Third quarter

2014

Orkla

CONTENTS

THE THIRD QUARTER IN BRIEF

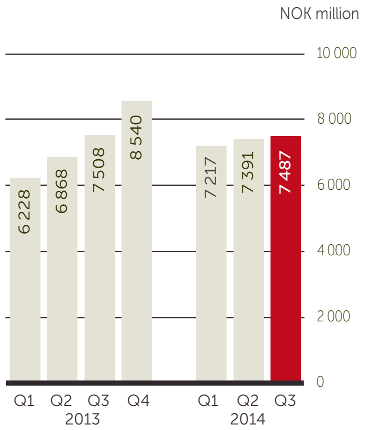
- Orkla's profit before tax increased by NOK 240 million in the third quarter
- EBITA[1] in Branded Consumer Goods improved by 4%, explained by both underlying[3] turnover growth and a higher EBITA[1] margin
- A strong quarter for Orkla Confectionery & Snacks with underlying[3] turnover and margin growth
- Decline in EBITA[1] for Orkla Foods, mainly due to continued weak turnover development
- Orkla took further steps towards becoming a focused branded consumer goods company with the stock exchange listing of Gränges and the acquisition of the branded consumer goods company NP Foods Group in Latvia
- Earnings per share rose from NOK 0.36 to NOK 1.69 in the first three quarters of the year

KEY FIGURES FOR THE ORKLA GROUP

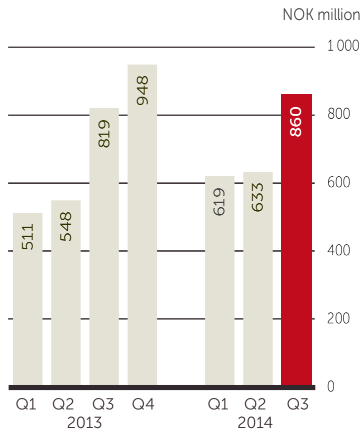
Historical income statement figures have been restated due to the presentation of Gränges as a separate item under "Discontinued operations" (see Note 1).

		1.1.–30.9.		1.1.–31.12.	1.7–30.9.	
Amounts in NOK million	Note	2014	2013	2013	2014	2013
Operating revenues	2	22 095	20 604	29 144	7 487	7 508
EBITA[1]	2	2 112	1 878	2 826	860	819
Profit/loss before taxes		2 232	1 919	2 281	871	631
Gains/profit/loss discontinued operations		37	(1 092)	(953)	(119)	(12)
Earnings per share, diluted (NOK)		1.69	0.36	0.68	0.51	0.43
Cash flow from operations for industrial activities	13	1 347	1 201	2 775	553	541
Net interest-bearing liabilities	6	8 329	9 902	8 496		
Equity ratio (%)		58.5	57.0	59.1		
Net gearing[4]		0.28	0.33	0.28		

Operating revenues



EBITA[1]



Operating revenues

7,487

Group operating revenues for the third quarter of 2014 totalled NOK 7,487 million

EBITA[1]

860

Group EBITA[1] for the third quarter of 2014 totalled NOK 860 million

[1]Operating profit before amortisation and other income and expenses
[2]Figures in parentheses are for the corresponding period of the previous year
[3]Excluding acquired and sold companies, currency translation effects and other considerable structural changes
[4]Net interest-bearing liabilities/Equity

IMPROVED OPERATIONS IN BRANDED CONSUMER GOODS

Branded Consumer Goods achieved 0.4% underlying[3] growth in turnover in the third quarter, driven by Orkla Confectionery & Snacks, Orkla Food Ingredients and Orkla Home & Personal. Orkla Foods continued to face challenges with regard to sales volumes in Norway and Denmark, while the situation in Russia remained difficult for Orkla International.

Orkla's categories have grown overall in the Norwegian and Swedish grocery markets in the last 12 months, whereas they declined slightly in Denmark. Orkla's market share performance has varied in the Nordics, but in sum the market shares weakened somewhat in the third quarter.

Overall, global raw material prices have shown a slight decline, but negative currency effects led to higher purchasing costs for Branded Consumer Goods in the third quarter. This particularly affected the Norwegian and Swedish companies due to the weaker NOK and SEK.

Branded Consumer Goods' EBITA[1] margin rose 0.3 percentage points in the third quarter. After a weak start to the year, implemented measures have had a positive impact on Orkla Confectionery & Snacks' performance, and the business area reported margin growth of 1.8 percentage points in the third quarter. Growth was driven by underlying[3] improvement and a few more selling days in Norway. The latter will have the opposite effect in the fourth quarter. Orkla Food Ingredients also continued to achieve growth. Orkla Foods saw a decline in EBITA[1] margin, largely ascribable to lower operating revenues and some negative currency effects.

