



First quarter results 2019

7 May 2019

Peter A. Ruzicka, President & CEO



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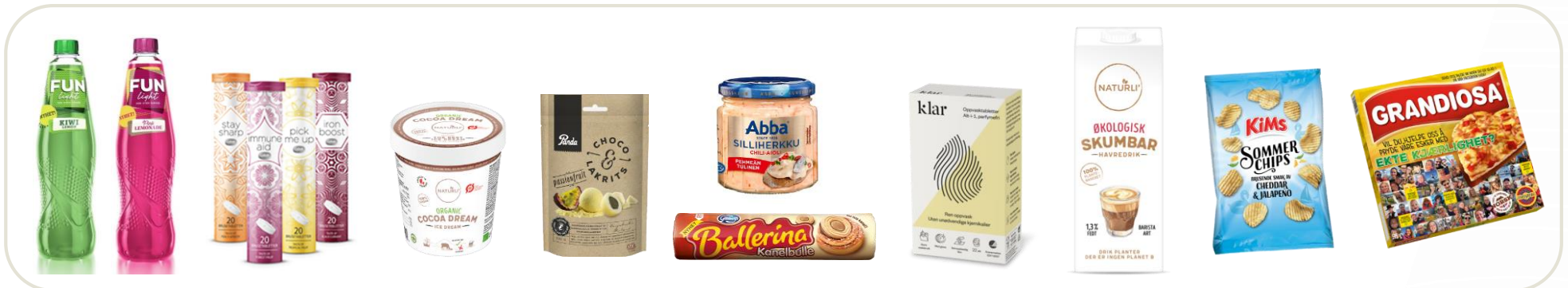
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Highlights Q1-19:

Strong EBIT growth and margin improvement

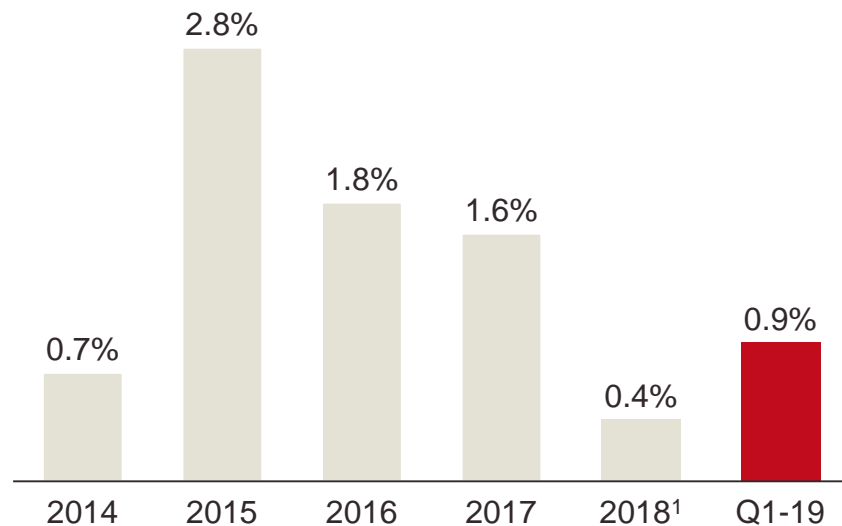
- Underlying EBIT +9% in BCG*, margin improvement picking up (R12M +0.4%p)
- Broad based organic sales progress for Foods and Confectionery & Snacks
- Earnings in Care in line with last year, but top line decline
- Solid result for Food Ingredients helped by improved ice cream ingredients sales
- Strong improvement for Jotun, operating profit +44% in Q1-19
- Adjusted EPS** from continuing operations NOK 0.85, +21%



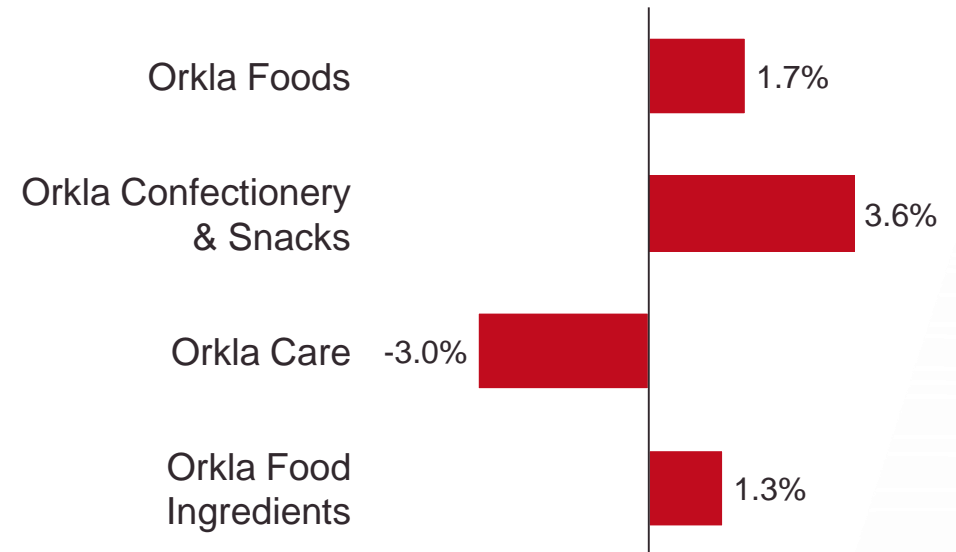
Branded Consumer Goods Q1-19:

Broad based growth across Foods and Confectionery & Snacks

Organic growth for Branded Consumer Goods

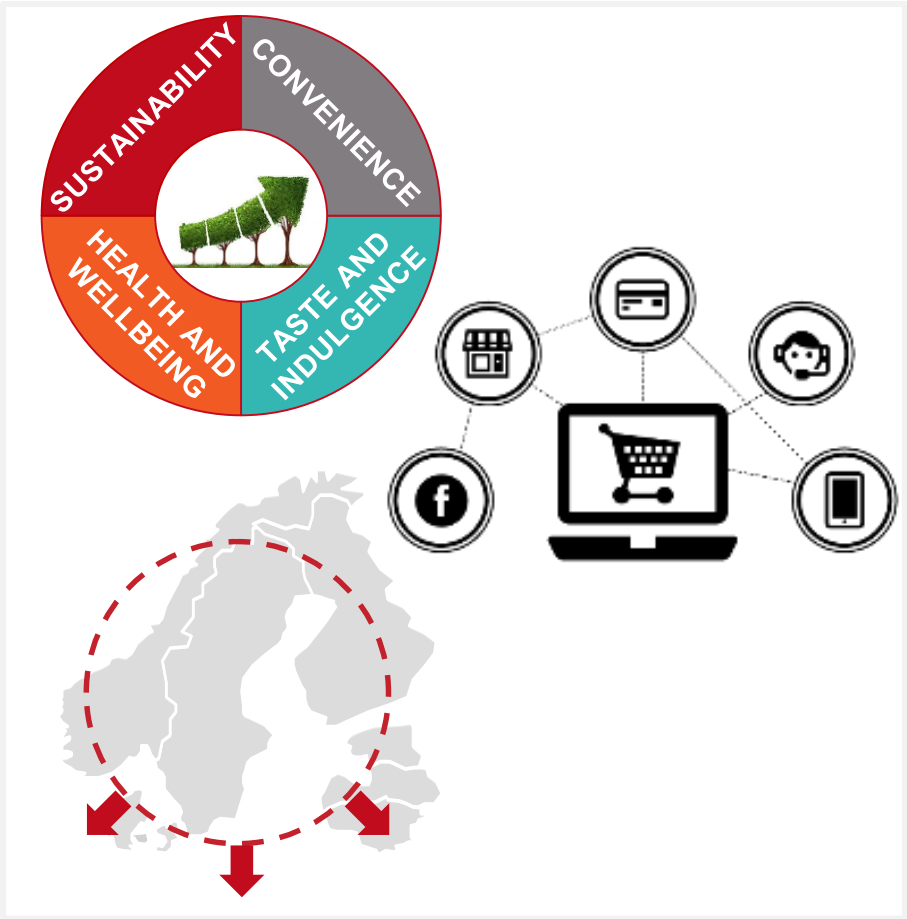


Organic growth Q1-19 by business area



Recent strategic acquisitions

Our growth priorities



