



The Nordic Consumer Goods Champion

Investor presentation June 2014



Business areas

Orkla Foods	Orkla Confectionery & Snacks	Orkla Home & Personal	Orkla International	Orkla Food Ingredients	Orkla Investments
					<p>Gränges</p> <p>Hydro Power</p> <p>Financial Investments</p> <p>Real Estate</p> <p>Sapa JV (50%)</p> <p>Jotun (42.5%)</p>
<p>Operating revenues:</p> <p>9.797</p> <p>EBITA:</p> <p>1.275</p>	<p>Operating revenues:</p> <p>4.784</p> <p>EBITA:</p> <p>682</p>	<p>Operating revenues:</p> <p>4.770</p> <p>EBITA:</p> <p>823</p>	<p>Operating revenues:</p> <p>2.644</p> <p>EBITA:</p> <p>-86</p>	<p>Operating revenues:</p> <p>5.998</p> <p>EBITA:</p> <p>288</p>	
Corporate Centre and Group Functions					

Agenda

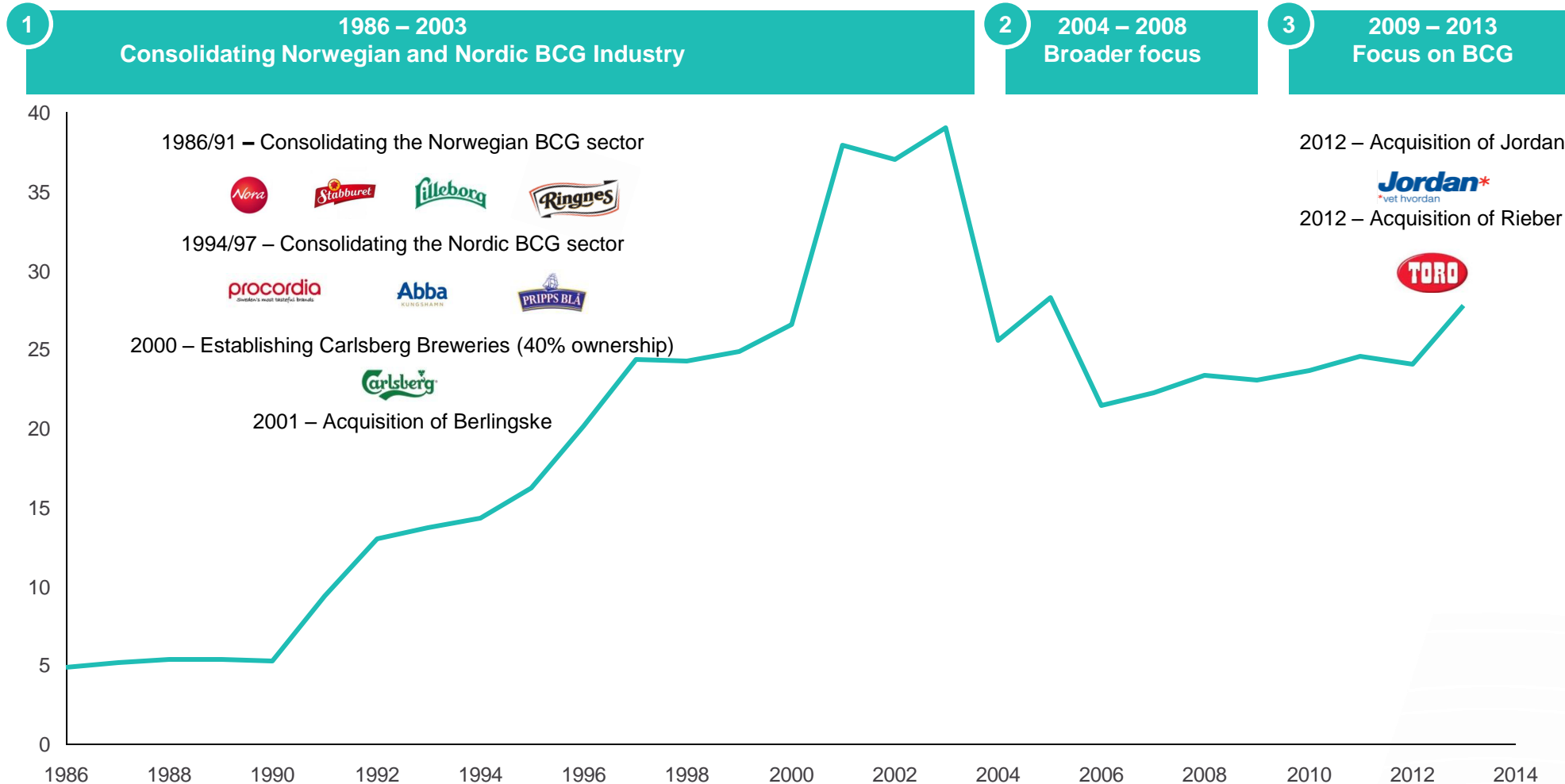
Strategic direction and financial targets

Branded Consumer Goods

Orkla Investments

3 phases of Orkla's history

Revenues BCG; NOK billions



Orkla's transformation

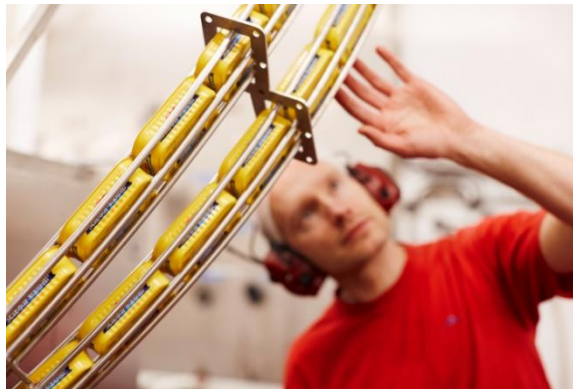
2011

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



2012-2013

Major **structural actions** executed to implement strategy



2014-2016

Operational focus and finalize organizational changes


















Competitive advantage: broad portfolio of brands with strong market positions in stable Nordic markets



Strong local market positions and opportunities to grow further

Examples

	Fabrics cleaner
	Biscuits
	Confectionery
	Food supplements
	Textiles (grocery)
	Snacks
	Frozen pizza
	Ketchup ¹
	Preserved vegetables
	Jam/marmalade
	Caviar (cod roe spread)

			
79%			
51%	37%		10%
29%			6%
77%	35%	49%	29%
77%	30%		
27%	35%	44%	43%
77%	37%		34%
77%	56%	36%	47%
79%	77%	34%	54%
53%	47%	38%	
	77%		#1

Leading local brands in Norway compete well with Global brands

Market shares

Orkla Foods Norge

77%



Dr. Oetker

17%



Lilleborg

79%



P&G

7%



Leading local brands in Sweden

Market shares

Orkla Foods Sverige

55%



Heinz

32%



Orkla C&S Sverige

37%



Mondelez

8%



Leading local brands in Denmark

Market shares

Orkla C&S Danmark

44%

Frito-Lay

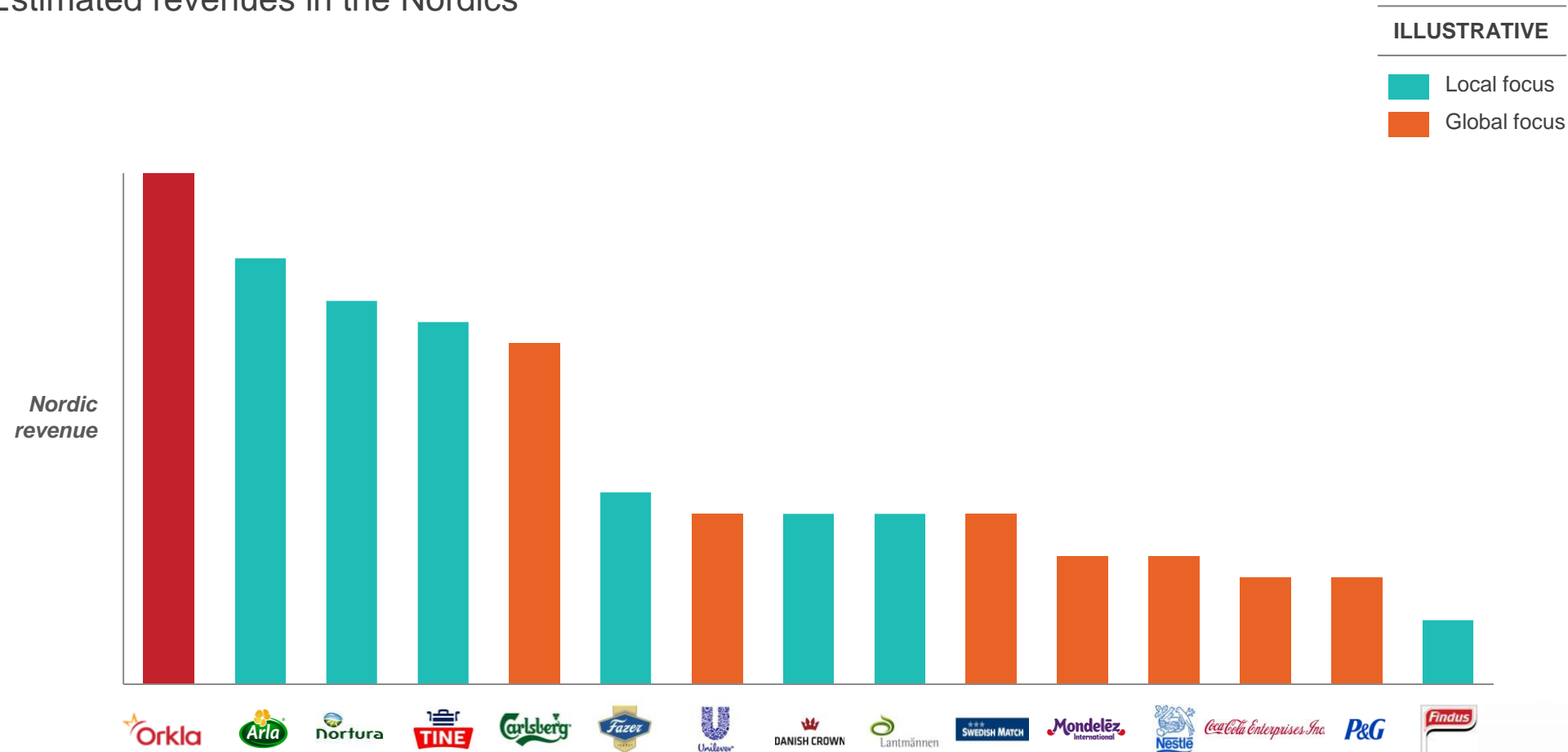
8%

Denmark



Competitive advantage: largest BCG company in Nordics, unique consumer insight, important partner to the trade

Estimated revenues in the Nordics¹



1. Based on 2011 figures. Orkla Branded Consumer Goods incl. Jordan, Rieber and Orkla Food Ingredients in the Nordics

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

Operational focus:

Deliver on initiated and ongoing structural processes



Operational focus: Stronger innovations from the restructured units

Brands across Confectionery & Snacks

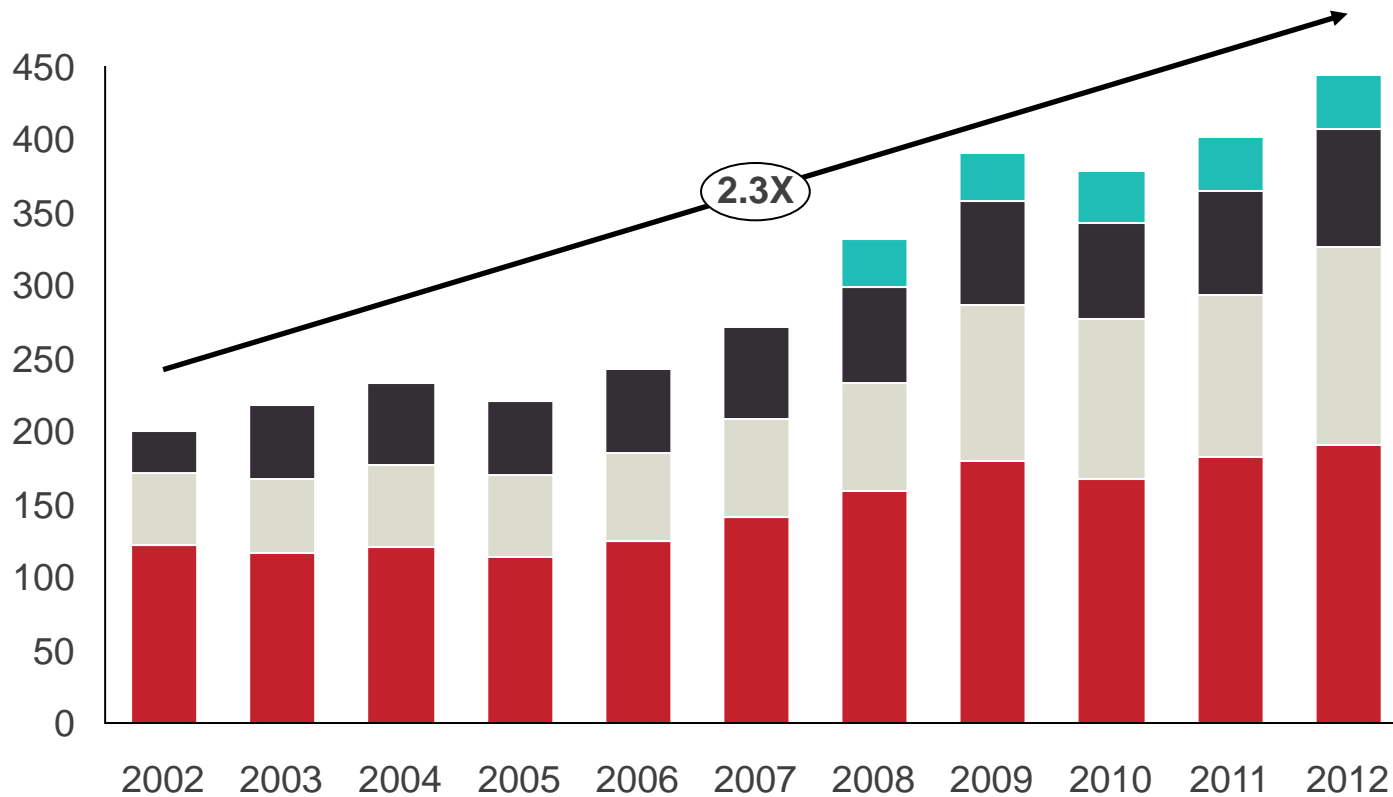


Competence and technology in Rieber & Søn + Stabburet



Operational focus: Improved packaging drives growth

Example: Nora Jam in Norway (consumer value NOK million)



Operational focus:

Rolling out successful launches across countries

Same product – different brand

Abba
Middagsklart!



Innovation in Sweden

30% growth per year after a successful release in 2011



Successful in Denmark

After 2 months it is the 2nd biggest sauce SKU in the market



Launched in Finland

Q1 2014



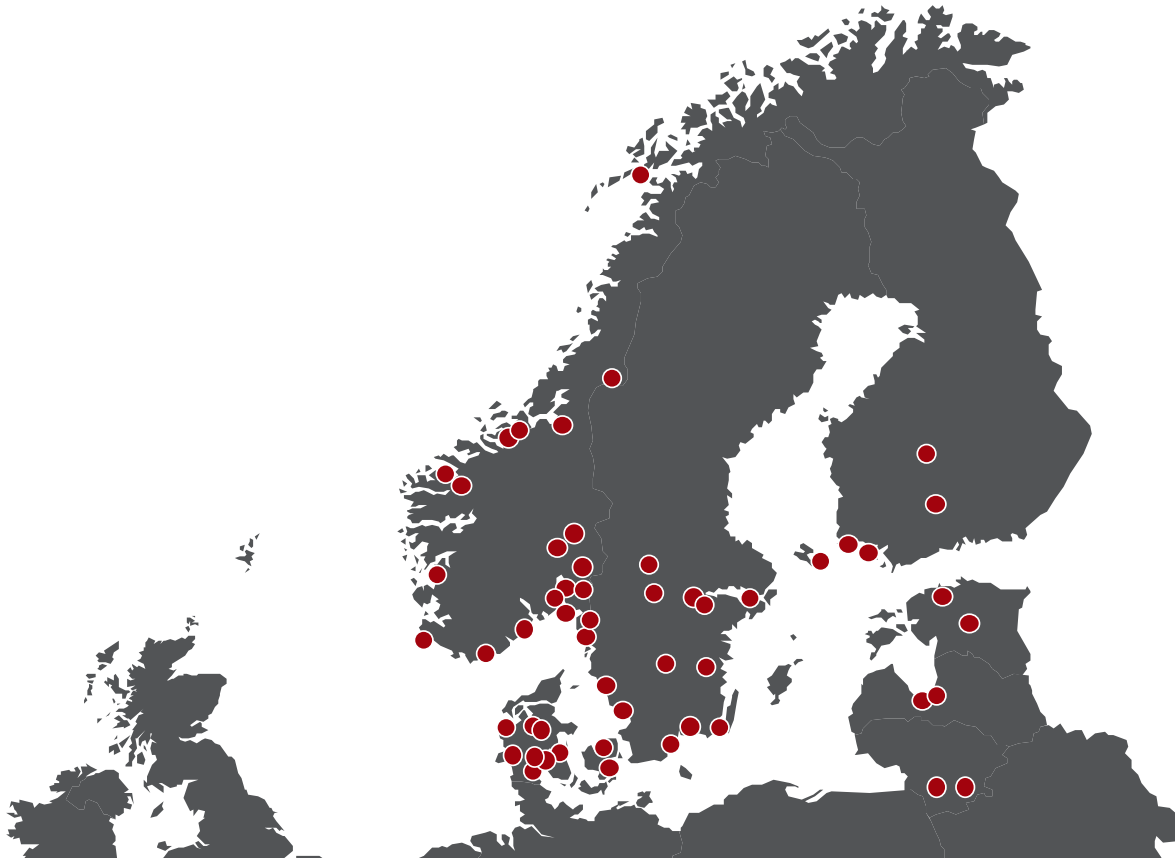
Operational focus:

Building relations with customers based on common interests



Operational focus: Optimizing production structure

Overview of Nordic and Baltic BCG production structure



Financial targets announced at Investor Day 2013

	EBIT (adjusted) margin 2013	EBIT (adjusted) margin 2015/2016	Organic revenue growth 2013	Organic revenue growth From 2016
Orkla Foods	13.0%	> 15.0%	-4.2%	2-3%
Orkla Confectionery & Snacks	14.3%	> 16.5%	-3.1%	2-4%
Orkla Home & Personal	17.1%	> 17.5%	-1.5%	3-5%

Allocation of capital and dividend policy

- Grow BCG in the Nordics organically, and through add-on investments
- Strong balance sheet and financial flexibility
- Remain an Investment Grade company (NIBD below 2.5-3*EBITDA)
- Maintain dividend at NOK 2.50 per share during transition period

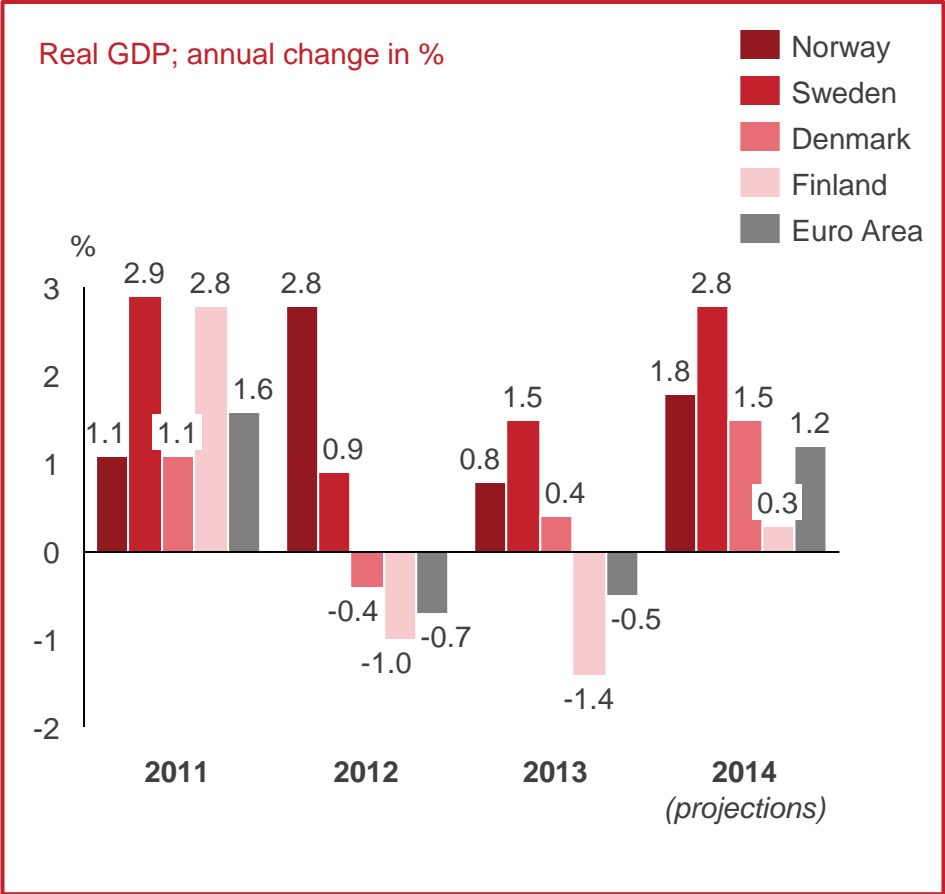


Branded Consumer Goods

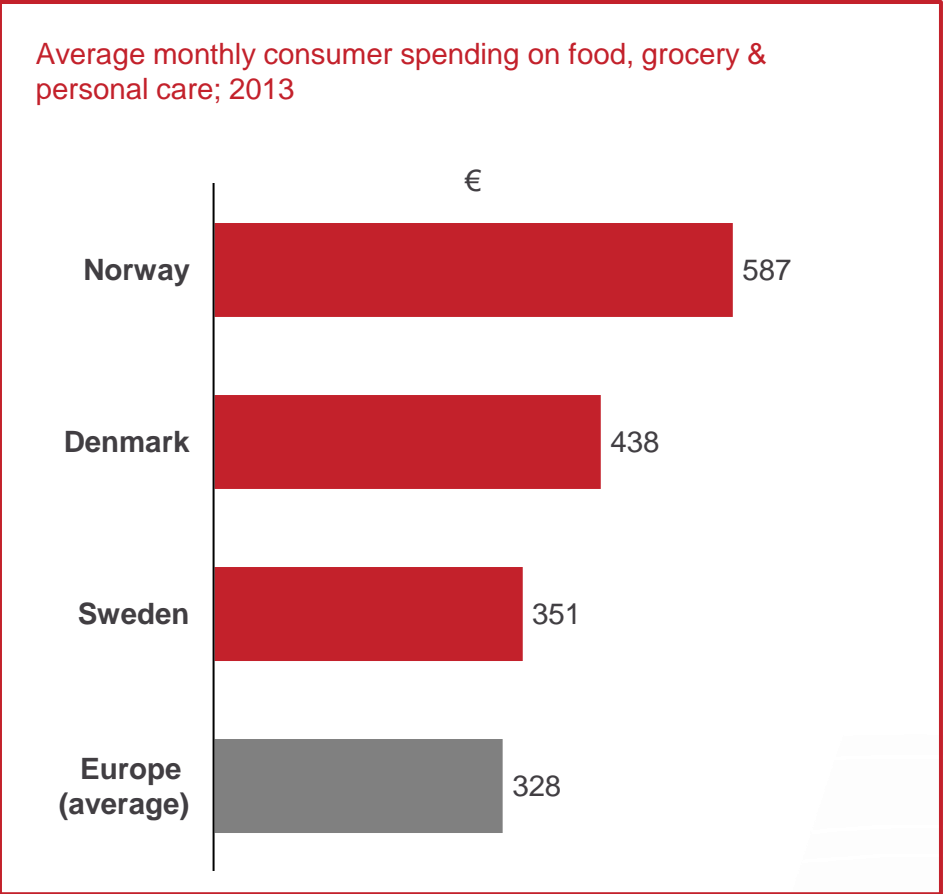


Stable markets with wealthy consumers

GDP growing at a stronger/faster rate than Europe...



... and consumer spending in Orkla's core categories is high



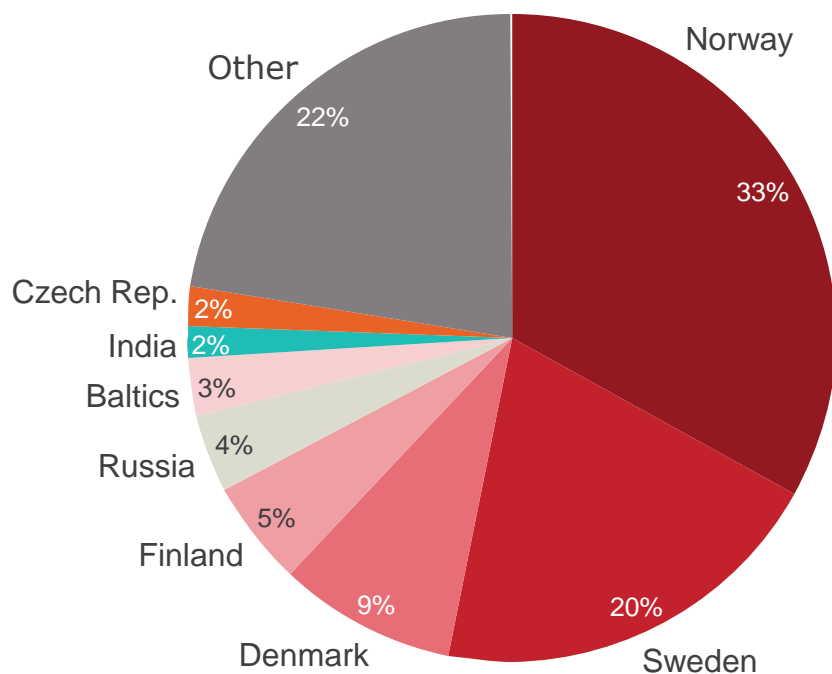
The Nordic Consumer Goods Champion

- Proven track record in creating value
- Strong local market positions and opportunities to grow further
- Local scale is the core of our strategy – Orkla is the largest BCG company in the Nordics
- Stable markets with wealthy consumers

Overview of Branded Consumer Goods

Net sales by geographical area 2013

Proforma incl. Rieber:

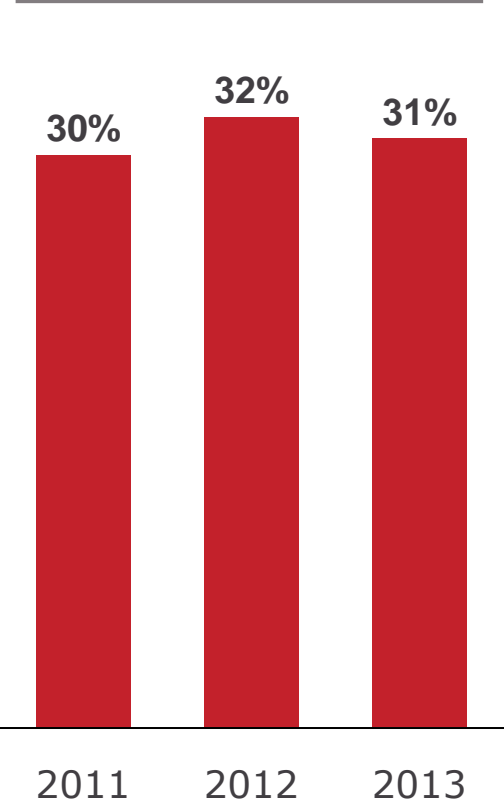


Business unit	Revenues 2013	EBITA margin
Foods	9,797	13.0%
Confectionery & Snacks	4,784	14.2%
Home & Personal	4,770	17.3%
International	2,644	-3.3%
Food Ingredients	5,998	4.8%
Branded Consumer Goods	27,731	10.8%

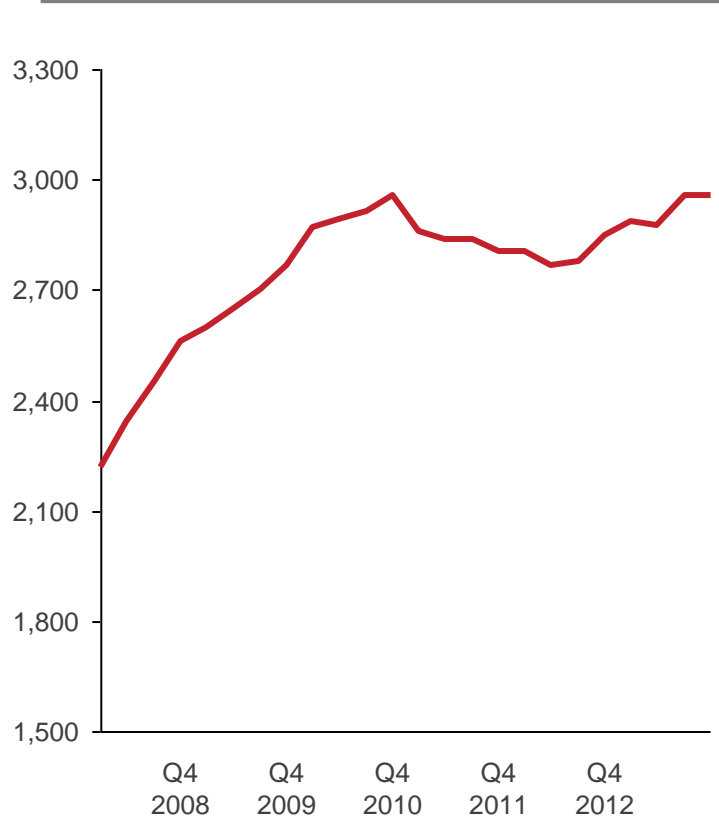
Note: Rieber consolidated in Orkla Foods and Orkla International from 1 May 2013

Branded Consumer Goods

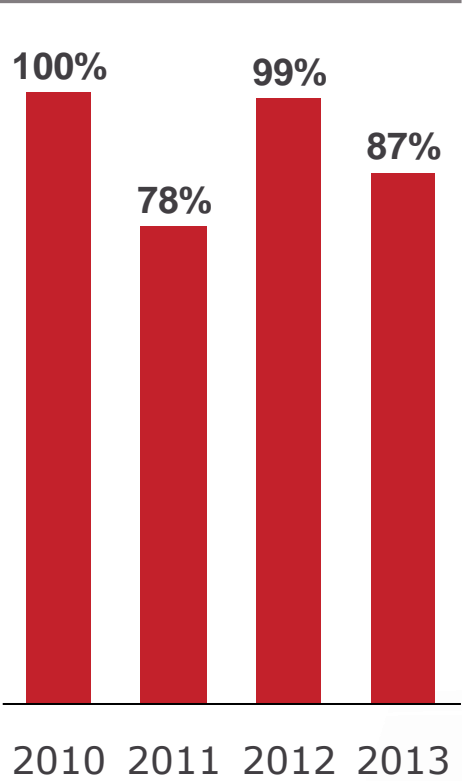
Gross margin



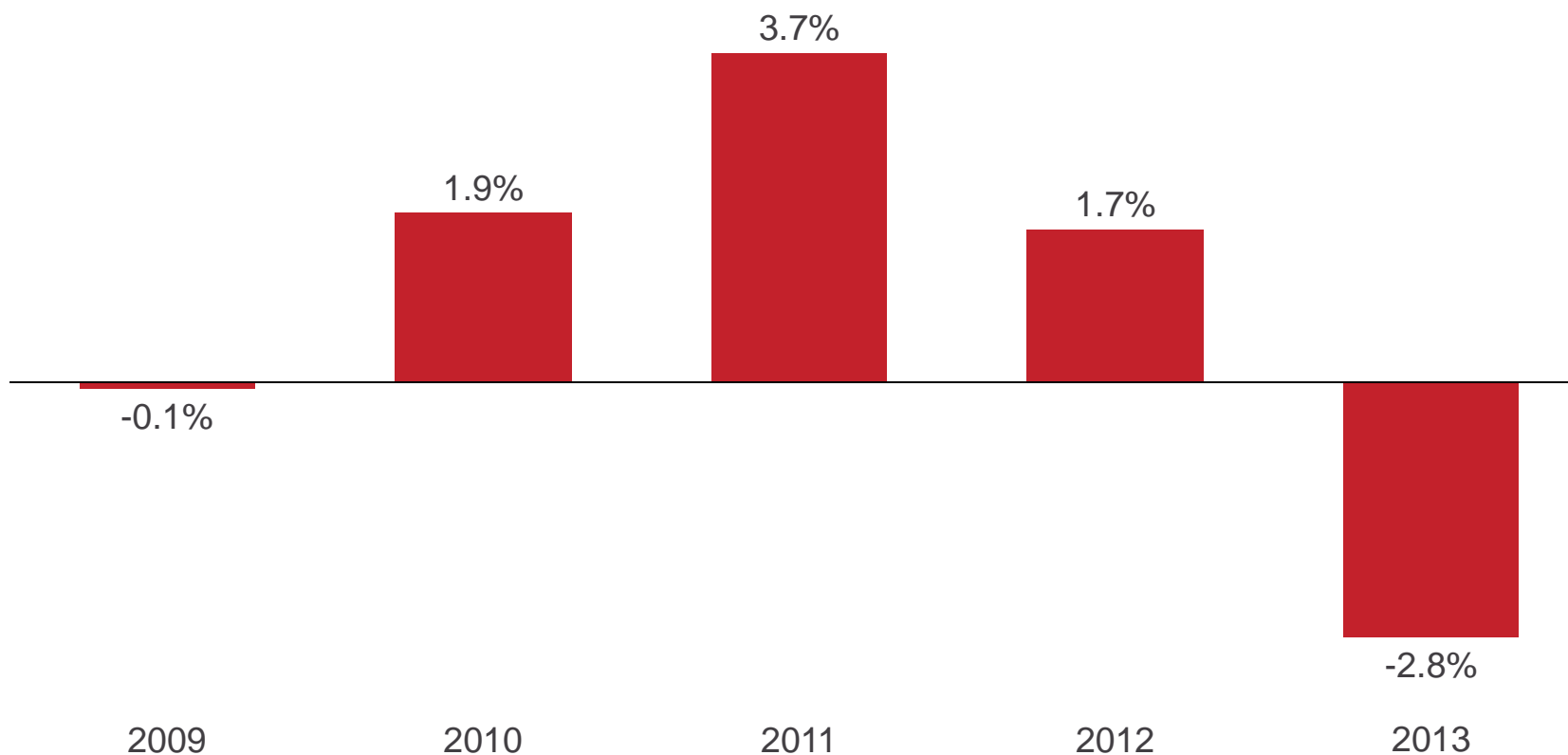
RTM EBIT (adjusted)



