



## **Delivering on our strategy and increasing performance**

Orkla Investor Day  
London, 11 September 2015



# Welcome to Orkla's Investor Day

## Agenda and speakers:

12:00	<b>Delivering on our strategy and increasing performance Q&amp;A</b>	<b>Peter A. Ruzicka,</b> <i>President &amp; CEO</i>
12:50	<b>Improving operational efficiency across our supply chain Q&amp;A</b>	<b>Johan Clarin,</b> <i>EVP Operations and COO Orkla Foods</i>
13:20	<b>Turnaround increasing performance Q&amp;A</b>	<b>Ann-Beth Freuchen,</b> <i>EVP &amp; CEO Orkla Confectionery &amp; Snacks</i>
13:50	<b>Break</b>	
14:20	<b>Successful track record of growing through acquisitions Q&amp;A</b>	<b>Stig E. Nilssen,</b> <i>EVP &amp; CEO Orkla Home &amp; Personal</i>
14:50	<b>A winning business model Q&amp;A</b>	<b>Pål Eikeland,</b> <i>EVP &amp; CEO Orkla Food Ingredients</i>
15:20	<b>Growing with local consumers and customers</b>	<b>Atle Vidar Nagel-Johansen,</b> <i>EVP &amp; CEO Orkla Foods</i>
15:50	<b>Q&amp;A and closing remarks</b>	<b>Peter A. Ruzicka,</b> <i>President &amp; CEO</i>
16:00	<b>Drinks reception</b>	

# Today's speakers



**Peter A. Ruzicka**

*President & CEO Orkla ASA*

- Joined Orkla in 2014
- 25 years of experience from the retail sector
- MBA and degree in Business Economics



**Stig E. Nilssen**

*EVP & CEO Orkla Home & Personal*

- CEO of Axellus (now Orkla Health) since 2006
- Extensive experience from home and personal care and consumer health
- Major in Finance and International Marketing



**Johan Clarin**

*EVP Operations and COO Orkla Foods*

- Based in China for 7 years before joining Orkla in 2013
- Background from Sony Mobile Communications, most recently as head of manufacturing and logistics
- MSc Business Administration



**Pål Eikeland**

*EVP & CEO Orkla Food Ingredients*

- Joined Lilleborg in 1983
- Previously held leading positions in corporate purchasing and as director of Lilleborg Profesjonell
- Degree in Economics and business administration



**Ann-Beth Freuchen**

*EVP & CEO Orkla Confectionery & Snacks*

- Previously held position as CEO Orkla Confectionery & Snacks Norge
- Background as CEO of KiMs Norge, sales and marketing in Nidar and Lilleborg since 1996
- Master of Economics



**Atle Vidar Nagel-Johansen**

*EVP & CEO Orkla Foods*

- Joined Orkla in 1993
- Previous positions as CEO, marketing director and finance director in several Orkla Foods companies
- Degree in Business & Economics, certified financial analyst

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## **Delivering on our strategy and increasing performance**

Peter A. Ruzicka, President & CEO



# Delivering on our strategy and increasing performance



**Keep the strategy on track**



**Deliver organic growth at least in line  
with market growth**



**Target annual adj. EBIT growth of 6-9%<sup>1</sup> in BCG**



**Maintain a stable dividend of at least NOK 2.50 per share**

<sup>1</sup>Including add-ons, excluding currency effects and large acquisitions and divestments

# Growing the leading Nordic branded consumer goods company

Increase presence  
in existing markets

CEDERROTH

Laima

  
CONDITE

EISUNION

Enter new  
categories

anamma

Bioquelle

 **HUSK**  
PRODUCTS

CEDERROTH

Strengthen  
position in new  
channels

  
PROTEINFABRIKEN

CEDERROTH

Exit non-core

 GRÄNGES

Delecta









# Improving operational efficiency is a key priority

## One Orkla

### Focused top line initiatives

- Fewer, bigger innovations
- Innovations launched across countries and business areas
- Stronger customer relationships

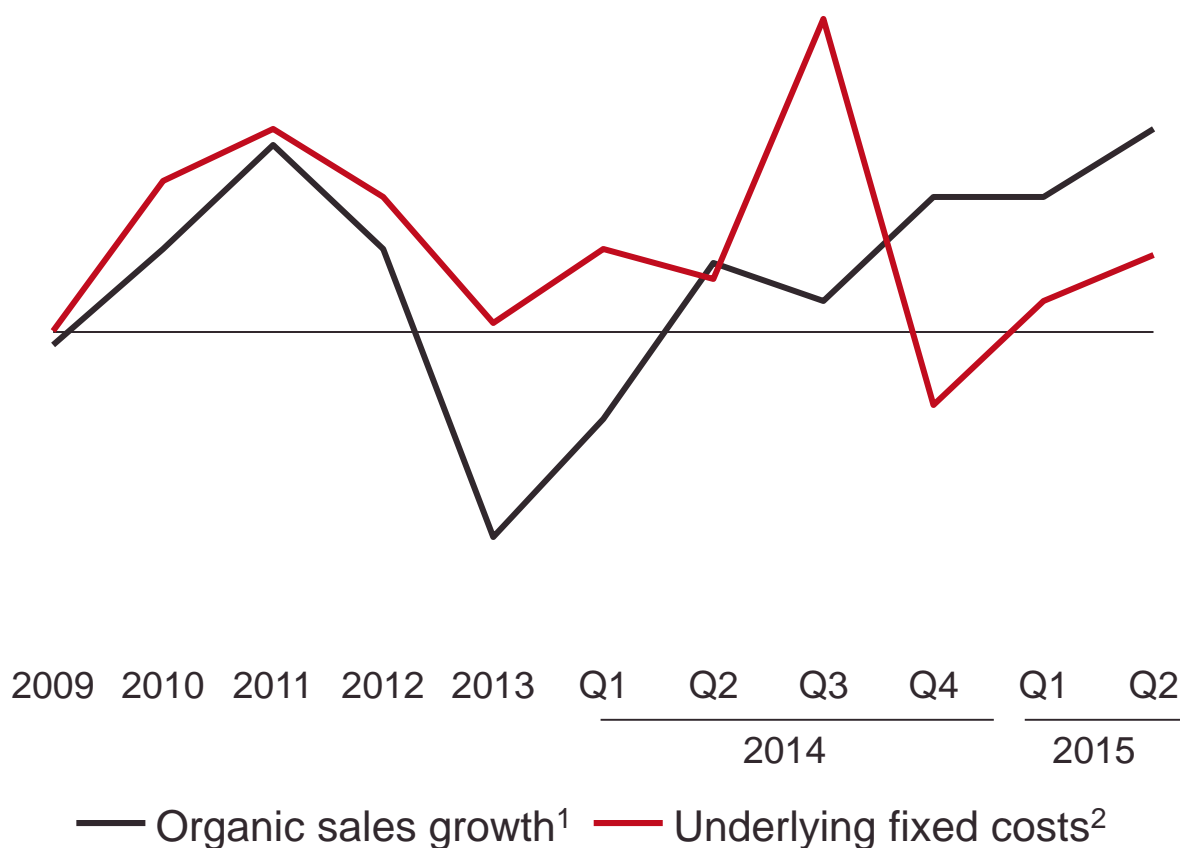
### Cost reductions and efficient operations

- Centralised supply chain
- Company mergers
- Increased sales force effectiveness
- Rieber cost synergies higher than planned



## Top line and cost initiatives showing results

ILLUSTRATIVE



YTD at end Q2 2015

Organic sales growth:  
**2.3%**

BCG EBIT (adj.) margin  
increase from  
**10.4% to 10.9%**

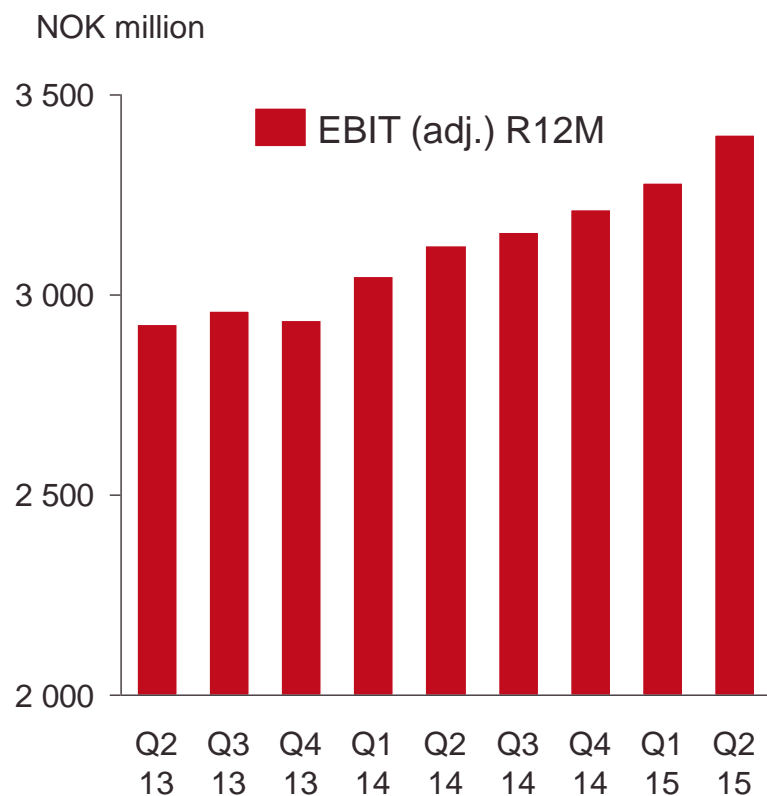
BCG EBIT (adj.) growth:  
**10.9%**

9 <sup>1</sup>Organic sales growth adjusted for Easter effects in the quarterly figures. <sup>2</sup>Underlying fixed costs are growth in SG&A and fixed production / inventory costs, adjusted for M&A and currency translation effects.

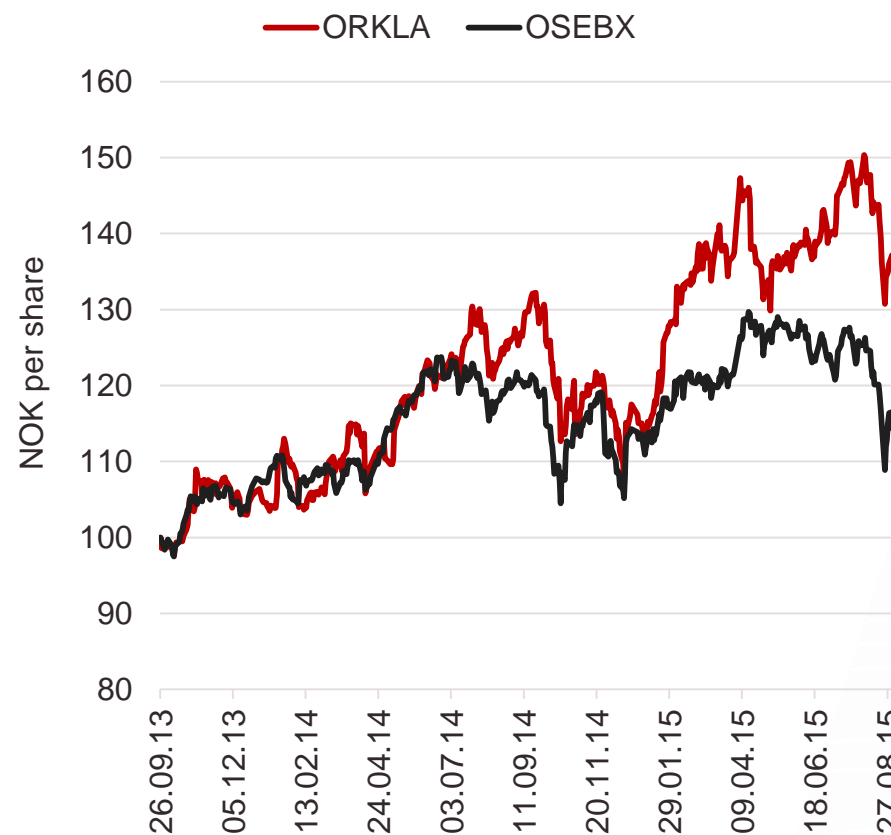


# Outperforming OSEBX since Investor Day 2013

## EBIT (adj.) growth of 16 % last two years



## Orkla share price performance - indexed against OSEBX



# Delivering value through One Orkla



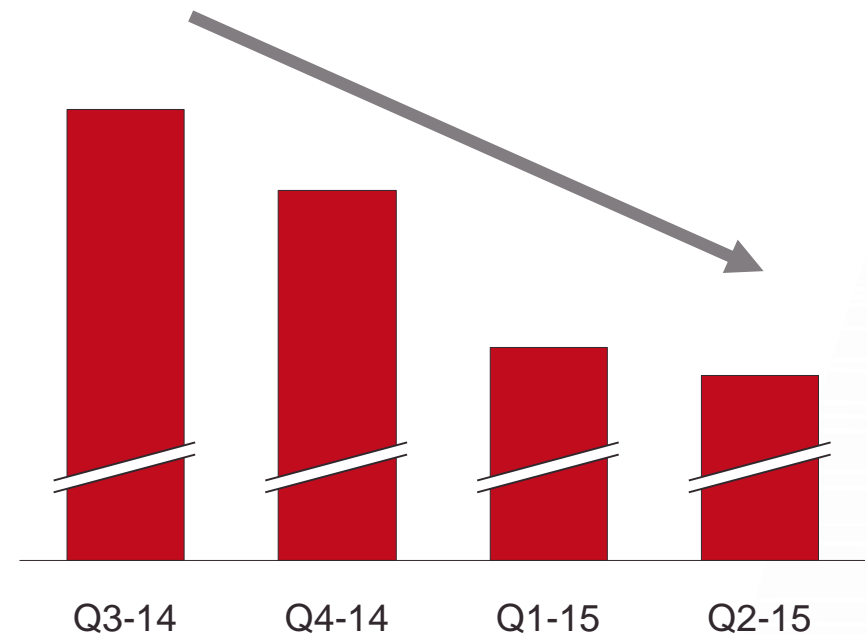
# Increasing efficiency and lowering costs

## One integrated supply chain



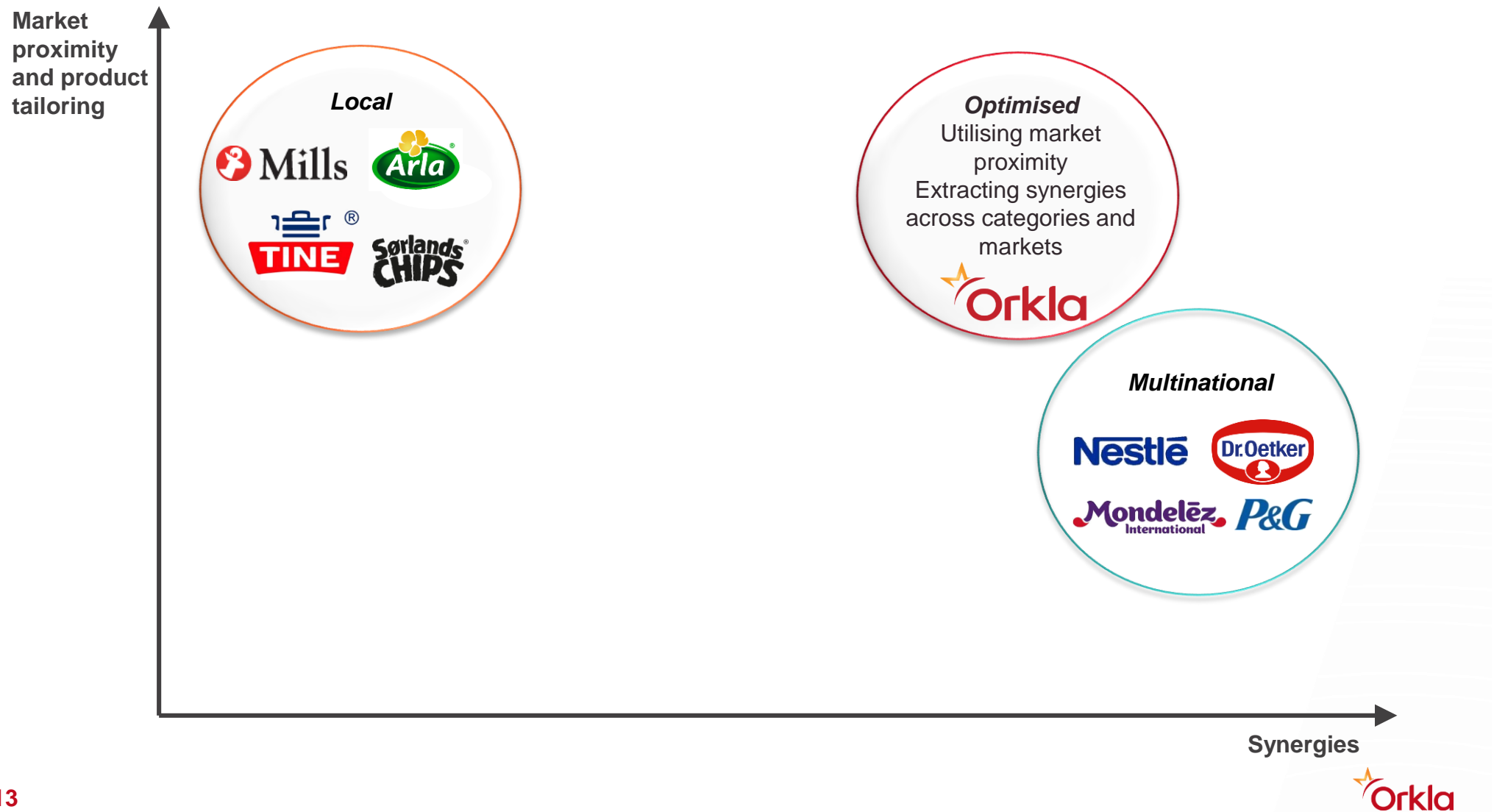
● BCG production sites

## Continuous improvement throughout the value chain



R12M fixed costs<sup>1</sup> in % of revenues

# Extracting synergies while maintaining our local insight



# Broad portfolio of local brands occupying #1 and #2 positions





# Superior insight into local consumer preferences

## Build on strong, local brands



Detergents

78%



Orkla market share



Ketchup

57%



Orkla market share



Chips

38%



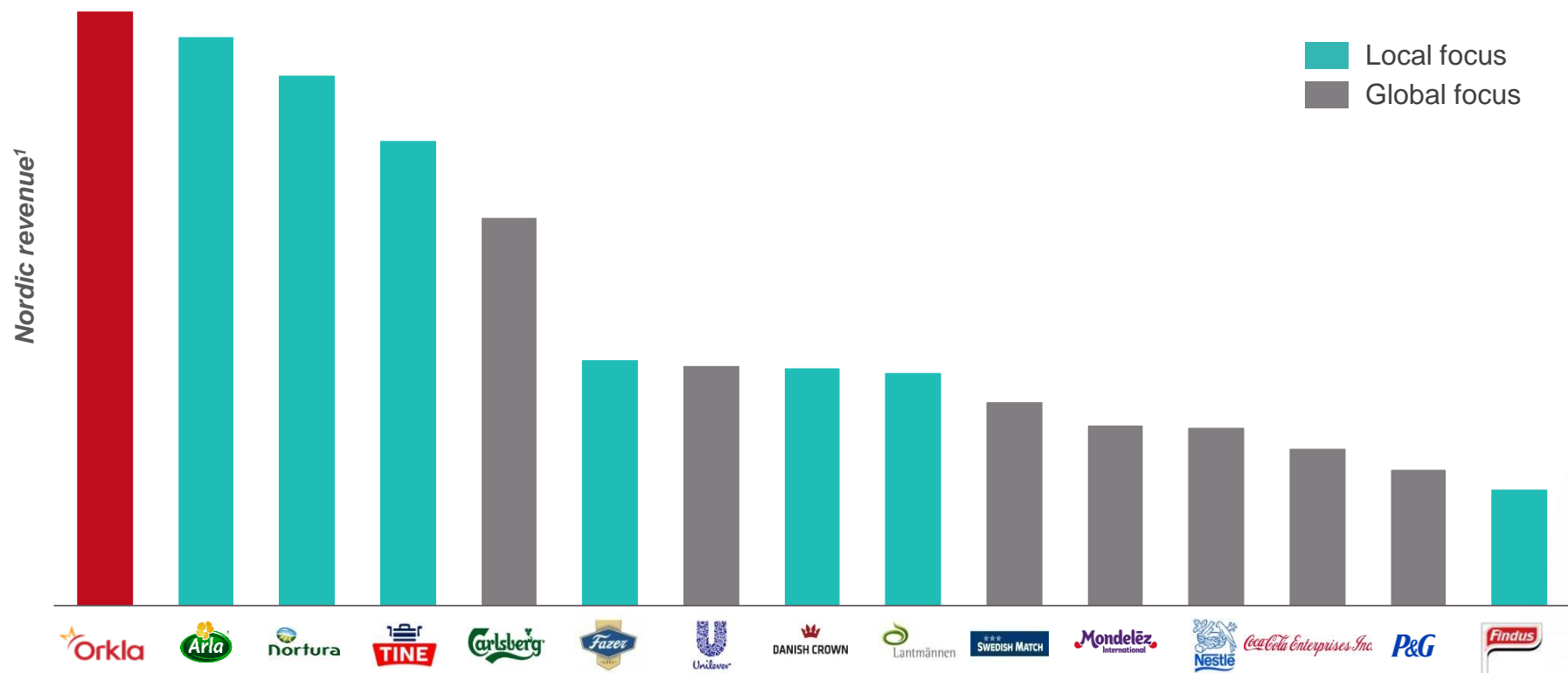
Orkla market share

## Utilise technologies and successful innovations across markets



# Build closer customer relationships

## ILLUSTRATIVE



# Sustainability is a core part of our strategic thinking



Nutrition & health:

Contribute to a healthy lifestyle



Food safety:

Ensure safe food throughout the supply chain



Responsible sourcing:

Develop sustainable supply chains

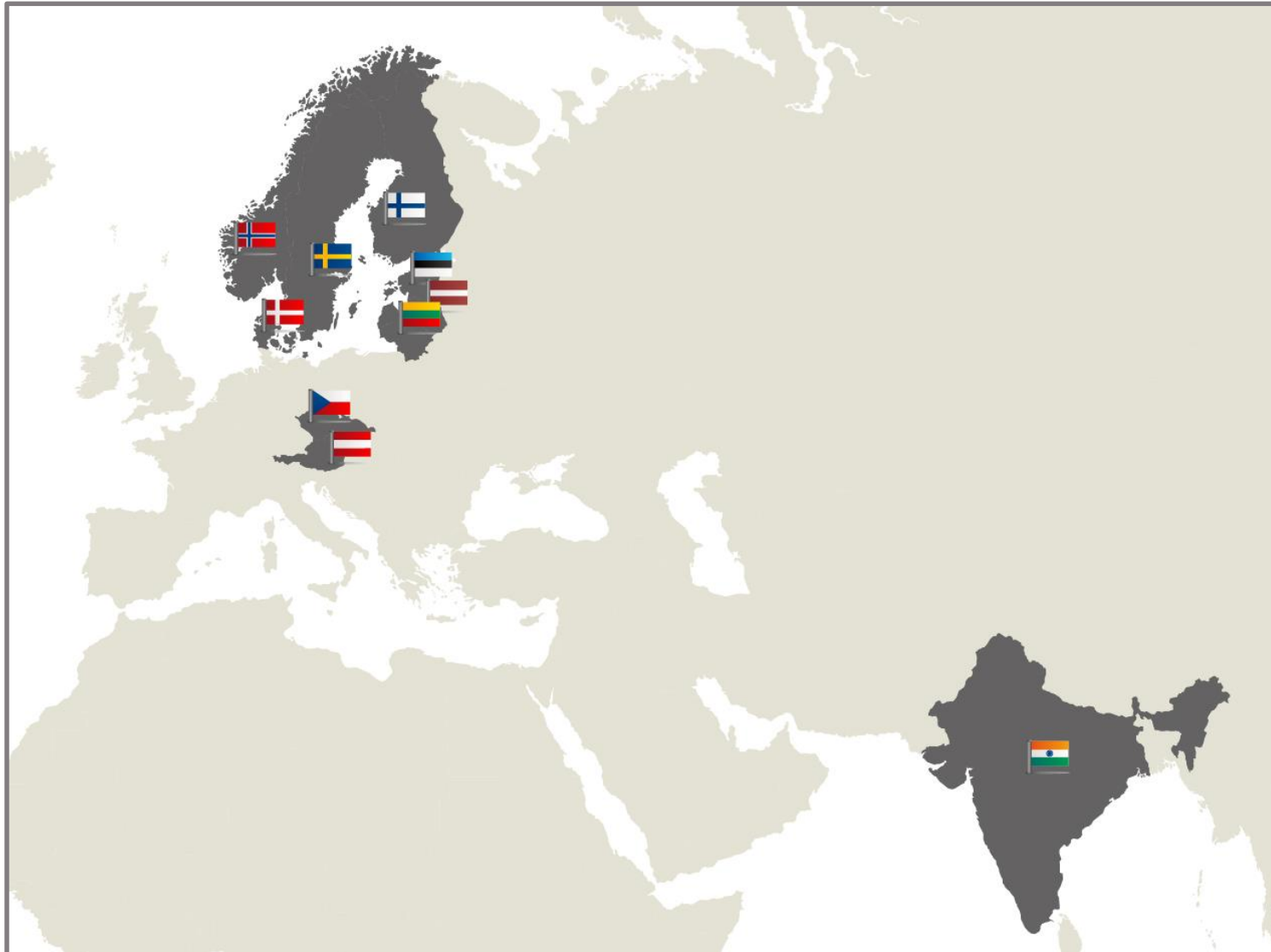


Environment:

Minimise our environmental footprint



## Building on our strong market presence



## Status of targets from Investor Day 2013

EBIT (adj.) margin	2016 Target From Inv. Day in 2013	Dilution effects <sup>1</sup>	Expected delivery adjusted for dilution effects <sup>1</sup>
Orkla Foods	15.0%	~1 pp.	2017
Orkla Confectionery & Snacks	16.5%	~1 pp.	2017
Orkla Home & Personal	17.5%	~2.5 pp.	2016
Orkla Food Ingredients <sup>2</sup>	5.7%		2016

<sup>1</sup>Diluted due to:

Orkla International reorganised in **Orkla Foods**

Acquisition of NP Foods in **Orkla Confectionery & Snacks**

Acquisition of Cederroth and new Unilever agreement in **Orkla Home & Personal**



## Updated financial targets 2016 – 2018

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Deliver organic growth at least in line  
with market growth



Target annual adj. EBIT growth of 6-9%<sup>1</sup> in BCG

# Optimising value in Orkla Investments

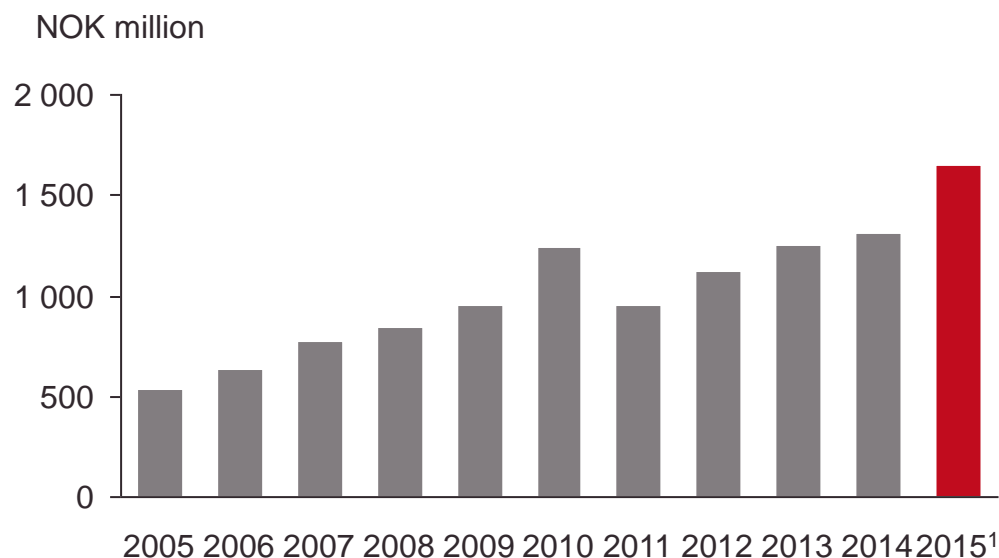


## Financial investments

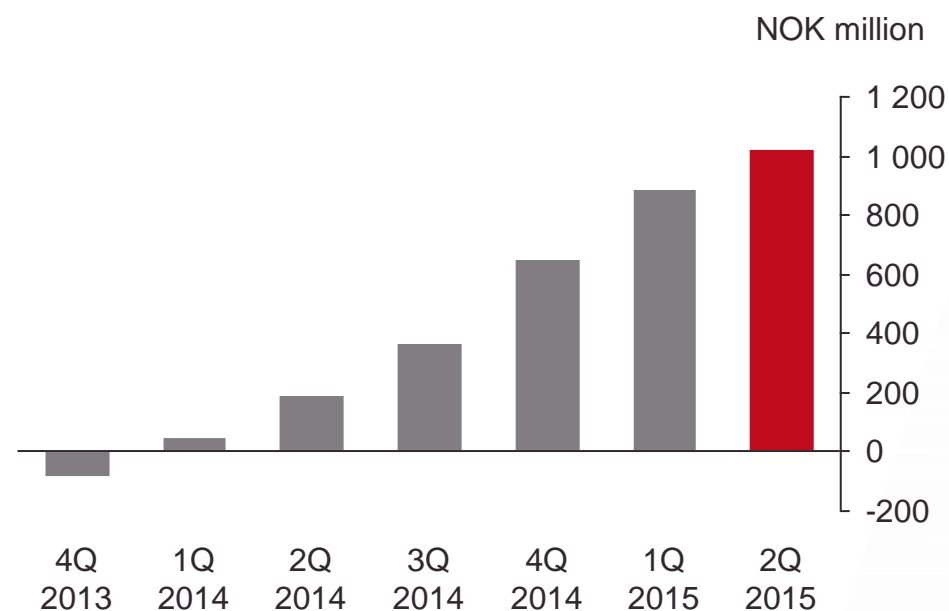


# Solid bottom line growth in Sapa and Jotun

Operating profit - rolling 12 months



Underlying EBIT - rolling 12 months



**22** <sup>1</sup>RTM as of April 2015. Jotun figures 2005-2010 have been restated after adoption of IFRS in 2011.

## Maintaining balanced capital allocation

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Stable dividend of at least NOK 2.50 per share

Sustaining an investment grade company

- $\text{NIBD} / \text{EBITDA} < 2.5 - 3.0$

Clear strategy for allocation of excess capital

- First priority is reallocating to Branded Consumer Goods for acquisitions, otherwise extraordinary dividend or share buy-backs will be considered

# Delivering on our strategy and increasing performance



**Keep the strategy on track**



**Deliver organic growth at least in line  
with market growth**



**Target annual adj. EBIT growth of 6-9%<sup>1</sup> in BCG**



**Maintain a stable dividend of at least NOK 2.50 per share**

<sup>1</sup>Including add-ons, excluding currency effects and large acquisitions and divestments





## Improving operational efficiency across our supply chain

Johan Clarin

EVP Operations and COO Orkla Foods

London, 11 September 2015

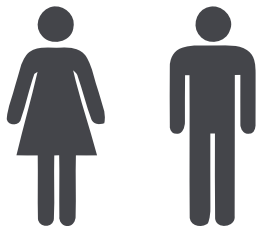


## Orkla Supply Chain – a great opportunity

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**8**  
million

**CONSUMER UNITS  
PRODUCED DAILY**



**SUPPLY CHAIN  
EMPLOYEES**

**5500**



**FACTORIES**

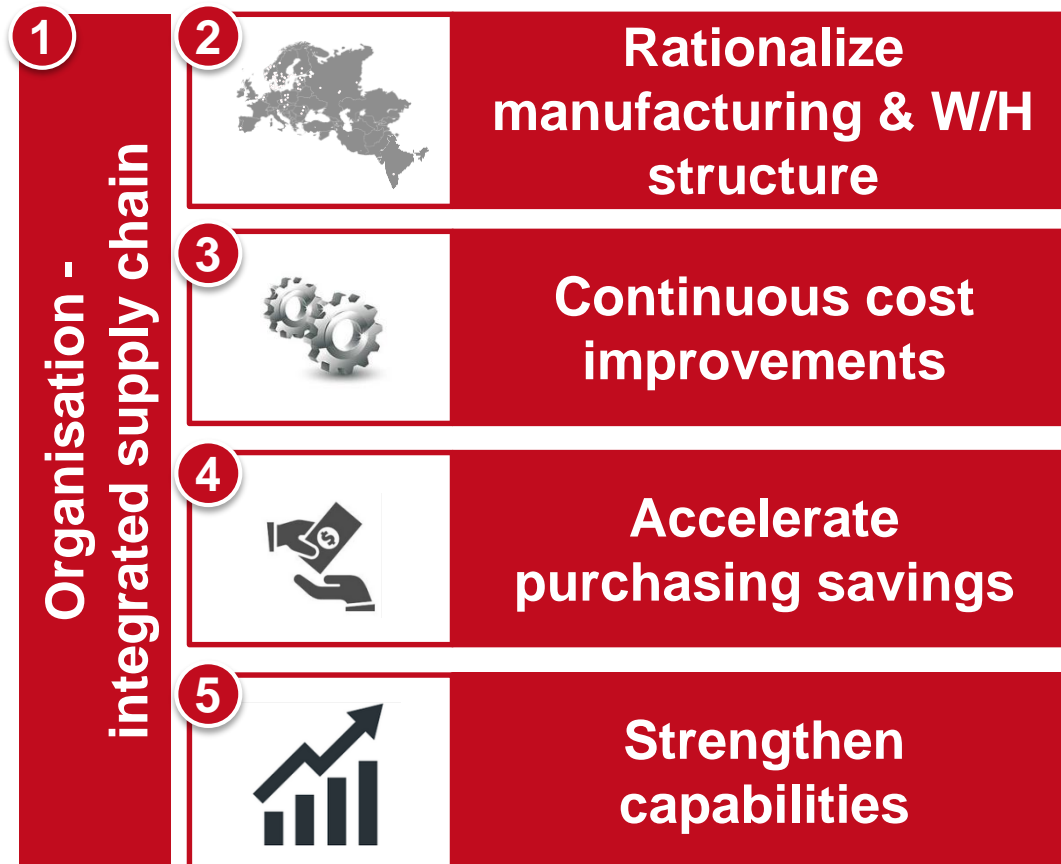
**103**



**COST BASE (NOK BN)**

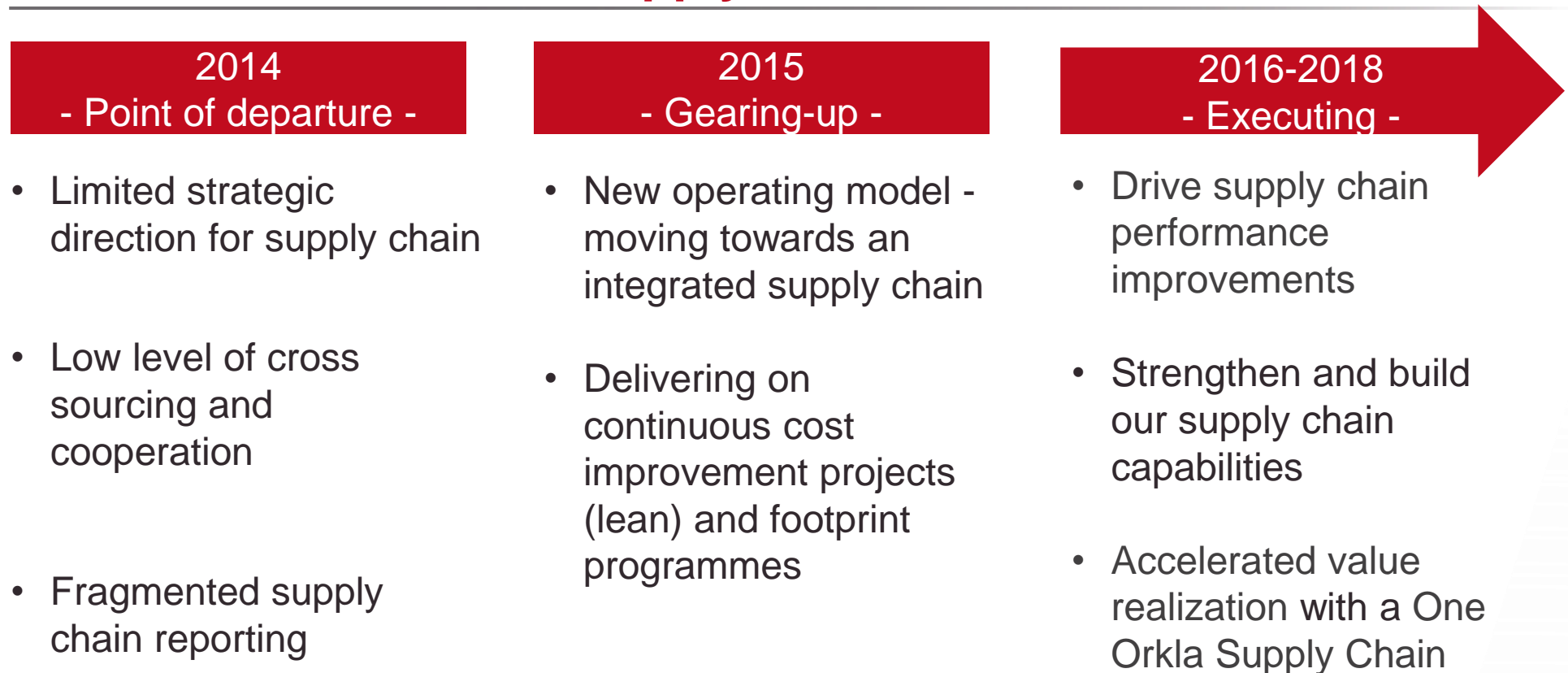
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## Our priorities

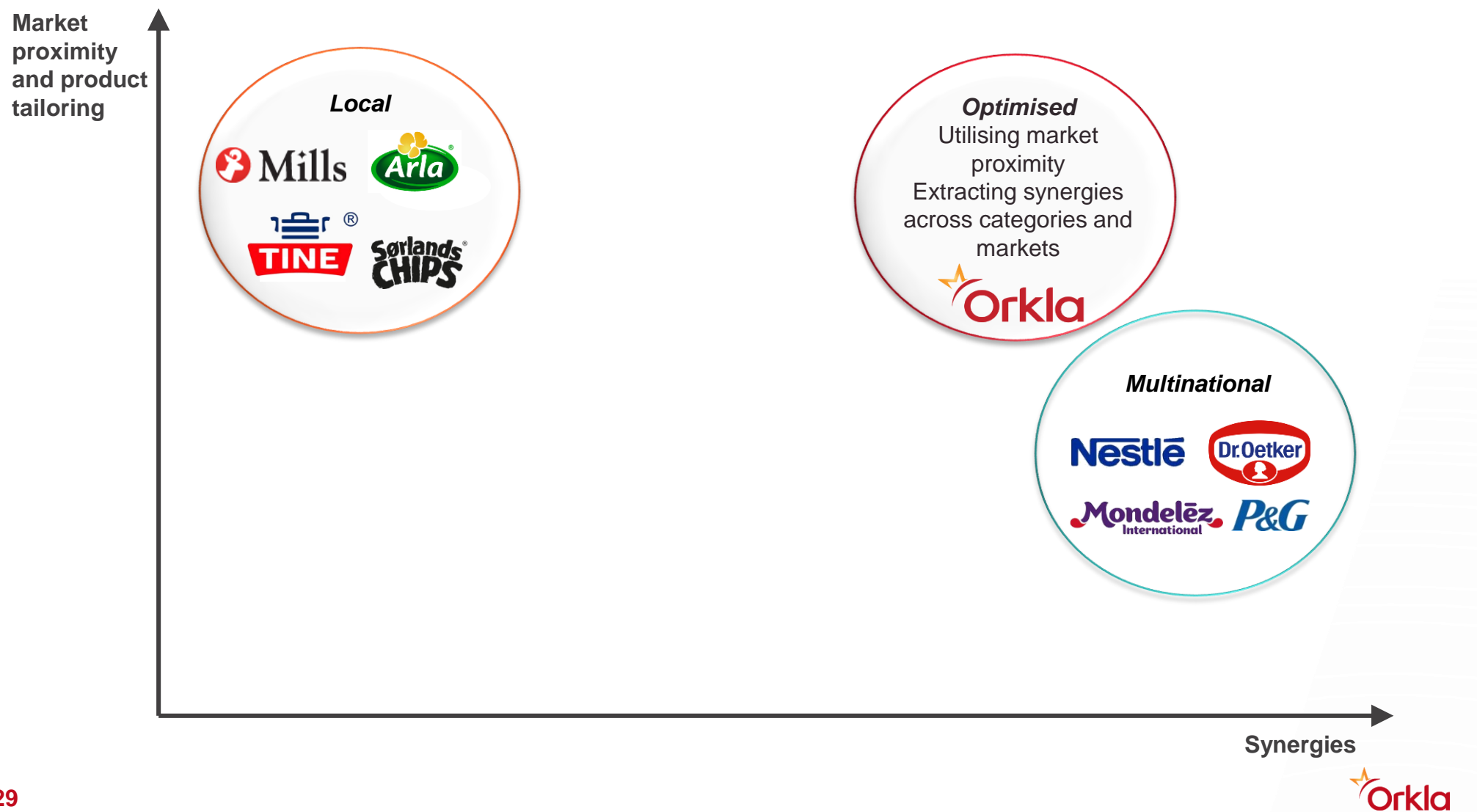


*Improve our competitive position through **increased efficiency** and **lower costs***

