



The Nordic Consumer Goods Champion

Investor presentation August 2013



Agenda

- Introduction to Orkla
- Strategic direction
- Branded Consumer Goods
 - The Nordic Consumer Goods Champion
 - Market situation
 - Business areas
- Jotun
- Non-Core

Corporate structure

Business areas

Associated
company

Non-core

Orkla Foods

Orkla
Confectionery
& Snacks

Orkla Home &
Personal

Orkla
International

Orkla Food
Ingredients

Jotun
(42.5%)

Sapa
Extruded aluminum
products (part of
future JV)
EBITDA 2012:
NOK 939 m

Heat Transfer
Rolled aluminum
products
EBITDA 2012:
NOK 443 m

Hydro Power
EBITDA 2012:
NOK 268m

Shares and
financial assets
Value: NOK 1.0 b

Real estate
Book value
NOK 2.5 b



EBITDA 2012:
NOK 1,356 m

EBITDA 2012:
NOK 941 m

EBITDA 2012:
NOK 762 m

EBITDA 2012:
NOK 69 m

EBITDA 2012:
NOK 343 m

EBITDA 2012:
NOK 1,374 m
(100%)

Corporate centre and support functions

Orkla's strategic direction

- Orkla is a branded consumer goods company
- Orkla will strengthen its leading position and exploit economy of scale in local Nordic markets
- Orkla will create value through operational improvements, organic and structural growth
- Orkla will divest its non core assets



Orkla's transformation to a Branded Consumer Goods company

2011

New strategic direction
to grow within
Branded Consumer Goods



2012

Major actions executed to
implement strategy



2013

Organise and act as a
Branded Consumer
Goods company



Merger of the Foods companies in each of the Nordic countries

- Rieber & Søn has been merged with the existing food companies in Norway, Sweden and Denmark
 - Cost synergies of NOK 250-300 million when fully implemented
- The two existing food companies in Sweden merged in Q1
 - Annual cost synergies of NOK 30 million from 2014
- Management teams in Norway, Sweden and Denmark reduced from 7 to 3
- Operational from the beginning of Q3 2013

Norway	Sweden	Denmark
 	  	 
Revenues (MNOK): 3200 2000	Revenues (MNOK): 2700 1100 200	Revenues (MNOK): 600 600



Merger of the Confectionery & Snacks companies in each of the Nordic countries

- Potential annual cost synergies of NOK 50-70 million
- Management teams in Norway, Sweden and Finland reduced from 7 to 3
- Operational during Q3 2013

Norway

	Revenues (MNOK):
	1200
	500
	300

Sweden

	Revenues (MNOK):
	600
	400

Finland

	Revenues (MNOK):
	500
	370

2013-15: Transition

1. Divest non-core assets

2. Improve performance within Branded Consumer Goods

- Organic top-line growth of 3-5%
- Add-on acquisitions
- Improve margins and cash flow
 - Operational synergies and scale across the Group
 - Increased profitability from mix and cost savings
 - Cash conversion of 100% over time

3. Grow by allocating capital within Branded Consumer Goods

Allocation of capital and dividend policy

- Grow Branded Consumer Goods
- Remain an Investment Grade company (NIBD below 2.5-3*EBITDA)
- Long term dividend capacity depends on future profit and size of the Branded Consumer Goods area
- In the transformation period the Board intends to keep dividend at NOK 2.50 supported by profit and cash flow from non-core assets



BRANDED CONSUMER GOODS

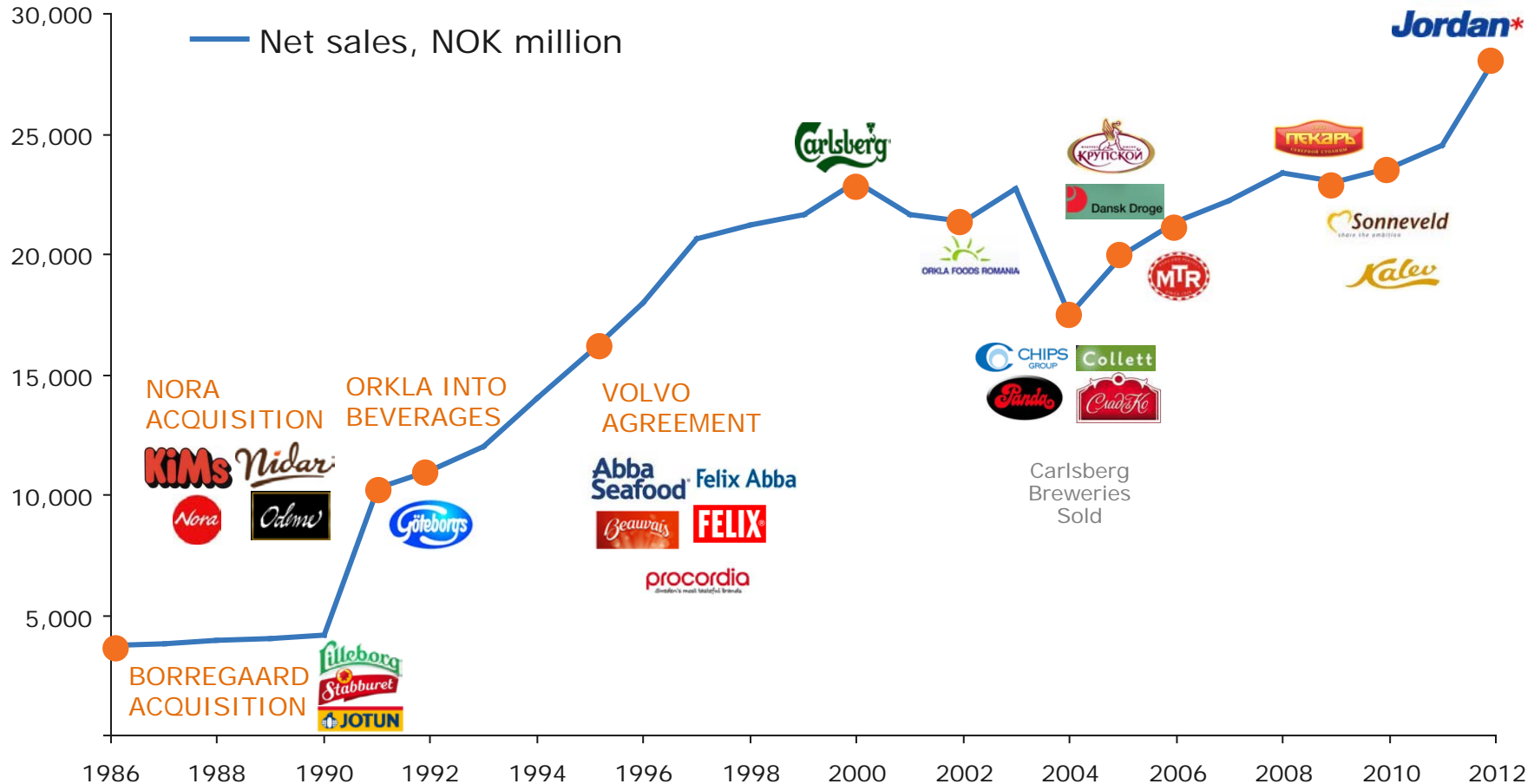
Orkla growth story -Branded Consumer Goods

Turnover
7%

EBITA
11%

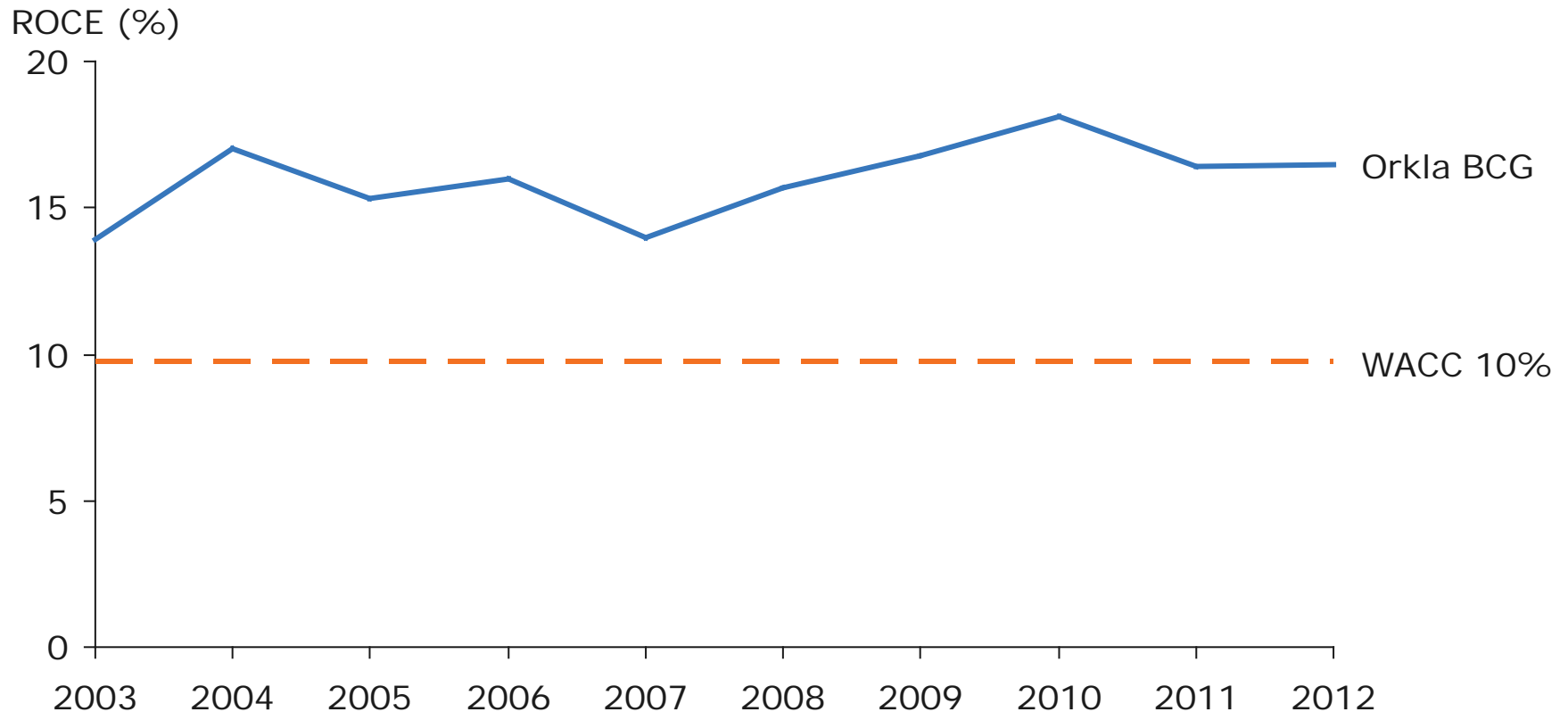
CAGR
1986-2012

Rieber
*
Jordan*

























Note: 40% of Carlsberg Breweries included in 2001, 2002 and 2003. *The graph includes Riebers sales in 2012 (Pro Forma). CAGR does not include Rieber.

Increasing shareholder value over time



Unprecedented portfolio of strong market positions

					
	Confectionery	31%			
	Snacks	31%	39%	44%	51%
	Dietary Supplements	75%	45%	28%	42%
	Frozen Pizza	80%	38%		#1
	Biscuits	56%	39%		12%
	Home Care	66%			
	Jam and marmalade	53%	52%	47%	
	Textiles	86%	27%		
	Personal care	39%			
	Preserved vegetables	81%	69%	60%	
	Ketchup	78%	54%	33%	#1
	Cod roe spread (caviar)		78%		#1
	Dressings	48%	43%	8%	#2
	Soups and Sauces	#1			
	Desserts	#1/2	#1/2		
	Salads	#1/2	#1/2	#1/2	
	Rice and noodles	#1		#1	
	Ready-to-eat dishes	#1			

Source: ACNielsen

Leading local brands in Norway compete well with Global brands

Market shares

Stabburet

80%



Dr. Oetker

14%



Lilleborg

78%



P&G

6%



Source: ACNielsen

Leading local brands in Sweden

Market shares

Procordia

55%



Heinz

33%



Göteborgs Kex

12%



Kraft

1%



Source: ACNielsen

Leading local brands in Denmark & Estonia

Market shares

KiMs

47%

Denmark



Frito-Lay

9%



Kalev

35%

Estonia



Mars

6-7%



Kraft

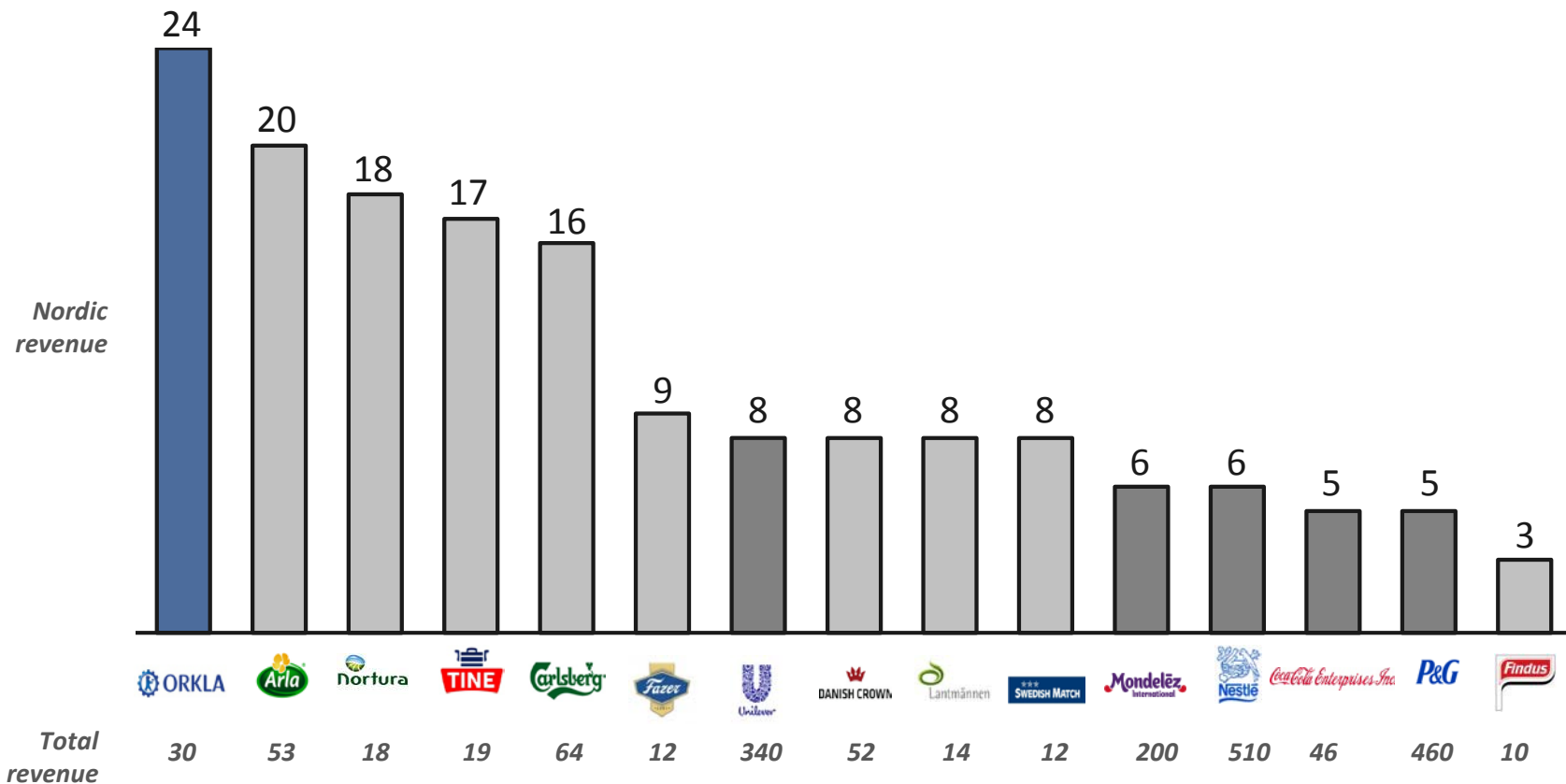
3-4%



Source: ACNielsen

Orkla is the largest BCG company in the Nordics

Estimated revenues in the Nordics (NOK bn.)¹



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

Local scale is the core of our strategy

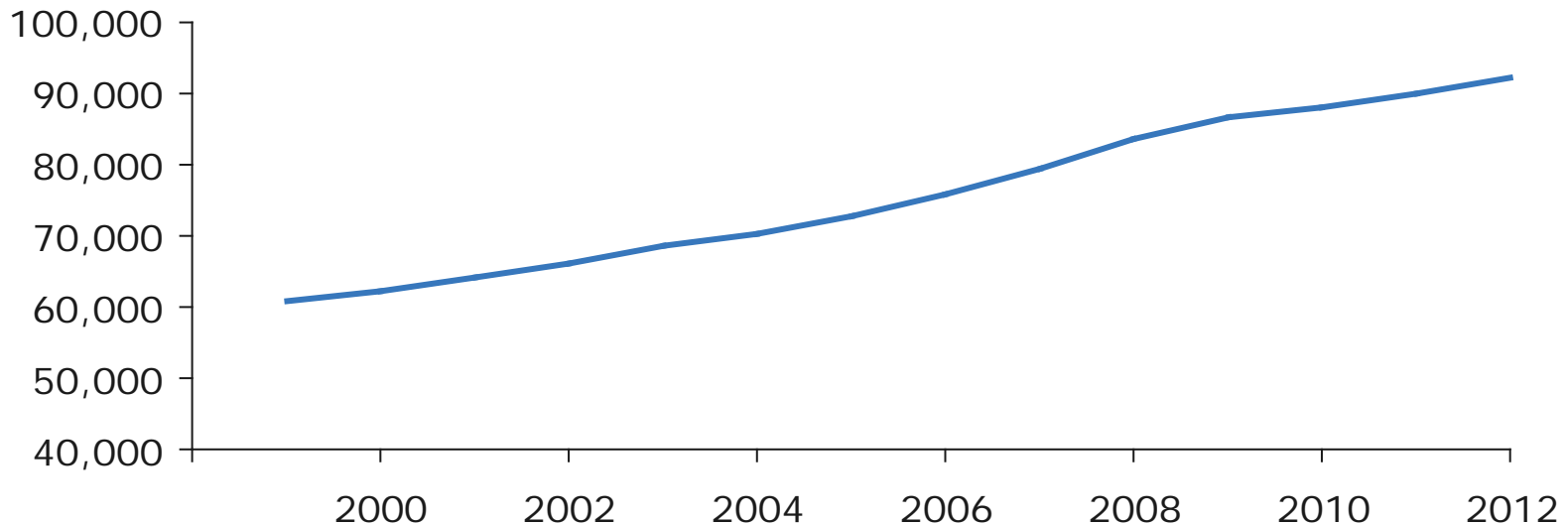
- A small player globally, but a large player locally
- Large supplier to the grocery channel in the Nordics
- Substantial media buyer in the Nordics
- In-depth knowledge of the Nordic consumers and more resources for innovations
- Orkla has the largest synergies when acquiring Nordic BCG companies



