

# Fourth quarter and Full-year report 2023

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# Agenda

- 1) Highlights Q4
- 2) Selected events
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- 4) Concluding remarks
- 5) Q&A



# Forward-looking statements

This presentation includes forward-looking statements that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realized from the proposals described herein.

This presentation contains a number of forward-looking statements including, in particular, statements about future events, future financial performances, plans, strategies, expectations, prospects, competitive environment, regulation and supply and demand. AAK has based these forward-looking statements on its views with respect to future events and financial performance. Actual financial performance of the entities described herein could differ materially from that projected in the forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections, and financial performance may be better or worse than anticipated.

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# Closing out the year with strength

## Highlights Q4 2023

- Operating profit increased by 50 percent at fixed foreign exchange rates.
- Operating profit per kilo increased 57 percent at fixed foreign exchange rates, partly driven by internal production process optimization and partly by better portfolio & price management.
- Volumes declined 4 percent y/y, negatively impacted by the Bakery optimization and Feed.
- Strong cash flow, mainly driven by increased earnings.
- Continued deleveraging on strong profit growth and a reduced debt level.
- ROCE at 19.1 percent on strong operating profit.
- Proposed dividend of SEK 3.70 per share, corresponding to an increase of 35 percent compared to last year.

## Growth and returns Q4 2023

**Volume**  
**548,000 MT**  
(-4% y/y)

**Operating profit**  
**SEK 1,141 million**  
(+47% y/y, +50% y/y<sup>1</sup>)

**Operating profit per kilo**  
**SEK 2.08**  
(+53% y/y, +57% y/y<sup>1</sup>)

**Operating cash flow**  
**SEK 1,353 million**

**Net debt/EBITDA**  
**0.49**

**ROCE**  
**19.1%<sup>2</sup>**

<sup>1</sup> Fixed FX

<sup>2</sup> Rolling 12 months



# Selected events

## SBTi targets approved

- In December, we received notification that our emission reduction targets had been approved by the Science Based Targets Initiative (SBTi).
- AAK proudly stands as an early adopter, being one of the first companies to have secured approval for the Forest, Land, and Agriculture (FLAG) targets. By complying with the criteria set by SBTi, we are committed to adopting a uniform framework for emission reduction.

### AAK's approved FLAG Targets



- Achieve a 33% reduction in absolute scope 3 FLAG GHG emissions by 2030, compared to the 2019 baseline.\*
- Achieve zero deforestation for primary deforestation-linked commodities by 2025.

\*Absolute Scope 3 FLAG GHG emissions target is based on the sector approach.

### AAK's approved Non-FLAG Targets



- Achieve a 50% reduction in absolute scope 1 and 2 GHG emissions by 2030, compared to the 2019 baseline.\*
- Reduce absolute scope 3 GHG emissions from purchased goods & services and upstream transportation & distribution by 46% by 2030, compared to the 2019 baseline.
- Establish science-based targets for 10% of AAK's suppliers, covering purchased goods, services, transportation, and distribution by 2027.

\*Target boundary includes biogenic emissions and removals from bioenergy feedstocks.

## Sensory innovation award finalist at FiE with CEBES™ Choco 15

- AAK's innovation, CEBES™ Choco 15 was named Sensory Innovation Award finalist at Food Ingredients Europe (FiE) Nov 2023.
- Recognized for enhancing taste, texture, aroma, and visual appeal in a cost-effective way, CEBES™ Choco 15 enables brands to deliver an authentic chocolate experience across diverse products.

