First quarter results 2013

Oslo, 2 May 2013

ÅGE KORSVOLD, PRESIDENT & CEO

Agenda

Åge Korsvold, President & CEO

- Strategy and highlights

Terje Andersen, CFO

- Financial performance

Atle Vidar Johansen, CEO Orkla Foods

- Branded Consumer Goods

Orkla's transformation to a Branded Consumer Goods company

2011	2012	2013
New strategic direction to grow within Branded Consumer Goods	Major actions executed to implement strategy	Organise and act as a Branded Consumer Goods company

Developing people – creating value

ORKLA

2011: Industrial conglomerate

ORKLA Brands

Revenues	NOK 24.6 billion
EBITA	NOK 2.8 billion
FTEs	13 600

NOK 33 bn.
(49 %)

sapa:

Revenues	NOK 30.8 billion
EBITA	NOK 0.8 billion
FTEs	14 300

NOK 11 bn.
(17 %)

Share Portfolio

NOK 5.5 billion as of Q4-11

Hydro Power

2.5 TWh

Borregaard
Revenues: NOK 4.0 billion

JOTUN 42.5 %
Revenues: NOK 10.7 billion

REC 39.7 %
Revenues: NOK 13.8 billion

NOK 23 bn.
(34 %)

= Enterprise Value based on consensus SOTP after Q4-11

All figures as of 31 Dec 2011

2012: Major moves to deliver on strategy

- Two major Branded Consumer Goods acquisitions:
  - Rieber & Søn
  - Jordan
- Sapa restructuring:
  - Creation of the world's leading aluminium solutions provider (Sapa JV)
  - Process initiated to divest Sapa Heat Transfer
- Non-core divestments:
  - IPO of Borregaard
  - Share Portfolio significantly reduced
  - Ownership in REC reduced

Corporate structure 2013

Business areas

Orkla Foods
Rev. 2012: 11.1 bn. NOK (39 %)[1]

Orkla Confectionery & Snacks
Rev. 2012: 4.8 bn. NOK (17 %)

Orkla Home & Personal
Rev. 2012: 4.0 bn. NOK (14 %)

Orkla International
Rev. 2012: 3.2 bn. NOK (11%)[1]

Orkla Food Ingredients
Rev. 2012: 5.4 bn. NOK (19 %)

Associated company

Jotun
(42.5 % share)

JOTUN

Non-core

Sapa
(Part of future JV)
The world's leading aluminum solutions provider

Heat Transfer
Rolled aluminum products

Hydro Power

Shares and financial assets

Real estate

Corporate centre & support functions

1. 2012 proforma, incl. Rieber

Highlights Q1 2013

- Stable top-line and 8% profit growth in Branded Consumer Goods

- Further restructuring of Branded Consumer Goods
  - Acquisition of Rieber completed
  - Procordia and Abba Seafood merged into one Swedish food company
  - Announced restructuring of Confectionery & Snacks

- Continued divestments of non-core assets
  - Exclusive process with strategic buyer of Sapa Heat Transfer
  - Sapa JV: Decision from European competition authorities by 14 May
  - Market value of financial holdings NOK 3.2 billion at end of Q1

Acquisition of Rieber completed

- Transaction closed on 26 April
  - Approved by European and Norwegian competition authorities
  - A mandatory offer has been made for the remaining shares

- Strengthens Orkla's position as the leading Nordic Branded Consumer Goods company

- Rieber & Søn will be merged with the existing food companies in Norway, Sweden and Denmark
  - Cost synergies estimated to NOK 250-300 million when fully implemented

- Detailed integration and value creation plans in place

Merger of two Swedish food companies completed

- Annual cost synergies of NOK 30 million from 2014

Abba Seafood + **procordia** (Sveriges godaste varumärken)

Abba Seafood

- Revenues: SEK 1.3 billion
- Approx. 370 employees
- Head office in Gotenburg
- Production in Kungshamn

procordia

- Revenues: SEK 3.3 billion
- Approx. 1000 employees
- Head office in Eslöv
- 6 production facilities

Restructuring of Confectionery & Snacks in progress

- Potential annual cost synergies of NOK 50-70 million

	Norway	Revenues (MNOK):	Sweden	Revenues (MNOK):	Finland	Revenues (MNOK):
Companies	Nidar	1200	OLW	600	Chips AB	500
	KiMs	500	Göteborgs Kex	400	Panda	370
	Sætre Kjeks	300				
Brands (examples)	Safari, KiMs, Stratos		Ballerina, OLW, Cheez Doodles		Kantolan, Taffel, Panda	

Developing people – creating value

ORKLA

2013-15: Transition

1. Divest non-core assets

2. Improve performance within Branded Consumer Goods
   - Operational improvements and growth (organic and structural)
   - Strengthen leading positions and exploit Nordic economies of scale

3. Grow by allocating capital within branded goods

2013 priorities: Execution

- Restructuring of Branded Consumer Goods
  - Successful integration of Rieber
  - Restructuring of Confectionery & Snacks
  - Strengthen support functions
  - Orkla's Norwegian businesses to be grouped at a single location

- Divestments of non-core assets
  - Complete Sapa HT transaction and execute the JV with Hydro
  - Continue to divest financial holdings

Upcoming event:

INVESTOR DAY

London, 26 September

ORKLA

FINANCIAL PERFORMANCE

TERJE ANDERSEN, CFO

ORKLA

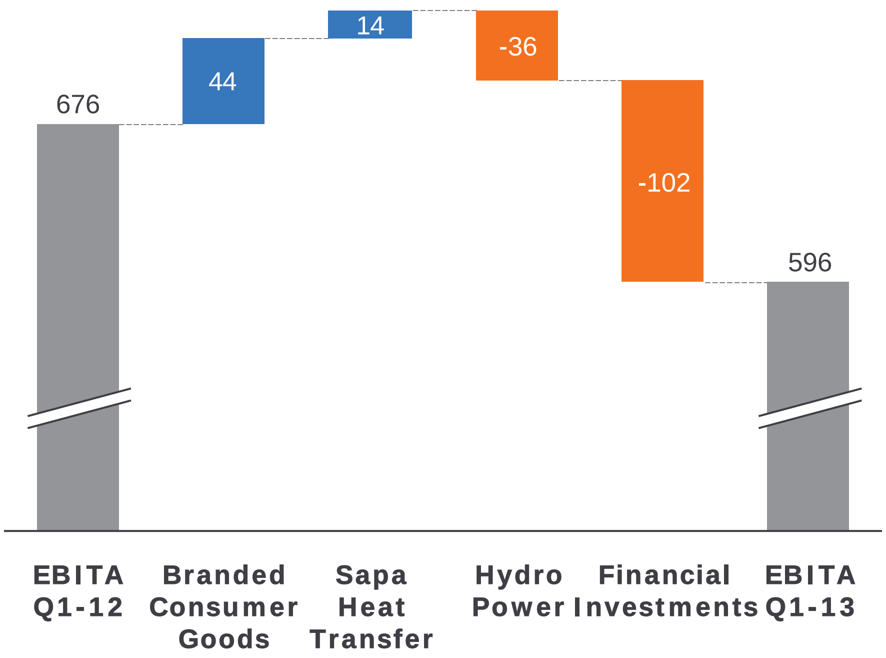
Group income statement

Amounts in NOK million

	Q1 2012	Q1 2013
Operating revenues	**7 069**	**7 219**
EBITA	**676**	**596**
Amortisation intangibles	-4	-7
Other income and expenses	-14	-36
EBIT	**658**	**553**
Profit/loss from associates	159	95
Dividends received	52	120
Gains, losses and write-downs shares and fin. assets	427	221
Financial items, net	- 142	- 89
Profit / loss before taxes	**1 154**	**900**
Taxes	-198	-160
Profit / loss for the period continuing operations	**956**	**740**
Profit/ loss from discontinued operations	356	- 56
Profit / loss for the period	**1 312**	**684**
Earnings per share diluted (NOK)	**1.3**	**0.7**
Cash flow from operations	**353**	**40**

