Press release

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Date: 15.02.2001

Continued progress for Orkla

Orkla's pre-tax profit increased to NOK 5.2 billion in 2000, up NOK 2.9 billion from 1999. The Financial Investments division made substantial gains on sales of shares, and profits from the Industry division improved significantly. While Chemicals and Beverages posted the largest increase in profit from the previous year, all business areas reported profit growth.

Operating profit in the Industry division increased by 26 per cent to NOK 2.5 billion before other revenues and expenses. The Chemicals area was positively affected by both productivity improvements at the Sarpsborg plant and favourable market conditions. Orkla's brewery operations in Russia strengthened their market position, and reported substantial growth in both volume and profit.

2000 was a year of several historically important structural moves: the agreement with Carlsberg, which gives Orkla 40 per cent of the world's fifth largest brewery group, the acquisition of Det Berlingske Officin in Denmark, the establishment of a Nordic snacks company with the Finnish company Chips Oy and the merger of Orkla Finans and Enskilda Securities. Through Carlsberg Breweries, Orkla will be involved for the first time in developing one of the world's foremost brands.

Orkla's aggregate turnover rose by NOK 2.6 billion from 1999 to a total of NOK 34 billion. All business areas reported higher turnover. Continuing business posted growth of about 6 per cent. In the course of 2000, Orkla implemented several comprehensive cost reduction programmes in different parts of the Group. This process is achieving the desired results, thereby contributing to profit growth.

The Financial Investments division reported pre-tax profit of NOK 3.4 billion, compared with NOK 944 million in 1999. Net realised capital gains totalled NOK 2.7 billion, largely related to sales of sizeable Norwegian shareholdings. Unrealised capital gains were reduced by NOK 4.1 billion to NOK 5.4 billion, primarily as a result of the substantial realised gains. As of 31 December 2000, the Oslo Stock Exchange All Share Index was 1.7 per cent lower than at year-end 1999. Orkla's share portfolio showed a return of -1.5 per cent for the same period. In the last four months of the year, Financial Investments chose to write down its investment in parts of the US company, Holberg Industries, by over NOK 200 million.

The Group's earnings per share amounted to NOK 17.0 compared with NOK 7.9 in 1999. The Board of Directors proposes that a dividend of NOK 3.00 per share be paid for 2000, compared with NOK 2.50 in 1999.

BRANDED CONSUMER GOODS

- **Orkla Foods** increased its operating profit for the year as a whole by 11 per cent to NOK 787 million. Profit for the last four months alone was up 19 per cent from 1999. Most divisions reported profit growth. Increased focus on category management and product mix management contributed to a favourable sales mix with emphasis on more profitable products. Cost-cutting measures have also had a positive impact, particularly for Procordia Food. Operating revenues totalled NOK 11 billion.
- **Orkla Beverages** posted a 48 per cent increase in operating profit from 1999 to NOK 712 million, while total turnover amounted to NOK 7.4 billion. Strong volume growth at Baltic Beverages Holding (BBH) and more cost-effective operations in Norway contributed to this improvement. Profit performance at Pripps was slightly weaker due to declining volumes and strong price competition in certain segments.

  BBH increased its operating revenues by 65 per cent to NOK 2.6 billion (Orkla's share), and BBH breweries now have a 25 per cent share of the Russian market.

  The agreement to transfer Orkla's beverage operations to the newly created company, Carlsberg Breweries, in which Orkla will have a 40 per cent shareholding, was signed in May 2000. The necessary regulatory approvals have now been obtained, and the company is in the process of organising and coordinating its activities. For the year 2000, Orkla will report its beverage business as before, but will also provide pro forma figures for Carlsberg Breweries.
- **Orkla Brands**'s operating profit rose by NOK 66 million to NOK 543 million. While good sales growth in Lilleborg Home and Personal Care contributed substantially to this increase, most businesses reported higher profit. This growth is largely related to systematic efforts to increase revenues, improve structures and reduce costs. Lilleborg Home and Personal Care, the biscuits business in Sweden and Confectionery have increased their market shares. Otherwise, market positions have remained relatively stable. The Snacks business has undergone significant structural changes, and Chips Scandinavian Company, 60 per cent of which is controlled by Chips Oy and 40 per cent by Orkla, was established with effect from 1 November 2000. The new constellation positions the Snacks business firmly in the Nordic market.
- **Orkla Media**'s operating profit for 2000 as a whole increased by 14 per cent to NOK 205 million for continuing business. In December, Orkla Media acquired Det Berlingske Officin, Denmark's largest newspaper company, which operates mainly in the printed media and Internet sectors. This acquisition makes Orkla Media the fifth largest media company in the Nordic region. The business will be consolidated into the income statement as of 15 December 2000, and will be included in the balance sheet as of 31 December 2000. Newspapers in both Poland and Norway/Sweden posted profit growth in 2000, primarily due to increased advertising volumes. Circulation figures are stable and workforce cuts have been carried out more rapidly than planned. In 2001, Hjemmet Mortensen has entered into an agreement to purchase all the shares of the Swedish company, Medströms Media AB. With a turnover of SEK 250 million, the company is one of Sweden's largest publishers of magazines for the consumer market. Direct Marketing posted weaker profit for the year as a whole than in 1999, but after comprehensive restructuring profit growth was reported for the last four months of 2000 alone.

