

Fourth quarter

2015



Contents

| | |
|----|---|
| 03 | The fourth quarter in brief |
| 03 | Key figures for the Orkla Group |
| 04 | Continued good growth in Branded Consumer Goods |
| 04 | Structural measures |
| 05 | Financial matters |
| 05 | The business areas |
| 05 | Branded Consumer Goods |
| 05 | Orkla Foods |
| 06 | Orkla Confectionery & Snacks |
| 06 | Orkla Care |
| 07 | Orkla Food Ingredients |
| 07 | Orkla Investments |
| 07 | Hydro Power |
| 07 | Financial Investments |
| 07 | Sapa (JV) |
| 08 | Jotun |
| 08 | Cash flow and financial position |
| 09 | Outlook |
| 10 | Condensed income statement |
| 10 | Earnings per share |
| 10 | Condensed comprehensive income statement |
| 11 | Condensed statement of financial position |
| 11 | Condensed changes in equity |
| 12 | Condensed cash flow statement IFRS |
| 13 | Notes |

The fourth quarter in brief

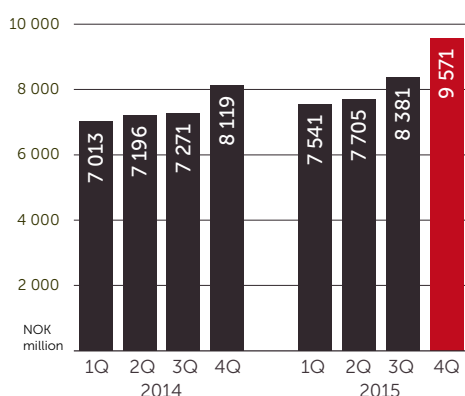
- Group EBIT (adj.)¹ amounted to NOK 1,102 million in the fourth quarter, equivalent to a year-over-year increase of 9%
- Branded Consumer Goods achieved organic³ turnover growth of 4.1% and a 17% increase in EBIT (adj.)¹. Adjusted for currency translation effects, EBIT (adj.)¹ improved by 12%
- Internal improvement programmes made a positive contribution in the quarter. However, the EBIT (adj.)¹ margin was reduced by 0.2 percentage points due to the dilutive effects of the inclusion of acquired companies and substantially higher purchasing costs. The latter are ascribable to the still weak Norwegian krone and the higher prices of several key raw materials
- Branded Consumer Goods was further strengthened in the fourth quarter by several acquisitions, as well as by internal restructuring projects, both ongoing and completed
- Associates and joint ventures contributed positively, primarily driven by improved performance by Sapa and continued good growth in Jotun
- Earnings per share were NOK 0.73, compared with NOK -0.06 in the fourth quarter of 2014

KEY FIGURES FOR THE ORKLA GROUP

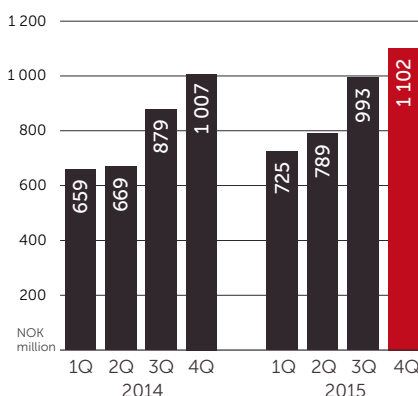
| Amounts in NOK million | Note | 1.1.–31.12. | | 1.10.–31.12. | |
|---|------|-------------|--------|--------------|--------|
| | | 2015 | 2014 | 2015 | 2014 |
| Operating revenues | 2 | 33 198 | 29 599 | 9 571 | 8 119 |
| EBIT (adj.) ¹ | 2 | 3 609 | 3 214 | 1 102 | 1 007 |
| Profit/loss before taxes | | 4 090 | 2 872 | 946 | 505 |
| Gains/profit/loss discontinued operations | | (17) | (485) | (17) | (387) |
| Earnings per share, diluted (NOK) | | 3.24 | 1.63 | 0.73 | (0.06) |
| Cash flow from operations* | 14 | 3 641 | 2 782 | 1 577 | 1 339 |
| Net interest-bearing liabilities | 6 | 7 805 | 5 661 | | |
| Equity ratio (%) | | 62.2 | 62.5 | | |
| Net gearing ⁴ | | 0.23 | 0.18 | | |

*Excluding Financial Investments

OPERATING REVENUES



EBIT (ADJ.)¹



9,571

OPERATING REVENUES

Group operating revenues for the fourth quarter of 2015 totalled NOK 9,571 million

1,102

EBIT (ADJ.)¹

Group EBIT (adj.)¹ for the fourth quarter of 2015 totalled NOK 1,102 million

¹Operating profit before other income and expenses

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

³Excluding acquired and sold companies and currency translation effects

⁴Net interest-bearing liabilities/Equity

CONTINUED GOOD GROWTH IN BRANDED CONSUMER GOODS

All of the business areas contributed positively in the fourth quarter to 4.1% organic³ turnover growth for Branded Consumer Goods. Orkla Foods delivered good organic³ growth, driven by successful new launches, campaigns and the positive effects of the distribution of Tropicana juice. The strong improvement in sales for Orkla Confectionery & Snacks in the quarter was partly related to good contributions from several of the innovations. Orkla Care⁵ reported weak positive organic³ growth in turnover. The improvement for Orkla Home & Personal Care⁵, Lilleborg Profesjonell and Pierre Robert Group was offset by a decline for Orkla House Care, caused by the loss of a customer in England, and still demanding markets for Orkla Health. Orkla Food Ingredients continued to deliver good organic³ growth in turnover in the quarter, with particularly good growth in Norway.

Overall, Orkla's categories in the Nordic grocery market have grown in the past 12 months. Orkla's market share performance varied from one category and market to another, but overall market shares declined slightly in the fourth quarter and throughout 2015. However, the trend in the last few quarters has been more positive.

EBIT (adj.)¹ for Branded Consumer Goods was NOK 1,195 million (NOK 1,022 million)², equivalent to an increase of 17%. The growth was primarily driven by a good improvement in sales and comprehensive cost improvement programmes, but also by positive currency translation effects in connection with consolidation and acquired businesses.

Comprehensive improvement programmes in the Group, particularly in Orkla Foods and Orkla Confectionery & Snacks, contributed to a positive trend in the EBIT (adj.)¹ margin in the quarter. However, the EBIT (adj.)¹ margin was reduced by -0.2 percentage points to 12.8%. The dilutive effects of acquisitions and significantly higher purchasing costs as a result of the still weak Norwegian krone and higher prices for a number of key raw materials contributed to the margin decline. As expected, Orkla Food Ingredients had lower EBIT (adj.)¹ in the quarter, year over year, due to increased exposure to ice cream ingredients and accessories, for which the fourth quarter is a low season.

STRUCTURAL MEASURES

In the fourth quarter, Orkla continued to make a number of structural changes in line with its business strategy. In addition to ongoing production relocation processes

aimed at optimising and rationalising its manufacturing footprint, new acquisition agreements were entered into.

To strengthen its competitiveness in Latvia, Orkla is combining its Latvian companies NP Foods and Latfood to establish Orkla Confectionery & Snacks Latvija. Orkla Confectionery & Snacks Latvija will be the leading confectionery, biscuits and snacks company in the Baltics, with well-known brands such as Laima, Selga, Staburadze, Ādažu and Taffel. The company will export to 26 countries and will have around 1,350 employees. Orkla has also established a combined food company in Latvia named Orkla Foods Latvija. The company consist of the food company Spilva and the drinks company Gutta, the latter of which was previously part of NP Foods. The formal mergers were completed in early 2016.