Stable markets with wealthy consumers

- 3% annual growth in sales value from grocery retailers in the Nordics

EUR million



2011 Figures	Norway	Sweden	Denmark	Finland	Western Europe
Consum per capita (1000 Euro)	27.1	19.2	20.7	18.7	15.3
Unemployment	3.3%	7.5%	7.6%	7.8%	9.5%

Source: Euromonitor October 2012



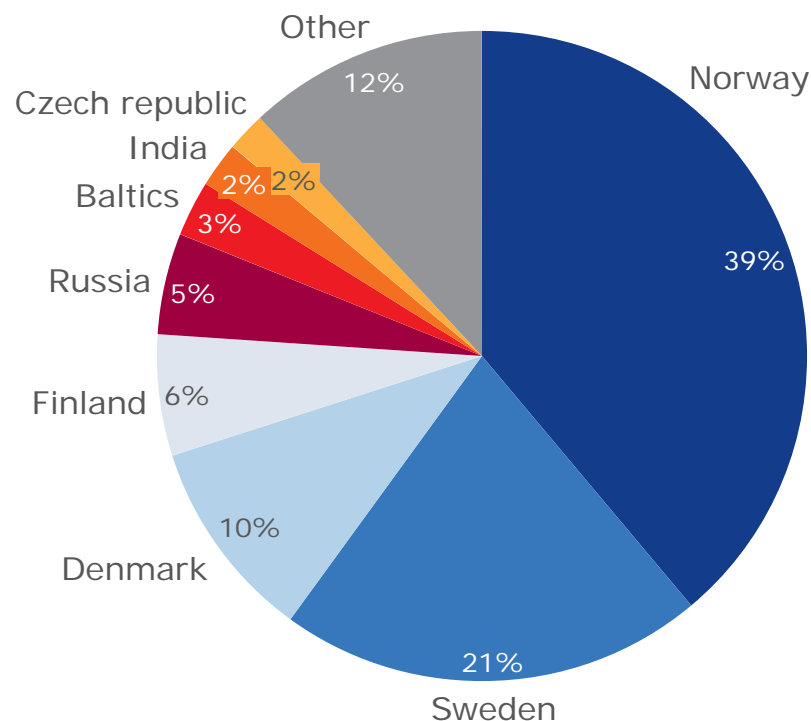
The Nordic Consumer Goods Champion

- Proven track record in creating value
- Strong local market positions
- Local scale is the core of our strategy
 - Largest consumer goods company in the Nordics
- Stable markets with wealthy consumers

Overview of Branded Consumer Goods

Net sales by geographical area 2012

Proforma incl. Rieber:



Business unit	Revenues 2012	EBITA margin
Foods	7,927	14.4%
Confectionery & Snacks	4,794	16.4%
Home & Personal	4,025	17.4%
International	2,133	-0.2%
Food Ingredients	5,435	4.3%
Branded Consumer Goods	24,105	11.9%

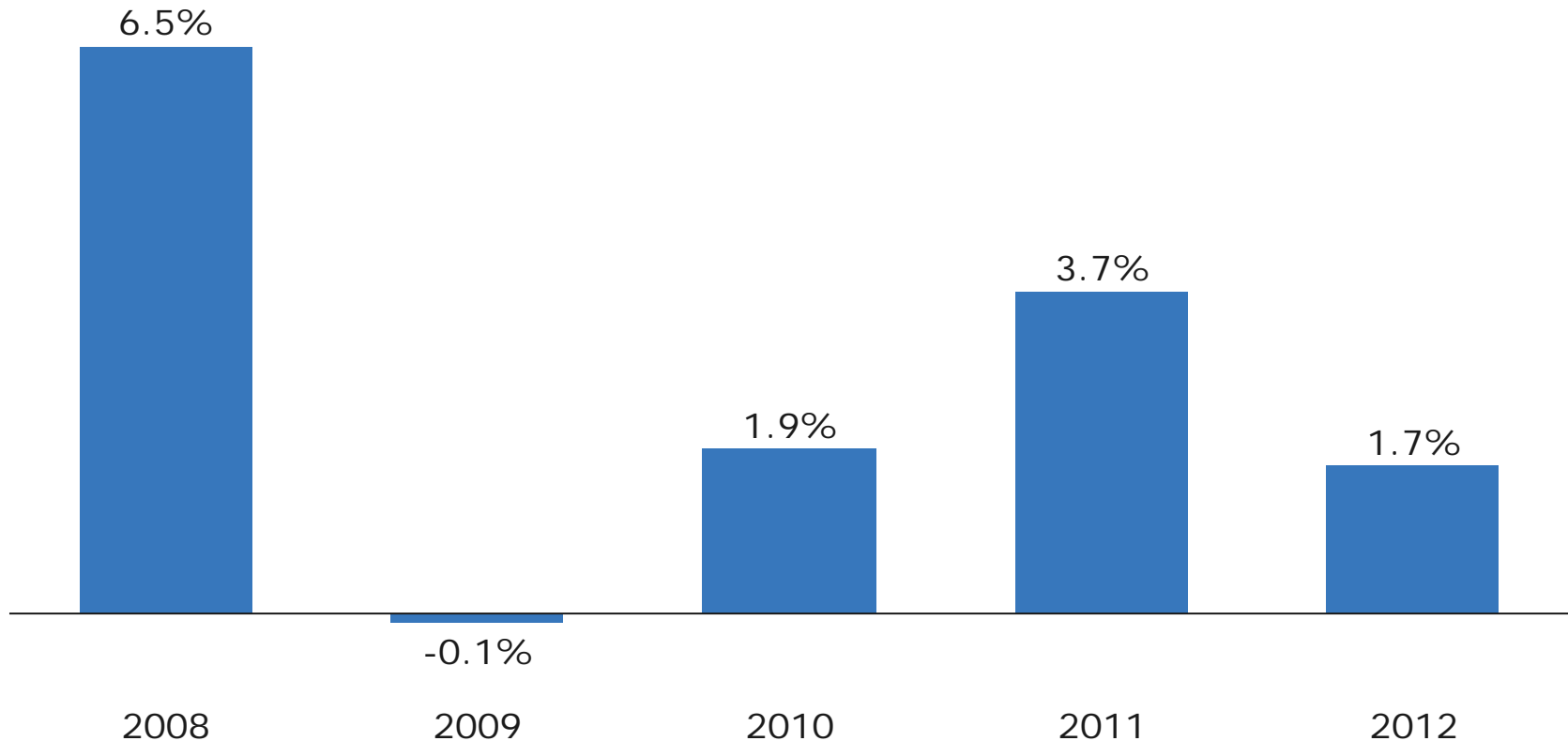
Rieber & Søn*	4,164	6%
Jordan**	969	11%

* Consolidated in Foods from 1 May 2013

** Consolidated in Home & Personal from 1 September 2012

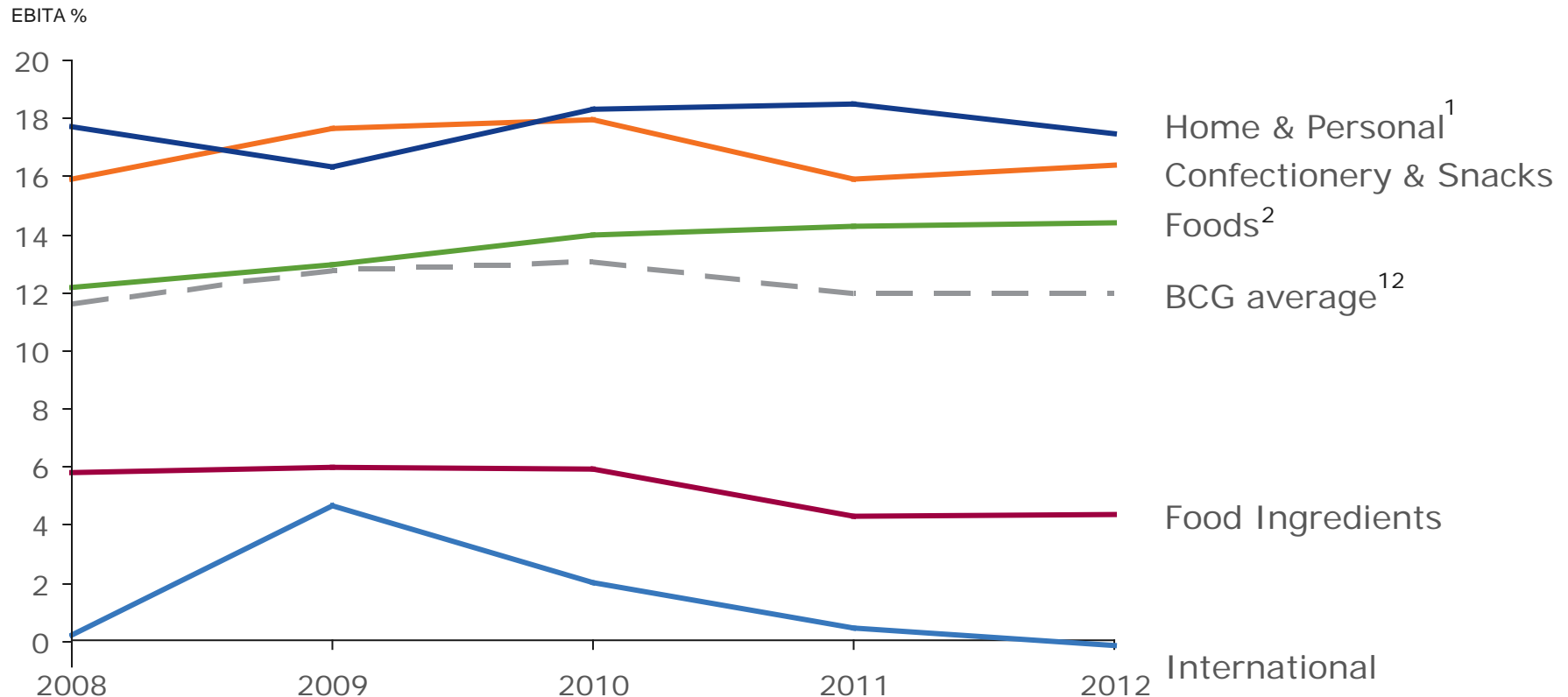
Average organic sales growth* of 3% the last 5 years, driven by price

- Focus on organic volume/mix growth going forward



*Adjusted for acquired, sold and divested companies, currency translation effects and contract production to the process chemistry industry.

Strong local brand positions, high margin level in the Nordics

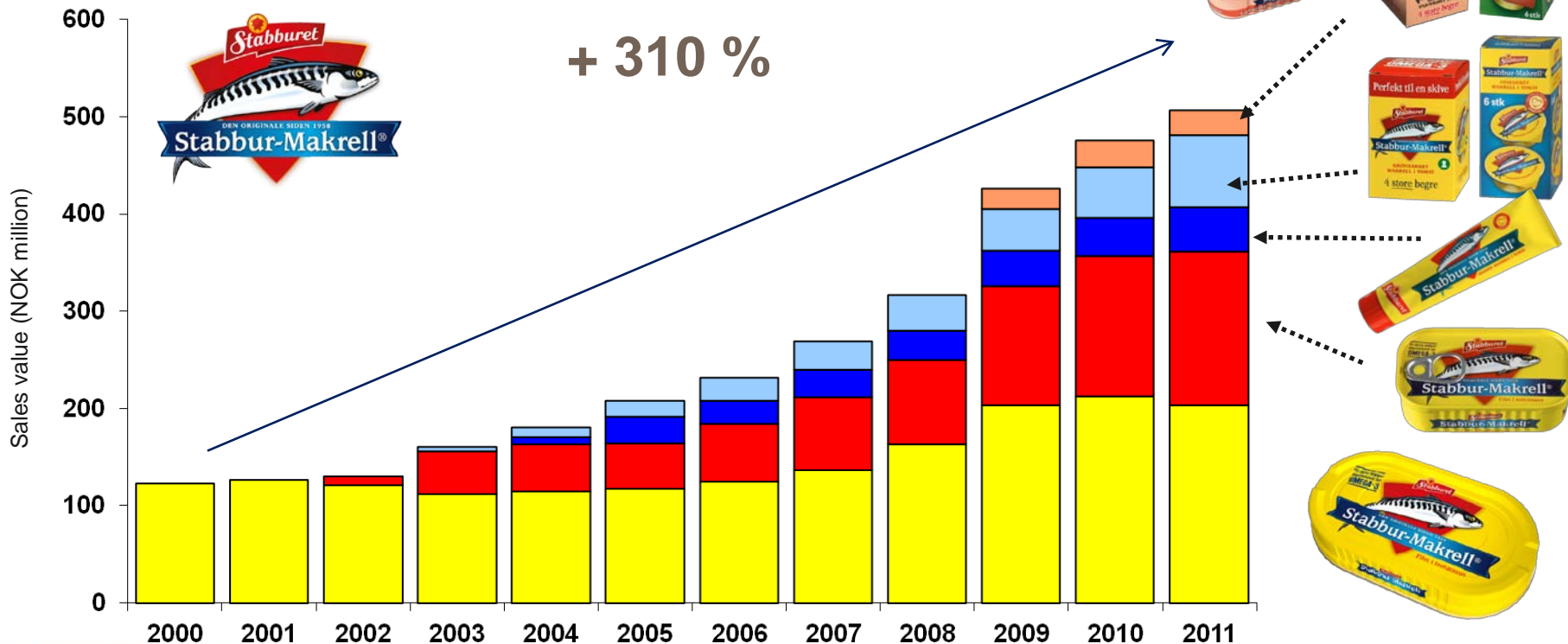


¹Presented ex. contract production to the process chemistry industry.

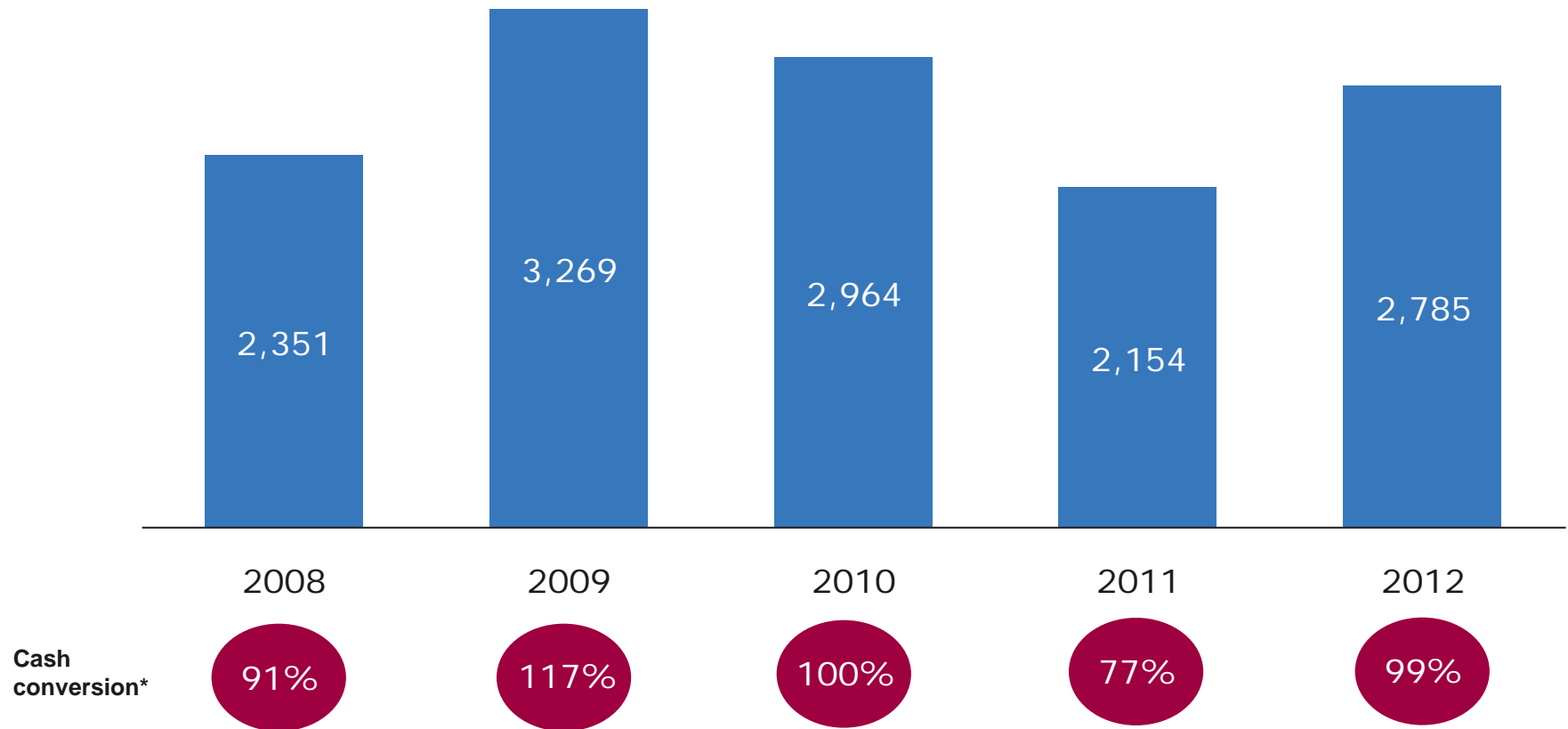
²Presented without Bakers (divested in January 2012).

