



# Offer made for Chips Abp



# Orkla makes an offer for Chips Abp's remaining shares

- will strengthen Orkla's Branded Consumer Goods business

- ▶ The Chips Group is the leading snacks manufacturer in the Nordic region with positions in Russia and the Baltic States
- ▶ Substantial synergies with Orkla Brands and Orkla Foods
- ▶ Orkla currently has a 20.4% stake in Chips and a 38% stake in the subsidiary Chips Scandinavian Company (CSC)



# Chips – market leader in snacks in the Nordic region



## Key figures 2003:

- Operating revenues: EUR 298 million (about NOK 2.4 billion)
- EBITA: EUR 35.6 million (11.9%)



## Unprecedented strong growth

- More than 10% annual growth in sales since 2001

## Market leader in Snacks in the Nordic region with market share of 40%

- Market leader in Sweden, Denmark and Finland with shares in the 40-50% range
- Number 2 in Norway with 29%
- Good position in the Baltic States
- Growth platform established in Russia

















## Food businesses in Sweden and Finland

## Total of 1,300 employees

## Finnish listed company with head office in Åland

# Chips has a strong brand portfolio

	<u>Norway</u>	<u>Sweden</u>	<u>Denmark</u>	<u>Finland</u>	<u>Baltic States</u>	<u>Russia</u>
Snacks	   	  	 	 	 	 Nash Champion
Market share	29%	41%	48%	43%	40 % in Latvia	about 10%

