



# First quarter results 2010

Oslo, 5 May 2010





# Agenda

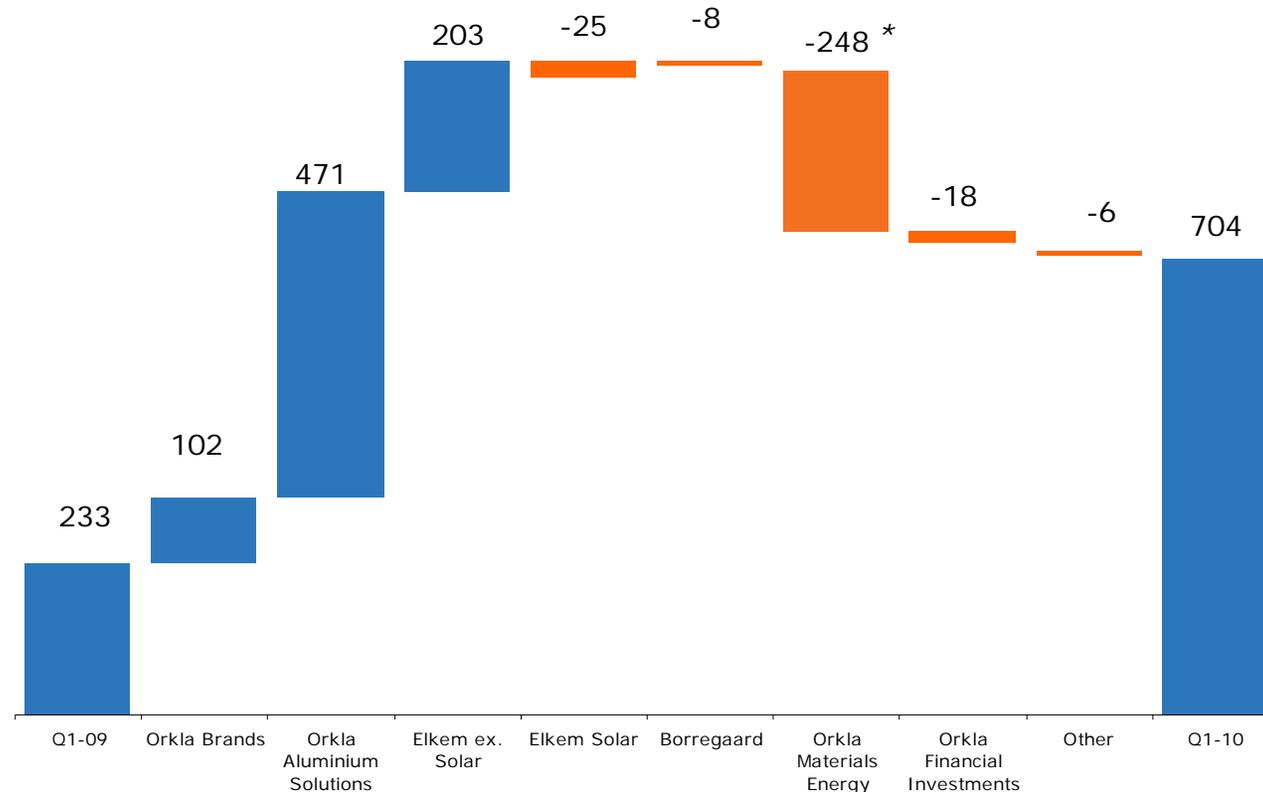
- Highlights Q1  
Dag J. Opedal, CEO
- Financial Investments and Associates  
Roar Engeland
- Orkla Aluminium Solutions and  
Orkla Materials  
Bjørn Wiggen
- Orkla Brands  
Torkild Nordberg

# Highlights first quarter 2010

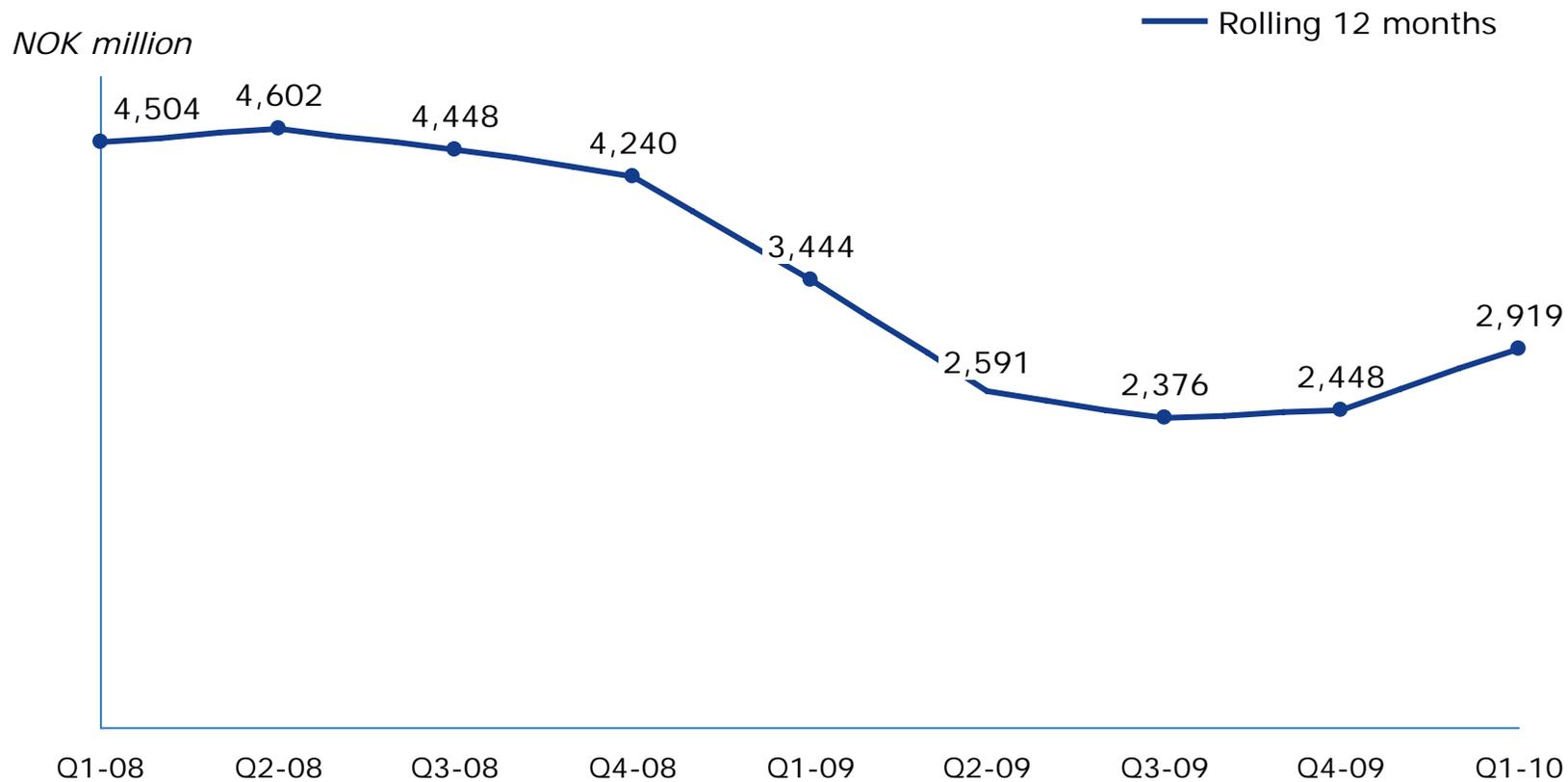
- Broad-based profit improvement vs. weak Q1-09
  - Positive contribution from Orkla Brands, Sapa, Elkem Silicon-related and Jotun (42.5 %)
  - Power production approx. 60% lower than normal due to extraordinarily low reservoir levels
- Cyclical upturn supports revenue growth (+ 11%)
- Return on Share Portfolio + 11.2% (vs. MS Nordic Index + 10.2%)
- Three add-on acquisitions in Orkla Brands: Kalev, Peterhof and Sonneveld
- Broadening customer base confirms product quality for Elkem Solar
  - New contract with leading solar energy company
- REC write-down, NOK 4.6 billion