CHEMICALS

Operating profit rose by NOK 200 million from 1999 to NOK 450 million. Borregaard ChemCell posted particularly substantial profit growth after a weak year in 1999. Turnover increased significantly, totalling NOK 6.9 billion. A sizeable share of the increase derived from Denofa's production of soy flour and soy oil under contract in Brazil. This activity had only a marginal impact on profit, and will not be continued in 2001. The productivity enhancement programmes at the Sarpsborg and Fredrikstad plants have resulted in lasting improvements and are expected to achieve their full effect from 2001, as planned. Efforts to establish new structural solutions for Borregaard ChemCell have been completed. The process confirmed that ChemCell has a good market position. Borregaard has decided that continuing to operate on its own will generate the greatest value in the current situation.

FINANCIAL INVESTMENTS

Pre-tax profit in the Financial Investments division totalled NOK 3,355 million, compared with NOK 944 million in 1999. Realised portfolio gains amounted to NOK 2.7 billion, compared with NOK 595 million the year before. Dividends received totalled NOK 548 million, compared with NOK 315 million in 1999. Large holdings of NetCom, Dyno and Elkjøp shares were sold in 2000, resulting in record-high book profit for the division.

In 2000 the net asset value of the share portfolio fell by NOK 623 million to NOK 16 billion. As of 31 December 2000, the market value of the portfolio was NOK 18 billion. Unrealised capital gains on the portfolio were reduced by NOK 4.1 billion to NOK 5.4 billion. However, this decline must be viewed in conjunction with the high book profit. While the Oslo Stock Exchange All Share Index ended the year at -1.7 per cent, the total return on Orkla’s portfolio was -1.5 per cent.

The Orkla Finans group had a good year in 2000. The bulk of its contribution to Group profit comes from its holding of 22.5 per cent of Enskilda Securities, after the merger of Orkla’s and Enskilda’s brokerage operations in the first half of 2000.

FINANCIAL SITUATION

Based on the balance sheet total of NOK 48.6 billion, the book equity ratio was 35.6 per cent. Including unrealised capital gains on the share portfolio (before tax), the equity ratio was 42 per cent. In the Industry division, a total of NOK 3.5 billion was spent on expansion investments and acquisitions in 2000 (NOK 1.2 billion in 1999).

Orkla’s net interest-bearing debt increased by NOK 2.3 billion to NOK 18 billion. The increase in net interest-bearing debt must be considered in conjunction with the significant structural moves that have been made in the course of the year, and the continued substantial investments in increased capacity in the BBH system.

GROUP INCOME STATEMENT

Amounts in NOK million	1.1.-31.12. 2000	1.1.-31.12. 1999	1.9.-31.12. 2000	1.9.-31.12. 1999
Operating revenues	**34,083**	31,492	**12,041**	11,315
Cost of goods sold	**(13,850)**	(12,376)	**(4,918)**	(4,444)
Other operating expenses	**(15,565)**	(15,022)	**(5,533)**	(5,425)
Ord. depreciation and write downs	**(1,618)**	(1,565)	**(543)**	(533)
Operating profit before goodwill and other revenues and expenses	**3,050**	2,529	**1,047**	913
Goodwill amortisation and write-downs	**(479)**	(443)	**(157)**	(147)
Other revenues and expenses	**36**	91	**(4)**	(2)
Operating profit	**2,607**	2,177	**886**	764
Profit from associates	**242**	114	**24**	17
Dividends	**555**	325	**181**	12
Portfolio gains	**2,727**	595	**(319)**	253
Financial items, net	**(960)**	(892)	**(368)**	(287)
Profit before tax	**5,171**	2,319	**404**	759
Taxes	**(1,388)**	(527)	**(196)**	(168)
Profit after tax	**3,783**	1,792	**208**	591
Of this minority interests	**182**	125	**53**	26
Profit before tax, Industry area	**1,816**	1,375	**512**	475
Profit before tax, Financial Investments	**3,355**	944	**(108)**	284
Earnings per share fully diluted (NOK)	**17.0**	7.9	**0.7**	2.7
Earnings per share fully diluted (NOK)*)	**19.5**	9.7	**1.7**	3.4

*) Excluding goodwill amortisation and non-recurring items.

	OPERATING REVENUES				OPERATING PROFIT*)			
	1.1.-31.12.		1.9.-31.12.		1.1.-31.12.		1.9.-31.12.	
Amounts in NOK million	**2000**	1999	**2000**	1999	**2000**	1999	**2000**	1999
Orkla Foods	**11,039**	10,757	**3,964**	4,066	**787**	709	**339**	285
Orkla Beverages	**7,424**	6,373	**2,407**	2,086	**712**	482	**116**	98
Orkla Brands	**4,586**	4,531	**1,699**	1,668	**543**	477	**226**	208
Orkla Media	**3,585**	3,332	**1,311**	1,206	**205**	171	**119**	98
Elimination	**(146)**	(151)	**(70)**	(61)	**0**	0	**0**	0
Branded Consumer Goods	**26,488**	24,842	**9,311**	8,965	**2,247**	1,839	**800**	689
Chemicals)**	**6,926**	5,621	**2,536**	1,961	**450**	250	**183**	112
H.O./Unallocated/Elimination	**252**	481	**97**	144	**(200)**	(114)	**(92)**	(90)
Other revenues and expenses	**0**	0	**0**	0	**36**	91	**(4)**	(2)
Industry	**33,666**	30,944	**11,944**	11,070	**2,533**	2,066	**887**	709
Financial Investments)**	**417**	548	**97**	245	**74**	111	**(1)**	55
Group	**34,083**	31,492	**12,041**	11,315	**2,607**	2,177	**886**	764

*) The business areas' operating profit is shown exclusive of «Other revenues and expenses». Other revenues and expenses totalled NOK 91 million in 1999:

NOK +110 million in Orkla Foods and NOK -19 million in Chemicals.

