



Third quarter results 2012

Oslo, 31 October 2012

ÅGE KORSVOLD, PRESIDENT & CEO





Agenda

Åge Korsvold, President & CEO

- Strategy and highlights Q3-2012

Terje Andersen, CFO

- Financial performance Q3-2012
- Sapa
- Hydro Power

Atle Vidar Johansen, CEO Orkla Foods Nordic

- Branded Consumer Goods

Important actions to deliver strategy

- Agreement to acquire Rieber & Søn
- Closing and integration of Jordan
- Orkla and Hydro to create the world's leading aluminium solutions provider (Sapa JV)
- Process initiated for divestment of Sapa Heat Transfer
- IPO of Borregaard
- Reduction of the Share Portfolio continues
- Ownership in REC reduced

Orkla acquires Rieber & Søn

-Optimal match for Orkla

- Will strengthen Orkla's position as the leading branded consumer goods company in the Nordic region
- Rieber & Søn has strong competencies and leading market positions
- Complementary competencies, product categories and production technologies
- A more concentrated retail market requires supplier consolidation



Rieber & Søn: More than 80 % of sales from #1 or #2 positions

- Sales 2011: NOK 4 293 mill. (70 % in the Nordic region)
- EBITDA (NOK mill.): 464 (2011) 642 (2010) 600 (2009)
- Enterprise Value (EV): NOK 6.1 bn.
- Main categories and market positions:

SAUCES, SOUPS AND DRY READY TO MAKE	#1			
BAKE MIXES AND DESSERTS	#1/2			
SALADS AND DRESSINGS	# 1/2			
RICE, NOODLES AND ONION	#1			
CHILLED READY-MADE MEALS	#2			

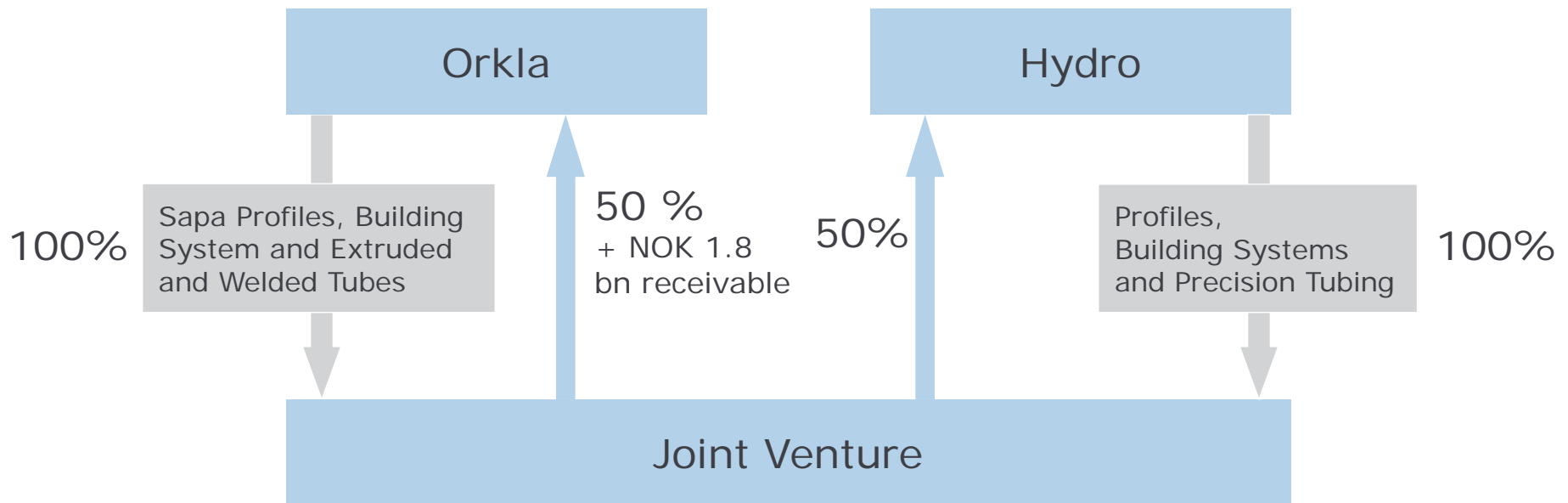
Integration of Jordan

- Transaction completed on 31 August
- Reported under Orkla Brands Nordic as of 1 September
- Purchase price (EV): NOK 1,180 million
- Nordic market leader in toothbrushes, dental sticks, dental floss and painting tools
- Sales 2011: NOK 900 million
EBITDA 2011: NOK 120 million



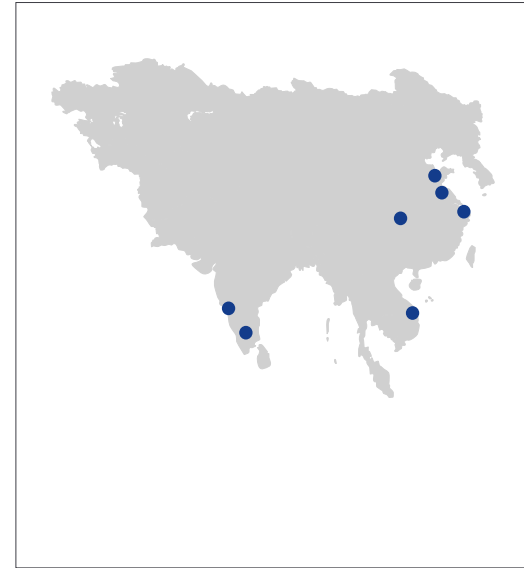
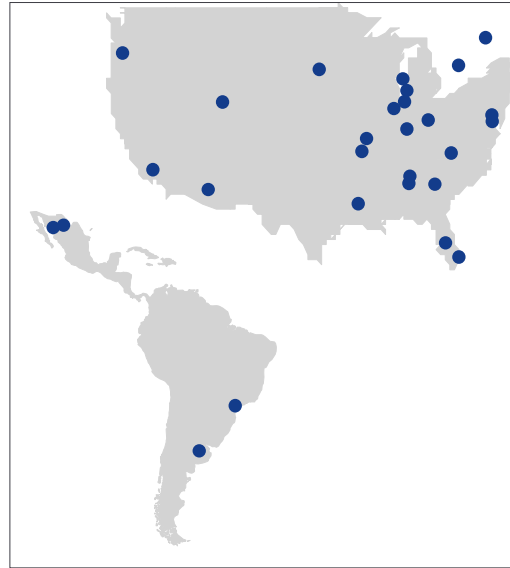
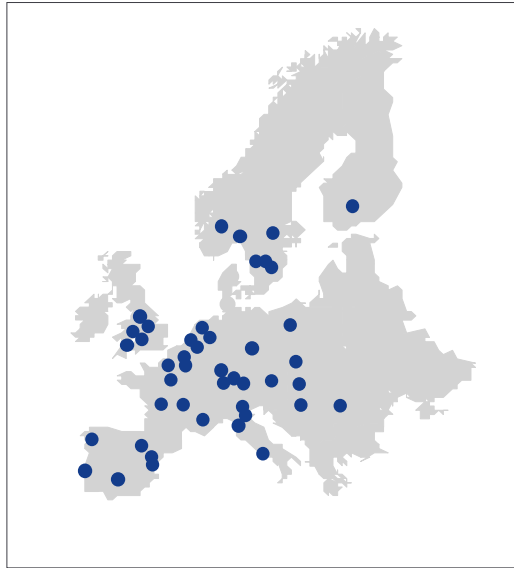
Jordan*

