

The AAK logo is positioned in the top right corner of the page. It consists of the letters 'AAK' in a bold, blue, sans-serif font. The background of the entire page is a close-up photograph of several small, round tarts. Each tart has a golden-brown, scalloped-edged crust, a swirl of white whipped cream, and is topped with fresh fruit including a slice of orange, a strawberry, and blueberries. A diagonal white line cuts across the top right of the image, separating the logo area from the rest of the background.

AAK

AAK Report 2013

The first choice for
value-added vegetable oil solutions

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The first choice for value-added vegetable oil solutions

AarhusKarlshamn (AAK) is one of the world's leading producers of high value-added speciality vegetable oils and fats solutions. These oils and fats solutions are characterized by a high level of technological content and innovation. AAK's solutions are used as substitute for butter-fat and cocoa butter, trans-free and low saturated solutions but also addressing other needs of our customers. AAK has production facilities in Denmark, Mexico, the Netherlands, Sweden, Great Britain, Uruguay and the US. Further AAK has also toll manufacturing operations in Russia and Malaysia. The company is organized in three Business Areas; Food Ingredients, Chocolate and Confectionery Fats and Technical Products & Feed. AAK's shares are traded on the NASDAQ OMX, Stockholm, within the Large Cap segment. Further information on AAK can be found on the company's website www.aak.com.



AAK in 60 seconds

- AAK's vision is to be the first choice in value-added vegetable oil solutions.
- AAK has more than a century of unrivalled experience with vegetable oils for a broad spectrum of applications. Our customers are primarily from the food, confectionery and cosmetics industries. We also supply the animal feed and technical industries.
- AAK's products are ingredients, including alternatives to dairy fat and cocoa butter, trans-free solutions, low saturated fats solutions, nutritious fats for infant formula, environmentally-friendly lubricants, and healthy skin care products.
- AAK's raw materials are derived from renewable sources primarily sourced in Northern Europe (rapeseed), Europe and Mexico (sunflower), US (soya beans), West Africa (shea kernels) and Southeast Asia and Latin America (palm).
- AAK's 12 production plants are located in Denmark, the Netherlands, Mexico, Sweden, the UK, Uruguay and the US. We also have sourcing operations, toll manufacturing and sales offices in several key locations around the world.
- New products are developed in close partnership with customers, drawing on oils and fats expertise and knowledge of market trends. Close relations enable AAK to create lasting solutions that meet customer needs, expectations and high standards.
- AAK is one of the founders of the Roundtable on Sustainable Palm Oil (RSPO). AAK also founded and operates GreenPalm, which provides an exclusive web-based platform for the trade in certificates for sustainable palm oil. Through these and other initiatives, AAK continuously contributes to the promotion of sustainable palm oil.
- The parent company, AarhusKarlshamn AB (publ.), is a Swedish-registered joint-stock company. The company's shares are listed on NASDAQ OMX, Stockholm, in the Large Cap segment, Food & Beverage sector.

Three business areas



Our largest business area primarily offers solutions to the Bakery, Dairy, Food Service industries and Infant Nutrition.

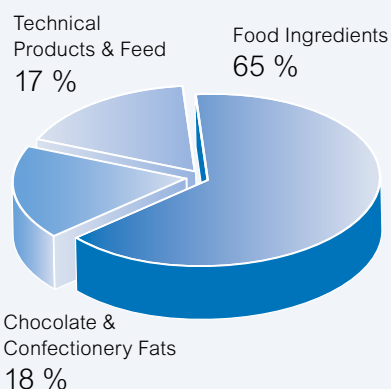


Our second largest business area offers functional cocoa butter alternatives for chocolate, compounds for coating and moulding, and speciality fats for confectionery fillings.

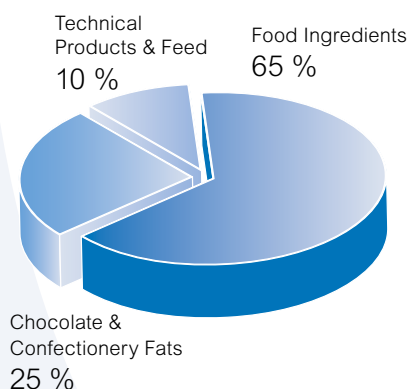


Our Technical Products & Feed business area provides Biolubricants for metalworking, forestry and construction, fatty acids and glycerine for various applications and proteins and fats for animal feed.

