



SEB Enskilda Nordic Seminar

**Terje Andersen, CFO
Copenhagen, 11 January 2011**





Agenda

- Strategic direction
- Action taken to concentrate the portfolio
- Sale of Elkem
- Financial performance for the group
- Priorities and focus on Orkla Brands and Sapa

Orkla will continue to be a diversified portfolio company

- Concentrating the portfolio on a smaller number of areas
 - Re-allocating capital to maximise long-term shareholder value
 - Giving priority to value creation by improving operations and promoting growth in Orkla Brands and Sapa
- Continuing to deliver industrial and financial value creation
- Making structural and operational improvements that will be key to Orkla's value creation model

Action taken to deliver under focused strategy

Concentrate the portfolio on a smaller number of areas

- Divestment of Elkem Silicon-related ~ NOK 12.5 bn
- Divestment of hydropower assets NOK 6.0 bn
- Divestment of the Borregaard forests NOK 1.7 bn
- Net divestments in the share portfolio (YTD Q3-10) NOK 1.2 bn

Prioritise growth in Brands and Sapa

Growth in Orkla Brands

- Investments in Sonneveld
- Investments in Kalev
- Investments in Peterhof
- Investments in 10 smaller add-ons

Asian expansion strategy in Sapa

- Heat Transfer Shanghai expansion
- MoU with Chalco
- New factory in India
- Vijalco in Vietnam

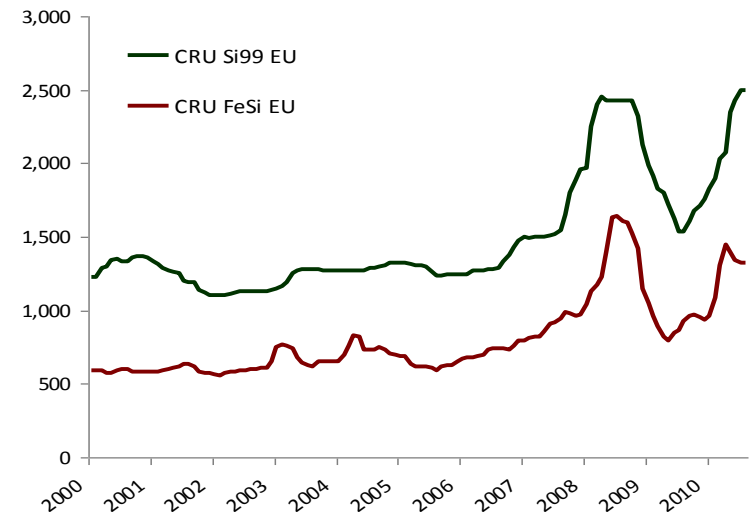
Sale of Elkem to China National Bluestar

- The transaction includes the following divisions: Silicon Materials, Foundry Products, Carbon and Elkem Solar
 - Does not include Elkem Energy or the 85% stake in AS Saudefaldene
- Sales price: USD 2 billion*
 - All cash deal
 - Represents an estimated enterprise value for Orkla of NOK 12.5 billion
- Expected closing in H1 2011
- Conditional upon approvals from the competition as well as the Ministry of Commerce (MOFCOM) and State Administration of Foreign Exchange (SAFE) of the People's Republic of China

** Before closing- and capital structure adjustments*

Rationale for the transaction

- In line with communicated strategy
 - Concentrate the portfolio on a smaller number of areas
 - Reduce exposure to solar over time
- Strong underlying markets and increased interest in silicon assets
- Attractive solution for Elkem
 - Part of a strong industrial structure with ambitions for growth and access to growth markets
 - Elkem will form the core of Bluestar's Silicon business
 - Elkem's head office and R&D department will remain in Norway

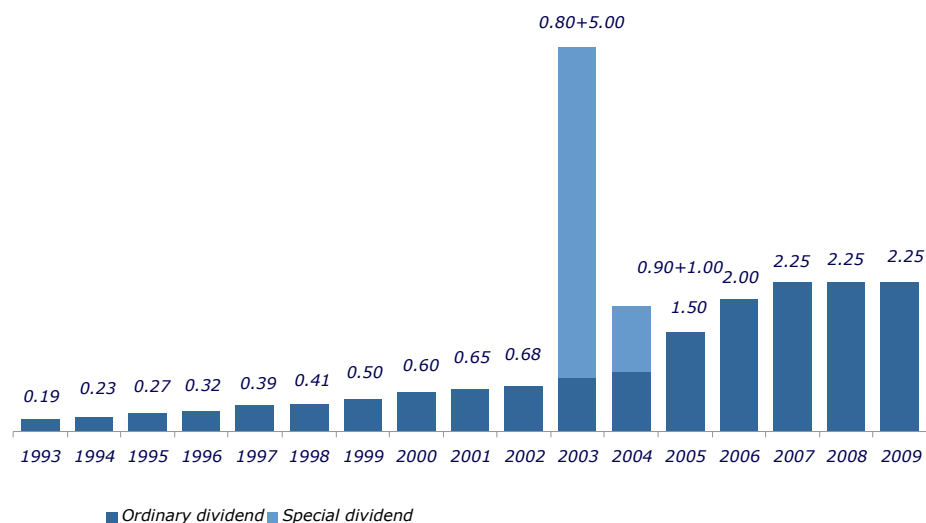
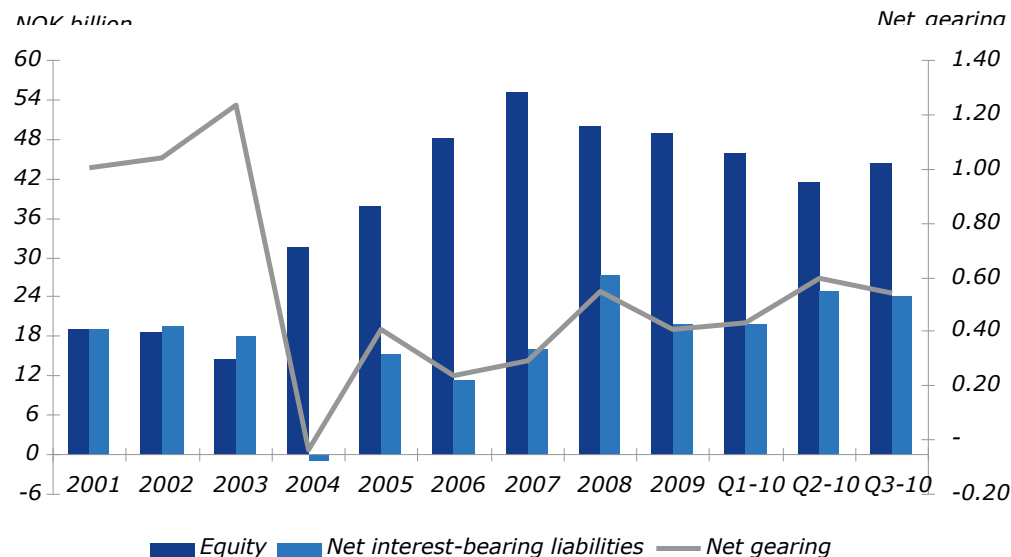


Conditional upon the following approvals

- Conditional upon buyer approval from the relevant competition authorities
- Conditional upon buyer approval from
 - Ministry of Commerce (MOFCOM) and
 - State Administration of Foreign Exchange (SAFE) in China
- Approval already received from the Chinese National Development and Reform Commission (NDRC)

Allocation of proceeds

- Reduction in interest-bearing debt
 - Increased financial flexibility
- Investments in potentially value-creating growth in Brands and Sapa
- Secure long-term dividend policy – predictability and stability



