



*Arne Frank*  
*CEO*

*Anders Byström*  
*CFO*

*Fredrik Nilsson*  
*Head of IR*

# Interim Report Third quarter 2011

# Agenda

Third quarter 2011

Business Area information

AAK Acceleration

Other major events

Q & A

# Third quarter

- ◆ Net sales in the third quarter increased to SEK 4,462 (3,774) million
  - Increased raw material prices and better product mix
  - Negative currency translation impact of SEK 246 million
  - Volumes increased by 5 percent due to increases in speciality volumes, including the impact of the Golden Foods/Golden Brands acquisition (SEK 225 million in net sales); commodity volumes were down, mainly as earlier predicted in the UK.
- ◆ Operating profit, amounted to SEK 246 million (231), an improvement of 6 percent
  - At fixed exchange rates operating profit improved by 13 percent
- ◆ Earnings per share amounted to SEK 3.48 (3.73)
  - Decrease of 7 percent, due substantially to the impact of revaluing interest rate swap contracts arranged to fix forward interest rates

# Third quarter



## ◆ Food Ingredients

+15%

+22%

- Operating result amounted to SEK 143 million (124)
  - The result includes negative translation effects of SEK 8 million
  - Continued increased portion of high value products
  - The business area had a favourable product mix and generally also very high yields in the plants
  - Volumes increased by 3 percent compared to last year mainly due to the acquisition in US

# Third quarter



## ◆ Chocolate & Confectionery Fats

+10%

+18%

- Operating result amounted to SEK 112 million (102)
  - The result includes negative translation effects of SEK 8 million
  - Margins in Chocolate & Confectionery Fats continued to be stable but with an slightly unfavourable product and customer mix.
  - Volumes increased by 13 percent compared to last year

## ◆ Technical Products & Feed

-48%

- Operating profit amounted to SEK 15 million (29)
  - The reduced profitability in the business area during the third quarter was due to increased raw material costs for fatty acids, crushing margins under pressure and the planned but longer than normal maintenance stop in Karlshamn

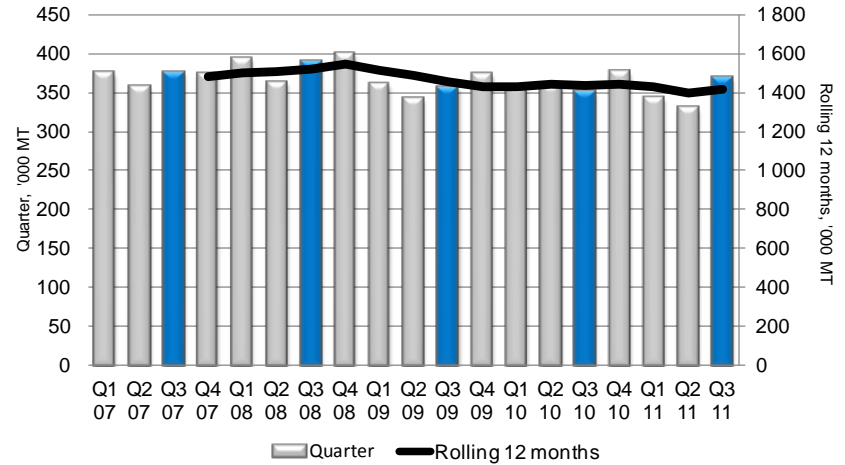
# Financial summary



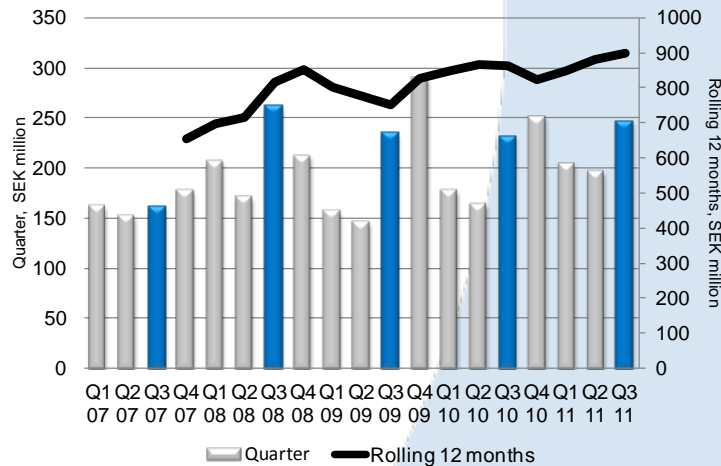
Focus the analysis on:

- Volume
- Operating profit
- Operating profit per kilo
- Return on Net Operating Assets
- Net Debt / EBITDA

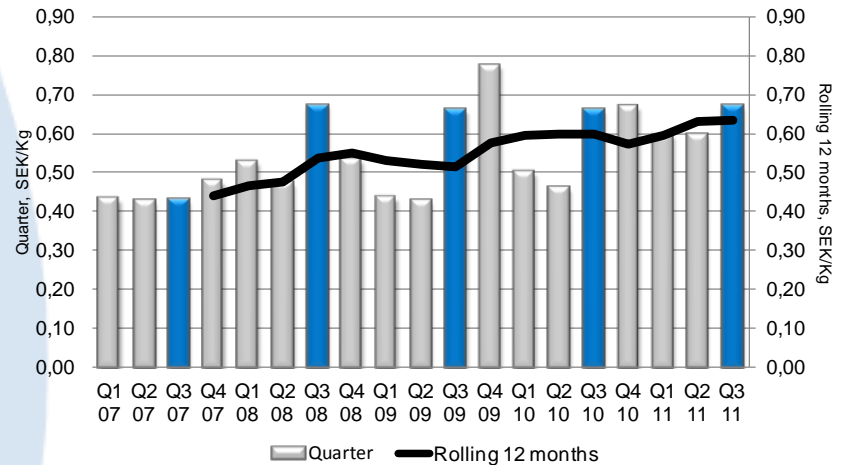
AAK Group - Volume



AAK Group - Operating profit



AAK Group - Operating profit per kilo

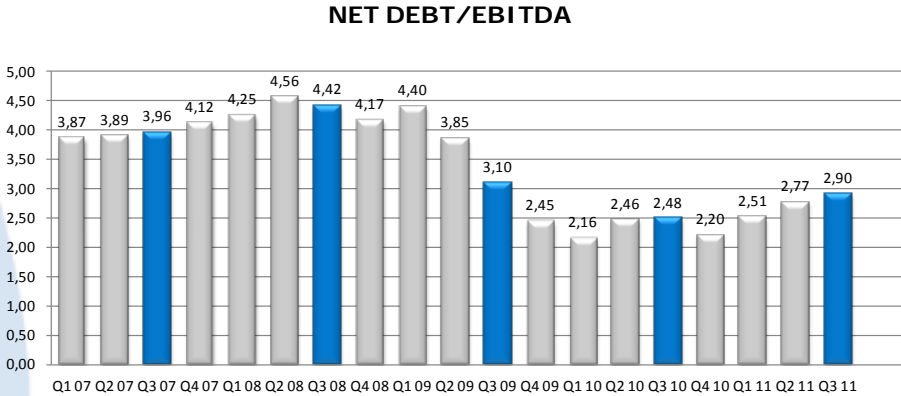
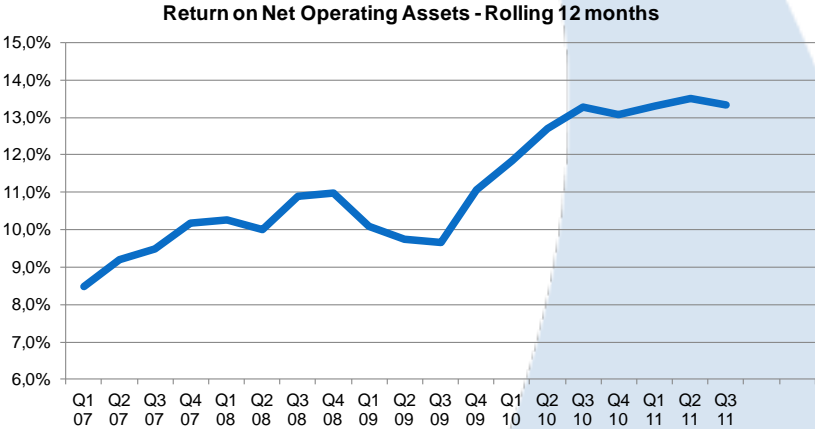




