First quarter results 2012

Oslo, 3 May 2012

Agenda

- Introduction
  Åge Korsvold, Acting President & CEO

- Highlights Q1-12
  Terje Andersen, CFO

- Orkla Brands
  Torkild Nordberg, CEO Orkla Brands

- Sapa
  Svein Tore Holsether, CEO Sapa

Q1-12 RESULTS

TERJE ANDERSEN, CFO

Highlights Q1-12

- Orkla Brands in line with last year
  - Underlying top line growth +4%

- Continued weak European markets for Sapa
  - Actions taken in Sapa Heat Transfer improved results compared with Q4-11

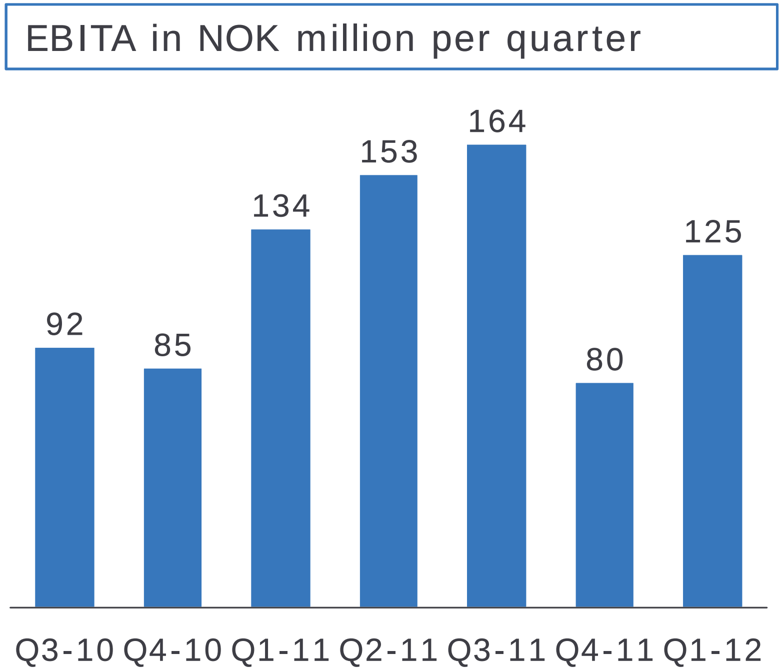
- A strong quarter for Borregaard
  - Market conditions still strong, however high raw material prices

- Net sale of shares NOK 1.1 billion in the quarter
  - Market value of the Share Portfolio at NOK 5.0 billion at 31 Mar 2012

- Gain from sale of real estate EBITA effect of NOK 103 million

Divestment of Borregaard
- a dual process

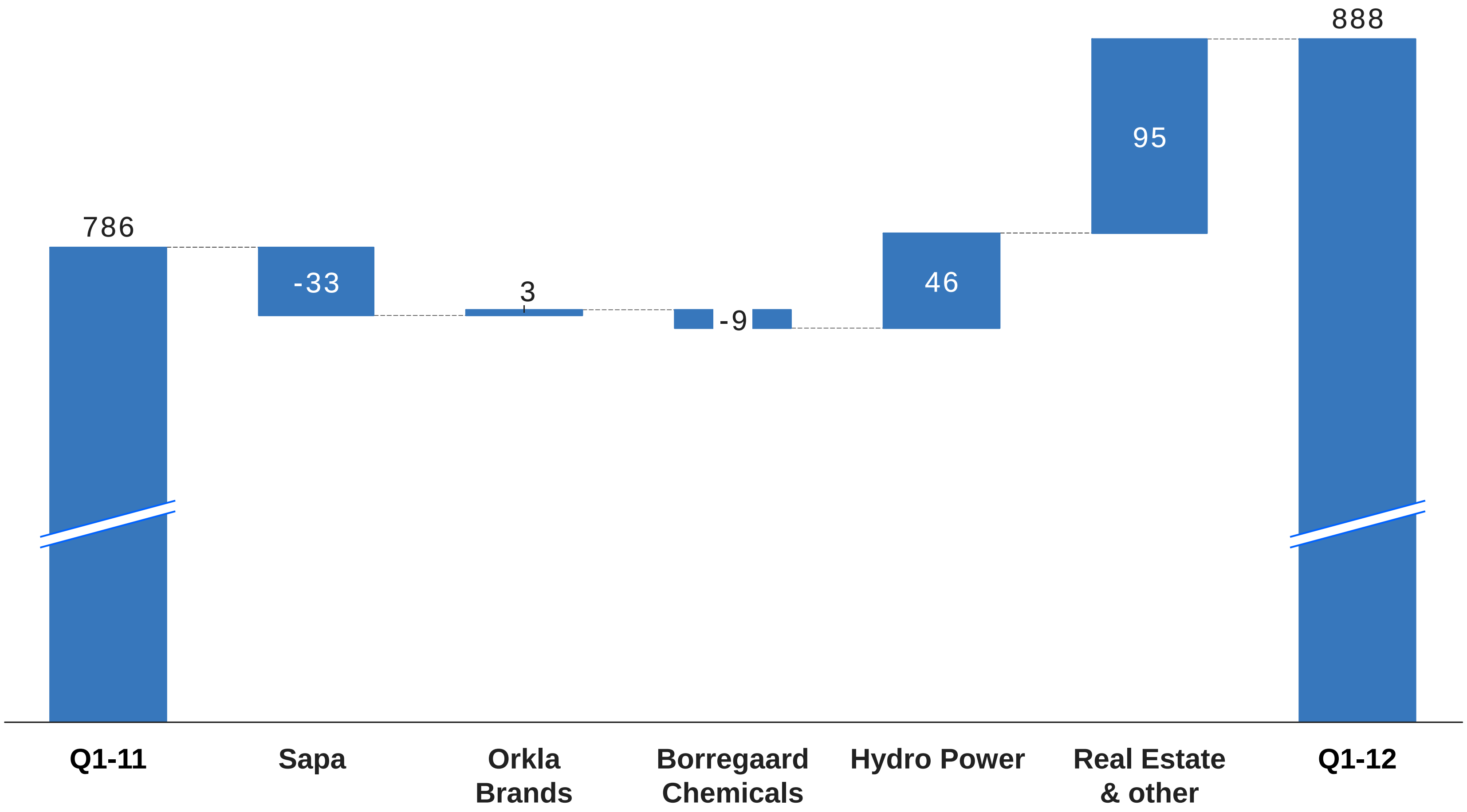
- A strong Q1-12 for Borregaard, with continued favourable market conditions
- Borregaard's industrial activities, separated from the hydro power assets as of 1 April 2012
- Preparations for IPO at full speed
- Targeting potential industrial buyers
- Ambition to complete the process by the end of 2012



