



Second quarter results 2015

17 July 2015

Peter A. Ruzicka, President & CEO



Highlights:

Continued progress in second quarter

- **Group EBIT (adj.)¹ increased by 18% to NOK 789 million in Q2**
 - EBIT (adj.) improvement in Branded Consumer Goods of 11% in Q2
- **Improving operations in Branded Consumer Goods YTD**
 - 2.3% organic growth 2015
 - EBIT (adj.) margin 10.9%, up from 10.4% 2014 in BCG
 - EPS increased by 45% to NOK 1.71
- **Delivering on strategy**
 - Sale of shares in Gränges AB
 - Constructive dialogue with Swedish and Norwegian competition authorities regarding Orkla's acquisition of Cederroth
 - Add-on acquisitions in Orkla Food Ingredients and Orkla Foods
 - Agreement to become the primary Nordic go-to-market partner for PepsiCo

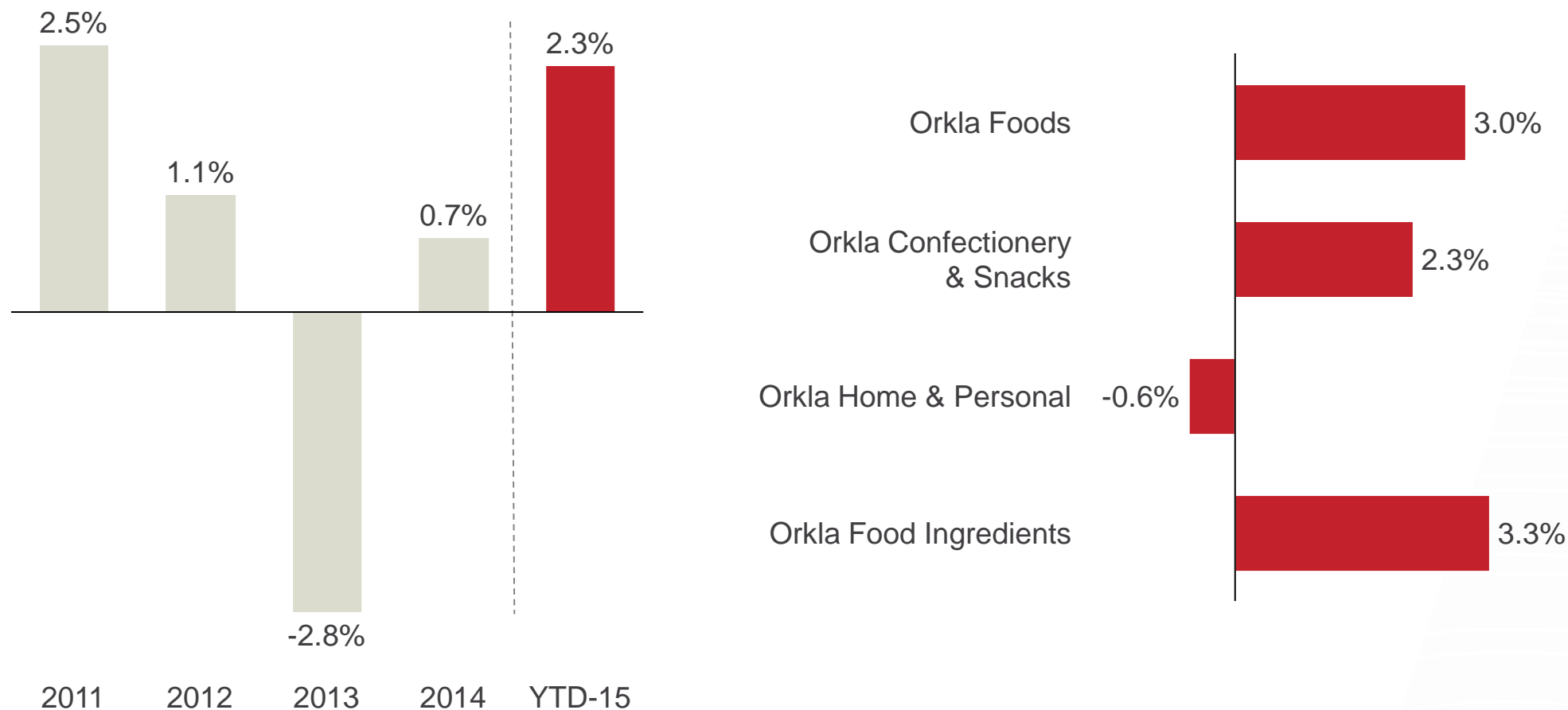
¹EBIT (adj.) = Operating profit before other income and expenses

²Reported growth adjusted for FX and M&A

Branded Consumer Goods YTD 2015:

Volume-driven organic growth in first half of 2015

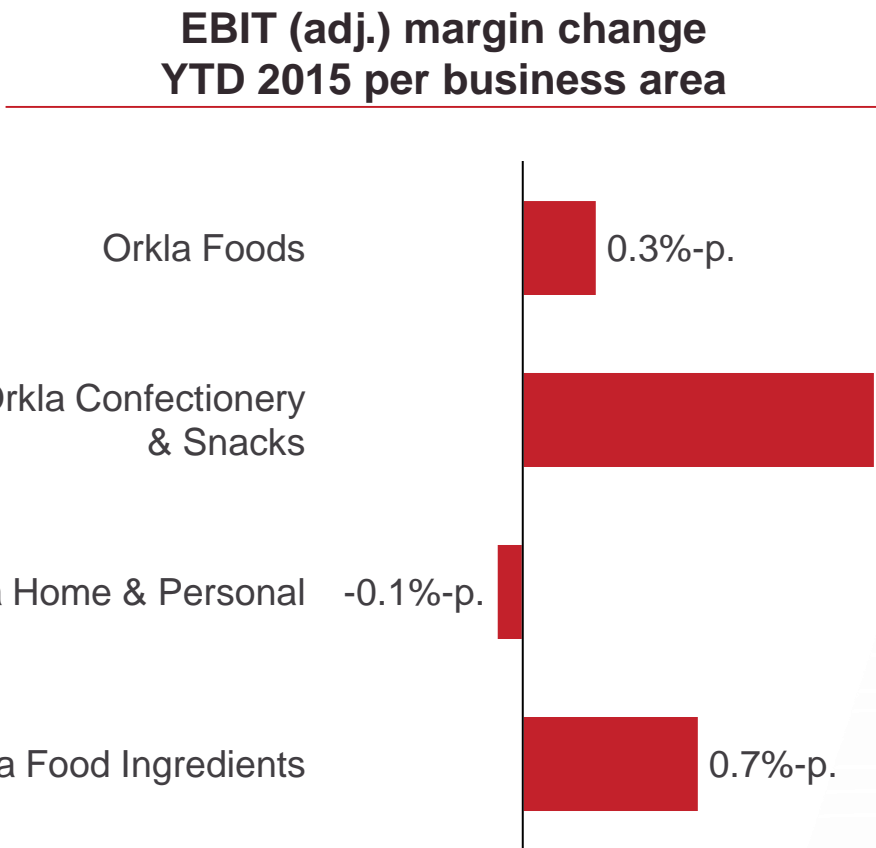
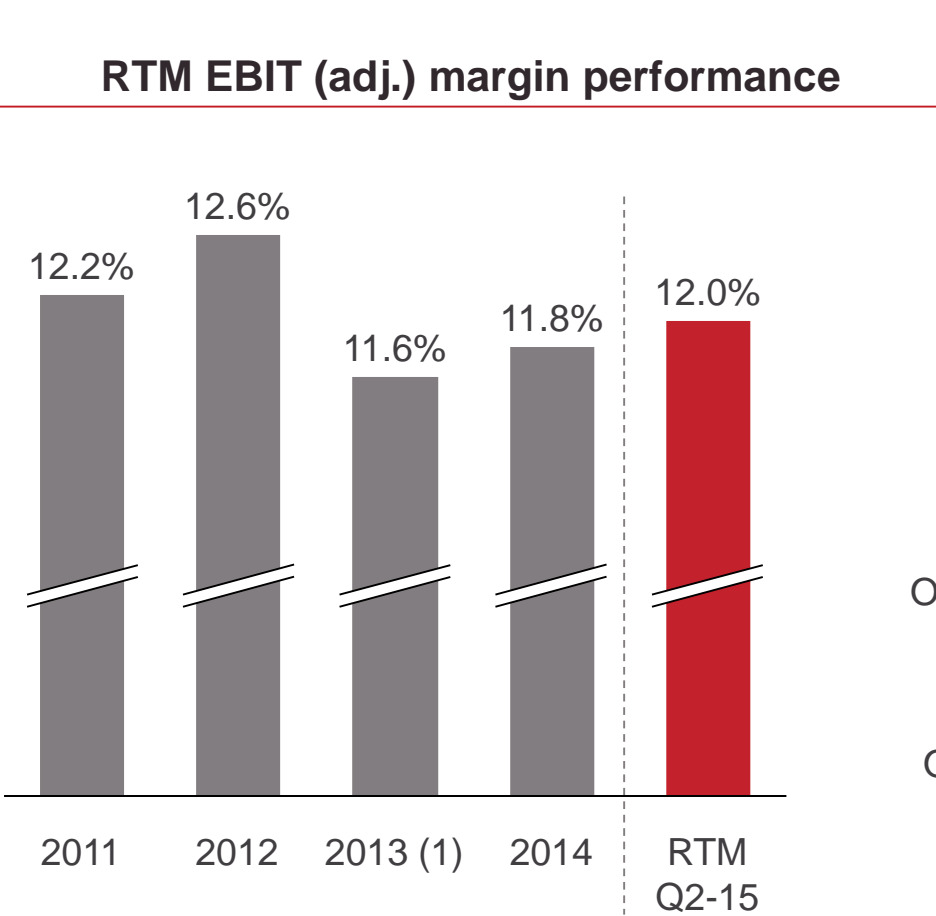
Organic growth performance^{1,2}