## In 2014 Orkla started a supply chain transformation

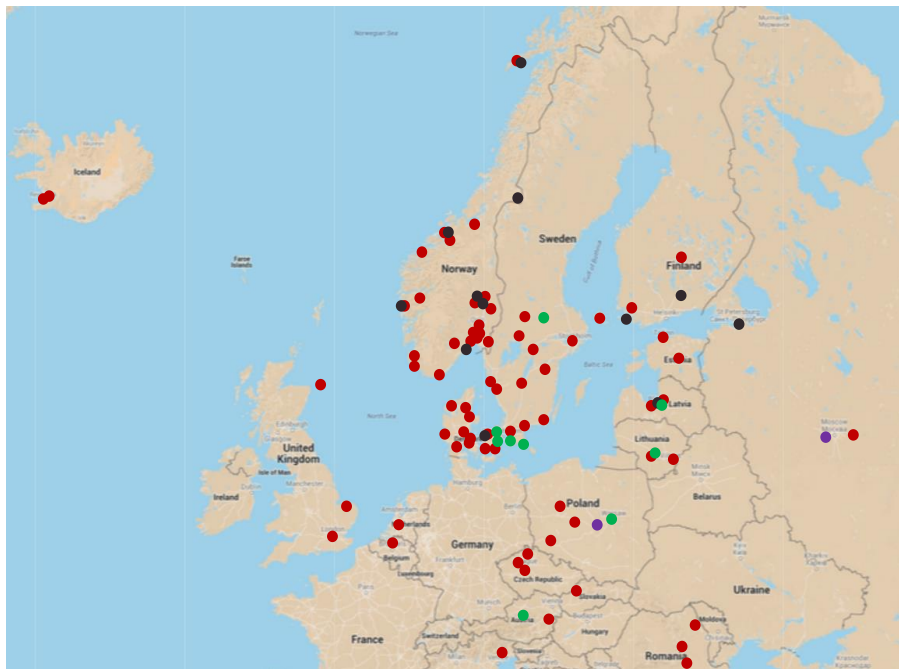


**Our ambition is to combine our superior, local market insight with a higher pace and focus on extracting synergies**



## Orkla currently has a network of 103 factories

### Factory footprint 2015



- Orkla plants since 2014
- Plants closed (5) or undergoing closure (7)
- 15 plants acquired
- 4 plants divested

### Complexity has increased over time

- Acquisitions have added complexity
- Few structural changes made to enable operations across countries



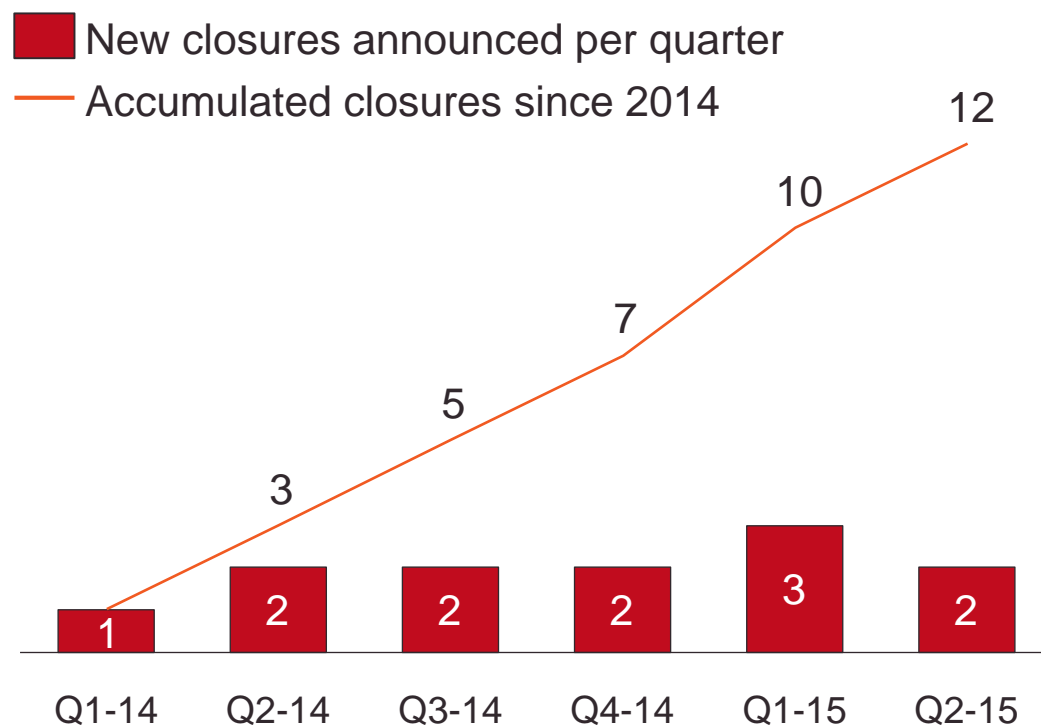
### Our situation today

- Many small factories
- Several plants producing similar products
- Low level of cross country sourcing
- Underutilized production capacity
- Fragmented investments in new technology
- Significant cost differences between sites



## We are rationalizing our production structure

### Closures announced since 2014



### Focus and scope will increase going forward

Rationalize production structure based on **One Orkla**:

- Category perspective (centres of excellence)
- Cross country sourcing
- Enable more efficient capital allocation



## Consolidating herring production generated NOK ~15 million in EBIT improvement

PROJECT EXAMPLE: HERRING MANUFACTURING



- Consolidated herring production and reduced the manufacturing footprint
- ~80% fixed cost reduction
- SKU optimization
- Increased EBIT by NOK ~15 million

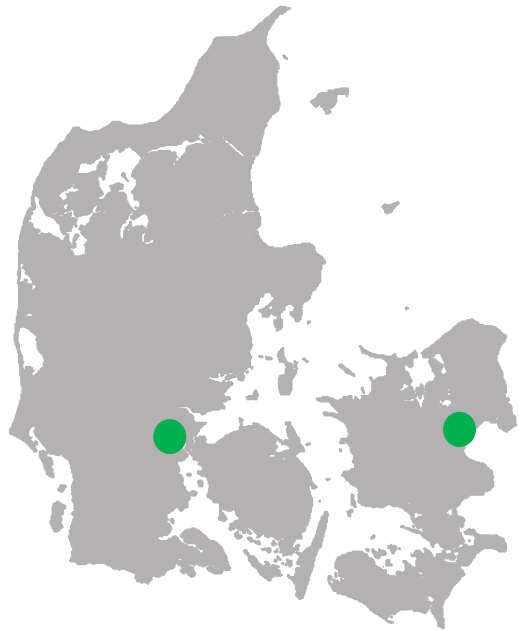
## We are consolidating warehousing across business areas. In Denmark this yielded savings of NOK 17 million

PROJECT EXAMPLE: WAREHOUSING DENMARK

**2014: 5 warehouses**



**2015: 2 warehouses**



- We have consolidated the warehouse and distribution set-up across business areas in Denmark
- Estimated savings of NOK 17 million
- Similar projects initiated in Norway and Sweden

## Increased pace of factory performance improvement projects since 2014

### Focus: Increasing capabilities and reducing costs

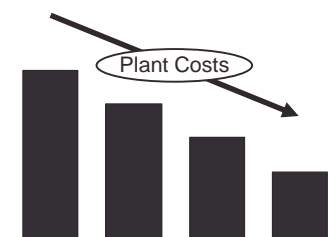
Local and central resources working together



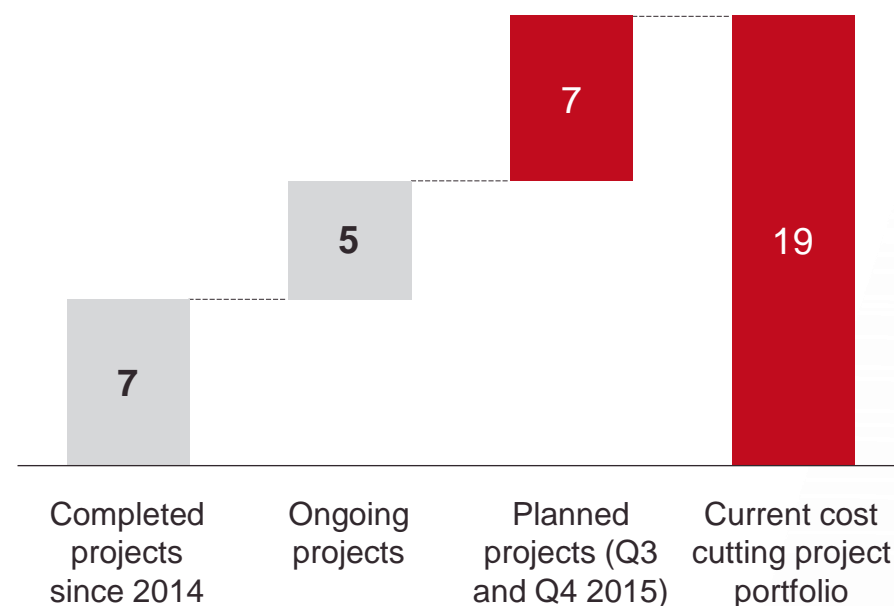
Standard tools and methodologies



Reduce costs and drive continuous improvements



### Number of factory performance improvement projects



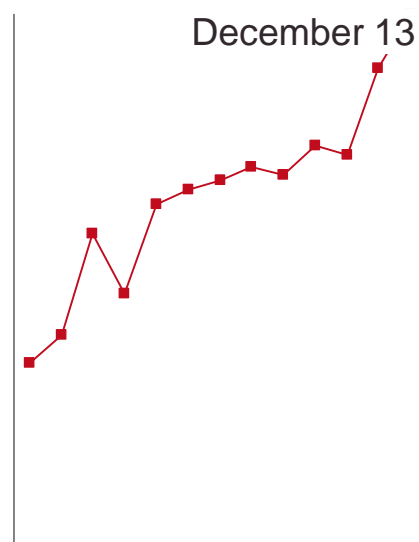
The focus and pace will increase going forward

# Dedicated factory performance improvement projects deliver strong results

PROJECT EXAMPLE: TORO ARNA (Main category is dry products, e.g. soups)

## Background: Declining productivity

—■ Conversion Cost/KG (RTM)



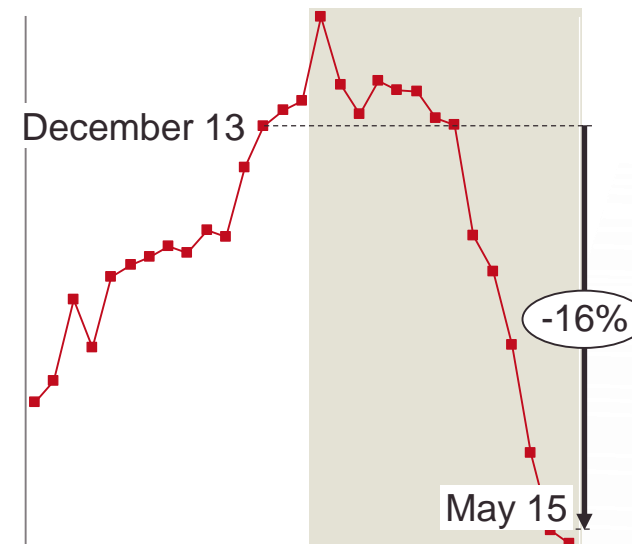
## Actions

### Turnaround with three main focus areas

- Top-down rebuild of organization and reporting lines
- Bottom-up adjustment of resources to demand
- Capability building to increase flexibility in workforce

## 16% reduction in conversion cost

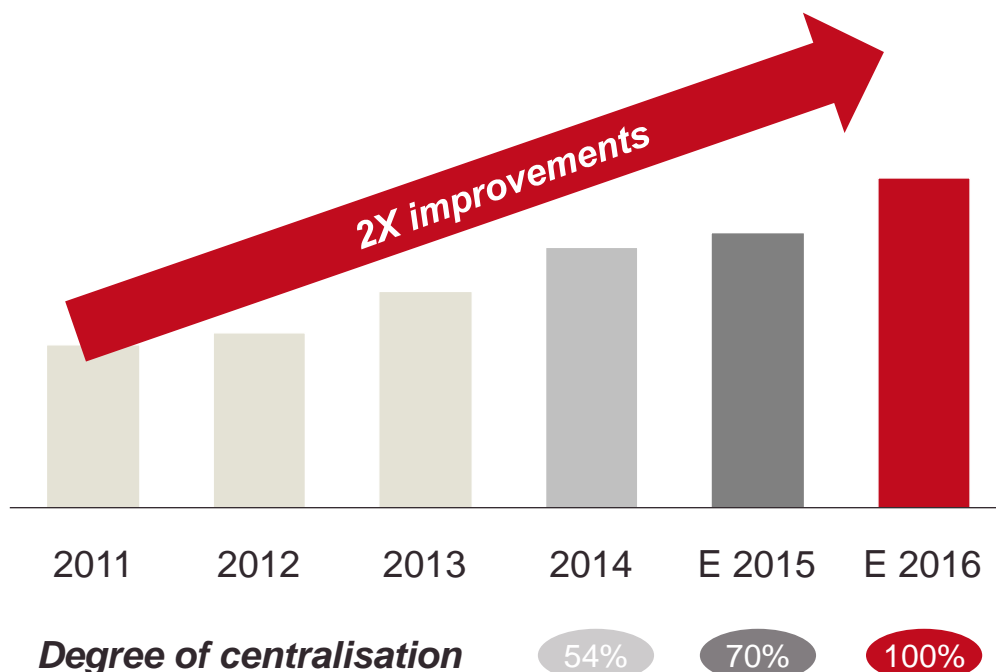
—■ Conversion Cost/KG (RTM)



NOK 60 million<sup>1</sup>  
Reduction of ~50 FTEs

## We are on a journey towards a more centralised set-up for procurement

### Cost improvements doubled since 2011

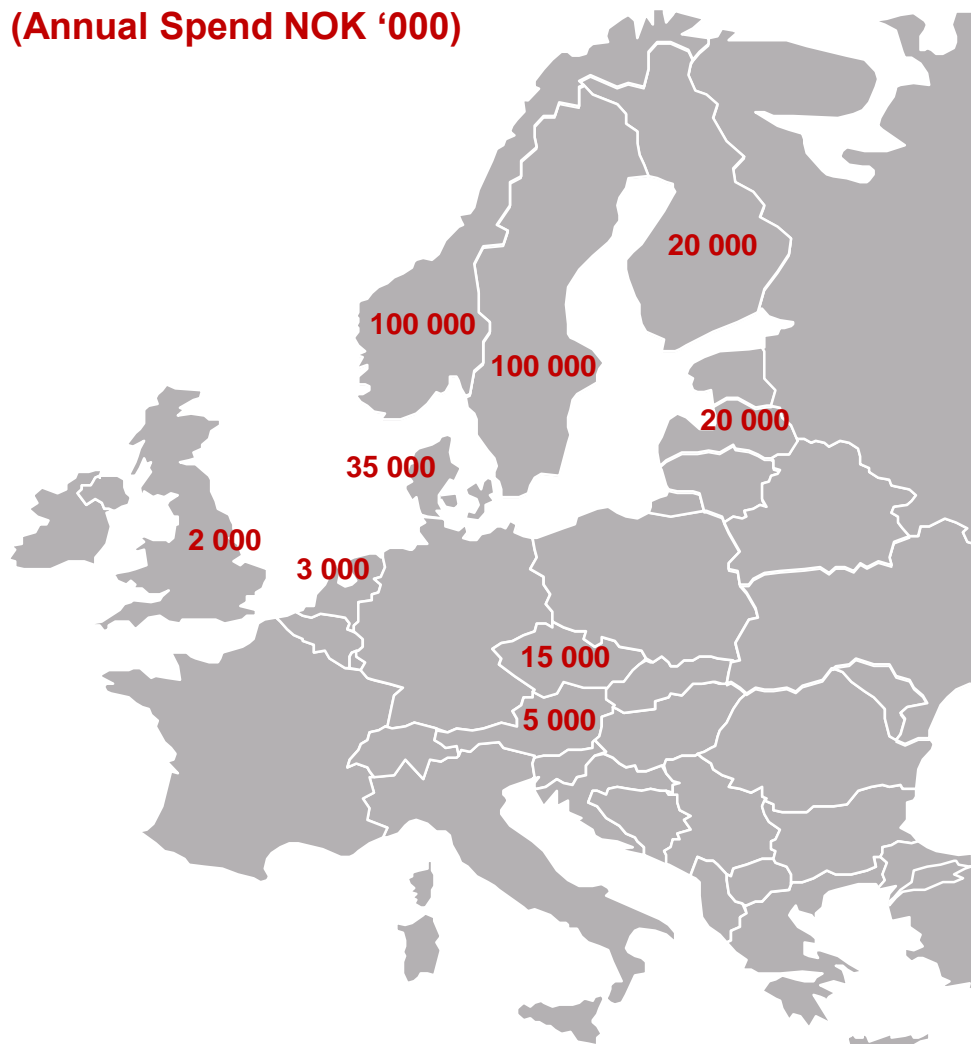


### Role of Orkla Procurement

1. Provide a **strong category focus** and leverage scale
2. Ensure **best practice sourcing strategies**
3. Deliver improved results on **cost, price management and innovation**

## Further centralization of procurement is based on successful consolidation of purchasing in many categories

(Annual Spend NOK '000)



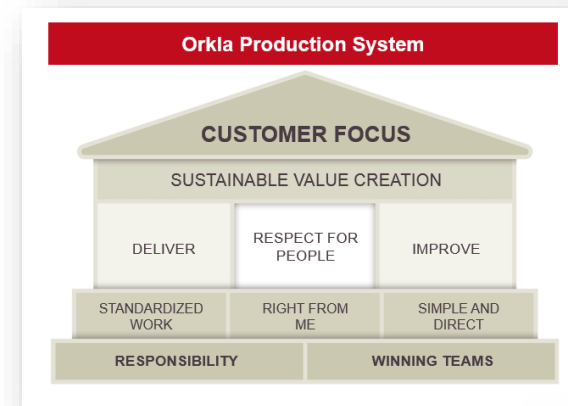
### Example – Corrugated Packaging

- Total annual spend: NOK 300 million
- Number of Orkla companies buying: 30
- Centralized procurement with Pan-European framework agreements including bonus and cost improvement schemes
- Main supplier covering 80% of Orkla portfolio
- Cost improvement: NOK 30 million in EBIT effect (2015/2016)

# By building capabilities and tracking performance we deliver everyday improvements with long-lasting effects

## Build capabilities

- Implement Orkla Production System and training programmes
  - Set baseline requirements
  - Standardise way of working
  - Create and share best practices
- Instill pro-active management with clear requirements and expectations



