AAK


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CFO

# CFO – Financial update
# Capital Market Day November 10, 2010

# Agenda

- Financial performance
- Refinancing
- Stock option program

# Third quarter - Operating profit in line with last year

- Net sales amounted to SEK 3,774 million (3,828).
  - Negative currency translation impact of SEK 104 million.
  - 1% decrease in volumes (higher speciality volumes but lower commodity volumes).
- Group operating profit declined by 2 percent to SEK 231 million (235).
- For comparable units (adjusted for divestments) and fixed exchange rates the operating profit amounted to SEK 236 million (231), an improvement of 2 percent.

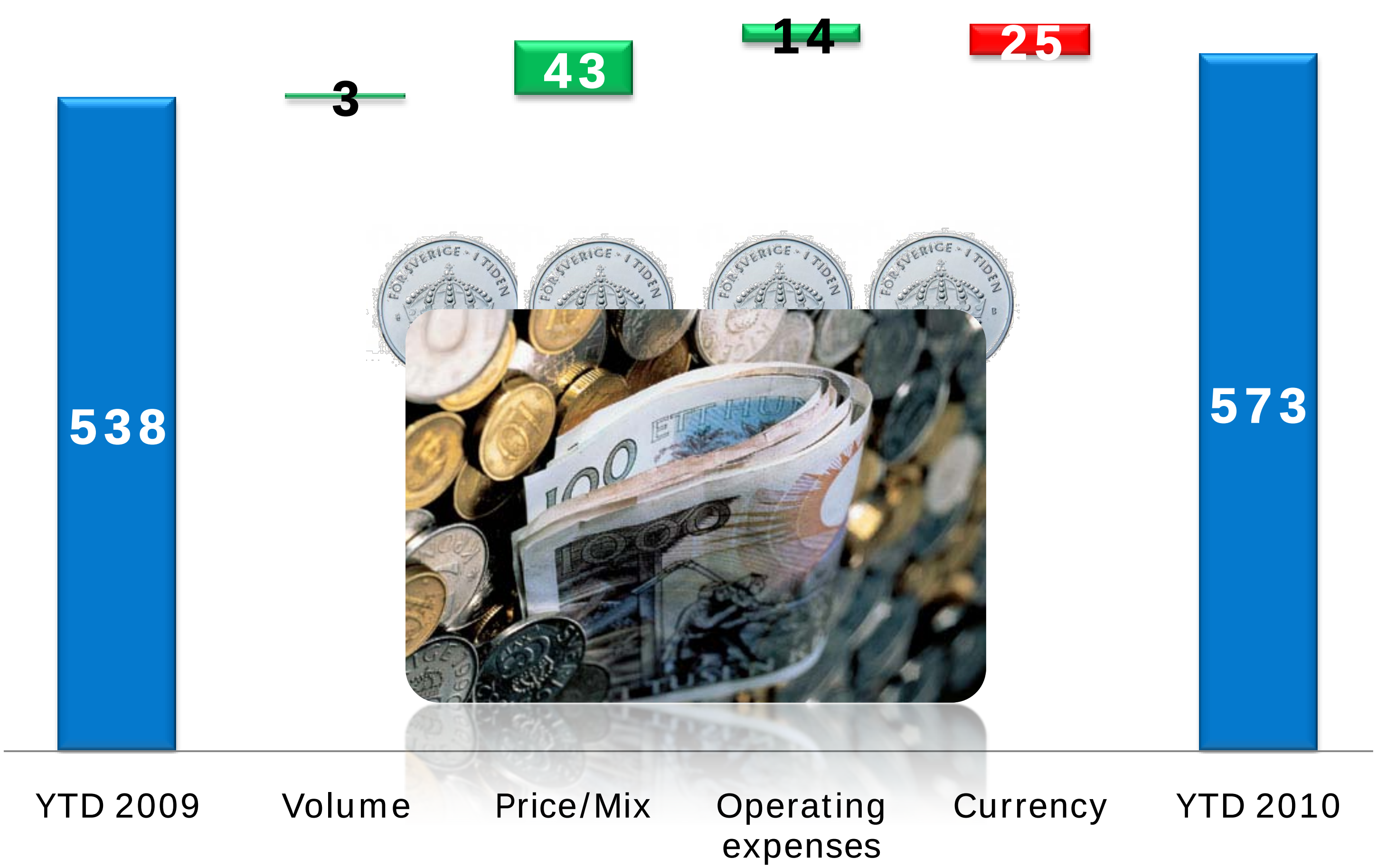
# Highlights first nine months 2010

- Continued improved Group operating profit by 7 percent to SEK 573 million (538).

- For comparable units (adjusted for divestments) and fixed exchange rates the operating profit amounted to SEK 598 million (523), an improvement by 14 percent.

