ORKLA

Investor presentation
The Orkla group

August 2010

Agenda

- Key Group figures 2009
- Financial performance
- Strategic direction
  - Flexible business portfolio
  - Competence to realise opportunities
  - Financial flexibility
- Orkla's leading positions
  - Orkla Brands incl. Jotun
  - Orkla Aluminium Solutions
  - Orkla Materials
  - Orkla Financial Investments
- Solar energy
  - Orkla's exposure to solar energy
  - Elkem Solar
  - REC

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Klikk for å redigere tekststiler i malen

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Orkla Brands

- Foods Nordic
- Brands Nordic
- Brands International
- Food Ingredients

Revenues	23 046
EBITA	2 793

Orkla Aluminium Solutions

- Sapa AB
- Heat Transfer
- Building System

Revenues	20 803
EBITA	-344

Orkla Materials

Elkem

Borregaard

Revenues	11 317
EBITA	436

Orkla Associates*

REC

Revenues	9 156
EBITDA	1 741

JOTUN

Revenues	11 219
EBIT	1 157

* Orkla owns approximately 40% in REC & Jotun. Figures are on a 100 % basis.

Orkla Financial Investments

- Share Portfolio Market value: 11 037*
- Real Estate

Orkla Finans

EBITA	-85

* 31 Dec. 2009

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Key facts 2009

Established: 1654

Business Areas: 5

- Orkla Brands
- Orkla Aluminium Solutions
- Orkla Materials
- Orkla Associates
- Orkla Financial Investments

Operating Revenues: NOK 56.2 billion

- Norway: 21%
- Other Nordics: 22%
- Central & Eastern Europe: 9%
- Rest of Europe 27%
- Asia 8%
- America/Rest of World: 14%

Shareholders: 48,000

EBITA: NOK 2.4 billion

Employees: 30,000

Market Value: NOK 50 billion *

* 26 August 2010

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Financial Performance

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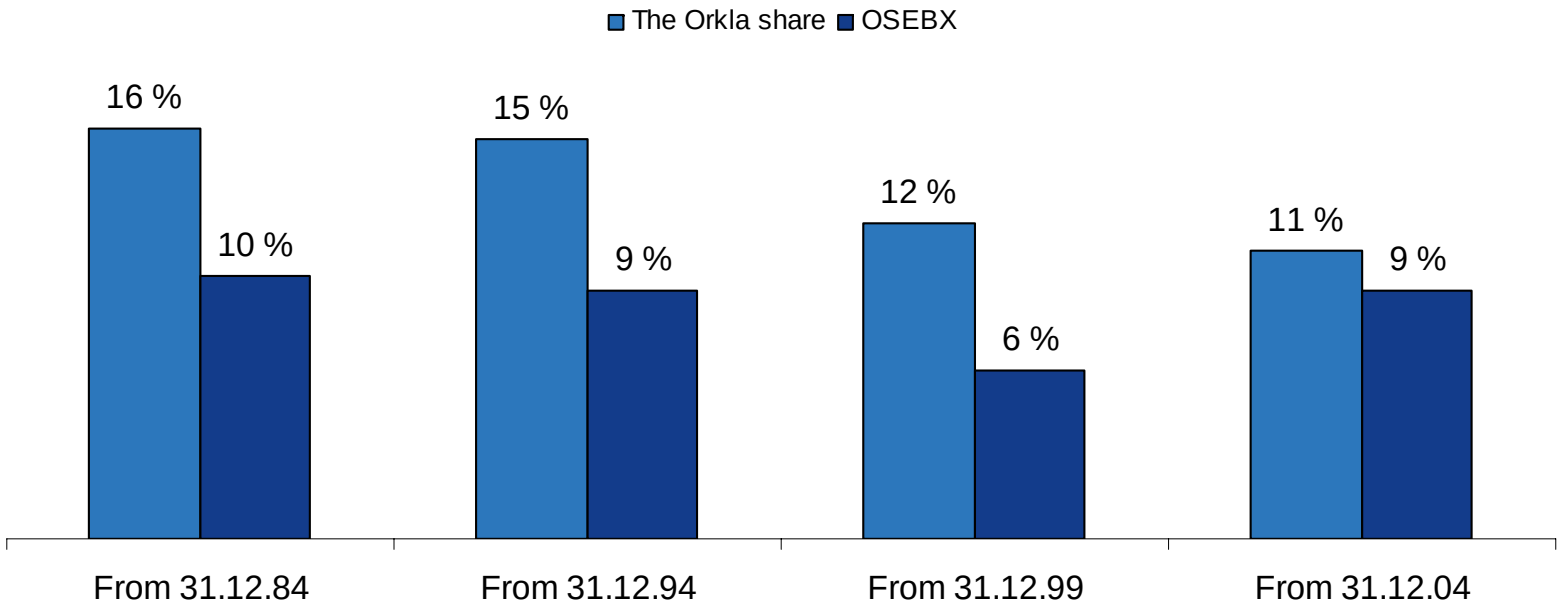
Orkla's long-term business model has worked

16 % compounded annual return last 25 years*



* Based on share price year-end 2009, dividend reinvested

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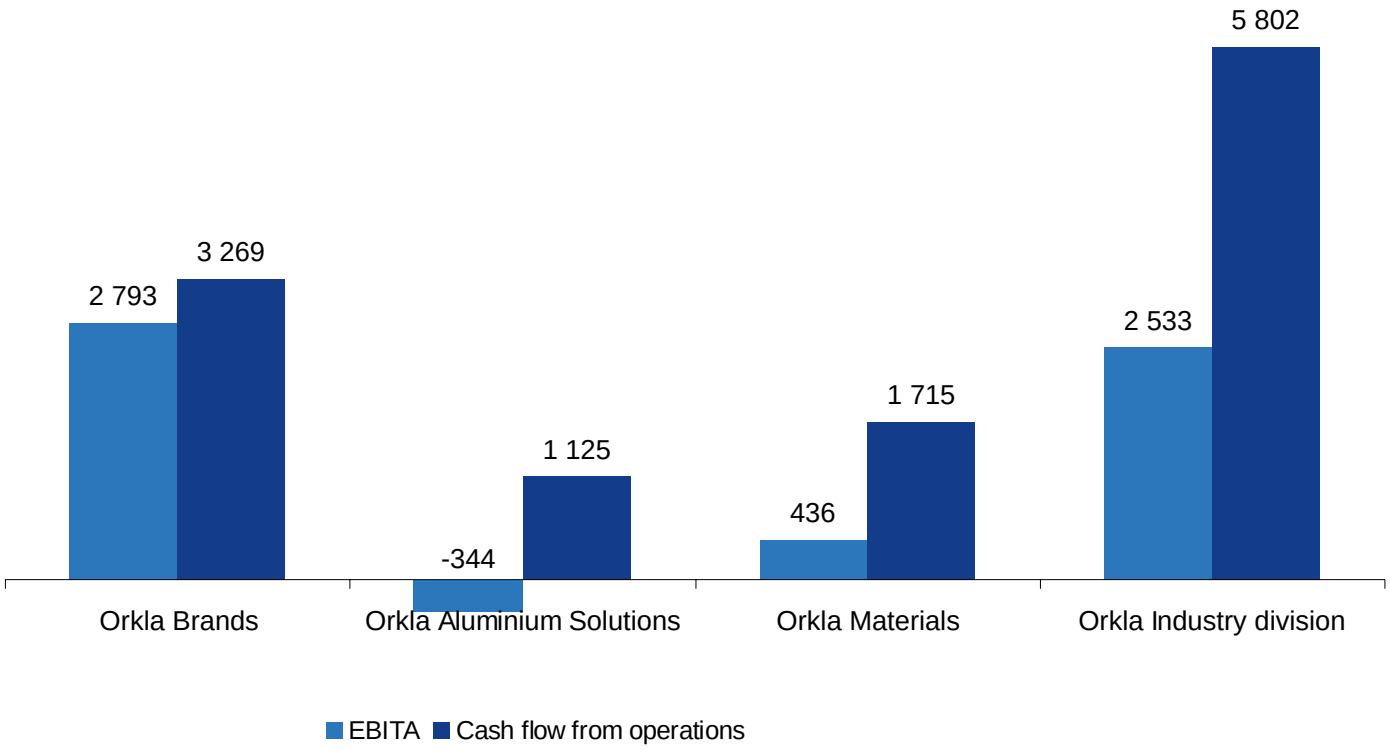
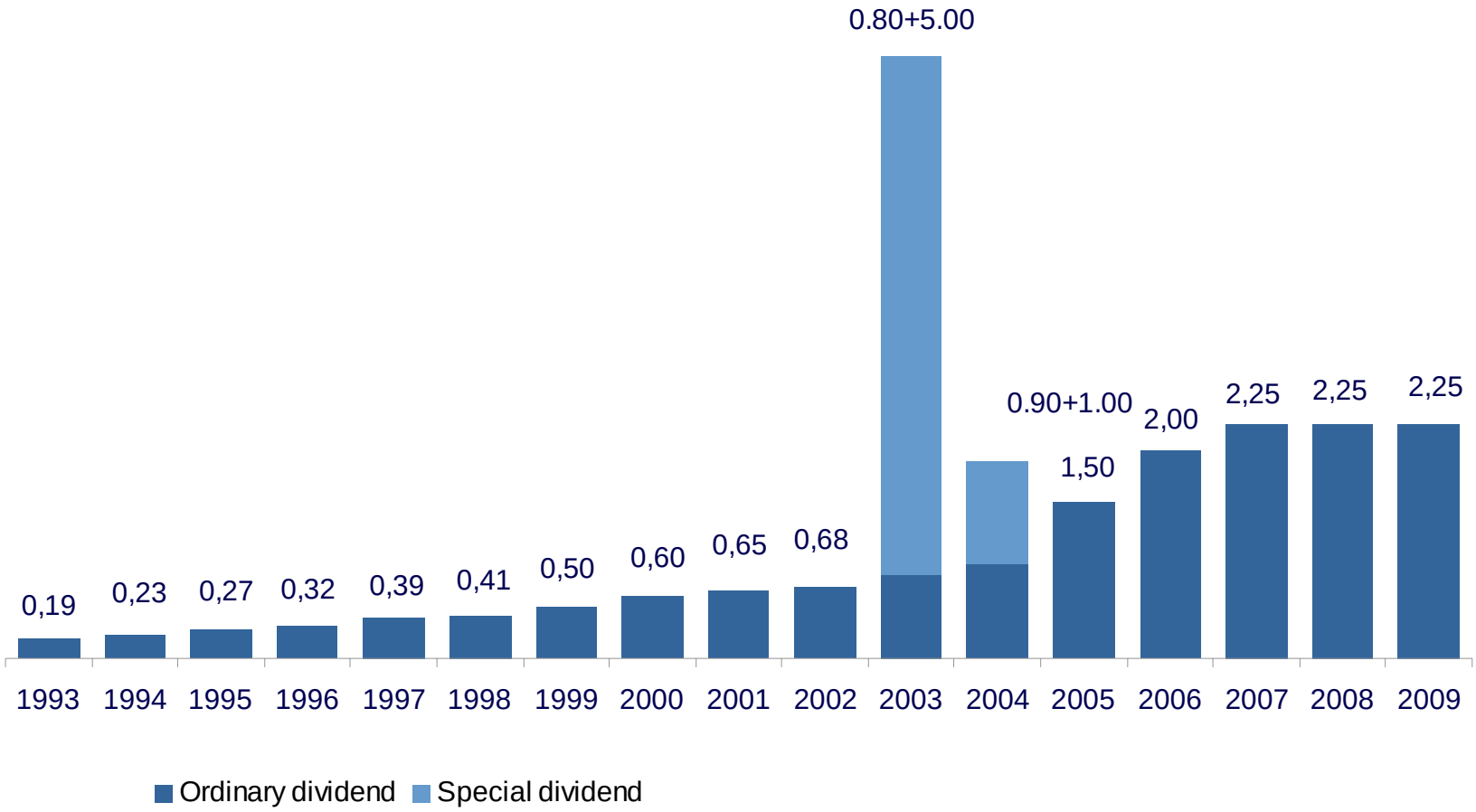
Cash flow from operations exceeded EBITA for all business areas in 2009



Dividend strategy- predictability and stability



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Strategic direction

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Driving value today and tomorrow

Flexible business portfolio

- Ability to create more opportunities
- Ability to acquire and sell businesses within markets of different cyclicality and businesses in different phases
- Strategic and financial flexibility

Competence to realise opportunities

Financial flexibility

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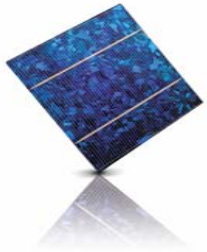
A broad portfolio creates strategic flexibility

Orkla's frontier of opportunities

Orkla Brands

Aluminium Solutions

Solar Energy



Materials

Financial Investments

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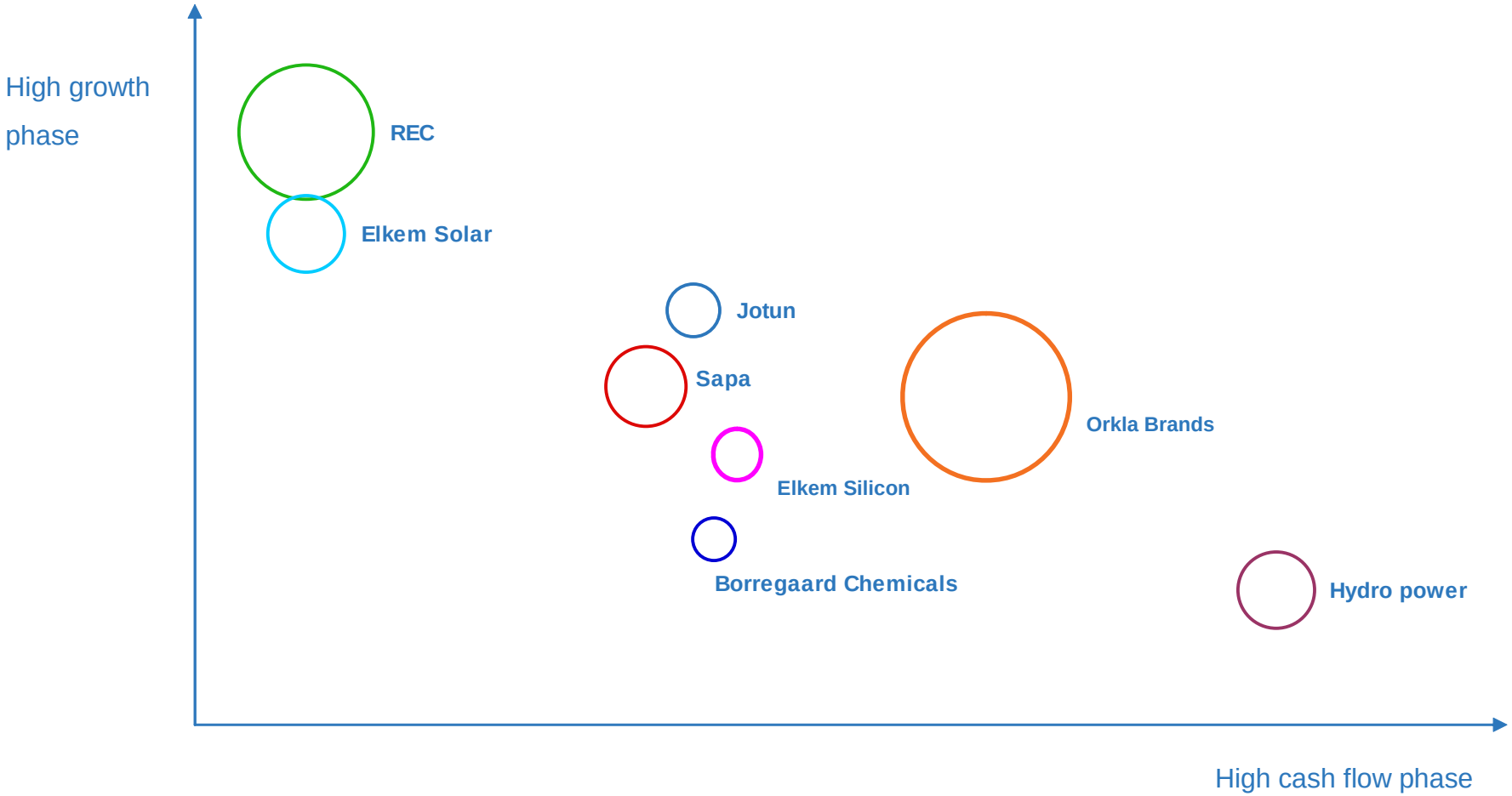
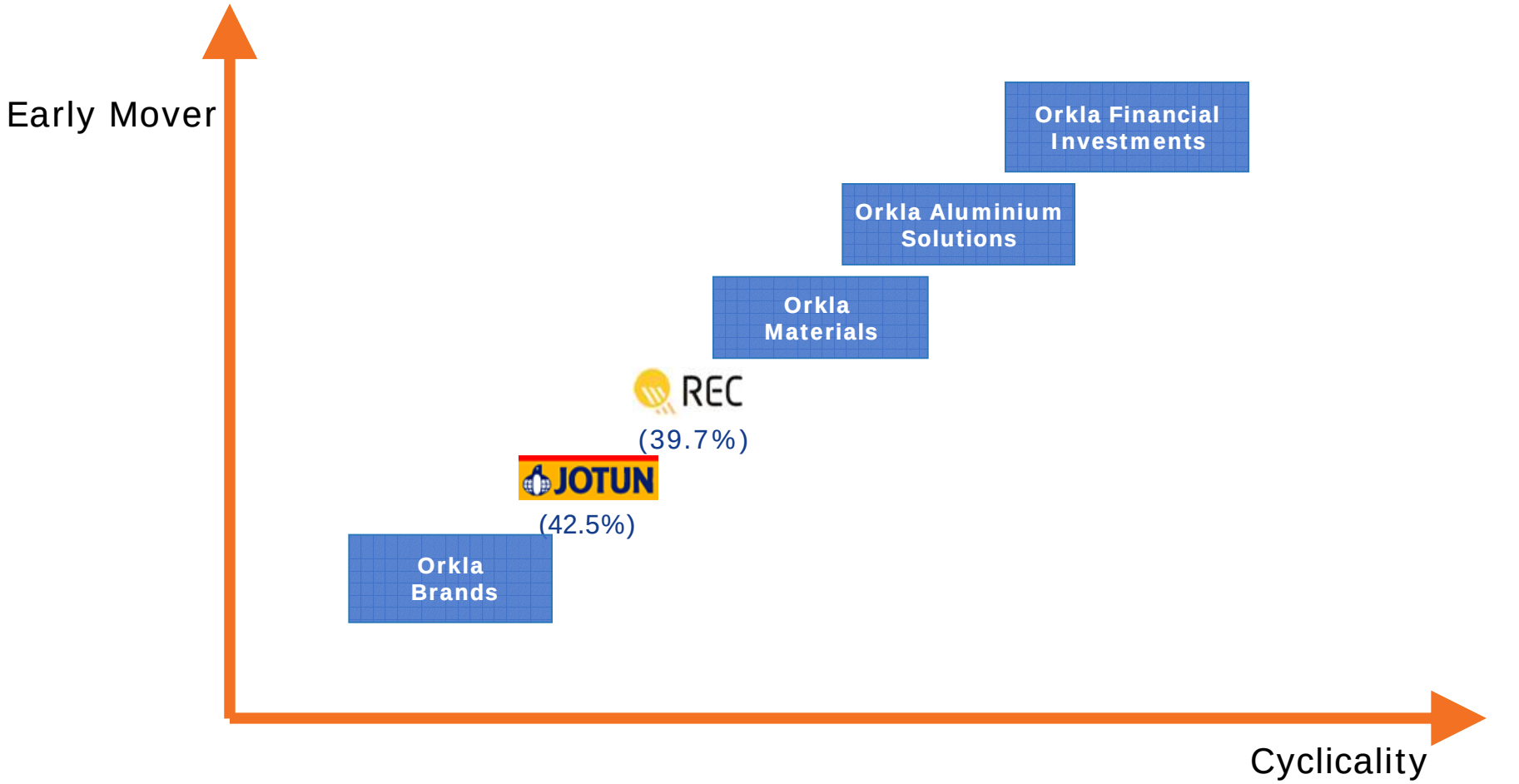
Orkla operates in markets of different cyclicality and businesses in different phases



