



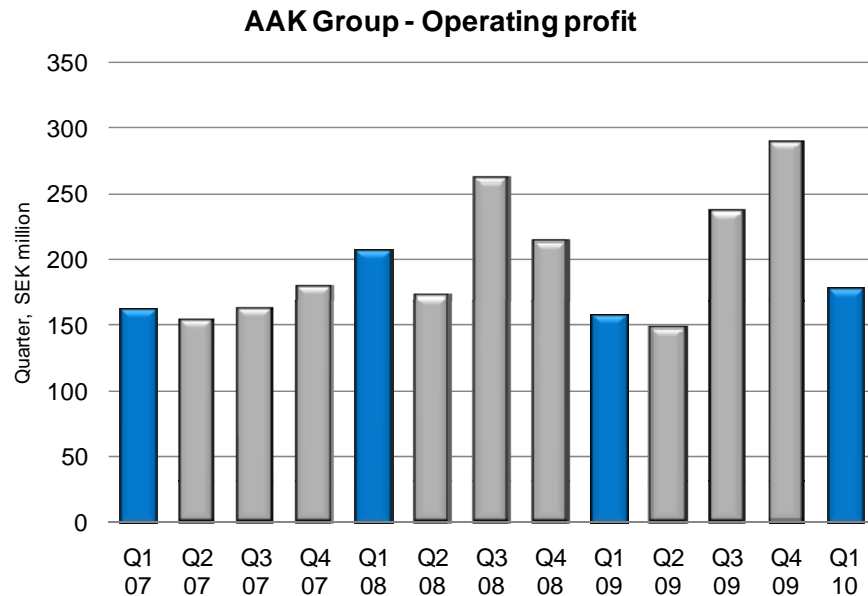
**AAK**

*Arne Frank*  
CEO

*Anders Byström*  
CFO

Interim Report  
Q1 2010

# Highlight Q1 2010



- Continued improved Group operating profit by 13 percent to SEK 178 million (157).
- For comparable units and fixed exchange rates the operating profit amounted to SEK 191 million (149), improvement by 28 percent.
- Cash flow from operating activities continued positively reaching SEK 315 million (22).

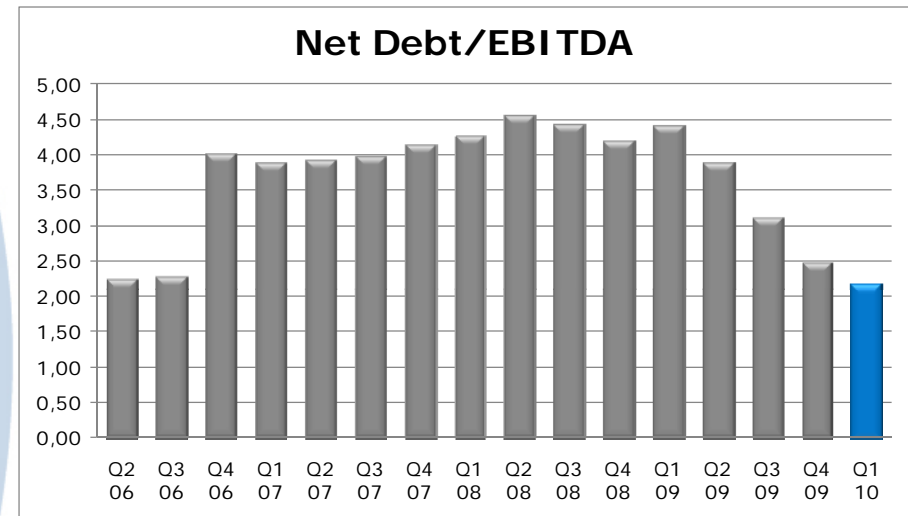
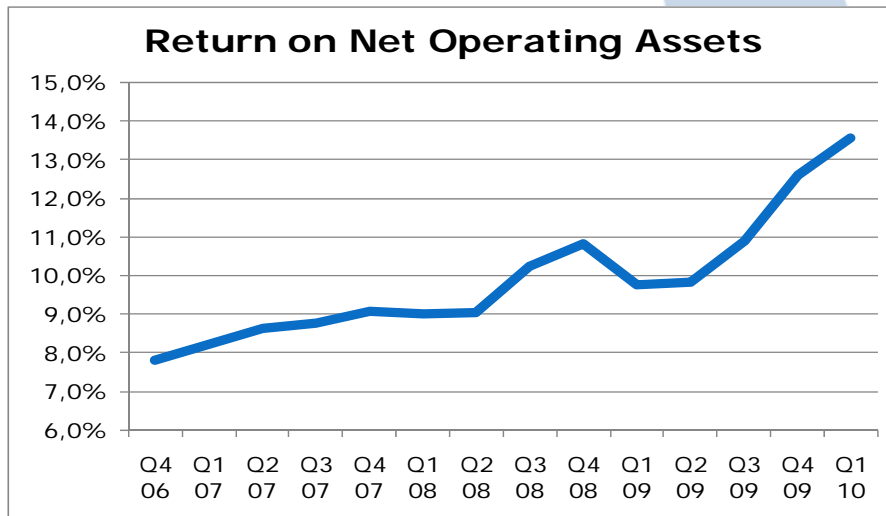
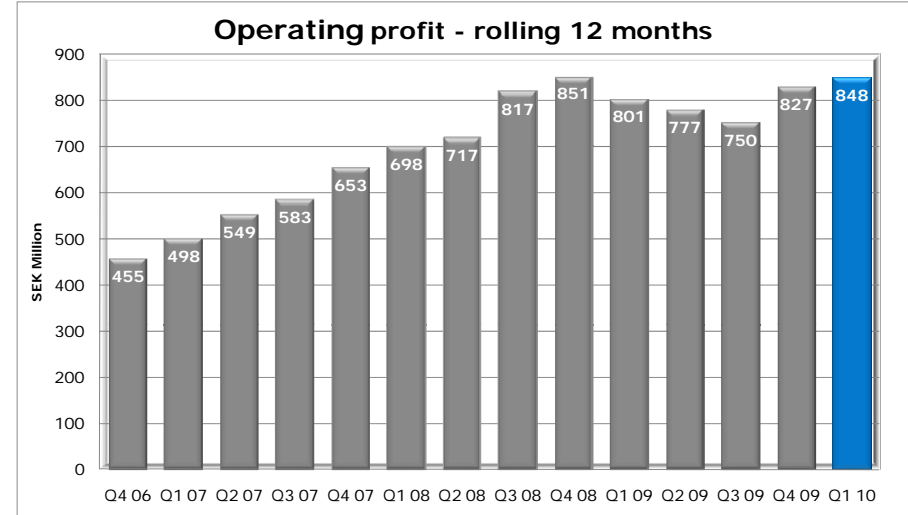
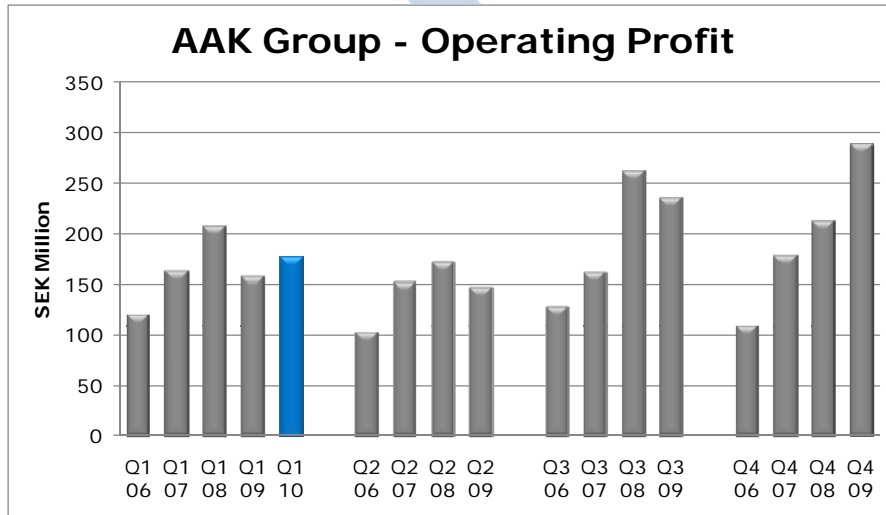