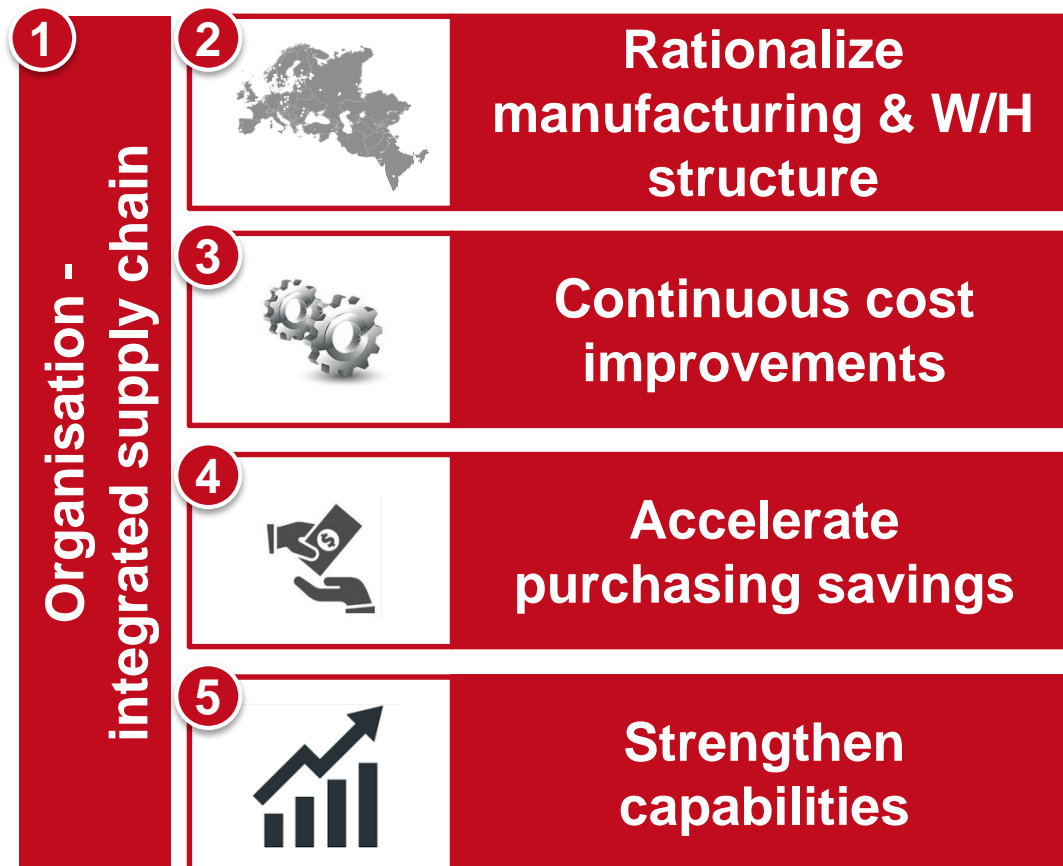
## Harmonized tracking and measurement

- We are implementing
  - A shared set of KPIs for tracking performance and enabling internal benchmarking
  - One common tool to report, track and manage cost improvement initiatives
  - On-line shop floor control system to track and visualize real time line level performance





## Our priorities going forward



*Improve our  
competitive position  
through **increased  
efficiency** and  
**lower costs***



## Turnaround increasing performance

Ann-Beth Freuchen  
EVP & CEO Orkla Confectionery & Snacks  
London, 11 September 2015



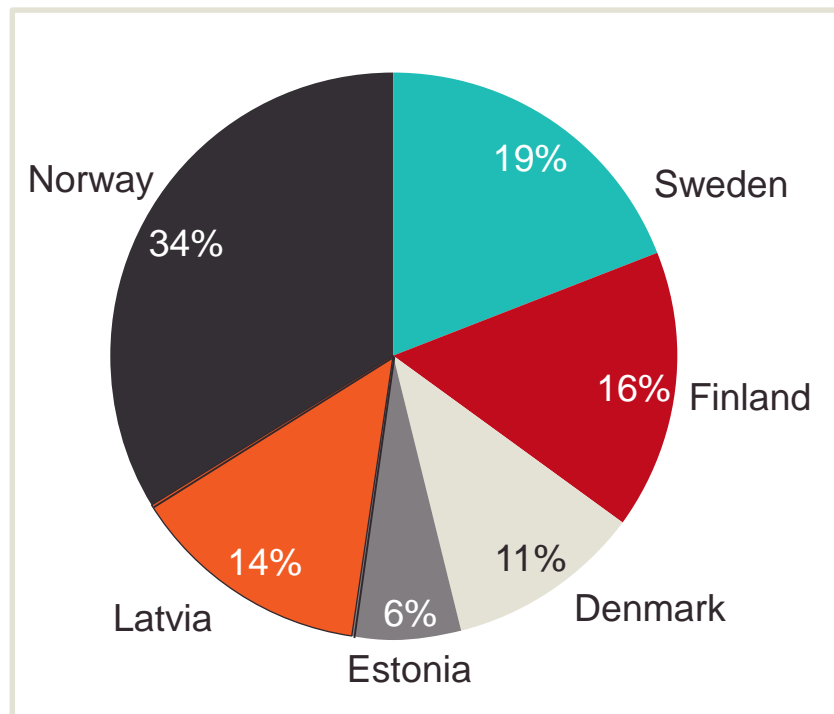
## Strong market positions across the Nordics and Baltics

	 Norway	 Sweden	 Finland	 Denmark	 Latvia	 Estonia
 Snacks	<b>#2</b> 	<b>#1</b> 	<b>#1</b> 	<b>#1</b> 	<b>#1</b> 	<b>#2</b> 
 Confectionery	<b>#2</b> 		<b>#4</b> 		<b>#1</b> 	<b>#1</b> 
 Biscuits	<b>#1</b> 	<b>#1</b> 	<b>#4</b> 		<b>#1</b> 	<b>#1</b> 

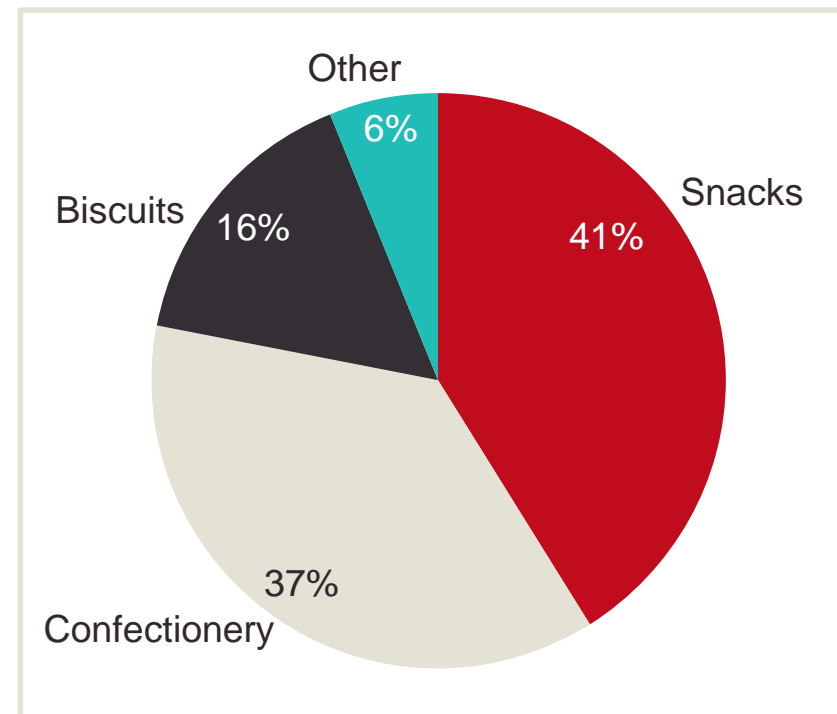
## Norway is the largest market for OC&S

Total Orkla Confectionery & Snacks (OC&S) revenues: ~ NOK 5.5 billion<sup>1</sup>

Revenue split by geography<sup>2</sup>



Revenue split by category



<sup>1</sup>Estimate based on actual 2014 OC&S revenue plus NP Foods (Latvia) revenue for 2014. NP Foods was acquired in 2015 and included in OC&S reporting as of Q2 2015.

<sup>2</sup>OC&S has one operating company per country. In Latvia, OC&S is in the process of merging the existing operating company (Latfood) with newly acquired NP Foods. Revenue per operating company, as shown, will include some export sales.

## Delivering on turnaround ambitions - particularly in Norway

### 2013 status

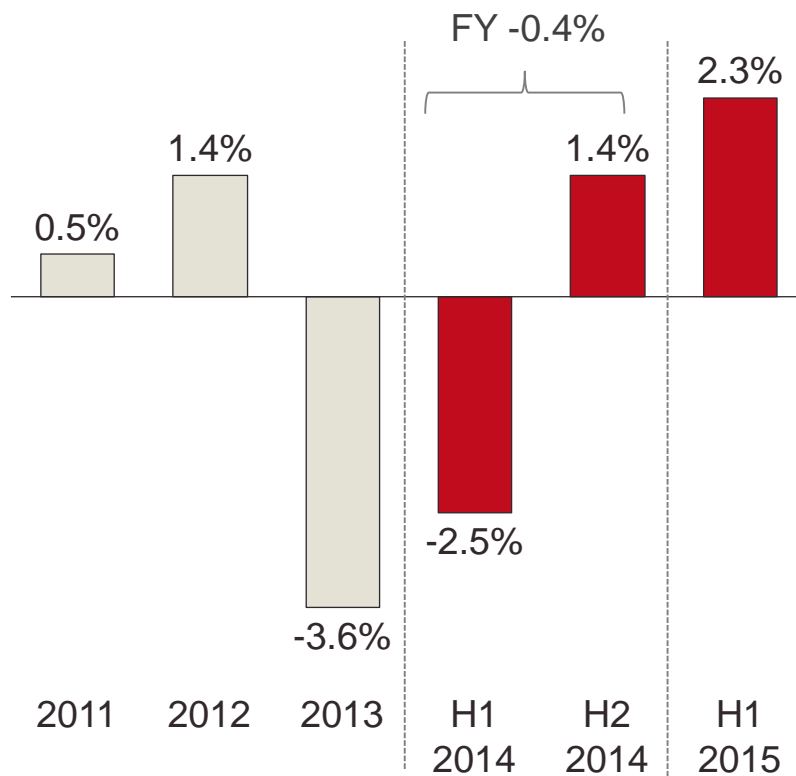
- Weakening results up to 2013
- Fundamentally stable markets and leading market positions
- Creation of bigger national units by merging our operating companies
- Potential to grow revenue by focusing on core and improving sales execution
- Cost cutting target of NOK 300 million over the 2014-2016 period
- Ambition to increase exposure to faster-growing Baltic markets

### 2015 status

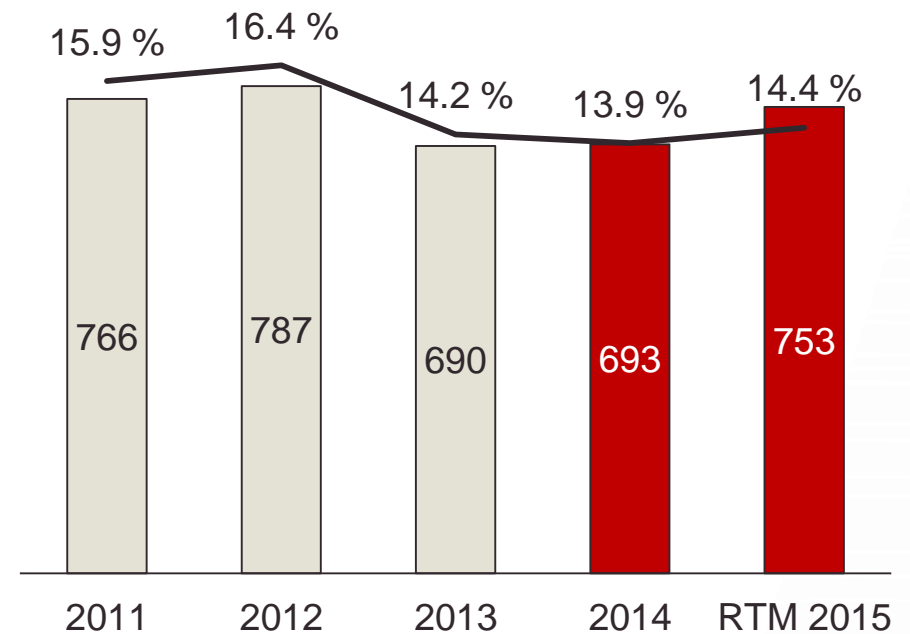
- Results improving from 2H 2014
- Attractive growth rates and strong market positions
- Integration completed in all markets
- Organic growth RTM by 2%
- Cost reduced by approx. 4% total OC&S
- Acquisition of business in Latvia in 2015

## 2014 marked the start of the turnaround

Annual organic sales growth<sup>1</sup> (%)

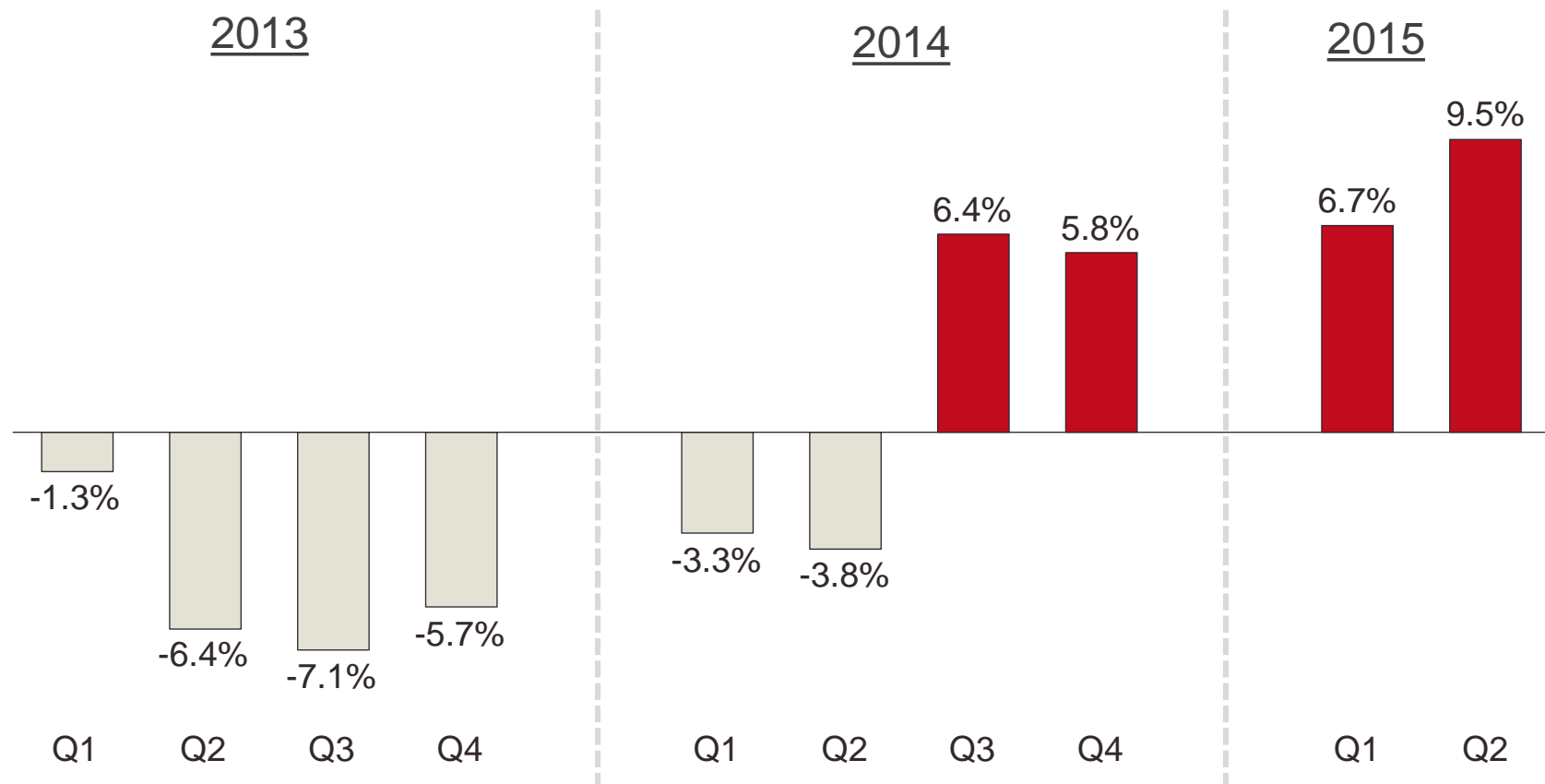


EBIT (adj.) (MNOK)  
and EBIT (adj.) margin (%)



# Sharp turnaround in OC&S' Norwegian business

Change in revenues<sup>1</sup> vs. previous year for OC&S Norway



**Strong profit margins maintained throughout turnaround period**



## Three priorities guiding the turnaround in OC&S Norway

- 1 Rapid integration
- 2 Regain top-line growth
- 3 Deliver on cost savings



## Three companies merged into one – agile approach to ensure rapid pace

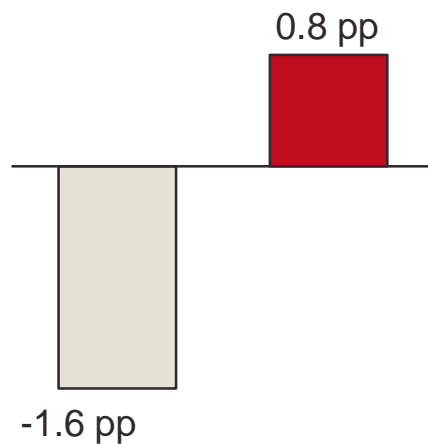


# Regaining market shares in a very competitive market

RTM as of July 2014  
RTM as of July 2015

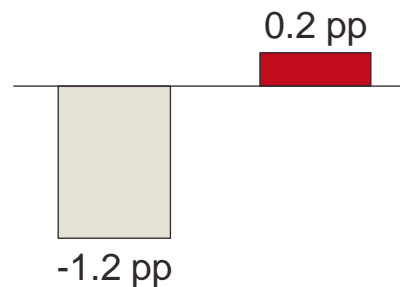
## Development in OC&S market share

### Snacks



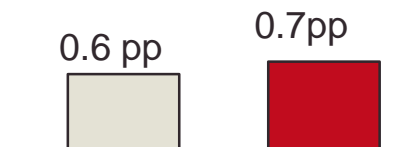
Market growth : **5.5%**

### Confectionery



Market growth: **6.3%**

### Biscuits



Market growth: **2.4%**

# Stronger cooperation with Norway's largest retail chains

## Approach



- Agreements in place to facilitate growth
- Set of initiatives to support cooperation, e.g.,
  - Category management
  - Customer involvement in innovation
- Example outcome from cooperation initiatives<sup>1</sup>:
  - NorgesGruppen gaining relative share in our categories
  - OC&S gaining share in NorgesGruppen

## Sales force restructuring to improve sales execution and efficiency

### Sales-force costs



### # of store visits



### Change programme

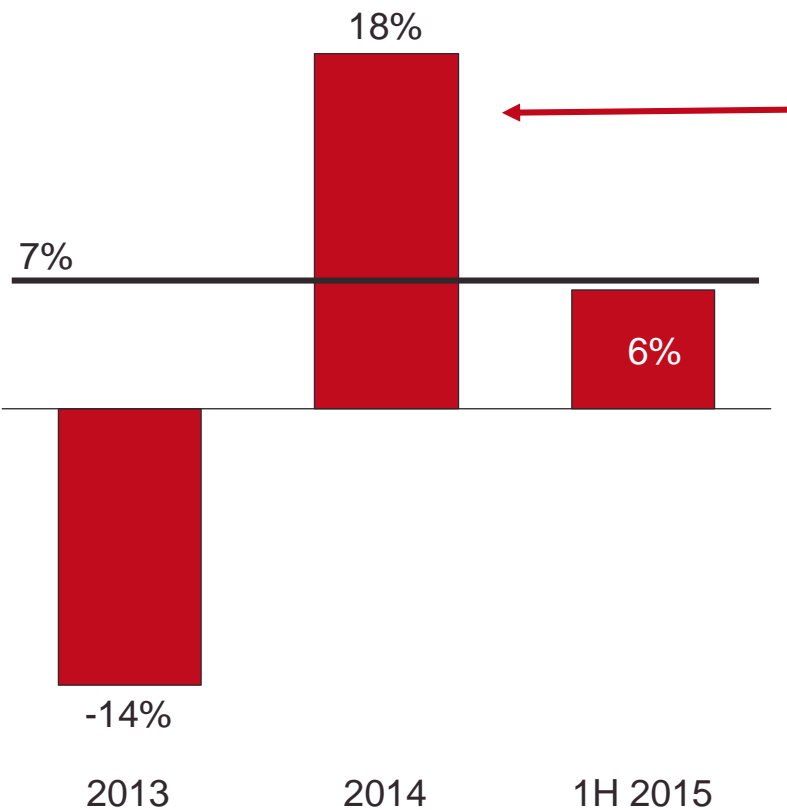
Combined sales force of  
Nidar and Sætre/KiMs

