



First quarter results 2012

Oslo, 3 May 2012





Agenda

- Introduction
Åge Korsvold, Acting President & CEO
- Highlights Q1-12
Terje Andersen, CFO
- Orkla Brands
Torkild Nordberg, CEO Orkla Brands
- Sapa
Svein Tore Holsether, CEO Sapa



Q1-12 RESULTS

TERJE ANDERSEN, CFO

Highlights Q1-12

- Orkla Brands in line with last year
 - Underlying top line growth +4%
- Continued weak European markets for Sapa
 - Actions taken in Sapa Heat Transfer improved results compared with Q4-11
- A strong quarter for Borregaard
 - Market conditions still strong, however high raw material prices
- Net sale of shares NOK 1.1 billion in the quarter
 - Market value of the Share Portfolio at NOK 5.0 billion at 31 Mar 2012
- Gain from sale of real estate EBITA effect of NOK 103 million

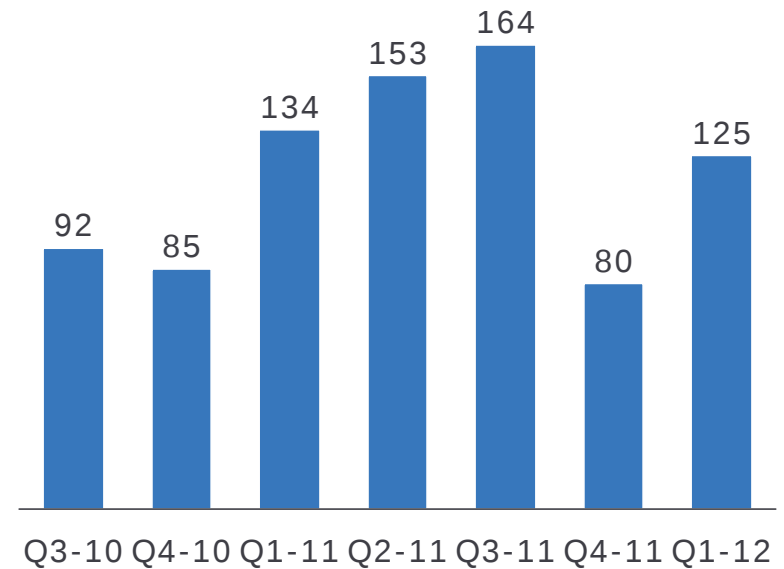


Divestment of Borregaard

- a dual process

- A strong Q1-12 for Borregaard, with continued favourable market conditions
- Borregaard's industrial activities, separated from the hydro power assets as of 1 April 2012
- Preparations for IPO at full speed
- Targeting potential industrial buyers
- Ambition to complete the process by the end of 2012

