

Press Release



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New companies, growth and higher earnings per share

Orkla has been through an expansive phase in the past six months and second quarter operating revenues were almost twice as high as in the same period last year. This growth has also been profitable and earnings per share were NOK 2.6 higher than last year. The Financial Investments division also posted substantially higher profit than last year.

In the first six months, Group operating revenues totalled NOK 27.3 billion. Compared with the first half of last year, Orkla's pre-tax profit increased from NOK 2.2 billion to NOK 3.7 billion. Group pre-tax profit in the second quarter was almost NOK 2 billion, up NOK 740 million or approximately 60% compared with the second quarter of 2004. Earnings per share for the first six months increased from NOK 8.6¹ to NOK 12.9.

"The Orkla Group has re-invested much of the revenue from the Carlsberg sale and has expanded strongly in the last six months or so. However, our financial position is very good and we still have substantial capacity for expansion," says Group President and CEO Dag J. Opedal.

In the first six months, operating revenues in the Branded Consumer Goods division increased by 10 per cent compared with last year, mainly due to new acquisitions such as SladCo, Chips and several smaller companies. Operating profit for Branded Consumer Goods before goodwill amortisation and other revenues and expenses was up seven per cent in the same period. There was progress in most markets, with the exception of Sweden, where the grocery market is affected by pressure on prices and the retail trade's focus on private labels.

Elkem's operating revenues (including Sapa) amounted to NOK 11.1 billion for the first six months, on a par with last year. Operating profit before goodwill amortisation and other revenues and expenses totalled NOK 908 million for the same period (NOK 1,067 million)². The main reason for the decline was the reduction in margins and volumes for Sapa's aluminium profiles in Europe. Six-month operating profit for Elkem's other business was on a

¹ Adjusted for the gain on the sale of Orkla's stake in Carlsberg Breweries.

² Figures in brackets refer to the corresponding period last year.

par with last year. Borregaard's performance in the second quarter was affected by the decline in operating revenues resulting from the demerging and sale of non-core businesses, which nevertheless contributed to a rise in profit compared with the same period last year.

The Financial Investments division reported an increase in net asset value of approximately NOK 2.6 billion so far this year. At quarter end the market value of the portfolio was almost NOK 14 billion. Realised gains were also high, and total profit before tax for the first six months was NOK 1.9 billion (NOK 1.4 billion). At the end of June, the return on the portfolio was 18.1 per cent, compared with 19.7 for the Oslo Stock Exchange, 18.5 for MSCI Nordic and 2.6 per cent for the FTSE World Index.

GROUP INCOME STATEMENT

Amounts in NOK million	Pro forma*							
	1.1.-30.6. 2005	1.1.-30.6. 2004	1.1.-31.12. 2004	1.4.-30.6. 2005	1.4.-30.6. 2004	1.1.-30.6. 2004	1.4.-30.6. 2004	1.1.-31.12. 2004
Operating revenues	27,316	15,771	32,126	14,043	7,874	27,496	13,981	55,699
Operating expenses	-23,911	-13,959	-28,206	-12,291	-6,886	-24,054	-12,222	-48,737
Ordinary operating depreciation	-1,090	-611	-1,182	-565	-300	-1,122	-560	-2,183
Operating profit before intangibles and other revenues and expenses	2,315	1,201	2,738	1,187	688	2,320	1,199	4,779
Ordinary depreciations intangibles	-97	0	-7	-48	1	-83	-41	-173
Other revenues and expenses**	-211	-147	-690	-211	-112	-147	-112	-710
Operating profit	2,007	1,054	2,041	928	577	2,090	1,046	3,896
Profit from associates	111	360	592	82	173	131	81	181
Dividends	672	502	551	527	414	505	417	554
Portfolio gains	1,092	422	750	580	83	426	83	754
Financial items, net	-214	-112	-157	-136	-6	-395	-143	-762
Ordinary profit before taxes	3,668	2,226	3,777	1,981	1,241	2,757	1,484	4,623
Taxes	-807	-407	-691	-419	-227	-619	-312	-1,023
Ordinary profit after taxes	2,861	1,819	3,086	1,562	1,014	2,138	1,172	3,600
Gain/discontinued operations	0	12,529	12,529	0	0	12,529	0	12,529
Profit for the year	2,861	14,348	15,615	1,562	1,014	14,667	1,172	16,129
Of this minority interests	194	33	71	32	23	33	23	71
Profit before tax, Industry division	1,764	853	1,862	861	434	1,627	786	3,112
Profit before tax, Financial Investments division	1,904	1,373	1,915	1,120	807	1,130	698	1,511
Earnings per share (NOK)	12.9	69.4	75.5	7.4	4.8	70.9	5.6	78.0
Earnings per share diluted (NOK)	12.9	69.3	75.4	7.4	4.8	70.8	5.6	77.9
Earnings per share diluted, adjusted (NOK) ***	14.2	9.1	17.4	8.5	5.2	10.9	6.0	20.4

