

Press release



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Profit improvement for Orkla Brands – accounting writedowns in the Share Portfolio

Orkla's operating profit (EBITA)¹ for the third quarter ended at NOK 1,003 million, compared with NOK 1,232 million in the corresponding quarter of 2007. The difference is partly ascribable to weak profit from energy trading and one-off costs related to the Kam Kiu acquisition, which was not completed. Orkla Brands continues its positive profit performance, while Sapa is feeling the effects of the decline in both the US and Europe. Weak financial markets are impacting negatively on Orkla's Financial Investments area.

“Several of the Orkla businesses are experiencing an extraordinary market situation that will be countered with vigorous measures. These will include capacity drawdowns, workforce reductions and tight management of investments and working capital,” states President and CEO Dag J. Opedal.

“The financial markets are challenging, but Orkla has a solid balance sheet and a comfortable financing structure, where committed credit facilities more than cover loan instalments through the end of 2010. We also have a good cash flow from Orkla Brands and the energy business at Orkla Materials, which are less affected by the market turbulence. This gives the Group financial flexibility and manoeuvrability,” says Opedal.

Orkla's third-quarter operating revenues totalled NOK 16.6 billion, down from NOK 17.8 billion in 2007. However, underlying² revenues are on a par with last year. Orkla Associates (REC and Jotun, in each of which Orkla has a stake of about 40 per cent) can both report good progress in the quarter. Due to substantial falls in value, the Share Portfolio will be written down by NOK 2.2 billion for accounting purposes this quarter.

Several major industrial expansion projects have been carried out in the past few years, including the acquisition of a larger stake in REC, Elkem Solar's new plant, the Sauda power production project and the anode factory at Mosjøen. Consequently, the Group is now finalising major obligations related to ongoing projects. Several structural adjustments have also been made recently in the form of the sale and winding up of operations with unsatisfactory profitability, including some of Sapa's plants, the Russian Snack Company, Superfish, Guseppe and Kotlin. Borregaard recently announced that they will probably close their Swiss business.

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

² Adjusted for acquisitions and disposals and currency translation effects

CONDENSED GROUP INCOME STATEMENT

Amounts in NOK million	<u>1.1. – 30.9.</u> 2008	2007	<u>1.1. – 31.12.</u> 2007	<u>1.7. – 30.9.</u> 2008	2007
Operating revenues	51,072	45,732	63,867	16,559	17,795
Operating expenses	(46,204)	(40,335)	(56,729)	(15,042)	(15,990)
Depreciations and impairment charges on property, plant and equipment	(1,573)	(1,504)	(2,026)	(514)	(573)
Amortisation of intangible assets	(172)	(167)	(230)	(57)	(53)
Restructuring and significant impairments	(34)	(429)	(814)	0	(429)
Operating profit	3,089	3,297	4,068	946	750
Profit/loss from associates	1,905	843	848	573	197
Dividends	457	719	1,076	58	65
Gains and losses/writedowns the Share Portfolio	(2,506)	3,290	3,627	(2,323)	1,398
Financial items, net	(521)	643	440	(209)	(176)
Profit/loss before tax	2,424	8,792	10,059	(955)	2,234
Tax expenses	(970)	(1,407)	(1,614)	(260)	(424)
Profit/loss for the accounting period	1,454	7,385	8,445	(1,215)	1,810
Minority interest's share of the profit/loss for the accounting period	131	96	46	1	47
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Profit/loss before tax, Industry division	4,206	4,165	4,579	1,255	662
Profit/loss before tax, Orkla Financial Investments	(1,782)	4,627	5,480	(2,210)	1,572

EARNINGS PER SHARE

Amounts in NOK	<u>1.1. – 30.9.</u> 2008	2007	<u>1.1. – 31.12.</u> 2007	<u>1.7. – 30.9.</u> 2008	2007
Earnings per share	1.3	7.1	8.2	(1.2)	1.7
Earnings per share (diluted)	1.3	7.1	8.1	(1.2)	1.7
Earnings per share (diluted)¹	1.4	7.5	9.0	(1.2)	2.1

¹ Excl. amortisation, restructuring, significant impairments and discontinued operations.