- New structure
- New middle management
- Capabilities training
- New tools

# Driving category and share growth in key chocolate segment

## Annual growth in chocolate tablets

- OC&S growth p.a. large tablets
- Average market growth over period shown



2014 OC&S launches



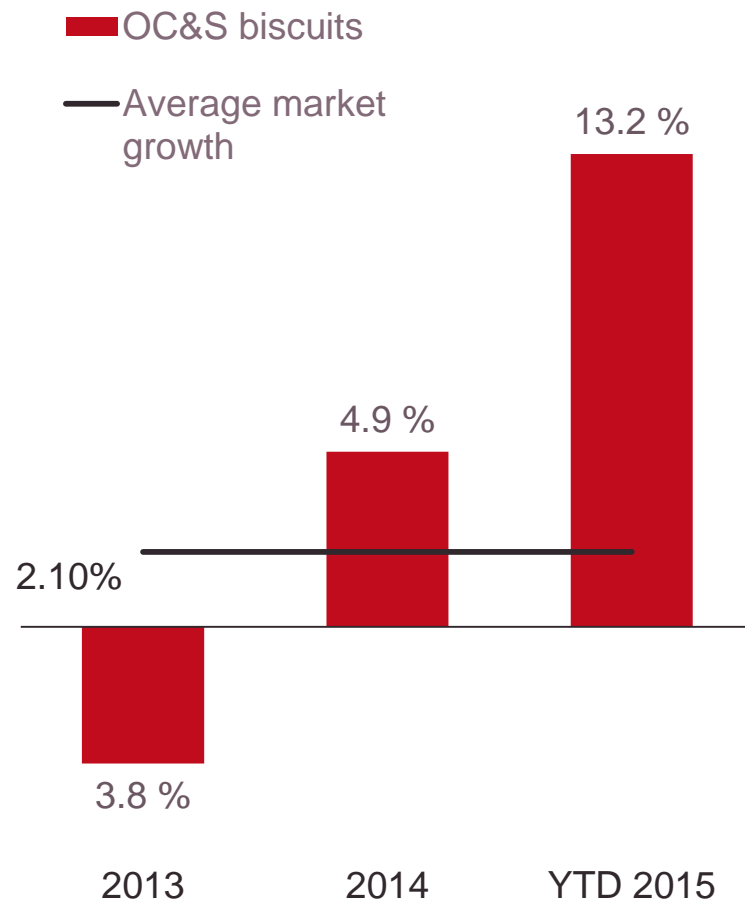
## Comments

- Large tablets the largest chocolate segment in Norway
- OC&S leveraged strong brand positions to drive growth in tablet segment



# Reigniting growth in biscuits

## Annual growth in biscuits



## Actions



- Increased product attractiveness by using chocolate brands across categories
- Winning back consumption frequency in families with stronger brand positions
- Increased focus on bestsellers

# Leveraging innovations and campaigns across our markets

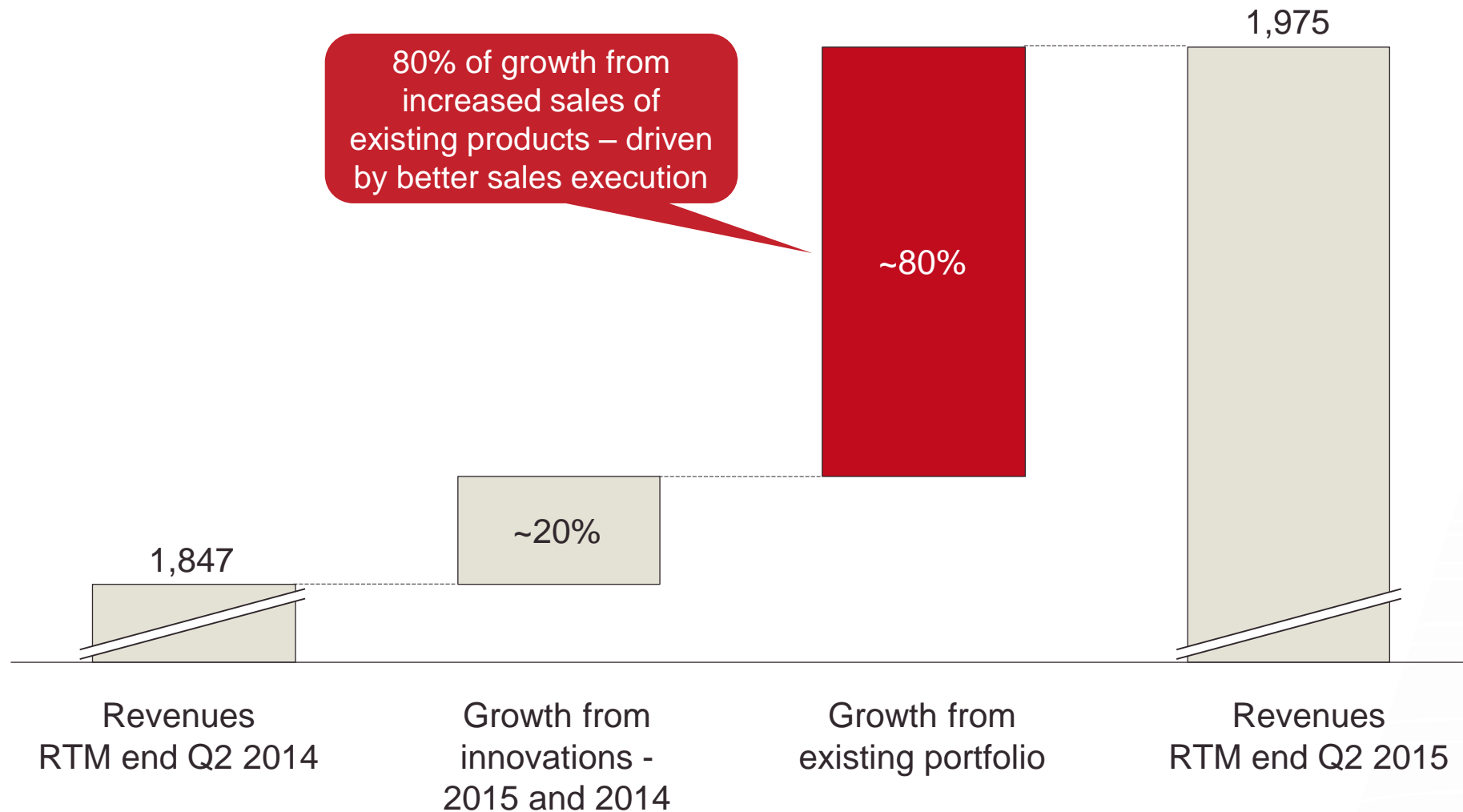
## EXAMPLES



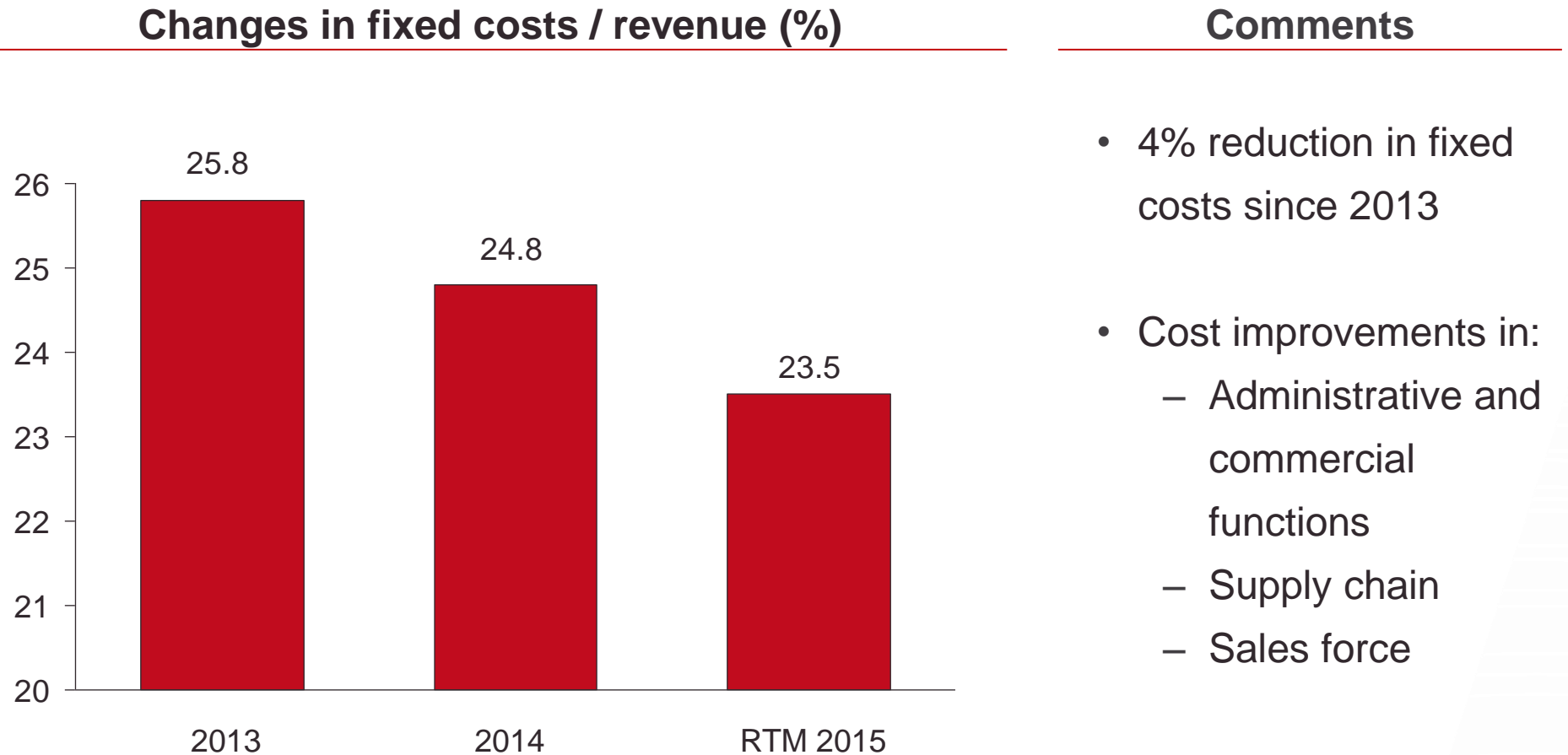
## Improved sales of existing, core portfolio

All figures in NOK million

ILLUSTRATIVE



## Significant reduction in fixed costs since 2013



## Summary of the Norwegian case

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Priorities	Actions
1. Rapid integration	<ul style="list-style-type: none"><li>• Agile approach driving pace and organizational involvement</li></ul>
2. Regain top-line growth	<ul style="list-style-type: none"><li>• Improved cooperation with customers</li><li>• Innovation focus on core positions</li><li>• Leveraging brands across categories</li><li>• Step-change in sales execution</li></ul>
3. Deliver on cost savings	<ul style="list-style-type: none"><li>• Fixed costs reduced by 4% since 2013</li></ul>

## Future priorities and actions

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- 1** Drive growth across all markets – regain share
  - Core focus in innovation
  - Closer collaboration with customers
  - Improved sales execution
- 2** Reduce costs
  - Deliver on supply chain streamlining
  - Realize remaining potential for organizational efficiency
- 3** Succeed in integrating the acquisition in Latvia





## Successful track record of growing through acquisitions

Stig Ebert Nilssen

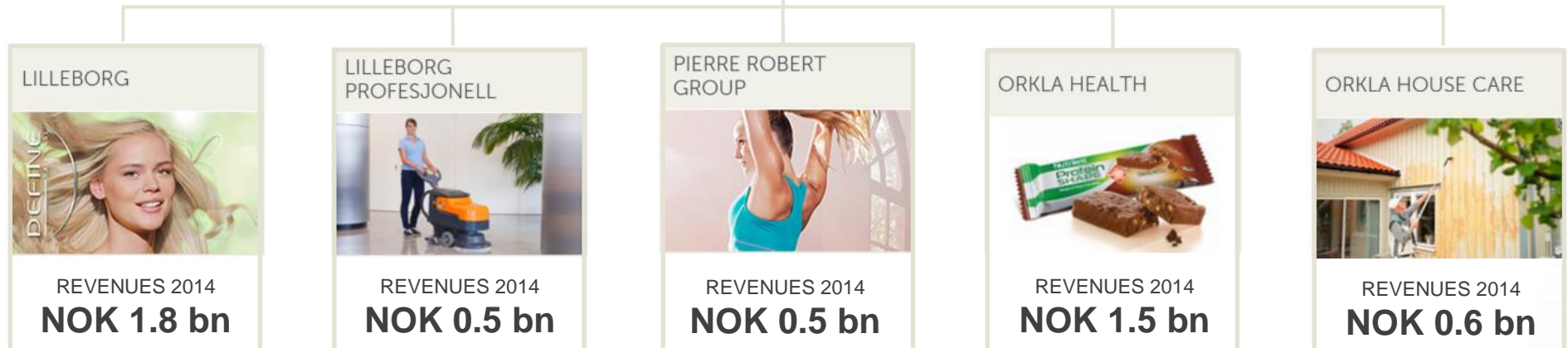
EVP & CEO Orkla Home & Personal

London, 11 September 2015





# New organization established in 2013 – five categories



- PERSONAL CARE
- HOME CARE



- PROFESSIONAL CLEANING



- TEXTILES



- DIETARY SUPPLEMENTS
- WEIGHT MANAGEMENT
- SPORT NUTRITION



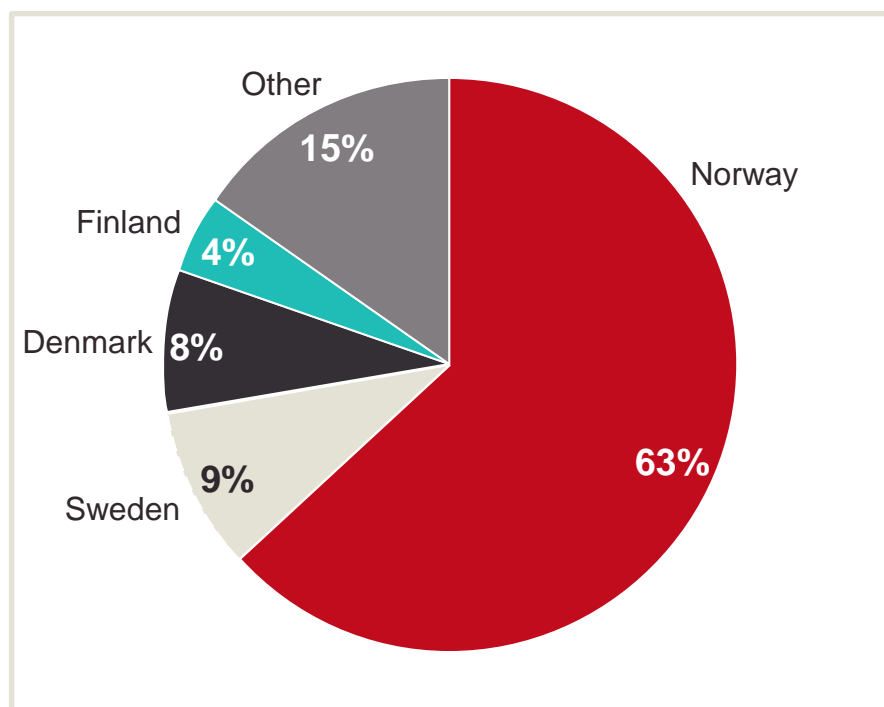
- PAINTING TOOLS



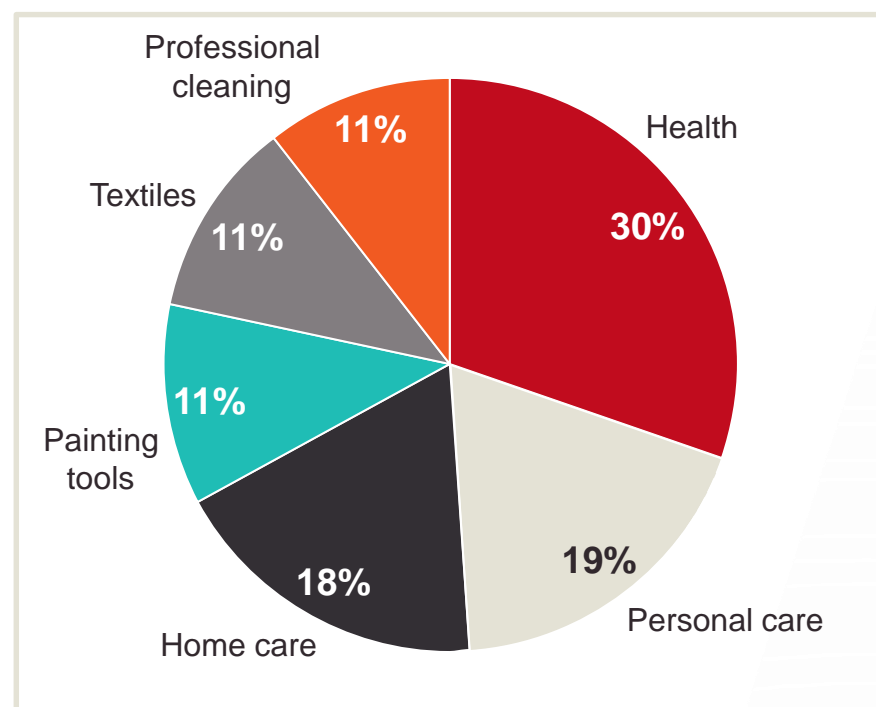
## Orkla Home & Personal consists of large categories with a strong Nordic base

Reported revenues in 2014: NOK 5.0 billion

Revenues split by country

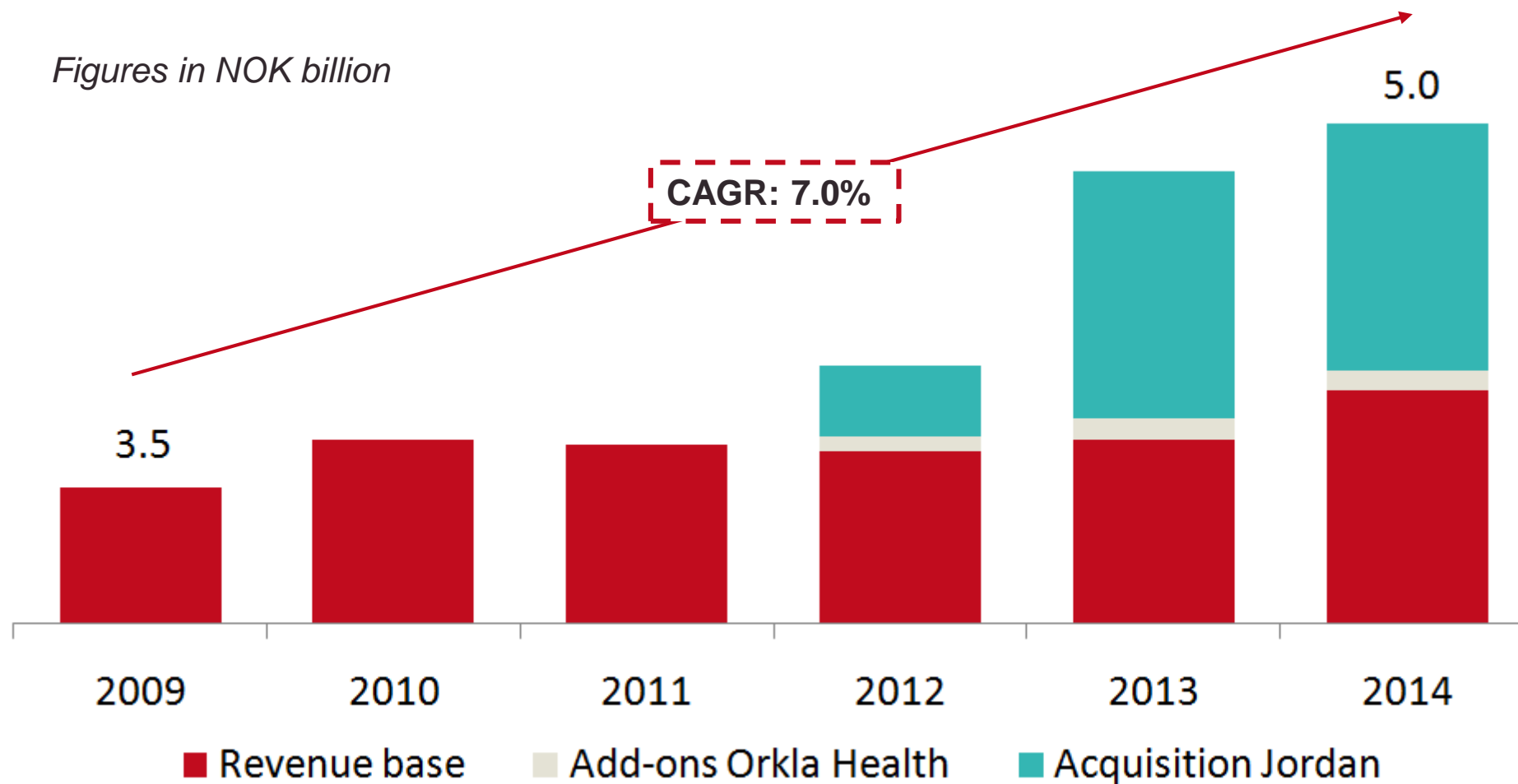


Revenues split by category






































## Recent history shows ability to combine organic and structural growth

*Figures in NOK billion*




# Orkla Home & Personal sees several growth opportunities combining new markets and new categories

## Orkla Home & Personal presence pre Cederroth acquisition

Category					
Home care					
Personal care					
Health					
Textiles (grocery)					
Painting tools					
New (related) categories					

