

The Orkla Group

First Four Months of 1998

5 June 1998

Highlights First Four Months of 1998

- Earnings per share
 - Up by 12% excl. non-recurring items and goodwill amortisation
 - Down by 17% in booked terms
- Reduced profits for Nordic Branded Consumer Goods
 - Weaker markets, increased competition and higher costs
 - Some negative effects are temporary
- Continued strong growth for BBH
- Improved profits for Chemicals
- Portfolio performance in line with the Oslo Stock Exchange

Profit and loss account

in NOK million

Operating revenues

Operating profit before goodwill

amortisation and other revenues and costs

Goodwill amortisation

Other revenues and costs

Operating profit

Financial items, net

Associated companies

Portfolio gains

Profit before tax

Taxes

Minority interests

Net profit

EPS fully diluted after split (NOK)

	1.1.-30.04.		Year
	1998	1997	1997
Operating revenues	9 579	9 419	30 970
Operating profit before goodwill amortisation and other revenues and costs	609	602	2 851
Goodwill amortisation	-135	-127	-419
Other revenues and costs	0	158	181
Operating profit	474	633	2 613
Financial items, net	-179	-154	-394
Associated companies	87	35	442
Portfolio gains	396	419	876
Profit before tax	778	933	3 537
Taxes	-202	-261	-863
Minority interests	-39	-24	-112
Net profit	537	648	2 562
EPS fully diluted after split (NOK)	2.8	3.4	13.3

Cash flow statement

in NOK million

Cash flow from operations

Net capital expenditure

Financial items paid

Free cash flow Industry

Free cash flow Financial Investments

Taxes and dividends paid

Miscellaneous

Self-financing capacity

Expansion investments, industry

Net acquisitions/sales portfolio investments

Net cash flow

	1.1.-30.04.		Year
	1998	1997	1997
Cash flow from operations	967	1 082	4 200
Net capital expenditure	-538	-578	-1 526
Financial items paid	-175	-179	-565
Free cash flow Industry	254	325	2 109
Free cash flow Financial Investments	246	-513	168
Taxes and dividends paid	-491	-277	-999
Miscellaneous	-225	429	762
Self-financing capacity	-216	-36	2 040
Expansion investments, industry	-695	-4 964	-5 935
Net acquisitions/sales portfolio investments	-18	37	-994
Net cash flow	-929	-4 963	-4 889

Balance sheet - some key figures

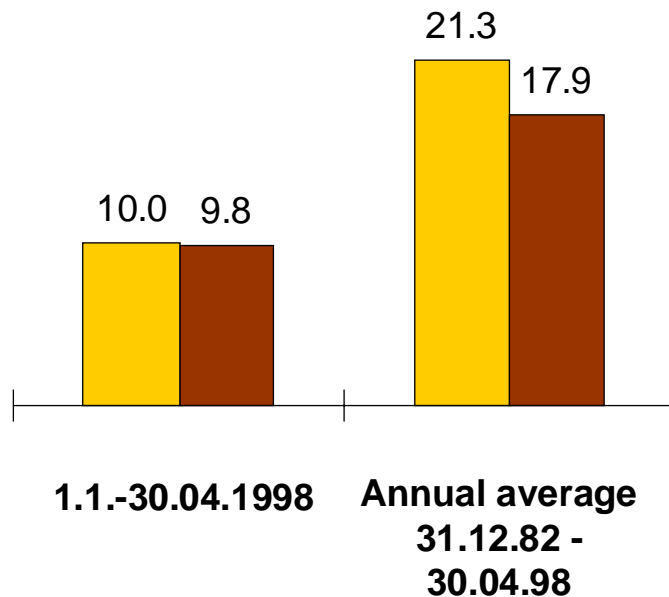
in NOK million

	30.04.98	31.12.97
Portfolio investments	8 728	8 188
Other current assets	8 665	9 042
Long-term assets	20 619	19 635
Total assets	38 012	36 865
Equity to total assets ratio		
- Book	33.3%	32.9%
- Incl. unrealised capital gains before tax	43.9%	42.6%
Net interest-bearing debt	14 596	13 667

