



Third quarter results 2013

Åge Korsvold, President & CEO



Agenda

Strategy and highlights – Åge Korsvold, President & CEO

Financial performance – Terje Andersen, CFO

Branded Consumer Goods – Christer Åberg, CEO Orkla Confectionery & Snacks

Highlights Q3 2013

- EBITA for Branded Consumer Goods was 11% higher than for Q3 2012
 - Acquired companies contributed operating revenues of approximately NOK 1.2 billion and EBITA of approximately NOK 120 million in the quarter
- Positive development and profit growth for Orkla Home & Personal and Orkla Food Ingredients
- Integration of Rieber according to plan, but weaker sales performance for the Norwegian food business in the quarter due to demanding integration processes
- Challenging markets for Confectionery & Snacks and weak performance in Orkla Brands Russia
- Volume and profit growth for Gränges (Heat Transfer)
- Sapa established as a joint venture on 1 September

Rolling 12 months EBITA for Branded Consumer Goods

Amounts in NOK million



Strategic priorities (2013-2016)

- Reducing complexity
- Extracting cost synergies and improving cash flow
- Driving organic growth
- Improving skill base

We know how to grow and have the plans to execute

How do we reduce costs and improve cash flows?

- Realize restructuring synergies
- Integrate companies and add-ons
- Continuous improvements
- Optimize supply chain
- Improve Working Capital



Will release financial resources

How do we grow?

- Innovate with superior local insight
- Drive growth through point-of-purchase execution
- New categories in the Nordics
- Category growth in new channels



Will require investments

Financial targets announced at Orkla's Investor Day

	EBIT (adjusted) ¹ margin R12M pr Q3	EBIT (adjusted) ¹ margin 2015/2016	Organic revenue growth YTD pr Q3	Organic revenue growth From 2016
Orkla Foods	13.6%	> 15.0%	-3.3%	2-3%
Orkla Confectionery & Snacks	14.8%	> 16.5%	-3.3%	2-4%
Orkla Home & Personal	17.2%	> 17.5%	-2.1%	3-5%