All figures in NOK mill.
Rolling 12 months as of Q3-2010



Revenues	54.2 billion*
EBITA	3.8 billion*

*Excl. Elkem Silicon-related

Orkla Brands



- Foods Nordic
- Brands Nordic
- Brands International
- Food Ingredients

Revenues	22 971
EBITA	2 931

Orkla Aluminium Solutions



- Sapa AB
- Heat Transfer
- Building System

Revenues	25 987
EBITA	706

Orkla Investments



- Share Portfolio Market value: 11 721 as of Q3-10
- Real Estate



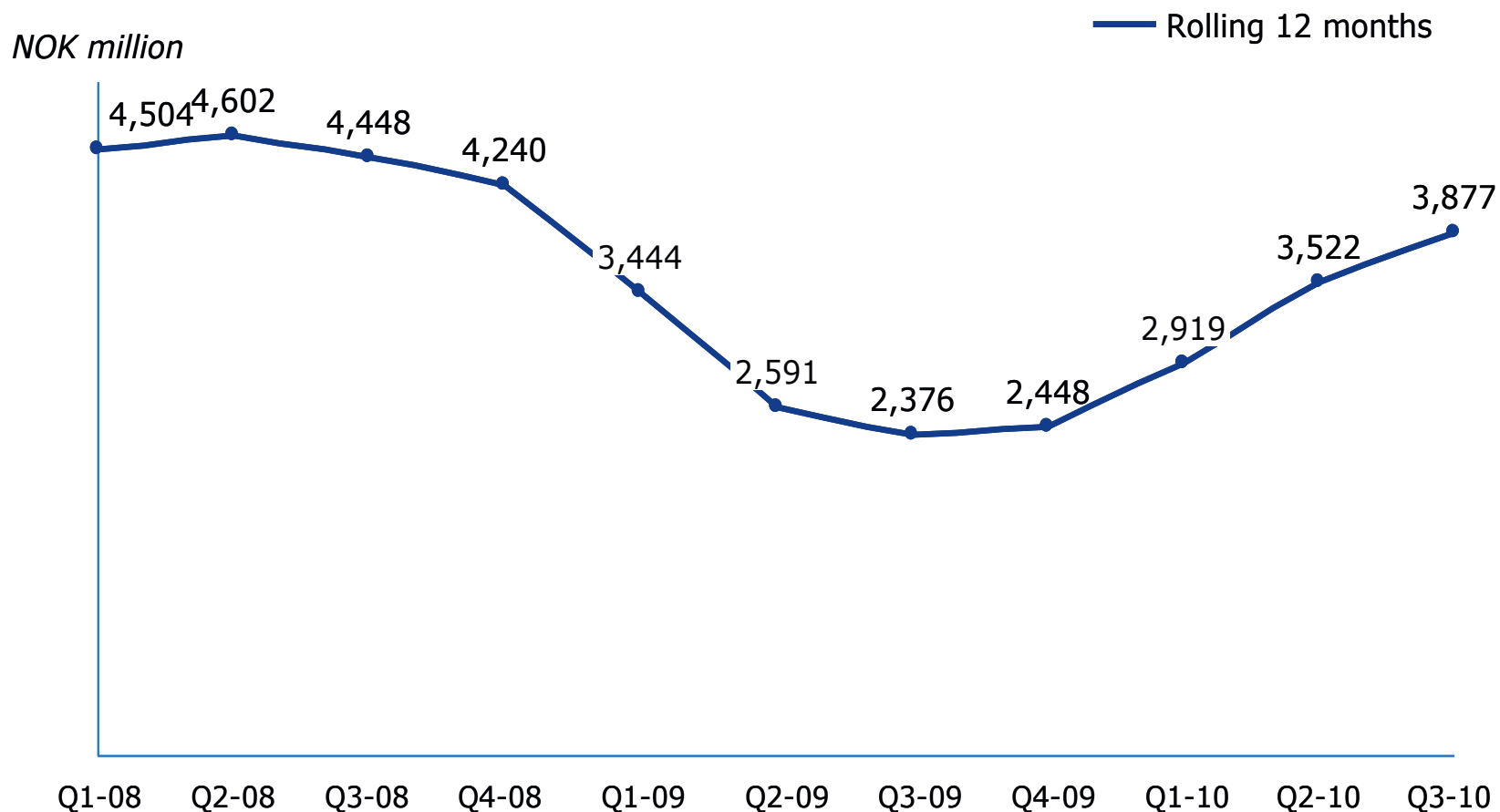
- Orkla owns approximately 40% in REC & Jotun.





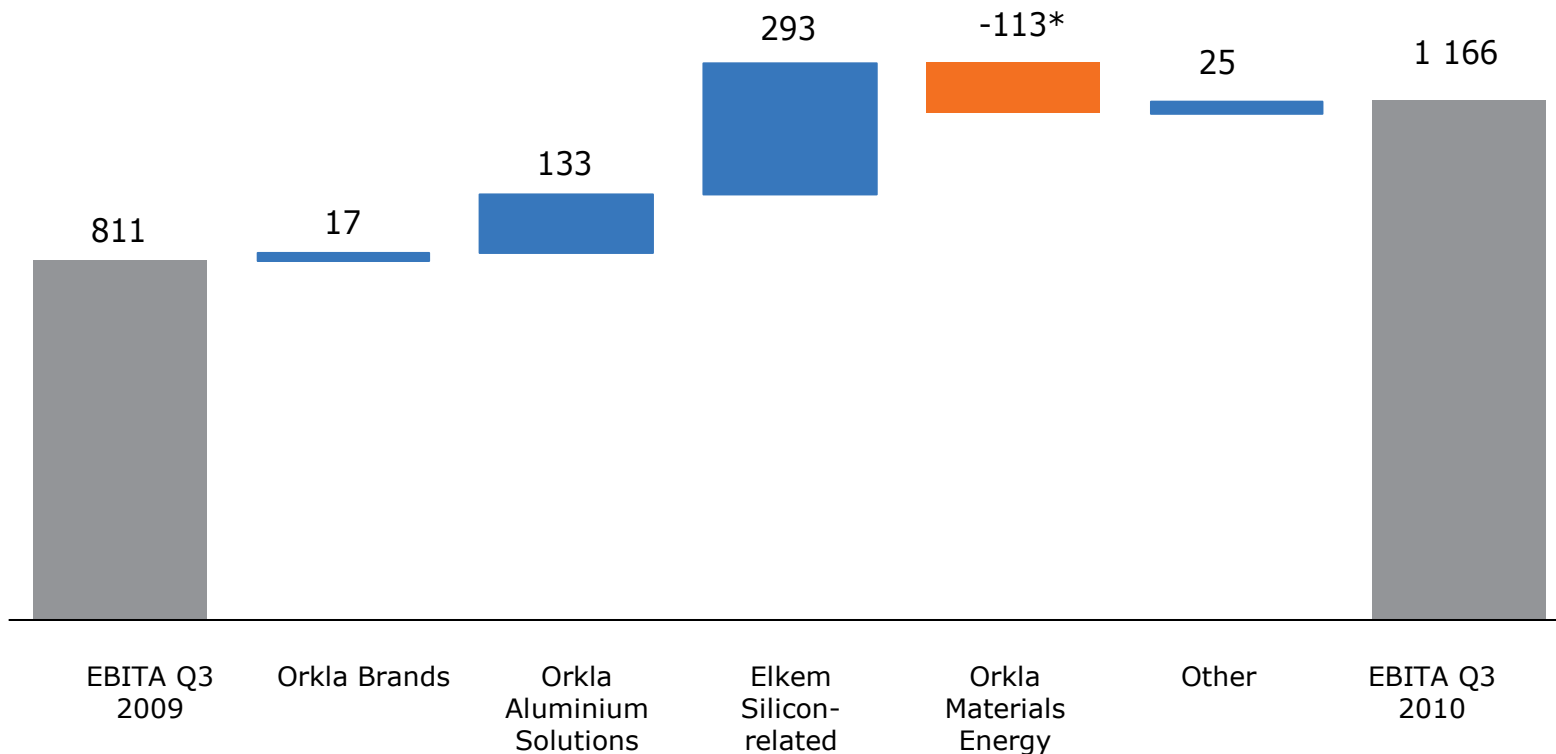
Financial performance

Status Q3-10: Continued EBITA improvement



Status Q3-10: Strong EBITA improvement for the group

EBITA performance from Q3-09 to Q3-10
(figures in NOK million)