Introducing CEBES™ Choco 15

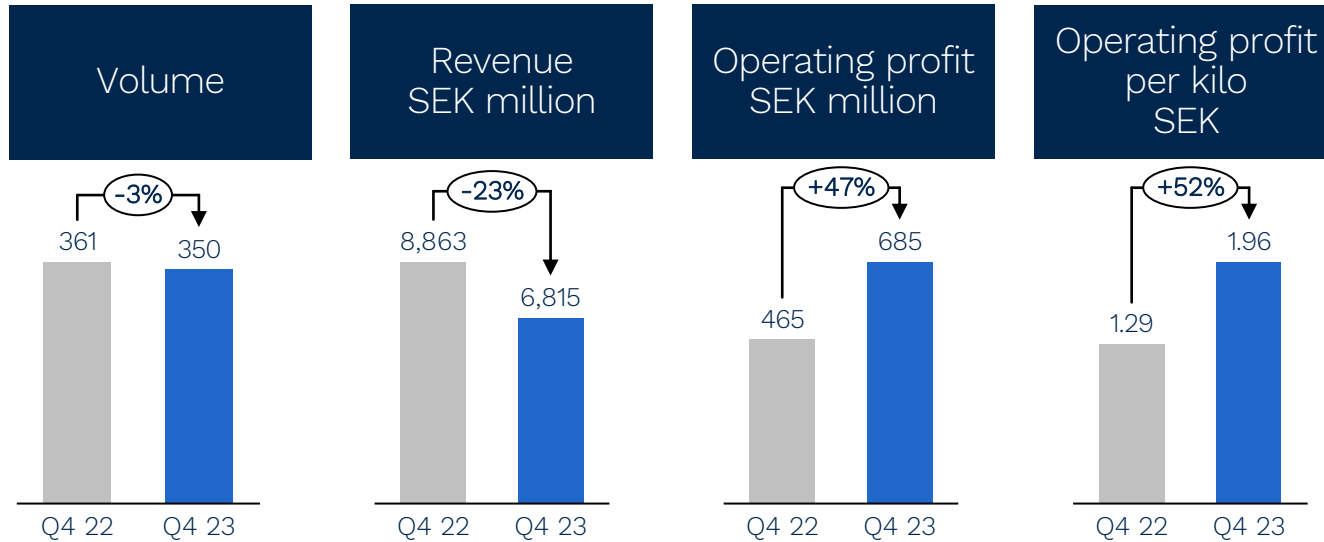
## Raising the bar on cocoa flavor!

There's no better substitute with higher flexibility for your recipe

**AAK**



# Food Ingredients



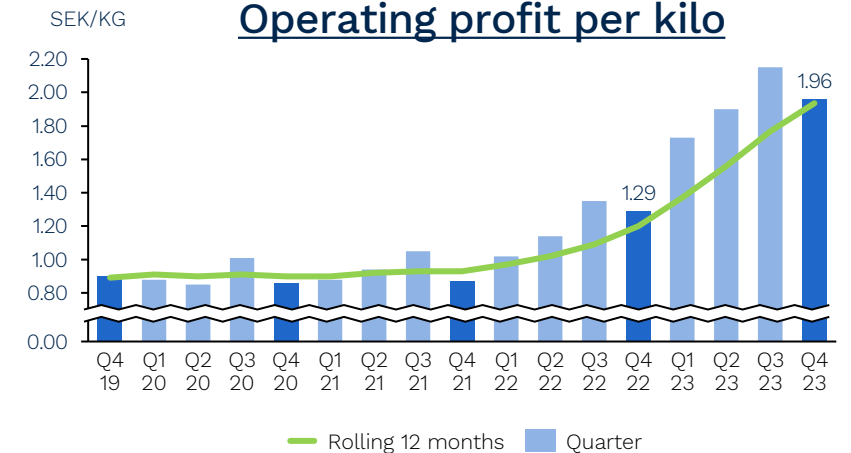
## Business area development

- Volumes decreased by 3 percent, mainly due to Bakery and Special Nutrition, somewhat mitigated by growth in Dairy.
- Operating profit increased by 47 percent mainly driven by strong performance in Bakery and Dairy, while Special Nutrition declined. At fixed foreign exchange rates, operating profit increased by 48 percent.
- Operating profit per kilo increased to SEK 1.96 (1.29), corresponding to a 52 percent growth with currencies having a net neutral effect. The increase was broad-based, with all subsegments improving operating profit per kilo except Special Nutrition, which decreased.

