

# Press release



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## Strong growth for Orkla's industrial operations

**2001 was a year of strong growth for Orkla. Operating revenues were 31 per cent up on the previous year, and operating profit was 26 per cent higher. The weak stock markets led to a poor year for Orkla's Financial Investments division, which chose to realise substantial losses on the investment portfolio, while Orkla posted extraordinarily high gains in 2000. Group profit after tax in 2001 was therefore lower than in the previous year.**

Operating profit totalled NOK 3.3 billion, compared with NOK 2.6 billion in 2000. Group operating revenues amounted to NOK 44.8 billion, NOK 10.7 billion higher than in 2000. This was mainly due to the Group's expansion in the Beverages and Media sectors, while Brands and Chemicals continued to make progress.

The main trend in the first nine months continued in the fourth quarter. Carlsberg Breweries developed according to plan. The Media business is suffering from the sharp decline on advertising markets. The positive development in Brands continued, with several successful launches. The sale of Hartwall shares generated a gain of NOK 1.35 billion.

For the year as a whole, the Financial Investments division reported a negative return of 15.3 per cent, approximately in line with the performance of Oslo Stock Exchange Benchmark Index and FT World Index.

Orkla's earnings per share were NOK 10.7, compared with NOK 17.0 the previous year. Before goodwill amortisation and non-recurring items, earnings per share amounted to NOK 13.3, compared with NOK 19.5 in 2000.

## BRANDED CONSUMER GOODS

- **Orkla Foods'** operating profit in 2001 was NOK 791 million, compared with NOK 787 million the previous year. With about 40 per cent of its sales in Sweden, Foods is strongly affected by the Swedish currency, which was nine per cent lower against the Norwegian krone than the average for the previous year. For continuing business calculated on the basis of stable currency rates, operating profit would have risen by five per cent. A significant rise in the price of important raw materials was largely offset by price increases.

- **Orkla Beverages** (40 per cent of Carlsberg Breweries)  
Orkla's 40% stake in Carlsberg Breweries represented an operating profit of NOK 1.2 billion in 2001, compared with NOK 712 million in 2000 (then Pripps Ringnes). Operating revenues totalled NOK 14.9 billion, twice the figure for Orkla Beverages in 2000. The substantial rise in revenues and profit was due to the establishment of Carlsberg Breweries, where continued strong growth on the Central and East European markets and the acquisition of Switzerland's largest brewery group, Feldschlösschen, made a particularly strong contribution.
- **Orkla Brands** increased its operating profit from NOK 543 million to NOK 611 million last year. Profit growth was primarily driven by a high rate of innovation at Lilleborg Home and Personal Care. In addition to many successful launches in 2001, the products launched in 2000 made a positive contribution to sales and profit growth. In 2001, Brands posted operating revenues of NOK 4.5 billion, which for continuing business was 5% higher than the previous year.
- **Orkla Media's** operating profit amounted to NOK 155 million in 2001, down from NOK 205 million the previous year. The advertising markets, particularly in Poland and Denmark, dropped sharply towards the end of the year. Cost reductions, including staff cutbacks, have been implemented in Denmark and Poland to adjust operations to the reduced level of revenues. Further measures will be introduced to meet the negative trend.

## CHEMICALS

Borregaard's operating profit increased from NOK 450 million in 2000 to NOK 554 million last year. Borregaard LignoTech in particular achieved significant profit growth, while ChemCell, the speciality cellulose business, also performed well. The closure of one of LignoTech's main competitors in the USA led to a scarcity of supplies throughout 2001. A decision has been made to triple capacity in at the factory South Africa and this process will be completed in 2003. Operating revenues totalled NOK 6.6 billion, up three per cent for continuing business, adjusted for currency effects.

## FINANCIAL INVESTMENTS

Having dropped 24.9 per cent by the end of the third quarter of 2001, the Oslo Stock Exchange Benchmark Index rose 13.7% in the fourth quarter. Orkla's investment portfolio also showed positive underlying growth and the net asset value increased by NOK 882 million in the fourth quarter alone. However, as a result of write-downs and the realisation of substantial accounting losses during the quarter, the Financial Investments division posted a book loss of NOK -887 million in the fourth quarter. These results must be viewed in conjunction with the fact that unrealised gains increased by NOK 1.7 billion in the same period. At the same time, the realisation of portfolio losses led to a lower tax charge of 23.8 per cent for the Group in 2001.

## FINANCIAL SITUATION

In the fourth quarter, the Group's self-financing capacity amounted to NOK 2.5 billion. The sale of Hartwall shares generated NOK 2.4 billion, which is the main reason for the NOK 2.3 billion reduction in net interest-bearing liabilities. The expansion that took place in Carlsberg Breweries in the latter half of 2000 was not posted as expansion investments in the Orkla Group accounts until 2001. This accounts for a significant proportion of the Group's expansion investments, which totalled NOK 5.5 billion. The average borrowing rate at the end of the year was 5.8 per cent. As of 31 December, the book equity ratio was 34.7 per cent. If unrealised gains on the share portfolio (before tax) are included, the equity ratio at year-end was 37.8 per cent.