Orkla operates in markets of different cyclicality and phases in the cycle



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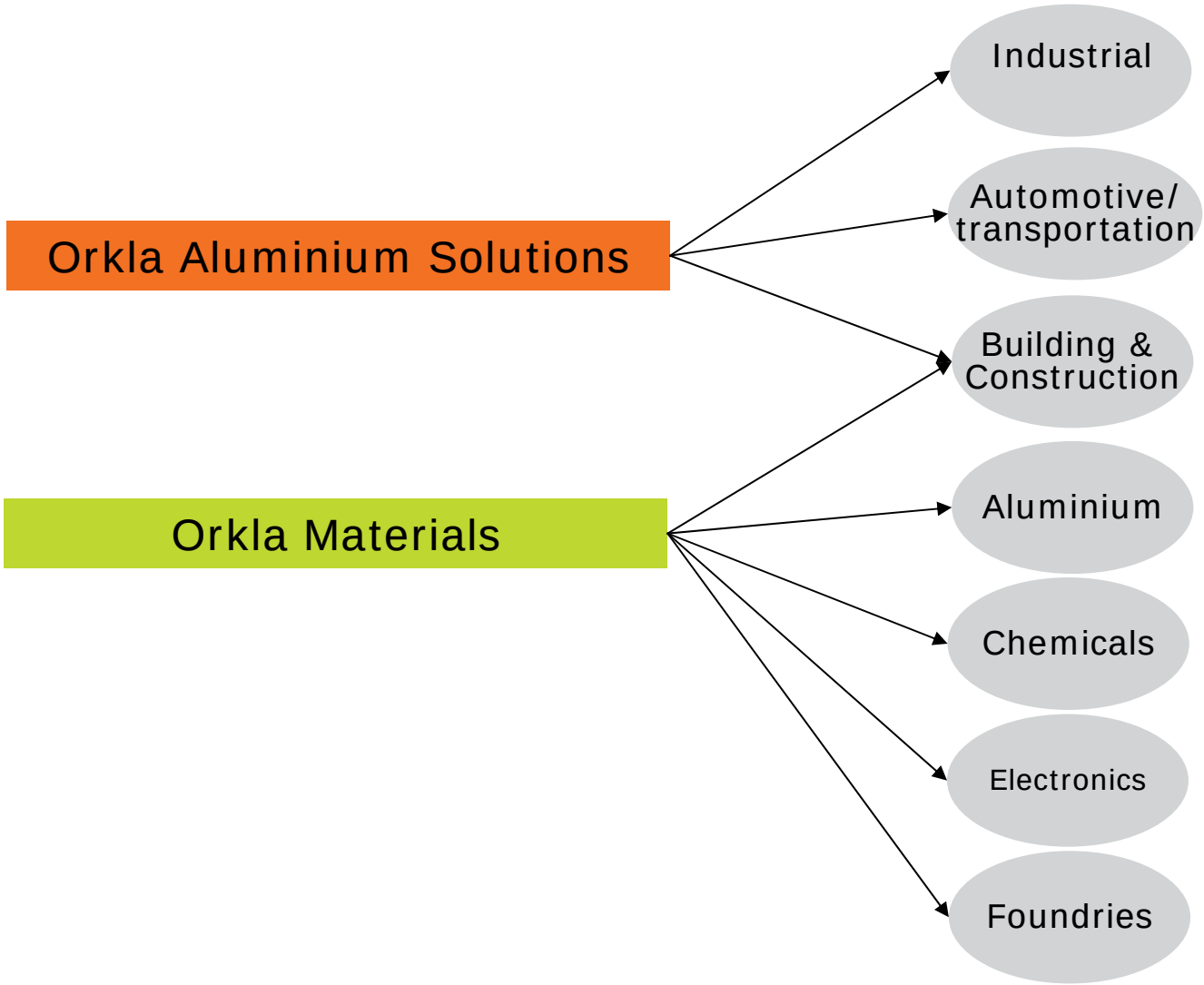
Orkla Aluminium Solutions and Materials exposed to cyclical segments



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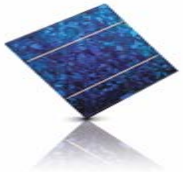
Orkla's competitive positioning

Brands

✓ Strong Nordic market position (80 % from no 1 positions)

Aluminium Solutions

✓ A leading position in a fragmented industry, gives structural and operational opportunities (from profiles to solutions)



Solar Energy
- Elkem Solar
- REC (39.7 %)

✓ Technological frontrunner in production of solar grade silicon (cost-leader)
✓ The world largest most integrated solar company which control its own silicon production

Materials
- Elkem Silicon
- Borregaard

✓ Leading company of silicon metal and materials based on know-how and R&D
✓ Leading producer of speciality wood based chemicals with the ability to differentiate products

Financial Investments

✓ Share portfolio exposed to the Nordic market were Orkla has industrial competence and relations

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Orkla's success criteria:
Strategic and financial flexibility

- **Ability to establish new platforms and assume calculated risks**
  - Orkla seeks 100% ownership of key competencies in all models (full ownership, holding ~20-50% and investment <20%)
  - Proof point: Acquisition of Elkem
- **Ability to realise / reallocate when that is expected to create the most value**
  - Do to the broad portfolio Orkla has the flexibility to acquire and sell businesses in different phases within markets of different cyclicality
  - Proof point: Sale of the printed media business – investing into solar energy
- **Ability to develop industrial processes and systems**
  - Transfer competence to realize the potential within each business
  - Proof point: Sapa growth story (structural- and operational development)

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Driving value today and tomorrow

Flexible business portfolio

Competence to realise opportunities

Financial flexibility

- Leveraging synergies of financial and industrial competence
- Ability to transfer competence between business areas
- Strong track record of value creation through M&A, divestments and cost management

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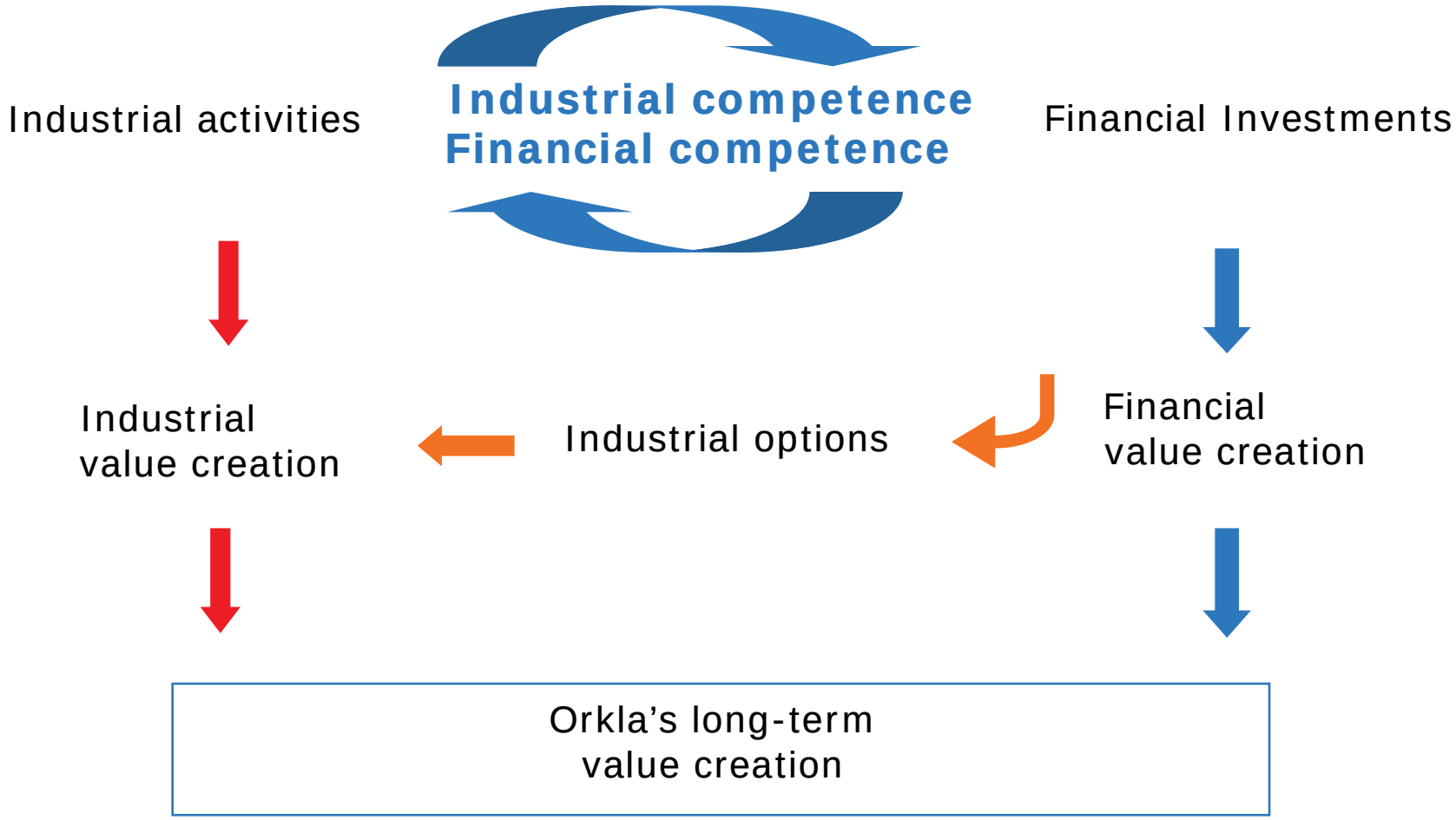
Orkla leveraging industrial and financial competence



Financial competence has created significant value

Financial Investments

Industrial options

- Largest industrial positions in Orkla today, all started as financial investments

Financial value creation

- 15% compounded annual return last 25 years

Realised gain in NOK:
- Netcome (2.4 billion)
- Storebrand (2.5 billion)
- Nokia (950 million)

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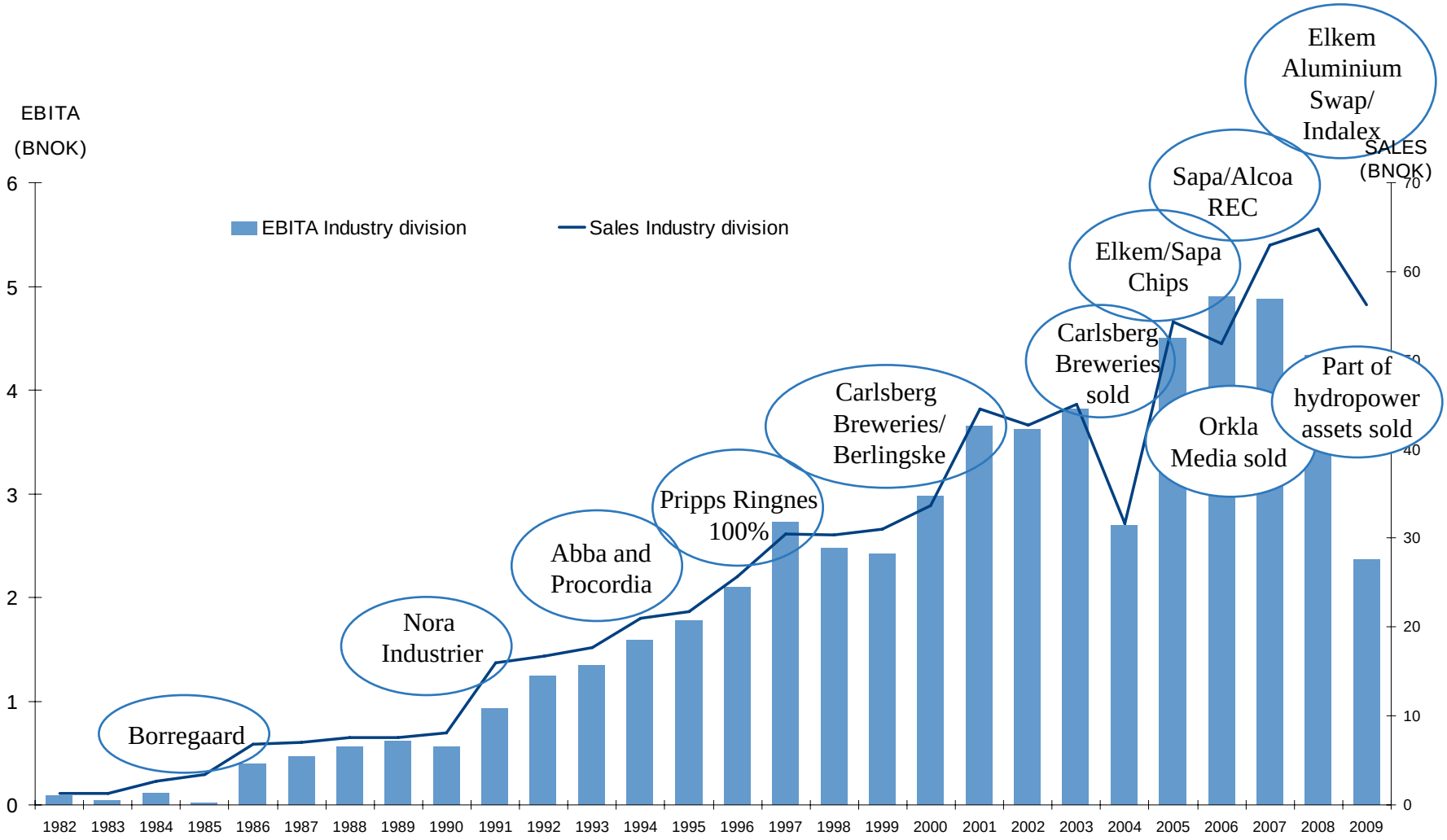
Growth through M&A



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Value creation through cost management

- Strong synergies between all business areas when it comes to techniques and projects for efficiency programmes
- Flexible cost management strongly linked to changes in demand

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Driving value today and tomorrow

Flexible business portfolio

Competence to realise opportunities

Financial flexibility

- Unutilised committed credit facilities cover instalments
- Large share of cash flow from less cyclical area
- Robust balance sheet and net gearing
- Tight cash management and disciplined allocation of capital

