

The logo for AAK, consisting of the letters 'AAK' in a bold, blue, sans-serif font. The letter 'A' is stylized with a small circle at the bottom right of its stem. The background is a photograph of a rolling green hillside with yellow wildflowers in the foreground and a blue sky with white clouds.

AarhusKarlshamn

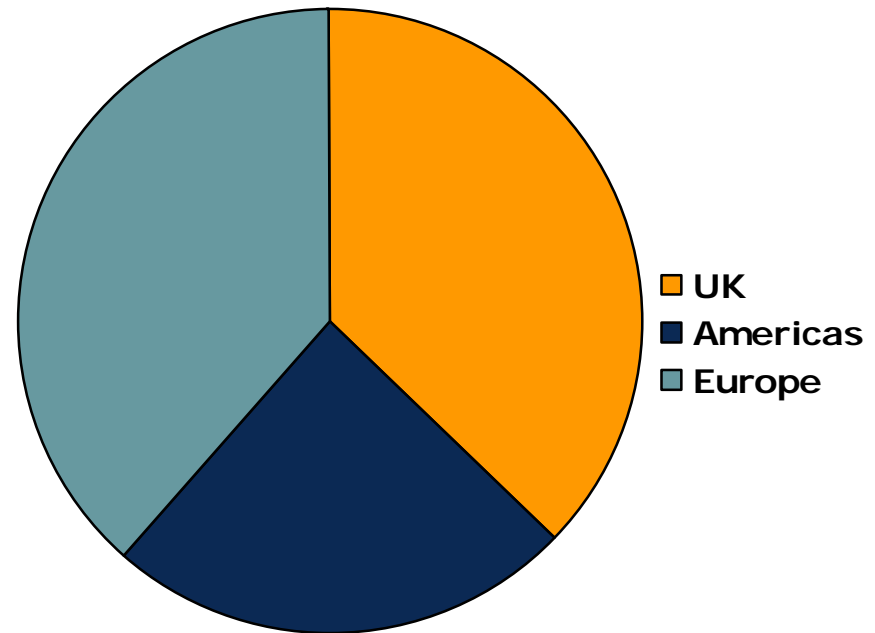
**Business Area  
Food Ingredients UK, Americas**

**Ian McIntosh, President**

# Food Ingredients - Regional split of sales

FI total sales

- Total FI sales: 6bn. SEK
- 40% of FI sales in UK
- 20% of FI sales in Americas
- 40% of FI sales in Continental Europe



