



The Leading Nordic Supplier of Branded Consumer Goods

Investor presentation
November 2015



The Leading Nordic supplier

of branded consumer goods

NOK BILLION

OPERATING
REVENUES²

30

EBIT (ADJ.)²

3.2

MARKET VALUE³

71



13,000
EMPLOYEES¹

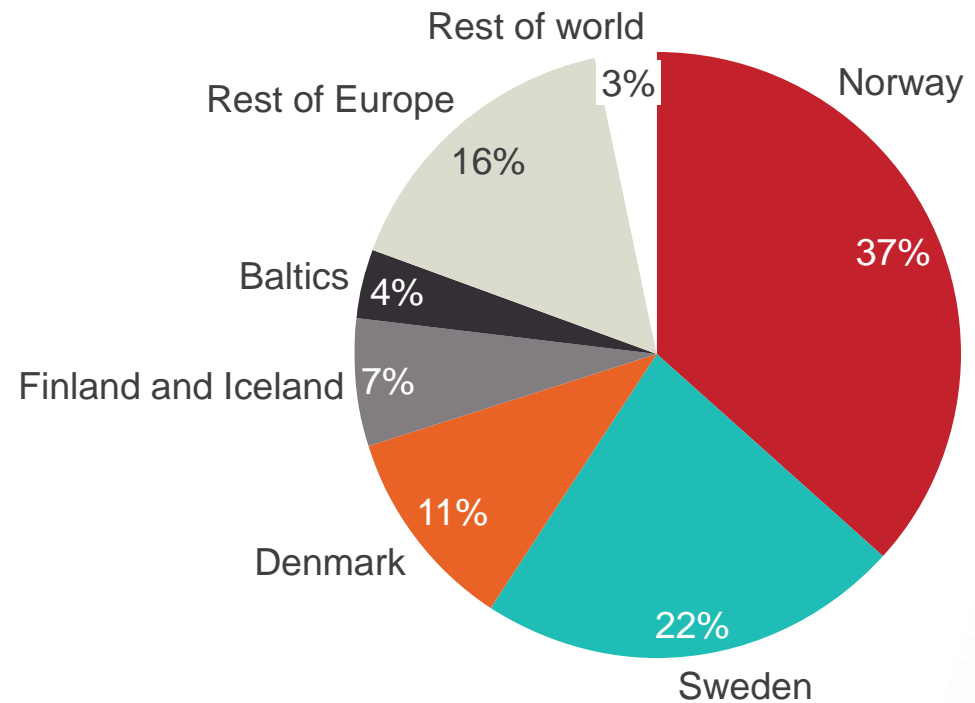


8 MILLION
CONSUMER UNITS
SOLD DAILY

Branded Consumer Goods: 80% of net sales from the Nordic region



Revenues by geographical area 2014



Business areas

Orkla Foods



Operating
revenues:

12.2

EBIT (adj.):

1.5

Orkla Confectionery & Snacks



Operating
revenues:

5.0

EBIT (adj.):

0.7

Orkla Home & Personal



Operating
revenues:

5.0

EBIT (adj.):

0.9

Orkla Food Ingredients



Operating
revenues:

6.5

EBIT (adj.):

0.3

Orkla Investments

Sapa JV (50%)

Jotun (42.5%)

