

# Third quarter

2016



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More information about Orkla at [www.orkla.com/investor-relations](http://www.orkla.com/investor-relations)



Photo: Ole Walter Jacobsen.  
Orkla employees, their children and friends are models in the photos taken by Ole Walter Jacobsen.

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# The third quarter in brief

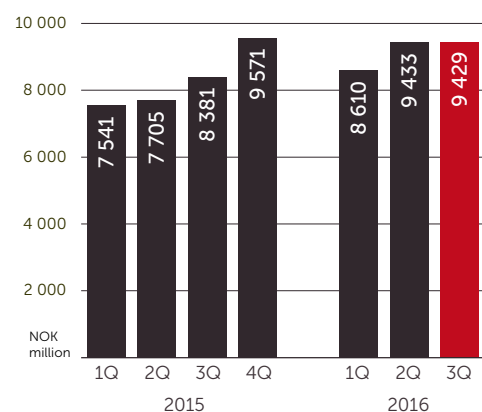
- Group EBIT (adj.)<sup>1</sup> totalled NOK 1,178 million in the third quarter, corresponding to an increase of 19%
- Branded Consumer Goods achieved organic<sup>3</sup> top-line growth of 2.0% and a 15% increase in EBIT (adj.)<sup>1</sup>
- Branded Consumer Goods' EBIT (adj.)<sup>1</sup> margin was 13.2%, corresponding to an increase of 0.1 percentage point. Turnover-driven profit growth and cost improvements were offset by the dilutive effects of the inclusion of acquired companies
- Branded Consumer Goods continued to make several acquisitions in the third quarter, in addition to implementing internal cost improvement programmes
- The painting tool company Harris was consolidated as from 1 September
- Good contributions from associates and joint ventures, largely driven by very substantial growth in Sapa and good results from Jotun
- Earnings per share were NOK 1.05, corresponding to an increase of 31%

## Key figures for the Orkla Group

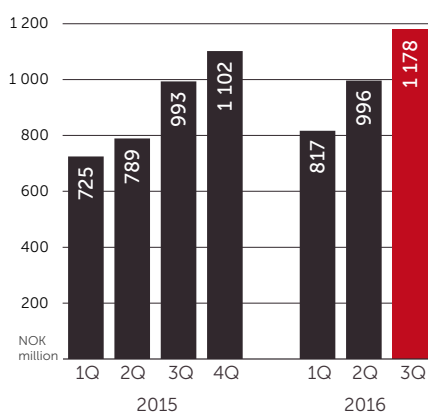
Amounts in NOK million	Note	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
		2016	2015	2015	2016	2015
Operating revenues	2	27 472	23 627	33 198	9 429	8 381
Operating revenues Branded Consumer Goods	2	26 688	22 688	32 002	9 179	8 064
Organic revenue growth Branded Consumer Goods (%)		2.5	2.3	2.8	2.0	2.3
EBIT (adj.) <sup>1</sup>	2	2 991	2 507	3 609	1 178	993
EBIT (adj.) <sup>1</sup> Branded Consumer Goods	2	3 051	2 644	3 839	1 209	1 055
Profit/loss before taxes		3 838	3 144	4 090	1 328	1 069
Earnings per share, diluted (NOK)		3.12	2.50	3.24	1.05	0.80
Cash flow from operations*	13	1 957	2 064	3 641	1 070	712
Net interest-bearing liabilities	6	9 474	8 928	7 805		
Equity ratio (%)		59.1	60.1	62.2		
Net gearing <sup>4</sup>		0.29	0.28	0.23		

\*Excluding Financial Investments

## Operating revenues



## EBIT (adj.)<sup>1</sup>



9,429

OPERATING REVENUES  
Group operating revenues  
for the third quarter of 2016  
totalled NOK 9,429 million

1,178

EBIT (ADJ.)<sup>1</sup>  
Group EBIT (adj.)<sup>1</sup>  
for the third quarter of 2016  
totalled NOK 1,178 million

<sup>1</sup>Operating profit before other income and expenses

<sup>2</sup>Figures in parentheses are for the corresponding period of the previous year

<sup>3</sup>Adjusted for currency translation effects and structural changes

<sup>4</sup>Net interest-bearing liabilities/Equity



## Continued improvement in Branded Consumer Goods

### Branded Consumer Goods

Amounts in NOK million	1.1.–30.9.		1.1.–31.12.		1.7.–30.9.	
	2016	2015	2015	2016	2015	2015
Operating revenues	26 688	22 688	32 002	9 179	8 064	
Organic revenue growth (%)	2.5	2.3	2.8	2.0	2.3	
EBIT (adj.) <sup>1</sup>	3 051	2 644	3 839	1 209	1 055	
EBIT (adj.) <sup>1</sup> margin (%)	11.4	11.7	12.0	13.2	13.1	
Cash flow from operations before net replacement expenditures	2 938	2 747	4 627	1 330	958	
Net replacement expenditures	(989)	(593)	(859)	(266)	(232)	
Cash flow from operations	1 949	2 154	3 768	1 064	726	
Expansion investments	(132)	(236)	(388)	(35)	(77)	

1.1.–30.9.2016				
Sales revenues changes (%)	FX	Structure	Organic growth	Total
Branded Consumer Goods	3.7	11.4	2.5	17.6

Branded Consumer Goods achieved 2.0% organic<sup>3</sup> growth in turnover in the third quarter. The growth was driven by Orkla Foods, Orkla Confectionery & Snacks and Orkla Care, while Orkla Food Ingredients saw an organic<sup>3</sup> decline in sales in the quarter.

Orkla Foods delivered satisfactory organic<sup>3</sup> growth driven by the positive effects of the expanded distribution agreement with PepsiCo, successful launches and sales activities. The improvement in sales was driven in particular by the businesses in Norway, Sweden and Denmark. Orkla Confectionery & Snacks reported broad-based organic<sup>3</sup> growth in turnover, driven in part by the distribution agreement with PepsiCo and a number of successful innovations. Orkla Care delivered good organic<sup>3</sup> sales growth despite the still challenging competitive climate, especially for the Norwegian business in Orkla Home & Personal Care and the weight control category. Orkla Food Ingredients saw an organic<sup>3</sup> decline in sales driven by a marked decrease in the price of marzipan and butter blends, along with the loss of a contract with an industrial customer in Norway.

Overall market growth in Orkla's categories was positive in the third quarter. Orkla's performance varied from one category and market to another, but all in all growth for Branded Consumer Goods was approximately on a par with market growth.

EBIT (adj.)<sup>1</sup> for Branded Consumer Goods amounted to NOK 1,209 million (NOK 1,055 million)<sup>2</sup>, corresponding to an increase of 15%. Growth was driven by good improvement in sales, comprehensive cost improvement programmes and acquired businesses.