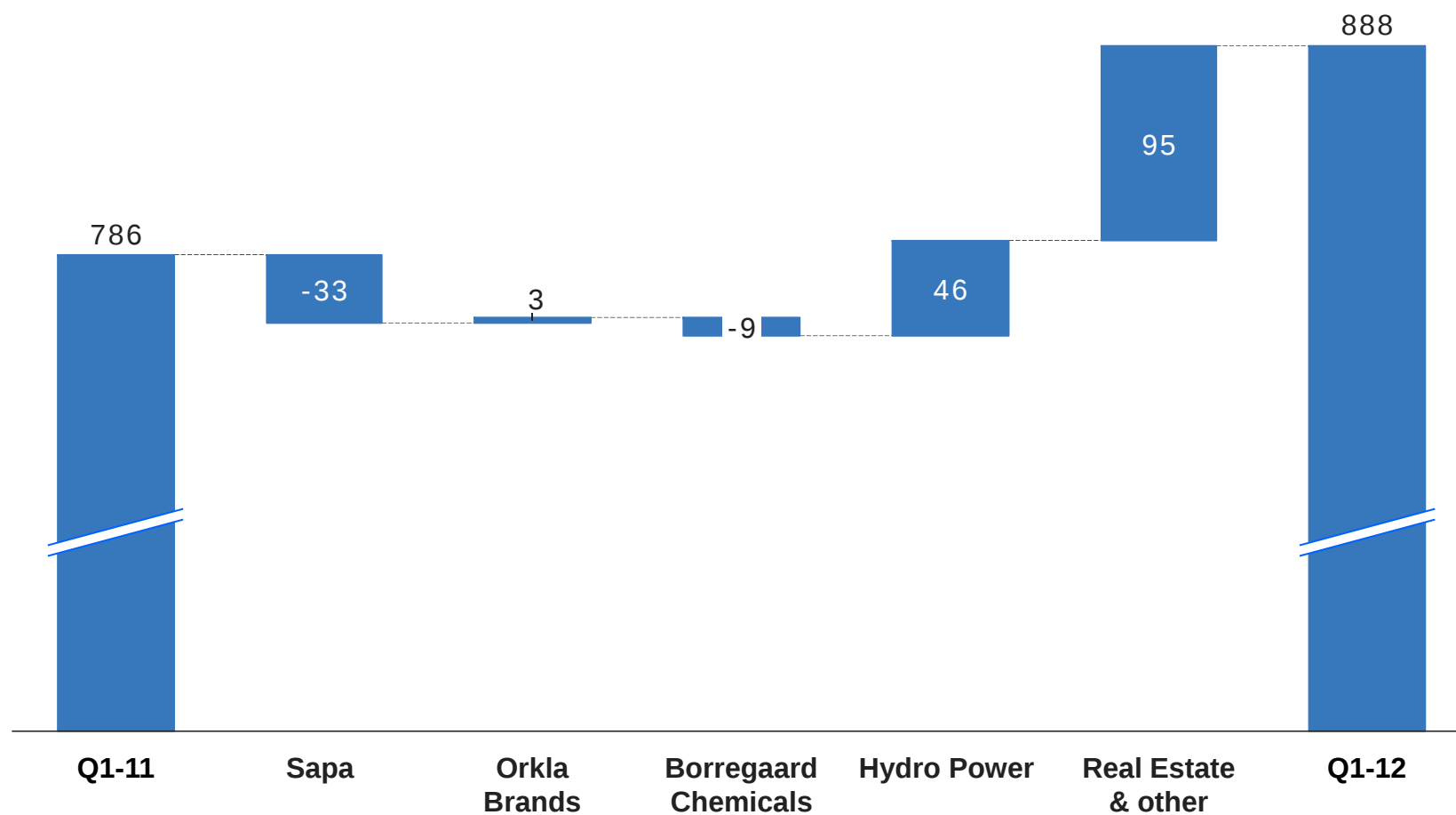
EBITA in NOK million per quarter



Key figures Q1-12

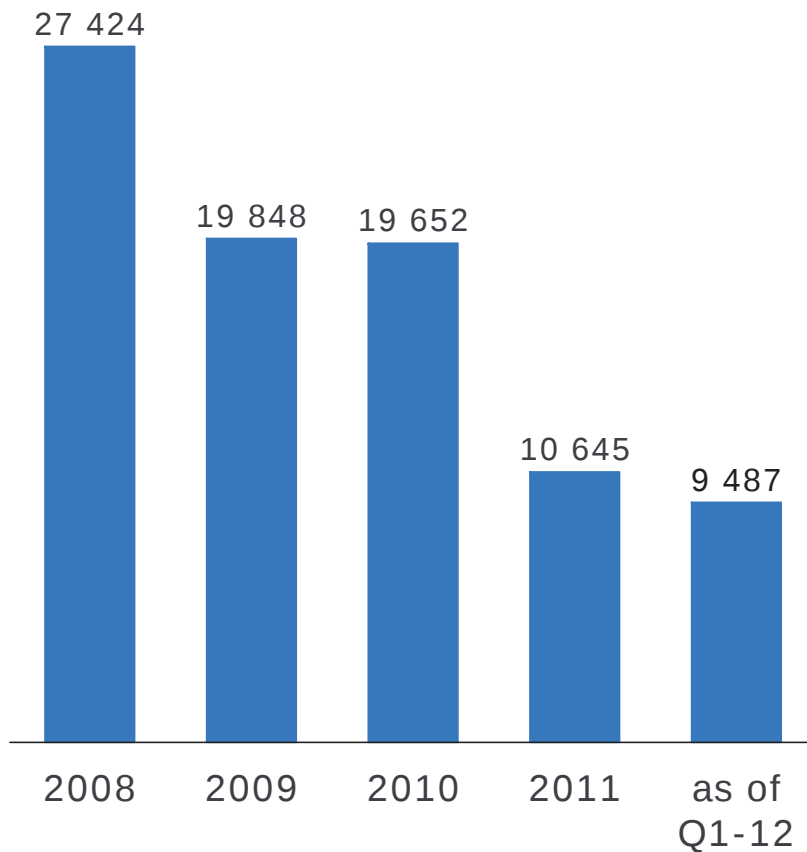
	Q1-12	Q1-11	Change
Operating revenues	14 792	15 000	-1 %
EBITA	888	786	13 %
Amortisation intangibles	-11	-7	
Other revenues and expenses	-40	-66	
EBIT	837	713	
Profit/loss from associates	353	920	
Dividends received	52	84	
Gains, losses and write-downs Share Portfolio	427	361	
Financial items, net	- 119	- 118	
Profit / loss before taxes	1 550	1 960	
Taxes	-245	-219	
Profit for the period continuing operations	1 305	1 741	
Gains/profit discontinued operations	0	1 213	
Profit / loss for the period	1 305	2 954	
Cash Flow from operations	16	- 437	
Earnings per share diluted (NOK)	1.3	2.9	

Change in EBITA Q1-11 to Q1-12

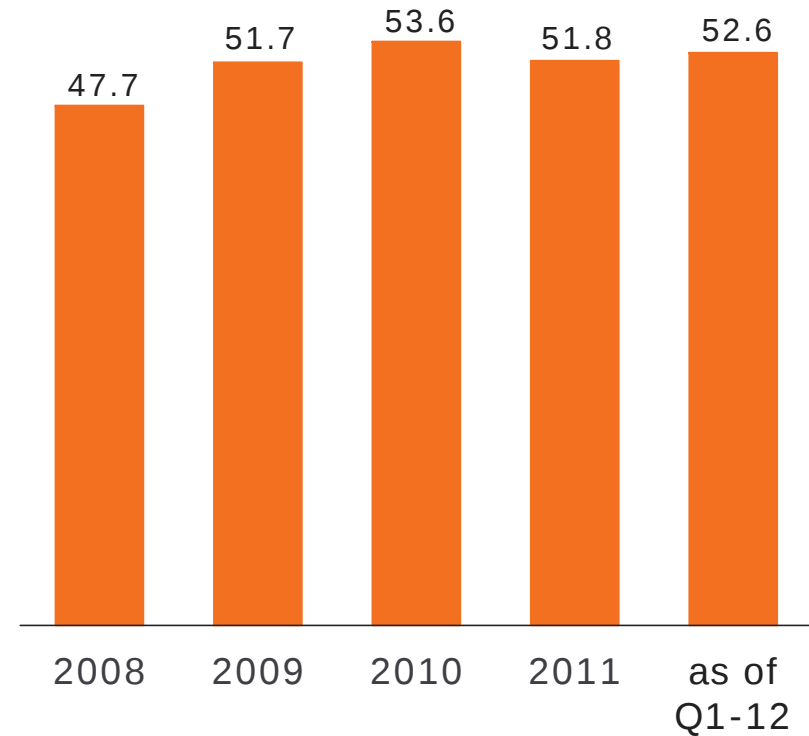


Strong financial flexibility and expansion capacity

Net interest-bearing liabilities (NOKm)



Equity ratio (%)

