



The Orkla Group

Preliminary results 1999

10 February 2000

1999 - Highlights

- Substantial value increase for investment portfolio
- Profit improvement for Nordic food and beverages
- Continued strong volume growth for BBH
- An unsatisfactory year for Chemicals



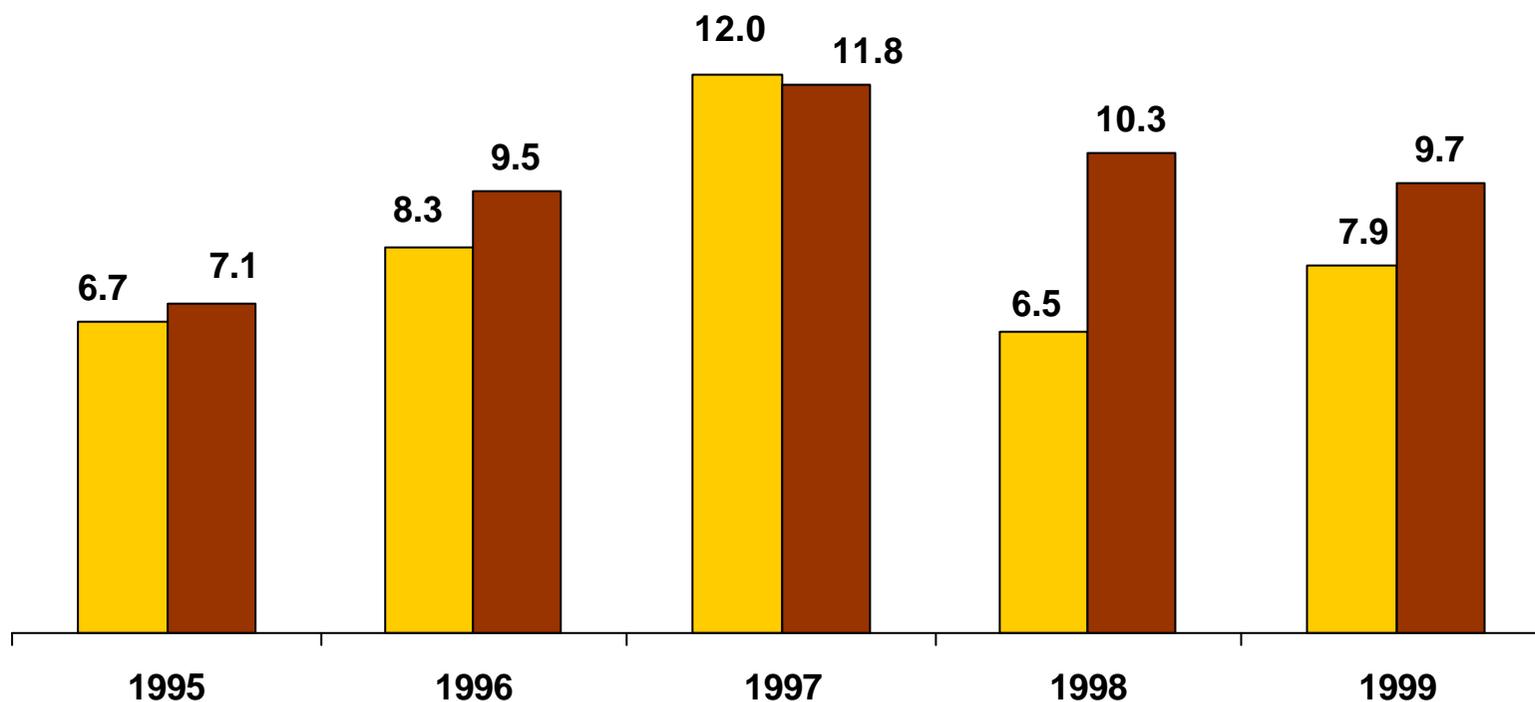
Income Statement

in NOK million

	1 Jan - 31 Dec		1 Sep - 31 Dec	
	1999	1998	1999	1998
Operating revenues	31 492	30 819	11 315	10 548
Operating profit before goodwill amortisation and other revenues and expenses	2 529	2 553	913	804
Goodwill amortisation	-443	-421	-147	-146
Other revenues and expenses	91	-335	-2	-76
Operating profit	2 177	1 797	764	582
Associated companies	114	165	17	-7
Dividends received	325	325	12	32
Portfolio gains	595	769	253	-134
Financial items, net	-892	-999	-287	-302
Profit before tax	2 319	2 057	759	171
Profit after tax	1 792	1 502	591	125
- Minority interests	125	124	26	32

