



## **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><i>Peter A. Ruzicka,</i></b> <i>President &amp; CEO</i>
12:50	<b>Improving operational efficiency across our supply chain Q&amp;A</b>	<b><i>Johan Clarin,</i></b> <i>EVP Operations and COO Orkla Foods</i>
13:20	<b>Turnaround increasing performance Q&amp;A</b>	<b><i>Ann-Beth Freuchen,</i></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><i>Stig E. Nilssen,</i></b> <i>EVP &amp; CEO Orkla Home &amp; Personal</i>
14:50	<b>A winning business model Q&amp;A</b>	<b><i>Pål Eikeland,</i></b> <i>EVP &amp; CEO Orkla Food Ingredients</i>
15:20	<b>Growing with local consumers and customers</b>	<b><i>Atle Vidar Nagel-Johansen,</i></b> <i>EVP &amp; CEO Orkla Foods</i>
15:50	<b>Q&amp;A and closing remarks</b>	<b><i>Peter A. Ruzicka,</i></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

# Index

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<b>Presentations</b>	<b>Page</b>
Delivering on our strategy and increasing performance	5
Improving operational efficiency across our supply chain	25
Orkla Confectionery & Snacks: Turnaround increasing performance	40
Orkla Home & Personal: Successful track record of growing through acquisitions	58
Orkla Food Ingredients: A winning business model	75
Orkla Foods: Growing with local consumers and customers	88





