Orkla

FOURTH QUARTER 2013

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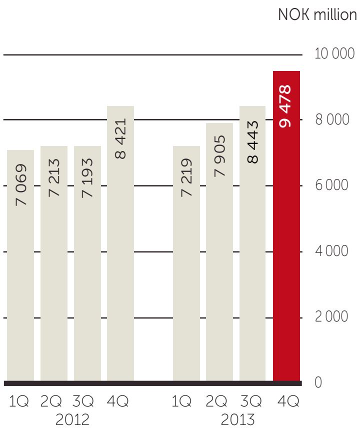
THE FOURTH QUARTER IN BRIEF

- Contributions from acquired companies resulted in sales and profit growth for the Nordic branded consumer goods business.
- Branded Consumer Goods' underlying[3] performance was mixed, with profit improvement for Orkla Foods Sverige, Lilleborg and Orkla Food Ingredients, while results for Orkla Confectionery & Snacks and Orkla Foods Norge were weaker.
- For Orkla Brands Russia, the market situation remains challenging and fourth-quarter profit was substantially lower than in 2012. A sales process has been initiated for the company.
- The realisation of cost synergies generated by the integration of Rieber & Søn is on track, but overall underlying[3] sales growth was weaker.
- Gränges (Heat Transfer) continued to deliver growth in volume and profit, and a very good cash flow for the year.
- Seasonally good cash flow in the quarter. Net interest-bearing liabilities totalled NOK 8.5 billion at year-end.
- The Board of Directors proposes to pay a dividend of NOK 2.50 per share for the 2013 financial year.

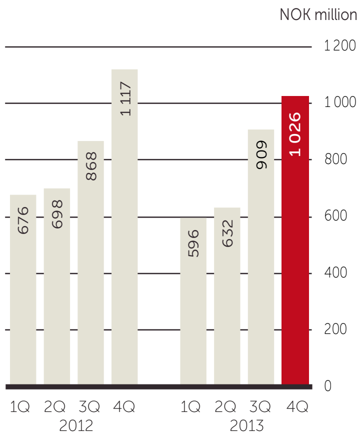
KEY FIGURES FOR THE ORKLA GROUP

		1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK million	Note	2013	2012	2013	2012
Operating revenues	2	33,045	29,896	9,478	8,421
EBITA[1]	2	3,163	3,359	1,026	1,117
Profit/loss before taxes		2,664	3,907	569	624
Gains/profit/loss discontinued operations		(1,225)	(1,547)	0	(310)
Earnings per share, diluted (NOK)		0.7	1.6	0.3	0.2
Cash flow from operating activities for industrial activities	13	2,775	3,334	1,574	1,605
Net interest-bearing liabilities	6	8,496	4,786		
Equity ratio (%)		59.1	52.9		
Net gearing[4]		0.28	0.16		

Operating revenues



EBITA[1]



Operating revenues

9,478

Group operating revenues for the fourth quarter 2013 totalled NOK 9,478 million

EBITA[1]

1,026

Group EBITA[1] for the fourth quarter 2013 totalled NOK 1,026 million

[1] Operating profit before amortisation and other income and expenses
[2] Figures in parentheses are for the corresponding period of the previous year
[3] Excluding acquired and sold companies, currency translation effects and other considerable structural changes
[4] [Net interest-bearing liabilities]/Equity

THE GROUP

Orkla's operating revenues totalled NOK 9,478 million (NOK 8,421 million)[2] in the fourth quarter. The increase was ascribable to the consolidation of acquired companies, primarily Rieber & Søn. Currency translation effects had a positive impact of NOK 517 million on the Group's fourth-quarter operating revenues. Branded Consumer Goods saw an underlying[3] decline in operating revenues in the fourth quarter, largely due to a very weak quarter in Orkla Brands Russia and a weaker performance of Orkla Foods' Norwegian operations and Orkla Confectionery & Snacks. Underlying[3] operating revenues for Orkla Home & Personal were slightly higher than in 2012, and several companies strengthened their market shares. Orkla Food Ingredients continued to achieve revenue growth driven by increased volumes for most of its companies. Overall, market shares for Branded Consumer Goods declined slightly in the fourth quarter.

Fourth-quarter Group EBITA[1] amounted to NOK 1,026 million (NOK 1,117 million)[2]. The negative difference is largely attributable to property sales in 2012 totalling NOK 82 million, and the weak performance of Orkla Brands Russia.

Operating profit for Branded Consumer Goods totalled NOK 951 million (NOK 947 million)[2]. Profit was positively impacted by contributions from acquired companies and improvement for Orkla Foods Sverige, Lilleborg and Orkla Food Ingredients. However, this improvement was counteracted by the weak performance in Orkla Brands Russia and the continued challenging competitive situation for several companies in Orkla Confectionery & Snacks. Both Orkla Foods Norge and Orkla Foods Danmark are carrying out demanding integration processes and the underlying[3] sales performance of these companies was weaker than in 2012. Currency translation effects made a positive contribution of NOK 50 million to EBITA[1] for Branded Consumer Goods in the fourth quarter.

The integration of Rieber & Søn has been a demanding process that has naturally required extensive internal focus. The long period of considerable uncertainty pending the approval of the competition authorities was also unfortunate. Efforts to realise synergies are proceeding as planned, and at year-end the cost synergy run rate totalled in excess of NOK 150 million. The overall sales performance was weaker, but the business's market positions and brands are considered to be strong and to provide a good basis for future growth.

Branded Consumer Goods' overall raw material costs were higher, year-over-year, in the fourth quarter, but varied significantly from one commodity group to another. The weakening of the Norwegian krone contributed to higher purchasing costs for Norwegian companies. Cost improvement projects had a positive impact on fourth-quarter results, driven by the realisation of synergies from both acquired companies and structural changes in Orkla Foods and Orkla Confectionery & Snacks, and by continuous improvement efforts.

Gränges continued to achieve profit improvement in the fourth quarter, driven by higher volumes and efficiency improvements. Fourth-quarter EBITA[1] for Orkla Financial Investments was NOK -9 million (NOK 99 million)[2]. EBITA[1] in 2012 reflected high gains on sales of real estate. Fourth-quarter profit for the energy area was NOK 12 million higher than in 2012, an improvement positively affected by the recognition in income of a final settlement in connection with the termination of a power contract.

Other income and expenses in the Group totalled NOK -13 million in the fourth quarter. Gränges' insurance claim related to a fire in the Finspång factory in 2010 was finally settled in the fourth quarter, resulting in the recognition of NOK 127 million in income. For the Group this income was entirely offset by restructuring costs and the immediate recognition of M&A and integration costs.

The fourth-quarter profit/loss from associates and joint ventures was NOK -300 million (NOK 51 million)[2], largely due to the negative impact of the results of Sapa (JV). Jotun achieved good results in the 2013 financial year.

Net sales of shares and financial assets totalled NOK 146 million in the fourth quarter. For the full year, the Group freed up NOK 3,090 million through the sale of financial assets. In the fourth quarter, the Group reported a net accounting loss of NOK -6 million (NOK -191 million)[2] on shares and financial assets. As at 31 December 2013, the market value of shares and financial assets was NOK 1,051 million, with unrealised gains of NOK 302 million.

