Growth continues

First quarter results 2017

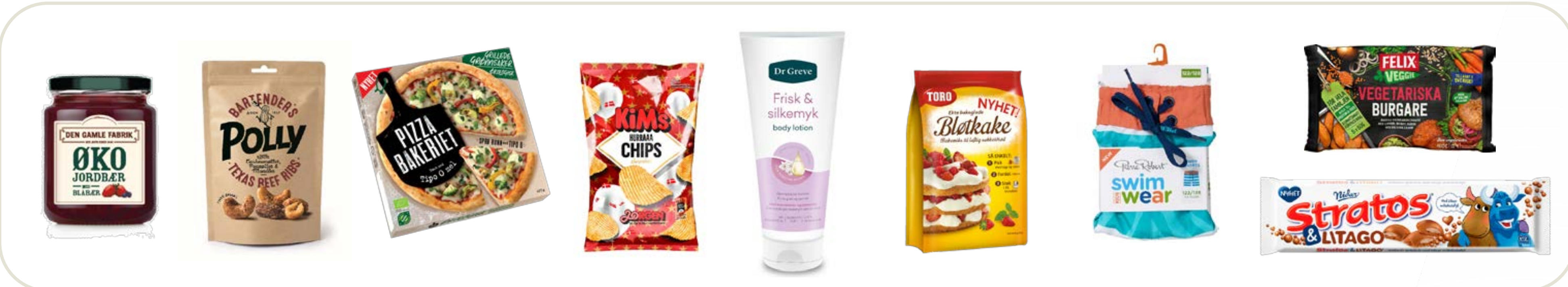
9 May 2017

Peter A. Ruzicka, President & CEO

Highlights Q1-17:

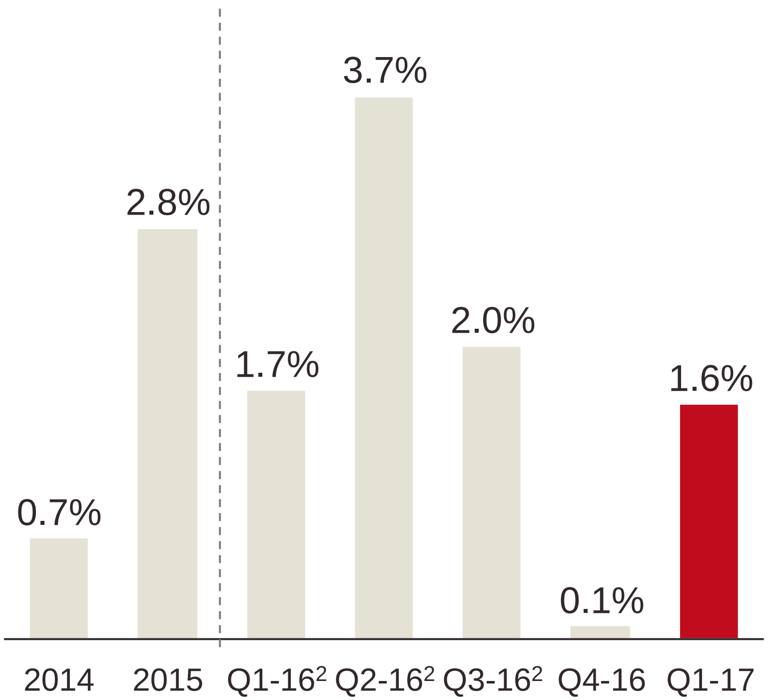
Continued progress from working as One Orkla

- **Branded Consumer Goods continues to grow**
- **Associates perform strongly**
- **Profit before tax up 4%**
- **Ongoing M&A and restructuring activity**

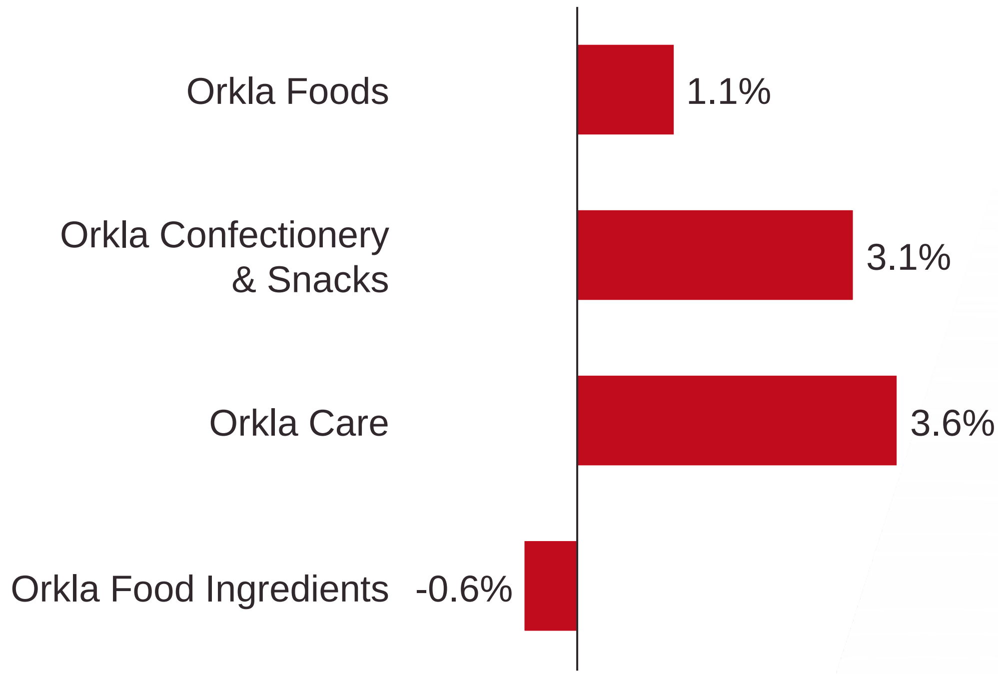


Branded Consumer Goods Q1-17:
Organic growth ahead of our markets

Continued organic growth[1]