Although improved sales and cost improvement programmes made a positive contribution to the third-quarter EBIT (adj.)<sup>1</sup> margin, this was offset by the dilutive effects of acquired companies. Overall, the EBIT (adj.)<sup>1</sup> margin was 13.2%, a year-over-year increase of 0.1 percentage points.

### Structural measures

In the third quarter Orkla continued its efforts to rationalise its factory footprint. In addition to ongoing efficiency improvement measures, Orkla has entered into new acquisition agreements.

In May 2016, through its wholly-owned subsidiary Orkla House Care Norge AS, Orkla entered into an agreement to purchase L.G. Harris & Co. Limited, a leading supplier of "do-it-yourself" painting tools in the UK. Through this acquisition, Orkla House Care has doubled the size of its operations. On 29 July the agreement was approved by the UK competition authorities. The acquisition was completed on 31 August and Harris was consolidated into the Orkla Care business area with accounting effect from 1 September 2016.

Through its wholly-owned subsidiary Sonneveld Group B.V., Orkla Food Ingredients signed and completed an agreement to purchase 70% of the shares in Broer Bakkerijgrondstoffen B.V., which is a leading manufacturer of almond paste, bakery ingredients and ice cream powder in the Netherlands. The company was consolidated into the financial statements as from 1 September 2016.

Through its wholly-owned subsidiary Orkla Health Poland, Orkla signed and completed an agreement for the purchase of the Colon-C brand through an asset transaction. With this acquisition, Orkla has strengthened its foothold in the gut health segment, which is a rapidly growing category. Colon-C is a leading brand in the constipation category and a market leader in the fibre segment in Poland. The brand will be consolidated into Orkla's financial statements as from 1 October 2016.

For more information on these acquisitions, see Note 5.

### Financial matters

Orkla's third-quarter operating revenues totalled NOK 9,429 million (NOK 8,381 million)<sup>2</sup>, corresponding to a 13% revenue increase. The improvement was due to both good organic<sup>3</sup> growth in turnover and structural growth in Branded Consumer Goods. In addition, currency translation effects in connection with consolidation made a positive contribution of NOK 29 million to Branded Consumer Goods' operating revenues in the third quarter.

Group EBIT (adj.)<sup>1</sup> amounted to NOK 1,178 million (NOK 993 million)<sup>2</sup> in the third quarter, corresponding to an

increase of 19%. For Branded Consumer Goods, EBIT (adj.)<sup>1</sup> totalled NOK 1,209 million (NOK 1,055 million)<sup>2</sup> in the third quarter, equivalent to an increase of 15%.

The Group's other income and expenses in the third quarter amounted to NOK -149 million (NOK -96 million)<sup>2</sup> (see Note 3). These consisted chiefly of acquisition and integration costs resulting from a number of structural measures, and to the write-down of assets and restructuring in Orkla Food Ingredients, which totalled NOK -78 million.

Profit from associates and joint ventures amounted to NOK 313 million (NOK 239 million)<sup>2</sup>, corresponding to an increase of 31%. This growth was driven by a good performance by Sapa and good results from Jotun. Orkla's share of profit from Sapa was NOK 172 million (NOK 54 million)<sup>2</sup>.

Net interest in the third quarter amounted to NOK -40 million (NOK -78 million)<sup>2</sup>, mainly due to lower interest rates. The average borrowing rate was 1.6% in the third quarter and the Group's net interest-bearing liabilities as at 30 September 2016 totalled NOK 9.5 billion (NOK 8.9 billion)<sup>2</sup>.

Group profit before tax amounted to NOK 1,328 million (NOK 1,069 million)<sup>2</sup>, and third-quarter taxes are estimated to be NOK 235 million (NOK 240 million)<sup>2</sup> for the third quarter. The main reason for the lower tax charge in 2016 is a reduction in the tax rate in Norway and Denmark compared with 2015.

Orkla's diluted earnings per share rose by 31% from NOK 0.80 to NOK 1.05 per share in the third quarter.

## The business areas

### Orkla Foods

Amounts in NOK million	1.1.-30.9.		1.1.-31.12.		1.7.-30.9.	
	2016	2015	2015	2016	2015	
Operating revenues	11 290	9 428	13 250	3 905	3 261	
EBIT (adj.) <sup>1</sup>	1 352	1 140	1 701	512	429	
EBIT (adj.) <sup>1</sup> margin (%)	12.0	12.1	12.8	13.1	13.2	
Cash flow from operations before net replacement expenditures	1 275	1 152	1 888	561	496	
Net replacement expenditures	(587)	(262)	(382)	(153)	(150)	
Cash flow from operations	688	890	1 506	408	346	
Expansion investments	(118)	(216)	(368)	(31)	(71)	

- Satisfactory sales and profit growth
- Improvement due to acquired businesses, sales growth and the effects of cost improvements
- Profit slightly weakened by delivery challenges

Orkla Foods reported third-quarter operating revenues of NOK 3,905 million (NOK 3,261 million)<sup>2</sup>, corresponding to reported sales growth of 20%.

The organic<sup>3</sup> improvement in sales was 3.3%, mainly driven by volume/mix growth in Norway, Sweden and Denmark. The expanded distribution agreement with PepsiCo and sales activities generated good growth in third-quarter sales. In addition, several innovations and launches made a positive contribution, including various pizza varieties in Norway, salad spreads and fresh pasta in Denmark and vegetarian ready meals in Sweden. New launches in the third quarter included a new sourdough pizza in Sweden, which has been well received in the market, and new products under the Paulúns health brand in both Sweden and Finland.

EBIT (adj.)<sup>1</sup> was NOK 512 million (NOK 429 million)<sup>2</sup>, an increase of 19%. The improvement was driven by structural growth due to acquisitions, and contributions from sales growth, cost improvements and the realisation of synergies in several markets. Hamé, which was included with effect from 1 April 2016, showed sales and profit improvement in the quarter. However, third-quarter profit was somewhat negatively affected by delivery challenges in the Nordic region, partly related to ongoing restructuring programmes. This is also expected to have some effect on results in the fourth quarter of 2016. The EBIT (adj.)<sup>1</sup> margin was flat. The inclusion of Hamé in the financial statements and the distribution agreement with PepsiCo had a dilutive margin effect.