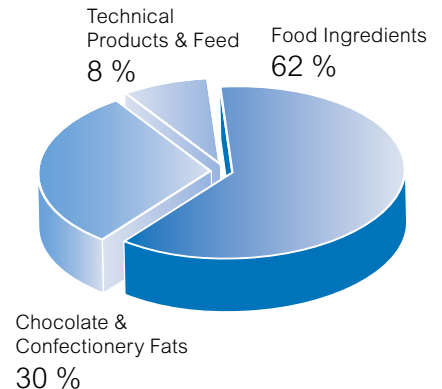
Volumes



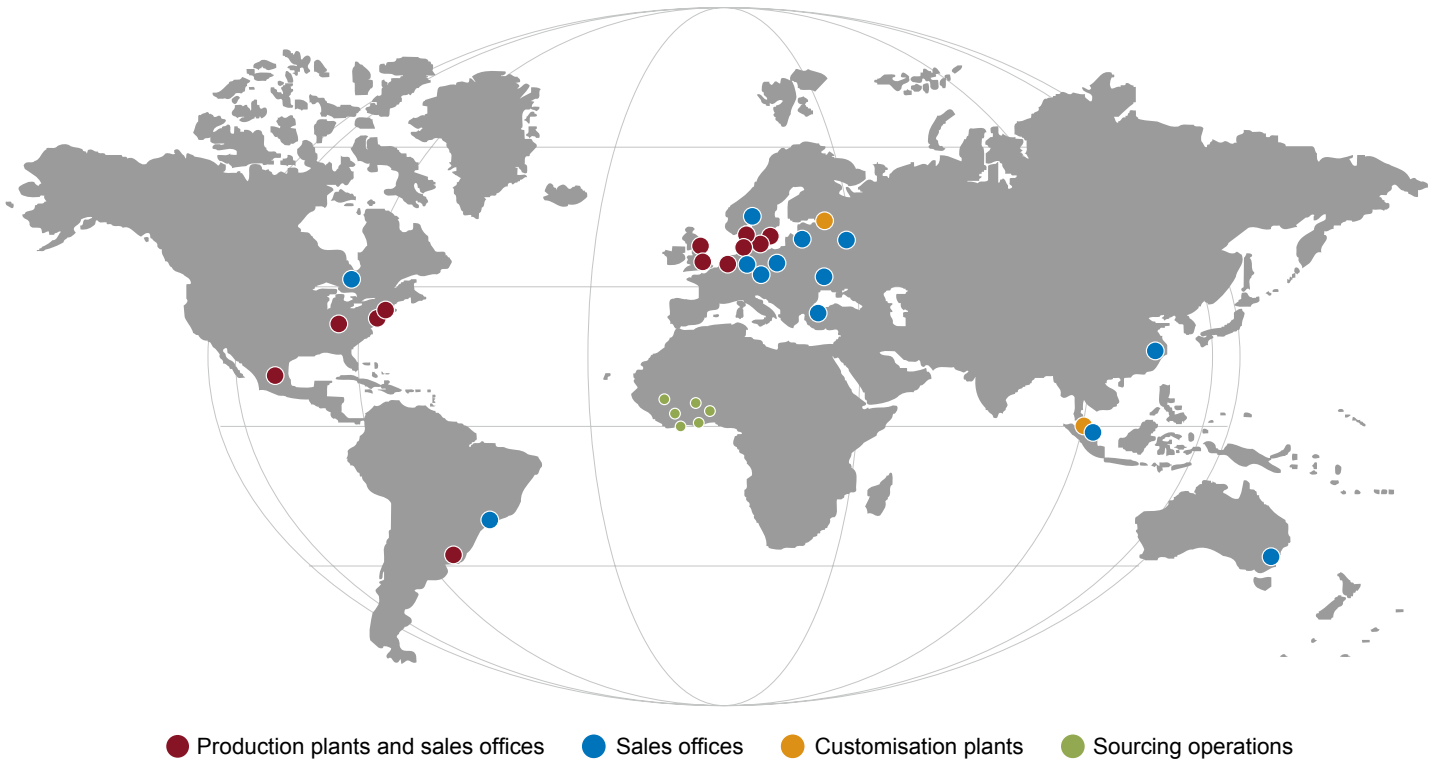
Net sales



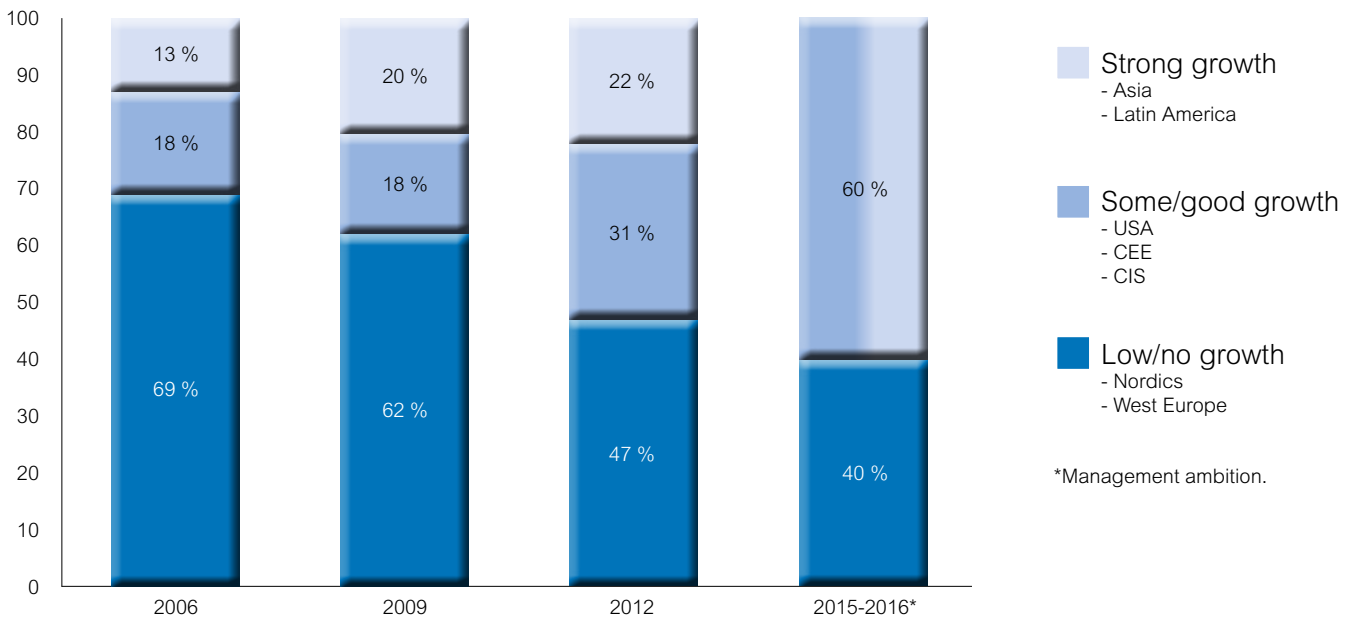
Operating profit



In the world



Growth market ambition



2013 in brief

- Volume increased by 7 percent (organic growth 2 percent) during 2013 due to organic growth of speciality and semi-specialities but also growth from acquisitions.
- Net sales decreased by SEK 374 million mainly due to lower raw material prices and a negative currency translation impact of SEK 328 million.
- Operating profit excluding acquisition related costs was a record high, reaching SEK 1,127 million (1,003**), an improvement of 12 percent. All business areas reported double digit growth.
- Operating profit including the impact last year of Sandy and including acquisition related costs was SEK 1,117 million (975), an improvement by 15 percent.
- The largest business area, Food Ingredients, reported record high operating profit at SEK 771 million (703) an improvement of 10 percent. Operating profit per kilo decreased from SEK 0.75 to SEK 0.73, a decrease by 3 percent mainly due to dilutions related to acquisitions.
- The business area Chocolate & Confectionery Fats reported an increased operating profit at SEK 369 (316), an improvement by 17 percent. The operating profit per kilo improved by 21 percent to 1.23 (1.02).
- The smallest business area, Technical Products & Feed, reached an operating profit at SEK 97 million (88), an improvement by 10 percent.
- Cash flow after changes in working capital for the full year of 2013 amounted to SEK 1,300 million (1,539), including reduced working capital of SEK 217 million (589).
- Earnings per share increased by 14 percent, to SEK 17.87 (15.66).
- Return on Capital Employed (ROCE), calculated on a rolling 12 months basis, was 16.5 percent compared to 14.2 percent at year-end last year.

- We continue to see positive effects of the AAK Acceleration programme (Growth-Efficiency-People).
- A strategic acquisition was made of Unipro, the Turkish supplier of oils and fats in Turkey and the surrounding region. This acquisition is an integral part of AAK Acceleration, and adds presence in areas which are identified as strategically important. The integration has proceeded according to plan.
- Terrence Thomas was appointed as President of AarhusKarlshamn USA Inc. and as member of the AAK Executive Committee as of March 25, 2013.
- AAK opened a state-of-the-art Innovation Center in Shanghai, China to support the execution of the AAK Acceleration program. The Innovation Center gives our Chinese customers the possibility to work closely with AAK's Customer Innovation team when developing new products and solutions.
- Our strong and continued commitment to responsible growth was lined out in our annual Sustainability Report documenting our achievements and future objectives.
- AAK and Premier Foods, one of the biggest food producers in the UK, agreed to a three-year, exclusive, oils and fats collaboration and product co-development to be its long term co-development partner.
- The new Nordic Nutrition Recommendations, commissioned by the Nordic Council of Ministers, focused on decreasing the consumption of saturated fats. Through a consistent long term investment AAK has gained a leading position in this field, which has resulted in a number of new products with significantly reduced amount saturated fats and maintained functionality in a wide range of foods.
- In January 2014 we launched the company program for 2014-16, "AAKtion". The new program is intended to further strengthen the focus on "Sales-Innovation-Execution".
- Jens Wikstedt was appointed as President Europe and as member of the AAK Executive Committee as of January 17, 2014.
- Fredrik Nilsson was appointed as Chief Financial Officer (CFO) and as member of the AAK Executive Committee as of January 17, 2014.

Operational key figures (MSEK million unless otherwise stated)	2009	2010	2011	2012	2013
Net sales	15,884	14,808	16,695	16,911	16,537
Adjusted operating profit (EBIT)	827	824	918*	1,003**	1,127*
Operating profit	827	824	914	975	1,117
Operating profit per kilo	0.58	0.57	0.64	0.66	0.69
Earnings per share	10.14	14.15	14.72	15.66	17.87
Return on Capital Employed	12.60	13.10	13.30	14.20	16.50

* Adjusted for acquisition costs

** Adjusted for acquisition costs and the effects of Hurricane Sandy costs

Definitions, see page 55 of the AAK Annual Report. Annual General Meeting, see page 62 of the AAK Annual Report.



Comments by Melker Schörling, Chairman of the Board

Another strong year

AAK is continuing its successful transformation, and 2013 became the best year in its history with continued growth. All the three business areas had a strong year, including Chocolate & Confectionery Fats, where market prices for cocoa butter finally returned to historically more normal levels.

Focus on fast-growing markets

One of AAK's strategies for growth is to invest in fast-growing markets, primarily in Asia and South America. The acquisition of Turkish Unipro from Unilever in July is completely in line with this ambition. Turkey is also well positioned to be a central location for export to some of the neighboring countries. Of course this new platform for increased sales of semi-speciality and speciality products in Turkey and the Middle East is interesting for shareholders. Furthermore AAK's businesses in Mexico and South America are developing very positively. In addition, AAK has taken further steps to strengthen its presence in China.

Ensuring competitiveness

AAK's main strategy is to reinforce its position as global market leader within speciality vegetable oils and fats and to be the first choice for value-added vegetable oil solutions.

To achieve this strategy the AAK Acceleration programme was launched in 2010 with its focus on three priority areas: Growth, Efficiency and People. I'm pleased to acknowledge that the programme has succeeded in nearly every aspect of its scope and that nearly every objective has been met. AAK Acceleration has been a key contribution to

AAK's strengthened competitiveness through strong focus on specialisation and productivity as well as volume growth and operating profits. As Chairman of the Board, I am pleased to see that progress runs through the whole Group, across business areas and geographies.

The AAK Acceleration programme has now run its planned three-year course and has created a strong platform for future growth. To maintain the positive trend, I look forward to the new company programme which was launched in the beginning of 2014 to guide AAK going forward.

Long-term engagement

AAK is one of the core holdings of MSAB, which holds 35 percent of the shares in the company. This reflects our commitment and

belief in the long-term perspective of the company. I personally have great confidence in AAK, its management and its highly competent employees around the world.

On behalf of the Board and all shareholders, I would like to thank everyone in AAK for their dedicated contribution to AAK during 2013. I look forward to 2014, which I expect to be another year of good progress for the company and all its stakeholders.

Melker Schörling



Comments by Arne Frank, CEO and President

We entered 2013 with some uncertainty, due both to the economic difficulties in Europe, and to the effects on our operations in the US caused by Hurricane Sandy. However, the strong performance within the Food Ingredients business area and an expected recovery in the Chocolate & Confectionery Fats business area, has re-installed a prudent optimism for the future. This has been further strengthened by the strong execution of our AAK Acceleration programme, launched in 2010 to support our speciality strategy. It has had three priority areas: Growth, Efficiency and People – all of them important aspects for our future development.

Organic growth throughout the Group

Most positive is the organic growth we have seen, creating good growth in operating profit, with an all-time-high for the full-year 2013.

The growth in operating profit is a result of progress across most business segments.

This is true not least for our biggest business area, Food Ingredients. Here, we have seen a very strong development driven by good volume growth in speciality and semi-speciality products. We have been especially successful in the Infant Nutrition segment and the Latin American regions.

For the Chocolate & Confectionery Fats business the recent significant increase in cocoa butter prices has helped us to return to a more the advantageous situation. After a stable first six months, operating profits took off during the third quarter. Although volumes remained stable, the product mix became significantly more profitable.

Our smallest business area, Technical Products & Feed, also demonstrated good growth in operating profit.

Improving our geographical footprint with exciting steps into fast-growing markets

In July, we acquired Turkish Unipro from Unilever. Even if Unipro isn't yet a very large activity, it is of utmost strategic importance to us as it affects several parts of the AAK Acceleration programme. The new AAK Turkey gives us a broader geographical presence and makes it possible to reach certain important medium and fast-growing markets in a more competitive and profitable way.

We opened a state-of-the-art Innovation Center in Shanghai in October. AAK has several Innovation Centers around the world, and opening one in China also supports the execution of the Acceleration programme. China is, as we all know, a fast-growing market, and here we want to give our customers the possibility of working closely with our Customer Innovation teams when developing new or different products and solutions.

Significant productivity improvements

The projects for improving productivity have been successful, especially in Europe. In Hull, in the UK, and in Aarhus, Denmark, productivity has increased by 30 percent or more since early 2010. In Karlshamn, Sweden, the productivity improvement over the same period is as much as 60 percent. Part of the savings has gone to improving operating profit, but some of it has been reinvested, mainly within new product development, the sales force, and customer innovation. These large improvements have not come without



challenges. Challenges that are now behind us as of early this year.

Further investing in the future

To further strengthen our future organisation and the succession for key positions, we launched the second AAK Graduate Trainee programme in 2013, targeting university graduates in Europe. Over its one-year programme, the trainees experience a mix of on-the-job learning, individual development activities and formal training providing them with a good overview of the value creation in the AAK value chain.

An exclusive agreement with an important customer

AAK's vision to be the first choice in value-added vegetable oil solutions calls for continuous improvements in our solutions for the customers, and in how we cooperate with them. A key enabler here is the continued development of new products, together with our customers and based upon their needs.

One proof of our capabilities is the three-year, exclusive agreement that we signed with British Premier Foods in November. It covers a collaboration on existing products as well as product co-development for the future. Premier Foods is one of the UK's largest branded food producers, and of course we are delighted to have been chosen for this exciting collaboration.

This agreement also signals that we are approaching the end of the major re-design of our AAK UK business.

