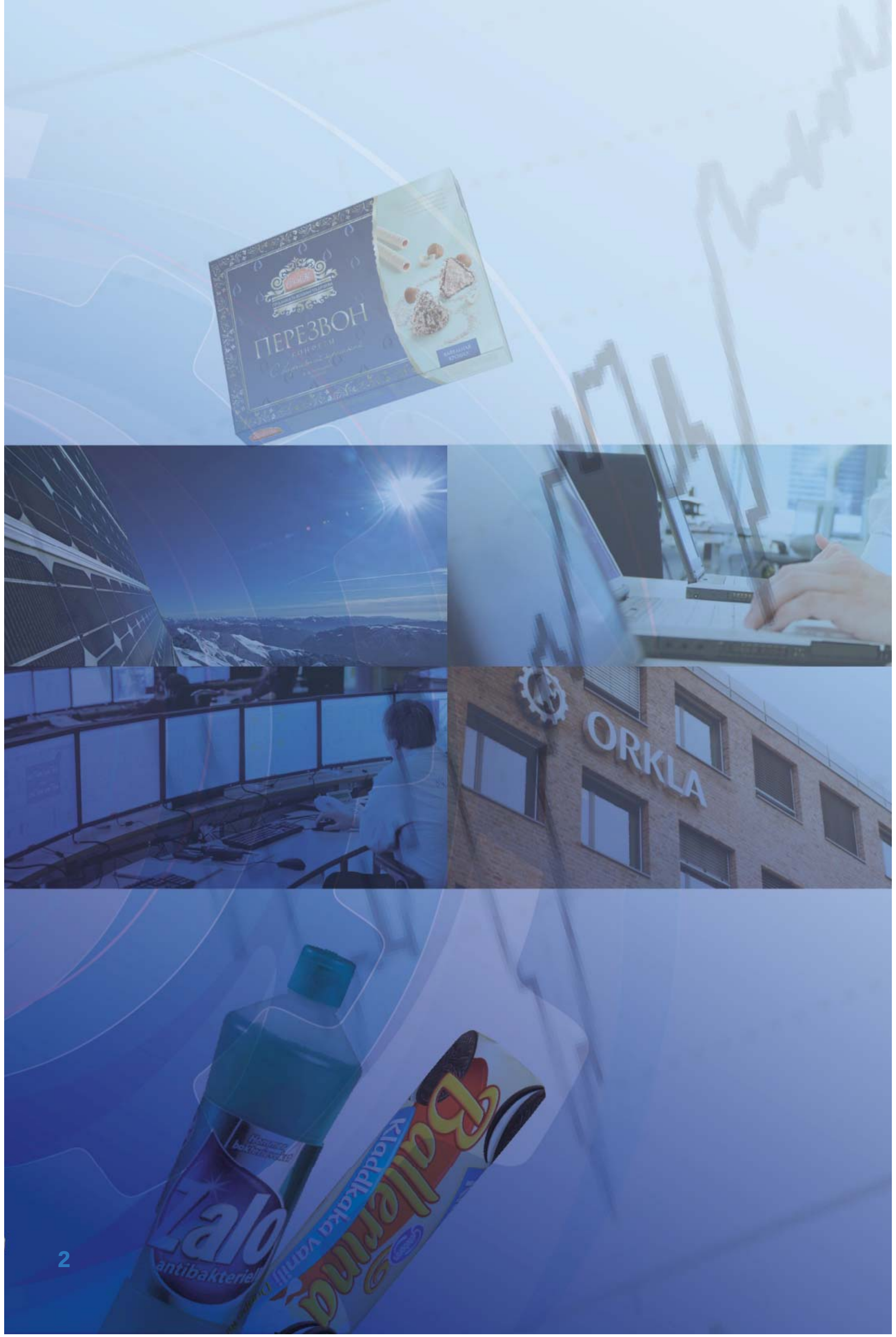
ORKLA

First quarter results 2011

Oslo, 5 May 2011



Agenda

- Highlights Q1-11
  Bjørn M. Wiggen, CEO
- Orkla Brands
  Torkild Nordberg, CEO Orkla Brands
- Sapa
  Tim Stubbs, CEO Sapa

Delivering on strategy

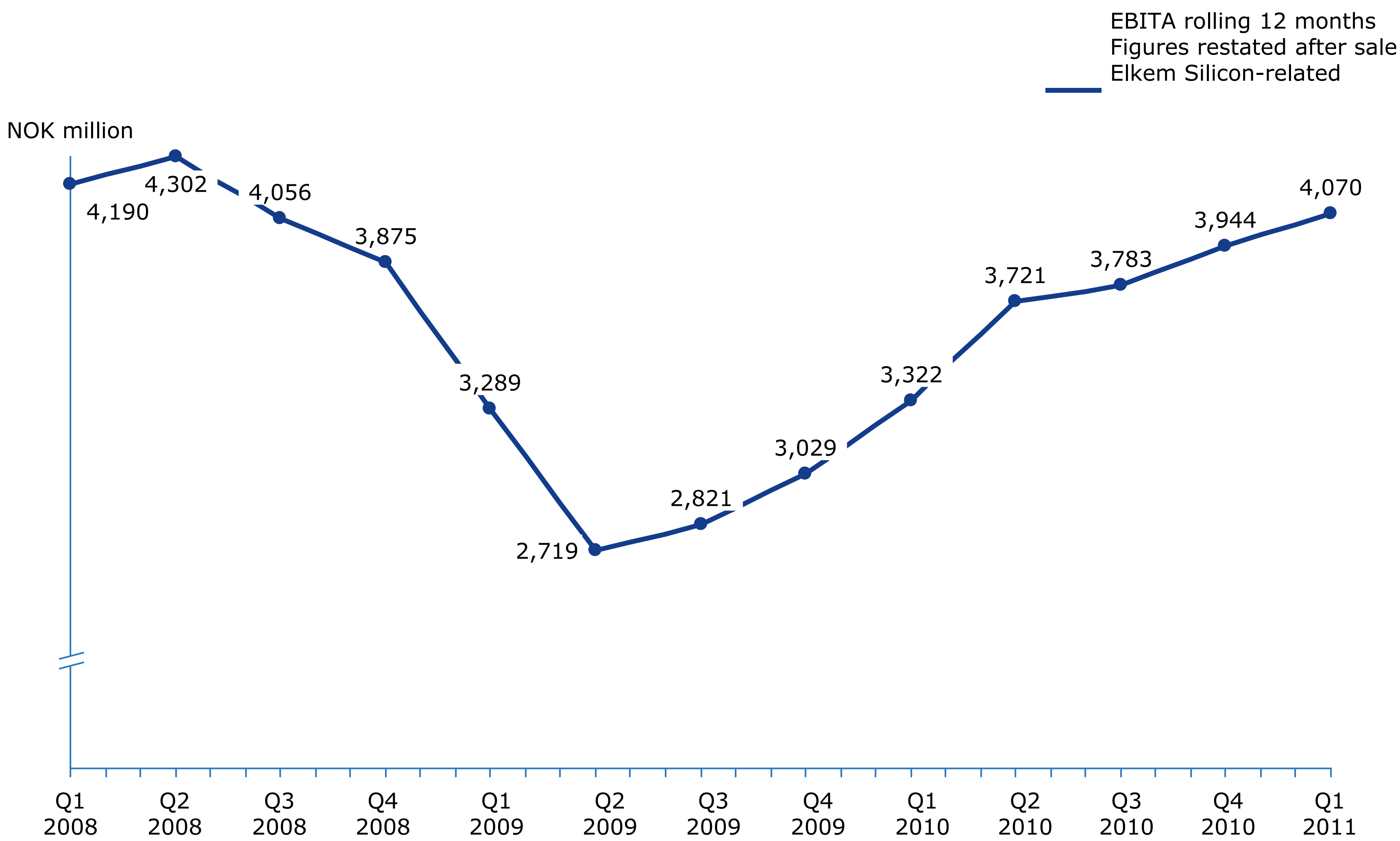
1. A more focused Orkla – sale of Elkem to Bluestar closed on 14 April 2011