## Group Income Statement

	1/1-31/12		1/10-31/12	
Amounts in NOK million	<b>2001</b>	2000	<b>2001</b>	2000
<b>Operating revenues</b>	<b>44,799</b>	34,083	<b>11,577</b>	9,180
Cost of goods sold	<b>(17,701)</b>	(13,850)	<b>(4,609)</b>	(3,773)
Other operating expenses	<b>(21,264)</b>	(15,565)	<b>(5,504)</b>	(4,204)
Ord. depreciation and write-downs	<b>(2,148)</b>	(1,618)	<b>(547)</b>	(405)
Operating profit before goodwill and other revenues and expenses	<b>3,686</b>	3,050	<b>917</b>	798
Goodwill amortisation and write-downs	<b>(454)</b>	(479)	<b>(122)</b>	(118)
Other revenues and expenses	<b>28</b>	36	<b>9</b>	(4)
<b>Operating profit</b>	<b>3,260</b>	2,607	<b>804</b>	676
Profit from associates	<b>1,510</b>	242	<b>1,275</b>	3
Dividends	<b>545</b>	555	<b>4</b>	144
Portfolio gains	<b>(760)</b>	2,727	<b>(932)</b>	(353)
Financial items, net	<b>(1,302)</b>	(960)	<b>(350)</b>	(279)
<b>Profit before tax</b>	<b>3,253</b>	5,171	<b>801</b>	191
Taxes	<b>(773)</b>	(1,388)	<b>(111)</b>	(51)
<b>Profit after tax</b>	<b>2,480</b>	3,783	<b>690</b>	140
Of this minority interests	<b>211</b>	182	<b>49</b>	46
Profit before tax, Industry area	<b>3,363</b>	1,816	<b>1,688</b>	388
Profit before tax, Financial Investments	<b>(110)</b>	3,355	<b>(887)</b>	(197)
<b>Earnings per share fully diluted (NOK)</b>	<b>10.7</b>	17.0	<b>3.0</b>	0.5
<b>Earnings per share fully diluted (NOK) *)</b>	<b>13.3</b>	19.5	<b>4.0</b>	1.2

\*) Excluding goodwill amortisation and non-recurring items.

	Operating revenues				Operating profit*)			
	1/1-31/12		1/10-31/12		1/1-31/12		1/10-31/12	
Amounts in NOK million	<b>2001</b>	2000	<b>2001</b>	2000	<b>2001</b>	2000	<b>2001</b>	2000
Orkla Foods	<b>11,133</b>	11,039	<b>3,054</b>	3,029	<b>791</b>	787	<b>284</b>	284
Orkla Beverages	<b>14,924</b>	7,424	<b>3,697</b>	1,860	<b>1,213</b>	712	<b>192</b>	90
Orkla Brands	<b>4,527</b>	4,586	<b>1,199</b>	1,237	<b>611</b>	543	<b>160</b>	151
Orkla Media	<b>7,453</b>	3,585	<b>1,936</b>	1,000	<b>155</b>	205	<b>66</b>	91
Eliminations	<b>(153)</b>	(146)	<b>(48)</b>	(52)	<b>0</b>	0	<b>0</b>	0
<b>Branded Consumer Goods</b>	<b>37,884</b>	26,488	<b>9,838</b>	7,074	<b>2,770</b>	2,247	<b>702</b>	616
<b>Chemicals</b>	<b>6,581</b>	6,926	<b>1,658</b>	1,955	<b>554</b>	450	<b>128</b>	139
H.O./Unallocated/Eliminations	<b>79</b>	252	<b>(23)</b>	70	<b>(121)</b>	(200)	<b>(41)</b>	(74)
Other revenues and expenses	<b>0</b>	0	<b>0</b>	0	<b>28</b>	36	<b>9</b>	(4)
<b>Industry</b>	<b>44,544</b>	33,666	<b>11,473</b>	9,099	<b>3,231</b>	2,533	<b>798</b>	677
<b>Financial Investments</b>	<b>255</b>	417	<b>104</b>	81	<b>29</b>	74	<b>6</b>	(1)
<b>Group</b>	<b>44,799</b>	34,083	<b>11,577</b>	9,180	<b>3,260</b>	2,607	<b>804</b>	676

\*) Other revenues and expenses totalled NOK 28 million in fourth quarter 2001: Gains from sale of Fredrikstad Blikk- og Metallvarefabrikk (NOK 48 million), as well as provisions for future demolition costs (NOK -27 million), both in Chemicals. Gain from sale of Kalnapilis, Orkla Beverages (NOK 20 million) and restructuring of Carlsberg Breweries' Head office (NOK -13 million). Per fourth quarter 2000: Gains from sale of Viking Fottøy (NOK 65 million) and discontinuation of biscuit production at Kolbotn (NOK -29 million).

**Group Balance Sheet**

Amounts in NOK million	31/12 2001	31/12 2000
<b>Assets:</b>		
Long-term assets	<b>28,434</b>	24,696
Portfolio investments etc.	<b>11,599</b>	12,758
Short-term assets	<b>14,612</b>	11,193
<b>Total assets</b>	<b>54,645</b>	48,647
<b>Equity and Liabilities:</b>		
Equity and minority interests	<b>18,957</b>	17,301
Interest-bearing liabilities	<b>22,712</b>	19,746
Interest-free liabilities and provisions	<b>12,976</b>	11,600
<b>Total equity and liabilities</b>	<b>54,645</b>	48,647
Equity to total assets ratio (%):		
Book	<b>34.7</b>	35.6
Including unrealised gains before tax	<b>37.8</b>	42.0