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

Branded Consumer Goods YTD 2015:

Improving operations in Branded Consumer Goods



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

Examples of innovations and relaunches in Q2 2015:

Grandiosa and Big One with relaunches and new launches



Examples of innovations and relaunches in Q2 2015:

FUN Light SQUEEZE it



Examples of innovations and relaunches in Q2 2015:

Oven-roasted nuts without added oil



Examples of innovations and relaunches in Q2 2015:

Jordan wipes dispenser





Financial Performance

Jens Bjørn Staff, CFO



Group EBIT (adj.) improved by 18% to NOK 789 million in Q2

Amounts in NOK million

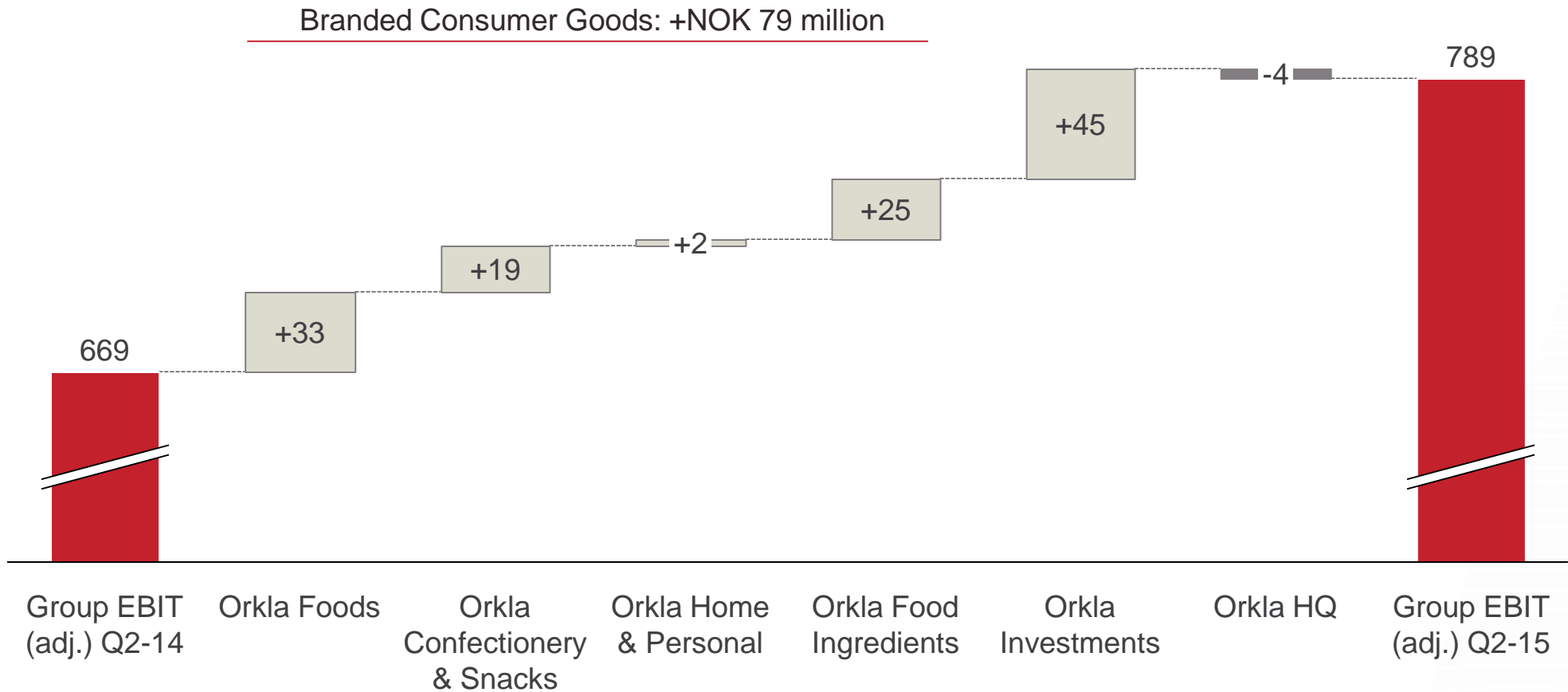
Key figures	Q2-14	Q2-15	YTD 14	YTD 15
Operating revenues	7 196	7 705	14 209	15 246
EBIT (adj.)	669	789	1 328	1 514
Other income and expenses	78	-55	46	-172
EBIT	747	734	1 374	1 342
Profit/loss from associates and JV	192	545	247	783
Net financials and other	-58	1	-161	-50
Profit/loss before tax ¹	881	1 280	1 460	2 075
Discontinued operations ²	24	0	57	0
EPS (NOK)	0.72	1.09	1.18	1.71

¹From continuing operations

²Gränges and Orkla Brands Russia are classified as discontinued operations (adj. made for historical figures)