EBITA bridge Q1 2013

- 8% profit growth in Branded Consumer Goods
  - Half related to Jordan
- Profit growth for Sapa HT
- Low production for Hydro Power
- High gains from sale of real estate projects in 2012



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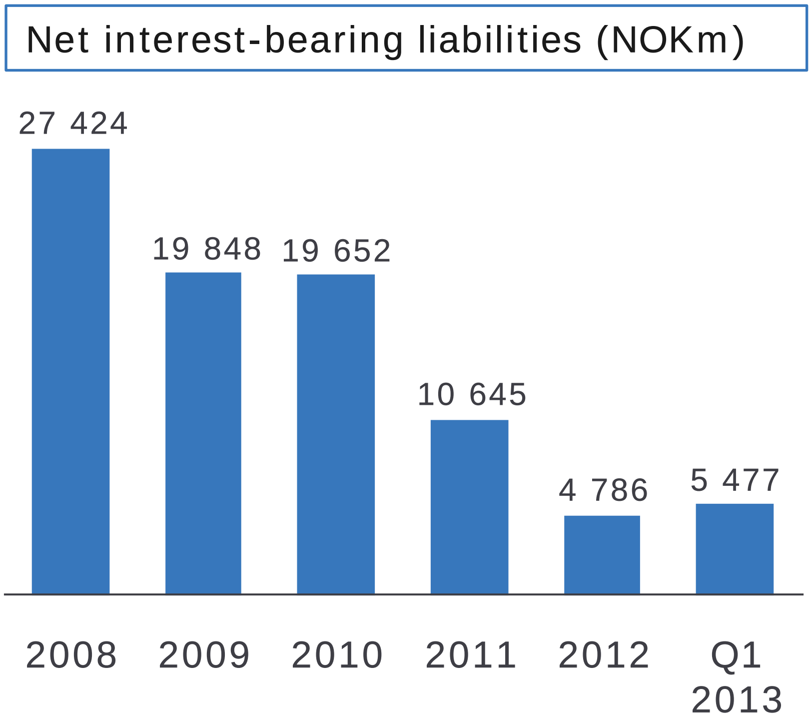
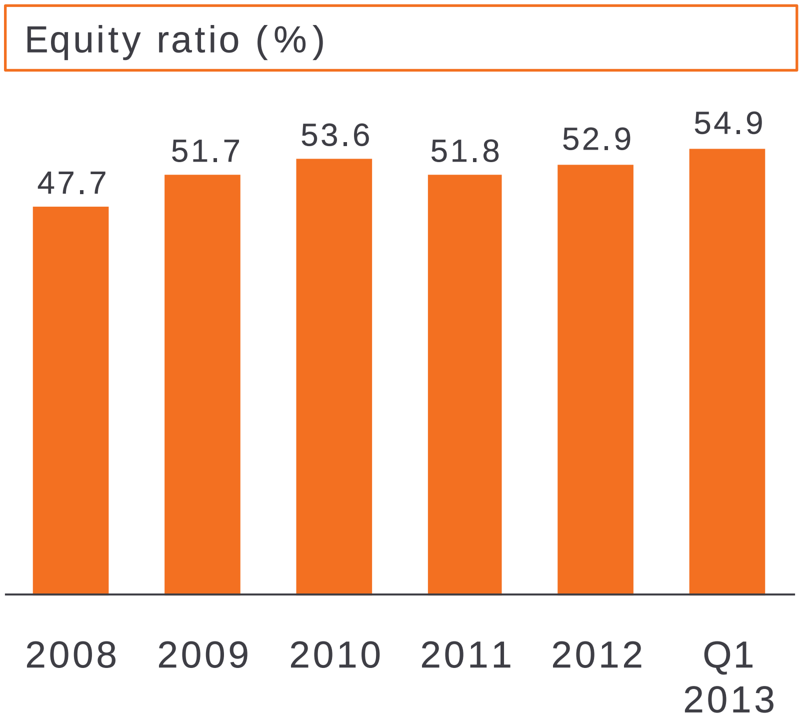
Strong balance sheet and financial flexibility





Sapa (part of future JV) - Discontinued operation

- Further European market decline affects profit in Profiles Europe negatively
  - Volumes down 6% compared to Q1-12
- Continued improvement for Profiles North America
  - Volumes up 1% compared to Q1-12
- Building System affected by declining European market and cold weather
  - Market down 10% compared to Q1-12
- Working capital reduced with NOK 667 million from Q1-12

Sapa JV	Q1-12	Q1-13
Operating revenues	6 737	6 152
EBITA	122	46
Other income and exp.	- 2	- 88

EBITA margin (%)*	Q1-12	Q1-13
Profiles North America	4.5 %	5.0 %
Profiles Europe	1.7 %	0.7 %

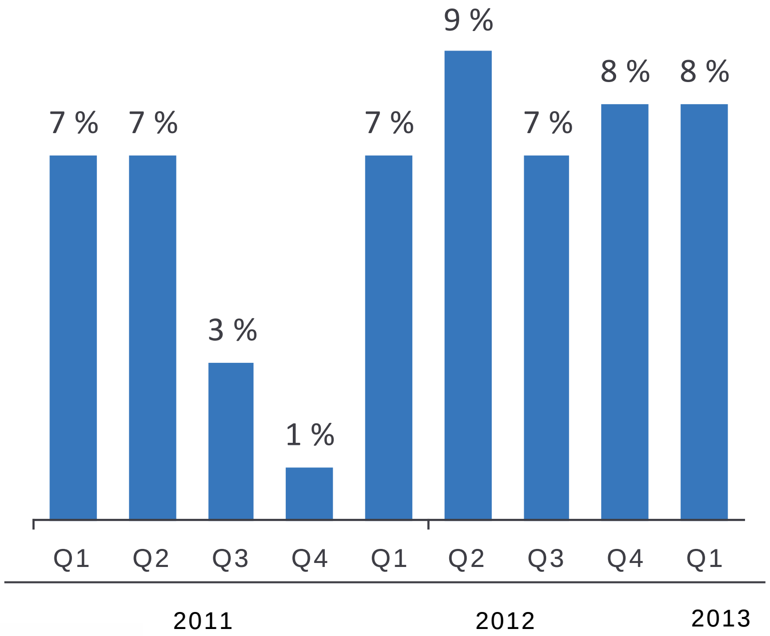
*Excl. Overhead costs

Profit growth for Sapa Heat Transfer

- EBITA-margin increased with 1.2 percentage points
- Continued volume and EBITA growth in Shanghai
- Volume in Sweden in line with last year