# CEO summary - Improved operating profit and cash flow for AAK



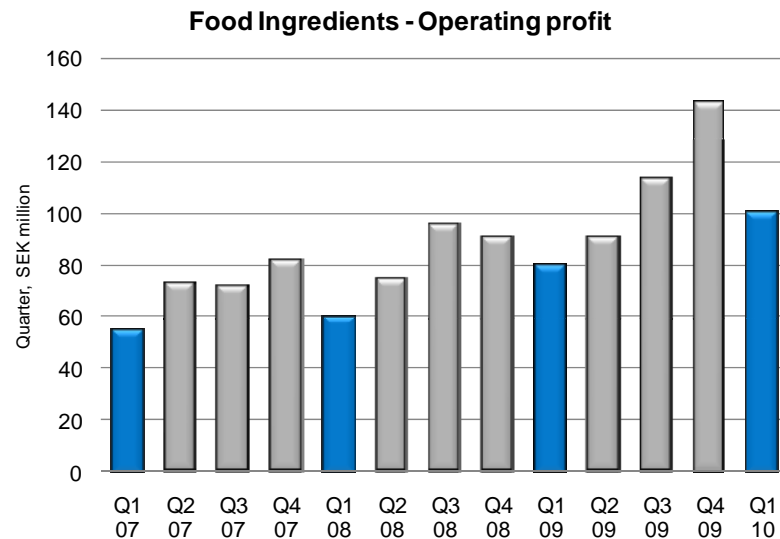
- We can close the first quarter of 2010 with satisfaction but we have however a challenge with increased price pressure in Chocolate & Confectionery Fats.
- **Food Ingredients** successfully continued the specialisation strategy, with lower volumes but with higher margins increasing operating profit by 26 percent.
- **Chocolate & Confectionery Fats** reported operating profit just slightly above the first quarter last year, comprising volume growth but declining margins.
- Continued turnaround in **Technical Products & Feed** increased operating profit by 62 percent.