Recent acquisitions in line with strategy





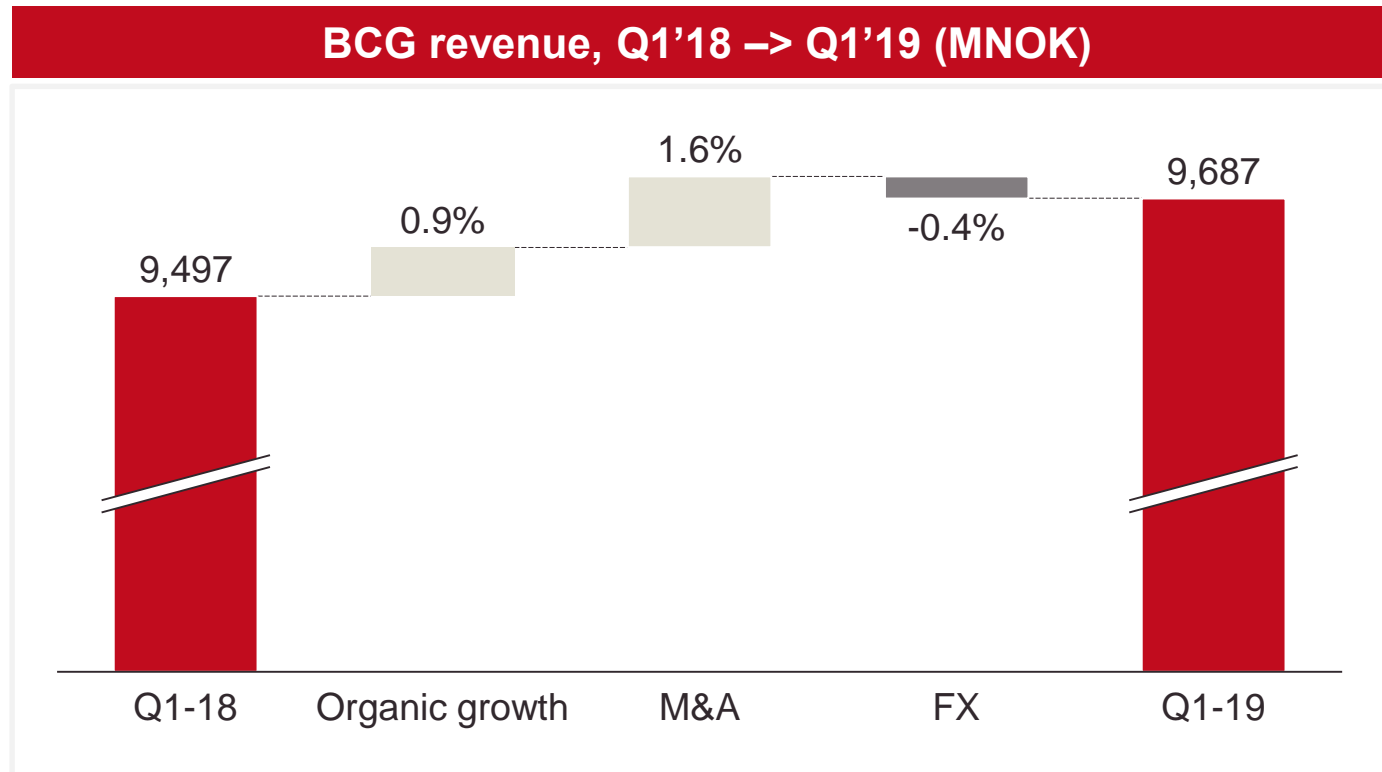
Financial performance

Jens Bjørn Staff, CFO



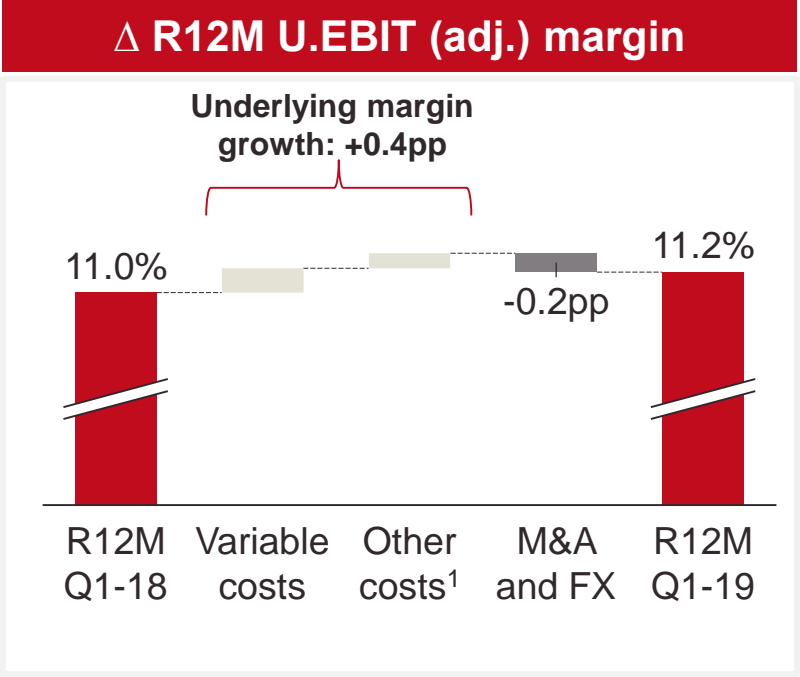
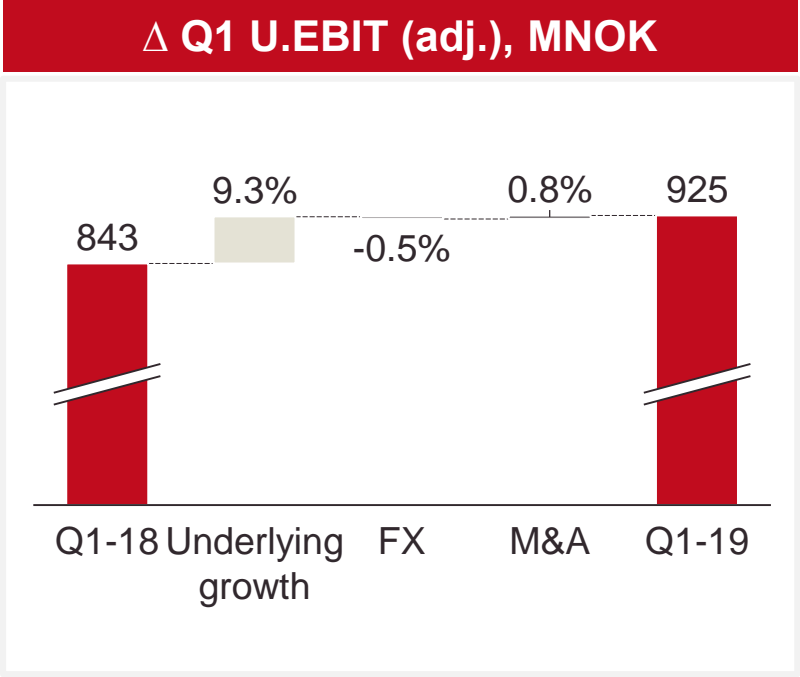
Branded Consumer Goods Q1-19:

Mix of organic and structural growth, limited FX effects



Branded Consumer Goods incl. HQ:

Strong EBIT growth and margin improvement



Note: Figures may not add up due to rounding

8 ¹Other costs include fixed production costs, depreciation, SG&A and advertising

Orkla Foods

Broad top and bottom-line growth

	Q1-19	Q1-18
Revenues	3 889	3 852
Organic growth	1.7%	
EBIT (adj.)	430	400
EBIT(adj.) growth	7.5%	
EBIT(adj.) margin	11.1%	10.4%
Change vs LY	+0.7%-p	

- Good organic growth across most markets
- Profit growth from increased sales and cost improvements
- Price increases compensate for continued negative effects of weak SEK and increased raw material prices



Orkla Confectionery & Snacks

Good sales and margin development

	Q1-19	Q1-18
Revenues	1,502	1,453
<i>Organic growth</i>	3.6%	
EBIT (adj.)	211	187
<i>EBIT(adj.) growth</i>	12.8%	
EBIT(adj.) margin	14.0%	12.9%
<i>Change vs LY</i>	+1.1%-p	

- Organic growth in largely driven by Norway, Denmark and Finland
- Sales increase in Norway helped by re-stocking post sugar tax reversal
- Continued positive effects from cost improvements



Stable profit performance in challenging markets

	Q1-19	Q1-18	
Revenues	2 071	2 076	• Challenging market development related to channel leakage away from grocery retail, mainly in Norway
<i>Organic growth</i>	-3.0%		
EBIT (adj.)	299	298	• Turnaround in UK and Poland on track
<i>EBIT(adj.) growth</i>	0.3%		• Positive impact of cost improvements
EBIT(adj.) margin	14.4%	14.4%	
<i>Change vs LY</i>	Flat		



EBIT (adj) +35% driven by good ice cream ingredients sales and improved product mix

	Q1-19	Q1-18
Revenues	2 291	2 182
Organic growth	1.3%	
EBIT (adj.)	77	57
EBIT(adj.) growth	35%	
EBIT(adj.) margin	3.4%	2.6%
Change vs LY	+0.8%-p	

- Organic growth with strong EBIT(adj.) growth and improved margin
- Strong growth for the ice cream business
- Acquisitions deliver positive effects according to plan
- Improved product mix



Investments - Kotipizza

Continued good growth for Kotipizza

<i>NOK million</i>	Q1-19	Q1-18
Net sales	159	140
<i>Change vs LY</i>	14%	
EBIT (adj.)	13.4	13.1
<i>Change vs LY</i>	2%	
EBIT (adj.) margin	8.4%	9.4%
<i>Change vs LY</i>	-1%-p	

- Continued strong growth in R12M chain sales** with 18% growth (7% like for like)
- EBIT (adj.) negatively affected by timing of marketing campaigns
- Ready to scale Social Burger Joint with new restaurants during the year



*Kotipizza was consolidated as of February 2019 meaning figures only reflect two months (February and March)

13 **Chain sales are defined as gross sales to consumers from all owned and franchise operated restaurants in the Kotipizza Group **Orkla**

Investments - Jotun (42.6%)

A strong start to the year with continued growth and improving margins

	Q1-19	Q1-18	
Operating income	4,563	4,117	• Continued growth in operating revenues
<i>Change vs LY</i>	11%		• Strong improvement in Protective Coatings and good growth in Decorative Paints
Operating profit	580	403	• Marine Coatings continued to improve from cyclical low level
<i>Change vs LY</i>	44%		• Earnings growth driven by strong sales growth, improved gross margins and good cost control



Adj. EPS +21% following improvements in both like-for-like earnings from consolidated businesses and contribution from associates

Key figures	Q1-19	Q1-18	Δ Q1
Operating revenues	10,176	9,711	+5%
EBIT (adj.) BCG	1,017	942	+8%
EBIT (adj.) HQ	-92	-99	
EBIT (adj.) BCG incl. HQ	925	843	+10%
EBIT (adj.) Orkla Investments	95	54	+76%
Other income and expenses	-119	-27	
EBIT	901	870	4%
Profit from associates	165	86	+92%
Net interest and other financial items	-76	-70	
Profit before tax	990	886	+12%
Taxes	-230	-176	
Profit after tax	760	710	+7%
Adjusted EPS cont. operations (NOK)	0.85	0.70	+21%
Reported EPS cont. operations (NOK)	0.74	0.68	+9%