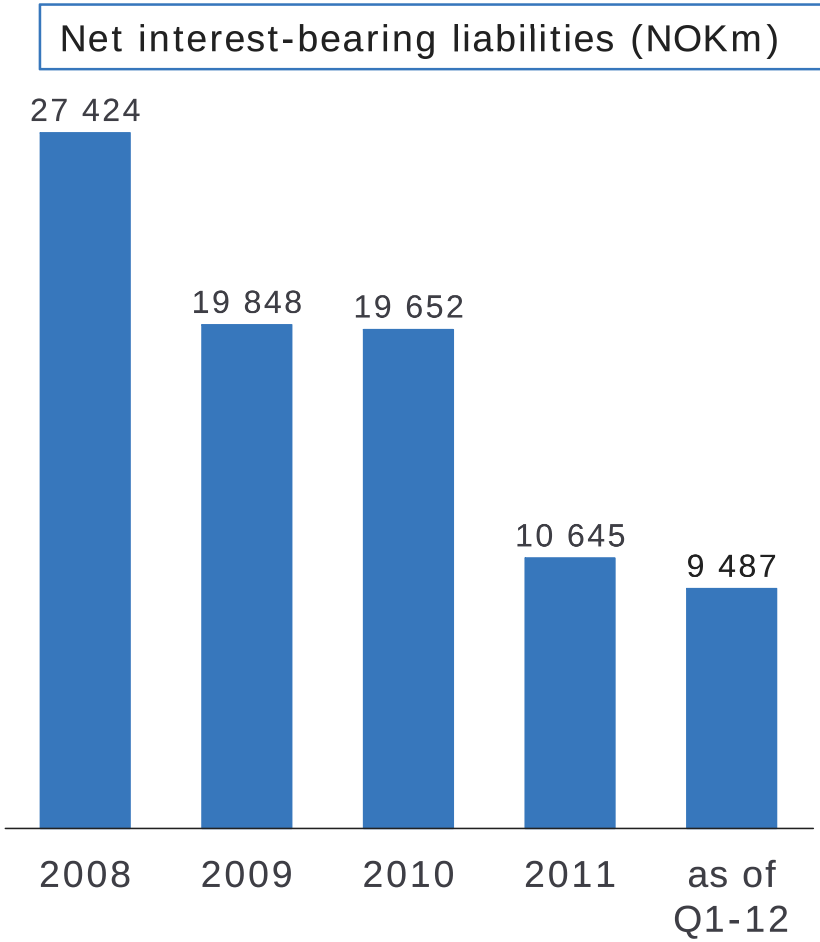
Key figures Q1-12

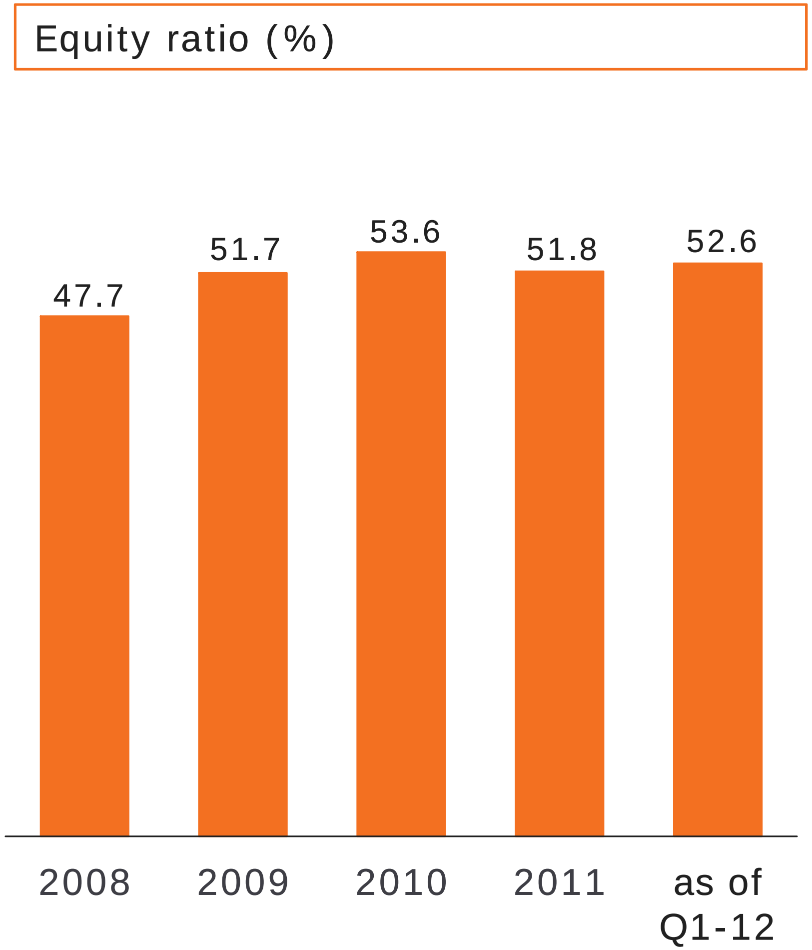
	Q1-12	Q1-11	Change
Operating revenues	**14 792**	**15 000**	-1%
EBITA	**888**	**786**	13%
Amortisation intangibles	-11	-7	
Other revenues and expenses	-40	-66	
EBIT	**837**	**713**	
Profit/loss from associates	353	920	
Dividends received	52	84	
Gains, losses and write-downs Share Portfolio	427	361	
Financial items, net	- 119	- 118	
Profit/loss before taxes	**1 550**	**1 960**	
Taxes	-245	-219	
Profit for the period continuing operations	**1 305**	**1 741**	
Gains/profit discontinued operations	0	1 213	
Profit/loss for the period	**1 305**	**2 954**	
Cash Flow from operations	16	- 437	
Earnings per share diluted (NOK)	1.3	2.9	

Change in EBITA Q1-11 to Q1-12



Strong financial flexibility and expansion capacity





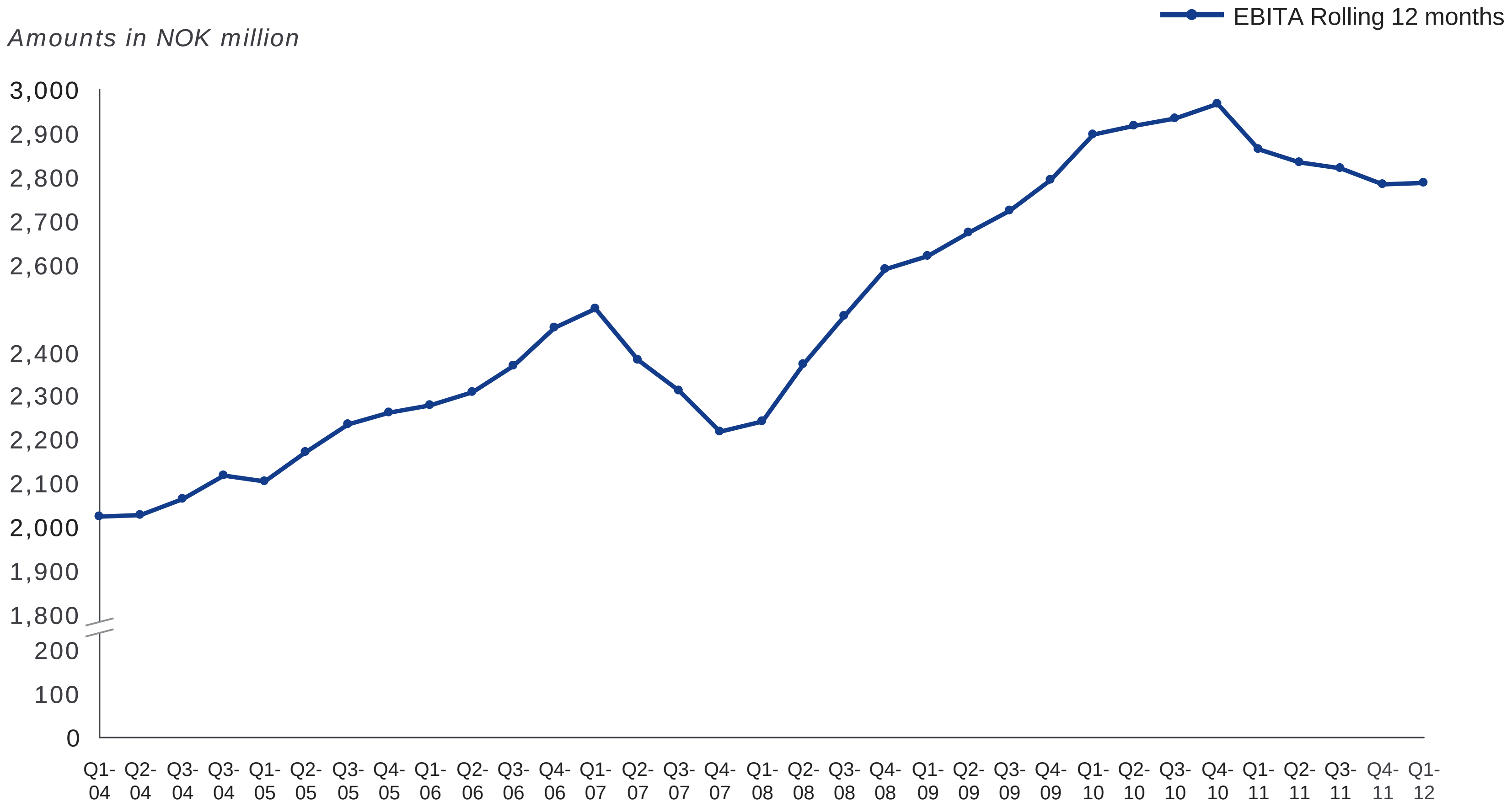
Developing people – creating value

ORKLA

ORKLA BRANDS

TORKILD NORDBERG, CEO ORKLA BRANDS

EBITA in line with Q1 last year



Underlying top line growth of 4 %

- Volume growth in retail sector, while loss of industry contracts hurt B2B sales
- Profit in line with last year
  - Positively affected by Easter
  - Front-loaded advertising investments
- Stable market share
- Continued profit improvement in Russia and increased market investments
- Add-on acquisitions