# Financial summary



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

# Food Ingredients

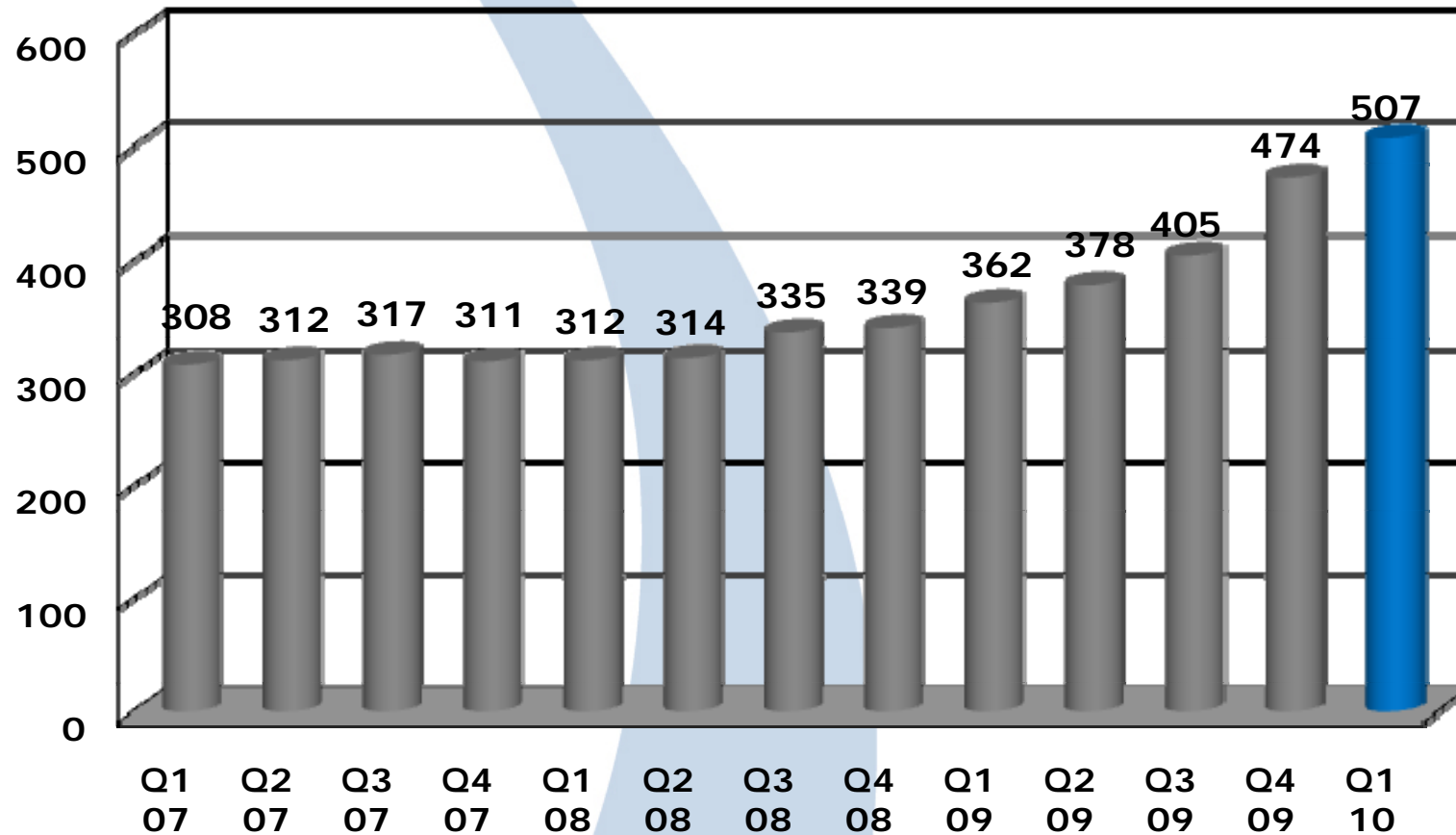


## First quarter 2010

- The Group's largest business area, continued to improve operating profit substantially by 26 percent, to SEK 101 million (80).
- Margins continued to improve due to the successfully implemented specialisation strategy leading to a higher proportion of high-value products.
- During the first quarter of 2010 the business area continued to benefit from the ongoing rationalisation programme. These cost savings have been offset by increased costs following the expansion outside Scandinavia.

