Third quarter results 2011

Oslo 27 October 2011
Bjørn M. Wiggen, CEO

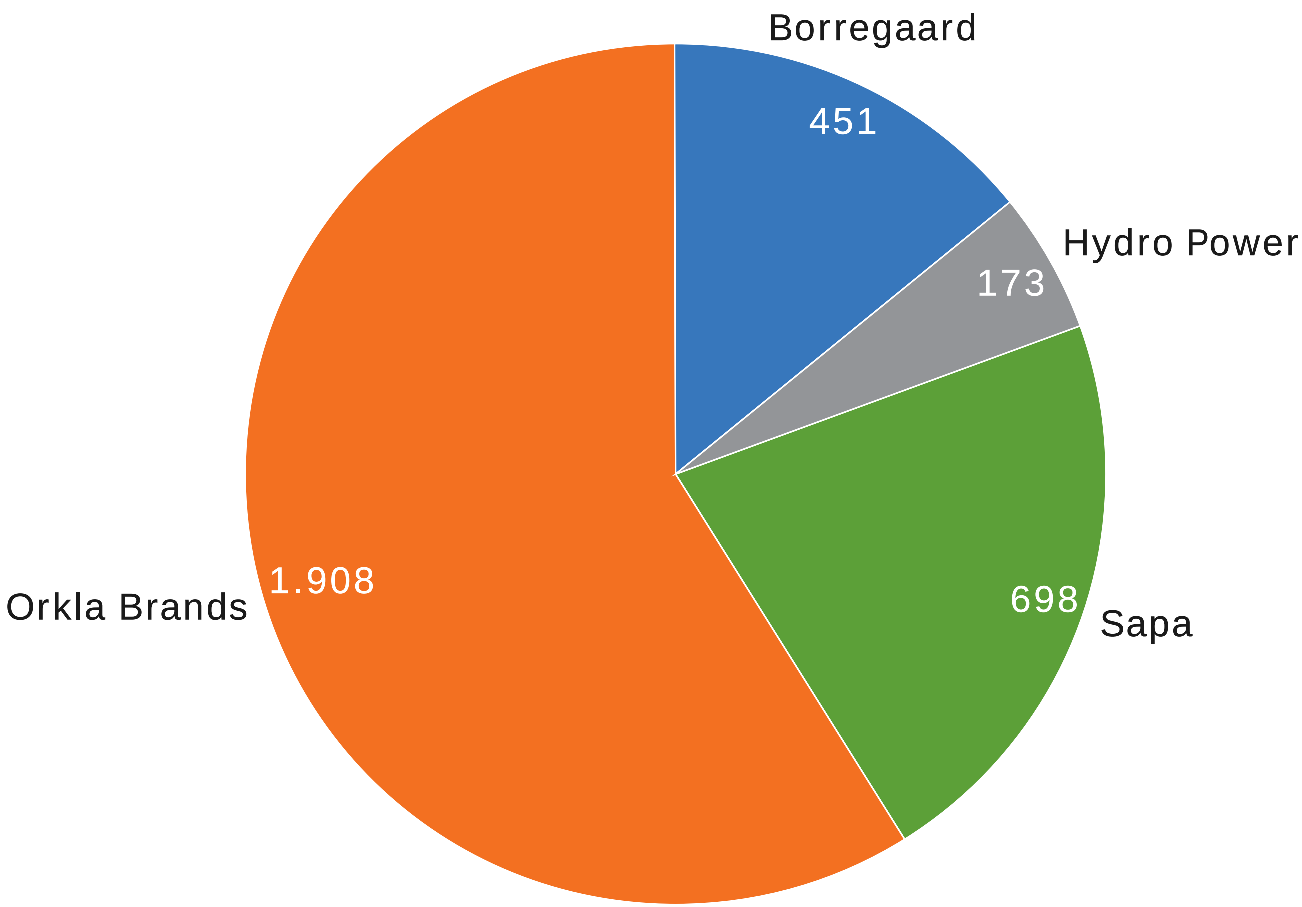
Agenda

- Key strategic messages from Orkla Investor Day
- Highlights Q3-11
- Borregaard and Hydro Power
- Short-term outlook
- Sapa
- Orkla Brands

Strategic messages from Orkla Investor Day

- Orkla will grow by allocating capital within branded goods
- Orkla will divest its Share Portfolio, Borregaard and holding in REC
- Focus on operational improvements for Sapa – then within 2-3 years find a structural solution
- Hydro Power assets defined as financial assets
- A special dividend of NOK 5 per share is proposed by the Board of Directors

