



Fourth quarter and full-year results 2016

9 February 2017

Peter A. Ruzicka, President & CEO



Highlights 2016:

Sales and profit growth from working as One Orkla

Operating revenues
up 14%

EBIT (adj.)
up 19%

EPS
up 30%

Proposed dividend
NOK 2.60 per share



Our targets 2016-2018:

Delivering on our strategy and accelerating performance

Targets presented at Investor Day 2015:

2016



Keep the strategy on track



Deliver organic growth at least in line with market growth



Target annual EBIT (adj.) growth of 6-9%¹ in BCG

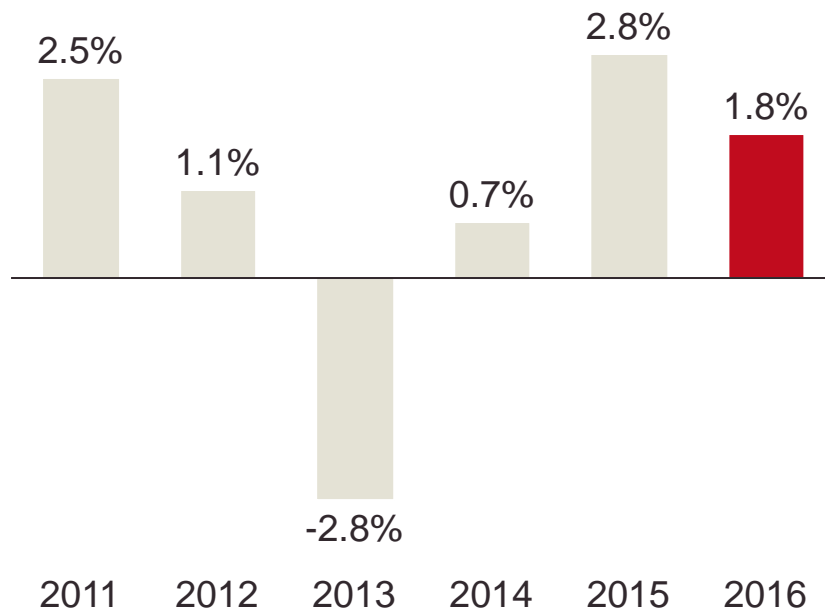


Maintain a stable dividend of at least NOK 2.50 per share

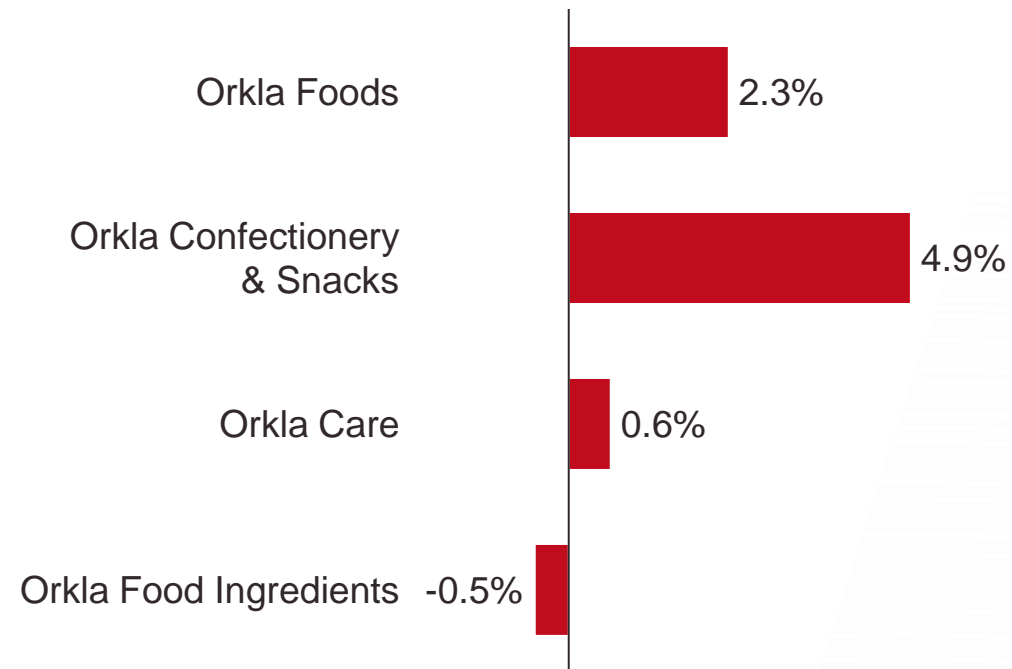


Organic growth rate impacted by somewhat weaker market

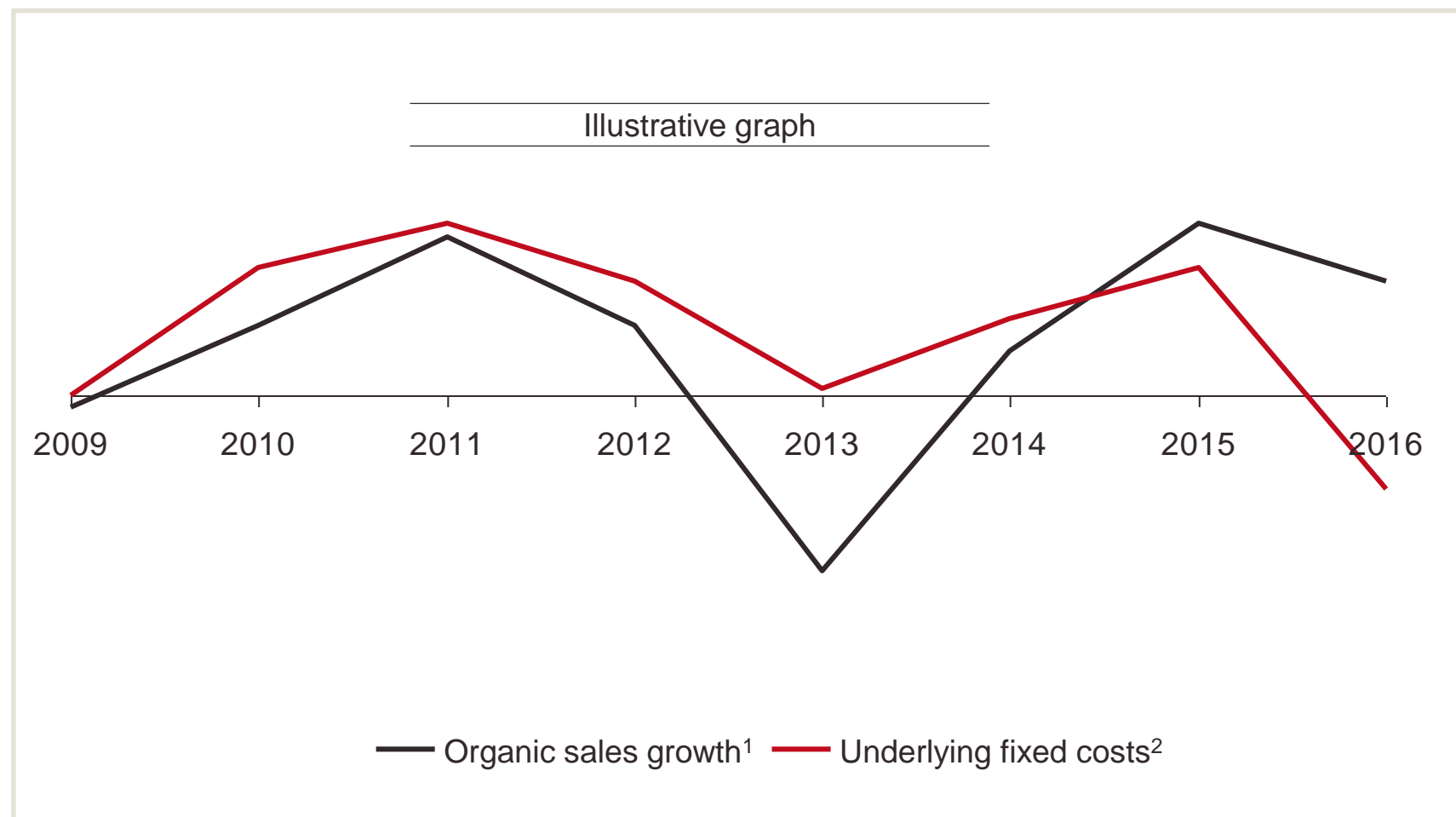
Continued organic growth



Organic growth in 3 out of 4 business areas¹



Ongoing cost improvements continue to produce results



¹Reported growth adjusted for currency translation effects and structural changes.