Financial Performance

Terje Andersen, CFO



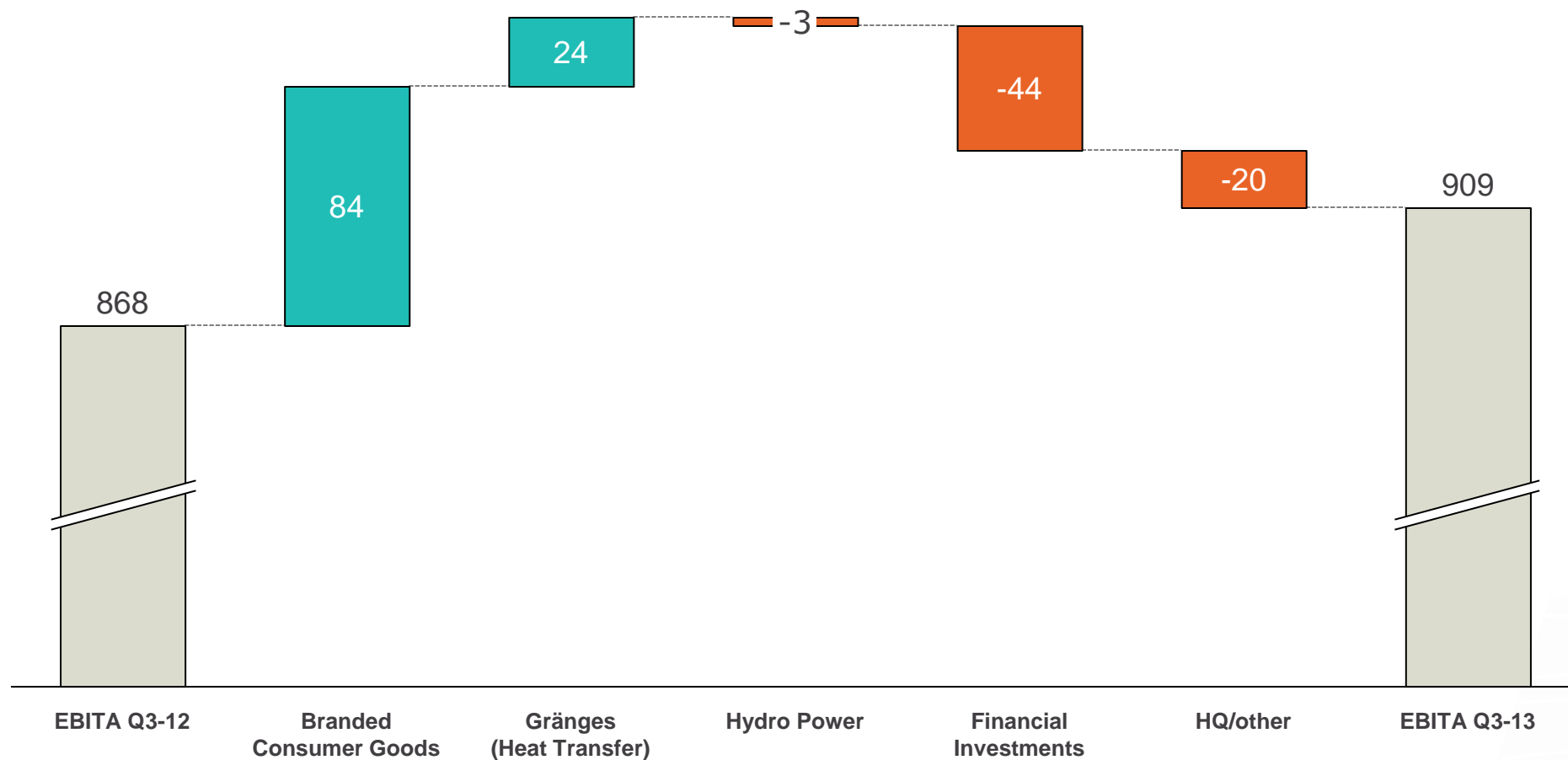
Group income statement

Amounts in NOK million

	Q3 2012	Q3 2013
Operating revenues	7 193	8 443
EBITA	868	909
Amortisation intangibles	-4	-4
Other income and expenses	-22	-228
EBIT	842	677
Profit/loss from associates and joint ventures	88	77
Dividends received	8	2
Gains, losses and write-downs shares and fin. assets	390	56
Financial items, net	- 137	- 131
Profit/loss before taxes	1 191	681
Taxes	-238	-180
Profit/loss for the period continuing operations	953	501
Profit/ loss from discontinued operations	-1 105	- 50
Profit/loss for the period	- 152	451
Earnings per share diluted (NOK)	-0.2	0.4
Cash flow from operations	638	561

EBITA bridge Q3 2013

Amounts in NOK million



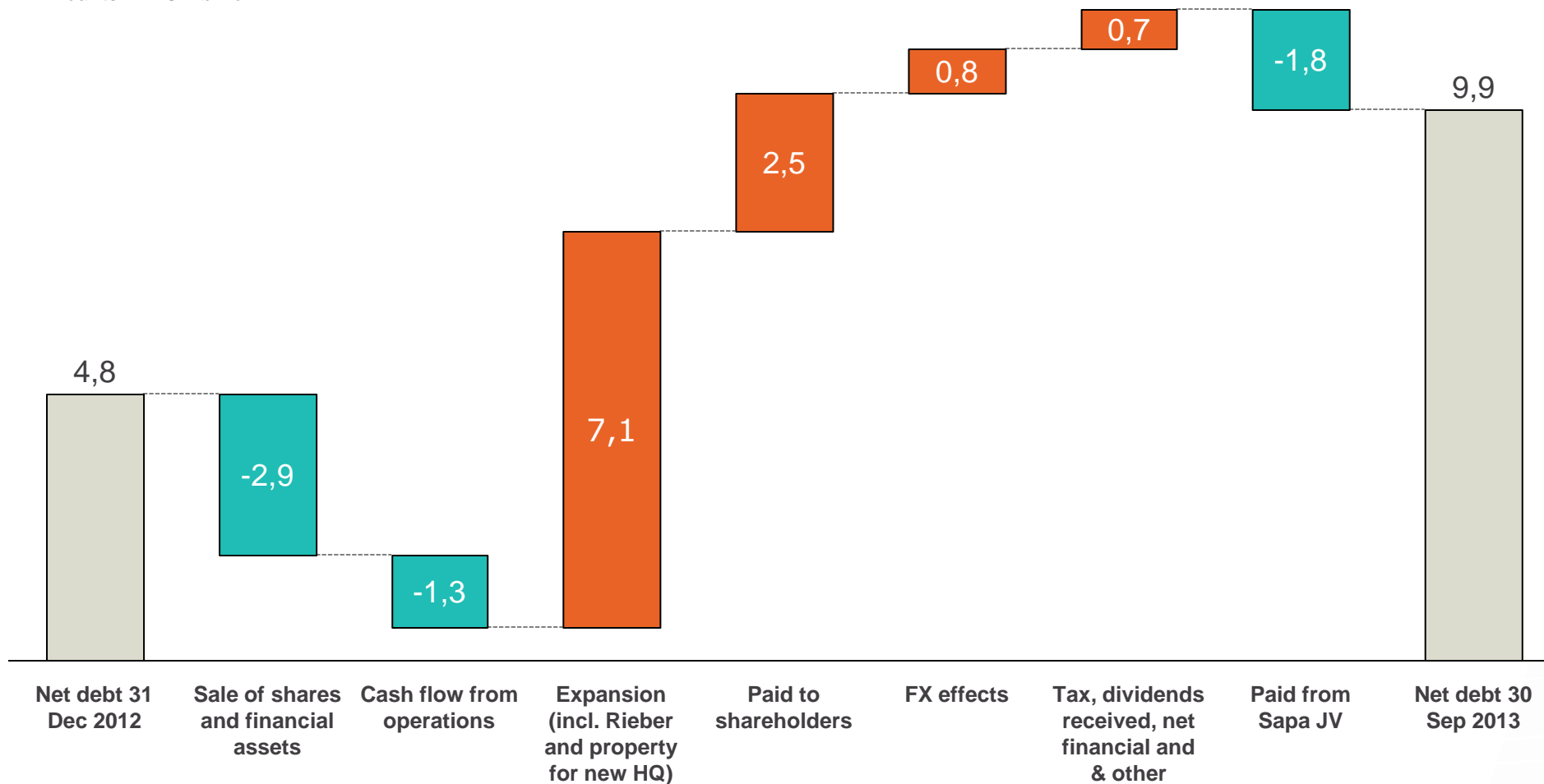
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Change in net debt year to date Q3 2013

