

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 green field with yellow flowers under a blue sky with white clouds.

# AAK

AarhusKarlshamn

**Business Area  
Technical Products & Feed**

Magnus Jörsmo, President



# Technical Products & Feed

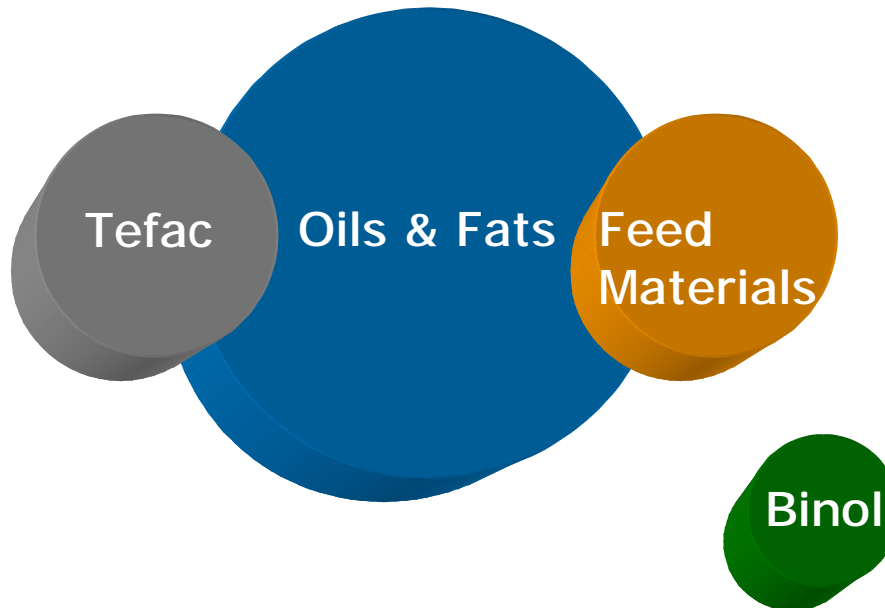
- Leading supplier of technical products and feed materials based on vegetable oils to the Nordic countries