Operating revenues	Q1-12	Q1-11	Change
Orkla Brands	**5 583**	**5 714**	-2%
Orkla Foods Nordic	2 026	2 213	-8%
Orkla Brands Nordic	1 924	1 937	-1%
Orkla Brands International	452	445	2%
Orkla Food Ingredients	1 232	1 192	3%
Eliminations Orkla Brands	- 51	- 73	

Operating profit - EBITA	Q1-12	Q1-11	Change
Orkla Brands	**523**	**520**	1%
Orkla Foods Nordic	197	186	6%
Orkla Brands Nordic	334	363	-8%
Orkla Brands International	- 37	- 63	41%
Orkla Food Ingredients	29	34	-15%
EBITA margin (%)	**9.4**	**9.1**	

Underlying top line growth: Excluding acquired and sold operations and currency translation effects

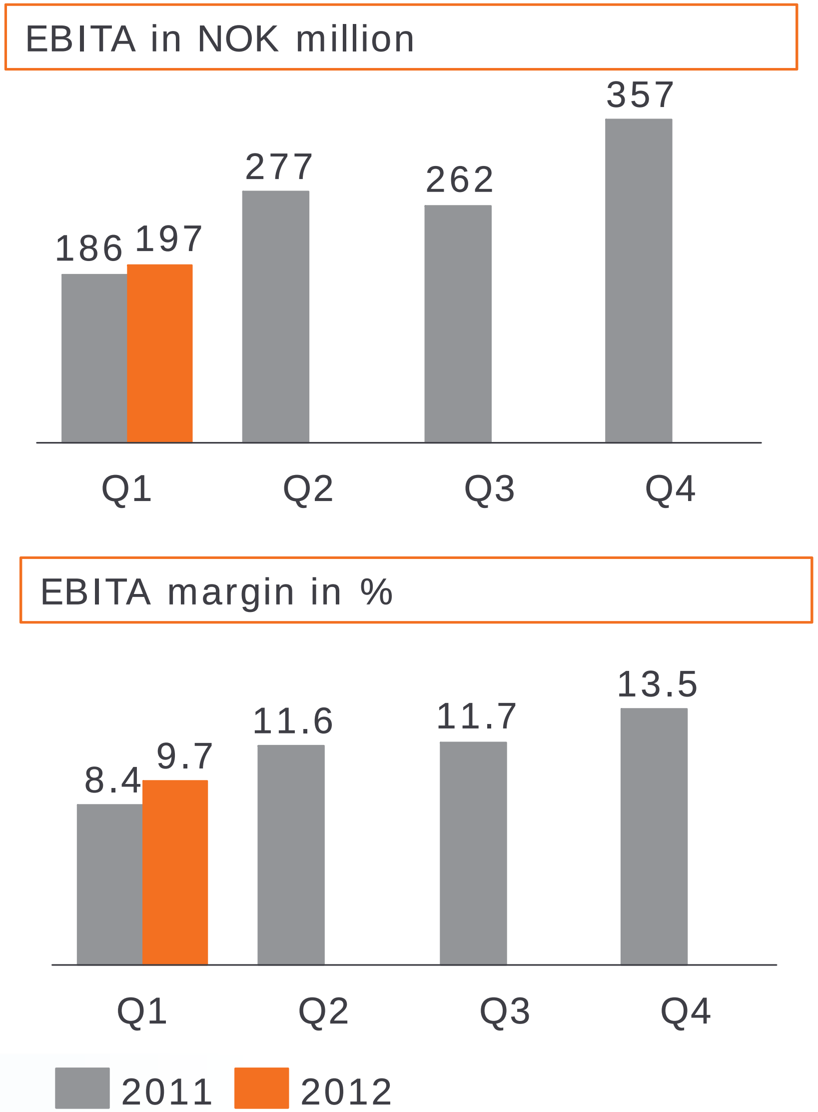
Raw material prices still high

- Orkla Brands has compensated for increased input cost
- Some difference compared to the FAO index* due to:
  - Norwegian agriculture policy, EU exposure and some time lag effects
- Increased packaging cost due to high crude oil prices

** FAO Food Price Index*

Orkla Foods Nordic

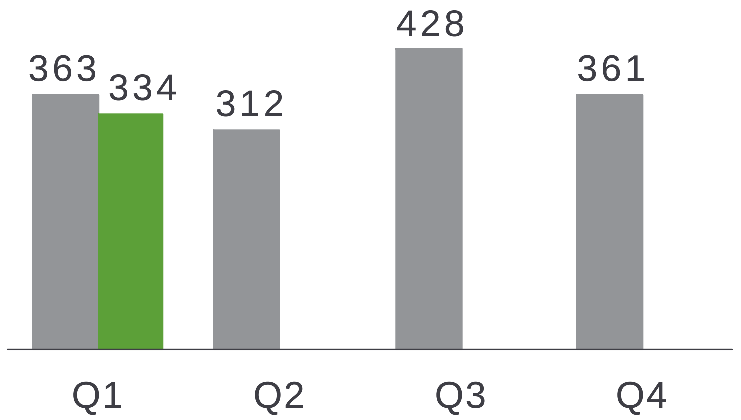
- Underlying profit growth of 2%
  - Front-loaded advertising investments
  - Positively affected by Easter
- Underlying top-line growth of 5%
  - Positively affected by Easter
- Continued profit growth for Stabburet, Norway
- Strong top-line and profit growth for all 4 companies in the Baltics
- Mixed performance in Finland



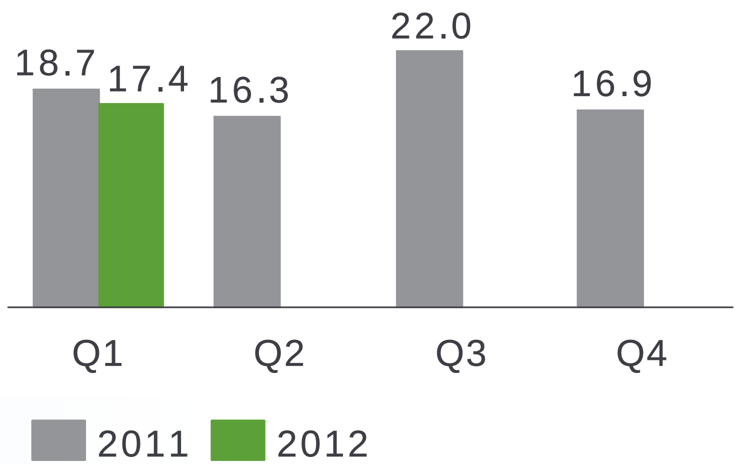
Orkla Brands Nordic

- Profit weaker than last year
  - Loss of contract production
  - Front-loaded advertising investments
- Underlying top line on par with last year
- Continued good development for Chips Group
- Restructuring of biscuit production
- Add-on acquisitions in Dietary Supplements

