



Investor presentation The Orkla Group

Dec 2011





Agenda

- Business portfolio and Orkla's growth story
- Strategic direction
- Financial performance 2010
- Financial performance Q3-11
- Orkla Brands
- Sapa
- Borregaard
- Jotun
- REC
- Hydro Power
- Share Portfolio

Existing business portfolio



The leading Nordic Fast Moving Consumer Goods (FMCG) company – 80% of revenues from #1 brands

Revenues	NOK 23.6 billion
EBITA	NOK 3.0 billion



World leader in the aluminium solutions industry

Revenues	NOK 27.7 billion
EBITA	NOK 0.7 billion

Share Portfolio

NOK 7.4 billion as of Q3-11

Hydro Power

2.5 TWh



Leading specialised cellulose company
Revenues: NOK 3.8 billion



42.5%
Fastest growing paint company
Revenues: NOK 12 billion

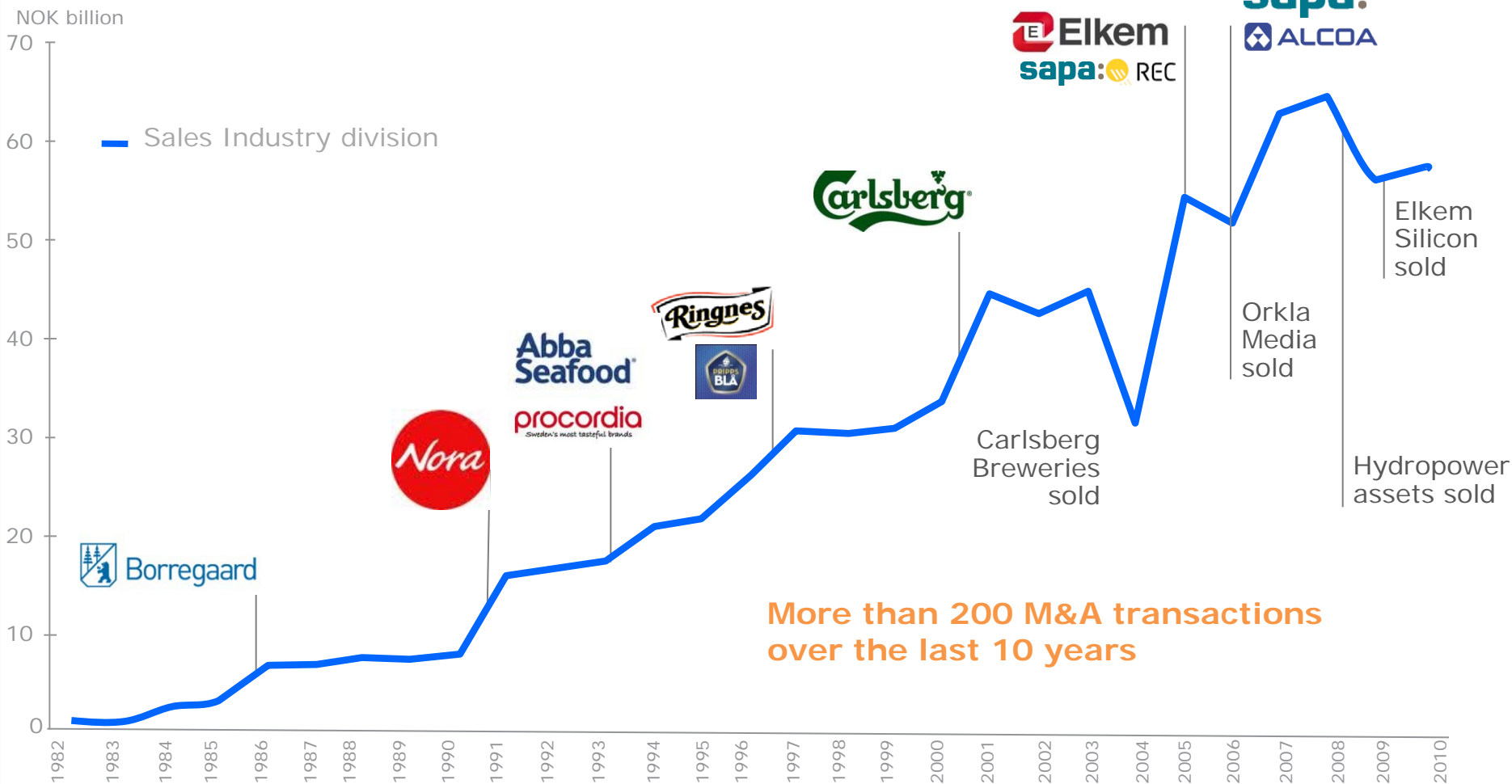


39.7%
Renewable Energy Corporation
Leading solar company
Revenues: NOK 13.8 billion

