



# The Orkla Group First Eight Months of 2000

28 September 2000

## Highlights first eight months of 2000

- Continued progress for industrial activities
  - Operating profit before other revenues and expenses +27%
  - Strong performance by BBH
  - Positive trend for Chemicals and Brands continues
- Substantial realised gains in the investment portfolio
- Carlsberg Breweries under establishment
- Scandinavian Snack Company
  - Orkla and Chips Abp establish new Nordic snack company

# Income Statement

in NOK million

	1 Jan - 31 Aug		1 May - 31 Aug	
	2000	1999	2000	1999
Operating revenues	<b>22 042</b>	20 177	<b>11 905</b>	10 544
<b>Operating profit before goodwill amortisation and other revenues and expenses</b>	<b>2 003</b>	1 616	<b>1 321</b>	1 126
Goodwill amortisation	-322	-296	-164	-147
Other revenues and expenses	40	93	0	93
<b>Operating profit</b>	<b>1 721</b>	1 413	<b>1 157</b>	1 072
Associated companies	218	97	165	65
Dividends received	374	313	269	181
Portfolio gains	3 046	342	2 425	68
Financial items, net	-592	-605	-287	-294
<b>Profit before tax</b>	<b>4 767</b>	1 560	<b>3 729</b>	1 092
<b>Profit after tax</b>	<b>3 575</b>	1 201	<b>2 807</b>	859
- Minority interests	129	99	90	80

# Industry Area

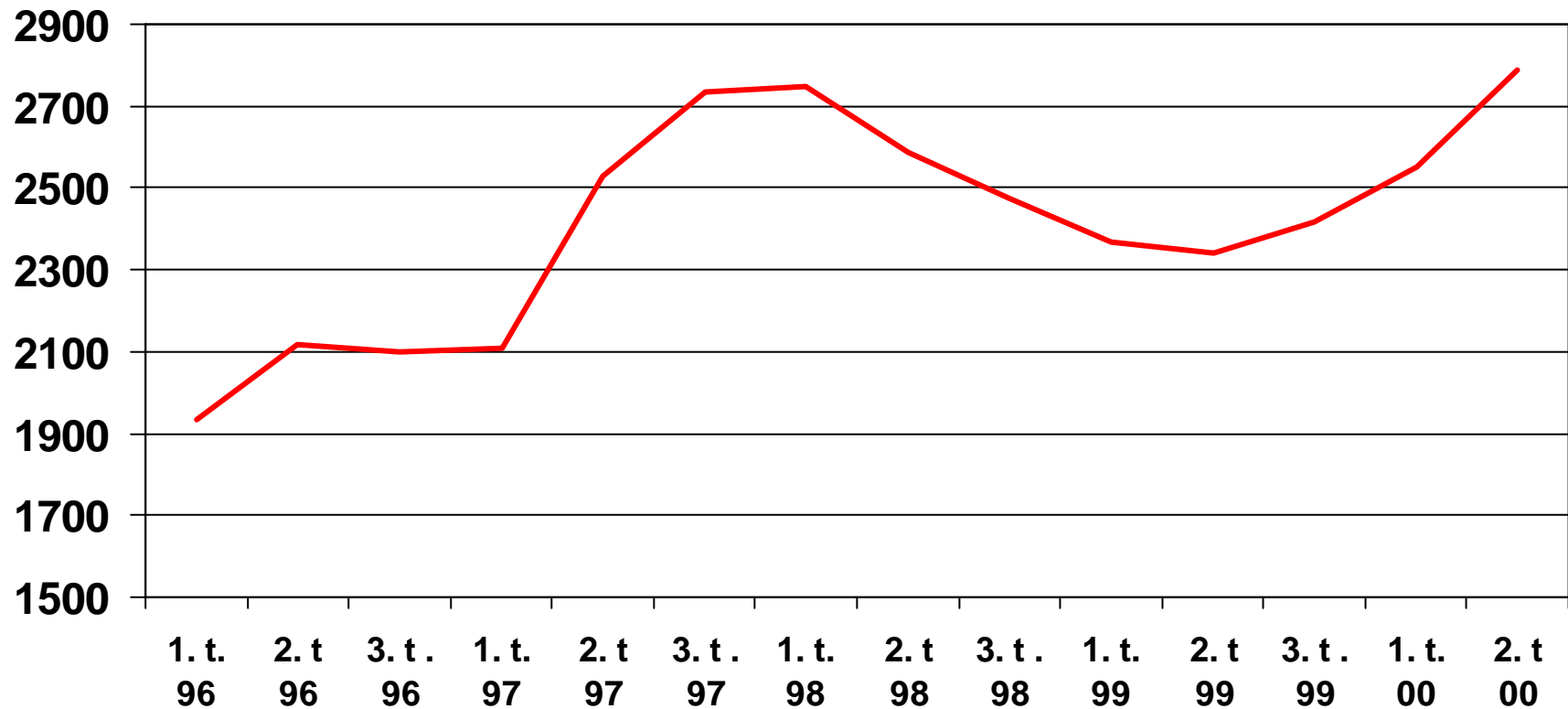
in NOK million

	1 Jan - 31 Aug		1 May - 31 Aug	
	2000	1999	2000	1999
Operating revenues	21 741	19 890	11 856	10 385
<b>Operating profit before goodwill amortisation and other revenues and expenses</b>	<b>1 928</b>	1 559	<b>1 328</b>	1 096
Goodwill amortisation	-322	-295	-164	-147
Other revenues and expenses	40	93	0	93
<b>Operating profit</b>	<b>1 646</b>	1 357	<b>1 164</b>	1 042
Associated companies	163	97	110	65
<b>Profit before tax</b>	<b>1 304</b>	900	<b>1 016</b>	848
<b>Operating margin*</b>	<b>8.9 %</b>	7.8 %	<b>11.2 %</b>	10.6 %