EBITA contribution by segments

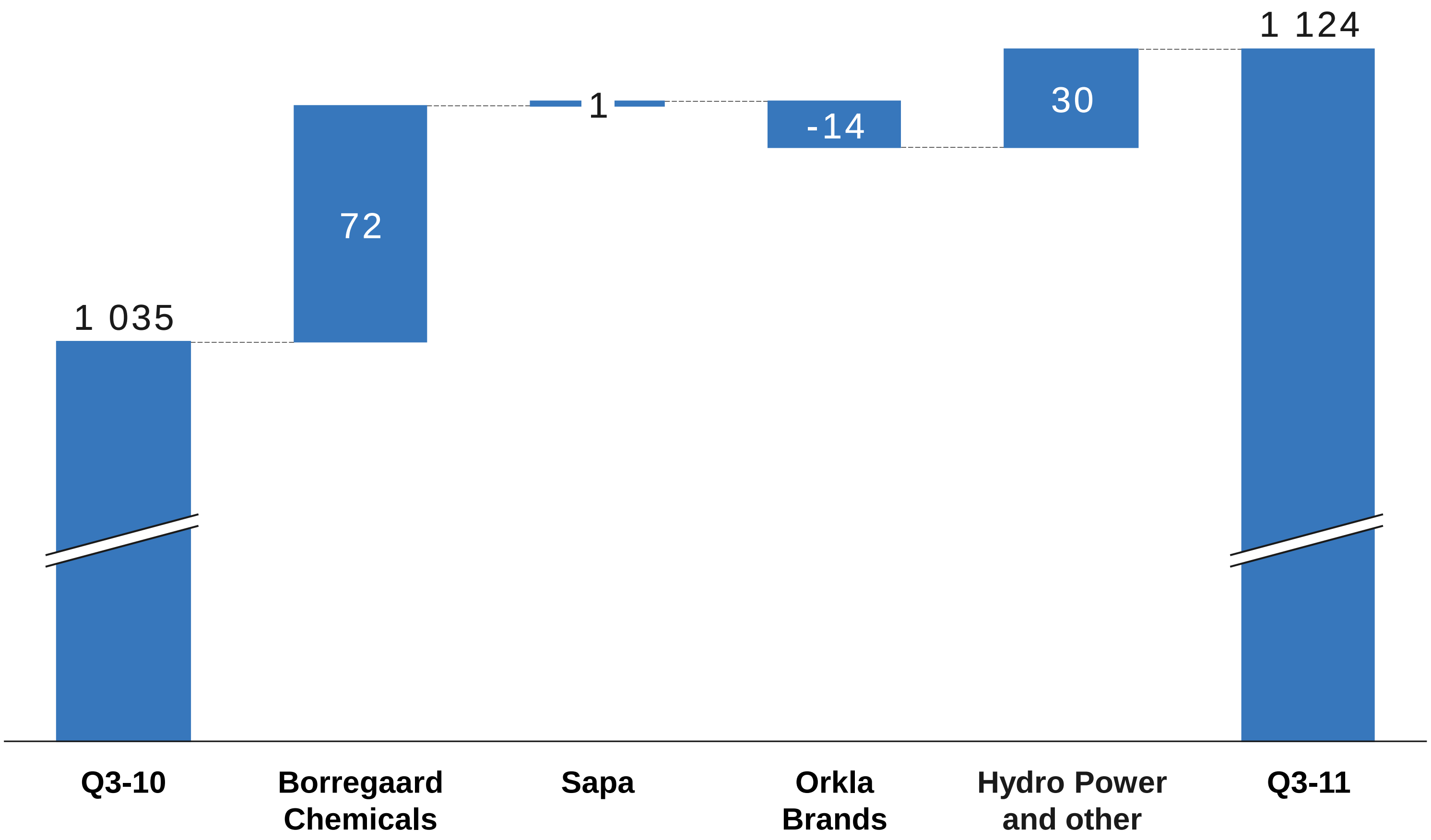


Amounts in NOK million at Q3-11

Highlights Q3-11

- EBITA growth for the 9th consecutive quarter
  - +9% compared with Q3-10
- Satisfactory performance for Orkla Brands
  - High raw material prices compensated for in the quarter
- Softer markets for Sapa
  - Satisfactory for Profiles North America, weak margins in Europe
  - Softer markets and weaker performance for Heat Transfer Sweden
- Strong results for Borregaard
- Share Portfolio net sales of NOK 2.5 billion YTD
  - Market value at NOK 7.4 billion at 30 Sep 2011
- Write-down of Orkla's investment in REC to share price at 30 Sep 2011 (NOK 1.8 billion)

Change in EBITA Q3-10 to Q3-11



ORKLA

Group income statement

Amounts in mill. NOK

	Q3 2011	Q3 2010	Change
Operating revenues	**14 896**	**14 198**	5%
EBITA	**1 124**	**1 035**	9%
Amortisation intangible assets	-9	-12	
Other income and expenses	-178	-15	
EBIT	**937**	**1 008**	
Profit/loss associates	-1 787	2 089	
Dividends received, gains, losses and write-downs Share Portfolio	- 82	378	
Financial items, net	- 97	- 100	
Profit/loss before taxes	**-1 029**	**3 375**	
Taxes	-269	-305	
Profit/loss for the period for continued operations	**-1 298**	**3 070**	
Gains/profit discontinued operations	0	42	
Profit/loss for the period	**-1 298**	**3 112**	
Earnings per share diluted (NOK)	-1.3	3.1	
Cash flow from operations	**1 183**	**844**	
Net interest-bearing liabilities at 30 Sep	**8 060**	**23 983**	

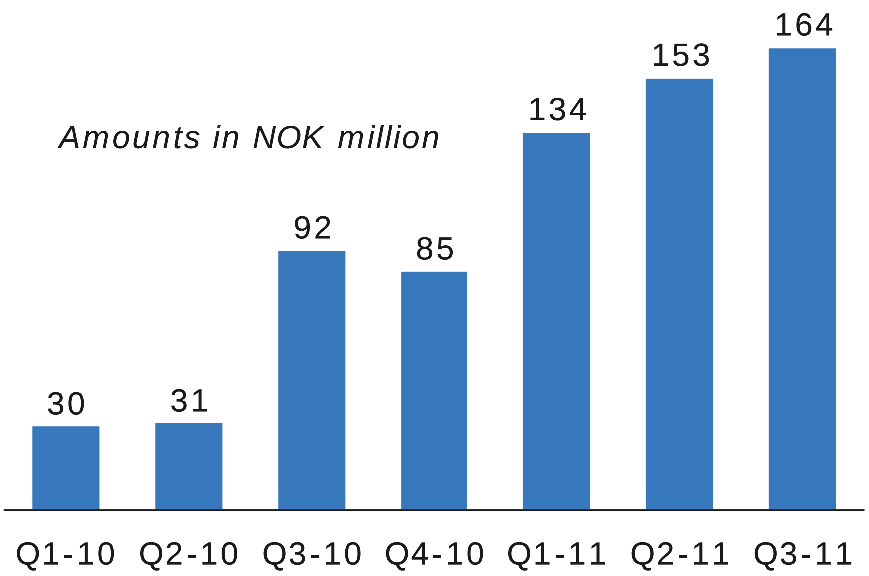
Continued strong results for Borregaard

- Continued favourable market conditions in key segments
- Significant improvement in results for speciality cellulose
- Stable volumes and satisfactory performance for lignin
- Strong innovation programme

Amounts in NOK million

Operating revenues	Q3-11	Q3-10	Change
Borregaard Chemicals	985	933	6%

EBITA	Q3-11	Q3-10	Change
Borregaard Chemicals	164	92	78%
EBITA-margin %	16.6	9.9	

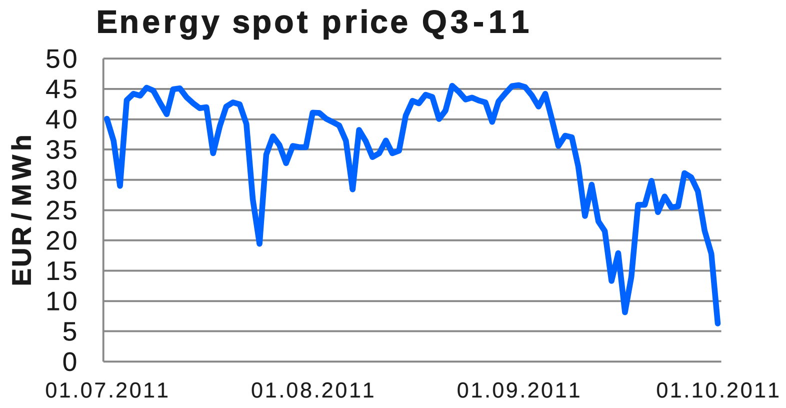


Hydro Power: High volumes, lower prices

- A significant drop in prices during September hampers profit in a quarter with strong production
- High precipitation and inflow gave profit increase for Sauda
  - Reservoir level of 93% at end of Q3-11
- Modest decline in results for Borregaard's energy operations compared with last year

Amounts in NOK million

EBITA	Q3-11	Q3-10	Change
Hydro Power	93	98	-5%



Short-term outlook

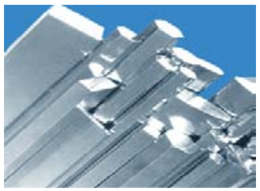
- Stable markets in the Nordic region for Orkla Brands
  - Volatile raw material prices
  - The Russian operations are improving
- Softening markets for Sapa
- Favourable market conditions for Borregaard also in Q4-11

SAPA

SVEIN TORE HOLSETHER, CEO SAPA

Expectations of the underlying market growth for full year 2011 have decreased during Q3

