



ORKLA

Second quarter results 2012

Oslo, 20 July 2012

ÅGE KORSVOLD, PRESIDENT & CEO





Agenda

Åge Korsvold, President & CEO

- Strategy and highlights Q2-2012

Terje Andersen, CFO

- Financial performance Q2-2012
- Branded Consumer Goods
- Borregaard and Hydro Power

Svein Tore Holsether, CEO Sapa

- Sapa

Implementation of Orkla's strategy continues

- New organisational structure and Group Executive Board to support Orkla's strategic direction
- Acquisition of Jordan
 - In line with Orkla's strategy
- Borregaard - Divestment process on track
- Reduction of the Share Portfolio continues
- Orkla's ownership in REC will be reduced

Highlights Q2-12

- Stable performance for Branded Consumer Goods in the Nordic region. Loss of contract production H2-11
- Further restructuring to strengthen the Russian operations
- Continued weak European markets for Sapa
 - Satisfactory development for Profiles North America and Heat Transfer
- Favourable markets and strong results for Borregaard



Acquisition of Jordan

-In line with Orkla's growth strategy

- Purchase price (EV): NOK 1,180 million
- Nordic market leader in toothbrushes, dental sticks, dental floss and painting tools
- Sales 2011: NOK 900 million
EBITDA 2011: NOK 120 million
- Synergy potential



Jordan*





Q2-12 RESULTS

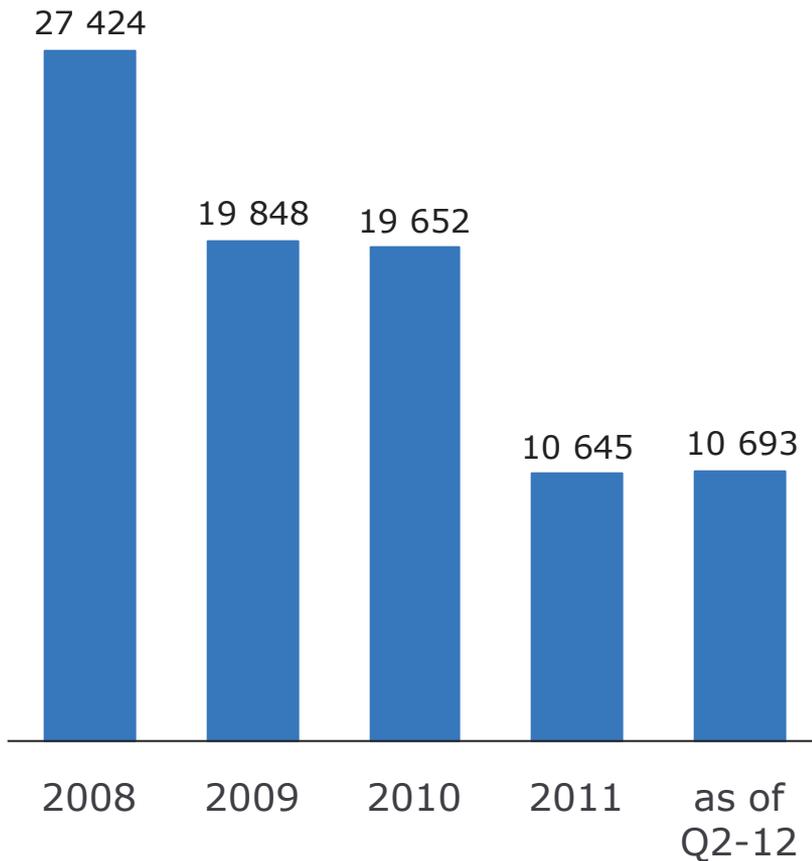
TERJE ANDERSEN, CFO

Key figures Q2-12

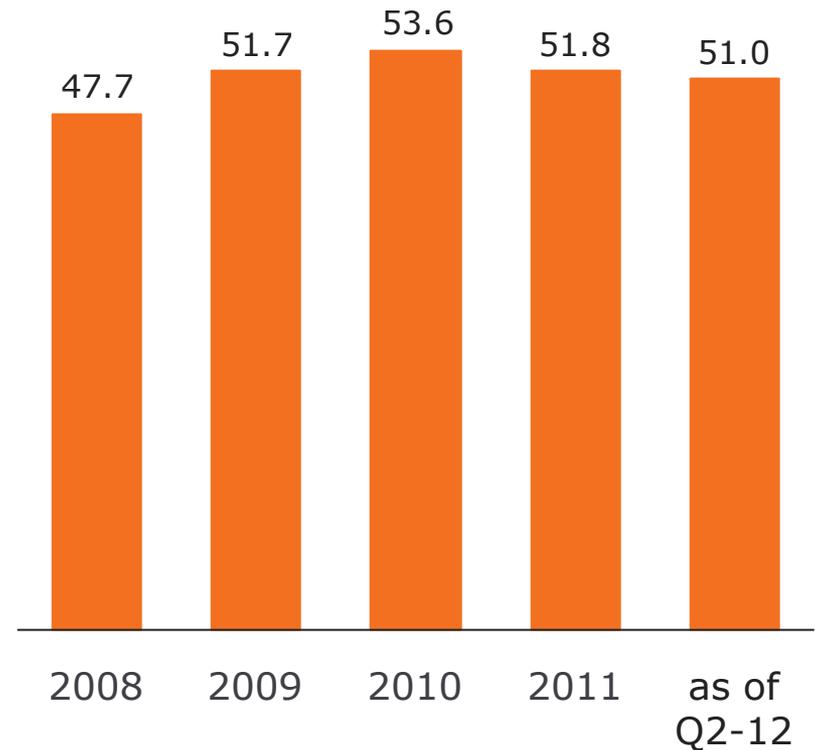
Amounts in NOK million	Q2-12	Q2-11	Change	H1-12	H1-11	Change
Operating revenues	15 145	15 897	-5 %	29 937	30 897	-3 %
EBITA	992	1 079	-8 %	1 880	1 865	1 %
Amortisation intangibles	-11	-7		-22	-14	
Other income and expenses	-216	-369		-256	-435	
EBIT	765	703		1 602	1 416	
Profit/loss from associates	- 446	-3 877		- 93	-2 957	
Dividends received	122	236		174	320	
Gains, losses and write-downs Share Portfolio	231	658		658	1 019	
Financial items, net	- 131	- 107		- 250	- 225	
Profit/loss before taxes	541	-2 387		2 091	- 427	
Taxes	-241	-251		-486	-470	
Profit/loss for the period continuing operations	300	-2 638		1 605	- 897	
Profit/ loss from discontinued operations	0	0		0	1 213	
Profit/loss for the period	300	-2 638		1 605	316	
Cash Flow from operations	679	120		695	-317	
Earnings per share diluted (NOK)	0.3	-2.6		1.6	0.3	