Closing remarks

Peter A. Ruzicka, President & CEO



Strong start to the year, but challenging markets in Care

Key takeaways

- Underlying EBIT +9% in BCG and margin improvement (R12 +0.4%p)
- Broad based organic sales progress in Foods and Confectionery & Snacks
- Earnings in Care in line with last year, but top line decline
- Solid result in Food Ingredients helped by improved ice cream ingredients season
- Strong improvement in Jotun, operating profit +44% in Q1-19
- Adjusted EPS** from continuing operations NOK 0.85, +21%



We continue to grow in on-trend categories through strong local brands



Captain Kombucha

A fermented tea-based health drink – without preservatives or artificial sweeteners or flavours



Naturli' vegan chicken

Meat-free alternatives based on peas – packaging made from 50% reused plastic



Grandiosa Take Away

Improved recipe and new design
- fantastic consumer feedback



Q&A

Peter A. Ruzicka, President & CEO

Jens Bjørn Staff, CFO





Appendices

Alternative Performance Measures (APM)

Organic growth

Organic growth shows like-for-like turnover growth for the Group's business portfolio and is defined as the Group's reported change in operating revenues adjusted for effects of the purchase and sale of companies and currency effects. In the calculation of organic growth, acquired companies will be excluded 12 months after the transaction date. Sold companies will be excluded pro forma 12 months prior to the transaction date. Currency effects are neutralised by translating this year's turnover at last year's exchange rates.

Organic growth is included in segment information and used to identify and analyse the turnover growth in the existing business portfolio. Organic growth provides an important picture of the Group's ability to carry out innovation, product development, correct pricing and brand-building.

EBIT (adj.)

EBIT (adj.) shows the Group's current operating profit before items that require special explanation, and is defined as reported operating profit or loss before "Other income and expenses" (OIE). These include M&A costs, restructuring or integration expenses, any major gains and write-downs on both tangible and intangible assets, and other items that only to a limited degree are reliable measures of the Group's current profitability. EBIT (adj.) margin and growth are derived figures calculated in relation to operating revenues.

EBIT (adj.) is the Group's key financial figure, internally and externally. The figure is used to identify and analyse the Group's profitability from normal operations and operating activities. Adjustment for items in OIE which to a limited degree are reliable measures of the Group's current operating profit or loss increases the comparability of profitability over time, and EBIT (adj.) is used as a basis for and indicator of the Group's future profitability.

Change in underlying EBIT (adj.)

Change in underlying EBIT (adj.) shows like-for-like EBIT (adj.) growth for the Group's business portfolio and is defined as the Group's reported change in EBIT (adj.) adjusted for effects of the purchase and sale of companies and currency effects. In calculating the change in underlying EBIT (adj.), acquired companies will be included pro forma 12 months before the transaction date. Sold companies will be excluded pro forma 12 months prior to the transaction date. Currency effects are neutralised by calculating this year's turnover at last year's currency exchange rates. Comparative figures are not restated when implementing IFRS 16, but the effects of the new accounting standard are neutralised in the calculation. Underlying EBIT (adj.) margin and change therein are derived figures calculated in relation to operating revenues.

Underlying EBIT (adj.) growth is used for internal management purposes, including for identifying and analysing underlying profitability growth in the existing business portfolio, and provides a picture of the Group's ability to develop growth and improve profitability in the existing business. The measure is important because it shows the change in profitability on a comparable structure over time. Underlying EBIT (adj.) growth is a heavily weighted factor in determining executive remuneration.

Alternative Performance Measures (APM)

Earnings per share (adj.)

Earnings per share (adj.) show earnings per share adjusted for other income and expenses (OIE) after estimated tax. If other items of a special nature occur under the company's operating profit or loss, adjustments will also be made for these items. There were no such items in the first quarter of 2019 or in 2018.

Net replacement and expansion investments

When making decisions regarding investments, the Group distinguishes between replacement and expansion investments. Expansion investments are the part of overall reported investments considered to be investments in either new geographical markets or new categories, or which represent significant increases in capacity.

Net replacement investments include new leases, and are reduced by the value of sold fixed assets to sales value.

The purpose of this distinction is to show how large a part of the investments (replacement) mainly concern maintenance of existing operations and how large a part of the investments (expansion) are investments which must be expected to generate increased contributions to profit in future, exceeding expectations of normal operations.

Net interest-bearing liabilities

Net interest-bearing liabilities, together with equity, constitute the Group's capital. Net interest-bearing liabilities are the sum of the Group's interest-bearing liabilities and interest-bearing receivables. Interest-bearing liabilities include bonded loans, bank loans, other loans, lease liabilities and interest-bearing derivatives. Interest-bearing receivables include liquid assets, interest-bearing derivatives and other interest-bearing receivables.

Net interest-bearing liabilities are the Group's primary management parameter for financing and capital allocation, and is used actively in the Group's financial risk management strategy. The statement of cash flows (Orkla format) therefore shows the change in net interest-bearing liabilities at Group level.

Structure (acquired and sold companies)

Structural growth includes adjustments for the acquisition of the businesses Struer, HSNG, Werners, County's and Igos, and for the sale of Mrs. Cheng's.

