Solid quarter for Branded Consumer Goods

Fourth quarter results 2017

8 February 2018

Peter A. Ruzicka, President & CEO

Our targets 2016-2018:

Performance in line with targets

		2017	
	Keep the strategy on track	sapa:	✓
	Deliver organic growth at least in line with market growth	+1.6%	✓
	Target annual EBIT (adj.) growth of 6-9%[1] in BCG	+6.1%	✓
	Maintain a stable dividend of at least NOK 2.50 per share	NOK 2.60[2]	✓

[1]Including add-ons, excluding currency effects and large acquisitions and divestments. [2]Dividend intended to be proposed by the Board

Strengthened portfolio through acquisitions and disposals

Acquisitions in 2017

Rolling out the Orkla model

agrimex

ABC Arne B. Corneliussen AS

SR FOOD

Multi-channel sales strategy

STAR NUTRITION

GYMGROSSISTEN.com For Athletes, By Athletes

BODYSTORE.COM

Building strong niche positions

ORCHARD VALLEY FOODS LIMITED

[RIEMANN]

Eis Gräbner seit 1929

60 jaar Laan Heiloo IJsgrondstoffen Disposables Horeca apparatuur

Disposals in 2017

NATURAL

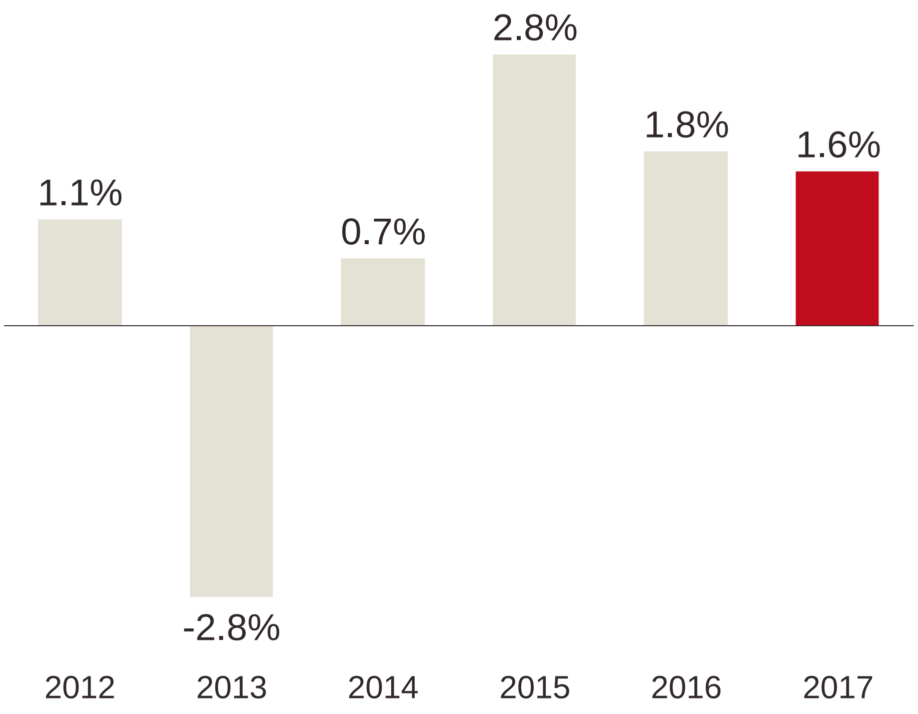
DENJA

Lilleborg's professional laundry business

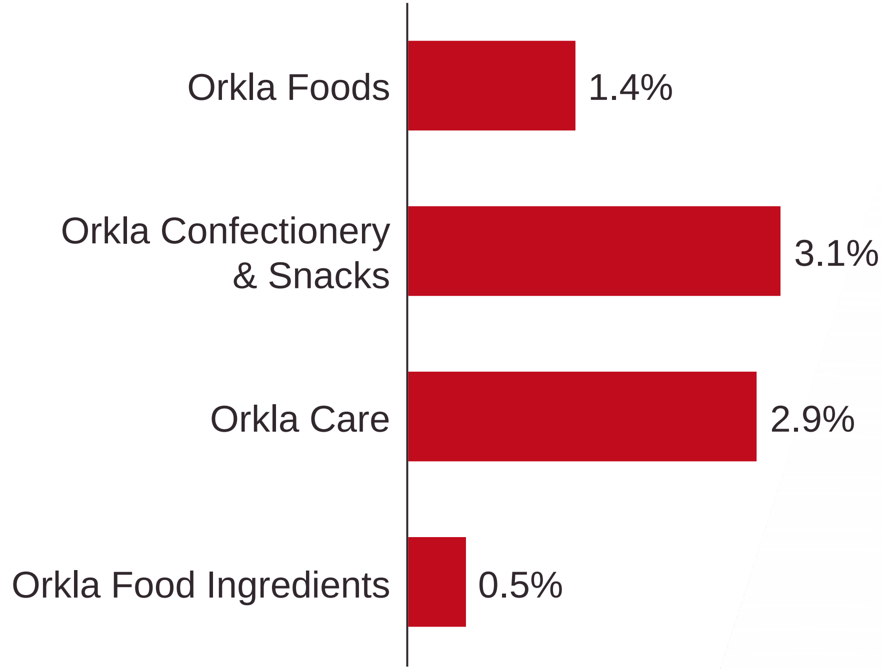
Orkla

Organic growth in all business areas

Continued organic growth[1]



Broad-based organic growth[1] in 2017



[1]Reported growth adjusted for currency translation effects and structural changes

Growing our large brands

9% sales growth in 2017

All time high sales in 2017

59% sales growth in 2017

+45% in Norway

Successfully launched in Sweden

12% sales growth in 2017

+7% in home markets
+84% from export sales

Building new brands in high-growth categories

45% sales growth in 2017

NATURLI'

40% sales growth in 2017

anamma
Veganskt, såklart!

