



Orkla acquires controlling interest in Elkem ASA



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- ◆ Orkla has entered into agreements with Folketrygdfondet, Storebrand og DnB NOR to acquire 10.18 % in Elkem for NOK 235 per share
- ◆ After this transaction, Orkla's total shareholding in Elkem amount to 50.03%
- ◆ As a result of this transaction, Orkla's interest in Elkem exceeds 40% and a mandatory offer will be made to all remaining Elkem shareholders
- ◆ Main terms and conditions
 - The mandatory offer must be approved by Orkla's Corporate Assembly. If not, Orkla has the right to terminate the Share Purchase Agreements
 - A protection clause compensates the sellers should Orkla acquire or sell shares at a higher price than NOK 235 per share prior to 1. April 2006.



Elkem – moving towards leading market positions in speciality materials

Key Business Areas (as a % of total sales 2003):

- ◆ Sapa AB (56 %)
 - Custom profiles and heat-exchanger strip in aluminium
 - One of the world's leading manufacturers to the construction and transportation industries
 - Quoted on the Stockholm stock exchange, Elkem's interest: 73 %
- ◆ Speciality products (Silicon Metal, Ferrosilicon and other) (27 %)
 - World's largest producer of silicon metals and special foundry alloys
- ◆ Aluminium (11 %)
 - Extrusion billets, rolling ingots and foundry ingots
 - Comprises Elkem's 50 % interests in Elkem Aluminium ANS
 - One of Europe's leading producers within selected niches
- ◆ Hydroelectric power (7 %)
 - 3,5 TWh
 - A major player in the Nordic power market



Elkem – satisfactory development and improved results

Key figures (Rolling Twelve Months, Q3-04):

◆ Operating revenues:	MNOK 21 485
◆ EBITA:	MNOK 1 873
◆ EPS (adjusted)*:	NOK 19.5

Key characteristics:

- ◆ Concentration within speciality material products
- ◆ Strong management and corporate culture
- ◆ A well-run business with improved results

* Adjusted EPS excludes goodwill amortisation and “other income and costs”. Tax rate of 32 per cent.



Key reasons for the decision

- ◆ Taking advantage of an industrial opportunity of strategic interest
- ◆ Financially attractive
- ◆ Orkla obtains majority control



Elkem is fairly priced and has good potential for further value creation

Rolling 12-month accounts

	Price per share	
	NOK 235	NOK 180*
EV/sales	0.8	0.7
EV/EBITDA	6.4	5.4
EV/EBITA	9.6	8.2
P/E (adjusted)	12.1	9.2

*Average cost per share assuming acquisition of 100%.

Enterprise value assumes minority in Sapa is valued at SEK 189 per share (last closing price) and is included as proforma interest bearing debt. SEK/NOK 91.0. Adjusted PE excludes goodwill amortisation and "other income and costs". Tax rate of 32 per cent. Adjusted EPS of NOK 19.5, Sales of NOK 21.485 mill., EBITDA of NOK 2.823 mill., EBITA of NOK 1.873 mill.



Earnings accretive: 11 per cent*

Net earnings contribution under different shareholdings and accounting methods. Based on adjusted rolling 12-month accounts

	Current 39.85%	IFRS, assoc. 39.85%	Owner- ship 50 %	Owner- ship 100 %
Sales			21 485	21 485
EBITA			1 873	1 873
Elkem, net finance			(265)	(265)
Interest (holding cost additional stake)			(47)	(279)
Tax shield interests			13	78
Associate		386		
Dividend from Elkem	147			
Normalised tax Elkem			(515)	(515)
Minority share			(610)	(126)
Net income (after minority)	147	386	450	767
Per Orkla share	0.7	1.9	2.2	3.7

*Orkla's reported adjusted EPS last 4 quarters of 16.4. Based on IFRS accounting of associated companies adjusted EPS are estimated to 17.6. Assuming 100 % ownership.

Based on Elkem accounts per 30 September 2004, last 4 quarters. Excluding goodwill amortisation and "other income and costs". Elkem tax rate of 32 per cent. 4 per cent interest rate. Assuming balance sheet values in excess of book value accounted for as goodwill.