²Underlying fixed costs are growth in SG&A and fixed production / inventory costs, adjusted for M&A and currency translation effects.

“One Orkla” initiatives throughout the value chain

Cross-country launches



Sharing innovations and knowledge



Exploiting scale economies in sales operations



Rationalising factory and warehouse footprint



Centralising back office functions



Reviewing IT-system strategy



Reallocating capital to Branded Consumer Goods

NOK 1.8 bn freed up from sale of assets



Share portfolio

Real estate portfolio

ALLÉVO® asan®

NOK 2.7 bn invested in BCG acquisitions

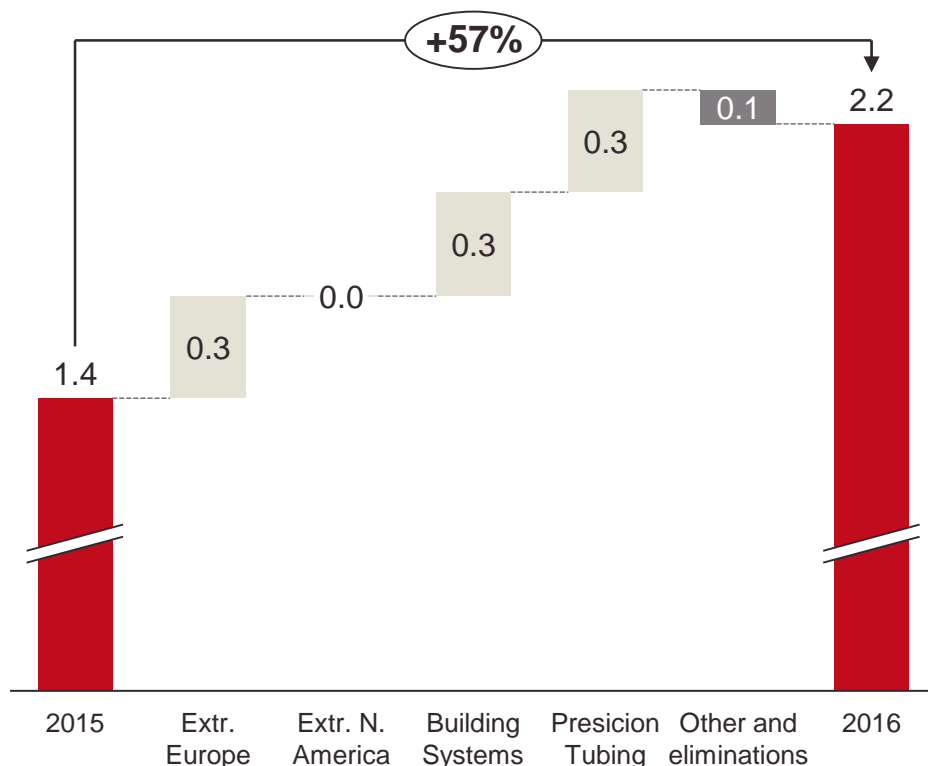


norlyn®

Waverley

57% underlying EBIT improvement in Sapa

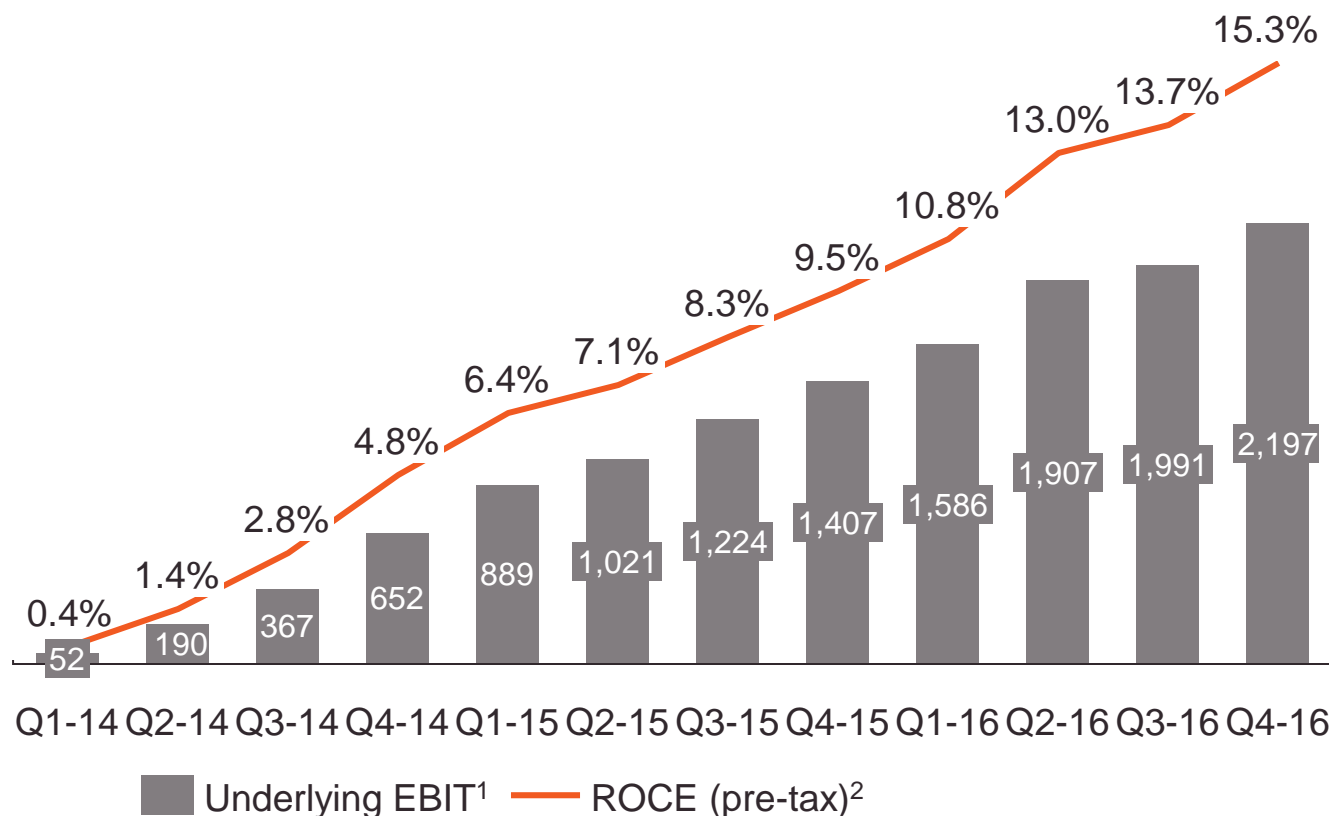
Underlying EBIT¹ (NOK billion)



- Value-add strategy and improved cost position in Extrusion Europe
- Successful restructuring in Building Systems and Precision Tubing
- Stable results from Extrusion North America

Successful establishment of Sapa JV

Sapa JV – RTM figures



Proposed dividend³

NOK
3.0 bn

NIBD (NOK billion)