Net financial costs in the fourth quarter amounted to NOK -139 million (NOK -110 million)[2]. The average borrowing rate was 3.5% and the Group's net interest-bearing liabilities averaged NOK 9.3 billion in the fourth quarter of 2013.

Group profit before tax amounted to NOK 569 million (NOK 624 million)[2] and taxes totalled NOK 232 million in the fourth quarter. Fourth-quarter profit from discontinued operations was NOK 0 million (NOK -310 million)[2].

Orkla's diluted earnings per share in the fourth quarter were NOK 0.3 (NOK 0.2)[2].

THE BUSINESS AREAS

BRANDED CONSUMER GOODS

	1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK million	2013	2012	2013	2012
Operating revenues	27,731	24,105	8,153	6,931
EBITA[1]	2,982	2,863	951	947
EBITA margin (%)	10.8	11.9	11.7	13.7
Cash flow from operations before net replacement expenditures	3,356	3,452	1,696	1,494
Net replacement expenditures	(754)	(667)	(241)	(226)
Cash flow from operations	2,602	2,785	1,455	1,268
Expansion investments	(99)	(142)	(32)	(29)

Orkla Foods

	1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK million	2013	2012	2013	2012
Operating revenues	9,797	7,972	2,894	2,163
EBITA[1]	1,275	1,144	422	368
EBITA margin (%)	13.0	14.4	14.6	17.0
Cash flow from operations before net replacement expenditures	1,409	1,217	620	413
Net replacement expenditures	(341)	(238)	(139)	(87)
Cash flow from operations	1,068	979	481	326
Expansion investments	(27)	(40)	(6)	2

- Sales and profit growth ascribable to contributions from acquired companies
- Continued good performance in Sweden, Finland and the Baltics
- Realisation of cost synergies from Rieber & Søn on track, but weaker sales performance for the merged companies in Norway and Denmark

Orkla Foods reported fourth-quarter operating revenues of NOK 2,894 million (NOK 2,163 million)[2]. Most of this growth was ascribable to the consolidation of Rieber & Søn. The companies in Sweden, Finland and the Baltics delivered top-line growth through the grocery channel and managed to take market shares despite demanding integration processes, especially in Sweden. In Norway there was an underlying[3] decline in sales. The level of market activity was somewhat lower than in the same quarter of 2012, and contributions from new product launches were generally weaker in 2013. In Denmark, underlying[3] revenues were also lower, largely due to the planned reduction of sales in categories with weak profitability. Market shares in Norway and Denmark fell slightly in the quarter.

The weaker performance in Norway and Denmark was largely related to the strong focus on integrating Rieber & Søn. On the other hand, the integration processes in all of Orkla Foods' Nordic businesses are making good progress. At year-end, the cost synergies' run rate was on track, which will generate positive effects into 2014.

Operations in Sweden, Finland and the Baltics reported top-line growth through the grocery channel. In Sweden, innovations and launches contributed substantially to profit performance and market share growth. Several of the innovations in the Swedish grocery channel in 2013, such as Paulúns Granola and Felix's range of refrigerated soups, pasta sauces and casserole bases, continued to boost top-line growth and profitability in the fourth quarter.

EBITA[1] was NOK 422 million (NOK 368 million)[2]. Profit improvement in the quarter was ascribable to the consolidation of Rieber & Søn. A weaker performance in Norway and Denmark was somewhat offset by improvement in Sweden, Finland and the Baltics.

Orkla Confectionery & Snacks

	1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK million	2013	2012	2013	2012
Operating revenues	4,784	4,794	1,436	1,387
EBITA[1]	682	787	234	255
EBITA margin (%)	14.3	16.4	16.3	18.4
Cash flow from operations before net replacement expenditures	796	996	398	461
Net replacement expenditures	(184)	(211)	(25)	(68)
Cash flow from operations	612	785	373	393
Expansion investments	0	0	0	0

- Continued weak sales and profit performance in Norway and Finland
- Stable quarter in Sweden
- Improvement in Denmark and the Baltics
- Demanding company integration processes in Norway, Sweden and Finland that will continue into 2014

Orkla Confectionery & Snacks posted fourth-quarter operating revenues of NOK 1,436 million (NOK 1,387 million)[2], an underlying[3] decline of 2.7%. EBITA[1] amounted to NOK 234 million (NOK 255 million)[2].

The decline in profit was primarily related to Norway and Finland as a result of challenging market conditions, partly due to competition from other branded goods manufacturers and partly due to a weak overall market trend. Volume declined in Norway, primarily driven by a weaker market for the biscuits category and strong competition in the snacks category. In Finland, volume declined in the biscuits and confectionery categories, while the snacks business saw improvement. The overall market programmes have not had a sufficiently strong impact in Norway and Finland, despite intensified efforts.

In Sweden, sales and profit remained at the same level, compared to the same quarter in 2012.

Performance in Denmark improved satisfactorily in the fourth quarter due to good sales driven by intensive campaigns towards the end of the year.

Overall market shares declined slightly in the Nordic countries.

Following the establishment of the Orkla Confectionery & Snacks business area in January 2013, a comprehensive process was initiated to restructure operations into larger, stronger national companies. In Norway, Nidar, KiMs and Sætre became a single company as from 1 October 2013. In Sweden, OLW and Göteborgs Kex became a new company as from 1 January 2014, and Chips and Panda in Finland were merged as of the same date. A demanding integration process has been underway during much of 2013, and although the new company structure has now been established, a great deal of work still remains to be done. Among other things, the sales organisation is currently being restructured in Norway, a process that is to be completed by the end of the 1st quarter of 2014. The entire restructuring of the business area is expected to generate cost synergies of NOK 50-70 million over the years 2013-2016.

The restructuring of the business area is part of a comprehensive improvement programme to increase competitiveness through profitable top-line growth and cost reductions. The cost reduction programme aims to contribute NOK 300 million in the course of the next three years, equivalent to an annual reduction of 3% of total costs.

Orkla Home & Personal

	1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK million	2013	2012	2013	2012
Operating revenues	4,770	4,025	1,270	1,221
EBITA[1]	823	704	194	186
EBITA margin (%)	17.3	17.5	15.3	15.2
Cash flow from operations before net replacement expenditures	869	879	452	412
Net replacement expenditures	(69)	(58)	(17)	(24)
Cash flow from operations	800	821	435	388
Expansion investments	0	(6)	0	(1)

- Profit improvement driven by Lilleborg in Norway
- Cost synergies from the integration of Jordan Personal & Home Care into Lilleborg were realised more rapidly than expected, also in the fourth quarter
- Slightly more challenging export markets for Axellus

Orkla Home & Personal reported fourth-quarter operating revenues of NOK 1,270 million (NOK 1,221 million)[2]. This growth was ascribable to positive currency translation effects, together with somewhat higher underlying[3] revenues than in 2012. Fourth-quarter EBITA[1] was NOK 194 million (NOK 186 million)[2]. The improvement in profit was primarily related to synergy effects from acquired companies.

