



Second quarter results 2011

Oslo, 20 July 2011
Bjørn M. Wigen, CEO

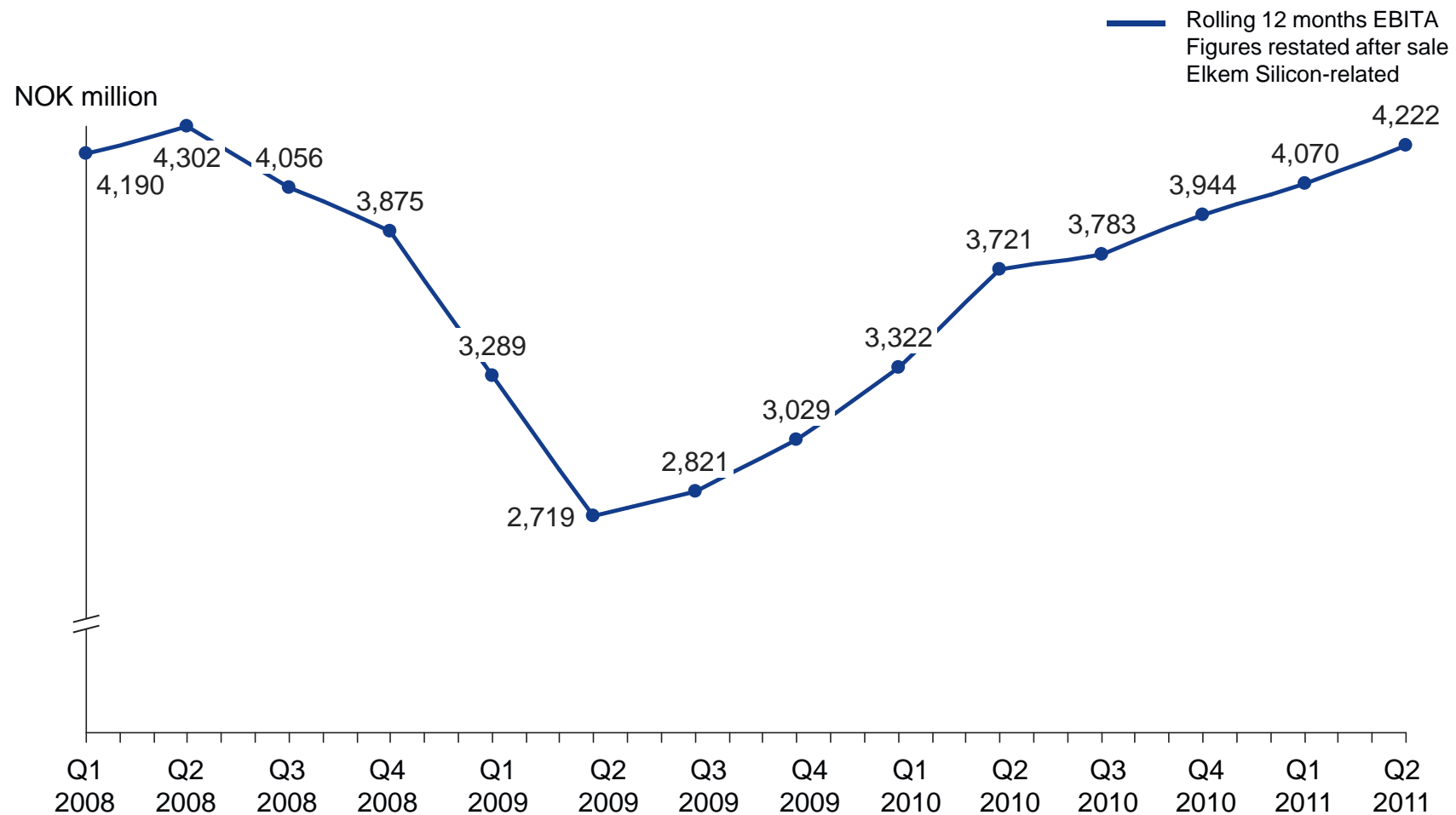




Agenda

- Highlights Q2-11
- Orkla Brands
- Sapa
- Investments
 - Borregaard
 - Hydro Power
 - Investment Portfolio
 - REC and Jotun
- Short-term outlook

