The Leading Nordic Supplier of Branded Consumer Goods

Investor presentation

October 2015

The Leading Nordic supplier

of branded consumer goods

NOK BILLION

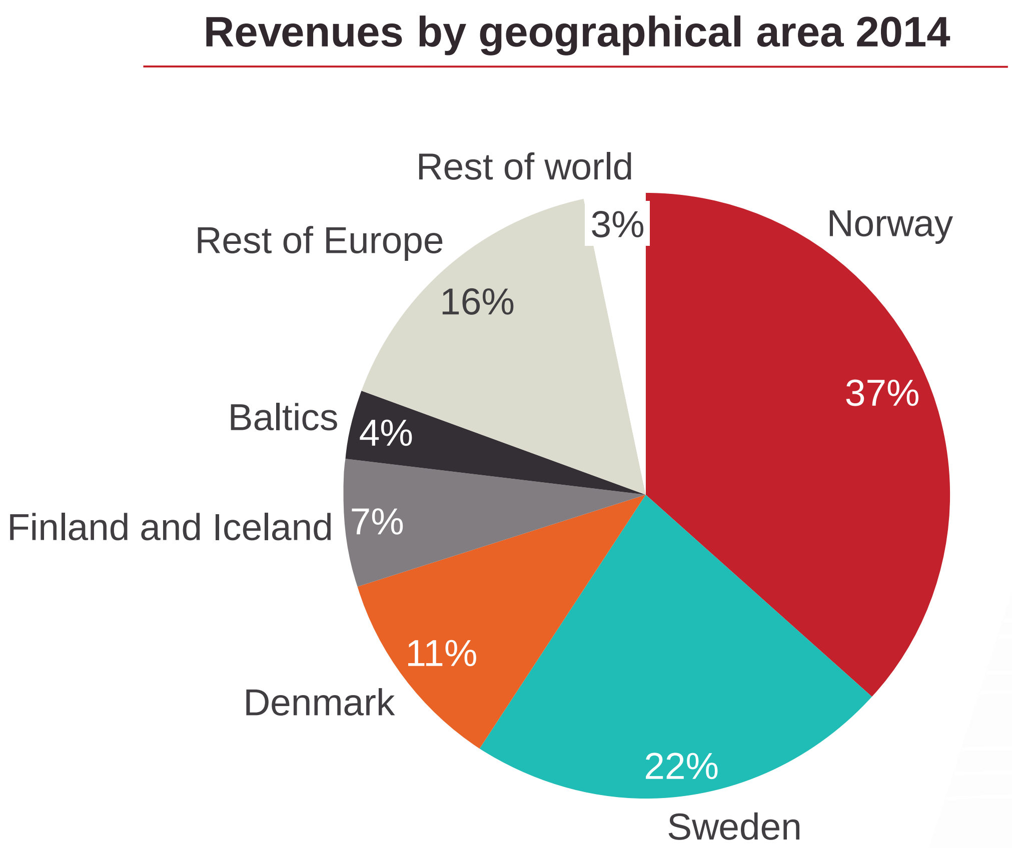
OPERATING REVENUES[2]	EBIT (ADJ.)[2]	MARKET VALUE[3]
30	3.2	64

13,000
EMPLOYEES[1]

8 MILLION
CONSUMER UNITS SOLD DAILY

[1] Continued operations [2] 2014 [3] As of 2 October 2015

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



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

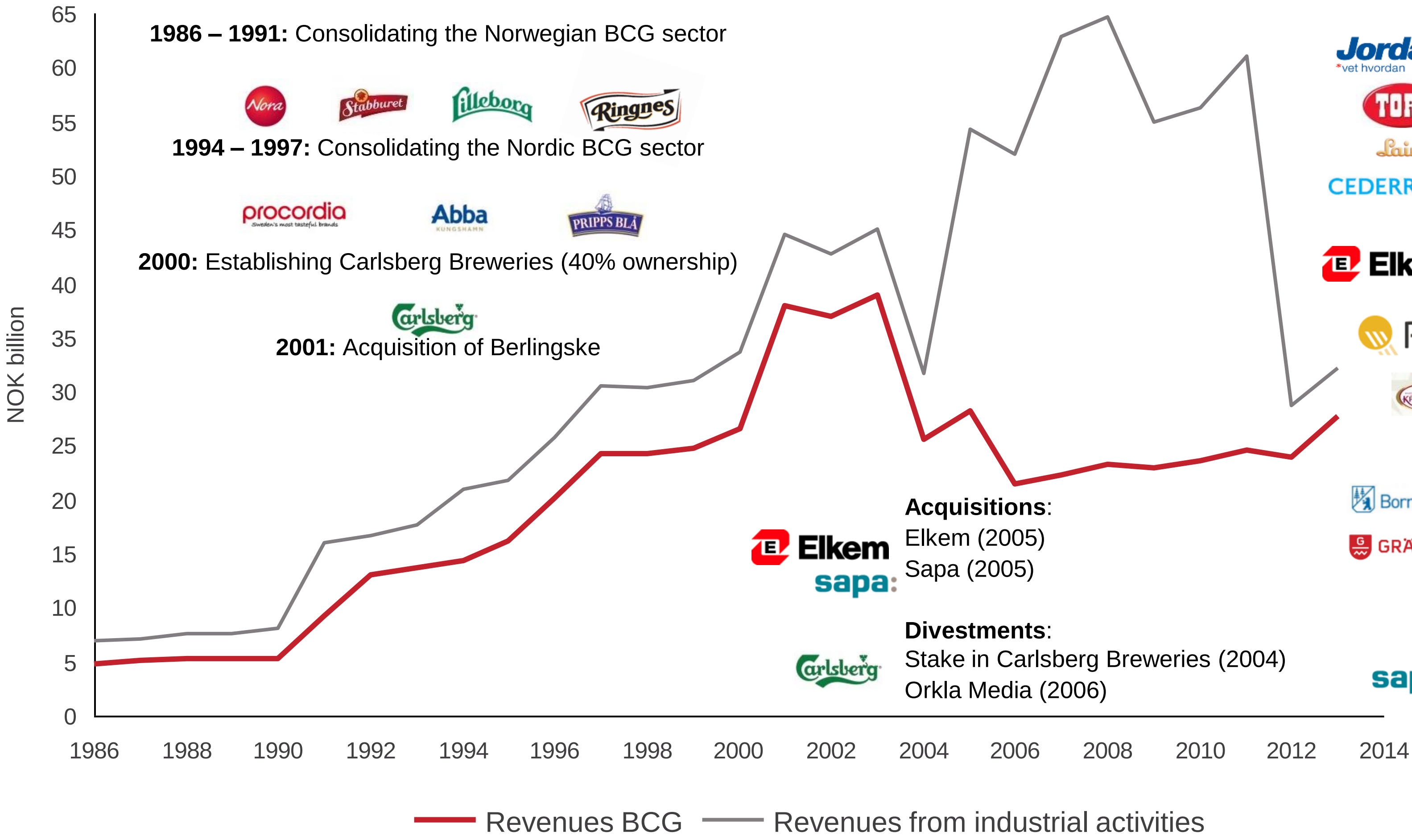
FY 2014; NOK billion

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

1 1986 – 2003
Consolidating Norwegian and Nordic BCG Industry

2 2004 – 2008
Broader focus

3 2009 – 2015
Focus on BCG



Acquisitions:
Jordan (2012)
Rieber (2012)
NP Foods (2015)
Cederroth (2015)

Divestments:
Elkem (2011)
Borregaard Skoger (2010)
REC (2013)
Borregaard (2013)
Orkla Brands Russia (2014)

IPO's:
Borregaard (2012)
Gränges (2014)

Establishment of joint ventures:
Sapa JV (2013)

