



Fourth quarter results 2012

Oslo, 7 February 2013

ÅGE KORSVOLD, PRESIDENT & CEO





Agenda

Åge Korsvold, President & CEO

- Strategy and highlights Q4-2012

Terje Andersen, CFO

- Financial performance Q4-2012

Jan Ove Rivenes, CEO Orkla Home & Personal

- Branded Consumer Goods

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**



Corporate structure



Orkla Growth Strategy

Targets: Organic growth 3-5 % and margin improvement

Local Brands & Innovations

The strongest local brands & the best innovations



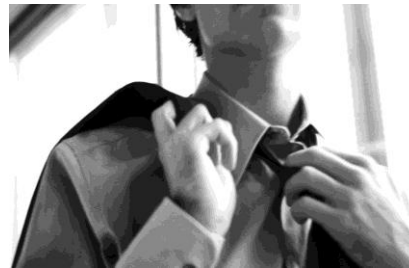
Customers & Marketplace

The preferred supplier to drive category growth



Operations & Efficiency

The most efficient consumer goods operation



People & Leadership

The best employees & leaders



Extract synergies across business units

2013 priorities: Execution

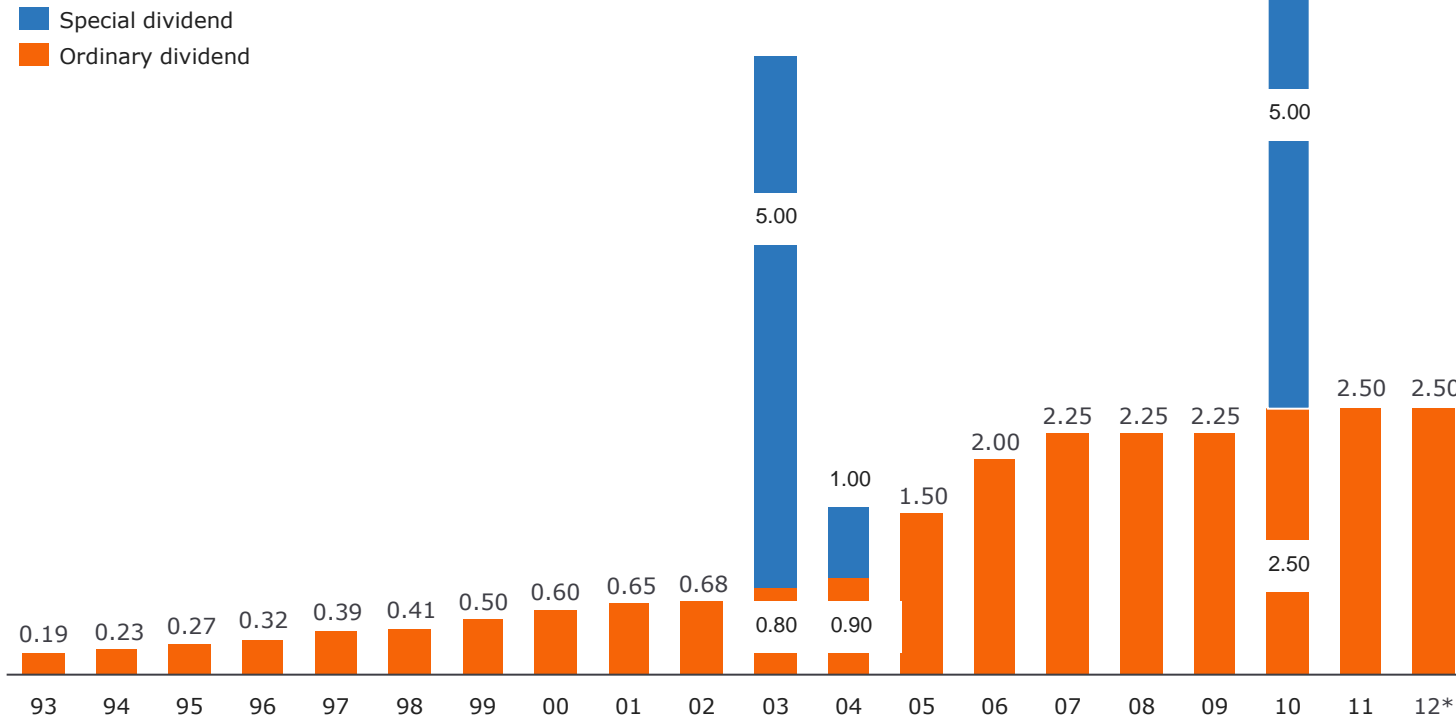
- Successful integration of Rieber
- Complete transactions and execute the JV with Hydro
- Merge the Swedish food companies Procordia and Abba Seafood
- Strengthen support functions to facilitate growth and synergies across business areas

Allocation of capital and dividend policy

- Grow Branded Consumer Goods
- Remain an Investment Grade company
- 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

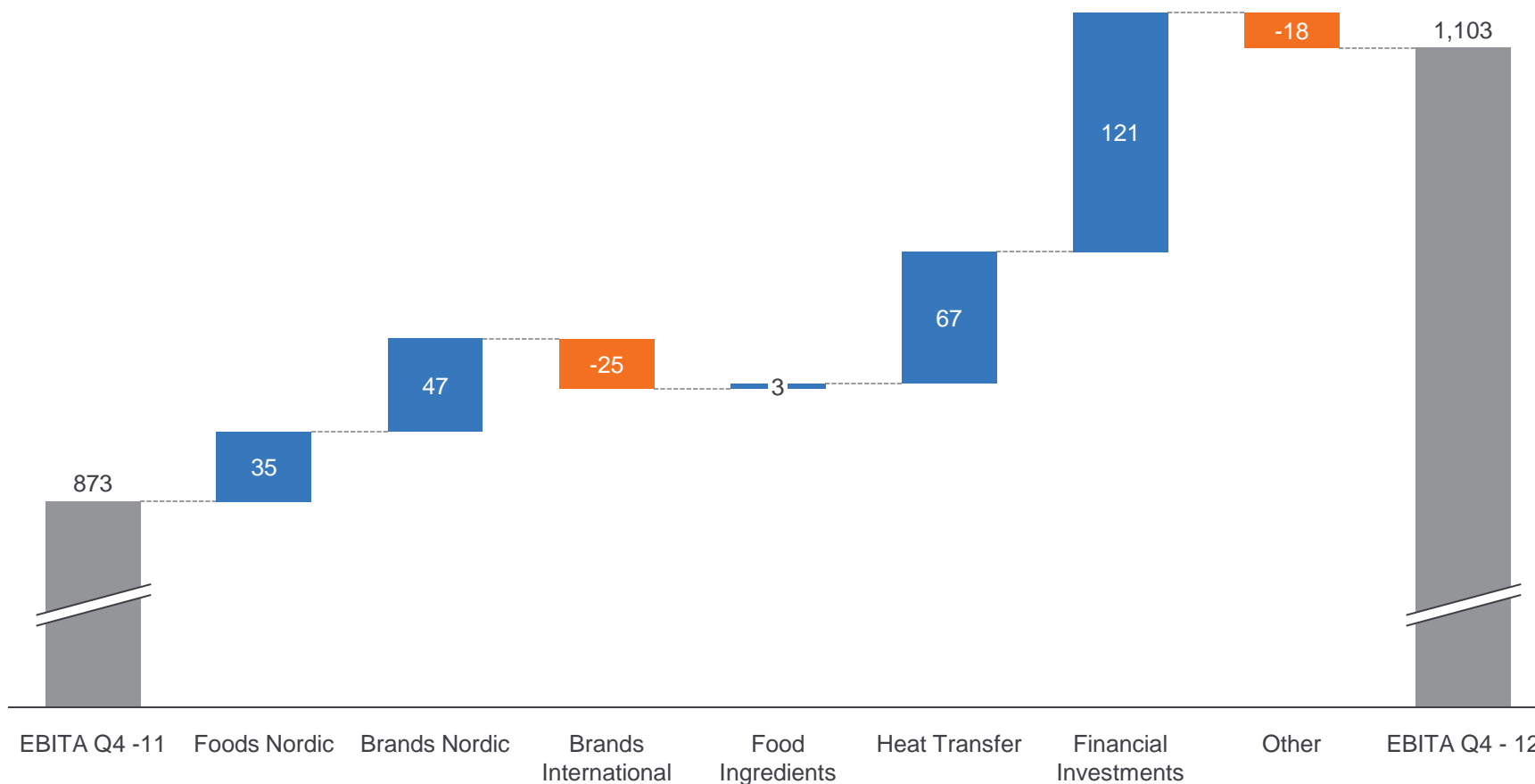
A dividend of NOK 2.50 per share is proposed by the Board of Directors