 Strong #1, clearly larger than #2

 Good #1 or #2, same size as #1 or #2

 In the market

 Not in the market

## Orkla Home & Personals rationale for profitable acquisitions

- Balancing organic growth with structural growth
- Competitive M&A advantage from critical mass
- Strong market positions / brands – key success factor



# Acquired growth in Orkla Health

## Main rationale

- 1 Leverage economies of scale in existing markets and organizations
- 2 Increased presence in pharmacies
- 3 Increased presence in new categories
  - Gut health
  - Joint health



## Acquiring Jordan in 2012

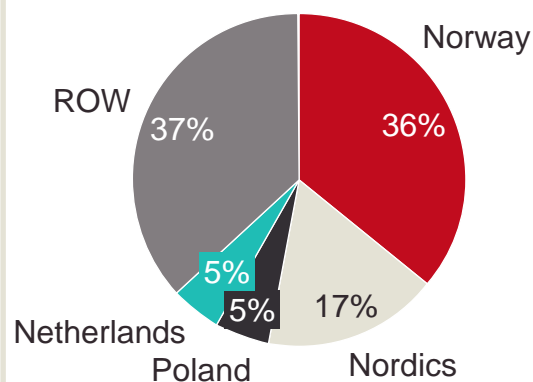




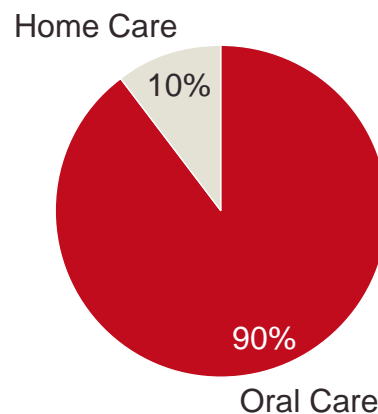
## Increased presence outside Norway within home and personal care

- Complementary portfolio with Lilleborg in Norway
- International platform

Revenues 2012 by geography



Revenues 2012 by category



Product portfolio examples



## Successful integration of Jordan in Lilleborg

1. Integration process according to plan
2. Lilleborg has gained useful experience from integrating Jordan that is helpful in Cederroth integration

**Jordan\***

HOME CARE SKUS  
REDUCED BY

**50%**

\*FURTHER REDUCTION IN PROGRESS

TOOTHBRUSH SKUS  
REDUCED BY

**26%\***

\*FURTHER REDUCTION IN PROGRESS

INTERNATIONAL SALES

**CAGR  $\approx$  13%**

\*Excl. Nordics \*\*Since 2013

PURCHASING IMPROVEMENTS

**10 MNOK**

FTES REDUCED BY 30 PERSONS

TOTAL COST SYNERGIES

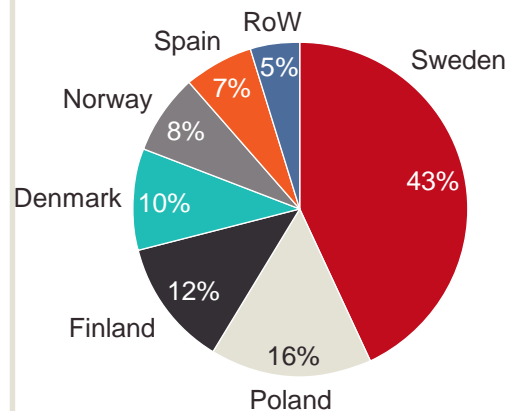
**60 MNOK\***

\*INCL. 10 MNOK FROM CHANGE OF NORDIC DISTRIBUTOR

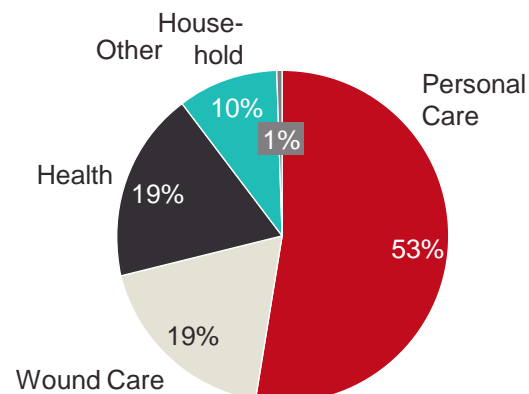
## New growth with Cederroth 2016–2018

- Strengthening Nordic base
- Wound Care new category
- Growth possibilities in several channels
- Cederroth strong in Sweden & Lilleborg strong in Norway

**Revenues 2014  
by geography**



**Revenues 2014  
by category**



**Product portfolio  
examples**



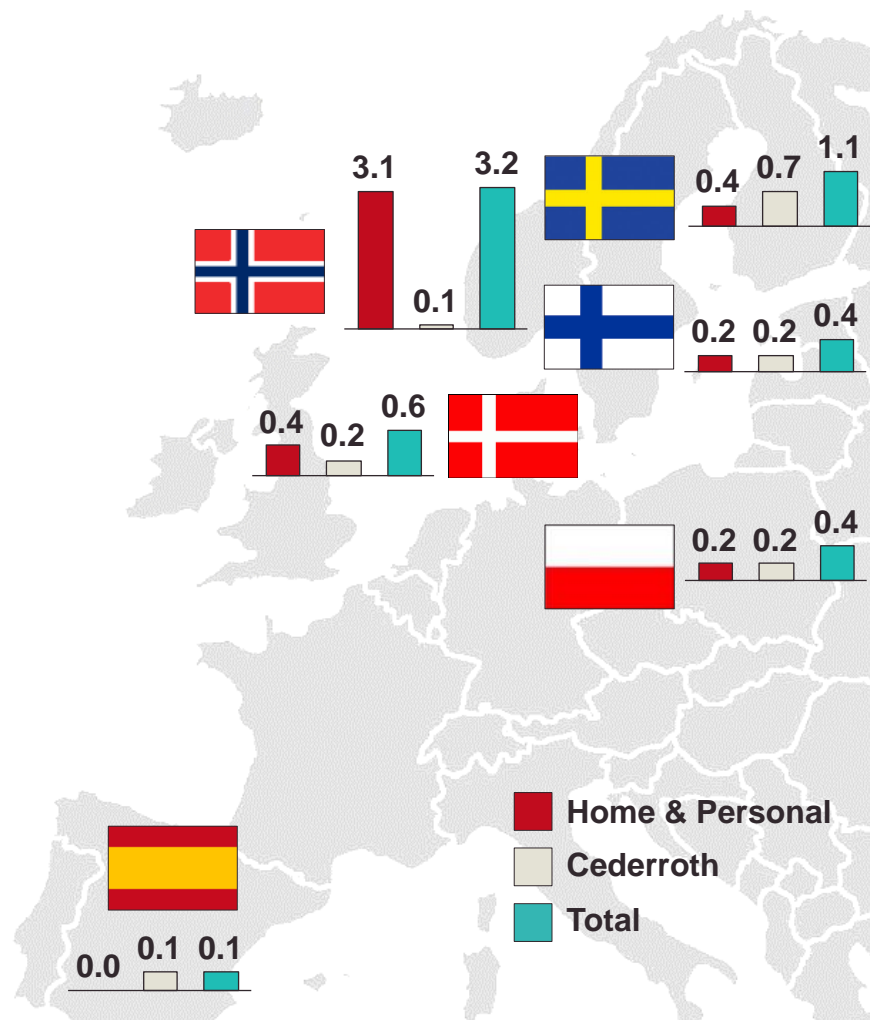
**CEDERROTH**

# Integration of Cederroth in existing business units

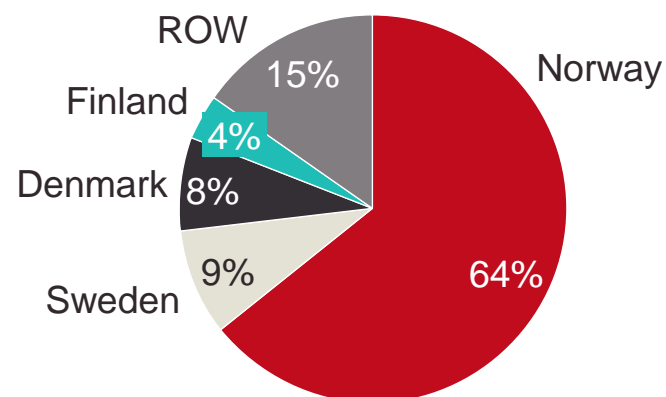


# Integration of Cederroth will generate significant market positions and diversify geographic presence

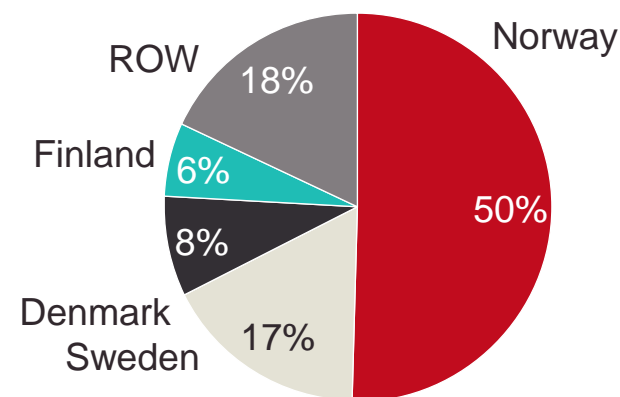
Geographic revenue split



Orkla Home & Personal revenue split before Cederroth



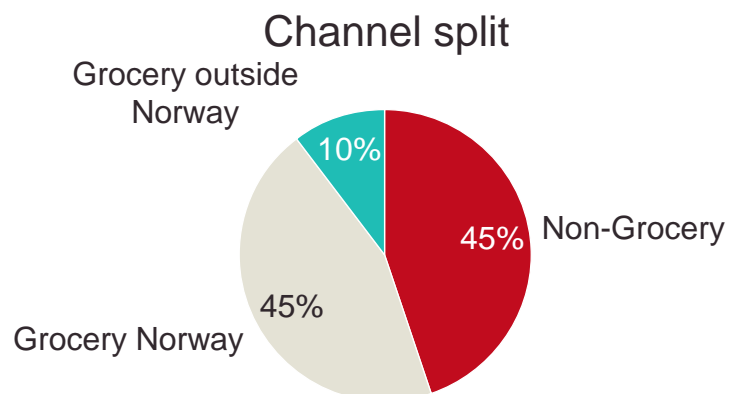
Orkla Home & Personal revenue split including Cederroth



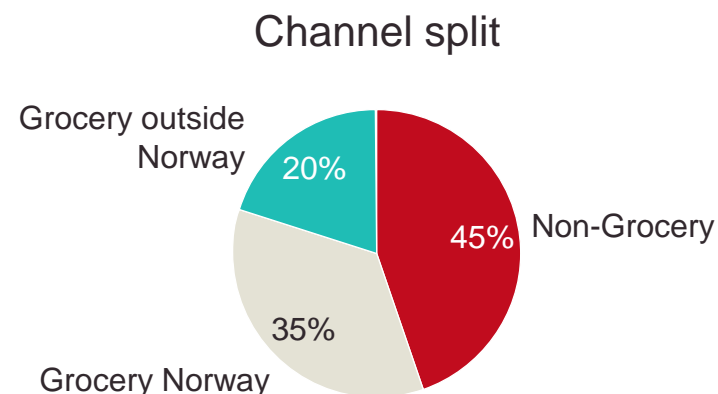
70 Note: Figures in NOK billion. OHP figures in 2014 adjusted for Jordan distribution in Nordics excl. Norway. Asan and Allévo included in Cederroth's figures.

# Increased channel diversity

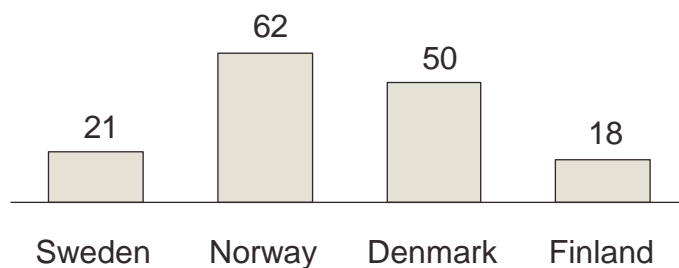
## Orkla Home & Personal before



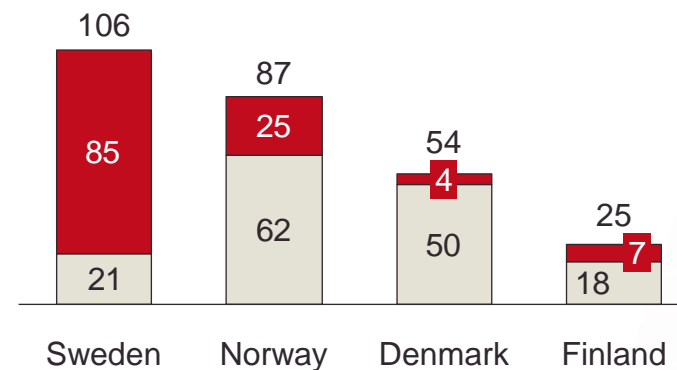
## Orkla Home & Personal after



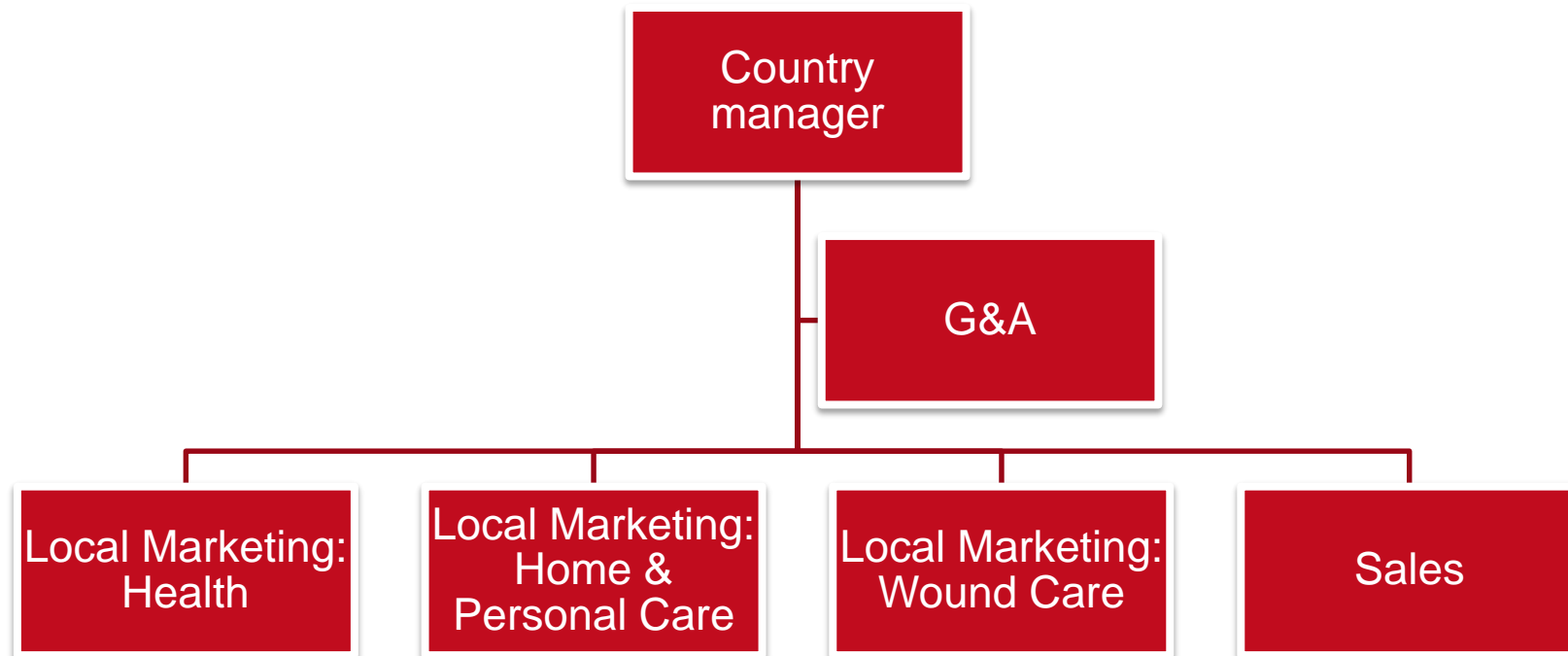
## Pharmacy Sales (NOK million)



## Pharmacy Sales (NOK million)



## One common go-to-market organization



Strong local sales and go-to-market organizations, working closely with central marketing in Lilleborg and Orkla Health.



# Synergy potential minimum NOK 70-80 million

## Top-line synergies:

1. Critical mass in go-to-market capability
2. Innovation and product development
3. Access to new markets and channels

## Cost synergies:

1. Procurement and supply chain improvements
2. More efficient organizational set-up



## Successful track record of growing through acquisitions

---

1. Long experience with integrating acquisitions with complementary product portfolios
2. Several attractive growth opportunities in new markets and new categories
3. Acquisition of Cederroth in line with growth strategy
  - Strengthened existing category positions in the Nordics
  - Strong platform in Sweden
  - Growing in new channels and countries
  - Adding new category wound care

Solid base for  
future growth  
within a broad  
range of  
categories



## A winning business model

Pål Eikeland

EVP & CEO Orkla Food Ingredients

London, 11 September 2015



## More than just ingredients

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---

Founded in  
**1999**

**45** companies in **22**  
countries

Net sales of NOK  
**6.5**  
billion in 2014

### Production, sale and distribution of ingredients and products to the European bakery market

---

#### Customers

- Artisan bakeries
- Industry and semi industry
- Retail

#### Categories

- Products and ingredients for the bakery and confectionery industry
- Own production and third-party sourcing

#### European market focus

- Market leader in the Nordics
- Growing positions in Europe

# Artisan bakeries and industry are our main customer segments

% Share of revenue

Artisan bakeries



37%

Industry



30%

In store bakeries



5%

Ice cream shops



8%

Retailers



20%



# Our bakery products



BREAD MIX



MARGARINE/OIL



SERVICE ARTICLES



DIVIDING OIL



COMMODITIES



YEAST



SOURDOUGH



IMPROVERS



# Our confectionery products



CAKE MIXES



MARGARINE/OIL



SERVICE ARTICLES



CHOCOLATE



FROZEN CAKES



JAM



FILLINGS & CREAM



MARZIPAN

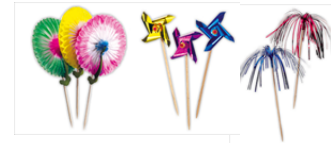




# Our ice cream products



## DECORATIONS AND INCLUSIONS



## TOPPINGS



## TOPPINGS



## CONES



## ACCESSORIES



## WAFFLES



## DECORATIONS AND ACCESSORIES



## TOPPINGS AND ACCESSORIES



Nic  
FOR YOUR ICE ONLY

CaterLink

Can|deco

Marcantonio  
Sharing your passion  
for everything  
'Ice Cream'

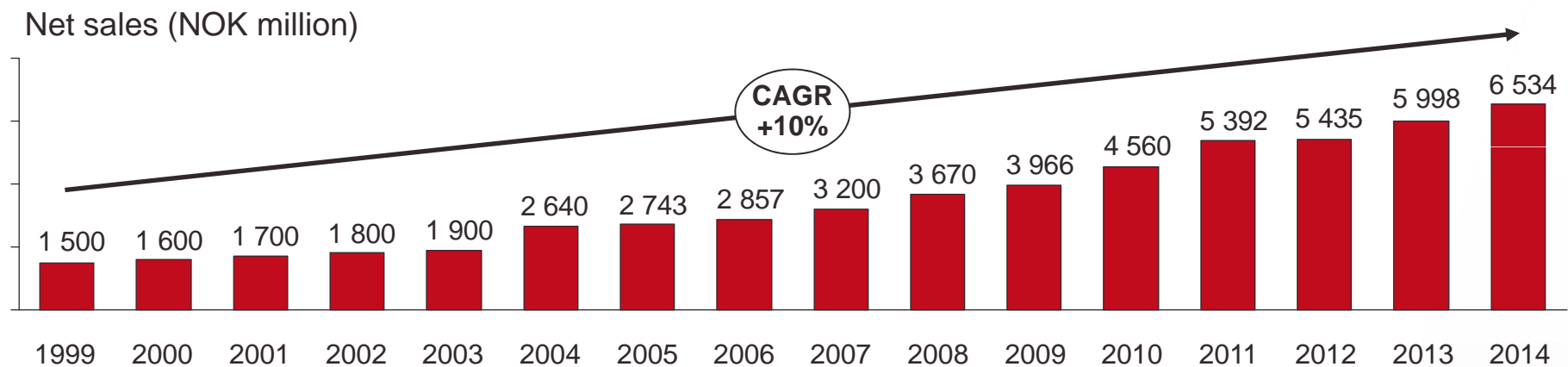
FRIMA  
Dedicated Quality Cones

NIMATOPALABY

EISUNION

Idun  
SUN ROASTED

## We have moved from a Nordic focus to European position...



## .. and delivered strong growth through a mix of acquisitions and organic growth

Net sales, NOK million —



# Our competitive advantage – the game is played locally, but won as a team

## Sales and distribution



- *Offering knowledge and concepts, not just products*
- *Access to own product expertise and development resources*

