



Fourth quarter results 2015

11 February 2016

Peter A. Ruzicka, President & CEO



2

17% EBIT (adj.)² growth in BCG

²EBIT (adj.) = Operating profit in Q4 before other income and expenses

Highlights:

Strong performance in the quarter

- **Group EBIT (adj.)¹ increased by 9% to NOK 1.1 billion**
 - Increase in EPS from NOK -0.06 to NOK 0.73
- **Continued growth in Branded Consumer Goods**
 - 4.1% organic growth² driven by successful innovations and high campaign activity
 - EBIT (adj.) growth of 17% in BCG supported by sales growth and cost improvement programmes
- **Increased contribution from associates**
 - Improved operations in Sapa
 - Continued growth in Jotun
- **Continued high M&A and restructuring activity**
 - Foothold in Central Europe significantly strengthened through acquisition of Hamé (pending)
 - Further expansion in ice cream ingredients
 - Integration of Cederroth ongoing
- **The Board of Directors proposes a dividend of NOK 2.50 per share for 2015**

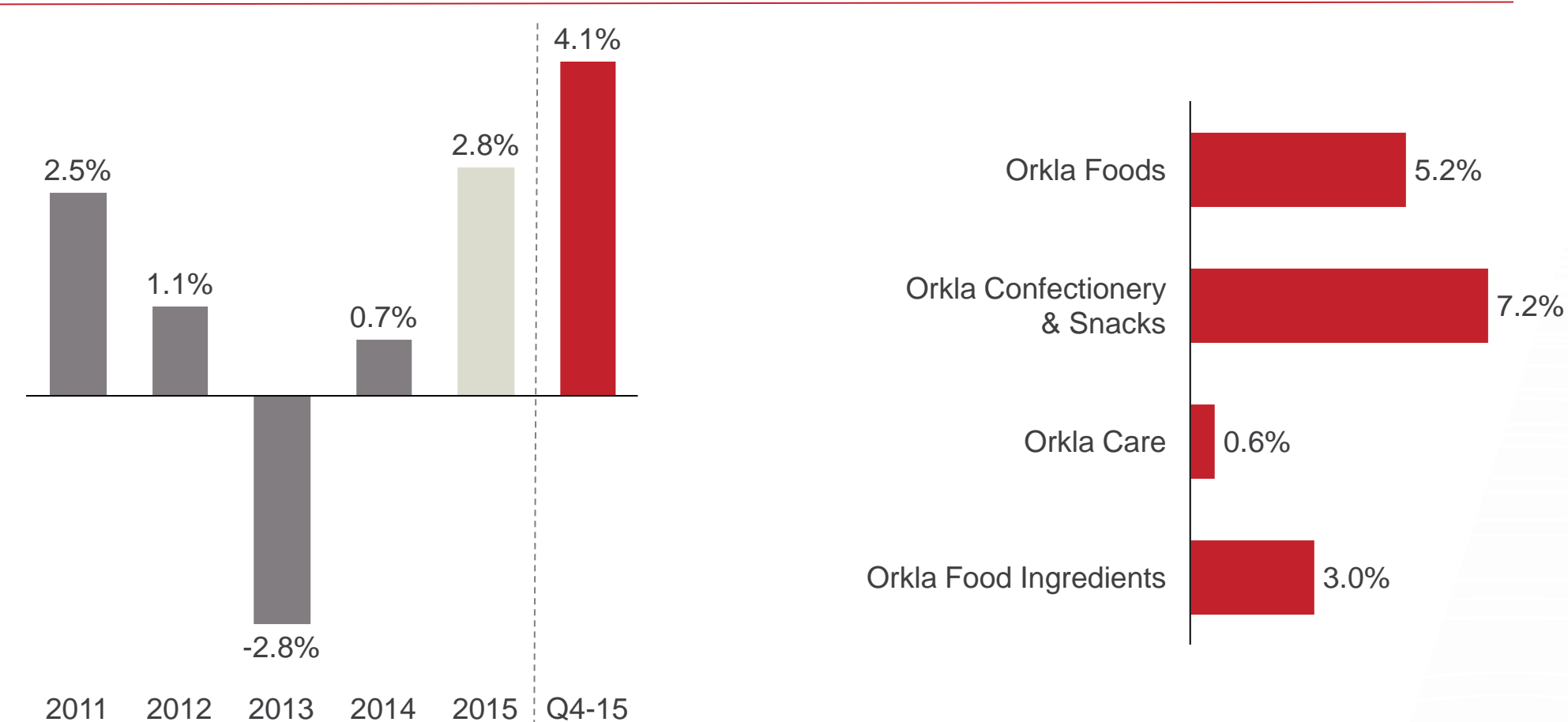
¹EBIT (adj.) = Operating profit before other income and expenses

²Reported growth adjusted for FX and M&A

Branded Consumer Goods Q4 2015:

Sales growth in all business areas

Organic growth performance^{1,2}



¹Reported growth adjusted for FX and M&A
²For organic growth, data before Q4-14 include Orkla Brands Russia

Top-line growth initiatives:

Several cross-border innovations



Top-line growth initiatives:

Increased collaboration with customers

**Nutrilett
Breakfast Bar for
Coop Norge**



**A range of TORO
products launched
under Beauvais brand –
only in Coop Denmark**

**Pizzabakeriet for
NorgesGruppen**



Top-line growth initiatives:

Orkla Food Ingredients and Orkla Foods launch TORO-bakeriet



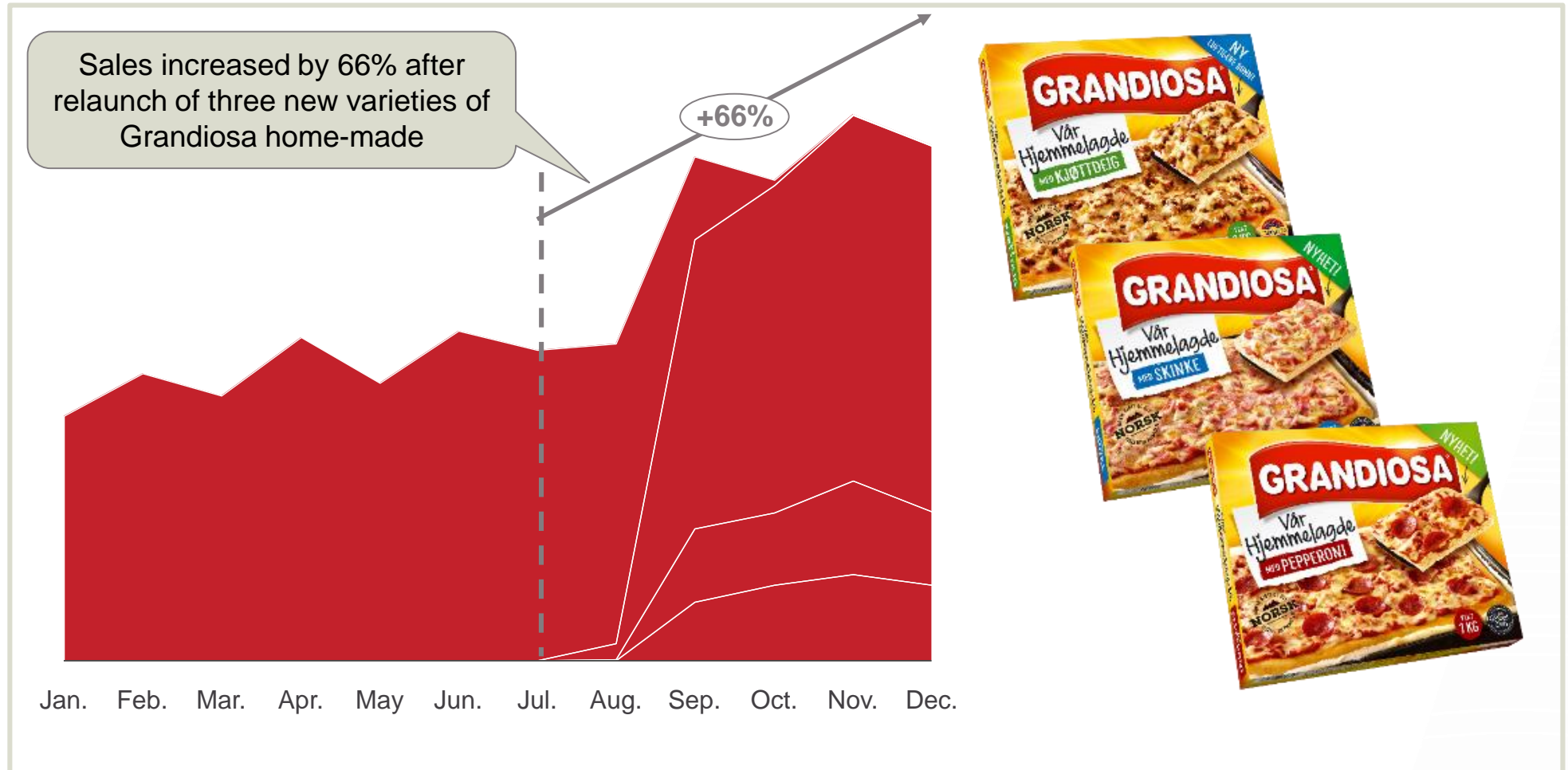
Project team with members from both Orkla Foods and Orkla Food Ingredients