17% sales growth in 2017

Paulúns

Bare Bra
Naturlig Sunnhet

Smagen af Det Gode Liv

Successful launch exceeding ambitions

klar

Orkla

Effective cost reduction actions

Ongoing restructuring of supply chain

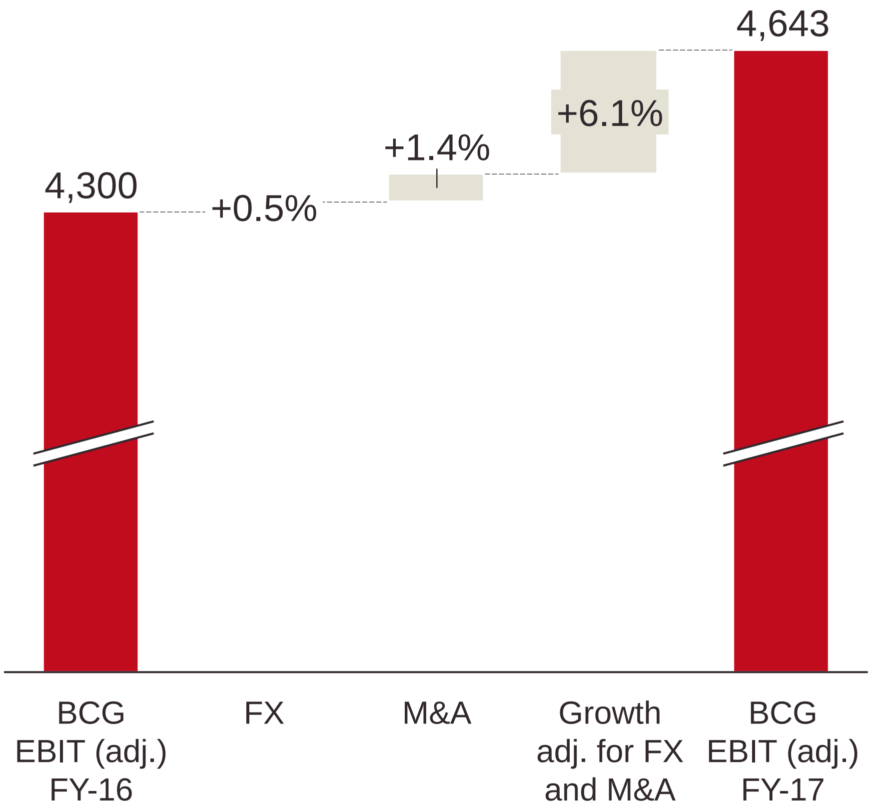
- Average revenue/factory +45%
  - 30 factory closures announced since 2014
- 13% reduction in number of suppliers in 6 months
- 25% increase in payable days in 2 years

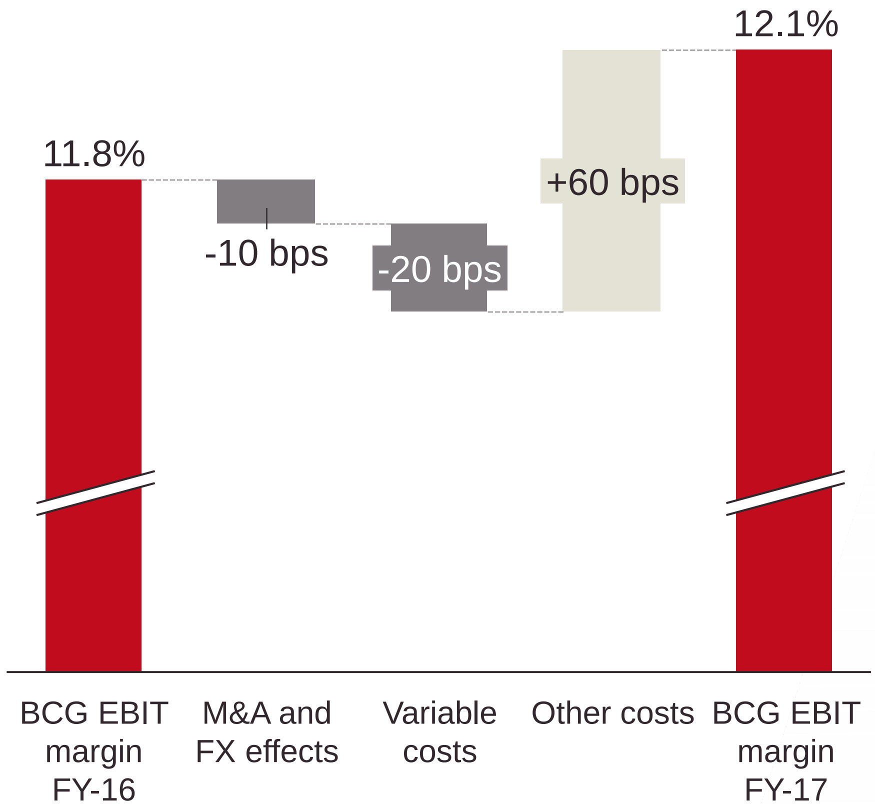
SG&A reduced by leveraging One Orkla

- Merged business units in 3 countries
- Cost reduction projects in several business units
- Synergies realised from successful integration of acquired companies

Project for one common ERP system initiated in 2017

Targeted EBIT growth delivered





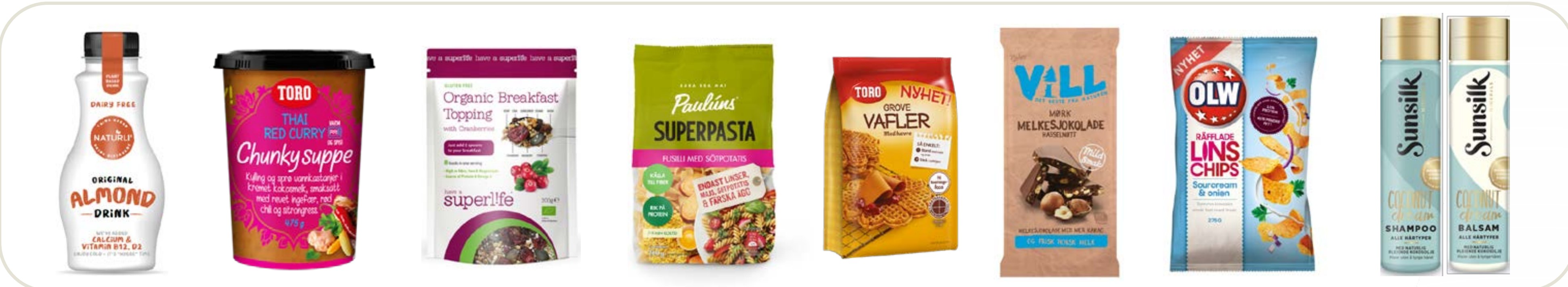
Amounts in NOK million. Other costs include fixed production costs, SG&A and advertising