Heat Transfer	Q1-12	Q1-13
Operating revenues	997	1 010
EBITA	71	85

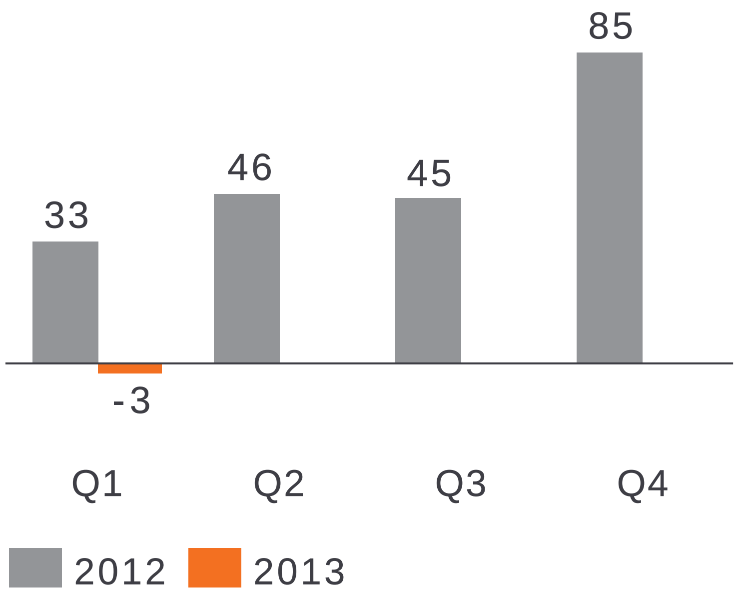
EBITA margin performance:



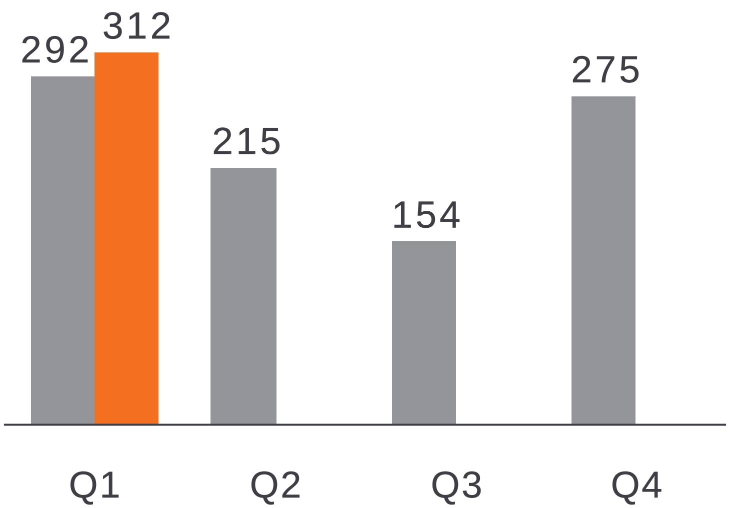
Low production for Hydro Power

- Production was 326 GWh in Q1 compared with 505 GWh last year

EBITA for Hydro Power (NOK million)



Spot prices (NordPool) (NOK/MWh)



Developing people – creating value

ORKLA

Jotun (42.5%)

- Continued strong growth in all segments except Marine
- Stable year-on-year revenue performance
- Improved profitability driven by higher gross margin
- Construction of new factories in Brazil, USA and Russia
- Entry into several new markets, including Myanmar, Bangladesh and Morocco

