



## Improving performance from increased local scale

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# Improving performance from increased local scale

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- Building on unmatched market positions
- Reaching 2016 targets
- Achieving top line growth through improved innovation and scale

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- **Building on unmatched market positions**
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## Building on unmatched market positions

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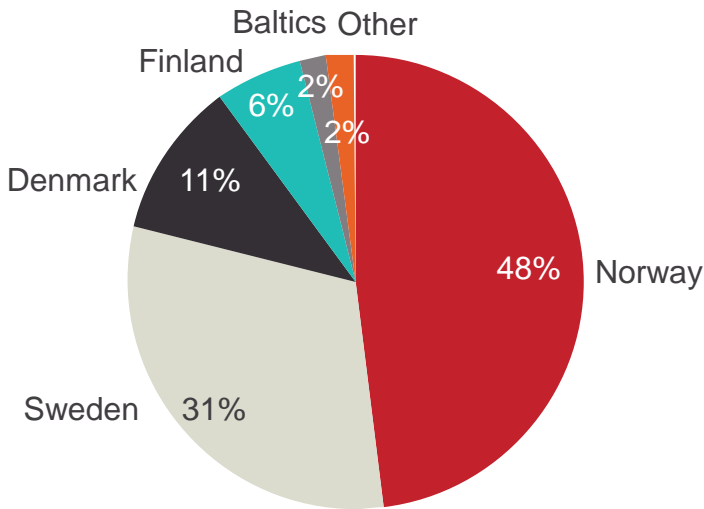
- Strong and well-known local brands with mainly #1 market positions
- Superior in serving the local consumer needs and preferences
- Local business model with significant scale advantage



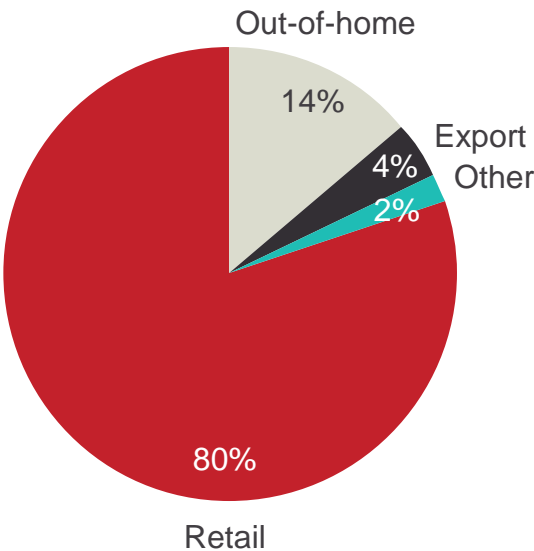
# A broad portfolio with 80% of revenues from Norway and Sweden