 **Orkla**
Foods

 **Orkla**
Food Ingredients

Top-line growth initiatives:

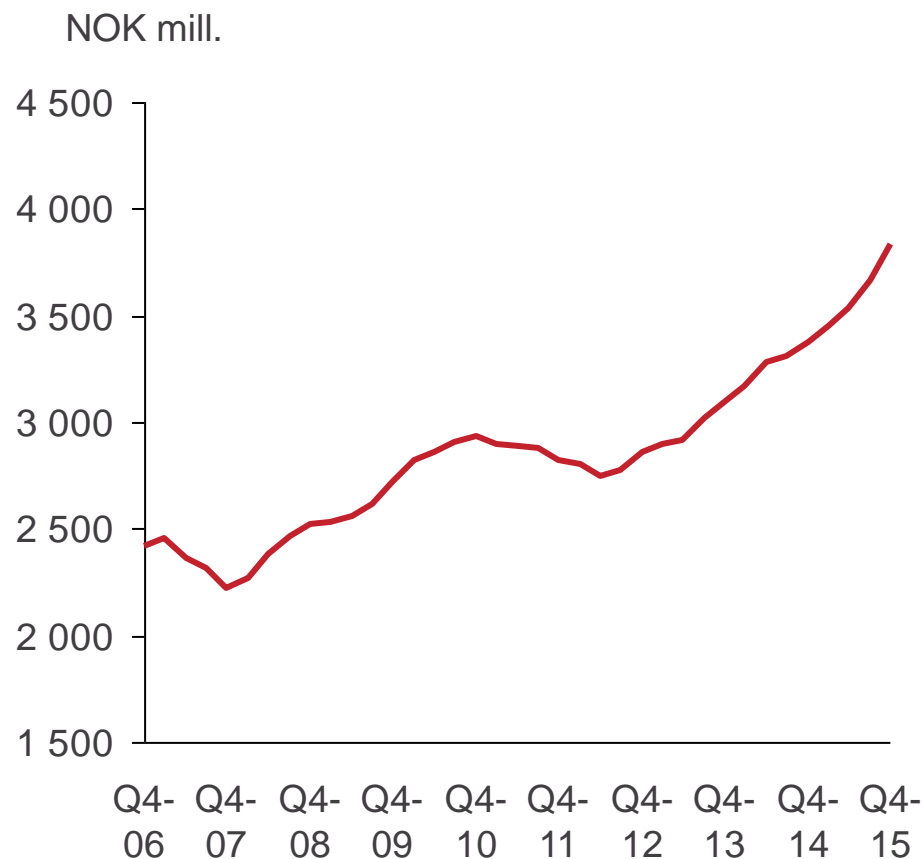
Grandiosa home-made: sales boosted by relaunch



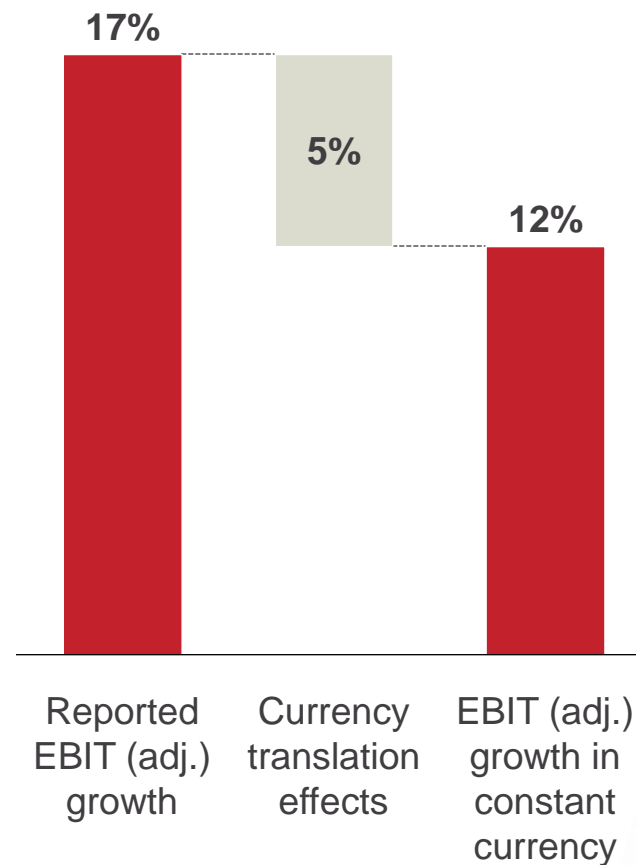
Branded Consumer Goods Q4 2015:

EBIT (adj.) growth supported by currency

R12M EBIT (adj.)



Breakdown of BCG
EBIT (adj.) growth Q4 2015

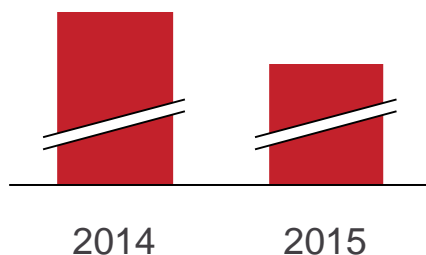


Continuous improvements for more profitable operations

Significant supply chain improvements

- 14 factories closed or under closure since 2014
- 15 factory redesign projects initiated
- Continued centralisation of procurement, from 54% to 70%

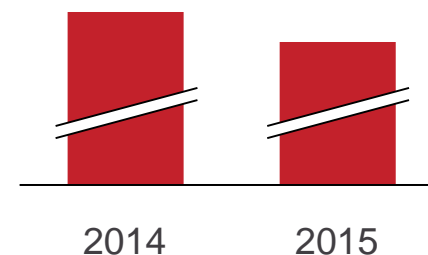
Conversion cost in % of sales



Several initiatives to reduce SG&A costs

- Increased sales force efficiency
- Cederroth and NP Foods integration programmes initiated
- Increasing the scope of Orkla Accounting Centre in Tallinn

SG&A in % of sales



Significant re-allocation to Branded Consumer Goods

Exits and sales

NOK ~**1.5** billion in
freed-up capital in 2015



Share portfolio



Strengthened BCG

NOK ~**5** billion
allocated to BCG in 2015¹

CEDERROTH



FRUSCO
Ice Cream



HUSK[®]
PRODUCTS

EISUNION













Selga[®]



Laima[®]

Hamé strengthens Orkla within its key categories

Category (Position and market share)	Nordics / Baltics					Central Europe				
										
Ketchup	No.1	No.1	No.1-2	No.1	No.1	No.1	No.1	No.1	No.3	No.1
Pâté	No.1	-	-	-	-	-	No.1	No.1	No.1	No. 2
Preserved vegetables	No. 1	No.1	No.1	No.1-2	No.1	No.3	No.1	No.1	-	-
Jams and marmalades	No.1	No.1	No.1	No. 3	No.2	-	No.1	No.1	-	-
Ready meals	No.1	No.1	No.1	No. 3	-	No.3	No.1	No.1	No.1	-
Dehydrated	No.1	No.3	-	-	-	-	No.1	No.2	-	-
Spices	No.1	-	-	-	-	-	No.1	No 3-4	-	-



Summary

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%¹ in BCG



Maintain a stable dividend of at least NOK 2.50 per share



Financial performance

Jens Bjørn Staff, CFO



Group EBIT (adj.) improvement of 9% in the quarter

Amounts in NOK million

Key figures	Q4-14	Q4-15	2014	2015
Operating revenues	8 119	9 571	29 599	33 198
EBIT (adj.)	1 007	1 102	3 214	3 609
Other income and expenses	-102	-234	-100	-502
EBIT	905	868	3 114	3 107
Profit/loss from associates and JV	-252	89	121	1 111
Net financials and other	-148	-11	-363	-128
Profit/loss before tax ¹	505	946	2 872	4 090
Discontinued operations ²	-387	-17	-485	-17
EPS (NOK)	-0.06	0.73	1.63	3.24