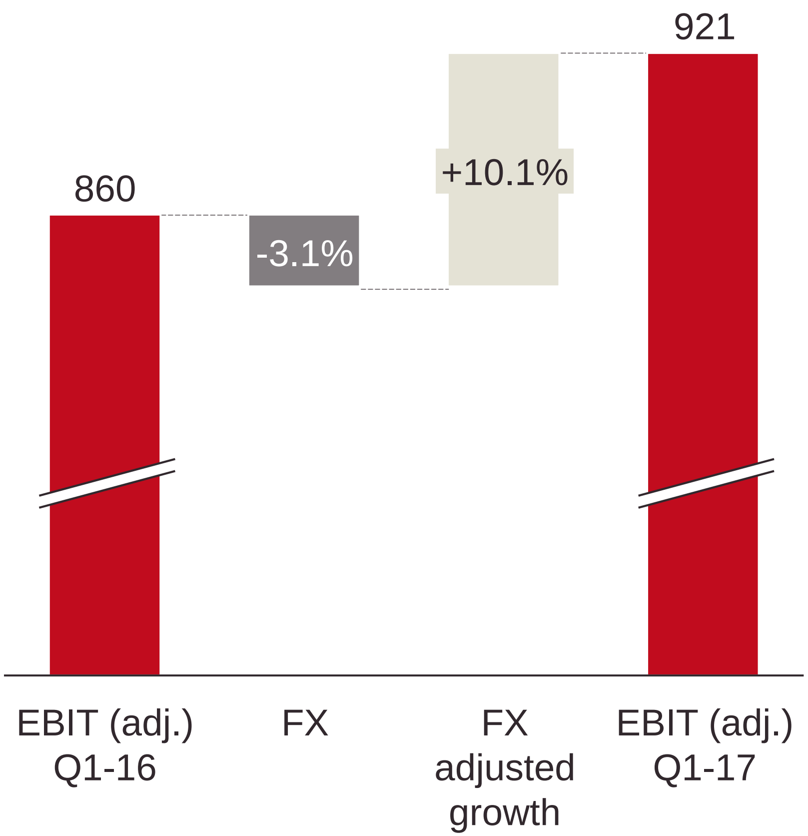
Organic growth in 3 out of 4 business areas[1]

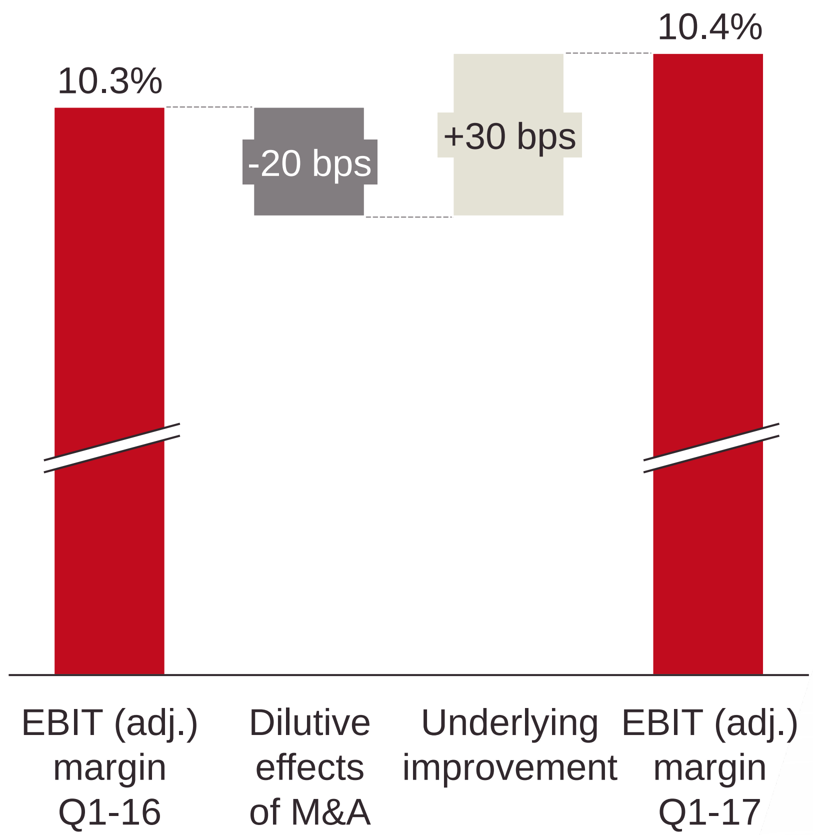


[1]Reported growth adjusted for currency translation effects and structural changes
[2]Organic growth figures for Q1-16, Q2-16 and Q3-16 have been restated.

Branded Consumer Goods Q1-17:

10% EBIT (adj.) growth in constant currencies





Amounts in NOK million

Branded Consumer Goods Q1-17:

New restructuring efforts for future cost improvements

Continuing to optimise factory footprint

- 2 additional factory closures decided in Q1
- A total of 24 closures decided since the start of the programme

Further rationalisation of SG&A

- Merging Foods and C&S in Finland
- Merging Personal Care and Health in Poland
- Merging Orkla House Care companies in UK
- Simplification programme announced in Home & Personal Care in Norway

Trimming the portfolio

- Exiting mayonnaise based salads in Norway
- Exiting industrial marzipan in Italy

Orkla

Branded Consumer Goods Q1-17:

Further strengthening the core

Investing in existing operations

GRANDIOSA®

NOK 500 million investment in pizza production over 5 years

Strengthening our position through add-ons

60 jaar Laan Heiloo
IJsgrondstoffen
Disposables
Horeca apparatuur

ORCHARD VALLEY
FOODS LIMITED

Eis Gräbner
seit 1929

Orkla

Financial performance

Jens Bjørn Staff, CFO

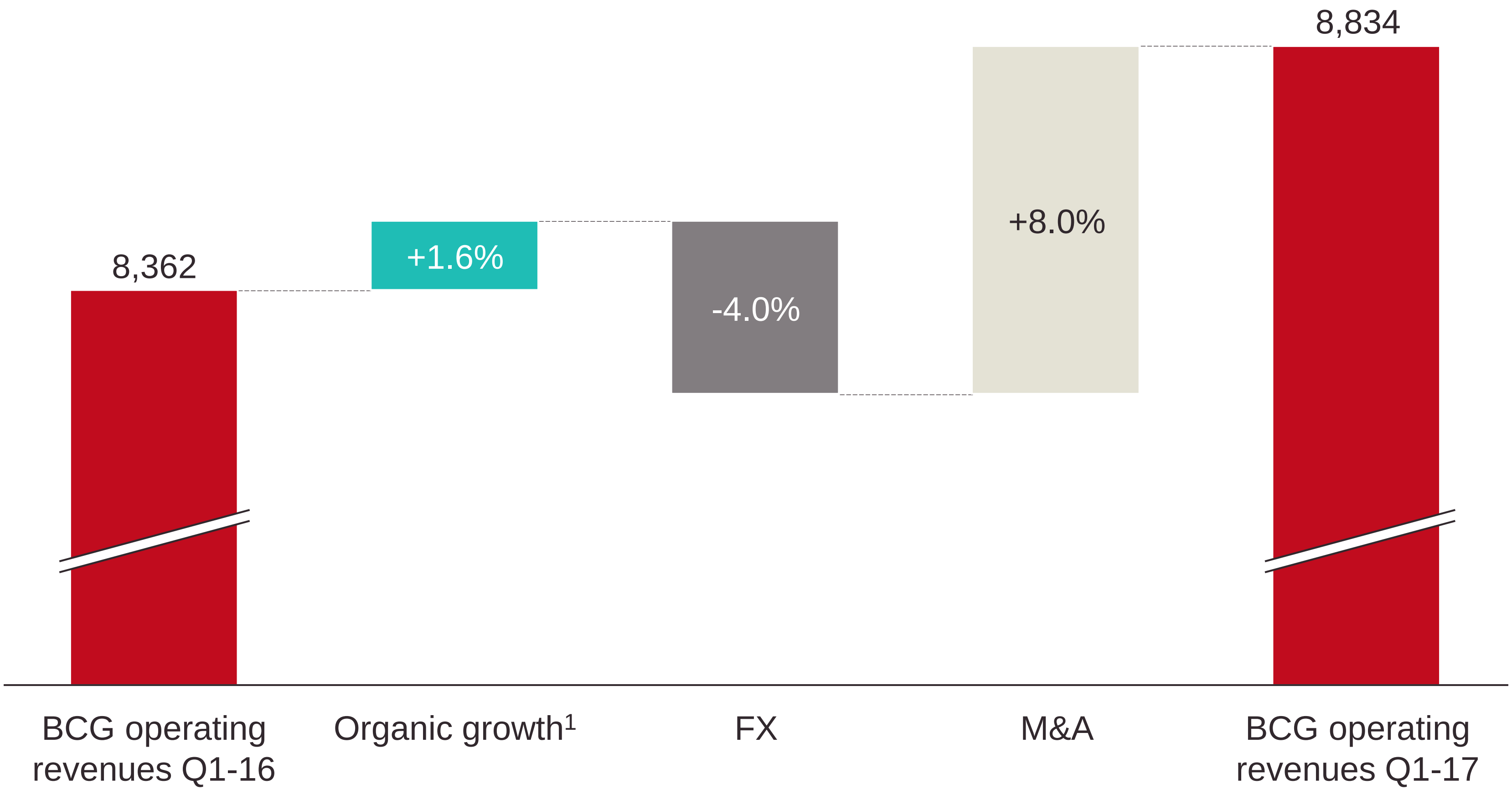
Group EBIT (adj.) improved 10%

Key figures	Q1-16	Q1-17
Operating revenues	8 610	**9 081**
EBIT (adj.)	817	**900**
Other income and expenses	-30	**-87**
EBIT	787	**813**
Profit/loss from associates and JV	462	**485**
Net financials and other	2	**-3**
Profit/loss before tax	1 251	**1 295**
Tax	-135	**-185**
EPS (NOK)	1.08	**1.08**

 Amounts in NOK million

Branded Consumer Goods Q1-17:

Negative FX effects offset by M&A and organic growth



Amounts in NOK million. [1]Reported growth adjusted for currency translation effects and structural changes

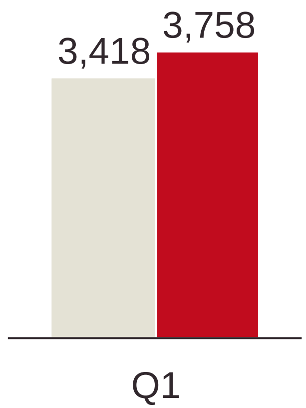
Orkla Foods

Modest profit growth driven by M&A

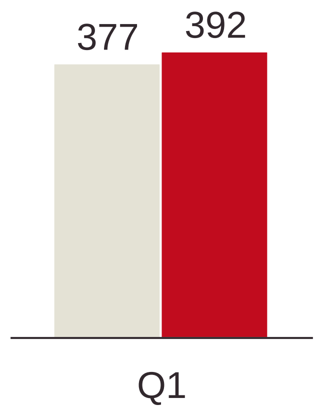
2016 2017

Operating revenues

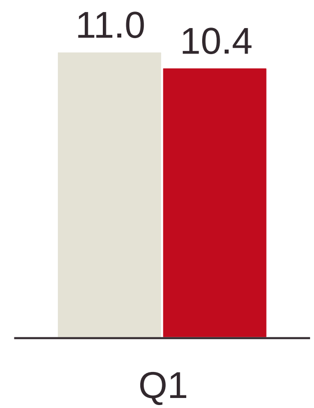
+1.1% OG[1]



EBIT (adj.)



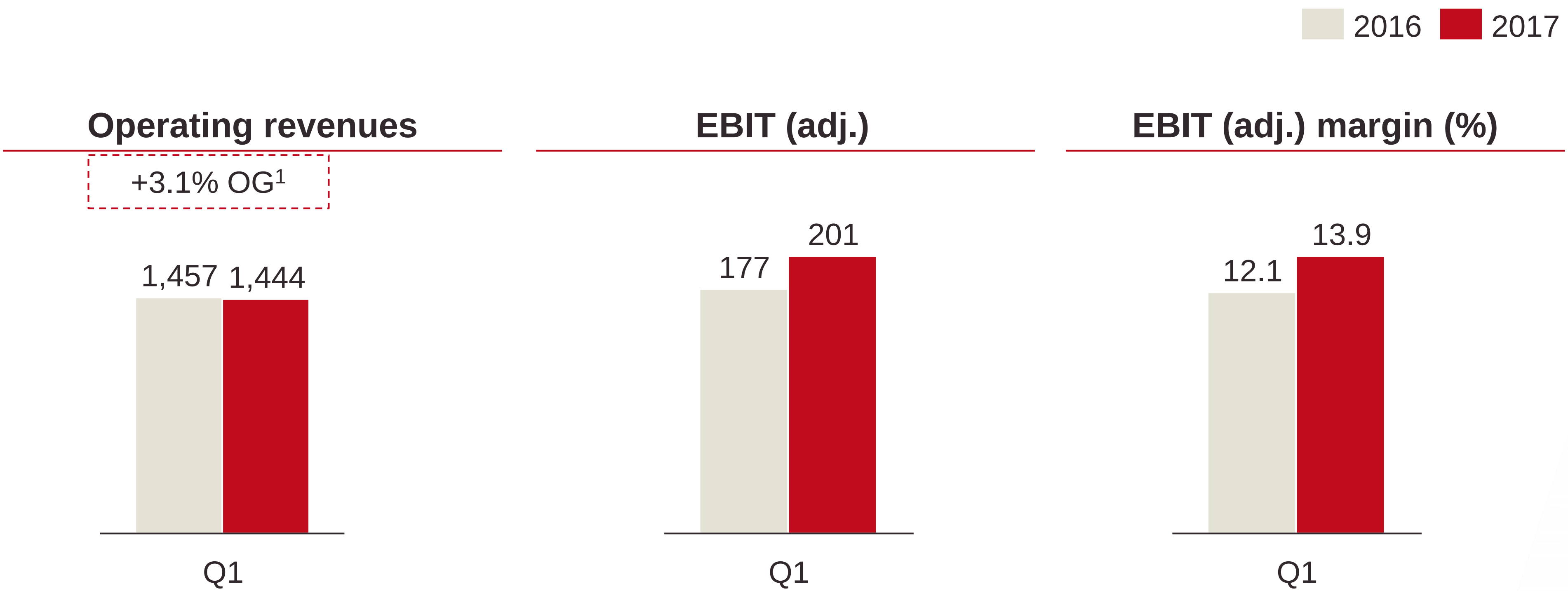
EBIT (adj.) margin (%)



