

Press Release



www.orkla.com

P.O.Box 423 Skøyen, N-0213 Oslo, Norway Tel: +47-2254 4000 E-mail: info@orkla.no

Ref.: Ole Kristian Lunde	SVP	Corporate Communications	Tel.:+47-2254 4431
Rune Helland	VP	Investor Relations	Tel.:+47-2254 4411

Date: February 9, 2005

Good growth for Orkla

Operating profit before goodwill amortisation in the fourth quarter of 2004 was NOK 919 million, 25 per cent higher than in the fourth quarter of 2003. In 2004 Orkla's operating profit before goodwill amortisation totalled NOK 2.7 billion, up 13 per cent from 2003. The Branded Consumer Goods business achieved good growth and the restructuring of non-core business in the Chemicals area is proceeding according to plan.

The net asset value of the investment portfolio increased by NOK 3.1 billion during the year. The return on the portfolio was equivalent to 21.6 per cent in 2004.

After the sale of Orkla's interest in Carlsberg Breweries, which generated NOK 17.5 billion, Orkla has been working to invest the proceeds in new, strategically interesting positions. In addition to a number of minor acquisitions in the course of the year, Orkla acquired the Russian confectionery and biscuit company SladCo towards the end of 2004.

Since the beginning of 2005, the Group has been involved in processes that entail making offers for the remaining shares in Elkem and the Åland-based company Chips Abp. Even if Orkla acquires all remaining shares in these companies (including the minority interest in Sapa), Orkla will still have sufficient capacity to pursue interesting industrial opportunities within its strategic areas of focus.

"Orkla is a dynamic company, and we will actively follow up further business opportunities", says Acting Group President and CEO Dag J. Opedal.

Operating revenues totalled NOK 32.1 billion in 2004, up about six per cent. Operating profit before goodwill amortisation in the fourth quarter was NOK 919 million, 25 per cent higher than in the fourth quarter of 2003.

Group earnings per share therefore amounted to NOK 71.6 at year-end. Excluding the gain on the sale of Orkla's stake in Carlsberg Breweries, earnings per share increased by 18 per cent to NOK 10.9. Adjusted for goodwill amortisation and other revenues and expenses, earnings per share were NOK 15.4, compared with NOK 16.2 in 2003.

The Board of Directors proposes an ordinary dividend of NOK 4.50 per share, with an additional dividend of NOK 5.00 per share.

BRANDED CONSUMER GOODS

- **Orkla Foods** reported operating profit before goodwill amortisation of NOK 1.2 billion in 2004, up 14 per cent from 2003. The improvement programmes are proceeding as planned. Profit growth was ascribable to systematic work on brand-building and focus on operational efficiency. For the year as a whole, operating revenues increased to NOK 12.7 billion, an underlying¹ result on a par with the previous year.
- **Orkla Brands** increased its operating profit before goodwill amortisation from NOK 929 million to NOK 953 million. Growth was broad-based, with six out of seven business areas reporting higher operating profit before goodwill than in 2003. Full-year operating revenues for Orkla Brands totalled NOK 4.8 billion, an underlying decline of one per cent.
- **Orkla Media's** operating profit before goodwill amortisation was NOK 386 million, up from NOK 242 million the previous year. The main reasons for the improvement were the growth of advertising markets in Denmark and Norway and profit growth for Berlingske. Newspapers Norway made good progress. Orkla Media's operating revenues for 2004 amounted to NOK 8.2 billion.

CHEMICALS

Borregaard's operating profit before goodwill amortisation was NOK 356 million in 2004, compared with NOK 344 million in 2003. The core business achieved profit growth and an extensive restructuring programme has been initiated for non-core business. Operating revenues amounted to NOK 6.2 billion in 2004, equivalent to one per cent underlying growth compared with the previous year.

FINANCIAL INVESTMENTS

Full-year profit before tax for the Financial Investments division totalled NOK 1.5 billion. While the Oslo Stock Exchange Benchmark Index rose 38.4 per cent and the dividend-adjusted FTSE World Index was up 12.4 per cent, the return on Orkla's investment portfolio was 21.6 per cent. In 2004, net purchases of shares totalled NOK 496 million. In the course of the year, the net asset value of the investment portfolio increased by NOK 3.1 billion to NOK 16.7 billion.

FINANCIAL SITUATION

Cash flow from operating activities amounted to NOK 3.4 billion for the year, an improvement of NOK 619 billion compared with 2003. The book equity-to-total-assets ratio increased to 63 per cent.