Orkla and Hydro combine extruded aluminium assets



- Either party may initiate an IPO after approx. 3 years from closing, and each party can decide to retain 34 percent

Creating a stronger company better positioned for value creation



- Revenues: ~NOK 47 billion
- Underlying/adjusted EBITDA: ~NOK 1.9 billion
- Annual revenue and cost synergies of NOK 1 billion

*Illustrative figures for the new company 2011, unaudited. Underlying/adjusted EBITDA excludes certain special items

The IPO of Borregaard was completed on 18 October

- Orkla sold 81 million shares (81 %) at NOK 21 per share
 - In addition the Joint Bookrunners have borrowed 12 million shares to cover over-allotment
- The over-allotment option is exercisable until 16 November
 - Orkla's remaining share of Borregaard will be between 7-19 %
- Cash proceed to Orkla between NOK 2.7-3.0 billion



Orkla Group

Fully consolidated

Foods Nordic

EBITDA R12M Q3-12: NOK 1,418m

Brands Nordic

EBITDA R12M Q3-12: NOK 1,573m

Brands International

EBITDA R12M Q3-12: NOK 93m

Food Ingredients

EBITDA R12M Q3-12: NOK 339m

Hydro Power

EBITDA R12M Q3-12: NOK 270m

Heat Transfer

EBITDA R12M Q3-12: NOK 375m

One line consolidation

Jotun (42.5%)

EBITDA 2011: NOK 1,203m

Sapa (JV announced)

EBITDA 2011: NOK 1,291m

Borregaard

EBITDA 2011: NOK 735m

REC

IPO - Cash proceeds
NOK 2.7-3.0 billion

Reduced ownership

Financial assets

Share Portfolio

Market value: NOK 2.9b

Ownership 7-19%

Ownership 15.6%

Priority going forward: Execution

1. Transactions: Plan, integrate and extract synergies

- Integration of Rieber & Søn and Jordan
- Complete the JV with Hydro

2. Top-line growth

- Focus on organic growth and “real” innovations
- Supported by add-on acquisitions

3. Operational excellence

- Operational synergies and scale across the Group
- Increased profitability

Operational highlights Q3-12

- Stable performance for Branded Consumer Goods
 - Profit growth and overall stable market shares in the Nordics
 - Weak development in Russia
- Sales and profit growth for Orkla Foods Nordic
- Profit development for Orkla Brands Nordic in line with last year, adjusted for loss of contract production
- Actions taken in Heat Transfer driving profit improvements
- Continued weak European markets for Sapa was partly countered by satisfactory development in Profiles North America



Q3-12 RESULTS

TERJE ANDERSEN, CFO

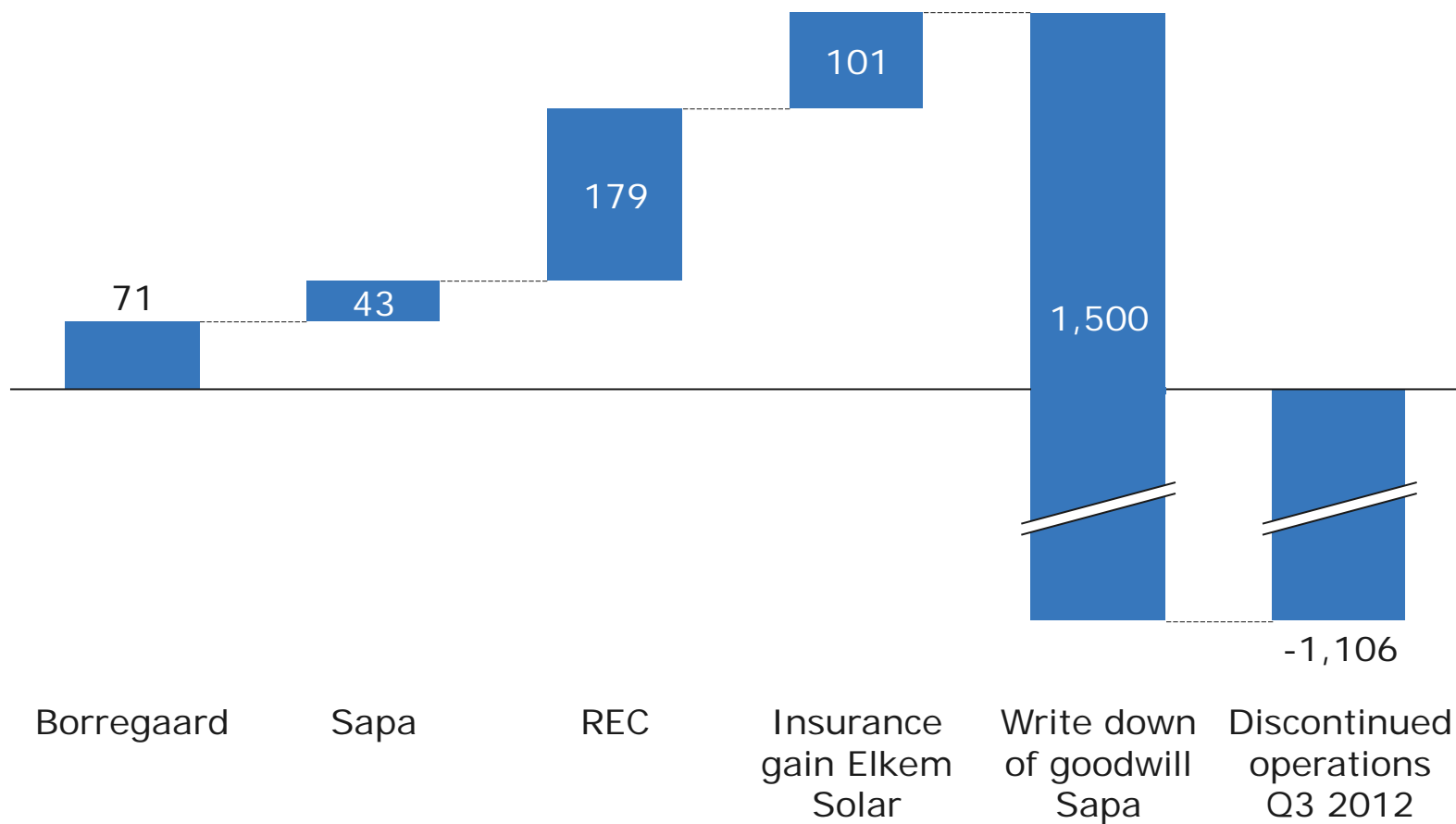
Structural changes in Q3 impact presentation of group accounts

