

14-Jul-2023

Orkla ASA (ORK.NO)

Q2 2023 Earnings Call

CORPORATE PARTICIPANTS

Kari Lindtvedt

Senior Vice President-Investor Relations, Orkla ASA

Harald Carlos Ullevoldsæter

Chief Financial Officer & Executive Vice President-Finance, Orkla ASA

Nils Kloumann Selte

President & Chief Executive Officer, Orkla ASA

MANAGEMENT DISCUSSION SECTION

Kari Lindtvedt

Senior Vice President-Investor Relations, Orkla ASA

[ph] Welcome to the presentation of (00:37:45) Orkla's second quarter results. My name is Kari Lindtvedt. I'm Head of Investor Relations. Our presenters today will be President and CEO, Nils Selte and our CFO, Harald Ullevoldsæter. During the presentation today, you're welcome to post questions on the web and we will address them in the Q&A session at the end of the presentation. As some of you may have noticed, today, we report our financial results on an updated reporting structure in line with our new operating model. Historical financial information on the new structure can be found on our investor pages at orkla.com.

Now, I'll leave the floor to you, Nils, to begin our presentation.

Nils Kloumann Selte

President & Chief Executive Officer, Orkla ASA

Thank you, Kari, and good morning and thank you, all, for joining our presentation today. Before summing up the quarter result, I would like to give an update on our work on transforming Orkla into a leading industrial investment company with a brand and consumer-oriented scope. When I joined Orkla 15 months ago, I said that my priority would be to ensure that we accelerate growth and value creation. The ambition set out was to give our companies autonomy and decision-making authority to ensure that they have necessary flexibility and speed to act on opportunities and changes that arise.

Another important effect from the new operating model is [ph] to increase (00:01:39) accountability. From an ownership perspective, I also wanted to create more flexibility to enable a dynamic approach to our portfolio and capital allocation in the future. The change to our operating model was announced at our Q3 presentation last year.

We are now organized as 12 independent portfolio companies with a lean Orkla ASA, consisting of an investment [ph] team, center of (00:02:10) excellence and supporting function. In addition to this, synergies are still maintained and developed within procurement, IT, and finance in our business service companies. The organization has shown an impressive ability to adapt and execute on the changes. I'm very happy that we have reached key milestones according to an ambitious plan. Legal entities are being carved out and we have recruited three new portfolio company CEOs and several board members.

Today, we report Q2 according to our new structure with significantly more details than previous quarters. An important principle behind the new operating model is to increase transparency. This will ensure focus on each of

the individual companies. By giving more details on key performance indicators, the external market will better understand the business and the underlying performance. Let me now share some more details on the next steps to come.

Our portfolio companies have just recently finalized their full potential plans, work started in March this year. During and after summer, we will assess the plans, focusing on the value-creation potential for each of the companies. Based on this, we will apply a holistic view on the portfolio to understand and prioritize where can we expand and grow, where do we need to improve efficiency, and where can we rationalize. This part of the process represents one of the major changes in the new operating model.

Going forward, we will take an active ownership role and systematically evaluate the value-creation potential, coupled with capital needs and structural opportunities. We will then be able to prioritize based on facts and insights. The starting point is very good with strong brands, experienced people, and efficient local value chains.

Let me also repeat that our ambition is to reduce complexity around our portfolio. Based on this, our short to medium-term priority is to improve performance in the existing businesses as we see this as the most value accretive for Orkla and our shareholders. So, our focus in the near term will be on the current portfolio, but we are always open to value accretive M&As and structural opportunities.

At our Capital Markets Day in November, we will present you with more details and findings from our ongoing work. Our ambition is to give you a much better understanding of our governance model, capital allocation framework, and the strategies employed in our companies.

Now, let me give you a summary of the financials for the quarter. In Q2, EBIT adjusted from the consolidated portfolio companies improved by [ph] NOK 354 million (00:05:28). And EBIT adjusted from Hydro Power declined by [ph] close to (00:05:33) NOK 300 million. Altogether, this resulted in an Orkla EBIT adjusted improvement of plus 2% for the second quarter of 2022.

Jotun reported 85% growth in operating profit. Congratulations to the team for delivering fantastic performance. Cash flow from operations showed positive progress with good momentum from earnings growth and less negative trends in net working capital. Adjusted earnings per share for the quarter was NOK 1.55, an increase of 17%. Year-to-date, adjusted earnings per share was NOK 2.88, representing an increase of 12%.

