



Orkla will actively develop Elkem, Sapa and Borregaard



Agenda

- ◆ Decision and strategic rationale
- ◆ Orkla's strategic direction
- ◆ Business portfolio and potential for value creation at Elkem, Sapa and Borregaard



Decision and strategic rationale

- ◆ Orkla's Board of Directors has decided to actively pursue value creation opportunities at Elkem, Sapa and Borregaard
- ◆ The reasons for this decision are:
 - In cooperation with the managements and trade union representatives of the respective companies, significant potential for value creation has been identified
 - A substantial proportion of the potential for value creation lies in active company development and restructuring
 - With its industrial and financial resources, Orkla is well qualified to contribute to the realisation of these values
 - It is not believed that a demerger /IPO today will result in the same value creation for Orkla's shareholders
 - The tempo of development for Branded Consumer Goods will continue as before, and growth ambitions for this area will not be limited by the chosen ownership structure



A thorough process

- This process has been going on for approximately 5 months
- The process has involved
 - The managements and trade union representatives at Orkla, Elkem, Sapa and Borregaard
 - The views of a number of Orklas shareholders
 - Views on what is the optimal solution have differed
- Key issues that have been discussed
 - Which ownership solution will create the best long-term value for Orkla shareholders?
 - What is the potential for growth and value creation at Elkem, Sapa and Borregaard?
 - How do Elkem, Sapa and Borregaard fit into Orkla's strategy
- Decision

Orkla's Board of Directors has participated actively throughout the process and has reached a unanimous decision



Management changes at Elkem

- ◆ Current CEO Ole Enger will assume a new central role in Orkla ASA after 14 years of outstanding contributions to Elkem
 - Enger's positions will include the roles of Chairman of the Board of Sapa and member of the boards of Elkem, Borregaard and REC. He will otherwise contribute to Orkla's further development on a broad basis
- ◆ John G. Thuestad (45) is recommended as Managing Director of Elkem
 - Currently Managing Director of Elkem Aluminium ANS
 - Employed at Elkem since 1984, with the exception of 1995-2000 when he worked at Hydro and Norzink
 - Civil Engineer / MBA



