

# Press release

## AAK's Interim report for the fourth quarter and year-end report 2020 – strong finish to an unprecedented year

### AAK Group, fourth quarter

- Total volumes for the quarter were on par with last year and amounted to 580,000 MT (582,000).
- Operating profit, including a negative currency translation impact of SEK 62 million, increased by 8 percent, reaching SEK 607 million (562), an all-time high.
- Profit for the period amounted to SEK 439 million (401), an increase by 9 percent.
- Earnings per share increased by 8 percent, to SEK 1.69 (1.56).
- Cash flow from operating activities amounted to SEK 1,208 million (626).
- Return on Capital Employed (ROCE), R12M, was 14.3 percent (14.9 at December 31, 2019).

### Business areas

- Food Ingredients – operating profit decreased by 9 percent and amounted to SEK 319 million (349).
- Chocolate & Confectionery Fats – operating profit improved by 30 percent to SEK 266 million (205).
- Technical Products & Feed – operating profit reached SEK 57 million (46), an increase by 24 percent.

### AAK Group, full year

- Total volumes for the period amounted to 2,195,000 MT (2,290,000), a decrease by 4 percent (positive 2).
- Operating profit, including a negative currency translation impact of SEK 98 million, reached SEK 2,167 million (2,142), an increase by 1 percent.
- Operating profit, excluding acquisition costs and items affecting comparability, amounted to SEK 2,165 million (2,157).
- Profit for the period amounted to SEK 1,581 million (1,513), an increase by 4 percent.
- Earnings per share increased by 5 percent and reached SEK 6.16 (5.86).
- Cash flow from operating activities amounted to SEK 2,023 million (1,558).
- Return on Capital Employed (ROCE), R12M, was 14.3 percent (14.9 at December 31, 2019).
- The Board of Directors proposes that a dividend of SEK 2.30 (2.10) per share be paid for the financial year 2020.

### CEO's comments

The Covid-19 pandemic continues to impact people, societies, and business operations across the world, and the health and safety of our employees remains our highest priority.

In spite of the pandemic and a material negative currency translation impact, we delivered an all-time high operating profit including a solid cash flow from operating activities. Both Chocolate & Confectionery Fats and Technical Products & Feed reported a record-high operating profit. Our cost reduction measures initiated in the second quarter continue to yield results according to plan.

### **Business performance**

Volumes for the Group were on par with last year, despite a significant Covid-19 impact within Foodservice. The sequential increase in volumes continued in the beginning of the fourth quarter but softened towards the end due to additional restrictions in many countries.

In line with our strategic direction, we continue to drive year-over-year volume growth for our high-end speciality solutions.

Operating profit amounted to SEK 607 million, an increase by 8 percent compared to the corresponding quarter last year. At fixed foreign exchange rates operating profit increased by 19 percent. Cost reduction measures combined with a higher share of speciality solutions resulted in a record-high operating profit per kilo for a fourth quarter.

The business dynamics within Food Ingredients were mixed with growth for our high-end speciality solutions within Special Nutrition and Plant-based Foods, while Foodservice, and to some extent Bakery, continued to be negatively impacted by restrictions and lockdowns.

Chocolate & Confectionery Fats reported volume growth in all product categories. This combined with our implemented supply chain improvements resulted in a very strong operating profit for the business area.

It was also a very good quarter for Technical Products & Feed, mainly driven by our feed business and a good performance in our crushing operations.

### **New CFO appointed**

In mid-January, we announced that Tomas Bergendahl has been appointed new Chief Financial Officer of AAK. Tomas joins AAK with extensive experience and a solid finance background. For the past five and a half years he has served as CFO and Executive Vice President at COWI Holding A/S, a leading international consulting group within engineering, economics and environmental science based in Denmark. He will assume his position as of May 1, 2021.

### **2020 – a successful year despite unprecedented challenges**

The past year has, in many ways, been challenging due to the Covid-19 pandemic. Thanks to our employees' commitment, passion and professionalism, we have managed to operate safely and at the same time grow our operating profit and our operating profit per kilo. In addition, we have increased our net result as well as earnings per share. I want to take this opportunity to express my sincere appreciation and admiration for the achievements made by our organization.

We have during 2020 acquired 75 percent of our Russian long-term partner Margaron to expand our presence in a highly attractive market. To further strengthen our position in the strategic and fast-growing Indian market, we have acquired the remaining shares of our joint venture AAK Kamani. Towards the end of the year, we launched our new company purpose, Making Better Happen™, which really embodies AAK's core values and operating culture.

### **Concluding remarks**

Going into 2021, uncertainty and volatility remain very high making it difficult to predict the short-term future. However, AAK has a robust foundation, a strong financial track record and a solid balance sheet, and we have during 2020 demonstrated the resilience of our business. The passion, drive and agility our organization shows 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. In spite of the short- to mid-term uncertainty from the Covid-19 pandemic, we see no reason to adjust our view on the strong favorable underlying long-term trends in our markets. Thus, we continue to remain prudently optimistic about the future and we are fully committed to Making Better Happen™.

### Press and analyst conference

The Interim report for the fourth quarter and year-end 2020 will be presented today, January 28, 2021 at 10:00 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](http://www.aak.com).

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*AAK is a leading provider of value-adding vegetable oils & fats. Our expertise in lipid technology within foods and special nutrition applications, our wide range of raw materials and our broad process capabilities enable us to develop innovative and value-adding solutions across many industries – Chocolate & Confectionery, Bakery, Dairy, Plant-based Foods, Special Nutrition, Foodservice, Personal Care, and more. AAK's proven expertise is based on more than 140 years of experience within oils & fats. Our unique co-development approach brings our customers' skills and know-how together with our own capabilities and mindset for lasting results. Listed on Nasdaq Stockholm and with our headquarters in Malmö, Sweden, AAK has more than 20 different production facilities, sales offices in more than 25 countries and more than 3,900 employees. **We are AAK – The Co-Development Company.***

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