¹From continuing operations

²Gränges and Orkla Brands Russia are classified as discontinued operations

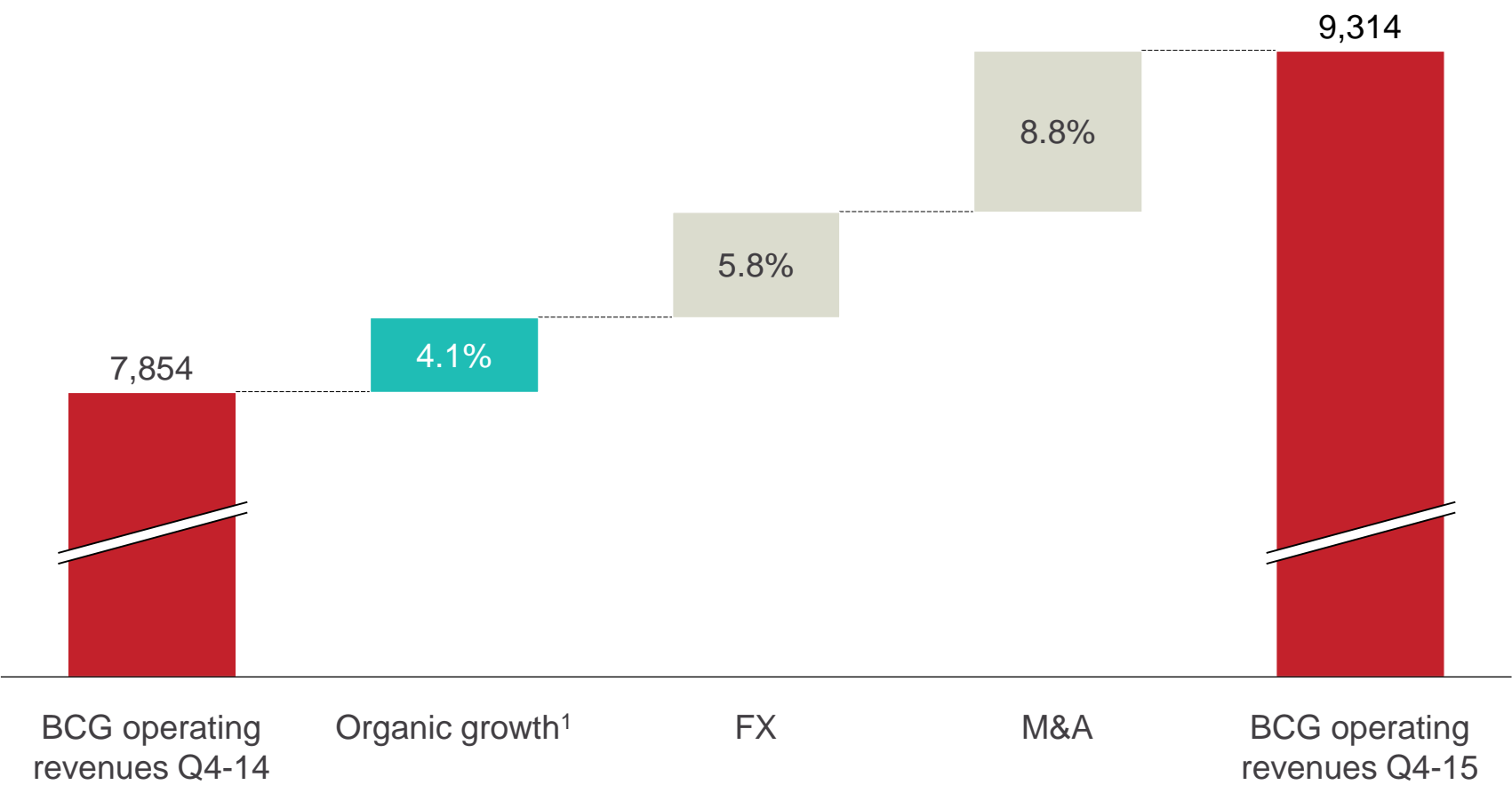


Branded Consumer Goods



Positive organic growth

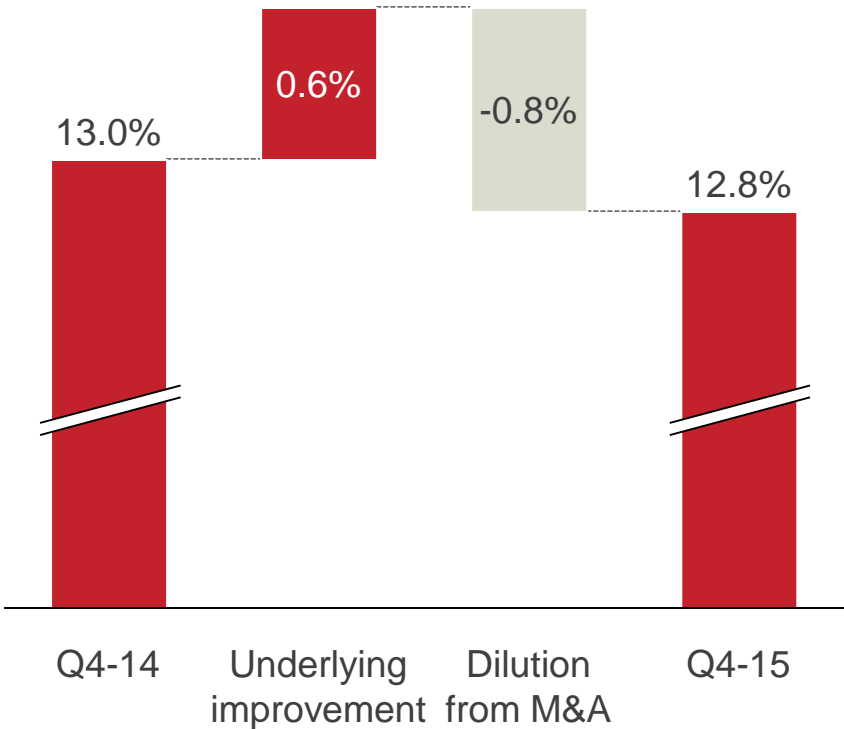
Amounts in NOK million



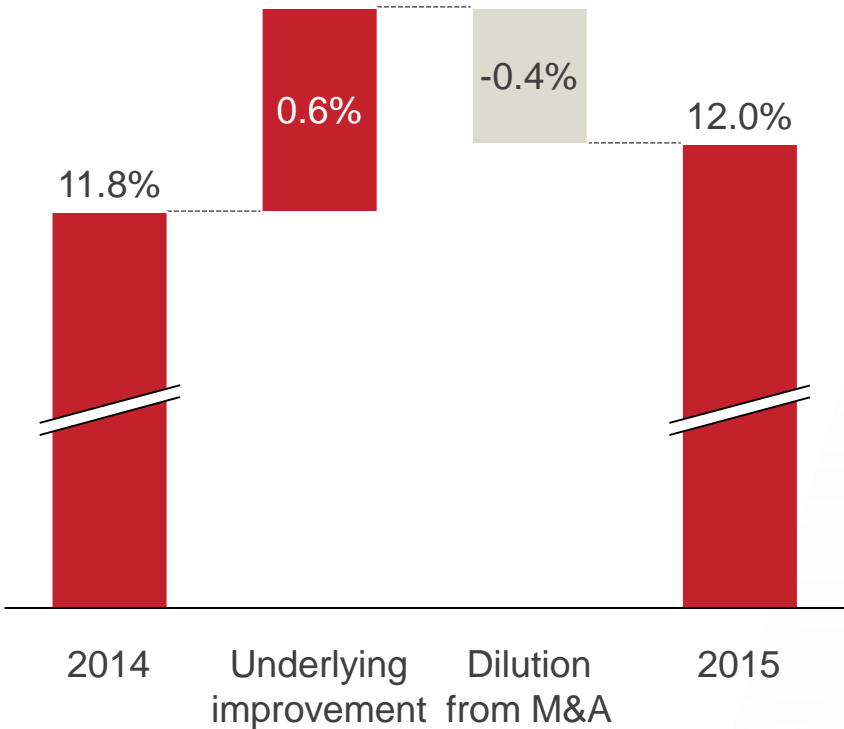
17 ¹Reported growth adjusted for FX and M&A