* Pro forma figures for 2004 restated according to IFRS (include Elkem from 1 January and Chips Abp from 1 March).

** Other revenues and expenses amounted to NOK -211 million at the end of the second quarter of 2005 and were related to write-downs of goodwill (NOK -163 million) and restructuring expenses /write-down of inventory in respectively Direct Marketing (Orkla Media) and Household Textiles (Orkla Brands).

*** Before amortisation of intangible assets, other revenues and expenses, and the gain on the sale of Orkla's share of Carlsberg Breweries.

OPERATING REVENUES

Amounts in NOK million	1.1.–30.6.		1.1.–31.12.		1.4.–30.6.		Proforma*	
	2005	2004	2004	2005	2004	2004	2004	2004
Orkla Foods	6,464	6,118	12,711	3,310	3,006	6,118	3,006	12,711
Orkla Brands	3,014	2,362	4,787	1,666	1,162	2,953	1,624	6,315
Orkla Media	4,302	4,044	8,280	2,215	2,061	4,044	2,061	8,280
Eliminations	-110	-93	-226	-46	-39	-93	-39	-226
Branded Consumer Goods	13,670	12,431	25,552	7,145	6,190	13,022	6,652	27,080
Elkem (excl. sales to Sapa)	4,665	0	0	2,433	0	4,500	2,261	9,219
Sapa	6,422	0	0	3,230	0	6,634	3,384	12,826
Borregaard	2,210	3,177	6,217	1,120	1,599	3,177	1,599	6,217
Speciality Materials	13,297	3,177	6,217	6,783	1,599	14,311	7,244	28,262
H.O./Unallocated/Eliminations	-26	-43	-74	-19	-21	-43	-21	-74
Industry division	26,941	15,565	31,695	13,909	7,768	27,290	13,875	55,268
Financial Investments division	375	206	431	134	106	206	106	431
Group	27,316	15,771	32,126	14,043	7,874	27,496	13,981	55,699

* Pro forma figures 2004 restated according to IFRS (include Elkem from 1 January and Chips Abp from 1 March).

OPERATING PROFIT**

Amounts in NOK million	1.1.–30.6.		1.1.–31.12.		1.4.–30.6.		Pro forma*	
	2005	2004	2004	2005	2004	2004	2004	2004
Orkla Foods	461	458	1,164	280	258	458	258	1,164
Orkla Brands	492	440	951	262	218	492	261	1,111
Orkla Media	198	178	371	170	154	178	154	371
Branded Consumer Goods	1,151	1,076	2,486	712	630	1,128	673	2,646
Elkem	622	0	0	250	0	643	238	1,261
Sapa	286	0	0	153	0	424	230	620
Borregaard	175	183	356	96	86	183	86	356
Speciality Materials	1,083	183	356	499	86	1,250	554	2,237
H.O./Unallocated/Eliminations	-78	-78	-148	-41	-35	-78	-35	-148
Industry division	2,156	1,181	2,694	1,170	681	2,300	1,192	4,735
Financial Investments division	159	20	44	17	7	20	7	44
Group	2,315	1,201	2,738	1,187	688	2,320	1,199	4,779

* Pro forma figures 2004 restated according to IFRS (include Elkem from 1 January and Chips Abp from 1 March).

** Before intangibles and other revenues and expenses.