Health and reducing saturated fats

AAK has for many years focused on eliminating trans fatty acids, decreasing the amount of saturated fats throughout the product range and today we hold a leading position in this field.

In November, the new Nordic Nutrition Recommendations were published, commissioned by the Nordic Council of Ministers. Its focus is on decreasing the consumption of saturated fats, and the new recommendations emphasise that the type of fat we eat is more important than the total amount of fat. This recommendation is also very close to the existing recommendations from WHO.

It is with great satisfaction we see the alignment between our development strategy and the new recommendations. A further indication of the interest in these types of products was the nomination of our new ice cream fat, Akomix LS 25, for the prestigious FI Europe Excellence Award in the category "Dairy innovation of the year". Another AAK nominee was Chocofill NH 100, which was nominated for the "Confectionery Innovation of the Year" category.

Responsible growth is the way we do business

Responsible growth is one of the cornerstones of our strategy, and it is essential to our aspiration to be our customers' first choice. For us, responsible growth is about acting responsibly towards all key stakeholders – the local communities in which we oper-

ate, our global and local customers, employees, investors and suppliers.

In 2013, we have focused on five areas: food safety, which is the top priority among consumers and our customers; sustainable sourcing, where we can make a difference; resource efficiency, where we work hard to reduce energy consumption and greenhouse gas emissions; employee safety, where 2013 was a year with a focused and elevated safety initiative; and local community engagement.

2014

In early 2014 AAK launched a new company program, AAKtion, that will guide AAK through 2014-2016.

Based on AAK's customer value propositions for health and reduced costs, our customer product co-development and solutions approach, we continue to remain prudently optimistic about the future.

The main drivers are the continued positive underlying development in Food Ingredients and the continued improvement in Chocolate & Confectionery Fats.



Arne Frank

AAK's vision

“The first choice for value-added vegetable oil solutions”

The vision consists of three important parts:

First choice

- The first choice for our stakeholders: customers, employees, suppliers and shareholders.
- We aspire to be our customers' preferred choice which requires us to be competitive, have consistent quality standards, and to be an ultra reliable supplier.
- First choice is also about time. We aim to have a fast time-to-market of new, value-added solutions.

Value-added solutions

- We sell complete solutions, not just products.
- Our value-added solutions are based on our expert knowledge of customer needs.
- A value-added solution is not just a final product but also a complex bundle of services, such as customisation, problem-solving, market advice, delivery systems, technical support and whatever else is required to meet our customers' needs.
- We continually strive to increase our share of value-added solutions relative to bulk products sales.

Vegetable oils

- This is our core business.
- Our business is built around the world of vegetable oils.
- We offer a wide range of products and services related to vegetable oils.



AAKtion

Our strategy is to reinforce our position as global market leader within speciality vegetable oils and to use that to deliver on our objectives. The strategy supports our vision: to be the first choice for value-added vegetable oil solutions.

AAK Acceleration

AAK Acceleration has guided and driven AAK's development during 2011-2013. The AAK Acceleration programme had three priority areas:

- ◆ Growth
- ◆ Efficiency
- ◆ People

Twelve priority projects addressed key opportunities within these areas. This has resulted

in good progress and strong results, as well as improved AAK's position in the market which has resulted in a stronger financial performance.

AAKtion

In early 2014 AAK launched a new company program that will guide AAK through 2014-2016. The name of the program is AAKtion – a clear signal that action and execution will be central to keep up the current momentum and to continue to develop AAK further.

AAKtion will put additional focus on three specific areas to support the organic growth:

- ◆ Sales
- ◆ Innovation
- ◆ Execution

Several of the current key strategic directions will continue to be the corner stones of the AAK strategy:

- ◆ Focus on semi-speciality and speciality products
- ◆ Strong focus on organic growth
- ◆ Expansion in growth markets
- ◆ Customer co-development
- ◆ Growth based on food safety and responsibility

The previously communicated management ambitions on financial performance remain unchanged.

The first choice for value-added vegetable oil solutions



SALES



INNOVATION

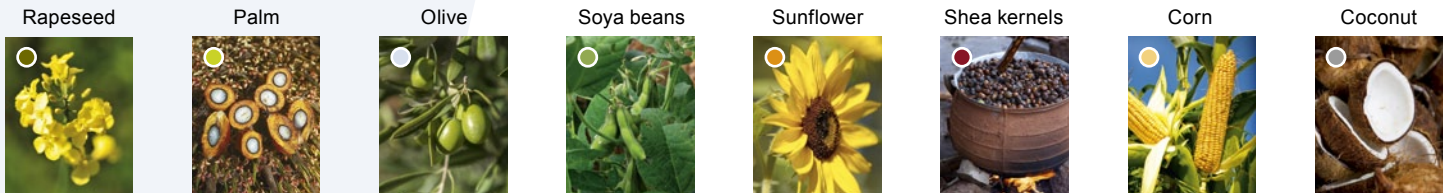


EXECUTION

PEOPLE

The business model

– speciality vegetable oils and fats



AAK's core business is speciality vegetable oils that meet the needs of the food, confectionery and cosmetics industries. Sourcing renewable raw materials from around the globe, we manufacture our broad product portfolio at 12 production plants in Europe and the Americas.

Our products are of both nutritional and functional value, outstanding in their structure, melting and crystallisation behaviour, rheological properties, flavour release and skin penetration. Product development is often carried out in close cooperation with customers, suppliers, research organisations or other external partners. This ensures a strong fit with market and customer needs and takes advantage of the latest technologies.

Supporting our strong focus on customisation, we operate a highly flexible production process. This enables us to respond to specific customer needs for many different functionalities, such as health profile, taste, processing, logistics, labelling and legal re-

quirements. In each case, our technical and commercial experts identify the optimum solution to a specific need.

Natural raw materials

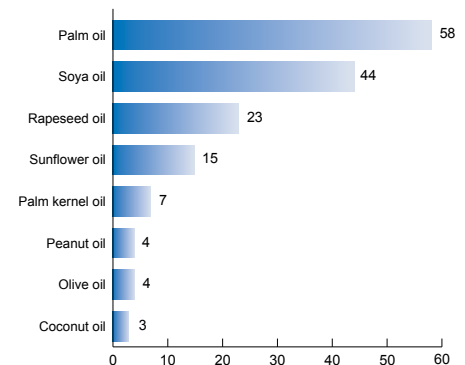
We obtain our raw materials from rapeseed, palm kernels, soya beans, shea kernels, sunflower seed, olives and many other sources. Drawing on our extensive knowledge, and more than a century of experience, we exploit the properties of vegetable oils to add value to customers within our target industries.

We source raw materials from all over the world:

- ◆ Rapeseed from Northern and Central Europe
- ◆ Palm kernels from Asia
- ◆ Palm oil from Asia and Latin America
- ◆ Olive oil from Southern Europe
- ◆ Soya beans from the US and South America
- ◆ Sunflower seed from Eastern Europe and Mexico

- ◆ Shea from West Africa
- ◆ Corn primarily from America and Eastern and Southern Europe
- ◆ Coconut from Malaysia and the Philippines

World-wide production 2013*



* Preliminary figures.

Source: OIL WORLD Statistics Update Jun. 21, 2013

What is fat and why do we need it?

Fat is essential to life. The many types are divided into four main groups:

- **Saturated fat** is found in animal products such as butter, cream, milk, meat and vegetable oils from tropical plants, such as coconut oil and palm oil. Saturated fats are characterised by their ability to remain solid at room temperature.
- **Monounsaturated fat** is found in almonds, olive oil, rapeseed oil and other vegetable oils. Monounsaturated fat is suitable for cooking, being more heat stable than polyunsaturated fat.
- **Polyunsaturated fat** is found in shellfish, oily fish such as salmon, mackerel, herring and sardines, and vegetable oils. Omega-3 and Omega-6 are examples of polyunsaturated fats.
- **Trans fats** are a particular form of unsaturated fats. They occur naturally in milk and fat from ruminants, but are also formed when vegetable fat is hardened (hydrogenated).

Fat is part of all the cells in the body. Our bodies need fat to produce hormones and other important substances.

- Vitamins A, D, E and K are fat-soluble. That means the body's ability to absorb these vitamins is dependent on the presence of fat.
- One-third of our daily energy requirements must be met by calories from fat. For adults, this means a daily fat intake of 60–90 grammes, each gramme containing nine calories. Carbohydrates and proteins contain four calories per gramme.
- Saturated fats and trans fats are believed to increase the level of "bad" LDL cholesterol in the blood, while unsaturated fats have a positive effect on blood cholesterol.



Health trends

Developing fats with special properties involves continuous work to bring to market products with characteristic functionalities such as healthier composition or other specific functionalities. As our customers strive to respond to the fast-changing demands of their markets, it has become increasingly necessary for us to meet their needs by developing customised, highly functional products.

Many customer demands are inspired by health trends. Over the years, our expertise has enabled us to maintain high fat functionality while eliminating trans fats, believed to increase the risk of cardiovascular disease. Similarly, many of the products in our range are now processed without a hydrogenation

step, which has become widely associated with trans fat, and are either low or very low in saturated fats. In many countries, health authorities actively encourage consumers to reduce their consumption of saturated and trans fat.

Responsible growth

Responsible growth is a key objective of our AAK Acceleration programme and essential to our vision of being the first choice for value-added vegetable oil solutions. For us responsible growth is about our responsibility towards all of our key stakeholders – the local communities where we operate, our global customers, employees, investors and suppliers. The foundation of our model for responsible growth is the ten principles of

the UN Global Compact and our policies and codes. Driving progress, we work with five focus areas: Marketplace, Supply Chain, Environment, Workplace and Community where we continuously set and deliver on ambitious objectives and benchmarks for our performance, internally and externally.

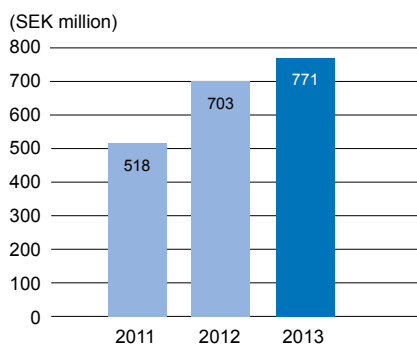
The interaction with customers is based on sound business ethics and a deep understanding of our responsibility for safeguarding customer brands. As a supplier of ingredients for some of the world's best-known brands, we recognise our role and our customers' expectations and see these as key elements in the execution of our AAK Acceleration programme.



