



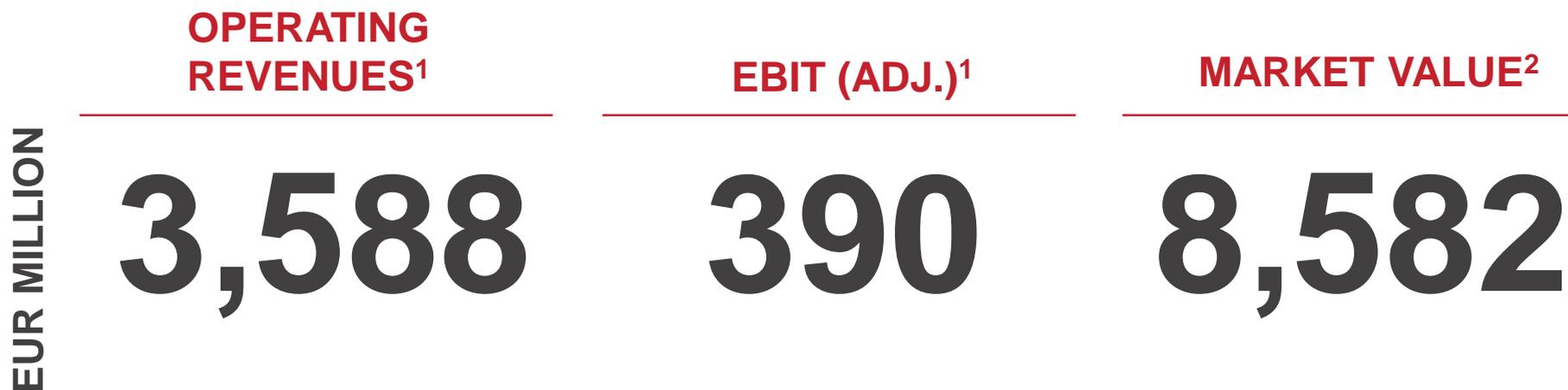
## Utilising scale and growing through strong local brands