Revenues 2012, proforma incl. Rieber for the full year: NOK 10.7 billion

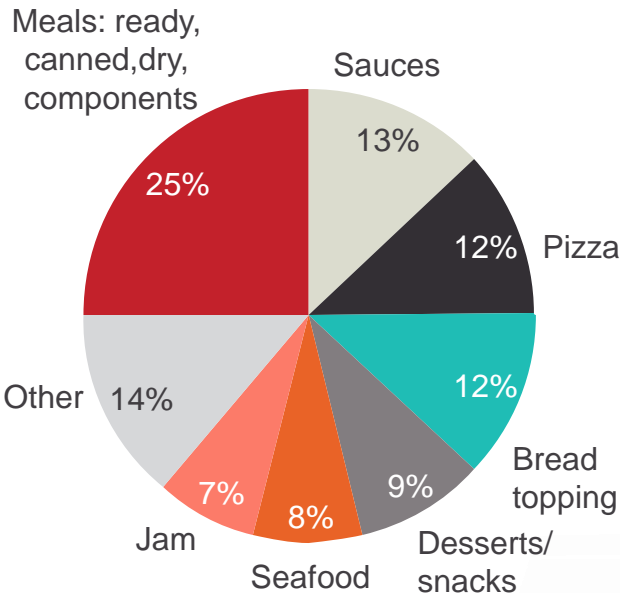
**Geographical  
sales split**



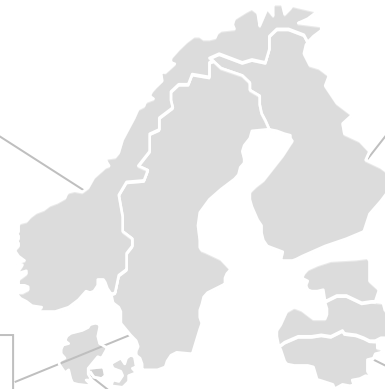
**Sales  
channel sales split**



**Category  
sales split**

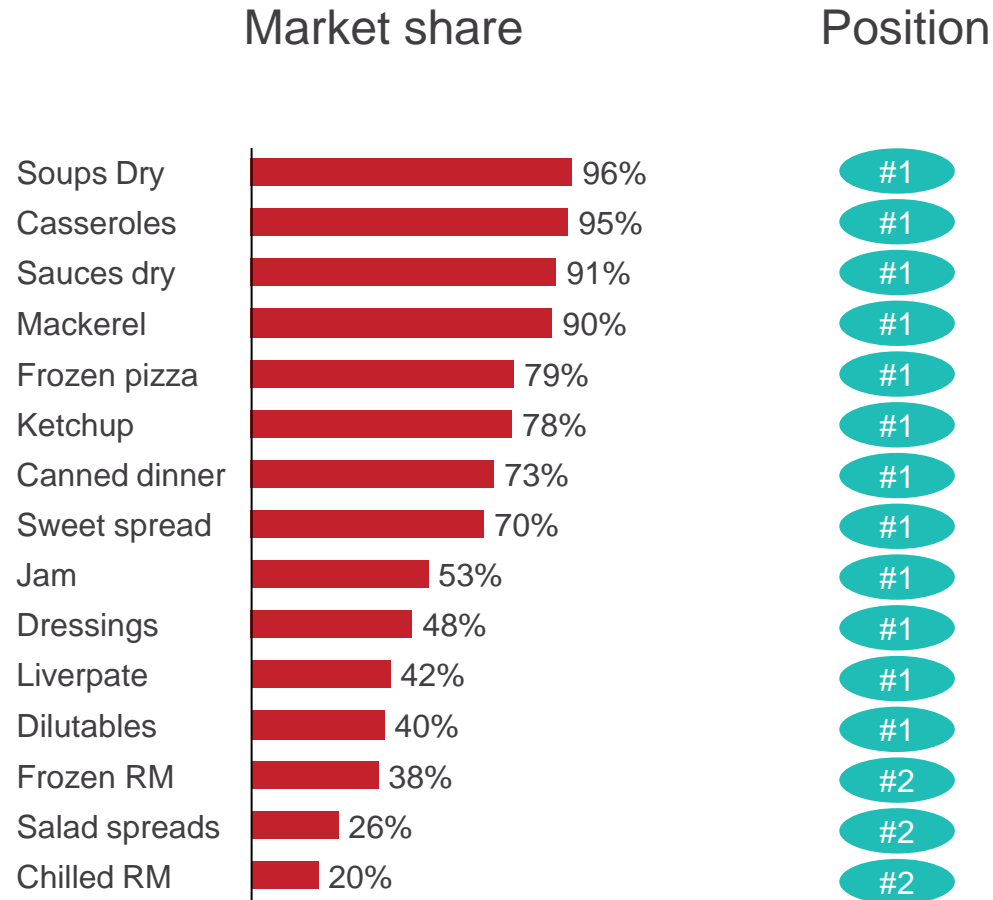


# Strong #1 brands with long heritage

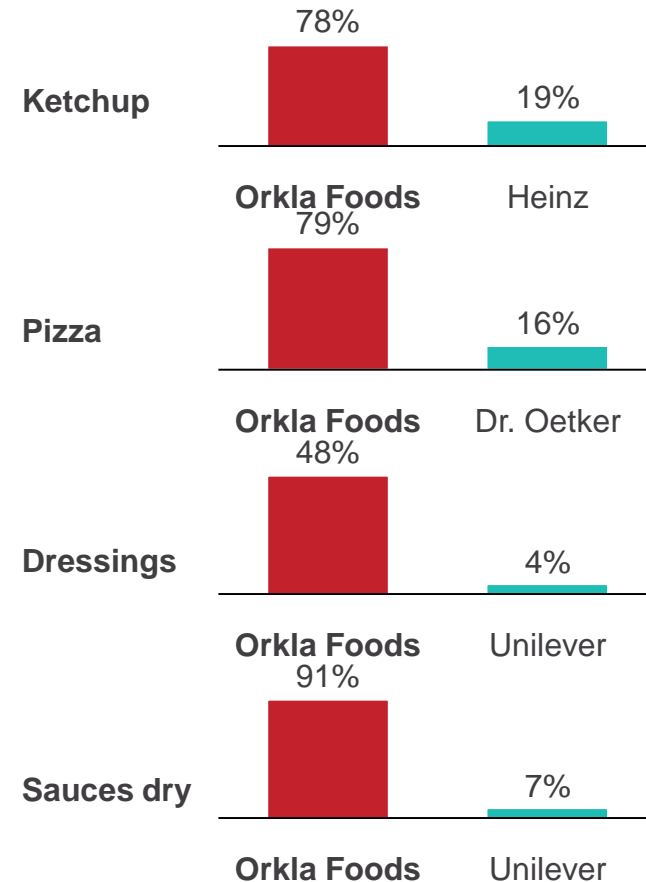




# #1 market positions in Norway



## Orkla vs. Multinationals

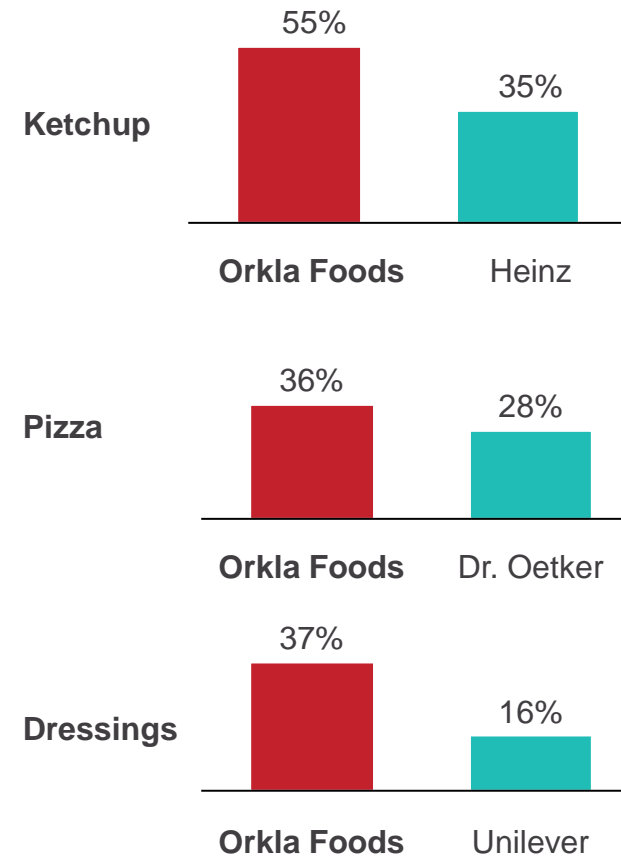




# #1 market positions in Sweden



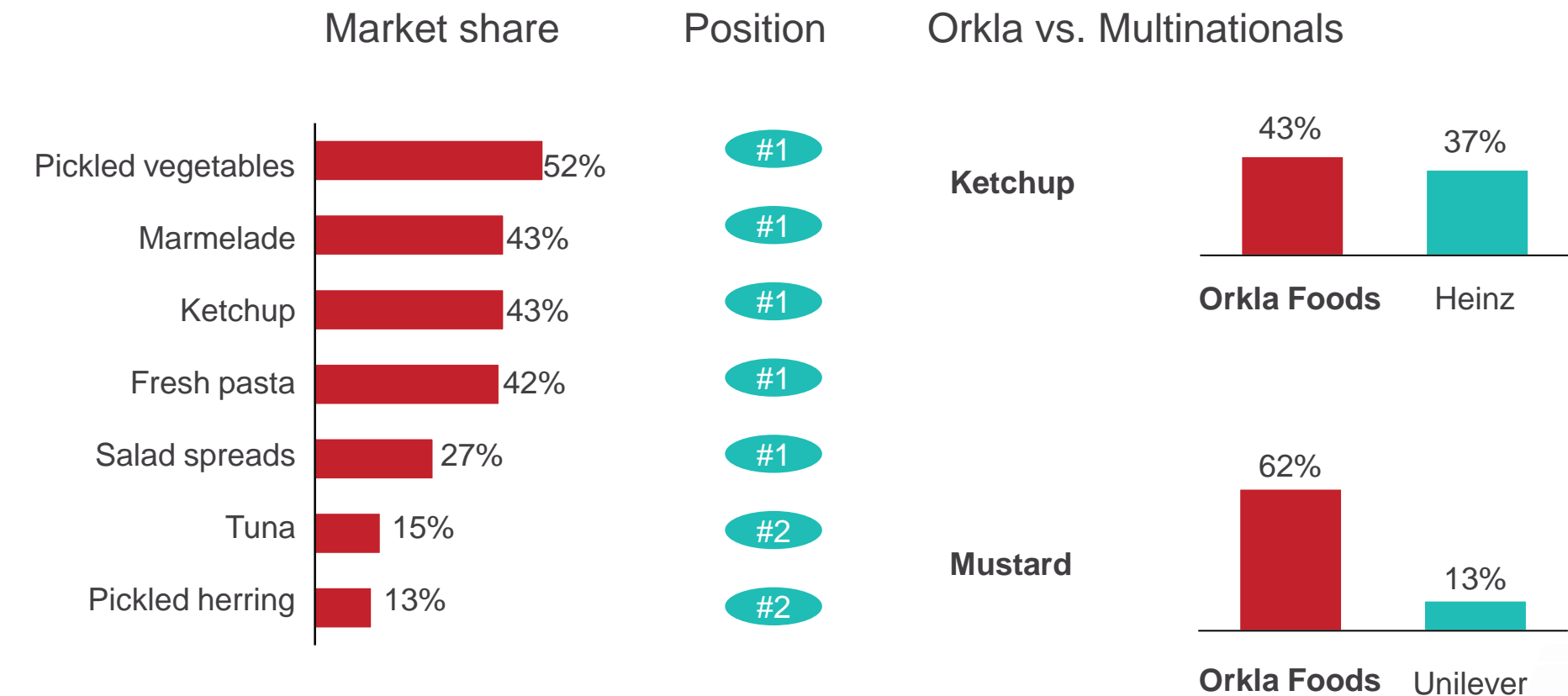
## Orkla vs. Multinationals





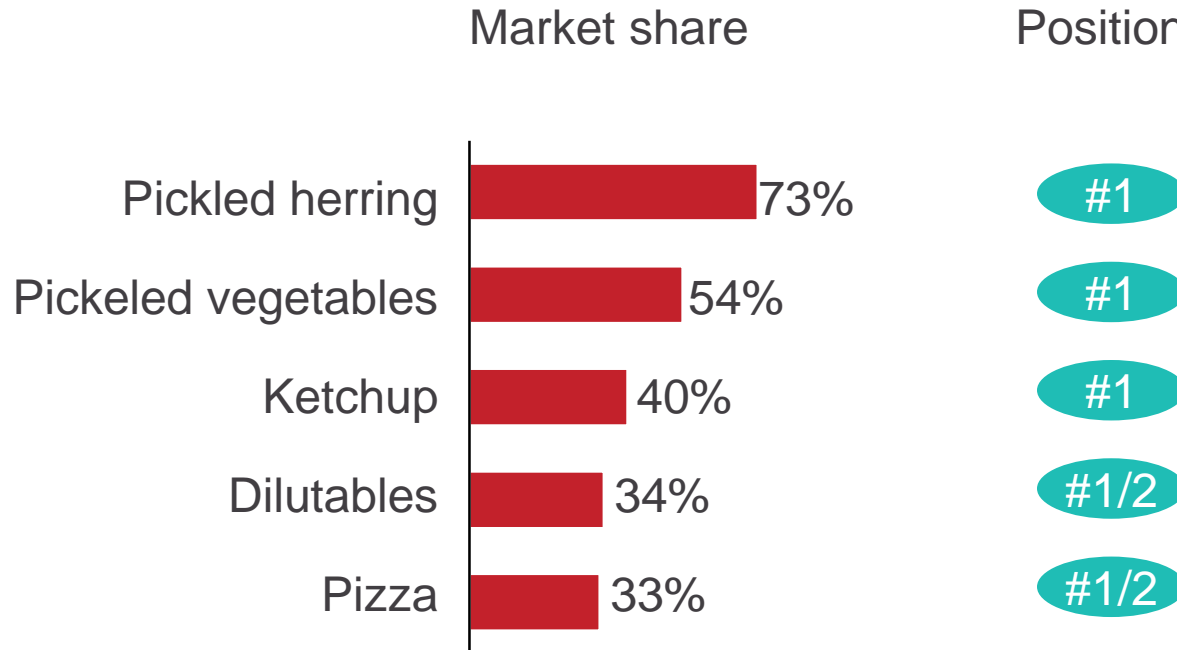


# Solid market positions in Denmark





## Solid market positions in Finland



# Local brands based on local insight are winners

Local  
brands



Local  
insight

- Superior local consumer understanding
- Superior trade and category understanding

Local  
scale

- Cost advantages and competitive strength in sales and advertising
- Attracting the best people
- Flexible local value chain

# Improving performance from increased local scale

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- Building on unmatched market positions
- **Reaching 2016 targets**
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# Orkla Foods' targets for 2016

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**Organic  