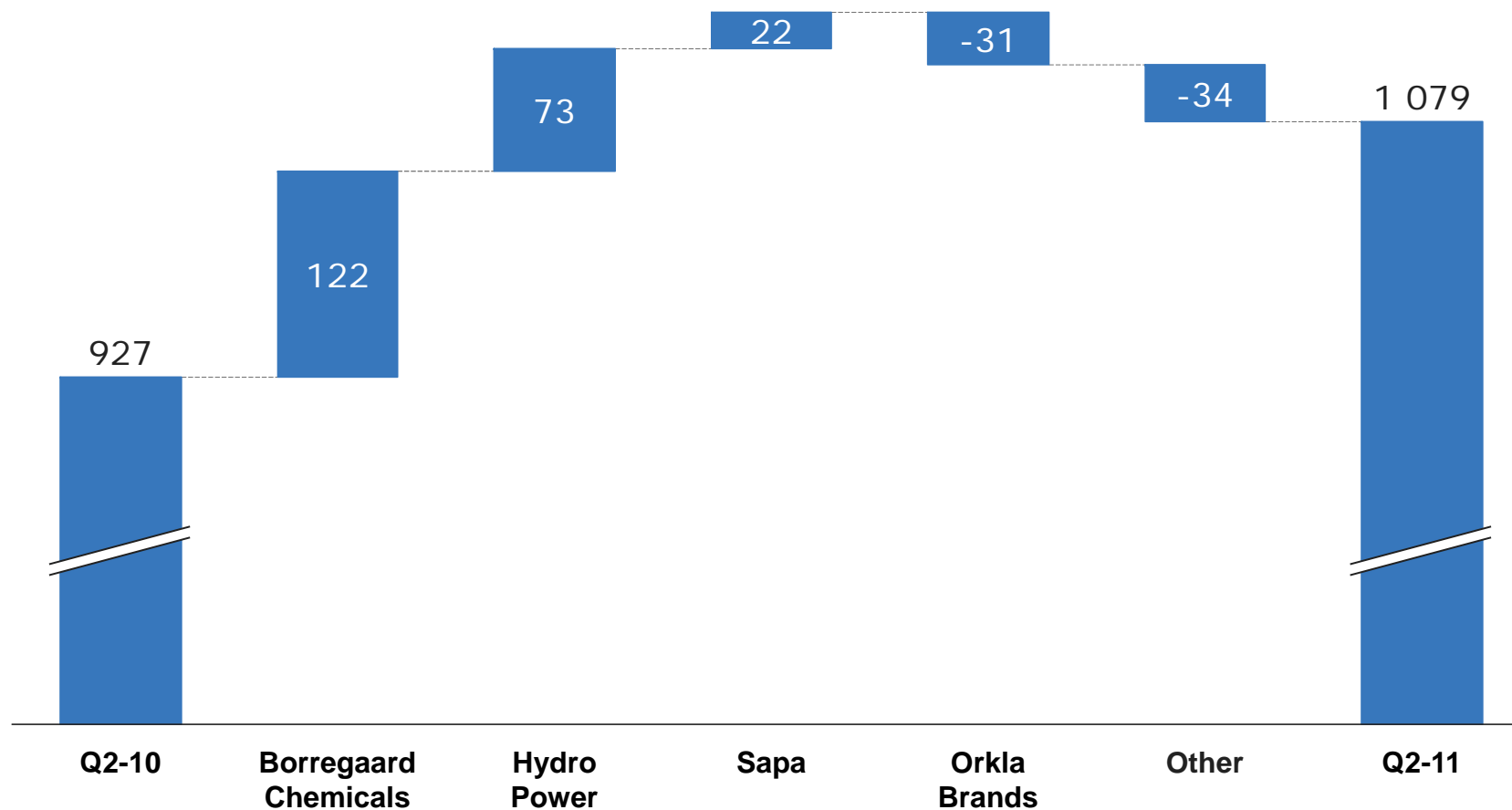
Continued profit growth



Highlights Q2-11

- Stable volumes for Orkla Brands
 - Results impacted by lag in effects of price increases
- Volume- and profit growth for Sapa
 - Satisfactory for Profiles North America
 - Action taken to restructure and improve results in Profiles Europe
- Continued strong performance for Borregaard, with strong demand and high prices for speciality cellulose
- Higher precipitation brings Hydro Power back to normal production
- Sale of shares reduced Investment Portfolio to NOK 9.5 billion
 - Return + 2.4% in first half
- Write-down of Orkla's investment in REC to share price as of 30 June 2011 (NOK 4 billion)