Orkla Investments

Record-high result for Hydro Power, a strong start to the year for Jotun

Hydro Power

Fully consolidated into Orkla's financial statements

**Volume
(GWh):**

Q1: 476 (482)

**Power prices¹
(øre/KWh):**

Q1: 45.7 (37.2)

**EBIT adj.
(NOK million):**

Q1: 73 (59)



Financial Investments

Fully consolidated into Orkla's financial statements

Book value real estate:

NOK 1.9 billion



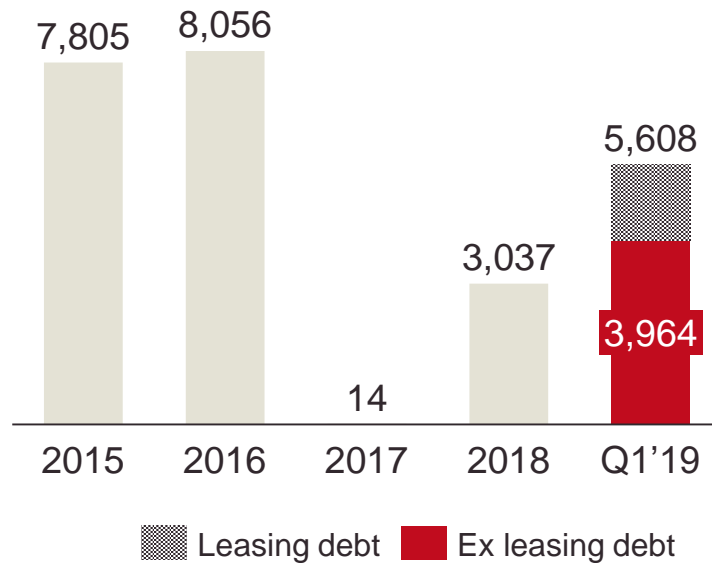
Jotun (42.6%)