growth  
2-3 %**

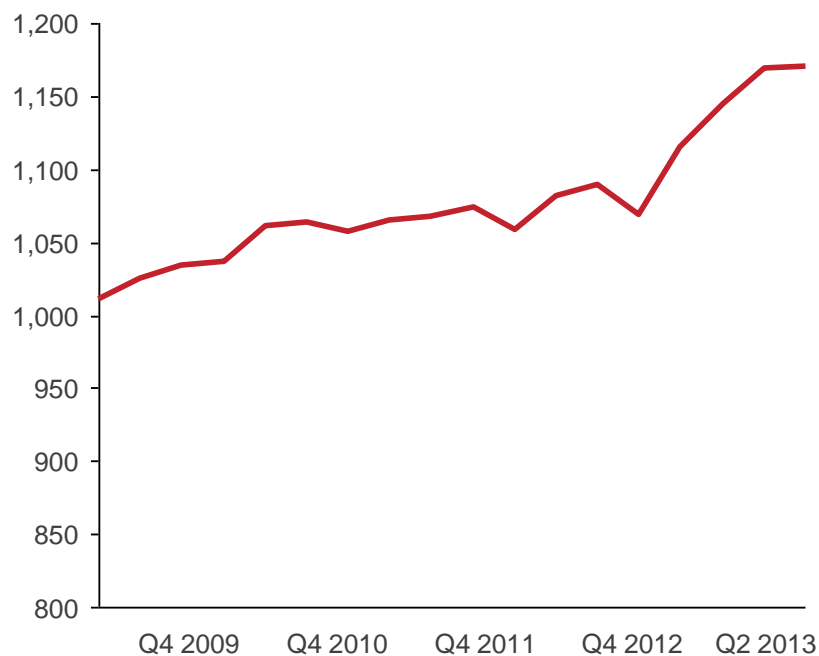
- Focus on growing core brands and categories
- Launch new products outside existing categories
- Increase cross-country innovations

**EBIT  
margin  
> 15 %**

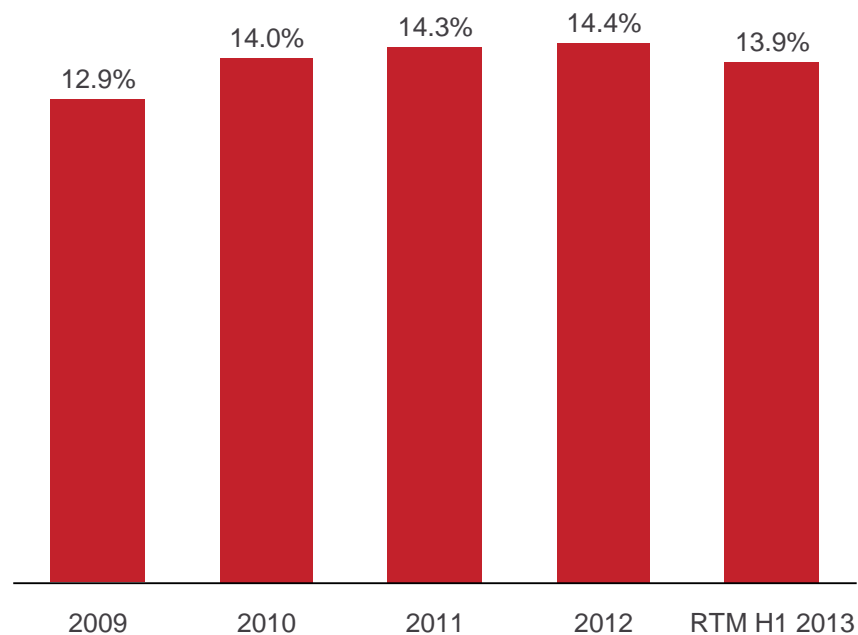
- Realise the full synergy potential from Rieber
- Improve cost efficiency throughout the value chain

# Track record of positive EBIT margin performance

RTM EBIT (adjusted)<sup>1</sup> in NOK million



EBIT margins (adjusted)<sup>2</sup>



•Consolidation of Rieber will lower EBIT margin by around 1.5 - 2% points

# Rieber & Søn and Orkla are a perfect match

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- **Similar strategy and focus**
  - Strong positions
  - Local consumer insight and taste preferences
  - Multi-local model
- **Complementary**
  - Competence
  - Products and categories
  - Technology
- **Overlapping geographies**



## 2013: Restructuring to reach the 2016 targets

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- Integrating the Nordic Rieber & Søn business units with the existing Orkla Foods companies
- Successfully merged Abba Seafood and Procordia
- Changed production structure for Orkla Foods Danmark
- Merged our two companies in Estonia and created a more efficient organisation structure in the Finnish-Baltic organisation