# Food Ingredients

## EBIT per tonne, SEK, rolling 12 months



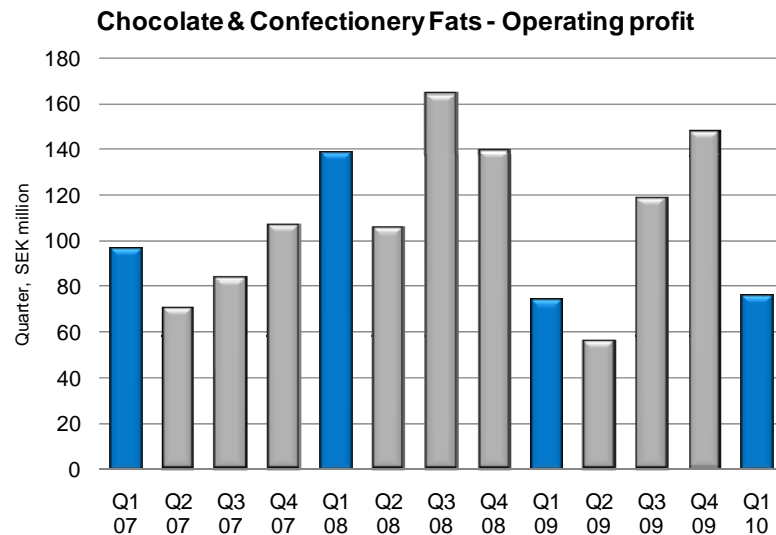
# Trends in Food Ingredients



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



# Chocolate & Confectionery Fats

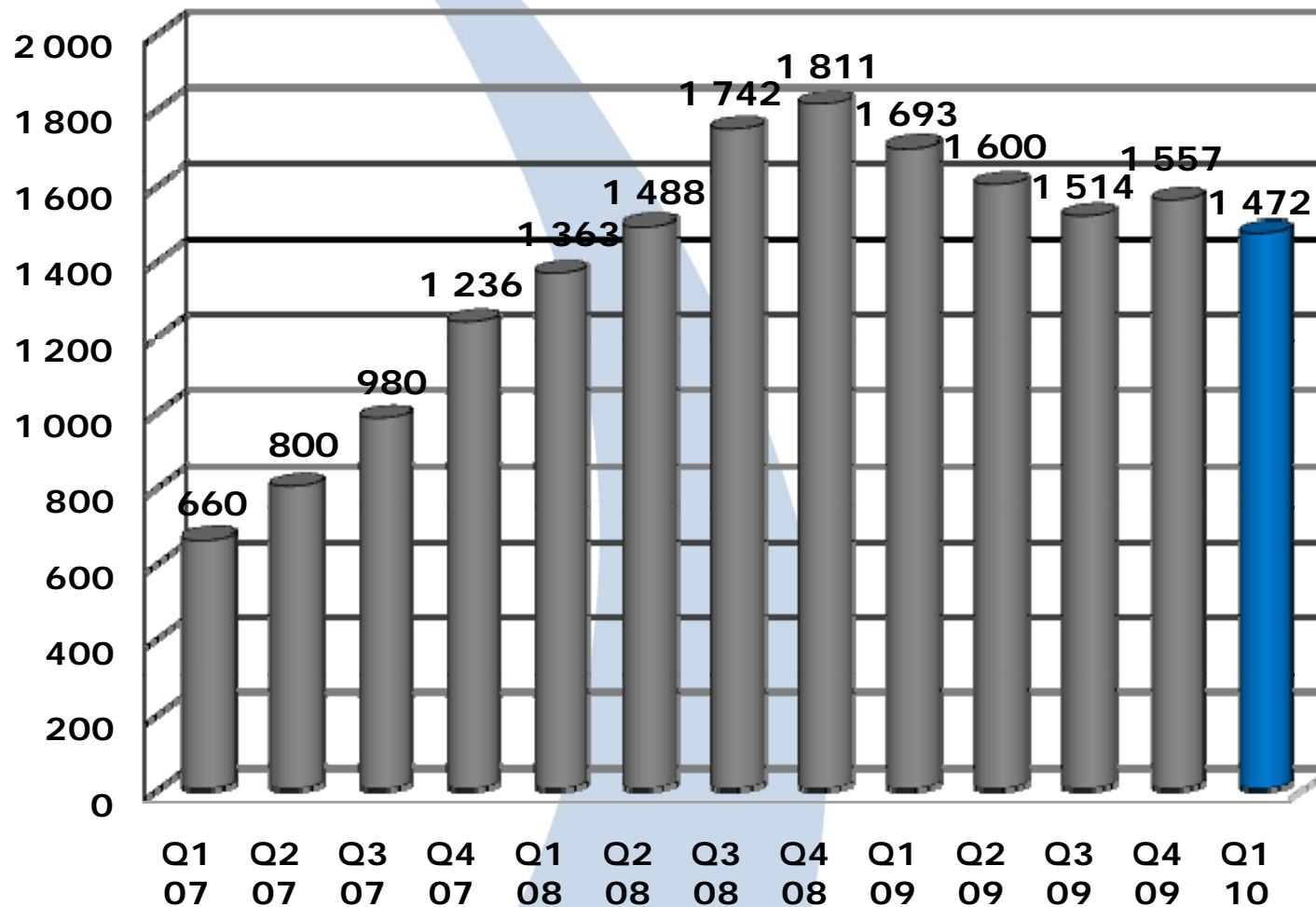


## First quarter 2010

- The operating result of SEK 76 million (74) was just slightly above the first quarter last year, comprising volume growth but declining margins.
- CBE volumes in the first quarter of 2010 were substantially higher than in the first quarter of 2009 and higher than the volumes in the fourth quarter of 2009.
- The first quarter 2010 started with good volume growth. Later in the quarter it became obvious that chocolate consumption in Eastern Europe is recovering more slowly than in the rest of the world. Eastern Europe is an important market for the business area.

# Chocolate & Confectionery Fats

- EBIT per tonne, SEK, rolling 12 months



# CBE Margin Elements



Significant investments in additional manufacturing capacity in the industry. Uncertainty remains regarding the impact of the excess capacity.



Cocoa Butter price



CBE Margin



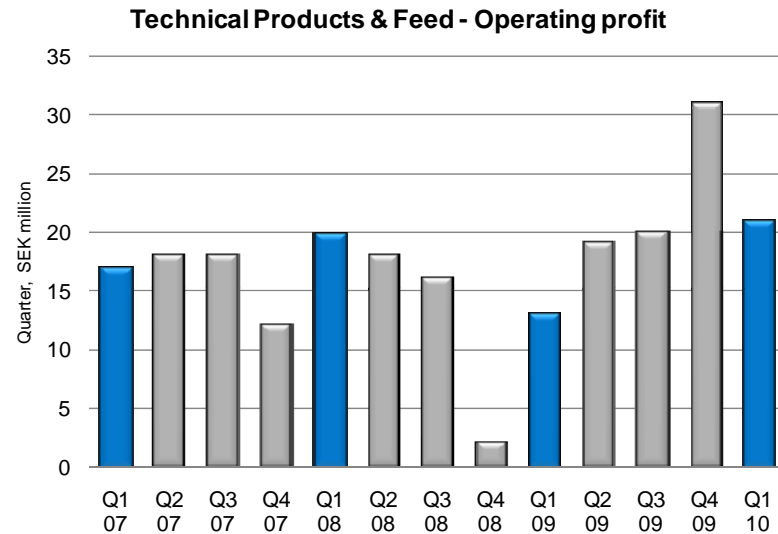
Capacity utilization in the industry

Raw material costs and crop

# Chocolate & Confectionery Fats - Continued drive for chocolate butter alternatives

- The global recession has provided a strong incentive to reduce costs and to drive further the substitution of expensive cocoa butter.
- The increased demand for CBE's has stimulated investment in additional manufacturing capacity in the industry.
- Uncertainty remains regarding the impact of the excess capacity.
- Short term - Volume growth will not compensate for the reduction in margins arising from this excess capacity.

