



Arne Frank
CEO

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CFO

Fredrik Nilsson
Head of IR

Interim Report
Third Quarter and First Nine Months 2010

Today`s agenda

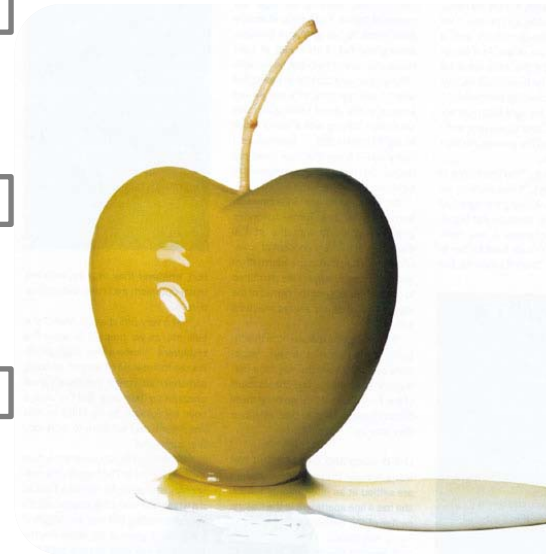
Highlights third quarter and first nine months 2010

Business Area information

Market conditions

Other items

Q & A



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.



Third quarter – Business Area summary



◆ Food Ingredients

- Successfully continued the execution of the specialisation strategy with a more profitable product mix.
- Our speciality product areas such as Baby Food, Bakery and Bakery Services and Food Service continued to develop well.

+15 %

◆ Chocolate & Confectionery Fats

- Reported an operating profit of SEK 102 million (118).
- The general market conditions commented upon during the first and second quarters of 2010 have continued during the third quarter with strong seasonal volume increases.

-14 %

◆ Technical Products & Feed

- Operating profit increased further by 15 percent.

+15 %

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.



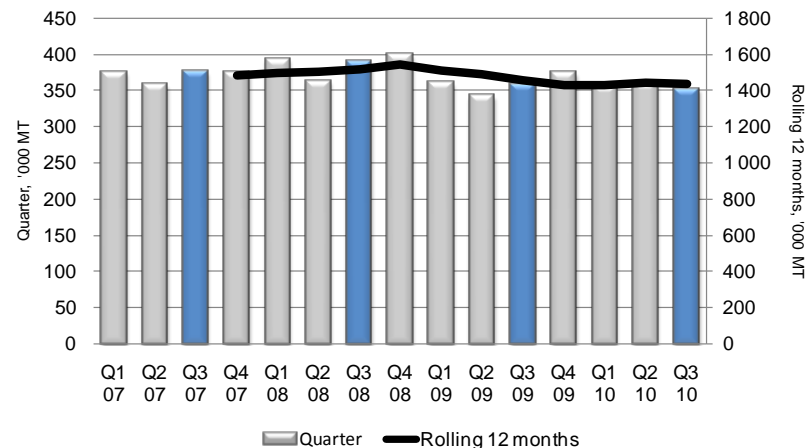
Financial summary



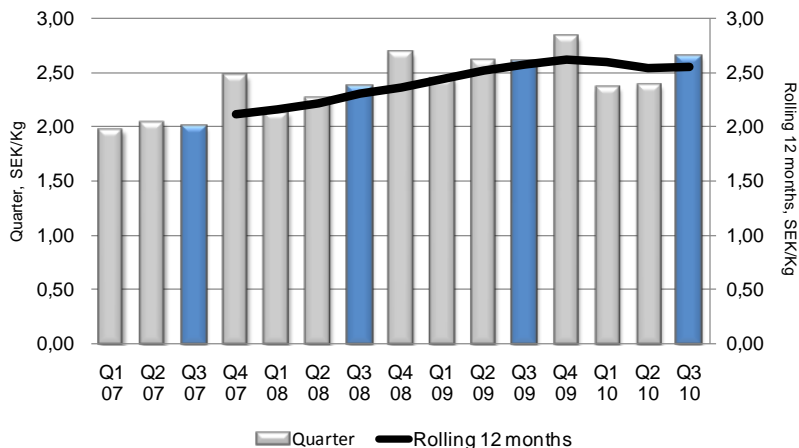
◆ Focus the analysis on:

- 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

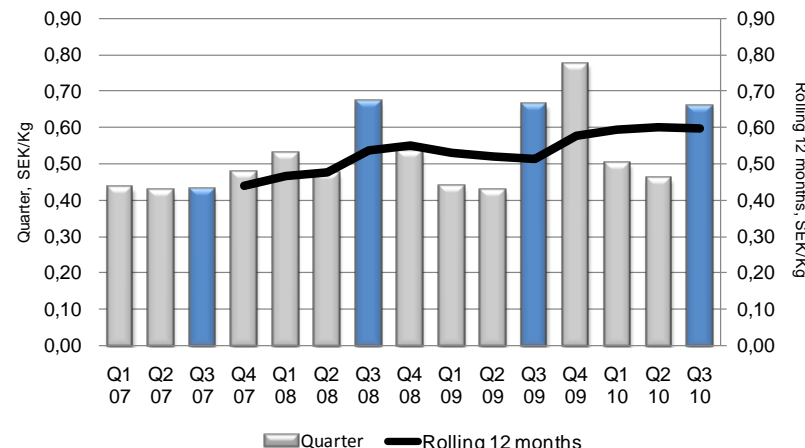
AAK Group - Volume



AAK Group - Gross Margin per kilo



AAK Group - Operating profit per kilo



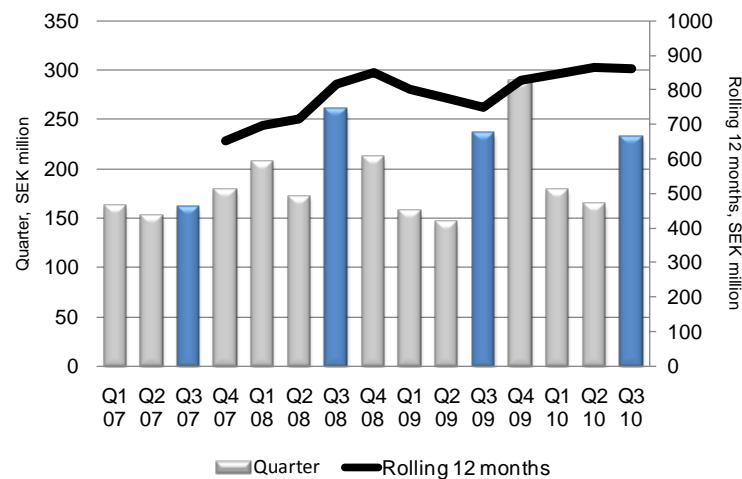
Financial summary



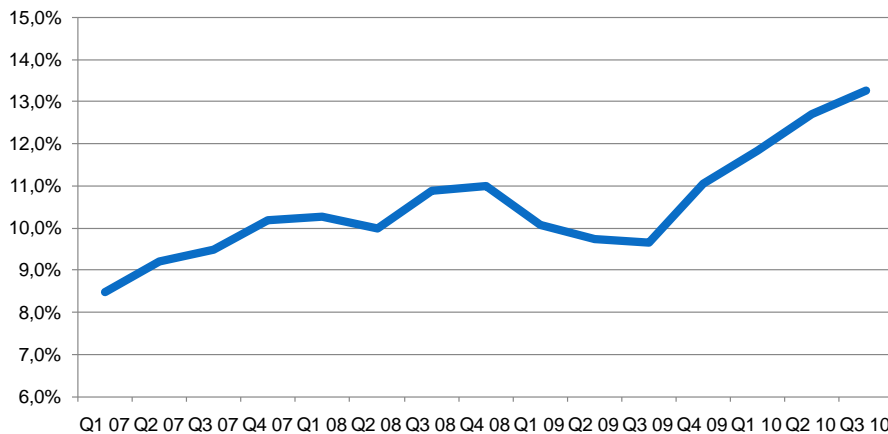
◆ Focus the analysis on:

- 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**

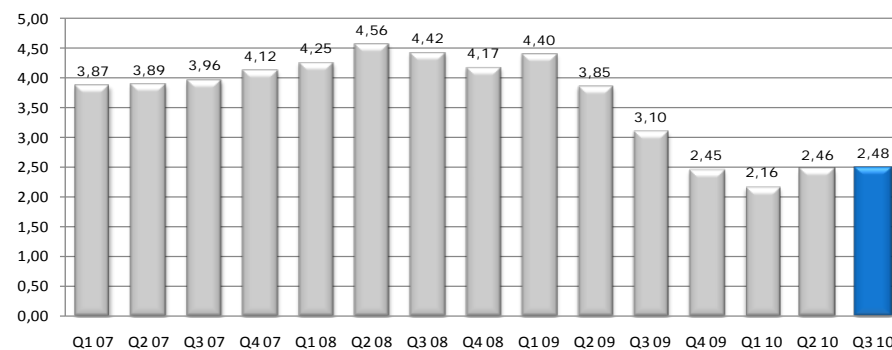
AAK Group - Operating profit



Return on Net Operating Assets - Rolling 12 months



Net Debt/Ebitda

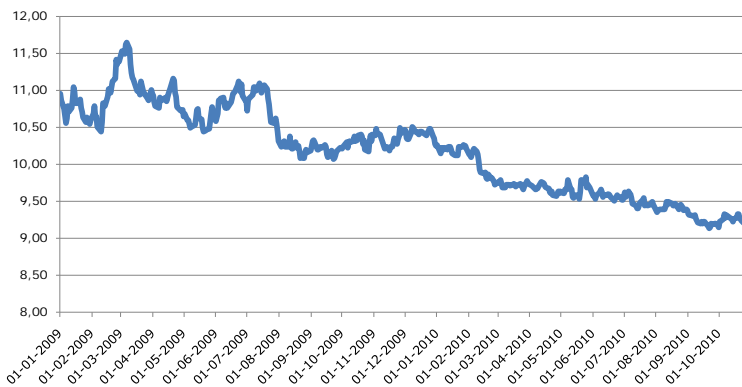


Translation impact of a stronger SEK

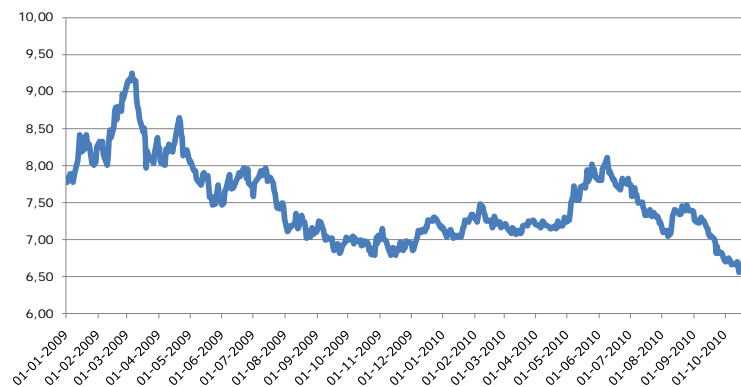


- Year to date we have had a negative translation impact of SEK 25 million.