All figures except Share Portfolio as of 31 Dec 2010

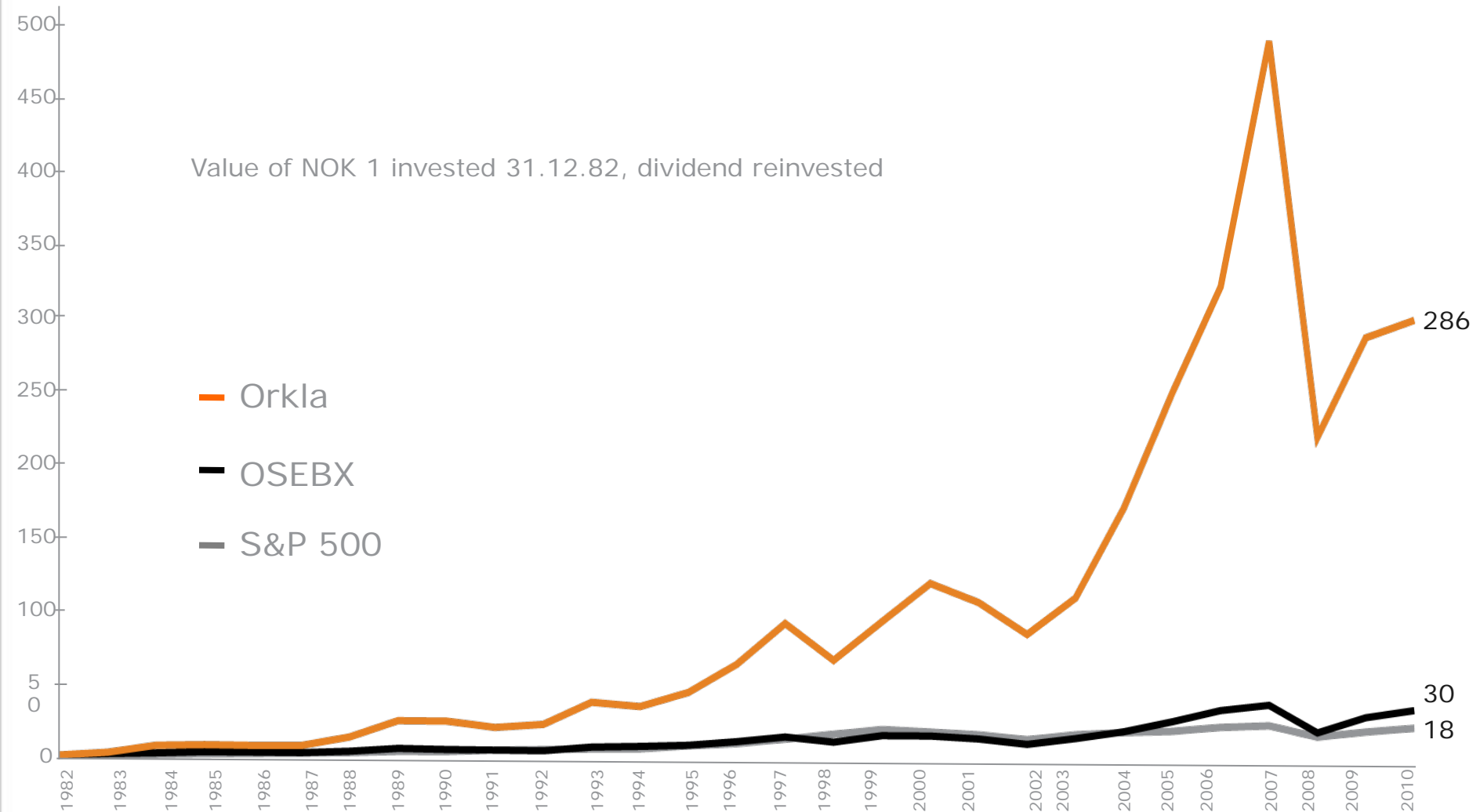
Orkla's growth story

Combining operational and structural expertise



Orkla's growth story

Orkla has created substantial value





Strategic direction

Key strategic messages

- Growth through allocating capital within branded goods
- Orkla will divest its Share Portfolio
- Sapa – focusing on value enhancement through operational improvements

Branded goods share of revenues significantly decreased since 2004

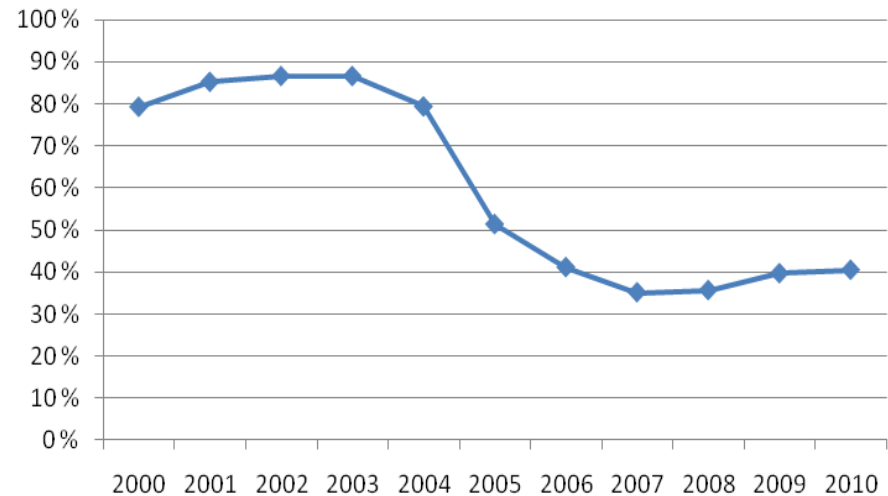
1986-2003: A strong branded goods-oriented profile

- Orkla/Borregaard merger
- Orkla/Nora merger
- Procordia acquisitions
- Orkla Breweries
- Orkla Media

2004-2010: Less focus on branded goods

- Sale of stake in Carlsberg Breweries
- Sale of Orkla Media
- Acquisitions of Elkem, REC and Sapa