Underlying margin improvement

Q4-15 EBIT (adj.) margin bridge



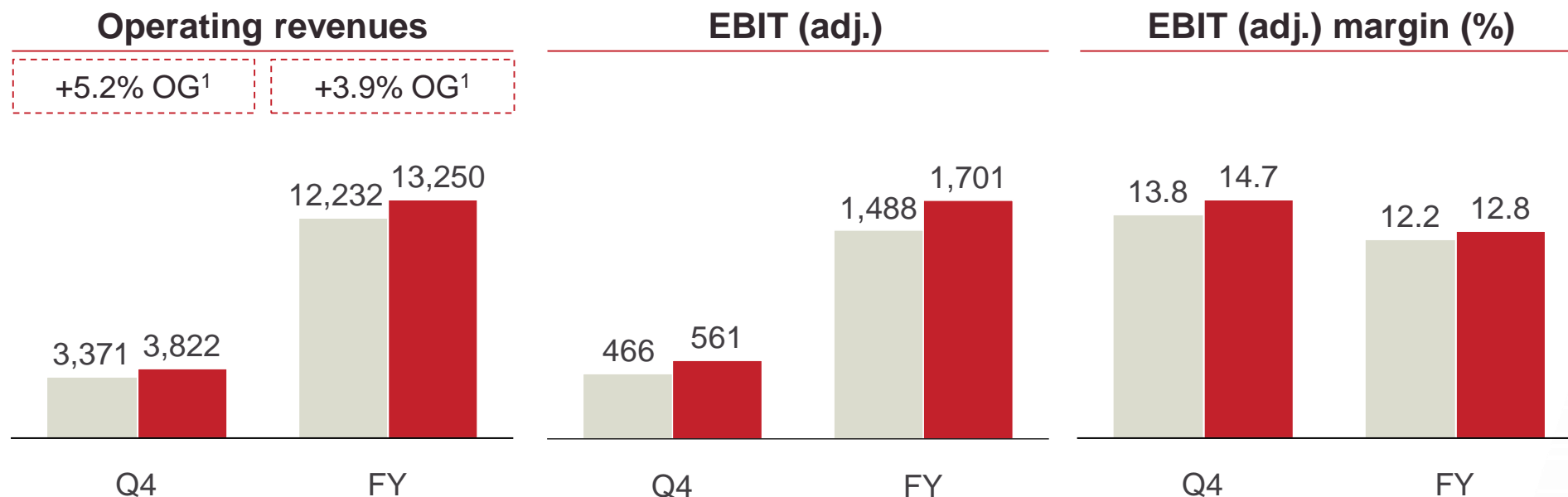
Full year EBIT (adj.) margin bridge



Sales growth and margin expansion in Orkla Foods

Amounts in NOK million

2014 2015



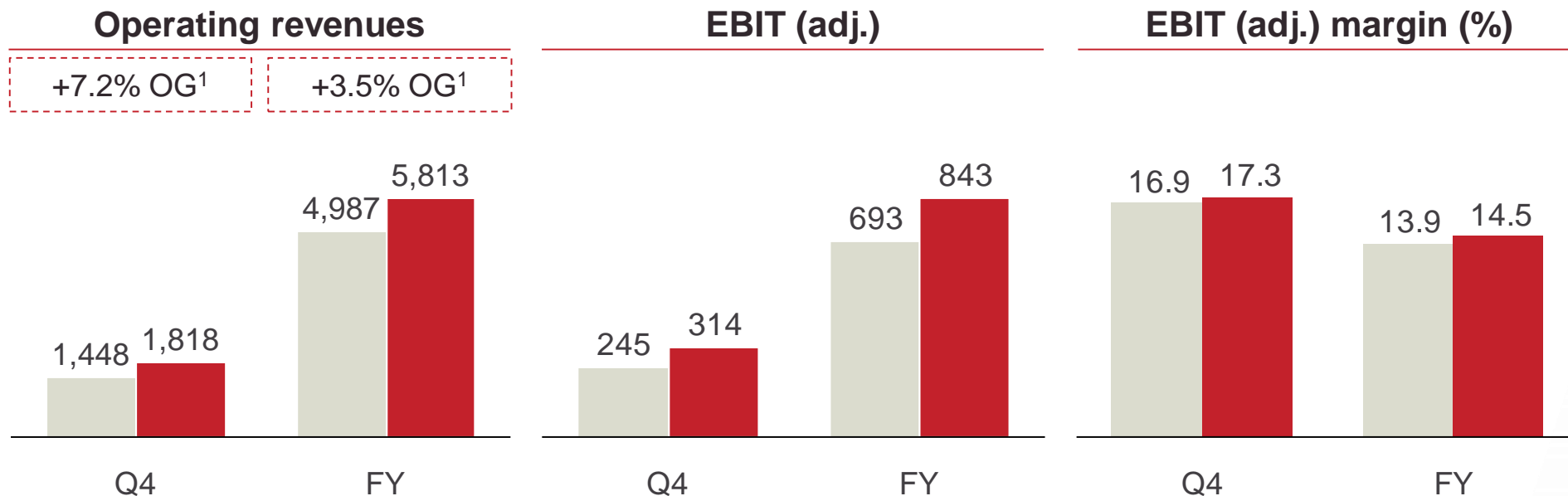
- Continued sales growth across geographies and channels
- Price and volume driven growth through new launches, campaign activity and distribution of Tropicana juice

- Sales growth and continuous improvement programmes drove profit and margin expansion
- Weakening of the NOK and higher raw material prices put pressure on margins

Strong organic growth in Orkla Confectionery & Snacks

Amounts in NOK million

2014 2015



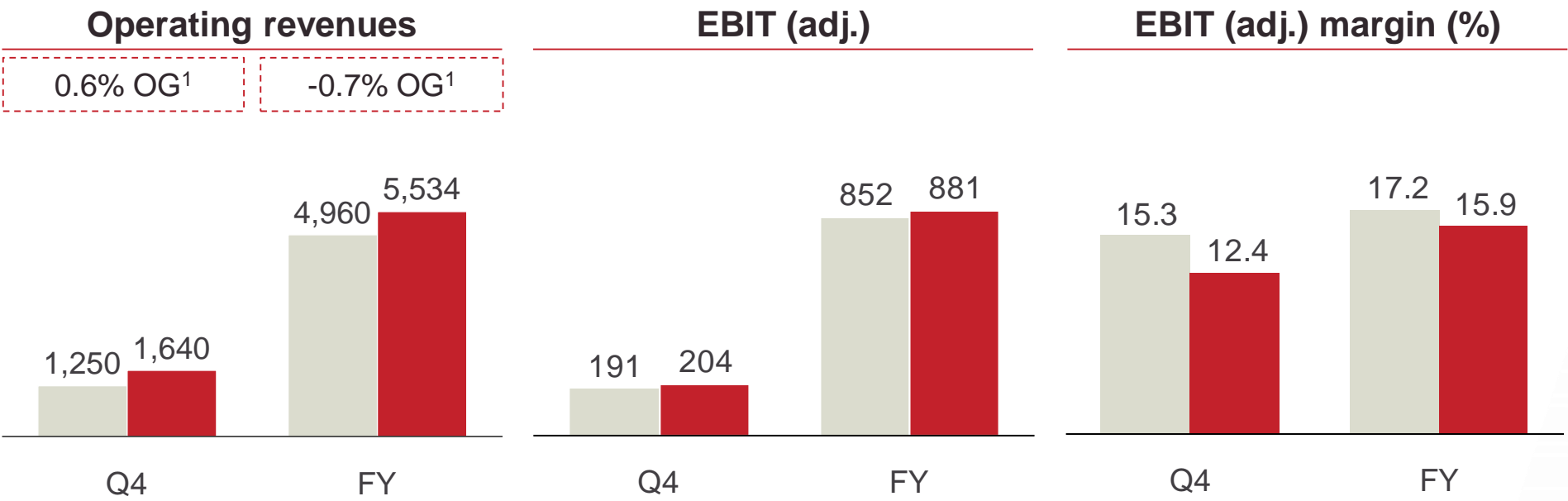
- Strong organic growth, primarily in Norway, Sweden, Denmark and Estonia
- Sales growth partly driven by timing and one-off effects, with negative effect in 2016

- EBIT (adj.) growth mainly driven by strong sales
- The acquisition of NP Foods had a dilutive effect on EBIT (adj.) margin from Q2

Orkla Care impacted by FX and acquisitions

Amounts in NOK million

2014 2015



- Organic sales growth driven by 3 of 5 business units
- Campaigns and new launches were the main drivers

- Profitability in all segments negatively affected by a weak NOK
- Margin diluted by the inclusion of Cederroth
- Cederroth performance in line with expectations, however EBIT (adj.) hampered by higher advertising costs than last year