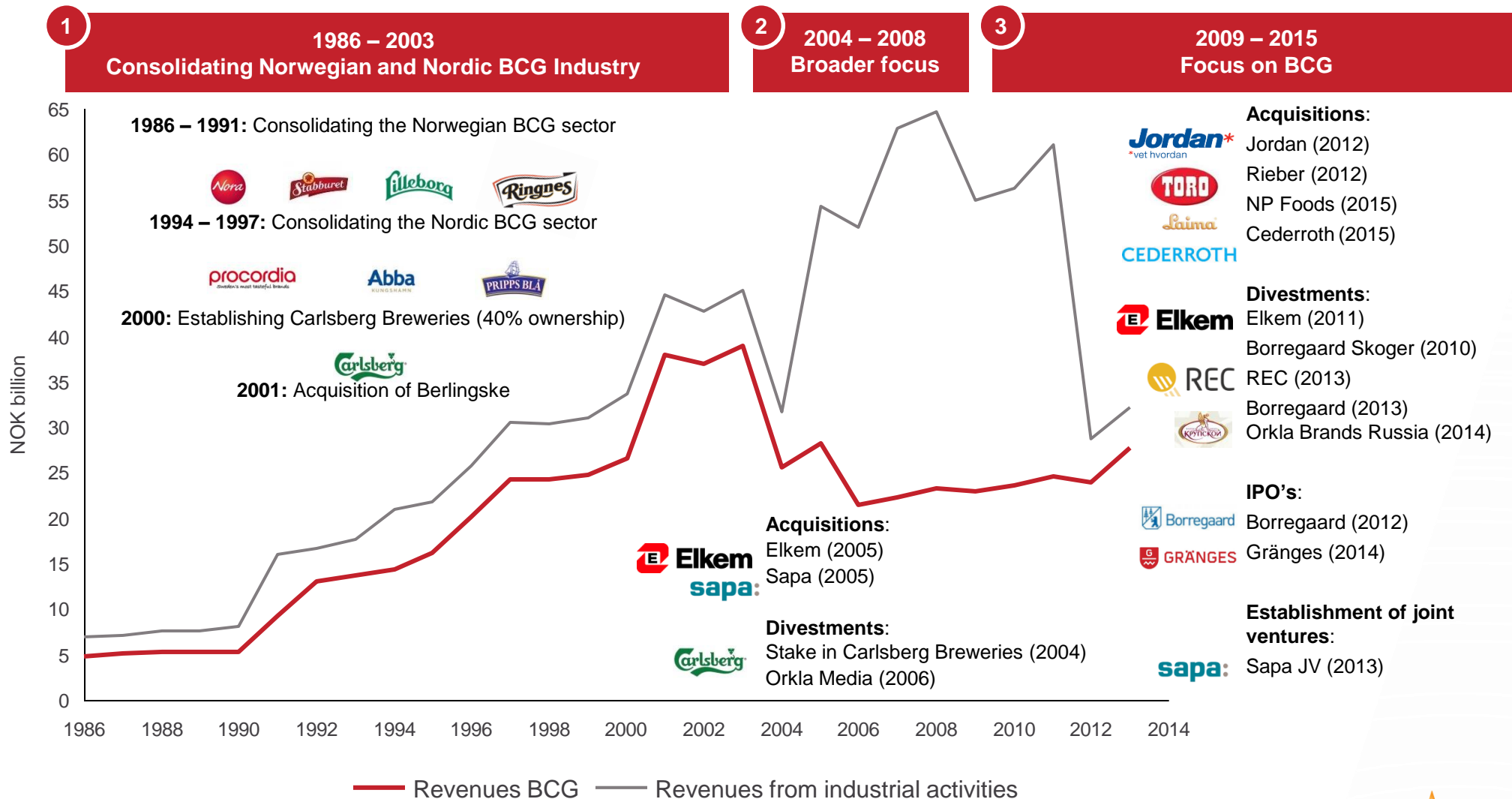
Financial Investments

Real Estate

Hydro Power

Corporate Centre and Group Functions

Orkla's 3 stages of development through M&A – a summary



Orkla's transformation

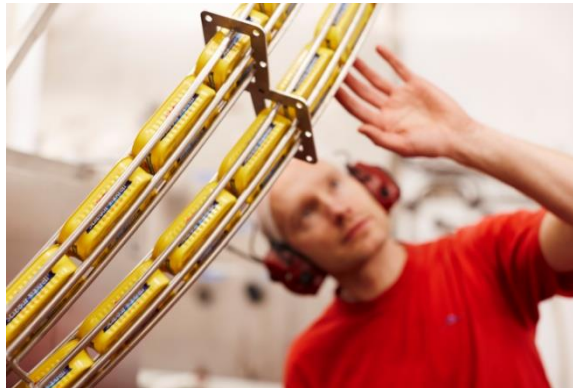
2011

New **strategic direction** to become a focused BCG company



2012-2013

Major **structural actions** executed to implement strategy



2014-2016

Operational focus and finalize organisational changes



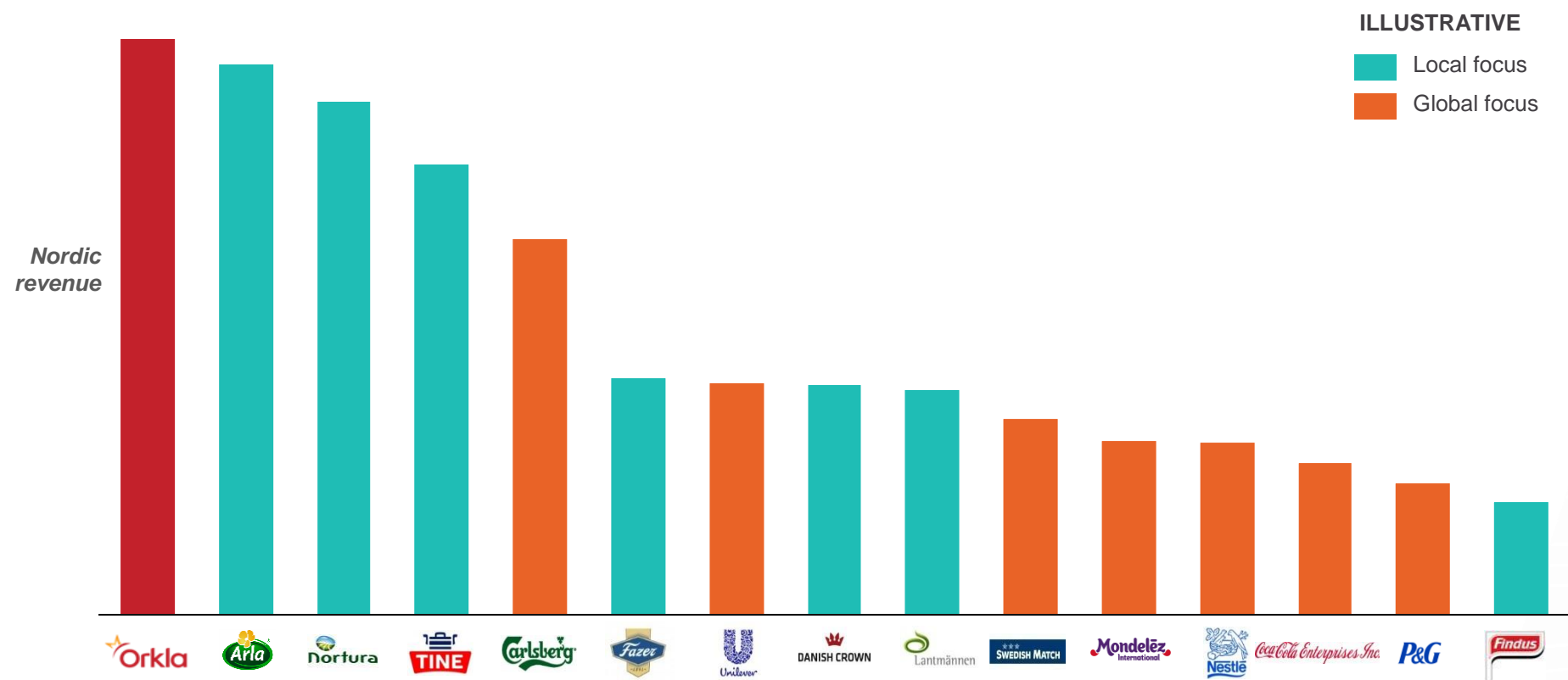


Competitive advantage



Largest BCG company in Nordics, important partner to the trade

Estimated revenues in the Nordics¹


















Broad portfolio of local brands with strong positions



Strong local market positions and opportunities to grow further

Examples

					
	Fabrics cleaner	79%			
	Biscuits	51%	35%		10% ²
	Confectionery	29%			6%
	Food supplements ¹	78%	20%	33%	33% ³
	Textiles (grocery)	77%	33% ³		
	Snacks	28%	32%	40%	43%
	Frozen pizza	72%	37%		37%
	Ketchup	76%	56%	33%	48%
	Preserved vegetables	70%	61%	34% ²	53%
	Jam/marmalade	48%	47%	41%	
	Caviar (cod roe spread)		77%		64%

Source: Nielsen, retail market share R12M per Q1-15

10 ¹Norway: Grocery, Finland: Retail, Sweden: Grocery, Pharmacy and SVH, Denmark: Grocery ²R12M per Q1-14 ³Per year-end 2014



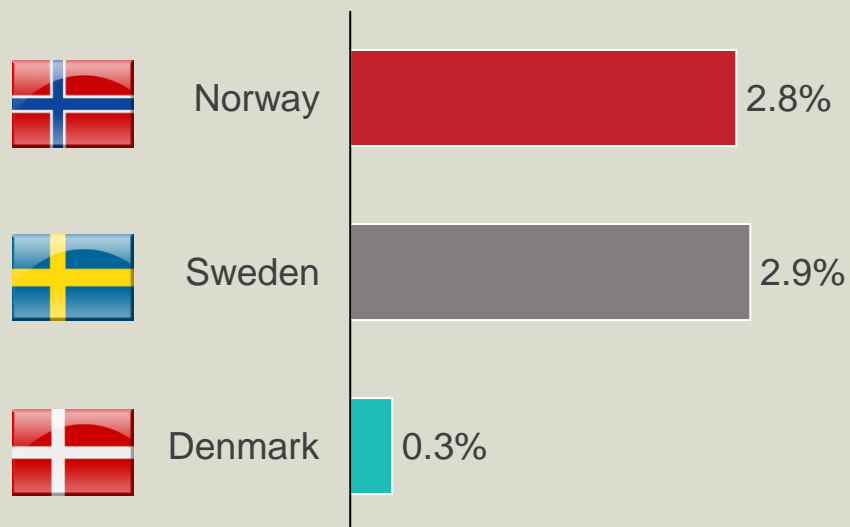
Core markets and competitive environment



Attractive markets with growing categories

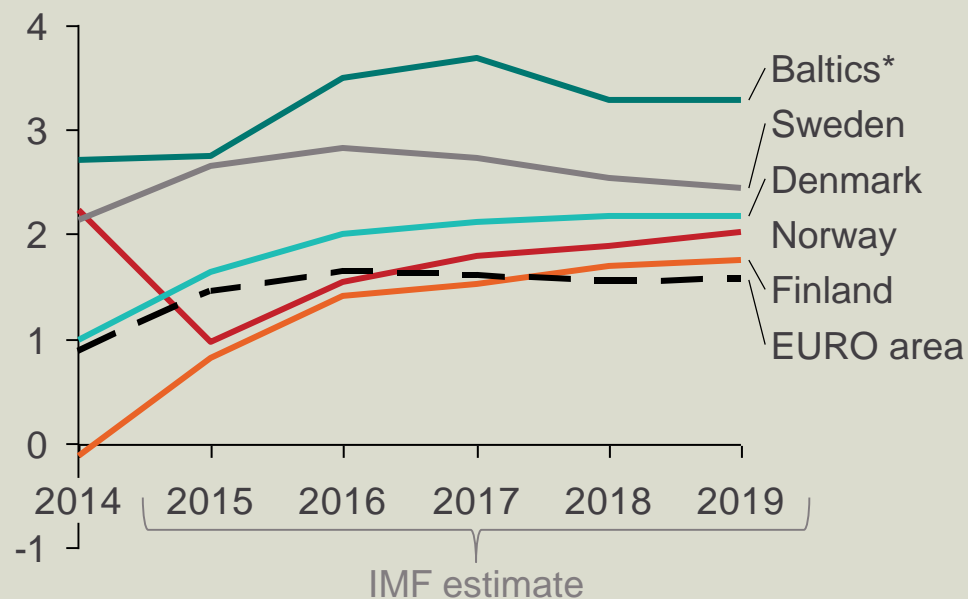
Orkla's categories in the largest markets are growing...

Growth in Orkla's categories last twelve months



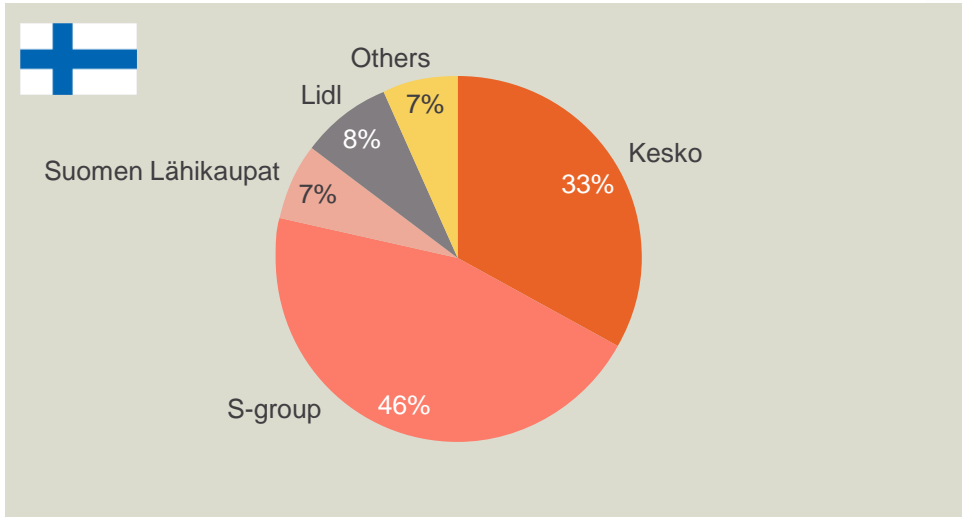
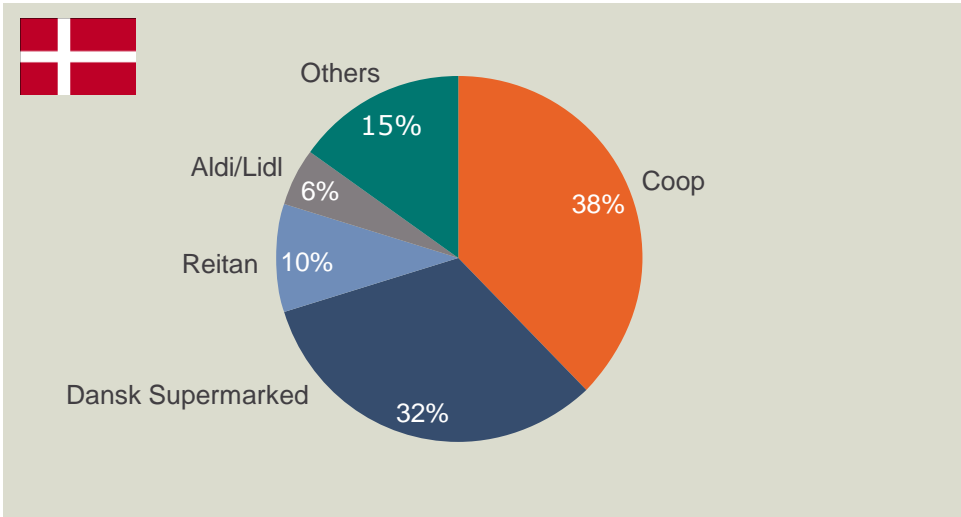
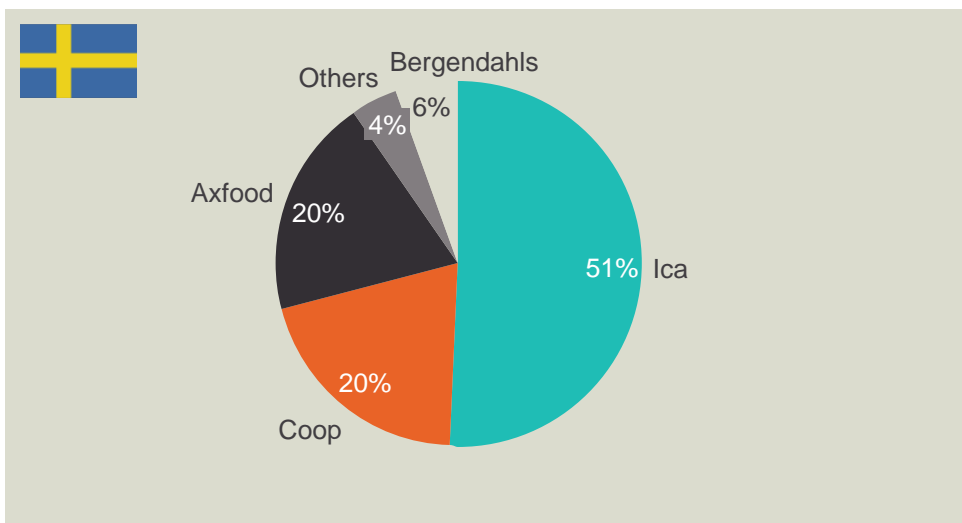
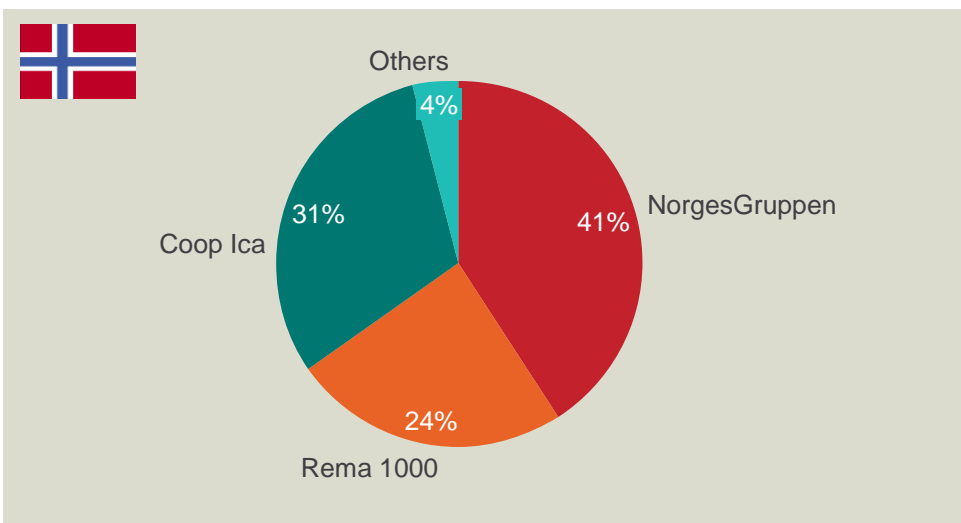
...and GDP in main markets is expected to grow at a stronger / faster rate than Europe