## Category production



- *Close to the customer through our No 1 S&D companies*
- *Scale in our production units*

Flow of knowledge

Flow of products

*Attract the best leaders*

*Create strong local leadership teams and winning culture*

# A system of 45 companies in 22 countries

## Category companies



Develop and produce  
world class  
product assortment

## Sales and distribution companies

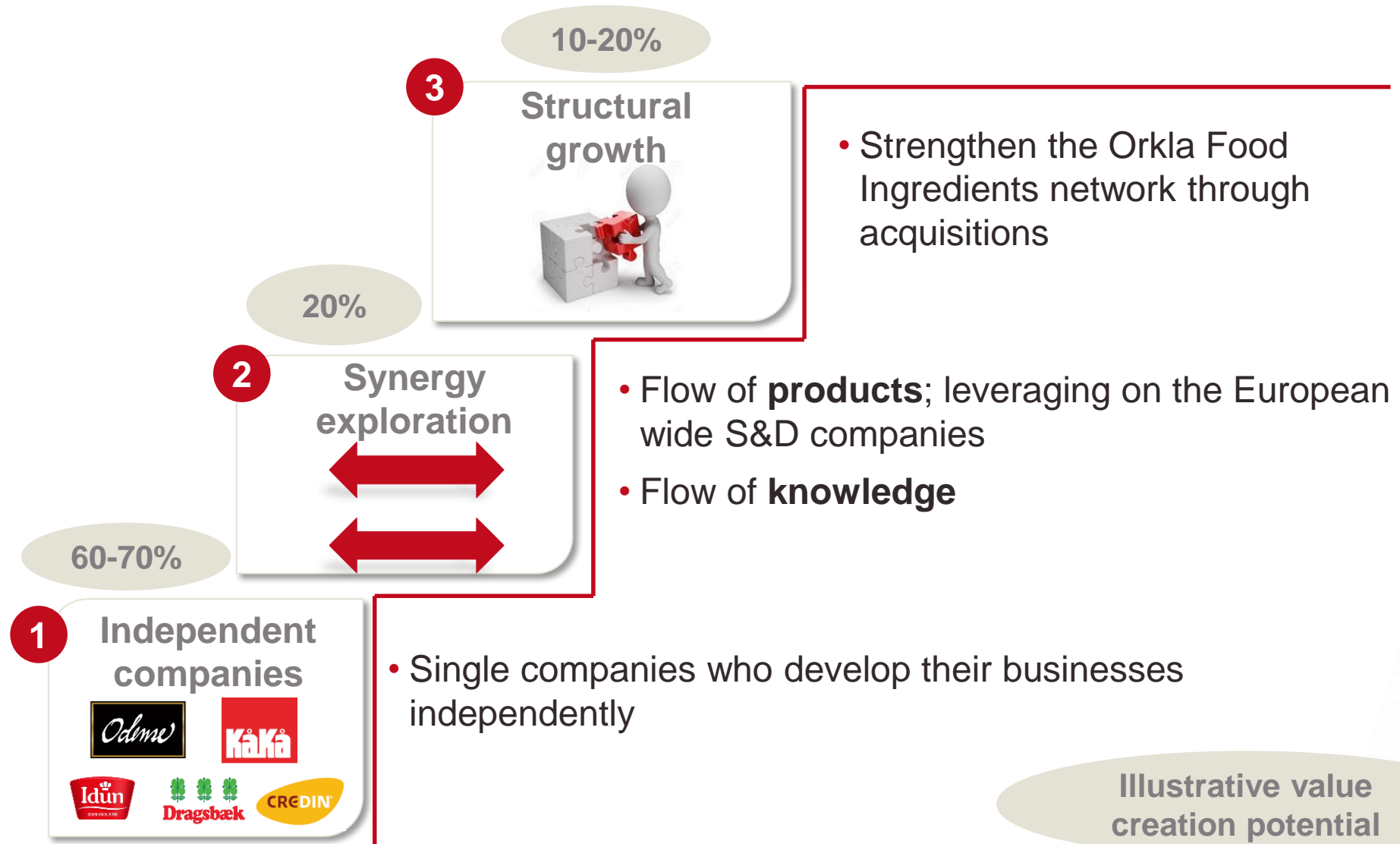


Develop world  
class sales

## Independent companies with a strong culture and proud heritage

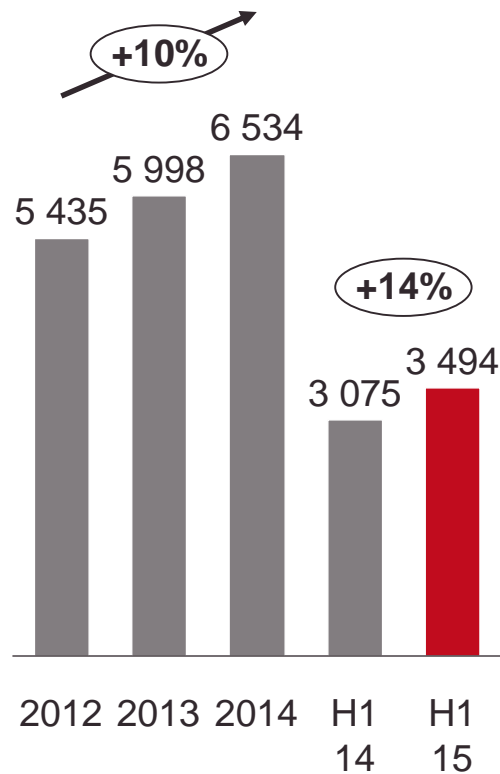


# Creating value through independent companies, synergies and structural growth

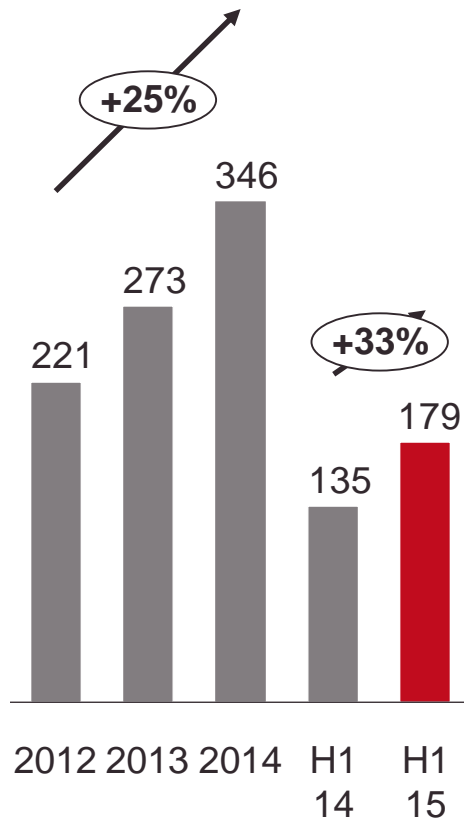


## Strong financial performance since 2012

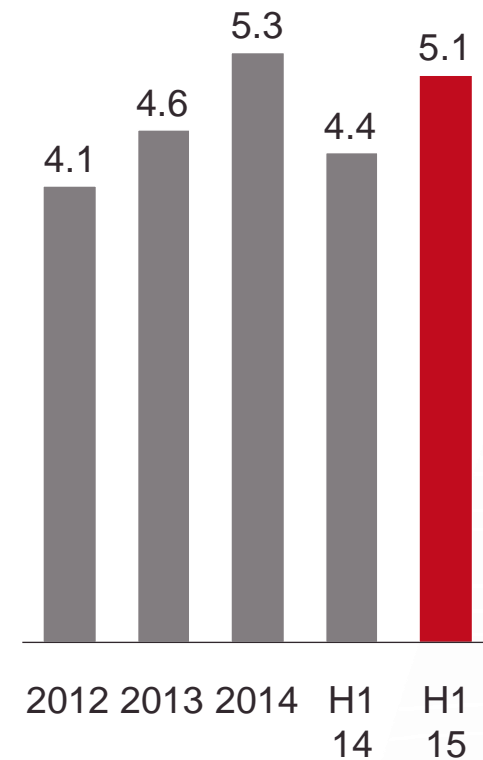
Operating Revenues  
(MNOK)



EBIT (adj.) (MNOK)



EBIT (adj.) margin (%)





# Winning with customers locally and internationally





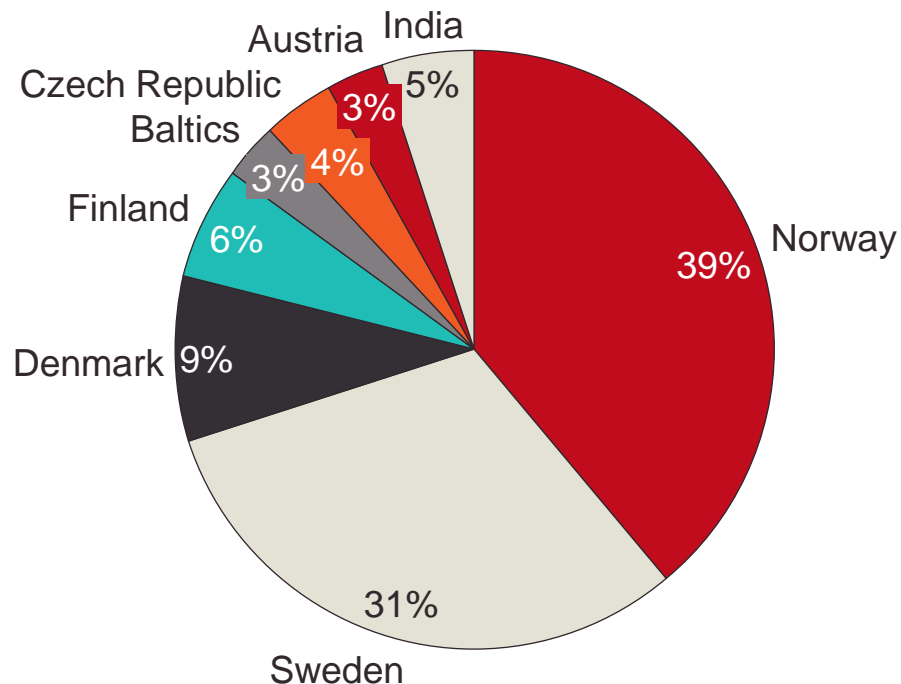
## **Growing with local consumers and customers**

Atle Vidar Nagel-Johansen  
EVP & CEO Orkla Foods  
London, 11 September 2015

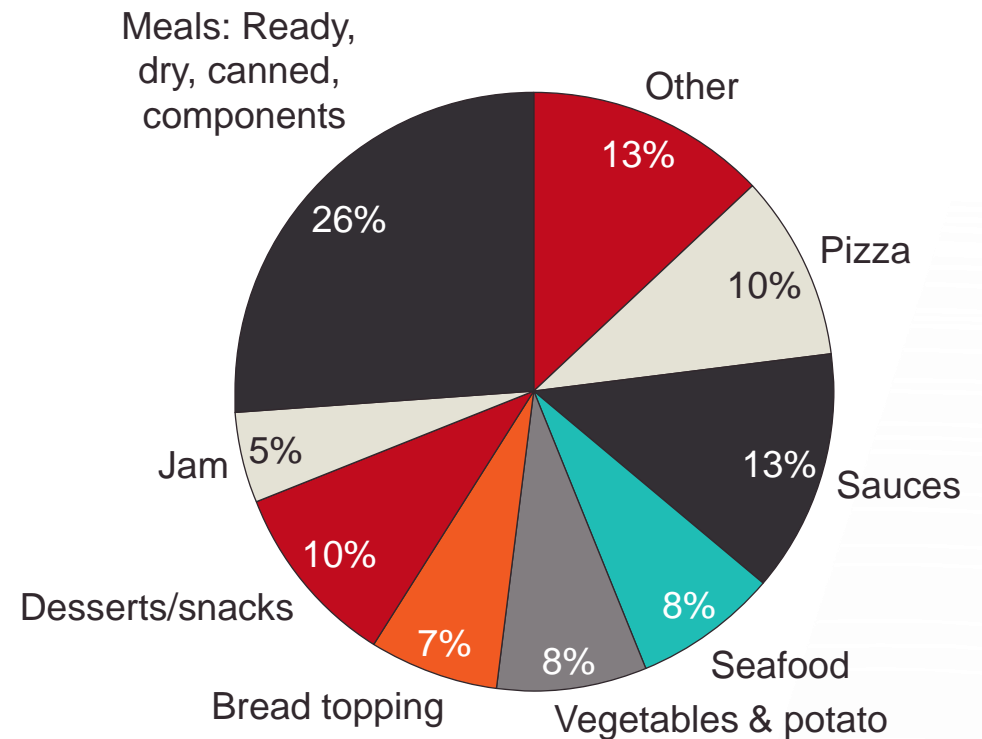


## 85% of revenues from the Nordics, unmatched positions in many categories

Sales split by geography



Sales split by category



## Our value creation model is built on local brands, local insights and scale advantages

Local  
brands



Abba



Beauvais  
Since 1850



FELIX®



Local  
insight

- Superior local consumer understanding
- Superior trade and category understanding

Scale  
advantages

- National cost advantages and competitive strength in sales and advertising
- Attracting the best people
- Extraction of synergies across BAs and markets

## Structural initiatives 2013 - 2015

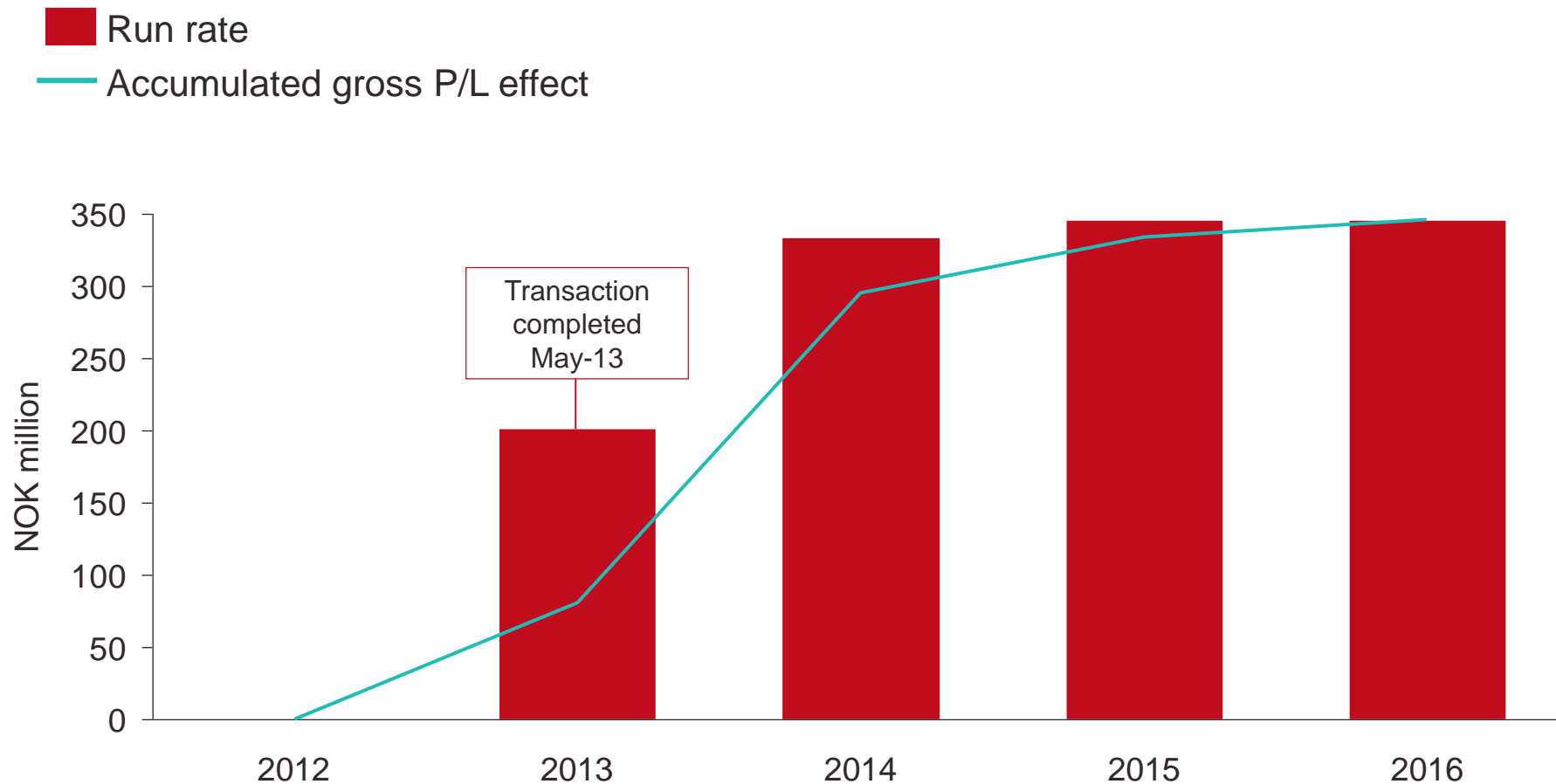
### Acquisitions



### Structural changes

- National food companies established in all markets
- Orkla Foods International's businesses in Austria, Czech Republic and India incorporated in Orkla Foods
- Divestment of Orkla Brands Russia (RUS) and Delecta (PL)

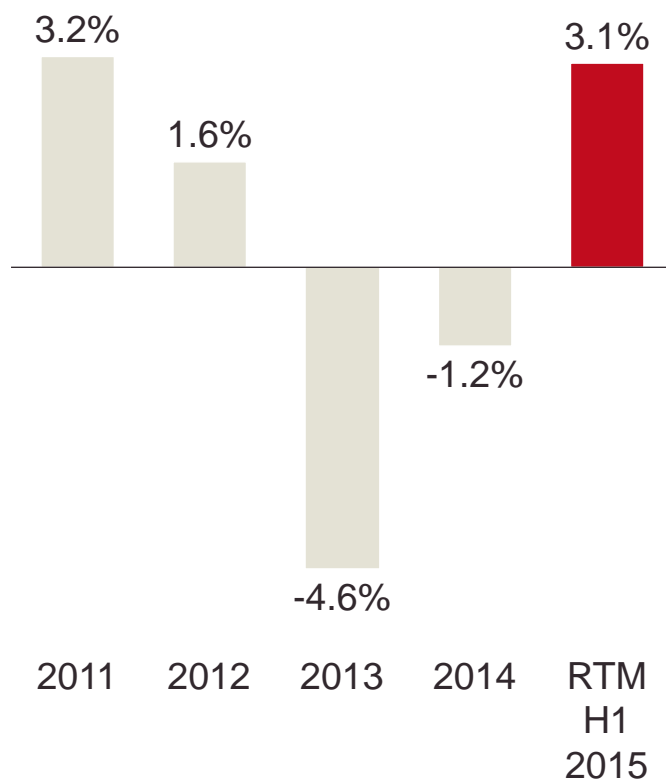
## Successful integration and synergy effects from Rieber & Søn



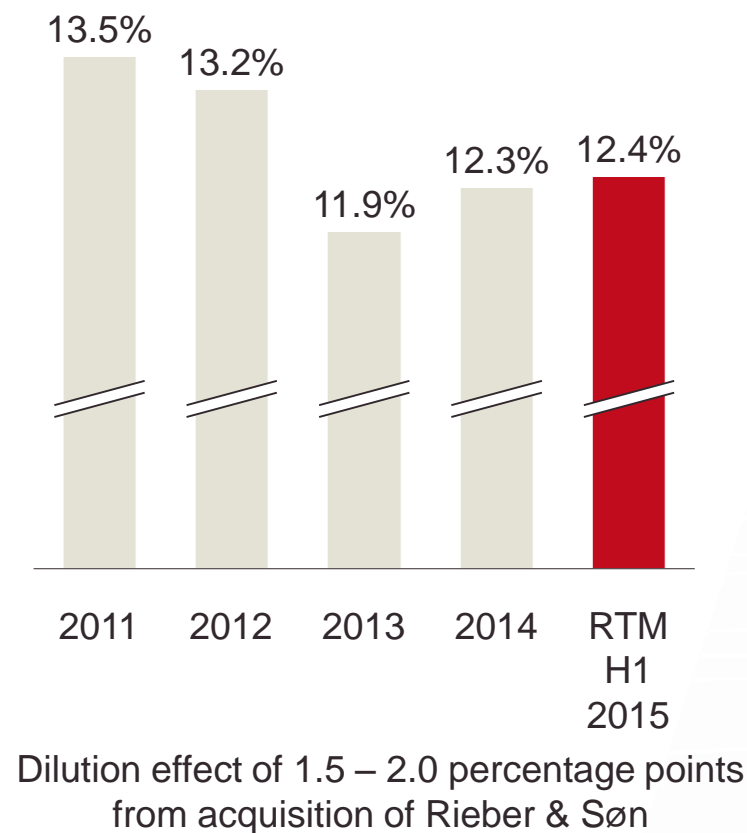
~NOK 350 million realized in gross synergies

# Re-established organic growth and recovering margins since acquisition of Rieber & Søn

Organic sales growth<sup>1</sup>



EBIT (adj.) margin<sup>2</sup>



<sup>1</sup>Adjusted for currency effects and acquired & divested companies

<sup>93</sup> <sup>2</sup>Divested business excluded for all years, i.e. Orkla Brands Russia, Bakers, Delecta



## **We pay close attention to local and global consumer trends**

### **HEALTHY LIVING**



### **CONVENIENCE**



### **INDULGENCE**



### **LOCALNESS**



### **SOCIAL RESPONSIBILITY**



# In Norway palm oil has been a key consumer concern

4 4 MANDAG 28. NOVEMBER 2011 VE

## HELSEFARLIG OLJE SKJULES

Av KÅROLINE H. FLÅM og JAN PETER LINAU (RD)

Kamouflert bak det generelle uttrykket «vegetabilisk fett», skjuler produsentene at en rekke dagligvarer inneholder helseskadelig palmeolje.

