



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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Orkla Confectionery & Snacks	Page 75
Orkla Home & Personal	Page 94
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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

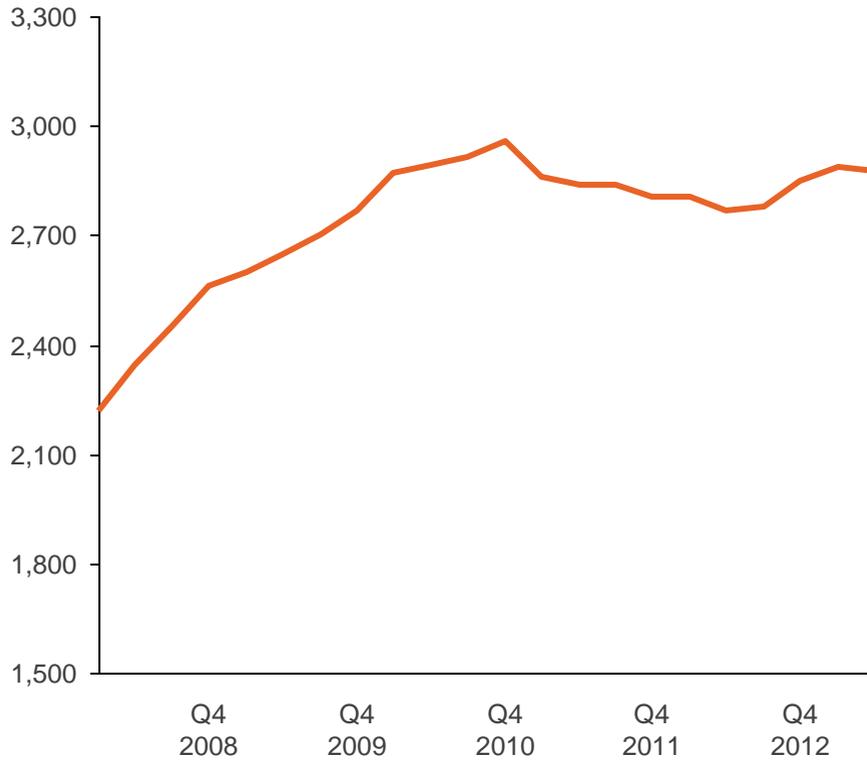
- Sapa JV (50%)
- Gränges (Sapa Heat Transfer)
- Hydro power
- Real estate
- Financial assets

Associated company

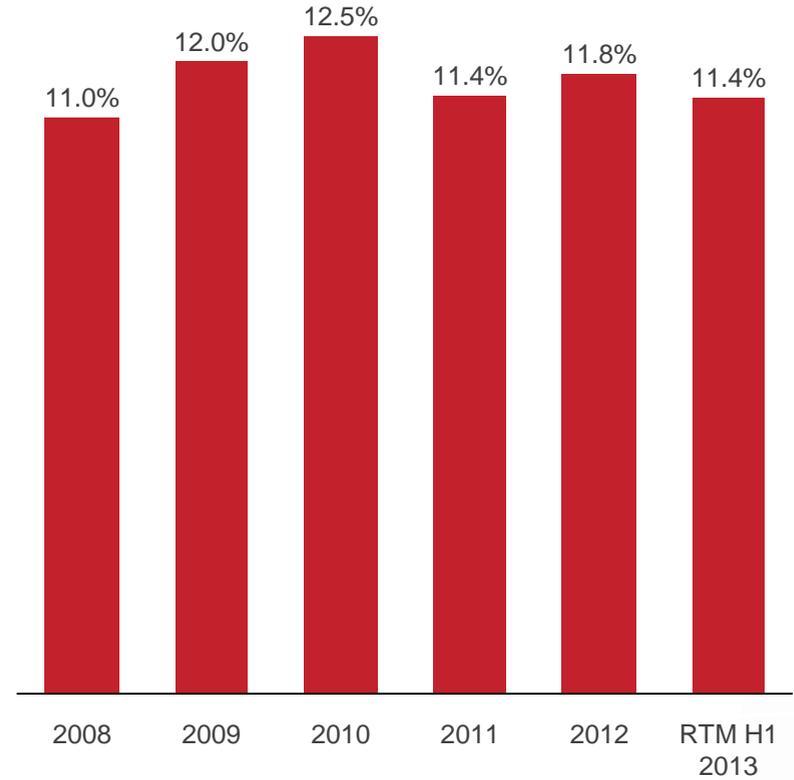
- Jotun (42.5%)

Financial performance BCG

Rolling 12 months EBIT (adjusted)



EBIT (adjusted) margin¹



8 1 Adjusted for other income and expenses

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

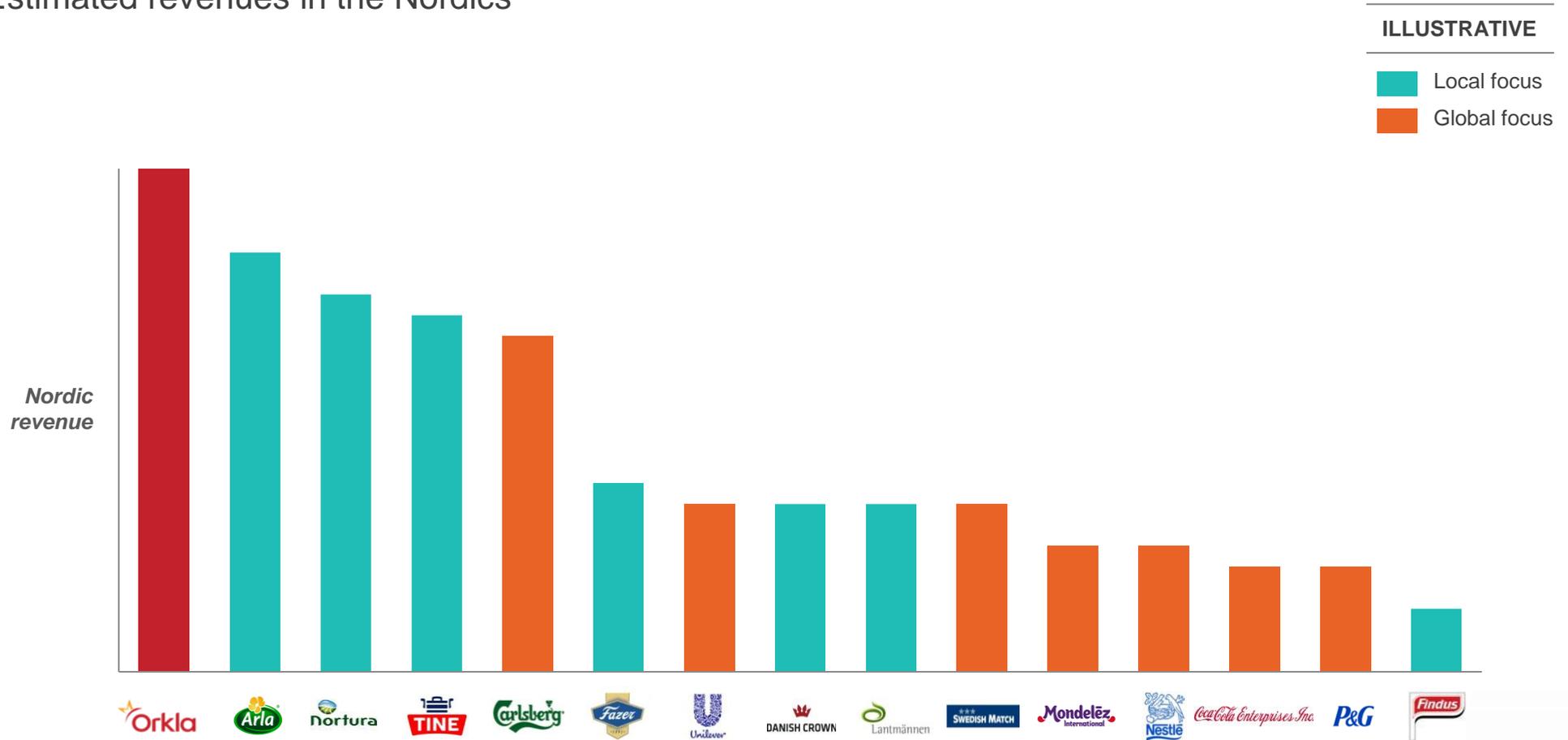
- Managing non-core for exit

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

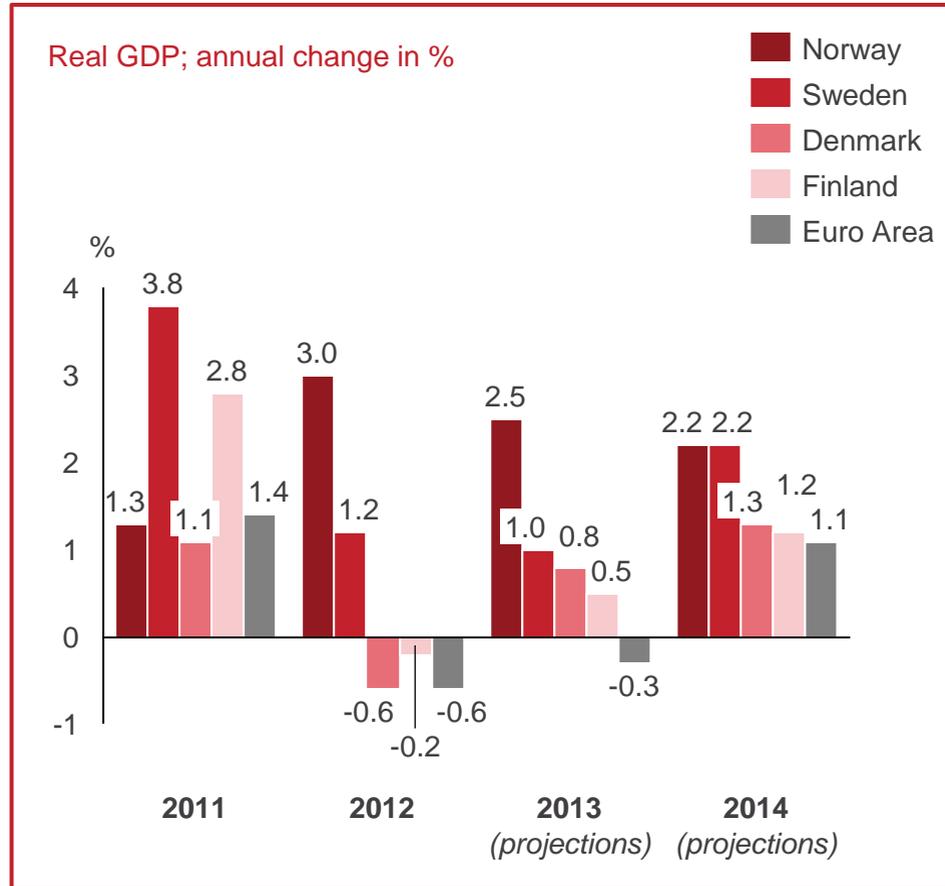
Examples

	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

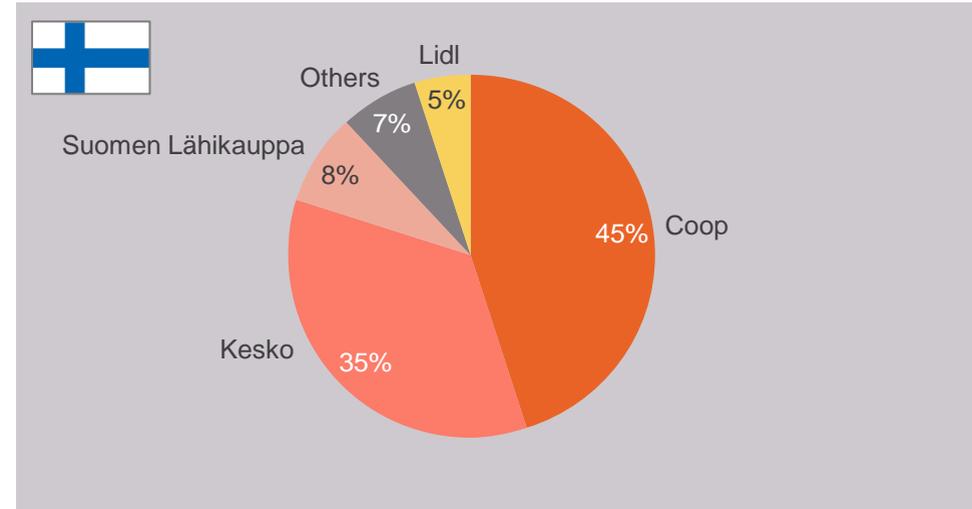
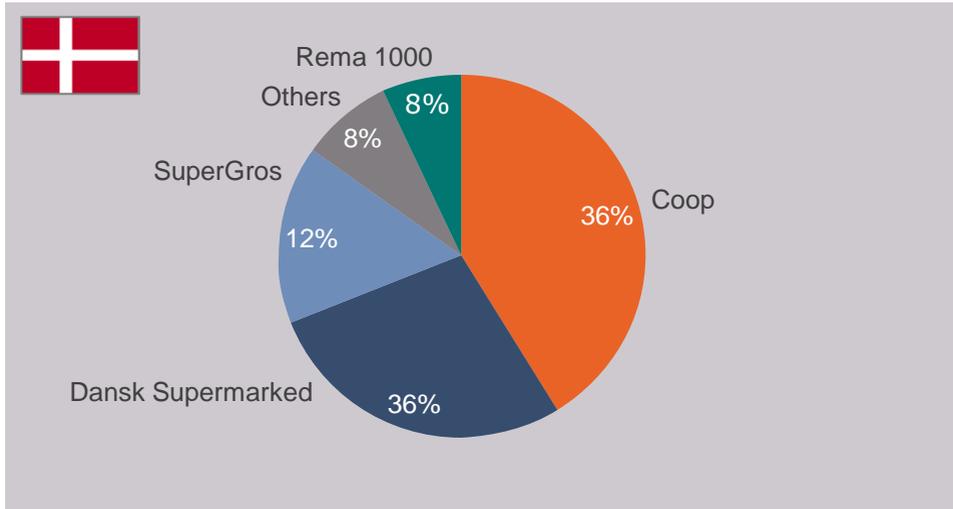
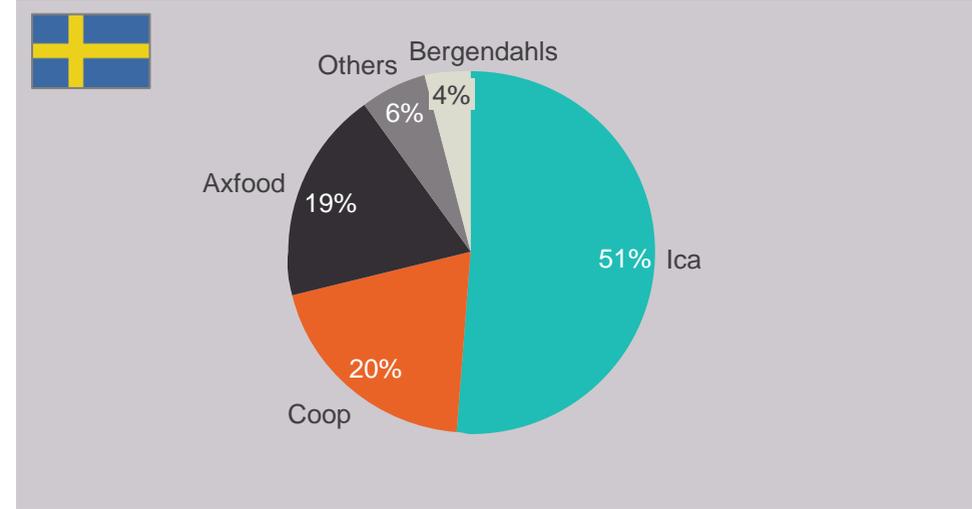
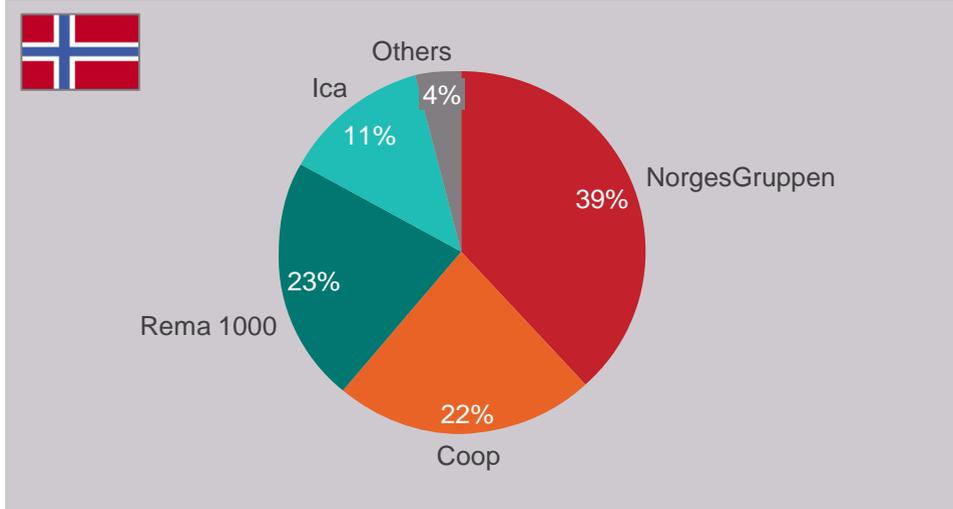
GDP growing at a stronger/faster rate than Europe...