- Sales and profit growth mainly driven by M&A
- Modest organic sales growth in the Nordics
- Negative impact on profitability from increased input costs, sales mix effects and dilution from M&A

 Amounts in MNOK. [1]Reported growth adjusted for currency translation effects and structural changes

Organic growth up 3% driven by increased volumes



- Volume driven organic sales growth, partly due to positive Easter effects
- Profit growth driven by improved product mix and operational improvements
- Strong profit improvement in Latvia

 Amounts in MNOK. [1]Reported growth adjusted for currency translation effects and structural changes

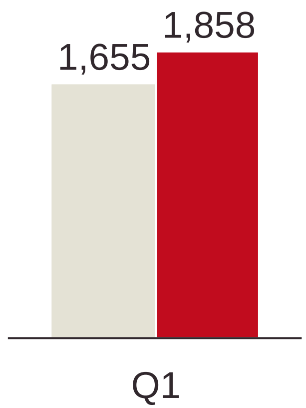
Orkla Care

Revenue growth driven by M&A and positive organic growth

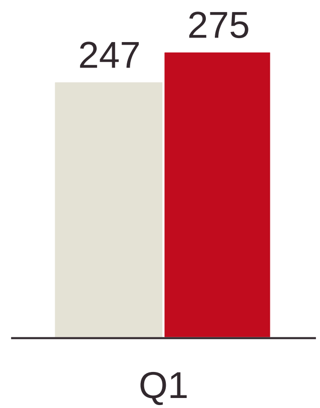
2016 2017

Operating revenues

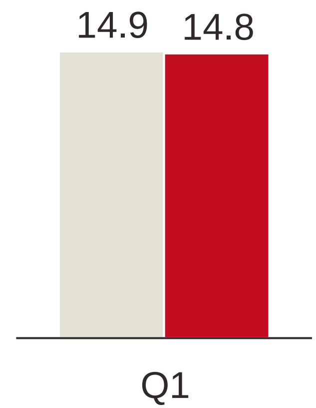
+3.6% OG[1]



EBIT (adj.)



EBIT (adj.) margin (%)



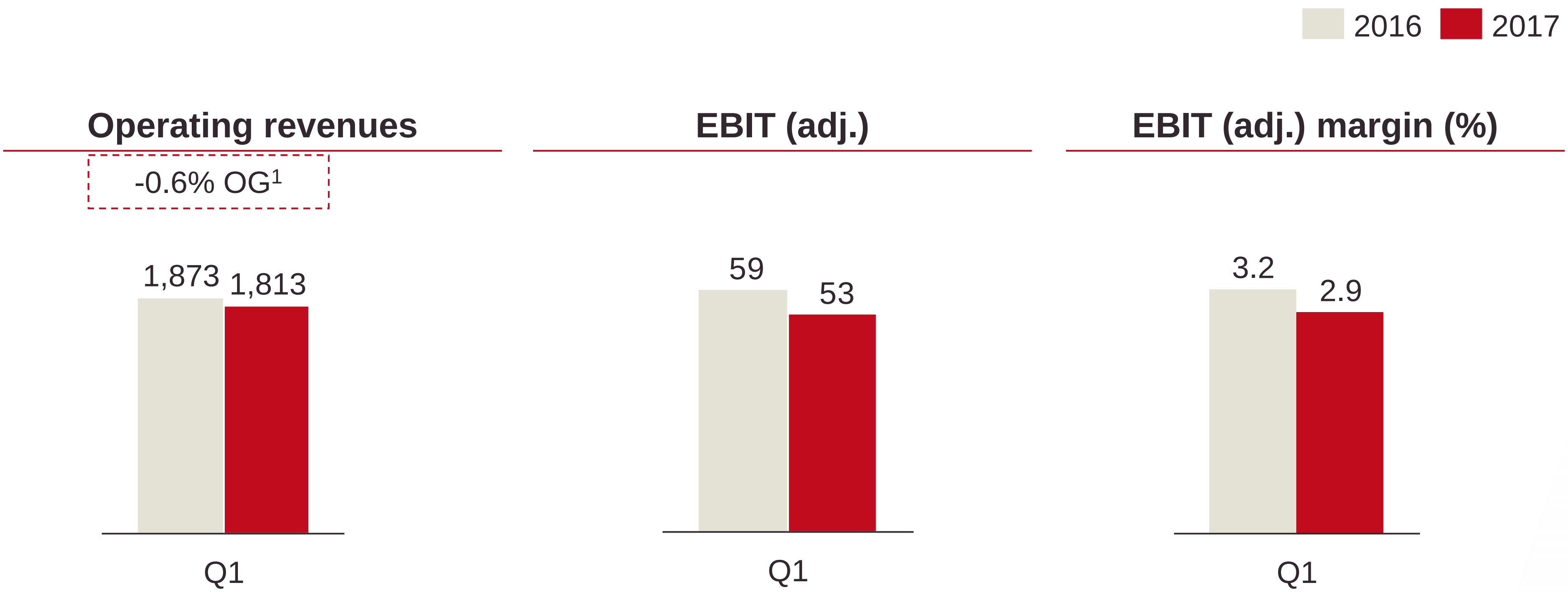
- Revenue growth driven by M&A and positive organic growth
- Profit growth reported in all business units except Pierre Robert
- Strong positive impact from timing of Easter