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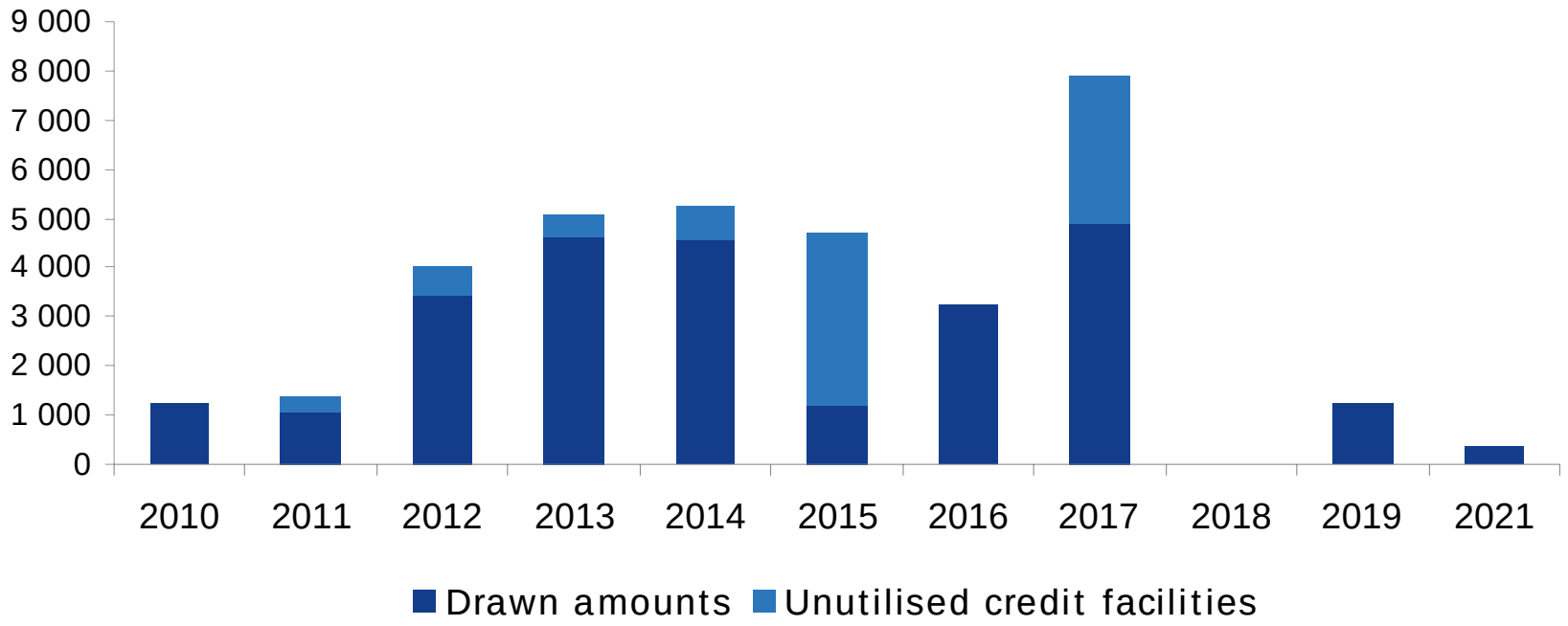
Debt maturity profile as of Q2-10

- No financial covenants and only bilateral agreements with banks
- Average maturity 4.7 years

NOK million



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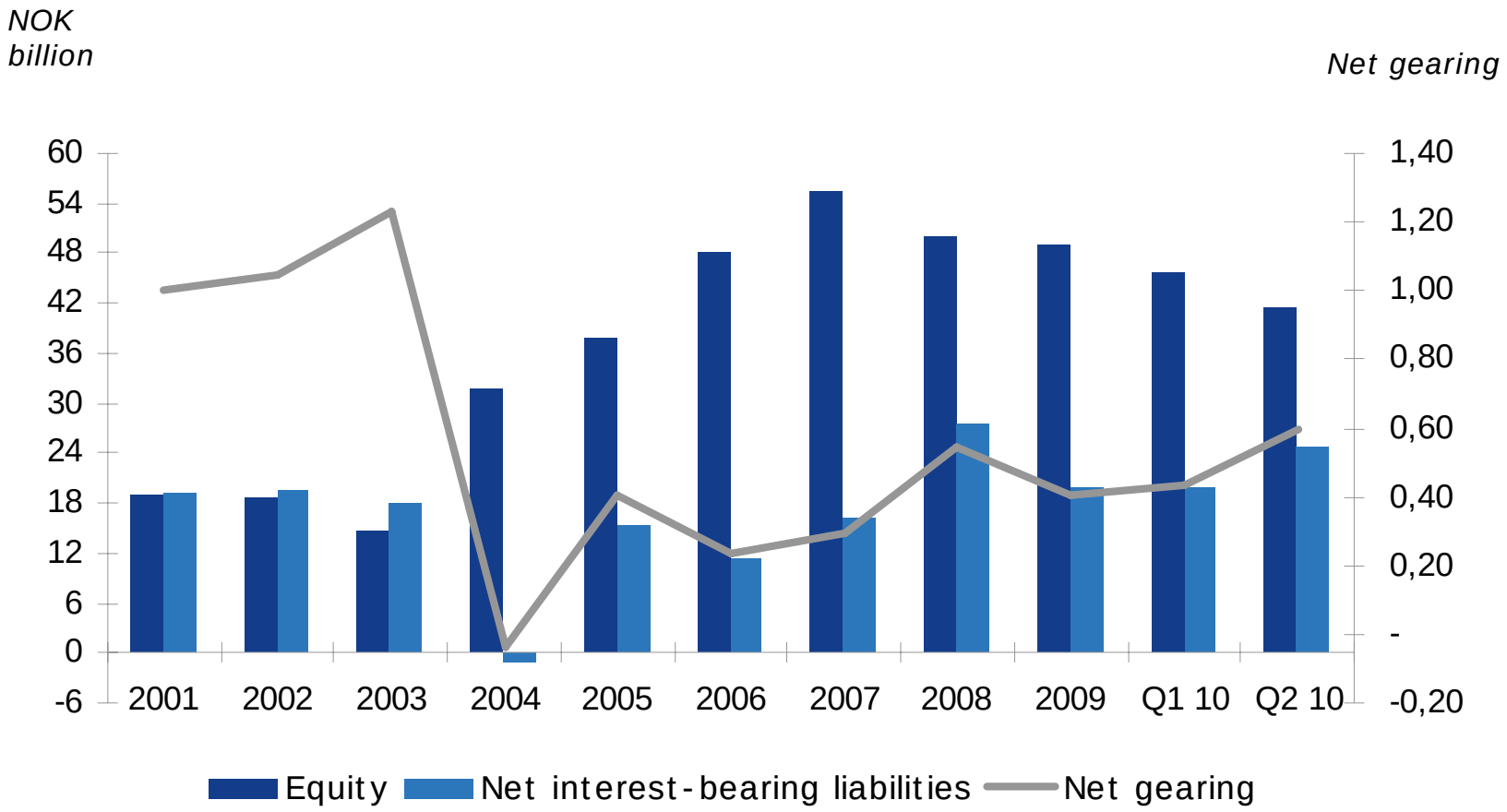
Net gearing 0.6 as of Q2-10



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Disciplined allocation of capital

- Allocation of capital to shareholders
  - Dividend strategy focuses on predictability and stability with steady year-on-year dividend increase
  - Share buy backs aim at supplementing dividend at times when Orkla's share price is considered favourable

- Allocation of capital to "best" projects
  - Expected return above pre-tax WACC 10.5%
  - Within prioritised geography/product areas
  - Differentiated products with potential for market leadership
  - List of value-adding actions in areas where Orkla has credible execution capacity in the local market

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Strategic and financial flexibility with a broad portfolio

- Orkla's long term business model has worked – 16% compounded annual return last 25 years
- With a flexible business portfolio Orkla has ability to create opportunities
- Orkla has a unique combination of industrial and financial competence to realize opportunities
- Strong balance sheet and stable cash flow from less cyclical businesses gives financial flexibility

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Orkla's leading positions

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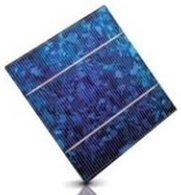
The Orkla Group - leading positions



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Brands	Aluminium Solutions	Solar Energy	Materials	Financial Investments
The leading Nordic FMCG company – 80% of revenues from #1 brands Organic and acquisitive growth in the Nordics, Baltics, Russia and India 42.5% in Jotun, a leading paint and coatings company in selected segments	The world's largest aluminium extrusion company Market leader in Europe and North America The world's leading producer of strip for heat exchangers to the automotive industry One of the three largest suppliers of profile-based building systems in Europe	39.7% in REC, global #1 in solar grade silicon and also #2 globally in multi-crystalline silicon wafers, together with substantial downstream activities Technological frontrunner in production of solar grade silicon REC – chemical/FBR Elkem Solar –metallurgical	Leading global producer of silicon metals and wood based chemicals Hydropower production	One of the largest privately held Nordic equity portfolios Property development activities Financial services Energy trading
ORKLA Brands JOTUN	sapa:	REC Elkem	Elkem Borregaard	ORKLA Orkla Finans

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Orkla Brands

Orkla Foods Nordic
Orkla Brands Nordic
Orkla Brands International
Orkla Food Ingredients

Key messages

- Strong market positions deliver steady growth and a stable cash flow
- Growth strategy; a combination of organic growth and M&A
- The Multi-Local Model has proven its strengths and will form the basis for future strategy

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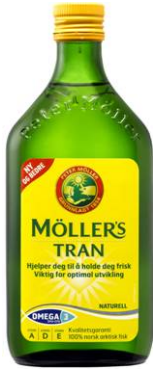
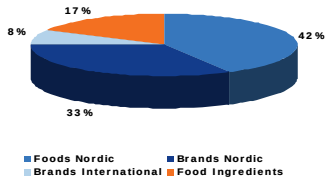
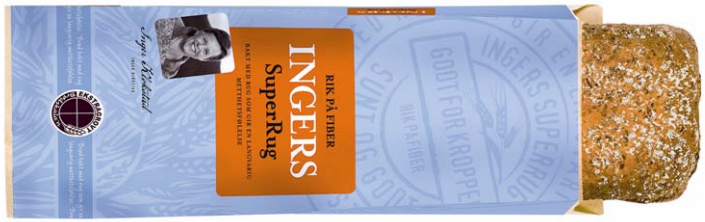
Orkla Brands

- Leading supplier of branded consumer goods and concept solutions, primarily to the Nordic market
- Strong market positions with 80% of sales from No. 1 positions
- Comprises several segments within foods, detergents, personal care e.g.
- Strong local positions in Russia and India
- Important supplier of ingredients to the European bakery market







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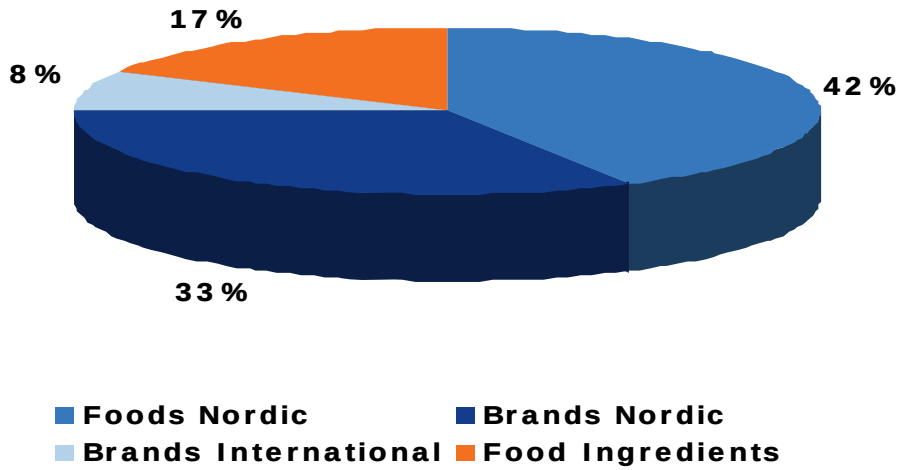
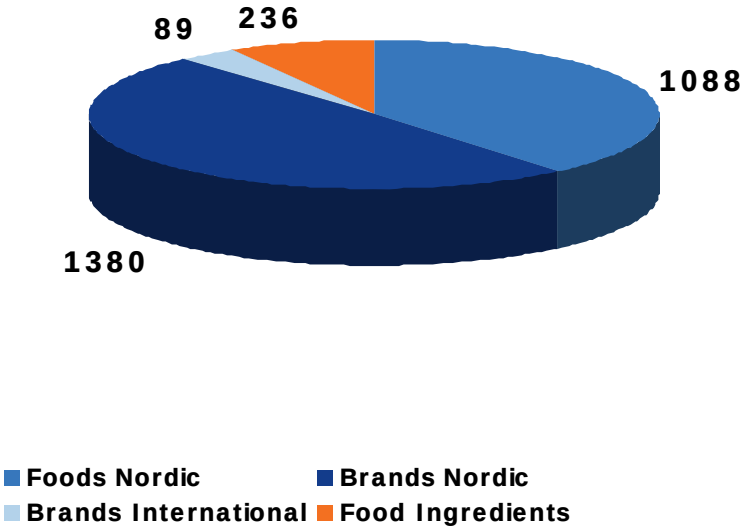
80 % of turnover from No. 1 positions

Operating revenues and EBITA 2009

Operating revenues per area



EBITA per area



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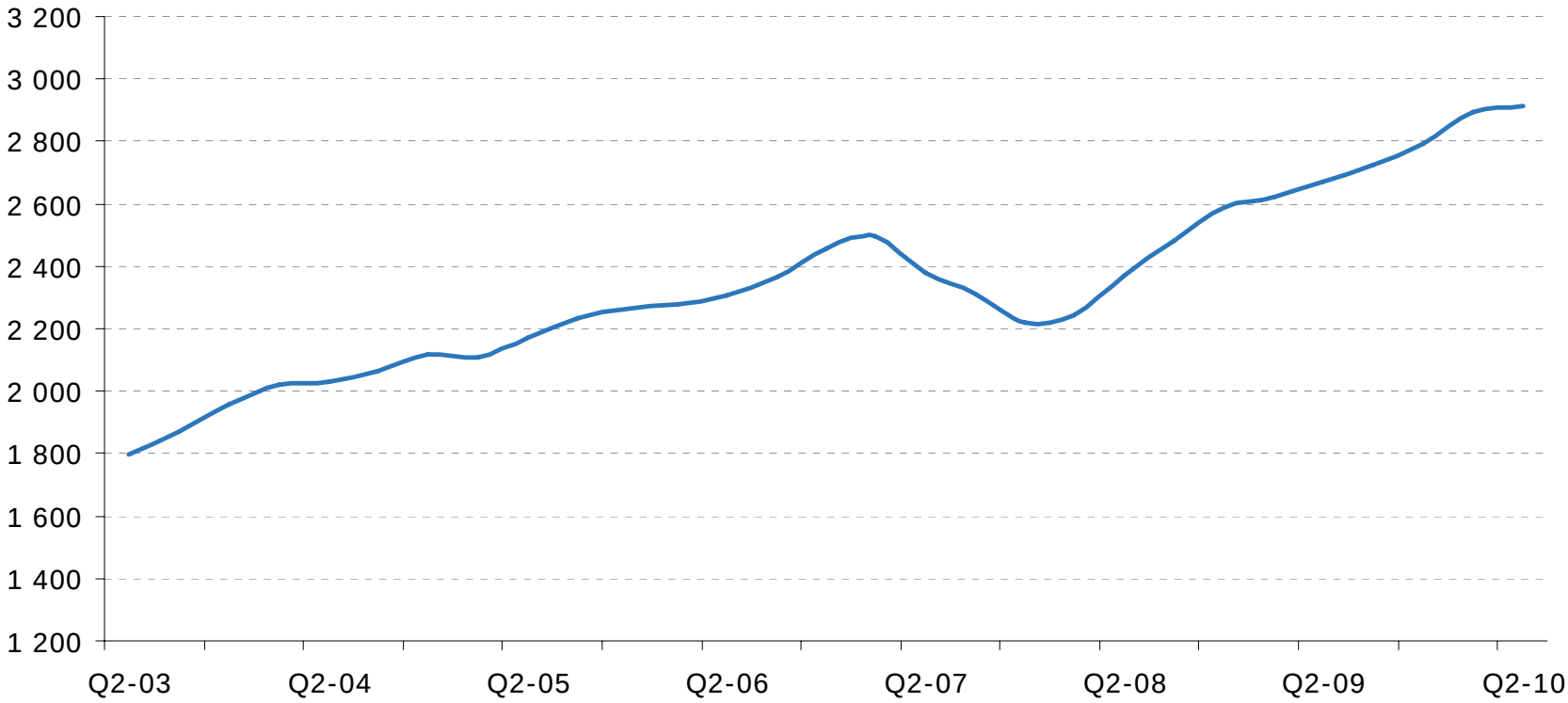
Stable long-term profit trend

12 months rolling EBITA



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Broad based improvements for Orkla Brands in 2009

- Improved operating profit
  - EBITA + 8% compared with 2008
  - EBITA margin + 1.0%-point
- Pressure on top line due to demanding market conditions
- Strong cash flow from operations, NOK 3.3 billion vs. NOK 2.4 billion in 2008
- Minor acquisitions and add-ons in limited M&A markets

Amounts in NOK million

Operating revenues	2009	2008	Change
Orkla Brands	**23 046**	**23 398**	-2 %
Orkla Foods Nordic	9 754	9 913	-2 %
Orkla Brands Nordic	7 722	7 719	0 %
Orkla Brands International	1 939	2 440	-21 %
Orkla Food Ingredients	3 966	3 670	8 %
Eliminations Orkla Brands	- 335	- 344	

Operating profit - EBITA			
Orkla Brands	**2 793**	**2 590**	8 %
Orkla Foods Nordic	1 088	1 050	4 %
Orkla Brands Nordic	1 380	1 324	4 %
Orkla Brands International	89	5	1680 %
Orkla Food Ingredients	236	211	12 %
EBITA margin (%)	**12,1**	**11,1**	