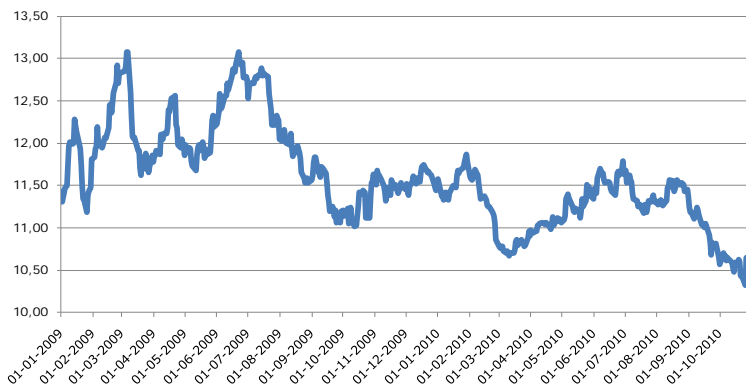
EUR/SEK



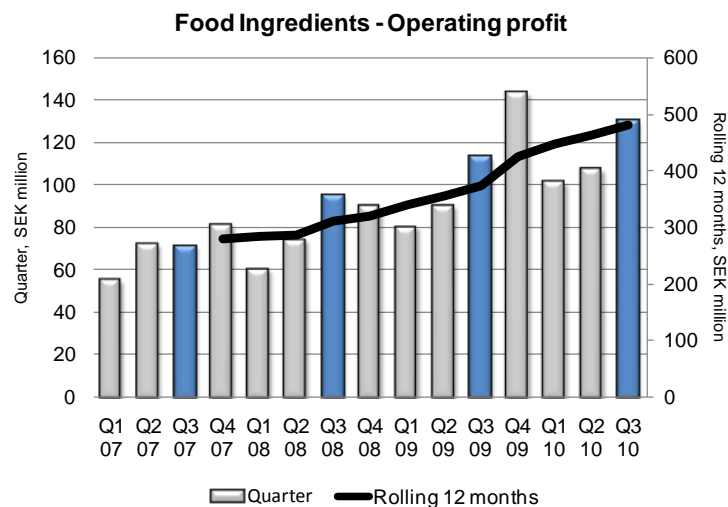
USD/SEK



GBP/SEK



Food Ingredients - Highlights



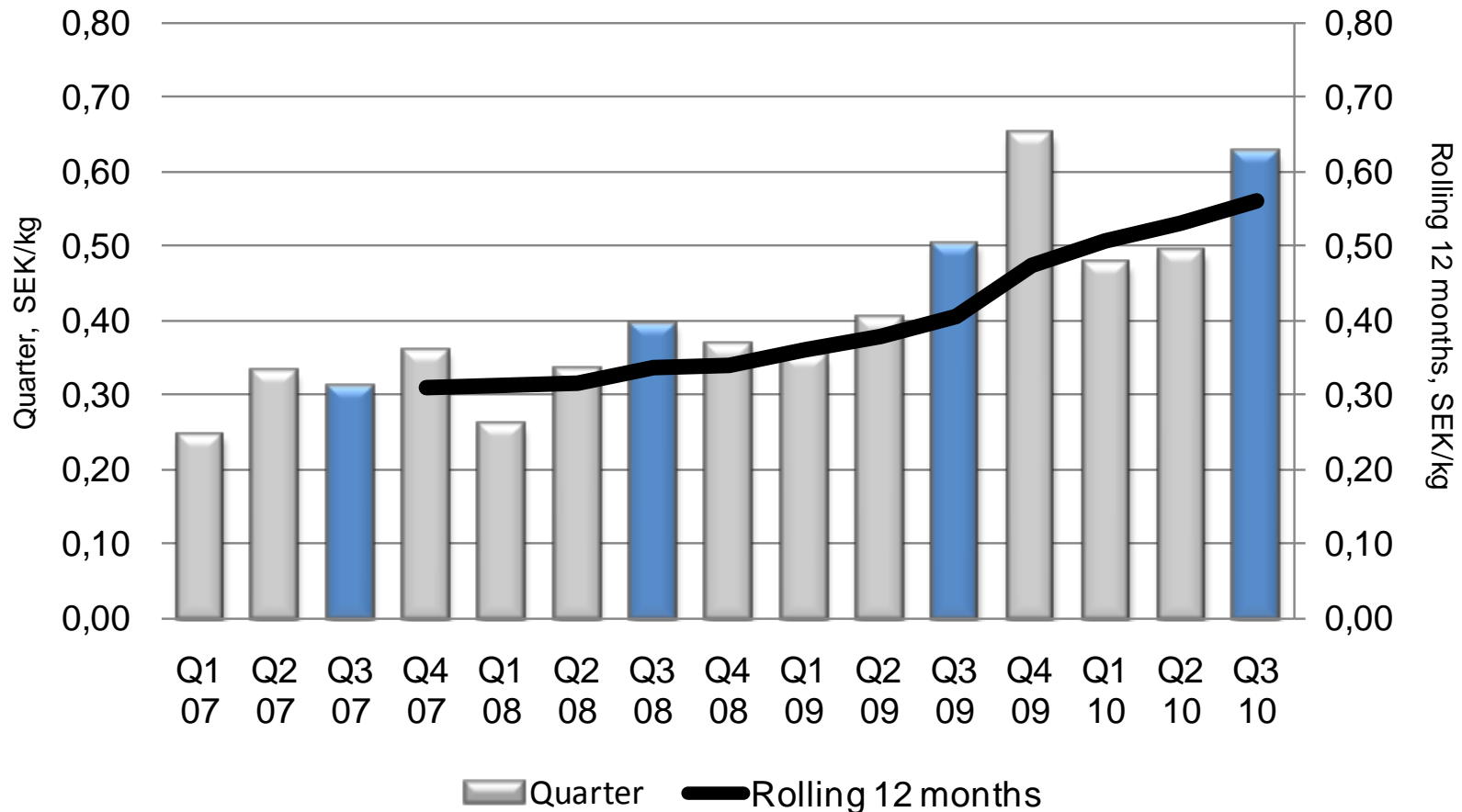
Third quarter 2010

- In the Group's largest business area, Food Ingredients, an increased proportion of high-value products, led to a further improvement in operating profit of 15 percent, to SEK 130 million (113).
- Good development continued in all speciality product areas such as Baby Food, Bakery and Bakery Services, Dairy Fat Alternatives and Food Service.
- Actions to reduce costs and improve our competitive position are currently being executed and the business area continued to benefit from the ongoing rationalisation programme during the third quarter. Realised cost savings have been matched by increased investments in organic growth outside Scandinavia.

Food Ingredients

EBIT per kg, SEK, rolling 12 months

Food Ingredients - Operating profit per kg

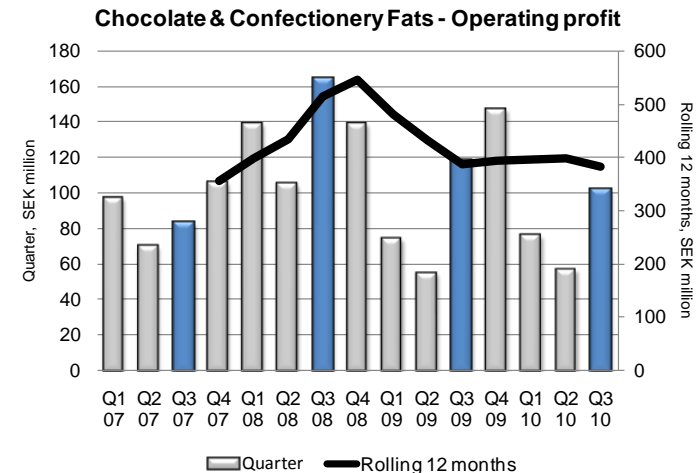


Trends in Food Ingredients

- ◆ Health
 - Reduction of trans fat and saturated fat.
 - Functional foods.
- ◆ Growing food service market.
- ◆ Traceability and long-term sustainable production methods.