Jotun	2011	2012
Revenues	10 659	11 351
EBIT	956	1 126

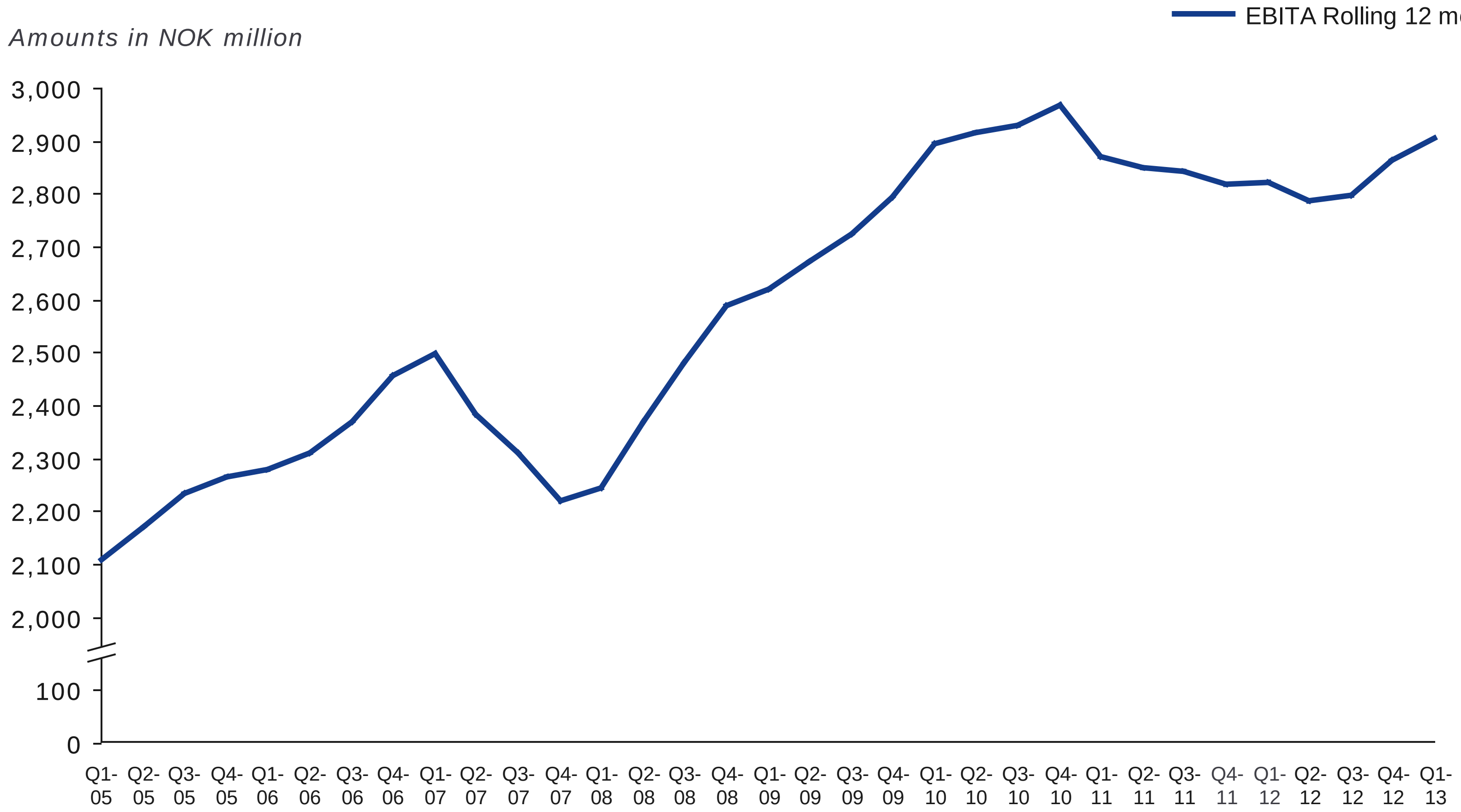
BRANDED CONSUMER GOODS

ATLE VIDAR JOHANSEN, CEO ORKLA FOODS

ORKLA

Branded Consumer Goods
Profit growth in the quarter

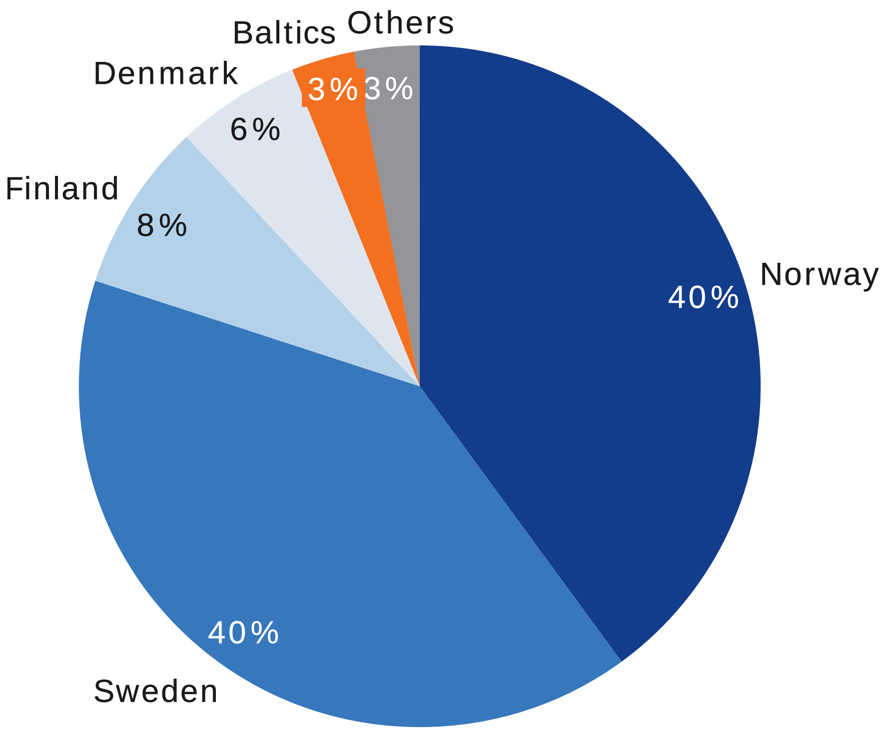
Amounts in NOK million



Orkla Foods

Revenues 2012: NOK 7,972 million

Geographical sales split:



Orkla Foods

- Underlying sales on a par with Q1 2012
- 2% sales growth in the grocery channel
  - Strong innovation programme in Stabburet, Procordia and Abba Seafood
- Slower start in the out of home channel
- Stable development in market shares

Key figures (NOK million)

	Q1-12	Q1-13
Operating revenues	1 898	1 924
EBITA	202	226
EBITA margin	10.6 %	11.7 %

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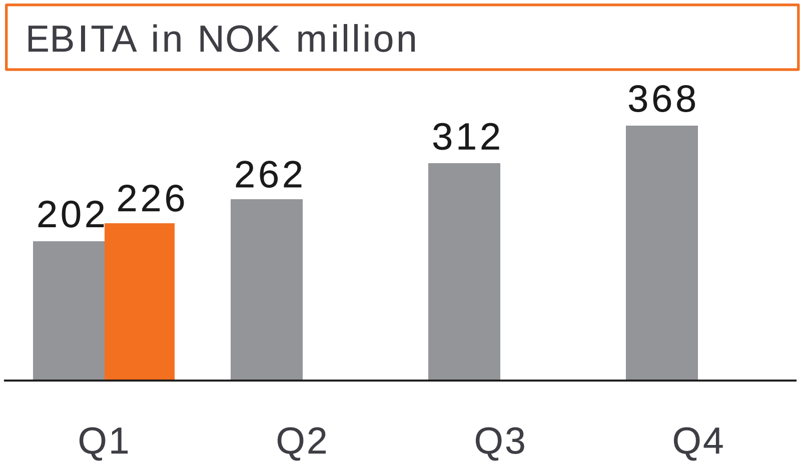
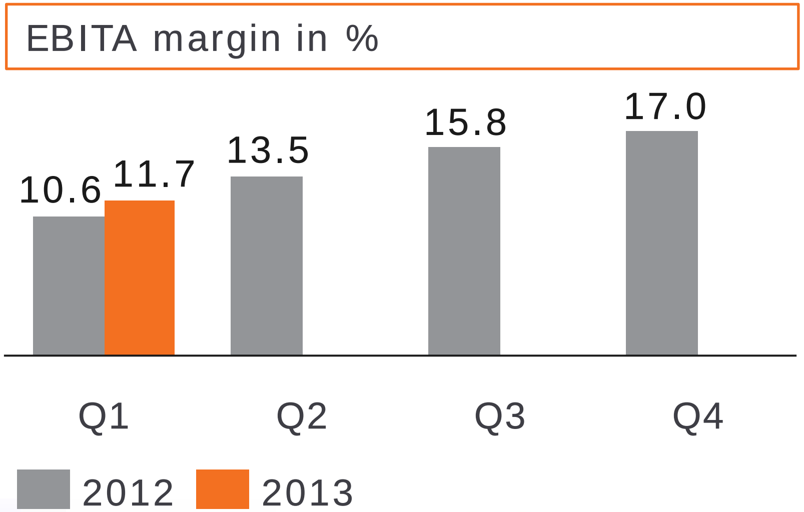
Orkla Foods

- Underlying EBITA growth of 12% in the quarter
- Broad based EBITA-margin improvement
- One food company in Sweden operational from 1 April
- Rieber consolidated from 1 May

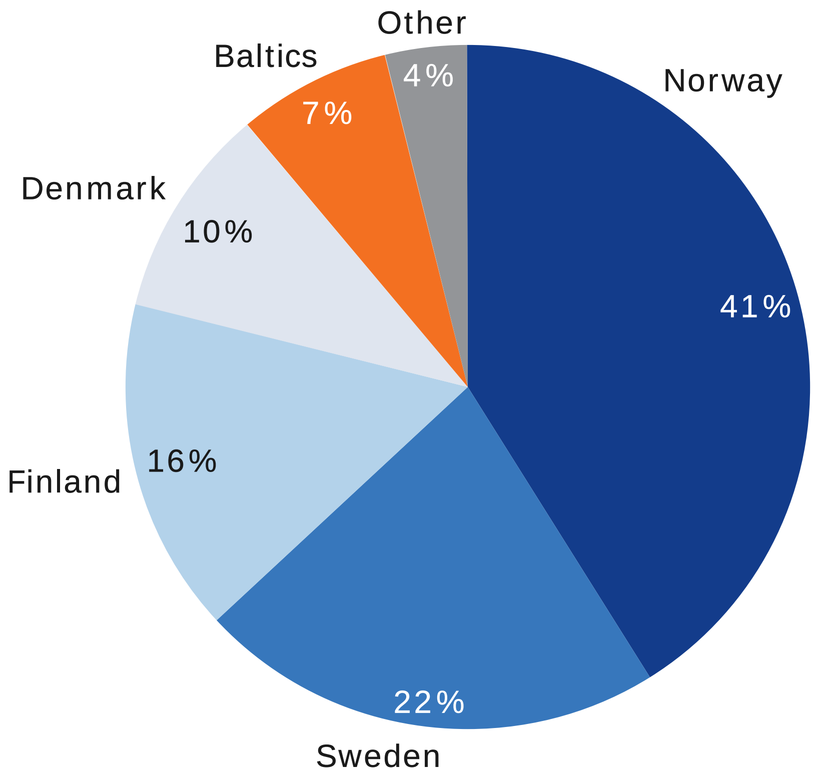




Orkla Confectionery & Snacks

Revenues 2012: NOK 4,794 million

Geographical sales split:



Orkla Confectionery & Snacks

- Challenging markets, weak top line
- High activity and competition in the snacks category
- Still weak performance for biscuits
- Mixed development in market shares