  - Total sales 900 MSEK
  - Volume 300,000 tonnes
  - Profit 50 MSEK
  - RONA 19%

Capital Market Day, October 3, 2006

**AAK**  
AarhusKarlshamn

# Technical Products & Feed

## The Karlshamn Site



### Significant overlaps

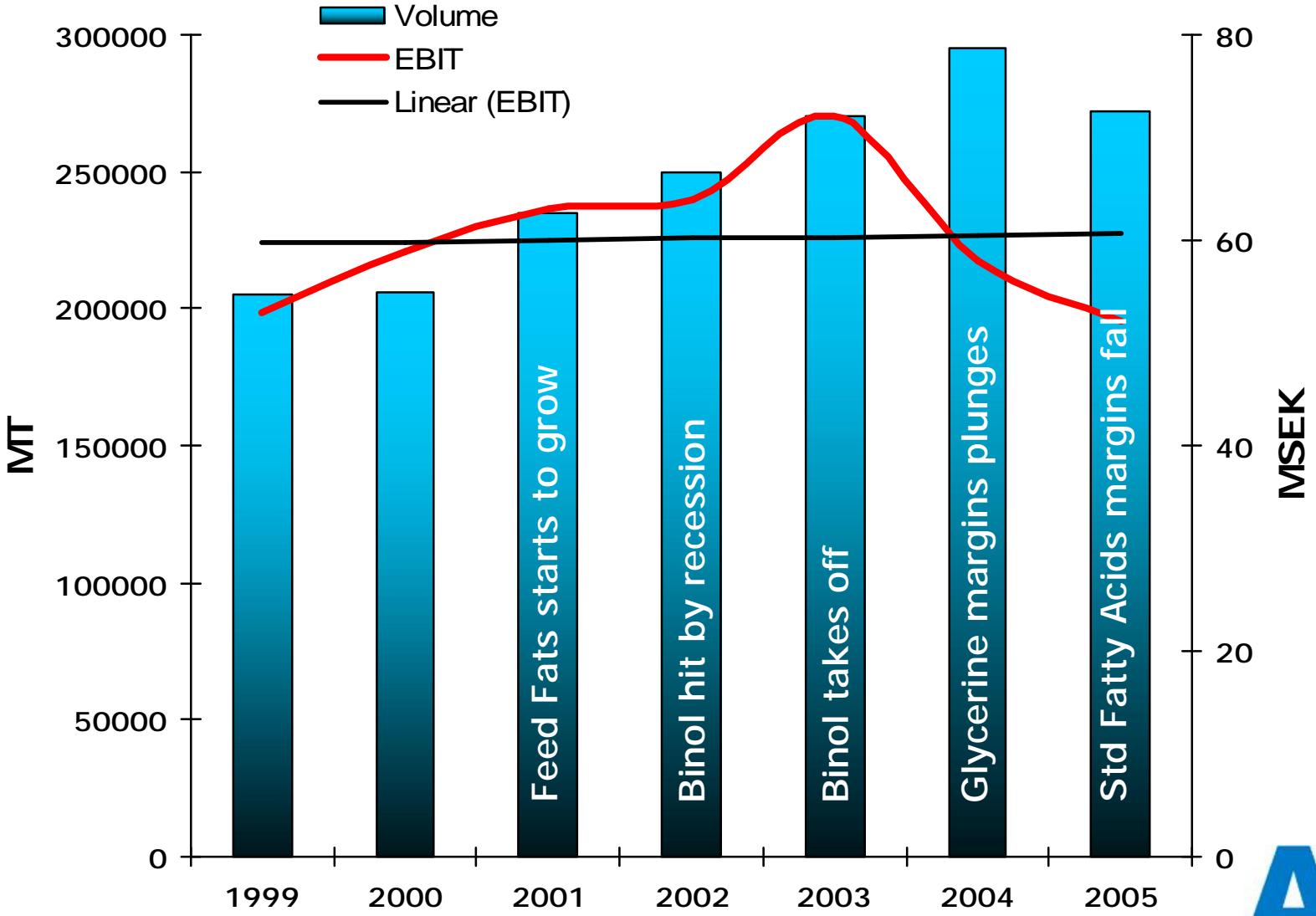
- Energy/Utilities
- Fixed costs
- Raw Material