Orkla's strategic direction

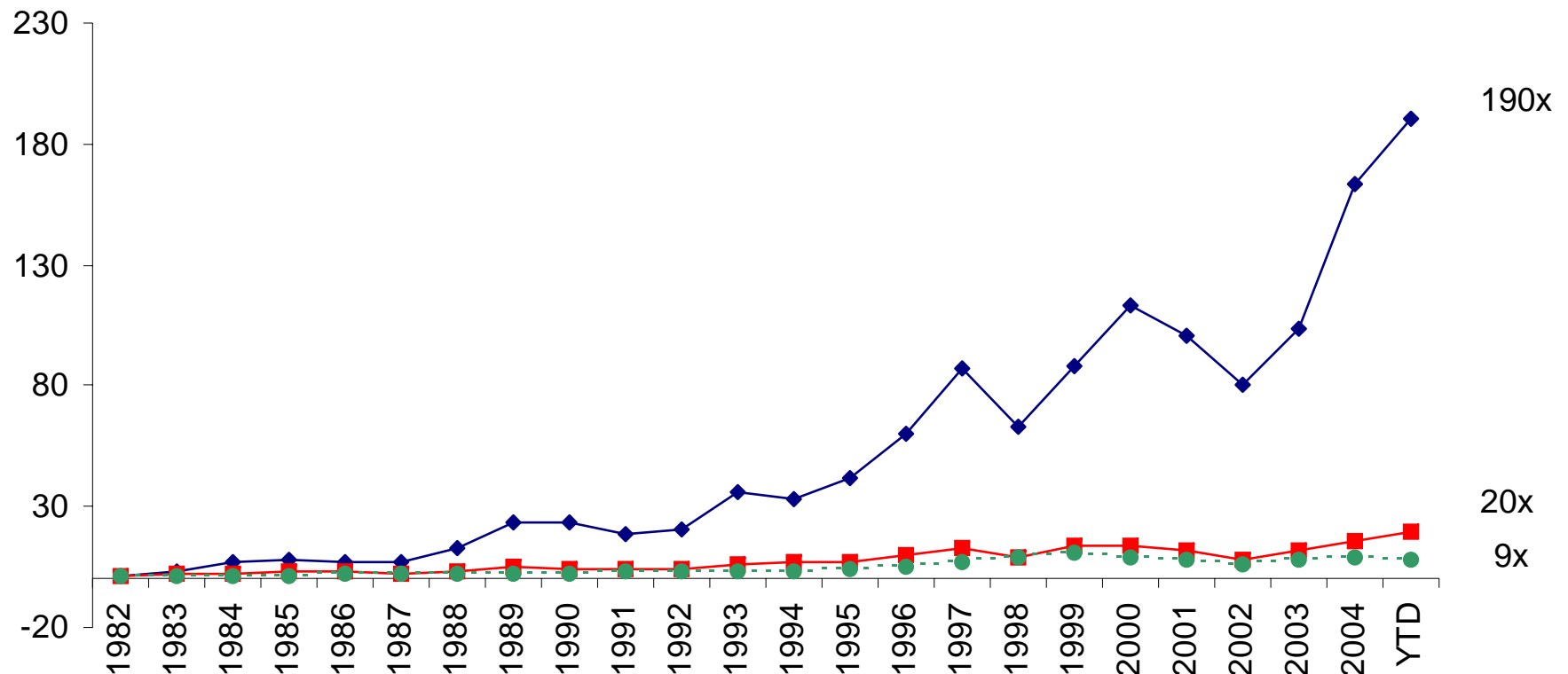


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Orkla has created substantial shareholder value