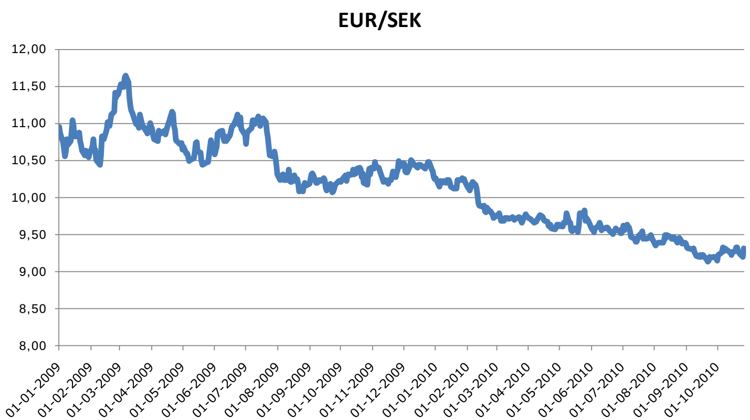
- Positive cash flow from operating activities before investments amounted to SEK 225 million (1,515).
  - The bulk of the strong cash flow in 2009 was due to a significant decline in raw material prices which led to a reduction in working capital, ~SEK 800 million.
  - The negative working capital in 2010 was mainly due to increased raw material prices, ~SEK 200 million.