# Financial summary

Focus the analysis on:

- Volume
- Operating profit
- Operating profit per kilo
- **Return on Net Operating Assets**
- **Net Debt / EBITDA**



# Food Ingredients



## Third quarter 2011

- Operating profit amounted to SEK 143 million (124\*), an increase of 15 percent
  - The result includes negative translation effects of SEK 8 million
  - At fixed exchange rates, operating profit was up 22 percent compared to last year
  - Volumes increased by 3 percent
  - Continued increased portion of high-value products
    - Infant Nutrition
    - Dairy industry
    - Bakery
  - Favourable product mix
  - High yields in the plants







# Acquisition of Golden Foods/ **AAK** Golden Brands - Financial impact

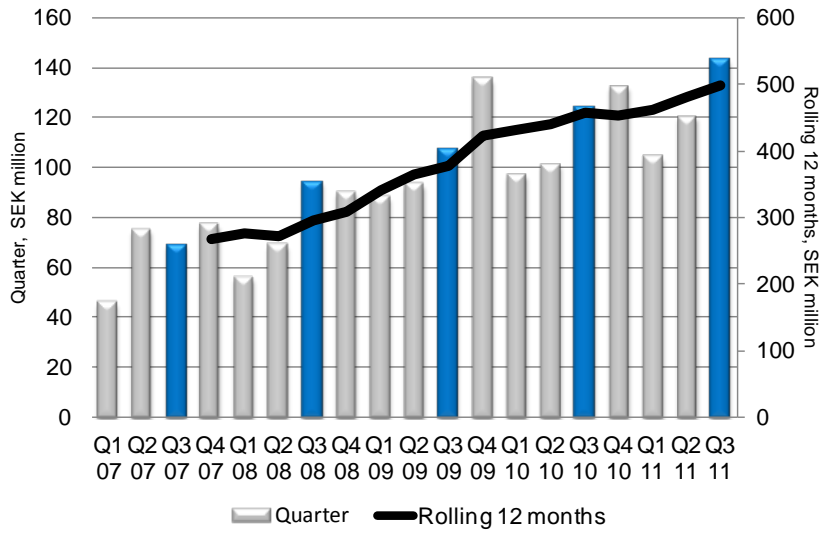


- ◆ July to December 2011
  - Limited impact on AAK Group operating profit
- ◆ Operating profit per kilo in line with current group average from January 2012
- ◆ Full year volume (2012) in the range of 70 000 - 80 000 MT
- ◆ Integration on track
- ◆ The acquisition is reported in the Food Ingredients business area