Lilleborg posted higher turnover, good profit growth and improved market shares. The improvement in profit was mainly ascribable to the acquisition of Jordan, where cost synergies are still being realised more rapidly than anticipated, but also related to underlying[3] improvement.

Lilleborg Profesjonell saw a moderate decline in profit despite higher sales in the quarter. However, the market situation remains challenging with strong competition in most sub-segments.

Pierre Robert Group reported a rise in operating revenues. Reduced campaign intensity and lower sales of wool products due to a mild winter resulted in lower sales in Norway, while sales in Sweden increased slightly as a result of the launch and introductory sales of new products.

Taking account of positive currency translation effects, Axellus saw a decline in both turnover and profit in the fourth quarter. The fall in turnover primarily concerned the company's export operations, and overall turnover on the home markets was at the same level as in 2012.

Orkla House Care reported higher turnover in most markets, but fourth-quarter profit was slightly lower than in 2012.

Several of the businesses are experiencing higher purchasing costs due to the weaker Norwegian krone.

Overall, market shares were relatively stable with improvement for Lilleborg and for Axellus in Sweden and Denmark, while the market share for Axellus in Norway declined marginally.

Orkla International

	1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK million	2013	2012	2013	2012
Operating revenues	2,644	2,133	916	716
EBITA[1]	(86)	(5)	4	62
EBITA margin (%)	(3.3)	(0.2)	0.4	8.7
Cash flow from operations before net replacement expenditures	(97)	29	(1)	53
Net replacement expenditures	(63)	(61)	(27)	(14)
Cash flow from operations	(160)	(32)	(28)	39
Expansion investments	(61)	(39)	(26)	(8)

- Weak sales and profit performance in Orkla Brands Russia
- Sales process initiated for Orkla Brands Russia
- Positive performance in India and Austria

Orkla International posted fourth-quarter operating revenues of NOK 916 million (NOK 716 million)[2], equivalent to an underlying[3] decline of 12%. Fourth-quarter EBITA[1] amounted to NOK 4 million (NOK 62 million)[2]. The weak sales and profit performance was driven by the continued weak performance of Orkla Brands Russia. Acquired companies contributed NOK 8 million.

Orkla Brands Russia delivered a continued weak sales performance with a decline of 20% in the fourth quarter. Increased competition, combined with the fact that national grocery chains are gaining market shares, contributed to the decline. The internal restructuring process, which entails consolidation of production, is expected to be completed in early 2014. In light of this development, a process to sell the company has been initiated.

MTR Foods increased its operating revenues by 12% in the fourth quarter and delivered volume growth in spice mixes and vermicelli pasta. The general growth of the Indian economy slowed somewhat in the course of 2013.

In Austria, Felix Austria achieved growth in the grocery channel. In addition the sales to Orkla Foods companies in the Nordic region rose substantially after Felix Austria began to supply ready-meals to Orkla Foods Danmark as from July.

The former Rieber companies Vitana, Rieber Polska and Rieber Russia contributed EBITA[1] of NOK 8 million in the fourth quarter. In the Czech Republic, Vitana experienced a decline in a weak market impacted by intensive campaign activity that squeezed margins. In Poland, Rieber Polska delivered a sales performance on a par with the same period in 2012. In Russia, sales for Rieber Russia fell due to regulatory changes implemented in January 2013.

Orkla Food Ingredients

	1.1. – 31.12.		**1.10. – 31.12.**	
Amounts in NOK million	2013	2012	2013	2012
Operating revenues	5,998	5,435	1,726	1,523
EBITA[1]	288	233	97	76
EBITA margin (%)	4.8	4.3	5.6	5.0
Cash flow from operations before net replacement expenditures	379	331	225	155
Net replacement expenditures	(97)	(99)	(33)	(33)
Cash flow from operations	282	232	192	122
Expansion investments	(11)	(57)	(1)	(22)

- Both structural and organic growth in the quarter
- Broad-based profit improvement
- Substantial positive impacts on profit from internal improvement projects

Orkla Food Ingredients posted fourth-quarter operating revenues of NOK 1,726 million (NOK 1,523 million)[2]. Underlying[3] operating revenues rose 2.2%. Fourth-quarter EBITA[1] amounted to NOK 97 million (NOK 76 million)[2]. This increase was ascribable to a broad-based improvement in profit related to both acquired companies and to organic growth. Performance in Norway was somewhat weaker on account of higher purchasing costs due to the significantly weaker Norwegian krone. For the same reason, reported figures included positive currency translation effects.

The Scandinavian sales and distribution companies for bakery ingredients maintained their strong overall market position. Earnings were slightly lower, primarily due to negative currency effects in Norway, but also due to weaker sales to industrial bakeries in Sweden. The sales and distribution companies in the Baltics and Central and Eastern Europe continued to generate top-line growth in the fourth quarter, and EBITA[1] improved significantly.

Sales and profit growth for the margarine category (Dragsbæk in Denmark) was good. All material sales contracts were maintained in the fourth quarter, and a more favourable product mix generated substantial profit improvement in the quarter. The category's sales and profit performance in Iceland, the Baltics, Slovakia and Romania (through Dragsbæk's own subsidiaries or sister companies) was also significantly better, year-over-year.

Operating revenues for the yeast category (Jästbolaget in Sweden) fell, mainly due to the general decline in the Swedish consumer market and increased competition in the industry segment. EBITA[1] improved, year-over-year, as a result of internal improvement projects.

The good trend for the mix & improver category for bread and cakes continued from the end of the previous quarter. Overall, both operating revenues and EBITA[1] increased. The increase was related to broad-based sales growth for Sonneveld in the Netherlands, growth for sourdough products in Norway and the effects of a strategy adjustment for Credin Portugal, whereby the company to a greater degree than many competitors offered the market good products and services at a reasonable price. The product range was also expanded.

In the marzipan category, Odense maintained its market position in Scandinavia. EBITA[1] improved due to the positive results of internal improvement projects.

OTHER BUSINESSES

Sapa

The part of Sapa that is included in the joint venture with Norsk Hydro was restated in the third quarter of 2012 as "Discontinued operations" (see Note 10). The establishment of the joint venture was completed on 1 September 2013, and the new company Sapa AS was founded with non-cash contributions from the two venturers. Orkla's contribution was valued at a higher amount than the corresponding contribution from Norsk Hydro, and Orkla received just under NOK 2 billion in compensation for this difference in the third quarter of 2013. On 1 September 2013, the new company was re-established in Orkla's financial statements as a joint venture.

In the fourth quarter of 2013, Orkla's share of Sapa (JV) has been reported according to the equity method on the line for "Profit/loss from associates and joint ventures", as was done in September 2013. Gränges, which comprises the rolling mills in Finspång, Sweden, and Shanghai, China, is still consolidated as a wholly-owned subsidiary.

