



Fourth quarter results 2014

5 February 2015

Peter A. Ruzicka, President & CEO

Jens Bjørn Staff, CFO



Highlights Q4 2014

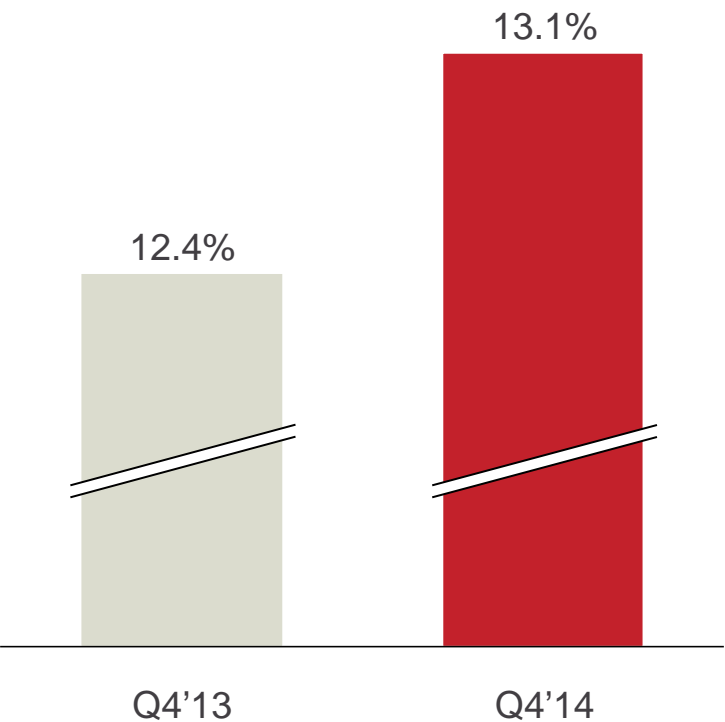
Improving operations and delivering on strategy

- Group EBITA increased by 6% to NOK 1,015 million compared to Q4'13
- Improving operations in Branded Consumer Goods
 - 1.8% organic growth¹. Positive organic growth for all business areas
 - 0.7 percentage points EBITA margin improvement
- Delivering on strategy
 - Acquisition of Cederroth in Sweden and Condite in Finland
 - Divestment of Orkla Brands Russia
 - IPO of Gränges
- Reduced number of business areas in BCG (from 5 to 4)
- The Board of Directors proposes a dividend of NOK 2.50 per share for 2014

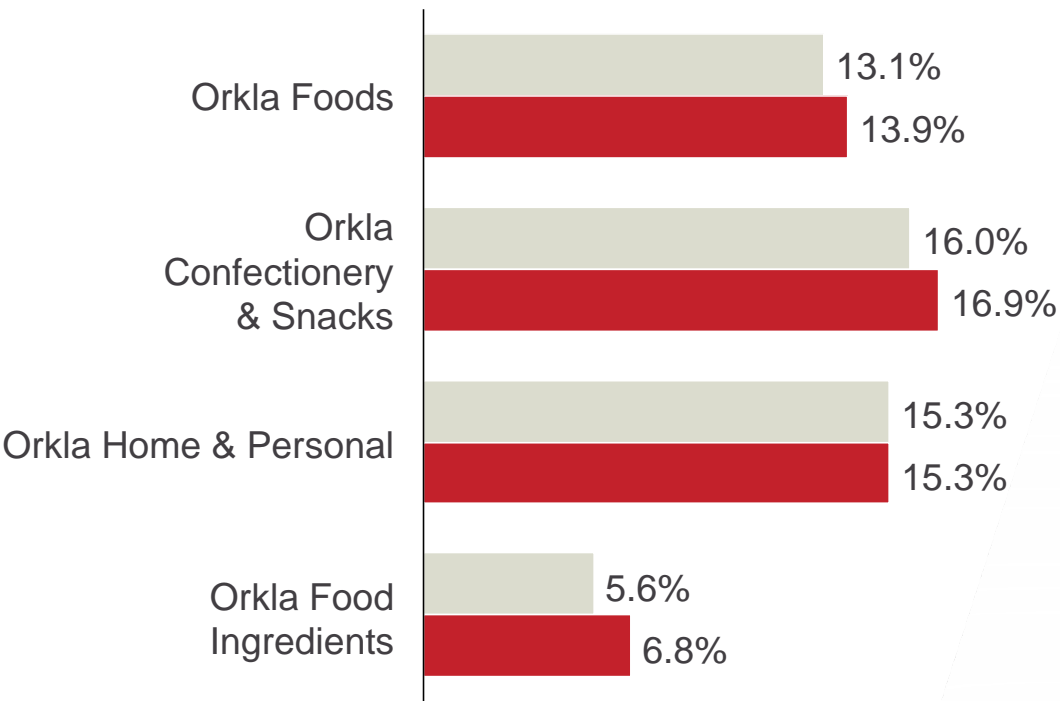
BCG Q4: EBITA margin improved by 0.7 percentage points