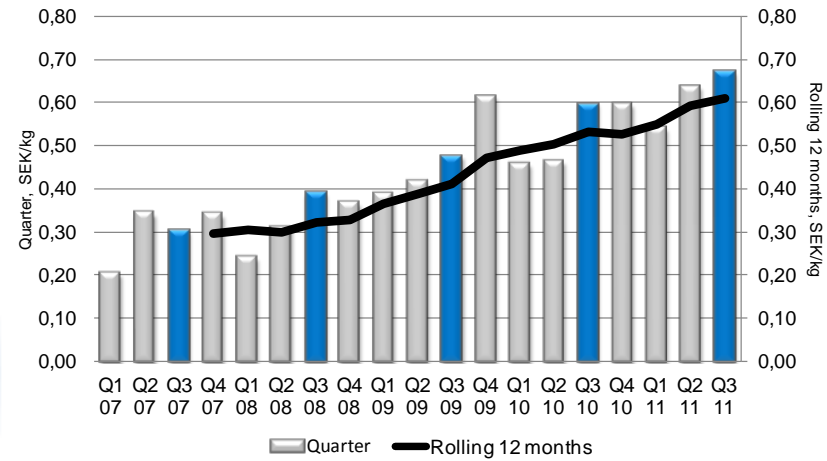
# Food Ingredients



**Food Ingredients - Operating profit**



**Food Ingredients - Operating profit per kg**



# Chocolate & Confectionery Fats

## Third quarter 2011

- ◆ The operating result reached SEK 112 million (102)
  - The result included a negative translation impact of SEK 8 million
  - At fixed exchange rates, operating profit was up 18 percent compared to last year
  - Volume increased by 13 percent
  - The general market conditions were stable
    - Slightly unfavourable product and customer mix



