



Third quarter
2017

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More information about Orkla at www.orkla.com/investor-relations

Photo: Ole Walter Jacobsen
Orkla employees, their children and friends are models in the photos taken by, Ole Walter Jacobsen

Design and layout: Design Container



The third quarter in brief

- Group EBIT (adj.)¹ totalled NOK 1,267 million in the third quarter, an increase of 8% from the third quarter of 2016.
- Branded Consumer Goods delivered turnover growth of 4%, of which 1.2% was organic³ growth. EBIT (adj.)¹ increased by NOK 58 million (5%).
- Branded Consumer Goods' EBIT (adj.)¹ margin was 13.2%, on a par with last year. Good contributions from cost improvements were offset by raw material prices and the dilutive effects of acquired companies.
- Earnings per share from continuing business amounted to NOK 0.98 in the third quarter, up 11% from the third quarter of 2016.
- The sale of Orkla's interest in Sapa to Norsk Hydro was approved on 26 September and formally completed in late September/early October.

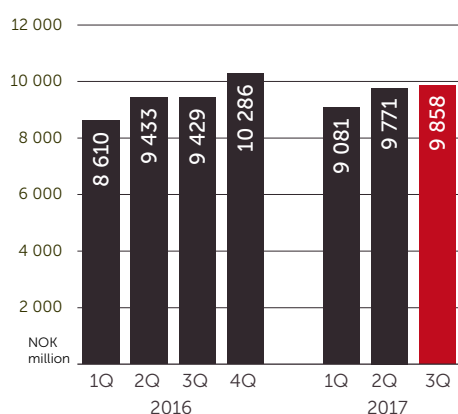
Key figures for the Orkla Group

Amounts in NOK million	Note	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
		2017	2016	2016	2017	2016
Operating revenues	2	28 710	27 472	37 758	9 858	9 429
Operating revenues Branded Consumer Goods	2	27 923	26 688	36 422	9 584	9 179
Organic revenue growth Branded Consumer Goods (%) ³		1.2	2.4 ⁵	1.8	1.2	2.0 ⁵
EBIT (adj.) ¹	2	3 192	2 991	4 298	1 267	1 178
EBIT (adj.) ¹ Branded Consumer Goods	2	3 204	3 051	4 300	1 267	1 209
Profit/loss from associates*		391	517	488	103	141
Profit/loss before taxes from continued operations		3 262	3 138	4 292	1 312	1 156
Profit/loss from discontinued operations*	11	5 024	700	890	4 439	172
Earnings from continued operations per share, diluted (NOK)		2.49	2.44	3.34	0.98	0.88
Cash flow from operations**	14	2 776	1 957	3 368	1 216	1 070
Net interest-bearing liabilities	6	7 978	9 474	8 056		
Equity ratio (%)		62.3	59.1	60.9		
Net gearing ⁴		0.21	0.29	0.24		

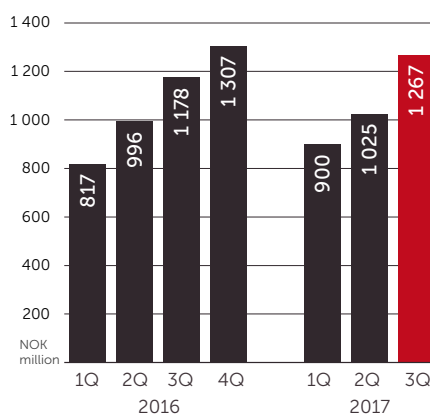
*Historical income statement figures have been restated as Sapa is presented as discontinued operations.

**Excluding Financial Investments.

Operating revenues



EBIT (adj.)¹



9,858

OPERATING REVENUES

Group operating revenues for the third quarter 2017 totalled NOK 9,858 million

1,267

EBIT (ADJ.)¹

Group EBIT (adj.)¹ for the third quarter 2017 totalled NOK 1,267 million

All the footnotes in the quarterly report are presented together on page 8.

Branded Consumer Goods delivered turnover growth of 4%, of which 1.2% was organic³ growth. Price increases to offset higher raw material costs, combined with volume growth, resulted in positive organic³ growth for three out of four business areas.

Organic³ sales growth in Orkla Foods was broad-based and driven by price increases and volume growth in most markets. Orkla Confectionery & Snacks achieved organic³ turnover growth with good development in all regions except Norway. Orkla Care delivered organic³ sales growth in all companies except House Care. Orkla Food Ingredients' organic³ turnover performance was flat despite the fact that the business area has exited several contracts and saw a weak end to the ice cream season.

Overall market growth in Orkla's categories was positive as of the end of the third quarter, but the growth rate is still slightly lower than before. Orkla's performance varied from one category and market to another, but overall growth for Branded Consumer Goods was estimated to be in line with market growth.

Branded Consumer Goods had a third-quarter EBIT (adj.)¹ growth of 5%, driven by cost savings and organic³ top-line growth along with contributions from acquired companies. The EBIT (adj.)¹ margin was 13.2%, on a par with last year. Good margin growth for Orkla Foods was offset by the dilutive effects of acquired companies in Orkla Care and negative product mix effects in Orkla Confectionery & Snacks.

Among the other companies, Hydro Power delivered good results for the quarter, driven by higher power prices, while Jotun's profit was weaker than in the same quarter of last year.

Financial matters

Group operating revenues totalled NOK 9,858 million (NOK 9,429 million)² in the third quarter, equivalent to growth of 5%. The improvement was chiefly related to structural and organic³ growth in Branded Consumer Goods. Currency translation effects arising from consolidation had a neutral effect on Branded Consumer Goods' third-quarter operating revenues.

Group EBIT (adj.)¹ amounted to NOK 1,267 million (NOK 1,178 million)² in the third quarter, equivalent to growth of 8%. The improvement was driven by structural growth, organic³ top-line growth and cost savings in Branded Consumer Goods. A good performance from Hydro Power due to higher power prices also made a positive contribution. For Branded Consumer Goods, third-quarter EBIT (adj.)¹ amounted to NOK 1,267 million (NOK 1,209 million)², an increase of 5%. Currency translation effects arising from consolidation had a neutral effect

on Branded Consumer Goods' third-quarter EBIT (adj.)¹. The Group incurred costs in the third quarter related to the employee share purchase programme. This year's programme was more extensive than in earlier years, since it was not offered in 2016. In 2017 the costs amounted to about NOK 40 million, including NOK 25 million in Branded Consumer Goods.

The Group's other income and expenses were positive, overall, amounting to NOK 3 million (NOK -149 million)². The gain on the sale of buildings in Gimsøy and income from the sale of real estate from the former marzipan company, Natural Foods, more than offset acquisition and integration costs.

Profit from associates totalled NOK 103 million (NOK 141 million)², a decline from last year due to a weaker profit from Jotun.