Expected Development by Geographic Region & End-Use Market 2011 vs. 2010

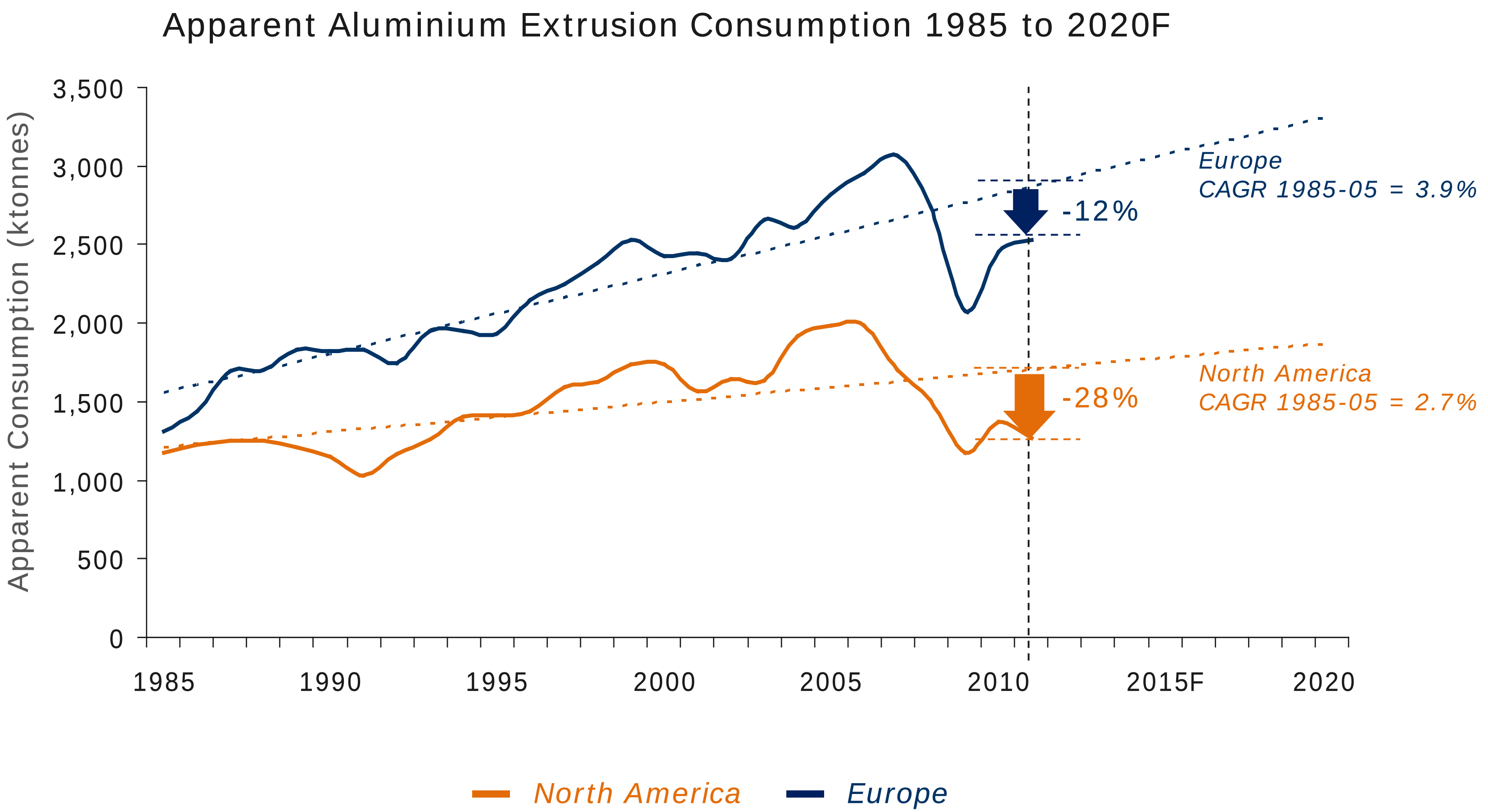





	Distribution	Industrial	Com. B&C	Res. B&C	Transport	Automotive
North America	0% to 5%	0% to 5%	5% to -10%	5% to -10%	10% to 15%	0% to 5%
Europe	0% to 5%	0% to 5%	0% to -5%	0% to -10%	0% to 5%	0% to 5%
China	N/A	10% to 15%	10% to 15%	N/A	5% to 10%	5% to 10%

Source: US Census Bureau, Scotia Capital , JD Power, EuroConstruct, Forecast, Global Insight, Alcoa

Extrusion consumption still well below mid-cycle levels



Source: European Aluminium Association, Aluminum Association, and Sapa Analysis

Softening markets

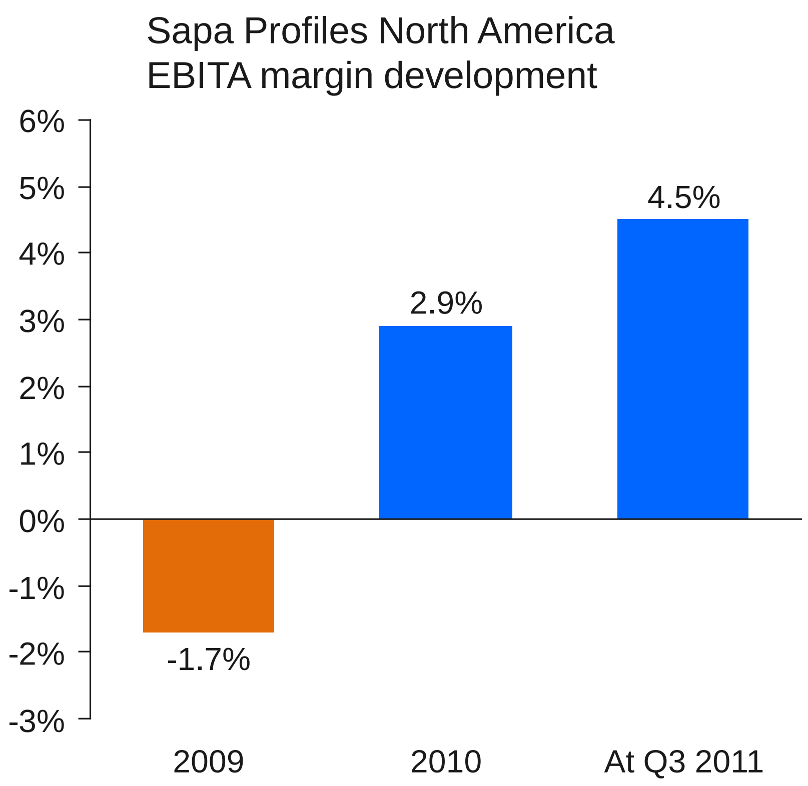
- Satisfactory performance for the North American operations
- Continued weak development and margins for Profiles Europe
- Softening markets for Heat Transfer and weaker operational performance in Sweden
- Footprint established in Asia, focus on integration

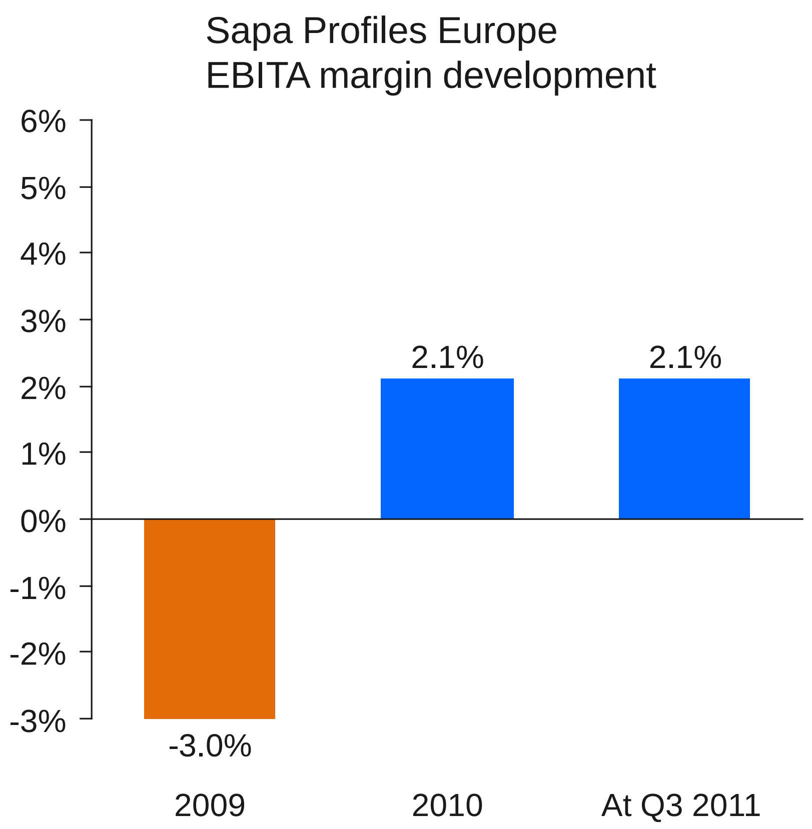
Amounts in NOK million

Operating Revenues	Q3-11	Q3-10	Change
Sapa	**7 621**	**7 024**	**8%**
Profiles	6 077	5 577	9%
Heat Transfer and Building System	1 762	1 648	7%
Eliminations	- 218	- 201	