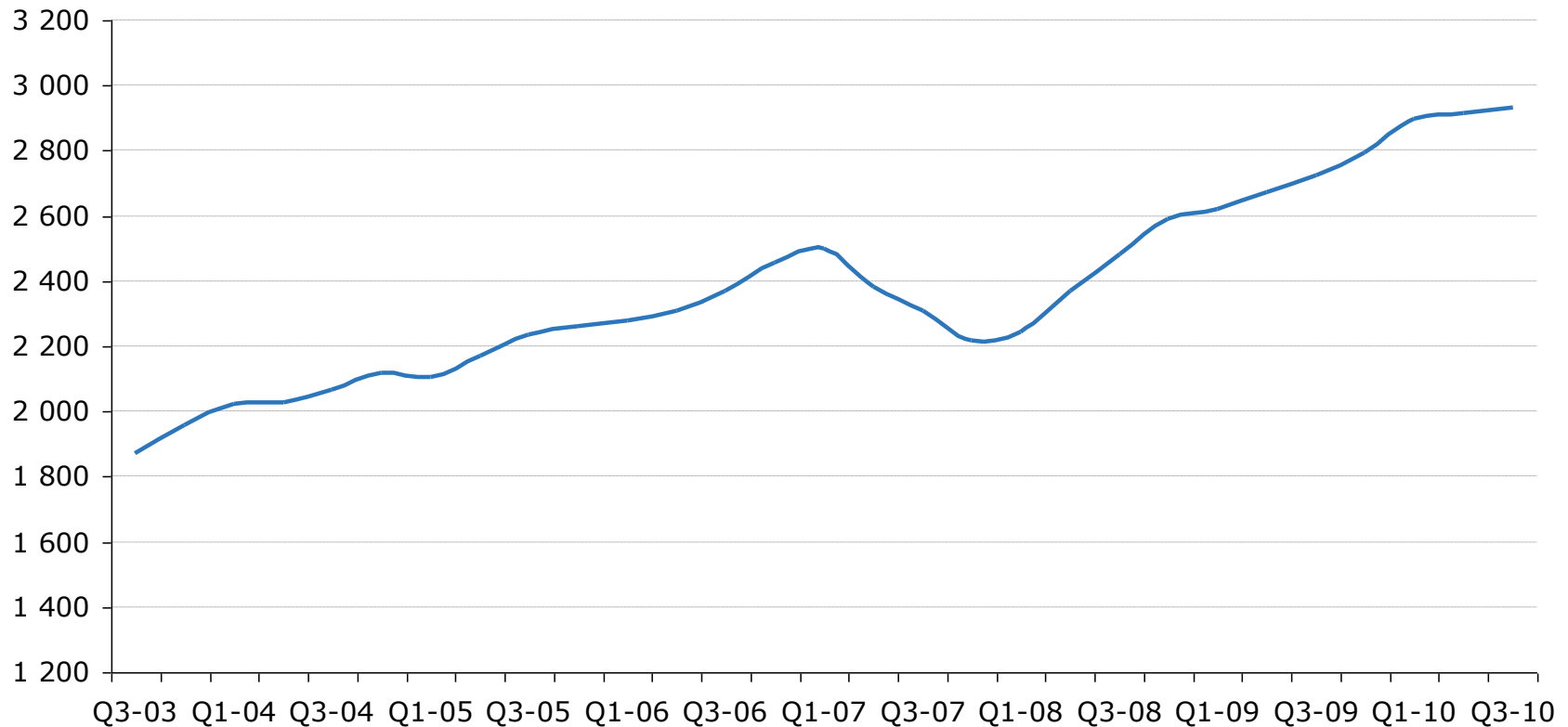
Orkla Brands

80% of turnover from No. 1 positions



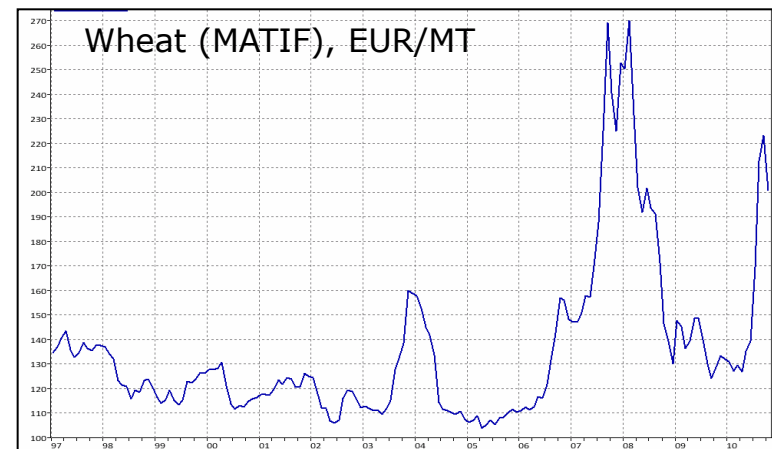
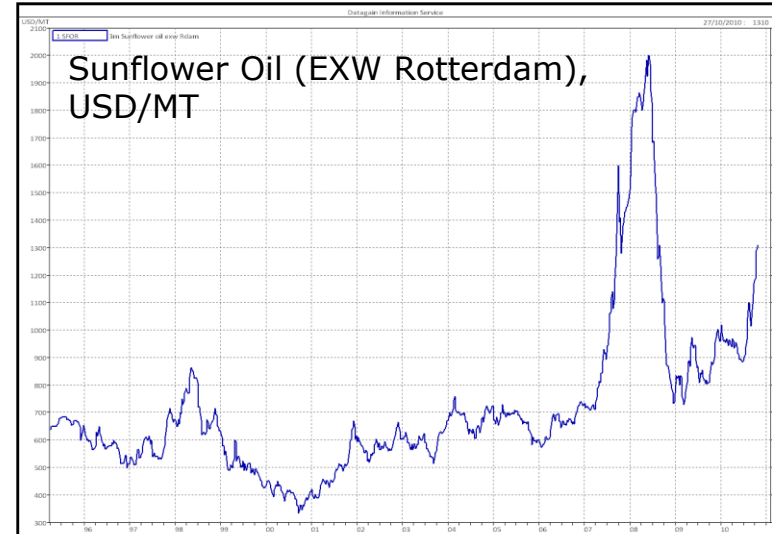
Strong brand positions bases for stable long-term profit trend

12 months rolling EBITA



Increasing raw material prices and higher volatility

- Orkla Brands is exposed to a broad range of raw materials
 - Veg. oils, flour, sugar, meat, cheese, cocoa, fruit and berries, spice, pelagic, tomato, potato
 - > 20 % is Norwegian raw materials with less volatility
- Higher raw material prices expected, but not as significant as in 2007
 - Higher volatility
- Higher raw material costs will be compensated by increased prices and continuous cost improvements



Orkla Brands' focus going forward

- Organic growth
 - Innovation is Orkla Brands' key value driver



- Acquisitions



- Continuous improvements

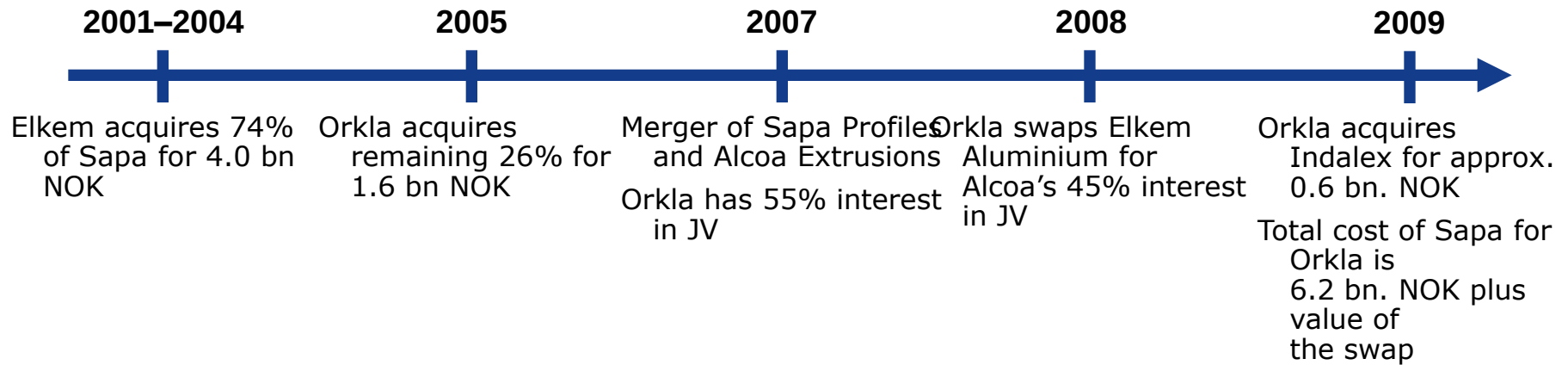


Orkla Aluminium Solutions

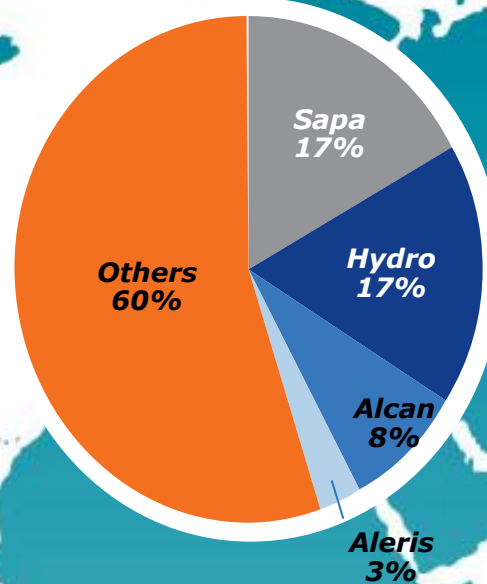
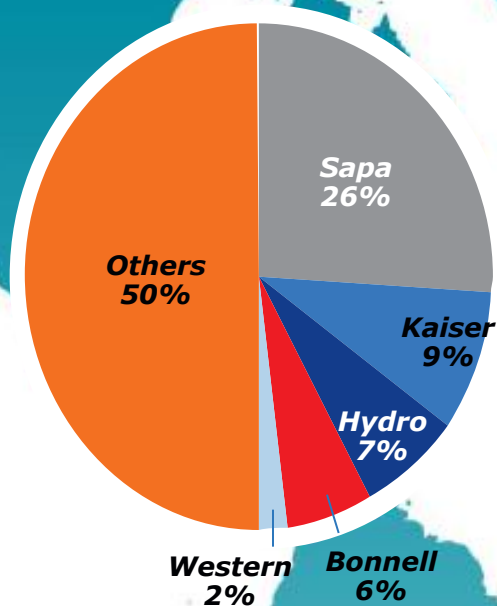
The Sapa growth story

Sapa sales 1999
10.5 bn. NOK

**Sapa sales 2010
(Q3 R12M)**
26 bn. NOK



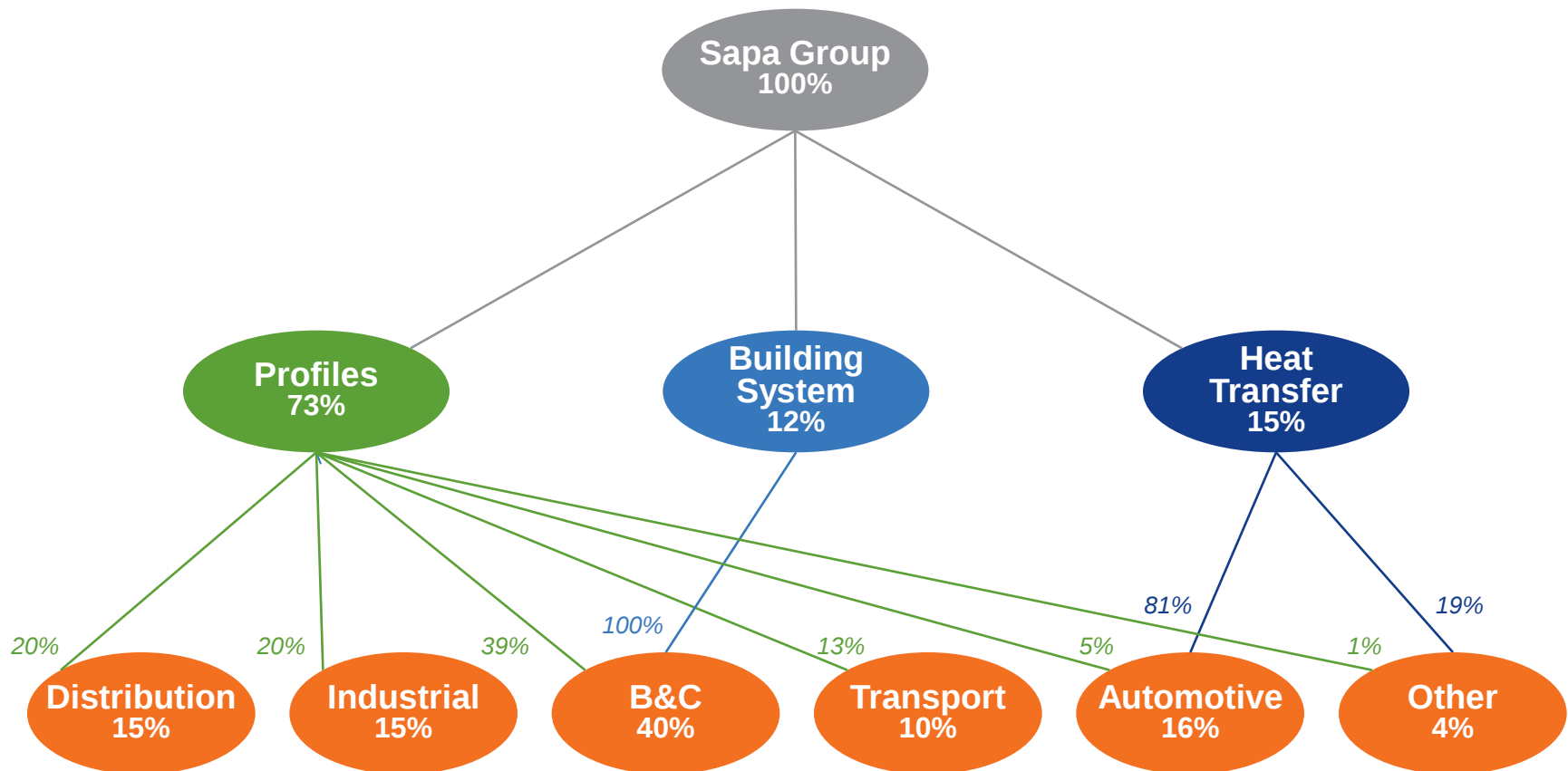
...with a market share of 26% in North America and 17% in Europe