Strong financial flexibility and expansion capacity

Net interest-bearing liabilities (NOKm)



Equity ratio (%)





BRANDED CONSUMER GOODS

Stable performance for Branded Consumer Goods

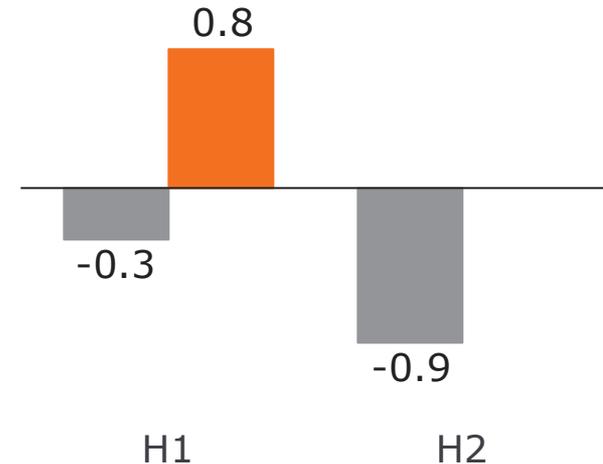
- Stable Nordic markets
- Overall market shares in line with last year
- Profitability affected by timing of Easter and loss of contract production
- Raw material prices still high



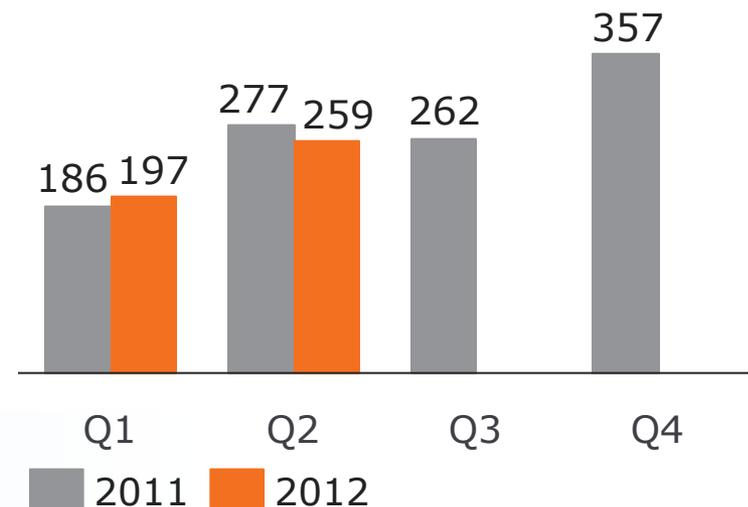
Orkla Foods Nordic

- Market shares in line with last year
- Loss of contract production hit top-line growth by 2.5%-points in the first half
- Underlying EBITA in line with last year when adjusted for timing of Easter
 - Continued top-line and profit growth for Stabburet, and in the Baltics
 - Loss of contract production in Procordia
- Acquisition of Boyfood Oy in Finland (Turnover EUR 18 million 2011)

Underlying change in revenues (%)



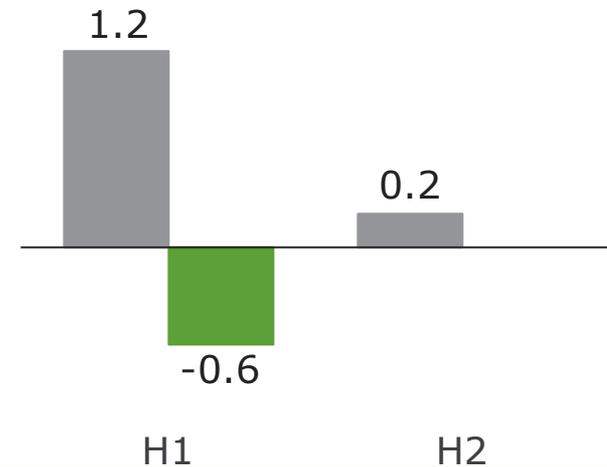
EBITA in NOK million



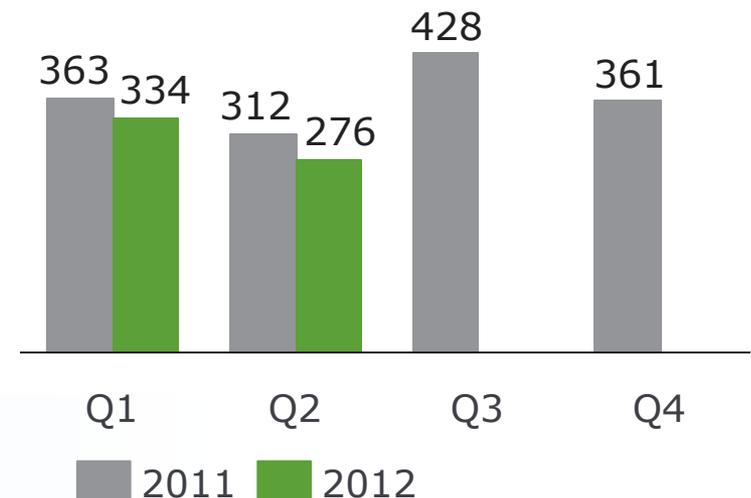
Orkla Brands Nordic

- Market shares on par with last year
- Volume growth in the retail sector, more challenging in B2B
 - Loss of contract production for Lilleborg Profesjonell
- Continued positive development for Chips Group
- Acquisition of Jordan

Underlying change in revenues (%)



EBITA in NOK million



Orkla Brands International

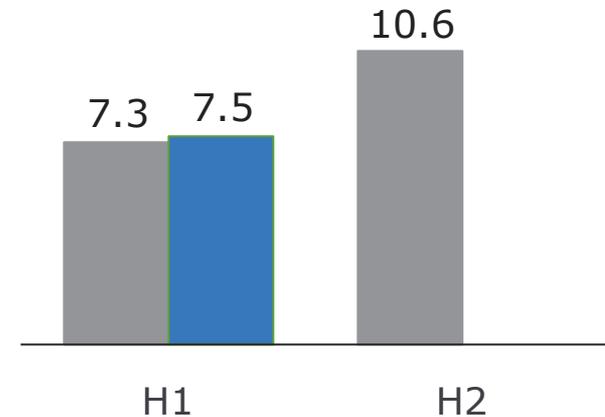
Underlying change in revenues (%)