2. Allocate capital to Orkla Brands and Sapa
   - Sapa Chalco JV, China
   - Sapa's purchase of factory from Alufit, India
   - MTR Foods acquisition of Rasoi Magic Foods, India

3. Strong balance sheet and financial flexibility

Sale of Elkem to Bluestar
Agreement of 10 January, closed on 14 April

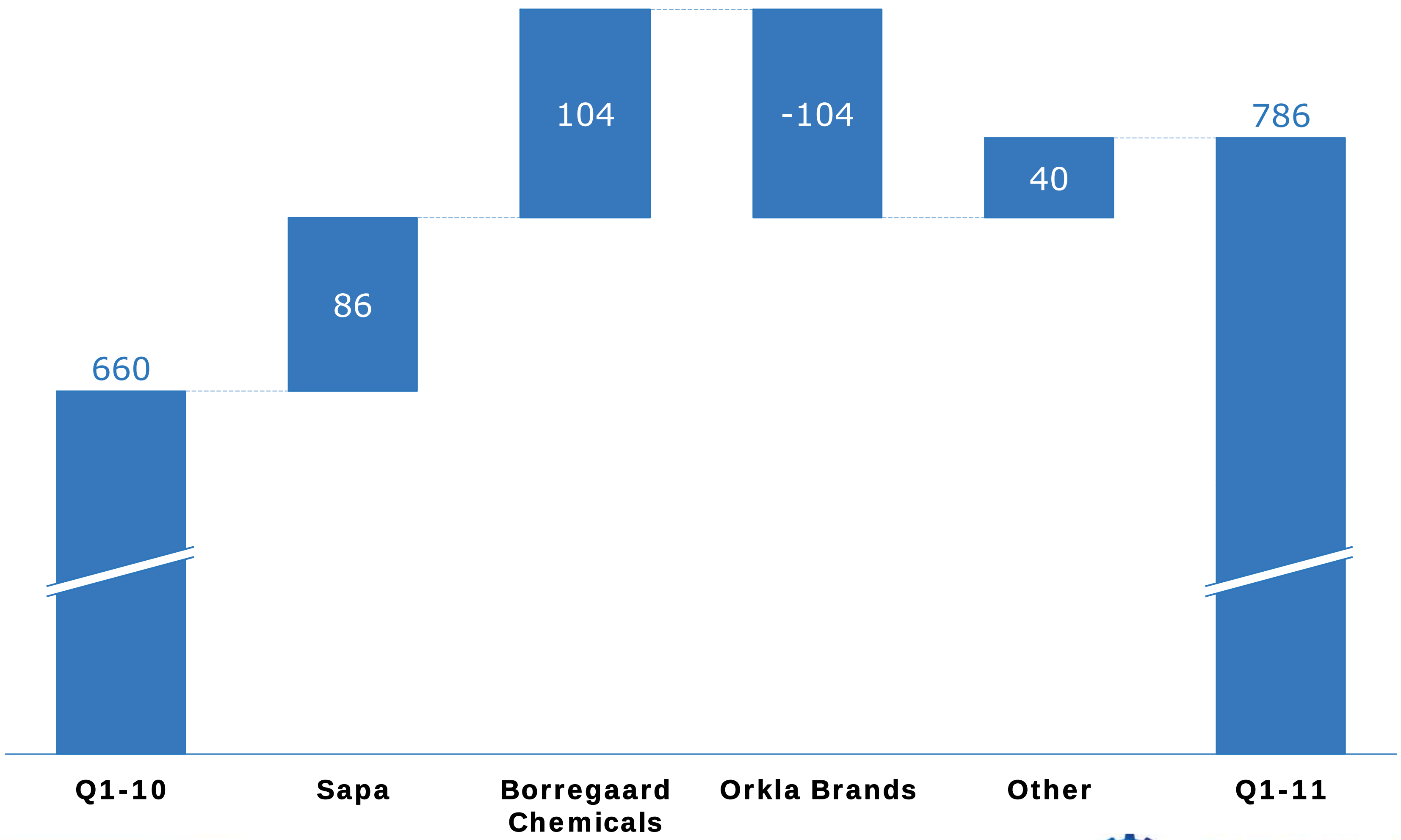
Continued profit growth



Highlights Q1-11

- Growth in operating revenues (15%) and EBITA (19%) for the Orkla group
- Stable underlying performance for the Orkla Brands FMCG companies in the Nordics
  - Russian results hampered by significant increase in input costs and negative one-off effects
- Volume- and profit growth for Sapa
  - Satisfactory development for Profiles in North America
  - Mixed development for Profiles in Europe
- Strong markets and results for Borregaard Chemicals

Change in EBITA from Q1-10 to Q1-11



Group income statement

Amounts in mill. NOK

	Q1 2011	Q1 2010	Change
Operating revenues	**15 000**	**13 094**	15 %
EBITA	**786**	**660**	19 %
Amortisation intangibles	-7	-10	
Other revenues and expenses	-66	27	
EBIT	**713**	**677**	
Associates	920	-4 484	
Dividends	84	138	
Gains and losses/write-downs Investment Portfolio	361	339	
Net financial items	- 118	- 82	
Profit before tax	**1 960**	**-3 412**	
Tax expenses	-219	-193	
Profit for the period continuing operations	**1 741**	**-3 605**	
Discontinued operations	**1 213**	**- 7**	
Profit for the period	**2 954**	**-3 612**	
Minority interests' share of the profit/loss for the period	2	8	
Majority interests' share of the profit/loss for the period	2 952	-3 620	
Earnings per share diluted (NOK)	2,9	-3,6	