The purchase of Cederroth was approved by the competition authorities in August subject to the sale of the Asan and Allévo brands. In December, agreements were entered into for the sale of both brands, and in January 2016 the transactions were approved by the relevant competition authorities and completed.

Orkla has concluded an agreement to purchase Hamé, a leading central European branded consumer foods company in the Czech Republic. Hamé holds strong positions in countries such as the Czech Republic, Slovakia and Romania in a range of categories that are a good fit with Orkla's existing portfolio. The acquisition of Hamé will double Orkla's turnover in central Europe. The agreement is conditional on the approval of relevant competition authorities.

Orkla Foods Danmark has entered into an agreement with Kavli Holding AS to purchase O. Kavli A/S, a major supplier to the grocery trade in Denmark. This acquisition brings with it well-known brands like Fun, Grønnegården, Kavli, Scoop and Blomberg's Glögg. Orkla already owns the Fun brand in the other Nordic countries and through this agreement Orkla will acquire full ownership of Fun in the Nordic region. Completion of the agreement is subject to the Danish competition authorities' approval of the transaction.

Through its wholly-owned subsidiary Idun Industri AS, Orkla Food Ingredients has purchased 55% of the shares in the two Dutch sales and distribution companies Frusco and Briceland. Together, the two companies will be a leading player in the ice cream market in the Netherlands. Frusco and Briceland offer ready mixes for soft ice cream and accessories to the Dutch ice cream market. The

⁵Orkla Home & Personal changed its name to Orkla Care and Lilleborg changed its name to Orkla Home & Personal Care on 18 November 2015. Lilleborg Profesjonell has retained its name.

companies also export products to other countries in and outside Europe.

For more information on these acquisitions, see Note 5 and Note 13.

Orkla has sold a property in the centre of St. Petersburg, Russia. The property was spun off from Orkla Brands Russia prior to the sale of the company in January 2015.

FINANCIAL MATTERS

The Group's fourth-quarter operating revenues totalled NOK 9,571 million (NOK 8,119 million)². The improvement was ascribable to both good organic³ turnover growth and structural growth in Branded Consumer Goods. In addition, currency translation effects in connection with consolidation made a positive contribution of NOK 453 million to Branded Consumer Goods' operating revenues in the fourth quarter.

Group EBIT (adj.)¹ amounted to NOK 1,102 million (NOK 1,007 million)² in the fourth quarter. For Branded Consumer Goods, fourth-quarter EBIT (adj.)¹ totalled NOK 1,195 million (NOK 1,022 million)². The improvement was ascribable to organic³ and structural growth in turnover and to increased profitability in Branded Consumer Goods, due in part to cost savings. Higher prices for Orkla's key raw materials and the weakening of the Norwegian krone resulted in increased purchasing costs for the companies. Currency translation effects in connection with consolidation made a positive contribution of NOK 55 million to Branded Consumer Goods' fourth-quarter EBIT (adj.)¹ due to the weaker Norwegian krone.

The extensive restructuring work in the Group continued in the fourth quarter and the Group's other income and expenses totalled NOK -234 million (NOK -102 million)² in the quarter (see Note 3). These consisted primarily of acquisition and integration costs resulting from numerous structural measures and a number of restructuring processes in the Group.

Profit from associates and joint ventures amounted to NOK 89 million (NOK -252 million)², driven by improved performance by Sapa (JV) and continued good growth in Jotun. Orkla's share of profit from Sapa (JV) was NOK 17 million (NOK -360 million)². The improvement in Sapa (JV)'s performance is largely ascribable to positive contributions from synergy programmes and to the fact that fixed assets in China were written down by about NOK 0.5 billion in the fourth quarter of 2014. Despite Jotun's record-high turnover in the fourth quarter of 2015, operating profit was reduced by some accounting write-downs.

Net interest costs in the fourth quarter amounted to NOK -33 million (NOK -125 million)². Lower interest rates reduced interest costs, alongside higher net interest in the fourth quarter of 2014, which was negatively impacted by lower value of interest rate swaps to which hedging accounting is not applied.

The average borrowing rate was 2.3% in the fourth quarter, and the Group's net interest-bearing liabilities totalled NOK 7.8 billion at quarter end, compared with NOK 5.7 billion as at 31 December 2014.

Group profit before tax amounted to NOK 946 million (NOK 505 million)², and taxes are estimated to be NOK 172 million (NOK 183 million)² for the fourth quarter. Orkla's diluted earnings per share were NOK 0.73 kroner (NOK -0.06 kroner)² in the fourth quarter.

THE BUSINESS AREAS

BRANDED CONSUMER GOODS

| Amounts in NOK million | 1.1.-31.12. | | 1.10.-31.12. | |
|---|-------------|--------|--------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| Operating revenues | 32 002 | 28 584 | 9 314 | 7 854 |
| EBIT (adj.) ¹ | 3 839 | 3 378 | 1 195 | 1 022 |
| EBIT (adj.) ¹ margin (%) | 12.0 | 11.8 | 12.8 | 13.0 |
| Cash flow from operations before net replacement expenditures | 4 627 | 3 653 | 1 880 | 1 479 |
| Net replacement expenditures | (859) | (805) | (266) | (268) |
| Cash flow from operations | 3 768 | 2 848 | 1 614 | 1 211 |
| Expansion investments | (388) | (102) | (152) | (37) |

Orkla Foods

| Amounts in NOK million | 1.1.-31.12. | | 1.10.-31.12. | |
|---|-------------|--------|--------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| Operating revenues | 13 250 | 12 232 | 3 822 | 3 371 |
| EBIT (adj.) ¹ | 1 701 | 1 488 | 561 | 466 |
| EBIT (adj.) ¹ margin (%) | 12.8 | 12.2 | 14.7 | 13.8 |
| Cash flow from operations before net replacement expenditures | 1 888 | 1 772 | 736 | 571 |
| Net replacement expenditures | (382) | (432) | (120) | (124) |
| Cash flow from operations | 1 506 | 1 340 | 616 | 447 |
| Expansion investments | (368) | (52) | (152) | (23) |

- Continued profit improvement due to growth in both sales and margin
- Improvement driven by growth in the grocery channel and continuous cost improvements
- Higher purchasing costs due to the continued weakening of the Norwegian krone and higher prices of key raw materials

Orkla Foods reported fourth-quarter operating revenues of NOK 3,822 million (NOK 3,371 million)², equivalent to organic³ growth of 5.2%. Most of the companies achieved

higher sales, boosted by campaigns, the year's launches in the grocery and other channels and the distribution of Tropicana juice. In Norway, growth in the grocery channel was also driven by higher pre-Christmas sales, as a result of strong competition in the trade on prices of Christmas-related products. This year, as in 2014, fourth-quarter sales volumes were positively affected by sales in the run-up to a major campaign in the first quarter, which made a slightly higher contribution this year.

A number of innovations and products launched in earlier quarters made a positive contribution. In Norway, the relaunch of products under the TORO brand and the launch of the Pizzabakeriet brand were well received in the market. In Sweden, several products under the Paulúns health brand delivered good results, and these products were also launched in both Finland and Denmark. The Nordic launch of Grønnsakspasta vegetable pasta, which was originally launched by the Danish business, delivered in accordance with expectations in both the grocery and export channels during the year. Although the trend in market shares in terms of value have shown improvement in the last few quarters, it was slightly weaker, overall, compared with the same period of 2014.