Dividend NOK per share



*Proposed by the Board of Directors

Profit growth in the quarter





FINANCIAL PERFORMANCE

TERJE ANDERSEN, CFO

Structural accounting changes

Borregaard IPO

Result as of 30 September and net gain from IPO presented as discontinued operations. Remaining 19% presented as financial holding.

Sapa
(Part of future JV)

Net result after tax presented as discontinued operations. After closing, 50% holding presented as an associated company.

REC

Restated. Share of 15.6% presented as financial holding.

Acquisition of
Jordan

Consolidated from 1 September.

Acquisition of
Rieber

No accounting consequence in 2012.

Group income statement

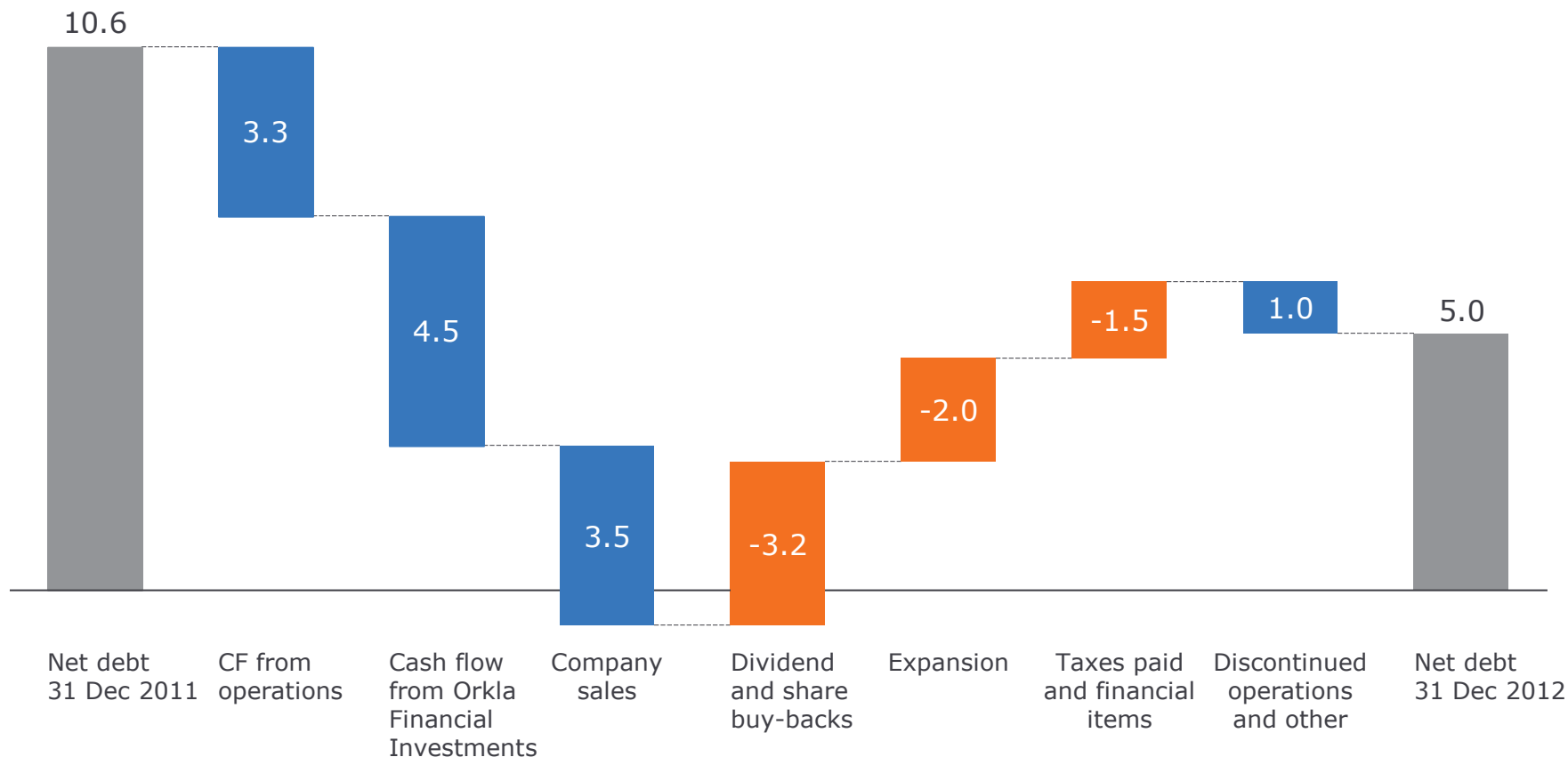
Amounts in NOK million

Q4 2011		Q4 2012		2011*	2011	2012
8 124	8 457		Operating revenues	61 009	30 158	30 001
873	1 103		EBITA	4 041	2 872	3 295
-11	-5		Amortisation intangibles	-55	-17	-16
-342	-244		Other income and expenses	-1041	-375	-433
520	854		EBIT	2 945	2 480	2 846
59	47		Profit/loss from associates	-5 505	263	414
97	29		Dividends received	440	440	211
729	- 191		Gains, losses and write-downs shares and fin. assets	1 643	1 643	857
- 88	- 101		Financial items, net	- 446	- 400	- 455
1 317	638		Profit/loss before taxes	- 923	4 426	3 873
-27	-137		Taxes	-1018	-651	-707
1 290	501		Profit/loss for the period continuing operations	-1 941	3 775	3 166
-1 036	- 362		Profit/ loss from discontinued operations	1 213	-4 503	-1 583
254	139		Profit/loss for the period	- 728	- 728	1 583
0.2	0.2		Earnings per share diluted (NOK)	-0.8	-0.8	1.6