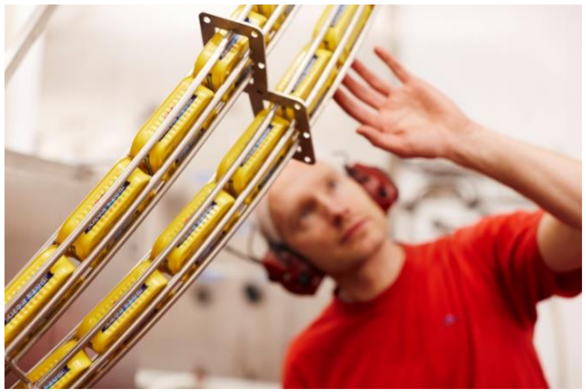
Orkla's transformation

2011

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

2012-2013

Major **structural actions** executed to implement strategy



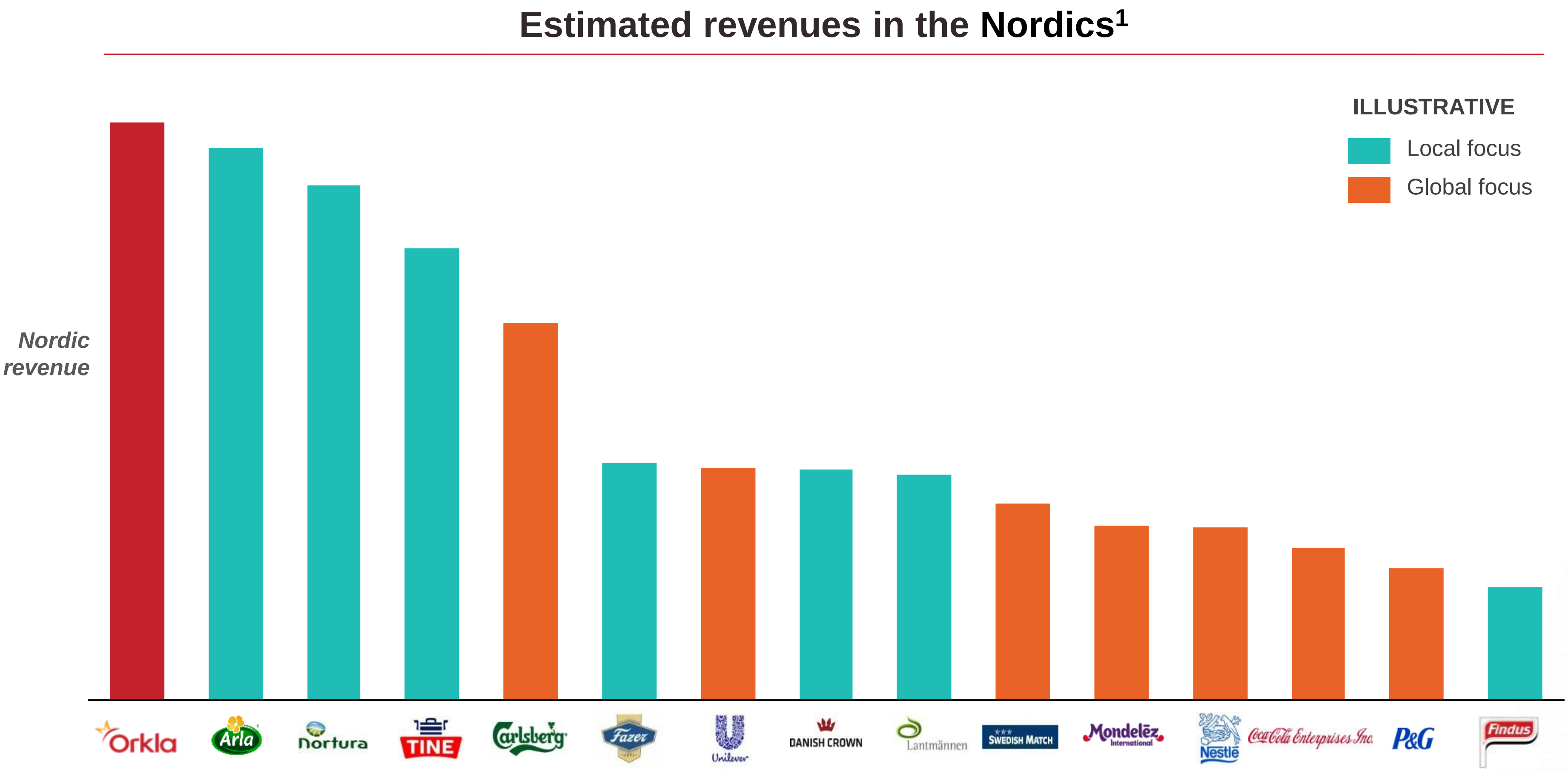
2014-2016

Operational focus and finalize organisational changes

Orkla

Competitive advantage

Largest BCG company in Nordics, important partner to the trade



[1]Based on 2014 figures. Orkla Branded Consumer Goods incl. Cederroth

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

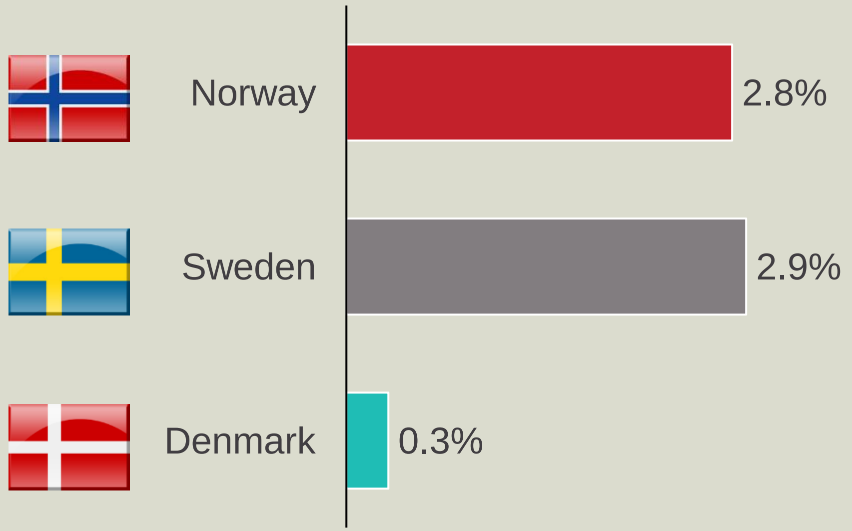
[1]Norway: Grocery, Finland: Retail, Sweden: Grocery, Pharmacy and SVH, Denmark: Grocery [2]R12M per Q1-14 [3]Per year-end 2014

Core markets and competitive environment

Attractive markets with growing categories

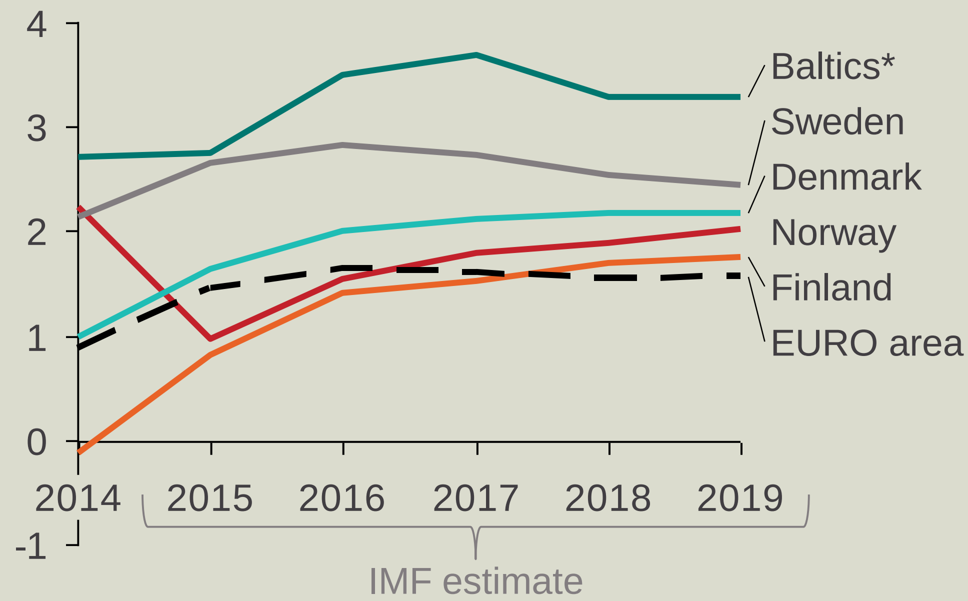
Orkla's categories in the largest markets are growing…

Growth in Orkla's categories last twelve months



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

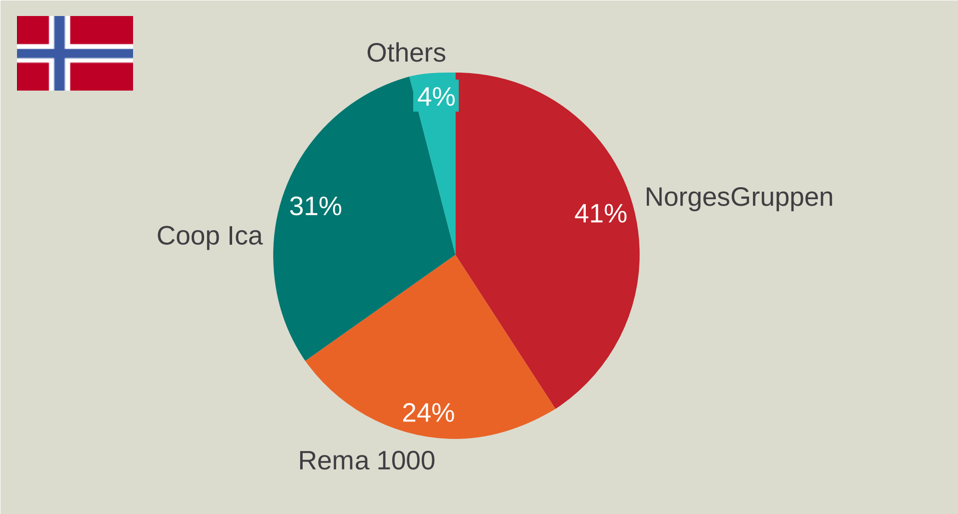
Real GDP; annual change in %

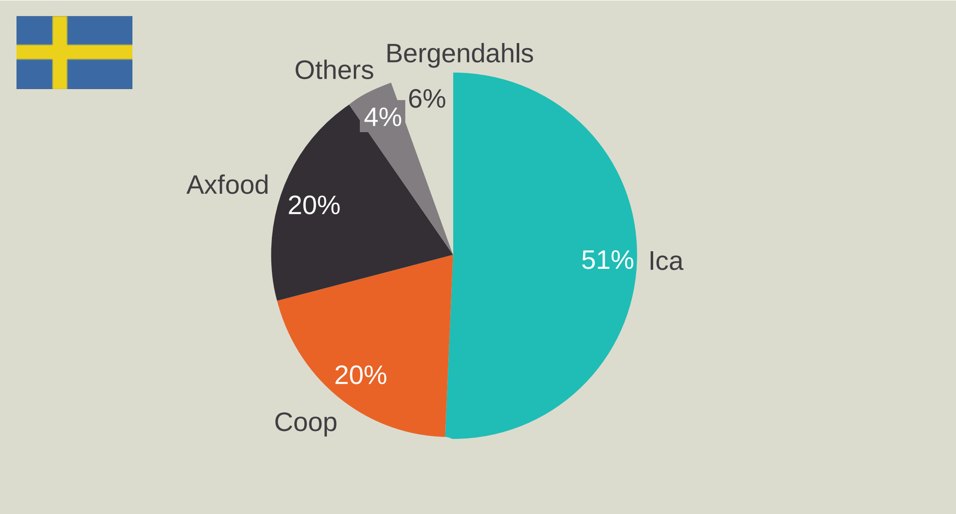


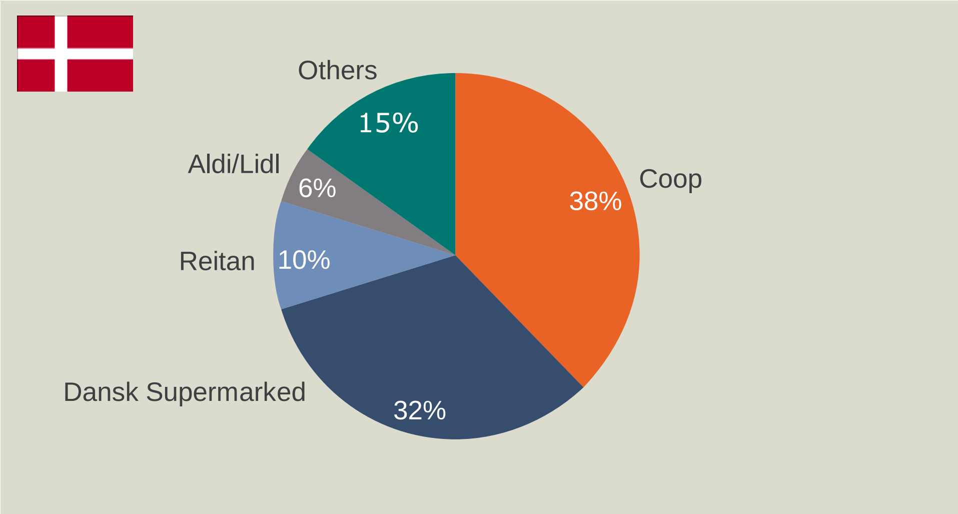
*Weighted average for estimated GDP growth in the Baltics

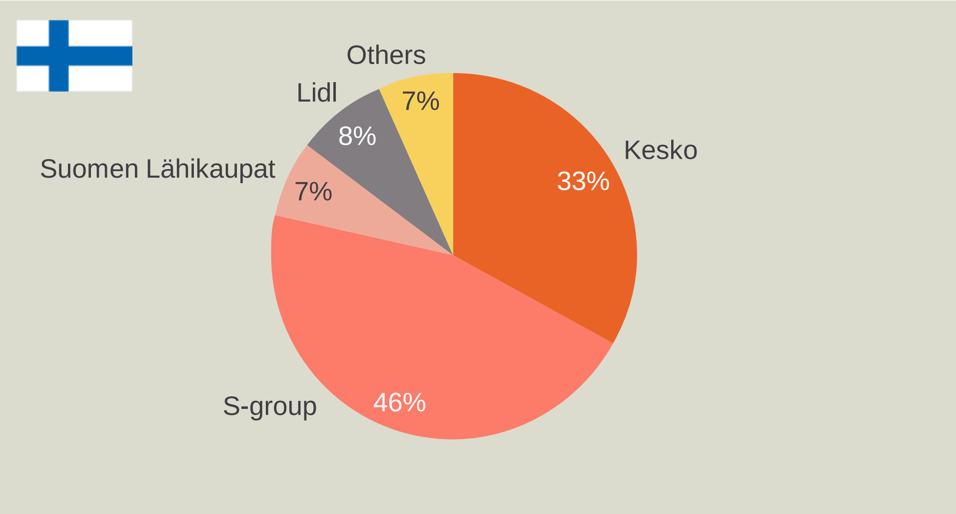
 Source: Nielsen week 24 2015 (Nielsen does not provide figures for Finland), IMF World Economic Outlook April 2015