Broad-based EBIT (adj.) improvement

Amounts in NOK million



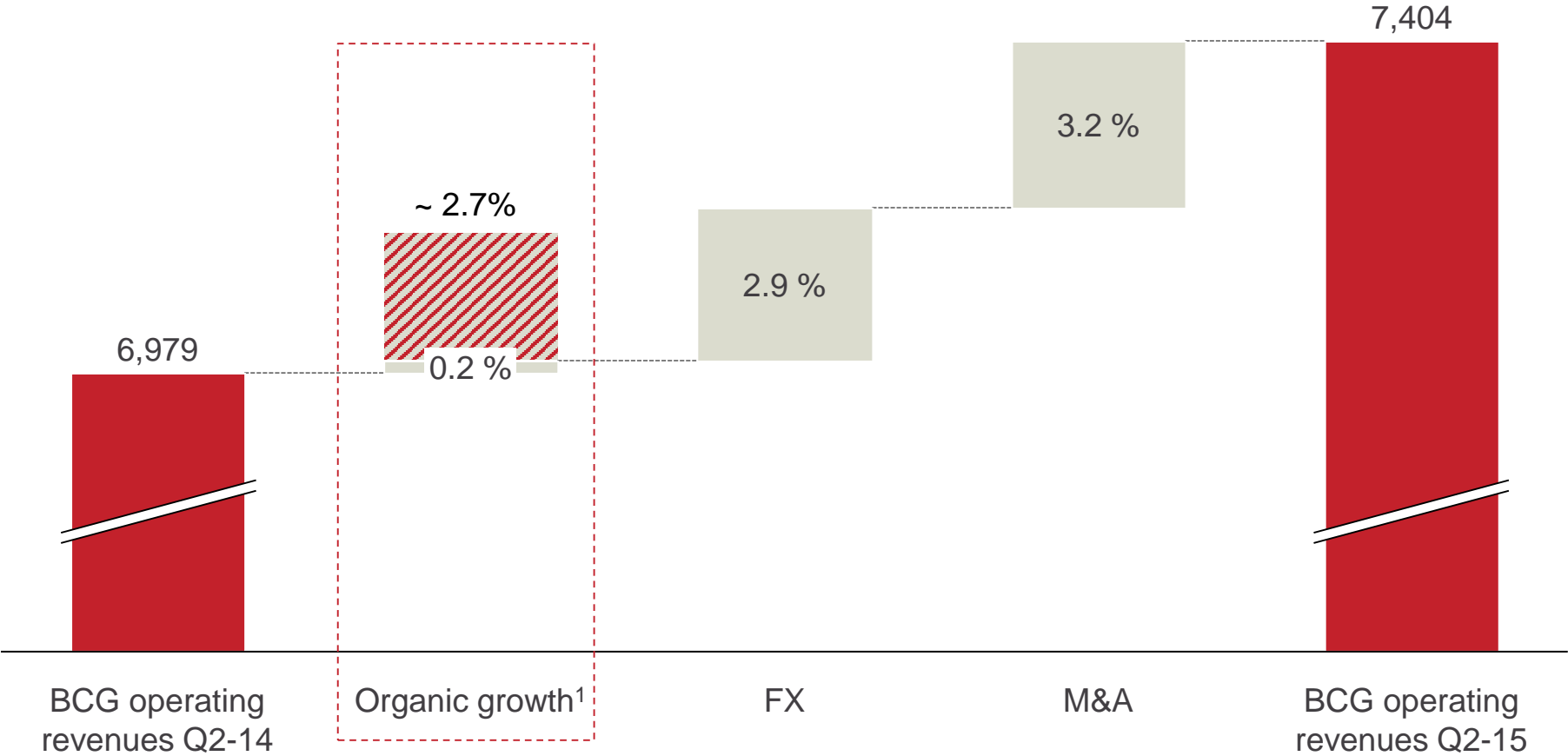


Branded Consumer Goods



Positive organic growth despite negative Easter effects

Amounts in NOK million



13 ¹Reported growth adjusted for FX and M&A



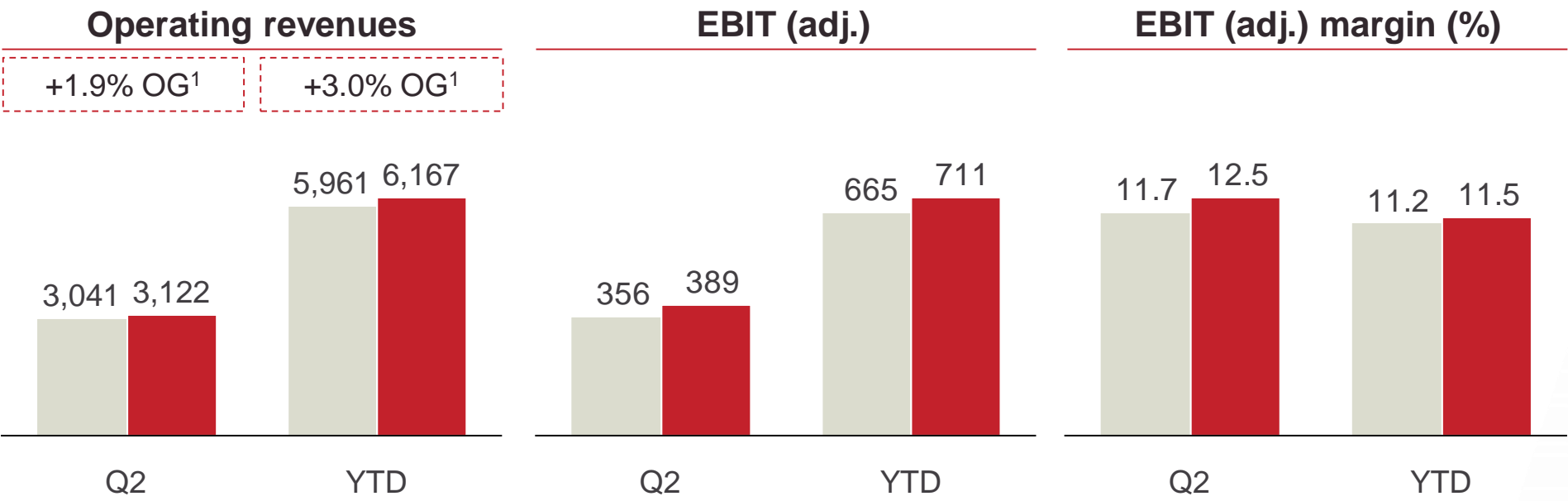
Illustrative Easter-adjusted organic growth