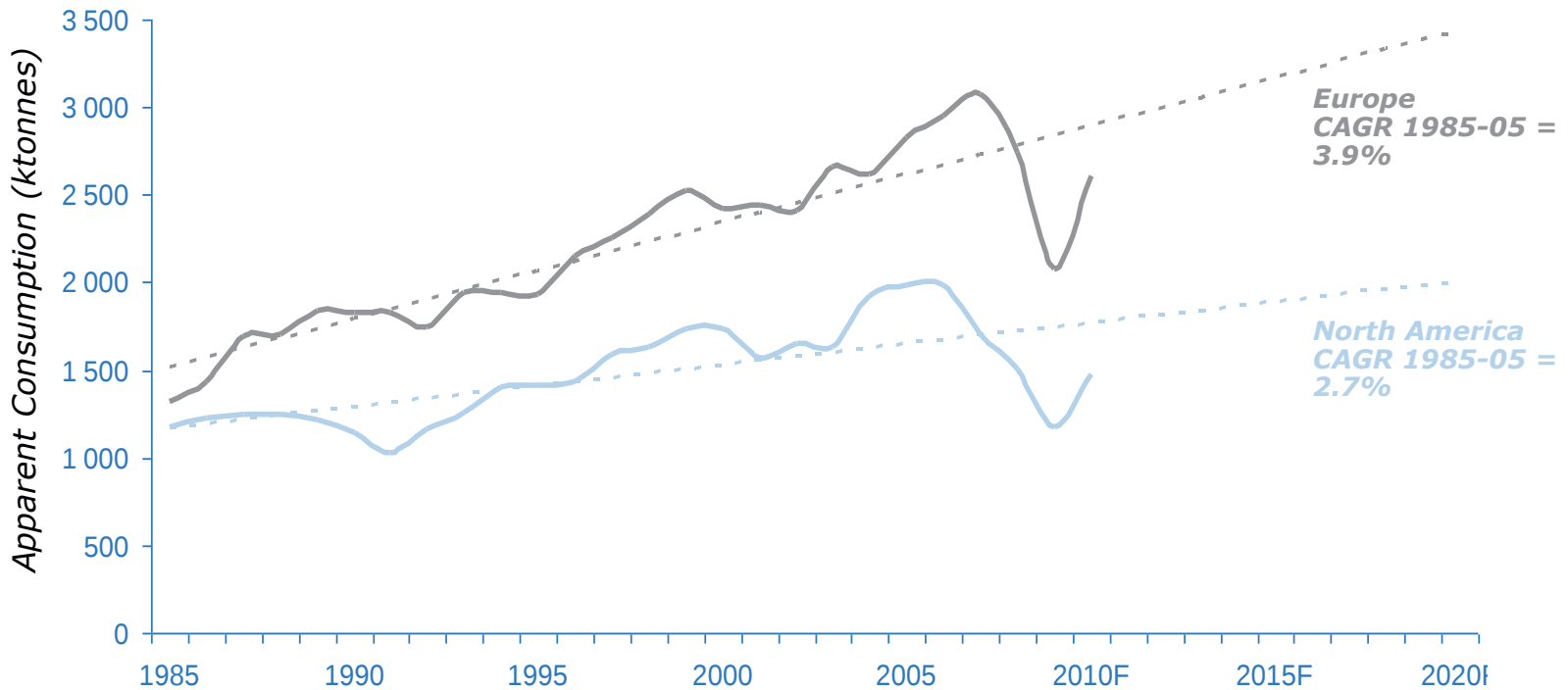
• Note: Hydro figures include extruded tubes representing some 3 ppt market share
Source: Aluminum Association, European Aluminium Association, Company Reports, Sapa Estimates

Sales Split per Business Area & End-Use Market 2009

Sales Split per Business Area & End-Use Market 2009



Consumption is growing with GDP



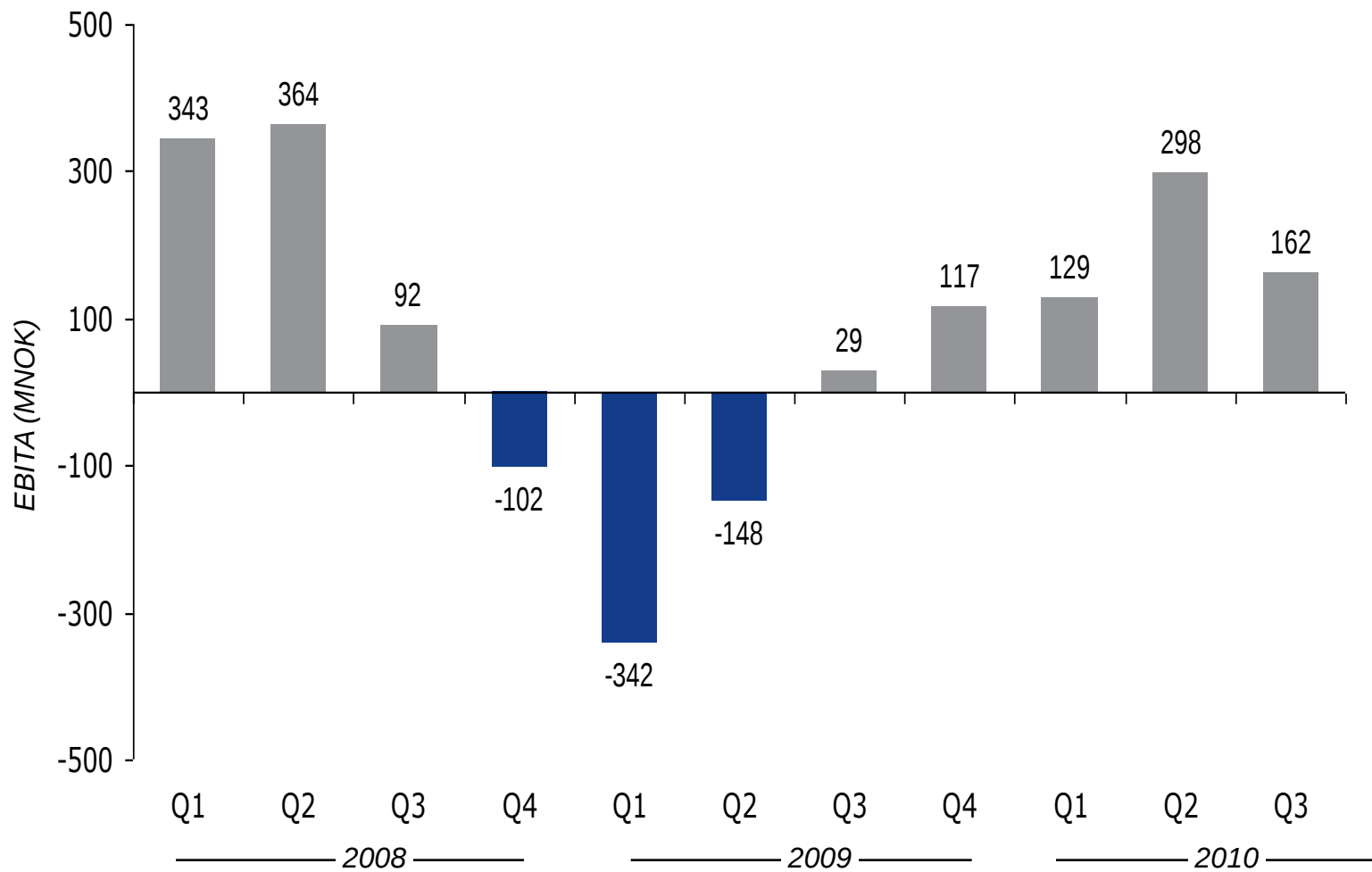
Source: European Aluminium Association and Sapa Analysis