Amounts in NOK billion

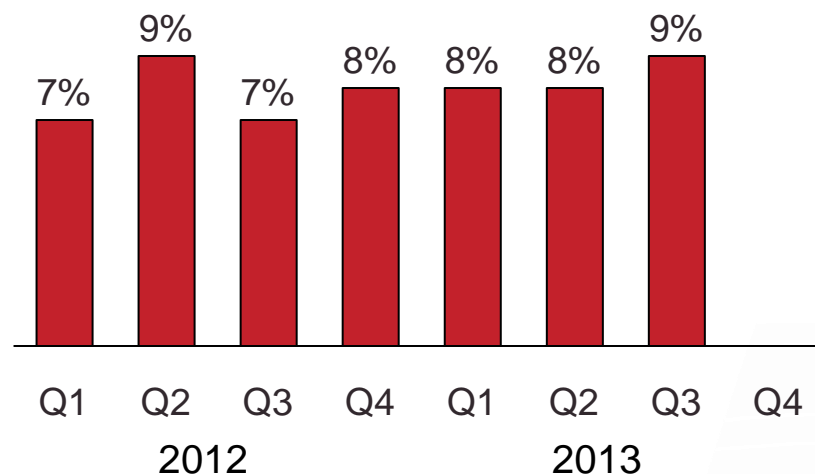


Volume and profit growth for Gränges (Heat Transfer)

- Volume growth in Europe despite slow automotive market
- Operational efficiency improvements in both Sweden and China
- Further restructuring in Sweden
 - Notice given of reduction of 65 employees
- Cash conversion of 108% year to date

Key figures	Q3-12	Q3-13
Operating revenues	948	950
EBITA	66	90

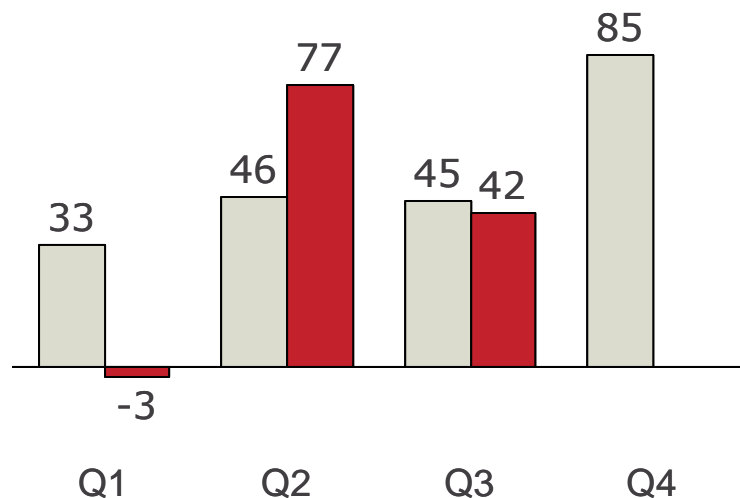
EBITA margin performance:



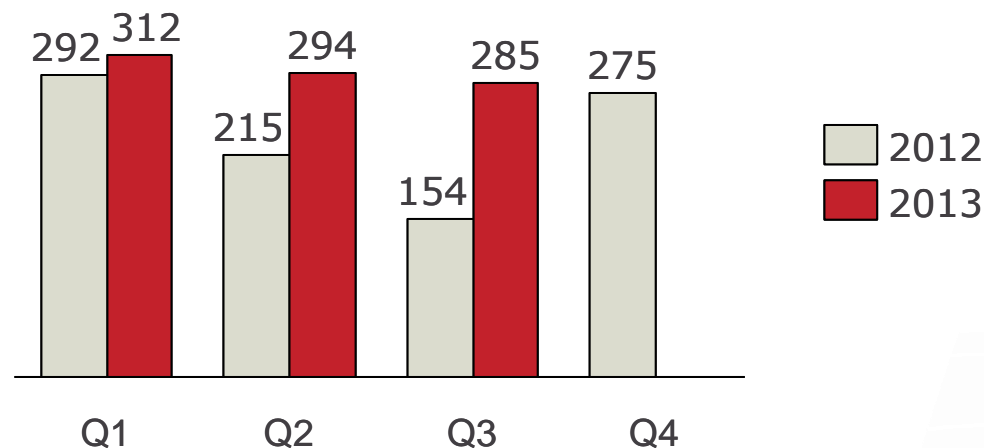
Hydro Power – Lower production – Higher prices

- Spot prices were 85% higher than in Q3-12
- Production was 545 GWh in Q3 compared with 760 GWh last year
 - Whereof 257 GWh each quarter is contract production with no P&L effect

EBITA (NOK million)



Spot prices (NordPool, NOK/MWh)



Jotun (42,5%)

- Solid growth in all segments except Marine which continues to decline
- Cold spring weather in Scandinavia has contributed to lower sales in the region
- Higher gross margin following stable raw material prices and product mix management
- On-going capacity investments in Russia, Brazil and China
- New market entries, including Myanmar, Bangladesh and Morocco

Key figures	As of 31/8 2012	As of 31/8 2013	Change
Operating revenues	7 686	8 174	6.3%
EBIT	886	1 050	18.5%



Sapa (50/50 joint venture)

- Sapa, the new global leader in extruded aluminum solutions, was established on 1 September 2013.
- Focus on integration and realisation of synergies
- Decline in general extrusion demand in Europe has slowed
- US automotive market contributing to positive growth
- Pro-forma sales volumes up by 1% in Q3 2013 vs Q3 2012
- Orkla's share of Sapa's net income for September was NOK -35 million on the line for associated companies and joint ventures

Pro-forma figures (100%)	Q3-12	Q3-13
Operating revenues	10 414	10 797
Underlying EBIT	76	24



