

# Press Release



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## Profitable growth at Orkla

**Orkla's pre-tax profit in the first quarter totalled NOK 1.7 billion, up from NOK 1.0 billion in the same period last year. Underlying growth for the Branded Consumer Goods business was satisfactory. Elkem improved its performance compared with the fourth quarter of 2004, but operating profit was weaker than in the first quarter of 2004.**

The dynamic period the Orkla Group is currently in the midst of, which entails major structural changes, continued in the first quarter. The sale of Orkla's interest in Carlsberg prepared the ground for several major acquisitions. Elkem/Sapa and the Russian company SladCo have been consolidated in the Group accounts since the beginning of this year, while Chips was consolidated from 1 March.

Both operating revenues and operating profit<sup>1</sup> are now higher than in the "Carlsberg period". With the newly acquired companies, Orkla's pro forma annual revenues in 2004 were around the NOK 56 billion mark, compared with NOK 45 billion in 2003, while operating profit<sup>1</sup> was about NOK 4.8 billion, compared with NOK 3.8 billion the previous year.

"Orkla has undergone major structural changes in the past year, and not least in the last quarter. The establishment of the new business area Speciality Materials opens up new possibilities, and we will now be looking more closely at the potential for coordination and growth in this entire area," says Acting Group President and CEO Dag J. Opedal.

The return on the investment portfolio was 8.4 per cent in the first quarter. Orkla's interest in Elkem has been transferred from Financial Investments to the Industry division, and the market value of the portfolio now stands at NOK 14.5 billion.

Orkla's first quarter operating revenues totalled NOK 13.3 billion, a slight decline of NOK 242 million compared with the same period last year<sup>2</sup>. Easter effects had a negative impact in the Branded Consumer Goods area, while Borregaard's sales were lower due to restructuring and the sale of non-core businesses.

### ENCLOSURES:

- [GROUP INCOME STATEMENT](#)
- [GROUP BALANCE SHEET](#)
- [RESULTS BY BUSINESS AREA](#)

<sup>1</sup> Before goodwill amortisation and other revenues and expenses

<sup>2</sup> Pro forma 2004

## GROUP INCOME STATEMENT

Amounts in NOK million	Restated to IFRS		Pro forma*	
	1.1.–31.3. 2005	1.1.–31.12. 2004	1.1.–31.3. 2004	1.1.–31.12. 2004
Operating revenues	13,273	7,897	32,126	55,699
Operating expenses	(11,620)	(7,073)	(28,206)	(48,737)
Ordinary depreciation and write-downs	(525)	(311)	(1,182)	(2,183)
<b>Operating profit before intangibles and other revenues and expenses</b>	<b>1,128</b>	<b>513</b>	<b>2,738</b>	<b>4,779</b>
Ordinary depreciations and write-downs intangible assets	(49)	(1)	(7)	(173)
Other revenues and expenses**	0	(35)	(690)	(710)
<b>Operating profit</b>	<b>1,079</b>	<b>477</b>	<b>2,041</b>	<b>3,896</b>
Profit from associates	29	187	592	181
Dividends	145	88	551	554
Portfolio gains	512	339	750	754
Financial items, net	(78)	(106)	(157)	(762)
<b>Ordinary profit before taxes</b>	<b>1,687</b>	<b>985</b>	<b>3,777</b>	<b>4,623</b>
Taxes	(388)	(180)	(691)	(1,023)
<b>Ordinary profit after taxes</b>	<b>1,299</b>	<b>805</b>	<b>3,086</b>	<b>3,600</b>
Gain/discontinued operations	0	12,529	12,529	12,529
<b>Profit for the year</b>	<b>1,299</b>	<b>13,334</b>	<b>15,615</b>	<b>16,129</b>
Of this minority interests	162	10	71	71
Profit before tax, Industry division	903	419	1,862	3,112
Profit before tax, Financial Investments division	784	566	1,915	1,511
<b>Earnings per share (NOK)</b>	<b>5.5</b>	<b>64.6</b>	<b>75.5</b>	<b>78.0</b>
<b>Earnings per share diluted (NOK)</b>	<b>5.5</b>	<b>64.6</b>	<b>75.4</b>	<b>77.9</b>
<b>Earnings per share diluted, adjusted (NOK)***</b>	<b>5.7</b>	<b>4.0</b>	<b>17.4</b>	<b>20.4</b>

\* 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 -35 million at the end of the first quarter of 2004 and were related to the acquisition of Bakehuset. For the full year 2004, they totalled NOK -690 million and were related to write-downs and restructuring in the Chemicals area (NOK -815 million), the anniversary donation (NOK -35 million), a gain on the sale of buildings (NOK 188 million), net Orkla Media (NOK 7 million) and the acquisition of Bakehuset (NOK -35 million). The pro forma figures include Elkem (NOK -20 million).

