



Orkla Investor Day

London - 26 September 2013

Welcome to Orkla's Investor Day

Speakers



Åge Korsvold
President & CEO
Orkla ASA



Atle Vidar Johansen
EVP & CEO Orkla Foods



Bente Brevik
CEO Orkla
Foods Norge



Christer Åberg
EVP & CEO Orkla
Confectionery & Snacks



Stig Ebert Nilssen
EVP & CEO Orkla
Home & Personal



Tine Hammernes Leopold
Group Commercial Director &
CEO Home Markets Axellus

Agenda

13.00	Orkla Group	Åge Korsvold, President & CEO Orkla ASA
14.00	Orkla Foods	Atle Vidar Johansen, EVP & CEO Orkla Foods
	Orkla Foods Norge	Bente Brevik, CEO Orkla Foods Norge
15.00 - 15.30	Break	
15.30	Orkla Confectionery & Snacks	Christer Åberg, EVP & CEO Orkla Confectionery & Snacks
16.10	Orkla Home & Personal	Stig Ebert Nilssen, EVP & CEO Orkla Home & Personal
	Nutrilett	Tine Hammernes Leopold, Group Commercial Director & CEO Home Markets Axellus
16.50	Q&A and closing remarks	Åge Korsvold, President & CEO Orkla ASA
17.00	Drinks and canapés with the management	

Presentations

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Transforming into a Branded Consumer Goods business

Åge Korsvold – President and CEO



Agenda

1. Introduction
2. Market environment
3. How to drive value
4. Strategic priorities and financial targets

Business overview

CORE:

Branded Consumer Goods (BCG)

- Orkla Foods
- Orkla Confectionery & Snacks
- Orkla Home & Personal
- Orkla Food Ingredients
- Orkla International

NON-CORE

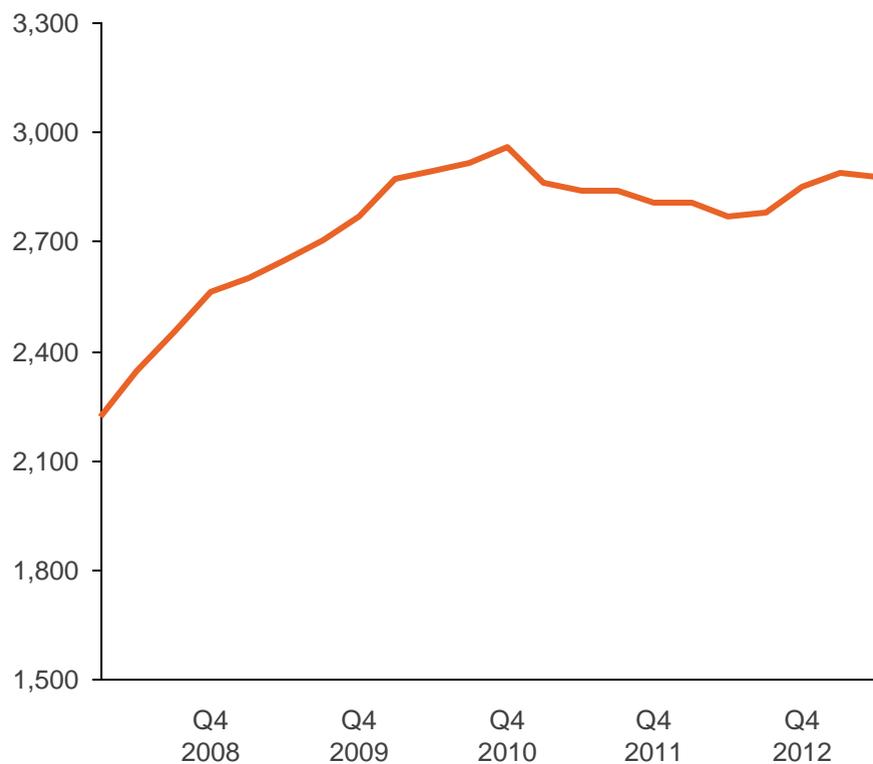
- Sapa JV (50%)
- Gränges (Sapa Heat Transfer)
- Hydro power
- Real estate
- Financial assets

Associated company

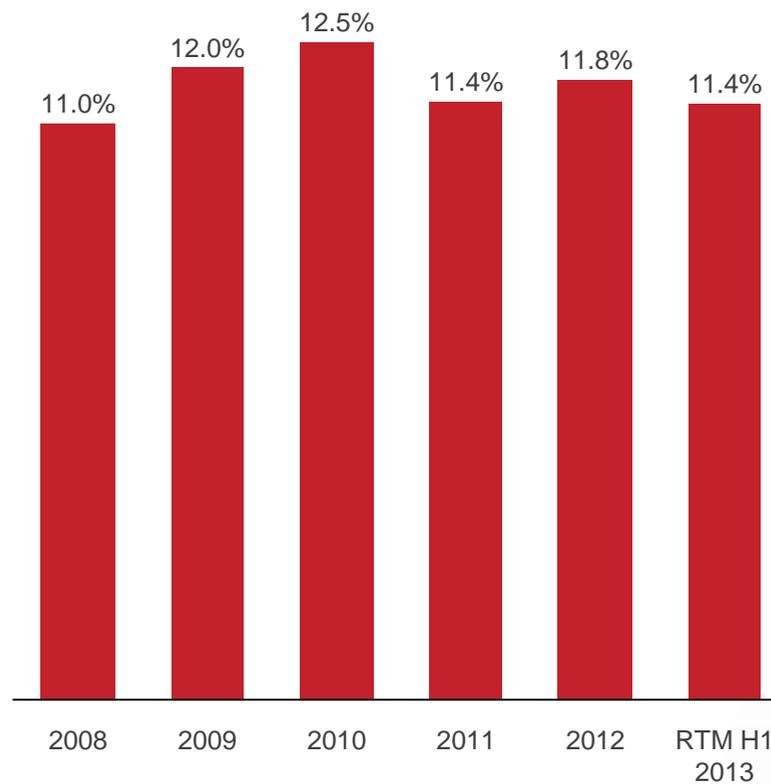
- Jotun (42.5%)

