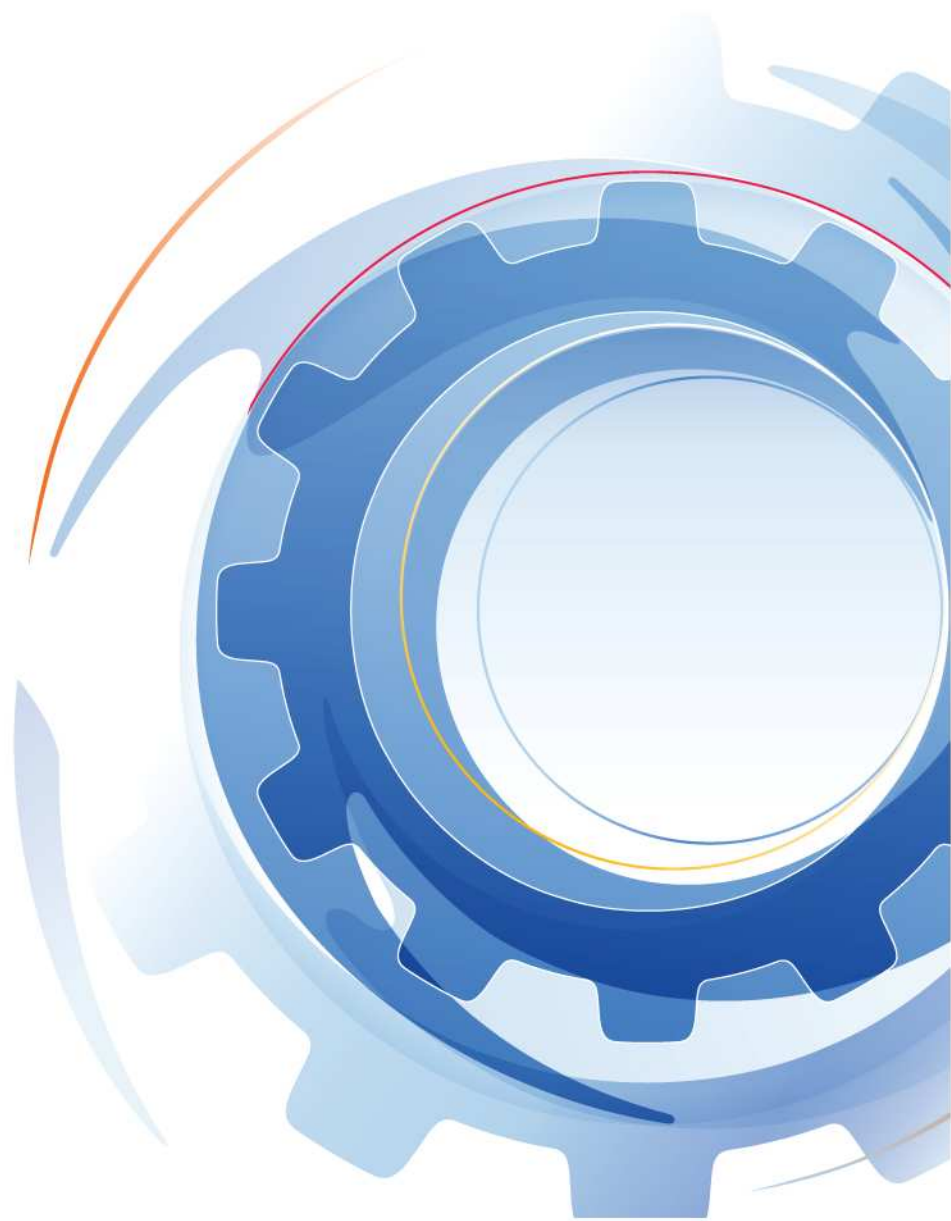




**Third Quarter Results 2008**  
**31 October 2008**



# Agenda

- The Orkla Group
  - Highlights and strategic outlook

Dag J. Opedal  
CEO, Orkla

- Business Area Review and Financial Capability

Terje Andersen  
CFO, Orkla

- Elkem Solar

Helge Aasen  
Managing Director, Elkem Solar

- Q & A

## Highlights Q3-08 (I):

- Group EBITA NOK 1.003 million vs NOK 1.232 million in Q3-07
  - Profit hampered by loss on energy trading and one-off costs from Kam Kiu process
- Financial crisis affects Orkla Financial Investments
  - Write-down of Share Portfolio; NOK 2.2 billion in Q3

## Highlights Q3-08 (II):

- Orkla Brands – broad-based profit improvement
  - Strong performance and robust cash flow
- Continued decline in demand for Sapa Profiles
  - Cost initiatives intensified, long-term strategy maintained
- Lower profit for Orkla Materials
  - Loss on energy trading, NOK 120 million down vs. Q3-07
  - Weak results for Primary Aluminium
- Profit increase for Orkla Associates
  - REC: Q3-08 EBITDA increased by 11 % to NOK 711 million
  - Jotun: Double-digit growth in revenues and operating profit
- Orkla Financial Investments heavily affected by financial turmoil
  - Share Portfolio -27.6 % as of Q3, compared to MSNI -31.7 % (OSEBX -35.1 %)

# Responding to challenging market conditions

Business area	Outlook	Actions
<ul style="list-style-type: none"> <li>• <b>Orkla Brands</b></li> </ul>	<ul style="list-style-type: none"> <li>• Generally less affected by economic downturn</li> <li>• Continued cost inflation pressure</li> <li>• Raw material prices: Mixed picture in the short-term - prices expected to increase in the long term</li> </ul>	<ul style="list-style-type: none"> <li>• Delivering on reinforced action plan: <ul style="list-style-type: none"> <li>– Price increases</li> <li>– Restructuring/divestment of unprofitable companies</li> <li>– Strengthened cost efficiency programmes</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>Orkla Aluminium Solutions</b></li> </ul>	<ul style="list-style-type: none"> <li>• Extrusion markets continue to decline in both the US and Europe for Sapa Profiles</li> <li>• Sapa Heat Transfer and Building System expected to hold up better</li> </ul>	<ul style="list-style-type: none"> <li>• North America – manning reduced by 30 % since beginning of 2007</li> <li>• Reducing staff by 250 man-years in Sweden and Portugal</li> <li>• Several factories closed down</li> <li>• Further cost reduction and restructuring initiatives being pursued</li> </ul>

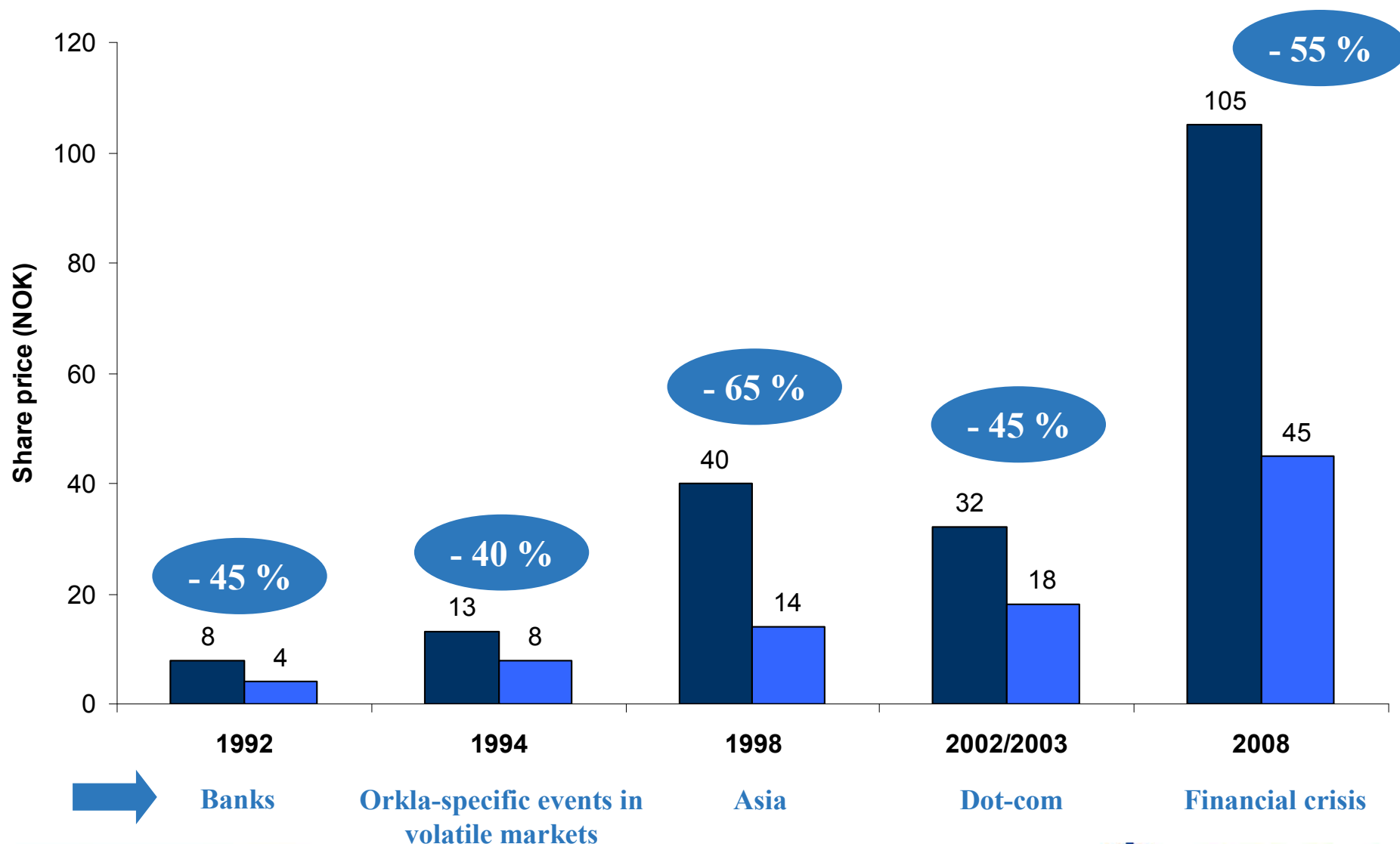
# Responding to challenging market conditions