Last four months 2000: NOK -29 million in Orkla Brands, NOK +65 million on sale of Viking Fottøy.

**) Orkla's forest properties are moved from Chemicals to Financial Investments.

GROUP BALANCE SHEET

Amounts in NOK million	**31.12. 2000**	31.12. 1999
Assets:		
Long-term assets	**24,696**	21,223
Portfolio investments etc.	**12,758**	11,375
Short-term assets	**11,193**	9,026
Total assets	**48,647**	41,624
Equity and Liabilities:		
Equity and minority interests	**17,301**	14,226
Interest-bearing liabilities	**19,746**	17,829
Interest-free liabilities and provisions	**11,600**	9,569
Total equity and liabilities	**48,647**	41,624
Equity to total assets ratio (%):		
Book	**35.6**	34.2
Including unrealised gains before tax	**42.0**	46.4

Orkla – Last four months 2000
Preliminary results

Group Income Statement

Amounts in NOK million	1.1.-31.12. 2000	1999	1.9.-31.12. 2000	1999
Operating revenues	**34,083**	31,492	**12,041**	11,315
Cost of goods sold	**(13,850)**	(12,376)	**(4,918)**	(4,444)
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Profit before tax	**5,171**	2,319	**404**	759
Taxes	**(1,388)**	(527)	**(196)**	(168)
Profit after tax	**3,783**	1,792	**208**	591
Of this minority interests	**182**	125	**53**	26
Profit before tax, Industry area	**1,816**	1,375	**512**	475
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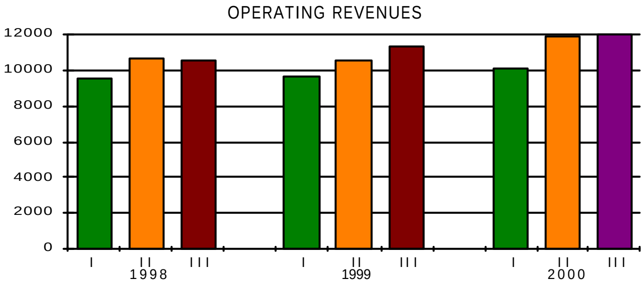
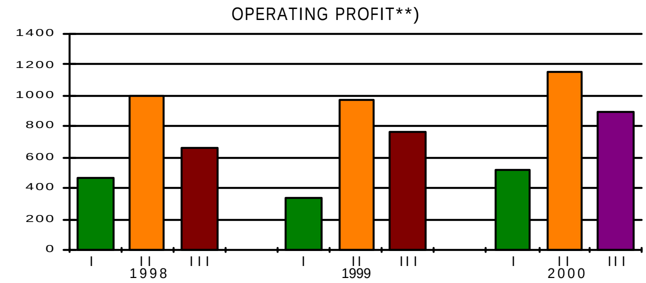
Earnings per share fully diluted (NOK)*)	**19.5**	9.7	**1.7**	3.4

*) Excluding goodwill amortisation and non-recurring items.

Operating revenues and Operating profit)**
in NOK million 4 month periods





**) Excluding «Other revenues and expenses».

The Orkla Group

Main trends

Orkla's pre-tax profit for 2000 totalled NOK 5,171 million, a rise of NOK 2,852 million compared with 1999. The profit increase reflects high sales gains in the Financial Investments division and significant improvements in the Industry division.

For the Industry division, operating profit before other revenues and expenses rose by 26% to NOK 2,497 million. Chemicals and Orkla Beverages achieved the greatest profit growth, but all business areas improved their performance. The Chemicals area benefited from enhanced productivity at the Sarpsborg factory and favourable market conditions. Baltic Beverages Holding (BBH) strengthened its market position in Russia and reported substantial growth in both volume and profit.

The year 2000 was a period of significant structural moves in the Industry division. Orkla entered into an agreement with Carlsberg A/S to merge the two companies' beverages operations to form Carlsberg Breweries, the fifth largest brewery group in the world. This is the first time that Orkla will be directly involved in developing a very strong global brand. The final agreement was signed on 13 February 2001. Through its acquisition of Det Berlingske Officin A/S, Orkla Media has formed the fifth largest media company in the Nordic region. By establishing Chips Scandinavian Company AB with the Finnish company Chips Abp, Orkla has created a sound Nordic structure for its snacks operations. In the first four months of 2000, the brokerage operations of Orkla Finans and Enskilda Securities were merged to become the leading brokerage house in the Nordic region.