\*before goodwill amortisation and other revenues and expenses



## Industry Area - Operating profit before goodwill (12 month rolling average)



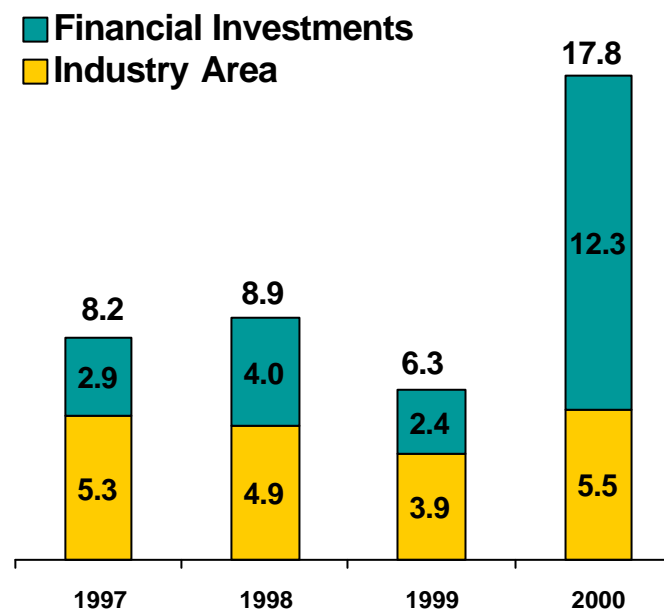
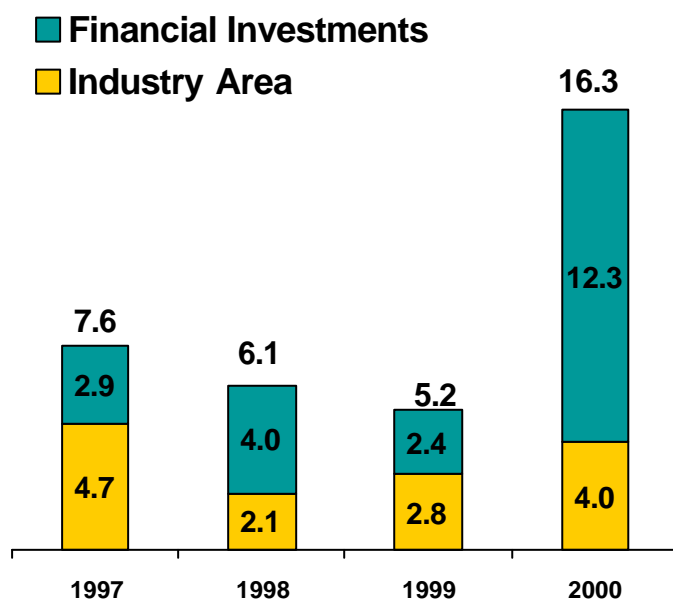
\*Before goodwill amortisation and other income and expenses

# Earnings per share fully diluted\*

1 Jan - 31 Aug

Book

Excl. non-recurring items  
and goodwill amortisation



\*) Adjusted for rights issue

# Cash flow statement - key figures

in NOK million

## Cash flow from operations

- change in net working capital

Net capital expenditure

## Free cash flow Industry

## Free cash flow Financial Investments

## Self-financing capacity

Expansion investments and acquisitions, Industry

Net acquisitions/sales portfolio investments

Share buy back/share issue

## Net cash flow

Currency translation differences interest-bearing liabilities

## Change in net interest-bearing liabilities

	1 Jan - 31 Aug 2000	1999	Year 1999
<b>Cash flow from operations</b>	<b>2 163</b>	2 146	3 756
- change in net working capital	-865	-537	-369
Net capital expenditure	-807	-791	-1 270
<b>Free cash flow Industry</b>	<b>784</b>	802	1 728
<b>Free cash flow Financial Investments</b>	<b>-183</b>	387	598
<b>Self-financing capacity</b>	<b>-234</b>	665	1 687
Expansion investments and acquisitions, Industry	-1 077	-830	-1 211
Net acquisitions/sales portfolio investments	1 376	-1 108	-1 653
Share buy back/share issue	-66	-186	-117
<b>Net cash flow</b>	<b>-1</b>	-1 459	-1 294
Currency translation differences interest-bearing liabilities	-107	78	129
<b>Change in net interest-bearing liabilities</b>	<b>108</b>	1 381	1 165

## Balance sheet - some key figures

in NOK million

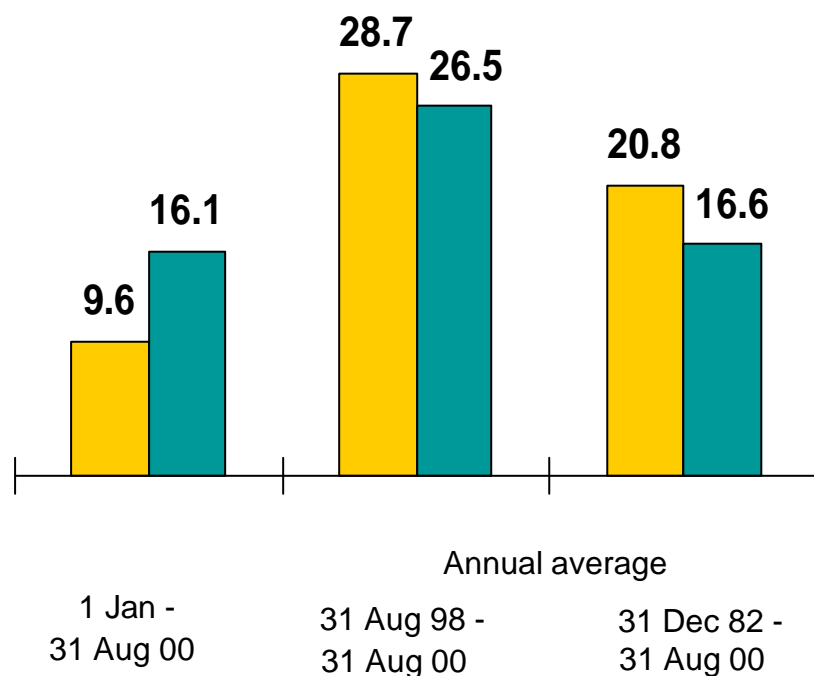
	31 Aug 00	30 Apr 00	31 Dec 99
Long-term assets	22 239	22 310	21 223
Portfolio investments etc.	11 947	12 906	11 375
Short-term assets	10 102	9 733	9 026
<b>Total assets</b>	<b>44 288</b>	<b>44 949</b>	<b>41 624</b>
<b>Equity to total assets ratio</b>			
- Book	39.3%	33.5 %	34.2%
- Incl. unrealised capital gains before ta	48.6%	44.6 %	46.4%
<b>Net interest-bearing liabilities</b>	<b>15 817</b>	<b>18 775</b>	<b>15 709</b>