Change in EBITA Q2-10 to Q2-11



Group income statement

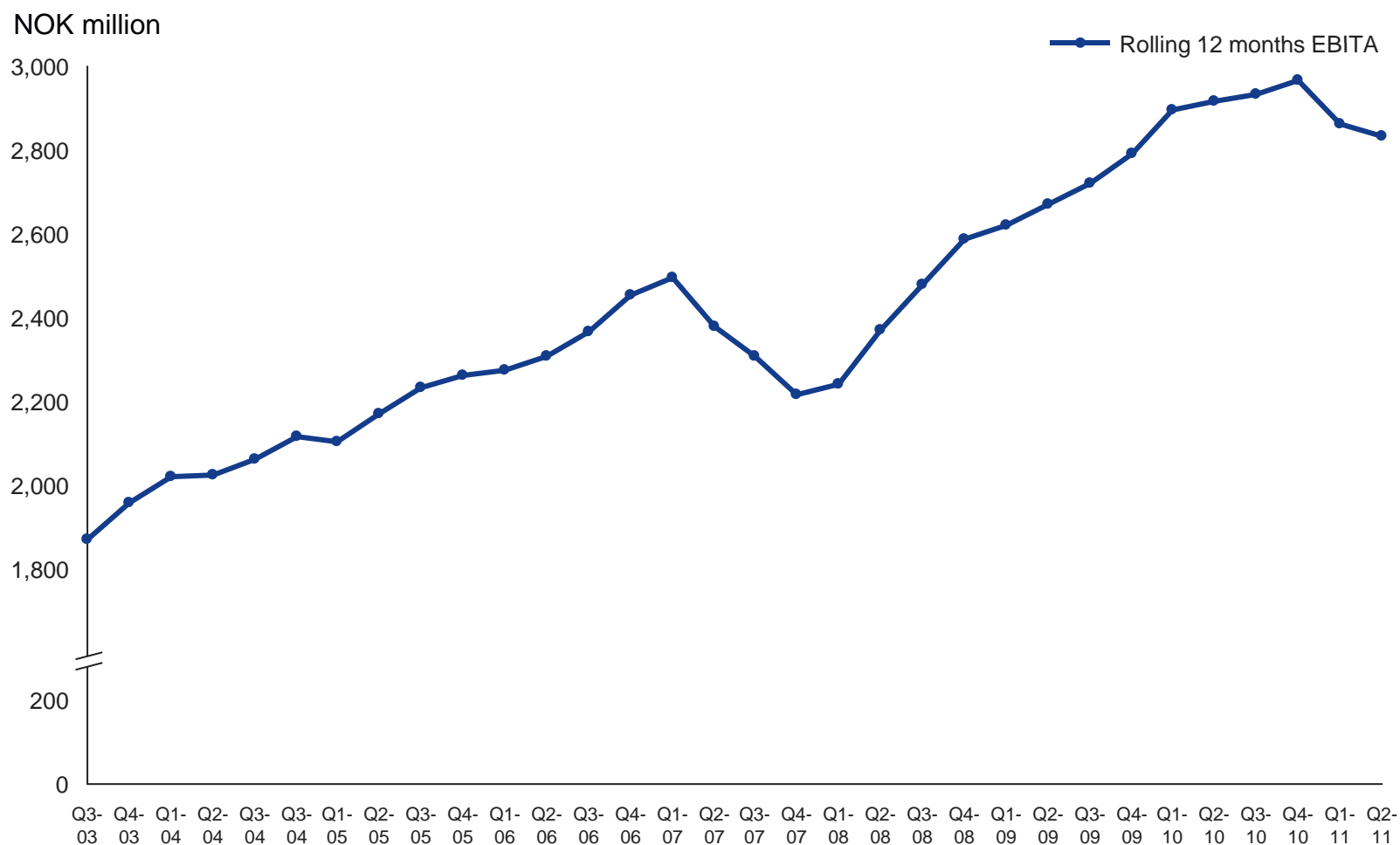
Amounts in mill. NOK

	Q2 2011	Q2 2010	Change
Operating revenues	15 897	14 162	12 %
EBITA	1 079	927	16 %
Amortisation intangibles	-7	-15	
Other revenues and expenses	-369	-188	
EBIT	703	724	
Associates	-3 877	-2 908	
Dividends	236	251	
Gains and losses/write-downs Investment Portfolio	658	248	
Net financial items	- 107	- 69	
Profit before tax	-2 387	-1 754	
Tax expenses	-251	-248	
Profit for the period continuing operations	-2 638	-2 002	
Discontinued operations	0	- 25	
Profit for the period	-2 638	-2 027	
Earnings per share diluted (NOK)	-2.6	-2.0	
Net interest-bearing liabilities	9 218	24 786	



ORKLA BRANDS

Consistent long-term performance



Profit affected by lag in price increases

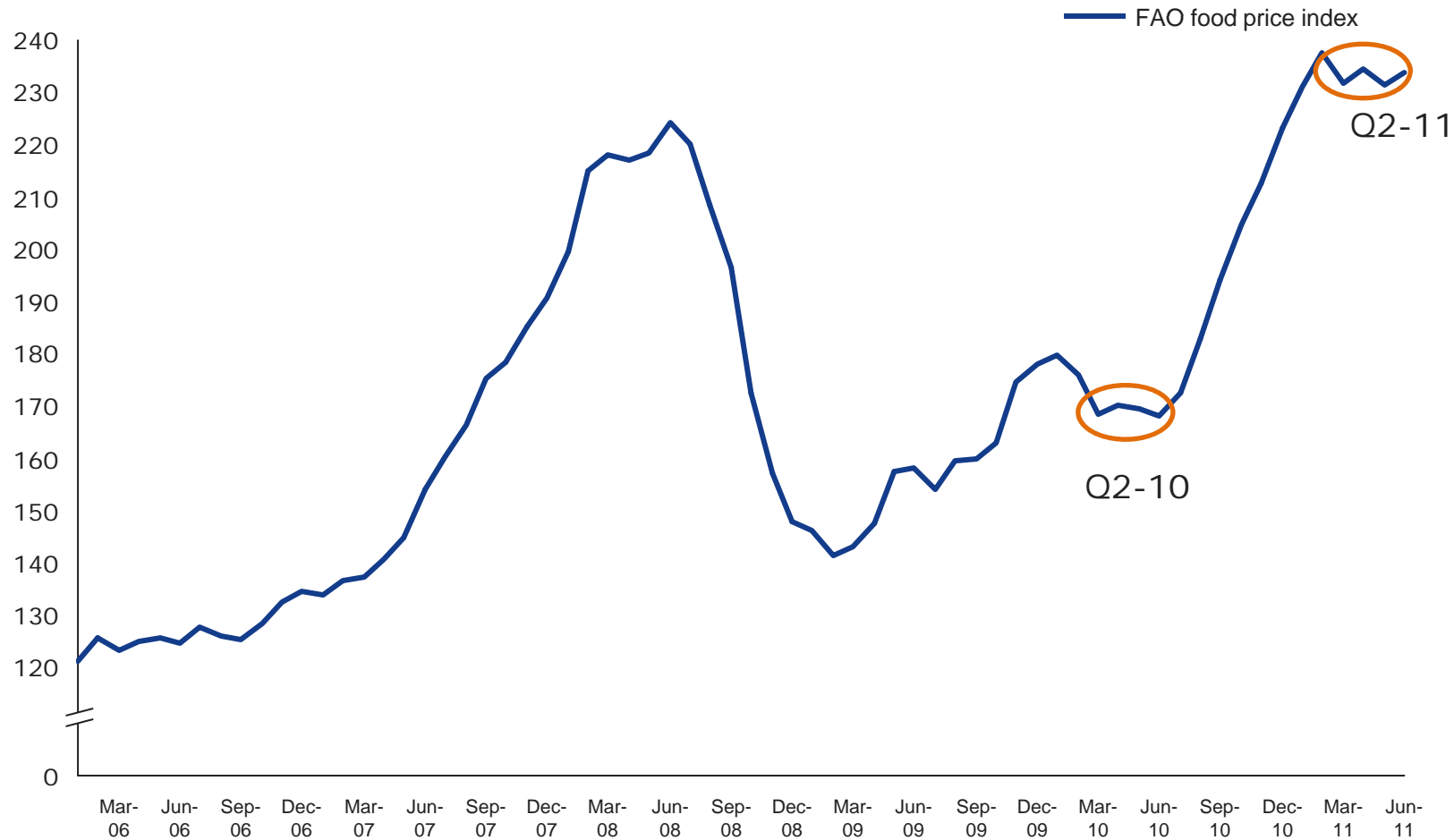
- Strong increase in raw material prices versus Q2 last year
 - Additional price increases will have effect in H2-11
- Strong performance for Stabburet and Procordia
- Merger of Orkla Brands Russia proceeding according to plan
- Sale of Bakers; process ongoing