- Sapa Profiles, Building System and Extruded and Welded tubes, Borregaard Chemicals and the shareholding in REC are presented on one line for discontinued operations
- The income statement has been restated for 2012 and 2011. The Cash Flow statement and balance sheet have been restated for Q3
- Going forward, the shareholdings in Borregaard and REC will be presented as financial holdings
- After completion of the agreement with Hydro, Sapa will be presented as a joint venture on the line for associated companies

Key figures Q3-12

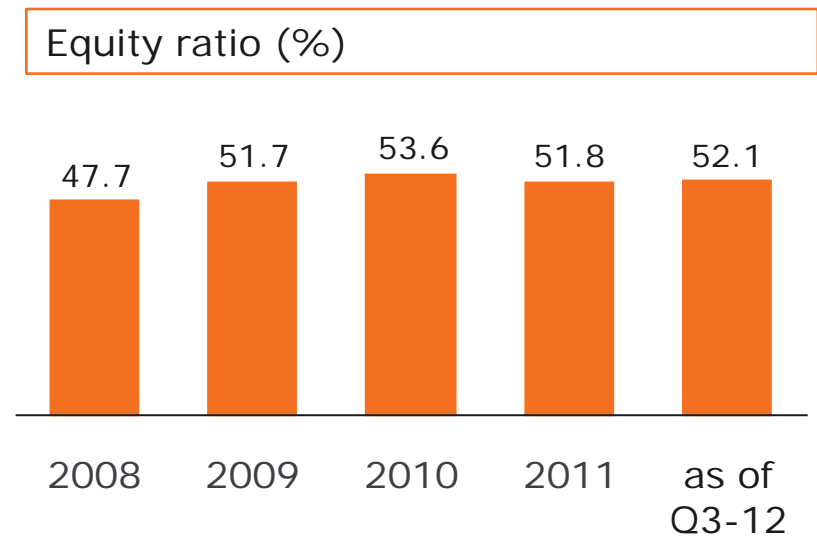
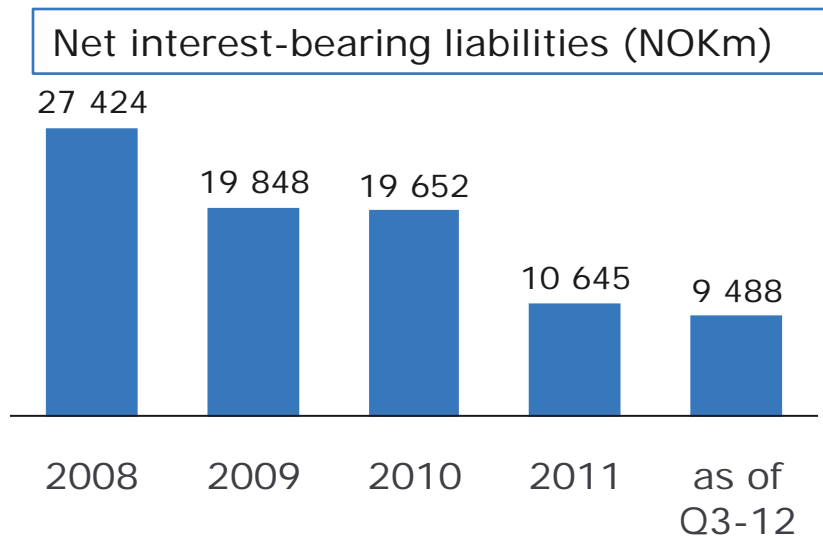
	Q3 12	Q3 11	Change
Amounts in NOK million			
Operating revenues	7 223	7 233	0 %
EBITA	857	817	5 %
Amortisation intangibles	-4	-2	
Other income and expenses	-24	-16	
EBIT	829	799	
Profit/loss from associates	83	61	
Dividends received	8	23	
Gains, losses and write-downs Share Portfolio	418	- 105	
Financial items, net	- 157	- 117	
Profit/loss before taxes	1 181	661	
Taxes	-236	-220	
Profit/loss for the period continuing operations	945	441	
Profit/ loss from discontinued operations	-1 106	-1 739	
Profit/loss for the period	- 161	-1 298	
Earnings per share diluted (NOK)	-0.2	-1.3	

Discontinued operations Q3



Robust financial position

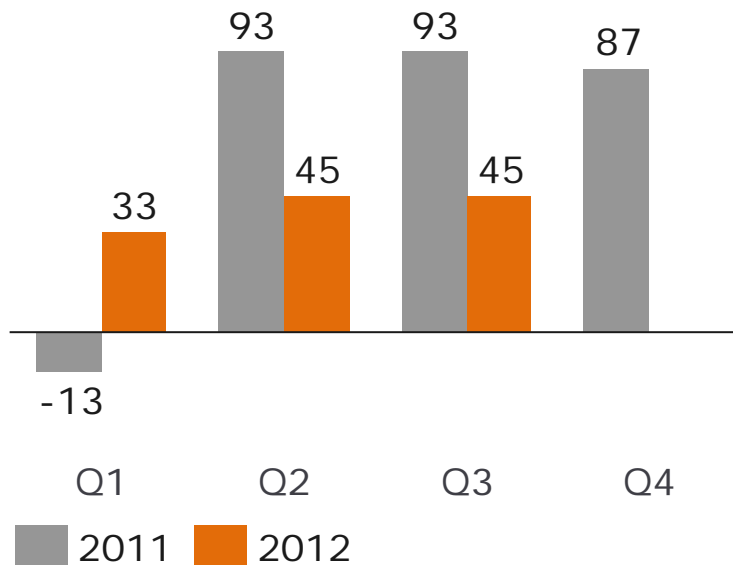
- Cash flow from operations was NOK 1,708 million as of Q3 2012