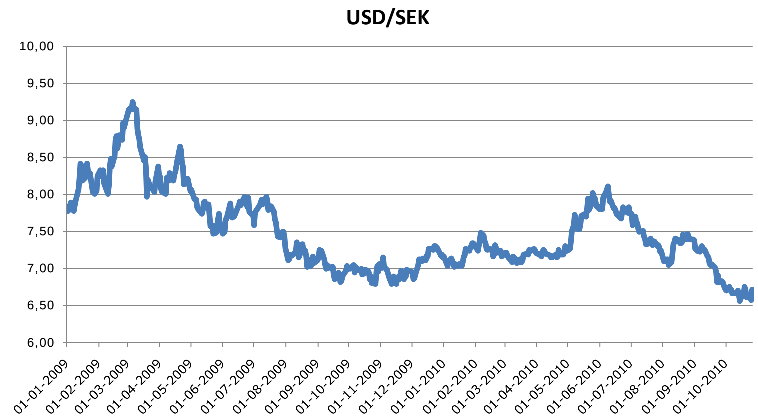
# P/L Bridge 2010

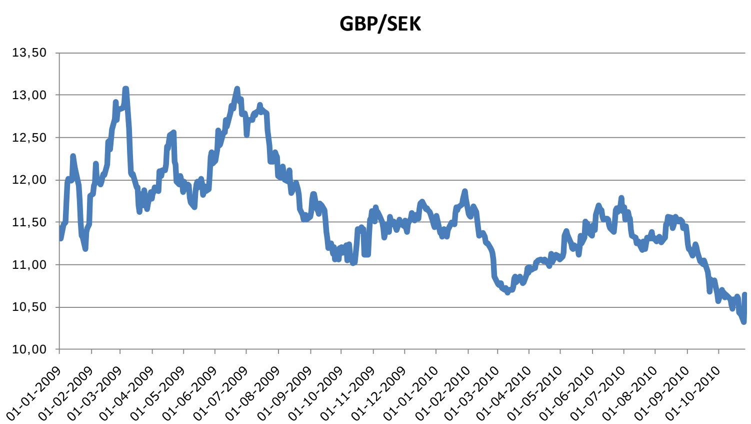


# Translation impact of a stronger SEK

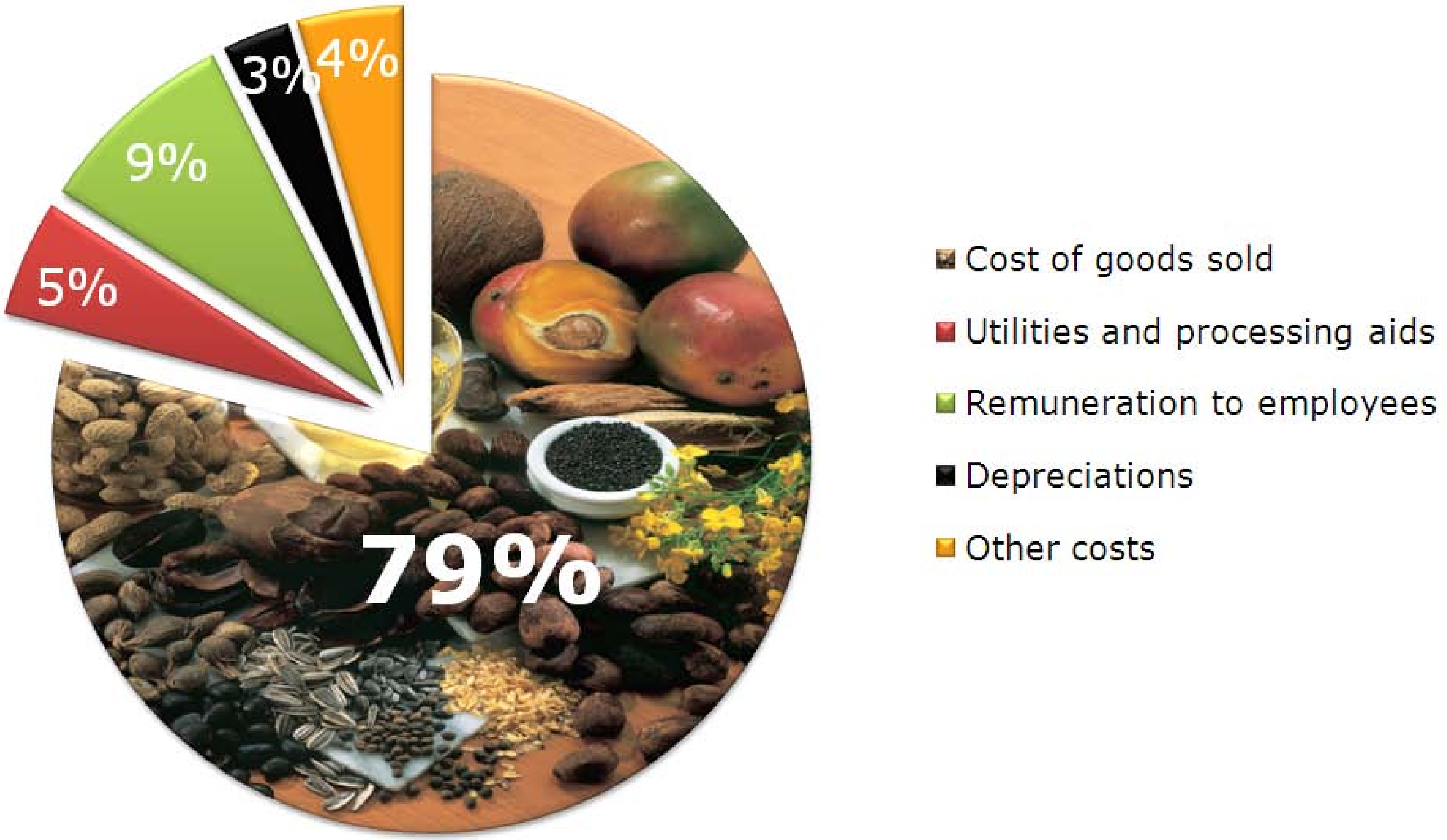
- Year to date we have had a negative translation impact of SEK 25 million.