The Group has implemented a number of restructuring projects and synergy gains are being realised as planned. In the third quarter, work began on an extensive restructuring process at Orkla Foods' factory in Arna, Norway. The previously announced restructuring of Orkla Foods Norge's external sales force was largely completed in the third quarter.

A FOCUSED BRANDED CONSUMER GOODS COMPANY

In the third quarter, Orkla took further steps towards becoming a focused branded consumer goods company. On 10 October, Orkla listed Gränges AB on NASDAQ Stockholm with a market value of SEK 3.2 billion. Orkla is selling between 60% and 69% of the company in connection with the stock exchange listing. As a result, Gränges will no longer be consolidated as a wholly-owned subsidiary, but will be presented as "Discontinued operations" in the income statement. Orkla's remaining shareholding of between 31% and 40% will be reported as an investment in an associate. For further information, reference is made to Note 1 in this report.

In the third quarter, Orkla entered into an agreement with Nordic Partners Food Limited to purchase NP Foods Group, which comprises the leading Latvian chocolate brand, Laima.

The agreement on the sale of Rieber Foods Polska S.A. (Delecta) was approved by the Polish competition authorities, and the sale was completed on 8 August pursuant to the terms of the agreement.

FINANCIAL MATTERS

Group operating revenues totalled NOK 7,487 million (NOK 7,508 million)[2] in the third quarter. EBITA[1] amounted to NOK 860 million (NOK 819 million)[2], a year-over-year increase of 5%. Branded Consumer Goods reported a 4% rise in EBITA[1]. This was largely driven by the greater number of selling days, particularly in Orkla Confectionery & Snacks, but also by underlying[3] growth in turnover. In addition, currency translation effects contributed NOK 13 million to EBITA[1] for Branded Consumer Goods in the quarter.

The Group's other income and expenses totalled NOK -47 million (NOK -193 million)[2] in the third quarter. These were primarily related to the immediate recognition of integration and M&A costs.

Profit from associates and joint ventures amounted to NOK 126 million (NOK 76 million)[2]. Sapa JV contributed NOK 54 million (NOK -35 million)[2].

The operating result from "Discontinued operations" was NOK -119 million (NOK -12 million)[2] in the third quarter, and was related to Gränges. The contribution to profit was substantially affected by a write-down resulting from the fact that the market value of Gränges was somewhat lower than the carrying value.

Net sales of shares and financial assets totalled NOK 80 million (NOK 168 million)[2] in the quarter. In the same period, the Group saw a net accounting gain on shares and financial assets of NOK 28 million (NOK 56 million)[2]. At quarter end, the market value of shares and financial assets was NOK 826 million, and unrealised gains totalled NOK 253 million.

Net financial costs in the third quarter amounted to NOK -91 million (NOK -125 million)[2]. The average borrowing rate was 3.0% in the quarter and the Group's average net interest-bearing liabilities totalled NOK 8.8 billion.

Group profit before tax amounted to NOK 871 million (NOK 631 million)[2] and taxes totalled NOK 207 million (NOK 168 million)[2] in the third quarter. Orkla's diluted earnings per share were NOK 0.51 (NOK 0.43)[2].

THE BUSINESS AREAS

BRANDED CONSUMER GOODS

Amounts in NOK million	1.1.–30.9. 2014	1.1.–30.9. 2013	1.1.–31.12. 2013	1.7.–30.9. 2014	1.7.–30.9. 2013
Operating revenues	21 345	19 578	27 731	7 200	7 115
EBITA[1]	2 262	2 031	2 982	903	868
EBITA margin (%)	10.6	10.4	10.8	12.5	12.2
Cash flow from operations before net replacement expenditures	2 096	1 660	3 356	779	776
Net replacement expenditures	(555)	(513)	(754)	(176)	(184)
Cash flow from operations	1 541	1 147	2 602	603	592
Expansion investments	(68)	(67)	(99)	(31)	(24)

Orkla Foods

Amounts in NOK million	1.1.–30.9. 2014	1.1.–30.9. 2013	1.1.–31.12. 2013	1.7.–30.9. 2014	1.7.–30.9. 2013
Operating revenues	7 707	6 903	9 797	2 526	2 597
EBITA[1]	971	853	1 275	343	364
EBITA margin (%)	12.6	12.4	13.0	13.6	14.0
Cash flow from operations before net replacement expenditures	1 081	789	1 409	424	450
Net replacement expenditures	(283)	(202)	(341)	(104)	(79)
Cash flow from operations	798	587	1 068	320	371
Expansion investments	(25)	(21)	(27)	(7)	(10)

- Still weak sales development in Norway and Denmark
- Sales growth in Sweden and Finland, and continued improvement in the Baltics
- Realisation of synergies from Rieber & Søn on track, but somewhat offset by high costs in the quarter

Orkla Foods posted third-quarter operating revenues of NOK 2,526 million (NOK 2,597 million)[2], equivalent to an underlying[3] decline of 3.4%. In Norway and Denmark, the weak performance was primarily related to volume, partly due to lower sales from new launches and fewer sales campaigns than in the corresponding period of 2013. In Sweden, Finland and the Baltics there was sales and volume growth.