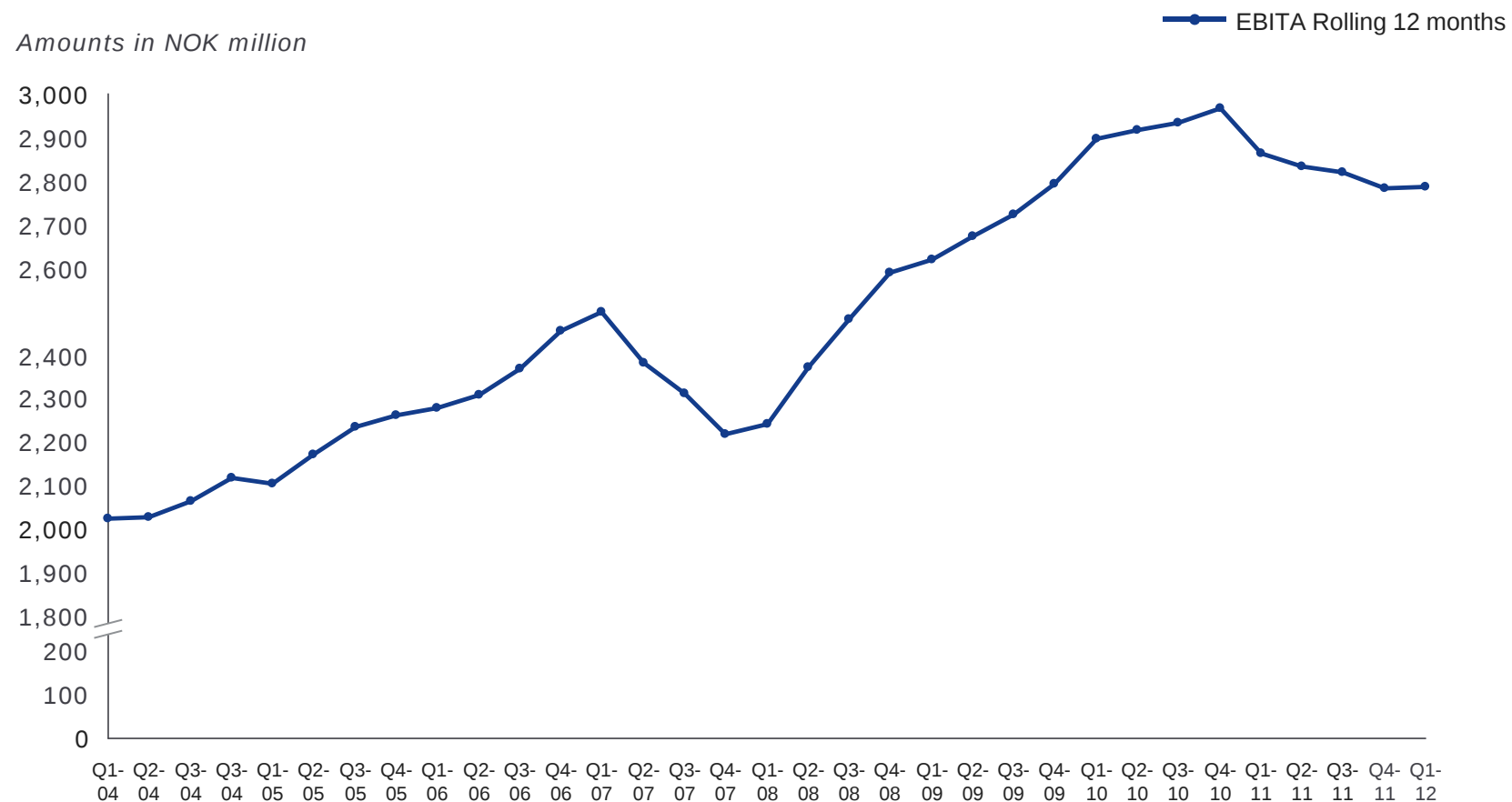




ORKLA BRANDS

TORKILD NORDBERG, CEO ORKLA BRANDS

EBITA in line with Q1 last year



Underlying top line growth of 4 %

- Volume growth in retail sector, while loss of industry contracts hurt B2B sales
- Profit in line with last year
 - Positively affected by Easter
 - Front-loaded advertising investments
- Stable market share
- Continued profit improvement in Russia and increased market investments
- Add-on acquisitions

Operating revenues	Q1-12	Q1-11	Change
Orkla Brands	5 583	5 714	-2 %
Orkla Foods Nordic	2 026	2 213	-8 %
Orkla Brands Nordic	1 924	1 937	-1 %
Orkla Brands International	452	445	2 %
Orkla Food Ingredients	1 232	1 192	3 %
Eliminations Orkla Brands	- 51	- 73	

Operating profit - EBITA	Q1-12	Q1-11	Change
Orkla Brands	523	520	1 %
Orkla Foods Nordic	197	186	6 %
Orkla Brands Nordic	334	363	-8 %
Orkla Brands International	- 37	- 63	41 %
Orkla Food Ingredients	29	34	-15 %

EBITA margin (%)	9.4	9.1	
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Underlying top line growth: Excluding acquired and sold operations and currency translation effects

Raw material prices still high

- Orkla Brands has compensated for increased input cost
- Some difference compared to the FAO index* due to:
 - Norwegian agriculture policy, EU exposure and some time lag effects
- Increased packaging cost due to high crude oil prices

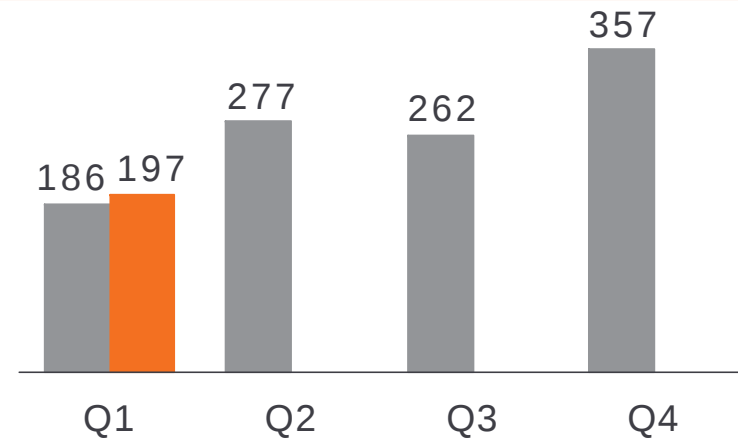
* FAO Food Price Index



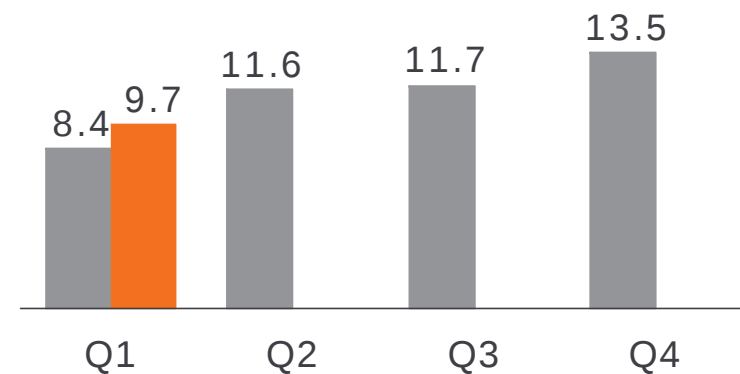
Orkla Foods Nordic

- Underlying profit growth of 2%
 - Front-loaded advertising investments
 - Positively affected by Easter
- Underlying top-line growth of 5%
 - Positively affected by Easter
- Continued profit growth for Stabburet, Norway
- Strong top-line and profit growth for all 4 companies in the Baltics
- Mixed performance in Finland

EBITA in NOK million



EBITA margin in %

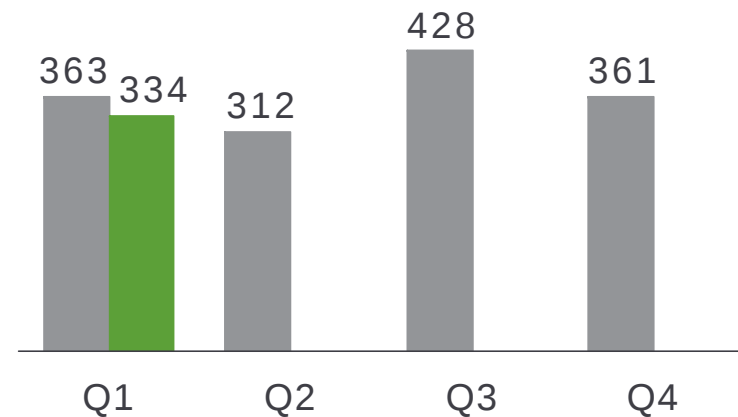


■ 2011 ■ 2012

Orkla Brands Nordic

- Profit weaker than last year
 - Loss of contract production
 - Front-loaded advertising investments
- Underlying top line on par with last year
- Continued good development for Chips Group
- Restructuring of biscuit production
- Add-on acquisitions in Dietary Supplements

EBITA in NOK million



EBITA margin in %



■ 2011 ■ 2012

Orkla Brands International

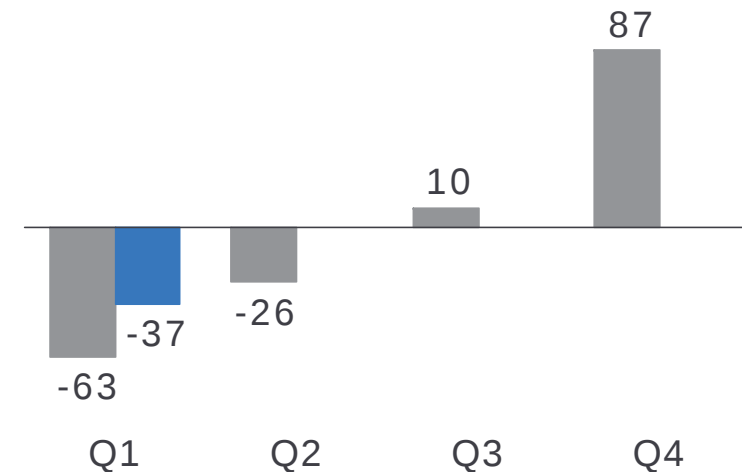
Russia

- Profit improvement
- Increased advertising investments
- Realised synergies due to the merger of SladCo and Krupskaya
- Strong increase in sales to modern trade and lower sales of non-branded products