Net interest expense in the third quarter amounted to NOK -47 million (NOK -40 million)². The reduction in costs as a result of the lower debt level was more than counterbalanced by higher interest rates than in 2016. The average borrowing rate was 2.0% in the third quarter, and the Group's interest-bearing liabilities totalled NOK 8.0 billion at quarter end, down from NOK 8.1 billion as at 31 December 2016.

Group profit before taxes amounted to NOK 1,312 million (NOK 1,156 million)², and third-quarter taxes were estimated to be NOK 290 million (NOK 235 million)². The higher tax charge is due to the increase in profit before tax. Orkla's diluted earnings per share for continuing operations were NOK 0.98 (NOK 0.88)² in the period.

As a consequence of the agreement with Norsk Hydro, profit from Sapa was moved to the line for discontinued operations. Sapa's total contribution to group profit at the end of the third quarter amounted to NOK 5,024 million. For more information on discontinued operations, see Note 11.

Structural measures

In line with Orkla's strategy of being a leading branded consumer goods company, Orkla entered into an agreement on 10 July 2017 to sell its interest in Sapa to Norsk Hydro, subject to the approval of relevant competition authorities. The competition authorities approved the transaction on 26 September 2017.

Orkla works continuously to implement improvement processes, and to further secure its competitiveness has made a number of structural changes to rationalise its manufacturing footprint, exploit economies of scale and optimise its portfolio. Among other things, a decision was made in the third quarter to close the Denomega factory

in Ålesund, which means that Orkla Health will exit the market for tasteless, odourless oil used in functional food. The rest of the product range that is currently manufactured in Ålesund will be relocated to the factory at Løren in Oslo.

For information on the acquisition and sale of companies, see Note 5.

Cash flow and financial position

The comments below are based on the cash flow statement as presented in Orkla's internal format and refer to the period 1 January to 30 September 2017. Reference is made to Note 14 in this report. On 2 October, Orkla received NOK 11.86 billion from Norsk Hydro as the preliminary purchase price for the sale of its interest in Sapa, and thus does not affect cash flow or debt level in the third quarter.

Cash flow from operations (excluding Financial Investments) amounted to NOK 2,776 million (NOK 1,957 million)² as at 30 September 2017. At quarter end there was a seasonal build-up of working capital of NOK 371 million (NOK 592 million)². The somewhat lower build-up of working capital compared with last year was driven by improvements in working capital in Orkla Foods. Net replacement investments totalled NOK 743 million (NOK 1,040 million)². Investments are expected to remain high in the coming years, but the level will vary from year to year. Cash flow from operations for Financial Investments was NOK -149 million as at 30 September 2017 (NOK -129 million)².

An ordinary dividend of NOK 2.60 per share was paid out for the 2016 financial year. Dividends paid out as at 30 September 2017 totalled NOK 2,691 million.

To fulfil remaining option programmes for senior executives and the sale of shares to employees, Orkla shares for a net total of NOK 75 million (NOK 81 million)² had been bought back at quarter end. Expansion investments totalled NOK 125 million (NOK 132 million)² as at 30 September 2017.

Companies were sold for a total amount of NOK 147 million and consisted of sales of assets in the real estate portfolio. Companies purchased totalled NOK 737 million and consisted of acquisitions by Branded Consumer Goods, with Riemann accounting for the majority of the amount. As at 30 September 2017, the net sale of shares and financial assets totalled NOK 46 million, related to the sale of Orkla's remaining shareholding in Solsten Nordic Equities Fund and acquisitions in Orkla Venture.

Net cash flow for the Group amounted to NOK 316 million (NOK -2,450 million)² as at 30 September 2017. The improvement from last year is due to Sapa's payout of a

dividend in the first half of the year and the purchase of companies in 2016. The Group's interest-bearing liabilities had an average borrowing rate of 2.0% for the quarter, mainly denominated in SEK, EUR and DKK. Exchange rate fluctuations resulted in negative translation effects of NOK 238 million on net interest-bearing liabilities, which totalled NOK 7,978 million, equivalent to around 1.4 times EBITDA.

At quarter end, the equity ratio was 62.3%, compared with 60.9% as at 31 December 2016, while net gearing⁴ was 0.21, compared with 0.24 as at 31 December 2016. The average remaining life of long-term liabilities and unutilised credit lines is 3.1 years. Orkla's financial position is robust, with cash reserves and credit lines that more than exceed loans that fall due and known capital expenditures in the next 12 months.

Branded Consumer Goods

	1.1.-30.9.		1.1.-31.12.	1.7.-30.9.	
Amounts in NOK million	2017	2016	2016	2017	2016
Operating revenues	27 923	26 688	36 422	9 584	9 179
Organic revenue growth (%) ³	1.2	2.4 ⁵	1.8	1.2	2.0 ⁵
EBIT (adj.) ¹	3 204	3 051	4 300	1 267	1 209
EBIT (adj.) ¹ margin (%)	11.5	11.4	11.8	13.2	13.2
Cash flow from operations before net replacement expenditures	3 505	2 938	4 669	1 452	1 330
Net replacement expenditures	(704)	(989)	(1 254)	(248)	(266)
Cash flow from operations	2 801	1 949	3 415	1 204	1 064
Expansion investments	(125)	(132)	(163)	(11)	(35)

Sales revenues changes (%)	FX	Structure ⁶	Organic ³ growth	Total
1.1.-30.9.2017	-1.2	4.6	1.2	4.6
1.7.-30.9.2017	0.5	2.7	1.2	4.4

Orkla Foods

	1.1.-30.9.		1.1.-31.12.	1.7.-30.9.	
Amounts in NOK million	2017	2016	2016	2017	2016
Operating revenues	11 742	11 290	15 476	4 007	3 905
EBIT (adj.) ¹	1 366	1 352	1 968	540	512
EBIT (adj.) ¹ margin (%)	11.6	12.0	12.7	13.5	13.1
Cash flow from operations before net replacement expenditures	1 866	1 275	1 912	777	561
Net replacement expenditures	(278)	(587)	(717)	(104)	(153)
Cash flow from operations	1 588	688	1 195	673	408
Expansion investments	(79)	(118)	(145)	(7)	(31)

- Improved sales mainly driven by higher volumes in the Nordics and India
- Moderate improvement in profit, where sales growth and lower fixed production costs are offset by continued high input prices

Orkla Foods posted third-quarter operating revenues of NOK 4,007 million (NOK 3,905 million)², equivalent to a reported increase in sales of 2.6%. The organic³ growth in

sales was 2.9% and positive in all regions in the quarter. This can primarily be attributed to volume growth in Sweden, Norway and Central Europe, combined with slightly higher prices. The commerce market in India is back to normal following the introduction of a new national tax regime that generated temporary disruptions in the first half of 2017.

