



Preliminary first quarter 2012

Preliminary results - First quarter 2012

Orkla's first-quarter operating revenues totalled NOK 14,792 million (NOK 15,000 million)². Currency translation effects had a negative impact of NOK 200 million on operating revenues in the first quarter.

Group EBITA¹ amounted to NOK 888 million (NOK 786 million)², of which Orkla Brands accounts for approximately 60%. Overall currency translation effects had a neutral impact on profit.

First-quarter operating revenues for Orkla Brands totalled NOK 5,583 million (NOK 5,714 million)². Underlying³ sales growth in the quarter was around 4%, about one third of which was ascribable to the timing of Easter. Overall volumes were slightly higher than in 2011. Volume growth for products sold through the grocery channel was offset to some extent by soft markets and the loss of contract sales to industrial and export customers. Orkla Brands maintained its overall market shares.

Orkla Brands' EBITA¹ in the first quarter amounted to NOK 523 million (NOK 520 million)². Profit growth was boosted by the sale of Bakers and the timing of Easter. Higher advertising investments than in the same quarter of 2011 and the loss of contract production had a negative impact on profit.

Sapa's first-quarter operating revenues totalled NOK 7,712 million (NOK 7,882 million)² and EBITA¹ was NOK 182 million (NOK 215 million)². EBITA¹ was lower than in 2011 due to a negative market trend in Europe. Sapa Profiles Europe experienced a 9% decline in volume in the first quarter. Sapa Heat Transfer reported higher profit than in the fourth quarter of 2011. In North America, the positive trend continued, with market growth and increased market shares. The profiles business in Asia is currently being built up and made a negative contribution to profit in the quarter.

Borregaard Chemicals posted first-quarter operating revenues of NOK 981 million (NOK 1,032 million)². Underlying³ operating revenues were more or less unchanged from 2011. EBITA¹ amounted to NOK 125 million (NOK 134 million)². First-quarter EBITA¹ for Orkla Eiendom was NOK 112 mil-

lion (NOK 11 million)². The increase is primarily ascribable to the delivery of apartments in an ongoing property development project (Idun), and the sale of property in Switzerland and at Fornebu. EBITA¹ for Hydro Power amounted to NOK 33 million (NOK -13 million)². The hydro-power business had higher production in the quarter. However, prices in the first quarter were substantially lower than in the same quarter of 2011.

Other income and expenses totalled NOK -40 million, and are essentially related to the current recognition of M&A costs at Group level.

First-quarter profit from associated companies totalled NOK 353 million (NOK 920 million)². The accounting gain on the sale of shares in Fornebu Utvikling ASA amounted to NOK 77 million, while the accounting effect on profit related to the investment in REC was NOK 187 million.

The Share Portfolio posted a net accounting gain of NOK 427 million (NOK 361 million)² in the first quarter. Net sales of shares totalled NOK 1,050 million in the quarter. At 31 March 2012, the return on the Share Portfolio was 12.9%, around 2 percentage points higher than the return on the Oslo Stock Exchange Benchmark Index in the same period.

Net financial costs amounted to NOK 119 million (NOK 118 million)². Interest expense was equivalent to an average borrowing rate of 3.9%.

Group profit before tax amounted to NOK 1,550 million (NOK 1,960 million)². The tax charge in the first quarter was NOK 245 million. Orkla's diluted earnings per share were NOK 1.3 in the first quarter, compared with NOK 2.9 in the first quarter of 2011.

The Group had a net cash flow of NOK 1,011 million in the first quarter (NOK -1,098 million)². At 31 March, the Group's net interest-bearing liabilities totalled NOK 9,487 million. At quarter end, the equity ratio was 52.6%, while net gearing⁴ was 0.27.