Real GDP; annual change in %



*Weighted average for estimated GDP growth in the Baltics

Consolidated Nordic grocery markets



Leading local Orkla brands compete well with global brands



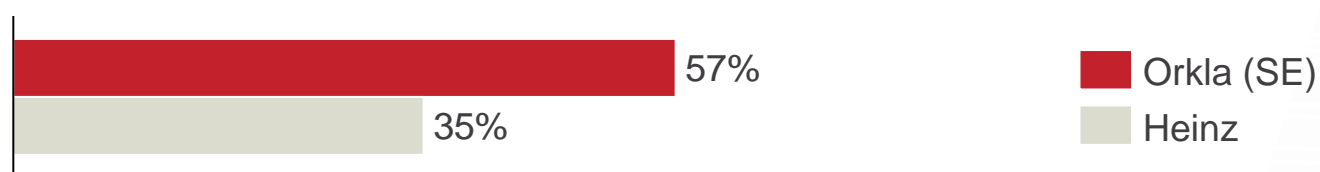
Detergents



Pizza



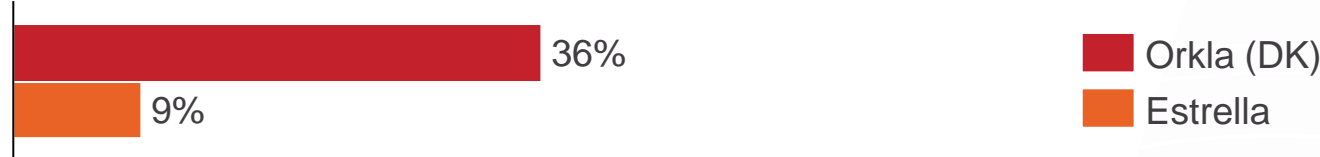
Ketchup



Biscuits

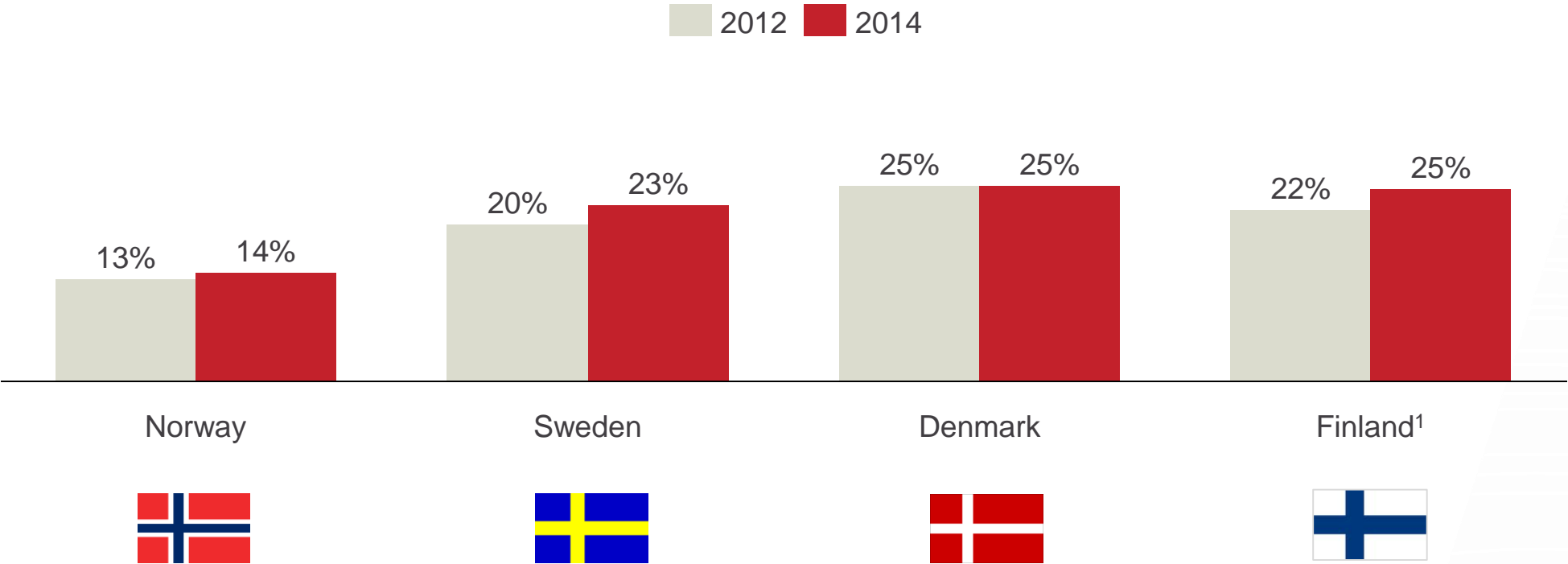


Chips



Private label is growing, but slowly

Private label market shares in the grocery trade





Focus going forward



No change in strategy but focus on improving operation

Strategy

- Future growth and value creation from a focused Nordic based BCG company
- Focus on organic growth as the key long-term value driver
- Going from a very decentralized model to a more optimized model
- Leveraging on our substantial local size, skills and insights

Operational focus

- Deliver on initiated and ongoing structural processes
- Focus on activities that drive organic growth and improve margins
 - Strong innovation programmes
 - More cross-market initiatives
 - Increasing sales force effectiveness
 - Building relations with our customers
- Optimizing production structure