## Portfolio performance

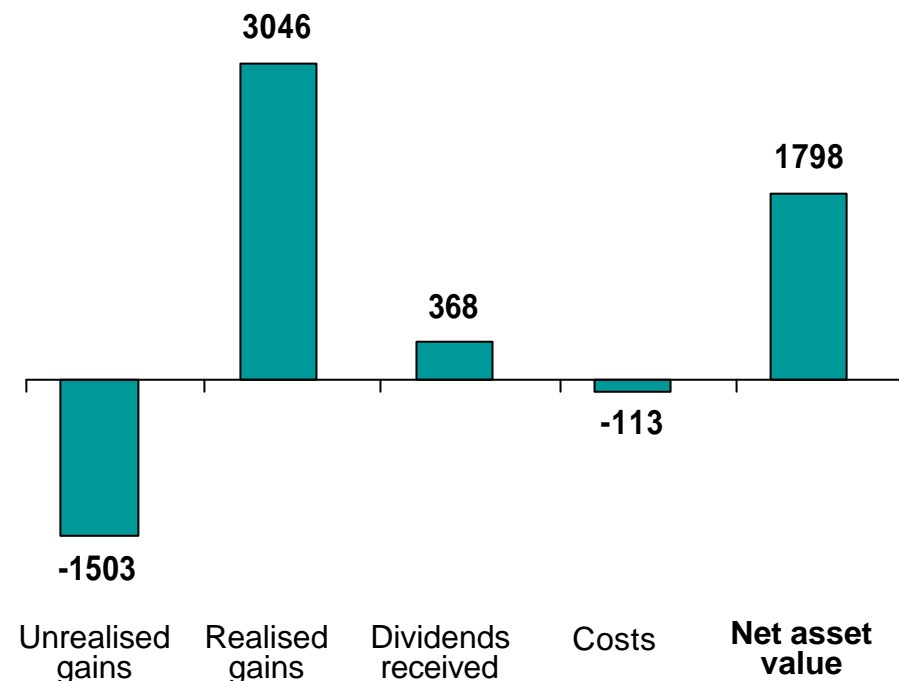
### Return (%)

- Orkla's portfolio
- Oslo Stock Exchange



### Value added 1 Jan - 31 Aug 2000

NOK million



## Portfolio key figures

in NOK million

Market value

Net asset value

Unrealised gains before tax

Share of portfolio invested

outside Norway

in Telecommunications, IT, Internet

in listed companies

**31 Aug 00**

**31 Dec 99**

**Change 00**

19 899

20 875

-976

18 402

16 604

1 798

8 032

9 535

-1 503

44 %

32 %

12 %-p

27 %

35 %

-8 %-p

83 %

87 %

-4%-p

## Portfolio as of 31 August 2000

Principal holdings	Industry	Share of equity (%)	Share of portfolio (%)	Market value (NOK million)
Elkem	Metals	25.3	10.0	1 996
Storebrand	Insurance	10.0	9.0	1 783
Nokia A	Telecom	0.1	8.5	1 694
Nera	Telecom	10.6	3.9	782
Nycomed Amersham	Pharmaceuticals	1.4	3.6	709
StepStone	Internet	9.6	3.5	694
Bure	Investment	6.4	2.8	559
Schibsted	Media	4.0	2.7	536
Bergesen	Shipping	3.6	2.6	517
<b>Total principal holdings</b>			<b>46.6</b>	<b>9 270</b>

- Substantial changes in the portfolio during last four months

## Orkla Foods

in NOK million

	1 Jan - 31 Aug		1 May - 31 Aug	
	2000	1999	2000	1999
<b>Operating revenues</b>	7 075	6 691	3 632	3 393
<b>Operating profit before goodwill*</b>	562	534	335	312
Goodwill amortisation	-114	-110	-59	-55
<b>Operating profit*</b>	448	424	276	257
<b>Operating margin before goodwill*</b>	7.9%	8.0%	9.2%	9.2%

\* Excluding other revenues and expenses

- Overall satisfactory results
- Continued positive trend in Norway
- Sweden on a par with last year
- Orkla Foods International: disappointing results
  - Intensified effort to improve performance in Poland, new top management

## Orkla Beverages

in NOK million

**Operating revenues**

**Operating profit before goodwill\***

Goodwill amortisation

**Operating profit\***

**Operating margin before goodwill\***

1 Jan - 31 Aug

2000

1999

1 May - 31 Aug

2000

1999

	2000	1999	2000	1999
Operating revenues	5 017	4 287	2 975	2 557
Operating profit before goodwill*	710	483	622	468
Goodwill amortisation	-114	-99	-58	-49
Operating profit*	596	384	564	419
Operating margin before goodwill*	14.2%	11.3%	20.9%	18.3%

\* Excluding other revenues and expenses

- Continued volume and profit growth for BBH
- Profit improvement in Nordic markets

## Nordic Markets

in NOK million

	1 Jan - 31 Aug		1 May - 31 Aug	
	2000	1999	2000	1999
<b>Operating revenues</b>	3 282	3 243	1 865	1 866
<b>Operating profit before goodwill*</b>	252	192	278	232
<b>Operating margin before goodwill*</b>	7.7%	5.9%	14.9%	12.4%

\* Excluding other revenues and expenses

- Lower volumes due to cold summer
- Profit growth in Norway, improved cost efficiency and mix
- Sweden on a par with last year

## Nordic market shares

First eight months	Norway			Sweden		
	Beer	Soft drinks	Water	Beer	Soft drinks	Water
Total market change from 31.08.99	0 %	-1 %	-2 %	-3%*	+1%	+2%
<b>Pripps Ringnes</b>						
Market share	58%	26 %	75 %	31 %	18 %	56 %
Change from 31.08.99	-1%-p	+1%-p	+4%-p	-6%-p	-2%-p	0%-p
Change from 30.04.00	-1%-p	+1%-p	0%-p	-1%-p	0%-p	0%-p

\*Excluding private imports of beer

- Growth for Pepsi in Norway continues
- Pripps' position in the Swedish beer market largely unchanged during last four months

## BBH - Baltic Beverages Holding

in NOK million	1 Jan - 31 Aug		1 May - 31 Aug	
	2000	1999	2000	1999
<b>Operating revenues (50%)</b>	1 747	1 051	1 119	696
<b>Operating profit before goodwill* (50%)</b>	487	312	362	245
<b>Operating margin before goodwill*</b>	27.9%	29.7%	32.4%	35.2%
<b>Volume in million litres (100%)</b>	1274	846	775	559
<b>Total assets incl. goodwill - NOK billion (50%)</b>	3.2	2.5		
<b>Average RUR/USD exchange rate</b>	28.3	23.9	28.0	24.4

\* Excluding other revenues and expenses

- 51% volume growth in first eight months
- Continued profit growth, maintained high margin level
- Increased local malting capacity