0.1
1.8 at 31.12.15

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

²ROCE (pre-tax) = Underlying EBIT / average capital employed last 12 months

³Subject to approval by Sapa AGM. Dividend on 100% basis



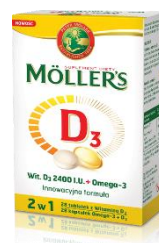
Financial performance

Jens Bjørn Staff, CFO

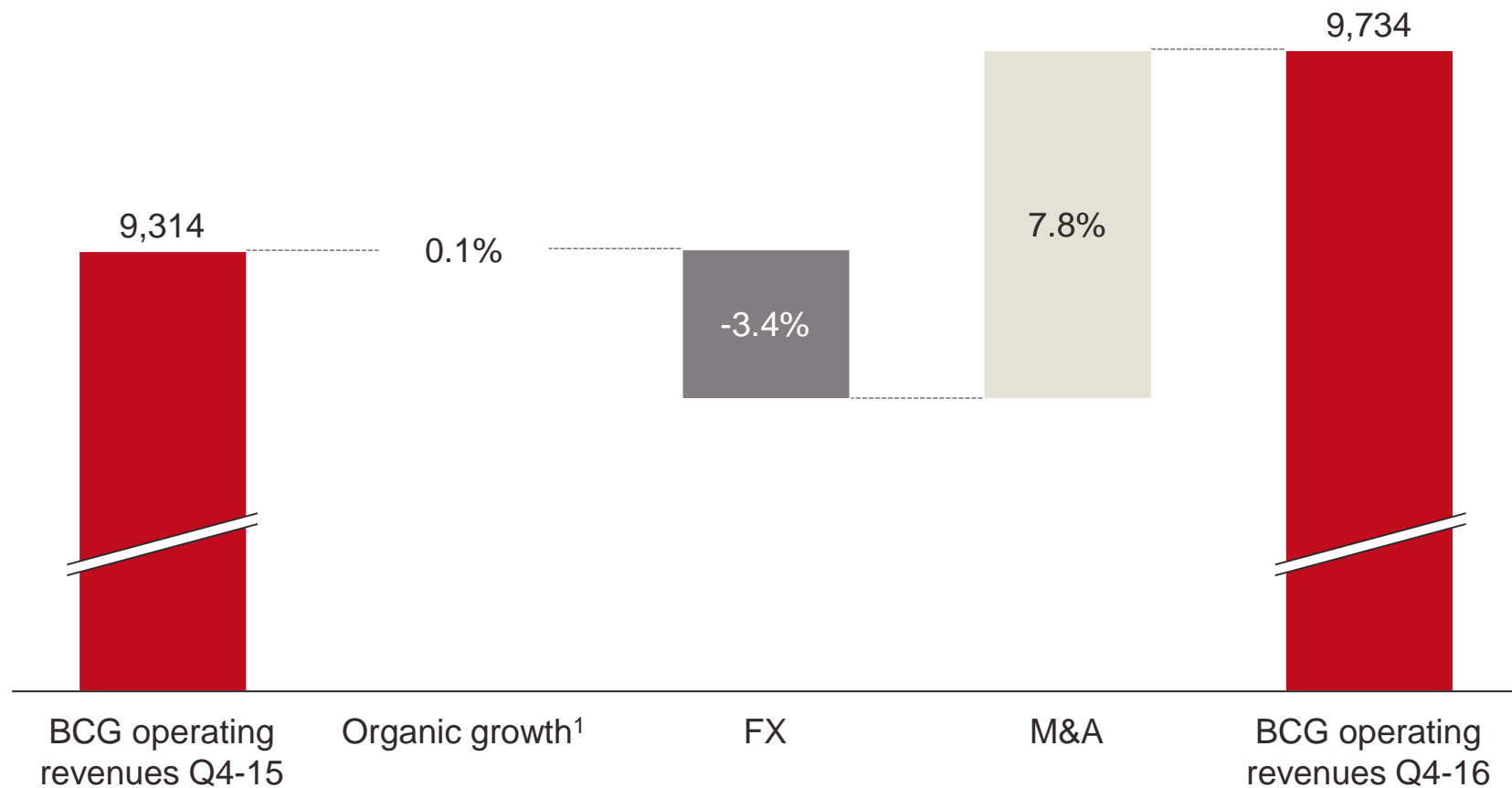


Group EBIT (adj.) improved 19% in the quarter

Key figures	Q4-15	Q4-16	2015	2016
Operating revenues	9 571	10 286	33 198	37 758
EBIT (adj.)	1 102	1 307	3 609	4 298
Other income and expenses	-234	-122	-502	-382
EBIT	868	1 185	3 107	3 916
Profit/loss from associates and JV	89	161	1 111	1 378
Net financials and other	-11	-2	-128	-112
Profit/loss before tax	946	1 344	4 090	5 182
Tax	-172	-237	-722	-807
EPS (NOK)	0.73	1.09	3.24	4.22

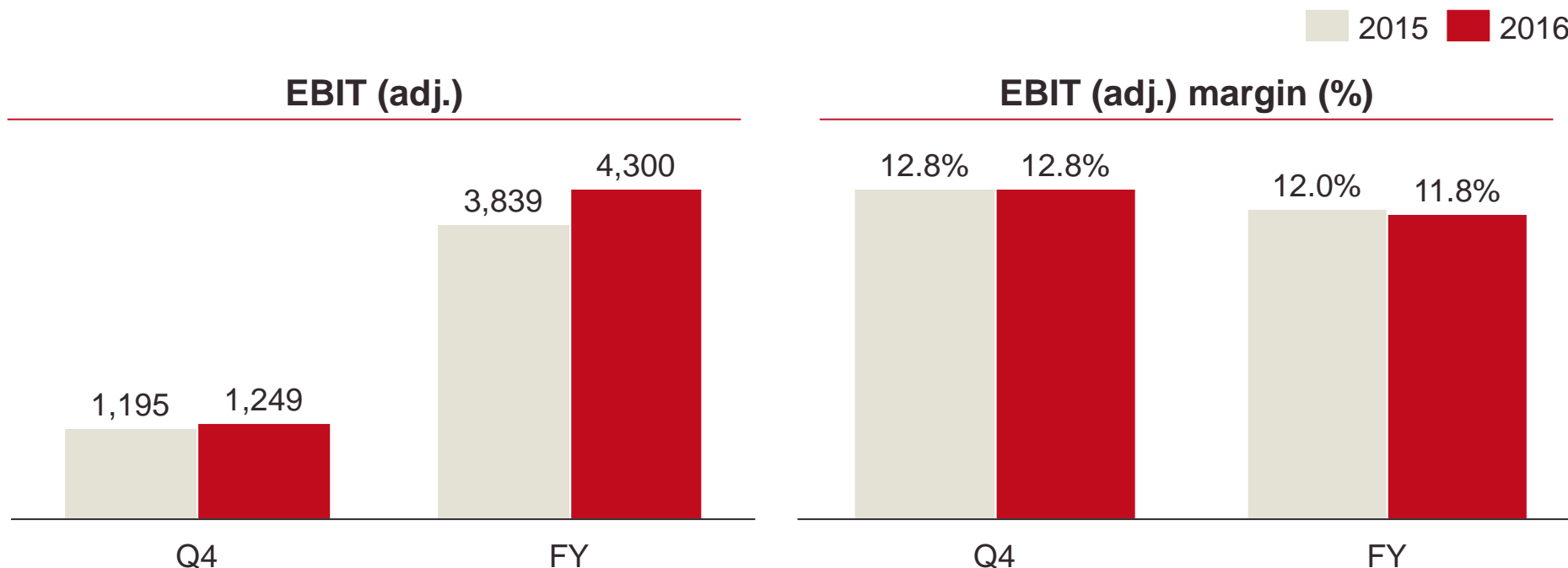


BCG operating revenues lifted by M&A, negative impact from FX – tough comparisons with Q4-15