EBITA in NOK million



EBITA margin in %



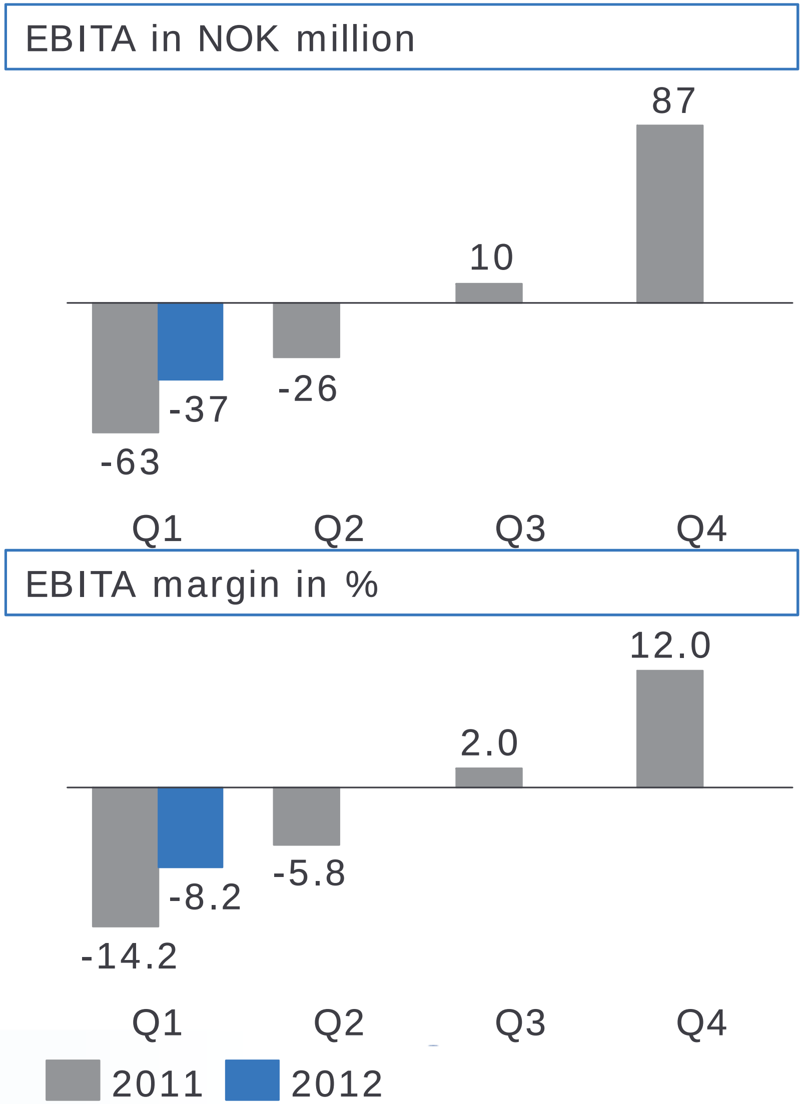
Orkla Brands International

Russia

- Profit improvement
- Increased advertising investments
- Realised synergies due to the merger of SladCo and Krupskaya
- Strong increase in sales to modern trade and lower sales of non-branded products

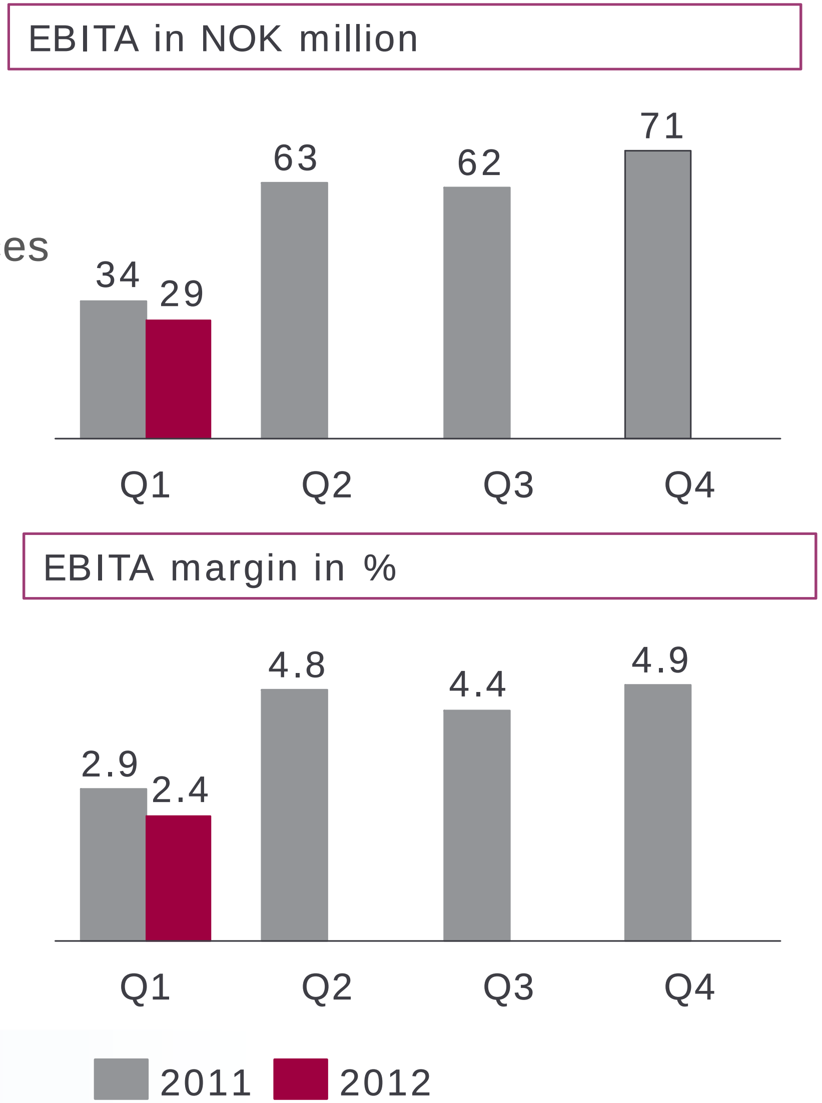
India

- Strong top-line growth in MTR, driven by both volume and price
- Profit reinvested in growth initiatives
  - Plan to expand MTR into neighbouring states



Orkla Food Ingredients

- Challenging markets and increased competition
  - From artisan to industrial customers
  - Significant increase in raw material prices
- Price increases have been implemented, but profit was slightly lower than last year
- Structural growth:
  - 4 sales and distribution companies acquired in last 4 months, with total revenues of NOK 270 million



Examples of innovations

Developing people – creating value

ORKLA

Short-term outlook

- Contract production at lower levels than in 2011
- Volatile raw material prices going forward
  - Raw material prices expected to increase in Norway
  - Higher raw material costs to be compensated for in pricing
- Strong focus on cost in every part of the value chain
- Negative Easter effect in Q2 (NOK 25-30 million)

SAPA

SVEIN TORE HOLSETHER, CEO SAPA

Developing people – creating value

ORKLA

Weaker European markets impact Q1 results

- Volume growth, share gain, and improved results for Profiles North America
- Restructuring on plan
  - Not sufficient to mitigate European market decline
- Despite soft markets, strong profitability improvement in Heat Transfer from Q4-11
- Integration, ramp-up and knowledge transfer key focus for Asia

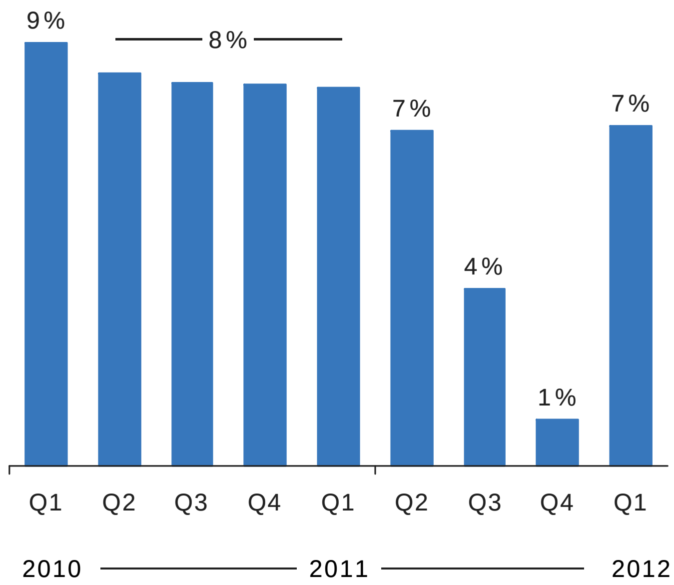
Operating Revenues	Q1-12	Q1-11	Change
Sapa	**7 712**	**7 882**	**-2%**
Profiles	6 093	6 168	-1%
Heat Transfer and Building System	1 822	1 941	-6%
Eliminations	- 203	- 227	

EBITA	Q1-12	Q1-11	Change
Sapa	**182**	**215**	-15%
Profiles	110	119	-8%
Heat Transfer and Building System	72	96	-25%
EBITA margin (%)	2.4	2.7	

Actions to improve Heat Transfer are taking effect

- Price increases implemented
- Volume transfer from Sweden to China to leverage lower cost position ongoing
- Operational improvements according to plan
    - Cast house and cold rolling mills to increase productivity in Sweden