## Market trends first eight months - Beer

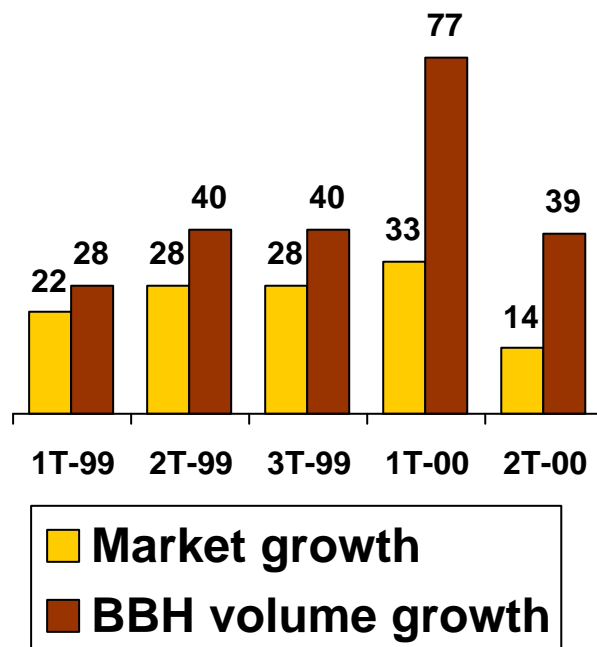
	Market growth 1999-2000	Baltic Beverages Holding			Litres per capita Year 1999	
		Volume growth 1999-2000	Market share 2000*	Change from 31.12.1999		Change from 31.08.1999
<b>Russia</b>	21 %	53 %	25 %	+2%-p	+4%-p	30
<b>Ukraine</b>	25 %	75 %	18 %	+3%-p	+4%-p	16
<b>Baltic States</b>	7 %	5 %	44 %	0%-p	0%-p	53

\* Average market share for all breweries controlled by BBH as of 31 Aug

- Full capacity utilisation at several breweries in Russia during the summer
  - Capacity continuously increasing
- Strong organic growth in several breweries

## Beer market in Russia

Market growth and  
BBH volume growth (%)



Market shares in Russia

Brewery	2000	1999
BBH	25 %	21 %
Sun Interbrew	14 %	17 %
Ochakova	7 %	7 %
Krasny Vostok	4 %	5 %
St. Razin	3 %	3 %
Efes	2 %	1 %
Bravo	2 %	1 %
SAB	2 %	1 %
Others	41 %	44 %
<b>Sum</b>	<b>100 %</b>	<b>100 %</b>

# Status Carlsberg Breweries

- Due diligence in process
- EU Merger Task Force: National jurisdiction
- Investigations are proceeding in
  - Sweden
  - Finland
  - Norway
  - Lithuania



## Orkla Brands

in NOK million

	1 Jan - 31 Aug		1 May - 31 Aug	
	2000	1999	2000	1999
<b>Operating revenues</b>	2 887	2 863	1 477	1 432
<b>Operating profit before goodwill*</b>	339	291	205	172
Goodwill amortisation	-22	-22	-11	-11
<b>Operating profit*</b>	317	269	194	161
<b>Operating margin before goodwill*</b>	11.7%	10.2%	13.9%	12.0%

\* Excluding other revenues and expenses

- Cost position further improved
- Improved profit in Biscuits and Snacks
- Biscuits: Production in Norway terminated
- Establishing Scandinavian Snack Company

# Scandinavian Snack Company

## - a leading Scandinavian snacks supplier

- Chips Abp and Orkla ASA are creating Scandinavian Snack Company (SSC), to be controlled 60% by Chips and 40% by Orkla
- SSC will own the companies OLW in Sweden and KiMs in Denmark and Norway
- SSC will be a leading supplier of snacks to the Scandinavian markets
- Synergies will materialise in procurement and product development, and fewer new investments in production will be necessary

# Highlights from the agreement

- The agreement is expected to increase Orkla's profitability in the snacks segment
- Subject to regulatory approvals
- Resources for further expansion outside Scandinavia in co-operation with Chips
- Both parties represented on the Board of Directors
- Strategic decisions require unanimity
- Orkla's ownership in Chips Abp (19,8%) is unchanged

# SSC - pro forma key figures

- Operating revenues approx. SEK 1.1 billion
- Expected operating profit in year 2000: SEK 150 million
- Employs approx. 550 people
- Volume: approx. 30,000 tons
- Together with Chips, SSC will be no. 1 or 2 in each of the Nordic markets
  - The Nordic market share of SSC and Chips will equal that of Maarud/Estrella

## Orkla Media

in NOK million

**Operating revenues**

**Operating profit before goodwill\***

Goodwill amortisation

**Operating profit\***

**Operating margin before goodwill\***

1 Jan - 31 Aug

1 May - 31 Aug

2000

1999

2000

1999

	2000	1999	2000	1999
Operating revenues	2 274	2 126	1 144	1 046
Operating profit before goodwill*	144	124	59	36
Goodwill amortisation	-58	-51	-29	-25
Operating profit*	86	73	30	11
Operating margin before goodwill*	6.3%	5.8%	5.2%	3.4%

\* Excluding other revenues and expenses

- Increased advertising volume for Newspapers in Norway/Sweden and Magazines
- Cost reductions proceeding faster than planned in Newspapers Norway/Sweden
- Still negative impact from Direct Marketing
- Progress for Newspapers Eastern Europe



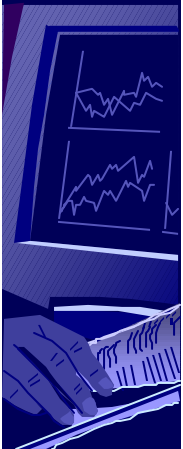
## Chemicals

in NOK million

	1 Jan - 31 Aug		1 May - 31 Aug	
	2000	1999	2000	1999
<b>Operating revenues</b>	4 390	3 660	2 564	1 810
Goodwill amortisation	-10	-9	-5	-4
<b>Operating profit*</b>	267	138	166	96
<b>Operating margin before goodwill*</b>	6.3%	4.0%	6.7%	5.5%

\* Excluding other revenues and expenses

- Improvement continues in most areas
- Better product mix, higher prices, strong USD and increased productivity lifts Speciality Cellulose
- High oil price puts pressure on freight and energy costs
- Search for structural solution in Speciality Cellulose continues