If you look more closely at the portfolio companies, we had underlying growth in EBIT adjusted for 11 out of 12. We have summarized [ph] eight largest (00:06:30) here on this slide. Overall, net revenue management is the priority. We see that we are able to implement the price increases [ph] necessarily (00:06:39) to compensate for increased input costs. This translates into sales growth for most of our companies, but this is partly offset by negative volume growth, in line with what we have seen in the last three quarters. As you can see from this slide, the Pizza Out of Home business has changed name to The European Pizza Company. I think this can serve as a good example of increased independence.

I will now leave the floor to Harald for more details on the financial performance in the quarter.

Harald Carlos Ullevoldsæter

Chief Financial Officer & Executive Vice President-Finance, Orkla ASA

Thank you, Nils, and good morning, everyone. I will now take you through this update on the financial performance in quarter two. But before we go into details, let me highlight some of the bigger changes in the reporting structure that is taking effect from today and onwards.

Okay. A part of the change in our operating model is that we want to increase both internal and external transparency on each portfolio company going forward, as Nils mentioned. We think the financial market will be in a better position to assess the different parts of Orkla. We also think by opening up, we can increase accountability and focus on the portfolio company level. As previously mentioned, we will increase the external transparency by starting to report on our 11 consolidated portfolio companies and Jotun, which is treated as an associated company for accounting purposes.

For the consolidated portfolio companies, we are providing more financial information. We have split organic growth into price and volume mix and providing contribution ratio and return on capital employed. In addition, we will show underlying EBIT growth and change in underlying EBIT adjusted margin per portfolio company. The adjusted element refers to other income and expenses, while the underlying means excluding effects from both currency and M&A. An updated description of the alternative performance metric is found in the appendix of this presentation and in the Quarterly Report. We believe that this will give the market better basis for assessing our portfolio and financial performance.

Let's move on to more details on the quarterly results. Reported revenue growth for the group was 20% in the quarter. Organic growth for the consolidated portfolio company was 8.5% and the main driver was price with 12.9%, while volume mix declined by approximately 4.5%. Adjusted for [ph] phasing (00:09:56) of Easter and the extraordinary sales in June last year prior to the price increases, our estimates for underlying volume mix decline are reduced approximately 3.5% for the quarter. EBIT adjusted for the consolidated portfolio companies increased by 29%. The growth adjusted for change in currency and M&A was 13%. The earnings growth was broad based and the main driver was price.

The tailwind from price increases will be some reduced in the second half of this year. Orkla is still experiencing a significant increase in input costs, but the picture is mixed. The market prices for a weighted basket of our main raw materials are declining slowly. But the risk of increased prices of important agricultural products has increased due to the draughts and reduced crops in Europe. The decline for financial investment was mainly driven by 46% lower electricity prices for Hydro Power. This result in EBIT adjusted for Hydro Power of NOK 282 million, which was approximately NOK 300 million lower compared to the last year.

Real estate handovers take EBIT adjusted for financial investments to NOK 305 million in total. We had net other income and expenses of minus NOK 202 million in the quarter. The largest element was M&A cost related to the partner search for – in Orkla Food Ingredients and some restructuring project costs and reorganizing Orkla ASA. Profit from associates was NOK 533 million, mainly related to a strong comeback in Jotun, as Nils mentioned. And I will come back to this.

Net financial items were higher than last year, mainly due to higher interest costs, but also higher debt level. The average interest rate in the quarter was 4.9%. Reported tax expenses were NOK 415 million. This is down from NOK 495 million in the corresponding quarter last year due to lower profit from Hydro Power. The underlying tax rate adjusted for Hydro Power tax and non-deductible M&A costs was basically unchanged at approximately 22%.

Let's have a look at the cash flow. Cash flow from operation was NOK 2.1 billion in the first six months of 2023, compared to NOK 677 million for the same period last year. The cash flow from operation in the consolidated portfolio company was significantly higher than in 2022. This was mainly driven by improved earnings and less negative change in net working capital.

Going forward, our ambition is to reduce working capital to a more normalized level. The largest project of the net replacement investment was the construction of the new biscuit factory in Latvia. Replacement investments also include other factory projects.

Let me then walk you through the net interest bearing debt bridge for the first half of 2023. Net debt, including leases, increased by NOK 5.6 billion to NOK 22.8 billion from year-end 2022. Cash taxes in the first six months totaled NOK 1.5 billion which is higher than in the corresponding period last year and driven by higher Hydro Power profit in 2022 that is being paid in 2023. We also have paid out NOK 3 billion in dividend in April.