Updated financial targets 2016 – 2018

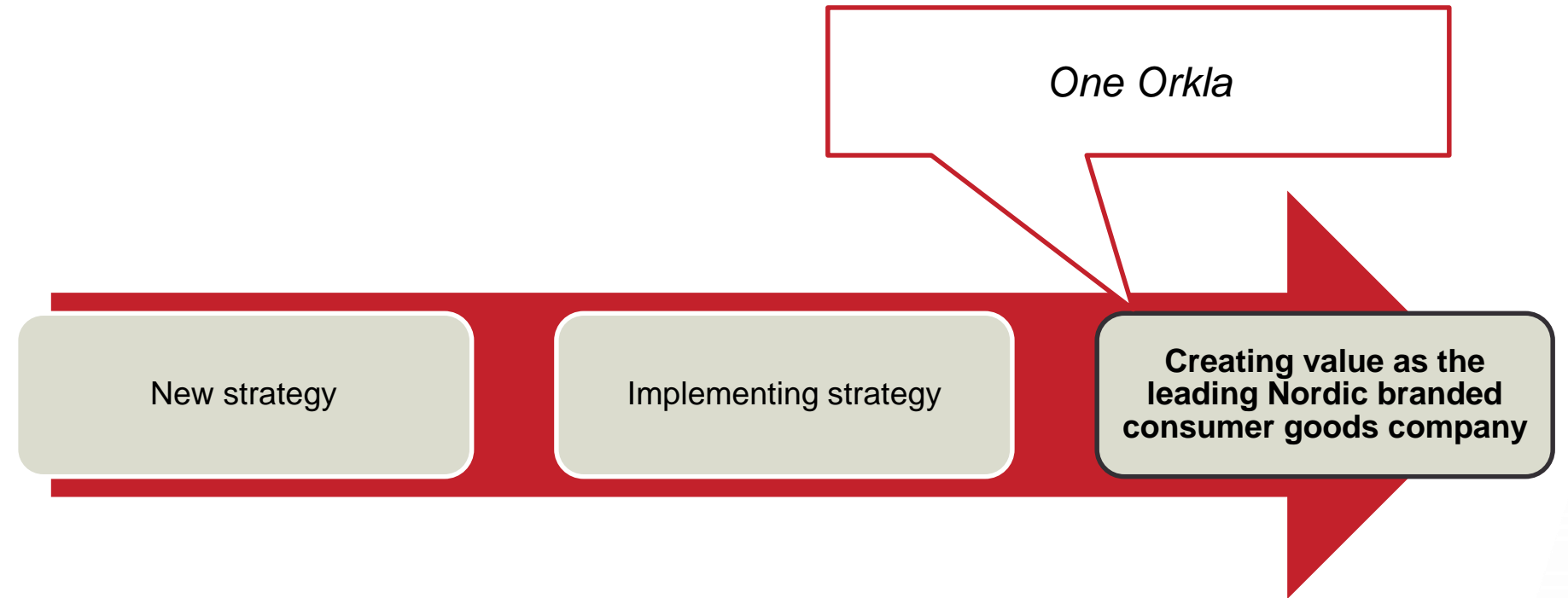


Deliver organic growth at least in line
with market growth



Target annual adj. EBIT growth of 6-9%¹ in BCG

Delivering value through One Orkla



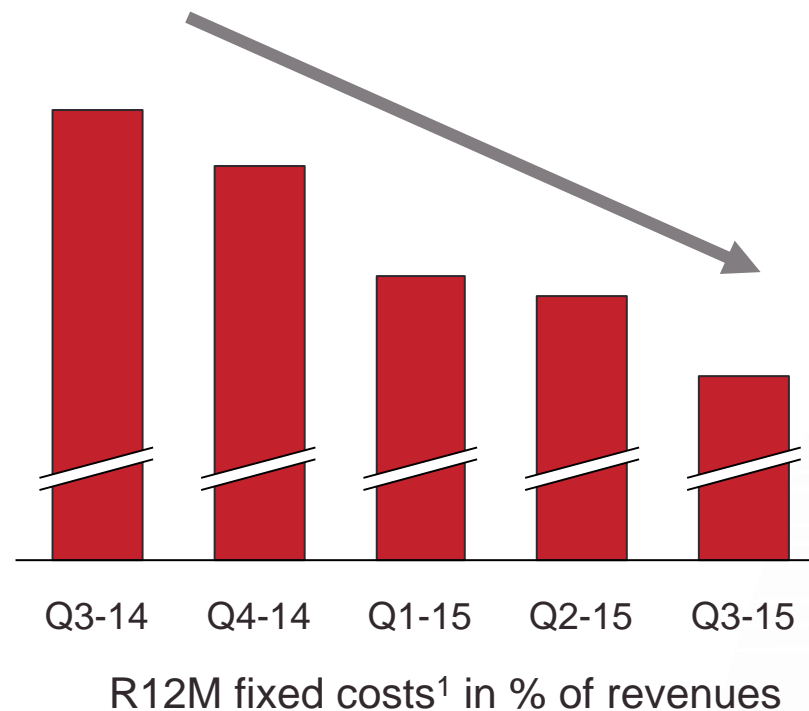
Increasing efficiency and lowering costs

One integrated supply chain

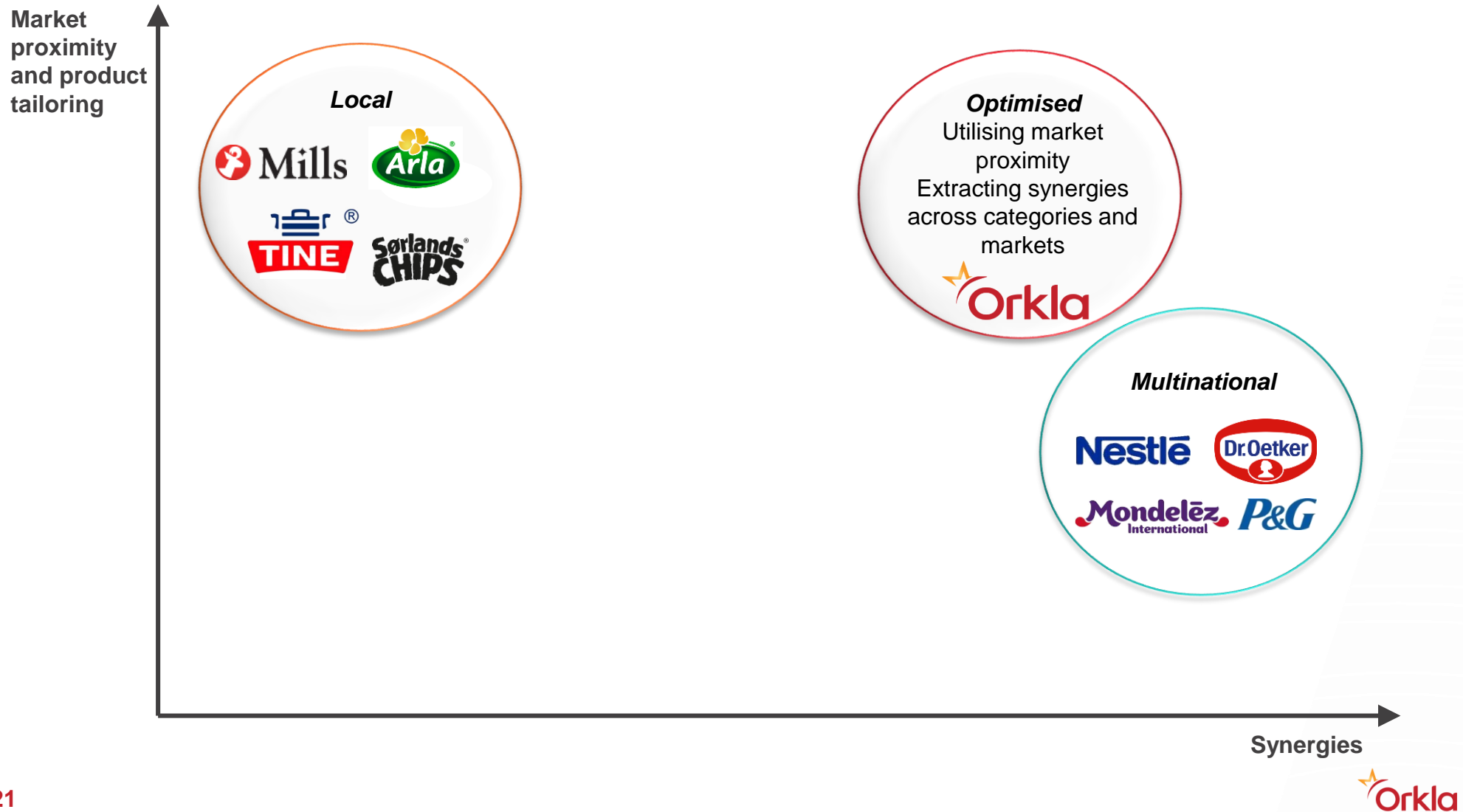


● BCG production sites

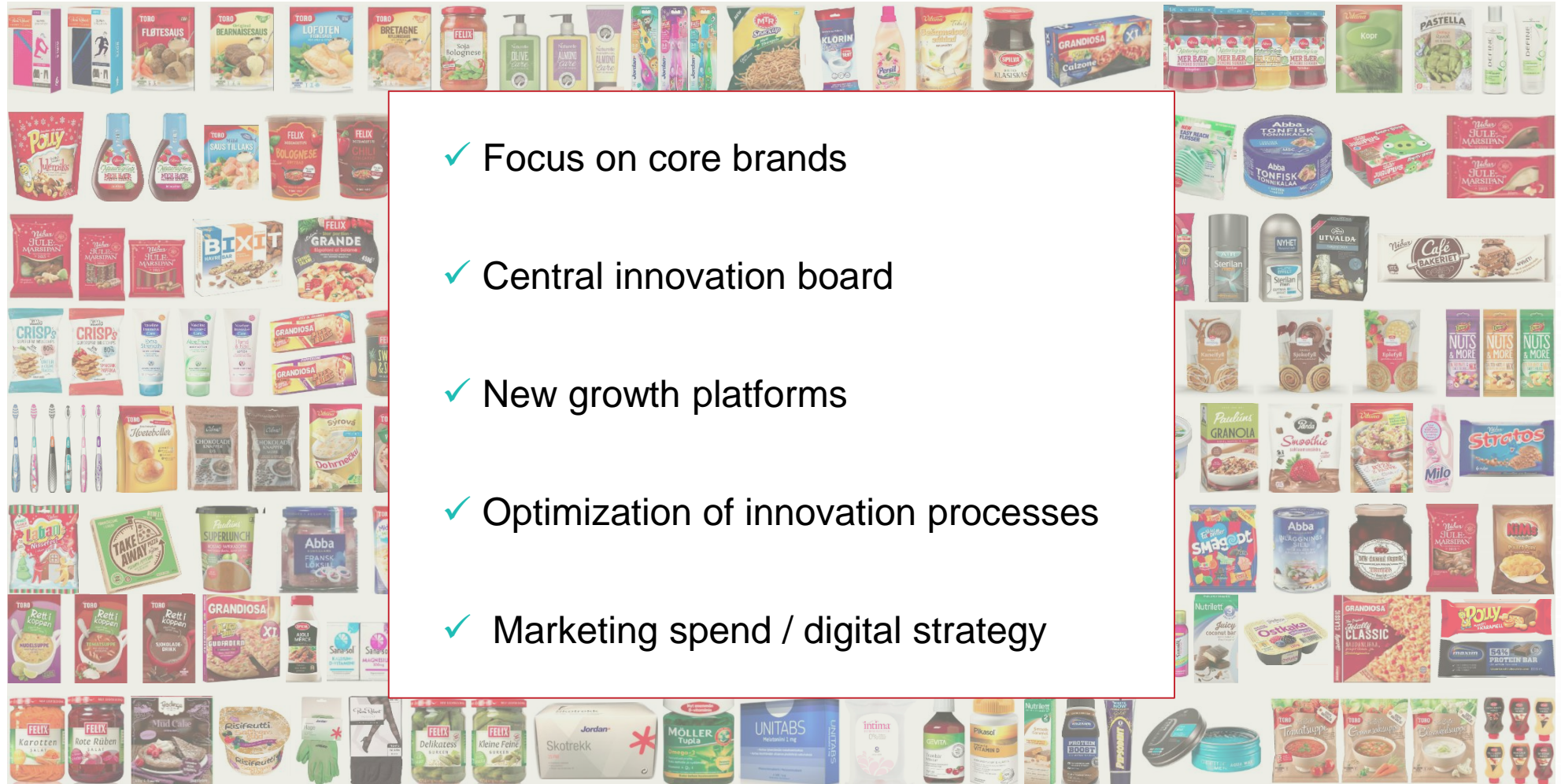
Continuous improvement throughout the value chain