Business area	Outlook	Actions
<ul style="list-style-type: none"> <li>• <b>Orkla Materials</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Elkem Energy</b> <ul style="list-style-type: none"> <li>– Increased capacity in Q4 following Sauda expansion</li> </ul> </li> <li>• <b>Elkem Primary Aluminium</b> <ul style="list-style-type: none"> <li>– LME has fallen sharply, industry capacity under pressure</li> <li>– Strengthened USD vs NOK contributes positively</li> <li>– Hedges impact Elkem Aluminium negatively</li> </ul> </li> <li>• <b>Elkem Silicon</b> <ul style="list-style-type: none"> <li>– Still strong silicon markets in Q3</li> <li>– Market prices slowing down during third quarter after sharp rises in the preceding months</li> </ul> </li> <li>• <b>Borregaard Chemicals</b> <ul style="list-style-type: none"> <li>– Weaker construction and textile cellulose markets</li> <li>– So far little impact in other key markets</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Pursuing accelerated cost reductions and productivity improvements in all plants</li> <li>• Reducing remelting volumes in Primary Aluminium</li> <li>• Foundry: Relocating FSM production to new cost efficient production line in Elkem Iceland</li> <li>• Borregaard Chemicals: <ul style="list-style-type: none"> <li>– Closure of cellulose plant in Switzerland</li> <li>– Closure of lignin plant in Finland</li> <li>– Program for increasing productivity and reducing costs in Sarpsborg</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>Orkla Financial Investments</b></li> </ul>	<ul style="list-style-type: none"> <li>• Heavily influenced by financial turmoil</li> </ul>	<ul style="list-style-type: none"> <li>• Orkla Finans reducing staff by 30 %</li> </ul>

# Orkla is well prepared for stormy weather

- Large share of cash flow from less cyclical areas
  - Strong, sustainable cash generation from Orkla Brands and Energy production alone accounts for more than 50 % of Group EBITDA
- Robust balance sheet and gearing
- A diversified portfolio reduces risk from business-specific volatility
- Cash Management & Allocation of Capital
  - Tightening credit management
  - Reducing working capital
  - Scale back of new investments
- Unutilised committed credit facilities cover next 2 years' instalments
- Readiness to act on emerging opportunities

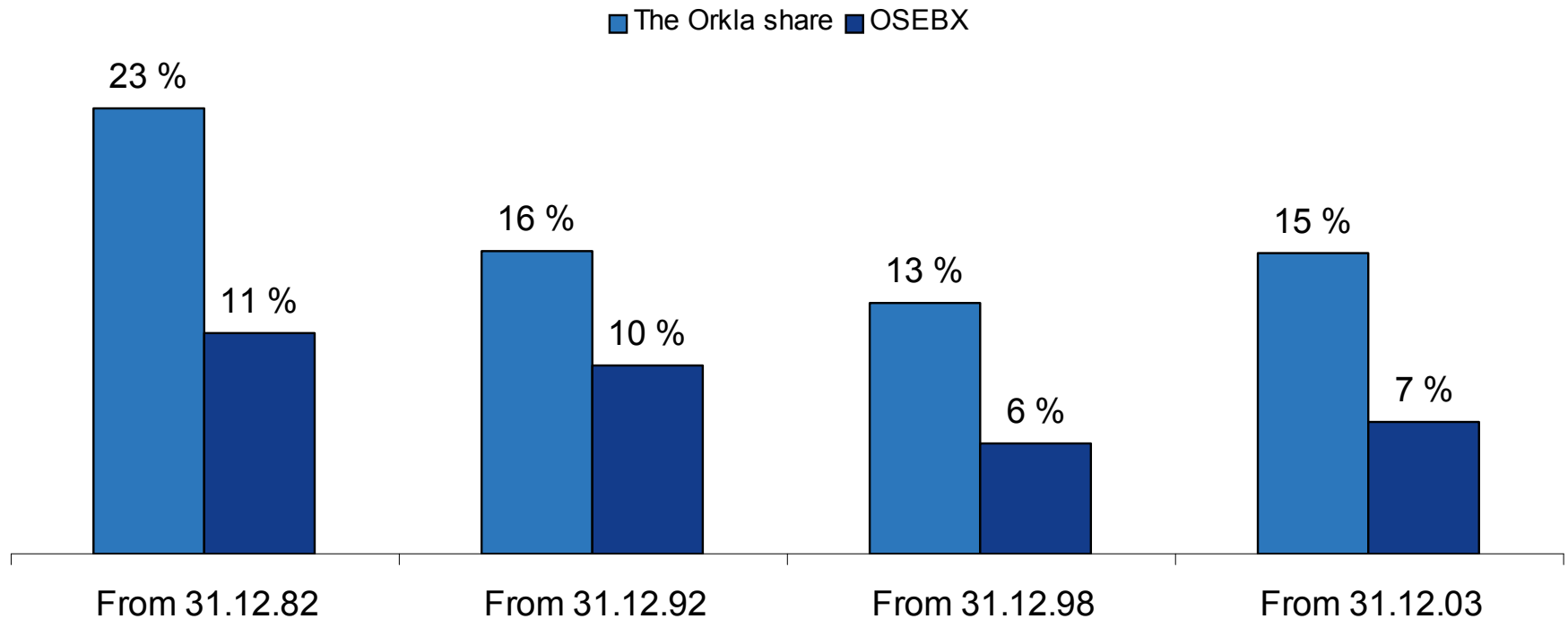
# Share price approx. halved 5 times since 1992...