## 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<sup>®</sup>

  
CONDITE

EISUNION

Enter new  
categories

anamma

Bioquelle

 **HUSK**<sup>®</sup>  
PRODUCTS

CEDERROTH

Strengthen  
position in new  
channels



PROTEINFABRIKKEN

CEDERROTH

Exit non-core

 GRÄNGES

Delecta



ПЕКАРЬ  
ХЛЕБОПЕКАРСКИЙ КОМПЛЕКС

Слад Жю

# 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



— Organic sales growth<sup>1</sup> — Underlying fixed costs<sup>2</sup>

YTD at end Q2 2015

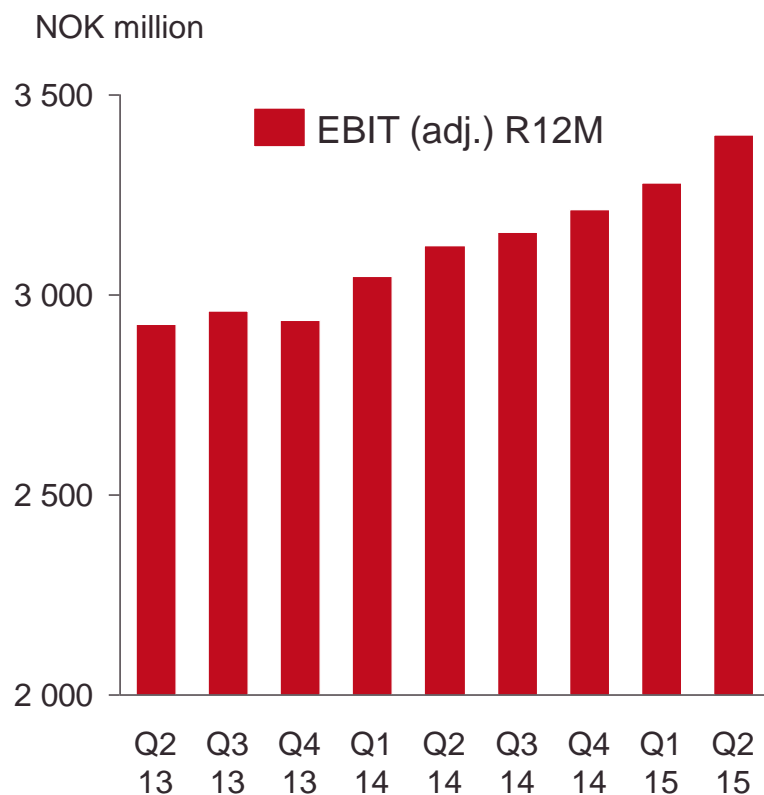
**Organic sales growth:**  
**2.3%**

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

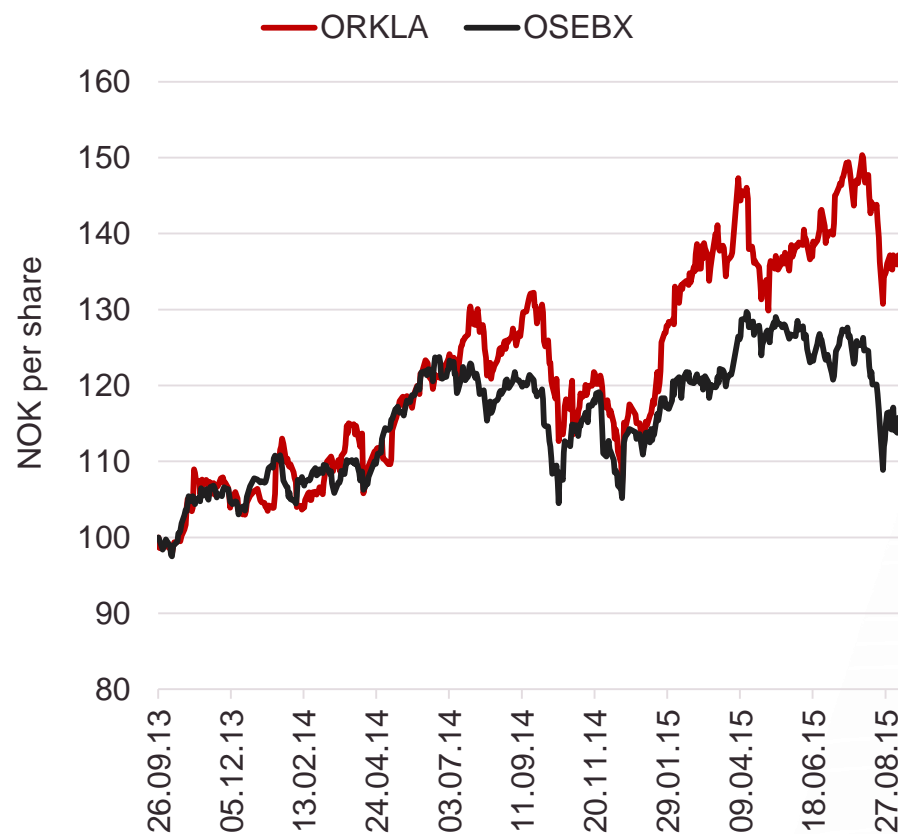
**BCG EBIT (adj.) growth:**  
**10.9%**

# 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

One Orkla

New strategy

Implementing strategy

Creating value as the  
leading Nordic branded  
consumer goods company



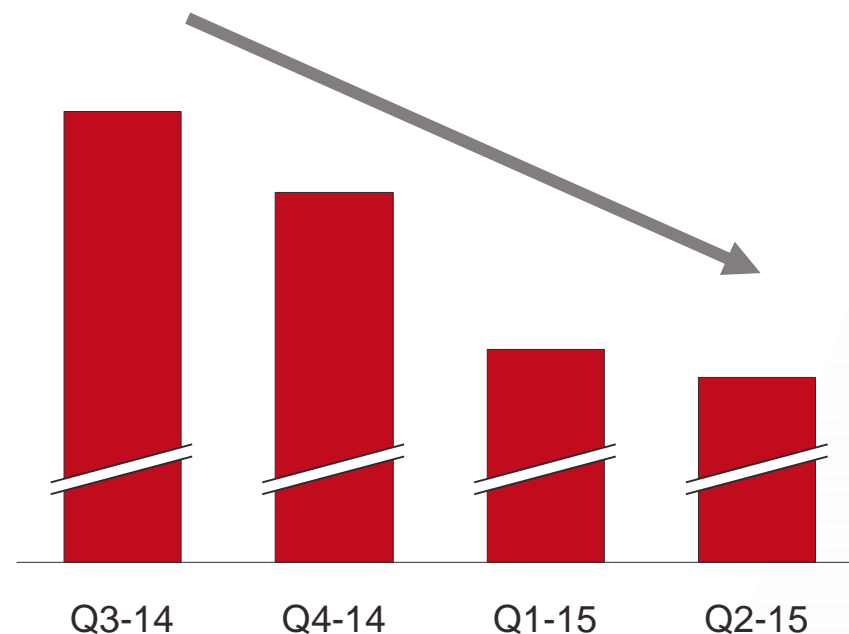
# Increasing efficiency and lowering costs