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

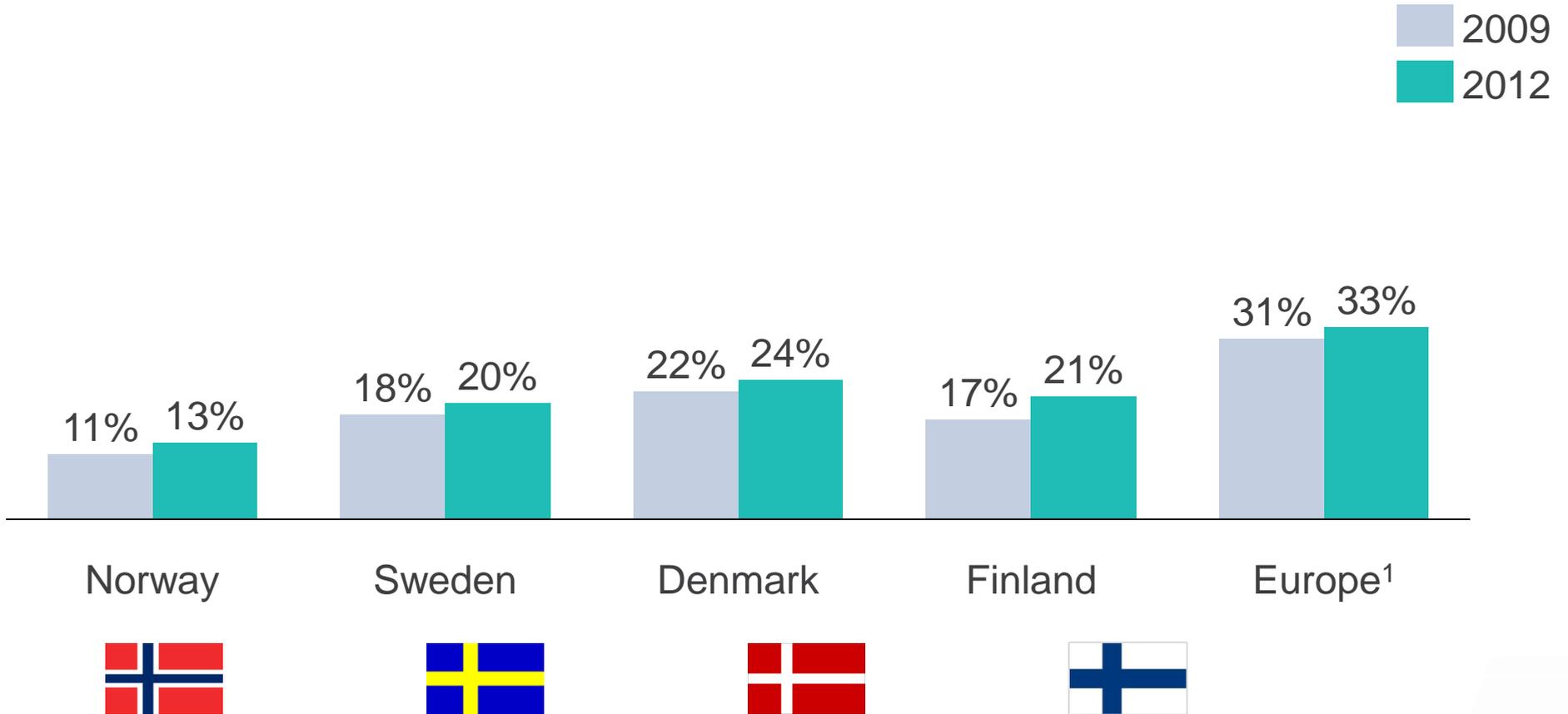


Nordic retail markets – consolidated



Private label penetration

Private Label market shares in the grocery trade

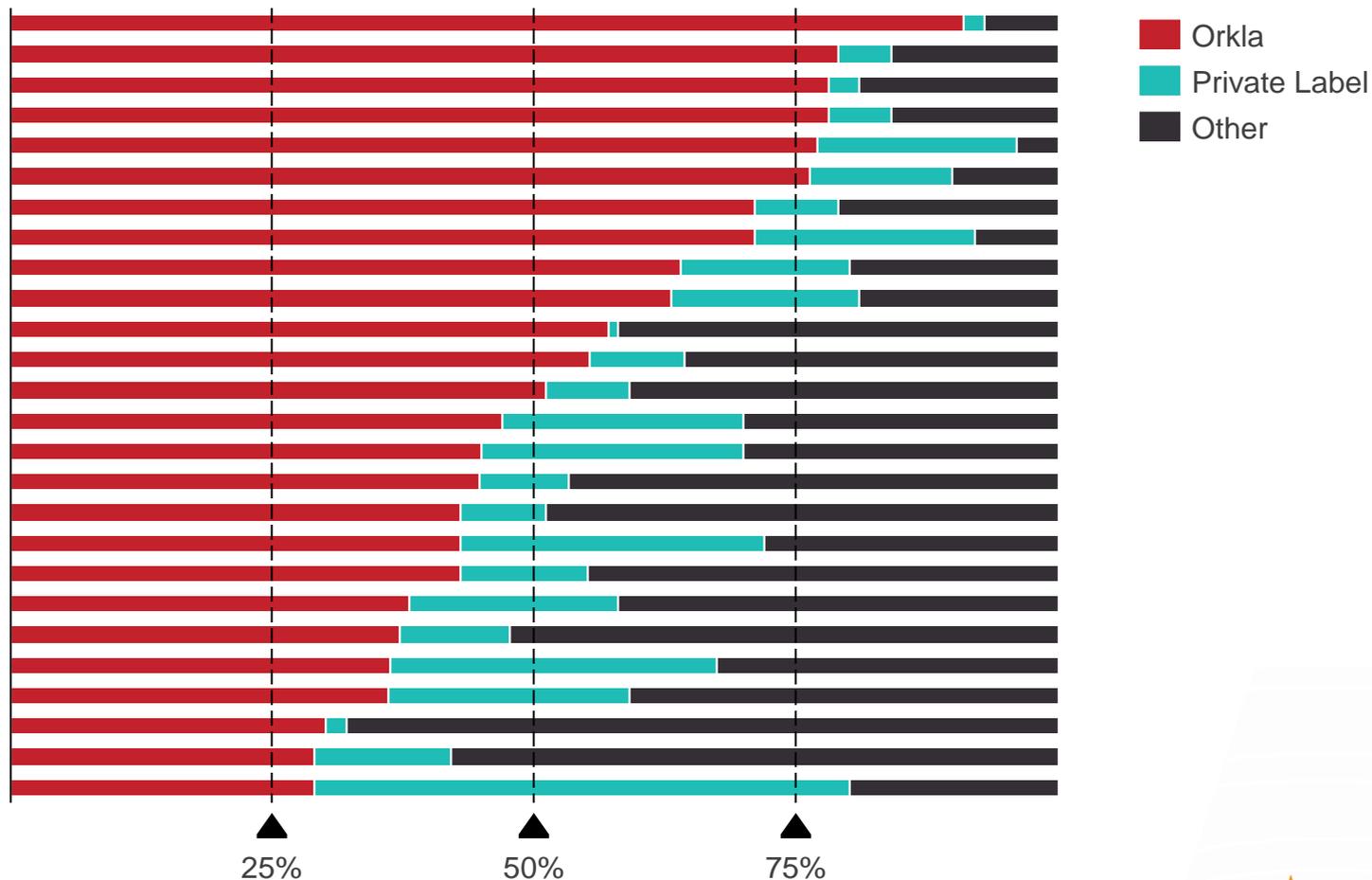


Local scale is a reality

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



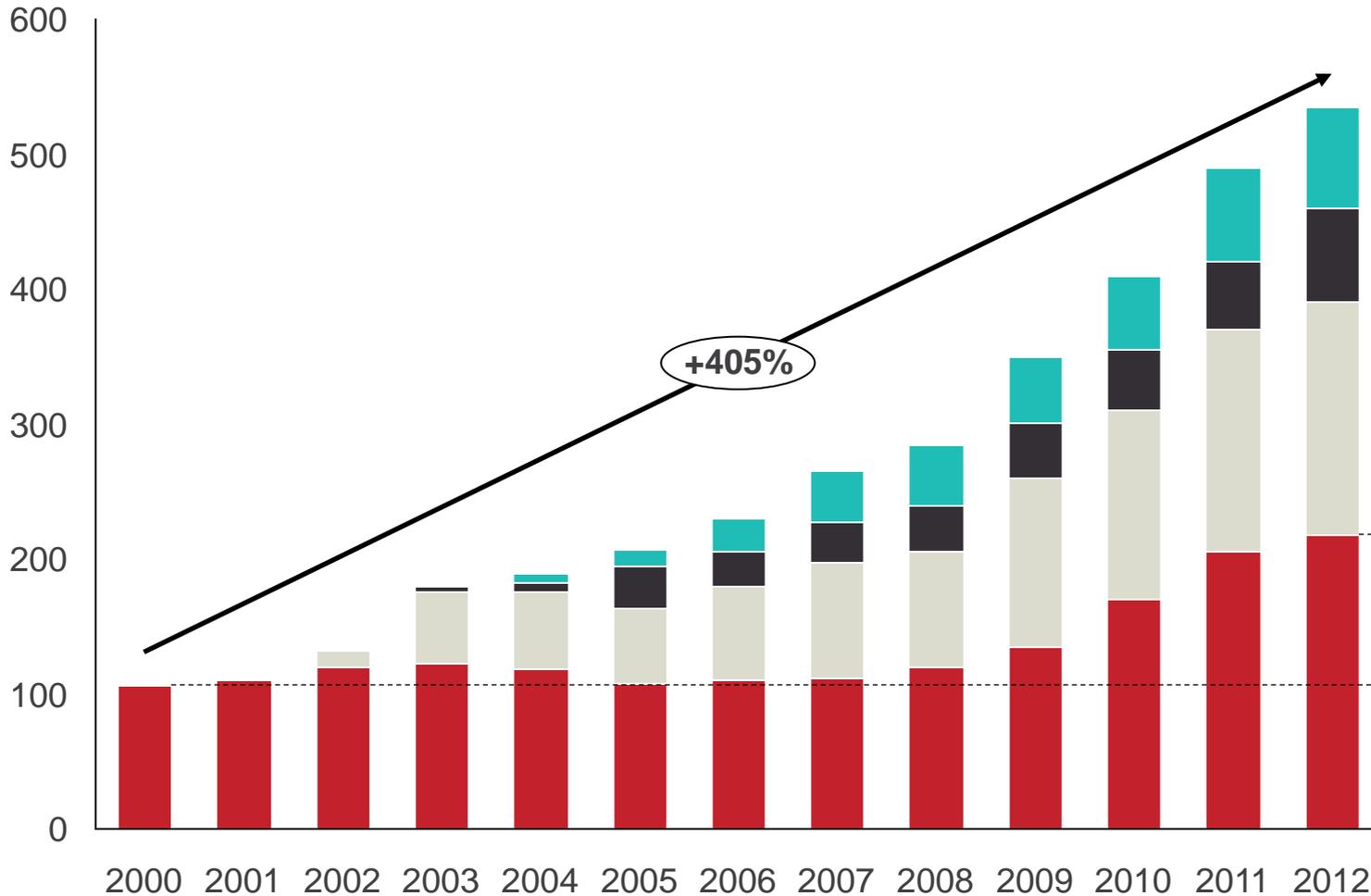
4
People
& Leadership



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

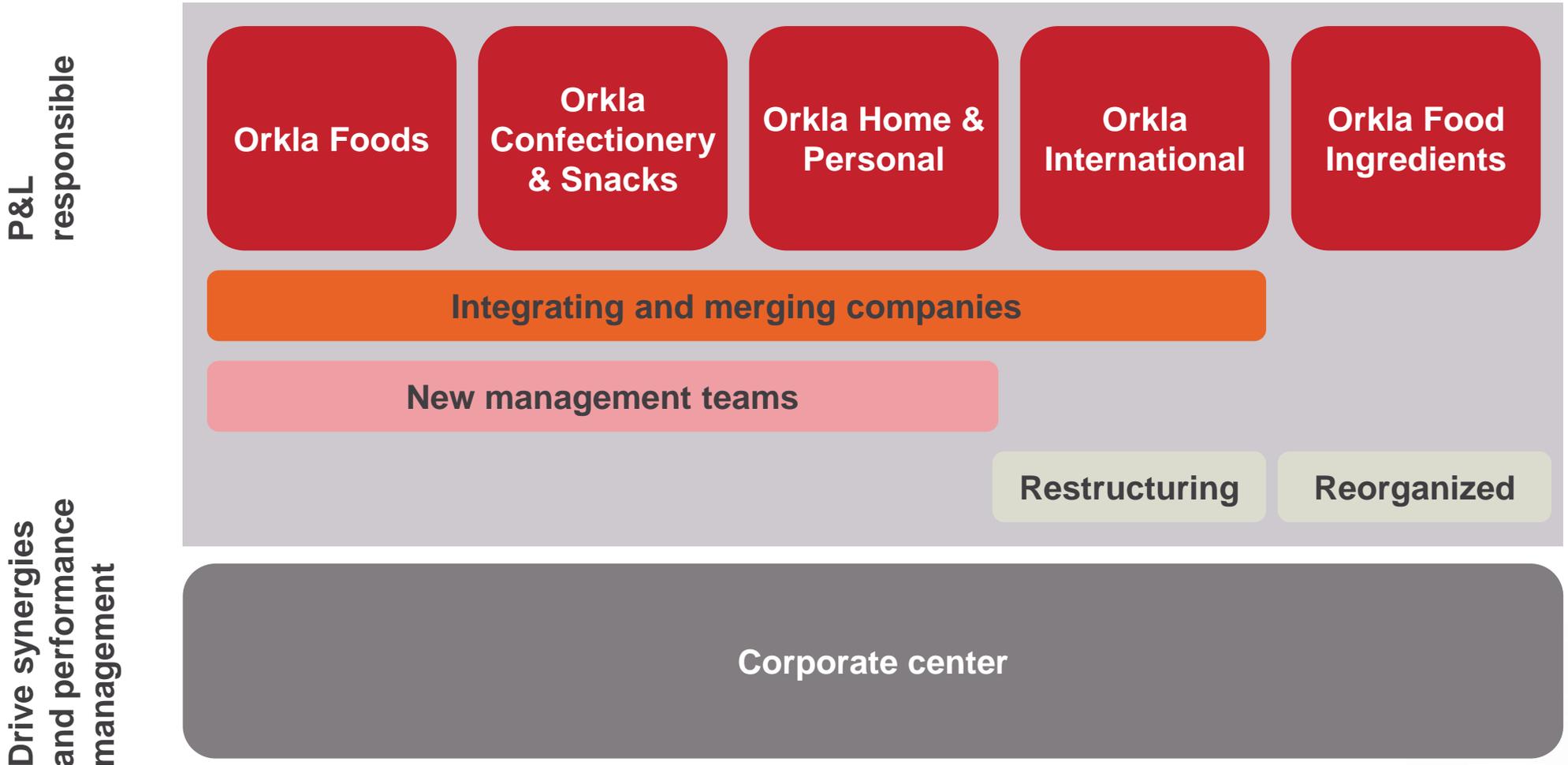


Largest and highest rated field sales force



Improve effectiveness and efficiency through point-of-purchase excellence

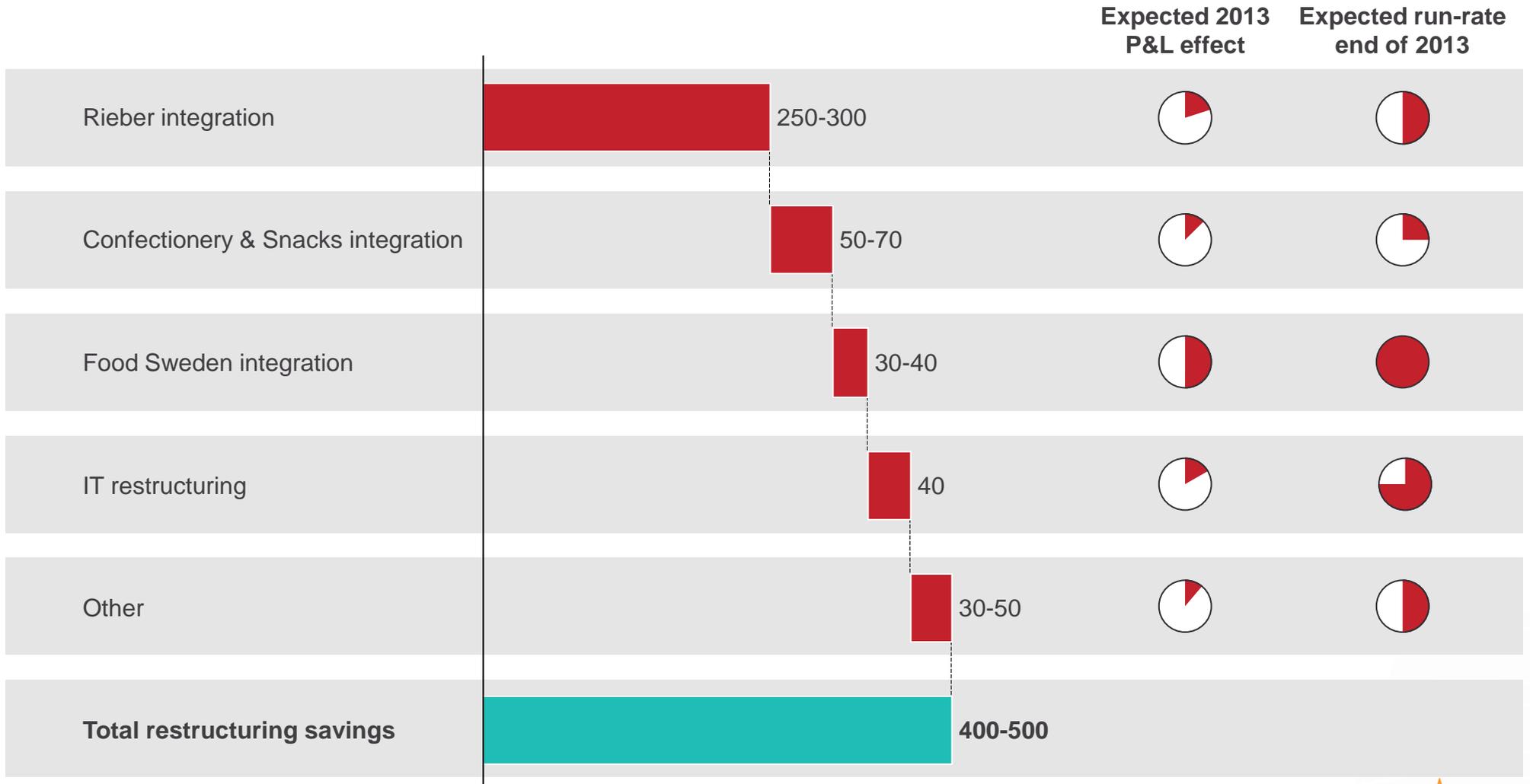
Capturing value with new BCG organization



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



Improving performance from increased local scale

Atle Vidar Johansen
EVP & CEO, Orkla Foods



Improving performance from increased local scale

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

Improving performance from increased local scale

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

Building on unmatched market positions

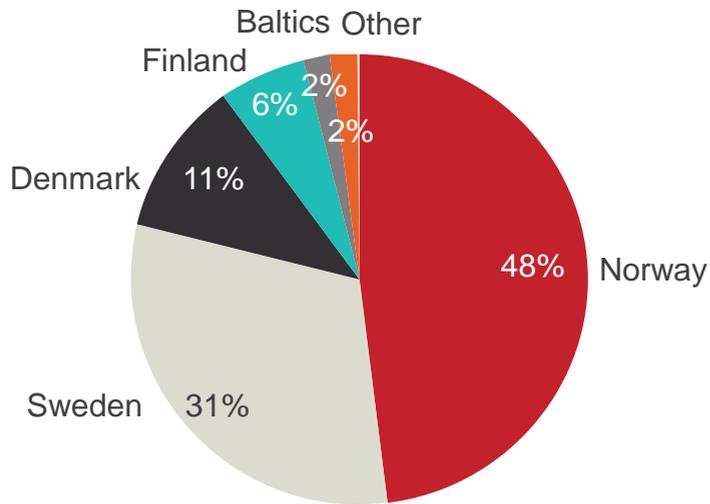
- Strong and well-known local brands with mainly #1 market positions
- Superior in serving the local consumer needs and preferences
- Local business model with significant scale advantage



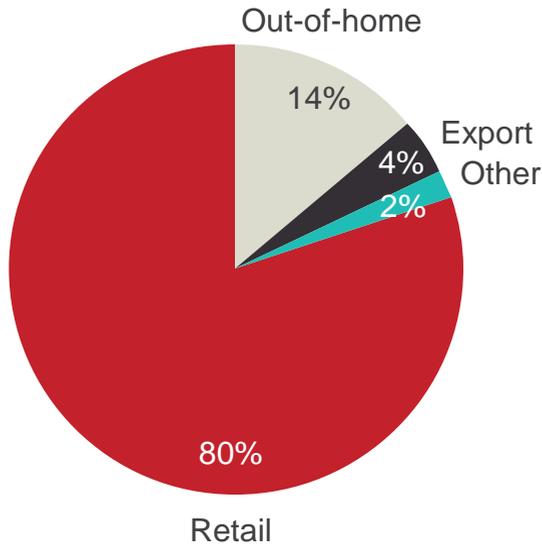
A broad portfolio with 80% of revenues from Norway and Sweden

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

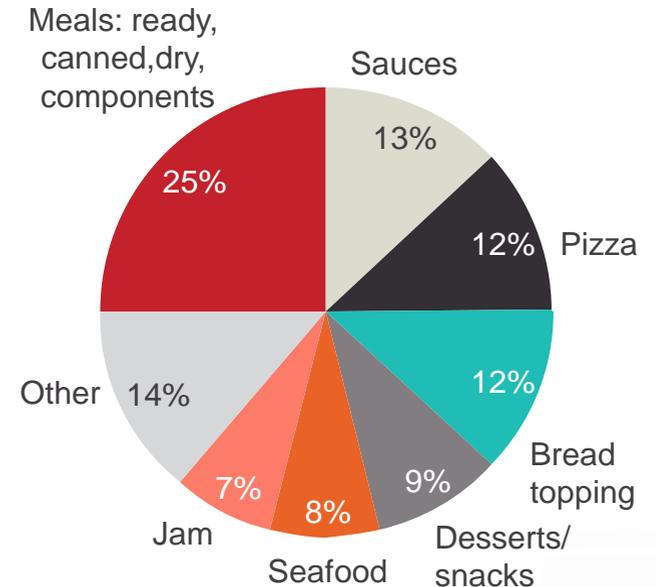
Geographical sales split



Sales channel sales split



Category sales split



Strong #1 brands with long heritage



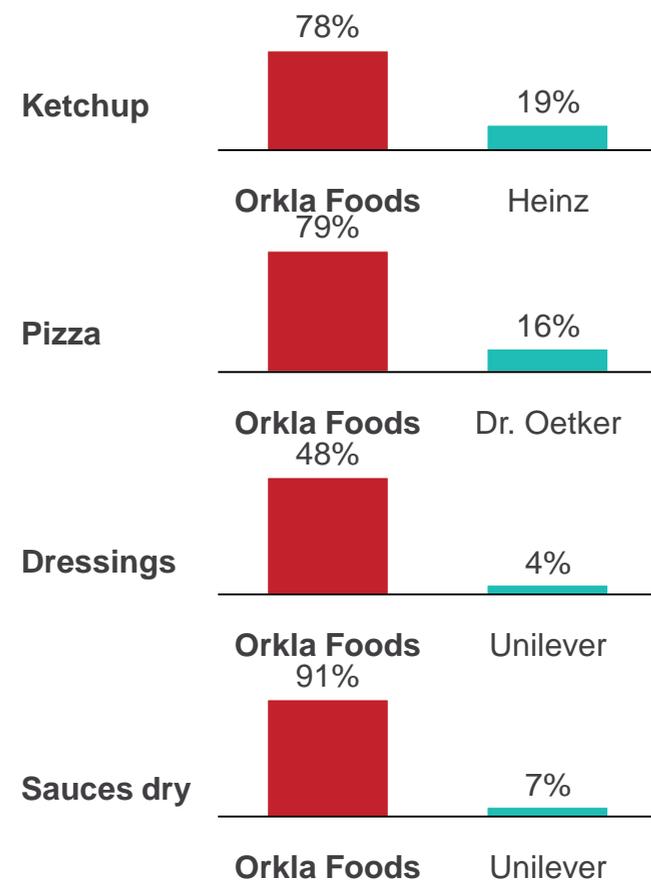
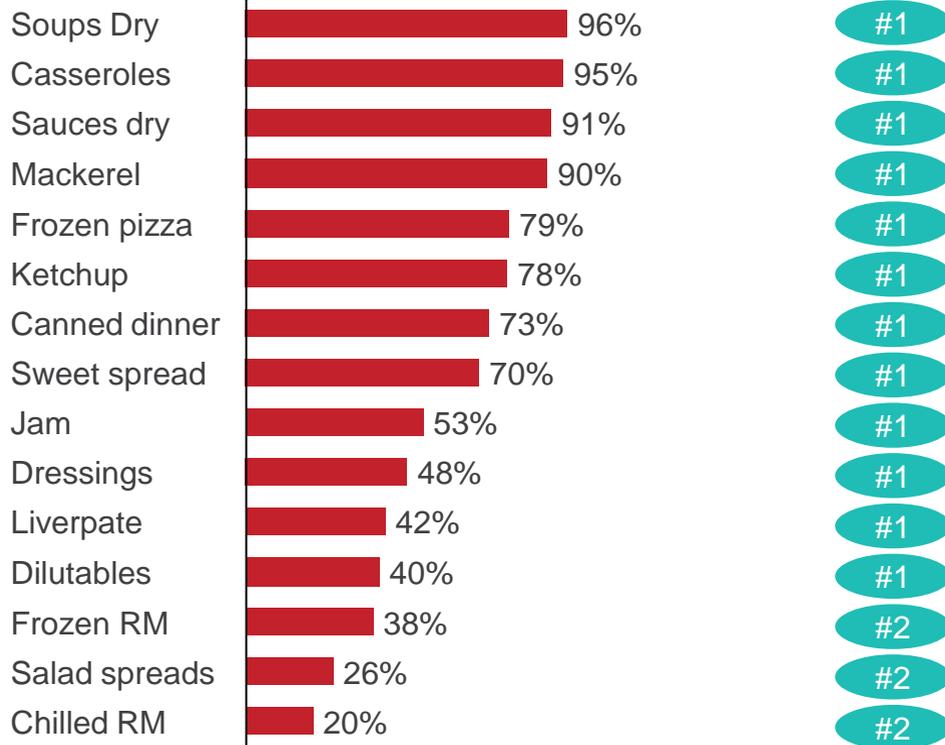


#1 market positions in Norway

Market share

Position

Orkla vs. Multinationals

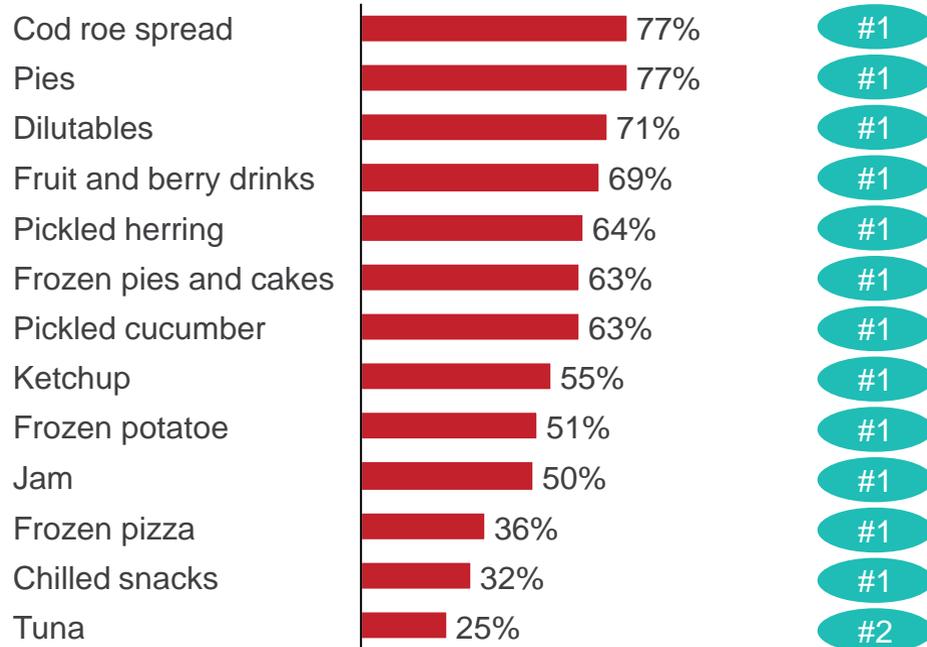




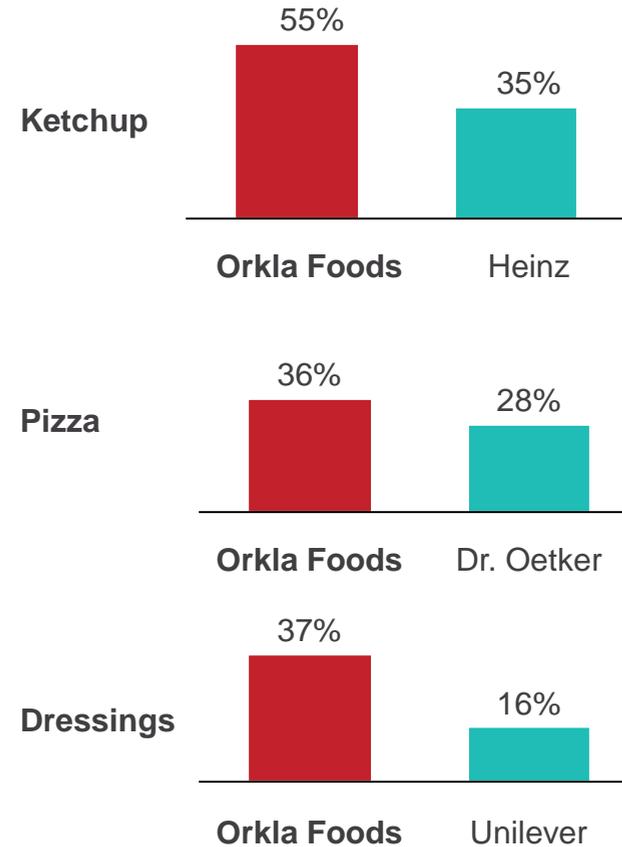
#1 market positions in Sweden

Market share

Position

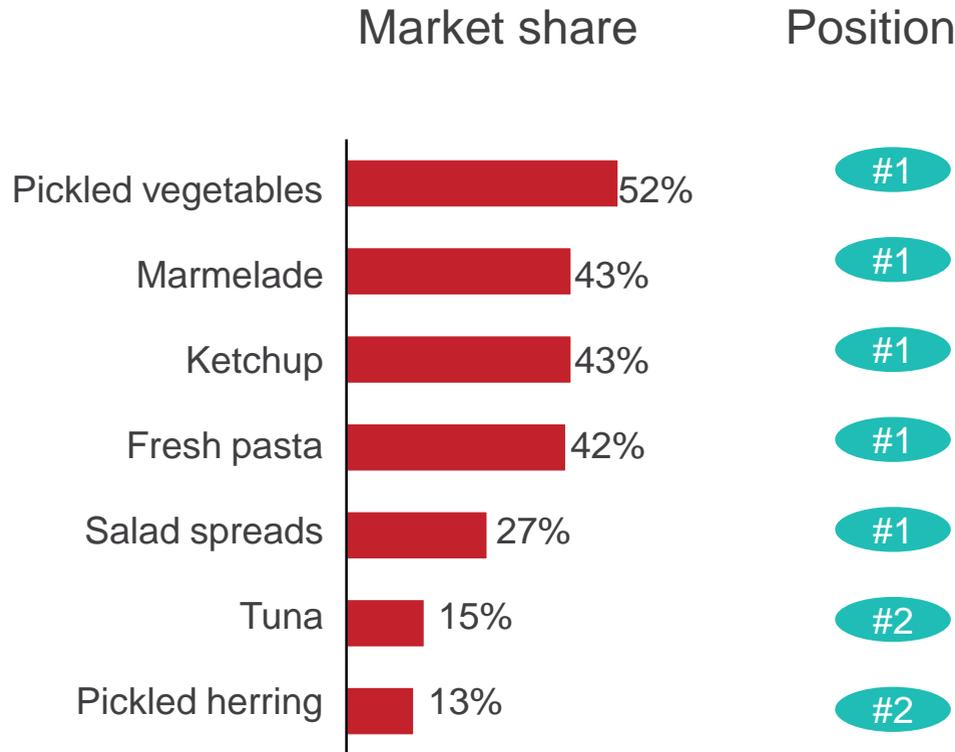


Orkla vs. Multinationals

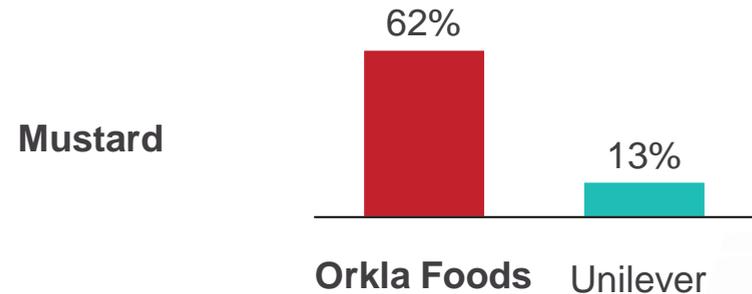
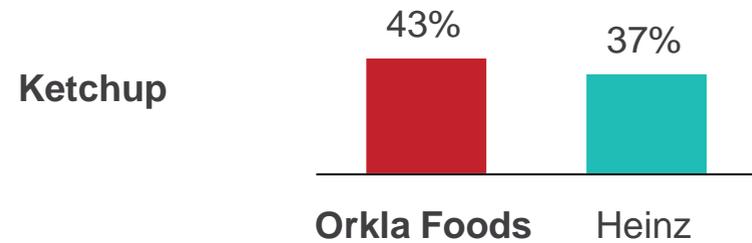