# ...but the long-term model has worked

## 23 % compounded annual return last 25 years



YTD = 30 October 2008, dividend reinvested



# **Business Area Review & Financial Capability**

**CFO Terje Andersen**

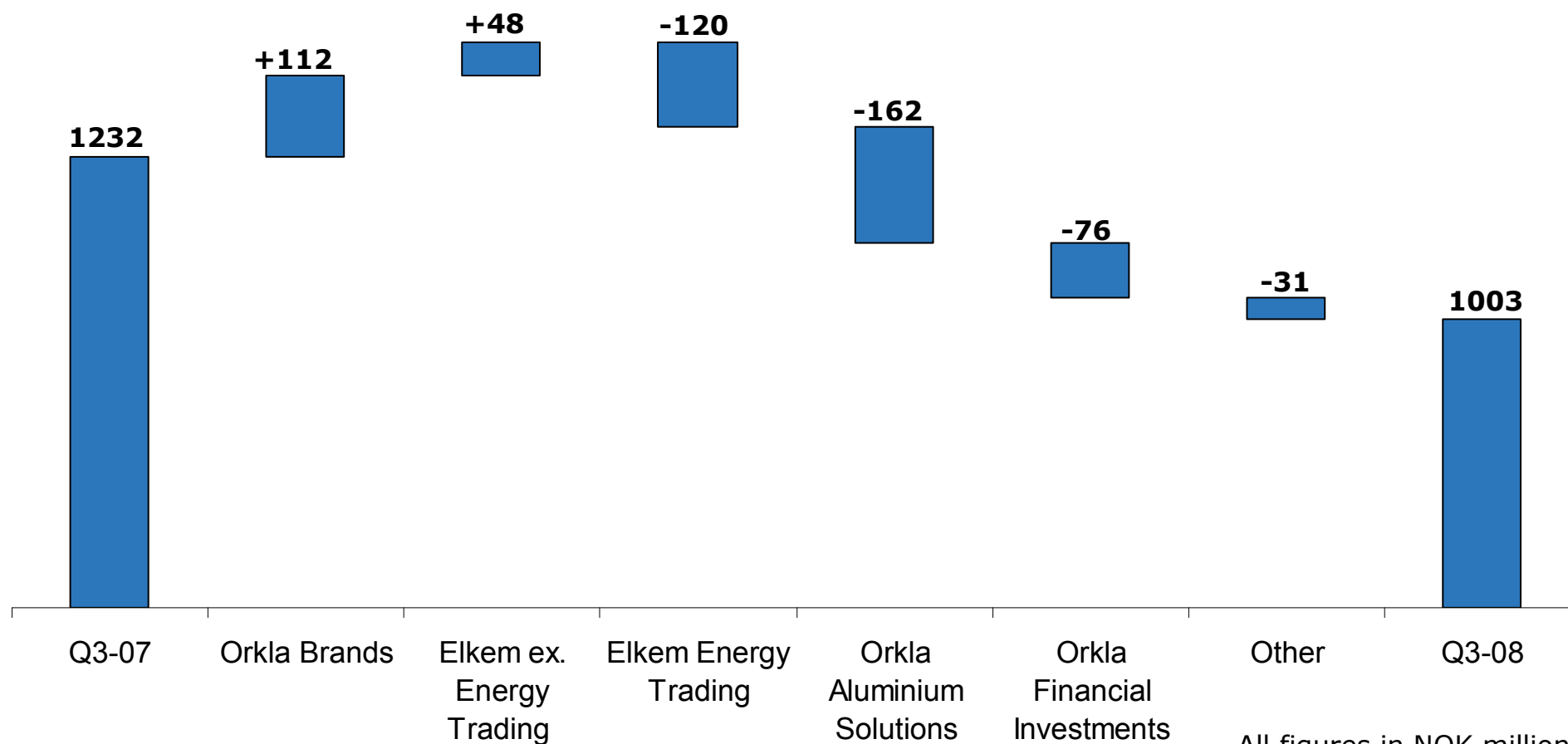
# Group income statement Q3-08

**Key figures** *in NOK million*

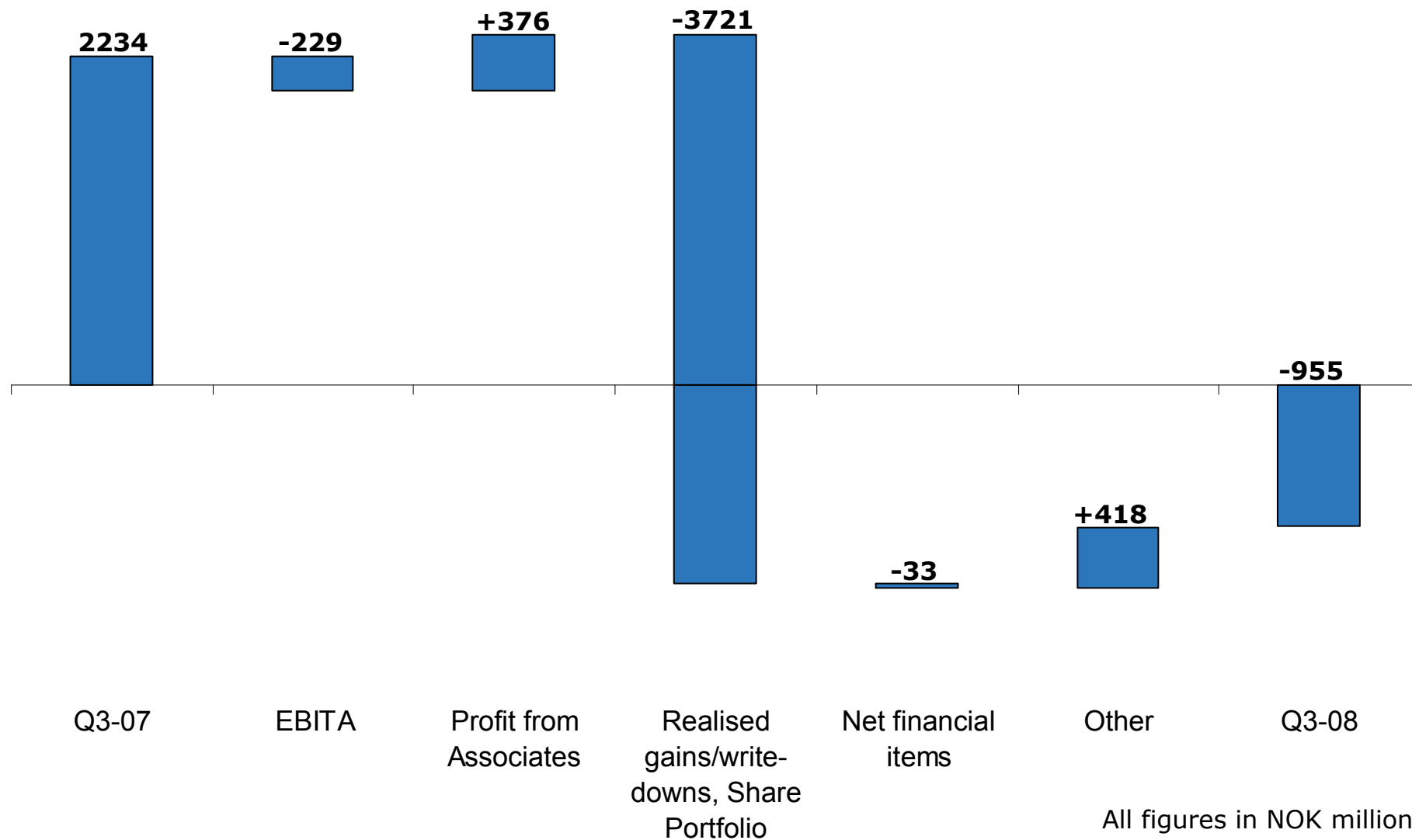
1 Jul - 30 Sep	2008	2007	Change
<b>Operating revenues</b>	<b>16 559</b>	<b>17 795</b>	-7 %
<b>EBITA</b>	<b>1 003</b>	<b>1 232</b>	-19 %
Amortisation intangibles	-57	-53	
Restructuring and significant impairment	0	-429	
<b>EBIT</b>	<b>946</b>	<b>750</b>	
Associates	573	197	
Dividends	58	65	
Gains and losses/write-downs Share Portfolio	-2 323	1 398	
Net financial items	- 209	- 176	
<b>Profit before tax</b>	<b>- 955</b>	<b>2 234</b>	-143 %
Taxes	-260	-424	
<b>Profit for the period</b>	<b>-1 215</b>	<b>1 810</b>	
Minority interests' share of profit for the year	1	47	
Profit attributable to equity holders	-1 216	1 763	
Earnings per share diluted (NOK)*	-1.2	2.1	

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

## Change in EBITA from Q3-07 to Q3-08



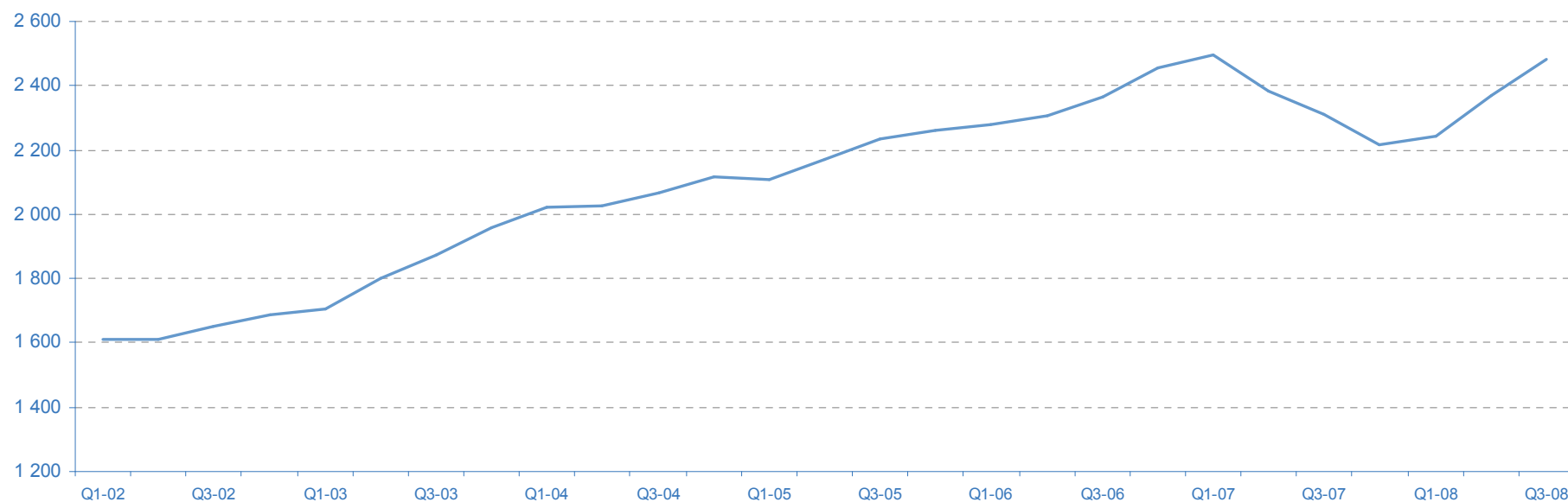
# Financial crisis hampers profit before tax



# Orkla Brands – more resilient

(EBITA 12 month rolling)

NOK million



## Orkla Brands – broad-based profit improvement

- Underlying top line growth +7 %
  - Price increases to compensate for cost inflation
- Underlying EBITA growth for all business units and most of the companies
- Strengthened cost efficiency programmes deliver
- Market shares weakening slightly
- Additional structural initiatives implemented in Q3

### Orkla Brands *in NOK million*

**1 Jul - 30 Sep**                      **2008**    **2007**    **Change**

#### Revenues

<b>Orkla Brands</b>	<b>5 646</b>	<b>5 326</b>	<b>6 %</b>
Orkla Foods Nordic	2 392	2 308	4 %
Orkla Brands Nordic	1 869	1 810	3 %
Orkla Brands International	565	528	7 %
Orkla Food Ingredients	902	785	15 %
Eliminations	- 82	- 105	

#### EBITA

<b>Orkla Brands</b>	<b>708</b>	<b>596</b>	<b>19 %</b>
Orkla Foods Nordic	287	235	22 %
Orkla Brands Nordic	360	351	3 %
Orkla Brands International	9	- 30	130 %
Orkla Food Ingredients	52	40	30 %

**EBITA margin**                      **12.5 %**    **11.2 %**

## Orkla Brands – several structural activities already completed

### Acquisitions

- MTR
- Marcia
- Uplands Paj
- Saarioinen
- Pastella
- Molde Bakeri
- Setuza
- Tredo
- Kolding Salatfabrik
- Frima Vafler
- JB Våfflor
- Naturli Foods
- Unimix SIA
- Vilmix SIA
- Belusa

### Divestments

- Russian Snack Company
- Topp Livsmedels-produkter
- Chips Food Services (Finland)
- Empaco
- Bakehuset Kafe
- Berthas
- Slottslompa
- Superfish
- Elico
- Tekstiler Finland
- Guseppe
- Kotlin\*
- Trope

*\* subject to authorisation by Polish competition authorities*



# Orkla Aluminium Solutions –

## The financial performance is suffering as a result of the economic downturn

- Demand has softened radically during the quarter amid turbulence in financial markets
  - Soft demand trigger customer de-stocking
- Price levels for Sapa are holding up relatively well
- Continued good performance for Building System is to some extent offset by operational variability at Heat Transfer
- Cost levels partly adjusted to lower volumes
- Kam Kiu one-offs around NOK 40 million for Sapa Profiles

### Orkla Aluminium Solutions *in NOK million*

1 Jul - 30 Sep

Revenues	2008	2007	Change
----------	------	------	--------

<b>Orkla Aluminium Solutions</b>	<b>6 696</b>	<b>8 776</b>	-24 %
Sapa Profiles	5 247	7 349	-29 %
Sapa HT and BS	1 671	1 666	0 %
Eliminations	- 222	- 239	

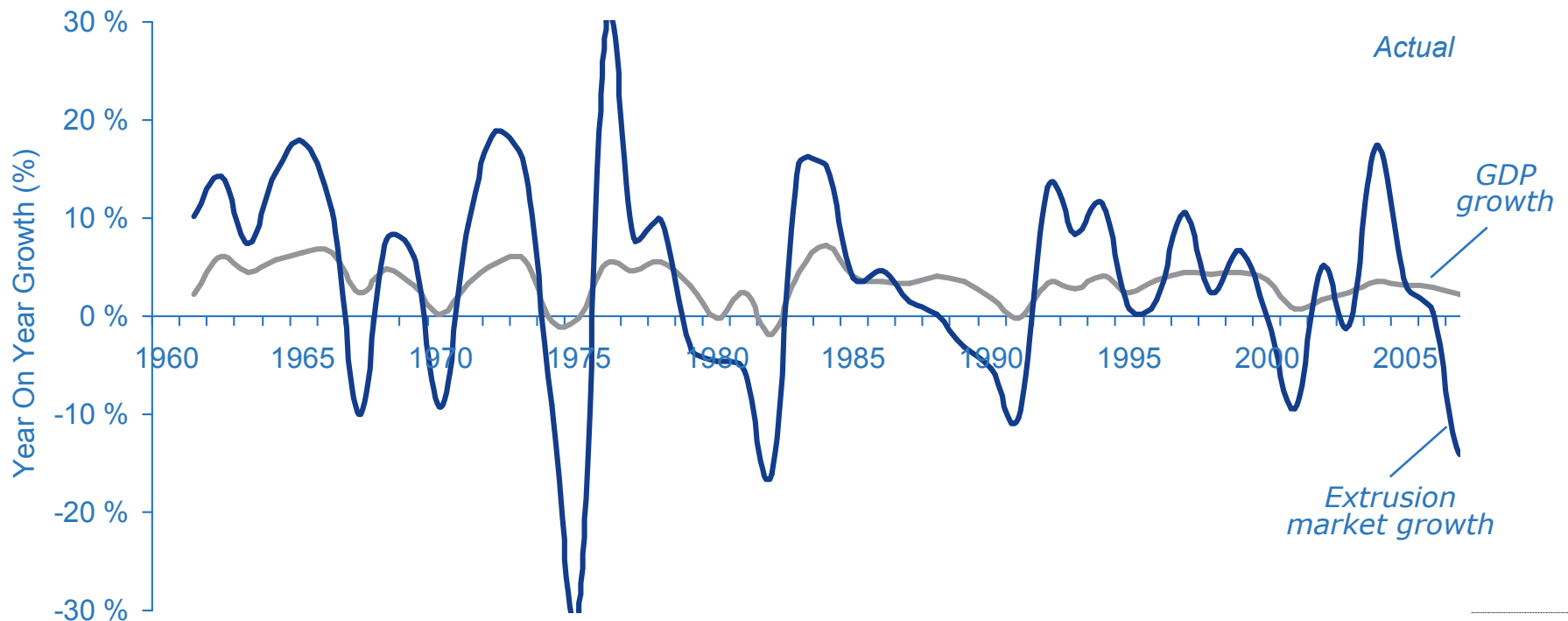
### EBITA

<b>Orkla Aluminium Solutions</b>	<b>92</b>	<b>254</b>	-64 %
Sapa Profiles	- 28	114	-125 %
Sapa HT and BS	120	140	-14 %