Portfolio performance

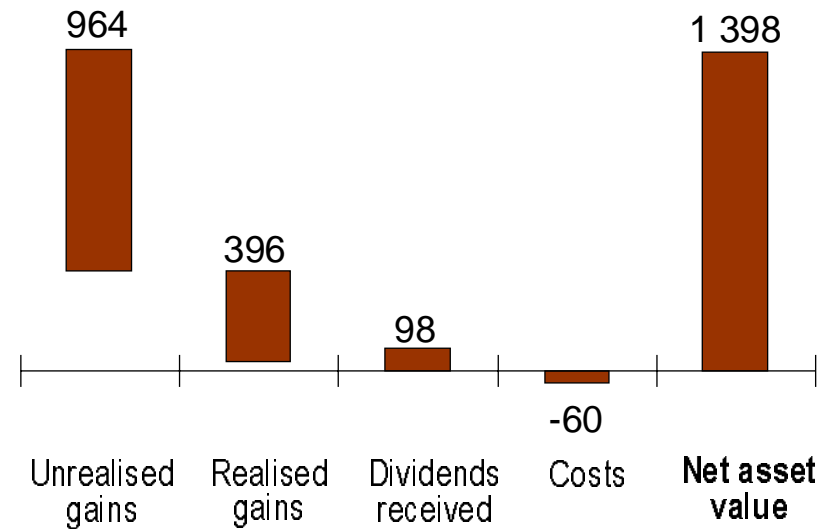
Return %

- Orkla's portfolio
- Oslo Stock Exchange



Value added 1.1.-30.04.1998

in NOK million



Portfolio key figures

in NOK million

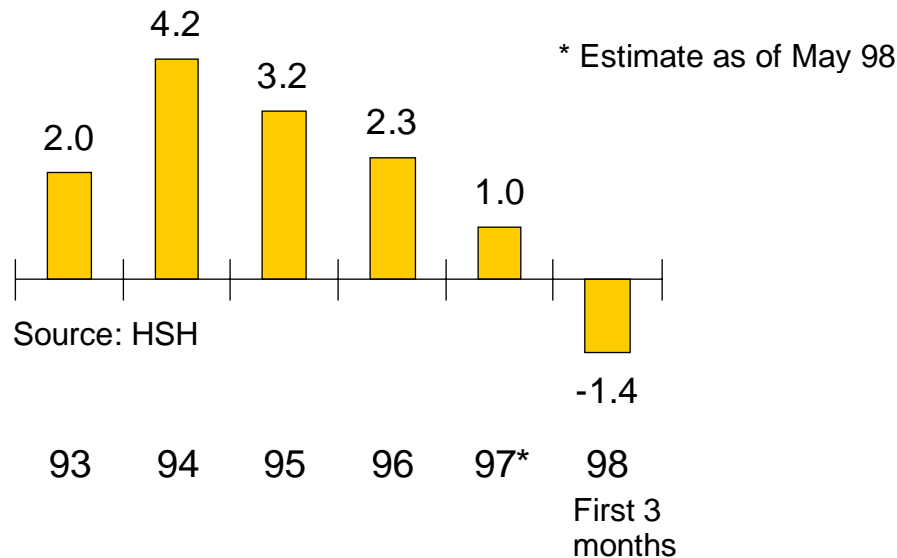
	<u>30.04.98</u>	<u>31.12.97</u>	<u>Change 1998</u>
Market value	15 968	14 410	1 558
Net asset value	12 940	11 542	1 398
Unrealised gains before tax	7 186	6 222	964
Debt to total assets	19%	20%	1%-point

Portfolio 30 April 1998

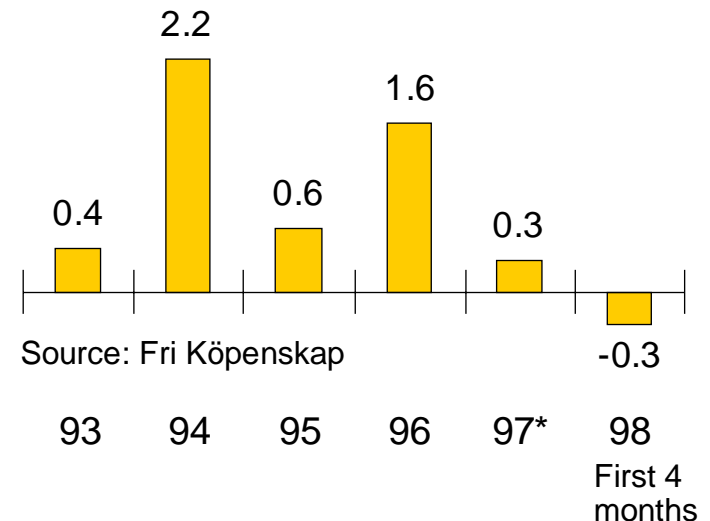
Principal holdings	Industry	Share of equity (%)	Share of portfolio (%)	Market value (NOK million)
Storebrand	Insurance	10.0	15.7	2 485
Elkem	Metals	25.3	8.9	1 410
NetCom	Telecomm.	11.0	6.3	990
Dyno	Chemicals	18.1	4.6	721
Bergesen d.y.	Shipping	3.7	2.8	449
Schibsted	Media	4.1	2.6	407
Lindex	Retailing	9.7	2.4	381
Steen & Strøm Invest	Real estate	9.9	2.2	346
Nycomed Amersham	Pharmaceuticals	1.1	2.2	340
Kværner	Engineering	2.2	2.0	320
Total principal holdings			49.7	7 849

Volume growth for grocery retailing

Norway (%)



Sweden (%)



- Surprisingly weak start of the year
- Anticipate positive annual growth for 1998 overall

Status of the Nordic business

- Familiar challenges - no important new issues
 - Market decline accentuates impact on profit
- Acceleration of ongoing improvement programmes
- Examples
 - Work force reduction due to termination of TCCC-contract
 - Production restructuring: Beer bottling Oslo, Nordic biscuits, snacks Denmark, printing plants
 - Other projects: pizza, vegetables in Sweden, liquid detergents