Pre-tax profit for the Financial Investments division amounted to NOK 3,355 million, compared with NOK 944 million in 1999. Net realised gains totalling NOK 2,727 million are largely attributable to the sale of substantial Norwegian shareholdings. Unrealised gains decreased by NOK 4,105 million to NOK 5,430 million. The share portfolio showed a return of -1.5% in 2000, while the Oslo Stock Exchange All Share Index declined by 1.7%.

The Group's earnings per share were NOK 17.0, compared with NOK 7.9 in 1999. The Board of Directors proposes to pay a dividend of NOK 3.00 per share for 2000, compared with NOK 2.50 in 1999.

President and Group CEO Jens P. Heyerdahl d.y. has informed the board that he wishes to step down from his position in the course of summer 2001. The board has appointed Finn Jebsen to take over as new president and Group CEO when Mr. Heyerdahl resigns.

The Group

Orkla's operating revenues of NOK 34,083 million were NOK 2,591 million higher than in 1999. All business areas reported higher turnover. Continued strong volume growth in Russia and Ukraine contributed to a substantial increase in turnover in BBH. Denofa's operating revenues for 2000 were augmented by some NOK 760 million from the production of soy flour and oil under contract in Brazil and soybean trading. These extraordinary activities had only a marginal impact on profit and will not be continued in 2001. For continuing business*), growth was about 6%.

The Group's operating profit for 2000 amounted to NOK 2,607 million, compared with NOK 2,177 million for 1999. Adjusted for other revenues and expenses, operating profit rose by 23%, and by 26% for the Industry division. Most of the increase derives from Chemicals and Orkla Beverages.

Speciality Cellulose posted a substantial increase in profit due to improved production, a higher degree of specialisation, favourable exchange rates and lower fixed costs. Beverages' improved profit performance is attributable to volume growth for BBH and cost reductions at Ringnes.

Profit from associated companies totalled NOK 242 million, NOK 128 million higher than in the same period last year. This improvement is largely explained by the incorporation of Enskilda Securities as an associated company as from 1 May 2000. Hartwall also reported profit growth.

Profit after tax and minority interests amounted to NOK 3,601 million, compared with NOK 1,667 million in 1999. This increase derives mainly from the Financial Investments division, which realised net gains of NOK 2,727 million on the sale of NetCom, Dyno and Elkjøp shares.

Figures are based on a tax rate of 26.8% for 2000, compared with 22.7% in 1999.

Orkla Foods

Orkla Foods reported operating revenues of NOK 11,039 million in 2000, up 3% from 1999. Continuing business was on a par with 1999 figures. Operating profit before other revenues and expenses rose by 11% to NOK 787 million. In the last four months of 2000, operating profit amounted to NOK 339 million, an increase of 19% compared with the same period last year.

Increased focus on category management and product mix management has resulted in an improved sales mix with emphasis on more profitable products. Cost-cutting programmes have also had positive effects, particularly for Procordia Food.

Stabburet reported a turnover of NOK 2,589 million for 2000. For continuing business, this means growth of 3%. Operating profit was on a par with 1999 figures.

Procordia Food's operating revenues declined by 1% to SEK 3,324 million. Operating profit improved significantly due to cost reduction measures and sales growth for important product groups such as RisiFrutti and Pizza Originale.

Beauvais increased its turnover by 6% to DKK 440 million (excluding seafood), and posted the highest operating profit in its company history. Felix Abba reported a 5% rise in turnover for continuing business to FIM 329 million (excluding seafood and biscuits). Operating profit improved compared with figures for 1999.

Orkla Foods International posted turnover of NOK 520 million in 2000, which for continuing business was on a par with 1999 figures. Operating profit was negative, and declined in comparison with 1999. A number of measures have been implemented to further reduce costs and improve sales in Kotlin (Poland). Pizza manufacturers Guseppe in the Czech Republic and Felix Hungaria (Mirelite) in Hungary reported higher sales. Felix Austria maintained or strengthened its market shares in Austria.

Operating revenues for Abba Seafoods totalled SEK 1,137 million in 2000, down 9% from the previous year. Operating profit was slightly lower than the year before, largely due to the loss of deliveries to a Danish grocery chain. Abba Seafood strengthened or maintained its shares in the Swedish market for its main products.

Orkla Food Ingredients reported operating revenues of NOK 2,132 million for 2000, on a par with 1999 for continuing business. Operating profit increased.

Bakers is market leader for fresh bakery goods in Norway. Despite strong domestic competition and increased imports of bakery goods with a long shelf life, Bakers continued to perform well in 2000 due to the development of new products and a strong focus on improved efficiency.

Orkla Beverages

In May 2000, Orkla and Carlsberg entered into an agreement to transfer Pripps Ringnes, including its holding in BBH, to a newly formed company, Carlsberg Breweries A/S, which will also comprise all of Carlsberg's beer operations and Carlsberg's own mineral water and soft drink operations. Orkla owns 40% of Carlsberg Breweries and Carlsberg A/S 60%. After the requisite regulatory approvals were obtained in the course of autumn/winter 2000, the final agreement was concluded on 13 February 2001, but with operational effect from 1 July 2000. Orkla has reported Orkla Beverages for the year 2000 as previously, but has at the same time provided pro forma figures for Carlsberg Breweries (see separate section).

