



Second quarter results 2010

Oslo, 21 July 2010





Agenda

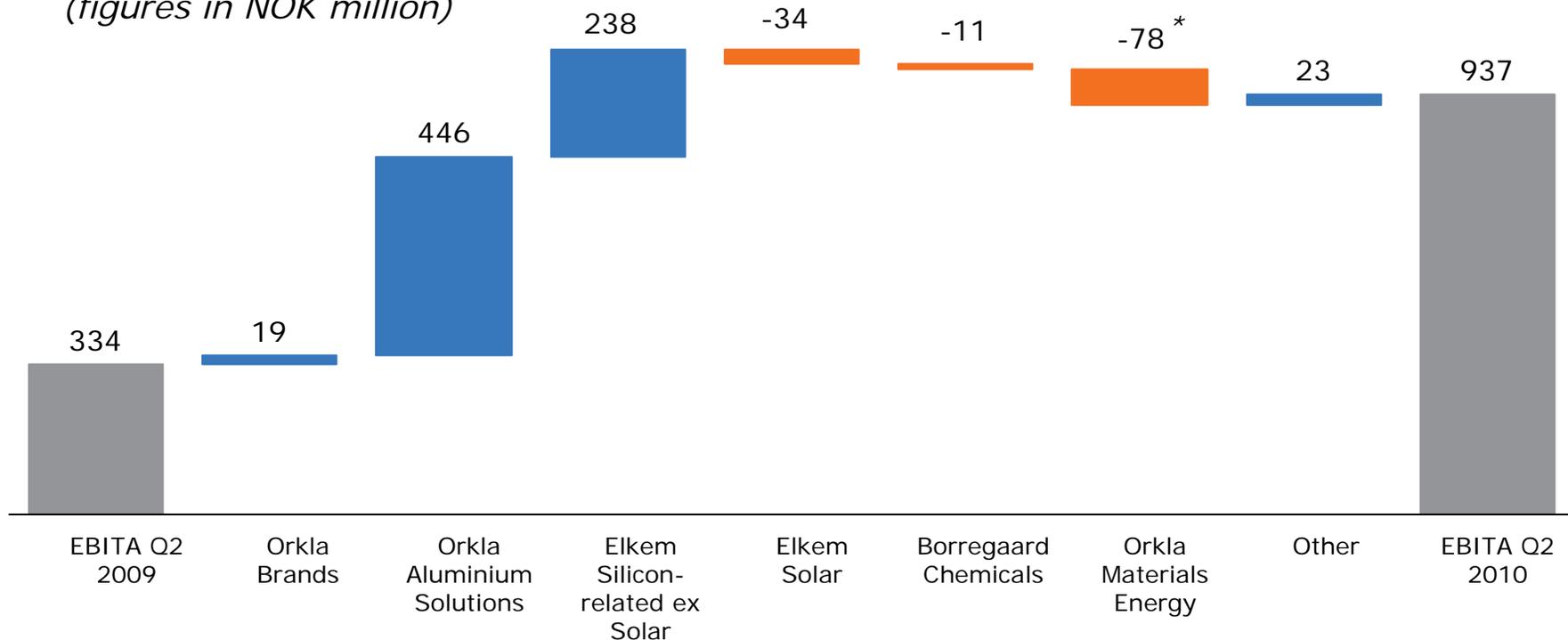
- Highlights for the Orkla Group
Dag J. Opedal, CEO
- Operational and financial performance by business area
Terje Andersen, CFO