Operating revenues	Q2-11	Q2-10	Change
Orkla Brands	6 008	5 440	10 %
Orkla Foods Nordic	2 391	2 262	6 %
Orkla Brands Nordic	1 911	1 832	4 %
Orkla Brands International	448	428	5 %
Orkla Food Ingredients	1 325	980	35 %
Eliminations Orkla Brands	- 67	- 62	

Operating profit - EBITA	Q2-11	Q2-10	Change
Orkla Brands	626	657	-5 %
Orkla Foods Nordic	277	278	0 %
Orkla Brands Nordic	312	330	-5 %
Orkla Brands International	- 26	- 15	-73 %
Orkla Food Ingredients	63	64	-2 %

EBITA margin (%)	10,4	12,1	
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Increase in raw material prices





SAPA

Improvements in most markets, but at a slower pace

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

						
	Distribution	Industrial	Com. B&C	Res. B&C	Transport	Automotive
North America	 10% to 15%	 0% to 5%	 0% to -5%	 0% to -5%	 25% to 30%	 0% to 5%
Europe	 2% to 5%	 2% to 5%	 0% to -5%	 0% to 5%	 10% to 15%	 0% to 5%
China	N/A	 10% to 15%	 10% to 15%	N/A	 5% to 10%	 5% to 10%

Volume and profit improvement, new restructuring programme in Europe

- Result improvement mainly driven by market growth and satisfactory performance for Profiles North America
- New restructuring programme for Profiles Europe announced
- Satisfactory markets for Heat Transfer
 - Expansion of the Shanghai plant on track
- Still weak markets for Building System

Amounts in NOK million

Operating Revenues	Q2-11	Q2-10	Change
Sapa	8 307	7 251	15 %
Profiles	6 656	5 748	16 %
Heat Transfer and Building System	1 905	1 705	12 %
Eliminations	- 254	- 202	

EBITA	Q2-11	Q2-10	Change
Sapa	320	298	7 %
Profiles	215	201	7 %
Heat Transfer and Building System	105	97	8 %
EBITA margin (%)	3,9	4,1	

Restructuring proposal for Profiles Europe to ensure long-term competitiveness

- The proposal includes:
 - Consolidation of activities to Avintes and closure of activities in Cacem, Portugal
 - Closure of all extrusion activities in Ghlin, Belgium
 - Increase in cast-house capacity in Ghlin, Belgium
 - Closure of all fabrication executed in Grenå, Denmark
- Approximately 450 employees will be affected
- A provision totalling NOK 406 million related to the restructuring was charged against "Other income and expenses" in Q2-11
- Expected annualised benefit of around NOK 150-175 million, limited impact in 2011 and full annual impact reached during 2012



INVESTMENTS

Continued strong markets and profit growth for Borregaard

- The market situation for speciality cellulose remains favourable, with strong demand and high prices
- Positive contribution from restructuring and new contracts within Fine Chemicals
- Ongoing redesign of Sarpsborg plant
- Increasing input costs and negative currency situation

Amounts in NOK million

Operating revenues	Q2-11	Q2-10	Change
Borregaard Chemicals	1 016	937	8 %

EBITA	Q2-11	Q2-10	Change
Borregaard Chemicals	153	31	

EBITA-margin %	Q2-11	Q2-10	Change
	15,1	3,3	



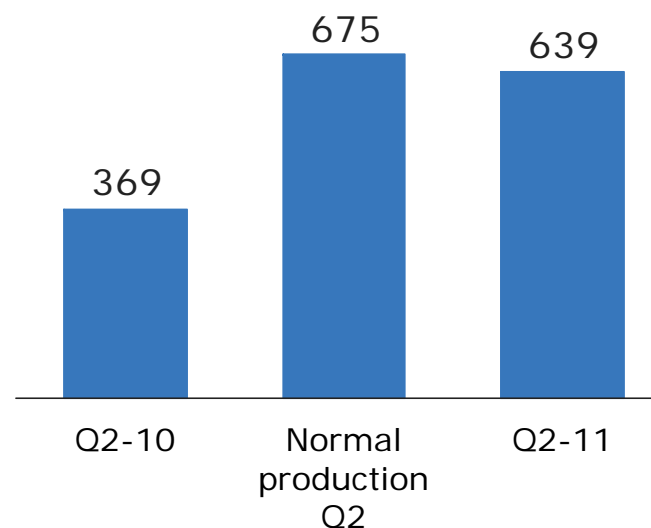
Energy production close to normal levels in Q2-11

