



1st quarter report 2010

Genuinely Norwegian

100 % Rieber & Søn



**From stock cubes
to Indian Tandori**

It all started with Toro Stock Cubes in 1946. But the real breakthrough came 18 years later with the launch of Bergen Fish Soup. Today, Toro is an institution in the Norwegian grocery trade and one of Norway's most familiar brand names.



— **EPS of NOK 0.90 (0.77) and EBIT of NOK 110m (95m) in 1Q.**

— **Gross margin up 3.1 percentage points to 59.8% in 1Q.**

— **Our Future gives net effects of NOK 53m in 1Q.**

— **Three new production plants and six new category teams included in Our Future.**

1st quarter report 2010

Rieber & Søn had operating profits (EBIT) of NOK 110m (95m) in the first quarter of 2010. EPS came to NOK 0.90 (0.77).

First quarter sales totalled NOK 1 196m (1 236m) and the organic growth stood at 1.5%. The divestment of activities and currency conversion effects impacted negatively, reducing sales by 2.6% and 2.2%, respectively.

The gross margin in the first quarter was 59.8% (56.7%). The EBITDA margin was 13.4% (11.9%), while the EBIT margin stood at 9.2% (7.7%). At the same time, the return on capital employed was 14.0% (11.7%).

Our Future

Improvements in purchasing, production and marketing under the Our Future platform gave net effects of NOK 53m, comprising positive effects of NOK 65m and implementation costs of NOK 12m. Since the programme started in 2009, the accumulated positive effects amount to NOK 161m, while implementation costs total NOK 59m. The programme is designed to improve Group profitability through lasting cost reductions of NOK 400m in 2012 and is proceeding as planned.

Core Review

In the first quarter Rieber & Søn sold its Polish production plant which produces cake bases ("Anja Cake"). Cake bases are a category which is not included in the strategy to strengthen and develop our competitive position by adapting products to meet local taste preferences. The divestment had a neutral effect on results in the first quarter of 2010.

Future purchasing

Six new category teams were established under Future purchasing in the first quarter. This is the last roll-out of new teams. Since the start, 30 teams have been established with the aim of improving work processes and purchasing contracts in the Group's largest and most important purchasing categories. The effects achieved are as planned.

Future production

Production improvements continue to be made at a high pace within the Group. Eight production plants are now included in the programme which is designed to increase production efficiency and improve inventory control.

During the first quarter the Group's efficiency programme was started in the production plants in Elverum (Norway), Roudnice (Czech Republic) and Varnsdorf (Czech Republic). The plants in Havnsø (Denmark), Skælskør (Denmark) and Frödinge (Sweden) are now more than half way through the improvement programme, and the progress made at all three plants is as planned.

The efficiency programme at the production plants in Arna (Norway) and Bysice (Czech Republic) was completed in the fourth quarter. The effects achieved are as planned and steps are in hand to ensure that the improvements made are maintained in daily operations.

Development in Western Europe

Sales in Western Europe totalled NOK 893m (932m) in the first quarter. The period closed with EBIT of NOK 100m (80m), while the EBIT



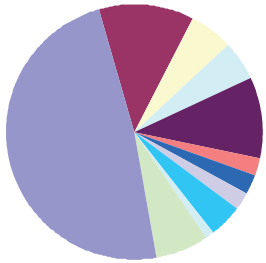
margin was 11.2% (8.6%). Organic growth in Western Europe stood at 1.7% in the first quarter.

Rieber & Søn Norway recorded stable sales during the period. Underlying organic growth is at a good level, benefiting from good sales in March in the run-up to Easter. Velbekomme chilled ready meals are continuing to develop well with larger market shares and better profitability thanks to higher productivity. The improvement work carried out under Our Future is showing results and contributed to increasing the operating margin in the first quarter.

Rieber & Søn Denmark reported higher sales in the first quarter, also benefiting from the good sales in March in the pre-Easter period. The operating result showed a considerable improvement. The improvement programme at the production plants in Skælskør and Havnsø reduced manning levels in the first quarter. Together with strict cost control, this was reflected in improved results.

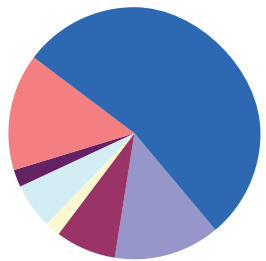
Rieber & Søn Sweden reported an increase in both sales and results in the first quarter. The Swedish business is currently carrying out an extensive turnaround aimed at boosting profitability. Internal improvements along with a strengthened and concentrated focus on the Nordic markets are the main targets of the turnaround. The programme is progressing as planned.