## One integrated supply chain



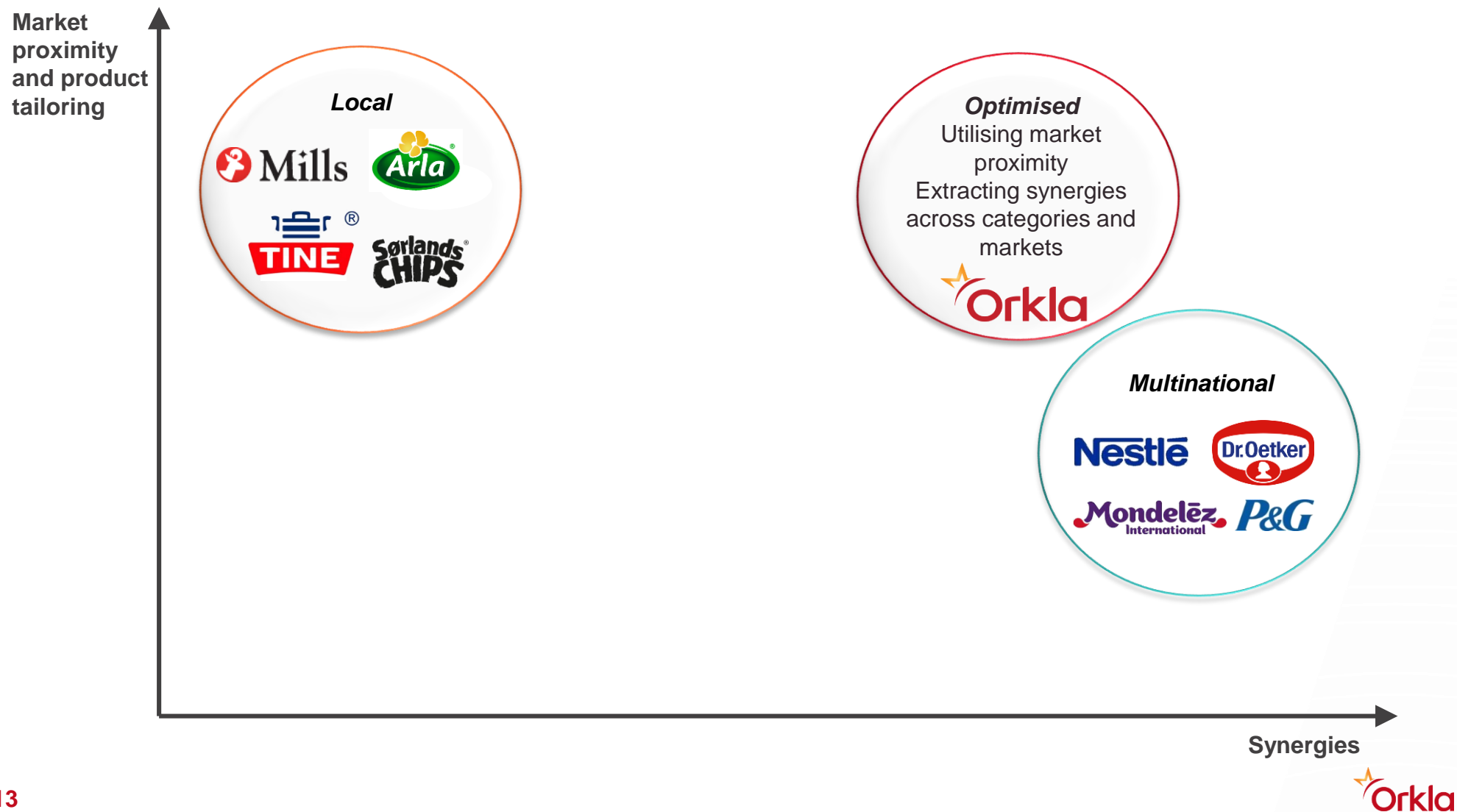
● BCG production sites

## 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%



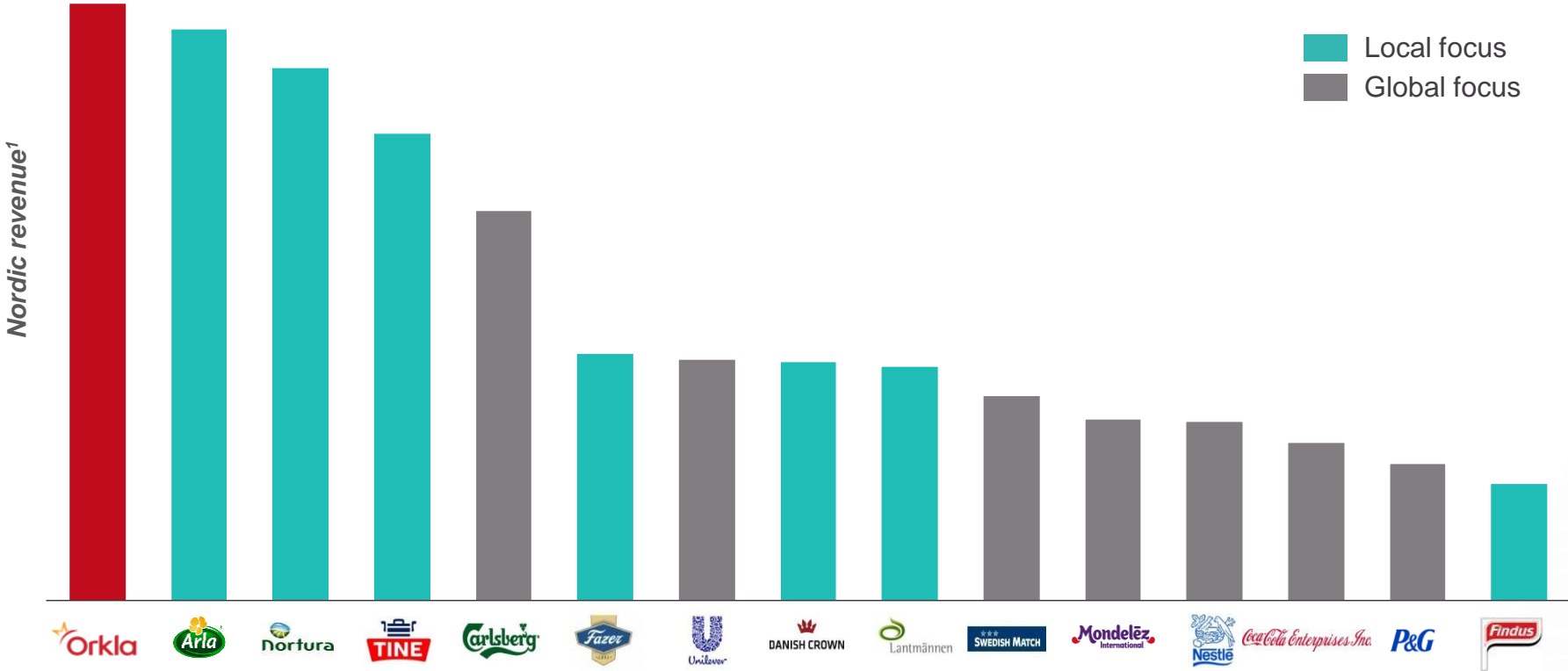
Orkla market share

## Utilise technologies and successful innovations across markets



# Build closer customer relationships

ILLUSTRATIVE



16 <sup>1</sup>Estimated Nordic revenues based on 2014 figures. Orkla Branded Consumer Goods incl. Cederroth