Q4'13 Q4'14

EBITA margin BCG

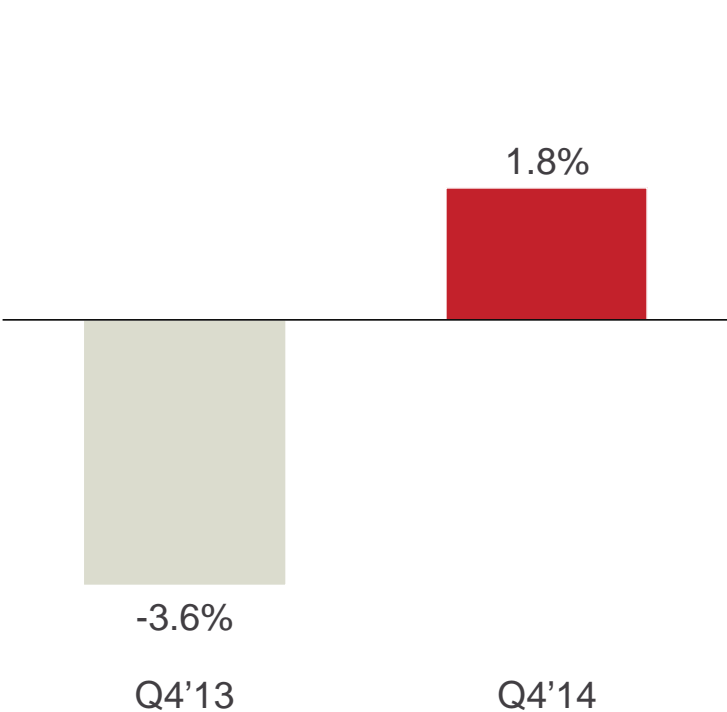


EBITA margin BCG per business area

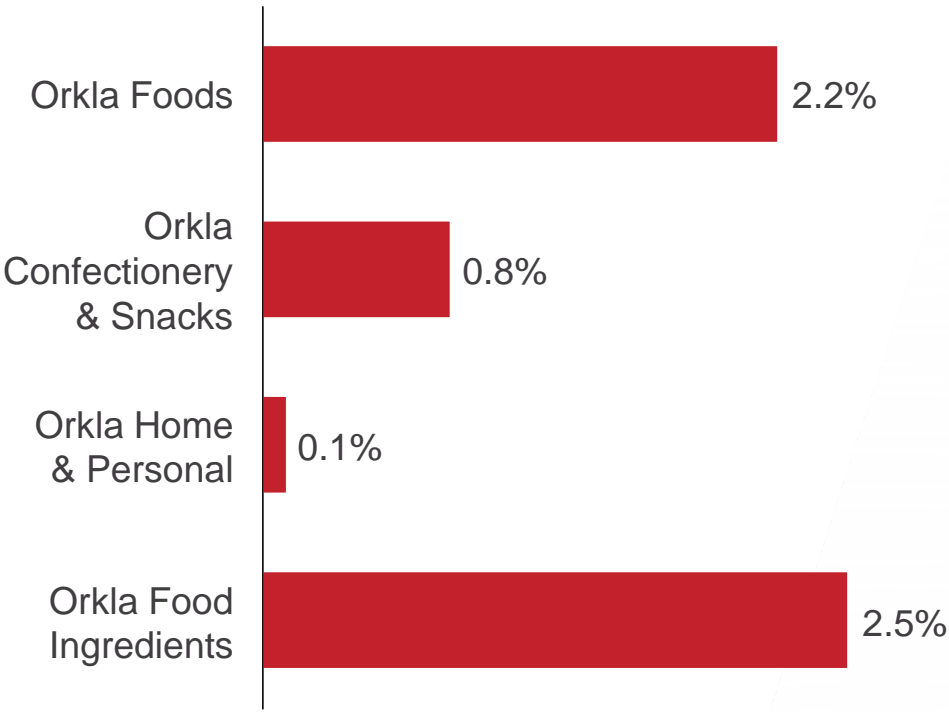


BCG Q4: Positive growth in all business areas

Organic growth¹ BCG



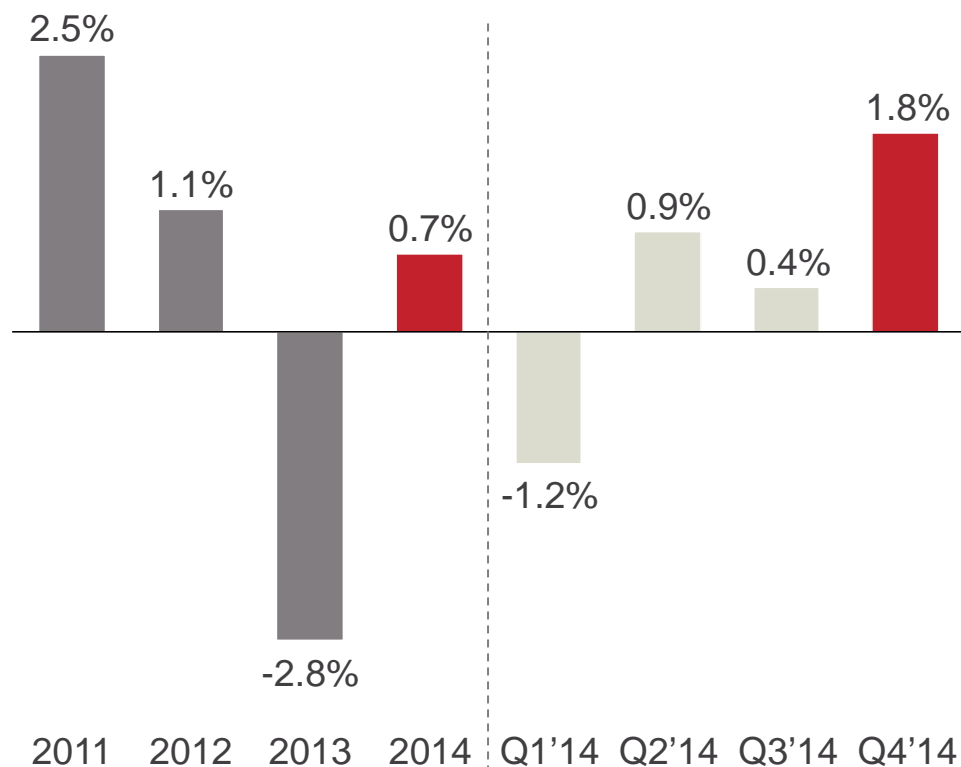
Organic growth¹ BCG per business area in Q4



4 1 Reported growth adjusted for FX, M&A and timing of selling days

2014: Improved organic growth in Branded Consumer Goods

Organic growth development^{1,2}



Actions

- Stronger innovation programmes
- More cross-market initiatives
- Increased sales force effectiveness
- Strengthened relations with our customers

Examples of successful innovations and relaunches in 2014



Helmax Pizza

Most
successful
launch in
Norway¹

Pierre Robert's Sport Collection (relaunch) Norway's most sold training top



Pauluns Superlunch Winner of award for Most Healthy Ready Meal²

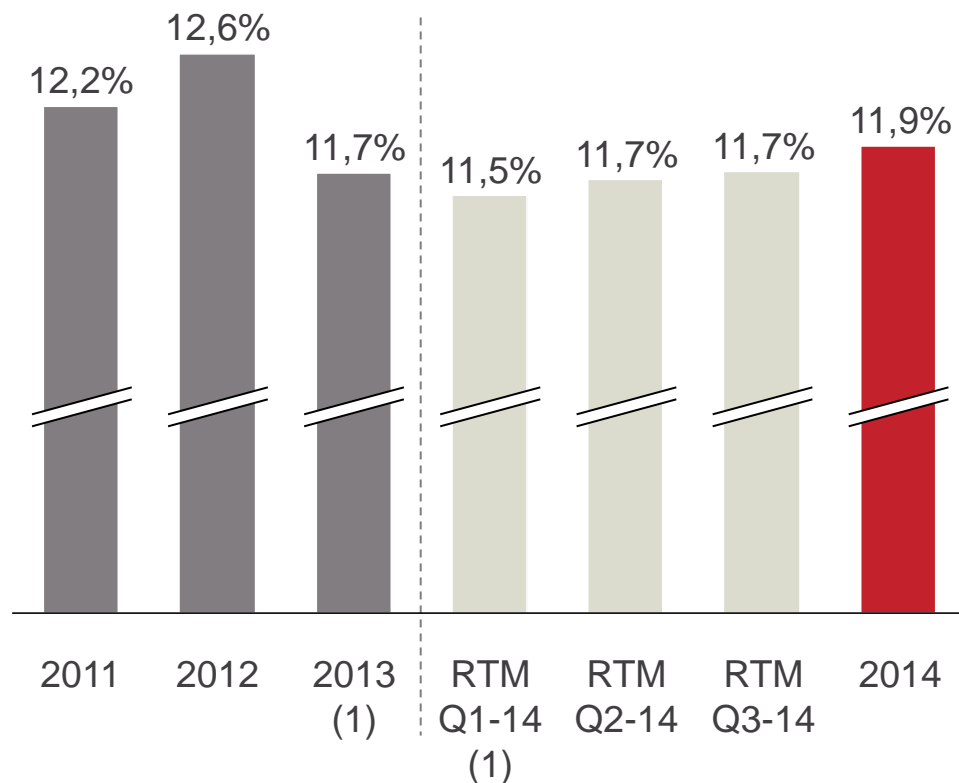


Polly Tablet

Successful
utilization of
strong
brands
across
categories

2014: Improved RTM EBITA margin in Branded Consumer Goods

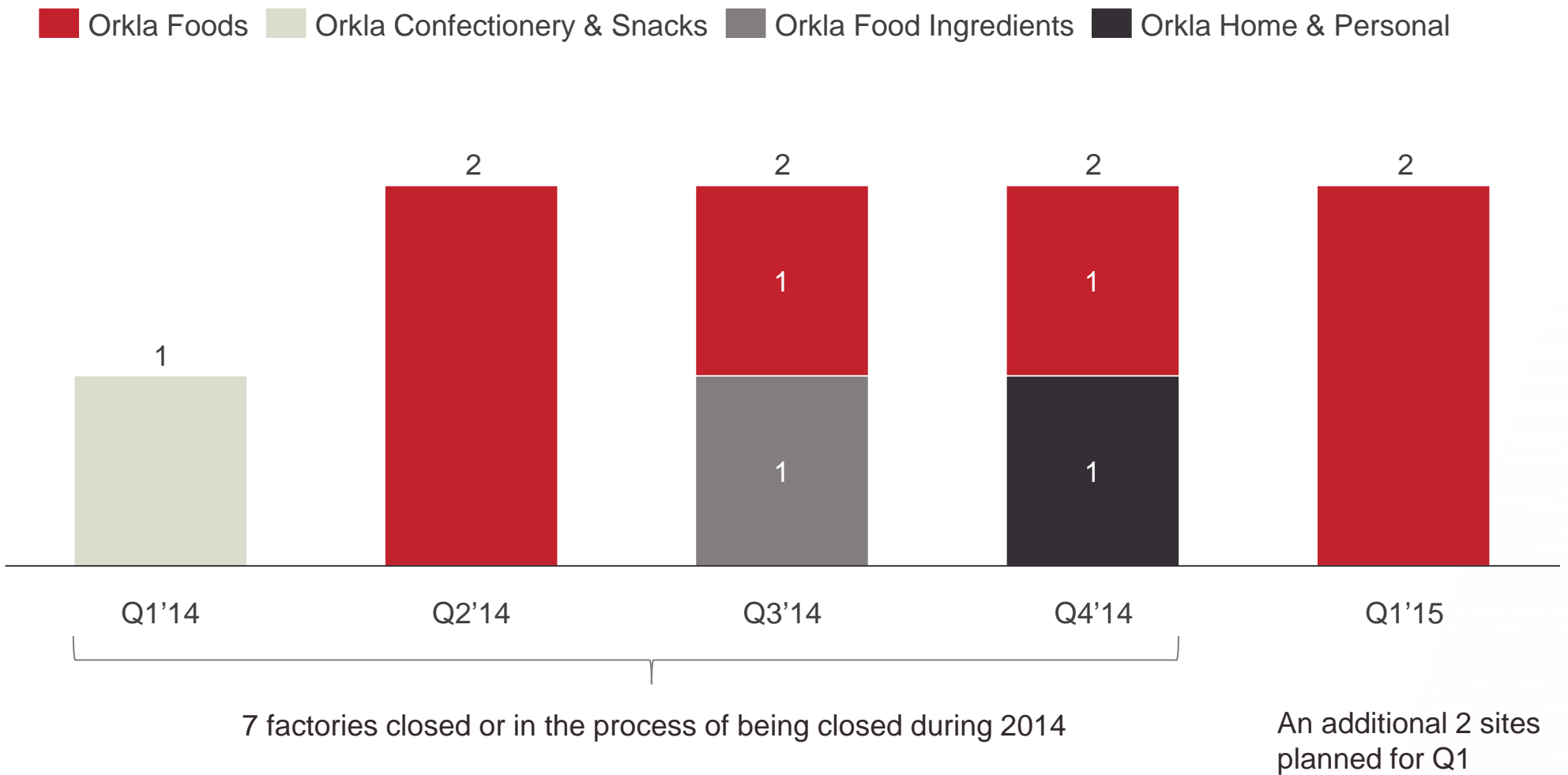
RTM EBITA margin development



Actions

- Delivered on initiated and ongoing structural processes
- Focused on activities that drive organic growth and improve margins
- Ongoing optimisation of production structure