Key financials Q2 2015

Orkla Foods

Amounts in NOK million

2014 2015



- 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

14 ¹Reported growth adjusted for FX and M&A

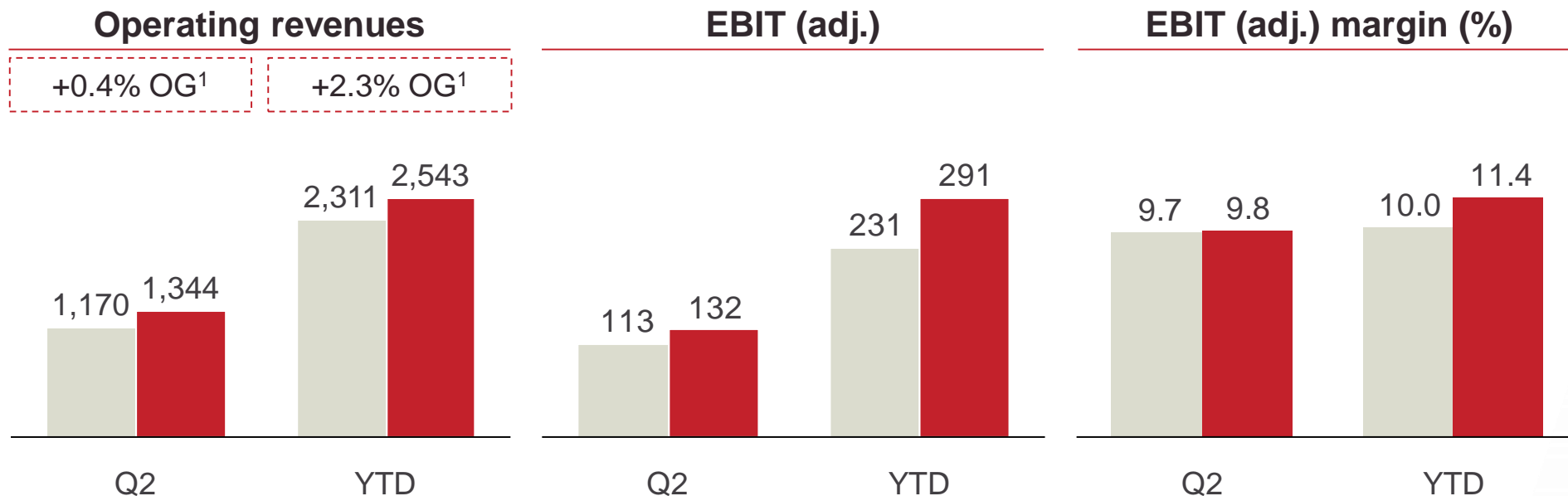


Key financials Q2 2015

Orkla Confectionery & Snacks

Amounts in NOK million

2014 2015



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

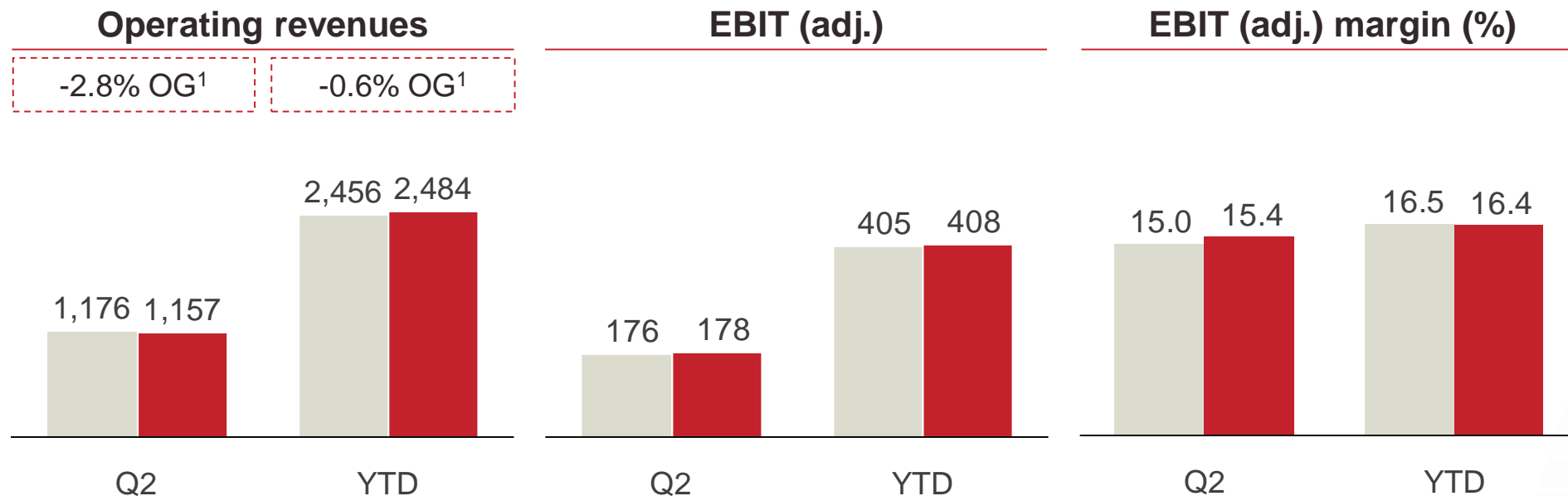
- EBIT (adj.) growth in Q2 mainly driven by a strong performance in Norway
- Positive margin change in the Nordic companies and Kalev
- The acquisition of NP Foods has a dilutive effect on EBIT (adj.) margin from Q2

Key financials Q2 2015

Orkla Home & Personal

Amounts in NOK million

2014 2015



- 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

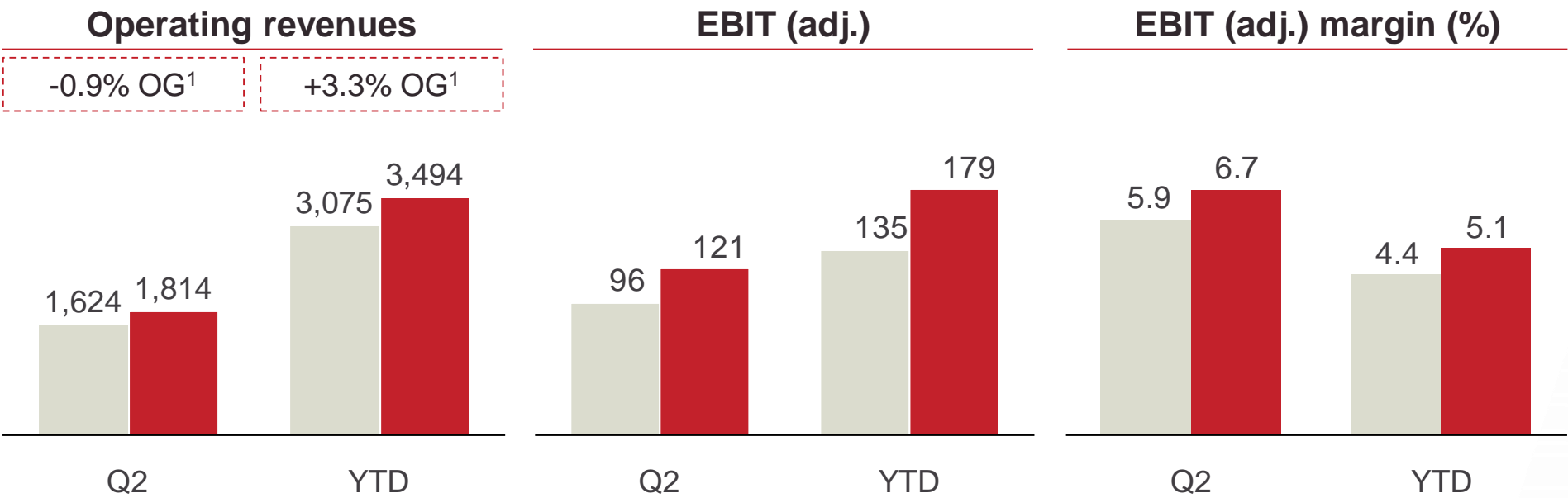
- Profitability in all segments negatively affected by a weak NOK in both Q1 and Q2
- Improved EBIT (adj.) margin in Q2 due to positive mix and price increases