Geographical breakdown. Net sales in 1st quarter

Norway	49.4 %	(48.3 %)
Czech Rep.	10.5 %	(12.0 %)
Poland	7.6 %	(5.7 %)
Sweden	5.1 %	(5.8 %)
Denmark	10.5 %	(10.1 %)
USA	2.8 %	(2.4 %)
Russia	2.4 %	(2.3 %)
Slovakia	2.2 %	(2.4 %)
Germany	3.9 %	(4.0 %)
UK	1.0 %	(1.1 %)
Other	4.6 %	(6.0 %)



Sales by product group. Net sales in 1st quarter

Soups, sauces, stews	53.7 %	(53.7 %)
Salads	13.5 %	(13.7 %)
Seafood	8.8 %	(7.7 %)
Ingredients	1.9 %	(2.0 %)
Onion	3.8 %	(5.6 %)
Snacks	2.4 %	(2.3 %)
Desserts	16.0 %	(15.0 %)

Rieber & Søn Food Service again recorded a decline in sales in the first quarter, but profitability was maintained thanks to good cost control and the effects of Our Future. As yet, there is no sign of improvement in the food service market, and the business is adjusting appropriately in response to a challenging market.

Cronions recorded lower sales in the first quarter. Structural effects related to divestment of the onion ring business impacted negatively on sales. Sales of the main product, crispy fried onion, have not developed satisfactorily. A number of steps have therefore been taken in order to respond to the competition and improve profitability, and stable results were returned in the first quarter.

Development in Central and Eastern Europe

Sales in Central and Eastern Europe (CEE) totalled NOK 338m (344m) in the first quarter. At the end of the period EBIT stood at NOK 16m (20m), while the EBIT margin was 4.7% (5.8%). Organic growth stood at 1.1% in the first quarter.

Rieber & Søn in the Czech Republic recorded lower sales in the first quarter, but maintained stable results thanks to good cost control and the effects of "Our Future". The business has taken steps to respond to changes in consumer behaviour as well as implementing chain strategies as the result of a downturn in the Czech market.

Rieber & Søn Poland recorded an increase in both sales and profits in the first quarter, benefiting from the general good growth in

the Polish market and the launch of new products. The business has stable market shares. The divestment of the plant for the production of cake bases will make it possible to concentrate more on the core business under the Delecta brand name.

Rieber & Søn Russia can report sales growth for the first time in five quarters. Following the decline in sales in 2009 due to major challenges confronting the Russian economy, there are signs that the market is picking up. Through various initiatives, our Russian business has maintained operating profits at a good level, enabling it to provide stable quarterly results in a demanding market situation.

King Oscar reported higher sales in the first quarter, but the profit was reduced due to an unfavourable sales mix and higher market costs.

Capital

The accumulated cash flow from operations was minus NOK 5m (+6m). Low stocks at the start of the year led to a reduced cash flow in the current quarter. The Group's net investments in 2010 amount to NOK 21m (37m). Capital employed amounts to NOK 3 142m (3 262m), with net working capital totalling NOK 613m (653m). At the end of the first quarter the equity ratio stood at 50%.

At the same time, the company owned 1 million of its own shares. The Board has proposed a dividend of NOK 2.00 per share for 2009. If approved by the AGM 4 May, the dividend will be paid on 20 May 2010.

New legislation on Contractual Pension Agreements

In February 2010 a new legislation was passed governing Contractual Pension Agreements in Norway which entails changes in the employer's funding of pension schemes of this kind. New schemes meet the requirements set for a defined benefit based pension scheme, but as there is insufficient information from the administrator of the scheme to make a reliable calculation of the accounting commitment, the schemes are included as defined contribution based schemes.

The change in the law will entail the termination of existing schemes and the related commitment will be taken to income. For Rieber & Søn, this commitment amounts to around NOK 73m as at the date of the legal amendment, but because of transitional rules and underfunding of the CPA scheme, it is the view of Rieber & Søn that there is currently insufficient information to quantify this amount. However, it is expected that a not insignificant proportion of the commitment will be taken to income in the course of 2010.

Bergen, 27 April 2010
The Board of Directors of Rieber & Søn ASA

PROFIT AND LOSS ACCOUNT

for the Rieber & Søn Group

PROFIT AND LOSS ACCOUNT (not audited) Figures in NOK m	1st quarter		Year-end
	2010	2009	2009
Net sales	1 196	1 236	4 967
Of which sales outside Norway	605	639	2 693
Gross profit	715	701	2 818
Operating and payroll costs	-555	-554	-2 218
EBITDA	160	147	600
Depreciation	-50	-52	-208
One-off items *)	-	-	32
EBIT	110	95	424
Net financial items **)	-11	-10	-55
Profit before taxes	99	85	369
Taxes	-30	-26	-115
Profit after taxes	69	59	254
Key ratios			
Gross margin	59.8 %	56.7 %	56.7 %
EBITDA margin	13.4 %	11.9 %	12.1 %
EBIT margin	9.2 %	7.7 %	8.5 %
Capital employed	3 142	3 262	3 315
Return on capital employed / ROCE	14.0 %	11.7 %	12.8 %
EPS / Diluted EPS	0.90	0.77	3.32