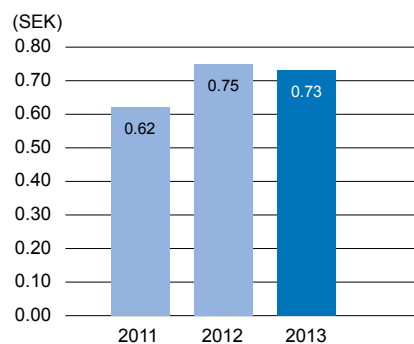
Business Area Food Ingredients

In the area of Food Ingredients, 2013 was another successful year for AAK with strong growth and record-high operating profit. Through our market-responsive and health-oriented solutions, we continue to demonstrate our ability to meet customer needs.

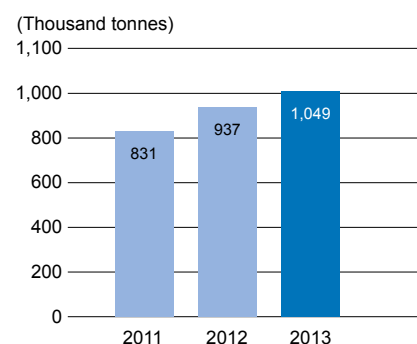
Operating profit



Operating profit per kilo



Volumes



Food Ingredients

(SEK million)	2011	2012	2013
Net sales	10,076	10,729	10,798
Operating profit	518	703	771
Operating profit per kilo, SEK	0.62	0.75	0.73
Volumes, thousand tonnes	831	937	1,049

Innovative solutions, continued customer co-development and consistency in quality have further strengthened our position as the first choice for vegetable oil solutions across a wide global customer base. Particularly our fast responsiveness to the changing requirements of the food industry has enhanced our customer relationships and competitive edge. Market changes and new legislations are the drivers for creating renewed value-added solutions for our customers. Our continued im-

plementation of such changes is an important means for us to generate continuous growth.

Health is one of the key trends in the market in which AAK has taken a proactive role.

Health trends in the food industry

The trend towards healthy food continues to dominate developments in the food processing industry.

The physical characteristics of liquid oils and the composition of certain soft oils like

rapeseed oil, which is both high in omega-3 and has the lowest saturated fatty acid content of any oil, are excellent for creating healthier oil solutions with great functionalities.

The demand for reduced saturated fat levels continues to drive the development of products with more added value. Increased demand for customised solutions in a number of growing segments act also as a source for further demand for AAK's know-how within the field of new unsaturated vegetable oil solutions.

Consumers demand high and persistent quality products and healthier food products. Together with our customers we drive the development of healthier alternatives for the consumer market. Our ability to select the right components from a vast range of vegetable oils and fats means that we are able to create efficient solutions that satisfy most new demands through customer co-development.



Infant Nutrition

Infant Nutrition remains the fastest-growing market segment within our Food Ingredients area. High demand for customised blends of speciality oils and fats for premature and first-stage formulas has again enabled us to extend our share of this fast-growing market dramatically. Sales of InFat™ has further increased in importance and are now growing rapidly, not only in Europe, but also world wide. This structured lipid component for infant formulas is sold through Advanced Lipids, the joint venture between AAK and Enzymotec. Our proven track record of being a trustworthy, reliable supplier and partner in the field of Infant Nutrition enables us to grow further in a strong and competitive way.



A competitive market

We operate in a fiercely competitive market alongside several major competitors, some of which are more active in bulk commodity oil supply, while others also operate in the speciality segments. In Europe, more than 120 local refineries also make a real impact.

In segments that require specialised capabilities and knowledge, however, we benefit greatly from our cutting-edge position within product development and technical know-how. This is particularly true regarding dairy fat alternatives, oils and fats for the bakery industry, speciality fats for infant formulas, and in the area of food service. The AAK Acceleration programme has given us the results we were working for with a clearer focus on sales and market development activities, enabling us to exploit our strengths and competitiveness.

Customised solutions

We are offering customised products in nearly all categories. The majority, however, are to be found among our specialities for

the Bakery, Dairy, Infant Nutrition and Food Service industries. Our aim is to offer customers products with greater added value and, through that, increase the value of our speciality product lines.

New products

The extension of our Bakery, Dairy, Food Service industries and Infant Nutrition product ranges has strengthened our unmatched performance in all of these food segments. Providing solutions with minimum saturated fats, while not compromising on the physical characteristics, we have gained an excellent platform for improving the health profile of nearly all customer products.

New additions such as non-hydrogenated, non-trans and increased levels of low saturated fats, have supported our business and customers significantly. These are all clear examples of how new product development and innovation in close collaboration with customers can create clear value-added solutions.

Regional markets

Europe

With factories in Sweden, the UK, the Netherlands and Denmark, and sales organisations in nearly all countries in Europe, AAK has become a leading company throughout Europe. With our new organisation in Turkey we are now also one of the strongest players in this region.

In the UK, the implementation of AAK's speciality strategy has paid off, and we are now performing well in the field of speciality oils & fats in the same way as our other AAK units. Our principal operation is at the plant in Hull, while AAK Food Service is based in Hull and Runcorn.

Mexico

In an environment characterised by high competition, product commoditisation, and an increasing concern for health and environmental issues, AAK Mexico has managed to produce solutions that fit and surpass our customers' requirements, reiterating our position as a high-quality value-added solutions provider.

AAK Mexico has become an important supplier for most companies that require the use of fats and oils in their processes. We have continued to invest in projects that position AAK Mexico ahead of the industry needs, thus creating a competitive edge in innovation.

Strategic precision and assertive execution have proven to be key elements in our day-to-day operations. Simultaneous, focus on market demands and in the development



of the competences of our people has been a successful equation.

AAK Mexico will continue to be a provider of a wide range of solutions to meet the expected challenges of the market in the future.

USA

2013 was a year of recovery for AAK USA following Hurricane Sandy, especially at the Port Newark, New Jersey facility. From adversity comes change and renewed energy, and AAK USA came together and redoubled its efforts to delight customers with value-added solutions. Hence, AAK quickly rebuilt trust with customers who were impacted by the storm.

The Bakery business centered on the Louisville, Kentucky site continued to deliver strong growth. We had numerous examples of AAK's customer innovation team working hand-in-hand with customers to deliver outstanding products to consumers. AAK USA continues to invest in the Louisville facility to drive improvements in safety, quality and productivity as we prepare to capture future growth opportunities.

The integration of Oasis Foods into the AAK family continued in 2013. The exchanges of best practice brought numerous efficiency and growth opportunities. As AAK's go-to-market teams focused on food service and food manufacturing share knowledge and customer insight we expect to identify new opportunities for growth.



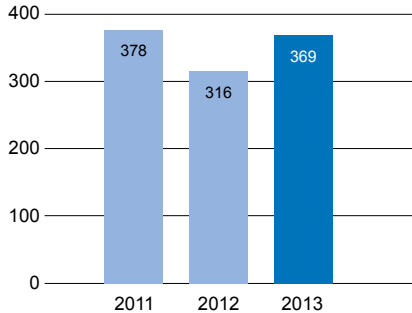


Business Area Chocolate & Confectionery Fats

Chocolate & Confectionery Fats continued to follow the AAK Acceleration programme, where one of the priority projects was to achieve organic growth within the business area. Our vision is to be the world-leading supplier of value-creating speciality fat solutions to the leaders in the confectionery industry, and we focus on increasing our global presence. In 2013 market conditions eased up with rising cocoa butter prices.

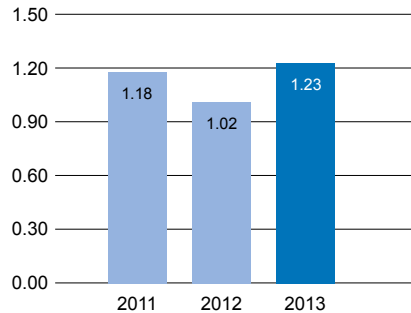
Operating profit

(SEK million)



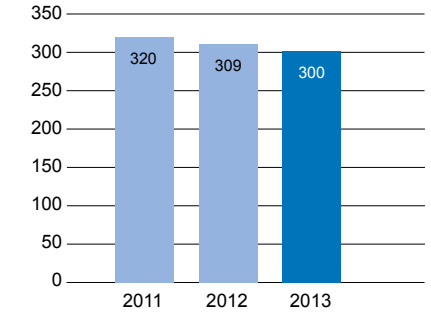
Operating profit per kilo

(SEK)



Volumes

(Thousand tonnes)



Chocolate & Confectionery Fats

(SEK million)	2011	2012	2013
Net sales	4,954	4,583	4,200
Operating profit	378	316	369
Operating profit per kilo, SEK	1.18	1.02	1.23
Volumes, thousand tonnes	320	309	300

Chocolate & Confectionery Fats produces speciality vegetable fats used as cocoa butter replacements in chocolate products and fillings, as well as in speciality products for the cosmetics industry.

Solutions for our chocolate customers

Based on the market and customer needs, we offer a wide product portfolio. Many of

our new product launches are developed and customised in close cooperation with our customers. Our solutions for the confectionery industry cover a wide range of product applications, including chocolate fats and compound fats for coating and moulding, filling fats, barrier fats and spreads.

Recognising the regional variations in the functionalities our customers seek, we strive



to adapt our solutions to create the greatest possible benefit for the customers' business and to the end-users' chocolate experience. The typical functionalities we offer influence the taste, appearance and texture of the final confectionery product.

As AAK has a strong market focus, we deliver innovative solutions that reflect market trends and anticipate customer requirements. Our wide product range is the result of targeted development work carried out in our laboratories, where we work with customers and suppliers. AAK offers technical service to our customers to optimise their use of our solutions in their factories. We often organise academies for customers to inspire them about newly developed applications and concept proposals for use in their products.

Our innovative projects to develop healthier versions of our products have proven to be successful, so we are able to offer products that both comply with high food safety standards and are free of trans fats and low in saturated fats. Today, most of our products are completely without trans fats.