### Orkla Confectionery & Snacks

Amounts in NOK million	1.1.-30.9.		1.1.-31.12.		1.7.-30.9.	
	2016	2015	2015	2016	2015	
Operating revenues	4 434	3 995	5 813	1 501	1 452	
EBIT (adj.) <sup>1</sup>	596	529	843	260	238	
EBIT (adj.) <sup>1</sup> margin (%)	13.4	13.2	14.5	17.3	16.4	
Cash flow from operations before net replacement expenditures	714	430	962	289	105	
Net replacement expenditures	(158)	(199)	(270)	(32)	(47)	
Cash flow from operations	556	231	692	257	58	
Expansion investments	(2)	(15)	(16)	(2)	(1)	

- Continued broad-based, volume-driven growth in sales
- Improved profit in all companies

Orkla Confectionery & Snacks posted third-quarter operating revenues of NOK 1,501 million (NOK 1,452 million)<sup>2</sup>, with organic<sup>3</sup> growth of 4.1%. The improvement in sales was broad-based, and was driven particularly by volume growth in Norway and Sweden.

Third-quarter sales growth were boosted by the pick and mix agreement to Coop in Norway and the

distribution agreement with PepsiCo on the sale of Lay's snack products in Norway, Sweden and Finland. Several innovations launched in the first half of 2016 also contributed to sales growth. New launches in the third quarter included IFA pastilles, KiMs Choco Bites in Denmark and popcorn in Sweden.

The acquisition of NP Foods in Latvia entailed significant changes in the business's structure, and the implementation of these changes and improvements has been, and still is, an extensive process. In the third quarter, the business reported underlying sales and profit improvement.

Third-quarter EBIT (adj.)<sup>1</sup> amounted to NOK 260 million (NOK 238 million)<sup>2</sup>, and profit improvement was largely driven by sales growth. The third-quarter EBIT (adj.)<sup>1</sup> margin was 17.3%, corresponding to a year-over-year increase of 0.9% percentage points.

#### Orkla Care

Amounts in NOK million	1.1.-30.9.		1.1.-31.12.		1.7.-30.9.	
	2016	2015	2015	2016	2015	2015
Operating revenues	5 010	3 894	5 534	1 726	1 410	
EBIT (adj.) <sup>1</sup>	770	677	881	307	269	
EBIT (adj.) <sup>1</sup> margin (%)	15.4	17.4	15.9	17.8	19.1	
Cash flow from operations before net replacement expenditures	567	861	1 224	236	207	
Net replacement expenditures	(99)	(43)	(75)	(47)	(10)	
Cash flow from operations	468	818	1 149	189	197	
Expansion investments	-	-	-	-	-	

- Substantial turnover growth driven by acquisitions and positive organic<sup>3</sup> growth
- Profit improvement driven by acquired businesses, synergies and cost reductions
- The acquisition of the UK painting tool business was approved and consolidated as from 1 September

Orkla Care reported third-quarter operating revenues of NOK 1,726 million (NOK 1,410 million)<sup>2</sup>, equivalent to a 22% increase in sales. Organic<sup>3</sup> sales development was 1.3%.

Orkla Home & Personal Care saw organic turnover growth driven by Norway and the markets outside the Nordic region. However, the growth in Norway must be seen in the light of the somewhat low comparative figures from 2015 and the competitive climate, which remains challenging. In the third quarter, Orkla Health was in the quarter somewhat negatively affected by the loss of a major distribution agreement in Denmark, coupled with the continued decline of the weight control category. Lilleborg Profesjonell achieved broad-based organic<sup>3</sup> sales growth. Orkla House Care delivered organic<sup>3</sup> growth, which varied slightly from one market to another. Pierre

Robert reported negative organic<sup>3</sup> growth in the quarter, impacted to some extent by the timing of campaigns in different quarters. Orkla Wound Care achieved good, broad-based organic<sup>3</sup> growth, driven by innovations and strong campaign activity.

Third-quarter EBIT (adj.)<sup>1</sup> amounted to NOK 307 million (NOK 269 million)<sup>2</sup>. The improvement in profit was driven by contributions from acquired businesses, synergies and cost reductions. The third-quarter EBIT (adj.)<sup>1</sup> margin was 17.8% (19.1%)<sup>2</sup>. The decline compared with last year was chiefly related to the dilutive effects of the inclusion of acquisitions and the loss of highly profitable Unilever brands. Higher purchasing costs due to the weakening of the Norwegian krone against several key purchasing currencies continued to have a negative margin impact for many of the companies in the third quarter.

#### Orkla Food Ingredients

Amounts in NOK million	1.1.-30.9.		1.1.-31.12.		1.7.-30.9.	
	2016	2015	2015	2016	2015	2015
Operating revenues	6 089	5 483	7 598	2 095	1 989	
EBIT (adj.) <sup>1</sup>	333	298	414	130	119	
EBIT (adj.) <sup>1</sup> margin (%)	5.5	5.4	5.4	6.2	6.0	
Cash flow from operations before net replacement expenditures	382	303	553	244	149	
Net replacement expenditures	(145)	(88)	(132)	(33)	(24)	
Cash flow from operations	237	215	421	211	125	
Expansion investments	(13)	(4)	(4)	(4)	(4)	

- Profit growth driven by several small acquisitions
- A decline in organic<sup>3</sup> sales driven by lower prices of key raw materials
- Considerable reduction in profitability for butter blends in the European market

Orkla Food Ingredients posted third-quarter operating revenues of NOK 2,095 million (NOK 1,989 million)<sup>2</sup>, corresponding to reported growth of 5%. The organic<sup>3</sup> decline in sales was 0.9%, driven by lower prices for marzipan and butter blends following the associated decline in raw material prices. In addition, sales of bakery ingredients in Norway dropped due to the loss of a contract with an industrial customer.

As previously communicated, the price of butter blends has fallen noticeably since the elimination of milk quotas in the EU gave rise to a surplus of milk. Dragsbæk has compensated for part of the loss of revenues and profit by successfully focusing on vegetarian food in the Danish market and on margarine, bread and ice cream products in Iceland, where minor acquisitions combined with organic<sup>3</sup> growth have made a positive contribution. The investment in ice cream ingredients and accessories in the third quarter also made a good contribution through a

combination of organic<sup>3</sup> growth and the effects of some small acquisitions.

Third-quarter EBIT (adj.)<sup>1</sup> amounted to NOK 130 million (NOK 119 million)<sup>2</sup>, corresponding to an increase of 9%. The improvement was driven by structural growth due to several small acquisitions. The third-quarter EBIT (adj.)<sup>1</sup> margin was 6.2% (6.0%)<sup>2</sup>.

In the third quarter, Orkla Food Ingredients acquired another bakery ingredients company in the Netherlands, Broer Bakkerijgrondstoffen B.V. The company was consolidated into the financial statements with effect from 1 September 2016.

## **Orkla Investments**

### **Hydro Power**

Third-quarter EBIT (adj.)<sup>1</sup> for Hydro Power was NOK 64 million (NOK 22 million)<sup>2</sup>. The increase is chiefly due to significantly higher realised power prices. The area price in Sauda was 21.2 øre/kWh (10.2 øre/kWh)<sup>2</sup>, and the price trend for Sarpsfoss was similar, but with a slightly higher area price in the third quarter of 2016 (21.3 øre/kWh). Production in the quarter totalled 724 GWh (891 GWh)<sup>2</sup>. Third-quarter operating costs were at about the same level as for the same period in 2015. The reservoir level in Sauda was lower than normal at the end of September. The water level in the Glomma River was 97% of the normal level.

