

Press release



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Orkla's results for the third quarter of 2001:

Continued progress for Industry - weaker for Financial Investments

Orkla's industrial activities were largely unaffected by the general slowdown in the world economy, and Group profit in the third quarter, before other revenues and expenses, increased by 27 per cent. However, Orkla Media felt the impact of the economic climate in the form of lower advertising revenues, and the fall in stock market prices resulted in lower profit for the Financial Investments division.

Total Group revenues for the first nine months increased by 33 per cent compared with the corresponding period last year, to NOK 33.2 billion.

Group operating profit at the end of the third quarter, before goodwill and other revenues and expenses, totalled NOK 2.8 billion, up 23 per cent from the corresponding period last year. This rise in profit was primarily driven by the establishment of Carlsberg Breweries. Orkla Brands and most of Borregaard also reported significant progress.

Substantially lower realised gains for Orkla's Financial Investments division, coupled with write-downs of certain shares in the portfolio, resulted in a marked decline from last year's high profit (which included sales of NetCom and Dyno shares) for this division.

Pre-tax profit for the first nine months amounted to NOK 2.5 billion. Orkla's earnings per share were NOK 7.7 for the first nine months, compared with NOK 16.5 for the corresponding period last year.

Before goodwill amortisation and non-recurring items, earnings per share were NOK 9.3 for the first nine months, compared with NOK 18.3 for the corresponding period in 2000.

BRANDED CONSUMER GOODS

- **Orkla Foods'** operating profit for the first nine months, before other revenues and expenses, totalled NOK 507 million, compared with NOK 503 million for the corresponding period in 2000. With 45% of its sales in Sweden, Orkla Foods is strongly affected by a weaker Swedish krone when profit is translated into Norwegian krone. Adjusted for currency effects, total sales of NOK 8 billion at the end of the third quarter represented close to 2 per cent growth for continuing business.
- **Orkla Beverages** (40 per cent of Carlsberg Breweries)
For the first nine months of 2001, Orkla's interest in Carlsberg Breweries represented operating profit, before other revenues and expenses, of just above NOK 1 billion, compared with NOK 622 million last year (for former Pripps Ringnes). Sales in the first nine months totalled NOK 11.2 billion, more than double the amount in the corresponding period in 2000. The difference is primarily ascribable to

the establishment of Carlsberg Breweries. The business also grew in the course of this year through continued expansion and growth in Central and Eastern Europe, and the consolidation of the Swiss brewery Feldschlösschen, which was acquired last year.

- **Orkla Brands'** operating profit for the first nine months, before other revenues and expenses, totalled NOK 451 million. This is 15 per cent higher than for the same period last year, but third quarter results were weaker than for the year as a whole. All businesses, except for Household Textiles and Biscuits in Sweden, reported profit growth. Lilleborg Home and Personal Care made the greatest progress, even though the rate of growth, as anticipated, was somewhat lower in the third quarter. Orkla Brands' market positions were largely strengthened or maintained. Operating revenues for the first nine months totalled NOK 3.3 billion.
- **Orkla Media** reported operating profit, before other revenues and expenses, of NOK 89 million for the first nine months, down from NOK 114 million last year. The third quarter is generally a slow period for the media sector, but the general downturn in the advertising market, particularly in Denmark and Poland, reinforced this trend. Profit for the third quarter alone was a negative NOK -20 million. This fall in profit is primarily attributable to Newspapers Eastern Europe, which posted weak growth in advertising sales in the third quarter, and to Berlingske in Denmark. Significant rationalisation measures were implemented to counter the negative trend, and Orkla Media reduced its total man-years by 440 in the course of the year.

CHEMICALS

Operating profit for Borregaard for the first nine months totalled NOK 426 million, a rise of 37 per cent. However, the growth in profit in most areas of the company, particularly at Borregaard LignoTech, was offset by a substantial decline in profit at Borregaard Synthesis. Denofa's operating revenues fell due to the winding-up of contract production of soya beans in Brazil. For the Chemicals area as a whole, operating revenues for the first nine months amounted to NOK 4.9 billion, an increase of six per cent from last year for continuing business.

FINANCIAL INVESTMENTS

After declining 0.2 per cent in the first six months of the year, the Oslo Stock Exchange Benchmark dropped 23.4 per cent in the third quarter. The index was thus 24.9 per cent lower than at the beginning of the year. During the same period, Orkla's investment portfolio yielded a negative return of -21 per cent. The positive difference in relation to the Oslo Stock Exchange Benchmark is primarily due to the investment in Elkem.

In the third quarter, Orkla's investments in Enitel and AP Holdings were written down to zero by a total of NOK 363 million, which largely explains why pre-tax profit for the Financial Investments division in the third quarter amounted to NOK -279 million.

Pre-tax profit for the Financial Investments division totals NOK 777 million for the year to date, compared with NOK 3,6 billion for the corresponding period last year. Realised gains amounted to NOK 172 million, compared with NOK 3,1 billion last year. Dividends received totalled NOK 539 million. Unrealised capital gains total NOK 1 billion. At the end of the quarter, the market value of the portfolio was NOK 13.5 billion.

