

Press release

Strong profit for the full year 2010

Operating profit for the full year reached SEK 824 million (827). Adjusted for divestments and at fixed exchange rates operating profit was up 6 percent to SEK 855 million (810). The business areas Food Ingredients and Technical Products & Feed reported record high annual operating profit.

2010 in summary

- Operating profit, at SEK 824 million (827) was in line with last year. Adjusted for divestments and at fixed exchange rate, operating profit was increased to SEK 855 million (810), reflected an improvement by 6 percent.
- Earnings per share has improved by SEK 4.01, up 40 percent from SEK 10.14 to SEK 14.15.
- Record high operating profit for Food Ingredients.
- Stabilized margins in Chocolate & Confectionery Fats.
- Strong recovery in Technical Products & Feed.
- Execution of the ongoing Scandinavian rationalisation programme in line with plan.
- Finalized long term refinancing of SEK 4,200 million, with much better flexibility, making up a part of a total committed facilities of SEK 6,000 million for five years or more.
- New global organization, with a more flat structure and a strengthened and more international Executive Committee.
- Investment by executives and key managers in a stock option program at market price.
- Roll out of the new company program, "AAK Acceleration", based on our specialization strategy but with increased focus on actionable execution and mid- and long-term growth and profit evolution.
- AAK has during the fourth quarter fully adopted hedge accounting. This implies that commencing first quarter 2011 there will be no IAS 39 effect to report.
- Proposed dividend of SEK 4.50 (4.25), an increase by SEK 0.25 or 6 percent.

Fourth quarter 2010

Operating profit for the fourth quarter 2010 reached SEK 251 million (289). This was a satisfactory result fully in line with expressed expectations. As communicated earlier the fourth quarter 2009 was exceptional. Adjusted for divestments and at fixed exchange rates, operating profit amounted to SEK 257 million (287). Earnings per share improved by SEK 1.13 or up 30 percent from SEK 3.85 to SEK 4.98.

“The fourth quarter 2010 showed a volume growth for the two main business areas Food Ingredients and Chocolate & Confectionery Fats. Food Ingredients continued to develop very well also, considering that the fourth quarter 2009 was exceptional. Chocolate & Confectionery Fats was slightly better than the third quarter 2010. Underlying margins in Chocolate & Confectionery Fats were unchanged compared to the third quarter 2010”, commented Arne Frank, CEO of AAK.

Volume growth and continued positive impact of the specialisation strategy for Food Ingredients

In the Group's largest business area, Food Ingredients, operating profit reached SEK 137 million (143) a decline entirely due to negative translation impacts. An increased proportion of high-value products with a more profitable product mix led to an operating profit at fixed exchange rates of SEK 143 million (143). This was in line with last year, despite an exceptional result in the fourth quarter 2009 as earlier communicated. The fourth quarter 2010 showed volume growth of 1 percent compared to the corresponding quarter 2009.

The positive development continued in all speciality product areas such as Infant Nutrition (Baby Food), Bakery and Bakery Services, Dairy Industry and Food Service.

Actions to reduce costs and improve the competitive position are currently being executed and the business area continued to benefit from the on-going rationalisation programme during the fourth quarter. Realised cost savings have partly been matched by increased investments in organic growth outside Scandinavia.

Chocolate & Confectionery Fats – Volume growth and more stable margins for cocoa butter alternatives

The operating result of SEK 106 million (147) was below last year mainly due to lower prices. These prices have largely been stable during the full year 2010. The general market conditions for the first nine months of 2010 have continued during the fourth quarter. Volumes increased by 1 percent compared to last year.

Another strong quarter for Technical Products & Feed

Operating profit at SEK 31 million (31) was in line with the fourth quarter 2009 despite increased raw material prices. Volumes in the fourth quarter 2010 were basically in line with the corresponding quarter 2009.

Technical products, particularly environmental friendly bio lubricants, continued to experience signs of market recovery.

Concluding remarks from CEO

“Operating profit for 2010 was in line with our expectations. We now have a very strong foundation for our mid- and long-term, the “AAK Acceleration programme”. Focus areas are Growth, Efficiency and People. The prioritized growth areas are; Bakery & Bakery Service, Dairy Fat Industries, Chocolate & Confectionery Fats, Infant Nutrition (Baby Food), Food Service, Fast-growing economies (e.g. China and Brazil) and Merger & Acquisitions. For 2011 we have a cash flow challenge because of significant raw material price increases that occurred in 2010 but with a time lag affecting 2011. I am pleased that we have been able to finalize the refinancing, with improved financial flexibility and we have now total committed facilities of SEK 6,000 million for five years or more”, concludes Arne Frank in a comment to the Q4 report.

Financial summary excluding IAS 39 effects and non recurring items*

SEK million	2010 Q4	2009 Q4	2010 Full year	2009 Full year
Net sales	3,930	3,788	14,808	15,884
Gross contribution	1,006	1,055	3,625	3,744
Operating profit	251	287	824	827
Net result	204	157	579	415
Earnings per share	4.98	3.85	14.15	10.14

* For full financial information please refer to the Interim Report Q4 2010.

** For comparable units (adjusted for divestments) and at fixed exchange rates

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AarhusKarlshamn is the world's leading producer of high value-added speciality vegetable fats. These fats are characterized by a high technological content and are used as substitute for butter-fat and cocoa butter, transfree solutions for fillings in chocolate and confectionery products, and in the cosmetics industry. AarhusKarlshamn has production facilities in Denmark, Mexico, the Netherlands, Sweden, Great Britain, Uruguay and the US. The company is organised in three Business Areas; Chocolate and Confectionery Fats, Food Ingredients and Technical Products & Feed. Further information on AarhusKarlshamn can be found on the company's website www.aak.com