Sapa (JV) (50% ownership interest)

Demand for extruded products in North America increased in the fourth quarter of 2013 compared with the fourth quarter of 2012, mainly supported by growth in the automotive and building segments. Within the transport and industrial segments, demand was stable.

In Europe, demand for extruded products was stable. Demand in the automotive market segment improved while demand in the transport, renewable energy and building segments weakened. Demand in the building and construction industry remained weak, particularly in Southern Europe.

Underlying EBIT for the Sapa group for the fourth quarter reflects a seasonally weaker quarter and charges related to impairment of inventories and accounts receivable. Total volume for Sapa was somewhat higher compared with the fourth quarter of 2012. Sapa's restructuring agenda is progressing according to plan and reported EBIT was affected by related restructuring costs. Orkla's share of Sapa's net profit after tax for the fourth quarter of 2013 was NOK -312 million. Net interest-bearing liabilities totalled NOK 1.8 billion as at 31 December 2013.

Gränges

- Continued growth in volume and profit
- Restructuring in Sweden progressing according to plan
- Continued strong performance in China

Gränges delivered a volume of 37,600 tonnes in the fourth quarter of 2013, up 1.4% from the same period of 2012. EBITA[1] increased to NOK 78 million (NOK 74 million)[2], driven by higher volumes and efficiency improvements. The volume growth was related to the operations in Shanghai, China, which continued to benefit from strong demand in the Chinese automotive market in the fourth quarter. Year-over-year volume for the operations in Finspång, Sweden, declined slightly.

The improvement programme in the Swedish operations is progressing according to plan and the workforce reduction initiated in the third quarter 2013 has been successfully completed. The programme's initial positive effects were offset by slightly lower volume, the further strengthening of the SEK and rising metal premiums. EBITA[1] for the Chinese operations in Shanghai improved in the fourth quarter, driven by higher volume and efficiency improvements.

Reduced working capital, combined with good profit, contributed to good cash flow. For the full year, cash flow from operating activities amounted to NOK 432 million.

Jotun (42.5% ownership interest)

Jotun achieved good results in the 2013 financial year, as both turnover and operating profit improved compared with 2012. There was growth in all segments except marine coatings, where the global decline in ship building activity led to a further fall in turnover within this segment. Margins were stronger, largely due to stable raw material prices and product mix. Geographically, Europe and the Middle East were the primary contributors to the company's positive profit performance.

Orkla Financial Investments

EBITA[1] for Orkla Financial Investments was NOK -9 million (NOK 99 million)[2] in the fourth quarter. Reorganisation costs impacted negatively on profit in 2013, while EBITA[1] in 2012 was boosted by high gains on sales of real estate. The contribution in the fourth quarter of 2012 stemmed primarily from the completion and sale of apartments in a major real estate development project (Idun Industri Eiendom).

Hydro Power

Fourth-quarter EBITA[1] for Hydro Power was NOK 97 million (NOK 85 million)[2]. Profit in 2013 was positively impacted by the recognition in income of a final settlement related to the termination of a power contract. Moreover, lower production volume was offset to some extent by higher power prices. At quarter-end, reservoir levels were higher than normal.

CASH FLOW AND FINANCIAL SITUATION

The comments below are related to the cash flow statement as presented in Orkla's in-house format. Reference is made to Note 13 in this report.

Cash flow from operating activities in the industrial operations amounted to NOK 2,775 million as at 31 December 2013. In the fourth quarter, seasonal factors freed up NOK 605 million in working capital. For the full year, working capital increased slightly. Cash flow from operating activities for real estate and financial assets amounted to NOK 384 million as at 31 December 2013.

Expansion investments from industrial operations totalled NOK -180 million as at the end of the fourth quarter. Acquired companies amounted to NOK -6,986 million as at 31 December 2013, and largely consisted of the acquisition of Rieber & Søn and smaller acquisitions in Orkla Foods and Orkla Food Ingredients. In addition, Orkla has acquired Drammensveien 149 and 151, which are the properties on which Orkla's new headquarters are planned. Net sales of companies/shares of companies totalled NOK 1,713 million as at the end of the fourth quarter. This amount was primarily related to the cash settlement in connection with the establishment of Sapa (JV) with Norsk Hydro (approx. NOK 2 billion), while the cash holdings in the paid-in company reduced the cash flow effect by around NOK

350 million. In addition, Kolding Salater, a former company in Orkla Food Ingredients, was sold in the first half of 2013. As at the end of the fourth quarter 2013, capital freed up from shares and financial assets totalled NOK 3,090 million.

Net cash flow for the Group was NOK -2,757 million as at 31 December 2013. In 2013, the Group's interest-bearing liabilities had an average borrowing rate of 3.4%, and were chiefly spread across the following currencies: SEK, EUR, NOK and DKK. The weaker NOK generated a negative translation effect of NOK 953 million on net interest-bearing liabilities. As at 31 December 2013, the Group's net interest-bearing liabilities totalled NOK 8,496 million. At quarter end, the equity ratio was 59.1% while net gearing[4] was 0.28.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 10 April 2014 at 3.00 p.m. at Ingeniørenes Hus in Oslo. Notice of attendance must be received no later than 3.00 p.m. on 7 April 2014. The Board of Directors proposes to pay out a dividend of NOK 2.50 for the 2013 financial year. The dividend will be paid on 25 April, in accordance with the resolution adopted by the General Meeting. The Annual Report for 2013 will be published on 20 March 2014.

OTHER MATTERS

On 2 January 2014, it was announced that Åge Korsvold wishes to step down as President and CEO of Orkla ASA. Mr Korsvold was appointed Acting President and CEO on 30 April 2012, and in August of the same year the Board of Directors decided to extend his contract. Since May 2012, under Mr Korsvold's leadership, Orkla has carried out major structural changes in line with the strategy adopted by the Board of Directors in the autumn of 2011. Orkla is now in the process of becoming a pure-play branded consumer goods company.

The Orkla Board of Directors has appointed Peter A. Ruzicka as new President and CEO. He will take up his position on 10 February 2014. Mr Ruzicka has over 24 years of experience from retail trade. He has also been a member of the Orkla Board of Directors since 2008, and during the period 2003-2005.

OUTLOOK

The global economy is showing a moderate upturn. In Europe, there are signs of increased growth, but uncertainty about the economic situation still prevails. Growth in the US economy is expected to remain moderate. Growth in emerging economies has tapered off slightly in the past year, but will still exceed growth in industrialised countries in the next few years. The Norwegian economy slowed in 2013, and the growth rate is expected to remain moderate in the near future. In other Nordic countries, the growth rate is expected to increase slightly. The Nordic grocery market is expected to remain relatively stable in 2014.

In the first half of 2013, ICA and NorgesGruppen announced their intention to enter into an agreement to collaborate on purchasing in Norway. COOP Norge Handel and Rema 1000 responded in the fourth quarter of 2013 by announcing that they too will initiate collaboration on purchasing if the Norwegian Competition Authority approves the cooperation agreement between ICA and NorgesGruppen. If the two agreements are approved by the Competition Authority, the number of major purchasing entities in the Norwegian grocery market will be reduced from four to two.