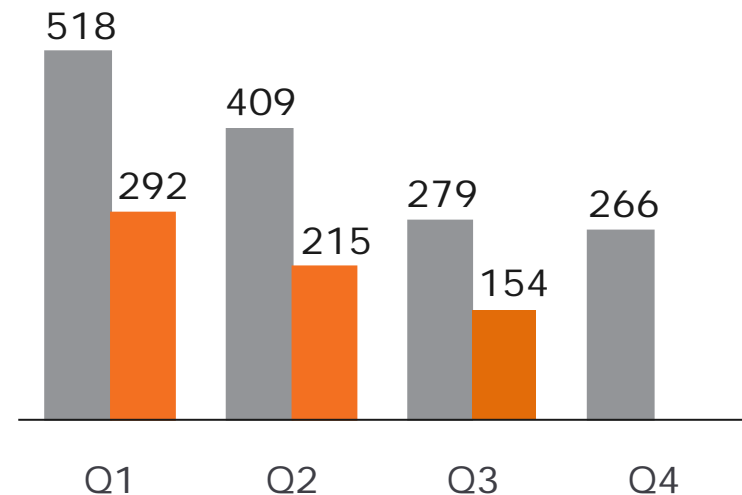
Hydro Power – Low prices impact profit

- Production was 753 GwH in Q3 compared with 733 GwH last year
- Spot prices down 45% from Q3 2011

EBITA for Hydro Power (NOK million)



Spot prices (NordPool) (NOK/MWh)



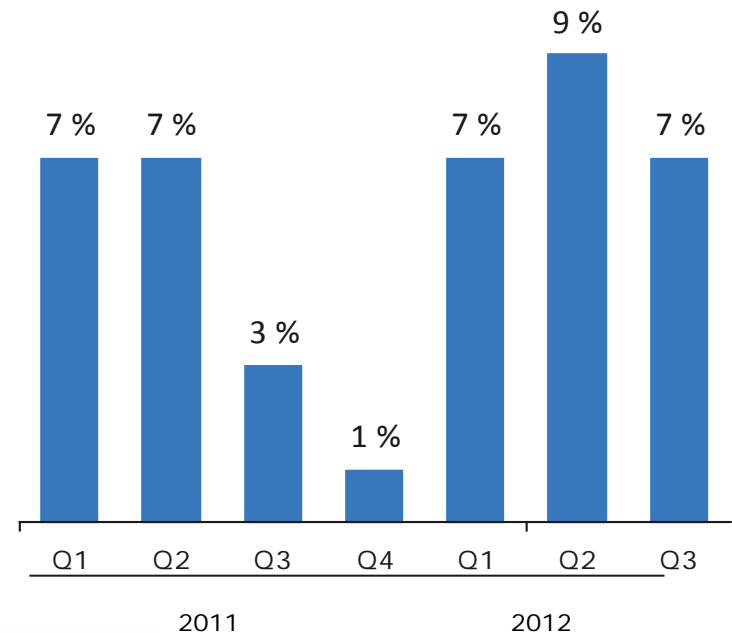
Heat Transfer continue to deliver on improvement plan

- Heat Transfer is reported as an independent segment, according to the new structure
- Profit growth and stable volumes
- Continued improvement in Finspång and Shanghai
 - Price increases implemented
 - Cost optimisation and productivity improvements in progress

Amounts in NOK million

Heat Transfer	Q3-12	Q3-11
Operating revenues	948	927
EBITA	64	28

EBITA margin performance:



Weak European market impacted Q3 performance for Sapa

- Sapa Profiles and Building System are presented on the line Discontinued operations, according to the new structure
- Continued improvement in North American performance
 - Volume up 7% compared with Q3-11
- Weak market continues to affect Profiles Europe and Building System
 - Volume reduction of 13% compared with Q3-11
- Comprehensive integration and ramp-up in Asia

Amounts in NOK million

Sapa Profiles and Building System	Q3-12	Q3-11
Operating revenues	6 132	6 691
EBITA	43	137

EBITA margin (%)	Q3-12	Q3-11
Profiles North America	5.2 %	4.5 %
Profiles Europe	-0.3 %	1.1 %