EBITA	Q3-11	Q3-10	Change
Sapa	**163**	**162**	1%
Profiles	119	99	20%
Heat Transfer and Building System	44	63	-30%
EBITA margin (%)	2.1	2.3	

Satisfactory performance by Profiles North America, weak margins in Europe



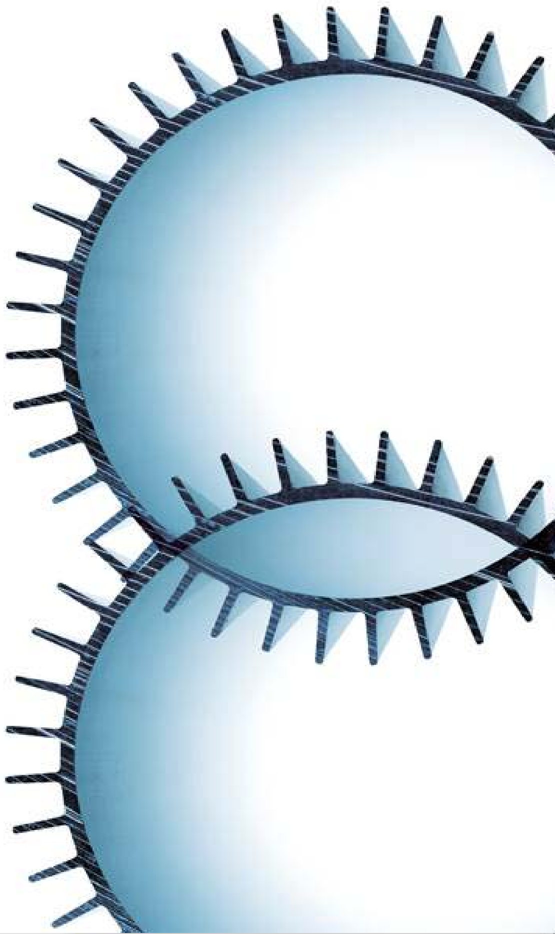


Strengthening restructuring programmes

- Restructuring programmes in Europe according to plan
  - Portugal and Denmark implemented
  - Proposal of closure of extrusion activities in Ghlin, Belgium have been accepted - social plan to be formally signed 27 October

- Additional actions taken in Q3 as well as further measures planned for Q4

- Estimated annualised cost improvement increased to NOK 250-300 million, with effect in 2012



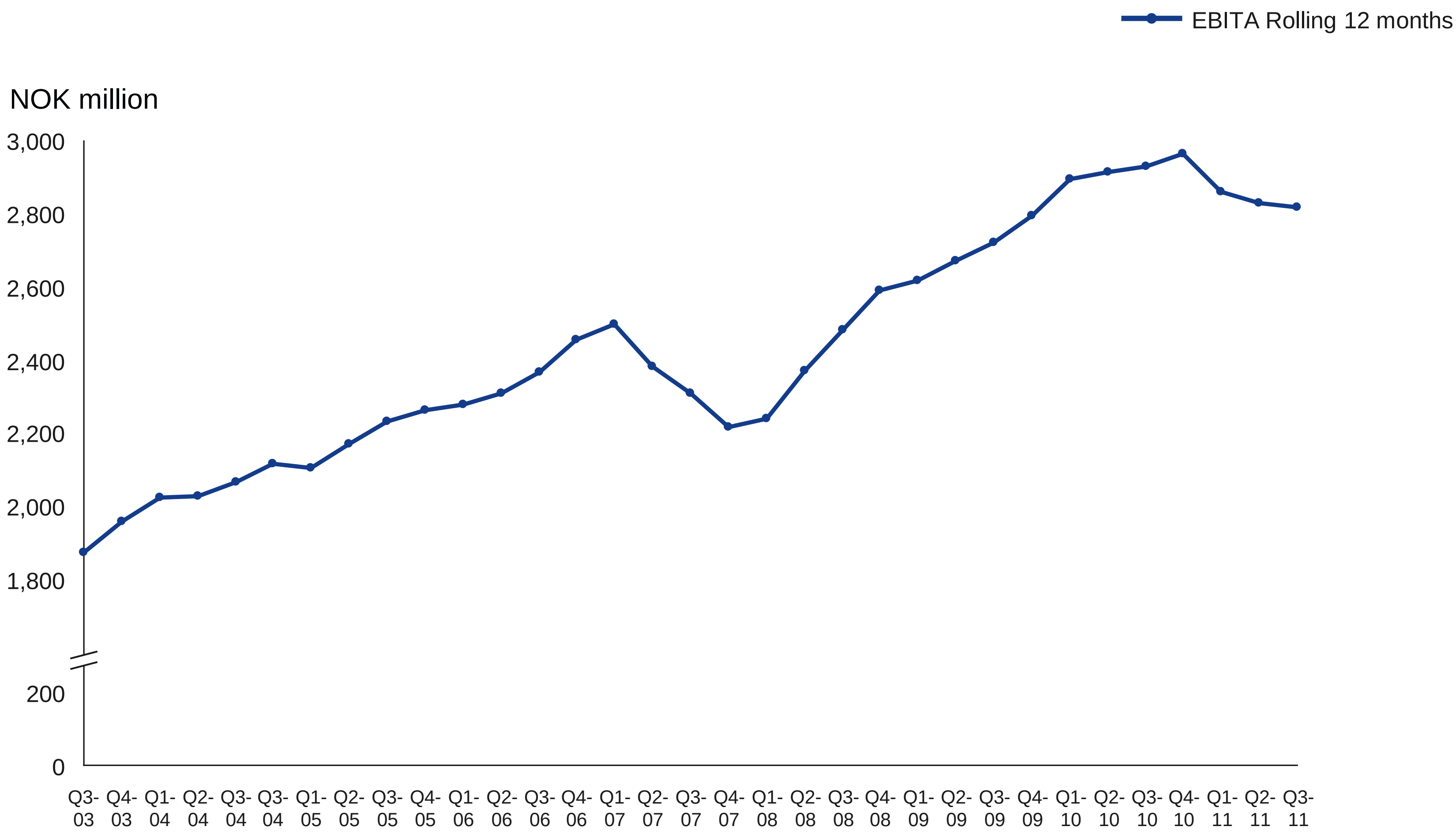
Sapa - outlook Q4-11

- Softer extrusion markets expected in Q4
- Order intake flattening out for Heat Transfer compared with previous quarters
- Results in Q4-11 expected to be weaker than Q3-11