# Enclosures

## Financial items

In NOK million

Net interest expenses  
 Currency gain/loss  
 Other financial items, net

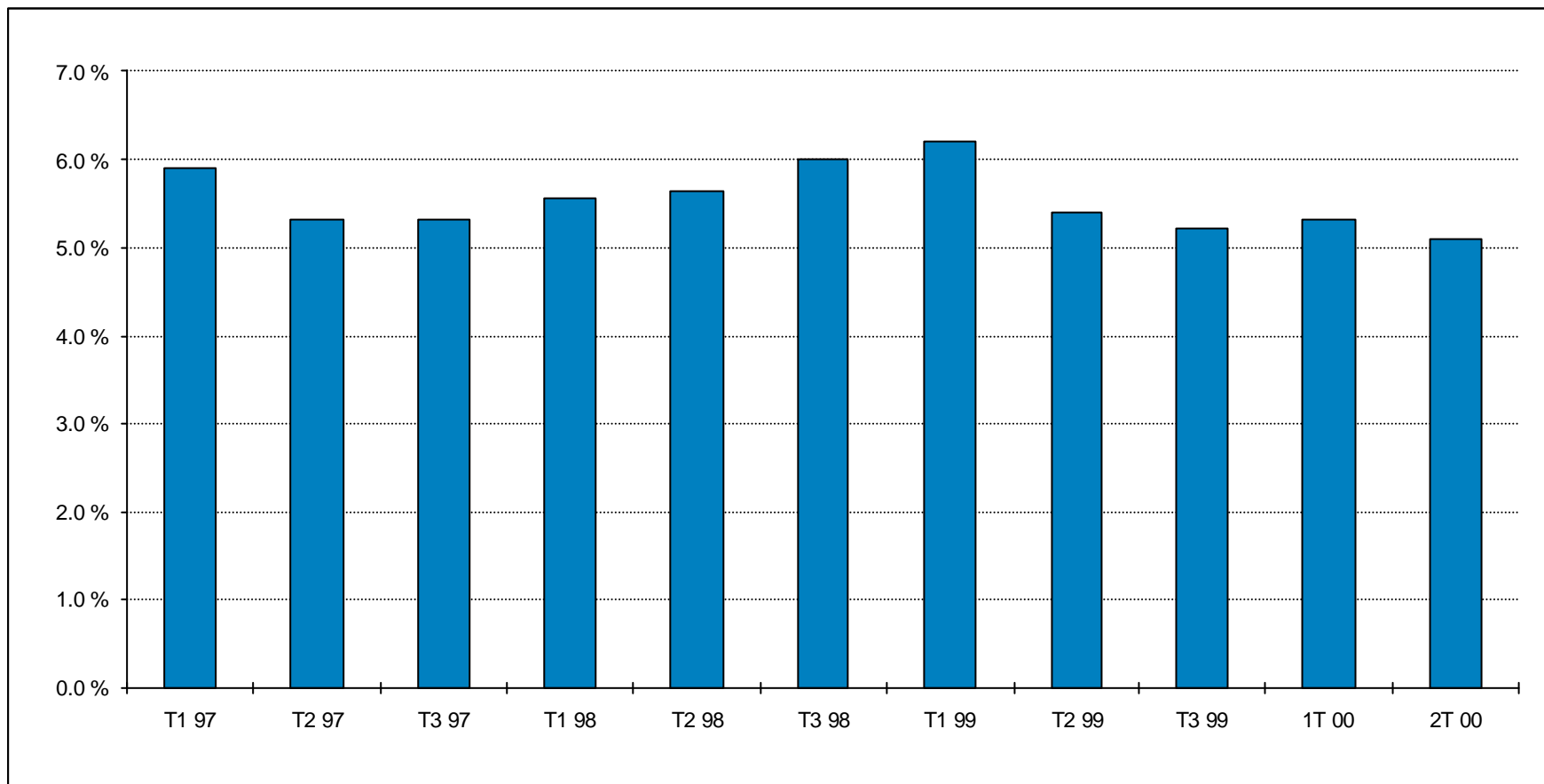
### Net financial items

Avg. net interest bearing liabilities (billion)  
 Average interest rate

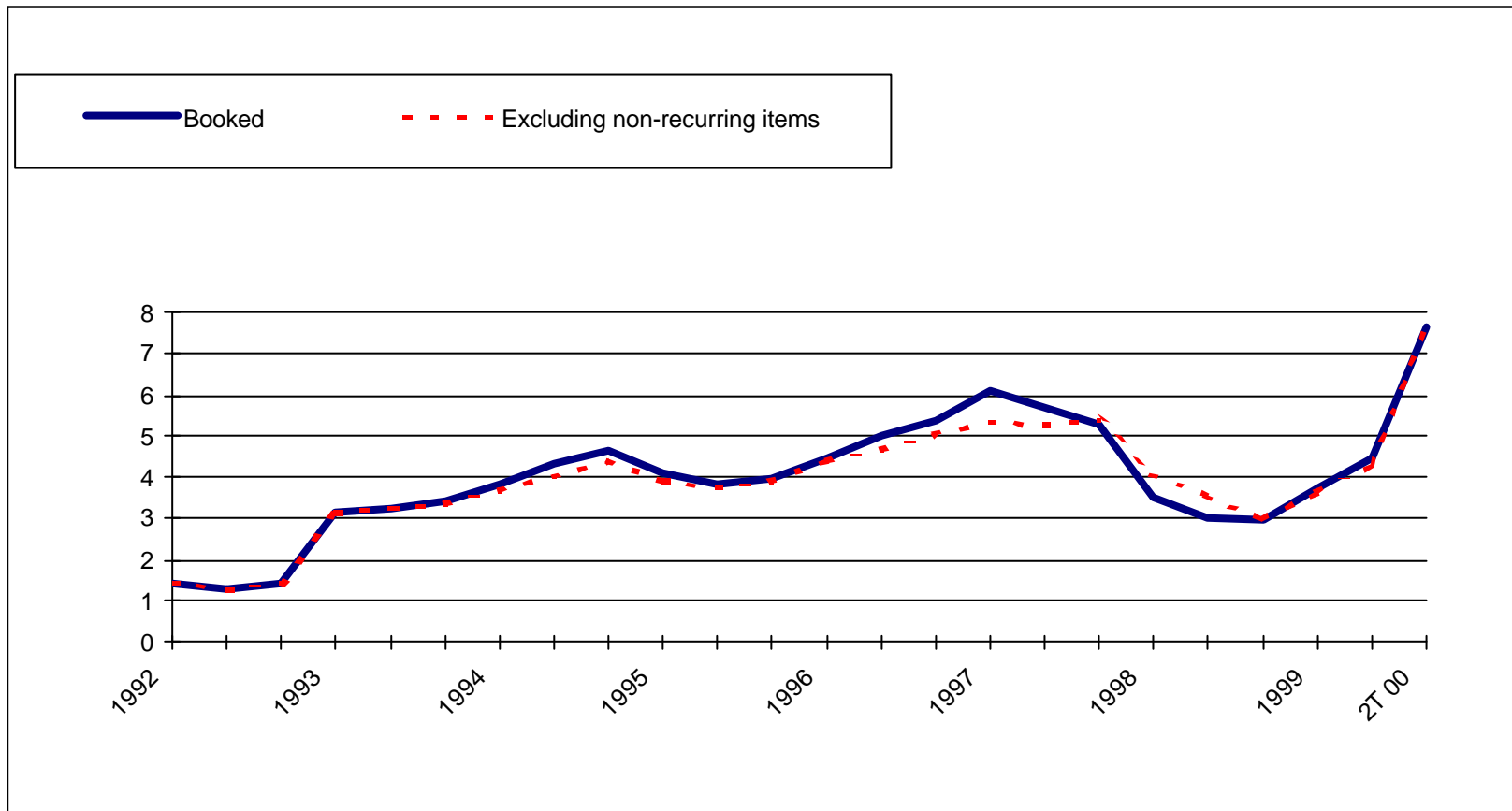
1 Jan - 31 Aug 2000	31 Aug 1999	Year 1999
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-572	-583	-847
-3	3	3
-17	-25	-48
<b>-592</b>	<b>-605</b>	<b>-892</b>
17.5	15.1	15.6
5.3 %	5.8 %	5.5%