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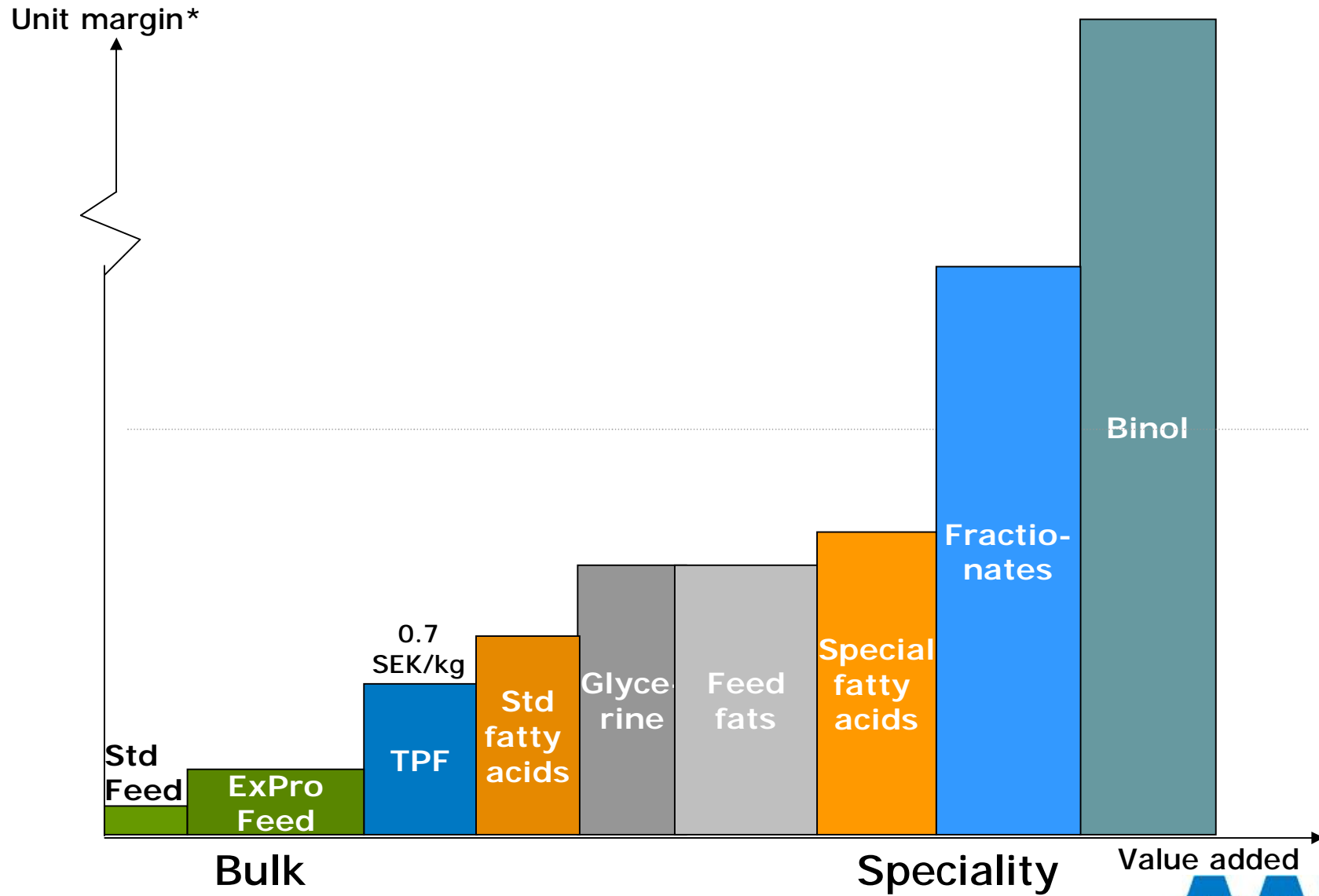
Important contributor to site's overall cost position