NOK  
250-300  
million<sup>1</sup>

NOK  
30-40  
million

NOK  
10-15  
million

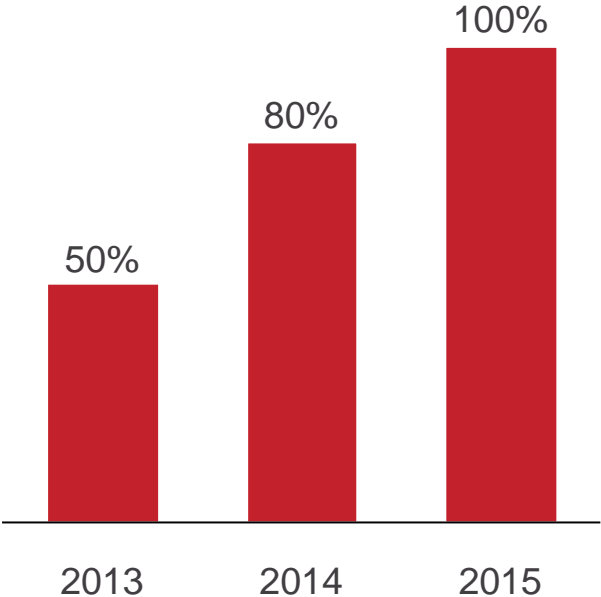
NOK 10  
million



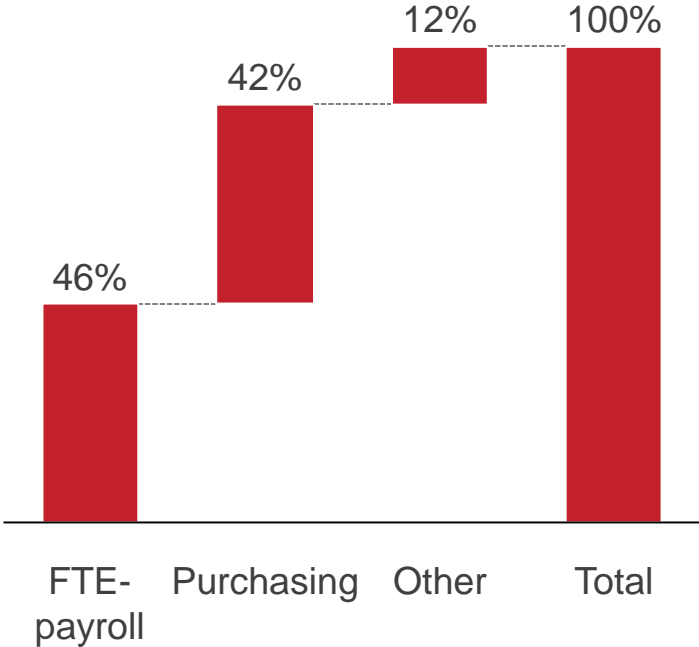
# Rieber: Realising cost synergies well on track

Expected cost synergies of MNOK 250-300<sup>1</sup>, whereof ~50% to be realized in 2013

Run-rate effect realized per end of year



Split cost synergies

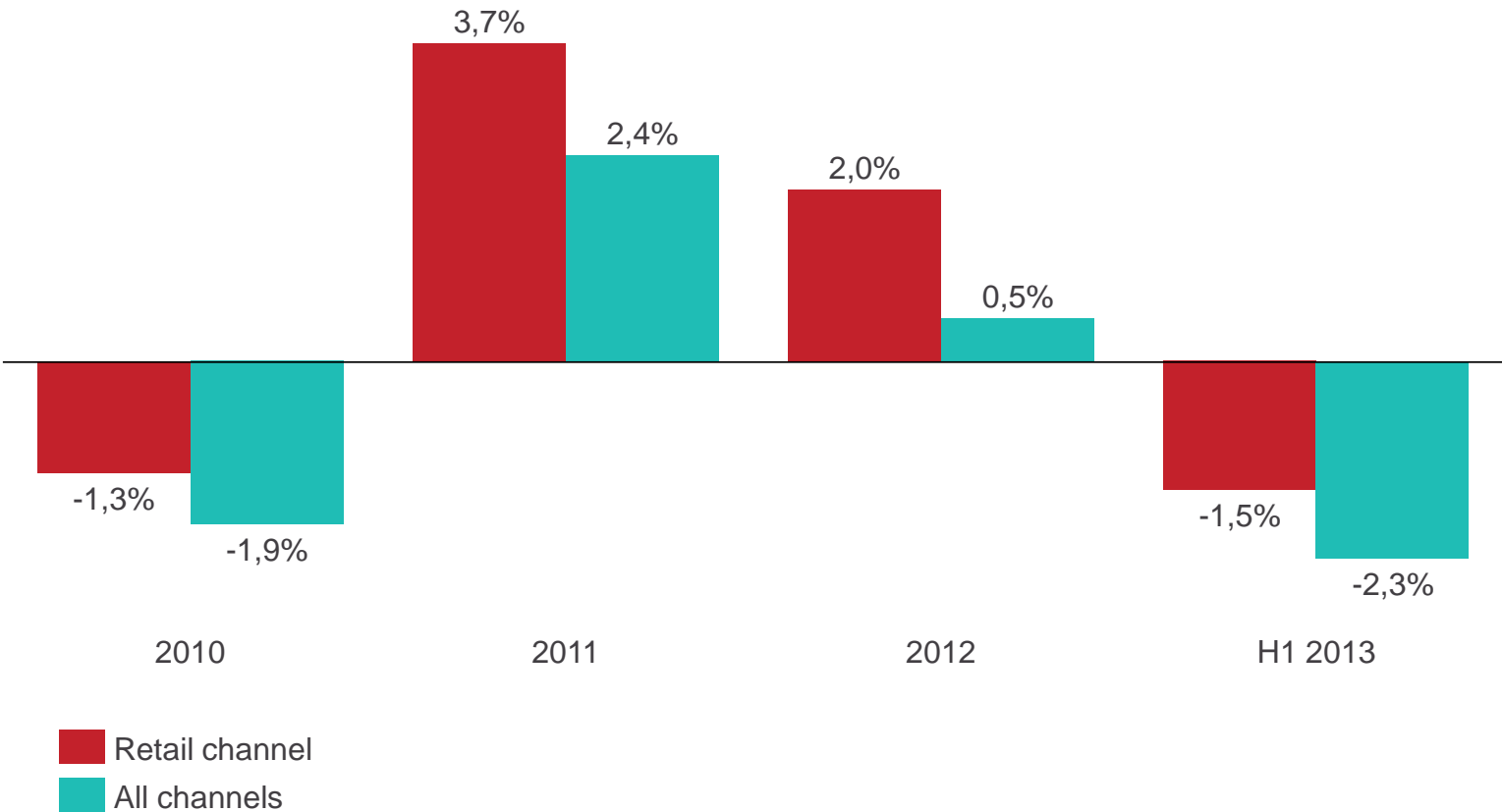


# Improving performance from increased local scale

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- Building on unmatched market positions
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- **Achieving top line growth through improved innovation and scale**

# Organic sales growth<sup>1</sup>



# Innovation is clearly the key growth driver

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## Main trends in our markets

- Health/Nutrition
- Indulgence
- Convenience



## Product upgrades/improvements

- Taste
- Nutrition
- Packaging



Our innovation is always based on local consumer and category insight

# Two examples showing new growth platforms through innovation

## Abba Middagsklart!

- Helping consumers eat more fish

**Abba**  
*Middagsklart!*



## Pauluns

- The launch of a cross category health brand

**Paulúns**<sup>®</sup>  
Bara bra mat



# Focusing on local consumer insights

## Starting with local consumer insight...

- 7 of 10 Swedes want to increase their fish consumption
- Difficult to cook fish properly
- Necessary that all the family find it tasty

## ...developing products consumers prefer to buy

- ABBA Middagsklart! makes it easy to cook fish that everybody likes
- Focus on:
  1. Great taste
  2. Broad taste appeal
  3. Simplicity in use



# Rolling out successful launches

## Launch wave 1

- Just add salmon



## Launch wave 2

- Bigger pack size
- New taste variety



## Launch wave 3

- Just add cod



## Launch wave 4

- New varieties
- New geographies



# Resulting in ABBA Middagsklart generating additional revenue





## Launching of a new cross-category healthy brand

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### Starting with local consumer insight...