<b>EBITA margin</b>	<b>1.4 %</b>	<b>2.9 %</b>	
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# Market conditions Sapa - US extrusion industry is highly cyclical and more volatile than GDP

## Correlation Between YoY US Extrusion Market Growth and US GDP Growth



Source: Aluminum Association, Global Insight, and US Department of Commerce

- US consumption down some 25 % from peak 2006
- European consumption down some 10 % from peak 2007
- Further weakening anticipated

## Elkem – Profit negatively affected by energy trading and margin squeeze in Primary Aluminium

- Energy trading  
NOK 120 million  
down on Q3-07
- Primary Aluminium results hampered by higher raw material costs, aluminium hedges and weak USD
- Still strong silicon markets
- Elkem Solar: NOK 81 million expensed in Q3

### Elkem *in NOK million*

#### 1 Jul - 30 Sep Revenues

	2008	2007	Change
<b>Elkem</b>	<b>2 975</b>	<b>2 219</b>	<b>34 %</b>
Energy	527	299	76 %
Primary Aluminium	706	596	18 %
Silicon-related	2 014	1 525	32 %
Eliminations	- 272	- 201	

### EBITA

<b>Elkem</b>	<b>214</b>	<b>286</b>	<b>-25 %</b>
Energy	76	165	-54 %
Primary Aluminium	- 17	58	-129 %
Silicon-related excl. solar	236	122	93 %
Elkem Solar	- 81	- 59	

<b>EBITA margin</b>	<b>7.2 %</b>	<b>12.9 %</b>
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# Borregaard – strong Energy result offsets weaker markets for Chemicals

- Market for textile cellulose substantially weaker than in 1st half of 2008
  - Price increases continue for other speciality cellulose products
- Process on track for closure of Swiss operations in Q4-2008
- Volume decline in key lignin markets
  - Partly offset by prices and mix
- Better market prices and gains from financial power trading lift results in Energy sector

## Borregaard *in NOK million*

**1 Jul - 30 Sep**

Revenues	2008	2007	Change
<b>Borregaard</b>	<b>1 104</b>	<b>1 189</b>	-7 %
Energy	64	42	52 %
Chemicals	1 086	1 188	-9 %
Eliminations	- 46	- 41	

## EBITA

<b>Borregaard</b>	<b>110</b>	<b>116</b>	-5 %
Energy	58	17	241 %
Chemicals	52	99	-47 %
<b>EBITA margin</b>	<b>10.0 %</b>	<b>9.8 %</b>	

# Orkla Associates



*in NOK million*

<b>1 Jul - 30 Sep</b>	<b>2008</b>	<b>2007</b>	<b>Change</b>
Revenues	1 919	1 480	30 %
EBITDA	711	643	11 %
EBIT	537	495	9 %
Profit before tax*	1 761	57	

- Revenue growth of 30 %
- EBITDA increased by 11 %, mainly due to higher production and revenues
- Profit before tax in Q3-08 including a positive effect of NOK 1,207 million on embedded derivatives

\* Adjusted for change in accounting principles for financial items in 2007



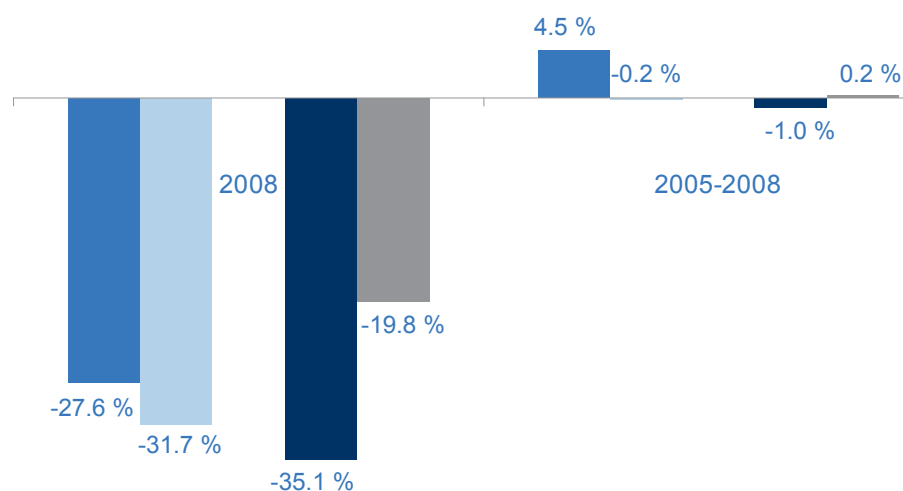
*in NOK million*

<b>1 Jan - 31 Aug</b>	<b>2008</b>	<b>2007</b>	<b>Change</b>
Revenues	6 739	6 136	10 %
EBIT	807	701	15 %
Profit before tax	792	687	15 %

- Exposure to high-growth markets
- Margin improvements
- Economic downturn affects outlook

# Share Portfolio

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



## Gains and dividends *in NOK million*

2008	1 Jul - 30 Sep	1 Jan - 30 Sep
Unrealised gains	-1 317	-3 058
Net gains/losses excl. write-downs	38	957
Write-downs	-2 170	-3 227
Change in fair value of associates	- 191	- 236
Dividend received	58	455
Tax and interest	63	250
<b>Change in net asset value</b>	<b>-3 519</b>	<b>-4 859</b>
Market value Share Portfolio	13 763	
Unrealised gains	752	

# Cash flow 30 September 2008

Key figures *in NOK million*

1 Jan - 30 Sep	2008	2007
<b>Industry division:</b>		
Operating profit	3 160	3 115
Net depreciation and replacement	143	893
Changes in net working capital	-1 944	- 808
<b>Cash flow from industrial operations</b>	<b>1 359</b>	<b>3 200</b>
<b>Cash flow from Financial Investments</b>	<b>330</b>	<b>1 033</b>
Financial items, net	- 897	- 278
Taxes paid and miscellaneous	-1 113	- 950
Dividends paid and share buybacks	-2 984	-2 751
Net expansion*	-5 500	-6 487
<b>Net cash flow</b>	<b>-8 805</b>	<b>-6 233</b>
<b>Net interest-bearing debt</b>	<b>25 244</b>	<b>16 969</b>

\* Proceeds of NOK 950 million from sale of Hjemmet Mortensen booked 1 October 2008 – not included in cash flow as of Q3-08

