



Continued progress in Branded Consumer Goods

Third quarter results 2017

25 October 2017

Peter A. Ruzicka, President & CEO



Highlights Q3-17:

Growth in line with market, but profits still impacted by higher raw material costs

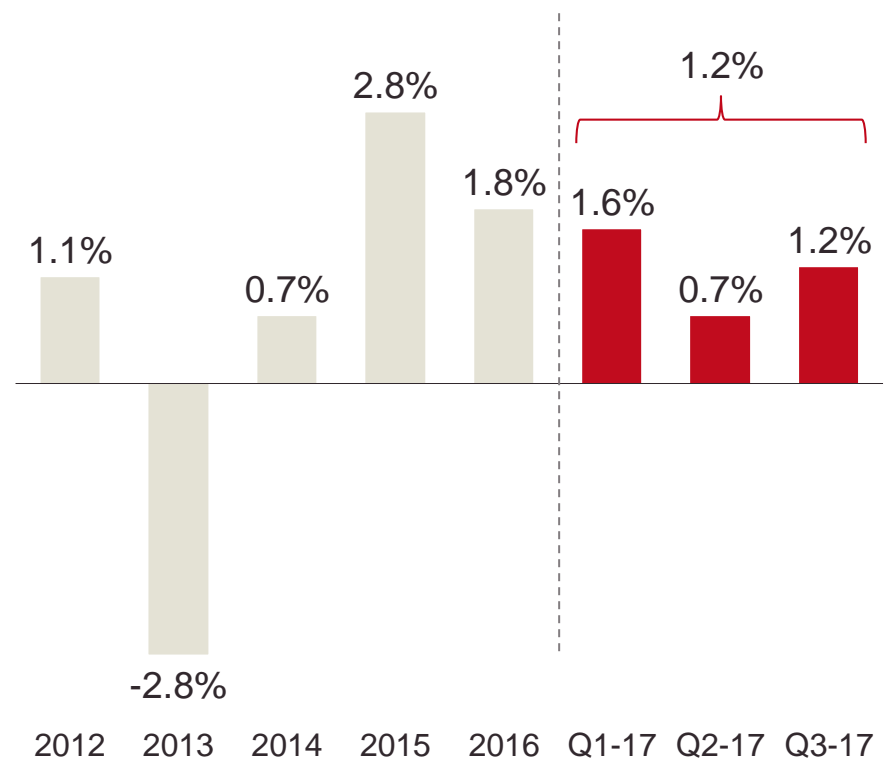
- BCG organic growth in line with market growth
- Cost programmes proceed according to plan, but higher input costs impact profits
- Sapa divestment completed in line with strategy
- EPS for continuing operations up 11%
- Shares for employees programme successfully completed



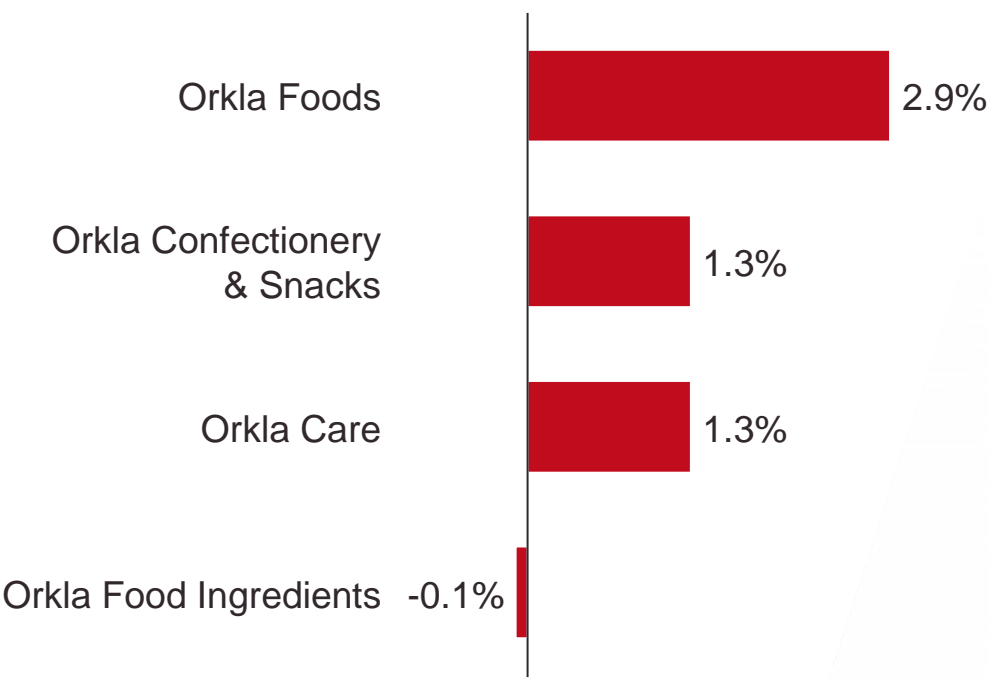
Branded Consumer Goods Q3-17:

Continued growth in line with market

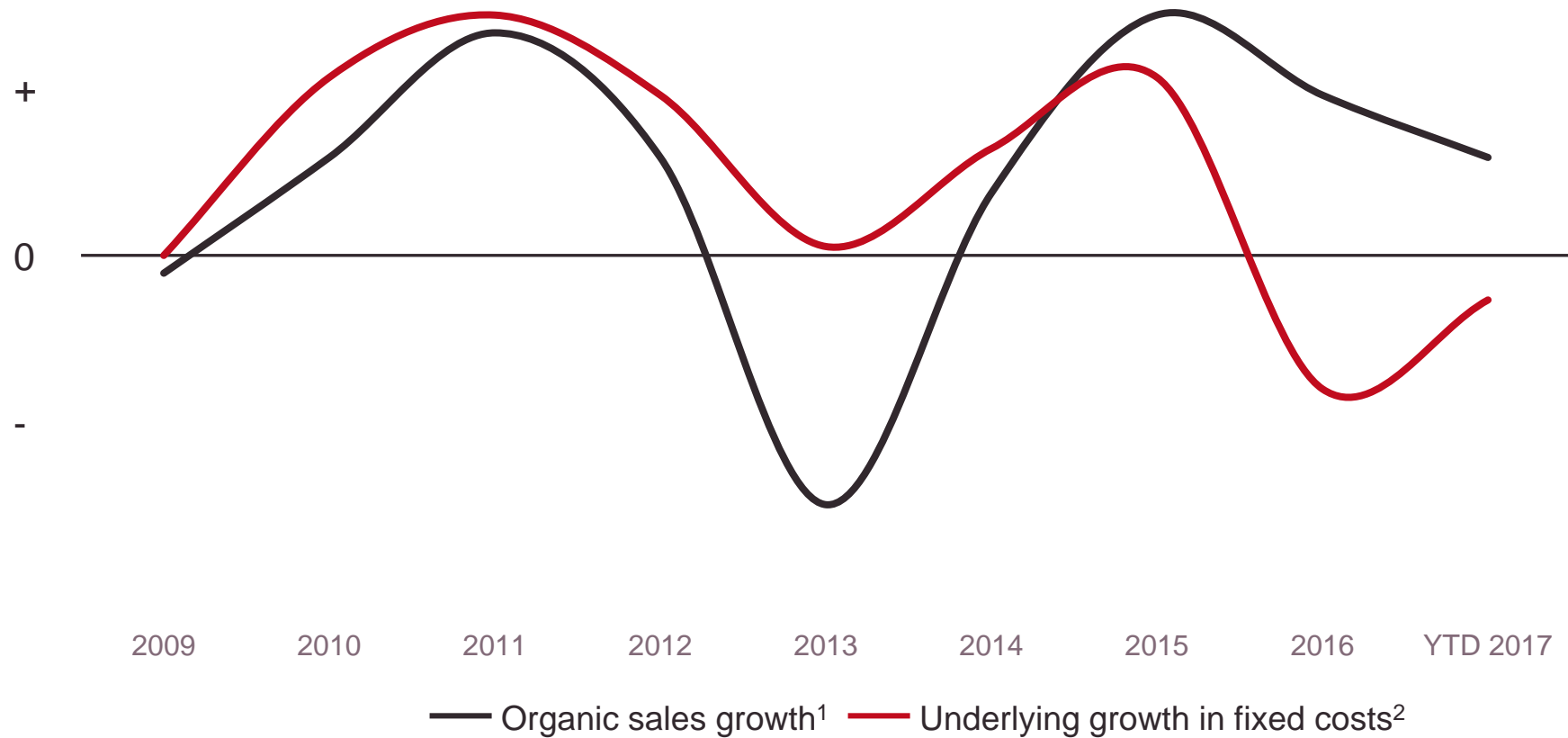
Continued organic growth¹



Organic growth Q3-17
in 3 out of 4 business areas¹



Healthy gap in black over red from good progress in cost programs...

