

Press release



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Date: 9 August 2001

Substantial growth for Orkla

The establishment of Carlsberg Breweries and the acquisition of Berlingske (Denmark) generated substantial growth for Orkla in the first six months of 2001. Pre-tax profit increased by NOK 138 million to NOK 2.1 billion. This rise in profit is largely ascribable to growth in the Beverages area and the positive performance of Orkla Brands and Chemicals. Total Group revenues increased by 35 per cent compared with the corresponding period last year.

Operating profit before other revenues and expenses totalled NOK 1.5 billion, up 30% from the corresponding period last year. Group revenues amounted to NOK 21.9 billion, NOK 5.7 higher than in the corresponding period last year. This growth was mainly the result of the expansion of Orkla Beverages and Orkla Media, in addition to a continued positive performance in Orkla Brands and the Chemicals business.

Orkla consolidated Carlsberg Breweries into the Group accounts from 1 January 2001. The expansion that took place at Carlsberg Breweries between May 2000, when the agreement was entered into, and the end of the year was not reflected in Orkla's figures until this year. This is the main reason why the balance sheet total has increased by as much as NOK 7.7 billion since the end of 2000.

Group earnings per share in the first six months of 2001 amounted to NOK 6.8, compared with NOK 6.4 in the corresponding period last year. Before goodwill amortisation and non-recurring items, earnings per share were NOK 7.8 in the first six months, compared with NOK 7.5 in the same period of 2000.

BRANDED CONSUMER GOODS

- **Orkla Foods** reported operating profit totalling NOK 303 million for the first six months of 2001, compared with NOK 307 million for the same period last year. This decline in profit is largely ascribable to the fact that the value of the Swedish krone compared to the Norwegian has, on average, been 8% lower than in the corresponding period last year.

This has led to high purchase prices in local currency for the Swedish companies and a negative impact on the translation of profit figures into Norwegian kroner. Furthermore, towards the end of last year, Orkla Foods experienced a rise in prices for certain raw materials which has continued through the first six months of this year. In the second quarter, prices were increased to compensate for the effects of this rise.

- **Orkla Beverages** (40 per cent of Carlsberg Breweries)
Orkla's 40 per cent interest in Carlsberg Breweries accounted for operating profit of NOK 494 million, compared with NOK 312 million last year (for the former Pripps Ringnes). Operating revenues for the first half of 2001 totalled NOK 7.1 billion, twice the figures of Orkla Beverages' first half of 2000. This rise in Carlsberg Breweries' revenues is mainly due to strong growth in the Central and Eastern Europe markets and the consolidation of the Swiss brewery Feldschlösschen, which was acquired last year.
- **Orkla Brands** increased its operating profit for the first half of 2001 by 30% to NOK 309 million. In the second quarter alone, profit totalled NOK 154 million, which is 12% higher than in the corresponding quarter last year. Although profit growth is primarily related to Lilleborg Home and Personal Care and the Snacks business, most of the business areas achieved profit growth. Market positions were largely strengthened or maintained. Operating revenues for the first half of 2001 totalled NOK 2.2 billion, which for continuing business, adjusted for exchange rate effects, is 9% higher than in the same period last year. Lilleborg Home and Personal Care and Snacks made the most progress. The Biscuits business in Sweden reported slower sales growth in the second quarter.
- **Orkla Media** achieved operating profit of NOK 109 million in the first six months of 2001, up 11 % from last year. For continuing business, adjusted for exchange rate effects, this represents a decline of 3%. The decrease in profit is primarily ascribable to Newspapers Eastern Europe, which reported weak growth in advertising sales in the second quarter. Orkla Media's results were also affected by higher paper prices. Berlingske has developed as planned so far, but the Danish advertising market has clearly slowed, thereby also affecting Berlingske's results to a certain extent. Circulation figures for the Berlingske Group's newspapers have declined slightly compared with last year.

CHEMICALS

Borregaard's operating profit for the first six months increased from NOK 215 million last year to NOK 318 million this year. Both Borregaard LignoTech and ChemCell achieved substantial growth. Satisfactory prices for important specialty products, stable production and a high exchange rate for the USD have had a positive effect. Operating revenues for the first six months totalled NOK 3.3 billion, which is an increase of 10% for continuing business, adjusted for exchange rate effects.

FINANCIAL INVESTMENTS

At the end of the second quarter, book profit for the Financial Investments division amounted to NOK 1,056 million, compared with NOK 1,102 million at the same time last year. Realised capital gains totalled NOK 507 million, compared with NOK 731 million last year. Dividends received amounted to NOK 484 million. Unrealised capital gains totalled NOK 3.1 billion. At the end of the second quarter, the market value of the share portfolio was NOK 16.2 billion.

After a decline of 4.5% in the first quarter of 2001, the Oslo Stock Exchange All Share Index rose 1.5% in the second quarter. The other Nordic markets have also performed poorly so far this year, the Helsinki stock exchange representing the lower end with a 35.6% drop in share prices. By comparison, the FT World Index declined by 7.3%. At the end of the first six months, Orkla's investment portfolio had yielded a negative return of -8.2%. The Group's

investments in Nokia, StepStone, Merkantidata and Enitel had the largest negative impact, while Elkem, Storebrand and Bergesen contributed positively.

