



Second quarter results 2009

12 August 2009





Agenda

- Highlights and financial performance
CEO Dag J. Opedal
- Orkla Aluminium Solutions and Orkla Materials
EVP Bjørn Wiggen

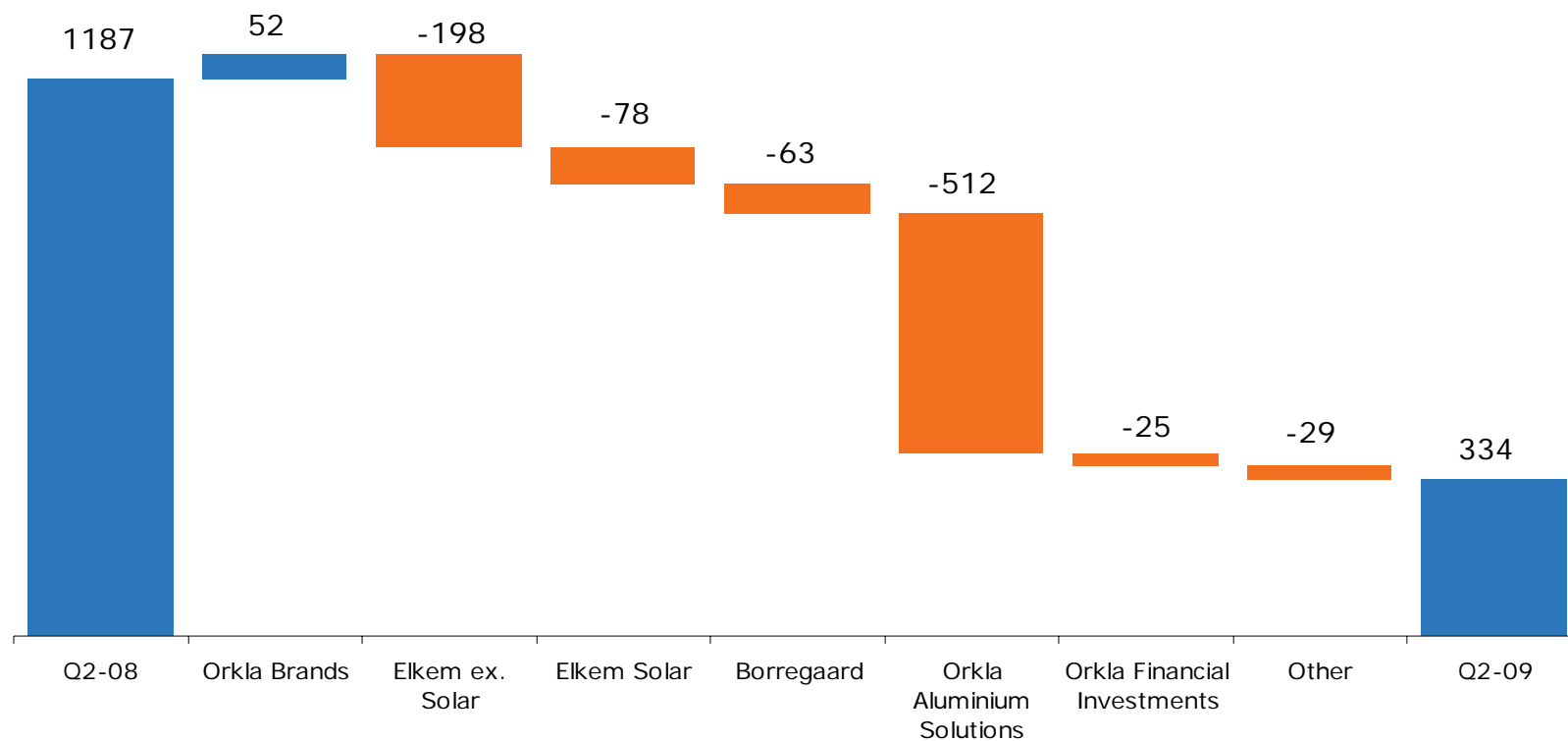
Comprehensive action plans in an economic downturn

- Weak international economic cycle continues to hamper EBITA for the Orkla Group
- Significant contribution from comprehensive action plans throughout the group
 - Cash flow from operations NOK 1.5 billion
 - Labour force reduced by approx. 4 000
 - Restructuring and divestments
- Acquisition of Indalex gives Orkla Aluminium Solutions a strong no 1 position in the US extrusion market

Highlights Q2-09

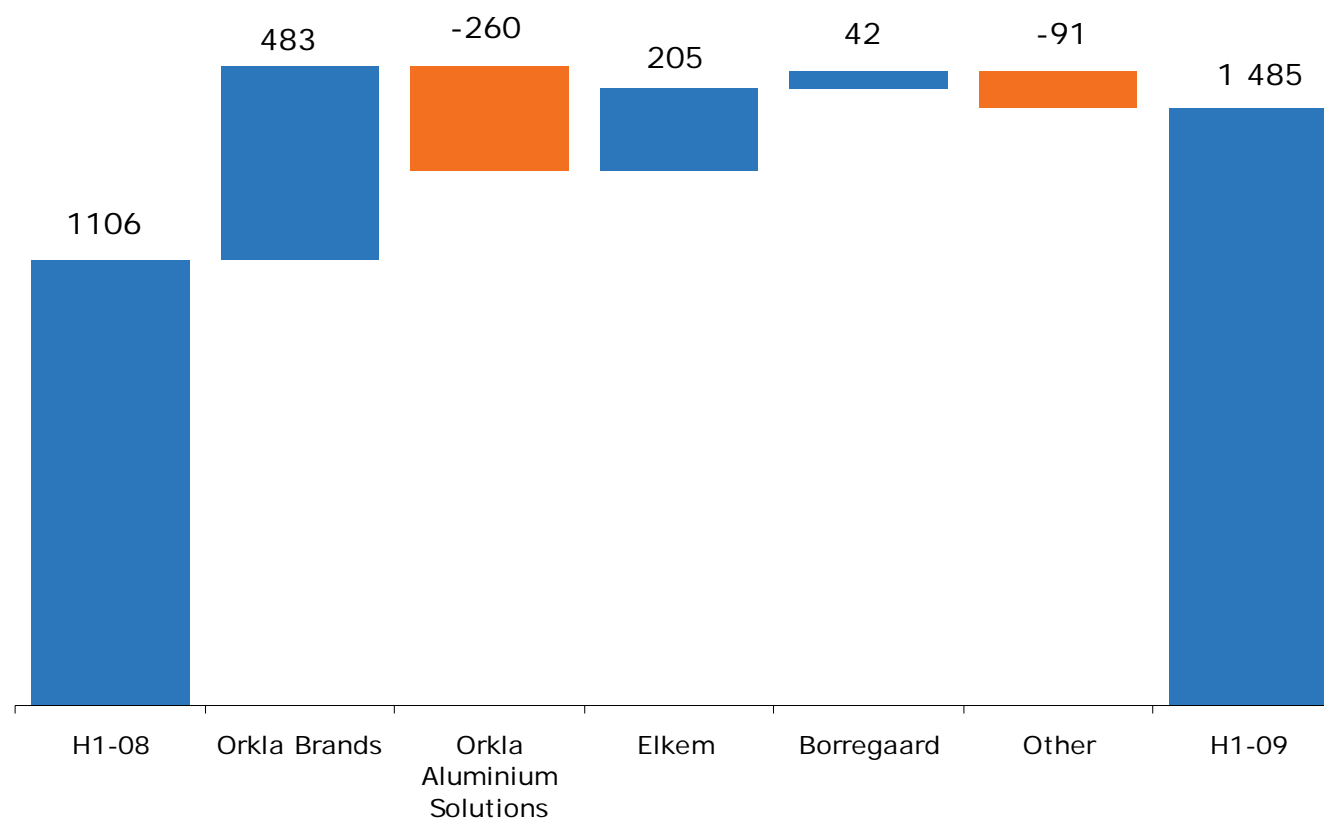
- Profit growth for Orkla Brands
- Orkla Aluminium Solutions delivering on cost and cash flow targets
- Weakening market conditions for silicon-related operations in Elkem
- Delay in ramp-up schedule for Elkem Solar due to a fire in the solar plant in July
- Pick-up in the equity markets for the Share Portfolio