Earnings accretive also with weaker earnings than today

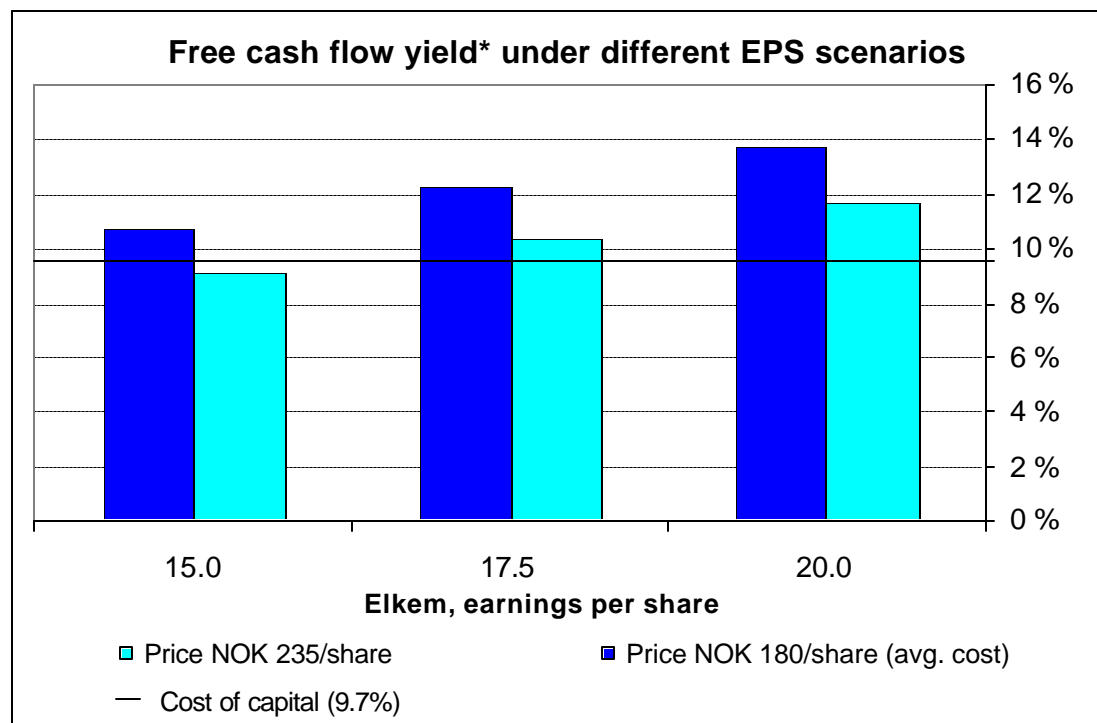
EPS Elkem (NOK)	15.0	17.5	20.0
Net profit (NOK mill.)	739	862	986
Holding cost after tax (60.2%)	(201)	(201)	(201)
Sum with 100 per cent ownership	539	662	785
Gross accretion per Orkla share ¹⁾	2.6	3.2	3.8
Alternative associate accounting	295	344	393
Per Orkla share ²⁾	1.4	1.7	1.9
Net accretion per Orkla share ³⁾	1.2	1.5	1.9

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4 per cent interest rate. 1) Assuming 100 per cent ownership in Elkem, 2) Assuming accounting as associated company under IFRS, 39,85 per cent ownership. 3) Equals 1) minus 2).



Free cash flow return in excess of cost of capital



*EBITDA minus normalised maintenance investments divided on adjusted enterprise value computed by applying NOK 180 and NOK 235 per share. Assuming maintenance investments of NOK 800 mill., depreciation of NOK 1000 mill., net finance of -250 mill., tax rate of 32 per cent.



Industrial rationale for Orkla

- ◆ In recent years, Elkem has moved towards more specialised and less capital-intensive products, concentrating strong market positions
 - The acquisition of Sapa (73 %) is a central element in this transformation
- ◆ Elkem is moving in the same direction as Borregaard
- ◆ Orkla's intention is to develop Elkem and Borregaard within the common business area, Speciality Materials
 - Form and degree of integration depend on Orkla's final shareholding in Elkem
- ◆ Orkla will continue to create value by leveraging capabilities and resources across the Group
- ◆ Orkla aims to create profitable growth for Speciality Materials. However Orkla is, as always, committed to value creation. If other solutions – over time – prove more value creative, a spin-off will be considered