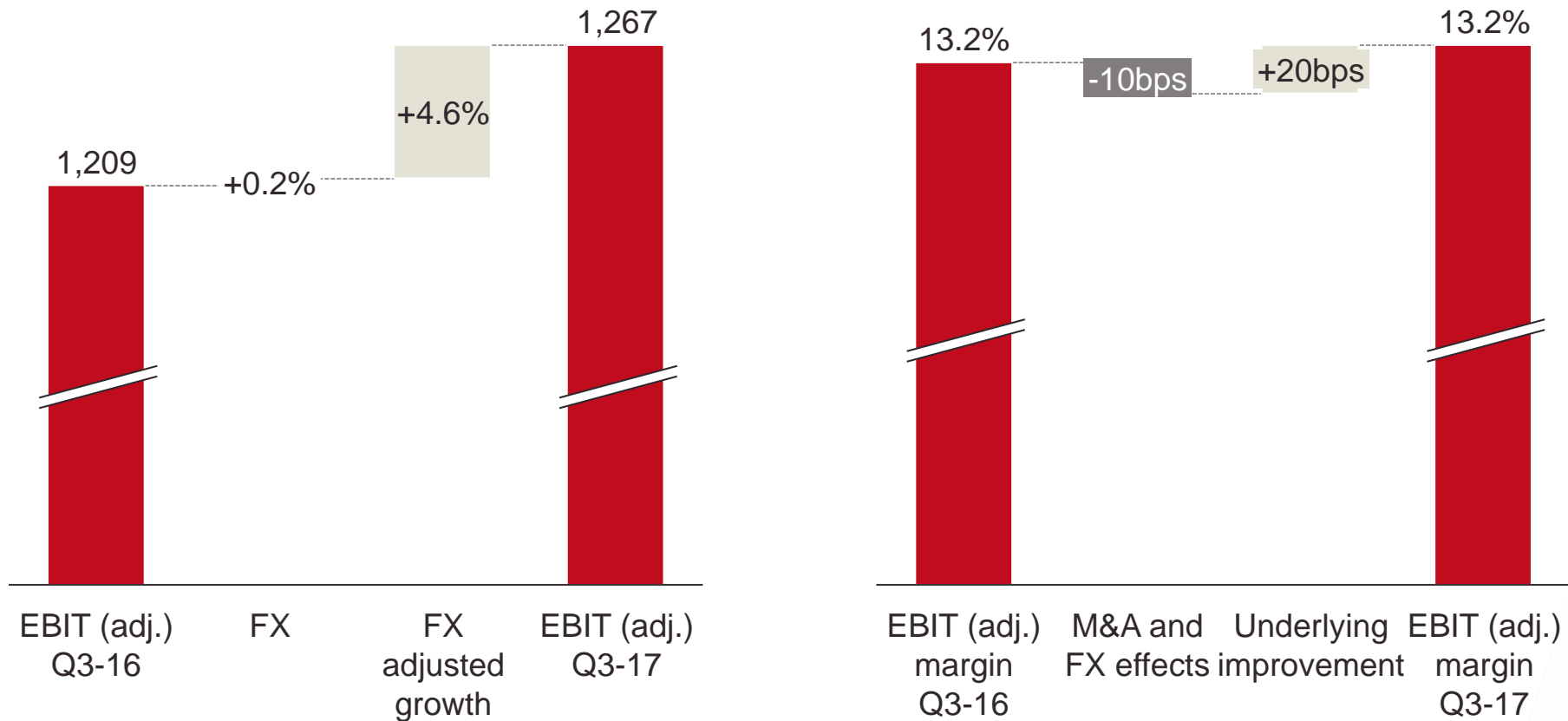


¹Reported sales growth adjusted for currency translation effects and structural changes.

²Reported growth in SG&A and fixed production / inventory costs, adjusted for M&A and currency translation effects.

Branded Consumer Goods Q3-17:

...but further increases in input costs in Q3 continue to hamper profitability





Financial performance

Jens Bjørn Staff, CFO



11% increase in EPS for continuing operations in Q3

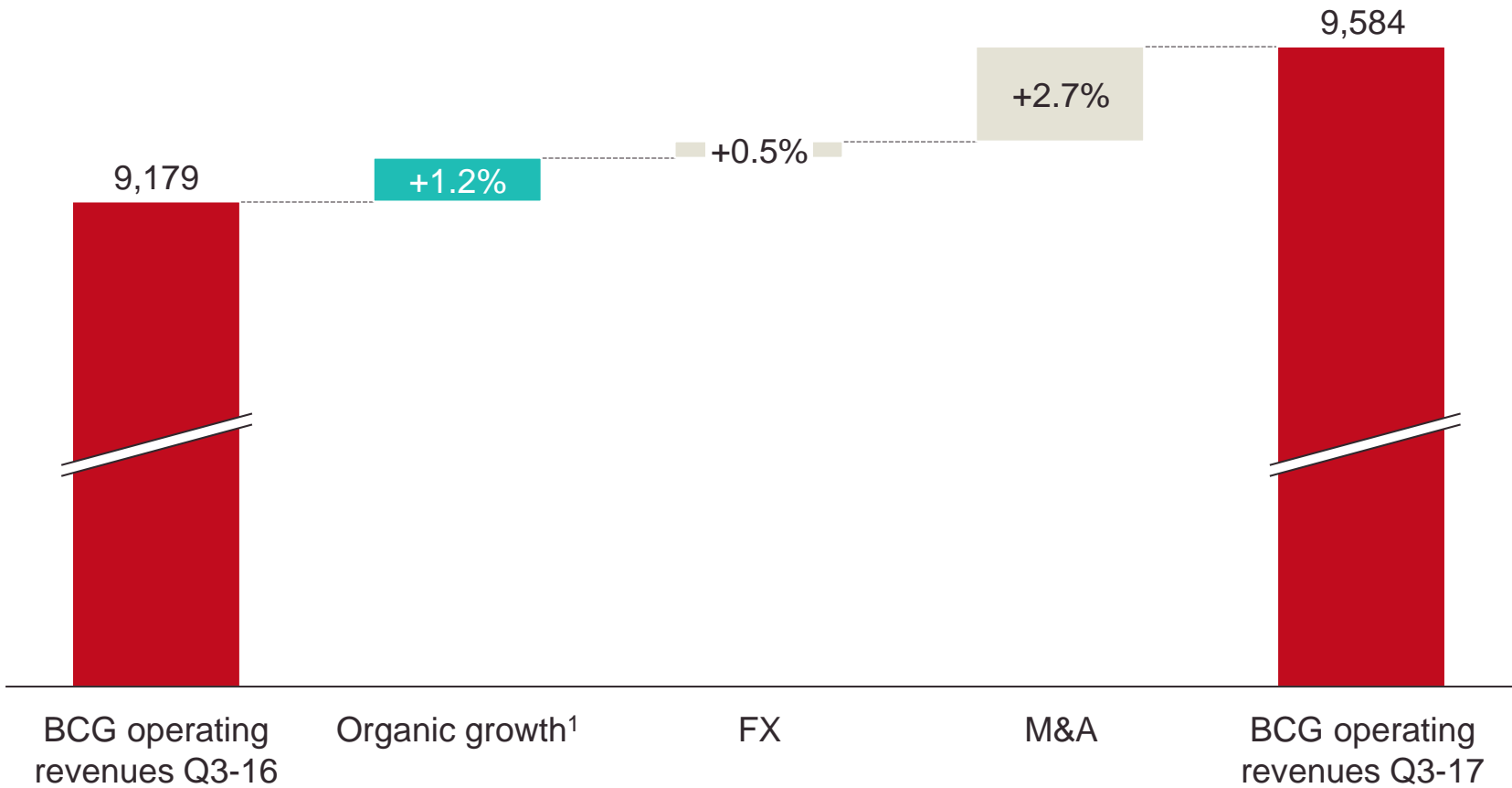
Key figures	Q3-17	Δvs LY	YTD -17	Δvs LY
Operating revenues	9,858	5%	28,710	5%
EBIT (adj.)	1,267	8%	3,192	7%
Other income and expenses	3		-200	
EBIT	1,270	23%	2,992	10%
Profit/loss from associates and JV	103	-27%	391	-24%
Net interest	-47	18% ¹	-123	-10% ¹
Profit/loss before tax	1,312	13%	3,262	4%
Taxes	-290	23% ¹	-660	16% ¹
Discontinued operations / other items	4,439		5 024	
Earnings per share cont. operations (NOK)	0.98	11%	2.49	2%
Earnings per share (NOK)	5.34		7.43	