Russia

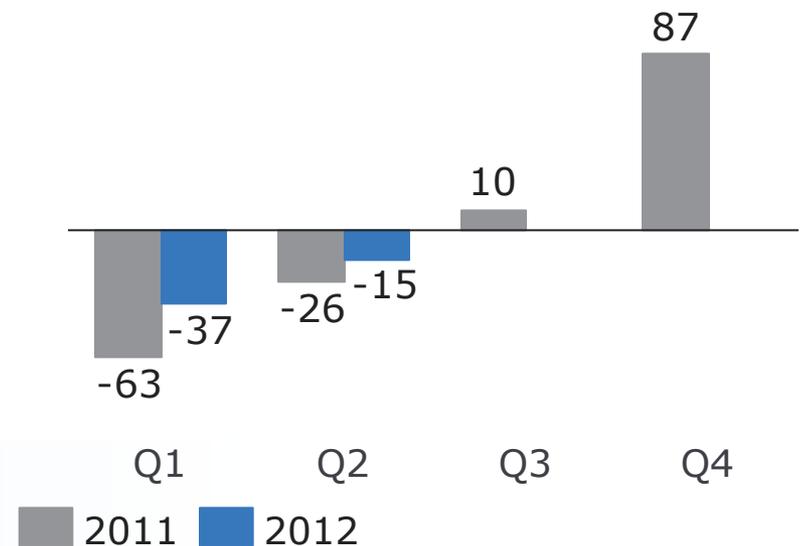
- Further restructuring to strengthen cost position
 - Reduction from 4 to 3 factories
- Moving towards national distribution
 - Increased advertising investments

India

- 23% sales growth in MTR, driven by volume growth in key categories
- Higher share of profit reinvested in organic growth initiatives



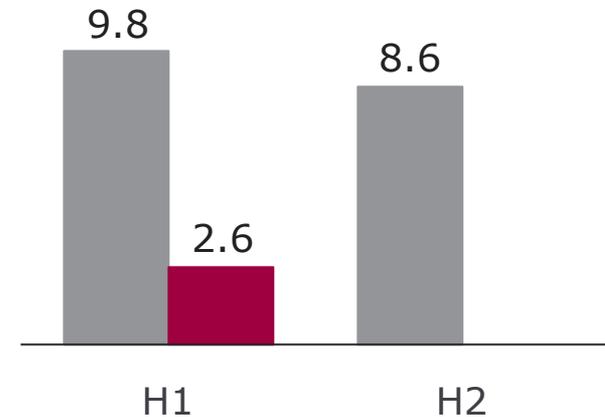
EBITA in NOK million



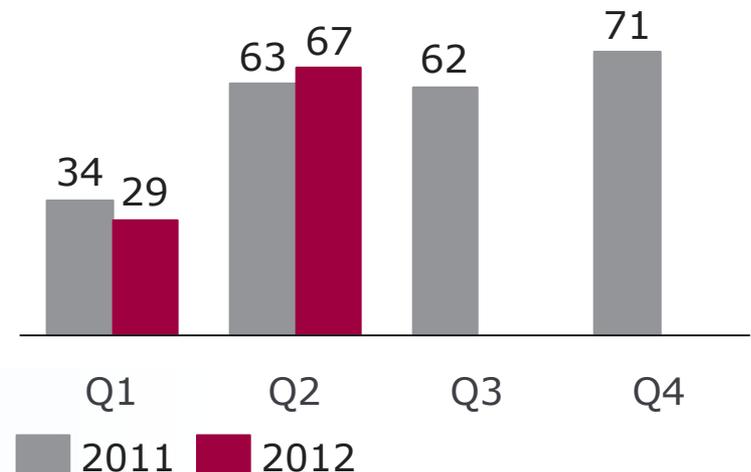
Orkla Food Ingredients

- Satisfactory performance in challenging markets
- Underlying profit growth of 8% in the quarter
 - Good development especially in Norway and Sweden
- Prices for main raw materials stabilised
- Structural growth continues (acquisitions YTD represent annual revenues of NOK 390 million)

Underlying change in revenues (%)