* As reported in 2011

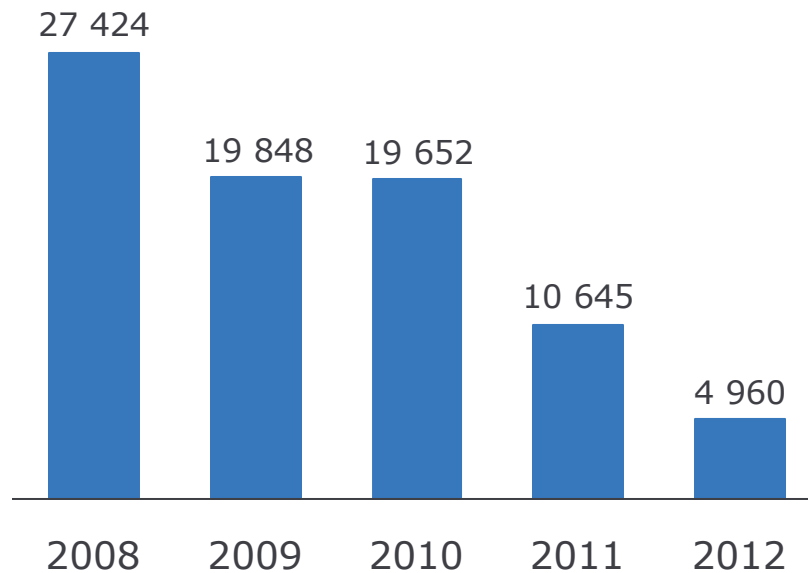
Net debt reduced by NOK 6 billion in 2012

Amounts in NOK billion

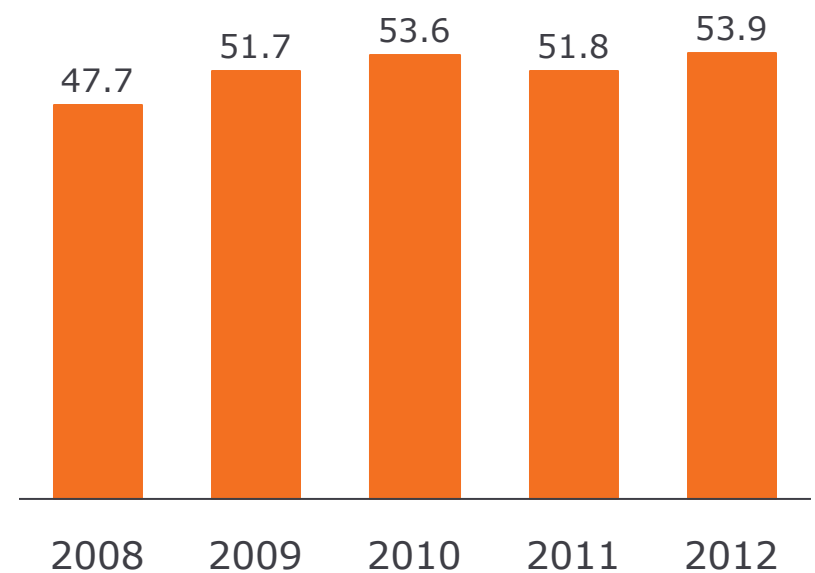


Strong balance sheet and financial flexibility

Net interest-bearing liabilities (NOKm)



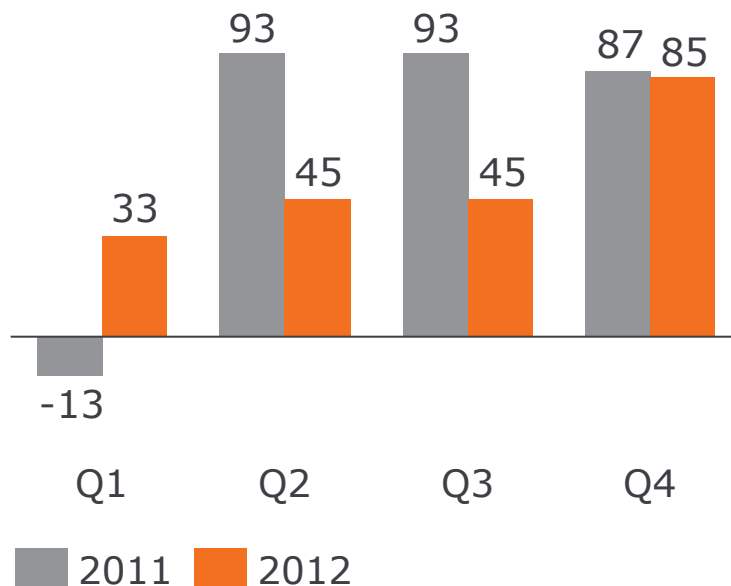
Equity ratio (%)



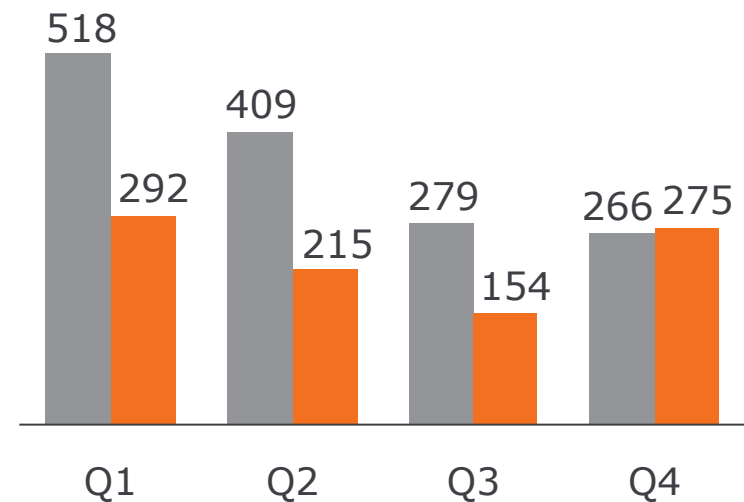
Hydro Power

- Production was 696 GWh in Q4 compared with 766 GWh last year
- Q1 will be affected by a planned maintenance stop (60 GWh)

EBITA for Hydro Power (NOK million)



Spot prices (NordPool) (NOK/MWh)

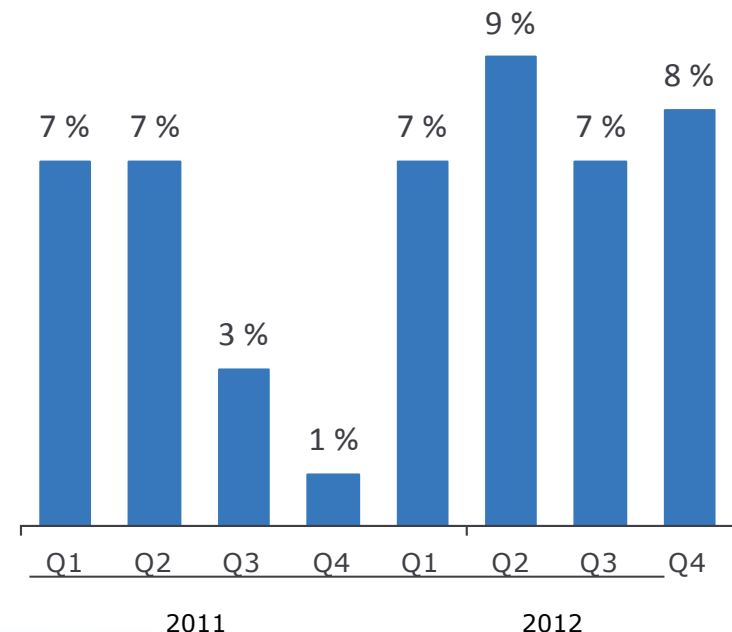


Profit improvement for Heat Transfer

Heat Transfer	Q4-11	Q4-12	2011	2012
Operating revenues	890	943	3 908	3 990
EBITA	6	73	179	309

- Improvement programme in Sweden benefits EBITA development, despite declining European markets
 - Cost optimisation and productivity improvements
 - Price adjustments
- Continued stable volume growth drives EBITA improvement in Shanghai

EBITA margin performance:



Sapa (part of future JV)

- Discontinued operation

- Further decline in European markets continues to impact Profiles Europe and Building System

- Volumes down 11% compared with Q4-11
- Further restructuring initiated

Sapa JV	Q4-11	Q4-12	2011	2012
Operating revenues	6 169	5 670	27 057	25 372
EBITA	107	- 72	631	233
Other income and exp.	- 82	- 282	- 664	-1 752

- Market growth and share gain in Profiles North America

- Volumes up 8% compared with Q4-11

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

- Cash flow from operations was NOK 195 million in 2012

Jotun (42.5%)

Strong financial performance in 2012

- Double digit EBITA growth and improved cash flow
- Reduced revenues from Marine segment due to cyclical downturn in the industry
- New factories in Norway and China opened in 2012
- Expansion programme continues with new factories in Brazil, USA and Russia

Amounts in NOK million

Jotun	as of 31 Aug 2011	as of 31 Aug 2012	Change
Revenues	7 039	7 686	9 %
EBIT	754	886	18 %



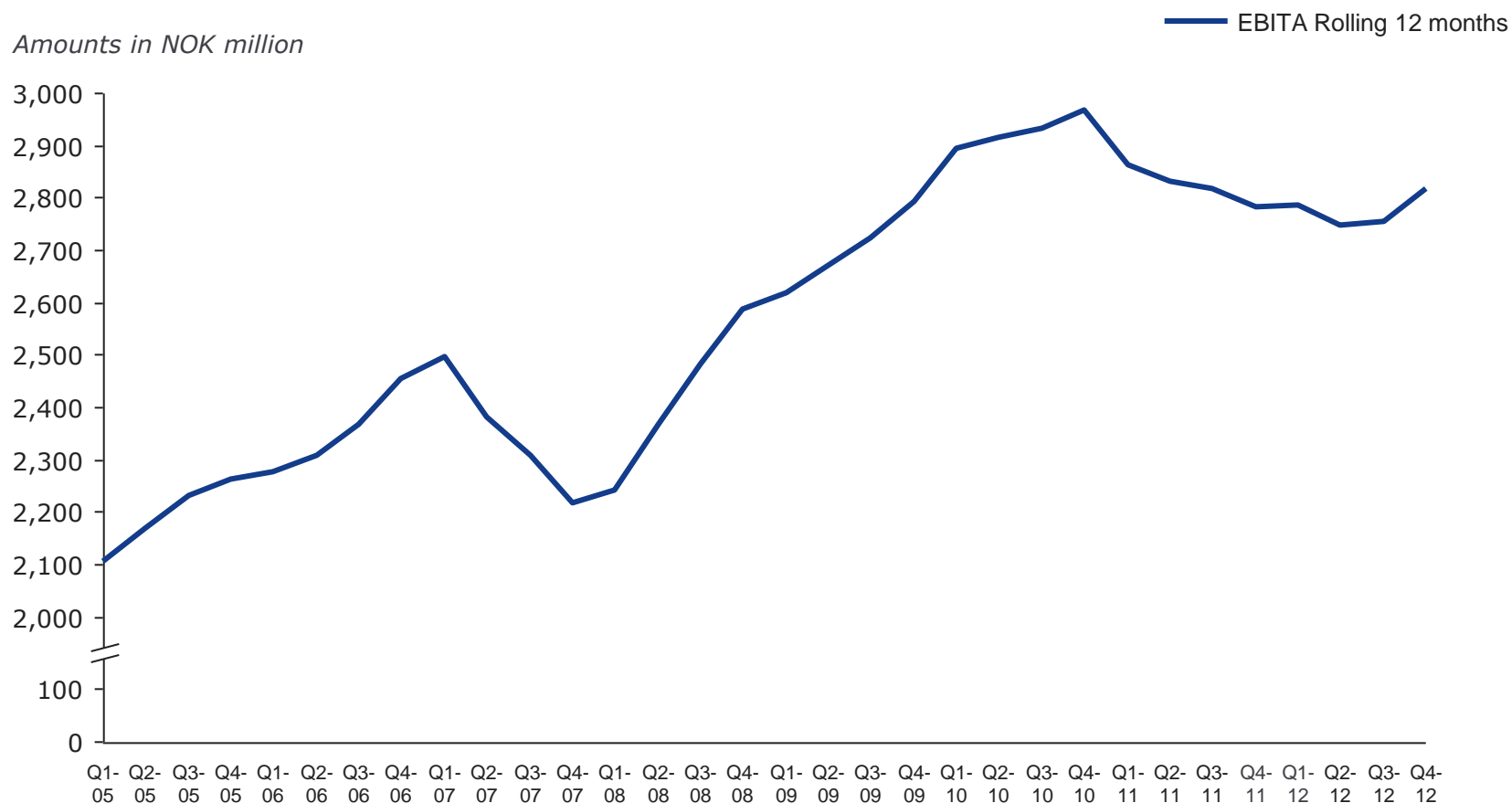


BRANDED CONSUMER GOODS

**JAN OVE RIVENES, CEO
ORKLA HOME & PERSONAL**

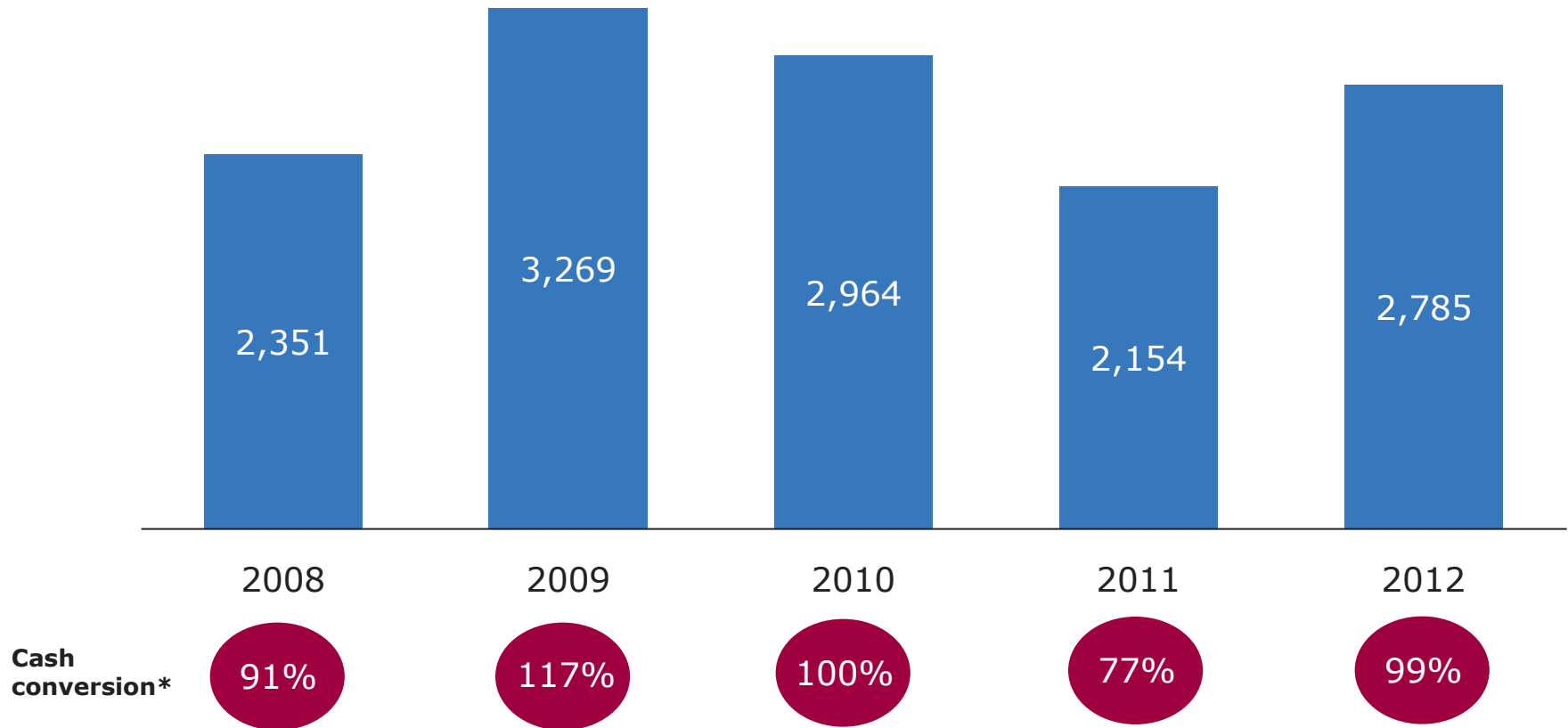
Branded Consumer Goods

Profit growth in the quarter



Branded Consumer Goods

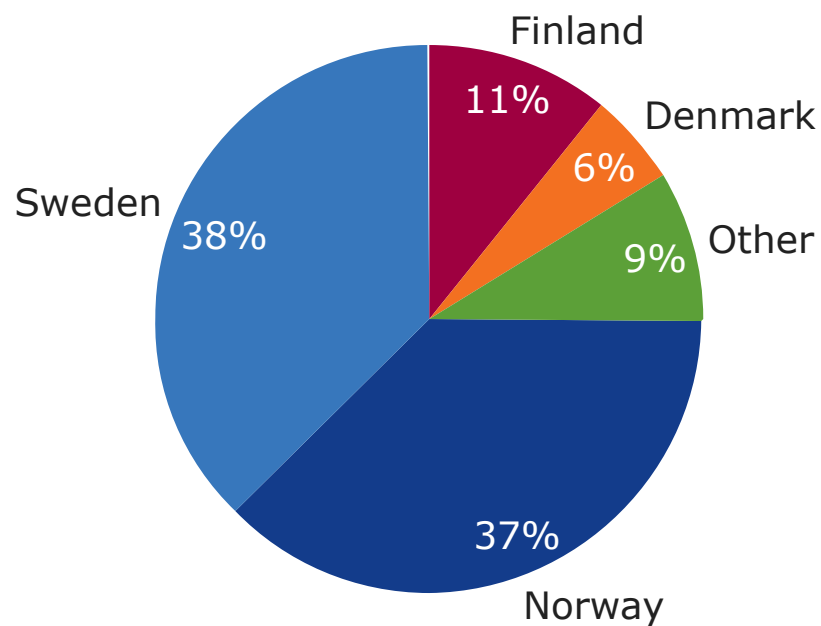
Solid cash flow over time



*Cash flow from operations before tax / EBITA

Orkla Foods Nordic

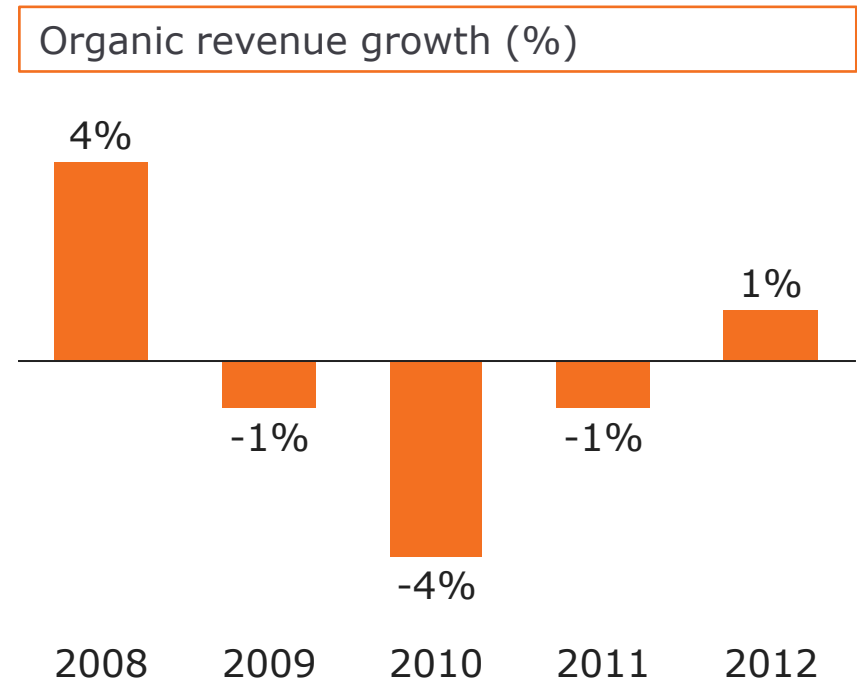
Revenues 2012:



Orkla Foods Nordic

Sales growth in 2012

- Organic sales growth of 1% in 2012
 - 3% when adjusted for loss of contract production after Q4 2011
- Sales growth in the grocery channel in Q4
 - Strong innovation programme in Stabburet and Abba Seafood
- Market shares slightly improved



Orkla Foods Nordic

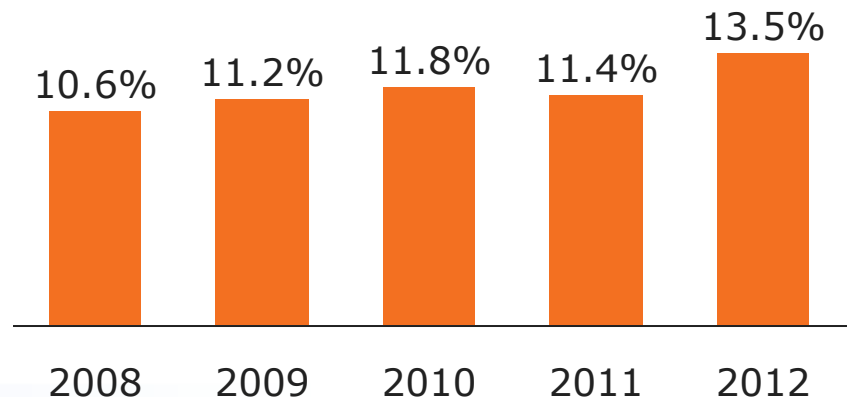
Broad based profit improvement

- 10% EBITA growth in Q4
- Improved EBITA-margin in Q4
 - Underlying 2012 EBITA-margin increase of 50 basis points
- Improve operational structure
 - Integration of Rieber
 - One food company in Sweden

Key figures (NOK million)