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# Technical Products & Feed



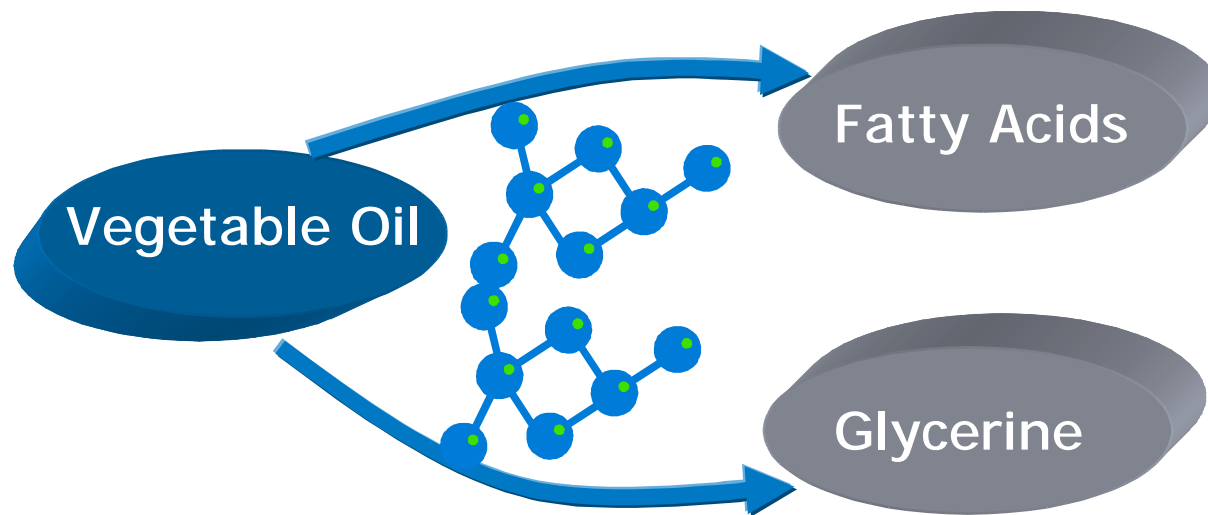
# Technical Products & Feed



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

# Technical Products & Feed - Tefac

## Business Logic



# Technical Products & Feed - Tefac

## Market position

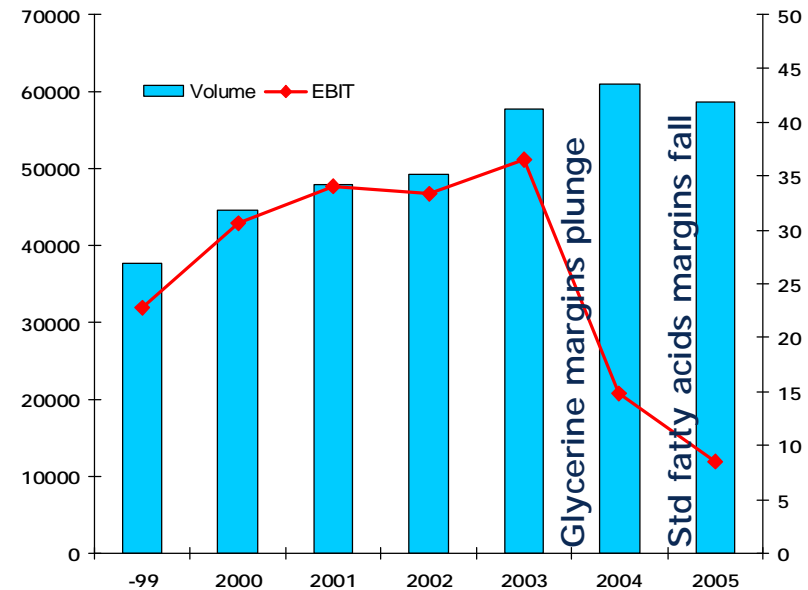
- Market leader in the Nordic area
- Strong in Northern Germany

## Market

- Total fatty acid market in Europe is 1,300,000 MT. Our served market is 500,000 MT.
- Market growth by 2-3 % per year

## Competitors

- Cognis, Uniqema/Croda, Oleon
- Smaller, family owned companies in Germany





# Technical Products & Feed - Tefac

## Regions

- 55% of sales to the Nordic area
- Germany makes up ~ 35% of sales

## Customers

- Detergent/softener manufacturers
- Paper chemicals
- Rubber industries
- Candle light manufacturers



# Technical Products & Feed - Tefac

## Industry driving forces

- Strong cost focus, originating from retailers
- Low margins and high transportation costs make standard fatty acids a regional business
- Specialties have wider geographic area

## Success factors

- Regional cost leader
- Development further into specialties and downstream products

Capital Market Day, October 3, 2006

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# Technical Products & Feed - Tefac

Margins



Distilled

THT

Stearics  
(bulk)

Stearics  
(flaked)