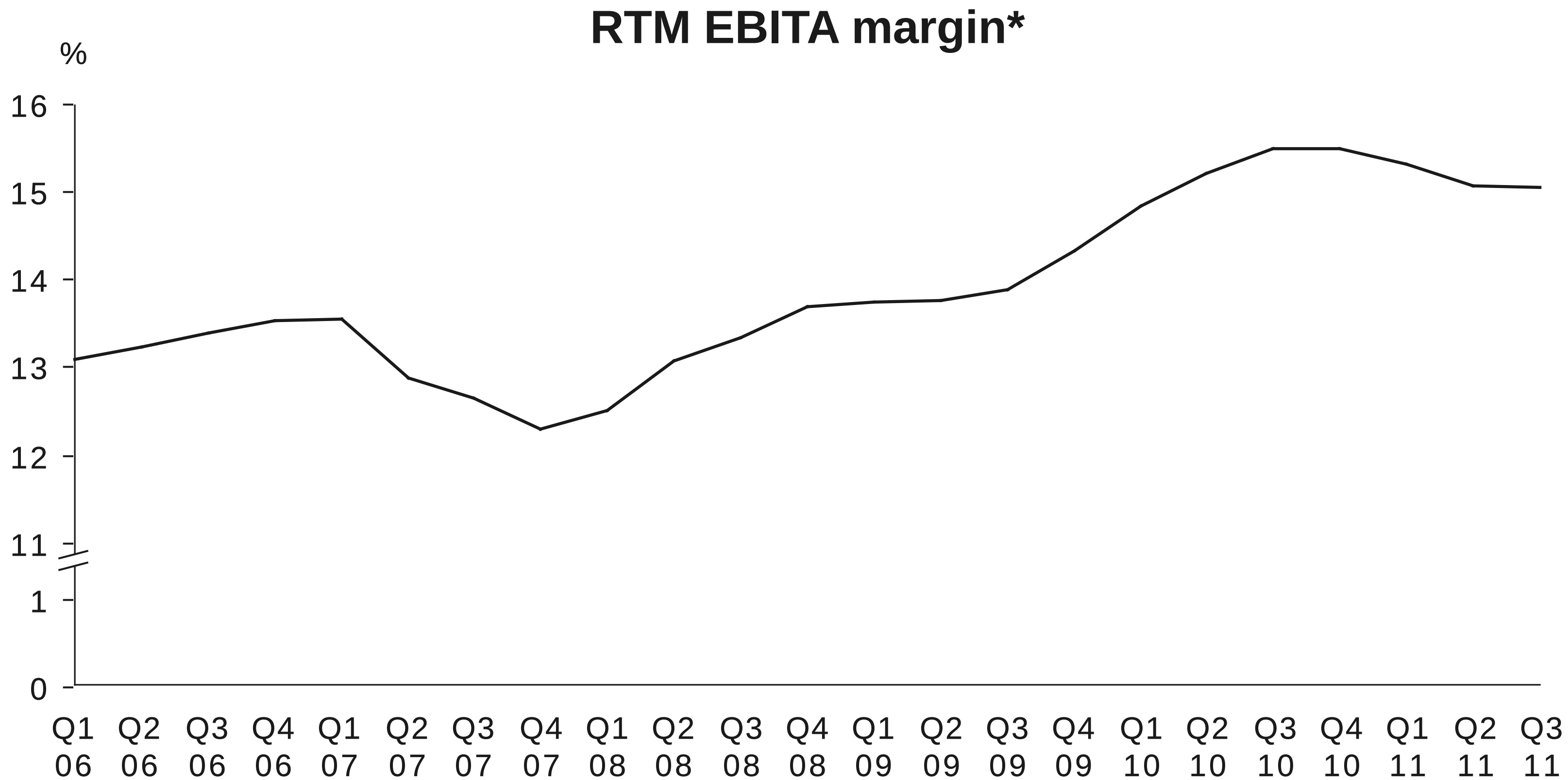
ORKLA BRANDS

TORKILD NORDBERG, CEO ORKLA BRANDS

Consistent long-term performance



Margins stabilised at a higher level in the Nordic FMCG companies



* Orkla Brands Nordic and Orkla Foods Nordic

Profit in line with last year, in spite of weak markets and higher raw material prices

- Top line growth of 4%* related to price increases – to offset higher raw material prices
- Margins stabilised
- Russian business improving – integration proceeding as planned
- Challenging market conditions, especially for Food Ingredients

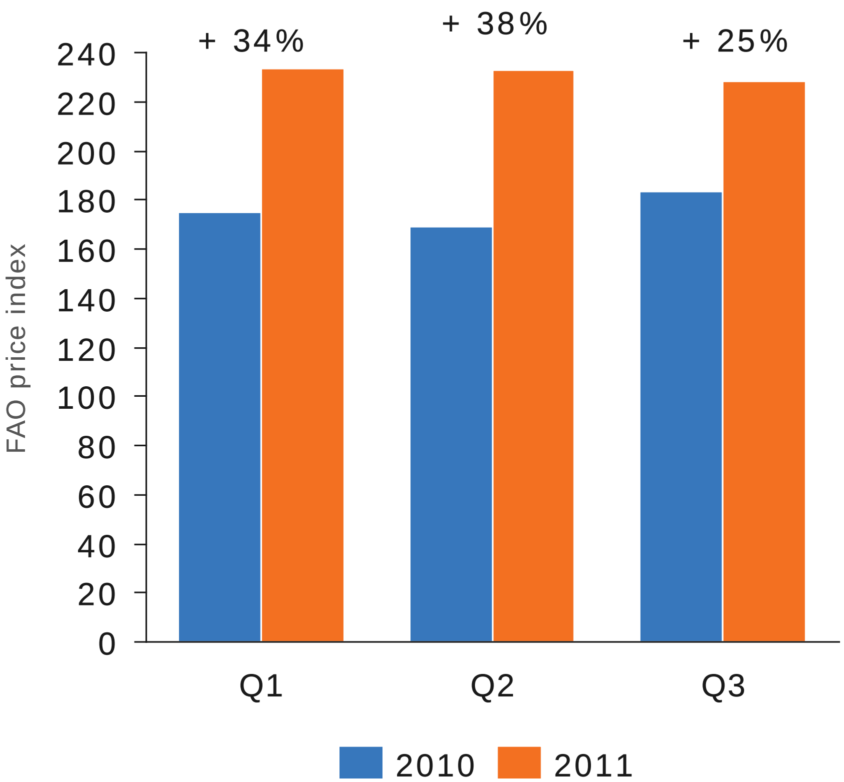
Operating revenues	Q3-11	Q3-10	Change
Orkla Brands	**6 030**	**5 804**	4%
Orkla Foods Nordic	2 242	2 267	-1%
Orkla Brands Nordic	1 947	1 939	0%
Orkla Brands International	498	464	7%
Orkla Food Ingredients	1 418	1 201	18%
Eliminations Orkla Brands	- 75	- 67	

Operating profit - EBITA	Q3-11	Q3-10	Change
Orkla Brands	**762**	**776**	-2%
Orkla Foods Nordic	262	290	-10%
Orkla Brands Nordic	428	418	2%
Orkla Brands International	10	0	
Orkla Food Ingredients	62	68	-9%
EBITA margin (%)	**12.6**	**13.4**	