# Technical Products & Feed



## First quarter 2010

- Operating profit improved by 62 percent, from SEK 13 million to SEK 21 million compared to the first quarter of 2009.
- A special turnaround plan was implemented during 2009 and has led to lower costs.
- For the fatty acid and metal working fluids businesses within Technical Products & Feed there are some limited signs of recovery.

# Condensed balance sheet



SEK million	31 Mar 10	31 Dec 09	Difference Mar 10 vs Dec 09
<b>Total fixed assets</b>	<b>3 756</b>	<b>3 873</b>	<b>-117</b>
Inventories	2 101	2 237	-136
Current receivables	2 249	2 081	+168
Cash and cash equiv.	306	322	-16
<b>Total current assets</b>	<b>4 656</b>	<b>4 640</b>	<b>+16</b>
<b>TOTAL ASSETS</b>	<b>8 412</b>	<b>8 513</b>	<b>-101</b>
<b>Equity</b>	<b>3 017</b>	<b>2 949</b>	<b>+68</b>
<b>Non current liabilities</b>	<b>3 442</b>	<b>3 837</b>	<b>-395</b>
Accounts payable	677	568	+109
Other current liabilities	1 276	1 159	+117
<b>Total current liabilities</b>	<b>1 953</b>	<b>1 727</b>	<b>+226</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8 412</b>	<b>8 513</b>	<b>-101</b>

# Summary Cash flow statement for the Group



SEK Million	Q1 2010	Q1 2009
<b>Cash flow from operating activities before changes in WC</b>	<b>221</b>	<b>190</b>
Change in working capital	94	-168
<b>Cash flow from operating activities</b>	<b>315</b>	<b>22</b>
Cash flow from investing activities	-79	-69
<b>Cash flow after investing activities</b>	<b>236</b>	<b>-47</b>

Cash flow from operating activities continued positively reaching SEK 315 million (22). The ongoing internal working capital improvement project contributed to the improved cash flow.

# Financial position



- The Group's net borrowings as at 31 March 2010 amounted to SEK 2,834 million (SEK 3,186 million on 31 December 2009).

- Compared to December 31, 2009 net borrowings have decreased by SEK 352 million.

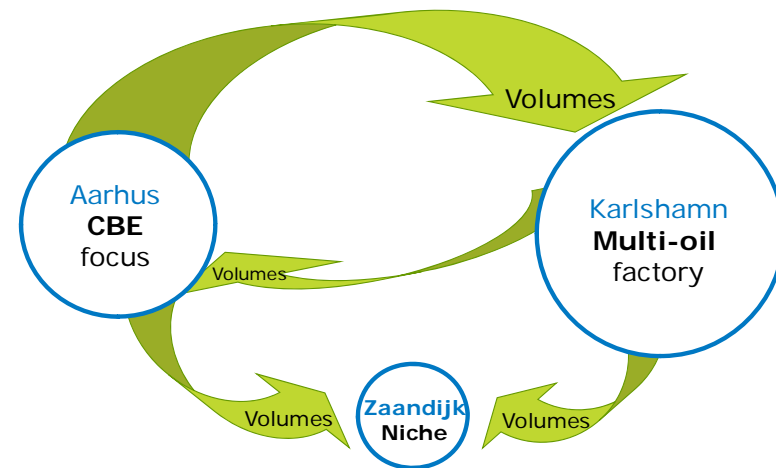
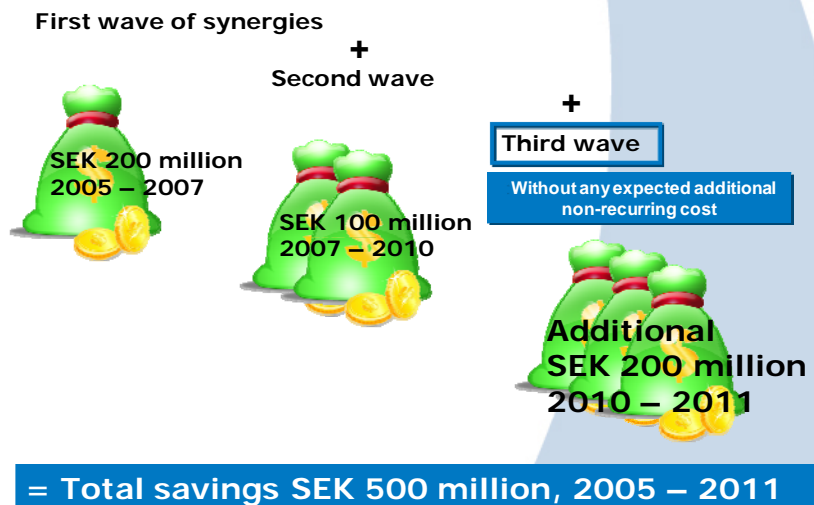
- The Group has total credit facilities of SEK 5,836 million, of which SEK 5,561 million are committed to mid 2011.



