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## Ist Quarter Report 2005

### Aarhus United A/S

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The announcement can be found at Aarhus United's website: [www.aarhusunited.com](http://www.aarhusunited.com).  
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*This is a translation into English – in case of variations, the original version in Danish will apply.*

## 1<sup>st</sup> quarter report 2005

On Monday 23 May 2005, the Supervisory Board of Aarhus United A/S considered and approved the financial report in respect of the first quarter of 2005.

### Highlights

- Consolidated profits of DKK 36 million for the first quarter of 2005 improved significantly over the profits of DKK 27 million for the first quarter last year – an improvement of 33%, which was primarily due to a significantly better result from Aarhus United Denmark.

Apart from Aarhus United USA, which suffered a loss of production during the first quarter of 2005, all four production companies achieved better than expected profits for the first quarter of 2005.

- At Aarhus United Denmark, the improvement was due to a higher net margin achieved from higher volumes sold and an altered product mix.
- For the first quarter of 2005, Aarhus United's share of profits from United Plantations Berhad in Malaysia amounted to DKK 10 million – an increase of DKK 3 million, compared with the first quarter of 2004.
- The Ceylon Trading group in Sri Lanka did not sustain the result achieved in the first quarter of 2004.
- The other subsidiaries performed as anticipated.
- Total net margin amounted to DKK 242 million for the first quarter of 2005, compared with DKK 230 million in the same period last year. The lower exchange rates applied in converting the profits of the foreign subsidiaries exerted a negative effect of DKK 7 million on the total net margin.
- In the strategic focus area – chocolate and other confectionery vegetable fats – sales volumes continued to improve during the first quarter of 2005, which resulted in a higher net margin.
- During the first quarter of 2005, bulk vegetable oil net margins continued to be pressured by severe price competition. Despite larger volumes sold, Danish Kroner net margin declined, relative to the same period last year – however, the decline was smaller than anticipated.
- Despite higher volumes sold, foodservice, mainly within Aarhus United UK, recorded lower net margins than for the first quarter of 2004. This was primarily due to developments in the exchange rates applied in converting the results in foreign currencies into Danish Kroner but also due to an expected marginal decline in the

margins achieved.

- Operating income amounted to DKK 54 million for the first quarter of 2005, compared with DKK 45 million for the same period in 2004 – an improvement of DKK 9 million, which was mainly recorded by Aarhus United Denmark.
- Compared with the first quarter of 2004, the exchange rates applied in converting the results in foreign currencies exerted only marginal influence on profitability – a negative effect of DKK 1 million on profit, after tax.
- Return on invested capital amounted to 10.4% for the first quarter of 2005, compared with 8.5 % for the same period in 2004.
- Consolidated capital and reserves were revalued by DKK 54 million for the first quarter of 2005, as a result of higher exchange rates.
- Own shareholdings numbered 111,689 as at 23 May 2005 – equivalent to 2.8% of the share capital. As at 31 March 2005, the market value of the shareholding was DKK 45 million above cost.

## Outlook for the full year

As a listed company, Aarhus United A/S will have to submit its annual report for 2005 in accordance with international accounting standards. As a consequence of the ongoing sales process, it is doubtful whether the company will adjust to the IFRS after all. In any event, the influence on the future results is expected to be only limited if a changeover to the IFRS is adopted.

For that reason, the expectations stated below are based on the accounting policies applied in the previous year.

- The results for the first quarter of 2005 did not give rise to a change in the profit and loss expectations stated in the annual report for 2004, from which it appears that
  - relative to 2004, marginal increases are expected in volumes sold – with a change in product mix towards more value-added products within vegetable speciality fats and foodservice;
  - increased sales of vegetable speciality fats are expected due to the growing demand that is expected within the EU as a result of the so-called 5% rule and increased applications in other parts of the world;

- consolidated bulk oil sales are expected to continue to be under pressure, due to severe competition;
- Aarhus United USA expects sales of trans-free palm-based products to improve;
- sales of BSP Pharma products for treatment of arthritis and eczema are not expected to contribute to the income of Aarhus United Denmark until 2006.
- For the full year, consolidated operating income is expected to amount to DKK 210-230 million and pre-tax profits to DKK 190-210 million. Consolidated profits, after tax, are expected to amount to DKK 120-140 million.
- Based on unchanged raw material prices and higher volumes sold, we expect revenue to be marginally higher in 2005 than in 2004 when revenue, expressed in Danish Kroner, amounted to DKK 5.0 billion.
- As the sales process has not yet been concluded, expectations for 2005 include the full share of United Plantations Berhad's expected profit for 2005.