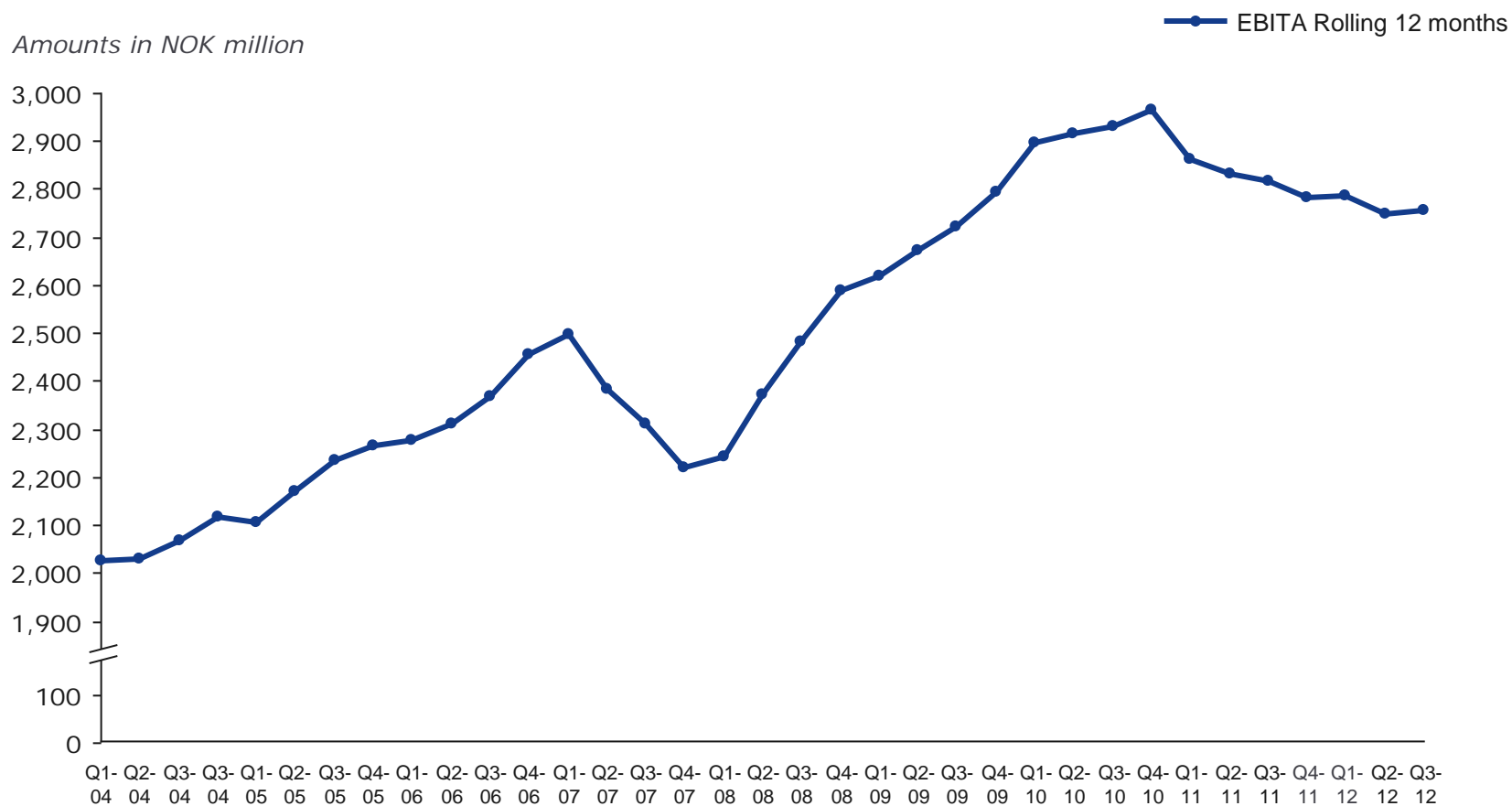
BRANDED CONSUMER GOODS

ATLE VIDAR JOHANSEN, CEO ORKLA FOODS NORDIC

Branded Consumer Goods

- Stable performance for Branded Consumer Goods
 - Profit growth and overall stable market shares in the Nordics
 - Weak development in Russia
- Underlying sales growth of 1% in the quarter
- Market shares in line with last year
- Increased raw material prices compensated

Branded Consumer Goods



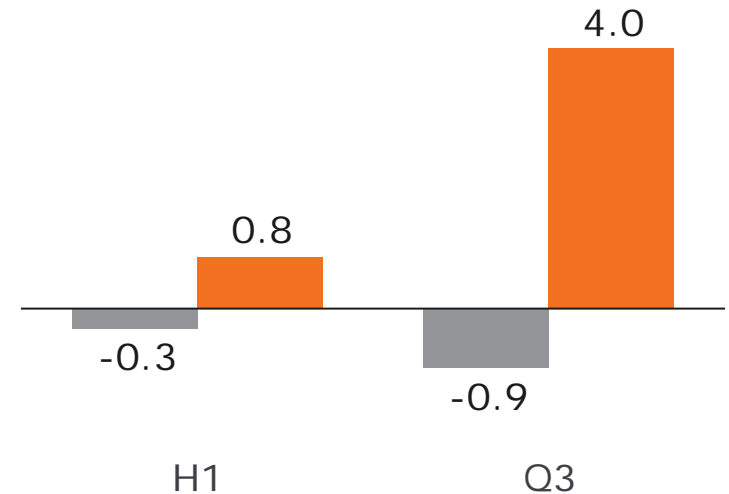
Examples of innovations Q3



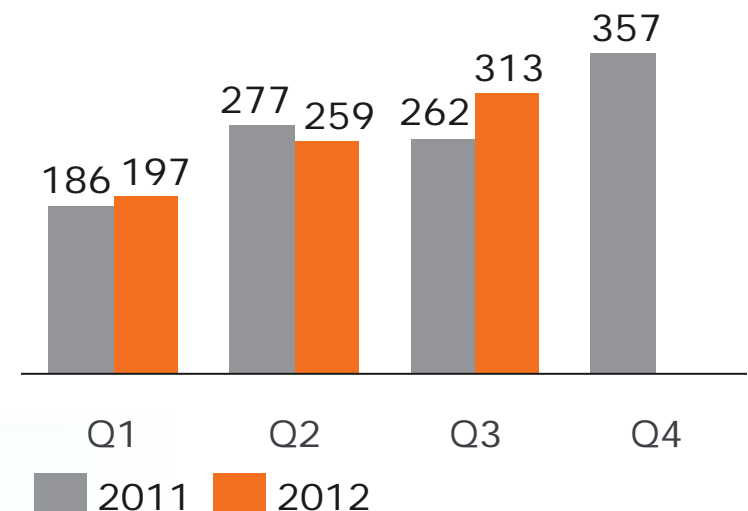
Orkla Foods Nordic

- Underlying sales and EBITA improvement in Q3
- EBITA-margin increased from 11.7% in Q3 2011 to 14.9% in Q3 2012
- Market shares slightly improved
- Stabburet continued its positive performance
- Acquisition of ready-to-drink brand in Jokk in Sweden (turnover SEK 65 in 2011)

Underlying change in revenues (%)



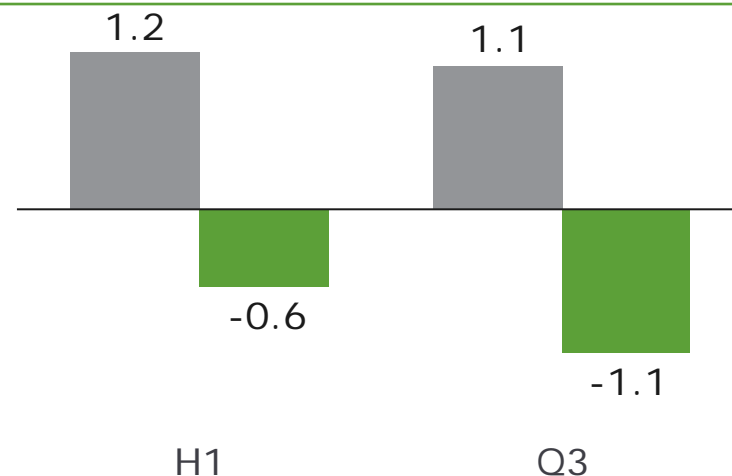
EBITA in NOK million



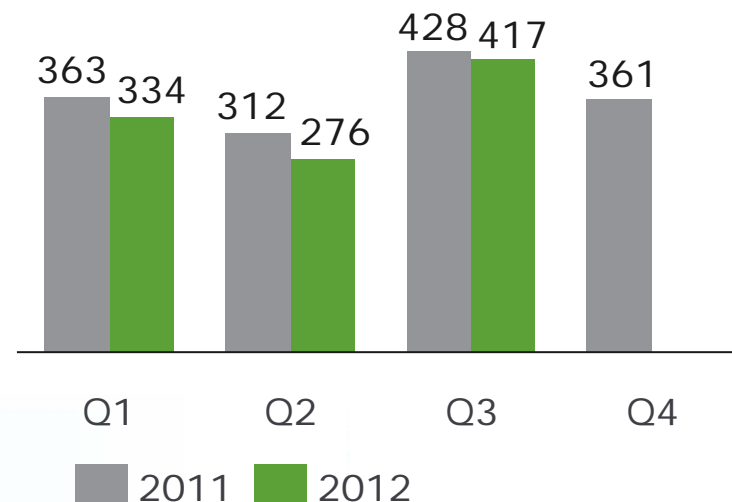
Orkla Brands Nordic

- Stable EBITA adjusted for loss of contract production
- Lilleborg had sales and profit growth in Q3
- Continued challenging market situation for biscuits in Norway and Sweden
- Pierre Robert Group (textiles) reduced distribution to one of our customers
- Jordan is reported under Orkla Brands Nordic from 1 September