- Sales of healthy food were increasing
- Shift from diet focus to other health benefits
- A larger group of consumers are willing to pay a higher price for these health benefits

### ...establishing a brand consumers prefer to buy

- Core of the brand – "Bara bra mat"
- Clear health benefit
- Building credibility and concept generation through famous nutrition expert
- All natural ingredients
- No added sugar – no sweeteners
- Great taste

# Creating a wide product range

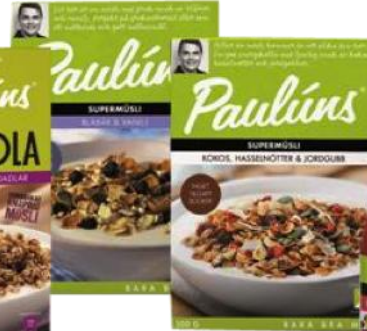
Cereals



Granola



Müsli



Juice

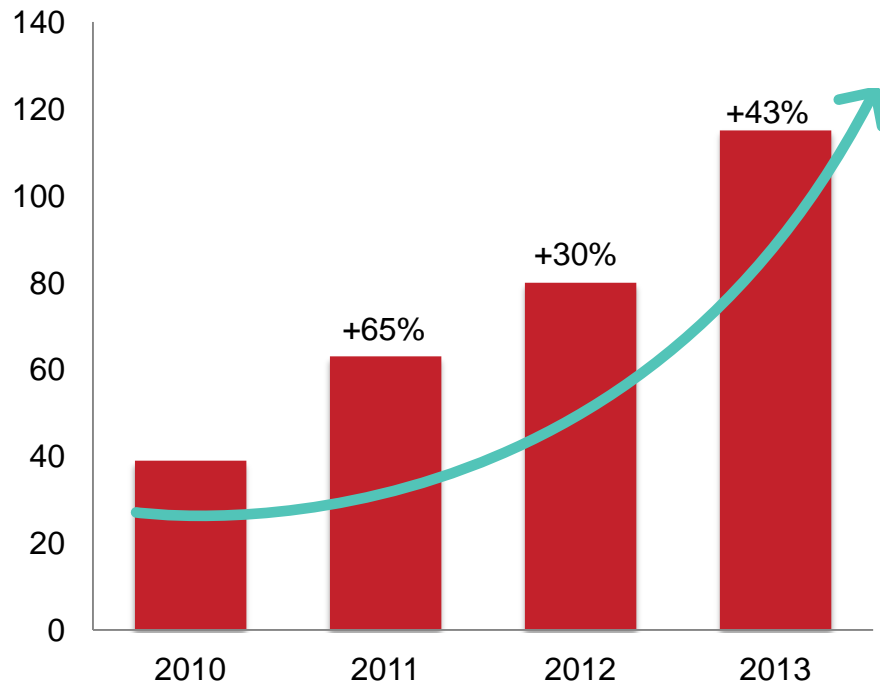


Porridge

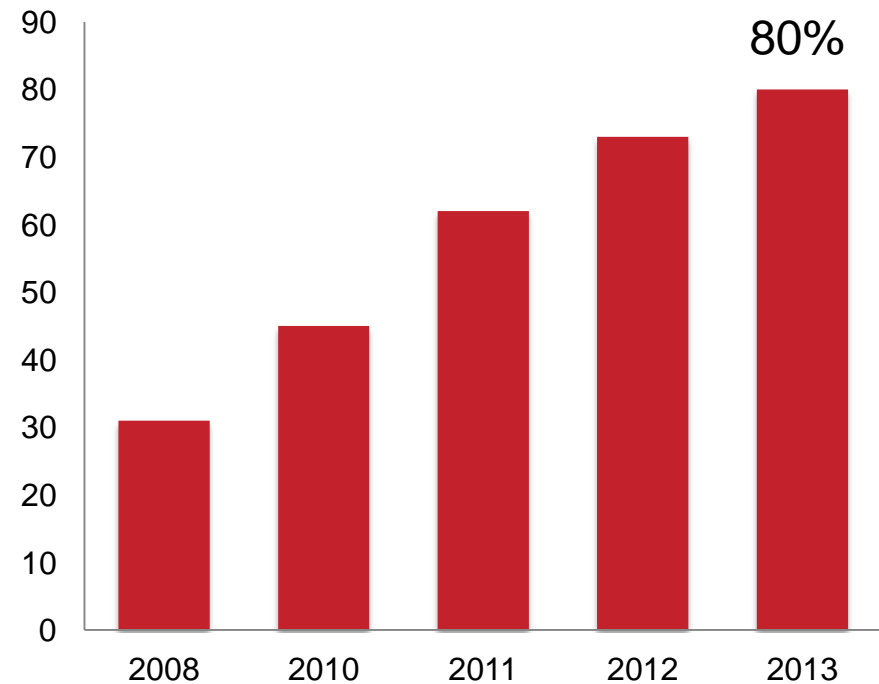
Coconut water

# Resulting in impressive value growth and high brand awareness

**Value growth, SEK million**



**Brand awareness, %**



# Returning Rieber to organic growth

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- Growth has been negatively impacted by the long period of uncertainty

## **But we are now going to...**

- Focus on the core portfolio under the Toro brand
- Innovate from complementary competence and technologies
- Build on a management team with proven track record



