The Orkla Group

January 2006
Agenda

Orkla Group

Performance and strategic direction

Operational excellence
Orkla ASA

Branded Consumer Goods
- Orkla Foods
- Orkla Brands
- Orkla Media

Speciality Materials
- Elkem
- Sapa
- Borregaard

Financial Investments
- Portfolio
- Orkla Finans
- Real Estate
Branded Consumer Goods - Organisation

Branded Consumer Goods

- Orkla Foods
  - Jam and marmalade
  - Baking Ingredients
  - Seafood
  - Ready Meals
  - Bread and Bakery Products
  - Pizza
  - Sauces
  - Vegetables
  - Potato products
  - Other

- Orkla Brands
  - Industrial Detergents
  - Home/Personal Care
  - Biscuits
  - Confectionery
  - Household Textiles
  - Dietary Supplements
  - Snacks (Chips)

- Orkla Media
  - Newspapers
    - Scandinavia
    - Eastern Europe
  - Magazines (HM 50%)
  - Direct Marketing
Nordic exposure

- Orkla regards the Nordic region as its domestic market
- Leading supplier of grocery products to Nordic households
- Foods and Brands: 80% of turnover from number 1 positions
- Leading national, regional and local newspapers
International exposure

- **Orkla Foods:**
  - Supplier of leading local brands to the Eastern European market
  - Local management
  - Building economy of scale

- **Orkla Media:**
  - Leading regional and local newspapers in Poland,
  - Total 23% market share
Speciality Materials – strong positions in global niches

2004 in NOK billions

**Elkem**
- Sales: 22
- EBITA: 1.8
- Employees: 11,000

Main Products (in % of Total Sales):
- Aluminium profiles and Heath-exchanger strips (56 %)
- Speciality Products; Silicon Metals and Ferrosilicon (27 %)
- Aluminium billets and ingots (11 %)
- Hydroelectric power

**Borregaard**
- Sales: 6.2
- EBITA: 0.4
- Employees: 3,000

Main Products (in % of Total Sales):
- Lignin-based binding and dispersing agents (32 %)
- Speciality cellulose (39 %)
- Fine Chemicals (12 %)
- Hydroelectric power

*2004*
Geographical exposure

- America: 15%
- Asia: 8%
- Norway: 9%
- Rest Nordic: 12%
- Rest Europe: 56%
Orkla Group

Performance and strategic direction

• Performance (share, industry, portfolio)
• Shareholder issues
• Position for future value creation

Operational excellence
Substantial shareholder value created

Value of NOK 1 invested 31.12.82, dividend reinvested

YTD: 25 November 2005
Orkla share performance (I)

Dividend reinvested
Orkla share performance (II)

Dividend reinvested
Dividend distribution and share buy backs

- **NOK 7.9 billion paid as dividend 2003/2004**
  - 20% of market capitalisation
- **Share buy backs in 2001-2004**
  - 3.5% of market capitalisation

**Ordinary dividend**

**Additional dividend**

- NOK 7.9 billion paid as dividend 2003/2004
- Share buy backs in 2001-2004
- 20% of market capitalisation
- 3.5% of market capitalisation

*Graph showing dividend distribution and share buy backs from 1993 to 2004.*
Strong balance sheet
Value creation through M&A