Accounted for using equity method

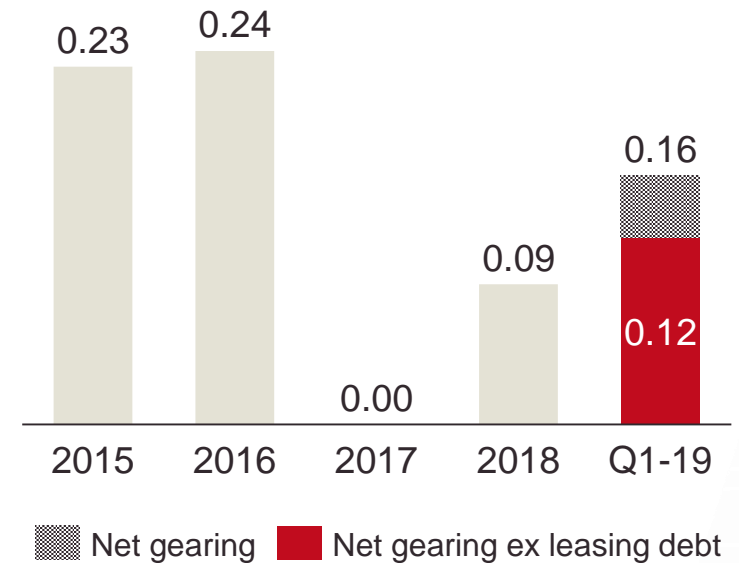


Strong balance sheet and financial flexibility

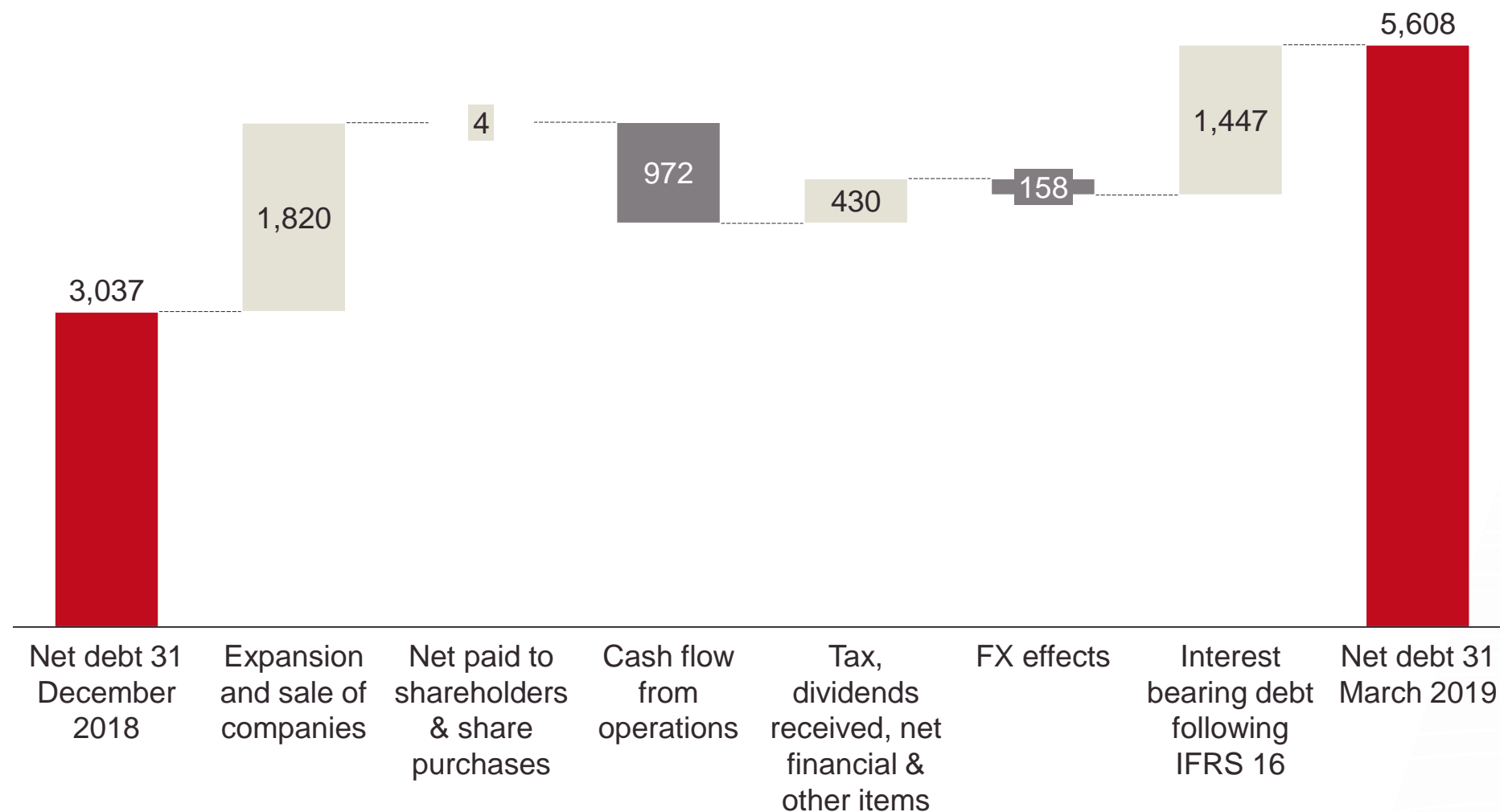
Net interest-bearing liabilities (NOK million)