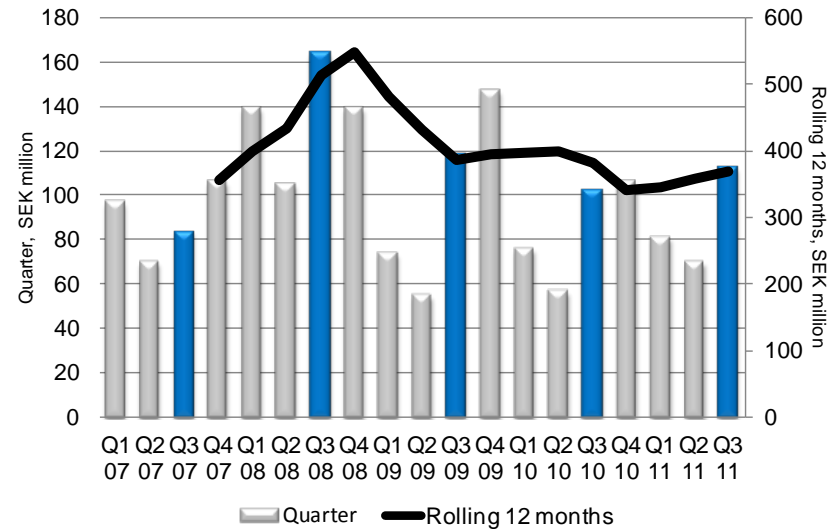




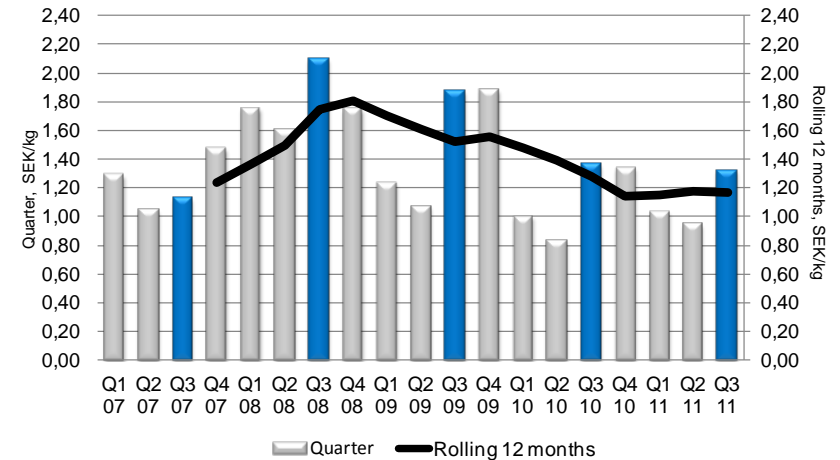
# Chocolate & Confectionery Fats



**Chocolate & Confectionery Fats - Operating profit**



**Chocolate & Confectionery Fats - Operating profit per kg**

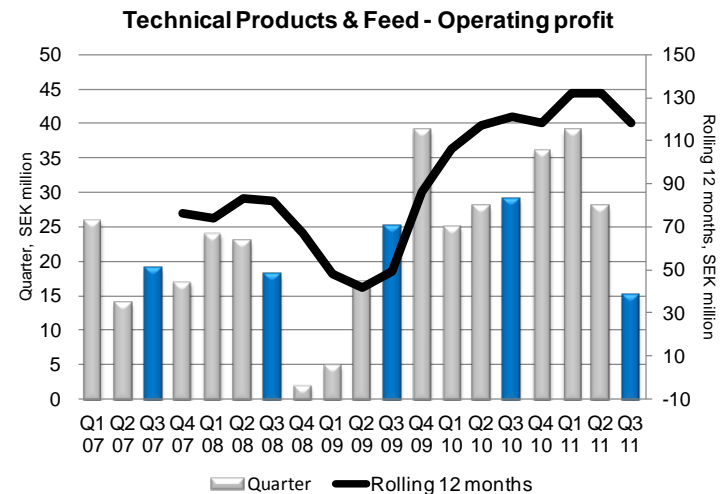


# Technical Products & Feed



## Third quarter 2011

- Operating profit was SEK 15 million (29\*)
  - Volumes in the third quarter 2011 increased by 1 percent
  - The reduced profitability in the business area during the third quarter was due to
    - Increased raw material costs for fatty acids
    - Crushing margins under pressure
    - The planned but longer than normal maintenance stop in Karlshamn



# Cash flow



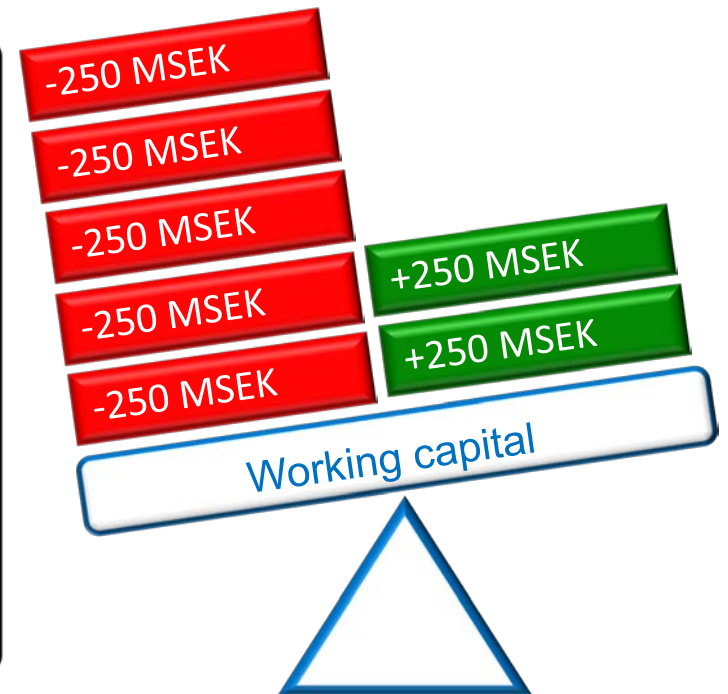
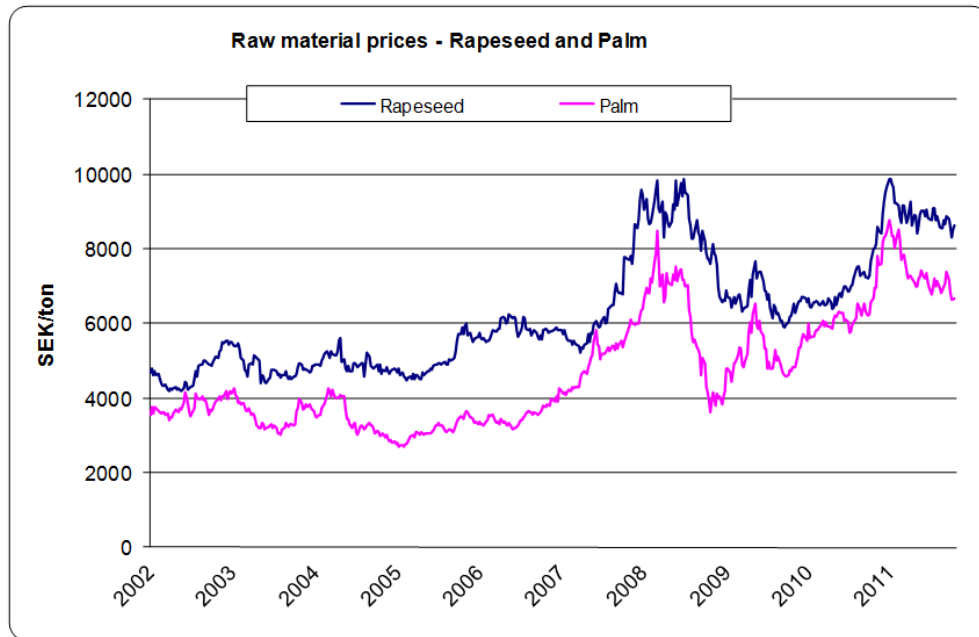
| SEK million                                                           | Q3<br>2011  | Q3<br>2010  | YTD<br>2011 | YTD<br>2010 |
|-----------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| Cash flow from operating activities                                   | 257         | 255         | 692         | 585         |
| Change in working capital                                             | -68         | -340        | -902        | -360        |
| Cash flow from operating activities incl<br>change in working capital | <b>189</b>  | <b>-85</b>  | <b>-210</b> | <b>225</b>  |
| Cash flow from investments                                            | -410        | -65         | -573        | -244        |
| Free cash flow                                                        | <b>-221</b> | <b>-150</b> | <b>-783</b> | <b>-19</b>  |