 Amounts in MNOK. [1]Reported growth adjusted for currency translation effects and structural changes

Orkla

Orkla Food Ingredients

Sales decline due to negative FX and lower raw material prices



- Reduction in prices of certain raw materials and loss of butter-blend PL contracts hamper revenue growth
- Weak profit development in Romania
- Larger negative seasonal effects from increased exposure in ice cream ingredients

Amounts in MNOK. [1]Reported growth adjusted for currency translation effects and structural changes

Orkla Investments continue to make a strong contribution

Fully consolidated into Orkla accounts

Hydro Power

Volume (GWh):
Q1: 536 (546)

Power prices[1] (NOK/MWh):
Q1: 280 (228)

EBIT adj. (NOK million):
Q1: 54 (44)

Financial investments

Book value real estate:
NOK 1.3 billion

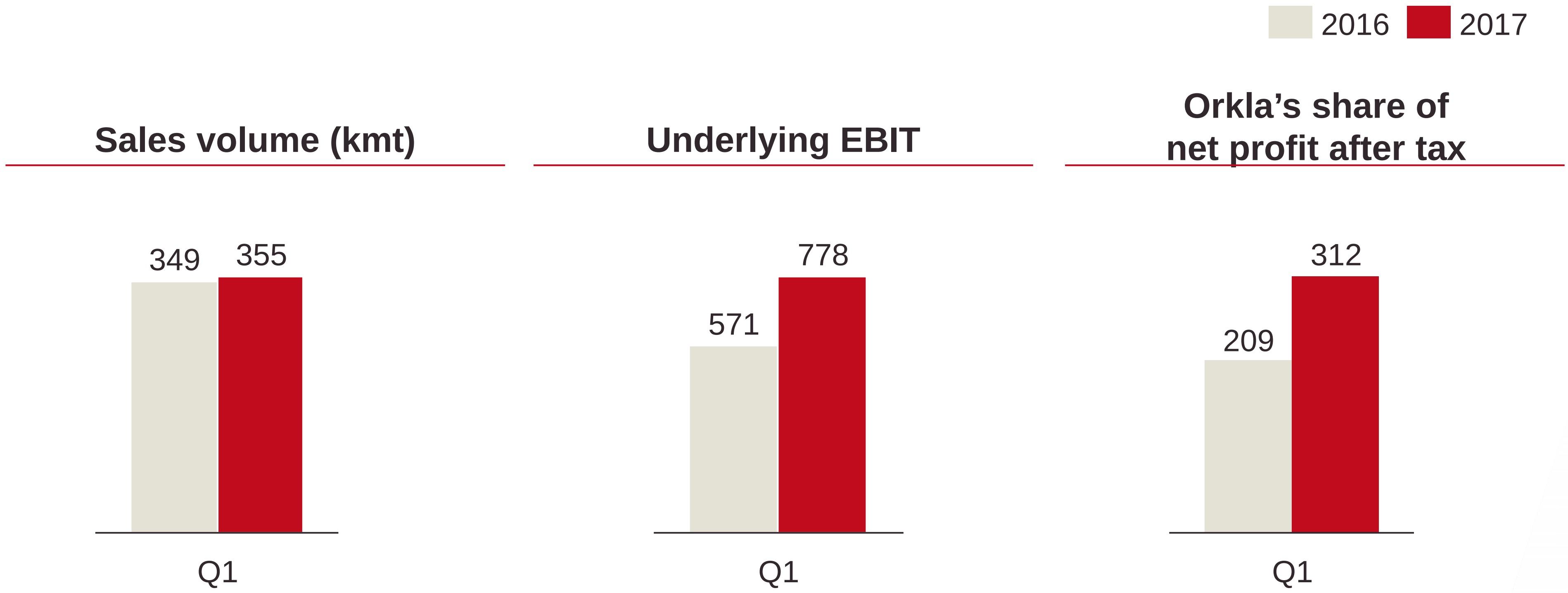
Accounted for using equity method

Sapa (50%)

Jotun (42.5%)

[1]Source: Nord Pool Spot, Monthly System Price

Broad-based profit growth for Sapa in Q1



- Growth in underlying EBIT for all business areas
- Positive effects from value add strategy
- Improved cost position and lower overhead costs

 Amounts on 100% basis in NOK million unless stated otherwise

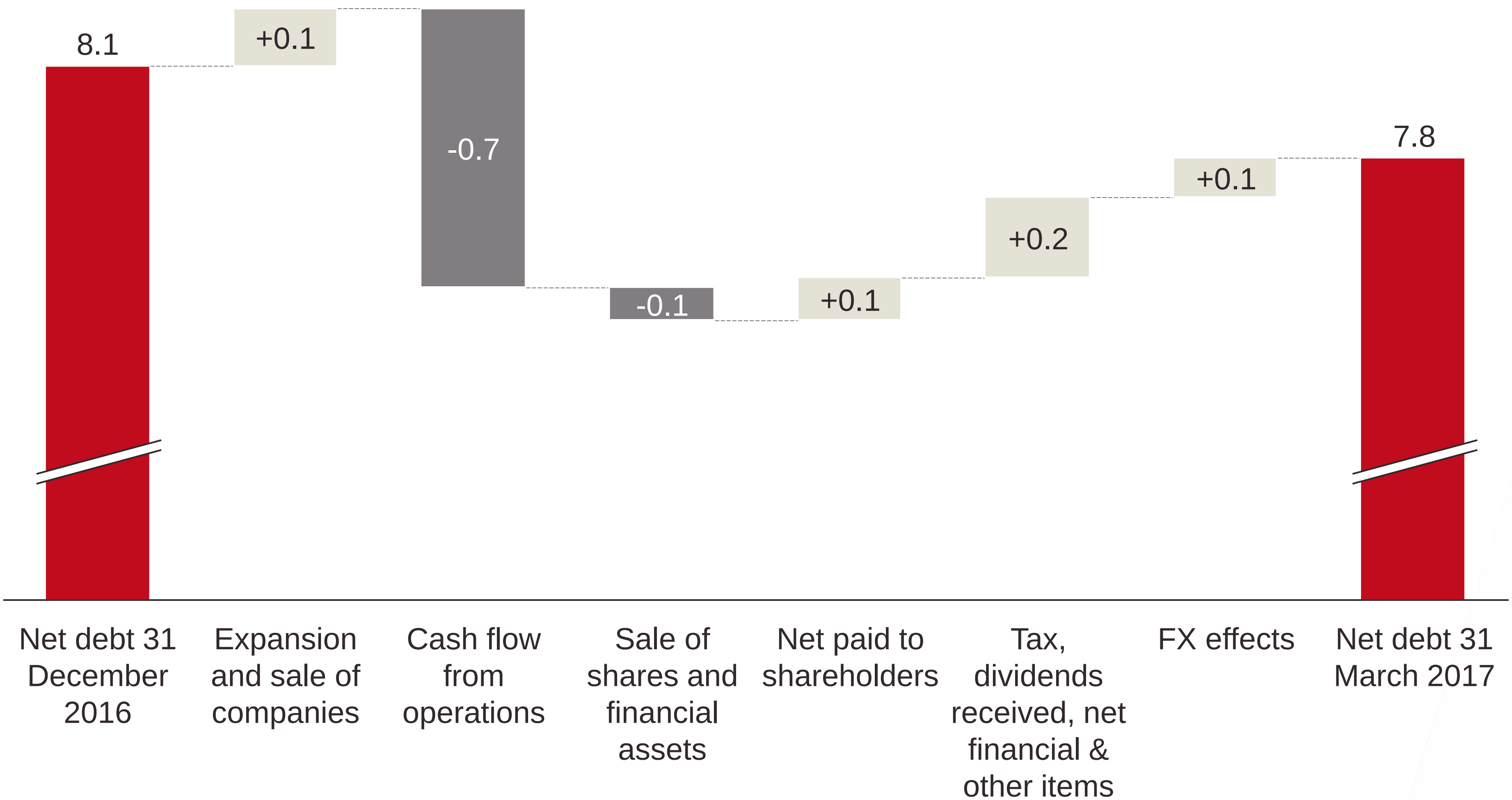
Jotun (42.5%)