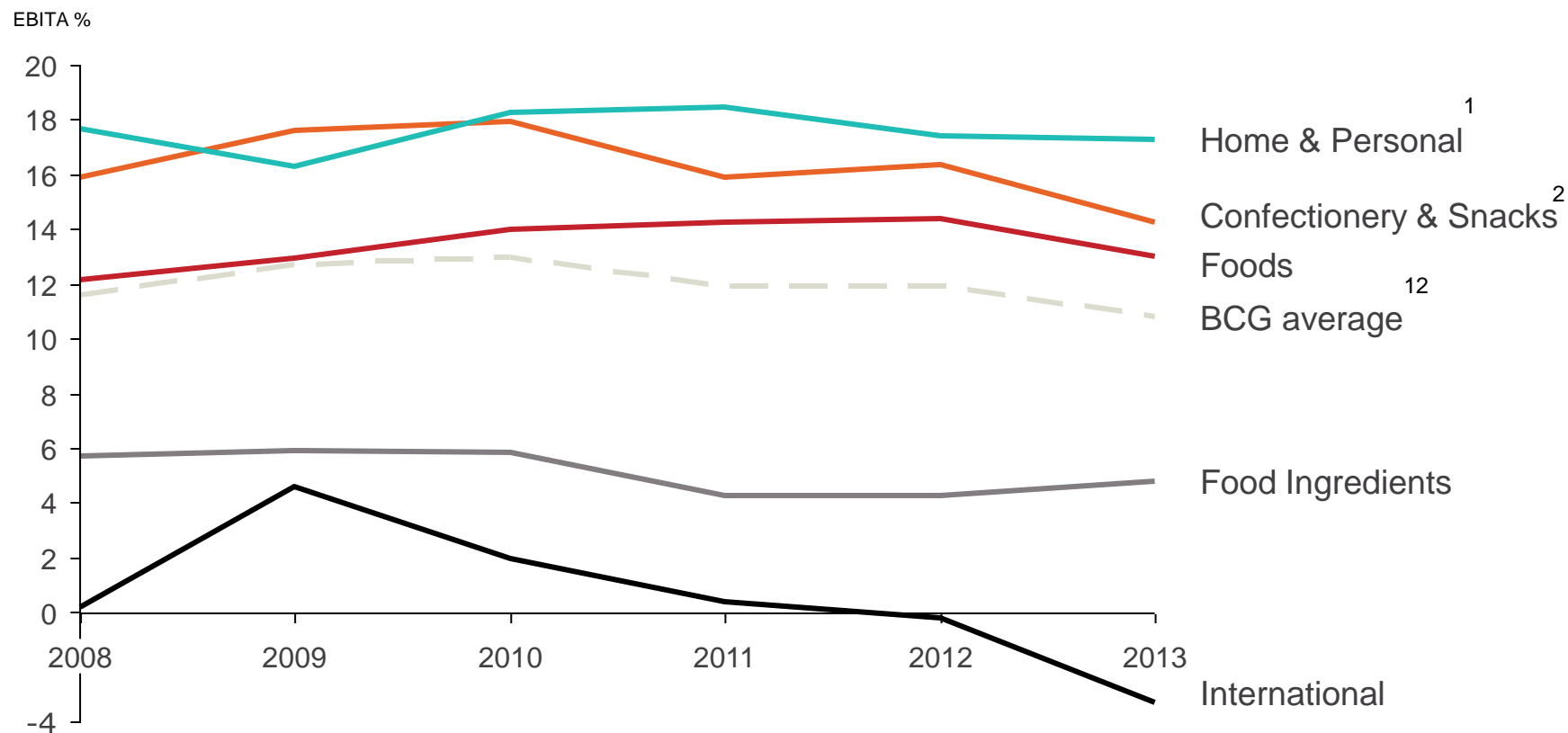
Cash conversion¹



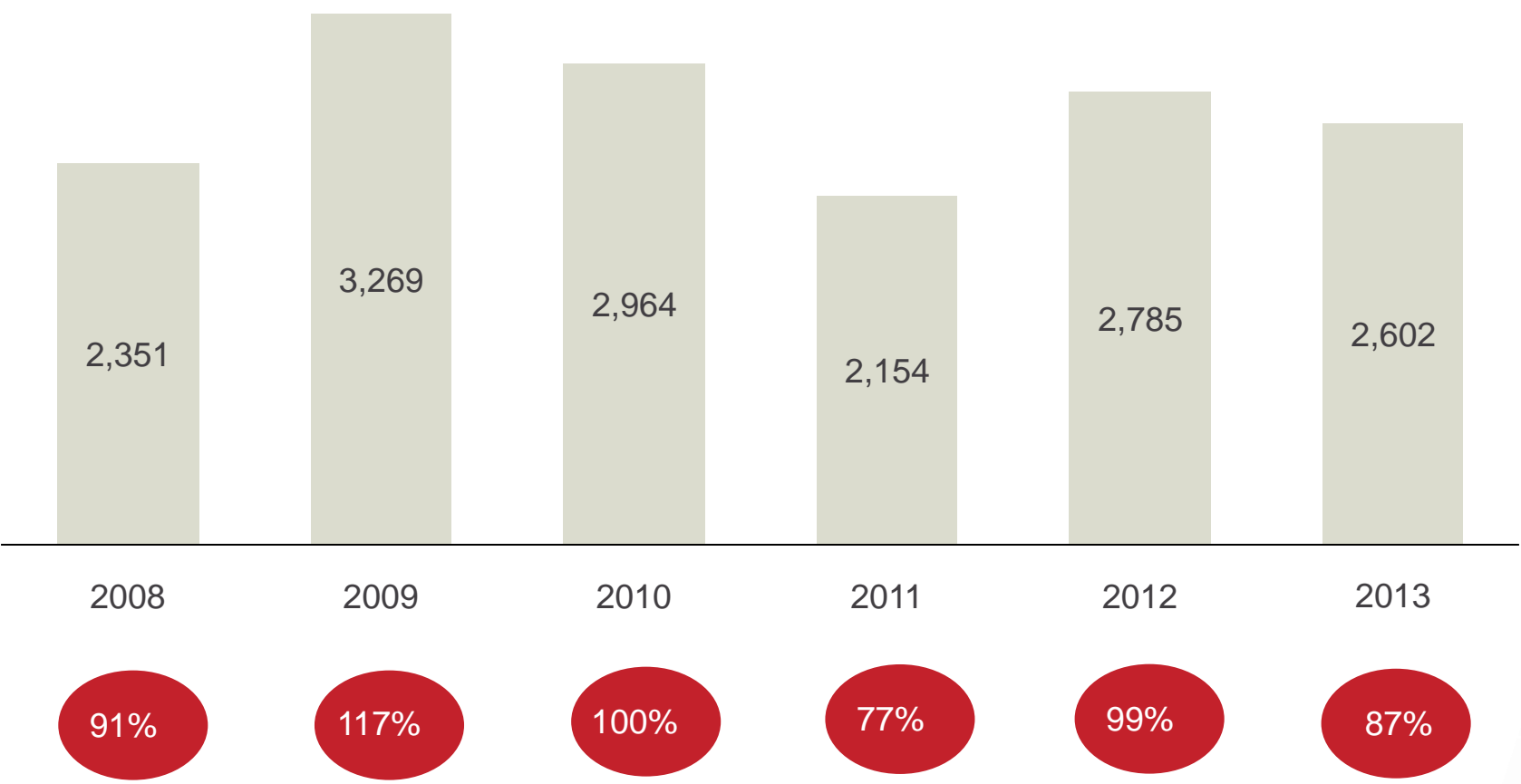
Organic sales growth¹ 2009 – 2013



Strong local brand positions, high margin level in the Nordics

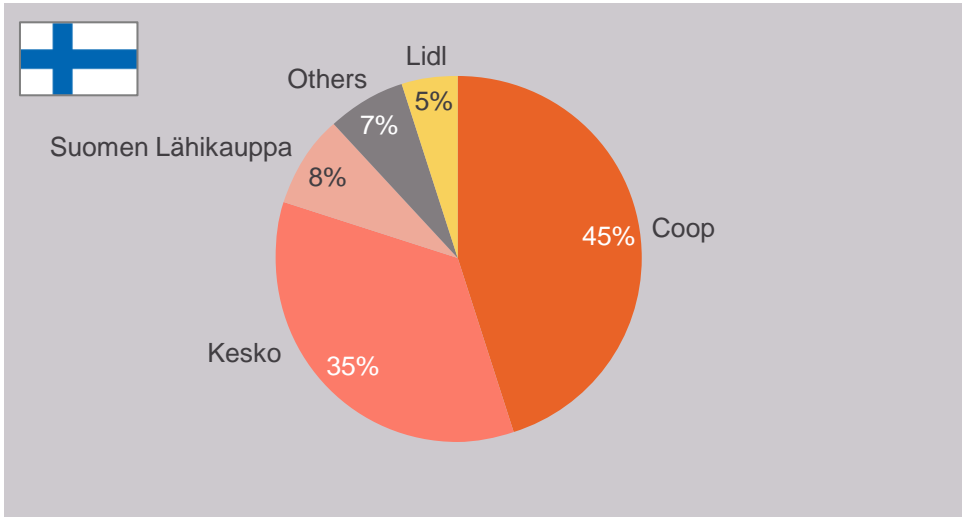
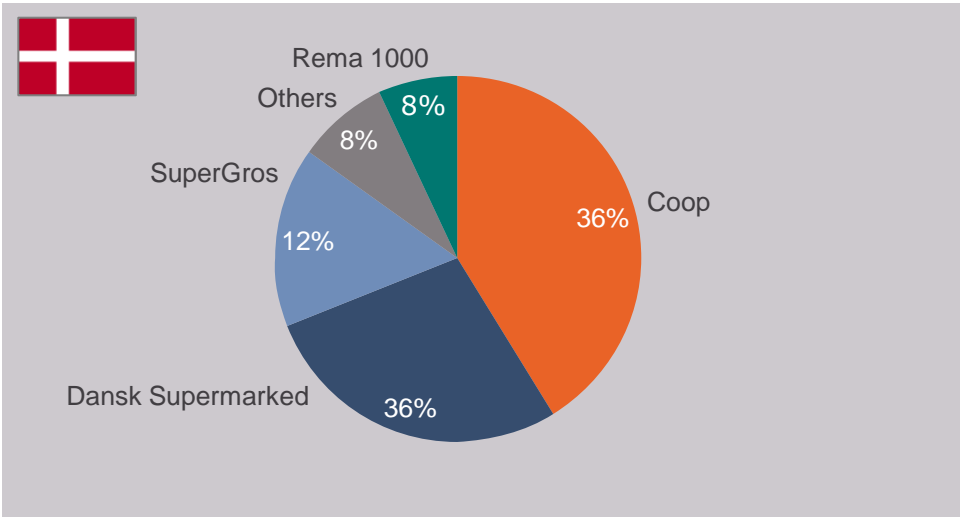
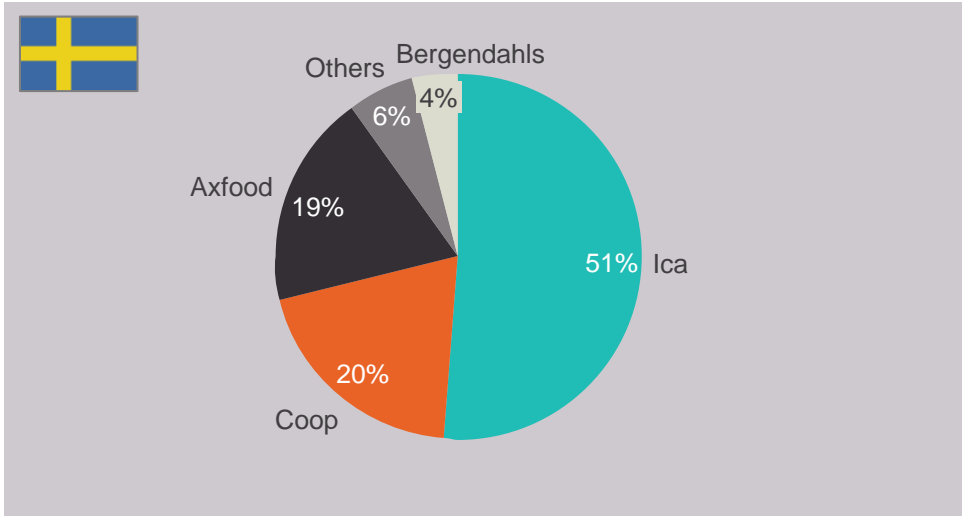
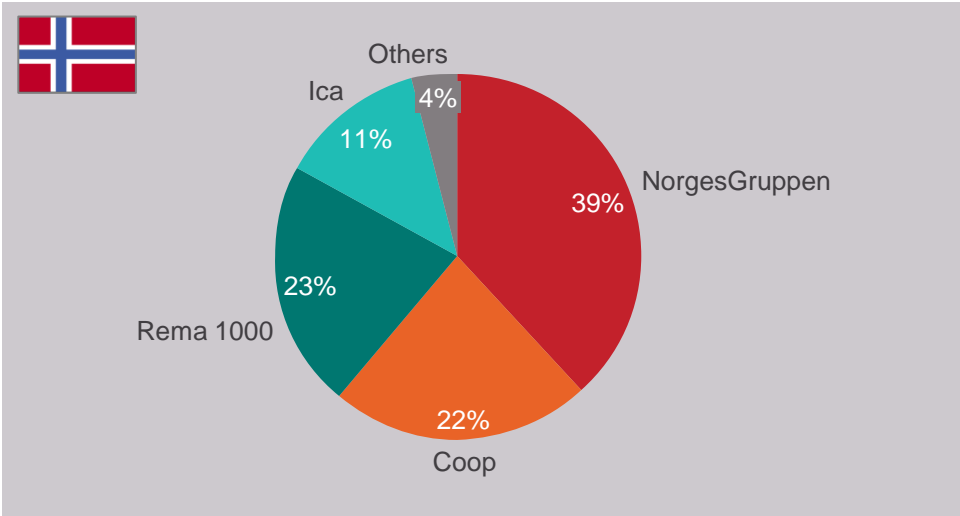


Solid cash flow over time



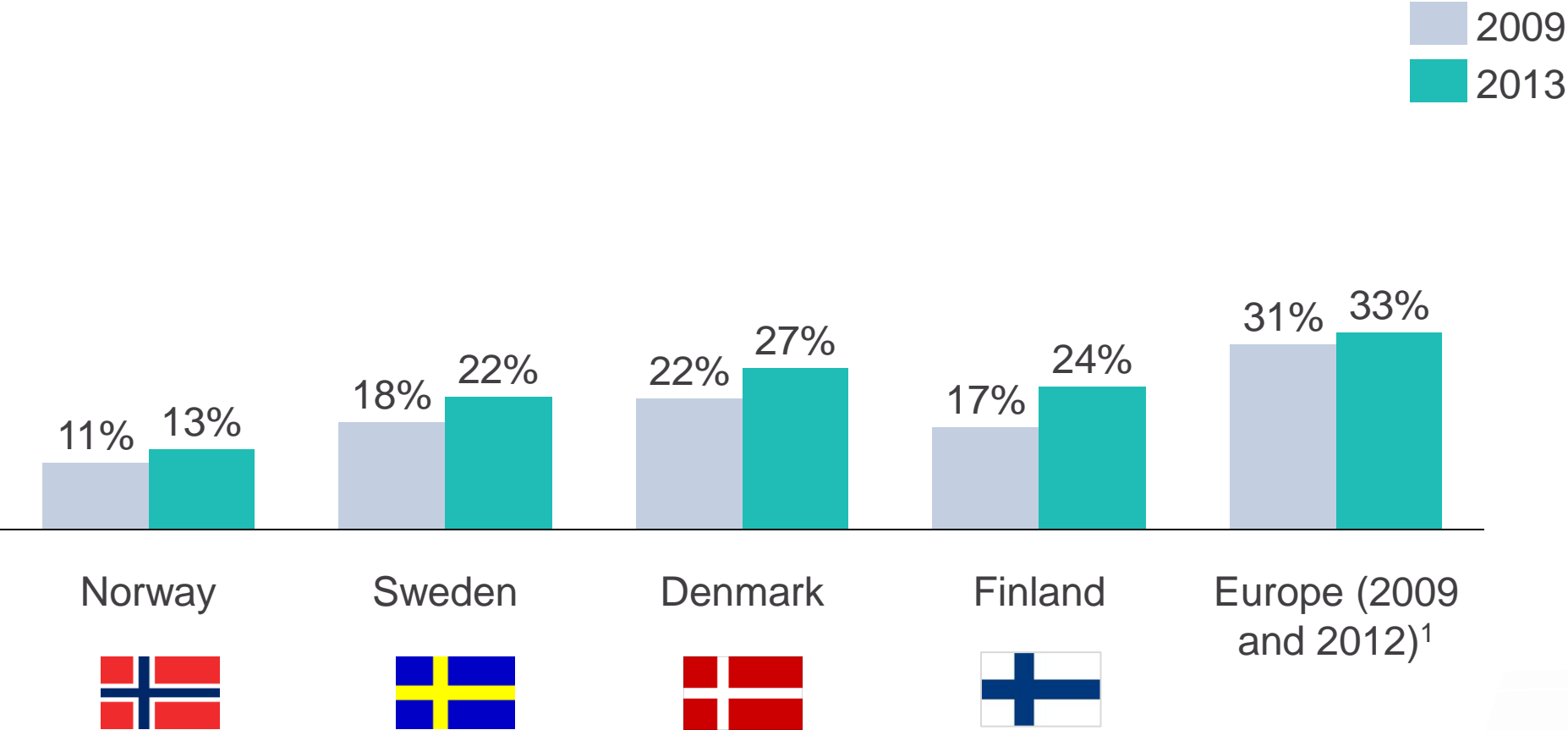
*Cash flow from operations before tax / EBITA