Earnings per share fully diluted*

NOK

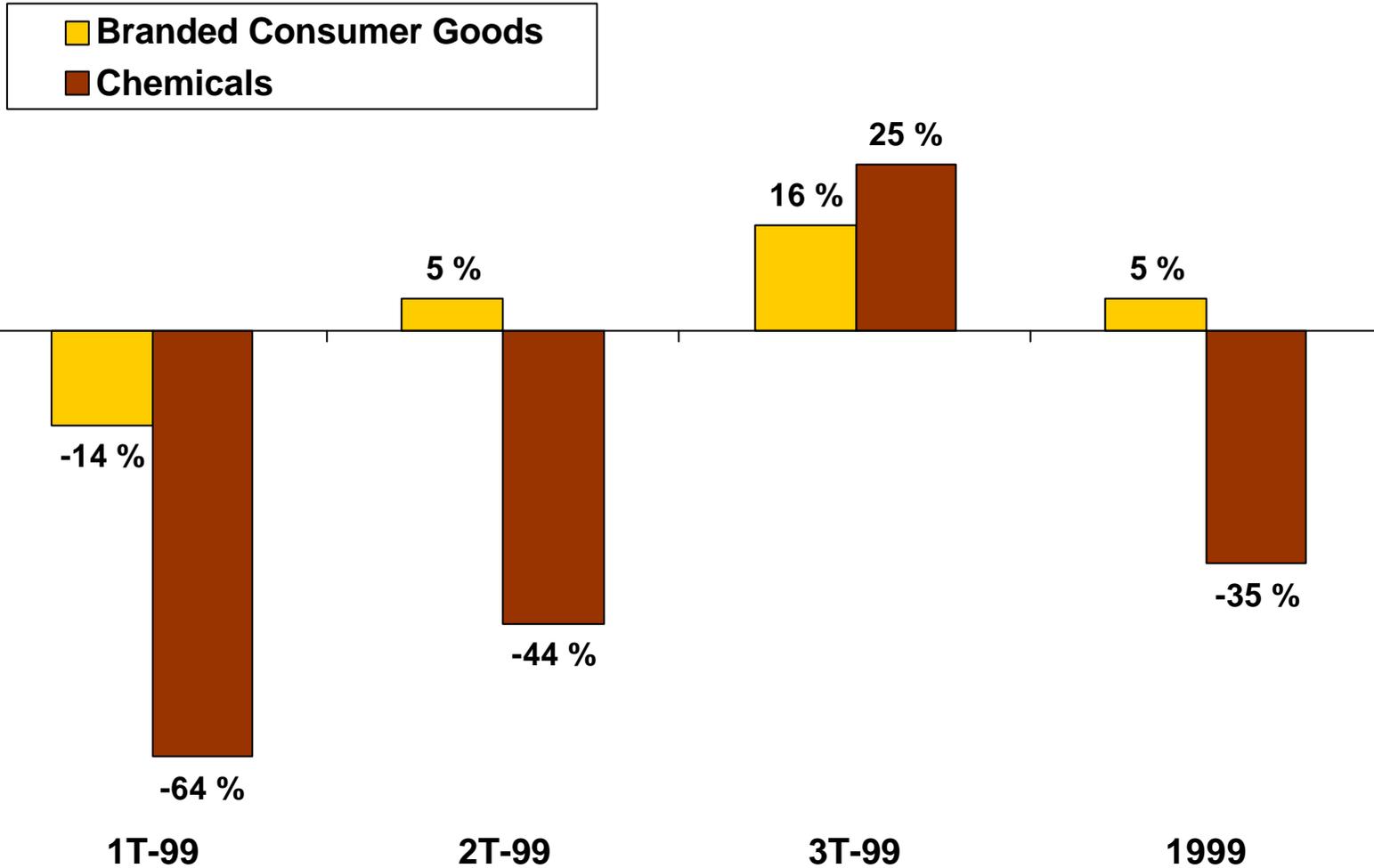


■ Book figures

■ Excl. non-recurring items and goodwill amortisation

* Adjusted for Rights Issue

Change in operating profit



IT and e-commerce

- Financial investments in IT and internet-related businesses
 - Market value of investments in telecom/IT/Internet approx. NOK 7 billion
 - Focus on investments in infrastructure and hardware
- New business area established in Orkla Media
 - Focus on Internet services with high consumer utility
 - Involved in 15 different companies including development projects, consumer services, shopping services and portal services
- Orkla increases focus on e-business, primarily at business to business level
- Special joint function established within the Group to provide a platform for new investments in e-business

Cash flow statement

in NOK million

	1 Jan - 31 Dec 1999	1998
Cash flow from operations	3 768	3 638
Net capital expenditure	-1 273	-1 690
Financial items paid	-753	-631
Free cash flow Industry	1 742	1 317
Free cash flow Financial Investments	584	321
Taxes and dividends paid	-1 035	-1 494
Sold companies	333	0
Miscellaneous	63	7
Self-financing capacity	1 687	151
Expansion investments, Industry	-546	-847
Acquisitions	-665	-514
Net acquisitions/sales portfolio investments	-1 653	421
Share buy back/share issue	-117	0
Net cash flow	-1 294	-789
Currency translation differences interest-bearing liabilities	129	-88
Change in net interest-bearing liabilities	1 165	877

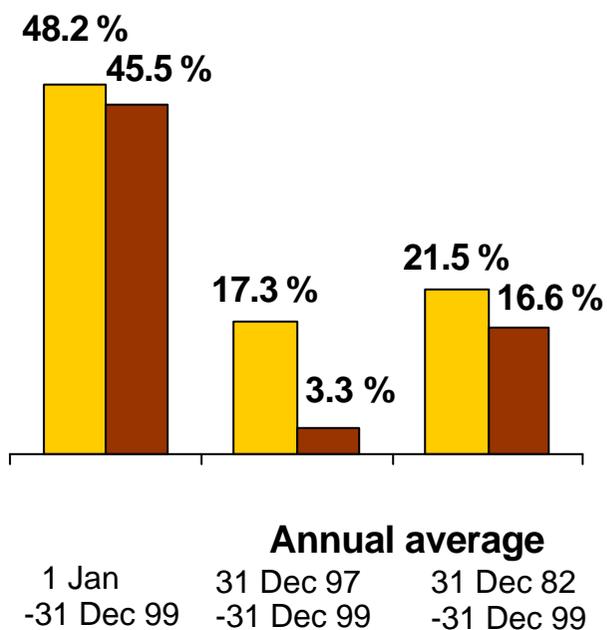
Balance sheet - some key figures

in NOK million	<u>31 Dec 99</u>	<u>31 Dec 98</u>
Long-term assets	21 223	21 079
Portfolio investments etc.	11 375	8 851
Short-term assets	9 026	8 702
Total assets	41 624	38 632
Equity to total assets ratio		
- Book	34.2%	34.3%
- Incl. unrealised capital gains before tax	46.4%	40.6%
Net interest-bearing liabilities	15 709	14 544