Sapa Heat Transfer
EBITA margin performance

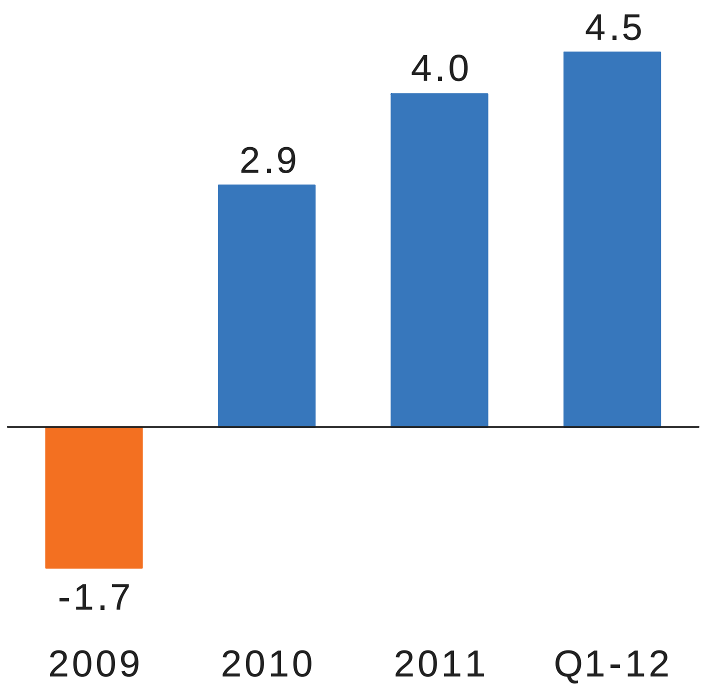


Profiles North America continues to improve

- Continued market share gain
  - Volume up 13 000 tonnes compared with Q1 last year (+13%)

- Footprint optimisation and productivity improvement

Sapa Profiles North America
EBITA margin in %



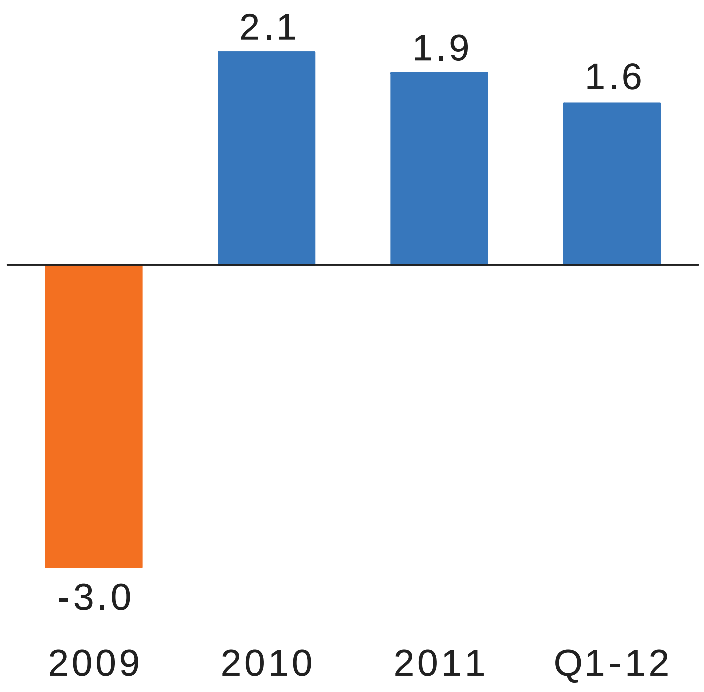
Declining profitability in Profiles Europe

- Market-driven volume reduction
  - Down 9% to 106 000 tonnes compared with Q1-11
  - Margin pressure, especially in Southern Europe

- European restructuring according to plan

- Strengthened European sales organisation

Sapa Profiles Europe
EBITA margin in %



Investing in build-up and knowledge transfer in Asia

- Considerable resources allocated to accelerate development
  - Short-term ramp-up costs
  - Positive cash contribution as from mid-2013

- Installation of large press in Shanghai area
  - Target industrial markets
  - Leverage on customer solutions capability

Growth expectations for NA, weak trend continues in Europe

Expected Development by Geographic Region & End-Use Market 2012 vs. 2011





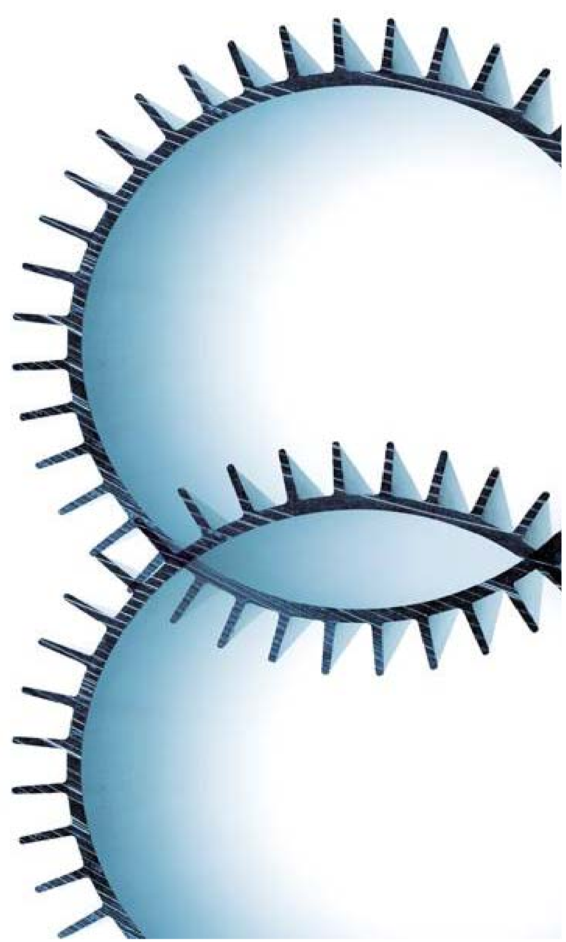

	Distribution	Industrial	Com. B&C	Res. B&C	Transport	Automotive
North America	0% to 5%	0% to 5%	0% to -5%	0% to 5%	5% to 10%	5% to 10%
Europe	0% to -5%	0% to -5%	-5% to -10%	0% to -5%	0% to -5%	-5% to -10%
China	5% to 10%	10% to 15%	5% to 10%	5% to 10%	0% to 5%	0% to 5%

Source: The Aluminium Association, EuroConstruct, Alcoa, Sapa Analysis

ORKLA

Short-term outlook

- Slower market growth expected for Profiles North America, while the weak market trend in Europe is expected to continue
- Q2 seasonally stronger than Q1 for Profiles
- Heat transfer markets expected to be in line with Q1
- Restructuring programmes on track
  - Reduction of ~900 employees effectuated
  - NOK 250-300 million EBITA effect; full effect end of 2012



Q&A

- Åge Korsvold, Acting President & CEO
- Terje Andersen, CFO
- Torkild Nordberg, CEO Orkla Brands
- Svein Tore Holsether, CEO Sapa

APPENDIX

A strong quarter for Borregaard

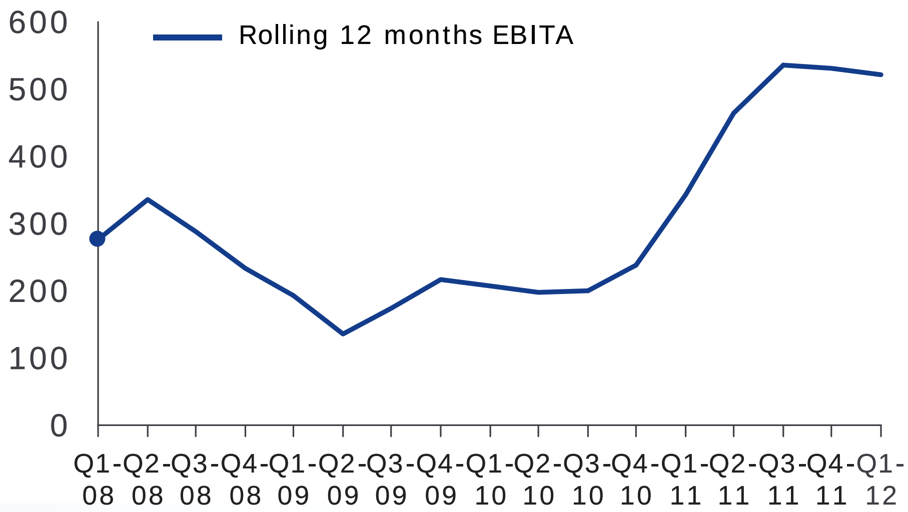
- Overall market conditions favourable
- Strong NOK and high raw material and energy costs put pressure on margins