Branded Consumer Goods

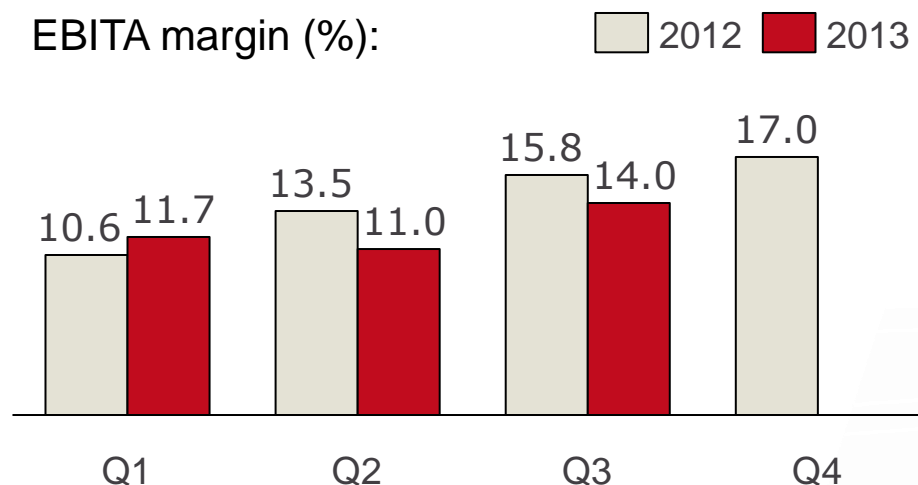
Christer Åberg, CEO Orkla Confectionery & Snacks



Orkla Foods

- Unsatisfactory sales growth in Norway
 - Demanding integration process
 - Lower contribution from innovations
- Satisfactory performance in Sweden, Finland and the Baltics
- Sale of real estate (NOK 11 million) contributed positively to Q3-12 EBITA
- Somewhat weaker market shares

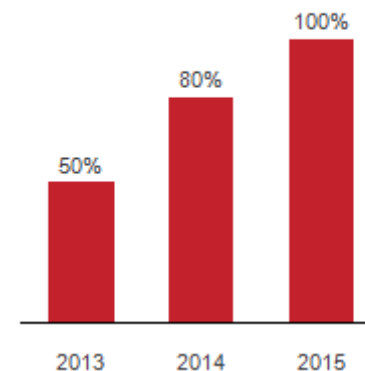
	Q3-12	Q3-13
Operating revenues	1 973	2 597
Organic revenue growth		-3.5%
EBITA	312	364



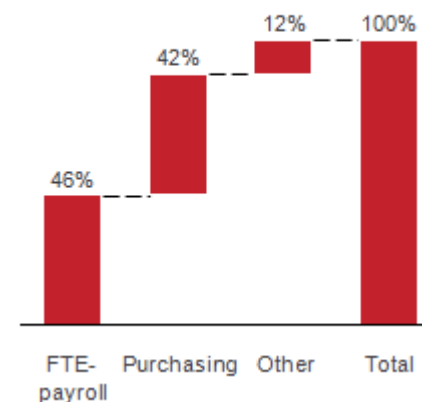
Integration of Rieber according to plan

- Announced cost synergies of NOK 250-300 million
- Run-rate end of 2013 NOK 150 million
 - P&L effect in Q3 of approximately NOK 15 million
- Organic revenue decline of 8% in the Nordics in Q3
- Contributed NOK 71 million to Orkla Foods' EBITA in Q3

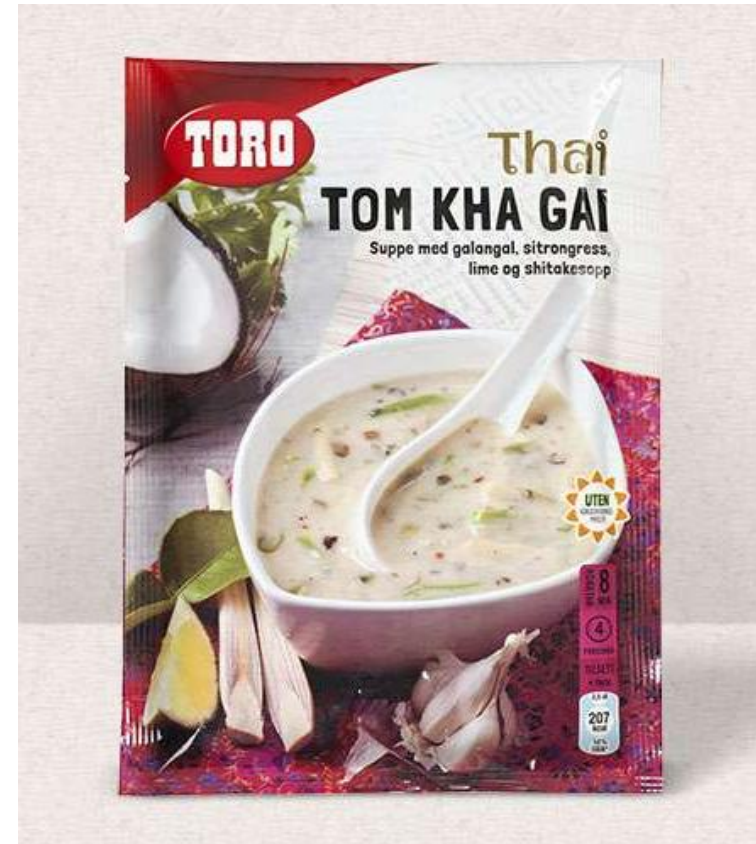
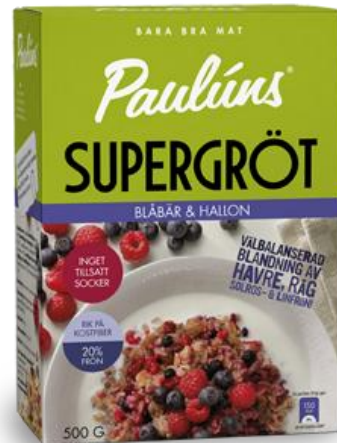
Run-rate effect realized per end of year