Portfolio performance

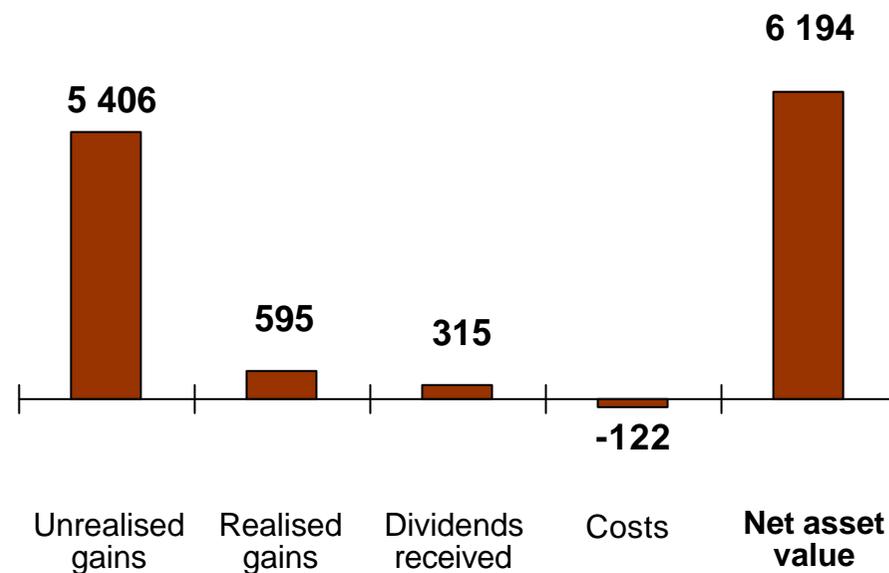
Return

- Orkla's portfolio
- Oslo Stock Exchange



Value added 1 Jan - 31 Dec 1999

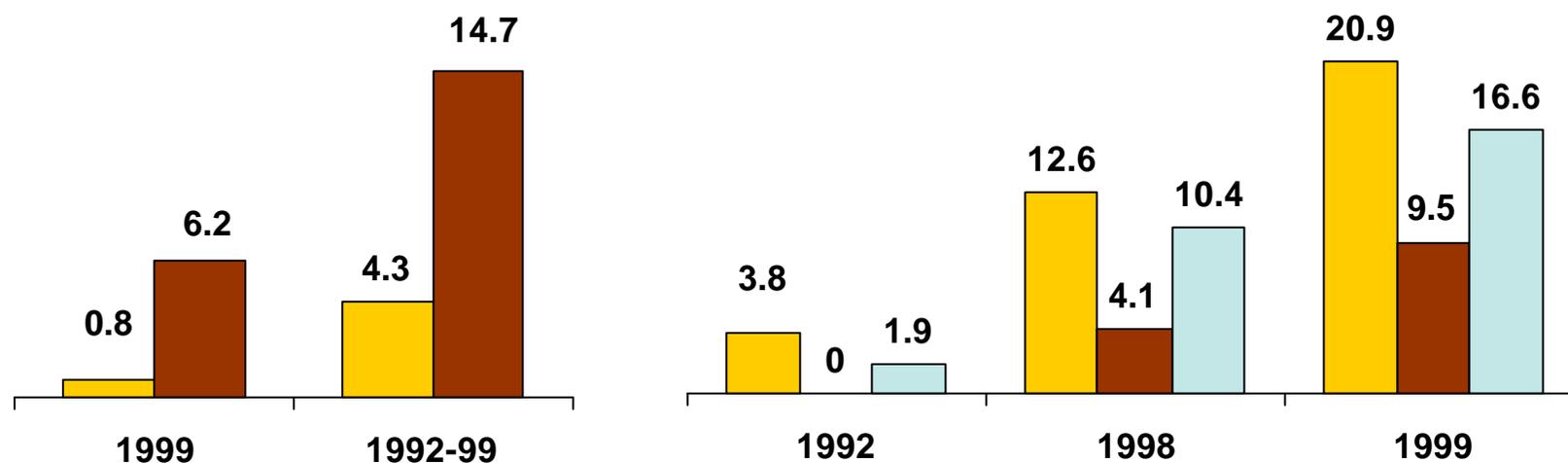
NOK million



Portfolio - key figures 1992-1999

NOK billion

- Profit before tax
- Change in net asset value
- Market value
- Unrealised gains before tax
- Net asset value



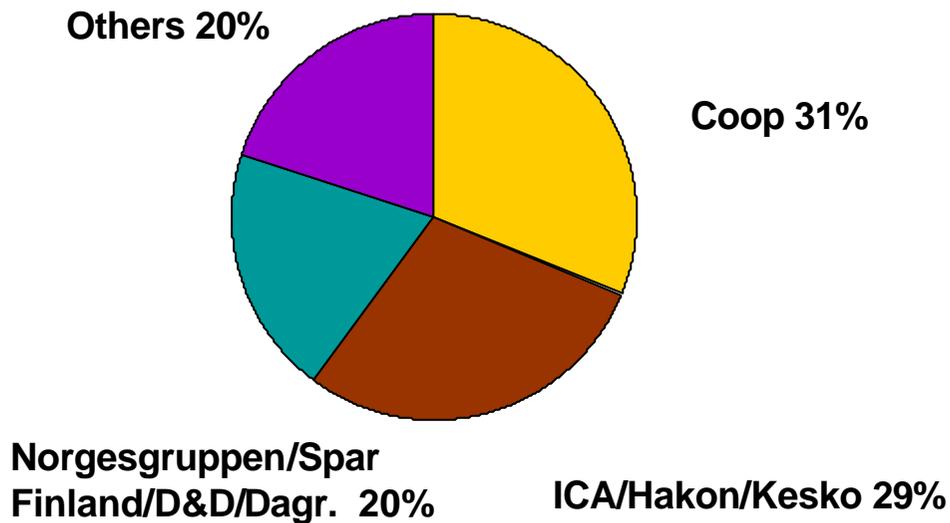
Portfolio - key figures

	<u>31.12.99</u>	<u>31.12.96</u>	<u>Change</u>
Share of portfolio invested;			
In Telecommunications/IT/Internet	35%*	9 %	+26%-p
Outside Norway	32 %	18 %	+14%-p
In listed companies	87 %	91 %	- 4%-p
Market Value (NOK million)	20 875	11 043	9 832

* The figure has been calculated exclusive Elkjøp and Dyno
(Market Value NOK 1.5 billion as of 31.12.99)

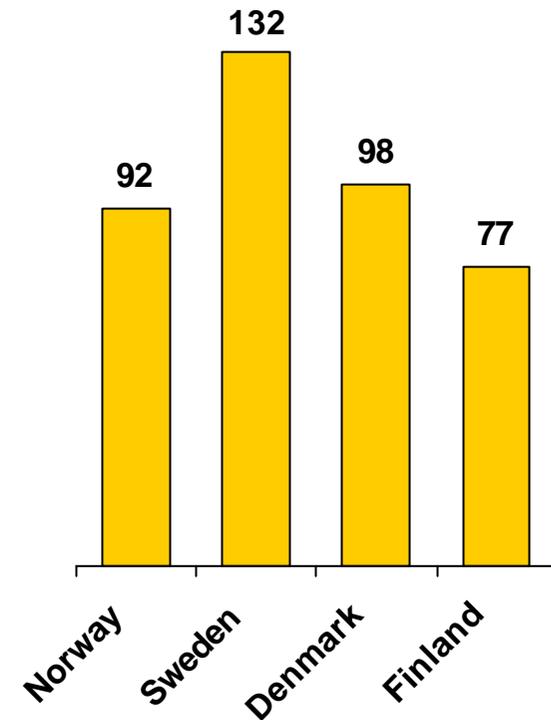
Total sales on the Nordic grocery market NOK 400 billion

3 Nordic retail blocs



Nordic grocery sales

NOK billion



Orkla's strategy

- Continuous evaluation of product portfolio
 - Divested frozen vegetables, flour mill and fresh meat products
- Nordic operations structured by category
 - Needsmapping substitute traditional consumer segmenting
- Brand building
- Continuous product development
- Category management
 - Contribute to growth in the retail sector



Orkla Foods

in NOK million

	1 Jan - 31 Dec		1 Sep - 31 Dec	
	1999	1998	1999	1998
Operating revenues	10 757	10 238	4 066	3 743
Goodwill amortisation	-164	-162	-54	-54
Operating profit*	709	579	285	248
Operating margin before goodwill*	8.1%	7.2%	8.3%	8.1%

* Excluding other revenues and expenses

- Progress for all business segments
- Stable or increasing market shares
- Improved cost structure

Orkla Foods

- Increased profit in Norway
 - Market share strengthened, favourable product mix
 - Reduced costs
- Continued profit growth for Abba Seafood in Sweden
- Progress for Procordia Food in Sweden
 - Increased sales, stabilised market shares
 - Positive contribution from improvement programme, cost reduction measures continue
- Positive trend in Finland and Denmark
- Successful integration of recent acquisition into Food Ingredients Division
- Reduced losses for International Division



Orkla Beverages

in NOK million

	1 Jan - 31 Dec		1 Sep - 31 Dec	
	1999	1998	1999	1998
Operating revenues	6 373	6 741	2 086	2 022
Goodwill amortisation	-148	-143	-49	-48
Operating profit*	482	508	98	43
Operating margin before goodwill*	9.9%	9.7%	7.0%	4.5%

* Excluding other revenues and expenses

- Favourable profit trend in the Nordic market
- Continued strong volume growth for BBH

Nordic market shares

	Norway			Sweden		
	Beer	Soft drinks	Water***	Beer	Soft drinks	Water***
Total market change	+3%	+3%	+8%	+3%**	+8%	+14%
Pripps Ringnes Market share	59%	25%	77%	35%	19%	57%
Change from 1998	0%-p	+1%-p*	0%-p	-2%-p	0%-p	0%-p

* Including PepsiCo-products 100% in 98 and 99

*** Excluding water coolers

** Excluding private imports of beer

- Improved market share for PepsiCo brands in Norway
- Market shares for beer reduced in Sweden in low price segment
 - Focus on margin improvement
- Strong market growth for water. Market position maintained