EBIT (adj.)¹ amounted to NOK 561 million (NOK 466 million)². The improvement in EBIT (adj.)¹ was primarily driven by growth in sales. The EBIT (adj.)¹ margin increased by 0.9 percentage points in the fourth quarter, positively impacted by cost improvements. Purchasing costs rose in the fourth quarter, partly due to the weaker Norwegian krone, and had a negative effect on profit growth. In addition, the inclusion of Tropicana juice had a slight dilutive effect on margin.

Orkla Confectionery & Snacks

| Amounts in NOK million | 1.1.–31.12. | | 1.10.–31.12. | |
|---|-------------|-------|--------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| Operating revenues | 5 813 | 4 987 | 1 818 | 1 448 |
| EBIT (adj.) ¹ | 843 | 693 | 314 | 245 |
| EBIT (adj.) ¹ margin (%) | 14.5 | 13.9 | 17.3 | 16.9 |
| Cash flow from operations before net replacement expenditures | 962 | 840 | 532 | 435 |
| Net replacement expenditures | (270) | (219) | (71) | (108) |
| Cash flow from operations | 692 | 621 | 461 | 327 |
| Expansion investments | (16) | (27) | (1) | (10) |

- Broad-based sales and profit improvement driven by solid volume growth
- Profit improvement, especially in Norway and Denmark
- Higher raw material costs put pressure on margins, particularly in Norway

Orkla Confectionery & Snacks posted fourth-quarter operating revenues of NOK 1,818 million (NOK 1,448 million)², equivalent to organic³ growth of 7.2%. The improvement in sales in the quarter was particularly strong in Norway,

Sweden, Denmark and Estonia. NP Foods contributed significant structural growth in the fourth quarter after being consolidated into the financial statements as of 1 April 2015.

Several innovations launched in 2015 made a positive contribution in the fourth quarter, especially the chocolate products Stratos Melky big bar and Smash! Kuler in Norway, the Big Cut snacks variety launched in Norway, Sweden and Finland, Polly Ovnsristet roasted nuts in Norway and Ballerina Bites biscuits in Sweden. Overall market shares showed improvement in the fourth quarter, driven by Denmark, Sweden and Estonia.

The acquisition of NP Foods has entailed major changes in the Baltic operations, primarily in Latvia, but also in Estonia. As of 1 October, the Latfood snacks company and NF Foods in Latvia were combined and in January 2016 the company changed its name to Orkla Confectionery & Snacks Latvija. The ongoing changes, combined with slow growth in export sales to countries such as Russia, contributed to slightly weaker results in Latvia.

Fourth-quarter EBIT (adj.)¹ amounted to NOK 314 million (NOK 245 million)². The improvement in profit was driven by growth in sales, but also by positive currency translation effects in connection with consolidation and the acquisition of NP Foods.

Higher raw material costs, especially in Norway, put pressure on margins. NP Foods had a dilutive effect of around 1 percentage point on the EBIT (adj.)¹ margin. Despite the aforementioned factors, the fourth-quarter EBIT (adj.)¹ margin increased by 0.4 percentage points.

Orkla Care

| Amounts in NOK million | 1.1.–31.12. | | 1.10.–31.12. | |
|---|-------------|-------|--------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| Operating revenues | 5 534 | 4 960 | 1 640 | 1 250 |
| EBIT (adj.) ¹ | 881 | 852 | 204 | 191 |
| EBIT (adj.) ¹ margin (%) | 15.9 | 17.2 | 12.4 | 15.3 |
| Cash flow from operations before net replacement expenditures | 1 224 | 709 | 363 | 318 |
| Net replacement expenditures | (75) | (51) | (32) | (1) |
| Cash flow from operations | 1 149 | 658 | 331 | 317 |
| Expansion investments | - | - | - | - |

- Organic³ sales growth of 0.6%
- Operating margin significantly negatively impacted by the inclusion of Cederroth and the weak Norwegian krone
- The Asan and Allévo brands were sold and the acquisition of Cederroth was completed

Orkla Care⁵ reported fourth-quarter operating revenues of NOK 1,640 million (NOK 1,250 million)², equivalent to organic³ growth of 0.6% compared with the weak

fourth quarter of 2014. Orkla Home & Personal Care, Lilleborg Profesjonell and Pierre Robert Group showed improvement. Both the Norwegian and the international operations contributed to growth for Orkla Home & Personal Care. For Pierre Robert Group, new launches contributed to growth in the Norwegian market, while Lilleborg Profesjonell delivered broad-based growth in all areas. Markets remain challenging for Orkla Health, particularly in the weight control category. Orkla House Care is still negatively affected by the loss of a contract with a major customer in England.

Fourth-quarter EBIT (adj.)¹ margin was 12.4% (15.3%)². The decline compared with last year was primarily ascribable to the dilutive effect of the inclusion of Cederroth. Cederroth delivered as expected in 2015, but due to the timing of some cost elements fourth-quarter EBIT (adj.)¹, seen in isolation, was weak. In addition, the businesses experienced significantly higher purchasing costs due to the weaker Norwegian krone. Fourth-quarter EBIT (adj.)¹ amounted to NOK 204 million (NOK 191 million)².

Orkla Home & Personal Care in Norway saw a slight overall decline in market shares, due to strong pressure on prices in certain categories. Pierre Robert Group experienced a slight decline in Norway driven by campaign fluctuations, but saw a positive trend in Sweden. Overall market shares fell for Orkla Health in the Nordic region, chiefly due to a weak performance in the weight control category.

Orkla Food Ingredients

| Amounts in NOK million | 1.1.-31.12. | | 1.10.-31.12. | |
|---|-------------|-------|--------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| Operating revenues | 7 598 | 6 534 | 2 115 | 1 821 |
| EBIT (adj.) ¹ | 414 | 345 | 116 | 120 |
| EBIT (adj.) ¹ margin (%) | 5.4 | 5.3 | 5.5 | 6.6 |
| Cash flow from operations before net replacement expenditures | 553 | 332 | 250 | 155 |
| Net replacement expenditures | (132) | (103) | (44) | (36) |
| Cash flow from operations | 421 | 229 | 206 | 119 |
| Expansion investments | (4) | (23) | - | (4) |

- Continuing good organic³ sales growth
- A weaker Norwegian krone impacted favourably on currency translation, but negatively on purchasing prices in the Norwegian market
- Increased exposure to ice cream ingredients and accessories generated a negative profit contribution in the fourth quarter

Orkla Food Ingredients posted fourth-quarter operating revenues of NOK 2,115 million (NOK 1,821 million)², equivalent to organic³ growth of 3.0%. The improvement was driven by higher volumes in Norway and the margarine and butter blend category. Furthermore, prices improved in the marzipan category.

Fourth-quarter EBIT (adj.)¹ amounted to NOK 116 million (NOK 120 million)². The EBIT (adj.)¹ margin was 5.5%, compared with 6.6% in the same quarter of 2014. The decline can largely be explained by the increased exposure to ice cream ingredients and accessories, which make a negative profit contribution in the fourth quarter due to seasonal effects. In addition, higher purchasing costs in Norway as a result of the weaker Norwegian exchange rate contributed negatively.

