Press Release

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Orkla to sell its stake in Carlsberg Breweries for NOK 17.5 billion

Orkla is selling its 40 per cent interest in Carlsberg Breweries to Carlsberg AS (CAS) for NOK 17.5 billion. CAS will also take over Orkla's share of the company's liabilities, bringing total enterprise value of Orkla's interest up to NOK 22.5 billion.

The agreement implies that Orkla will receive DKK 11 billion in cash and a debt certificate for DKK 3.8 billion from a first class bank which falls due in two years' time and runs at a market interest rate. Orkla will also receive a dividend of DKK 120 million from CB for 2003 and a sum to cover all transaction costs. The total proceeds from the CB shares will therefore be nearly DKK 15 billion (NOK 17.5 billion).

In addition to the proceeds, CAS will take over Orkla's share of CB's liabilities, which amounts to approximately DKK 4.5 billion. The enterprise value of Orkla's interest in CB will therefore be just over DKK 19 billion, or approximately NOK 22.5 billion. The sale will result in a book gain of NOK 12.5 billion. The effect of the sale on Orkla's accounts and relevant key figures for evaluating the sale price are shown in the enclosed appendices.

Implementation of the sale is conditional upon the approval of Orkla's Corporate Assembly, which will discuss the matter at its meeting on 3 March. Provided that the Corporate Assembly approves, settlement will take place at the beginning of March.

When CB was established in 2000, Orkla's intention was to develop the values in CB in a long-term industrial perspective, with emphasis on profitable growth, efficient operations and commercial focus. This was to take place within a framework of good partnership between CAS and Orkla, where Orkla would contribute its industrial experience and brand expertise. This was also CAS's attitude, and the basis for the agreement concerning the growth and development of CB that was entered into between Orkla and CAS when CB was established in 2000.

In Orkla's view, cooperation between CAS and Orkla has been satisfactory until recently. However, in summer 2003 there was a change in the attitude of the Carlsberg Foundation and CAS towards the partnership that had been established. The Carlsberg Foundation, which is the controlling shareholder in CAS, has increasingly expressed ambitions and attitudes which, in Orkla’s view, would not promote value creation in CB and would weaken important intentions inherent in the cooperation agreement signed in 2000. The parties have therefore held increasingly differing views concerning the future development of CB. The natural solution for Orkla would have been to buy CAS out of CB. This was impossible for several reasons. Orkla has therefore negotiated an agreement to sell its shares in CB to CAS for a good price, and believes that this will best serve the interests of the Orkla Group and its shareholders.

Orkla’s shares in CB are owned by the Swedish company Orkla AB and the transaction will therefore be subject to Swedish tax regulations. According to the current Swedish tax regulations concerning the sale of shares in commercial enterprises, the payment received by Orkla AB will be tax-free.

Group President and CEO Finn Jebsen comments:
“Orkla would have preferred to further develop its industrial position in Carlsberg Breweries. However, the changed attitude of the Carlsberg Foundation and the increasing distance between the parties has lead us to the conclusion that a sale at a good price is preferable. The Orkla Group has a solid foundation from which to pursue a long-term, profitable industrial growth on its own account, and the sale of the CB shares provides Orkla with substantial financial resources to realise such growth.”

The employee-elected members of Orkla’s Board of Directors are of the opinion that a sale of CB shares is wrong for Orkla from an industrial point of view, and they have therefore been unable to support the resolution to sell the shares.

After the sale, Orkla will be in a very strong financial position. Taking this into account, and also taking into account the fact that Orkla is celebrating its 350th anniversary in 2004, the Board of Directors will recommend to the General Meeting on 29 April that an extraordinary dividend of NOK 25 per share be paid out (a total of more than NOK 5.1 billion) in addition to the proposed ordinary dividend of NOK 4.00 per share. The remainder of the proceeds from the sale of CB shares will be retained in the company as a basis for further industrial growth.