Investments

Borregaard – Strong markets

- Strong demand and high prices for speciality cellulose
- Lignin volume + 8% from Q1-10; stronger markets and increased efforts in some segments
- Improved performance for Fine Chemicals, sale of Borregaard Italia completed in March

Amounts in NOK million

Operating revenues	**Q1-11**	**Q1-10**	**Change**
Borregaard Chemicals	1 032	913	13 %

EBITA	**Q1-11**	**Q1-10**	**Change**
Borregaard Chemicals	134	30	
EBITA-margin %	13,0	3,3	

ORKLA

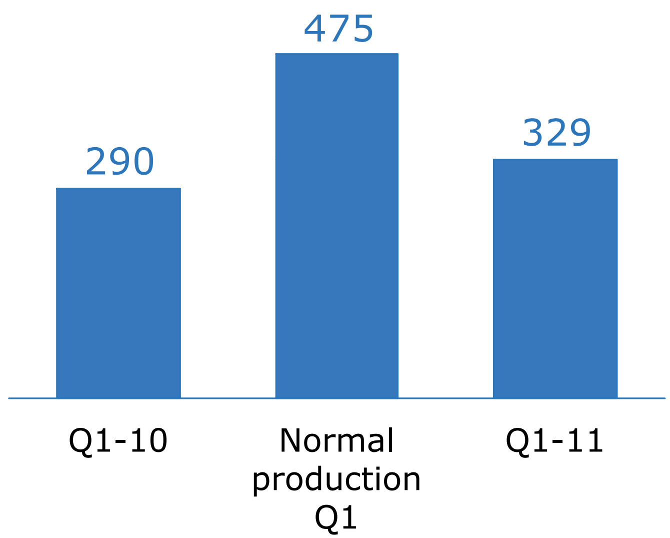
Hydro Power – Extraordinarily low inflow and production

- Production for Sauda up from the record low Q1-10, however production significantly lower than normal Q1 level
- Higher maintenance costs for Sauda in 2011 and 2012
- Borregaard Energy: Lower production and terminated access to contract power

Amounts in NOK million

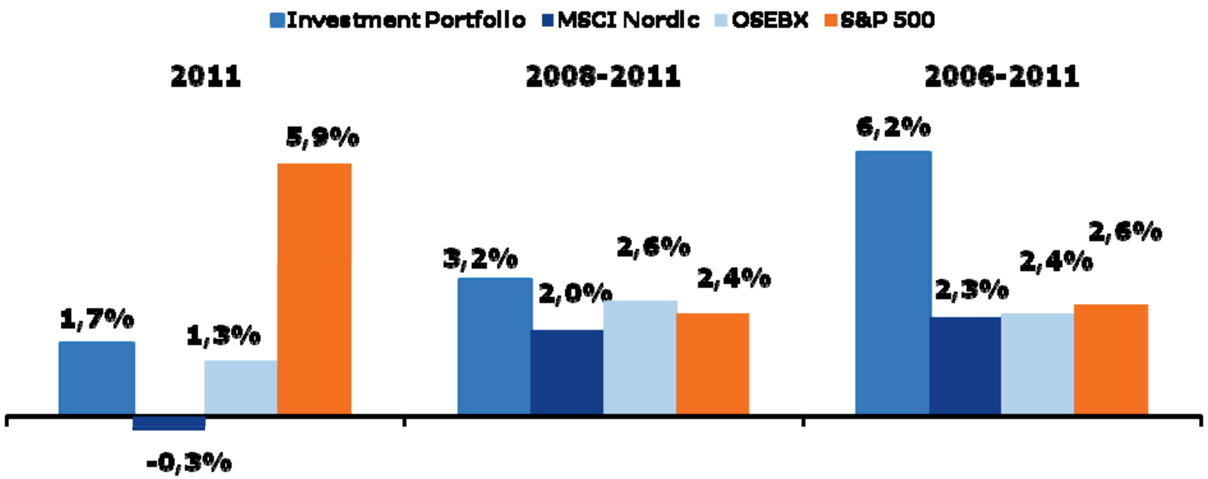
EBITA	Q1-11	Q1-10	Change
Hydro Power	- 13	- 14	7 %

Production for Hydro Power in GWh



ORKLA

Investment Portfolio



- Return on Investment Portfolio in Q1 2011 + 1.7%
- Market value of the Investment Portfolio NOK 11.1 billion

ORKLA

Amounts in NOK million

Jotun	2010	2009	Change
Revenues	12 003	11 219	7 %
EBIT	1 343	1 157	16 %
Profit/loss before tax	1 304	1 096	19 %

REC	Q1-11	Q1-10	Change
Revenues	4 109	2 360	74 %
EBITDA	1 449	415	
EBIT	772	-125	
Profit/loss before tax	-84	730	

For more information: www.jotun.com

For more information: www.recgroup.com

Short-term outlook

- A stable trend in the Nordic grocery market is expected for Orkla Brands
  - Rising prices in the raw material markets; however Orkla Brands aims offset higher costs by increasing prices during the year

- Sapa expects continued growth in all markets, with the exception of the building and construction sector
  - Growing order intake and positive outlook for Heat Transfer
  - Profiles demand still significantly below normal

- Borregaard: Favourable market conditions; however high input cost and weaker USD will have a negative impact

ORKLA

Save the date:

Orkla Investor Day

in London on 14 September 2011

Speakers:

CEO Orkla ASA
Bjørn Wiggen

CEO Sapa
Tim Stubbs

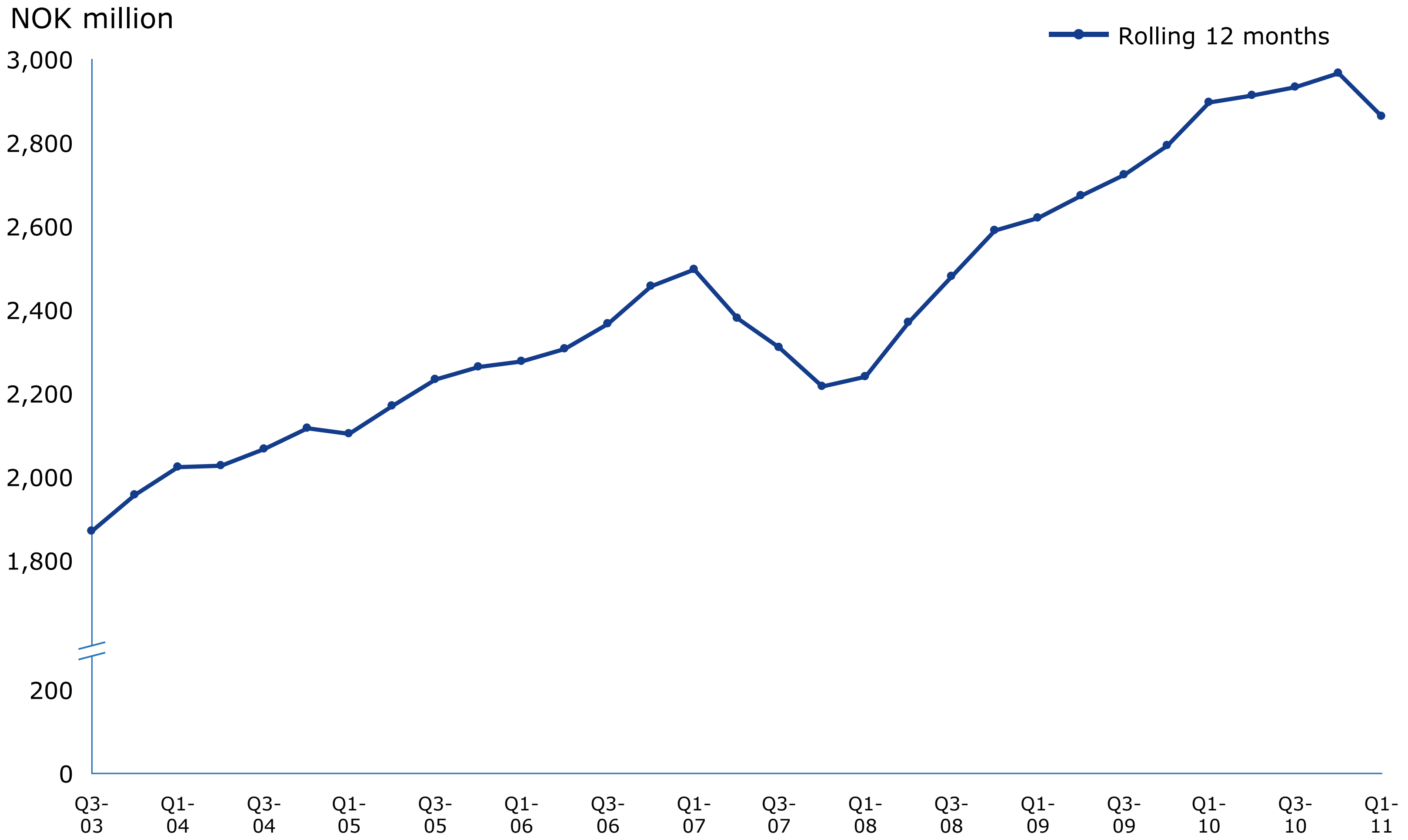
CEO Orkla Brands
Torkild Nordberg

CEO Jotun
Morten Fon

Orkla Brands

Torkild Nordberg, CEO Orkla Brands

Rolling 12 months EBITA Orkla Brands



ORKLA

Stable in the Nordics, weak in Russia

- Satisfactory performance from the Nordic FMCG companies
  - Negative Easter effects (NOK ~40 million)
  - Underlying margin in line with last year
  - Strong performance for Stabburet, Procordia and Axellus in particular
- Weak results for the Russian confectionery companies
  - Restructuring- and one-off costs
  - Strong increase in raw material prices and other input costs
- Overall increase in market shares

Operating revenues	Q1-11	Q1-10	Change
Orkla Brands	**5 714**	**5 403**	6 %
Orkla Foods Nordic	2 213	2 190	1 %
Orkla Brands Nordic	1 937	1 949	-1 %
Orkla Brands International	445	412	8 %
Orkla Food Ingredients	1 192	916	30 %
Eliminations Orkla Brands	- 73	- 64	

Operating profit - EBITA	Q1-11	Q1-10	Change
Orkla Brands	**520**	**624**	-17 %
Orkla Foods Nordic	186	194	-4 %
Orkla Brands Nordic	363	385	-6 %
Orkla Brands International	- 63	0	
Orkla Food Ingredients	34	45	-24 %
EBITA margin (%)	**9,1**	**11,5**	

Orkla Brands Russia - facts

- Confectionery market leader in Northwest Russia and the Ural region
- Revenues : NOK 1.4 billion
- House brands:

2005 *2006* *2009* *2009* *2010*

- Volume (tons): 63 000
- Factories: 4
- Man-years: 3 350
- "SladCo" brand awarded the gold medal for THE BEST BRAND / EFFIE 2010

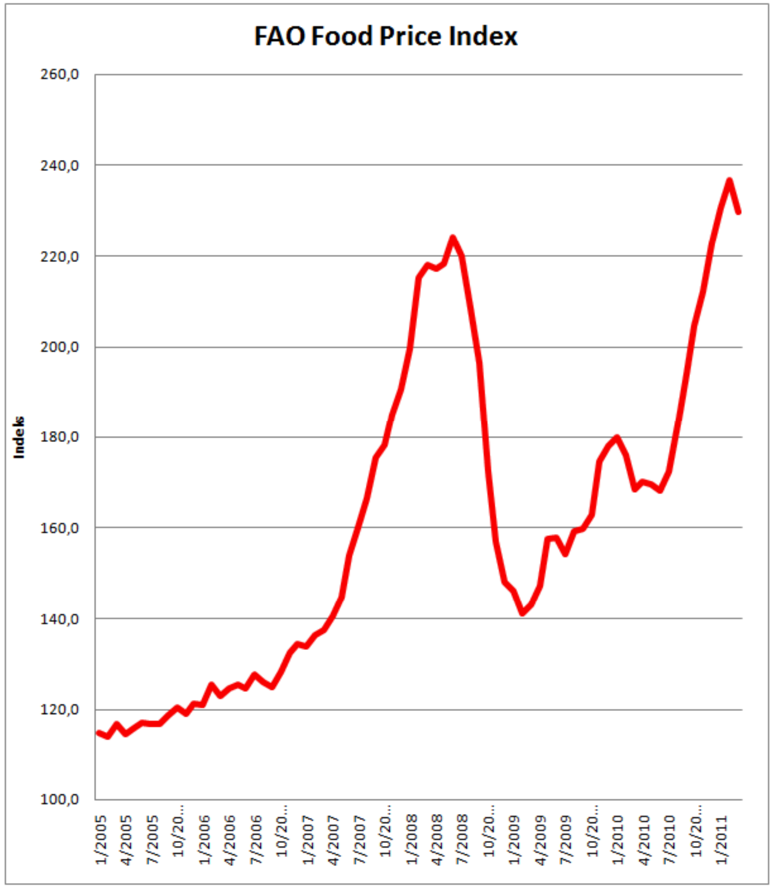
Restructuring in Russia to improve competitiveness