EBITA in NOK million



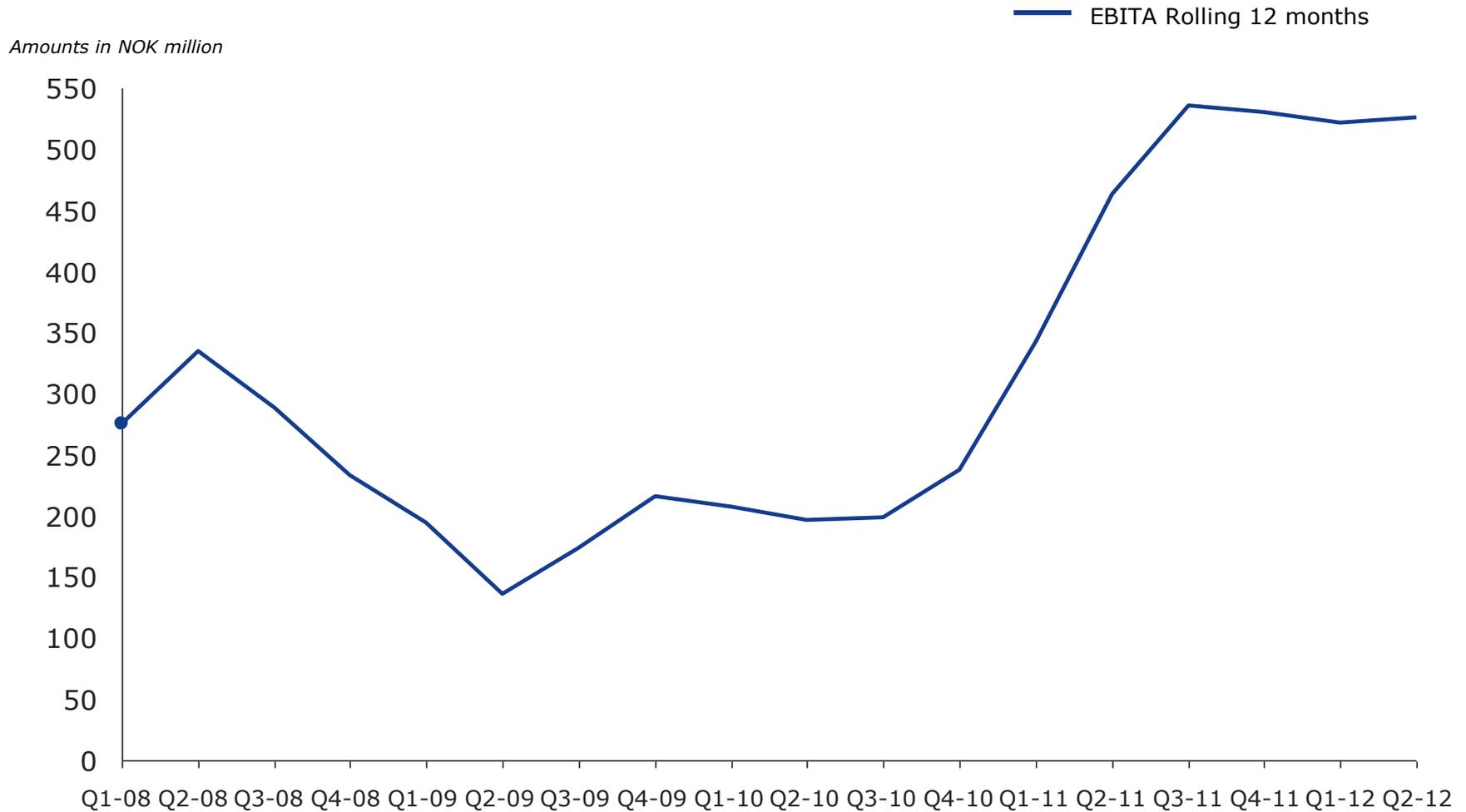
Examples of innovations H1-12





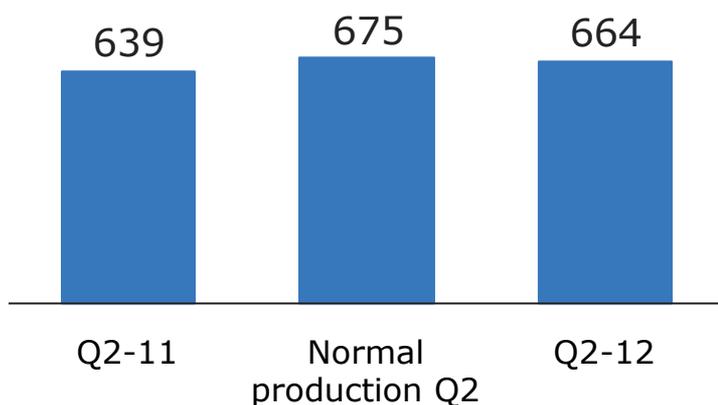
BORREGAARD AND HYDRO POWER

Strong trend continued for Borregaard

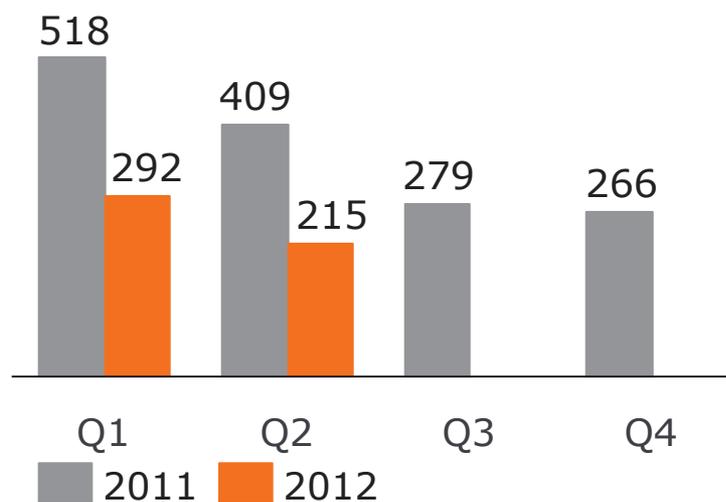


Hydro Power – Significant reduction in prices - Normal production

Production for Hydro Power (GWh)



Spot prices (NordPool) (NOK/MWh)





SAPA

SVEIN TORE HOLSETH, CEO SAPA

Q2 performance impacted by weak European market

- Positive development in Heat Transfer although affected by weak European market
- Continued improvement in North American performance
- Profiles Europe performance impacted by adverse market conditions
- Comprehensive integration, ramp-up and knowledge transfer in Asia

Amounts in NOK million

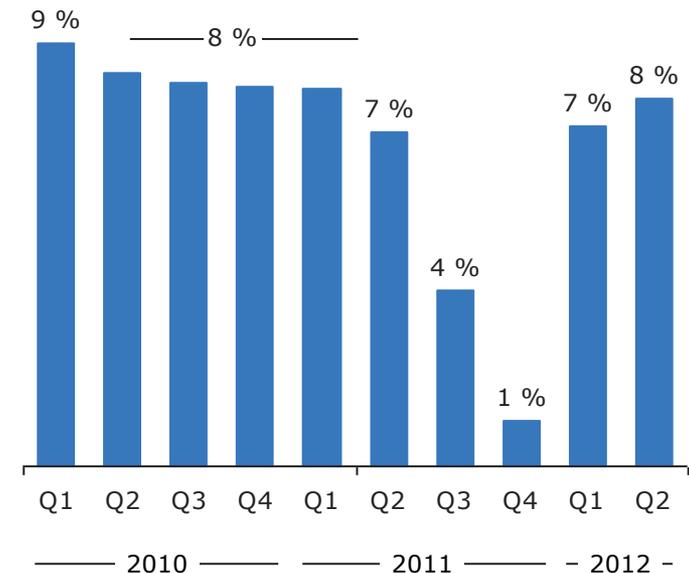
Operating Revenues	Q2-12	Q2-11	Change
Sapa	7 963	8 307	-4 %
Profiles	6 272	6 656	-6 %
Heat Transfer and Building System	1 931	1 905	1 %
Eliminations	- 240	- 254	

EBITA	Q2-12	Q2-11	Change
Sapa	251	320	-22 %
Profiles	154	215	-28 %
Heat Transfer and Building System	97	105	-8 %
EBITA margin (%)	3,2	3,9	

Actions taken in Heat Transfer generate positive development in Q2

- Improved performance in Finspång and Shanghai
 - Price increases implemented
 - Volume transfer from Sweden to China
 - Cost optimisation and productivity improvements in progress
- Partly off-set by weak European market

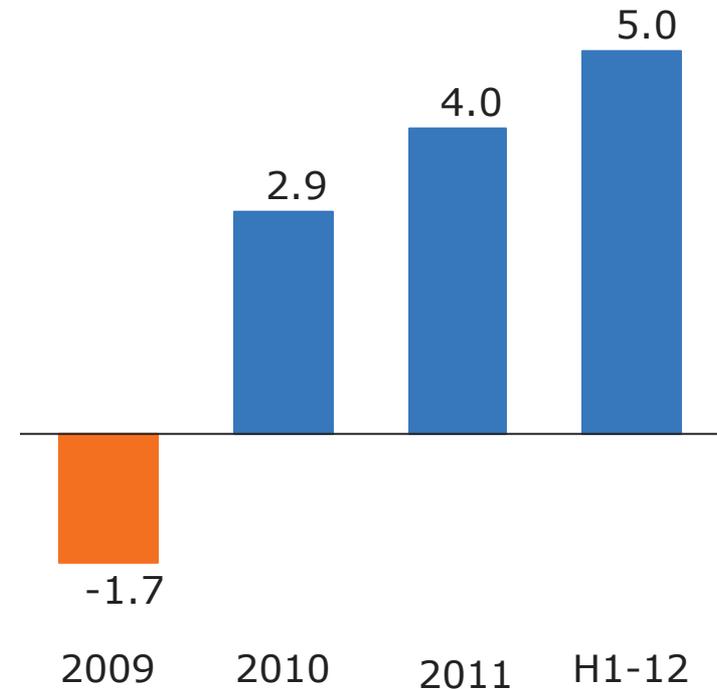
Sapa Heat Transfer
EBITA margin performance