Several innovations launched during the year boosted sales growth in the third quarter. The biggest innovations were pizza launches under the Grandiosa brand in both Norway and Sweden. Launches of breakfast mixes in India and vegetarian products in Sweden also contributed positively.

Third-quarter EBIT (adj.)¹ amounted to NOK 540 million (NOK 512 million)². In addition to the above-mentioned sales growth, the reduction of fixed production costs in Norway and Finland made a positive contribution. Margins in India also improved after measures were implemented to rationalise production and purchasing. Profit performance was negatively affected by the still high purchasing costs for raw materials, particularly in the Swedish business. The EBIT (adj.)¹ margin was 13.5% (13.1%)².

Orkla Confectionery & Snacks

Amounts in NOK million	1.1.-30.9.		1.1.-31.12.		1.7.-30.9.	
	2017	2016	2016	2017	2016	2016
Operating revenues	4 496	4 434	6 230	1 525	1 501	
EBIT (adj.) ¹	650	596	937	263	260	
EBIT (adj.) ¹ margin (%)	14.5	13.4	15.0	17.2	17.3	
Cash flow from operations before net replacement expenditures						
	629	714	1 283	213	289	
Net replacement expenditures	(143)	(158)	(205)	(57)	(32)	
Cash flow from operations	486	556	1 078	156	257	
Expansion investments	-	(2)	(4)	-	(2)	

- Good sales growth in Finland, Estonia and Sweden
- Somewhat lower campaign and launch intensity in the quarter
- Cost improvements in factories offset by negative product mix
- Good profit growth in Finland and the Baltics

Orkla Confectionery & Snacks reported third-quarter operating revenues of NOK 1,525 million (NOK 1,501 million)², equivalent to reported sales growth of 1.6%. Organic³ growth was 1.3% in the third quarter. Growth was driven by good sales performances in Finland, Estonia and Sweden. Operating revenues for the first nine months of 2017 were NOK 4,496 million (NOK 4,434 million)².

Sales growth in the third quarter was boosted by successful launches and growth for major brands. After high campaign and launch intensity in the first half of the year, the level of activity was somewhat lower in the third

quarter, especially in Norway. There was good growth in the confectionery category, in addition to growth in the biscuits category. The snacks category experienced a slight decline in sales, particularly in Norway. The most important new launches in 2017 included Sætre Snackers, the Lakrisgutta large licorice-filled chocolate tablet and Nidar Smågodt bags of sweets in Norway and launches under the nostalgic Maiuspala brand in Estonia and Selga Delight in Latvia. In Sweden the launch of Utvalda Fröknäcke, Ballerina Kulkex and Smash! chocolate snacks made a positive contribution. Market shares increased in the Confectionery category, while Snacks' overall position declined somewhat.

Third-quarter EBIT (adj.)¹ for Orkla Confectionery & Snacks was NOK 263 million (NOK 260 million)². In Norway profit declined in the quarter, while the other business units delivered good profit growth. Cost reductions in the supply chain had a positive effect on margin. However, this was offset by a negative product mix. The EBIT (adj.)¹ margin for the third quarter was 17.2%, a year-over-year decrease of 0.1 percentage points.

Orkla Care

Amounts in NOK million	1.1.-30.9.		1.1.-31.12.		1.7.-30.9.	
	2017	2016	2016	2017	2016	2016
Operating revenues	5 549	5 010	6 740	1 878	1 726	
EBIT (adj.) ¹	847	770	956	327	307	
EBIT (adj.) ¹ margin (%)	15.3	15.4	14.2	17.4	17.8	
Cash flow from operations before net replacement expenditures						
	612	567	873	251	236	
Net replacement expenditures	(136)	(99)	(146)	(49)	(47)	
Cash flow from operations	476	468	727	202	189	
Expansion investments	-	-	-	-	-	

- Turnover growth driven by acquisitions and positive organic³ growth
- All the businesses delivered growth in turnover and EBIT (adj.)¹
- The operating margin was negatively impacted by the dilutive effects of acquired companies
- The previously announced agreement on the sale of Lilleborg's professional laundry business to the Belgian company Christeys was completed in early October 2017

Orkla Care posted third-quarter operating revenues of NOK 1,878 million (NOK 1,726 million)², equivalent to 8.8% growth in sales. Organic³ sales growth was 1.3%, and all of the businesses except for Orkla House Care achieved organic³ growth in the quarter.

Orkla Home & Personal Care (OHPC) saw growth in most of the markets outside Norway. For OHPC, the competitive climate in Norway is still challenging, and despite substantially strengthened market shares in the grocery trade, turnover declined in the Norwegian market.

Orkla Health delivered solid organic³ growth in most of its markets. Lilleborg⁷ achieved broad-based growth in turnover in the quarter. Orkla House Care delivered negative organic³ growth, essentially due to weak growth in the British market. Pierre Robert Group achieved positive organic³ growth in the third quarter, driven by increased distribution in Norway and new product launches in Finland. Wound Care saw organic³ growth, driven by innovations, increased distribution and high campaign intensity.

The acquisition of Harris entails major changes in the House Care operations in the UK. From January 2017 the existing organisation and production operations were integrated into Harris. So far synergies have been realised as planned. The company has lost the distribution to a large customer which, combined with the ongoing changes, has so far resulted in a decline in both turnover and profit for the entire UK operations, both in the third quarter and so far this year.

Third-quarter EBIT (adj.)¹ amounted to NOK 327 million (NOK 307 million)². Profit growth was driven by contributions from acquisitions and cost reductions. The EBIT (adj.)¹ margin was 17.4% (17.8%)² in the third quarter. The decline from last year is entirely attributable to the dilutive effects of the inclusion of acquisitions.

Orkla Food Ingredients

Amounts in NOK million	1.1.-30.9.		1.1.-31.12.		1.7.-30.9.	
	2017	2016	2016	2017	2016	
Operating revenues	6 293	6 089	8 161	2 246	2 095	
EBIT (adj.) ¹	341	333	439	137	130	
EBIT (adj.) ¹ margin (%)	5.4	5.5	5.4	6.1	6.2	
Cash flow from operations before net replacement expenditures	398	382	601	211	244	
Net replacement expenditures	(147)	(145)	(186)	(37)	(33)	
Cash flow from operations	251	237	415	174	211	
Expansion investments	(46)	(13)	(14)	(4)	(4)	

- Good profit growth for marzipan, bread and cake mixes and a positive trend in Finland and Romania as a result of improvement measures
- Continued positive effects from acquisitions
- Weak profit growth in ice cream ingredients

Orkla Food Ingredients reported third-quarter operating revenues of NOK 2,246 million (NOK 2,095 million)², an improvement of 7.2%. Organic³ sales growth was on a par with last year. Negative differences due to the loss of private label contracts for butter blend products to Germany and Denmark were compensated for and the effect of the reduction in marzipan prices due to lower raw material costs was less pronounced. The loss of some bakery ingredient contracts at the end of last year is still affecting results negatively. Growth in sales of ice cream ingredients was weak when compared to last year's strong top-line, driven by a particularly warm autumn in 2016 in

Germany and the Netherlands. Orkla's position in the ice cream ingredients market has not been weakened.