Extracting synergies while maintaining our local insight



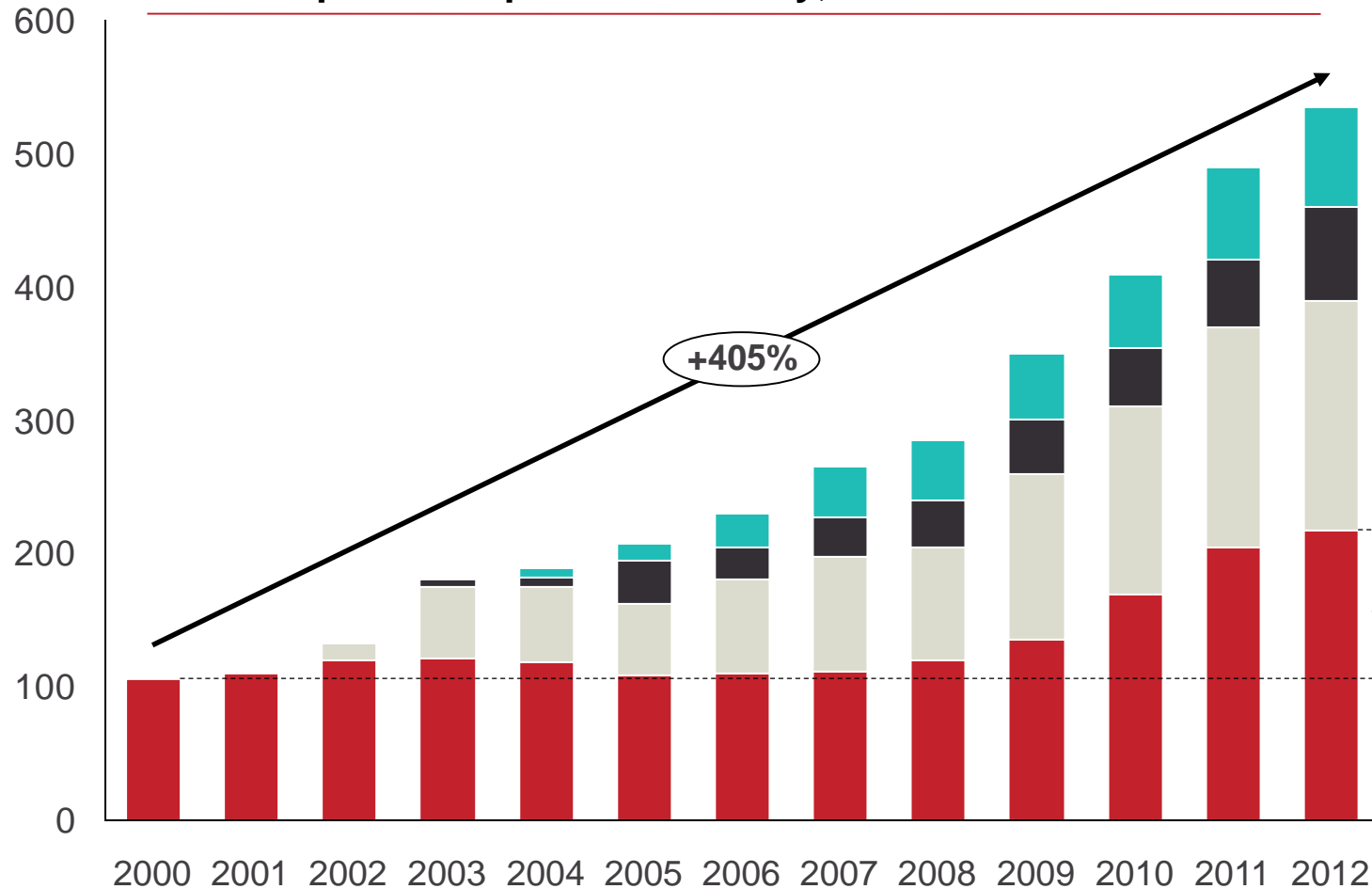
Operational focus: Stronger innovations from the restructured units



- ✓ Focus on core brands
- ✓ Central innovation board
- ✓ New growth platforms
- ✓ Optimization of innovation processes
- ✓ Marketing spend / digital strategy

Operational focus: Innovation driven growth through packaging

Example: fish spread in Norway; revenue NOK millions



Operational focus:

Rolling out successful launches across countries

Abba
Middagsklart!

GRØNNE SAGER FRA
PASTELLA



Same product – different brand

Operational focus:

Building relations with customers based on common interests



Optimising value in Orkla Investments



Financial investments





Capital allocation and historical dividends



Maintaining balanced capital allocation

Stable dividend of at least NOK 2.50 per share

Sustaining an investment grade company

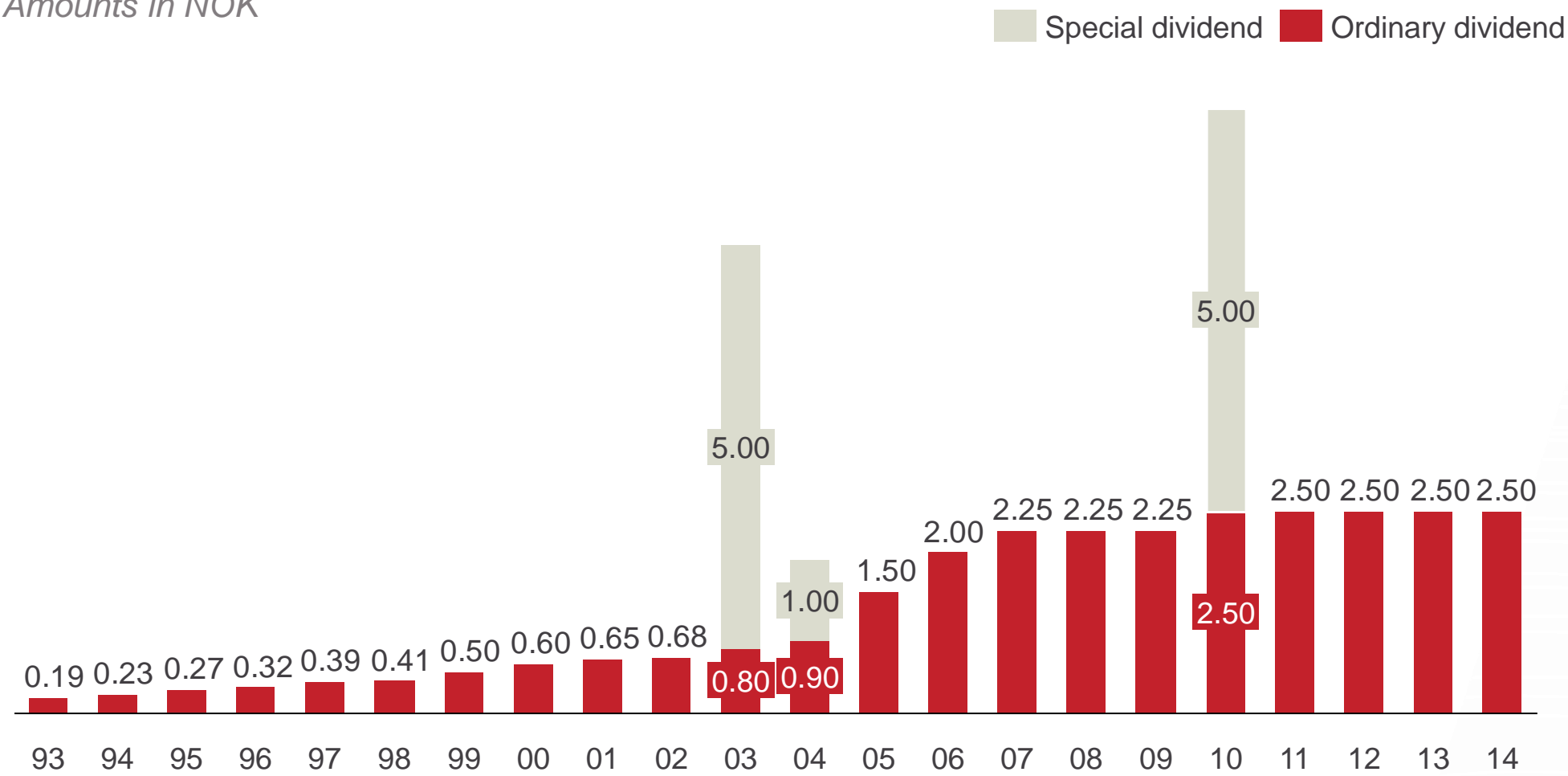
- $\text{NIBD} / \text{EBITDA} < 2.5 - 3.0$