EBITA performance from Q2-08 to Q2-09



All figures in NOK million

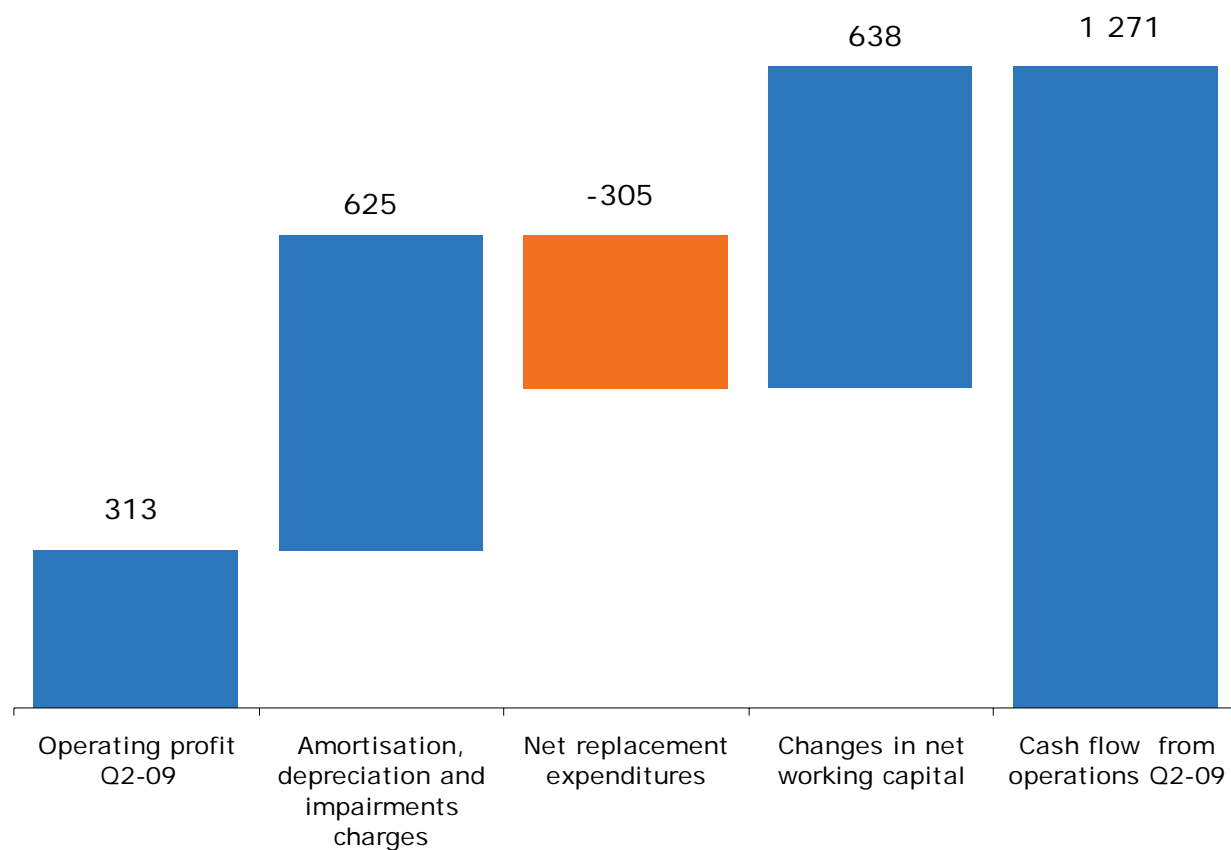
Improved cash flow from operations



All figures in NOK million

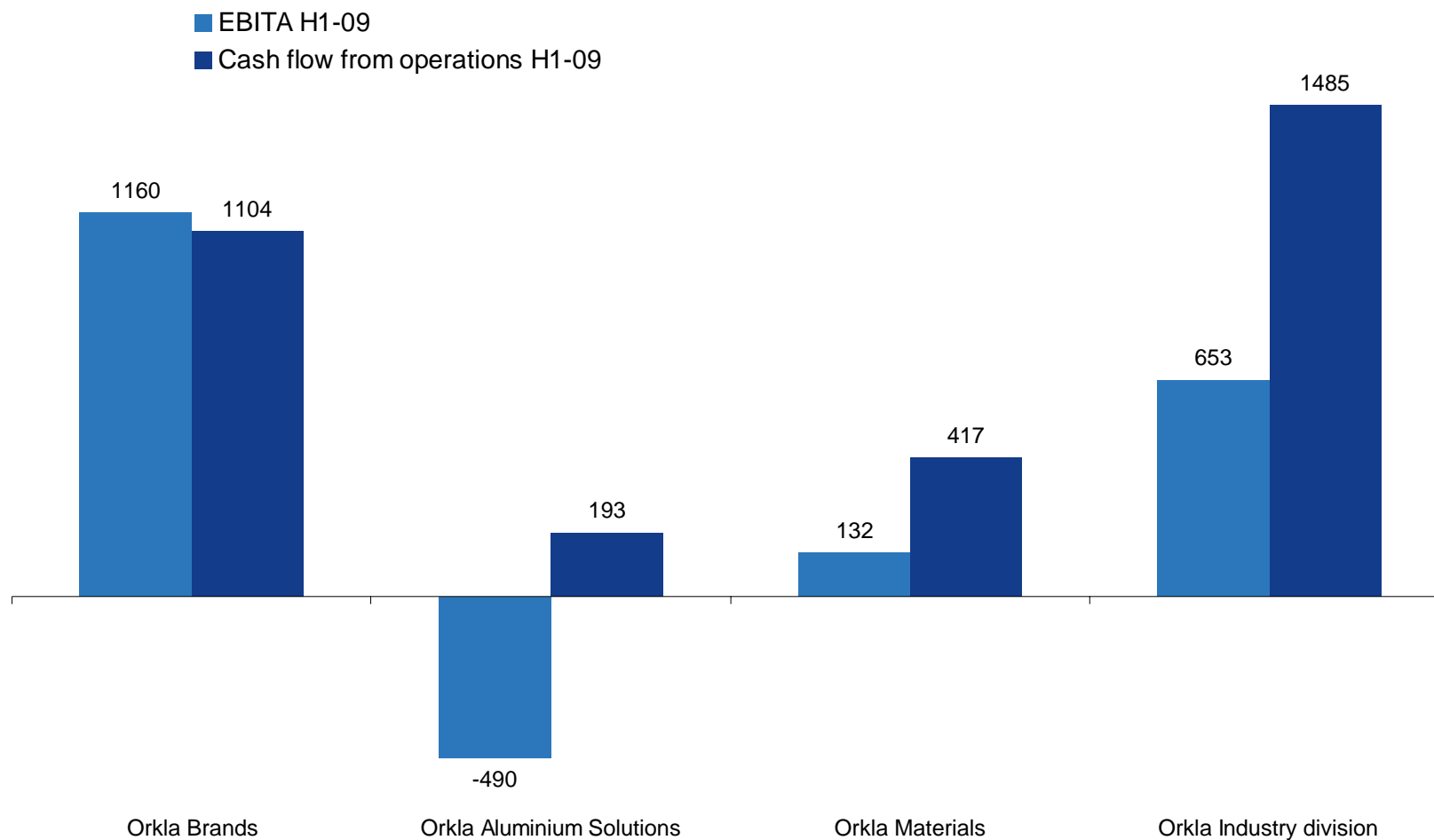
Conversion from EBITA to cash flow

Orkla Industry division Q2-09

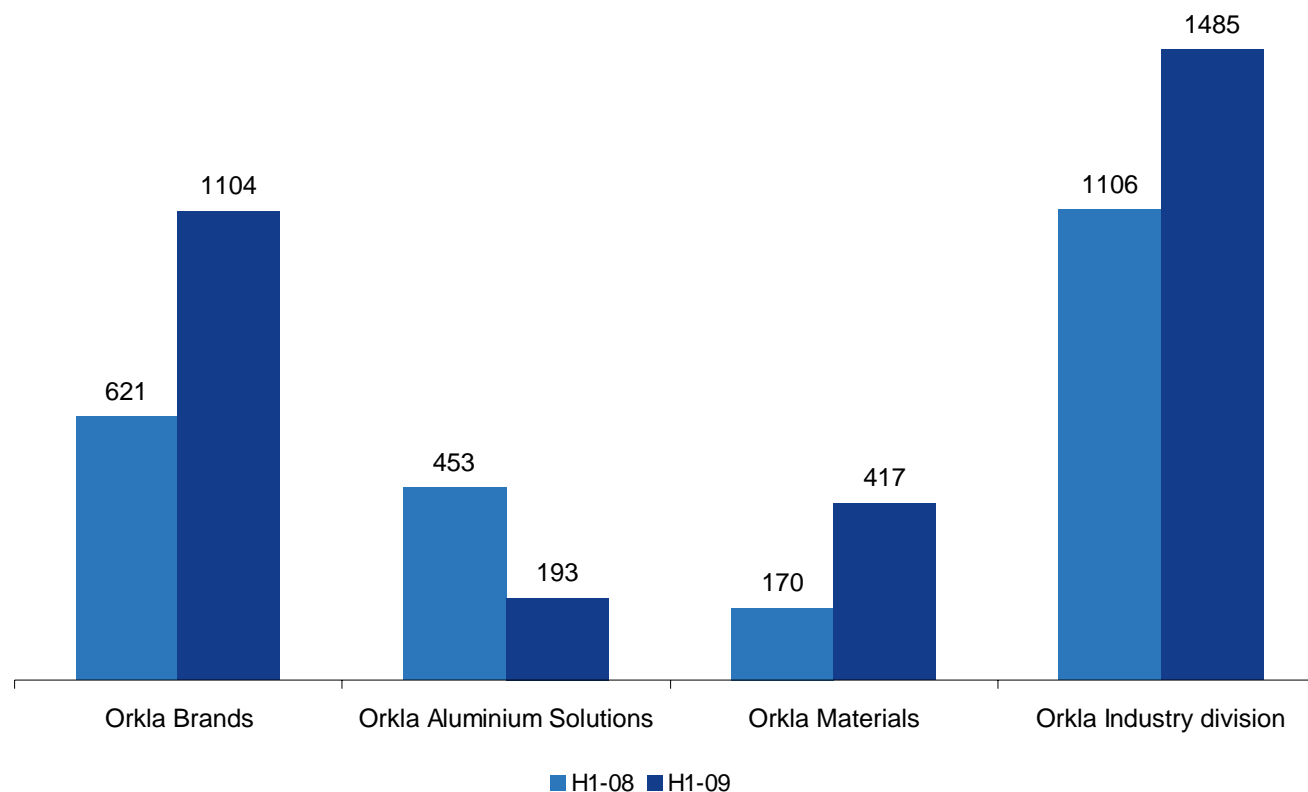


All figures in NOK million

Conversion from EBITA to cash flow by business area



Cash flow from operations, by business area



All figures in NOK million

Key figures for the Orkla Group

in NOK million

	Q2 2009	Q2 2008	H1 2009	H1 2008
Operating revenues	13 652	16 851	27 100	33 183
EBITA*	334	1 187	567	2 216
Profit/loss before tax	282	2453	-33	3 299
Net profit	243	1982	881	2 669
Cash flow from industrial operations	1 271	267	1 485	1 106
Net cash flow	-1 091	-4 380	-1 592	-6 655
			30.6 2009	31.12 2008
Net interest-bearing liabilities			27 903	27 424
Equity ratio (%)			50.0 %	47.7 %
Net gearing			0.59	0.55

* Earnings before amortisation, restructuring and significant impairments

Market update

- in line with statements on Orkla Investor Day 17 June

- Macro horizon uncertain
- Orkla prepared for a continued challenging outlook
- Q3-09:
 - Relatively stable in Orkla Brands, Jotun and hydropower
 - Sales volumes at Orkla Aluminium Solutions seem to be bottoming out at a very low level (seasonally low volumes in Q3)
 - Declining volume and low capacity utilisation for Elkem's silicon-related operations
 - Challenging market conditions and low visibility for the solar sector

Summing up

- Weak EBITA for the group as a whole, satisfactory results for Orkla Brands, Jotun and hydropower
- Comprehensive action plan in all business areas
- Control of operations and cash flow
- Future-oriented business portfolio

Q2 update by business area



Profit growth for Orkla Brands

- Satisfactory Q2 results
- Weak market trend
 - Pressure on top line
- Improved performance for Orkla Brands International in Russia
- Structural changes
 - Sale of Kotlin/Elbro