SHARE OF ORKLA REVENUES FROM BRANDED GOODS

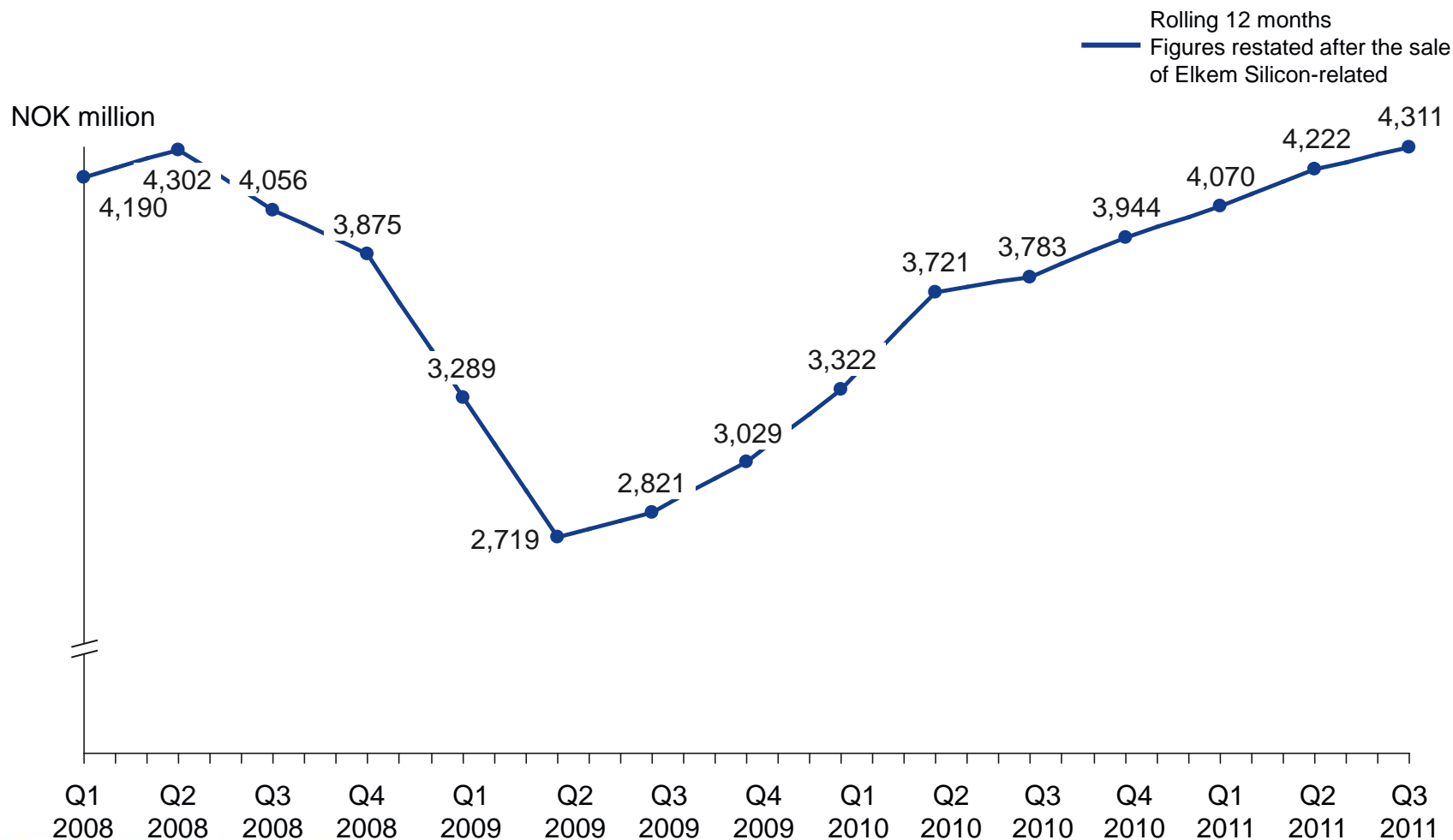


Non-core assets divested in last 12 months

- Successful divestment of Elkem Silicon-related NOK 13 billion
- Net divestments in the Share portfolio NOK 4 billion
- Sale of Borregaard forests at favourable valuation NOK 1.7 billion



Delivering 9 consecutive quarters of operational improvements





STRATEGIC DIRECTION

**Growth through allocating capital
within branded goods**

Orkla Brands has proven track record in building strong market positions ...