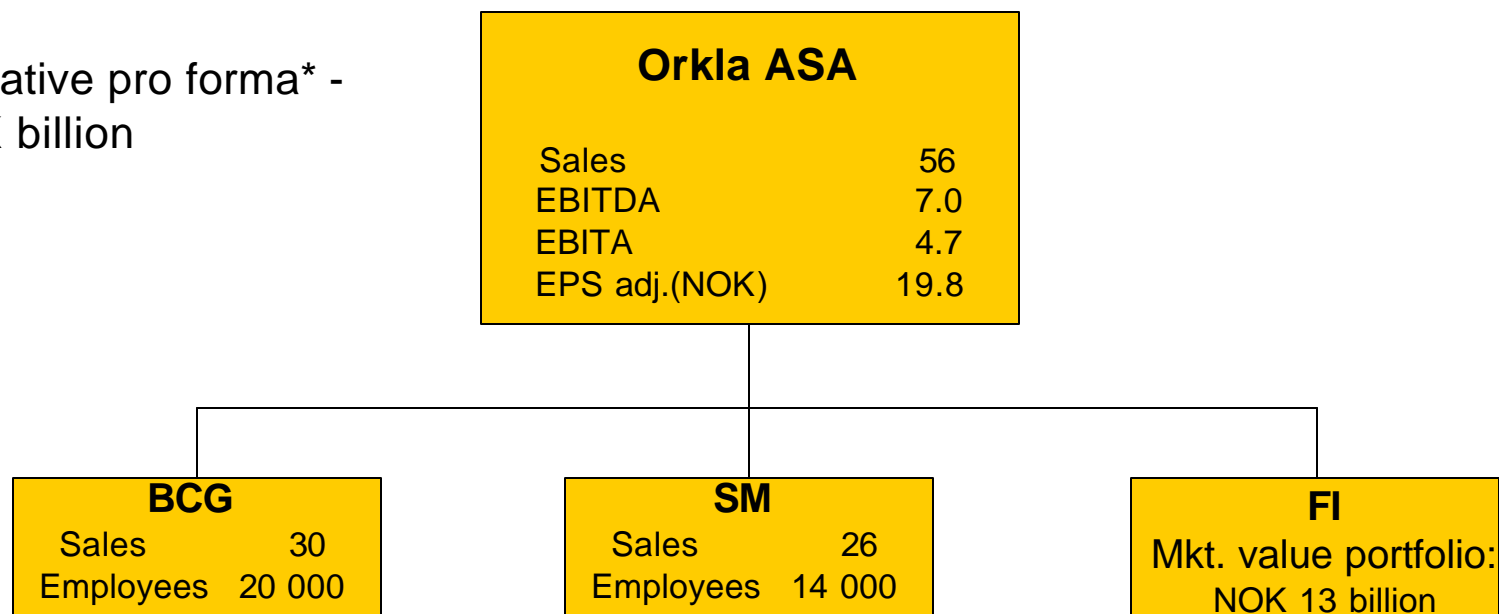
Orkla obtains majority control

- ◆ Changes the balance in the unsettled situation between the major shareholders
- ◆ Regardless of Alcoa's response to the offer, majority control provides opportunities for Orkla that are all better than the current situation



Orkla: more profitable, financially strong and positioned for further value creation

Indicative pro forma* -
NOK billion



Total Assets	68	
Book Equity	31	(Equity ratio 46%)
Net ib. debt	15	(Net gearing 0.5)
Net ib. debt/ebitda	2.2	

* Assuming 100 per cent ownership in Elkem and under IFRS accounting. Excluding goodwill amortisation and "other income and costs". Adjusted for effects of divestment of Carlsberg Breweries and acquisitions of Chips and Sladco. 4 per cent interest rate. Assuming balance sheet values in excess of book value accounted for as goodwill.