Nordic markets

in NOK million

	1 Jan - 31 Dec 1999	1 Jan - 31 Dec 1998	1 Sep - 31 Dec 1999	1 Sep - 31 Dec 1998
Operating revenues	4 806	5 033	1 563	1 644
Operating profit before goodwill*	253	131	61	54
Operating margin before goodwill*	5.3%	2.6%	3.9%	3.3%

* Excluding other revenues and expenses

- Strong profit growth in Sweden
 - Volume growth and positive mix-effects
- Somewhat lower profit in Norway
 - TCCC volume reduction partly compensated
 - Change in production structure decided
- Cost reduction programme drives profit improvement

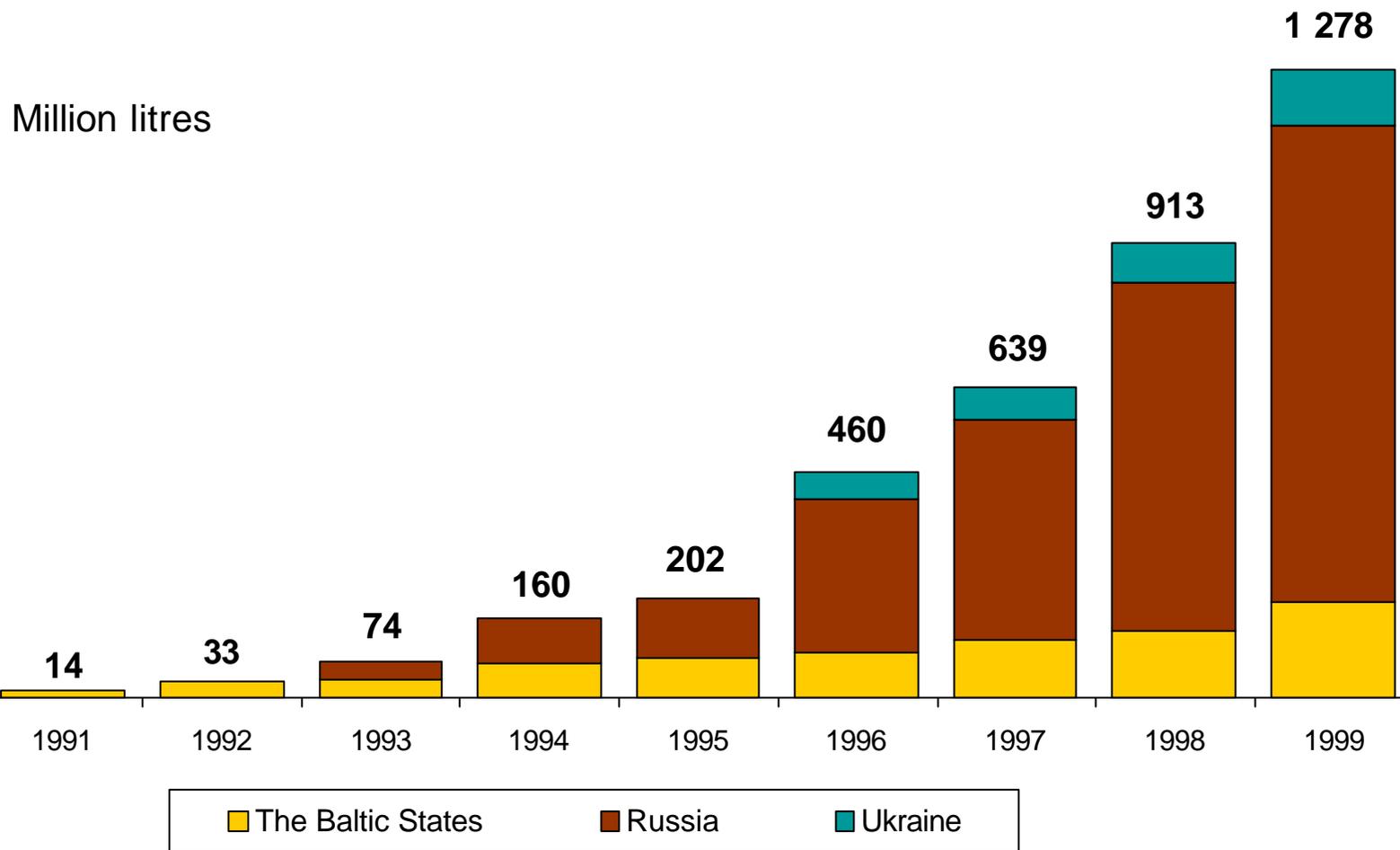
BBH - Baltic Beverages Holding

in NOK million

	1 Jan - 31 Dec 1999	1 Jan - 31 Dec 1998	1 Sep - 31 Dec 1999	1 Sep - 31 Dec 1998
Operating revenues (50%)	1 576	1 715	525	385
Operating profit before goodwill (50%)	414	567	102	52
Operating margin before goodwill	26.3%	33.1%	19.4%	13.5%
Volume in million litres (100%)	1 278	913	432	292
Total assets incl. goodwill - NOK billion (50%)	2.5	2.1		
Average RUB/USD exchange rate	24.66	9.81	26.07	16.69

- Strong volume growth and increased market shares
 - 48 % volume growth last four months
- Real price reductions have lead to slightly lower margins

The leading brewer in the former USSR



Market trends*

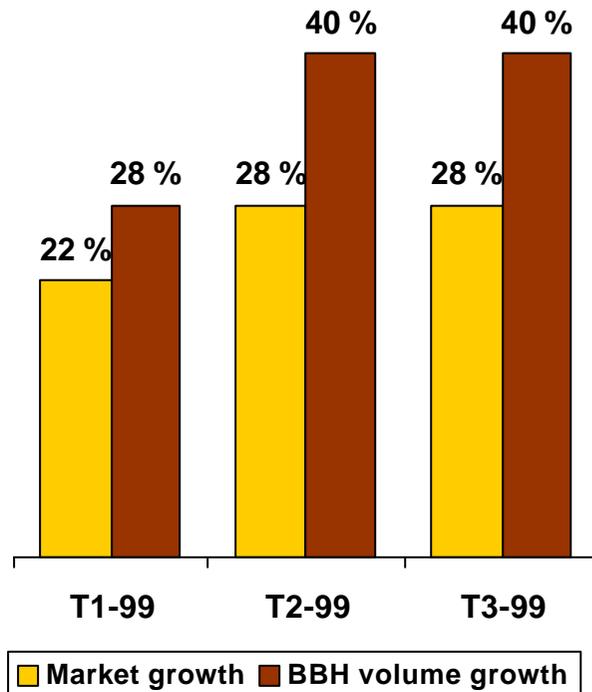
	Market growth	BBH volume growth	BBH market share	Litres per capita
	1998-1999	1998-1999	1999**	Year 1999
Russia	27 %	38 %	23 %	30
Ukraine	17 %	50 %	15 %	16
Estonia	29 %	25 %	50 %	61
Latvia	27 %	23 %	48 %	39
Lithuania	15 %	84 %	41 %	54