Lano

Ballerina



Pierre Robert

KiMs

GRANDIOSA

FELIX

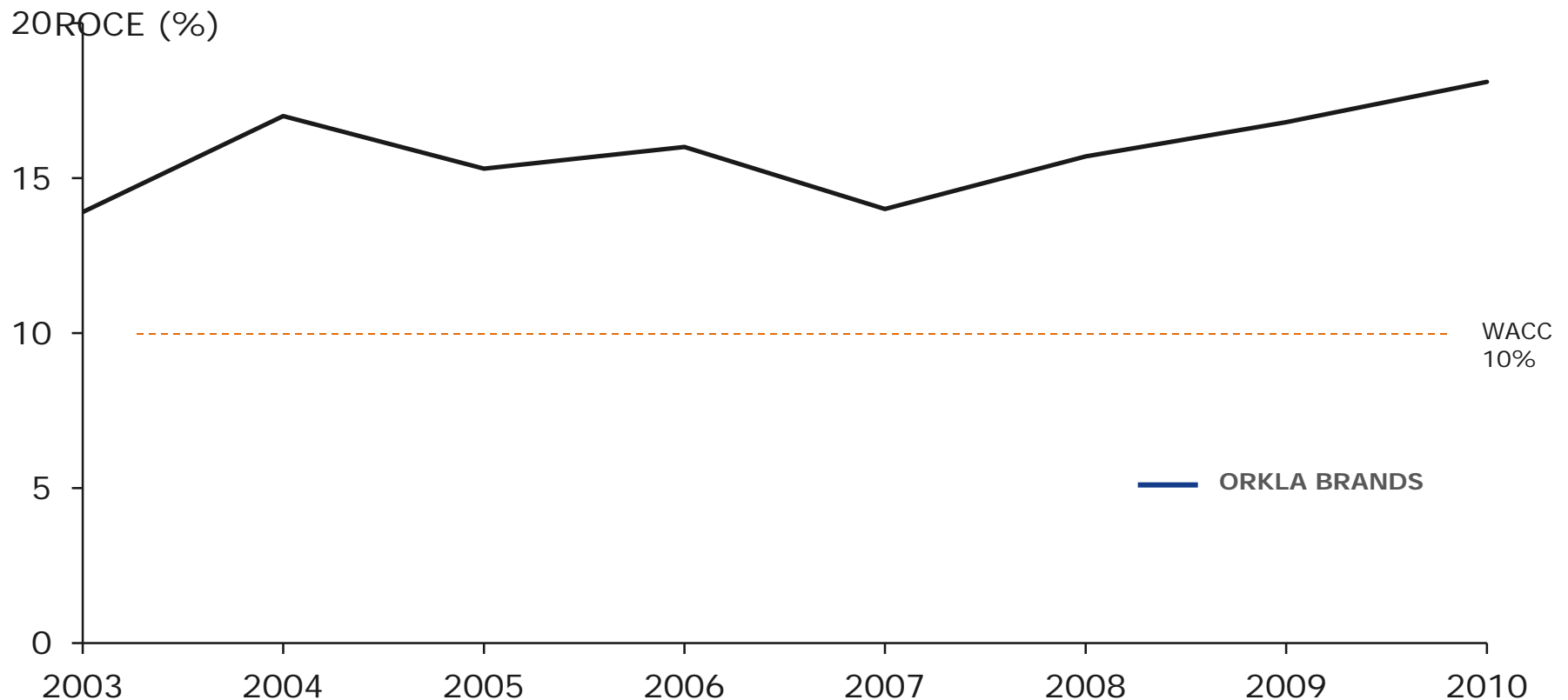


Detergents	1	○	○	○
Personal Care	1	○	○	○
Biscuits	1	1	●	2
Confectionery	1	○	○	●
Dietary Supplements	1	2	1	1
Textiles	1	2	○	●
Snacks	2	1	1	1
Frozen pizza	1	1	●	1
Ketchup	1	1	2	1
Dressings	1	1	●	2
Preserved vegetables	1	1	1	1
Jam/Marmalade	1	1	1	●
Caviar (cod roe spread)	2	1	2	1

● Present in market

○ Not present in market

...and increasing shareholder value



Growth and capital allocation based on our core expertise within branded goods

Brand building

- Customer insight
- Brand development
- Sales management



M&A skills and expertise

- Deal orientation
- Deal structure
- Post deal integration



Increasing growth opportunities

- An increasing number of potential targets identified within relevant categories and geographies
- Expansion opportunities along several dimensions
 - Expand Nordic FMCG* operations
 - FMCG expansion outside Nordic countries
 - Adjacent categories in Nordic countries and global niches

* Fast Moving Consumer Goods

Our capital allocation criteria

- **Competitive edge and leading market positions** in clearly defined product categories and relevant markets
- **Customer insight**, sustainably unique and differentiated market offerings – as a base for customer loyalty and preference
- **Scalability and opportunities to replicate** for future organic and structural growth
- **Expected return** above WACC of 10% (before tax)
- **Stable cash flow** through the cycle



Financial flexibility supports group strategy

Strong financial flexibility and expansion capacity

Current debt capacity NOK 20 – 25 billion

- Unused credit lines NOK 13 billion
- Bilateral bank relations – no loan syndicates