- ◆ Raw material prices during the first nine months 2011 has decreased, which will positively affect cash flow the first half of 2012 and could potentially have a positive impact already in the fourth quarter of 2011
- ◆ We have now largely reversed negative cash flow impact of the dramatic raw material price increases during the last six months 2010



# Raw material prices

- ◆ Significant raw material price increases during the last six to nine months
  - Negative cash flow impact
  - 10 percent change in all raw material prices will effect working capital by +/-SEK 250 million



# AAK Acceleration – 12 Priority Projects



## Growth

1. Bakery
2. Dairy
3. CCF
4. Infant Nutrition
5. Food Service
6. Merger & Acquisition
7. Fast-growing Economies
  - China
  - Brazil



## Efficiency

8. Purchasing
9. Productivity



## People

10. Sales Management & Sales Processes
11. Mobilize Ourselves
12. Internal Communication



# Concluding remarks from CEO



- ◆ We continue to see very positive effects of the AAK Acceleration program, both in terms of organic growth in speciality products, acquisitive growth and productivity
- ◆ Speciality volumes increased particularly well in Infant Nutrition, Dairy Industry, Bakery and Chocolate & Confectionery Fats
- ◆ The acquisition of Golden Foods/Golden Brands significantly strengthens our ability to supply combined existing and new customers with a broader portfolio of speciality oils and fats solutions in the US
- ◆ The effects on our industry from the more difficult general economy in Europe are difficult to predict. However, with the dramatic food price inflation in 2010, at least for now, behind us, AAK's customer value propositions for health and reduced costs and the AAK Acceleration program, we remain prudently optimistic for the future



# Questions & Answers





The first choice  
for value-added  
vegetable oil  
solutions

# Investor Relations Contacts

## **Arne Frank**

Chief Executive Officer and President

Phone: +46 40 627 83 00

## **Anders Byström**

Chief Financial Officer

Phone: +46 40 627 83 32

## **Fredrik Nilsson**

Head of Investor Relations and  
Group Financial Manager

Phone: +46 40 627 83 34

Mobile: +46 708 95 22 21

E-mail: [fredrik.nilsson@aak.com](mailto:fredrik.nilsson@aak.com)

Further Investor Relations material can be  
found at [www.aak.com/en/Investor](http://www.aak.com/en/Investor)



