Press release

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Strategic positions strengthened – profit affected by accounting write-downs

Orkla's operating revenues totalled NOK 65.6 billion in 2008 (up from NOK 61.4 billion in 2007). Operating profit[1] (EBITA) ended at NOK 4.2 billion (NOK 4.8 billion[2]), while pre-tax profit amounted to NOK -2.0 billion (NOK +9.8 billion), mainly due to accounting write-downs on the Share Portfolio. Fourth-quarter operating revenues amounted to NOK 16.5 billion (NOK 17.5 billion), and EBITA was NOK 998 million (NOK 1.2 billion).

In line with Orkla's dividend strategy, the Board of Directors proposes an ordinary dividend of NOK 2.25 per share for 2008, the same amount as the year before.

"At the start of 2009 the economic operating parameters are very weak. The international financial crisis is exacerbating a global slowdown in the real economy. Orkla companies will be affected by lower economic growth to varying degrees, and will respond to these challenges with appropriate countermeasures. Vigorous steps have been taken in the business areas to adapt cost bases and production capacity to lower demand and reduced volume growth," says President and CEO Dag J. Opedal.

Particular attention will be focused on ensuring a satisfactory cash flow. This will entail strict management of use of capital within the Group and higher ambitions with regard to cost productivity.

"Orkla is well equipped to meet these challenges. The companies in the Group have solid market positions, and refinancing needs are limited in 2009 and 2010," says Mr Opedal.

In 2008 active strategic moves were carried out that are advancing Orkla's positions or involve restructuring. Orkla is taking over Alcoa's ownership interest in Sapa Profiles, thereby becoming sole owner, while Alcoa is taking over Orkla's stake in Elkem Aluminium. This swap will simplify the structure of the Orkla Group and give it strategic control of Sapa.

REC continued to upgrade its facilities in terms of both technology and capacity. Elkem Solar's factory in Kristiansand was mechanically completed and production will start up in the course of 2009.

Orkla sold its interest in Hjemmet Mortensen, thereby concluding its involvement in the printed media sector. A decision was made to close down Borregaard's cellulose business in Switzerland. Orkla Brands' operations in Eastern Europe were restructured.

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[1] Before amortisation, write-downs on Sapa Profiles' inventories and restructuring and significant impairment charges

[2] Figures in brackets are for the corresponding period of the previous year

THE GROUP'S CONDENSED INCOME STATEMENT

	1.1. – 31.12.		1.10. – 31.12.	
Amount in NOK million	**2008**	2007	**2008**	2007
Operating revenue	**65,579**	61,417	**16,492**	17,514
Operating expenditures	**(59,336)**	(54,727)	**(14,929)**	(15,813)
Depreciation and impairment charges on tangible	**(2,003)**	(1,865)	**(565)**	(495)
Amortisation of intangible assets	**(228)**	(220)	**(70)**	(61)
Write-down of inventory in Sapa Profiles	**(372)**	-	**(372)**	-
Restructuring and substantial impairments	**(1,282)**	(814)	**(1,248)**	(385)
Operating profit	**2,358**	3,791	**(692)**	760
Profit/loss from associates	**2,189**	848	**284**	5
Dividends	**473**	1,076	**16**	357
Gains, losses and write-downs in the Share Portfolio	**(6,043)**	3,627	**(3,537)**	337
Financial items, net	**(992)**	424	**(446)**	(210)
Profit/loss before tax	**(2,015)**	9,766	**(4,375)**	1,249
Tax expenses	**(895)**	(1,532)	**57**	(202)
Profit/loss for the accounting period	**(2,910)**	8,234	**(4,318)**	1,047
Discontinued operations	**(55)**	211	**(101)**	13
Profit/loss for the year	**(2,965)**	8,445	**(4,419)**	1,060
Minority interest's share of the profit/loss for the	**(137)**	46	**(268)**	(50)
Majority interest's share of the profit/loss for the	**(2,828)**	8,399	**(4,151)**	1,110
Profit/loss before tax, the Industry division	**3,356**	4,286	**(786)**	396
Profit/loss before tax, Orkla Financial Investments	**(5,371)**	5,480	**(3,589)**	853

EARNINGS PER SHARE

	1.1. – 31.12.		1.10. – 31.12.	
Amount in NOK	**2008**	2007	**2008**	2007
Earnings per share	**(2.8)**	8.2	**(4.1)**	1.1
Earnings per share (diluted)	**(2.8)**	8.1	**(4.1)**	1.1
Earnings per share (diluted)[1]	**(1.1)**	8.8	**(2.5)**	1.5

[1] Excl. amortisation, write-down of inventory in Sapa Profiles, restructuring, significant impairments and discontinued operations.

More facts and background information at www.orkla.com.
Here you will also find the Orkla logo, pictures of the management group and other illustrations.