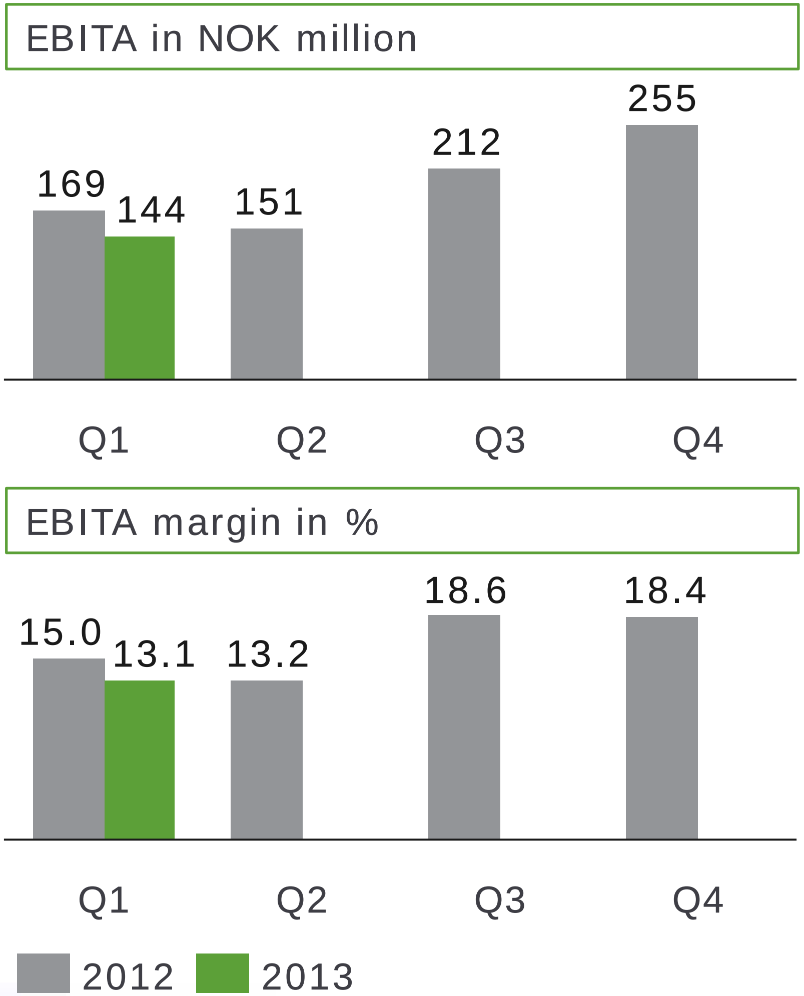
Key figures (NOK million)

	Q1-12	Q1-13
Operating revenues	1 129	1 100
EBITA	169	144
EBITA margin	15.0 %	13.1 %

Orkla Confectionery & Snacks

- EBITA down compared with last year
  - Negative margin performance for snacks and biscuits
  - 2% profit growth for confectionery in Norway

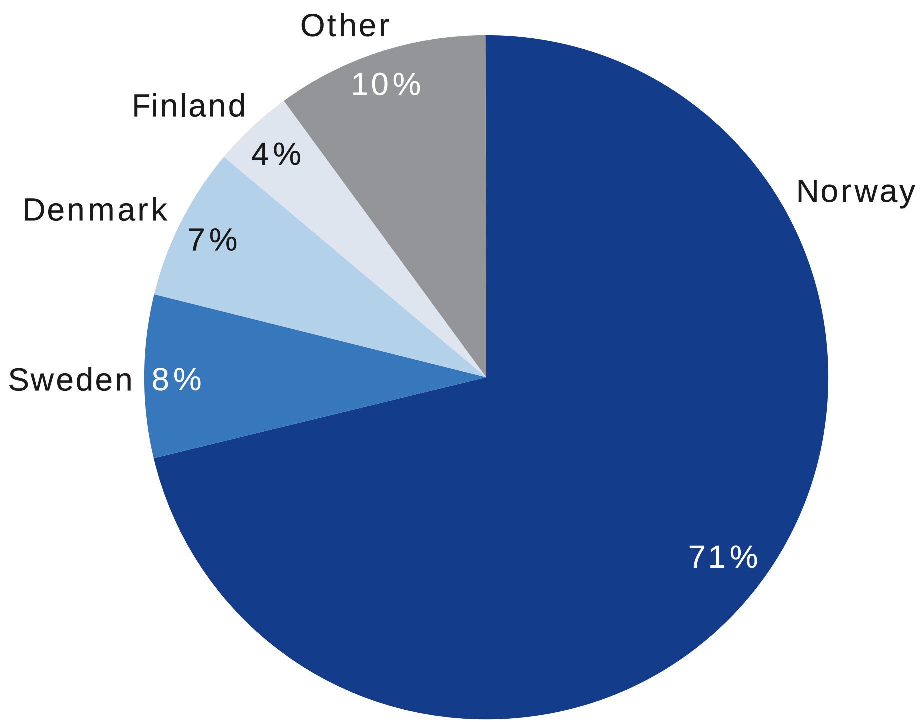
- One Confectionery and Snacks company in Norway, Sweden and Finland, respectively



Orkla Home & Personal

Revenues 2012: NOK 4,025 million

Geographical sales split:



Pierre Robert®

Lano

OMO

MÖLLER'S

Orkla Home & Personal

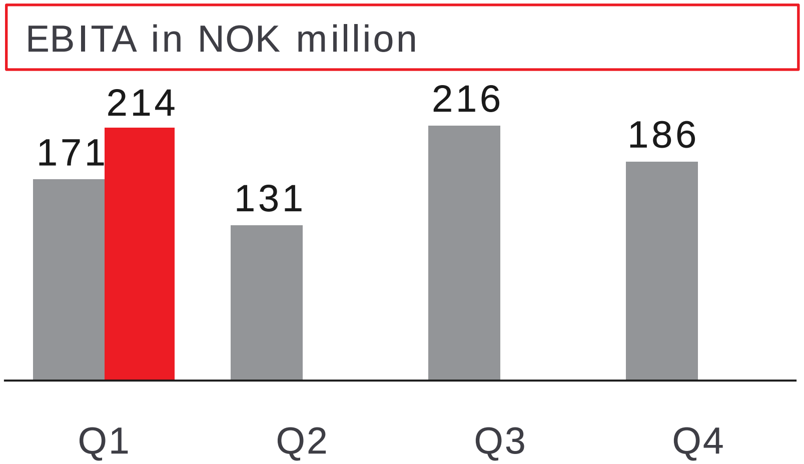
- Stable underlying sales performance
  - Reported growth related to Jordan
  - Volume growth for Axellus
- Market shares increased, especially in Lilleborg and Axellus

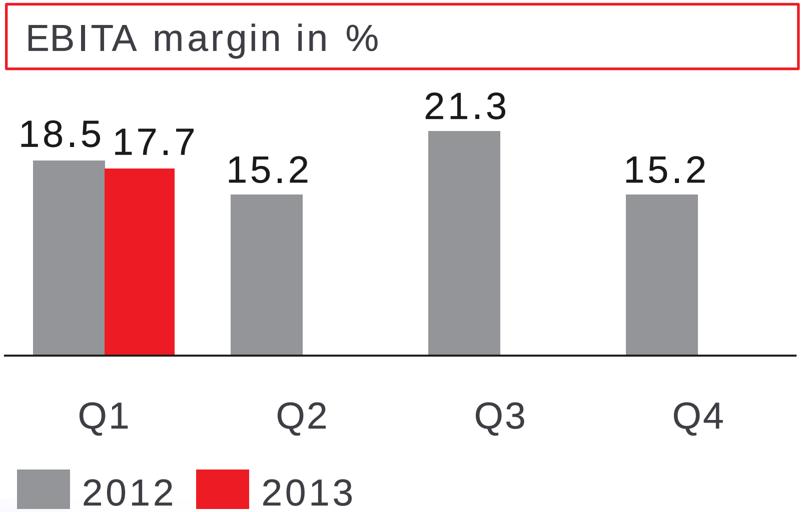
Key figures (NOK million)