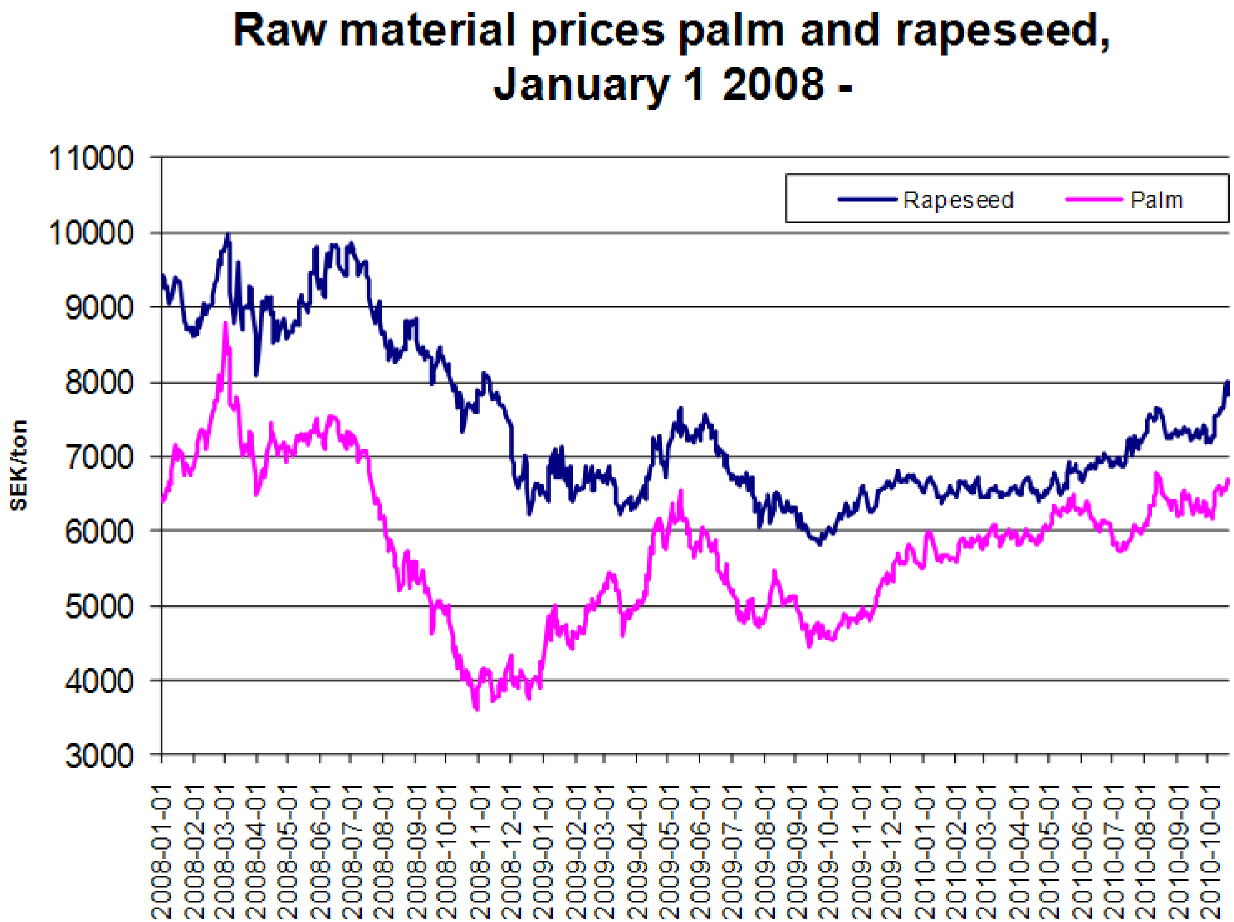




# Group cost structure




**79 % of the cost base is raw material costs**

# Raw material prices




# Cash flow

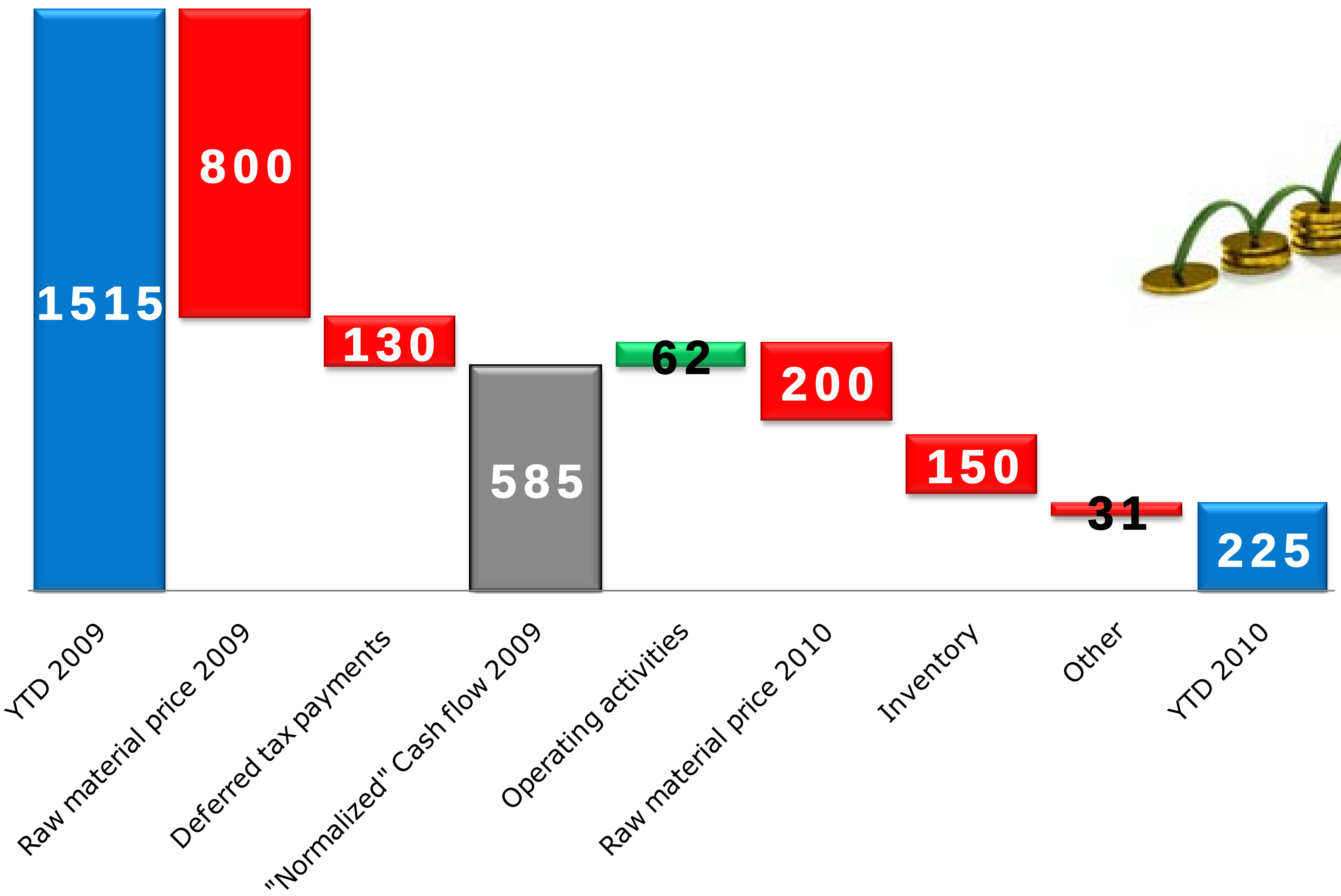
| SEK million | Q 3 2010 | Q 3 2009 | Q 1-3 2010 | Q 1-3 2009 |
|---|---|---|---|---|
| Cash flow from operating activities | 306 | 290 | 808 | 746 |
| Paid tax | -51 | -21 | -223 | -29 |
| Change in working capital | -340 | 589 | -360 | 798 |
| **Cash flow from operating activities incl change in working capital** | **-85** | **858** | **225** | **1 515** |
| Cash flow from investments | -65 | -59 | -244 | -203 |
| **Free cash flow** | **-150** | **799** | **-19** | **1 312** |