Branded Consumer Goods Q4 2016

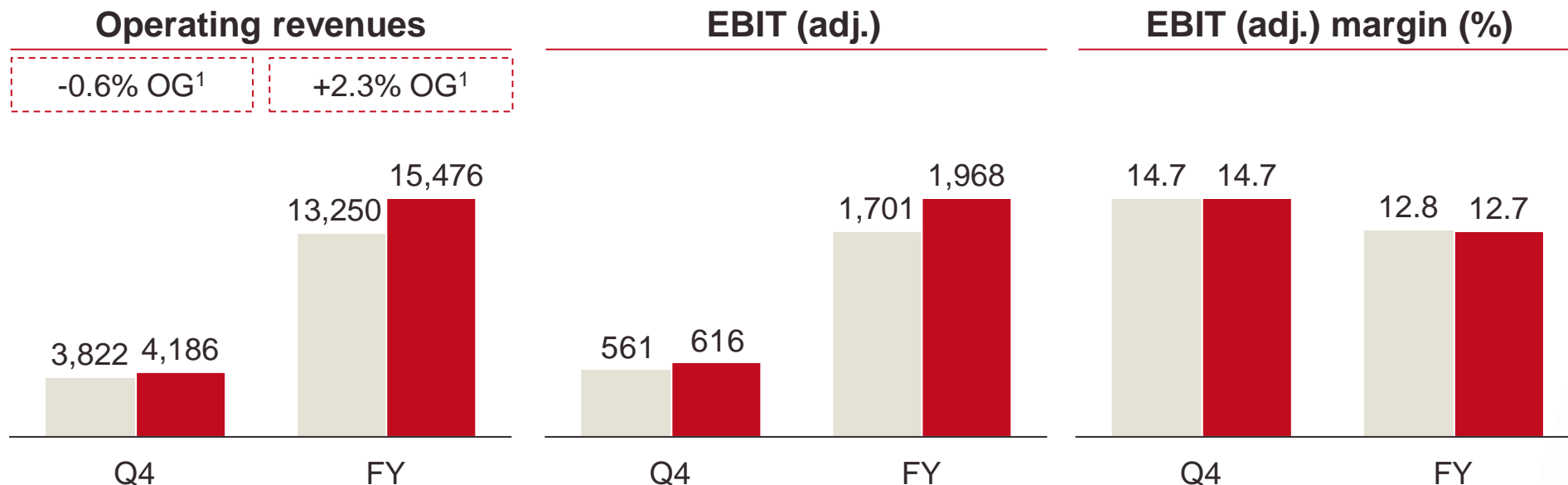
M&A and cost improvements are main drivers behind profit growth



- EBIT (adj.) growth in Q4, despite tough comparisons, driven by cost improvements and contribution from M&A, partly offset by negative FX
- Strong EBIT (adj.) growth in Orkla Confectionery & Snacks and Orkla Foods
- Negative effects from M&A and distribution agreements main driver behind decline for Orkla Care
- Stable margins despite dilutive effects of M&A and distribution agreements

Profit growth driven by cost reductions and M&A

2015 2016



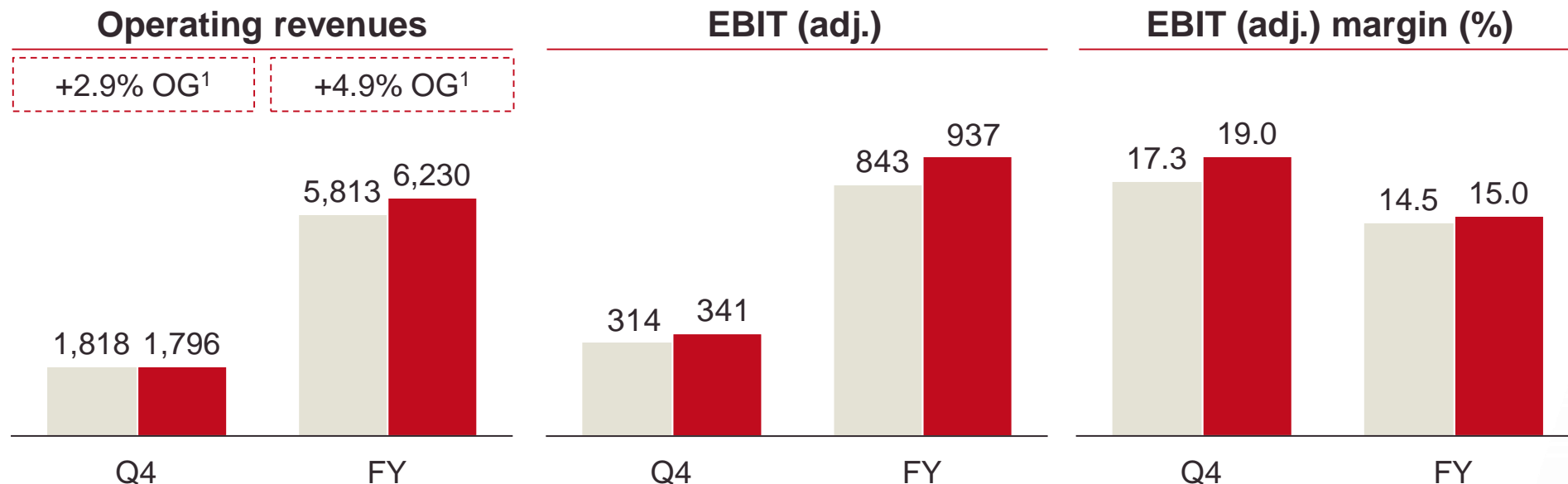
- Sales and EBIT (adj.) growth supported by acquisition of Hamé
- Moderate organic sales decline compared to a strong Q4-15 in Norway, partly countered by PepsiCo distribution
- Profit growth driven by cost reductions and higher one-off costs in 2015
- Margins diluted by the inclusion of Hamé and PepsiCo