Solid market positions in Denmark

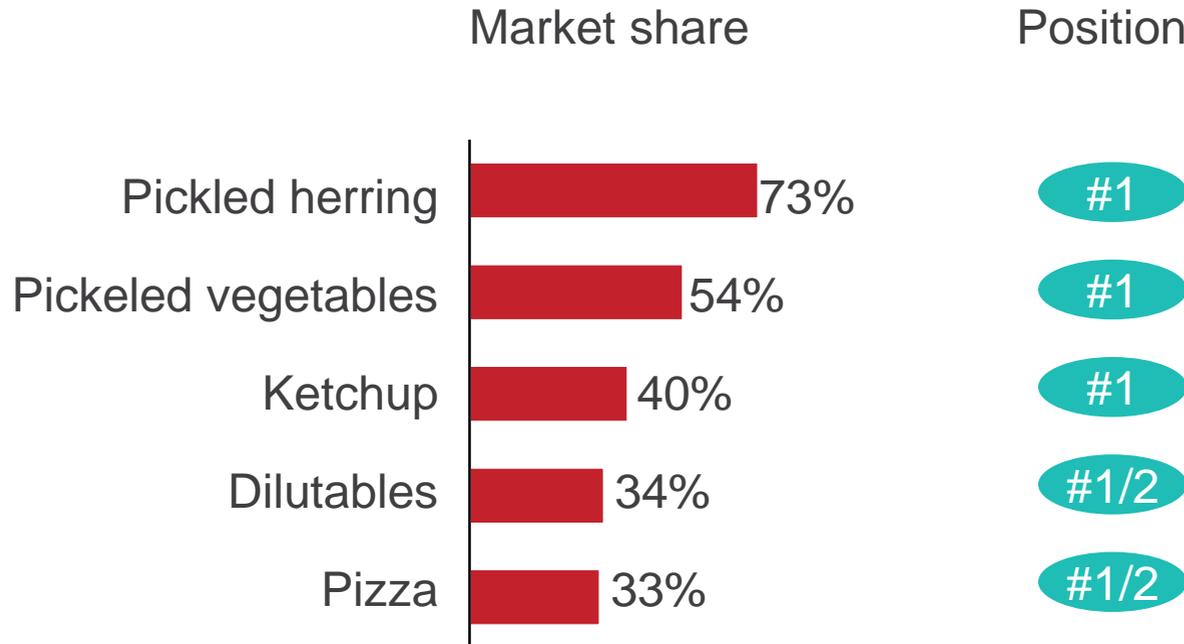


Orkla vs. Multinationals





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

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

Orkla Foods' targets for 2016

**Organic
growth
2-3 %**

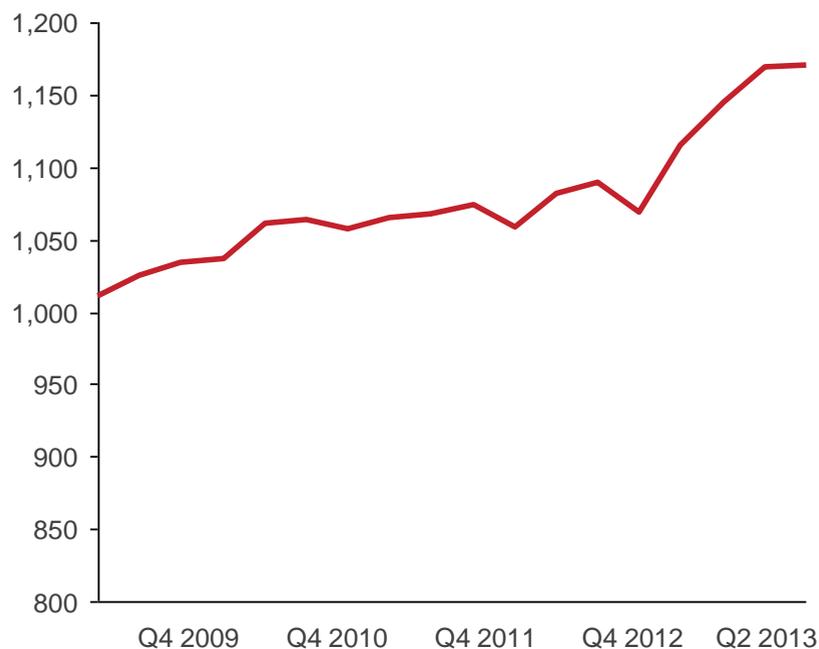
- Focus on growing core brands and categories
- Launch new products outside existing categories
- Increase cross-country innovations

**EBIT
margin
> 15 %**

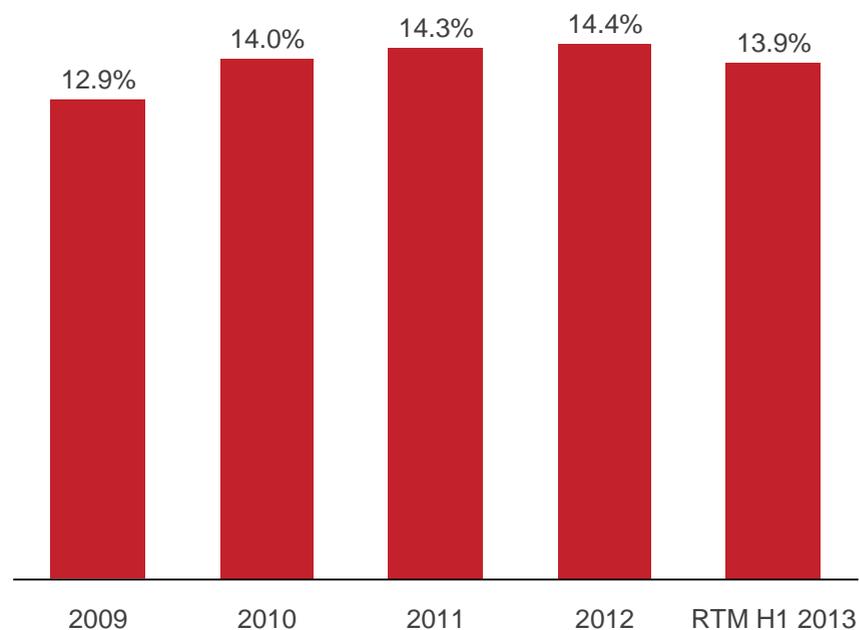
- Realise the full synergy potential from Rieber
- Improve cost efficiency throughout the value chain

Track record of positive EBIT margin performance

RTM EBIT (adjusted)¹ in NOK million



EBIT margins (adjusted)²



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

Rieber & Søn and Orkla are a perfect match

- **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

- 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
million¹

NOK
30-40
million

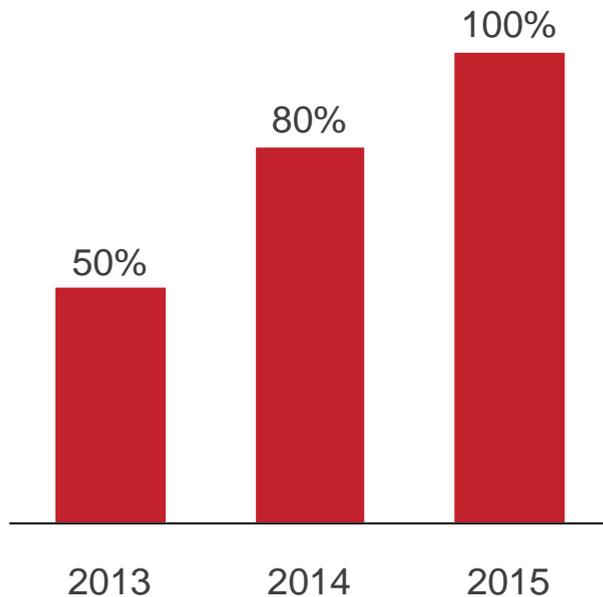
NOK
10-15
million

NOK 10
million

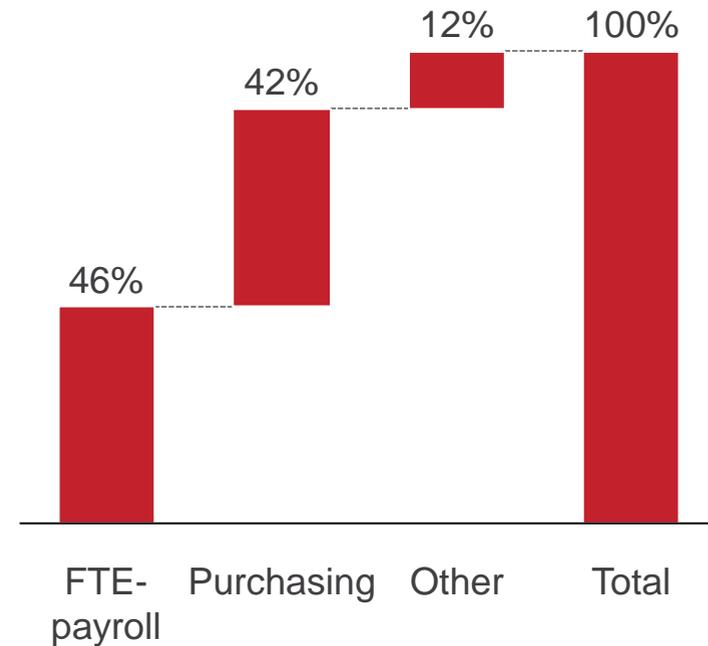
Rieber: Realising cost synergies well on track