— North America

— Europe

Sapa turnaround

Sapa Group EBITA Development by Quarter



Long-term financial goals

Capital Turnover Rate

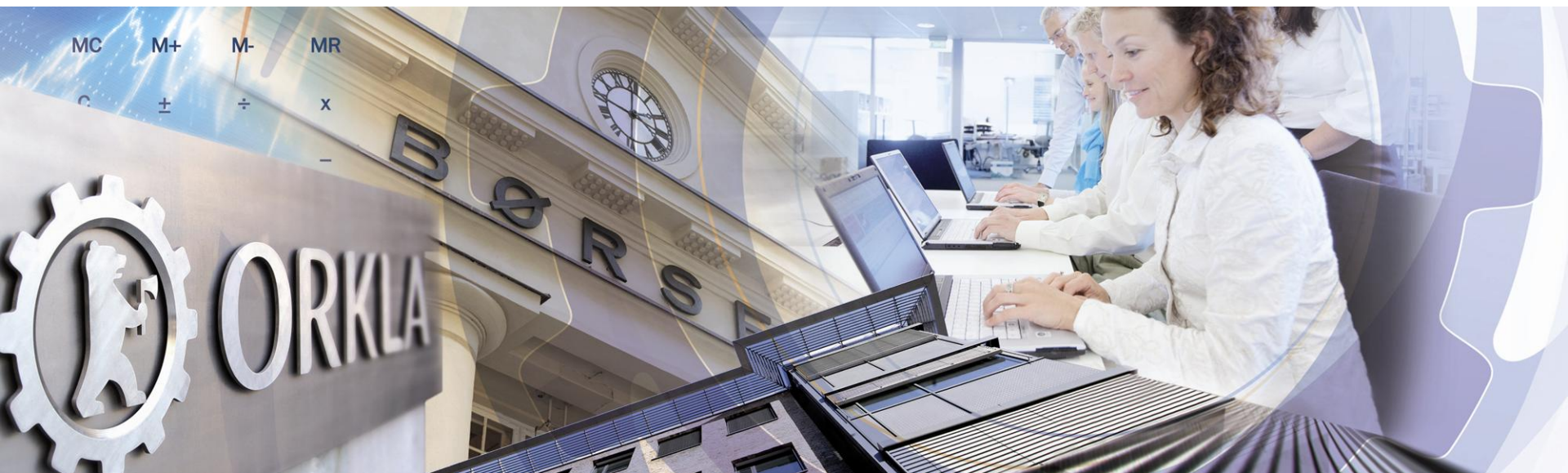
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EBITA Margin

6%

Return on Capital Employed

18%



Summing up

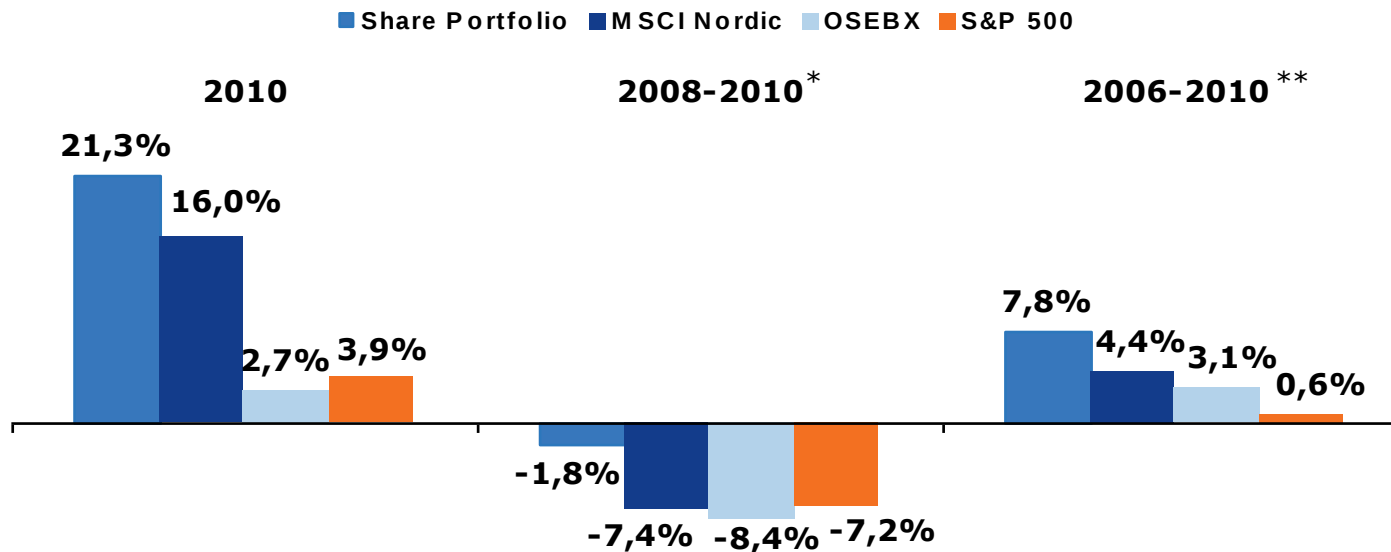
Orkla going forward

Orkla will continue to be a diversified portfolio company by:

- Concentrating the portfolio on a smaller number of areas
 - Re-allocating capital to maximise long-term shareholder value
 - Giving priority to value creation by improving operations and promoting growth in Orkla Brands and Sapa
- Continuing to deliver industrial and financial value creation
- Making structural and operational improvements that will be key to Orkla's value creation model

Appendix

Orkla Financial Investments



- Return on Share Portfolio year to date + 21.3%, market value of NOK 11.7 billion
- Sale of Orkla's forest properties for NOK 1 725 million
- Agreement to sell Orkla Finans

* 30.09.2007-30.09.2010

** 30.09.2005-30.09.2010

Largest holdings in the Share Portfolio as of 30 Sep 2010

Amounts in NOK million

Principal holdings	Industry *	Market value	Share of portfolio (%)	Share of equity (%)
Tomra Systems	Industrials	805	7 %	15,3 %
Amer Sports	Consumer Discretionary	495	4 %	5,4 %
XXL Holding AS	Retail	446	4 %	15,5 %
Elekta B	Health Care Equipment	388	3 %	2,0 %
Enter Select	Mutual Fund	342	3 %	0,0 %
Kongsberg Gruppen	Aerospace & Defence	321	3 %	2,3 %
Telenor ASA	Telecom Operators	313	3 %	0,2 %
Ekornes	Consumer Discretionary	310	3 %	5,8 %
DnB NOR ASA	Financials	299	2 %	0,2 %
Schibsted	Consumer Discretionary	279	2 %	1,8 %
Total principal holdings		3 998	33 %	
Market value of entire portfolio		11 721		

* Based on Gics Level 1

Large holdings in associates



Amounts in NOK million

Jotun	T2-10	T2-09	Change
Revenues	4 404	4 075	8 %
EBIT	595	519	15 %
Profit/loss before tax	584	476	23 %



REC	Q3-10	Q3-09	Change
Revenues	3 783	2 071	83 %
EBITDA	827	449	84 %
EBIT	155	46	
Profit/loss before tax	-1 003	-398	



Associated Company: Jotun - long term value creation

- **Orkla's ownership: 42.5%**
 - Reported as an associated company
 - Orkla seeks 100% ownership of key competences in all ownership models
- **One of the world's leading manufacturers of paints and coatings**
 - Decorative paints (36%), Marine coatings (36%), Protective coatings (20%), Powder Coatings (8%)
- **Represented on all continents via subsidiaries and JV**
- **Revenues 2009: NOK 11 219 million**
- **EBIT 2009: NOK 1 157 million**

• *For more information see www.jotun.com*



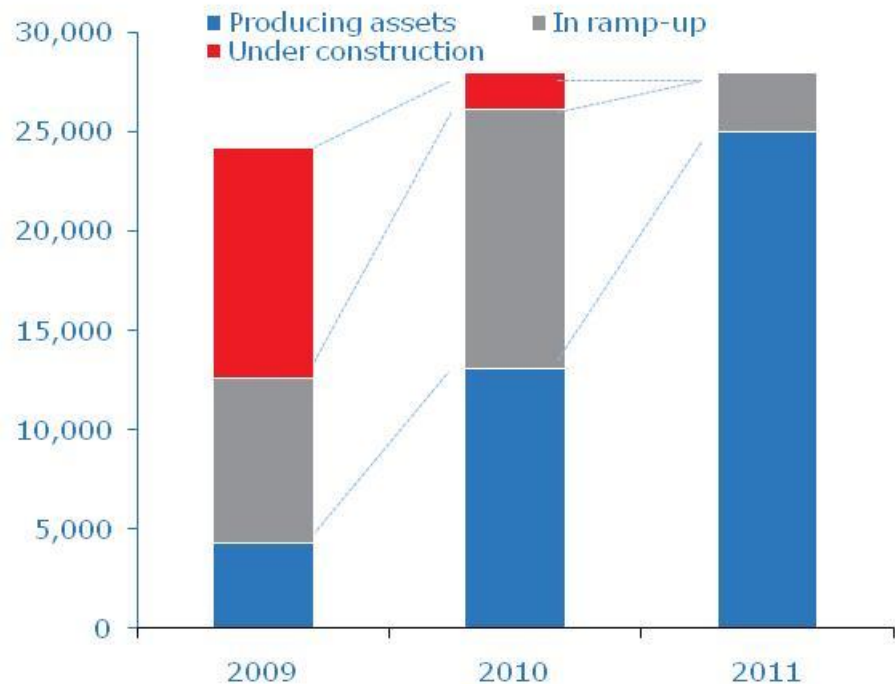
Renewable Energy Corporation

– Key figures



- Orkla's ownership: 39.7%
- Leading positions within wafers and Solar grade silicon
- Revenues RTM Q3: NOK 11 578 mill.
- EBITDA RTM Q3: NOK 2 263 mill.
- Market cap: NOK 17.5 billion*