Jotun continues to show volume growth

Q1-17 comments

- Strong growth and profitability in Decorative paints
- Downturn in the shipping and offshore industries affect sales and profit negatively
- Currency translation effects also impact reported sales negatively
- On-going investments in Norway, Malaysia, Myanmar and the Philippines

Further reduction in net debt



 Amounts in NOK billion

Orkla Investor Day in Oslo 1 June 2017

- Orkla's Group Executive Board will give a strategic and financial update as well as discussing market and company outlook.

- The Investor Day presentations will be webcast live at www.orkla.com on 1 June 2017 between 10:00 – 12:30 CET.

Programme:

10:00 am – 12:30 pm
Investor Day presentations and Q&A by President and CEO Peter A. Ruzicka, Executive Vice President Operations Johan Clarin and CFO Jens Staff

12.30 pm – 1.30 pm
Lunch

1.30 pm – 3.30 pm:
Tour of the Orkla Growth Fair, including relevant presentations of Orkla's innovation and product development work, product samples and a first look at upcoming innovations

3.30 pm – 4.30 pm
Refreshments and mingling

Focus going forward

Peter A. Ruzicka, President & CEO

Meeting consumer trends through innovation

A selection of new launches

Responsible sourcing and sustainability	Naturally functional ingredients	Vegetarian & vegan	Convenience
			

Orkla

Delivering on our strategy through One Orkla

Q1-17 takeaways	• Taking shares in a slightly weaker market • Cost improvements from working as One Orkla • Financial targets reiterated
Financial targets	• Target annual EBIT (adj.) growth of 6-9%[1] in BCG • Deliver organic growth at least in line with market growth • Maintain a stable dividend of at least NOK 2.50 per share • Maintain NIBD / EBITDA not exceeding 2.5 – 3.0

 [1]Including add-ons, excluding currency effects and large acquisitions and divestments

Orkla

Q&A

Peter A. Ruzicka, President & CEO

Jens Bjørn Staff, CFO

Appendices

Group income statement

	FY 2016	Q1-16	Q1-17
Operating revenues	**37 758**	**8 610**	**9 081**
EBIT (adj.)	**4 298**	**817**	**900**
Other income and expenses	-382	-30	**-87**
EBIT	**3 916**	**787**	**813**
Profit/loss from associates and joint ventures	1 378	462	**485**
Interests, net	-177	-50	**-37**
Other financial items, net	65	52	**34**
Profit/loss before taxes	**5 182**	**1 251**	**1 295**
Taxes	-807	-135	**-185**
Profit/loss for the period	**4 375**	**1 116**	**1 110**
Earnings per share diluted (NOK)	**4.22**	**1.08**	**1.08**

 Amounts in NOK million

Net financial items

	FY 2016	Q1-16	Q1-17
Net interest expenses	-177	-50	**-37**
Currency gain/loss	-4	1	**1**
Result from Share Portfolio and dividends	248	78	**52**
Other financial items, net	-179	-27	**-19**
Net financial items	**-112**	**2**	**-3**

 Amounts in NOK million

Statement of financial position

	31.12.2016	31.03.2017
Intangible assets	18 343	**18 690**
Property, plant and equipment	11 038	**11 043**
Investments in associates and joint ventures etc.	13 148	**13 604**
Non-current assets	**42 529**	**43 337**
Assets held for sale	0	**0**
Inventories	5 195	**5 544**
Inventory of development property	70	**72**
Trade receivables	5 597	**5 789**
Other receivables	902	**801**
Shares and financial assets	107	**20**
Cash and cash equivalents	1 204	**1 044**
Current assets	**13 075**	**13 270**
Total assets	**55 604**	**56 607**
Paid-in equity	1 994	**1 992**
Earned equity	31 480	**32 722**
Non-controlling interests	402	**399**
Equity	**33 876**	**35 113**
Provisions	4 146	**4 146**
Non-current interest-bearing liabilities	7 172	**8 910**
Current interest-bearing liabilities	2 496	**310**
Trade payables	4 329	**4 396**
Other current liabilities	3 585	**3 732**
Equity and liabilities	55 604	**56 607**

 Amounts in NOK million

Cash flow

	Q1-16	Q1-17
Operating profit	**796**	**806**
Amortisation, depreciation and write-downs	253	**327**
Change in net working capital	-445	**-163**
Net replacement expenditures	-390	**-240**
Cash flow from operations	**214**	**730**
Cash flow from operations, Financial Investments	**-27**	**-6**
Tax	-132	**-223**
Dividends received, net financial and other	22	**15**
Cash flow before capital transactions	**77**	**516**
Paid to shareholders, net purchase/sales own shares	-122	**-114**
Cash flow before expansion	**-45**	**402**
Expansion investments	-40	**-54**
Sold and acquired companies	-1 504	**-94**
Net purchases/sales shares and financial assets	925	**88**
Net cash flow	**-664**	**342**
Currency translations net interest-bearing liabilities	201	**-102**
Change in net interest-bearing liabilities	**463**	**-240**
Net interest-bearing liabilities	**8 268**	**7 816**