Third-quarter EBIT (adj.) amounted to NOK 137 million (NOK 130 million)². Measures implemented in Finland and Romania have begun to generate positive effects on profit. Profit growth has been good in several of the main categories (especially marzipan and bread and cake mixes). Profit was negatively impacted by ice cream ingredients and the negative effect in the UK of the higher costs of inputs. Structural growth from acquisitions contributed positively to profit growth. The EBIT (adj.)¹ margin was 6.1%, compared with 6.2% last year.

Orkla Investments

Hydro Power

EBIT (adj.)¹ for Hydro Power amounted to NOK 80 million (NOK 64 million)² in the third quarter of 2017. The increase is primarily due to higher power prices than in the same quarter of last year. Third-quarter production totalled 722 GWh (724 GWh)². The area price in Sauda in the period was 25.9 øre/kWh (21.2 øre/kWh)², and the price trend for Sarpsfoss was similar but area prices were a little higher. Operating costs in the third quarter were at the same level as in the same quarter of last year. At quarter end, the reservoir level in Sauda and Glomma was slightly lower than normal.

Financial Investments

Third-quarter EBIT (adj.)¹ for Orkla Financial Investments amounted to NOK 12 million (NOK -7 million)². The main activities in the third quarter were the sale of Fredrikstad Innovasjonspark and property development and other work related to the sale of properties in the current real estate portfolio.

Jotun (42.5% interest)

The company's sales volumes continue to increase, but growth in operating revenues is declining due to increased price competition in a number of markets coupled with negative currency effects as a result of the stronger krone. The Decorative Paints segment continues to deliver good results, while results for Performance Coatings are impacted by the continued low level of activity in the shipbuilding and offshore newbuilding markets. Higher raw material prices have had a negative effect on profitability so far this year, and further increases in raw material prices are expected. To counteract the impact of higher raw material costs, the company has initiated measures to improve profitability, including price increases, and continues to focus on costs.

Jotun continues to pursue its organic growth strategy and maintain focus on operational efficiency by investing in production capacity in both existing and new markets, and by further developing its systems and employee

capabilities. The biggest investments so far this year are chiefly related to the construction of new production facilities in Malaysia, Myanmar and the Philippines, in addition to a new headquarter and research and development centre in Sandefjord, Norway.

Other matters

On 2 October, Orkla received NOK 11.86 billion from Norsk Hydro as the preliminary purchase price for the sale of its interest in Sapa, which represents a valuation of Sapa at a total of NOK 27 billion on a debt-free basis. The final purchase price will be determined on the basis of Sapa's statement of financial position as at 30 September. Orkla will retain certain liabilities related to its ownership of Sapa even after the transaction has been completed. Orkla's Board of Directors has convened an extraordinary general meeting on 25 October to consider a proposal to pay an extraordinary dividend of NOK 5 per share.

Kikkoman has decided to terminate its partnership with Orkla Foods Norge (OFN), effective 1 January 2018. OFN has had an agreement with Kikkoman for 16 years on the sale and marketing of its products. Kikkoman has been a minor brand in OFN's dinner portfolio.

In the third quarter, the employee share purchase programme was carried out based on the closing price of the Orkla share on 22 September 2017, minus a discount of 30%. The purchase price was thus fixed at NOK 55.58 per share after deduction of a 30% discount. The share purchase programme carried out this year was more extensive than in previous years, because the programme was not offered in 2016.

Outlook

In the markets in which Orkla has a presence, growth is expected to remain moderate in the years ahead, with some variation from one market to another.

Orkla continues to face strong competition from imported international brands and retailers' private labels. Furthermore, a change can be seen in consumers, with whom local players are gaining strength at the expense of large global suppliers. With over 300 local brands and a strong focus on innovations, Orkla is well positioned for this change. At the same time, operational and portfolio optimisation will continue to be important to secure Orkla's competitiveness. Efforts to optimise and rationalise the supply chain to exploit economies of scale and reduce costs will continue.

The global raw material prices to which Orkla is exposed are higher, overall, than in the same period of last year. However, prices vary substantially from one commodity group to another, and the uncertainty attached to future commodity price trends is generally high.

The different business areas are exposed to varying degrees to currency risk, primarily related to purchasing in a foreign currency. Orkla also has currency translation exposure in connection with the consolidation of foreign businesses. There will always be uncertainty as to future exchange rate trends. Many of Orkla's Norwegian companies do a significant share of their purchasing in Norwegian krone, thereby reducing the overall impact of fluctuations in the exchange rate of the krone against other currencies.

The strategy of being a leading branded consumer goods company with the Nordic and Baltic regions as main markets, in addition to selected geographies where Orkla already has a presence, remains unchanged. Orkla aims to deliver organic³ growth that at least matches market growth and growth in annual EBIT (adj.)¹ ⁸ of 6–9% in Branded Consumer Goods in the period 2016–2018.

Oslo, 24 October 2017

The Board of Directors of Orkla ASA

Footnotes related to the quarterly report:

¹Operating profit before other income and expenses.

²Figures in parentheses are for the corresponding period of the previous year.

³Reported growth in operating revenues adjusted for currency translation effects and purchased and sold companies. The figures for purchased/sold companies have been adjusted for a period of 12 months. The main reason for this alternative performance measure (APM) is to show the like-for-like development of turnover in the existing business.

⁴Net interest-bearing liabilities/equity

⁵In connection with the sale of a brand at the end of 2015, Orkla undertook a contractual obligation to the buyer to manufacture the brand under contract in 2016. The income from this contract production was reported as ordinary sales and included in organic growth in the first to third quarters, but it was decided not to include this income in organic growth when reporting the results for the fourth quarter and full year 2016. As a result of this decision, the comparative figures for organic growth for Branded Consumer Goods in the third quarter of 2016 have been adjusted somewhat, but the growth in total was unaffected. For the January–September 2016 period, growth has been adjusted from 2.5% to 2.4%. Figures for the full year 2016 will not be affected.

⁶Structural growth includes adjustments for the purchase and sale of the companies Hamé, Kavli, brands in PRG Finland, Harris, Colon C, Riemann, Broer, Laan, Orchard Valley, SR Food and various minor acquisitions in Orkla Food Ingredients, as well as an adjustment for the closure of Natural Food and an adjustment of brands in Orkla Care (see Note 5).