Book value of PP&E NOK million



2009 EBITDA contribution of NOK ~2,150 million from producing assets. Negative 2009 EBITDA contribution of NOK ~400 million from assets in ramp-up and under construction

* 13 December 2010

Continued profit growth for Orkla Brands

- **EBITA +2% compared with Q3-09**
 - Underlying +5%
- **Underlying top line on par with Q3-09**
 - Market shares maintained
- **Nordic**
 - Stable market conditions
 - Strong performance for many companies
 - Demanding volume development for Bakers
- **International**
 - Summer heat wave exacerbated amplified demanding market conditions for the Russian confectionery business
 - Strong top-line growth in India
- **Cost improvement programmes on track**

Operating revenues	Q3-10	Q3-09	Change
Orkla Brands	5 804	5 661	3 %
Orkla Foods Nordic	2 267	2 377	-5 %
Orkla Brands Nordic	1 939	1 890	3 %
Orkla Brands International	464	459	1 %
Orkla Food Ingredients	1 201	1 018	18 %
Eliminations Orkla Brands	- 67	- 83	

Operating profit - EBITA	Q3-10	Q3-09	Change
Orkla Brands	776	759	2 %
Orkla Foods Nordic	290	297	-2 %
Orkla Brands Nordic	418	367	14 %
Orkla Brands International	0	31	-100 %
Orkla Food Ingredients	68	64	6 %
EBITA margin (%)	13,4	13,4	

Continued profit improvement for Sapa

- Negative impact on results in Q3 due to holiday season
- Markets in line with last year
- Start-up after the fire at Heat Transfer Finspång in end August

Amounts in NOK million

Operating Revenues	Q3-10	Q3-09	Change
Orkla Aluminium Solutions	7 024	5 424	29 %
Sapa Profiles	5 577	4 120	35 %
Sapa HT and BS	1 648	1 507	9 %
Eliminations	- 201	- 203	

EBITA	Q3-10	Q3-09	Change
Orkla Aluminium Solutions	162	29	
Sapa Profiles	99	- 68	
Sapa HT and BS	63	97	-35 %
EBITA margin (%)	2,3	0,5	

Sapa has three core operations



Profiles

The world's leading producer of extruded profiles. Extensive value-added operations

Sales 2009: 18,913 MSEK / 1,779 MEUR / 2,475 MUSD

No of employees: 10 700

Market share: 16% in Europe and 26% in North America



Building System

One of the three largest suppliers of profile-based building systems in Europe

Sales 2009: 3,000 MSEK / 282 MEUR / 393 MUSD

No of employees: 1,100

Market share: Up to 40% for specific markets in Europe



Heat Transfer

The world's leading producer of strip for heat exchangers to the automotive industry

Sales 2009: 3,638 MSEK / 342 MEUR / 476 MUSD

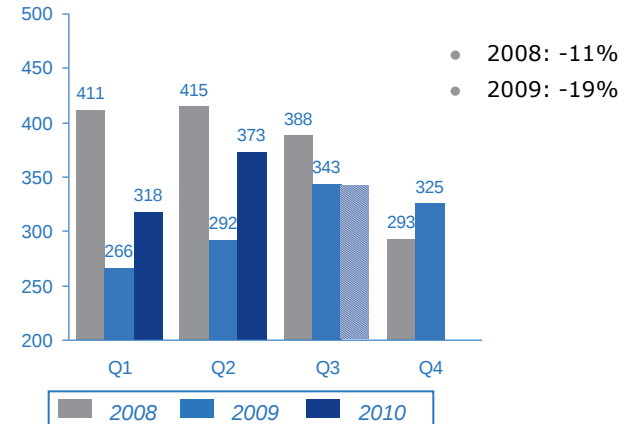
No of employees: 1,200

Market share: 17% worldwide

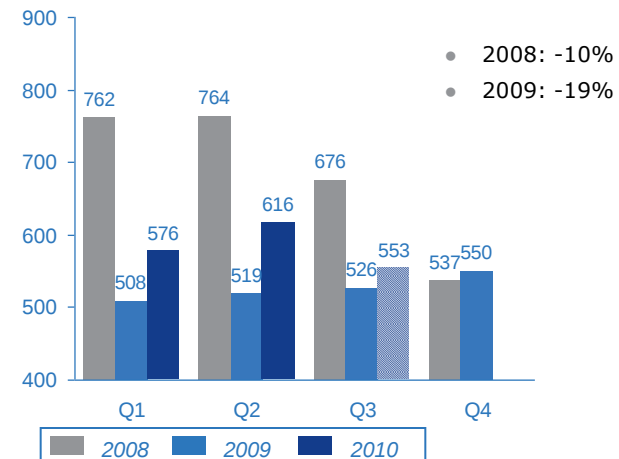
Aluminium extrusion – Flattening markets

- Market for profiles flattening out in the US
 - Q3-10 on par with Q3-09
 - Cautious positive short-term outlook for all segments except commercial and residential B&C
- Increased uncertainty in the European market
 - Q3-10 + 5% compare with Q3-09
 - Mixed short-term outlook. Weak for commercial B&C and automotive

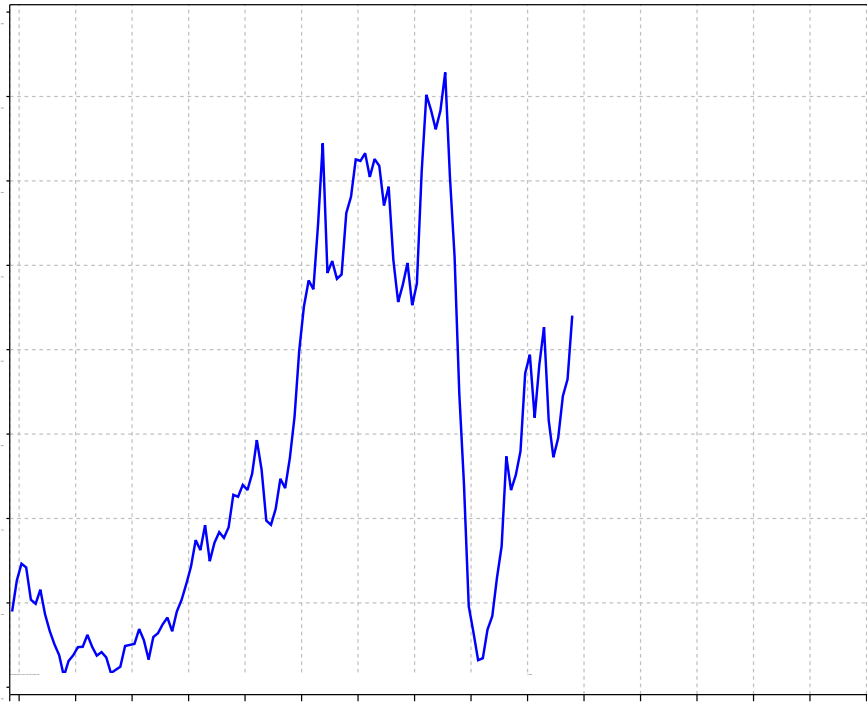
North America Extrusion Apparent Consumption



European Extrusion Apparent Consumption



LME prices



Improving markets for Orkla Materials

Borregaard:

- Improved markets for speciality cellulose
- Lignin volume + 11% compared with Q3-09
- Improved production at Sarpsborg plant

Elkem Solar:

- Increased demand from solar-grade silicon
- In ramp-up phase with production of 598 MT in Q3

Energy:

- High prices generate strong results for Borregaard Energy
- Production still lower than normal for Sauda (319 Gwh in Q3)

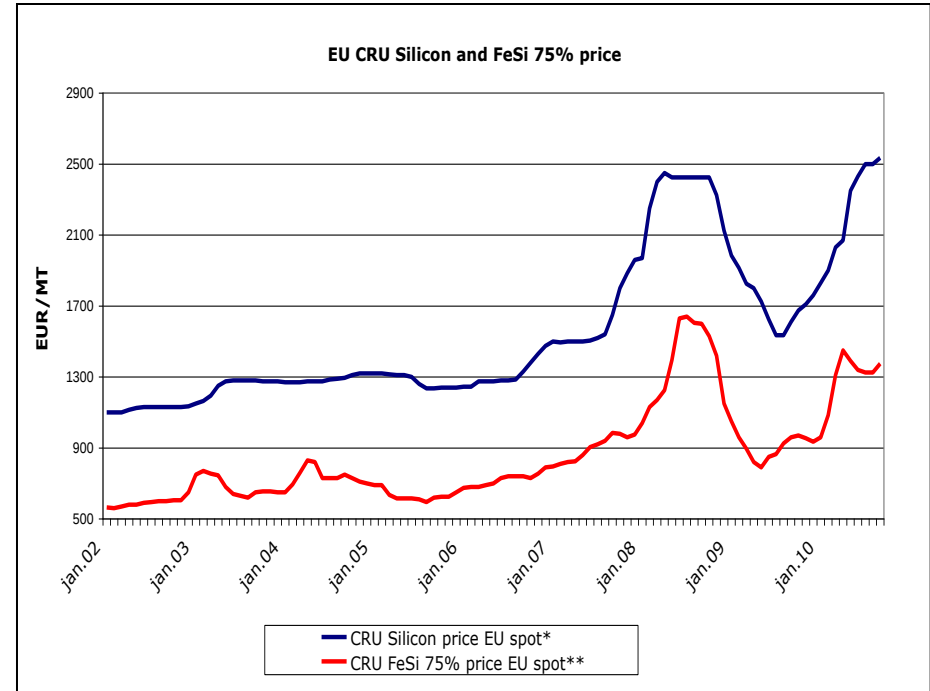
Operating revenues	Q3-10	Q3-09	Change
Orkla Materials	3 402	2 664	28 %
Elkem Siliconrelated	2 211	1 441	53 %
Borregaard Chemicals	933	937	0 %
Orkla Materials Energy	493	336	47 %
Elimination Orkla Materials	- 235	- 50	