Improved trend in Profiles North America continues

- Favourable market development
 - Volume up 10% compared with Q2-11
 - Strengthened position
- Continued operational improvements and production optimisation

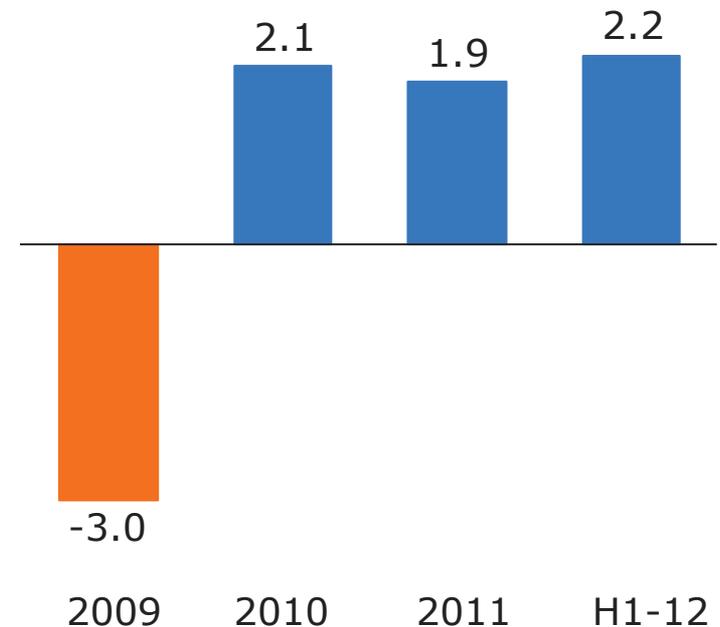
Sapa Profiles North America
EBITA margin in %



Unsatisfactory profitability for Profiles Europe

- Weak European markets
 - Market-driven volume reduction of 10% compared with Q2-11
 - Price pressure in standard segments
- European restructuring on track but impact not enough to mitigate weak market
- Further restructuring needed

Sapa Profiles Europe
EBITA margin in %



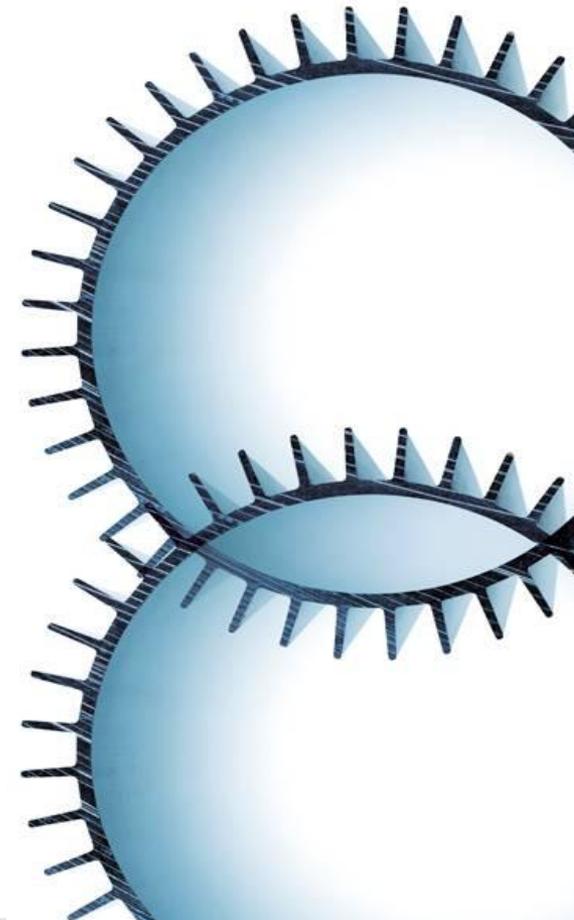
North American market growth, further weakening in Europe

Expected Development by Geographic Region & End-Use Market 2012 vs. 2011

	 Distribution	 Industrial	 Com. B&C	 Res. B&C	 Transport	 Automotive
North America	 0% to 5%	 0% to 5%	 0% to -5%	 0% to 5%	 5% to 10%	 5% to 10%
Europe	 0% to -5%	 0% to -5%	 -5% to -10%	 -5% to -10%	 -5% to -10%	 -5% to -10%
China	 5% to 10%	 5% to 10%	 5% to 10%	 5% to 10%	 0% to 5%	 0% to 5%

Short-term outlook

- Continued market growth in North America but at a slower pace
- Q3 seasonally weaker for all Business segments, especially in Europe
- Heat transfer markets expected to be flat overall
- Existing restructuring programmes on track, further restructuring needed