 Amounts in NOK million

Sapa (joint venture) – Figures on 100% basis

	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17
Sales volume (kmt)	**349**	**366**	**340**	**310**	**355**
Operating revenues (NOK million)	13 905	14 071	13 141	12 210	**14 323**
Underlying EBIT (NOK million)[1]	**571**	**804**	**487**	**335**	**778**
Excluded items:					
Unrealised derivative positions (NOK million)	83	116	51	82	**78**
Other excluded items (NOK million)	0	0	-42	-67	**0**
Sum excluded items (NOK million)	**83**	**116**	**9**	**15**	**78**
EBIT (NOK million)	**655**	**920**	**497**	**350**	**856**
Net income (attributable to majority) (NOK million)	**418**	**639**	**344**	**379**	**625**

[1]Sapa underlying EBIT = EBIT adjusted for unrealised derivative results and material impairment charges, restructuring costs and other special effects

Sapa (joint venture) – Key financials by business area

Extrusion Europe	Q1-16	Q1-17
Volume (kmt)	148	154
Sales (NOKm)	5 366	5 553
Underlying EBITDA (NOKm)	349	390
Underlying EBIT[1] (NOKm)	223	274

Extrusion North America	Q1-16	Q1-17
Volume (kmt)	150	150
Sales (NOKm)	5 265	5 514
Underlying EBITDA (NOKm)	414	437
Underlying EBIT[1] (NOKm)	315	330

Building Systems	Q1-16	Q1-17
Volume (kmt)	19	20
Sales (NOKm)	1 869	1 830
Underlying EBITDA (NOKm)	110	155
Underlying EBIT[1] (NOKm)	75	119

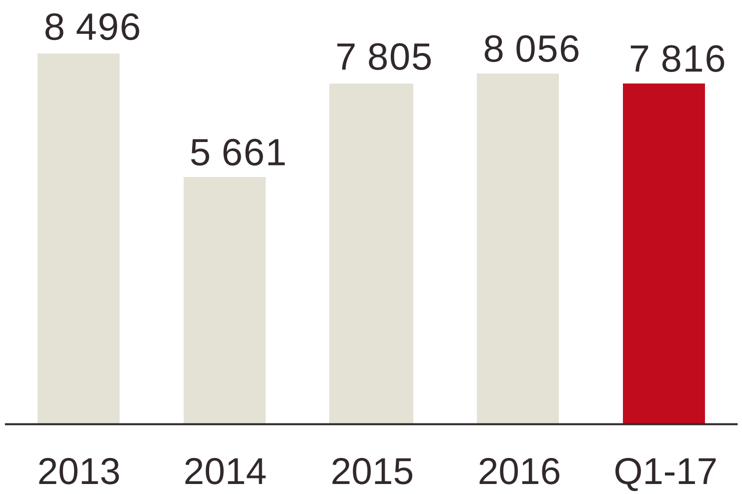
Precision Tubing	Q1-16	Q1-17
Volume (kmt)	37	36
Sales (NOKm)	1 620	1 651
Underlying EBITDA (NOKm)	144	180
Underlying EBIT[1] (NOKm)	86	123

Other and eliminations	Q1-16	Q1-17
Underlying EBITDA (NOKm)	-116	-63
Underlying EBIT[1] (NOKm)	-127	-69

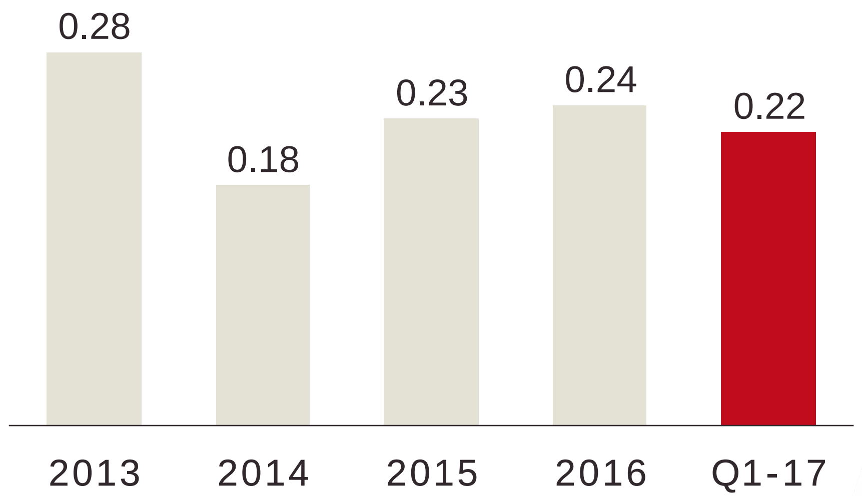
[1]Sapa underlying EBIT = EBIT adjusted for unrealized derivative results and material impairment charges, restructuring costs and other special effects