# Broad-based EBITA improvement vs. weak Q1-09

EBITA performance from Q1-09 to Q1-10  
(figures in NOK million)



# Comprehensive actions – EBITA improvement



# Market outlook slightly firmer

- More positive underlying momentum in cyclical sectors going into Q2
- Increased capacity utilisation
- International financial markets continue to be volatile
- Orkla is well positioned

# Business outlook

Robust development



Well positioned for cyclical upturn



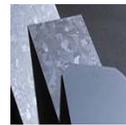
Extensive ramp-up in 2010/11



Moses Lake



Singapore



Herøya



Glomfjord



Kristiansand





# Financial performance

## Orkla Financial Investments

## Orkla Associates

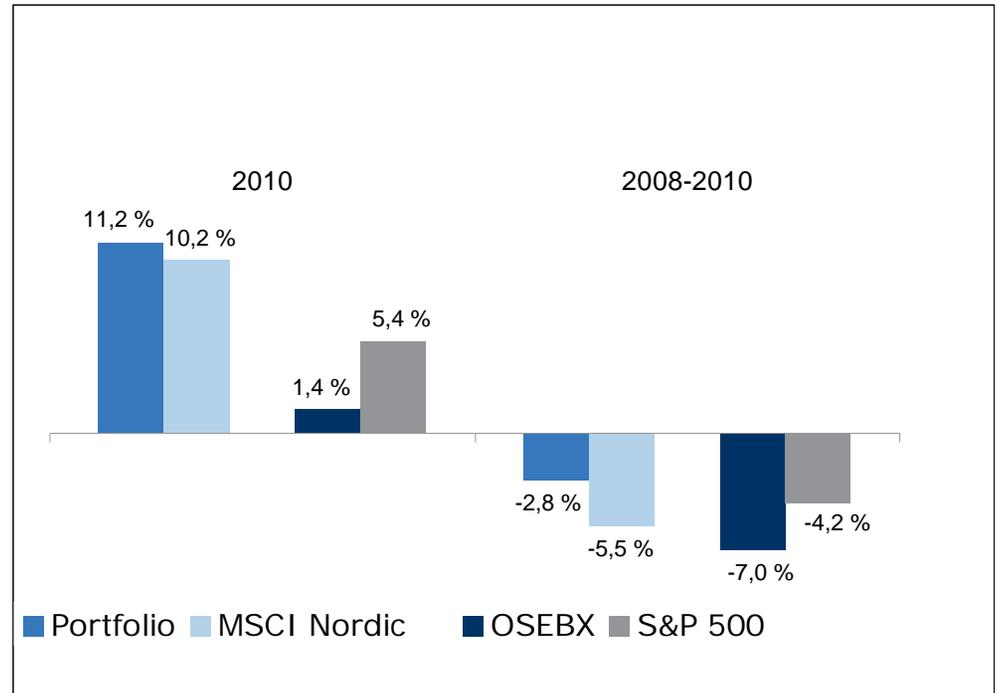
Roar Engeland

# Group income statement

Amounts in NOK million	Q1 2010	Q1 2009	Change
<b>Operating revenues</b>	<b>14 893</b>	<b>13 448</b>	11 %
<b>EBITA</b>	<b>704</b>	<b>233</b>	202 %
Amortisation intangibles	-10	-50	
Restructuring and significant impairment	27	0	
<b>EBIT</b>	<b>721</b>	<b>183</b>	
Associates	-4 484	135	
Dividends	138	45	
Gains and losses/write-downs Share Portfolio	339	- 315	
Net financial items	- 136	- 363	
<b>Profit before tax</b>	<b>-3 422</b>	<b>- 315</b>	
Tax expenses	-190	-40	
<b>Profit for the period continuing operations</b>	<b>-3 612</b>	<b>- 355</b>	
<b>Discontinued operations</b>	<b>0</b>	<b>993</b>	
<b>Profit for the period</b>	<b>-3 612</b>	<b>638</b>	
Minority interests' share of the profit/loss for the period	8	- 70	
Majority interests' share of the profit/loss for the period	-3 620	708	
Earnings per share diluted (NOK)	-3,6	0,7	

# Orkla Financial Investments Share Portfolio

- Market value of NOK 11.7 billion
- Return on Share Portfolio in Q1-10 + 11.2%
- Change in unrealised gains in Q1, + NOK 0.7 billion