Underlying change in revenues (%)

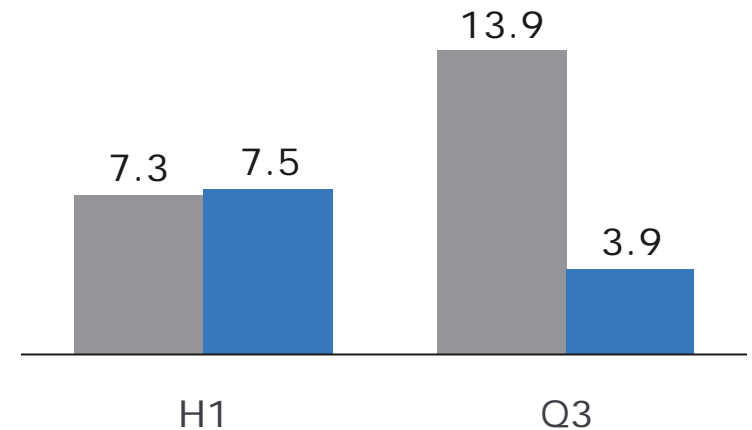


EBITA in NOK million



Orkla Brands International

Underlying change in revenues (%)



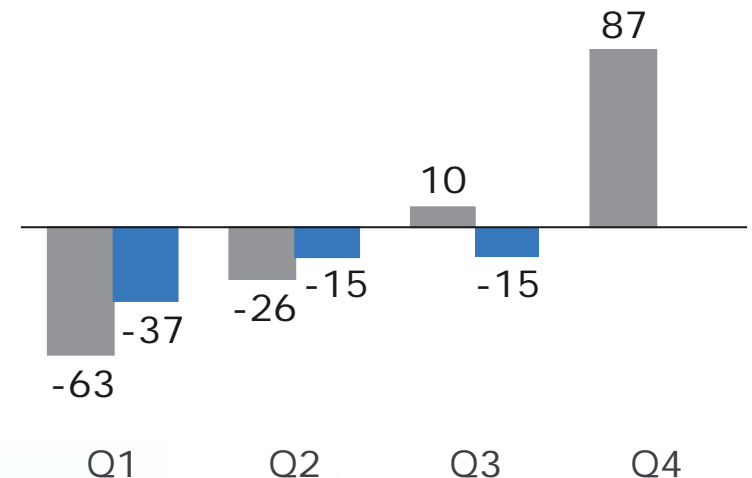
Russia

- Market and company in transition
 - Market shift from local distributors to national retailers
 - Restructuring of production
 - Concentration of product portfolio

India

- Solid sales growth in MTR, driven by both volume and price
- Higher share of profit reinvested into advertising and building the organisation

EBITA in NOK million



■ 2011 ■ 2012

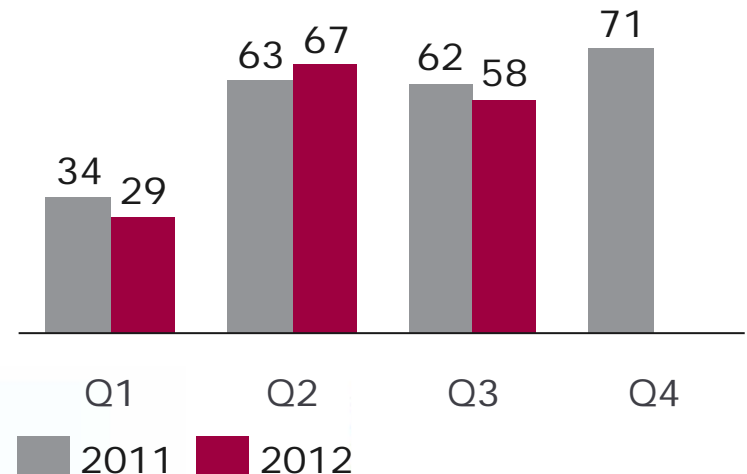
Orkla Food Ingredients

- Third quarter EBITA amounted to NOK 58 million (NOK 62 million)
- Underlying sales decline of 5%
 - Stockpiling Q3 2011 - tax on saturated fat in Denmark

Underlying change in revenues (%)



EBITA in NOK million



Q&A

- Åge Korsvold, President & CEO
- Terje Andersen, CFO
- Atle Vidar Johansen,
CEO Orkla Foods Nordic

APPENDIX

Cash flow as of 30 Sept. 2012

Amounts in NOK million	Q3-12	Q3-11	2011
Cash flow Industrial Activities:			
Operating profit	1 815	2 006	2 558
Profit/ loss from discontinued operations		393	465
Amortisation, depreciations and impairment ch	698	1 582	2 088
Changes in net working capital, etc.	- 297	-2 159	-1 094
Net replacement expenditure	- 508	- 956	-1 557
Cash flow from operations	1 708	866	2 460
Financial items, net	- 376	- 308	- 488
Cash flow Industrial Activities	1 332	558	1 972
Cash flow from Orkla Financial Investments	756	506	66
Taxes paid	- 960	- 523	- 603
Discontinued operations and other payments	80	- 501	- 509
Cash flow before capital transactions	1 208	40	926
Paid dividends	-2 760	-2 561	-7 436
Net sale/purchase of Orkla shares	- 467	- 171	- 109
Cash flow before expansion	-2 019	-2 692	-6 619
Expansion Industrial Activities	- 254	- 728	- 906
Sale of companies/share of companies	1 856	13 503	13 503
Purchase of companies/share of companies	-1 562	-1 038	-1 498
Net sale/purchase of portfolio investments	2 914	2 475	4 494
Net cash flow	935	11 520	8 974
Currency effects of net interest-bearing liabilities	222	72	33
Change in net interest-bearing liabilities	-1 157	-11 592	-9 007
Net interest-bearing liabilities	9 488	8 060	10 645

