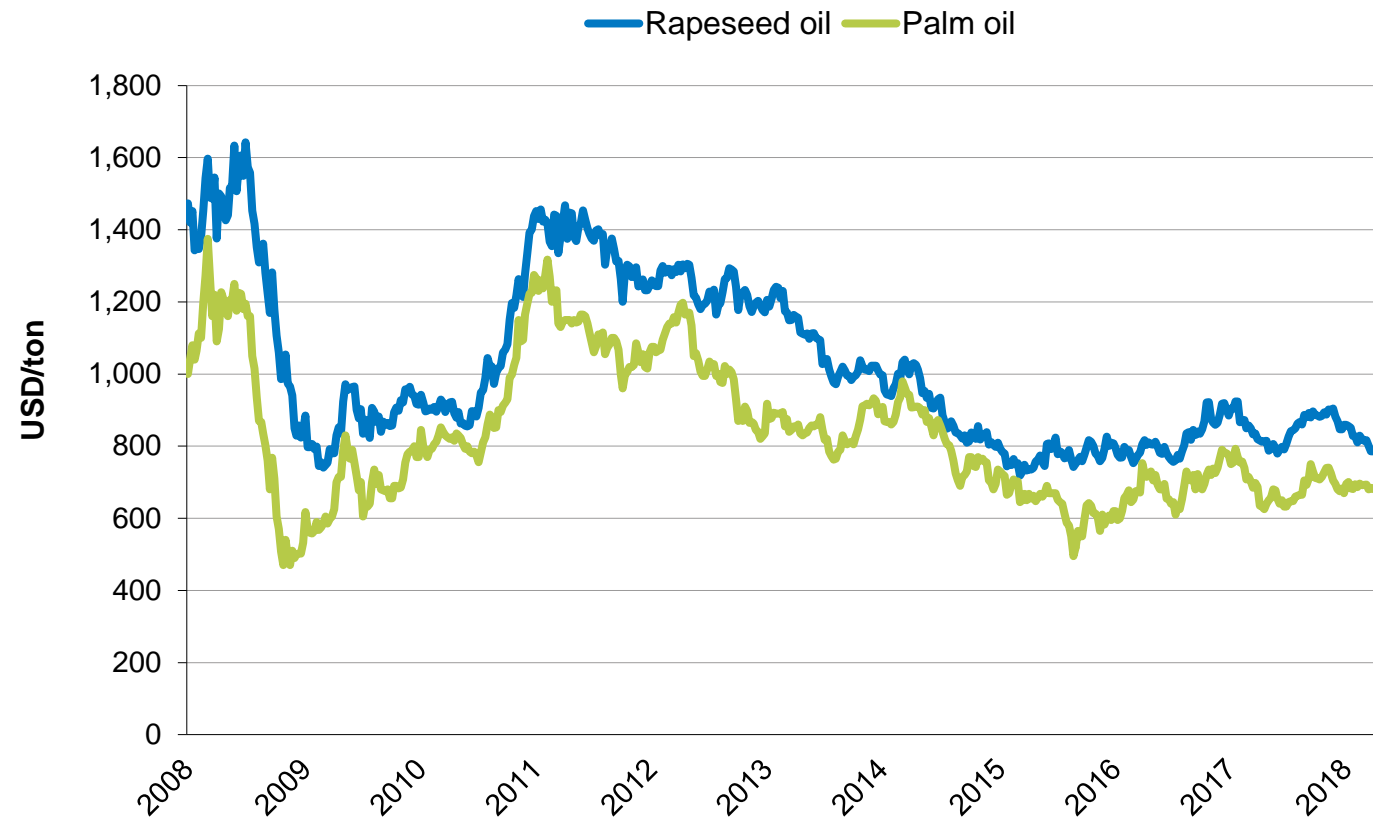


Working capital days – rolling 12 months



Raw material prices

Rapeseed oil and palm oil



Cash flow

SEK million	Q1 2018	Q1 2017	Full year 2017
EBITDA	595	553	2,278
Paid interest	-18	-46	-115
Paid tax	-112	-141	-413
Non-cash items	-219	-34	-263
Change in working capital (WC)	-643	-740	-388
Cash flow from operating activities incl. changes in WC	-397	-408	1,099
Cash flow from investments	-130	-154	-810
Free cash flow	-527	-562	289

- A modest increase in raw material prices 6–9 months ago has impacted cash flow from working capital negatively during the first quarter
- We have also seen continued organic volume growth and more working capital tied up for our new factories in Brazil and China