# 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

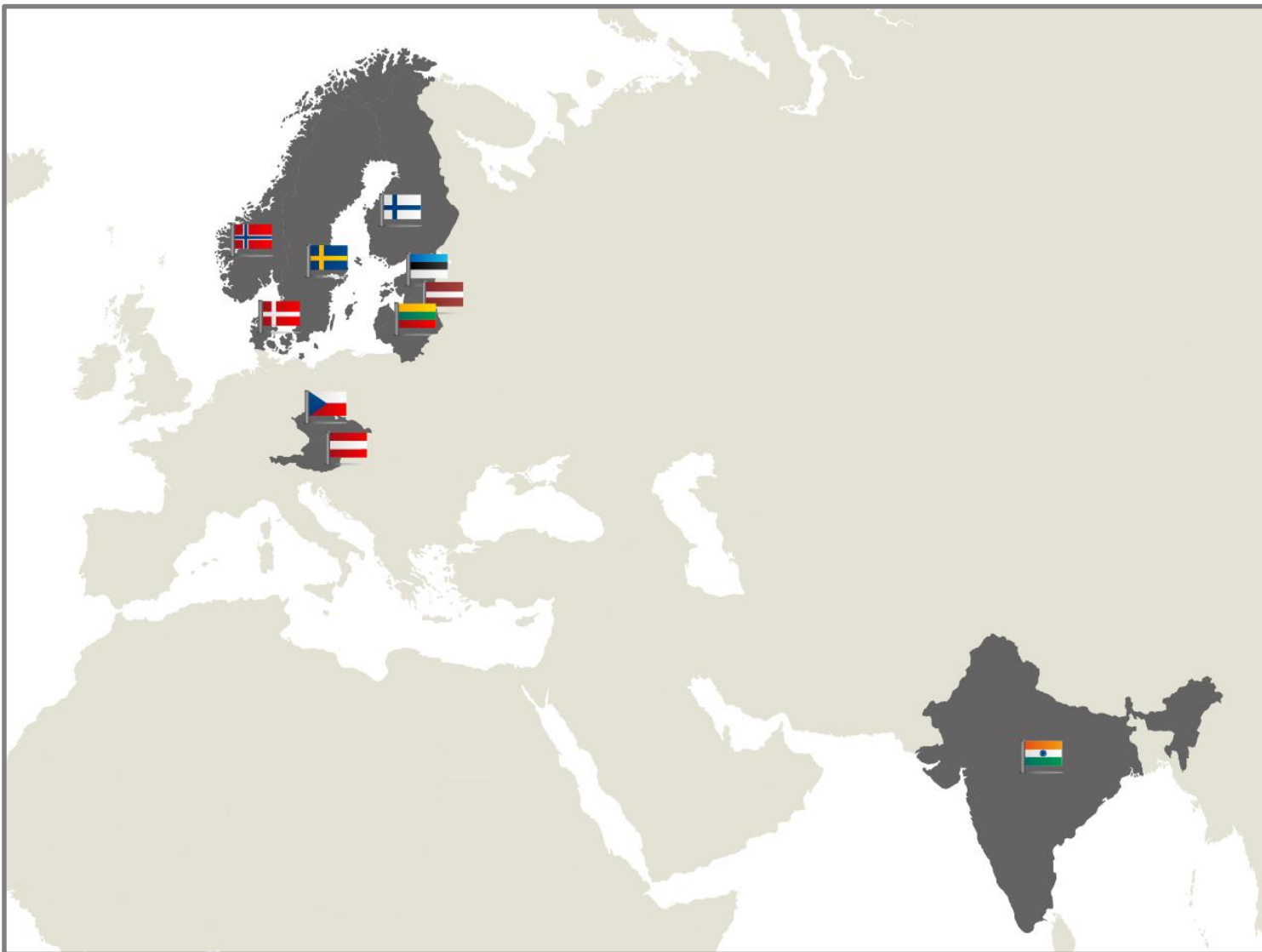


Environment:

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

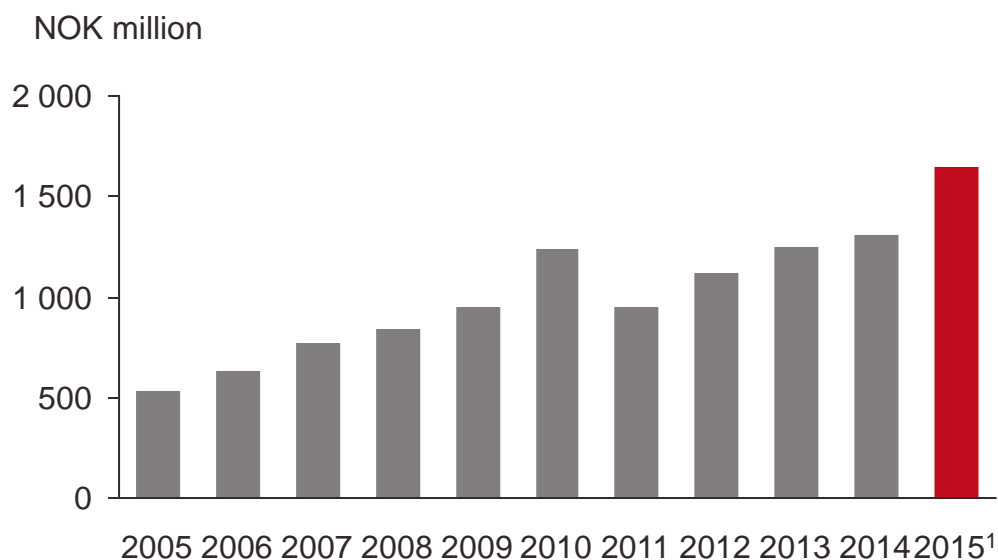


## Financial investments

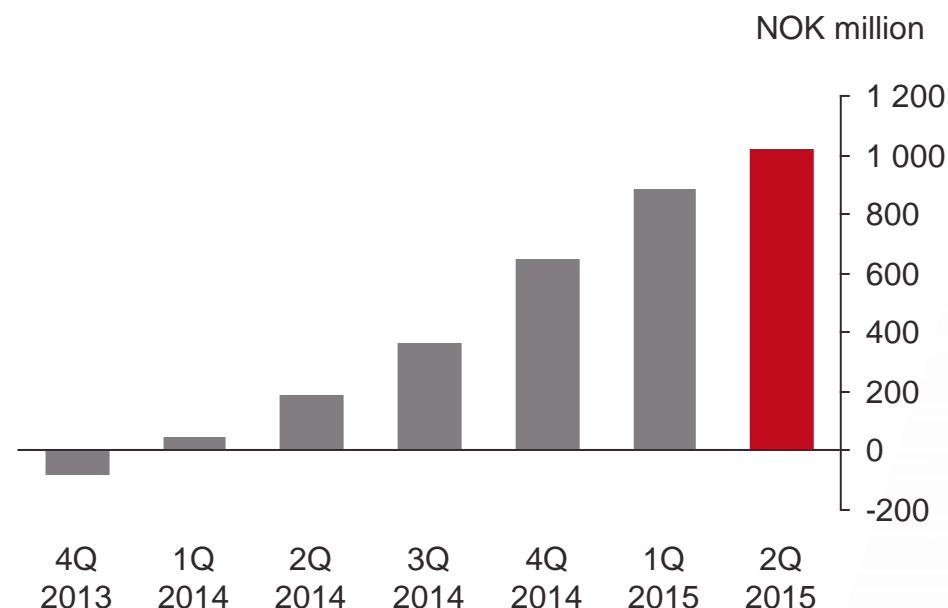


# Solid bottom line growth in Sapa and Jotun

Operating profit - rolling 12 months



Underlying EBIT - rolling 12 months



## 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**



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

Peter A. Ruzicka, President & CEO





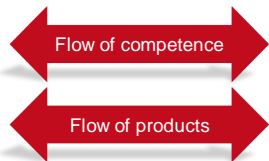
A young girl with dark hair in pigtails, wearing a light blue shirt, is lying on her stomach on a lush green lawn. She is smiling warmly at the camera. In her right hand, she holds a yellow tube of Stabbur sauce, which has a blue label with the brand name. In her left hand, she holds a rectangular cracker topped with a swirl of the orange-colored sauce. The background is a soft-focus view of a grassy field with trees in the distance.

*Your friend in  
everyday life*

# Driving value creation through One Orkla



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



- 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
- 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**



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with market growth**



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