* Based on estimated figures for imported beer

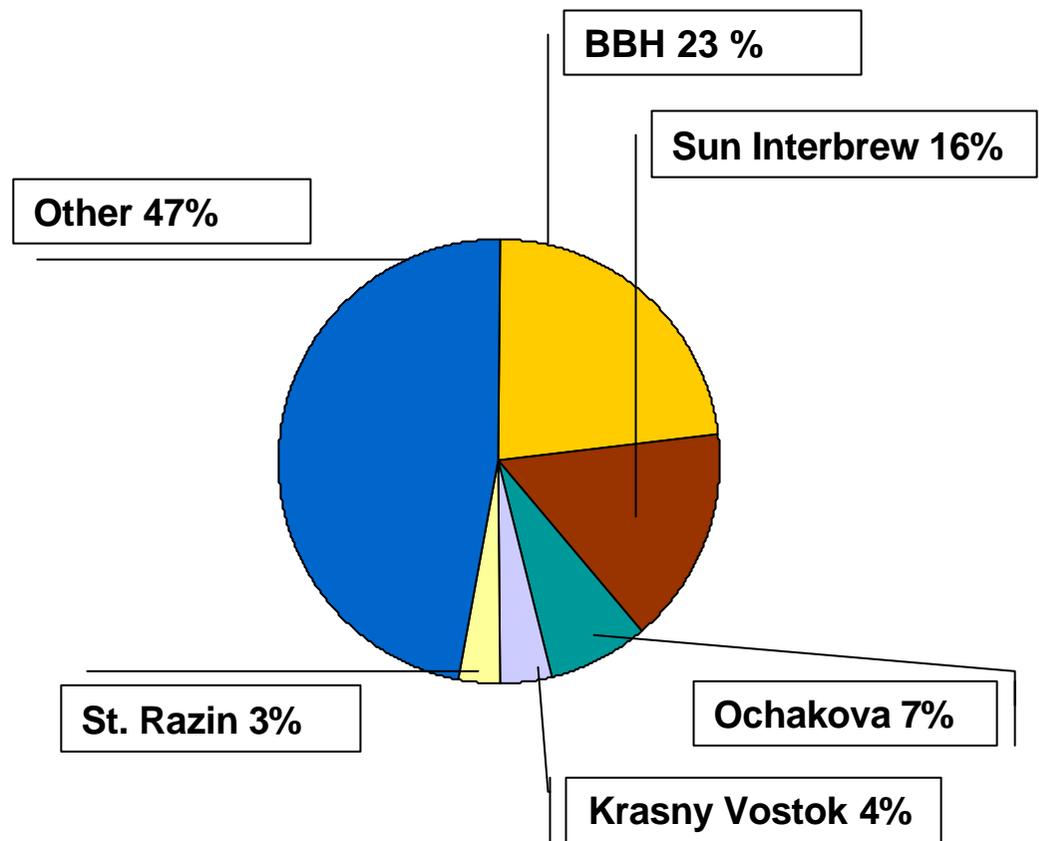
** Average market share for all breweries controlled by BBH by Dec 31

Beer market in Russia 1999

Market growth and BBH volume growth



Market shares Russia



Russia - improving macroeconomic trends in 1999

- Inflation 37%
- RUB/USD - exchange rate weakened by 31%
- Real industrial production + 7%
- Real income increasing through the year



Orkla Brands

in NOK million

	1 Jan - 31 Dec		1 Sep - 31 Dec	
	1999	1998	1999	1998
Operating revenues	4 531	4 273	1 668	1 538
Goodwill amortisation	-34	-27	-12	-9
Operating profit*	477	456	208	186
Operating margin before goodwill*	11.3%	11.3%	13.2%	12.7%

* Excluding other revenues and expenses

- Improved profit in last four months
- Favourable profit trend for Confectionery
- Weak year for Snacks
- Nordic biscuit production at one plant summer 2000
 - Restructuring charges NOK 30 million in first four months of 2000

Orkla Media

in NOK million

	1 Jan - 31 Dec		1 Sep - 31 Dec	
	1999	1998	1999	1998
Operating revenues	3 332	3 153	1 206	1 139
Goodwill amortisation	-77	-68	-26	-26
Operating profit*	171	208	98	117
Operating margin before goodwill*	7.4%	8.8%	10.3%	12.6%

* Excluding other revenues and expenses

- Weak advertising market in Norway
 - Profit largely maintained for newspapers, progress for magazines
- Continued weak profit for Direct Marketing
 - Restructuring in progress
 - Higher costs related to conversion to new IT platform in Sweden
- Profit decline in Poland
 - Lower advertising sales in parts of the operations and start-up of printing plants
- New business area Electronic Publishing established



Chemicals

in NOK million

	1 Jan - 31 Dec		1 Sep - 31 Dec	
	1999	1998	1999	1998
Operating revenues	5 677	5 777	1 985	1 950
Operating profit*	260	402	114	91
Operating margin*	4.6%	7.0%	5.7%	4.7%

* Excluding other revenues and expenses

- Profit decline in core business units except Fine Chemicals
- Improvement programme ongoing
 - Cost reductions on schedule in Sarpsborg
 - Improvements in capacity utilisation and quality, but still behind plan
 - New programme initiated in Ingredients

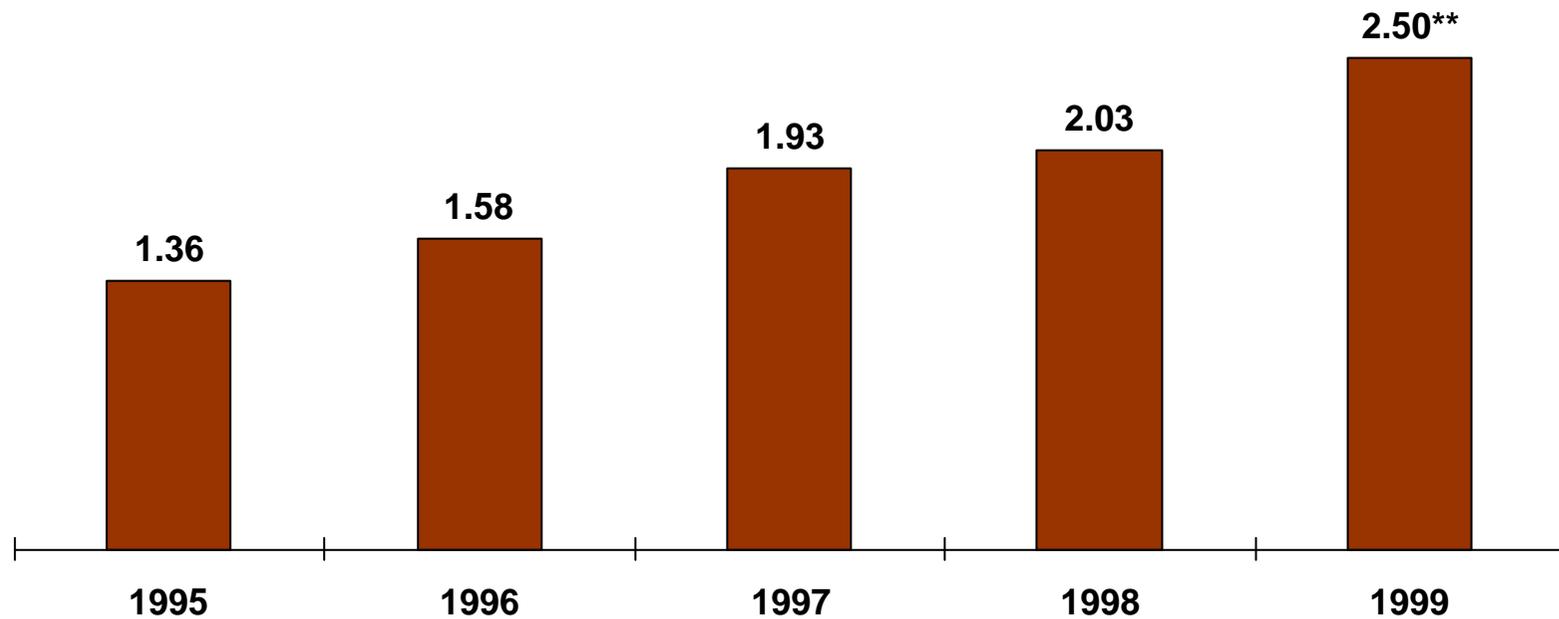
Specialty cellulose - structural challenge