Kjeld Ranum  
Chairman

Erik Højsholt  
Group CEO

Appendices:

1. Group key figures
2. Income statement and segment information
3. Balance sheet
4. Capital and reserves statement
5. Key figures and ratios for the group's production companies

**Consolidated key figures and ratios****App I**

DKK million	January-March		Full year 2004
	2005	2004	
Revenue	1.181,2	1.121,7	4.972
Net margin	241,7	230,0	1.000
Operating income before depreciation (EBITDA)	86,5	77,6	366
Operating income (EBIT)	53,9	45,5	234
Pre-tax profits from investments in associates	14,7	9,8	59
Net interest expenses	-14,5	-12,9	-64
Profit on ordinary activities, before tax and minority	54,1	42,4	229
Profit for the period	36,5	26,6	175
Total assets at end of period	3.357,2	3.439,5	3.271
Capital and reserves at end of period	1.423,6	1.329,2	1.327
Capital investments	28,6	35,9	132
Depreciation	32,6	32,1	132
Profit margin ratio	4,6%	4,1%	4,7%
Equity ratio	42,4%	38,6%	40,6%
Return on invested capital	10,4%	8,5%	11,6%
Average no. of shares (1,000 shares)	4.000	4.000	4.000
End-of-period market price	550	321	556
Equity value per share	356	332	332
Earnings per share	9,12	6,66	43,80
Movements in capital and reserves:			
Capital and reserves as at 1 January	1.327,1	1.274,2	1.274,2
Profit for the period	36,5	26,6	175,1
Dividends paid			-48,0
Exchange adjustments in subsidiaries and associates	54,3	35,7	-75,6
Dividends on treasury shares and acquisition/allocation of employee shares			5,8
Adjustment of financial instruments	5,7	-7,3	-4,4
Total movements	96,5	55,0	52,9
Capital and reserves, end of period	1.423,6	1.329,2	1.327,1

**Group income statement****App 2**

DKK million	I Jan.-31 March		I Jan.-31 Dec.	
	2005	2004	2004	2003
<b>Revenue</b>	<b>1.181,2</b>	<b>1.121,7</b>	<b>4.971,7</b>	<b>4.485,1</b>
Raw materials	848,4	805,0	3.603,9	3.200,3
<b>Value added</b>	<b>332,8</b>	<b>316,7</b>	<b>1.367,8</b>	<b>1.284,8</b>
Direct production overheads	91,1	86,7	367,8	362,1
<b>Net margin</b>	<b>241,7</b>	<b>230,0</b>	<b>1.000,0</b>	<b>922,7</b>
Indirect production overheads	125,3	120,7	514,3	494,5
Distribution costs	27,7	29,3	127,4	126,6
Administrative expenses	36,0	34,2	148,9	133,5
Other operating income	1,2	-0,3	24,1	-15,0
<b>Operating income</b>	<b>53,9</b>	<b>45,5</b>	<b>233,5</b>	<b>153,1</b>
Pre-tax profits from investments in subsidiaries and associates	14,7	9,8	59,2	53,9
Net interest expenses	14,5	12,9	64,2	64,6
<b>Pre-tax profit on ordinary activities</b>	<b>54,1</b>	<b>42,4</b>	<b>228,5</b>	<b>142,4</b>
Tax on profit for the year	12,8	10,8	36,7	33,8
Tax on profits from investments in subsidiaries and associates	4,3	2,9	11,7	17,4
<b>Profit on ordinary activities</b>	<b>37,0</b>	<b>28,7</b>	<b>180,1</b>	<b>91,2</b>
Minority shareholders' share of profit	0,5	2,1	5,0	3,4
<b>Profit for the period</b>	<b>36,5</b>	<b>26,6</b>	<b>175,1</b>	<b>87,8</b>