Financial performance

Jens Bjørn Staff, CFO

Highlights Q4-17:
Solid quarter for Branded Consumer Goods

- **BCG organic growth of 2.8% with strong volume/mix**
- **Higher input costs balanced by price increases**
- **Cost programmes and timing of advertising costs drive 100bps of underlying EBIT (adj.) margin expansion**
- **EPS for continuing operations up 5.5%**



5.5% increase in EPS for continuing operations in Q4

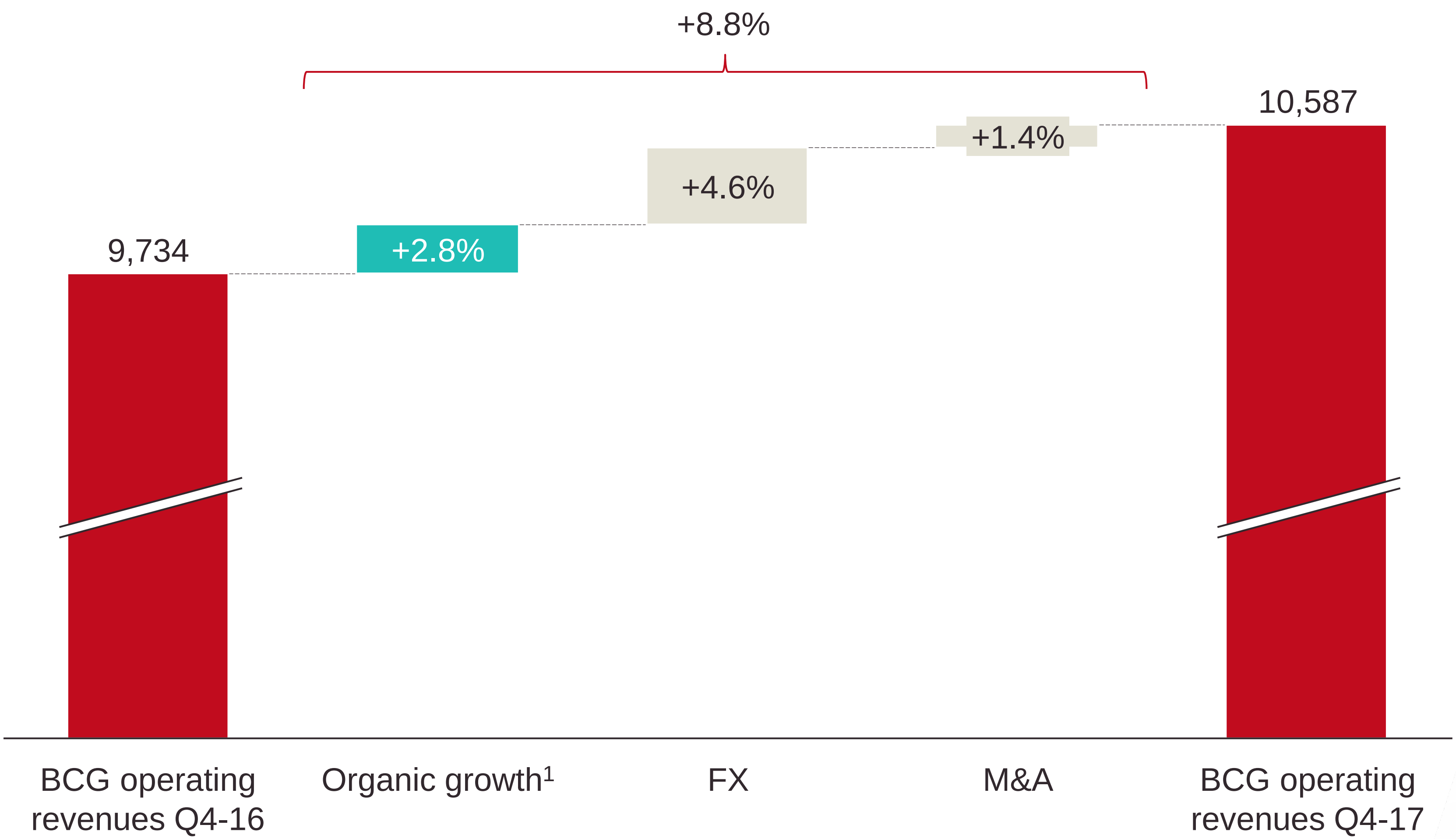
Key figures	Q4-17	∆vs LY	FY-17	∆vs LY
Operating revenues	10,851	5%	39,561	5%
EBIT (adj.)	**1,443**	**10%**	**4,635**	**8%**
Other income and expenses	-1		-201	
EBIT	**1,442**	**22%**	**4,434**	**13%**
Profit/loss from associates	-78		313	-36%
Net interest and other financial items	-55		-176	57%[1]
Profit/loss before tax	**1,309**	**13%**	**4,571**	**7%**
Taxes	-320	35%[1]	-980	21%[1]
Discontinued operations / other items	42		5,066	
Earnings per share cont. operations (NOK)	**0.96**	**5%**	**3.46**	**4%**
Earnings per share (NOK)	1.00		8.43	

Amounts in NOK million

[1]Positive figure indicates increased costs and negative figure indicates decreased costs compared to LY

Branded Consumer Goods Q4-17:

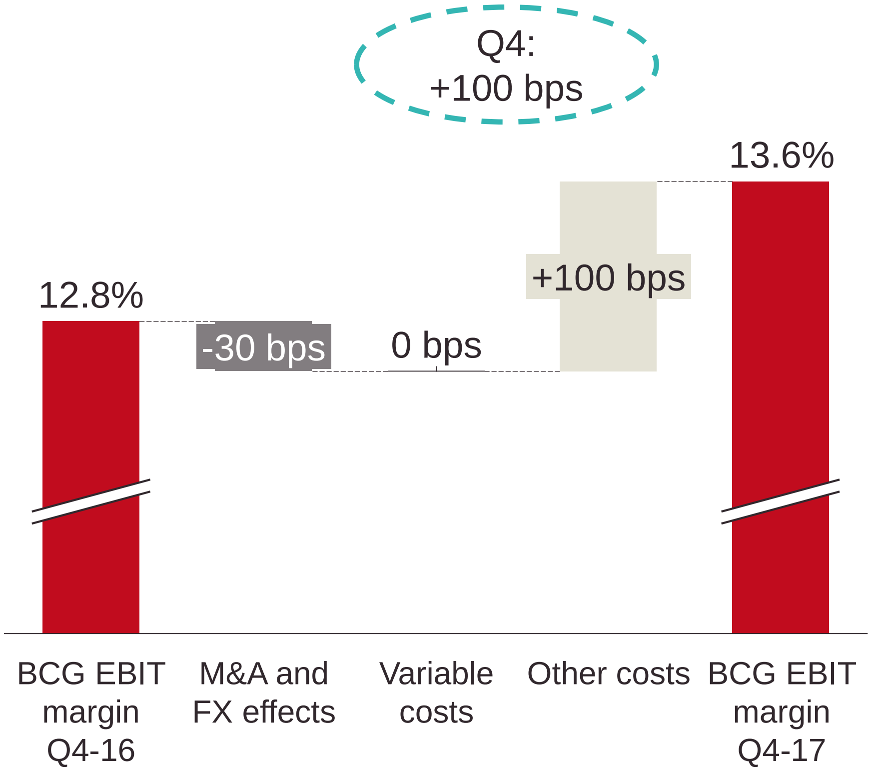
8.8% revenue growth from strong organic growth and FX

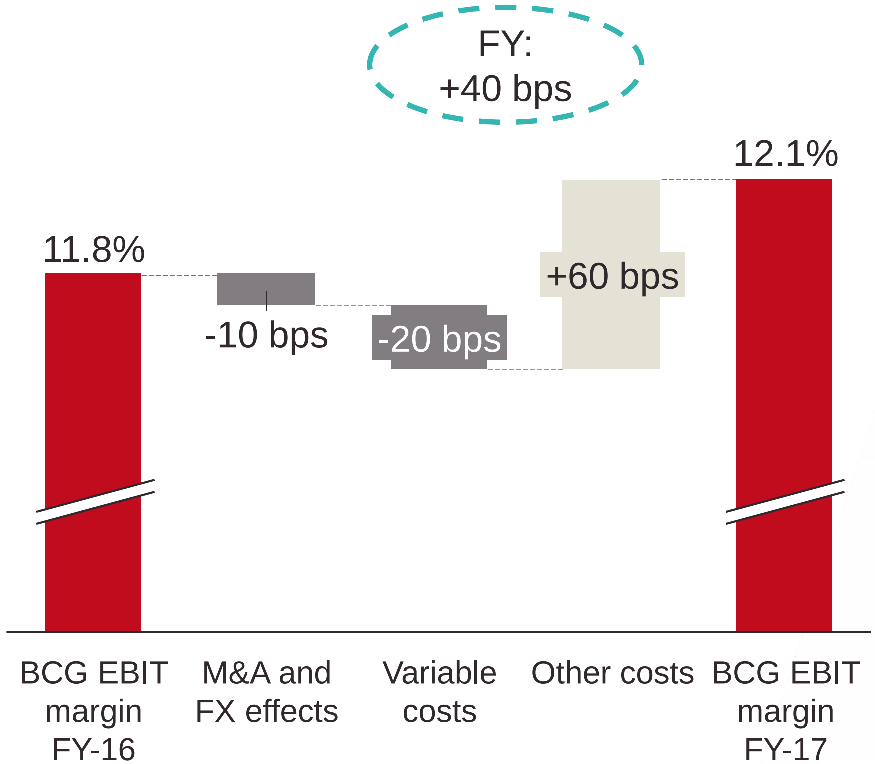


 Amounts in NOK million. [1]Reported growth adjusted for currency translation effects and structural changes

Underlying margin growth driven by cost savings

Underlying margin development





Other costs include fixed production costs, SG&A and advertising
Figures in graphs do not add up due to rounding

Orkla Foods

Continued improvement after a challenging H1-17

	Q4	FY -17
Revenues	4,384	16,126
Organic growth	*1.3%*	*1.4%*
EBIT(adj.) margin	15.7%	12.7%
Change vs LY	*+100 bps*	*flat*
EBIT(adj.) growth	11.9%	4.4%

- Price increases offset increased raw material prices in the quarter
- EBIT and margin improvement from price increases, cost improvements and lower advertising investments

 Revenue figures in NOK million

Orkla Confectionery & Snacks

Increased top line and cost improvements

	Q4	FY -17
Revenues	1.943	6.439
Organic growth	*3.9%*	*3.1%*
EBIT(adj.) margin	20.3%	16.2%
Change vs LY	*+130 bps*	*+120 bps*
EBIT(adj.) growth	15.8%	11.5%

- Strong volume growth in Finland, Sweden and Estonia
- Good growth in main categories
- Positive contribution from increased sales and continued improvements in manufacturing costs

 Revenue figures in NOK million

Orkla Care

Profit growth from organic improvement

	Q4	FY -17
Revenues	1,930	7,479
Organic growth	*6.3%*	*2.9%*
EBIT(adj.) margin	11.8%	14.4%
Change vs LY	*+100 bps*	*+20 bps*
EBIT(adj.) growth	22.0%	12.3%

- Strong organic growth partly driven by high campaign activity
- Organic growth in 5 out of 6 business units
- Strong margin improvement despite dilution from M&A and higher input costs

 Revenue figures in NOK million

Orkla Food Ingredients

Strong Q4 supported by growth in most markets

	Q4	FY -17
Revenues	2,410	8,703
Organic growth	*3.4%*	*0.5%*
EBIT(adj.) margin	5.3%	5.4%
Change vs LY	*+20 bps*	*flat*
EBIT(adj.) growth	20.8%	6.8%

- Strong end of the year with broad based sales growth
- Successful turnaround in Romania and Finland
- Organic growth and add-ons resulted in 21% EBIT growth