Net M&A was NOK 1.1 billion in the first half of 2023 and was mainly related to the acquisition of Bubs Godis in Sweden and Khell-Food in Hungary. Additionally, we had the expansion CapEx of NOK 227 million in the first half compared to NOK 157 million in the first half of 2022. We have negative currency translation effect as a result of weaker NOK and that increased the net debt level by NOK 1.8 billion. Orkla has a sound financial position and our net debt level at the end of quarter two corresponds to approximately 2.3 times EBITDA based on the last 12 months when acquired businesses are included in EBITDA.

Let's then look at the performance in the portfolio companies and starting with Jotun. The strong sales momentum continued in the second quarter. Excluding currency effects, the underlying sales growth in the quarter was 11%. The strong growth year-to-date was mainly driven by volume growth and price increases. In addition, regional and segment mix effects, including increased sales of marine coatings contribute positively. The Marine, Protective and Decorative segments have all delivered double-digit sales growth year-to-date, while sales in Powder segment have increased modestly.

Operating profit year-to-date nearly doubled compared to the same period last year, driven by improved gross margin, volume growth and good cost control. Gross margin continued to improve through the second quarter.

Although raw material prices have come down from the peak reached last summer, not all regions have benefited, in part due to the negative currency translation effects. Raw material prices remained stable in the second quarter. High inflation, rising interest rates and lower global growth projections create some uncertainty in the outlook for the paint and coating industry. Year-to-date, however, these uncertainties have not significantly affected activity in most of the markets in which Jotun operates.

Let's then look at Orkla Foods Europe. Orkla Foods Europe reported a revenue increase of 18% in the second quarter, of which 7% was organic growth. The growth was broad based and price driven, while volumes declined across most markets, mainly in grocery.

The volume mix decline of minus 9% was negatively affected by the earlier timing of Easter this year, and as I said, abnormally strong sales ahead of price increases of the 1st of July last year. If you adjust for these items, the volume mix decline was approximately 7%, which is almost in line with the underlying performance in quarter one, if you adjust for the timing of Easter.

Food service and convenience continued a positive trend from previous quarters. Market shares in grocery declined in most markets, in particular in the Czech Republic, Sweden and Denmark, much in line with the performance in quarter one. This can, to a large extent, be attributed to changes in consumer behavior where hard discount stores are gaining market shares and promotion are used to drive customer traffic.

Underlying EBIT increased by 21%, largely driven by price increases, and offset by cost increases and negative volume development due to the effect of timing of Easter and the extraordinary strong sales in June last year. High costs of raw materials, packaging and energy remain challenging.

Weighted exposure for different procurement categories makes the cost increases more challenging for Orkla Foods Europe than other portfolio companies. Meats, dairy, sugar, tomato paste, and rice are examples of raw materials with significant increases. In addition, glass and metals are large packaging categories with strong price increases.

Moving on to Orkla Food Ingredients. Orkla Food Ingredients had sales growth of [ph] 33% (00:19:17) in quarter two, of which 10.6% was organic growth. The organic growth was price driven as shown by the volume mix of minus 2.4%, mainly driven by the bakery segment, while plant-based continued to grow. Organic growth has been diminishing throughout the first half of the year related to both price and volume.

Growth was still good within plant-based, drinkables and margarine in quarter two. The margarine segment in particular will face tougher comparables in the second half of the year. Despite large differences in raw materials, the overall cost of important purchasing categories has been more stable compared with previous quarters. The 4% improvement in underlying EBIT was driven by positive effects from price increases, but offset by cost increases.

Let's look at Orkla Confectionery & Snacks. Orkla Confectionery & Snacks had sales growth of 19%, of which 8.8% was organic growth. The volume decline of 7% was related to a combination of the negative effects from the earlier timing of Easter this year, abnormal sales ahead of price increases the 1st of July last year, and delivery challenges due to the new biscuit plant in Latvia. Taking this into account, the volume mix decline is more in line with minus 2% in quarter two.

The ramp-up issues at our new biscuit factory are ongoing. However, production increased successively during quarter two and is expected to improve further during the rest of the year. The ramp-up has increased operational expenses by approximately NOK 30 million in quarter two, corresponding to NOK 60 million in the first half of 2023. And on top of this, we have delivery problems resulting in reduced sales.