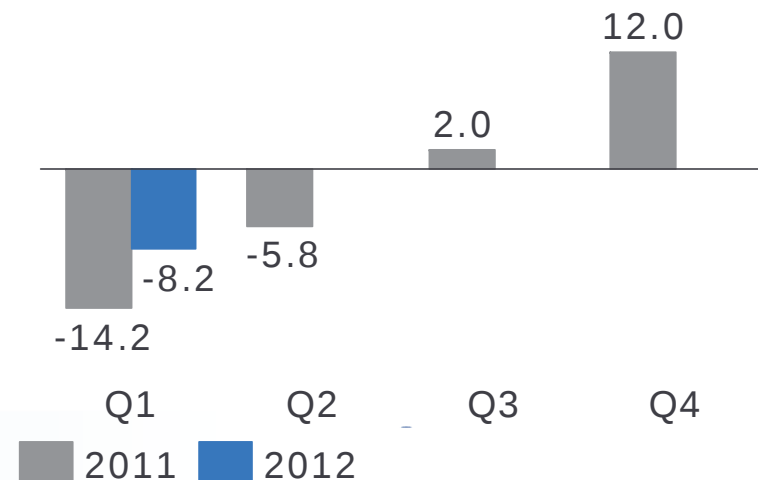
India

- Strong top-line growth in MTR, driven by both volume and price
- Profit reinvested in growth initiatives
 - Plan to expand MTR into neighbouring states

EBITA in NOK million



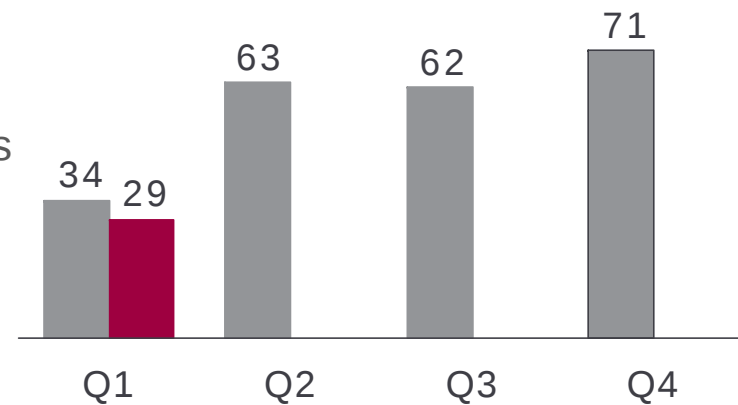
EBITA margin in %



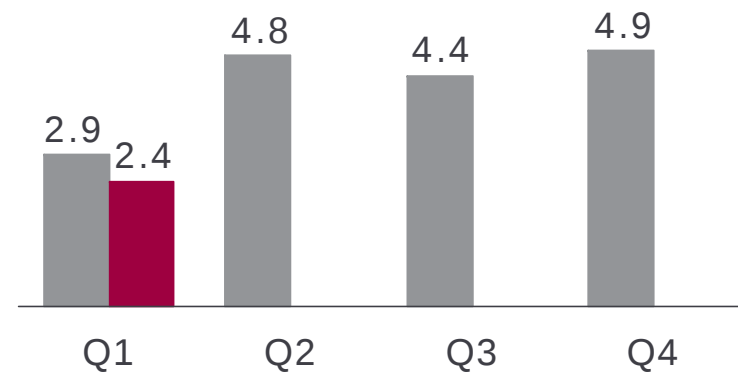
Orkla Food Ingredients

- Challenging markets and increased competition
 - From artisan to industrial customers
 - Significant increase in raw material prices
- Price increases have been implemented, but profit was slightly lower last year
- Structural growth:
 - 4 sales and distribution companies acquired in last 4 months, with total revenues of NOK 270 million

EBITA in NOK million



EBITA margin in %



■ 2011 ■ 2012

Examples of innovations



Short-term outlook

- Contract production at lower levels than in 2011
- Volatile raw material prices going forward
 - Raw material prices expected to increase in Norway
 - Higher raw material costs to be compensated for in pricing
- Strong focus on cost in every part of the value chain
- Negative Easter effect in Q2 (NOK 25-30 million)



SAPA

SVEIN TORE HOLSETH, CEO SAPA

Weaker European markets impact Q1 results

- Volume growth, share gain, and improved results for Profiles North America
- Restructuring on plan
 - Not sufficient to mitigate European market decline
- Despite soft markets, strong profitability improvement in Heat Transfer from Q4-11
- Integration, ramp-up and knowledge transfer key focus for Asia

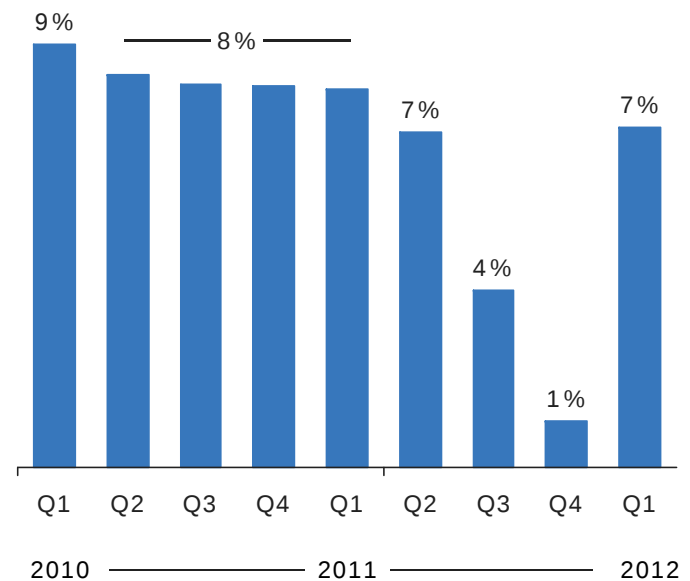
Operating Revenues	Q1-12	Q1-11	Change
Sapa	7 712	7 882	-2 %
Profiles	6 093	6 168	-1 %
Heat Transfer and Building System	1 822	1 941	-6 %
Eliminations	- 203	- 227	

EBITA	Q1-12	Q1-11	Change
Sapa	182	215	-15 %
Profiles	110	119	-8 %
Heat Transfer and Building System	72	96	-25 %
EBITA margin (%)	2.4	2.7	

Actions to improve Heat Transfer are taking effect

- Price increases implemented
- Volume transfer from Sweden to China to leverage lower cost position ongoing
- Operational improvements according to plan
 - Cast house and cold rolling mills to increase productivity in Sweden