Balance sheet as of 30 Sept. 2012

Amounts in NOK
million

	30.09.2012	31.12.2011
Intangible assets	10 139	12 801
Property, plant and equipment	9 932	18 058
Financial assets	3 974	5 682
Non-Current assets	24 045	36 541
Assets in discontinued operations	17 972	391
Inventories	4 542	8 047
Receivables	6 777	10 462
Share Portfolio etc.	3 801	5 502
Cash and cash equivalents	2 748	5 453
Current assets	35 840	29 855
Total assets	59 885	66 396
Paid-in equity	1 984	1 997
Earned equity	28 869	32 109
Non-controlling interests	320	280
Equity	31 173	34 386
Provisions and other non-current liabilities	2 888	3 165
Non-current interest-bearing liabilities	11 629	15 488
Current interest-bearing liabilities	2 732	1 472
Liabilities in discontinued operations	5 211	177
Other current liabilities	6 252	11 708
Equity and liabilities	59 885	66 396

Operating revenues per segment

Amounts in NOK million

Operating revenues	Q3 12	Q3 11	Change
Orkla Foods Nordic	2 102	2 242	-6 %
Orkla Brands Nordic	2 023	1 947	4 %
Orkla Brands International	494	498	-1 %
Orkla Food Ingredients	1 372	1 418	-3 %
Eliminations	- 62	- 75	
Branded Consumer Goods	5 929	6 030	-2 %
Sapa Heat Transfer	948	927	2 %
Hydro Power	177	214	-17 %
Orkla Financial Investments	230	69	
HQ/Eliminations	- 61	- 7	
Orkla Group	7 223	7 233	0 %

EBITA per segment

Amounts in NOK million

Operating profit - EBITA	Q3 12	Q3 11	Change
Orkla Foods Nordic	313	262	19 %
Orkla Brands Nordic	417	428	-3 %
Orkla Brands International	- 15	10	
Orkla Food Ingredients	58	62	-6 %
Branded Consumer Goods	773	762	1 %
Sapa Heat Transfer	64	28	129 %
Hydro Power	45	93	-52 %
Orkla Financial Investments	51	1	
HQ/Other business	- 76	- 67	
Orkla Group	857	817	5 %



FINANCIAL ITEMS

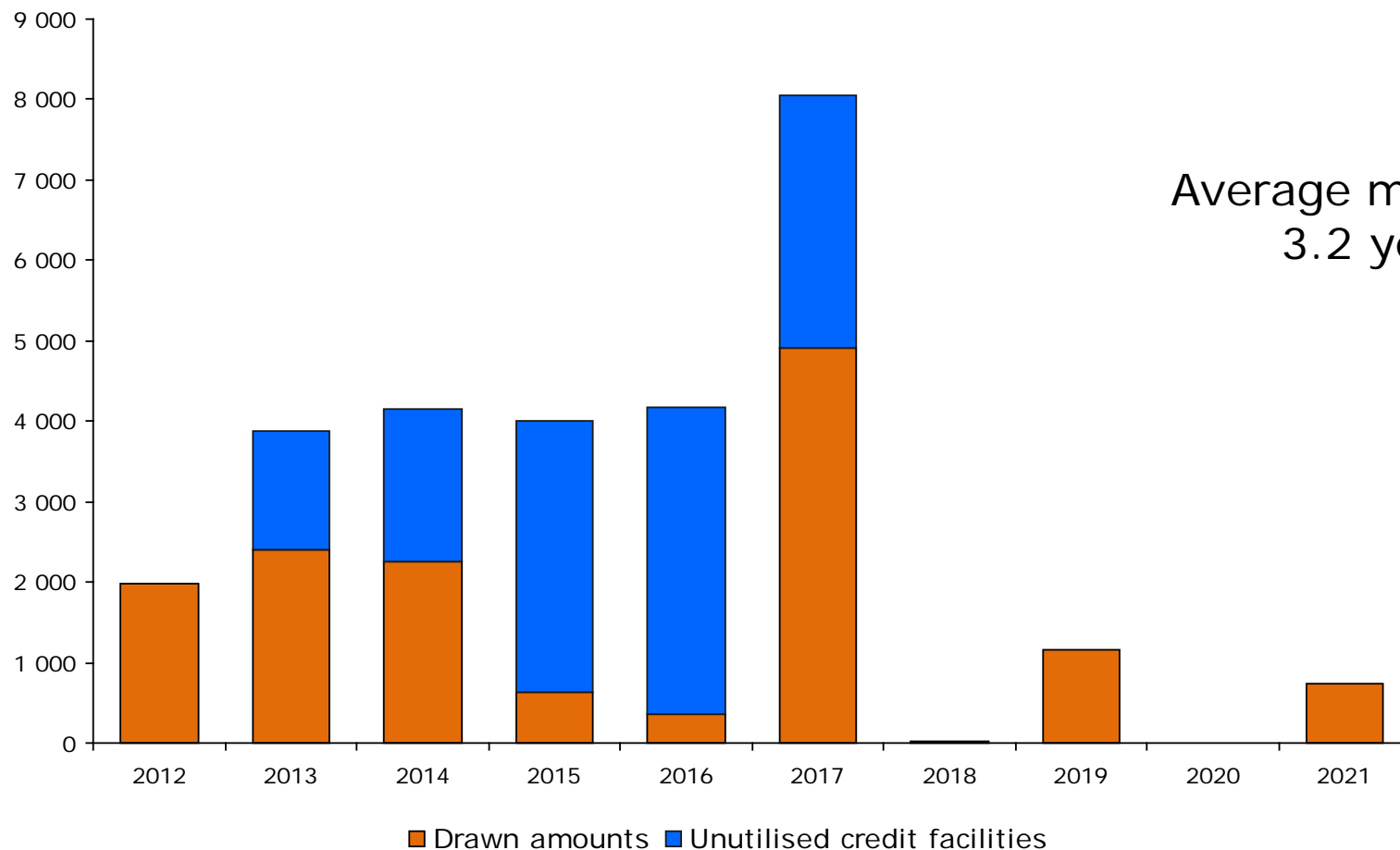
Net financial items

Amounts in NOK million

	Q3-12	Q3-11	Full year 2011
Net interest expenses	-116	-76	-309
Currency gain/loss	2	-11	-17
Other financial items, net	-43	- 30	- 74
Net financial items	-157	-117	-400