# Change in average interest rate

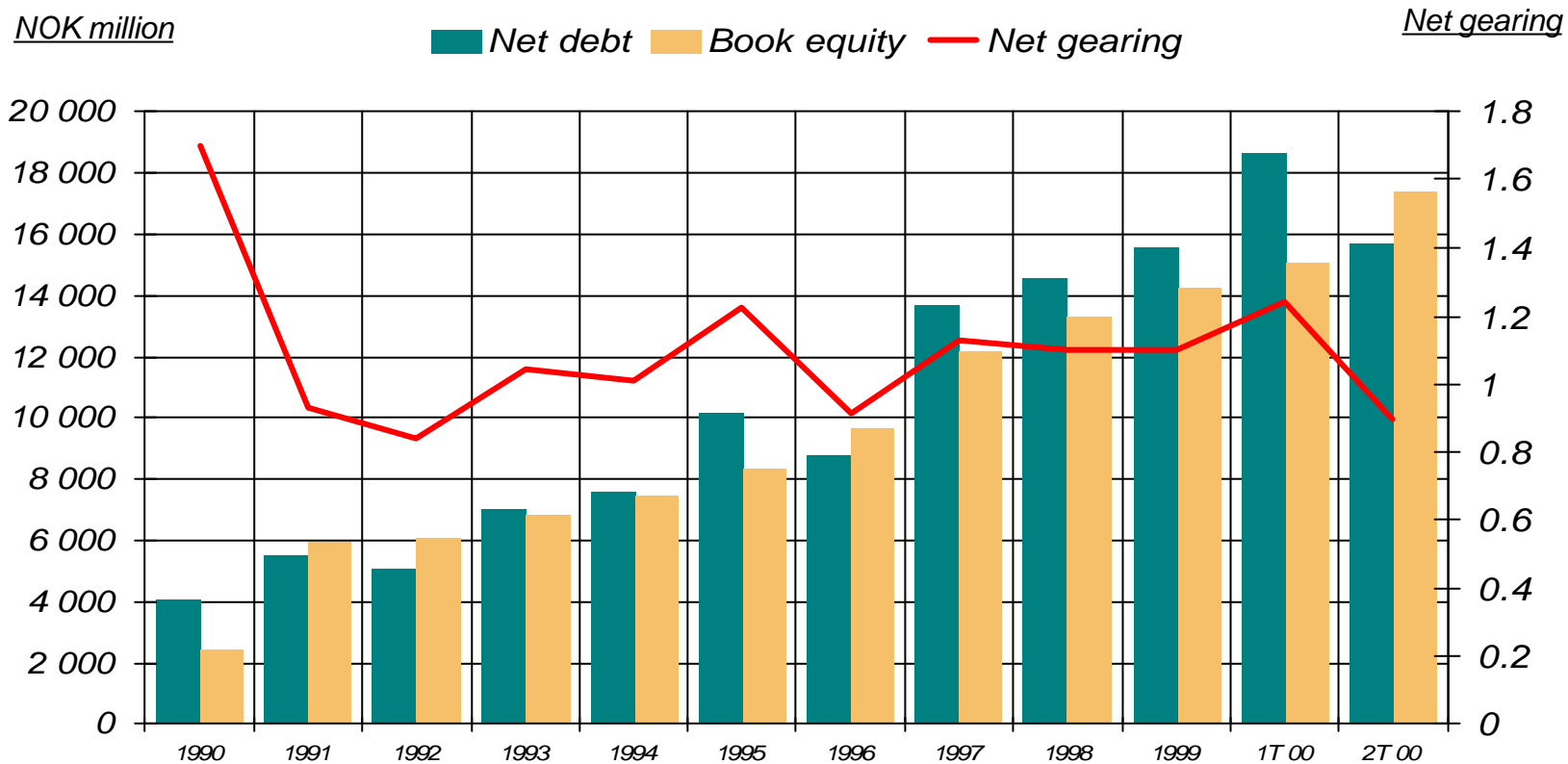


# Interest cover 12 month rolling average



# Debt and equity

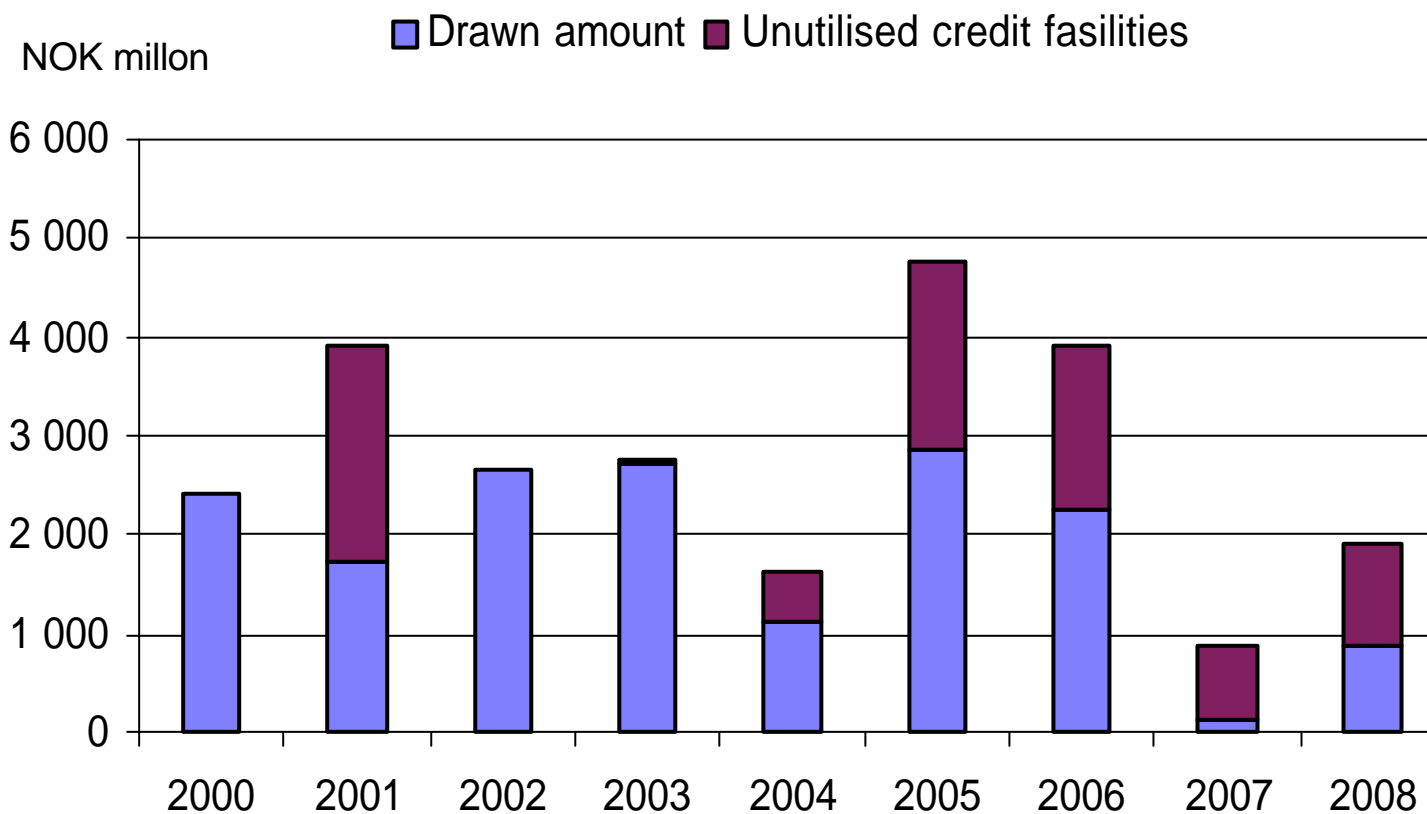
31 August 2000



# Debt maturity profile

31 August 2000

*Average maturity 4 years*

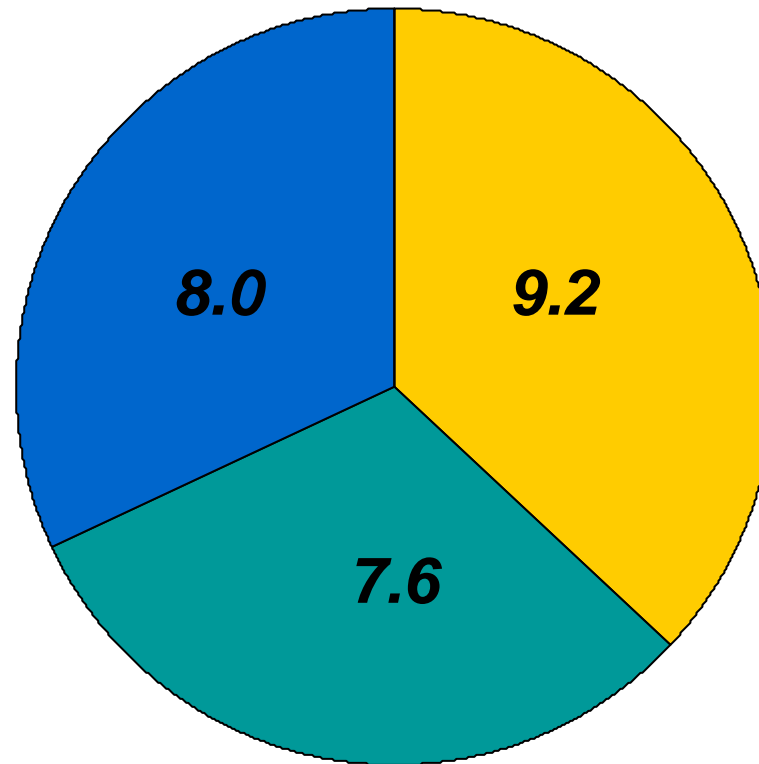


# Funding Sources

31 August 2000

*NOK billion*

Unutilised credit facilities 32%



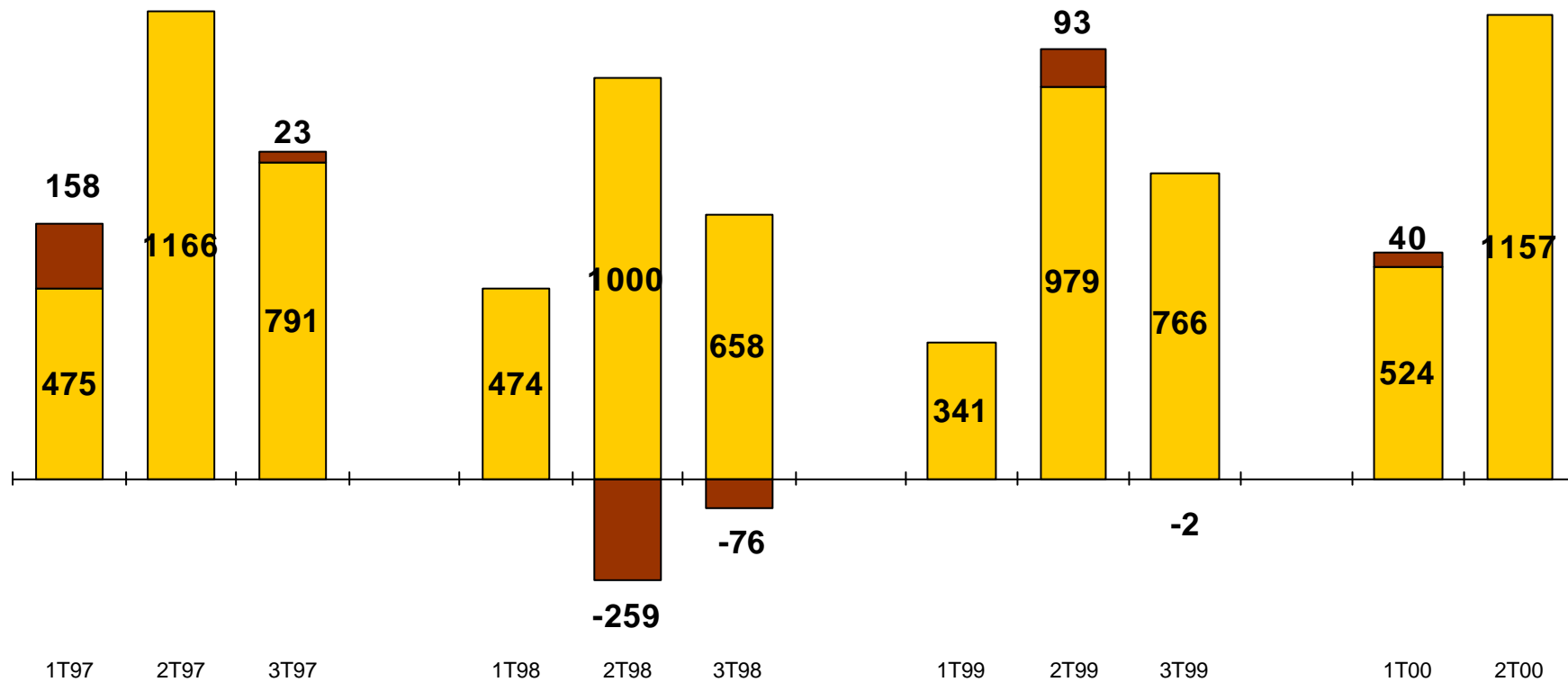
Banks 37%

Bonds 31%



# Operating profit by 4-month period

- Other revenues and expenses
- Profit before other revenues and expenses



## Orkla Beverages (split Nordic/BBH)

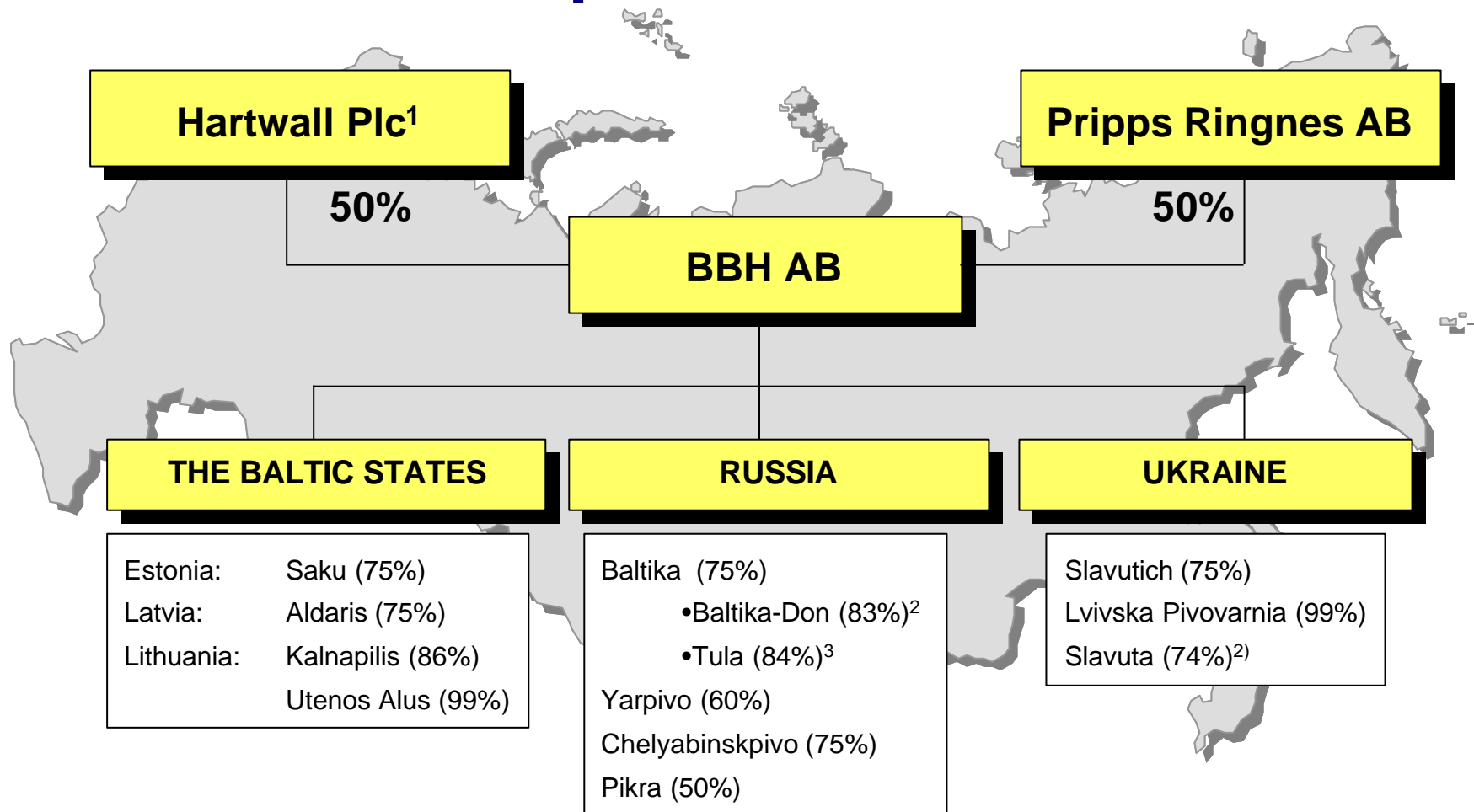
in NOK million	1 Jan - 31 Aug		Year
	2000	1999	1999
<b>Total operating revenues</b>	<b>5 017</b>	4 287	6 373
Operating revenues Nordic markets	3 282	3 243	4 806