No financial covenants

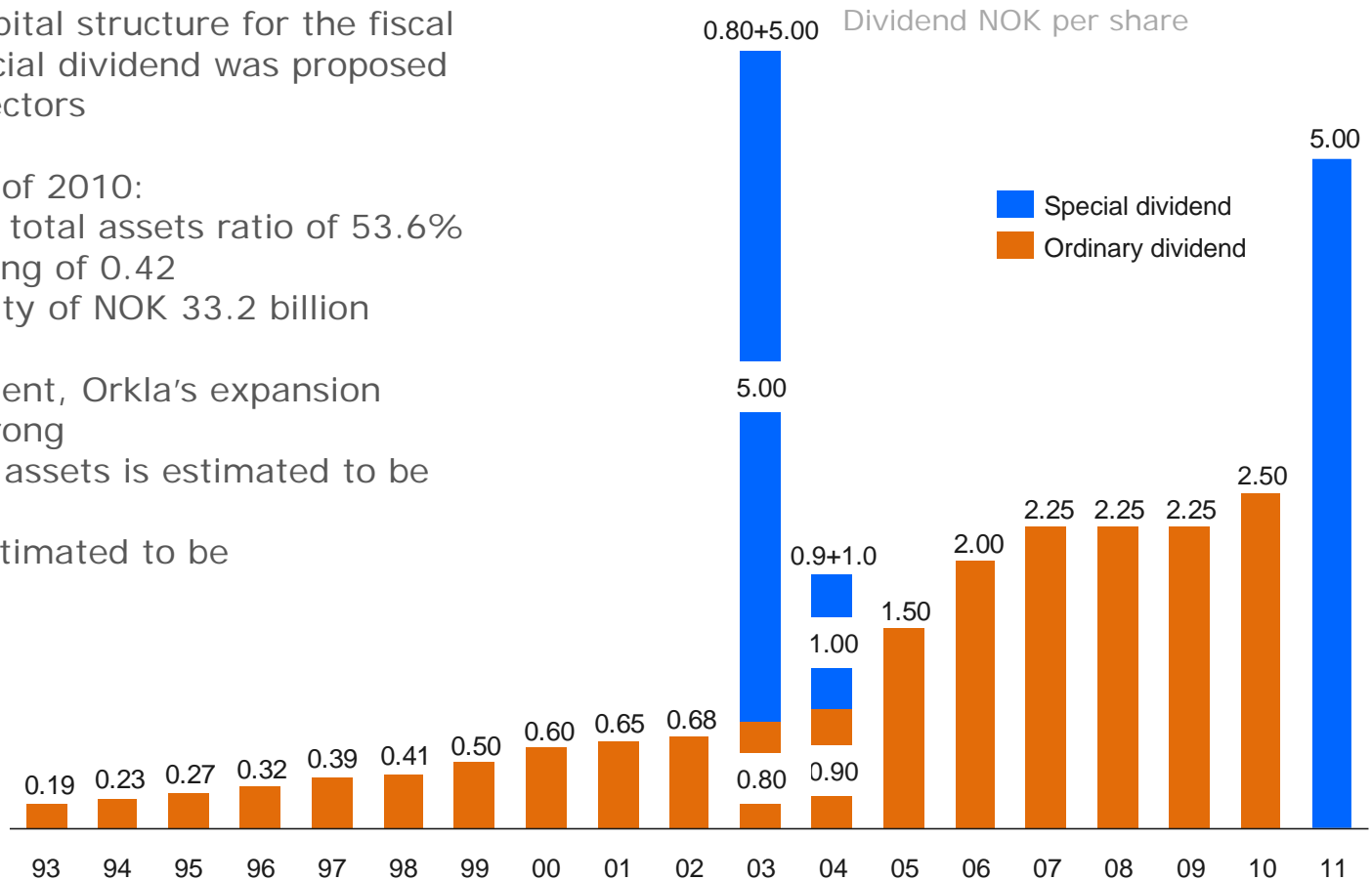
Flexibility from re-allocation of assets

Return of capital to shareholders

- Dividend strategy focuses on predictability and stability with steady year-on-year dividend increase
- Share buy-backs aim at supplementing dividend
- Special dividend based on capital structure

Orkla's general meeting approved a special dividend of NOK 5 per share

- Based on Orkla's capital structure for the fiscal year of 2010, a special dividend was proposed by the Board of Directors
- Capital structure as of 2010:
 - Equity to total assets ratio of 53.6%
 - Net gearing of 0.42
 - Free equity of NOK 33.2 billion
- After dividend payment, Orkla's expansion capacity remains strong
 - Equity to total assets is estimated to be around 51.6%
 - Net gearing estimated to be around 0.38