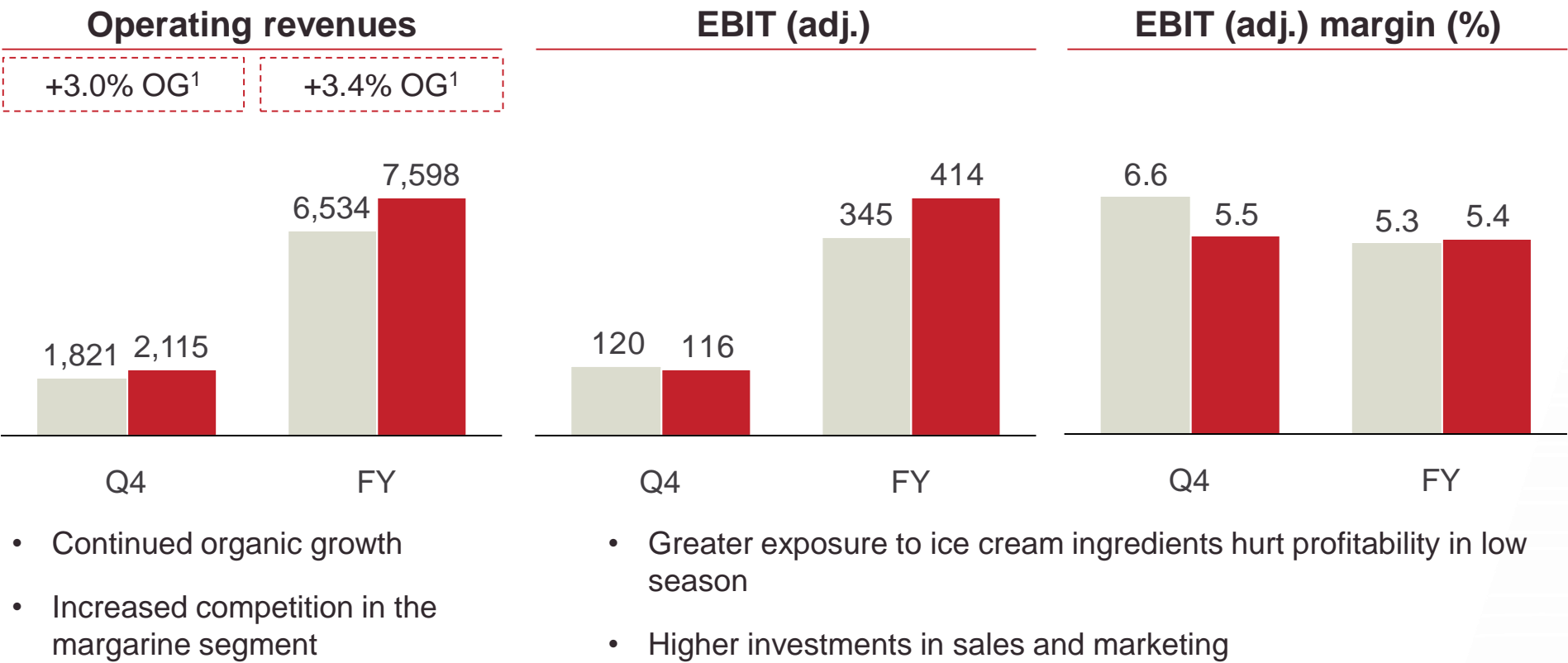
21 ¹Reported growth adjusted for FX and M&A

Orkla Food Ingredients

Steady growth in Orkla Food Ingredients

Amounts in NOK million

2014 2015





Orkla Investments



Orkla Investments



Financial investments

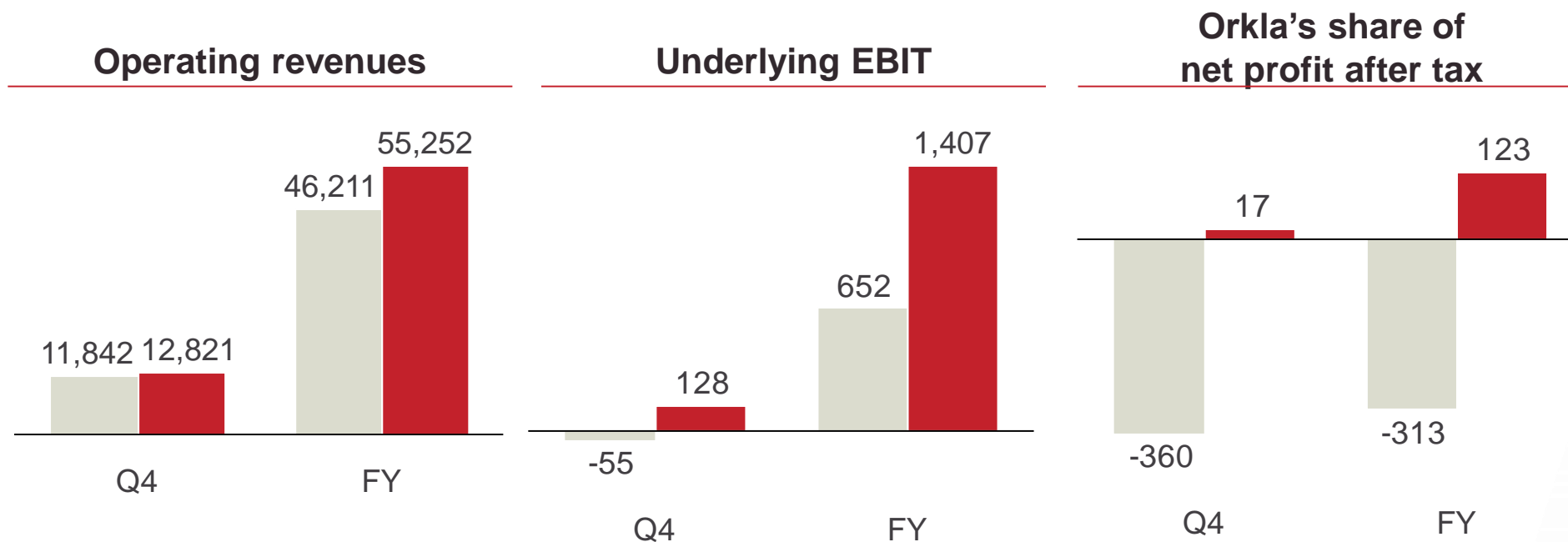


Sapa (50/50 joint venture)

Continued underlying EBIT growth in Sapa

Amounts in NOK million

2014 2015



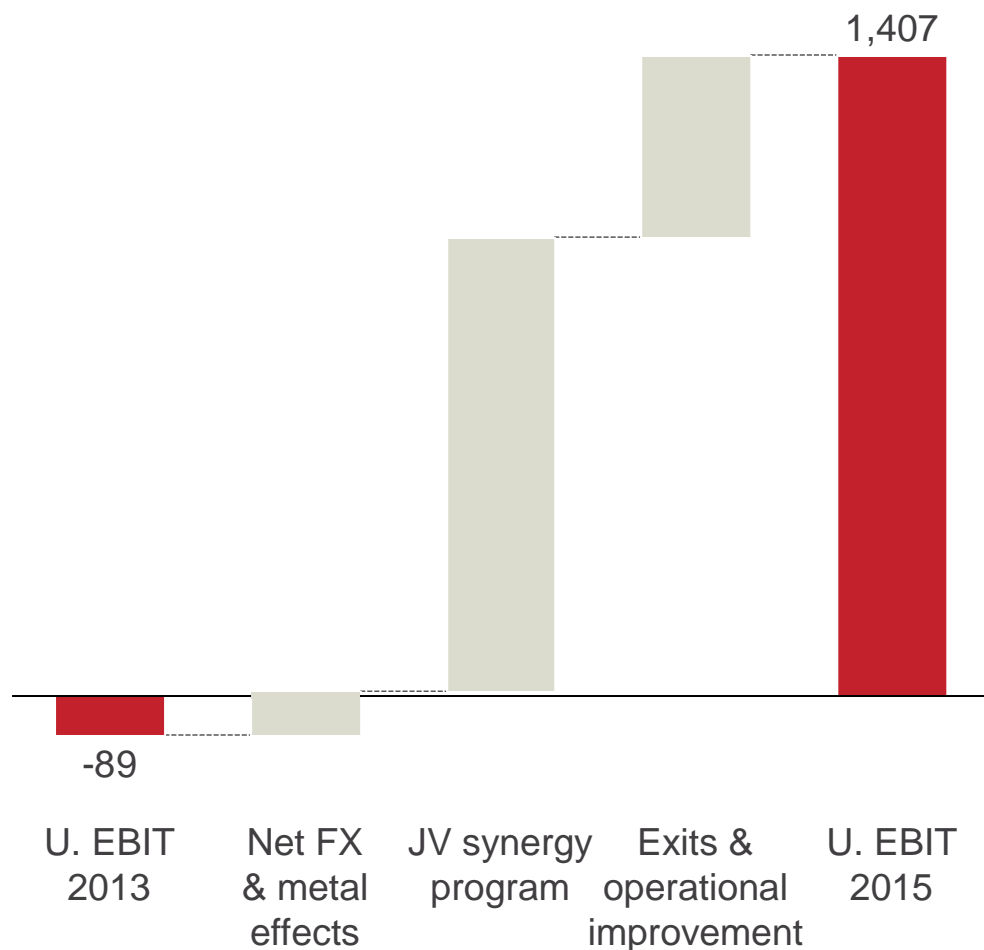
- 1% market increase in North America
- Stable demand in Europe

- Positive contributions from improvement programmes and restructuring efforts
- Higher share of value added products
- Orkla's share of net profit significantly increased

Sapa (50/50 joint venture)

Sapa restructuring and synergy agenda delivered one year ahead of plan

Amounts in NOK million



- **Significant improvement since establishment of Sapa JV**
 - NOK 1 billion in synergies realised
 - Exit of unprofitable business
 - Higher share of value added products
- **Focus on continued operational improvement going forward**
 - Leverage on leading market position
 - Increase share of value added products
 - Continuous improvement of cost position