Orkla Confectionery & Snacks

Strong growth in the quarter

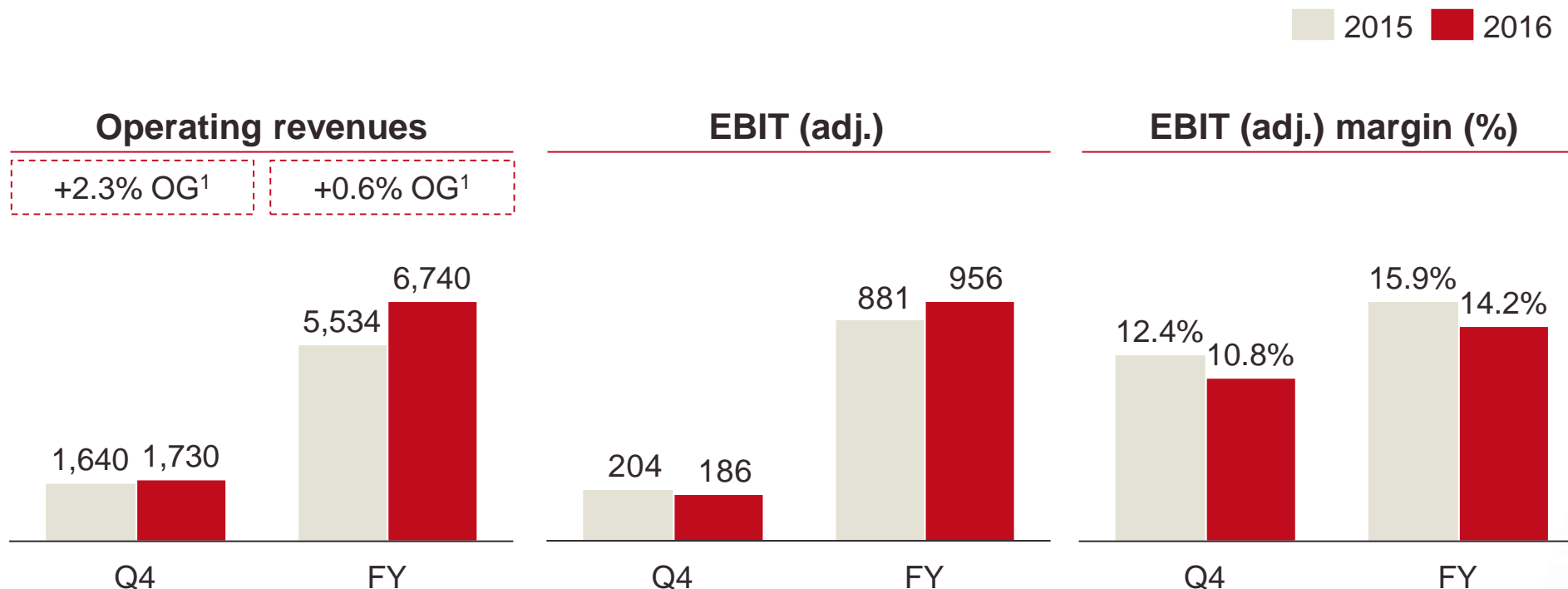
2015 2016



- Organic growth in the quarter driven by solid performance across most markets.
- New business such as the distribution agreement with PepsiCo contributed positively
- EBIT (adj.) growth driven by sales growth and lower costs
- The EBIT (adj.) improvement in the quarter was broad-based



Positive organic growth, profit decline due to structural changes

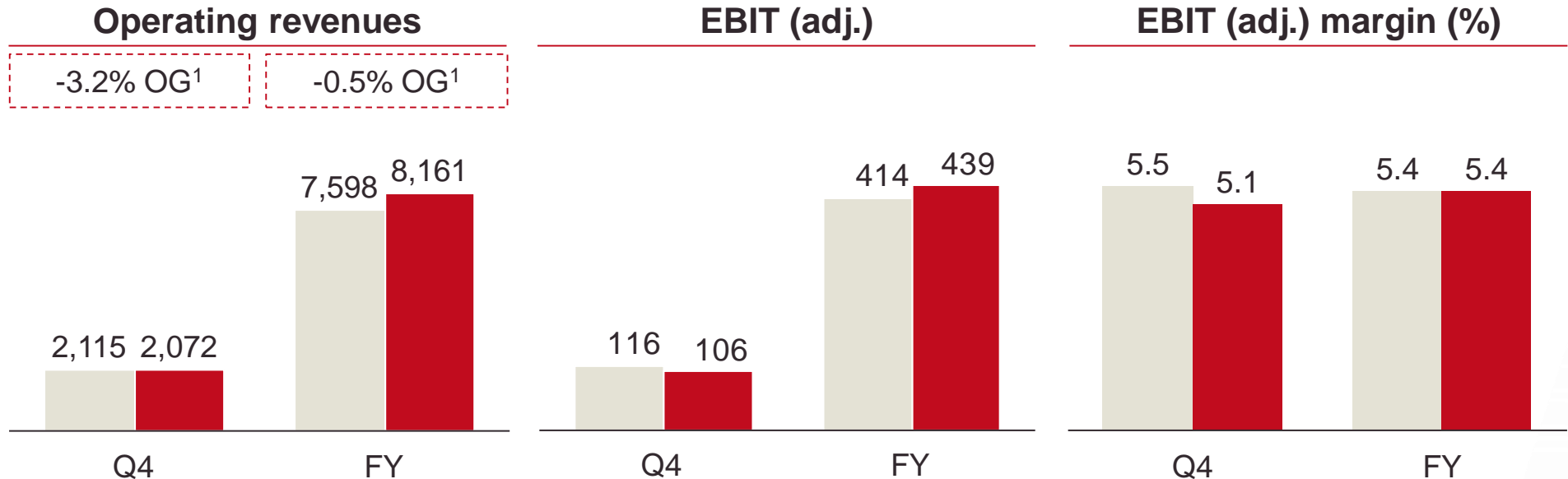


- Organic growth for most business units, despite continued challenging market conditions in certain categories
- EBIT (adj.) decline caused by termination of Unilever distribution and sale of the Asan/Allévo brands, as well as higher advertising costs
- Dilutive effects of M&A and Unilever distribution resulted in margin decline
- Cederroth integration according to plan with strong synergy realisation



Lower operating revenues and profit

2015 2016



- Organic sales decline primarily due to price deflation on almonds and butter blends, and the loss of a tender contract in Norway in Q3
- Continued weak profitability for butter blends
- Seasonal variations in ice cream ingredients have negative impact in Q4



Orkla Investments

Fully consolidated
into Orkla accounts

Hydro Power	<p>Volume (GWh): Q4: 451 (713) FY: 2,396 (2,849)</p> <p>Power prices¹ (NOK/MWh): Q4: 312 (205) FY: 249 (188)</p> <p>EBIT adj. (NOK million): Q4: 31 (49) FY: 192 (154)</p> 
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Real estate & share portfolio	<p>Book value real estate: NOK 1.3 billion</p> <p>Market value share portfolio: NOK 0.1 billion</p> 
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Accounted for using
equity method

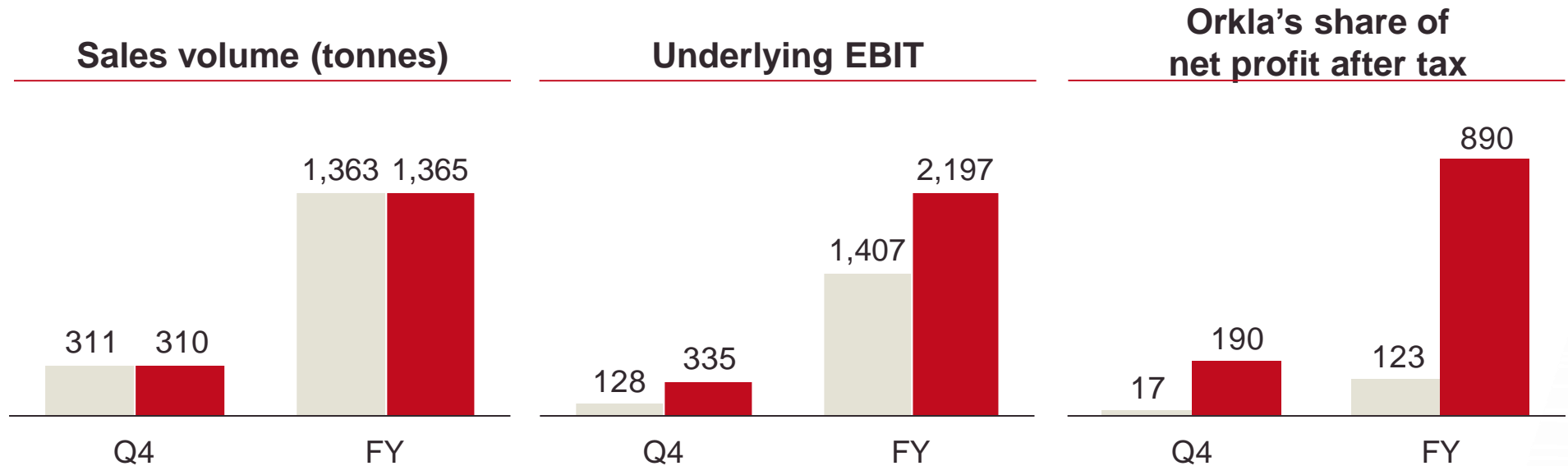
Sapa (50%)	
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Jotun (42.5%)	
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Sapa (50/50 joint venture)

Significant underlying and reported earnings growth in Sapa

2015 2016



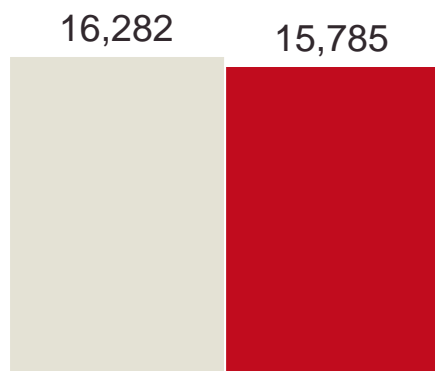
- Continued growth in underlying EBIT
- Value-add strategy on track
- Positive effects from restructuring of Building Systems and Precision Tubing