# Orkla Associates – REC (39.7%)



Amounts in NOK million

REC	Q1 2010	Q1 2009	Change
Revenues	2 360	1 936	22 %
EBITDA	415	510	-19 %
EBIT	-125	298	
Profit/loss before tax	730	650	12 %

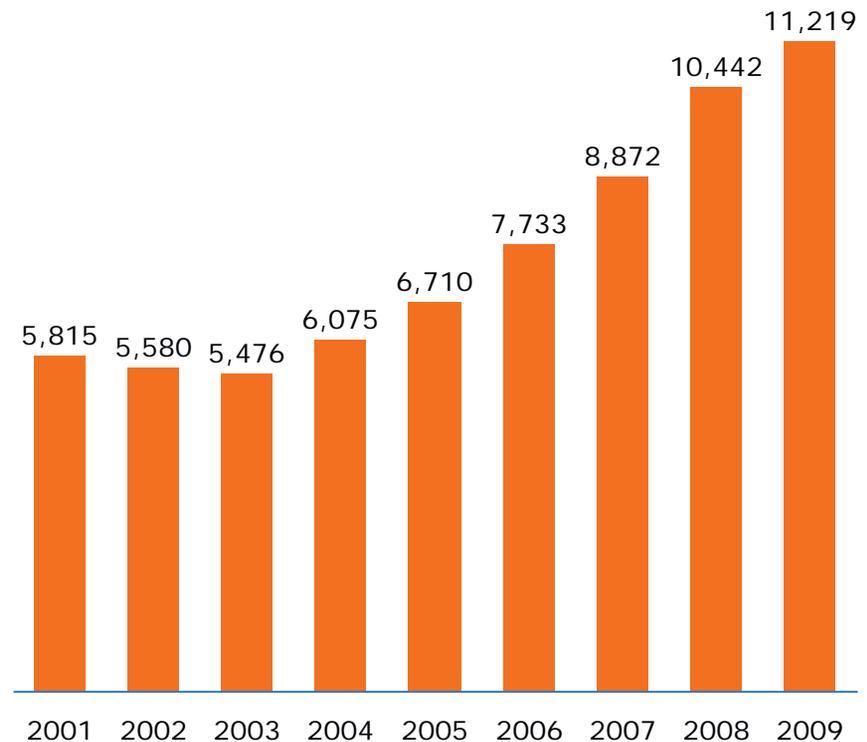
- Orkla will be participating in the outlined equity rights issue in REC (NOK 1.6 billion)
  - Following the equity rights issue:
    - Average cost NOK 33.99 per share
    - Book value per Q1-10 NOK 22.48 per share
- Reference is made to [www.recgroup.com](http://www.recgroup.com)

# Orkla Associates – Jotun (42.5%)



- Tertial reporting
- Satisfactory start to the year
  - Moderate increase in volume and results
- Weaker results expected within shipbuilding and property going forward

Sales (including shares in joint ventures)  
Figures in NOK million



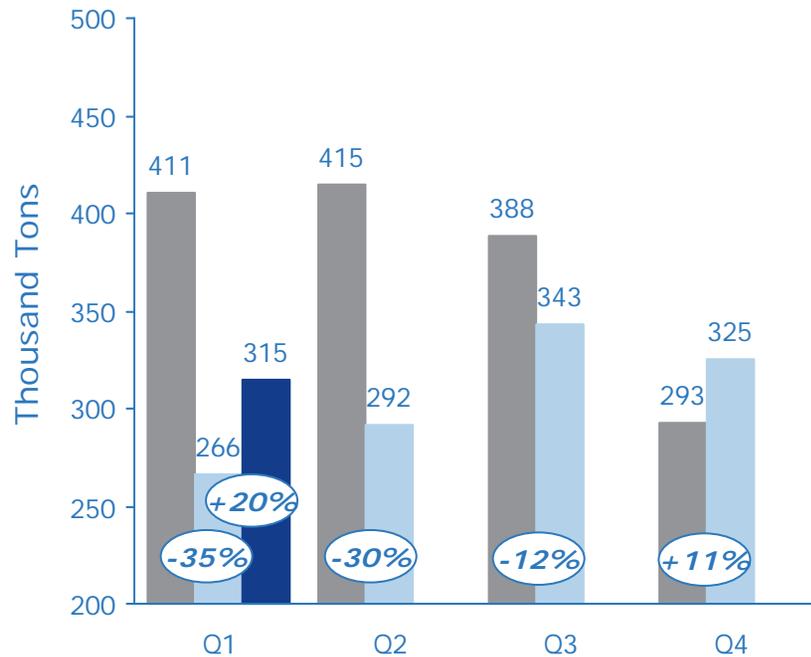


# Orkla Aluminium Solutions

Bjørn Wiggen

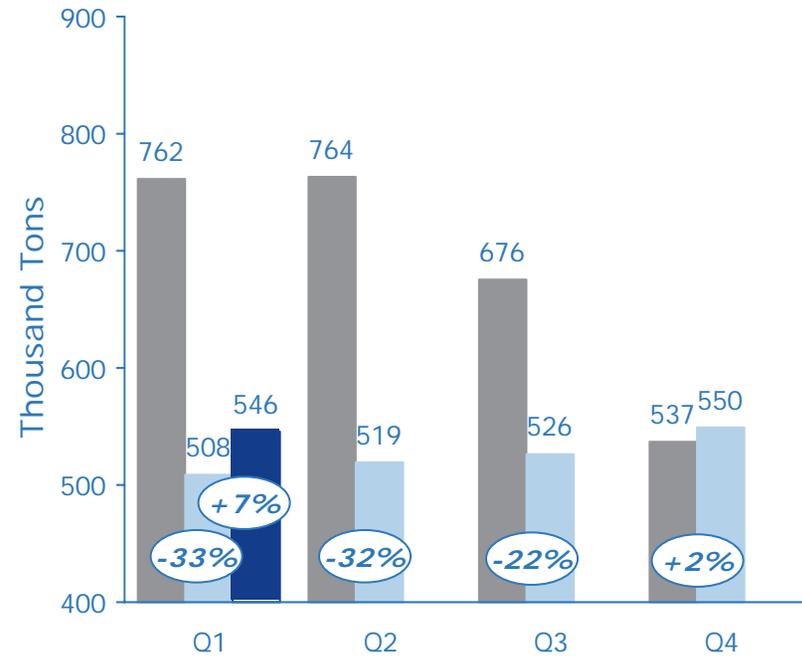
# The market is recovering in several segments, although from historically low levels