Driving growth globally

We are focusing on maintaining and developing good and strong relations with existing customers, and on developing new contacts in emerging markets. This dual focus creates a well-balanced growth.

AAK is a strong, long-term business partner, working in close partnership with global accounts and regional leaders within the confectionery industry. As we continue to expand our worldwide organisation, we supply our customers from our production plants all over the world.

We also focus on major emerging chocolate markets where growth is driven by the rising income of a growing middle class, increasing urbanisation and a higher level of health awareness. Here, new innovations characterise changes in the food industry, such as the increasing convergence of the chocolate confectionery and bakery segments and the snacking trend. This adds changes and complexity within product innovation and production, which fits very well with the AAK business model for customer co-development.

A product addressing every customer's need

Our products and value-creating solutions offer the customers an opportunity to differentiate their confectionery products to make them preferred by consumers. We offer a customised product range under the following brands:

- ◆ Illexao™ – Cocoa Butter Equivalents or Improvers (CBE/CBI) for chocolate cost reductions or chocolate with added or improved functionality
- ◆ Akopol™ – Cocoa Butter Replacers (CBR) for compounds with cocoa tolerance
- ◆ Cebes™/Silko™ – Cocoa Butter Substitutes (CBS) for compounds with fast meltdown and fast crystallisation
- ◆ Chocofill™/Deliair™ – Filling Fats for customised fillings in line with customer needs

A typical chocolate filling contains 30 percent filling fat, which plays a key role in securing a good chocolate experience in terms of stability, melting properties, texture, flavour release and health profile. Additional benefits of our product range include improved mouthfeel and prolonged bloom stability for a longer shelf life. Efficient barrier fats allow the inclusion of, for example, nuts in a filling.

Right materials

Every stage of our value chain requires specialist expertise – from purchasing of raw materials to marketing and sales. When purchasing raw materials, we maintain a high level of quality control to ensure food safety, but also a high focus on initiatives to ensure corporate social responsibility.

Shortening the shea supply chain

For decades, the shea kernel has been an important source of nutrition and income in the rural parts of West Africa. We have been involved ever since the first kernels were exported in the 1950's and are today the biggest consumer of shea kernels outside Africa. Over the past few years, we have successfully shortened the supply chain to include only those participants that actually add value. One consequence of this is that we now also obtain direct supplies from thousands of rural women in Burkina Faso and Ghana.

The volatile cocoa market

Cocoa butter has now tripled in price since the lows of the first half of 2012 with a positive effect on CBE in both volume and value. For further information regarding cocoa and cocoa butter, please refer to information at www.icco.org.

Functional ingredients for beauty and personal care

AAK develops and sells functional lipids for use in skin care, hair care, colour cosmetics and various personal care products. Our Lipex® range is appreciated for its moisturising and softening ability and positive effect on skin health.

Having worked with lipids for the cosmetic industry for the past 30 years, today we rank among the world's leading specialists in the area. All our ingredients are based on vegetable oils, distinct from alternative, synthetic, animal or mineral oil-based raw materials.

Global Reach

The beauty and personal care industry is international. The ten largest companies hold 50 percent of the global market, and typically increase their market share each year, often through acquisitions of regional brands. Consequently, we sell Lipex® all over the world.

Dynamic market trends

A growing number of consumers make daily use of beauty and personal care products. Main drivers of this trend are economic development in Asia and South America, and the rising interest in skin care and grooming products for men.

Today, the industry has coupled its traditional focus on innovation and novel-

ties with an increased emphasis on safety, naturalness and sustainability – a trend that supports the use of safe, sustainable and functional ingredients based on natural raw materials. At AAK, we expect to see sustainable vegetable oil solutions increasingly replace synthetic and mineral-based solutions.

Sustainable ingredients

The Lipex® product line is made from natural, renewable raw materials. Shea butter, with its beneficial properties, is the most sought-after, vegetable-based raw material in the cosmetic industry. Shea is widely recognised for its skin softening and moisture-retaining properties while its anti-inflammatory function contributes valuable skin healing and protecting effects.

Other Lipex® products are produced from mango, illipe, cocoa, rapeseed and more. Rapeseed grown in Sweden contains high levels of valuable bioactive lipids – excellent for sensitive skin products, sun care and baby care.

Product development delivering customer value

Our product range is under constant development in close consultation with our customers. Drawing on the technical and commercial insights our customers provide, we are able to shape a well-considered response to market trends.

Much of our product development focuses on developing products with specific functions and active substances. The aim is to create new ingredients that combine basic functions, such as moisturising or softening properties, with more advanced functions, such as protection against UV rays and environmental contaminants.

At AAK, we enhance the power of nature, with the objective of creating new, attractive ingredients that open new opportunities for our customers.



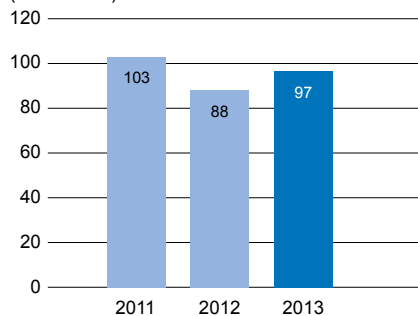


Business Area Technical Products & Feed

Technical Products & Feed saw another year of decreasing net sales – and at the same time improving operating profits. The explanation is lower prices on raw materials – and an improving feed and technical fatty acids business.

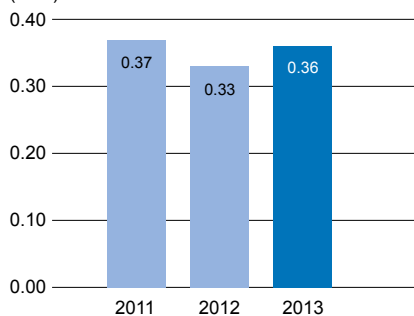
Operating profit

(SEK million)



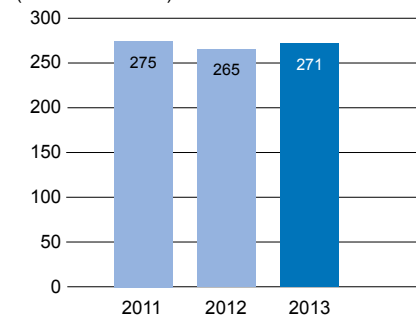
Operating profit per kilo

(SEK)



Volumes

(Thousand tonnes)



Technical Products & Feed

(SEK million)	2011	2012	2013
Net sales	1,665	1,599	1,539
Operating profit	103	88	97
Operating profit per kilo, SEK	0.37	0.33	0.36
Volumes, thousand tonnes	275	265	271

Our Technical Products & Feed business area is an excellent example of the role that vegetable oils play with respect to the environment and health. Within forestry, for example, our biodegradable lubricating products for logging machinery minimise the discharge of pollutants. Candles are another example. Made from renewable fatty acids rather than paraffin, their carbon diox-

ide emissions are significantly lower. Within farming, dairy cattle can benefit from vegetable-based feed that has excellent nutritional properties. With the exception of our Binol range, technical and feed products are made from the residual fractions that remain after food oil production. The market is primarily in Northern Europe.

Industrial applications

We produce fatty acids and glycerol by splitting the fat molecule and refining the outcome into high-purity products.

Our Tefac fatty acids in the form of fatty esters and amines go into a broad range of industrial oleochemical applications. Other important application areas include paper chemicals, soap, surfactants, rubber and plastics. Consumers also gain direct benefit when they buy stearine candles which, based entirely on fatty acid, are a sustainable alternative to paraffin wax.

Glycerol is used in a diversity of products, for instance cosmetics, explosives, paint, concrete and anti-freeze applications.

At present, the market for fatty acids and glycerol is undergoing a major consolidation process, which will inevitably lead to fewer, larger players. AAK is the leading supplier to the Nordic market, where most of the products are sold. Other important markets are Germany, Poland and Russia.

Technical oils – biolubricants

Our Binol and BioSafe technical oils cover processing fluids and lubricating oils for the

metalworking industry, along with hydraulic and chainsaw oils for the forestry and contracting industries.

Within the metal-working industry the replacement of mineral oil with renewable Binol products generates a significantly better working environment, in addition to improved lubrication performance and reduced overall cost. Increasing environmental awareness has a positive impact on sales.

Although the total market for lubricants is shrinking, our bio-alternatives to mineral-based products are gaining market share. Most Binol and BioSafe products are sold to end-users in the Nordic market. In other markets, we collaborate with various partners, who sell the products under their own brand.

Feed

For animal feed, our primary products are bypass protein and fats. When rapeseeds are pressed and the oil extracted, the remaining rapeseed meal is processed in our Karlshamn plant. The result is our protein-rich ExPro brand, which improves the effectiveness of feed protein and increases milk yield from dairy cattle. Our solid bypass fats

and liquid feed fats are also used as ingredients in feed for cattle and, to some extent, pigs and poultry.

As the name suggests, bypass protein and bypass fats are not digested in the rumen of dairy cattle. Instead they bypass the rumen and are absorbed as amino acids and fatty acids in the small intestine. High-yield dairy cattle require both in order to attain optimum milk production.

Some 98 percent of our feed products are sold in the Nordic region, where AAK is the market leader for bypass protein and bypass fats. Despite the continuing steady decline in the number of dairy farms in the region, the market for feed raw materials has changed very little in recent years, due to the consolidation of the dairy farming industry and increased yield per cow.



Risks

AAK's operations are constantly exposed to risks, threats and external factors with an impact on the company. Through a proactive approach to business intelligence, the company aims to anticipate changes in factors affecting operations. Plans and policies are adjusted continuously to counteract potential negative effects. Active risk management, such as hedging raw material prices and currencies, reduces the risks the company faces.

Raw materials

Harvests are weather-dependent. While a year of poor harvests drives up prices, a year of successful harvests reduces them. Most of our raw materials are traded on the international world market, where they are purchased in foreign currencies. This exposes us to significant currency and raw material price risks.

Our strategy of active risk management means that, as soon as a sales contract is signed, we hedge the equivalent currency and raw material price exposure. This safeguards margins against price risks on agreed sales contracts.

Since many raw materials are produced at a considerable distance from our production plants and markets, transport costs are an important factor. Particularly the potential impact on margins from the growing demand for environmentally-acceptable transport methods has to be taken into consideration. Competition in commodities is fierce.