Return on Capital Employed (ROCE)

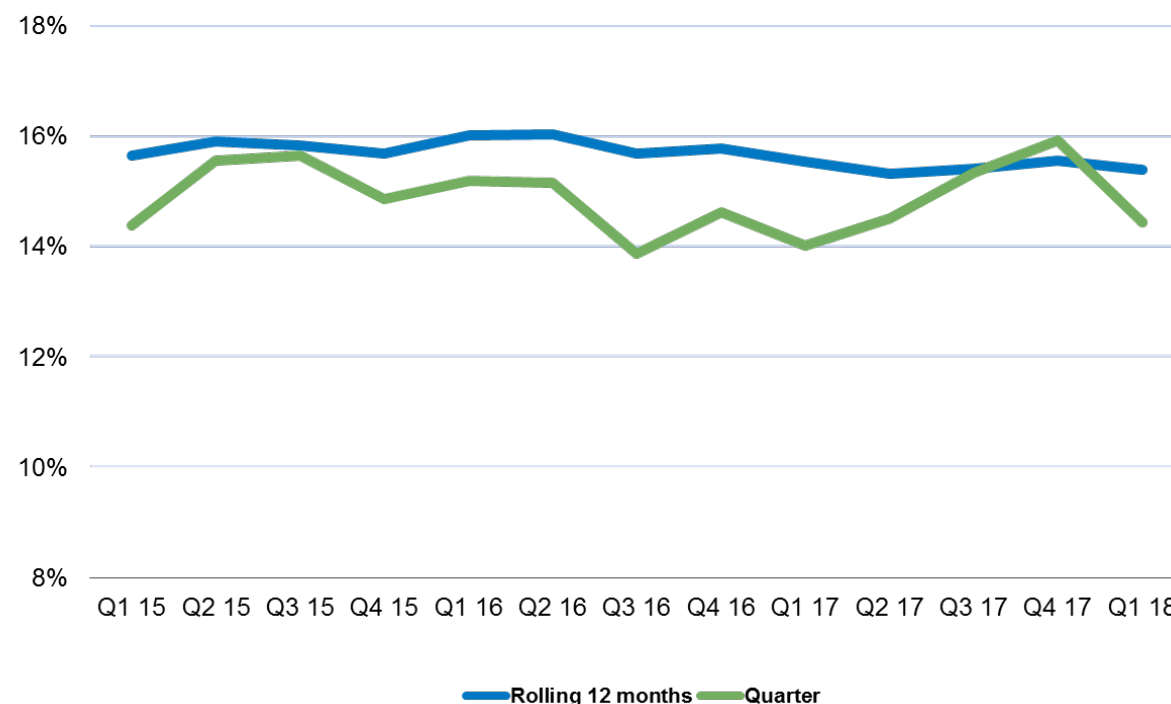
We target a gradual and continuous improvement

ROCE end Q1 2018*
15.4%

EBIT LTM
SEK million
1,815

**Capital
employed***
SEK million
11,780

Growth and operating leverage
to drive increase in ROCE



* ROCE: Return on Capital Employed calculated on rolling 12 months

Business trends – first quarter 2018



Share of volume		Nordics	WE & UK	CIS & CEE	USA	Asia	LA
Food Ingredients	68%	➔	➔	➔	➔	➔	➔
Chocolate & Confectionery	18%	➔	➔	➔	➔	➔	➔
Fats							
Technical Products & Feed	14%	➔					
AAK Group	100%	➔	➔	➔	➔	➔	➔

Food Ingredients Q1 2018

- ◆ **Operating profit increased to SEK 271 million (249)**

- ◆ Bakery had another challenging quarter, particularly within Europe and the US. Good growth in Asia and North Latin America
- ◆ The Dairy segment continued the strong trend from previous quarters and once again reported double-digit organic volume growth
- ◆ Strong momentum for Special Nutrition continued and the segment reported double-digit volume growth with a significantly better product mix compared to the corresponding quarter last year
- ◆ Foodservice reported minor organic volume growth in line with the market. The Nordics was also back to organic volume growth after a challenging 2017
- ◆ The currency translation impact was negative SEK 5 million

- ◆ **Operating profit per kilo was stable at SEK 0.72 (0.72)**

- ◆ Good underlying improvement offset by strong growth in commodity volumes and a negative currency translation impact