### North America Extrusion Apparent Consumption



- 2008 full year consumption -11%
- 2009 full year consumption -19%

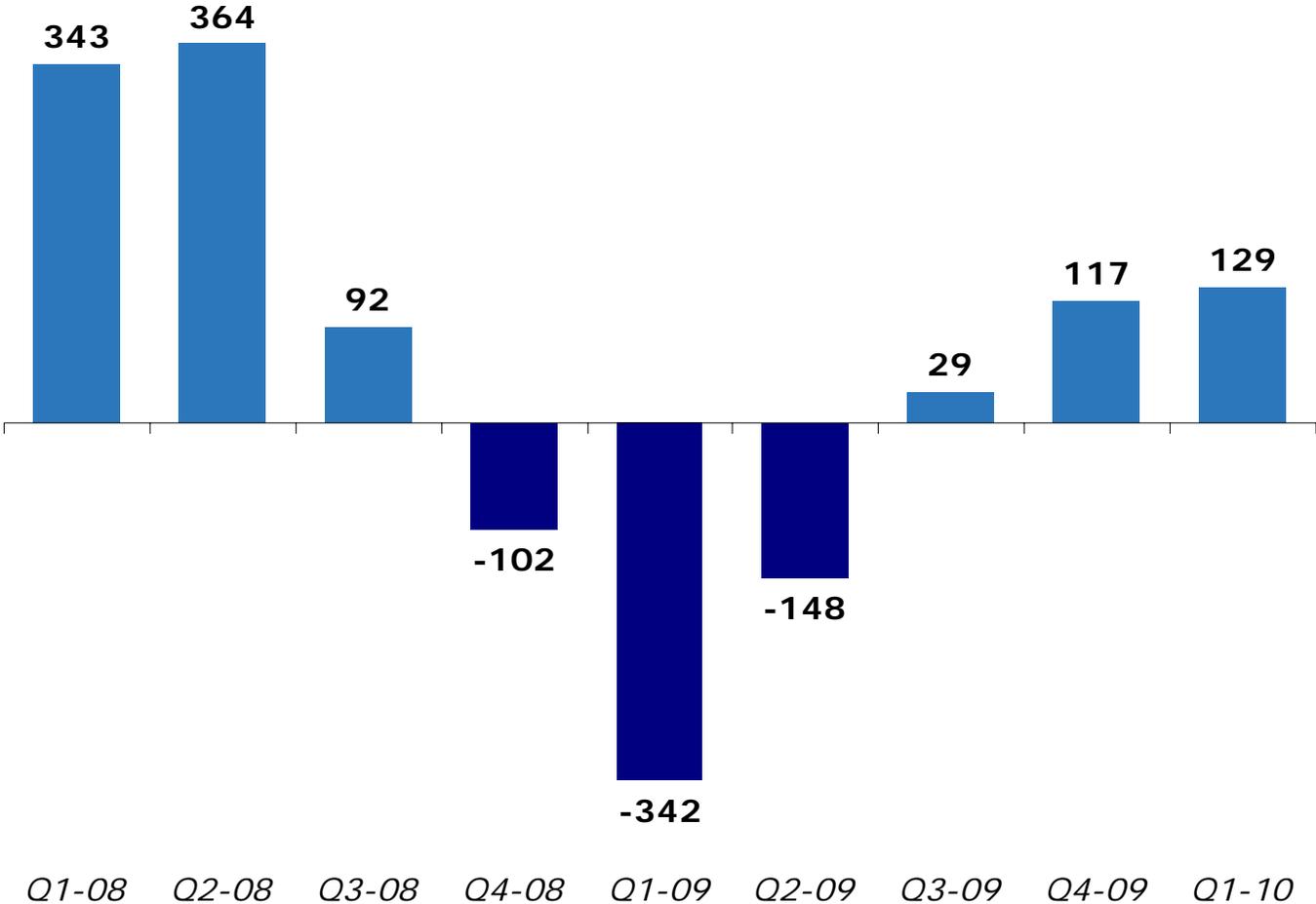
### European Extrusion Apparent Consumption



- 2008 full year consumption -10%
- 2009 full year consumption -19%



# EBIT A improvement continues



# Continued positive impact from cost efficiency programmes

- Slight market growth although from historically low levels, however the Building and Construction markets remain weak
- Targeting sustainable cost reduction effects of NOK 500 million in 2010
- The integration of Indalex was finalised and has surpassed anticipated synergies
- Heat Transfer Shanghai doubling the capacity in 2010

Operating Revenues in NOK million	Q1 2010	Q1 2009	Change
<b>Orkla Aluminium Solutions</b>	<b>6 120</b>	<b>4 883</b>	<b>25 %</b>
Sapa Profiles	4 827	3 780	28 %
Sapa HT and BS	1 481	1 290	15 %
Eliminations	- 188	- 187	

EBITA in NOK million	Q1 2010	Q1 2009	Change
<b>Orkla Aluminium Solutions</b>	<b>129</b>	<b>- 342</b>	
Sapa Profiles	43	- 313	
Sapa HT and BS	86	- 29	
<b>EBITA margin (%)</b>	<b>2,1</b>	<b>-7,0</b>	



# Orkla Materials

# Positive underlying trend for the silicon-related operations

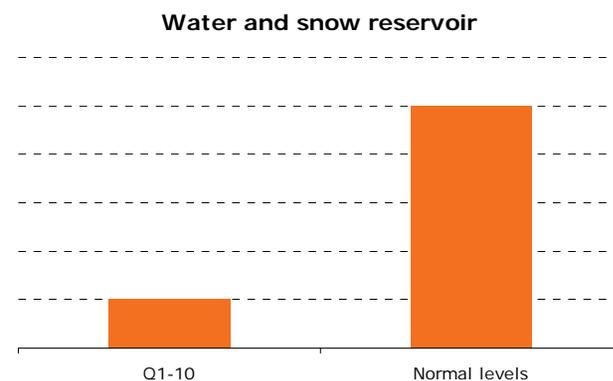
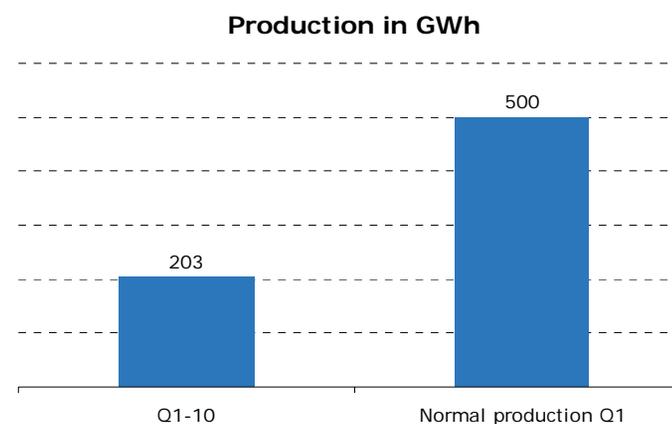
- Increased demand and higher prices for Elkem Silicon-related
  - Positive one-off effects  
NOK 90 million
- Increased capacity utilisation
  - Average capacity utilisation 84%
- Mixed performance for Borregaard
  - Weak results in Fine Chemicals due to challenging market conditions
  - Stronger results for lignin, ingredients and speciality cellulose
- Extraordinarily low production in Sauda