Growth through product development

- Example with fish spread in Norway
- Value growth through focused and relevant positioning and frequently driving innovations



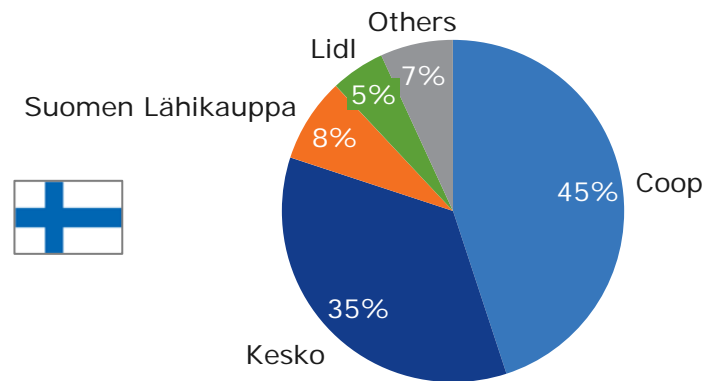
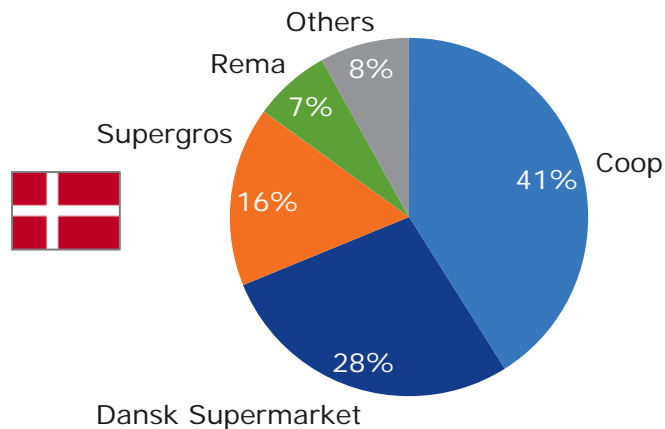
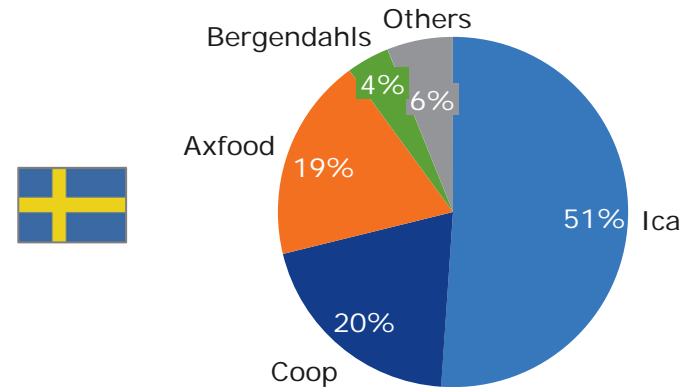
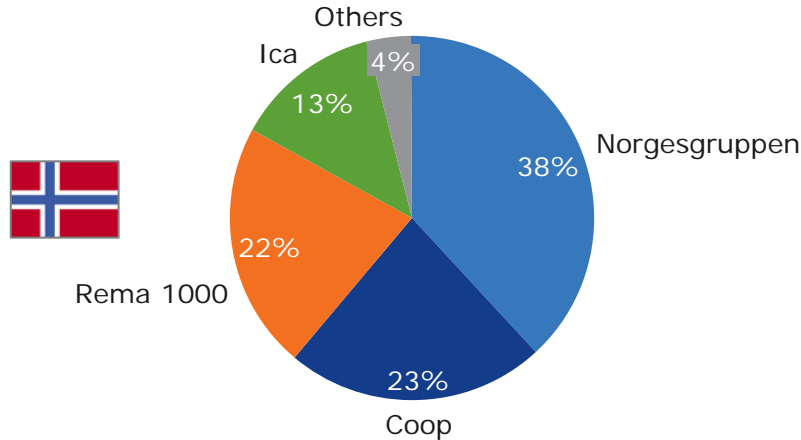
Solid cash flow over time



*Cash flow from operations before tax / EBITA

Consolidated Nordic retail markets

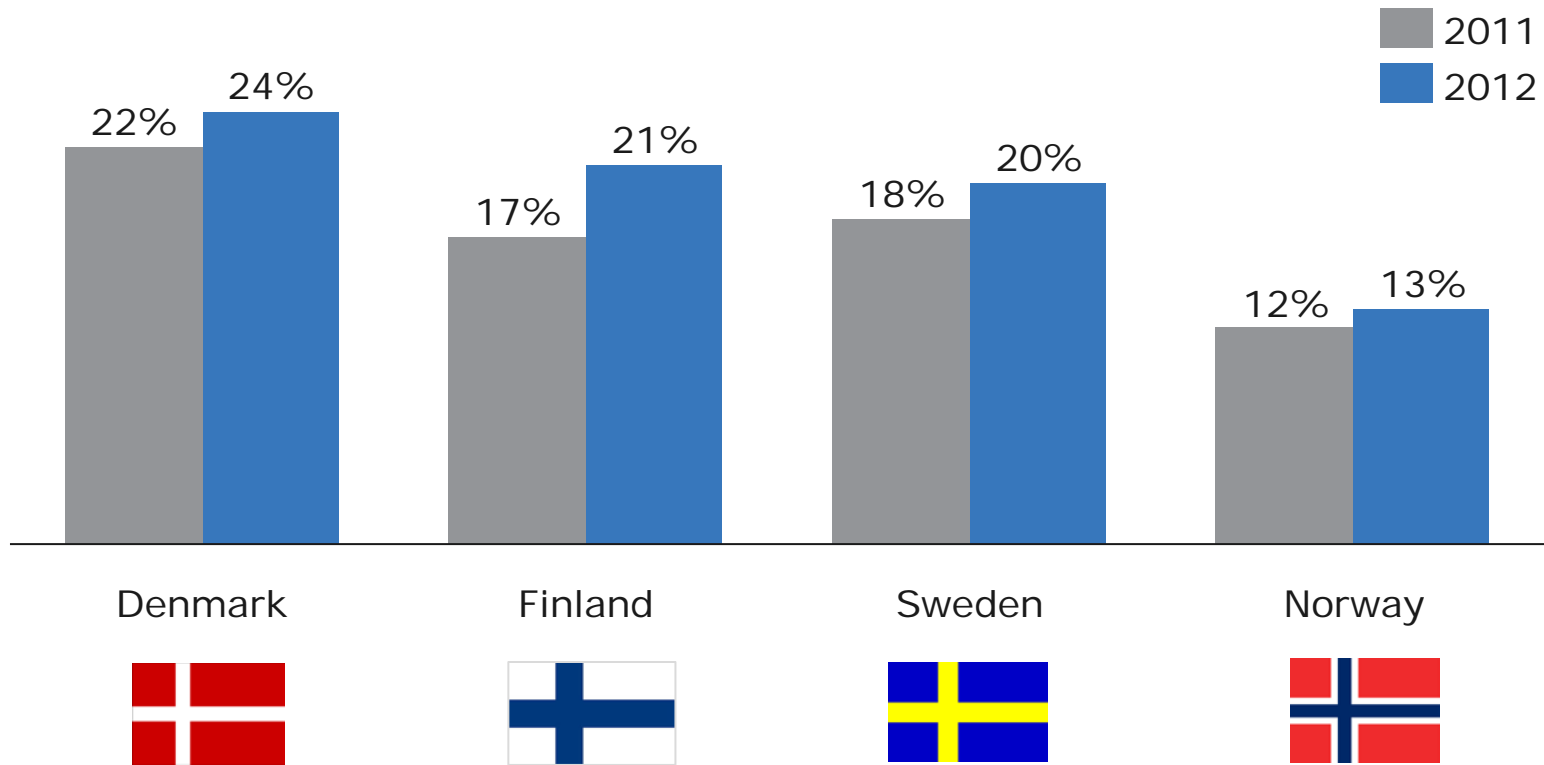
- 2-4 dominating players in each market



Source: ACNielsen

Private Label is becoming a larger competitor

12 months Private Label value share in the grocery trade

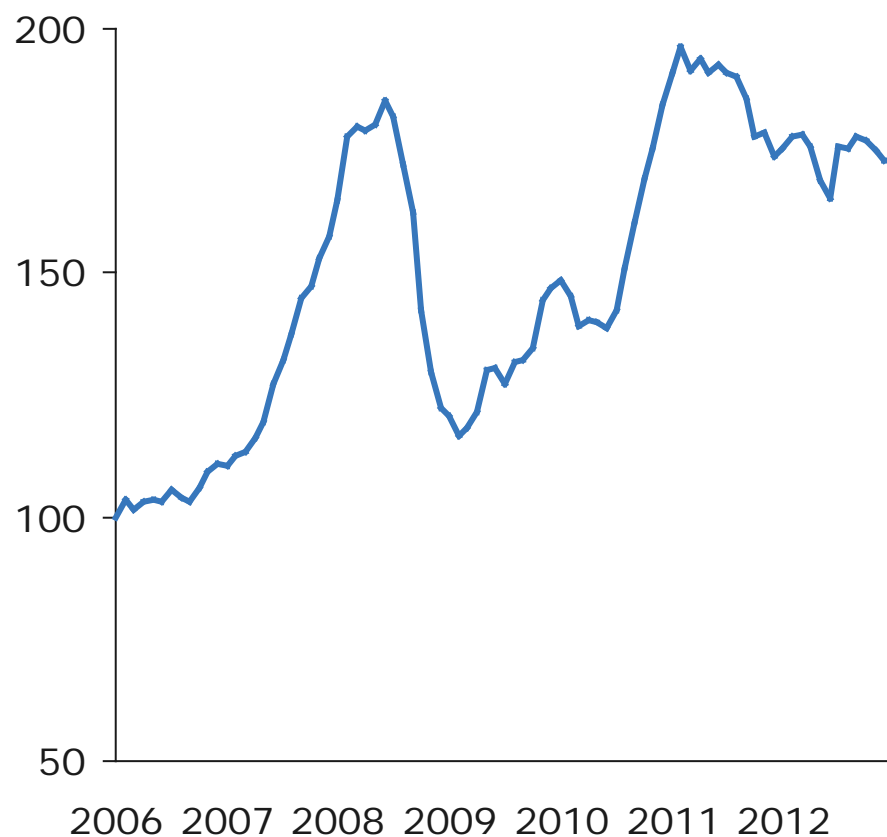


Diversed exposure to raw materials

10 Largest raw material groups

Vegetable oil
Flour, grain and bakery mix
Sugar
Meat, cut and trimming
Cheese
Cocoa & chocolate
Fruit and berry
Spice, dry herb and extract
Pelagic
Tomato paste

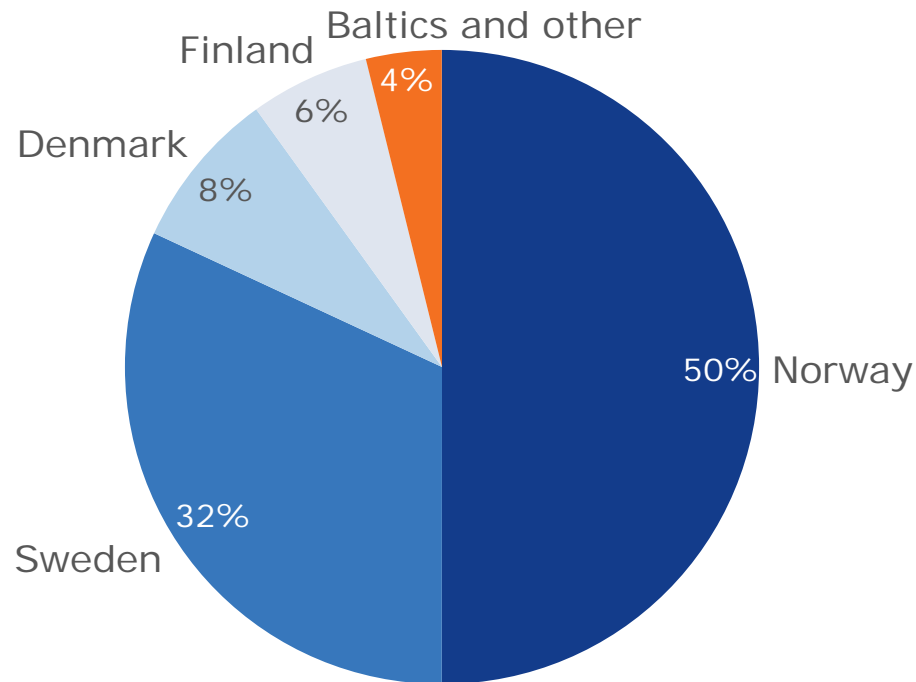
FAO Food price index (January 2013)





ORKLA FOODS

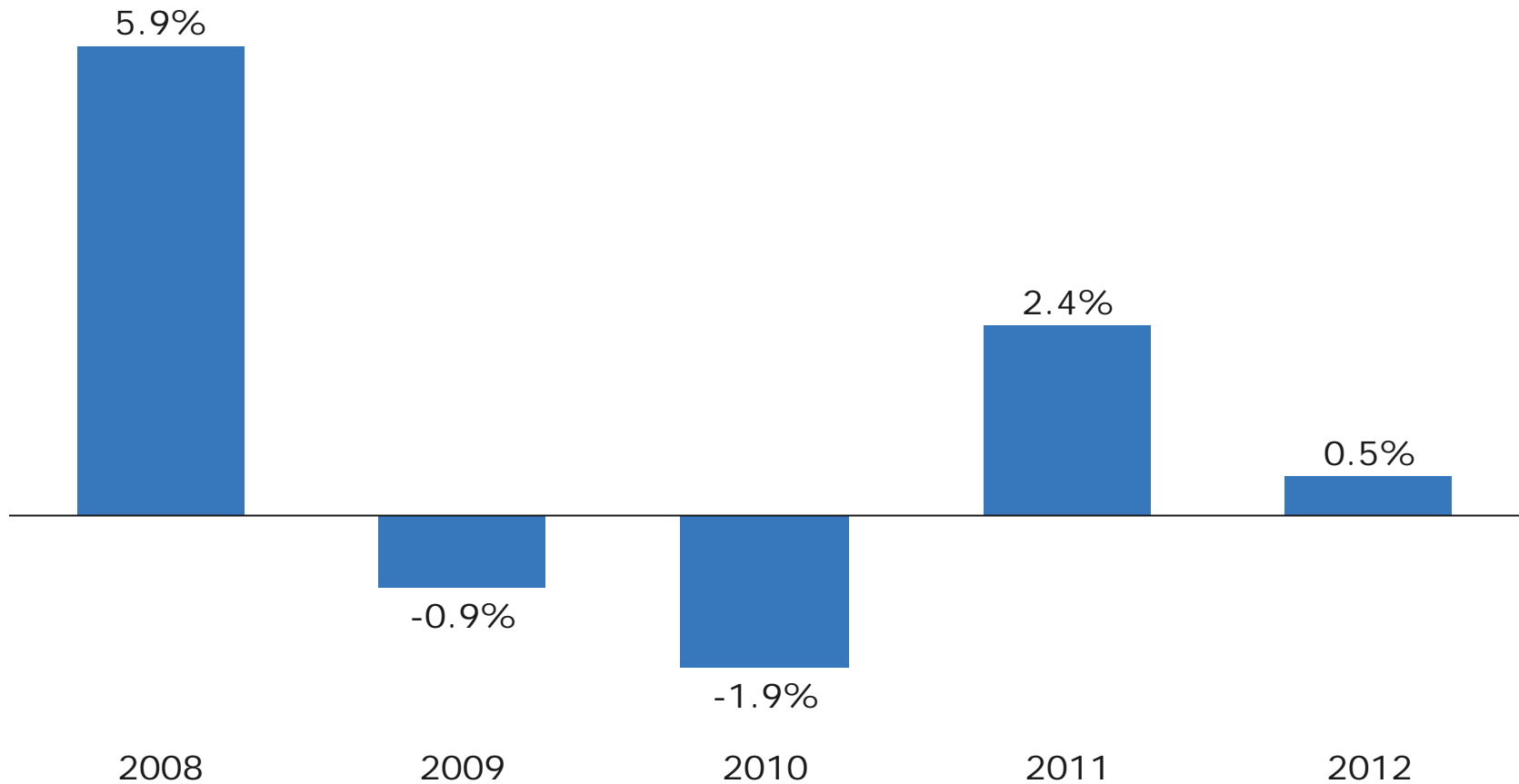
Orkla Foods – Geographical sales split*



- Revenues 2012, proforma incl. Rieber: NOK 10.5 billion
- Actual revenues 2012: NOK 7,972 million

