

Press release



P. O. Box 423 Skøyen, N-0213 Oslo Telephone: +47-22 54 40 00 Telefax: +47-22 54 44 90

Ref.: Ole Kristian Lunde Senior VP Corporate Communications Tel.: +47-2254 4431
Terje Andersen Senior VP Corporate Finance Tel.: +47-2254 4419

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Broad-based growth at Orkla

Orkla's Branded Consumer Goods business achieved wide-ranging growth in the first quarter and Group operating profit before goodwill amortisation showed underlying growth of 19 per cent. Higher gains from the Financial Investments division contributed to an increase in pre-tax profit from NOK 126 million in the first quarter of 2003 to NOK 782 million.

The sale of Orkla's 40 per cent stake in Carlsberg generated proceeds of NOK 17,471 million and a book gain of NOK 12,529 million. Dividends totalling NOK 6 billion will be paid out on 19 May.

At the end of the first quarter, the market value of the Financial Investments division's portfolio was NOK 15.6 billion, up NOK 906 million since the beginning of the year. The return on the portfolio was 6.4 per cent in the first quarter.

Orkla's first quarter operating revenues totalled NOK 7.9 billion, equivalent to underlying growth¹ of 3 per cent compared with the corresponding period of last year. This growth was partly ascribable to successful launches by Orkla Foods and somewhat improved advertising markets for Orkla Media. New business generated revenues of more than NOK 200 million in the first quarter.

"The first quarter results confirm the impression that Orkla's Branded Consumer Goods business is progressing at a good pace. Orkla Foods is leading the way, with satisfactory profit growth. Furthermore, the advertising market seems to have bottomed out and is rising again. In conjunction with the effects of cost improvements, this has led to improved results for Orkla Media. The other Branded Consumer Goods businesses have also made pleasing progress. Nevertheless, the efficiency improvement programmes that are under way are continuing with undiminished force," says Group President and CEO Finn Jebsen.

He also stresses that the ongoing strike in the Norwegian transport sector will affect the Group's second quarter results.

"So far four hundred of our employees have been laid off, and a continued strike will gradually have an increasing impact on Orkla companies."

¹ Excluding acquisitions and divestments and currency translation effects.

BRANDED CONSUMER GOODS:

- **Orkla Foods** reported operating profit before goodwill amortisation of NOK 205 million, up 42 per cent from the corresponding period of last year. The improvement in profit was largely due to systematic cost reduction programmes and a marked rise in sales of several important branded products. Since the beginning of 2003, the workforce has been reduced by approximately 850 man-years. Operating revenues totalled NOK 3.1 billion, equivalent to underlying growth¹ of 4 per cent compared with the first quarter of last year.
- **Orkla Brands** increased its operating profit before goodwill amortisation by NOK 10 million compared with the first quarter of last year, to NOK 223 million. Operating revenues amounted to NOK 1.2 billion, equivalent to an underlying decline¹ of 2 per cent from the corresponding period of last year. The most important explanations for the decline are fewer major innovations and tougher competition from private label detergents.
- **Orkla Media's** operating revenues totalled just under NOK 2 billion, equivalent to 4 per cent underlying growth¹. First quarter operating profit before goodwill amortisation was NOK 54 million, up NOK 38 million from last year. Berlingske reported substantial profit growth due to higher advertising revenues and cost improvements.

CHEMICALS:

Borregaard's operating revenues totalled NOK 1.6 billion in the first quarter, equivalent to underlying¹ growth of 4 per cent compared with the corresponding period of last year. Operating profit before goodwill amortisation dropped from NOK 103 million to NOK 97 million. Profit performance was mixed. The Lignin and Energy businesses achieved satisfactory results, while Denofa had a negative impact on profit due to continuing weak markets.

FINANCIAL INVESTMENTS:

After rising 48.4 % in 2003, the Oslo Stock Exchange Benchmark Index (OSEBX) rose a further 13.3 % in the first quarter of 2004. The dividend-adjusted FT World Index was up 3.2 %, while Orkla's Financial Investments were up by 6.4 %. Book profit before tax for the Financial Investments division totalled NOK 401 million, compared with minus NOK 88 million in the first quarter of last year. Realised gains amounted to NOK 310 million, compared with NOK 28 million last year. The net asset value of the investment portfolio increased by NOK 951 million in the first quarter to NOK 14.6 billion. At the end of March, the market value of the portfolio was NOK 15.6 billion. Investments outside Norway accounted for 32 per cent of the portfolio.