Amounts in NOK million

Operating revenues	Q1-12	Q1-11	Change
Borregaard Chemicals	981	1 032	-5%

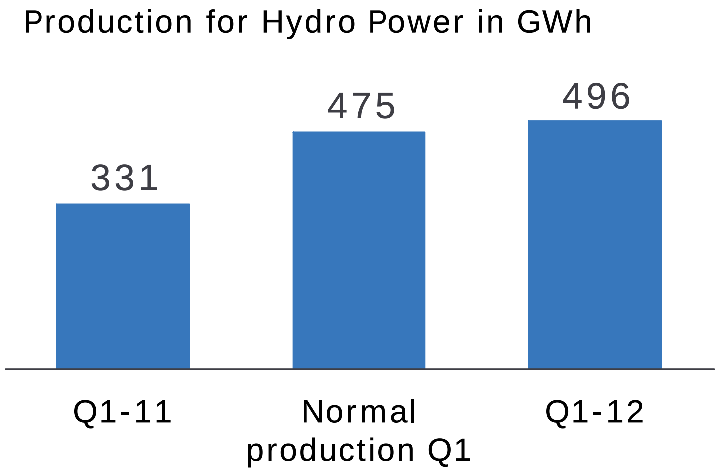
EBITA	Q1-12	Q1-11	Change
Borregaard Chemicals	125	134	-7%
EBITA-margin %	12.7	13.0	

Amounts in NOK million



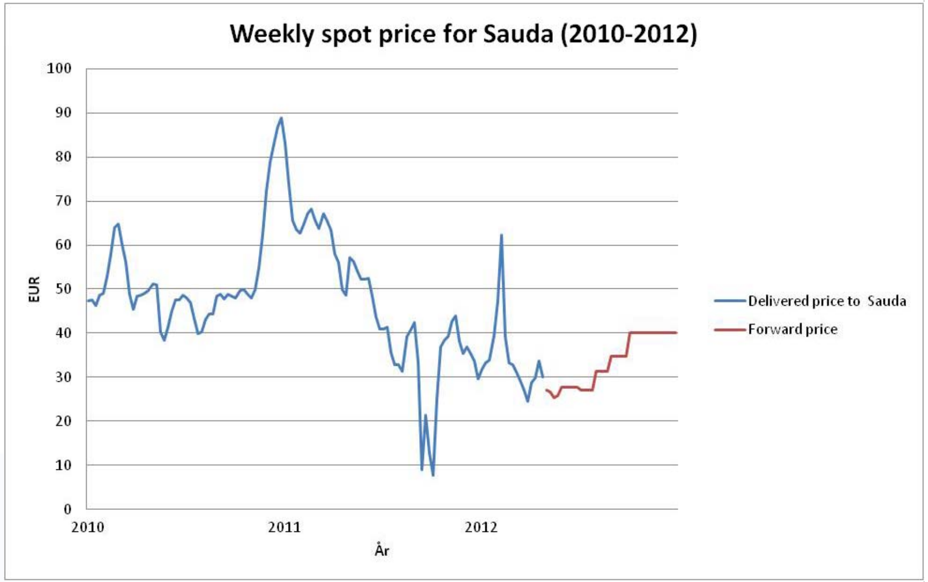
Hydro Power in Q1-12

- Normal production levels, however seasonally low quarter
- Significant decrease in prices, particularly at quarter end
- Higher snow- and water reservoir levels than normal at quarter end



Amounts in NOK million

EBITA	Q1-12	Q1-11
Hydro Power	33	- 13



Developing people – creating value

Share Portfolio in Q1-12

- Return of +12.9% compared with Oslo Stock Exchange (OSEBX) +10.8%
- Net sales of NOK 1.1 bn
- Market value of NOK 5 bn
- 87% of the portfolio is invested in the Nordic region and 74% in listed companies

Amounts in NOK million

Top 10 holdings **Principal holdings**	**Market value**	**Share of portfolio (%)**	**Share of equity (%)**
Tikkurila Oyj	335	7%	7.0 %
Amer Sports	290	6%	3.2 %
Kongsberg Gruppen	262	5%	2.0 %
Oslo Børs VPS Holding ASA	232	5%	8.2 %
Ekornes	223	4%	6.2 %
Nobia AB	216	4%	4.6 %
Industri Kapital 2007	194	4%	1.9 %
Pharmaq Holding AS	192	4%	36.5 %
Saab AB B-aksjer	173	3%	1.5 %
Nokian Renkaat Oyj	155	3%	0.4 %
Total principal holdings	2 271	46%	
Market value of entire portfolio	**4 963**		

REC
- Orkla's holding: 39.7 %

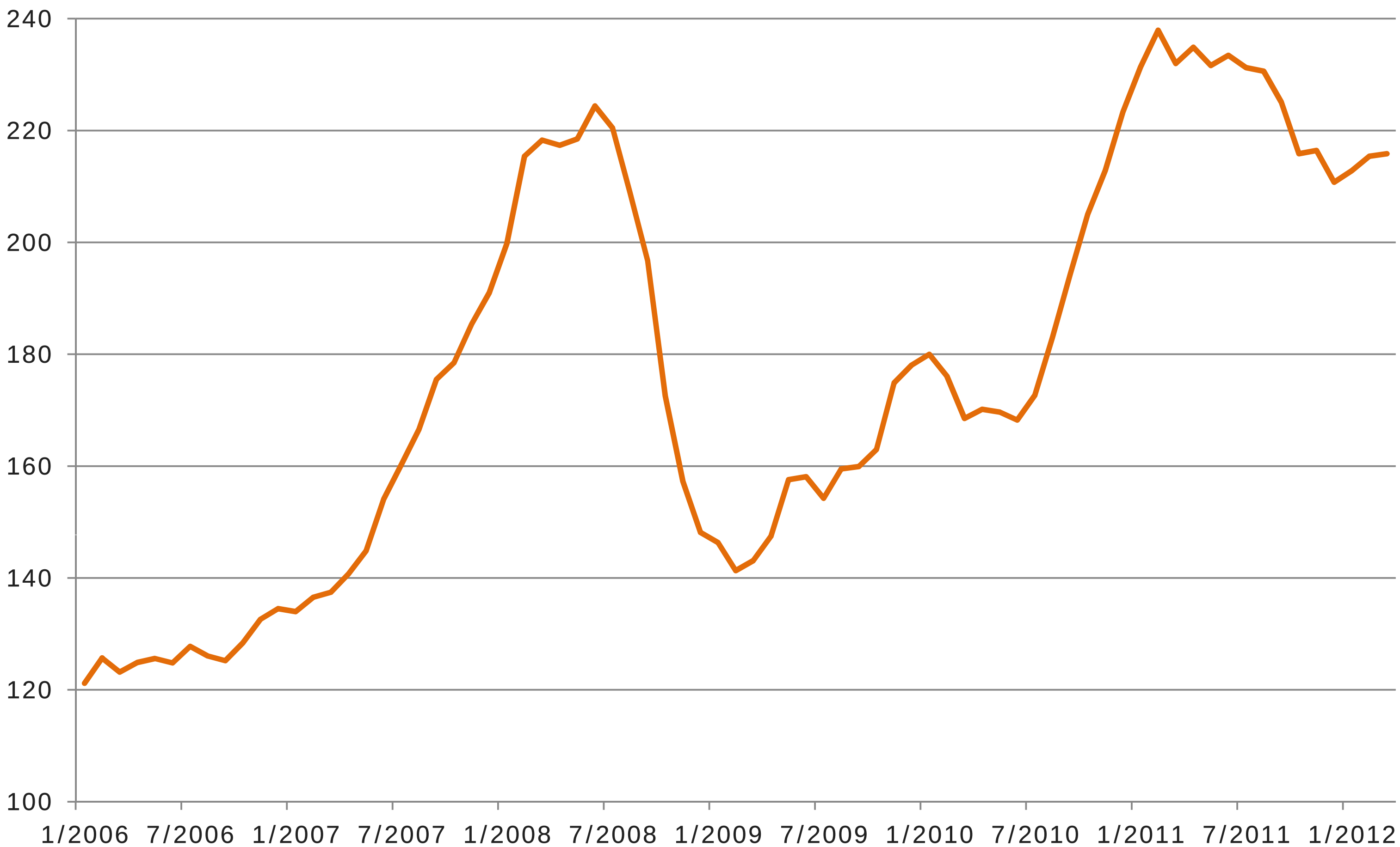
- Orkla will support REC in their work on operational improvements and structural solutions
- Weak solar markets reduce exit opportunities in the short term
- The REC share price increased from 3.32 to 3.38 in the quarter