- Cash flow from operating activities reaching SEK 225 million (1,515).

  Working capital in the third quarter 2010 increased by SEK 340 million mainly due to higher inventory value following the recent increased raw material prices.

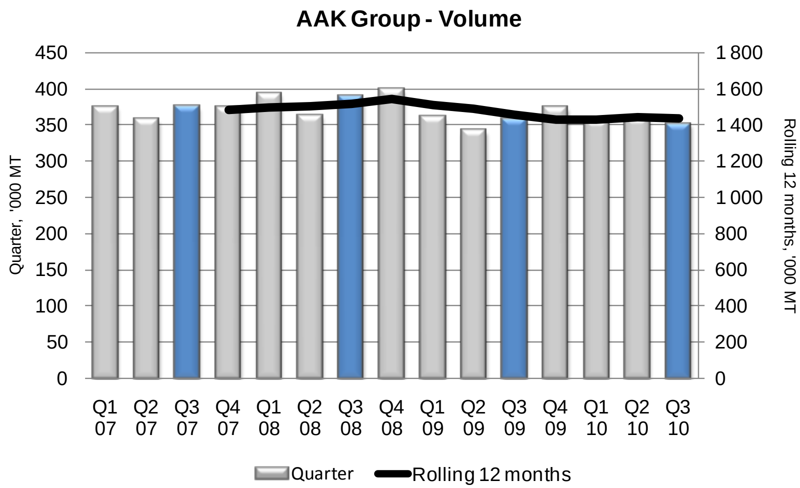
  The majority of the strong cash flow 2009 was due to a significant decline in raw material prices which led to reduced working capital.

