Press release

www.orkla.com
P. O. Box 423 Skøyen, N-0213 Oslo Telephone: +47-22 54 40 00 E-mail: info@orkla.no

---

Ref.: Ole Kristian Lunde, SVP Corporate Communications Tel.: +47 22 54 44 31
Rune Helland/Erik Thuestad, Investor Relations Tel.: +47 22 54 40 00

Dato: 20 February 2003

Stable performance for Orkla's industrial operations

In 2002, Orkla's operating profit before goodwill amortisation was NOK 3.7 billion, on a par with 2001. Orkla Brands and Carlsberg Breweries achieved satisfactory profit growth, while Orkla Media continued to be affected by weak advertising markets. The Financial Investments division reported negative growth, but its performance was nevertheless clearly better than the average for the Oslo Stock Exchange.

The main trend for the first nine months of the year continued in the fourth quarter. The strong NOK has significant translation effects for Orkla, which now has more than 70 per cent of its operations outside Norway. Although Berlingske in Denmark and Superfish in Poland had a negative impact on overall profit, adjusted for currency translation effects Group operating profit before goodwill amortisation was four per cent higher than in 2001. However, pre-tax profit for the year was down from NOK 3.3 billion to NOK 2.4 billion. The decline was largely due to the fact that profit in 2001 was augmented by NOK 1.35 billion from the sale of Orkla's Hartwall shares.

"Despite certain weak points, Orkla's industrial operations achieved an unchanged return of 12.7 per cent on capital employed, which is a satisfactory level," says Group President and CEO Finn Jebsen. "Nevertheless, restructuring and cost reductions are necessary in many areas and we are concentrating strongly on this effort."

Orkla Foods achieved growth in its Norwegian, Swedish and international operations, with the exception of seafood. Carlsberg Breweries developed in accordance with its ambitious plans. Orkla Brands continued to report satisfactory progress and Orkla Media achieved good results for both Magazines and Newspapers Norway, despite its weak performance in Denmark and Poland. The Chemicals business reported growth for lignin and speciality chemicals, while there was a weaker trend on the markets for other products. The Financial Investments division reported a negative return of 14.8 per cent for the year as a whole. By comparison, the Oslo Stock Exchange Benchmark Index fell 31.1 per cent in 2002.

Group operating revenues amounted to NOK 43 billion, down four per cent from 2001. Currency translation effects are calculated to total minus NOK 2.1 billion on the basis of the year's NOK exchange rates.

Group earnings per share amounted to NOK 7.7, compared with NOK 10.7 for 2001. The main reason for the decline was the sale of Hartwall shares at a gain of NOK 1.35 billion in 2001, which alone represented a value of NOK 3.8 per share. The Board of Directors proposes a dividend of NOK 3.40 per share, up from NOK 3.25 in 2001.

BRANDED CONSUMER GOODS

- **Orkla Foods'** operating profit before goodwill amortisation amounted to NOK 902 million in 2002, compared with NOK 952 million in 2001. The Foods business achieved profit growth in Norway and Orkla Foods International, and the extremely negative result for Superfish in Poland was the main reason for the decline in Orkla Foods' operating profit. However, the other Polish company, Kotlin, has managed to turn its results around from minus to plus.
- **Orkla Beverages** (40 per cent of Carlsberg Breweries)
  Orkla's 40 per cent stake in Carlsberg Breweries represented operating profit before goodwill amortisation of NOK 1.36 billion, compared with NOK 1.31 billion in 2001. Operating revenues totalled NOK 14.5 billion, down from NOK 14.9 billion in 2001. Adjusted for currency translation effects, growth in 2002 was 5 per cent for operating revenues and 14 per cent for operating profit before goodwill amortisation. Carlsberg Breweries achieved satisfactory profit in the Nordic region and positive effects from the restructuring programme, while the performance of the Turkish business was poor. The Carlsberg brand achieved 6 per cent volume growth.
- **Orkla Brands** increased its operating profit before goodwill from NOK 648 million to NOK 787 million. Profit growth was primarily driven by new launches and internal efficiency improvement programmes. In addition to many successful launches in 2002, the launches that took place in 2001 also made a positive contribution to the rise in sales and profitability. Brands achieved operating revenues of NOK 4.5 billion in 2002. This is a slight decline in NOK, but a slight increase when the figure is adjusted for currency translation effects.
- **Orkla Media's** operating profit before goodwill amortisation was NOK 148 million, down from NOK 294 million the previous year. Magazines, with a sharp rise in circulation for Her og Nå in particular, and Newspapers Norway made good progress. The negative trend on the Polish and Danish advertising markets continued. Substantial cost reductions at Berlingske, totalling NOK 190 million, have not been sufficient to offset the entire loss of advertising revenues. Major workforce reductions have been carried out in Denmark and Poland to adapt operations to the reduced income levels. Further steps will be taken on these markets to meet the negative trend.

CHEMICALS

Borregaard's operating profit before goodwill amortisation amounted to NOK 537 million in 2002, compared with NOK 569 million in 2001. The stronger NOK and weaker USD had a negative impact on sales and profit, while financial power trading made a positive contribution, particularly in the fourth quarter. Lignin and Fine Chemicals achieved profit growth, while the other areas struggled with weak markets. Operating revenues totalled NOK 5.7 billion compared with NOK 6.6 billion in 2001, down 13 per cent. Profit was down 6 per cent.