## Foods

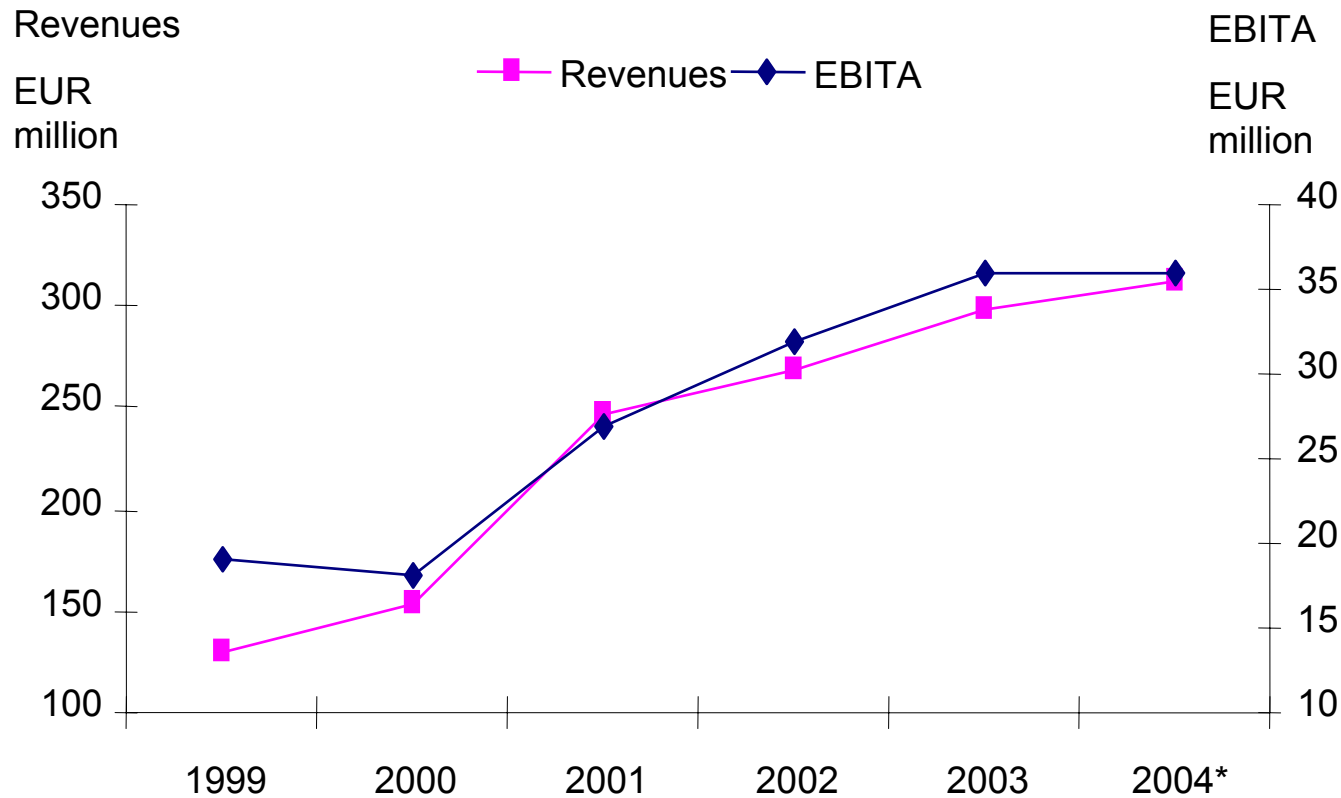


**Oolannin**  
Chipsina toppings



Chipster seafood and ready meals

# Chips – strong, profitable growth



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\*12 m rolling Q3-04

# Chips – results as of third quarter 2004 (EUR million)

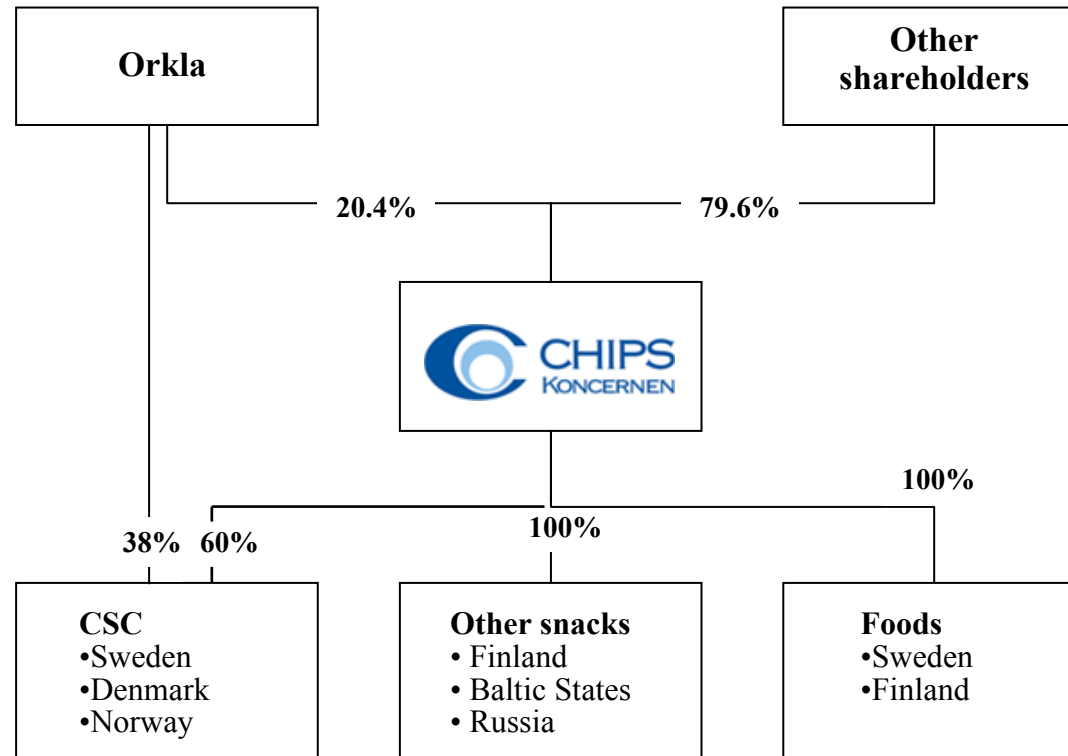
	<u>as of Q3-04</u>	<u>As of Q3-03</u>	<u>% change</u>
Revenues	229.9	215	+6.9 %
EBITA	23.9	23.7	+0.8 %
PBT	20.7	21.1	-1.9 %
Net Profit*	7.9	8.8	-10.2 %

\*less minorities



# Orkla already owns 20.4% of Chips Abp and 38% of CSC - directly and indirectly 45% of Chips' profit (EBITA)

## Group structure



# Chips – strategic rationale for Orkla

- ▶ Business at the heart of Orkla's branded consumer goods strategy
- ▶ Leading position in the Nordic region with continued growth potential
- ▶ Platform for growth in Russia/Baltic States
- ▶ Substantial synergies across the entire value chain with Orkla Brands and Orkla Foods
- ▶ Capable leadership that has performed
- ▶ Chips envisaged as part of the Orkla Brands area





# Orkla's offer for outstanding shares of Chips Abp

- Orkla to make a voluntary offer to Chips' other shareholders to buy their shares
- ▮ Orkla is offering EUR 22.85 per share in cash, totalling EUR 320 million (NOK 2,615 million) assuming full acceptance
  - 27% premium compared with share price over last 3 months



# Premises for the offer

- ▶ Orkla has signed an agreement with some of the largest owners of Chips in which they undertake to accept Orkla's offer
  - These owners and Orkla together own 45% of the company's capital and 58% of its votes
  - Chips' Board of Directors will advise Chips' shareholders to accept the offer
  
- ▶ Main conditions
  - That Chips' extraordinary general meeting removes the voting rights restrictions from the Articles of Association
  - That Orkla acquires at least 70%\* (incl. Orkla's own shares) of the company's votes and capital
  
- ▶ Offer period
  - Prospectus under preparation
  - Preliminary January 2005

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\* Orkla may choose to complete the offer even if one or more of the conditions are not fulfilled

# Positive result effects for Orkla (NOK million 2003)

	<u>Chips Group total</u>	<u>Pro rata CSC currently consolidated in Orkla</u>	<u>Net additional effect for Orkla*</u>	<u>% additional effect for Orkla</u>	<u>% additional effect for Brands/Foods</u>
Revenues	2 390	502	1 888	+6.3 %	+11.3 %
EBITA	285	88	197	+8.1 %	+10.1 %
PBT	277	86	105	+5.3 %	
EPS			0.4	+4.0 %	

