

Press Release



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A dynamic year for Orkla

In the fourth quarter of 2005 Orkla's ordinary profit before tax totalled NOK 1.7 billion. For the full year, Group operating revenues amounted to NOK 55.3 billion, while ordinary pre-tax profit totalled NOK 7.2 billion. The Branded Consumer Goods business was strengthened by expansion in the Nordic region and Russia. The results for Speciality Materials were good in the energy sector, but the market situation for Borregaard's chemicals business and for Sapa was challenging.

Operating revenues for 2005 were up 72 per cent. Major acquisitions, such as Sapa, Elkem, the Chips Group, SladCo, Collett Pharma and Panda boosted revenues by approximately NOK 25 billion, while restructuring and disposals at Borregaard reduced revenues by around NOK 1.8 billion.

"We have a dynamic year behind us in which we have taken over many large companies. This has significantly increased both our earnings and our profit. At the same time, we continue to implement comprehensive efficiency improvement programmes in order to strengthen the competitiveness of both the Branded Consumer Goods area and Speciality Materials," says Group President and CEO Dag J. Opedal.

Orkla Finans achieved good growth and increased its profit. The Financial Investments division otherwise realised portfolio gains of NOK 422 million in the fourth quarter. At the end of December the return on the investment portfolio was 34 %, while the net asset value increased by more than NOK 650 million in the fourth quarter.

Earnings per share were up NOK 3.8 compared with the fourth quarter of 2004 and amounted to 28.1 for the full year, an increase of 91 per cent¹.

The Board of Directors proposes an ordinary dividend of NOK 7.50 per share, up from NOK 4.50 per share in 2004.

¹ Adjusted for the Carlsberg transaction.

GROUP INCOME STATEMENT

Amounts in NOK million	Pro forma					
	1.1.–31.12.		1.10.–31.12.		1.10.–31.12. 1.1.–31.12.	
	2005	2004	2005	2004	2004	2004
Operating revenues	55,304	32,126	14,831	8,603	14,572	55,699
Operating expenses	(48,350)	(28,206)	(12,902)	(7,437)	(12,726)	(48,737)
Ordinary operating depreciation	(2,149)	(1,182)	(526)	(272)	(510)	(2,183)
Amortisation intangibles	(236)	(7)	(92)	(6)	(48)	(173)
Other revenues and expenses **	(312)	(690)	(101)	7	(13)	(710)
Operating profit	4,257	2,041	1,210	895	1,275	3,896
Profit from associates	196	592	0	93	(7)	181
Dividends	1,019	551	237	18	18	554
Portfolio gains	2,186	750	422	80	80	754
Financial items, net	(452)	(143)	(167)	(5)	(150)	(762)
Ordinary profit before taxes	7,206	3,791	1,702	1,081	1,216	4,623
Taxes	(1,162)	(695)	(61)	(199)	(243)	(1,023)
Ordinary profit after taxes	6,044	3,096	1,641	882	973	3,600
Discontinued operations	0	12,529	0	0	0	12,529
Profit for the year	6,044	15,625	1,641	882	973	16,129
Minority	246	71	19	24	24	71
Profit before tax, Industry division	3,722	1,872	972	882	1,104	3,112
Profit before tax, Financial Investments	3,484	1,919	730	199	112	1,511
Earnings per share (NOK)	28.1	75.5	7.9	4.1	4.6	78.0
Earnings per share diluted (NOK)	28.1	75.4	7.9	4.1	4.6	77.9
Earnings per share diluted (NOK) ***	30.1	17.4	8.6	4.1	4.8	20.4

* Pro forma figures for 2004 restated according to IFRS (include E Ikem from 1 January and Chips Abp from 1 March

** Other revenues and expenses amounted to NOK -312 million at the end of fourth quarter 2005 and were related to write-downs of goodwill (NOK -159 million) and restructuring expenses/write-down of inventory (NOK -54 million) in respectively Direct Marketing (Orkla Media) and Household Textiles (Orkla Brands), closing of the plant Orkla Foods Öland (NOK -24 million) and restructuring in Elkem (NOK -75 million)

*** Before amortisation of intangibles, other revenues and expenses and in 2004 the gain on the sale of Orkla's share of Carlsberg Breweries