Consolidated Nordic retail markets



Private label is growing, but slowly

Private Label market shares in the grocery trade



Diversed exposure to raw materials

10 Largest raw material groups

Vegetable oil
Flour, grain and bakery
Meat
Fish
Sugar
Milk products
Fruit and berry
Cocoa and chocolate
Nuts
Cheese

FAO Food price index (April 2014)

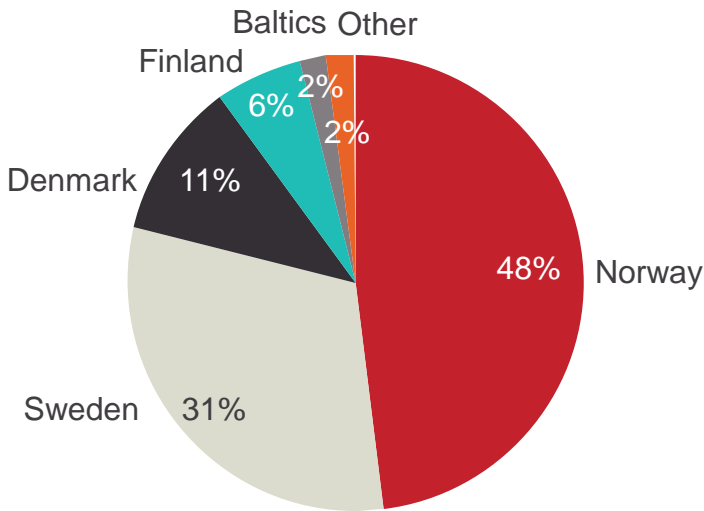




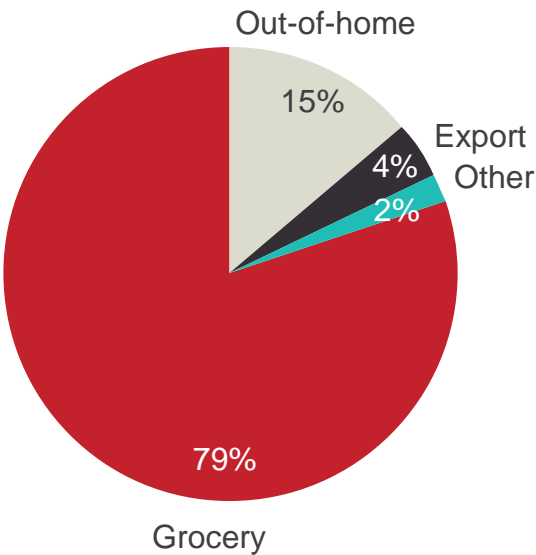
A broad portfolio with ~80% of revenues from Norway & Sweden

Revenues 2013, proforma incl. Rieber for the full year: NOK 11 billion

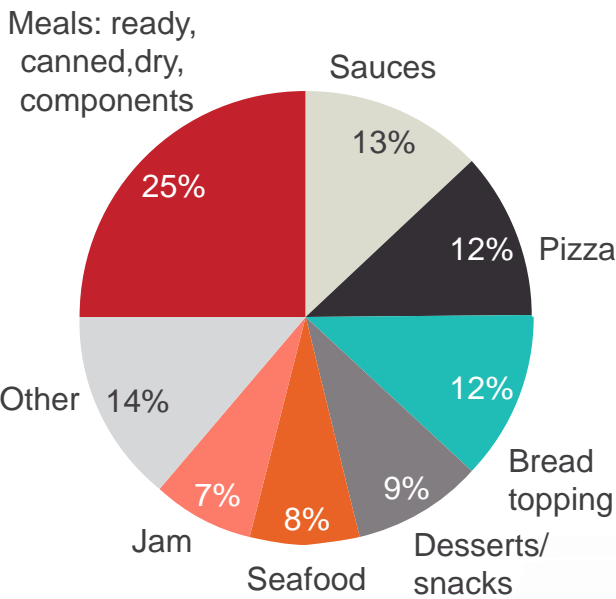
**Geographical
sales split 2013**



**Sales
channel sales split
2013**

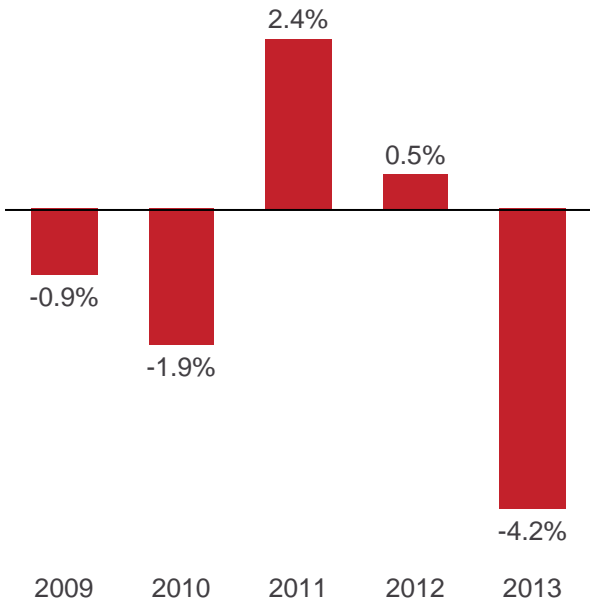


**Category
sales split 2013**

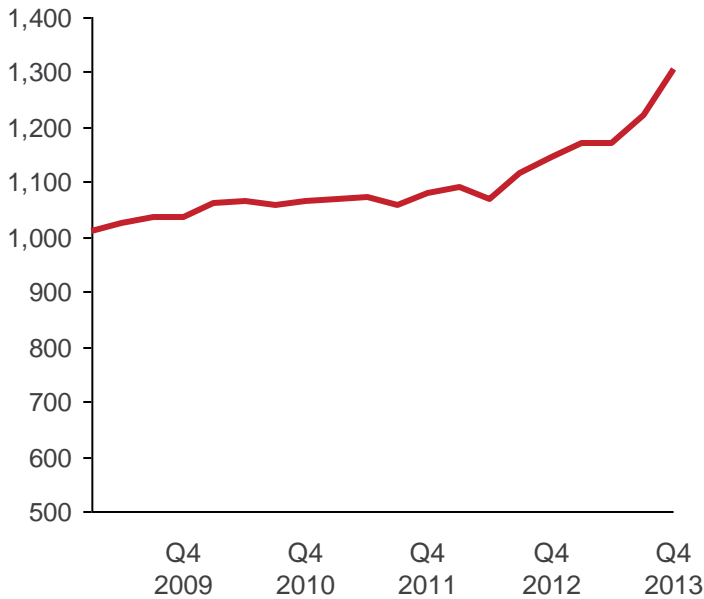


Orkla Foods

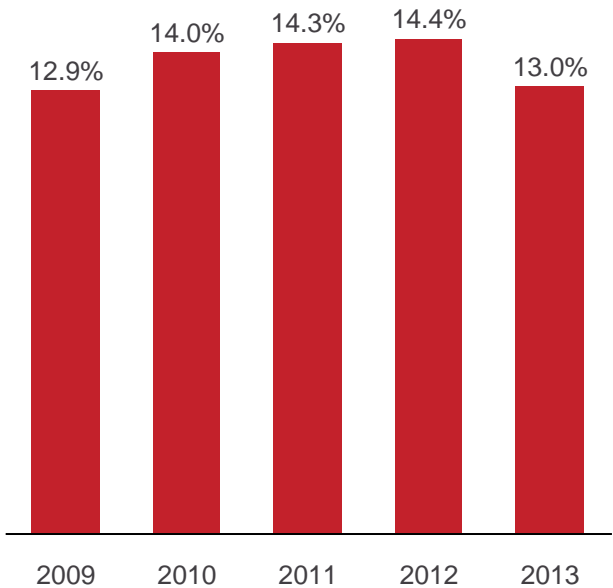
Organic sales growth¹



RTM EBIT (adjusted) (NOK million)



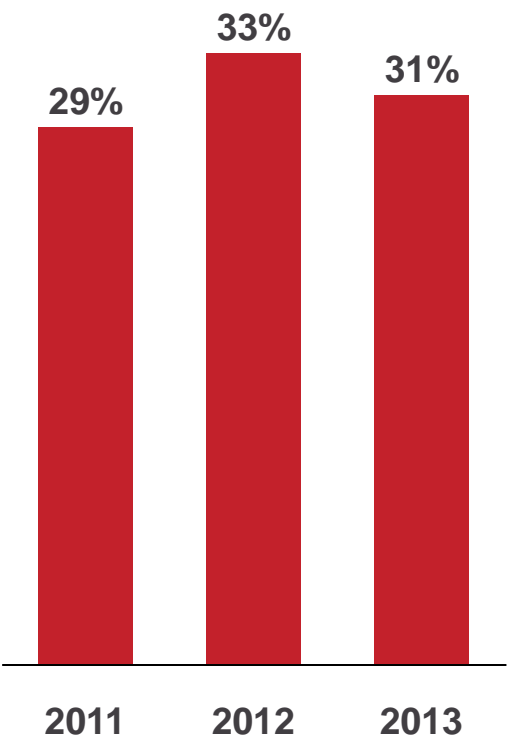
EBIT margin (adjusted)



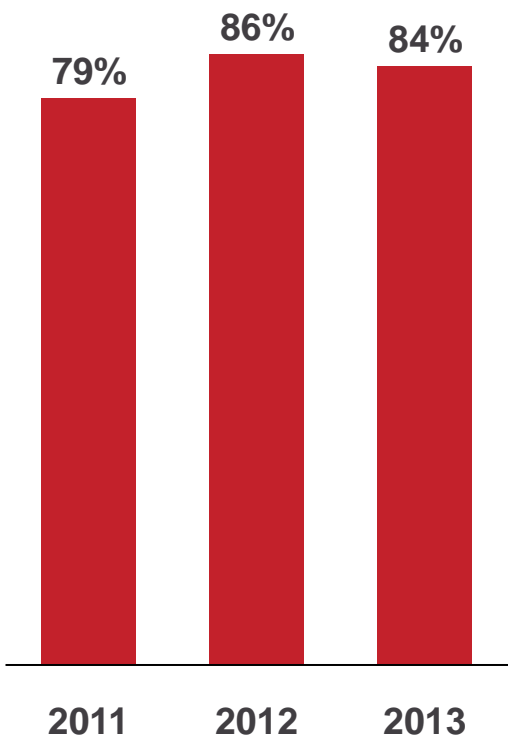
1. Adjusted for acquired and divested companies and currency translation effects. Divested bakery business excluded for all years