# Transaction multiples based on 2003 figures

		EV/EBITA*	P/E ex Goodwill
Offer price	EUR 22.85	18.7	24.6
Average cost price	EUR 19.43	16.2	20.9

\* Less minorities

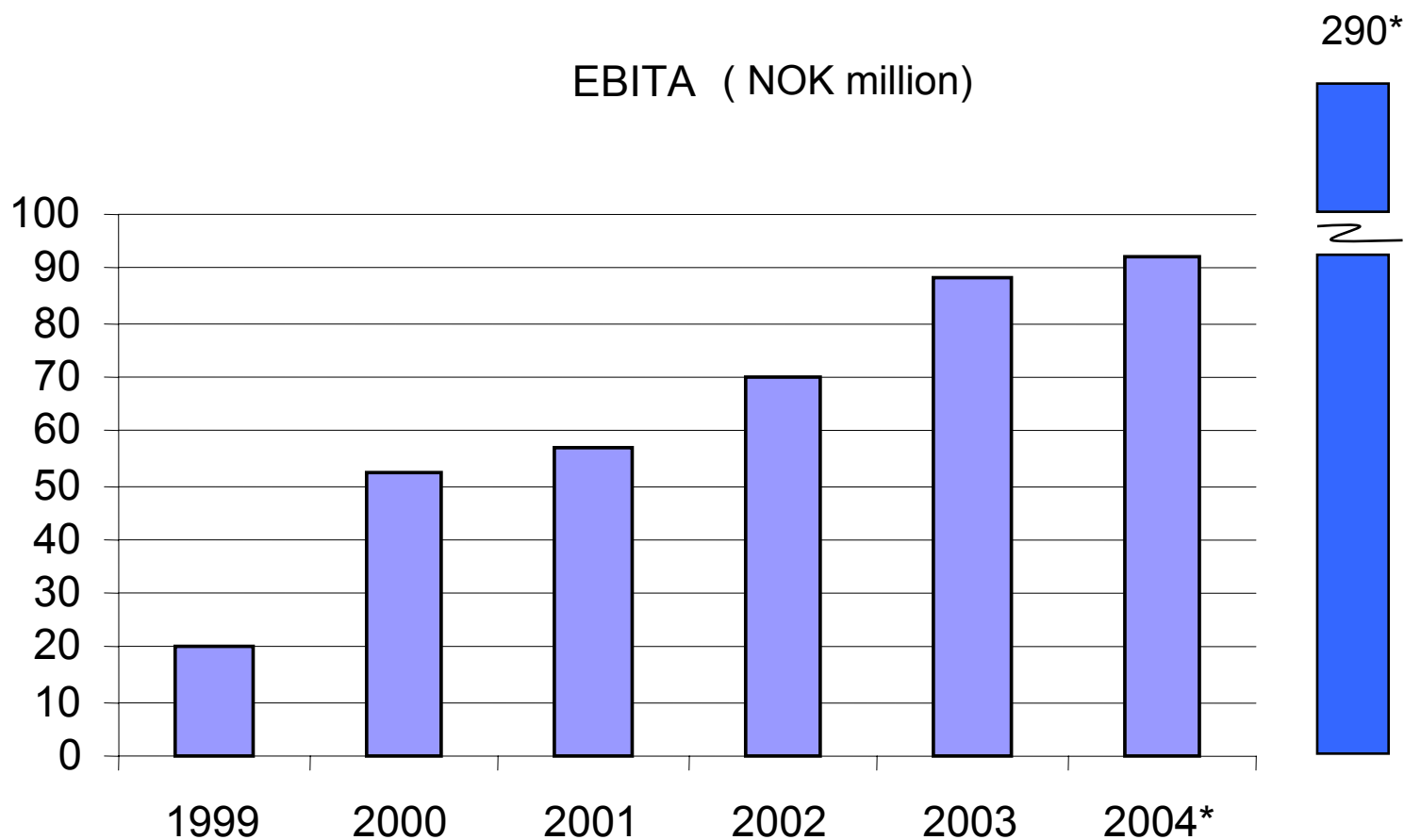


# Orkla's history in the snacks business – step by step

- ▶ → 1986      Acquires Polly
  - Establishes a weak position in Norway
  
- ▶ 1990-1993      Acquires 20% of Chips' shares
  - Establishes a strategic alliance with Chips
  
- ▶ 1991      Merger with Nora
  - Strengthens position in Norway, market leader in Denmark
  
- ▶ 2000      CSC established with Chips
  - Market leader in Denmark and Sweden, position in Norway further strengthened
  
- ▶ 2004      Acquires Chips
  - Market leader in the Nordic region
  - Positions in the Baltic States and Russia



# Long-term value creation in Orkla's Snacks business



Acquisition of Chips will triple EBITA profit in Orkla's snacks business

More information about Chips Abp and Chips' Q3 results

See [www.chips.fi](http://www.chips.fi)