Operating revenues for Orkla Beverages increased by 15% in the last four months of 2000 and by 16% for 2000 as a whole to NOK 7,424 million. Volume growth in Russia and Ukraine continued to boost turnover significantly in BBH in the last four months, while the Nordic business reported only a small increase in turnover during this period, mainly due to weak market growth in Sweden.

Operating profit before other revenues and expenses totalled NOK 712 million in 2000, a rise of 48% from the year before. Strong volume growth for BBH, and more cost-efficient operations in the Nordic region contributed to this increase. In the last four-month period alone, operating profit before goodwill amortisation amounted to NOK 174 million, compared with NOK 147 million in the same period in 1999. Profit after goodwill amortisation was NOK 116 million, compared with NOK 98 million in the same period the previous year. By way of precaution, a total of about NOK 35 million was charged against profit for the last four-month period as security against potential exchange rate fluctuations, particularly as regards RUR and UAH.

Operating profit before goodwill amortisation for the Nordic business amounted to NOK 325 million in 2000, a rise of 28% from 1999. For the last four months alone, operating profit before goodwill amortisation was NOK 73 million, up 20%. Ringnes continued to achieve good profit growth in the last four months of 2000, due to the cost reductions achieved through the “Competitive Edge” project, volume growth and positive mix effects on turnover. Profit performance at Pripps was somewhat weaker as a result of lower volumes and stiff price competition in certain segments.

The overall beverages market (in terms of volume sales of beer, soft drinks and mineral water) in Norway in 2000 was on a par with 1999, despite a poor summer. Ringnes performed on a par with the overall market, with Pepsi winning market shares in the carbonated soft drink segment, but marginally underperformed the mineral water market. In Sweden, the overall market declined by 1%. Pripps

**) Continuing business has been adjusted for acquisitions and divestitures and non-recurring items. New businesses in 2000 have been included in the 1999 figures for the corresponding period, while divested businesses have been excluded in both 1999 and 2000.*

	Operating revenues				Operating profit*)			
	1.1.-31.12.		1.9.-31.12.		1.1.-31.12.		1.9.-31.12.	
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*) The business areas' operating profit is shown exclusive of «Other revenues and expenses». Other revenues and expenses totalled NOK 91 million in 1999: NOK +110 million in Orkla Foods and NOK -19 million in Chemicals.
Last four months 2000: NOK -29 million in Orkla Brands, NOK +65 million on sale of Viking Fottøy.

**) Orkla's forest properties are moved from Chemicals to Financial Investments.

lost market shares for beer and soft drinks, but more or less equalled market growth for mineral water. From January 2001, Pripps took over the sale of Pepsi products in Sweden, where initial sales volumes have been satisfactory.

Operating profit before goodwill amortisation at BHH (50%) totalled NOK 627 million in 2000, compared with NOK 414 million in 1999. In the last four months of 2000, operating profit before goodwill amortisation amounted to NOK 140 million, compared with NOK 102 million for the same period in 1999. This profit growth is ascribable to strong volume growth for all the breweries in Russia and Ukraine.

Operating revenues for BBH (50%) rose by 65% in 2000 to NOK 2,599 million. The increase in the last four months alone was 62%. Total growth in volumes sold was 43% for the whole of 2000, and 28% for the last four-month period. Volume growth in the last four months was strongest at the Russian breweries of Tula, Yarpivo and Baltika-Don, and in Ukraine. Growth in the overall Russian beer market remained buoyant in the last four months of 2000, and BBH continued to win market shares. For 2000 as a whole, the market share of BBH breweries in Russia increased by over four percentage points to over 25%. In Ukraine, too, BBH increased its market share by approximately three percentage points to 17%.

Orkla Brands

Orkla Brands posted operating revenues of NOK 4,586 million for 2000, a rise of 1% compared with 1999. For continuing business, growth was 4%. The main contributor to this increase was Lilleborg Home and Personal Care, driven by increased export volumes and a high rate of innovation. In the last four months alone, operating revenues totalled NOK 1,699 million, which is 7% higher for continuing business than in the same period in 1999.

Operating profit before other revenues and expenses amounted to NOK 543 million in 2000, an increase of NOK 66 million. Most of the businesses reported profit growth, which was primarily a result of systematic efforts to improve revenues, achieve more efficient structures and reduce costs. The improvement from 1999 to 2000 is also partly ascribable to a weak year for the snacks business in 1999 as a result of production problems and the wind-up of operations in Lithuania. In the last four months alone, operating profit amounted to NOK 226 million, which is NOK 18 million higher than in 1999. Although good sales growth in Lilleborg Home and Personal Care made an important contribution, profit performance was satisfactory in most areas.

Lilleborg Home and Personal Care, the biscuits business in Sweden and Confectionery increased their market shares. All other market positions remained relatively stable.

After final approval was obtained from the relevant authorities, Chips Scandinavian Company (CSC) was established with effect from 1 November 2000. The new constellation comprises Orkla Brands' snacks operations in Norway and Denmark and Chips Abp's snacks business in Sweden. This new structure ensures that the Snacks business is firmly positioned in the Nordic region.

Lilleborg Home and Personal Care strengthened its position in Norway, while increased export volumes boosted turnover and profit. In the second half of 2000, Lilleborg Home and Personal Care posted substantially higher turnover driven by a high level of activity with many new product launches. The Jif Mopp for dry mopping was the most important new product launched in 2000.