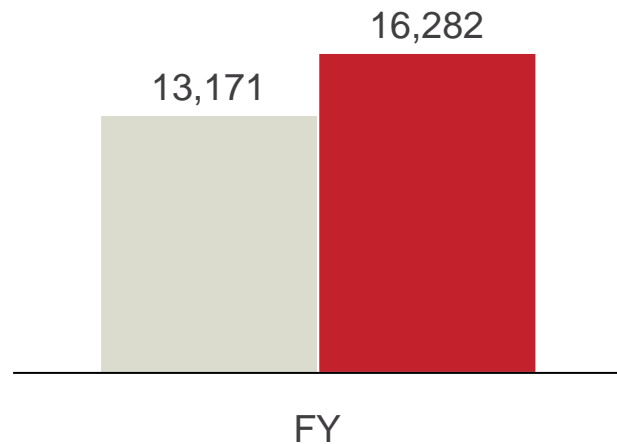
Jotun (42.5%)

Growth across all segments and regions in Jotun

Amounts on 100% basis in NOK million

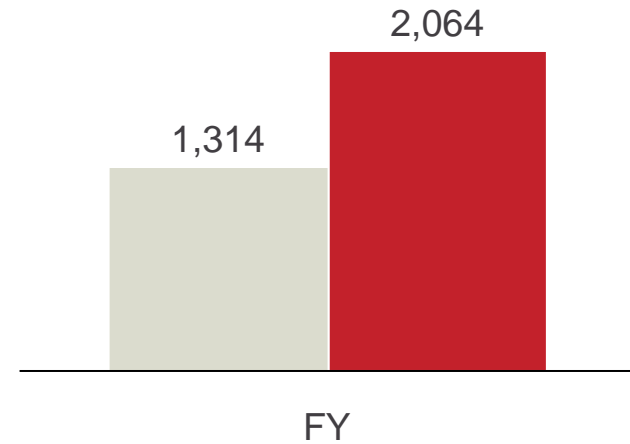
2014 2015

Operating revenues



- High revenue growth driven by both improved sales volumes and positive currency translation effects
- Growth across all segments and regions

Operating profit



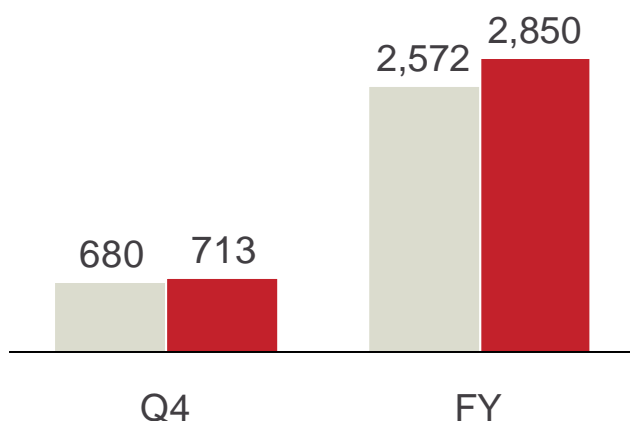
- Better profitability through active cost control and improved gross margin
- Operating profit in Q4 impacted by one-off costs

Hydro Power

Lower power prices only partly offset by higher volumes

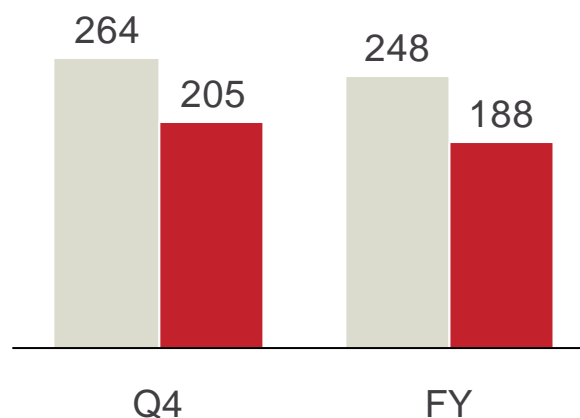
2014 2015

GWh produced



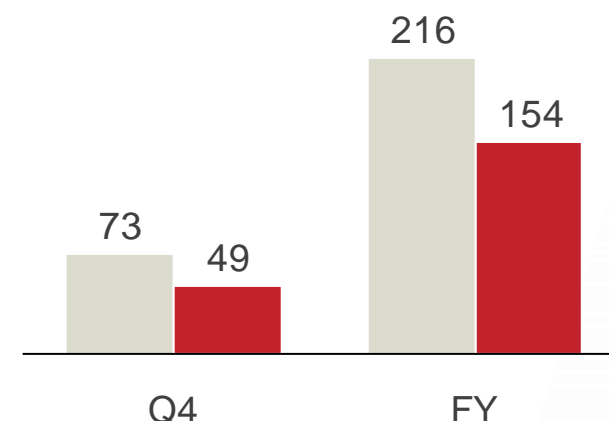
- Increased production volumes
- Higher water reservoirs than normal in Sauda

Spot prices (NOK/MWh)



- Still low power prices
- Volume sold on spot market is exposed to regional prices

EBIT (adj.) (NOK million)