### **Financial Investments**

Third-quarter EBIT (adj.)<sup>1</sup> for Orkla Financial Investments amounted to NOK -7 million (NOK 14 million)<sup>2</sup>. The most important activities in the quarter were the development and sale of properties in the current real estate portfolio. There were no transactions in the quarter that generated gains, and results for the quarter reflect costs related to individual projects.

Sales of shares and financial assets totalled NOK 74 million in the third quarter. As at 30 September 2016, the market value of the remaining share portfolio (including funds) was NOK 211 million, with associated unrealised gains of NOK 97 million.

### **Sapa (50% interest)**

Underlying EBIT for Sapa increased compared to the same quarter of the previous year driven by higher value-add margins and positive effects from continuous improvements. The improvements were partly offset by slightly reduced sales volumes, mainly in the US.

Compared to the same period last year, market demand increased by 0.7% in North America and 2.1% in Europe. In North America, building and construction activity and

automotive demand contributed positively, while the transportation segment experienced slower demand. In Europe there were positive developments in automotive and transportation and a mixed picture in building and construction.

Underlying EBIT year-to-date increased compared to last year, driven by the same main factors as for the third quarter.

Going forward, a continued moderate market growth is expected in Europe, while certain market segments in North America show indications of softening. In both North America and Europe, aluminium substitution in the automotive industry is contributing positively.

### **Jotun (42.5% interest)**

Jotun has delivered all-time high revenue and volume growth and all-time high profitability year to date. The main drivers of the growth are increased sales volumes in the Decorative Paint segment in the Middle East and South East Asia. However, over the past quarter sales growth has eased compared to the strong growth seen in 2015, mainly due to reduced activity in the Marine Coatings segment and the Offshore sector. Jotun continues to invest in increased production capacity in line with the company's growth strategy. Investment activity during the period was mainly related to the operations in Oman, the Philippines and Myanmar.

### **Cash flow and financial situation**

The comments below are based on the cash flow statement as presented in Orkla's internal format and refer to the period 1 January to 30 September 2016. Reference is made to Note 13 in this report.

Cash flow from operations (excluding Financial Investments) amounted to NOK 1,957 million (NOK 2,064 million)<sup>2</sup> as at 30 September 2016. In the first nine months, there was a seasonal build-up of working capital totalling NOK 592 million (NOK -283 million)<sup>2</sup>. The increase from the same period last year was mainly related to the receipt of payment for a one-time contractual termination fee from the renegotiation of the Unilever agreement. Net replacement investments totalled NOK 1,040 million (NOK 659 million)<sup>2</sup>, chiefly due to higher investment in Orkla Foods due to ongoing improvement programmes. At quarter end, cash flow from operations from Financial Investments totalled NOK -129 million (NOK 127 million)<sup>2</sup>, negatively impacted by investments in development projects in the real estate portfolio.

An ordinary dividend of NOK 2.50 per share was paid out for the 2015 financial year. In total, dividends paid as at 30 September 2016 totalled NOK 2,599 million.

To fulfil its remaining option programmes, Orkla purchased treasury shares for a net total of NOK -81 million (NOK -112 million)<sup>2</sup> in the first nine months of 2016. Expansion investments totalled NOK 132 million (NOK 236 million)<sup>2</sup> as at 30 September 2016.

Sales of companies amounted to NOK 399 million and consisted primarily of the sale of properties in the real estate portfolio and the sale of the Asan brand. Purchases of companies amounted to NOK -2,584 million and consisted of acquisitions in Branded Consumer Goods, where Hamé and Harris accounted for the majority of the amount. As at 30 September 2016, in addition to the sell of Gränges shares, net sales of shares and financial assets totalled NOK 1,119 million.

Net cash flow for the Group was NOK -2,450 million (NOK -2,866 million)<sup>2</sup> as at 30 September 2016. In the first nine months, the Group's interest-bearing liabilities had an average borrowing rate of 1.8%, and were mainly denominated in SEK, EUR and DKK. Positive translation effects of NOK 781 million due to exchange rate fluctuations contributed to reducing net interest-bearing liabilities, which totalled NOK 9,474 million at quarter end.

As at 30 September 2016, the equity ratio was 59.1%, compared with 62.2% as at 31 December 2015. Correspondingly, net gearing<sup>4</sup> was 0.29 compared with 0.23 as at 31 December 2015. The average remaining life of long-term liabilities and unutilised credit lines is 3.4 years. Orkla's financial position is robust, with cash reserves and credit lines that exceed maturing debt and known capital expenditures in the next 12 months.

## Outlook

In the markets in which Orkla has a presence, growth is expected to remain moderate in the coming years, with some variation from one market to another.

Orkla continues to face strong competition from imported international brands and retailers' private labels. To counter this strong competition and ensure innovations and portfolio optimisation to meet changing trends and consumer needs, Orkla must continue to take steps to secure its competitiveness and its position going forward. Efforts to optimise and rationalise its supply chain with a view to exploiting economies of scale and reducing costs will continue.

Overall, the global commodity prices to which Orkla is exposed to, have risen somewhat in the recent past. However, prices vary substantially from one commodity group to another, and the uncertainty attached to future raw material price trends is generally high.

The different business areas are exposed to currency risk to varying degrees. There is still considerable uncertainty as to exchange rate trends going forward. Many of Orkla's Norwegian companies do a substantial share of their purchasing in Norwegian krone, thereby reducing the overall impact of fluctuations in the exchange rate of the Norwegian krone against other currencies.

The strategy of being a leading branded consumer goods company, with the Nordic and Baltic regions as main markets in addition to selected geographies in which Orkla already has a presence, remains unchanged. Orkla also holds good positions in selected product categories in Central Europe and India. Orkla aims to deliver organic<sup>3</sup> turnover growth that at least matches market growth and annual adjusted EBIT (adj.)<sup>1</sup> growth of 6–9% in Branded Consumer Goods in the period 2016–2018.