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Characteristics of main competitors

- International or global
- Centrally led operations
- Selling the same products (brands) across the globe
- Pursuing a “race for scale” across the value chain
- Far bigger than our own operations
- Very professional
- Locally: “Go to market” organisations and capabilities

→ Local **recipients** of central development and sourcing

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Examples of main competitors

Categories	Competitors
Detergents	P&G, Reckitt Benckiser, Colgate-Palmolive, Sara Lee
Personal Care	P&G, Colgate-Palmolive, L'Oréal
Biscuits	Kraft Foods
Confectionery	Kraft Foods
Dietary Supplements	Midelfart Sonesson, Cederroth
Textiles	H&M, Lindex
Snacks	Maarud/Estrella
Frozen pizza	Dr. Oetker, Wagner
Ketchup	Heinz
Dressings	Mills, Heinz, Unilever, Kraft Foods
Preserved vegetables	Mainly local
Jam/Marmalade	Mainly local
Caviar (cod roe spread)	Mills, Kavli, Private Label

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Brand's competitive positioning

- ✓ Strong positions
  - ✓ Strong consumer loyalty to our brands
  - ✓ Nearness to customers and the ability to be flexible and fast
  - ✓ Strong, preferred position and scale in trade and media
- ✓ Preferred position in the retail trade
  - ✓ Approx. 300 sales personnel out in the "field" every day
- ✓ Building a sustainable company winner culture through identity, continuity and passion
- ✓ Superior local consumer insight as a base for stronger innovation track record
- ✓ Attractive buyer of locally based businesses
- ✓ Multi-local model with strong innovation capability and continuous improvement culture

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Examples of successful brands

Brand	Market	Market share	Pos.	# years	Main competitors
GRANDIOSA	N	51%	1	29	Dr. Oetker 15%
DEFINE	N	24%	1	8	Elvital 15% Studio Line 6%
Jif	N	40%	1	21	Ajax 8% Swiffer 2%
KALLES	S	54%	1	55	Kavli 2% Private Label 19%

Source: ACNielsen

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Orkla Brand's success criteria:
A multi-local model

Orkla Brands bases its activities on a multi-local model:

- ✓ Value creation and local management
  - ✓Proof point: Russian confectionary company, Krupskaya
- ✓ Insight and innovation
  - ✓ Powerful innovation is possible do to deep insight into local consumer and customer needs
  - ✓ Develop its leading positions locally in constant, direct competition with international brands
  - ✓ Proof point: Grandiosa pizza
- ✓ Synergies and the spread of best practises
  - ✓ Established cost-effective support function:
    - Corporate Development Marketing & Sales
    - Orkla Brands Purchasing
    - Food safety

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Orkla Brands' goals and strategy

Goals

- Achieve high, durable value creation by delivering products that consumers and retailers "can't do without"
- Achieve growth both by increasing revenues in existing businesses and through acquisition
  - This growth will primarily take place in the markets in which Orkla Brands currently operates
- Focus continuously on cost-effectiveness throughout the value chain

Strategy

- Strong leadership and competitive power through high energy, clear ambitions, strategic direction, concrete growth plans and synergy realisation
- Build on multi-local model -> strive to have local management and deep consumer insight but achieve operational synergies across companies/borders
- Acquisitions primarily to strengthen local positions in the markets we currently operate

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Associated Company:

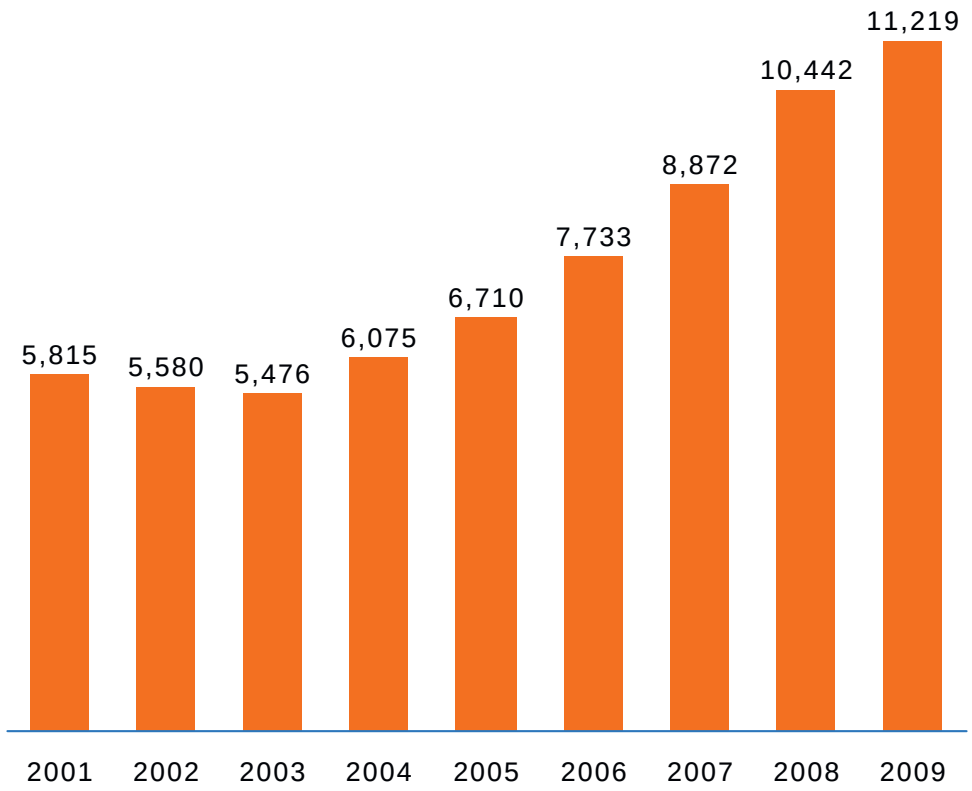
Jotun - long term value creation

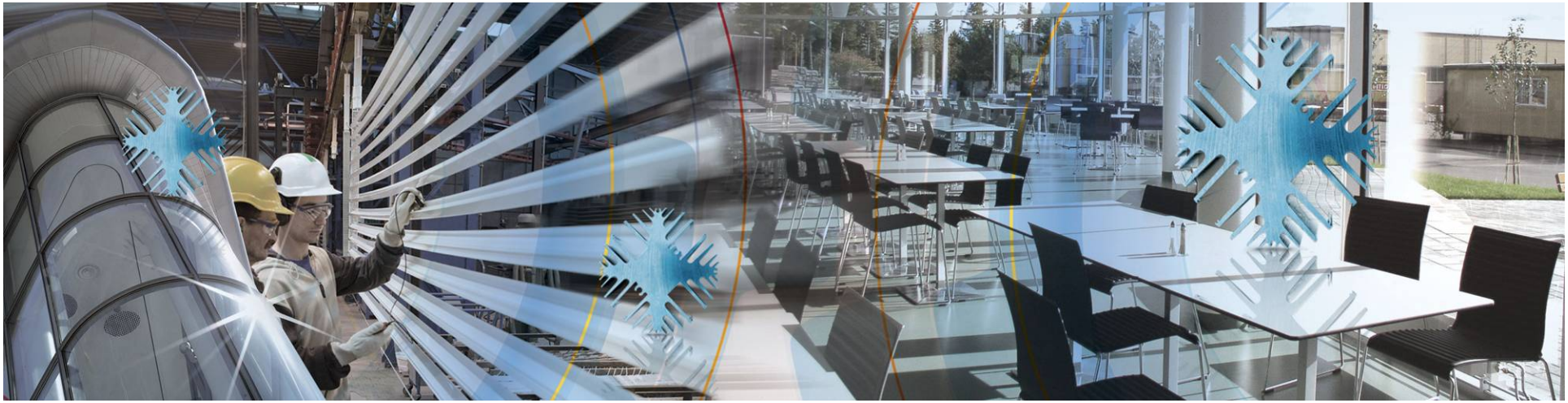
- Orkla's ownership: 42.5%
  - Reported as an associated company
  - Orkla seeks 100% ownership of key competences in all ownership models
- One of the world's leading manufacturers of paints and coatings
  - Decorative paints (36%), Marine coatings (36%), Protective coatings (20%), Powder Coatings (8%)
- Represented on all continents via subsidiaries and JV
- Revenues 2009: NOK 11 219 million
- EBIT 2009: NOK 1 157 million

For more information see www.jotun.com

Jotun (42.5%) – Sales development

Sales (including shares in joint ventures)
Figures in NOK million





Aluminium Solutions

Sapa Profiles
Sapa Heat Transfer & Building System

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The Sapa growth story

Sapa sales 1999
10.5 bn. NOK

Sapa sales 2009
20.8 bn. NOK

- Elkem acquires 74% of Sapa for 4.0 bn NOK
- Orkla acquires remaining 26% for 1.6 bn NOK
- Merger of Sapa Profiles and Alcoa Extrusions
- Orkla has 55% interest in JV
- Orkla swaps Elkem Aluminium for Alcoa's 45% interest in JV
- Orkla acquires Indalex for approx. 0.6 bn. NOK
- Total cost of Sapa for Orkla is 6.2 bn. NOK plus value of the swap

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Sapa has three core operations

Profiles

The world's leading producer of extruded profiles. Extensive value-added operations

Sales 2009: 18,913 MSEK / 1,779 MEUR / 2,475 MUSD

No of employees: 10 700

Market share: 16% in Europe and 26% in North America

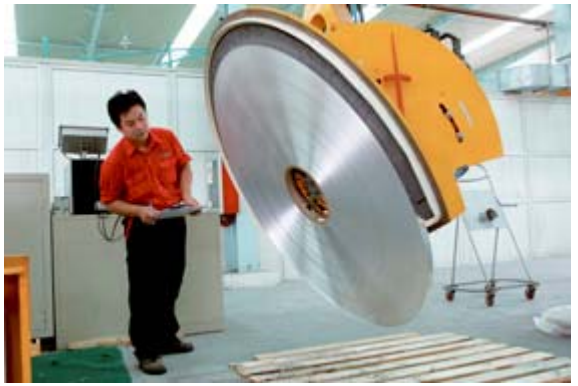
Building System

One of the three largest suppliers of profile-based building systems in Europe

Sales 2009: 3,000 MSEK / 282 MEUR / 393 MUSD

No of employees: 1,100

Market share: Up to 40% for specific markets in Europe



Heat Transfer

The world's leading producer of strip for heat exchangers to the automotive industry

Sales 2009: 3,638 MSEK / 342 MEUR / 476 MUSD

No of employees: 1,200

Market share: 17% worldwide

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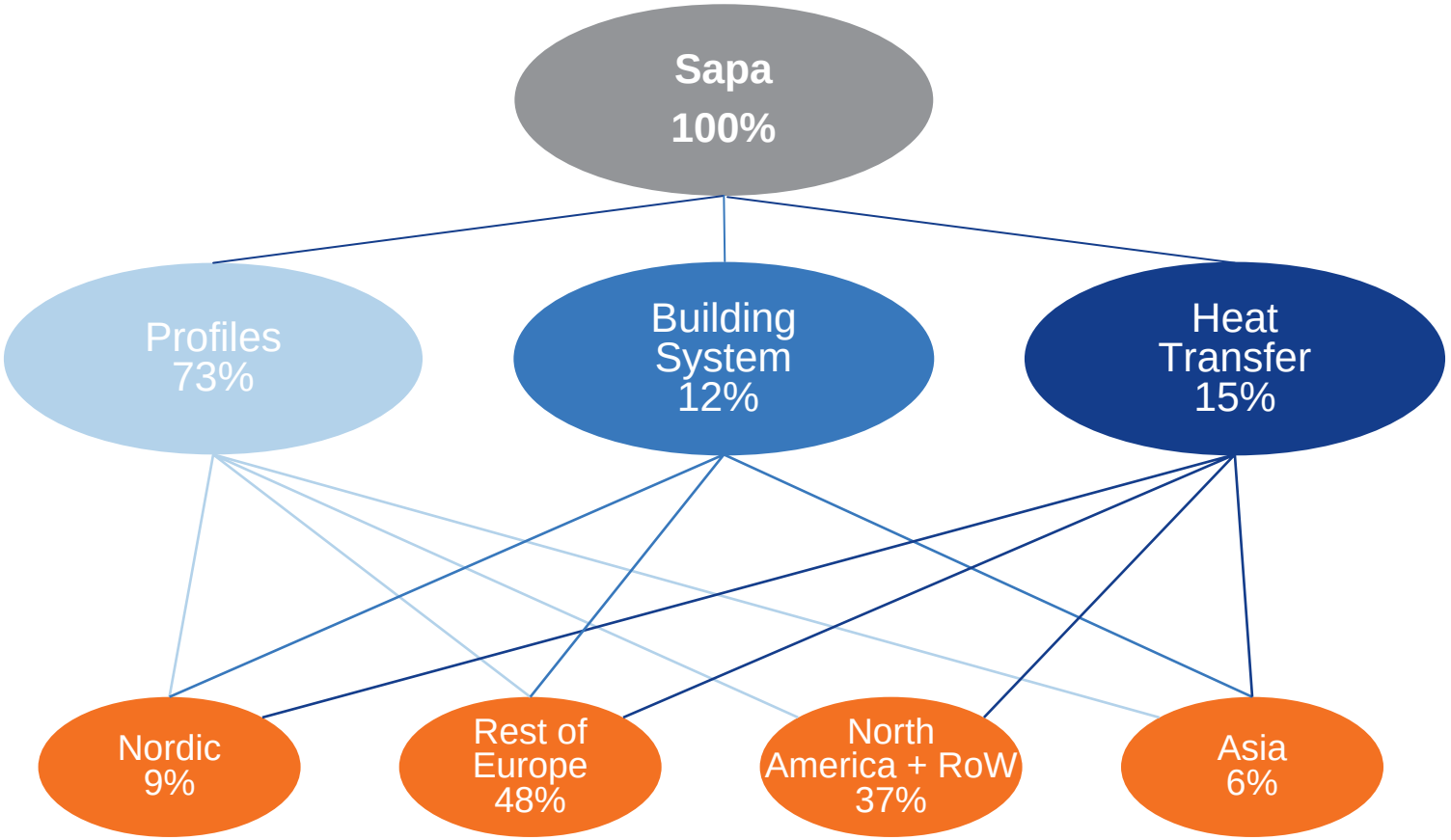
Sapa delivers to several markets



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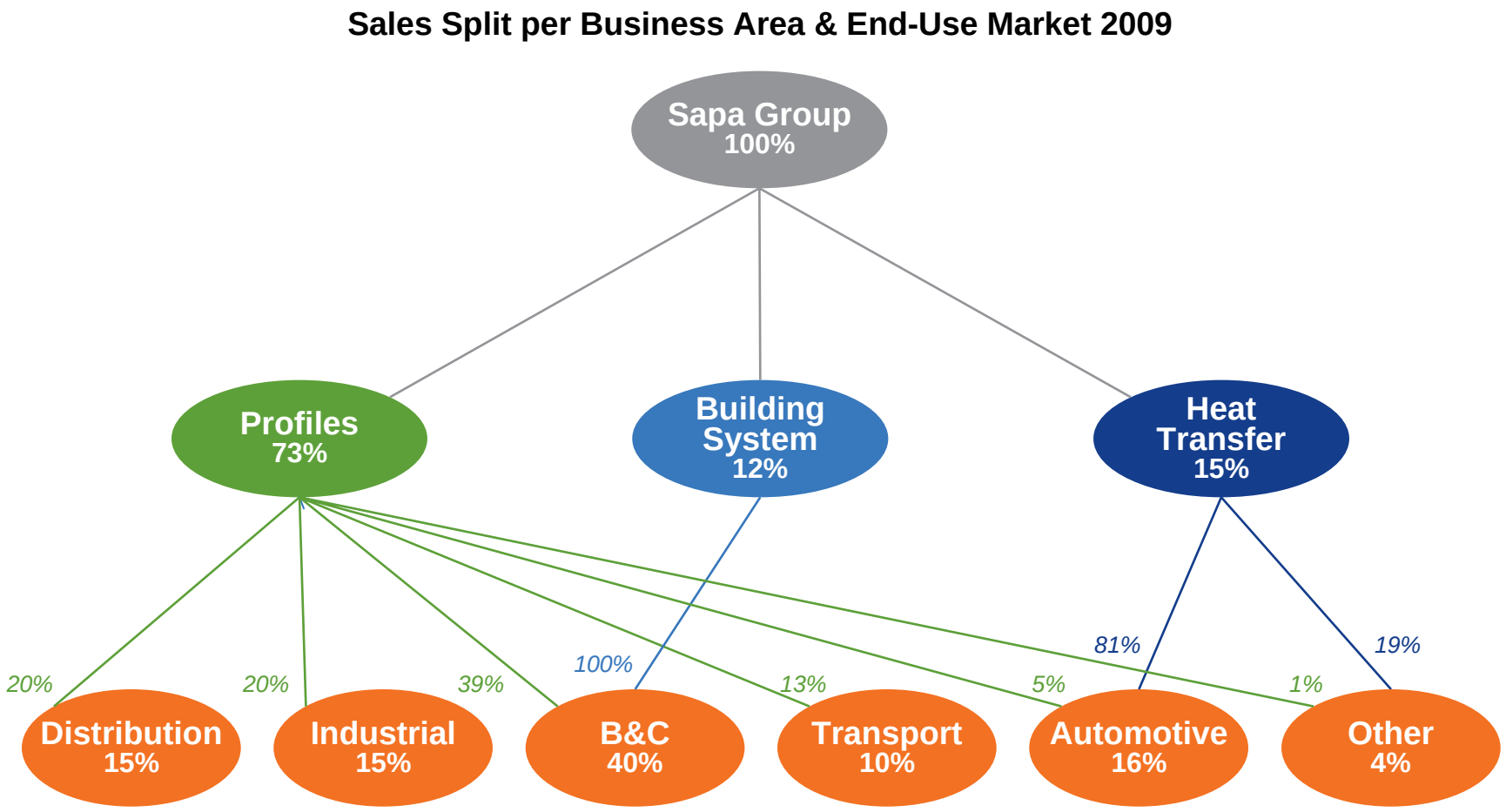
Sales Split per Business Area & End-Use Market 2009