We work continuously to optimise our factory footprint across all business areas



Structural changes communicated 2014 – YTD 2015

Sale of non-core assets

- Sale of real estate (NOK 0.4bn), shares and financial assets (NOK 0.4bn)
- IPO of Gränges (NOK 2.3bn)
- Divestment of Orkla Brands Russia (Enterprise value: NOK 0.3bn)
- Divestment of Delecta (Enterprise value: NOK 0.2bn)

*Freed-up financial resources
NOK 3.5bn*

Investing in BCG businesses

- Acquisition of NP Foods – *pending* (undisclosed)
- Acquisition of Cederroth – *pending* (Enterprise value: SEK 2.0bn¹)
- Acquisition of Condite (67%) (undisclosed)
- Acquisition of Proteinfabrikken (16.7%), Ratje Frøskaller and Krögarklass (undisclosed)

Strengthened BCG platform

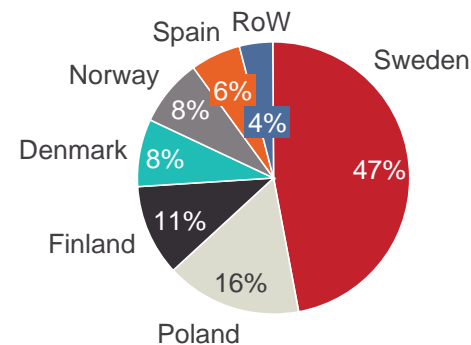
Acquisition of Cederroth: Significantly strengthens Orkla Home & Personal's position in the Nordics

- Agreement to acquire 100% of the shares of the branded consumer goods company Cederroth
 - Turnover of SEK 1,984m and EBITDA of SEK 194m in 2013¹
- The acquisition will strengthen Orkla's position as one of the leading Nordic suppliers of personal care, health, wound care and household cleaning products
- Purchase price: SEK 502m. EV: SEK 2,015m, based on Cederroth's balance sheet as of 30 Sep. 2014

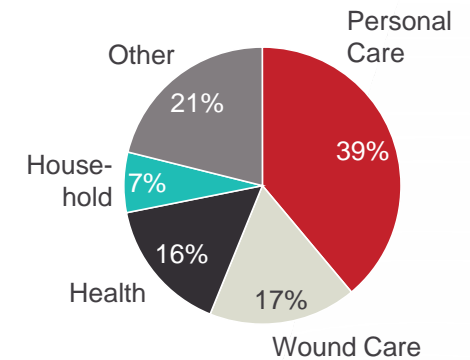
Product portfolio examples



Sales by geography



Sales by category



Financial targets

Targets from Orkla Investor Day 2013 ¹			Comments ²
	EBIT (adj.) margin	Organic revenue growth From 2016	
Orkla Foods	> 15.0%	2-3%	<ul style="list-style-type: none"> Organic revenue growth ambitions from Orkla's Investor Day in 2013 unchanged The time frame for achieving the margin targets in Orkla Foods and Orkla Confectionery & Snacks will be adjusted slightly The reorganisation of Orkla International and acquisitions will have a diluting effect on EBITA margins More details about Orkla's financial margin targets will be provided on Orkla's Investor Day in September 2015
Orkla Confectionery & Snacks	> 16.5%	2-4%	
Orkla Home & Personal	> 17.5%	3-5%	
Orkla Food Ingredients	> 5.7%	2-3%	

11 1 Targets for Orkla Food Ingredients were not disclosed on Orkla's Investor Day,
2 The targets presented in the table have not been updated to take account of the new Group structure

Increased focus on operations

- Deliver on initiated and ongoing structural processes
- Focus on activities that drive organic growth and improve margins
 - Strong innovation programmes
 - More cross-market initiatives
 - Increase sales force effectiveness
 - Strengthen relations with our customers
- Optimise our supply chain





Financial Performance

Jens Bjørn Staff, CFO



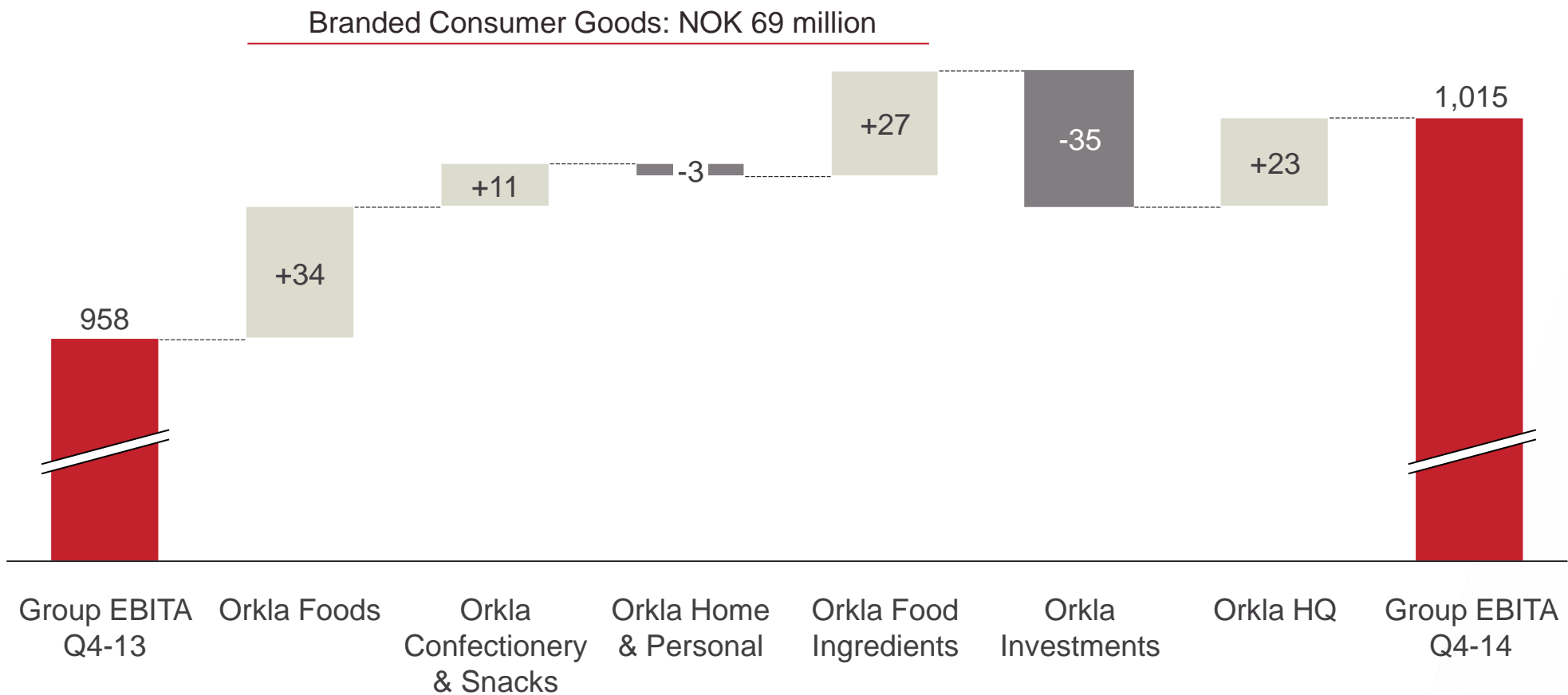
Group EBITA improved by 6% to NOK 1,015 million in Q4

Amounts in NOK million

Key figures	Q4-13	Q4-14	2013	2014
Operating revenues	8,125	8,119	28,015	29,599
EBITA	958	1,015	2,958	3,237
Other income and expenses	-148	-102	-493	-100
EBIT	803	905	2,444	3,114
Profit/loss from associates and JV	-302	-252	-3	121
Net financials and other	-125	-148	417	-363
Profit/loss before tax ¹	376	505	2,858	2,872
Discontinued operations ²	121	-387	-1,547	-485
EPS (NOK)	0.32	-0.06	0.68	1.63