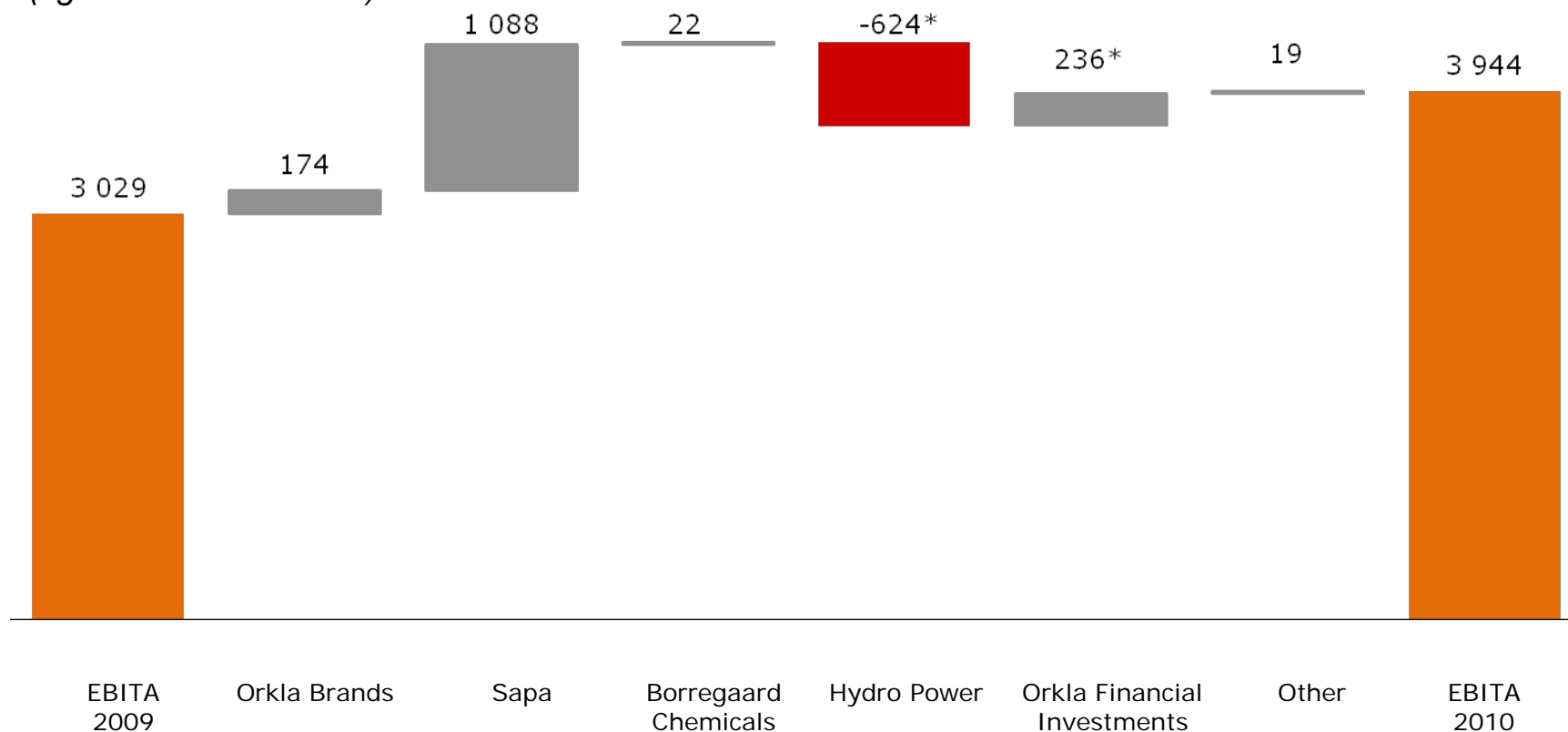




Financial Performance 2010

EBITA improvement for the group in 2010

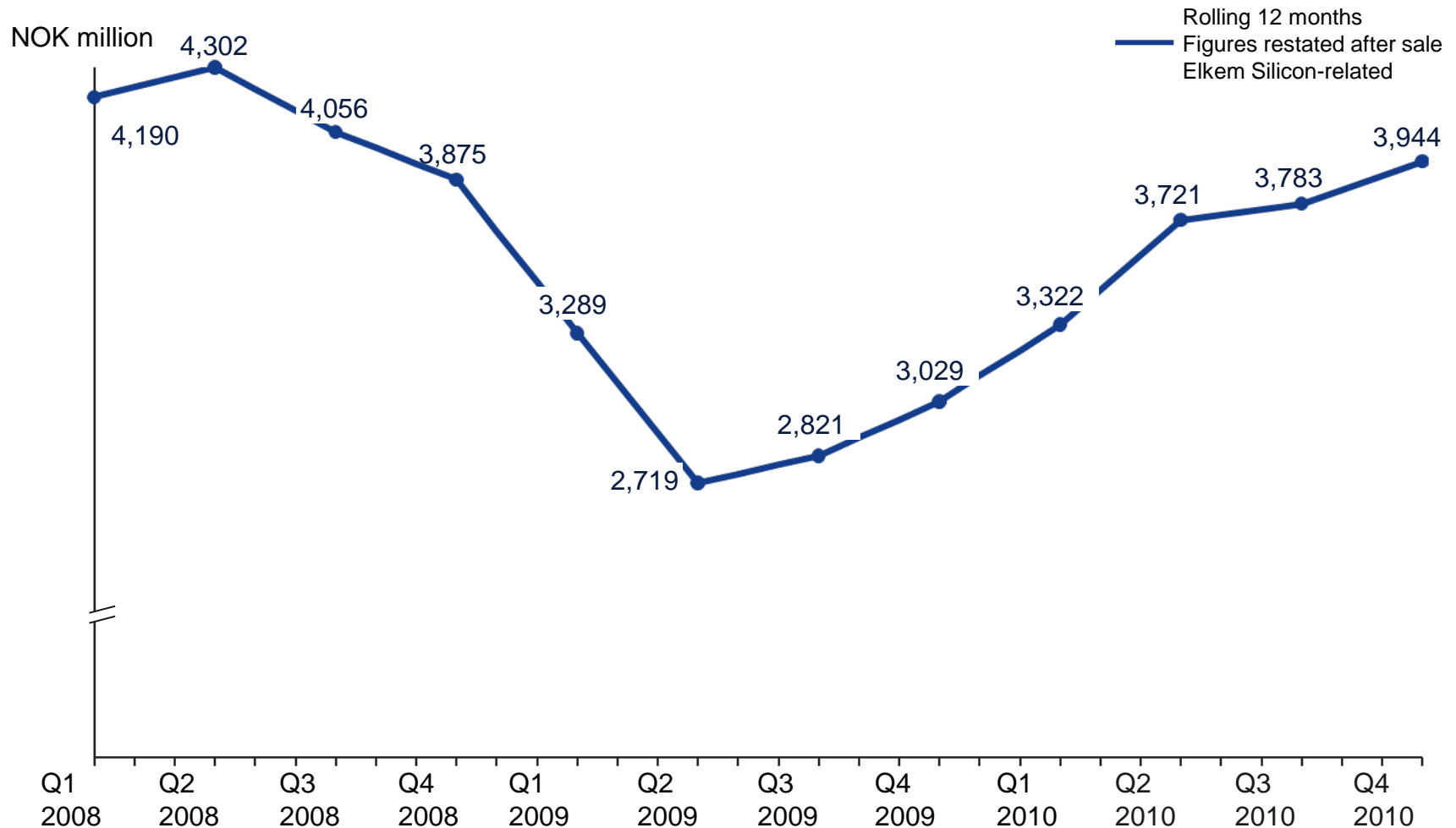
EBITA performance from 2009 to 2010
(figures in NOK million)



Highlights 2010

- Improved markets and demand throughout the year, in particular for Sapa and Borregaard
- Stable markets for Orkla Brands, however continued growth in profit and margin
 - EBITA-margin +0.5%p to 12.6% for 2010
- Strong results for the Share Portfolio with a return of 31.8%
- Negative development for Orkla's investment in REC
 - Write-down of NOK 6.4 billion in 2010
- Important structural changes throughout 2010