Amounts in NOK million.

7

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

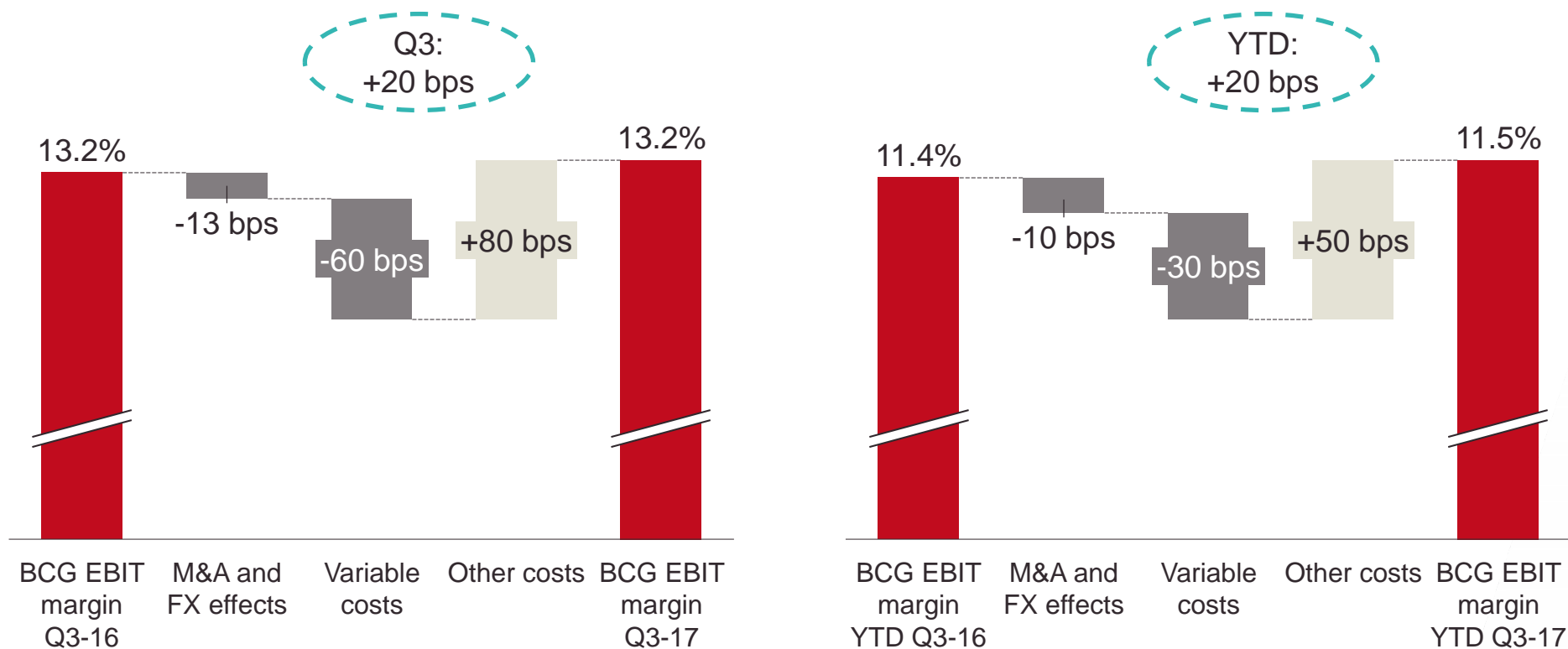
Branded Consumer Goods Q3-17:
Reported revenue growth of 4.4%



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

Underlying BCG margin growth driven by cost savings while higher raw material costs hamper contribution margin