The acquisitions of Jordan and Rieber & Søn, and the planned and initiated restructuring processes, are strengthening Orkla's competitiveness. The acquisitions have also brought substantial potential synergies, and work on realising these synergies will continue in 2014.

Overall, international raw material prices were relatively stable in 2013, but price trends varied for the different commodity groups. The FAO Food Price Index is still high. There is uncertainty as to the effect of the change of government in Norway on this spring's agricultural policy negotiations. Orkla will compensate for any increases in raw material prices by raising prices.

The different business areas are exposed to currency risk to varying degrees, and in 2013 the weakening of the Norwegian krone resulted in higher purchasing costs. The Norwegian krone is expected to remain weak in 2014, at a level lower than in 2011 and 2012.

With regard to the energy operations, reservoir levels at the start of 2014 were slightly higher than normal.

Orkla's financial position is robust, with cash reserves and committed credit lines that will cover known capital expenditures in 2014.

Oslo, 5 February 2014
The Board of Directors of Orkla ASA

All the figures for 2012 have been restated, see Notes 1 and 10.

Condensed income statement

		1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK million	Note	2013	2012	2013	2012
Operating revenues	2	33,045	29,896	9,478	8,421
Operating expenses		(28,779)	(25,619)	(8,174)	(7,068)
Depreciation and write-downs property, plant and equipment		(1,103)	(918)	(278)	(236)
Amortisation intangible assets		(21)	(16)	(7)	(5)
Other income and expenses	3	(860)	(433)	(13)	(267)
Operating profit		2,282	2,910	1,006	845
Profit/loss from associates and joint ventures		2	418	(300)	51
Dividends received		250	211	8	29
Gains, losses and write-downs shares and financial assets		623	857	(6)	(191)
Financial items, net		(493)	(489)	(139)	(110)
Profit/loss before taxes		2,664	3,907	569	624
Taxes		(692)	(726)	(232)	(150)
Profit/loss for the period for continuing operations		1,972	3,181	337	474
Gains/profit/loss discontinued operations	10	(1,225)	(1,547)	0	(310)
Profit/loss for the period		747	1,634	337	164
Profit/loss attributable to non-controlling interests		57	0	17	(44)
Profit/loss attributable to owners of the parent		690	1,634	320	208

Earnings per share

	1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK	2013	2012	2013	2012
Earnings per share	0.7	1.6	0.3	0.2
Earnings per share (diluted)	0.7	1.6	0.3	0.2
Earnings per share for continuing operations (diluted)	1.9	3.1	0.3	0.5

Condensed comprehensive income statement

		1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK million	Note	2013	2012	2013	2012
Profit/loss for the period		747	1,634	337	164
Items not to be reclassified to profit/loss in subsequent periods					
Change in actuarial gains and losses pensions after tax		37	(37)	37	(37)
Items to be reclassified to profit/loss in subsequent periods					
Change in unrealised gains on shares after tax	4	(79)	(753)	97	3
Change in hedging reserve after tax	4	46	(5)	(46)	(88)
Translation effects		2,096	(1,173)	562	(149)
The Group's comprehensive income		2,847	(334)	987	(107)
Comprehensive income attributable to non-controlling interests		75	(8)		
Comprehensive income attributable to owners of the parent		2,772	(326)		

Condensed balance sheet

Amounts in NOK million	Note	31.12. 2013	31.12. 2012
Intangible assets		15,402	10,069
Property, plant and equipment		11,651	9,601
Investments in joint ventures and assosiated companies and other financial assets	6	11,042	3,686
Non-current assets		38,095	23,356
Assets in discontinued operations	10	-	13,740
Inventories		4,836	4,243
Receivables	6	6,328	5,357
Shares and financial assets		1,051	3,601
Cash and cash equivalents	6	1,805	7,196
Current assets		14,020	34,137
Total assets		52,115	57,493
Paid in equity		1,989	1,985
Earned equity		28,490	28,196
Non-controlling interests		301	258
Equity		30,780	30,439
Provisions and other non-current liabilities		3,369	3,380
Non-current interest-bearing liabilities	6	8,041	9,352
Current interest-bearing liabilities	6	2,837	3,460
Liabilities in discontinued operations	10	-	4,163
Other current liabilities		7,088	6,699
Equity and liabilities		52,115	57,493
Equity ratio (%)		59.1	52.9

Condensed changes in equity

	1.1. – 31.12.2013			1.1. – 31.12.2012		
Amounts in NOK million	Attributed to equity holders of the parent	Non-controlling interests	Total equity	Attributed to equity holders of the parent	Non-controlling interests	Total equity
Equity 1 January	30,181	258	30,439	33,436	280	33,716
The Group's comprehensive income	2,772	75	2,847	(326)	(8)	(334)
Dividends	(2,528)	(51)	(2,579)	(2,525)	(18)	(2,543)
Net buy-back/sale of Orkla shares	133	-	133	(416)	-	(416)
Option costs	22	-	22	33	-	33
Change in non-controlling interests	(101)	19	(82)	(21)	4	(17)
Equity at the close of the period	30,479	301	30,780	30,181	258	30,439

Condensed cash flow statement IFRS

		1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK million	Note	2013	2012	2013	2012
Cash flow from operations before net replacement expenditure		3,690	4,907	1,929	2,101
Received dividends and financial items		30	84	(123)	(56)
Taxes paid		(766)	(995)	(294)	(35)
Cash flow from operating activities		2,954	3,996	1,512	2,010
Net investments fixed assets		(711)	(1,143)	(100)	(321)
Net sale (purchase) of companies	5, 10	(4,310)	1,246	(10)	1,660
Net sale portfolio investments		3,090	3,350	146	436
Discontinued operations and other payments		(371)	333	(24)	561
Cash flow from investing activities		(2,302)	3,786	12	2,336
Net paid to shareholders		(2,446)	(3,194)	42	33
Change in interest-bearing liabilities and interest-bearing receivables		(4,034)	(2,666)	(1,160)	137
Cash flow from financing activities		(6,480)	(5,860)	(1,118)	170
Currency effects cash and cash equivalents		437	(177)	62	(48)
Change in cash and cash equivalents		(5,391)	1,745	468	4,468
Cash and cash equivalents	6	1,805	7,196		

See also Note 13 for cash flow Orkla-format.

NOTES

Note 1 General information

Orkla ASA's condensed consolidated financial statements for the full year 2014 were approved at a meeting of the Board of Directors on 5 February 2014. The figures in the statements have not been audited. Orkla ASA is a public limited company and its offices are located at Skøyen in Oslo, Norway.

Orkla shares are traded on the Oslo Stock Exchange. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. Apart from the effect of implementing the amendments to the pension standard (IAS 19) and IFRS 11 Joint Arrangements, the same accounting principles and methods of calculation have been applied as in the last Annual Financial Statements (see below).

The acquisition of Rieber & Søn was finally completed after the competition authorities approved the transaction as at 26 April 2013. The activities of Rieber & Søn have thus been included in Orkla's consolidated financial statements for eight months of 2013. See further details in Note 5.