Oslo, 31 October 2016  
The Board of Directors of Orkla ASA



## Condensed income statement

Amounts in NOK million	Note	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
		2016	2015	2015	2016	2015
<b>Operating revenues</b>	2	27 472	23 627	33 198	9 429	8 381
Operating expenses		(23 627)	(20 344)	(28 532)	(7 961)	(7 123)
Depreciation and write-downs property, plant and equipment and amortisation intangible assets		(854)	(776)	(1 057)	(290)	(265)
Operating profit before other income and expenses (EBIT adj.)	2	2 991	2 507	3 609	1 178	993
Other income and expenses	3	(260)	(268)	(502)	(149)	(96)
<b>Operating profit</b>		2 731	2 239	3 107	1 029	897
Profit/loss from associates and joint ventures		1 217	1 022	1 111	313	239
Interest, net		(137)	(159)	(192)	(40)	(78)
Other financial items, net	7	27	42	64	26	11
<b>Profit/loss before taxes</b>		3 838	3 144	4 090	1 328	1 069
Taxes		(570)	(550)	(722)	(235)	(240)
<b>Profit/loss for the period for continuing operations</b>		3 268	2 594	3 368	1 093	829
Gains/profit/loss discontinued operations		-	-	(17)	-	-
<b>Profit/loss for the period</b>		3 268	2 594	3 351	1 093	829
Profit/loss attributable to non-controlling interests		87	46	56	24	19
Profit/loss attributable to owners of the parent		3 181	2 548	3 295	1 069	810

## Earnings per share

Amounts in NOK	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
	2016	2015	2015	2016	2015
<b>Earnings per share</b>	3.12	2.50	3.24	1.05	0.80
<b>Earnings per share (diluted)</b>	3.12	2.50	3.24	1.05	0.80
<b>Earnings per share for continuing operations (diluted)</b>	3.12	2.50	3.25	1.05	0.80

## Condensed statement of comprehensive income

Amounts in NOK million	Note	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
		2016	2015	2015	2016	2015
<b>Profit/loss for the period</b>		3 268	2 594	3 351	1 093	829
<i>Items not to be reclassified to profit/loss in subsequent periods</i>						
Change in actuarial gains and losses pensions after tax		-	-	(15)	-	-
<i>Items to be reclassified to profit/loss in subsequent periods</i>						
Change in unrealised gains on shares after tax	4	(188)	(177)	6	(35)	(77)
Change in hedging reserve after tax	4	(34)	85	31	30	(38)
Carried against the equity in associates and joint ventures		(871)	339	685	(502)	282
Translation effects		(667)	534	881	(351)	720
<b>The Group's comprehensive income</b>		1 508	3 375	4 939	235	1 716
Comprehensive income attributable to non-controlling interests		76	59	71		
Comprehensive income attributable to owners of the parent		1 432	3 316	4 868		

## Condensed statement of financial position

Amounts in NOK million	Note	30.9.	31.12.
		2016	2015
Intangible assets		18 255	17 676
Property, plant and equipment		10 841	10 523
Investments in associates and joint ventures and other financial assets	6	12 791	13 029
<b>Non-current assets</b>		<b>41 887</b>	<b>41 228</b>
Assets held for sale		-	182
Inventories		5 397	4 623
Inventory of development property		250	216
Trade receivables		5 691	5 267
Other receivables	6	709	625
Shares and financial assets		211	1 376
Cash and cash equivalents	6	904	721
<b>Current assets</b>		<b>13 162</b>	<b>13 010</b>
<b>Total assets</b>		<b>55 049</b>	<b>54 238</b>
Paid in equity		1 994	1 994
Earned equity		30 126	31 335
Non-controlling interests		412	417
<b>Equity</b>		<b>32 532</b>	<b>33 746</b>
Provisions and other non-current liabilities		4 181	4 191
Non-current interest-bearing liabilities	6	10 588	8 722
Current interest-bearing liabilities	6	390	399
Trade payables		4 308	3 869
Other current liabilities		3 050	3 311
<b>Equity and liabilities</b>		<b>55 049</b>	<b>54 238</b>
Equity ratio (%)		59.1	62.2

## Condensed statement of changes in equity

Amounts in NOK million	1.1. – 30.9.2016			1.1. – 30.9.2015		
	Attributed to equity holders of the parent	Non-controlling interest	Total equity	Attributed to equity holders of the parent	Non-controlling interest	Total equity
Equity 1 January	33 329	417	33 746	31 059	245	31 304
The Group's comprehensive income	1 432	76	1 508	3 316	59	3 375
Dividends	(2 543)	(56)	(2 599)	(2 544)	(10)	(2 554)
Net purchase/sale of treasury shares	(81)	-	(81)	(112)	-	(112)
Change in non-controlling interests	(17)	(25)	(42)	(18)	117	99
<b>Equity at the close of the period</b>	<b>32 120</b>	<b>412</b>	<b>32 532</b>	<b>31 701</b>	<b>411</b>	<b>32 112</b>

## Condensed statement of cash flow IFRS

Amounts in NOK million	Note	1.1.–30.9.		1.1.–31.12.		1.7.–30.9.	
		2016	2015	2015	2015	2016	2015
Cash flow from operations before net capital expenditure		2 892	2 747	4 574		1 332	1 058
Received dividends and financial items		32	85	(3)		47	43
Taxes paid		(436)	(668)	(727)		(129)	(87)
<b>Cash flow from operating activities</b>		<b>2 488</b>	<b>2 164</b>	<b>3 844</b>		<b>1 250</b>	<b>1 014</b>
Net capital expenditure		(1 196)	(792)	(1 227)		(329)	(331)
Net sale (purchase) of companies	5	(1 852)	(691)	(779)		(614)	(199)
Net sale shares and financial assets		1 119	225	298		74	76
Other payments and discontinued operations		4	155	158		(8)	20
<b>Cash flow from investing activities</b>		<b>(1 925)</b>	<b>(1 103)</b>	<b>(1 550)</b>		<b>(877)</b>	<b>(434)</b>
Net paid to shareholders		(2 680)	(2 666)	(2 594)		(8)	(117)
Change in interest-bearing liabilities and interest-bearing receivables <sup>1</sup>		2 318	(79)	(1 617)		(405)	(366)
<b>Cash flow from financing activities</b>		<b>(362)</b>	<b>(2 745)</b>	<b>(4 211)</b>		<b>(413)</b>	<b>(483)</b>
Currency effects cash and cash equivalents		(18)	174	23		(10)	169
<b>Change in cash and cash equivalents</b>		<b>183</b>	<b>(1 510)</b>	<b>(1 894)</b>		<b>(50)</b>	<b>266</b>
<b>Cash and cash equivalents</b>	6	<b>904</b>	<b>1 105</b>	<b>721</b>			

<sup>1</sup>Does not include interest-bearing liabilities and receivables related to acquired and sold companies.

See also Note 13 for cash flow Orkla-format.

## NOTES

### NOTE 1 GENERAL INFORMATION

Orkla ASA's condensed consolidated financial statements for the first nine months of 2016 were approved at the meeting of the Board of Directors on 31 October 2016. The figures in the statements have not been audited. Orkla ASA is a public limited liability company and its offices are located at Skøyen in Oslo, Norway.