Underlying margin development



Reducing fixed costs by leveraging the One Orkla model

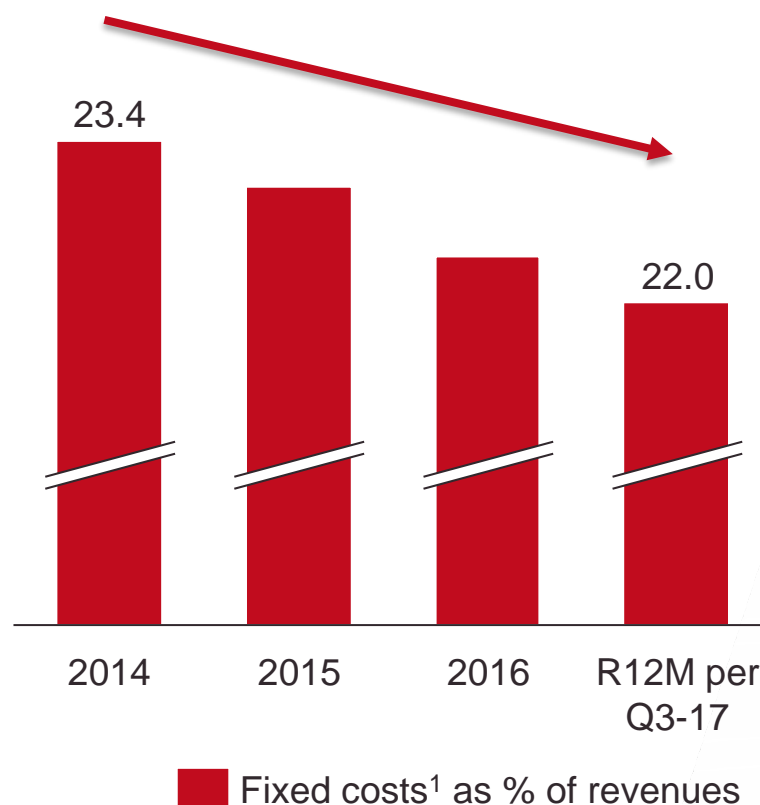
Continue to optimise factory footprint

- Average revenues per factory +36% since 2014

Rationalisation of SG&A

- Merging Foods and C&S in Finland
- Merging Personal Care and Health in Poland
- Merging Orkla House Care companies in UK
- Merger of Food Ingredients and Foods in Romania
- Simplification programme announced in Orkla Care, mainly in Norway

Improvements pay off and we see further potential



A strong quarter after a challenging H1-17

	Q3	YTD
Revenues	4,007	11,742
Organic growth	2.9%	1.5%
EBIT _(adj.) margin	13.5%	11.6%
Change vs LY	+40 bps	-40 bps
EBIT _(adj.) growth	5.5%	1.0%

- Organic sales growth driven by higher volumes in almost all markets
- High campaign activity and a rebound in India partly explained stronger growth
- Increased EBIT margin due to cost improvements, partly offset by higher raw material prices



Orkla Confectionery & Snacks

Fewer campaigns in the quarter

	Q3	YTD
Revenues	1,525	4,496
Organic growth	1.3%	2.8%
EBIT _(adj.) margin	17.2%	14.5%
Change vs LY	-10 bps	+110 bps
EBIT _(adj.) growth	1.2%	9.1%

- Lower campaign and launch activity, especially in Norway, resulted in a lower growth rate vs H1
- Cost improvements in supply chain offset by product mix effects
- Strong YTD performance with positive development in Finland and the Baltics



Profit growth from organic improvement and M&A

	Q3	YTD
Revenues	1,878	5,549
<i>Organic growth</i>	1.3%	1.7%
EBIT _(adj.) margin	17.4%	15.3%
<i>Change vs LY</i>	-40 bps	-10 bps
EBIT _(adj.) growth	6.5%	10.0%

- Contribution from acquired companies drove total revenue growth to 9%
- Organic growth in all segments except House Care
- Margins diluted by acquisitions
 - Challenging integration in House Care UK
 - Riemann delivers above plan, but has dilutive effect on margins due to seasonality



Growth in main categories, but overall performance hampered by weaker sales in ice cream ingredients

	Q3	YTD
Revenues	2,246	6,293
<i>Organic growth</i>	-0.1%	-0.5%
EBIT _(adj.) margin	6.1%	5.4%
<i>Change vs LY</i>	-10 bps	-10 bps
EBIT _(adj.) growth	5.4%	2.4%

- 7% total revenue growth and 5% EBIT growth driven by several add-ons
- Strong sales in several main categories compensated for loss of contracts and a weak quarter for ice cream ingredients
- Cost actions start to produce results




Sapa divestment in line with strategy

Fully consolidated into Orkla financial statements

Hydro Power	<p>Volume (GWh): Q3: 722 (724) YTD: 1,994 (1,945)</p> <p>Power prices¹ (NOK/MWh): Q3: 266.63 (234.62) YTD: 267.75 (228.71)</p> <p>EBIT adj. (NOK million): Q3: 80 (64) YTD: 213 (161)</p>	
Financial investments	<p>Book value real estate: NOK 1.3 billion</p>	

Accounted for using equity method

Jotun (42.5%)	
Sapa JV (50%)	<ul style="list-style-type: none"> • Transaction closed on Oct.2 • Classified as discontinued operations with a profit of NOK 5 billion YTD • Cash effect of NOK 11.86 billion in Q4-17

Jotun (42.5%)

Continued volume growth, but higher raw material prices impact profits

Q3-17 comments

- Continued volume growth and increase in operating revenue year over year
- Negative currency translation effects and pressure on prices impact topline growth
- Good performance in Decorative Paints, while the marine newbuilding and offshore markets remain challenging, especially in North East Asia
- Operating profit significantly impacted by rising raw material prices
- Implementation of price increases and continued focus on cost control



Strong cash flow generation YTD

Cash from operations (excl. financial investments)

Cash flow per 30.9	2017	2016
Operating profit	2,975	2,715
Amort., depr., and impairment	915	874
Change in net working capital	-371	-592
Net replacement expenditures	-743	-1,040
Cash from operations	2,776	1,957





Focus going forward

Peter A. Ruzicka, President & CEO



Delivering on our strategy through One Orkla

Key takeaways Q3-17

- Continued growth - in line with market
- Cost improvements from working as One Orkla
- EBIT growth impacted by higher raw material prices
- Sale of 50% share in Sapa completed