Value of NOK 1 invested 31.12.82

—◆— ORKLA —■— OSEBX - - - ● - - S&P 500



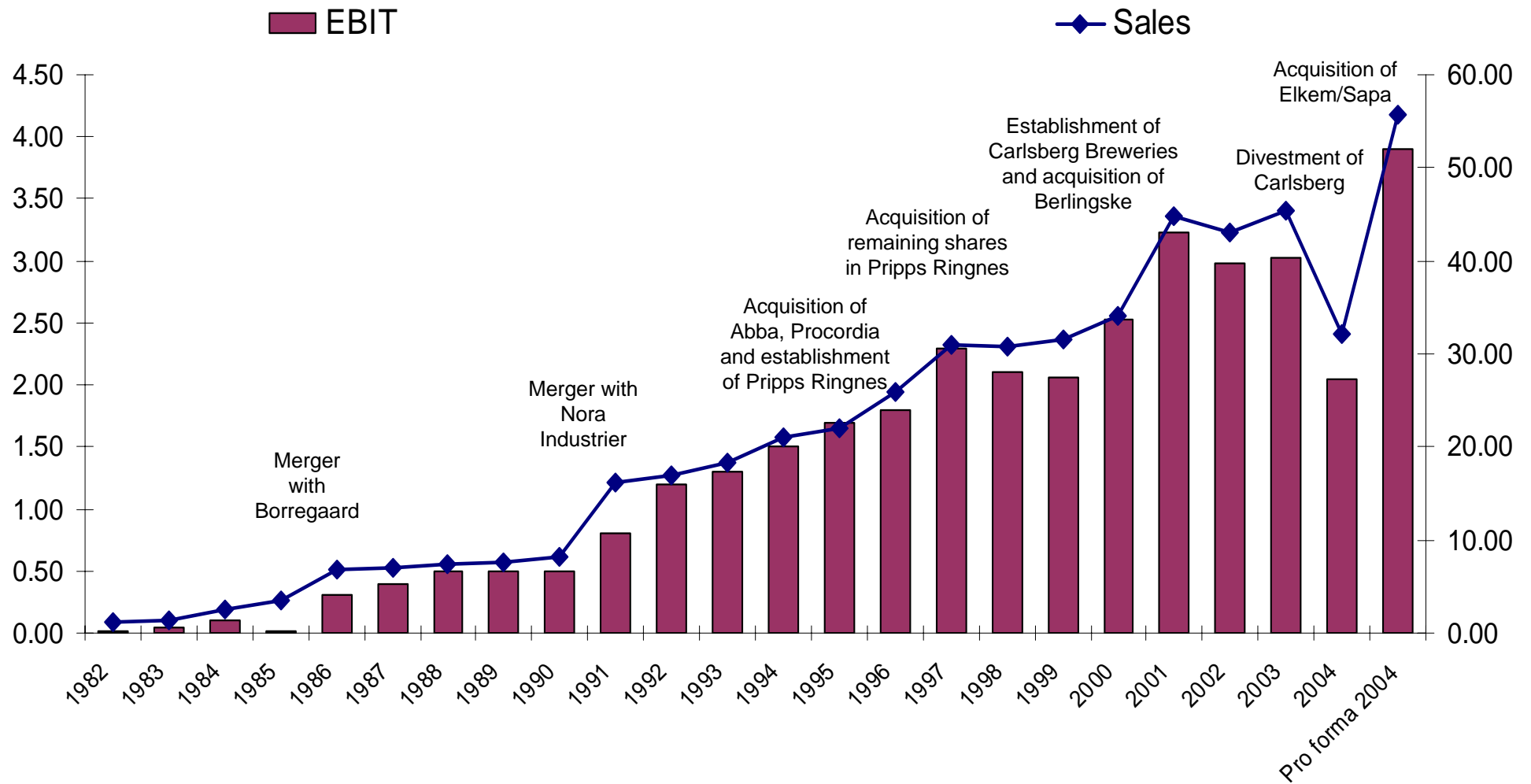
YTD: 14 October 2005

Dividend reinvested



Growth through acquisitions and restructuring

NOK billion



Orkla aims for active portfolio development and restructuring over time.
Orkla has also completed a number of disposals, e.g.

Selected disposals

<u>Year</u>	<u>Company/Business unit</u>	<u>Industry</u>
1991	Orkla real estate	Real estate
1995	Norgro	Animal feed
1995	Helly Hansen (50%)	Clothing
1996	Abba in Denmark and in Germany	Seafood
1996	Frionor (51%)	Frozen products
1996	Hansa	Beverages
1997	Ringstads Ferskvare	Fresh meat products
1999	Regal Mølle AS	Food ingredients/flour
1999	Viking Fottøy	Footwear
2000	Orkla Finans (Fondsmegling)	Investment bank
2001	Oyj Hartwall Abp (20%)	Beverages
2003	Enskilda Securities (22.5%)	Investment bank/broker
2004	Carlsberg Breweries (40%)	Beverages
2004	Borregaard Hellefoss/Vafos	Book paper, mechanical pulp
2005	Denofa's extraction plant (X-Works)	Soya products for the feed industries

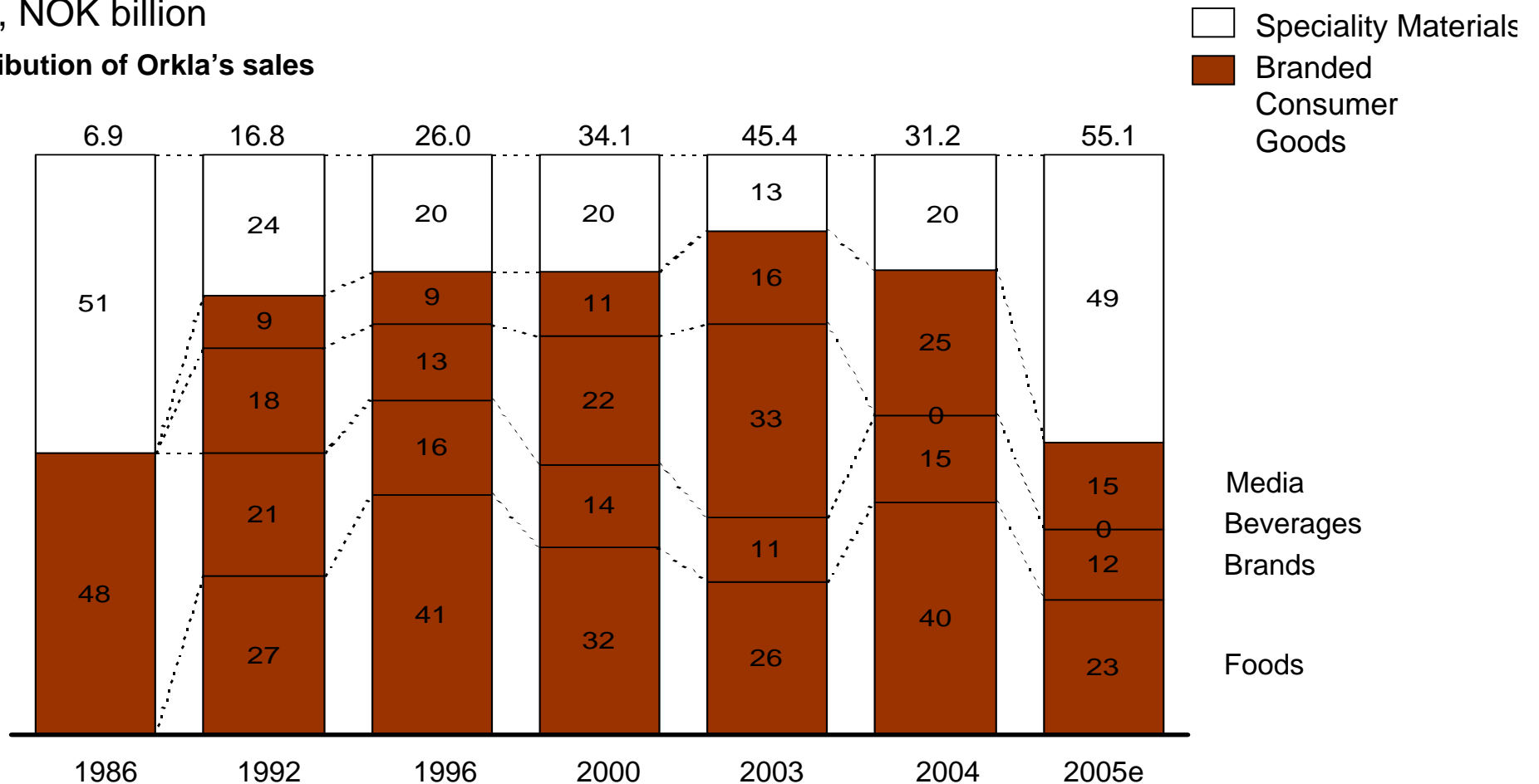
- ◆ Orkla actively returns funds to shareholders
- ◆ Dividends for the years 2003 and 2004 amounted to NOK 7.9 billion
- ◆ This is approximately 20% of average market capitalization between the announcements of the dividends for 2003 and 2004 respectively