Financial performance BCG

Rolling 12 months EBIT (adjusted)



EBIT (adjusted) margin¹



Orkla has sustainable competitive advantages in BCG

- ✓ Strong **local brands**
- ✓ Superior **local consumer insight**, skills and capacity
- ✓ **Local scale** and complete local value chains
- ✓ Ability to **attract** and develop the **best leaders**
- ✓ **Attractive buyer** of local businesses
- ✓ Strong **position in trade**

Transforming Orkla is well under way

Achievements (2012-2013)

Strategic priorities (2013-2016)

Driving value
in BCG

- New vision and strategy
- Unified branding
- New structure and management team
- Acquisitions of Rieber and Jordan

- Reducing complexity
- Extracting cost synergies and improve cash flow
- Driving organic growth
- Improving skill base

Divesting
non-core

- Sapa JV established
- Sale of REC completed
- IPO and sale Borregaard completed
- Financial/share portfolio reduced

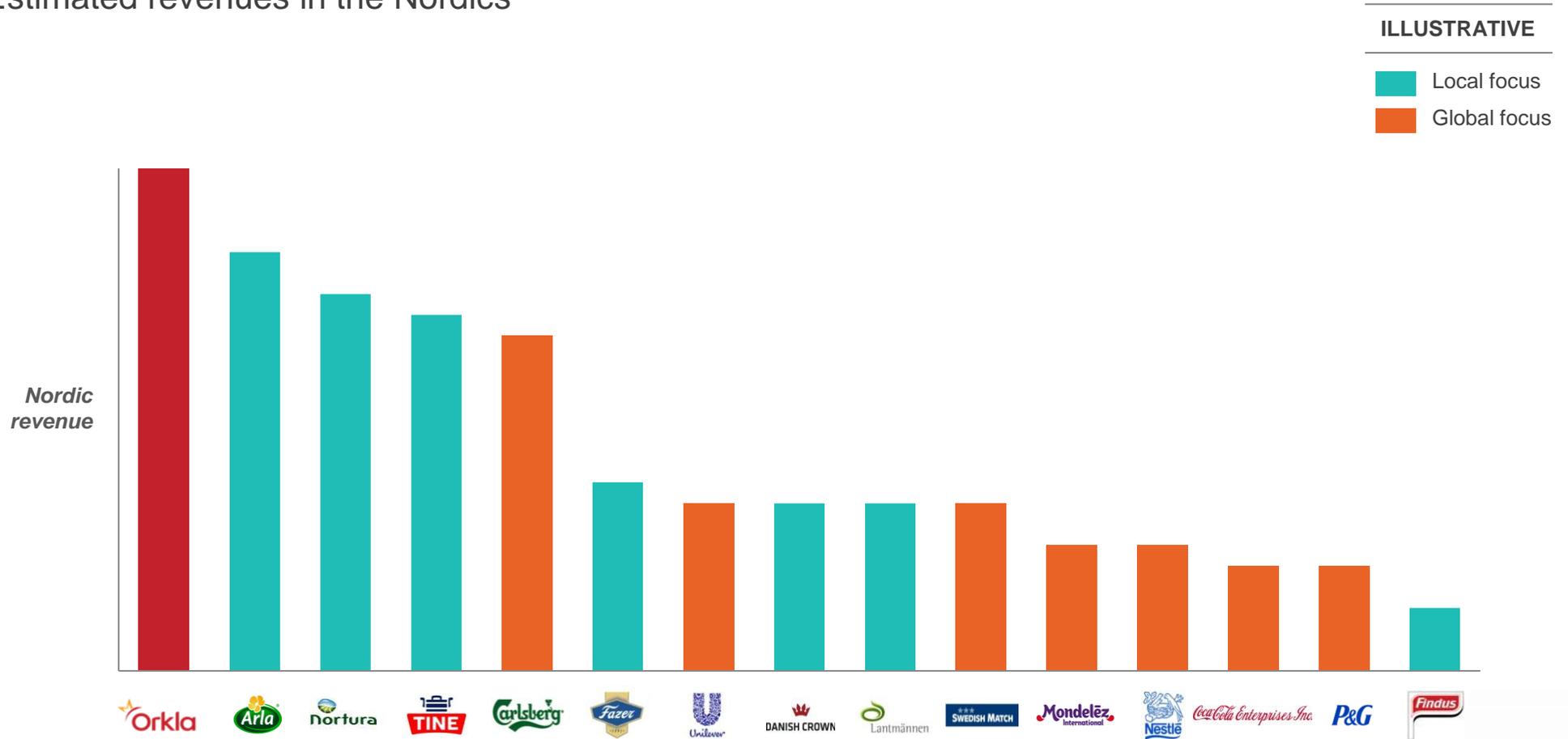
- Managing non-core for exit

Goals

- ❑ We will complete ongoing and future integration processes successfully
- ❑ We will achieve best-in-class margins and cash flows
- ❑ We will generate organic growth, gain market share and drive category growth
- ❑ We will have the best leaders that "live" our values and winning behaviors

Orkla is the #1 BCG company in the Nordics...

Estimated revenues in the Nordics



2. MARKET ENVIRONMENT

...with an unprecedented portfolio of strong market positions...
and opportunities to grow further