⁷Lilleborg Profesjonell changed its company name to Lilleborg on 11 January 2017.

⁸Including add-ons, excluding currency effects and large acquisitions.

Condensed income statement

Amounts in NOK million	Note	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
		2017	2016	2016	2017	2016
Operating revenues	2	28 710	27 472	37 758	9 858	9 429
Operating expenses		(24 636)	(23 627)	(32 314)	(8 297)	(7 961)
Depreciation, amortisation and write-downs		(882)	(854)	(1 146)	(294)	(290)
Operating profit before other income and expenses (EBIT adj.)	2	3 192	2 991	4 298	1 267	1 178
Other income and expenses	3	(200)	(260)	(382)	3	(149)
Operating profit		2 992	2 731	3 916	1 270	1 029
Profit/loss from associates*		391	517	488	103	141
Interest, net		(123)	(137)	(177)	(47)	(40)
Other financial items, net	7	2	27	65	(14)	26
Profit/loss before taxes		3 262	3 138	4 292	1 312	1 156
Taxes		(660)	(570)	(807)	(290)	(235)
Profit/loss continuing operations		2 602	2 568	3 485	1 022	921
Discontinued operations*	11	5 024	700	890	4 439	172
Profit/loss for the period		7 626	3 268	4 375	5 461	1 093
Profit/loss attributable to non-controlling interests		67	87	82	27	24
Profit/loss attributable to owners of the parent		7 559	3 181	4 293	5 434	1 069

*Historical income statement figures have been restated as Sapa is presented as discontinued operations.

Earnings per share

Amounts in NOK		1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
		2017	2016	2016	2017	2016
Earnings per share		7.43	3.12	4.22	5.34	1.05
Earnings per share (diluted)		7.43	3.12	4.22	5.34	1.05
Earnings per share for continuing operations, (diluted)		2.49	2.44	3.34	0.98	0.88

Condensed statement of comprehensive income

Amounts in NOK million	Note	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
		2017	2016	2016	2017	2016
Profit/loss for the period		7 626	3 268	4 375	5 461	1 093
<i>Items after tax <u>not</u> to be reclassified to profit/loss in subsequent periods</i>						
Actuarial gains and losses pensions		-	-	(53)	-	-
<i>Items after tax to be reclassified to profit/loss in subsequent periods</i>						
Change in unrealised gains on shares	4	(53)	(188)	(234)	-	(35)
Change in hedging reserve	4	68	(34)	46	9	30
Carried against the equity in associates and discontinued operations	4	(1 122)	(871)	(611)	(1 334)	(502)
Translation effects		364	(667)	(648)	(156)	(337)
The Group's comprehensive income		6 883	1 508	2 875	3 980	249
Comprehensive income attributable to non-controlling interests		73	76	76		
Comprehensive income attributable to owners of the parent		6 810	1 432	2 799		

Condensed statement of financial position

Amounts in NOK million	Note	30.9.	31.12.
		2017	2016
Intangible assets		19 363	18 343
Property, plant and equipment		11 323	11 038
Investments in associates and joint ventures and other financial assets	6	4 121	13 148
Non-current assets		34 807	42 529
Inventories		5 722	5 195
Inventory of development property		74	70
Trade receivables		6 037	5 597
Other receivables	6	12 747	902
Shares and financial assets		15	107
Cash and cash equivalents	6	1 541	1 204
Current assets		26 136	13 075
Total assets		60 943	55 604
Paid in equity		1 993	1 994
Earned equity		35 571	31 480
Non-controlling interests		420	402
Equity		37 984	33 876
Provisions and other non-current liabilities		4 662	4 146
Non-current interest-bearing liabilities	6	6 808	7 172
Current interest-bearing liabilities	6	3 001	2 496
Trade payables		4 563	4 329
Other current liabilities		3 925	3 585
Equity and liabilities		60 943	55 604
Equity ratio (%)		62.3	60.9

Condensed statement of changes in equity

Amounts in NOK million	1.1. – 30.9.2017			1.1. – 30.9.2016		
	Attributed to equity holders of the parent	Non-controlling interest	Total equity	Attributed to equity holders of the parent	Non-controlling interest	Total equity
Equity 1 January	33 474	402	33 876	33 329	417	33 746
The Group's comprehensive income	6 810	73	6 883	1 432	76	1 508
Dividends	(2 644)	(47)	(2 691)	(2 543)	(56)	(2 599)
Net purchase/sale of treasury shares	(75)	-	(75)	(81)	-	(81)
Change in non-controlling interests	(1)	(8)	(9)	(17)	(25)	(42)
Equity at the close of the period	37 564	420	37 984	32 120	412	32 532

Condensed statement of cash flows IFRS

Amounts in NOK million	Note	1.1.–30.9.		1.1.–31.12.		1.7.–30.9.	
		2017	2016	2016	2016	2017	2016
Cash flow from operations before net capital expenditure		3 614	2 892	4 617		1 453	1 332
Received dividends and financial items		1 560	32	7		52	47
Taxes paid		(457)	(436)	(506)		(92)	(129)
Cash flow from operating activities		4 717	2 488	4 118		1 413	1 250
Net capital expenditure		(1 112)	(1 196)	(1 367)		(313)	(329)
Net sale (purchase) of companies	5	(503)	(1 852)	(1 887)		(6)	(614)
Net sale shares and financial assets		46	1 119	1 194		-	74
Other payments		21	4	11		6	(8)
Cash flow from investing activities		(1 548)	(1 925)	(2 049)		(313)	(877)
Net paid to shareholders		(2 766)	(2 680)	(2 676)		(12)	(8)
Change in interest-bearing liabilities and interest-bearing receivables*		(74)	2 318	1 100		(570)	(405)
Cash flow from financing activities		(2 840)	(362)	(1 576)		(582)	(413)
Currency effects cash and cash equivalents		8	(18)	(10)		(6)	(10)
Change in cash and cash equivalents		337	183	483		512	(50)
Cash and cash equivalents	6	1 541	904	1 204			

*Does not include interest-bearing liabilities and receivables related to acquired and sold companies.

See also Note 14 for cash flow Orkla-format.

NOTES

NOTE 1 GENERAL INFORMATION

Orkla ASA's condensed consolidated financial statements for the first nine months of 2017 were approved at the meeting of the Board of Directors on 24 October 2017. The figures in the statements have not been audited. Orkla ASA is a public limited liability company and its offices are located at Skøyen in Oslo, Norway.

Orkla shares are traded on the Oslo Stock Exchange. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and methods of calculation have been applied as in the last annual financial statements.