* Underlying growth

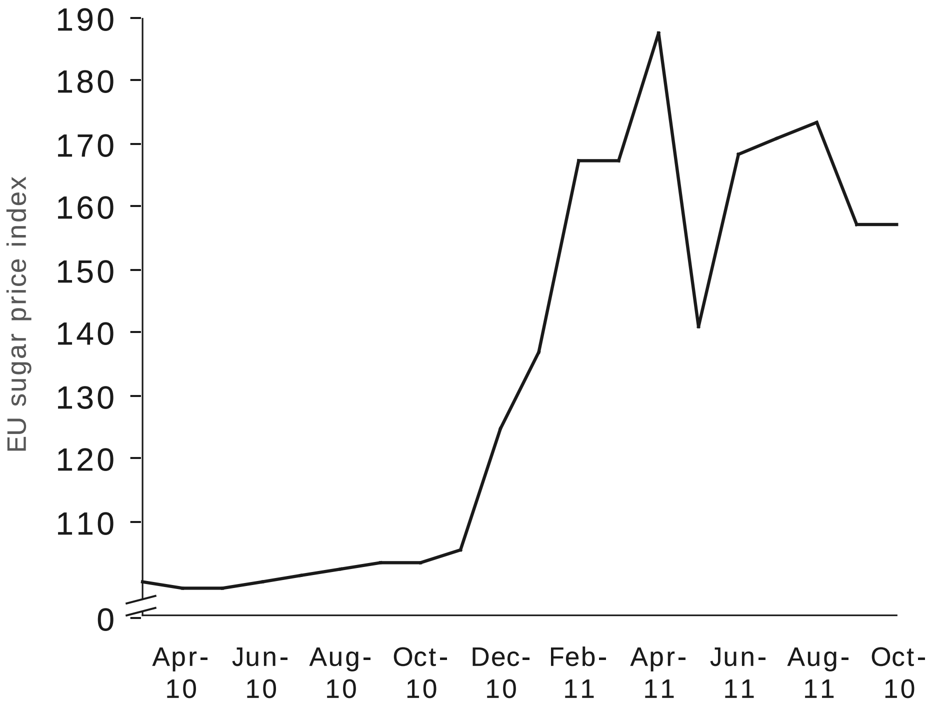
Higher raw material prices in 2011 than in 2010

FAO price index: higher price levels each quarter in 2011 than in 2010



Source: FAO

EU sugar: 50% higher prices than last year



Source: Kingsman

Examples of innovations

”Grandiosa - Our Homemade”

- Launched February 2011
- More than 2 million units sold
- Significant contributor to category growth
  - ~ 50% of sales growth

Q&A

- Bjørn M. Wiggen, CEO
- Terje Andersen, CFO
- Torkild Nordberg, CEO Orkla Brands
- Svein Tore Holsether, CEO Sapa

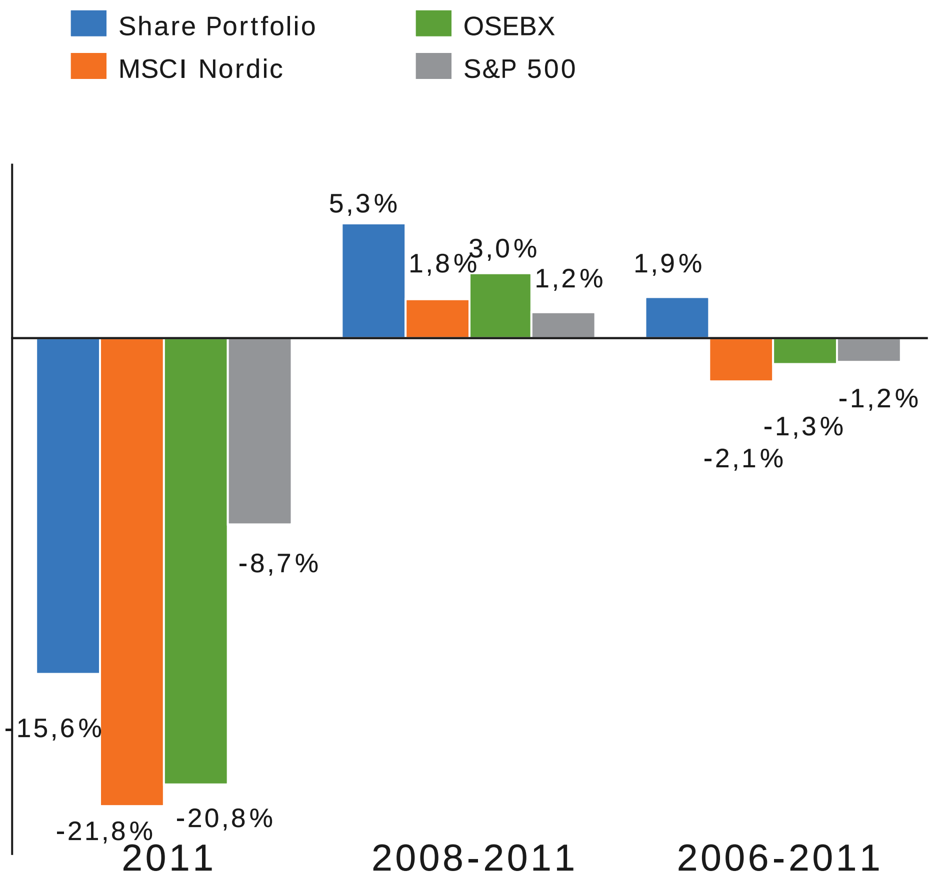
Appendix

Share Portfolio

- Market value of the Share Portfolio NOK 7.4 billion
  - Net sales NOK 2.5 billion at 30 Sep 2011

- Return on the Share Portfolio in first half 2011 -15.6%

- 91% of the portfolio is invested in the Nordic region



Amounts in NOK million

Jotun	T2-11	T2-10	Change
Revenues	4 660	4 404	6 %
EBIT	439	595	-26 %
Profit/loss before tax	428	584	-27 %

For more information: www.jotun.com

Amounts in NOK million

REC	Q3-11	Q3-10	Change
Revenues	3 001	3 783	-21%
EBITDA	370	827	-55%
EBIT*	-1 282	155	
Profit/loss before tax	- 445	-1 003	

* Includes impairment charges of NOK -1.184 bn in Q3-11

For more information: www.recgroup.com

Income statement

Amounts in mill. NOK

	Q3 2011	Q3 2010		1.1.-30.9 2011	1.1.-30.9 2010
Operating revenues	**14 896**	**14 198**		**45 793**	**41 454**
Operating expenses	-13 310	-12 701		-41 401	-37 488
Depreciation and write-down property, plant and equipment	- 462	- 462		-1 403	-1 344
Amortisation intangibles	-9	-12		-23	-37
Other revenues and expenses	-178	-15		-613	-176
EBIT	**937**	**1 008**		**2 353**	**2 409**
Profit/loss from associates	-1 787	2 089		-4 744	-5 303
Dividends received	23	60		343	449
Gains, losses and write-downs Share Portfolio	- 105	318		914	905
Financial items, net	- 97	- 100		- 322	- 251
Profit/loss before taxes	**-1 029**	**3 375**		**-1 456**	**-1 791**
Taxes	-269	-305		-739	-746
Profit/loss for the period continued operations	**-1 298**	**3 070**		**-2 195**	**-2 537**
Gains/profit discontinued operations	0	42		1 213	10
Profit/loss for the period	**-1 298**	**3 112**		**- 982**	**-2 527**
Profit/loss attributable to non-controlling interests	7	- 1		23	38
Profit/loss attributable to owners of the parent	-1 305	3 113		-1 005	-2 565
Profit/loss before taxes, Industrial Activities	- 936	2 936		-2 738	-3 166
Profit/loss before taxes, Orkla Financial Investments	- 93	439		1 282	1 375
Earnings per share diluted (NOK)	-1.3	3.1		-1.0	-2.5