Slow start in Norway and Sweden

in NOK million	1.1.-30.04		Year
	1998	1997	1997
Operating revenues	3 093	3 126	10 094
Goodwill amortisation	-53	-51	-169
Operating profit*	104	140	655
Operating margin	3.4%	4.5%	6.5%

* Excluding other revenues and costs

- Norway: Market shares maintained, margins decreased
 - Higher raw material costs not fully compensated through price increases
- Sweden: Volumes and market shares under pressure
- Temporary negative effects
- Abba Seafood strengthened or maintained its market positions

Key issues 1998

- Focus on cost control and margin improvement
 - Temporary costs in Norway to be reduced
 - Renewed efforts to improve cost position
- Product development, advertising and promotion speeding up

Orkla Beverages

in NOK million

	1.1.-30.04		Year
	1998	1997	1997
Operating revenues	1 973	2 233	7 656
Goodwill amortisation	-46	-43	-139
Operating profit*	70	73	799
Operating margin	3.6%	3.3%	10.4%

* Excl. other revenues and costs

- Loss of TCCC volumes and weak Nordic beer markets
- Continued strong growth for Baltic Beverages Holding (BBH)

Nordic markets

in NOK million

	1.1.-30.04.98		Year
	1998	1997	1997
Operating revenues	1 486	1 970	6 393
Operating profit*	-36	57	529
Operating margin	-2.4%	2.9%	8.3%

* Before goodwill amortisation and other revenues and costs

- Revenues decreased by 25% due to loss of TCCC revenues
 - Work force reduction in Sweden and Norway implemented as planned
- Beer market down 6% in Sweden and 3% in Norway
 - Increased beer taxes in Norway, continued private imports to Sweden
- Pripps Ringnes in the beer market
 - Improved market share for Ringnes
 - Lower class II volumes for Pripps, maintained position in class III segment
- Continued improvement in market shares for soft drinks in Sweden

Key issues for Nordic business

- Measures to reduce costs
 - Adjust level of fixed costs to lower volumes
 - Implementation of more efficient production structure in Norway
- Improve beer position in Sweden
 - Renewed focus on main brands
 - Product relaunch for class II beer
 - New product launches
- Agreement with PepsiCo for Norway

Agreement with PepsiCo for Norway

- Approx. 70% of current Pepsi volumes taken over 27.04.98
 - Total annual volume approx. 42 million litres
- Pepsi's market share in Norway approx. 11%
- Agreement runs for 20 years + 5 years option
- No positive effect on profits in 1998
- Remaining Pepsi volumes to be taken over by year-end

BBH - Baltic Beverages Holding

in NOK million

	1.1. - 30.04.98		Year
	1998	1997	1997
Operating revenues (50%)	487	263	1 263
Operating profit (50%)	161	66	443
Operating margin	33.1%	25.1%	35.1%
Volume in million litres (100%)	230	134	616

- Strong sales and profit growth due to
 - Volume growth: 3/4 organic and 1/4 from acquisitions
 - Market growth for beer in Russia around 30%
- Total annual volume expected to be 850 - 900 million litres
 - Further capacity increases advanced in time
 - Ownership share 68% in Slavutich. Gradual increase to 68% in Taopin
- Profit expected to grow in line with volume

Orkla Brands

in NOK million

	1.1.-30.04.98		Year
	1998	1997	1997
Operating revenues	1 335	1 344	4 146
Goodwill amortisation	-9	-9	-28
Operating profit*	117	123	458
Operating margin	8.8%	9.2%	11.0%

* Excl. other revenues and costs

- Slight margin reduction for detergents
 - Increased purchase costs and delayed effect from new factory
 - Price reductions for certain products
- Mixed performance for biscuits in Nordic markets
- Improved production structure
 - Restructuring of snacks operation in Denmark
 - New structure for Biscuits completed by end 99



Orkla Media

in NOK million

	1.1.-30.04.98		Year
	1998	1997	1997
Operating revenues	1 011	789	2 569
Goodwill amortisation	-20	-19	-63
Operating profit*	59	69	204
Operating margin	5.8%	8.7%	7.9%
- continuing business at constant exchange rates	5.8%	7.0%	

* Excl. other revenues and costs

- Increased revenues offset by higher costs
 - Increased wage costs for newspapers in Norway
 - Increased paper prices
- Direct Marketing acquisitions consolidated from 1998
- Further expansion in Eastern Europe

Chemicals

in NOK million

	1.1.-30.04.		Year
	1998	1997	1997
Operating revenues	1 933	1 673	5 733
Operating profit*	137	79	324
Operating margin	7.1%	4.7%	5.7%
- continuing business at constant exchange rates	7.1%	6.8%	

* Excluding other revenues and costs

- Advances for Specialty and Fine Chemicals
- Strong crushing and fish oil margins for Ingredients
- Weaker outlook for remainder of 1998

Earnings per share fully diluted after split

in NOK

Actual booked numbers

Excl. non-recurring items and goodwill amortisation

■ Annual
■ 4 months