Expected cost synergies of MNOK 250-300¹, whereof ~50% to be realized in 2013

Run-rate effect realized per end of year



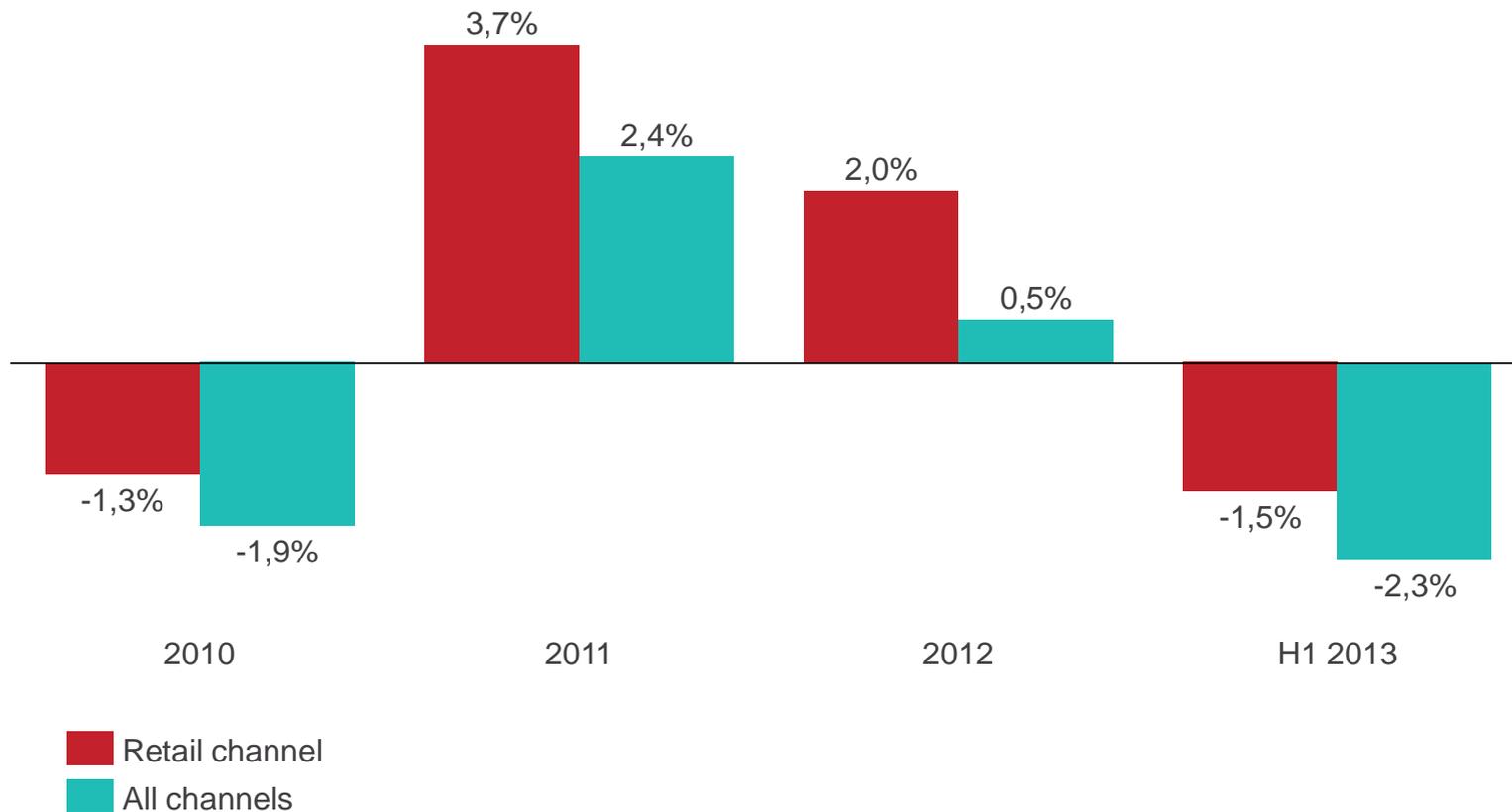
Split cost synergies



Improving performance from increased local scale

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

Organic sales growth¹



Innovation is clearly the key growth driver

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

Pauluns[®]
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

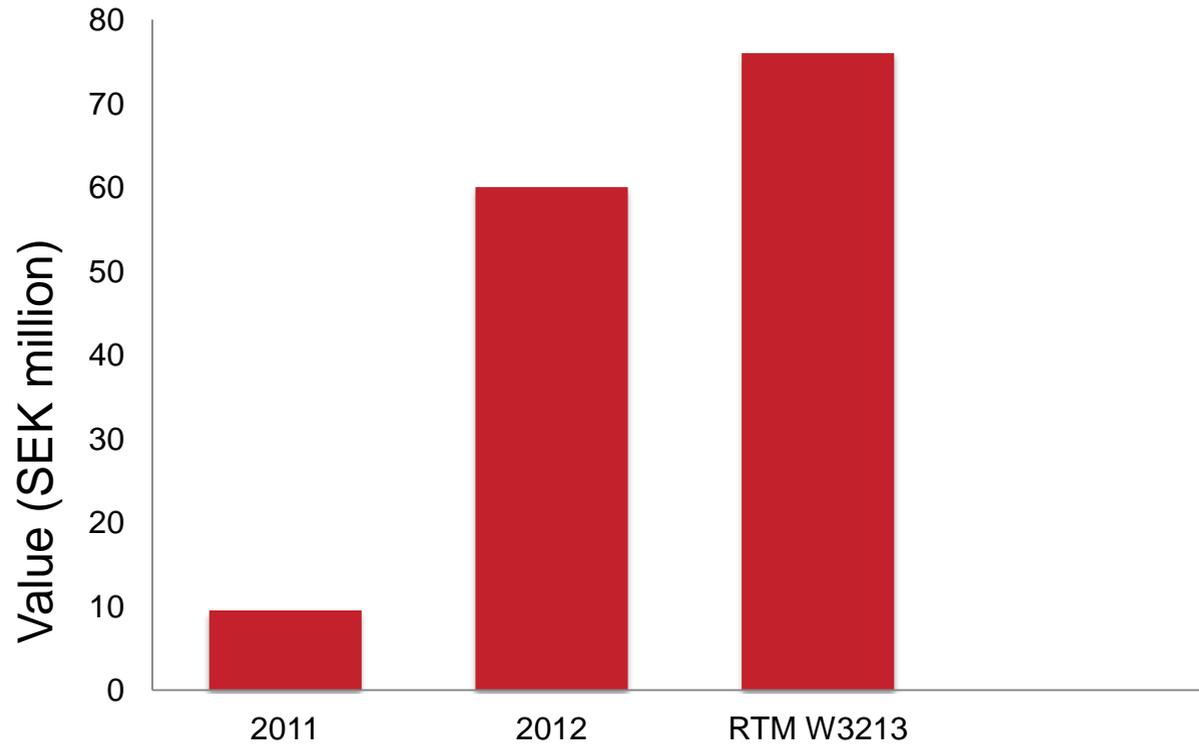


Launch wave 4

- New varieties
- New geographies



Resulting in ABBA Middagsklart generating additional revenue



Launching of a new cross-category healthy brand

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

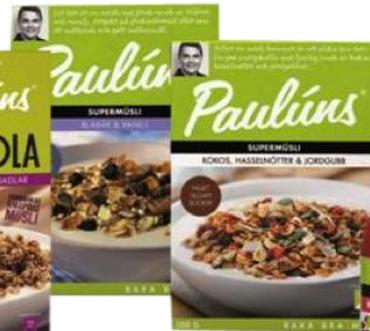
Cereals



Granola



Müsli



Juice



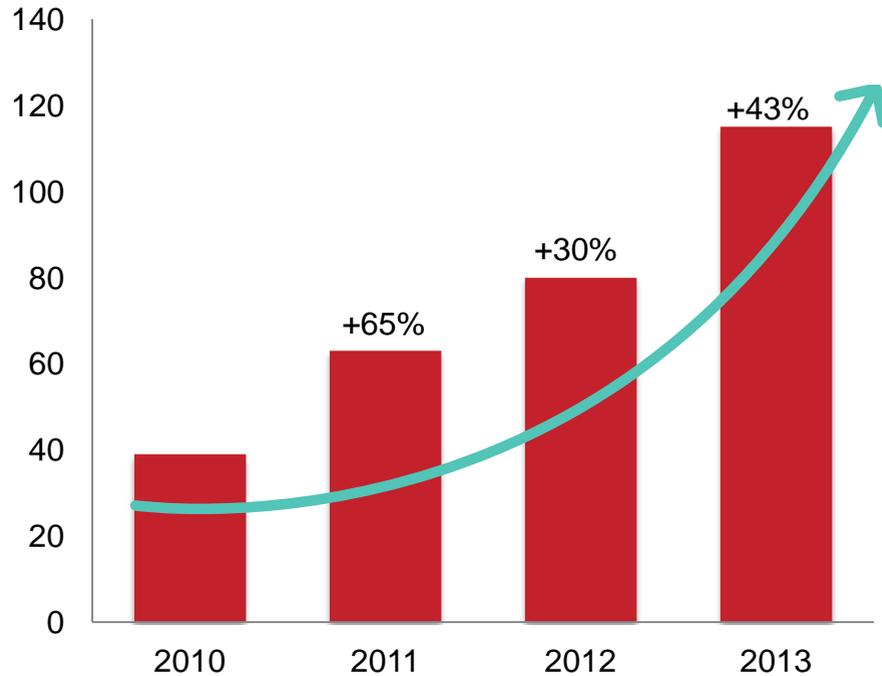
Coconut water



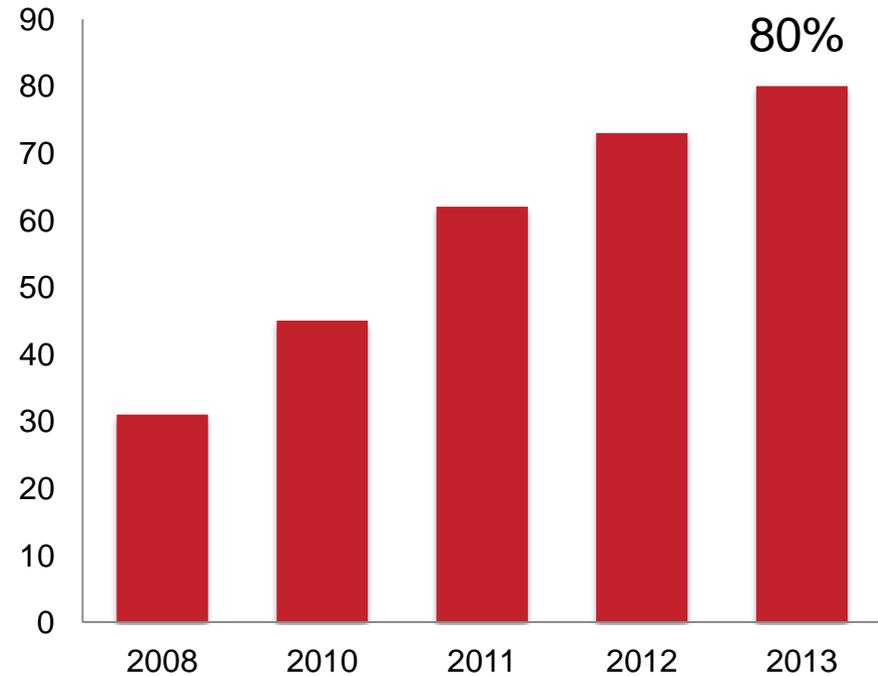
Porridge

Resulting in impressive value growth and high brand awareness

Value growth, SEK million



Brand awareness, %



Returning Rieber to organic growth

- 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





GRANDIOSA

Masse digg
KJØTTEIG
og OST

Tykk og
saftig bunn

Vår
Hjemmelagde

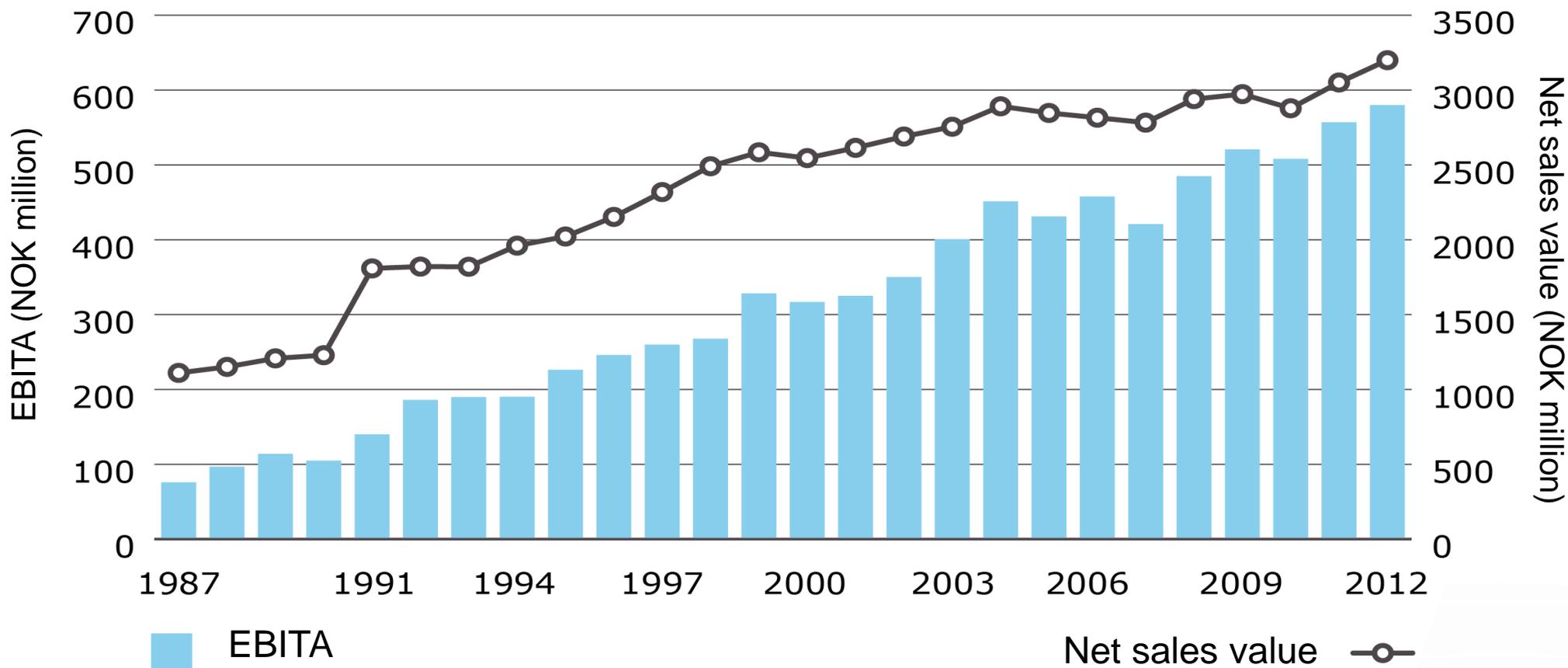
1,2 kg 

Passe til
3-4 PERSONER

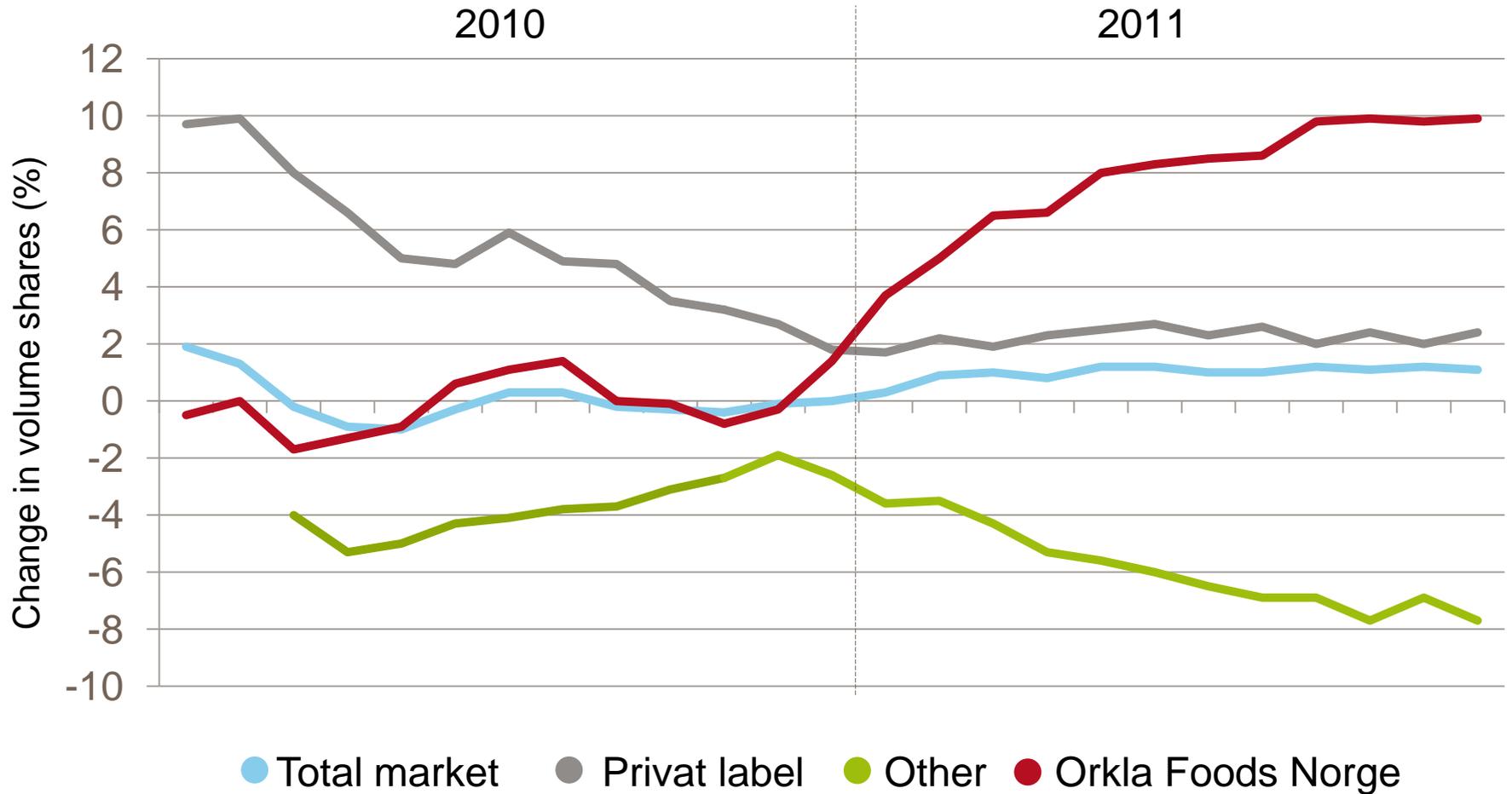
Stekes i
langpanne



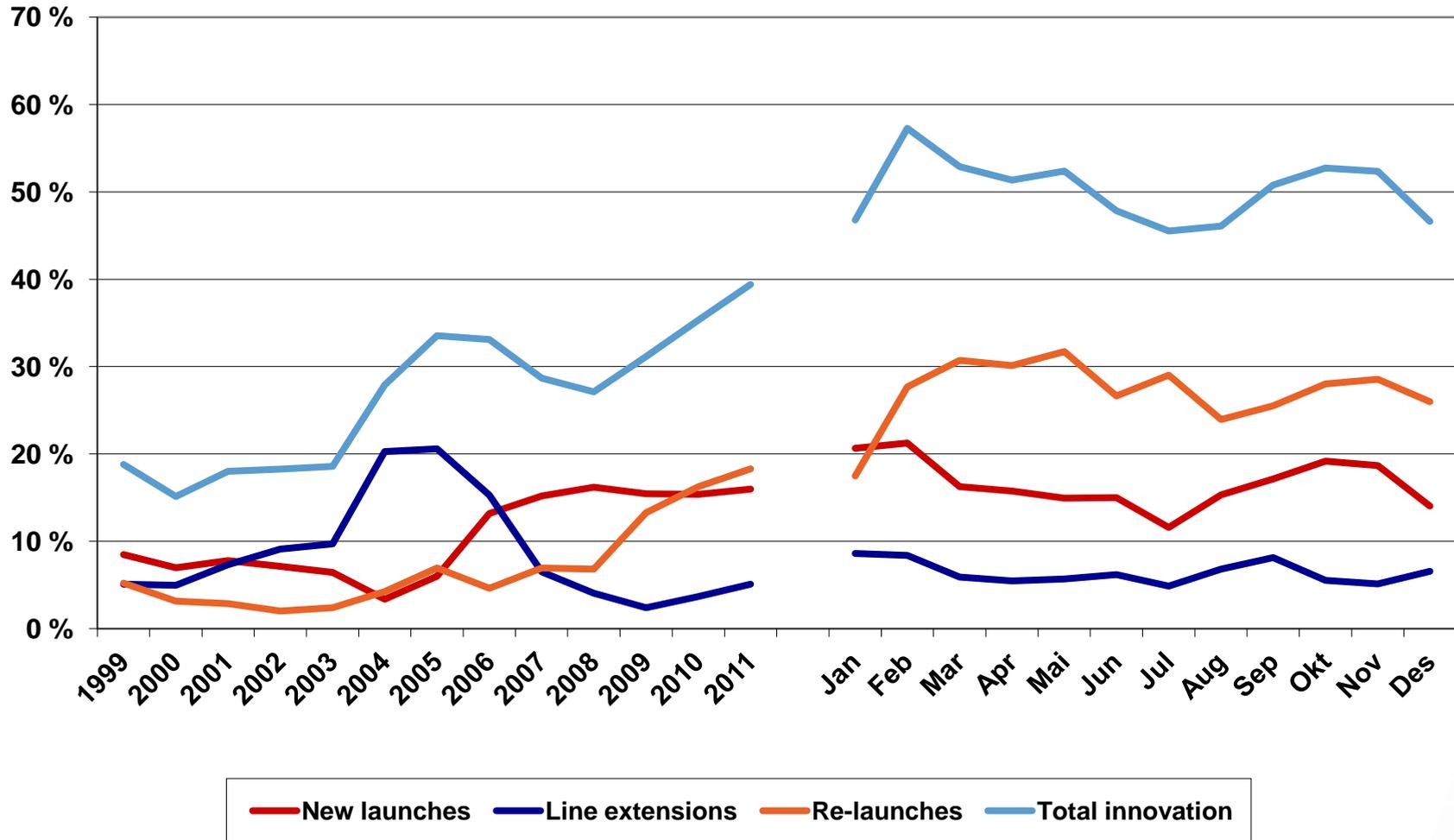
Financial performance 1987 - 2012



We are able to create volume growth



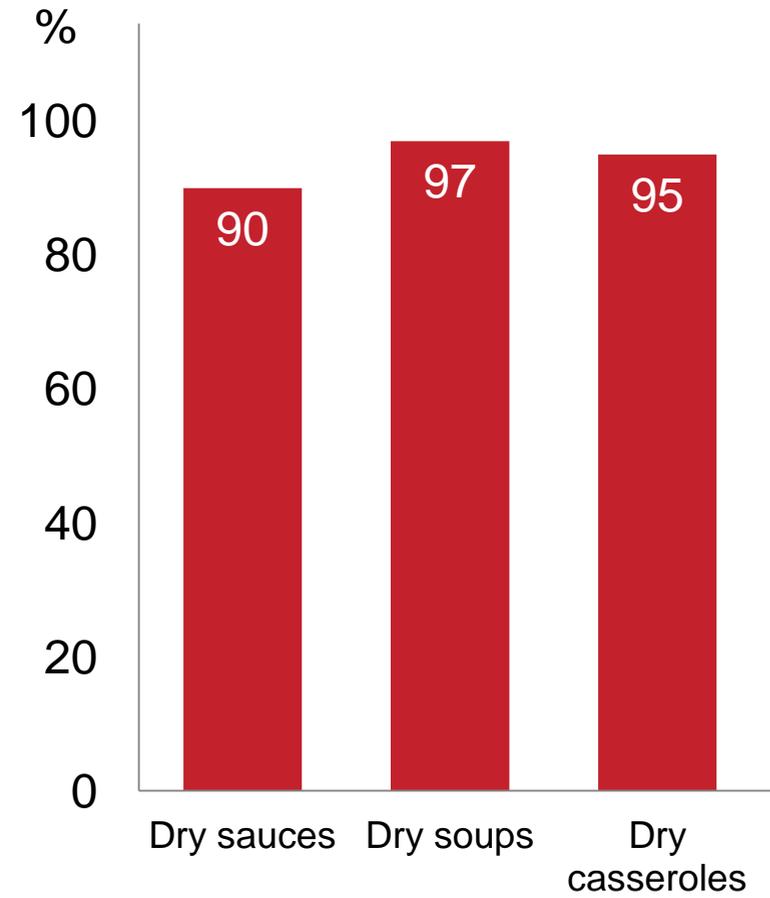
Innovation is the core of what we do



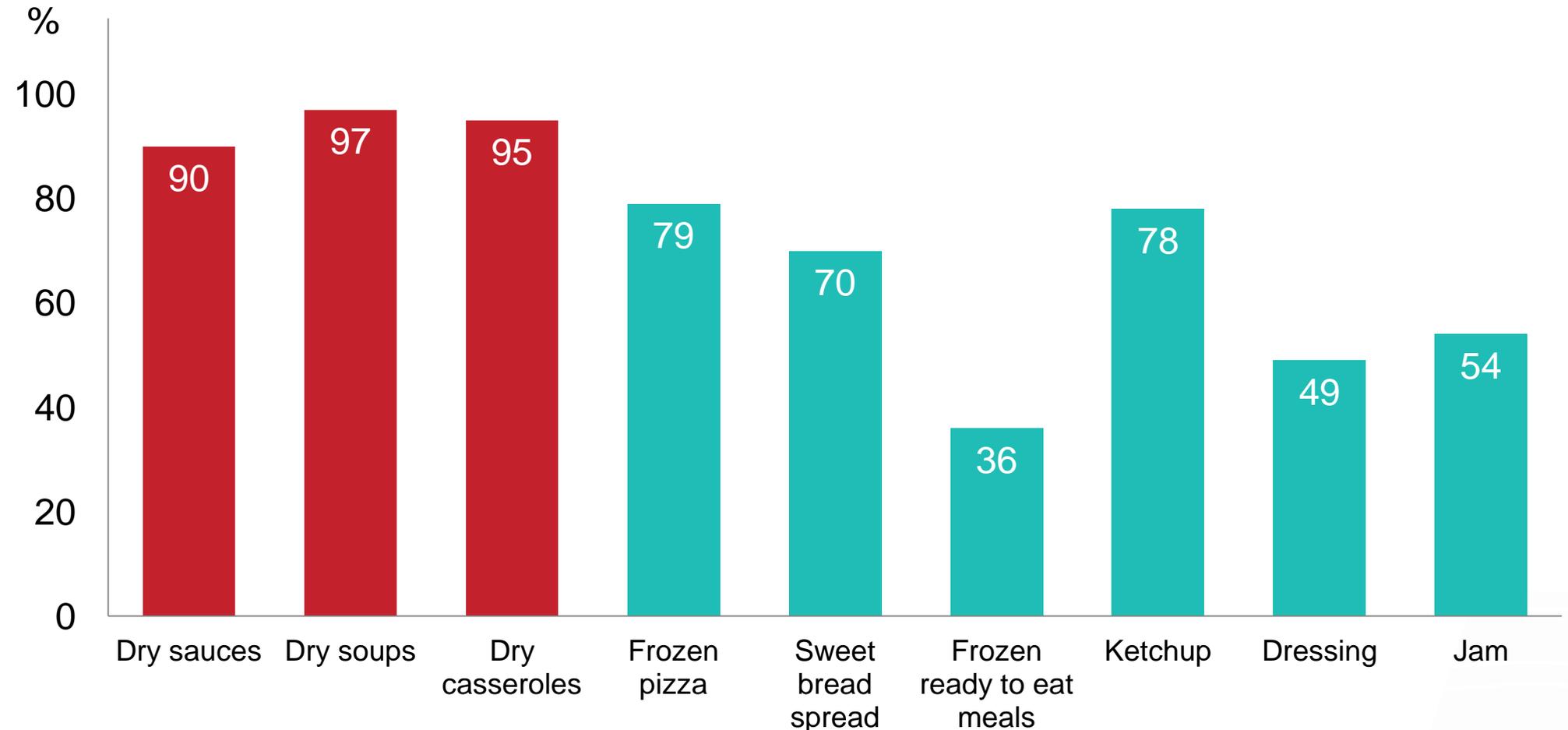


500 000 000

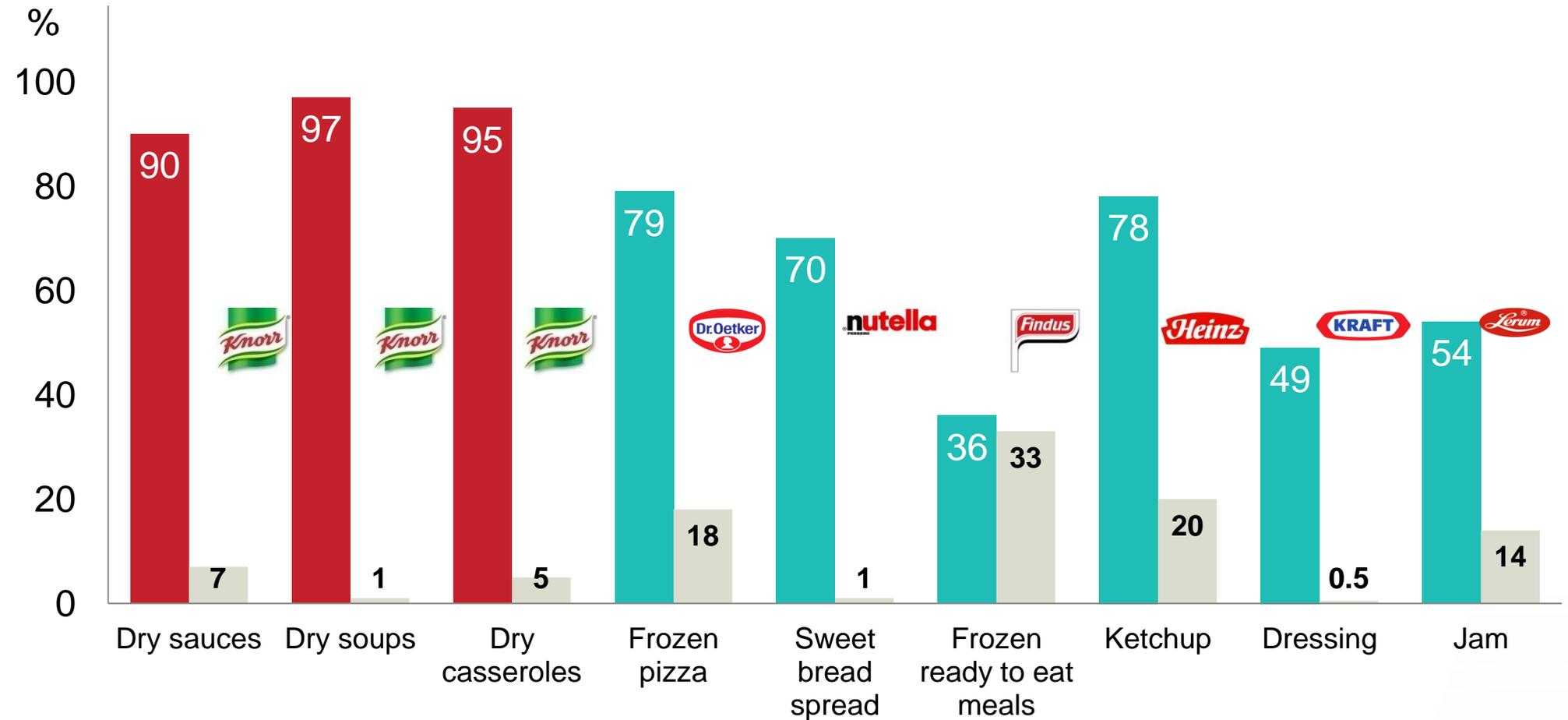
Rieber's superior #1 market positions..



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



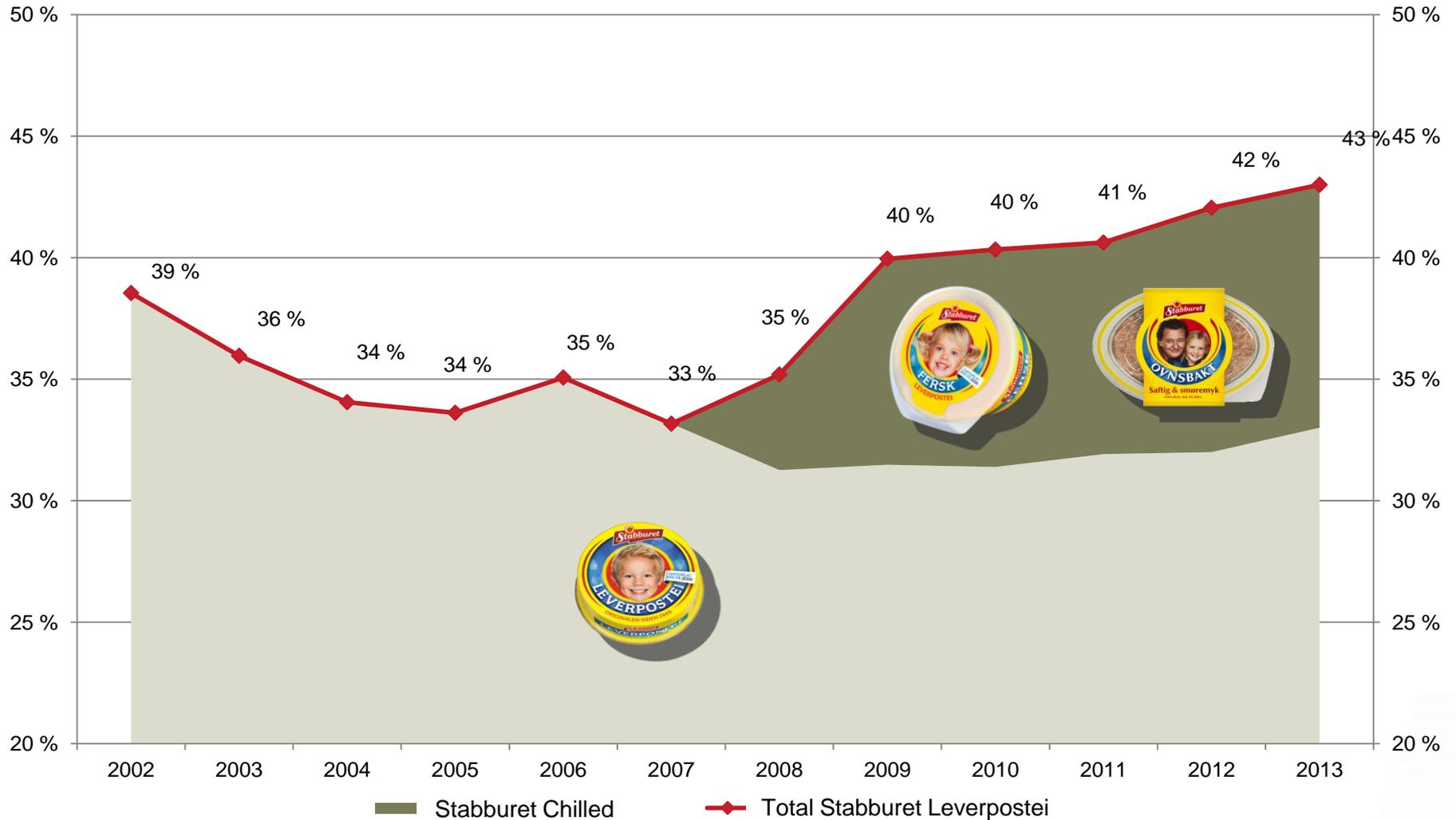
Local brands and taste are the winners



-Mature markets don't exist



Significant growth in market shares



Income synergies..

..through sharing competencies and technologies





TAKE AWAY

By
Big One

DREAM TEAM!

TAKE AWAY

Improving performance from increased local scale

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



Turnaround case with significant potential

Christer Åberg
EVP & CEO, Orkla Confectionery & Snacks



Turnaround case with significant potential

- Weakening results in recent years (especially 2013) – a turnaround case
- Fundamentally stable markets, leading market positions and strong heritage brands
- Potential to turnaround the business through clear revenue & cost initiatives

One of the largest Nordic confectionery & snacks companies

Net revenue 2012: NOK 4.8 bn.

Confectionery



NOK 1.8 bn. (37 %)

- Chocolate confectionery
- Sugar confectionery
- Pastilles & chewing gum

Snacks



NOK 2.2 bn. (46 %)

- Potato chips
- Cheese snacks
- Nuts
- Special snacks

Biscuits



NOK 0.8 bn. (17 %)

- Sweet biscuits
- Savory / food biscuits

Norway and Sweden are the largest markets

Revenues (NOK bn.) per company and share of total Orkla C&S revenues

 NOK 2 bn. (41 %)

 Confectionery: NOK 1,200m

 Snacks: NOK 470m

 Biscuits: NOK 300m

 NOK 1.1 bn. (22 %)

 Snacks: NOK 630m

 Biscuits: NOK 440m

 NOK 0.6 bn. (12 %)

 Snacks: NOK 570m¹

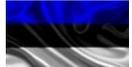


 NOK 0.8 bn. (17 %)

 Confectionery: NOK 350m

 Snacks: NOK 410m

 Biscuits: NOK 60m

 NOK 0.2 bn. (5 %)

 Confectionery: NOK 200m

Biscuits & other: NOK 40m²

 NOK 0.1 bn. (2 %)

 Snacks: NOK 90m

Local # 1 brands with long heritage – over 90 years

Top 5 brands (revenues) per category



Stratos (1936)

- # 2 milk chocolate in NO



- Unique sweet & salty combination



- Family favorite mixed chocolate bags



- # 1 throat lozenge in NO



- Traditional sugar confectionery in NO



KiMs (1965)

- # 1 snacks brand in DK, # 2 in NO



- # 1 snacks brand in SE



- # 1 cheese snack in SE & NO



- # 1 nut brand in NO



- # 1 snacks brand in FIN



Ballerina (1963)

- # 1 biscuit brand in SE



- Leading filled biscuit in SE

SAFARI (1984)

- Family favorite cookie in NO

Bixit (1991)

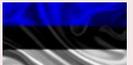
- # 1 oat cookie in NO



- Local chocolate cookie favorite

Strong positions... but competition is increasing

Market share vs. nearest competitor and PL (largest markets)

	Country	Orkla	Competitor	Private Label
 Confect.	 NO	30 %	35 % (Mondelez)	2 %
	 EST (Kalev)	38 %	10 % (Fazer)	NA
 Snacks	 SE	36 %	18 % (Estrella)	23 %
	 DK (KiMs)	45 %	8 % (Frito Lay)	25 %
	 NO	29 %	32 % (Maarud)	13 %
	 FIN	47 %	16 % (Estrella)	23 %
 Biscuits	 SE	38 %	8 % (Mondelez)	20 %
	 NO	51 %	19 % (Mondelez)	8 %

2 % stable market growth despite health trends

Retail volume ('000 tonnes) indulgence¹ categories, Nordic countries

The 90's:



Low fat diets
Bodies of supermodels like Kate Moss are worshiped

The 00's:

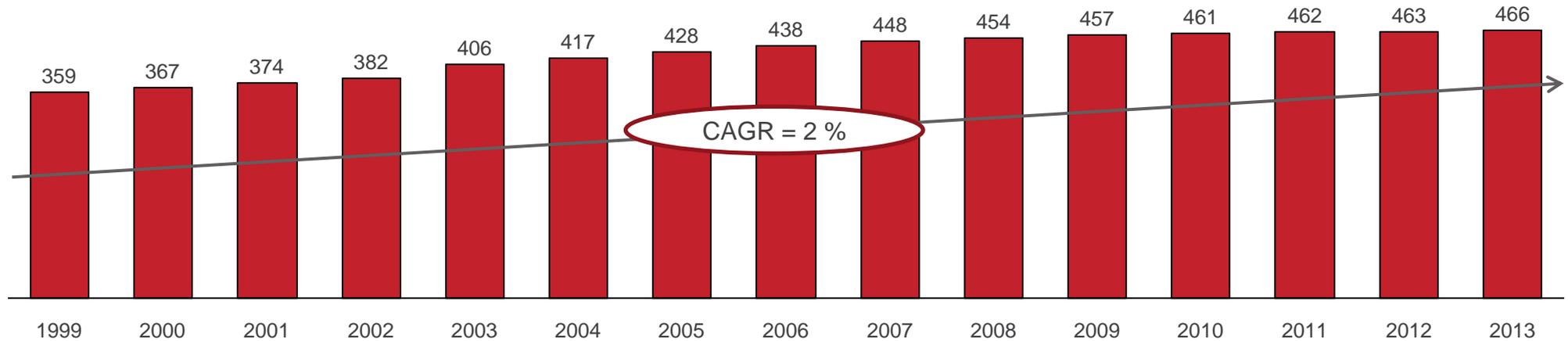


Glycemic Index
Low Carb High Fat

2013:



Clean Eating & Superfoods
Less sugar & high protein
"Strong is the new skinny"

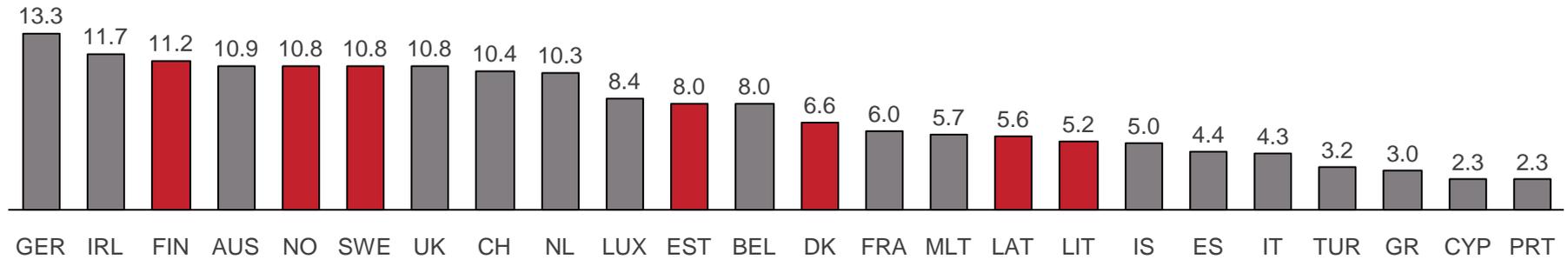


- The confectionery, biscuits & snacks market as a whole has been stable in spite of health and diet trends
- These categories remain valued as a mean for indulgence
- Consumers are reluctant to accept any compromise with respect to taste and feel of these products

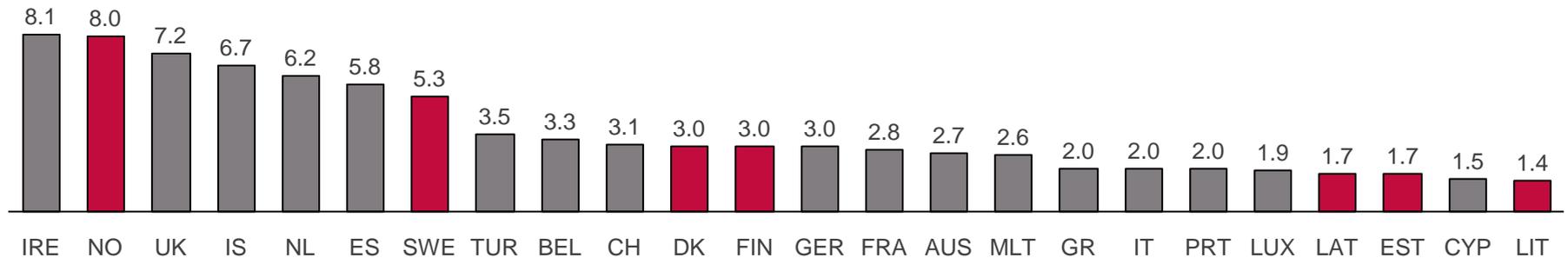
Per capita consumption in the Nordics among the highest in Europe - but still potential to grow

Per capita consumption (kg) 2012 Orkla not present Orkla home market

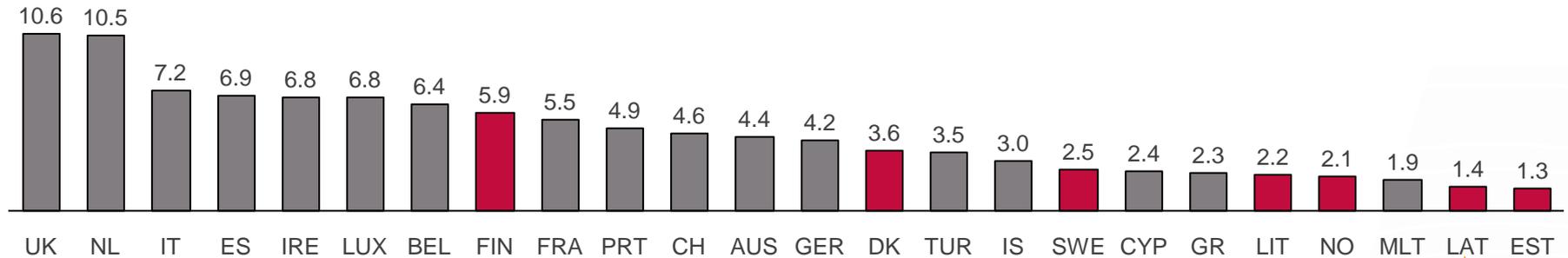
Confectionery



Snacks¹



Biscuits



Local brands based on deep consumer insight are winners

Market characteristics

Mainly local preferences

High brand recognition

Impulse categories

Orkla competitive advantages

Deep local consumer understanding

- Local organizations & value chain that can easily meet local needs
- E.g. chocolate taste, snacks spices & salt levels

Local # 1 brands with long heritage

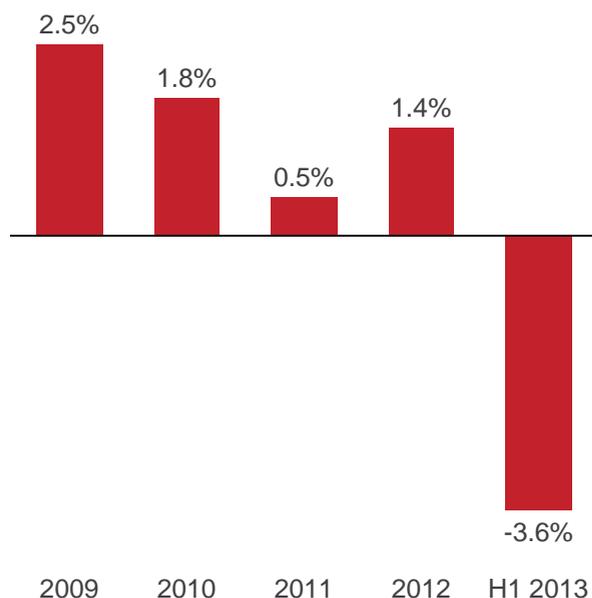
- Unprecedented portfolio of # 1 and # 2 market positions
- Brands that can be stretched across categories

Unique scale on in-store execution

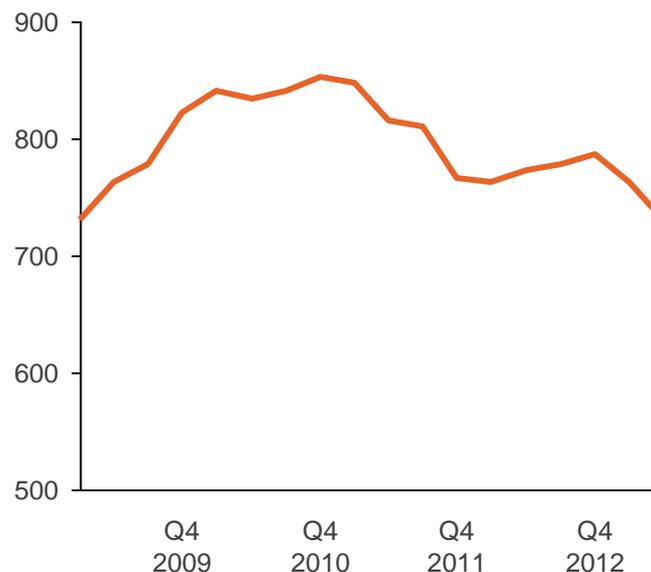
- Large and experienced sales & merchandising organization
- New structure will improve store coverage - but we can still be significantly more effective

Weakened top and bottom line development in recent years

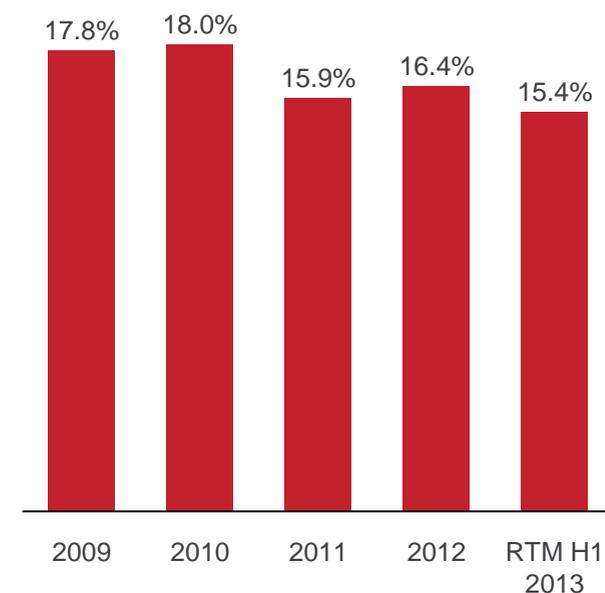
Organic sales growth¹



RTM EBIT (NOK million)



EBIT margin (adjusted)²



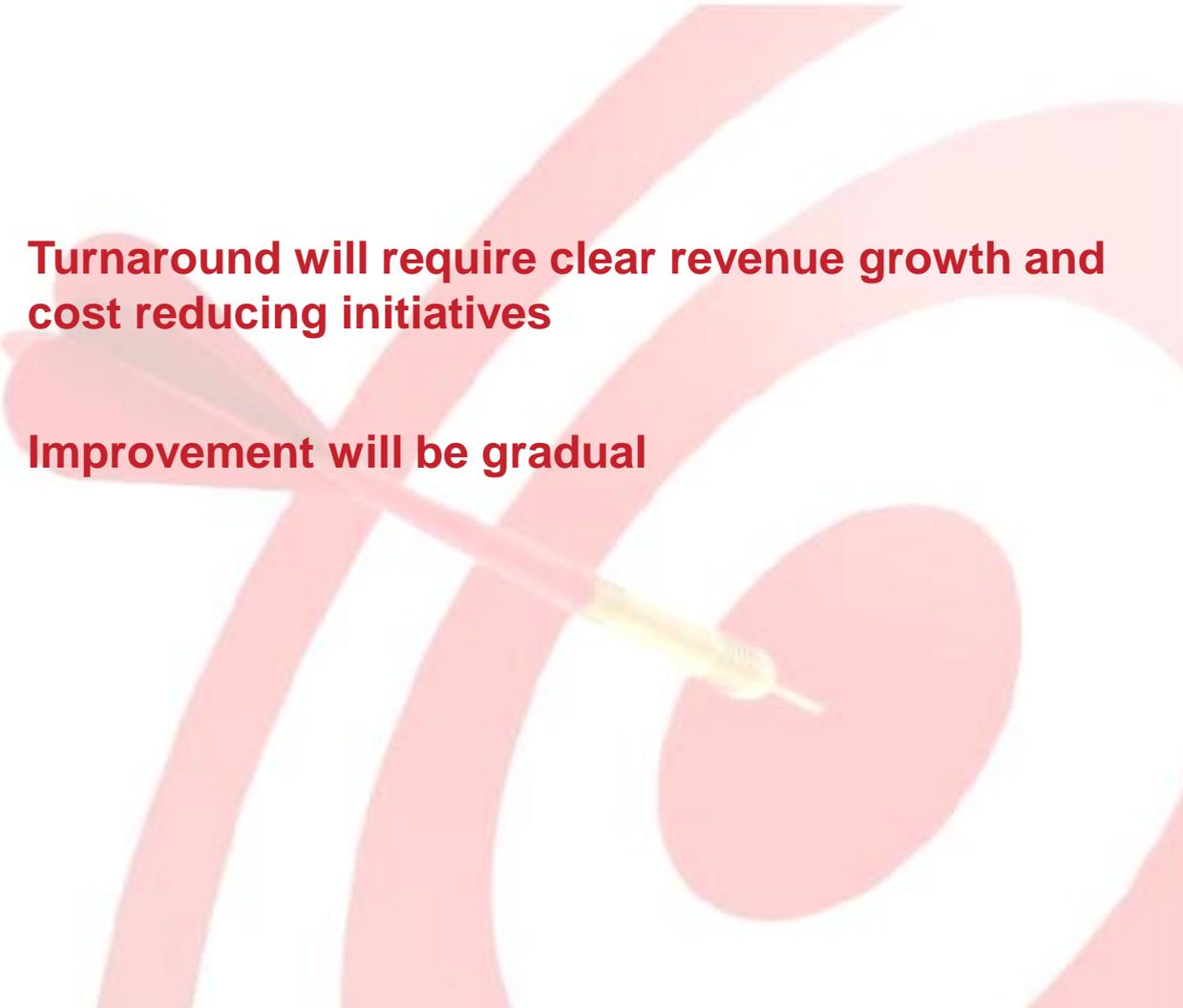
What has caused this drop in results?

- Not enough focus on **core business** (# 1 and # 2 positions) and too many small scale **innovations** - while competition step-up
- Nordic retailers now at European **Private Label** levels (snacks & biscuits in all markets except Norway)
- **Margin pressure** – combination of increased retailer demands and inability to cut costs
- Lost short-term momentum due to **integration processes** – however critical for long-term competitiveness

Reaching our targets 2016

Organic growth
2-4 %

EBIT margin
> 16.5 %

- 
- **Turnaround will require clear revenue growth and cost reducing initiatives**
 - **Improvement will be gradual**
- 

Growing the top line - Overall

Must-Win Battles



**Regain focus
on core**



Actions

- Back to growth on our core business – local # 1 and # 2 positions
- Further focus on where and how we make brand investments
- Simplify brand portfolio and overall assortment



**Innovations that
really matter**



- Increased cross-country & cross-category focus to transfer market insights into innovations across portfolio
- We have brands that can go across categories, e.g. Stratos



**Sales Execution
Excellence**



- One strong face to the retailer (e.g. from 3 to 1 company in NO)
- Increase sales force leverage through improved performance
 - Already out-scaling competitors on size



**Winning
organization**



- Creating one company per country
- Right leaders with right attitudes
- Strengthened and more cost effective organizations (all markets)

Growing the top line – Innovation with focus on core

Example: Stratos – # 2 chocolate brand in Norway

- Core product: Milk chocolate with air bubbles
- Launched in 1936



Different formats: Small & big bars, rolls, bags, mini bars etc.



Different taste variants: Crunchy, in mixed bags, white chocolate etc.



Across categories: May 1st: Stratos biscuits



Growing the top line - The Baltic markets

Three very different markets: Estonia, Latvia, Lithuania

- Different nationalities, languages, history, religions, national sports...
- Different taste preferences, cuisine etc.

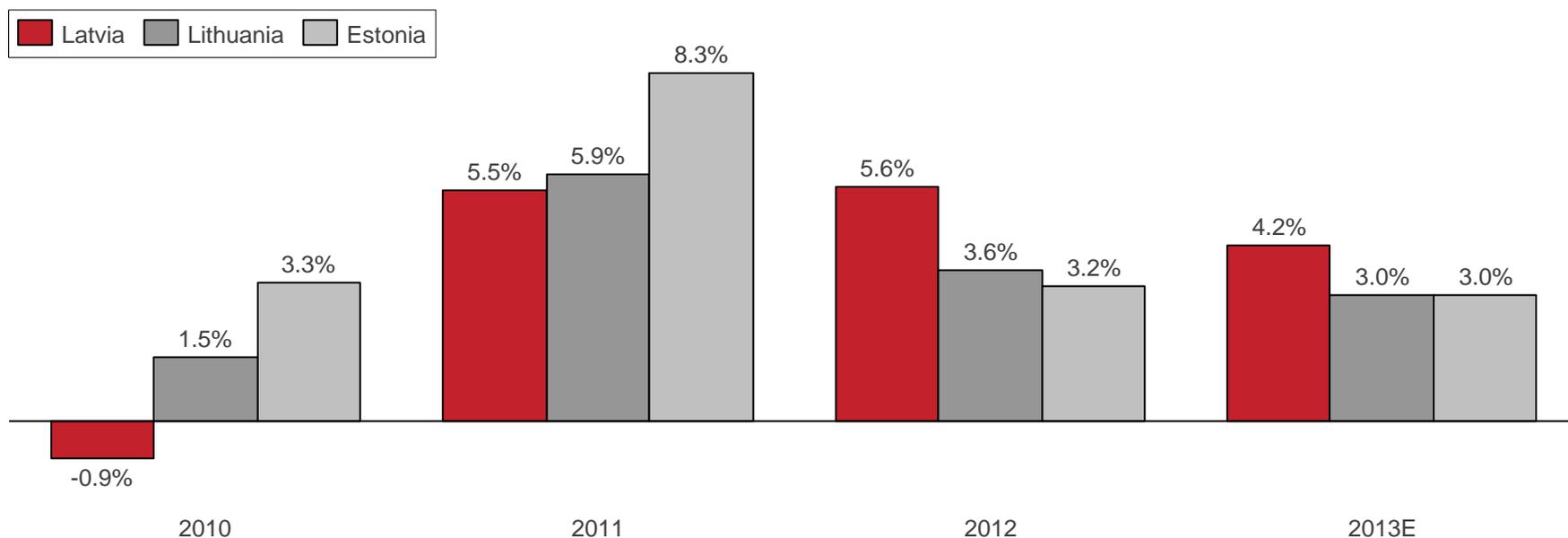
Orkla C&S's strength: Respond to local consumer and market specifics

- Consumers' trust and loyalty through market tailored products and tastes
- Market specific activities in trade and communication



Growing the top line – Attractive Baltic economies

Real GDP growth (annual change, %)



- **Baltic economies among the fastest growing in EU**
- **Category growth above economic growth (5-7 % historic annual growth) and consumption per capita increasing – though still low compared to the Nordics**
- **Growth trend expected to continue**

Growing the top line - Make Baltics really matter



- Net revenues (2012): NOK 240 million (+ 40 % 2010-12)
 - Key markets: Estonia
 - # 1 (38 % share) within confectionery (chocolate & sugar)
 - # 1 within biscuits (11 % share)
-



- Net revenues (2012): NOK 85 million (+ 10 % 2010-12)
- Key markets: Latvia (home market), Estonia and Lithuania
- # 1 (44 % share) within snacks in Latvia, # 3 in Estonia and Lithuania

- **Low risk market with clearly above average growth potential**
- **Strategy: Cover white spaces with significant share**

Cut costs by NOK 300 million in 2014-16

- Reduce **overhead costs** and improve **go-to-market edge** (2013-16)
 - Integration of companies in Norway, Sweden & Finland – from 7 to 3 (NOK 50-70 million)
 - Significant reduction of senior leadership & changes were required
- Improve **product cost & value** (2014-15)
 - Design-to-Value initiative – start with snacks in Sweden & Finland end 2013
 - Improved efficiency on raw material sourcing
- **Supply chain** restructuring & efficiency (2014-16)
 - Task force within biscuits in Kungälv
 - Optimization of snacks and chocolate supply chain
- Simplify **portfolio & brand structure** (2014-15)
 - Reduced # of SKUs
 - Harmonization across markets



Turnaround case with significant potential

Gradual improvements towards 2016 target

- 2-4 % organic growth
- >16.5 % EBIT margin

Growing the top line

- Regain focus on our local core # 1 and # 2 positions
- Fewer and more focused innovations – further initiatives across categories
- One face to the retailer – increased importance as supplier
- The right leaders with the right attitudes

Cut costs by at least NOK 300 million (2014-16)

- Overhead
- Portfolio and product costs
- Supply chain



Continuing to grow our local market leadership

Stig Ebert Nilssen

EVP & CEO Orkla Home & Personal



Continuing to grow our local market leadership

- #1 positions in the Nordic region
- Local winning concepts
- Strong platform for future growth
- Nutrilett: our fast growing slimming brand

Continuing to grow our local market leadership

- **#1 positions in the Nordic region**
- Local winning concepts
- Strong platform for future growth
- Nutrilett: our fast growing slimming brand

#1 positions in all product categories

- Stable markets
- Strong brand loyalty

- High margins
- Strong Nordic purchasing power



Personal Care

Home Care

Health

Textiles

Strong Nordic platforms for future growth

Personal Care

Home Care

Health

Textiles

Sales channels:

- Grocery
- Pharmacy

- Grocery
- B2B
- Home improvement retailers

- Grocery
- Pharmacy
- Health shops
- DTC
- Convenience
- Sport / Fitness
- B2B

- Grocery

Home markets:



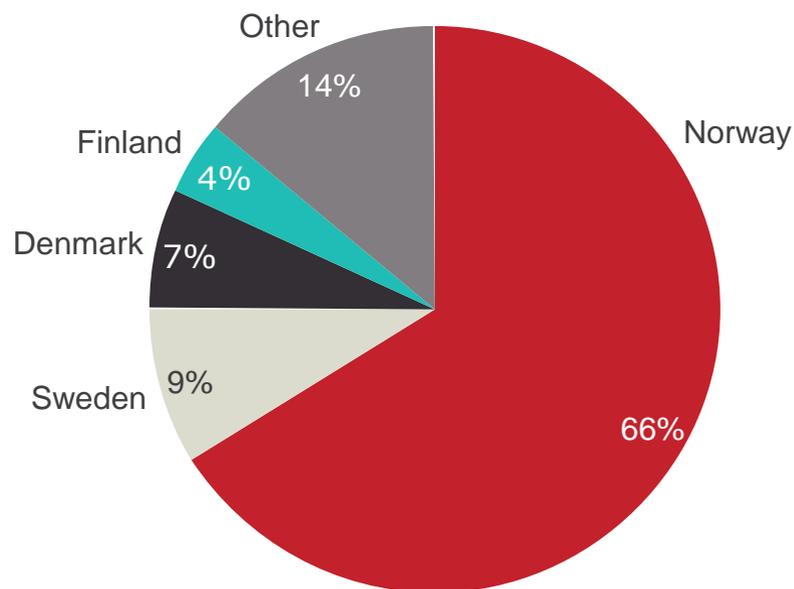
Companies:



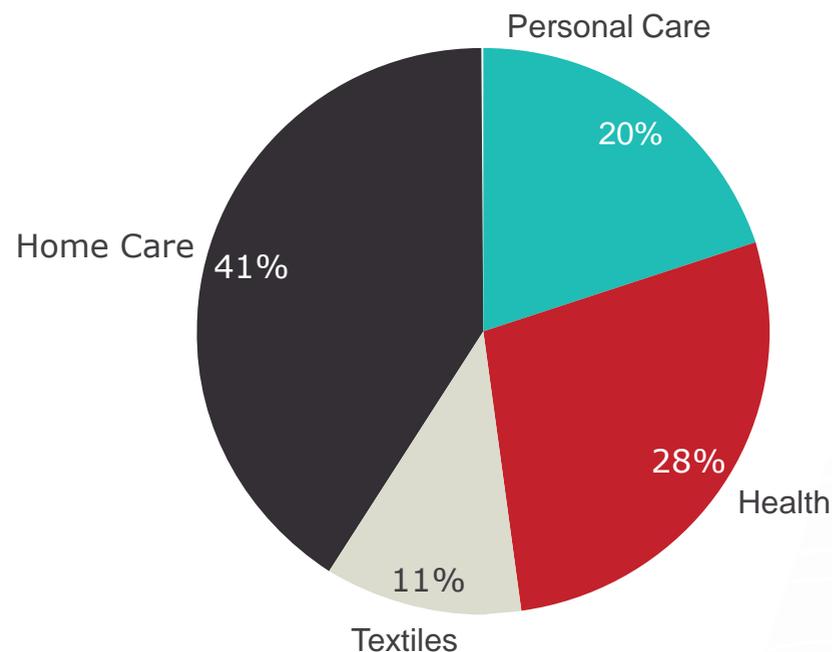
Large categories with sales mainly in the Nordic market

Revenues 2012, proforma incl. Jordan: NOK 4,720 million

Geographical sales split:



Category sales split:



#1 local brands with long heritage – going back 150 years



Jordan (1837)



Möllers (1854)



Dr. Greve (1899)



SanaSol (1933)



Blenda (1935)



Lano (1936)



Zalo (1952)



Pierre Robert (1956)



Omo (1961)



Sun (1966)



Jif (1977)



Gerimax (1981)



Nurilet (1989)



Maxim (1991)