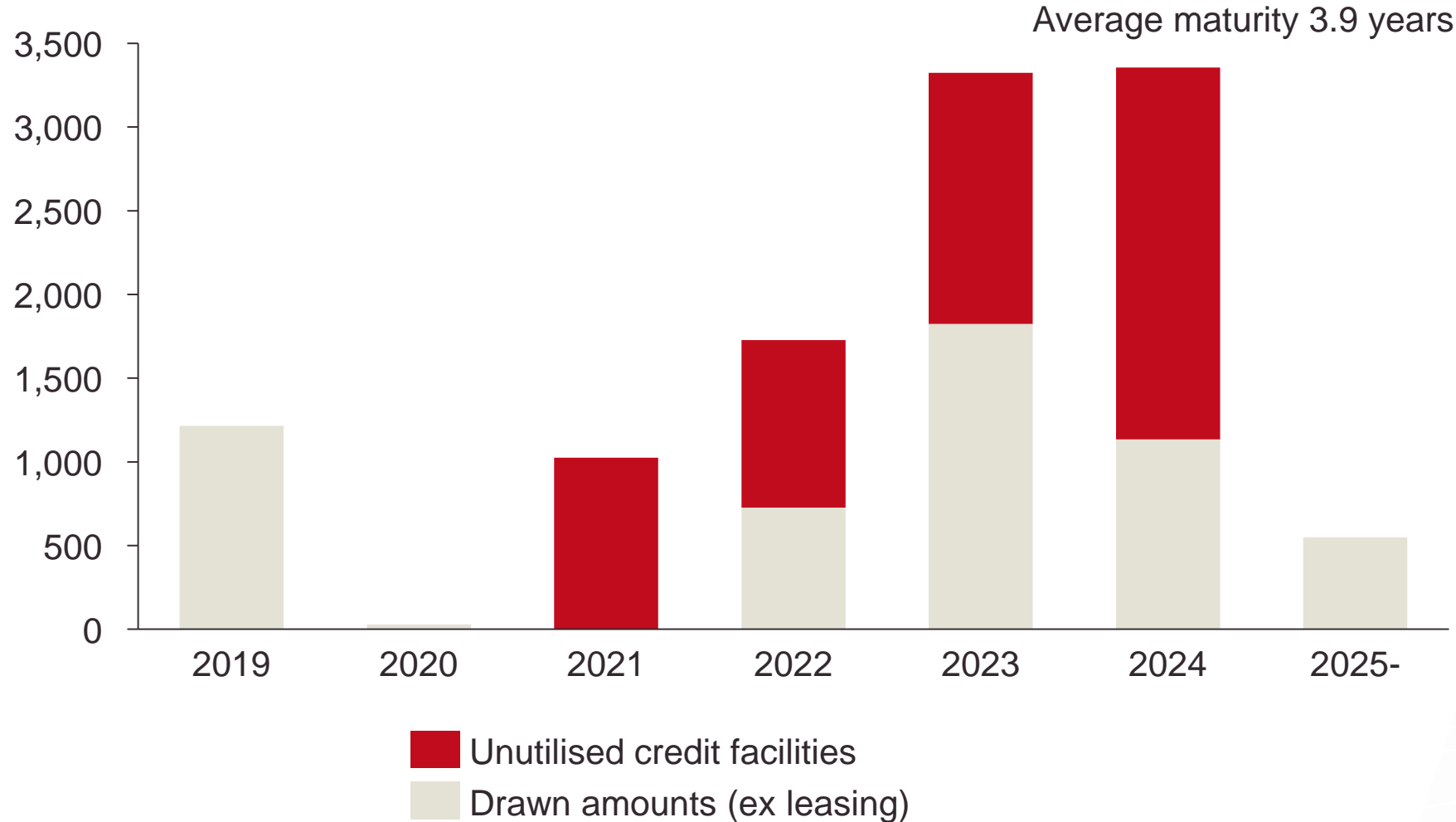
Net gearing



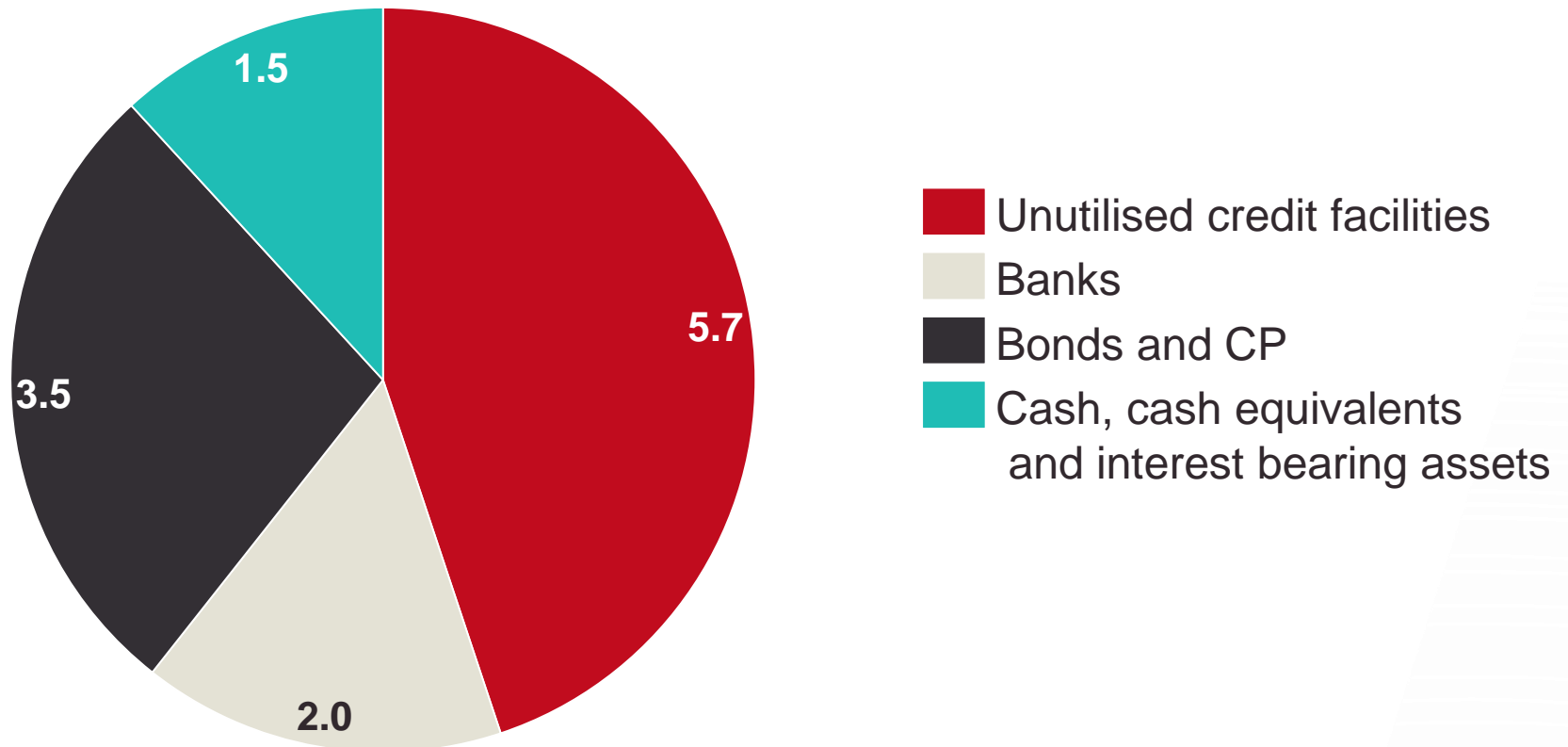
Changes in net debt Q1-19



Debt maturity profile



Funding sources



*Your friend in
everyday life*