Split cost synergies



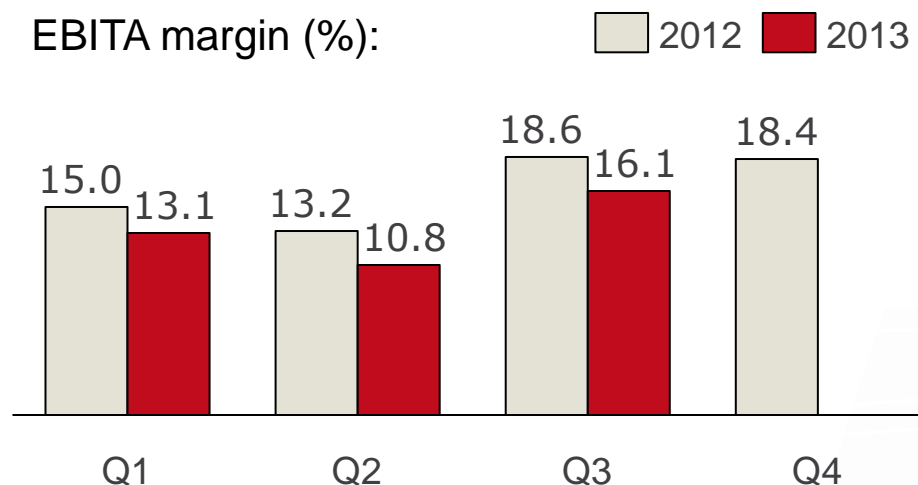
Innovations in Orkla Foods



Orkla Confectionery & Snacks

- Challenging markets
 - High activity and competition both from other brands and private labels
 - Somewhat lower market shares
- Positive development in the Baltics
- Organic revenue growth of -3.6% compared to -4.8% in Q2
- Strengthening innovation programme and activities towards the end of the year

	Q3-12	Q3-13
Operating revenues	1 138	1 147
Organic revenue growth		-3.6%
EBITA	212	185



Turnaround case with significant potential

Gradual improvements towards 2016 target

- 2-4 % organic growth
- >16.5 % EBIT margin

Growing the top line

- Regain focus on our local core # 1 and # 2 positions
- One face to the retailer – increased importance as supplier
- The right leaders with the right attitudes
- Fewer and more focused innovations – further initiatives across categories



Ongoing restructuring in Orkla Confectionery & Snacks

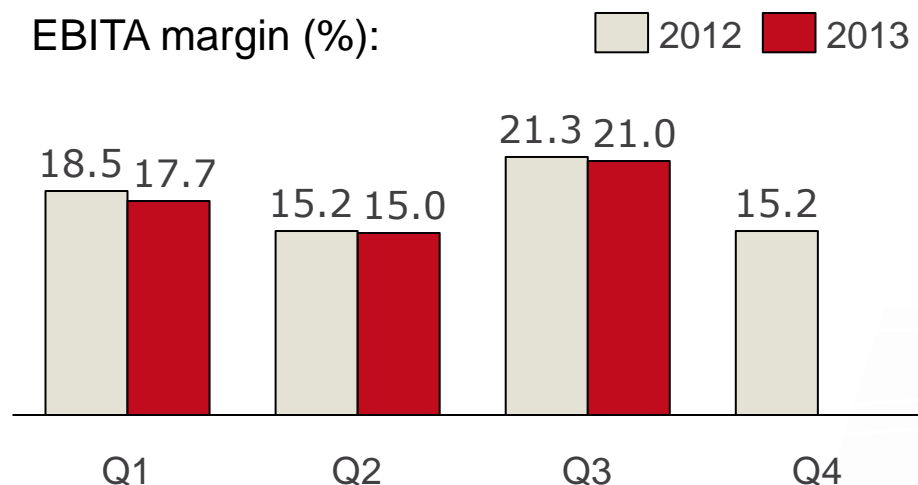
- Orkla Confectionery & Snacks will cut costs by **NOK 300 million in 2014-16**
 - Approximately NOK 150 million of this is expected to reach the bottom line
- **Several cost reducing initiatives already initiated:**
 - Restructuring and integration of companies in Norway, Sweden and Finland (NOK 50-70 million)
 - Field Sales Norway about to be integrated which will give execution benefits as well as savings
 - Efficiency improvements and capex investments in Kungälv
 - Workforce reductions in Denmark
 - Design-to-Value
 - Efficiency improvements in purchasing
 - SVP Operations appointed

NOK 70-90 million in gross cost reductions expected to be realized in 2014

Orkla Home & Personal

- Satisfactory performance for Lilleborg
 - Integration of Jordan ahead of schedule
- Strong quarter for Orkla House Care
- Positive development in Pierre Robert Group
 - Strong innovations
 - Increased distribution
- Positive market share performance in key categories
- Organic sales decline mainly related to Lilleborg Profesjonell and some Jordan export markets
- Satisfactory margin