Chocolate & Confectionery Fats

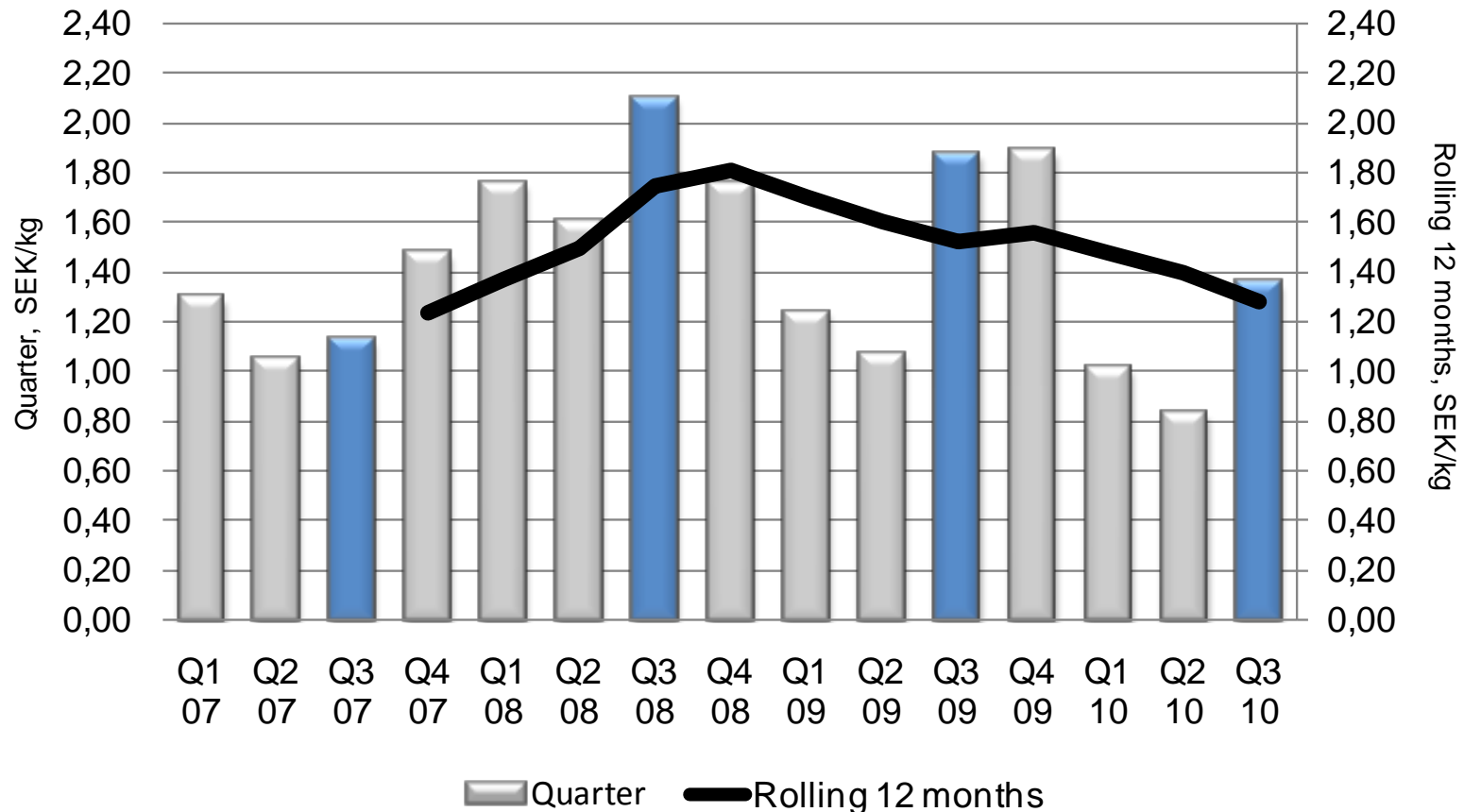


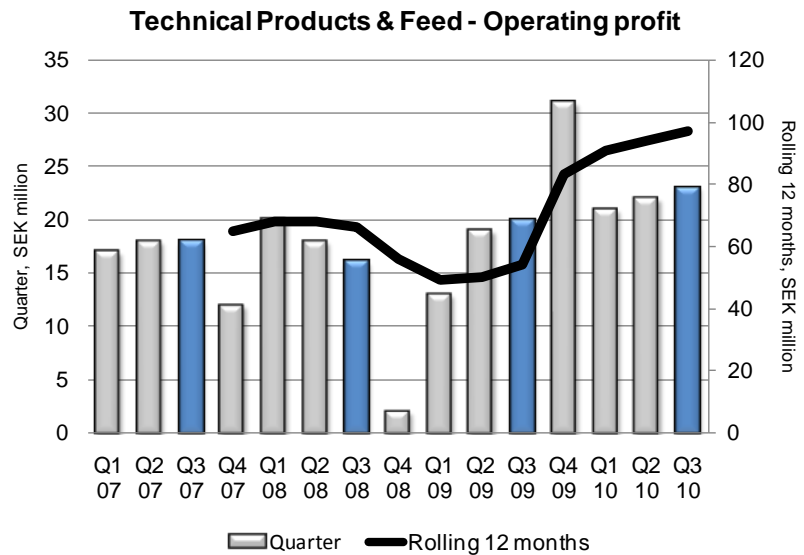
Third quarter 2010

- ◆ The operating result of SEK 102 million (118) for the business area Chocolate & Confectionery Fats was below last year mainly on account of lower margins.
- ◆ Compared to last year the volume increased by 19 percent but this increase did not fully compensate for the lower margins.
- ◆ The price level continued on a stable level compared to earlier quarters 2010.

Chocolate & Confectionery Fats

- EBIT per kg, SEK, rolling 12 months





Third quarter 2010

- ◆ Operating profit improved by 15 percent, from SEK 20 million to SEK 23 million, for the business area Technical Products & Feed, compared to the third quarter of 2009.
- ◆ In particular fatty acid and metal working fluids continued to improve profitability
- ◆ Fatty acid and metal working fluids businesses within Technical Products & Feed continue to enjoy some signs of market recovery.

Balance sheet

SEK million	30 Sep 2010	31 Dec 2009
Total Assets	8,582	8,513
Equity	2,876	2,949
Net interest bearing debt	3,080	3,186

- The equity/assets ratio amounted to 34 percent (35 percent as at 31 December 2009), down compared to year-end due to the dividend of SEK 174 million paid in 2010.