¹ Operating profit before amortisation and other income and expenses

² Figures in parentheses are for the corresponding period in the previous year

³ Excluding acquired and sold operations and currency translation effects

⁴ [Net interest-bearing liabilities]/Equity

THE GROUP'S INCOME STATEMENT (PRELIMINARY)

Amounts in NOK million	1.1. – 31.3.		1.1. – 31.12.
	2012	2011	2011
Operating revenues	14,792	15,000	61,009
Operating expenses	(13,458)	(13,736)	(55,107)
Depreciation and write-down property, plant and equipment	(446)	(478)	(1,861)
EBITA¹	888	786	4,041
Amortisation intangible assets	(11)	(7)	(55)
Other income and expenses	(40)	(66)	(1,041)
Operating profit	837	713	2,945
Profit/loss from associates	353	920	(5,505)
Dividends received	52	84	440
Gains, losses and write-downs Share Portfolio	427	361	1,643
Financial items, net	(119)	(118)	(446)
Profit/loss before taxes	1,550	1,960	(923)
Taxes	(245)	(219)	(1,018)
Profit/loss for the period for continued operations	1,305	1,741	(1,941)
Gains/profit discontinued operations	-	1,213	1,213
Profit/loss for the period	1,305	2,954	(728)
Profit/loss attributable to non-controlling interests	16	2	48
Profit/loss attributable to owners of the parent	1,289	2,952	(776)

¹ Operating profit before amortisation and other income and expenses

EARNINGS PER SHARE (PRELIMINARY)

Amounts in NOK	1.1. – 31.3.		1.1. – 31.12.
	2012	2011	2011
Earnings per share	1.3	2.9	(0.8)
Earnings per share (diluted)	1.3	2.9	(0.8)

THE GROUP'S BALANCE SHEET (PRELIMINARY)

	31.3.	31.12.
Amounts in NOK million	2012	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 held for sale	-	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 held for sale	-	177
Other current liabilities	11,665	11,708
Equity and liabilities	66,552	66,396
Equity ratio (%)	52.6	51.8

CASH FLOW STATEMENT ORKLA-FORMAT (PRELIMINARY)

Amounts in NOK million	1.1. – 31.3.		1.1. – 31.12.
	2012	2011	2011
Cash flow Industrial Activities:			
Operating profit	734	713	3,023
Amortisation, depreciation and impairment charges	449	477	2,088
Changes in net working capital, etc.	(789)	(1,254)	(1,094)
Cash flow from operations before net replacement expenditures	394	(64)	4,017
Net replacement expenditures	(378)	(373)	(1,557)
Cash flow from operations	16	(437)	2,460
Financial items, net	(84)	(122)	(488)
Cash flow from Industrial 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 Industrial Activities	(137)	(229)	(906)
Sale of companies/share of companies (enterprise value)	933	-	13,503
Purchase of companies/share of companies (enterprise value)	(121)	(351)	(1,498)
Net purchase/sale 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

SEGMENT INFORMATION (PRELIMINARY)
OPERATING REVENUES

Amounts in NOK million	1.1. – 31.3.		1.1. – 31.12.
	2012	2011	2011
Orkla Group	14,792	15,000	61,009
Orkla Brands	5,583	5,714	24,621
Orkla Foods Nordic	2,026	2,213	9,496
Orkla Brands Nordic	1,924	1,937	7,928
Orkla Brands International	452	445	2,113
Orkla Food Ingredients	1,232	1,192	5,392
Eliminations Orkla Brands	(51)	(73)	(308)
Sapa	7,712	7,882	30,844
Sapa Profiles	6,093	6,168	24,479
Sapa Heat Transfer & Building System	1,822	1,941	7,280
Eliminations Sapa	(203)	(227)	(915)
Borregaard Chemicals	981	1,032	4,004
Hydro Power	208	706	1,691
Orkla Financial Investments	321	78	328
HQ/Other Business/Eliminations	(13)	(412)	(479)

OPERATING PROFIT - EBITA¹

Amounts in NOK million	1.1. – 31.3.		1.1. – 31.12.
	2012	2011	2011
Orkla Group	888	786	4,041
Orkla Brands	523	520	2,784
Orkla Foods Nordic	197	186	1,082
Orkla Brands Nordic	334	363	1,464
Orkla Brands International	(37)	(63)	8
Orkla Food Ingredients	29	34	230
Sapa	182	215	812
Sapa Profiles	110	119	534
Sapa Heat Transfer & Building System	72	96	278
Borregaard Chemicals	125	134	531
Hydro Power	33	(13)	260
Orkla Financial Investments	103	0	(58)
HQ/Other Business	(78)	(70)	(288)

¹ Operating profit before amortisation and other income and expenses