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

Dividends 1993 – 2014

Amounts in NOK





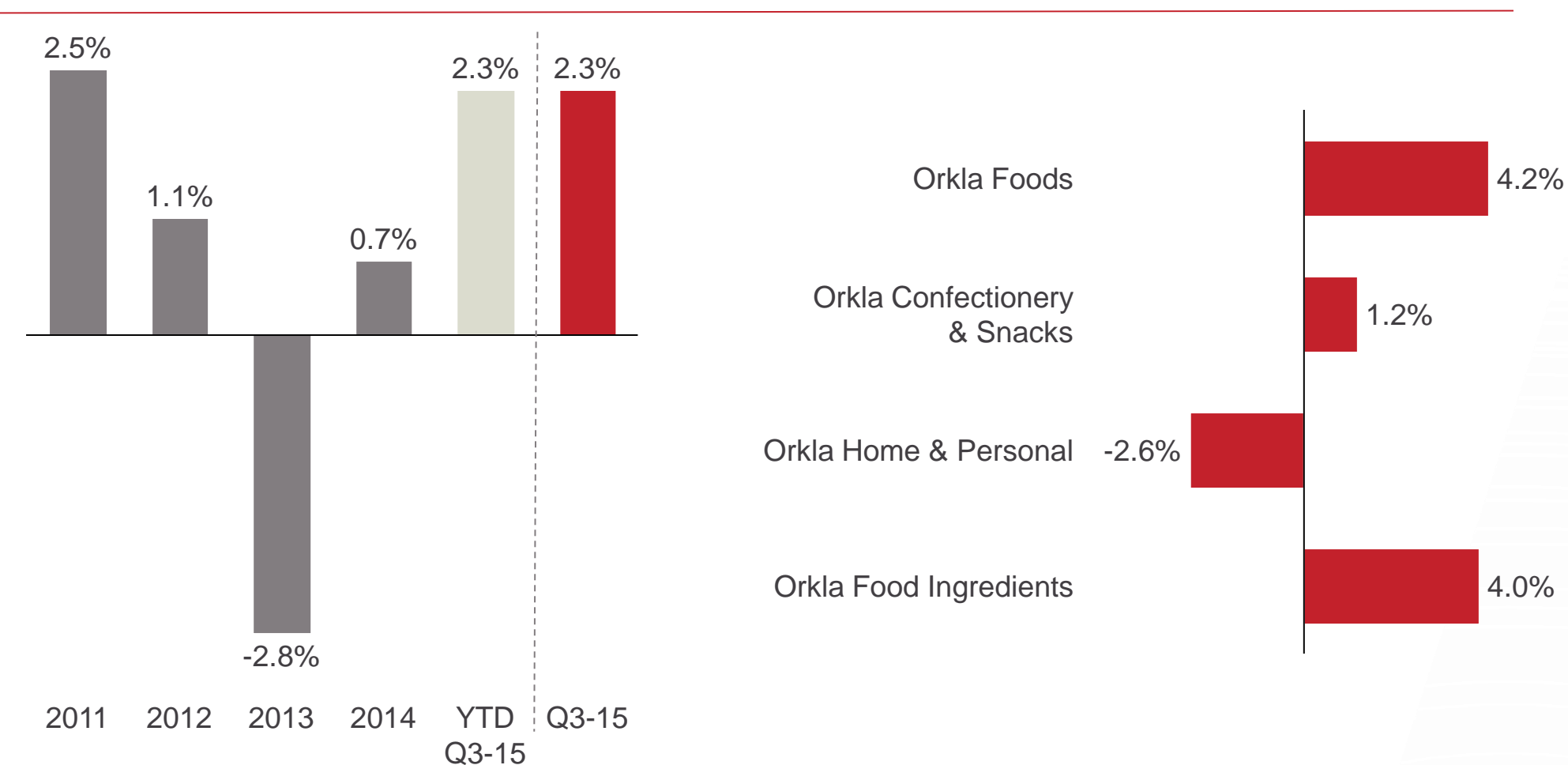
Financial information



Branded Consumer Goods Q3 2015:

Organic growth in three out of four business areas

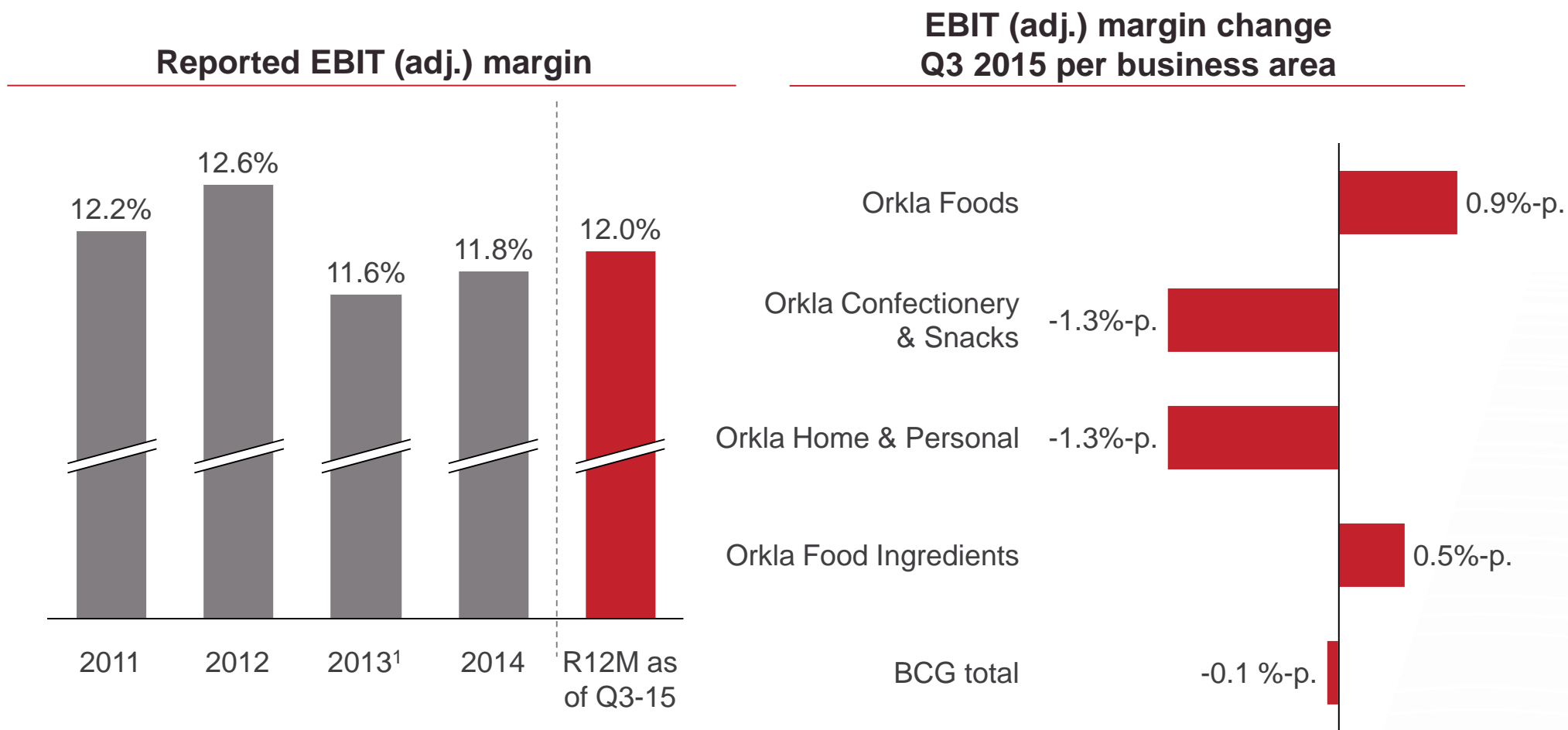
Organic growth performance^{1,2}



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

Branded Consumer Goods Q3 2015:

Margin negatively impacted by dilutive effects from acquisitions

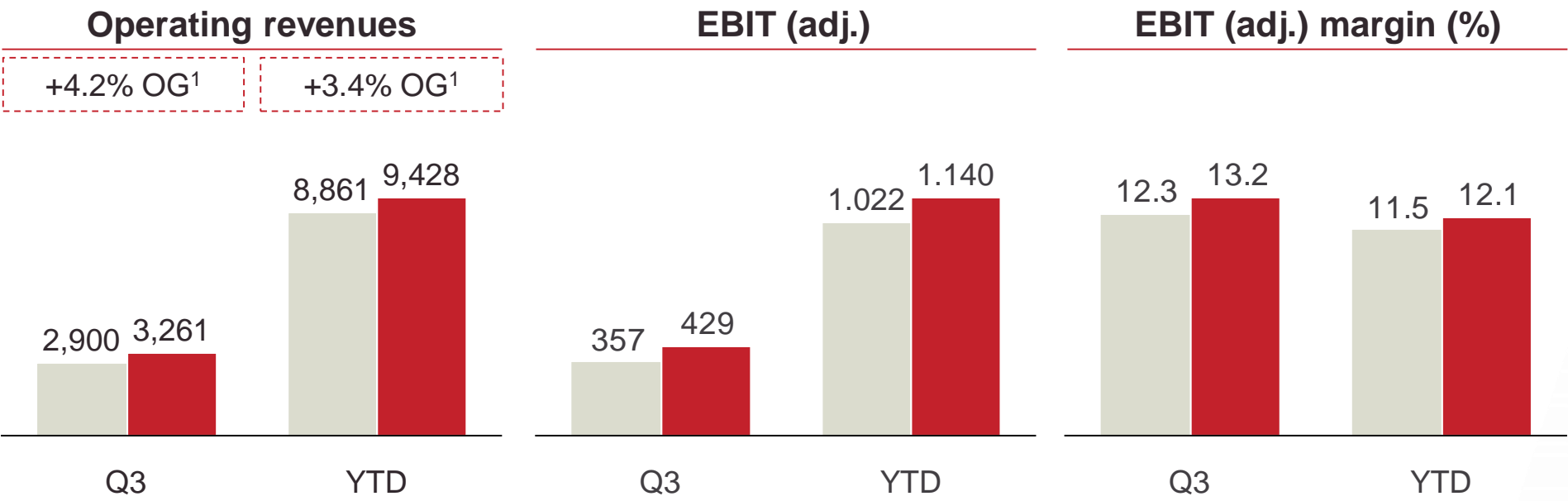


32 ¹RTM EBIT (adj.) margin diluted due to the acquisition of Rieber

Strong performance in Orkla Foods compared with soft third quarter last year

Amounts in NOK million

2014 2015



- Broad-based growth across geographies and channels
- Driven by both volume and price. Positive contribution from new launches and the distribution of Tropicana juice
- Front-loaded campaign programme H2 -15