Operating revenues in NOK million	Q1 2010	Q1 2009	Change
<b>Orkla Materials</b>	<b>2 890</b>	<b>2 770</b>	<b>4 %</b>
Elkem Siliconrelated	1 934	1 456	33 %
Borregaard Chemicals	913	987	-7 %
Orkla Materials Energy	99	382	-74 %
Elimination Orkla Materials	- 56	- 55	

EBITA in NOK million	Q1 2010	Q1 2009	Change
<b>Orkla Materials</b>	<b>60</b>	<b>138</b>	<b>-57 %</b>
Elkem Siliconrelated excl. Solar	228	25	
Elkem Solar	- 184	- 159	-16 %
Borregaard Chemicals	30	38	-21 %
Orkla Materials Energy	- 14	234	
<b>EBITA-margin (%)</b>	<b>2,1</b>	<b>5,0</b>	

# Hydropower in Sauda - Extraordinarily low reservoir levels and production

- Sauda with annual production capacity of approx. 1.9 TWh
- Production significantly lower than normal Q1 -level
- Committed volume for delivery higher than actual production
- Leased production volume higher than actual production
- Weak results expected in Q2-10 due to low reservoir and snow levels
  - Normal EBITA level of NOK 200-250 million for Sauda will not be reached in 2010





# Elkem Solar

# Broadening customer base confirms product quality

- New contract with leading solar energy company
  - Volume: Up to 1,000 MT in 2010
- Contract with CaliSolar announced Q4
  - Volume: Up to 500 MT 2010, 1,000 MT 2011-12
- Other potential customers in process of qualifying ESS<sup>®</sup>
- Renegotiations of existing contracts in progress

# Elkem Solar in ramp-up phase

- Ambitions to take a leading cost position
  - mid USD 20 per kg\*
- Production Q1-10: 400 MT
- Characteristics for ramp-up phase
  - High fixed costs
  - Periodic production stops
  - Production will not be linear
- Expected periodic production stops in Q2 to perform modifications and improvements



# Orkla Brands

Torkild Nordberg

# Stable long-term profit trend

12 months rolling EBITA

*in NOK million*



# Broad-based profit growth in Q1

- EBITA +20% and EBITA% +1.8%-p compared with Q1 last year
  - Positive effects from Easter
  - Weak start last year
- Volume/mix growth despite demanding markets within out of home channel and in Russia and the Baltics
- Improved innovation programme
- Structural growth in branded consumer goods and B2B
- Bakers; further volume losses from Q2-10

Operating revenues in NOK million	Q1 2010	Q1 2009	Change
<b>Orkla Brands</b>	<b>5 403</b>	<b>5 398</b>	<b>0 %</b>
Orkla Foods Nordic	2 190	2 283	-4 %
Orkla Brands Nordic	1 949	1 870	4 %
Orkla Brands International	412	430	-4 %
Orkla Food Ingredients	916	898	2 %
Eliminations Orkla Brands	- 64	- 83	

Operating profit - EBITA in NOK million	Q1 2010	Q1 2009	Change
<b>Orkla Brands</b>	<b>624</b>	<b>522</b>	<b>20 %</b>
Orkla Foods Nordic	194	171	13 %
Orkla Brands Nordic	385	327	18 %
Orkla Brands International	0	- 3	
Orkla Food Ingredients	45	27	67 %
<b>EBITA margin (%)</b>	<b>11,5</b>	<b>9,7</b>	

# Going forward: Focusing on growth

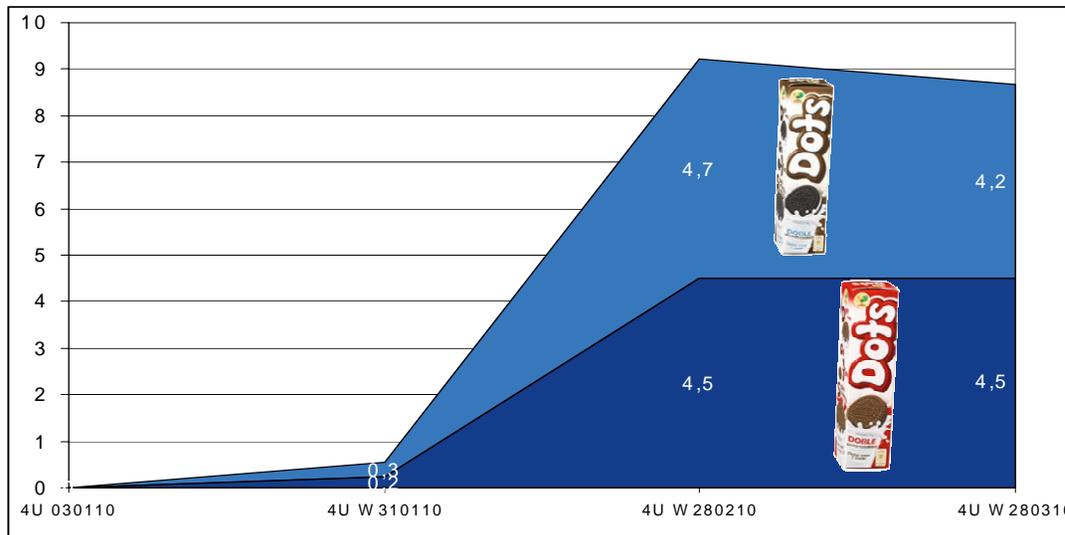
- Clear growth directions in all business units
- Focus on both organic and structural growth
- Innovation most important organic lever