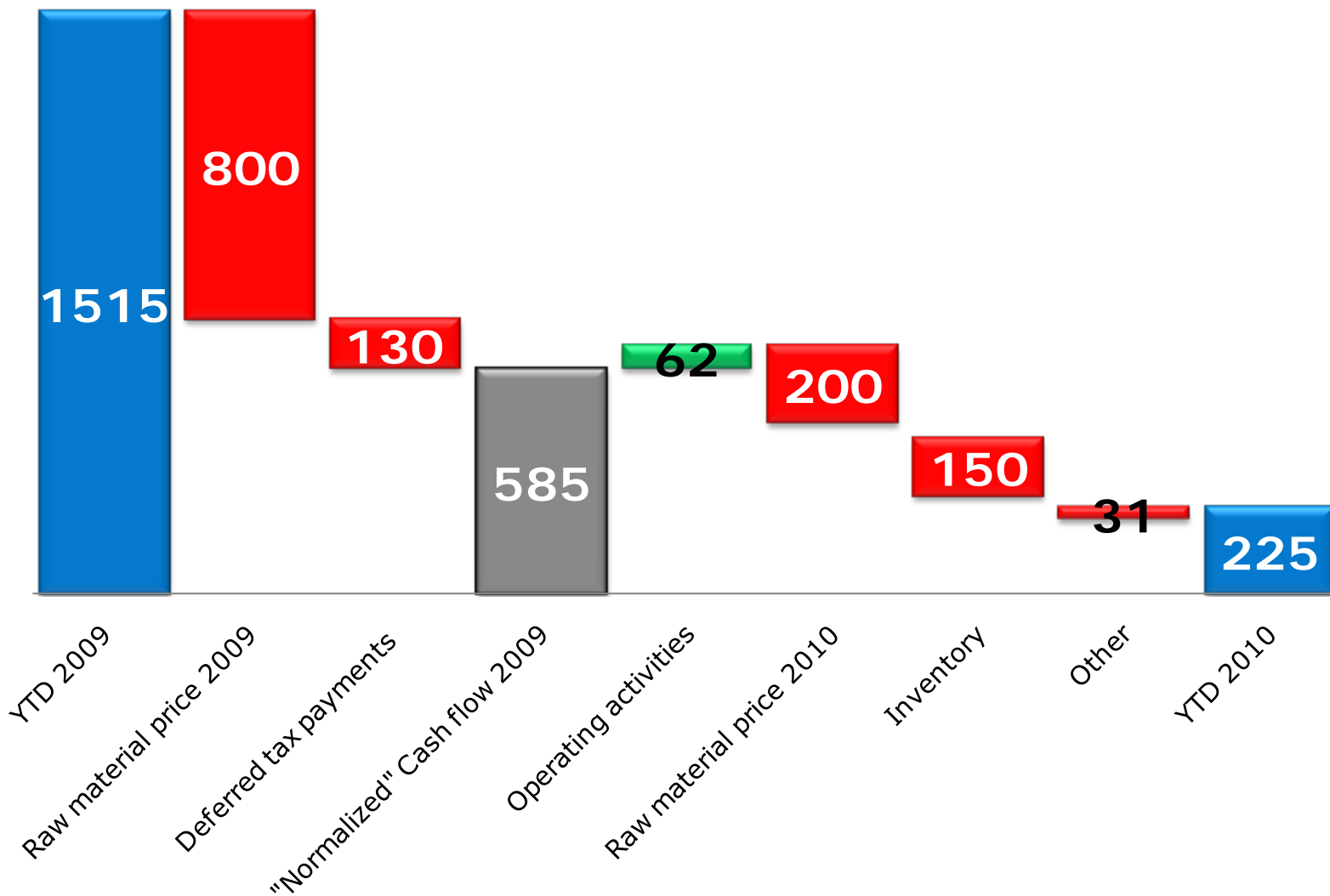
Cash flow



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



Refinancing – SEK 4,200 million



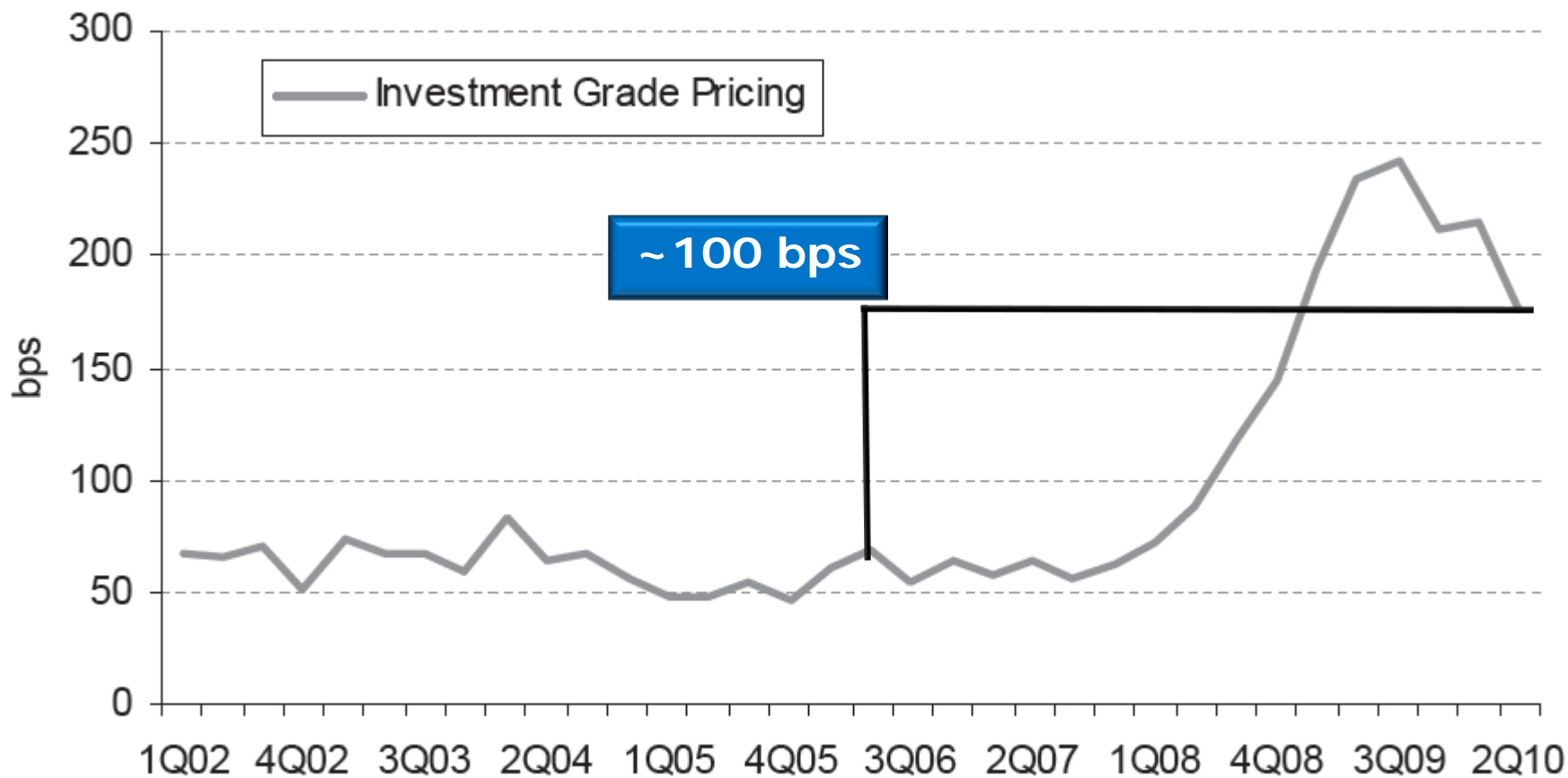
- ◆ The Group's net borrowings as at 30 September 2010 amounted to SEK 3,080 million
- ◆ Total committed credit facilities were end of September 2010 SEK ~ 6,750 million.

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

- ◆ Large interest from banks to participate in the refinancing.