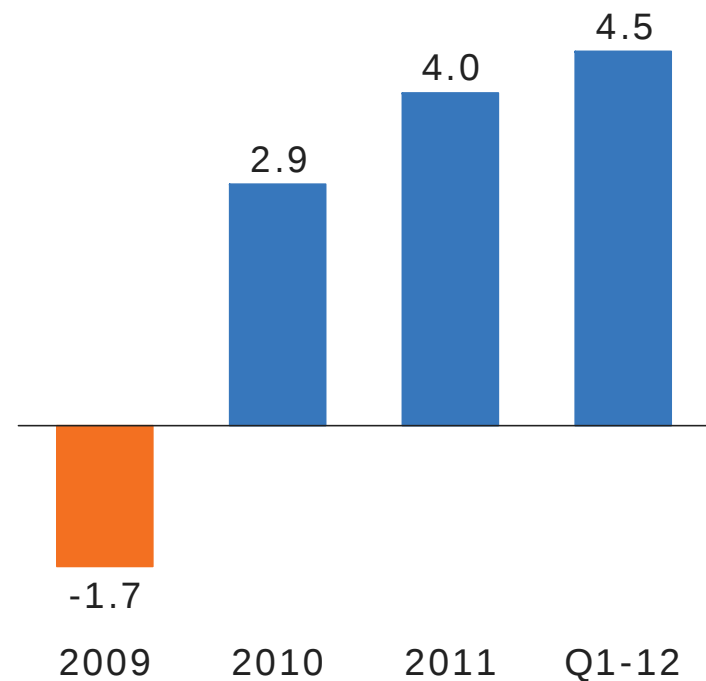
Sapa Heat Transfer
EBITA margin performance



Profiles North America continues to improve

- Continued market share gain
 - Volume up 13 000 tonnes compared with Q1 last year (+13%)
- Footprint optimisation and productivity improvement

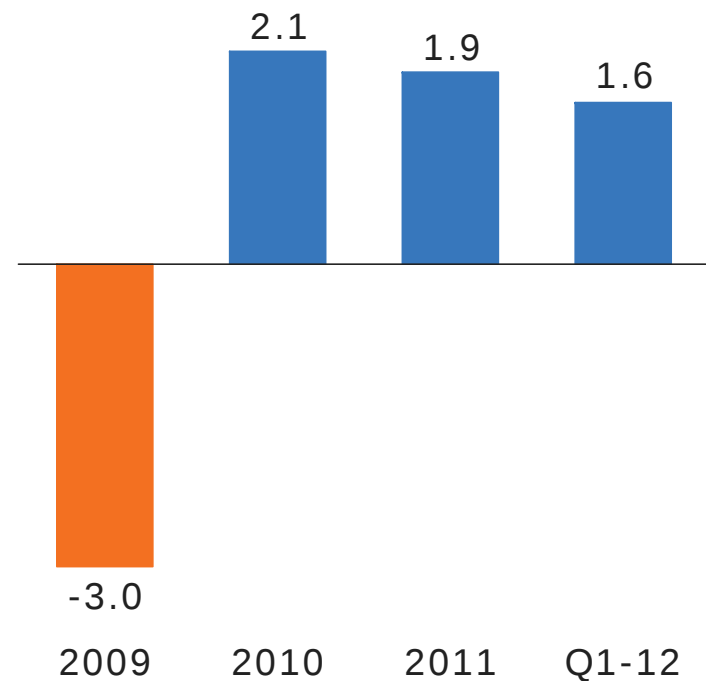
Sapa Profiles North America
EBITA margin in %



Declining profitability in Profiles Europe

- Market-driven volume reduction
 - Down 9% to 106 000 tonnes compared with Q1-11
 - Margin pressure, especially in Southern Europe
- European restructuring according to plan
- Strengthened European sales organisation

Sapa Profiles Europe
EBITA margin in %



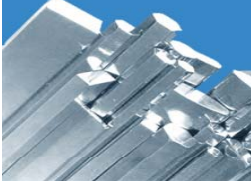
Investing in build-up and knowledge transfer in Asia

- Considerable resources allocated to accelerate development
 - Short-term ramp-up costs
 - Positive cash contribution as from mid-2013
- Installation of large press in Shanghai area
 - Target industrial markets
 - Leverage on customer solutions capability



Growth expectations for NA, weak trend continues in Europe

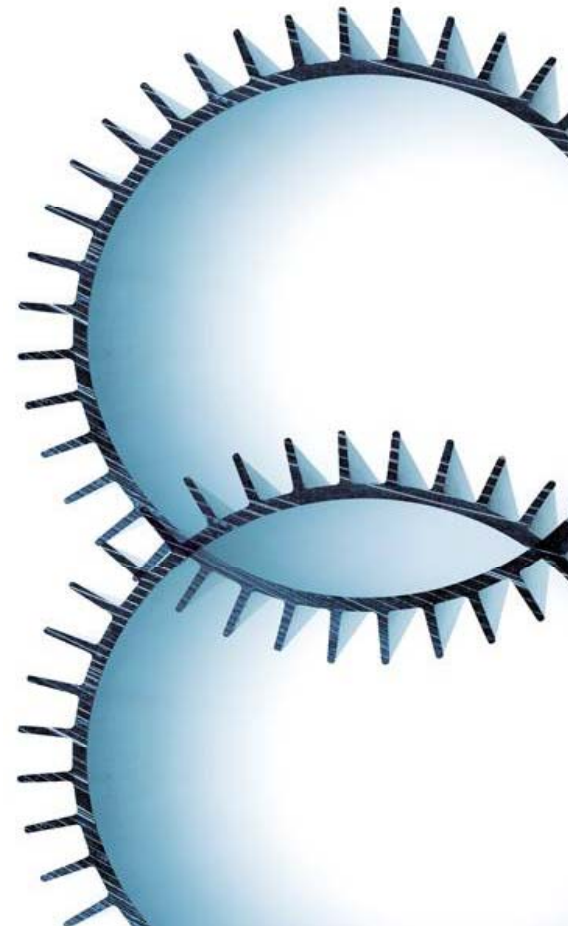
Expected Development by Geographic Region & End-Use Market 2012 vs. 2011

						
	Distribution	Industrial	Com. B&C	Res. B&C	Transport	Automotive
North America	 0% to 5%	 0% to 5%	 0% to -5%	 0% to 5%	 5% to 10%	 5% to 10%
Europe	 0% to -5%	 0% to -5%	 -5% to -10%	 0% to -5%	 0% to -5%	 -5% to -10%
China	 5% to 10%	 10% to 15%	 5% to 10%	 5% to 10%	 0% to 5%	 0% to 5%

Source: The Aluminium Association, EuroConstruct, Alcoa, Sapa Analysis

Short-term outlook

- Slower market growth expected for Profiles North America, while the weak market trend in Europe is expected to continue
- Q2 seasonally stronger than Q1 for Profiles
- Heat transfer markets expected to be in line with Q1
- Restructuring programmes on track
 - Reduction of ~900 employees effectuated
 - NOK 250-300 million EBITA effect; full effect end of 2012





Q&A

- Åge Korsvold, Acting President & CEO
- Terje Andersen, CFO
- Torkild Nordberg, CEO Orkla Brands
- Svein Tore Holsether, CEO Sapa