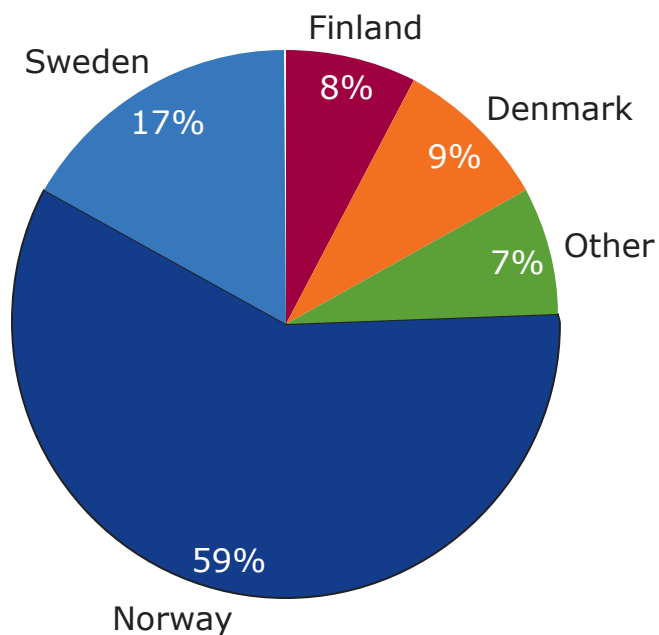
	Q4-11	Q4-12	2011	2012
Operating revenues	2 650	2 378	9 496	8 569
EBITA	357	392	1 082	1 161
EBITA margin	13.5 %	16.5 %	11.4 %	13.5 %

EBITA margin (%)



Orkla Brands Nordic

Revenues:



Snacks & confectionery



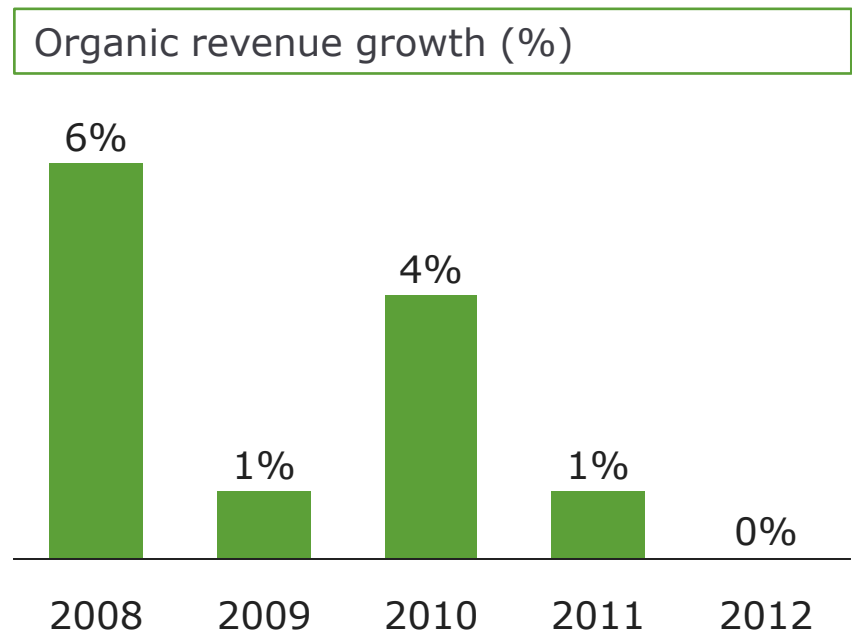
Home & Personal



Orkla Brands Nordic

Stable sales development

- Underlying revenue improvement of 2% in Q4
 - 1% in 2012 when adjusted for loss of contract production after Q3 2011
- Strong sales and profit growth in home and personal care and confectionary
 - Still weak performance for biscuits
- Mixed development in market shares



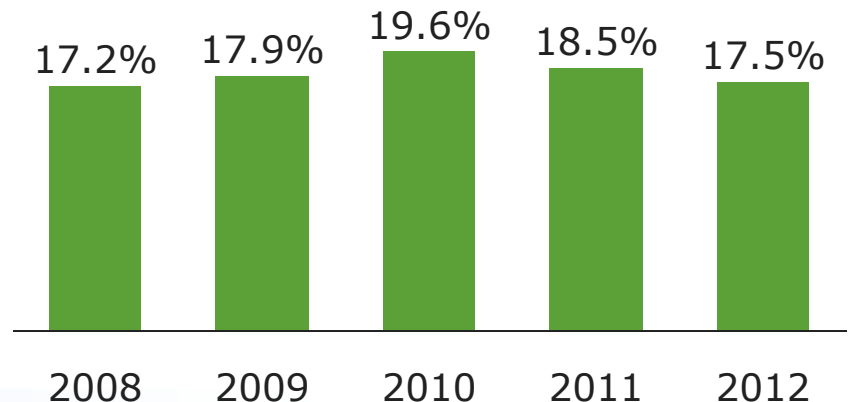
Profit growth for Orkla Brands Nordic

- EBITA growth of 13% to NOK 408 million in Q4
- Jordan developing according to plan
- Stable underlying margin development in 2012

Key figures (NOK million)

	Q4-11	Q4-12	2011	2012
Operating revenues	2 133	2 388	7 928	8 213
EBITA	361	408	1 464	1 435
EBITA margin	16.9 %	17.1 %	18.5 %	17.5 %

EBITA margin (%)

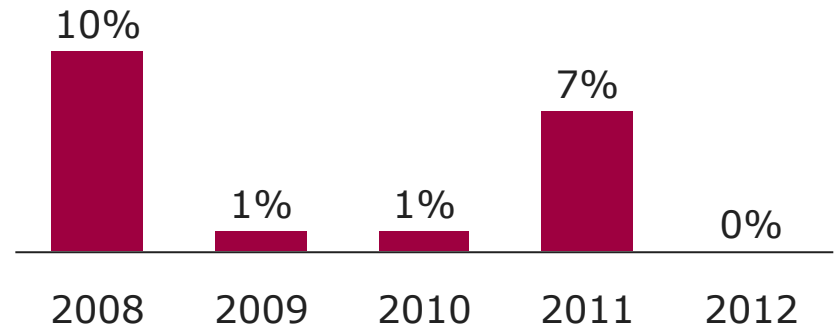


Orkla Brands International

Profit decline in Russia

- Market shift from local distributors to national retailers
- Restructuring of production
- Concentration of product portfolio

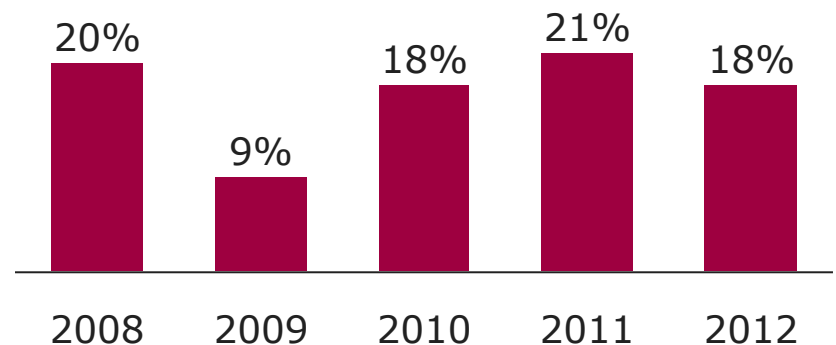
Organic revenue growth Russia (%)



Solid sales growth in India

- Sales growth in MTR, driven by both volume and price
- Higher share of profit reinvested in advertising and building the organisation

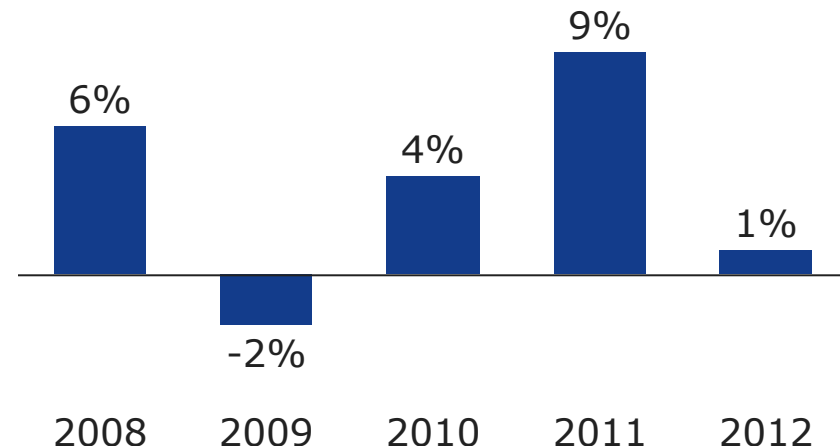
Organic revenue growth India (%)