## A number of industrial expansion projects completed in 2007 and 2008 – total CAPEX NOK 15 billion

### Main projects

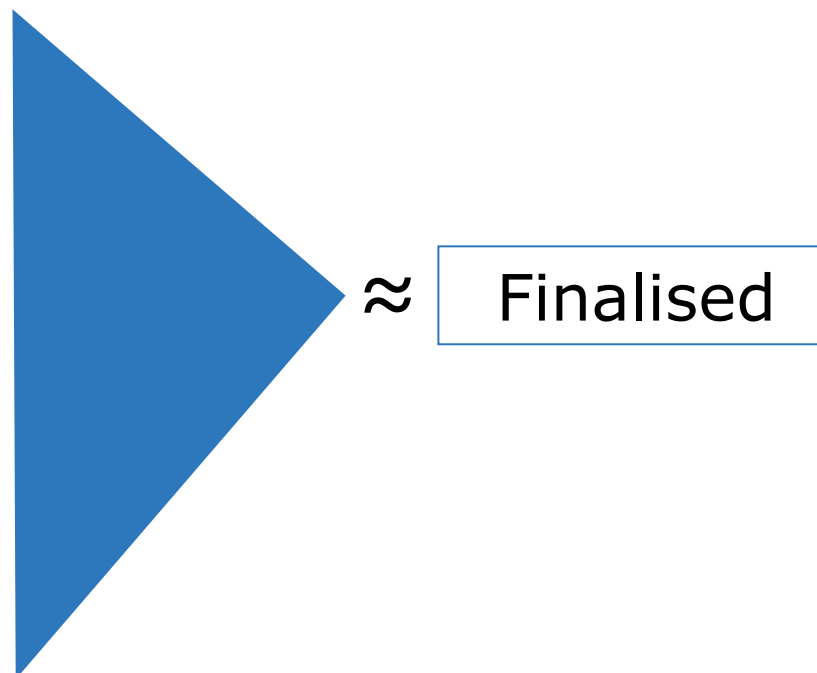
REC – increased holding

Elkem Solar

Sauda Power Plant

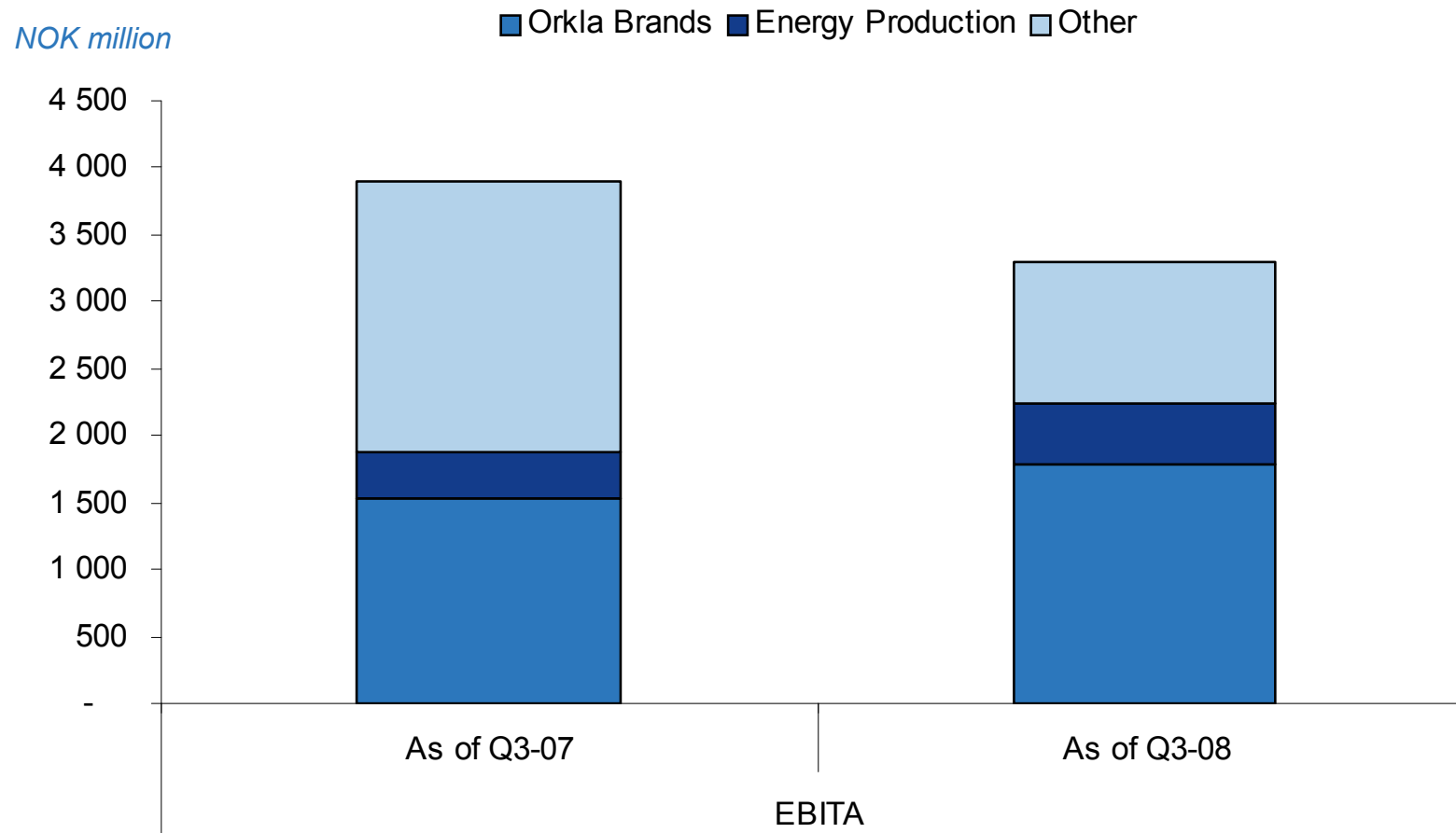
MTR Orkla Brands

Elkem Mosjøen Anode





## Strong, increasing profit from Brands & Energy Production



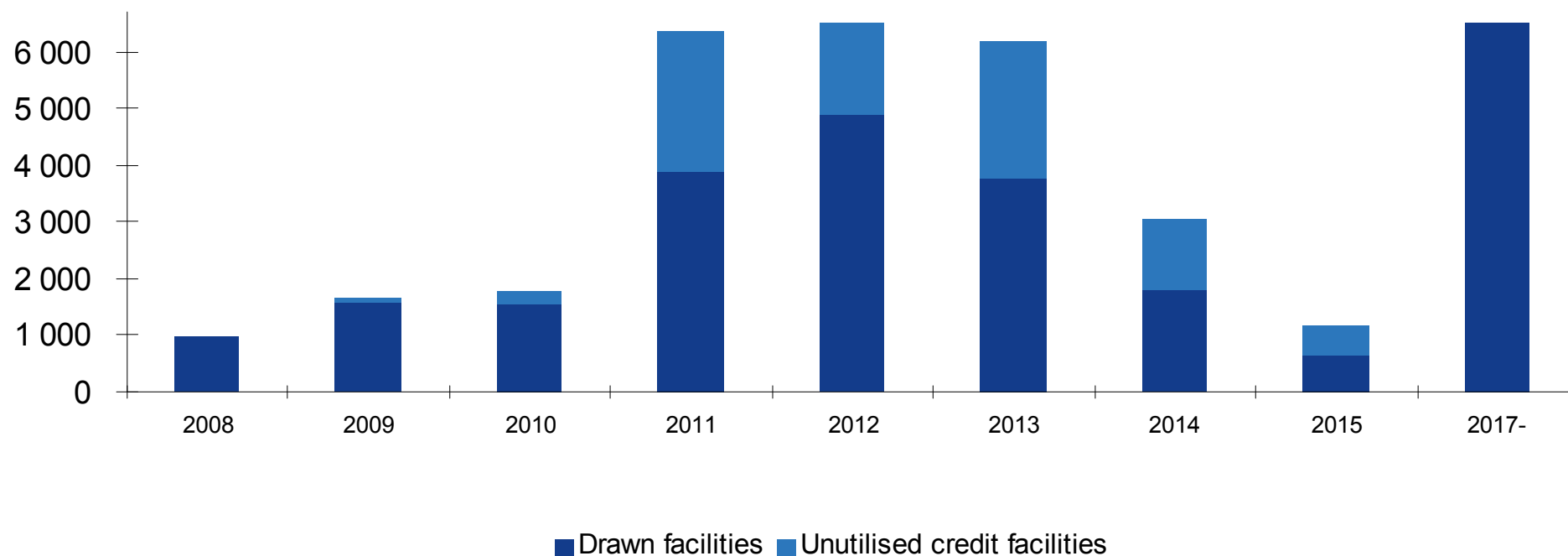
# Orkla's financing policy

- Orkla maintains a conservative and flexible financing policy which is compatible with Group Strategy
  - Long-standing and consistent bank relationship strategy
  - No financial covenants
- Stable cash flows and substantial liquid assets ensure debt service and borrowing capacity
- Available long-term, committed reserves shall cover:
  - Loan instalments due next 12 months plus a strategic reserve
- New loans/Facilities typically 5-10 year maturities