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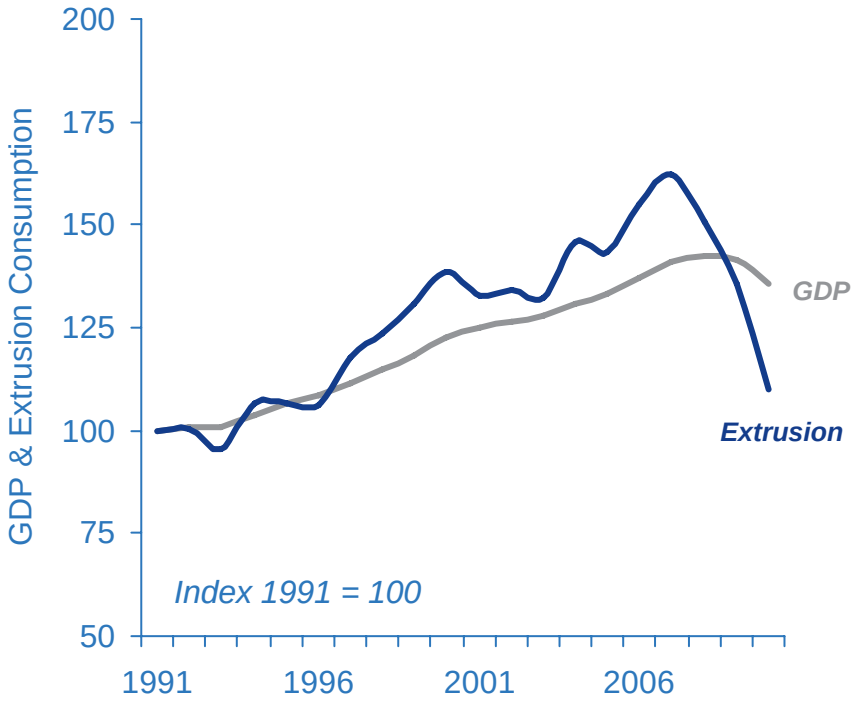
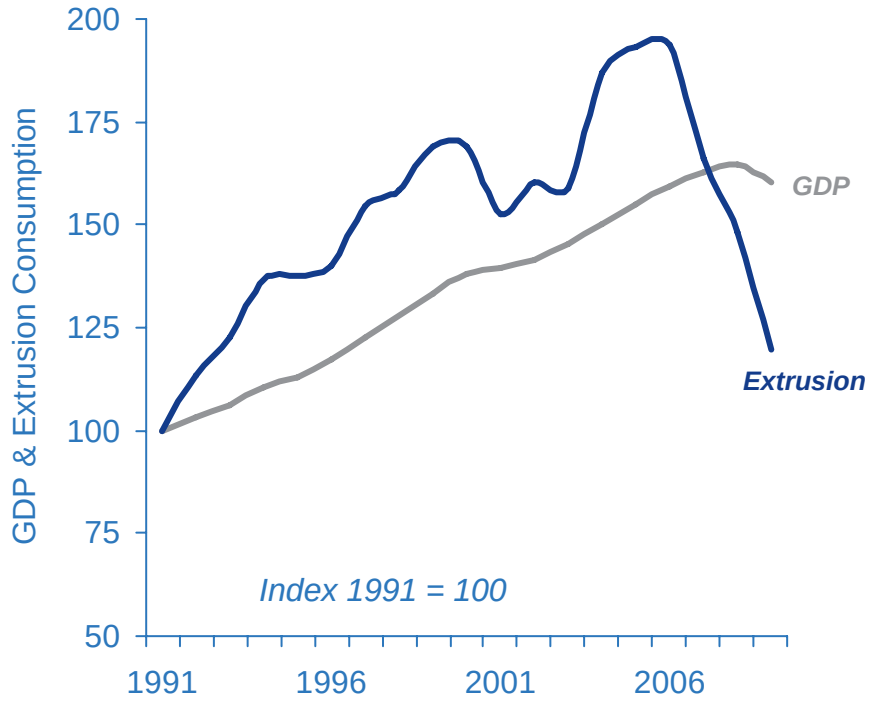
Consumption is growing with GDP

Development of GDP and Aluminium Extrusion Consumption

- Western Europe -



- North America -



Source: Aluminum Association, European Aluminium Association, and CitiGroup Global Economic Outlook and Strategy April 2010

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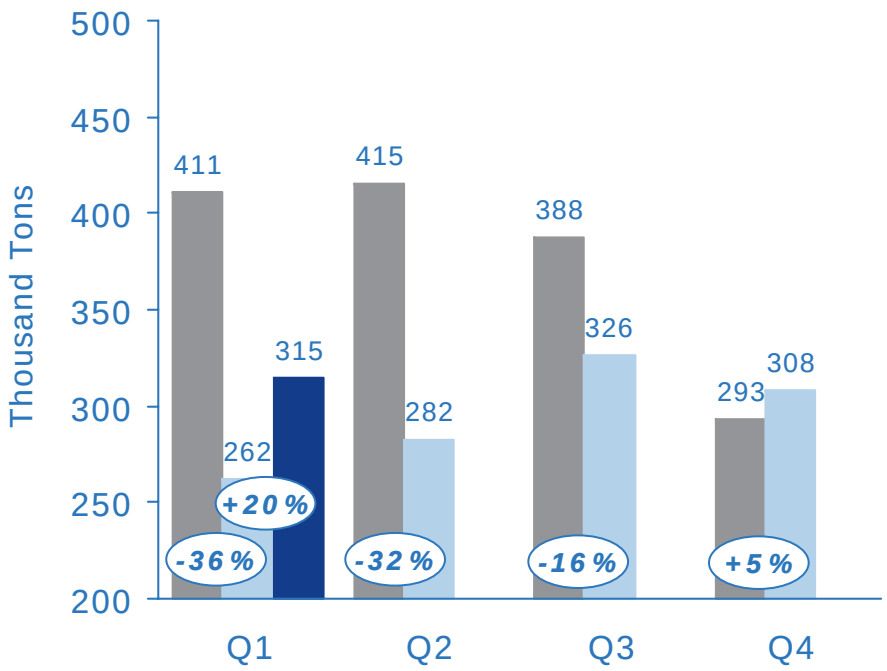
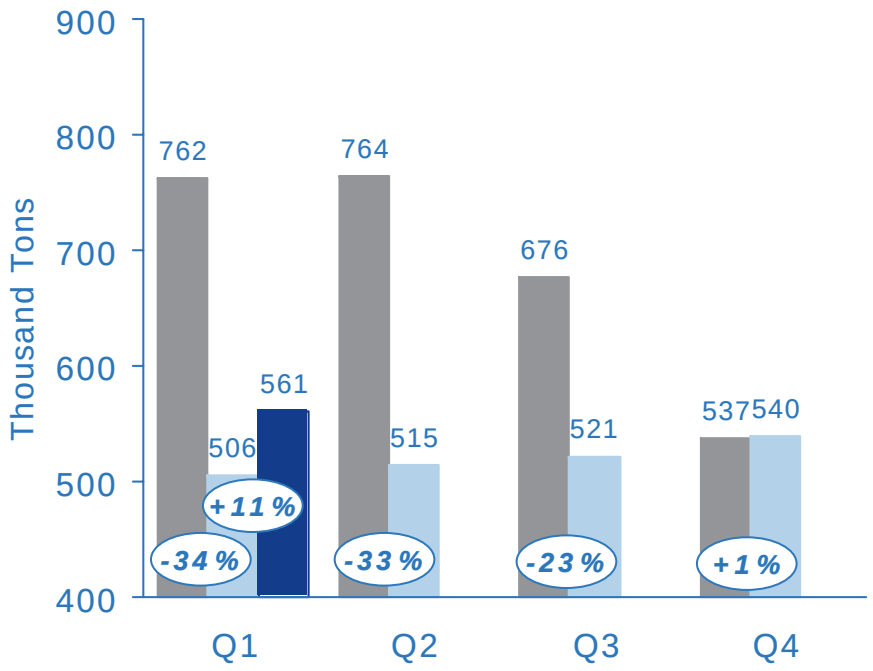
The market is recovering, with the exception of Building and Construction

North America Extrusion Apparent Consumption



- **2008 full year consumption -11%**
- **2009 full year consumption -22%**

European Extrusion Apparent Consumption



- **2008 full year consumption -11%**
- **2009 full year consumption -24%**

2008 *2009* *2010*

Source: European Aluminium Association, Aluminum Association, CRU Monitor

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SAPA: A challenging year, but good cash flow performance

- Weak markets for profiles, but stable demand throughout the year
- Strong markets for Heat Transfer in China, while Building Systems effected by weak building and construction market
- Reduced cost levels compensated for weak markets
  - Positive EBITA in second half-year
- Acquisition of Indalex
  - Strengthened market position in North America
- Cash flow from operations + NOK 1.1 billion

Amounts in NOK million

Operating revenues	**2009**	**2008**	**Change**
Orkla Aluminium Solutions	**20 803**	**27 809**	-25 %
Sapa Profiles	15 621	21 904	-29 %
Sapa HT and BS	5 856	6 909	-15 %
Eliminations	- 674	-1 004	
Operating profit - EBITA			
Orkla Aluminium Solutions	**- 344**	**697**	
Sapa Profiles	- 574	109	
Sapa HT and BS	230	588	-61 %
EBITA margin (%)	-1,7	2,5	

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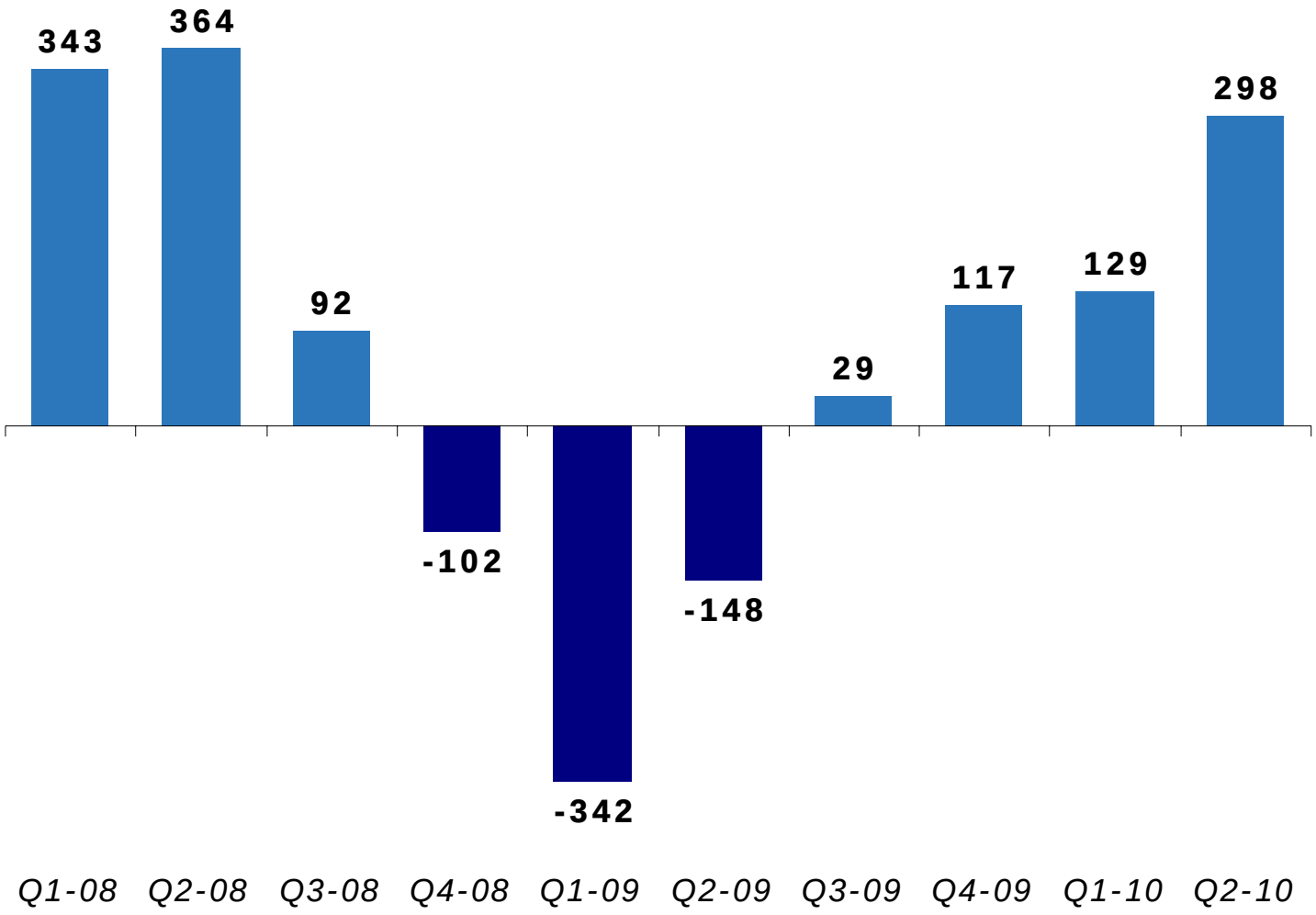
EBITA turnaround



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Sapa's goals

- ✓ Fully leverage synergies and scale advantages, and reach an operating margin of 6% over cycle
- ✓ Strengthen the business area's footprint in Asia
- ✓ Increase commercial focus through strategic initiatives and several projects throughout the organisation

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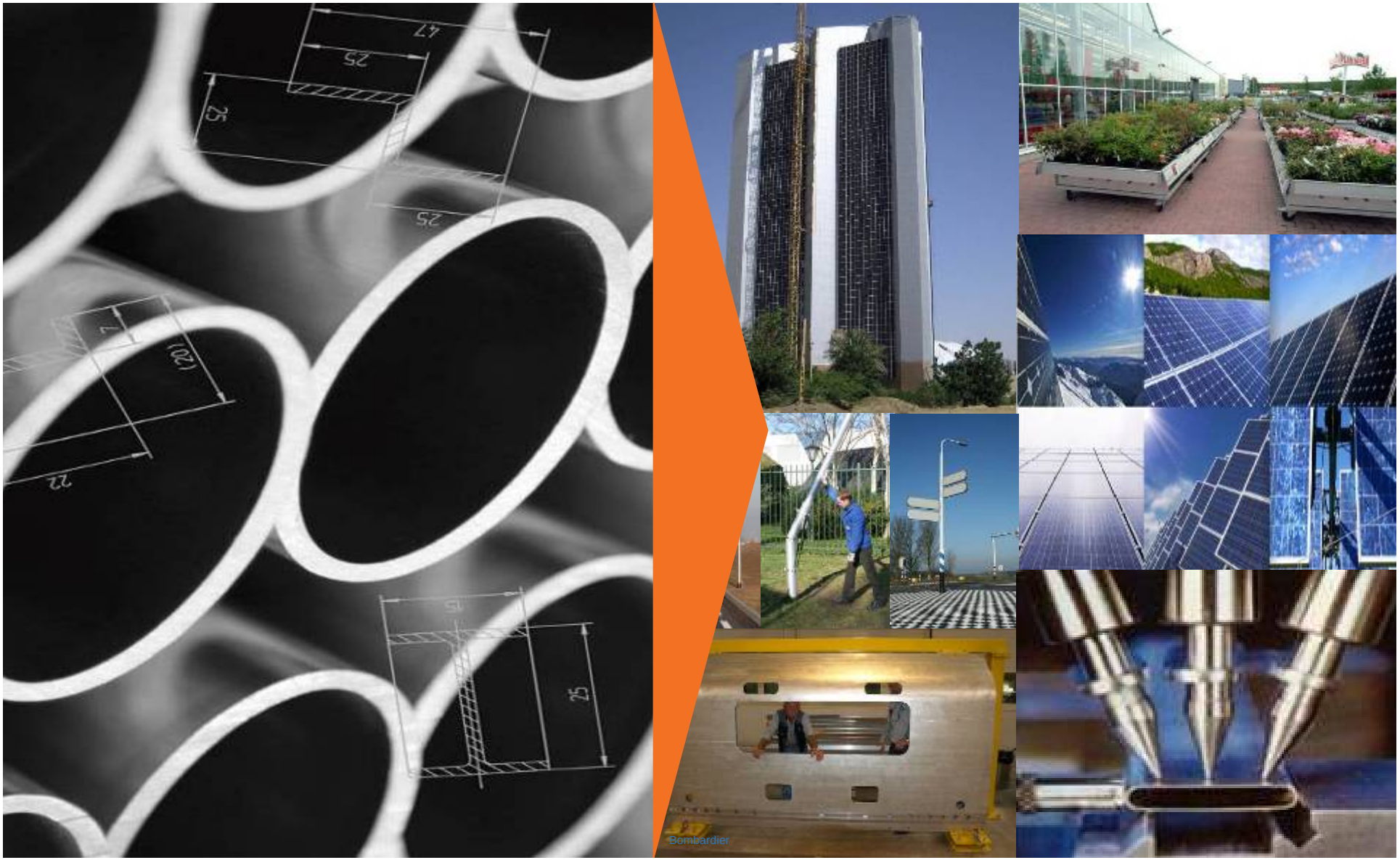
Strategic direction:
Offer customers value-added solutions instead of standard profiles