Orkla Brands *in NOK million*

1 Apr - 30 Jun	2009	2008	Change
Revenues			
Orkla Brands	5 663	5 650	0 %
Orkla Foods Nordic	2 436	2 436	0 %
Orkla Brands Nordic	1 877	1 880	0 %
Orkla Brands International	460	525	-12 %
Orkla Food Ingredients	972	880	10 %
Eliminations	- 82	- 71	
EBITA			
Orkla Brands	638	586	9 %
Orkla Foods Nordic	279	262	6 %
Orkla Brands Nordic	295	304	-3 %
Orkla Brands International	4	- 30	
Orkla Food Ingredients	60	50	20 %
EBITA margin	11,3 %	10,4 %	

Orkla Associates



REC

in NOK million

1 Apr - 30 Jun	2009	2008	Change
Revenues	2 308	2 121	9 %
EBITDA	218	889	-75 %
EBIT	- 97	716	
Profit before tax	- 721	708	

- Revenue growth of 9 % from Q2-08
- Operating profit negatively affected by temporarily reduced production due to weaker markets and large one-off effects
- EBITDA margin of 9 %



Jotun

in NOK million

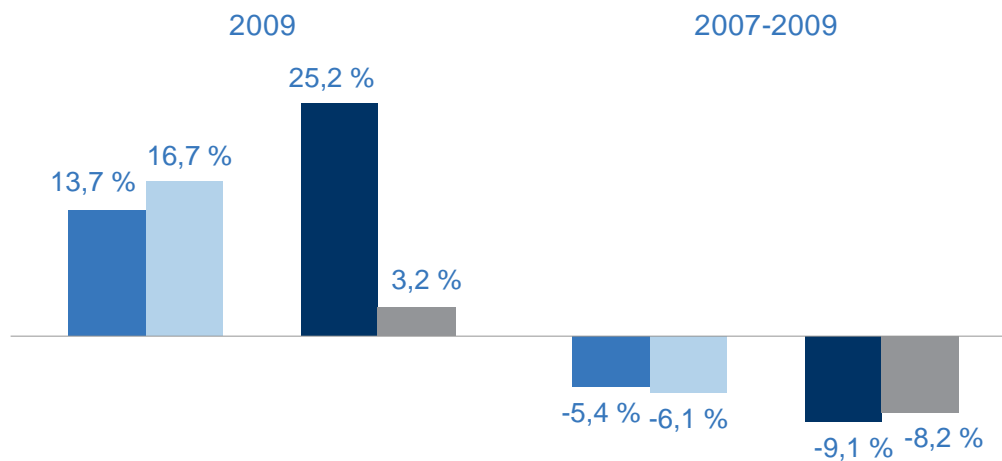
1 Jan - 30 Apr	2009	2008	Change
Revenues	3 736	3 159	18 %
EBIT	339	363	-7 %
Profit before tax	306	335	-9 %

- Weak markets in certain segments decreased EBIT compared with last year
- Top line growth of 18 % mainly due to currency effects

Orkla Financial Investments

Share Portfolio – pick-up in equity markets

■ Portfolio ■ MSCI Nordic ■ OSEBX ■ S&P 500

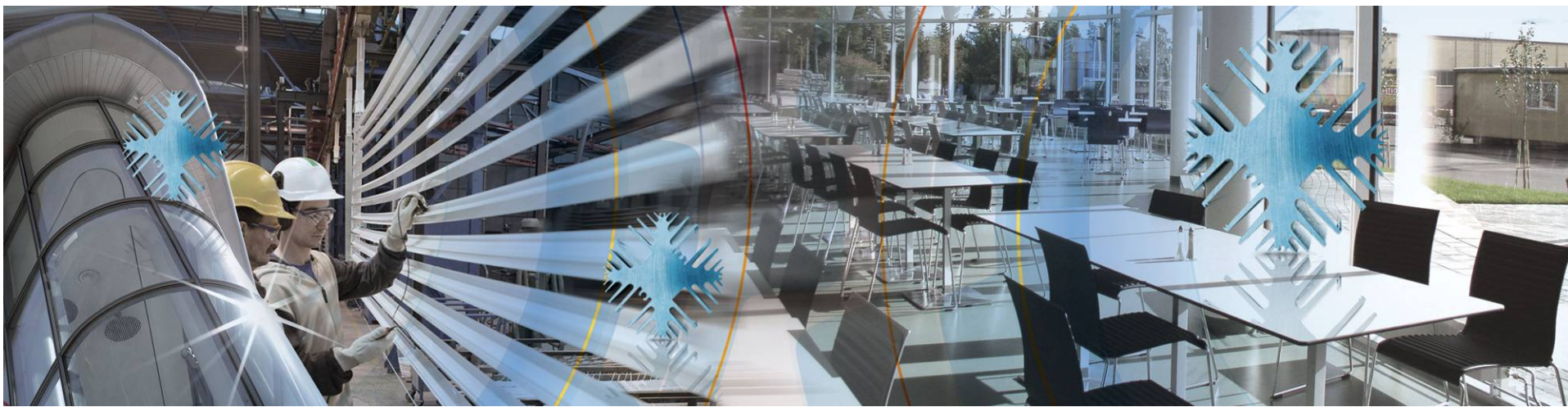


Share Portfolio – supporting industrial expansion

- Net sold NOK 1.9 billion as of Q2 2009 to acquire strategic assets (REC and Indalex)

Key figures *in NOK million*

<i>NOK million</i>	30 Jun 09	31 Dec 08	Change 09
Market value portfolio	10 113	11 426	-1 313
Share of portfolio invested			
- outside Norway	56 %	54 %	2 % pts
- in listed companies	78 %	76 %	2 % pts



Orkla Aluminium Solutions

EVP Bjørn Wiggen

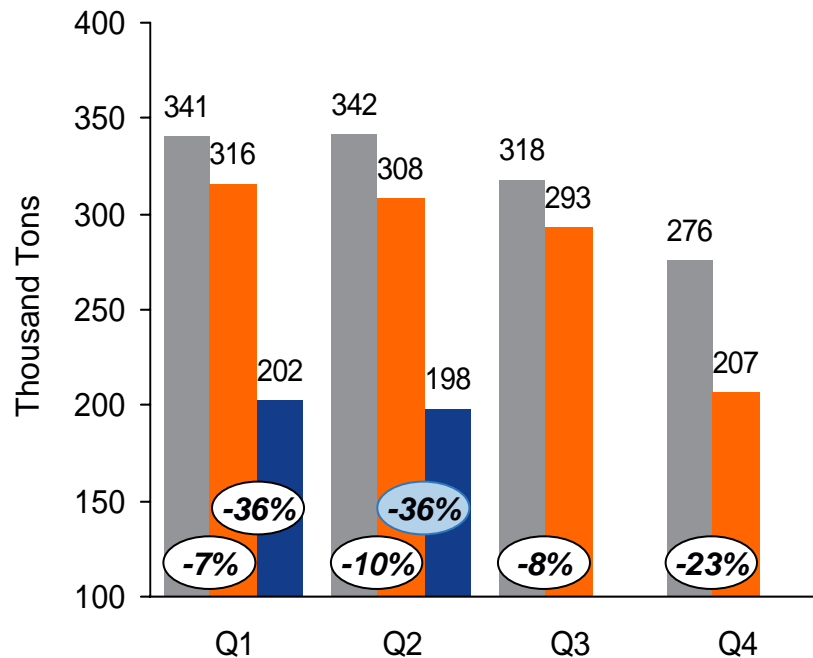
Delivering on cost and cash flow targets