NOK billion

EBITA Industry division  
Sales Industry division


Pro forma 2004

Elkem Sapa

Divestment Carlsberg Breweries

Carlsberg Breweries Berlingske

Pripps Ringnes 100 %

Abba and Procordia

Nora Industrier

Borregaard

ORKLA
## Value creation through divestments

<table>
<thead>
<tr>
<th>Year</th>
<th>Company/Business unit</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>Orkla real estate</td>
<td>Real estate</td>
</tr>
<tr>
<td>1995</td>
<td>Norgro</td>
<td>Animal feed</td>
</tr>
<tr>
<td>1995</td>
<td>Helly Hansen (50 %)</td>
<td>Clothing</td>
</tr>
<tr>
<td>1996</td>
<td>Abba in Denmark and in Germany</td>
<td>Seafood</td>
</tr>
<tr>
<td>1996</td>
<td>Frionor (51 %)</td>
<td>Frozen products</td>
</tr>
<tr>
<td>1996</td>
<td>Hansa</td>
<td>Beverages</td>
</tr>
<tr>
<td>1997</td>
<td>Ringstads Ferskvare</td>
<td>Fresh meat products</td>
</tr>
<tr>
<td>1999</td>
<td>Regal Mølle AS</td>
<td>Food ingredients/flour</td>
</tr>
<tr>
<td>1999</td>
<td>Viking Fottøy</td>
<td>Footwear</td>
</tr>
<tr>
<td>2000</td>
<td>Orkla Finans (Fondsmegling)</td>
<td>Investment bank</td>
</tr>
<tr>
<td>2001</td>
<td>Oyj Hartwall Abp (20 %)</td>
<td>Beverages</td>
</tr>
<tr>
<td>2003</td>
<td>Enskilda Securities (22.5 %)</td>
<td>Investment bank/broker</td>
</tr>
<tr>
<td>2004</td>
<td>Carlsberg Breweries (40 %)</td>
<td>Beverages</td>
</tr>
<tr>
<td>2004</td>
<td>Borregaard Hellefoss/Vafos</td>
<td>Book paper, mechanical pulp</td>
</tr>
<tr>
<td>2005</td>
<td>Denofa's extraction plant (X-Works)</td>
<td>Soya products for the feed industries</td>
</tr>
</tbody>
</table>
### Value creation through portfolio development

<table>
<thead>
<tr>
<th>Year</th>
<th>Speciality Materials</th>
<th>Branded Consumer Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>48</td>
<td>27</td>
</tr>
<tr>
<td>1992</td>
<td>51</td>
<td>18</td>
</tr>
<tr>
<td>1996</td>
<td>9</td>
<td>16</td>
</tr>
<tr>
<td>2000</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>2003</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>2004</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>2005</td>
<td>49</td>
<td>12</td>
</tr>
</tbody>
</table>

* Pro forma RTM per Q3-05
**Well positioned business – Solid recent results**

<table>
<thead>
<tr>
<th>(NOK billion)</th>
<th>2002</th>
<th>2003</th>
<th>2004*</th>
<th>2005**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>43.0</td>
<td>45.4</td>
<td>32.1</td>
<td>54.8</td>
</tr>
<tr>
<td>EBITDA</td>
<td>5.9</td>
<td>6.2</td>
<td>3.9</td>
<td>6.7</td>
</tr>
<tr>
<td>EBITA</td>
<td>3.7</td>
<td>3.8</td>
<td>2.7</td>
<td>4.5</td>
</tr>
<tr>
<td>Net profit (after min.int)</td>
<td>1.6</td>
<td>1.9</td>
<td>3.0</td>
<td>5.3</td>
</tr>
<tr>
<td>Market Cap</td>
<td>24.6</td>
<td>30.7</td>
<td>41.0</td>
<td>51.2</td>
</tr>
<tr>
<td>P/E</td>
<td>15.3</td>
<td>16.2</td>
<td>13.6</td>
<td>9.7</td>
</tr>
<tr>
<td>P/E Industry adjusted***</td>
<td>8.6</td>
<td>7.6</td>
<td>12.4</td>
<td>13.2</td>
</tr>
</tbody>
</table>

* NGAAP | NGAAP | IFRS | IFRS

*) 2004 excluding gain from sale of stake in CB  
**) Pro forma RTM per Q3-05  
***) Adjusted P/E calculated without financial portfolio and before other revenues and expenses
| **Foods & Brands** | Continue to grow profitably through innovation and acquisitions in existing and new categories in:  
|                   | • Nordic • CEE • CIS |
| **Media**         | Based on strong national positions; Decide next moves that will further enhance competitive strength |
| **Financial**     | A cash generator and a flexible resource to support Orkla’s industrial development |
| **Investments**   |                                                        |
### Strategic direction (II)