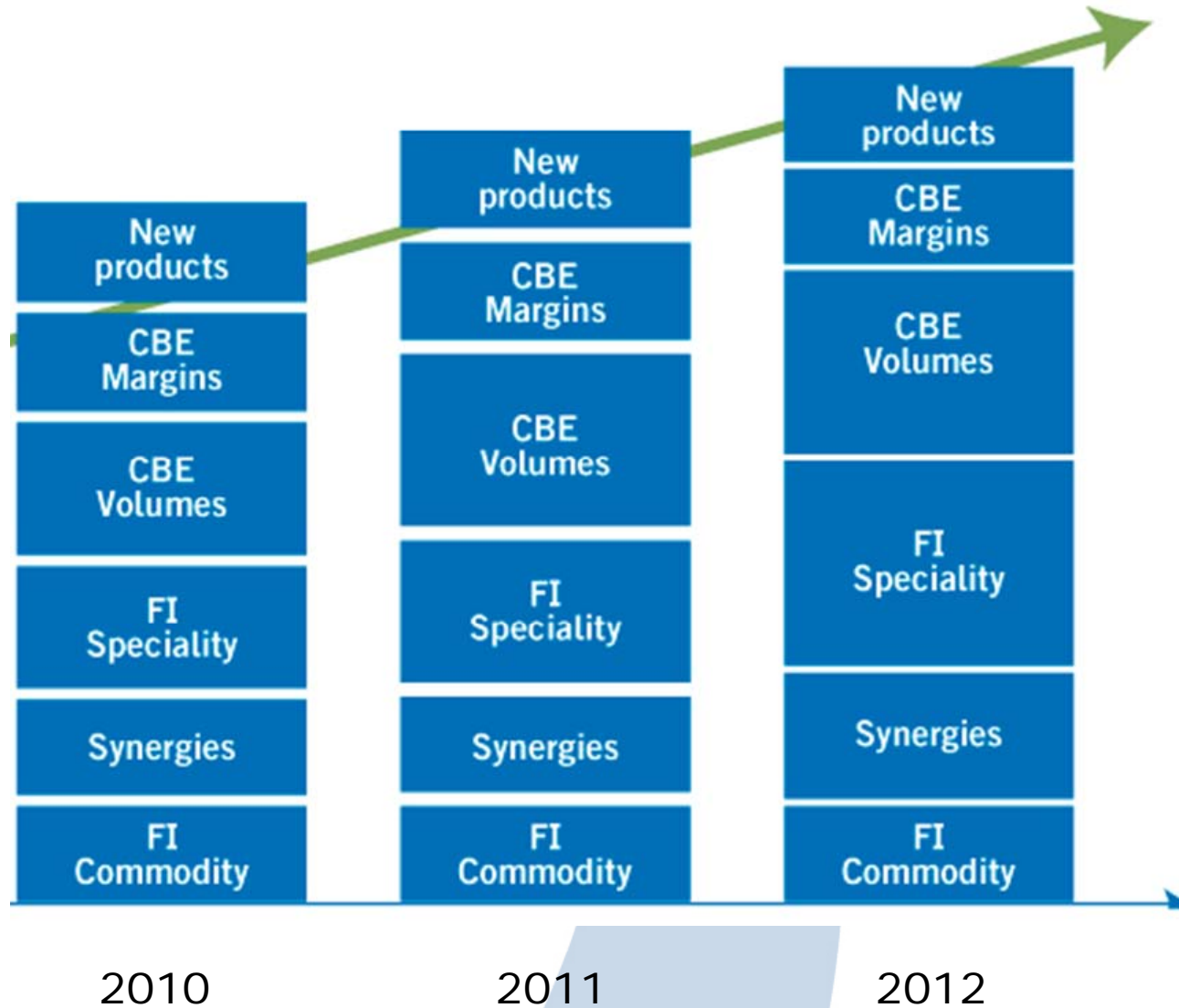
# Ongoing rationalization programmes



- The rationalisation programmes are progressing in line with plan in all business areas.
- SEK 100 million in savings will be realised in late 2010, and an additional SEK 200 million will be realised in the latter part of 2011.



# EBIT – Building blocks



# Roadmap to growth



- Increased proportion of health products.
- Working actively with businesses and voluntary organizations to develop and support sustainable supply methods for palm oil and shea.
- Continued focus within specific segments
  - InFat (Mother's milk fat replacer)
  - Bakery and Bakery Services
  - Dairy Fat Alternatives
  - Chocolate Fats
  - Cosmetic