Amounts in NOK million

REC	Q1-12	Q1-11	Change
Revenues	2 138	4 109	-48%
EBITDA	455	1 449	-69%
EBIT*	59	772	-92%
Profit/loss before tax	- 259	- 84	

For more information: www.recgroup.com

Orkla Brands
- FAO Food Price Index



Cash flow as of 31 Mar 2012

	Q1-12	Q1-11	2011
Cash flow Industial Activities:			
Operating profit	734	713	3 023
Amortisation, depreciations and impairment char	449	477	2 088
Changes in net working capital, etc.	- 789	-1 254	-1 094
Net replacement expenditure	- 378	- 373	-1 557
Cash flow from operations	**16**	**- 437**	**2 460**
Financial items, net	- 84	- 122	- 488
Cash flow Industial Activities	**- 68**	**- 559**	**1 972**
Cash flow from Orkla Financial Investments	**68**	**356**	**66**
Taxes paid	- 255	- 187	- 603
Discontinued operations and other payments	209	- 773	- 509
Cash flow before capital transactions	**- 46**	**-1 163**	**926**
Paid dividends	- 237	- 3	-7 436
Net sale/purchase of Orkla shares	- 431	18	- 109
Cash flow before expansion	**- 714**	**-1 148**	**-6 619**
Expansion Industial Activities	- 137	- 229	- 906
Sale of companies/share of companies	933	0	13 503
Purchase of companies/share of companies	- 121	- 351	-1 498
Net sale/purchase of portfolio investments	1 050	630	4 494
Net cash flow	**1 011**	**-1 098**	**8 974**
Currency effects of net interest-bearing liabilities	147	86	33
Change in net interest-bearing liabilities	**-1 158**	**1 012**	**-9 007**
Net interest-bearing liabilities	**9 487**	**20 664**	**10 645**

Balance sheet as of 31 Mar 2012

Amounts in NOK million

	31.3.2012	31.12.2011
Intangible assets	12 674	12 801
Property, plant and equipment	17 913	18 058
Financial assets	4 999	5 682
Non-Current assets	**35 586**	**36 541**
Assets in discontinued operations		391
Inventories	8 276	8 047
Receivables	11 206	10 462
Share Portfolio etc.	4 967	5 502
Cash and cash equivalents	6 517	5 453
Current assets	**30 966**	**29 855**
Total assets	**66 552**	**66 396**
Paid-in equity	1 984	1 997
Earned equity	32 711	32 109
Non-controlling interests	290	280
Equity	**34 985**	**34 386**
Provisions and other non-current liabilities	3 107	3 165
Non-current interest-bearing liabilities	15 227	15 488
Current interest-bearing liabilities	1 568	1 472
Liabilities in discontinued operations		177
Other current liabilities	11 665	11 708
Equity and liabilities	**66 552**	**66 396**
Equity ratio	52.6%	51.8%

Operating revenues and EBITA per segment

Amounts in NOK million

Operating revenues	Q1-12	Q1-11	Change
Orkla Group	**14 792**	**15 000**	-1%
Orkla Brands	**5 583**	**5 714**	-2%
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Sapa Heat Transfer & Building System	1 822	1 941	-6%
Sapa eliminations	- 203	- 227	
Borregaard Chemicals	981	1 032	-5%
Hydro Power	208	706	-71%
Orkla Financial Investments	321	78	
HQ/Other business	- 13	- 412	

Amounts in NOK million

Operating profit - EBITA	Q1-12	Q1-11	Change
Orkla Group	**888**	**786**	13%
Orkla Brands	**523**	**520**	1%
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Sapa Profiles	110	119	-8%
Sapa Heat Transfer & Building System	72	96	-25%
Borregaard Chemicals	125	134	-7%
Hydro Power	33	- 13	
Orkla Financial Investments	103	0	
HQ/Other business	- 78	- 70	

Currency translation effects

Revenues	Q1-12
Orkla Brands	-121
Sapa	-71
Borregaard Chemicals	-8
Total	**-200**

EBITA	Q1-12
Orkla Brands	-7
Sapa	6
Borregaard	-1
Total	**-2**

Financial calendar

- 3 May 2012 - Dividend payment
- 20 July 2012 - Second quarter results 2012
- 31 October 2012 - Third quarter results 2012