	Q3-12	Q3-13
Operating revenues	1 016	1 192
Organic revenue growth		-1.2%
EBITA	216	250



Innovations in Orkla Home & Personal



Orkla International

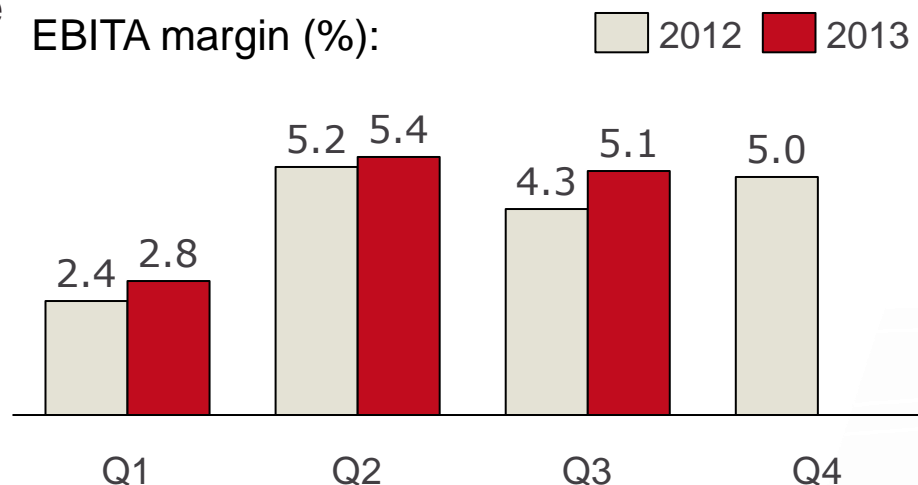
- Sales and profit decline in Orkla Brands Russia
 - Organic sales decline of 12%, with decline in both traditional and modern trade
 - Restructuring completed in Q2 2014
- Organic sales growth of 18% in India
 - Growth driven by core categories powder mixes and spice mixes
- Other companies
 - Positive development in Austria and Poland
 - Weak retail market in Czech Republic with increased promotional activities
 - New companies contributed NOK 10 million

	Q3-12	Q3-13
Operating revenues	494	738
Organic revenue growth		-1.5%
EBITA	-15	-8

Orkla Food Ingredients

- Broad-based profit growth
 - Underlying growth and contribution from acquired companies
 - Positive FX effects
- Good performance for bakery ingredients in the Nordics with profit growth and stable strong market positions
- Good weather conditions for ice cream ingredients contributed positively

	Q3-12	Q3-13
Operating revenues	1 372	1 524
Organic revenue growth		3.0%
EBITA	59	77



Q&A

Åge Korsvold, President & CEO

Terje Andersen, CFO

Christer Åberg, CEO Orkla Confectionery & Snacks



Appendices

Cash flow

<i>Amounts in NOK million</i>	YTD Q3 2012	YTD Q3 2013
Operating profit	2 065	1 276
Amortisation, depreciation and write-downs	711	1 258
Change in net working capital	30	- 773
Cash flow from operating act. bef. net replacement exp.	2 806	1 761
Net replacement expenditures	- 568	- 496
Cash flow from operations	2 238	1 265
Financial items paid	- 262	- 333
Taxes paid	- 960	- 472
Dividends received	402	486
Discontinued operations and other payments	- 228	- 347
Cash flow before capital transactions	1 190	599
Dividends paid	-2 760	-2 571
Net sale/purchase of Orkla shares	- 467	83
Cash flow before expansion	-2 037	-1 889
Expansion investments	- 254	- 115
Sold companies/share of companies	1 856	1 688
Acquired companies/share of companies	-1 562	-6 935
Net purchases/sales portfolio investments	2 914	2 944
Net cash flow	917	-4 307
Currency translations net interest-bearing debt	222	- 809
Change in net interest-bearing debt	-1 139	5 116
Net interest-bearing debt	9 322	9 902