OTHER MATTERS:

Following the sale of Orkla's interest in Carlsberg Breweries, there have been changes in employees' representation in the governing bodies. On Orkla ASA's Board of Directors, Arvid F. Strand and Stein Stugu have been temporarily replaced by Marianne Torp and Kjell Kjøningsen, who were deputy member and observer respectively, until new elections are held in May/June this year.

GROUP INCOME STATEMENT

	1.1.-31.3.		1.1.-31.12.
Amounts in NOK million	2004	2003	2003
Operating revenues	7 884	7 024	30 160
Operating expenses	(7 028)	(6 287)	(26 495)
Ordinary depreciation and write-downs	(315)	(295)	(1 243)
Operating profit before goodwill amortisation	541	442	2 422
Ordinary goodwill amortisation and write-downs	(93)	(94)	(391)
Other revenues and expenses *	0	0	(790)
Operating profit	448	348	1 241
Profit from associates	46	561	658
Dividends	88	24	437
Portfolio gains	310	(640)	259
Financial items, net	(110)	(167)	(609)
Ordinary profit before tax	782	126	1 986
Taxes	(203)	(42)	(624)
Ordinary profit after tax	579	84	1 362
Gains/discontinued operations	12 529	(99)	574
Profit for the year	13 108	(15)	1 936
Of this minority interests	8	7	35
Profit before tax, Industry division	381	214	706
Profit before tax, Financial Investments division	401	(88)	1 280
Earnings per share fully diluted (NOK)	63.5	(0.1)	9.2
Earnings per share fully diluted, adjusted (NOK) **	2.8	0.5	16.2

This quarterly report has been prepared in accordance with the same accounting principles as the annual accounts and in accordance with Norwegian Accounting Standard No. 11.

To make the figures in 2003 comparable with the presentation of the 2004 figures, Orkla Beverages is presented on a single line as discontinued operation. The gain from Orkla Beverages in 2004 is presented on the same line.

* Other revenues and expenses totalled NOK -790 million for the year 2003. This is related to write-down of goodwill in Berlingske and restructuring costs in Orkla Foods and Denofa.

** Excluding goodwill amortisation, other revenues and expenses and gain on sale of share in Carlsberg Breweries.

OPERATING REVENUES

OPERATING PROFIT BEFORE GOODWILL AMORTISATION

	1.1-31.3.		1.1.-31.12.	1.1-31.3.		1.1.-31.12.
Amounts in NOK million	2004	2003	2003	2004	2003	2003
Orkla Foods	3 112	2 663	11 913	205	144	1 030
Orkla Brands	1 200	1 173	4 739	223	213	929
Orkla Media	1 970	1 726	7 378	54	16	242
Eliminations	(54)	(50)	(202)	0	0	0
Branded Consumer Goods	6 228	5 512	23 828	482	373	2 201
Chemicals	1 578	1 462	6 048	97	103	344
H.O./Unallocated/Eliminations	(22)	(26)	(66)	(50)	(36)	(131)
Industry division	7 784	6 948	29 810	529	440	2 414
Financial Investments division	100	76	350	12	2	8
Group	7 884	7 024	30 160	541	442	2 422

GROUP BALANCE SHEET

	31.3.	31.3.	31.12.
Amounts in NOK million	2004	2003	2003
Intangible assets	3 898	4 026	3 728
Tangible assets	9 616	9 627	9 662
Discontinued operations	0	4 521	4 949
Financial long-term assets	6 611	2 201	2 176
Long-term assets	20 125	20 375	20 515
Inventories	3 021	3 146	2 996
Receivables	5 181	5 292	4 770
Portfolio investments	12 201	11 297	11 867
Cash and cash equivalents	7 499	1 181	1 276
Short-term assets	27 902	20 916	20 909
Total assets	48 027	41 291	41 424
Paid-in equity	2 011	2 013	2 010
Accumulated profit	24 561	15 843	11 569
Minority interests	252	234	247
Equity	26 824	18 090	13 826
Provisions	1 443	1 217	1 516
Long-term interest-bearing liabilities	6 824	12 962	13 038
Short-term interest-bearing liabilities	633	2 863	1 261
Other short-term liabilities	12 303	6 159	11 783
Equity and liabilities	48 027	41 291	41 424
Equity to total assets (%):			
Book	55.9	43.8	45.8*
Including unrealised gains before tax	58.8	43.8	49.4*

* Calculated before allocation to additional dividend.