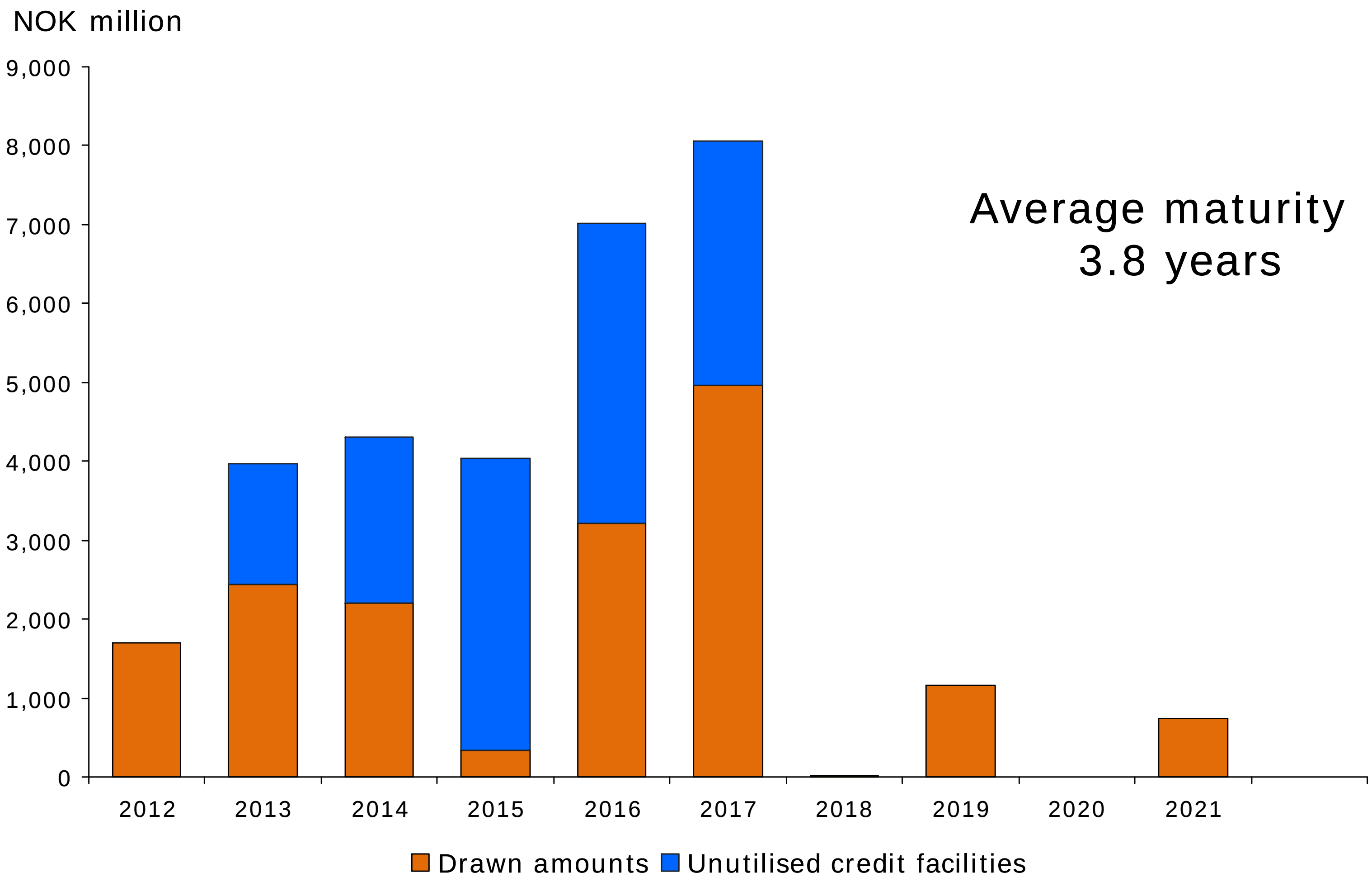
FINANCIAL ITEMS

Net financial items

Amounts in NOK million

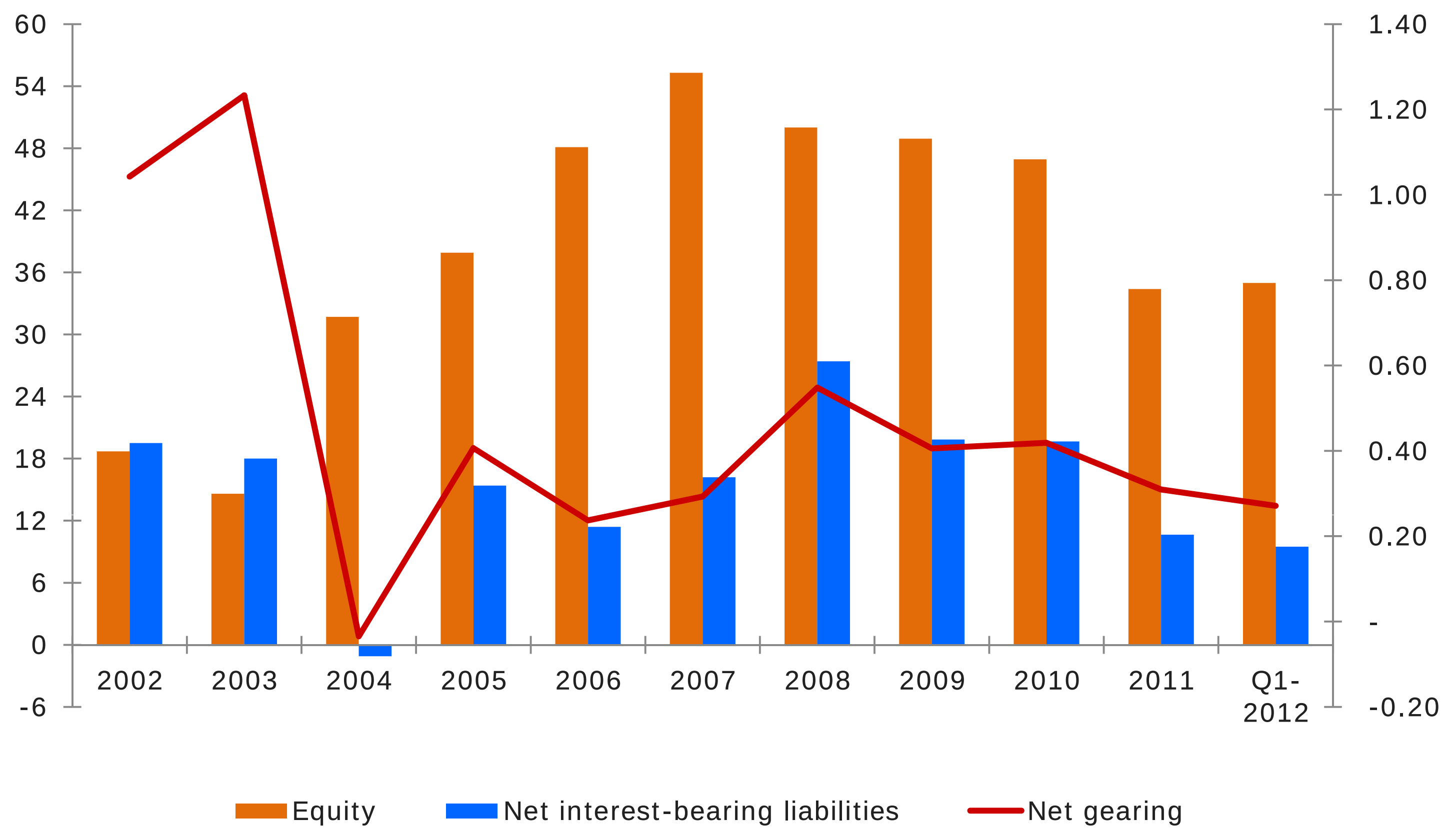
	Q1-12	Q1-11	Full year 2011
Net interest expenses	-125	-87	-378
Currency gain/loss	5	0	-34
Other financial items, net	1	- 31	- 34
Net financial items	**-119**	**-118**	**-446**

Debt maturity profile, Orkla Group

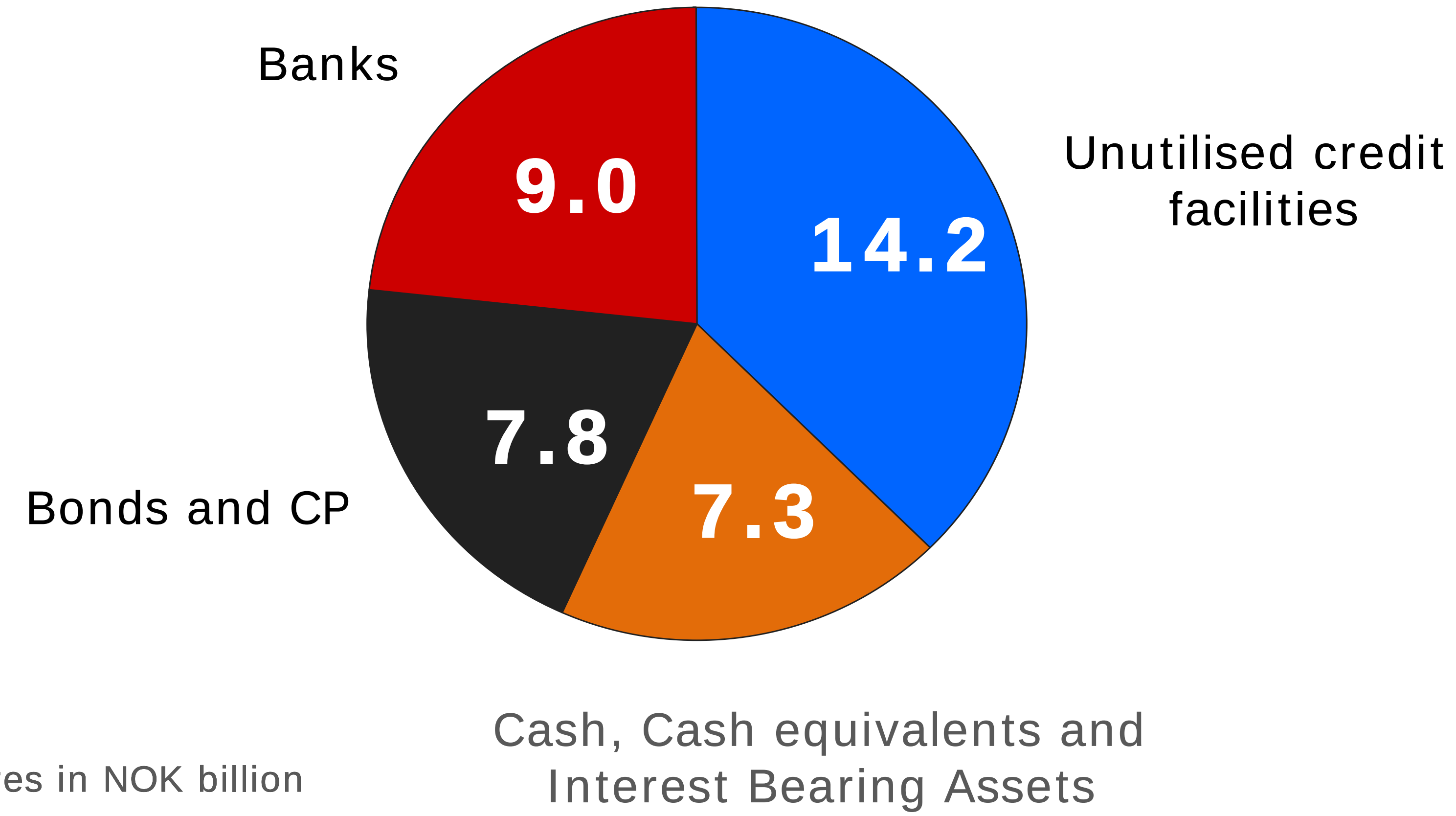


Gross Interest-bearing liabilities and Unutilised credit facilities, ref. Note 29 in the Annual Report

Net gearing 0.27 as of Q1-12



Funding sources



Figures in NOK billion

ORKLA