Orkla Foods

Gross margin



Cash conversion¹

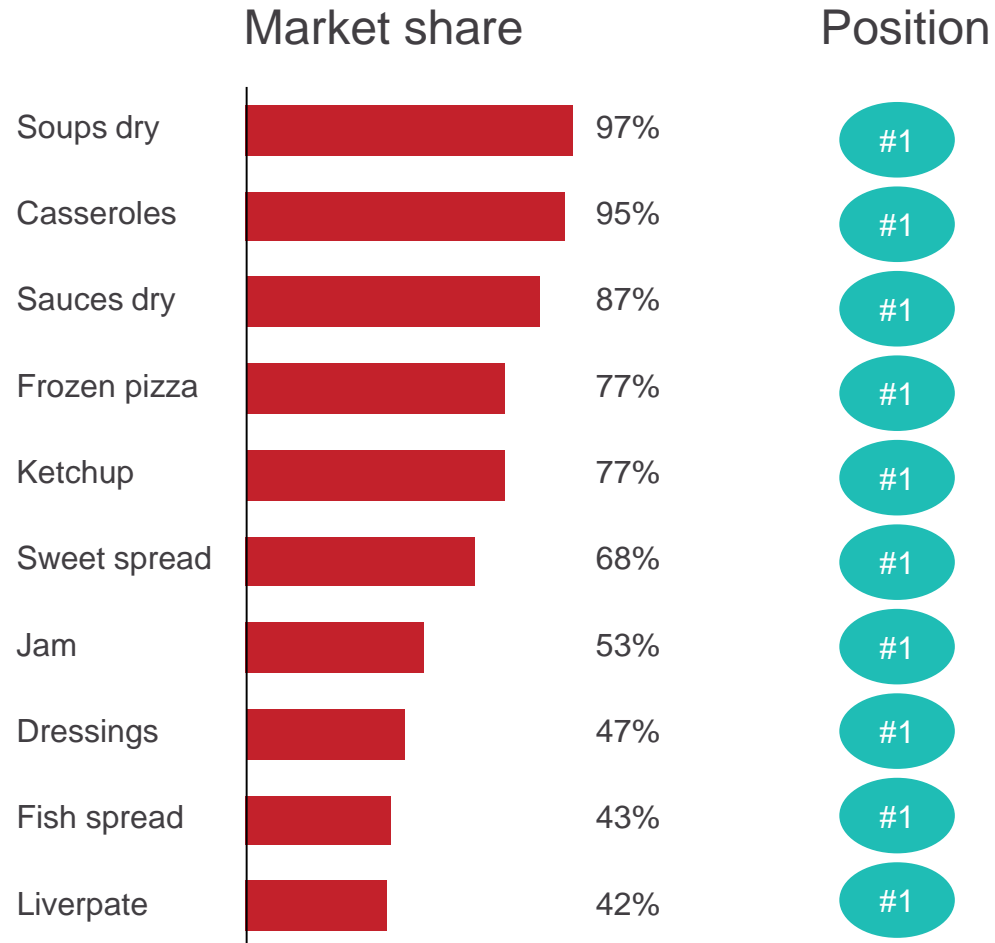


Strong #1 brands with long heritage

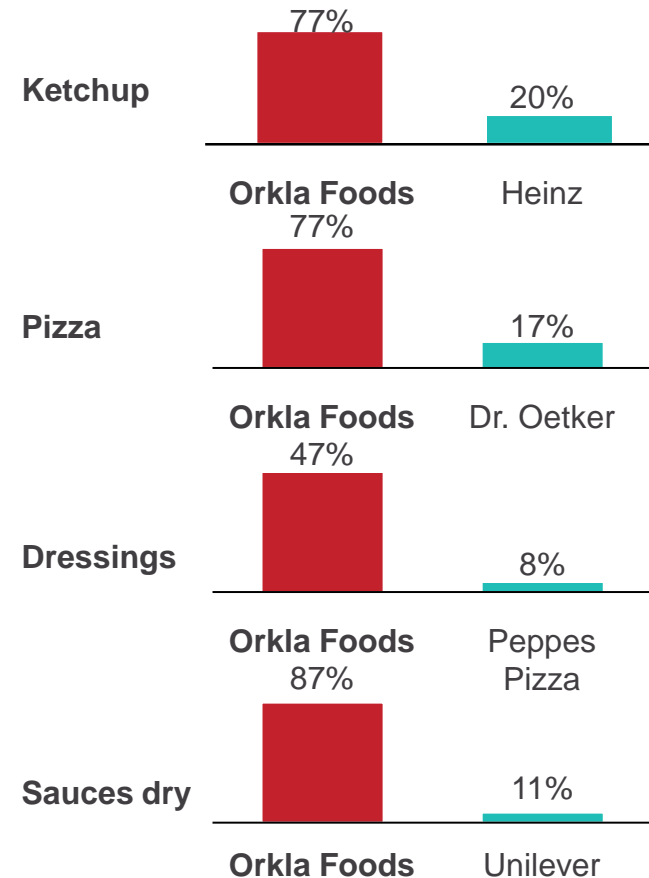




#1 market positions in Norway

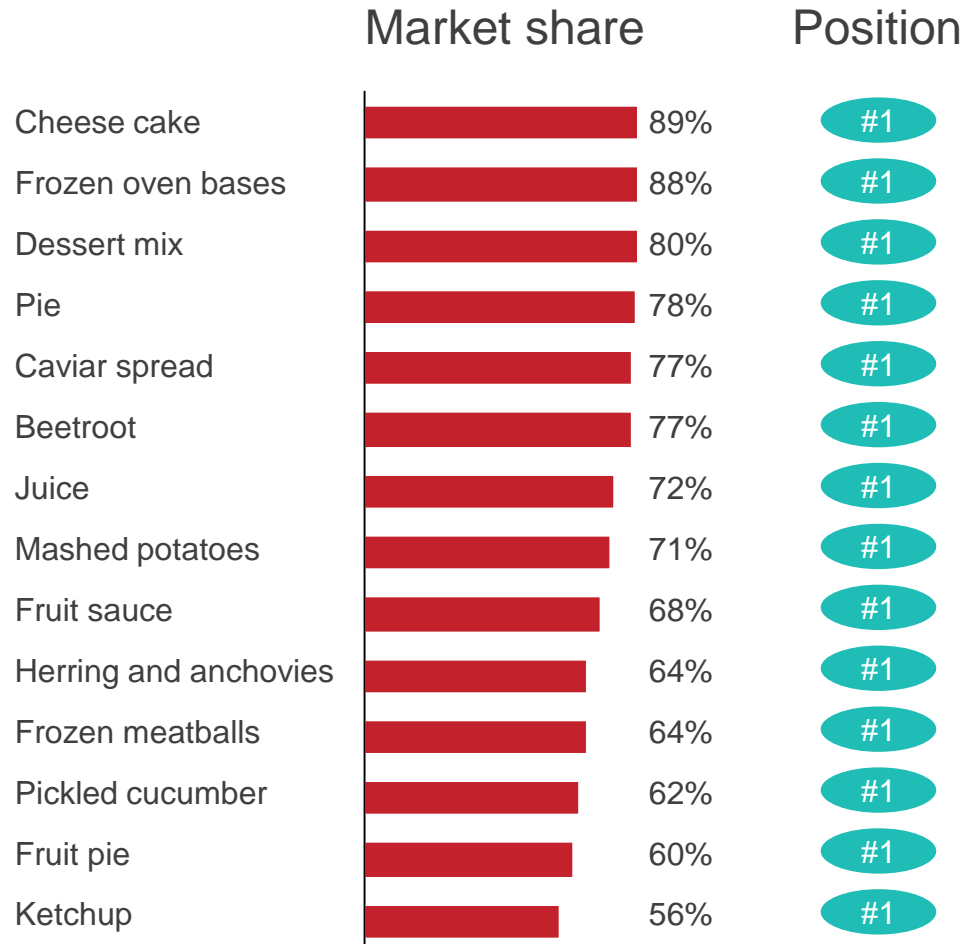


Orkla vs. multinationals

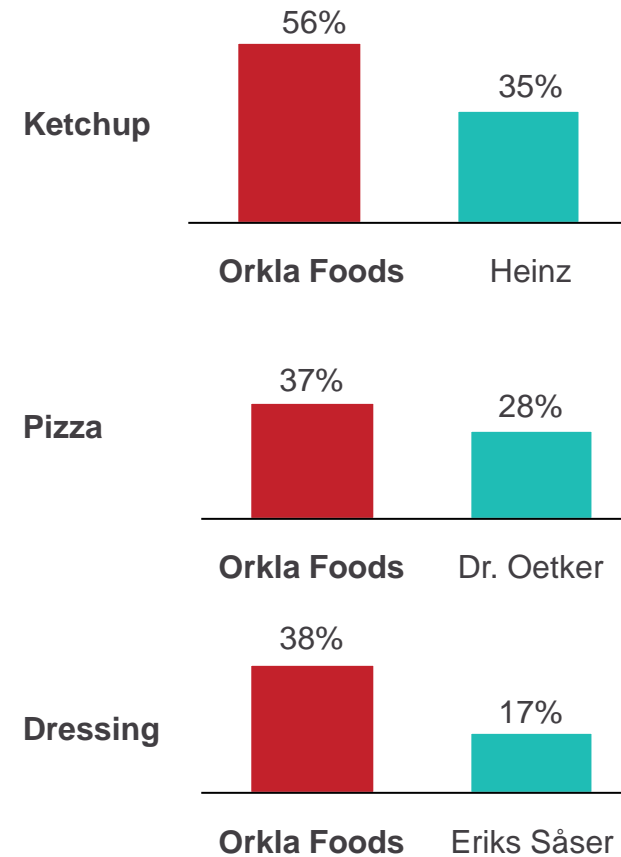




#1 market positions in Sweden

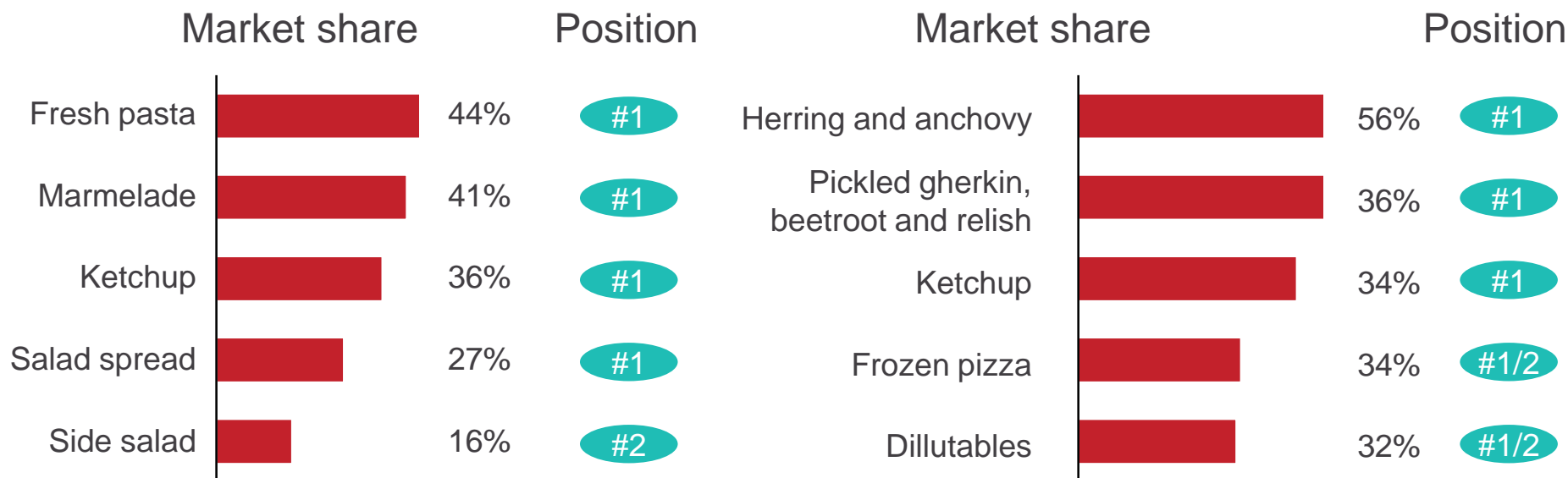


Orkla vs. multinationals



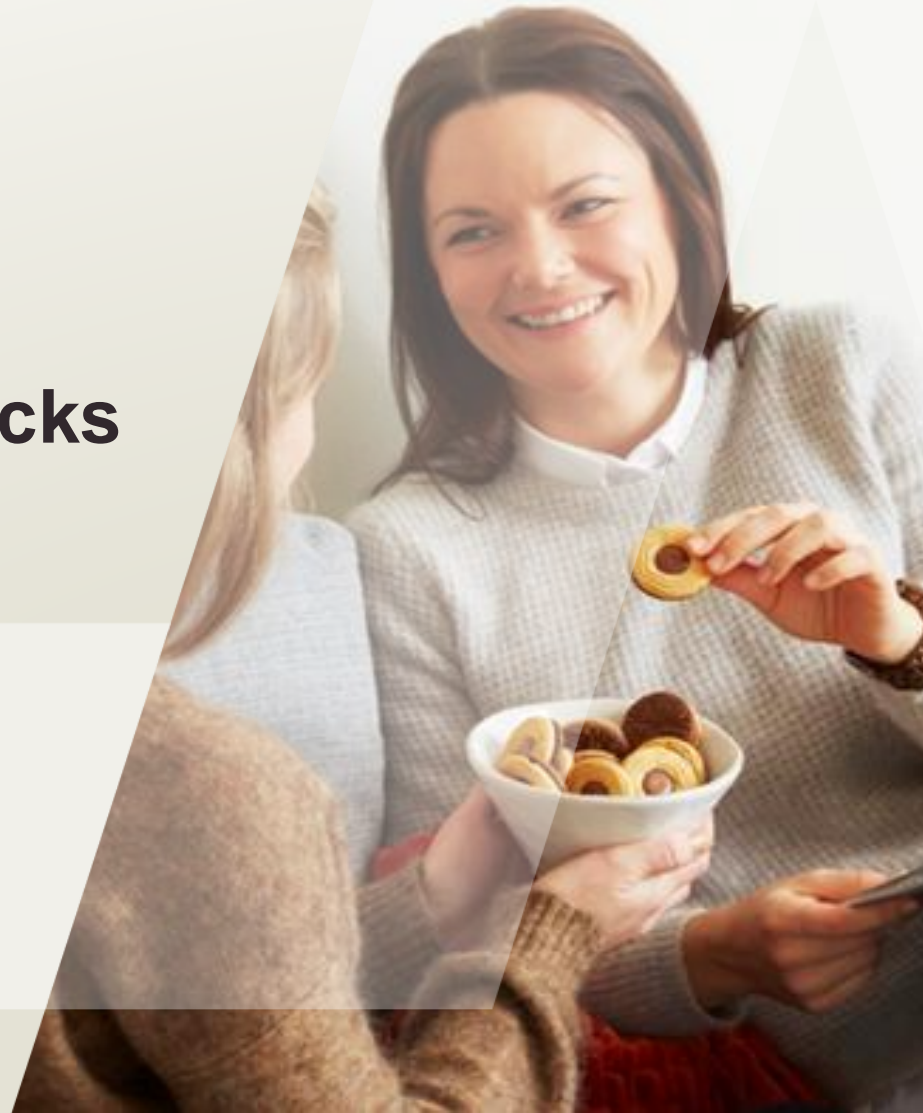


Solid market positions in Denmark and Finland



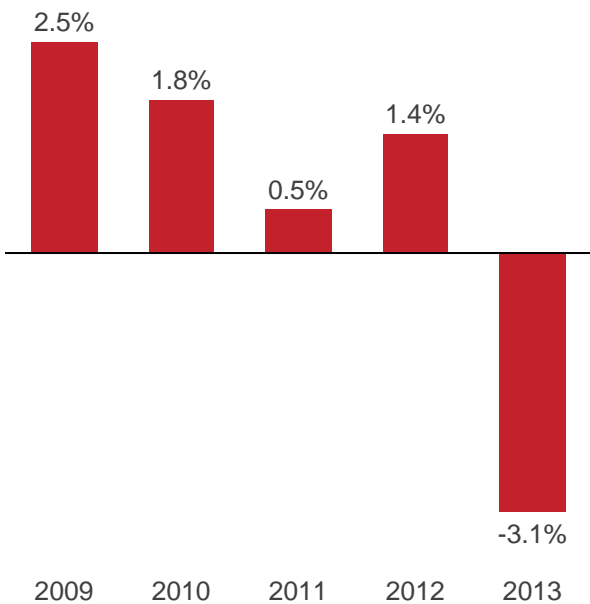


Orkla Confectionery & Snacks

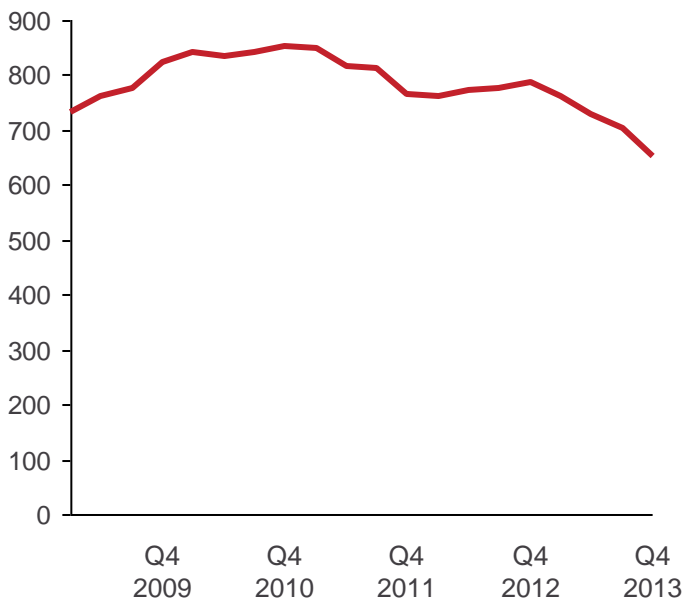


Orkla Confectionery & Snacks

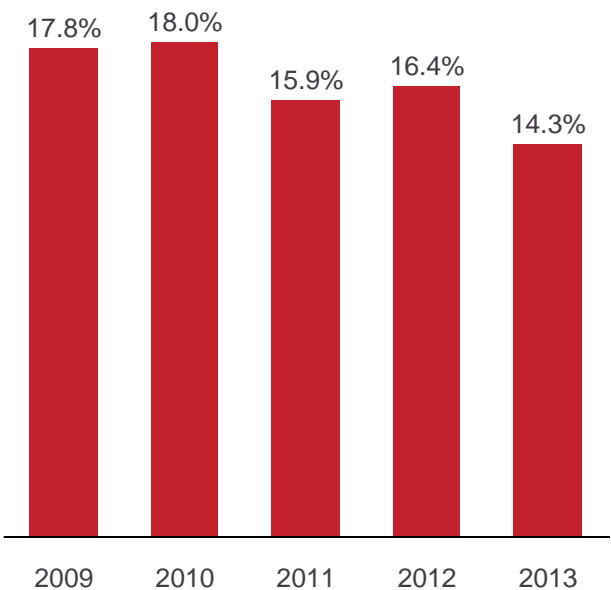
Organic sales growth¹



RTM EBIT (adjusted) (NOK million)

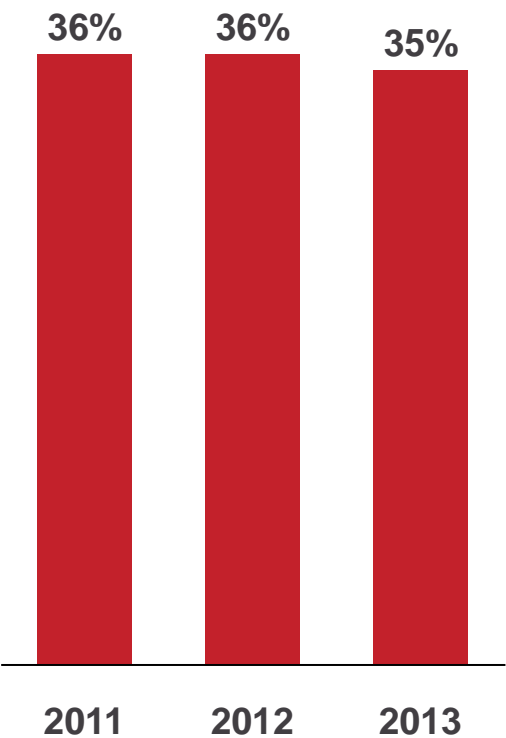


EBIT margin (adjusted)

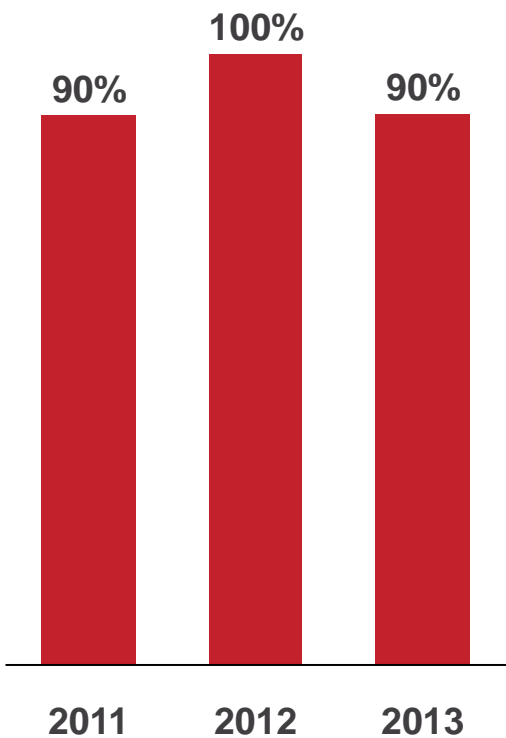


Orkla Confectionery & Snacks

Gross margin



Cash conversion¹



One of the largest Nordic confectionery & snacks companies

Net revenue 2013: NOK 4.8 billion

Confectionery



NOK 1.7 bn. (35%)

- Chocolate confectionery
- Sugar confectionery
- Pastilles & chewing gum

Snacks



NOK 2.2 bn. (46 %)

- Potato chips
- Cheese snacks
- Nuts
- Special snacks

Biscuits

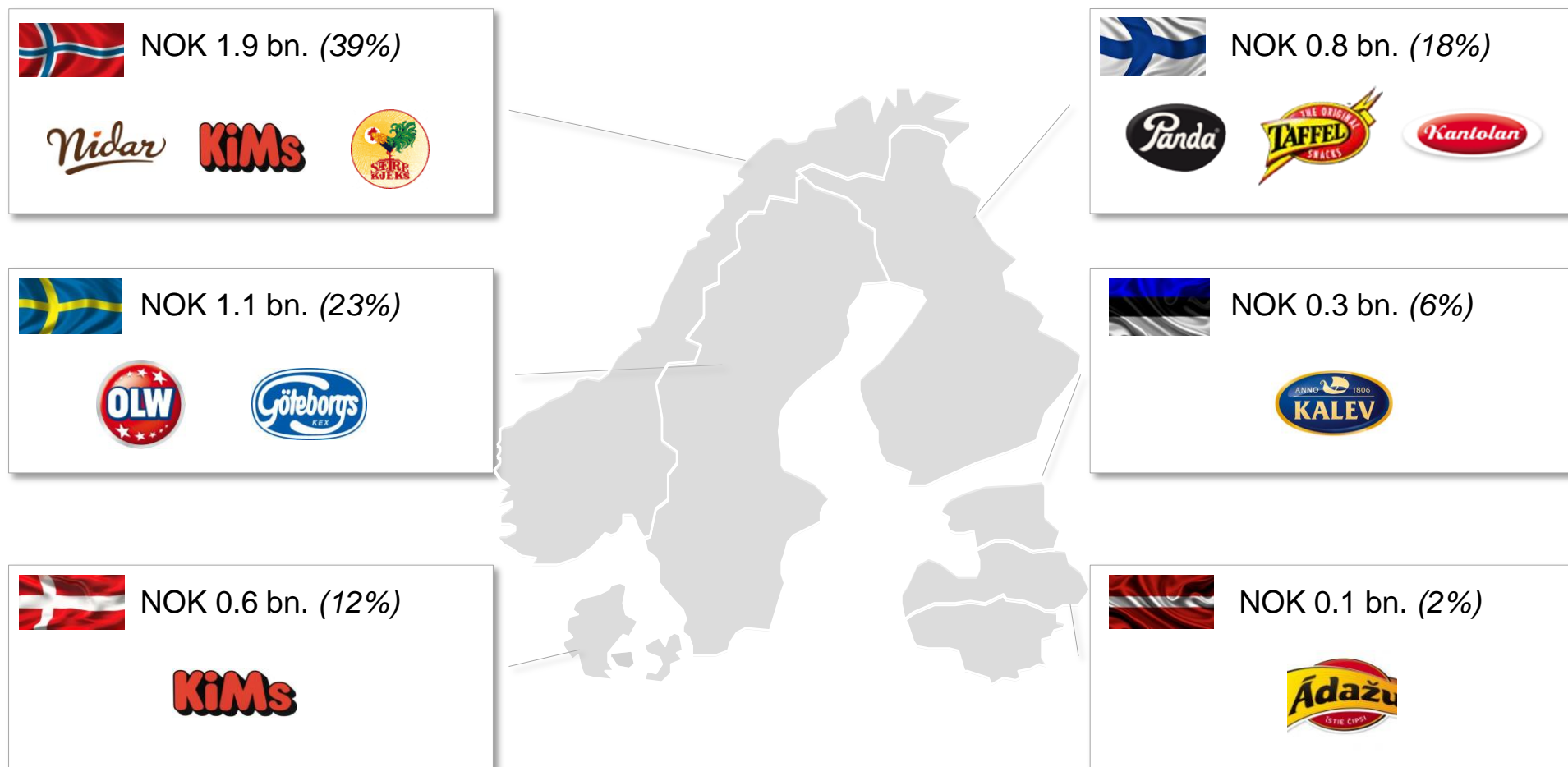


NOK 0.9 bn. (19%)