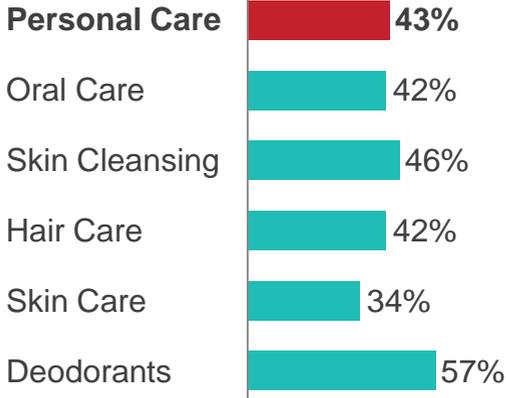
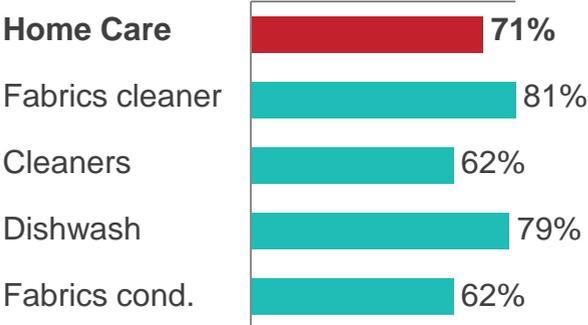


Define (2001)

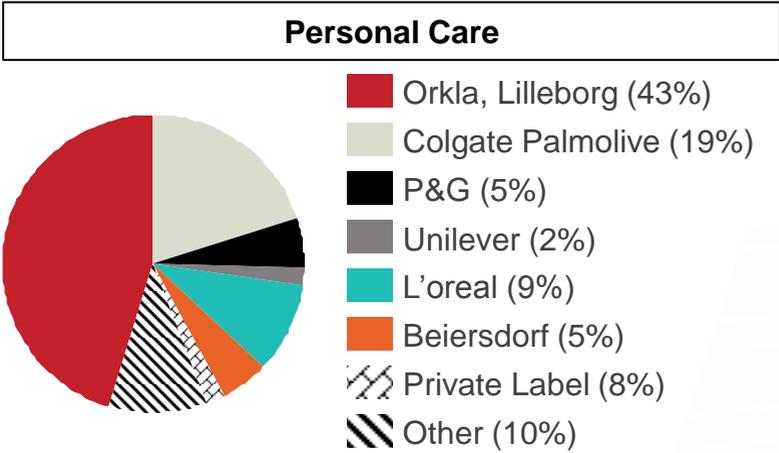
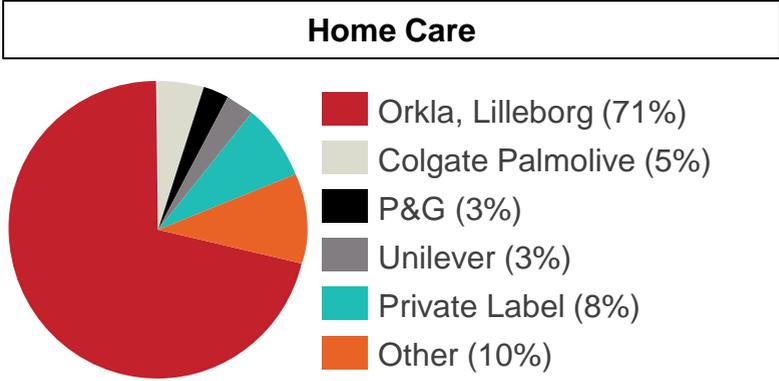
Unique home and personal care #1 positions in Norway

Market share

Position

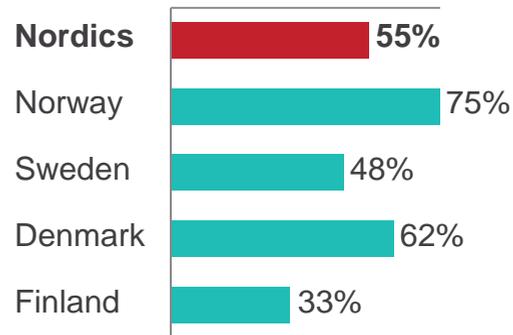


Orkla vs Competition



#1 Nordic market positions in House Care

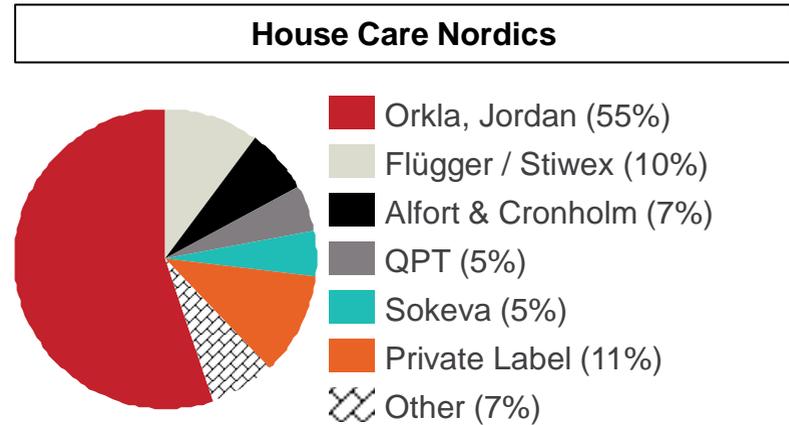
Market share



Position

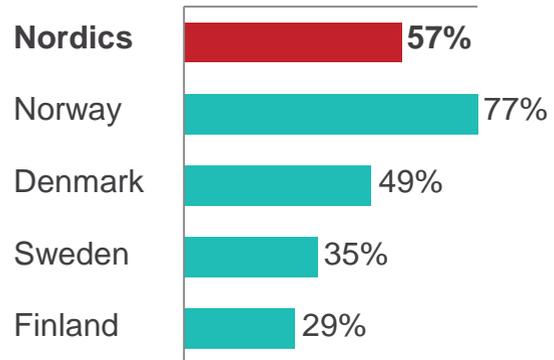


Orkla vs Competition



#1 market positions in food supplements

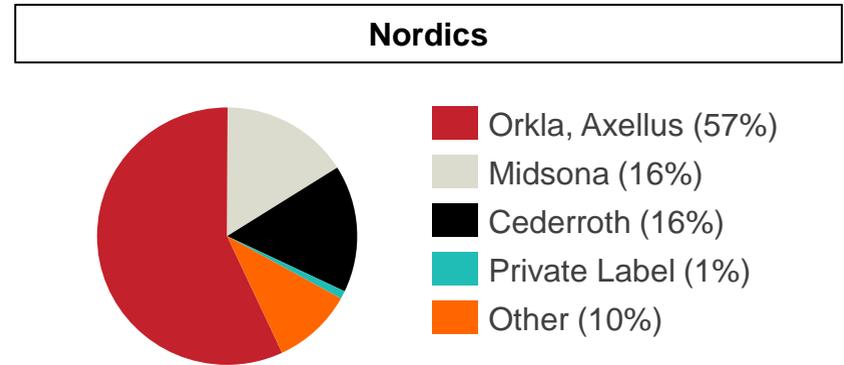
Market share



Position

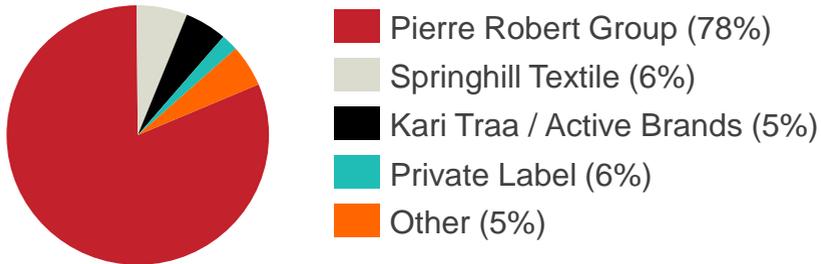


Orkla vs Competition

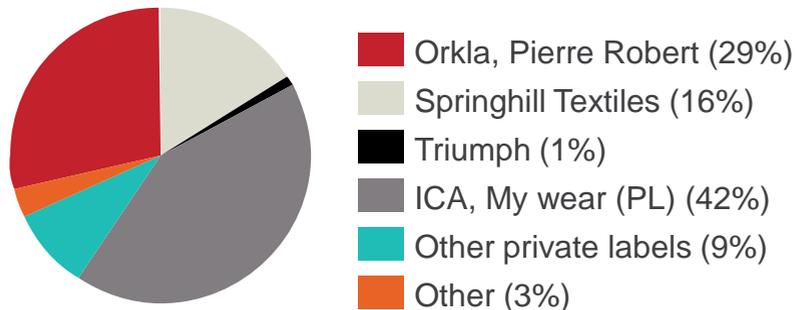


Strong grocery positions in textiles

Market shares Norway



Market shares Sweden



Local brands based on local insight are winners

Local brands



Local insight

- Better local consumer understanding
- Better trade and category understanding

Local scale

- Flexible local value chain
- Dominant in sales and advertising

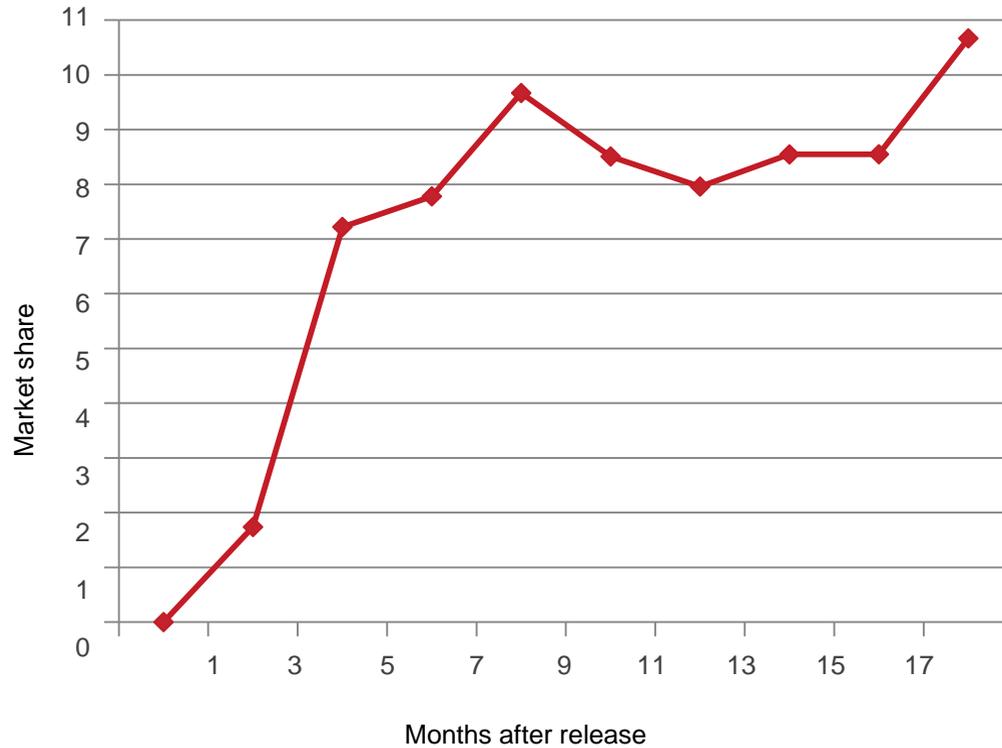
Continuing to grow our local market leadership

- #1 positions in the Nordic region
- **Local winning concepts**
- Strong platform for future growth
- Nutrilett: our fast growing slimming brand

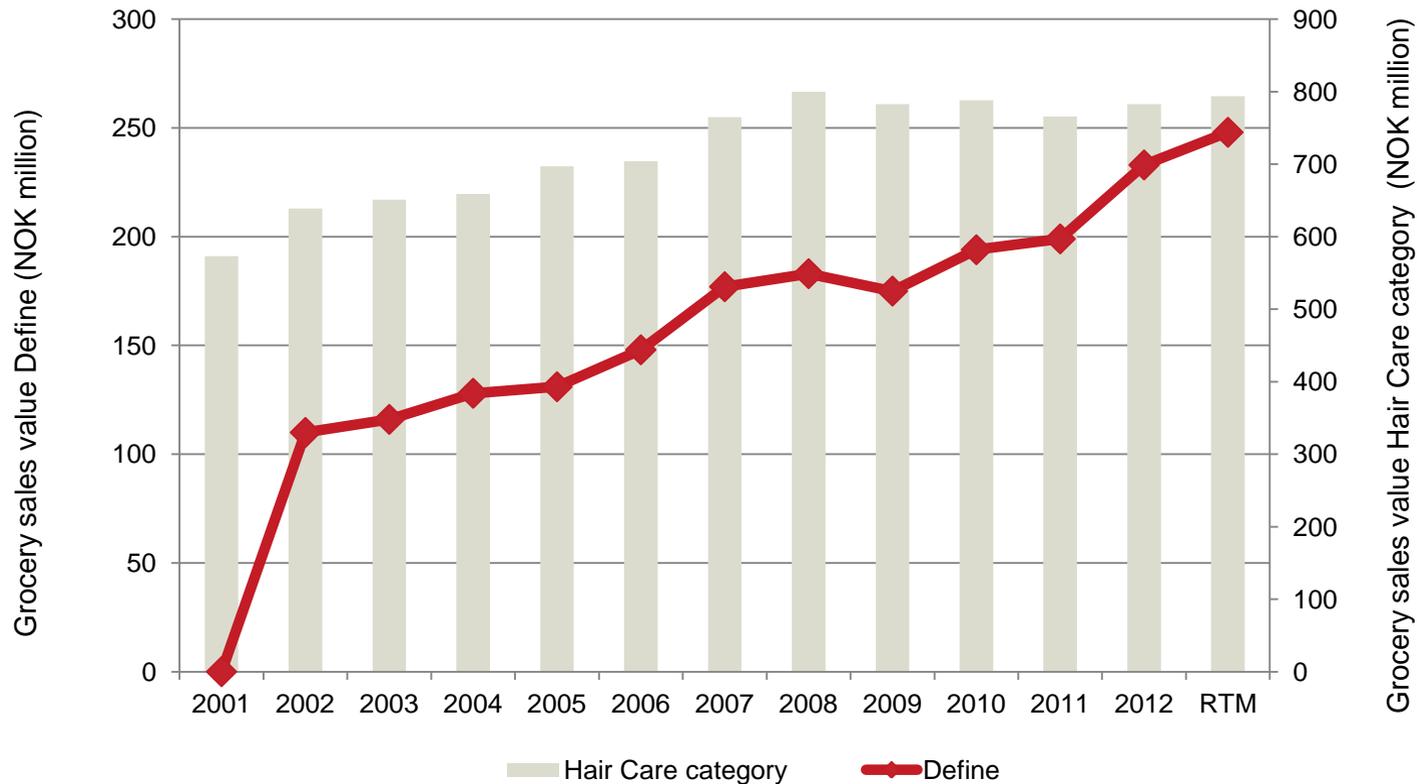
Technology driven local innovation generating category growth

Insight targeted towards convenience trend

– self dissolving capsules with highly concentrated liquid detergent



Strong market leadership for Define driven by innovations based on local insight



#1



Increase grocery penetration by expanding the Textile category

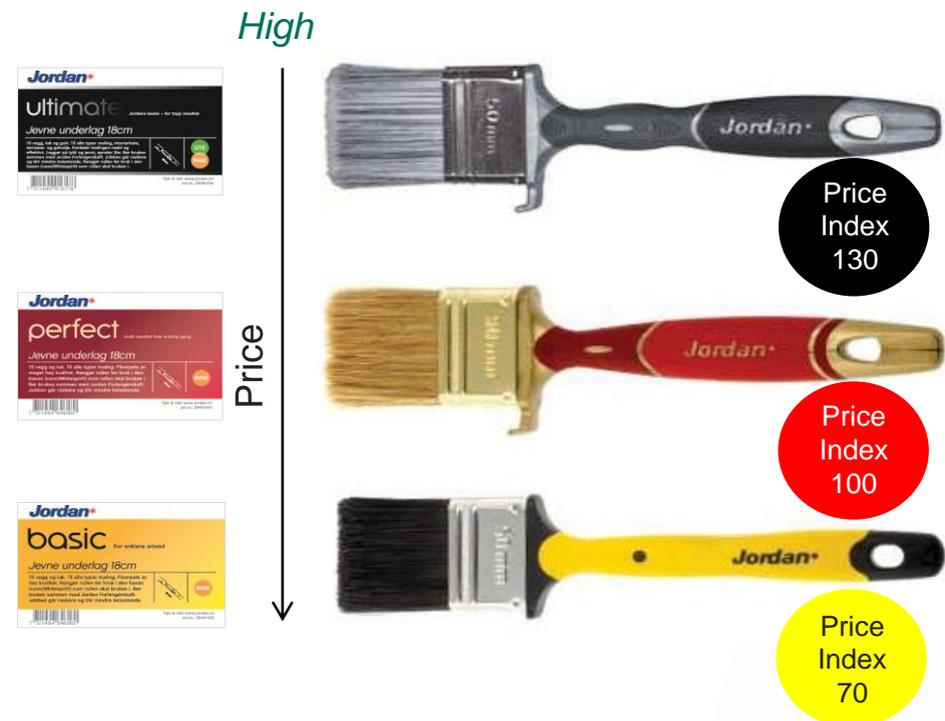
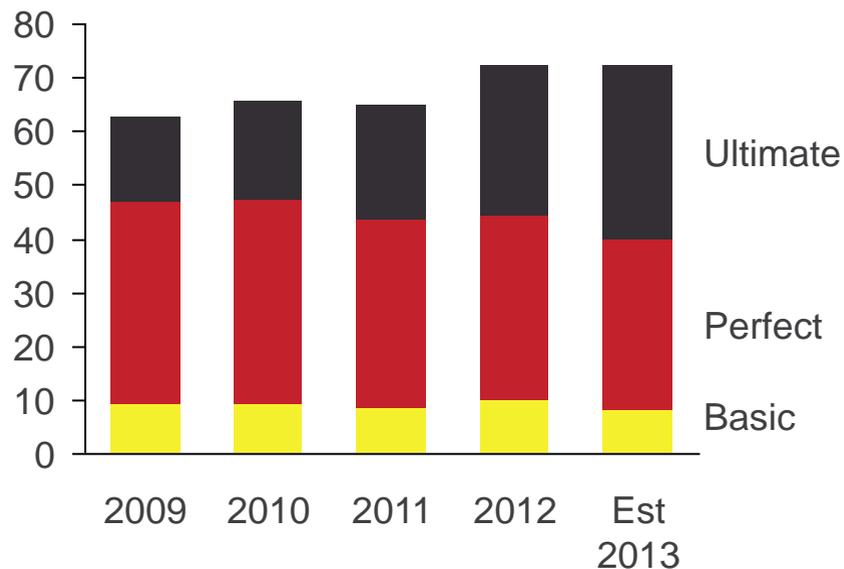
Revenues in Norway (NOK million):



Revenue management - Growing a mature category by clearly differentiating price and quality offers

- 16% sales growth from 2009 – 2013
 - More than doubling sales for the Ultimate product

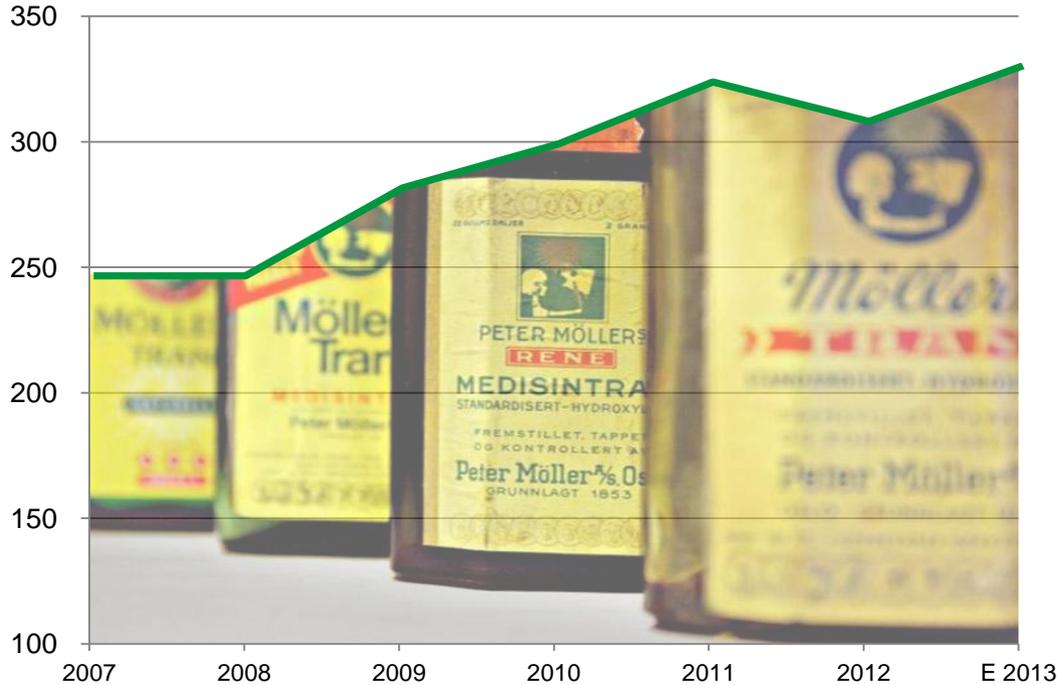
Revenues interior brushes (NOK million)



Möller's cod liver oil – continuously upgrading an iconic brand

The leading health brand for 160 years

Revenues (NOK million)



Tailor made local trade and consumer campaigns driving demand



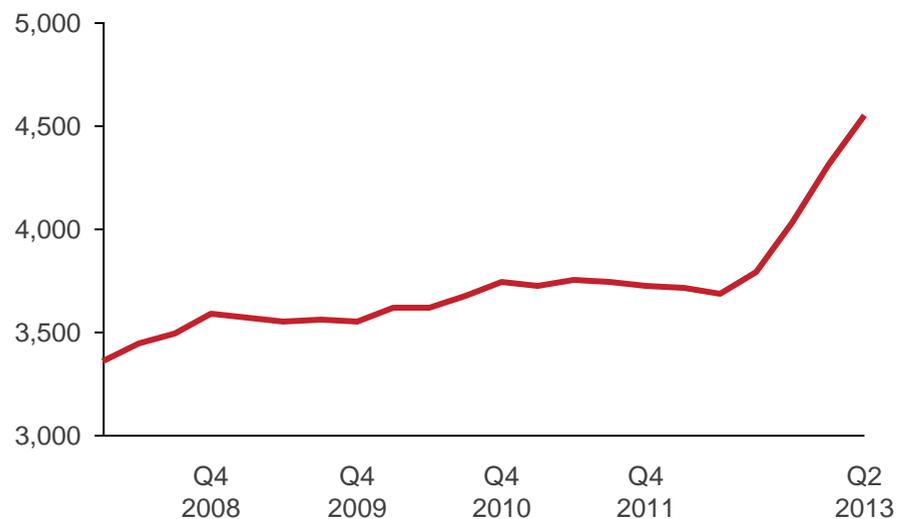
Continuing to grow our local market leadership

- #1 positions in the Nordic region
- Local winning concepts
- **Strong platform for future growth**
- Nutrilett: our fast growing slimming brand

Significant growth possibilities

Recent performance:

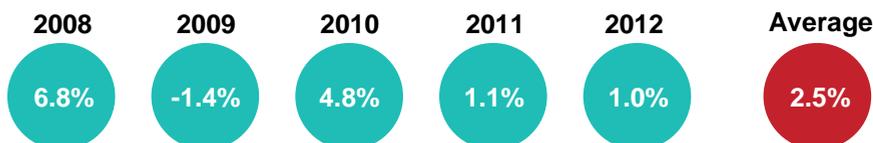
Rolling 12 months operating revenues (NOK million)



Financial Target 2016:

**Organic growth
3-5 %**

Organic sales growth¹

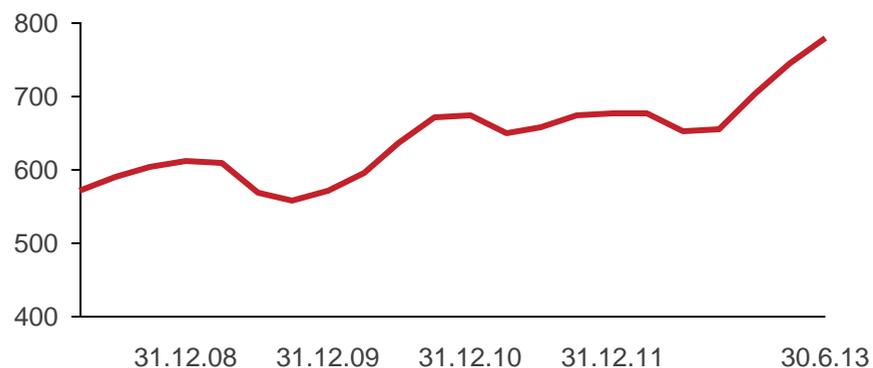


114 1. Adjusted for acquired and sold companies, currency translation effects and contract production to the process chemistry industry.