Consolidated Nordic grocery markets



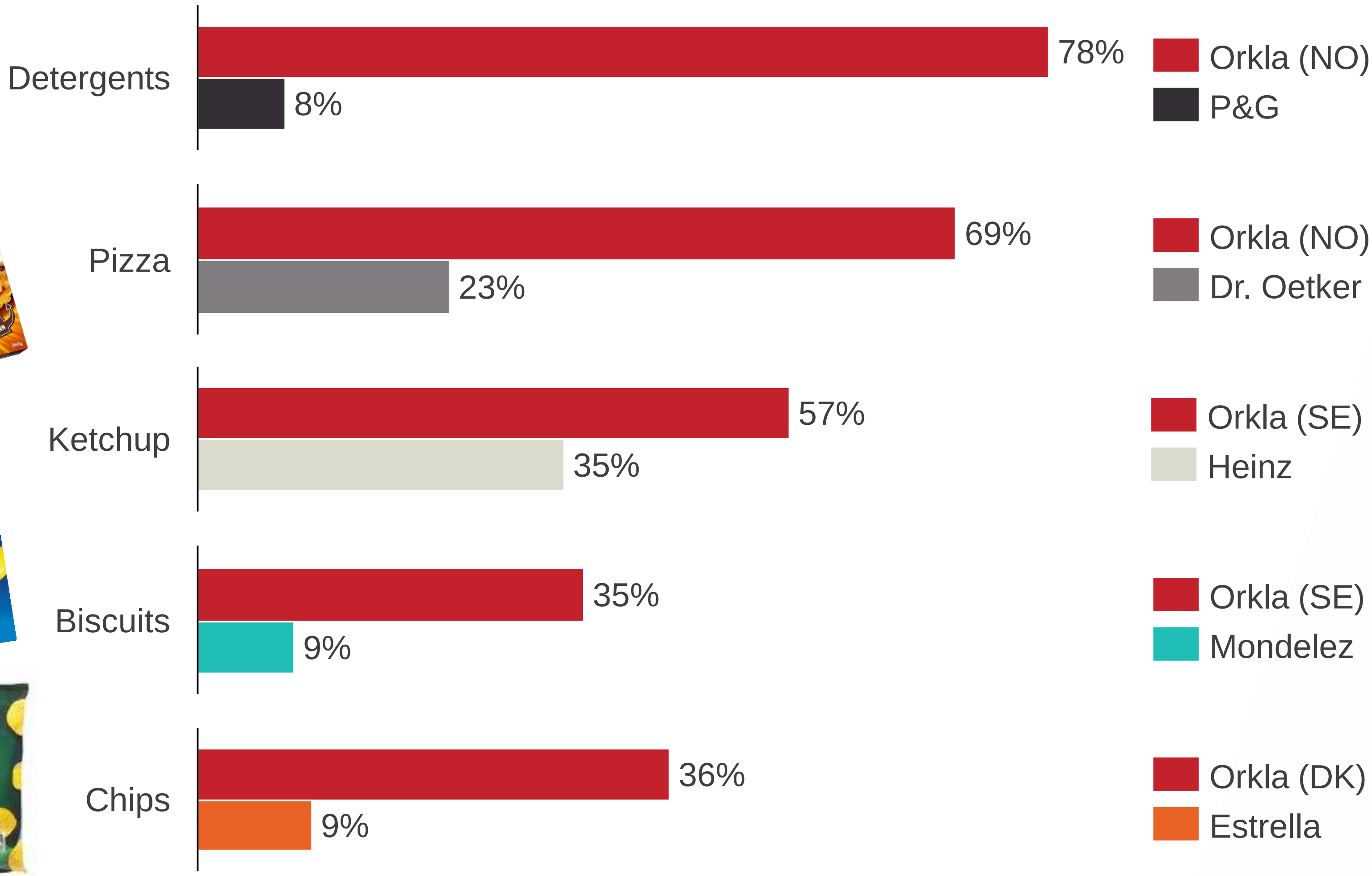






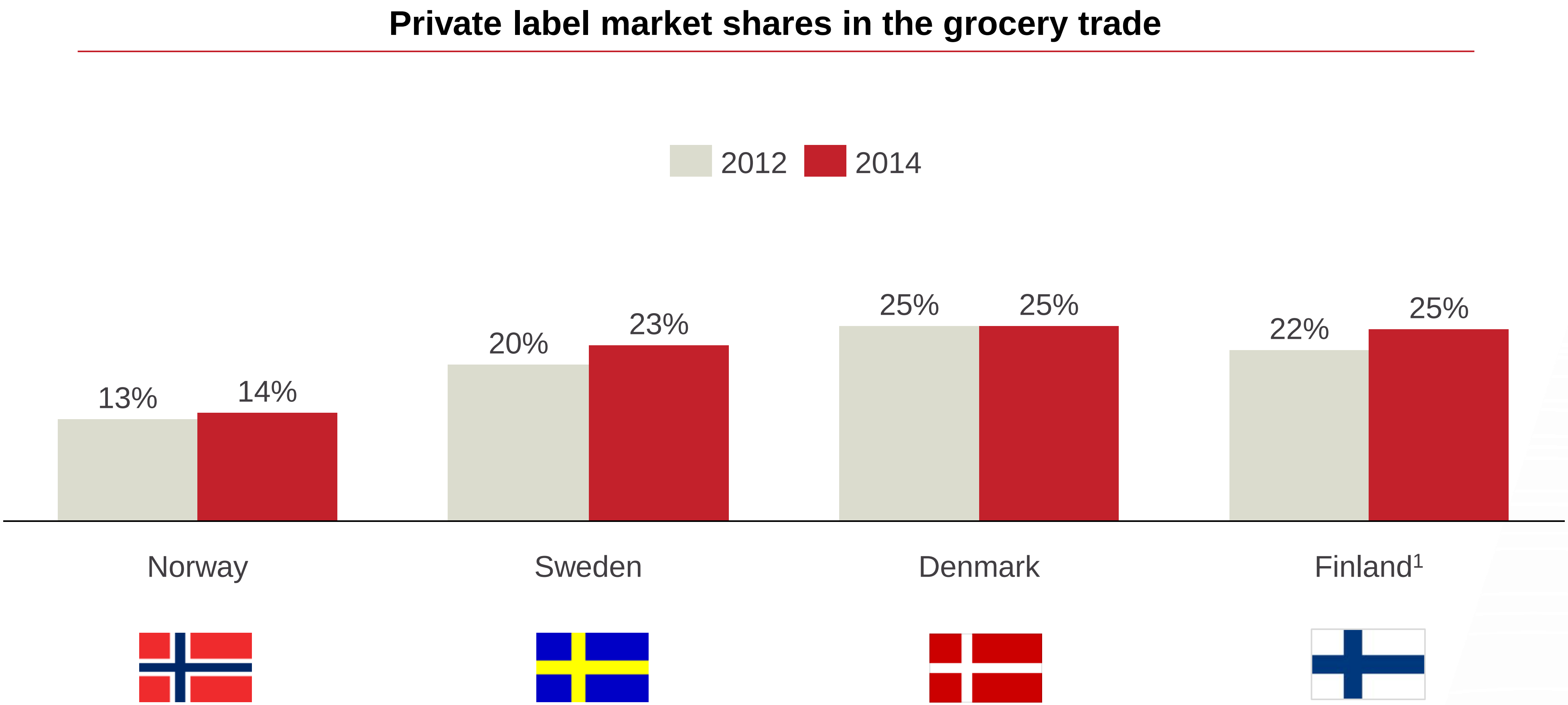
 Source: Nielsen (2015: NO, SE, DK), Statistics Finland (2015: FI)

Leading local Orkla brands compete well with global brands



 Source: Nielsen
Detergents RTM as of Aug/Sept 2015, frozen pizza and ketchup RTM as of week 36 2015, biscuits and chips as of week 32 2015

Private label is growing, but slowly



 Source: Nielsen [1]Finland 2014: RTM per October 2014

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

[1]Including add-ons, excluding currency effects and large acquisitions and divestments

Orkla

Delivering value through One Orkla

One Orkla

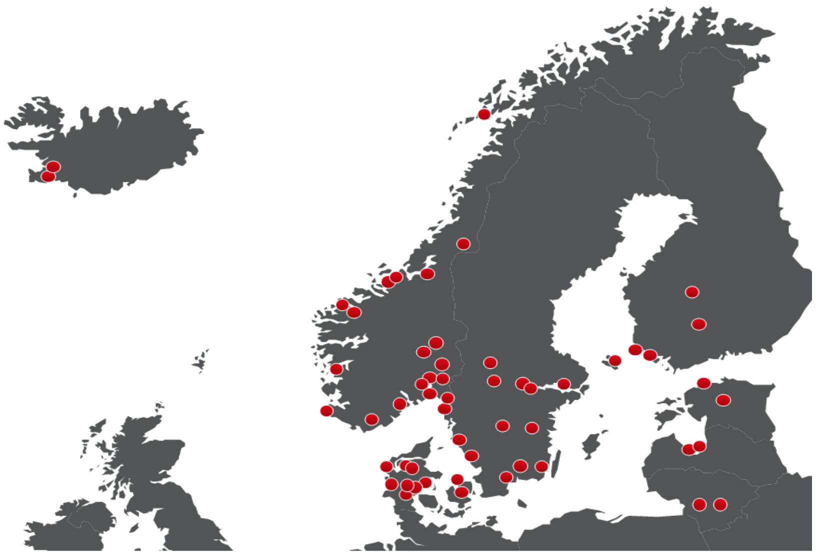
New strategy

Implementing strategy

Creating value as the leading Nordic branded consumer goods company

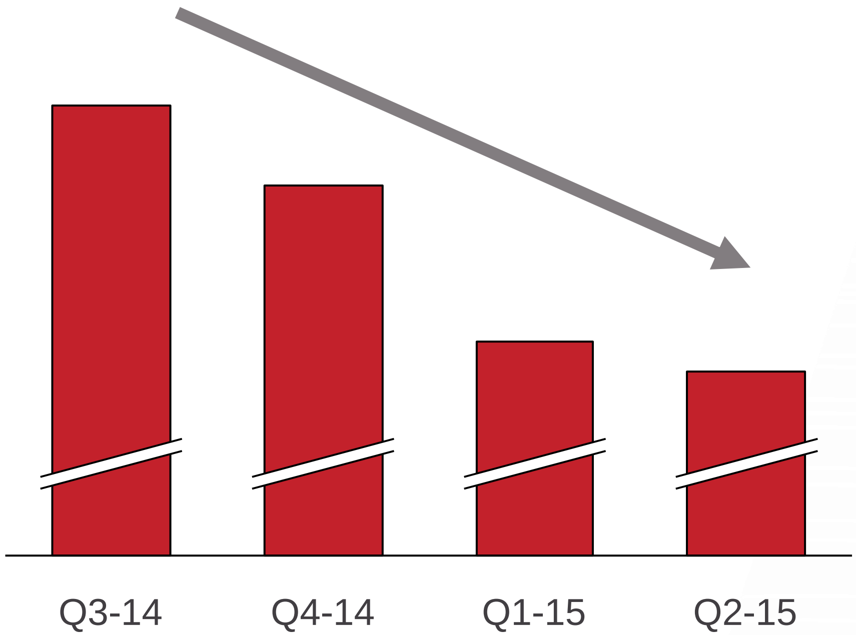
Increasing efficiency and lowering costs