Retail Market Share; RTM per July/September 2013

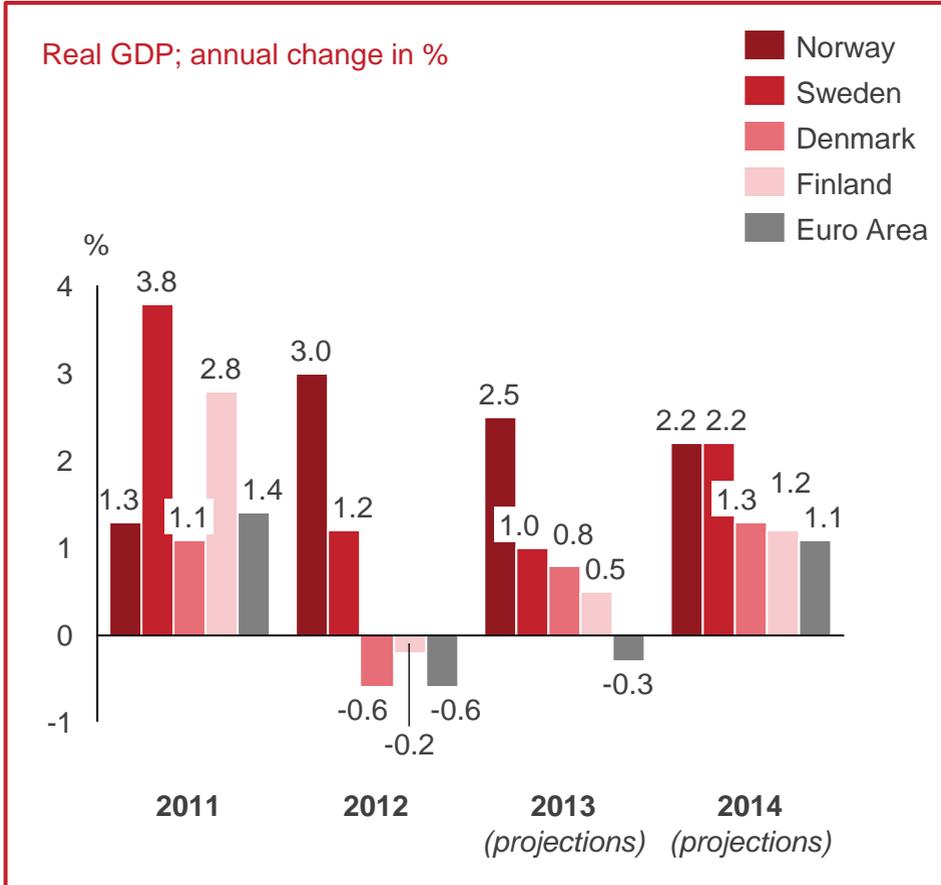
Examples

	Fabrics cleaner
	Biscuits
	Confectionery
	Food supplements
	Textiles (grocery)
	Snacks
	Frozen pizza
	Ketchup
	Preserved vegetables
	Jam/marmalade
	Caviar (cod roe spread)

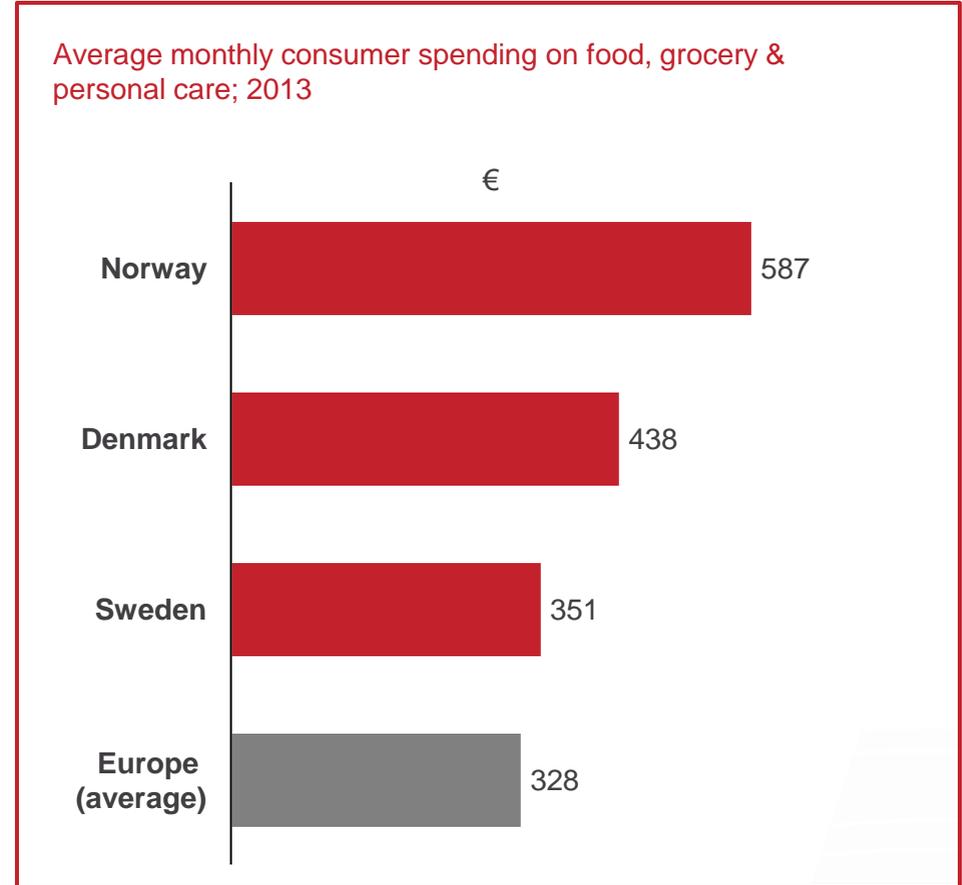
				
Fabrics cleaner	81%			
Biscuits	51%	38%		11%
Confectionery	30%			6%
Food supplements	77%	35%	49%	29%
Textiles (grocery)	78%	29%		
Snacks	29%	36%	45%	47%
Frozen pizza	79%	36%		33%
Ketchup	78%	55%	43%	40%
Preserved vegetables	81%	70%	52%	
Jam/marmalade	53%	50%	43%	
Caviar (cod roe spread)		77%		#1