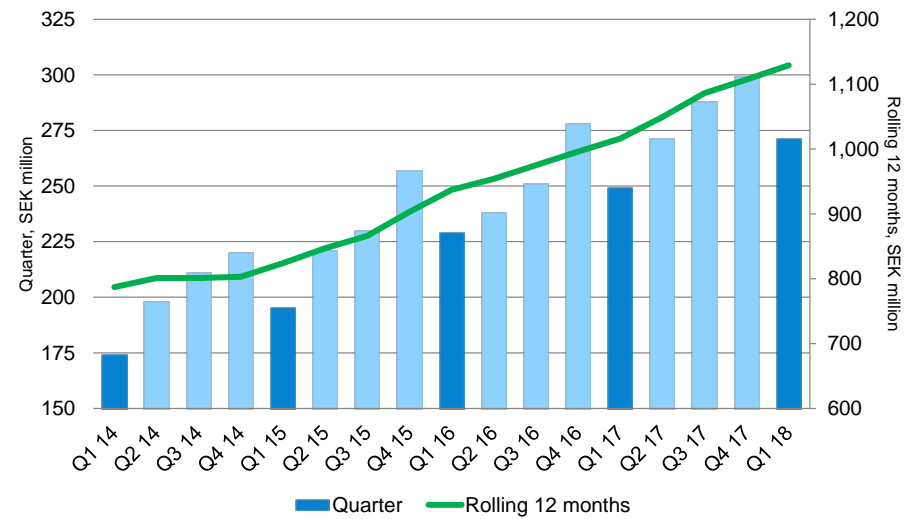
**Organic volume
growth
+9%**

**Operating
profit
+9%**

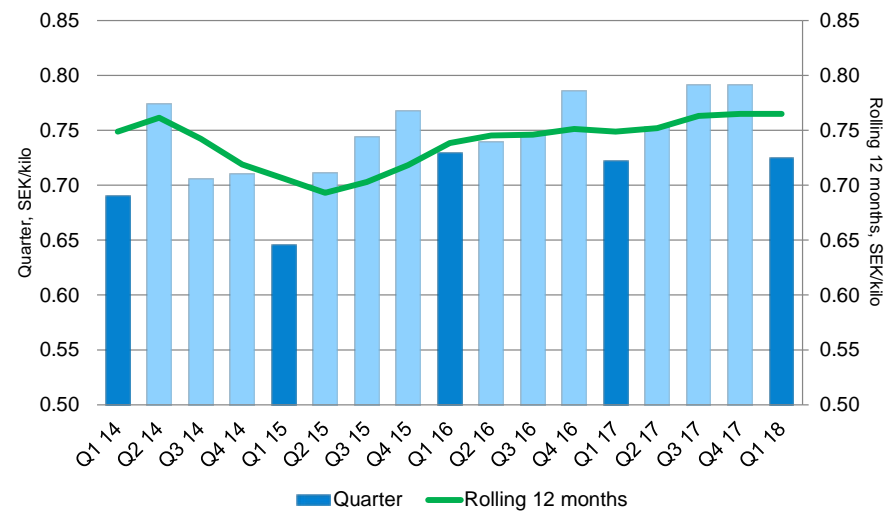
**Operating profit
per kilo
+0%**

Food Ingredients Q1 2018

Food Ingredients - Operating profit



Food Ingredients - Operating profit per kilo



Chocolate & Confectionery Fats Q1 2018

◆ Operating profit reached SEK 190 million (196)

- ◆ Continued organic volume growth. Higher growth for low-end products and slightly negative impact on our high-end products due to production disruptions
- ◆ As earlier communicated we have during the first part of the quarter faced increased production and supply chain costs due to the backlog of supply from 2017 and a higher volatility in the variations in some of our raw materials
- ◆ Towards the end of the quarter we have seen a more stabilized output from the production combined with a lower volatility in the raw material variations
- ◆ Slightly more aggressive pricing from some competitors has put some pressure on our margins. Towards the end of the quarter we have seen a more normalized situation which we expect will have a positive effect later this year
- ◆ The currency translation impact was negative SEK 4 million

◆ Operating profit per kilo decreased to SEK 1.86 (2.00)

- ◆ Continued organic volume growth for speciality products offset by production disruptions, ramp-up costs and a negative currency translation impact