# Future prospects

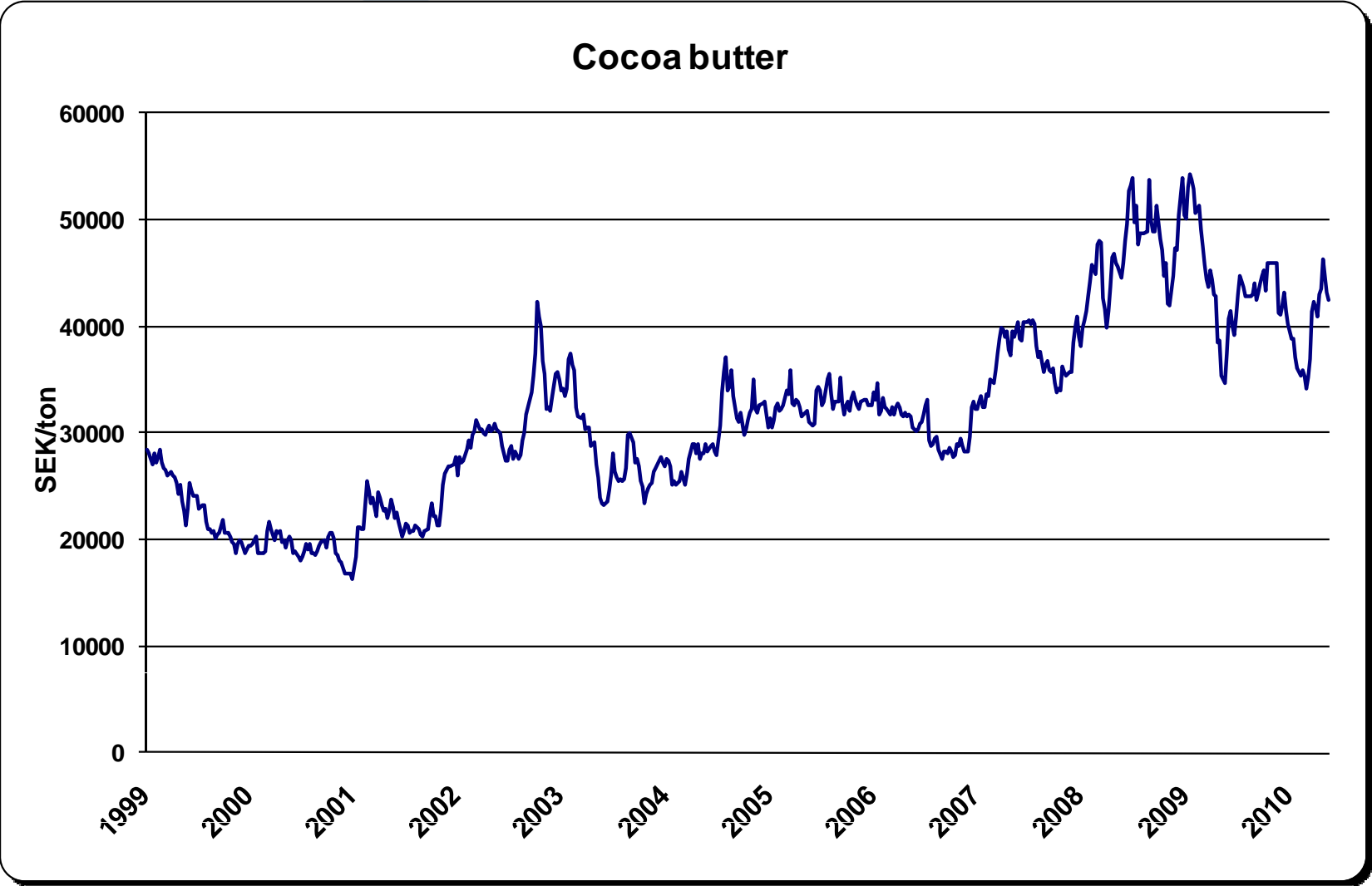
- AAK is today a company with a stronger balance sheet and a good balance between the business areas. The cost rationalization programme and the working capital improvement project are being executed according to plan.
- Volumes for speciality products are expected to continue to increase in Food Ingredients as well as Chocolate & Confectionery Fats. There remains, however, a general uncertainty about the impact of excess supply capacity in the industry and about lower demand as a consequence of the global recession.
- **Short term volume growth will not compensate for the reduction in margins arising from this excess capacity.**
- Despite some market uncertainty AAK sees growth opportunities in all business areas. Organic growth for speciality products, in combination with a selective acquisition strategy, is our way forward.