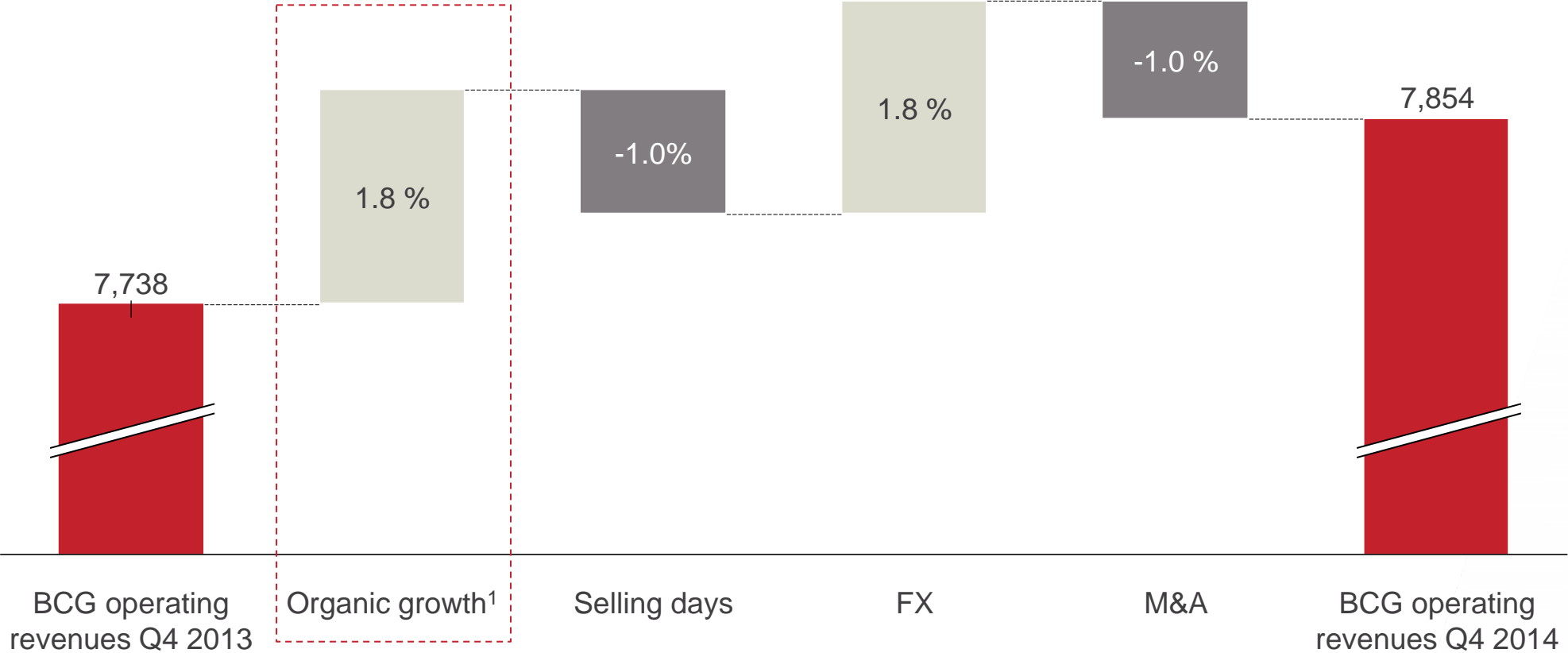
EBITA improvement driven by Orkla Foods and Orkla Food Ingredients

Amounts in NOK million



1.8% organic growth in BCG

Amounts in NOK million



16 1 Reported growth adjusted for FX, M&A and timing of selling days



Branded Consumer Goods

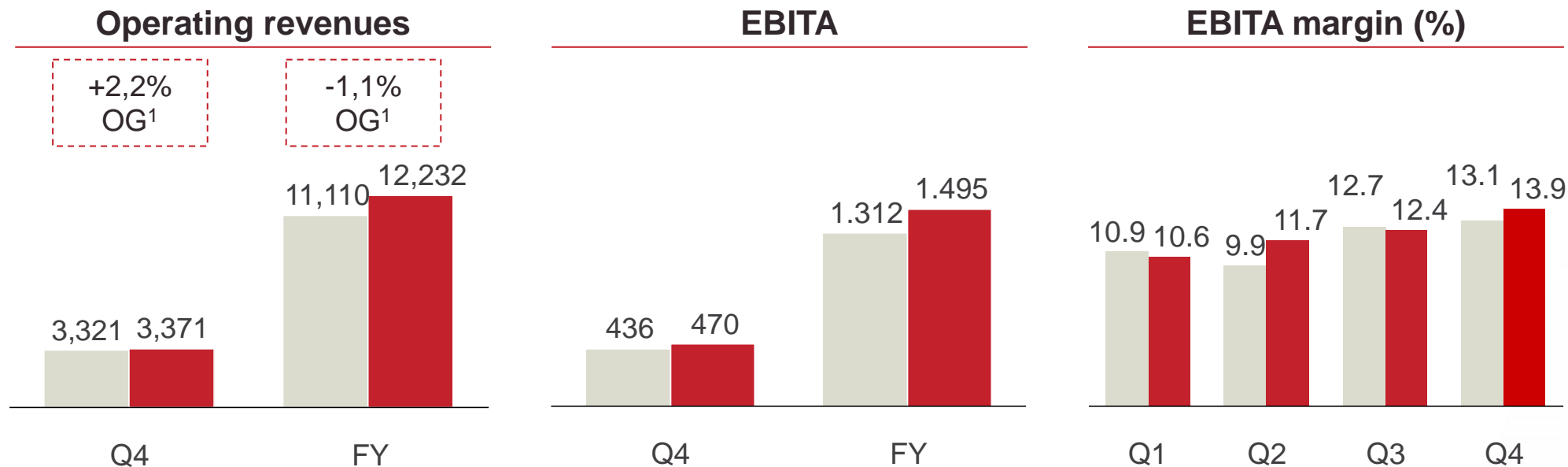
Jens Bjørn Staff, CFO



Orkla Foods – Key financials

Amounts in NOK million

2013 2014



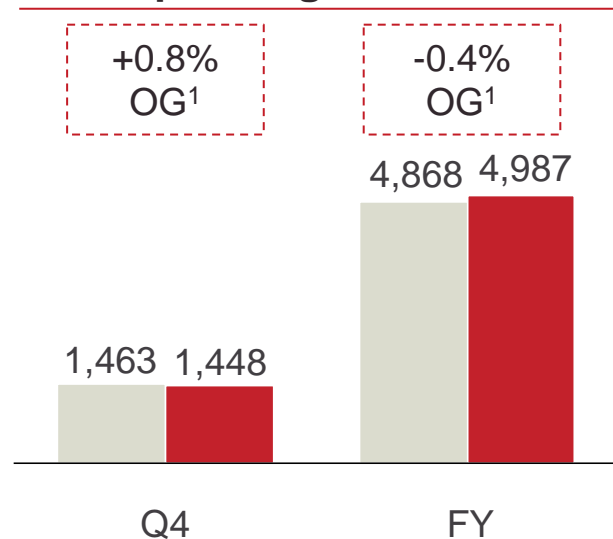
- Positive performance in the Nordics, the Baltics and international companies
- Growth in Nordic sales partly driven by sales related to campaigns in Q1'15
- Broad-based improvement in underlying EBITA and margin. Q4 EBITA and margin affected by improved sales performance
- Cost synergies from the integration of Rieber & Søn and the merger of Abba and Procordia realised according to plan
- Margin diluted due to inclusion of MTR, Vitana and Felix Austria

Orkla Confectionery & Snacks – Key financials

Amounts in NOK million

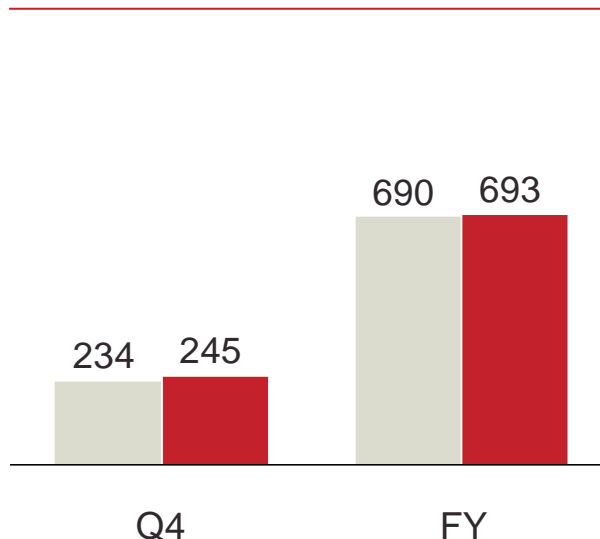
2013 2014

Operating revenues



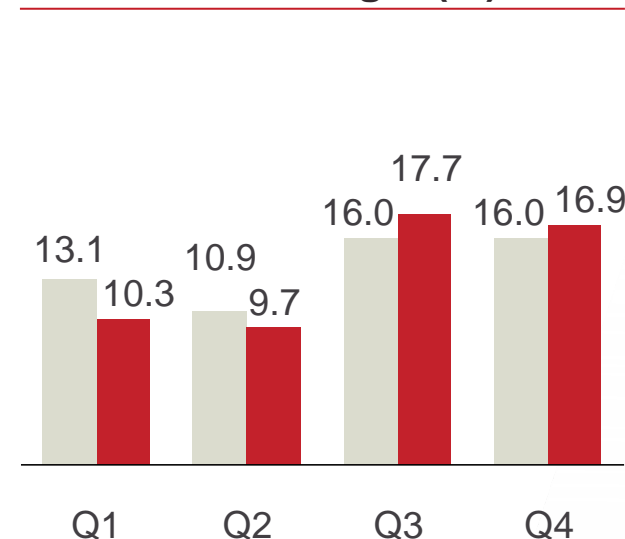
- Q4 continued the positive trend seen in Q3
- Org. growth driven by Norway, Denmark and the Baltics