- Historically weak markets - stabilising at low levels
- Negative EBITA, but delivering on the action plan
 - Cash flow positive, NOK 193 million in H1-09
 - Labour force reduced by 2 800 employees
 - Position strengthened in the US through the acquisition of Indalex



Year on year the market continues to decline - still, the last three quarters have been stable

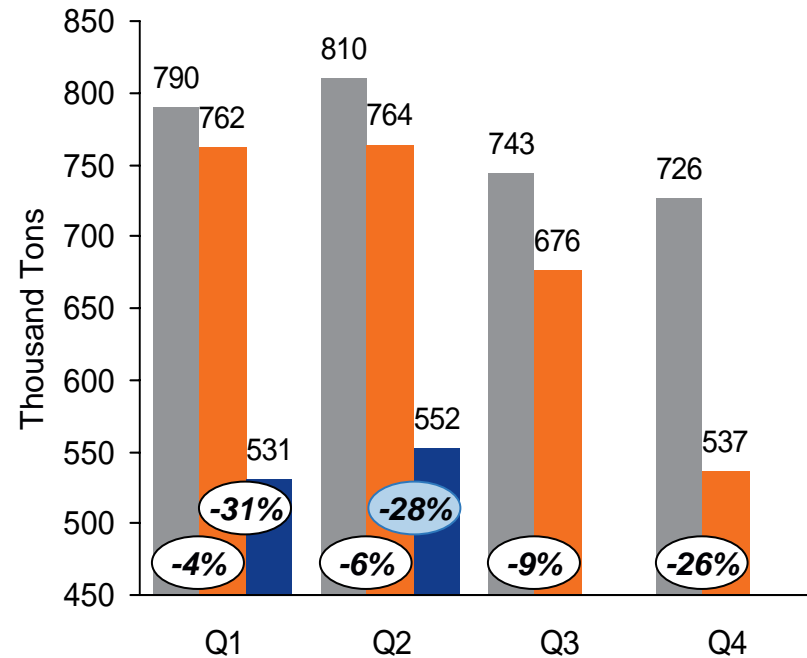
US Extrusion - Apparent Consumption



- 2007 full year consumption -14%
- 2008 full year consumption -13%



European Extrusion - Apparent Consumption



- 2007 full year consumption +3%
- 2008 full year consumption -12%

Weak, but stabilising markets

- Volumes in Profiles down 36 % from Q2-08, however more stable markets throughout H1
- Cash flow from operations NOK 193 million
- Heat Transfer's order intake increased towards the end of the quarter
- Weakening demand for Building System
 - Margins maintained

Orkla Aluminium Solutions

in NOK million

	Q2 2009	Q1 2009	Q2 2008	Change Q2-Q2
Revenues				
Orkla Aluminium Soluti	4 904	4 883	7 542	-35 %
Sapa Profiles	3 532	3 780	5 922	-40 %
Sapa HT and BS	1 558	1 290	1 883	-17 %
Eliminations	- 186	- 187	- 263	

EBITA

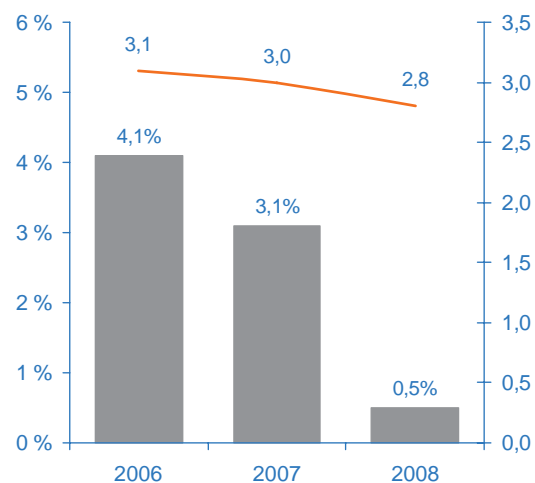
Orkla Aluminium Soluti	- 148	- 342	364	
Sapa Profiles	- 206	- 313	208	
Sapa HT and BS	58	- 29	156	
EBITA margin	-3,0 %	-7,0 %	4,8 %	

Short-time outlook

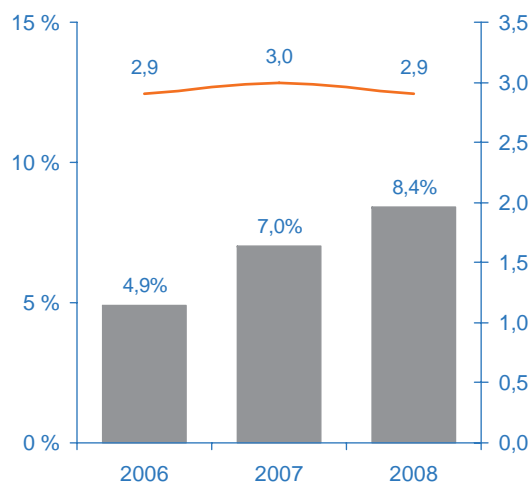
- Target maintained – underlying operations in ongoing businesses to be cash neutral in 2009
- Profiles: volumes expected to be low in Q3 due to summer shutdown in August
- Sapa Building System held up relatively well in H1-09, second half of the year less promising
- Sapa Heat Transfer impacted by the downturn in the global automotive market, but more positive outlook for H2

Long-term targets remain firm: EBITA margin 5-6 % and ROCE of 15-18 % over a business cycle