Outlook

- Continued soft market growth
- Uncertainty related to raw material prices
- Realise effects from cost improvements and price increases
- Further strengthen our position as a leading branded consumer goods company



Launch of Smash! in Sweden under local brand



Naturli' plant based spread awarded three prizes



New environmentally friendly home and personal care brand



Good cleaning power



Largely plant based
Non-allergenic



100% recycled plastic



Made from wind power



Swan labelled



Miljømerket





Q&A

Peter A. Ruzicka, President & CEO

Jens Bjørn Staff, CFO





Appendices

Group income statement

	Q3-16	Q3-17	Change in %	YTD 2016	YTD 2017	Change in %
Operating revenues	9,429	9,858	5%	27,472	28,710	5%
EBIT (adj.)	1,178	1,267	8%	2,991	3,192	7%
Other income and expenses	-149	3		-260	-200	
EBIT	1,029	1,270	23%	2,731	2,992	10%
Profit/loss from associates*	141	103	-27%	517	391	-24%
Interests, net	-40	-47	18% ¹	-137	-123	-10% ¹
Other financial items, net	26	-14		27	2	
Profit/loss before taxes	1,156	1,312	13%	3,138	3,262	4%
Taxes	-235	-290	23% ¹	-570	-660	16% ¹
Profit/loss for the period continuing operations	921	1,022	11%	2,568	2,602	1%
Profit/loss from discontinued operations*	172	4,439		700	5,024	
Profit/loss for the period	1,093	5,461		3,268	7,626	
Earnings per share (NOK)	1.05	5.34		3.12	7.43	
Earnings per share continuing operations, (NOK)	0.88	0.98	11%	2.44	2.49	2%

Amounts in NOK million.

*Historical income statement figures have been restated as Sapa is presented as discontinued operations.

25 ¹Positive figure indicates increased costs and negative figure indicates decreased costs compared to LY.

Key figures:

Orkla Foods and Orkla Confectionery & Snacks

Orkla Foods	Q3-16	Q3-17	Change	YTD -16	YTD -17	Change	R12M
Operating revenues	3,905	4,007	102	11,290	11,742	452	15,928
EBIT (adj.)	512	540	28	1,352	1,366	14	1,982
EBIT (adj.) margin	13.1 %	13.5 %	40 bps	12.0 %	11.6 %	-40 bps	12.4 %
Cash flow from operations	408	673	265	688	1,588	900	2,095

Orkla Confectionery & Snacks	Q3-16	Q3-17	Change	YTD -16	YTD -17	Change	R12M
Operating revenues	1,501	1,525	24	4,434	4,496	62	6,292
EBIT (adj.)	260	263	3	596	650	54	991
EBIT (adj.) margin	17.3 %	17.2 %	-10 bps	13.4 %	14.5 %	110 bps	15.8 %
Cash flow from operations	257	156	-101	556	486	-70	1,008

Key figures:

Orkla Care and Orkla Food Ingredients

Orkla Care	Q3-16	Q3-17	Change	YTD -16	YTD -17	Change	R12M
Operating revenues	1,726	1,878	152	5,010	5,549	539	7,279
EBIT (adj.)	307	327	20	770	847	77	1,033
EBIT (adj.) margin	17.8 %	17.4 %	-40 bps	15.4 %	15.3 %	-10 bps	14.2 %
Cash flow from operations	189	202	13	468	476	8	735

Orkla Food Ingredients	Q3-16	Q3-17	Change	YTD -16	YTD -17	Change	R12M
Operating revenues	2,095	2,246	151	6,089	6,293	204	8,365
EBIT (adj.)	130	137	7	333	341	8	447
EBIT (adj.) margin	6.2 %	6.1 %	-10 bps	5.5 %	5.4 %	-10 bps	5.3 %
Cash flow from operations	211	174	-37	237	251	14	429

Net financial items

	FY 2016	Q3-16	Q3-17
Net interest expenses	-177	-40	-47
Currency gain/loss	-4	1	1
Result from Share Portfolio and dividends	248	40	0
Other financial items, net	-179	-15	-15
Net financial items	-112	-14	-61

Statement of financial position

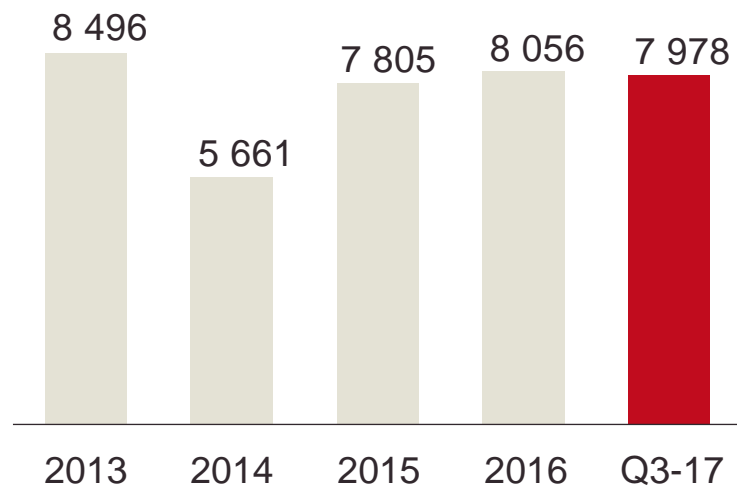
	31.12.2016	30.09.2017
Intangible assets	18 343	19 363
Property, plant and equipment	11 038	11 323
Investments in associates and joint ventures etc.	13 148	4 121
Non-current assets	42 529	34 807
Inventories	5 195	5 722
Inventory of development property	70	74
Trade receivables	5 597	6 037
Other receivables	902	12 747
Shares and financial assets	107	15
Cash and cash equivalents	1 204	1 541
Current assets	13 075	26 136
Total assets	55 604	60 943
Paid-in equity	1 994	1 993
Earned equity	31 480	35 571
Non-controlling interests	402	420
Equity	33 876	37 984
Provisions	4 146	4 662
Non-current interest-bearing liabilities	7 172	6 808
Current interest-bearing liabilities	2 496	3 001
Trade payables	4 329	4 563
Other current liabilities	3 585	3 925
Equity and liabilities	55 604	60 943