## Operating profit

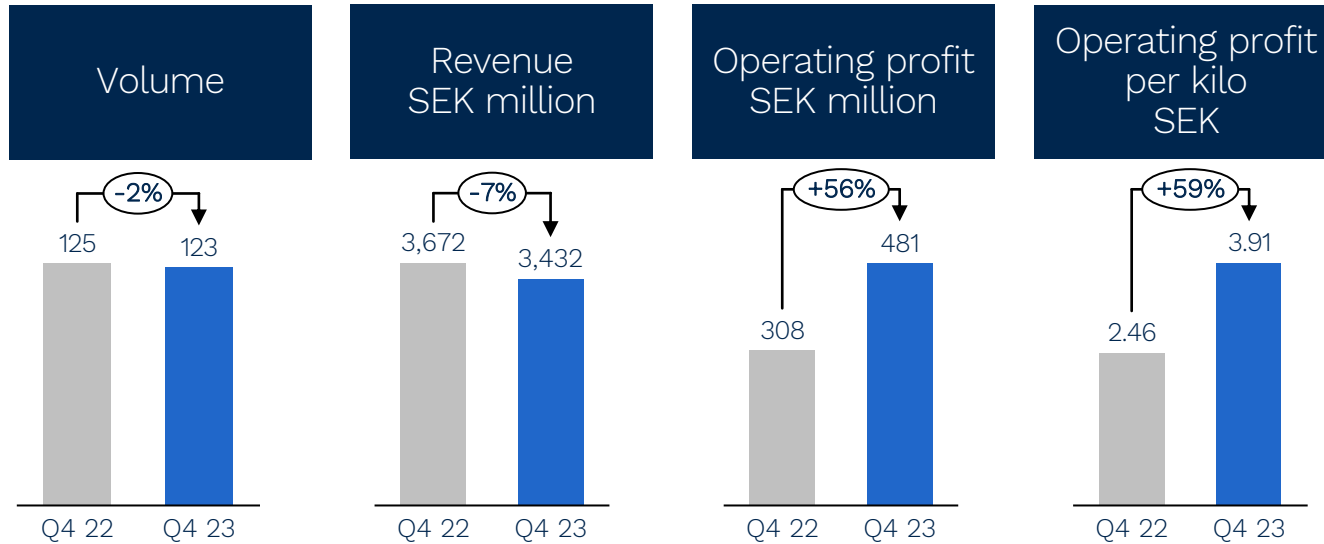


## Operating profit per kilo



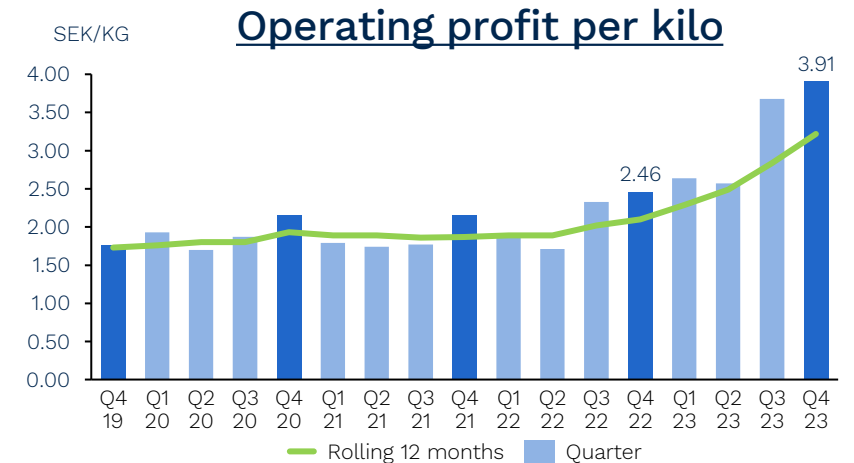


# Chocolate & Confectionery Fats



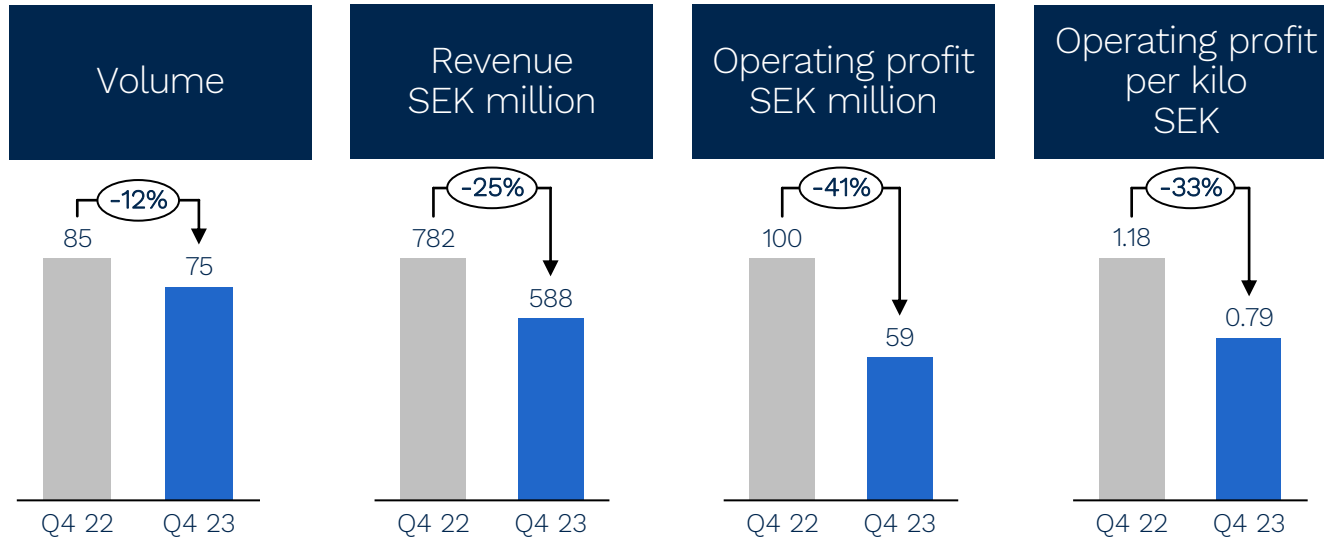
## Business area development

- Volumes in Chocolate & Confectionery Fats decreased by 2 percent, driven by solutions for chocolate bars, somewhat compensated by growth in solutions for spreads. The performance was mixed across the regions with Europe doing well and growing while Americas and Asia declined.
- Operating profit grew 56 percent compared to the same period last year. At fixed foreign exchange rates, operating profit increased by 64 percent.
- Operating profit per kilo was strong and increased by 59 percent y/y. The strong margin development was partly driven by internal process optimization and partly by better