INVESTMENTS, CASH FLOW AND FINANCIAL SITUATION

The expansion at Carlsberg Breweries in the latter half of 2000 is first shown as expansion investments in Orkla's consolidated accounts in 2001. These investments constitute the majority of the expansion investments in the period, totalling NOK 4.2 billion. The cash flow was otherwise practically neutral.

Net interest-bearing liabilities increased by NOK 1.1 billion during the quarter, totalling NOK 21.7 billion at the end of the first six months of 2001. The average borrowing rate at the end of the second quarter was 5.8%. As of 30 June 2001, the book equity ratio was 33.6%.

Including unrealised gains on the share portfolio (before tax) the equity ratio was 37%.

Group Income Statement

Amounts in NOK million	1.1.-30.6.		1.1.-31.12.	1.4.-30.6.	
	2001	2000	2000	2001	2000
Operating revenues	21,939	16,280	34,083	11,534	8,875
Cost of goods sold	(8,669)	(6,418)	(13,850)	(4,535)	(3,602)
Other operating expenses	(10,477)	(7,665)	(15,565)	(5,310)	(3,894)
Ord. depreciation and write downs	(1,068)	(803)	(1,618)	(525)	(406)
Operating profit before goodwill and other revenues and expenses	1,725	1,394	3,050	1,164	973
Goodwill amortisation and write-downs	(221)	(240)	(479)	(112)	(123)
Other revenues and expenses	19	40	36	0	0
Operating profit	1,523	1,194	2,607	1,052	850
Profit from associates	160	128	242	97	108
Dividends	485	367	555	387	352
Portfolio gains	507	731	2,727	264	110
Financial items, net	(593)	(476)	(960)	(314)	(255)
Profit before tax	2,082	1,944	5,171	1,486	1,165
Taxes	(562)	(521)	(1,388)	(401)	(312)
Profit after tax	1,520	1,423	3,783	1,085	853
Of this minority interests	90	79	182	57	65
Profit before tax, Industry area	1,026	842	1,816	807	727
Profit before tax, Financial Investm.	1,056	1,102	3,355	679	438
Earnings per share fully diluted (NOK)	6.8	6.4	17.0	4.9	3.8
Earnings per share fully diluted (NOK) *)	7.8	7.5	19.5	5.5	4.4

*) Excluding goodwill amortisation and non-recurring items.

	Operating revenues					Operating profit*)				
	1.1.-30.6.		1.1.-31.12.		1.4.-30.6.	1.1.-30.6.		1.1.-31.12.		1.4.-30.6.
Amounts in NOK million	2001	2000	2000	2001	2000	2001	2000	2000	2001	2000
Orkla Foods	5,397	5,317	11,039	2,691	2,830	303	307	787	175	218
Orkla Beverages	7,083	3,545	7,424	3,992	2,145	494	312	712	469	354
Orkla Brands	2,248	2,193	4,586	1,082	1,113	309	238	543	154	137
Orkla Media	3,773	1,744	3,585	1,930	898	109	98	205	69	59
Elimination	(69)	(59)	(146)	(26)	(23)	0	0	0	0	0
Branded Consumer Goods	18,432	12,740	26,488	9,669	6,963	1,215	955	2,247	867	768
Chemicals	3,282	3,135	6,926	1,753	1,761	318	215	450	195	136
H.O./Unallocated/Elimination	120	114	252	66	59	(50)	(99)	(200)	(16)	(75)
Other revenues and expenses	0	0	0	0	0	19	40	36	0	0
Industry	21,834	15,989	33,666	11,488	8,783	1,502	1,111	2,533	1,046	829
Financial Investments	105	291	417	46	92	21	83	74	6	21
Group	21,939	16,280	34,083	11,534	8,875	1,523	1,194	2,607	1,052	850

*) Other revenues and expenses totalled NOK 19 million in 2nd quarter 2001: Gains from sale of Fredrikstad Blikk- og Metallvarefabrikk (NOK 46 million), as well as provisions for future demolition costs (NOK -27 million), both in Chemicals. At end of 2nd quarter 2000: Gains from sale of Viking Fottøy (NOK 70 million) and discontinuation of biscuit production at Kolbotn, Norway (NOK -30 million).

Group Balance Sheet

	30.6.	30.6.	31.12.
Amounts in NOK million	2001	2000	2000
Assets:			
Long-term assets	28,404	22,271	24,696
Portfolio investments etc.	13,346	12,991	12,758
Short-term assets	14,644	9,870	11,193
Total assets	56,394	45,132	48,647
Equity and Liabilities:			
Equity and minority interests	18,933	15,722	17,301
Interest-bearing liabilities	24,827	20,853	19,746
Interest-free liabilities and provisions	12,634	8,557	11,600
Total equity and liabilities	56,394	45,132	48,647
Equity to total assets ratio (%):			
Book	33.6	34.8	35.6
Including unrealised gains before tax	37.0	46.2	42.0