Cash flow

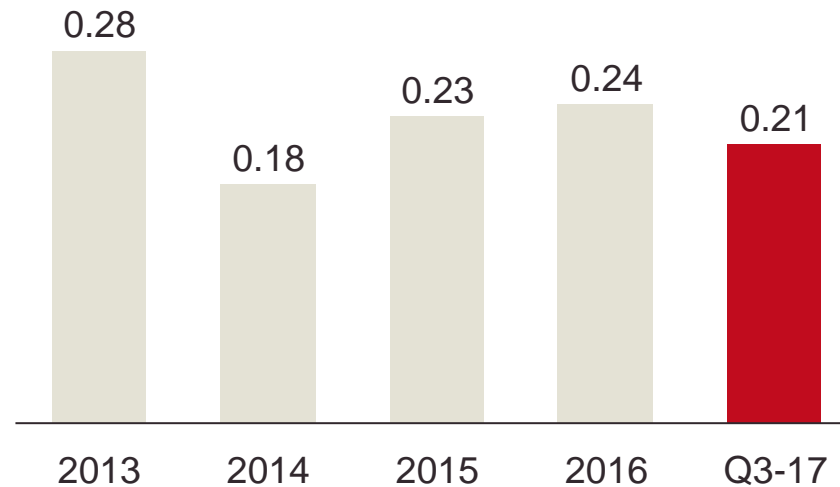
	YTD 2016	YTD 2017
Operating profit	2 715	2 975
Amortisation, depreciation and write-downs	874	915
Change in net working capital	-592	-371
Net replacement expenditures	-1 040	-743
Cash flow from operations	1 957	2 776
Cash flow from operations, Financial Investments	-129	-149
Tax	-436	-457
Dividends received, net financial and other	36	1 581
Cash flow before capital transactions	1 428	3 751
Paid to shareholders, net purchase/sales own shares	-2 680	-2 766
Cash flow before expansion	-1 252	985
Expansion investments	-132	-125
Sold and acquired companies	-2 185	-590
Net purchases/sales shares and financial assets	1 119	46
Net cash flow	-2 450	316
Currency translations net interest-bearing liabilities	781	-238
Change in net interest-bearing liabilities	1 669	-78
Net interest-bearing liabilities	9 474	7 978

Strong balance sheet and financial flexibility

Net interest-bearing debt (NOK million)