The part of Sapa that was to form part of the joint venture with Norsk Hydro was restated in the third quarter of 2012 as "Discontinued operations" (see Note 10). The establishment of the joint venture was completed on 1 September, and the new company Sapa AS was founded with non-cash contributions from the two venturers. Orkla's contribution was valued at a higher amount than the corresponding contribution from Norsk Hydro, and Orkla has received approximately NOK 2 billion in compensation for this difference. The cash holdings in the paid-in company reduced the cash flow effect by around NOK 350 million. The transition to a joint venture is deemed to be a loss of control for the venturers and the establishment is therefore regarded as a transaction at fair value. Accumulated translation effects were recognised in profit or loss on the date of transition.

As at the end of the fourth quarter of 2013, Sapa (part of future JV) has been reported on the line for "Discontinued operations" for eight months along with the recognition of the profit/loss related to the transaction. Orkla's share of the new Sapa joint venture (JV) has been reported according to the equity method on the line for "Profit/loss from associates and joint ventures" for the remaining four months (September-December).

The consolidated financial statements of the JV have been established at continuity, i.e. carrying values in Sapa (part of future JV) and Norsk Hydro, respectively, are maintained. Net loss after tax for Sapa JV (100%) for four months is reported at NOK -2.1 billion, which is primarily ascribable to substantial write-downs of plants in Europe. In connection with the establishment of the JV, the venturers have each carried out their preliminary purchase price allocation of the new company, and both venturers will allocate deficit value to plants in Europe. The contra entry will be goodwill. Thus, overall, the value of the JV is considered to be intact. After the effect of the purchase price allocation, Orkla is reporting a negative result of NOK -347 million for the period September-December for the Group's ownership interest in Sapa JV.

The future effects of new accounting standards are described in Note 3 to the Annual Financial Statements for 2012. As from the 2013 financial year, Orkla has early adopted IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. In addition, IFRS 13 Fair Value Measurement and amendments to IAS 19 Employee Benefits were adopted as from 1 January 2013. The effects of the changes with regard to pensions (IAS 19) and joint ventures (IFRS 11) are described below. The other standards have no material effect on Orkla's consolidated financial statements.

The main change in the pension standard is that the "corridor approach" may no longer be used. This means that all actuarial gains and losses must be reported in equity through the statement of comprehensive income in the period in which they arise. The "corridor approach" was an amortisation principle, whereby only the portion of the actuarial gains and losses that exceeded 10% of the higher of gross pension liabilities or gross pension assets was to be recognised in the income statement. Thus the balance sheet did not show gross liabilities, but was reduced (increased) by unrecognised actuarial gains and losses. Under the new standard, net pension liabilities must be presented in their entirety in the balance sheet and all actuarial gains and losses must thus be charged against the Group's equity.

Furthermore, the finance part of the net pension costs will be presented as a finance element rather than as part of the net pension expense in EBITA. This means that both "Interest on pension liabilities" and "Expected return on pension assets" will be recognised as finance items.

When a new principle is introduced, historical figures are restated accordingly. As a result of the introduction of the new principle, equity as at 31 December 2012 was reduced by NOK 643 million due to the recognition of actuarial gains and losses after tax. Similarly, operating profit (EBITA) for 2012 increased by NOK 33 million due to the fact that actuarial gains and losses are no longer to be recognised in the ordinary income statement. Furthermore, operating profit (EBITA) increased by NOK 43 million due to the fact that the finance element of the pension cost is now presented as a finance item. The latter does not change the Group's profit/loss before tax. It is important to note that the effect of actuarial gains and losses in the statement of comprehensive income will not be symmetrical with the figure that was previously recognised as actuarial gains and losses in the income statement. This is because the charge in the income statement was based on an amortisation principle (the corridor approach), while the charge recognised in the statement of comprehensive income is based directly on the actuarial gains and losses reported in the period.

The Group's ownership interest in the Moss Airport Rygge (40%) which has previously been reported as a joint venture (IFRS 11 Joint arrangements) according to the proportionate consolidation method (consolidated line by line with the Group's ownership interest) has been restated and is presented in the restated figures in accordance with the equity method (single-line consolidation using the same method as for an associate). The effect of this on Orkla's financial statements is limited: revenues have been reduced by NOK 105 million in 2012 and NOK 98 million in 2011, and EBITA has been reduced by NOK 12 million in 2012 and NOK 6 million in 2011.

Restated figures that have been adjusted for the effects of amendments to the pension standard and the new Joint Arrangement standard may be found at www.orkla.com.

The cash flow statement in Orkla format has also been amended. This is described in Note 13.

Note 2 Segments

Operating revenues

Amounts in NOK million	1.1. – 31.12. 2013	1.1. – 31.12. 2012	1.10. – 31.12. 2013	1.10. – 31.12. 2012
Orkla Group	33,045	29,896	9,478	8,421
Branded Consumer Goods	27,731	24,105	8,153	6,931
Orkla Foods	9,797	7,972	2,894	2,163
Orkla Confectionery & Snacks	4,784	4,794	1,436	1,387
Orka Home & Personal	4,770	4,025	1,270	1,221
Orkla International	2,644	2,133	916	716
Orkla Food Ingredients	5,998	5,435	1,726	1,523
Eliminations Branded Consumer Goods	(262)	(254)	(89)	(79)
Gränges (Heat Transfer)	3,958	3,990	940	943
Hydro Power	734	812	225	232
Orkla Financial Investments	630	1,124	155	345
HQ/Other Business/Eliminations	(8)	(135)	5	(30)

Operating profit - EBITA*

Amounts in NOK million	1.1. – 31.12. 2013	1.1. – 31.12. 2012	1.10. – 31.12. 2013	1.10. – 31.12. 2012
Orkla Group	3,163	3,359	1,026	1,117
Branded Consumer Goods	2,982	2,863	951	947
Orkla Foods	1,275	1,144	422	368
Orkla Confectionery & Snacks	682	787	234	255
Orkla Home & Personal	823	704	194	186
Orkla International	(86)	(5)	4	62
Orkla Food Ingredients	288	233	97	76
Gränges (Heat Transfer)	337	313	78	74
Hydro Power	213	209	97	85
Orkla Financial Investments	(3)	294	(9)	99
HQ/Other Business	(366)	(320)	(91)	(88)

Reconciliation against operating profit

EBITA*	3,163	3,359	1,026	1,117
Amortisation intangible assets	(21)	(16)	(7)	(5)
Other income and expenses	(860)	(433)	(13)	(267)
Operating profit	2,282	2,910	1,006	845