## **Achieving top line growth through improved innovation and scale**

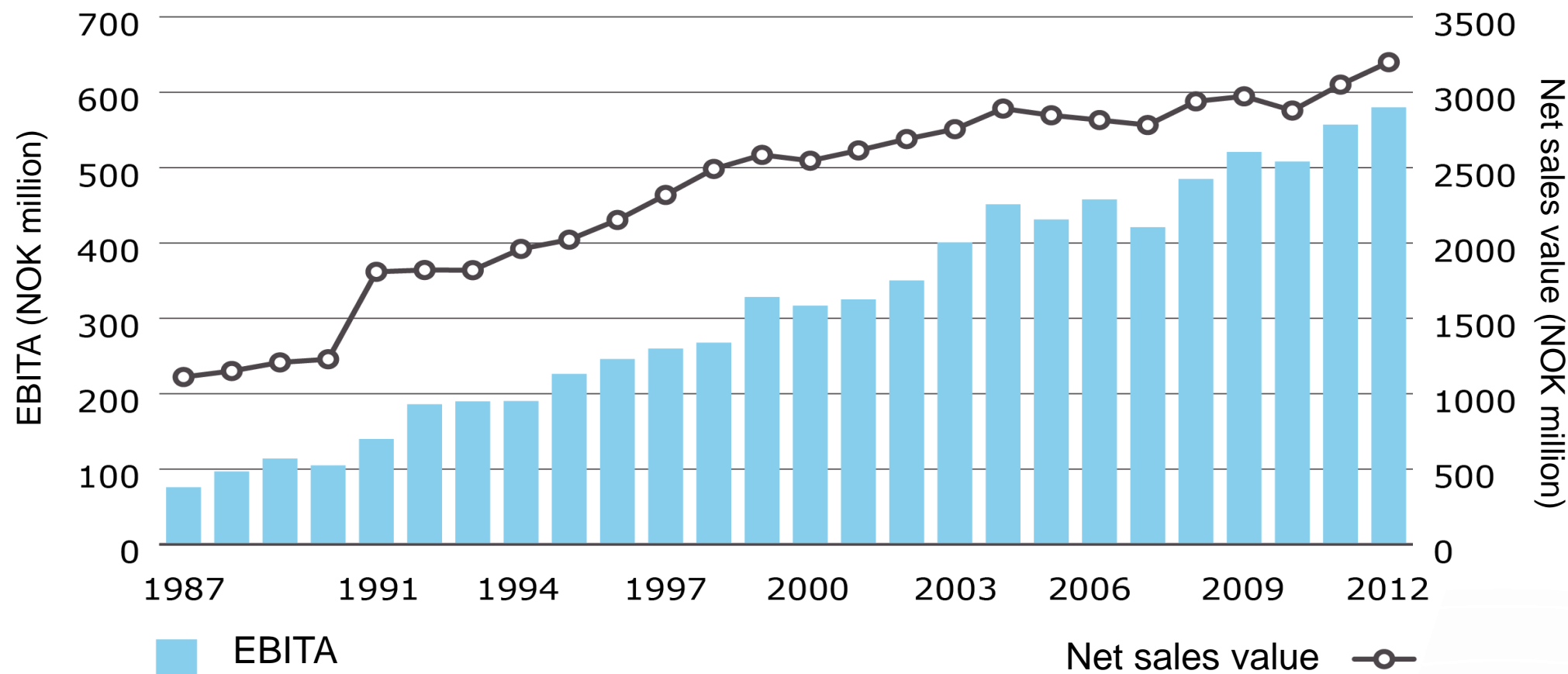
Bente Brevik, CEO Orkla Foods Norge



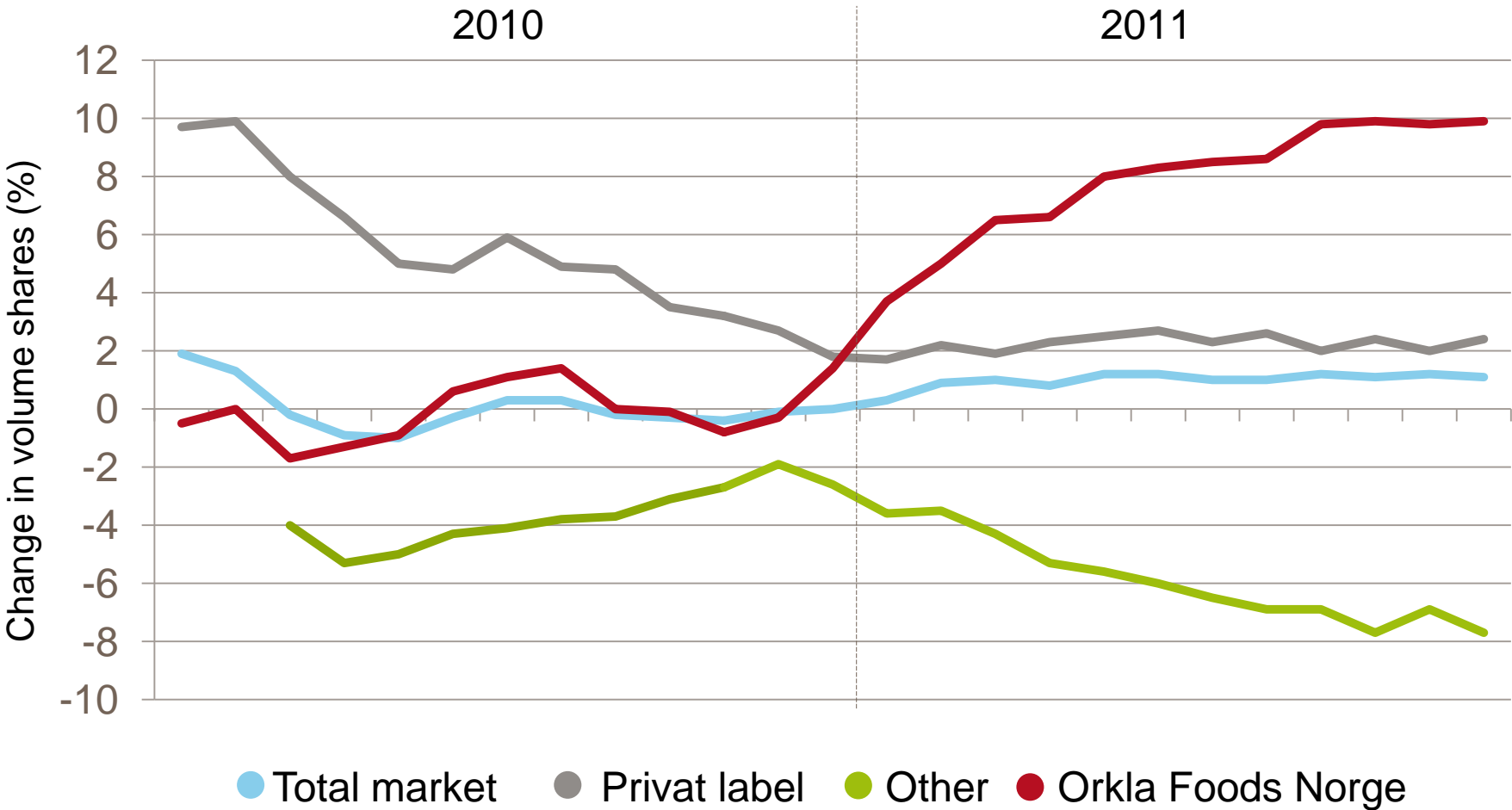




# Financial performance 1987 - 2012

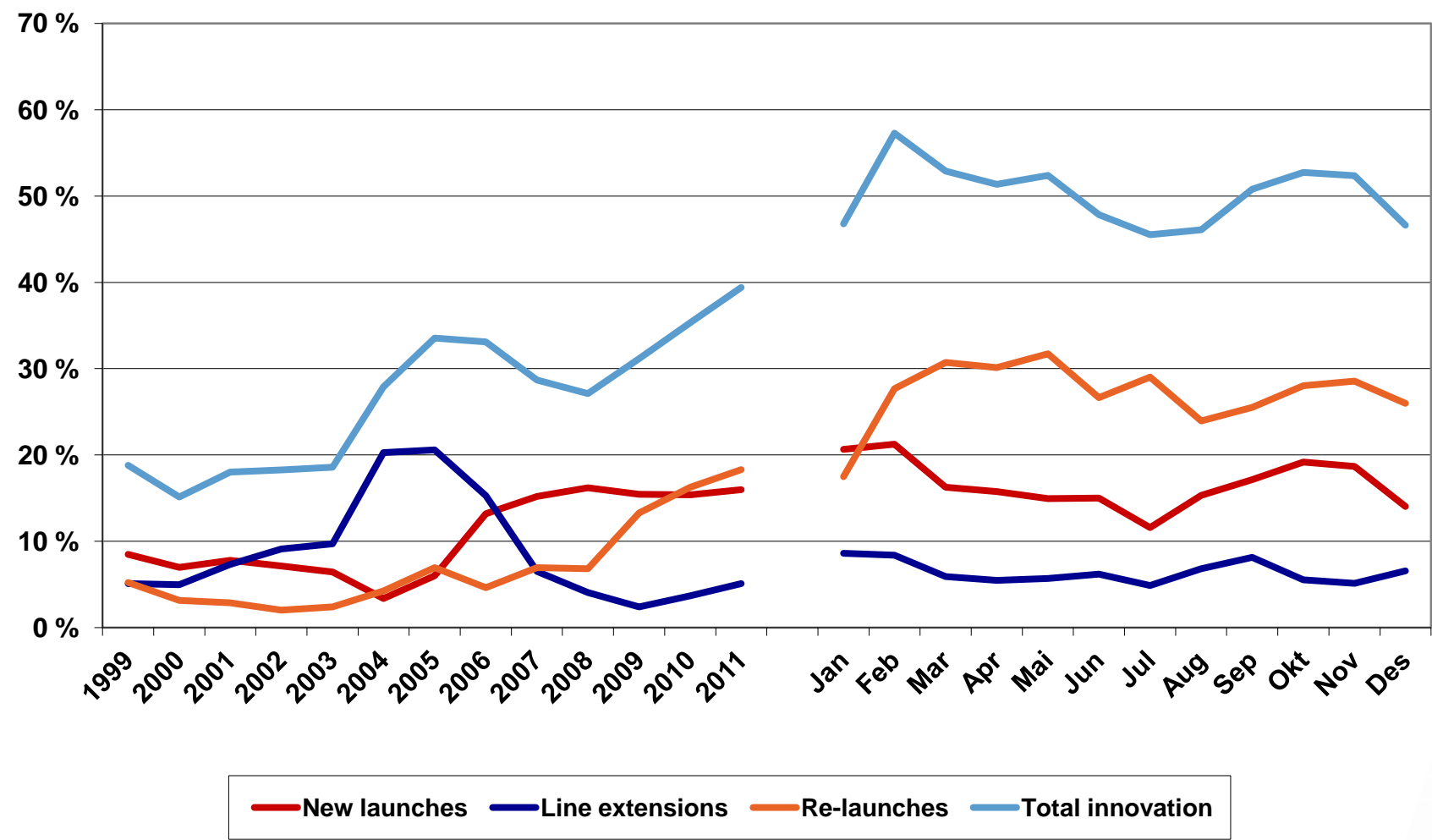


# We are able to create volume growth





# Innovation