FINANCIAL SITUATION

At 30 September 2001, the Orkla Group's net cash flow was NOK -3.6 billion, reflecting a high rate of investment. The expansion that took place in Carlsberg Breweries in the last half of 2000 was not posted as expansion investments in Orkla's consolidated accounts until 2001. This constitutes the bulk of the Group's expansion investments, which totalled NOK 4.7 billion. Nevertheless, net interest-bearing liabilities were somewhat reduced in the quarter, and amounted to NOK 21.4 billion at the end of the first nine months.

As of 30 September 2001, the book equity to total assets ratio was 33.6 per cent. Including unrealised gains on the share portfolio (before tax), the equity ratio was 34.8 per cent.

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Group Income Statement

Amounts in NOK million	1.1.-30.9.		1.1.-31.12.	1.7.-30.9.	
	2001	2000	2000	2001	2000
Operating revenues	33,222	24,903	34,083	11,283	8,623
Cost of goods sold	(13,092)	(10,077)	(13,850)	(4,423)	(3,659)
Other operating expenses	(15,760)	(11,361)	(15,565)	(5,283)	(3,696)
Ord. depreciation and write downs	(1,601)	(1,213)	(1,618)	(533)	(410)
Operating profit before goodwill and other revenues and expenses	2,769	2,252	3,050	1,044	858
Goodwill amortisation and write-downs	(332)	(361)	(479)	(111)	(121)
Other revenues and expenses	19	40	36	0	0
Operating profit	2,456	1,931	2,607	933	737
Profit from associates	235	239	242	75	111
Dividends	541	411	555	56	44
Portfolio gains	172	3,080	2,727	(335)	2,349
Financial items, net	(952)	(681)	(960)	(359)	(205)
Profit before tax	2,452	4,980	5,171	370	3,036
Taxes	(662)	(1,337)	(1,388)	(100)	(816)
Profit after tax	1,790	3,643	3,783	270	2,220
Of this minority interests	162	136	182	72	57
Profit before tax, Industry area	1,675	1,428	1,816	649	586
Profit before tax, Financial Investm.	777	3,552	3,355	(279)	2,450
Earnings per share fully diluted (NOK)	7.7	16.5	17.0	0.9	10.1
Earnings per share fully diluted (NOK) *)	9.3	18.3	19.5	1.5	10.8

*) Excluding goodwill amortisation and non-recurring items.

Operating revenues

Operating profit*)

Amounts in NOK million	1.1.-30.9.		1.1.-31.12.	1.7.-30.9.		1.1.-30.9.		1.1.-31.12.	1.7.-30.9.	
	2001	2000	2000	2001	2000	2001	2000	2000	2001	2000
Orkla Foods	8,079	8,010	11,039	2,682	2,693	507	503	787	204	196
Orkla Beverages	11,227	5,564	7,424	4,144	2,019	1,021	622	712	527	310
Orkla Brands	3,328	3,349	4,586	1,080	1,156	451	392	543	142	154
Orkla Media	5,517	2,585	3,585	1,744	841	89	114	205	(20)	16
Elimination	(105)	(94)	(146)	(36)	(35)	0	0	0	0	0
Branded Consumer Goods	28,046	19,414	26,488	9,614	6,674	2,068	1,631	2,247	853	676
Chemicals	4,923	4,971	6,926	1,641	1,836	426	311	450	108	96
H.O./Unallocated/Elimination	102	182	252	(18)	68	(80)	(126)	(200)	(30)	(27)
Other revenues and expenses	0	0	0	0	0	19	40	36	0	0
Industry	33,071	24,567	33,666	11,237	8,578	2,433	1,856	2,533	931	745
Financial Investments	151	336	417	46	45	23	75	74	2	(8)
Group	33,222	24,903	34,083	11,283	8,623	2,456	1,931	2,607	933	737

*) Other revenues and expenses totalled NOK 19 million in 3. quarter 2001: Gains from sale of Fredrikstad Blikk- og Metallvarefabrikk (NOK 46 million), as well as provisions for future demolition costs (NOK -27 million), both in Chemicals. Per 3. quarter 2000: Gains from sale of Viking Fottøy (NOK 70 million) and discontinuation of biscuit production at Kolbotn, Norway (NOK -30 million).

Group Balance Sheet

Amounts in NOK million	30.9. 2001	30.9. 2000	31.12. 2000
Assets:			
Long-term assets	28,914	21,306	24,696
Portfolio investments etc.	12,689	12,856	12,758
Short-term assets	14,727	9,635	11,193
Total assets	56,330	43,797	48,647
Equity and Liabilities:			
Equity and minority interests	18,939	17,819	17,301
Interest-bearing liabilities	24,681	16,935	19,746
Interest-free liabilities and provisions	12,710	9,043	11,600
Total equity and liabilities	56,330	43,797	48,647
Equity to total assets ratio (%):			
Book	33.6	40.7	35.6
Including unrealised gains before tax	34.8	49.0	42.0