The Group agreed to sell its 50% interest in Sapa on 10 July 2017 and has therefore presented the latter's results on a separate line as "Discontinued operations" (see Note 11). Historical profit and loss figures have been restated accordingly. No other changes have been made in presentation or accounting principles nor have any new standards been adopted that materially affect the Group's financial reporting or comparisons with previous periods.

The Group has purchased new businesses. The acquisitions are presented in Note 5.

NOTE 2 SEGMENTS

Operating revenues

Amounts in NOK million	1.1.-30.9.		1.1.-31.12.		1.7.-30.9.	
	2017	2016	2016		2017	2016
Orkla	28 710	27 472	37 758		9 858	9 429
Branded Consumer Goods	27 923	26 688	36 422		9 584	9 179
Orkla Foods	11 742	11 290	15 476		4 007	3 905
Orkla Confectionery & Snacks	4 496	4 434	6 230		1 525	1 501
Orkla Care	5 549	5 010	6 740		1 878	1 726
Orkla Food Ingredients	6 293	6 089	8 161		2 246	2 095
Eliminations Branded Consumer Goods	(157)	(135)	(185)		(72)	(48)
Orkla Investments	759	759	1 302		266	240
Hydro Power	619	555	721		218	196
Financial Investments	140	204	581		48	44
HQ/Other Business/Eliminations	28	25	34		8	10

Operating profit – EBIT (adj.)¹

Amounts in NOK million	1.1.-30.9.		1.1.-31.12.		1.7.-30.9.	
	2017	2016	2016		2017	2016
Orkla	3 192	2 991	4 298		1 267	1 178
Branded Consumer Goods	3 204	3 051	4 300		1 267	1 209
Orkla Foods	1 366	1 352	1 968		540	512
Orkla Confectionery & Snacks	650	596	937		263	260
Orkla Care	847	770	956		327	307
Orkla Food Ingredients	341	333	439		137	130
Orkla Investments	227	177	323		92	57
Hydro Power	213	161	192		80	64
Financial Investments	14	16	131		12	(7)
HQ/Other Business	(239)	(237)	(325)		(92)	(88)

¹Operating profit before other income and expenses.

NOTE 3 OTHER INCOME AND EXPENSES

Amounts in NOK million	1.1.–30.9.		1.1.–31.12.		1.7.–30.9.	
	2017	2016	2016		2017	2016
M&A and integration costs	(93)	(149)	(245)		(27)	(36)
Final settlement employment relationships etc.	(56)	(47)	(59)		(5)	(26)
Gain/write-downs relating to coordination projects	2	25	24		49	-
Write-down Orkla Food Ingredients	-	(56)	(56)		-	(56)
Other restructuring costs and special IFRS effects	(53)	(33)	(46)		(14)	(31)
Total other income and expenses	(200)	(260)	(382)		3	(149)

Two real estate properties owned by Gimsøy and Natural Food, respectively, were divested at a total gain of NOK 49 million. The operations at Gimsøy were moved to Kumla, Sweden, while Natural Food's operations were closed down earlier this year. Further gains arising from restructuring and integration are expected in the fourth quarter.

Orkla Foods has decided to discontinue its production of mayonnaise-based salads in Elverum, Norway. A total of NOK 50 million has been expensed for costs incurred and the write-down of property, plant and equipment in the first nine months.

The Group continuously carries out integration and restructuring projects. Projects related to the integration of acquired companies and merging of factories require extensive resources and give rise to substantial costs. An improvement programme has been implemented in Orkla Home & Personal Care. As at 30 September 2017, a provision totalling NOK 39 million had been made for workforce reductions. Orkla Foods and Orkla Confectionery & Snacks in Finland are merged to form Orkla Soumi and integration costs are being incurred. Furthermore,

Orkla Confectionery & Snacks has begun work on coordinating chocolate production in Latvia. Costs related to this project, the majority of which appear likely to arise in the first quarter of 2018, will be incurred over a long period of time.

Based on the recommendations resulting from a pre-project, a decision has been made to carry out a main project to establish a common ERP platform for the Group. Preparations for the main project will begin immediately, the first stage of which will be to establish a project organisation and select an implementation partner. This process will be completed in late 2017, and the roll-out of the new platform will begin in 2018 and run for several years. Orkla's Board of Directors will make a final decision in the autumn of 2017. Expenses incurred during the initial stages of the project have been and will be reported as "Other income and expenses", while expenses relating to the establishment of a template and the project roll-out will be recognised in the statement of financial position as intangible assets.

M&A costs have been incurred in connection with several small projects.

NOTE 4 STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income shows changes in the value of shares and financial assets (unrealised gains) and hedging instruments (hedging reserve). These figures are presented after tax. The tax effect as at 30 September 2017 related to changes in unrealised gains is NOK 0 million (NOK 0 million in 2016), and the tax effect related to changes in the hedging reserve amounts to NOK 0 million (NOK 11 million in 2016).

Unrealised gains/losses on shares and the hedging reserve included in equity in the first nine months of 2017 (after tax) totalled NOK 0 million and NOK -235 million, respectively. Accumulated translation differences correspondingly amounted to NOK 1,013 million, and accumulated items recognised in equity in associates amounted to NOK -40 million as at 30 September 2017.

NOTE 5 ACQUISITION AND SALE OF COMPANIES

Acquisition of companies

Orkla Care purchased 100% of the shares in the Danish company Riemann Holding A/S ("Riemann"). The company holds good positions in the sun protection and antiperspirant markets, and with the acquisition of Riemann Orkla Care has strengthened its presence in the pharmacy channel. The product portfolio is marketed under the P20 and Perspirex brands. Riemann is based in Denmark, but around 90% of its turnover is generated by exports to other European markets. Riemann had 47 employees. The company's head office and production facilities are located in Hillerød, Denmark. In 2016, Riemann had a reported turnover of DKK 133.5 million (approx. NOK 168 million) and EBITDA of DKK 26.4 million (approx. NOK 33 million). The company was consolidated into Orkla's financial statements as of 1 June 2017.

Orkla Food Ingredients purchased 85% of the shares in the British sales and distribution company Orchard Valley Foods Limited ("Orchard Valley"). Orchard Valley holds strong positions as a supplier of ingredients and accessories to the UK bakery, chocolate and ice cream market. Most of its turnover is generated in the UK, but the company also has growing export sales to Europe. Orchard Valley had a total of 72 employees. The company's head office and production facilities are located in Tenbury Wells, UK. In the financial year ending on 31 May 2016, Orchard Valley posted a turnover of GBP 23.9 million (approx. NOK 252 million) and normalised EBITDA of GBP 2.0 million (approx. NOK 21 million). The agreement also includes an option to purchase the remaining 15% of the shares. The company was consolidated into Orkla's statement of financial position as of 31 March 2017, and was recognised in the income statement as of 1 April 2017.