# The first choice for value-added vegetable oil solutions

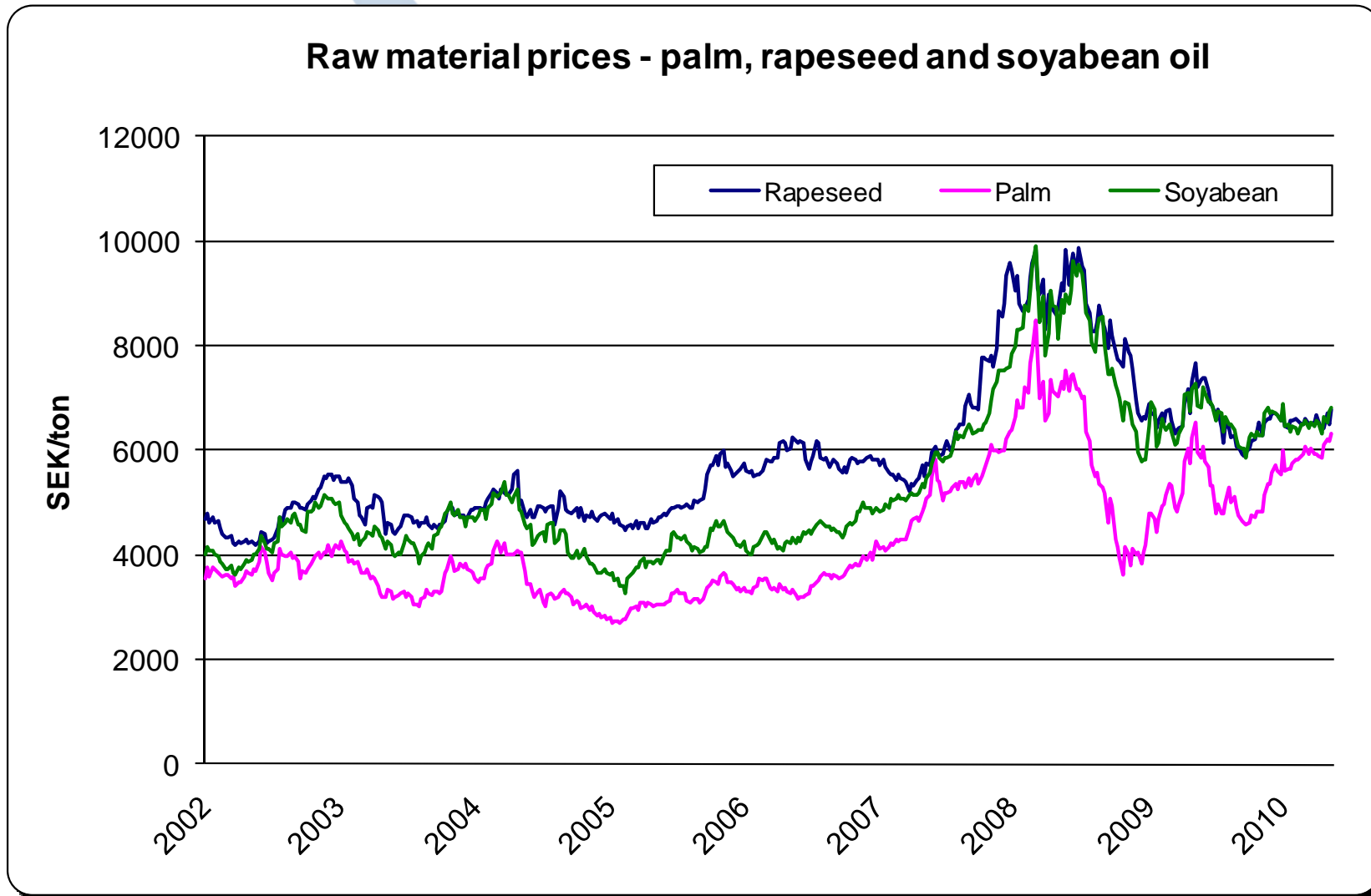
# AAK

## Appendix

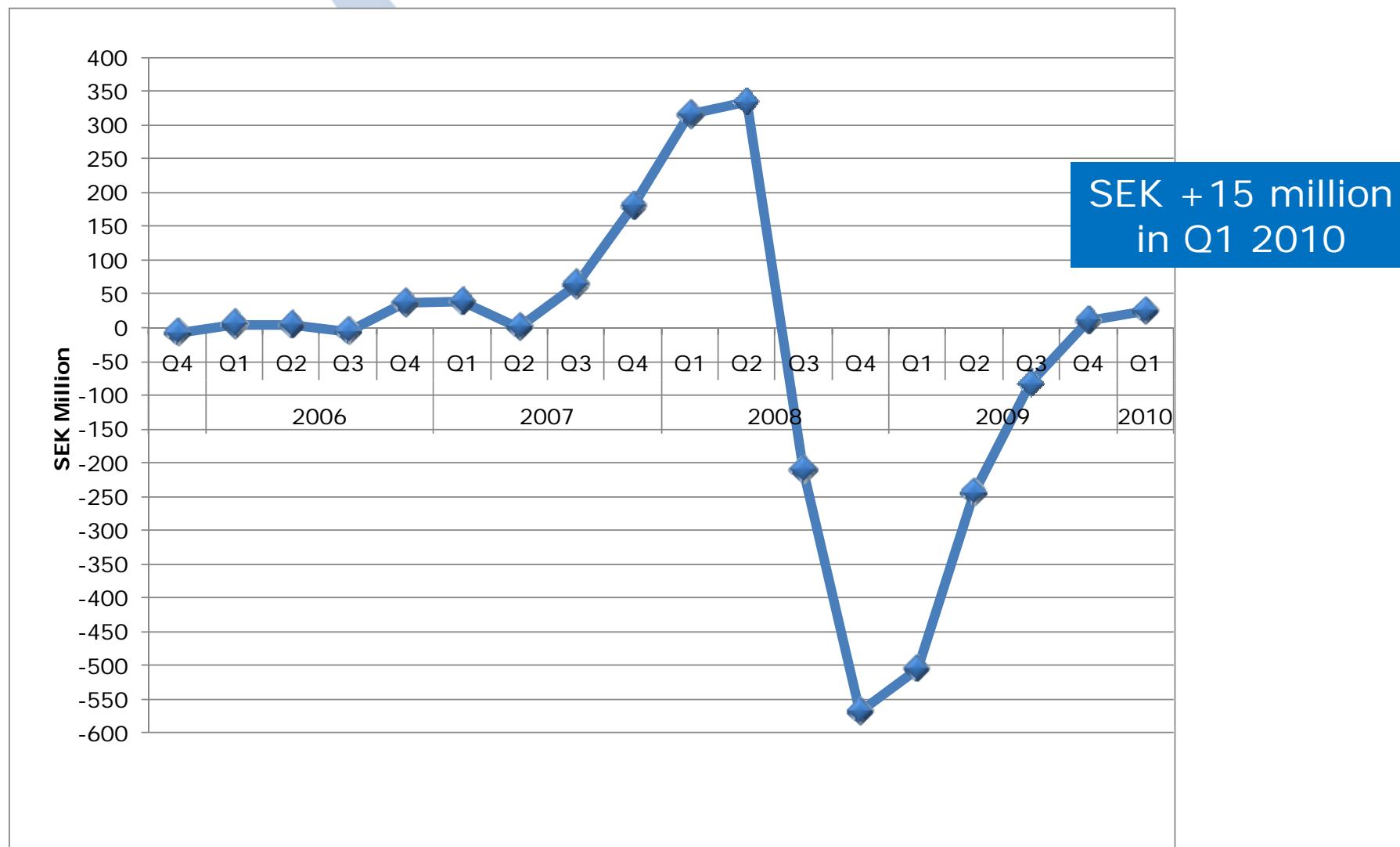
# Cocoa Butter



# Raw material price development



# IAS 39 effect since the merger



# Environmental considerations

- ◆ We are founder member to Round table of Sustainable Palm Oils, RSPO and member of the executive board.
- ◆ We launched certificate trading "Book & Claim".
- ◆ We were also the first company in 2008 to take home the first consignment of certified palm oil.



# Roundtable on Sustainable Palm Oil (RSPO)



- Objective: to promote growth and use of sustainable palm oil
- Multi-stake holder organisation
- Registered in Zurich in April 2004
- Over 400 member organisations
- Globally agreed sustainability standard published Nov 2005
- First certified sustainable palm oil (CSPO) in Aug 2008 from United Plantation Berhad
- First certificates traded Sept 2008 (GreenPalm)
- First oil imported November 2008 by AAK UK
- Currently ca 1.65m tonnes certified CPO



## Shea and our responsibility

In cooperation with United Nations we are working to develop the villages living conditions by:

- Micro credit which allows for better development in the villages
- More multi-plattforms
- More direct contacts with the villages. Own staff to ensure quality in development
- Received the award "Torch" from the Danish Government as recognition of our work in West Africa.