The Biscuits business reported profit growth. All production now takes place at Gøteborgs Kex in Sweden, and cost trends are favourable. A sum of NOK 29 million has been charged against profit under other revenues and expenses in connection with the wind-up of biscuits production at Kolbotn in Norway.

Confectionery continues to pursue its strategy of increased focus on its own major brands, and turnover grew by 4%, after adjustment for the loss of the Ferrero agency. Nidar increased its advertising investments, strengthened its market position in Norway and continued to achieve profit growth.

Orkla Media

At the end of 2000, Orkla Media acquired Det Berlingske Officin (DBO) (to be consolidated with effect on profit as from 1 January 2001). DBO is Denmark's largest newspaper company, operating mainly in the printed media and Internet sectors. The acquisition of DBO will make Orkla Media AS the fifth largest media company in the Nordic region.

Orkla Media's operating revenues from continuing business increased by 5% to NOK 3,585 million. Operating profit before other revenues and expenses totalled NOK 205 million, a rise of 14% for continuing business. In the last four months of 2000, operating profit before other revenues and expenses was NOK 21 million higher than in the corresponding period in 1999.

Newspapers Norway/Sweden reported profit growth in 2000 compared with 1999, largely due to higher advertising volumes for the sector's newspapers. Circulation figures remained stable in 2000. The workforce reduction programme is progressing faster than planned and further staff cuts have been approved in some of the newspapers, which has affected profit for the year. The newspapers' Internet investments have shown a positive trend.

Magazines posted higher profits than in 1999, mainly as a result of increased sales and growth in advertising volumes. However, the start-up of a new offset press entailed higher start-up costs than budgeted. Magazines reported a 6% increase in advertising volume which was on a par with the overall market trend. At year-end, Magazines had a market share (in terms of advertising volume) of about 42%, which was equivalent to its share in 1999. Frequency-adjusted circulation figures for Magazines showed weaker growth than the overall market. Magazines' market share of Norwegian Magazines was 53% as of 31 December 2000. Paper prices were on a par with 1999 prices.

Hjemmet Mortensen AS has entered into an agreement in 2001 to purchase all the shares of the Swedish company Medströms Media AB, the parent company of the publishing house Medströmsförlagen AB. The group publishes around 20 specialised magazines and about the same number of Internet services and electronic newsletters. Its annual turnover totals about SEK 250 million, ranking the company among Sweden's five largest publishers of magazines targeting the consumer market.

Direct Marketing posted a significant decline in profit compared with 1999. Substantial conversion and development costs associated with CRM activities at StroedeRalton were incurred in 2000, while the rest of the business has undergone an extensive restructuring process. This work is now being completed and profit performance for the last four months alone was positive.

Newspapers Eastern Europe reported profit growth for continuing business compared with 1999, largely due to higher advertising volume for Rzeczpospolita and further cost cuts. Circulation growth was slower than in 1999, but the group's regional newspapers outperformed their competitors. The recently acquired Media Tak (a joint venture focusing on advertising collaboration) developed favourably. In 2000, investments were made in the acquisition of regional newspapers and increased holdings in newspapers already owned by Orkla Media.

Investments in the Internet/Electronic publishing sector increased in 2000 in the form of further acquisitions. A number of companies reported substantial growth in turnover, and several companies are in the process of internationalising their operations. The Orkla Media Group's investments in this sector have been treated as a portfolio investment as of 31 December 2000.

Chemicals

The Chemicals area posted operating revenues of NOK 6,926 million in 2000, an increase of NOK 1,305 million compared with 1999. A significant share of this increase derived from Denofa, where production of soy flour and oil under contract in Brazil, trading of soy beans and high fish oil volumes made sizeable contributions in the second and third four-month periods. Contract production and trading had only a marginal impact on profit and will not be continued in 2001. Growth of 10% was reported for continuing business.

Operating profit before other revenues and expenses totalled NOK 450 million, compared with NOK 250 million in 1999. Sales of speciality cellulose products in particular generated considerably higher profit in 2000. Operating profit before other revenues and expenses for the last four months of the year alone amounted to NOK 183 million, compared with NOK 112 million for the same period in 1999.

Borregaard LignoTech achieved higher sales and profit than in 1999. Favourable trends in the construction industry, both in Asia and in key European markets, spurred volume growth. Higher freight and energy costs were to a certain extent offset by favourable exchange rates.

Borregaard ChemCell reported substantially higher profit than in 1999. Improved production, a higher degree of specialisation, favourable exchange rates and lower fixed costs had a positive impact on results for Speciality Cellulose, but this was partially offset by higher energy costs. The market for basic chemicals was weaker than in 1999.

Borregaard Synthesis achieved profit on a par with 1999 figures. Lower profit from the diphenol business in Italy was offset by increased deliveries and profit growth for intermediate products for the pharmaceuticals industry.

Denofa posted higher profit than in 1999, both for the last four months alone and for the year as a whole. Higher sales of fish oil for fish feed production combined with increased export sales of edible oils and fats were partly offset by a decline in sales of edible oils and fats in Norway.