APPENDIX

A strong quarter for Borregaard

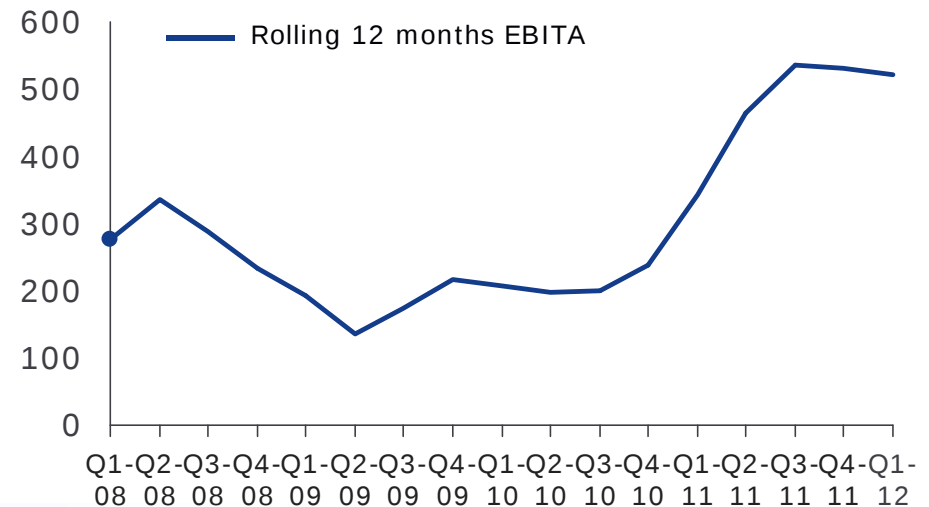
- Overall market conditions favourable
- Strong NOK and high raw material and energy costs put pressure on margins

Amounts in NOK million			
Operating revenues	Q1-12	Q1-11	Change
Borregaard Chemicals	981	1 032	-5%

EBITA	Q1-12	Q1-11	Change
Borregaard Chemicals	125	134	-7%

EBITA-margin %	12.7	13.0	
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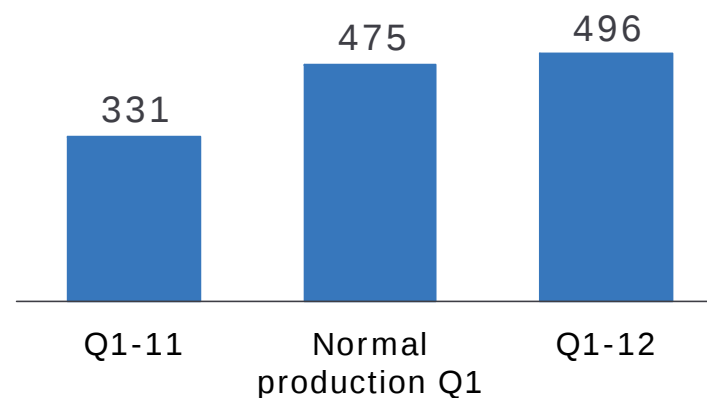
Amounts in NOK million



Hydro Power in Q1-12

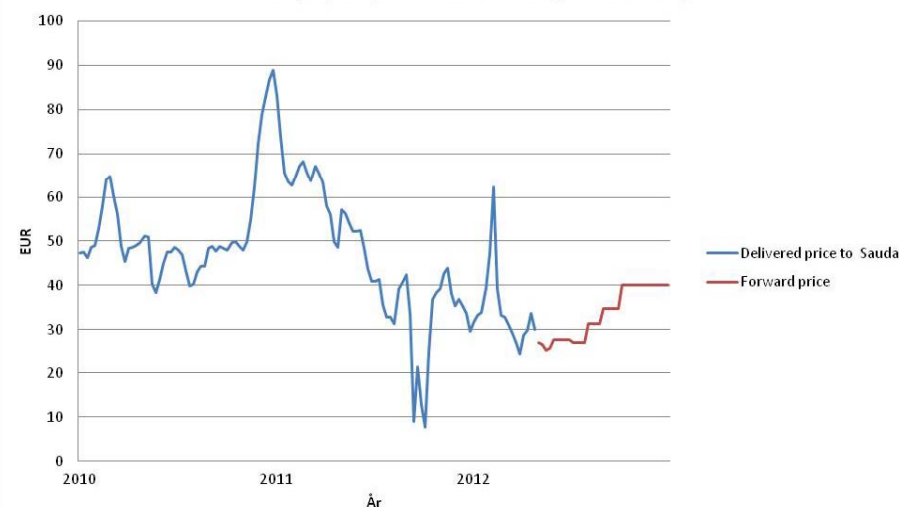
- Normal production levels, however seasonally low quarter
- Significant decrease in prices, particularly at quarter end
- Higher snow- and water reservoir levels than normal at quarter end

Production for Hydro Power in GWh



Amounts in NOK million		
EBITA	Q1-12	Q1-11
Hydro Power	33	- 13

Weekly spot price for Sauda (2010-2012)



Share Portfolio in Q1-12

- Return of +12.9% compared with Oslo Stock Exchange (OSEBX) +10.8%
- Net sales of NOK 1.1 bn
- Market value of NOK 5 bn
- 87% of the portfolio is invested in the Nordic region and 74% in listed companies

Amounts in NOK million

Top 10 holdings	Market value	Share of portfolio (%)	Share of equity (%)
Principal holdings			
Tikkurila Oyj	335	7 %	7.0 %
Amer Sports	290	6 %	3.2 %
Kongsberg Gruppen	262	5 %	2.0 %
Oslo Børs VPS Holding ASA	232	5 %	8.2 %
Ekornes	223	4 %	6.2 %
Nobia AB	216	4 %	4.6 %
Industri Kapital 2007	194	4 %	1.9 %
Pharmaq Holding AS	192	4 %	36.5 %
Saab AB B-aksjer	173	3 %	1.5 %
Nokian Renkaat Oyj	155	3 %	0.4 %
Total principal holdings	2 271	46 %	
Market value of entire portfolio	4 963		

REC

- Orkla's holding: 39.7 %

- Orkla will support REC in their work on operational improvements and structural solutions
- Weak solar markets reduce exit opportunities in the short term
- The REC share price increased from 3.32 to 3.38 in the quarter