Highlights second quarter 2010

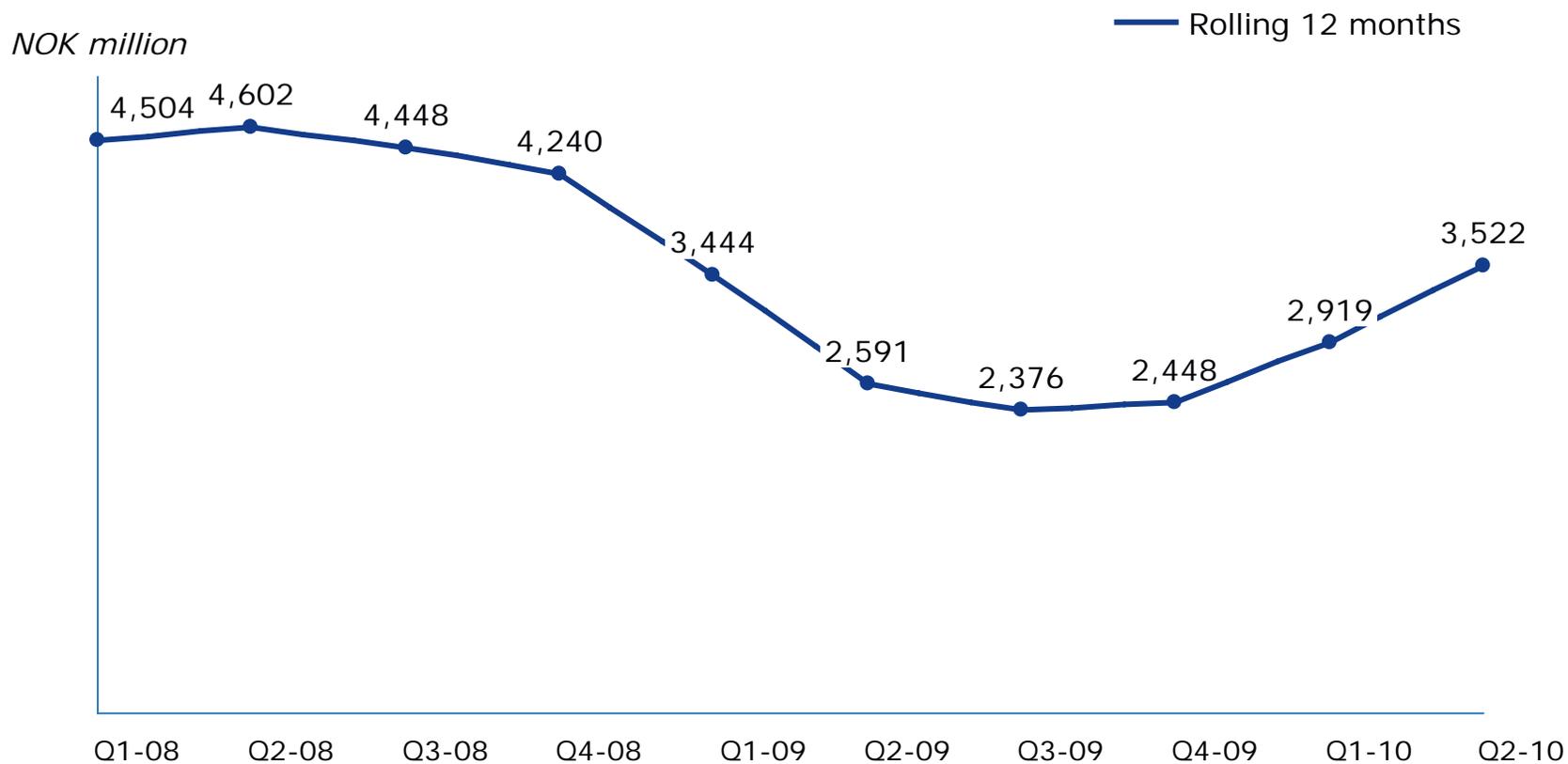
- Profit improvement for all business areas vs. weak Q2-09
 - Continued profit growth for Orkla Brands and Jotun (42.5%)
 - EBITA turnaround and recovering markets for Sapa
 - Strong demand and higher prices for Elkem Silicon-related
 - Return on Share Portfolio well above benchmark
+ 9.3% in first half vs. MS Nordic Index + 5.9%
- Cyclical upturn supports revenue growth (+ 17%)
- REC write-down to NOK 15.61 per share as of 30 June 2010