- Significant improvement in profit compared to a weak Q2-10
- High precipitation and inflow gave normal production in Sauda
 - Reservoir level of 97% as of Q2-11
- Borregaard Energy in line with last year

Amounts in NOK million

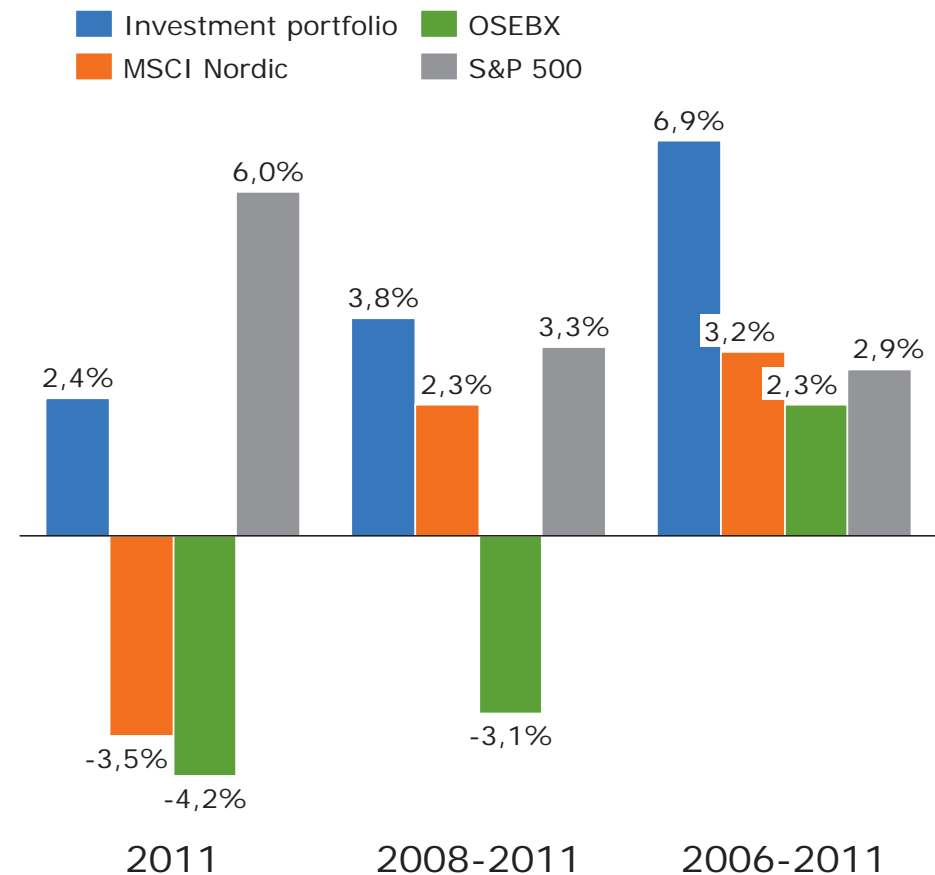
EBITA	Q2-11	Q2-10
Hydro Power	93	20

Production for Hydro Power in GWh



Investment Portfolio

- Market value of the Investment Portfolio NOK 9.5 billion
- Return on the Investment Portfolio in first half 2011 +2.4%
- 89% of the portfolio is invested in the Nordic region





Amounts in NOK million

Jotun	T1-2011	T1-2010	Change
Revenues	4 124	3 640	13 %
EBIT	375	446	-16 %
Profit/loss before tax	386	448	-14 %



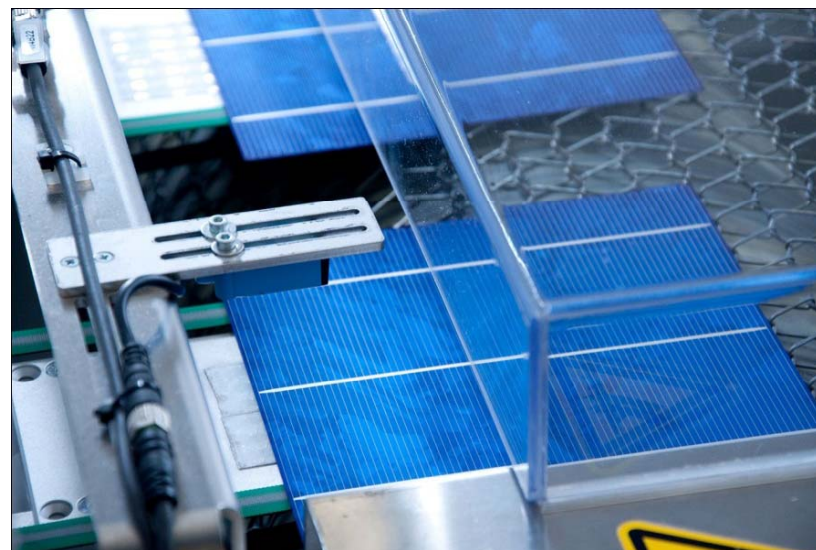
For more information: www.jotun.com



Amounts in NOK million

REC	Q2-11	Q2-10	Change
Revenues	3 391	2 758	23 %
EBITDA	871	455	91 %
EBIT*	-6 260	-146	
Profit/loss before tax	-6 287	866	