- Need for new structure on supplier end
 - Fewer units and globalisation at customer end
 - Too many players at producer end
- Process of finding partnership for the specialty cellulose business starting
 - Willing to contribute existing business as ownership in larger unit



Dividend*

NOK



* Adjusted for Rights Issue

** Dividend proposed by the Board of Directors



Enclosures

Orkla Beverages

in NOK million

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Operating revenues BBH (50%)	1 576	1 715	525	385
Total operating revenues	6 373	6 741	2 086	2 022
Operating profit Nordic markets	253	131	61	54
Operating profit BBH (50%)	414	567	102	52
Goodwill amortisation	-148	-143	-49	-48
Unallocated overhead	-37	-47	-16	-15
Total operating profit*	482	508	98	43
Operating margin before goodwill*	9.9%	9.7%	7.0%	4.5%

*Excluding other revenues and expenses

Portfolio as of 31 December 1999

Principal holdings	Industry	Share of equity (%)	Share of portfolio (%)	Market value (NOK million)
Elkem	Metals	25.3	11.1	2 320
NetCom	Telecommunications	10.1	9.3	1 949
Storebrand	Insurance	10.0	8.2	1 700
Nokia	Telecommunications	0.1	7.5	1 563
Merkantildata	IT	8.4	5.1	1 055
Dyno*	Chemicals	18.1	4.4	925
Elkjøp*	Retail	9.3	2.5	529
Industrikapital 97	Investment fund	8.0	2.3	485
Nycomed Amersham	Pharmaceuticals	1.4	2.1	437
Schibsted	Media	4.2	2.1	433
Total principal holdings			54.6	11 396

* Sold, official approval pending, gain approx. NOK 700 million

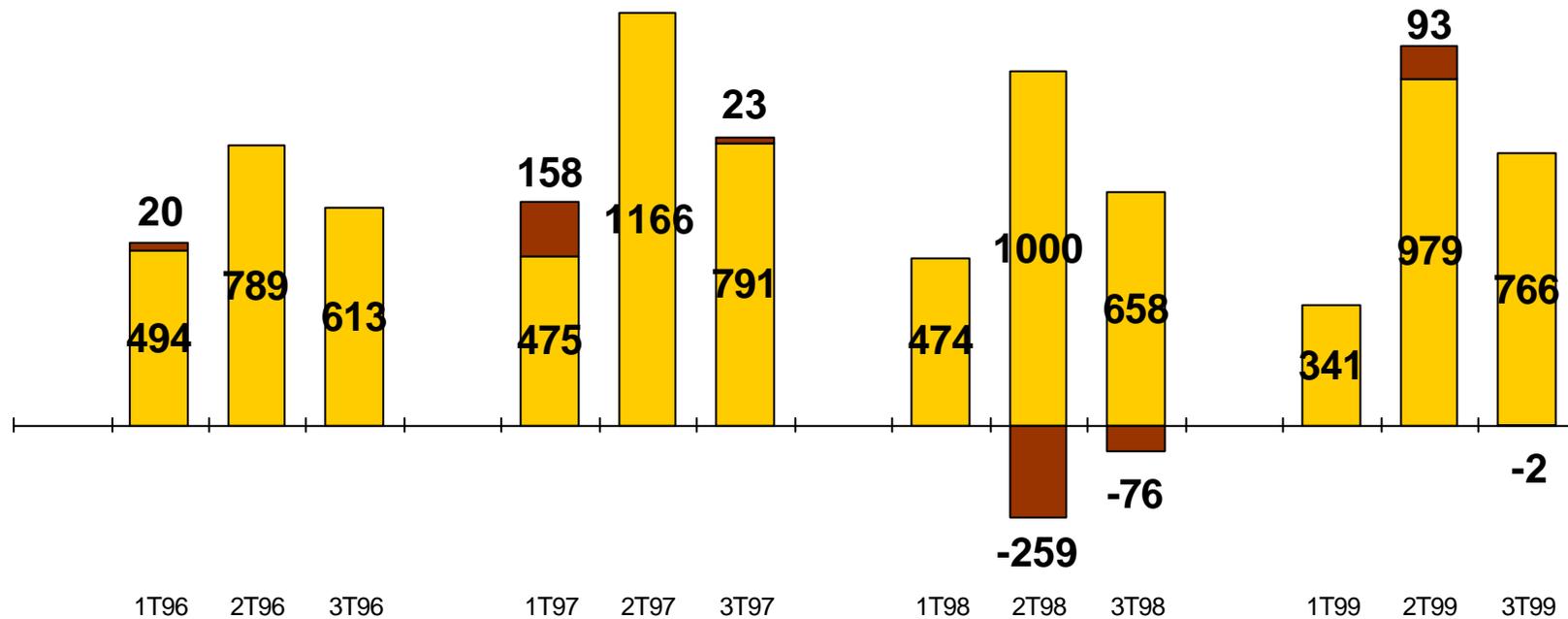
A and B share conversion

- One common class of share from 16 December 99
 - Equal voting rights and equal share price
- Rights issue for ORKA completed
 - Total number of Orkla shares issued 219,246,336 with a par value of NOK 6.25
 - Total share capital NOK 1,370,289,600
 - Total average number of shares fully diluted 1999: 211,859,518
 - Total number of shares owned by the company as of 31 December 1999: 7,349,588
- New shares will be entitled to dividend from 1999