Organic volume
growth
+4%

Operating
profit
-3%

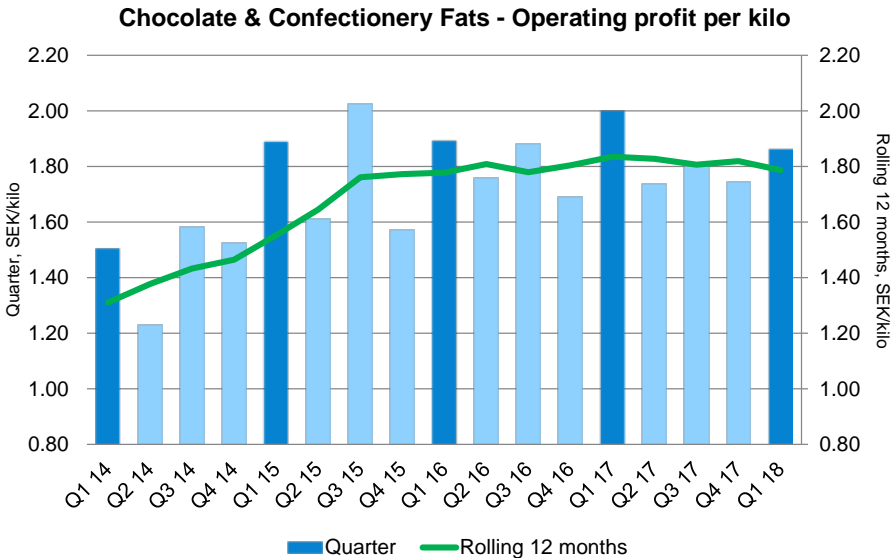
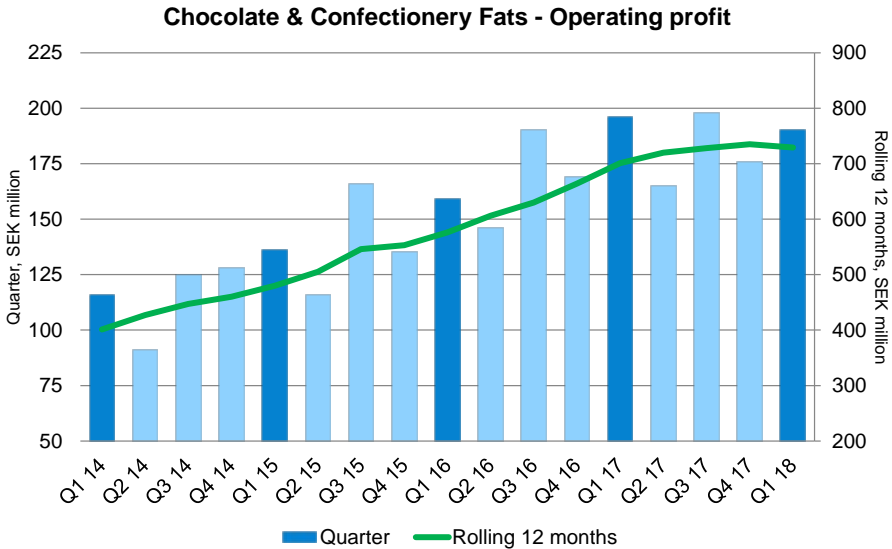
Operating profit
per kilo
-7%