One integrated supply chain



● BCG production sites

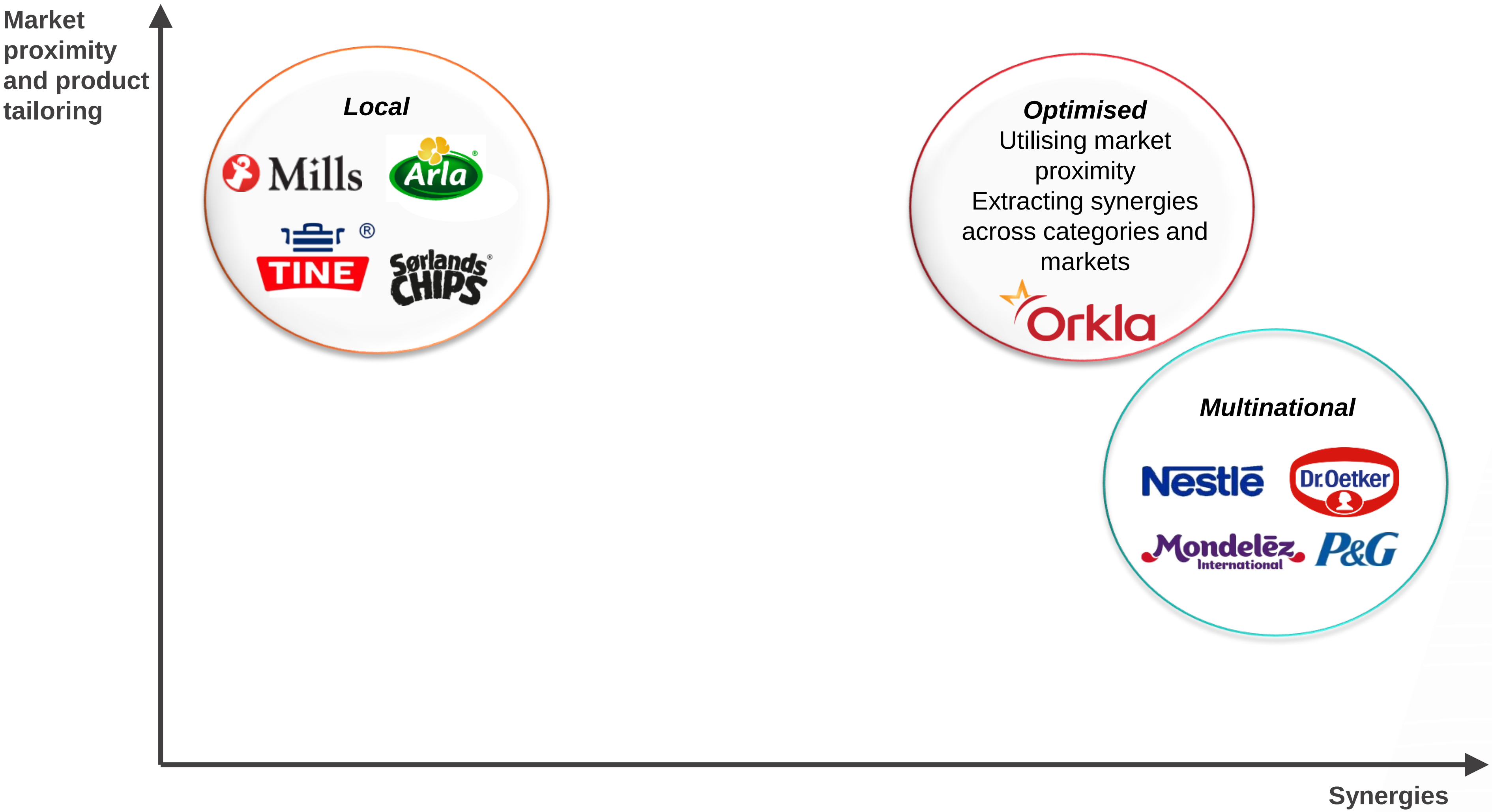
Continuous improvement throughout the value chain



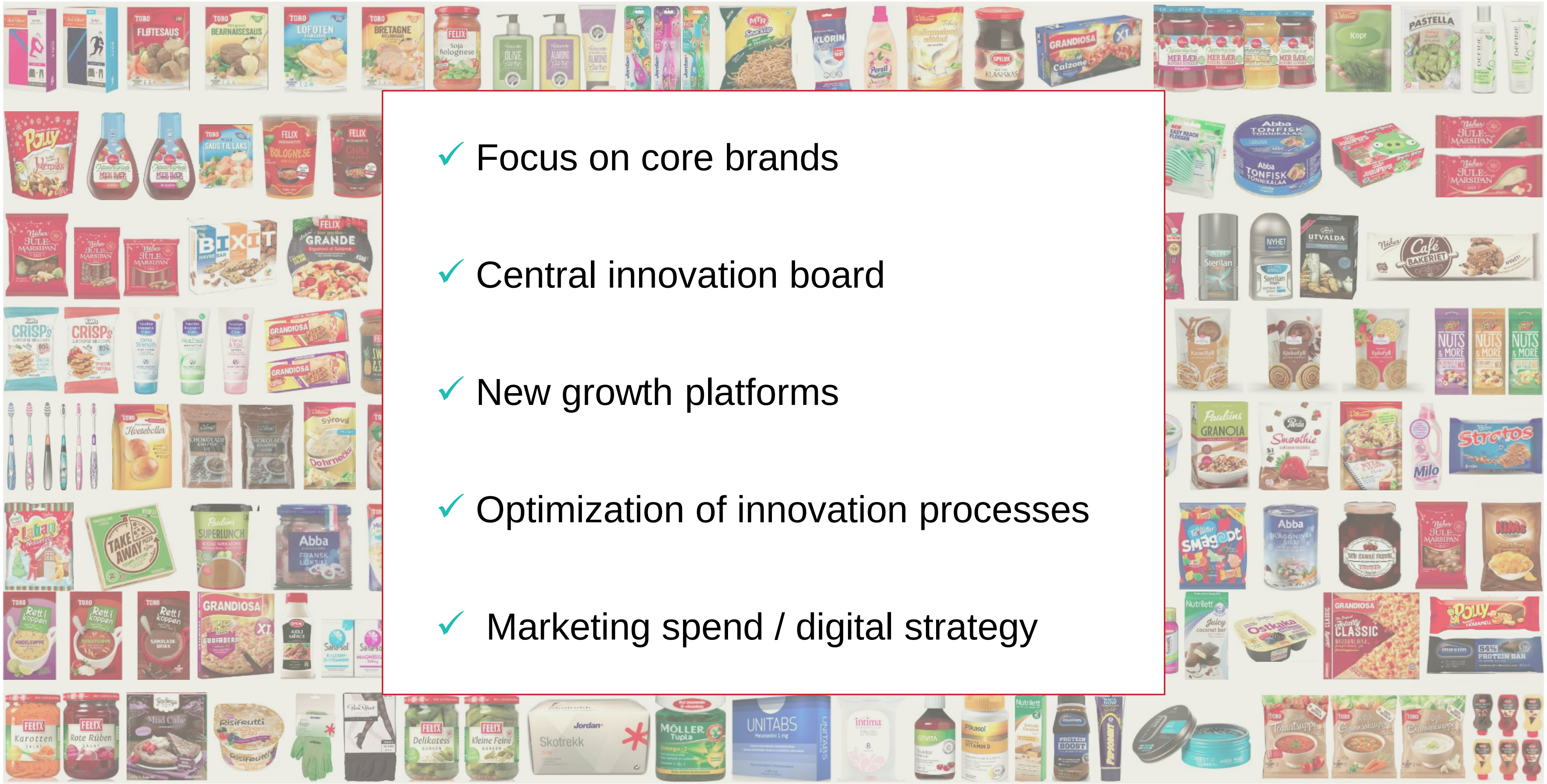
R12M fixed costs[1] in % of revenues

 [1]Fixed costs include both SG&A and fixed production / inventory costs

Extracting synergies while maintaining our local insight



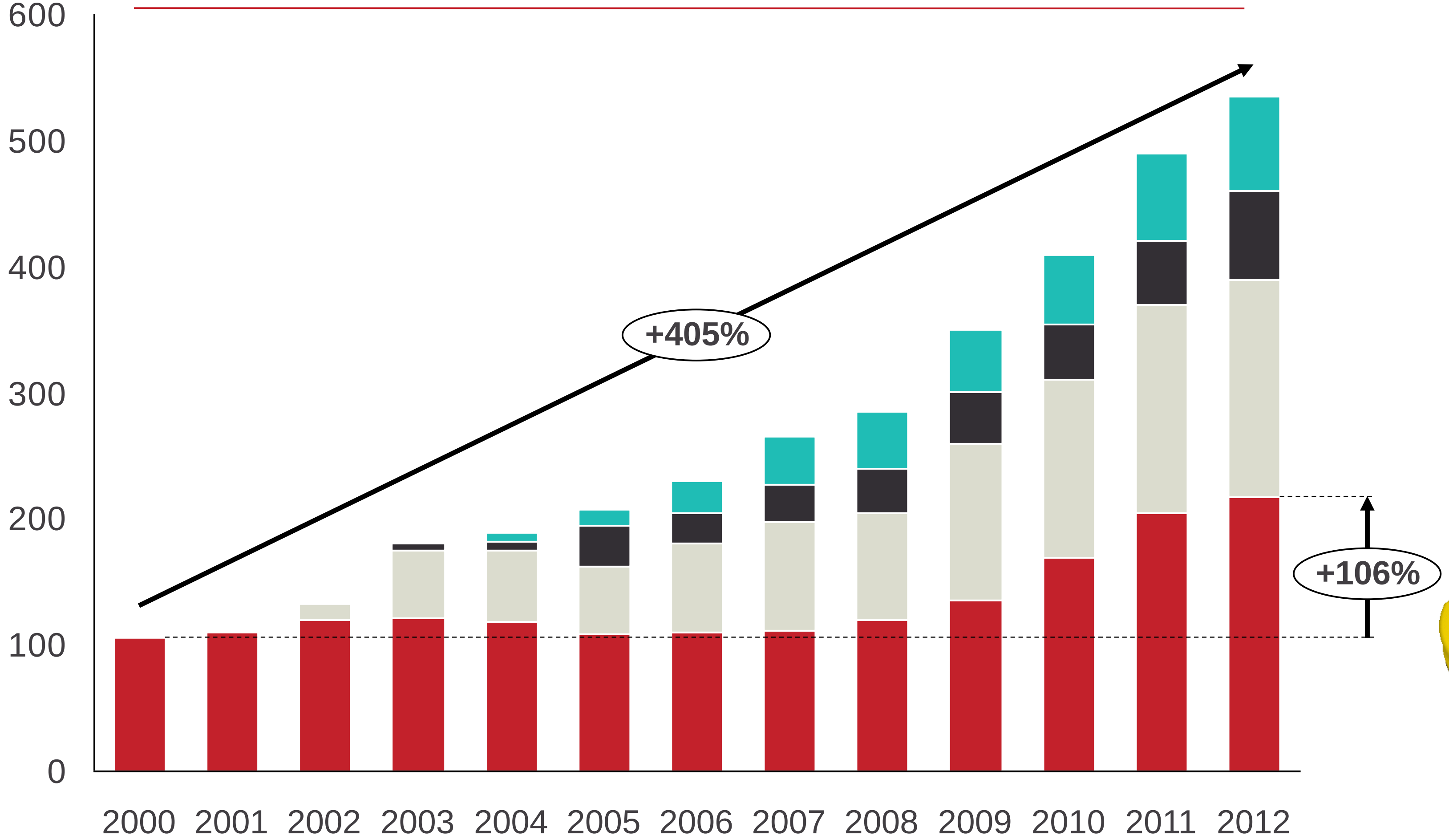
Operational focus:
Stronger innovations from the restructured units