portfolio & price management across subsegments. At fixed foreign exchange rates, operating profit per kilo increased by 67 percent.





# Technical Products & Feed



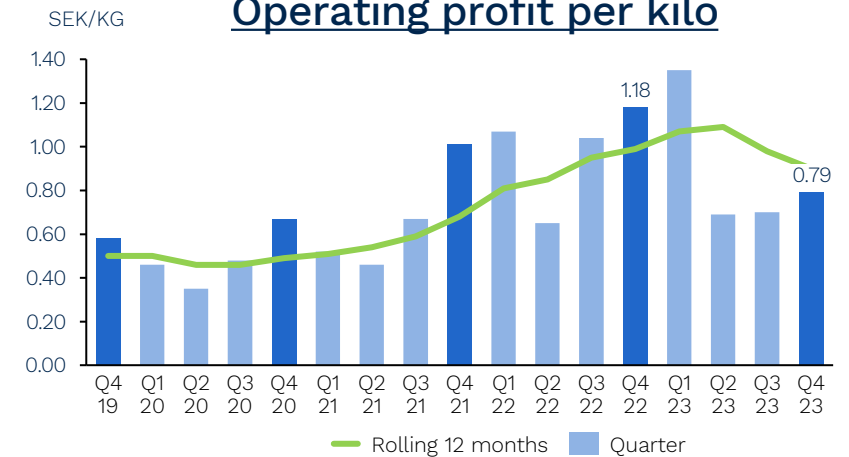
## Business area development

- Volumes decreased 12 percent compared to the same period in 2022, mainly driven by Feed. The decline can be attributed mainly to a challenging comparison with the previous year, following a strong performance in Feed. Technical Products, including solutions to replace paraffin in candles, declined slightly compared to the same period last year.
- As a result of the lower volumes, lower margins in Biofuels, as well as a lower y/y crush margin, the operating profit per kilo declined by 32 percent compared to the fourth quarter of last year, resulting in operating profit declining by 41 percent.