- Reduced EBIT (adj.) due to low power prices

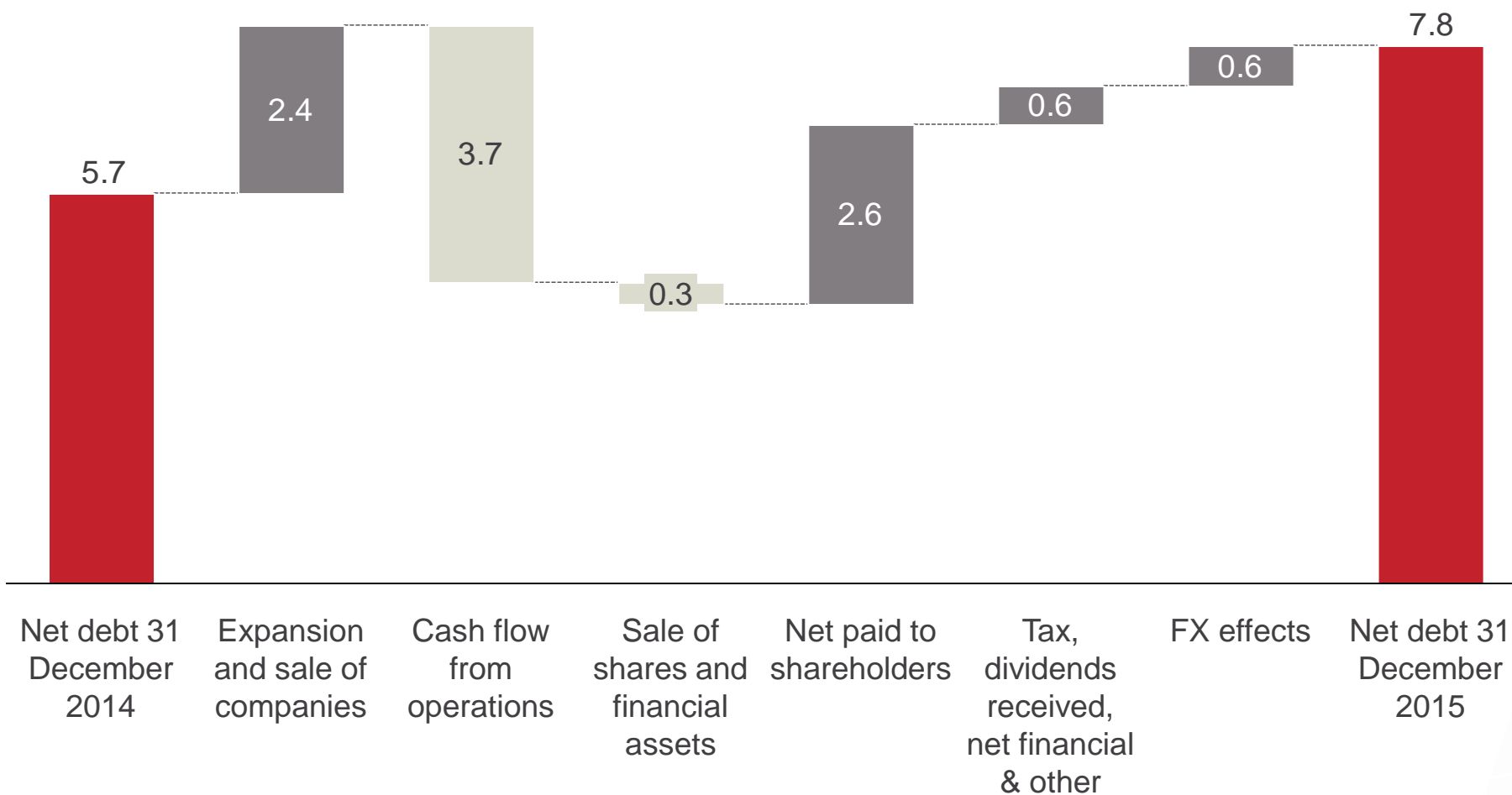


Net debt and dividend



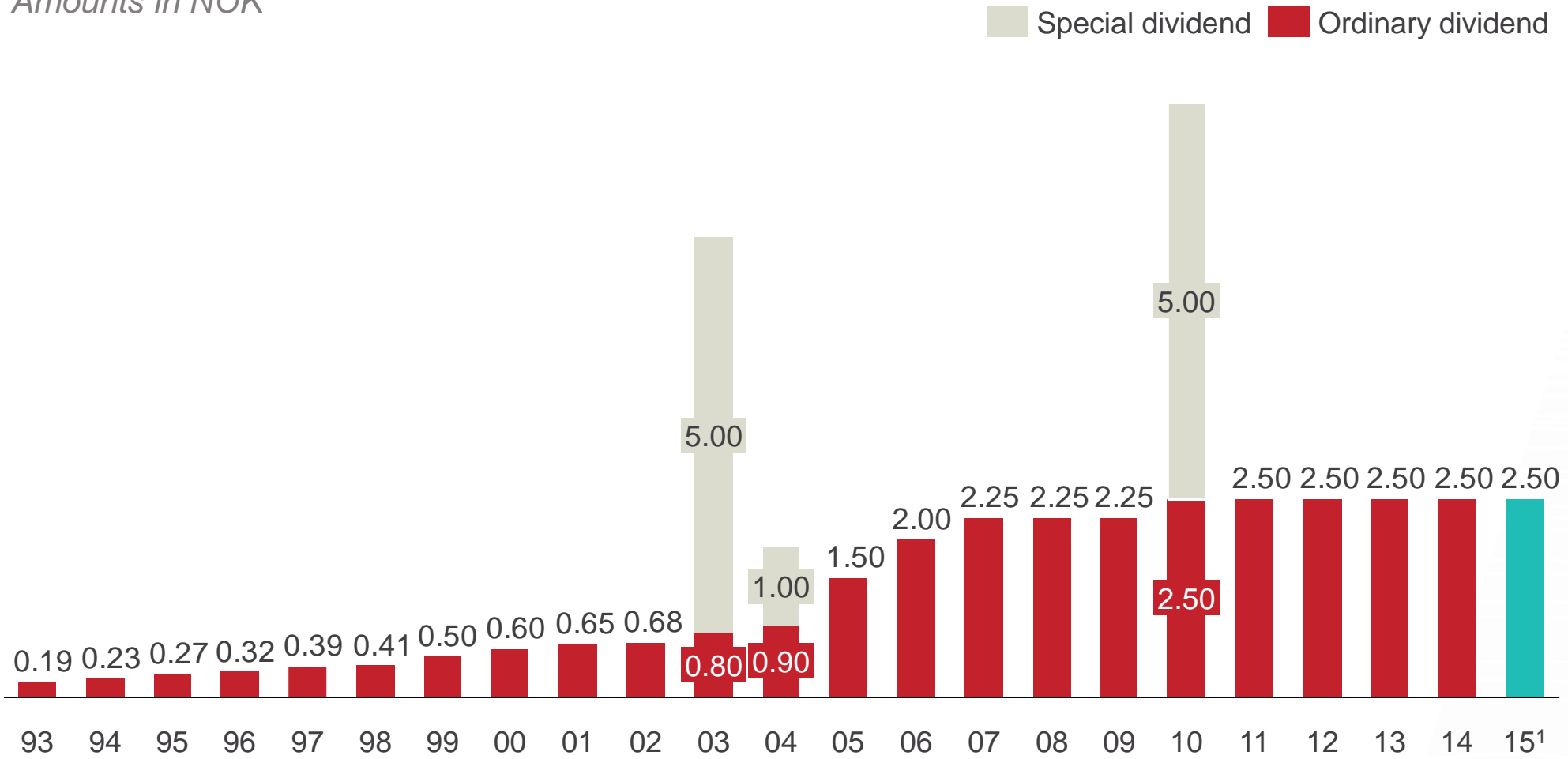
Changes in net debt 2015

Amounts in NOK billion



Dividends 1993 – 2015¹

Amounts in NOK



Financial calendar

Event	Date
Annual General Meeting	14 April 2016
Q1-2016	3 May 2016
Q2-2016	15 July 2016
Q3-2016	1 November 2016
Q4-2016	9 February 2017





Summary

Peter A. Ruzicka, President & CEO



Delivering on strategy

Strong performance

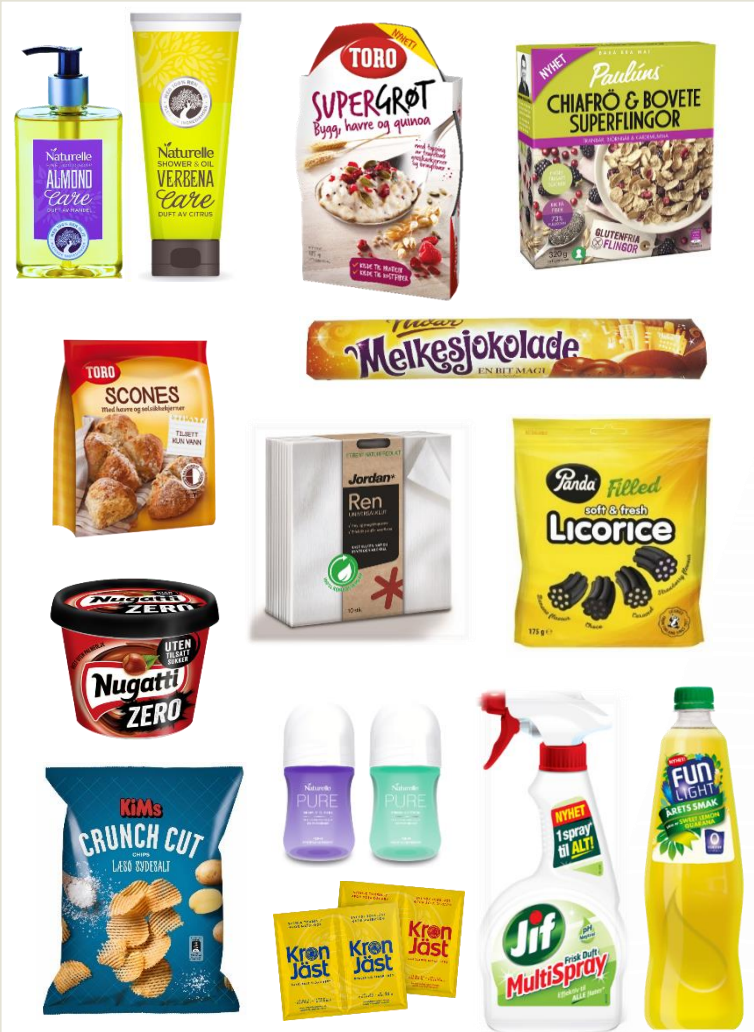
- Group EBIT (adj.)¹ increased by 9%
- 4.1% organic growth² in BCG
- EBIT (adj.) growth of 17% in BCG
- Strong performance from associates

Value creating M&A and restructuring activity

- Significant strengthening of foothold in Central Europe
- Further expansion in ice cream ingredients
- Integration of Cederroth ongoing

Operational focus going forward

- Activities that drive organic growth and improve margins
- Centralise supply chain and reduce factory footprint



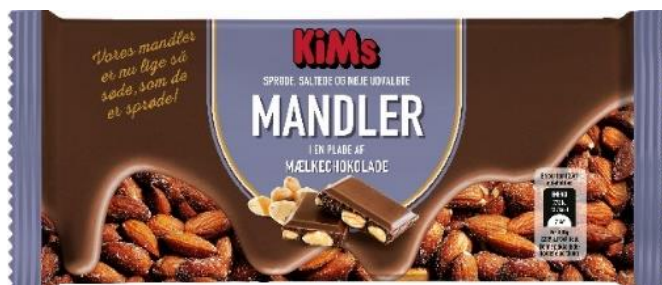
Launching healthier alternatives



Extended skin care range from Dr. Greve



New chocolate launches in Denmark, Norway and Latvia





Q&A

Peter A. Ruzicka, President & CEO

Jens Bjørn Staff, CFO





Appendices

Group income statement

Amounts in NOK million

	Q4-14	Q4-15	2014	2015
Operating revenues	8 119	9 571	29 599	33 198
EBIT (adj.)	1 007	1 102	3 214	3 609
Other income and expenses	-102	-234	-100	-502
EBIT	905	868	3 114	3 107
Profit/loss from associates and joint ventures	-252	89	121	1 111
Interests, net	-125	-33	-363	-192
Other financial items, net	-23	22	0	64
Profit/loss before taxes	505	946	2 872	4 090
Taxes	-183	-172	-688	-722
Profit/loss for the period continuing operations	322	774	2 184	3 368
Profit/loss from discontinued operations	-387	-17	-485	-17
Profit/loss for the period	-65	757	1 699	3 351
Earnings per share diluted (NOK)	-0.06	0.73	1.63	3.24

Net financial items

Amounts in NOK million

	FY 2015	Q4-14	Q4-15
Net interest expenses	-192	-125	-33
Currency gain/loss	0	0	2
Result from Share Portfolio and dividends	135	16	35
Other financial items, net	-71	-39	-15
Net financial items	-128	-148	-11