is the core of what we do

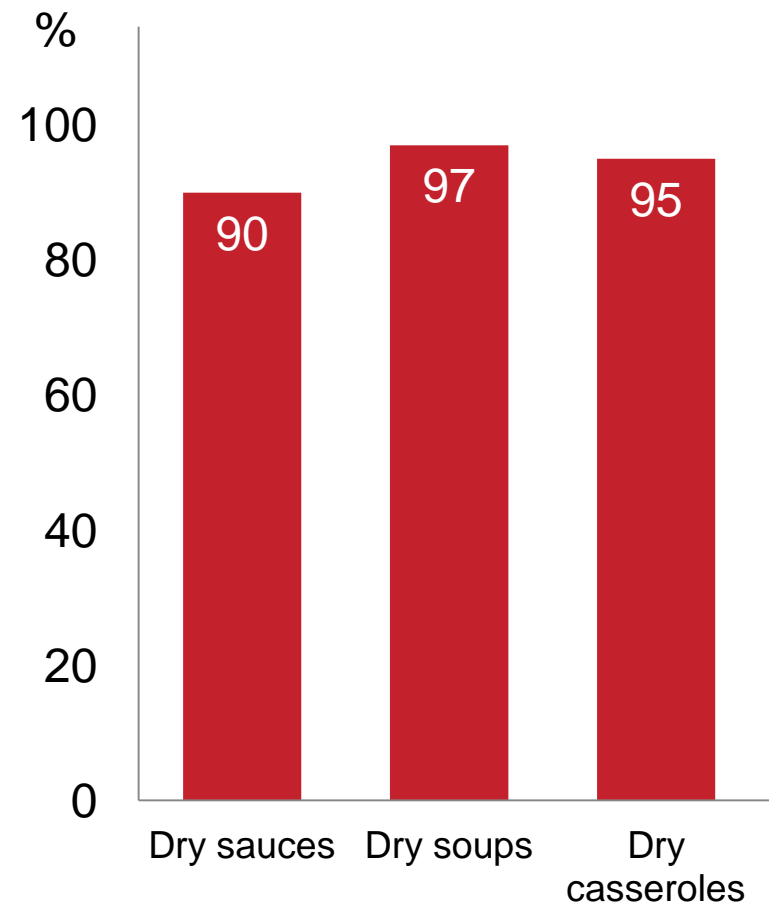




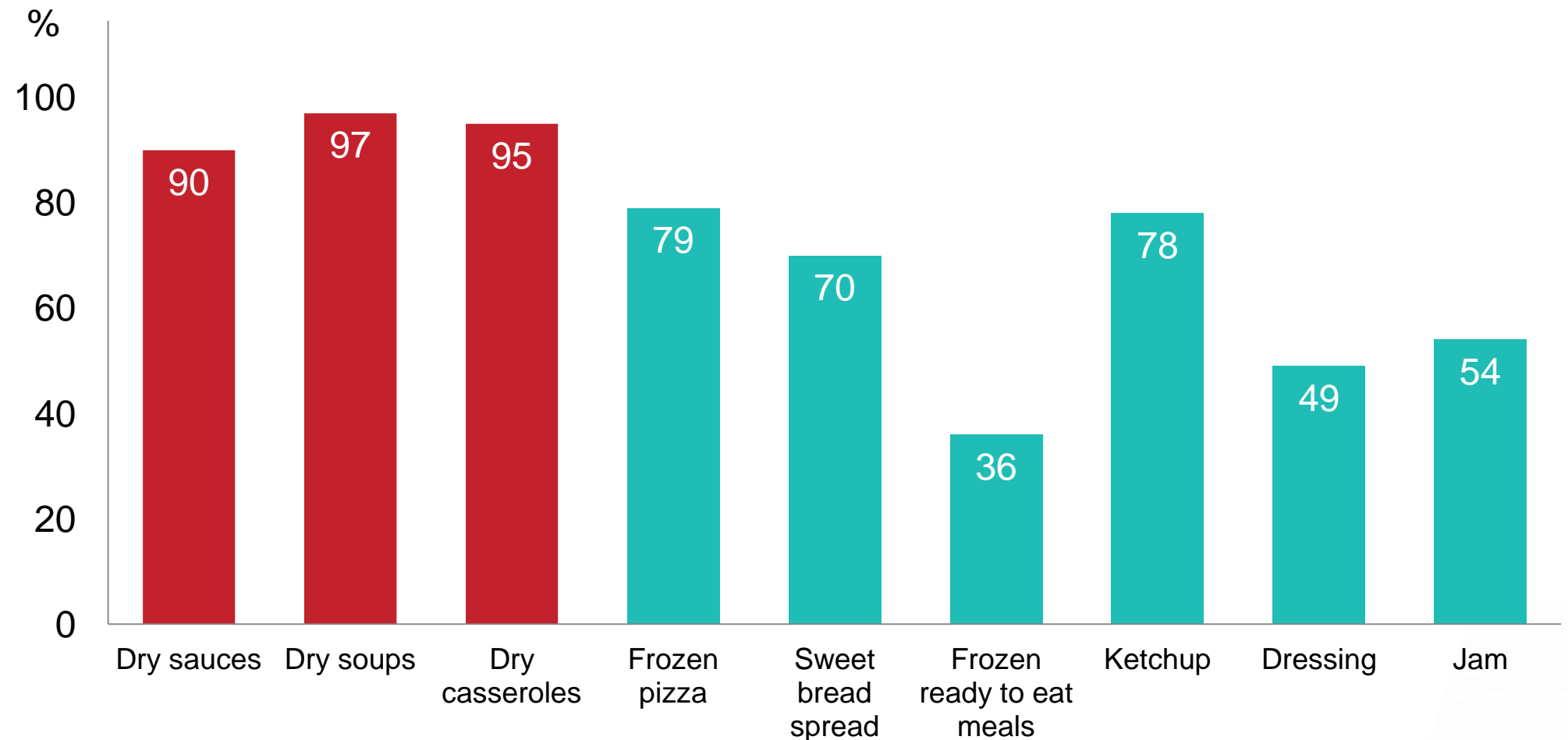
500 000 000

## Rieber's superior #1 market positions..

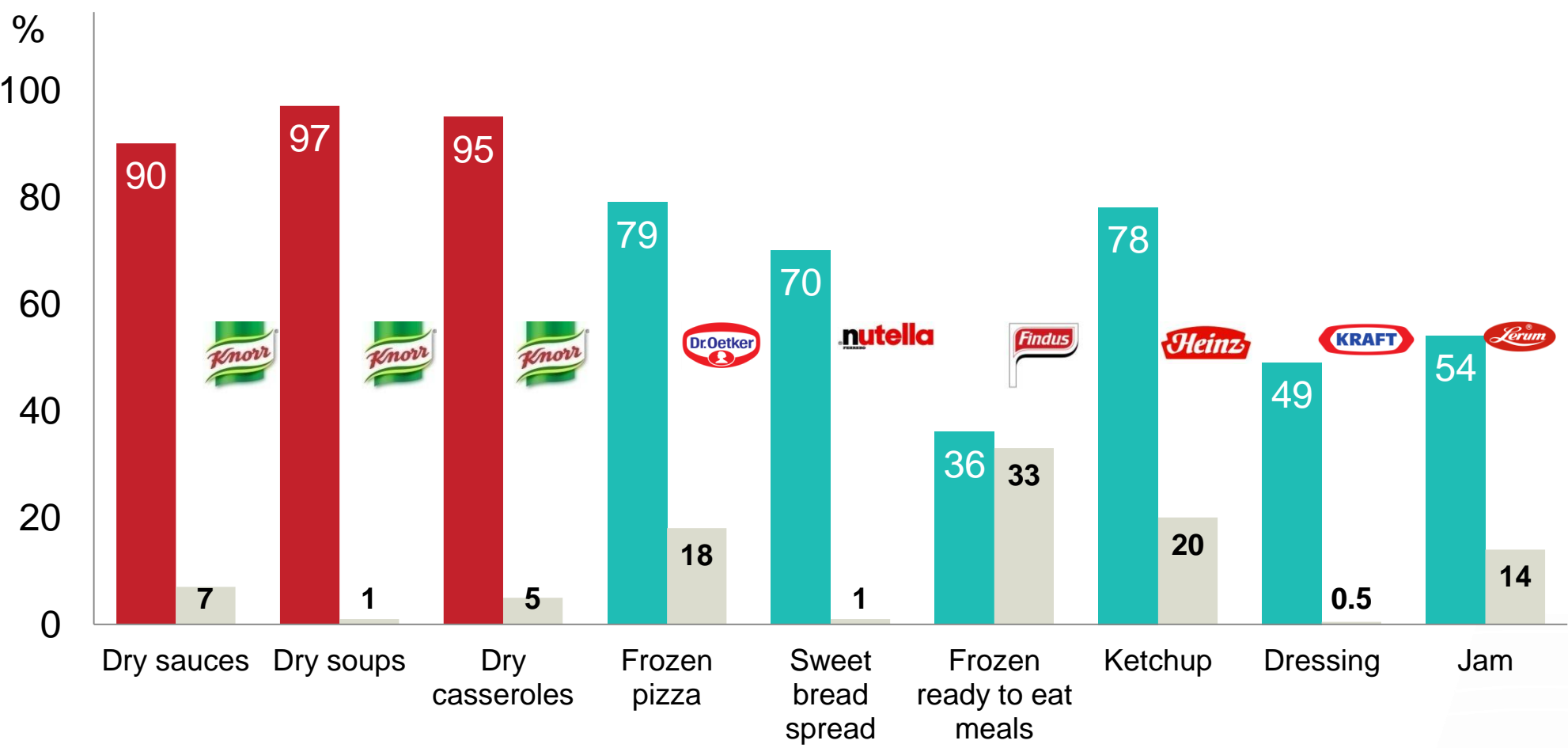
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## ..are a perfect match with Orkla's #1 market positions