Orkla shares are traded on the Oslo Stock Exchange. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and methods of calculation have been applied as in the last Annual Financial Statements.

Due to new rules governing "Alternative performance measures in financial reporting", the Group has clarified its definition of "Organic growth"; see the definition on page 3 of this report. At the same time, the change in top-line growth is presented in a separate table, broken down into "currency effects", "structural changes" and "organic growth" (see page 4). The term "expansion investments" has similarly been defined in Note 13 Cash-flow Orkla format.

In the presentation of key figures for the Group, three new lines have been added as from 2016 that specify items relating to Branded Consumer Goods: operating revenues, EBIT (adj.) and organic growth. The line for "Discontinued operations" has been removed.

In the income statement, "Depreciation and write-downs property, plant and equipment" and "Amortisation of intangible assets" have been presented on one line as from 2016. The main reasons for this are a materiality consideration and the fact that the Group now presents EBIT (adj.) and thus does not present amortisation separately. The comparative figures have been changed correspondingly.

The Group has not made any other changes in presentation or accounting principles or adopted any new standards that significantly affect its financial reporting or comparisons with previous periods.

The Group has purchased new businesses. The acquisitions are presented in Note 5.

## NOTE 2 SEGMENTS

### Operating revenues

	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
Amounts in NOK million	2016	2015	2015	2016	2015
Orkla Group	27 472	23 627	33 198	9 429	8 381
Branded Consumer Goods	26 688	22 688	32 002	9 179	8 064
Orkla Foods	11 290	9 428	13 250	3 905	3 261
Orkla Confectionery & Snacks	4 434	3 995	5 813	1 501	1 452
Orkla Care	5 010	3 894	5 534	1 726	1 410
Orkla Food Ingredients	6 089	5 483	7 598	2 095	1 989
Eliminations Branded Consumer Goods	(135)	(112)	(193)	(48)	(48)
Orkla Investments	759	914	1 166	240	313
Hydro Power	555	498	690	196	156
Financial Investments	204	416	476	44	157
HQ/Other Business/Eliminations	25	25	30	10	4

### Operating profit - EBIT (adj.)<sup>1</sup>

	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
Amounts in NOK million	2016	2015	2015	2016	2015
Orkla Group	2 991	2 507	3 609	1 178	993
Branded Consumer Goods	3 051	2 644	3 839	1 209	1 055
Orkla Foods	1 352	1 140	1 701	512	429
Orkla Confectionery & Snacks	596	529	843	260	238
Orkla Care	770	677	881	307	269
Orkla Food Ingredients	333	298	414	130	119
Orkla Investments	177	179	211	57	36
Hydro Power	161	105	154	64	22
Financial Investments	16	74	57	(7)	14
HQ/Other Business	(237)	(316)	(441)	(88)	(98)

<sup>1</sup>Operating profit before other income and expenses

## NOTE 3 OTHER INCOME AND EXPENSES

	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
Amounts in NOK million	2016	2015	2015	2016	2015
M&A and integration costs	(149)	(116)	(248)	(36)	(64)
Final settlement employment relationships	(47)	(55)	(142)	(26)	(12)
Gain/write-downs relating to coordination projects	25	(65)	(51)	-	-
Write-down Orkla Food Ingredients	(56)	(23)	(23)	(56)	(23)
Other restructuring costs and special IFRS effects	(33)	(9)	(38)	(31)	3
<b>Total other income and expenses</b>	<b>(260)</b>	<b>(268)</b>	<b>(502)</b>	<b>(149)</b>	<b>(96)</b>

Major integration and restructuring projects are still in progress in the Group. Projects related to the integration of acquired companies and merging of factories require extensive resources and give rise to substantial costs, and will continue to do so.

Changes in Orkla Foods' factory footprint entail large-scale projects resulting in adjustments to plants and costs relating to severance packages. A decision was made to move all beverage production from Gimsøy Kloster in Skien to Kumla, Sweden. Costs are also being incurred in connection with the relocation, approved in 2015, of production from Brumunddal and Larvik to Elverum (Nora and Denja) and from Svinninge to Skælskør in Denmark.

Costs have also been incurred in connection with the continued integration of Cederroth, NP Foods and O. Kavli. The integration of Cederroth is an especially comprehensive process, but the integration of NP Foods also necessitates numerous organisational adjustments that affect the Group's entire structure in the Baltic region.

M&A costs have been incurred in connection with the acquisition of Hamé, O. Kavli, brands from Nanso Group, Harris and new companies in Orkla Food Ingredients. The purchase of Kavli has resulted in income related to recognised badwill.

Information on write-downs may be found in Note 10.



#### NOTE 4 STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income shows changes in the value of shares and financial assets (unrealised gains) and hedging instruments (hedging reserve). These figures are presented after tax. The tax effect as at 30 September 2016 related to changes in unrealised gains is NOK 0 million (NOK 0 million in 2015), and the tax effect related to changes in the hedging reserve amounts to NOK 11 million (NOK 12 million in 2015).

Unrealised gains/losses on shares and the hedging reserve included in equity as at 30 September 2016 (after tax) totalled NOK 99 million and NOK -383 million, respectively. Accumulated translation differences correspondingly amounted to NOK 624 million, and accumulated items recognised in equity in associates and joint ventures amounted to NOK 822 million as at 30 September 2016.

#### NOTE 5 ACQUISITION AND SALE OF COMPANIES

##### *Acquisition of companies in the third quarter*

Orkla House Care Norge AS has purchased **L.G. Harris & Co. Limited** (Harris), a leading UK supplier of "do-it-yourself" painting tools with well-known brands such as Harris, Lynwood, Harris Victory and T-Class. With this acquisition Orkla House Care has doubled the size of its operations. Harris owns two factories, one of which is located in Stoke Prior, Bromsgrove, outside Birmingham in the UK and the other in Zhaoqing City in Guangdong Province, China. In total, Harris has almost 1,000 employees. The company's head office is located in Bromsgrove. Harris also owns 50% of a joint venture with a local partner in India in order to serve the Indian market. Furthermore, the company has a minority shareholding in a painting tool manufacturer in Sri Lanka.

For the last 12 months up to March 2016, Harris achieved sales revenues of GBP 60.9 million (approx. NOK 718 million) and EBITDA of GBP 5.7 million (approx. NOK 67 million) (unaudited figures). Harris was consolidated into the financial statements as from 1 September 2016.

Orkla Food Ingredients (OFI) has purchased 70% of the shares in **Broer Bakkerijgrondstoffen B.V.** (Broer). Broer is a leading manufacturer of almond paste, bakery ingredients and ice cream powder in the Netherlands. The purchase of Broer, which has its own production of ready mixes for soft-serve ice cream, further strengthens OFI's position in the Netherlands ice cream market. Broer manufactures primarily for the Dutch B2B market, but also exports products to other countries, chiefly Belgium.