Jotun (42.5%)

Easing sales growth due to Marine and Offshore downturn

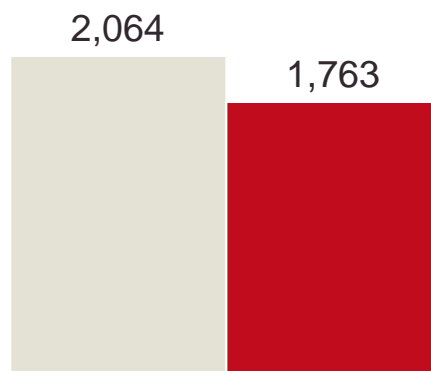
2015 2016

Operating revenues



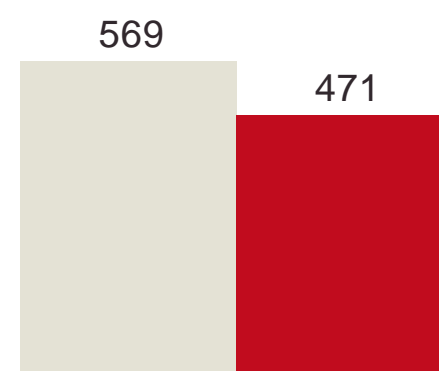
FY

Operating profit



FY

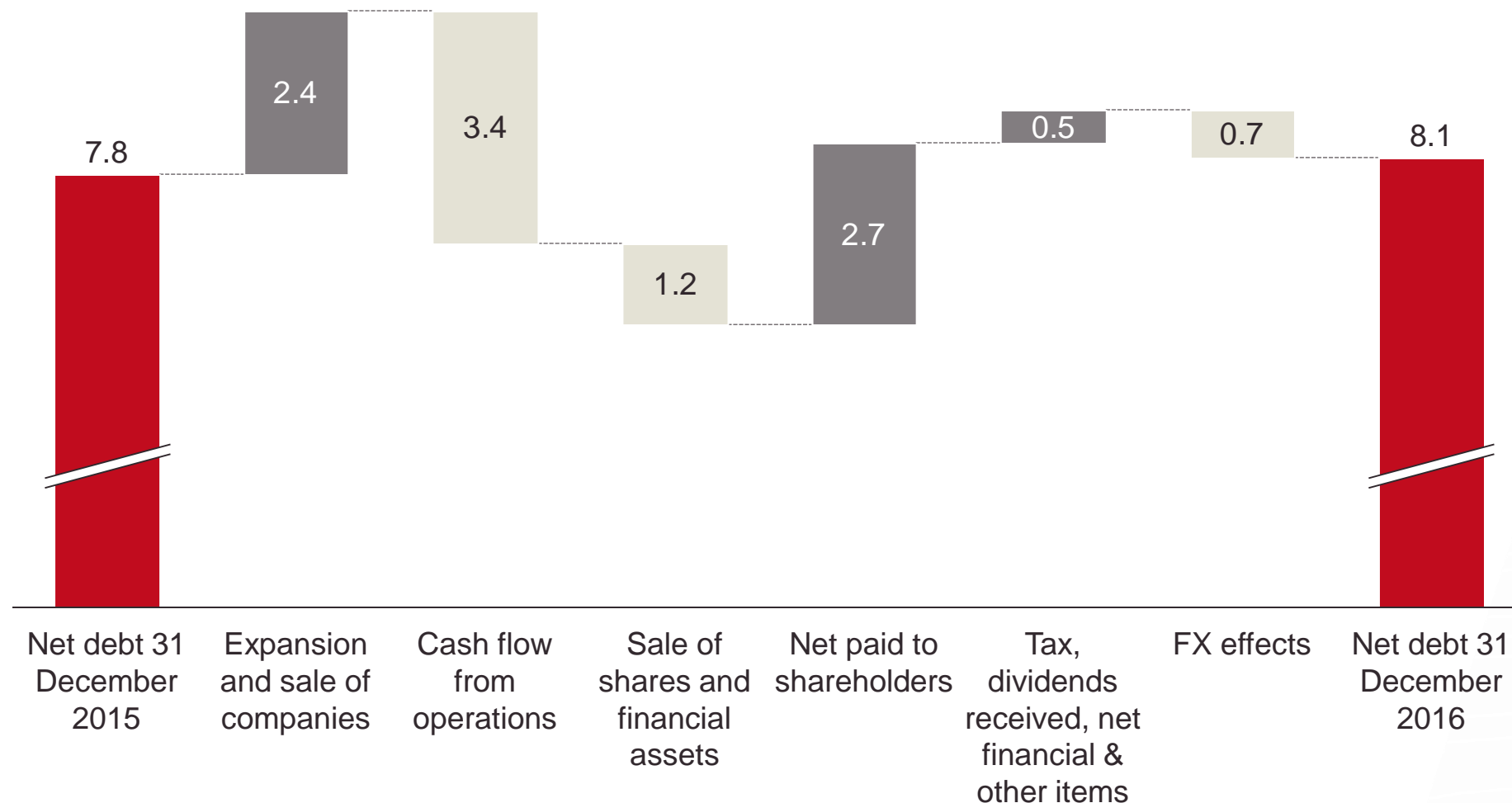
Orkla's share of net profit after tax



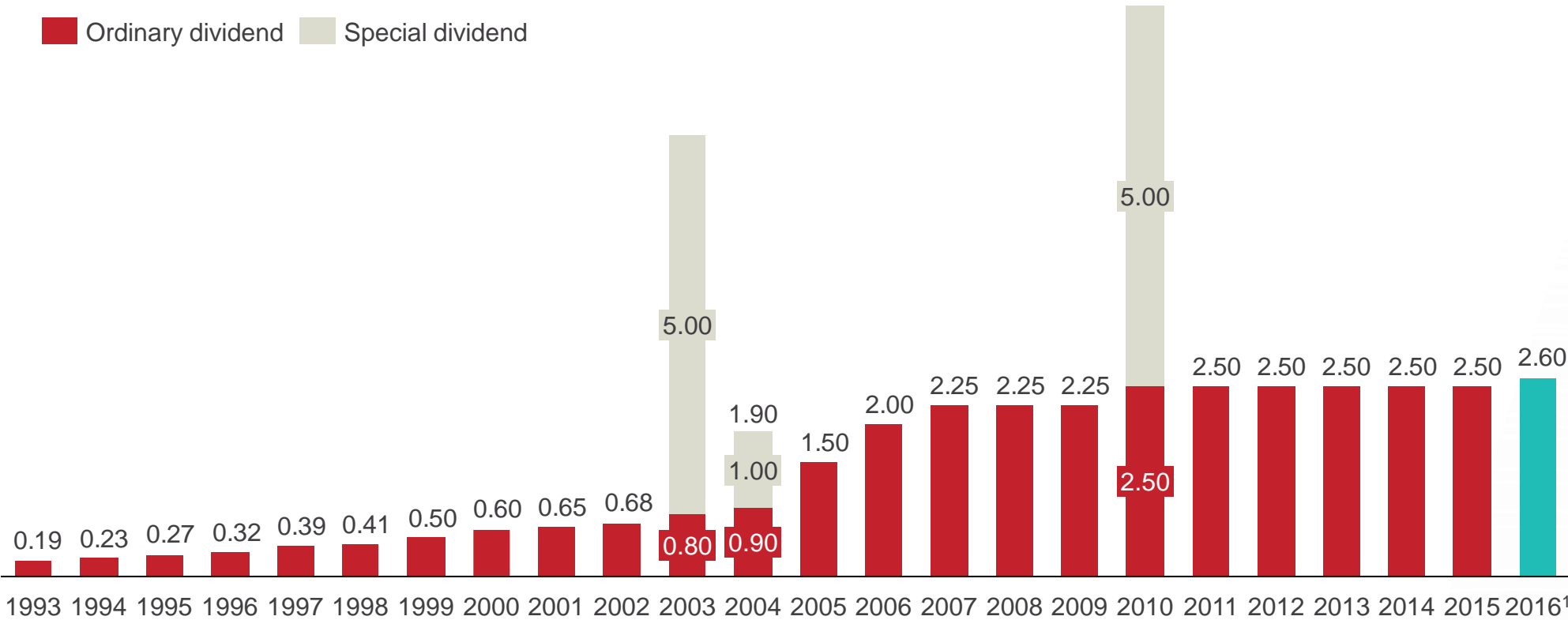
FY

- Weak Shipping and Offshore markets partly offset by continued growth in the Decorative Paints segment.
- Reported profit declined due to higher provisions for claims and currency losses due to devaluation of Egyptian pound
- Ongoing investments in Norway, Oman, Philippines, Myanmar and Malaysia

Changes in net debt 2016



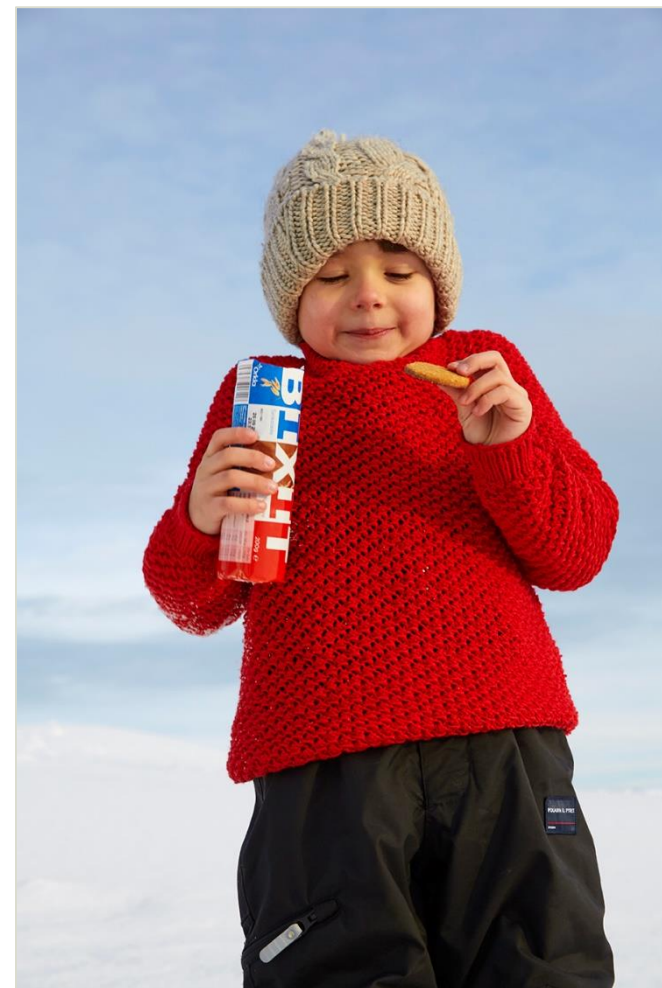
Dividends 1993 – 2016¹



22 Amounts in NOK per share. ¹Proposed dividend

Financial calendar

Event	Date
Annual General Meeting	20 April 2017
Q1-2017	9 May 2017
Investor Day	1 June 2017
Q2-2017	14 July 2017
Q3-2017	25 October 2017





Focus going forward

Peter A. Ruzicka, President & CEO



Delivering on strategy – One Orkla

Operational focus going forward

- Utilise opportunities from acquisitions
- Increase supply chain efficiency
- Activities that drive organic growth and improve profitability

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
- NIBD / EBITDA not exceeding 2.5 – 3.0



A selection
of recent
launches



Bare Bra launched in Norway

A healthy breakfast and side dish range - no additives or sugar, just good for you

A selection
of recent
launches



Extending the range of vegetarian and vegan products

A selection
of recent
launches



Snacking made healthier

Introducing wholegrain cookies, healthy pop corn and biscuits with less salt and fat

A selection
of recent
launches



Relaunch of the whole Grumme range
New design, more efficient and more environmentally friendly

A selection
of recent
launches



Naturli' 100% organic and plant based smoothies
Just fruits, no added sugar



Q&A

Peter A. Ruzicka, President & CEO

Jens Bjørn Staff, CFO





Appendices

Group income statement

	Q4-15	Q4-16	FY 2015	FY 2016
Operating revenues	9 571	10 286	33 198	37 758
EBIT (adj.)	1 102	1 307	3 609	4 298
Other income and expenses	-234	-122	-502	-382
EBIT	868	1 185	3 107	3 916
Profit/loss from associates and joint ventures	89	161	1 111	1 378
Interests, net	-33	-40	-192	-177
Other financial items, net	22	38	64	65
Profit/loss before taxes	946	1 344	4 090	5 182
Taxes	-172	-237	-722	-807
Profit/loss for the period for continuing operations	774	1 107	3 368	4 375