	Q1-12	Q1-13
Operating revenues	925	1 211
EBITA	171	214
EBITA margin	18.5 %	17.7 %

Orkla Home & Personal

- EBITA growth of NOK 43 million
  - Around half related to the acquisition of Jordan
- Profit growth in Lilleborg, Pierre Robert Group and Axellus
- Jordan integrated into Home & Personal
  - Performance according to plan
- EBITA-margin diluted by acquisition of Jordan
  - Underlying margin improved

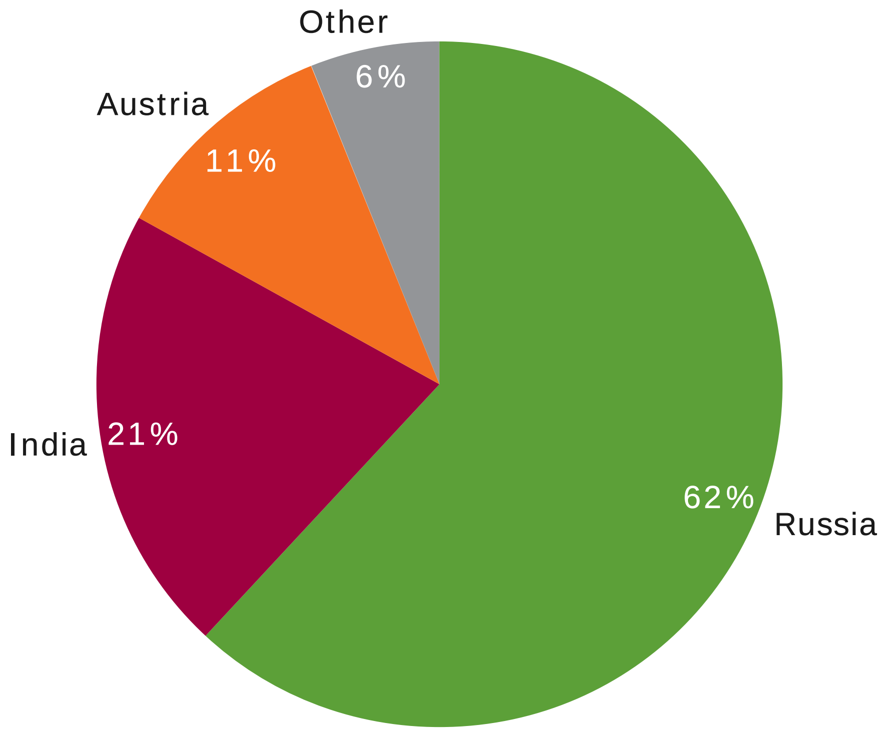




Orkla International

Revenues 2012: NOK 2,133 million

Geographical sales split:



Orkla International

Profit decline in Russia

- Weak top line performance
  - Reduction in number of SKU's
  - Termination of distribution agreement
- Restructuring continues

Continued growth in India

- Continued solid growth in MTR Foods for core categories
- Somewhat slower growth in the Indian economy
- Higher share of profit reinvested in advertising and building the organisation

Key figures (NOK million)

	Q1-12	Q1-13
Operating revenues	452	406
EBITA	- 37	- 42
EBITA margin	-8.2 %	-10.3 %

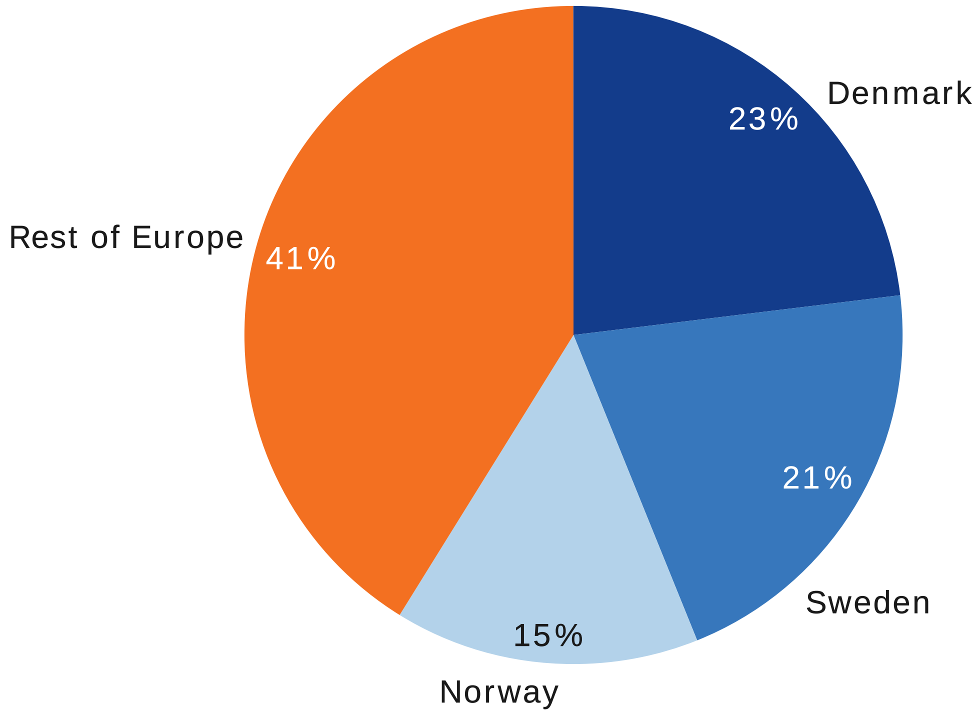
Orkla Brands Russia

- Direct sales to national retail chains are growing at the expense of traditional channels
- Completed restructuring activities
  - 2 operating companies → 1 operating company
  - 2 portfolios ~1100 SKU's → 1 portfolio ~600 SKU's
- Ongoing restructuring activities
  - Reduce number of plants from 4 to 3
  - Further reduce complexity in portfolio
  - Free up capital from sale of property in St. Petersburg
- Annual cost saving target NOK 60 million
  - Savings of NOK 30 million expected in 2013
- Restructuring completed in Q2 2014

Orkla Food Ingredients

Revenues 2012: NOK 5,435 million

Geographical sales split:



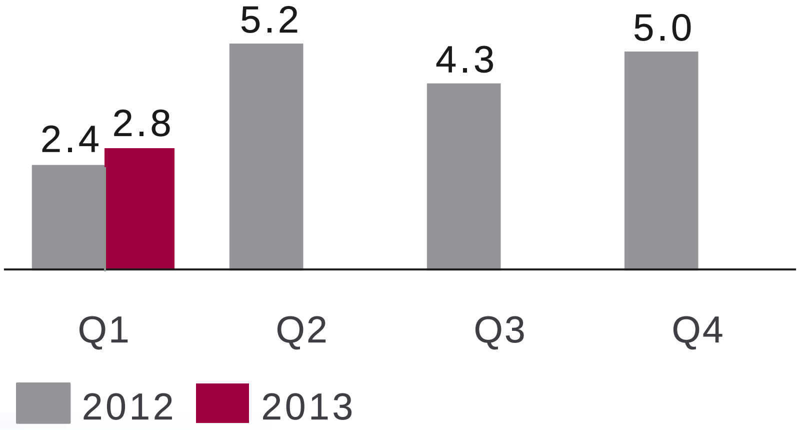
Orkla Food Ingredients

- Organic sales growth of 2%
- Underlying stable profit performance
  - Reported growth related to sale of assets in Kolding in Denmark