 Revenue figures in NOK million

Orkla Investments

Record-high for Hydro Power, tough quarter for Jotun

Fully consolidated into Orkla financial statements

Hydro Power

Volume (GWh):
Q4: 735 (451)
FY: 2,729 (2,396)

Power prices[1] (NOK/MWh):
Q4: 295 (312)
FY: 274 (249)

EBIT adj. (NOK million):
Q4: 103 (31)
FY: 316 (192)

Financial investments

Book value real estate:
NOK 1.5 billion

Accounted for using equity method

Jotun (42.6%)

JOTUN

Sapa JV (50%)

- Transaction closed on Oct.2
- Classified as discontinued operations with a profit of NOK 5.1 billion FY-17
- Cash effect of NOK 13.5 billion in 2017, of which NOK 5.1 billion paid out as special dividend

[1]Source: Nord Pool Spot, Monthly System Price

Jotun (42.6%)

Continued volume growth, but higher raw material prices impact profit

	FY-17
Operating revenues	16,401
Change vs LY	*+4%*
Operating profit	1,354
Change vs LY	*-23%*
Orkla's share of net profit after tax	307
Change vs LY	*-35%*

Q4-17 comments

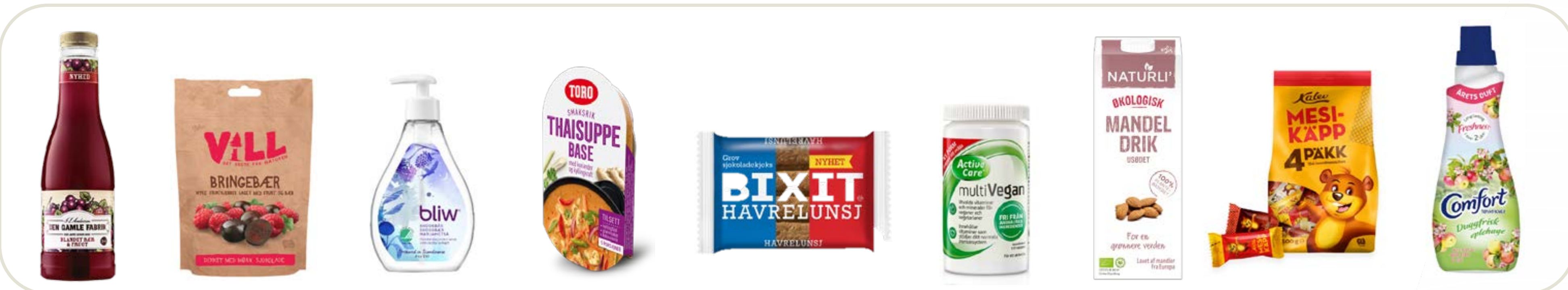
- Continued volume growth and increase in operating revenue year over year
- Good performance in Decorative Paints, while the marine newbuilding and offshore markets remain challenging, especially in North East Asia
- Operating profit significantly impacted by rising raw material prices
- Price increases implemented and continued focus on cost control

 Amounts on 100% basis in NOK million

Strong cash flow generation FY-17

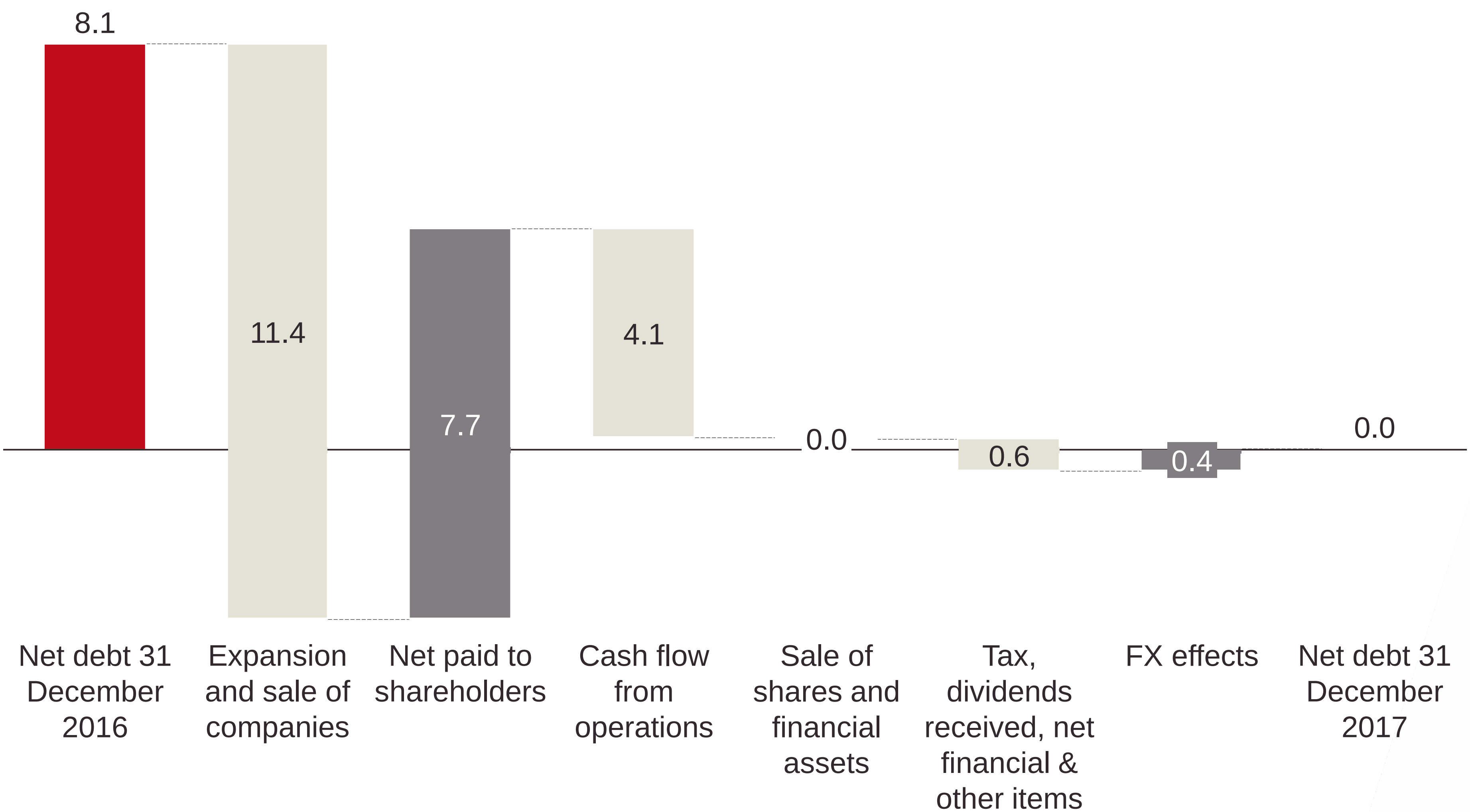
Cash from operations (excl. financial investments)