ORKLA INVESTMENTS

Hydro Power

Fourth-quarter EBIT (adj.)¹ was NOK 49 million (NOK 73 million)² for Hydro Power. The decrease is chiefly due to substantially lower power prices that were only partly offset by higher volumes. Production in the quarter totalled 713 GWh (680 GWh). The area price in Sauda in the period was 19.7 øre/kWh, compared with 24.8 øre/kWh in the fourth quarter of 2014. The price trend for Sarpsfoss was similar. Operating costs were somewhat higher in the fourth quarter than in the same quarter of 2014 due to the effects of accruals and non-recurring items. At quarter end, the reservoir level in Sauda was higher than normal, while the reservoir level in Glomma was normal.

Financial Investments

EBIT (adj.)¹ for Orkla Financial Investments amounted to NOK -17 million (NOK -20 million)² in the fourth quarter. The most important activities in the quarter revolved around the development and preparations for sale of properties in the current real estate portfolio. There were no transactions in the quarter that generated gains, and costs were incurred in the quarter in connection with individual projects.

As at 31 December 2015, the market value of Orkla's remaining interest in Gränges and the share portfolio (including funds) was NOK 876 million and NOK 500 million, respectively, with associated unrealised gains totalling NOK 50 million and NOK 237 million.

Sapa (JV) (50% interest)

Demand for extruded products in North America increased 1% compared with the same quarter of the previous year as a result of increased building and construction activity and strong automotive demand. For the full year, North American extrusion demand grew 5% over 2014.

In Europe, extruded products demand was stable, overall, for both the full year and the quarter when compared with the previous year. A weak European building and construction market was offset by most other segments. Demand for extruded products is expected to seasonally improve going into the first quarter of 2016.

Underlying EBIT for Sapa increased compared to the same quarter of the previous year mainly due to the effects of the improvement programs, continued growth in North American demand and increased added value operations. Underlying EBIT for the fourth quarter was negatively impacted by Sapa's measures to address, and consequences of, unsanctioned quality testing practices in North America.

The restructuring programme initiated in 2013, targeting annual synergies of around NOK one billion by the end of 2016, reached its target in 2015, one year ahead of time. In addition to the factors mentioned above, reported EBIT for the fourth quarter included charges related to restructuring activities, partly offset by unrealised gains from derivatives.

Underlying EBIT for 2015 improved compared with 2014, supported mainly by internal improvements and the strong performance of the North American operation. Positive effects from a weakening Norwegian krone were offset by sharply falling metal premiums.

Net interest-bearing liabilities at the end of 2015 amounted to roughly NOK 1.8 billion, which is at the same level as when the Sapa joint venture was established on 1 September 2013.

Jotun (42.5% interest)

Jotun delivered all-time best sales and operating profit in 2015. The reported growth in revenue was significantly impacted by positive currency translation effects. Adjusted for currency translation effects, underlying sales growth was still at double-digit level, with growth across all segments and regions. The revenue growth was primarily driven by improved deliveries in the Marine Coatings segment. In addition, the Decorative Paints segment in the Middle East and South East Asia continued to develop positively.

In the last quarter of 2015 sales growth was maintained at a high level, while operating profit was somewhat reduced following an impairment loss related to a production facility, higher claims costs and provisions for future contamination clean-up. Still, increased sales volume and improved margins, combined with active cost control, contributed to underlying growth in profit. Jotun continues to invest in increased production capacity in line with the company's growth strategy. Investment activity during the period was mainly related to the operations in Oman and Indonesia.

CASH FLOW AND FINANCIAL POSITION

The comments below are based on the cash flow statement as presented in Orkla's format and refer to the period 1 January to 31 December 2015. Reference is made to Note 14 in this report.

Cash flow from operations (excluding Financial Investments) amounted to NOK 3,641 million (NOK 2,782 million)² as at 31 December 2015. There was a seasonal freeing-up of NOK 687 million in working capital in the fourth quarter. For the full year, NOK 404 million in working capital was freed up, partly due to the receipt of payment of a claim for a one-time contractual termination fee from the renegotiation of the Unilever agreement in 2014.

Net replacement investments totalled NOK 930 million (NOK 838 million)². Cash flow from operations from Financial Investments amounted to NOK 94 million (NOK -59 million)² as at 31 December 2015.

An ordinary dividend of NOK 2.50 per share was paid out for the 2014 financial year. In total, NOK 2,563 million has been paid out in dividends.

To fulfil remaining option programmes for senior executives and the employee share purchase programme, Orkla shares for a net total of NOK -31 million (NOK 105 million)² had been bought back as at the end of the fourth quarter. Expansion investments totalled NOK 388 million (NOK 102 million)² as at 31 December 2015. The increase in expansion investments must be seen in conjunction with the restructuring of Branded Consumer Goods' manufacturing footprint.

The sale of companies amounted to NOK 1,133 million and consisted primarily of the sale of shares in Gränges and the payment from the sale of Orkla Brands Russia. The purchase of companies amounted to NOK -3,173 million and consisted of acquisitions in Branded Consumer Goods. As at 31 December 2015, in addition to the Gränges shares, the net sale of shares and financial assets totalled NOK 298 million.

Net cash flow for the Group amounted to NOK -1,561 million (NOK 3,062 million)² at the end of the fourth quarter. For the full year, the Group's interest-bearing liabilities had an average borrowing rate of 2.8%, and were mainly spread among the following currencies: SEK, EUR and DKK. Exchange rate fluctuations resulted in negative translation effects of NOK -583 million on net interest-bearing liabilities, which totalled NOK 7,805 million.

As at 31 December 2015, the equity ratio was 62.2%, compared with 62.5% as at 31 December 2014.

Correspondingly, net gearing⁴ was 0.23 compared with 0.18 the previous year. The average remaining life of long-term liabilities and unutilised credit lines is 3.2 years. Orkla's financial position is robust, with cash reserves and credit lines that exceed known capital expenditures in the next year.

OUTLOOK

In the grocery markets in which Orkla has a presence, moderate growth is expected in the coming years, but the trend will vary somewhat from one market to another. Due to the timing of Easter, the first quarter of 2016 will have fewer sales days than the first quarter of 2015, with the opposite effect in the second quarter.

The different business areas are exposed to currency risk to varying degrees, and the weakening of the Norwegian krone in recent months has resulted in a significant increase in purchasing costs for the Norwegian companies. On the other hand, many of Orkla's Norwegian companies have a substantial share of their purchasing in local currency, thereby reducing the real

impact of a weaker Norwegian krone. In the longer term, this could increase Orkla's relative competitive strength.

Overall, the international commodity prices to which Orkla is exposed have increased somewhat recently, and the prices of certain key raw materials are particularly high. Prices vary substantially from one commodity group to another, and the uncertainty attached to future raw material price trends is generally high. Some of the Orkla companies have seen a significant rise in raw material and packaging costs.

The previously communicated strategy of being a leading branded consumer goods company, with the Nordic and Baltic regions as main markets, remains unchanged. Orkla also holds good positions in selected product categories in central Europe and India. Orkla aims to deliver organic³ growth that at least matches market growth and annual adjusted EBIT (adj.)¹ growth of 6–9% in the Branded Consumer Goods business for the period 2016–2018. At the same time, the Board of Directors proposes to pursue a dividend policy that entails maintaining a stable dividend of at least NOK 2.50 per share.