EBITA[1] amounted to NOK 343 million (NOK 364 million)[2] for Orkla Foods. The fall in EBITA[1] was driven by lower operating revenues, coupled with high costs related to negative currency effects and restructuring of the external sales force and certain production plants.

Cost synergies from the integration of Rieber & Søn continue to make a positive contribution. Moreover, Orkla Foods maintains continuous focus on cost improvement programmes. In the quarter, the external sales forces in Norway were merged, and work began on a comprehensive restructuring process at the factory in Arna. Synergies were realised as planned and will continue to generate positive effects ahead.

Several new products and concepts were launched in the third quarter, including a premium Toro soup concept and Grandiosa Pizzarull in Norway. In Sweden, the launch of Abbas Fisksoppa and Paulùns Superlunch has generated good results so far. Overall market shares weakened slightly in the quarter.

In the third quarter, Orkla concluded an agreement with PepsiCo Nordic AS on the distribution and sale of Tropicana juice in Sweden and Denmark. Tropicana is a leading manufacturer of juice and offers a wide range of products on the Nordic market. Orkla Foods Sverige and Orkla Foods Danmark will be responsible for sales and distribution. The agreement will enter into force on 1 January 2015.

In early July, Orkla Foods Sverige bought the Krögarklass brand from Lantmännen. Krögarklass produces a range of forcemeat products designed especially for the out-of-home market, and has an annual turnover of around SEK 35 million. The formal take-over took place on 1 October and production was moved to Orkla Foods Sverige's production facility in Eslöv as planned. The acquisition will bolster Orkla Foods Sverige's position in ready meals and forcemeat products.

Orkla Confectionery & Snacks

Amounts in NOK million	1.1.–30.9. 2014	1.1.–30.9. 2013	1.1.–31.12. 2013	1.7.–30.9. 2014	1.7.–30.9. 2013
Operating revenues	3 454	3 348	4 784	1 202	1 147
EBITA[1]	440	448	682	215	185
EBITA margin (%)	12.7	13.4	14.3	17.9	16.1
Cash flow from operations before net replacement expenditures	390	398	796	123	144
Net replacement expenditures	(105)	(159)	(184)	(33)	(51)
Cash flow from operations	285	239	612	90	93
Expansion investments	(17)	-	-	(17)	-

- Improvement in sales and profit driven by strong performance in Norway and the Baltics
- Situation still difficult in Sweden
- Acquisition of NP Foods Group will strengthen position in the Baltics

Orkla Confectionery & Snacks reported third-quarter operating revenues of NOK 1,202 million (NOK 1,147 million)[2], equivalent to underlying[3] growth of 2.6%. EBITA[1] amounted to NOK 215 million (NOK 185 million)[2].

The improvement in sales and profit was primarily ascribable to broad-based sales growth in Norway in the main categories confectionery, biscuits and snacks. Large-scale restructuring processes, including changing and downsizing the external sales force, also contributed to profit growth in Norway. Profit was boosted by the greater number of selling days, a factor that will have the opposite effect in the fourth quarter. Profit improvement in Denmark was related to increased sales on the domestic market. There was also good growth in the Baltics in the third quarter.

The continued decline in sales and profit in Sweden was due to the difficult competitive environment. In the third quarter, moreover, comprehensive change processes were carried out in management and factories. There were also challenges related to deliveries from the biscuits factory in Sweden.

In Norway, market shares in the last two quarters were on a par, overall, with levels in 2013. Market shares weakened slightly in Sweden and Denmark.

In August, Orkla entered into an agreement with Nordic Partners Food Limited in Latvia to purchase NP Foods Group, the leading chocolate manufacturer in Latvia with the Laima brand. The company also offers products in the biscuits, cakes, juice, water and ready meals categories. The company has five factories, 1,100 employees and an annual turnover of EUR 77 million. This acquisition will strengthen Orkla's overall position in the Baltics. The completion of the agreement is contingent on the outcome of assessments currently being carried out by the competition authorities in the Baltic countries. The takeover is expected to take place in the first quarter of 2015.