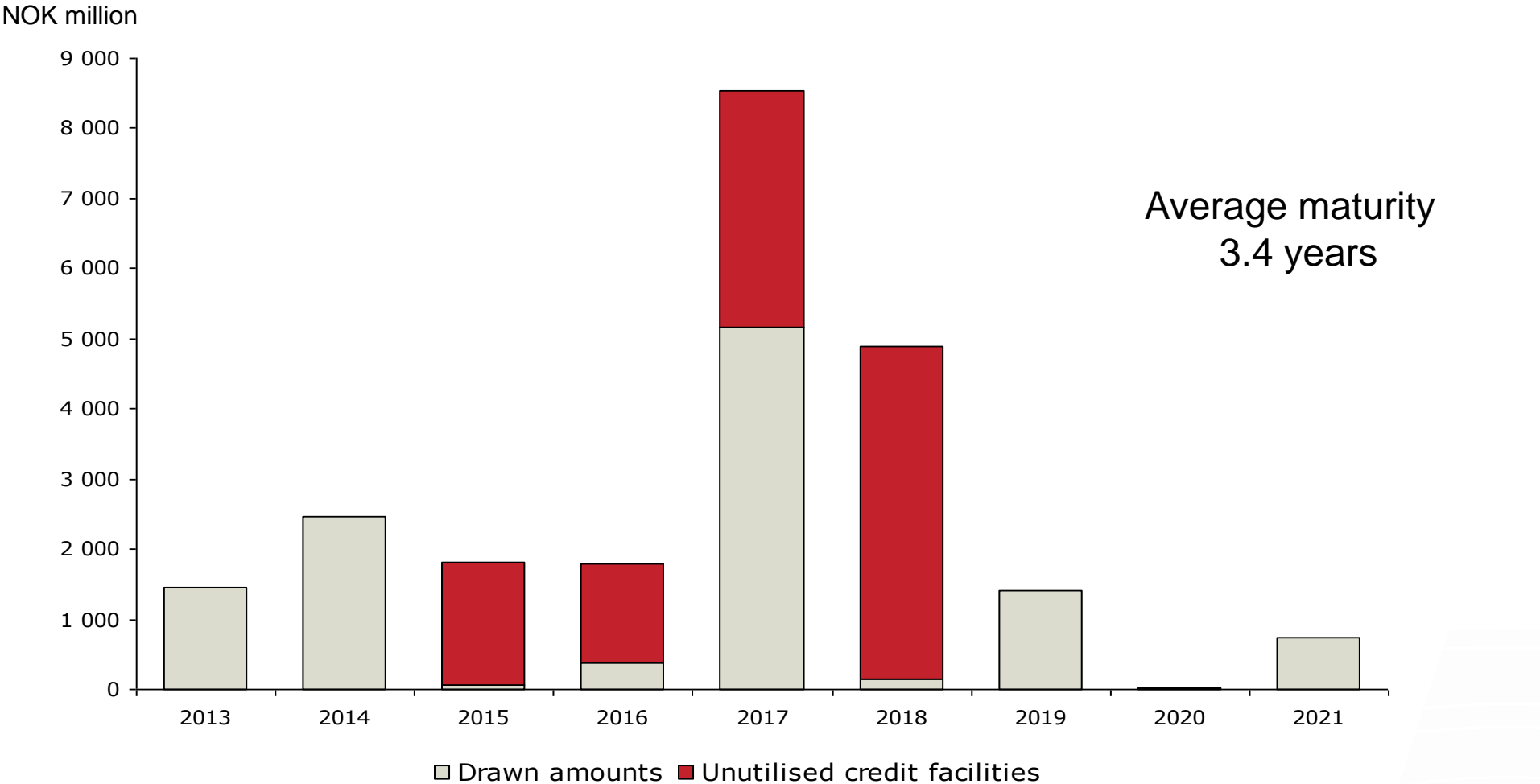
Balance sheet

<i>Amounts in NOK million</i>	31.12.2012	30.9.2013
Assets:		
Intangible assets	10 069	15 273
Property, plant and equipment	9 601	12 003
Financial non-current assets	3 686	11 140
Non-current assets	23 356	38 416
Assets in discontinued operations	13 740	0
Inventories	4 243	4 971
Receivables	5 357	6 558
Shares and financial assets	3 601	992
Cash and cash equivalents	7 196	1 337
Current assets	34 137	13 858
Total assets	57 493	52 274
Equity and debt:		
Paid-in equity	1 985	1 987
Earned equity	28 196	27 487
Non-controlling interests	258	299
Equity	30 439	29 773
Provisions	3 380	3 877
Non-current interest-bearing liabilities	9 352	10 215
Current interest-bearing liabilities	3 460	1 664
Liabilities in discontinued operations	4 163	0
Other current liabilities	6 699	6 745
Equity and liabilities	57 493	52 274
Equity ratio (%):	52.9 %	57.0 %