Appendix

Based on a value for the CB shares of DKK 14.9 billion, the transaction will result in the following key figures in relation to Carlsberg Breweries' accounts for 2003:

		Carlsberg Breweries 100%, Danish principles		Carlsberg Breweries 100%, Norwegian principles		Norwegian principles, excluding minorities	
Amounts in DKK million		DKK	Multiples	DKK	Multiples	DKK	Multiples
OPERATING REVENUES	(EV/Sales)	35 162	1.4	35 162	1.4	33 062	1.5
EBITDA	(EV/EBITDA)	6 084	8.0	5 855	8.3	5 321	9.0
Operating profit before goodwill amortisation	(EV/EBITA)	3 429	14.2	3 201	15.2	2 843	16.9
OPERATING PROFIT	(EV/EBIT)	2 638	18.4	2 410	20.2	2 052	23.4
Profit for the year	PE	1 242	30.0	1 242	30.0	1 242	30.0
Profit for the year, adjusted*	PE (adj.)	1 913	19.5	1 913	19.5	1 913	19.5

*) Adjusted for goodwill amortisation and other revenues and expenses

The first column shows the key figures based on CB's accounting principles and the second column shows the corresponding key figures based on Orkla's accounting principles. In the third column, the basis is the same as for column 2, but in this case all minority interests in CB have been excluded.

The transaction will result in an accounting gain for Orkla of approximately NOK 12.5 billion.

To illustrate the effect of the transaction for Orkla, we have drawn up a pro-forma profit and loss account and balance sheet excluding Carlsberg Breweries as follows:

PROFIT AND LOSS ACCOUNT 2003

Group Income Statement 2003	Orkla Group Actual 2003	Orkla Group Pro forma [1] 2003
OPERATING REVENUES	**45 368**	**30 160**
EBITDA	**6 213**	**3 665**
Operating profit before goodwill amortisation	**3 827**	**2 422**
Ordinary goodwill amortisation and write-downs	-538	-391
Other revenues and expenses	-967	-789
OPERATING PROFIT	**2 322**	**1 241**
Profit from associates	730	658
Net interest expenses	-784	-91
Other Financial items	340	355
Portfolio gains	259	259
PROFIT BEFORE TAX	**2 867**	**2 422**
Taxes	-815	-746
Profit after tax	**2 052**	**1 675**
Of this minority interests	-151	-35
Annual Result	**1 901**	**1 641**
Annual Result adjusted [2]	**3 336**	**2 824**

Earnings per share fully diluted (NOK)	9.2	7.9
Earnings per share fully diluted, adjusted (NOK) [2]	**16.2**	**13.7**

1) Provided that the Board of Directors' proposal for an ordinary dividend of NOK 4.00 per share and an extraordinary dividend of NOK 25 per share is adopted, the remainder of the proceeds will be used to repay debt. Anticipated interest: 4.3 % interest on reduced debt.
2) Adjusted for goodwill amortisation and other revenues and expenses

BALANCE SHEET 2003

Group Balance Sheet Amounts in NOK million	Orkla Group Actual [1)]2003	Orkla Group Pro forma [2)] 2003
Intangible assets	5 887	3 728
Tangible assets	17 942	9 662
Financial long-term assets	3 960	6 611
Inventories	4 207	2 996
Receivables	8 627	4 770
Portfolio	11 867	11 867
Cash and cash equivalents	2 468	1 276
TOTAL ASSETS	54 958	40 910
Equity	18 734	26 042
Minority interests	983	247
Provisions	2 547	1 516
Interest-bearing liabilities	21 426	6 476
Other short -term liabilities	11 268	6 629
EQUITY AND LIABILITIES	54 958	40 910

Capital employed	33 522	22 029
Net interest-bearing debt	17 953	585
Equity to total assets, Book (%)	35.9 %	64.3 %

1) Before additional dividend
2) Provided that the Board of Directors' proposal for an ordinary dividend of NOK 4.00 per share and an extraordinary dividend of NOK 25 per share is adopted, the remainder of the proceeds will be used to repay debt.

') The pro-forma balance sheet for 2003 is calculated on the basis of the Orkla Group's balance sheet as of 31 December 2003 minus Orkla's 40 % shareholding in Carlsberg Breweries and thereafter taking into account the effects of the sale of this shareholding. See otherwise footnote 2 above.