Operating profit by 4-month period

NOK million

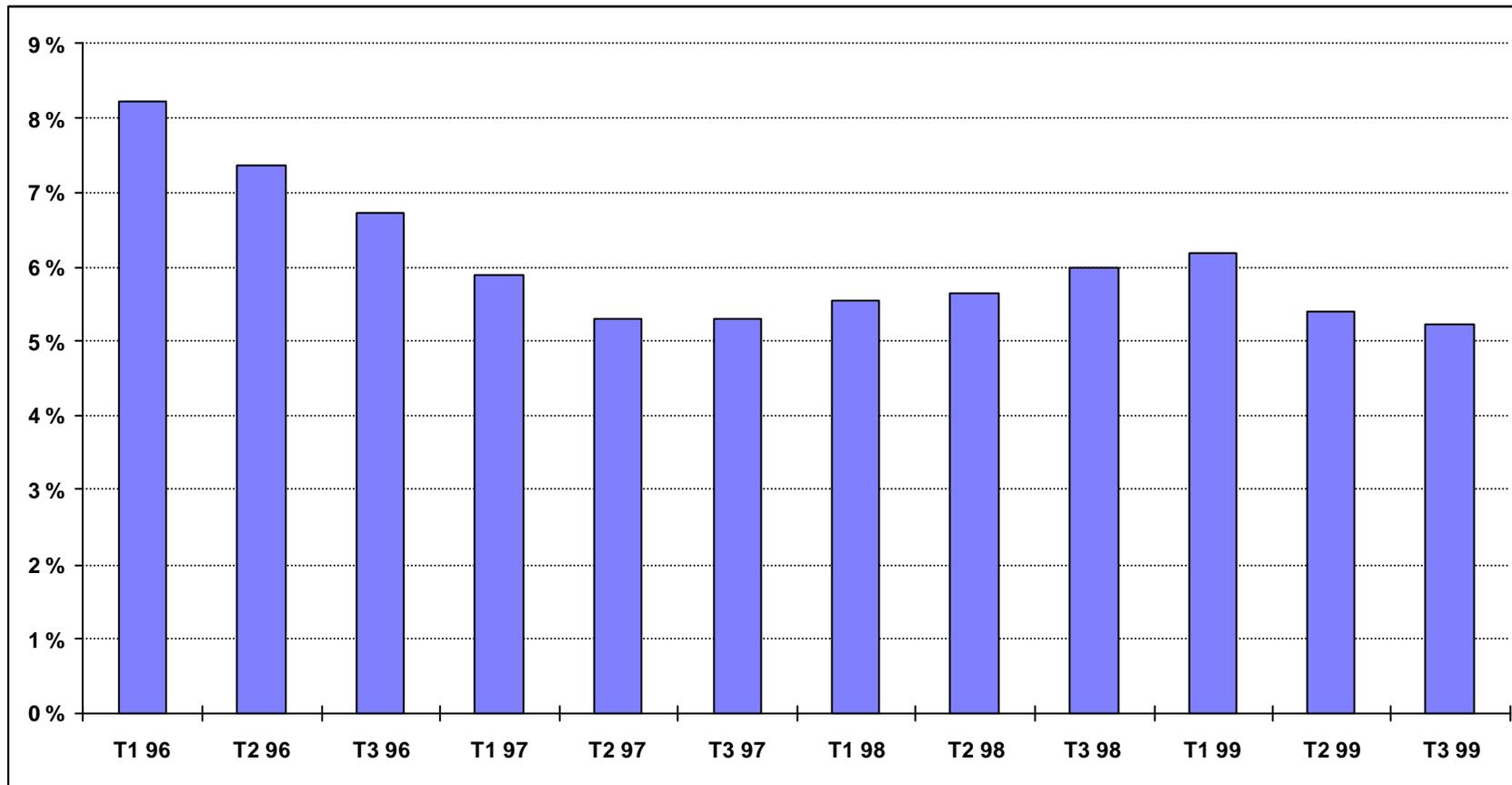
- Profit before other revenues and expenses
- Other revenues and expenses



Financial items

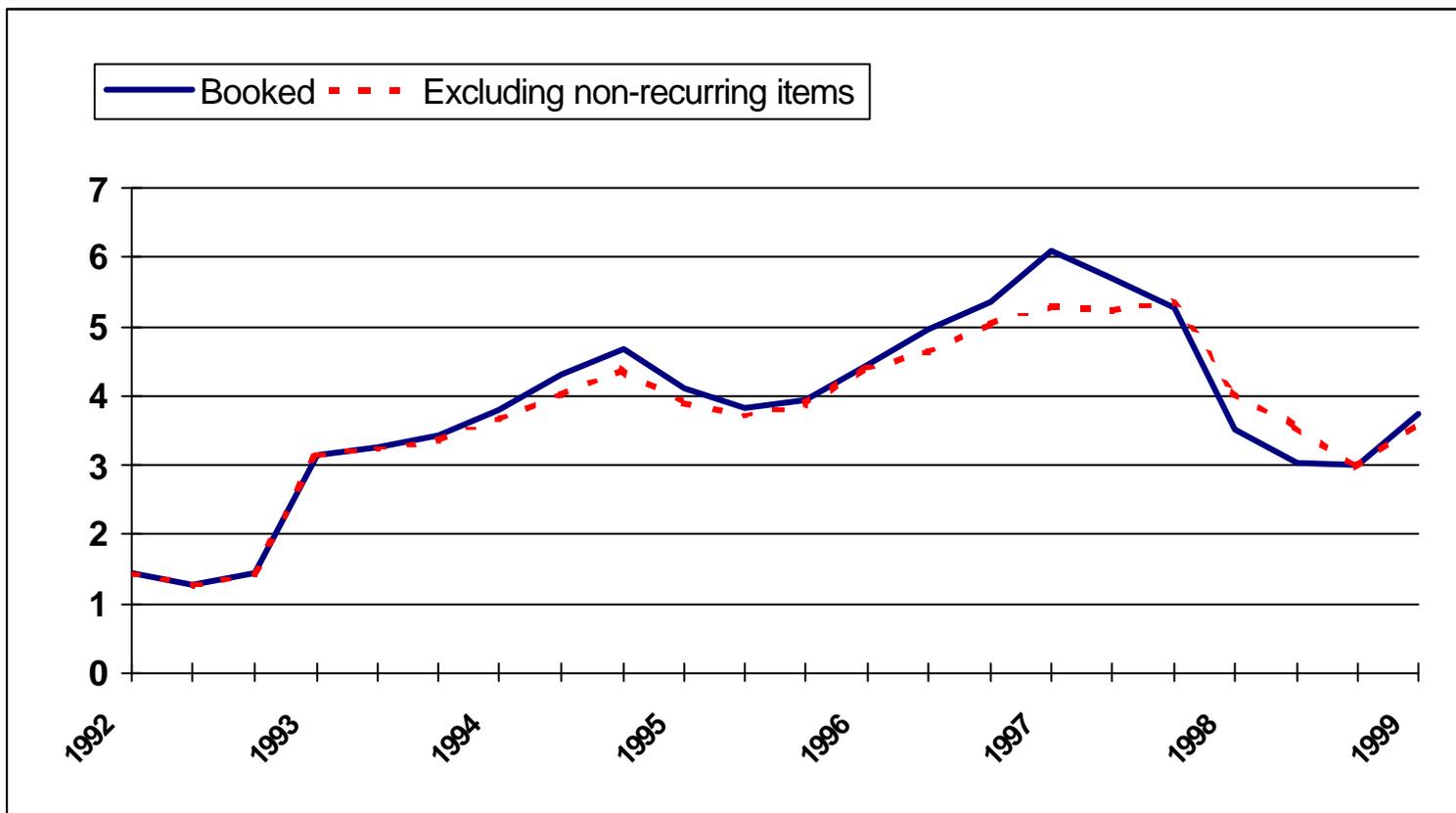
in NOK million	1999	1998
Net interest expenses	-847	-826
Currency loss	3	-153
Other financial items, net	-48	-20
Net financial items	-892	-999
Average net interest bearing liabilities (bln)	15.6	14.6
Average interest rate	5.5%	5.7%