Strong improvement in EBITA after the financial crisis

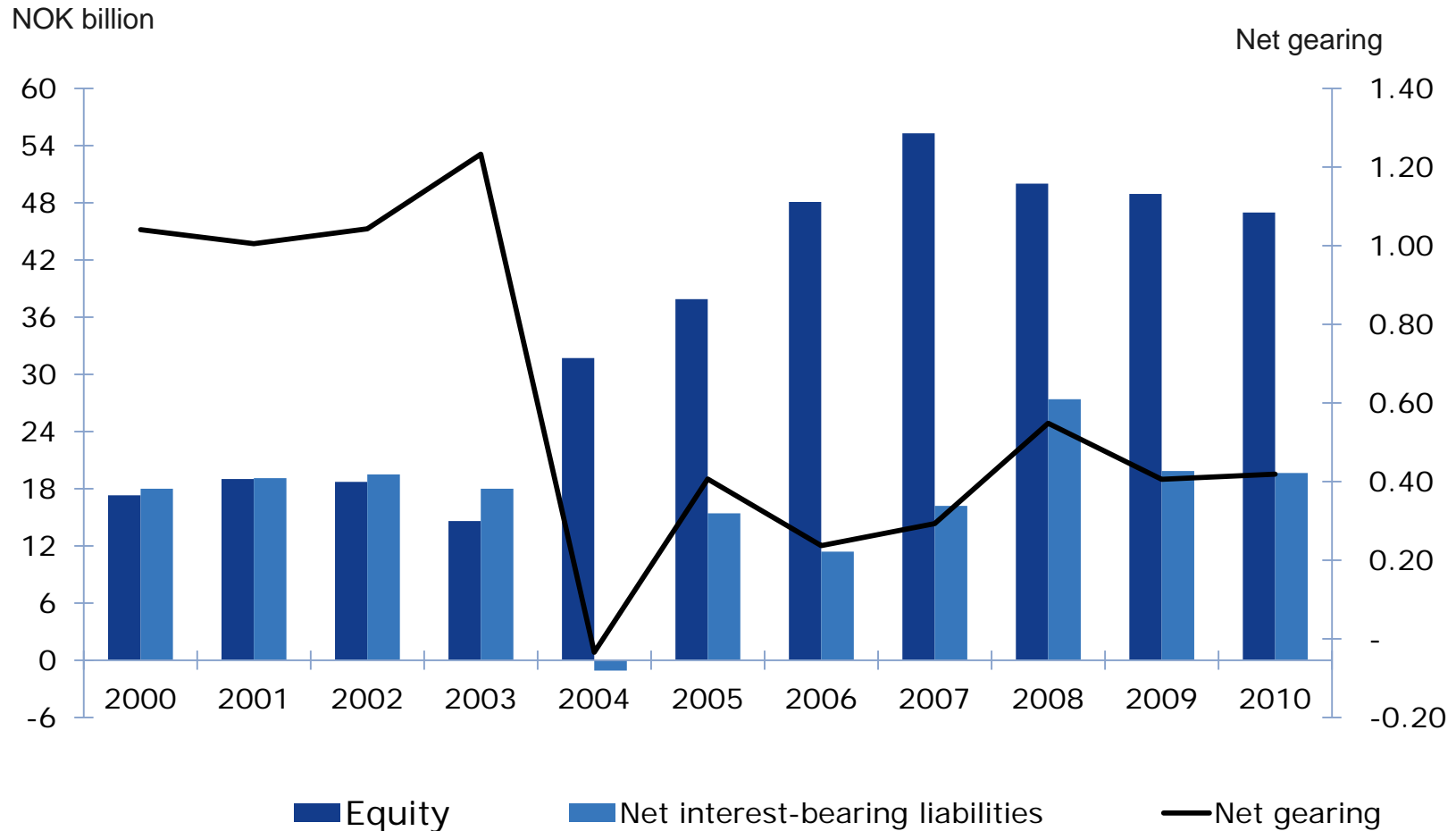


Group income statement

Amounts in NOK million

Q4-10 Q4-09 Change				2010	2009	Change
15 884	13 497	18 %	Operating revenues	57 338	50 233	14 %
1 322	1 161	14 %	EBITA	3 944	3 029	30 %
-15	-60		Amortisation intangibles	-52	-213	
506	2 975		Other revenues and expenses	330	2871	
1 813	4 076		EBIT	4 222	5 687	
- 866	-3 516		Associates	-6 169	-3 919	
73	13		Dividends	522	252	
867	337		Gains and losses/write-downs Share Portfolio	1 772	584	
- 76	- 196		Net financial items	- 327	- 749	
1 811	714		Profit before tax	20	1 855	
-98	558		Tax expenses	-844	276	
1 713	1 272		Profit for the period continuing operations	- 824	2 131	
- 50	- 74		Discontinued operations	- 40	429	
1 663	1 198		Profit for the period	- 864	2 560	
15	28		Minority interests' share of the profit/loss for the period	53	- 31	
1 648	1 170		Majority interests' share of the profit/loss for the period	- 917	2 591	
1.6	1.1		Earnings per share diluted (NOK)	-0.9	2.5	

Net gearing 0.42 – Equity ratio 53.6%



Cash flow as of 31 Dec 2010

31.12.2010

31.12.2009

Industry division:		
Operating profit	2 940	5 191
Amortisations, depreciations and write-downs	2 503	2 653
Gain, sale of hydro power assets/sold companies		-3 066
Changes in net working capital	-1 462	2 197
Net replacement expenditure	-1 512	-1 173
Cash flow from operations	2 469	5 802
Financial items, net	- 544	-1 261
Cash flow from Industry division	1 925	4 541
Cash flow from Financial Investments	1 236	1 003
Taxes paid	- 686	-1 402
Discontinued operations and other payments	- 620	25
Cash flow before capital transactions	1 855	4 167
Paid dividends	-2 360	-2 354
Net purchases of Orkla shares	138	94
Cash flow before expansion	- 367	1 907
Expansion investment in Industry division	- 509	-1 765
Sale of companies/shares of companies	1 854	5 914
Purchase of companies/share of companies	-2 878	-3 282
Net purchases/sale of portfolio investments	2 130	2 866
Net cash flow	230	5 640
Currency effects of net interest-bearing liabilities	- 34	1 936
Change in net interest-bearing liabilities	- 196	-7 576
Net interest-bearing liabilities	19 652	19 848

