

Press release, July 19, 2022

## AAK's Interim report for the second quarter 2022 – strong quarter despite high volatility and a demanding macro-economic climate

### AAK Group

- Total volumes increased by 1 percent, to 554,000 MT (550,000).
- Operating profit, excluding items affecting comparability (adjusted operating profit), but including a positive currency translation impact of SEK 84 million, increased by 15 percent, reaching SEK 624 million (541). At fixed foreign exchange rates, operating profit was flat.
- AAK reported an item affecting comparability (IAC), a cost of SEK 350 million, related to the decision to exit the Russian market.
- Profit for the period amounted to SEK 160 million (103). Excluding IAC, profit for the period amounted to SEK 479 million (389).
- Earnings per share amounted to SEK 0.60 (0.39). Excluding IAC, earnings per share amounted to SEK 1.83 (1.51).
- Cash flow from operating activities amounted to positive SEK 55 million (positive 231).
- Return on Capital Employed (ROCE), R12M, was 15.0 percent (15.6 at December 31, 2021).

### Business areas

- Food Ingredients – operating profit, excluding IAC, increased by 18 percent to SEK 406 million (343).
- Chocolate & Confectionery Fats – operating profit, excluding IAC, reached SEK 216 million (205), an increase by 5 percent.
- Technical Products & Feed – operating profit, excluding IAC, reached SEK 46 million (31), an increase by 48 percent.

### CEO's comments

As I write this, Russia's invasion of Ukraine continues to affect millions of people, including our colleagues in the country. They are doing well under the circumstances and their safety is our highest priority. We continue to stand with all of those impacted by this tragedy.

The war is also affecting the global economy and adding to already high inflationary pressures and volatility, contributing to a demanding macro-economic climate. During the quarter, raw material prices traded at record levels and costs for transport and logistics remained high. In addition, Indonesia implemented an export ban on palm oil at the end of April, which was lifted towards the end of May.

Despite these challenges, we delivered a strong second quarter. Volumes increased by 1 percent and both operating profit as well as operating profit per kilo grew by 15 percent, excluding items affecting comparability. All business areas contributed to the increase in operating profit, which was the highest ever for a second quarter – indeed a great achievement, made possible by our dedicated and hard-working employees around the world.

### *Business performance*

Chocolate & Confectionery Fats delivered a solid quarter, with volumes up by 7 percent and operating profit, excluding items affecting comparability, up by 5 percent. This is a good result given our decision to wind up our operations and investments in Russia.



Food Ingredients reported a strong quarter with operating profit up by 18 percent, excluding items affecting comparability. The increase was mainly driven by Foodservice and Bakery. Volumes for the business area declined by 2 percent, primarily due to our continued prioritization of speciality and semi-speciality solutions within Bakery. Dairy volumes increased and Foodservice continued to grow compared to last year. Speciality fat systems for Plant-based Foods showed strong growth, driven by Plant-based Dairy.

Technical Products & Feed reported yet another strong quarter, with operating profit up 48 percent. This was driven by improved profitability in both our feed and natural ingredients businesses.

#### *Exiting Russia*

At the end of April, we announced a controlled exit from our operations and investments in Russia. Following the announcement, we immediately started to re-route Russian CCF-related volumes to other geographies to limit the negative impact on our operating profit.

During the quarter, we reached an agreement to revert our 75 percent stake in our local joint venture to the partner from which it was acquired in 2020.

This controlled exit has resulted in a non-recurring cost of SEK 350 million, affecting the income statement in the second quarter. As earlier indicated, we have projected a total impact on our operating profit to be in the range of SEK 75–100 million in 2022, due to the lost sales to Russian customers. The impact in the second quarter is SEK 30–40 million in a year-on-year comparison.

#### *Concluding remarks*

Despite the challenges and uncertainties that we faced throughout the second quarter, we continued to navigate well and delivered a strong result. As an important supplier of plant-based ingredients for food and technical products, we are well positioned to manage risks and to deliver value – something we have proven in the past few years' very dynamic environment.

Despite continued 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 second quarter 2022 will be presented today, July 19, 2022 at 1 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](http://www.aak.com).

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#### **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 4,000 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 more than 150 years.