

Press release



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Orkla increased pre-tax profit by 56 per cent to NOK 3.1 billion

Four out of five Orkla business areas achieved profit growth in the second quarter. Orkla's second-quarter operating profit before amortisation rose 14 per cent to NOK 1.2 billion. Associates' contribution to profit was high due to substantial growth and profit improvement for REC. Combined with the realisation of high portfolio gains and other financial items, this helped to boost pre-tax profit by 56 per cent to NOK 3.1 billion.

“All in all, the Group's second quarter results are good, and most business areas have reported growth. At the same time, we are not satisfied with Orkla Foods' results this time. Wide-ranging programmes have therefore been implemented with the aim of returning the company during 2008 to the level of profitability it has achieved in the past,” says Group President and CEO Dag J. Opedal.

Orkla Branded Consumer Goods (Orkla Foods and Orkla Brands) has reported continuous, very good profit growth over a period of five years. The weaker results for Orkla Foods are largely due to higher raw material prices, combined with challenges for operations in Eastern Europe, particularly in Poland, and for Bakers in Norway.

The agreement to merge Sapa's and Alcoa's aluminium profile operations was closed in the second quarter. Including this joint venture Sapa will have annual sales of over NOK 30 billion and 15,000 employees. Amalgamating the two big organisations will be a demanding process, and both increased investments and costs of a non-recurring nature must be expected in the second half of 2007.

More than doubled EBITDA for the Renewable Energy Corporation (REC) and continued strong revenue growth for Jotun (+25 per cent) resulted in a high contribution to profit by associates (NOK 294 million compared with NOK -22 million last year).

Group operating profit before amortisation in the first half of 2007 amounted to NOK 2.7 billion (NOK 2.2 billion)¹, while pre-tax profit increased to NOK 6.6 billion (NOK 4.1 billion). Half-year operating revenues rose to NOK 27.9 billion (NOK 25.5 billion)

The return on Orkla's Share Portfolio for the first half of 2007 was 16.7 per cent. The market value of the portfolio is now NOK 20 billion.

¹ Figures in brackets refer to the corresponding period of the previous year.

GROUP INCOME STATEMENT

Amounts in NOK million	1.1.–30.6.		1.1.–31.12.	1.4.–30.6.	
	2007	2006	2006	2007	2006
Operating revenues	27,937	25,452	52,683	14,049	12,954
Operating expenses	(24,345)	(22,351)	(45,800)	(12,390)	(11,469)
Depreciations and write-downs property, plant and equipment	(931)	(889)	(1,799)	(465)	(441)
Amortisation intangible assets	(114)	(106)	(216)	(56)	(54)
Other income and expenses	0	0	(388)	0	0
Operating profit	2,547	2,106	4,480	1,138	990
Profit from associates	646	22	289	294	(22)
Dividends	654	598	769	414	449
Gains and losses/write-downs Share Portfolio	1,892	1,356	3,271	1,011	660
Financial items, net	819	17	(284)	196	(126)
Profit before taxes	6,558	4,099	8,525	3,053	1,951
Taxes	(983)	(779)	(1,346)	(317)	(346)
Profit after taxes	5,575	3,320	7,179	2,736	1,605
Discontinued operations	0	142	4,109	0	94
Profit for the period	5,575	3,462	11,288	2,736	1,699
Minority interests' share of profit	49	26	52	14	5
Profit attributable to equity holders	5,526	3,436	11,236	2,722	1,694
Profit before tax, Industry division	3,503	2,003	4,150	1,503	786
Profit before tax, Orkla Financial Investments	3,055	2,096	4,375	1,550	1,165
Earnings per share (NOK)	5.4	3.3	10.9	2.6	1.6
Earnings per share diluted (NOK)	5.3	3.3	10.9	2.6	1.6
Earnings per share diluted (NOK) *	5.4	3.2	7.3	2.7	1.6

* Excl. amortisation, other income and expenses and discontinued operations