Key figures (NOK million)

	Q1-12	Q1-13
Operating revenues	1 232	1 333
EBITA	30	37

EBITA margin in %



Examples of innovations

ORKLA

Q&A

- Åge Korsvold, President & CEO
- Terje Andersen, CFO
- Atle Vidar Johansen,
  CEO Orkla Foods

APPENDICES

Cash flow

Amounts in NOK million	31.12.2012	Q1 2012	Q1 2013
Cash flow Industial Activities:			
Operating profit	2 910	658	553
Amortisation, depreciations and impairment charges	969	228	250
Changes in net working capital, etc.	1 028	- 378	- 601
Net replacement expenditure	- 796	- 155	- 162
Cash flow from operations	**4 111**	**353**	**40**
Financial items	- 372	- 45	- 72
Taxes paid	- 995	- 174	- 190
Dividends received	456	270	229
Discontinued operations and other payments	333	- 523	- 260
Cash flow before capital transactions	**3 533**	**- 119**	**- 253**
Paid dividends	-2 778	- 236	- 38
Net sale/purchase of Orkla shares	- 416	- 431	4
Cash flow before expansion	**339**	**- 786**	**- 287**
Expansion Industial Activities	- 347	- 72	- 26
Sale of companies/share of companies	3 538	933	47
Purchase of companies/share of companies	-1 617	- 121	- 827
Net sale/purchase of portfolio investments	3 350	1 050	677
Net cash flow	**5 263**	**1 004**	**- 416**
Currency effects of net interest-bearing liabilities	412	147	- 275
Change in net interest-bearing liabilities	**-5 675**	**-1 151**	**691**
Net interest-bearing liabilities	**4 786**	**9 310**	**5 477**

Balance sheet

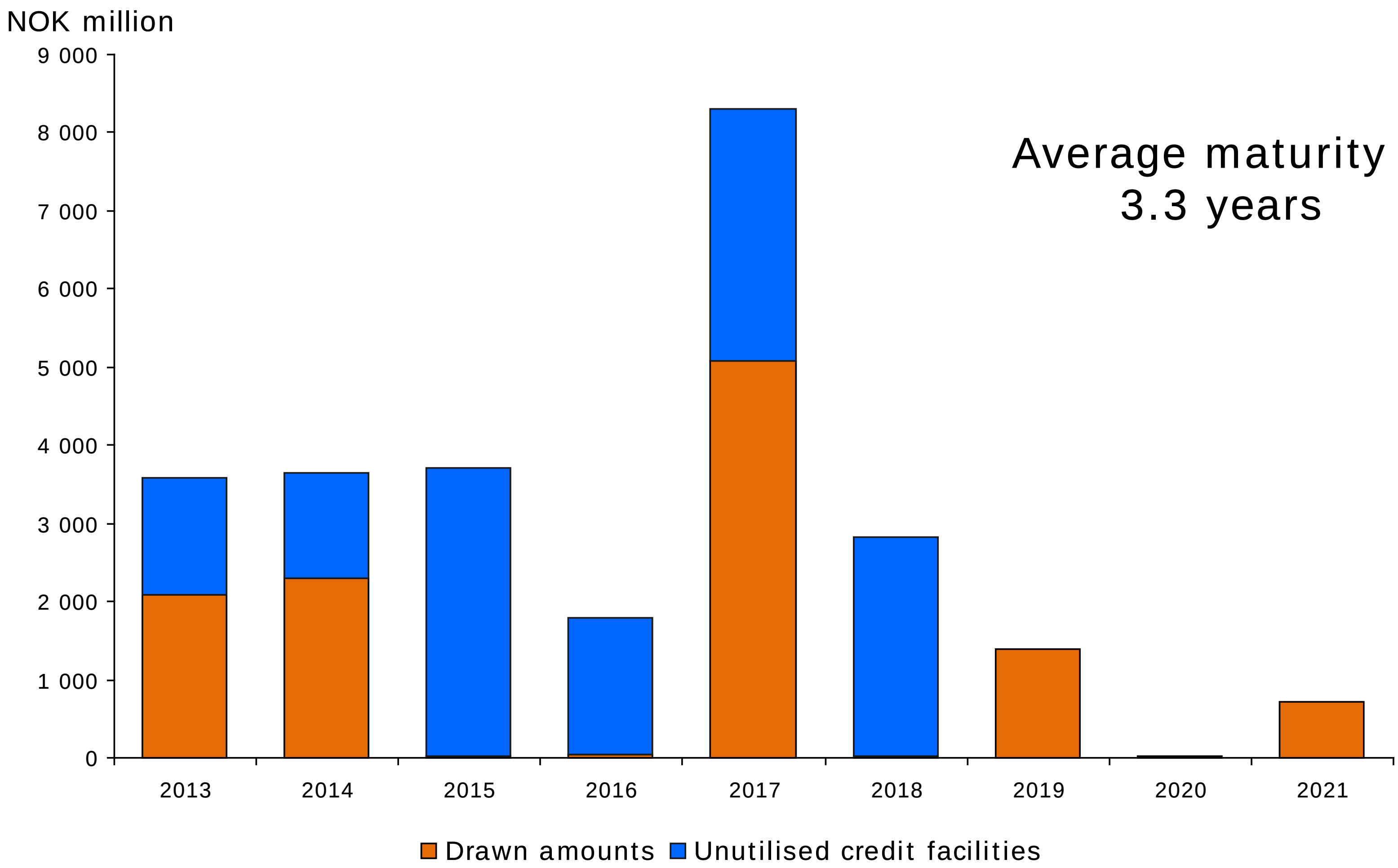
Amounts in NOK million	**31.12.2012**	**31.3.2013**
Intangible assets	10 069	10 430
Property, plant and equipment	9 601	10 534
Financial assets	3 686	3 493
Non-Current assets	**23 356**	**24 457**
Assets in discontinued operations	13 740	14 182
Inventories	4 243	4 341
Receivables	5 357	5 591
Shares and financial assets	3 601	3 169
Cash and cash equivalents	7 196	5 411
Current assets	**34 137**	**32 694**
Total assets	**57 493**	**57 151**
Paid-in equity	1 985	1 985
Earned equity	28 196	29 144
Non-controlling interests	258	242
Equity	**30 439**	**31 371**
Provisions and other non-current liabilities	3 380	3 525
Non-current interest-bearing liabilities	9 352	9 651
Current interest-bearing liabilities	3 460	2 033
Liabilities in discontinued operations	4 163	4 143
Other current liabilities	6 699	6 428
Equity and liabilities	**57 493**	**57 151**
Equity ratio	52.9 %	54.9 %