Nordics – Attractive core markets

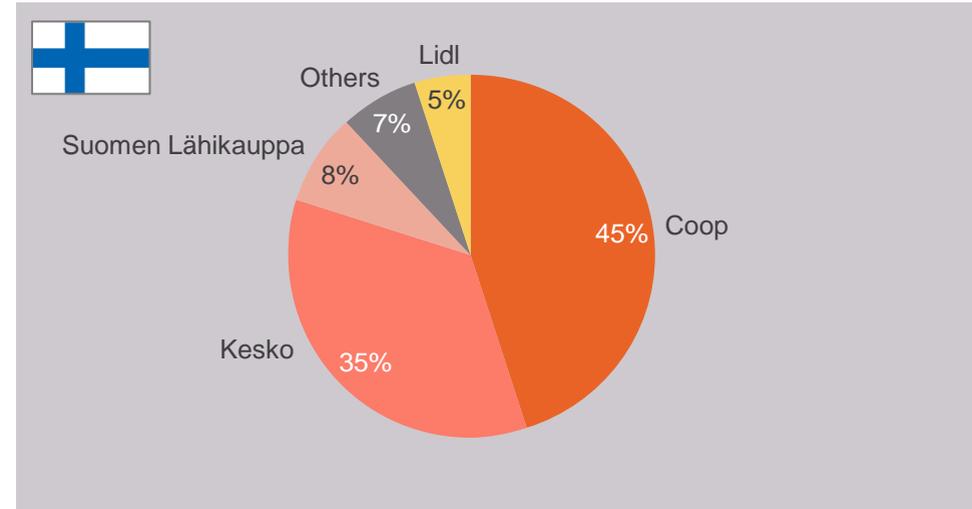
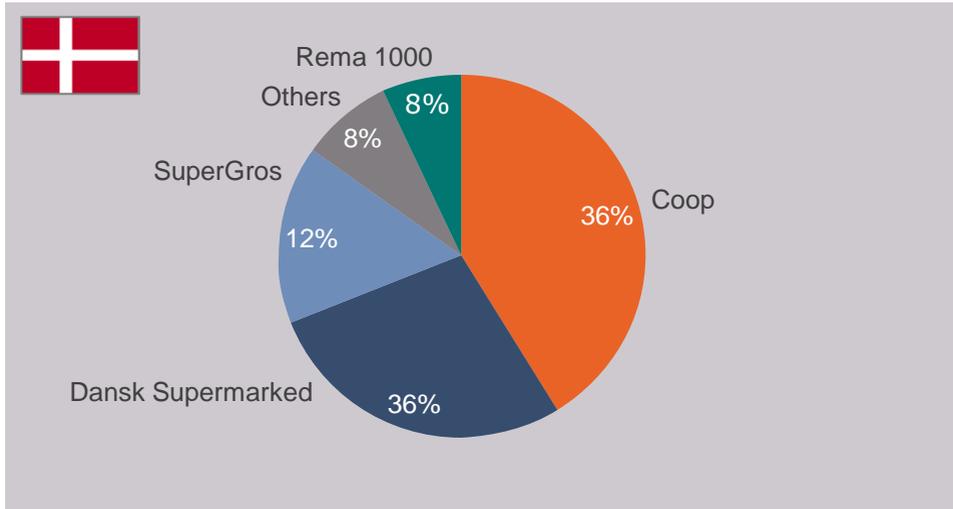
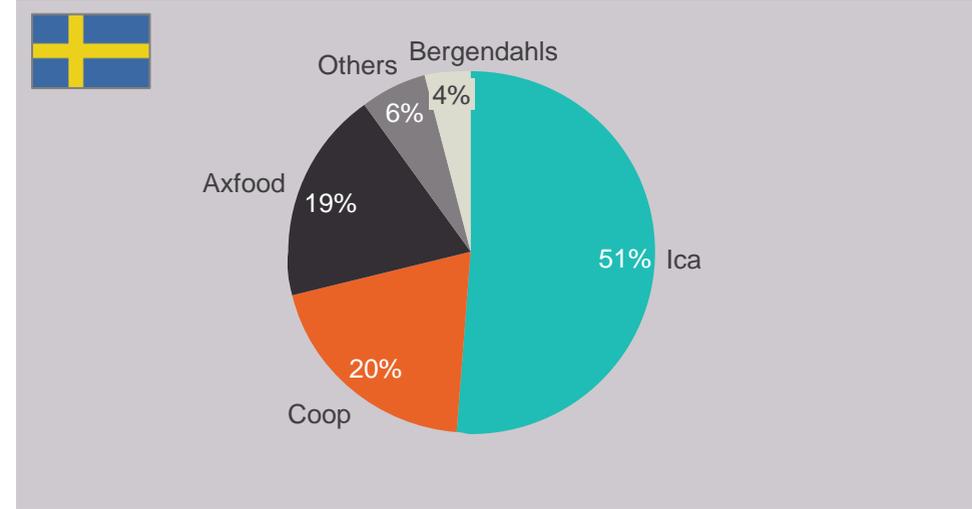
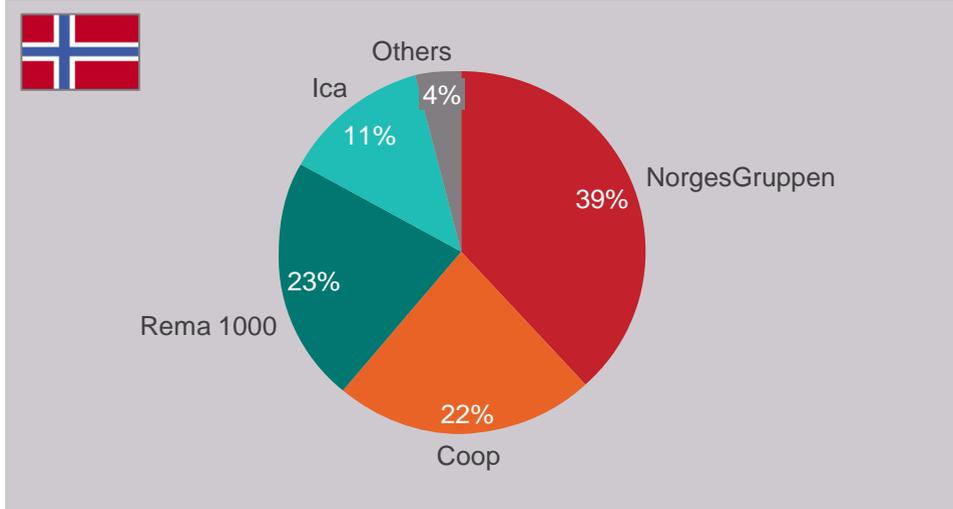
GDP growing at a stronger/faster rate than Europe...