Strong balance sheet and financial flexibility

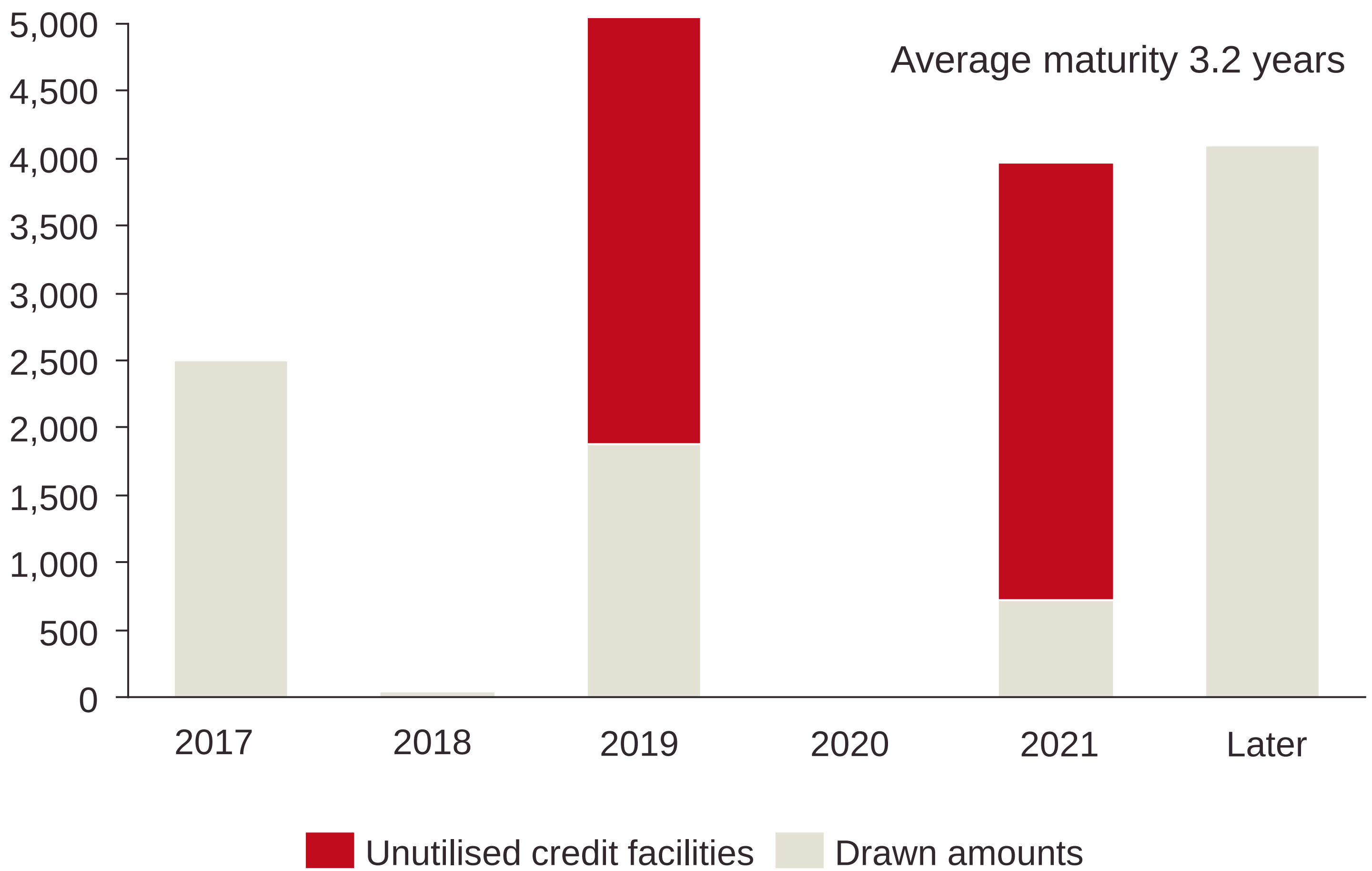
Net interest-bearing debt (NOK million)



Net gearing

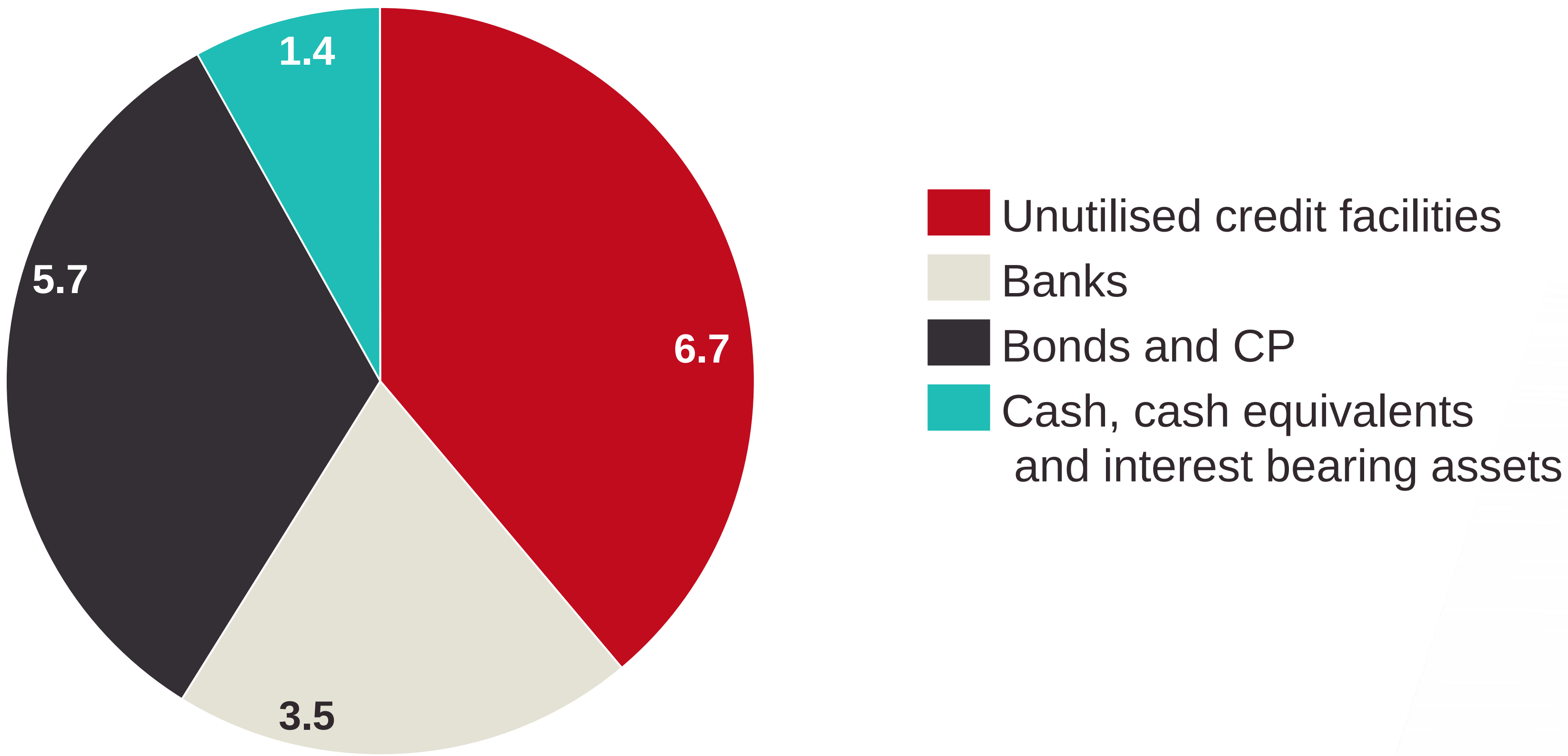


Debt maturity profile



 Amounts in NOK million

Funding sources



 Amounts in NOK billion