EBITA	Q3-10	Q3-09	Change
Orkla Materials	321	139	131 %
Elkem Silicon-related excl. Solar	275	29	
Elkem Solar	- 144	- 191	25 %
Borregaard Chemicals	92	90	2 %
Orkla Materials Energy*	98	211	-54 %

* NOK 81 million in Q3-09 from divested power assets

Strong markets for Silicon metals and Ferro silicon

- Significant increase in Silicon and Ferrosilicon Metals
 - Tight supply
 - Reduced export from China
 - Slowdown in EU steel production in seasonally weak Q3



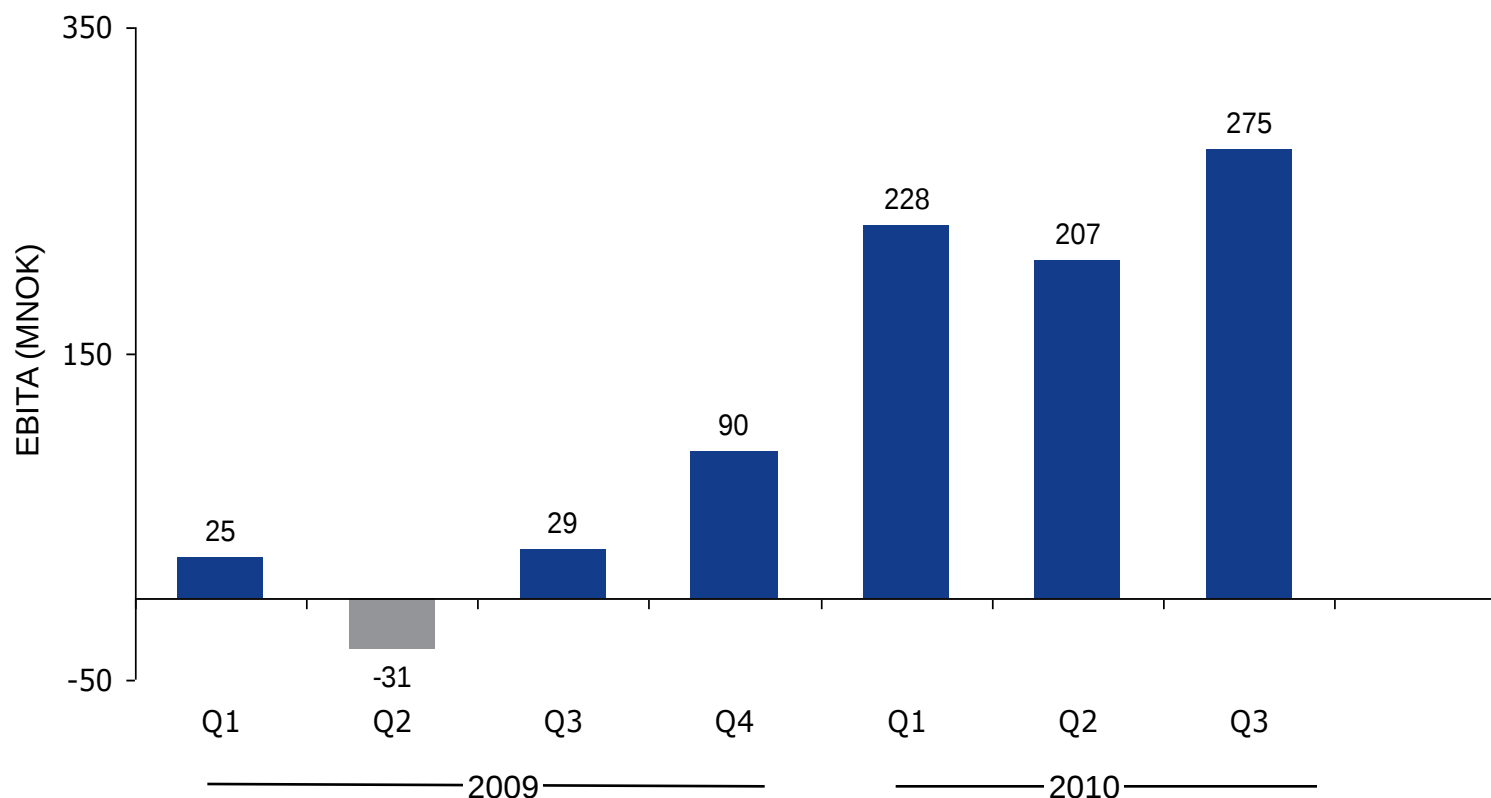
** Delivered, CRU estimate of average price for spot transactions to major consumers in Europe

*Delivered basis, CRU estimate of spot price transaction quotes for secondary Aluminium grade material