The processing industry

AAK is part of the processing industry. Improvements in results are achieved through organic volume growth and by increasing sales of speciality products with higher margins relative to lower-margin bulk products.

Capacity expansion aimed at increasing total volumes in order to meet growing demand has a relatively long planning horizon. AAK must analyse potential growth in good time. In the meantime, it is possible to balance production among our 12 plants to enable processing of specific products closer to their markets and accommodate swings in supply and demand. Key speciality products are produced at dedicated plants, where problems with machinery can have a major impact. AAK has insurance cover for loss of margins and other consequences of business interruptions.

Political instability

Operating globally always carries risks, but it can also be a stabilising factor. Although AAK largely operates in mature markets in the US and Europe, much of company growth is generated in developing markets, which are vulnerable to political instability that can impact currencies and exchange rates. We also operate in Eastern Europe, the Middle East, Asia, Africa and South America, where instability may arise. As a well-established

operator in these areas, we have extensive experience of handling such issues. In addition, we operate with a deliberate risk management strategy.

Global operations involve a number of other risks, including:

- Trade barriers
- Inflation
- Changes in national or regional legislation, e.g. the introduction of protective tariffs and taxes, which prevent AAK from operating in a free market
- Environmental and health-related legislation

Changes in the competitive environment

The sector in which AAK operates is undergoing structural change. As a sector that has existed for just over a century and has a fundamental dependence on natural products, there is great pressure for more intensive development. This includes demands for sustainable, ethical production, where producers accept responsibility for social issues and the environmental impact of their operations. AAK operates on the basis of an organic growth and selective acquisition strategy. A strong balance sheet has laid the financial foundations for future acquisitions.

There is tough competition in the industry. Several global competitors deliver large volumes of bulk products with limited margins. Our response is to focus more on products with better margins and greater added value. These include confectionery products and cosmetics, as well as value-added ingredients for the bakery, dairy and infant nutrition industries.

The health trend

There is an ongoing debate on healthy alternative foods. The trans fat debate, for example, has been quite heated on occasion, resulting in a greater use of raw materials such as palm oil. Palm oil is a significant raw material for us at AAK and has a broad application area – from chocolate to foods and cosmetics. A great alternative to hardened fat, it is semi-solid at room temperature, making it an attractive choice in the production of many foods. By using palm oil, trans fats can be eliminated from many food products.

We have the ability to adapt our product range quickly to the latest trends in the health debate. This is largely due to the fact that we work with all types of vegetable oils and can reformulate our products fairly easily to meet customer needs. We focus strongly on product co-development with our customers. This limits the risks involved in commercialising new products.

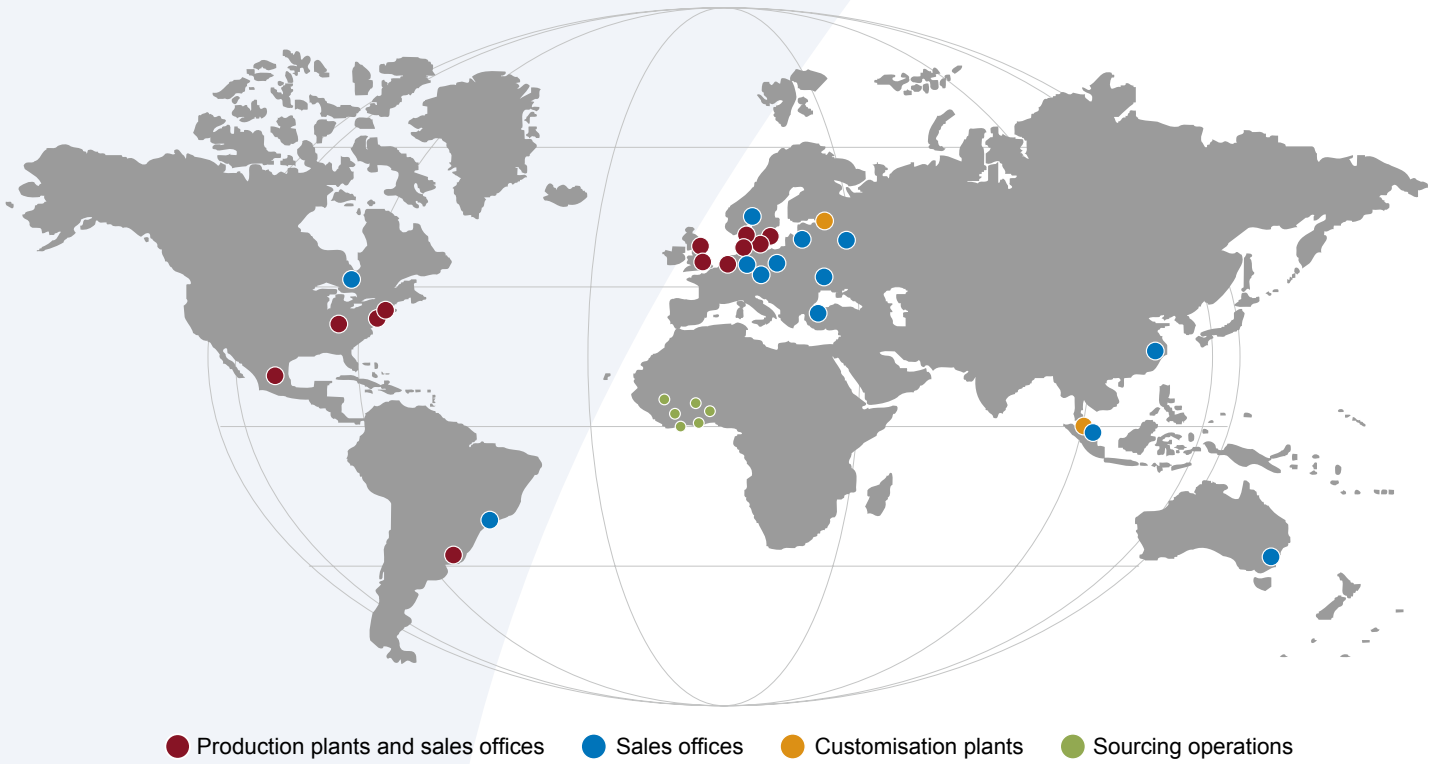
Regulatory measures also pose a risk. Active involvement in Corporate Social Responsibility related issues is, therefore, becoming increasingly important to forestall legislation on issues that are a natural development of human requirements.

Highly skilled

Business operations are affected by raw material prices, transport costs, energy prices, interest rates and exchange rates. Our managers and their staff are experienced in reacting quickly to changes in external factors and adapting operations, products and services to customer needs.



Employees



Our people are key to our success

With employees in more than 25 countries on five continents, AAK is a truly global operation. Today we have 12 production sites in 7 countries and a global procurement and sales organisation. Organic growth and acquisitions are expanding that global presence. In 2013, we were pleased to welcome 38 new colleagues from Unipro (Turkey) to the AAK family.

AAK had an average of 2,207 employees in 2013. During the year, the number of employees remained stable, with organic growth and the acquisition being offset by continued restructuring of our European sites. Hence, we also had to say goodbye to a number of employees. We thank each and every one of them for their dedicated efforts for AAK and wish them the best of luck in their future endeavours.

2013 was 'Year of Safety' in AAK

In 2013 we had our 'Year of Safety' with focus on further increasing safety in all aspects of our operations. Here, we promoted the responsibility of each employee to think safety and implementation of the safest practices. Our safety scope includes every facet of our operation from process and manufacturing safety to the sales force and administration. The global safety management team was

formed to address AAK safety on a global scale and to establish world-class safety standards throughout AAK. We work to strengthen our safety culture with every employee throughout the organisation. Therefore we have developed and implemented procedures dealing with change management, auditing, incident tracking and process safety management based on national legislation, international regulations, comparisons with industry standards and our own AAK requirements.

Review and develop

Aligning all our efforts is key to reaching the AAK growth objectives. To ensure that objectives are aligned throughout the organisation, all employees completed their Performance and Development Plan (PDP) during the first half of the year. As part of the PDP, all employees discuss last year's performance and objectives with their managers, and new performance objectives are set along with a plan for personal development

To ensure that all employees are properly qualified for their job, extensive training takes place, either locally or as part of our global training programmes.

In 2013, we continued to focus our attention on training our commercial organisation. We continued our global sales training pro-

gramme for new commercial employees, and further we strengthened our product training. All this was aimed at helping our team improve their ability to identify customer opportunities and create more value for our customers.

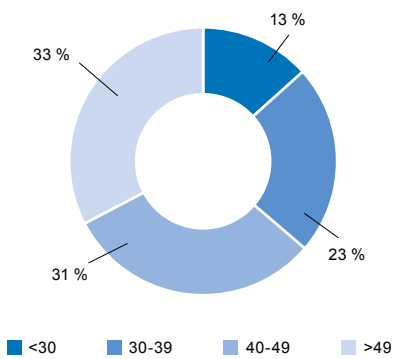
The first batch of trainees completed our 12-month graduate trainee programme successfully and all of them are now continuing their careers in AAK. A new batch of trainees were enrolled in the graduate trainee programme in both commercial and operational positions, where they will gain a deep insight into both the operational and commercial value chain as well as receive formal training.

Communication is key

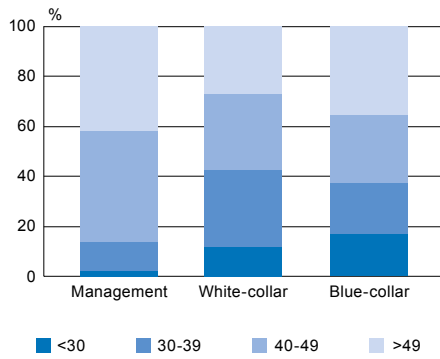
Strong dedication to internal communication is vital to ensure engaged and committed employees who understand the company objectives as well as their link to the employees own personal objectives. Town hall meetings, articles on our global intranet, monthly management conference calls and communication packages are used to ensure that all AAK employees are well informed and understand how they can make the best contribution.