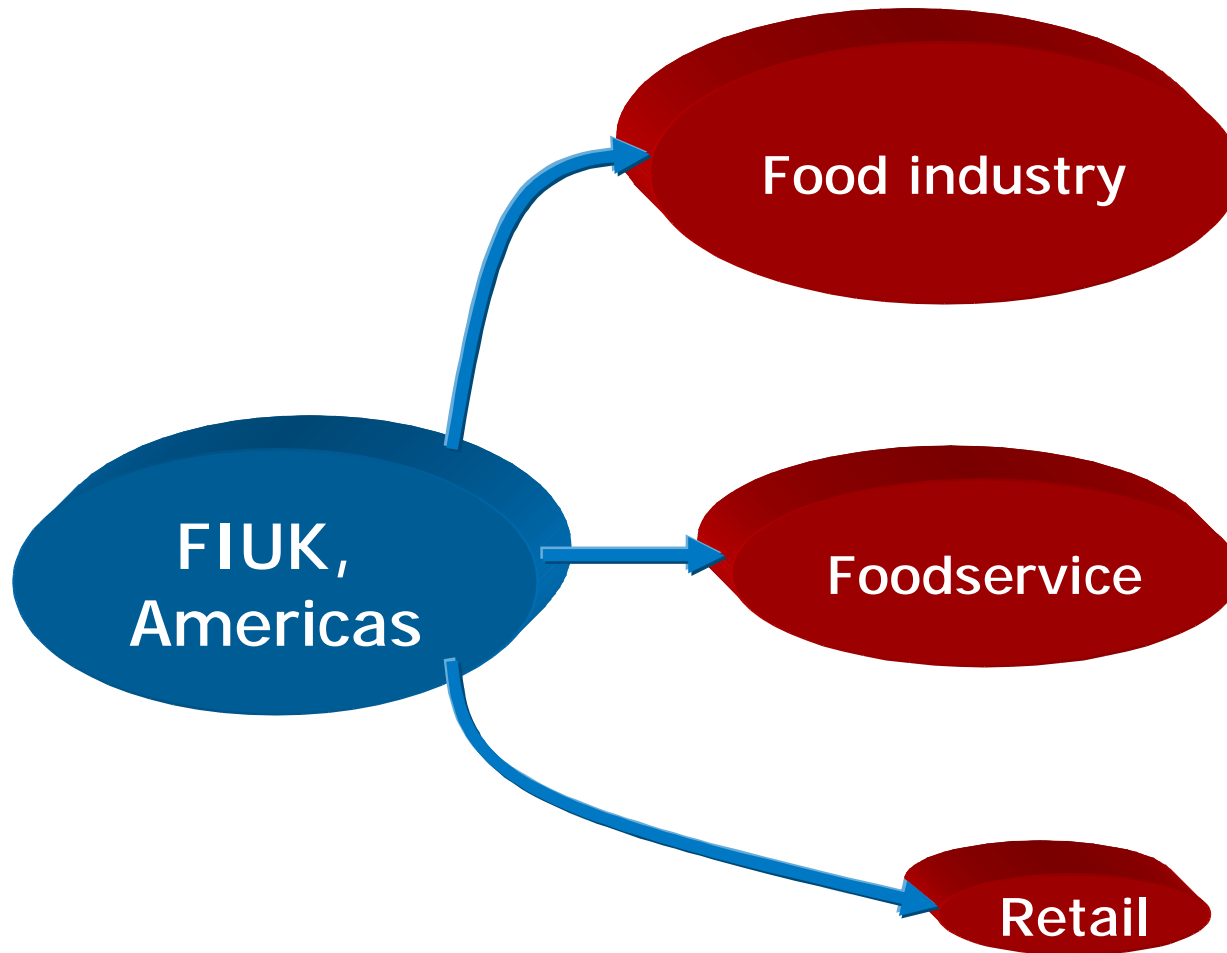
# Food Ingredients UK, Americas

- **Key Market Position**

- One of three big players in the UK FI market, and a significant player in the Mexican FI market
- Foodservice market leader in UK
- Global player in speciality branded bottled oils
- Leading player for palm oil-based trans-free solutions in USA.



# Customer groupings



- Bakery sector
- Snack foods sector
- Dairy sector
- Other industry sectors
  
- Quick-service restaurants
- Hotels & restaurants
- Work-place catering
- Cash-and-Carry
  
- UK major multiples
- Speciality Delis and upscale chains world-wide

# Food Ingredients UK, Americas

## Products and applications

### - *Food ingredients:*

#### - Bakery fat solutions

- Ø Cake and pastry margarine
- Ø Shortenings for bakery, bread, etc.
- Ø Trans-free, low saturated bakery fat solutions

#### - Dairy-fat alternatives (DFA)

- Ø Solutions for whipped toppings, cream, ice cream, etc.

#### - Sweet and savoury snacks solutions

### - *Foodservice solutions:*

- Ø Branded long-life frying oils
- Ø Private label foodservice solutions
- Ø AAK Foods including sauces and dressings
- Ø Branded and private label bottle oils



# Food Ingredients UK, Americas

Major new products launched;

- EsSence in USA.

- Ø A range of specially composed products designed to meet the demands for trans-free, non-hydrogenated products with low levels of saturated fatty acids.

- Prep ZT / FryChef.

- Ø A trans-free deep-frying oil.