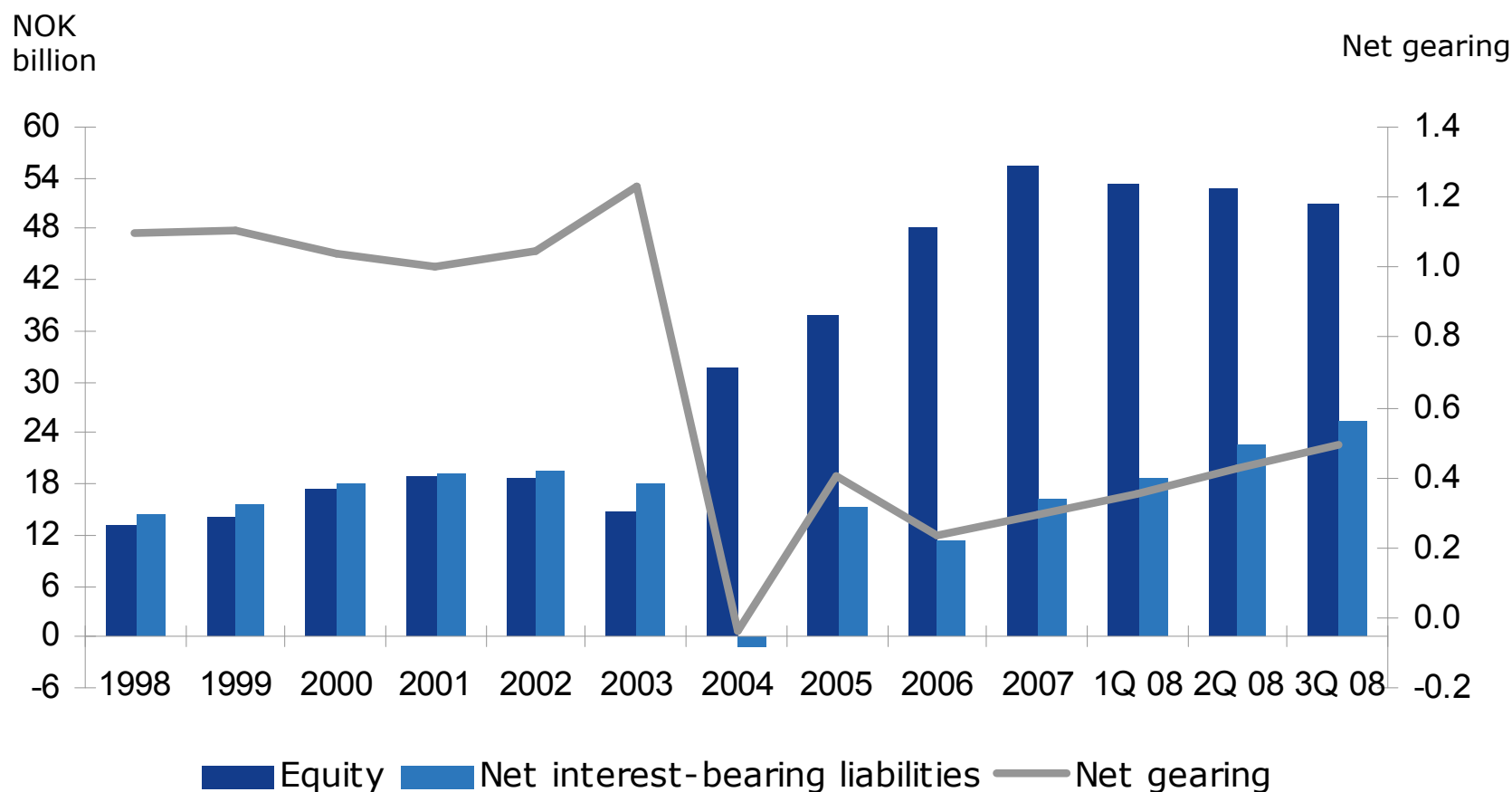
# Debt maturity profile

Average maturity  
4.8 years

NOK million



# Net gearing 0.5 as of 30 September 2008



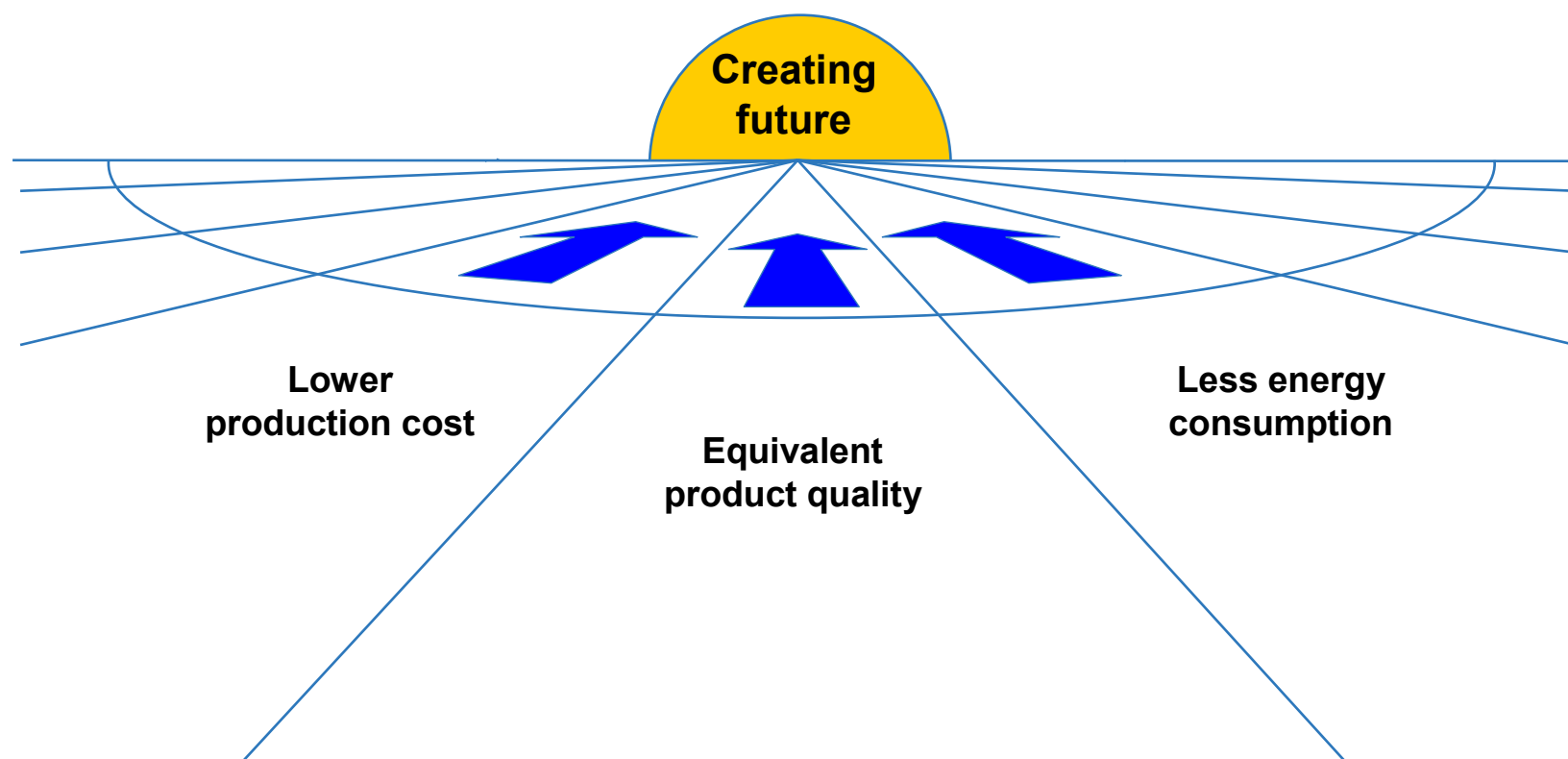


# **Elkem Solar**

## **Status and future outlook**

**Managing Director Helge Aasen**

# Elkem Solar – creating future



## Elkem Solar has developed a break-through Solar Grade Silicon production process



- In-house production only
- Based on Elkem's core competencies
- Three sequential purification steps designed to reduce the level of impurities for critical elements
- Largely based on Elkem's core competencies in high temperature processes, process and equipment design
- Ingots cleaned and sawed into bricks of ~10 kg
- Quality control

The production processes have been verified in our pilot plant over the past three years and are now being industrialised in Kristiansand

# Elkem Solar – Attractive technology project

- **Quality equivalent to polysilicon**
  - Strengthened purification capabilities
  - Improved production yield
- **Favorable cost position**
  - Lower kWh/kg and cost per kg than traditional technology
- **Increased investment - CAPEX per MT unchanged**
  - Capacity increase up to approx. 6000 MT from process development
  - CAPEX increased to NOK 4.0 – 4.2 billion
- **Risks going forward**
  - Scale-up from Pilot to Industrial
  - Availability of equipment
- **Several improvements identified for a potential plant 2**



# Product verified to fulfil industry requirements on a stand alone basis

## Product quality has been our main focus area

- 100% stand alone product is a prerequisite for long term success in the industry
- Testing and qualification in close cooperation with customers and leading R&D institutes

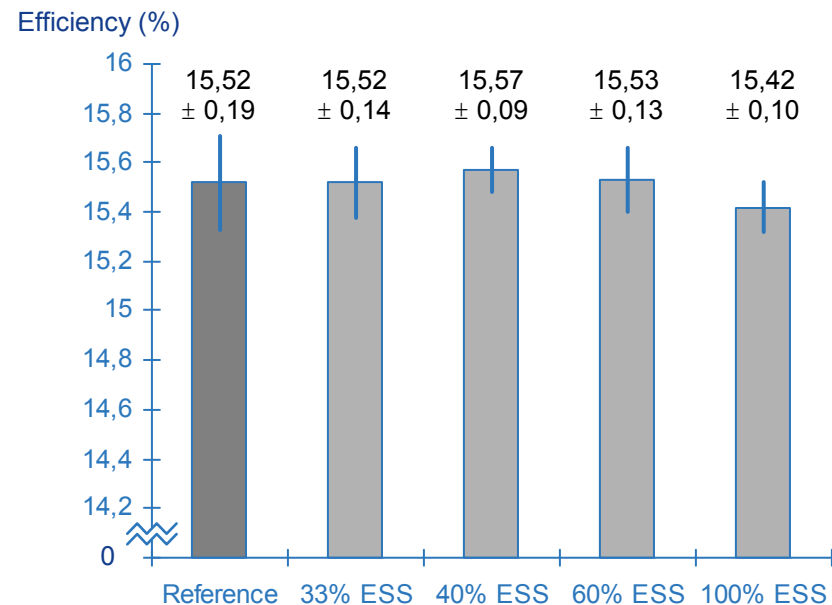
Industrial demo plant has demonstrated stable, low levels of impurities