Fractionated



No of competitors

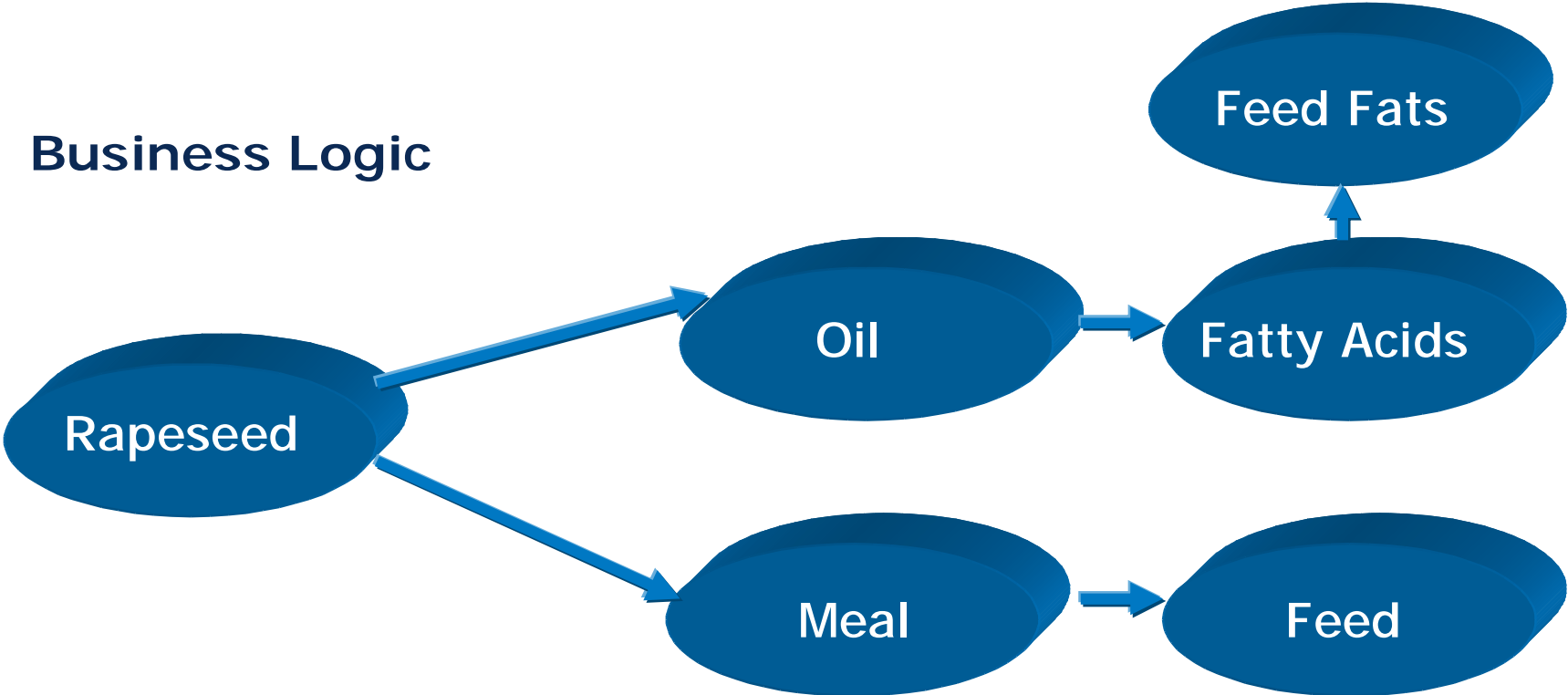
We are moving in this direction



- Flaked
- Fractionates
- Raw material flexibility
- Logistic advantage in Nordic

# Technical Products & Feed - Feed

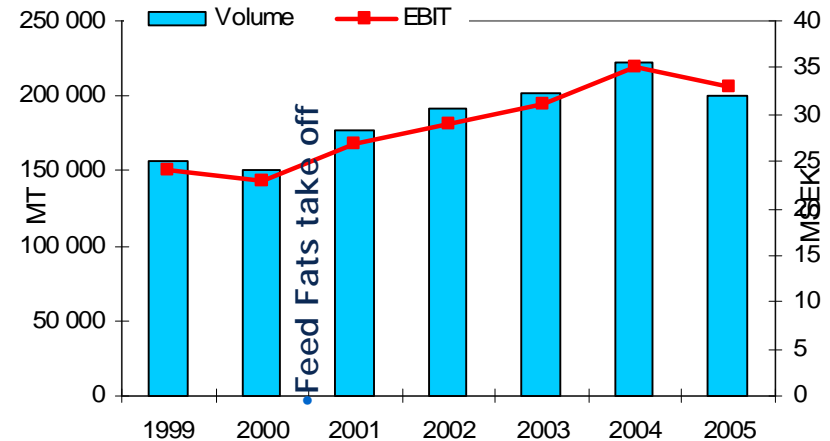
Business Logic



# Technical Products & Feed - Feed

## Market position

- Market leader for cattle feed in the Nordic area



## Market

- Nordic protein market is 600,000 MT
- Nordic feed fat market is 200,000 MT
- Nordic feed market is static

## Competitors

- ADM, Bunge, Cargill, Berg + Schmidt
- Regional rape/soya crushers





# Technical Products & Feed - Feed

## Regions

- 98% of sales to the Nordic area
- The rest is UK and Baltic states

## Customers

- Feed compounding industries
- Big farms
  
- Cattle
- Pigs
- Poultry

Capital Market Day, October 3, 2006

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# Technical Products & Feed - Feed

## Industry driving forces

- Strong cost focus, pushed by big farms
- Feed cost vs milk output/animal growth
- Hygiene and feed safety