# Recent examples of organic growth



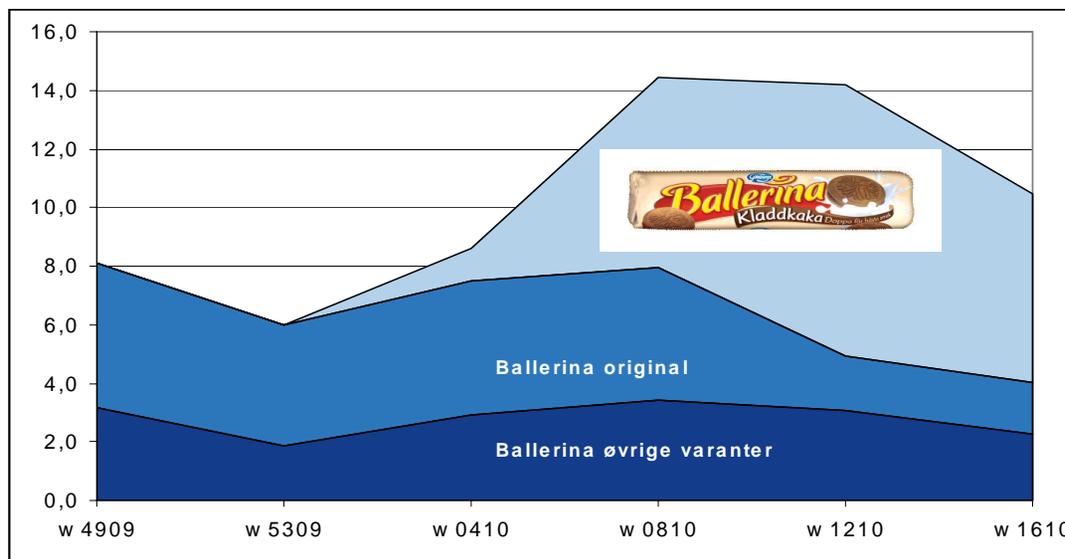
# Dots / Ballerina Kladdkaka



## DOTS (Norway)

Biggest Norwegian biscuits brand

8.9% value share, 8 weeks after launch



## BALLERINA KLADDKAKA (Sweden)

Biggest biscuit variant in the Swedish market

7.4% valueshare latest 12 weeks

# Grandiosa “X-tra allt Hämtpizza”

- New launch in Q1 – Sweden (Procordia)
- Larger than most frozen pizzas (550 grams vs. 350 grams)
- More topping (“X-tra allt”)
- New packaging inspired from take-away pizza
- Sold 2/3 of annual sales ambition after 12 weeks



# Kalev Chocolate Factory

- Established in 1806, today's brand in use since 1948
- Leading confectionery company in Estonia, with main focus on chocolate and sugar confectionery
- Modern factory in Jüri (outside Tallinn)
- Annual net sales of NOK 220 million
- Employs 386 people



Chocolates



Flour mixes



Biscuits



Sugar confectionery



# Peterhof

- Number one in chocolate spread (national market share of 31%)
  - Biscuits – regional player
- New factory commissioned in 2008 in Lomonosov region 12,300 sq meters
- NSV 2009 was approximately approx. NOK 85 million
- Employs approximately 450 people
- Can accommodate Pekar wafer cake production acquired last year



Chocolate Paste



Biscuits



Instant Porridge



# Sonneveld



- Market leader in bread improvers in the Benelux countries
- Strengthens OFI's capabilities in key product area, industrial segment and innovation
- Modern and flexible production facility
- Based in Papendrecht in the Netherlands
- Established in 1956
- Revenues of NOK 440 million
- 140 employees





# Q&A

Dag J. Opedal, CEO

Roar Engeland

Bjørn Wiggen

Torkild Nordberg

Terje Andersen, CFO

# Appendix

# Financial calendar

21 July 2010

- Second quarter 2010

28 October 2010

- Third quarter 2010



# Cash flow as of 31 March 2010

NOK million	1.1-31.3.2010	1.1-31.3.2009
<b>Industry division:</b>		
Operating profit	760	204
Amortisations, depreciations and write-downs	623	658
Changes in net working capital	-1 133	- 282
Net replacement expenditure	- 300	- 325
<b>Cash flow from operations</b>	<b>- 50</b>	<b>255</b>
Financial items, net	- 183	- 506
<b>Cash flow from Industry division</b>	<b>- 233</b>	<b>- 251</b>
<b>Cash flow from Financial Investments</b>	<b>257</b>	<b>471</b>
Taxes paid	- 175	- 456
Other payments	15	55
<b>Cash flow before capital transactions</b>	<b>- 136</b>	<b>- 181</b>
Paid dividends	- 2	- 1
Net purchases of Orkla shares	10	0
<b>Cash flow before expansion</b>	<b>- 128</b>	<b>- 182</b>
Expansion investment in Industry division	- 133	- 614
Purchase of companies/share of companies	- 103	- 67
Net purchases/sale of portfolio investments	389	362
<b>Net cash flow</b>	<b>25</b>	<b>- 501</b>
Currency effects of net interest-bearing liabilities	- 38	1 337
<b>Change in net interest-bearing liabilities</b>	<b>13</b>	<b>- 836</b>
<b>Net interest-bearing liabilities</b>	<b>19 861</b>	<b>26 588</b>

# Balance sheet as of 31 March 2010

NOK million	31.3.2010	31.12.2009
Intangible assets	14 724	14 731
Property, plant and equipment	24 587	24 694
Financial assets	10 762	15 922
<b>Non-Current assets</b>	<b>50 073</b>	<b>55 347</b>
Inventories	8 043	7 531
Receivables	13 300	16 568
Share Portfolio etc.	11 740	11 087
Cash and cash equivalents	3 546	4 153
<b>Current assets</b>	<b>36 629</b>	<b>39 339</b>
<b>Total assets</b>	<b>86 702</b>	<b>94 686</b>
Paid-in equity	1 995	1 995
Earned equity	43 474	46 560
Minority interests	373	370
<b>Equity</b>	<b>45 842</b>	<b>48 925</b>
Provisions	4 134	4 339
Non-current interest-bearing liabilities	22 549	29 042
Current interest-bearing liabilities	2 764	1 746
Other current liabilities	11 413	10 634
<b>Equity and liabilities</b>	<b>86 702</b>	<b>94 686</b>
Equity to total assets ratio	52.9%	51.7%
Net gearing	0,43	0,41