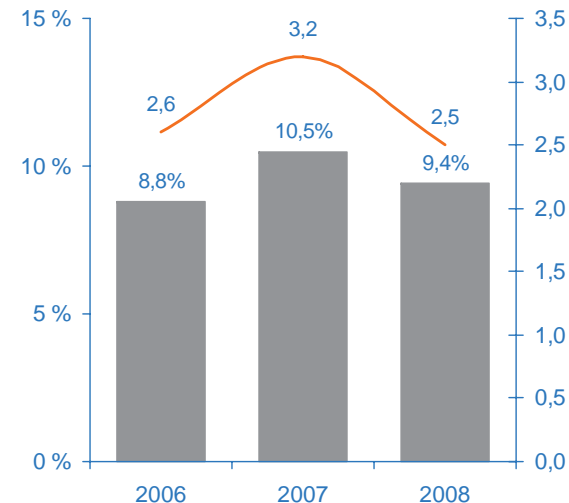
Profiles



Building System



Heat Transfer



■ EBITA-margin
— Capital Turnover Rate

Indalex acquisition

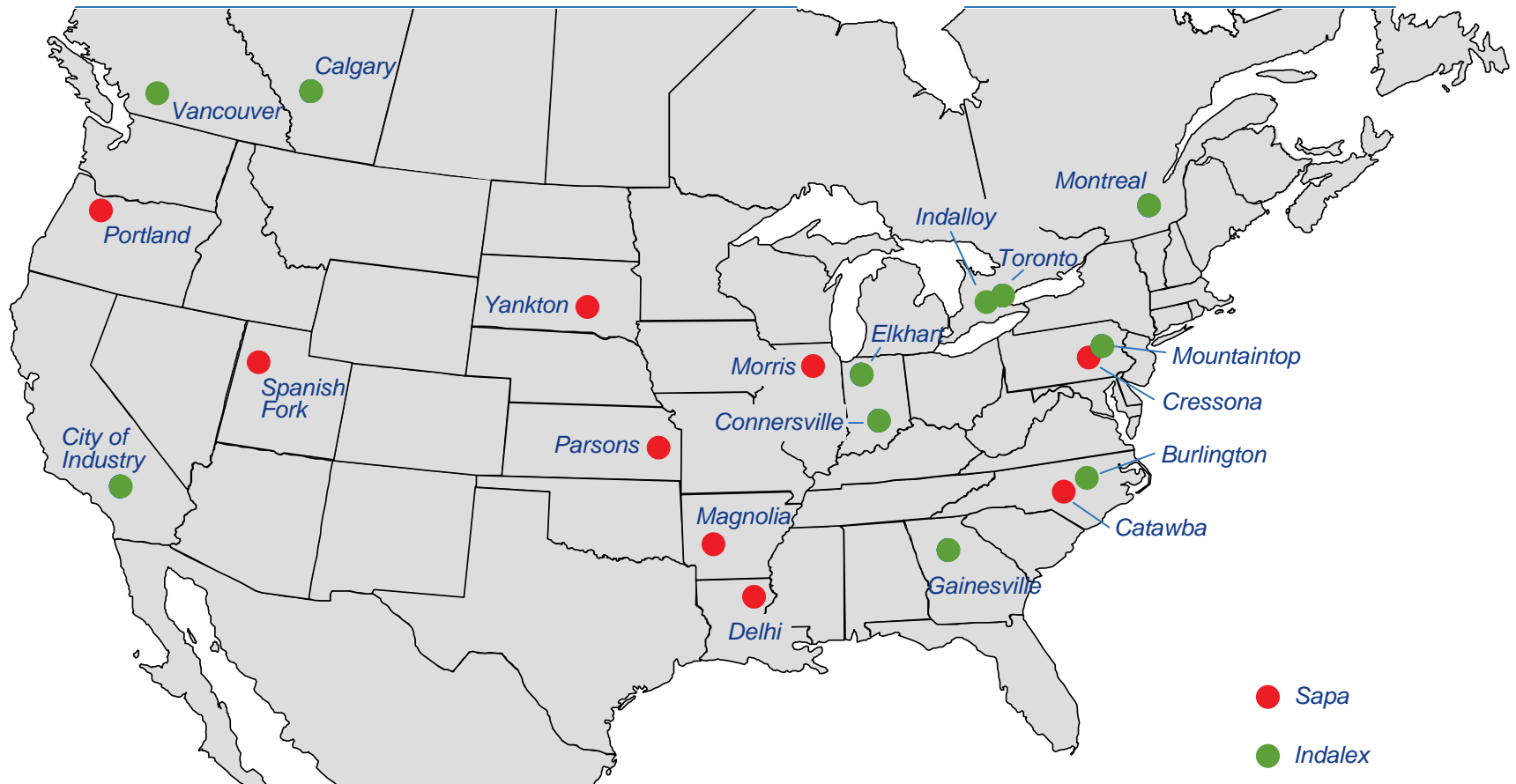
- a unique opportunity for Sapa

- Sapa's agreement to acquire Indalex completed on 31 July
- Opportunity to speed up the development of US extrusion demand through the creation of a strong solution provider
- Increased geographical coverage in Canada, as well as in the north-western and eastern US
- Opportunity to realise synergies in the Sapa NA operation within plant footprint, procurement, above plant costs/shared services and best practice sharing

Sapa has paid USD 95 million for a business with revenues of USD 900 million in 2008

- The acquisition gives Sapa a strong no 1 position in the US (market share of 30 %)
- Deal includes 11 plants and 2 cast houses with a total capacity of 315 000 tonnes per year (2008 sales: 200,000 tonnes)
- Only key personnel included in deal, work force will be re-hired
- Undertaken to divest minor part of the business

Indalex acquisition adds 11 plants with 315 ktonnes capacity





Orkla Materials

Elkem: Weak markets for silicon-related products

- Slowdown in demand for silicon-related products as expected
 - Prices continued to fall
- Low production, but improved trading results and higher prices for the energy operations
- Cost reduction project implemented with annual effect of NOK 180 million
- Capacity utilisation within Silicon related excl. Solar reduced from 70 % in Q1 to 55 % in Q2

Elkem

in NOK million

1 Apr - 30 Jun	2009	2008	Change
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Revenues

Elkem	1 883	2 195	-14 %
Energy	424	420	1 %
Silicon-related	1 587	2 042	-22 %
Eliminations	- 128	- 267	

EBITA

Elkem	- 109	167	
Energy	85	78	9 %
Silicon-related ex. Elkem !	- 31	174	
Elkem Solar	- 163	- 85	

EBITA margin	-5,8 %	7,6 %	
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Update on Elkem Solar

- Fire at plant, no major damage to critical equipment
- Consequently the ramp-up schedule will be delayed by 2-3 months
- Estimated production for 2009: 500-800 MT



Borregaard:

Continued soft markets in Q2

- Weaker markets for key product segments
 - Volume decline for core products for the construction sector
 - Price level largely maintained
- Cost efficiency programme "New Sarpsborg site 2010" on track
- Stronger USD & EUR and declining raw material prices

Borregaard
in NOK million

	Q2 2009	Q1 2009	Q2 2008	Change Q2-Q2
Revenues				
Borregaard	958	988	1 249	-23 %
Energy	57	48	43	33 %
Chemicals	931	987	1 249	-25 %
Eliminations	- 30	- 47	- 43	

EBITA

Borregaard	77	48	140	-45 %
Energy	35	10	40	-13 %
Chemicals	42	38	100	-58 %
EBITA margin	8,0 %	4,9 %	11,2 %	



