



Press release, February 2, 2023

AAK's Interim report for the fourth quarter and year-end report 2022 - A solid year with double-digit earnings growth driven by margin expansion

AAK Group, fourth quarter

- Total volumes decreased by 6 percent year-on-year to 571,000 MT (610,000), largely due to exiting the Russian market and the optimization program in Bakery. Excluding Russia, volumes decreased by 3 percent.
- Operating profit, including a positive currency translation of SEK 24 million, increased by 18 percent, reaching SEK 778 million (659). At fixed foreign exchange rates, operating profit increased by 14 percent.
- Profit for the quarter totaled SEK 517 million (480).
- Earnings per share equaled SEK 1.98 (1.84).
- Cash flow from operating activities amounted to SEK 1,062 million (239), including a positive net working capital impact from lower raw material prices.
- Return on Capital Employed (ROCE), R12M, was 14.5 percent (15.6 on December 31, 2021).

Business areas, fourth quarter

- Food ingredients operating profit increased by 38 percent to SEK 465 million (337).
- Chocolate & Confectionery Fats operating profit reached SEK 308 million (299), an increase of 3 percent.
- Technical Products & Feed operating profit reached SEK 100 million (83), up 20 percent compared to last year.

AAK Group, full year

- Volumes decreased by 2 percent year-on-year to 2,259,000 MT (2,312,000). The decrease was mainly due to exiting the Russian market and the optimization of our Bakery segment. Excluding Russia, volumes were flat.
- Operating profit, excluding items affecting comparability (IAC) and including a positive currency translation impact of SEK 287 million, increased by 21 percent, reaching SEK 2,888 million (2,393). At fixed foreign exchange rates, operating profit increased by 9 percent.
- AAK reported a second-quarter IAC cost of SEK 350 million related to exiting the Russian market.
- Profit for the period totaled SEK 1,780 million (1,447). Excluding IAC, the profit for the period totaled SEK 2,099 million (1,733).
- Earnings per share equaled SEK 6.84 (5.59). Excluding IAC, earnings per share for the period equaled SEK 8.07 (6.71).
- Cash flow from operating activities amounted to negative SEK 73 million (positive 508), impacted by high raw material prices.
- Return on Capital Employed (ROCE), R12M, was 14.5 percent (15.6 on December 31, 2021).
- The Board of Directors proposes that a dividend of SEK 2.75 (2.50) per share to be paid for the financial year 2022.



CEO's comments

2022 was a solid year. With 21 percent operating profit growth and an improved operating profit per kilo, we delivered on our target of having an average EBIT growth of ~10 percent. Adjusting for the positive effect from currencies and items affecting comparability, operating profit grew 9 percent compared to 2021, despite a negative impact due to our exit out of Russia. This achievement demonstrates our solid foundation as a multi-oil ingredient house, especially when considering the dynamic and volatile environment we have had during 2022.

In the fourth quarter, operating profit grew 18 percent compared to the corresponding quarter last year, driven by a strong margin expansion, compensating for the somewhat soft year-on-year volume development in Food Ingredients and Chocolate & Confectionery Fats. Adjusting for the positive currency effect, operating profit grew 14 percent compared to the fourth quarter of 2021.

Business performance

Fourth-quarter volumes in Food Ingredients declined by 7 percent year-on-year, largely due to the optimization program in Bakery as well as the expected effects of the controlled exit out of the Russian market. As a result of the optimization efforts, operating profit increased by 33 percent at fixed foreign exchange rates, driven by strong margin expansion.

Chocolate & Confectionery Fats reported a solid quarter despite volumes declining 10 percent due to the exit out of Russia. Excluding Russia, volumes grew 1 percent in the fourth quarter compared to the same period last year. Despite declining volumes, operating profit at fixed foreign exchange rates grew 1 percent year-on-year, driven by a strong margin improvement.

Technical Products & Feed reported another strong quarter, with operating profit at fixed foreign exchange rates up 20 percent, driven by higher volumes in our Feed business.

Our long-term aspiration

We are committed to driving innovation and growth while maintaining a strong focus on sustainability and social responsibility. Looking ahead, we have set an ambitious aspiration for ourselves as an organization - to double our operating profit per kilo by 2030.

The focus on expanding margins will be supported by continued volume growth, where we strive to outgrow the market in our prioritized specialty markets, and we will do so while being recognized for our positive impact.

We continue to drive sustainability progress in our operations and supply chain, with one of the main objectives being verified deforestation- and conversion-free palm and soy by 2025. To reach 100 percent by 2025, we are strengthening existing partnerships with suppliers and continuing satellite monitoring of our global palm oil supply base.

Concluding remarks

As we close out the year, I am pleased to report that we have achieved a number of significant milestones and made progress toward our long-term aspiration.

Our financial performance has been strong, with operating profit exceeding expectations. We have also made progress in expanding our regional presence and strengthening our relationships with key partners, with a good example being the recent acquisition of Arani Agro in India.

In addition to our financial performance, we have made significant progress on our sustainability and social responsibility initiatives. We have actively managed our carbon emissions, increased our use of



renewable energy sources, and implemented a number of initiatives to improve the well-being of our employees and the communities in which we operate.

As we look ahead, I am excited about the opportunities that we have and we are well-positioned to continue growing and expanding our business. Thus, we remain prudently optimistic and fully committed to Making Better Happen™.

Johan Westman, President and CEO

Press and analyst conference

The Interim report for the fourth quarter and year-end report 2022 will be presented today, February 2, 2023 at 10 a.m. CET at a press and analyst conference. For participation, please see instructions under the Investor tab at the AAK website, 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 the products people love to consume. We make these products better tasting, healthier, and more sustainable. At the heart of AAK's offering is Customer Co-Development, combining our desire to understand what better means for each customer with the unique flexibility of our production assets and deep knowledge across products and industries. 4,000 employees support our close collaboration with customers through 25 regional sales offices, 15 dedicated Customer Innovation Centers and 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.