*) One-off items 2009 represent the effect from disposal of Krainingen (NOK -16m), workforce reductions in Norway (NOK -14m), sale of the Sopps brand (NOK +62m), sale of the marine ingredients line (NOK +15m), costs related to the cancellation of the acquisition of Gellwe (NOK -5m), in addition to write-down of a production plant in Poland (NOK -10m).

**) Financial items in 1Q 2009 are positively influenced by NOK 6m from hedging.

BALANCE SHEET (not audited) Figures in NOK m	At 31.03	At 31.03	At 31.12
	2010	2009	2009
Fixed assets	1 722	1 761	1 752
Intangible assets	781	798	781
Long-term receivables etc.	16	12	17
Other current assets	1 364	1 426	1 313
Liquid assets ¹⁾	16	32	82
Total assets	3 899	4 029	3 945
Equity ²⁾	1 962	1 782	1 893
Long-term interest-free debt	294	303	321
Interest-bearing debt	904	1 210	996
Short-term interest-free debt	739	734	735
Total liabilities and equity	3 899	4 029	3 945

¹⁾ CASH FLOW STATEMENT	First 3 months	
	2010	2009
Cash flow from operational activities	-5	6
Cash flow from investments	28	-64
Cash flow from financial activities	-89	-34
Change in liquid assets	-66	-92
Liquid assets at 31st December last year	82	155
Translation differences etc.	-	-31
Liquid assets at 31st March	16	32

²⁾ EQUITY MOVEMENTS	First 3 months	
	2010	2009
Adjustment market value hedging instruments	-1	-6
Translation differences etc.	1	-238
Total other income and expenses	-	-244
Equity at 31st December last year	1 893	1 967
Interim profit	69	59
Total other income and expenses	-	-244
Equity at 31st March	1 962	1 782

PROFIT AND LOSS ACCOUNTS SEGMENTS

for the Rieber & Søn Group

WESTERN EUROPE PROFIT AND LOSS ACCOUNT (not audited)		1st quarter		Year-end
Figures in NOK m		2010	2009	2009
Net sales		893	932	3 701
Gross profit		541	528	2 125
Operating and payroll costs		-407	-413	-1 641
EBITDA		134	115	484
Depreciation		-34	-35	-138
One-off items *)		-	-	47
EBIT		100	80	393
Key Ratios				
Gross margin		60.6 %	56.6 %	57.4 %
EBITDA margin		15.0 %	12.3 %	13.1 %
EBIT margin		11.2 %	8.6 %	10.6 %
Capital employed		2 109	2 200	2 168
Return on capital employed / ROCE		19.1 %	14.6 %	16.2 %

*) One-off items in 2009 represent disposal of Krainingen (NOK -16m), workforce reductions in Norway (NOK -14m), sale of the Sopps brand (NOK +62m), in addition to sale of the marine ingredients line (NOK +15m).

CENTRAL AND EASTERN EUROPE (CEE) PROFIT AND LOSS ACCOUNT (not audited)		1st quarter		Year-end
Figures in NOK m		2010	2009	2009
Net sales		338	344	1 394
Gross profit		177	176	706
Operating and payroll costs		-148	-141	-574
EBITDA		29	35	132
Depreciation		-13	-15	-58
One-off items *)		-	-	-16
EBIT		16	20	58
Key Ratios				
Gross margin		52.3 %	51.1 %	50.7 %
EBITDA margin		8.6 %	10.1 %	9.5 %
EBIT margin		4.7 %	5.8 %	4.2 %
Capital employed		894	961	982
Return on capital employed / ROCE		7.1 %	8.3 %	6.0 %

*) One-off items in 2009 represent costs related to the cancellation of the acquisition of Gellwe (NOK -5m), in addition to write-down of a production plant in Poland (NOK -10m).

Note on segments

Western Europe represents sales and production in Western European countries, as well as some export to overseas markets. Central and Eastern Europe represent sales and production in CEE countries, as well as some export to overseas markets. Group operational overhead is allocated to segments while other group costs remain unallocated.

IFRS (International Financial Reporting Standards)

The interim report is based on IAS 34 Interim Financial Reporting and the prevailing IAS/IFRS standards and interpretations, and the accounting principles and methods of calculation used are according to the principles in the last annual accounts.