**The group's strategic companies and business segments****Percentage distribution in the 1st quarter 2005**

Net margin					Total
	AUDK	AUUK	AUUS	AUMX	DKK m
Speciality fats	78%	11%	66%	31%	126
Bulk oils	17%	31%	29%	69%	60
Foodservice		55%			32
Health care	2%	3%			4
Others	3%		5%		5
Total	100%	100%	100%	100%	
Total DKK million	127	58	22	20	227

## Group balance sheet

App 3

<b>ASSETS</b>	<b>March</b>	<b>December</b>	<b>March</b>	<b>December</b>
<b>DKK million</b>	<b>2005</b>	<b>2004</b>	<b>2004</b>	<b>2003</b>
<b>Intangible assets</b>	<b>25,3</b>	<b>24,0</b>	<b>24,3</b>	<b>22,4</b>
<b>Property, plant and equipment</b>	<b>1.148,8</b>	<b>1.128,2</b>	<b>1.180,7</b>	<b>1.150,6</b>
Investments in associates	416,8	394,1	406,1	398,6
Other securities	20,0	19,4	22,5	21,7
Tax asset	43,9	58,6	48,7	45,6
<b>Investments and other assets</b>	<b>480,7</b>	<b>472,1</b>	<b>477,3</b>	<b>465,9</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>1.654,8</b>	<b>1.624,3</b>	<b>1.682,3</b>	<b>1.638,9</b>
<b>Total inventories</b>	<b>727,5</b>	<b>695,0</b>	<b>765,0</b>	<b>723,6</b>
<b>Trade receivables and other receivables</b>	<b>828,5</b>	<b>758,6</b>	<b>866,0</b>	<b>740,2</b>
<b>Listed securities</b>	<b>14,3</b>	<b>6,8</b>	<b>13,3</b>	<b>9,6</b>
<b>Cash at bank and in hand</b>	<b>132,1</b>	<b>186,3</b>	<b>112,9</b>	<b>145,6</b>
<b>TOTAL CURRENT ASSETS</b>	<b>1.702,4</b>	<b>1.646,7</b>	<b>1.757,2</b>	<b>1.619,0</b>
<b>TOTAL ASSETS</b>	<b>3.357,2</b>	<b>3.271,0</b>	<b>3.439,5</b>	<b>3.257,9</b>

<b>LIABILITIES</b>	<b>March</b>	<b>December</b>	<b>March</b>	<b>December</b>
<b>DKK million</b>	<b>2005</b>	<b>2004</b>	<b>2004</b>	<b>2003</b>
<b>Capital and reserves</b>	<b>1.423,6</b>	<b>1.327,1</b>	<b>1.329,2</b>	<b>1.274,2</b>
<b>Minority shareholders</b>	<b>34,4</b>	<b>32,4</b>	<b>41,3</b>	<b>38,7</b>
<b>Deferred tax/pension obligations</b>	<b>78,5</b>	<b>87,8</b>	<b>71,8</b>	<b>62,8</b>
<b>Long-term bank loans and mortgage debt</b>	<b>861,1</b>	<b>830,7</b>	<b>925,0</b>	<b>798,4</b>
Short-term bank loans and mortgage debt	515,2	486,2	584,4	607,8
Trade payables	444,4	506,8	487,8	476,0
<b>Total current liabilities</b>	<b>959,6</b>	<b>993,0</b>	<b>1.072,2</b>	<b>1.083,8</b>
<b>TOTAL LIABILITIES</b>	<b>3.357,2</b>	<b>3.271,0</b>	<b>3.439,5</b>	<b>3.257,9</b>

**Cash flow statement as at 31 March 2005****App 4**

DKK million	I Jan.-31 Mar. 2005	Full year 2004
<b>Cash flows from operating activities</b>		
Operating income	54	234
Depreciation	33	132
Provisions for pension obligations, etc.		6
Decrease (Increase) in inventories	-33	29
Decrease (Increase) in receivables	-70	-28
Increase (Decrease) in payables	-63	34
Increase (Decrease) in hedging instruments	6	-6
Net interest income (expenses)	-15	-61
Dividends received	8	15
Tax paid	-7	-20
<b>Net cash from operating activities</b>	<b>-87</b>	<b>335</b>
<b>Cash flow from investing activities</b>		
Investments in intangible assets	-2	-2
Investments in property, plant and equipment	-29	-132
Investments in subsidiaries, associates and other financial assets		-1
<b>Net cash used in investing activities</b>	<b>-31</b>	<b>-135</b>
<b>Net cash flows from operating and investing activities</b>	<b>-118</b>	<b>200</b>
<b>Cash flows from financing activities etc.</b>		
Increase (Decrease) in minority shareholders' share	2	-6
Increase (Decrease) in long-term loans	31	32
Dividends to shareholders in parent company		-48
Treasury shares		6
Minority shareholders' share of losses (profits)		-5
Exchange adjustments	9	-19
<b>Net cash provided by financing activities etc.</b>	<b>42</b>	<b>-40</b>
<b>Net increase (decrease) in cash</b>	<b>-76</b>	<b>160</b>
Net cash and cash equivalents at start of period	-293	-453
<b>Net cash and cash equivalents at end of period</b>	<b>-369</b>	<b>-293</b>