* Operating profit before amortisation and other income and expenses

Note 3 Other income and expenses

	1.1.–31.12.		1.10.–31.12.	
Beløp i mill. NOK	2013	2012	2013	2012
M&A costs and integration costs	(204)	(79)	(69)	(32)
Severance settlements of employment contracts	(169)	(43)	(68)	(4)
Write-down trademark and goodwill in Orkla Foods Danmark (Pastella)	(48)	-	-	-
Write-down intangible assets, provisions for litigation and restructuring Orkla Brands Russia	(435)	(267)	-	(175)
Restructuring Orkla Foods Sverige and Orkla Foods Danmark	(20)	(55)	(5)	(55)
Special IFRS effects	(46)	(22)	-	(15)
Restructuring Gränges (Heat Transfer)	(24)	(16)	15	(11)
Outsourcing IT management Orkla Shared Services	(41)	-	(13)	-
Insurance settlements Gränges (Heat Transfer)	127	30	127	-
Write-down property, plant and equipment in Denomega	-	(6)	-	-
Gain on disposal of Salvesen & Thams	-	44	-	44
Property tax in Sauda for earlier periods	-	(19)	-	(19)
Total other income and expenses	(860)	(433)	(13)	(267)

Costs directly related to the acquisition and integration of Rieber & Søn have largely been recognised as "Other income and expenses" (OIE). Integration and severance costs mainly consist of consultancy fees related to the integration process, severance settlements for redundant staff and certain short-term IT changes for system coordination. These are costs that are not associated with a normal operating situation. In addition, integration costs and costs related to severance settlements for employees rendered redundant by the reorganisation of Orkla Confectionery & Snacks and Orkla Home & Personal have been recognised as OIE in the same way. Further costs in connection with the integration of Rieber & Søn and reorganisation in the Group may arise also in 2014. At the end of the fourth quarter, costs related to M&A, integration and severance settlements totalled NOK 373 million, of which costs amounting to NOK 137 million arose in the fourth quarter.

The insurance claim relating to the fire in Gränges' factory in Finspång, Sweden, in 2010 was settled by arbitration, and the Group has taken to income a final settlement of NOK 127 million for this claim. The entire settlement amount has been recognised as OIE.

Other items mainly arose prior to the fourth quarter, the most important of which are as follows:

It was decided that the Pastella brand and associated goodwill were to be written down by NOK 48 million to 0 in the third quarter. The brand has not performed as expected and even if it is winning market shares in a falling market, this is not deemed to be sufficient to justify its value (see also Note 9).

Orkla Brands Russia is not delivering satisfactory results, and brands and goodwill were written down in the second quarter and a further provision was made in connection with ongoing litigation for a total of NOK 435 million.

Special IFRS effects apply to the accruals-based reporting of the fair value of the inventory of finished goods in Rieber & Søn. Excess value is reported over a period of three months, two months in the second quarter and one month in the third quarter.

Restructuring in Gränges (Heat Transfer) consists of further restructuring measures and employee dismissals totalling 65 man-years.

Orkla Shared Services has undergone two reorganisation processes: relocation of its data centre and outsourcing of its operations to Cognizant. These two processes have entailed costs of NOK 41 million, which have been reported under OIE.

Note 4 Statement of comprehensive income

The statement of comprehensive income shows changes in the value of the share portfolio (unrealised gains) and hedging instruments (hedging reserve). These figures are presented after tax. The tax effect as at the end of the fourth quarter of 2013 relating to unrealised gains amounts to NOK 29 million (NOK 18 million), and the tax effect relating to the hedging reserve amounts to NOK 29 million (NOK 6 million).

Unrealised gains/losses on shares and the hedging reserve included in equity as at 31 December 2013 (after tax) totalled NOK 302 million and NOK -230 million, respectively. Accumulated translation differences correspondingly amounted to NOK -172 million as at 31 December 2013.

Note 5 Acquisitions and sales of companies

Branded Consumer Goods

The acquisition of Rieber & Søn was finally completed after the competition authorities approved the transaction as at 26 April 2013. Orkla ASA purchased the shares through its wholly-owned subsidiary Orkla Brands AS. After the agreement was closed, a mandatory offer was made to the remaining shareholders in Rieber & Søn based on the same purchase price per share that was paid to the Rieber family. In parallel, it was decided to make a compulsory acquisition of minority shareholdings, followed by an application for the company's shares to be delisted from the Oslo Stock Exchange. The enterprise value (EV) for Rieber & Søn (100%) totals NOK 6.1 billion and, in accordance with the preliminary purchase price allocation, the main items will be capitalisation of goodwill and brands. Once the purchase price allocation has been carried out, the total carrying value of Rieber brands will be on the order of NOK 1.2 billion and goodwill approximately NOK 3.7 billion. The purchase price allocation is not expected to be final until 30 June 2014. Rieber & Søn was consolidated into the Group as of 1 May 2013 and contributed an estimated EBITA of NOK 181 million to Orkla Foods, NOK 19 million to Orkla International and NOK -13 million to HQ/Other business for eight months.

Branded Consumer Goods also bought a number of small companies representing an enterprise value of NOK 163 million as at the end of the fourth quarter of 2013. The largest acquisition was the company Marcantonio Foods. Marcantonio Foods is a leading supplier of accessories and ingredients for ice cream parlours and ice cream manufacturers in the UK. The company has a production plant for ice cream cones and wafers in Barking, outside London. In 2011, Marcantonio Foods had sales of GBP 7.6 million. The company has a total of 55 employees.

Orkla Food Ingredients sold the company Kolding Salatfabrik in Denmark in the first quarter. See also Note 10 for discontinued operations.

Orkla Financial Investments

Orkla has purchased the real estate properties at Drammensveien 149 and 151 in Oslo for NOK 688 million (asset purchase). Drammensveien 149 is currently an office building, while Drammensveien 151 was previously a petrol station. At present the site is used as a parking lot. Orkla has applied for the rezoning of Drammensveien 151 for the construction of a new office building. Combined with the existing office building at Drammensveien 149, this building will become Orkla's new corporate centre and headquarters, into which the Group expects to move in the course of 2016.

Note 6 Net interest-bearing liabilities

The various elements of net interest-bearing liabilities are shown in the following table:

Amounts in NOK million	31.12. 2013	31.12. 2012
Non-current interest-bearing liabilities	(8,041)	(9,352)
Current interest-bearing liabilities	(2,837)	(3,460)
Non-current interest-bearing receivables (in "Financial Assets")	540	766
Current interest-bearing receivables (in "Receivables")	37	64
Cash and cash equivalents	1,805	7,196
Net interest-bearing liabilities	(8,496)	(4,786)

Note 7 Related parties

The Canica system, controlled by Orkla Board Chair Stein Erik Hagen (largest shareholder, with 24.5% of issued shares) and Orkla both have equity interests in certain investments.

An agreement has been entered into with the management of FG Eiendom whereby they are to take over a small part of the portfolio on certain conditions. The agreement is an arm's length agreement.

There were no other special transactions between the Group and related parties as at the end of the fourth quarter of 2013.

The Group has inter-company balances with joint ventures and associates within Gränges and Orkla's real estate investments totalling NOK 70 million and NOK 160 million, respectively. Gränges sells products to the Sapa Group, totalling NOK 46 million for the four last months of 2013.

Note 8 Options and treasury shares

Changes in outstanding options and treasury shares are shown in the following tables.