Orkla Food Ingredients

- Underlying sales growth both in Q4 and for the full year
- Fourth quarter EBITA amounted to NOK 74 million (NOK 71 million)
- Increased raw material cost compensated for by raising prices

Organic revenue growth (%)



Key figures (NOK million)

	Q4-11	Q4-12	2011	2012
Operating revenues	1 457	1 523	5 392	5 435
EBITA	71	74	230	228
EBITA margin	4.9 %	4.9 %	4.3 %	4.2 %

Examples of innovations Q1 2013





Q&A

- Åge Korsvold, President & CEO
- Terje Andersen, CFO
- Jan Ove Rivenes,
CEO Orkla Home & Personal
- Atle Vidar Johansen,
CEO Orkla Foods

APPENDICES

Cash flow as of 31 December

<i>Amounts in NOK million</i>	2011	2012
Cash flow Industrial Activities:		
Operating profit	2 558	2 566
Profit/ loss from discontinued operations	465	
Amortisation, depreciations and impairment ch	2 088	943
Changes in net working capital, etc.	-1 094	526
Net replacement expenditure	-1 557	- 700
Cash flow from operations	2 460	3 335
Financial items, net	- 488	- 469
Cash flow Industrial Activities	1 972	2 866
Cash flow from Orkla Financial Investments	66	1 120
Taxes paid	- 603	- 995
Discontinued operations and other payments	- 509	552
Cash flow before capital transactions	926	3 543
Paid dividends	-7 436	-2 778
Net sale/purchase of Orkla shares	- 109	- 416
Cash flow before expansion	-6 619	349
Expansion Industrial Activities	- 906	- 347
Sale of companies/share of companies	13 503	3 538
Purchase of companies/share of companies	-1 498	-1 617
Net sale/purchase of portfolio investments	4 494	3 350
Net cash flow	8 974	5 273
Currency effects of net interest-bearing liabilities	33	412
Change in net interest-bearing liabilities	-9 007	-5 685
Net interest-bearing liabilities	10 645	4 960

Balance sheet as of 31 December

<i>Amounts in NOK million</i>	31.12.2011	31.12.2012
Intangible assets	12 801	10 069
Property, plant and equipment	18 058	9 929
Financial assets	5 682	3 630
Non-Current assets	36 541	23 628
Assets in discontinued operations	391	13 740
Inventories	8 047	4 243
Receivables	10 462	5 273
Shares and financial assets	5 502	3 601
Cash and cash equivalents	5 453	7 201
Current assets	29 855	34 058
Total assets	66 396	57 686
Paid-in equity	1 997	1 985
Earned equity	32 109	28 839
Non-controlling interests	280	258
Equity	34 386	31 082
Provisions and other non-current liabilities	3 165	3 107
Non-current interest-bearing liabilities	15 488	9 531
Current interest-bearing liabilities	1 472	3 460
Liabilities in discontinued operations	177	3 793
Other current liabilities	11 708	6 713
Equity and liabilities	66 396	57 686
Equity ratio	51.8 %	53.9 %

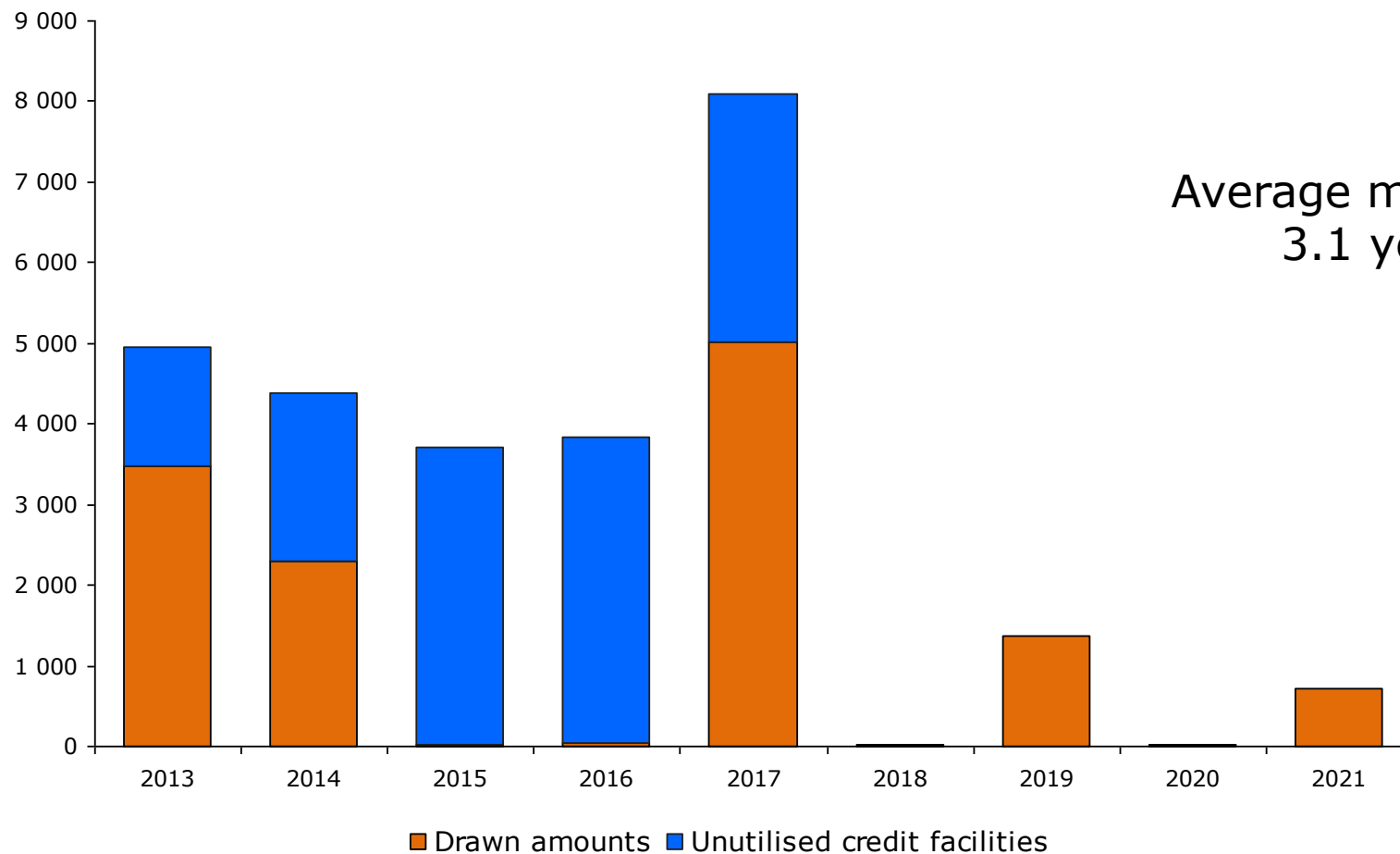
Net financial items

Amounts in NOK million

	Q4-11	Q4-12	Full year 2012
Net interest expenses	-76	-81	-399
Currency gain/loss	-5	-5	-18
Other financial items, net	- 7	-15	- 38
Net financial items	-88	-101	-455