Strong EBITA improvement vs. weak Q2-09

EBITA performance from Q2-09 to Q2-10
(figures in NOK million)



Continued EBITA improvement



Short-term outlook

- Overall stable retail markets for Orkla Brands
 - Signs of rising raw material prices in some markets
 - Demanding market conditions in Russia
- Holiday season will impact results for Orkla Aluminium Solutions in Q3
- High capacity utilisation and improved prices in second half for the silicon-related operations
- Continued low reservoir levels will impact negatively on results in Orkla Materials Energy in Q3
- Orkla's business portfolio well positioned for value creation



Operational and financial performance by business area

Terje Andersen, CFO

Group income statement

Amounts in NOK million

	Q2-10	Q2-09	Change
Operating revenues	16 002	13 652	17%
EBITA	937	334	181%
Amortisation intangibles	-15	-50	
Other revenues and income	-188	-10	
EBIT	734	274	
Associates	-2 908	- 210	
Dividends	251	180	
Gains and losses/write-downs Share Portfolio	248	228	
Net financial items	- 114	- 190	
Profit/loss before tax	-1 789	282	
Tax expenses	-238	-39	
Profit/loss for the period	-2 027	243	
Profit/loss attributable to non-controlling interests	31	- 12	
Profit/loss attributable to owners of the parent	-2 058	255	
Earnings per share diluted (NOK)	-2.0	0.3	

Cash flow as of 30 June 2010

Amounts in NOK million

30.06.2010 30.06.2009

Industry division:		
Operating profit	1 603	495
Amortisations, depreciations and write-downs	1 287	1 283
Changes in net working capital	-2 155	304
Net replacement expenditure	- 730	- 630
Cash flow from operations	5	1 452
Financial items, net	- 310	- 815
Cash flow from Industry division	- 305	637
Cash flow from Financial Investments	592	645
Taxes paid and other payments	- 331	-1 451
Paid dividends and purchases of Orkla shares	-2 181	-2 169
Net expansion	-2 350	746
Net cash flow	-4 575	-1 592
Net interest-bearing liabilities	24 786	27 903
Equity ratio	47.3%	50.0%
Net gearing	0.60	0.59



Orkla Brands

Stable long-term profit trend

12 months rolling EBITA



Profit growth in second quarter

- EBITA +3% compared with Q2 last year
 - Some negative Easter effects
 - Underlying growth in line with Q1
- Margin improvement
 - Market shares maintained
- Ongoing cost improvement programmes on track
- Demanding market conditions in Russia
- Still challenging market conditions for Bakers

Amounts in NOK million

Operating revenues	Q2-10	Q2-09	Change
Orkla Brands	5 440	5 663	-4 %
Orkla Foods Nordic	2 262	2 436	-7 %
Orkla Brands Nordic	1 832	1 877	-2 %
Orkla Brands International	428	460	-7 %
Orkla Food Ingredients	980	972	1 %
Eliminations Orkla Brands	- 62	- 82	

Operating profit - EBITA	Q2-10	Q2-09	Change
Orkla Brands	657	638	3 %
Orkla Foods Nordic	278	279	0 %
Orkla Brands Nordic	330	295	12 %
Orkla Brands International	- 15	4	-475 %
Orkla Food Ingredients	64	60	7 %
EBITA margin (%)	12,1	11,3	

Examples of organic growth in Q2 2010





Orkla Aluminium Solutions

The market is recovering, with the exception of Building and Construction

- Satisfactory results in seasonally strong quarter
 - Mainly driven by strengthening volumes and implemented cost reductions
- Improved market position in several segments
- Asia expansion continues
- Negative impact on results in Q3 due to holiday season

Amounts in NOK million

Operating Revenues	Q2-10	Q2-09	Change
Orkla Aluminium Solutions	7 251	4 904	48%
Sapa Profiles	5 748	3 532	63%
Sapa HT and BS	1 705	1 558	9%
Eliminations	- 202	- 186	