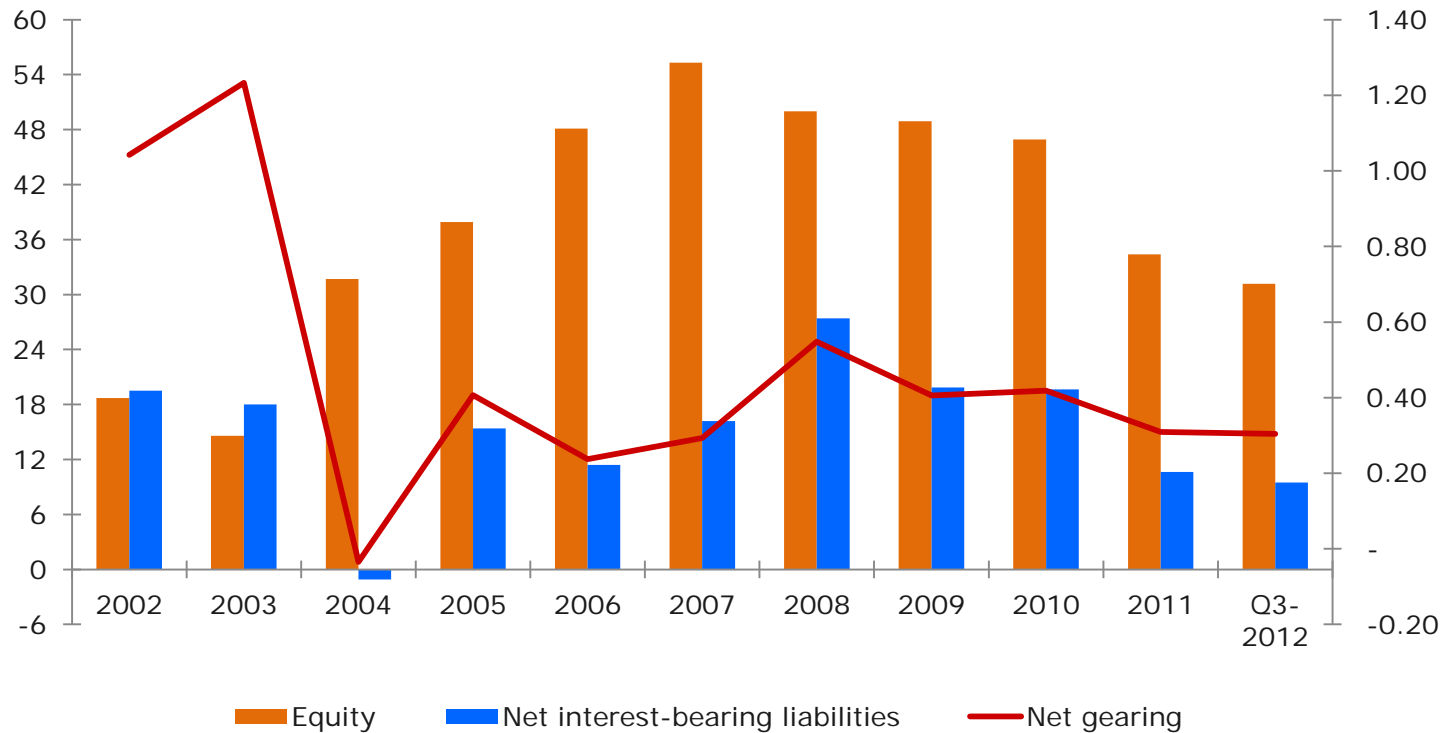
Debt maturity profile, Orkla Group

NOK million

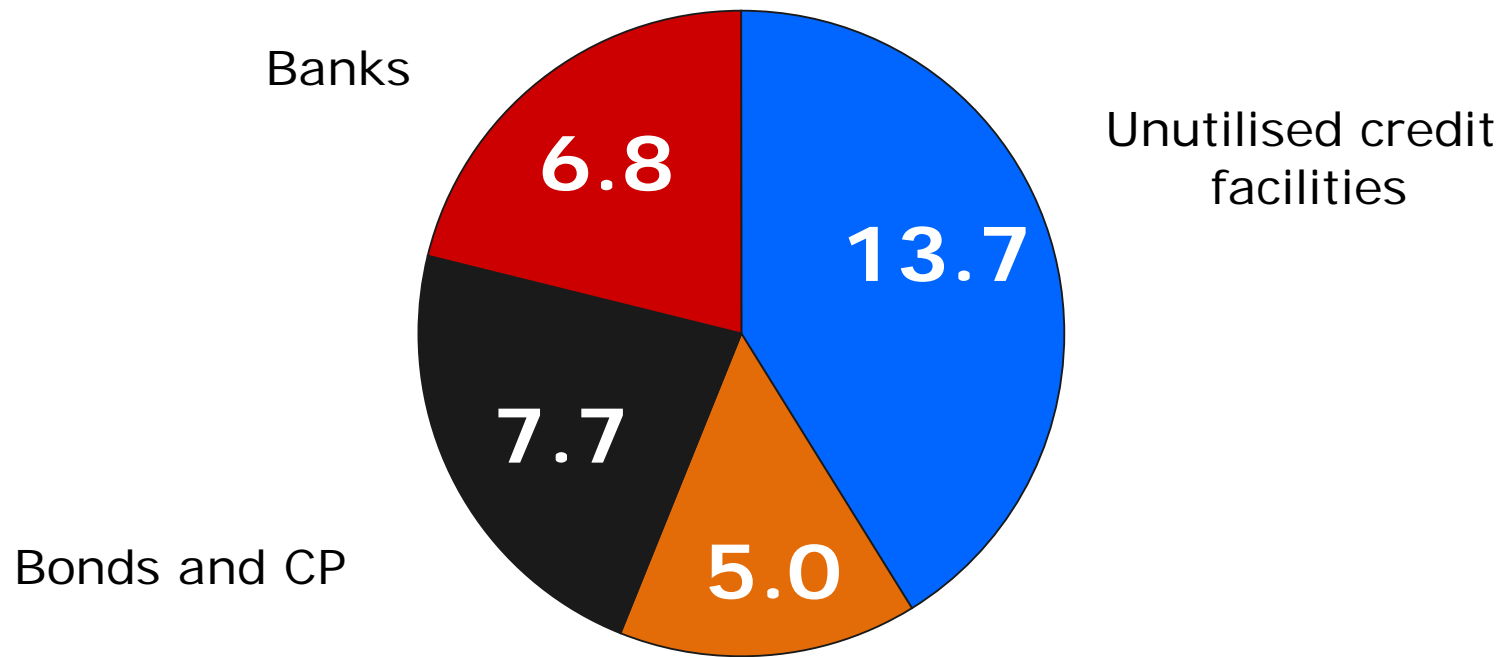


Gross Interest-bearing liabilities and Unutilised credit facilities, ref. Note 29 in the Annual Report

Net gearing 0.30 as of Q3-12



Funding sources



Figures in NOK billion

Cash, Cash equivalents and Interest Bearing Assets