... and consumer spending in Orkla's core categories is high

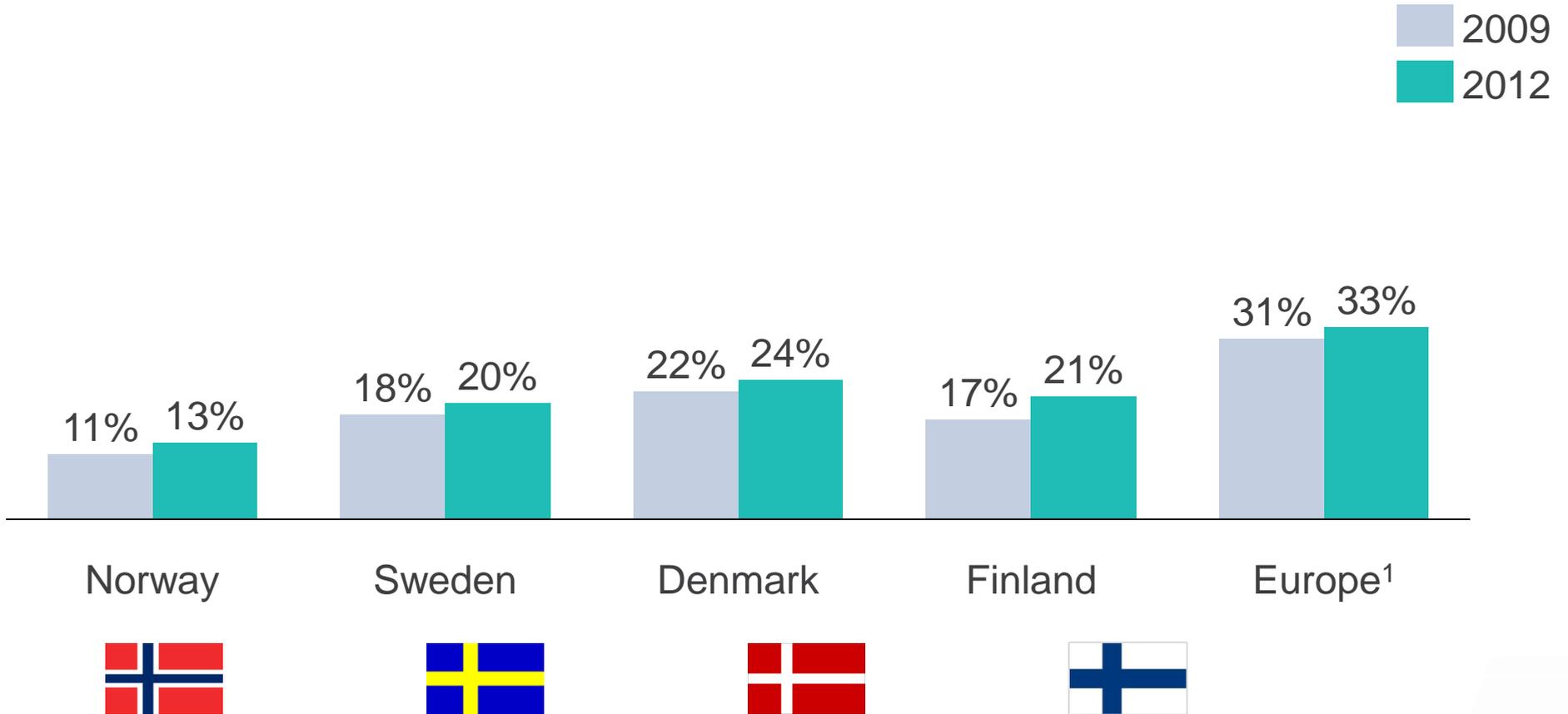


Nordic retail markets – consolidated



Private label penetration

Private Label market shares in the grocery trade

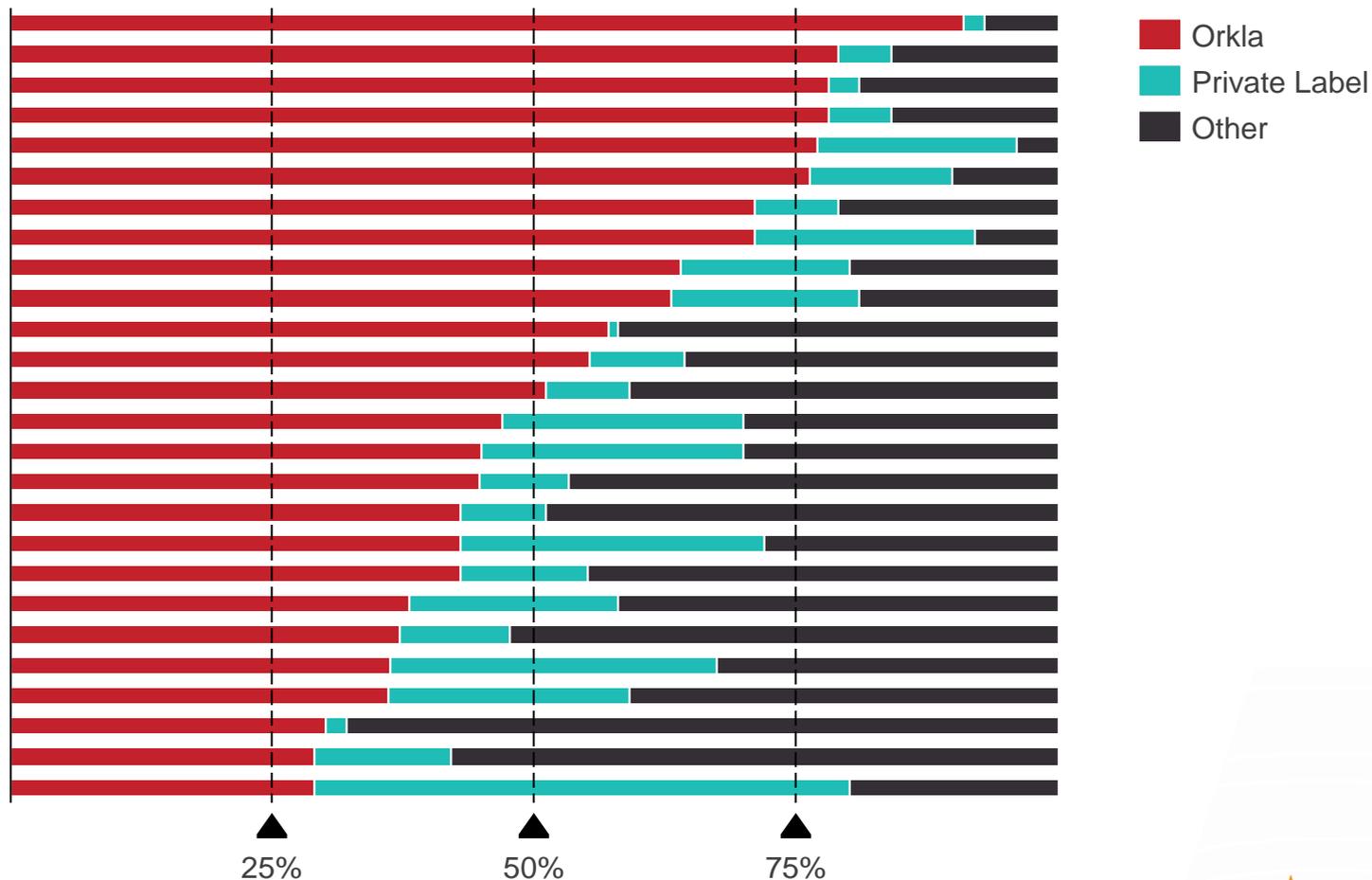


Local scale is a reality

Retail Market Share; RTM per July/September

Examples

- Dry sauces (NO)
- Pizza (NO)
- Ketchup (NO)
- Textiles (NO)
- Caviar (SE)
- Savory pie (SE)
- Home care (NO)
- Pickles (NO)
- Herring and anchovis (SE)
- Pickles (SE)
- Food supplements (NO)
- Ketchup (SE)
- Biscuits (NO)