Key financials Q2 2015

Orkla Food Ingredients

Amounts in NOK million

2014 2015



- 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



Orkla Investments



Key financials Q2 2015

Orkla Investments



42.5% ownership



50% ownership

Hydro Power



Orkla's financial investments



16% ownership

Sale of shares in Gränges AB



- On 22 May 2015, Orkla sold a 15% stake in Gränges
- The sale was carried out through an accelerated book building process to Swedish and international investors at a price of SEK 66 per share
- Orkla recognised a NOK 425 million gain on the sale in Q2 following the sell down and reclassification of its remaining stake as “Available for sale”
- Orkla’s remaining 16% stake has a market value of SEK 690 million based on the closing share price on 16 July (SEK 57.8)

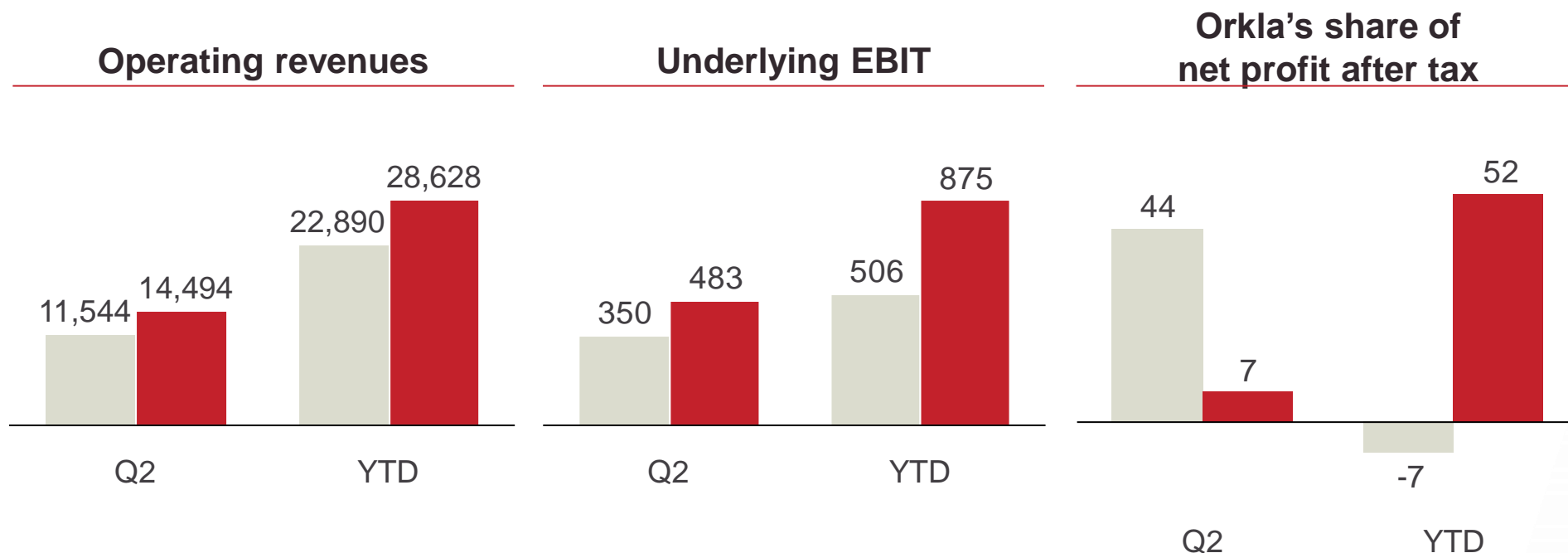


Key financials Q2 2015

Sapa (50/50 joint venture)

Amounts in NOK million

2014 2015



- 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

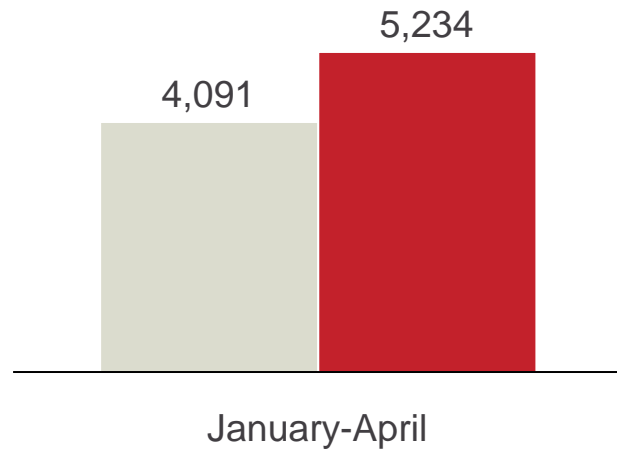
Key financials T1 2015

Jotun (42.5%)

Amounts on 100% basis in NOK million

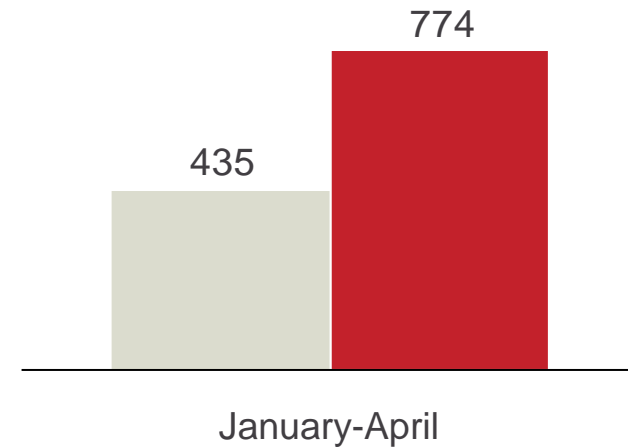
■ 2014 ■ 2015

Operating revenues



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

Operating profit



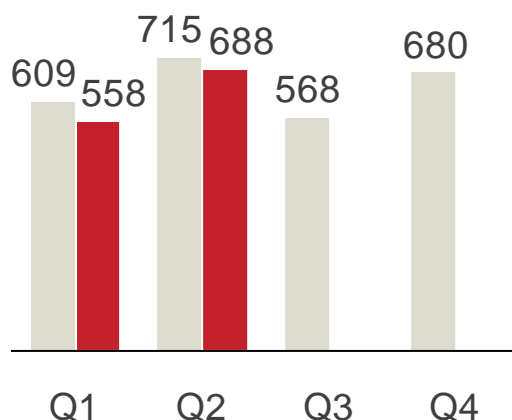
- Improved profitability through increased sales and cost improvements

Key financials Q2 2015

Hydro Power

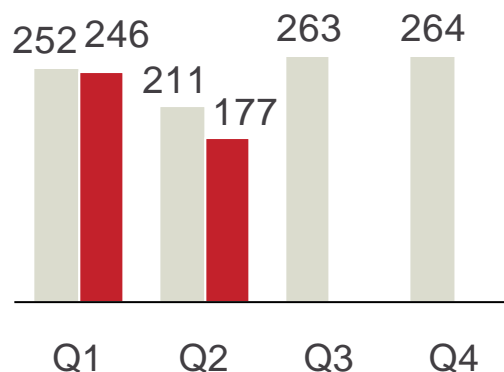
2014 2015

GWh produced



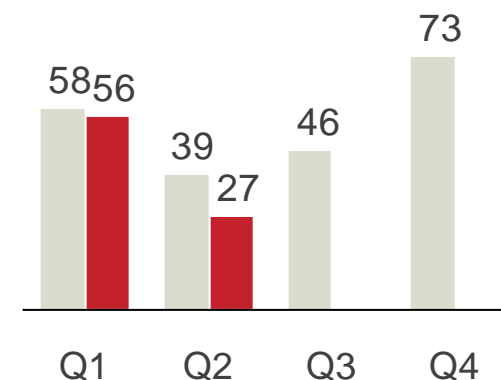
- Lower volumes compared with Q2 2014
- Substantial snow reserves at end of Q2