# Currency translation effects

<b>Revenues in NOK million</b>	<b>Q1-10</b>
Orkla Brands	-152
Orkla Aluminium Solutions	-629
Elkem	-44
Borregaard	-21
<b>Total</b>	<b>-846</b>

<b>EBITA in NOK million</b>	<b>Q1-10</b>
Orkla Brands	-8
Orkla Aluminium Solutions	-16
Elkem	-1
Borregaard	1
<b>Total</b>	<b>-24</b>

# Largest holdings in the Share Portfolio

per 31 Mar 2010

Principal holdings	Industry	Market value	Share of portfolio (%)	Share of equity (%)
Tomra Systems	Industrials	667	6 %	15,3 %
Rieber & Søn	Food & Beverage	526	4 %	16,0 %
Amer Sports	Consumer Discretionary	473	4 %	5,6 %
Elekta B	Health Care Equipment	400	3 %	2,6 %
Kongsberg Gruppen	Aerospace & Defence	326	3 %	2,5 %
Telenor ASA	Telecom operators	303	3 %	0,2 %
Enter Select	Mutual Fund	302	3 %	0,0 %
Nokia A	Information Technology	282	2 %	0,1 %
XXL Holding AS	Retail	271	2 %	15,5 %
Schibsted	Consumer Discretionary	269	2 %	1,7 %
<b>Total principal holdings</b>		<b>3 818</b>	<b>31,9 %</b>	
<b>Market value of entire portfolio</b>		<b>11 727</b>		

# Orkla Materials Energy – Additional information about Sauda

- Production capacity: approx. 1.9 TWh annually
- Fixed obligations:
  - 2010: Obligations to deliver approx. 250 GWh per quarter at long term fixed price. Obligations to pay for a fixed volume approx. 206 GWh per quarter at partly fixed prices.
  - 2011 - 2030: Obligation to deliver approx. 150 GWh per quarter at long term fixed price. Obligation to pay for a fixed volume (approx. 270 GWh per quarter) at partly fixed prices.
- Remaining production selling at market price
- Depreciation costs: approx. NOK 40 million per year