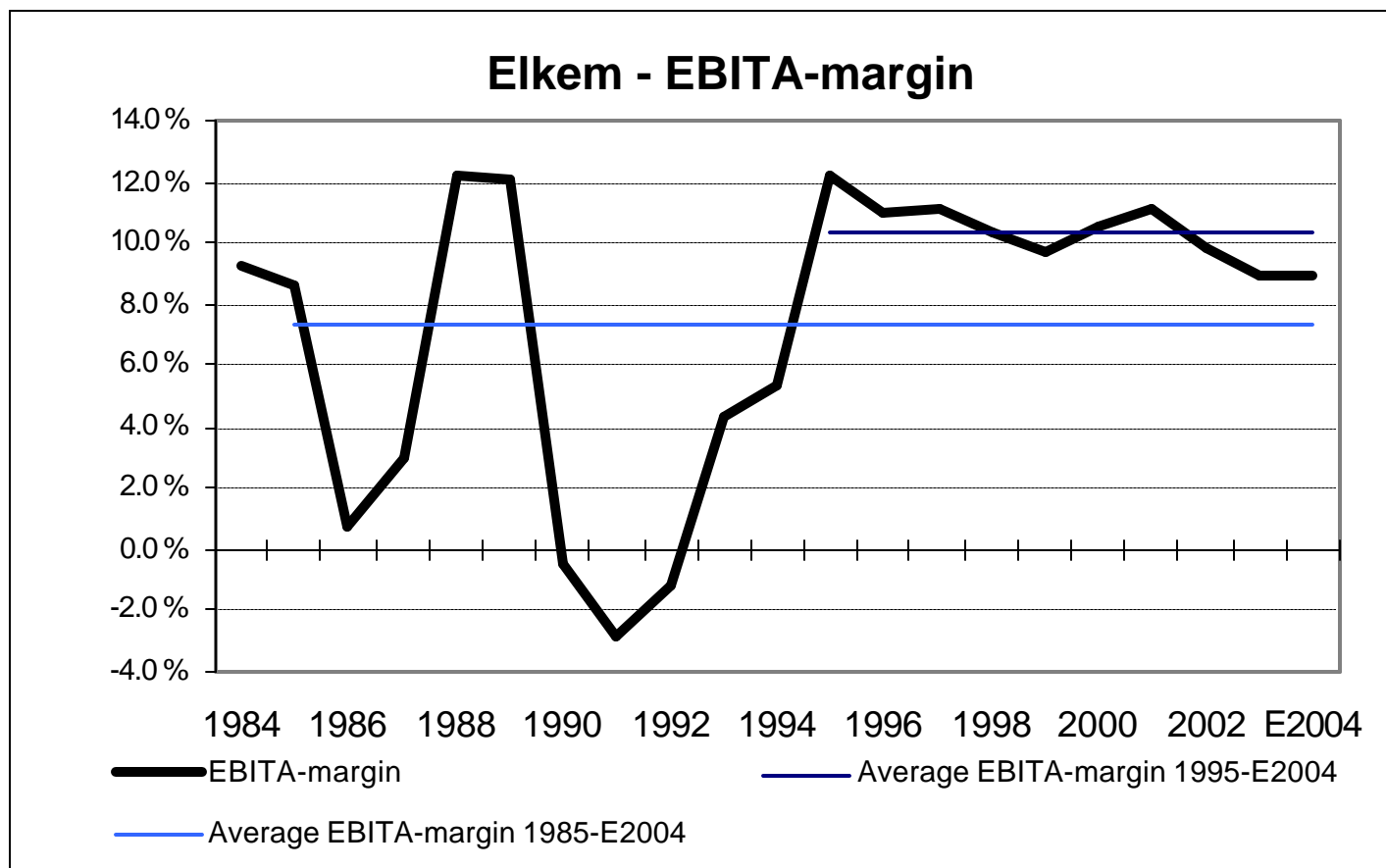


Appendices

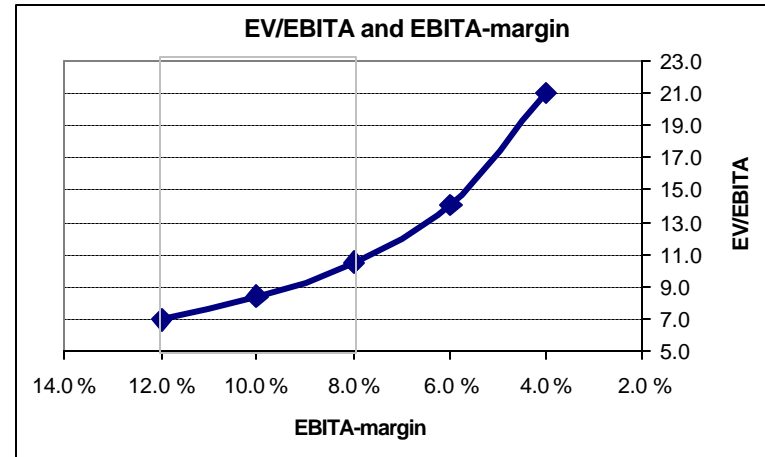
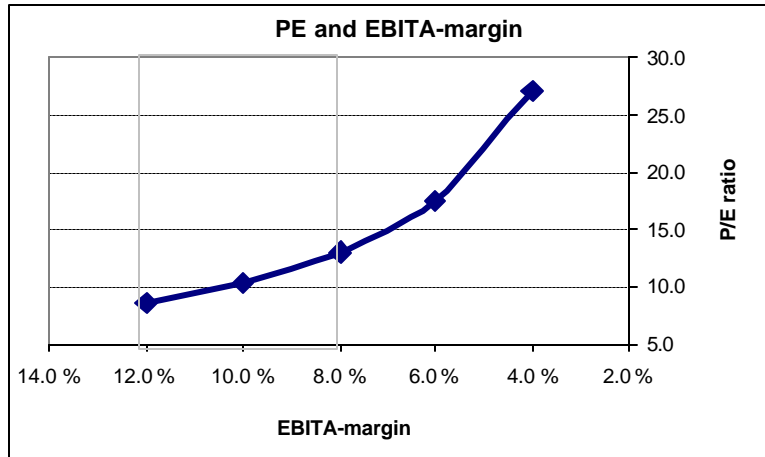


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Higher, more stable margins



Modest multiples in relation to current and historical margins



Current multiples under different margin scenarios.

Assumptions: Revenues of NOK 21.5 bn, depreciation of NOK 1 bn. 5% interest on net int. debt as of 30 September 2004, 32 per cent tax rate. Minority interest ranging from NOK 0 (low margin scenario) to NOK 240 mill. (high margin scenario). No goodwill amortisation or other items.



Elkem – summary financial accounts

NOK mill.	LTM Q3-04
Revenues	21 485
Expenses	-18662
EBITDA	2 823
Ordinary depreciations	-950
EBITA	1 873
Amortisation of goodwill	-147
Other income and costs	-274
EBIT	1 452
Net finance incl associates	-265
Profit before tax	1 187
Taxes	-253
Net profit before minority	934
Minority share	-126
Net profit, majority share	808
Adjusted EPS*	19.5
Total assets	19 133
Equity	6 979
Net ib. debt	4 639