Earnings per share diluted (NOK)	0.73	1.09	3.24	4.22

Net financial items

	Q4-15	Q4-16	FY 2015	FY 2016
Net interest expenses	-33	-40	-192	-177
Currency gain/loss	2	4	0	-4
Result from Share Portfolio and dividends	35	56	135	248
Other financial items, net	-15	-22	-71	-179
Net financial items	-11	-2	-128	-112

Statement of financial position

	31.12.2015	31.12.2016
Intangible assets	17 676	18 343
Property, plant and equipment	10 523	11 038
Investments in associates and joint ventures etc.	13 029	13 148
Non-current assets	41 228	42 529
Assets held for sale	182	0
Inventories	4 623	5 195
Inventory of development property	216	70
Trade receivables	5 267	5 597
Other receivables	625	902
Shares and financial assets	1 376	107
Cash and cash equivalents	721	1 204
Current assets	13 010	13 075
Total assets	54 238	55 604
Paid-in equity	1 994	1 994
Earned equity	31 335	31 480
Non-controlling interests	417	402
Equity	33 746	33 876
Provisions	4 191	4 146
Non-current interest-bearing liabilities	8 722	7 172
Current interest-bearing liabilities	399	2 496
Trade payables	3 846	4 329
Other current liabilities	3 334	3 585
Equity and liabilities	54 238	55 604

Cash flow

	FY 2015	FY 2016
Operating profit	3 058	3 785
Amortisation, depreciation and write-downs	1 109	1 138
Change in net working capital	404	-228
Net replacement expenditures	-930	-1 327
Cash flow from operations	3 641	3 368
Cash flow from operations, Financial Investments	94	45
Tax	-727	-506
Dividends received, net financial and other	155	18
Cash flow before capital transactions	3 163	2 925
Paid to shareholders, net purchase/sales own shares	-2 594	-2 676
Cash flow before expansion	569	249
Expansion investments	-388	-163
Sold and acquired companies	-2 040	-2 236
Net purchases/sales shares and financial assets	298	1 194
Net cash flow	-1 561	-956
Currency translations net interest-bearing liabilities	-583	705
Change in net interest-bearing liabilities	2 144	251
Net interest-bearing liabilities	7 805	8 056

Sapa (joint venture) – Figures on 100% basis

	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16
Sales volume (1,000 tonnes)	311	349	366	340	310
Operating revenues (NOK million) ¹	12 821	13 905	14 071	13 141	12 210
Underlying EBIT¹	128	571	804	487	335
Excluded items:					
Unrealised derivative positions	209	83	116	51	82
Other excluded items	-250	0	0	-42	-67
Sum excluded items	-41	83	116	9	15
EBIT	88	655	920	497	350
Net income (attributable to majority)	34	418	639	344	379