Balance sheet as of 31 Dec 2010

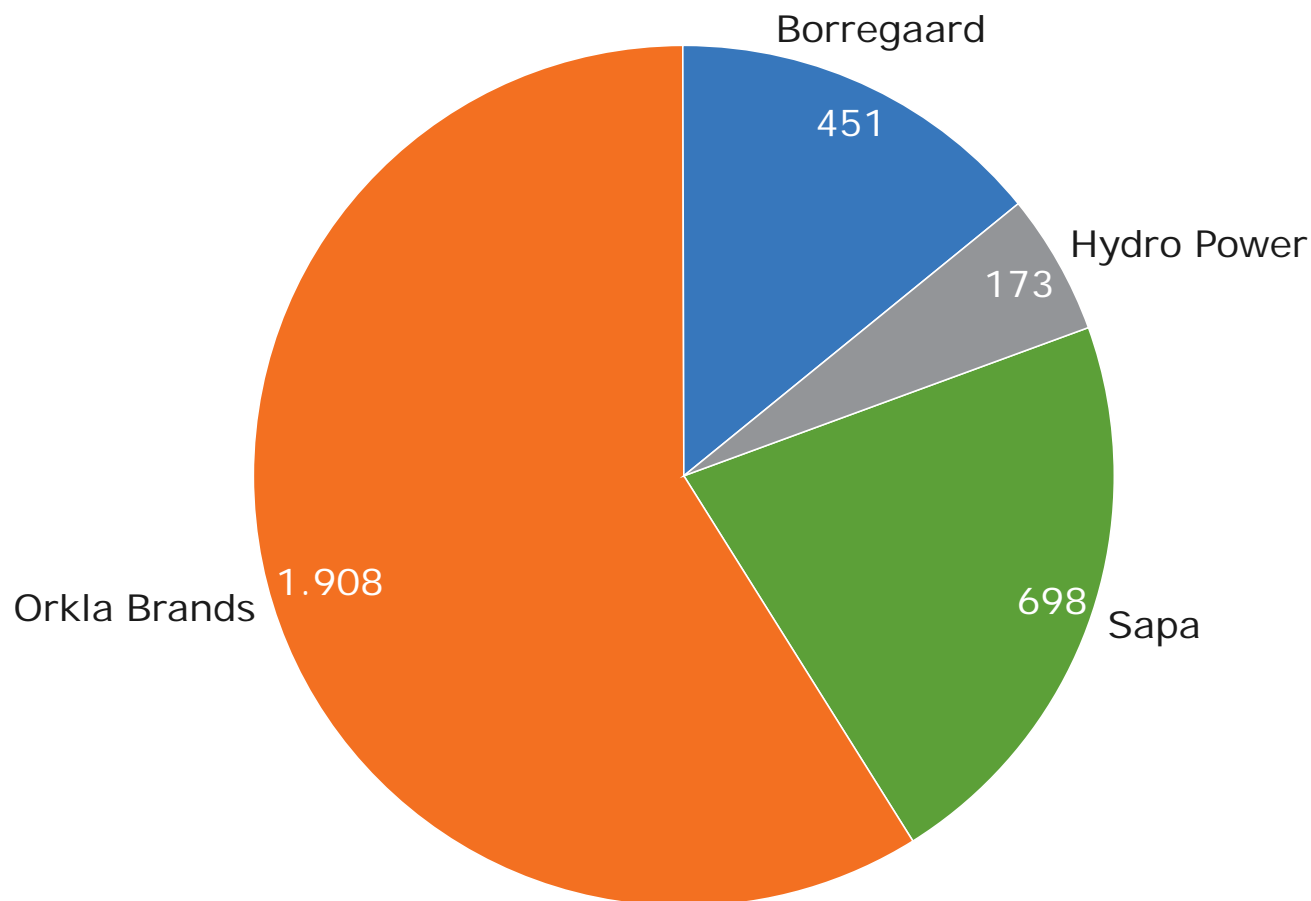
Amounts in NOK million

	31.12.2010	31.12.2009
Intangible assets	12 960	14 731
Property, plant and equipment	17 730	24 694
Financial assets	10 985	15 922
Non-Current assets	41 675	55 347
Assets in discontinued operations	13 891	
Inventories	7 102	7 531
Receivables	10 380	16 568
Share Portfolio etc.	11 674	11 087
Cash and cash equivalents	2 819	4 153
Current assets	31 975	39 339
Total assets	87 541	94 686
Paid-in equity	1 999	1 995
Earned equity	44 567	46 560
Minority interests	365	370
Equity	46 931	48 925
Provisions	4 081	4 339
Non-current interest-bearing liabilities	21 820	29 042
Current interest-bearing liabilities	1 380	1 746
Liabilities in discontinued operations	2 544	
Other current liabilities	10 785	10 634
Equity and liabilities	87 541	94 686
Equity to total assets ratio	53.6%	51.7%



Financial Performance Q3-11

EBITA contribution by segments



Amounts in NOK million at Q3-11

Continued profit growth