<table>
<thead>
<tr>
<th>Company</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elkem</td>
<td>Growth/invest: Hydro power and solar</td>
</tr>
<tr>
<td></td>
<td>Stable cash flow: Primary Aluminium</td>
</tr>
<tr>
<td></td>
<td>Consolidation/restructuring: Silicon related</td>
</tr>
<tr>
<td>Sapa</td>
<td>- Operational improvement in Profiles and Building Systems</td>
</tr>
<tr>
<td></td>
<td>- Growth in Heat Transfer</td>
</tr>
<tr>
<td>Borregaard</td>
<td>Regain profitability in industrial operations in an environment of unfavourable currencies and oil related costs</td>
</tr>
</tbody>
</table>
Strategy for value creation

- Orkla creates profitable growth within
  - Branded Consumer Goods
  - Speciality Materials
  - Financial Investments

- Orkla pursues growth and long-term value creation through
  - Innovation
  - Operational improvements
  - Structural development

- Financial Investments complement and support the industrial value creation
Orkla’s value creation formula is.....

...to be a moving target on multiple fronts...

Top line growth
- Organic
- M&A
- Categories

Cost + capital reduction
- Continuous
- Redesign
- Structural

Building strong organisations
- Mgmt. dev.
- Functional skills
- A learning org.
## Skills and capabilities

<table>
<thead>
<tr>
<th>Enabling skills and capabilities</th>
<th>Functional skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strategy/M&amp;A</td>
<td>• Marketing &amp; innovation</td>
</tr>
<tr>
<td>• Governance</td>
<td>• Sales</td>
</tr>
<tr>
<td>• Performance culture</td>
<td>• Lean manufacturing/logistics</td>
</tr>
<tr>
<td>• Financial competence/capacity</td>
<td>• Technology</td>
</tr>
</tbody>
</table>
A lean, “activist” corporate centre

- Jointly define strategic direction for each unit
- Actively interact with the investment community

- Engage management in improvement processes
- Ensures an improvement-oriented culture and a value driven incentive system (EVA)

- Strong competence in M&A and restructuring
- Financial resources
Strategic core competencies

- Corporate Development
  - Strategy/M&A
    - Roar Engeland
  - Marketing/Innovation
    - Inger J. Solhaug
  - Production/Logistics
    - Frode Marthinsen
  - Purchasing
    - Pål Eikeland

- Strategic core competencies
  - Orkla Foods
  - Orkla Brands
  - Orkla Media
  - Elkem
  - Sapa
  - Borregaard

- Corporate staffs
  - Orkla ASA
Strategy / M&A / Restructuring

- Closely connected to Orkla’s industrial operations
  - Branded Consumer Goods
  - Speciality Materials

- Orkla Corporate Development
  - M&A expertise and capacity
  - Deal-flow
  - Synergies
  - Financial discipline
  - Capital market orientation

- Closely connected to the capital market
  - Orkla Financial Investments
  - Financial institutions

- 90 deals since 2000 (NOK 60 billion in value)
Important innovation sources

- Consumer needs
- Raw materials / Ingredients
- Leading markets
- Trends
- Key players and brands
- Production process
- Restaurant/take away
- Packaging
Production and logistics: Orkla Foods example

Cost improvements 2002-2005 in NOK million
Orkla and Elkem’s experience deployed across the total group

Ambition: Cost base reduction NOK 2 billion 2006-2008

- Orkla Foods: NOK 500 million
- Orkla Brands: NOK 200 million
- Orkla Media: NOK 300 million
- Elkem: NOK 300 million
- Sapa: NOK 400 million
- Borregaard: NOK 300 million
- Orkla Group: NOK 2 billion
Agenda

- Organisational development
- Market positions
Branded Consumer Goods
Orkla Foods

- Leading supplier of grocery products to Nordic households
  - 85 % of the revenues from the Nordic market
  - 80 % of sales from number 1 positions

- Supplier of leading local brands to the Eastern European market

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues (NOKm)</th>
<th>EBITA-margin</th>
<th>ROCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>8.7 %</td>
<td>14.2 %</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>8.2 %</td>
<td>12.7 %</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>9.30 %</td>
<td>15.30 %</td>
<td></td>
</tr>
</tbody>
</table>
## Positions - examples

