

Press release



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Operating parameters still challenging – comprehensive measures implemented

Orkla's operating profit (EBITA)¹ for the second quarter ended at NOK 334 million, compared with NOK 1,187 million for the same quarter of 2008. Orkla Brands continued its positive profit performance. The development for Jotun (42.5%) and Elkem Energy was also satisfactory, while Sapa and Elkem have been strongly impacted by the weak economic situation. At the end of the first half-year, the return on the Share Portfolio was 13.7 per cent.

“Although market conditions still are challenging for several of Orkla's business areas we are not satisfied with the Group's overall financial results. However, the wide-ranging measures that have been implemented are producing results. We must nevertheless assess the need for further action on an ongoing basis. Orkla's financial position is robust, and the Group is well positioned thanks to its forward-looking portfolio of companies,” affirms President and CEO Dag J. Opedal.

Orkla's second-quarter operating revenues totalled NOK 13.7 billion, down from NOK 16.9 billion in 2008. One of the main reasons for the drop is the significant decline in demand experienced by Sapa in several markets, particularly in the automotive and building industries. Volume has fallen around 35 per cent, compared with last year. Nevertheless, Orkla Aluminium Solutions (Sapa) is delivering on its targets in terms of both costs and cash flow.

A fire in Elkem Solar's new plant will delay the ramp-up of production capacity by 2-3 months.

Pre-tax profit for the second quarter amounted to NOK 282 million (NOK 2.5 billion in 2008). Net interest-bearing liabilities are at approximately the same level as at the start of the year, and the equity ratio has increased to 50 per cent. Orkla's Financial Investments division reported a half-year return of 13.7 per cent, compared with 16.7 per cent for the Morgan Stanley Nordic Index and 25.2 per cent for the Oslo Stock Exchange Benchmark Index.

On 31 July it was announced that Sapa has taken over the aluminium extrusion company Indalex, with 1,400 employees and total sales in 2008 of USD 900 million. This acquisition significantly strengthens Sapa's operations in North America, and with a market share of around 30 per cent, Sapa is now clearly the largest aluminium extrusion company in the USA.

¹ Operating profit (EBITA): Before amortisation, restructuring and significant impairments

THE GROUP'S CONDENSED INCOME STATEMENT

Amounts in NOK million	1.1. – 30.6.		1.1. – 31.12.		1.4. – 30.6.	
	2009	2008	2008	2009	2008	2008
Operating revenues	27,100	33,183	65,579	13,652	16,851	
Operating expenditures	(25,328)	(29,998)	(59,336)	(12,731)	(15,178)	
Depreciation and impairment charges on tangible assets	(1,205)	(969)	(2,003)	(587)	(486)	
Amortisation of intangible assets	(100)	(105)	(228)	(50)	(53)	
Write-down of inventory in Sapa Profiles	-	-	(372)	-	-	
Restructuring and significant impairments	(10)	(34)	(1,282)	(10)	(34)	
Operating profit	457	2,077	2,358	274	1,100	
Profit/loss from associates	(75)	1,332	2,189	(210)	1,153	
Dividends	225	399	473	180	311	
Gains, losses and write-downs in the Share Portfolio	(87)	(183)	(6,043)	228	112	
Financial items, net	(553)	(326)	(992)	(190)	(223)	
Profit/loss before taxes	(33)	3,299	(2,015)	282	2,453	
Tax expenses	(79)	(687)	(895)	(39)	(503)	
Profit/loss for the period for continued operations	(112)	2,612	(2,910)	243	1,950	
Gains/profit discontinued operations	993	57	(55)	0	32	
Profit/loss for the period	881	2,669	(2,965)	243	1,982	
Minority interest's share of the profit/loss for the period	(82)	130	(137)	(12)	78	
Majority interest's share of the profit/loss for the period	963	2,539	(2,828)	255	1,904	
Profit/loss before taxes, the Industry division	(87)	2,871	3,356	(123)	1,916	
Profit/loss before taxes, Orkla Financial Investments	54	428	(5,371)	405	537	

EARNINGS PER SHARE

Amounts in NOK million	1.1. – 30.6.		1.1. – 31.12.		1.4. – 30.6.	
	2009	2008	2008	2009	2008	2008
Earnings per share	0.9	2.5	(2.8)	0.3	1.9	
Earnings per share (diluted)	0.9	2.5	(2.8)	0.3	1.9	
Earnings per share (diluted)¹	0.1	2.5	(1.1)	0.3	1.9	

¹ Excl. amortisation, write-down of inventory in Sapa Profiles in 2008, restructuring, significant impairments and discontinued operations.