Leading position in a fragmented industry

Profiles	No 1 in North America and Europe with market share of 26% and 16%. Competitors: Hydro, Alcan, Kaiser, Bonnel. Customers; Producer for a number of industries e.g. automotive, construction and telecom Deliveries in 2009: 564 230 tonnes
Building System	No 3 in Europe with market share of 5% (up to 40% in specific markets) Main competitors: Schüco and Hydro Customers: European building industry. The products consist of extrusion systems for windows and doors, advanced façade systems, glazed roofs and sun screening
Heat Transfer	Global market share of 17% Main competitors: Alcoa, Novelis, Aleris Customers: automotive industry Deliveries in 2009: 121 457 tons

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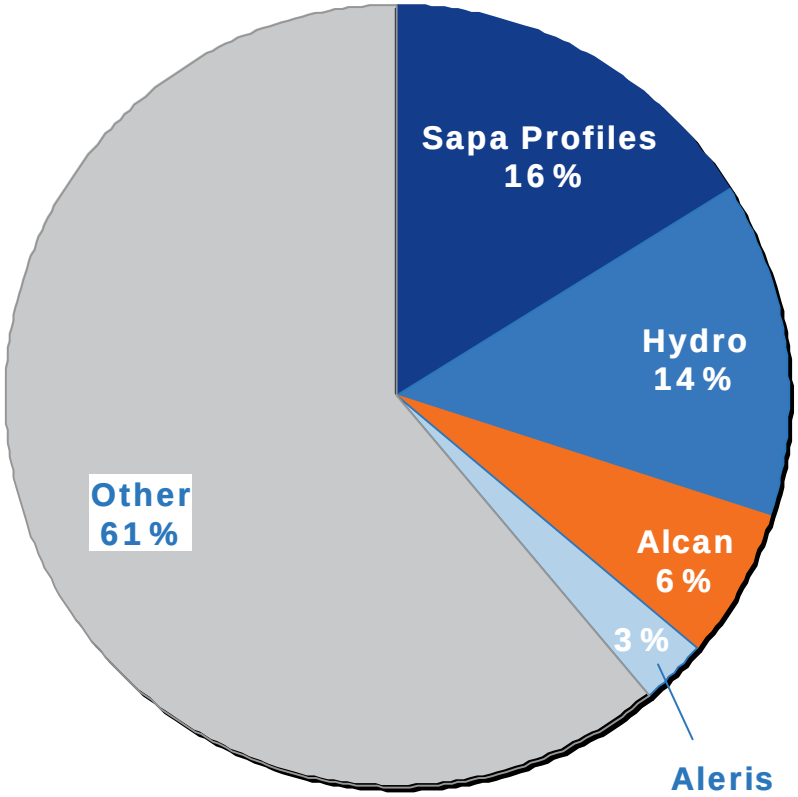
The European extrusion market is highly fragmented

European Extrusion Market Shares



Sapa European Production Sites

Source: Sapa management estimates & European Aluminium Association

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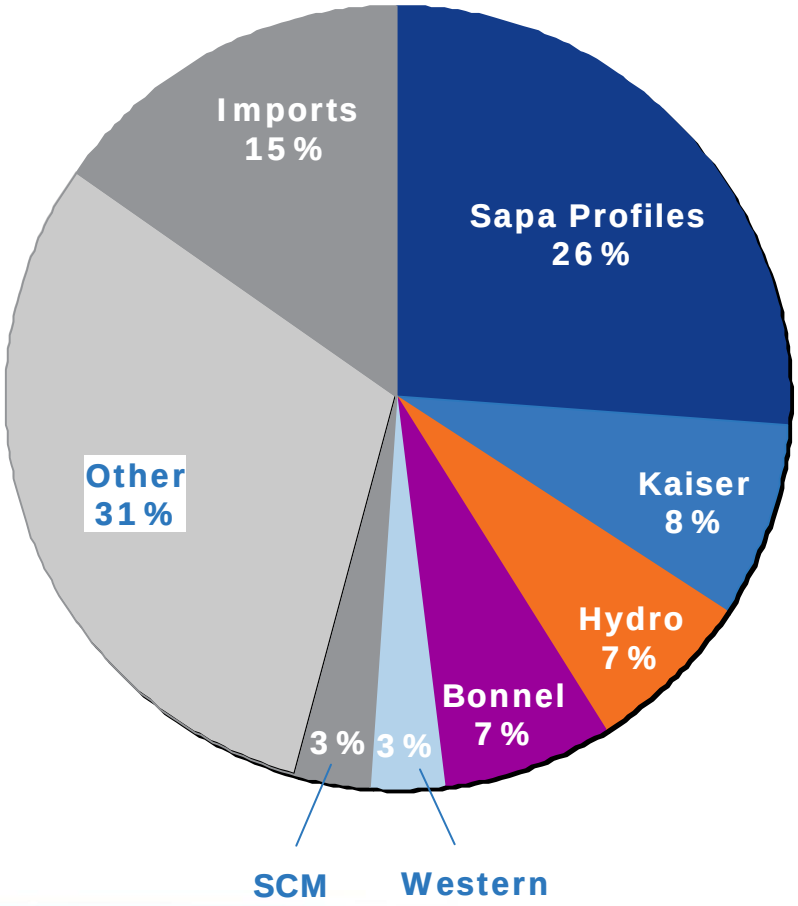
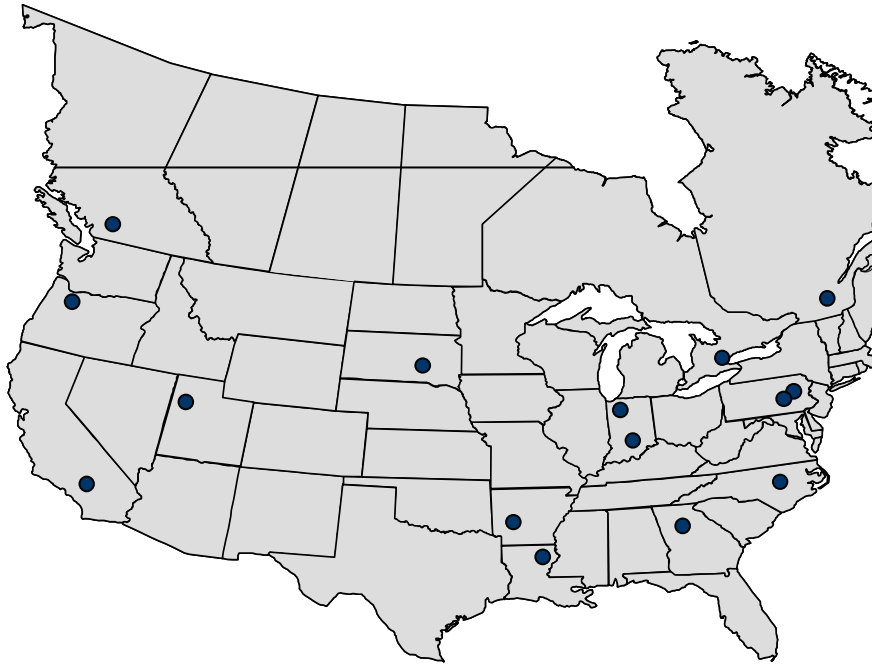
Sapa is a strong leader on the North American extrusion market

North American Extrusion Market Shares



Sapa North American Production Sites



Source: Sapa management estimates & Aluminum Association

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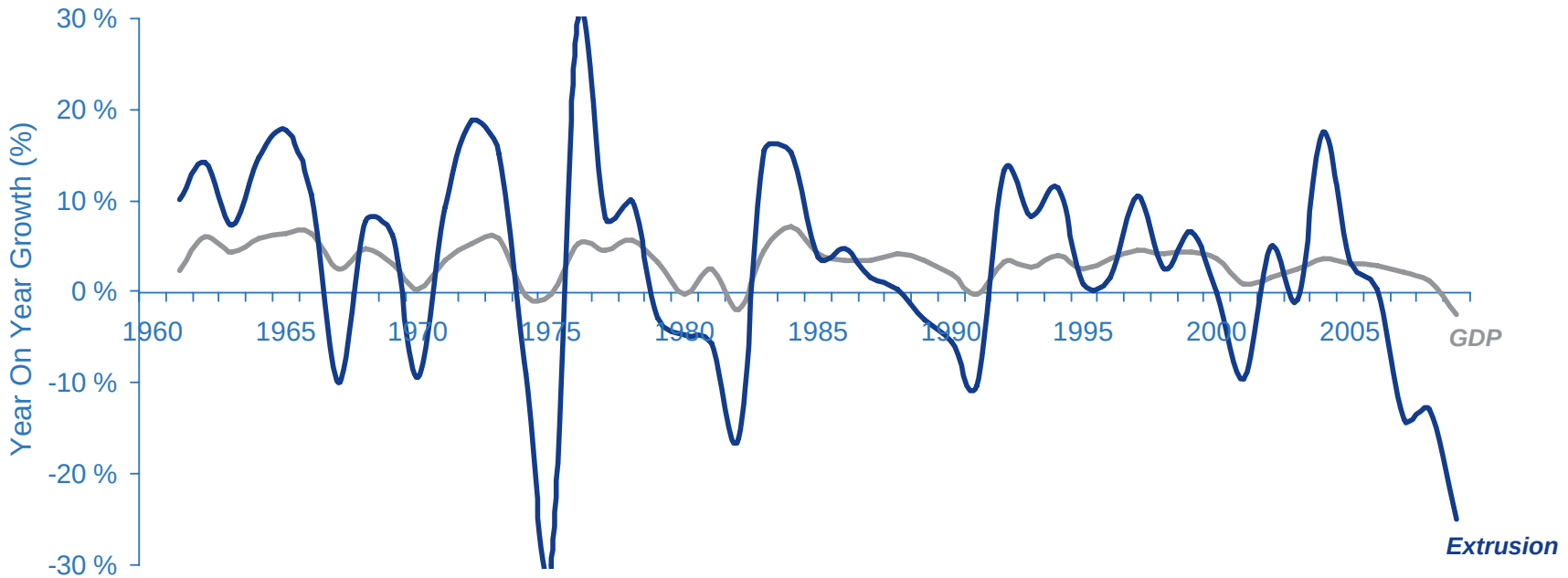
The extrusion industry strongly correlated to GDP

Correlation Between YoY US Extrusion Market Growth and US GDP Growth



Source: Aluminum Association, Global Insight (March 2009)

Source: Aluminum Association, Global Insight (March 2009)

The Indalex acquisition

- Sapa to merge No 1 and No 2 players in North America through the acquisition of Indalex
- Market share in North America increased to 26%
- Sapa has paid USD 95 million for a business with revenues of USD 900 million in 2008
- 2008 sales: 200,000 tonnes, capacity 315 000 tonnes
- Strong synergy-driven case
  - Production, logistics and shared services
- Successful integration process

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Critical factors for success in 2010

- Sustain cost savings
- Realise group synergies
- Implement post calculation systems
- Drive commercial excellence
- Grow in Asia

Orkla Materials

ORKLA

Elkem

ORKLA

Elkem:
Silicon-related operations and Elkem Solar

- The Silicon-related operations cover products for the solar industry, silicon, foundry products, microsilica and carbon
- The company's solar business consists of Elkem Solar
- Production and supply of hydropower (approx. 2 TWh)
- Elkem aims to continue to focus on energy-efficient processes and environmentally friendly special metals with the main emphasis on solar-related operations

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Improved break-even levels for Elkem in 2009

- Weak market for Silicon-related
  - Average capacity utilisation in 2009 at 63%
  - Increased demand at the end of the year.
- Satisfactory results from Energy
  - Higher prices than in 2008, but lower production
  - Part of the hydropower assets divested, the remaining assets have a production of approx. 2.5* TWh per year
- Strong improvement in cash flow from operations (NOK 1.1 billion)
- Start and ramp-up phase for Elkem Solar
  - Negative impact on profit of NOK 694** million in 2009
  - Full capacity utilisation by end of 2010

Amounts in NOK million

Operating revenues	2009	2008	Change
Elkem	**7 433**	**9 061**	**-18 %**
Energy	1 115	1 064	5 %
Silicon-related	6 332	8 025	-21 %
Eliminations	- 14	- 28	

Operating profit - EBITA

Elkem	**97**	**995**	**-90 %**
Energy	678	631	7 %
Silicon-related	- 581	364	
EBITA margin	1,3	11,0	

**Including 0.6 TWh in Borregaard*
*** Including depreciation of approx. NOK 300 million*

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Energy assets sold for NOK 6 billion in October 2009

- Hydropower plants, with total annual power production of 1.7 TWh, sold for NOK 6 billion
- Gain on sale approx. NOK 3.5 billion
- Elkem's power plants in Sauda and Borregaard's power plants in Sarpsborg will be retained

ORKLA

Part of Elkem's hydropower assets sold

Assets sold:

Plant	Capacity	Price
Salten	1.1 TWh	NOK 4,300 million
Bremanger	0.5 TWh owned 0.2 TWh leased	NOK 1,709 million -

Assets owned:

Plant	Capacity
Sauda[1]	2 TWh
Borregaard[2]	0.6 TWh

1) Leased from Statkraft until 2030
2) Not part of reversion/lease regime

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Hydropower going forward

- Part of the hydropower assets divested, the remaining assets have a production of 2.6 TWh* per year
- Expected EBITA for Saudefaldene, NOK 200-250 million per year
  - However water and snow reservoir levels at Saudefaldene are significant lower than normal in H1-10 so this EBITA level will not be reached in 2010
- From 1.1.2010, Elkem Energy and Borregaard Energy will be reported as Orkla Materials Energy

* *Including 0.6 TWh in Borregaard*

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Borregaard

Borregaard

- Borregaard Lignotech is the world's leading supplier of lignin binding and dispersing agents, with production in eight countries
- Borregaard Chemcell is a major European supplier of speciality cellulose for chemical applications. The production facilities are located in Norway.
- Borregaard's ingredients and pharmaceuticals businesses supply advanced products that meet high quality and hygiene standards
- Production and supply of hydropower (0.6 TWh)

ORKLA

Demanding market conditions for Borregaard in 2009

- Underlying profit growth in Chemicals from 2008
  - Lower demand for key product groups off-set by price increases, reduced variable costs and more favourable exchange rates
  - Borregaard's specialization strategy has proved to be robust
- Indications of more stable markets in 2010
  - A stronger NOK will negatively affect results
- Profit decline for the Energy operations

Amounts in NOK million

Operating revenues	2009	2008	Change
Borregaard	**3 893**	**4 673**	-17 %
Energy	238	240	-1 %
Chemicals	3 815	4 632	-18 %
Eliminations	- 160	- 199	

Operating profit - EBITA			
Borregaard	**339**	**431**	-21 %
Energy	123	198	-38 %
Chemicals	216	233	-7 %
EBITA margin	8,7	9,2	

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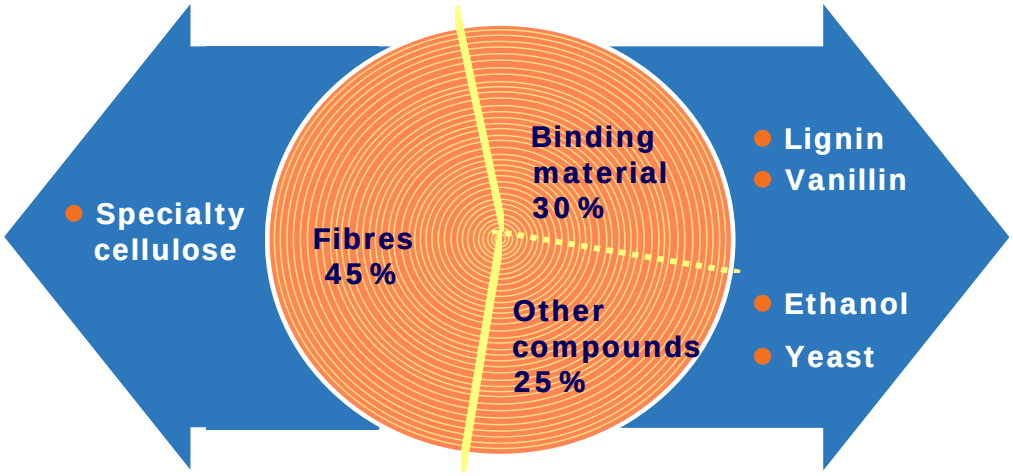
Bio refinery – Business model

Borregaard is the global leader in wood based chemicals.
Strong innovation efforts increase the value added to our customers.