Nå klager helsemyndighetene inn for myndighetene. Helt greit, ferske, fageløse, Nugatti, ferdigsmått, smør, kakao, søtsaker – helt over produkter som inneholder palmeolje er lang som et uke.

Men for forbrukere først er det utvalgt å vite om matvarene inneholder palmeolje eller ikke – som ettersom kamouflert ingrediensliste betyr bak termisk vegetabilisk olje eller «vegetabilisk fett».

### Mer skadelig

Det til tross for at flere helseeksperter er enige om at den tykflytende palmeoljen er langt mer helseskadelig enn annen vegetabilisk olje – den lugter seg «dull, fløtt og i biffen».

Bare 60 prosent av folket i palmeolje er sunnhetsskadelig, palmeolje er et av de mest helseskadelige fettstoffer. For vi har, selv etter næringsmiddelkontrollen, fortsatt i Norge. Vi har klagen over matvareprodusentene inn til Miljøvernmyndigheten, for ikke å oppføre seg som om den farlige oljen. Bakgrunnen er en kartlegging som organisasjonene Green Friday og Helse Norge har gjennomført. De har spurt 18 ulike matvareprodusenter om deres bruk av palmeolje.

### Tilbakemelding

Men bare av selskapene har vært tilbakemelding med svar. Ivarsen, Maasud, Nestlé eller General Mills har villet svare på hvor mye palmeolje deres produkter inneholder. Kims har ikke villet svare på noe som helst i undersøkelsen. Dette er helt uakseptabelt. Forbrukerne har krav på informasjon om matvarene de kjøper. Så leter Lene Lørdal i Helse Norge.

Må kaller matvareprodusentene palmeolje-sunnhetsskadelig, palmeolje er et av de mest helseskadelige fettstoffer. For vi har, selv etter næringsmiddelkontrollen, fortsatt i Norge. Vi har klagen over matvareprodusentene inn til Miljøvernmyndigheten, for ikke å oppføre seg som om den farlige oljen. Bakgrunnen er en kartlegging som organisasjonene Green Friday og Helse Norge har gjennomført. De har spurt 18 ulike matvareprodusenter om deres bruk av palmeolje.



Klager matgigantene inn for myndighetene

DAGLIGVARE: Dette er bare et lite utvalg av matvarene som inneholder den sunnhetsskadelige palmeoljen.

### Ikke bra

Ogklarer segvareprodusentene Christian Drevin, lys det lukter dårlig av selskapene palmeolje-sunnhetsskadelig. Dette er ikke bra, og klart innad det som er siden bak varedeklarasjoner. Det har blitt klart vakkert åpenhet om ingredienser i matvarene, sier

erstatningsprofessoren Daglig leder Torm Grønnes i Green Friday. Hverdag tror mange nordmenn «slurper» tydeligvis merking av mat med palmeolje. Mange har fått med seg at palmeoljeindustrien har mistet miljøvernet på skogen. Enda flere vet at palmeolje er blant de aller sunnhetsskadeligste oljene som brukes i mat, fordi den har et veldig høyt innhold av mettet fett. Sammen med Ragnvald-

fondet har hun nå klaget inn Kims, Maasud, Nestlé og General Mills til Miljøvernmyndigheten, for å vite på Miljøvernmyndigheten. Denne saken gir rask rett til informasjon som har betydning for miljøet. Vi mener Miljøvernmyndigheten skal se på saken. Det er ikke bare på spørsmål om vilt, og vi tror og håper Miljøvernmyndigheten, gir oss medhold i det, sier Torm Grønnes.

TVINGES  
TIL MER  
ÅPENHET

I dag er ingen produsent pålagt å informere om matvarene deres inneholder palmeolje – men det skal det bli en skutt på. EUs næringsmiddelkontroll har nemlig vedtatt nye regler som stiller strengere krav til merking av matvarer. – Helt har det vært tilnærmet åpenhet om matvarene i Norge, og det har vært et stort fokus på åpenhet om ingredienser i matvarene, og at

hvis slappt om det er snakk om å eksportere om det er snakk om å eksportere, eller eksportere om det er snakk om å eksportere. Men det vil ta lang tid før det er implementert i alle land i Europa, og derfor ender ikke forbrukerne Norge. Men om produsentene vil bli gympet i alle land eller ikke, er det en annen sak. Det er også i dem som de ønsker å vite om det, sier Lene.

## HEALTHY LIVING

Heavy focus in media on products containing palm oil and the need for transparency

## Orkla was an early responder to consumer demand for elimination of palm oil

## HEALTHY LIVING

**Our brand Nugatti was highlighted as a product containing the “dangerous fat”**

## HEALTHY LIVING

**In less than a year we  
could present to the  
consumer a product  
free from palm oil**

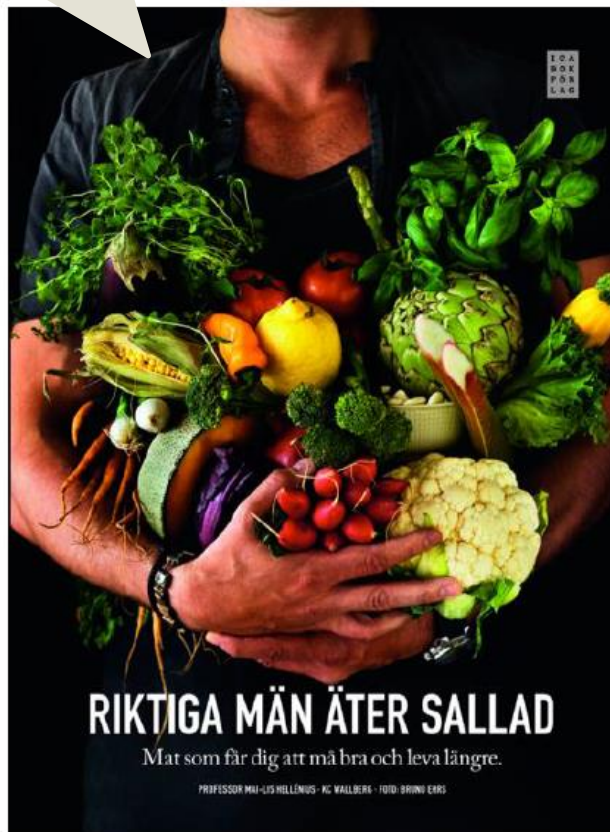




# Meeting the growing vegetarian trend by acquiring Anamma

## HEALTHY LIVING

“Real men eat salad”



Orkla Foods has acquired Anamma



# Strong preference for local brands and products

LOCALNESS



# Promoting local production and local ingredients

LOCALNESS





# Meeting customers' need for exclusive products

**GÅRDLYKKE – controlled brand in Coop Denmark**



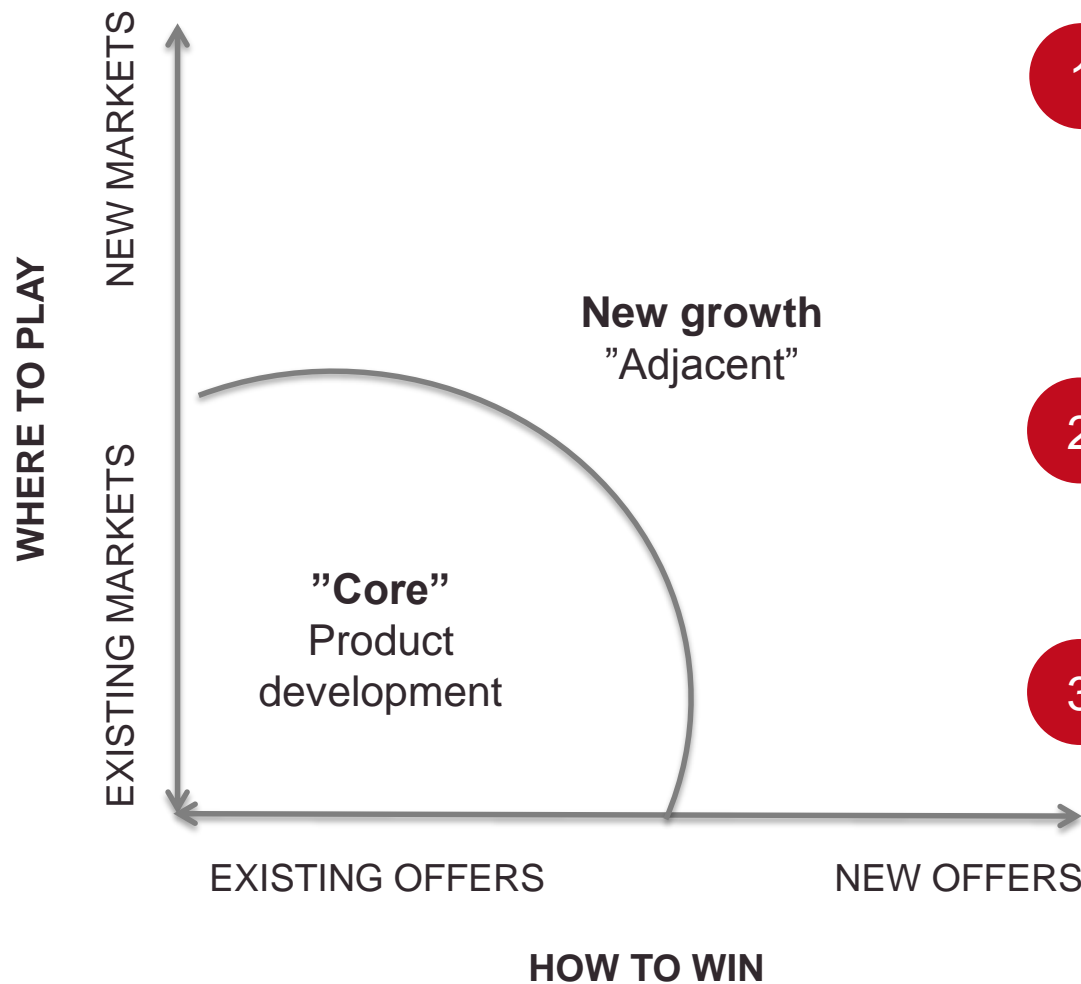
**Mrs. Cheng only in Dansk Supermarket**



**A range of dry food products launched under Beauvais Brand – only in Coop Denmark**



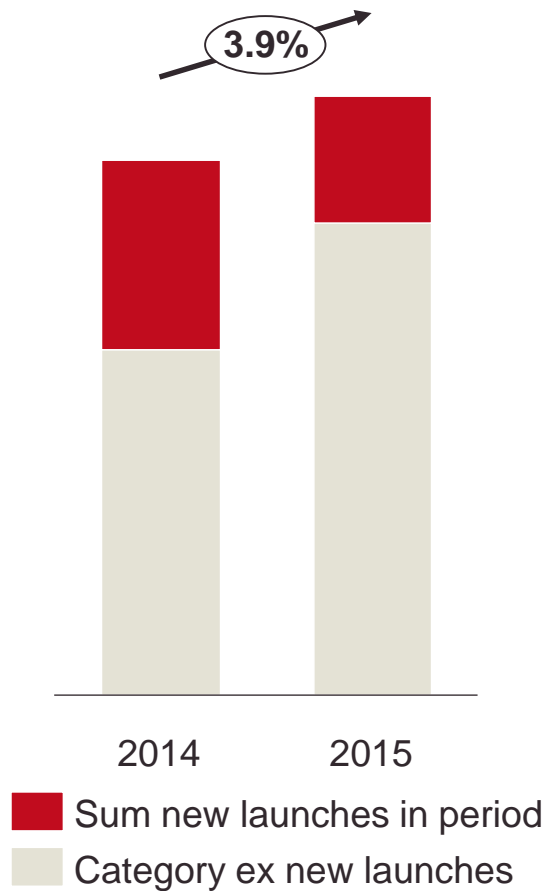
# Key priorities for growth



- 1 Grow the core**  
Stronger growth programs for our prioritized categories, brands & SKUs driving category growth and gaining market share
- 2 New Growth**  
Initiate and launch successful concepts/ products outside or close to current categories
- 3 Further drive cross-country launches**

# Innovation is a driver of growth in the pizza category

Frozen pizza growth in sales value<sup>1</sup>



## Orkla Foods has a strong innovation programme for 2015





## Local products, active campaigning and packaging innovations generate profitable growth in Finland

### BRANDING FINNISH ORIGIN



### NEW PACKAGING

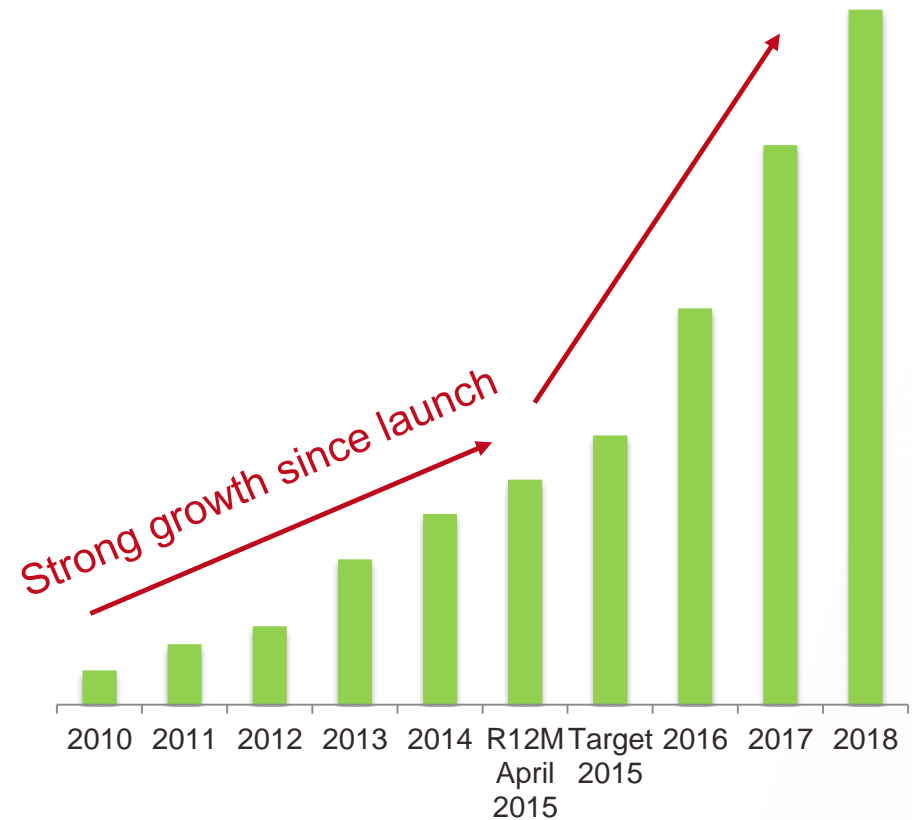


### IN STORE ACTIVATION



**6.3 % category growth – 19.9% growth for Felix Maku**  
**“There are no such things as mature categories”**

# Continue to realize growth from the health trend in new categories



## Continue to realize growth from the health trend in new categories

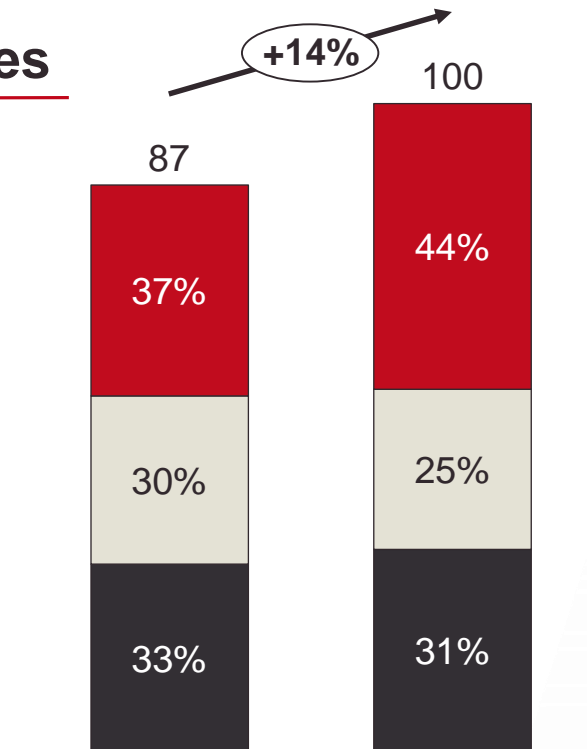
### Introducing Pauluns Super porridge





## Pastella Vegetable Pasta made from 40% vegetables

Driving category growth and winning market shares



YTD July 2014

YTD Jul 15

- Pastella +36%
- Private Label -5%
- Other +8%



# Pastella Vegetable Pasta being launched in several markets



## The primary Nordic go-to-market partner for PepsiCo

A portfolio of attractive brands...



... in the Nordic markets



## Growing with local consumers and customers

---

1. Resuming **EBIT growth** and **improved margin** following the years of Rieber integration
2. Keeping ahead of competition through our **proximity to the market, customers and consumers**
3. The winning formula for **growth**
  - Growing the core product range
  - Launching new concepts
  - Driving cross-country launches



## **Closing remarks and Q&A**

Peter A. Ruzicka, President & CEO





A young girl with dark hair in pigtails, wearing a light blue shirt, is lying on her stomach on a lush green lawn. She is smiling at the camera. In her right hand, she holds a yellow tube of Stabbur cream, and in her left hand, she holds a rectangular cracker with a line of cream spread on it. The background is a soft-focus green field with trees in the distance.

*Your friend in  
everyday life*

# Driving value creation through One Orkla



- Integrated supply chain increases cost cutting potential
- Ongoing review of manufacturing and warehousing structure



- Strong turnaround in Orkla Confectionery & Snacks Norway
- Potential in other markets

**CEDERROTH**  
**Jordan\***

- Acquisitions give access to new channels, categories and markets
- Significant synergy potential



- Moving Orkla Food Ingredients from a Nordic to a European player



- Innovations based on Orkla's proximity to the market, retailer and consumer
- Faster growth by collaboration within the group and with our customers

# Delivering on our strategy and increasing performance



**Keep the strategy on track**



**Deliver organic growth at least in line with market growth**



**Target annual adj. EBIT growth of 6-9%<sup>1</sup> in BCG**



**Maintain a stable dividend of at least NOK 2.50 per share**

<sup>1</sup>Including add-ons, excluding currency effects and large acquisitions and divestments



## Contact us

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