Market shares are slightly reduced and an important driver is the low service level from our new biscuit factory. EBIT grew 8% in underlying terms in quarter two, including the ramp-up issues. There was good profit growth in most markets and particularly in Sweden and Finland. Raw material costs show a gradual flattening for some purchasing categories, although still at a significantly higher level than in the corresponding period last year. The weak Norwegian krone and Swedish krona are affecting the overall procurement cost negatively.

And for the first time, let's have a look at the Orkla Health. Underlying EBIT adjusted growth of 16% was driven by positive price and volume growth and improved contribution margin. Volume grew 1.9%, supported by oral care, sun protection, and NutraQ. On the other hand, vitamins volumes in Norway declined due to loss of market shares in grocery. The growth in sun protection sales during the first half of this year was partly driven by pipe filling after a strong season last year. Although the underlying EBIT adjusted margin improved in quarter two, it is important to remember that the corresponding period last year included temporary costs due to supply chain challenges. This will not have a positive effect year-over-year in the second half of 2023.

Let's then look at Orkla India. Underlying EBIT adjusted growth of 16.8% was driven by sales growth, while partly offset by higher fixed production and other indirect costs. Raw material costs continued to increase, particularly within spices and dairy. The organic growth was price driven across business units. The growth in core categories

applied both to domestic sales and export sales. Core categories like spices and masala grew, while food and drink mixes saw a flat development.

The negative volumes are driven mainly by the pure spices categories in Eastern, which is more generic in nature, while masalas, value-added blended spice with higher margins have shown good volume growth in the quarter. The EBIT adjusted margin in the quarter was 13%, up 1.1 percentage points, underlying from the corresponding period last year.

Let's then have a look at Orkla Home & Personal Care. Organic growth was price driven across markets, while volumes declined by 3.3%, mainly as a result of decline in the grocery channel in Norway as private label are gaining market shares. The market shares for home care categories were reduced, while the development in personal care is more stable.

Positive price effects were offset by higher input costs and weakening of the Norwegian krone. Most of the input factors are purchase with exposure to euro. Underlying EBIT grew 16.7% due to higher sales, partly offset by higher costs. Orkla Home & Personal Care has implemented an organizational restructuring to right-size the organization to the carve-out of Oral Care.

Moving on to the pizza franchise business. The European Pizza Company grew revenues by 37%, of which 10.7% was organic, [ph] where (00:25:47) the difference is the positive consolidation effect from the acquisition of Da Grasso and positive currency translation effects. Sales were positively impacted by increased consumer sales and price increases for the wholesale business. Consumer sales in quarter two totaled €110 million, which is an underlying improvement of 3.2%.

This was negatively affected by consumer sales in Germany that declined due to the closure of pizza outlets. The German market is challenging with high cost and wage inflation, in addition to which consumer spending is under pressure. Network restructuring is ongoing where underperforming stores are being closed to ensure a robust base going forward. A provision for future losses was booked in quarter two. Performance in Kotipizza in Finland is good.

Let's have a look – brief look at the remaining four portfolio companies. The remaining four companies are smaller in size. All four companies report EBIT adjusted growth in the quarter and more details on these companies can be found on a regular basis in the quarterly financial report.

Let me now hand back the floor to Nils for his final remarks.

Nils Kloumann Selte

President & Chief Executive Officer, Orkla ASA

Thank you, Harald. I am happy to report EBIT adjusted growth in the quarter supported by improvement in 11 of our 12 portfolio companies. Our short-term priority now is to improve performance in existing business and in parallel, to continue implementing the new operating model.

At this point, I sense a lot of energy in both Orkla ASA and in the portfolio companies. Increased transparency and accountability will, for sure, have positive effects by creating more spirit and entrepreneurship. I very much look forward to share more details with you at our upcoming Capital Markets Day in November. As earlier announced, we are in the process of finding a partner for Orkla Food Ingredients. This is going according to plan and we are seeking to find a partner and a structure that is value accretive for all parties. We will revert to the market when we have something to announce.

Now, we will go into the Q&A.

QUESTION AND ANSWER SECTION

Kari Lindtvedt

Senior Vice President-Investor Relations, Orkla ASA

A

Good. Thank you. We have a couple of questions from the web. But let me start by asking if there are any questions from the audience here in Oslo. There seems not to be. Then, we'll start with one of the questions from the web. It's from Patrick Folan, Barclays. He actually has three questions. I'll take them one at a time. Good morning and thank you for taking this question. I have three, please. The climate comments that you make on [indiscernible] (00:29:19), is this related to specific weather events or just general higher global temperatures? What categories will be most impacted due to this?