Cash flow third quarter

Amounts in NOK million

	Q3-11	Q3-10
Cash flow Industial Activities:		
Operating profit	942	1 006
Amortisation, depreciations and impairment char	531	464
Changes in net working capital, etc.	1	- 261
Net replacement expenditure	- 291	- 365
Cash flow from operations	**1 183**	**844**
Financial items, net	- 79	- 237
Cash flow Industial Activities	**1 104**	**607**
Cash flow from Orkla Financial Investments	**610**	**105**
Taxes paid	- 154	- 102
Discontinued operations and other payments	57	- 830
Cash flow before capital transactions	**1 617**	**- 220**
Paid dividends	0	- 128
Net sale/purchase of Orkla shares	0	5
Cash flow before expansion	**1 617**	**- 343**
Expansion Industial Activities	- 288	- 134
Sale of companies/share of companies	0	224
Purchase of companies/share of companies	- 448	- 56
Net sale/purchase of portfolio investments	424	674
Net cash flow	**1 305**	**365**
Currency effects of net interest-bearing liabilities	- 147	438
Change in net interest-bearing liabilities	**-1 158**	**- 803**
Net interest-bearing liabilities	**8 060**	**23 983**

Balance sheet as of 30 Sep 2011

Amounts in NOK million

	30.09.2011	31.12.2010
Intangible assets	13 082	12 960
Property, plant and equipment	17 828	17 730
Financial assets	6 501	10 985
Non-Current assets	**37 411**	**41 675**
Assets in discontinued operations	-	13 891
Inventories	8 094	7 102
Receivables	11 019	10 380
Share Portfolio etc.	7 438	11 674
Cash and cash equivalents	8 205	2 819
Current assets	**34 756**	**31 975**
Total assets	**72 167**	**87 541**
Paid-in equity	1 995	1 999
Earned equity	37 334	44 567
Non-controlling interests	333	365
Equity	**39 662**	**46 931**
Provisions and other non-current liabilities	3 511	4 081
Non-current interest-bearing liabilities	16 114	21 820
Current interest-bearing liabilities	1 021	1 380
Liabilities in discontinued operations	-	2 544
Other current liabilities	11 859	10 785
Equity and liabilities	**72 167**	**87 541**
Equity ratio	55.0%	53.6%

Currency translation effects

Amounts in NOK million

Revenues	Q3-11	YTD Q3-11
Orkla Brands	-86	-16
Sapa	-464	-948
Borregaard	-20	-40
Total	**-570**	**-1,004**

EBITA	Q3-11	YTD Q3-10
Orkla Brands	-7	12
Sapa	-18	-55
Borregaard	-2	-4
Total	**-27**	**-47**

Largest holdings in the Share Portfolio as of 30 Sep 2011

Amounts in NOK million

Principal holdings	Industry	Market value	Share of portfolio (%)	Share of equity (%)
Tomra Systems	Industrials	867	11%	15.5 %
Amer Sports	Consumer Discretionary	479	6%	5.3 %
Tikkurila Oyj	Materials	317	4%	7.2 %
Schibsted	Consumer Discretionary	280	4%	2.1 %
Kongsberg Gruppen	Aerospace & Defence	279	4%	2.3 %
Elekta B	Health Care	270	4%	1.3 %
Network Norway AS	Telecommunication Services	258	3%	30.6 %
Oslo Børs VPS Holding ASA	Financials	242	3%	8.2 %
Ekornes	Consumer Discretionary	225	3%	6.2 %
Saab AB B-aksjer	Industrials	201	3%	1.7 %
Total principal holdings		3 418	45%	
Market value of entire portfolio		**7 433**		

Financial calendar

• 3 November 2011	- Extraordinary General Meeting
• 4 November 2011	- Share traded ex-dividend
• 15 November 2011	- Dividend payment
• 9 February 2012	- Fourth quarter results 2011
• 19 April 2012	- Annual General Meeting
• 3 May 2012	- First quarter results 2012
• 20 July 2012	- Second quarter results 2012
• 31 October 2012	- Third quarter results 2012