Cash flow per 31.12	2017	2016
Operating profit	4,423	3,785
Amort., depr., and impairment	1,313	1,138
Change in net working capital[1]	18	-186
Net replacement expenditures	-1,050	-1,327
Cash from operations	4,405	3,368



Amounts in in NOK million.
[1]Adjusted for gains from sold assets and companies of NOK -299 million in 2017 and NOK -42 million in 2016.

Changes in net debt 2017



 Amounts in NOK billion

Focus going forward

Peter A. Ruzicka, President & CEO

Delivering on our strategy through One Orkla

Key takeaways full year 2017

- Performance in line with targets
- Continued growth - in line with market
- Cost improvements from working as One Orkla
- Sale of 50% share in Sapa completed
- Portfolio strengthened through acquisitions and disposals

Outlook

- Manage volatile input prices
- Grow our strong brands and build new positions
- Realise effects from One Orkla
- One ERP project enables future synergies
- Further strengthen our position through M&A

Orkla

McVegan launched in Sweden and Finland with vegan burger from Orkla

McDonald's + anamma Veganskt, såklart! = McVegan™

Vill – made with more of the naturally good stuff

Introducing chewing gum under well-known toothpaste brand

Q&A

Peter A. Ruzicka, President & CEO

Jens Bjørn Staff, CFO

Appendices

Group income statement

	Q4-16	Q4-17	Change in %	FY-16	FY-17	Change in %
Operating revenues	**10,286**	**10,851**	5 %	**37,758**	**39,561**	5 %
EBIT (adj.)	**1,307**	**1,443**	10 %	**4,298**	**4,635**	8 %
Other income and expenses	-122	**-1**		-382	**-201**	
EBIT	**1,185**	**1,442**	22 %	**3,916**	**4,434**	13 %
Profit/loss from associates*	-29	**-78**		488	**313**	
Interests, net	-40	**-26**	-35 %[1]	-177	**-149**	-16 %[1]
Other financial items, net	38	**-29**		65	**-27**	
Profit/loss before taxes	**1,154**	**1,309**	13 %	**4,292**	**4,571**	7 %
Taxes	-237	**-320**	35 %[1]	-807	**-980**	21 %[1]
Profit/loss for the period continuing operations	**917**	**989**	8 %	**3,485**	**3,591**	3 %
Profit/loss from discontinued operations*	190	**42**		890	**5,066**	
Profit/loss for the period	**1,107**	**1,031**	-7 %	**4,375**	**8,657**	98 %
Earnings per share (NOK)	**1.09**	**1.00**	-8 %	**4.22**	**8.43**	100 %
Earnings per share continuing operations, (NOK)	**0.91**	**0.96**	5 %	**3.34**	**3.46**	4 %

Amounts in NOK million.
*Historical income statement figures have been restated as Sapa is presented as discontinued operations.
[1]Positive figure indicates increased costs and negative figure indicates decreased costs compared to LY.

Key figures:

Orkla Foods and Orkla Confectionery & Snacks

Orkla Foods	Q4-16	Q4-17	Change	FY-16	FY-17	Change
Operating revenues	4,186	4,384	198	15,476	16,126	650
EBIT (adj.)	616	689	73	1,968	2,055	87
EBIT (adj.) margin	14.7 %	15.7 %	1.0 ppt	12.7 %	12.7 %	0.0 ppt
Cash flow from operations	507	742	235	1,195	2,330	1,135

Orkla Confectionery & Snacks	Q4-16	Q4-17	Change	FY-16	FY-17	Change
Operating revenues	1,796	1,943	147	6,230	6,439	209
EBIT (adj.)	341	395	54	937	1,045	108
EBIT (adj.) margin	19.0 %	20.3 %	1.3 ppt	15.0 %	16.2 %	1.2 ppt
Cash flow from operations	522	530	8	1,078	1,016	-62

 Amounts in NOK million

Key figures:

Orkla Care and Orkla Food Ingredients

Orkla Care	Q4-16	Q4-17	Change	FY-16	FY-17	Change
Operating revenues	1,730	1,930	200	6,740	7,479	739
EBIT (adj.)	186	227	41	956	1,074	118
EBIT (adj.) margin	10.8 %	11.8 %	1.0 ppt	14.2 %	14.4 %	0.2 ppt
Cash flow from operations	259	301	42	727	777	50

Orkla Food Ingredients	Q4-16	Q4-17	Change	FY-16	FY-17	Change
Operating revenues	2,072	2,410	338	8,161	8,703	542
EBIT (adj.)	106	128	22	439	469	30
EBIT (adj.) margin	5.1 %	5.3 %	0.2 ppt	5.4 %	5.4 %	0.0 ppt
Cash flow from operations	178	12	-166	415	263	-152

 Amounts in NOK million

Net financial items

	FY-17	Q4-16	Q4-17
Net interest expenses	-149	-40	**-26**
Currency gain/loss	-3	4	**-4**
Result from Share Portfolio and dividends	54	56	**-1**
Other financial items, net	-78	-22	**-24**
Net financial items	**-176**	**-2**	**-55**