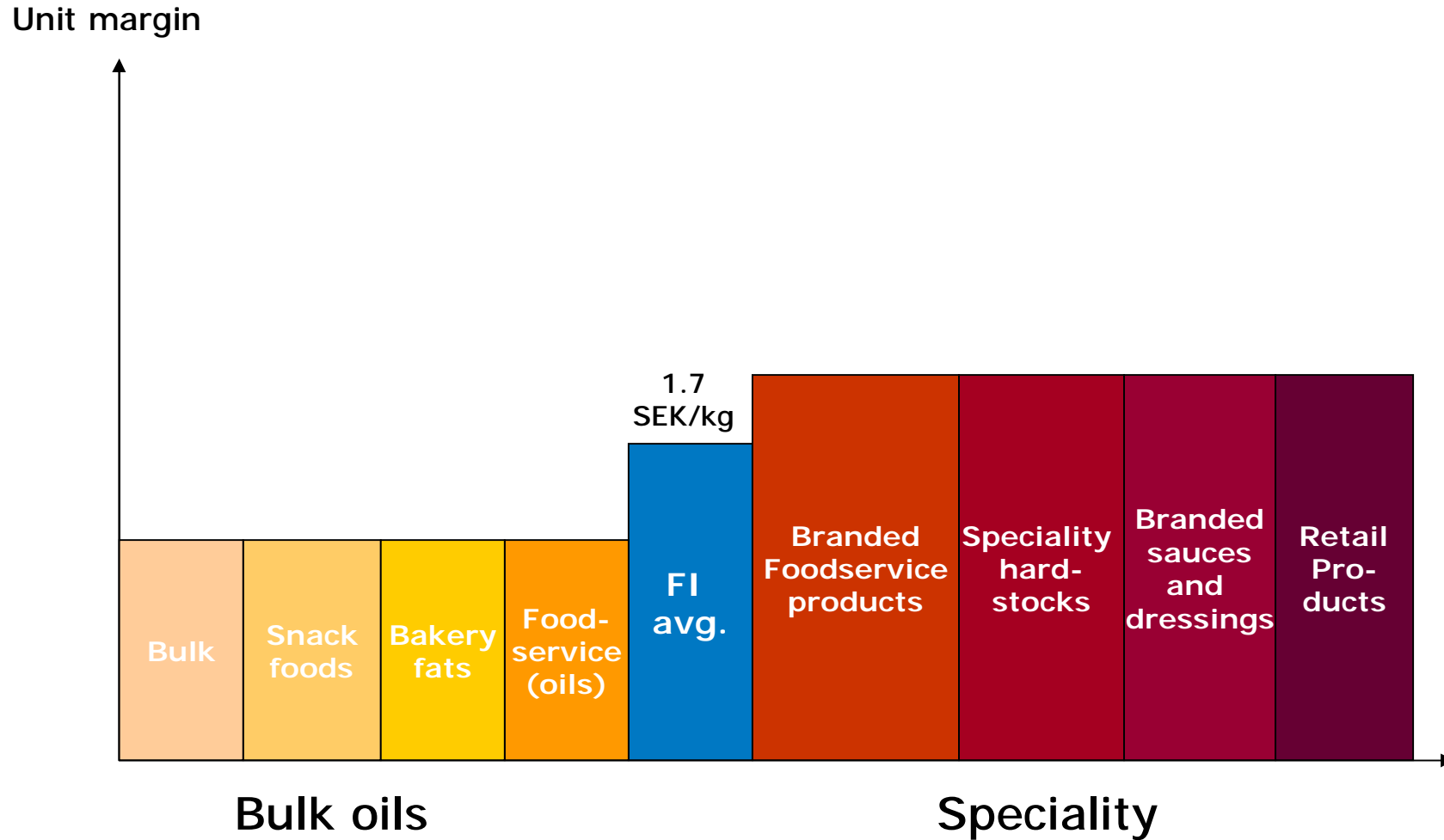
- Ø The successful launch took place of a similar product in the USA under the brand name FryChef.



Market Day, October 3, 2006

**AAK**  
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# Food Ingredients UK, Americas



\* Unit margin = Gross contribution / volume.  
Source: Annual report 2005.

Capital Market Day, October 3, 2006

# Food Ingredients UK, Americas

- **Market**

- UK and US: Low market growth\* of 2.0% and 2.2%, resp.
- Mexico: High market growth rate with 4.6%\*.

\*) Source: Euromonitor 2006, % constant value growth 2005-10.

# Food Ingredients UK, Americas

- **Competitors**
  - Cargill in all regions
  - ADM in UK and USA
  - Bunge in USA
  - Lodders Croklaan and Fuji Oil.

# Food Ingredients UK, Americas

- **Industry driving forces**

- Cost focus due to extreme retail pressure in UK
- Health, trans fat, and low fat products in general
- Food ingredients tend to be local/regional business.....
- ....but the speciality solutions travel further!
- Sustainability issues