- Sweet biscuits
- Savory / food biscuits

Norway and Sweden are the largest markets

Revenues (NOK billion) per company and share of total Orkla C&S revenues



Local # 1 brands with long heritage – over 90 years

Top 5 brands (revenues) per category



Confectionery

Stratos (1936)

- # 2 milk chocolate in NO



(1988)

- Unique sweet & salty combination



(2003)

- Family favorite mixed chocolate bags



(1970)

- # 1 throat lozenge in NO



(1965)

- Traditional sugar confectionery in NO



Snacks

KiMs (1965)

- # 1 snacks brand in DK, # 2 in NO



(1967)

- # 1 snacks brand in SE



(1968)

- # 1 cheese snack in SE & NO



(1957)

- # 1 nut brand in NO



(1970)

- # 1 snacks brand in FIN



Biscuits

Ballerina (1963)

- # 1 biscuit brand in SE



(1968)

- Leading filled biscuit in SE

SAFARI (1984)

- Family favorite cookie in NO



(1991)

- # 1 oat cookie in NO












(2002)

- Local chocolate cookie favorite

Strong positions... but competition is increasing

Market share vs. nearest competitor and PL (largest markets)

 Confetti	Country	Orkla	Competitor	Private Label
 Snacks	 NO	29 %	36 % (Mondelez)	2 %
	 SE	35 %	18 % (Estrella)	23 %
	 DK (KiMs)	44 %	8 % (Lays)	25 %
	 NO	27 %	33 % (Maarud)	12 %
 Biscuits	 SE	37 %	8 % (Mondelez)	20 %
	 NO	51 %	20 % (Mondelez)	8 %



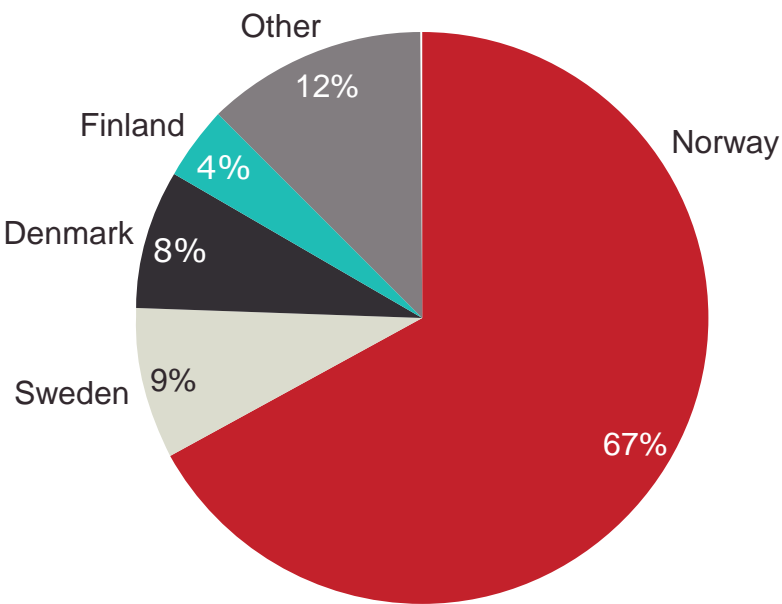
Orkla Home & Personal



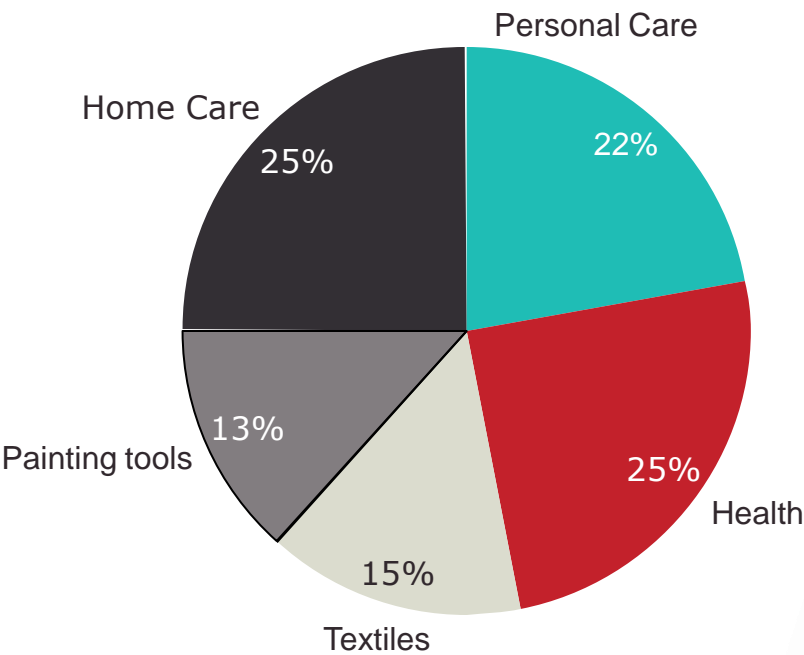
Large categories with sales mainly in the Nordic market

Reported revenues in 2013: MNOK 4770

Geographical sales split:

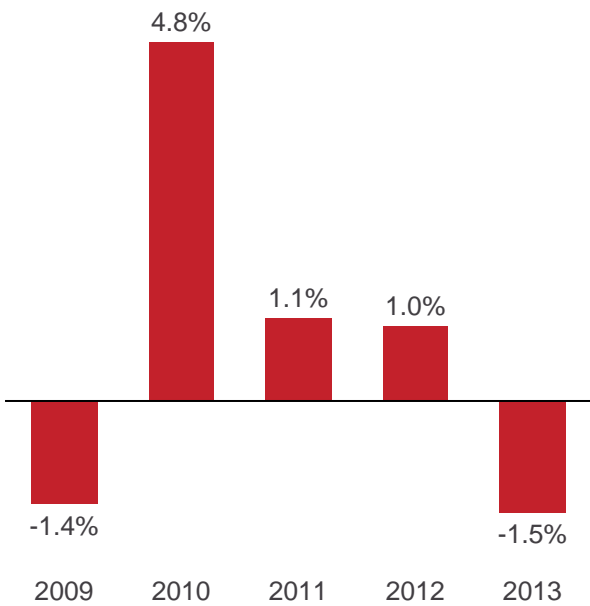


Retail sales* split by category:

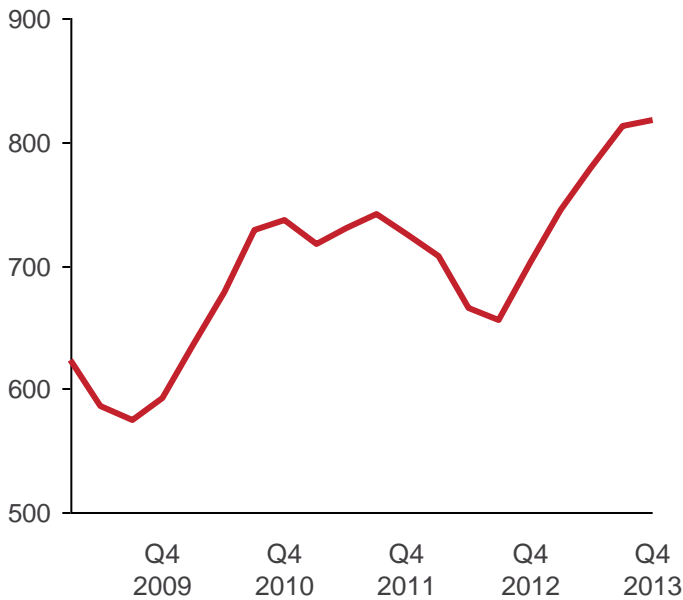


Orkla Home & Personal

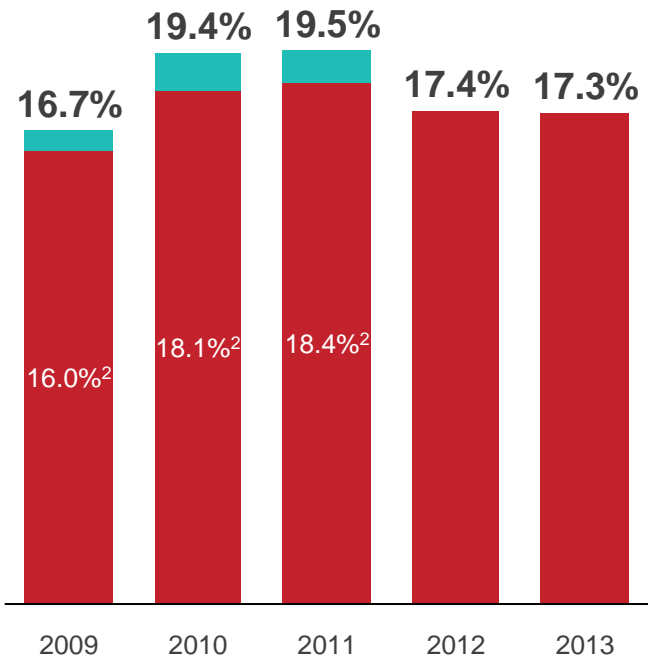
Organic sales growth¹



RTM EBIT (adjusted) (NOK million)



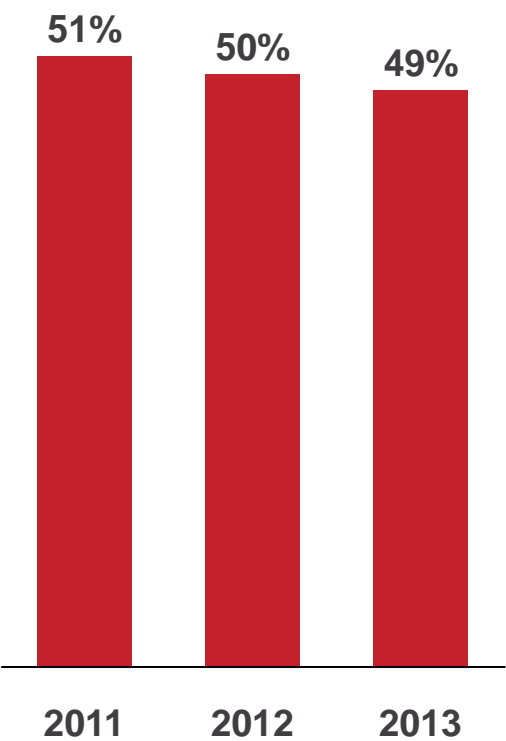
EBIT margin (adjusted)



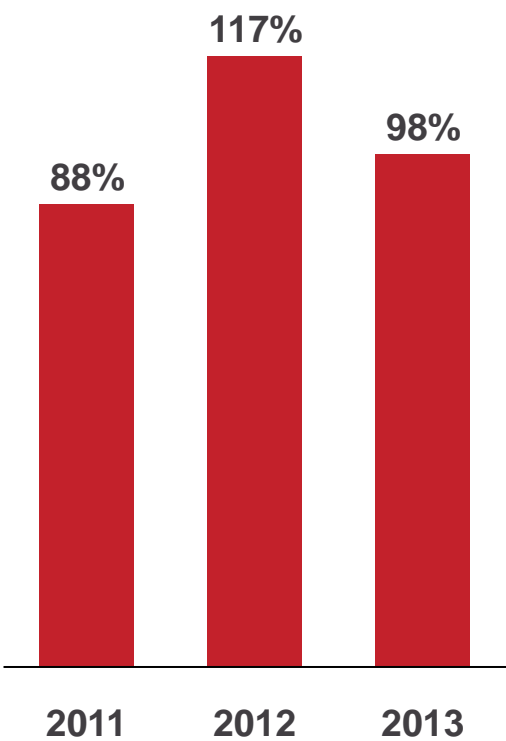
49 1. Adjusted for acquired and divested companies and currency translation effects.
 2. Adjusted for contract production to the process chemistry industry.

Orkla Home & Personal

Gross margin



Cash conversion¹



#1 positions in all product categories

- Stable markets
- Strong brand loyalty

- High margins
- Strong Nordic purchasing power











Personal Care

Home Care

Health

Textiles

Strong Nordic platforms for future growth

	Personal Care	Home Care	Health	Textiles
Sales channels:	<ul style="list-style-type: none"> Grocery Pharmacy 	<ul style="list-style-type: none"> Grocery B2B Home improvement retailers 	<ul style="list-style-type: none"> Grocery Pharmacy Health shops DTC Convenience Sport / Fitness B2B 	<ul style="list-style-type: none"> Grocery
Home markets:				
Companies:				

#1 local brands with long heritage – going back 150 years



Jordan (1837)



Möllers (1854)



Dr. Greve (1899)



SanaSol (1933)



Blenda (1935)



Lano (1936)



Zalo (1952)



Pierre Robert (1956)



Omo (1961)



Sun (1966)



Jif (1977)



Gerimax (1981)



Nutrilett (1989)

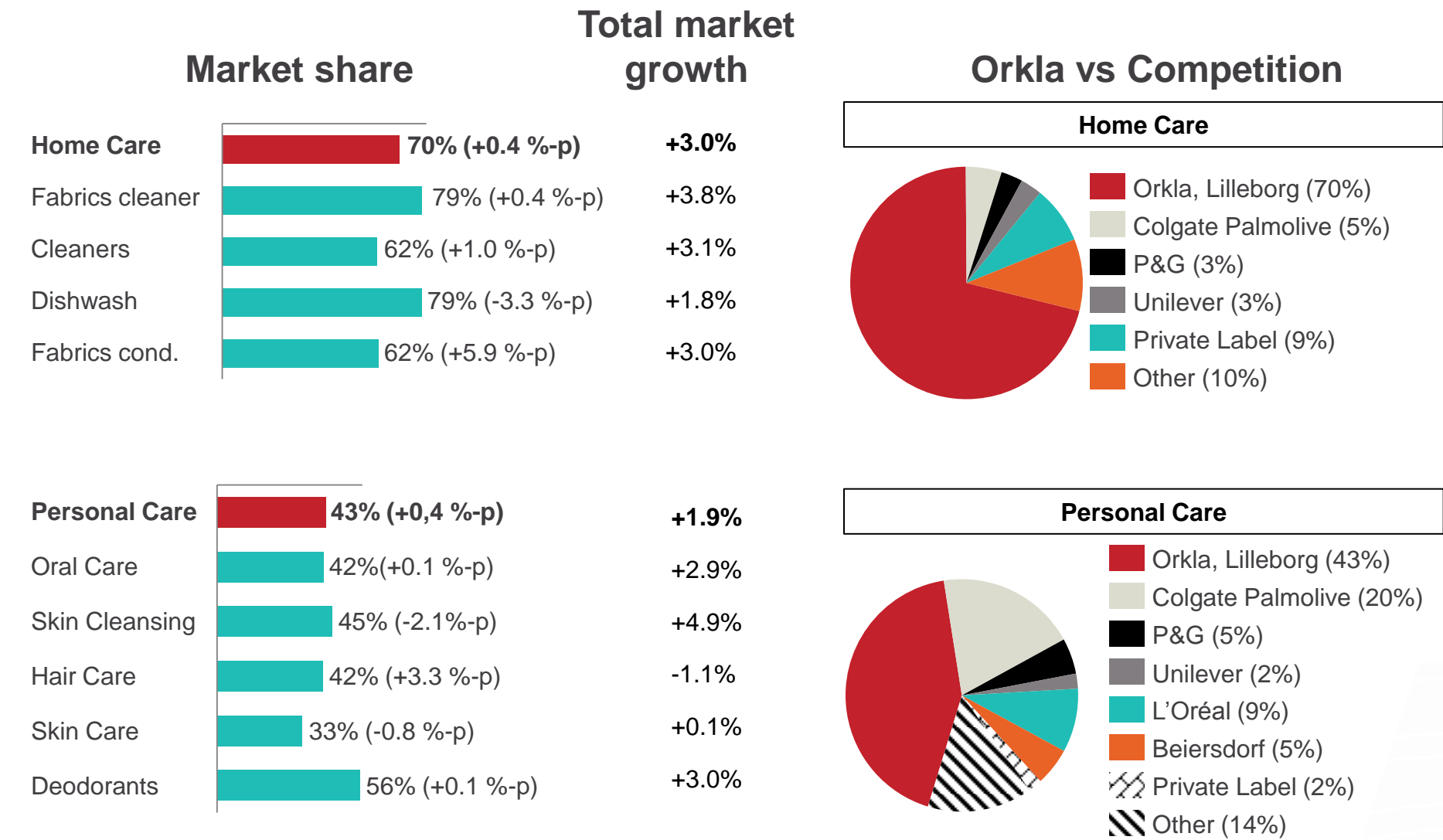


Maxim (1991)