FINANCIAL INVESTMENTS

Pre-tax profit from the Financial Investments division amounted to NOK 340 million. Net realised losses in 2002 totalled NOK 95 million. While the Oslo Stock Exchange Benchmark Index fell 31.1 per cent and the FT World Index dropped 24.6 per cent, Orkla's Financial Investments division reported a return of -14.8 per cent. The largest items in the fourth quarter were the purchase of shares in Rieber & Søn for NOK 307 million and the divestment of the stake in Norway Seafoods Holding for NOK 361 million. In 2002, the net asset value of the Financial Investments portfolio was reduced by NOK 2.3 billion to NOK 10.2 billion.

FINANCIAL SITUATION

Free cash flow from the Industry division totalled NOK 3.1 billion, half a billion better than in 2001. Buy-backs of Orkla shares in 2002 amounted to NOK 351 million. The equity to assets ratio rose to 35.2 per cent.

Group income statement

Amounts in NOK million	1.1.-31.12. 2002	1.1.-31.12. 2001	1.10.-31.12. 2002	1.10.-31.12. 2001
Operating revenues	**42,979**	44,799	**10,983**	11,577
Operating expenses	**-37,084**	-38,965	**-9,512**	-10,113
Ord. depreciation and write-downs	**-2,232**	-2,148	**-574**	-547
Operating profit before goodwill and other revenues and expenses	**3,663**	3,686	**897**	917
Ord. goodwill amortisation and write-downs	**-499**	-454	**-134**	-122
Other revenues and expenses 1)	**-143**	28	**-123**	9
Operating profit	**3,021**	3,260	**640**	804
Profit from associates	**305**	1,510	**48**	1,275
Dividends	**369**	545	**16**	4
Portfolio gains	**-95**	-760	**-248**	-932
Financial items, net	**-1,193**	-1,302	**-331**	-350
Profit before tax	**2,407**	3,253	**125**	801
Taxes	**-630**	-773	**-14**	-111
Profit after tax	**1,777**	2,480	**111**	690
Of this minority interests	**166**	211	**7**	49
Profit before tax, Industry area	**2,067**	3,363	**303**	1,688
Profit before tax, Financial Investments	**340**	-110	**-178**	-887
Earnings per share fully diluted (NOK)	**7.7**	10.7	**0.5**	3.0
Earnings per share fully diluted, adjusted (NOK) 2)	**10.6**	12.8	**1.6**	3.5

1) Other revenues and expenses totalled NOK -143 million in fourth quarter 2002: Restructuring Orkla Foods (NOK -59 million), restructuring Orkla Beverages (NOK -9 million), write-downs and restructuring Media (NOK -120 million), gains from sale of Kemetyl (NOK 25 million), gains from sale of power plants (NOK 129 million), write-downs and restructuring Chemicals (NOK -109 million). In fourth quarter 2001, NOK 28 million: Gains from sale of Fredrikstad Blikk- og Metallvarefabrikk (NOK 48 million) as well as provisions for future demolition costs (NOK -27 million), all in Chemicals. Gains from sale of Kalnapilis, Orkla Beverages (NOK 20 million) and restructuring Carlsberg Breweries' head office (NOK -13 million).
2) Excluding goodwill amortisation and other revenues and expenses.

	Operating revenues				**Operating profit before goodwill amortisation**			
	1.1.-31.12.		1.10.-31.12.		1.1.-31.12.		1.10.-31.12.	
Amounts in NOK million	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Orkla Foods	**11,062**	11,133	**3,041**	3,054	**902**	952	**311**	324
Orkla Beverages 1)	**14,516**	14,924	**3,471**	3,697	**1,364**	1,311	**165**	221
Orkla Brands	**4,500**	4,527	**1,222**	1,199	**787**	648	**222**	171
Orkla Media	**7,079**	7,453	**1,788**	1,936	**148**	294	**69**	102
Eliminations	**-157**	-153	**-48**	-48	**0**	0	**0**	0
Branded Consumer Goods	**37,000**	37,884	**9,474**	9,838	**3,201**	3,205	**767**	818
Chemicals	**5,726**	6,581	**1,381**	1,658	**537**	569	**131**	132
H.O./unallocated/eliminations	**-58**	79	**-5**	-23	**-116**	-117	**-28**	-39
Industry area	**42,668**	44,544	**10,850**	11,473	**3,622**	3,657	**870**	911
Financial Investments	**311**	255	**133**	104	**41**	29	**27**	6
Group	**42,979**	44,799	**10,983**	11,577	**3,663**	3,686	**897**	917

1) Due to changes in accounting principles for Carlsberg Breweries, the quarterly figures are not directly comparable.

Group balance sheet

Amounts in NOK million	**31.12. 2002**	31.12 2001
Assets:		
Long-term assets	**26,786**	28,434
Portfolio investments etc.	**11,998**	11,599
Short-term assets	**14,338**	14,612
Total assets	**53,122**	54,645
Equity and Liabilities:		
Equity and minority interests	**18,691**	18,957
Interest-bearing liabilities	**22,443**	22,712
Interest-free liabilities and provisions	**11,988**	12,976
Total equity and liabilities	**53,122**	54,645
Equity to total assets ratio (%):		
Book	**35.2**	34.7
Incl. unrealised gains before tax	**35.4**	37.8