# Financial calendar

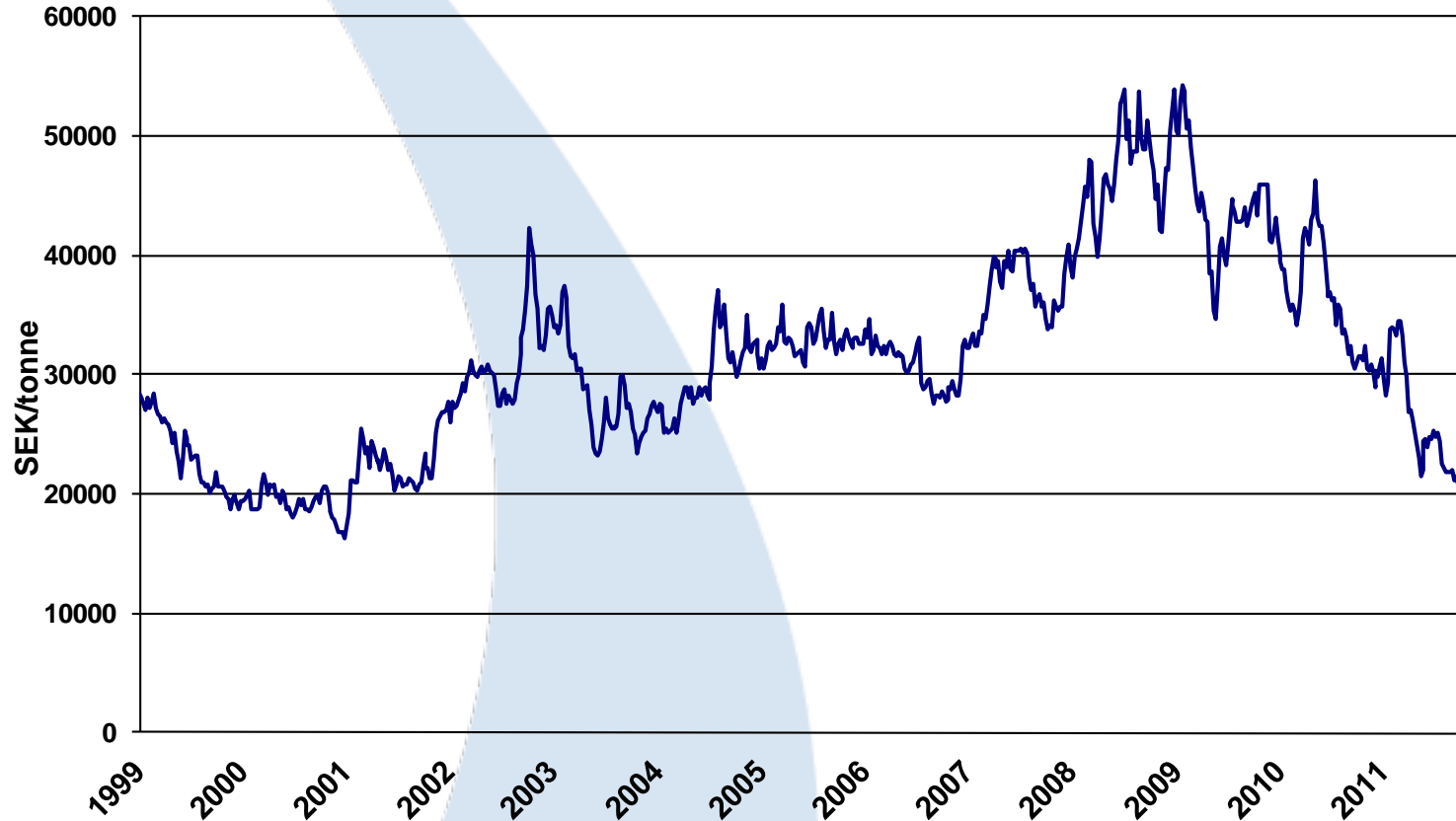


## Financial calendar 2012

|                  |                                                          |
|------------------|----------------------------------------------------------|
| 9 February, 2012 | Interim report for the fourth quarter and full-year 2011 |
| 3 May, 2012      | Interim report for the first quarter 2012                |
| 15 May, 2012     | Annual General Meeting                                   |
| 19 July, 2012    | Interim report for the second quarter 2012               |
| 7 November, 2012 | Interim report for the third quarter 2012                |

# Cocoa Butter

Cocoa Butter - Price Development



# Raw material price development