*Excludes goodwill amortisation and "other income and costs". Adjusted tax rate of 32 per cent.

Accounts per 30 September 2004, last 4 quarters



Selected aluminium and materials companies

	Ccy	Price	Market cap (NOK mill.)	PE trailing 12 m	PE E2004	PE E2005	EV/ EBITDA (12 m trailing)	EV/ EBITDA E2004	EV/ EBITDA E2005	Price/ book	ROE 1998- E2004 (avg.)
ALCAN INC	USD	46.8	109 800	20.9	18.3	12.5	9.9	8.5	7.2	1.7	5.6
ALCOA INC	USD	30.3	165 516	19.9	19.0	13.0	11.0	9.3	7.3	2.1	13.3
BHP BILLITON PLC	GBp	582	167 982	20.1	12.5	11.5	8.7	8.1	6.1	4.8	13.1
PROFILGRUPPEN AB-B SHS	SEK	69	358	25.1	16.6	11.8	6.1	6.2	5.3	2.0	8.5
GRUPA KETY SA	PLN	127.5	2 705	14.5	12.5	11.4	10.5	8.9	7.7	3.2	14.7
HOGANAS AB-B	SEK	181.0	5 808	14.3	14.8	12.9	8.3	8.2	7.6	2.9	21.3
SSAB SVENSKT STAL AB-SER E	SEK	160.5	15 010	7.5	6.9	8.5	3.7	3.8	4.6	1.4	9.3
OUTOKUMPU OYJ	EUR	12.8	19 511	6.1	7.0	6.2	9.5	7.5	6.5	1.0	8.7
Median				17.2	13.6	11.6	9.1	8.2	6.8	2.0	11.2
Elkem	NOK	235	11 581	14.3	12.0	10.3	6.4	6.2	5.9	1.7	12.5

Consensus analyst estimates. Source: Bloomberg.

