

Press Release



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Improvement driven by Nordic Branded Consumer Goods and Sapa

Orkla's pre-tax profit in the second quarter totalled close to NOK 2 billion. So far this year, Group earnings per share amount to NOK 16.6, compared with NOK 12.9 last year. Orkla Foods and Orkla Brands have reported a good performance driven by organic growth in the Nordic region. Sapa continued to achieve significant volume growth in the second quarter.

After the end of the quarter, an agreement was signed regarding the sale of Orkla Media to Mecom for NOK 7.6 billion. Final completion of the agreement is expected to take place in September/October.

Group operating profit before amortisation totalled NOK 1,044 million (NOK 1,047 million)¹ in the second quarter. At the end of the first six months of 2006, operating profit before amortisation amounted to NOK 2,212 million (NOK 2,172 million)¹. In the second quarter, a good performance in the Nordic countries contributed to 9 per cent underlying profit growth for Orkla Foods. In Russia, SladCo posted lower profit than last year, due to changes in the company's sales and distribution system and marketing investments. Despite challenging market conditions in Sweden, both Procordia Food and Abba Seafood reported improved results. Orkla Brands' performance was generally stable and satisfactory in the second quarter.

Volume-driven profit growth at Sapa was partially offset by non-recurring costs of over NOK 40 million related to restructuring projects in several parts of the company. In April, leaks concerning CO₂ quotas resulted in a sudden, sharp fall in energy prices. As previously announced, this meant that Elkem had to realise a loss on its energy contracts. So far this year, however, the aggregate profit from Elkem's and Borregaard's energy operations is higher than at the same time last year.

Elkem's aluminium business reported good profit growth due to high market prices and stable operations at its plants. Costs incurred in the second quarter in connection with Elkem's solar project totalled NOK 47 million, of which NOK 32 million has been capitalised. The development project is nearing completion and this autumn the Board of Directors is expected to discuss a formal decision

¹ Figures in brackets refer to the corresponding period in the previous year.

regarding investment in the construction of a 5,000-tonne plant. As communicated earlier, the plant could be completed in the course of 2007/2008. Borregaard achieved higher profit in the second quarter, but low production and high costs at its plant in Switzerland had a negative impact on results.

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GROUP INCOME STATEMENT

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Amounts in NOK million	2006	2005	2005
Operating revenues	25,452	23,336	47,307
Operating expenses	(22,351)	(20,214)	(40,925)
Depreciations and write-downs of tangible	(889)	(950)	(1,888)
Amortisation intangible assets	(106)	(86)	(223)
Other revenues and expenses	0	(115)	(214)
Operating profit	2,106	1,971	4,057
Profit from associates	22	91	152
Dividends	598	672	1,018
Gains and losses/write-downs portfolio	1,356	1,092	2,186
Financial items, net	17	(220)	(464)
Profit before taxes	4,099	3,606	6,949
Taxes	(779)	(789)	(1,089)
Profit after taxes	3,320	2,817	5,860
Discontinued operations	142	40	154
Profit for the year	3,462	2,857	6,014
Minority	26	190	216
Profit before tax, Industry division	2,003	1,702	3,465
Profit before tax, Financial Investments division	2,096	1,904	3,484
Earnings per share (NOK)	16.6	12.9	28.1
Earnings per share diluted (NOK)	16.6	12.9	28.1
Earnings per share diluted (NOK) *	16.9	14.2	30.1

* Before amortisation and other revenues and expenses