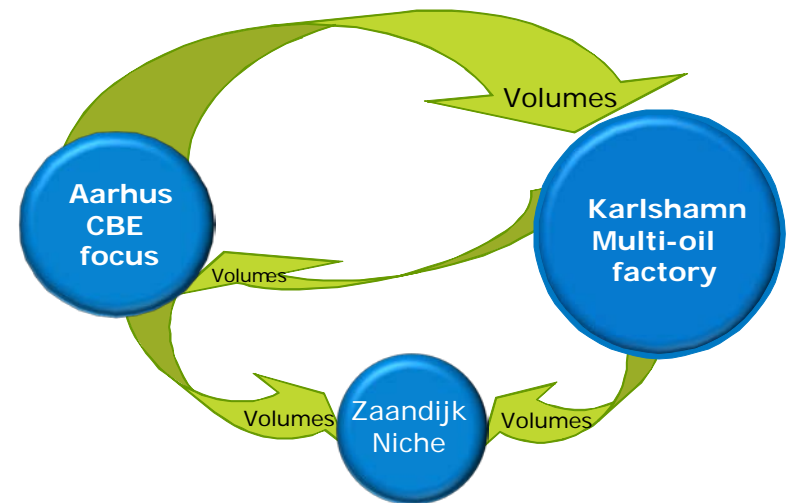
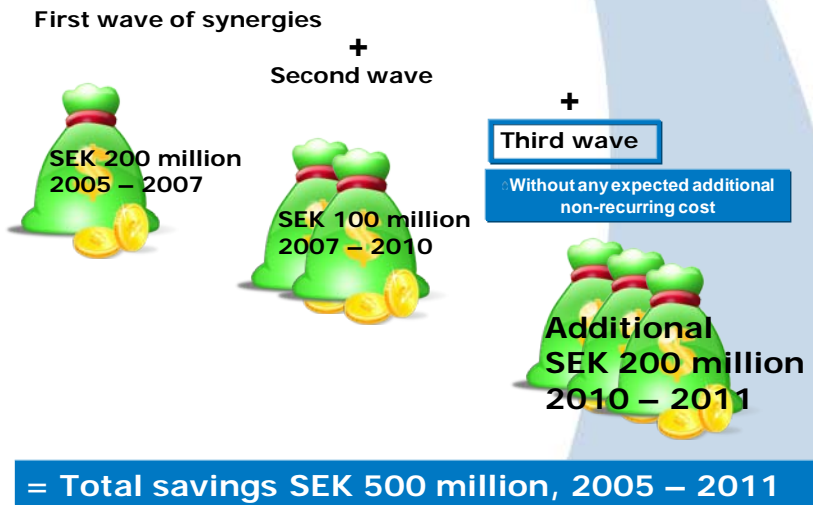


Investment Grade Pricing - Interest margin



Ongoing rationalization programmes

- The rationalisation programmes are progressing and are at least in line with plan in all business areas as previously communicated.
- SEK 100 million (annualised) in cost savings will be realised in late 2010, and an additional SEK 200 million (annualised) will be realised in the latter part of 2011.



Incentive programme for senior executives and key managers

- ◆ The proposal by the Board of Directors principally entails that the Extraordinary General Meeting will resolve on to issue a maximum of 1,500,000 subscription warrants.
- ◆ AarhusKarlshamn AB will be entitled to decide upon the allotment of subscription warrants to approximately 70 senior executives and key managers.
- ◆ Management will buy the warrants at market value.
- ◆ Extraordinary General Meeting to be held on Monday 8 November 2010.



Major events Q 3 2010



◆ New executive committee members

- Torben Friis Lange – President BA Chocolate & Confectionery Fats
- Anne Mette Olesen – Vice president HR and Communication



◆ Sustainability

- GreenPalm has hit a milestone during the third quarter, more than 1,000,000 certificates traded since the start.
- One Danish media has made allegations against one of our suppliers regarding the use of pesticide. AAK has performed an audit at their plantations, confirmed by an independent audit firm, and we have not found any evidence confirming these allegations.



Market conditions

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



Management focus

- ◆ Organic growth
 - Baby Food
 - Bakery and Bakery Services
 - Dairy Fat Alternatives
 - Food Service
 - Chocolate & Confectionery Fats
- ◆ Increased focus on sales and marketing
- ◆ Ongoing rationalisation programme
- ◆ Selective acquisitions



Capital Market Day – November 2010



- ◆ At the capital market day in Stockholm on November 10 we will present:
 - Key focus areas
 - Key strategies



Questions & Answers



AAK
Infant Nutrition

AAK – the preferred partner in fats for
Infant Nutrition

AAK

Dairy
Fat
Alternatives

AAK

- With >50% of anti-inflammatory shea butter triterpene esters gives high functionality at low use levels in the formulation.
- Suitable in facial products with proven effects on collagen regeneration.

Bioactive shea butter – Lipex® Shea Tris

Lipex® – Performance for Care
www.aak.com

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Further investor relations information is
available from the company homepage at