EBITA	Q2-10	Q2-09	Change
Orkla Aluminium Solutions	298	- 148	
Sapa Profiles	201	- 206	
Sapa HT and BS	97	58	67%
EBITA margin (%)	4,1	-3,0	



Orkla Materials

Improved markets for the silicon-related operations throughout H1-10

- Strong demand and higher prices for Elkem Silicon-related
 - Production of 348 MT in Q2
- Elkem Solar in ramp-up phase with high costs and planned production stops
 - Maintenance stop and low production at Sarpsborg plant
- Improved market growth for important product groups at Borregaard
 - Extraordinarily low reservoir levels and production at Sauda (219 GWh in Q2)
- Weak results for Orkla Materials Energy as expected
 -

Amounts in NOK million

Operating revenues	Q2-10	Q2-09	Change
Orkla Materials	3 003	2 714	11%
Elkem Siliconrelated	1 980	1 587	25%
Borregaard Chemicals	937	931	1%
Orkla Materials Energy	125	230	-46%
Elimination Orkla Materials	- 39	- 34	

EBITA	Q2-10	Q2-09	Change
Orkla Materials	61	- 54	
Elkem Silicon-related excl. Solar	207	- 31	
Elkem Solar	- 197	- 163	-21%
Borregaard Chemicals	31	42	-26%
Orkla Materials Energy	20	98	-80%



Orkla Associates and Orkla Financial Investments

REC (39.7%)

- Strong demand in Q2

- Improved operations in all divisions
- Ramp-up in Singapore is progressing well
- Reference is made to www.recgroup.com

REC	Q2-10	Q2-09	Change
Revenues	2 758	2 280	21 %
EBITDA	455	250	82 %
EBIT	-146	-52	-181 %
Profit/loss before tax	866	-689	226 %



Jotun (42.5%)

– continued profit growth in first tertial

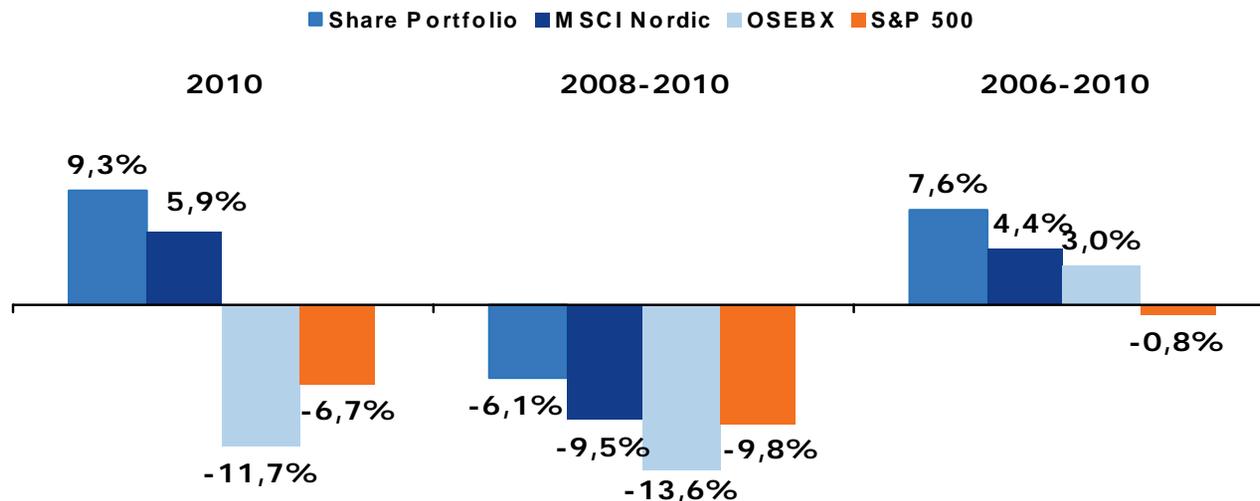
- Strong start to the year
- Profit growth of 32% compared with last year due to cost improvements
- Weaker results expected within shipbuilding and real estate going forward