* Includes impairment charges of NOK -6.5 bn in Q2-11



For more information: www.recgroup.com

Short-term outlook

- Stable markets in the Nordic region for Orkla Brands
 - High volatility in international raw material prices
 - Price increases will have a positive effect in H2-11
 - Positive contribution from restructuring of the Russian operations
- Sapa expects continued volume growth, but at a slower pace than H1-11
 - Seasonally lower H2 than Q2
 - Restructuring programmes in Europe with full annual impact during 2012
 - Negative operational FX effects for Heat Transfer
- Favourable market conditions for Borregaard in Q3-11
 - Negative impact from strong NOK

Welcome to Orkla's Investor Day in London 14 September 2011

Speakers:



CEO Orkla ASA
Bjørn M. Wiggen



CEO Sapa
Tim Stubbs



CEO Orkla Brands
Torkild Nordberg



CEO Jotun
Morten Fon

Q&A

- Bjørn M. Wiggen, CEO
- Terje Andersen, CFO



Appendix

Cash flow as of 30 June 2011

Amounts in NOK million

	30.06.2011	30.06.2010
Industrial activities:		
Operating profit	1 457	1 549
Amortisations, depreciations and write-downs	1 051	905
Changes in net working capital	-2 035	-1 728
Net replacement expenditure	- 790	- 649
Cash flow from operations	- 317	77
Financial items, net	- 229	- 161
Cash flow from Industrial activities	- 546	- 84
Cash flow from Financial Investments	- 104	592
Taxes paid	- 369	- 392
Discontinued operations and other payments	- 558	- 239
Cash flow before capital transactions	-1 577	- 123
Paid dividends	-2 561	-2 191
Net purchases/sale of Orkla shares	- 171	17
Cash flow before expansion	-4 309	-2 297
Expansion investment in Industrial activities	- 440	- 219
Sale of companies/shares of companies	13 503	
Purchase of companies/share of companies	- 590	-2 563
Net purchases/sale of portfolio investments	2 051	504
Net cash flow	10 215	-4 575
Currency effects of net interest-bearing liabilities	219	- 363
Change in net interest-bearing liabilities	-10 434	4 938
Net interest-bearing liabilities	9 218	24 786

Balance sheet as of 30 June 2011

Amounts in NOK million

	30.06.2011	31.12.2010
Intangible assets	12 848	12 960
Property, plant and equipment	17 345	17 730
Financial assets	7 619	10 985
Non-Current assets	37 812	41 675
Assets in discontinued operations	-	13 891
Inventories	7 927	7 102
Receivables	11 631	10 380
Investment Portfolio etc.	9 468	11 674
Cash and cash equivalents	6 659	2 819
Current assets	35 685	31 975
Total assets	73 497	87 541
Paid-in equity	1 995	1 999
Earned equity	39 949	44 567
Minority interests	311	365
Equity	42 255	46 931
Provisions	3 717	4 081
Non-current interest-bearing liabilities	15 571	21 820
Current interest-bearing liabilities	897	1 380
Liabilities in discontinued operations	-	2 544
Other current liabilities	11 057	10 785
Equity and liabilities	73 497	87 541
Equity to total assets ratio	57.5%	53.6%

Currency translation effects

Amounts in NOK million

Revenues	Q2-11	YTD Q2-11
Orkla Brands	32	71
Sapa	-427	-484
Borregaard Chemicals	-18	-20
Total	-413	-433

EBITA	Q2-11	YTD Q2-11
Orkla Brands	11	18
Sapa	-29	-36
Borregaard Chemicals	-2	-2
Total	-20	-20

Largest holdings in the Investment Portfolio as of 30 June 2011

Amounts in NOK million

Principal holdings	Industry	Market value	Share of portfolio (%)	Share of equity (%)
Tomra Systems	Industrials	1 074	11 %	15,5 %
Amer Sports	Consumer Discretionary	563	6 %	5,2 %
Kongsberg Gruppen	Aerospace & Defence	414	4 %	2,3 %
Elekta B	Health Care	330	3 %	1,4 %
Schibsted	Consumer Discretionary	327	3 %	1,8 %
Oslo Børs VPS Holding ASA	Financials	295	3 %	8,2 %
Ekornes	Consumer Discretionary	260	3 %	5,8 %
Tikkurila Oyj	Materials	255	3 %	4,6 %
Network Norway AS	Telecommunication Services	251	3 %	26,8 %
Saab AB B-aksjer	Industrials	233	2 %	1,7 %
Total principal holdings		4 002	41 %	
Market value of entire portfolio		9 460		