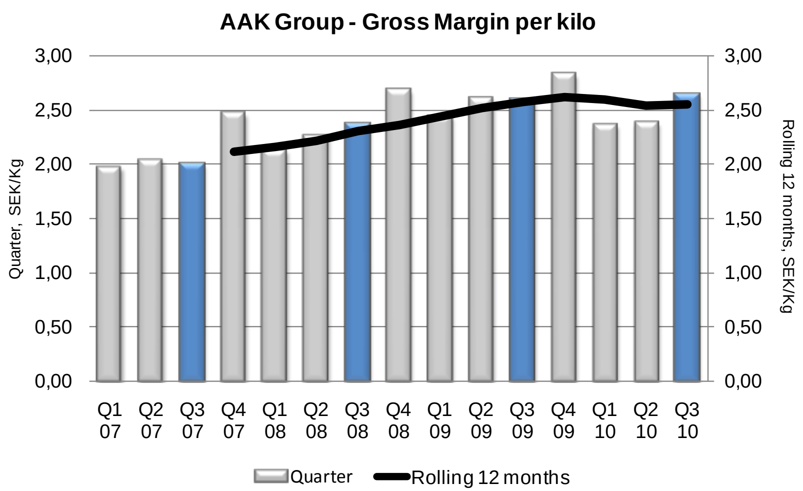
# Cash flow bridge year to date

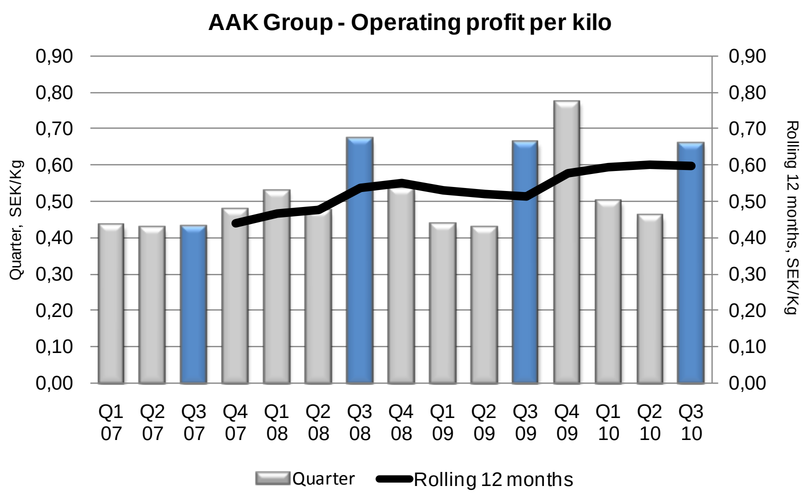



# Financial summary

- Focus the analysis on:
  - **Volume**
  - **Gross Margin per kilo or tonne**
  - **Operating profit per kilo or tonne**
  - Improvement in Operating profit
  - Return on Net Operating Assets
  - Net Debt / EBITDA