Coming events

30 October 2009 – Q3 2009



ORKLA

Appendix

Group income statement

Key figures *in NOK million*

	Q2 2009	Q2 2008	Change	H1 2009	H1 2008	Change
Operating revenues	13 652	16 851	-19 %	27 100	33 183	-18 %
EBITA*	334	1 187	-72 %	567	2 216	-74 %
Amortisation intangibles	-50	-53		-100	-105	
Restructuring and significant impairment	-10	-34		-10	-34	
EBIT	274	1 100		457	2 077	
Associates	- 210	1 153		- 75	1 332	
Dividends	180	311		225	399	
Gains and losses/write-downs Share Portfolio	228	112		- 87	- 183	
Net financial items	- 190	- 223		- 553	- 326	
Profit before tax	282	2 453		- 33	3 299	
Tax expenses	-39	-503		-79	-687	
Profit for the period continuing operations	243	1 950		- 112	2 612	
Discontinued operations	0	32		993	57	
Profit for the period	243	1 982		881	2 669	
Minority interests' share of the profit/loss for the period	- 12	78		- 82	130	
Majority interests' share of the profit/loss for the period	255	1 904		963	2 539	
Earnings per share diluted, adjusted (NOK)**	0.3	1.9		0.1	2.5	

* Operating profit before amortisation, restructuring and significant impairment charges

** Excluding amortisation, restructuring and significant impairment and discontinued operations

Cash flow as of 30 June 2009

Key figures *in NOK million*

	30.6.2009	30.6.2008
Industry division:		
Operating profit	543	2 106
Amortisations, depreciations and write-downs	1 283	1 081
Changes in net working capital	289	-1 189
Net replacement expenditure	- 630	- 892
Cash flow from operations	1 485	1 106
Financial items, net	- 805	- 650
Cash flow from Industry division	680	456
Cash flow from Financial Investments	602	518
Taxes paid and miscellaneous	-1 451	-1 153
Cash flow before capital transactions	- 169	- 179
Dividends paid and share buybacks	-2 169	-2 855
Cash flow before expansion	-2 338	-3 034
Net expansion	-1 184	-2 858
Net purchases/sales portfolio investments	1 930	- 763
Net cash flow	-1 592	-6 655
Currency translation net interest-bearing liabilities	1 113	- 7
Change in net interest-bearing liabilities	479	6 662
Net interest-bearing liabilities	27 903	22 840

Balance sheet as of 30 June 2009

Key figures in NOK million

	30.6.2009	31.12.2008
Intangible assets	17 780	17 301
Property, plant and equipment	25 734	26 368
Financial non-current assets	17 538	18 331
Non-Current assets	61 052	62 000
Assets in discontinued operations	-	3 148
Inventories	8 029	9 564
Receivables	11 465	14 331
Share Portfolio etc.	10 155	11 445
Cash and cash equivalents	3 704	4 438
Current assets	33 353	39 778
Total assets	94 405	104 926
Paid-in equity	1 993	1 993
Earned equity	44 808	45 390
Minority interests	392	2 686
Equity	47 193	50 069
Provisions	4 699	5 233
Non-current interest-bearing liabilities	28 329	29 598
Current interest-bearing liabilities	3 702	3 654
Liabilities in discontinued operations	0	665
Other current liabilities	10 482	15 707
Equity and liabilities	94 405	104 926
Equity to total assets ratio	50.0%	47.7%
Net gearing	0.59	0.55

Currency translation effects

in NOK million

Revenues	Q2-09	H1-09
Orkla Brands	70	140
Orkla Aluminium Solutions	359	866
Elkem	77	145
Borregaard	41	92
Total	547	1 243

EBITA	Q2-09	H1-09
Orkla Brands	8	11
Orkla Aluminium Solutions	3	-43
Elkem	4	9
Borregaard	3	3
Total	18	-20

Largest holdings in the Share Portfolio

Market value *in NOK million*

per 30 Jun 2009

Principal holdings	Industry	Market value	Share of portfolio (%)	Share of equity (%)
Tomra Systems	Industry	554	5 %	15,5 %
Rieber & Søn	Food	522	5 %	15,6 %
Elekta B	Medicine-Technology	323	3 %	3,7 %
Amer Sports	Consumer Goods	314	3 %	6,0 %
Hennes & Mauritz AB-B SHS	Retailing	292	3 %	0,1 %
Nokia A	Telecommunication	282	3 %	0,1 %
Network Norway AS	Telecommunication	282	3 %	26,2 %
AstraZeneca SEK	Medicine-Technology	256	3 %	0,1 %
Tandberg	Video-Conference	238	2 %	1,9 %
Kongsberg Gruppen	Industry	233	2 %	2,5 %
Total principal holdings		3 296	32,6 %	
Market value of entire portfolio		10 113		

Financial items

Net financial items

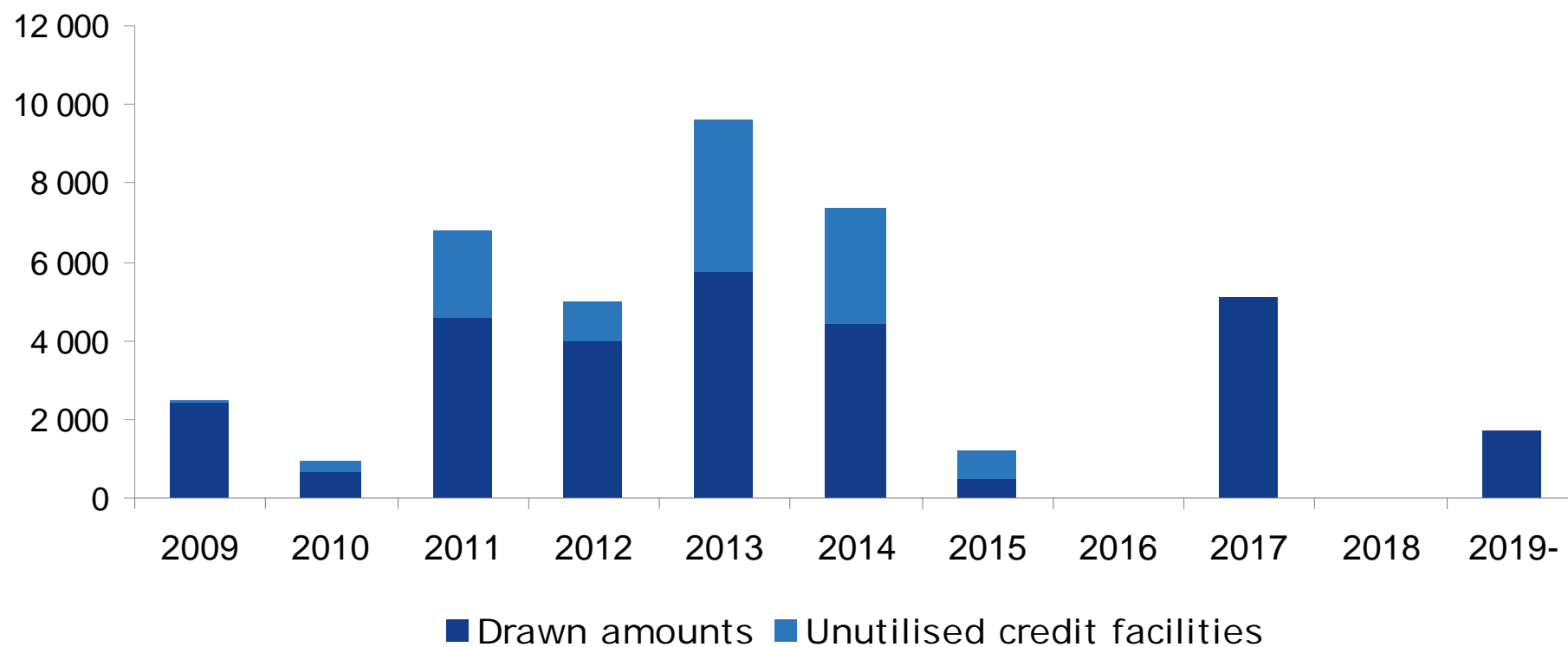
Key figures *in NOK million*

1 Apr-30 Jun	2009	2008	Full year 2008
Net interest expenses	-183	-187	-977
Currency gain/loss	11	-35	-49
Other financial items, net*	-18	- 1	34
Net financial items	-190	-223	-992