Peter A. Ruzicka

22 September 2016



# The leading Nordic based supplier of branded consumer goods



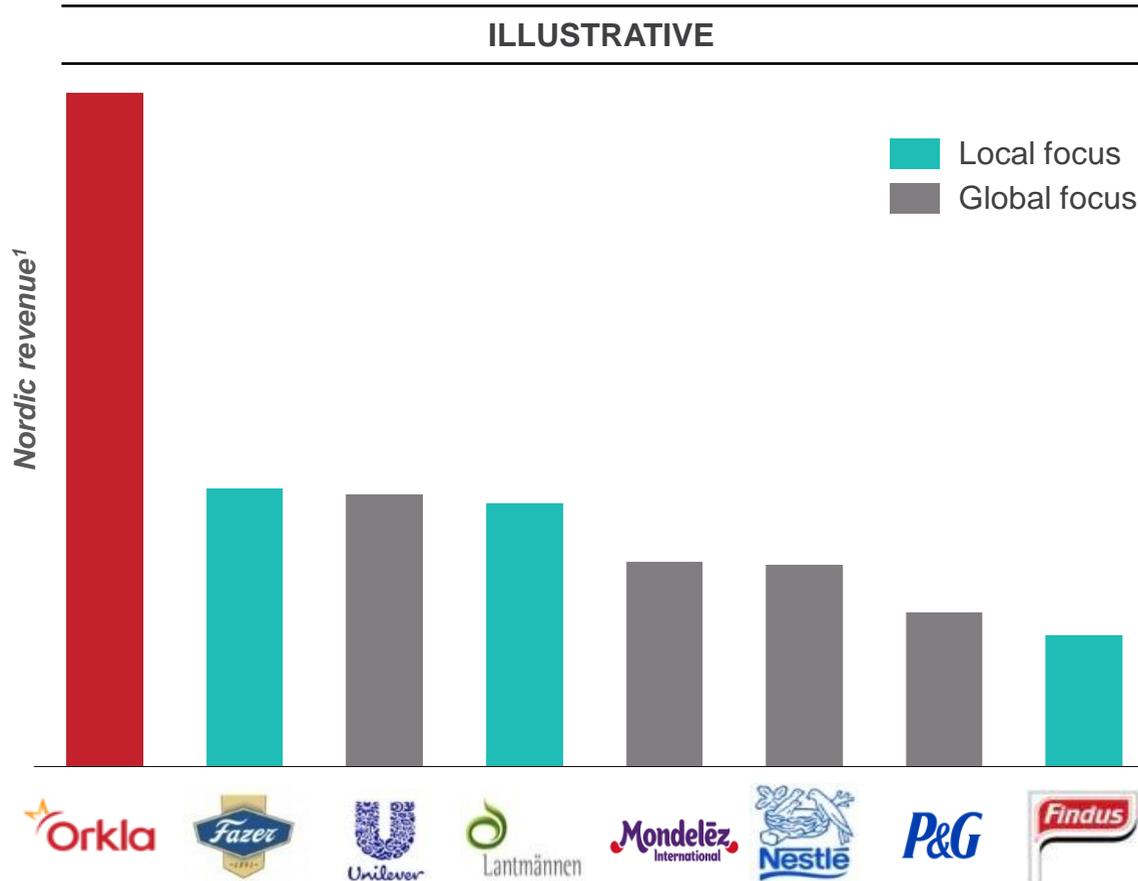
14,670  
EMPLOYEES



8.5 MILLION  
CONSUMER UNITS  
SOLD DAILY

# Largest BCG company in the Nordics

## Scale effects as the largest Nordic BCG company



## Mainly #1 and #2 positions

### Examples of market shares



Sweden: 57%



Denmark: 36%



Norway: 78%



Norway: 69%

# Orkla represents many categories with strong, local brands

Orkla Foods	Orkla Confectionery & Snacks	Orkla Care	Orkla Food Ingredients	Orkla Investments
				<p>Sapa JV (50%)</p> <p>Jotun (42.5%)</p> <p>Financial Investments</p>
<p>(NOK billion)  <b>Sales: 13.3</b>  <b>EBIT (adj.): 1.7</b></p>	<p>(NOK billion)  <b>Sales: 5.8</b>  <b>EBIT (adj.): 0.8</b></p>	<p>(NOK billion)  <b>Sales: 5.5</b>  <b>EBIT (adj.): 0.9</b></p>	<p>(NOK billion)  <b>Sales: 7.6</b>  <b>EBIT (adj.): 0.4</b></p>	<p>Real Estate</p>
<p>EBIT (adj.) margin:  <b>12.8%</b></p>	<p>EBIT (adj.) margin:  <b>14.5%</b></p>	<p>EBIT (adj.) margin:  <b>15.9%</b></p>	<p>EBIT (adj.) margin:  <b>5.4%</b></p>	<p>Hydro Power</p>
<p><b>Corporate Centre and Group Functions</b></p>				

Our targets 2016-2018:

## Delivering on our strategy and accelerating performance



Keep the strategy  
on track



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



Deliver organic  
growth at least in  
line with market  
growth

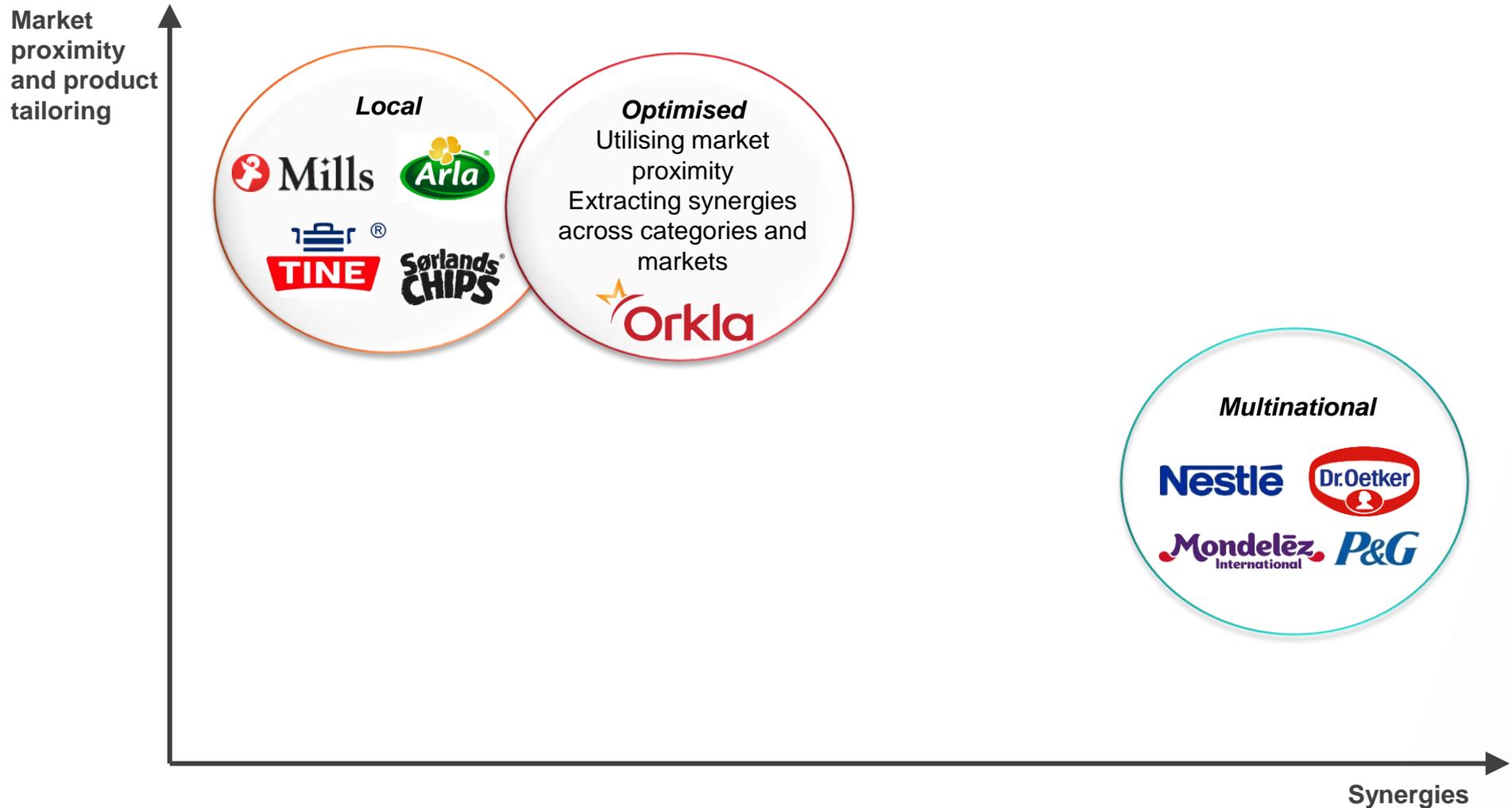


Maintain a stable  
dividend of at least  
NOK 2.50 per share

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

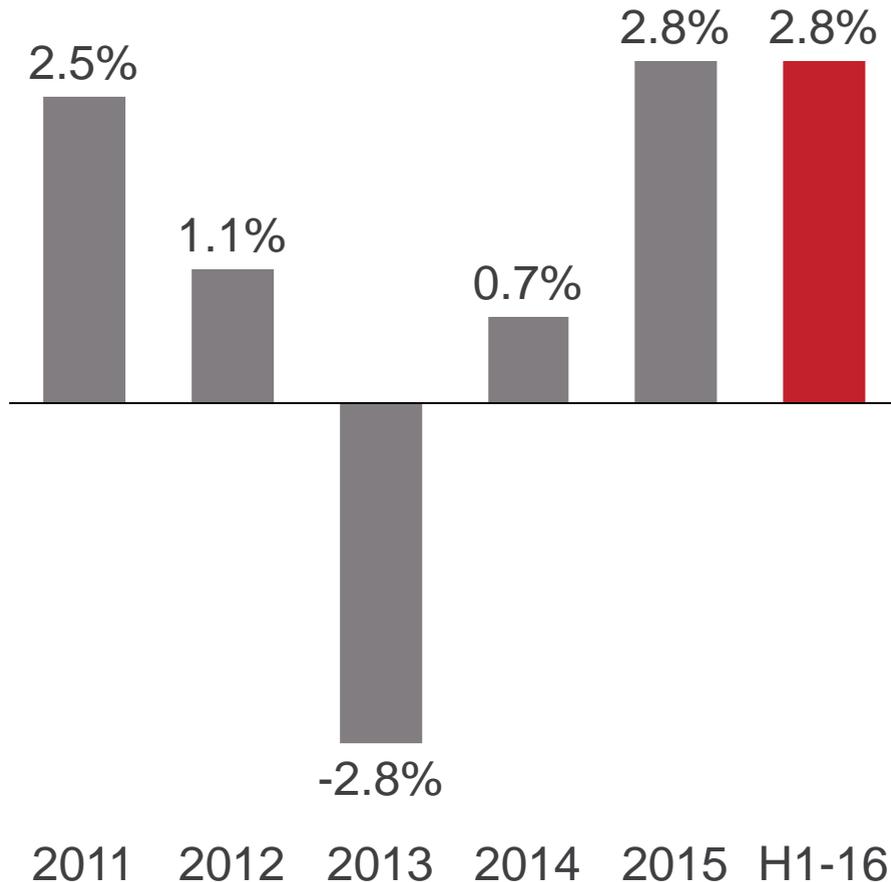
Our business model:

# Extracting synergies while strengthening our local insight



# Successful organic growth performance

## Nine quarters with organic growth<sup>1</sup>



## Examples of growth initiatives

- Build stronger relations with our customers
- More cross-market initiatives
- Innovation programmes built on superior local consumer and customer insight
- Explore opportunities for increased export sales

## Top line growth initiatives

# Increased collaboration with customers



## Top line growth initiatives

# More cross-border innovations



# Top line growth initiatives

## Responding to local consumer trends

### Organic/Eco



### Indulgence



### Natural – «Free From»



### Ethics & Environment



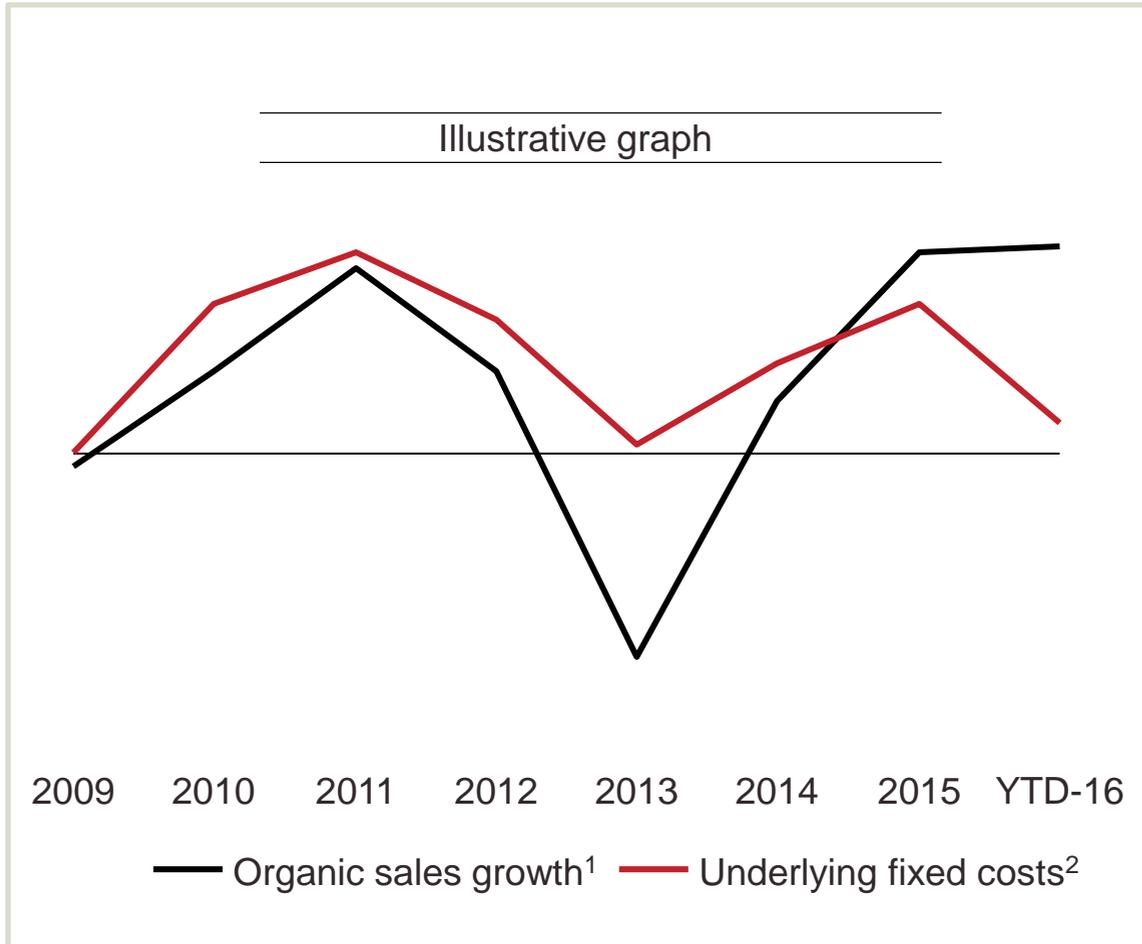
### Health & Wellbeing



### Convenience



# Ongoing cost improvements produce results



## Several cost measures implemented and ongoing

- Simplified organisational structure
- Increased sales force efficiency
- Integrating acquired companies
- Started supply chain restructuring

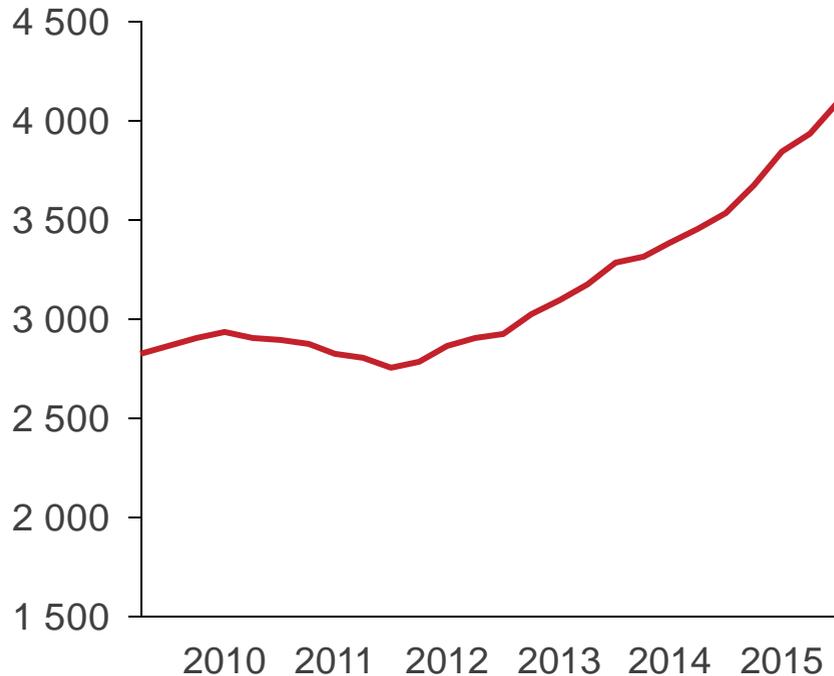
<sup>1</sup>Reported growth adjusted for currency translation effects and structural changes.

<sup>2</sup>Underlying fixed costs are growth in SG&A and fixed production / inventory costs, adjusted for M&A and currency translation effects.