Orkla Food Ingredients purchased 80% of the shares in the Danish sales and distribution company SR Food A/S ("SR Food"). Through the acquisition of SR Food, Orkla Food Ingredients aims to further develop its position as a supplier of organic and vegetarian foods. SR Food has a broad range of products, offering items such as fresh doughs, tapas and toppings to the Nordic market. SR Food had six employees. The company's headquarters is located in Randers, Denmark. In 2016, SR Food had EBIT of DKK 11.3 million (approx. NOK 14 million). The company was consolidated into the financial statements as of 1 May 2017.

Orkla Food Ingredients also acquired 100% of the shares in the Netherlands sales and distribution company Laan Heiloo B.V. ("Laan"). Laan is a leading supplier of ingredients and accessories to the Netherlands ice cream market. Orkla Food Ingredients has built up a strong position in the ready-to-use soft-serve ice cream mix and accessories category in the Netherlands, and the businesses are a good fit. Laan had a total of 15 employees. In 2016, the company had a turnover of EUR 5.8 million (approx. NOK 51 million). The company was consolidated into the financial statements as of 1 March 2017.

Orkla Food Ingredients purchased 100% of the shares in the German sales and distribution company Eis Ludwig Gräbner GmbH ("Eis Gräbner"). With the acquisition of Eis Gräbner Orkla Food Ingredients has strengthened its position as a supplier of ice cream ingredients and accessories. Eis Gräbner had 18 employees. In 2016, Eis Gräbner had a turnover of EUR 6.5 million (approx. NOK 61 million). The company was consolidated into the financial statements as of 1 May 2017.

Orkla Food Ingredients also increased its equity interest in the Swedish company Våffelbagaren from 30% to 51%. The company has a turnover of around SEK 20 million.

As of 30 September 2017, businesses had been acquired for a total of NOK 737 million on a debt-free basis.

Other matters

The purchase price allocation (PPA) for Harris was finalised as at 30 September 2017. Certain changes were made in the PPA compared to the provisional one, largely as a result of a new assessment of pensions. The change has resulted in higher goodwill. The PPAs for Hamé, O. Kavli, Waverley Bakery and assets in Nanso Group were finalised in the first half of 2017. No material changes were made in the PPAs, except with regard to Hamé where the excess values related to buildings and brands have been adjusted slightly downwards in relation to the figures presented as at 31 December 2016. Goodwill has been increased correspondingly.

Sale of companies

In the third quarter of 2017, Orkla Eiendom (real estate) sold Fredrikstad Innovasjonspark at a total gain of NOK 20 million, and in the first quarter of 2017 sold two properties at a total gain of NOK 16 million. The gains are presented in EBIT (adj.). Settlement for the sale of Fredrikstad Innovasjonspark will not be recognised in the cash flow statement until the fourth quarter since the proceeds were received in early October. In addition, the proceeds of the sale of Åsane Utvikling, which was divested in the fourth quarter of 2016, were received in the first quarter of 2017.

NOTE 6 NET INTEREST-BEARING LIABILITIES

The various elements of net interest-bearing liabilities are shown in the following table:

	30.9. 2017	31.12. 2016
Amounts in NOK million		
Non-current interest-bearing liabilities	(6 808)	(7 172)
Current interest-bearing liabilities	(3 001)	(2 496)
Non-current interest-bearing receivables (in "Financial Assets")	282	390
Current interest-bearing receivables (in "Other receivables")	8	18
Cash and cash equivalents	1 541	1 204
Net interest-bearing liabilities	(7 978)	(8 056)

NOTE 7 OTHER FINANCIAL ITEMS, NET

The various elements of net other financial items are shown in the following table:

	1.1.–30.9.	1.1.–31.12.	1.7.–30.9.
Amounts in NOK million	2017	2016	2017
Gains, losses and write-downs shares and financial assets	48	169	(4)
Dividends	7	23	4
Net foreign currency gain/loss	1	(8)	1
Interest on pensions	(33)	(35)	(11)
Other financial items	(21)	(122)	(4)
Total	2	27	(14)

NOTE 8 RELATED PARTIES

The Canica system, controlled by Orkla Board Chairman Stein Erik Hagen (largest shareholder, with 24.5% of issued shares), and Orkla both have equity interests in a certain real estate investment. Canica AS has signed an agreement with Orkla ASA to lease office premises at Karenslyst allé 6 from 1 October 2017 to 31 December 2020. In addition, the Orkla Group makes sales to companies in the Canica system.

There were no material transactions between the Group and related parties in the first nine months of 2017.

The Group has intercompany balances totalling NOK 29 million with associates within Orkla's real estate investments.

NOTE 9 OPTIONS AND TREASURY SHARES

Changes in outstanding options and treasury shares are shown in the following tables:

Change in number of options:

Outstanding options 1 January 2017	955 000
Exercised during the period	(955 000)
Forfeited during the period	-
Outstanding options 30 September 2017	0

Change in number of treasury shares:

Treasury shares 1 January 2017	1 213 135
External purchases of treasury shares	1 500 000
Options exercised in treasury shares	(965 000)
Treasury shares 30 September 2017	1 748 135

The sale of shares to employees was carried out in a subscription period in the last half of September 2017. Subscriptions were received for a total of 1,571,202 shares, and the sales were completed in October 2017.

NOTE 10 ASSESSMENTS RELATING TO IMPAIRMENT

In line with adopted principles, the Group has carried out impairment tests for all intangible assets with an indefinite useful life and for all goodwill prior to the preparation and presentation of financial statements for the third quarter. This year's tests showed no need to write down any of the Group's assets.

As disclosed in Note 3, property, plant and equipment were written down directly by a total of NOK 47 million as at 30 September 2017 as a result of the decision to close down production of mayonnaise-based salads. There were otherwise no indications of any impairment in the value of any of the Group's assets.

NOTE 11 DISCONTINUED OPERATIONS

If a material part of the Group's activities is divested or an agreement is made to divest it, or in the event of a loss of control or significant influence, this part is presented as "Discontinued operations" on a separate line in the income statement and statement of financial position. A "material part" is defined as a separate segment, a separate geographical area or a substantial asset.

Orkla's 50% ownership interest in Sapa constitutes a "substantial asset". On 10 July 2017, an agreement was signed to sell this asset to Norsk Hydro. The agreement to sell had to be approved by all the relevant competition authorities, and such approval was finally granted on 26 September. Orkla will retain certain liabilities related to its ownership interest in Sapa post closing of the transaction.

As a result of the agreement to sell, profit or loss from Sapa has been presented separately from the line "Profit/loss from associates and joint ventures" and reported on the line "Discontinued operations" with historical effect. The figures presented in the ordinary income statement are therefore comparable. "Earnings per share for continuing operations" will thus present the Group's earnings minus the share of profit or loss from Sapa.