- Restructuring of the Russian chocolate and confectionery companies Krupskaya and SladCo to form Orkla Brands Russia
- Combining the best of both organisations to improve their competitive position in a demanding Russian market
  - Sales portfolio optimisation
  - Production structure optimisation
- Improvement of cost base through synergy realisation
- Further price increases as of March-April

ORKLA

Considerable increase in raw material prices

- High uncertainty in the raw material markets, with significant price increases
- Rising prices largely compensated for by corresponding price adjustments
  - Certain lag effects



ORKLA

Overall increase in market shares

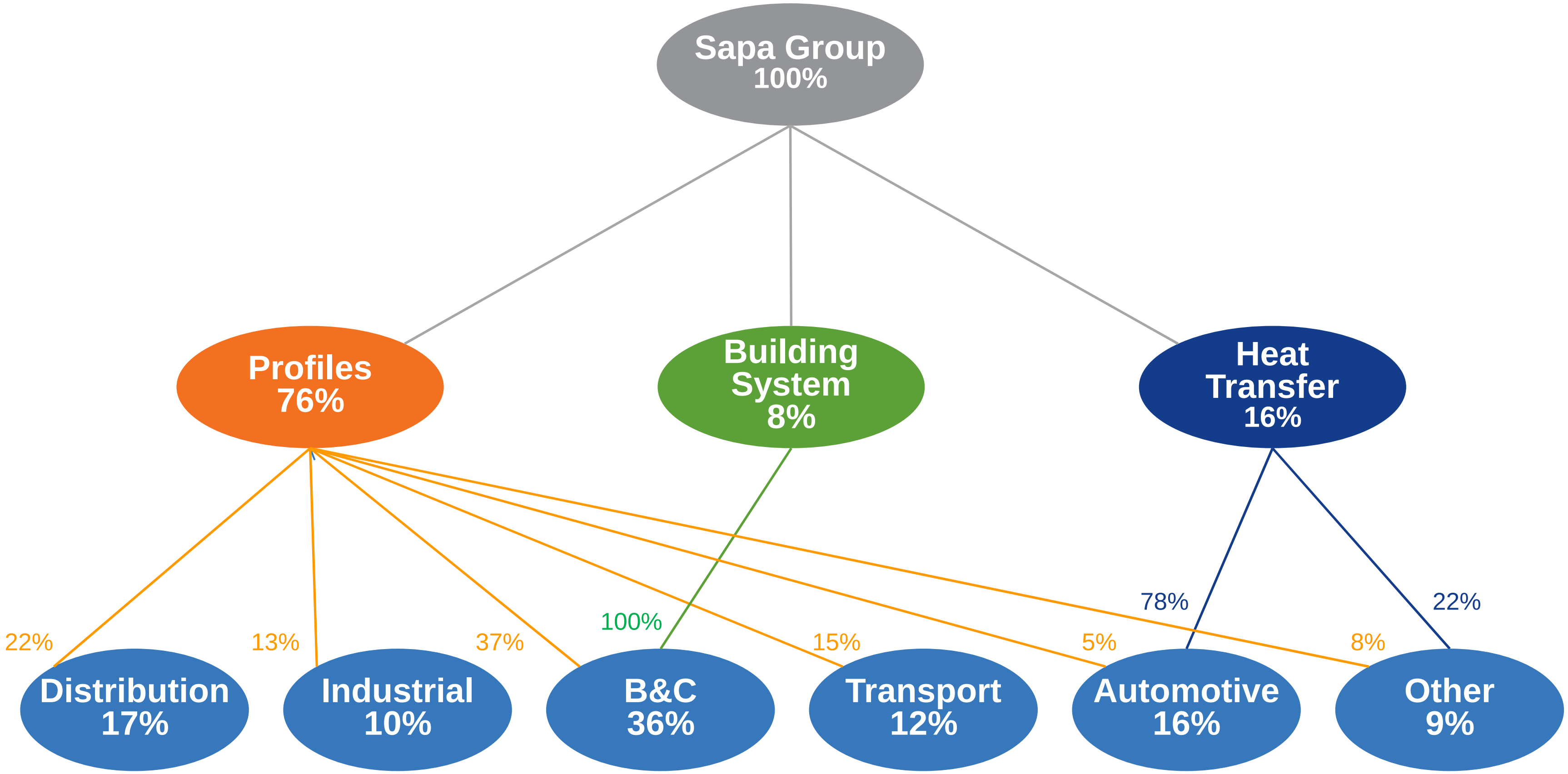
ORKLA

Sapa

Tim Stubbs, CEO Sapa

Sapa is exposed to a large number of end-use markets

Sales Split per Business Area & End-Use Market 2010



Most of the underlying markets are expected to develop favourably in 2011

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

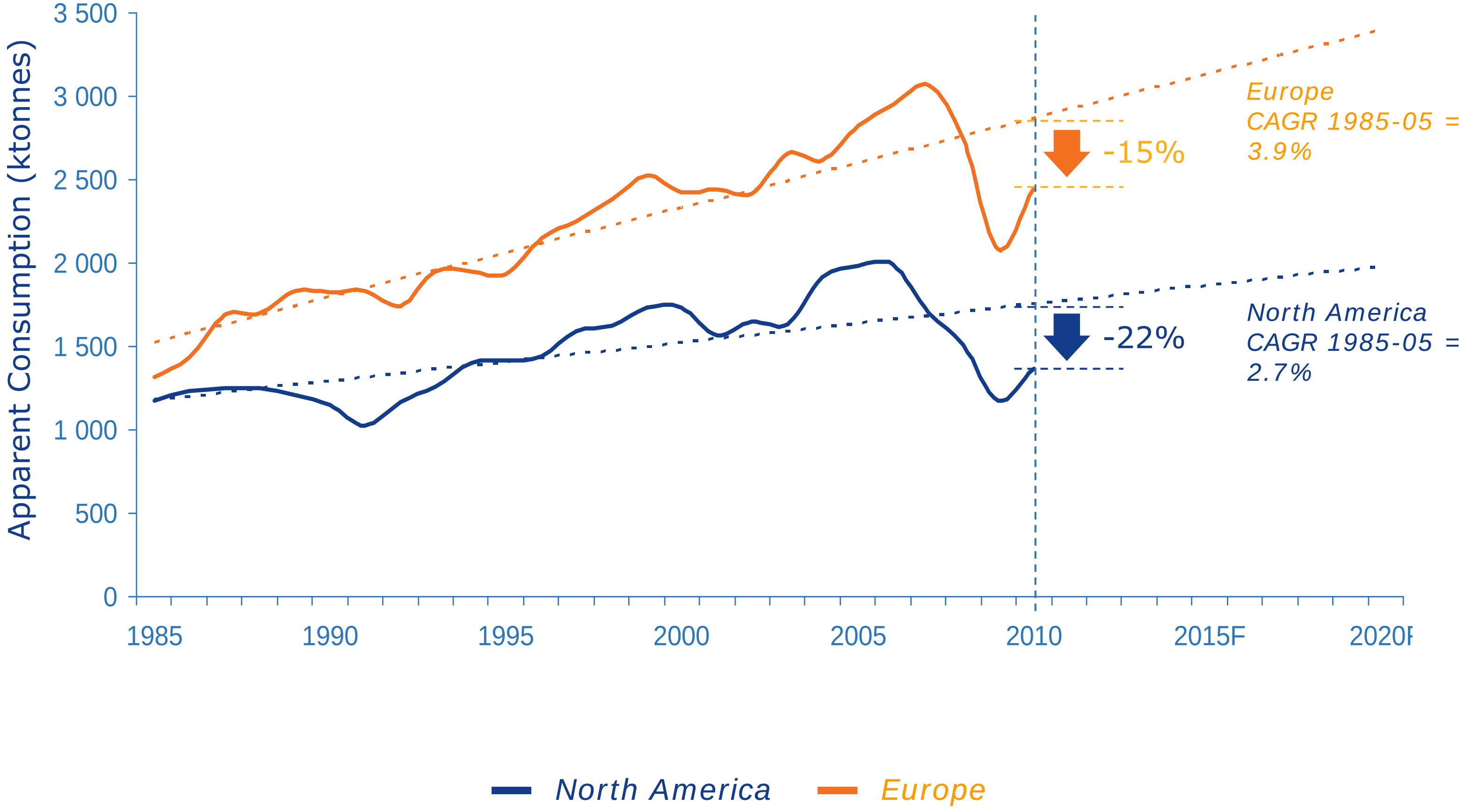
	Distribution	Industrial	Com. B&C	Res. B&C	Transport	Automotive
North America	↗ 3% to 8%	↗ 2% to 5%	↓ -5% to -10%	↑ 10% to 15%	↑ 35% to 40%	↑ 10% to 15%
Europe	↗ 2% to 5%	↗ 2% to 5%	↘ 0% to -5%	↗ 0% to 5%	↑ 10% to 15%	↗ 0% to 5%
China	N/A	↑ 10% to 15%	↑ 10% to 15%	N/A	↑ 5% to 10%	↑ 10% to 15%

ORKLA

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

However, market volumes for Profiles were still 15-22% below mid-cycle levels in 2010

Apparent Aluminium Extrusion Consumption 1985 to 2020F



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

Volume growth and profit improvement

- Share gain in both Profiles North America and Europe with volume up 18% Y-o-Y
- Profiles NA continuing to benefit from restructured cost base
- Mixed development for Profiles in Europe
  - Weak markets in Southern Europe
  - Margins impacted by B&C mix
  - Actions to optimise plant and cost structure
- Satisfying market for Heat Transfer, while Building System is still operating in very weak business conditions

Amounts in NOK million

Operating Revenues	Q1-11	Q1-10	Change
Sapa	**7 882**	**6 120**	**29 %**
Profiles	6 168	4 827	28 %
Heat Transfer and Building System	1 941	1 481	31 %
Eliminations	- 227	- 188	

EBITA	Q1-11	Q1-10	Change
Sapa	**215**	**129**	67 %
Profiles	119	43	177 %
Heat Transfer and Building System	96	86	12 %
EBITA margin (%)	2,7	2,1	

ORKLA

Sapa's Asian expansion on track

China

- 50/50 JV with Chalco, with Sapa having management control
- Initially the JV will source profiles from Chalco
- A green-field NOK 550 million plant will be established with production scheduled to start in 2013