- Sales growth and continuous efforts to drive savings programmes led to broad-based profit and margin expansion
- The weaker NOK increased purchasing costs and put pressure on margins
- Results compared with soft Q3 2014 performance

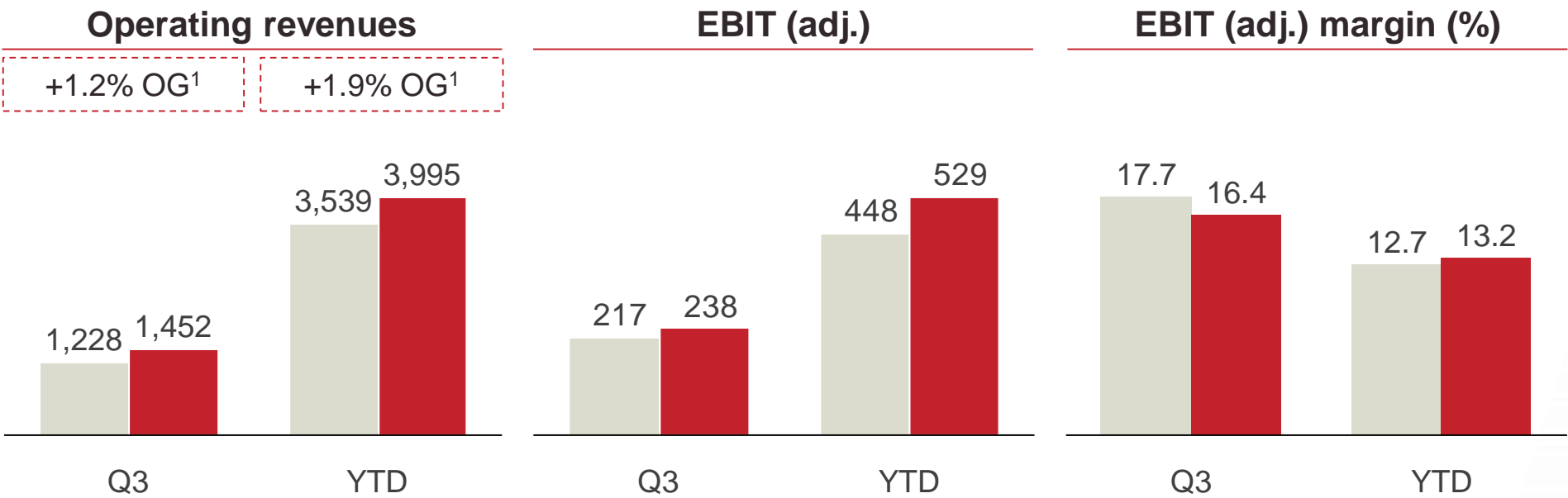
33 ¹Reported growth adjusted for FX and M&A

Orkla Confectionery & Snacks

Growth in Orkla Confectionery & Snacks

Amounts in NOK million

2014 2015

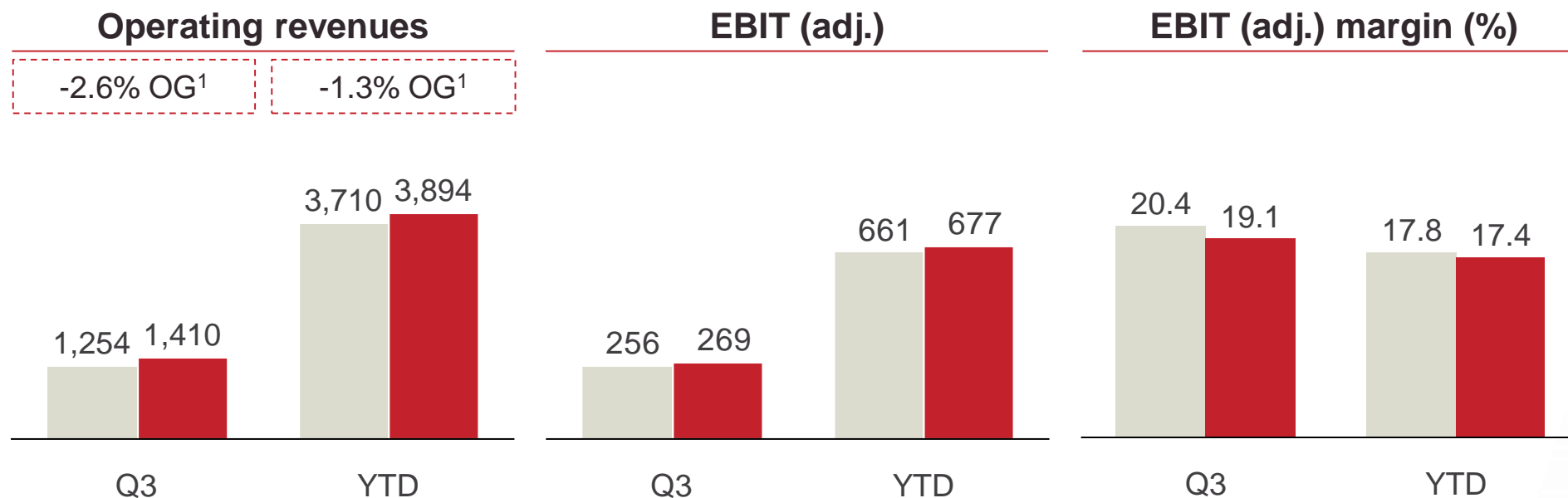


- Organic growth mainly driven by Denmark, as well as Norway and Sweden
- EBIT (adj.) growth in Q3 mainly driven by strong sales performance in Denmark
- The acquisition of NP Foods had a dilutive effect on EBIT (adj.) margin from Q2

Mixed picture in Orkla Home & Personal

Amounts in NOK million

2014 2015



- Weak organic sales performance in Q3 caused by Lilleborg and Pierre Robert Group
- Improvement for Orkla Health but markets remain challenging

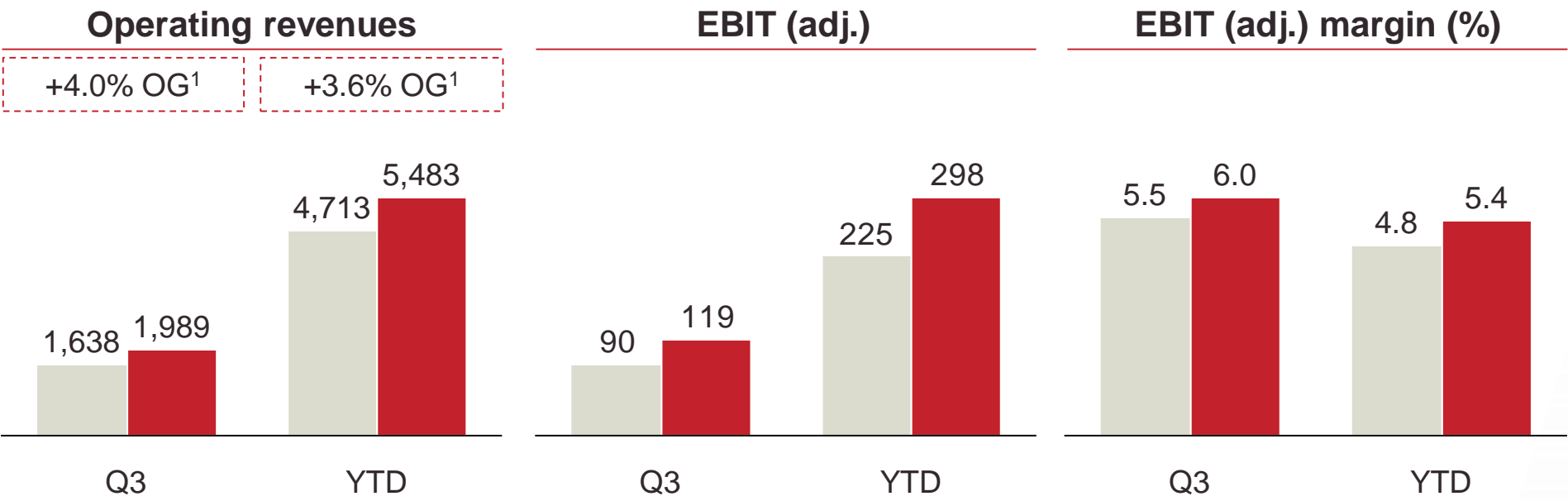
- Profitability in all segments negatively affected by a weak NOK
- Margin in Q3 and YTD diluted by the inclusion of Cederroth