EBITA



- EBITA improvements in Q4 in all the Nordic countries
- Reported figures in Q4 negatively affected by timing of selling days
- Margin somewhat diluted by inclusion of Chaka

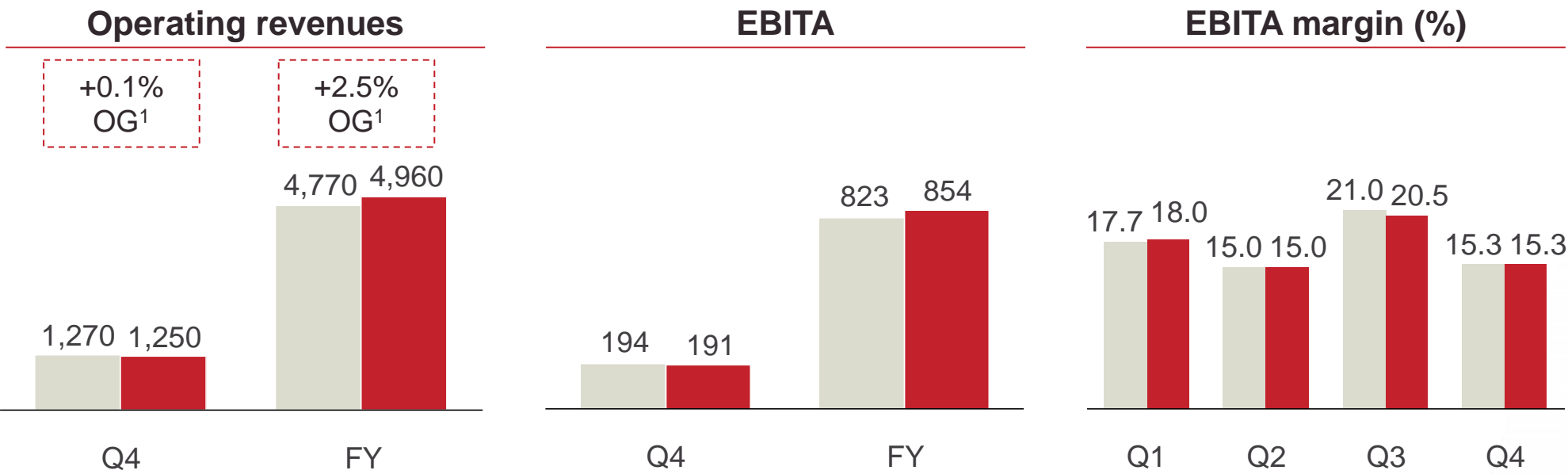
EBITA margin (%)



Orkla Home & Personal – Key financials

Amounts in NOK million

2013 2014



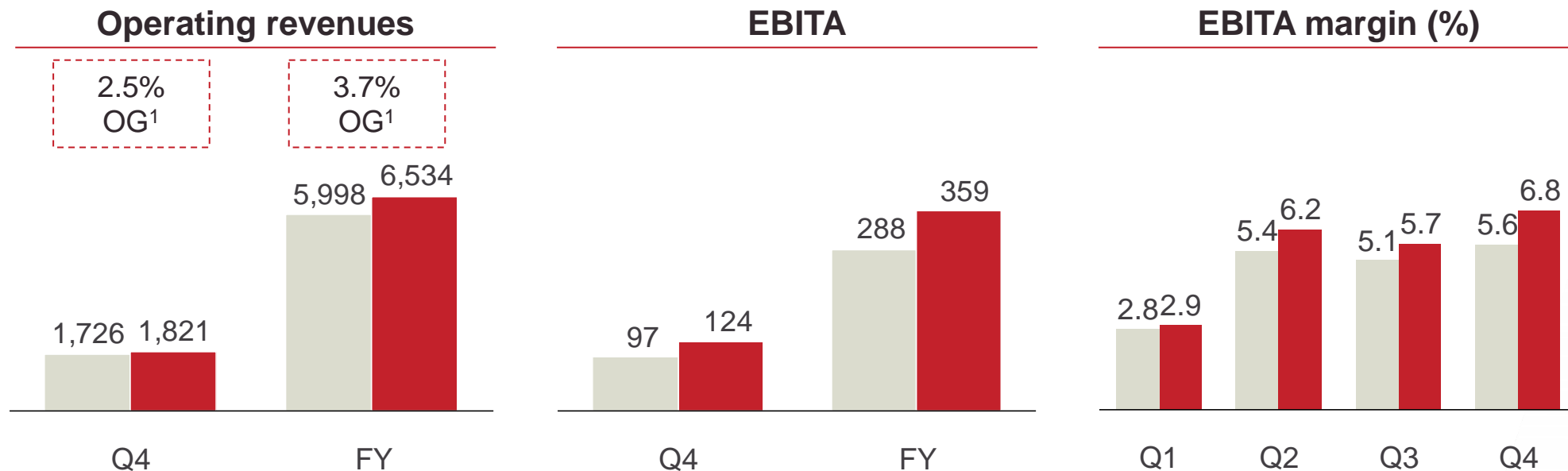
- Organic growth in Q4 ended slightly above 2013
- Growth in Q4 negatively affected by fewer selling days and timing of campaigns
- Product profitability in most segments still negatively affected by a weak NOK
- Reported figures in Q4 negatively affected by timing of selling days

20 1 Reported growth adjusted for FX, M&A and timing of selling days

Orkla Food Ingredients – Key financials

Amounts in NOK million

2013 2014



- Strong organic growth
- More favorable product mix
- Q4 EBITA at all time record high, up 28% compared with Q4'13
- Improvement driven by good performance in most of the segments combined with strong performance of Dragsbæk and the Credin Group



Orkla Investments

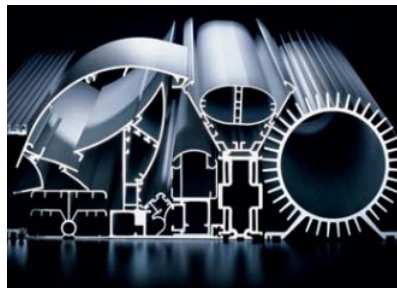
Jens Bjørn Staff, CFO



Orkla Investments

sapa:

50%



- JVs & associates
- Equity accounting



42.5%



31%



Hydro Power



- Wholly owned¹
- Fully consolidated

Orkla's financial investments

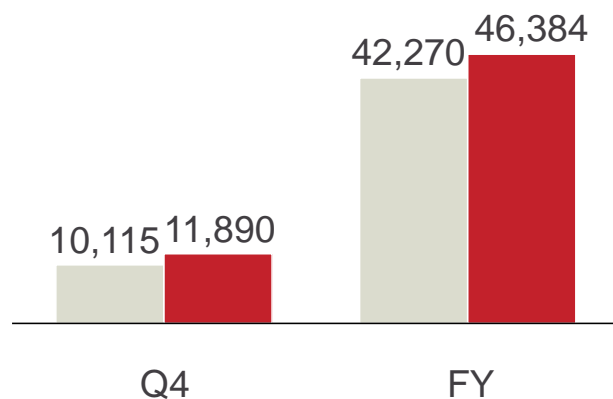


Sapa (50/50 joint venture)