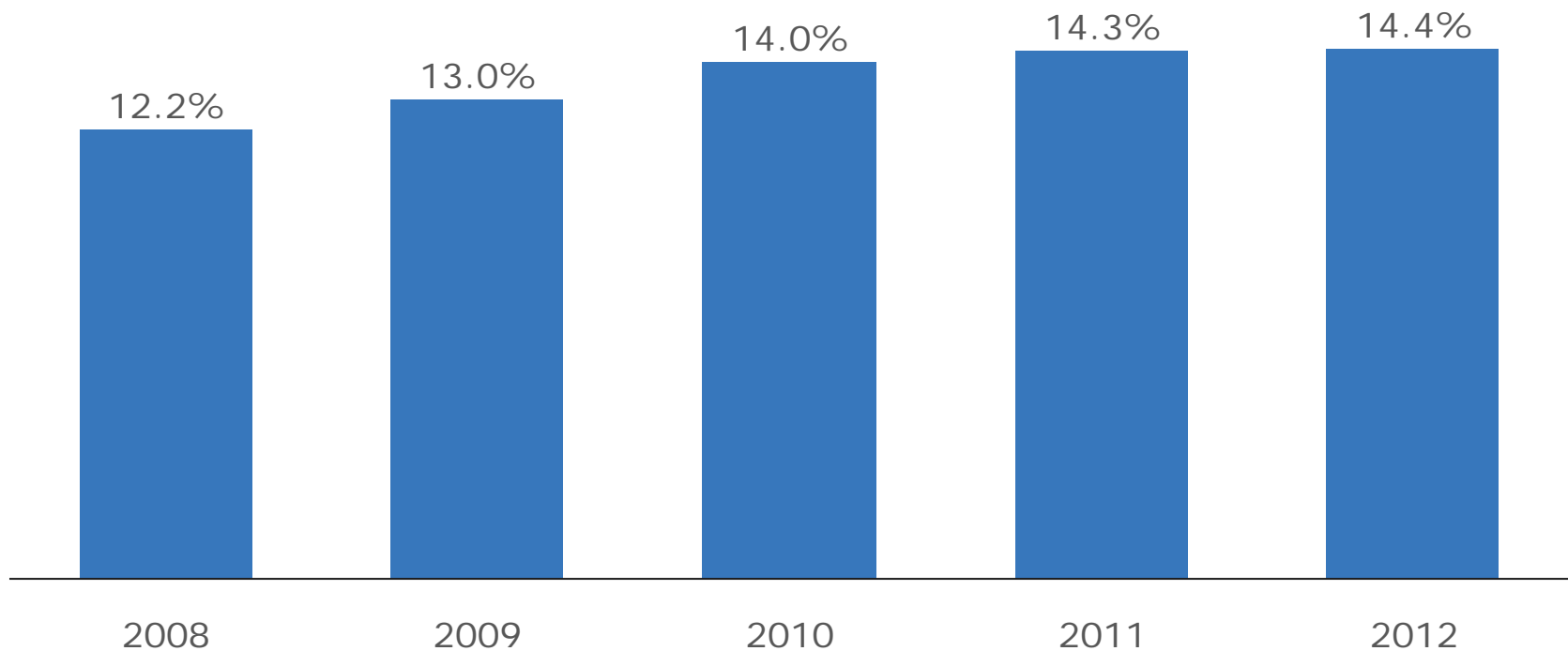
*Proforma incl. Rieber.

Orkla Foods - Organic sales growth*



*Adjusted for acquired, sold and divested companies and currency translation effects.

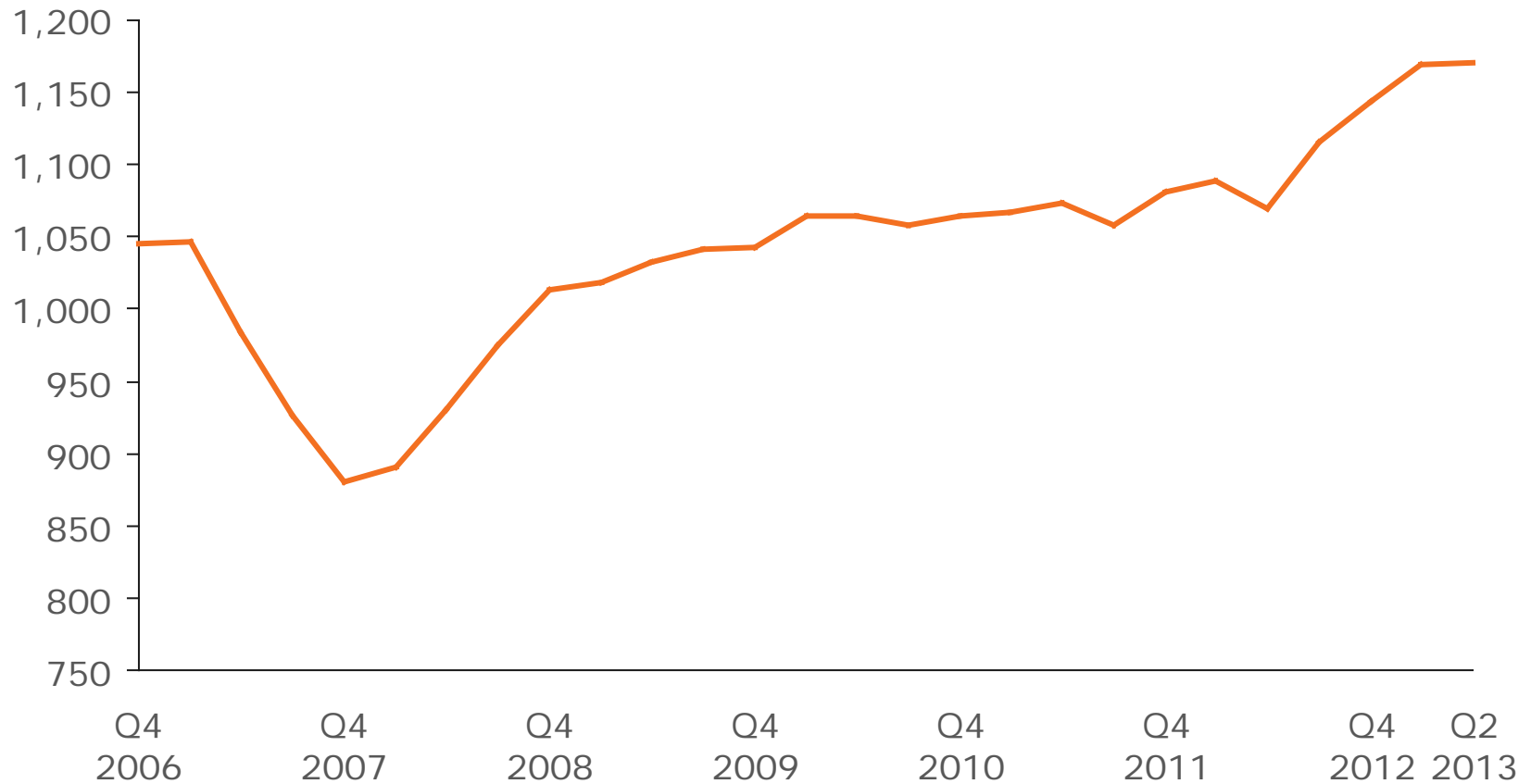
Orkla Foods - EBITA margin*



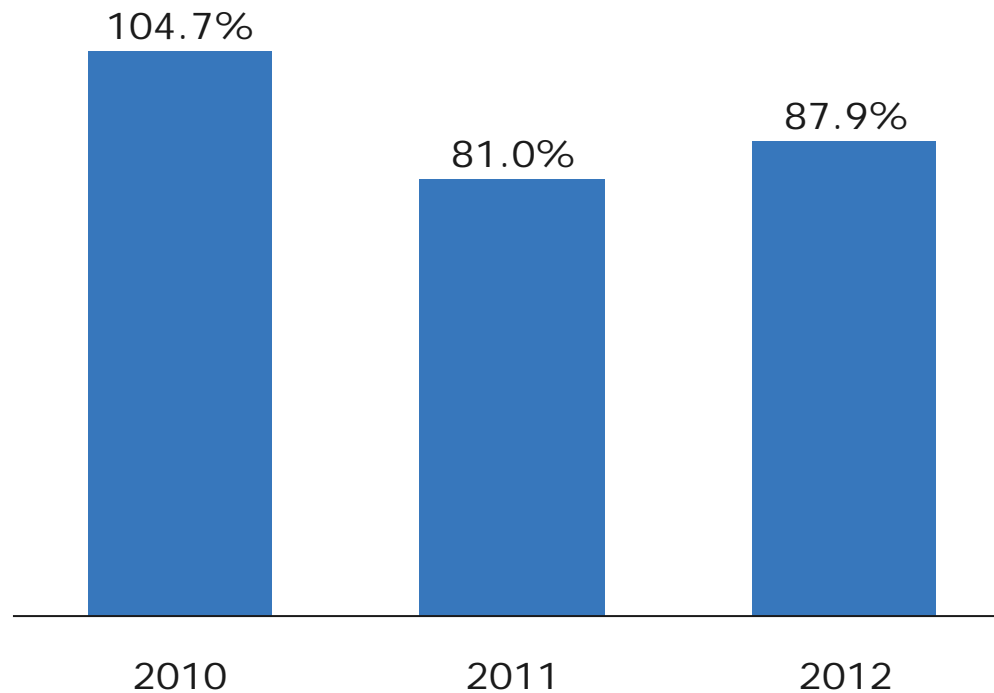
* Ex. Bakers (Divested).

Orkla Foods

- Rolling 12 months reported EBITA



Orkla Foods - Cash conversion



*Cash flow from operations before tax / EBITA

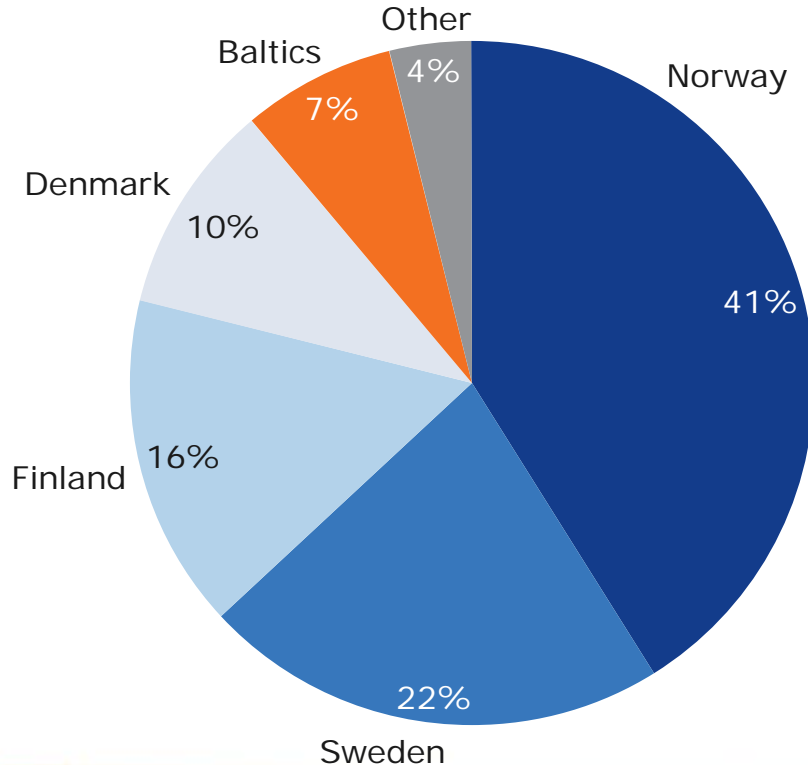


ORKLA CONFECTIONERY & SNACKS

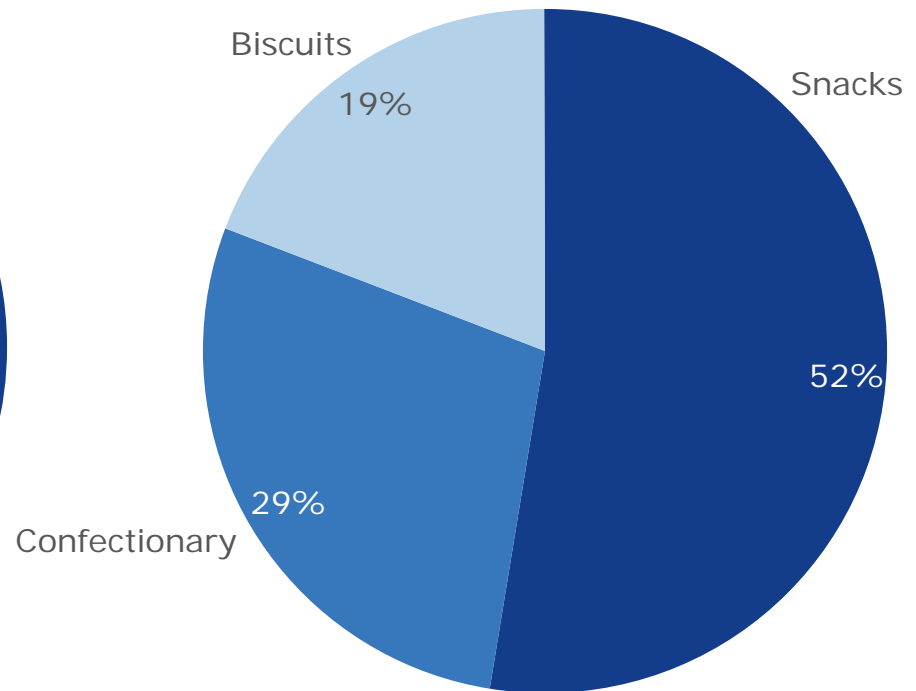
Orkla Confectionery & Snacks

- Revenues 2012: NOK 4,794 million

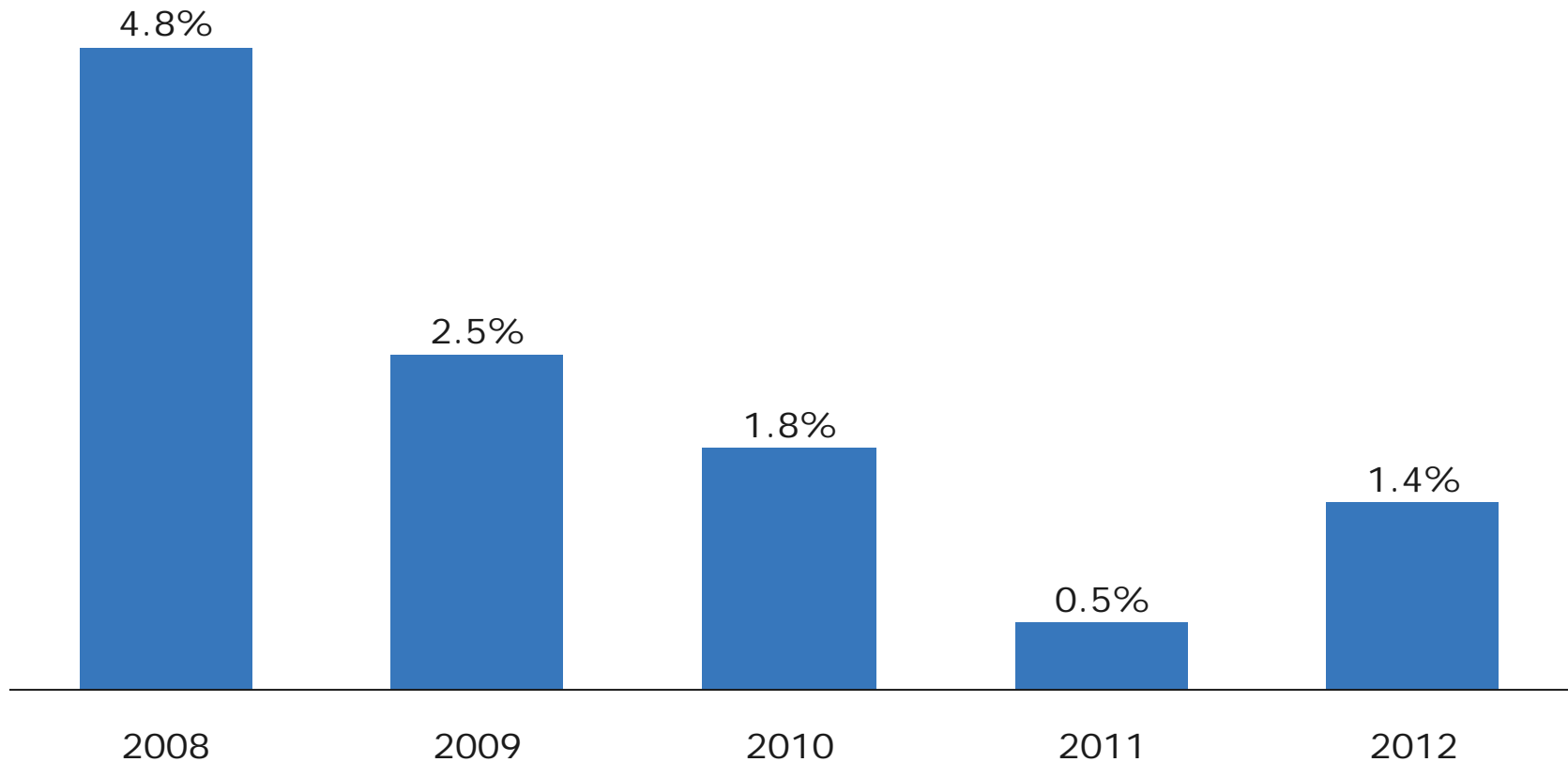
Geographical sales split:



Category sales split:

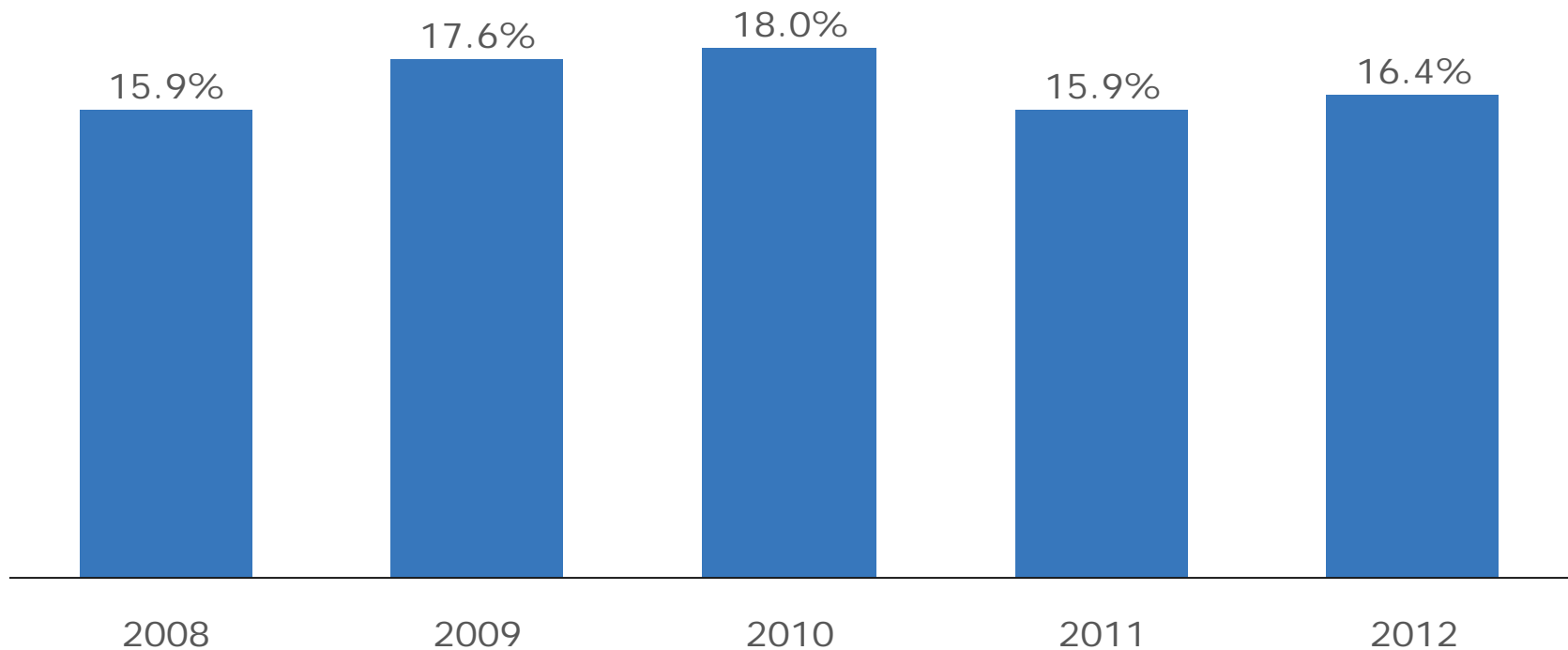


Orkla Confectionery & Snacks - Organic sales growth*



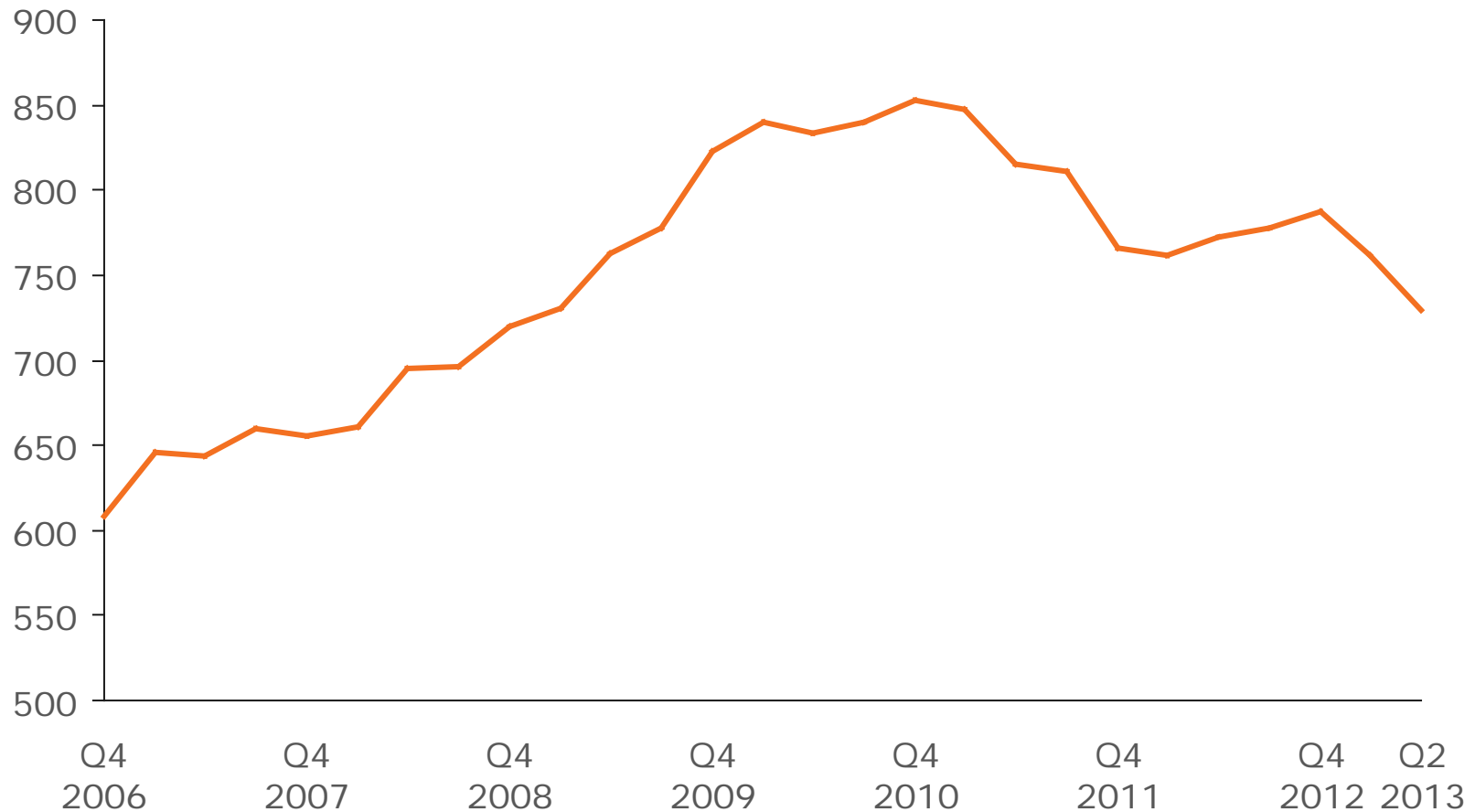
*Adjusted for acquired, sold and divested companies and currency translation effects.

Orkla Confectionery & Snacks - EBITA margin



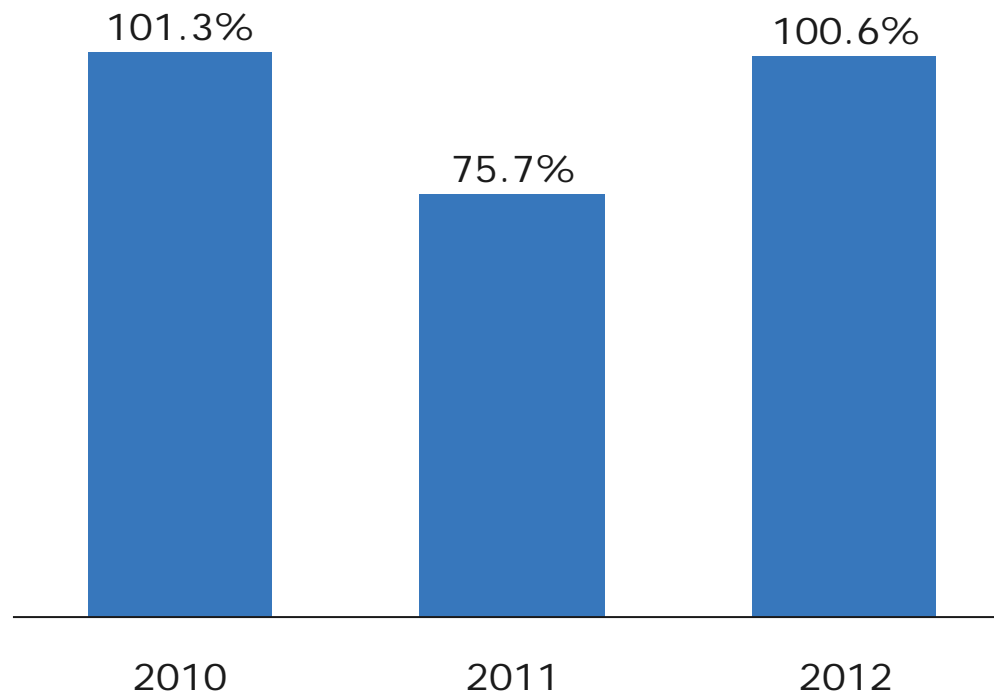
Orkla Confectionery & Snacks

- Rolling 12 months reported EBITA



Orkla Confectionery & Snacks

- Cash conversion



*Cash flow from operations before tax / EBITA

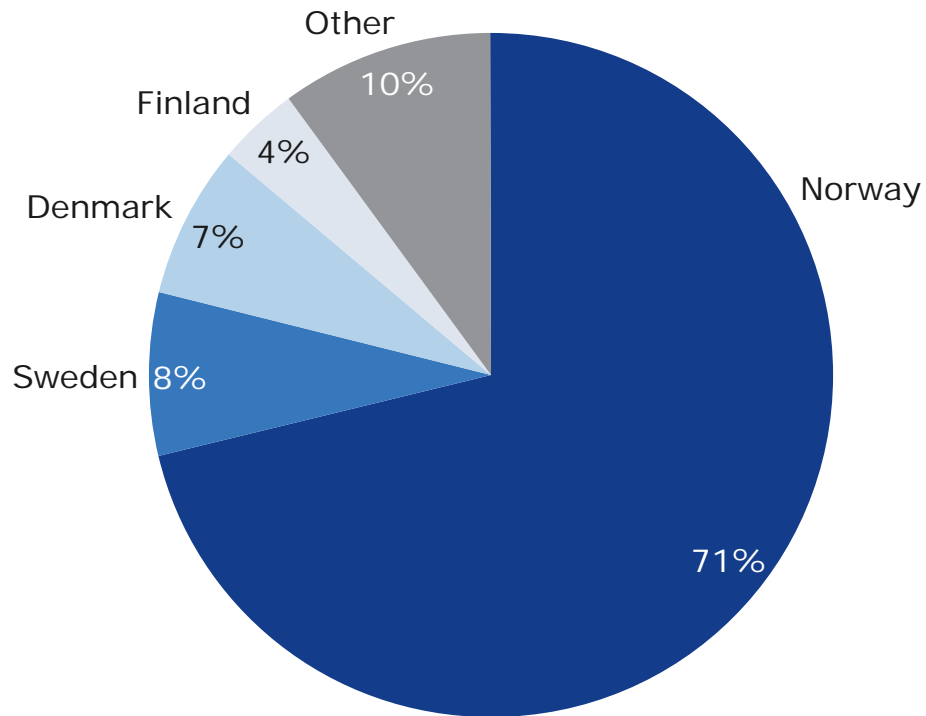


ORKLA HOME & PERSONAL

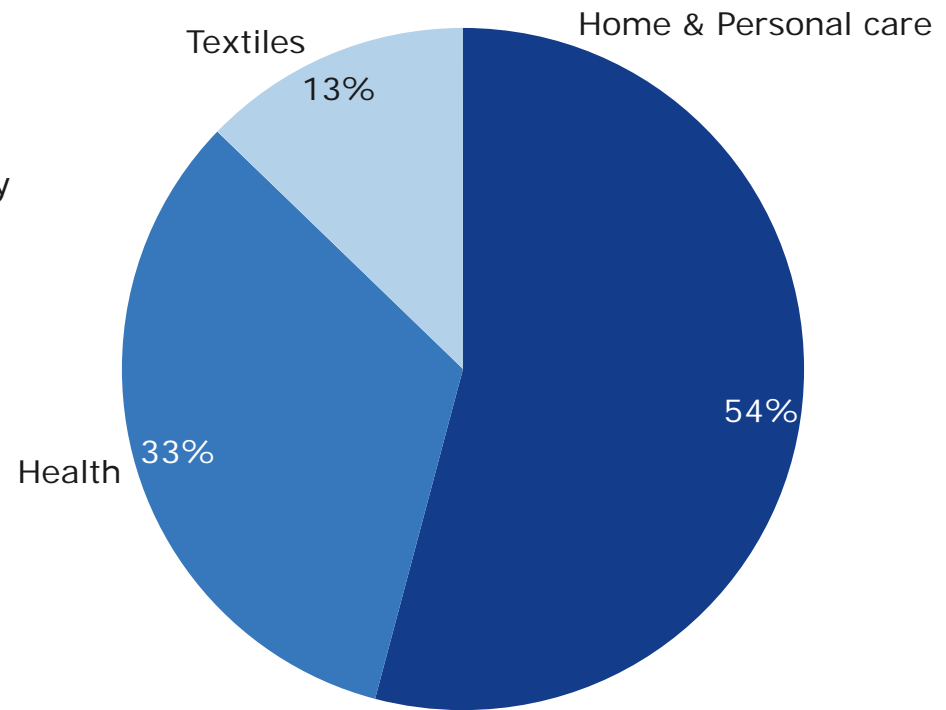
Orkla Home & Personal

- Revenues 2012: NOK 4,025 million

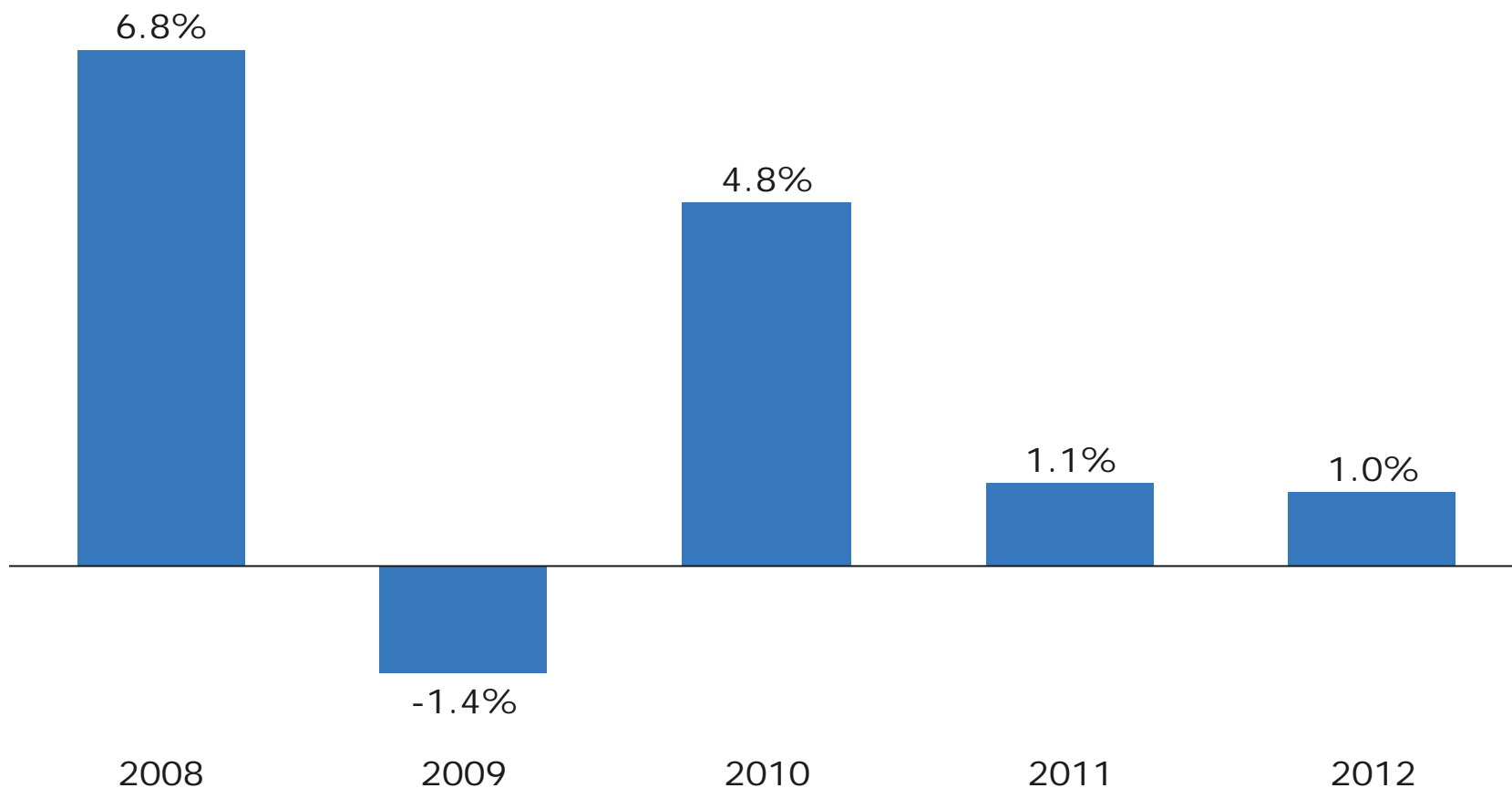
Geographical sales split:



Category sales split:

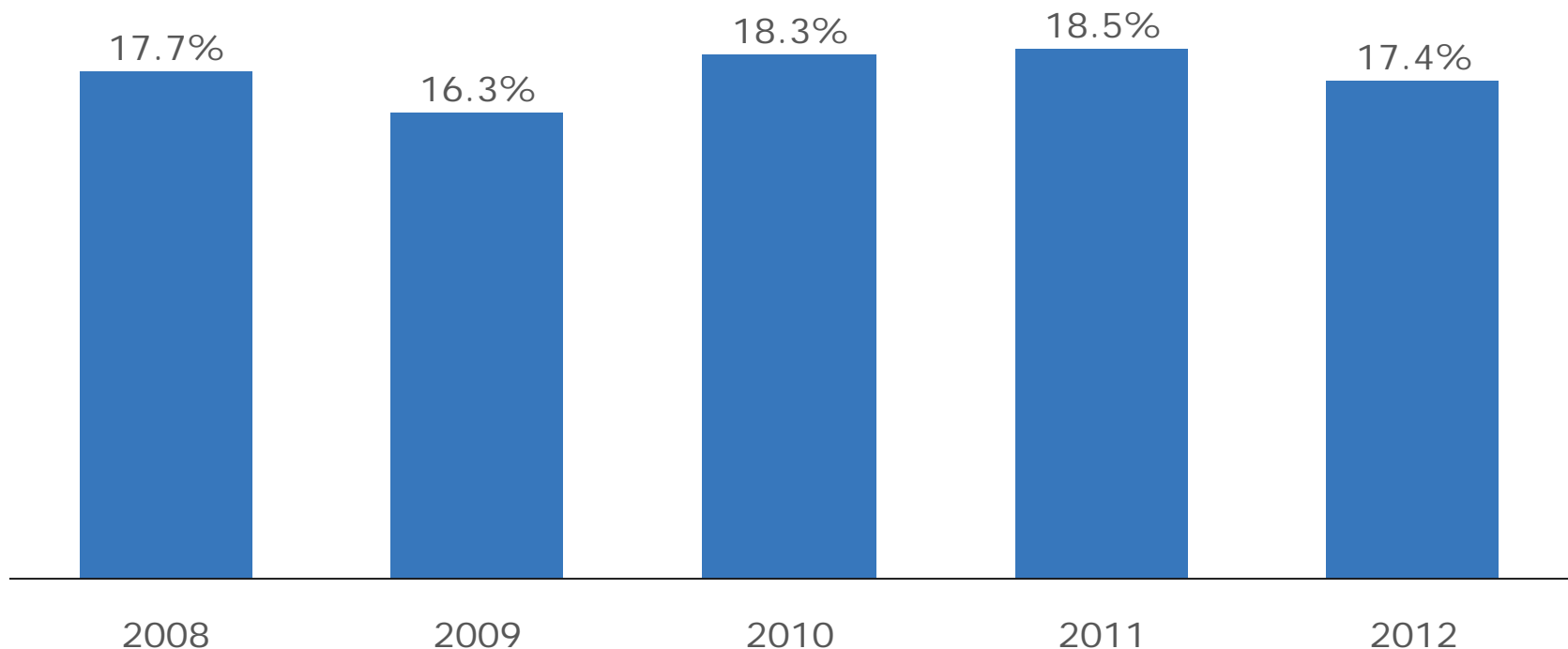


Orkla Home & Personal - Organic sales growth*



*Adjusted for acquired, sold and divested companies, currency translation effects and contract production to the process chemistry industry.

Orkla Home & Personal - EBITA margin*



*Ex. contract production to the process chemistry industry.

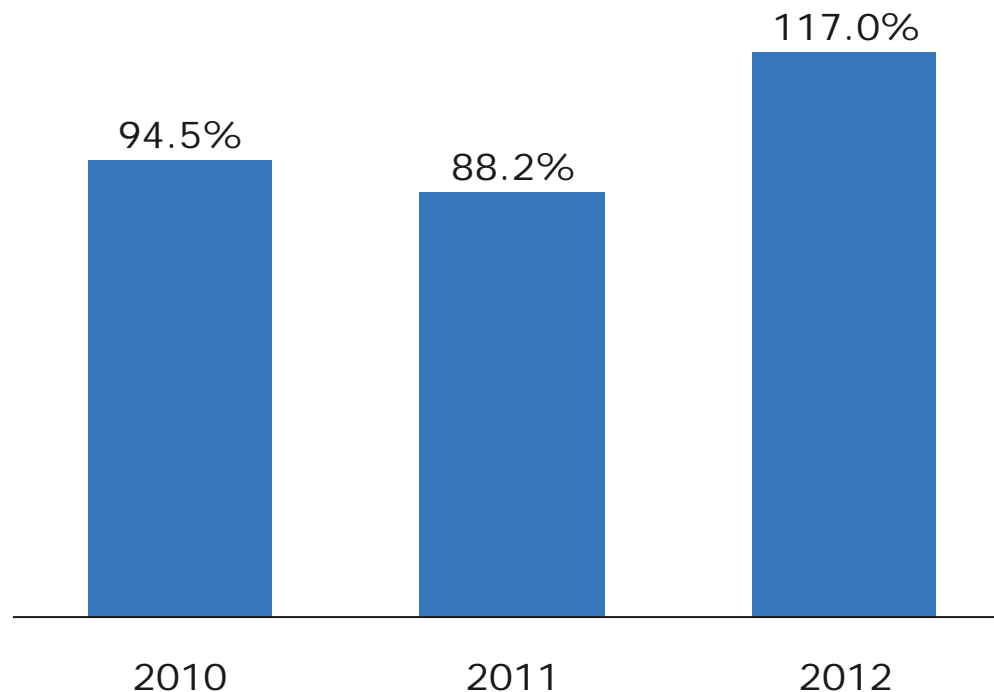
Orkla Home & Personal

- Rolling 12 months reported EBITA



Orkla Home & Personal

- Cash conversion



*Cash flow from operations before tax / EBITA

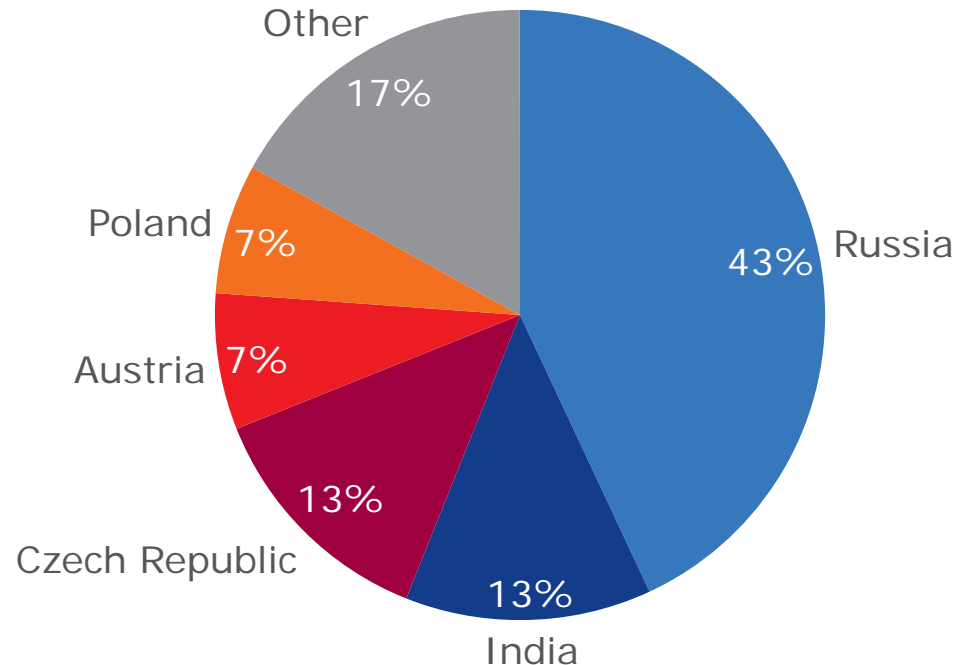


**ORKLA
INTERNATIONAL**



Orkla International

- Geographical sales split*



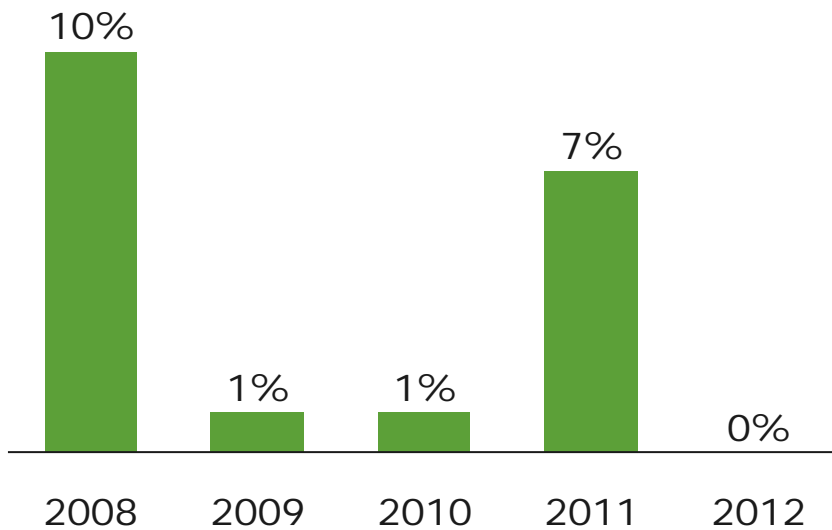
- Revenues 2012, proforma incl. Rieber: NOK 3 billion
- Actual revenues 2012: NOK 2,133 million

*Proforma incl. Rieber.

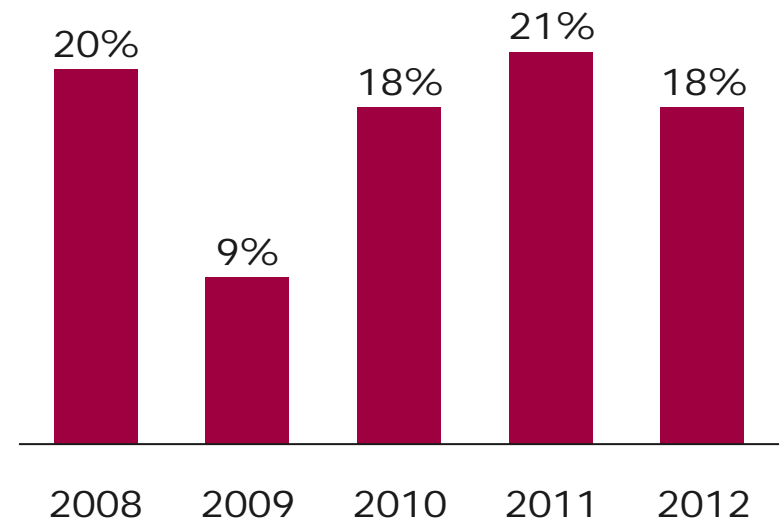
Orkla International

- Organic sales growth*

Russia:



India:



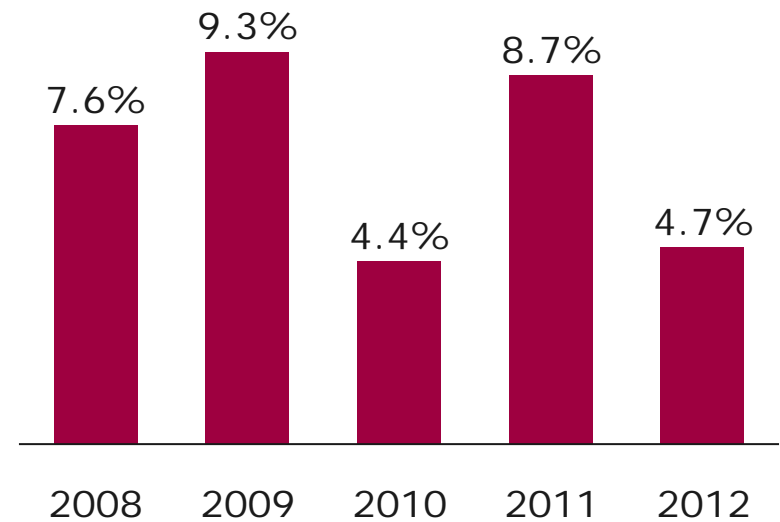
*Adjusted for acquired, sold and divested companies and currency translation effects.

Orkla International - EBITA margin

Russia:

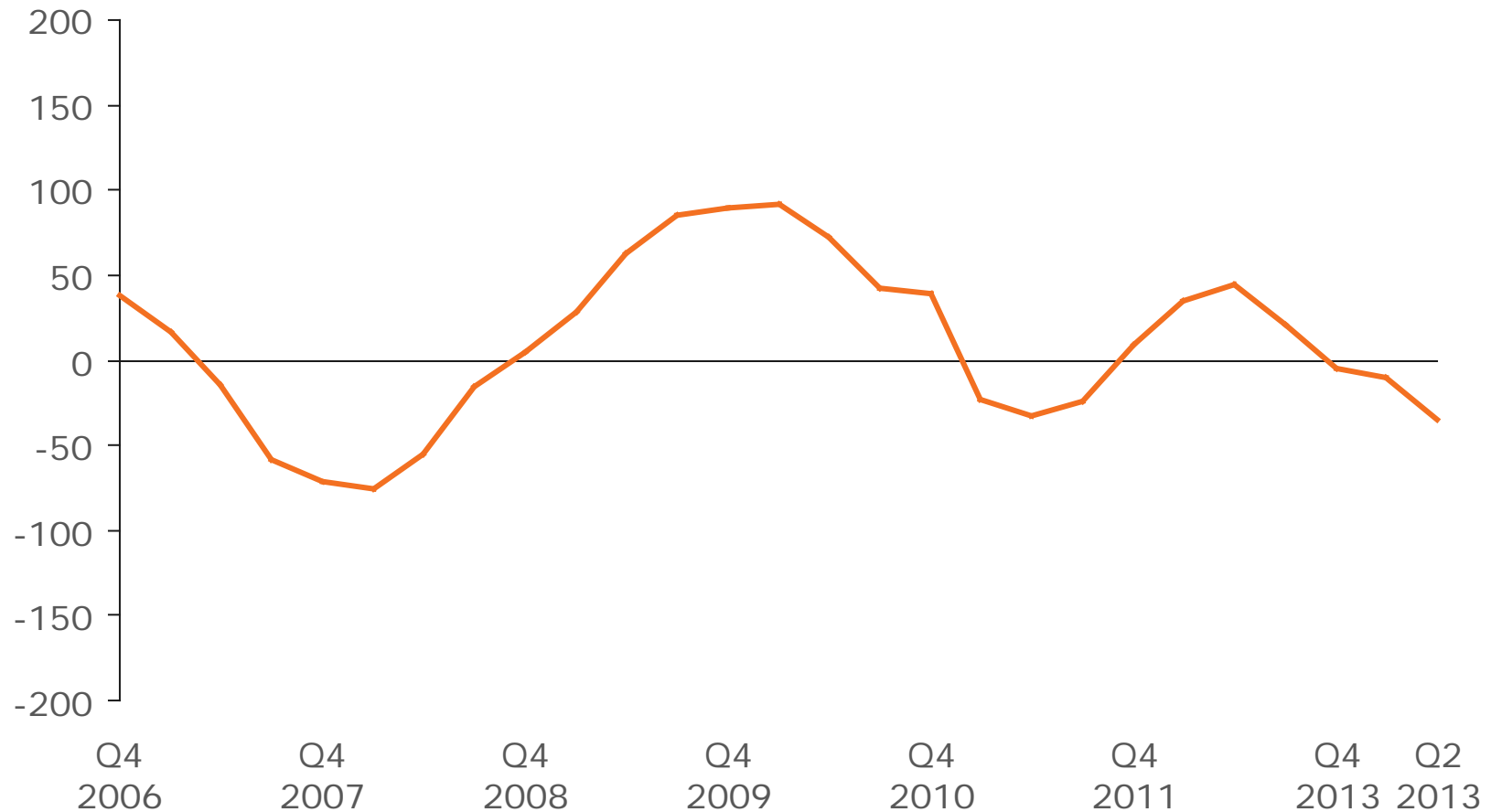


India:



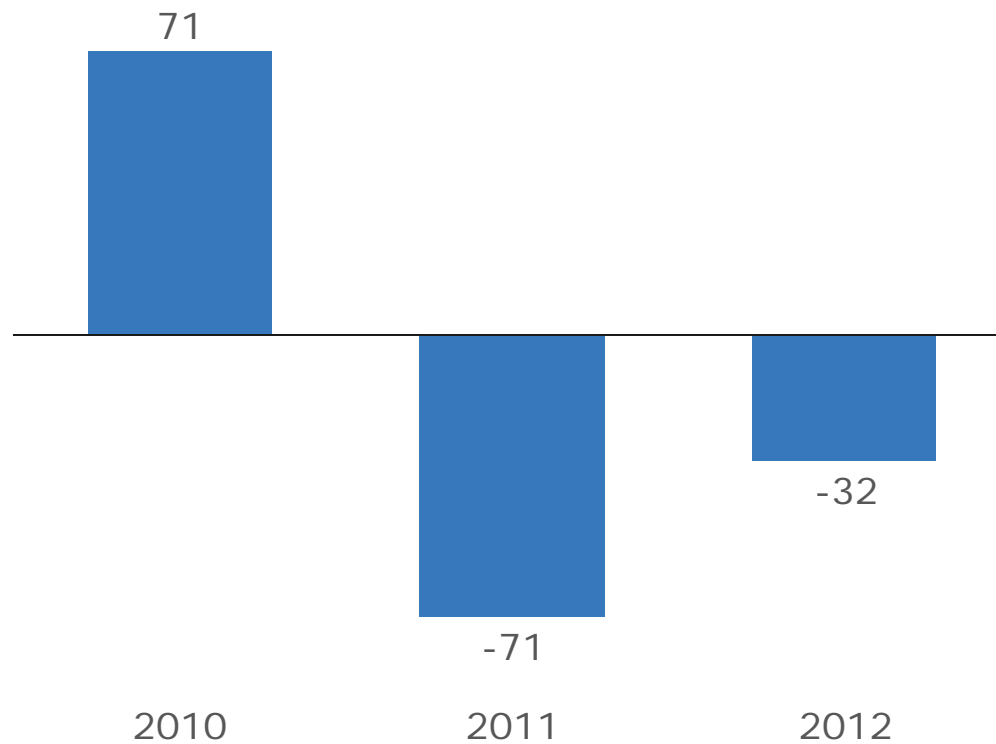
Orkla International

- Rolling 12 months reported EBITA



Orkla International

- Cash flow from operations

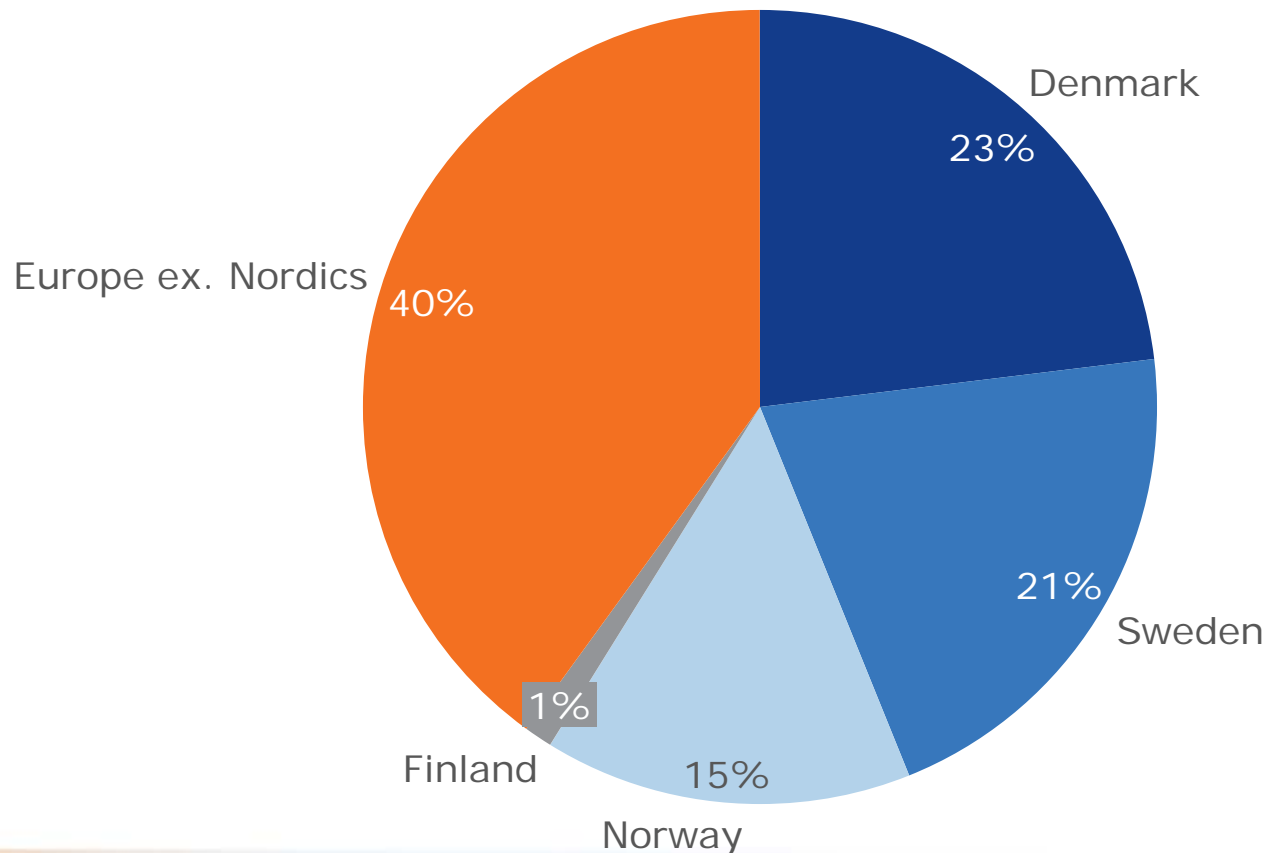




ORKLA FOOD INGREDIENTS

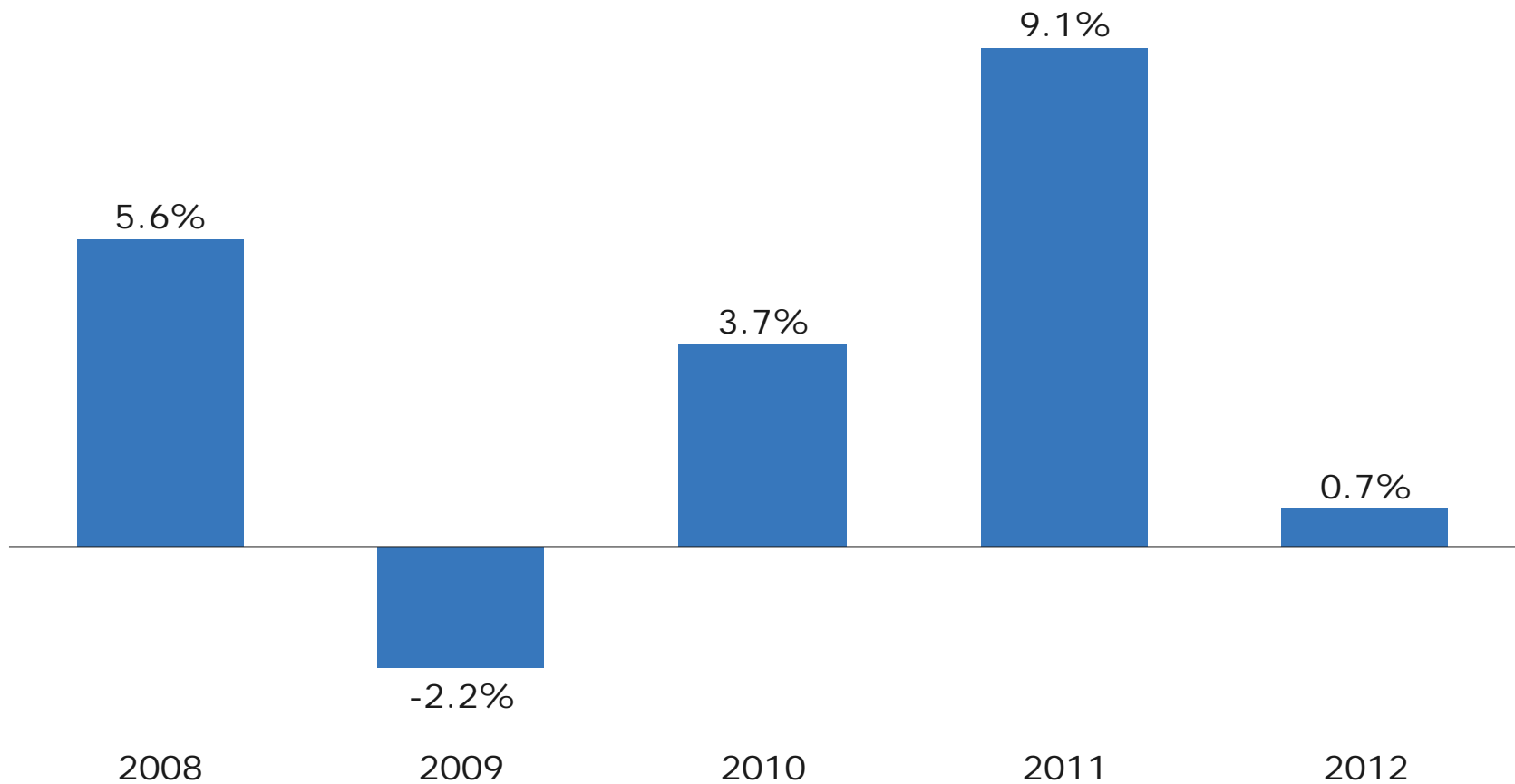
Orkla Food Ingredients – Geographical sales split

- Revenues 2012: NOK 5,435 million



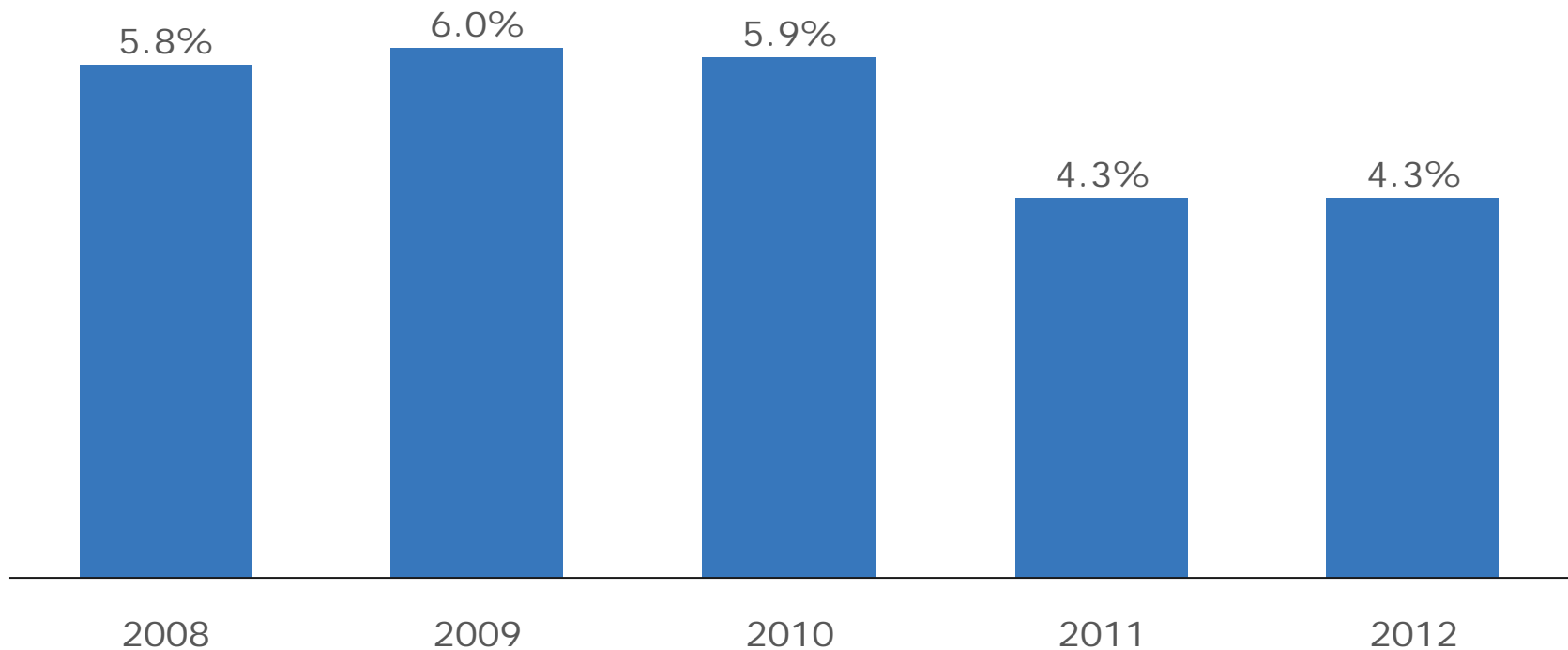
Orkla Food Ingredients

- Organic sales growth*



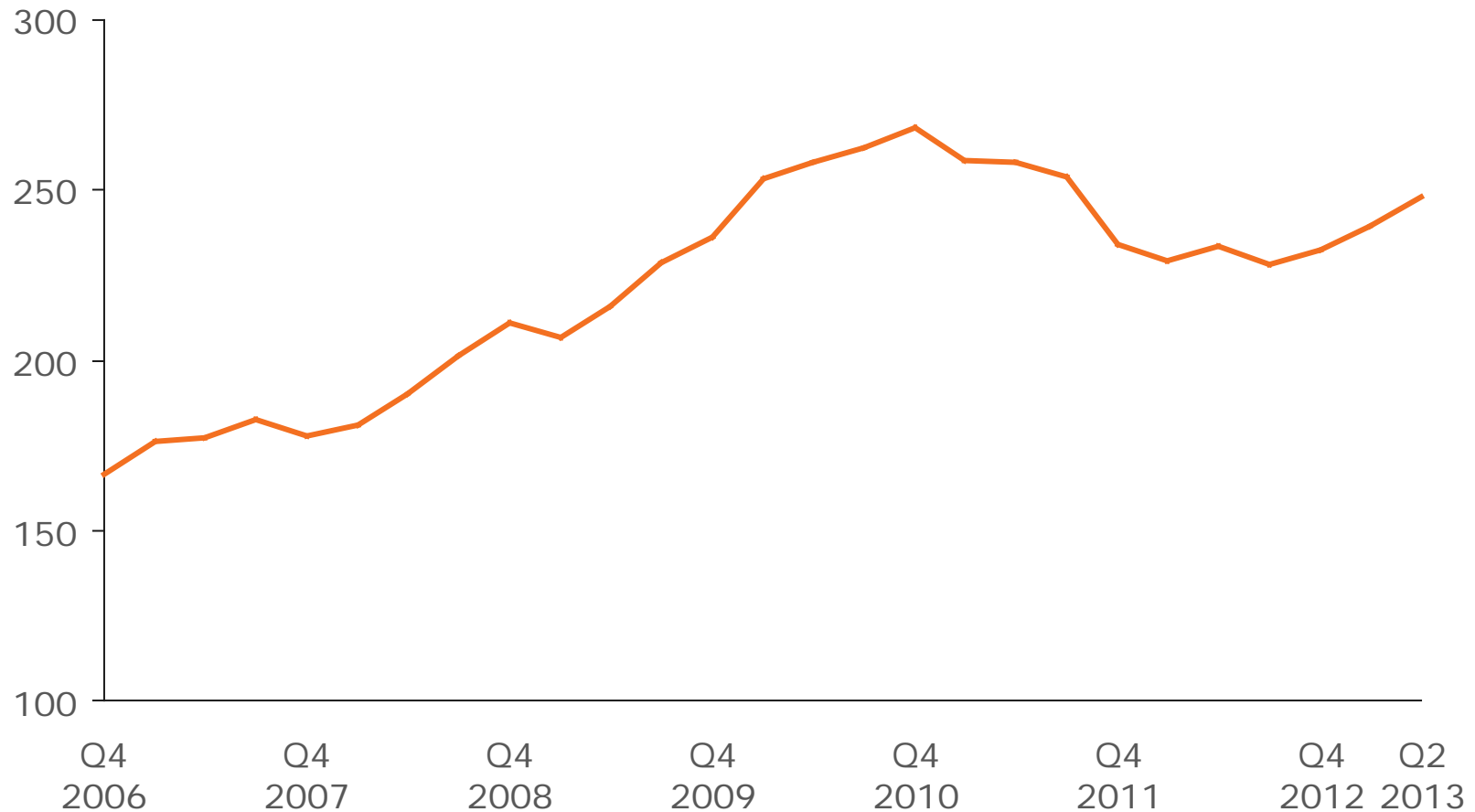
*Adjusted for acquired, sold and divested companies and currency translation effects.

Orkla Food Ingredients - EBITA margin



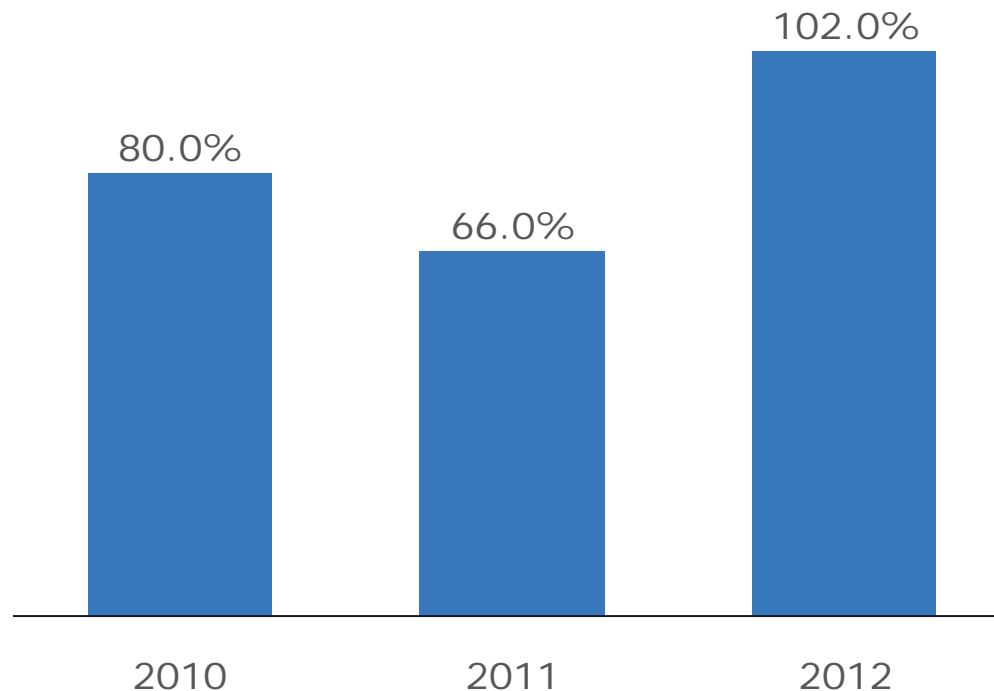
Orkla Food Ingredients

- Rolling 12 months reported EBITA



Orkla Food Ingredients

- Cash conversion



*Cash flow from operations before tax / EBITA



Jotun

(42.5% ownership)