Oslo, 10 February 2016
The Board of Directors of Orkla ASA

Condensed income statement

| Amounts in NOK million | Note | 1.1.–31.12. | | 1.10.–31.12. | |
|---|------|--------------|--------------|--------------|-------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Operating revenues | 2 | 33 198 | 29 599 | 9 571 | 8 119 |
| Operating expenses | | (28 532) | (25 427) | (8 188) | (6 863) |
| Depreciation and write-downs property, plant and equipment | | (1 038) | (935) | (276) | (241) |
| Amortisation intangible assets | | (19) | (23) | (5) | (8) |
| Operating profit before other income and expenses (EBIT adj.) | 2 | 3 609 | 3 214 | 1 102 | 1 007 |
| Other income and expenses | 3 | (502) | (100) | (234) | (102) |
| Operating profit | | 3 107 | 3 114 | 868 | 905 |
| Profit/loss from associates and joint ventures | | 1 111 | 121 | 89 | (252) |
| Interest, net | | (192) | (363) | (33) | (125) |
| Other financial items, net | 7 | 64 | 0 | 22 | (23) |
| Profit/loss before taxes | | 4 090 | 2 872 | 946 | 505 |
| Taxes | | (722) | (688) | (172) | (183) |
| Profit/loss for the period for continuing operations | | 3 368 | 2 184 | 774 | 322 |
| Gains/profit/loss discontinued operations | 11 | (17) | (485) | (17) | (387) |
| Profit/loss for the period | | 3 351 | 1 699 | 757 | (65) |
| Profit/loss attributable to non-controlling interests | | 56 | 40 | 10 | (4) |
| Profit/loss attributable to owners of the parent | | 3 295 | 1 659 | 747 | (61) |

Earnings per share

| Amounts in NOK | 1.1.–31.12. | | 1.10.–31.12. | |
|--|-------------|------|--------------|--------|
| | 2015 | 2014 | 2015 | 2014 |
| Earnings per share | 3.24 | 1.63 | 0.73 | (0.06) |
| Earnings per share (diluted) | 3.24 | 1.63 | 0.73 | (0.06) |
| Earnings per share for continuing operations (diluted) | 3.25 | 2.11 | 0.75 | 0.32 |

Condensed comprehensive income statement

| Amounts in NOK million | Note | 1.1.–31.12. | | 1.10.–31.12. | |
|--|------|--------------|--------------|--------------|--------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Profit/loss for the period | | 3 351 | 1 699 | 757 | (65) |
| <i>Items not to be reclassified to profit/loss in subsequent periods</i> | | | | | |
| Change in actuarial gains and losses pensions after tax | | (15) | (148) | (15) | (148) |
| <i>Items to be reclassified to profit/loss in subsequent periods</i> | | | | | |
| Change in unrealised gains on shares after tax | 4 | 6 | (21) | 183 | 28 |
| Change in hedging reserve after tax | 4 | 31 | (150) | (54) | 6 |
| Carried against the equity in associates and joint ventures | | 685 | 906 | 346 | 766 |
| Translation effects | | 881 | 713 | 347 | 1 107 |
| The Group's comprehensive income | | 4 939 | 2 999 | 1 564 | 1 694 |
| Comprehensive income attributable to non-controlling interests | | 71 | 54 | | |
| Comprehensive income attributable to owners of the parent | | 4 868 | 2 945 | | |

Condensed statement of financial position

| Amounts in NOK million | Note | 31.12. | 31.12. |
|---|------|---------------|---------------|
| | | 2015 | 2014 |
| Intangible assets | | 17 676 | 14 598 |
| Property, plant and equipment | | 10 523 | 9 484 |
| Investments in associates and joint ventures and other financial assets | 6 | 13 029 | 13 026 |
| Non-current assets | | 41 228 | 37 108 |
| Assets held for sale | 5 | 182 | 22 |
| Inventories | | 4 623 | 3 873 |
| Inventory of development property | | 216 | 200 |
| Trade receivables | | 5 267 | 4 413 |
| Other receivables | 6 | 625 | 1 147 |
| Shares and financial assets | | 1 376 | 734 |
| Cash and cash equivalents | 6 | 721 | 2 615 |
| Current assets | | 13 010 | 13 004 |
| Total assets | | 54 238 | 50 112 |
| Paid in equity | | 1 994 | 1 993 |
| Earned equity | | 31 335 | 29 066 |
| Non-controlling interests | | 417 | 245 |
| Equity | | 33 746 | 31 304 |
| Provisions and other non-current liabilities | | 4 191 | 3 699 |
| Non-current interest-bearing liabilities | 6 | 8 722 | 8 510 |
| Current interest-bearing liabilities | 6 | 399 | 598 |
| Trade payables | | 3 869 | 3 221 |
| Other current liabilities | | 3 311 | 2 780 |
| Equity and liabilities | | 54 238 | 50 112 |
| Equity ratio (%) | | 62.2 | 62.5 |

Condensed changes in equity

| Amounts in NOK million | 1.1.–31.12.2015 | | | 1.1.–31.12.2014 | | |
|--|--|---------------------------|---------------|--|---------------------------|---------------|
| | Attributed to equity holders of the parent | Non-controlling interests | Total equity | Attributed to equity holders of the parent | Non-controlling interests | Total equity |
| Equity 1 January | 31 059 | 245 | 31 304 | 30 479 | 301 | 30 780 |
| The Group's comprehensive income | 4 868 | 71 | 4 939 | 2 945 | 54 | 2 999 |
| Dividends | (2 544) | (19) | (2 563) | (2 540) | (25) | (2 565) |
| Net purchase/sale of Orkla shares | (31) | - | (31) | 105 | - | 105 |
| Option costs | - | - | - | 5 | - | 5 |
| Change in non-controlling interests | (23) | 120 | 97 | 65 | (85) | (20) |
| Equity at the close of the period | 33 329 | 417 | 33 746 | 31 059 | 245 | 31 304 |

Condensed cash flow statement IFRS

| Amounts in NOK million | Note | 1.1.–31.12. | | 1.10.–31.12. | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Cash flow from operations before net replacement expenditure | | 4 574 | 3 569 | 1 827 | 1 566 |
| Received dividends and financial items | | (3) | (55) | (88) | (92) |
| Taxes paid | | (727) | (492) | (59) | (138) |
| Cash flow from operating activities | | 3 844 | 3 022 | 1 680 | 1 336 |
| Net investments fixed assets | | (1 227) | (948) | (435) | (368) |
| Net sale (purchase) of companies | 5, 11 | (779) | 2 207 | (88) | 2 053 |
| Net sale shares and financial assets | | 298 | 350 | 73 | 146 |
| Other payments and discontinued operations | | 158 | 302 | 3 | (120) |
| Cash flow from investing activities | | (1 550) | 1 911 | (447) | 1 711 |
| Net paid to shareholders | | (2 594) | (2 460) | 72 | (115) |
| Change in interest-bearing liabilities and interest-bearing receivables | | (1 617) | (1 696) | (1 695) | (2 158) |
| Cash flow from financing activities | | (4 211) | (4 156) | (1 623) | (2 273) |
| Currency effects cash and cash equivalents | | 23 | 33 | 6 | 188 |
| Change in cash and cash equivalents | | (1 894) | 810 | (384) | 962 |
| Cash and cash equivalents | 6 | 721 | 2 615 | | |

See also Note 14 for cash flow Orkla-format.

NOTES

NOTE 1 GENERAL INFORMATION

Orkla ASA's condensed consolidated financial statements for four quarters of 2015 were approved at the meeting of the Board of Directors on 10 February 2016. The figures in the statements have not been audited. Orkla ASA is a public limited 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.

When preparing its annual report for 2014, Orkla switched to presenting EBIT (adj.) instead of EBITA in its segment information. The difference is that in the new term Amortisation is deducted. EBIT (adj.) is defined as "Operating profit/loss before other income and expenses".