Amounts in NOK million

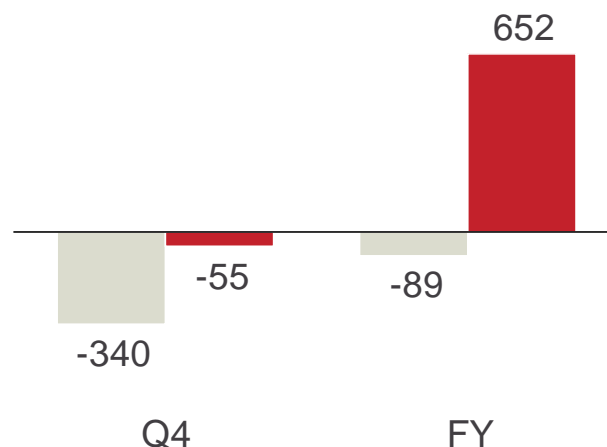
2013 2014

Operating revenues¹



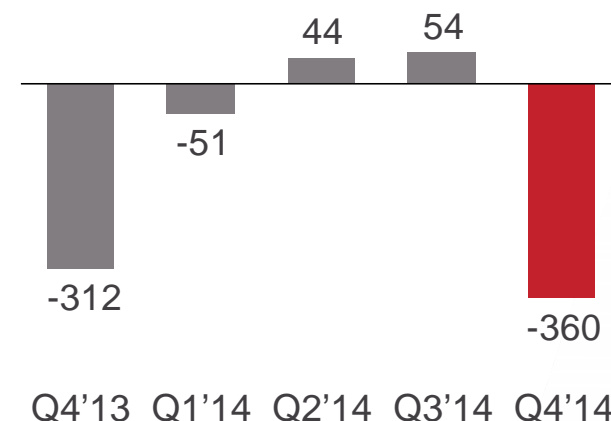
- Strong demand in North America, stable in Europe
- 2% overall volume increase in Q4

Underlying EBIT¹



- Q4 is a seasonally weaker quarter. Underlying EBIT improvement compared with Q4'13 driven by positive effects from the restructuring programme and the strong North American market
- Realisation of synergies and restructuring ahead of plan
- NOK 0.5bn fixed assets impairment in China in Q4 (NOK 250m for Orkla)

Orkla's share of net profit after tax

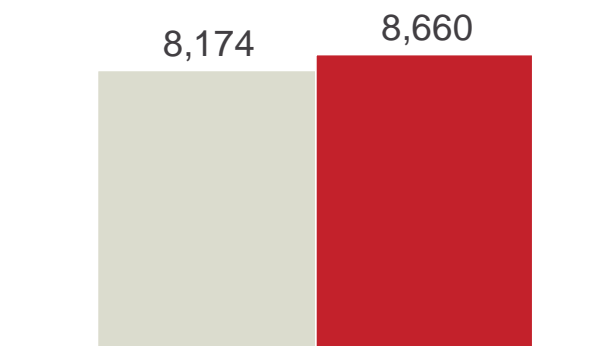


Jotun (42.5%)

Amounts in NOK million

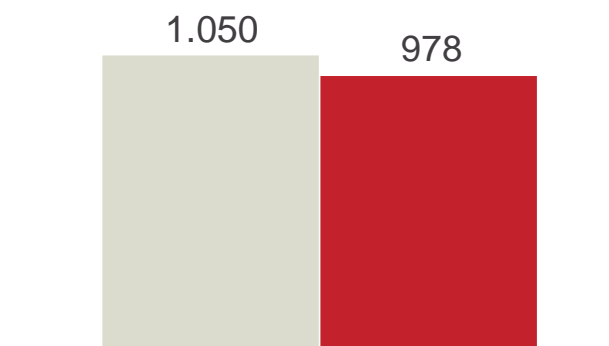
■ YTD Aug'13 ■ YTD Aug'14

Operating revenues



- Improved sales performance in Q4
- Compared to Q4'13, revenue growth across all four segments

EBIT

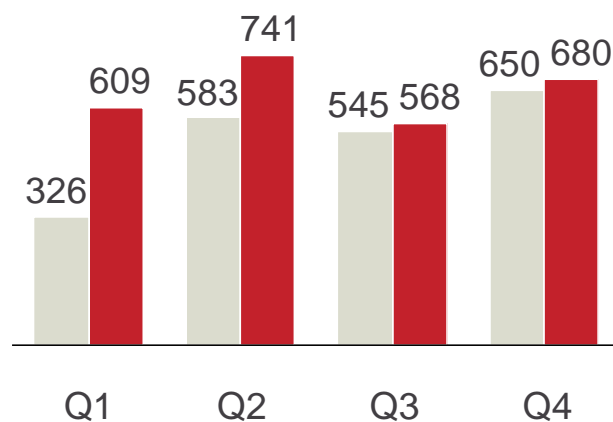


- Following strong growth in sales and an improved cost position, Jotun saw a pick up in profitability towards the end of the year
- Jotun continues to invest in new capacity and maintains its organic growth strategy

Hydro Power

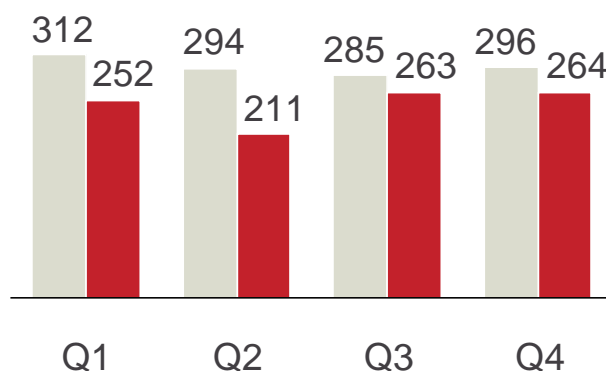
2013 2014

Volume produced



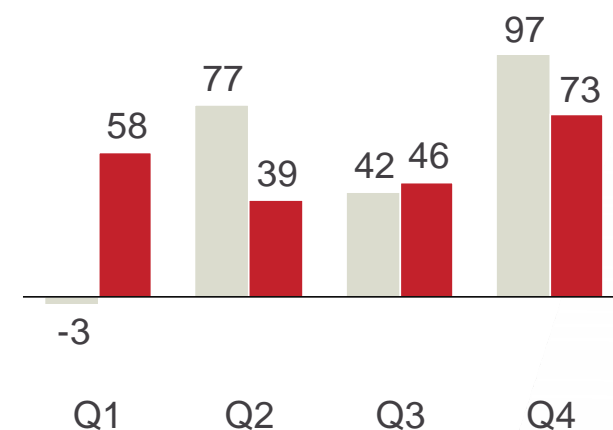
- Higher volumes compared with Q4 2013

Spot prices (NOK/MWh)



- Lower spot prices compared with Q4 2013

EBITA (NOK million)



- Profit in Q2 2013 partly ascribable to sale of real estate (NOK 17 million)