Green chemistry

Borregaard's biochemicals are sustainable and environmentally friendly substitutes to petrochemicals

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Orkla Financial Investments

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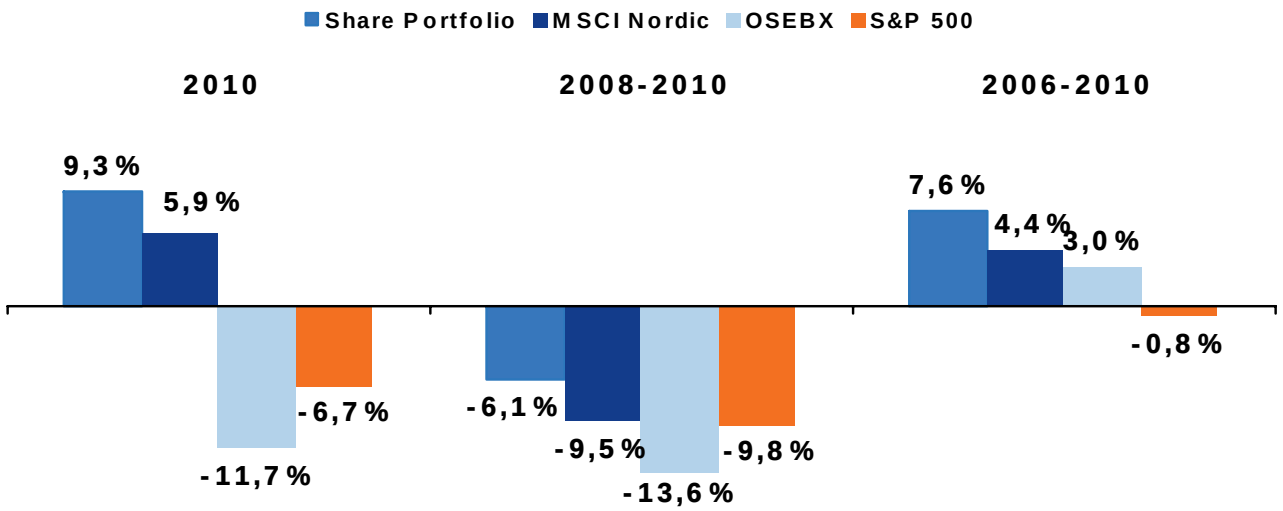
Orkla Financial Investments as of Q2-10



- Return on Share Portfolio in H1-10 + 9.3%
- Market value of NOK 11.2 billion for the Share Portfolio
- Orkla has closed down the energy trading business

ORKLA

Largest holdings in the Share Portfolio as of 30 June 2010

Amounts in NOK million

Principal holdings	Industry *	Market value	Share of portfolio (%)	Share of equity (%)
Tomra Systems	Industrials	623	5 %	15.3 %
Rieber & Søn	Food & Beverage	507	4 %	16.0 %
XXL Holding AS	Retail	440	4 %	15.5 %
Amer Sports	Consumer Discretionary	410	4 %	5.5 %
Elekta B	Health Care Equipment	381	3 %	2.5 %
Telenor ASA	Telecom operators	312	3 %	0.2 %
Kongsberg Gruppen	Aerospace & Defence	305	3 %	2.3 %
Enter Select	Mutual Fund	297	3 %	0.0 %
AstraZeneca SEK	Pharmaceuticals	285	2 %	0.1 %
Ekornes	Consumer Discretionary	276	2 %	5.8 %
Total principal holdings		3 835	33 %	
Market value of entire portfolio		**11 244**		

* Based on Gics Level 1

ORKLA

Goals and strategy

- Orkla Financial Investments aims to maximise long-term return on invested capital
- The business area will contribute providing the group with industrial options
- In certain circumstances, the business area will serve as a liquidity reserve for the Group

✓ ***The strategy of the business area is to identify and invest in value-creating assets, primarily in the form of shares and real estate within the Nordic region. These Investments will be made within the geographical areas in which Orkla has industrial operations. The shareholdings in the Share Portfolio will also be selected with a view to providing possible options for the Orkla Group's industrial development***

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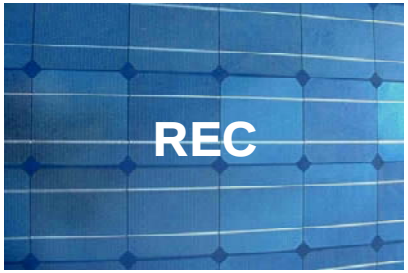
Solar Energy

Elkem Solar
REC (39.7%)

Orkla and solar energy

	Ownership	Characteristics
	39.7%	Orkla's primary solar interest • World's largest producer of silicon materials for PV applications • World no 2 producer of multicrystalline wafers • Producer of cells and modules • Orkla ownership below 40%
	100%	Solar silicon production • New plant for Elkem Solar Grade Silicon ESS® built • Ramp-up in 2010 • Cost efficient proprietary polysilicon refining technology
	100%	Aluminium building systems installations • Integrated solar application on building exteriors

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The solar effort builds on some of Orkla's key areas of expertise

- Long silicon competence
- Expertise in industry development and restructuring
- Successfully combining industrial and financial competence

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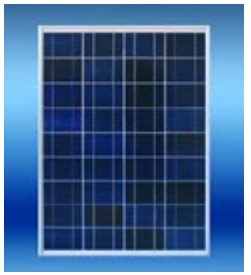
Solar positions
- cost leading technologies



Industry value chain

Si-metal	Polysilicon	Ingot	Wafer	Cell	Module	System / installation
Metallurgical process	Chemical or metallurgical refining	Casting	Cutting	Surface treatment and circuit wiring	Assembly	

Orkla's positions*

REC Silicon | REC Wafer | REC Solar

Elkem | Elkem Solar | sapa: Building System

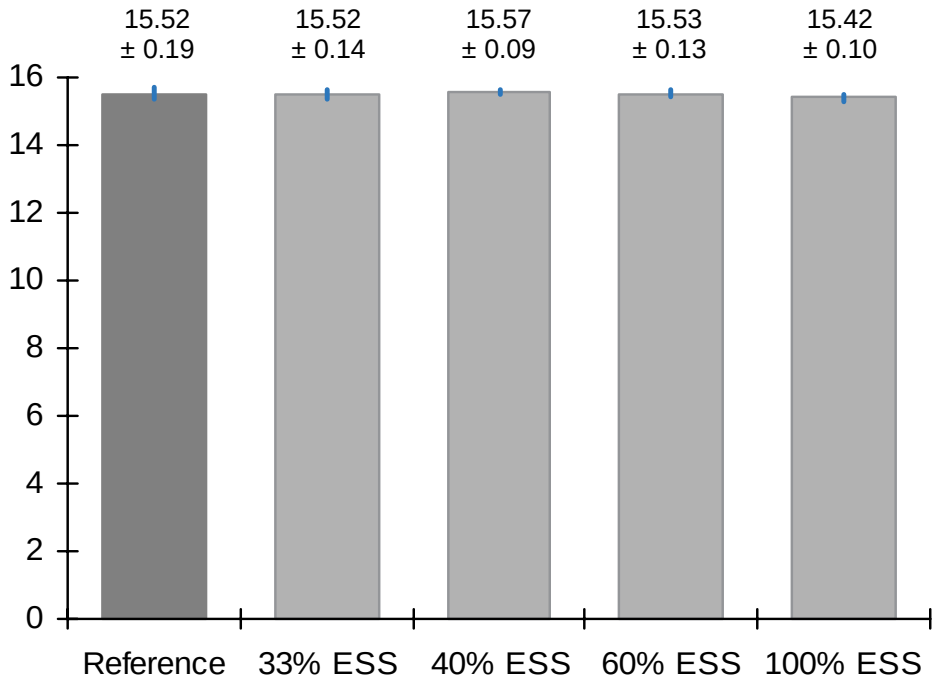
* Orkla owns 39.73 % in REC

Elkem Solar -New production plant for Solar Grade Silicon

- Capacity: 6 000 MT
- Capex: NOK 4.5 billion
- Ramp-up period 2010

Product quality key success criteria

Cell efficiency (%) obtained by Q-Cells on industrial lines



- Elkem Solar Silicon (ESS) is positioned in the polysilicon quality segment
  - Stable, low levels of impurities
  - Phosphorus < 1.0 ppmw
  - Boron < 0.4 ppmw
- Cell efficiency equivalent to cells produced from polysilicon
- No significant differences in other metrics (breakage, degradation)

ORKLA

Elkem Solar Silicon®
- production process

Metallurgical silicon → **Slag treatment** → **Leaching** → **Solidification** → **Post treatment**

- In-house production only
- Based on Elkem's core competencies

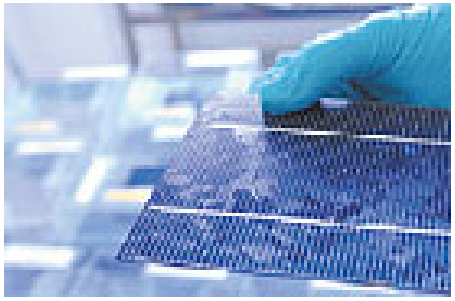
- Three sequential purification steps to reduce impurity levels
- Elkem's core competencies are high temperature processes and process- and equipment design

- Ingots cleaned and cut into bricks of ~10 kg
- Quality control

ORKLA

Broadening customer base confirms product quality

- New contract with leading solar energy company
  - Volume: Up to 1,000 MT in 2010
- Contract with CaliSolar announced Q4-09
  - Volume: Up to 500 MT 2010, 1,000 MT 2011-12
- Other potential customers in process of qualifying ESS®
- Renegotiations of existing contracts in progress



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Anticipated shifts in the PV market

- Incentive driven demand growth
- Silicon bottleneck causing undersupply/ super profits
- High margins/ volume focus

- Improved demand after weak H1 2009
  - Strong end user IRR
  - Most other markets compensating for cap in Spain
  - Improved financing
- Oversupply
- Price pressure/ quality focus

- Robust long term drivers
- Increased PV competitiveness
- Growth for cost/ quality leaders
- Differentiated profitability

Attracting new players

Imbalances/shake-out

- Renegotiations
- Production moving east
- Financial distress

Attractive opportunities provided clear competitive advantages

ORKLA

2010 - a particularly difficult year

- **Overcapacity of solar grade silicon and overcommitted customers**
  - Broadening our customer base
  - Ongoing dialogue with existing customers regarding 2010 deliveries

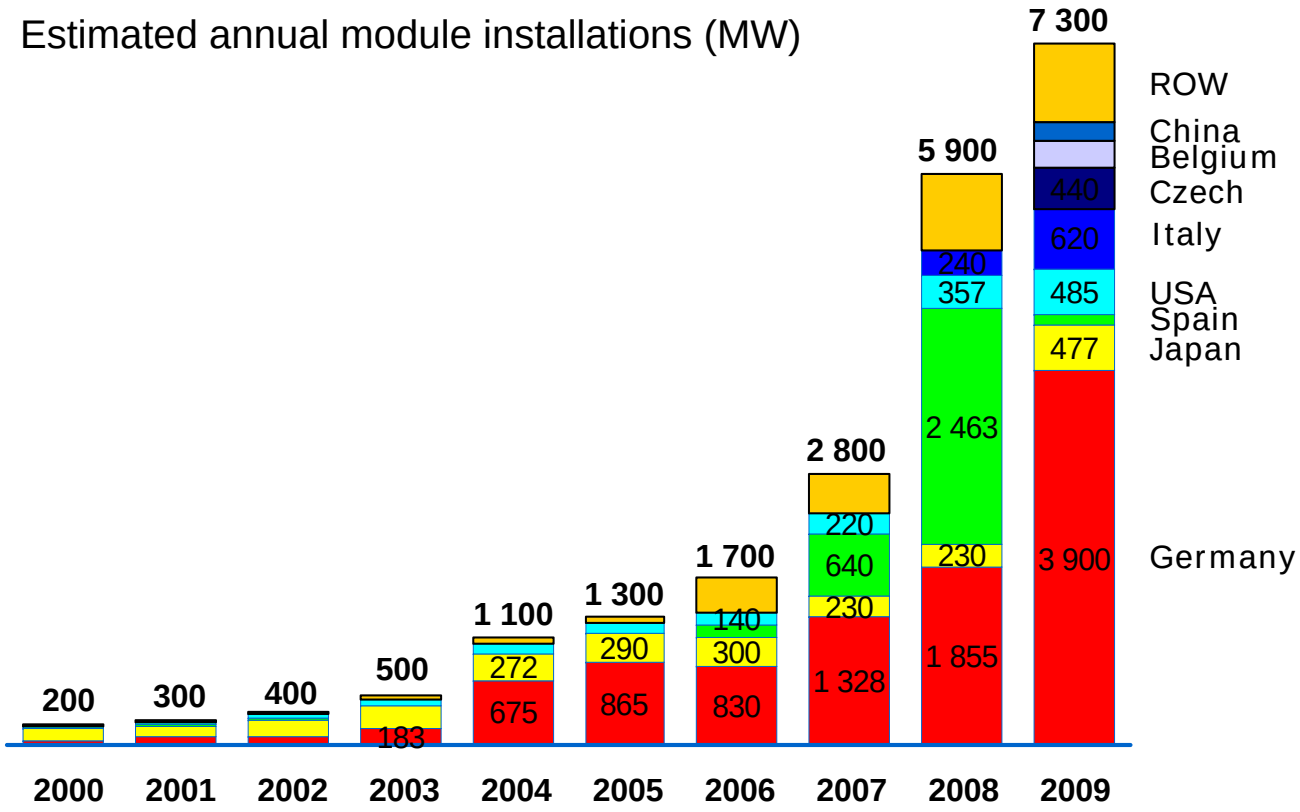
- **Project in relatively high-costs phase**
  - The cost base is dimensioned for full production
  - Depreciation costs slightly above NOK 300 million per year

- **Above plant costs total approx. NOK 150 million**
  - Mainly related to R&D
  - Important to keep up technological development in this phase

ORKLA

Long term drivers remain strong

Estimated annual module installations (MW)



- Economic growth and increased energy demand
- Environmental concerns
- Strong political support from current and new markets
- Continued cost reductions improve PV competitiveness
- However, continued cost reduction and political support will continue to be important for future growth

Source: SolarBuzz (SB), IEA, Photon, EPIA, own analyses

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Renewable Energy Corporation – Key figures

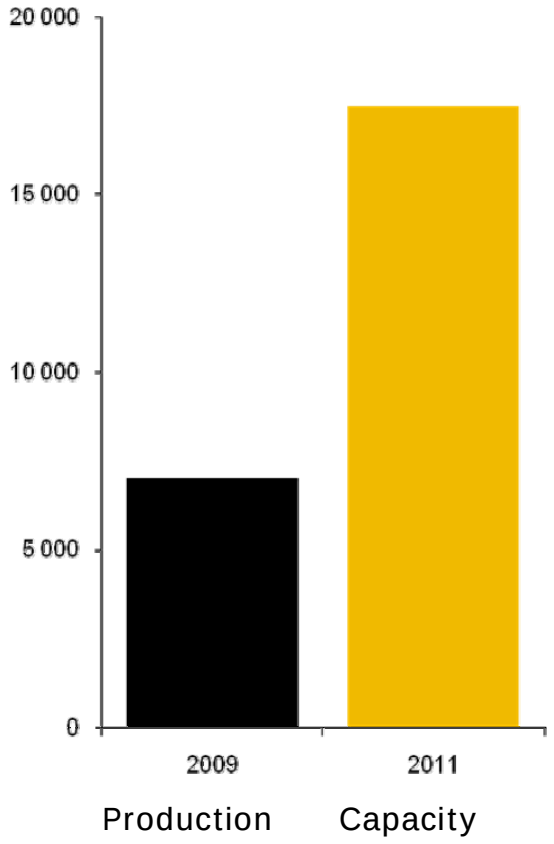
- Orkla's ownership: 39.7%
- No 2 position in wafer
- No 1 position in Solar grade silicon
- Revenues 2009: NOK 9 156 million
- EBITDA 2009: NOK 1 741 million
- Market cap: NOK 29.7 billion*

*31 December 2009

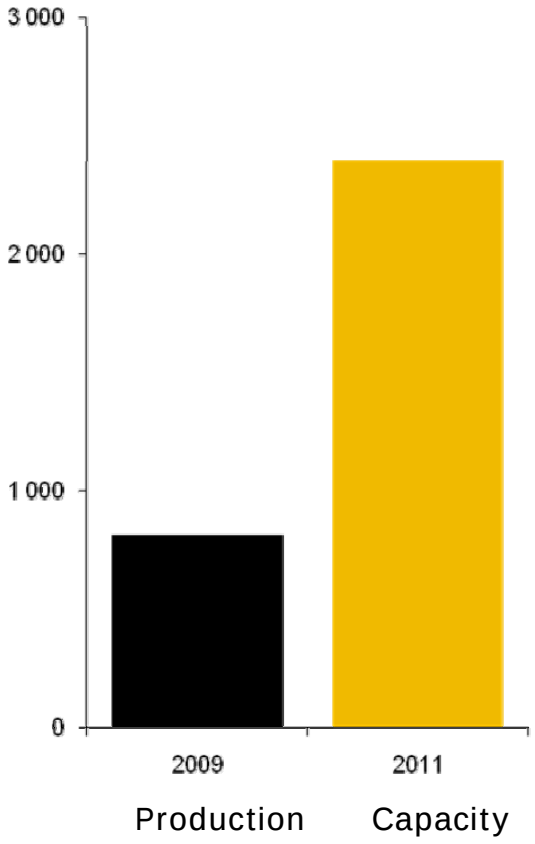
For more information see www.recgroup.com