Sustainable profitability

Recent performance:

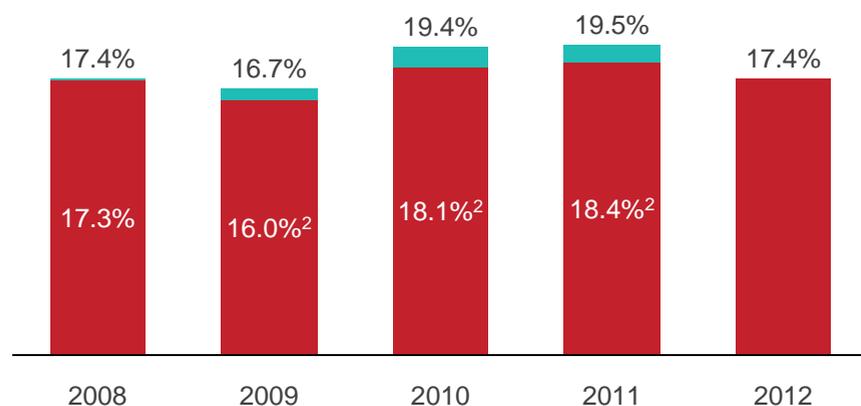
Rolling 12 months adjusted EBIT¹ (NOK million)



Financial Target 2016:

**EBIT margin
> 17.5 %**

EBIT margin (adjusted)¹



Well positioned for future growth

- Health, well being and beauty a sustainable macro trend
- Aging population wanting to stay young longer
- Nordic citizens in general having high disposable income and purchasing power
- High investments in home improvements
- Nordic consumer seeking premium products within household cleaning and detergents



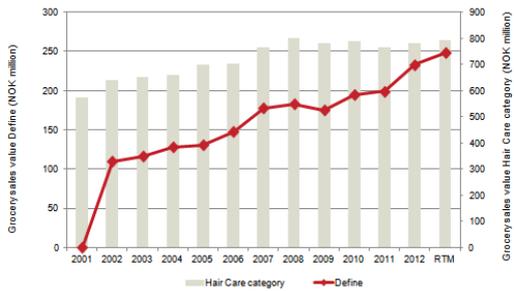
Our future priorities are:

- Continue growing organically
- Expand into new markets and sales channels
- Further improve efficiencies and operational excellence

Continue growing organically

- Grow core business through innovation – more of the best
- Improve sharing of best practices within Orkla and Home & Personal

Strong market leadership for Define driven by innovations based on local insight

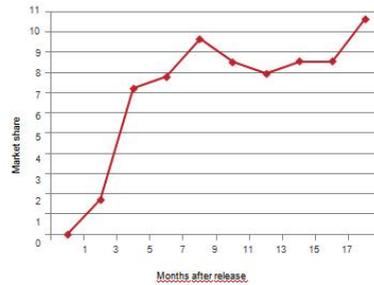


#1



Technology driven local innovation generating category growth

Insight targeted towards convenience trend – self dissolving capsules with highly concentrated liquid detergent

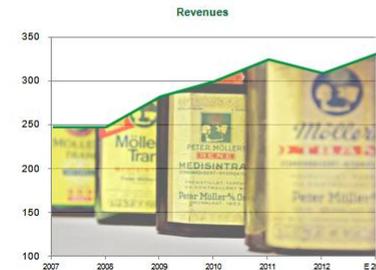


Orkla

14 Source: AC Nielsen, 22.04.12-11.08.13, Total Norwegian grocery chains

Möller's cod liver oil – (continuously upgrading an iconic brand?)

The leading health brand for 160 years



Wide expansion possibilities

- Existing products into new markets
- Structural growth

Category presence per geography

Category				
Home care				
Personal care				
Dietary supplements				
Textiles (grocery)				
Painting tools				

 STRONG #1, clearly larger than #2

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

 In the market

 Not in the market

Wide expansion possibilities

- Existing products into new sales channels

Category presence per sales channel

Category	Grocery	Pharmacy	Web shops	B2B	Home impr. retailers	Health shops	Conv- enience	Sport/ Fitness
Home care	●	○	○	●	○	○	○	○
Personal care	●	○	○	○	○	○	○	○
Health	●	○	○	○	○	○	○	●
Textiles	●	○	○	○	○	○	○	○

● Full presence

○ Present

○ Partly present

○ Not present

○ Most relevant growth potential

Further improve efficiencies and operational excellence

- Complete **synergy** realization from acquisitions in 2012
- Continue **product portfolio** streamlining
- Increase cross **category / country** cooperation and synergies
- Further leverage on **existing cost base** – organic and structural
- Execute operational **value chain** initiatives
- Evaluate existing **organizational** structure

Continuing to grow our local market leadership

- #1 positions in the Nordic region
- Local winning concepts
- Strong platform for future growth
- **Nutrilett: our fast growing slimming brand**

A close-up photograph of a woman's midsection. She is wearing a white top and a white lace-trimmed bottom. A white measuring tape is wrapped around her waist, held by her hands. The tape has black and red markings and numbers. The background is plain white.

Nutrilett[®]

Helps you reach your goals!

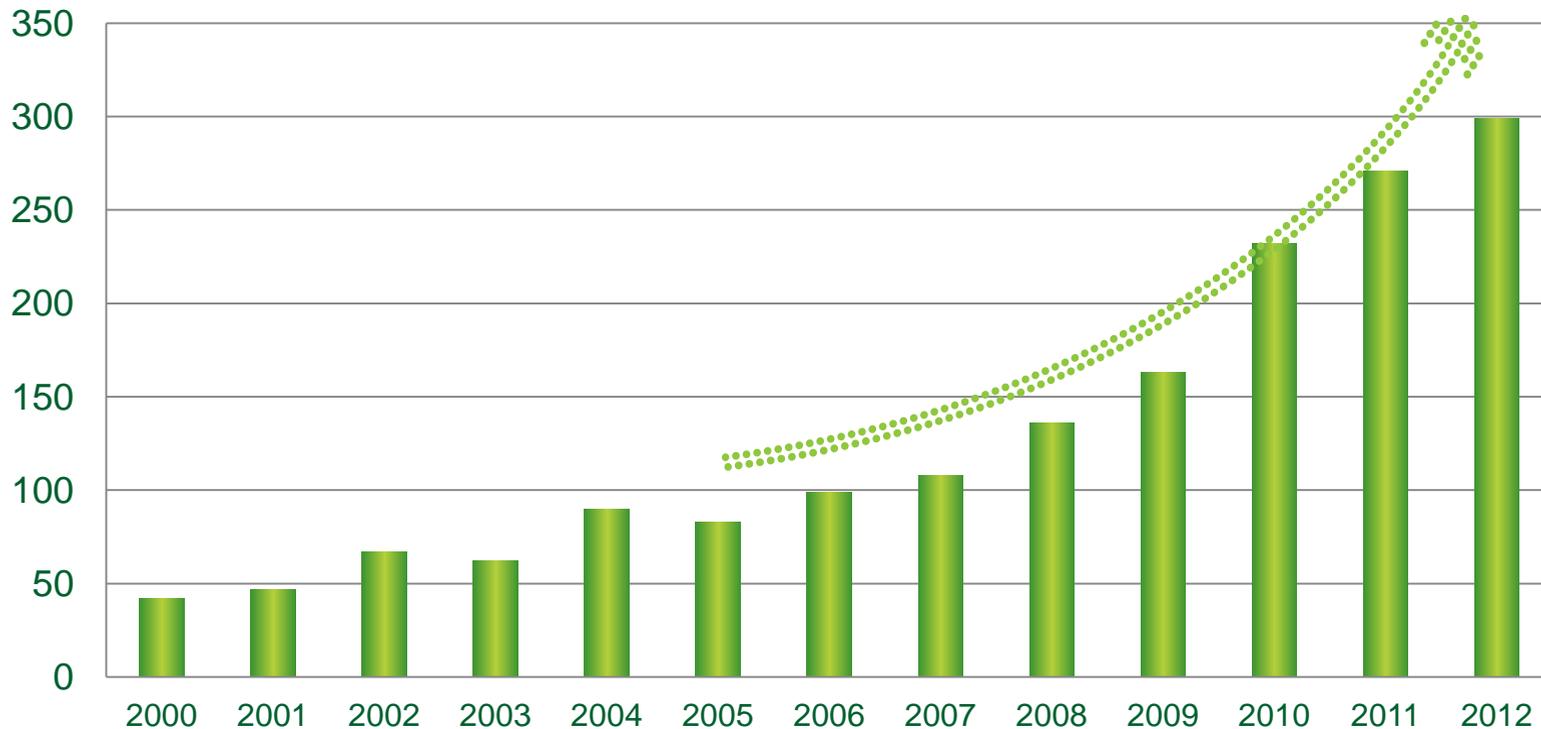
Our fast growing slimming brand

Tine Hammernes Leopold
Commercial Director & CEO Home markets
Axellus Group

Nutrilett is a long running success story

Revenues MNOK

Organic
CAGR 21%

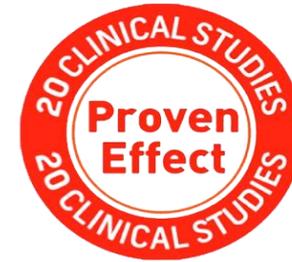


ORKLA acquired CollettPharma, of which Nutrilett was a brand in 2005. Organic CAGR for Nutrilett in the years following is 21%.

Nutrilett® Helps you reach your goals!

Effective products based on science

The effect of Nutrilett powder diets has been proven, documented, and published in 20 clinical studies.



Nutrilett® Helps you reach your goals!

Superior taste wins loyal consumers

Benchmark for taste:
Consumers prefer Nutrilett bars over competition

Finland

62% of Finnish bar users prefer Nutrilett

Norway

63% of Norwegian bar users prefer Nutrilett

Sweden

46% of Swedish bar users prefer Nutrilett



Research conducted by Ipsos MMI as, March 2013. 500 interviews in a representative selection of the Norwegian, Danish, Swedish and Finnish internet population 18 years+.

Nutrilett® Helps you reach your goals!

Continuous innovation increases value and volume

Superior products

Wide consumer group

High frequency



Nutrilett® Helps you reach your goals!

Competitive edge in continuous improvements



Profitable combination of scale and local presence

Synergy in brand building and insight

Economy of scale sourcing

Strong local sales and marketing teams

It works



Helps you reach your goals

Quick and convenient weightloss



Sweden



Norway



Finland



Denmark



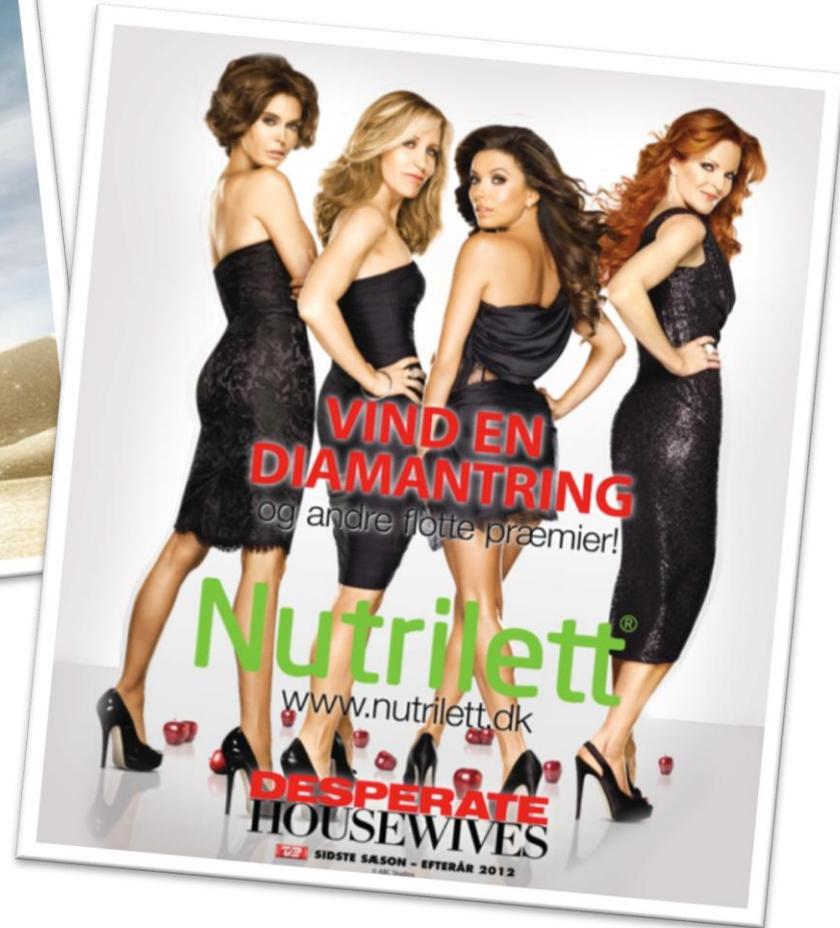
Poland

Nutrilett®

The weight loss expert

Nutrilett® Helps you reach your goals!

Local scale drives large volumes



Nutrilett® Helps you reach your goals!

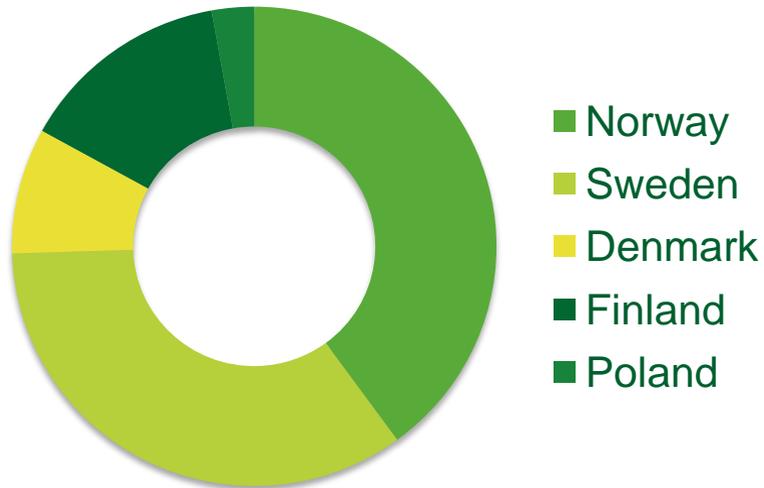
Local scale drives large volumes



Nutrilett® *Helps you reach your goals!*

Strong market leadership across the Nordics

Revenue split per market



Launched in Denmark and Poland in 2012

Market	Market shares
Norway	78%* # 1
Sweden	51%* # 1
Finland	39%** # 1
Denmark	20%** # 2

* YTD feb 2013 ** 2012 figures

Orkla's competitive advantage secures future growth for Nutrilett



Nutrilett® Helps you reach your goals!

Well positioned for future growth

- #1 positions in attractive Nordic markets
- Track record demonstrates ability to grow
 - further develop strong local capabilities and culture
- Utilize synergies to improve profitability
- Several attractive growth opportunities for the longer term
 - new markets and new channels
 - organic and structural



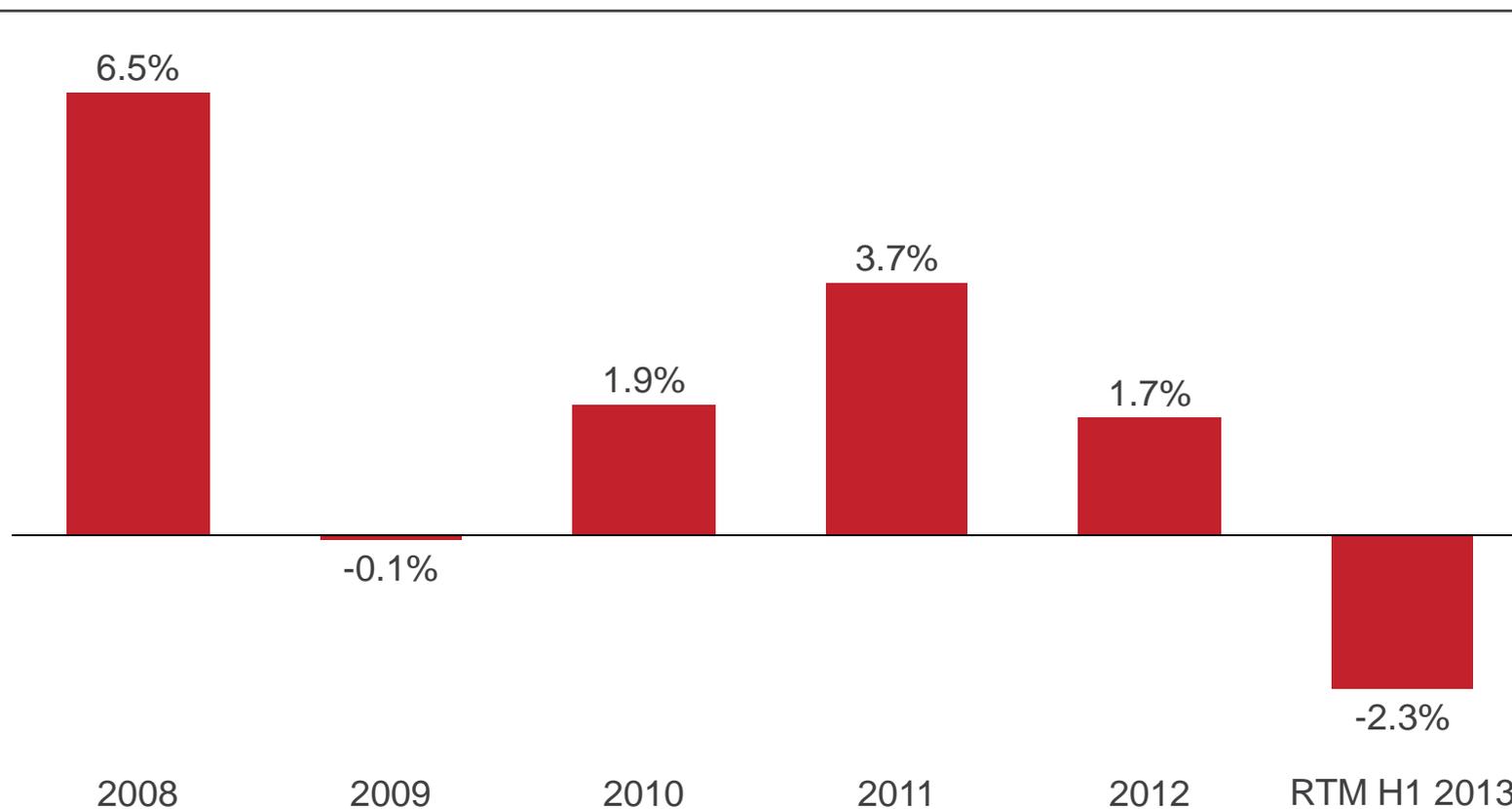
Appendices

Financial Performance

Orkla Group - Branded Consumer Goods

Average organic sales growth* of 3% the last 5 years, driven by price

Organic sales growth¹

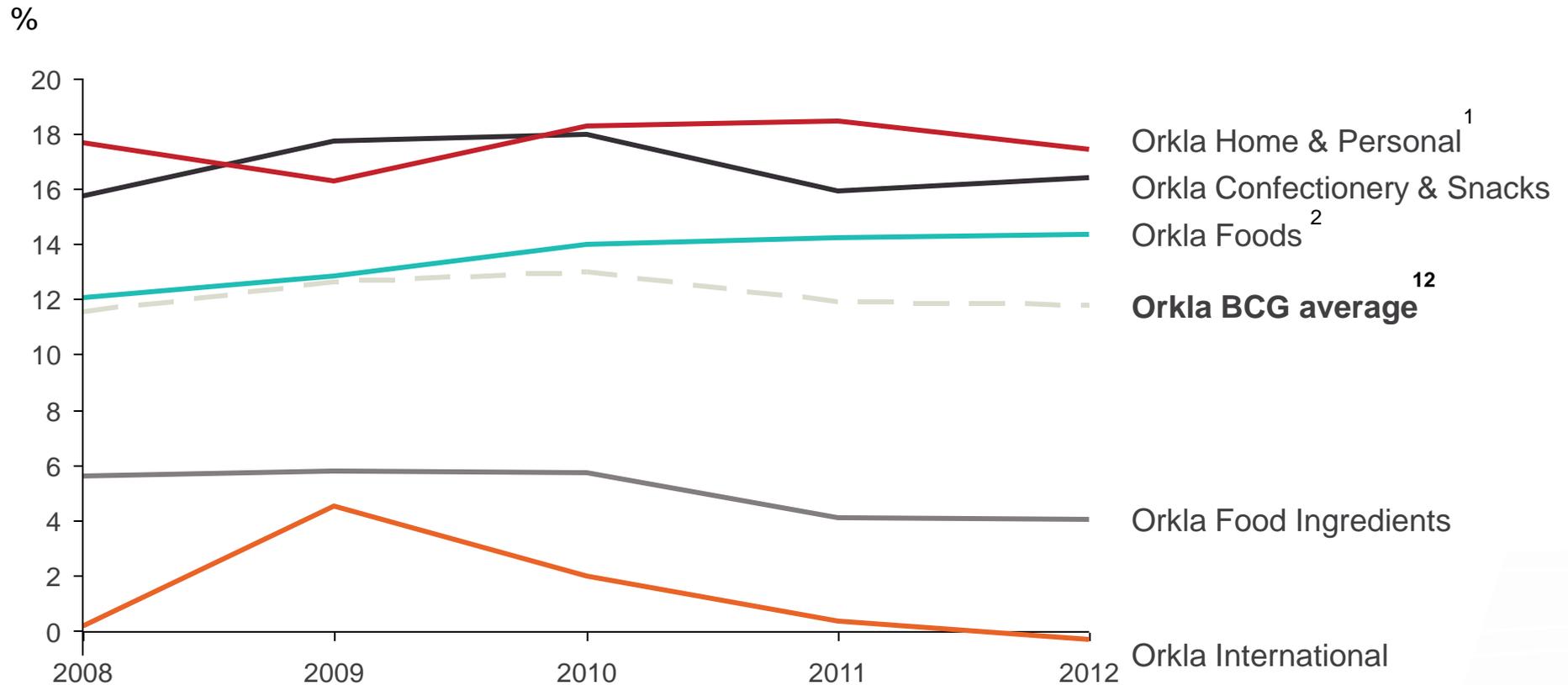


137 1. Adjusted for acquired and divested companies, currency translation effects and contract production to the process chemistry industry. Divested bakery business excluded for all years.

Orkla Group - Branded Consumer Goods

Strong local brand positions, high margin level in the Nordics

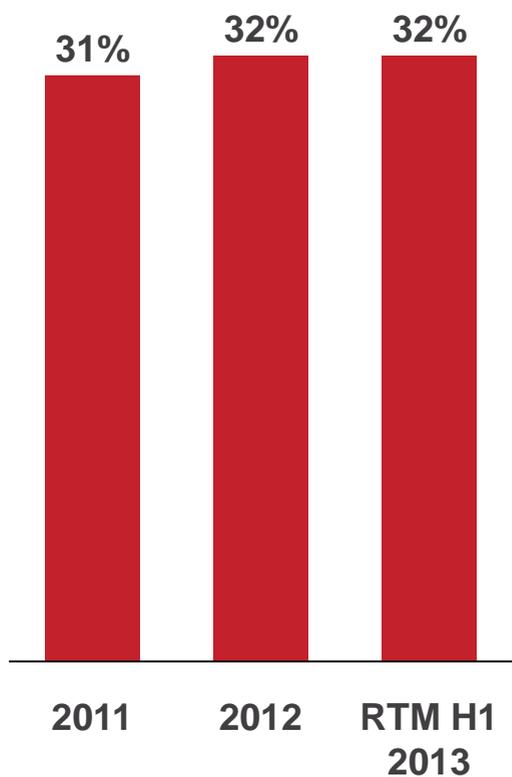
EBIT margin (adjusted)



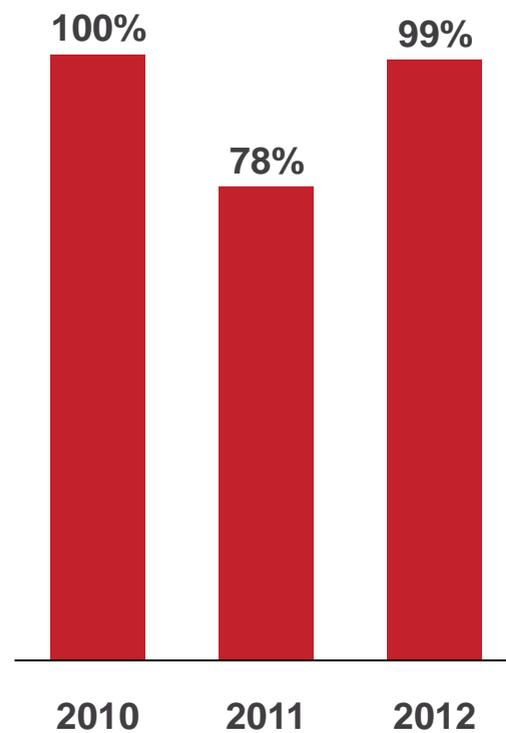
138 1 Presented ex. contract production to the process chemistry industry.
2 Divested bakery business excluded for all years.