Amounts in NOK million

Jotun	T1-10	T1-09	Change
Revenues	3 640	3 736	-3 %
EBIT	446	339	32 %
Profit/loss before tax	448	306	46 %



Orkla Financial Investments



- Return on Share Portfolio in H1-10 + 9.3%
- Market value of NOK 11.2 billion for the Share Portfolio
- Orkla has closed down the energy trading business

Welcome to

Sapa Investor Trip

*27-28 September 2010
Budapest, Hungary*



Sapa Profiles Kft. Székesfehérvár, Hungary



Q&A

- Dag J. Opedal, CEO
- Terje Andersen, CFO
- Bjørn Wiggen, EVP
- Torkild Nordberg, EVP

Appendix

Financial calendar

27-28 September 2010

- Sapa Investor Trip, Hungary

28 October 2010

- Third quarter 2010

14 April 2011

- Annual General Meeting 2011

15 April 2011

- Share quoted ex. dividend



Cash flow as of 30 June 2010

Amounts in NOK million

	30.06.2010	30.06.2009
Industry division:		
Operating profit	1 603	495
Amortisations, depreciations and write-downs	1 287	1 283
Changes in net working capital	-2 155	304
Net replacement expenditure	- 730	- 630
Cash flow from operations	5	1 452
Financial items, net	- 310	- 815
Cash flow from Industry division	- 305	637
Cash flow from Financial Investments	592	645
Taxes paid	- 436	-1 445
Other payments	105	- 6
Cash flow before capital transactions	- 44	- 169
Paid dividends	-2 198	-2 169
Net purchases of Orkla shares	17	0
Cash flow before expansion	-2 225	-2 338
Expansion investment in Industry division	- 291	-1 093
Sale of companies/shares of companies	0	0
Purchase of companies/share of companies	-2 563	- 91
Net purchases/sale of portfolio investments	504	1 930
Net cash flow	-4 575	-1 592
Currency effects of net interest-bearing liabilities	- 363	1 113
Change in net interest-bearing liabilities	4 938	479
Net interest-bearing liabilities	24 786	27 903

Balance sheet as of 30 June 2010

Amounts in NOK million

Balance	30.6.2010	31.12.2009
Intangible assets	14 969	14 731
Property, plant and equipment	25 185	24 694
Financial assets	9 891	15 922
Non-Current assets	50 045	55 347
Inventories	8 551	7 531
Receivables	14 622	16 568
Share Portfolio etc.	11 282	11 087
Cash and cash equivalents	3 150	4 153
Current assets	37 605	39 339
Total assets	87 650	94 686
Paid-in equity	1 995	1 995
Earned equity	39 065	46 560
Non-controlling interests	393	370
Equity	41 453	48 925
Provisions	4 166	4 339
Non-current interest-bearing liabilities	26 578	29 042
Current interest-bearing liabilities	3 533	1 746
Other current liabilities	11 920	10 634
Equity and liabilities	87 650	94 686
Equity to total assets ratio	47.3%	51.7%
Net gearing	0.60	0.41

Largest holdings in the Share Portfolio as of 30 June 2010

Amounts in NOK million

Principal holdings	Industry *	Market value	Share of portfolio (%)	Share of equity (%)
Tomra Systems	Industrials	623	5 %	15.3 %
Rieber & Søn	Food & Beverage	507	4 %	16.0 %
XXL Holding AS	Retail	440	4 %	15.5 %
Amer Sports	Consumer Discretionary	410	4 %	5.5 %
Elekta B	Health Care Equipment	381	3 %	2.5 %
Telenor ASA	Telecom operators	312	3 %	0.2 %
Kongsberg Gruppen	Aerospace & Defence	305	3 %	2.3 %
Enter Select	Mutual Fund	297	3 %	0.0 %
AstraZeneca SEK	Pharmaceuticals	285	2 %	0.1 %
Ekomes	Consumer Discretionary	276	2 %	5.8 %
Total principal holdings		3 835	33 %	
Market value of entire portfolio		11 244		