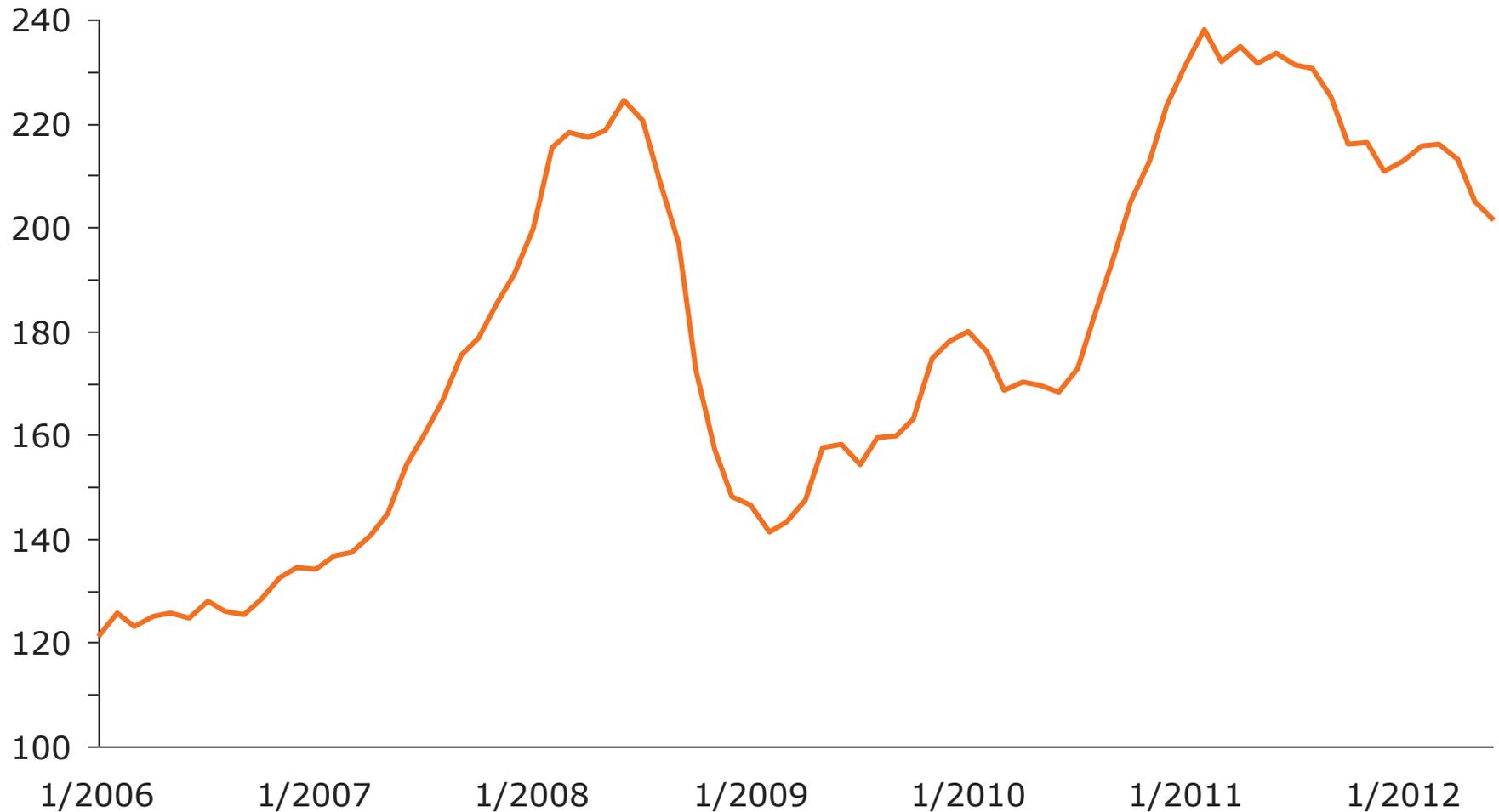


Q&A

- Åge Korsvold, President & CEO
- Terje Andersen, CFO
- Svein Tore Holsether, CEO Sapa

APPENDIX

FAO Food Price Index



Largest holdings in the Share Portfolio as of 30 June 2012

Amounts in NOK million

Principal holdings	Industry *	Market value	Share of portfolio (%)	Share of equity (%)
Tikkurila Oyj	Materials	294	8 %	6,6 %
Kongsberg Gruppen	Industry	227	6 %	1,7 %
Amer Sports	Consumer Goods	222	6 %	2,7 %
Pharmaq Holding AS	Pharmaceutecals	192	5 %	36,5 %
Industri Kapital 2007	Investment company	184	5 %	1,8 %
Oslo Børs VPS Holding ASA	Finance	184	5 %	8,2 %
Ekomes	Consumer Goods	169	5 %	5,4 %
Vizrt Ltd	Software	128	3 %	8,9 %
Industri Kapital 2004	Investment company	125	3 %	5,0 %
Herkules Private Equity III	Investment company	114	3 %	3,6 %
Total principal holdings		1 840	50 %	
Market value of entire portfolio		3 662		

Operating revenues and EBITA per segment

Amounts in NOK million

Operating revenues	Q2-12	Q2-11	Change
Orkla Group	15 145	15 897	-5 %
Branded Consumer Goods	5 662	6 008	-6 %
Orkla Foods Nordic	2 063	2 391	-14 %
Orkla Brands Nordic	1 878	1 911	-2 %
Orkla Brands International	471	448	5 %
Orkla Food Ingredients	1 308	1 325	-1 %
Eliminations	- 58	- 67	
Sapa	7 963	8 307	-4 %
Sapa Profiles	6 272	6 656	-6 %
Sapa Heat Transfer & Building System	1 931	1 905	1 %
Sapa eliminations	- 240	- 254	
Borregaard Chemicals	1 036	1 016	2 %
Hydro Power	195	529	-63 %
Orkla Financial Investments	297	58	
HQ/Other business	- 8	- 21	

Amounts in NOK million

Operating profit - EBITA	Q2-12	Q2-11	Change
Orkla Group	992	1 079	-8 %
Branded Consumer Goods	587	626	-6 %
Orkla Foods Nordic	259	277	-6 %
Orkla Brands Nordic	276	312	-12 %
Orkla Brands International	- 15	- 26	42 %
Orkla Food Ingredients	67	63	6 %
Sapa	251	320	-22 %
Sapa Profiles	154	215	-28 %
Sapa Heat Transfer & Building System	97	105	-8 %
Borregaard Chemicals	158	153	3 %
Hydro Power	45	93	-52 %
Orkla Financial Investments	42	- 41	
HQ/Other business	- 91	- 72	

Cash flow as of 30 June 2012

Amounts in NOK million

	Q2-12	Q2-11	2011
Cash flow Industrial Activities:			
Operating profit	1 477	1 457	3 023
Amortisation, depreciations and impairment ch	967	1 051	2 088
Changes in net working capital, etc.	- 888	-2 160	-1 094
Net replacement expenditure	- 861	- 665	-1 557
Cash flow from operations	695	- 317	2 460
Financial items, net	- 244	- 229	- 488
Cash flow Industrial Activities	451	- 546	1 972
Cash flow from Orkla Financial Investments	675	- 104	66
Taxes paid	- 952	- 369	- 603
Discontinued operations and other payments	199	- 558	- 509
Cash flow before capital transactions	373	-1 577	926
Paid dividends	-2 624	-2 561	-7 436
Net sale/purchase of Orkla shares	- 467	- 171	- 109
Cash flow before expansion	-2 718	-4 309	-6 619
Expansion Industrial Activities	- 270	- 440	- 906
Sale of companies/share of companies	933	13 503	13 503
Purchase of companies/share of companies	- 128	- 590	-1 498
Net sale/purchase of portfolio investments	2 015	2 051	4 494
Net cash flow	- 168	10 215	8 974
Currency effects of net interest-bearing liabilities	120	219	33
Change in net interest-bearing liabilities	48	-10 434	-9 007
Net interest-bearing liabilities	10 693	9 218	10 645