The importance of the Group's shares and financial assets has been significantly reduced and the presentation of financial items in the income statement has been amended to reflect this. Since the first quarter of 2015, financial items have been

broken down into net interest and net other financial items. Other financial items are specified in Note 7. See the income statement on page 9.

The presentation in the statement of financial position has been amended to provide a better picture of Orkla's current capital, i.e. the part of its working capital that largely derives from the product cycle. In this way, Orkla wishes to make it easier to compare the Group with other branded consumer goods companies. See the statement of financial position on page 10.

The Group has not made any other changes in presentation or accounting principles or adopted any new standards that significantly affect its financial reporting or comparisons with previous periods.

The Group has purchased new businesses. The acquisitions are presented in Note 5 and Note 13.

In May 2015, the Group sold 15% of the shares in Gränges (see Note 5).

NOTE 2 SEGMENTS

Operating revenues

| Amounts in NOK million | 1.1.-31.12. | | 1.10.-31.12. | |
|---------------------------------------|-------------|--------|--------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| Orkla Group | 33 198 | 29 599 | 9 571 | 8 119 |
| Branded Consumer Goods | 32 002 | 28 584 | 9 314 | 7 854 |
| Orkla Foods | 13 250 | 12 232 | 3 822 | 3 371 |
| Orkla Confectionery & Snacks | 5 813 | 4 987 | 1 818 | 1 448 |
| Orkla Care | 5 534 | 4 960 | 1 640 | 1 250 |
| Orkla Food Ingredients | 7 598 | 6 534 | 2 115 | 1 821 |
| Eliminations Branded Consumer Goods | (193) | (129) | (81) | (36) |
| Orkla Investments | 1 166 | 972 | 252 | 247 |
| Hydro Power | 690 | 741 | 192 | 203 |
| Financial Investments | 476 | 231 | 60 | 44 |
| HQ/Other Business/Eliminations | 30 | 43 | 5 | 18 |

Operating profit - EBIT (adj.)¹

| Amounts in NOK million | 1.1.-31.12. | | 1.10.-31.12. | |
|-------------------------------|-------------|-------|--------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| Orkla Group | 3 609 | 3 214 | 1 102 | 1 007 |
| Branded Consumer Goods | 3 839 | 3 378 | 1 195 | 1 022 |
| Orkla Foods | 1 701 | 1 488 | 561 | 466 |
| Orkla Confectionery & Snacks | 843 | 693 | 314 | 245 |
| Orkla Care | 881 | 852 | 204 | 191 |
| Orkla Food Ingredients | 414 | 345 | 116 | 120 |
| Orkla Investments | 211 | 180 | 32 | 53 |
| Hydro Power | 154 | 216 | 49 | 73 |
| Financial Investments | 57 | (36) | (17) | (20) |
| HQ/Other Business | (441) | (344) | (125) | (68) |

¹Operating profit before other income and expenses

NOTE 3 OTHER INCOME AND EXPENSES

| Amounts in NOK million | 1.1.–31.12. | | 1.10.–31.12. | |
|---|--------------|--------------|--------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| M&A and integration costs | (248) | (156) | (132) | (29) |
| Final settlement employment relationships | (142) | (186) | (87) | (59) |
| Write-downs in connection with coordination projects | (51) | - | 14 | - |
| Write-down related to Natural Food's operations, Orkla Food Ingredients Italy | (23) | - | - | - |
| One-off contractual termination fee relating to the Unilever agreement | (9) | 279 | (9) | - |
| Dispute regarding use of trademark (see Note 13) | (1) | (15) | (2) | (5) |
| Other restructuring costs and special IFRS effects | (28) | (22) | (18) | (9) |
| Total other income and expenses | (502) | (100) | (234) | (102) |

The Group is undergoing a restructuring phase and projects related to the merging of factories and acquisitions and the subsequent integration of new operations require substantial resources and give rise to substantial costs. At Orkla Foods, the production operations in Brumunddal (Nora) and Larvik (Denja) are to be relocated to Elverum, and in Denmark production is being moved from Svinninge to Skælskør. These moves have resulted in write-downs of plants and severance package costs. This is just the start of the planned consolidation of Orkla's manufacturing facilities. In addition, Orkla Foods has initiated a workforce reduction project, the costs of which began to be incurred in the fourth quarter of 2015.

The Group made a number of acquisitions in 2015, and both these acquisitions and the integration of the new businesses entail substantial restructuring costs. The biggest acquisitions are Cederroth and NP Foods, both of which are being fully integrated into Orkla's existing operations. Cederroth in particular is undergoing a demanding process whereby the business is to be integrated into Orkla Home & Personal Care and Orkla Health, respectively. Significant M&A costs have been incurred in connection with these acquisitions, in addition to which substantial resources have been spent on integration and costs related to severance packages for personnel in the various companies.

Costs totalling NOK 441 million were incurred in connection with restructuring and integration projects in 2015. In addition, the value of Natural Food in Orkla Food Ingredients was written down as a result of the impairment test carried out in the third quarter. The matter concerning a one-off contractual termination fee from Unilever has been concluded, entailing a minor expense in connection with the final settlement. Other restructuring costs consist of small non-recurring items incurred in the Group. Costs other than simple write-downs will largely have a cash-flow effect. See Note 13 for information regarding a brand dispute.

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 31 December 2015 relating to changes in unrealised gains amounts to NOK 0 million (NOK 1 million in 2014), and the tax effect relating to changes in the hedging reserve amounts to NOK 24 million (NOK 52 million in 2014).

Unrealised gains/losses on shares and the hedging reserve included in equity as at 31 December 2015 (after tax) totalled NOK 287 million and NOK -349 million, respectively. Accumulated translation differences correspondingly amounted to NOK 1,291 million as at 31 December 2015.

NOTE 5 ACQUISITION AND SALE OF COMPANIES

Cederroth

Orkla Care has acquired 100 % of the shares in the branded consumer goods company Cederroth. The purchase was completed on 31 August 2015. The acquisition was approved by the relevant competition authorities subject to the divestment of the Allévo brand in Sweden and the Asan brand in Norway. The divestments were completed in January 2016 and the two brands have been classified as "Assets held for sale" in the statement of financial position as at 31 December 2015.

The acquisition of Cederroth makes Orkla Care one of the leading Nordic suppliers of personal care, health, wound care and household cleaning products. In 2014, Cederroth achieved a turnover of SEK 1,894 million, and EBITDA of SEK 174 million. The company has a total of 850 employees.

The product categories offered by Orkla Care and Cederroth are largely complementary. In addition, wound care will represent an attractive new category for Orkla. Cederroth also holds a well-established position in the Nordic pharmacy market. Now that the agreement has been completed, Cederroth's operations are being incorporated into the Orkla Care business area.

Excess values chiefly consist of brands and goodwill, with goodwill accounting for the major share. Goodwill largely consists of the extraction of synergies and establishment of a platform for further development in Sweden.

Cederroth was incorporated into Orkla's financial statements as from 1 September 2015.

NP Foods

Orkla Confectionery & Snacks' agreement to purchase NP Foods was completed on 11 March 2015. Through this acquisition Orkla has close to doubled the scale of its Baltic operations, making Orkla one of the largest suppliers of branded consumer goods to the Baltic grocery sector. The iconic chocolate brand Laima has a market share of over 30% in the Latvian chocolate market. Orkla's positions in the Baltic biscuit, cake, juice and water markets have also been strengthened. According to consolidated figures for 2013, NP Foods had a turnover of EUR 77.1 million and normalised operating profit (EBITDA) of EUR 7.5 million. The company has four factories in Latvia and one in Lithuania and 1,100 employees.