Orkla Group - Branded Consumer Goods

Gross margin

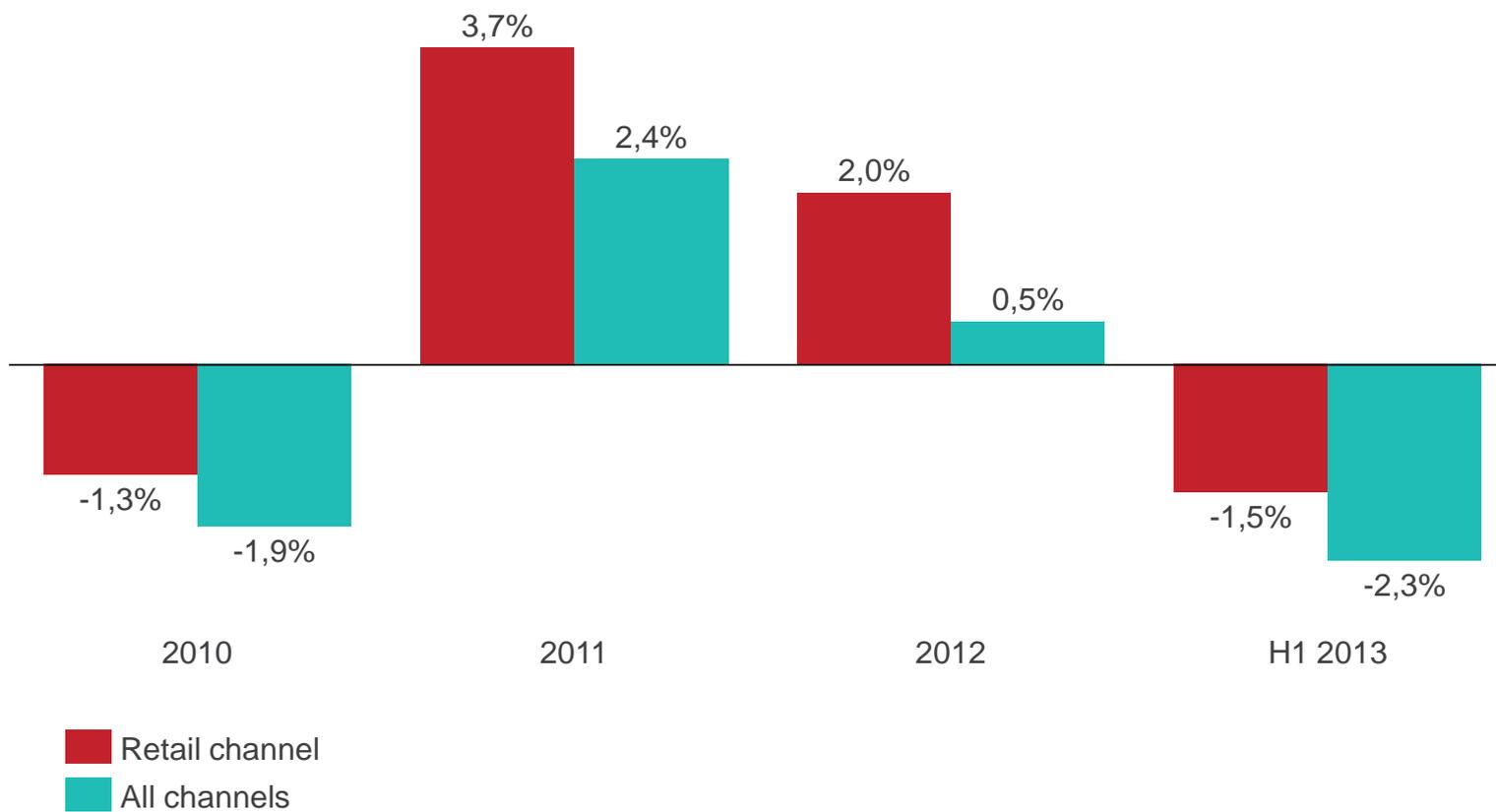


Cash conversion¹



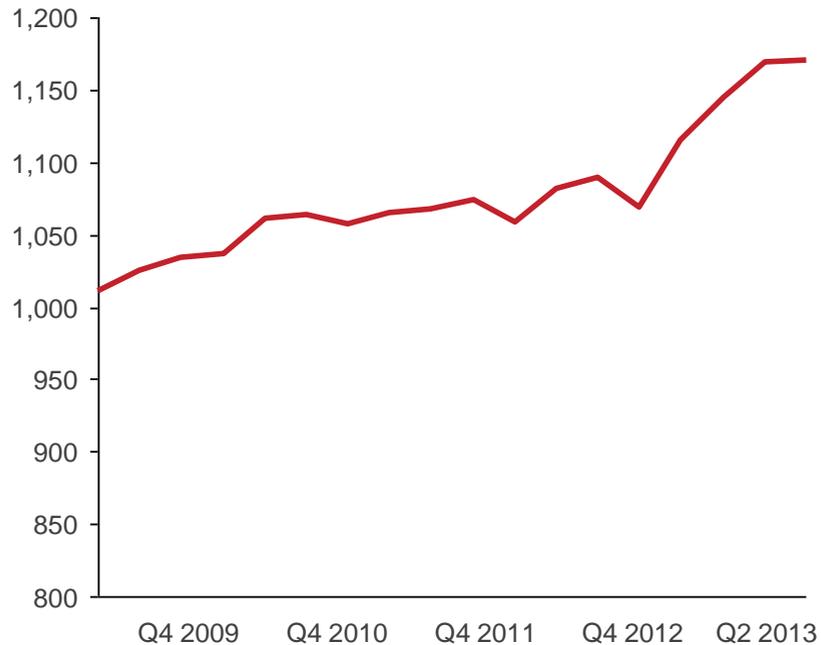
Orkla Foods

Organic sales growth¹

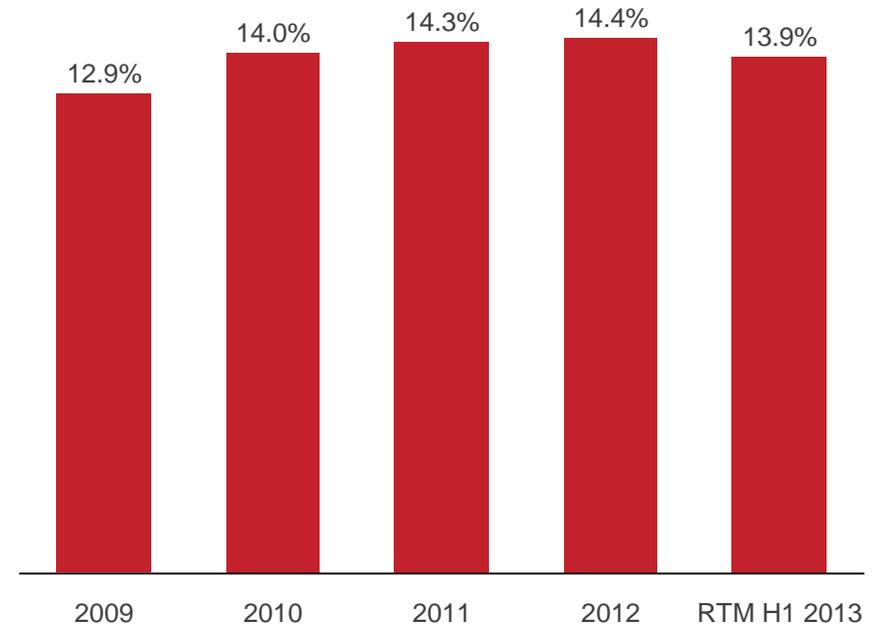


Orkla Foods

RTM EBIT (adjusted) in NOK million



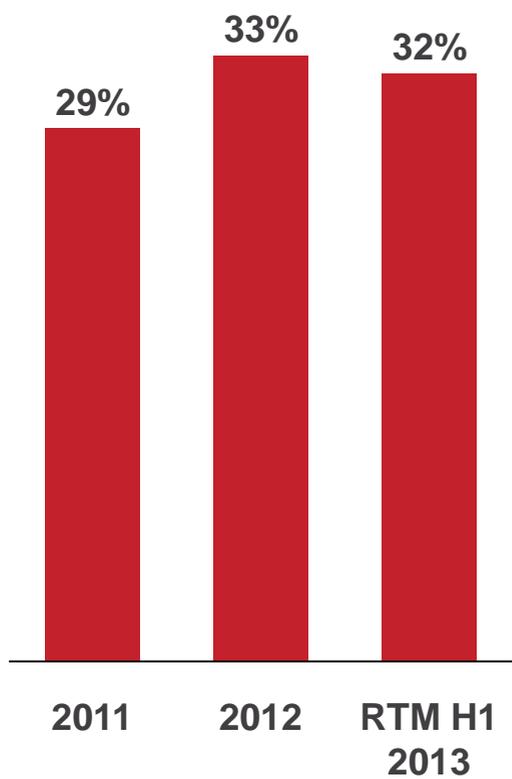
EBIT margins (adjusted)¹



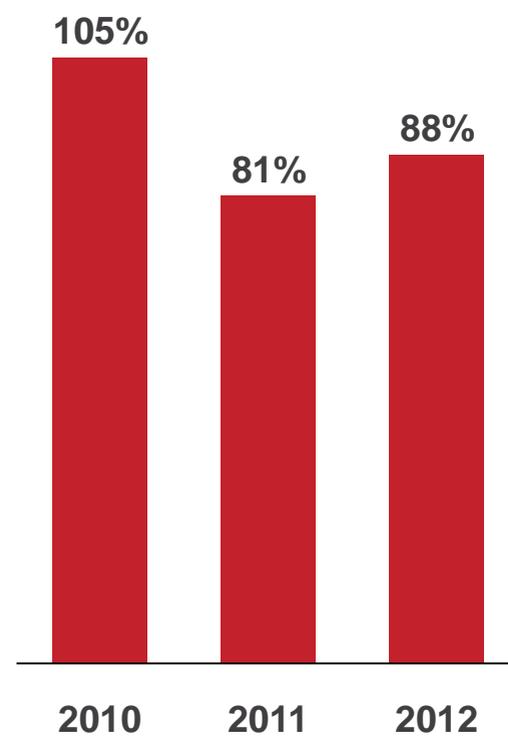
•Consolidation of Rieber will lower EBIT margin by around 1.5 - 2% points

Orkla Foods

Gross margin

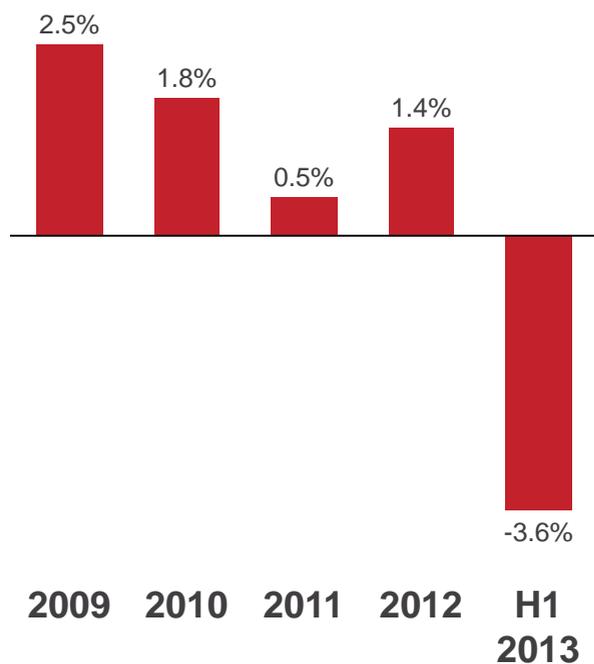


Cash conversion¹

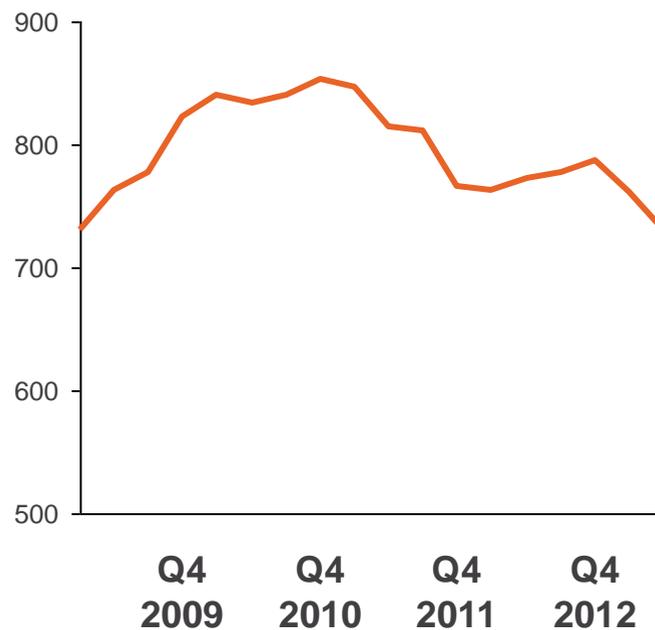


Orkla Confectionery & Snacks

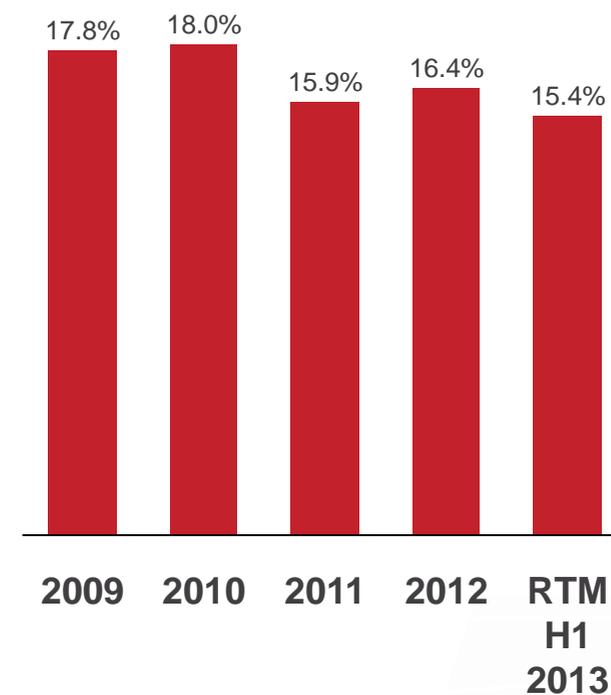
Organic sales growth¹



RTM EBIT (NOK million)

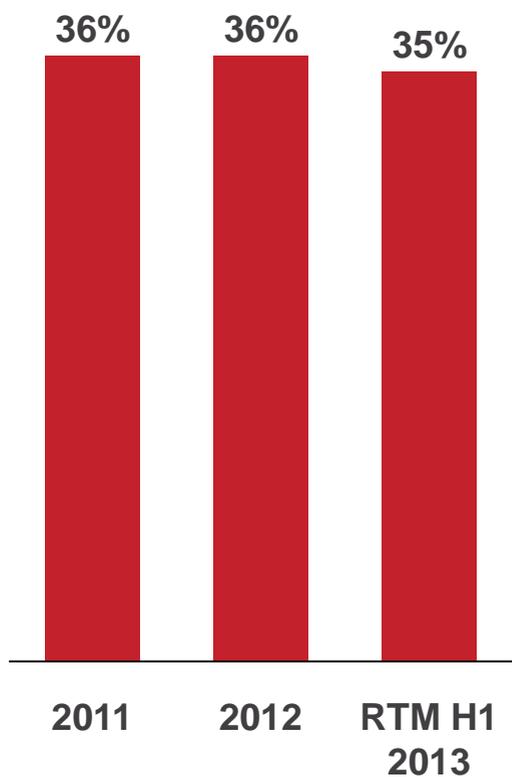


EBIT margin (adjusted)¹

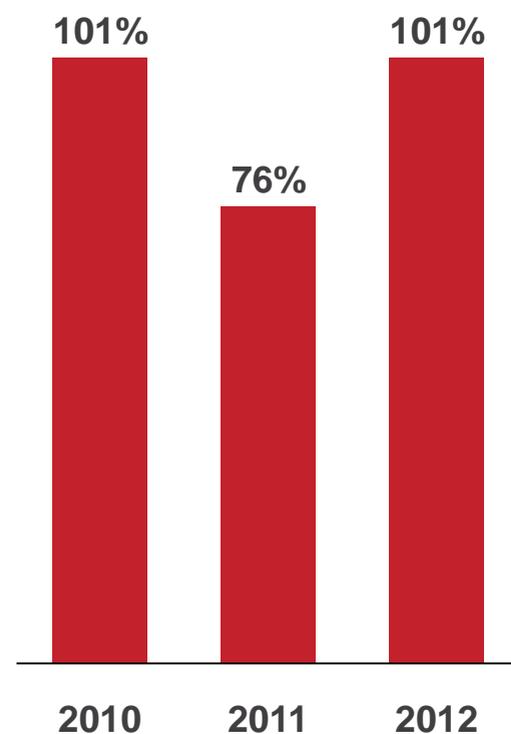


Orkla Confectionery & Snacks

Gross margin

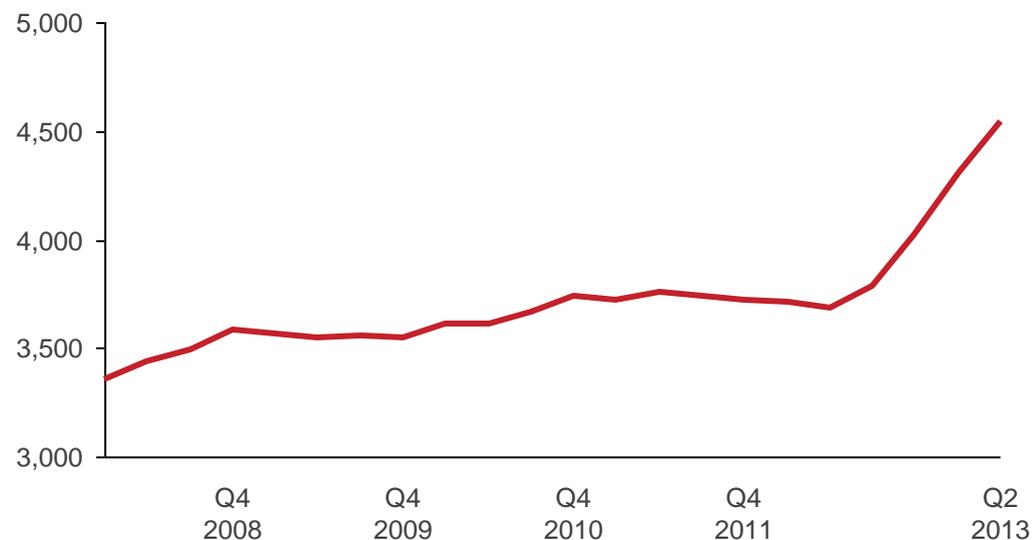


Cash conversion¹



Orkla Home & Personal

Rolling 12 months operating revenues (NOK million)

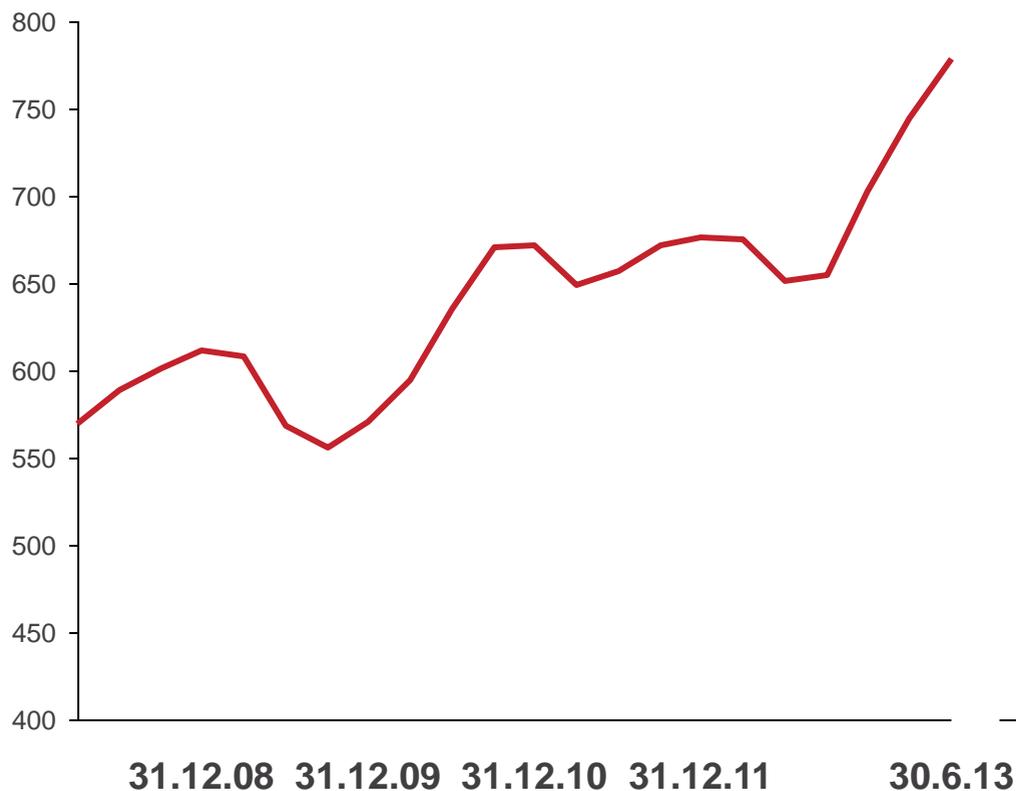


Organic sales growth¹

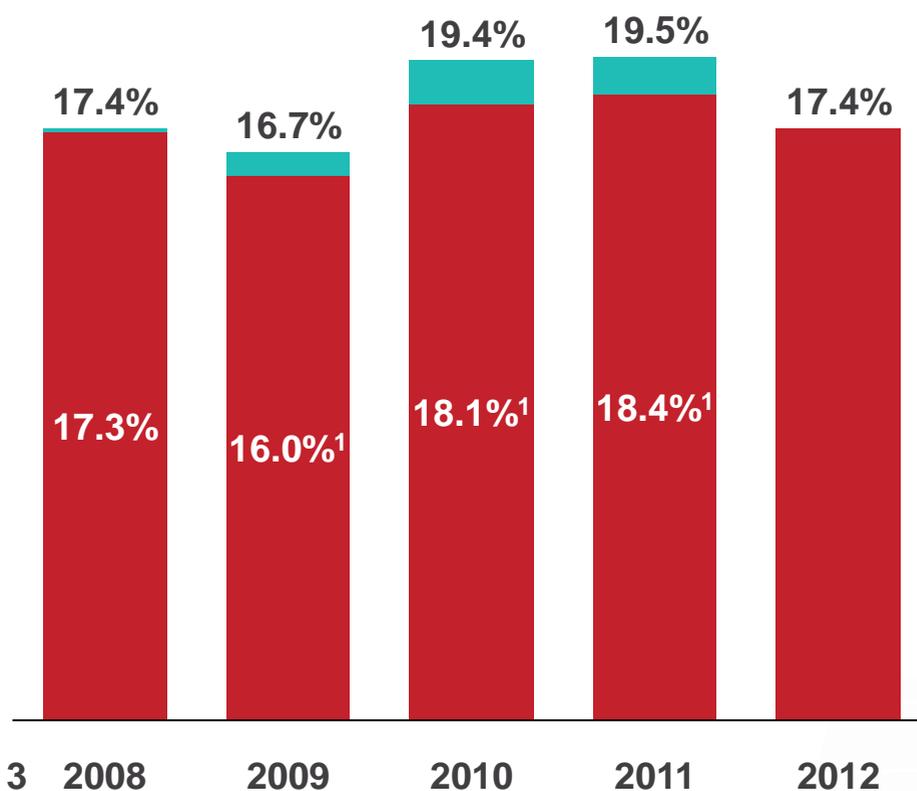


Orkla Home & Personal

RTM adjusted EBIT¹ (NOK million)

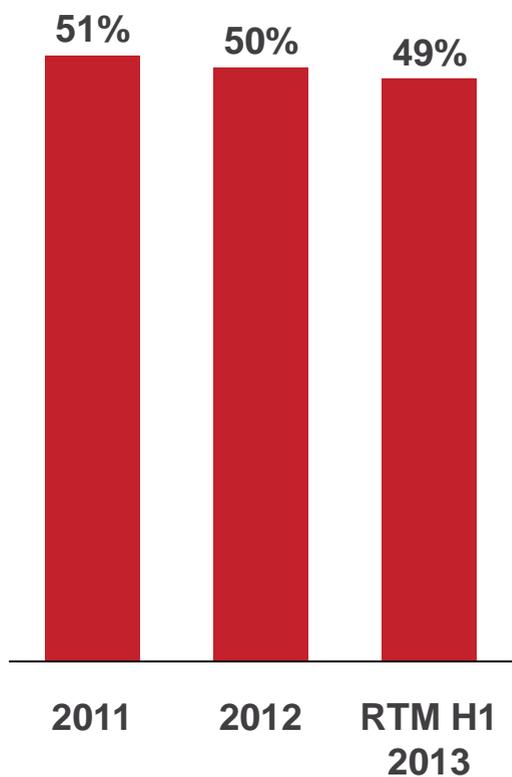


EBIT margin (adjusted)

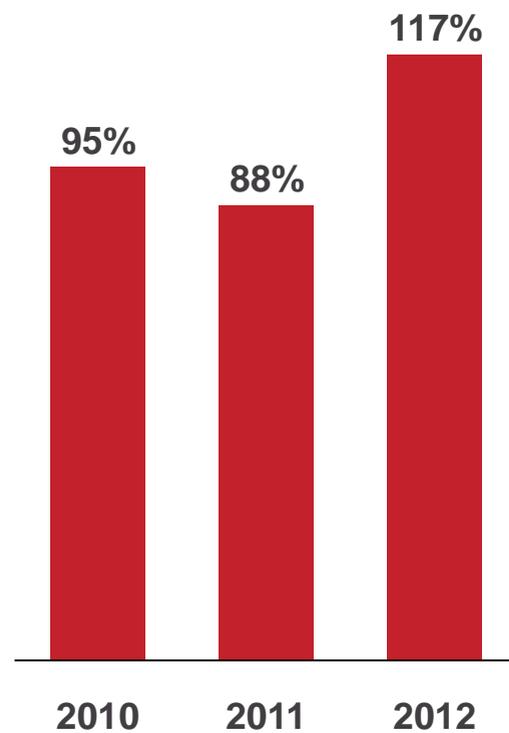


Orkla Home & Personal

Gross margin



Cash conversion¹





Orkla Investor Day

London - 26 September 2013