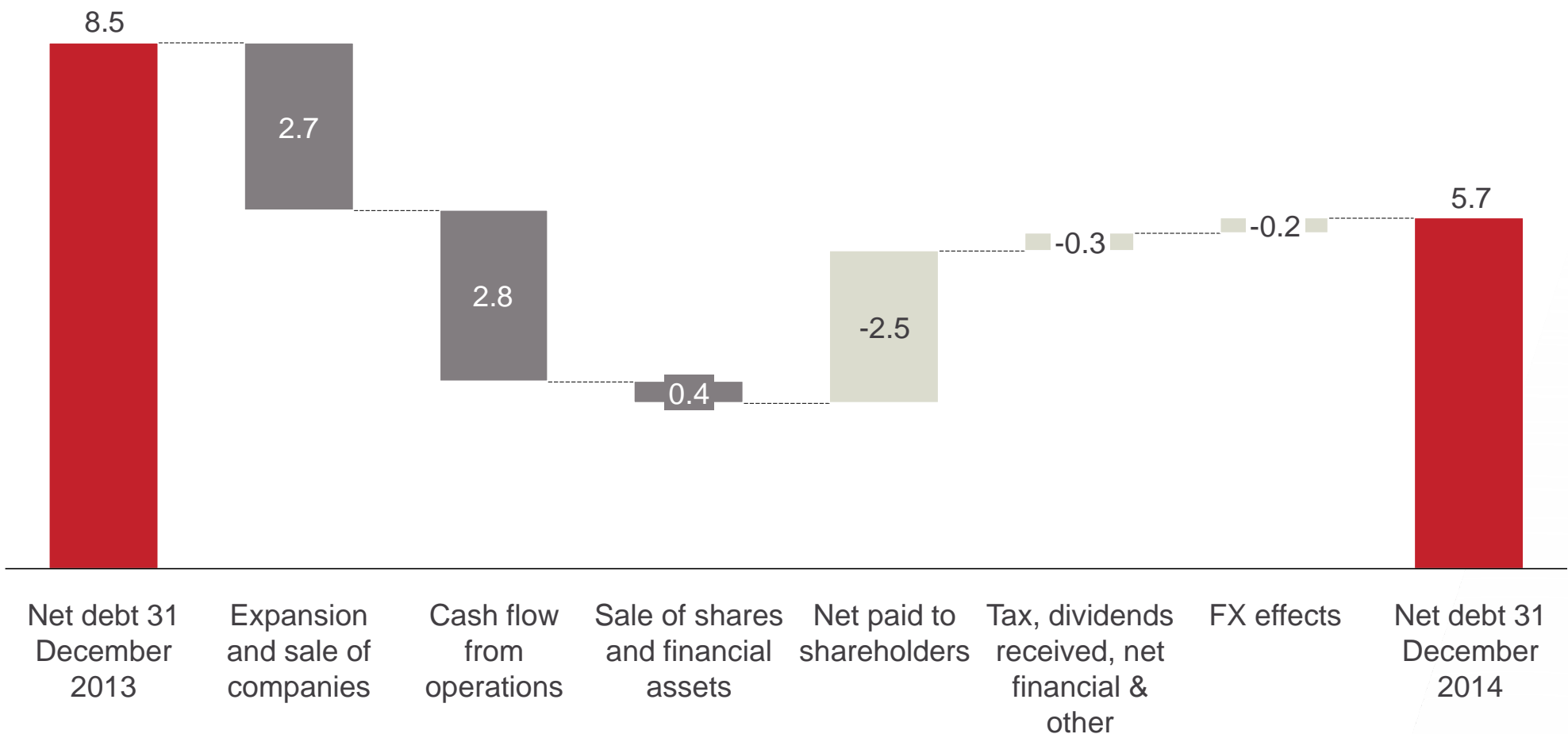
Capital structure

Jens Bjørn Staff, CFO



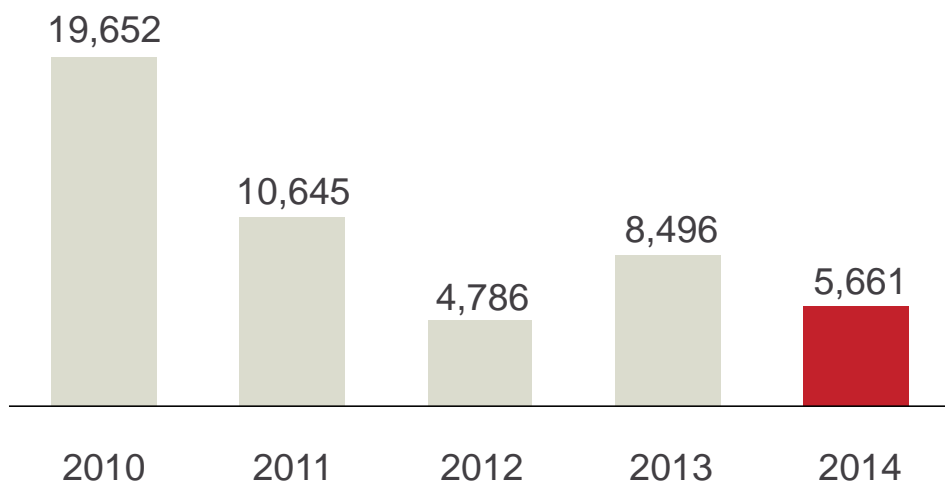
Change in net debt 2014

Amounts in NOK billion

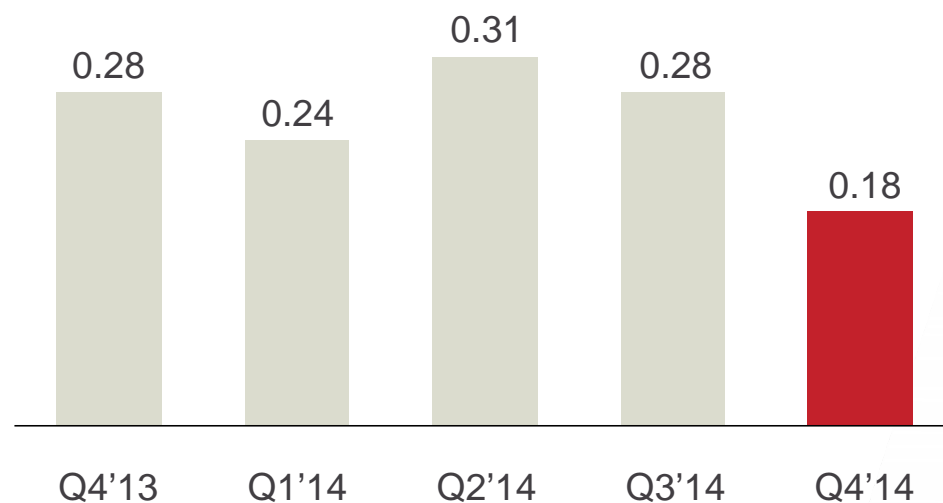


Strong balance sheet and financial flexibility

Net interest bearing debt (NOK million)



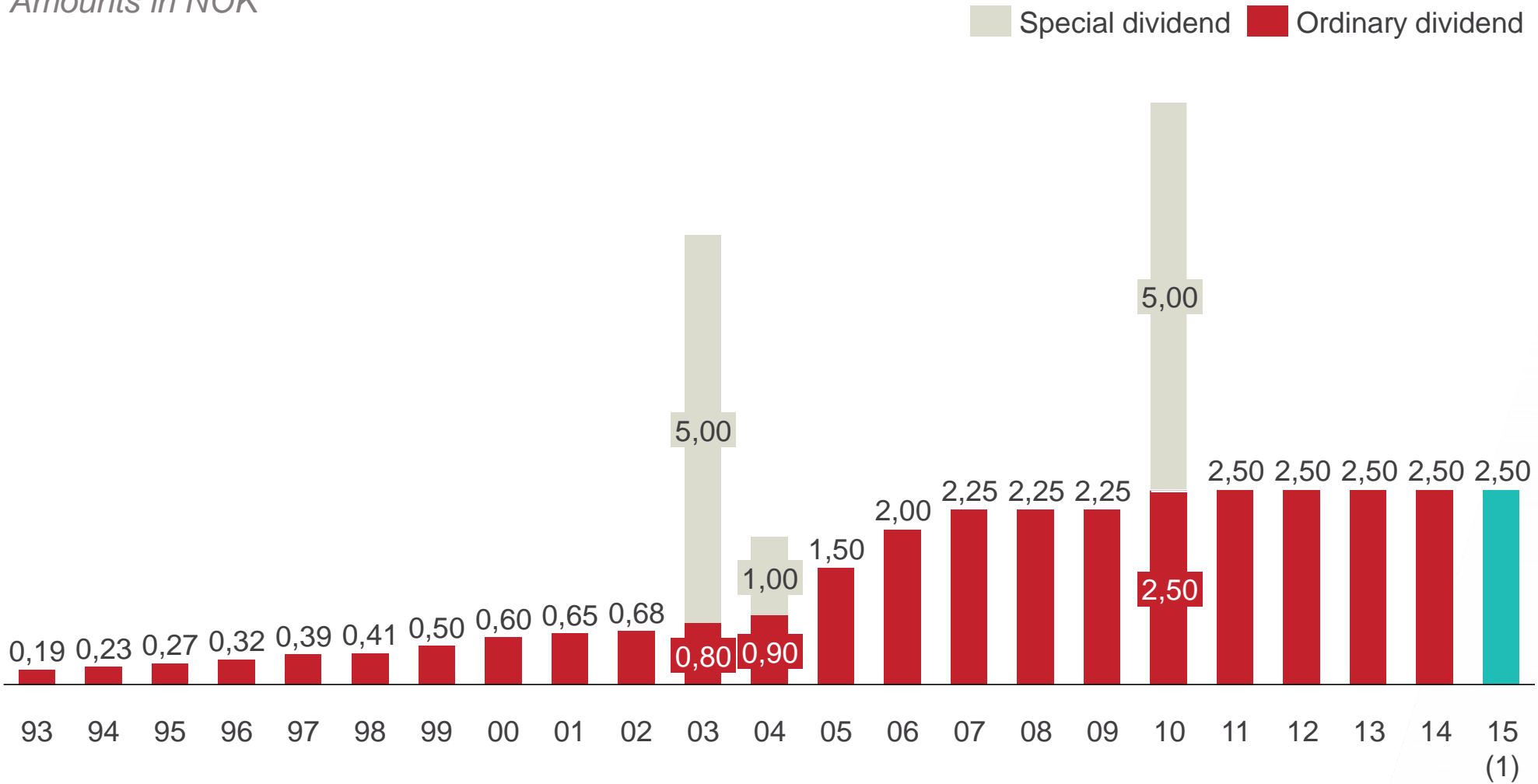
Net gearing



- Average maturity 3.7 years
- Average interest cost Q4'14: 3.0% (3.4% FY)

Dividends 1993 – 2015¹

Amounts in NOK



30 1 Proposed dividend

Financial calendar 2015

- 5 February: Q4-2014
- 16 April: The Annual General Meeting
- 7 May: Q1-2015
- Ultimo May: Sapa presentation
- 17 July: Q2-2015
- September: Investor Day Orkla ASA
- 30 October: Q3-2015