# Significant EBIT growth recent years – target to grow further

## Branded Consumer Goods – R12M EBIT (adj.)

NOK million



Deliver organic growth at least in line with market growth



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

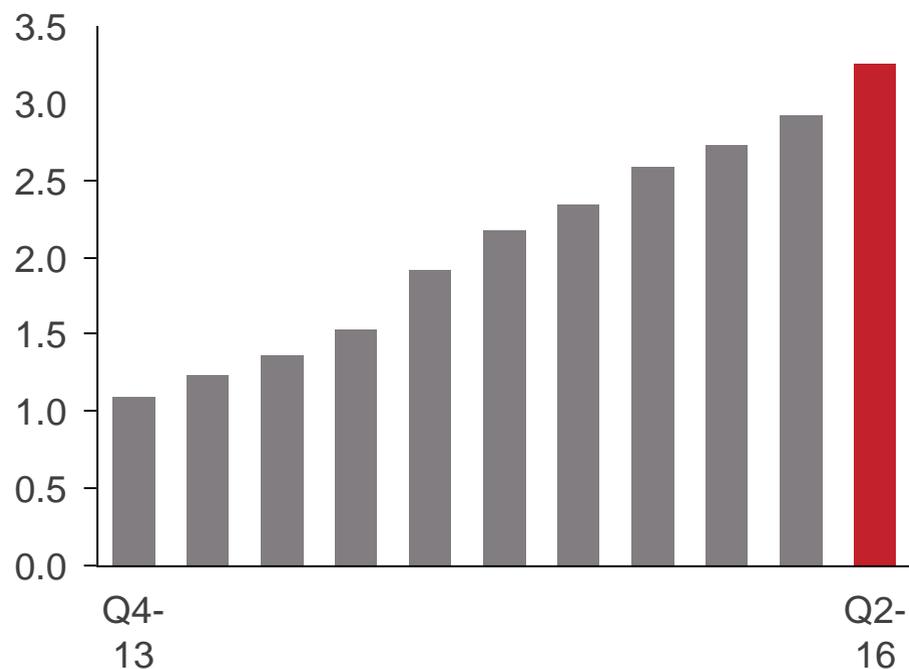
# M&A is still part of how Orkla creates value

Selected recent M&A:

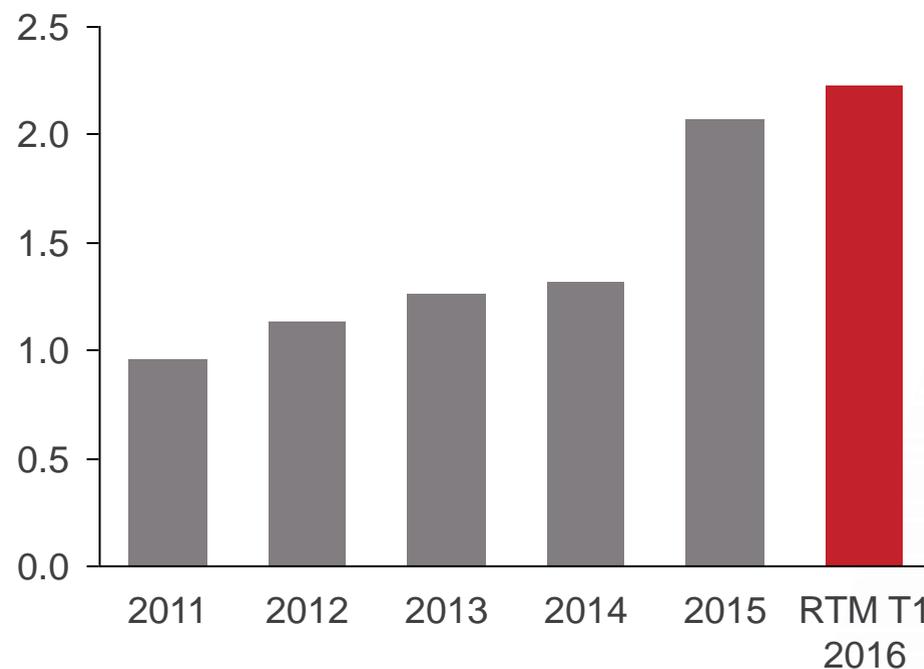
<u>Larger acquisitions</u>	<u>Increase presence in existing markets</u>	<u>Enter new categories</u>	<u>Strengthen presence in new channels</u>
<b>CEDERROTH</b>	✓	✓	✓
	✓	✓	
 <b>Harris</b> <sup>®</sup>	✓		✓
<u>Add-ons</u>			
	✓	✓	
  broer bakkerijgrondstoffen	✓		
 			✓

# Strong improvement in associated companies

R12M underlying EBITDA (NOK billion)



Operating profit (NOK billion)



**sapa:**



## 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

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*Your friend in  
everyday life*

