



*Jan-Olof Lidfelt  
General Manager  
Infant Nutrition*

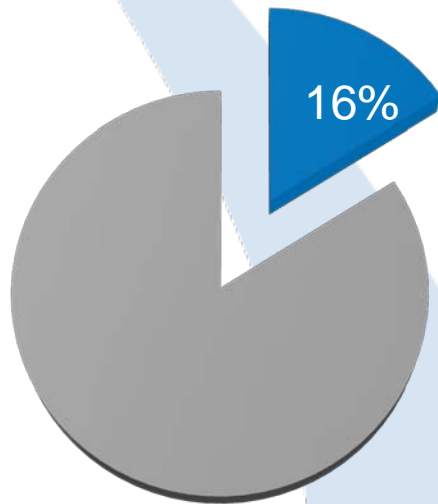
A close-up photograph of a young child with light hair and blue eyes, smiling broadly. The child is wearing a green and white horizontally striped long-sleeved shirt. They are holding a purple sippy cup with both hands. The background is bright and out of focus, suggesting an indoor setting with large windows. A large, light blue curved graphic element is on the right side of the slide, and a solid blue horizontal bar is at the bottom.

Infant Nutrition

# Infant Nutrition development

## Operating profit (FI) 2011 vs 2010

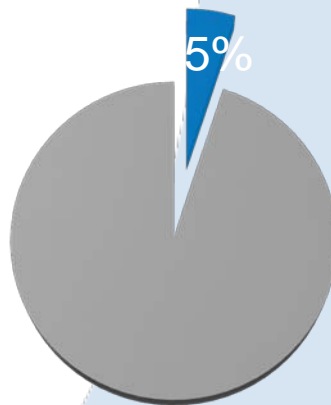
2011



- Volume growth
  - Existing customers
    - Successful project launching
  - New customers
  - New markets