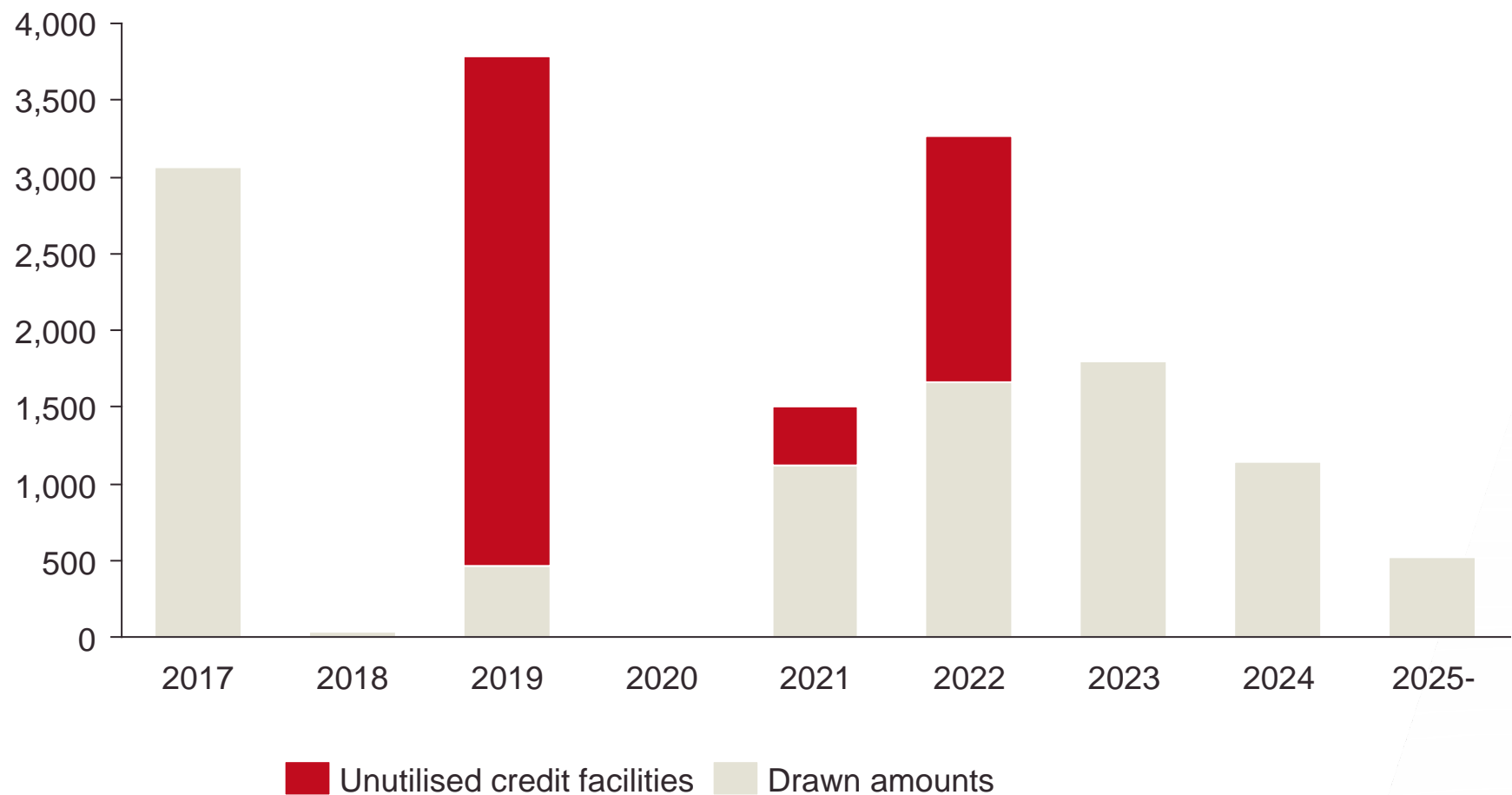


Net gearing

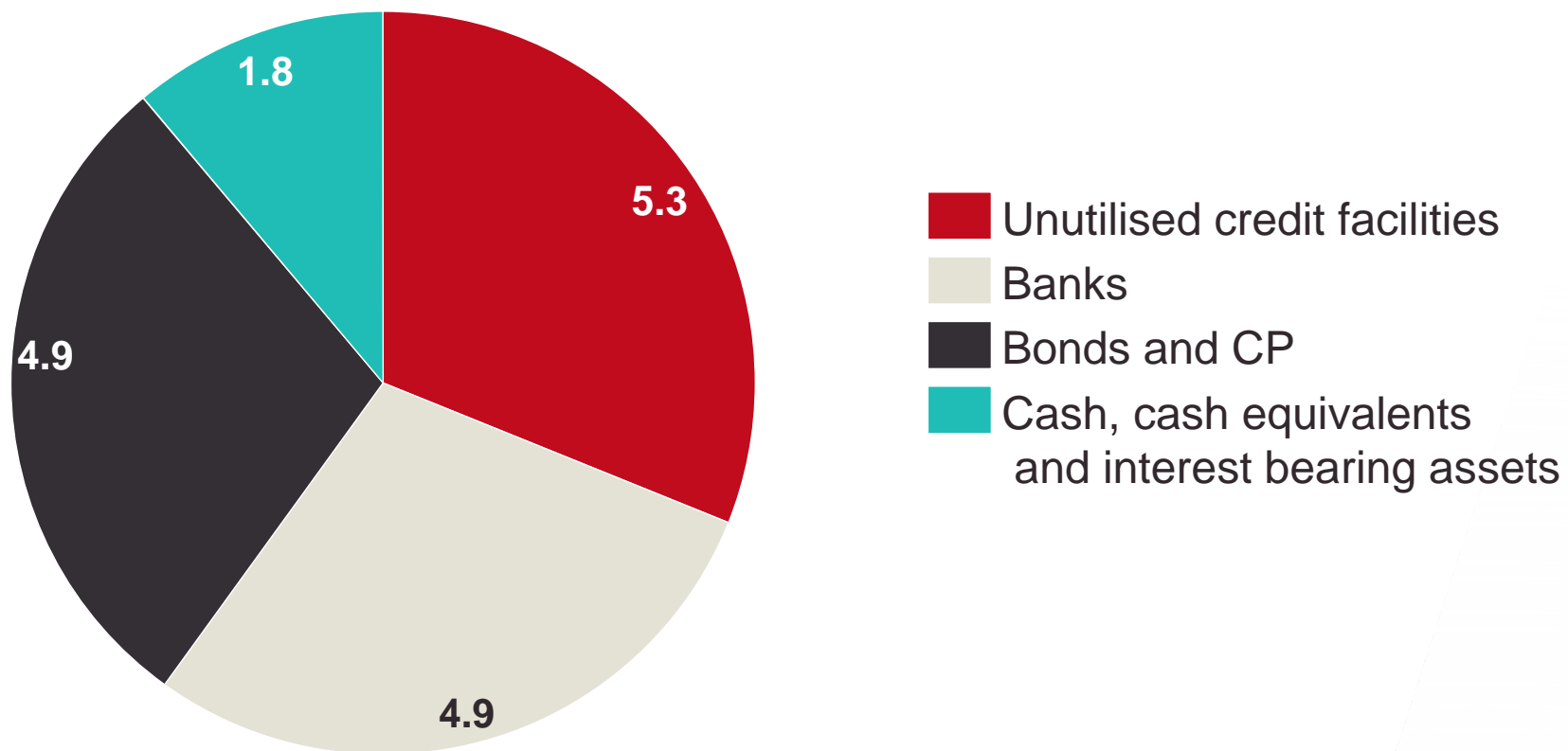


Debt maturity profile

Average maturity 3.1 years



Funding sources



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 Staburet spread, which has a blue label with the brand name. In her left hand, she holds a rectangular cracker topped with a thick layer of the orange-colored spread. The background is a soft-focus view of a grassy field and green trees.

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