* Based on Gics Level 1

Currency translation effects

Amounts in NOK million

Revenues	Q1-10	H1-10
Orkla Brands	-166	-318
Orkla Aluminium Solutions	-455	-1 084
Elkem	8	-36
Borregaard	-15	-36
Total	-628	-1 474

EBITA	Q1-10	H1-10
Orkla Brands	-15	-23
Orkla Aluminium Solutions	-23	-39
Elkem	3	2
Borregaard	1	2
Total	-34	-58

Appendix: Financial items

Net financial items

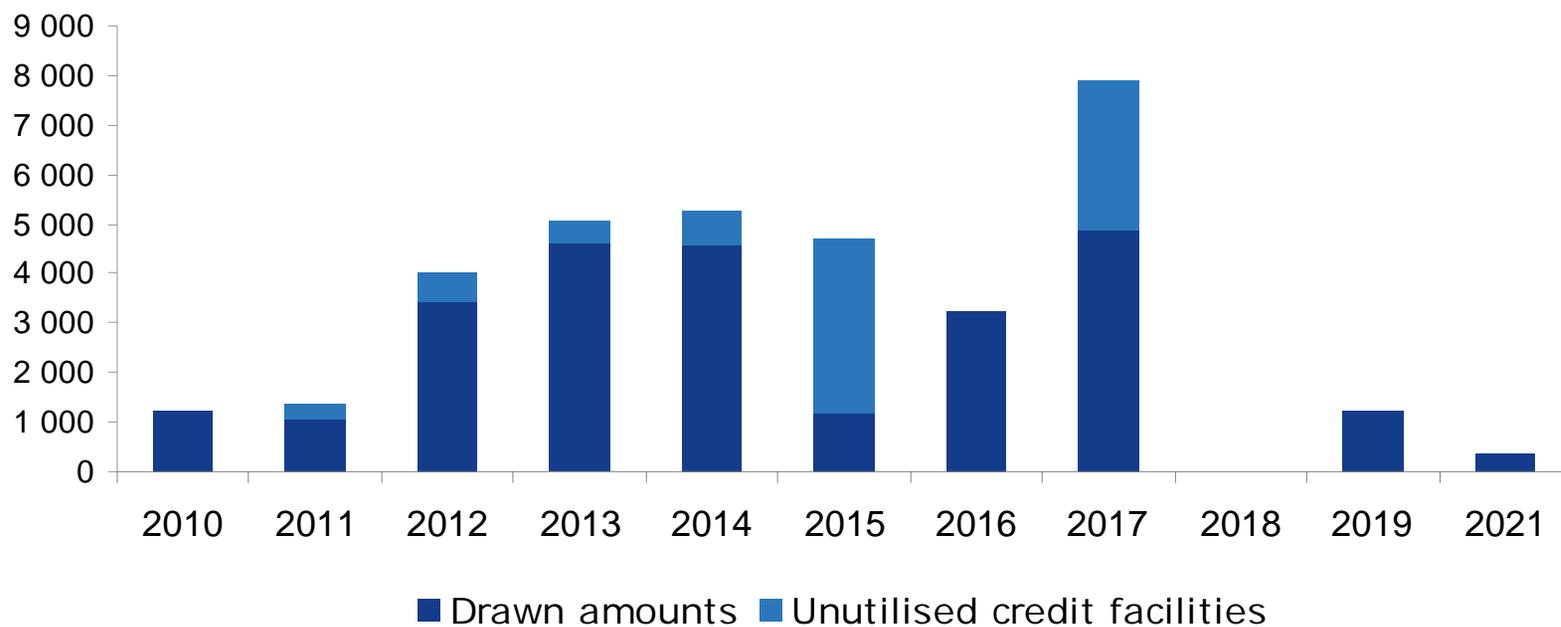
Amounts in NOK million

	Q2-10	Q2-09	Full year 2009
Net interest expenses	-99	-183	-883
Currency gain/loss	9	11	15
Other financial items, net	-24	- 18	- 84
Net financial items	-114	-190	-952