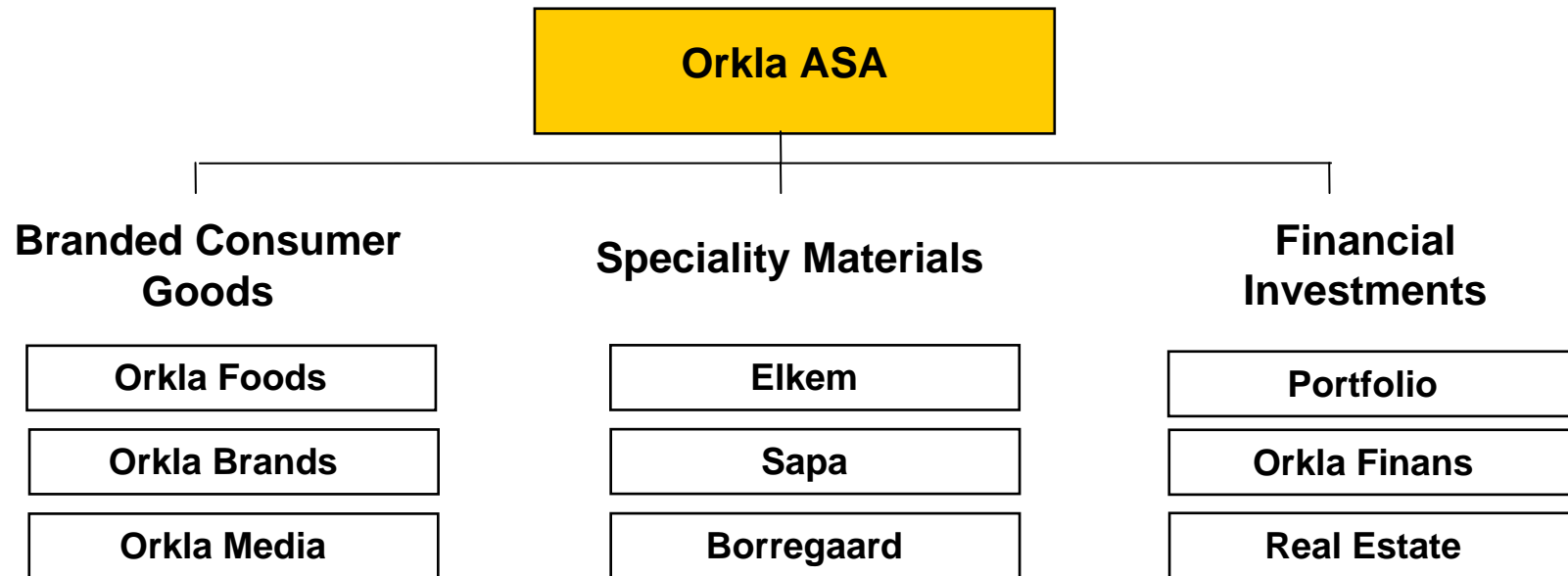
Orkla's portfolio – a dynamic development