*Net cash and cash equivalents comprise listed securities and cash at bank and in hand less short-term bank loans and mortgage debt.*

## Key figures and ratios for production companies

### App 5

#### Aarhus United Denmark

DKK million	January-March		Full year 2004
	2005	2004	
Revenue	402,4	376,4	1.599,1
Net margin	127,3	97,6	420,3
Operating income before depreciation (EBITDA)	54,4	27,8	142,7
Operating income (EBIT)	38,9	13,0	81,9
Pre-tax profit on ordinary activities	34,0	7,9	56,9
Profit for the period	24,0	5,8	53,0
Capital investments	15,3	14,5	62,3
Capital and reserves at end of period	559,8	481,0	529,0
Total assets at end of period	1.224,0	1.261,1	1.167,7
Profit margin ratio	9,7%	3,4%	5,1%
Return on invested capital	16,6%	4,9%	9,9%
Total business volume (tonnes)	49.448	46.303	198.782

The above key figures apply to Aarhus United Denmark Group including subsidiaries. Comparative figures for 2004 have been adjusted.

#### Aarhus United UK

DKK million	January-March		Full year 2004
	2005	2004	
Revenue	424,8	424,2	1.878,2
Net margin	58,4	66,6	303,4
Operating income before depreciation (EBITDA)	19,2	25,4	132,6
Operating income (EBIT)	8,8	14,5	87,9
Pre-tax profit on ordinary activities	6,6	12,0	75,7
Profit for the period	4,7	8,5	54,8
Capital investments	4,8	4,8	23,3
Capital and reserves at end of period	400,4	404,7	383,8
Total assets at end of period	765,8	828,1	787,8
Profit margin ratio	2,1%	3,4%	4,7%
Return on invested capital	6,2%	8,8%	15,1%
Total business volume (tonnes)	82.389	76.647	365.141

**Aarhus United USA**

DKK million	January-March		Full year 2004
	2005	2004	
Revenue	155,0	119,1	620,2
Net margin	22,1	22,5	111,4
Operating income before depreciation (EBITDA)	4,3	7,7	42,9
Operating income (EBIT)	2,1	5,5	33,3
Pre-tax profit on ordinary activities	1,5	5,1	31,4
Profit for the period	0,9	3,0	19,3
Capital investments	6,7	14,4	27,1
Capital and reserves at end of period	205,6	200,8	194,8
Total assets at end of period	371,0	284,5	307,8
Profit margin ratio	1,3%	4,6%	5,4%
Return on invested capital	3,4%	9,7%	14,0%
Total business volume (tonnes)	30.421	28.515	123.398

**Aarhus United Mexico**

DKK million	January-March		Full year 2004
	2005	2004	
Revenue	159,6	159,0	687,8
Net margin	20,4	24,7	99,7
Operating income before depreciation (EBITDA)	10,8	15,1	53,5
Operating income (EBIT)	8,2	12,5	43,0
Pre-tax profit on ordinary activities	4,3	9,5	29,8
Profit on ordinary activities, before minorities	2,6	5,7	24,7
Aarhus United's share of profit for the period	2,4	5,0	22,9
Capital investments	1,1	1,8	9,0
Capital and reserves at end of period	135,2	127,0	125,8
Aarhus United's share of capital and reserves at end of period	125,3	111,7	116,6
Total assets at end of period	328,9	339,9	374,9
Profit margin ratio	5,2%	7,9%	6,3%
Return on invested capital	11,4%	19,3%	15,4%
Total business volume (tonnes)	38.608	36.871	155.916