Borregaard Energi reported profit growth as a result of substantially larger power supplies than normal and the active management of this volume. A favourable market for wood pulp and increased production volumes generated higher profit for Borregaard Vafos, while a rise in the cost of raw materials for the production of book-quality paper reduced profit slightly for Borregaard Hellefos. Fredrikstad Blikk- og Metallvarefabrikk was sold to AB Hannells Industrier with effect from 1 January 2001. The sale will entail an accounting gain of NOK 40-50 million for the first four months of 2001.

The productivity enhancement programmes at the Sarpsborg and Fredrikstad plants have resulted in lasting improvements and are expected to achieve their full effect in 2001, as planned.

Work on establishing new structural solutions for Borregaard ChemCell has been underway throughout the year. The process has confirmed that Borregaard ChemCell has a good market position. Borregaard has determined that continuing to operate on its own will generate the greatest value in the current situation.

Financial Investments

2000 was a year of poor stock market performances. The Oslo Stock Exchange All Share Index declined by 1.7% following a 16.1% rise at the end of August 2000. Its performance in the last four months of the year was thus very weak with share prices falling by 15.3%. By international standards, however, the Oslo Stock Exchange performed relatively well in 2000. Orkla's total portfolio showed a return of -1.5% in 2000, which was 0.2 percentage points better than the Oslo Stock Exchange All Share Index.

There were no significant differences between the return on Orkla's Norwegian and foreign portfolios. The percentage of investments in foreign companies continued to increase in 2000, accounting for about 43% of the total portfolio at year-end. The rise in 2000 is largely ascribable to sales of sizeable holdings in Norwegian companies, the largest being NetCom, Dyno, Elkjøp and Merkantildata. These sales also resulted in record-high book profit for the Financial Investments division. The biggest transaction in the last four months of 2000 was an investment in Norway Seafoods Holding (convertible bond) totalling NOK 650 million. Investments in Holberg Industrier were written down by NOK 210 million in the same period.

Group Balance Sheet

Amounts in NOK million	31.12. 2000	31.12. 1999
Assets:		
Long-term assets	**24,696**	21,223
Portfolio investments etc.	**12,758**	11,375
Short-term assets	**11,193**	9,026
Total assets	**48,647**	41,624
Equity and Liabilities:		
Equity and minority interests	**17,301**	14,226
Interest-bearing liabilities	**19,746**	17,829
Interest-free liabilities and provisions	**11,600**	9,569
Total equity and liabilities	**48,647**	41,624
Equity to total assets ratio (%):		
Book	**35.6**	34.2
Including unrealised gains before tax	**42.0**	46.4

Cash flow

Amounts in NOK million	1.1.-31.12. 2000	1.1.-31.12. 1999	1.9.-31.12. 2000	1.9.-31.12. 1999
Industry area:				
Operating profit	**2,533**	2,066	**887**	709
Depreciation and write-downs	**2,077**	2,059	**695**	733
Change in net working capital	**(353)**	(369)	**512**	168
Cash flow from operating activities	**4,257**	3,756	**2,094**	1,610
Net replacement expenditure	**(1,443)**	(1,270)	**(636)**	(479)
Free cash flow operating activities	**2,814**	2,486	**1,458**	1,131
Financial items, net	**(990)**	(758)	**(418)**	(205)
Free cash flow from Industry area	**1,824**	1,728	**1,040**	926
Free cash flow from Financial Investm.	**(77)**	598	**106**	211
Taxes and dividends paid	**(1,173)**	(1,035)	**(210)**	(197)
Sold companies	**121**	333	**(18)**	0
Miscellaneous capital transactions	**(31)**	63	**(20)**	82
Group's self-financing capacity	**664**	1,687	**898**	1,022
Expansion investments (Industry area)	**(1,233)**	(546)	**(448)**	(352)
Acquisitions	**(2,280)**	(665)	**(1,988)**	(29)
Net purchases/sales portfolio investm.	**657**	(1,653)	**(719)**	(545)
Share buy back/share issue	**(35)**	(117)	**31**	69
Net cash flow	**(2,227)**	(1,294)	**(2,226)**	165
Currency translations net interest-bearing liabilities	**(45)**	129	**62**	51
Change in net interest-bearing liabilities	**2,272**	1,165	**2,164**	(216)
Net interest-bearing liabilities	**17,981**	15,709		

The Financial Investments division posted pre-tax profit of NOK 3,355 million, compared with NOK 944 million in 1999. Realised portfolio gains totalled NOK 2,727 million, compared with NOK 595 million the previous year. Dividends received amounted to NOK 548 million, compared with NOK 315 million in 1999.

In 2000 the net asset value of the share portfolio declined by NOK 623 million to NOK 15,981 million. The market value of the portfolio as of 31 December 2000 was NOK 18,053 million. Unrealised capital gains on the portfolio were reduced by NOK 4,105 million to NOK 5,430 million. This significant decline must be viewed in conjunction with the high book profit.

The Orkla Finans group had a good year in 2000. However, the lion's share of its contribution to profit now derives from the 22.5% holding in Enskilda Securities, after Orkla and Enskilda merged their brokerage operations in the first half of 2000.

Cash flow, investments and financial situation

The Group's net cash flow was a negative NOK 2,227 million in 2000. The reduction of NOK 933 million compared with 1999 must be viewed in conjunction with the substantial structural changes that have been made in the course of the year.