Debt maturity profile

NOK million

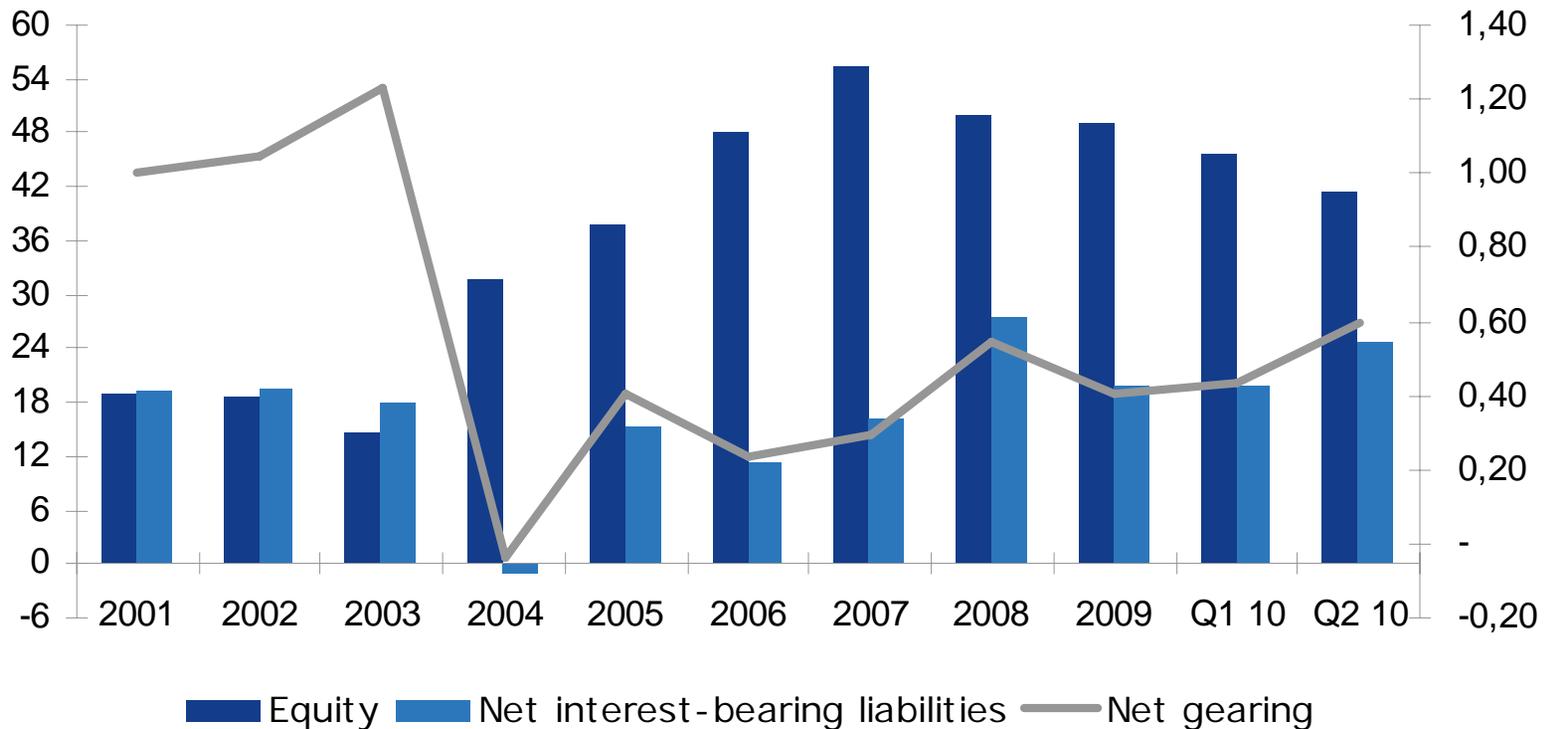
Average maturity
4.7 years