¹ Excluding acquisitions and divestments and currency translation effects

GROUP INCOME STATEMENT

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.	
	2004	2003	2004	2003
Operating revenues	32 056	30 160	8 582	8 241
Operating expenses	(28 129)	(26 495)	(7 383)	(7 178)
Ordinary depreciation and write-downs	(1 200)	(1 243)	(280)	(328)
Operating profit before goodwill amortisation	2 727	2 422	919	735
Ordinary goodwill amortisation and write-downs	(391)	(391)	(109)	(103)
Other revenues and expenses *	(655)	(790)	7	(740)
Operating profit	1 681	1 241	817	(108)
Profit from associates	159	658	3	(4)
Dividends	698	437	18	53
Portfolio gains	627	259	53	289
Financial items, net	(178)	(609)	(28)	(163)
Ordinary profit before tax	2 987	1 986	863	67
Taxes	(697)	(624)	(166)	(100)
Ordinary profit after tax	2 290	1 362	697	(33)
Gain/discontinued operations	12 529	574	0	39
Profit for the year	14 819	1 936	697	6
Of this minority interests	48	35	11	11
Profit before tax, Industry division	1 457	706	779	(269)
Profit before tax, Financial Investments division	1 530	1 280	84	336
Earnings per share (NOK)	71.7	9.2	3.3	0.0
Earnings per share fully diluted (NOK)	71.6	9.2	3.3	0.0
Earnings per share fully diluted, adjusted (NOK) **	15.4	16.2	3.9	4.8

To make the figures in 2003 comparable with the presentation of the 2004 figures, Orkla Beverages is presented on a single line as a discontinued operation. The gain on the sale of Orkla's interest in Carlsberg Breweries is presented on the same line.

* Other revenues and expenses totalled NOK -655 million as of the end of the fourth quarter and are related to write-downs and restructuring at Denofa (NOK -515 million) and the fine chemicals operations in Italy, the USA and China (NOK -250 million), a restructuring provision for the sulphuric acid factory in Norway (NOK -50 million), a donation in connection with Orkla's 350th anniversary (NOK -35 million) and a gain on the sale of real estate property (NOK 188 million) and net Orkla Media (NOK 7 million).

** Excluding goodwill amortisation, other revenues and expenses and gain on the sale of Orkla's interest in Carlsberg Breweries.

OPERATING REVENUES

OPERATING PROFIT BEFORE GOODWILL AMORTISATION

Amounts in NOK million	1.1.-31.12.		1.10.-31.12.		1.1.-31.12.		1.10.-31.12.	
	2004	2003	2004	2003	2004	2003	2004	2003
Orkla Foods	12 711	11 913	3 481	3 379	1 178	1 030	412	359
Orkla Brands	4 787	4 739	1 323	1 289	953	929	272	262
Orkla Media	8 210	7 378	2 233	1 990	386	242	171	135
Eliminations	(226)	(202)	(83)	(64)	0	0	0	0
Branded Cons. Goods	25 482	23 828	6 954	6 594	2 517	2 201	855	756
Chemicals	6 217	6 048	1 497	1 522	356	344	99	26
HO/unallocated/elimin.	(74)	(66)	(17)	4	(183)	(131)	(58)	(47)
Industry division	31 625	29 810	8 434	8 120	2 690	2 414	896	735
Financial Investments	431	350	148	121	37	8	23	0
Group	32 056	30 160	8 582	8 241	2 727	2 422	919	735

GROUP BALANCE SHEET

Amounts in NOK million	31.12. 2004	31.12. 2003
Intangible assets	3 647	3 728
Tangible assets	9 086	9 662
Discontinue operations	0	4 949
Financial long-term assets	6 635	2 176
Long-term assets	19 368	20 515
Inventories	2 869	2 996
Receivables	4 449	4 770
Portfolio investments	12 837	11 867
Cash and cash equivalents	2 232	1 276
Short-term assets	22 387	20 909
Total assets	41 755	41 424
Paid-in equity	2 007	2 010
Accumulated profit	24 068	11 569
Minority interests	229	247
Equity	26 304	13 826
Provisions	1 657	1 516
Long-term interest-bearing liabilities	5 372	13 038
Short-term interest-bearing liabilities	199	1 261
Other short-term liabilities	8 223	11 783
Equity and liabilities	41 755	41 424
Equity to total assets (%):		
Book	63.0	45.8*
Including unrealised gains before tax	66.8	49.4*

* Calculated before allocation to additional dividend.