 Amounts in NOK million

Statement of financial position

	31.12.2016	31.12.2017
Intangible assets	18,343	19,921
Property, plant and equipment	11,038	11,683
Investments in associates and joint ventures etc.	13,148	4,108
Non-current assets	**42,529**	**35,712**
Inventories	5,195	5,684
Inventory of development property	70	113
Trade receivables	5,597	6,165
Other receivables	902	883
Shares and financial assets	107	17
Cash and cash equivalents	1,204	4,834
Current assets	**13,075**	**17,696**
Total assets	**55,604**	**53,408**
Paid-in equity	1,994	1,995
Earned equity	31,480	32,413
Non-controlling interests	402	430
Equity	**33,876**	**34,838**
Provisions	4,146	4,734
Non-current interest-bearing liabilities	7,172	4,820
Current interest-bearing liabilities	2,496	359
Trade payables	4,329	4,940
Other current liabilities	3,585	3,717
Equity and liabilities	**55,604**	**53,408**

Amounts in NOK million

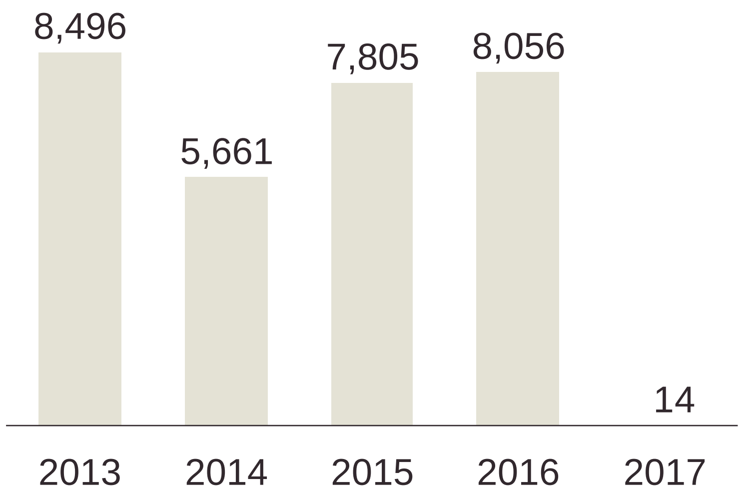
Cash flow

	FY-16	FY-17
Operating profit	**3,785**	**4,423**
Amortisation, depreciation and write-downs	1,138	1,313
Change in net working capital	-186	18
Gain from operations moved to Investments and sold entities	-42	-299
Net replacement expenditures	-1,327	-1,050
Cash flow from operations	**3,368**	**4,405**
Cash flow from operations, Financial Investments	45	**-290**
Tax	-506	-934
Dividends received, net financial and other	18	1,574
Cash flow before capital transactions	**2,925**	**4,755**
Paid to shareholders, net purchase/sales own shares	-2,676	-7,740
Cash flow before expansion	**249**	**-2,985**
Expansion investments	-163	-206
Sold and acquired companies	-2,236	11,619
Net purchases/sales shares and financial assets	1,194	43
Net cash flow	**-956**	**8,471**
Currency translations net interest-bearing liabilities	**705**	**-429**
Change in net interest-bearing liabilities	**251**	**-8,042**
Net interest-bearing liabilities	**8,056**	**14**