- Sapa will contribute with equipment, know-how, and limited cash
- Agreement reached on all major items and signed on 8 April 2011

India

- On 4 March 2011, Sapa Profiles signed an agreement with Alufit (India) Pvt Ltd, to buy Alufit's assets related to its aluminium extrusion business
- The plant was built in 2009 and is an integrated one-press extrusion facility with both powder coating and anodizing capabilities,
- The annual capacity is currently 9,000 tonnes

Q&A

- Bjørn M. Wiggen, CEO
- Terje Andersen, CFO
- Torkild Nordberg, CEO Orkla Brands
- Tim Stubbs, CEO Sapa

Appendix

Cash flow as of 31 Mar 2011

	31.03.2011	31.03.2010
Industry division:		
Operating profit	713	716
Amortisations, depreciations and write-downs	477	436
Changes in net working capital	-1 254	- 988
Net replacement expenditure	- 373	- 265
Cash flow from operations	**- 437**	**- 101**
Financial items, net	- 122	- 85
Cash flow from Industry division	**- 559**	**- 186**
Cash flow from Financial Investments	**356**	**257**
Taxes paid	- 187	- 163
Discontinued operations and other payments	- 773	- 77
Cash flow before capital transactions	**-1 163**	**- 169**
Paid dividends	- 3	- 2
Net purchases/sale of Orkla shares	18	10
Cash flow before expansion	**-1 148**	**- 161**
Expansion investment in Industry division	- 229	- 100
Sale of companies/shares of companies	0	0
Purchase of companies/share of companies	- 351	- 103
Net purchases/sale of portfolio investments	630	389
Net cash flow	**-1 098**	**25**
Currency effects of net interest-bearing liabilities	86	- 38
Change in net interest-bearing liabilities	**1 012**	**13**
Net interest-bearing liabilities	**20 664**	**19 861**

ORKLA

Balance sheet as of 31 Mar 2011

Amounts in NOK million

	31.03.2011	31.12.2010
Intangible assets	12 799	12 960
Property, plant and equipment	17 845	17 730
Financial assets	11 752	10 985
Non-Current assets	**42 396**	**41 675**
Assets in discontinued operations	-	13 891
Inventories	7 582	7 102
Receivables	25 335	10 380
Investment Portfolio etc.	11 113	11 674
Cash and cash equivalents	2 378	2 819
Current assets	**46 408**	**31 975**
Total assets	**88 804**	**87 541**
Paid-in equity	2 000	1 999
Earned equity	47 050	44 567
Minority interests	303	365
Equity	**49 353**	**46 931**
Provisions	3 818	4 081
Non-current interest-bearing liabilities	21 204	21 820
Current interest-bearing liabilities	2 472	1 380
Liabilities in discontinued operations	-	2 544
Other current liabilities	11 957	10 785
Equity and liabilities	**88 804**	**87 541**
Equity to total assets ratio	55.6%	53.6%