Operating revenues BBH (50%)	1 747	1 051	1 576
Operating profit Nordic markets before goodwill	252	192	253
Operating profit BBH (50%) before goodwill	487	312	414
Unallocated overhead	-29	-21	-37
<b>Operating profit before goodwill</b>	<b>710</b>	483	630
Amortisation and depreciation of goodwill	-114	-99	-148
<b>Total operating profit</b>	<b>596</b>	384	482

## Volume growth BBH breweries first eight months

Million litres	2000	1999*	Change 1999-2000	Year 1999
<b>Russia</b>	992	641	+ 54 %	970
<b>Ukraine</b>	139	74	+ 88 %	118
<b>Baltic States</b>	143	130	+ 10 %	190
<b>BBH total</b>	<b>1274</b>	<b>845</b>	<b>+ 51 %</b>	<b>1278</b>

\*) Adjusted for eliminations within BBH

## BBH - Ownership structure



<sup>1</sup>) Orkla ASA owns 20.4% of the shares in Hartwall

<sup>2</sup>) Baltika-Don is majority owned through Baltika. Tula is owned 50.01% by Baltika and 34.29% by BBH

<sup>3</sup>) Slavuta is the only malthouse owned directly by BBH, the seven others are owned by the breweries

# Orkla Media - Internet

## Portal services

- Hjemmenett (49.9%)
  - e-shop (100%)
  - Netpool N. (50%)

## Channel services

- Bilnett (100%)
- Doktor Online (40.7%)
- Jobbnett (57.7%)
- Eiendomsnett (40.5%)
- Spisekartet (35%)
- GoToScandinavia\* (25.8%)

## e-commerce

- Shopnett (48%)
- GiBud\* (23%)

## Development companies

- WEBplan (90%)
- Mimer (67%)
- Viewpoint\* (43%)
- PocketIT\* (22.1%)

## Other

- Mogul/Optosof (3%)

- Total investments NOK 139 million, of which NOK 90 million this year
- A total of 63 Orkla Media services on the Internet
  - One third available only on the Internet

\*) Investments in year 2000