Excess values primarily consist of brands and goodwill.

NP Foods was incorporated into the statement of financial position as at 31 March 2015 and into the income statement from April 2015.

Acquisitions in the fourth quarter

Orkla Confectionery & Snacks purchased the company Lakrisgutta AS. Lakrisgutta develops, markets and sells uniquely-flavoured confectionery under special labels. In 2014, the company had a turnover of NOK 16.8 million. Approximately 70% of turnover derives from the grocery trade. Lakrisgutta was incorporated into the financial statements as from October 2015.

In December 2015, Orkla Food Ingredients purchased 55% of the shares in the two Dutch sales and distribution companies Frusco and Briceland. Together the two companies will become a leading player in the Dutch ice cream market. Frusco and Briceland have a total of 15 employees. The companies achieved an aggregate turnover of EUR 12.5 million (approx. NOK 119 million) in 2014. The companies' current owners, who are three private individuals, will continue to own a total of 45% of the shares as minority shareholders. The companies' financial position figures were incorporated into the Group's statement of financial position as at 31 December 2015.

Other acquisitions

Orkla Foods, through its wholly-owned subsidiary FELIX Austria GmbH, acquired 100% of the shares in the Austrian company Bioquelle GmbH. Bioquelle holds strong positions in Austria in the muesli, nuts, dried fruits, health and organic foods categories, as well as the distribution of soy-based products. The company reported net sales of EUR 18 million (NOK 164 million) and EBITDA of approximately EUR 0.7 million (NOK 5.9 million) in 2014. Bioquelle has around 50 employees. The agreement was approved by the Austrian competition authorities and the purchase was completed on 2 July 2015.

In the second quarter, Orkla Foods Sverige purchased the Swedish food company Anamma Foods AB, which manufactures frozen soy-based vegan products. Anamma Foods has developed into a well-known brand for consumers who want to reduce their intake of meat or replace meat entirely in their diet. Anamma Foods has its own production facilities in Simrishamn and Vadsjö. The company's turnover totalled SEK 44 million in 2014 and it has 25 employees. The formal change of ownership took place on 1 June 2015.

On 2 February, Orkla Health announced its agreement to purchase the Danish company W. Ratje Frøskaller. The company has an annual turnover of around NOK 45 million. This acquisition will strengthen Orkla Health's position in the gut health segment as well as in the pharmacy market. The company has been incorporated in Orkla's financial statements since February 2015.

Through its wholly-owned subsidiary KåKå AB, Orkla Food Ingredients acquired 67% of the Finnish company Condite Oy. Condite is Finland's second largest sales and distribution company in the bakery ingredients sector. Condite achieved a turnover of EUR 31 million (NOK 242 million) in 2013 and has 42 employees. The company was privately owned and two of the former owners wished to remain shareholders and have retained an ownership interest totalling 33%. The agreement has been approved by the Finnish competition authorities and was completed on 30 January 2015.

Through its Icelandic company Kjarnavörur hf, Orkla Food Ingredients purchased 66.67% of the shares in Nonni Littli ehf. Nonni Littli manufactures dressings, sauces and mayonnaise-based bread salads for the grocery and out-of-home sectors. The company has an annual turnover of around EUR 1.4 million, and has been incorporated in Orkla's financial statements since February 2015.

Orkla Food Ingredients acquired 100% of the shares of EISUNION GmbH. EISUNION GmbH is a leading market player in Germany and supplies ice cream ingredients, ice cornets, packaging, toppings and equipment and machinery to ice cream parlours and cafes. The company achieved a turnover of EUR 19.6 million (NOK 163 million) in 2014. EISUNION is headquartered in Feucht (Nürnberg) and operates from five locations in central and southern Germany. The company has around 70 employees. The purchase agreement was approved on 9 April 2015 and the company has been incorporated in the financial statements since April 2015.

None of the purchase price allocations were final at the end of the fourth quarter of 2015. At quarter end, businesses had been acquired for a total of NOK 3,173 million on a debt-free basis.

Sale of companies

In May 2015, the Group sold 15% of the shares in Gränges. The gain of NOK 425 million is presented on the line for "Profit/loss from associates and joint ventures". Orkla still owns 16% of Gränges. In accounting terms, this means that the company ceased to be presented as an associate as from the second quarter of 2015. The gain has been calculated as though the entire shareholding had been sold. As contra entry, the remaining interest has been recognised in the statement of financial position as a short-term shareholding under the category "Available for sale" at its value on the date of sale. It will continue to be recognised at fair value in the statement of financial position, with changes in value normally recognised in the comprehensive income statement (OCI).

Orkla received payment for the sale of Orkla Brands Russia in the first quarter of 2015. The sale was completed in the fourth quarter of 2014. In November 2015, Orkla sold a property in the centre of St. Petersburg, Russia, which was spun off from Orkla Brands Russia (see also Note 11).

NOTE 6 NET INTEREST-BEARING LIABILITIES

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

| Amounts in NOK million | 31.12. 2015 | 31.12. 2014 |
|--|----------------|----------------|
| Non-current interest-bearing liabilities | (8 722) | (8 510) |
| Current interest-bearing liabilities | (399) | (598) |
| Non-current interest-bearing receivables (in "Financial Assets") | 586 | 724 |
| Current interest-bearing receivables (in "Other receivables") | 9 | 108 |
| Cash and cash equivalents | 721 | 2 615 |
| Net interest-bearing liabilities | (7 805) | (5 661) |

NOTE 7 OTHER FINANCIAL ITEMS, NET

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

| Amounts in NOK million | 1.1.-31.12. 2015 | 1.1.-31.12. 2014 | 1.10.-31.12. 2015 | 1.10.-31.12. 2014 |
|---|---------------------|---------------------|----------------------|----------------------|
| Gains, losses and write-downs shares and financial assets | 107 | 56 | 35 | 16 |
| Dividends | 28 | 37 | 0 | 0 |
| Net foreign currency gain/loss | 0 | 0 | 2 | 0 |
| Interest on pensions | (41) | (49) | (12) | (19) |
| Other financial items | (30) | (44) | (3) | (20) |
| Total | 64 | 0 | 22 | (23) |

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 certain investments.

There were no material transactions between the Group and related parties as at 31 December 2015.

The Group has intercompany balances totalling NOK 146 million with joint ventures and 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 2015 | 7 168 000 |
| Exercised during the period | (4 141 000) |
| Forfeited during the period | (305 000) |
| Outstanding options 31 December 2015 | 2 722 000 |

Change in number of treasury shares:

| | |
|---|----------------|
| Treasury shares 1 January 2015 | 1 832 903 |
| External purchases of treasury shares | 4 000 000 |
| Options exercised in treasury shares | (3 951 000) |
| Employee share purchase programme | (941 603) |
| Treasury shares 31 December 2015 | 940 300 |

NOTE 10 ASSESSMENTS RELATING TO IMPAIRMENT

In line with adopted principles, the Group 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. As a result of the tests, goodwill and property, plant and equipment in Natural Food were written down by NOK 23 million to the recoverable amount. Natural Food, which is part of Orkla Food Ingredients, is located in Italy.

In the first quarter, it was announced that the restructuring processes in Orkla Foods entailing the relocation of production operations in Brumunddal and Larvik to Elverum and operations in Svinninge, Denmark to Skælskør, Denmark, resulted in deficit values related to machinery and buildings. A write-down totalling NOK 51 million was made in connection with these processes (see Note 3).