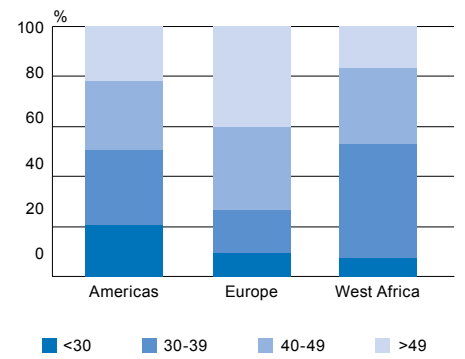
Employee distribution by age



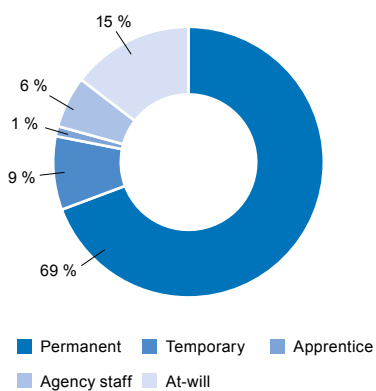
Employee category by age



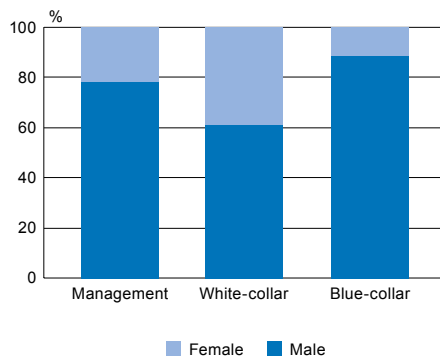
Employees by age



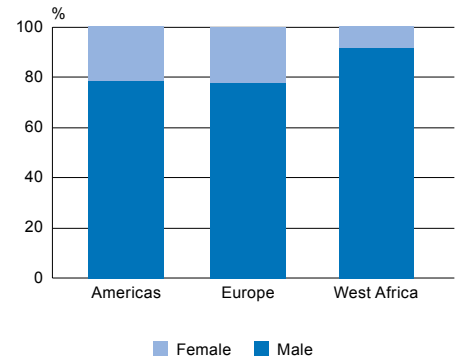
Employment contract type



Employee category by gender



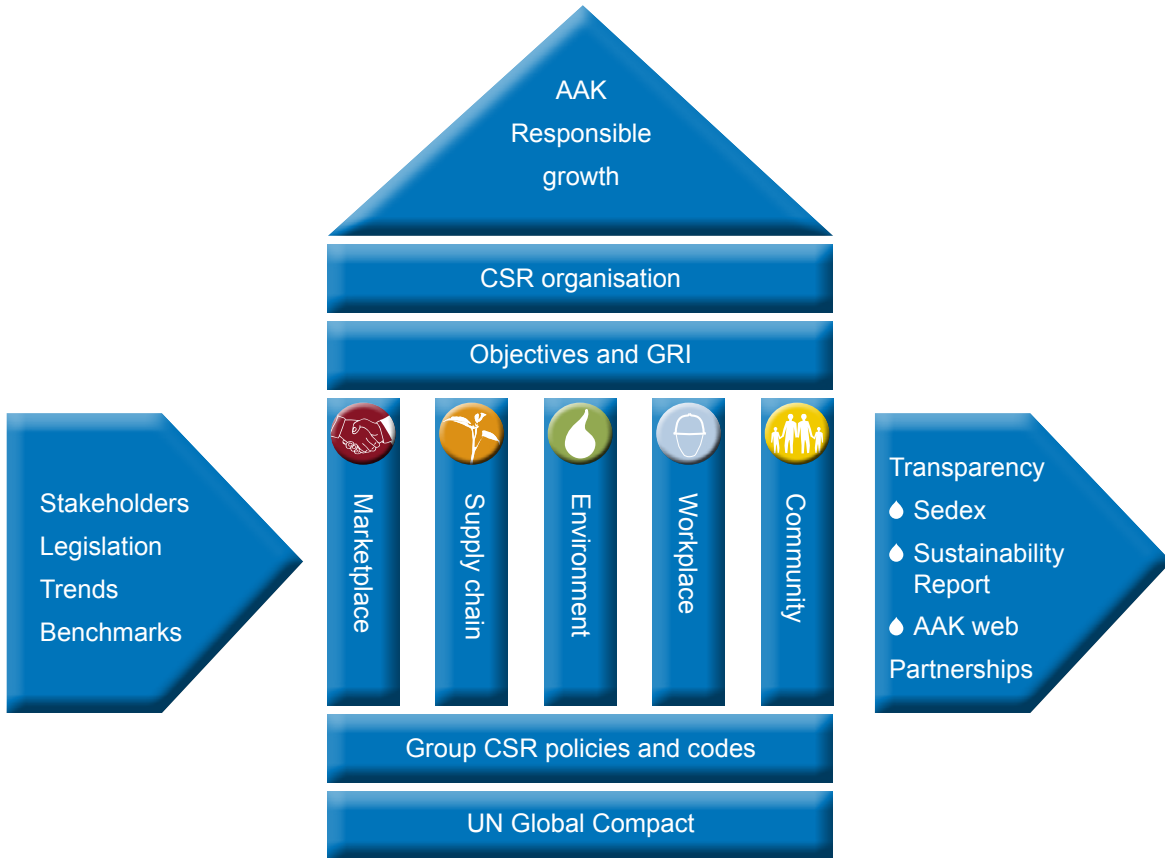
Employee gender



Responsible growth

Responsible growth is the key objective of our AAK Acceleration programme, and is essential to our vision of being the first choice for value-added vegetable oil solutions. For us, responsible growth is about our responsibility towards all of our key stakeholders – the local communities where we operate, our customers, our employees, our investors and our suppliers.

Based on our strategy, input from our stakeholders and market trends we have developed a model for responsible growth to guide our global Corporate Social Responsibility work.



The UN Global Compact (UNGC) is a solid platform and a broad concept based on ten universal principles within Human and Labour Rights, Environment and Anti-corruption. It enjoys participation by all of the major players in global business and CSR, including the GRI (Global Reporting Initiative), ETI (Ethical Trading Initiative), ICC (International Chamber of Commerce) and OECD (Organisation for Economic Cooperation and Development). AAK has been a member of the UNGC since 2002.

AAK's CSR policies and codes are based on the UNGC, and apply globally to all AAK business activities. As are the policies and codes of many of our customers, which enhances our strategic alignment.

We have defined five CSR focus areas – the 'pillars' – that are important to our business. These provide an overview and help us focus our resources.

To maintain momentum and drive improvement, we define objectives within each of the five focus areas. Further, we monitor many other indicators internally, based on the GRI guidelines.

The engine behind all of this is our global CSR organisation, established in 2007.

To be transparent and share information with stakeholders is also part of our approach. Sedex facilitates the sharing of information with local customers. Our Sustainability Report shares information globally, primarily with investors in AAK, and via the web with all stakeholders. Partnering with

other businesses, NGOs, and governmental agencies is a key element of the Global Compact concept, and we are proud to participate in several partnerships. The RSPO, the Global Shea Alliance, the UNDP and the Burkina Faso project are a few examples of these.

Our CSR system is not static, adjusting instead to input from such stakeholders as customers, investors, and employees. We monitor new and upcoming legislation. We follow trends in our communities, and benchmark our CSR practices against those of retailers, customers and competitors.

Our overall objective is to grow AAK responsibly and achieve sustainability as a whole.

CSR organisation

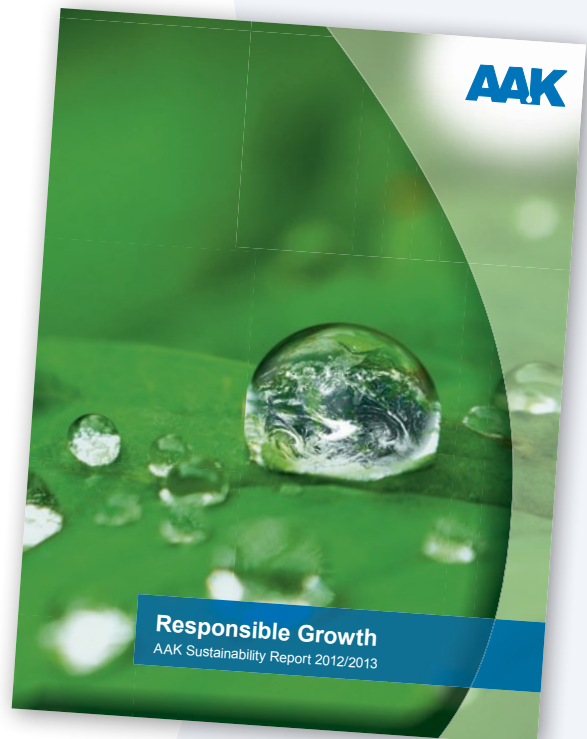


AAK's model for responsible growth covers the five focus areas Marketplace, Supply chain, Environment, Workplace and Community. In our annual sustainability report we present the key achievements within each of these areas.

Some examples of this year's progress are:

- 6.4 percent reduction of total direct CO² emissions per processed unit
- 13 percent decrease in total waste
- 25 percent decrease in lost days rate thanks to improvements in work safety
- 95 percent of direct raw material suppliers approved and signed the AAK Supplier Code of Conduct
- More than 30,000 women collecting shea kernels are now included in the AAK Kolo Nafaso programme

To obtain a printed copy, please contact AAK Corporate Communications at comm@aak.com



Board of Directors



Melker Schörling

Chairman of the Board of Directors.

Elected in: 2005 (Karlshamns AB 2001).

Born: 1947.

Nationality: Swedish.

Main occupation: Chairman of the Board of Directors of Melker Schörling AB.

Qualifications: BSc. in Economics and Business Administration.

Professional background: CEO of a number of companies, including Securitas AB 1987-1992 and Skanska 1993-1997.

Other directorships: Hexagon AB, Securitas AB and HEXPOL AB and member of the Board of Directors of Hennes & Mauritz AB.

Number of shares: Melker Schörling AB holds 14,318,350 shares (35 percent) in AAK.



Arne Frank

Elected in: 2010.

Born: 1958.

Nationality: Swedish.

Main occupation: President and CEO, AarhusKarlshamn AB.

Qualifications: MSc. in Industrial Engineering and Management.

Professional background: Chairman, CEO and President of TAC, Executive VP of Building Automation Business Unit at Schneider Electric SA, Chairman and CEO of Carl Zeiss Vision Holding GmbH.