The transaction was formally completed on 2 October due to the fact that 30 September fell on a Saturday. For Orkla, however, the date of valuation and the date of transfer of control are deemed to be 30 September and the gain has been recognised as at 30 September 2017. The agreement was subject only to the approval of the competition authorities and once this had been granted, only formalities remained. The cash flow effect will not be seen until the fourth quarter, and as at 30 September 2017 Orkla had a receivable from Norsk Hydro for the purchase price. Historical statements of financial position have not been restated.

Profit and loss as at 30 September 2017 are as follows:

Amounts in NOK million	1.1.–30.9.	
	2017	2016
Profit from joint venture	800	700
Gain related to sale	4 224	-
Discontinued operations	5 024	700

The agreement to sell Orkla's 50% interest in Sapa was entered into in July and profit after that date will technically reduce the gain correspondingly. The reliability of the distinction between the gain and profit will therefore be limited. The entire amount is reported on the line for "Discontinued operations".

NOTE 12 SHARES AND FINANCIAL ASSETS

Shares and financial assets recognised at fair value:

Amounts in NOK million	Measurement level			
	Level 1	Level 2	Level 3	Total
30 September 2017:				
Assets				
Investments	-	-	84	84
Derivatives	-	165	-	165
Liabilities				
Derivatives	-	358	-	358
31 December 2016:				
Assets				
Investments	-	87	49	136
Derivatives	-	260	-	260
Liabilities				
Derivatives	-	445	-	445

See also Note 6 for an overview of interest-bearing assets and liabilities.

NOTE 13 OTHER MATTERS

At a meeting on 2 October 2017, Orkla's Board of Directors decided to convene an extraordinary general meeting to propose an extraordinary dividend of NOK 5.00 per share to be paid out on 3 November 2017.

Since the statement of financial position date 30 September 2017, Orkla has entered into an agreement to divest a small part of its operations, as a result of its decision to exit categories that are no longer considered to be part of its core business.

No new factors have emerged that change our assessment regarding the situation in Denofa do Brasil (see Note 39 in Orkla's Annual Report for 2016).

Saudefaldene AS, of which Orkla owns 85%, operates several power plants in Sauda under a lease agreement with Statskraft that will run until 2030. In the case of one of the plants, Sønnå Høy, the question of whether Saudefaldene or Statskraft was to be deemed the owner for tax purposes and thus liable for property tax and tax on ground rent income had not been settled. Following the Court of Appeal's judgment upholding Saudefaldene's claim that Statskraft must be deemed to be Sønnå Høy's owner for tax purposes, the Supreme Court has now handed down a judgment that with final effect sets aside the prior judgment and determines that Saudefaldene is to be deemed the owner of Sønnå Høy for tax purposes. This judgment will have no direct accounting consequences for Saudefaldene, as Saudefaldene has expensed property and ground rent income tax in its financial statements as if it were the owner for tax purposes in accordance with the present decision. Future property and ground rent income tax expensed will therefore be the same as in previous years. For further information, reference is made to the information regarding this matter in Note 16 in Orkla's Annual Report for 2016.

Orkla, Thon Holding AS and Østfold Energi have entered into an agreement with the investment company Jotunfjell Partners on the sale of Rygge Sivile Lufthavn AS (RSL). Under the agreement, the present owners – Orkla ASA (40%), Thon Holding AS (40%) and Østfold Energi (20%) – will sell all their shares in RSL to Jotunfjell Partners. This includes the takeover of the terminal building and other civilian installations at Moss Airport Rygge, which RSL operated until it was wound up on 1 November 2016.

Orkla is currently engaged in proceedings with the agricultural authorities regarding historical classification of goods under the price reduction and export refund schemes.

There have been no other material events after the statement of financial position date that would have had an impact on the financial statements or the assessments carried out.

NOTE 14 CASH FLOW ORKLA-FORMAT

The Orkla-format cash flow statement shows the change in net interest-bearing liabilities at Group level, which is an important key figure for the Group (see Note 6). This cash flow format is used directly in the management of the business areas, and is included in the tabular presentation of segment information preceding the descriptions of the various businesses in the information on the Group. The statement shows the Group's overall financial capacity, generated by operations, to cover the Group's financial items, taxes and items more subject to Group control such as dividends and treasury share transactions. Cash flow from operations is broken down into "Cash flow from operations" and "Cash flow from operations, Financial Investments".

The last part of the cash flow statement shows the expansion measures that have been carried out in the form of direct expansion investments, acquisition of companies, disposal of companies/parts of companies and changes in the level of investments in shares and financial assets. Direct expansion investments are investments either in new geographical markets or new categories or that represent substantial increases in capacity. The cash flow statement is presented on the basis of an average monthly exchange rate, while the change in net interest-bearing liabilities is an absolute figure measured at the closing rate. The difference is explained by the currency translation effect related to net interest-bearing liabilities.

Amounts in NOK million	Note	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
		2017	2016	2016	2017	2016
Operating profit		2 975	2 715	3 785	1 258	1 037
Amortisation, depreciation and impairment charges		915	874	1 138	290	341
Changes in net working capital, etc.		(371)	(592)	(228)	(73)	(28)
Cash flow from operations before net replacement expenditures		3 519	2 997	4 695	1 475	1 350
Net replacement expenditures		(743)	(1 040)	(1 327)	(259)	(280)
Cash flow from operations*		2 776	1 957	3 368	1 216	1 070
Cash flow from operations, Financial Investments		(149)	(129)	45	(65)	(32)
Financial items, net paid		(167)	(212)	(276)	(63)	(69)
Taxes paid		(457)	(436)	(506)	(92)	(129)
Dividends received		1 727	244	283	115	116
Other payments		21	4	11	6	(8)
Cash flow before capital transactions		3 751	1 428	2 925	1 117	948
Dividends paid		(2 691)	(2 599)	(2 599)	(12)	(18)
Net purchase/sale of treasury shares		(75)	(81)	(77)	-	10
Cash flow before expansion		985	(1 252)	249	1 105	940
Expansion investments		(125)	(132)	(163)	(11)	(35)
Sale of companies (enterprise value)	5	147	399	415	-	-
Purchase of companies (enterprise value)	5	(737)	(2 584)	(2 651)	(6)	(633)
Net purchase/sale shares and financial assets		46	1 119	1 194	-	74
Net cash flow		316	(2 450)	(956)	1 088	346
Currency effects of net interest-bearing liabilities		(238)	781	705	226	360
Change in net interest-bearing liabilities		(78)	1 669	251	(1 314)	(706)
Net interest-bearing liabilities	6	7 978	9 474	8 056		

*Excluding Financial Investments.