

Press release

Continued good improvement of volumes and operating profit for AAK

The positive development of volumes and operating profit for AarhusKarlshamn AB continued during the second quarter of 2010 compared with the corresponding quarter in 2009. Total volumes improved by 5 percent and operating profit improved by 12 percent to SEK 164 million (146). For comparable units (adjusted for divestments) and fixed exchange rates the operating profit amounted to SEK 171 million (143), an improvement of 20 percent.

"Food Ingredients continued to develop very well and we saw an acceptable result for Chocolate & Confectionery Fats, commented Arne Frank, CEO of AAK.

All AAK business areas have developed positively relative to the second quarter of 2009;

- **Food Ingredients** successfully continued the specialisation strategy with good volume growth in speciality products, resulting in a more profitable product mix. Overall operating profit increased by 19 percent.
- **Chocolate & Confectionery Fats** reported operating profit just above the second quarter last year. The improvement was achieved through higher volumes while the margins were stabilized at a lower level.
- **Technical Products & Feed** increased operating profit by 16 percent.

The general market conditions commented upon during the first quarter of 2010 have continued very consistently during the second quarter.

The specialisation strategy for Food Ingredients is working

In the Group's largest business area, Food Ingredients, a higher proportion of high-value products with high margins led to an improvement in operating profit of 19 percent, to SEK 107 million (90).

The focus on health-oriented products as well as AAK's focus on and leading position in sustainable raw materials has led to increased market shares in high value products. Also the Baby Food segment developed well.

During the second quarter of 2010 the business area Food Ingredients continued to benefit from the ongoing rationalisation programme. Resultant cost savings have been matched by increased investments in organic growth outside Scandinavia.

Strong volume growth for cocoa butter alternatives

The operating result of SEK 57 million (55) for the business area Chocolate & Confectionery Fats was marginally better than the second quarter of 2009.

“The global recession has provided a strong incentive for our customers to reduce costs and to further drive the substitution of expensive cocoa butter”, says Arne Frank.

CBE volumes in the second quarter of 2010 were higher than in the second quarter of 2009. Historically the second quarter is the weakest quarter of the year in the business area.

A major portion of the 2010 CBE volumes are now contracted and the price level during the second quarter reflects these prices which will to a large extent be prevailing for the remaining part of 2010.

Continued improvement for Technical Products & Feed

Operating profit improved by 16 percent, from SEK 19 million to SEK 22 million, for the business area Technical Products & Feed, compared to the second quarter of 2009.

The fatty acid and metal working fluids businesses within Technical Products & Feed, continues to experience some limited signs of market recovery.

Ongoing rationalisation 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.

Long-term improvement in profitability

“Our health profile, speciality products such as InFat (Baby Food) and our strong product development are relevant examples of the future potential for AAK. AAK is currently also executing a substantial cost reduction programme which will improve our competitive position. Further I see significant opportunities to strengthen the focus on sales and marketing. This, as well as a selective acquisition strategy based on a strong balance sheet, will move AAK forward and ensure a continued long-term improvement in profitability,” concludes Arne Frank.

Financial summary excluding IAS 39 effects*

SEK million	2010 Q2	2009 Q2
Net sales	3,594	4,045
Gross contribution	852	889
Operating profit	164	146
Net result	109	79
Earnings per share	2.65	1.93

* For full financial information please refer to the Interim Report Q2 2010.

Information dates

2010

Interim report for the third quarter for 2010 will be published on November 2, 2010.
Summarized financial statements for 2010 will be published on February 18, 2011.
Annual report for 2010 will be made available in April, 2011.

2011

Interim report for the first quarter for 2011 will be published on May 4, 2011.
Interim report for the second quarter for 2011 will be published at July 20, 2010.
Interim report for the third quarter for 2011 will be published at November 4, 2010.

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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