Define (2001)

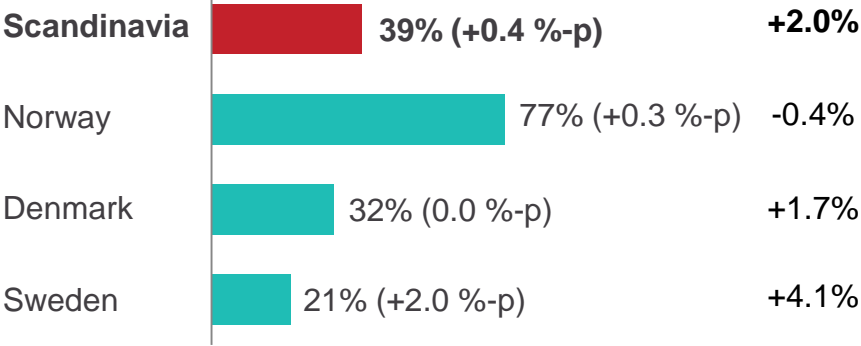
Unique home and personal care #1 positions in Norway



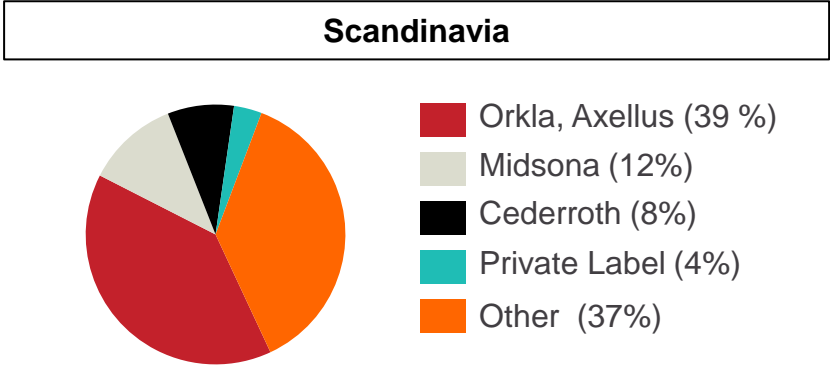
#1 market positions in food supplements

Total market growth

Market share

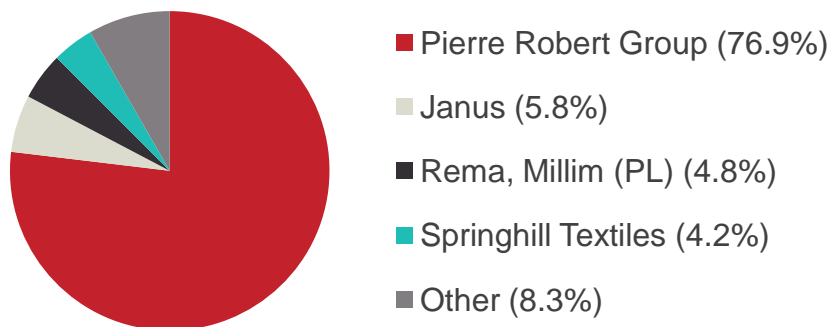


Orkla vs Competition



Strong grocery positions in textiles

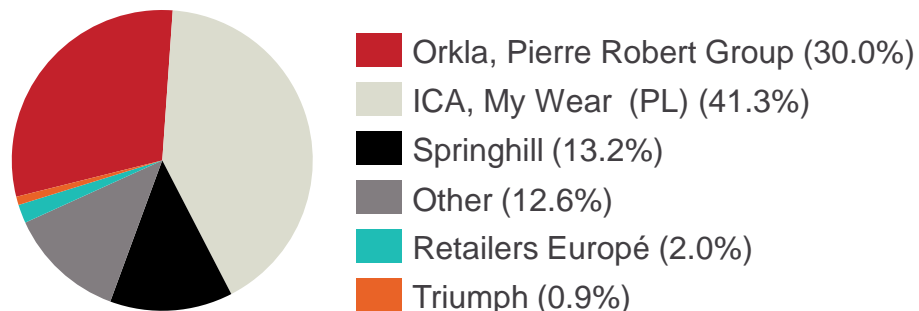
Market shares Norway



Change own market share: -0.7 %-p

Total market growth: -2.3%

Market shares Sweden



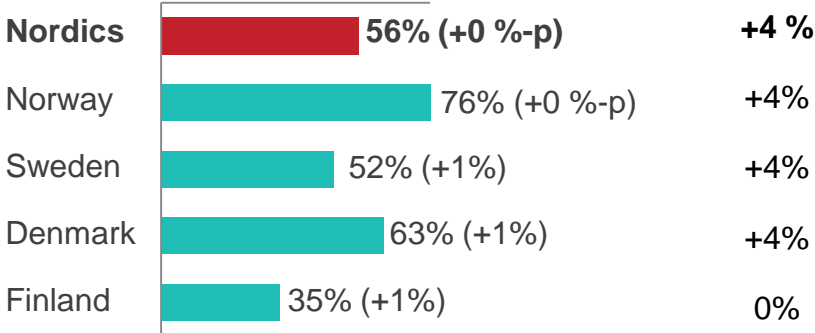
Change own market share: N/A

Total market growth: N/A

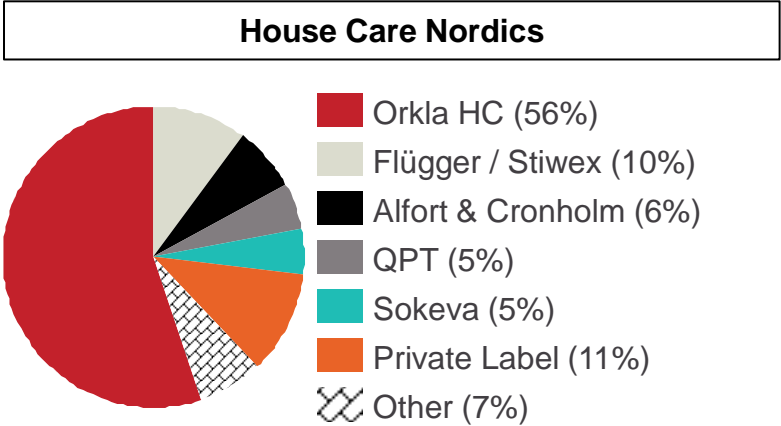


#1 Nordic market positions in House Care

Market share Total market growth



Orkla vs Competition





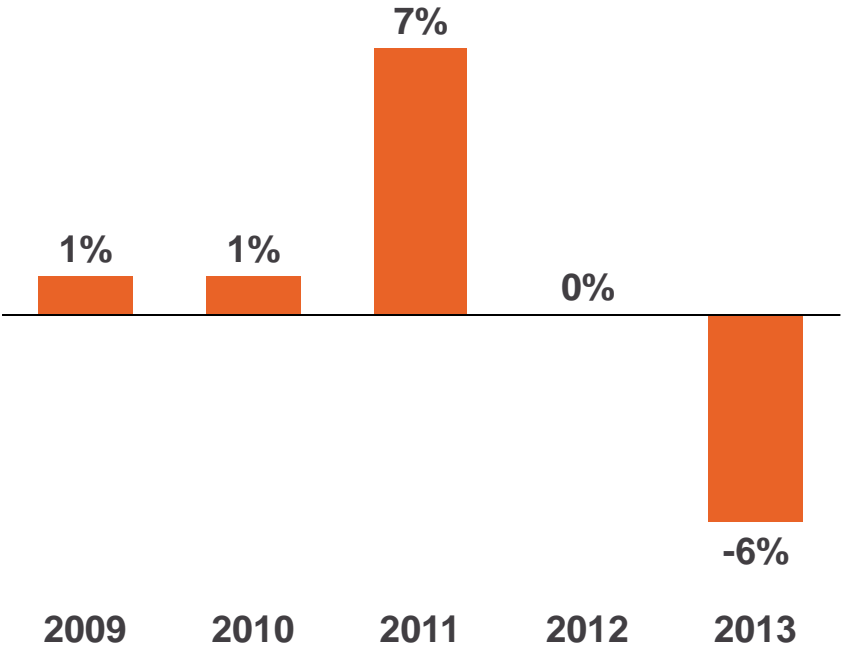
Orkla International



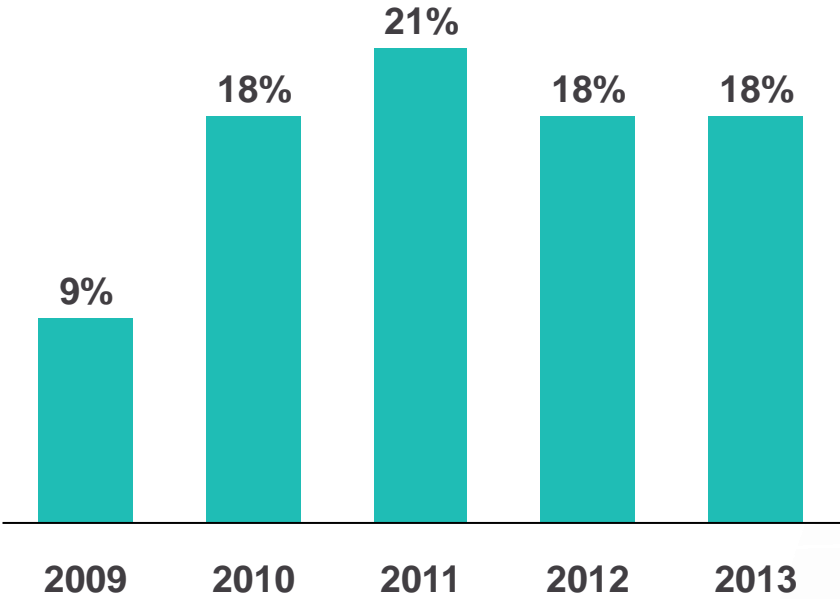
Orkla International

Organic sales growth¹

Russia:



India:

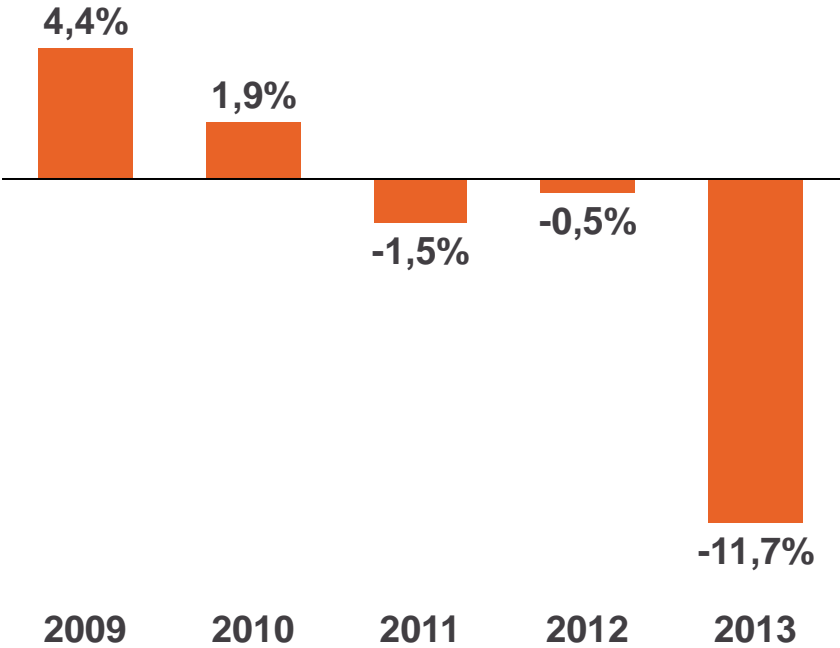


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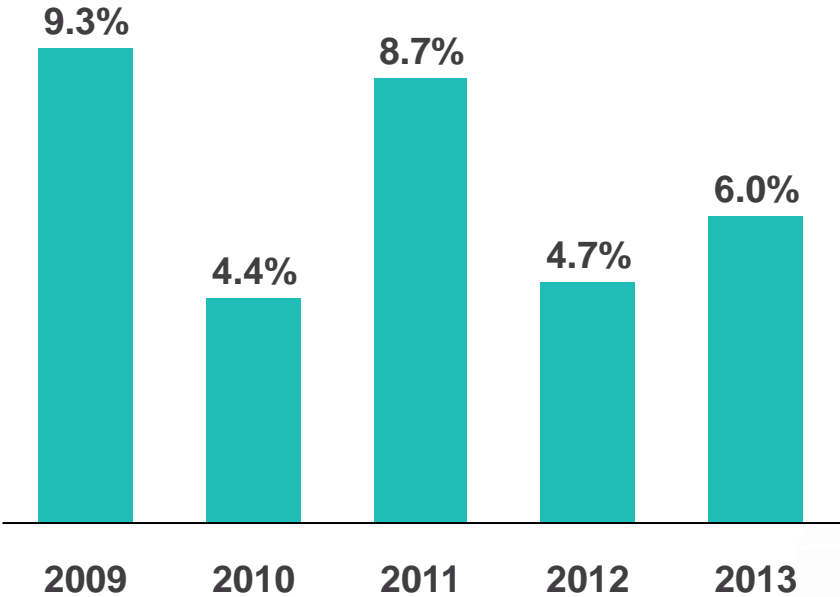
Orkla International

EBITA margin

Russia:

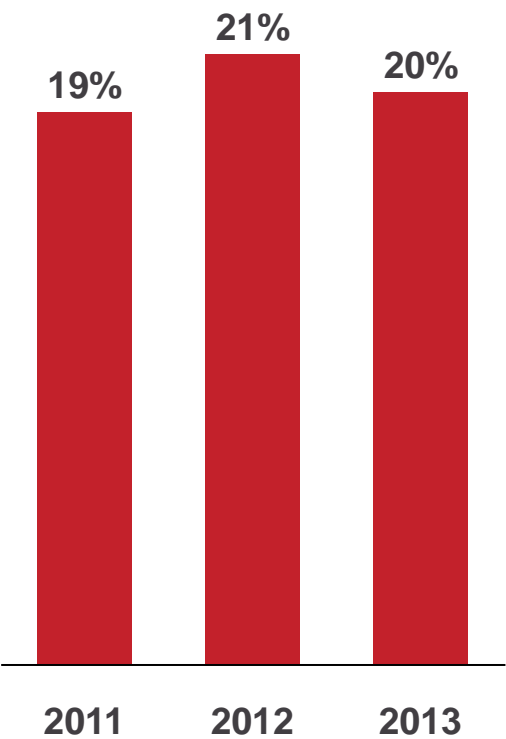


India:

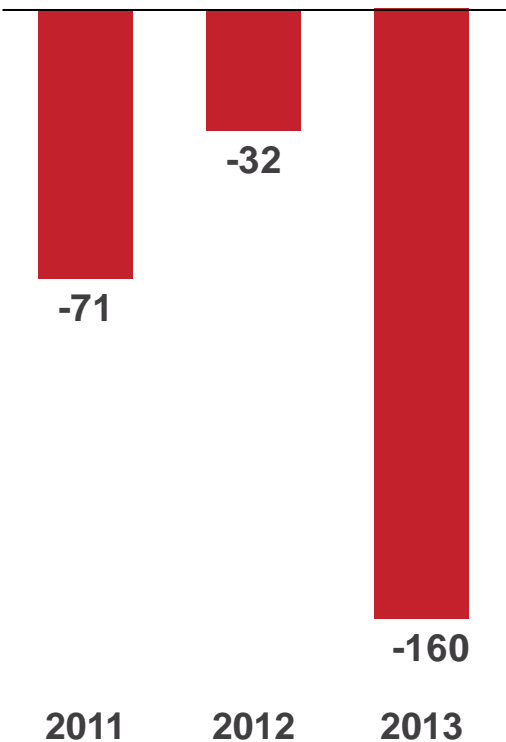


Orkla International

Gross margin



Cash flow from operations



BCG activities outside Nordic

Baltic

- Baltic defined as home market (Nordic)