## Operating profit



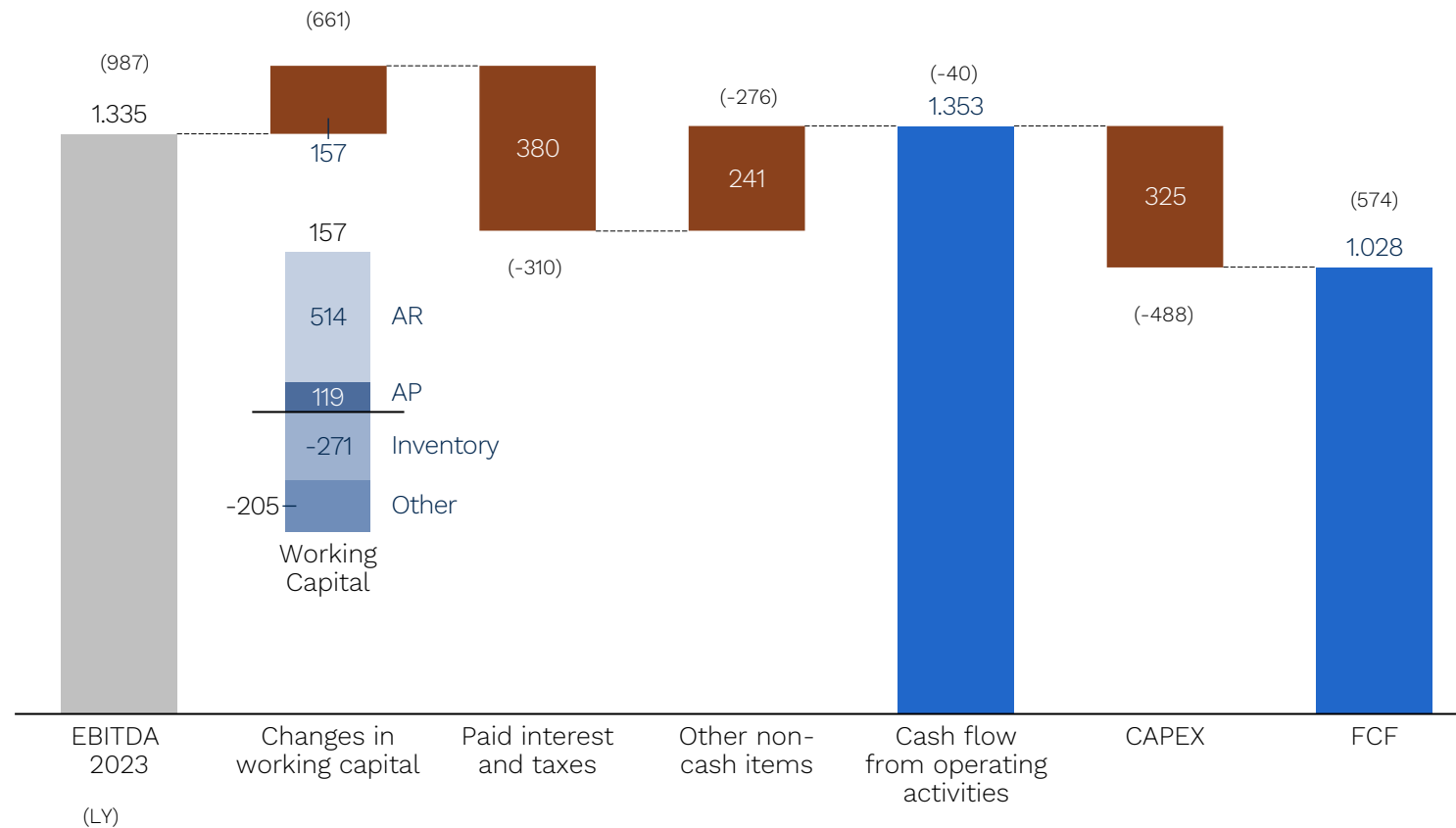
## Operating profit per kilo





# Strong cash flow driven by earnings and a stable working capital development

## Cash flow Q4 2023



## Comments

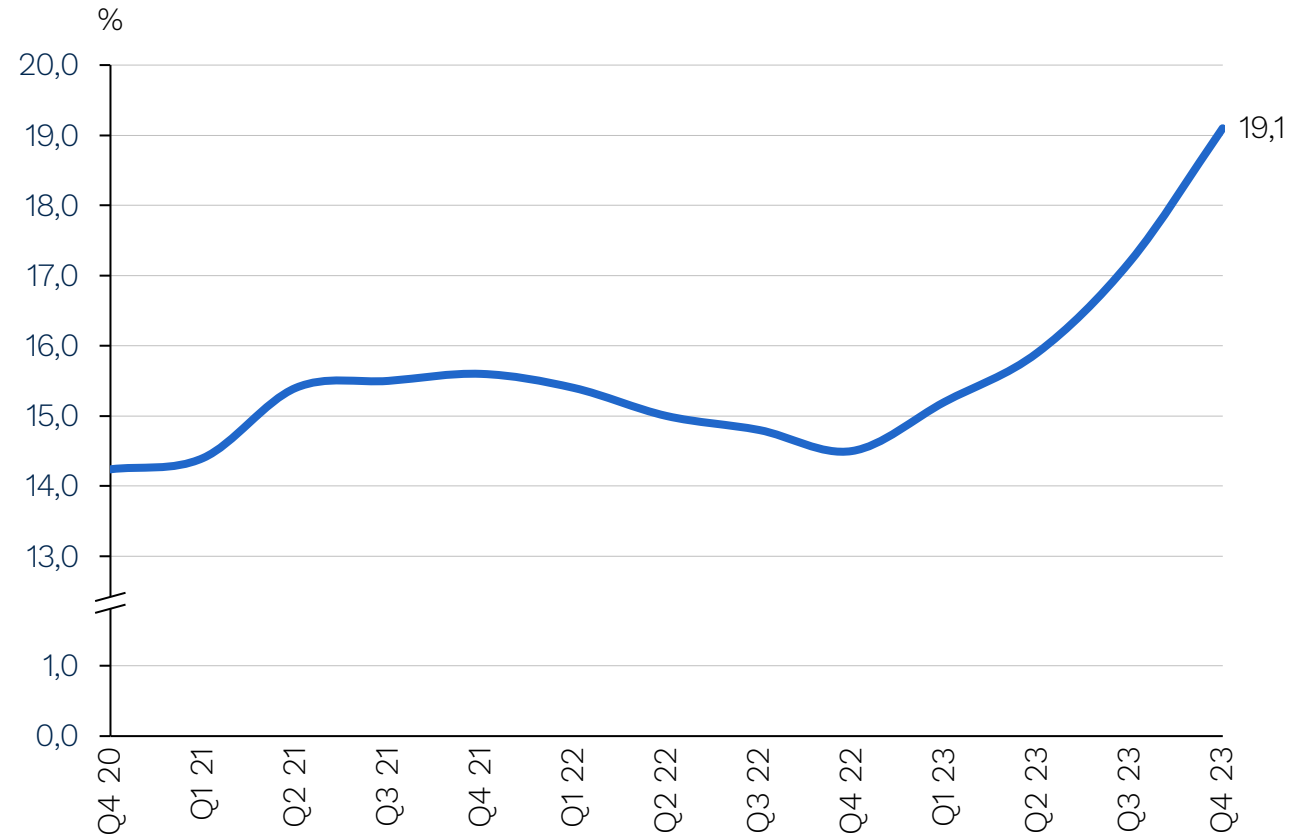
- Cash flow from inventory was negatively affected by higher inventory levels partly driven by seasonal sourcing patterns.
- Cash flow from receivables was positive driven by normal seasonality.
- Cash flow from accounts payables was positive following the higher inventory levels.