Harald Carlos Ullevoldsæter

Chief Financial Officer & Executive Vice President-Finance, Orkla ASA

A

This was....

Nils Kloumann Selte

President & Chief Executive Officer, Orkla ASA

A

Yeah.

Harald Carlos Ullevoldsæter

Chief Financial Officer & Executive Vice President-Finance, Orkla ASA

A

Yeah.

Nils Kloumann Selte

President & Chief Executive Officer, Orkla ASA

A

I think first of all, this is about the drought in Europe that we see are maybe most probably coming this year and that will affect the prices. And Harald can give you the details on where it will hit us.

Harald Carlos Ullevoldsæter

Chief Financial Officer & Executive Vice President-Finance, Orkla ASA

A

Yes. The most important categories will be the vegetables, important for Orkla Foods Europe, but also fruit and berry and other grain-based categories. So, it's quite important for – especially Foods Europe.

Kari Lindtvedt

Senior Vice President-Investor Relations, Orkla ASA

A

Thank you. And then second quarter, on the shift you are seeing to the discount channels, has this accelerated in Q2?

Nils Kloumann Selte

President & Chief Executive Officer, Orkla ASA

A

I think we'll see the same pattern.

Harald Carlos Ullevoldsæter

Chief Financial Officer & Executive Vice President-Finance, Orkla ASA

Yeah.

A

Nils Kloumann Selte

President & Chief Executive Officer, Orkla ASA

As I said, that we'll see more or less the same development in the last [ph] three quarter (00:30:21) as we saw in Q2. So, we see that the shift to hard discount in some market are hitting us.

A

Harald Carlos Ullevoldsæter

Chief Financial Officer & Executive Vice President-Finance, Orkla ASA

So, it started with Denmark and the Czech Republic in quarter four and then we have Sweden in quarter one. And that's the same picture, as [ph] we said, Nils, (00:30:37) in quarter two.

A

Kari Lindtvedt

Senior Vice President-Investor Relations, Orkla ASA

Thank you. And then lastly, can you comment on the pricing environment? Are you engaging in more promotional activity now that private label intensifies? Is there any more incremental pricing to come for the rest of 2023?

A

Nils Kloumann Selte

President & Chief Executive Officer, Orkla ASA

What I can say about that is that we – in the first half of this year, we have increased A&P quite substantially. We will continue to invest in our brands going forward, if that's through campaigns or through more kind of A&P spending, that there will, for sure, be a mix, of course.

A

Harald Carlos Ullevoldsæter

Chief Financial Officer & Executive Vice President-Finance, Orkla ASA

I guess we will not comment on further price increases.

A

Kari Lindtvedt

Senior Vice President-Investor Relations, Orkla ASA

I don't think we can. Thank you. And then we have some questions from Eirik Rafdal, Carnegie. Are you seeing increased pushback on price hikes as consumer wallets become gradually tighter? What are your thoughts on price hikes for the second half of 2023?

A

Nils Kloumann Selte

President & Chief Executive Officer, Orkla ASA

I think we basically have commented upon that. If you look at the pattern that we see that the hard [ph] discount (00:31:46) is gaining market share, we see that private label is also taking market shares in basically all formats. I think that's the pattern we will continue to see then for the second half as well.

A

Kari Lindtvedt

Senior Vice President-Investor Relations, Orkla ASA

And then the second question from Eirik. This is the first quarter in two years where margin – where you report margin expansion for branded consumer goods. Should we expect continued margin expansion in Q3 and Q4?

A

Harald Carlos Ullevoldsæter

Chief Financial Officer & Executive Vice President-Finance, Orkla ASA

A

As we have said many times, we do not guide on margins going forward. But we are happy to see the [ph] churn (00:32:23) on the margin during quarter – especially during quarter two, and it's quite broad based.

Kari Lindtvedt

Senior Vice President-Investor Relations, Orkla ASA

A

Thank you. Then we have a question from Ole Martin Westgaard, DNB. You have strong organic growth in the quarter, but the volume in key segments are significantly negative. Can you please elaborate on what your expectations are with regards to the volume development in the coming quarter for these key segments?

Nils Kloumann Selte

President & Chief Executive Officer, Orkla ASA

A

I think once again, we don't guide on the future, but [ph] I said (00:32:57) – we have said something about the development over the last three, four quarters in the formats. We have seen Denmark and Czech first coming in, low [ph] discount or hard discount (00:33:09) taking market share. We saw that in Sweden coming in first quarter this year. I think we will see the same pattern going forward as we said, and Harald was also more specific into the details and the periodic effects of different events in his presentation. So, I don't think we need to repeat that.