- Phosphorus: <1,5 ppmw
- Boron: <0,4 ppmw
- Total metallics: < 30 ppmw

Several levers identified to further reduce the impurity levels

## Quality of cells equivalent to cells produced using traditional polysilicon

Elkem Solar Silicon vs poly silicon reference (Q-Cells tests)<sup>(1)</sup>

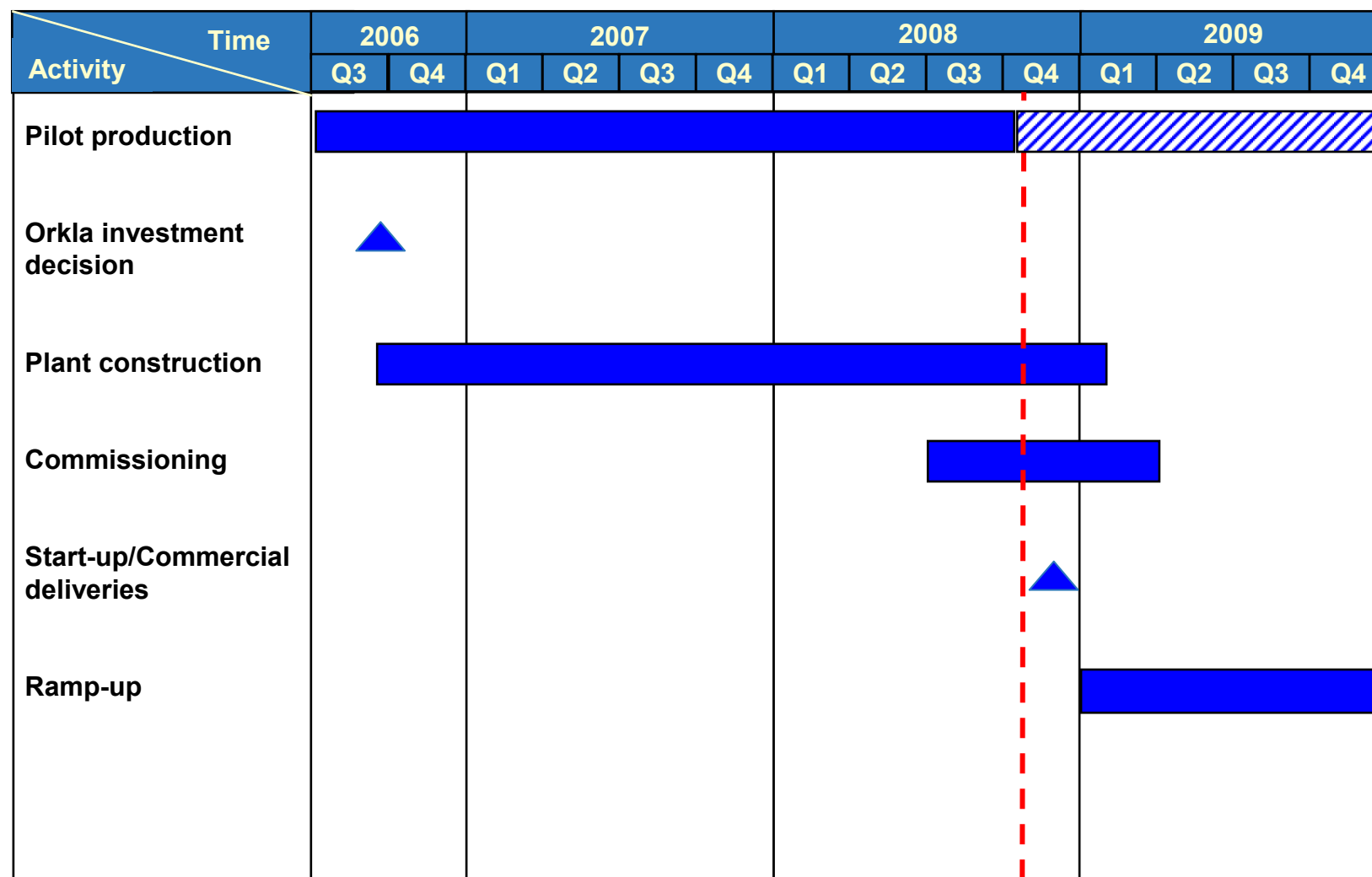


No significant difference in quality or efficiency

(1) Solar cells produced at standard industrial lines July 2008

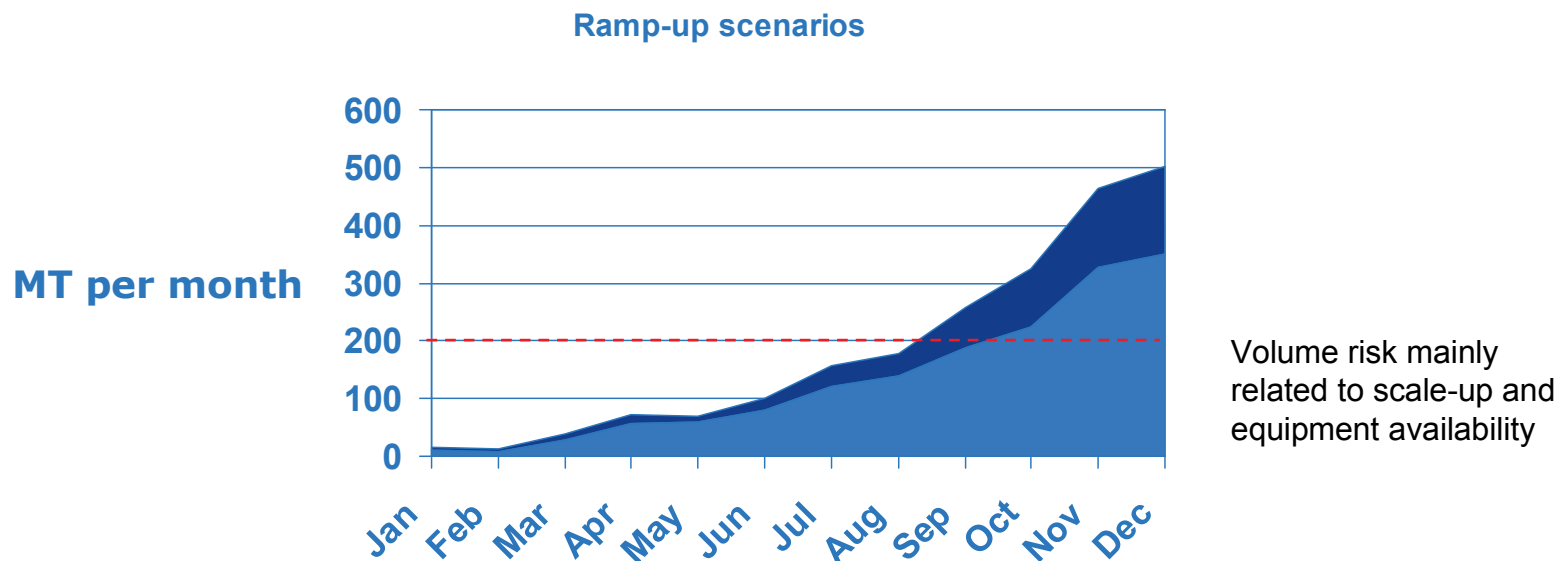
# First shipments scheduled by the end of 2008

Elkem Solar start-up schedule



## Majority of production expected in H2 2009

- Ramp-up in 2009
  - Total 2009 production estimated at 1500 – 2500 MT
  - H1 production impacted by standard ramp-up procedures

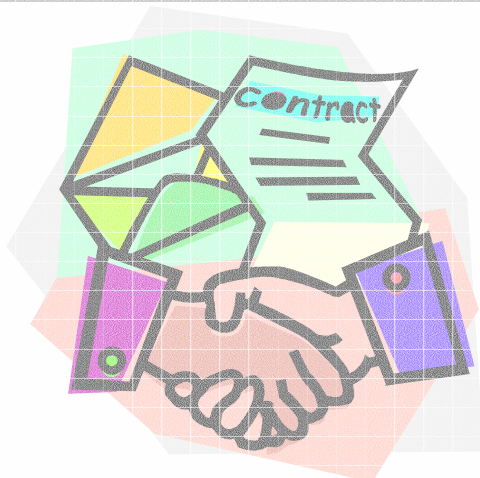


- Break-even EBITA estimated at approx. 2500 MT/year (40 % of capacity)
  - Break-even EBITDA at approx. 1800 MT/year

# Elkem Solar - well prepared to ramp-up production

**Long term sales  
contracts are secured...**

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- 100% of plant 1 capacity sold until 2012 to Q-Cells and another leading player in the solar industry
- Approximately 50% of plant 1 capacity sold 2012-2018 to Q-Cells

**..and a highly  
competent organization is in place**

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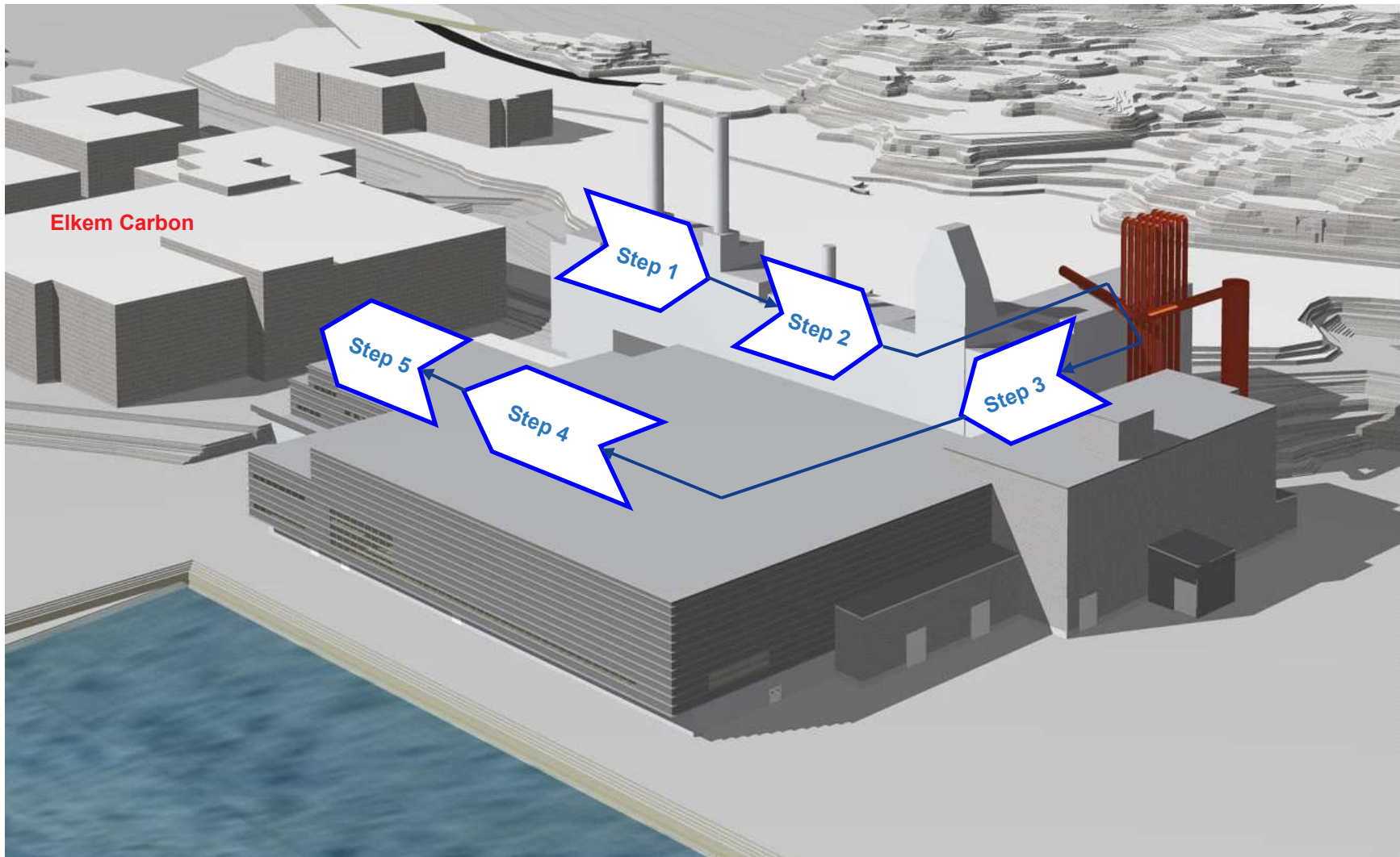
- A total organization of ~250 employees today – ~150 to be involved in the plant operations
- Extensive training of employees has been carried out on pilot equipment and during commissioning of all process stages

## Significant process improvements are identified

- Cell efficiency  $> 18\%$  has been demonstrated on laboratory level
- Further improvements to Elkem Solars purification processes show scale and capability potential
- 2009 R&D focus
  - Compressing # of process steps
  - Develop feedstock and process for high efficiency cells
  - Technology verification input for basic engineering plant 2

# Elkem Solar - first plant is in Kristiansand, Norway (I)

Plant overview





## Elkem Solar - first plant is in Kristiansand, Norway (II)

The construction site







## Coming events

19 February 2009	Full year results 2008
23 April 2009	Ordinary General Meeting
6 May 2009	First quarter results 2009



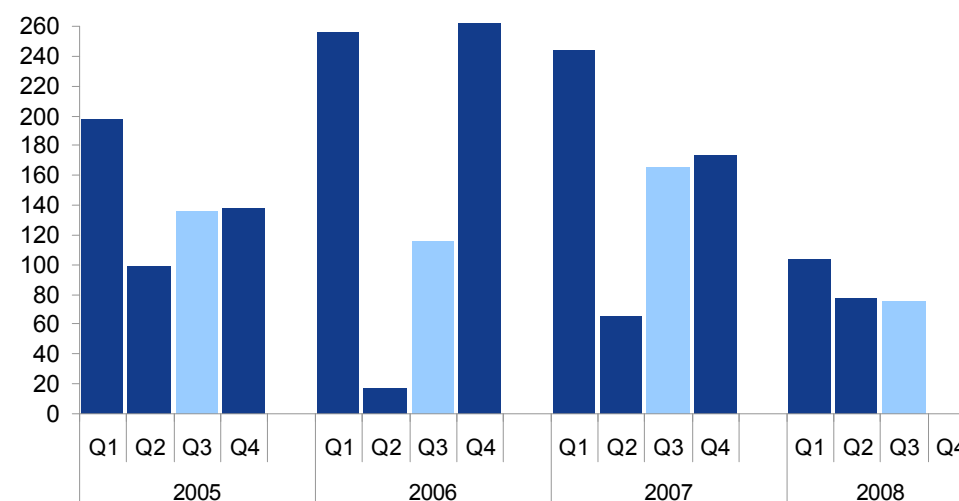
# Appendix

# Elkem Energy –

## Periodic maintenance affects production

- EBITA at NOK 76 million vs. NOK 165 million last year
- EBITA from Energy Trading at NOK -44 million versus NOK 76 million last year
- Energy Production EBITA at NOK 120 million vs. NOK 89 million last year
- Sauda hydro power expansion on-stream at end of Q3