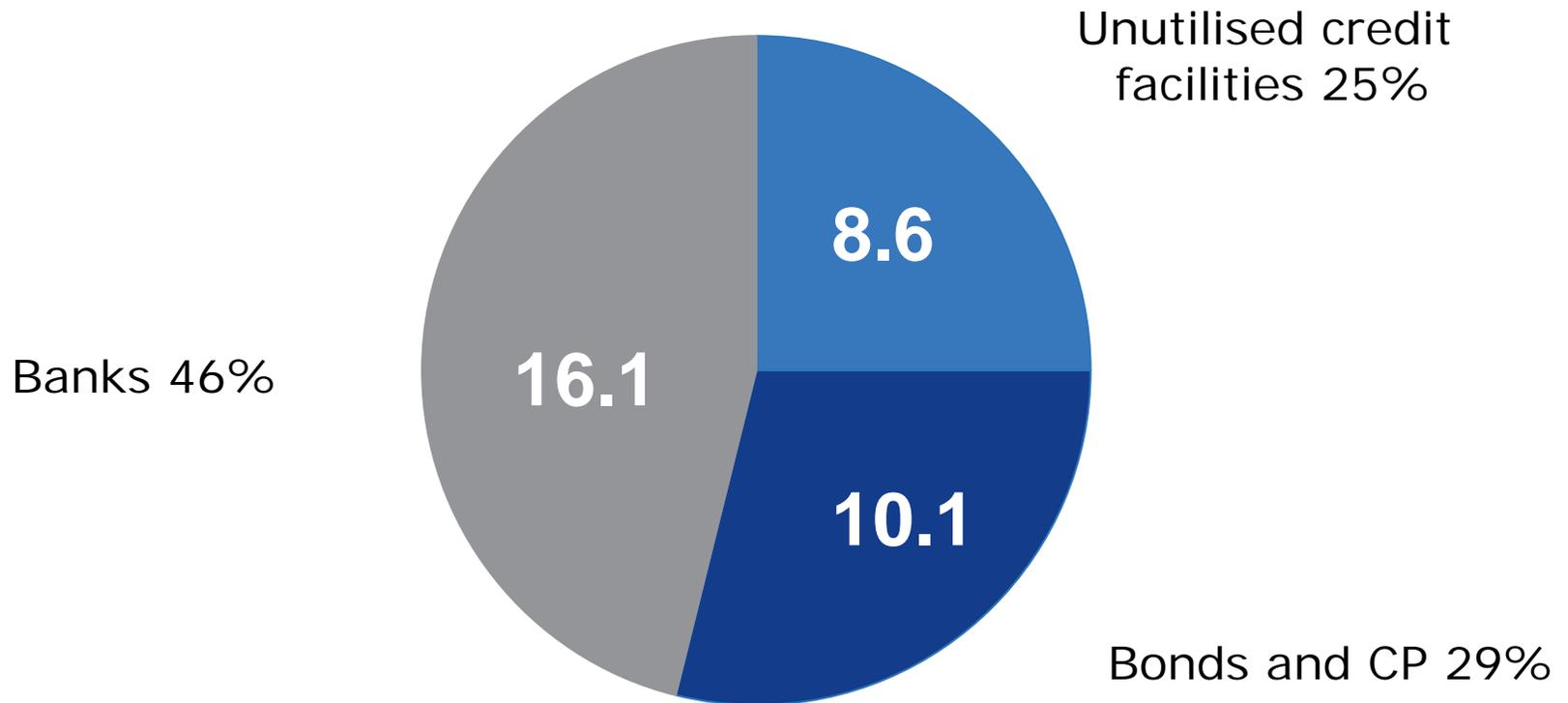
Net gearing 0.6 as of Q2-10

NOK
billion

Net gearing



Funding Sources



Figures in NOK billion