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

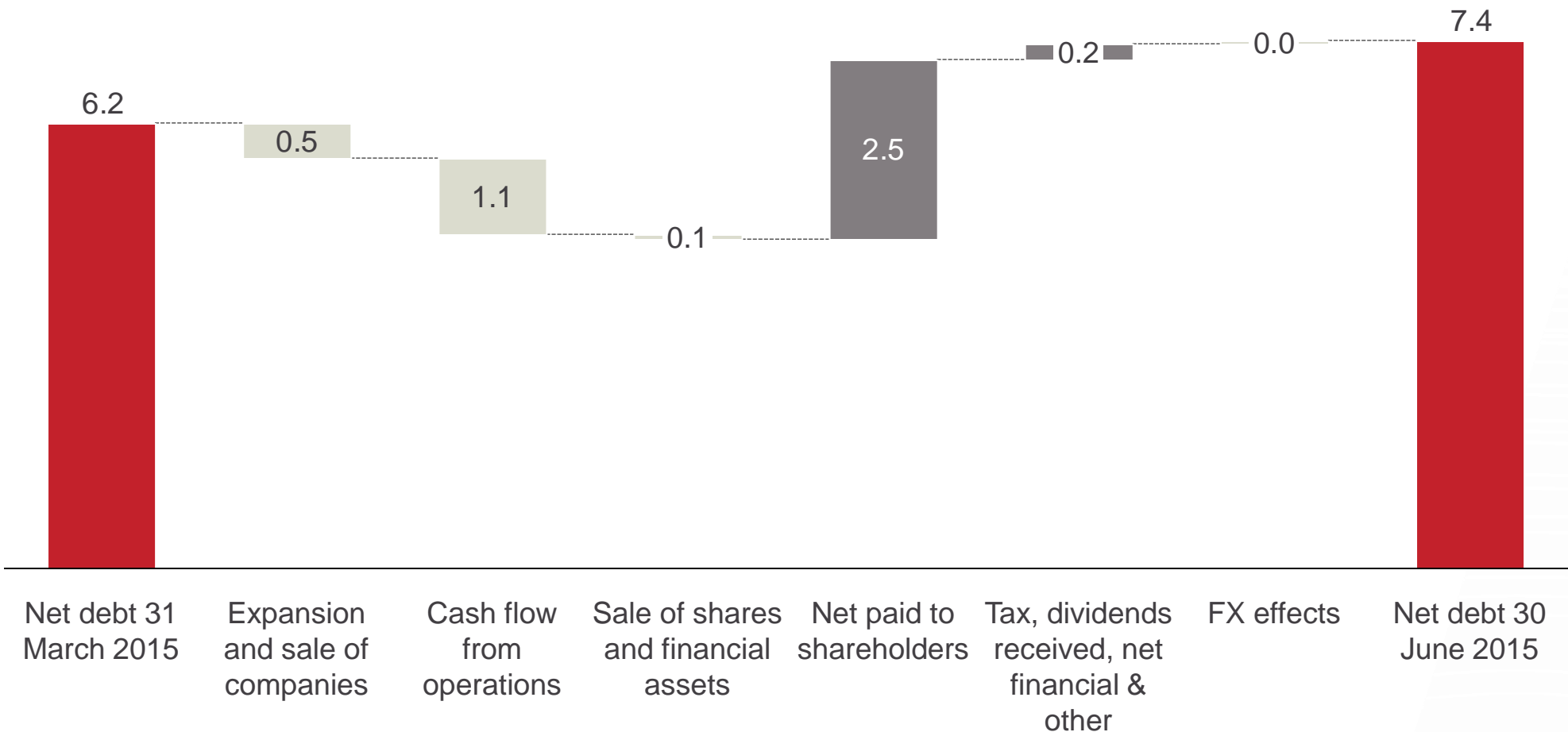


Capital structure



Change in net debt 2015

Amounts in NOK billion



Capital Markets Day 11 September 2015

Orkla will host an investor day in London on **Friday 11 September 2015 at the London Stock Exchange.**

Programme:

11.15 Registration and buffet lunch

12.00 Presentations and case stories from the Group Executive Board of Orkla ASA:

- Orkla Group
- Orkla Foods
- Orkla Confectionery & Snacks
- Orkla Home & Personal
- Orkla Food Ingredients

16.00 Drinks with management

The Orkla management team look forward to welcoming you at this event.



Summary

Peter A. Ruzicka, President & CEO



Delivering on strategy

Satisfactory performance YTD

- 2.3% organic growth in BCG
- Synergies from structural change contribute to margin improvement in BCG
- Group EBIT (adj.) increased by 18% with improvements in both BCG and Orkla Investments

Delivering on initiated and ongoing structural processes

- Sale of shares in Gränges AB
- Constructive dialogue with Swedish and Norwegian competition authorities regarding Orkla's acquisition of Cederroth
- Add-on acquisitions in Orkla Food Ingredients and Orkla Foods
- Agreement to become the primary Nordic go-to-market partner for PepsiCo

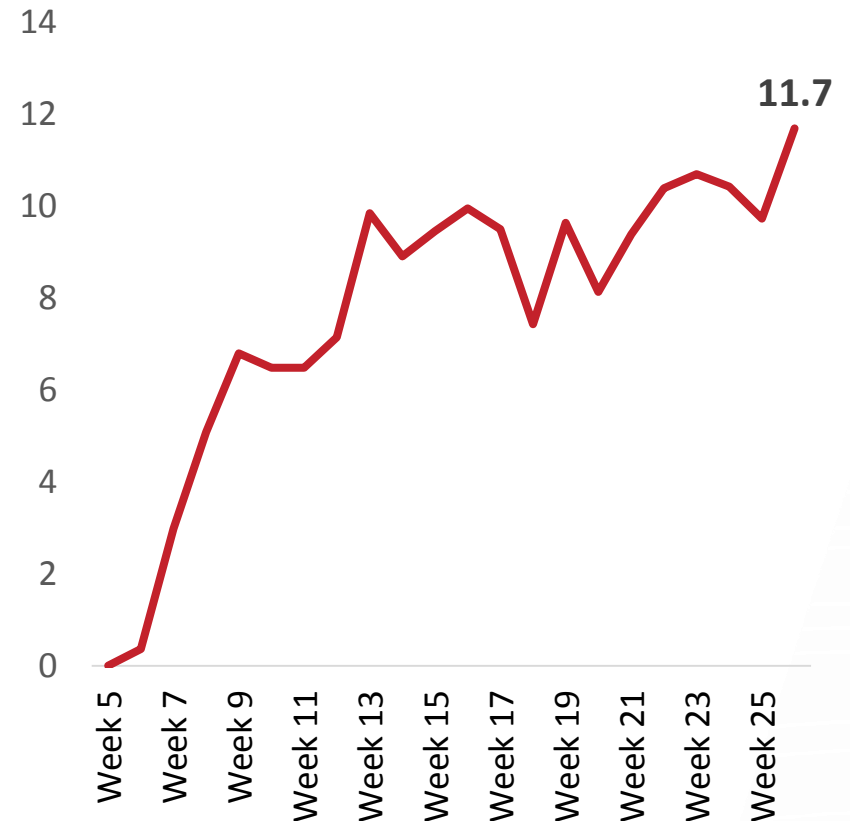
Operational focus going forward

- Focus on activities that drive organic growth and improve margins
- Optimise supply chain