Broer has a total of 32 employees, and is located in Waddinxveen, Netherlands. In 2015, the company achieved a turnover of EUR 17 million (approx. NOK 158 million) and EBIT (adj.) of EUR 0.7 million (approx. NOK 6.5 million). The company's former owners are the same who owned the sales and distribution company Briceland, which Orkla acquired in December 2015. Two of the owners will remain minority shareholders with a total of 30% of the company's shares. Broer was consolidated into the financial statements as from 1 September 2016.

Orkla Health Poland has acquired the **Colon-C** brand in an asset transaction. With this acquisition Orkla has strengthened its foothold in the gut health segment, which is a rapidly growing category. The Colon-C brand is an approved European brand with growth potential also outside the Polish market. Colon-C reported a turnover of PLN 14.6 million (approx. NOK 31 million) in 2015. The brand was consolidated into Orkla's statement of financial position as from 30 September 2016 and will be consolidated into the income statement as from 1 October 2016. The transaction does not entail the transfer of employees or factories.

##### *Other acquisitions of companies in 2016*

Orkla Foods has purchased **Hamé**, a leading branded food company in the Czech Republic and Slovakia. The transaction was completed on 31 March 2016. In the Czech Republic and Slovakia, Hamé holds leading positions in the categories liver patés, ready meals, ketchup, conserved vegetables, jams and baby food. Its product portfolio includes brands like Hamé, Májka, Znojmia and Otma. Hamé also holds strong positions in the paté market in Hungary, Romania and Russia. Hamé has around 2,400 employees and ten factories. In 2014, Hamé achieved sales revenues of CZK 4.9 billion (approx. NOK 1.7 billion) and a net profit of CZK 234 million (around NOK 83 million). 70% of Hamé's sales revenues come from the Czech Republic and Slovakia.

Excess values primarily consist of trademarks and goodwill, the latter accounting for the majority. Hamé was consolidated into Orkla's financial statements from 1 April 2016.

Orkla Foods Danmark has acquired 100% of the shares in **O. Kavli A/S**. The company is a major supplier to the Danish grocery trade, with well-known brands such as Fun, Grønnegården, Kavli, Scoop and Blomberg's Gløgg. Orkla already owned the Fun brand in the other Nordic countries, and through this agreement acquired full ownership of Fun in the Nordic region. O. Kavli had a turnover of DKK 170 million in 2014. The company has 70 employees. The takeover took place with effect from 1 March 2016, and badwill was calculated at the time of takeover (see Note 3).

Pierre Robert has entered into an agreement with the Finnish branded goods supplier **Nanso Group** for the purchase of four well-known socks, tights and underwear brands. The agreement concerns the purchase of the Norlyn, Amar, Black Horse and Finnwear brands, which hold strong positions in the Finnish grocery trade. The products are a good fit with Pierre Robert's current product portfolio which, in addition to underwear, socks and tights, comprises workout wear and wool undergarments. The brands covered by the agreement generated a turnover of EUR 17.2 million (approx. NOK 163 million) in 2015. A total of 22 employees will be transferred to Pierre Robert as a result of the transaction. The acquisition was consolidated into Orkla's financial statements as of 1 May 2016.

Orkla Food Ingredients (OFI) has purchased **The Waverley Bakery Limited**, a leading supplier of ice cream cones and accessories in the UK. Waverley primarily sells ice cream cones and wafers to the UK grocery sector. The company also offers ice cream cones, ingredients and accessories to ice cream parlours and small-scale ice cream manufacturers. Waverley Bakery has been a well-known name in the Scottish ice cream industry for over 100 years. The company has around 45 employees. The company had a turnover of GBP 5.9 million (approx. NOK 72 million) in 2015 and EBITDA of GBP 0.7 million (approx. NOK 8.7 million). Waverley Bakery was included in Orkla's financial statements as of 1 March 2016.

Orkla Food Ingredients also purchased the remaining ownership interests in Call Caterlink and Marcantonio Foods, and acquired four smaller companies, three of which are in Iceland and one in Sweden.

##### *Other matters*

The purchase price allocations of the companies Cederroth (Orkla Care), NP Foods (Orkla Confectionery & Snacks), Condite (Orkla Food Ingredients), W. Ratje Frøskaller (Orkla Care), Eisunion (Orkla Food Ingredients) and Anamma (Orkla Foods) were completed in 2016. No material changes have been made in the purchase price allocations except in the case of Cederroth where an excess value has been assigned to a property in Falun, and the value of acquired brands has been reduced.

Overall, the goodwill related to the purchase of Cederroth has increased slightly. No other purchase price allocations had been finalised at the end of the third quarter of 2016.

As at 30 September 2016, businesses had been acquired for a total of NOK 2,584 million on a debt-free basis.

#### Sale of companies

In the second quarter of 2016, Orkla Eiendom sold its subsidiary Mortensrud Næring at a book gain of NOK 28 million which is included in EBIT (adj.). In the first quarter of 2016, Orkla Eiendom sold its share in Raufoss Næringspark. The gain of NOK 57 million is presented on the line "Associates and joint ventures" in the income statement. Payment for the Asan brand was received in the first quarter. The disposal of Asan did not give rise to any income statement effects. All three sales are presented on the line "Sold companies" in the statement of cash flows.

Orkla's remaining interest of 16% in Gränges was sold in the first quarter of 2016 at a gain of NOK 26 million, which is presented on the line "Other financial items, net". The proceeds, which total NOK 826 million, are presented in the statement of cash flows on the line "Net purchase/sale shares and financial assets".

#### NOTE 6 NET INTEREST-BEARING LIABILITIES

The various elements of net interest-bearing liabilities are shown in the following table:

Amounts in NOK million	30.9. 2016	31.12. 2015
Non-current interest-bearing liabilities	(10 588)	(8 722)
Current interest-bearing liabilities	(390)	(399)
Non-current interest-bearing receivables (in "Financial Assets")	476	586
Current interest-bearing receivables (in "Other receivables")	124	9
Cash and cash equivalents	904	721
<b>Net interest-bearing liabilities</b>	<b>(9 474)</b>	<b>(7 805)</b>

#### NOTE 7 OTHER FINANCIAL ITEMS, NET

The various elements of net other financial items are shown in the following table:

Amounts in NOK million	11.-30.9. 2016	11.-31.12. 2015	1.7.-30.9. 2016	2015
Gains, losses and write-downs shares and financial assets	169	72	107	32
Dividends	23	28	28	8
Net foreign currency gain/loss	(8)	(2)	0	1
Interest on pensions	(35)	(29)	(41)	(11)
Other financial items	(122)	(27)	(30)	(4)
<b>Total</b>	<b>27</b>	<b>42</b>	<b>64</b>	<b>11</b>

#### NOTE 8 RELATED PARTIES

The Canica system, controlled by Orkla Board Chairman Stein Erik Hagen (largest shareholder, with 24.5% of issued shares), and Orkla both have equity interests in certain investments.