<http://www.aak.com/en/Investor/>

Appendix

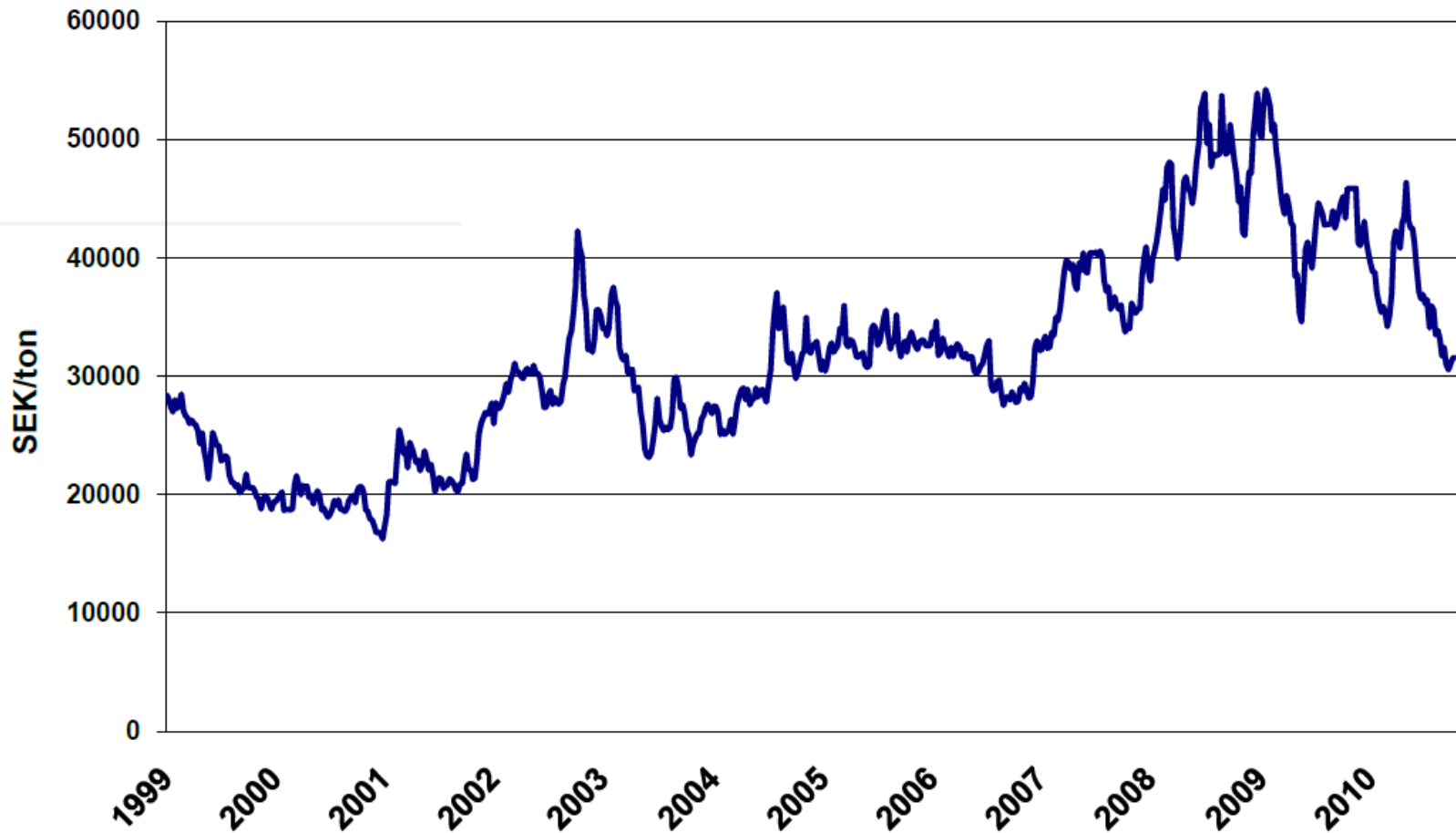
Financial calendar



Year	Date	Event
2010	November 10	Capital Market Day, Stockholm
2011	February 18	Year-end report for 2010
2011	May 4	Q1 2011 Interim report
2011	May 17	Annual General Meeting, Malmoe
2011	July 20	Q2 2011 Interim report
2011	November 4	Q3 2011 Interim report