Development in average interest rate



Interest cover

12 month rolling average basis



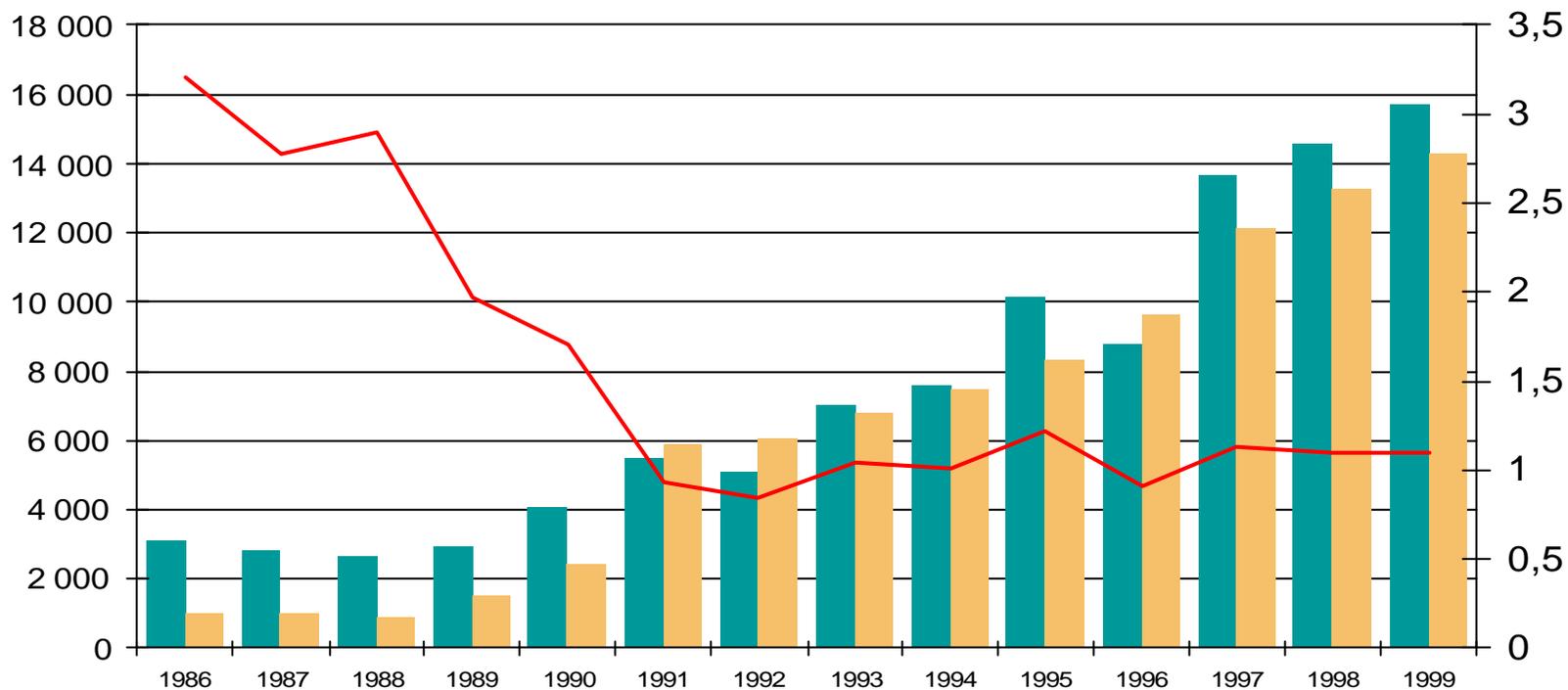
Debt and equity

31 December 1999

NOK million

Net debt Book equity Net gearing

Net gearing



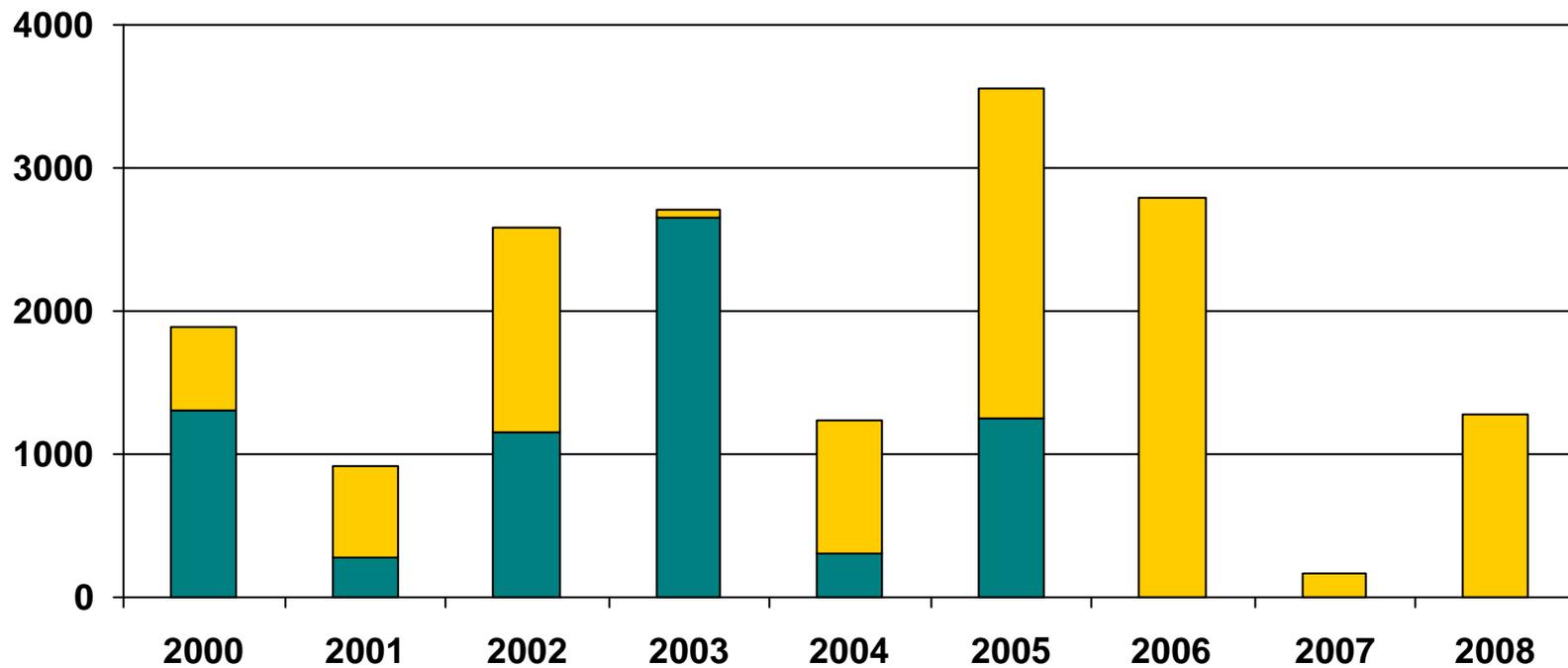
Debt maturity profile

31 December 1999

Average maturity 4.8 yrs

NOK million

■ Bonds (incl. PP) ■ Banks



Funding Sources

31 December 1999

NOK billion