Amounts in NOK million

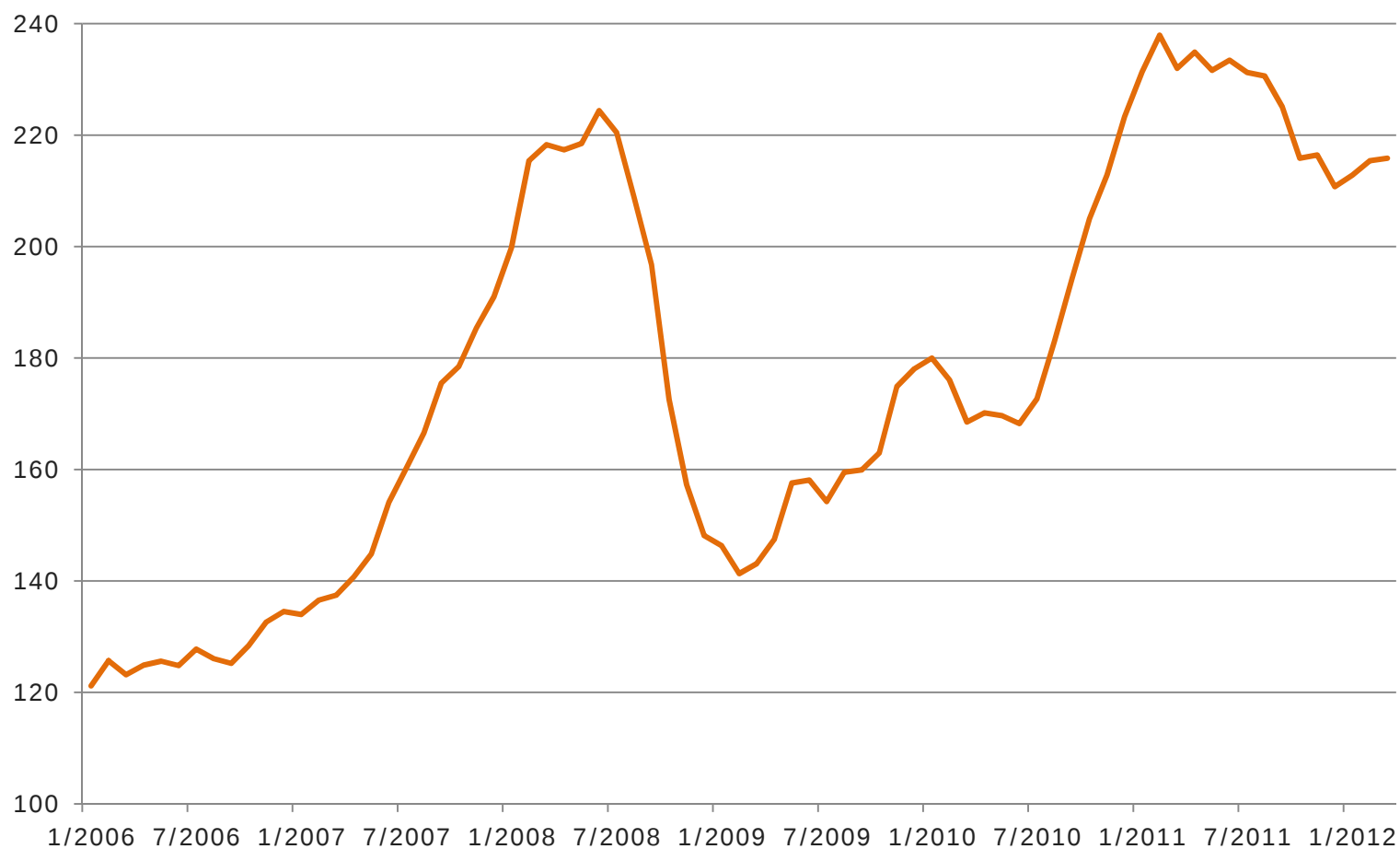
REC	Q1-12	Q1-11	Change
Revenues	2 138	4 109	-48%
EBITDA	455	1 449	-69%
EBIT*	59	772	-92%
Profit/loss before tax	- 259	- 84	



For more information: www.recgroup.com

Orkla Brands

- FAO Food Price Index



Cash flow as of 31 Mar 2012

	Q1-12	Q1-11	2011
Cash flow Industrial Activities:			
Operating profit	734	713	3 023
Amortisation, depreciations and impairment charges	449	477	2 088
Changes in net working capital, etc.	- 789	-1 254	-1 094
Net replacement expenditure	- 378	- 373	-1 557
Cash flow from operations	16	- 437	2 460
Financial items, net	- 84	- 122	- 488
Cash flow Industrial Activities	- 68	- 559	1 972
Cash flow from Orkla Financial Investments	68	356	66
Taxes paid	- 255	- 187	- 603
Discontinued operations and other payments	209	- 773	- 509
Cash flow before capital transactions	- 46	-1 163	926
Paid dividends	- 237	- 3	-7 436
Net sale/purchase of Orkla shares	- 431	18	- 109
Cash flow before expansion	- 714	-1 148	-6 619
Expansion Industrial Activities	- 137	- 229	- 906
Sale of companies/share of companies	933	0	13 503
Purchase of companies/share of companies	- 121	- 351	-1 498
Net sale/purchase of portfolio investments	1 050	630	4 494
Net cash flow	1 011	-1 098	8 974
Currency effects of net interest-bearing liabilities	147	86	33
Change in net interest-bearing liabilities	-1 158	1 012	-9 007
Net interest-bearing liabilities	9 487	20 664	10 645

Balance sheet as of 31 Mar 2012

Amounts in NOK million

	31.3.2012	31.12.2011
Intangible assets	12 674	12 801
Property, plant and equipment	17 913	18 058
Financial assets	4 999	5 682
Non-Current assets	35 586	36 541
Assets in discontinued operations		391
Inventories	8 276	8 047
Receivables	11 206	10 462
Share Portfolio etc.	4 967	5 502
Cash and cash equivalents	6 517	5 453
Current assets	30 966	29 855
Total assets	66 552	66 396
Paid-in equity	1 984	1 997
Earned equity	32 711	32 109
Non-controlling interests	290	280
Equity	34 985	34 386
Provisions and other non-current liabilities	3 107	3 165
Non-current interest-bearing liabilities	15 227	15 488
Current interest-bearing liabilities	1 568	1 472
Liabilities in discontinued operations		177
Other current liabilities	11 665	11 708
Equity and liabilities	66 552	66 396
Equity ratio	52.6%	51.8%

Operating revenues and EBITA per segment

Operating revenues	Amounts in NOK million		
	Q1-12	Q1-11	Change
Orkla Group	14 792	15 000	-1%
Orkla Brands	5 583	5 714	-2%
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Sapa Profiles	6 093	6 168	-1%
Sapa Heat Transfer & Building System	1 822	1 941	-6%
Sapa eliminations	- 203	- 227	
Borregaard Chemicals	981	1 032	-5%
Hydro Power	208	706	-71%
Orkla Financial Investments	321	78	
HQ/Other business	- 13	- 412	

Operating profit - EBITA	Amounts in NOK million		
	Q1-12	Q1-11	Change
Orkla Group	888	786	13%
Orkla Brands	523	520	1%
Orkla Foods Nordic	197	186	6%
Orkla Brands Nordic	334	363	-8%
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Sapa	182	215	-15%
Sapa Profiles	110	119	-8%
Sapa Heat Transfer & Building System	72	96	-25%
Borregaard Chemicals	125	134	-7%
Hydro Power	33	- 13	
Orkla Financial Investments	103	0	
HQ/Other business	- 78	- 70	

Currency translation effects

Revenues Q1-12	
Orkla Brands	-121
Sapa	-71
Borregaard Chemicals	-8
Total	-200

EBITA Q1-12	
Orkla Brands	-7
Sapa	6
Borregaard	-1
Total	-2

Financial calendar

- 3 May 2012 - Dividend payment
- 20 July 2012 - Second quarter results 2012
- 31 October 2012 - Third quarter results 2012