Other directorships: Member of the Board of Directors of Alfa Laval AB (publ).

Number of shares: 364,550 (together with family through own company).



Ulrik Svensson

Elected in: 2007.

Born: 1961.

Nationality: Swedish.

Main occupation: CEO Melker Schörling AB.

Qualifications: BSc. Economics and Business.

Professional background: CFO of several listed companies, including Swiss International Airlines and Esselte.

Other directorships: Member of the Board of Directors of Assa Abloy AB, HEXPOL AB, Loomis AB, Hexagon AB and Flughafen Zürich AG.

Number of shares: 0.

Members of the Board of Directors appointed by the employees



Leif Håkansson

AarhusKarlshamn Sweden AB.

Appointed by IF-Metall.

Elected in: 2005.

Born: 1957.

Nationality: Swedish.

Main occupation: Senior positions in trade unions and local and regional government and Board work.

Qualifications: Electrical engineering.

Number of shares: 0.



Annika Westerlund

AarhusKarlshamn Sweden AB.

Appointed by PTK-L.

Elected in: 2005.

Born: 1956.

Nationality: Swedish.

Main occupation: Laboratory Assistant.

Qualifications: Technical College.

Number of shares: 0.



Märit Beckeman

Elected in: 2006 (Karlshamns AB 2004).

Born: 1943.

Nationality: Swedish.

Main occupation: Project work at the Department of Design Sciences, Division of Packaging Logistics at LTH, Lund University.

Qualifications: PhD. Master of Science and Licentiate in Engineering.

Professional background: Project Manager, Consultant, Business development and Product/packaging development.

Other directorships: Member of the Board of Directors of Beckeman Consulting AB.

Number of shares: 0.



Lillie Li Valeur

Year elected: 2013.

Born: 1970.

Nationality: Danish.

Main occupation: Vice President in Arla Foods amba, responsible for South East Asia.

Qualifications: MBA and BSc. in Medicine.

Professional background: Strategy and business development; global and Asia market expertise; Food, ingredients, pharmaceutical and consultancy industry experience, B2C B2B commercial background with Novartis, Arla Foods and Bain & Co.

Number of shares: 0.



Märta Schörling

Elected in: 2013.

Born: 1984.

Nationality: Swedish.

Main occupation: Consultant Pond Innovation & Design.

Qualifications: MSc. in Business and Economics.

Professional background: Consultant Pond Innovation & Design.

Other directorships: Board member of Melker Schörling AB.

Number of shares: 0.

Auditor



Sofia Götmar-Blomstedt

Born: 1969.

Authorised public accountant.

Lead Auditor.

The company's auditor since 2013.

Executive Committee



Arne Frank

Elected in: 2010.

Born: 1958.

Nationality: Swedish.

Main occupation: President and CEO, AarhusKarlshamn AB.

Qualifications: MSc. in Industrial Engineering and Management.

Other directorships: Member of the Board of Directors of Alfa Laval AB (publ).

Number of shares: 364,550 (together with family through own company).



Fredrik Nilsson

Employed: 2007.

Born: 1977.

Nationality: Swedish.

Main occupation: Vice President AarhusKarlshamn AB. Chief Financial Officer (CFO).

Qualifications: MSc. Business Administration.

Number of shares: 0.

Stock options: 15,000.



Renald Mackintosh

Employed: 2002.

Born: 1951.

Nationality: Dutch.

Main occupation: Vice President AarhusKarlshamn AB. President Infant Nutrition, Food Service Continental Europe, Personal Care and Binol.

Qualifications: MSc. Food Technology.

Number of shares: 300.

Stock options: 40,000.



Octavio Díaz de León

Employed: 2007.

Born: 1967.

Nationality: Mexican.

Main occupation: Vice President AarhusKarlshamn AB. Managing Director AarhusKarlshamn Mexico.

Qualifications: MBA, BSc. Mechanical & Electrical Engineering.

Number of shares: 0.

Stock options: 40,000.



Edmond Borit

Employed: 2001.

Born: 1969.

Nationality: Peruvian and French.

Main occupation: Vice President AarhusKarlshamn AB. Managing Director AarhusKarlshamn South America.

Qualifications: MBA, BSc. Food Engineering.

Number of shares: 0.

Stock options: 38,000.



David Smith

Employed: 2001.

Born: 1960.

Nationality: British.

Main occupation: Vice President AarhusKarlshamn AB. President European Supply Chain.

Qualifications: MBA, Graduate Diploma in Business Management.

Number of shares: 0.

Stock options: 40,000.



Torben Friis Lange

Employed: 2010.

Born: 1963.

Nationality: Danish.

Main occupation: Vice President AarhusKarlshamn AB. President Asia, CIS, Middle East.

Qualifications: BSc. Dairy Technology, Graduate Diploma in Business Administration.

Number of shares: 0.

Stock options: 100,000.



Jens Wikstedt

Employed: 2014.

Born: 1958.

Nationality: Swedish.

Main occupation: Vice President AarhusKarlshamn AB. President Europe.

Qualifications: Bachelors degree of Economics and Business Adm.

Number of shares: 550.

Stock options: 0.



Terrence Thomas

Employed: 2013.

Born: 1962.

Nationality: American.

Main occupation: Vice President AarhusKarlshamn AB. President AAK USA and Canada.

Qualifications: MBA, BSc. Chemical Engineering.

Number of shares: 0.

Stock options: 40,000.



Karsten Nielsen

Employed: 1988.

Born: 1963.

Nationality: Danish.

Main occupation: Vice President AarhusKarlshamn AB. Chief Technology Officer (CTO).

Qualifications: Graduate Diploma in Food Technology.

Number of shares: 264.

Stock options: 15,000.



Anne Mette Olesen

Employed: 2010.

Born: 1964.

Nationality: Danish.

Main occupation: Vice President AarhusKarlshamn AB. Chief Marketing Officer (CMO) and CSR.

Qualifications: MBA, BSc. Chemical Engineering.

Number of shares: 0.

Stock options: 60,000.

AAK's Glossary

Amines – Chemical components containing an ammonia. When made based they are on a fatty acid it becomes a surfactant (for example used for cleaning) because it has both fat- and water soluble properties.

Amino acids – Acids containing ammonia, protein building blocks.

Bypass fats – Fats that have been tailored to bypass the rumen of ruminants, which means that a larger amount of fat and energy is left intact for high-yielding dairy cows.

CBA (Cocoa Butter Alternatives) – Fats with physical properties similar to those of cocoa butter, i.e., solid at room temperature and with very rapid melt-off in the mouth.

CBE (Cocoa Butter Equivalents) – A type of CBA which is chemically identical to cocoa butter, and which may be used in chocolate up to 5 percent according to EU legislation. Manufactured from exotic raw materials, including shea oil.

CBR (Cocoa Butter Replacer) – CBA with properties similar to those of cocoa butter. Is used in such things as chocolate coatings for cookies and biscuits. More user-friendly than CBE as no tempering is required.

CBS (Cocoa Butter Substitutes) – CBA with physical properties and application areas similar to those of CBR. Made from palm-kernel oil.

Cocoa butter – Fat extracted by crushing cocoa beans. Its composition lends chocolate its unique properties.

Crystallisation – The solidification process of an oil, the process going from the liquid (oil) phase to the crystallic (fat/solid) phase.

Esters – Chemical components of fatty acids and alcohols. Triglycerides, which are the main constituent of fat, consist of the alcohol glycerol and 3 fatty acids, and are thus a type of ester.

Fatty acids – Consist of carbon and hydrogen in long chains. At one end of the carbon chain is a carboxylic group. The commonest fatty acids in vegetable oils contain between 12 and 18 carbon atoms.

Glycerol – An alcohol that is one of the constituents of the fat molecule.

Hydrogenation – The process of adding hydrogen to the oil to saturate the double bonds in mono- or polyunsaturated fatty acids.

InFat™ – A speciality fat for infant formulas.

Lipids – A collective name for a wide range of natural products, which include fats.

Monounsaturated fat – Popular name for monounsaturated fatty acids. Fat within only one double bond along the carbon chain.

Monounsaturated fatty acids – Fatty acids with one double bond in the carbon chain.

Nutrition – Food, the process of taking in and absorbing nourishment.

Omega-3 – Polyunsaturated fatty acids in which the first double bond is located three carbon atoms from the end of the carbon chain.

Omega-6 – Polyunsaturated fatty acids in which the first double bond is located six carbon atoms from the end of the carbon chain.

Polyunsaturated fatty acids – Fatty acids with two or more double bonds in the carbon chain.

Rheological properties – Flow properties, viscosity. Describes the force it takes to make a material (semiliquid or solid) to change its form.

Saturated fats – Popular name for saturated fatty acids.

Saturated fatty acids – Fatty acids which does not contain double bonds in the carbon chain.

Snacking – Snacking is a habit of eating between regular meals and covers everything from beverages, fruit, cookies and chocolates.

Surfactants – A substance which is soluble in different materials, for example water and oil, therefore they are active on the surface of particles and help mixing components which are normally not mixable.

Trans fats – Popular name for fats containing trans fatty acids.

Trans fatty acids – Unsaturated fatty acids with a different kind of double bond than those naturally occurring in vegetable oils.

Unsaturated fats – Fats containing mono- and polyunsaturated fatty acids, a popular name for mono- and polyunsaturated fatty acids.

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This document is a translation of the Swedish language version. In the event of any discrepancies between the translation and the original Swedish AAK report 2013, the latter shall prevail.

AarhusKarlshamn (AAK) is one of the world's leading producers of high value-added speciality vegetable oils and fats solutions. These oils and fats solutions are characterized by a high level of technological content and innovation. AAK's solutions are used as substitute for butter-fat and cocoa butter, trans-free and low saturated solutions but also addressing other needs of our customers. AAK has production facilities in Denmark, Mexico, the Netherlands, Sweden, Great Britain, Uruguay and the US. Further AAK has also toll manufacturing operations in Russia and Malaysia. The company is organized in three Business Areas; Food Ingredients, Chocolate and Confectionery Fats and Technical Products & Feed. AAK's shares are traded on the NASDAQ OMX, Stockholm, within the Large Cap segment. Further information on AAK can be found on the company's website www.aak.com.