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

## GROUP BALANCE SHEET

	31.3. 2005	Restated to IFRS		Pro forma*	
		31.3. 2004	31.12. 2004	31.3. 2004	31.12. 2004
Amounts in NOK million					
Intangible assets	16,320	3,941	4,005	15,894	15,693
Tangible assets	17,156	9,785	9,275	17,824	17,110
Financial long-term assets	7,114	8,934	9,094	6,672	6,921
<b>Long-term assets</b>	<b>40,590</b>	<b>22,660</b>	<b>22,374</b>	<b>40,390</b>	<b>39,724</b>
Inventories	5,839	3,026	2,875	6,154	6,139
Receivables	10,172	5,190	4,769	9,955	9,257
Portfolio investments	14,518	10,121	13,170	10,201	13,236
Cash and cash equivalents	2,235	7,557	2,308	8,686	3,349
<b>Short-term assets</b>	<b>32,764</b>	<b>25,894</b>	<b>23,122</b>	<b>34,996</b>	<b>31,981</b>
<b>Total assets</b>	<b>73,354</b>	<b>48,554</b>	<b>45,496</b>	<b>75,386</b>	<b>71,705</b>
Paid-in equity	2,008	2,011	2,007	2,011	2,007
Accumulated profit	31,748	30,627	29,194	31,682	30,133
Minority interests	1,229	427	448	427	448
<b>Equity</b>	<b>34,985</b>	<b>33,065</b>	<b>31,649</b>	<b>34,120</b>	<b>32,588</b>
Provisions	6,352	1,750	2,043	6,232	6,378
Long-term interest-bearing liabilities	12,843	6,824	4,246	22,787	20,255
Short-term interest-bearing liabilities	2,705	634	1,326	1,929	2,276
Other short-term liabilities	16,469	6,281	6,232	10,318	10,208
<b>Equity and liabilities</b>	<b>73,354</b>	<b>48,554</b>	<b>45,496</b>	<b>75,386</b>	<b>71,705</b>
Equity ratio (%)	47.7	68.1	69.6	45.3	45.4

\* Pro forma figures 2004 restated according to IFRS (include Elkem and Chips Abp).

## OPERATING REVENUES AND OTHER REVENUES AND EXPENSES

## OPERATING PROFIT BEFORE INTANGIBLES

	Restated to IFRS					Pro forma*				
	1.1.-31.3.	1.1.-31.12.	1.1.-31.12.	1.1.-31.3.	1.1.-31.12.	1.1.-31.3.	1.1.-31.12.	1.1.-31.12.	1.1.-31.3.	1.1.-31.12.
Amounts in NOK million	2005	2004	2004	2004	2004	2005	2004	2004	2004	2004
Orkla Foods	3,154	3,112	12,711	3,112	12,711	181	200	1,164	200	1,164
Orkla Brands	1,348	1,200	4,787	1,329	6,315	230	222	951	231	1,111
Orkla Media	2,087	1,983	8,280	1,983	8,280	28	24	371	24	371
Eliminations	(64)	(54)	(226)	(54)	(226)	0	0	0	0	0
<b>Branded Consumer Goods</b>	<b>6,525</b>	<b>6,241</b>	<b>25,552</b>	<b>6,370</b>	<b>27,080</b>	<b>439</b>	<b>446</b>	<b>2,486</b>	<b>455</b>	<b>2,646</b>
<b>Elkem</b>	<b>5,424</b>	<b>0</b>	<b>0</b>	<b>5,489</b>	<b>22,045</b>	<b>505</b>	<b>0</b>	<b>0</b>	<b>599</b>	<b>1,881</b>
<b>Chemicals</b>	<b>1,090</b>	<b>1,578</b>	<b>6,217</b>	<b>1,578</b>	<b>6,217</b>	<b>79</b>	<b>97</b>	<b>356</b>	<b>97</b>	<b>356</b>
H.O./Unallocated/Eliminations	(7)	(22)	(74)	(22)	(74)	(37)	(43)	(148)	(43)	(148)
<b>Industry division</b>	<b>13,032</b>	<b>7,797</b>	<b>31,695</b>	<b>13,415</b>	<b>55,268</b>	<b>986</b>	<b>500</b>	<b>2,694</b>	<b>1,108</b>	<b>4,735</b>
<b>Financial Investments division</b>	<b>241</b>	<b>100</b>	<b>431</b>	<b>100</b>	<b>431</b>	<b>142</b>	<b>13</b>	<b>44</b>	<b>13</b>	<b>44</b>
<b>Group</b>	<b>13,273</b>	<b>7,897</b>	<b>32,126</b>	<b>13,515</b>	<b>55,699</b>	<b>1,128</b>	<b>513</b>	<b>2,738</b>	<b>1,121</b>	<b>4,779</b>

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