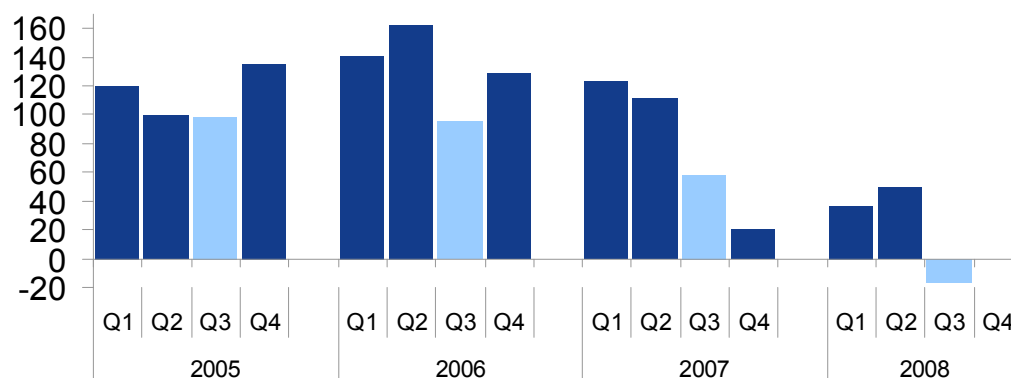
EBITA per quarter - Energy



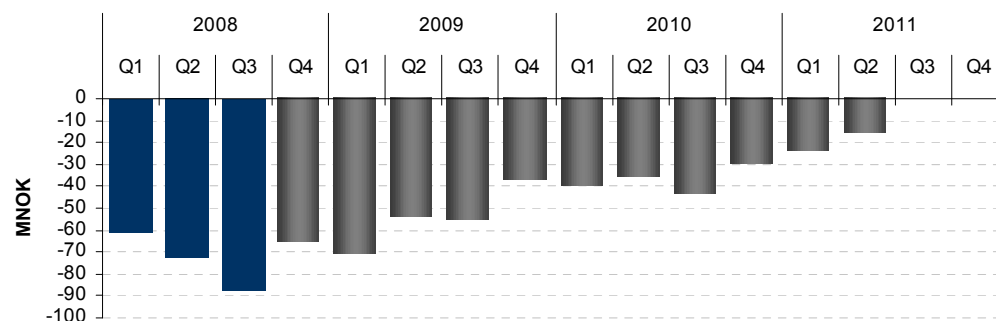
# Elkem Primary Aluminium – Weak USD, higher raw material costs and hedges temporarily hamper earnings

- Favorable long-term power- and alumina contracts provide platform for future profitability
- EBITA in Q3 negatively impacted by:
  - Weak USD
    - NOK 15 million vs. Q3-07
  - Metal hedges
    - NOK 88 million in Q3-08
    - Unrealised loss of NOK 477 million
  - Higher energy and raw material costs
    - NOK 70 million vs Q3-07
- Hedge impact decreasing throughout 2009

EBITA per quarter - Primary Aluminium



Realised & unrealised LME hedge



Based on LME and USD forward market per 01.10.2008

■ Realised ■ Unrealised

# Elkem Silicon-related

## - Good markets

- EBITA (excl. Solar) at NOK 236 million, up NOK 114 million on Q3-07
- Silicon metal markets still strong in Q3
- Strong demand for ferrosilicon and foundry products
  - Competitive cost base

### Silicon-related *in NOK million*

1 Jul - 30 Sep	2008	2007	Change
Revenues	2 014	1 525	32 %
EBITA ex Elkem Solar	236	122	93 %
EBITA Elkem Solar	- 81	- 59	
Total EBITA	155	63	146 %
EBITA margin	7.7 %	4.1 %	

# Financial items

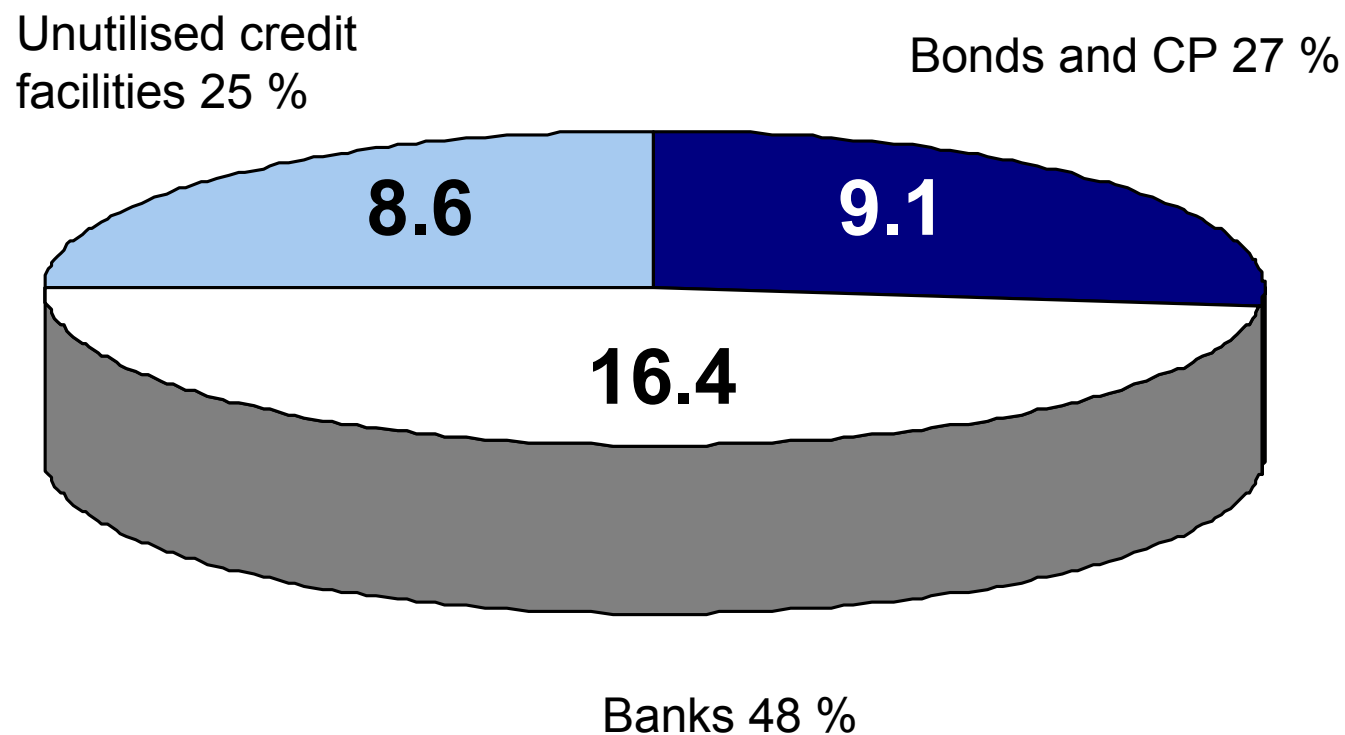
# Balance sheet 30 Sep 2008

Key figures in NOK million

	30.09.2008	31.12.2007
Intangible assets	16 605	16 626
Property, plant and equipment	25 655	21 481
Financial non-current assets	16 562	14 999
<b>Non-Current assets</b>	<b>58 822</b>	<b>53 106</b>
Inventories	9 433	8 533
Receivables	14 416	12 628
Share Portfolio etc.	13 819	17 559
Cash and cash equivalents	2 932	2 966
<b>Current assets</b>	<b>40 600</b>	<b>41 686</b>
<b>Total assets</b>	<b>99 422</b>	<b>94 792</b>
Paid-in equity	1 990	2 002
Earned equity	46 255	50 661
Minority interests	2 686	2 601
<b>Equity</b>	<b>50 931</b>	<b>55 264</b>
Provisions	6 008	6 142
Non-current interest-bearing liabilities	25 777	16 093
Current interest-bearing liabilities	2 578	3 188
Other current liabilities	14 128	14 105
<b>Equity and liabilities</b>	<b>99 422</b>	<b>94 792</b>
Equity to total assets ratio	51.2 %	58.3 %
Net gearing	0.5	0.3



## Funding Sources



Figures in NOK billion

# Currency translation effects

*in NOK million*

<b>Revenues</b>	<b>Q3-08</b>	<b>As of Q3-08</b>
Orkla Brands	11	-212
Orkla Aluminium Solutions	27	-898
Elkem	-14	-143
Borregaard	-5	-75
<b>Total</b>	<b>19</b>	<b>-1 328</b>

<b>EBITA</b>	<b>Q3-08</b>	<b>2007</b>
Orkla Brands	2	-7
Orkla Aluminium Solutions	11	-20
Elkem	-1	-15
Borregaard	-2	-13
<b>Total</b>	<b>10</b>	<b>-55</b>

# Largest holdings in the Share Portfolio

**Market value** *in NOK million*

**per 30 Sep 2008**

Principal holdings	Industry	Market value	Share of portfolio (%)	Share of equity (%)
Tomra Systems	Industry	718	5 %	15.5 %
Hennes & Mauritz	Retailing	485	3 %	0.3 %
Rieber & Søn	Food	485	3 %	15.6 %
Vimpelcom-SP ADR	Telecommunication	429	3 %	0.4 %
DnB NOR ASA	Bank	384	3 %	0.6 %
Elekta B	Medicine-Technology	354	3 %	3.9 %
Amer Group	Consumer Goods	337	2 %	6.5 %
Nokia A	Telecommunication	330	2 %	0.1 %
Tandberg	IT	328	2 %	3.7 %
Network Norway AS	Telecommunication	307	2 %	26.2 %
<b>Total principal holdings</b>		4 157	30.2 %	
<b>Market value of entire portfolio</b>		<b>13 763</b>		

# Share Portfolio key figures

## Key figures *in NOK million*

	30 Sep 08	31 Dec 07	Change 08
Market value portfolio	13 763	17 513	-3 750
Unrealised gains before tax	752	3 810	-3 058
Share of portfolio invested			
- outside Norway	59 %	55 %	4 % pts
- in listed companies	83 %	85 %	-2 % pts

# Net financial items

## Key figures *in NOK million*

1 Jan - 30 Sep	2008	2007	Full year 2007
Net interest expenses	-592	-537	-704
Currency gain/loss	11	22	32
Other financial items, net*	60	1 158	1 112
<b>Net financial items</b>	<b>-521</b>	<b>643</b>	<b>440</b>

\* Major effects in 2007 (full year):

- Gains from sale of shares in Mecom (NOK 311 million), financial interest in Good Energies' sale of REC shares (NOK 270 million) and interest in real estate projects on Fornebu (NOK 261 million)
- According to IFRS changes in the fair value of the put options issued in REC had to be recognised in the income statement with NOK 422 million in 2007. These options were terminated in Q1-08.