There were no material transactions between the Group and related parties in the first nine months of 2016.

The Group has intercompany balances totalling NOK 46 million with joint ventures and associates within Orkla's real estate investments.

#### NOTE 9 OPTIONS AND TREASURY SHARES

Changes in outstanding options and treasury shares are shown in the following tables:

##### Change in number of options:

Outstanding options 1 January 2016	2 722 000
Exercised during the period	(1 637 000)
Forfeited during the period	(40 000)
<b>Outstanding options 30 September 2016</b>	<b>1 045 000</b>

##### Change in number of treasury shares:

Treasury shares 1 January 2016	940 300
External purchases of treasury shares	2 000 000
Options exercised in treasury shares	(1 637 000)
Employee share purchase programme	(165)
<b>Treasury shares 30 September 2016</b>	<b>1 303 135</b>

#### NOTE 10 ASSESSMENTS RELATING TO IMPAIRMENT

In line with adopted principles, the Group has carried out impairment tests for all intangible assets with an indefinite useful life and for all goodwill prior to the preparation and presentation of financial statements for the third quarter. As a result of the tests, assets related to the operations in Orkla Food Ingredients have been written down by NOK 56 million to the recoverable amount. As of 30 September 2016 there were otherwise no indications of any impairment in the value of any of the Group's assets.

As a result of the introduction of an air passenger tax as of 1 June 2016 and Ryanair's decision to close its operations base, the Board of Directors of Moss Airport Rygge no longer sees any basis for maintaining civilian air traffic after 1 November 2016. Consequently, Orkla has written down the statement of financial position assets related to Moss Airport Rygge by a total of NOK 171 million. The carrying value of Orkla's equity interest has been written down by NOK 71 million and is presented on the line for "Profit/loss from associates and joint ventures". Loans totalling NOK 100 million to the company have been written down on the line for "Other financial items, net". The write-downs were taken in the second quarter of 2016.

#### NOTE 11 SHARES AND FINANCIAL ASSETS

Shares and financial assets recognised at fair value:

Amounts in NOK million	Measurement level			
	Level 1	Level 2	Level 3	Total
30 September 2016:				
Assets				
Investments	-	155	90	245
Derivatives	-	441	-	441
Liabilities				
Derivatives	-	528	-	528
31 December 2015:				
Assets				
Investments	876	405	131	1 412
Derivatives	-	448	-	448
Liabilities				
Derivatives	-	649	-	649

See also Note 6 for an overview of interest-bearing assets and liabilities.

#### NOTE 12 OTHER MATTERS

No new factors have emerged in the assessments regarding the situation in Denofa do Brasil (see Note 39 in Orkla's Annual Report for 2015) and the situation in Sapa Profiles Inc. Portland (SPI) (see Note 6 in the Annual Report for 2015).

There have been no other events after the statement of financial position date that would have had an impact on the financial statements or the assessments carried out.

#### NOTE 13 CASH FLOW ORKLA-FORMAT

The Orkla-format cash flow statement shows the change in net interest-bearing liabilities at Group level, which is an important key figure for the Group (see Note 6). This cash flow format is used directly in the management of the business areas, and is included in the tabular presentation of segment information preceding the descriptions of the various businesses in the information on the Group. The statement shows the Group's overall financial capacity, generated by operations, to cover the Group's financial items, taxes and items more subject to Group control such as dividends and treasury share transactions. Cash flow from operations is broken down into "Cash flow from operations<sup>1</sup>" and "Cash flow from operations, Financial Investments".

The last part of the cash flow statement shows the expansion measures that have been carried out in the form of direct expansion investments, acquisition of companies, disposal of companies/parts of companies and changes in the level of investments in shares and financial assets. Direct expansion investments are investments either in new geographical markets or new categories or that represent substantial increases in capacity. The cash flow statement is presented on the basis of an average monthly exchange rate, while the change in net interest-bearing liabilities is an absolute figure measured at the closing rate. The difference is explained by the currency translation effect related to net interest-bearing liabilities.

Amounts in NOK million	Note	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
		2016	2015	2015	2016	2015
Operating profit		2 715	2 165	3 058	1 037	883
Amortisation, depreciation and impairment charges		874	841	1 109	341	295
Changes in net working capital, etc.		(592)	(283)	404	(28)	(211)
<b>Cash flow from operations before net replacement expenditures</b>		<b>2 997</b>	<b>2 723</b>	<b>4 571</b>	<b>1 350</b>	<b>967</b>
Net replacement expenditures		(1 040)	(659)	(930)	(280)	(255)
<b>Cash flow from operations<sup>1</sup></b>		<b>1 957</b>	<b>2 064</b>	<b>3 641</b>	<b>1 070</b>	<b>712</b>
<b>Cash flow from operations, Financial Investments</b>		<b>(129)</b>	<b>127</b>	<b>94</b>	<b>(32)</b>	<b>92</b>
Financial items, net paid		(212)	(197)	(285)	(69)	(83)
Taxes paid		(436)	(668)	(727)	(129)	(87)
Received dividends		244	282	282	116	126
Other payments and discontinued operations		4	155	158	(8)	20
<b>Cash flow before capital transactions</b>		<b>1 428</b>	<b>1 763</b>	<b>3 163</b>	<b>948</b>	<b>780</b>
Dividends paid		(2 599)	(2 554)	(2 563)	(18)	-
Net sale/purchase of treasury shares		(81)	(112)	(31)	10	(117)
<b>Cash flow before expansion</b>		<b>(1 252)</b>	<b>(903)</b>	<b>569</b>	<b>940</b>	<b>663</b>
Expansion investments		(132)	(236)	(388)	(35)	(77)
Sale of companies (enterprise value)	5	399	1 081	1 133	-	4
Purchase of companies (enterprise value)	5	(2 584)	(3 033)	(3 173)	(633)	(1 843)
Net purchase/sale shares and financial assets		1 119	225	298	74	76
<b>Net cash flow</b>		<b>(2 450)</b>	<b>(2 866)</b>	<b>(1 561)</b>	<b>346</b>	<b>(1 177)</b>
Currency effects of net interest-bearing liabilities		781	(401)	(583)	360	(398)
<b>Change in net interest-bearing liabilities</b>		<b>1 669</b>	<b>3 267</b>	<b>2 144</b>	<b>(706)</b>	<b>1 575</b>
<b>Net interest-bearing liabilities</b>	6	<b>9 474</b>	<b>8 928</b>	<b>7 805</b>		

<sup>1</sup>Excluding Financial Investments