<table>
<thead>
<tr>
<th>Food</th>
<th>Norway</th>
<th>Sweden</th>
<th>Denmark</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frozen pizza</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Ketchup</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Dressings</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Pickled vegetables</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Jam/Marmalade</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Kaviar (fish roe spread)</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Marzipan</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>
Competitive advantages

- Strong market positions
  - Strong consumer loyalty to our brands
  - Predominantly no. 1 positions (80% of sales)
  - Strong, preferred position in the retail trade

- Strong local knowledge
  - Consumer insights and closeness to markets
  - Local innovation capability
  - Local value chains

- Continuous improvement culture
Direction of development

Nordic region
- Exploit our local strength for growth
- Growth through innovation

Central and Eastern Europe
- Continue revenue growth, both organic and by acquisitions
  - Market growth/top line activities
  - Strengthening the local operations
  - Geographic expansion – CEE/CIS
  - Increasing cost competitiveness
Orkla Brands

- Strong brands and positions
  - 93% of sales from the Nordic markets
  - More than 80% of sales from number 1 positions
- Successful innovation ability

![Graph showing revenues, EBITA-margin, and ROCE from 2000 to 2004.](image.png)

- Revenues (NOKm)
- EBITA-margin
- ROCE

2000: 20.0% Revenues, 12.6% EBITA-margin, 20.0% ROCE
2002: 30.3% Revenues, 17.5% EBITA-margin
2004: 33.20% Revenues, 19.9% EBITA-margin
### Positions - examples

<table>
<thead>
<tr>
<th>Product</th>
<th>Norway</th>
<th>Sweden</th>
<th>Denmark</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detergents</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Personal Care</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Biscuits</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Confectionery</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cod Liver Oil</td>
<td>1</td>
<td>-</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Household Textiles</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Snacks (40%)</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>
Direction of development

- Maintain profitability and organic growth through innovation
- Further develop Nordic platforms

Brands

Orkla Media

- Leading national, regional and local newspapers in Norway, Denmark and Poland
- Strong market positions
- Structural initiatives in the media market
Four strong positions

<table>
<thead>
<tr>
<th>National and Local Newspapers</th>
<th>Denmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Berlingske Group</td>
<td></td>
</tr>
<tr>
<td>- Revenues: NOK 3 790 million</td>
<td></td>
</tr>
<tr>
<td>- Market share: 31 %</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Local Newspapers</th>
<th>Norway</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspapers Norway</td>
<td></td>
</tr>
<tr>
<td>- Revenues: NOK 2 261 million</td>
<td></td>
</tr>
<tr>
<td>- Market share: 15 %</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>National and Local Newspapers</th>
<th>Poland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presspublica (Rzeczpospolita)</td>
<td></td>
</tr>
<tr>
<td>and Orkla Press Polska</td>
<td></td>
</tr>
<tr>
<td>- Revenues: NOK 1 039 million</td>
<td></td>
</tr>
<tr>
<td>- Market share: 21 %</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Magazines</th>
<th>Norway</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hjemmet Mortensen</td>
<td></td>
</tr>
<tr>
<td>- Revenues: NOK 636 million</td>
<td></td>
</tr>
<tr>
<td>- Market share: 50 %</td>
<td></td>
</tr>
</tbody>
</table>

All figures are from 2004
Direction of development

- Growth based on existing positions
- Continued consolidation in print and acquisitions into new media
- Structural initiatives in the media market
## Growth based on existing positions

<table>
<thead>
<tr>
<th>Opportunities in existing positions:</th>
<th>Main focal areas for concept development:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Media houses</td>
<td>Digital search/directory</td>
</tr>
<tr>
<td>Free commuter paper</td>
<td>Online national newspaper</td>
</tr>
<tr>
<td>Local free sheet</td>
<td>Niche verticals</td>
</tr>
<tr>
<td>Online classifieds</td>
<td></td>
</tr>
</tbody>
</table>
Continued consolidation in print and acquisitions into new media

2

**Scandinavia**
- Continued consolidation in current home markets
- Digital media opportunities

**Germany**
- Digital media opportunities within niche segments

**Poland**
- Continued consolidation in the Polish market based on the print platform
- Digital media opportunities

**Ukraine and Lithuania**
- Move early to secure market leading positions in these growth markets

Digital media opportunities within niche segments
Structural initiatives in the media market

Orkla Media have strong positions in the print segments and are moving into the digital media market.