- ✓ 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



 Source: Nielsen

Operational focus:
Rolling out successful launches across countries

Abba Middagsklart!

GRØNNE SAGER FRA PASTELLA

Same product – different brand

Orkla

Operational focus:
Building relations with customers based on common interests

Optimising value in Orkla Investments

Jotun

Sapa

Financial investments

Hydro Power

Real estate

Share portfolio

Orkla

Capital allocation and historical dividends

Maintaining balanced capital allocation

Stable dividend of at least NOK 2.50 per share

Sustaining an investment grade company

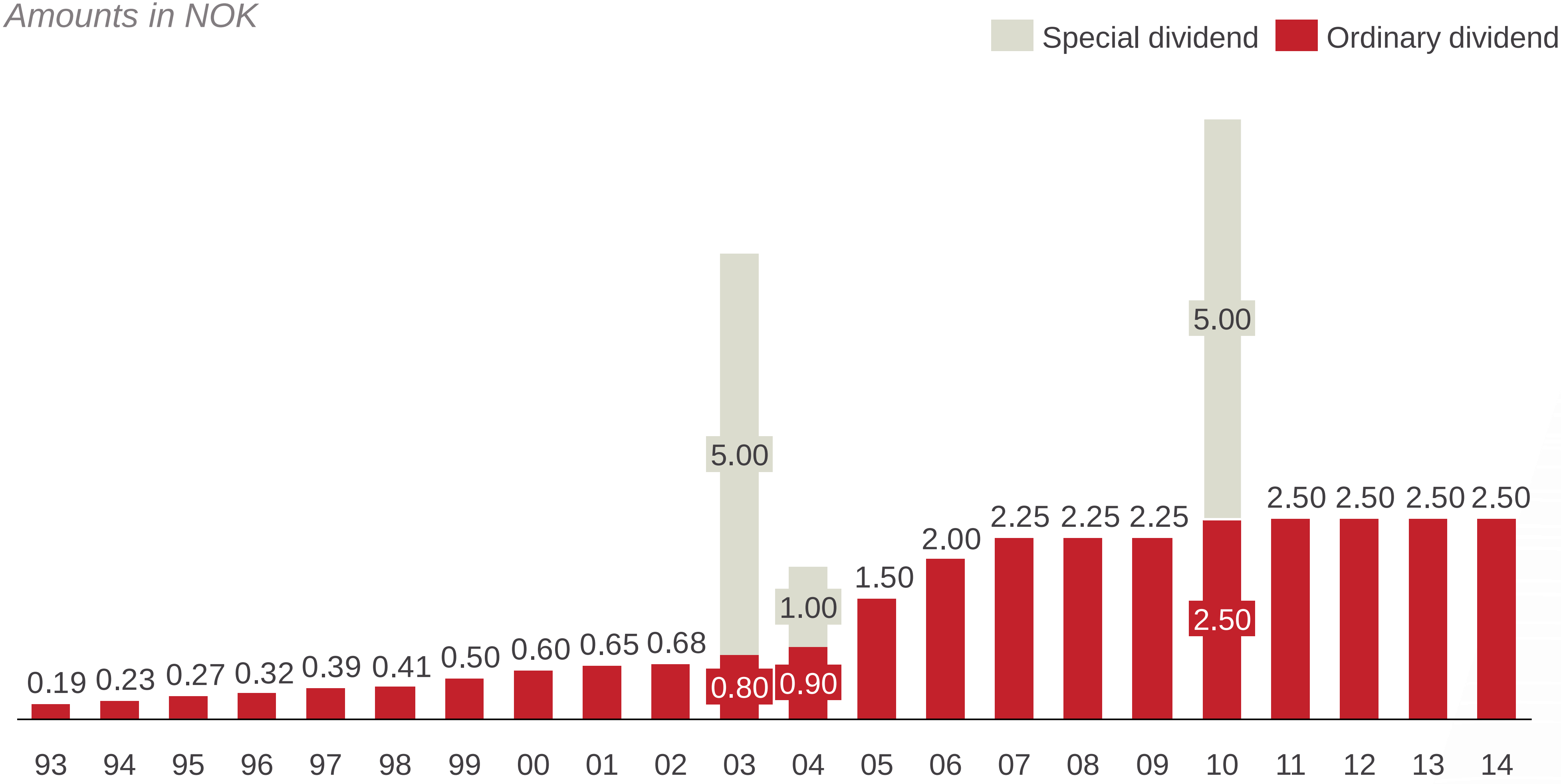
- NIBD / EBITDA < 2.5 - 3.0

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

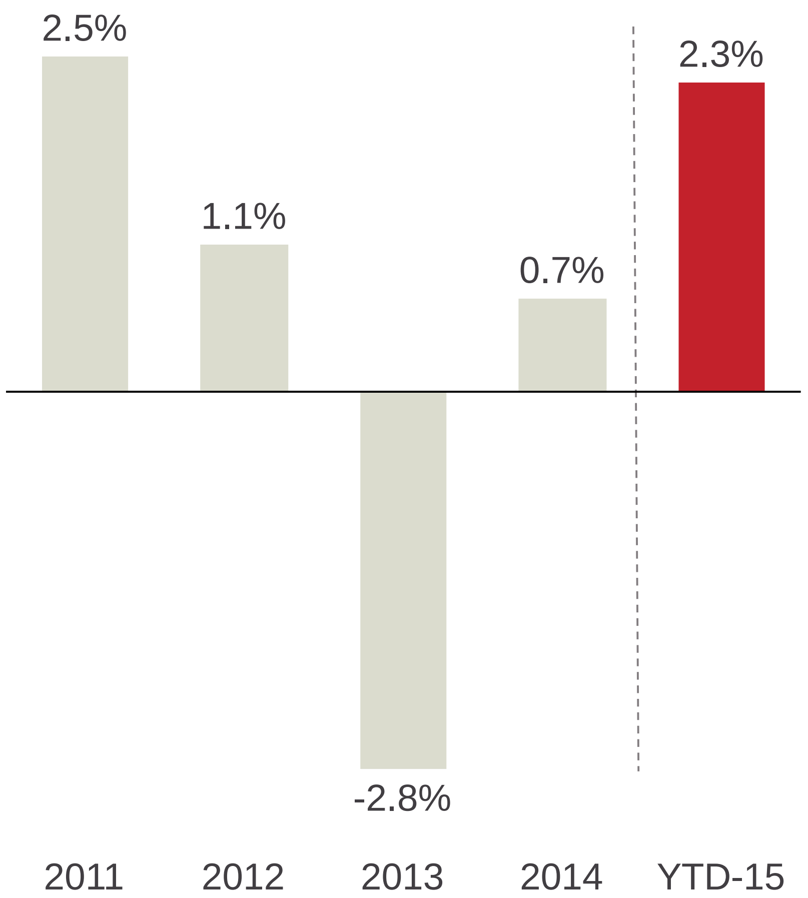


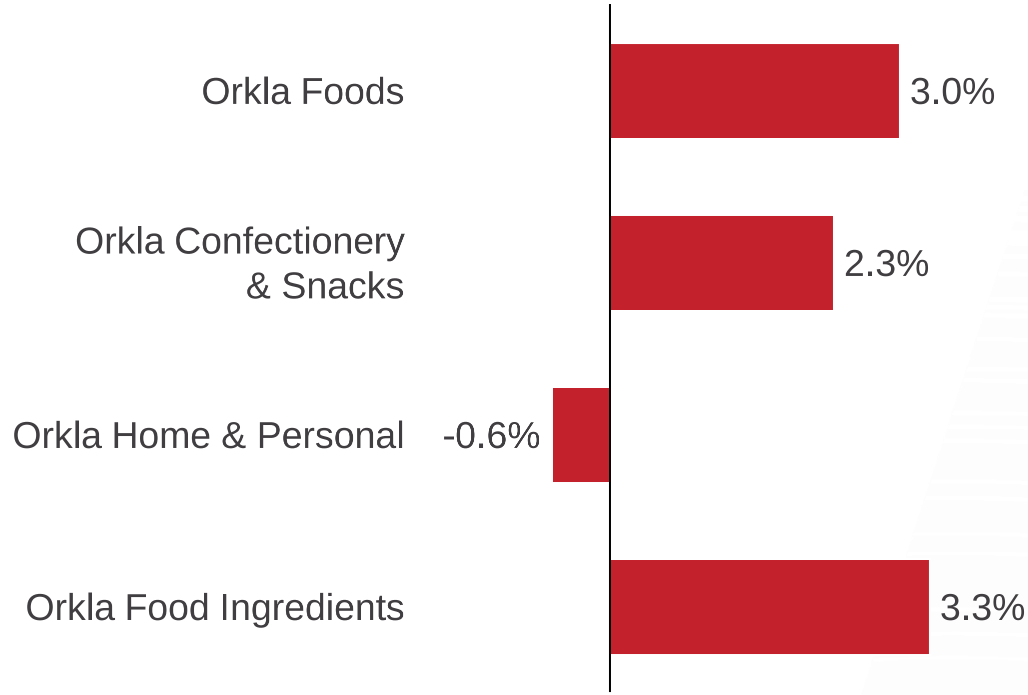
Financial information

Branded Consumer Goods YTD 2015:

Volume-driven organic growth in first half of 2015

Organic growth performance[1,2]



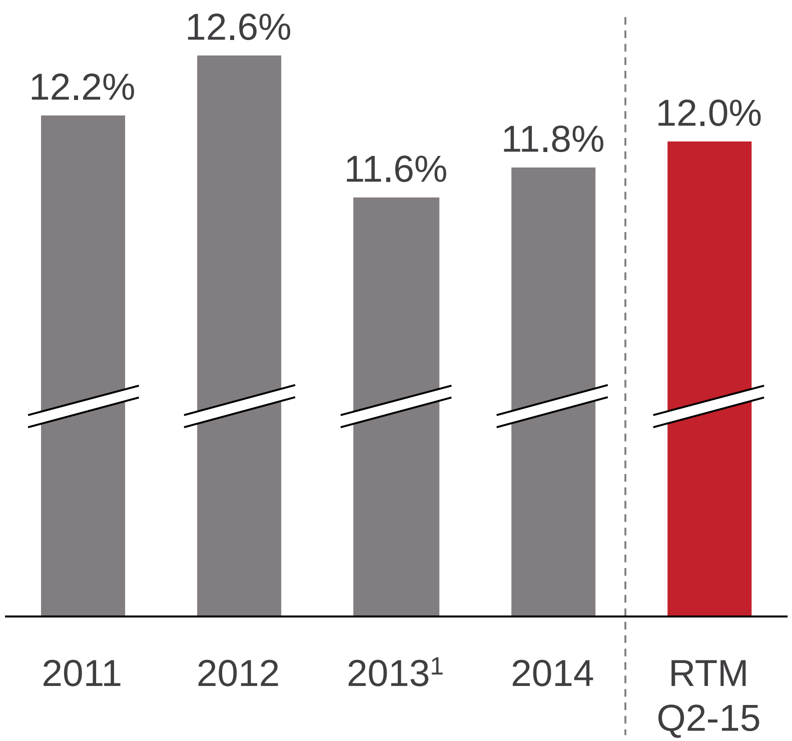


 [1]Reported growth adjusted for FX and M&A [2]For organic growth, data before Q4-14 includes Orkla Brands Russia

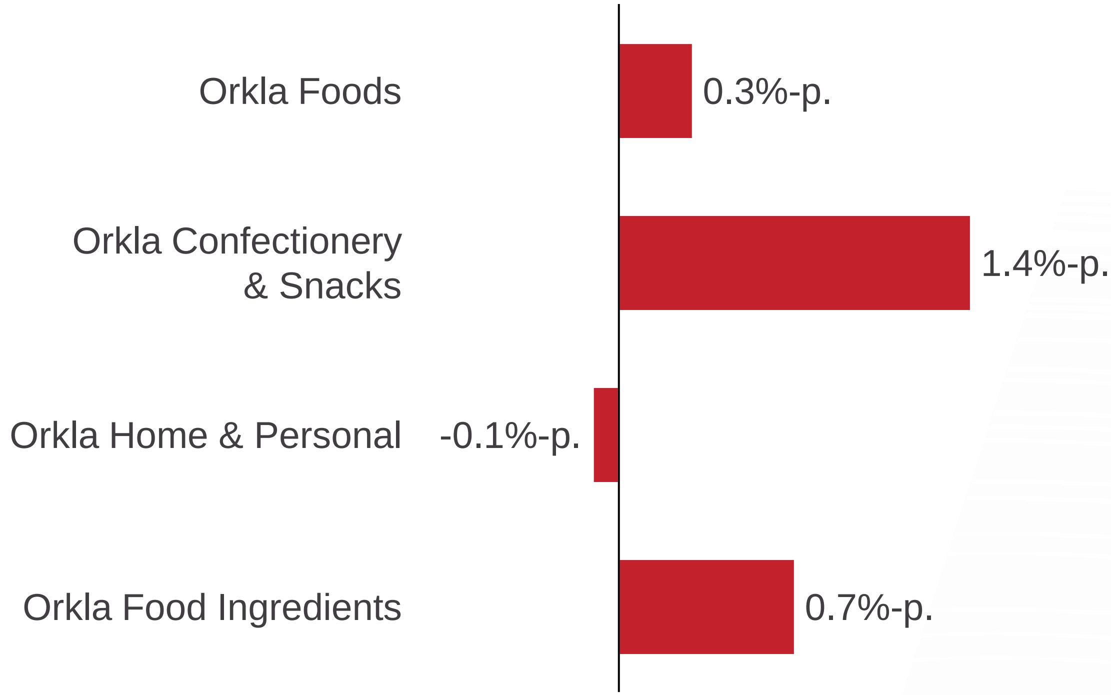
Branded Consumer Goods YTD 2015:

Improving operations in Branded Consumer Goods

RTM EBIT (adj.) margin performance



EBIT (adj.) margin change YTD 2015 per business area

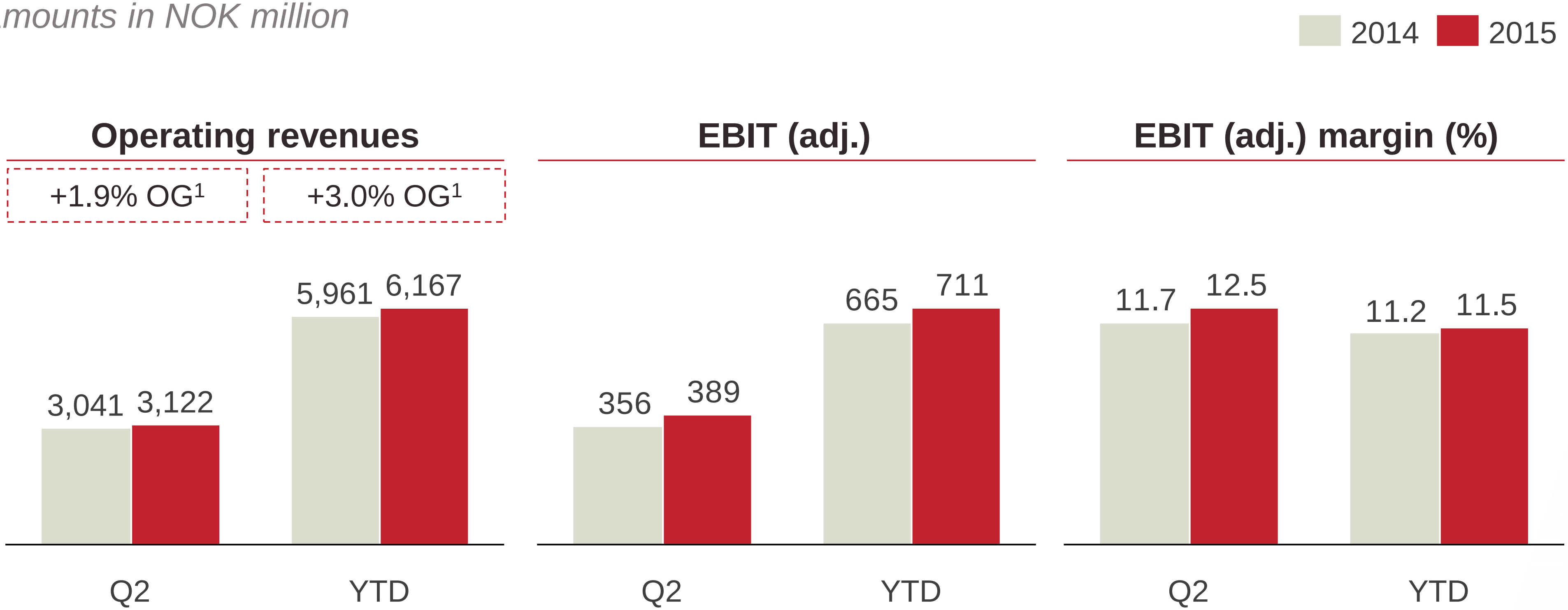


[1] RTM EBIT (adj.) margin diluted due to the acquisition of Rieber

Key financials Q2 2015

Orkla Foods

Amounts in NOK million



- Broad-based sales growth in Q2
- New launches and the distribution agreement for Tropicana Juice contributed positively
- Timing of Easter in Q1 had negative effect in Q2

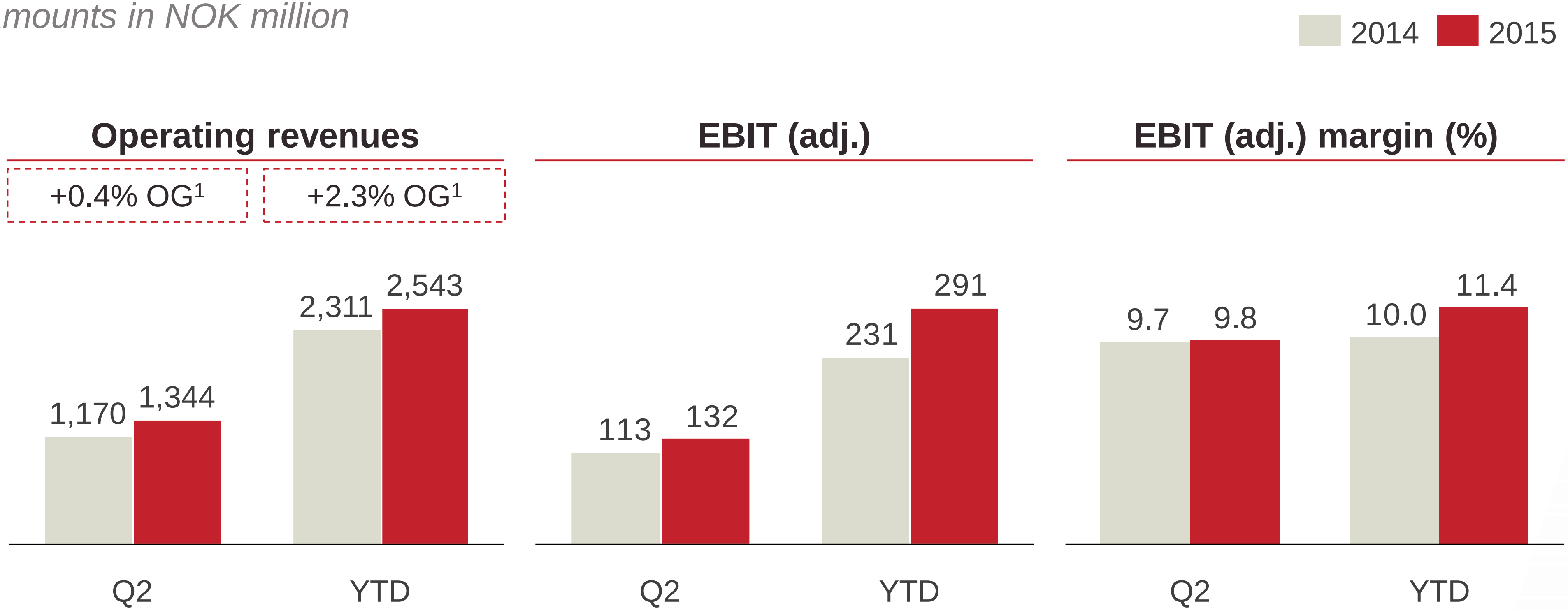
- Broad-based EBIT (adj.) and margins improvement
- EBIT (adj.) and margins improvement ascribable to sales growth and positive effects of cost improvements