Change in number of options:

Outstanding options 1 January 2013	17,602,000
Exercised during the period	(2,060,000)
Forfeited during the period	(385,000)
Outstanding options 31 December 2013	15,157,000

Change in number of treasury shares:

Treasury shares 1 January 2013	7,987,114
Options exercised in treasury shares	(2,040,000)
Share programme for Orkla employees	(975,008)
Treasury shares 31 December 2013	4,972,106

Note 9 Assessments relating to impairment

In accordance with the Group's accounting principles, the share portfolio was written down by NOK 51 million as at 31 December 2013.

In line with adopted principles, the Group carried out impairment tests for all intangible assets with an indefinite useful life and for all goodwill in the third quarter.

Brands and goodwill associated with Orkla Foods Danmark's pasta operations under the Pastella brand have been written down to 0 by a total of NOK 48 million. Pastella has not developed as planned and although the brand is winning market shares in a falling market, its performance does not justify the total value of the brand. The write-down has been reported under "Other income and expenses".

Furthermore, the remaining goodwill and brands related to Orkla Brands Russia were written down by a total of NOK 364 million in the second quarter. Following the write-down, the carrying value of brands and goodwill related to the Russian operations is nil.

The markets in which Sapa (part of future JV) operated are extremely challenging and goodwill was written down by a total of NOK 1,161 million in the second quarter. The write-down is presented in the financial statements on the line for "Discontinued operations".

No other deficit values have been identified in the Group's property, plant or equipment or intangible assets as at 31 December 2013.

Note 10 Discontinued operations

Orkla's ownership interest in Sapa (part of future JV) is presented as "Discontinued operations" up until and including August, and the transition from "Discontinued operations" to joint venture is to be regarded as a transaction (see Note 1). The figures presented for "Discontinued operations" have been restated to take account of changes in the pension standard.

Profit & loss for discontinued operations:

	1.1. – 31.12.	
Amounts in NOK million	2013	2012
Operating revenues	16,700	28,388
Operating expenses	(16,007)	(26,789)
Depreciation/write-downs of property, plant and equipment	(479)	(867)
Amortisation intangible assets	(18)	(27)
Other income and expenses	(1,453)	(1,815)
Operating profit	(1,257)	(1,110)
Profit/loss from associates	(5)	(200)
Financial items, net	(37)	(71)
Profit/loss before taxes	(1,299)	(1,381)
Taxes	99	(332)
Profit/loss for the period after taxes	(1,200)	(1,713)
Net gain on sale	12	330
Transaction costs	(37)	(164)
Profit/loss for discontinued operations	(1,225)	(1,547)
EBITA by segment		
Sapa (part of future JV)	214	276
Borregaard Chemicals	0	456
Total	214	732

Note 11 Financial instruments

Financial instruments recognised at fair value:

	Measurement level			
Amounts in NOK million	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2013:				
Assets				
Shares and financial assets	83	-	1,018	1,101
Derivatives	-	453	-	453
Liabilities				
Derivatives	-	428	-	428
31 December 2012:				
Assets				
Shares and financial assets	1,497	-	2,162	3,659
Derivatives	-	743	-	743
Liabilities				
Derivatives	-	627	-	627

Change in measurement level 3

Amounts in NOK million	
Book value 31 December 2012	2,162
Gains, losses and write-downs shares and financial assets	191
Change in unrealised gains (comprehensive income)	44
Agio and eliminations	16
Net sale of shares and financial assets	(1,395)
Book value 31 December 2013	1,018

See also Note 6 for an overview of interest-bearing assets and liabilities.

Note 12 Other matters

Orkla settled the Total Return Swap relating to REC shares the week before Easter 2013. For accounting purposes, a gain of NOK 32 million was recognised in the first quarter, which is included in "Gains/losses, write-downs shares and financial assets". Orkla sold its entire holding of REC shares in May and thus recognised a further gain of NOK 158 million. The basis for the gain was the written-down value of the share as at 31 December 2012 of NOK 1.07. Orkla also sold its entire holding of Borregaard shares at a gain of NOK 76 million. The gains are presented on the line for "Gains/losses, write-downs shares and financial assets".

The integration of Rieber & Søn and the processes related to the establishment of Orkla Confectionery & Snacks in each country are on track and redundancy costs were expensed as "Other income and expenses". Additional costs may be incurred in 2014 in connection with these processes.

There have otherwise been no events after the balance sheet date that would have had an impact on the financial statements or the assessments carried out.

Note 13 Cash flow Orkla-format

The bottom-line item of the Orkla-format cash flow statement is the change in net interest-bearing liabilities, which is an important key figure for the Group. This cash flow format is used directly in the management of the business areas, and is included in the presentation of segment information. Due to the significant reduction in investing activities, the distinction between industrial activities and primarily the real estate activities is now made in "Cash flow from operating activities". The real estate business will have substantial fluctuations in cash flow from operating activities related to the sale and development of projects and the sale of properties. The distinction has therefore been made to provide a better presentation of pure cash flow from industrial activities. Historical figures have been restated. The statement shows the Group's overall financial capacity, generated by operations, to cover the Group's financial items, taxes and items more subject to Group control such as dividends and treasury share transactions. The last part of the cash flow statement shows the expansion measures that have been carried out in the form of direct expansion investments, acquisition of companies, disposal of companies/parts of companies and changes in the level of investments in the share portfolio. The cash flow statement is presented on the basis of an average monthly exchange rate, while the change in net interest-bearing liabilities is an absolute figure measured at the closing rate. The difference is explained by the currency translation effect related to net interest-bearing liabilities.

		1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK million	Note	2013	2012	2013	2012
Operating profit		2,307	2,635	1,015	746
Amortisation, depreciation and impairment charges		1,503	943	268	245
Changes in net working capital, etc.		(155)	457	605	807
Cash flow from operations before net replacement expenditures		3,655	4,035	1,888	1,798
Net replacement expenditures		(880)	(701)	(314)	(193)
Cash flow from industrial activities		2,775	3,334	1,574	1,605
Cash flow from operations, Eiendom and financial assets		384	777	320	268
Financial items, net		(451)	(372)	(118)	(110)
Taxes paid		(766)	(995)	(294)	(35)
Received dividends		481	456	(5)	54
Discontinued operations and other payments		(371)	333	(24)	561
Cash flow before capital transactions		2,052	3,533	1,453	2,343
Paid dividends		(2,579)	(2,778)	(8)	(18)
Net sale/purchase of Orkla shares		133	(416)	50	51
Cash flow before expansion		(394)	339	1,495	2,376
Expansion investments		(180)	(347)	(65)	(93)
Sale of companies/share of companies (enterprise value)	5, 10	1,713	3,538	25	1,682
Purchase of companies/share of companies (enterprise value)	5	(6,986)	(1,617)	(51)	(55)
Net purchase/sale shares and financial assets		3,090	3,350	146	436
Net cash flow		(2,757)	5,263	1,550	4,346
Currency effects of net interest-bearing liabilities		(953)	412	(144)	190
Change in net interest-bearing liabilities		3,710	(5,675)	(1,406)	(4,536)
Net interest-bearing liabilities	6	8,496	4,786		