# Local brands and taste are the winners

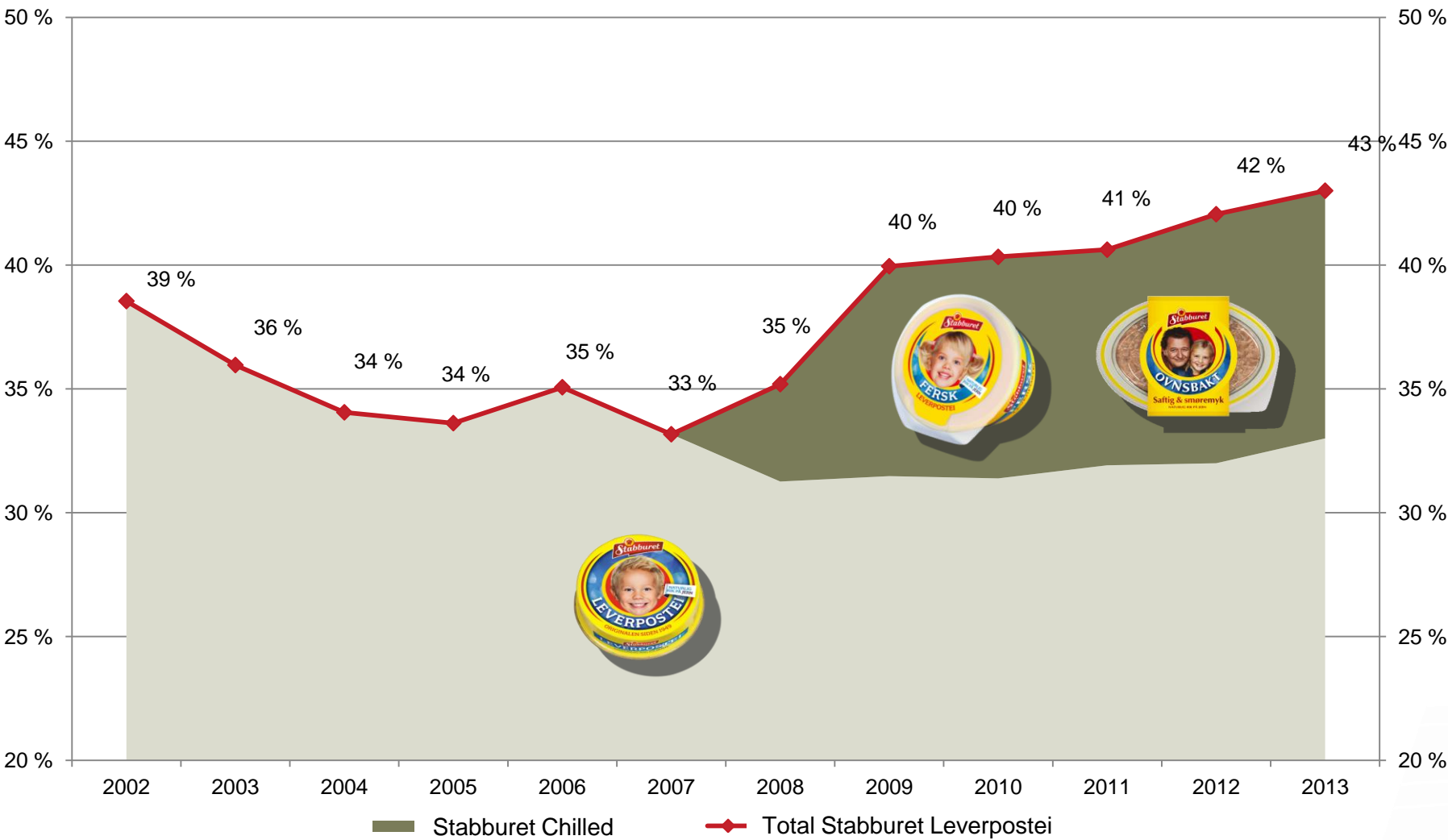




-Mature markets don't exist



# Significant growth in market shares



# Income synergies..

..through sharing competencies and technologies







WAY

By  
Big One

DREAM TEAM!

TAKE AWAY

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