Press release

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Date: 6 May 2008

Robust operations – profit affected by special items

Operating profit (EBITA)[1] ended at NOK 1.1 billion, down from NOK 1.5 billion in 2007. The negative difference in profit is largely attributable to certain special items related to Elkem. Orkla Brands was largely able to compensate for higher raw material costs in the quarter, and the merger of Sapa's and Alcoa's aluminium profile operations and Elkem Solar's major building project are both on schedule.

"Orkla Brands is now showing profit improvements as a result of the action plan. However, we are still seeing rising raw material costs, which will have to be offset by further price hikes. The Sapa-Alcoa merger process is proceeding as planned, and Elkem Solar is still aiming to make its first deliveries towards the end of the year," says President and CEO Dag J. Opedal.

Orkla's first-quarter operating revenues totalled NOK 16.9 billion (up from NOK 13.9 billion in 2007). A significant part of the increase in the Group's operating revenues (but also slightly lower operating margin) is explained by the merged profile business (Sapa/Alcoa).

Orkla Brands, Sapa and Borregaard all posted satisfactory performances. Elkem's energy trading business realised a loss in 2008, in contrast with particularly high gains in 2007. As expected, profit from the primary aluminium business was negatively impacted by a weak USD and hedging losses. Furthermore, costs expensed for Elkem Solar's new plant were NOK 50 million higher than last year.

Orkla Associates' contribution to Group profit was lower than last year. REC (Renewable Energy Corporation, in which Orkla owns a 39.73 per cent stake) reported slightly lower profit than last year. In addition its contribution to Orkla's profit in 2007 was boosted by a gain on a sale of shares. Jotun (in which Orkla owns 42.5 per cent) maintained its positive trend from 2007.

Pre-tax profit in the first quarter amounted to NOK 881 million (NOK 3,505 million). Realised portfolio gains and proceeds from the sale of other financial assets were particularly high in the first quarter of 2007, which explains the year-on-year difference of approximately NOK 2 billion.

[1] EBITA: Operating profit before amortisation, restructuring and significant impairment charges

In a weak stock market, Orkla's Financial Investments area reported a return of -7.2 per cent, compared with -13.3 per cent for the Morgan Stanley Nordic Index and -16.1 per cent for the Oslo Stock Exchange Benchmark Index.

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GROUP INCOME STATEMENT

Amounts in NOK million	1.1.–31.3. 2008	1.1.–31.3. 2007	1.1.–31.12. 2007
Operating revenues	**16,944**	13,888	63,867
Operating expenses	**(15,355)**	(11,955)	(56,729)
Depreciations and write-downs property, plant and equipment	**(527)**	(466)	(2,026)
Amortisation intangible assets	**(57)**	(58)	(230)
Restructuring and significant impairments	**0**	0	(814)
Operating profit	**1,005**	1,409	4,068
Profit from associates	**179**	352	848
Dividends	**88**	240	1,076
Gains and losses/write-downs Share Portfolio	**(295)**	881	3,627
Financial items, net	**(96)**	623	440
Profit before taxes	**881**	3,505	10,059
Taxes	**(194)**	(666)	(1,614)
Profit for the period	**687**	2,839	8,445
Minority interests' share of profit	**52**	35	46
Profit attributable to equity holders	**635**	2,804	8,399
Profit before tax, Industry division	**990**	2,000	4,579
Profit before tax, Orkla Financial Investments	**(109)**	1,505	5,480
Earnings per share (NOK)	**0.6**	2.7	8.2
Earnings per share diluted (NOK)	**0.6**	2.7	8.1
Earnings per share diluted (NOK)[1]	**0.7**	2.7	9.0

[1] Excl. amortisation, restructuring and significant impairment charges and discontinued operations.