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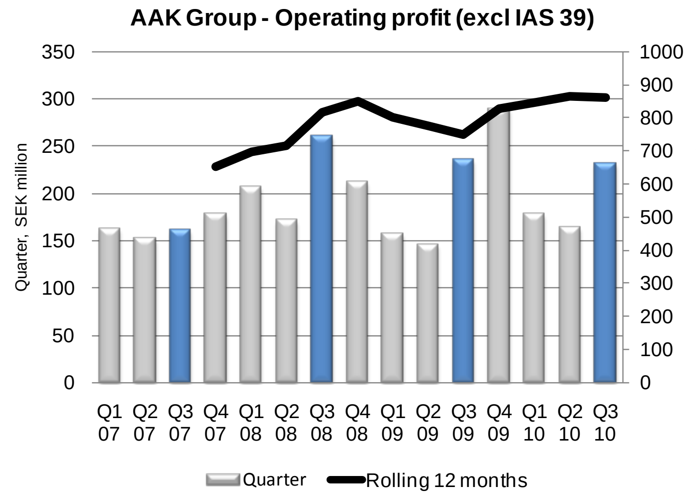
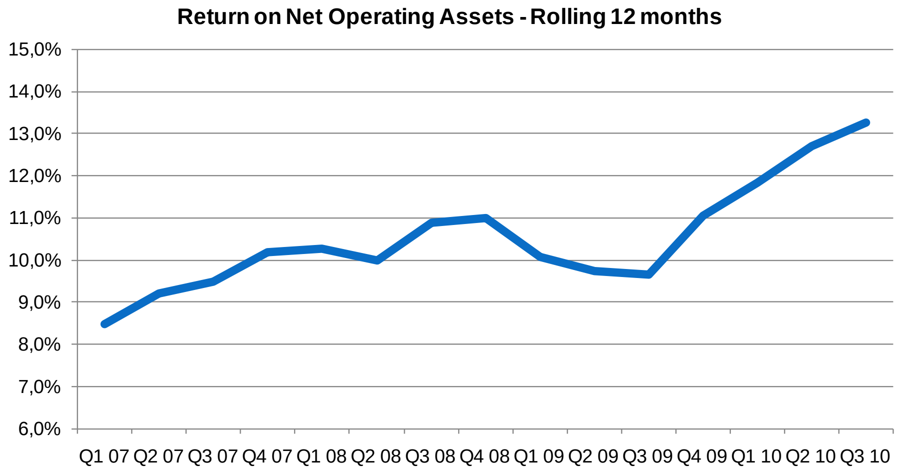
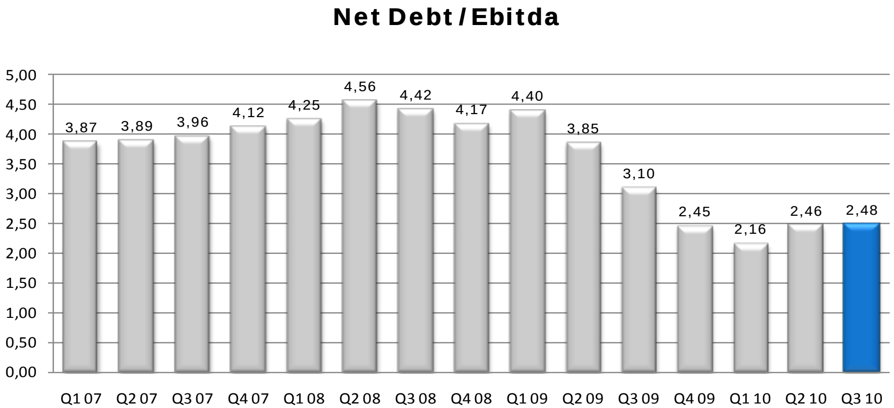
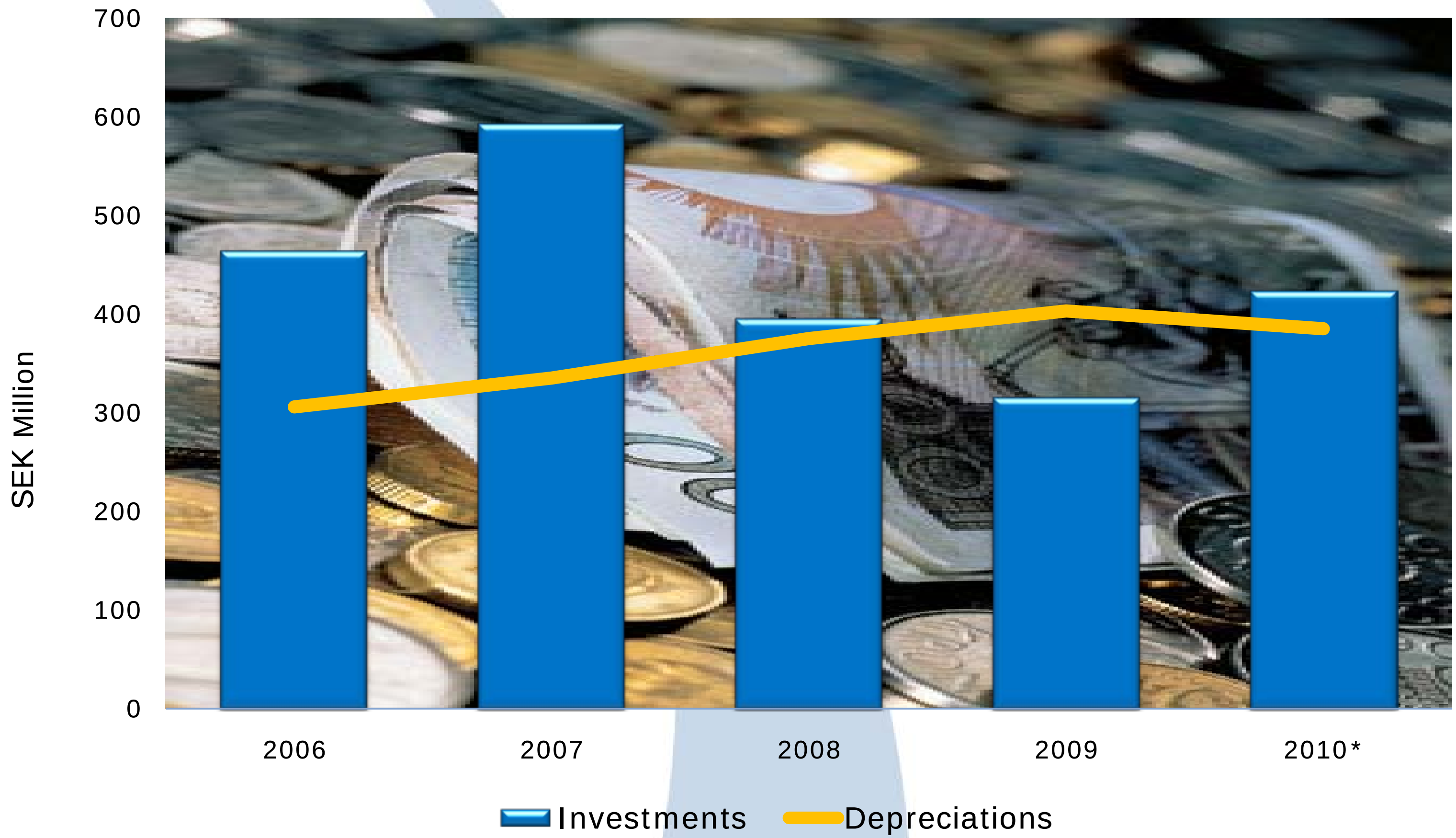



EBITDA is exclusive non recurrent items but includes SEK 70 million in insurance compensation received in Q2 2009.

# Capital expenditures




- Capital expenditures (excluding acquisitions and strategic investments) will be in line with annual depreciations.