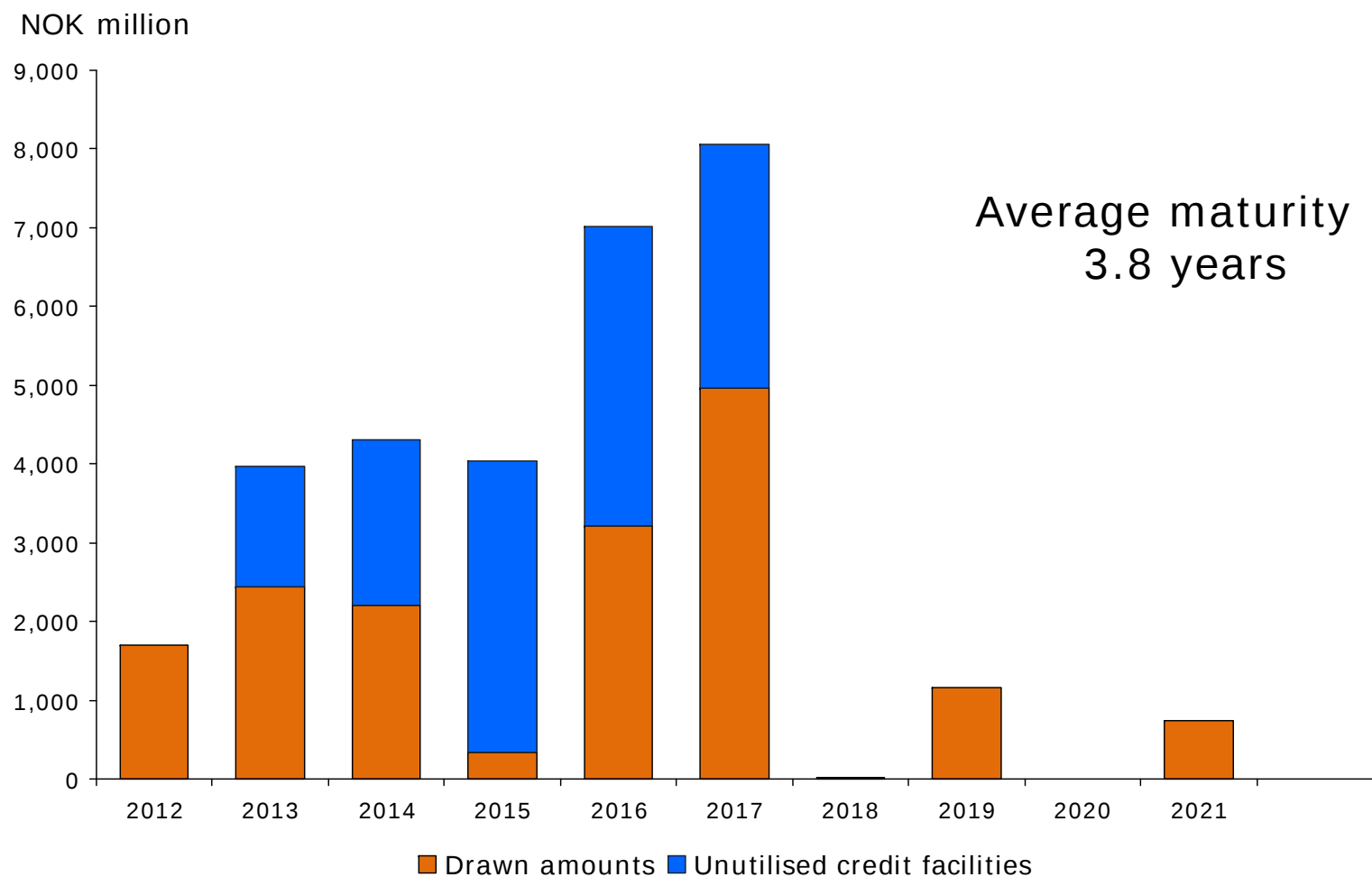


FINANCIAL ITEMS

Net financial items

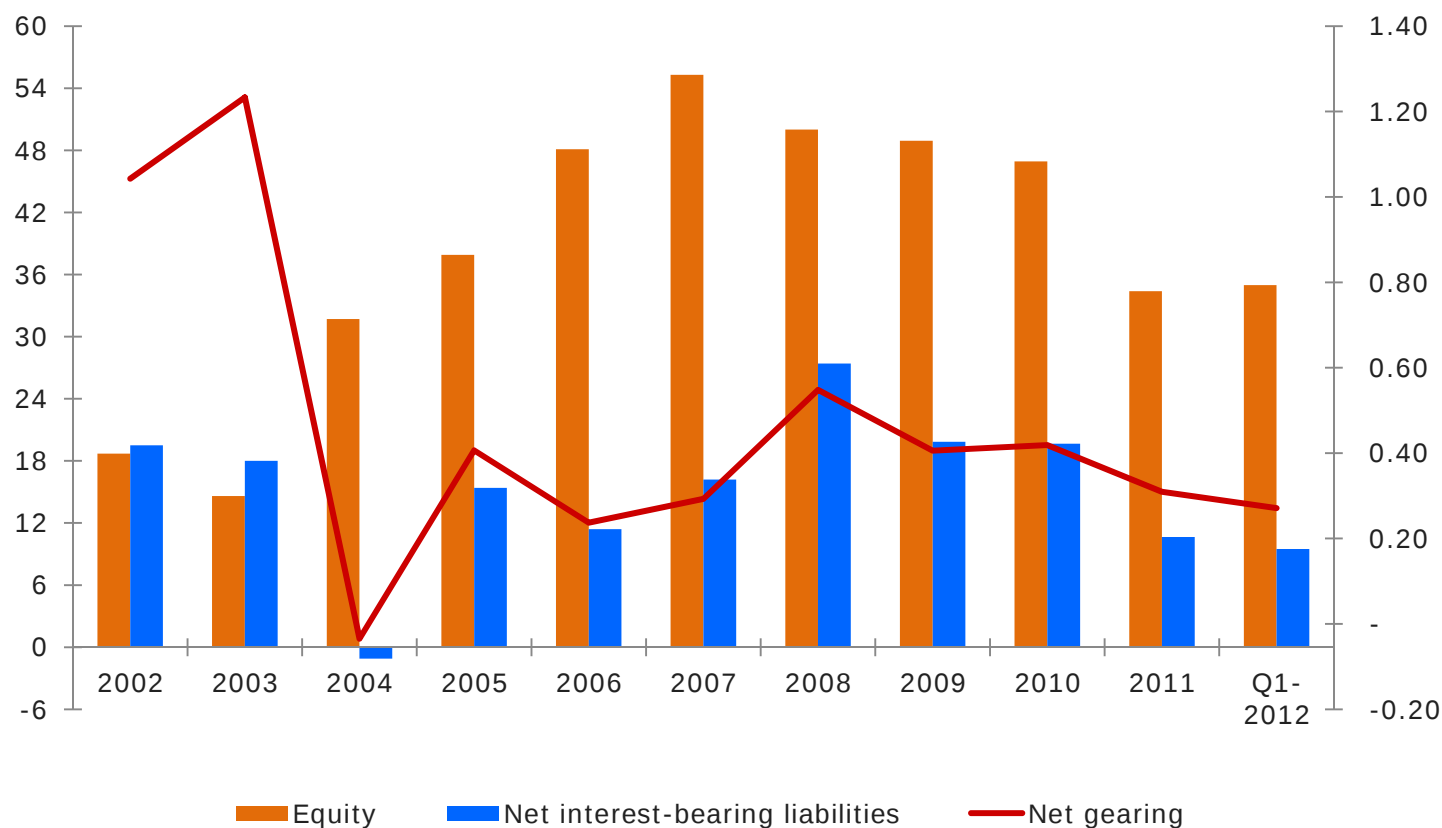
	Amounts in NOK million		
	Q1-12	Q1-11	Full year 2011
Net interest expenses	-125	-87	-378
Currency gain/loss	5	0	-34
Other financial items, net	1	- 31	- 34
Net financial items	- 119	- 118	- 446

Debt maturity profile, Orkla Group



Gross Interest-bearing liabilities and Unutilised credit facilities, ref. Note 29 in the Annual Report

Net gearing 0.27 as of Q1-12



Funding sources