Source: CRU Monitor Bulk FerroAlloys

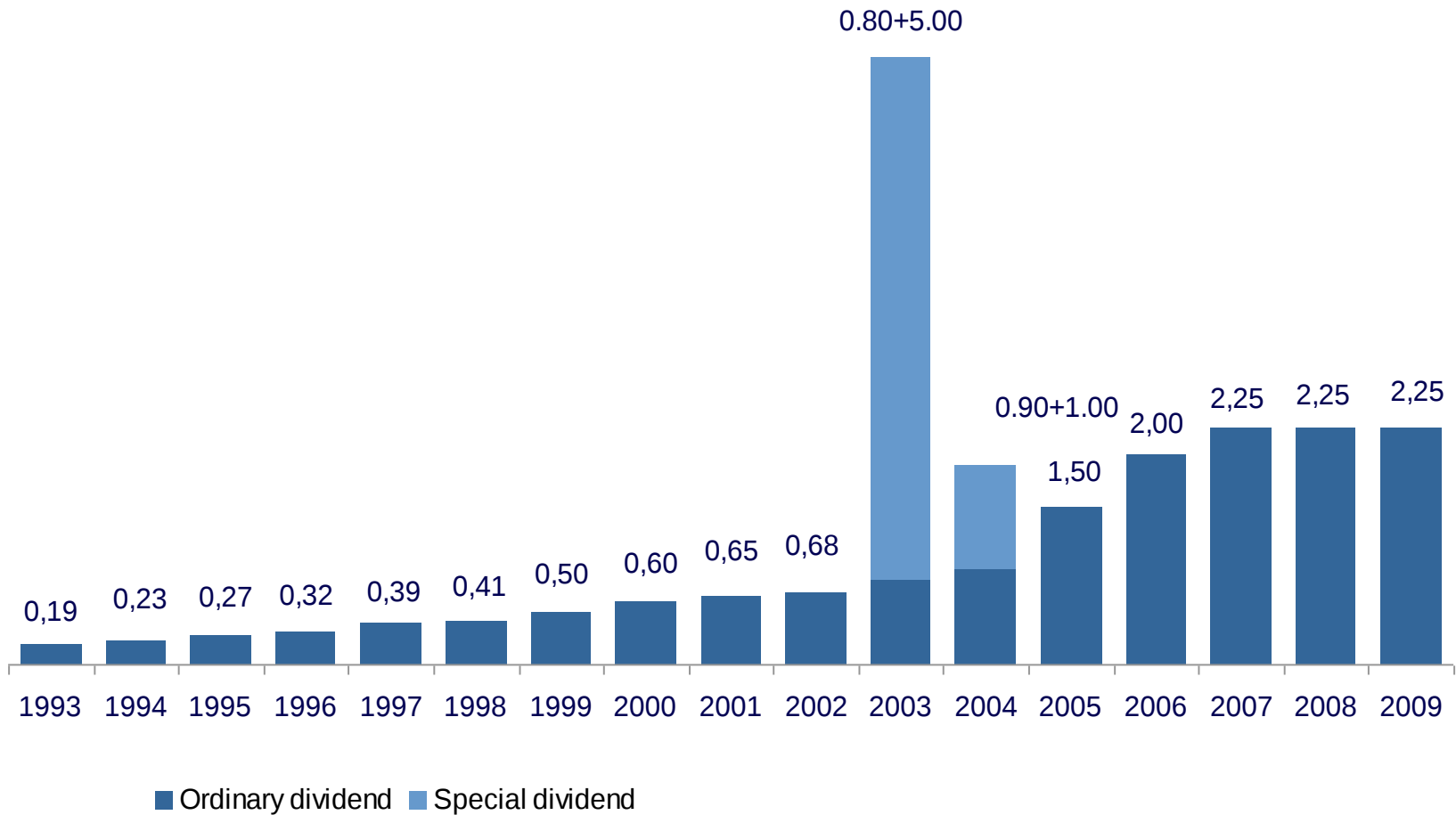
Profit shift for the silicon business

Quarterly EBITA Elkem Silicon-related excl. Elkem Solar



Appendix: Financial items

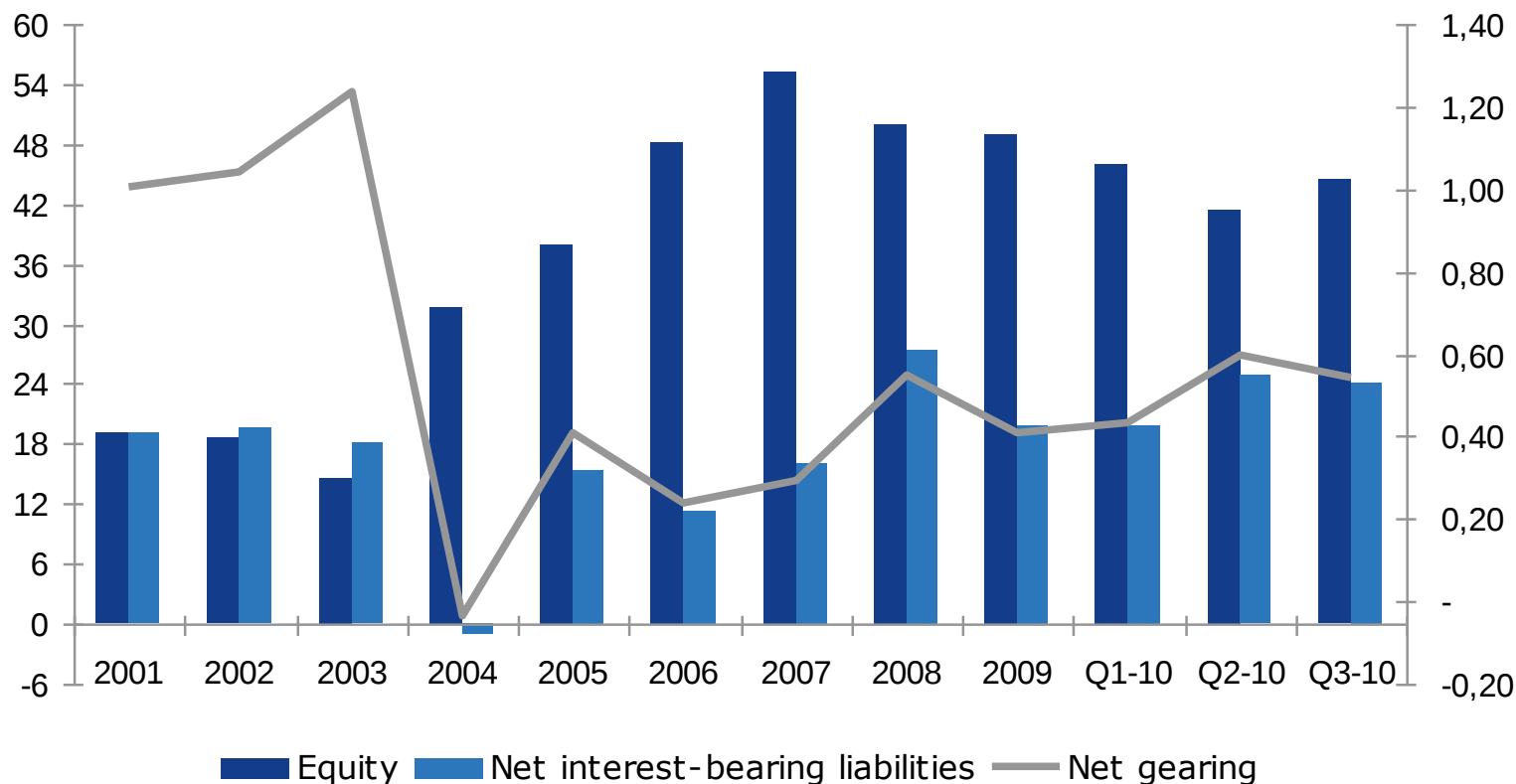
Dividend strategy- predictability and stability



Strong balance sheet and financial flexibility

NOK
billion

Net gearing

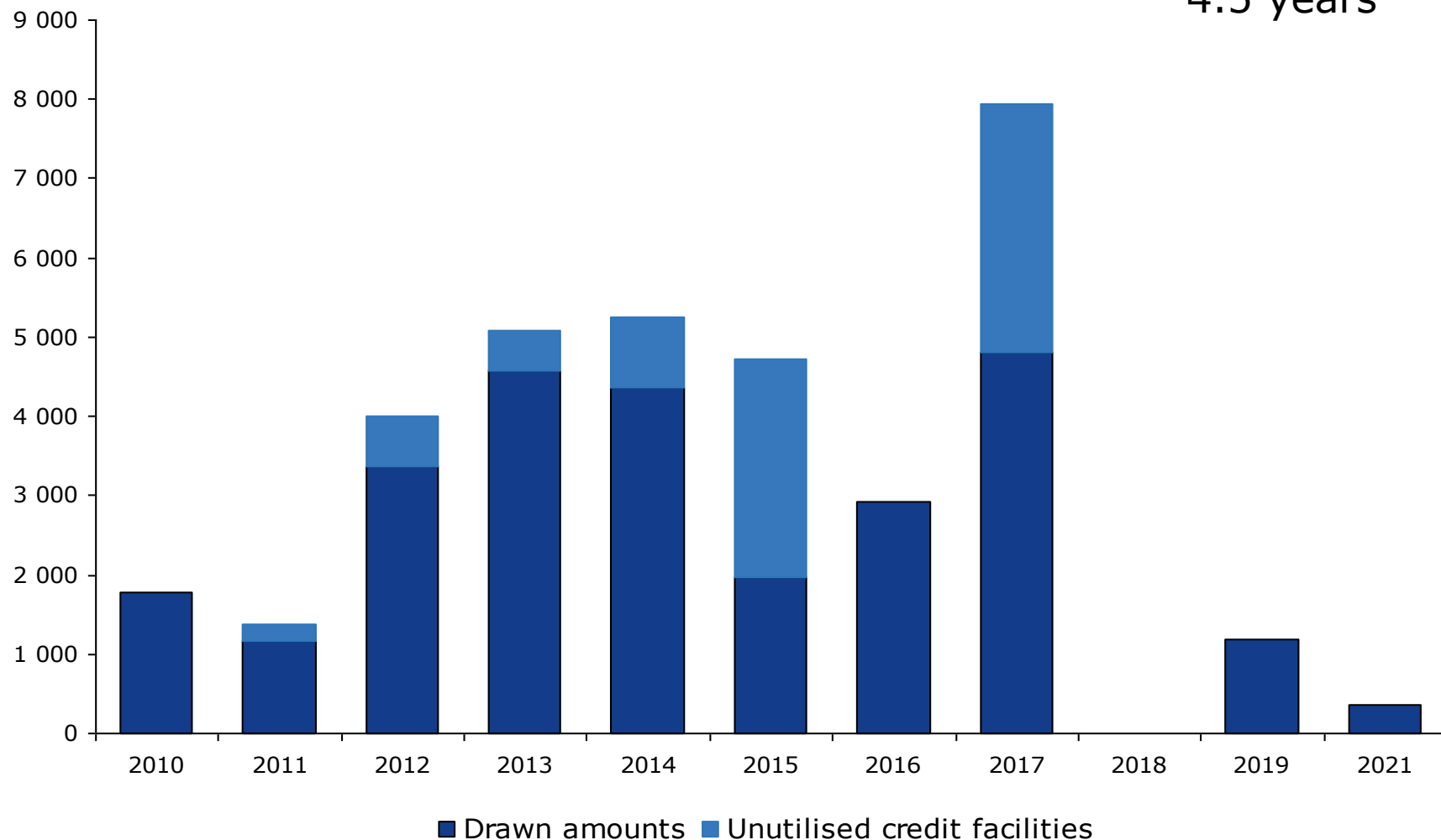


Equity portfolio of NOK 11.7 billion not included in net interest-bearing debt

Debt maturity profile

NOK million

Average maturity
4.5 years



Group income statement

Amounts in NOK million

	Q3-10	Q3-09	Change
Operating revenues	16 263	14 088	15 %
EBITA	1 166	811	44 %
Amortisation intangibles	-12	-53	
Other revenues and income	-15	-94	
EBIT	1 139	664	
Associates	2 089	- 328	
Dividends	60	14	
Gains and losses/write-downs Share Portfolio	318	334	
Net financial items	- 172	- 190	
Profit/loss before tax	3 434	494	
Tax expenses	-322	-13	
Profit/loss for the period	3 112	481	
Earnings per share diluted (NOK)	3.1	0.5	

Cash flow as of 30 Sep 2010

Amounts in NOK million

	30.9.2010	30.9.2009
Industry division:		
Operating profit	2 740	1 191
Amortisations, depreciations and write-downs	1 911	1 933
Changes in net working capital	-2 811	821
Net replacement expenditure	-1 152	- 830
Cash flow from operations	688	3 115
Financial items, net	- 570	-1 022
Cash flow from Industry division	118	2 093
Cash flow from Financial Investments	697	1 075
Taxes paid	- 579	-1 686
Other payments	333	22
Cash flow before capital transactions	569	1 504
Paid dividends	-2 344	-2 328
Net purchases of Orkla shares	22	3
Cash flow before expansion	-1 753	- 821
Expansion investment in Industry division	-1 240	-1 464
Sale of companies/shares of companies	224	77
Purchase of companies/share of companies	-2 619	-2 955
Net purchases/sale of portfolio investments	1 178	2 616
Net cash flow	-4 210	-2 547
Currency effects of net interest-bearing liabilities	75	1 745
Change in net interest-bearing liabilities	4 135	802
Net interest-bearing liabilities	23 983	28 226

Balance sheet as of 30 Sep 2010

Balance	30.9.2010	31.12.2009
Intangible assets	15 787	14 731
Property, plant and equipment	24 670	24 694
Financial assets	11 270	15 922
Non-Current assets	51 727	55 347
Assets held for sale	382	
Inventories	8 541	7 531
Receivables	14 418	16 568
Share Portfolio etc.	11 750	11 087
Cash and cash equivalents	3 337	4 153
Current assets	38 046	39 339
Total assets	90 155	94 686
Paid-in equity	1 995	1 995
Earned equity	42 195	46 560
Non-controlling interests	333	370
Equity	44 523	48 925
Provisions	4 177	4 339
Non-current interest-bearing liabilities	26 354	29 042
Current interest-bearing liabilities	2 880	1 746
Debt held for sale	95	
Other current liabilities	12 126	10 634
Equity and liabilities	90 155	94 686
Equity to total assets ratio	49.4%	51.7%