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

Sapa (joint venture) – Key financials by business area

Extrusion Europe	2015	2016
Volume (kmt)	563	577
Sales (NOKm)	20,031	19,600
Underlying EBITDA (NOKm)	1,016	1,271
Underlying EBIT ¹ (NOKm)	475	778

Building Systems	2015	2016
Volume (kmt)	77	77
Sales (NOKm)	7,043	7,089
Underlying EBITDA (NOKm)	220	533
Underlying EBIT ¹ (NOKm)	71	381

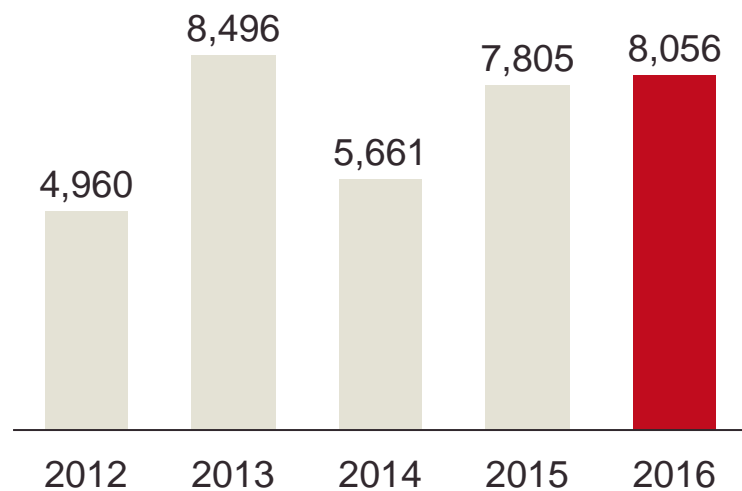
Other and eliminations	2015	2016
Underlying EBITDA (NOKm)	-155	-249
Underlying EBIT ¹ (NOKm)	-194	-266

Extrusion North America	2015	2016
Volume (kmt)	598	585
Sales (NOKm)	21,694	20,298
Underlying EBITDA (NOKm)	1,295	1,335
Underlying EBIT ¹ (NOKm)	931	927

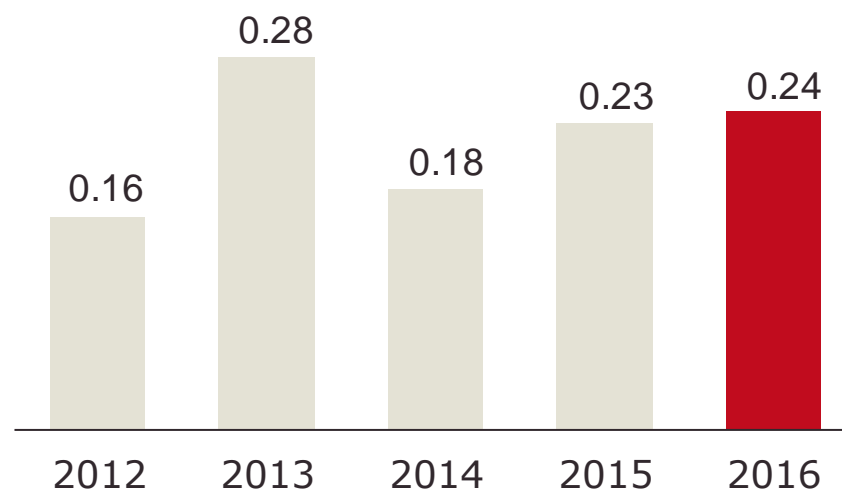
Precision Tubing	2015	2016
Volume (kmt)	145	150
Sales (NOKm)	6,275	6,338
Underlying EBITDA (NOKm)	353	608
Underlying EBIT ¹ (NOKm)	124	376

Strong balance sheet and financial flexibility

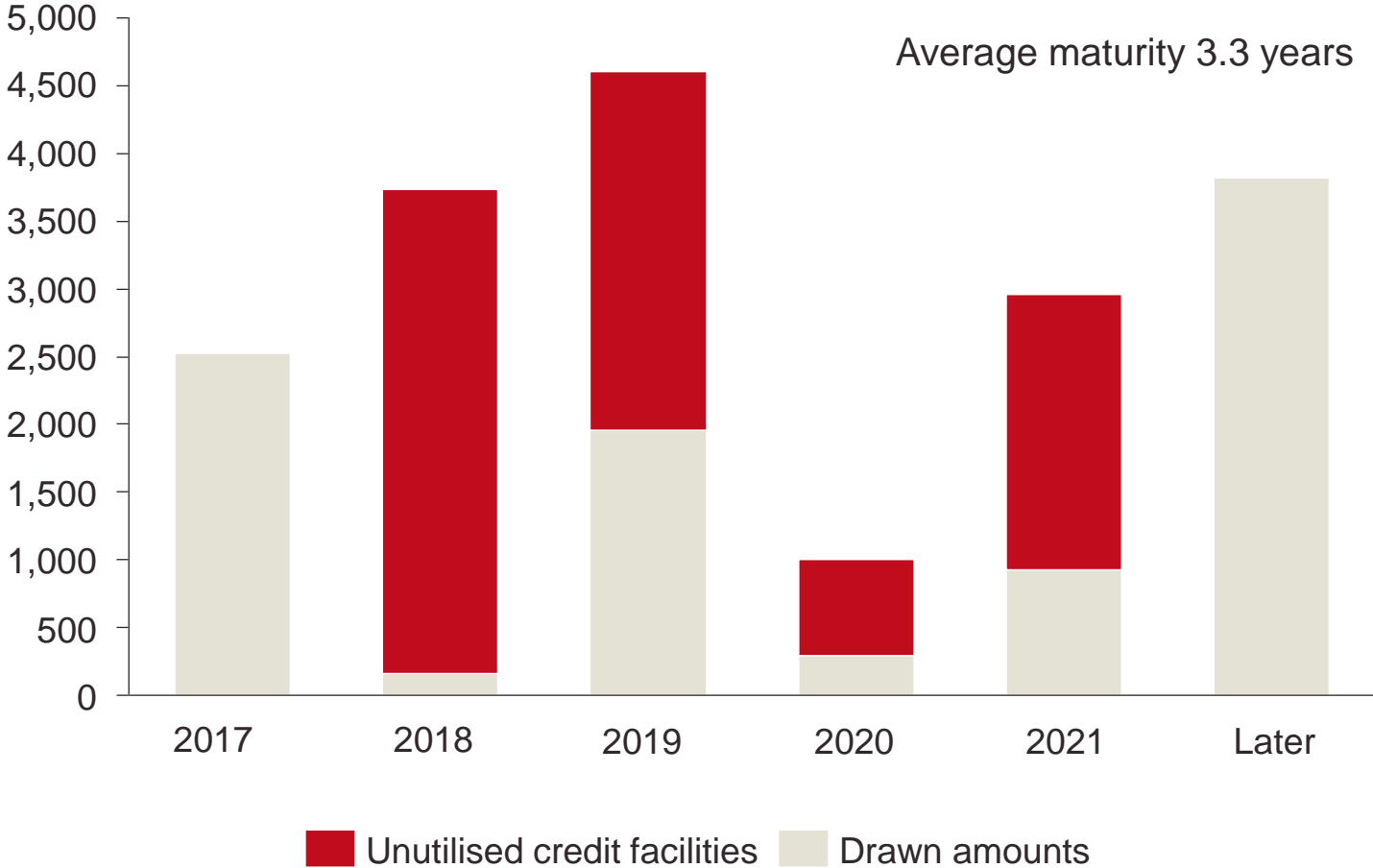
Net interest-bearing debt (NOK million)



Net gearing



Debt maturity profile



Funding sources