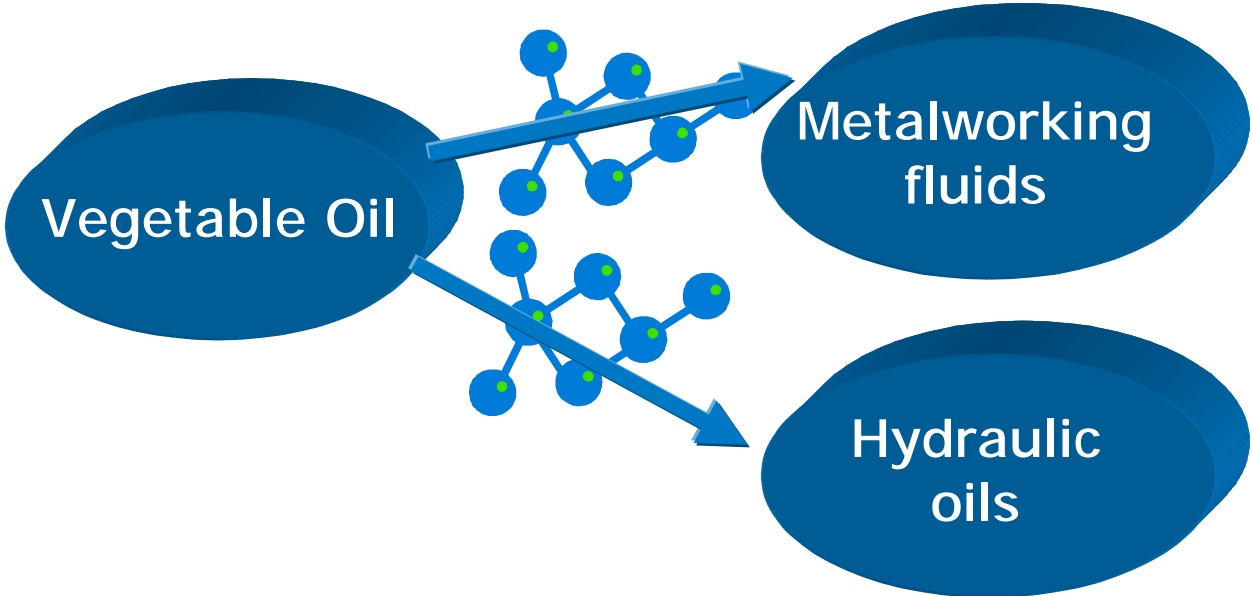
## Success factors

- Guaranteed free from salmonella
- Nutritional value
- Regional cost position

} ExPro  
Process

# Technical Products & Feed - Binol

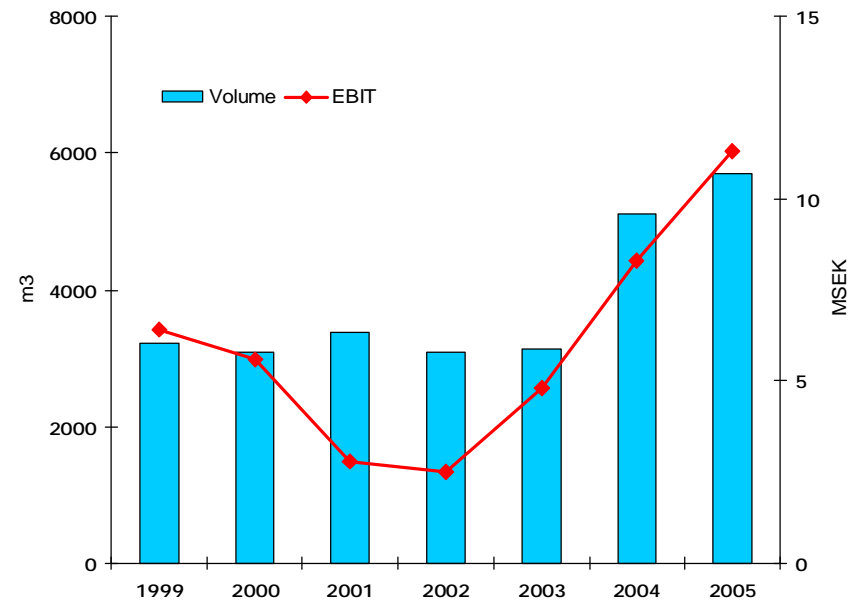
## Business Logic



# Technical Products & Feed - Binol

## Market position

- European leader in biolubricants
- Dominant in the Nordic area
- Double digit growth



## Market

- Biolubricant market in Europe is ~ 1 bn SEK
- Total lubricant market is static, bio-segment grows by ~ 5-7% per year

## Competitors

- Mineral oil companies
- Small, regional players



# Technical Products & Feed - Binol

## Regions

- 85% of sales to the Nordic area
- The rest is Germany and US/Canada

## Customers

- Metalworking industry (automotive)
- Forestry industry
- Construction industry
- Sawmill industry



# Technical Products & Feed - Binol

## Industry driving forces

- Strong total cost focus from automotive industry
- Substitution of mineral oil based products
- Health, Safety and environmental issues

## Success factors

- Regional market coverage
- International alliances
- Product development and technical support



# Technical Products & Feed - Binol

## Business development;

- Acquisitions Denmark (2003), Finland (2004)
- Alliances with Shell (2002), Quaker Chemical (2004)

## New products launched;

### Binol X/BioSafe XE range

- First long life hydraulic oil based on renewable raw material.
- First to be awarded the EU Flower environmental label.

### Binol Cut range

- Oils for pressing of car body components. Used for pressing of exterior body parts at Volvo Cars.

# The future:



- Binol – “Super niche” with potential to internationalize
- Feed – Specialties in a commodity business
- Tefac – Moving towards specialization.