Outlook

Peter A. Ruzicka, President & CEO



Operational focus going forward

Strategy

- Future growth and value creation as a focused Nordic based BCG company
- Organic growth as the key long-term value driver
- Going from a very decentralised model to a more optimised model
- Leveraging on our substantial local presence, 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
 - Increase sales force effectiveness
 - Strengthen relations with our customers
- Optimise our supply chain

Still potential “white spots” in the Nordics

Examples



Home Care

Personal Care

Biscuits

Confectionery

Dietary supplements

Textiles (grocery)

Snacks

Frozen pizza

Ketchup

Preserved vegetables

Jam / marmalade

Caviar (cod roe spread)



✓			
✓			
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AquaDerma – New facial skin care series from Lilleborg

**AQUA
DERMA**



- Lilleborg's largest product launch since Define was launched in 2002
- Pure high-quality products for everyday use
- Meets strict criteria for ingredients – free from parabens, alcohol, mineral oils and silicones



Q&A

Peter A. Ruzicka, President & CEO

Jens Bjørn Staff, CFO





Appendices

P&L and cash effect: Divestment of Orkla Brands Russia

P&L effect FY 2014: NOK -522m

- Loss including historical currency translation effects: NOK -347m
- Profit / Loss after tax in OBR for the period 1.1.-31.12.2014: NOK -175m

Cash effect Q1 2015: NOK 373m

- Proceeds from the settlement 19.1.2015 totalled NOK 373m

Group income statement

Amounts in NOK million

	Q4'13	Q4'14	FY'13	FY'14
Operating revenues	8,125	8,119	28,015	29,599
EBITA	958	1,015	2,958	3,237
Amortisation intangibles	-7	-8	-21	-23
Other income and expenses	-148	-102	-493	-100
EBIT	803	905	2,444	3,114
Profit/loss from associates and joint ventures	-302	-252	-3	121
Dividends received	8	0	250	37
Gains, losses and write-downs shares and fin. assets	-6	16	623	56
Financial items, net	-127	-164	-456	-456
Profit/loss before taxes	376	505	2,858	2,872
Taxes	-160	-183	-564	-688
Profit/loss for the period continuing operations	216	322	2,294	2,184
Profit/loss from discontinued operations	121	-387	-1,547	-485
Profit/loss for the period	337	-65	747	1,699
Earnings per share diluted (NOK)	0.32	-0.06	0.68	1.63

Net financial items

Amounts in NOK million

	FY 2014	Q4'13	Q4'14
Net interest expenses	-363	-86	-128
Currency gain / loss	0	1	3
Other financial items, net	-93	-42	-39
Net financial items	-456	-127	-164

Statement of financial position

Amounts in NOK million

	31.12.2013	31.12.2014
Intangible assets	15 402	14 598
Property, plant and equipment	11 651	9 484
Investments in associates and joint ventures etc.	11 042	13 026
Non-current assets	38 095	37 108
Assets held for sale	0	22
Inventories	4 836	4 073
Receivables	6 328	5 560
Shares and financial assets	1 051	734
Cash and cash equivalents	1 805	2 615
Current assets	14 020	13 004
Total assets	52 115	50 112
Paid-in equity	1 989	1 993
Earned equity	28 490	29 066
Non-controlling interests	301	245
Equity	30 780	31 304
Provisions	3 369	3 699
Non-current interest-bearing liabilities	8 041	8 510
Current interest-bearing liabilities	2 837	598
Operations held for sale, liabilities	0	0
Other current liabilities	7,088	6,001
Equity and liabilities	52 115	50 112

Cash flow

Amounts in NOK million

	FY'13	FY'14
Operating profit	2 307	3 181
Amortisation, depreciation and write-downs	1 503	930
Change in net working capital	- 155	- 491
Net replacement expenditures	- 880	- 838
Cash flow from operations, industrial activities	2 775	2 782
Cash flow from operations, Orkla Financial Investments	384	- 59
Tax	- 766	- 492
Dividends received, net financial and other	- 341	247
Cash flow before capital transactions	2 052	2 478
Paid to shareholders, net purchase/sales own shares	-2 446	-2 460
Cash flow before expansion	- 394	18
Expansion investments	- 180	- 102
Sold and acquired companies	-5 273	2 796
Net purchases/sales portfolio investments	3 090	350
Net cash flow	-2 757	3 062
Currency translations net interest-bearing liabilities	- 953	- 227
Change in net interest-bearing liabilities	3 710	-2 835
Net interest-bearing liabilities	8 496	5 661

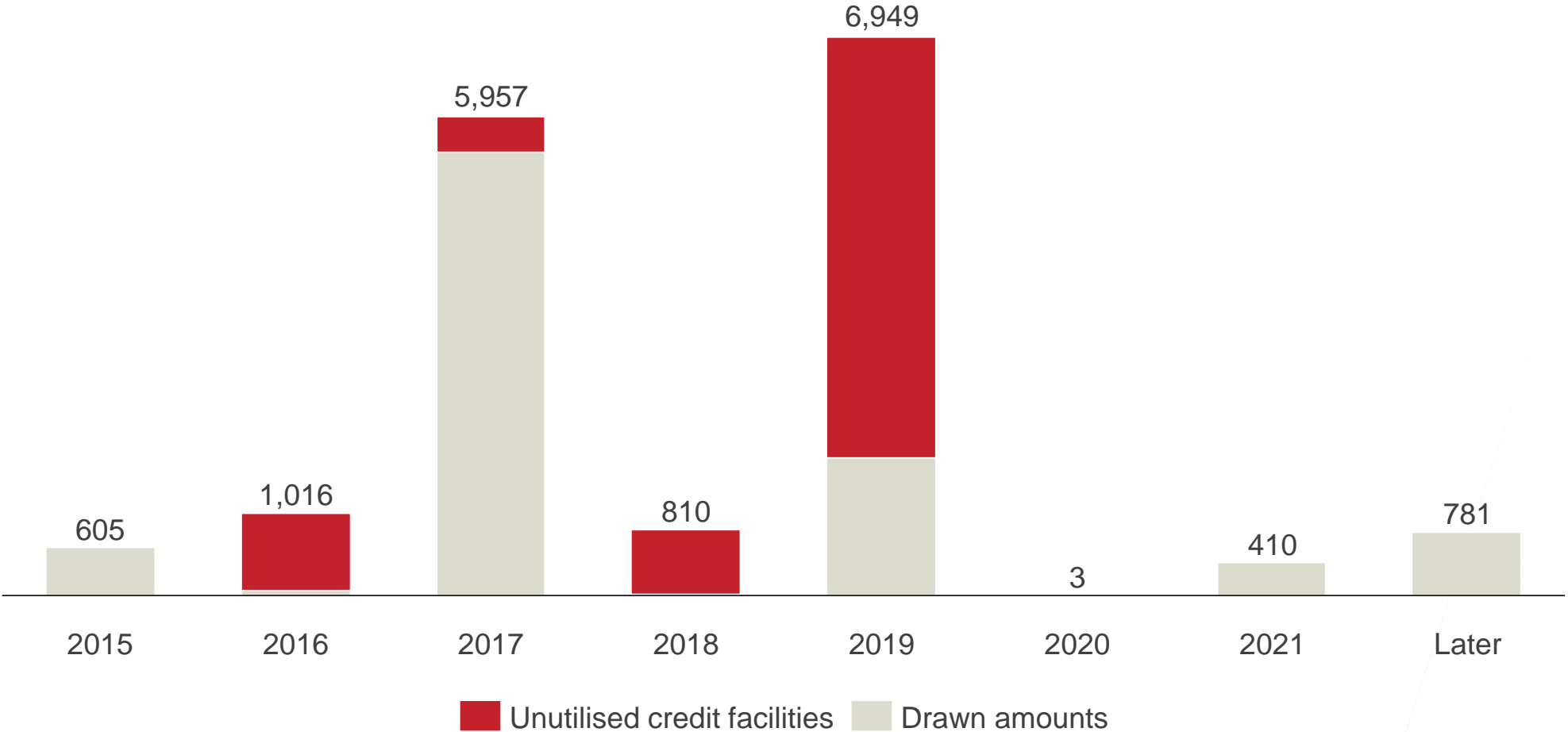
Sapa (joint venture) – Pro forma information (100%)

Amounts in NOK million

	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
Sales volume (1000 tonnes)	311	346	360	345	314	359	368	350	322
Revenues	9,654	10,367	10,974	10,798	10,115	11,346	11,544	11,603	11,890
Underlying EBITDA ¹	154	304	508	328	-43	440	641	492	343
Underlying EBIT	-142	16	211	24	-340	155	350	201	-55
Reported EBIT	-618	-148	-1,096	-1,985	-787	-3	168	198	-679

Debt maturity profile

Amounts in NOK million



Funding sources

Amounts in NOK billion