Balance sheet as of 30 June 2012

Amounts in NOK
million

	30.6.2012	31.12.2011
Intangible assets	12 616	12 801
Property, plant and equipment	18 142	18 058
Financial assets	4 683	5 682
Non-Current assets	35 441	36 541
Assets in discontinued operations	0	391
Inventories	7 936	8 047
Receivables	11 189	10 462
Share Portfolio etc.	3 666	5 502
Cash and cash equivalents	4 909	5 453
Current assets	27 700	29 855
Total assets	63 141	66 396
Paid-in equity	1 984	1 997
Earned equity	29 930	32 109
Non-controlling interests	307	280
Equity	32 221	34 386
Provisions and other non-current liabilities	3 097	3 165
Non-current interest-bearing liabilities	15 350	15 488
Current interest-bearing liabilities	1 103	1 472
Liabilities in discontinued operations	0	177
Other current liabilities	11 370	11 708
Equity and liabilities	63 141	66 396
Equity ratio	51.0%	51.8%

Currency translation effects

Amounts in NOK million

Revenues	Q2-12	H1-12
Orkla Foods Nordic	-35	-72
Orkla Brands Nordic	-25	-51
Orkla Brands International	-22	-40
Orkla Food Ingredients	-42	-84
Sapa	169	97
Borregaard	-5	-12
Total	40	-162

EBITA	Q2-12	H1-12
Orkla Foods Nordic	-4	-7
Orkla Brands Nordic	-3	-5
Orkla Brands International	-3	-2
Orkla Food Ingredients	-1	-3
Sapa	17	22
Borregaard	0	-1
Total	6	4



FINANCIAL ITEMS

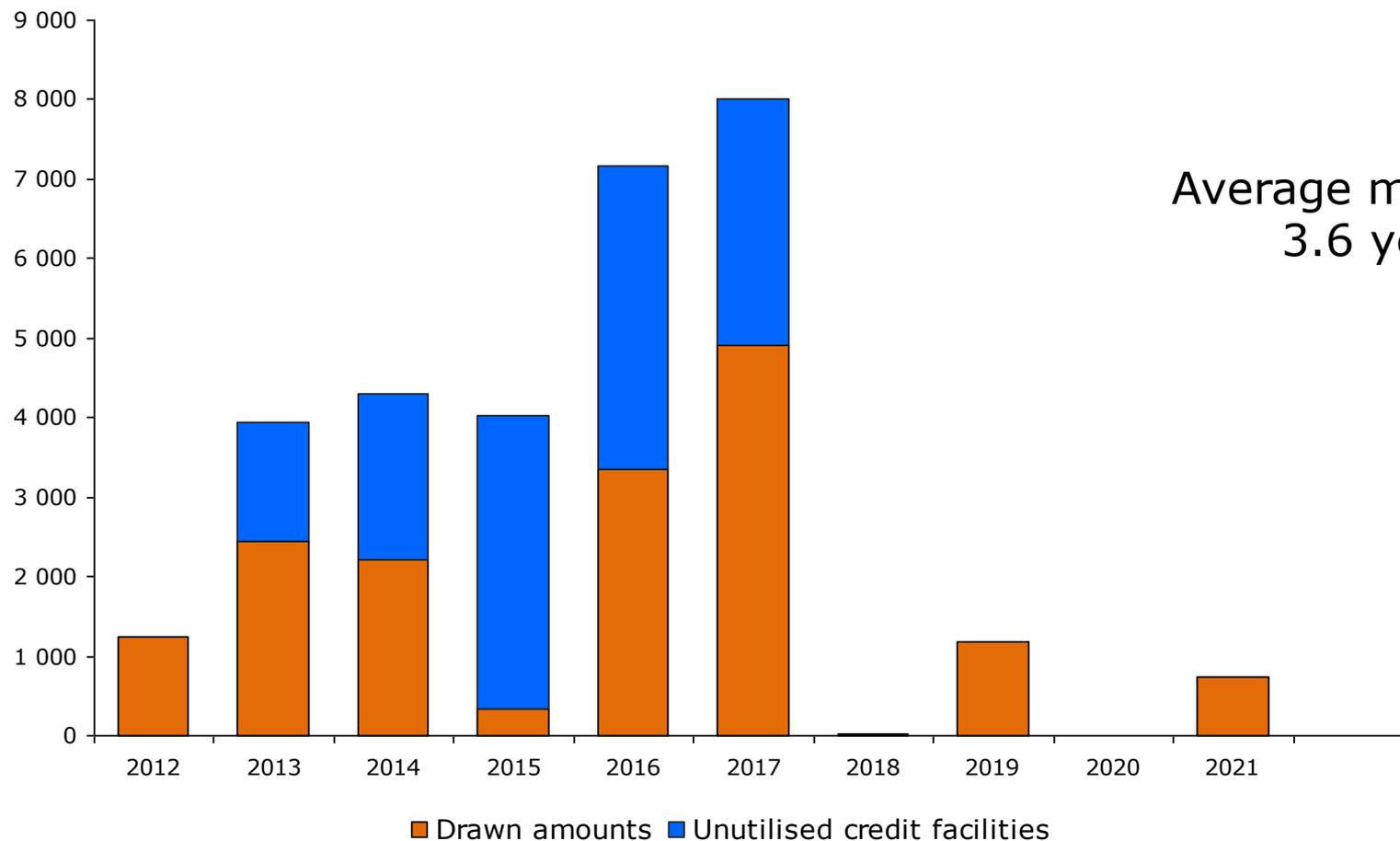
Net financial items

Amounts in NOK million

	Q2-12	Q2-11	Full year 2011
Net interest expenses	-109	-99	-378
Currency gain/loss	-11	-1	-34
Other financial items, net	-11	- 7	- 34
Net financial items	-131	-107	-446