- Snacks (FI)
- Snacks (DK)
- Stir fry/cook-in (SE)
- Personal care (NO)
- Jam (DK)
- Ketchup (DK)
- Biscuits (SE)
- Dressing (SE)
- Pizza (SE)
- Snacks (SE)
- Confectionery (NO)
- Snacks (NO)
- Textiles (SE)



Vision

Improving everyday life with healthier and more enjoyable local brands

We drive value through four strategic pillars

1
Local Brands
& Innovations



2
Customers
& Marketplace



3
Operations
& Efficiency



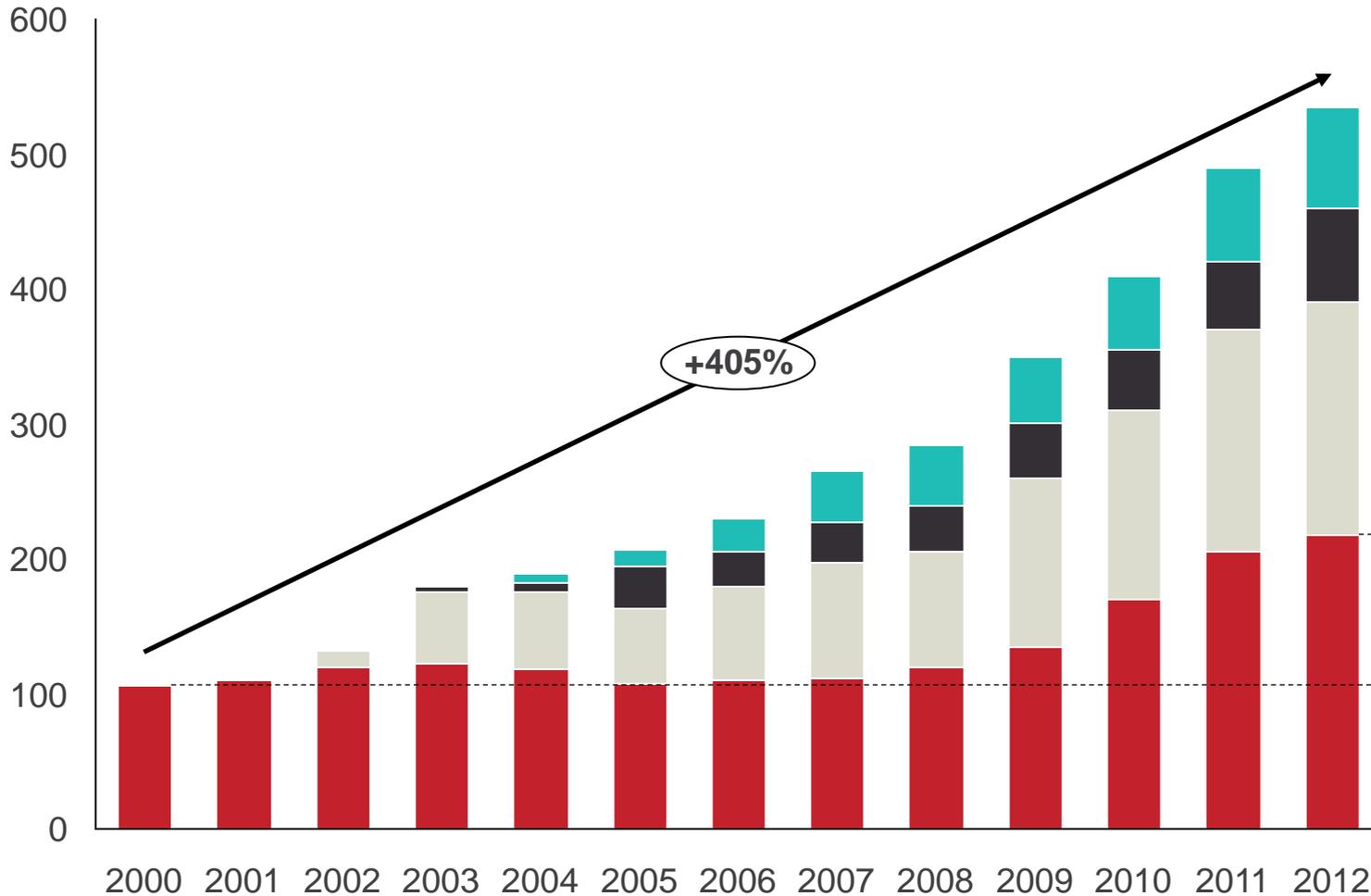
4
People
& Leadership



1. Local Brands & Innovations

Orkla has a proud history of innovation driven growth...