Doubling the size of the company

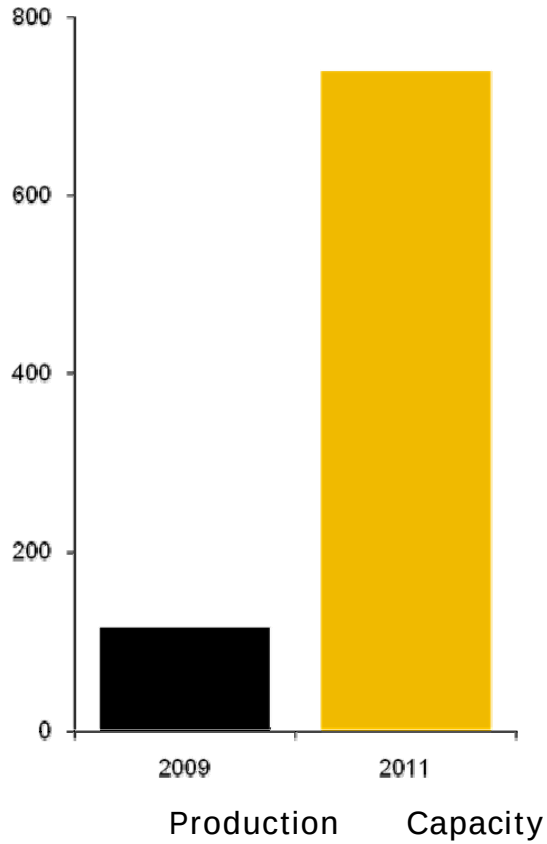
REC Silicon:
MT



REC Wafer:
MW



REC Solar:
MW (modules)



Source: REC Q4-09 report

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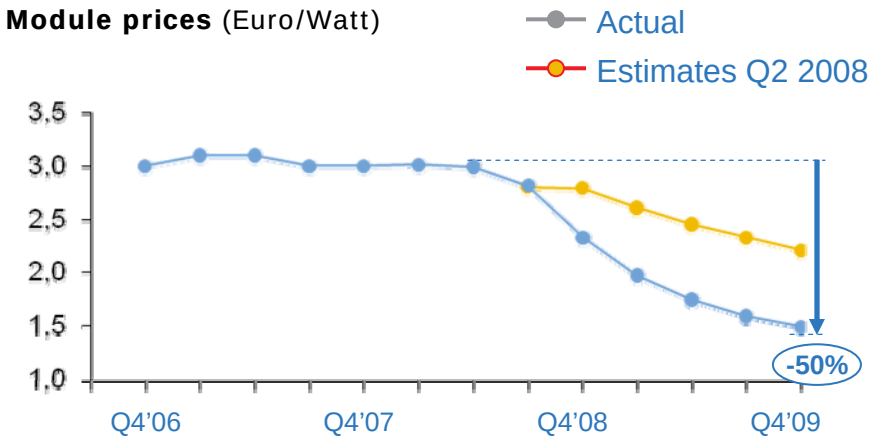
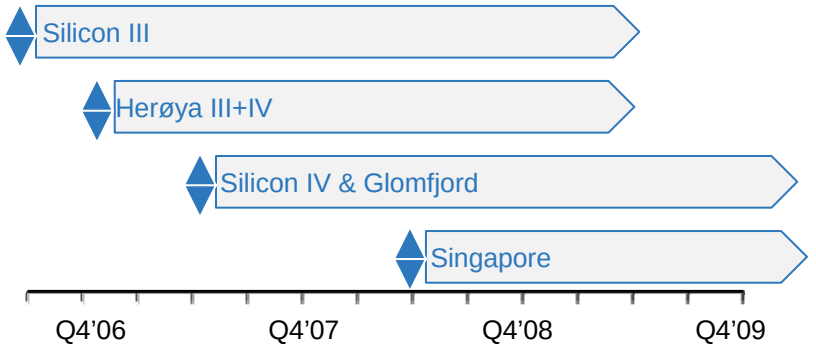
Long term contracts did not offer full protection against dramatic market price decline

- No market growth in 2009, after 60% annual growth in previous years
- Oversupply and price pressure continuing into 2010
- REC agreed to re-negotiate long- term contracts with significant impact on margins

Module prices (Euro/Watt)



Expansion execution time (until start of ramp up)



Source: REC Q4-09 report

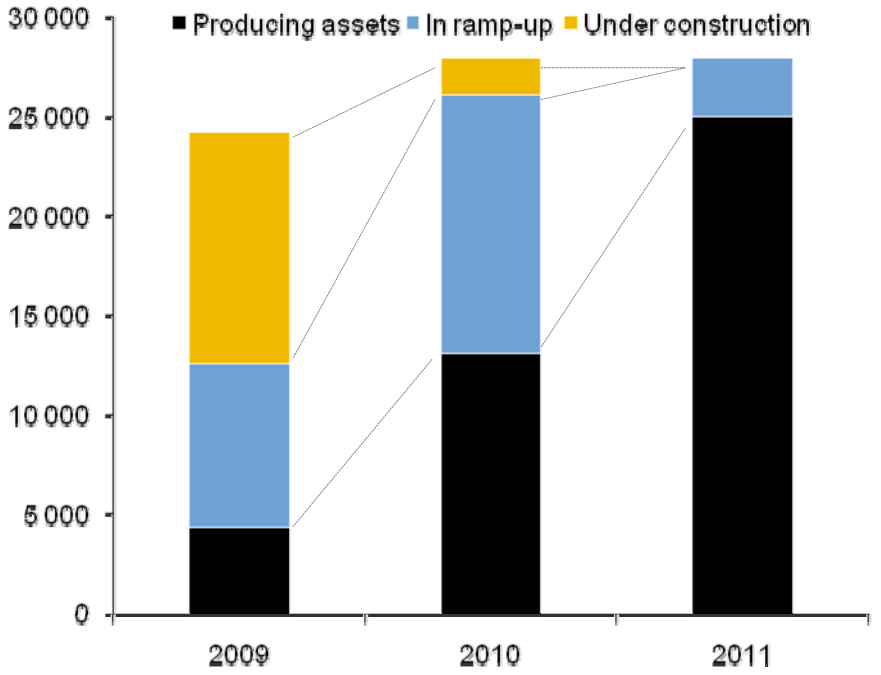
ORKLA

2010 is as 2009 a year of ramping up capacity

- Significant negative price development since point of investment decision
- Large share of assets in ramp-up or under construction not contributing positively to EBITDA
- Young and inexperienced organization stretched to its limits
- Recents positive developments:
  - Singapore below budget and on schedule
  - FBR demonstrated
  - Professional organization in Singapore

Book value of PP&E

NOK million



2009 EBITDA contribution of NOK ~2,150 million from producing assets. Negative 2009 EBITDA contribution of NOK ~400 million from assets in ramp-up and under construction

Source: REC Q4-09 report

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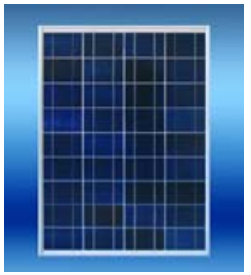
REC's positions in the solar energy value chain



Industry value chain

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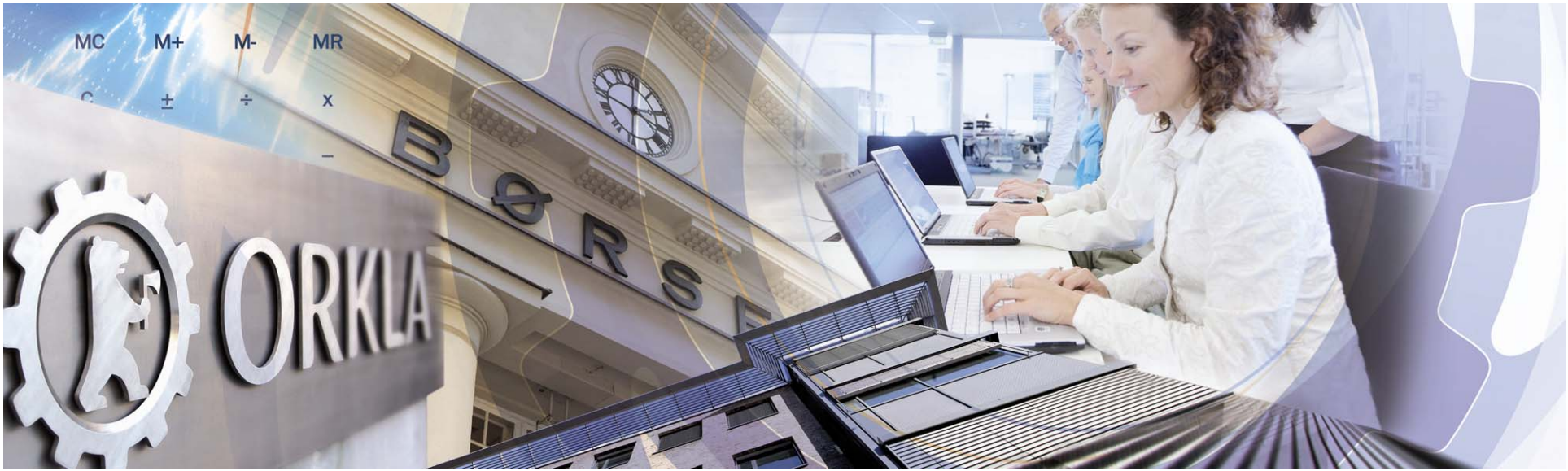
Orkla's positions*

REC Silicon | REC Wafer | REC Solar

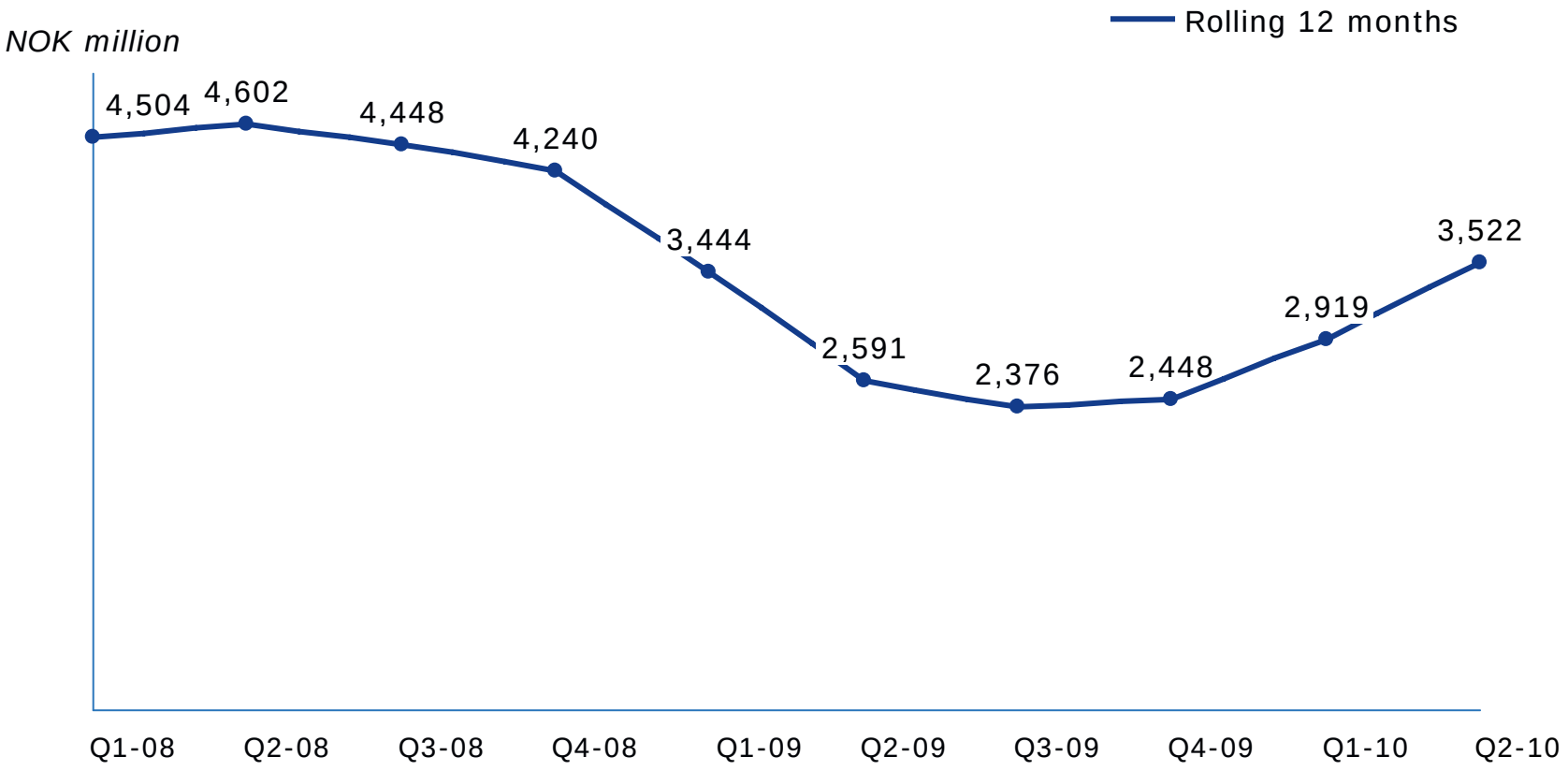
Elkem | Elkem Solar | sapa: Building System

* Orkla owns 39.73 % in REC



Business Outlook

Continued EBITA improvement



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Short-term outlook as of end Q2-10

- Overall stable retail markets for Orkla Brands
  - Signs of rising raw material prices in some markets
  - Demanding market conditions in Russia
- Holiday season will impact results for Orkla Aluminium Solutions in Q3-10
- High capacity utilisation and improved prices in second half for the silicon-related operations
- Continued low reservoir levels will impact negatively on results in Orkla Materials Energy in Q3-10
- Orkla's business portfolio well positioned for value creation

ORKLA

Business outlook

Robust development

ORKLA Brands

JOTUN (42.5%)

Well positioned for cyclical upturn

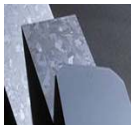
sapa: Elkem Borregaard

Extensive ramp-up in 2010/11

REC (39.7%)

Moses Lake

Singapore


Herøya

Glomfjord

Elkem Solar

Kristiansand

ORKLA

ORKLA

Driving value today and tomorrow

Flexible business portfolio

- Ability to create more opportunities
- Ability to acquire and sell businesses within markets of different cyclicality and businesses in different phases
- Strategic and financial flexibility

Competence to realise opportunities

- Leveraging synergies of financial and industrial competence
- Ability to transfer competence between business area
- Strong track record of value creation through M&A, divestments and cost management

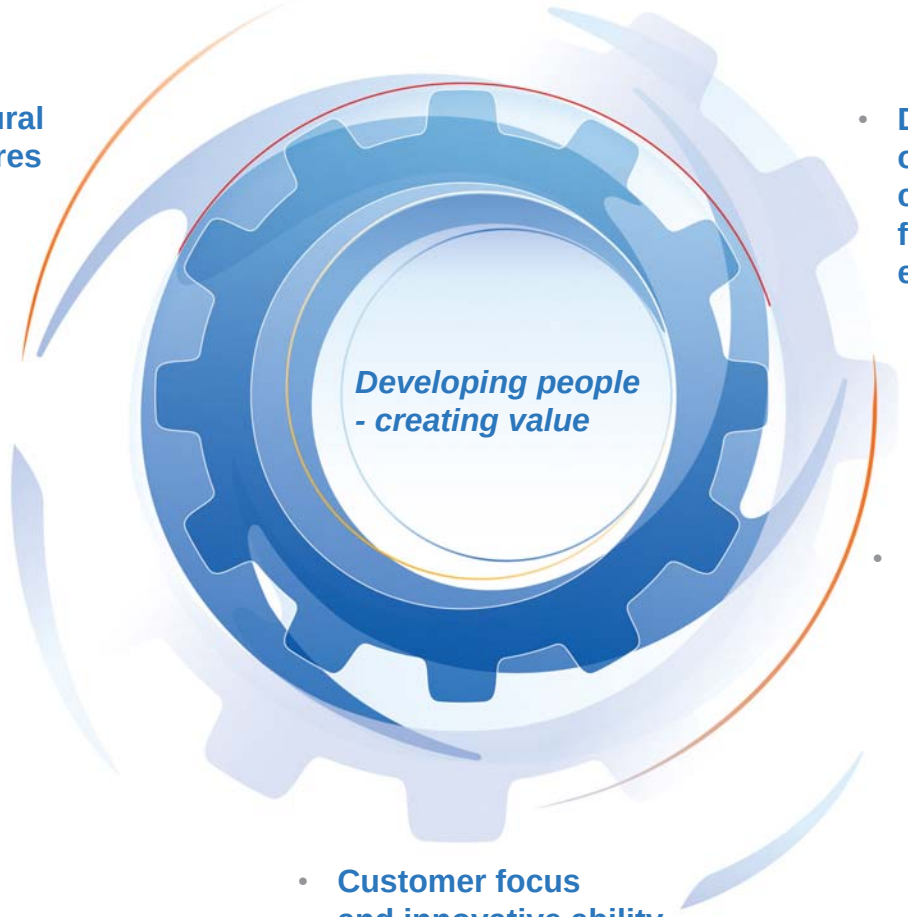
Financial flexibility

- Unutilised committed credit facilities cover instalments
- Large share of cash flow from less cyclical area
- Robust balance sheet and net gearing
- Tight cash management and disciplined allocation of capital

ORKLA

The Orkla Way

- Ambitious targets
- Structural measures
- Development of leadership capacity and functional expertise
- Lean supply chain based on HSE performance
- Improvement orientation
- Customer focus and innovative ability



ORKLA

Core values

Persistence

- In long-term value creation
- In competence development
- In serving our stakeholders

Passion

- For customer needs
- For innovation
- For cooperation and transparency

Precision

- In exploiting opportunities
- In focusing on output
- In executing decisions

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