Cocoa Butter

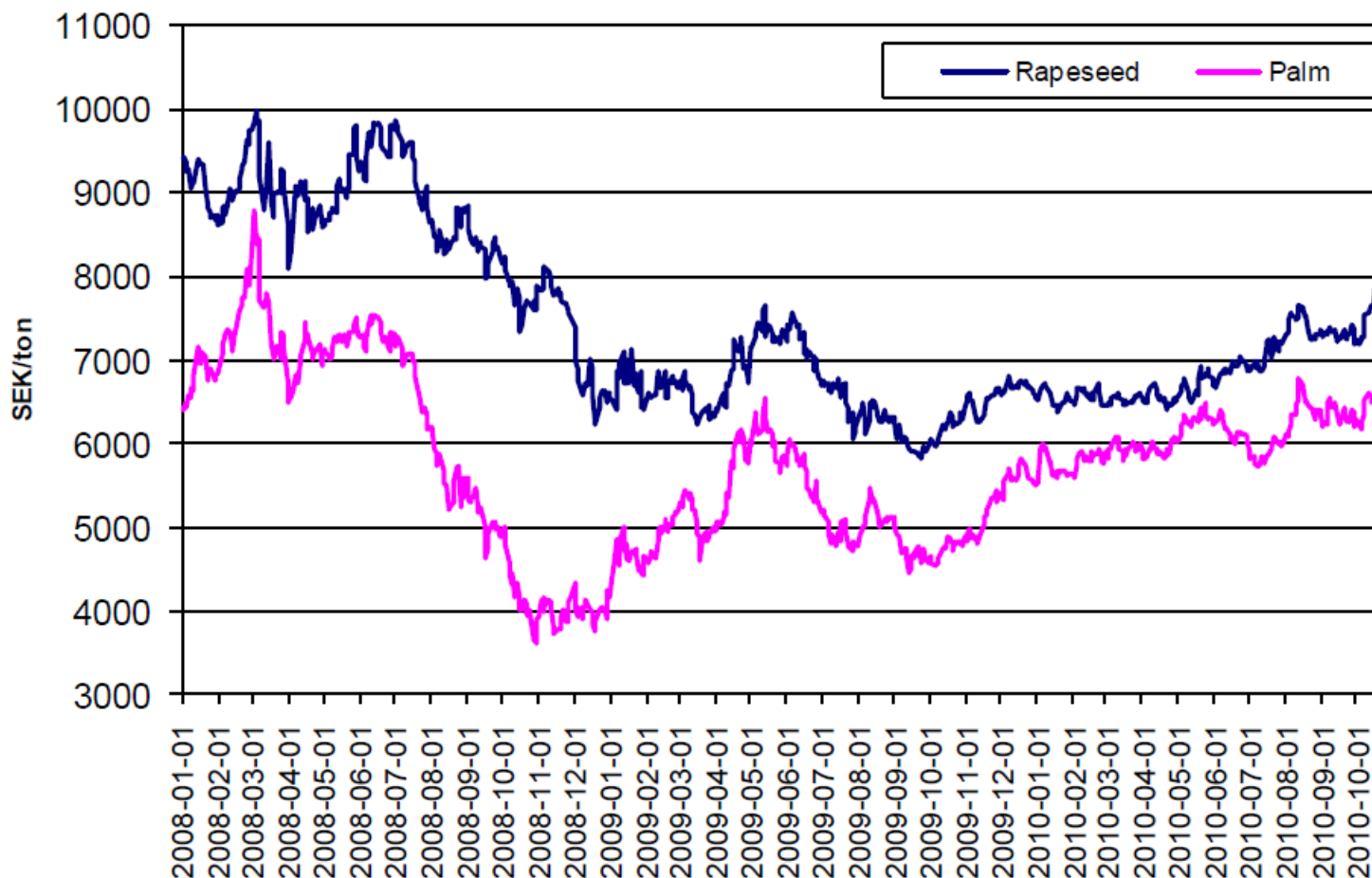
Cocoa butter price development



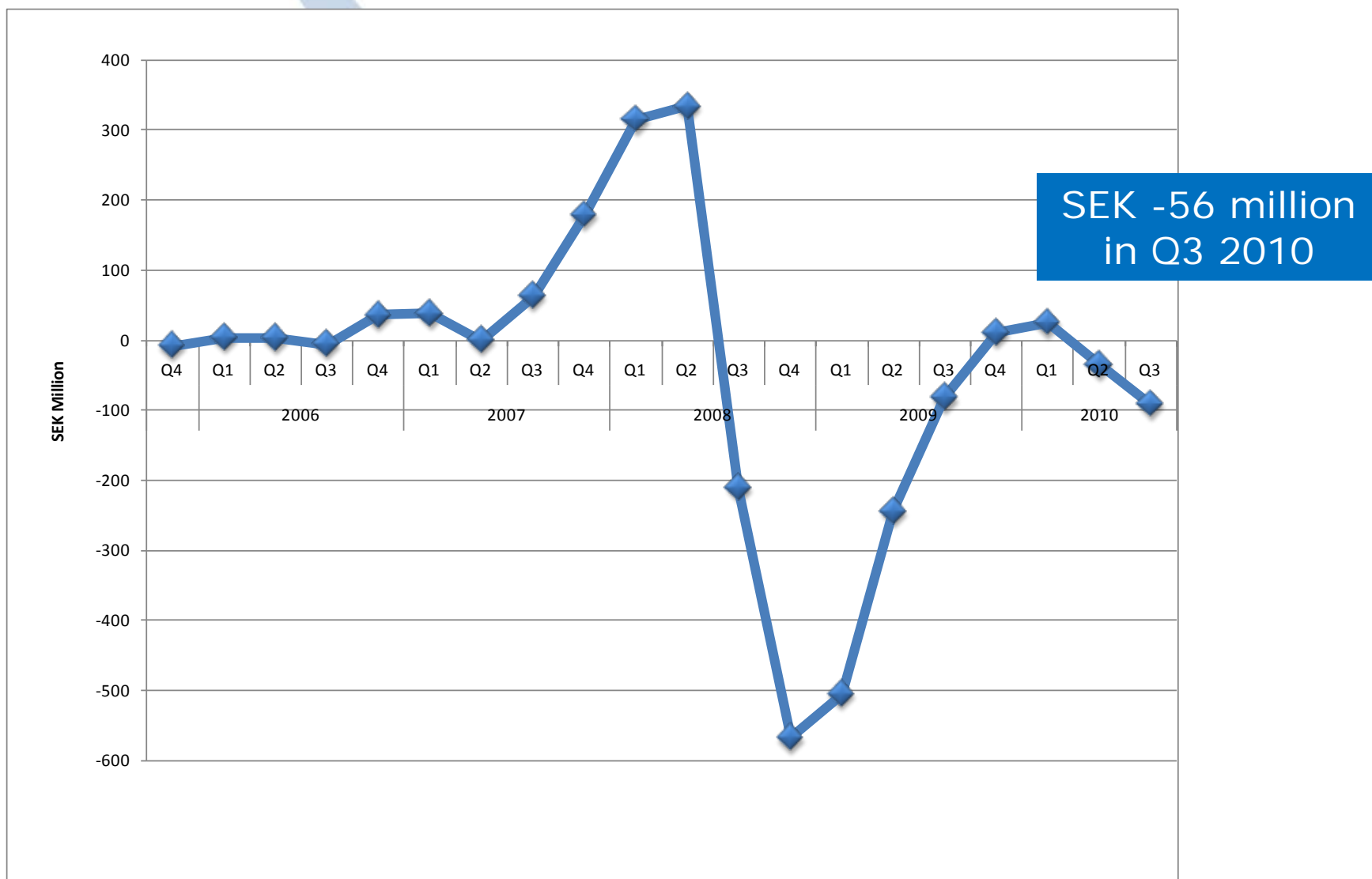
Raw material price development



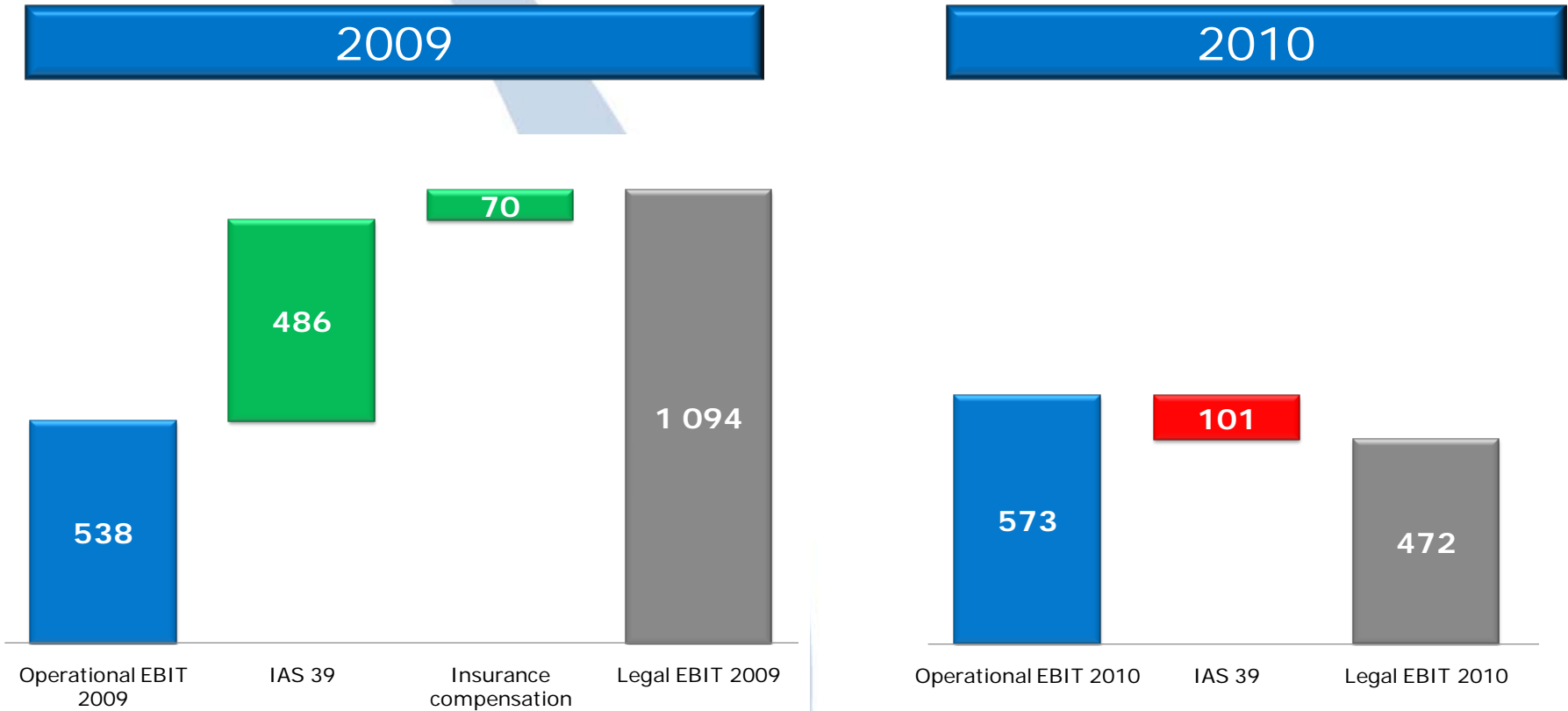
Raw material prices palm and rapeseed, January 1 2008 -



IAS 39 effect since the merger



Operating EBIT vs Legal EBIT including the IAS 39 effect



The first choice for value-added vegetable oil solutions

The AAK logo is rendered in a bold, white, sans-serif font. The letters 'A', 'A', and 'K' are connected at the base. A small, white, teardrop-shaped icon is positioned between the second 'A' and the 'K'. The logo is centered horizontally and placed in the upper-middle section of the slide, set against a background of a clear blue sky with light, wispy clouds.

AAK