Example: fish spread in Norway; revenue NOK millions



1. Local Brands & Innovations

... by leveraging our advantages, we can do much better



Existing products BAD OUT	New products BAD OUT	Existing products GOOD IN	New products GOOD IN	NEW HEALTHY PRODUCTS
Reduce saturated fat, sugar, salt, etc. while keeping/improving taste	Reduce saturated fat, sugar, salt, etc. and secure taste preference	Rich on healthy ingredients, i.e. omega-3	Rich on healthy ingredients, i.e. fruits, berries, antioxidants	Reduce fat, sugar, salt, etc. while keeping/improving taste



Driving growth through point-of-purchase execution



Building long-term relationship with customers



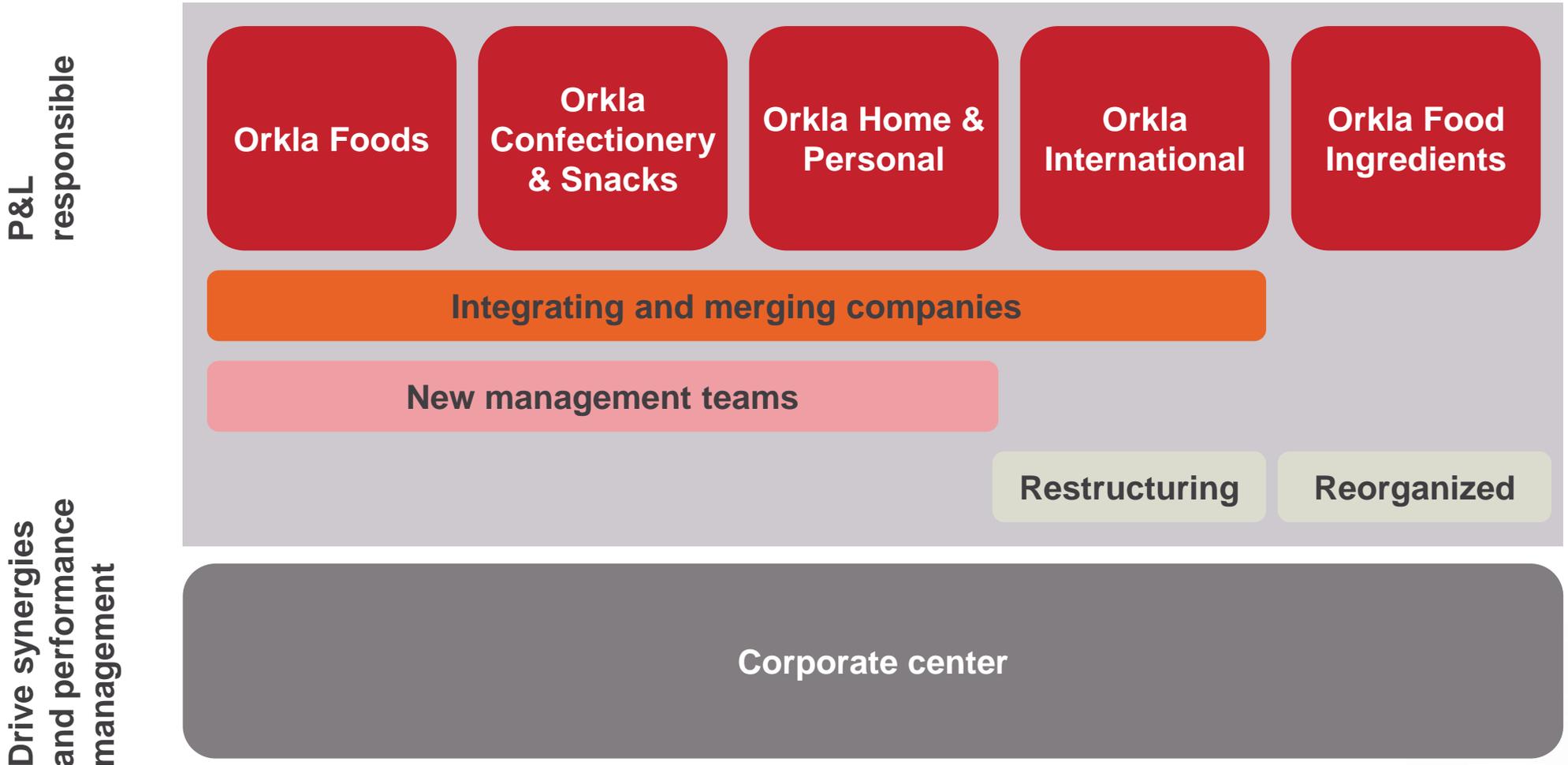
Largest and highest rated field sales force