In seeking growth opportunities and positions in new markets, Orkla might explore potential structural opportunities in order to gain:

- additional positions in existing markets
- access to new markets
- diversification of Orkla Media’s portfolio
- large scale efficiency gains
- a broader base for action in the European media market
Speciality Materials
Business characteristics

Elkem, Sapa and Borregaard have leading positions in their industries

- A number of interesting growth opportunities
  - Hydro power and Solar

- Stable cash flow generating businesses
  - Primary aluminium, Sapa Heat Transfer and Borregaard LignoTech

- Restructuring and improvement potentials
  - Elkem Silicon, Sapa Profiles and Borregaard ChemCell
Speciality Materials - Financial trends

*RTM per Q3-05
Elkem

- Elkem is one the world's leading suppliers of metals and materials
- Main products: Aluminium, energy, silicon metal and specialised products such as ferrosilicon to foundries, microsilica and carbon
An overview

Hydro power energy  
- Growth potential

Solar  
- Growth potential

Silicon related  
- Restructuring

Primary aluminium  
- Stable cash flow

<table>
<thead>
<tr>
<th>RTM Q3 2005</th>
<th>NOK million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>1 427 (13 %)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>637 (37 %)</td>
</tr>
<tr>
<td>EBITA</td>
<td>589 (51 %)</td>
</tr>
<tr>
<td>ROCE</td>
<td>74 %</td>
</tr>
</tbody>
</table>

*Includes internal sales
Solar initiative - High growth potential and good strategic positioning

- Continued high industry growth rates dependent on feedstock capacity expansion (+30% annually)
- 27.5% fully diluted ownership in REC, an established player with high growth, good profitability and strong market positions
- If successful, Elkem Solar’s metallurgical route will reduce end-user costs
Sapa

- Sapa is one of the world's leading producers of extruded aluminium profiles, and is one of the three largest suppliers of building systems based on aluminium profiles in Europe.

Note: Figures are exclusive Elkem eliminations
Strategic issues and measures

Operational

- Implementation of significant cost improvement programmes
  - Applying the best methodology from the entire Group

Structural

- Improve balance, Europe, US and Far East
- Location strategy for profiles in Europe
- Expanding the building system business in Europe
- Globalisation of Heat Transfer
Borregaard

- Leading global positions in specialised wood-based chemical products
- Strong niche positions in fine chemicals
Sensitivity – External factors
Currency and oil price exposure

- Currency exposure
  - Sales currencies USD/EUR (45/35 % of revenues)
  - Change in NOK/USD rate of NOK 1 will affect EBITA by NOK 180-200 million per year (no change in other parameters)
  - Cost currencies NOK/CHF (50/10 % of costs)
  - Minor hedging effects as from 2006

- Oil related costs
  - Thermal energy
  - Transportation
  - Raw materials
  - Energy conservation efforts important
Profit drivers - The way forward

- Fully specialised cellulose business
- Innovation activities to maintain market positions and increase value added
- Improvement programmes to compensate for present currency situation and oil price
- Add on acquisitions within lignin and vanillin
- Wood based chemicals position as a growth platform
Financial Investments
Financial Investments

- Substantial value creation
- Returned some NOK 7 billion to the Group last 3 years
- Historically played an active role in the industrial development of the group
- Creates financial flexibility and strength for the group

*) Profit before interest cost + change in unrealised reserves/ avg. invested capital

**) Inclusive transfer of Elkem
Strategic direction

- Investment strategy more geared to Orkla’s industrial development – fewer unrelated large cap investments
- More opportunistic and active investment approach
- Greater focus on larger ownership positions
- Exploit risk taking ability to a larger extent (“market timing”)
- More active approach within the unlisted investment universe