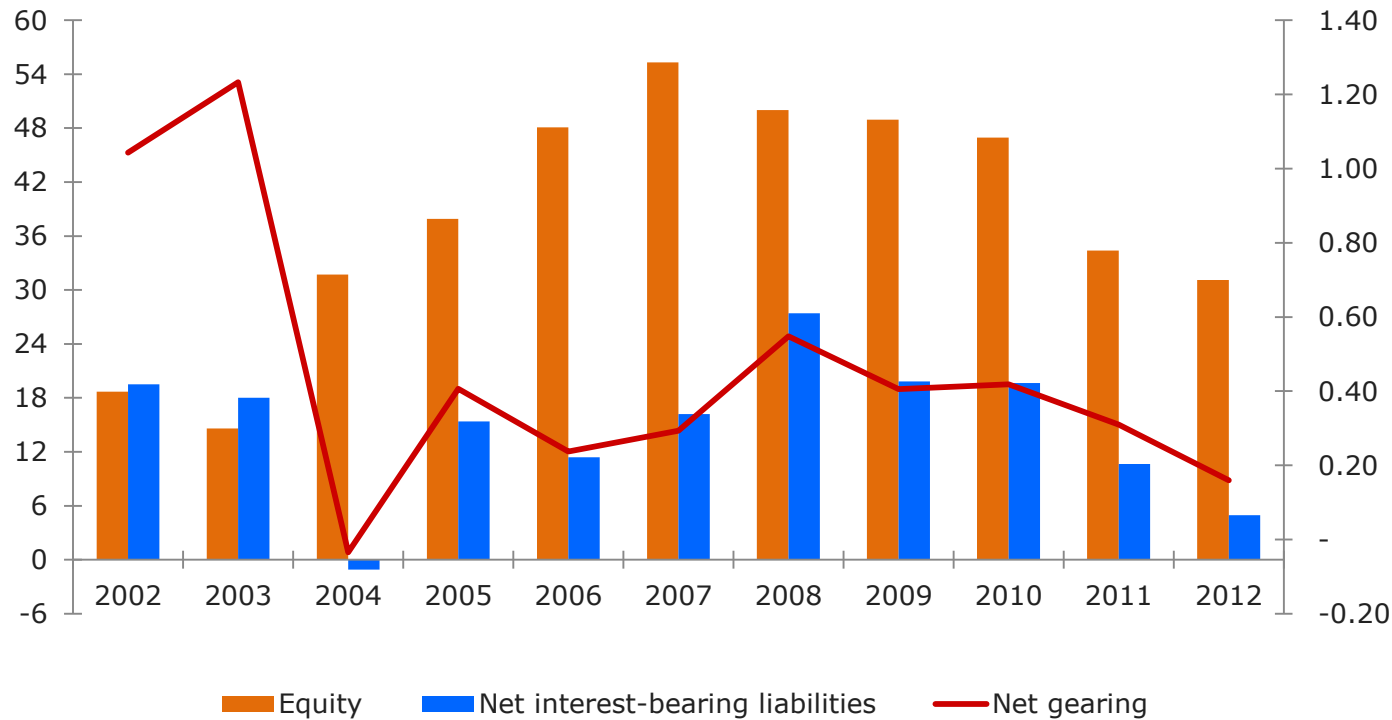
Debt maturity profile, Orkla Group

NOK million

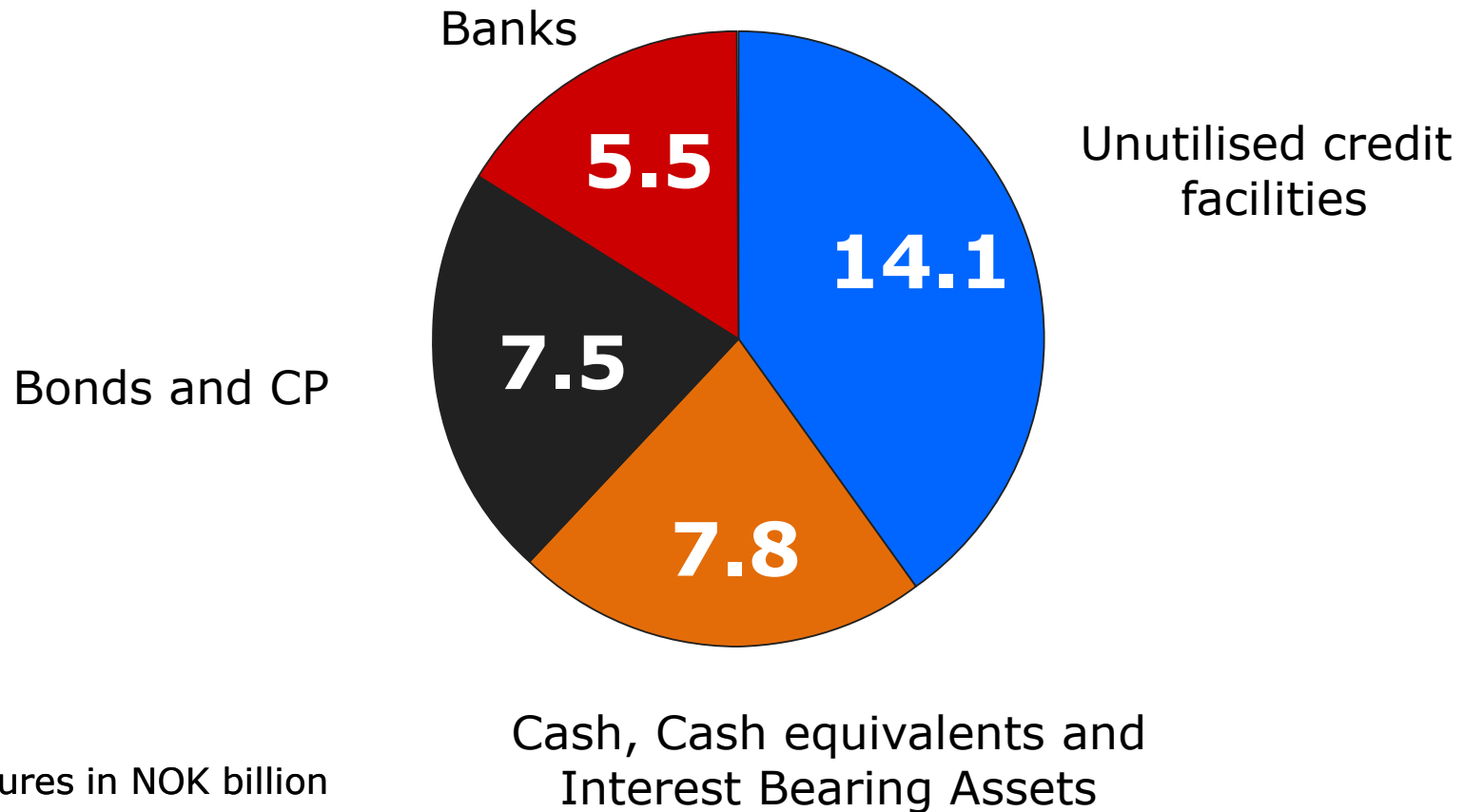


Gross Interest-bearing liabilities and Unutilised credit facilities, ref. Note 29 in the Annual Report

Net gearing 0.16 as of Q4-12



Funding sources



Figures in NOK billion