Improve effectiveness and efficiency through point-of-purchase excellence

3. Operations & Efficiency

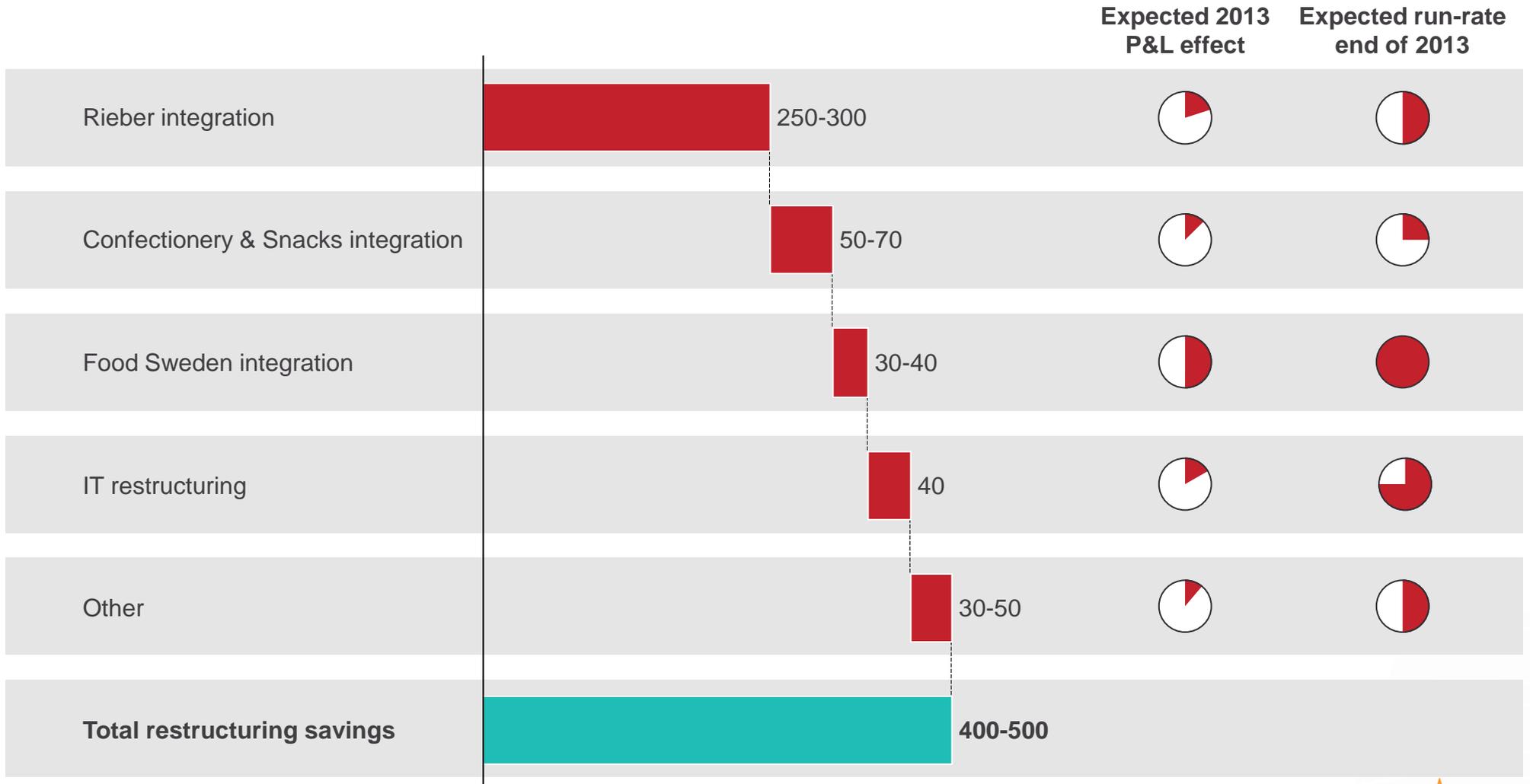
Capturing value with new BCG organization



3. Operations & Efficiency

Restructuring synergies of NOK 400-500 announced

Estimated yearly effects from restructuring synergies, NOK millions



Further cost improvements

Continuous improvement

- Optimize business support
- Yearly continuous improvement of NOK ~150 million

Procurement scale

- Centralize procurement spend (54% in 2014) and leverage on market procurement scale
 - Current base of NOK ~18 billion
- Increase yearly savings from 1.9% to 2.5%
 - 2014 effect of NOK 0.4 billion

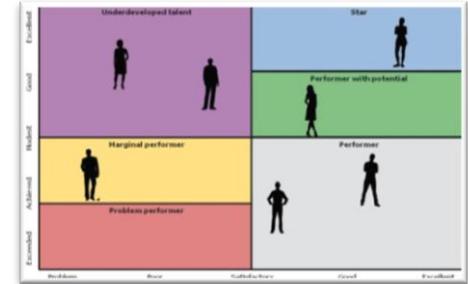
Manufacturing efficiency

- Rationalize number of SKUs in portfolio
- Optimize manufacturing structure
- Design change and everyday efficiency improvements

Leadership and winning behaviors

The right organization with the best leaders

- *Leadership*
- *Performance management and incentive programs*



Investment in people through extensive capability program

- *Talent management*
- *Orkla capability building*



We will have the best leaders that "live" our values and winning behaviors

Strategic priorities going forward

Transform the BCG business

- Reduce complexity
- Extract cost synergies and improve cash flow
- Drive organic growth
- Improve skill base

Add on investments

- Strong balance sheet and financial flexibility
- Several attractive opportunities

Transformational transactions

- Not contemplated short term

Divestments

- To be reviewed

Financial targets

	EBIT (adjusted) ¹ margin R12M pr Q2	EBIT (adjusted) ¹ margin 2015/2016	Organic revenue growth YTD pr Q2	Organic revenue growth From 2016
Orkla Foods	13.9%	> 15.0%	-1.1 ² %	2-3%
Orkla Confectionery & Snacks	15.4%	> 16.5%	-3.6%	2-4%
Orkla Home & Personal	17.1%	> 17.5%	-2.2%	3-5%

Orkla Food Ingredients

Customers

- Primarily serves the bakery industry (B2B)
- 20% of NSV Nordic retail

Structure

- Reorganized 1H 2013
 - Product BUs
 - Nordic Sales & Distribution

Strategy

- Strengthen Scandinavian Core
- Strengthen position in mixes and improvers
- Build #1 position in selected CEE countries

Financial goal

- ROCE 12.5% in 2014

BCG activities outside Nordic

Baltic

- Baltic defined as home market (Nordic)

East-Europe

- Below critical mass
- Review strategic options

Russia

- Comprehensive restructuring ongoing
- Review strategic options mid 2014

India

- MTR is value accretive
- Represents optionality for Orkla longer term

Allocation of capital and dividend policy

- Grow BCG in the Nordics organically, and through add-on investments
- Strong balance sheet and financial flexibility
- Remain an Investment Grade company (NIBD below 2.5-3*EBITDA)
- Maintain dividend at NOK 2.50 per share during transition period

To sum up

How do we reduce costs and improve cash flows?

- Realize cost restructuring synergies
- Integrate smaller companies and add-ons
- Continuous improvements and optimize business support
- Centralize procurement
- Rationalize SKU's and optimize manufacturing structure
- Working Capital Improvements



Will release financial resources

How do we grow?

- Innovate based on superior local insight
- Driving growth through point-of-purchase execution
- New categories in the Nordics
- Category growth in new channels



Will require investments