Positive start for AquaDerma



AquaDerma facial cream
Market share in % of value – grocery trade

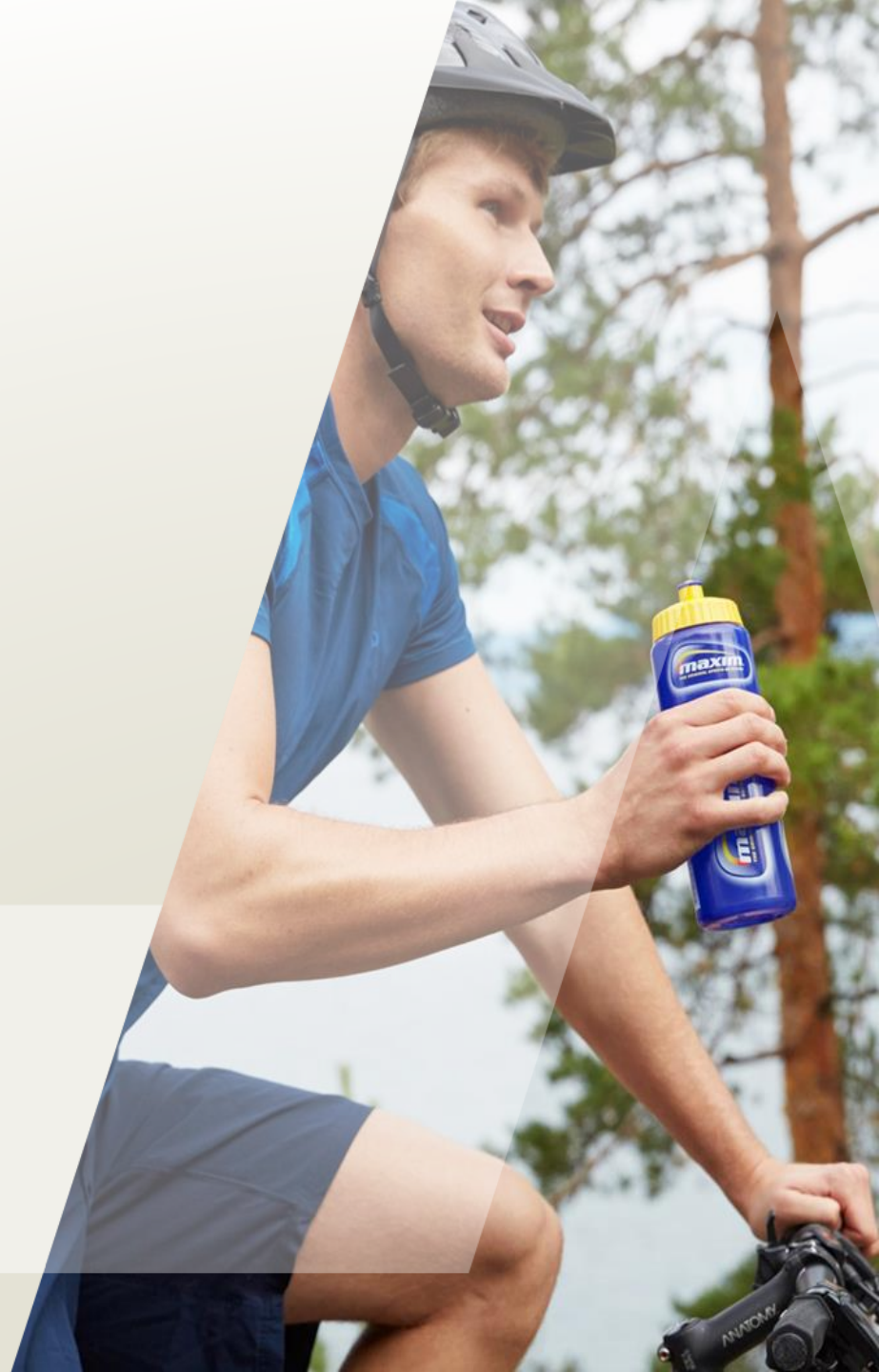




Q&A

Peter A. Ruzicka, President & CEO

Jens Bjørn Staff, CFO





Appendices

Group income statement

Amounts in NOK million

	Q2-14	Q2-15	H1-14	H1-15
Operating revenues	7 196	7 705	14 209	15 246
Amortisation intangibles	-5	-5	-9	-9
EBIT (adj.)	669	789	1 328	1 514
Other income and expenses	78	-55	46	-172
EBIT	747	734	1 374	1 342
Profit/loss from associates and joint ventures	192	545	247	783
Interests, net	-84	-18	-170	-81
Other financial items, net	26	19	9	31
Profit/loss before taxes	881	1 280	1 460	2 075
Taxes	-175	-155	-298	-310
Profit/loss for the period continuing operations	706	1 125	1 162	1 765
Profit/loss from discontinued operations	24	0	57	0
Profit/loss for the period	730	1 125	1 219	1 765
Earnings per share diluted (NOK)	0.71	1.09	1.18	1.71

Net financial items

	FY 2014	Q2-14	Q2-15
Net interest expenses	-363	-84	-18
Currency gain/loss	0	1	0
Result from financial assets and dividends	93	46	35
Other financial items, net	-93	-21	-16
Net financial items	-363	-58	1

Statement of financial position

Amounts in NOK million

	31.12.2014	30.06.2015
Intangible assets	14 598	15 238
Property, plant and equipment	9 484	9 667
Investments in associates and joint ventures etc.	13 026	12 215
Non-current assets	37 108	37 120
Assets held for sale	22	22
Inventories	3 873	4 210
Inventory of development property	200	242
Trade receivables	4 413	4 557
Other receivables	1 147	617
Shares and financial assets	734	1 287
Cash and cash equivalents	2 615	839
Current assets	13 004	11 774
Total assets	50 112	48 894
Paid-in equity	1 993	1 994
Earned equity	29 066	28 144
Non-controlling interests	245	378
Equity	31 304	30 516
Provisions	3 699	3 582
Non-current interest-bearing liabilities	8 510	8 375
Current interest-bearing liabilities	598	481
Trade payables	3 221	3 400
Other current liabilities	2 780	2 540
Equity and liabilities	50 112	48 894

Cash flow

Amounts in NOK million

	H1-14	H1-15
Operating profit	1 416	1 282
Amortisation, depreciation and write-downs	469	546
Change in net working capital	- 628	- 72
Net replacement expenditures	- 391	- 404
Cash flow from operations	866	1 352
Cash flow from operations, Financial Investments	53	35
Tax	- 274	- 581
Dividends received, net financial and other	512	177
Cash flow before capital transactions	1 157	983
Paid to shareholders, net purchase/sales own shares	-2 412	-2 549
Cash flow before expansion	-1 255	-1 566
Expansion investments	- 34	- 159
Sold and acquired companies	350	- 113
Net purchases/sales shares and financial assets	124	149
Net cash flow	- 815	-1 689
Currency translations net interest-bearing liabilities	61	- 3
Change in net interest-bearing liabilities	754	1 692
Net interest-bearing liabilities	9 250	7 353