Balance sheet

Amounts in NOK million

	31.12.2014	31.12.2015
Intangible assets	14 598	17 676
Property, plant and equipment	9 484	10 523
Investments in associates and joint ventures etc.	13 026	13 029
Non-current assets	37 108	41 228
Assets held for sale	22	182
Inventories	3 873	4 623
Inventory of development property	200	216
Trade receivables	4 413	5 267
Other receivables	1 147	625
Shares and financial assets	734	1 376
Cash and cash equivalents	2 615	721
Current assets	13 004	13 010
Total assets	50 112	54 238
Paid-in equity	1 993	1 994
Earned equity	29 066	31 335
Non-controlling interests	245	417
Equity	31 304	33 746
Provisions	3 699	4 191
Non-current interest-bearing liabilities	8 510	8 722
Current interest-bearing liabilities	598	399
Trade payables	3 221	3 869
Other current liabilities	2 780	3 311
Equity and liabilities	50 112	54 238

Cash flow

Amounts in NOK million

	2014	2015
Operating profit	3 181	3 058
Amortisation, depreciation and write-downs	930	1 109
Change in net working capital	- 491	404
Net replacement expenditures	- 838	- 930
Cash flow from operations	2 782	3 641
Cash flow from operations, Financial Investments	- 59	94
Tax	- 492	- 727
Dividends received, net financial and other	247	155
Cash flow before capital transactions	2 478	3 163
Paid to shareholders, net purchase/sales own shares	-2 460	-2 594
Cash flow before expansion	18	569
Expansion investments	- 102	- 388
Sold and acquired companies	2 796	-2 040
Net purchases/sales shares and financial assets	350	298
Net cash flow	3 062	-1 561
Currency translations net interest-bearing liabilities	- 227	- 583
Change in net interest-bearing liabilities	-2 835	2 144
Net interest-bearing liabilities	5 661	7 805

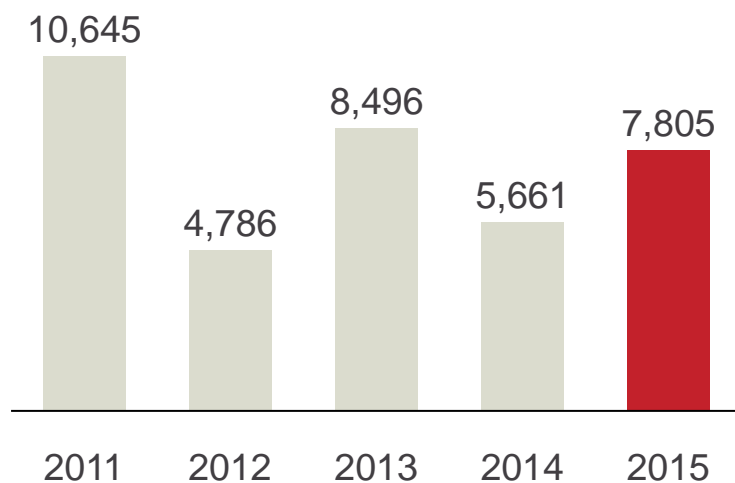
Sapa (joint venture) – figures on 100% basis

Amounts in NOK million

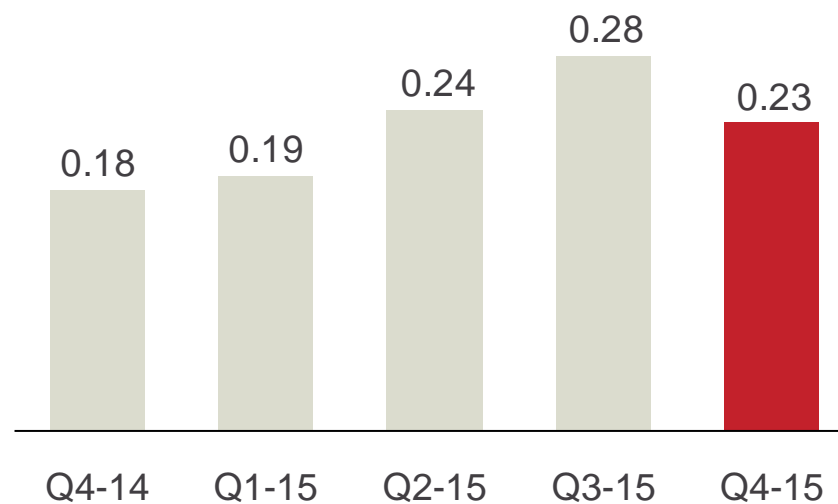
	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15
Sales volume (1,000 tonnes)	322	353	358	341	311
Operating revenues (NOK million)¹	11 842	14 051	14 484	13 895	12 821
Underlying EBIT	-55	392	483	404	128
Excluded items:					
Unrealised derivative positions	-79	-145	-158	-95	209
Other excluded items ¹	-545	-46	-260	-135	-250
Sum excluded items	-624	-191	-418	-230	-41
EBIT	-679	201	65	174	88
Net income (attributable to majority)	-719	89	14	109	34

Strong balance sheet and financial flexibility

Net interest bearing debt (NOK million)

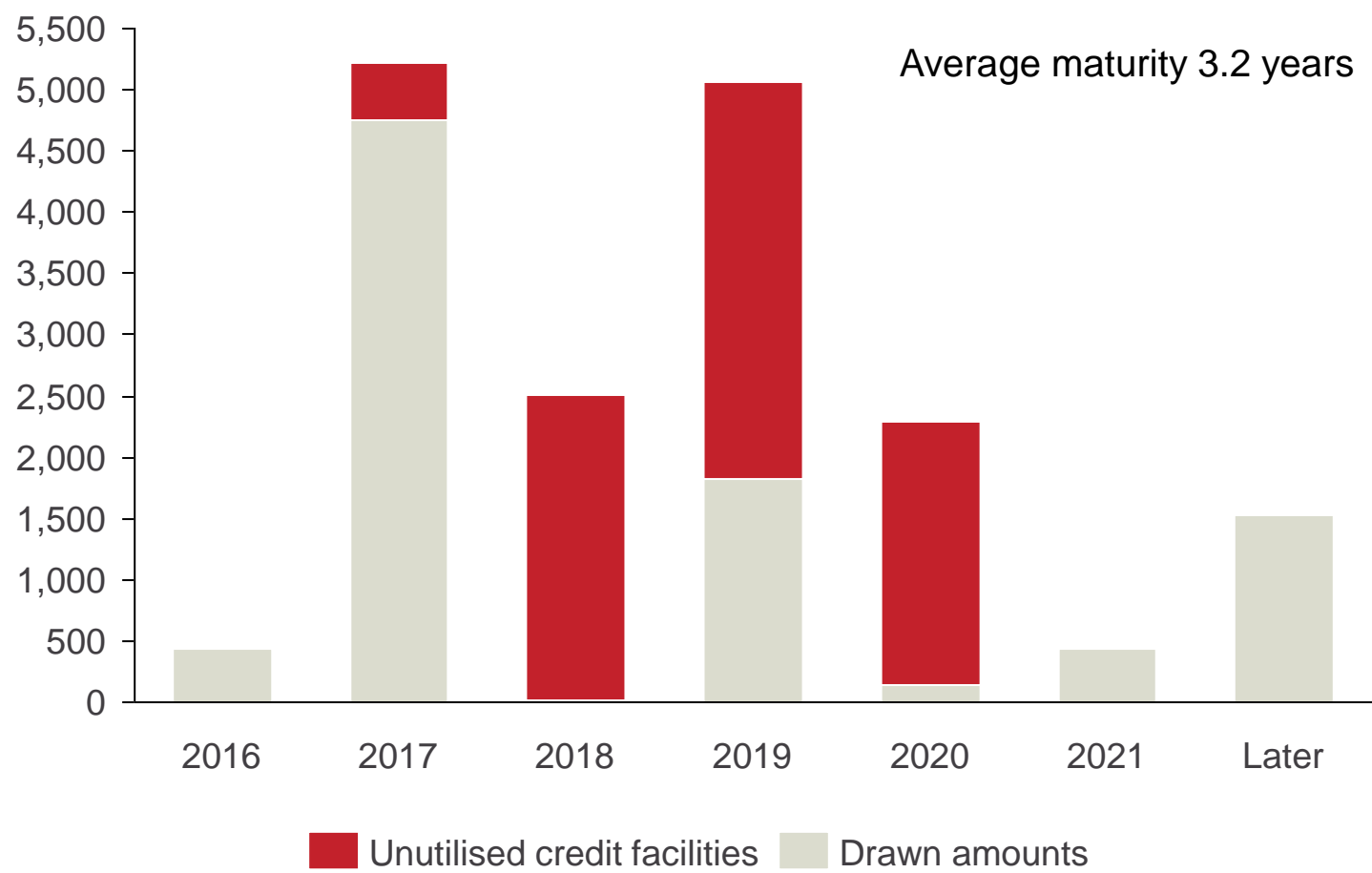


Net gearing



Debt maturity profile

Amounts in NOK million



Funding sources

Amounts in NOK billion