* Rolling 12 months

# Refinancing – SEK 4,200 million

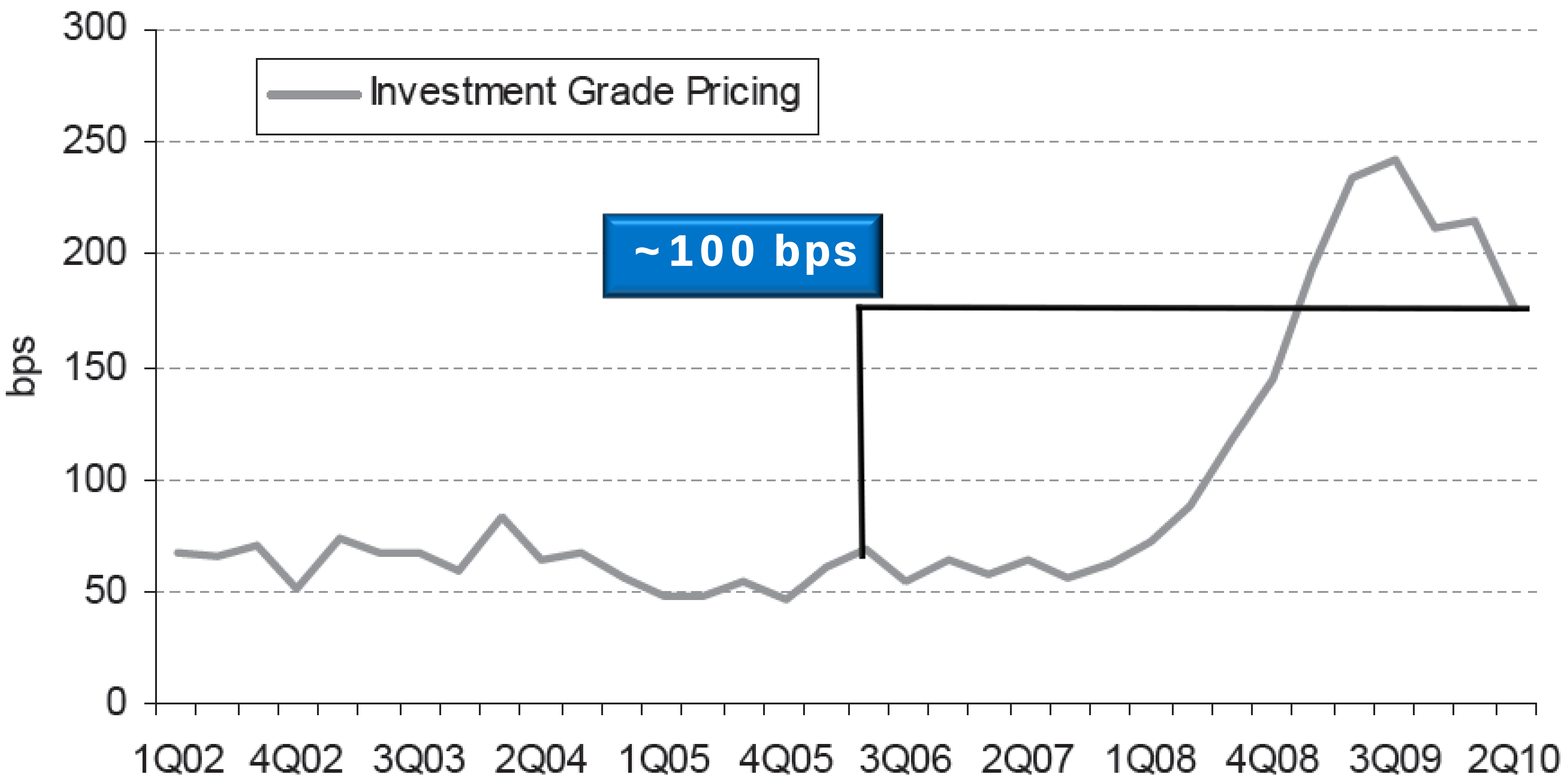
- The Group’s net borrowings as at 30 September 2010 amounted to SEK 3,080 million

- Total committed credit facilities were end of September 2010 SEK ~ 6,750 million.

**SEK 4,200 million expected to be refinanced before end of 2010**

- Large interest from banks to participate in the refinancing.

# Investment Grade Pricing - Interest margin



# Stock option program for senior executives and key managers

- The Extraordinary General Meeting has decided to issue a maximum of 1,500,000 subscription warrants.
- Dilution of maximum approximately 3.54 percent
- Allotment of warrants to approximately 70 senior executives and key managers.
- Management will buy the warrants at market value.

# Market conditions

- Volumes for speciality products are expected to continue to increase in Food Ingredients as well as in Chocolate & Confectionery Fats.