[1]Reported growth adjusted for FX and M&A

Key financials Q2 2015

Orkla Confectionery & Snacks

Amounts in NOK million



- Organic growth mainly driven by Norway
- Timing of Easter had a negative effect in Q2 in the Nordic countries

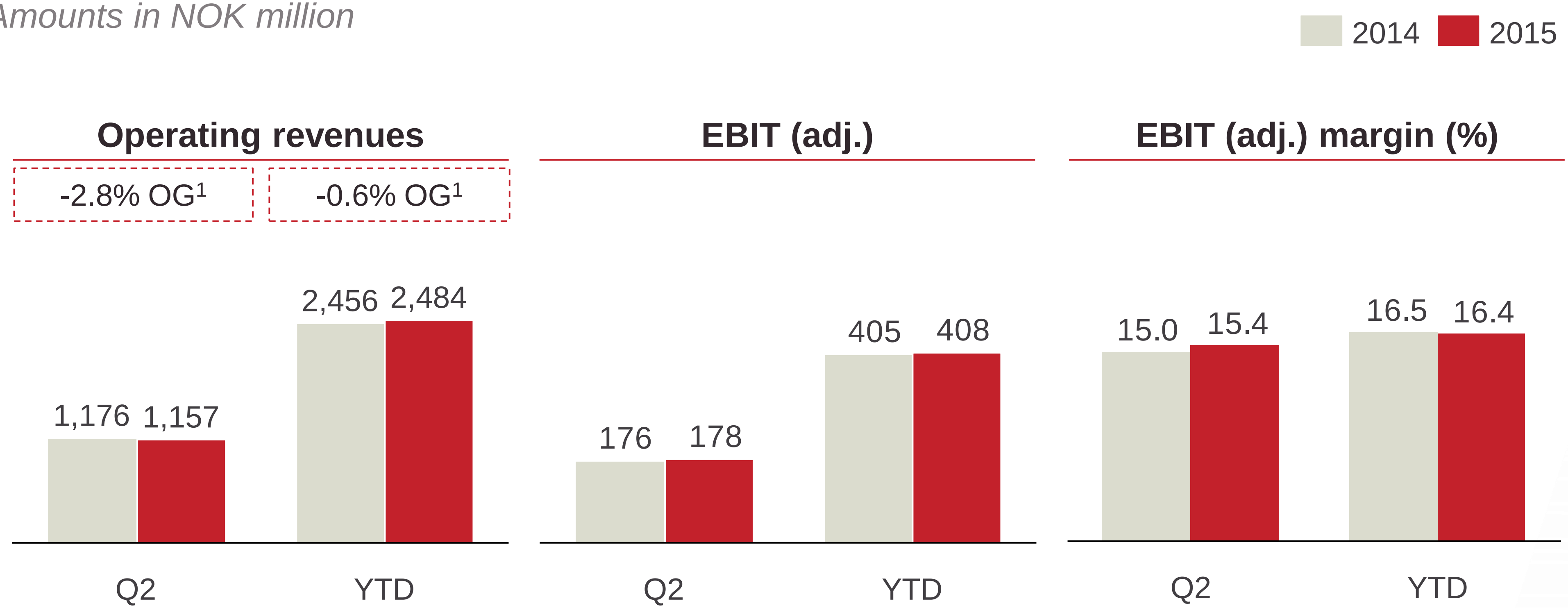
- EBIT (adj.) growth in Q2 mainly driven by a strong performance in Norway
- Positive margin change in the Nordic companies and Kalev
- The acquisition of NP Foods has a dilutive effect on EBIT (adj.) margin from Q2

[1]Reported growth adjusted for FX and M&A

Key financials Q2 2015

Orkla Home & Personal

Amounts in NOK million



- Weak organic sales performance in Q2 driven by Orkla House Care and Lilleborg Profesjonell
- Markets still challenging for Orkla Health
- Positive development for Lilleborg and PRG

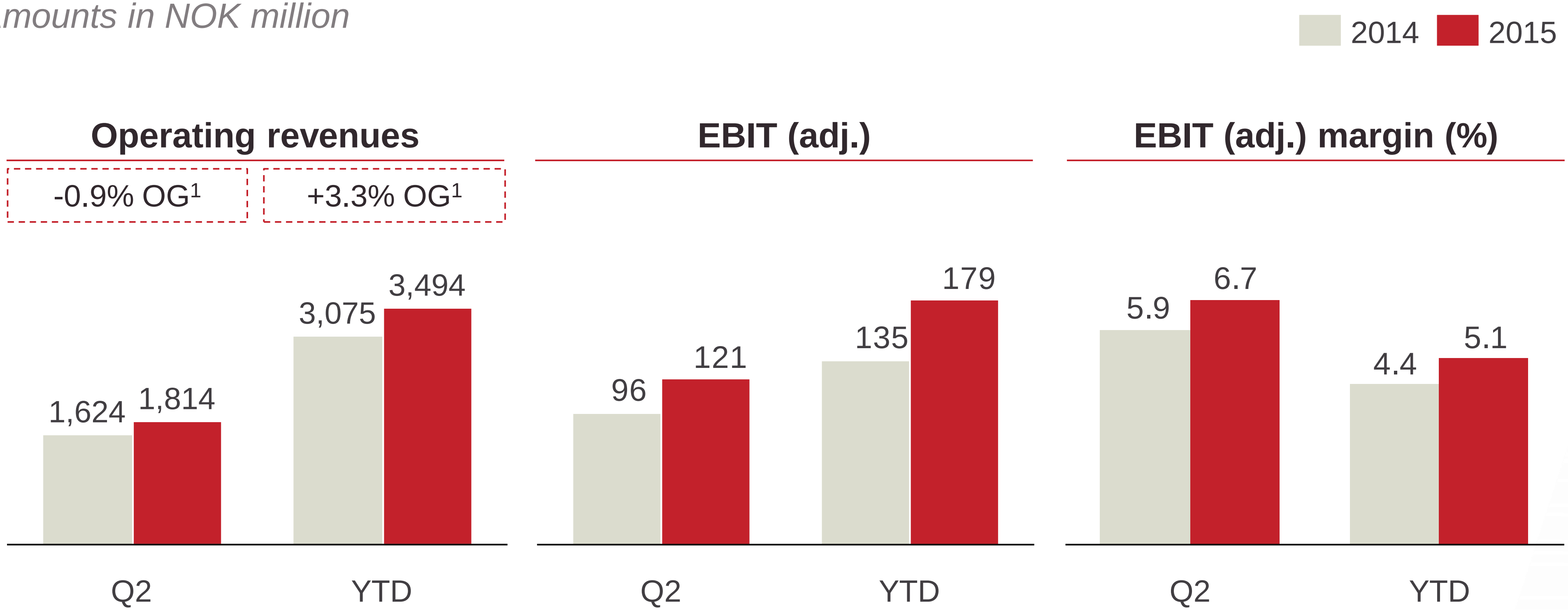
- Profitability in all segments negatively affected by a weak NOK in both Q1 and Q2
- Improved EBIT (adj.) margin in Q2 due to positive mix and price increases

 [1]Reported growth adjusted for FX and M&A

Key financials Q2 2015

Orkla Food Ingredients

Amounts in NOK million



- Positive organic growth adjusted for Easter
- The positive development came mainly from sales of more value added products

- Acquired companies contributed positively to improved EBIT (adj.) margin
- Improved product mix and stable/lower prices for main raw materials were other main drivers of margin improvement

 [1]Reported growth adjusted for FX and M&A

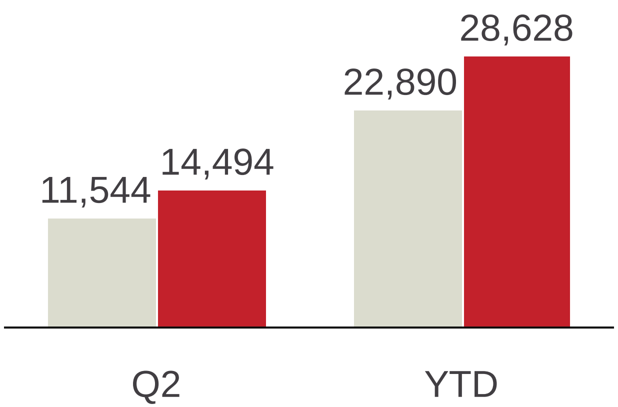
Key financials Q2 2015

Sapa (50/50 joint venture)