Chocolate & Confectionery Fats Q1 2018

Cocoa butter



Chocolate & Confectionery Fats Q1 2018



Technical Products & Feed Q1 2018

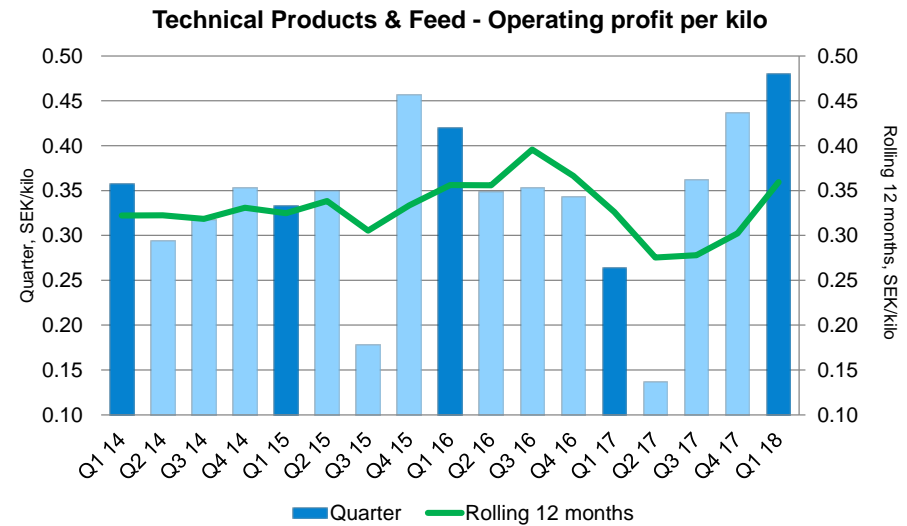
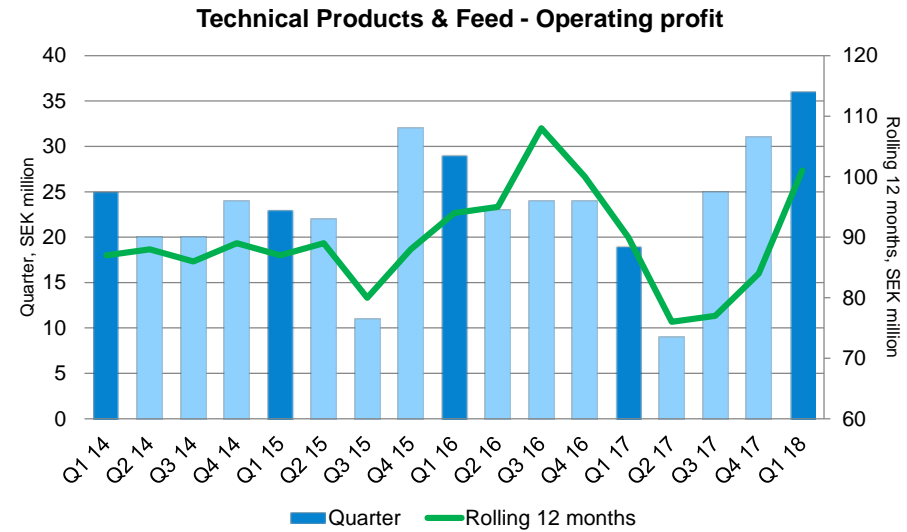
- **Operating profit increased by 89 percent reaching SEK 36 million (19)**
 - Volumes increased by 4 percent in the quarter and with growth in both the fatty acids business and the feed business
 - The improvement in operating profit was mainly due to;
 - Improved product mix in our fatty acids business, with particular growth in the candle business
 - Continued growth in the feed business
 - Some progress for our crushing operation of rapeseed
- **The business area reported an impressive operating profit per kilo, SEK 0.48 (0.26), an improvement by 85 percent**