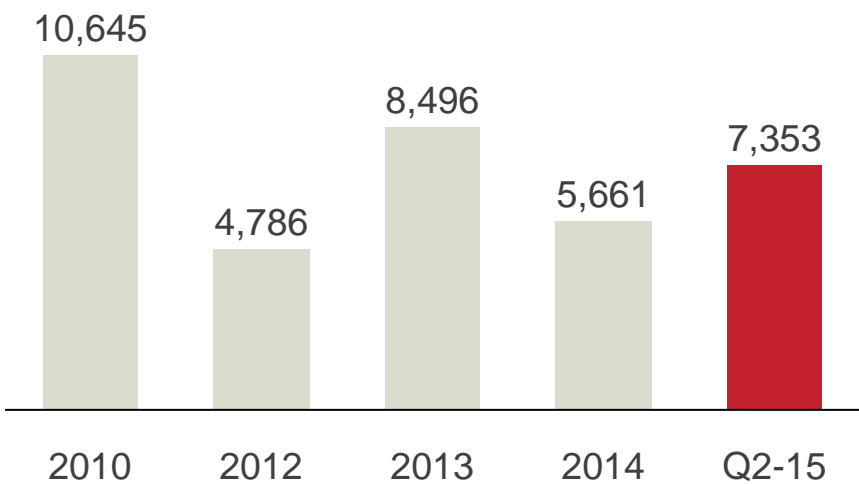
Sapa (joint venture) – figures on 100% basis

Amounts in NOK million

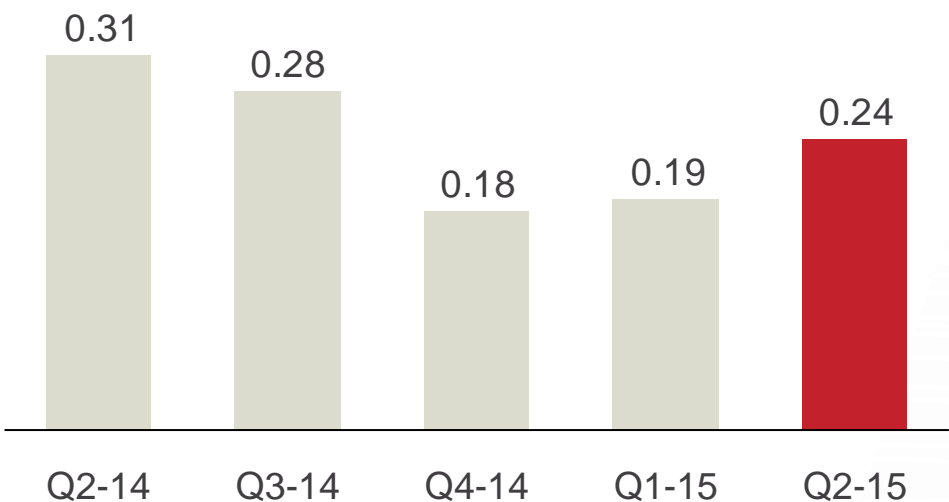
	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
Sales volume (1,000 tonnes)	359	368	350	322	353	358
Revenues (NOK million)	11 346	11 544	11 603	11 890	14 134	14 494
Underlying EBIT	155	350	201	-55	392	483
Excluded items:						
Unrealised derivative positions	73	36	66	-79	-145	-158
Other excluded items	-231	-218	-70	-546	-47	-260
Sum excluded items	-159	-182	-4	-624	-191	-418
EBIT	-4	168	198	-679	201	65
Net income (attributable to majority)	-103	89	107	-719	89	14

Strong balance sheet and financial flexibility

Net interest bearing debt (NOK million)



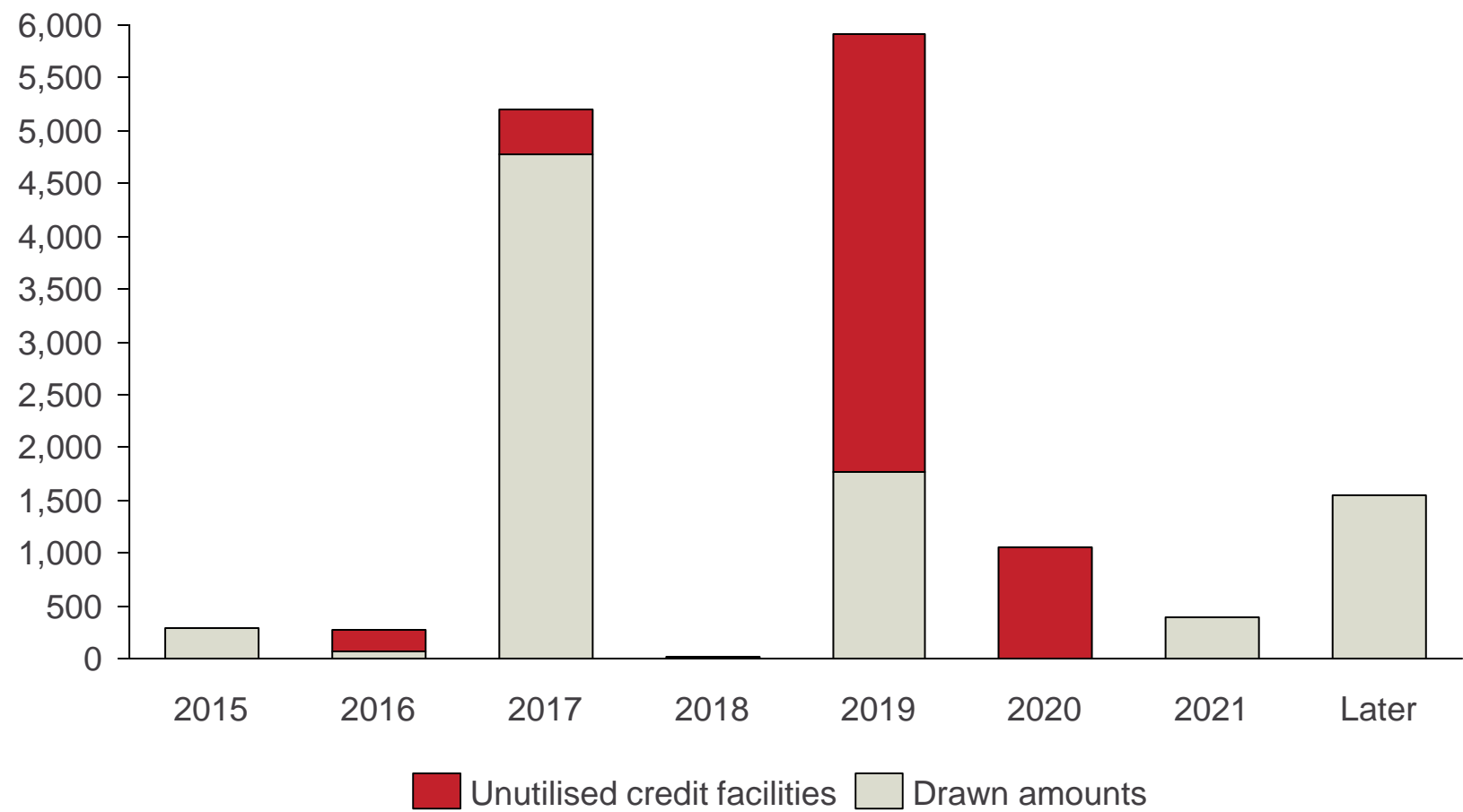
Net gearing



Debt maturity profile

Amounts in NOK million

Average maturity 3.7 years



Funding sources

Amounts in NOK billion

