



Press release, October 29, 2021

AAK's Interim report for the third quarter 2021 – all-time high operating profit despite demanding macro-economic climate

AAK Group

- Total volumes increased by 3 percent, to 583,000 MT (565,000).
- Operating profit, including a negative currency translation impact of SEK 35 million, increased by 7 percent, reaching SEK 642 million (602).
- Profit for the period amounted to SEK 464 million (436).
- Earnings per share amounted to SEK 1.80 (1.69).
- Cash flow from operating activities amounted to negative SEK 20 million (482).
- Return on Capital Employed (ROCE), R12M, was 15.5 percent (14.2 at December 31, 2020).

Business areas

- Food Ingredients – operating profit increased by 2 percent to SEK 387 million (381).
- Chocolate & Confectionery Fats – operating profit reached SEK 234 million (221), an increase by 6 percent.
- Technical Products & Feed – operating profit reached SEK 56 million (34), an increase by 65 percent.

CEO's comments

We continued our strong performance in the third quarter with increased volumes and a solid earnings and operating profit per kilo growth, especially when comparing to the strong corresponding quarter last year. Chocolate & Confectionery Fats and Technical Products & Feed both delivered double-digit volume growth, while Food Ingredients was slightly down with a mixed volume development in its underlying segments.

The negative impact from the pandemic is still present and affecting our business, but to a lesser extent than in the previous quarter.

All business areas contributed to the Group's overall profitability, despite a negative currency translation impact and a macro-economic climate characterized by continued high raw material prices, disturbances in global logistics, and cost inflation.

Business performance

Operating profit increased by 7 percent (12 percent at fixed foreign exchange rates) to SEK 642 million (602), an all-time high, very much driven by our continued focus on speciality and semi-speciality solutions as well as improved cost efficiency. Operating profit per kilo increased by 3 percent and reached SEK 1.10 (1.07).

Volumes in Chocolate & Confectionery Fats increased by 12 percent, driven by growth in all markets, particularly South Latin America and Europe. On the back of higher volumes and an improved cost level, we managed to deliver a very strong operating profit.

In line with our strategy, we prioritized high value-adding products which impacted our product mix in Food Ingredients. Volumes showed a slight decline while operating profit per kilo increased 4 percent. Plant-based Foods, Special Nutrition and Foodservice all reported volume growth.



Technical Products & Feed reported very strong volume and profit growth, supported by increased demand for natural ingredients for technical products as well as a continued strong performance in our crushing operations.

Further strengthened customer offering

M&A remains an important focus area and during the quarter we have acquired BIC Ingredients to further strengthen our position in the European lecithin market.

We have also entered a partnership with Progress Biotech to supply algae-based DHA for infant formula. This extends our product portfolio with a plant-based, vegan-friendly and sustainable oil that meets the highest demands on quality.

Continued progress within sustainability

We are proud to share that our improvement actions have led to a positive impact and good progress towards achieving our new targets. We have increased our verified deforestation-free palm volumes by 38 percent (69 vs. 50 in 2020) as well as traceability to plantation by 10 percent (77 vs. 70 in 2020). These are major steps towards our 2025 ambition – a palm oil supply chain that is 100 percent verified deforestation-free and 100 percent traceable to plantation.

We have furthermore signed a smallholder partnership with Nestlé and palm oil corporation Musim Mas to address deforestation outside of palm oil concession areas in the Aceh province in Indonesia. The five-year program, which will positively impact some 1,000 independent smallholders, is an important part of AAK's sustainable sourcing approach. Engaging with partners and other stakeholders in the supply chain is fundamental – only together can we make the global palm oil industry fully transparent and sustainable.

150 years of Making Better Happen

AAK's successful story in Aarhus, Denmark started in 1871. In September, we proudly celebrated our first 150 years as a pioneer and leader in plant-based oils and fats and we look forward to making better happen for many years to come.

Concluding remarks

As we conclude the third quarter, there are still challenges affecting the global economy. However, we continue to navigate well, and we have a robust foundation, a strong financial track record, and a solid balance sheet. The passion, drive and agility in our organization have generated strong results and are strengths we build on going forward.

We offer plant-based, healthy, high value-adding oils and fats solutions based on our customer co-development approach. We continuously strengthen our portfolio of solutions that are good for both people and planet. Despite short- to mid-term uncertainty, we see no reason to adjust our view on the strong favorable underlying long-term trends in our markets. Thus, we remain prudently optimistic about the future and we are fully committed to Making Better Happen™.

Press and analyst conference

The Interim report for the third quarter 2021 will be presented today, October 29, 2021 at 2 p.m. CET at a press and analyst conference. For participation, please see instructions under the Investor tab at the AAK website, www.aak.com.

For more information, please contact:

Gabriella Grotte
Head of IR and Corporate Communications
Mobile: +46 737 16 80 01
E-mail: gabriella.grotte@aak.com

AAK AB (publ)
Skrivaregatan 9
SE-215 32 Malmö
Sweden

Phone +46 40 627 83 00
info@aak.com
www.aak.com

Registered office: Malmö
Company no. 556669-2850
SE556669285001



This information is information that AAK AB (publ.) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Act. The information was submitted for publication, through the agency of the contact person set out above, at 1:00 p.m. CET on October 29, 2021.

About AAK

Everything AAK does is about Making Better Happen™. We specialize in plant-based oils that are the value-adding ingredients in many of the products people love to consume. We make these products better tasting, healthier, and more sustainable. At the heart of AAK's offer is Customer Co-Development, combining our desire to understand what better means for each customer, with the unique flexibility of our production assets, and a deep knowledge of many products and industries, including Chocolate & Confectionery, Bakery, Dairy, Plant-based Foods, Special Nutrition, Foodservice and Personal Care. Our 3,900 employees support our close collaboration with customers through 25 regional sales offices, 15 dedicated Customer Innovation Centers, and with the support of more than 20 production facilities. Listed on Nasdaq Stockholm and with our headquarters in Malmö, Sweden, AAK has been Making Better Happen for 150 years.

AAK AB (publ)
Skrivaregatan 9
SE-215 32 Malmö
Sweden

Phone +46 40 627 83 00
info@aak.com
www.aak.com

Registered office: Malmö
Company no. 556669-2850
SE556669285001