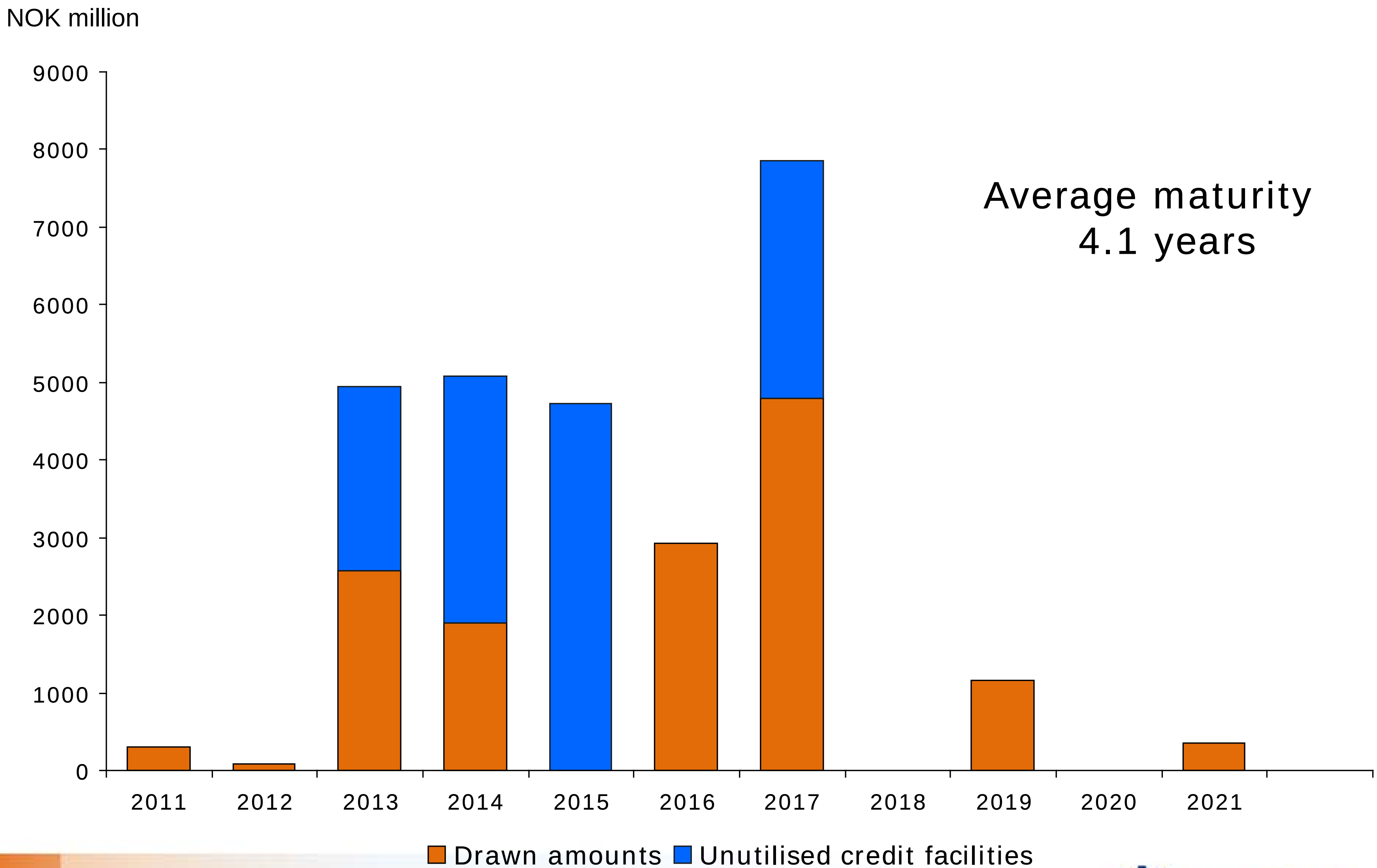
FINANCIAL ITEMS

Net financial items

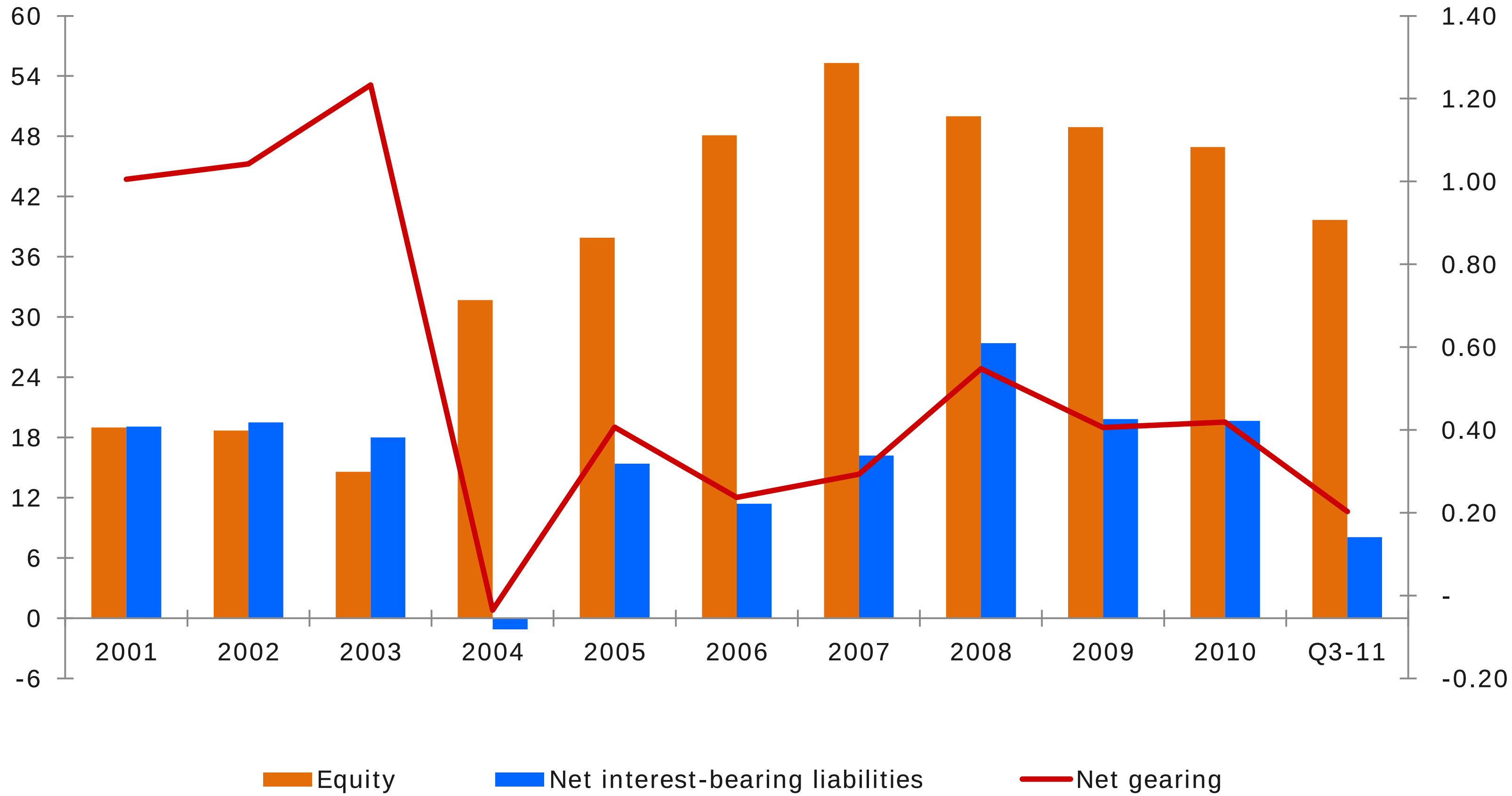
Amounts in NOK million

	Q3-11	Q3-10	Full year 2010
Net interest expenses	-93	-99	-242
Currency gain/loss	-22	-3	-12
Other financial items, net	18	2	- 73
Net financial items	**-97**	**-100**	**-327**

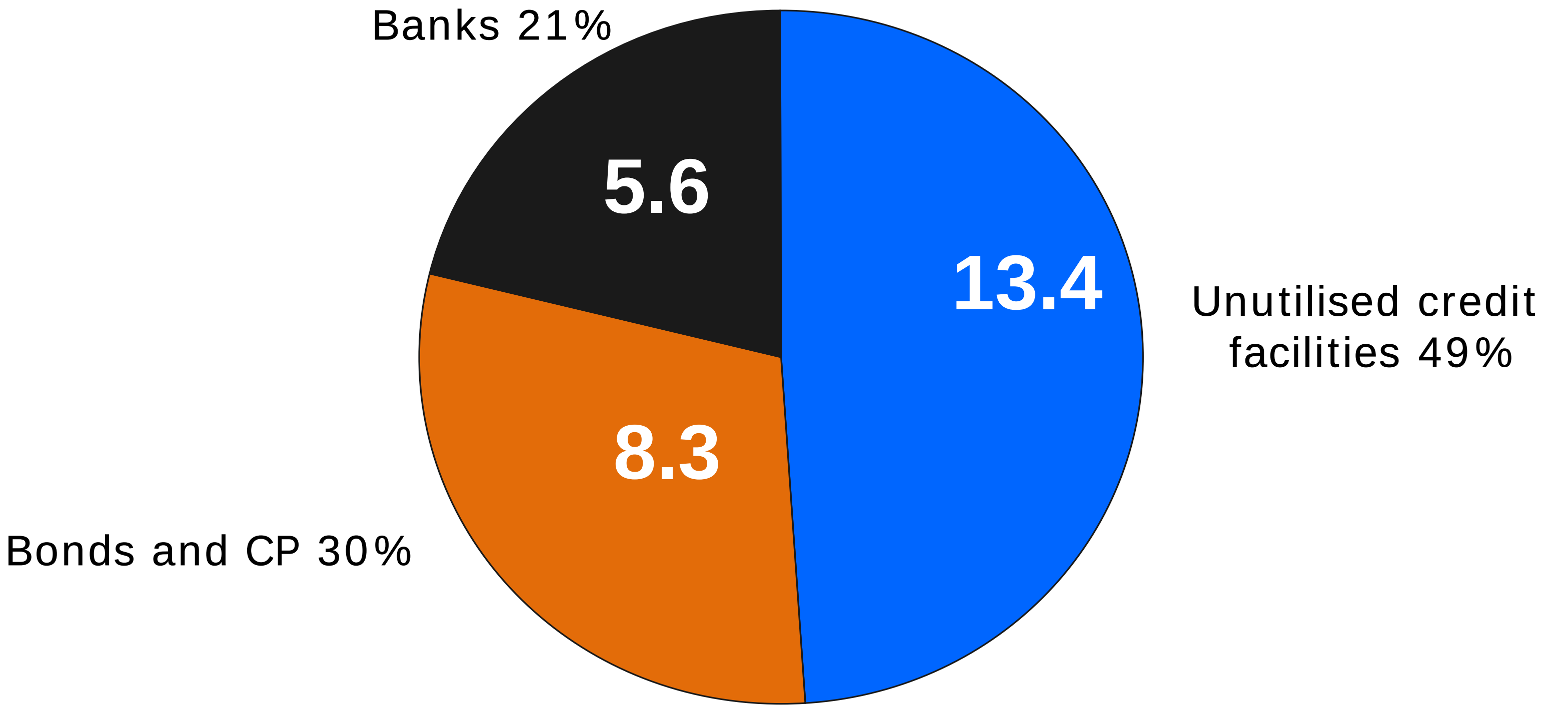
Debt maturity profile



Net gearing 0.20 as of Q3-11



Funding sources



Amounts in NOK billion

ORKLA