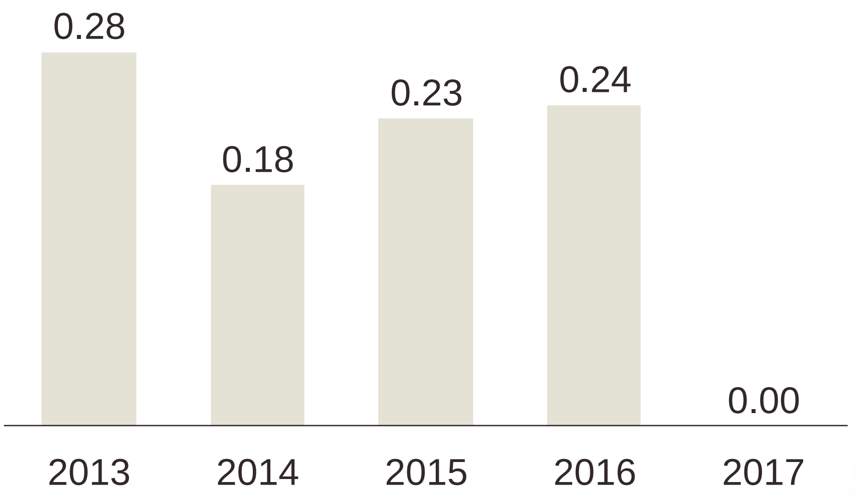
 Amounts in NOK million

Strong balance sheet and financial flexibility

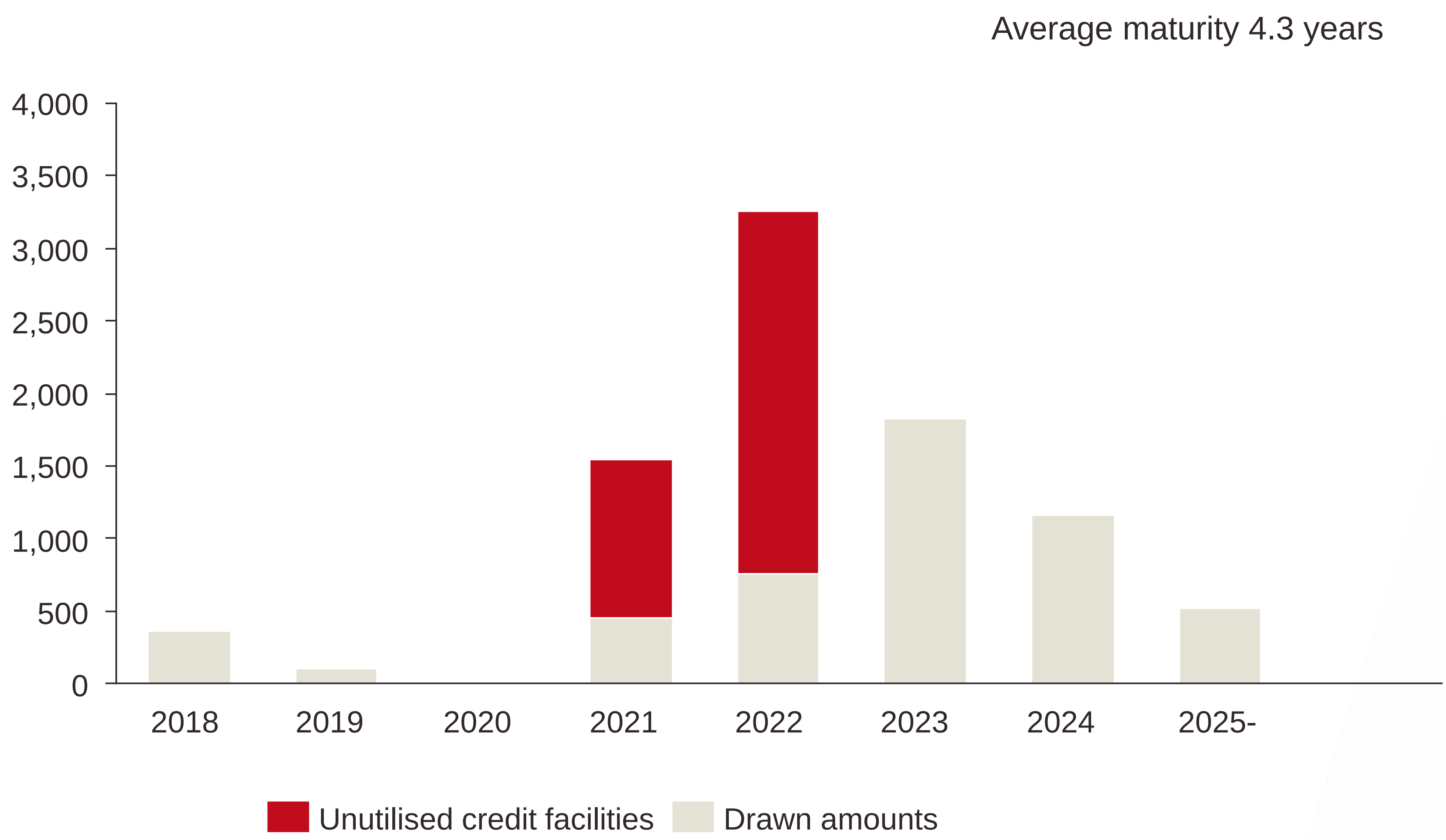
Net interest-bearing debt (NOK million)



Net gearing

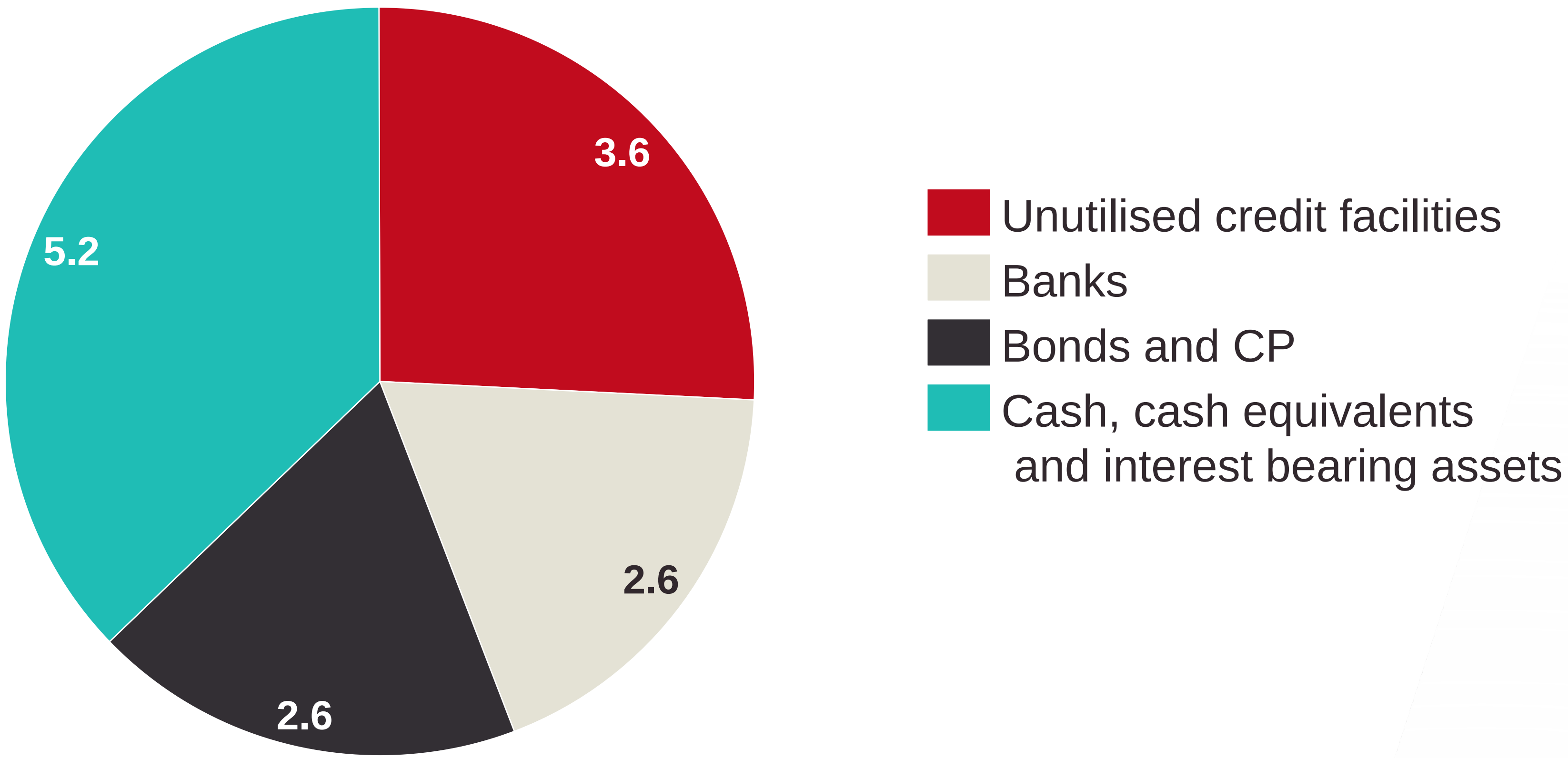


Debt maturity profile



 Amounts in NOK million

Funding sources



 Amounts in NOK billion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Stabburet