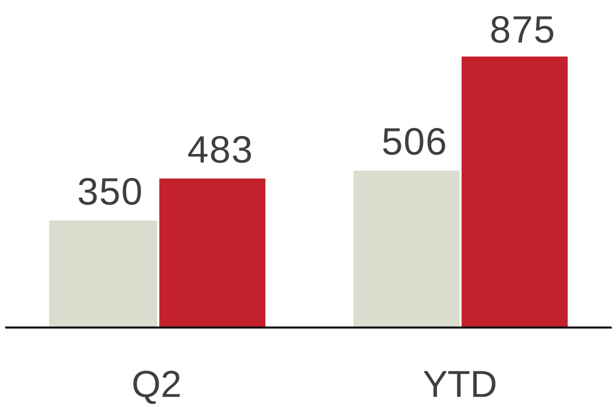
Amounts in NOK million

2014 2015

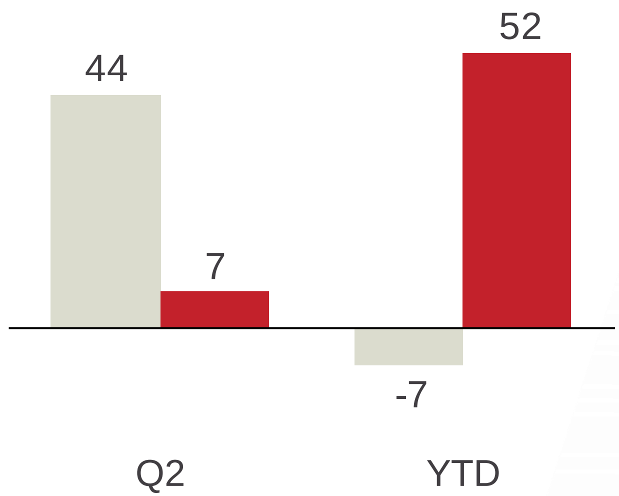
Operating revenues



Underlying EBIT



Orkla's share of net profit after tax



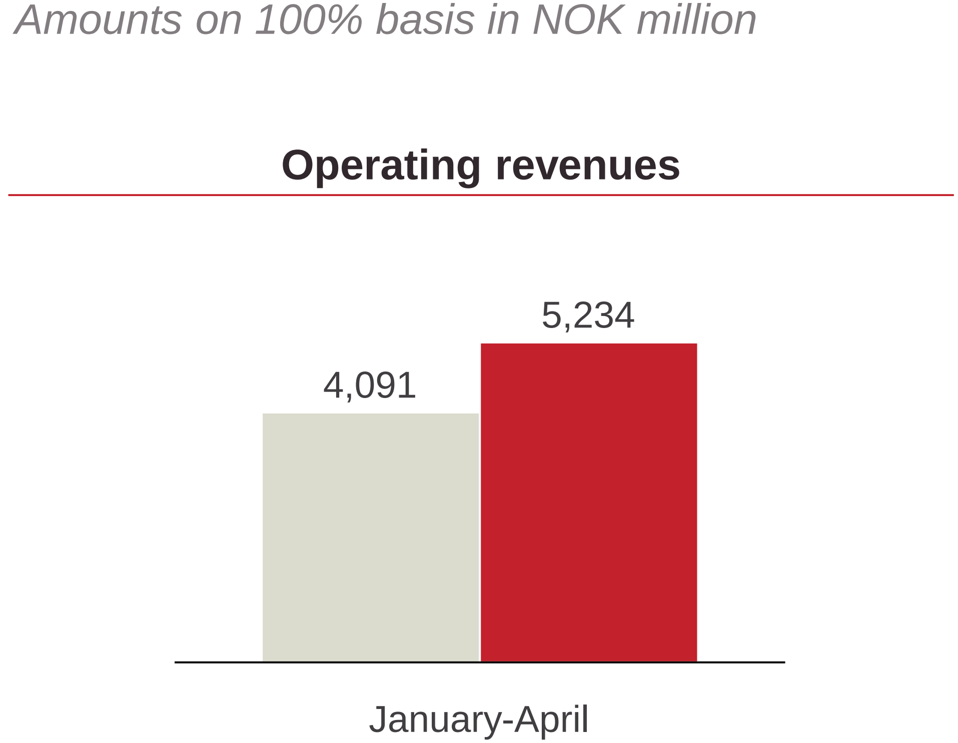
- Strong demand in North America
- Stable demand in Europe, with signs of improvement

- Underlying EBIT improvement driven by strong North American markets, synergy programmes and positive FX effects
- Sharply falling metal premiums in North America affected underlying EBIT negatively YTD 2015
- Reported EBIT and net profit were affected by unrealized derivative effects and restructuring cost charges

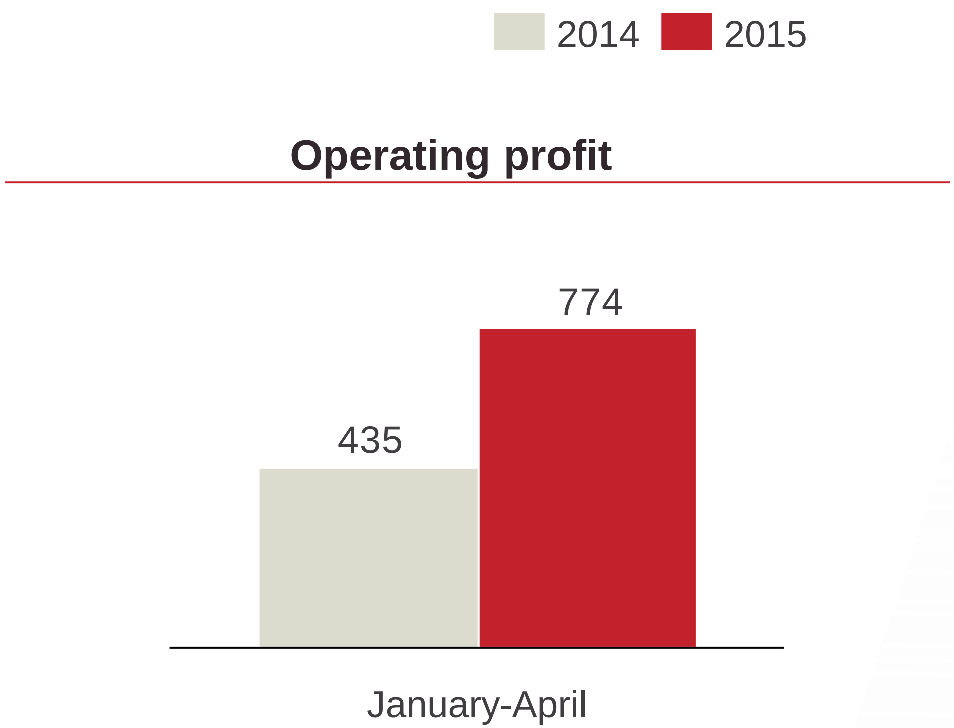
Key financials T1 2015

Jotun (42.5%)

Amounts on 100% basis in NOK million



- Growth across all segments and regions
- Solid revenue growth year to date driven by higher sales volumes and positive currency translation effects



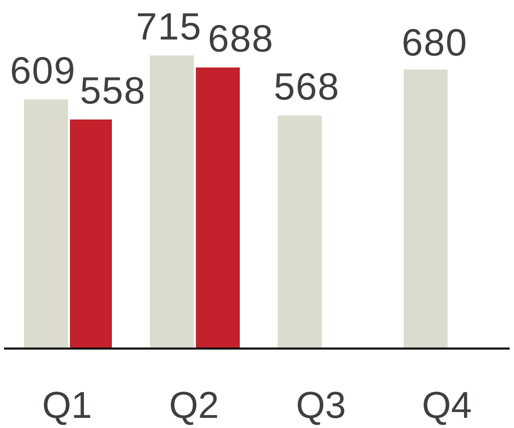
- Improved profitability through increased sales and cost improvements

Key financials Q2 2015

Hydro Power

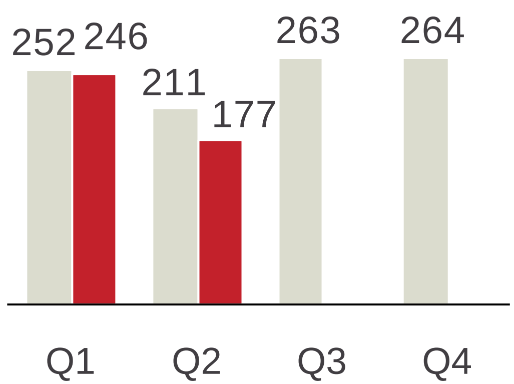
2014 2015

GWh produced



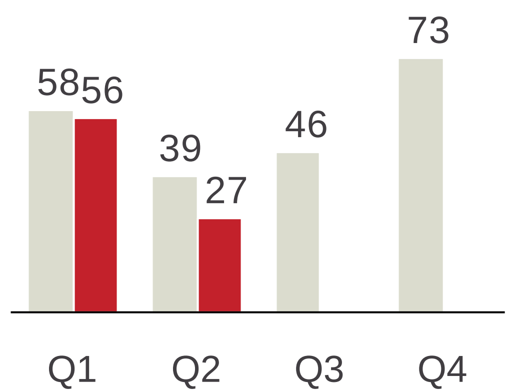
- Lower volumes compared with Q2 2014
- Substantial snow reserves at end of Q2

Spot prices (NOK/MWh)



- Lower spot prices compared with Q2 2014
- Volume sold on spot market is exposed to regional prices in NO1 (Oslo) and NO2 (Kristiansand)

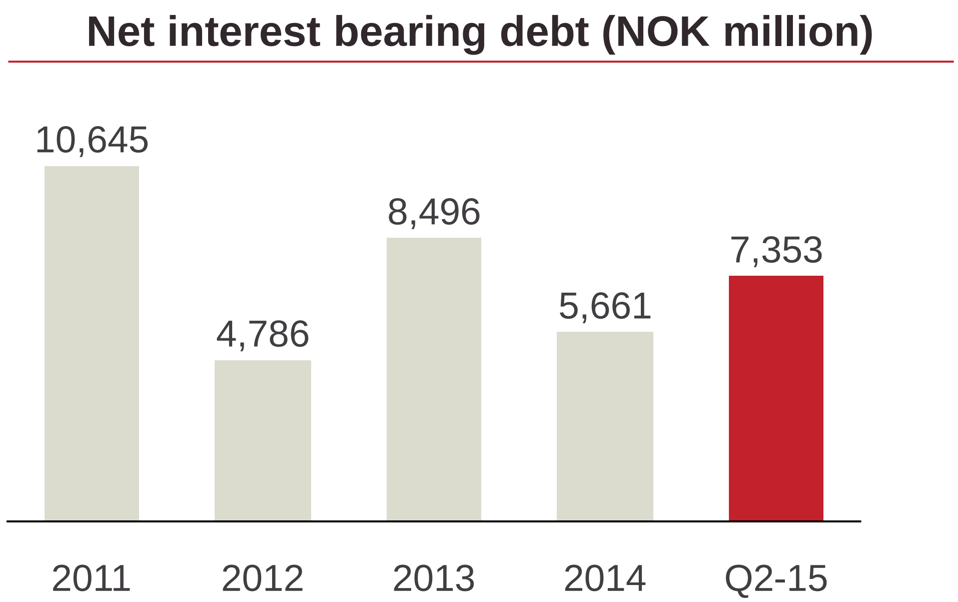
EBIT (adj.) (NOK million)

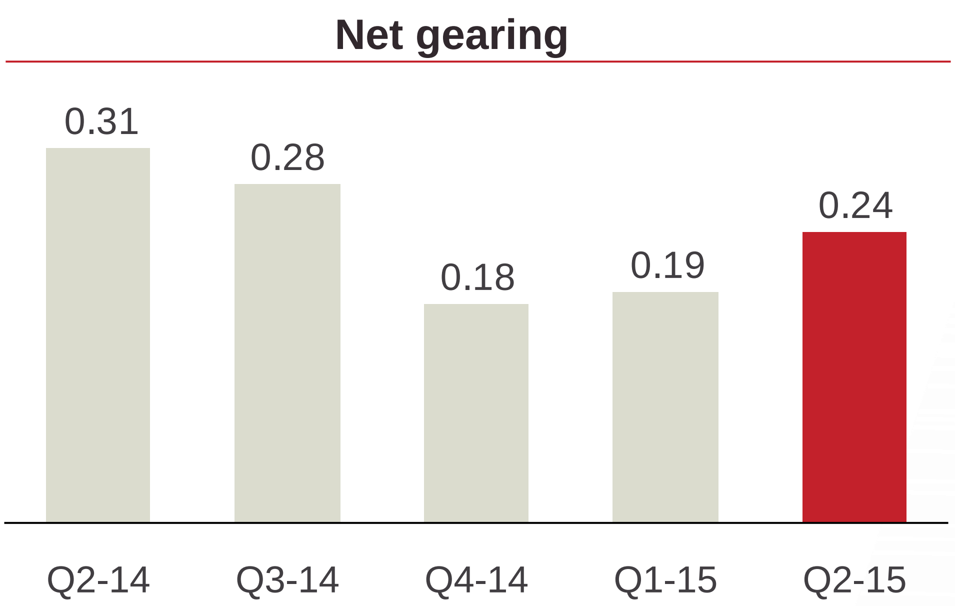


- EBIT (adj.) reduction in Q2 compared to previous year mainly due to lower volumes

Source: Nord Pool Spot, Monthly System Price

Strong balance sheet and financial flexibility





Debt maturity profile

Amounts in NOK million

Average maturity 3.7 years