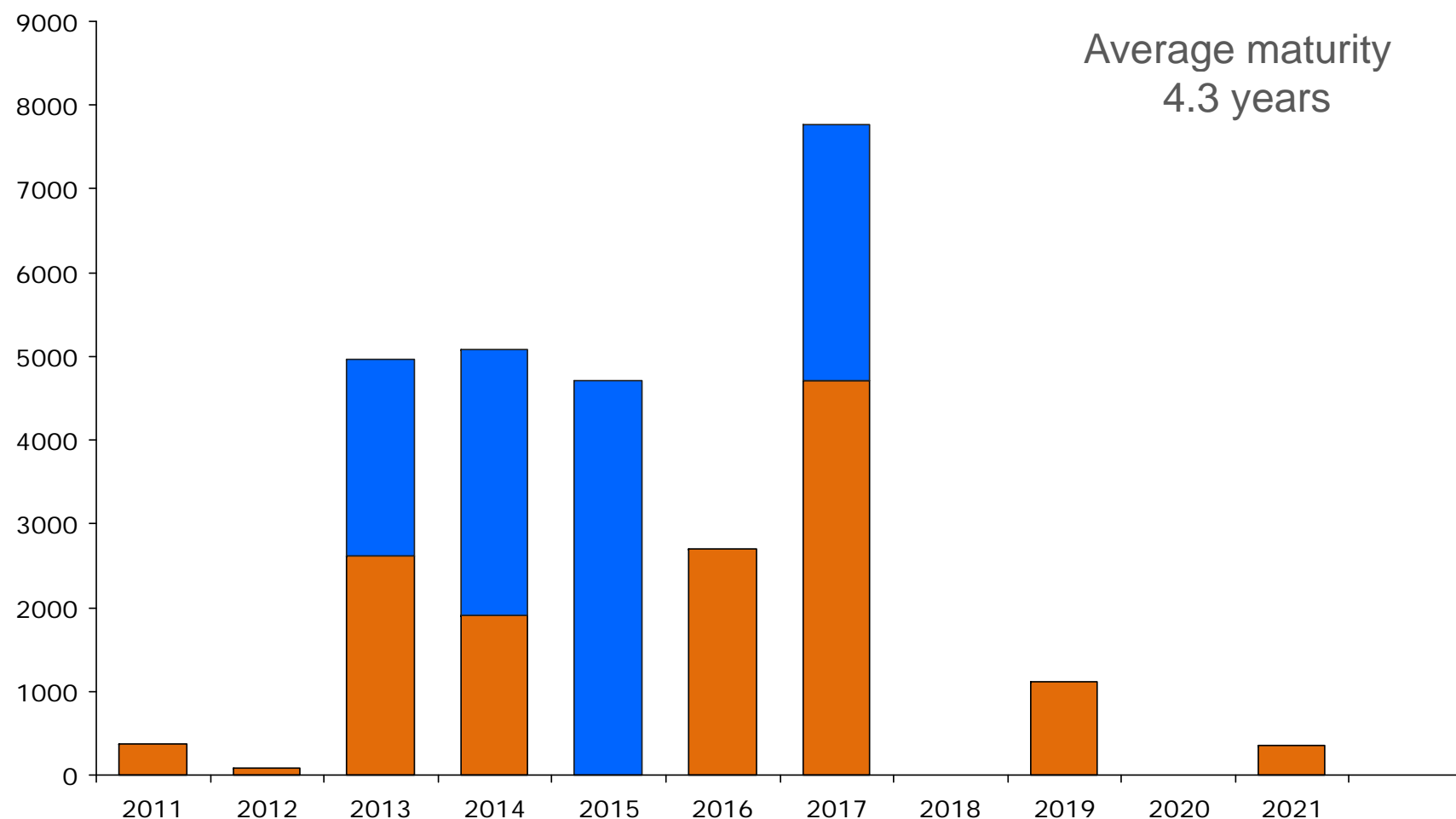
FINANCIAL ITEMS

Net financial items

	Amounts in NOK million		
	Q2-11	Q2-10	Full year 2010
Net interest expenses	-99	-45	-242
Currency gain/loss	-1	-4	-12
Other financial items, net	-7	- 20	- 73
Net financial items	-107	-69	-327