Orkla Food Ingredients

Continued strong progress in Orkla Food Ingredients

Amounts in NOK million

2014 2015



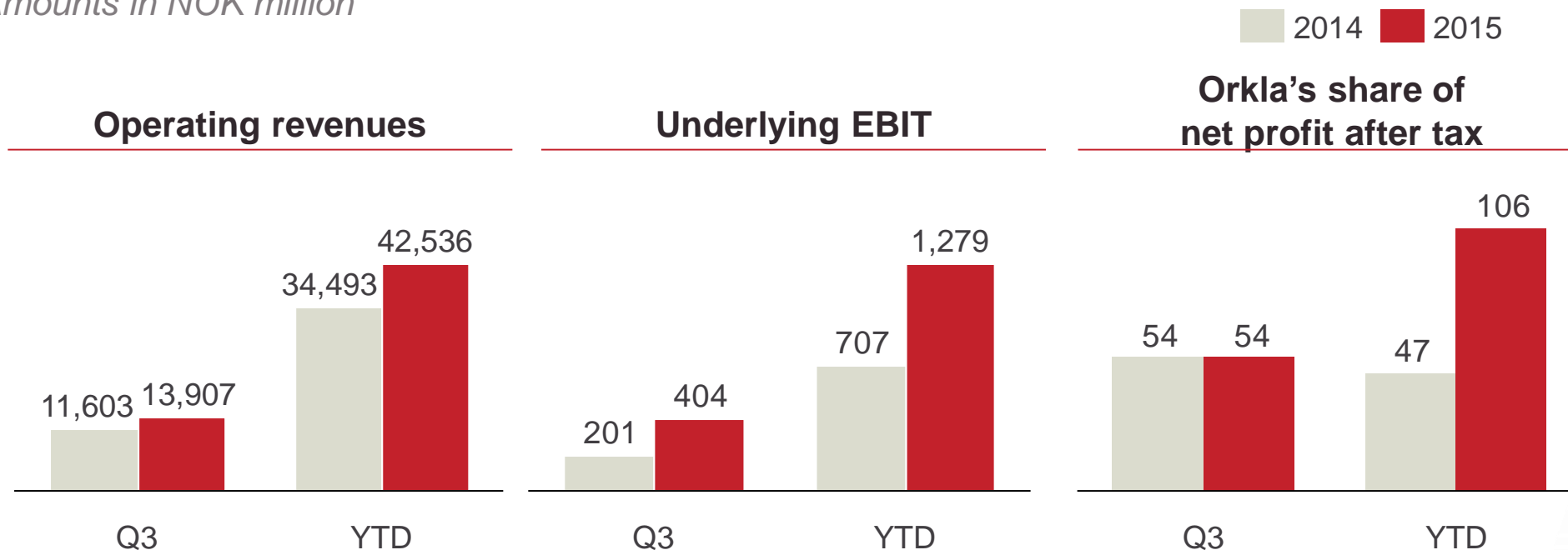
- Broad-based sales growth
- Strong market positions, stable raw material prices and improved product mix

- Main driver of the EBIT growth was the organic revenue growth supported by positive translation effects from a weak NOK
- Strong season for the ice cream ingredients business in Q3, opposite effect expected in Q4

Sapa (50/50 joint venture)

Solid underlying EBIT growth in Sapa

Amounts in NOK million



- Strong demand in North America
- Stable demand in Europe

- Positive contributions from improvement programmes and restructuring efforts
- Positive currency effects
- Restructuring agenda continues ahead of plan

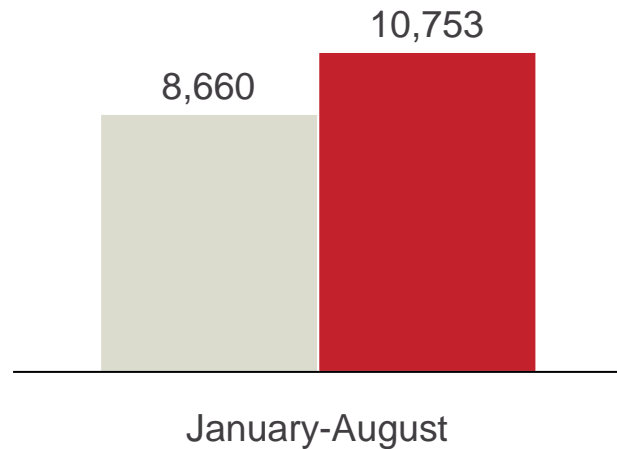
Jotun (42.5%)

Growth across all segments and regions in Jotun

Amounts on 100% basis in NOK million

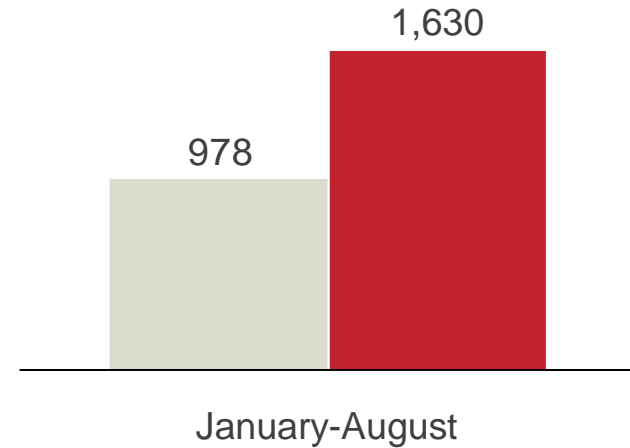
2014 2015

Operating revenues



- Improved sales volumes with growth across all segments and regions
- Strong growth in the Marine Coatings segment

Operating profit

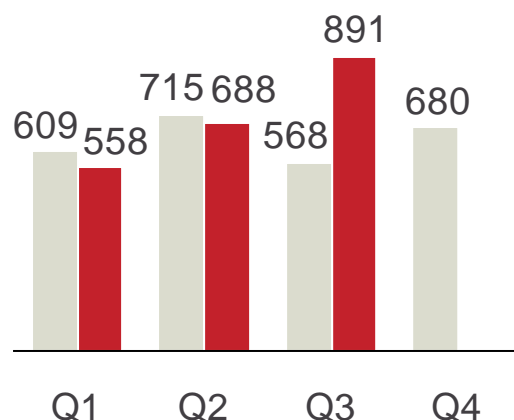


- Increased margins from cost improvements
- Positive currency translation effects on both sales and profit

Historically low power prices

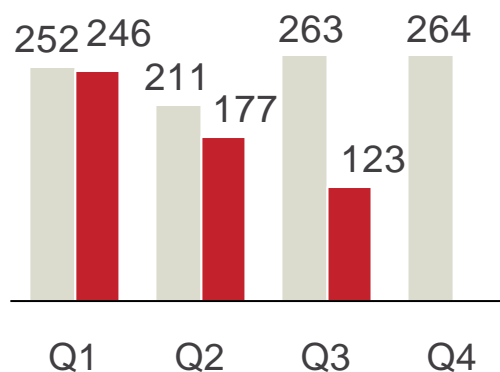
2014 2015

GWh produced



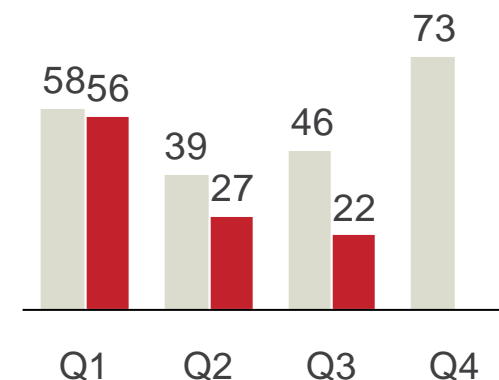
- All time high production volumes in Q3
- Substantial snow melting and rainy summer in Q3

Spot prices (NOK/MWh)



- Power prices at the lowest level in 15 years
- Volume sold on spot market is exposed to regional prices in NO1 (Oslo) and NO2 (Kristiansand)

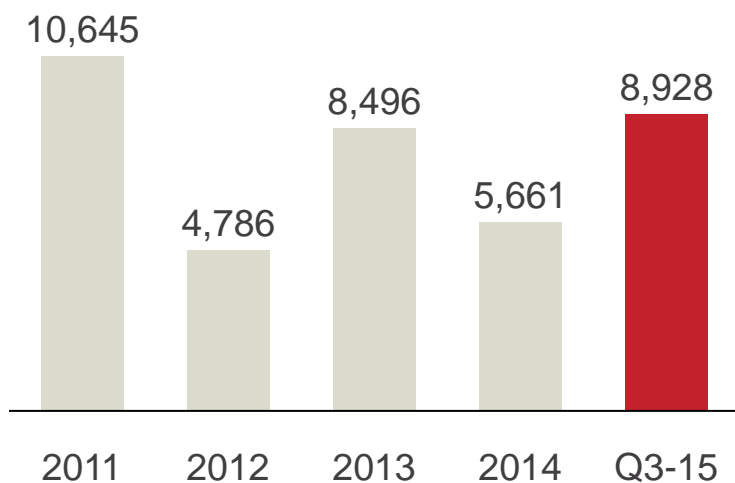
EBIT (adj.) (NOK million)



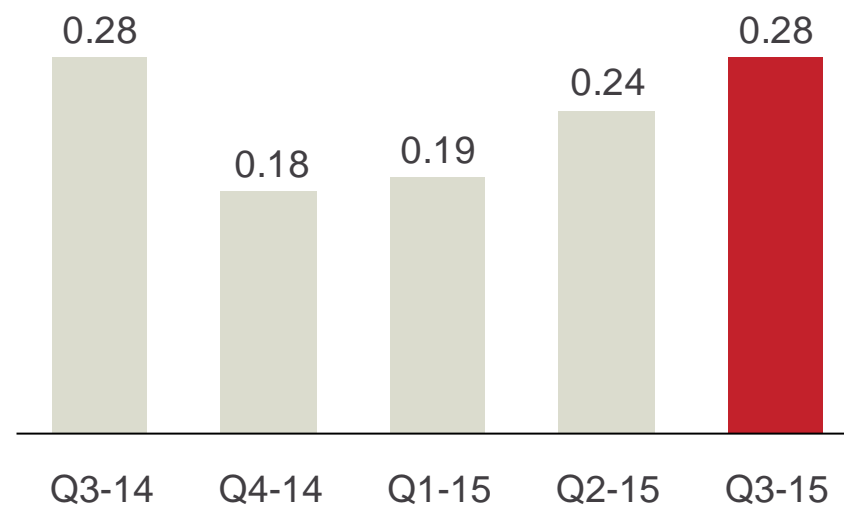
- Extremely low power prices in the quarter resulted in lower EBIT (adj.)

Strong balance sheet and financial flexibility

Net interest bearing debt (NOK million)



Net gearing



Debt maturity profile

Amounts in NOK million

Average maturity 3.6 years