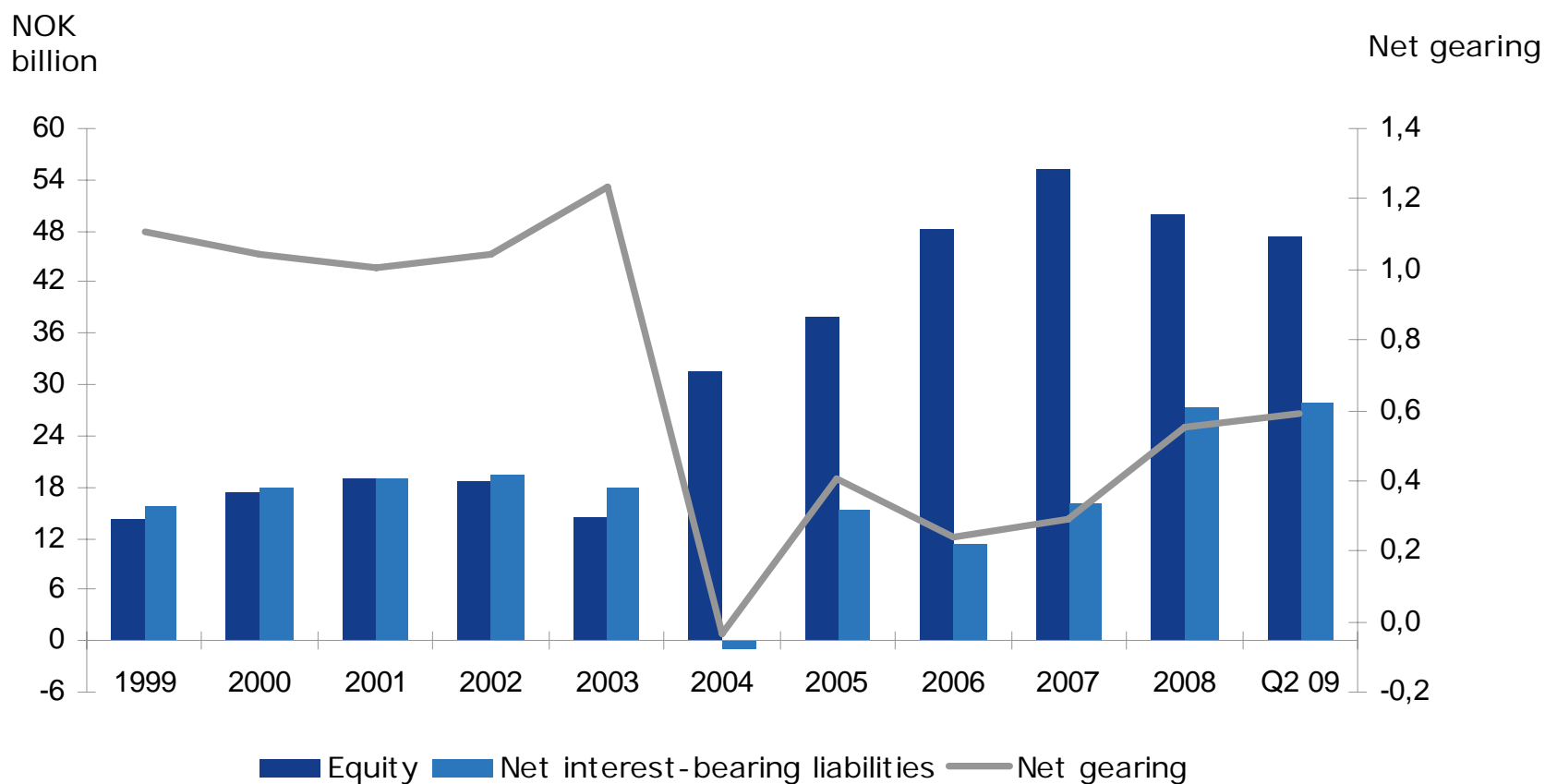
Debt maturity profile

NOK million

Average maturity
4.3 years



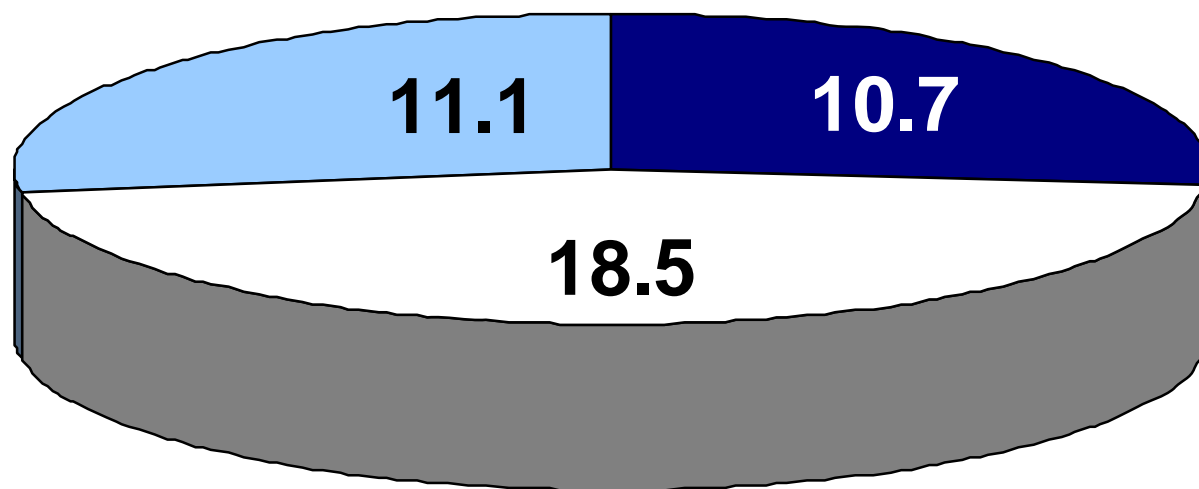
Net gearing 0.59 per Q2-09



Funding Sources

Unutilised credit
facilities 27 %

Bonds and CP 27 %



Banks 46 %

Figures in NOK billion



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