- Higher utilization in dedicated plant

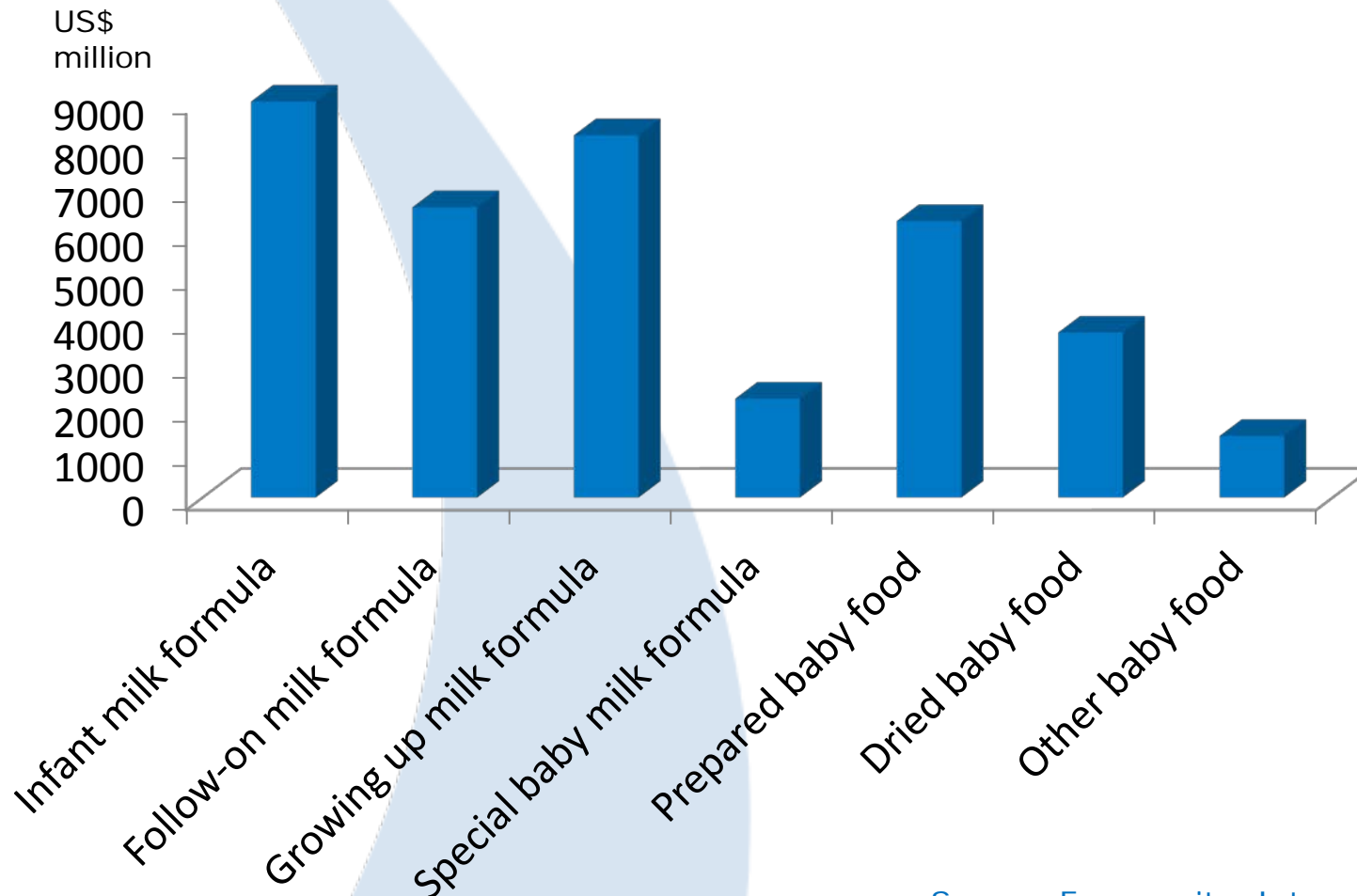
2010



# Global Baby Food Retail Value Sales by Category 2010



-AAK's focus is milk formula producers



Source: Euromonitor International

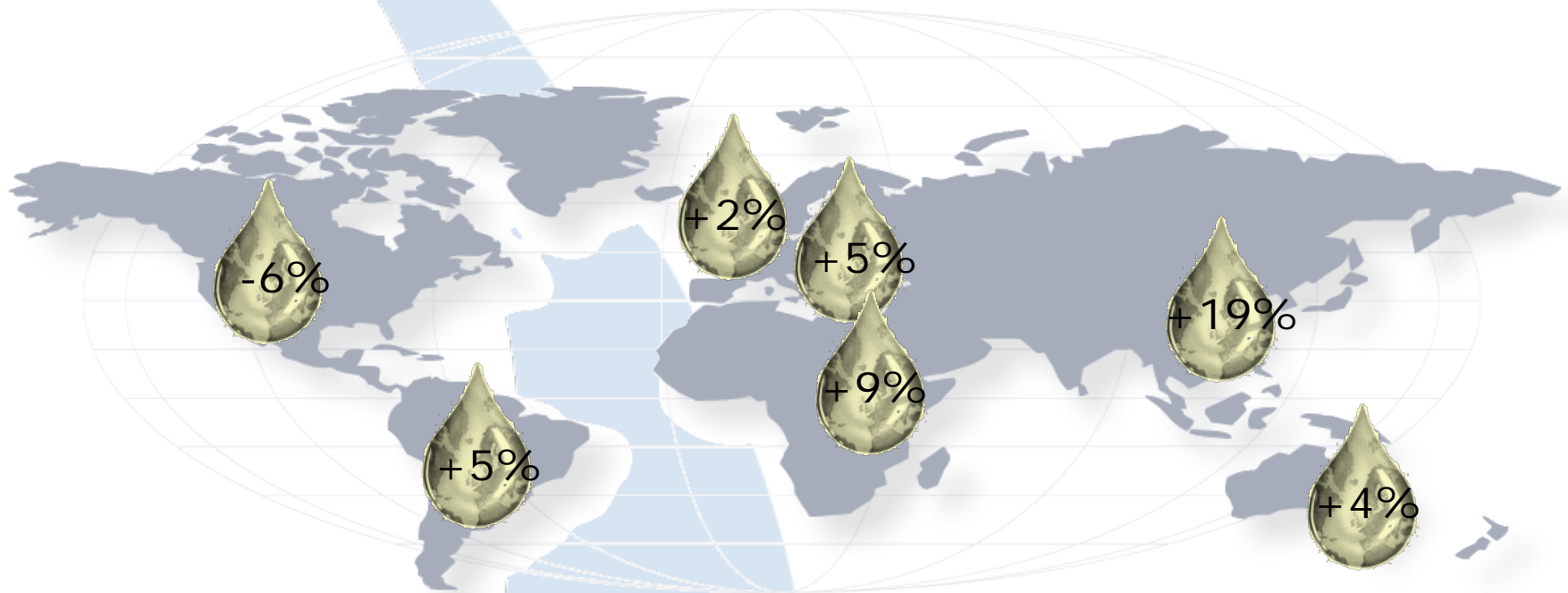
# Infant Milk Formula industry



- ◆ 1.8 million MT/yr Infant milk formula ~400 000 MT/yr Oils & Fats ingredients
- ◆ Consolidated industry – 5 multinationals hold 62% (70 % in 2006) of the world market
- ◆ Local markets are dominated by global players and some strong domestic leaders. Chinese companies increase share of domestic market
- ◆ China is 26 % of the world market in value. Up from 15 % in 2006
- ◆ Global average annual growth 6 % 2006-11.