Free cash flow from operations for the Industry division totalled NOK 1,824 million. Growth in operating profit was partially offset by an increase in net renewal and environmental investments. The aggregate value of the Industry division's expansion investments and acquisitions was NOK 2,302 million higher than in 1999. The bulk of this rise is attributable to increased expansion investments in BBH and acquisitions by Orkla Media and Orkla Foods.

Net interest-bearing debt at year-end 2000 amounted to NOK 17,981 million, and the average borrowing rate was 5.7%. The proportion of interest-bearing debt at floating interest rates was about 85%.This exposure was mainly split between SEK, USD and EUR, while Orkla's exposure to Norwegian money market rates was minimal at the end of 2000.

As of 31 December 2000, the Group's book equity ratio was 35.6% Including gains on the share portfolio (before tax), the equity ratio was 42.0%.

Changes in the Board of Directors

After Åge Korsvold resigned as member and chairman of Orkla's Board of Directors, Svein S. Jacobsen was elected as new board member and Finn A. Hvistendahl as chairman of the board by the Corporate Assembly at its meeting on 11 October 2000.

General Meeting

An Ordinary General Meeting will be held on 3 May 2001 at 3 p.m. in Sarpsborg. The annual report will be distributed in week 14.

Outlook

At present, the US economy seems to be the greatest factor of uncertainty for the global economy. In the short term, however, the extent to which Orkla's business areas might be affected by any more negative trend in the USA is expected to be relatively limited.

The economic situation in the Nordic region is expected to remain stable, on the whole, but a relatively tight labour market and high wage growth in Norway may have a negative impact on prices and interest rates.

Trends in Central and Eastern Europe were generally favourable in 2000. The Russian economy, in particular, performed better than anticipated. However, it is bolstered by the high price of oil, and a sharp decline in oil prices might increase uncertainty in the months ahead.

Orkla's branded consumer goods business anticipates a relatively stable situation in the Nordic region and continued growth in Eastern Europe. Through Carlsberg Breweries, the Beverages area is also well positioned for growth and expansion in Asia.

A stable performance is expected in the Chemicals area, but certain segments in this area may still be affected to a certain extent by a downturn in the global economy.

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In the event of a change of address, shareholders are requested to contact their account manger(bank, etc.).

Information on Orkla is available at: www.orkla.com

Carlsberg Breweries A/S - Pro forma figures for 2000

Income Statement

Amounts in NOK million	1.1.-31.12. 2000
Operating revenues	**28,097**
Operating profit before depreciation and amortisation	4,432
Operating profit before goodwill amortisation	2,531
Profit before tax	**2,457**
Profit after tax	**1,692**

Million of hectolitres	Beer	Soft drinks
Northern and Western Europe	21	7
Eastern and Central Europe	29	3
Asia	10	2
Total	**60**	**12**

Balance Sheet

Amounts in NOK million	31.12. 2000
Assets:	
Long-term assets	22,307
Short-term assets	13,474
Total assets	**35,781**
Equity and Liabilities:	
Equity	9,282
Long-term liabilities	7,236
Short-term liabilities	15,888
Other items	3,375
Total equity and liabilities	**35,781**

Carlsberg

In May 2000, Orkla and Carlsberg entered into an agreement to merge their beverage operations, thereby establishing the world's fifth largest brewery group under the name of Carlsberg Breweries AS. The group will have strong market positions in Western Europe and in major growth markets such as Eastern Europe and Asia. Carlsberg Breweries will have a total of just under 31,000 employees at the start of 2001.

Pro forma figures

To show Carlsberg Breweries' volumes, income statement and balance sheet, the following pro forma figures have been prepared for 2000.

The pro forma figures are based on audited accounting data for Orkla's beverage operations for the 2000 accounting year, and unaudited monthly data accumulated for the 2000 calendar year for Carlsberg's beer operations. The Coca-Cola business in Denmark and Finland is not included in the pro forma figures.

The pro forma figures do not include any goodwill items. The way in which goodwill related to Carlsberg Breweries is to be dealt with in the accounts will be determined in the first quarter of 2001.

The accounting data for Orkla's beverage operations have been brought approximately into line with Carlsberg's accounting practices.

Feldschlössen-Getränke Holding AG is shown in the income statement with operating results for one month and in the balance sheet on a 100% basis. The figures for Asia include only Carlsberg's current operations. No account has been taken of the effects of the agreement with Chang Beverage Company to establish Carlsberg Asia.

Nor do the pro forma figures take account of potential synergies or other structural changes that might result from the merger.

Accounting treatment at Orkla

As from 1 January 2001, Orkla will present its 40% interest in Carlsberg Breweries as a jointly-controlled business. For accounting purposes, the merger will be treated as continuing business and the net book value of Orkla's investment will be carried forward. The difference between 100% of the equity capital of Pripps Ringnes and 40% of the equity capital of Carlsberg Breweries will thus be adjusted against the original goodwill related to the purchase of Pripps Ringnes. As a result of the adjustment, the goodwill ascribed to the beverage business will be reduced. The annual amortisation of this goodwill will be approximately NOK 50 million and is not included in the above-mentioned pro forma figures.

Oslo, 14 February 2001
The Board of Directors of Orkla ASA