Debt maturity profile, Orkla Group

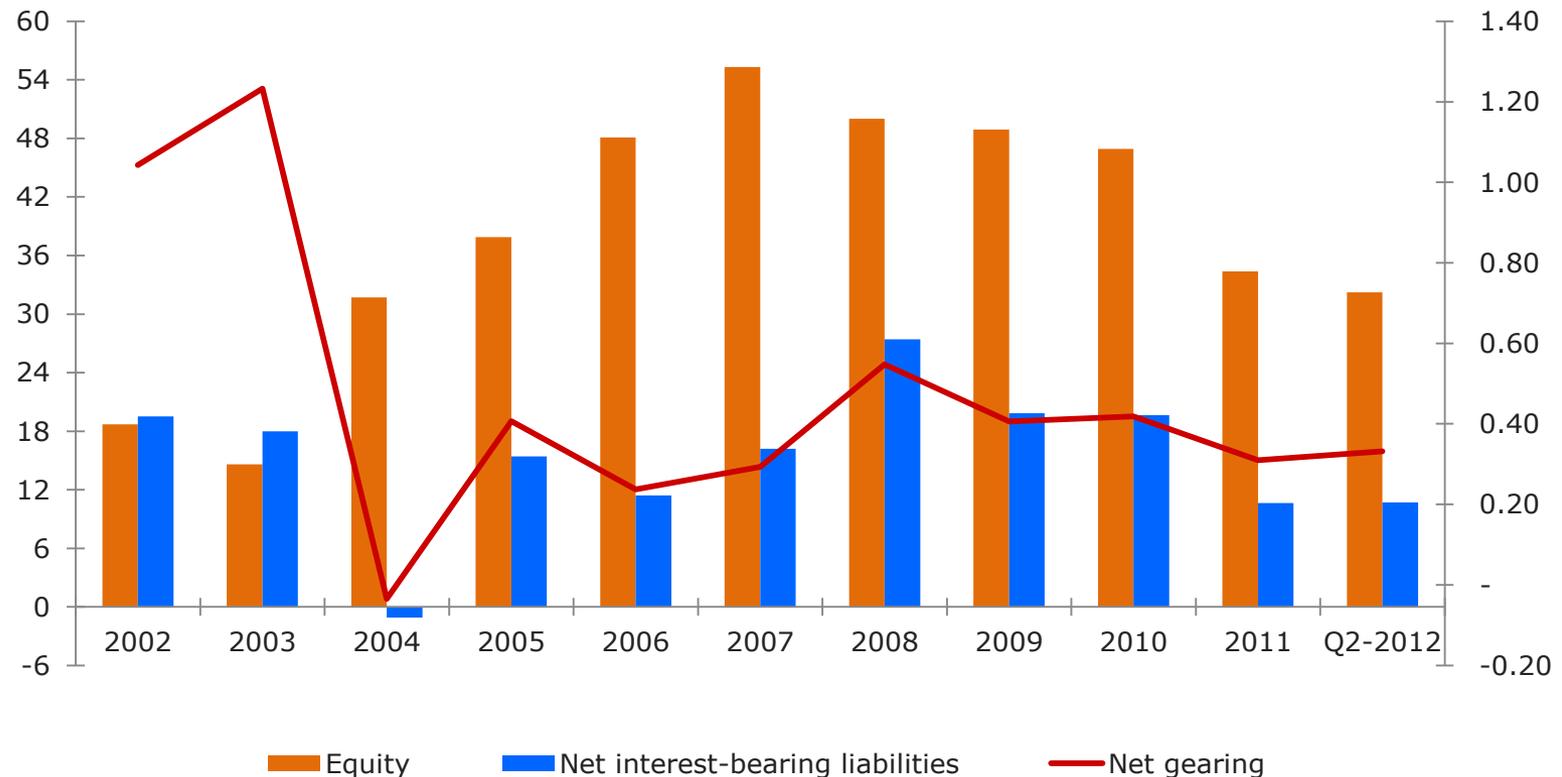
NOK million



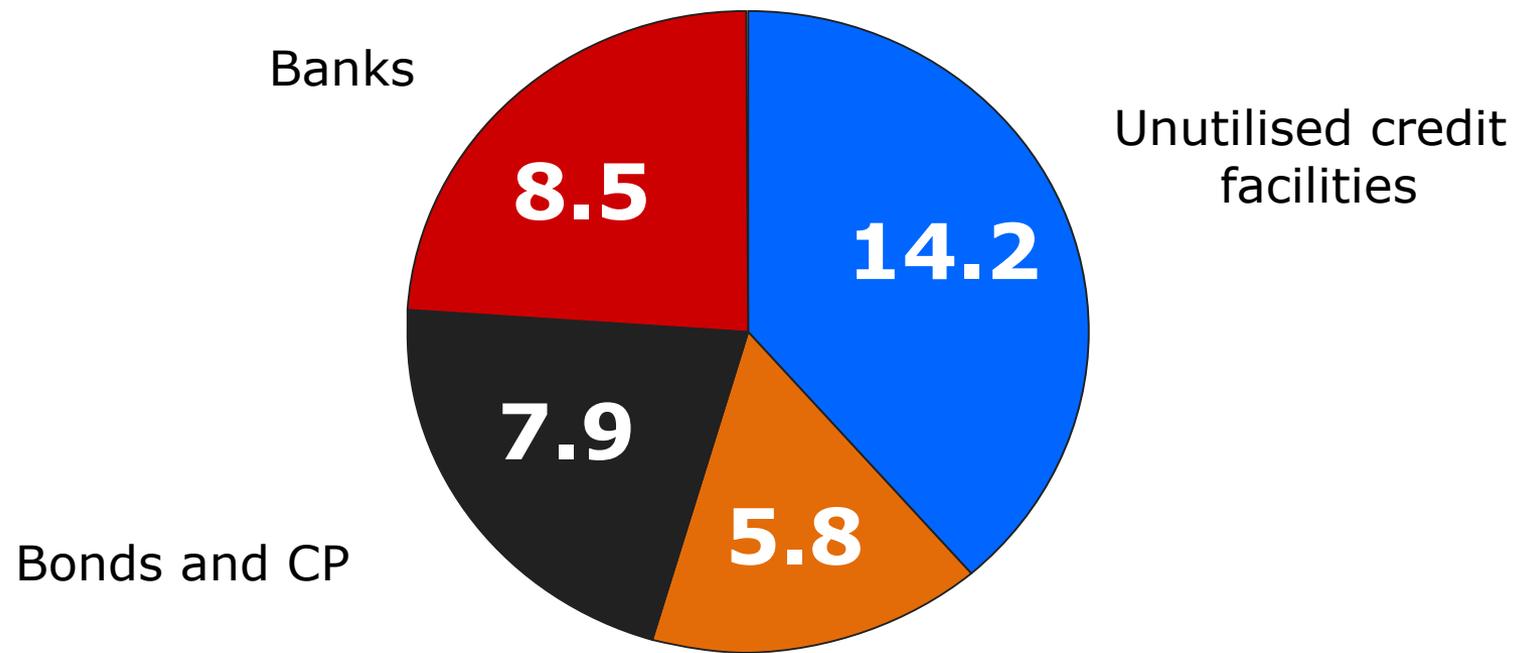
Average maturity
3.6 years

Gross Interest-bearing liabilities and Unutilised credit facilities, ref. Note 29 in the Annual Report

Net gearing 0.33 as of Q2-12



Funding sources



Figures in NOK billion

Cash, Cash equivalents and
Interest Bearing Assets