Source: Euromonitor International

# Average annual Growth Infant milk formula 2007-2010



◆ Global annual average growth + **6%**

Source: Calculated from Euromonitor data

# Infant Milk Formula

## – the product

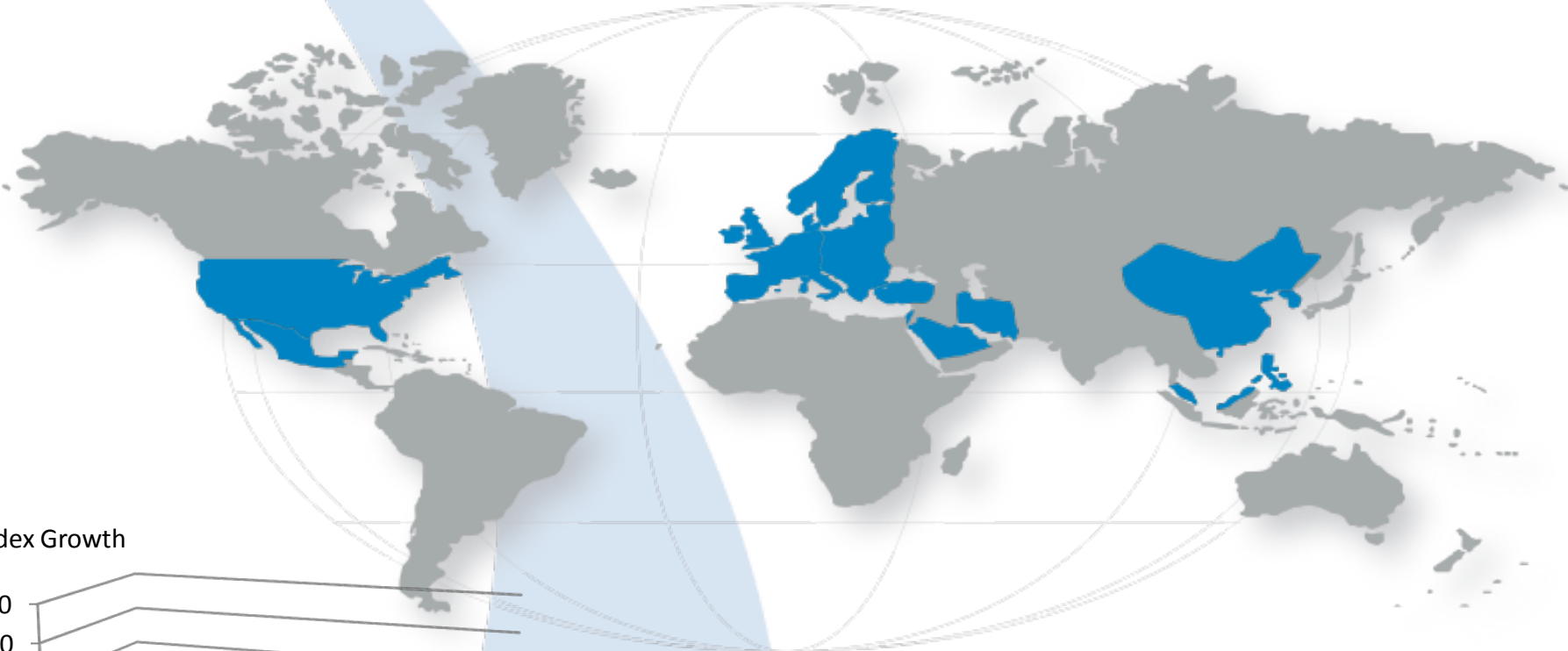
- Spray dried powder or “ready to eat” emulsion with milk protein, *vegetable oils* and micronutrients (vitamins, minerals, amino acids etc.)
- Target is to **mimic human breast milk** as closely as possible
- Vegetable oils is around 25 % by weight and 50 % of calories
- AAK supplies vegetable oils, which give
  - Energy
  - Essential fatty acids
    - Linoleic acid
    - Linolenic acid
    - (Arachidonic acid)
    - (DHA)