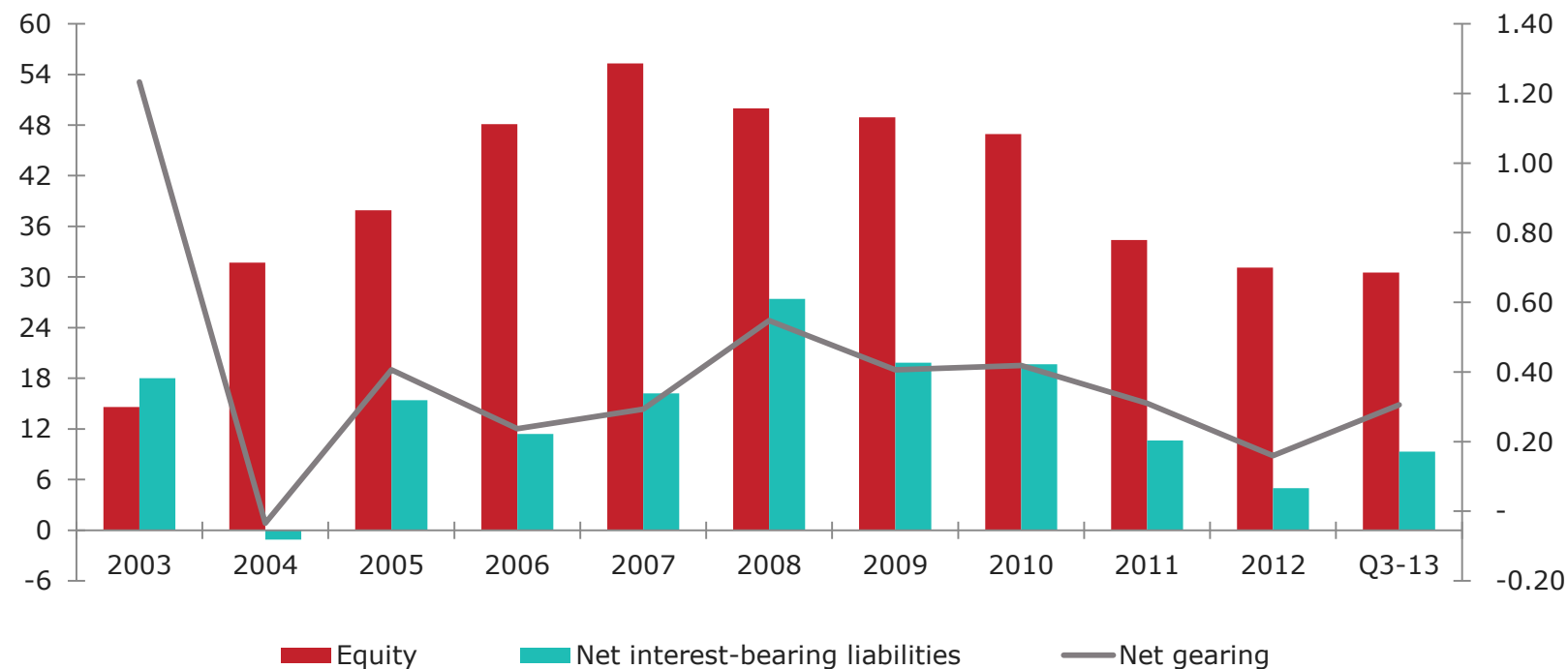
Net financial items

	FY 2012	Q3-12	Q3-13
Net interest expenses	-389	-113	-104
Currency gain/loss	-18	1	0
Other financial items, net	-82	-25	-27
Net financial items	-489	-137	-131

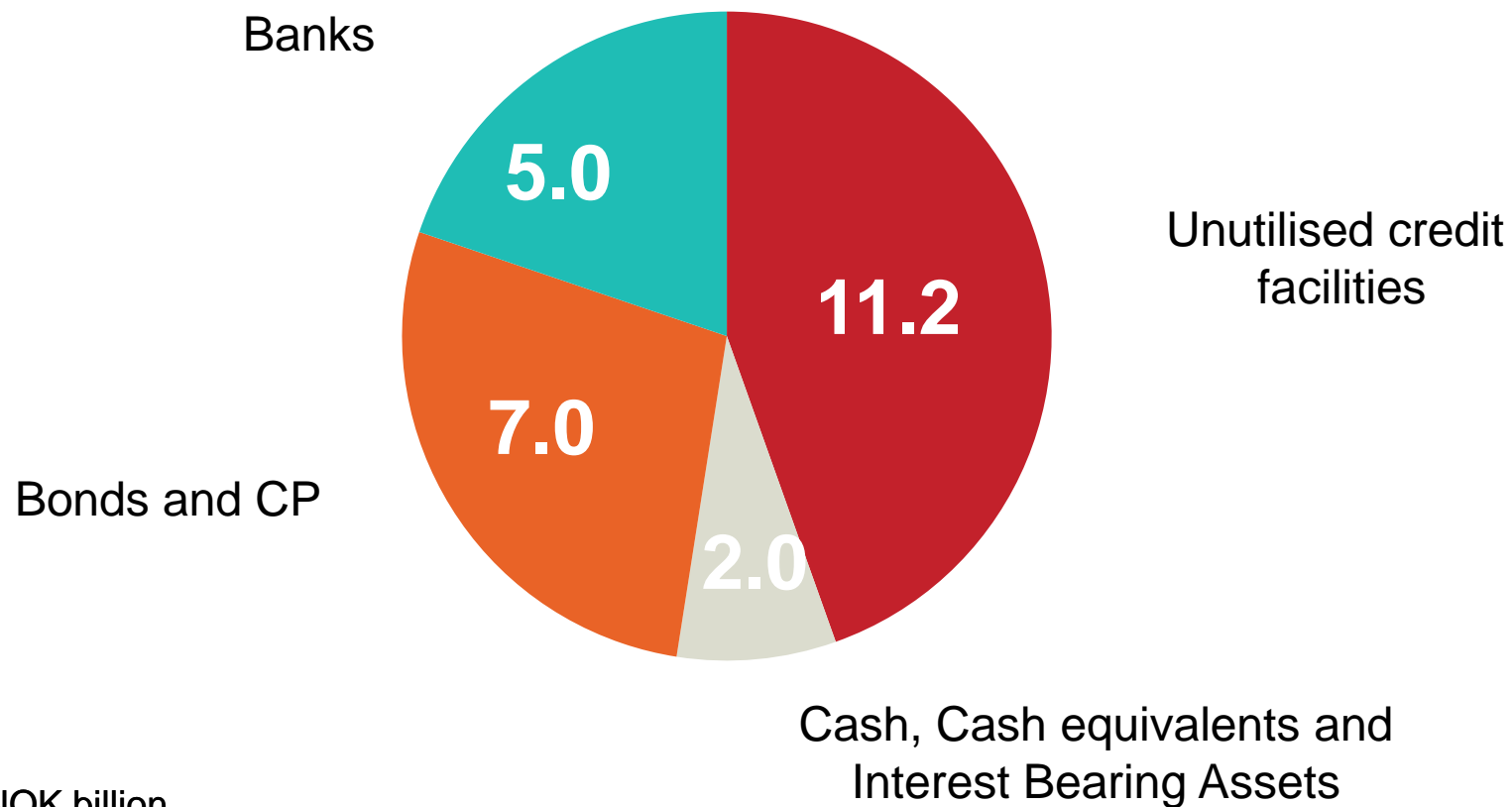
Debt maturity profile



Net gearing 0.31 as of Q3-13



Funding sources



Figures in NOK billion