Kari Lindtvedt

Senior Vice President-Investor Relations, Orkla ASA

A

We actually have a follow-up question from Håkon Fuglu, SEB, on the volume development. He asks specifically volumes for Foods Europe and Confectionery & Snacks came in weak. Did you experience volume changes through the quarter?

Harald Carlos Ullevoldsæter

Chief Financial Officer & Executive Vice President-Finance, Orkla ASA

A

As I tried to say in my presentation is that if you adjust for the [ph] phasing (00:33:49) of Easter and if you adjust for the abnormal strong sales last year because of the price increase by the 1st of July last year, is approximately the same pattern the volume wise, broadly the same, both in Foods and also in Confectionery & Snacks, if you adjust for these problems we have with the delivery problems with the biscuit from the new factory in Latvia.

Kari Lindtvedt

Senior Vice President-Investor Relations, Orkla ASA

A

Thank you. And then the second question from Ole Martin Westgaard, DNB. You have significant costs related to finding a partner for Food Ingredients in the quarter. Can you please provide an update on the status of this project? When should we expect a closing?

Nils Kloumann Selte

President & Chief Executive Officer, Orkla ASA

A

I think I closed my presentation by saying that we will revert to the market when we have something to announce. As I said, we also will look for a value accretive transaction for both us and the potential partner and we will announce to the market when we have something to announce.

Kari Lindtvedt

Senior Vice President-Investor Relations, Orkla ASA

Thank you.

A

Nils Kloumann Selte

President & Chief Executive Officer, Orkla ASA

But I think I need to add to that. There has been [ph] involved (00:34:57) some cost with that transaction. I think it's fair to say that Orkla Food Ingredients is probably the most complex structure we have in the Orkla system today. There's a lot of countries, a lot of different categories. So I think that there has been a lot of cost kind of to restructure and to find the right [ph] company structure and (00:35:17) also kind of make sure that we have everything in place for a transaction. So, that's why you see quite high costs in this quarter. But I think most of the costs [ph] are (00:35:29) involved have been kind of booked in the second quarter.

A

Kari Lindtvedt

Senior Vice President-Investor Relations, Orkla ASA

Thank you. Then two questions from [ph] Henry Dennis (00:35:38), Bernstein. The first one regarding ESG, ESG regulation. The EU has approved the due diligence directive on deforestation. As a user of palm oil, in particular, is there anything in that directive that means that you will have to accelerate plans for sustainability? Are you able to quantify what sort of cost headwind you expect from this, if so?

A

Nils Kloumann Selte

President & Chief Executive Officer, Orkla ASA

I think we are on the path to deliver on the requirements from EU when it comes to palm oil. So I don't think we have any technical debt related to transforming into palm oil going forward.

A

Kari Lindtvedt

Senior Vice President-Investor Relations, Orkla ASA

[ph] Yeah (00:36:21). I believe this is something we've worked on for several years and I think from what we now know the costs shouldn't be significant.

A

Nils Kloumann Selte

President & Chief Executive Officer, Orkla ASA

[ph] Yeah (00:36:30).

A

Kari Lindtvedt

Senior Vice President-Investor Relations, Orkla ASA

Right. And then the second question from [ph] Henry (00:36:32). Private label pressure. You mentioned increased pressure in certain categories. Are you able to give any more detail on which categories are most affected?

A

Harald Carlos Ullevoldsæter

Chief Financial Officer & Executive Vice President-Finance, Orkla ASA

I think we – as we have said, we are losing some market share slightly both in quarter one, but – and the same happening in quarter two. It's not much, but it's some reduction, and most of it is to private label. So, it's – I think it's the main competitor in all our categories. I guess, if you're looking at the most important one, I guess, will be the home care categories, in home, personal care in Norway.

A

Kari Lindtvedt

Senior Vice President-Investor Relations, Orkla ASA

A

Right. Thank you. I think that was all the questions we have from the Web. Are there any other questions in the audience? No. There seems not to be.

Kari Lindtvedt

Senior Vice President-Investor Relations, Orkla ASA

Well, please remember to save the date for our Q3 presentation on the 26th of October, and also for our Capital Markets Day end of November. Thank you, all, for joining today and we wish you all a very nice summer.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2023 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.