Eastern-Europe

- Sales process ongoing for Delecta in Poland

Russia

- Sale process ongoing

India

- MTR is value accretive
- Represents optionality for Orkla longer term

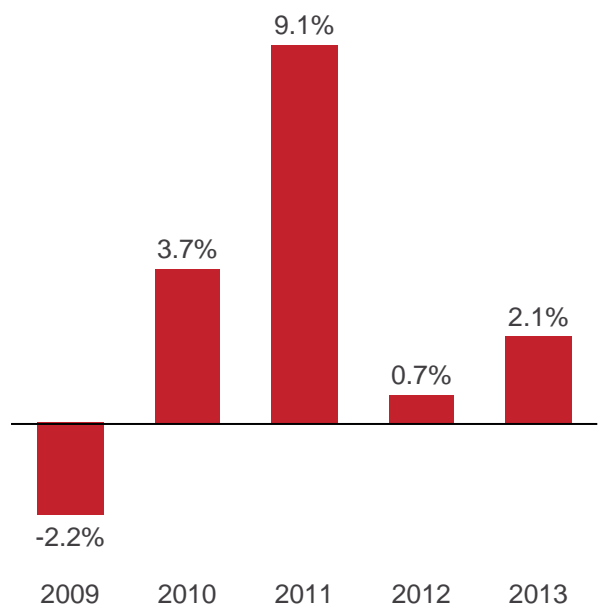


Orkla Food Ingredients



Orkla Food Ingredients

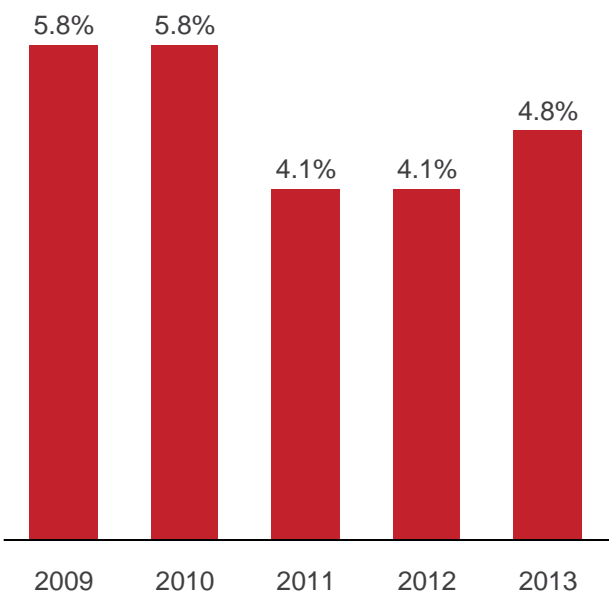
Organic sales growth¹



RTM EBIT (adjusted) (NOK million)

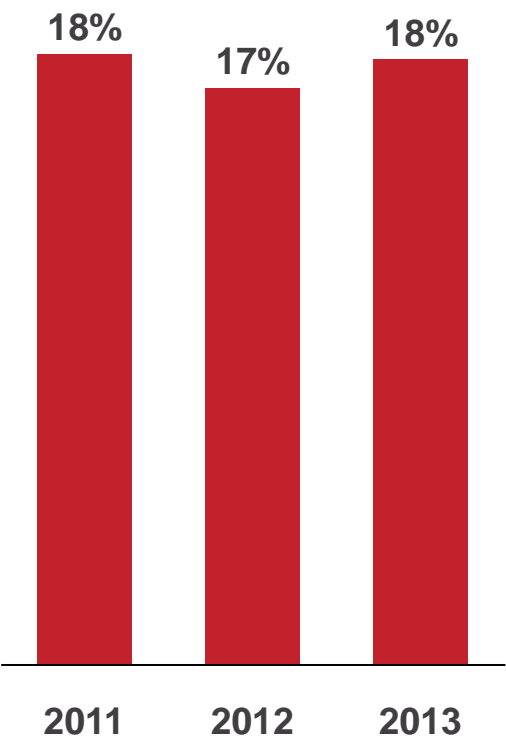


EBIT margin (adjusted)

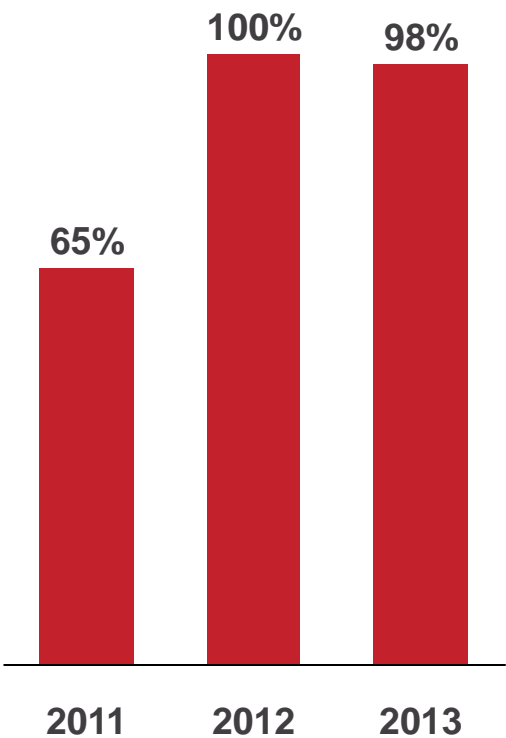


Orkla Food Ingredients

Gross margin



Cash conversion¹





Orkla Investments



Extruded aluminum products,
50/50 joint venture with Norsk Hydro



GRÄNGES

Rolled aluminum products,
Fully consolidated, EBITA 2013: NOK 337 m



Manufacturer of paints and coatings,
42.5% ownership

Hydro Power

2 hydro power plants in Norway,
Fully consolidated, EBITA 2013: NOK 213 m

Orkla also owns shares and financial assets valued to NOK 1 billion and real estate assets with a book value of approximately NOK 2.3 billion (values as of Q1 2014).

Sapa (50/50 joint venture)

- Improved demand for extruded products in North America and Europe of 5% and 2%, respectively, compared to Q1'13
- Underlying EBIT improved in all business areas compared to Q1 2013
- Restructuring progressing according to plan
- Net debt NOK 2.3 billion as of 31 March 2014

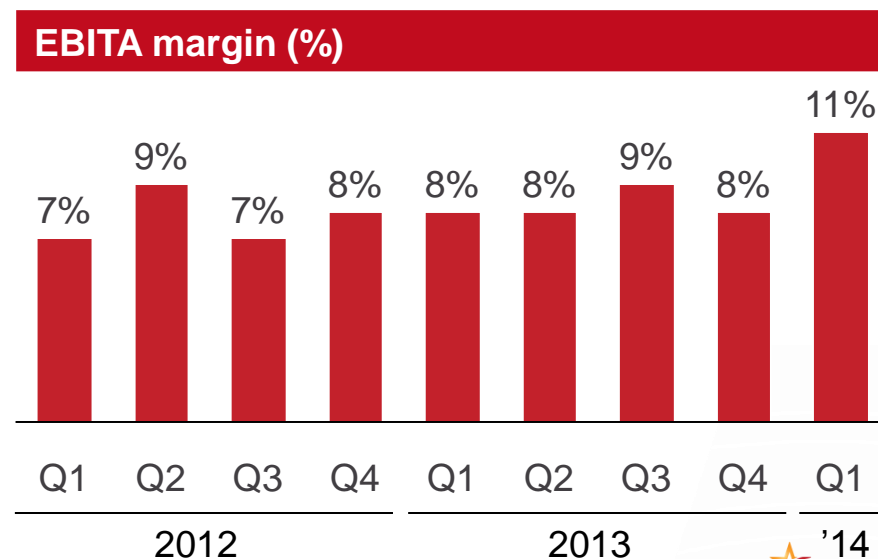
Key figures (NOK million)	Pro forma Q1-13	Q1-14
Operating revenues	10,367	11,346
Revenue growth		9.4%
Underlying EBIT	16	155

Orkla's share of net profit after tax	-51
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Gränges – Continued profit improvement in Q1

- Continued volume growth in both Europe and Asia
- Improved margin performance
 - Successful restructuring in Sweden
- Settlement with insurer following the Finspång fire positively impacts cash flow
- IPO process initiated

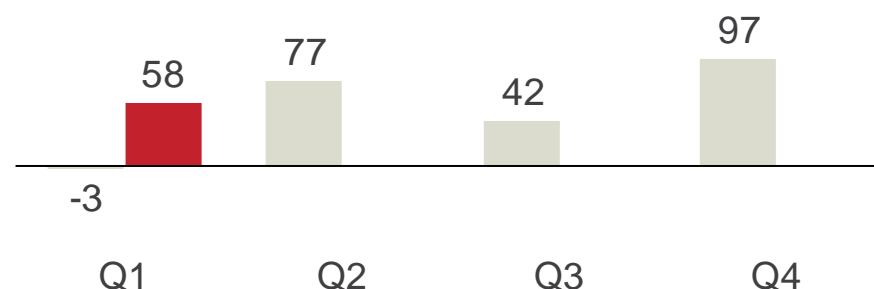
Key figures (NOK million)	Q1-13	Q1-14
Operating revenues	1,010	1,090
Revenue growth		7.9%
EBITA	85	117



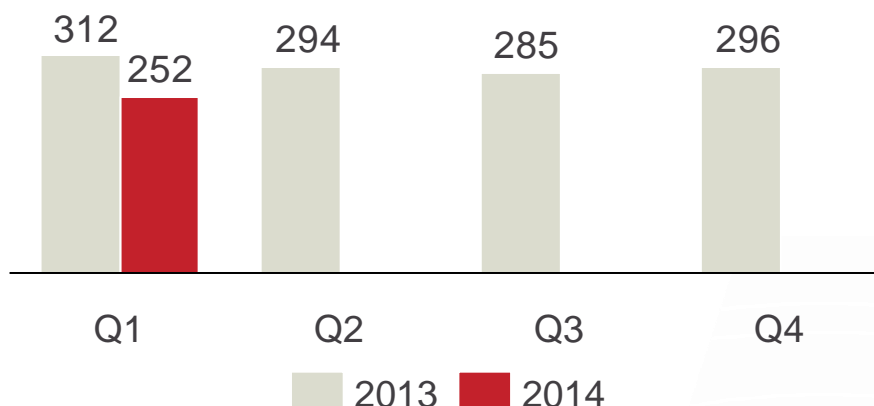
Hydro Power

- High precipitation and volumes in Q1
 - 609 GWh versus 326 GWh last year
- Spot prices were 19% lower compared to Q1'13
 - Spot prices in Q2 expected significantly lower than in Q2 2013
 - Estimated profit contribution in Q2 lower than in Q1

EBITA (NOK million)



Spot prices (NordPool, NOK/MWh)



Hydro Power assets in Orkla

AS Saudefaldene (85% ownership) – 1.8 TWh

- Leased from Statkraft
 - Orkla will be compensated with NOK ~1.1 billion when returning the power plants in 2030
- No profit contribution from ~1 TWh per year
- Production above ~1 TWh sold at spot
- Operating expenses: NOK ~65 million in 2013*
 - Includes maintenance investments of NOK ~25 million
- Depreciations: NOK ~52 million in 2013

Sarpsfoss – 0.6 TWh

- Not part of the Norwegian reversion regime
- River plant
- Contracts with spot prices
- Operating expenses: NOK ~46 million in 2013
- Depreciations: NOK ~9 million in 2013





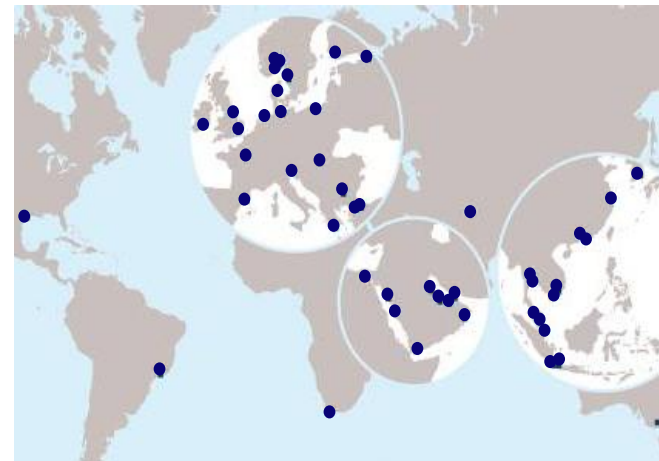
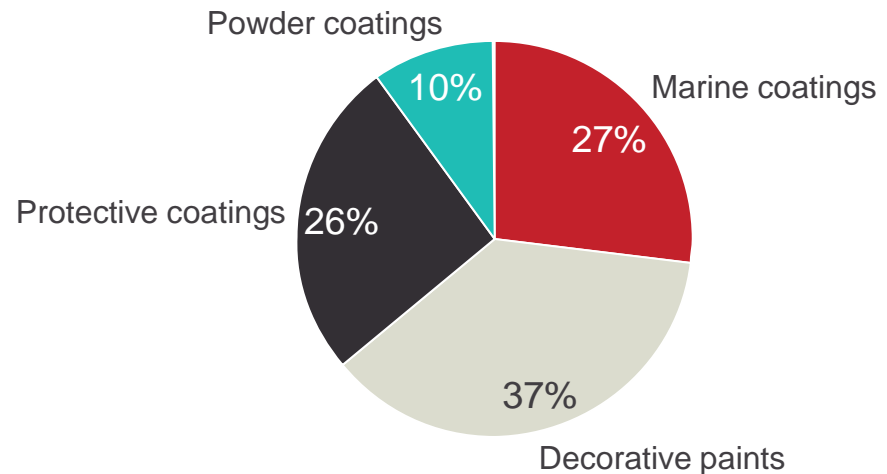
Jotun (42.5% ownership)

One of the world's leading/fastest growing manufacturers of paints and coatings



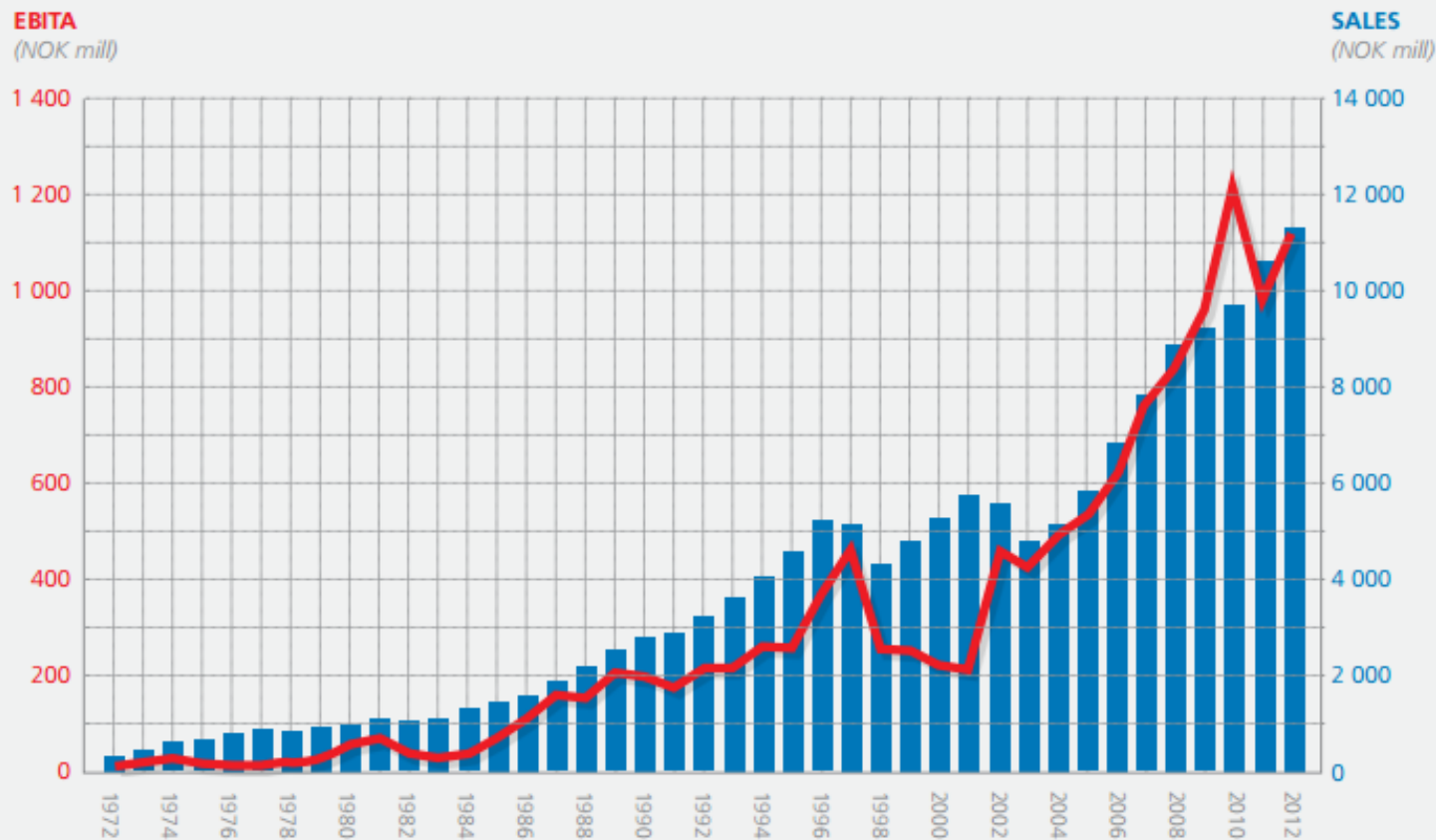
A global company with regional strongholds in Middle East, Asia and Scandinavia

- Orkla's ownership: 42.5%
- Represented on all continents via subsidiaries and JVs
- Revenues 2013: NOK 12.0 billion
- EBIT margin: 10%
- 9 largest paint company in the world
- 36 factories located on all continents
- 70 companies in 44 countries



Sales and EBITA development

SALES AND EBITA DEVELOPMENT



From 2003 the sales and EBITA is according to IFRS. Before 2003 the figures are according to NGAAP.
EBITA is earning before interest, tax and amortisation.

Market shares 2012

	Decorative		Protective		Marine	
	Share	Position	Share	Position	Share	Position
Abu Dhabi	53 %	1	67 %	1	-	-
Saudi	18 %	1	11 %	4	30 %	2
Egypt	11 %	4	58 %	1	49 %	1
Oman	52 %	1	52 %	1	43 %	2
Dubai	59 %	1	47 %	1	22 %	2
Bahrain	32 %	2	24 %	2	75 %	1
Kuwait	17 %	2	6 %	3	30 %	2
Qatar	50%	1	9 %	4	33 %	2
Pakistan	2%	-	-	-	-	-
Jordan	9 %	4	23 %	2	50 %	-
Libya (2010)	35%	1	38 %	-	14 %	-
Yemen (2010)	7 %	3	36 %	1	20 %	-
Syria (2010)	5 %	3	9 %	-	17 %	3