# Return on Capital Employed increase on strong operating profit

**ROCE end Q4 2023\***  
**19.1%**

**EBIT LTM**  
**SEK 4,116**  
**million**

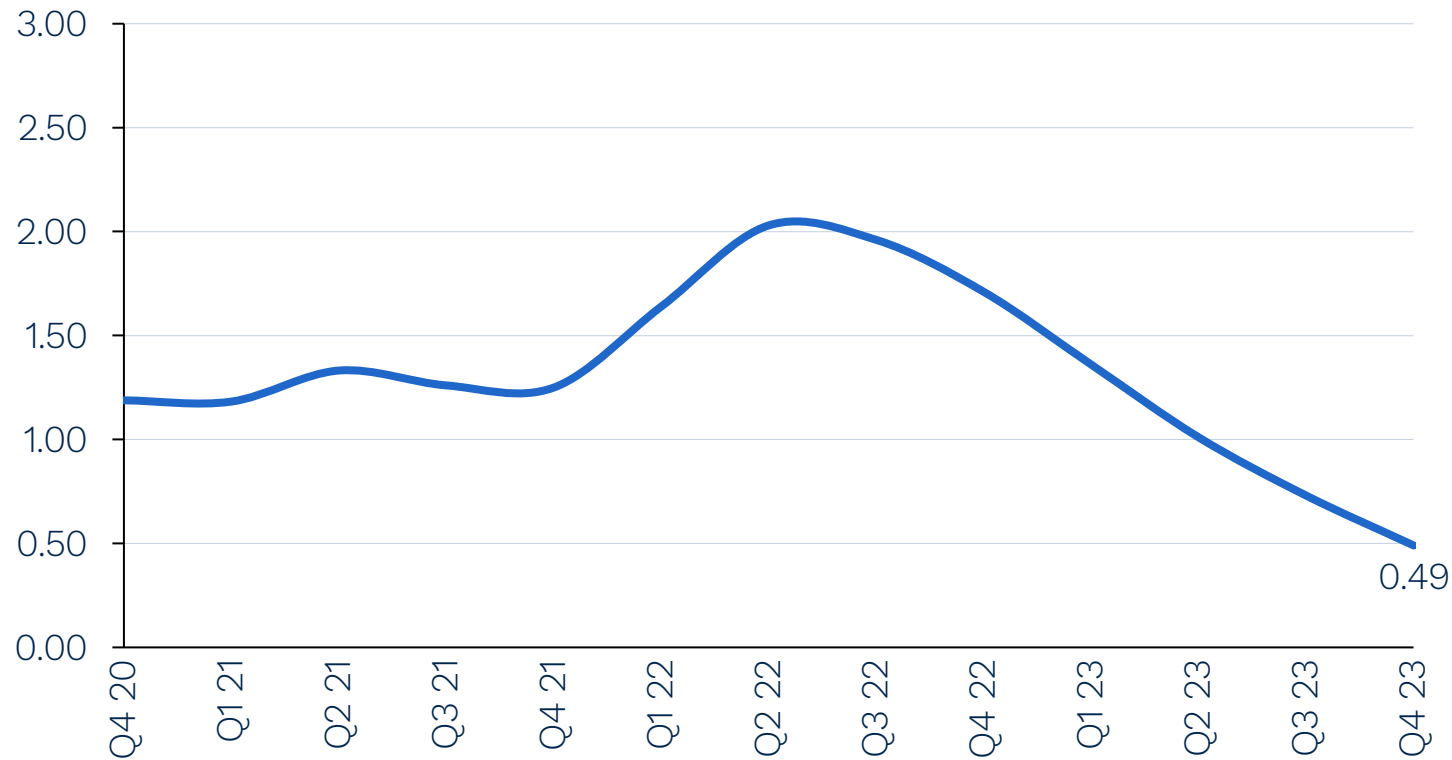
**Capital**  
**employed\***  
**SEK 21,555**  
**million**







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

# Net debt/EBITDA reduction on strong profit growth and reduced net debt

## Net debt/EBITDA



# Structural drivers behind our profitability improvement

Program	Progress	Impact
<u>Profitability</u>		
Production process optimization		<b>High.</b> Cost savings, capacity liberation and enhanced quality
Portfolio & price management		<b>High.</b> Capacity optimization, higher sales of speciality solutions and pricing
Procurement optimization, non-oils		<b>Low.</b> Incremental cost savings and quality improvements
<u>Cash generation</u>		
Cash-2-Grow		<b>Low.</b> Improved cash flow generation and NWC management

The progress metric illustrates the extent of the project's development  
Source: Internal company production and optimization programs, February 2024

## Concluding remarks



- Closing out the year with strength.
- Volumes declined year-over-year but continued to improve sequentially.
- The strong profit growth was partly driven by internal production process optimization and partly by better portfolio & price management. In addition, the performance was supported by continued higher sales of speciality solutions.
- Strong cash flow, driven by increased earnings.
- We remain committed to delivering on our 2030 aspiration and are excited about the internal and external opportunities for AAK. Well-positioned to continue growing and expanding our business. Remain prudently optimistic and fully committed to Making Better Happen™.



# Q&A

Everything we do is about  
**Making Better Happen™**