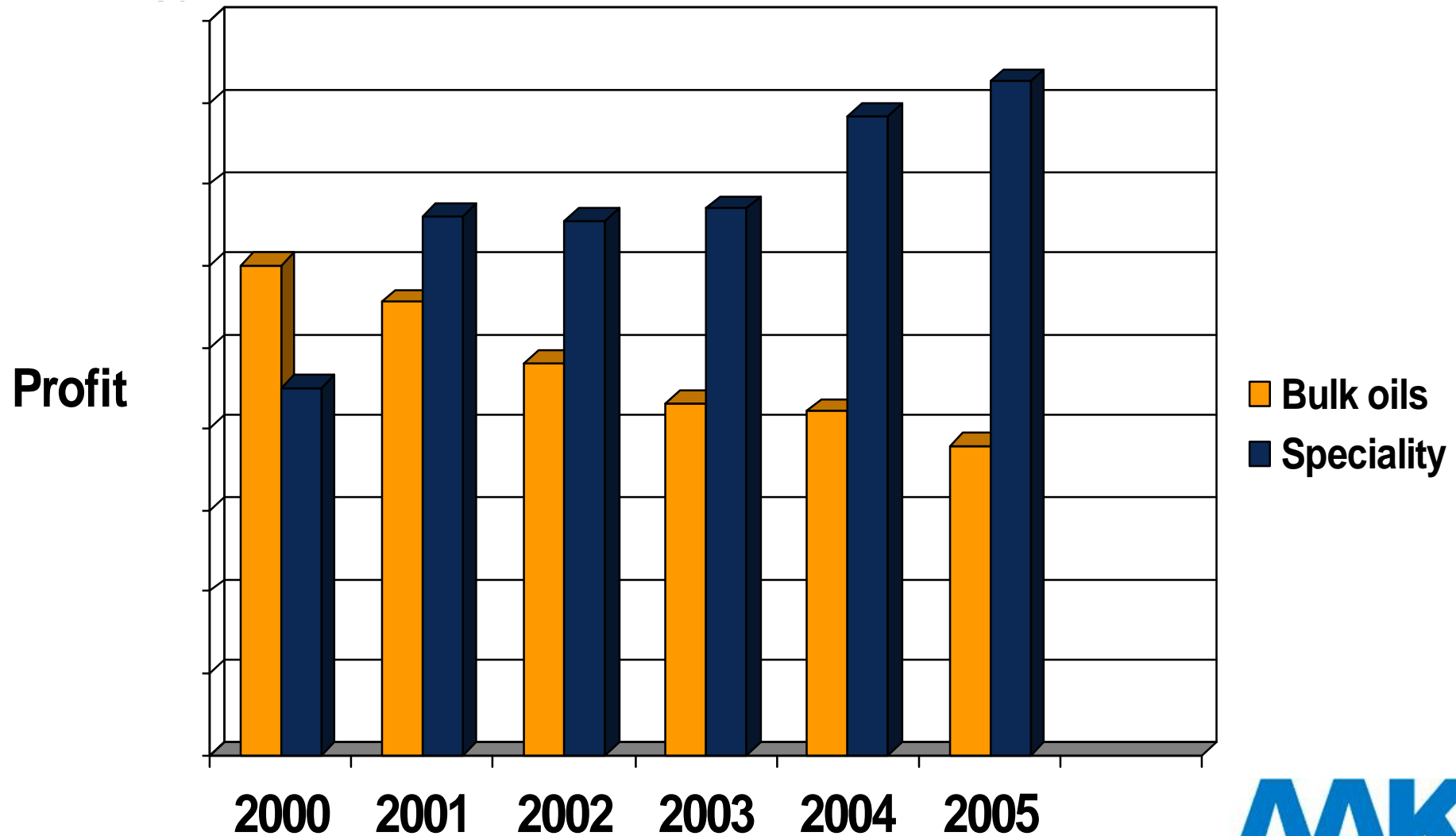
# Food Ingredients UK, Americas – Success factors

- Sense-and-respond approach to customers' needs.
- Productivity initiatives to stay competitive
- Branding skills for foodservice products.
- Raw material sourcing and hedging

Day, October 3, 2006

# Food Ingredients UK, Americas

- UK's success in shifting the product-mix via acquisitions, branding and product development





# UK plant rationalisation

- Following the merger, three UK plants become one.
- Status Oct. 2006:
  - Formby was closed as planned in June 2006
  - Wincolmlee will close as planned.
  - Operations focussed in Hull

# Expansion in the USA



- AAK located in Newark, New Jersey
- Until recently, AAK primarily lauric based
- New legislation requires labelling of trans fats in USA from 2006
- AAK launches innovative product range - non-trans, low saturates solution based on palm oil.
- Facilities developed to produce these products
- Further capacity planned (40 MSEK investment).

# Food Ingredients UK, Americas

## Creation of AAK Foods Division

- Acquisition of food company April 2006
- Sauces, dressings and marinades
- Foodservice, Industrial and Retail
- Total sales: around 200 MSEK
- Synergy with AAK UK's existing business



Strategy: Forward integration and capitalising on distribution channels

**AAK Foodservice in total: ~ 1,400 MSEK**



# The future



- Finalise plant restructuring in the UK
- Drive US food ingredient growth
- Drive AAK Foods growth
- Extend branded solutions to more countries
- Ready for more acquisitions!