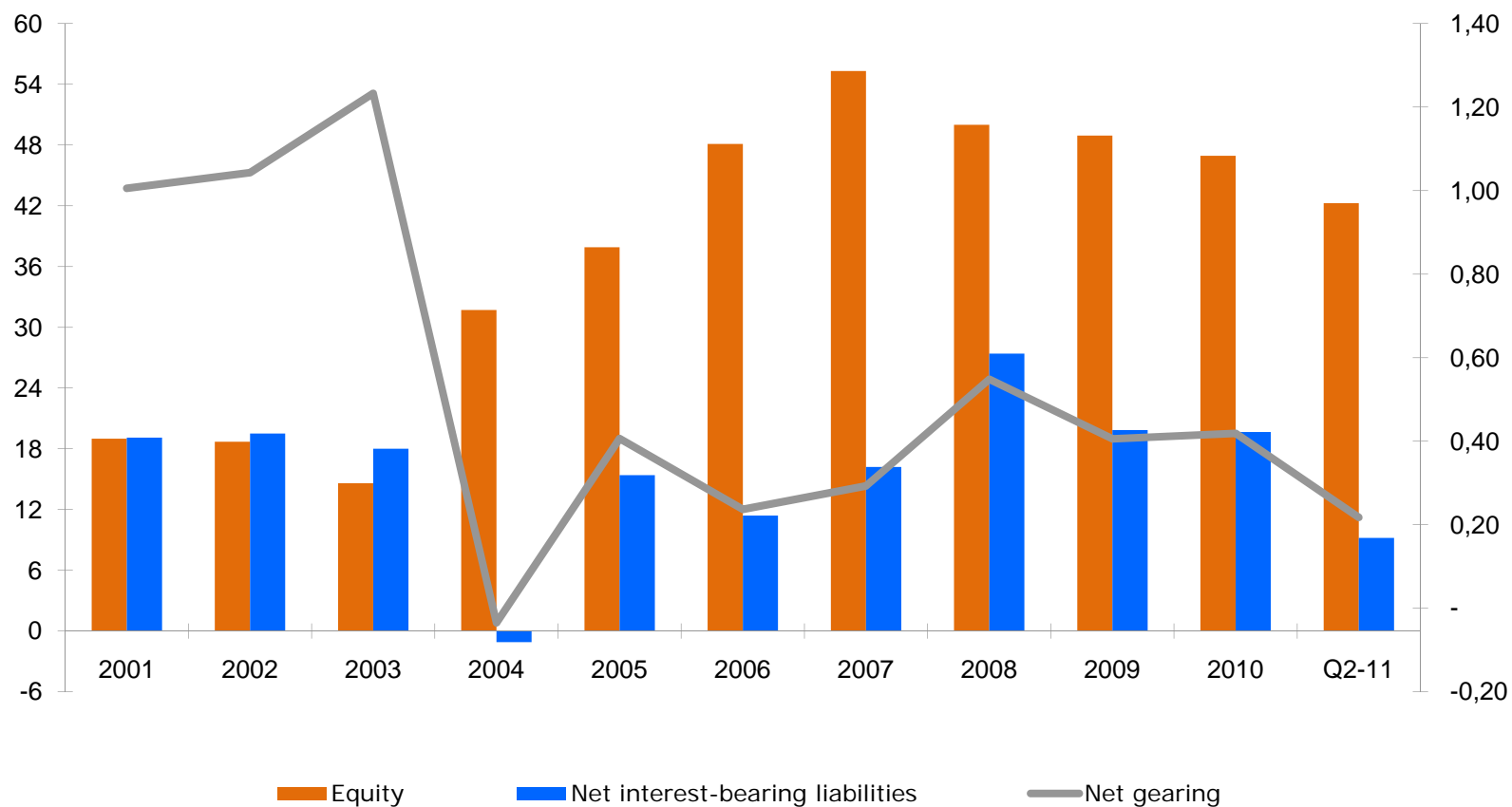
Debt maturity profile

NOK million

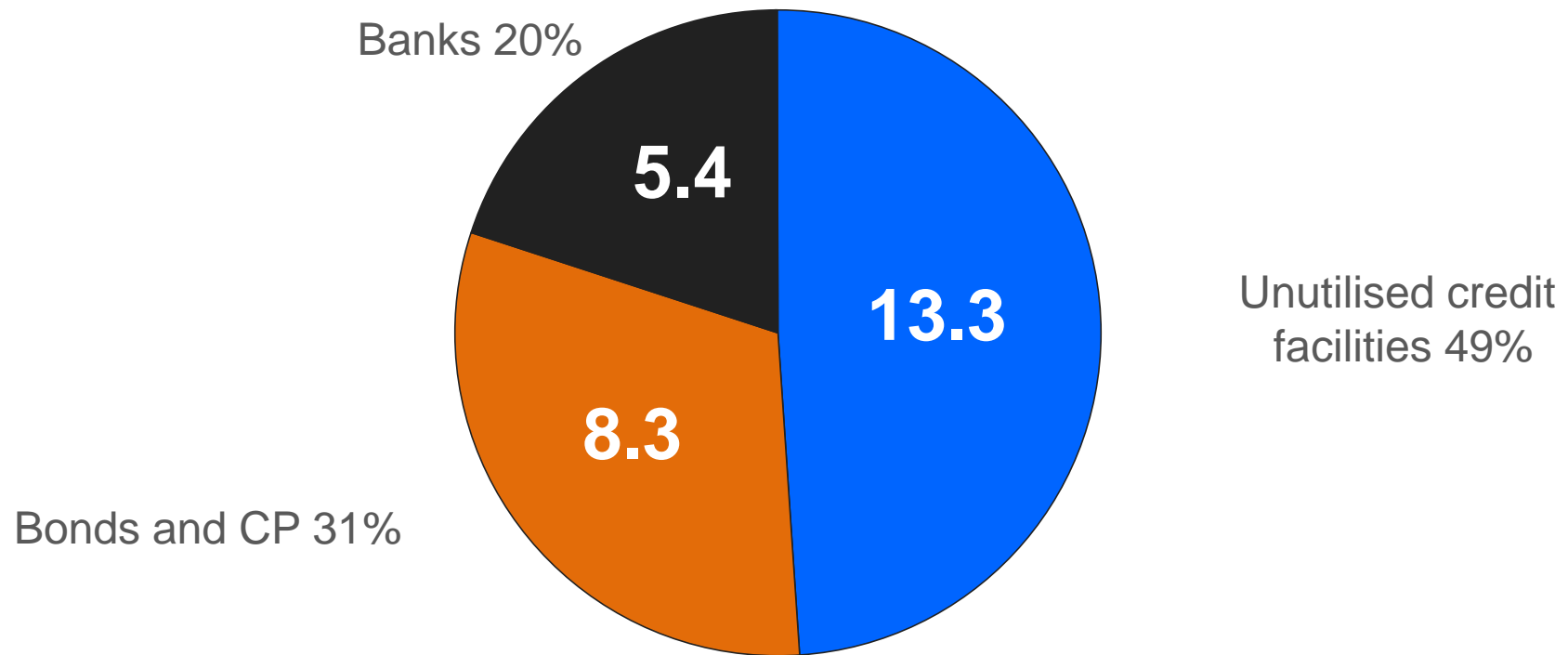


■ Drawn amounts ■ Unutilised credit facilities

Net gearing 0.22 as of Q2-11



Funding sources



Figures in NOK billion

