

Press Release



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Strong profit growth for Orkla

Orkla reported strong growth in both sales and profit in the first quarter. Group pre-tax profit totalled NOK 2.2 billion, compared with NOK 1.7 billion last year. Several positive factors contributed to this; a stronger European market resulted in higher sales and improved profit for Sapa, while Elkem's and Borregaard's energy businesses were boosted by good profit from power trading. The progress for Orkla Media in Denmark continued in the first quarter, and the Financial Investments division achieved higher portfolio gains than in the same quarter last year.

Operating revenues were up 9.5 per cent in the first quarter, from NOK 13.3 billion last year to NOK 14.5 billion this year. Earnings per share rose 53 per cent to NOK 8.4 for the first quarter.

Improved markets in Europe contributed to higher sales volumes and profit growth for Sapa. The positive contribution from power trading led to good results for Elkem's and Borregaard's energy businesses. Elkem Aluminium made good progress, driven by high market prices and good operations at the factories.

Acquisitions contributed to growth for both Orkla Foods and Orkla Brands. Several successful launches, including Grandiosa Saturday Pizza, led to a satisfactory rise in sales for Orkla Foods Nordic. In Denmark, Orkla Media once again reported profit growth, driven by a rise in advertising revenues.

At Orkla Finans the positive trend from 2005 continued. For the Financial Investments division, realised portfolio gains amounted to NOK 696 million in the first quarter, while the return on the investment portfolio was 11.5 per cent and the net asset value of the portfolio increased by NOK 1.9 billion. According to the IFRS accounting principles the imputed income in connection with the increased value of Elkem's convertible bonds in REC has been reported with NOK 283 million under "Other financial revenues". The bonds were converted to stocks at the end of the quarter.

"We are satisfied with the situation in important market areas for Speciality Materials and Orkla Media Denmark. On the Nordic market, Orkla Foods and Orkla Brands reported stable profit growth on a par with the same period last year. Although the Swedish market is still challenging, both Procordia Food and the Snacks business in Sweden achieved a slight increase in profit," says Group President and CEO Dag J. Opedal.

GROUP INCOME STATEMENT

Amounts in NOK million	1.1.-31.3.		1.1.-31.12.
	2006	2005	2005
Operating revenues	14,530	13,273	55,304
Operating expenses	(12,786)	(11,620)	(48,350)
Depreciations and write-downs of tangible assets	(521)	(525)	(2,149)
Amortisation intangible assets	(53)	(49)	(236)
Other revenues and expenses	0	0	(312)
Operating profit	1,170	1,079	4,257
Profit from associates	49	29	196
Dividends	149	145	1,019
Gains and losses/write-downs portfolio investments	696	512	2,186
Financial items, net	146	(78)	(452)
Profit before taxes	2,210	1,687	7,206
Taxes	(442)	(388)	(1,162)
Profit after taxes	1,768	1,299	6,044
Minority	26	162	246
Profit before tax, Industry division	1,279	903	3,722
Profit before tax, Financial Investments division	931	784	3,484
Earnings per share (NOK)	8.4	5.5	28.1
Earnings per share diluted (NOK)	8.4	5.5	28.1
Earnings per share diluted (NOK) *	8.6	5.7	30.1

* Before amortisation and other revenues and expenses