Per cent, NOK billion

Distribution of Orkla's sales



Organisational structure



How Orkla adds value (1)

Enabling skills and capabilities

Functional skills

Governance

Strategy/M&A

Performance culture

Mgmt development

Financial

Marketing & branding

Sales & customer mgmt

Lean manufacturing

Technology



How Orkla adds value (2)

A lean , “activist” corporate centre

- ◆ Jointly define strategic direction for each unit
- ◆ Engage business management in a process that will lead to change
- ◆ Actively interact with the investment community

Operational expertise

- ◆ Enforce synergy creation opportunities between business units
- ◆ Management development and competence building a top priority – Orkla Academy
- ◆ Improvement-oriented culture

Structural capabilities

- ◆ Strong competence in M&A and restructuring
- ◆ Financial resources



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Business portfolio and potential for value creation at Elkem, Sapa and Borregaard

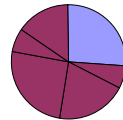


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Portfolio development and potential for value creation

Share of total
Revenues* EBITA*

Renewable energy
(Hydropower and solar
energy)

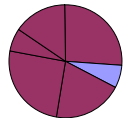


Further develop Elkem's and Borregaard's positions in the hydropower sector - 4.1 TWh.

Continue to focus on solar energy

- Elkem's solar project consists of industrialising a cost-effective process for producing feedstock for the solar cell industry
- Elkem also owns 20.8% (approx. 27 % fully diluted) of the Renewable Energy Corporation (REC), which is one of the leading producers of feedstock and wafers

Silicon



Restructure the silicon business

- Continue restructuring in the fields of silicon metal and ferrosilicon
- Necessary restructuring of Norwegian smelting works.
- Utilise silicon metal expertise to develop positions in the solar industry and microsilica

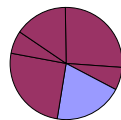
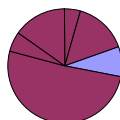


* Based on results 1/1 – 30/6 2005

Portfolio development and potential for value creation

Share of total
Revenues* EBITA*

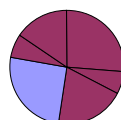
Primary
aluminium
(Elkem Aluminium
ANS)



Ensure continued good profitability in primary aluminium

- Continue partnership with Alcoa, with good profitability and strong cash flow
- Strengthen competitive position by building new anode factory in Mosjøen
- Electricity supplies secured by contract with Vattenfall until 2020

Downstream
aluminium
(Sapa)



Improved profitability and continued growth at Sapa

- Re-establish past profitability through operational improvements and organic growth
- Further develop the attractive niche in heat transfer strip
- Develop geographical positions
- Consider structural measures that can strengthen the company



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* Based on results 1/1 – 30/6 2005

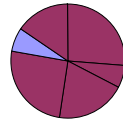
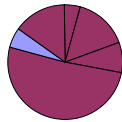
Portfolio development and potential for value creation

Share of total

Revenues*

EBITA*

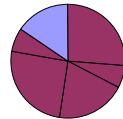
Materials and carbon



Pursue growth opportunities in materials and carbon

- Continue growth in microsilica
- Continue growth in carbon for the aluminium industry

Borregaard



Further operational improvements and specialisation at Borregaard

- Implement new productivity measures
- Consider structural measures that can strengthen the company



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* Based on results 1/1 – 30/6 2005

Summary

- Substantial potential for value creation in Elkem, Sapa and Borregaard
- Orkla will actively develop and restructure the companies and make full use of its industrial and financial resources
- It is not believed that a demerger /IPO today will result in the same value creation for Orkla's shareholders