# Reasons for customers to choose AAK

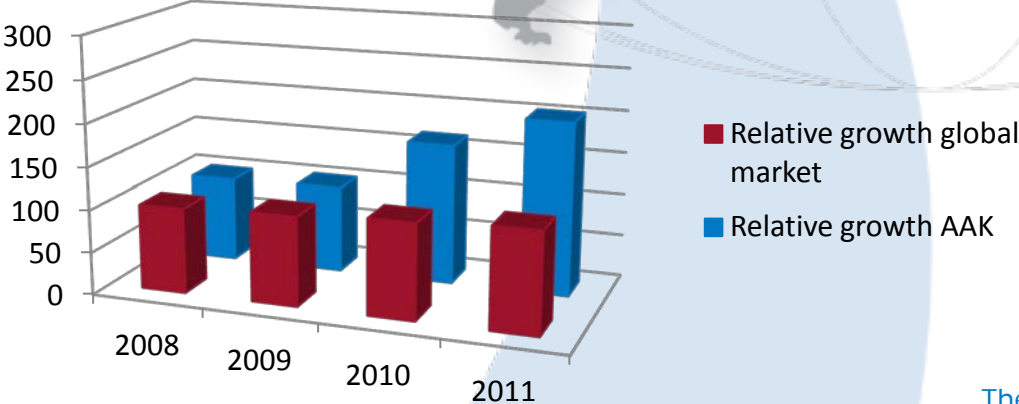


- ◆ A comprehensive product range for infant nutrition
  - Oil blends with defined fatty acids composition
  - Speciality products
- ◆ Safety and consistency
  - High food safety standards
  - Good quality and shelf life
  - Flexible and on time deliveries
- ◆ Advanced technical expertise
  - Lipid experts available for customer projects
  - Advanced analytical capabilities
- ◆ A global Supply Chain

# AAK gains markets shares



Index Growth



# Main drivers for growth in AAK sales to Infant Formula Manufactures

- Focus on Infant Nutrition
  - Management focus through AAK Acceleration
  - Dedicated team
- Food Safety
  - Melamine scandal has prompted Chinese brands to use imported products
  - German focus on contaminants

# Main drivers for growth in AAK sales to Infant Formula Manufactures

- We have earned the confidence of our customers by being the safe and consistent alternative
  - We grow with multinationals in new countries
- Premium segment grows rapidly in some markets
  - Increasing demand for blends with ultra high quality
  - Increasing demand for speciality ingredients
  - Infat™ (sold through our JV. Advanced Lipids) further strengthened by clinical data

# Main drivers for growth in AAK sales to Infant Formula Manufactures

- Focus on Infant Nutrition
- Food Safety
- We have earned the confidence of our customers by being the safe and consistent alternative
- Premium segment grows rapidly in some markets

# AAK is well positioned for further growth

- ◆ A flawless track record with major producers
- ◆ Top quality standards
- ◆ Strong focus on food safety
- ◆ Multi stock factories
- ◆ High technical competence
- ◆ Special processing facilities and excellent Supply Chain
- ◆ Advanced technical expertise and strong network

**AAK is well placed to serve the demanding customers in the infant formula segment**