**Organic volume
growth
+4%**

**Operating
profit
+89%**

**Operating profit
per kilo
+85%**

Technical Products & Feed Q1 2018



-  Ahead of plan
-  On plan
-  Behind plan



Innovation



Go to Market

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



Operational Excellence

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



Special Focus Areas

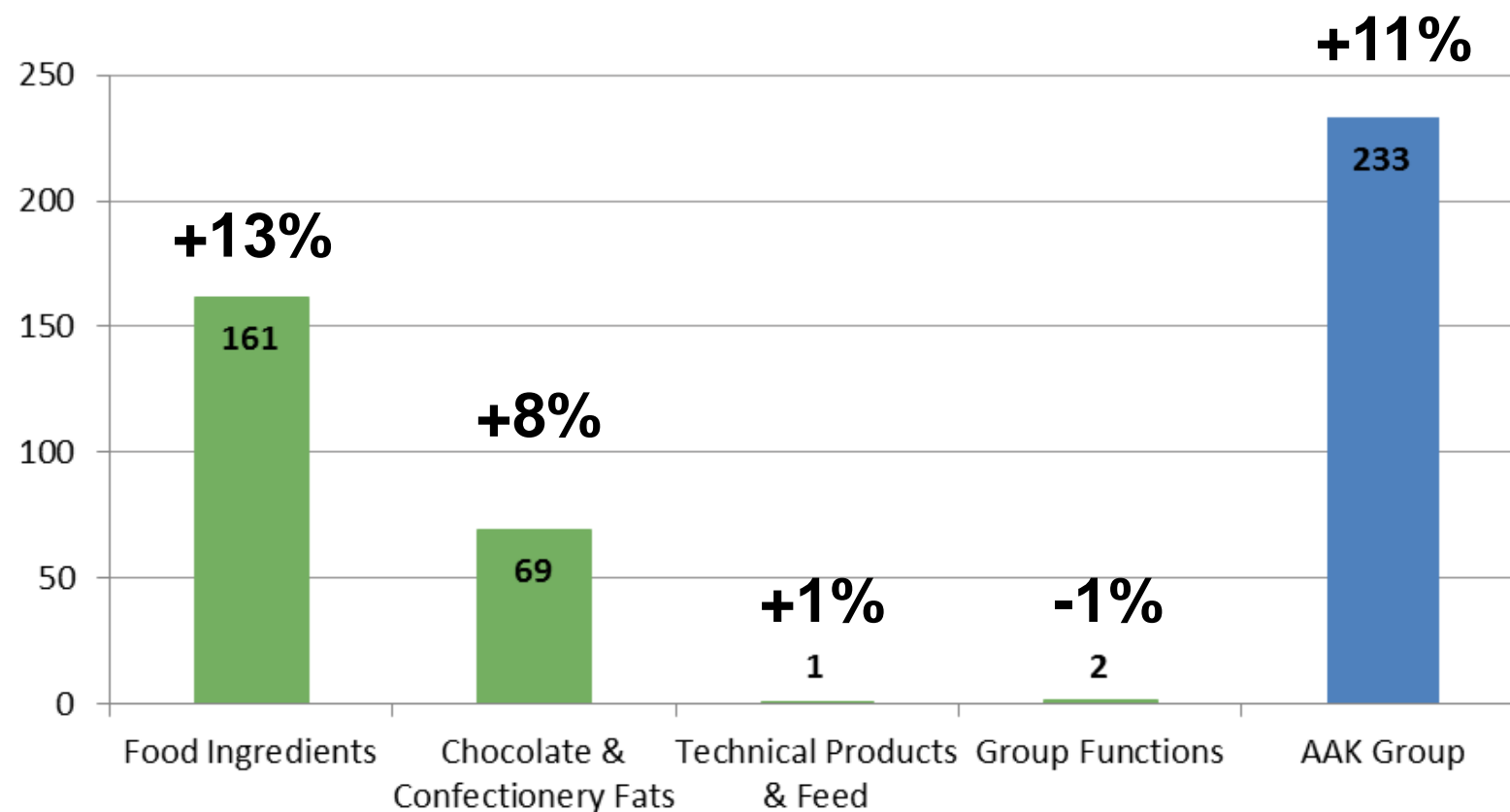
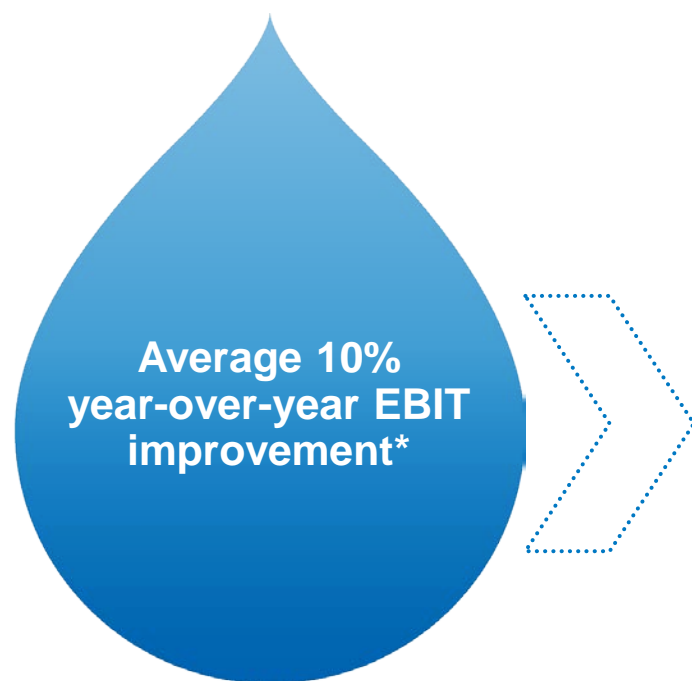
- ◆ Special Nutrition
- ◆ Dairy+
- ◆ INNOBO-Products



People



Our long-term management ambition – CAGR after 15 months



*Excluding acquisitions and at fixed FX



We continue to
remain prudently
optimistic about the
future.

Q&A

Financial calendar

Financial calendar 2018/2019

May 30, 2018	Annual General Meeting
July 18, 2018	Second quarter report 2018
October 25, 2018	Third quarter report 2018
November 21, 2018	Capital market day
February 1, 2019	Fourth quarter and year-end report 2018

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**Further Investor Relations material
can be found at aak.com/investors**





Thank you!

AAK