In the second quarter, adjustments totalling just under NOK 100 million, whereof NOK 75 million have been charged against profit/loss from associates, were made in the value of some real estate investments related to both the Group's own properties and properties in associates.

No other deficit values related to property, plant and equipment or intangible assets have been identified in the Group.

NOTE 11 DISCONTINUED OPERATIONS

There were no new "Discontinued operations" in the Group as at 31 December 2015. The comparative figures for 2014 include figures for Granges and Orkla Brands Russia. Granges was listed on the Stockholm stock exchange on 10 October 2014. The business in Russia was sold with effect on 31 December 2014.

In November 2015, Orkla sold a property in the centre of St. Petersburg, Russia. The property was spun off from Orkla Brands Russia prior to the sale of the latter. The property was presented on a separate line in the statement of financial position as "Asset held for sale" as from the fourth quarter of 2014. The gain was reported as discontinued operations. In addition, a provision has been made for potential guarantee obligations in connection with the completion of and settlement for the sale of Orkla Brands Russia in 2015. Costs were incurred in connection with the settlement.

Income statement for discontinued operations:

| Amounts in NOK million | 1.1.-31.12. | |
|---|-------------|---------|
| | 2015 | 2014 |
| Operating revenues | - | 3 767 |
| Operating expenses | - | (3 430) |
| Depreciation/write-downs of property, plant and equipment | - | (171) |
| Other income and expenses | - | (38) |
| Operating profit | - | 128 |
| Profit/loss from associates | - | 1 |
| Financial items, net | - | (50) |
| Profit/loss before taxes | - | 79 |
| Taxes | - | (69) |
| Profit/loss for the period after taxes | - | 10 |
| Net residual settlement related to exit Russia | (17) | 0 |
| Gain/loss on sale | - | (366) |
| M&A costs | - | (129) |
| Profit/loss for discontinued operations | (17) | (485) |

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 |
| 31 December 2015: | | | | |
| Assets | | | | |
| Investments | 876 | 405 | 131 | 1 412 |
| Derivatives | - | 448 | - | 448 |
| Liabilities | | | | |
| Derivatives | - | 649 | - | 649 |
| 31 December 2014: | | | | |
| Assets | | | | |
| Investments | - | 601 | 175 | 776 |
| Derivatives | - | 602 | - | 602 |
| Liabilities | | | | |
| Derivatives | - | 630 | - | 630 |

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

NOTE 13 OTHER MATTERS

Sapa Profiles Inc. Portland (SPI), a subsidiary of Sapa AS (owned 50 percent by Orkla) is under investigation by the United States Department of Justice (DOJ) Civil and Criminal Divisions regarding aluminum extrusions that SPI manufactured from 1996 to 2015 and delivered to a supplier to NASA. SPI is cooperating fully in these investigations. In response to these pending investigations, Sapa has performed audits of its quality assurance processes at all relevant extrusion operations in North America, and is in the process of finalising audits of its extrusion operations in Europe. Quality issues identified in these audits have been, or are in the process of being, addressed with the affected customers and remediation actions are being undertaken. The investigations are currently ongoing, and, at this point, the outcome of the DOJ investigations and of the identified quality issues, including financial consequences on Sapa, is uncertain. Based on the information known to Orkla at this stage, Orkla does not expect any resulting liabilities to have a material adverse effect on its consolidated results of operations, liquidity or financial position.

Orkla has entered into an agreement to acquire Hamé, a leading branded consumer goods company within food in the Czech Republic and Slovakia. By joining forces with Hamé, Orkla will double its turnover in Central Europe. In the Czech Republic and Slovakia, Hamé holds leading positions in the categories pâtés, ready meals, ketchup, preserved vegetables, jams and baby food. Its brands include Hamé, Májka, Znojmia, and Otma. Hamé also has strong positions in pâtés in Hungary, Romania and Russia. Hamé has approx. 2,400 employees and ten production sites. The company's headquarters is located in Kunovice in the south-eastern part of the Czech Republic. Hamé achieved gross sales in 2014 of CZK 4.9 billion (approx. NOK 1.7 billion) and a net profit of CZK 234 million (approx. NOK 83 million). 70% of sales is generated from the Czech Republic and Slovakia. The seller is Decapterus S.à.r.l., a Luxembourg based private equity holding company. The parties have agreed on a purchase price of EUR 175 million (on a debt-free basis). The agreement is subject to the approval of the relevant competition authorities.

In January 2016, Orkla Foods Danmark entered into an agreement with Kavli Holding AS to purchase 100% of the shares in O. Kavli A/S (O. Kavli). The company is a major supplier to the grocery trade in Denmark, with well-known brands such as FUN, Grønnegården, Kavli, Scoop and Blomberg's Gløgg. Orkla already owns the FUN brand in the other Nordic countries, and through this agreement will acquire full ownership of FUN in the Nordic region. O. Kavli had a turnover of DKK 170 million in 2014. The company has 70 employees. Completion of the agreement is subject to the Danish competition authorities' approval of the transaction, which is expected to be completed at the end of February 2016.

In April Orkla Foods Sverige won an arbitration case concerning the Felix brand. In a number of countries outside the Nordic region, cat food from Nestlé is sold under the Felix brand. After several disputes in various countries, Orkla and Nestlé signed a trademark coexistence agreement regulating use of the Felix brand. Among other things, the agreement entailed that Nestlé is not entitled to use the Felix brand in the Nordic region. In 2014 and 2015, Orkla expensed a net total of NOK 16 million in connection with this case.

There have been no other 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. 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. 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.–31.12. | | 1.10.–31.12. | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Operating profit | | 3 058 | 3 181 | 893 | 924 |
| Amortisation, depreciation and impairment charges | | 1 109 | 930 | 268 | 239 |
| Changes in net working capital, etc. | | 404 | (491) | 687 | 427 |
| Cash flow from operations before net replacement expenditures | | 4 571 | 3 620 | 1 848 | 1 590 |
| Net replacement expenditures | | (930) | (838) | (271) | (251) |
| Cash flow from operations* | | 3 641 | 2 782 | 1 577 | 1 339 |
| Cash flow from operations, Financial Investments | | 94 | (59) | (33) | (104) |
| Financial items, net paid | | (285) | (326) | (88) | (96) |
| Taxes paid | | (727) | (492) | (59) | (138) |
| Received dividends | | 282 | 271 | 0 | 4 |
| Other payments and discontinued operations | | 158 | 302 | 3 | (120) |
| Cash flow before capital transactions | | 3 163 | 2 478 | 1 400 | 885 |
| Paid dividends | | (2 563) | (2 565) | (9) | (20) |
| Net sale/purchase of Orkla shares | | (31) | 105 | 81 | (95) |
| Cash flow before expansion | | 569 | 18 | 1 472 | 770 |
| Expansion investments | | (388) | (102) | (152) | (37) |
| Sale of companies (enterprise value) | 5, 11 | 1 133 | 2 883 | 52 | 2 334 |
| Purchase of companies (enterprise value) | 5 | (3 173) | (87) | (140) | (37) |
| Net purchase/sale shares and financial assets | | 298 | 350 | 73 | 146 |
| Net cash flow | | (1 561) | 3 062 | 1 305 | 3 176 |
| Currency effects of net interest-bearing liabilities | | (583) | (227) | (182) | (508) |
| Change in net interest-bearing liabilities | | 2 144 | (2 835) | (1 123) | (2 668) |
| Net interest-bearing liabilities | 6 | 7 805 | 5 661 | | |

*Excluding Financial Investments