ORKLA

Largest holdings in the Investment Portfolio as of 31 March 2011

Amounts in NOK million

Principal holdings	Industry	Market value	Share of portfolio (%)	Share of equity (%)
Tomra Systems	Industrials	1 035	9%	15.5 %
Amer Sports	Consumer Discretionary	447	4%	5.2 %
Kongsberg Gruppen	Aerospace & Defence	413	4%	2.3 %
Enter Select*	Fund	369	3%	0.0 %
Ekornes	Consumer Discretionary	317	3%	5.8 %
Elekta B	Health Care Equipment	309	3%	1.5 %
Schibsted	Consumer Discretionary	308	3%	1.8 %
DnB NOR ASA	Financials	301	3%	0.2 %
Oslo Børs VPS Holding ASA	Financials	298	3%	8.2 %
East Cap. Power Utilities	Utilities	262	2%	27.0 %
Total principal holdings		4 061	36%	
Market value of entire portfolio		**11 105**		

* Orkla owns 50% of the shares in the management company Enter Asset Management AB

ORKLA

Currency translation effects

Revenues	Q1-11
Orkla Brands	39
Sapa	-57
Borregaard	-2
Total	**-20**

EBITA	Q1-11
Orkla Brands	7
Sapa	-7
Borregaard	0
Total	**0**

ORKLA

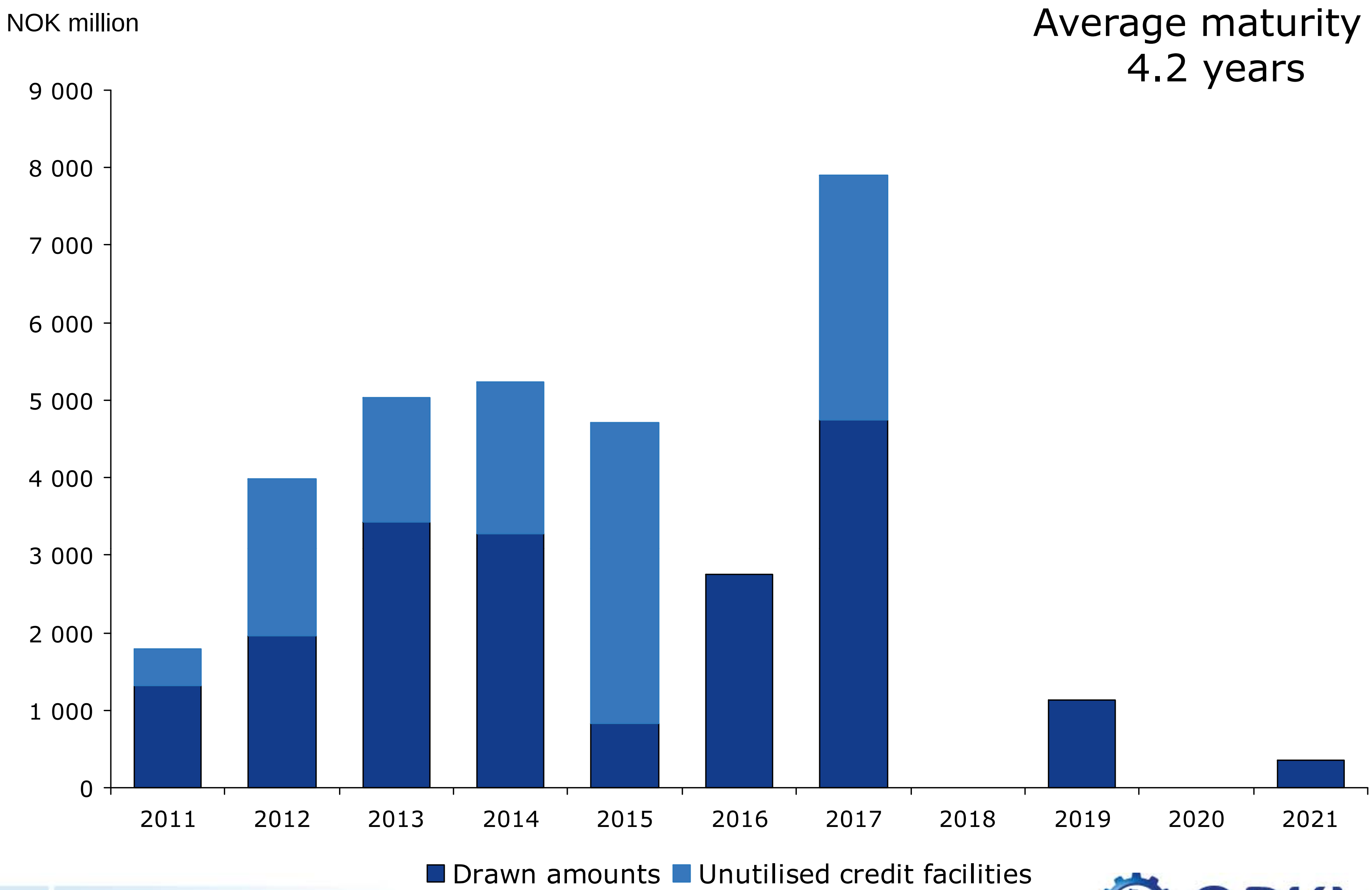
Financial items

Net financial items

Amounts in NOK million

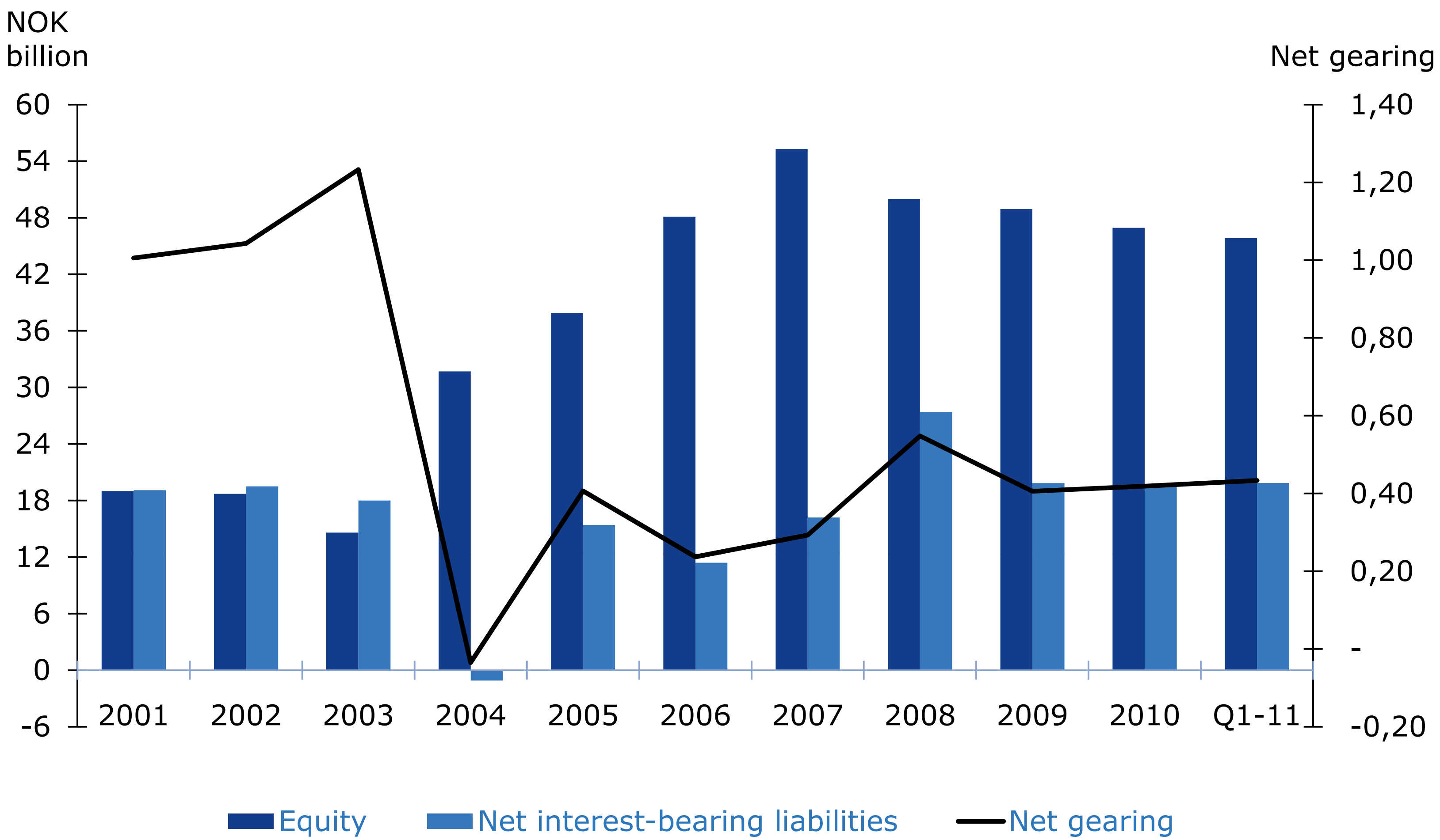
	Q1-11	Q1-10	Full year 2010
Net interest expenses	-87	-44	-242
Currency gain/loss	0	-7	-12
Other financial items, net	-31	- 31	- 73
Net financial items	**-118**	**-82**	**-327**

Debt maturity profile

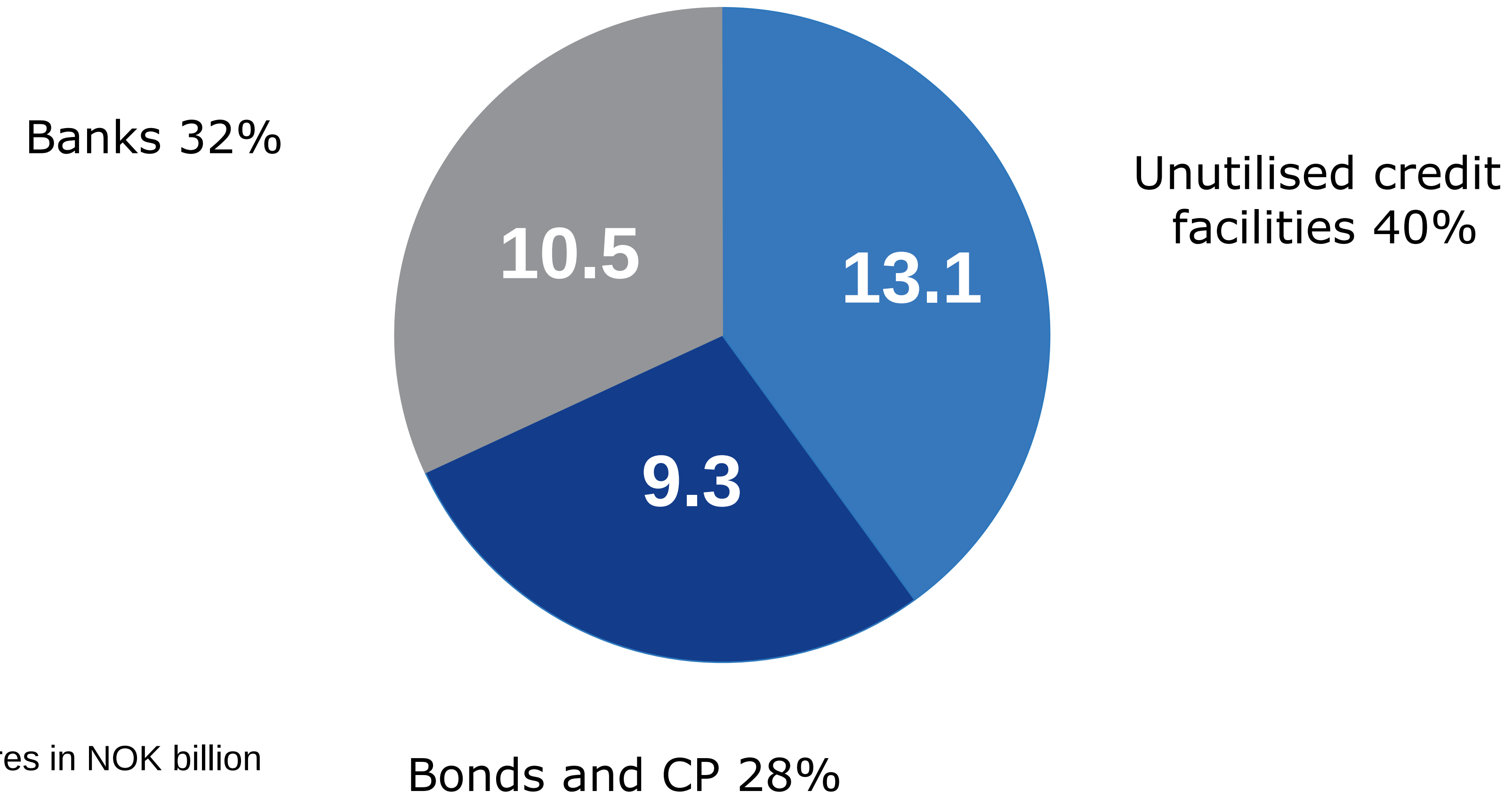


ORKLA

Net gearing 0.42 as of Q1-11



Funding Sources



Figures in NOK billion

ORKLA