

Press Release



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Stable operations and a stronger platform for growth through “New Sapa”

Orkla’s pre-tax profit totalled NOK 2.2 billion in the third quarter. The NOK 773 million rise was largely due to high portfolio gains. Operating profit before amortisation was on a par with last year. “New Sapa” has been established and was fully operational from the third quarter.

Alcoa’s profile operations have been merged with Sapa’s profile operations from the third quarter, and Sapa as a whole will generate annual operating revenues of around NOK 30 billion.

“We have laid a good foundation for further development of the Group in the third quarter. The new Sapa structure has now been established and comprehensive programmes will ensure that we achieve our long-term profitability targets. Most of Orkla’s business areas achieved profit growth, but Orkla Foods was negatively affected by higher raw material prices and a challenging market situation for Bakers and in Eastern Europe. We are working to turn this around. Our aim is still to return the Branded Consumer Goods business to its previous profitability trend in the course of 2008,” says Group President and CEO Dag J. Opedal.

The Orkla Group’s third quarter operating revenues increased from NOK 12.7 billion last year to NOK 17.8 billion this year, largely due to new business from Alcoa. So far this year, operating revenues have thereby increased from NOK 38.1 billion to NOK 45.7 billion. As expected, however, the profit contribution from new business has been more moderate. At the end of the first nine months, operating profit before amortisation amounted to NOK 3.9 billion, up from NOK 3.4 billion last year.

Realised portfolio gains totalled NOK 1.4 billion in the third quarter. After net sales of shares totalling NOK 1.3 billion, the market value of the portfolio is now NOK 17.7 billion. The largest transaction was the sale of shares in Steen & Strøm. The year-to-date return on the share portfolio is 13.3 per cent, compared with 12.7 per cent for the Oslo Stock Exchange Benchmark Index and 20.0 per cent for the Morgan Stanley Nordic Index.

GROUP INCOME STATEMENT

Amounts in NOK million	1.1.–30.9.		1.1.–31.12.		1.7.–30.9.	
	2007	2006	2006	2007	2006	
Operating revenues	45,732	38,103	52,683	17,795	12,651	
Operating expenses	(40,335)	(33,335)	(45,800)	(15,990)	(10,984)	
Depreciations and write-downs property, plant	(1,504)	(1,336)	(1,799)	(573)	(447)	
Amortisation intangible assets	(167)	(159)	(216)	(53)	(53)	
Other income and expenses	(429)	0	(388)	(429)	0	
Operating profit	3,297	3,273	4,480	750	1,167	
Profit from associates	843	171	289	197	149	
Dividends	719	717	769	65	119	
Gains and losses/write-downs Share Portfolio	3,290	1,555	3,271	1,398	199	
Financial items, net	643	(156)	(284)	(176)	(173)	
Profit before taxes	8,792	5,560	8,525	2,234	1,461	
Taxes	(1,407)	(1,001)	(1,346)	(424)	(222)	
Profit after taxes	7,385	4,559	7,179	1,810	1,239	
Discontinued operations	0	4,144	4,109	0	4,002	
Profit for the period	7,385	8,703	11,288	1,810	5,241	
Minority interests' share of profit	96	35	52	47	9	
Profit attributable to equity holders	7,289	8,668	11,236	1,763	5,232	
Profit before tax, Industry division	4,165	3,130	4,150	662	1,127	
Profit before tax, Orkla Financial Investments	4,627	2,430	4,375	1,572	334	
Earnings per share (NOK)	7.1	8.4	10.9	1.7	5.1	
Earnings per share diluted (NOK)	7.1	8.4	10.9	1.7	5.1	
Earnings per share diluted (NOK) *	7.5	4.5	7.3	2.1	1.2	

* Excl. amortisation, other income and expenses and discontinued operations