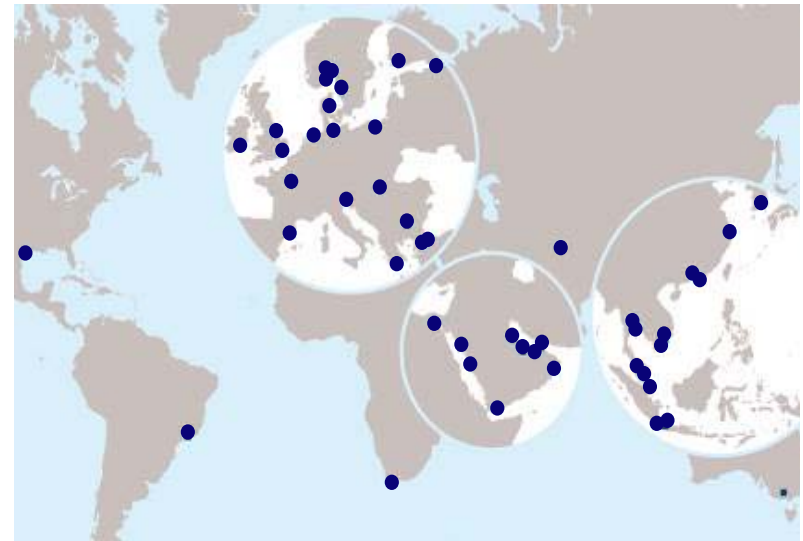
Jotun

- Orkla's ownership: 42.5%
- One of the world's leading/fastest growing manufacturers of paints and coatings
- Represented on all continents via subsidiaries and JVs
- Orkla has confirmed its long-term interest in Jotun

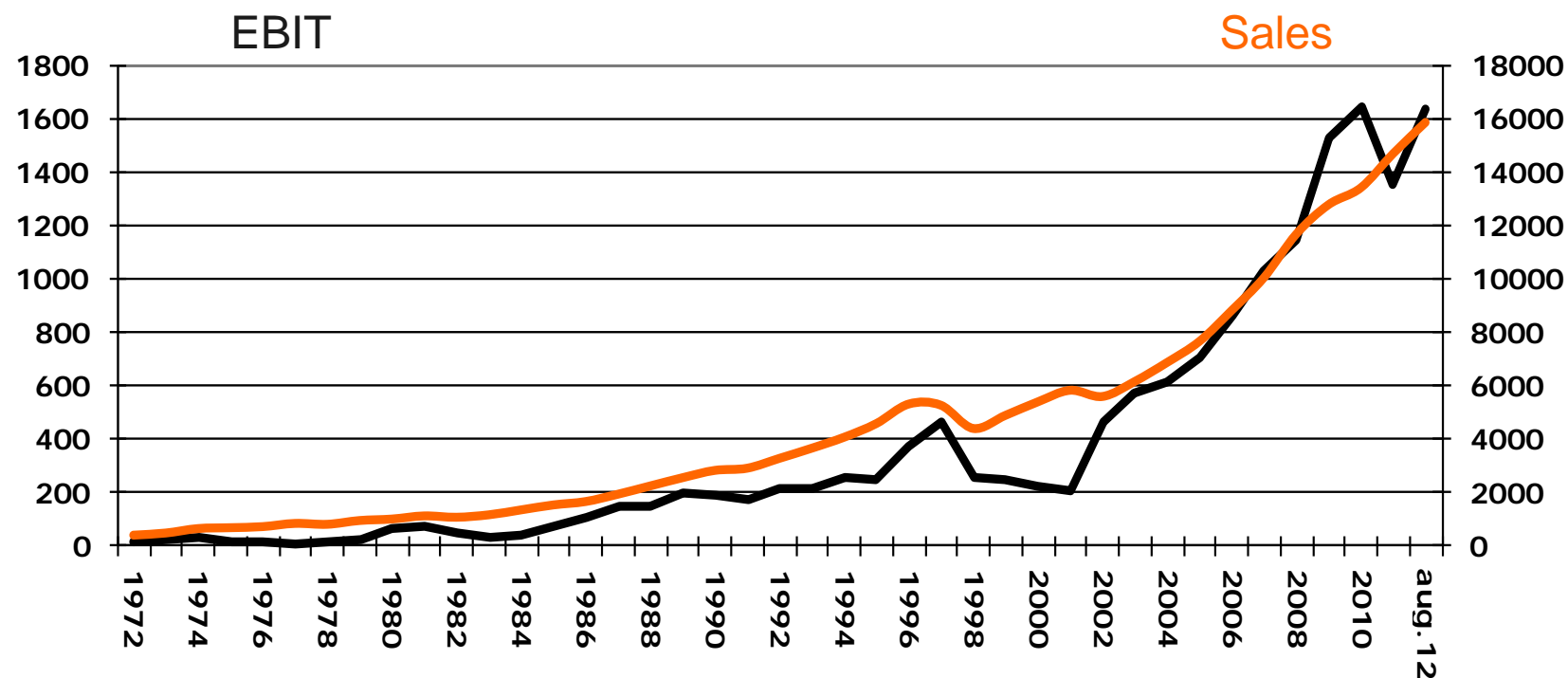




- Total sales 16 bill NOK*
- EBITA margin 10,3 %
- 9 largest paint company in the world
- 41 factories located on all continents
- 70 companies in 40 countries
- 9000 employees
- Head office in Sandefjord, Norway



Sales and EBIT development

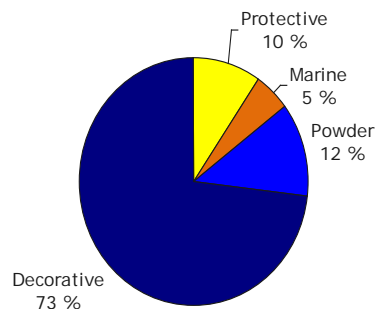


100 % of JVs and associated companies



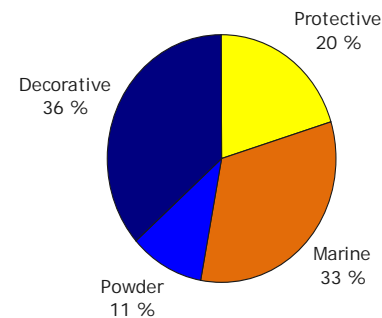
Strong in selected segments and markets

Global market - our segments



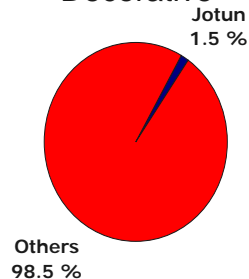
Market size : 80 bill USD

Global market - our sales

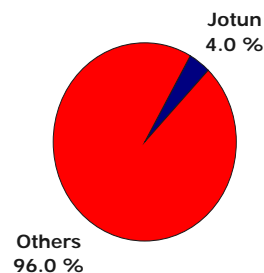


Jotun sales : 2,6 bill USD

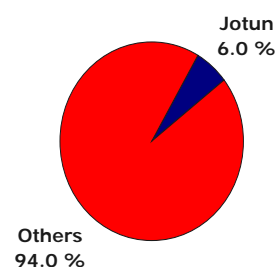
Decorative



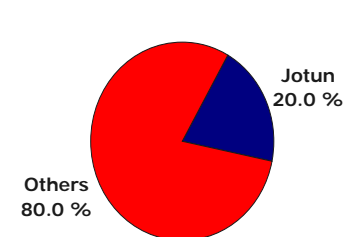
Powder



Protective



Marine

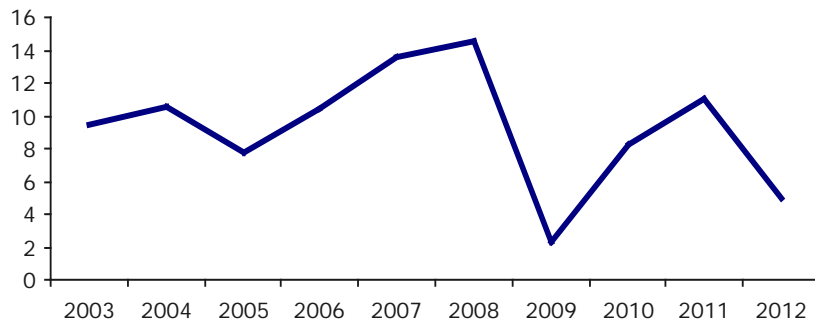


Market Share 2012

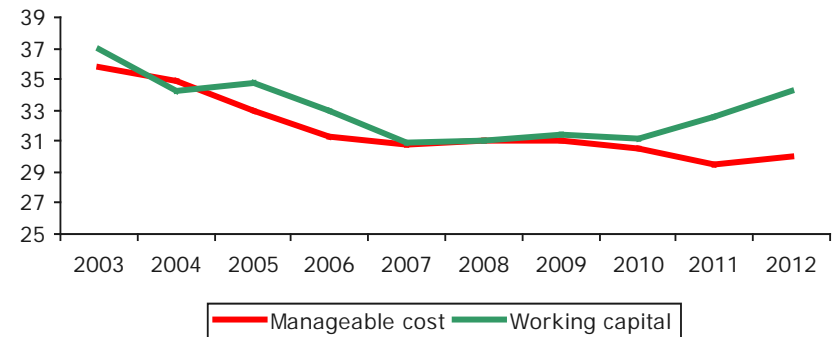
	Decorative		Protective		Marine	
	Share	Position	Share	Position	Share	Position
Abu Dhabi	53 %	1	67 %	1	-	-
Saudi	18 %	1	11 %	4	30 %	2
Egypt	11 %	4	58 %	1	49 %	1
Oman	52 %	1	52 %	1	43 %	2
Dubai	59 %	1	47 %	1	22 %	2
Bahrain	32 %	2	24 %	2	75 %	1
Kuwait	17 %	2	6 %	3	30 %	2
Qatar	50%	1	9 %	4	33 %	2
Pakistan	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

Strong growth and stable profitability

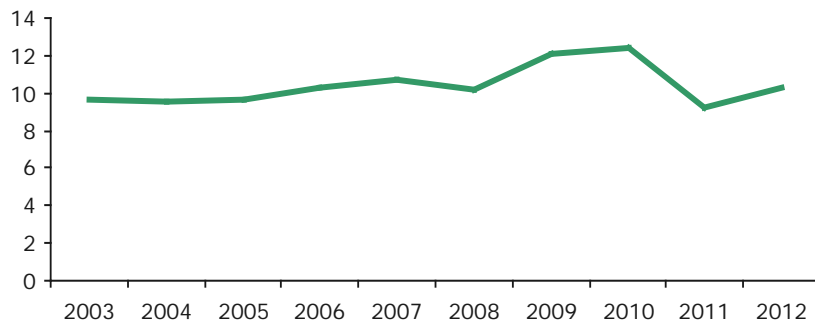
Annual volume growth %



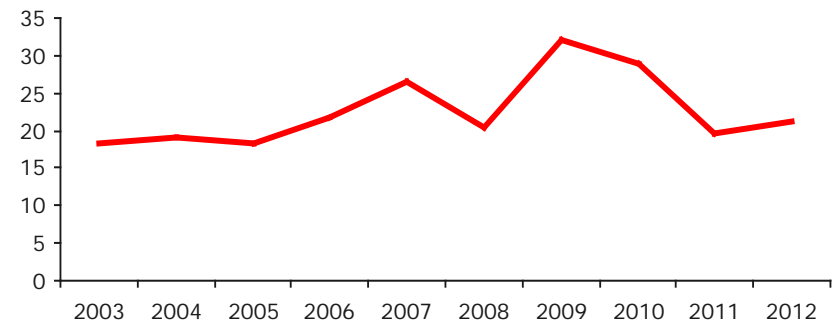
Manageable cost / Working capital %



EBITA %



ROCE %

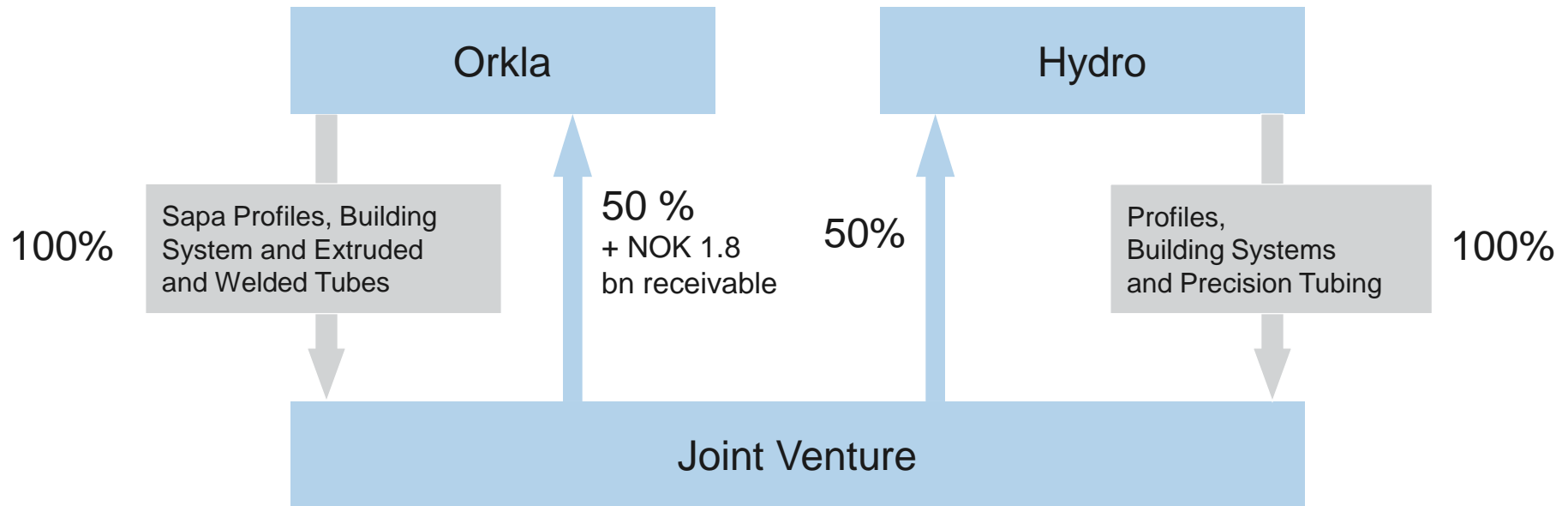




Non-core

Sapa and Hydro Power

Orkla and Hydro creating a stronger extruded aluminum company better positioned for a successful exit



- Annual revenue and cost synergies of NOK 1 billion
- Orkla will initiate an IPO after approx. 3 years from closing

Agenda of the new company

Europe



Building on solid knowledge base,
rightsizing portfolio

North
America



Integrating and capitalizing
on strong positions

Emerging
markets



Developing attractive positions
in high-growth markets

Sapa Profiles and Building System

-Part of future joint venture

- Agreement to merge Sapa Profiles and Building System with Hydro's extruded products
- Orkla will own 50% in the Joint Venture
- Sapa Profiles and Building System are presented on the line Discontinued operations, according to the new structure



Sapa Profiles

Solutions using extruded aluminium profiles



Sapa Building System

Building system solutions based on aluminium profiles

EBITA margin (%)	2011	2012
Profiles North America	4.0 %	4.6 %
Profiles Europe	2.0 %	0.7 %

Amounts in NOK million

Sapa (Part of future JV)	2011	2012
Operating revenues	27 057	25 372
EBITA	631	233
Other income and exp.	- 664	-1 752

Sapa Heat Transfer

- Heat exchanger solutions based on aluminium strip
- Heat Transfer is reported as an independent segment, according to the new structure
- Structural process initiated for divestment of Sapa Heat Transfer



Amounts in NOK million

Sapa Heat Transfer	2011	2012
Operating revenues	3 908	3 990
EBITA	179	309
EBITA margin	4.6 %	7.7 %

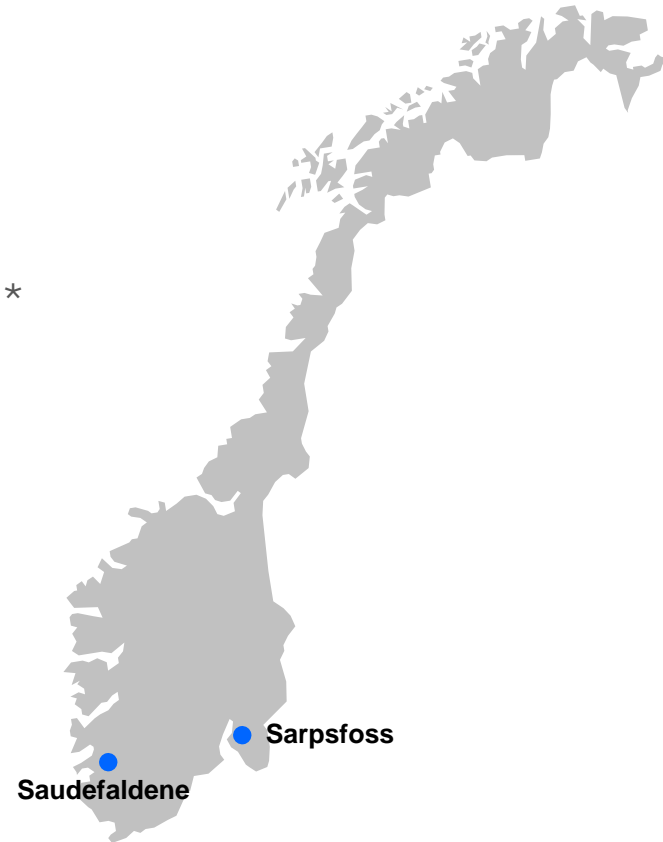
Hydro Power assets in Orkla

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 ~70 million in 2012*
 - Includes maintenance investments of NOK ~25 million
- Depreciations: NOK ~50 million in 2012

Sarpsfoss – 0.6 TWh

- Not part of the Norwegian reversion regime
- River plant
- Contracts with spot prices
- Operating expenses: NOK ~50 million in 2012
- Depreciations: NOK ~10 million in 2012



*Net after operating refunds