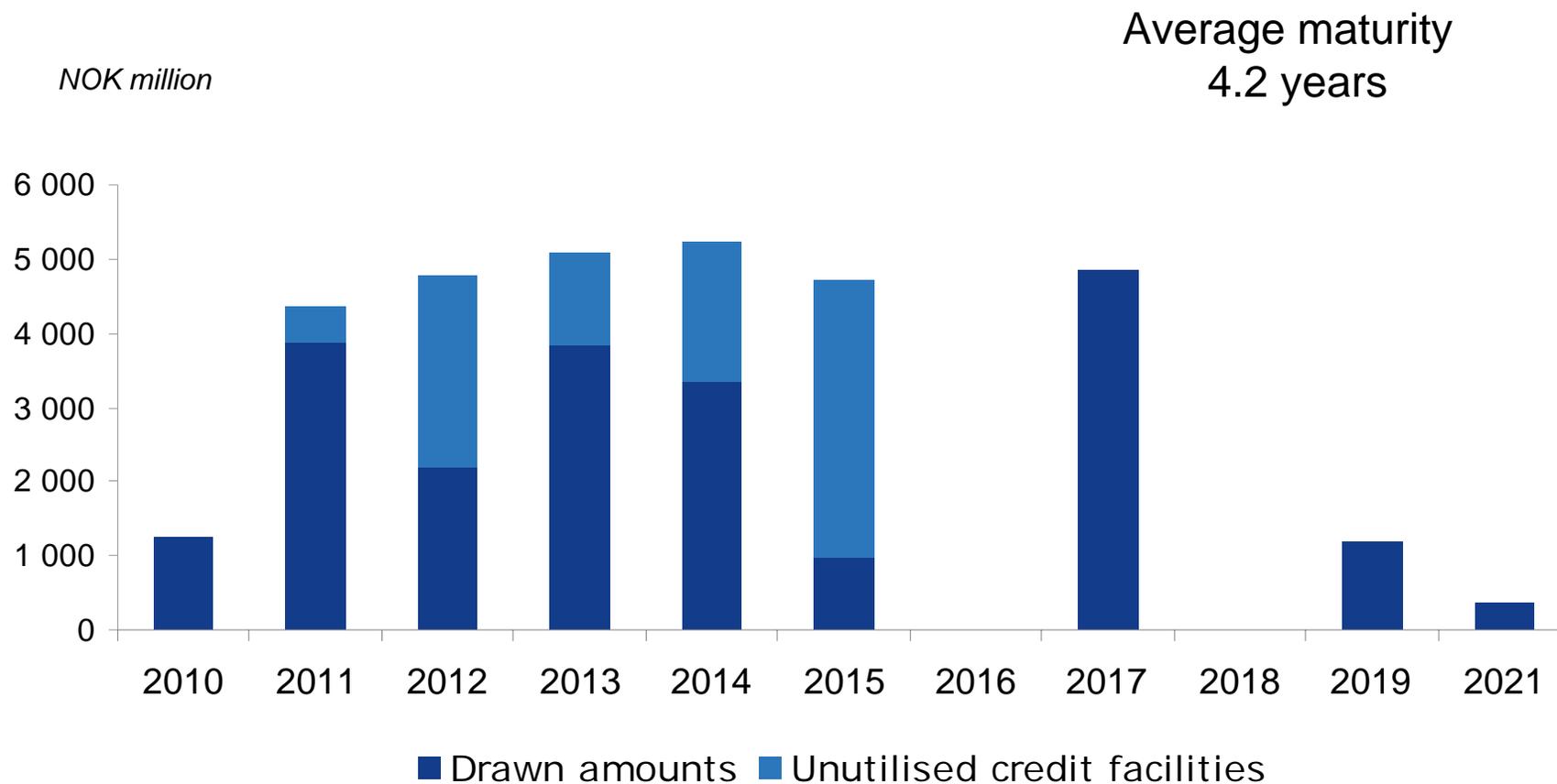
# Appendix: Financial items

# Net financial items

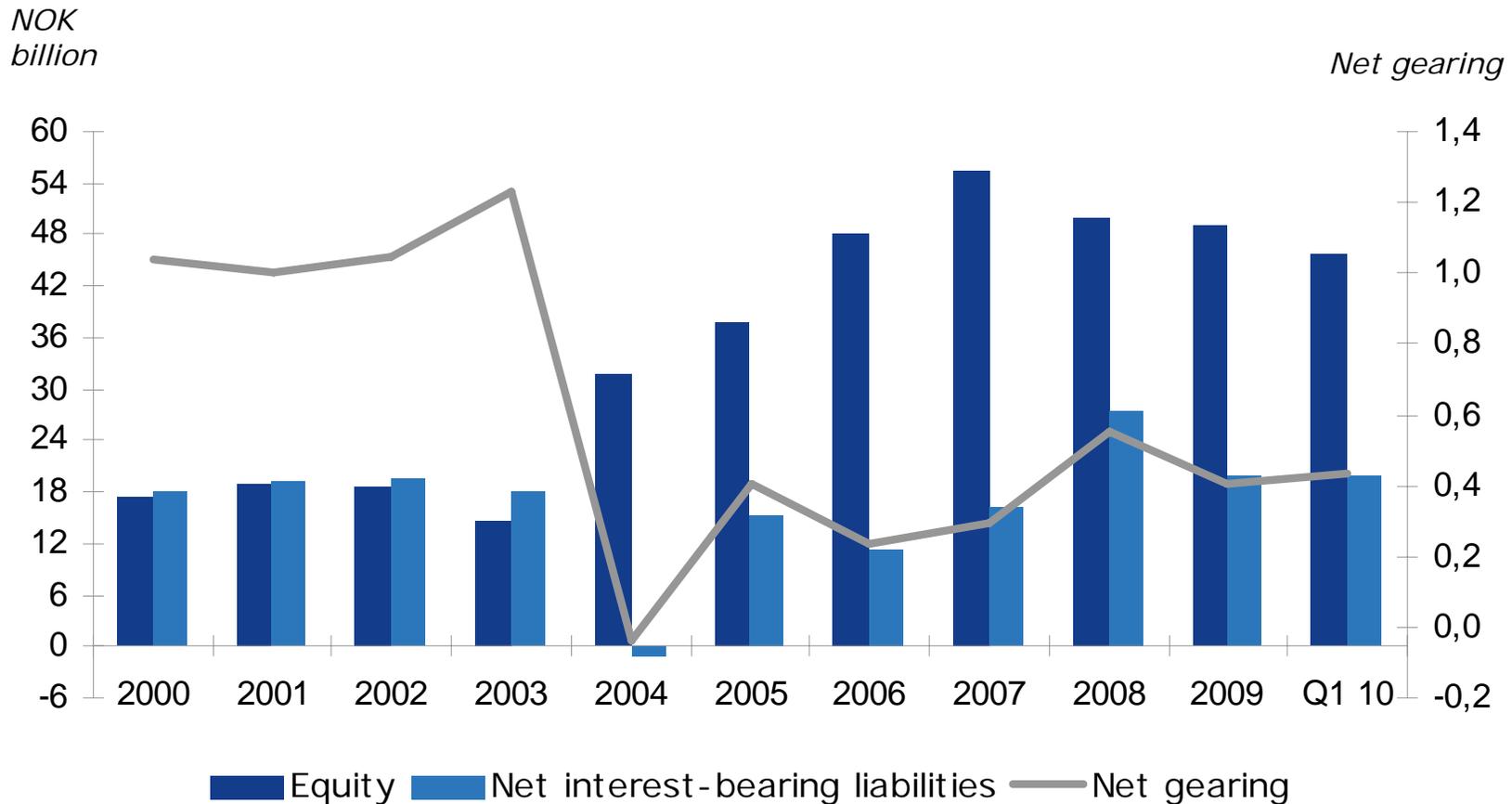
Key figures in NOK million

	1.1-31.12 2010	1.1-31.12 2009	Full year 2009
Net interest expenses	-97	-321	-883
Currency gain/loss	-2	-22	15
Other financial items, net	-37	- 20	- 84
<b>Net financial items</b>	<b>-136</b>	<b>-363</b>	<b>-952</b>

# Debt maturity profile



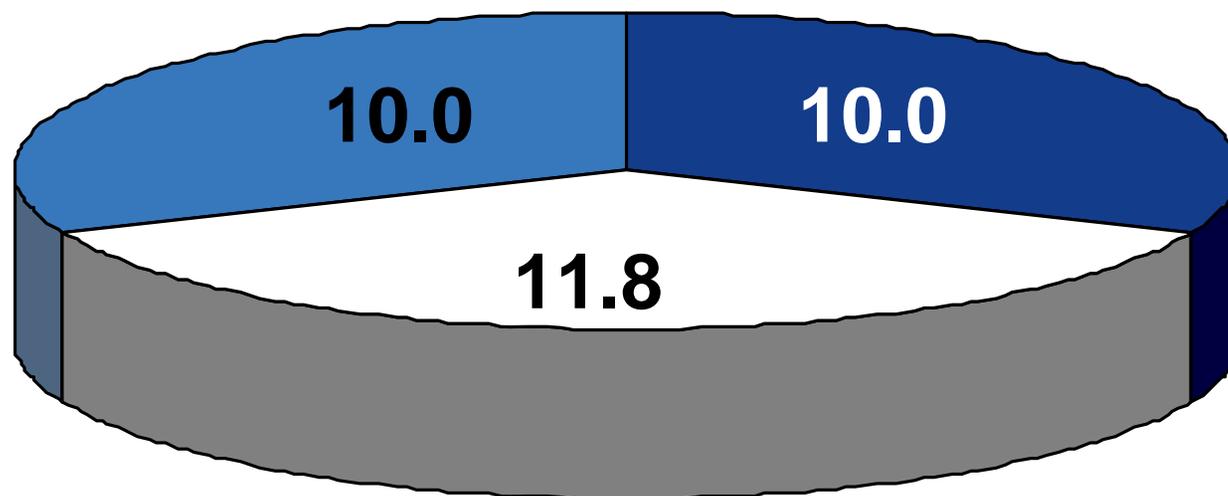
# Net gearing 0.43 as of Q1-10



# Funding Sources

Unutilised credit facilities 32%

Bonds and CP 31%



Banks 37%

*Figures in NOK billion*