Net financial items

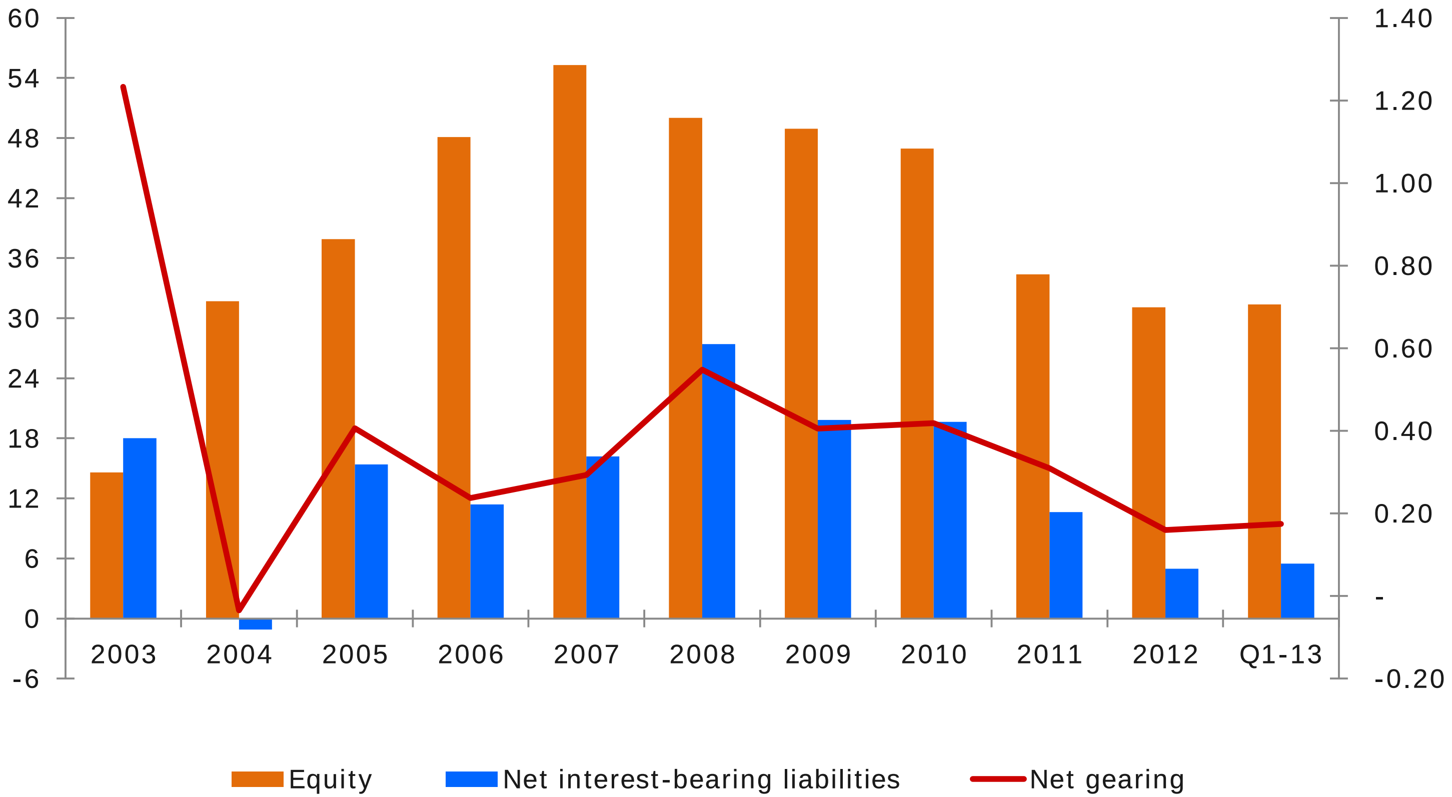
Amounts in NOK million

	FY 2012	Q1-12	Q1-13
Net interest expenses	-389	-108	-71
Currency gain/loss	-18	-2	2
Other financial items, net	- 82	- 32	-20
Net financial items	**-489**	**-142**	**-89**

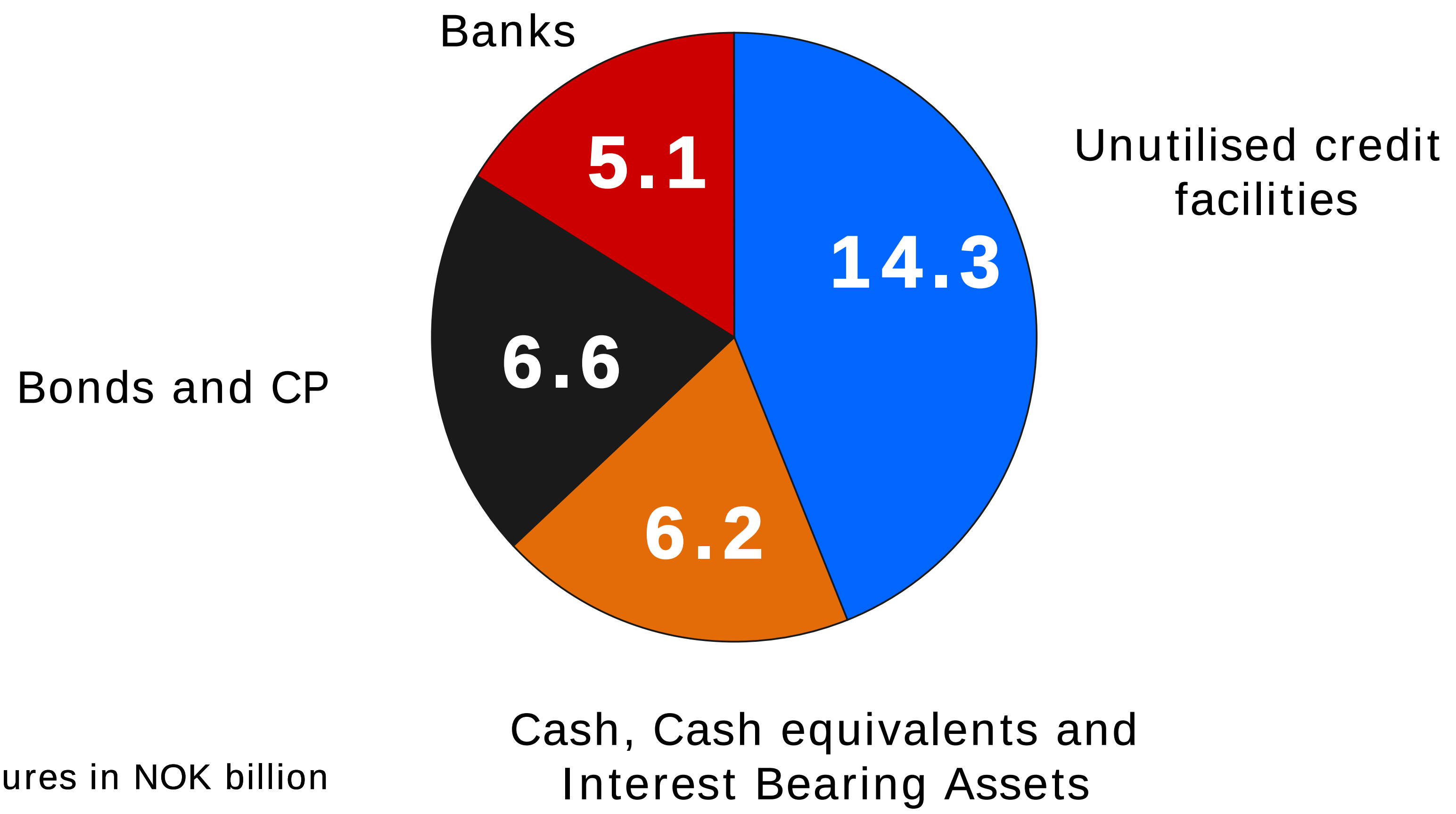
Debt maturity profile, Orkla Group



Net gearing 0.17 as of Q1-13



Funding sources



Figures in NOK billion