Orkla Home & Personal

	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
Amounts in NOK million	2014	2013	2013	2014	2013
Operating revenues	3 710	3 500	4 770	1 254	1 192
EBITA[1]	663	629	823	257	250
EBITA margin (%)	17.9	18.0	17.3	20.5	21.0
Cash flow from operations before net replacement expenditures	391	417	869	109	154
Net replacement expenditures	(50)	(52)	(69)	(14)	(19)
Cash flow from operations	341	365	800	95	135
Expansion investments	-	-	-	-	-

- Sales and profit growth partly driven by timing of campaigns
- Positive market share development
- Somewhat difficult market situation for Orkla Health

Orkla Home & Personal posted third-quarter operating revenues of NOK 1,254 million (NOK 1,192 million)[2]. Underlying[3], this was equivalent to growth of 3.5% driven by the improved performance of four out of five companies. Third-quarter EBITA[1] amounted to NOK 257 million (NOK 250 million)[2].

Lilleborg achieved improvement in both sales and margin in the third quarter, boosted by contributions from both its Norwegian and international operations. Operating revenues and EBITA[1] in Pierre Robert Group increased as a result of innovations and campaigns in Norway. Orkla Health saw a decline in sales and margin due to slightly more demanding markets, as well as to the weak performance of the Finnish operations and the loss of a distribution contract in Poland.

Growth so far this year has been positively affected by the fact that Lilleborg, Lilleborg Profesjonell and Pierre Robert Group had a few more selling days in the first quarter of 2014 than in the same period of 2013. This selling day effect will have the opposite impact in the fourth quarter of 2014. Moreover, some of the companies had more campaign activities in the third quarter of this year than last year, and this too will have the opposite effect on sales in the fourth quarter.

As was the case earlier this year, several of the companies experienced higher purchasing costs due to the weaker Norwegian krone. All in all, market share performance was positive in the last three months.

In October, Orkla announced that Axellus is changing name to Orkla Health in order to more clearly reflect the company's identity and affiliation.

Orkla International

	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
Amounts in NOK million	2014	2013	2013	2014	2013
Operating revenues	2 007	1 728	2 644	661	738
EBITA[1]	(47)	(90)	(86)	(5)	(8)
EBITA margin (%)	(2.3)	(5.2)	(3.3)	(0.8)	(1.1)
Cash flow from operations before net replacement expenditures	57	(96)	(97)	31	(36)
Net replacement expenditures	(49)	(36)	(63)	(11)	(14)
Cash flow from operations	8	(132)	(160)	20	(50)
Expansion investments	(7)	(35)	(61)	(2)	(11)

- Positive performance in Orkla International and continued strong growth in India
- Sales performance in Russia remains weak

Orkla International reported third-quarter operating revenues of NOK 661 million (NOK 738 million)[2], equivalent to an underlying[3] decline of 3.4%. EBITA[1] was NOK -5 million (NOK -8 million)[2].

Despite weak growth in turnover, EBITA[1] for Orkla Brands Russia was slightly higher than in 2013, due to restructuring programmes and cost improvements. Profit was affected to some extent by higher raw material costs, exacerbated by a negative currency effect as a result of the sanctions against Russia.

MTR Foods achieved underlying[3] revenue growth of 19% with strong volume growth in spice mixes and breakfast and sweet mixes. EBITA[1] was slightly lower, year over year, due to higher marketing costs.

Orkla Food Ingredients

	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
Amounts in NOK million	2014	2013	2013	2014	2013
Operating revenues	4 713	4 272	5 998	1 638	1 524
EBITA[1]	235	191	288	93	77
EBITA margin (%)	5.0	4.5	4.8	5.7	5.1
Cash flow from operations before net replacement expenditures	177	154	379	91	67
Net replacement expenditures	(67)	(64)	(97)	(13)	(21)
Cash flow from operations	110	90	282	78	46
Expansion investments	(19)	(10)	(11)	(4)	(2)

- Sales and profit growth in the quarter
- Broad-based improvement due to good competitiveness and stable and, to some extent, lower prices for key raw materials and goods for resale

Orkla Food Ingredients posted third-quarter operating revenues of NOK 1,638 million (NOK 1,524 million)[2], an underlying[3] improvement of 4.0%. Third-quarter EBITA[1] amounted to NOK 93 million (NOK 77 million)[2]. The improvement was broad-based and driven by lower purchasing prices, higher volumes and a better product mix.

The Scandinavian sales and distribution companies increased their underlying[3] operating revenues by 7.9%, and strengthened their market position. In the second quarter, Credin Bageripartner signed a sales and distribution agreement with Guldbageren, one of the largest bakery chains in Denmark. The agreement had a favourable impact on third-quarter results, and will continue to make a positive contribution in the coming quarters.

Sales and profit performance for the margarine category improved significantly, driven by improved volume and contribution margin, in particular from blended products. The bread and cake mix and improver category delivered a positive EBITA[1] performance. This improvement was ascribable to increased product profitability in Poland, Portugal and the Netherlands.

ORKLA INVESTMENTS

Sapa (JV)

Demand for extruded aluminium products in North America rose by 7%, year over year, primarily driven by growth in the automotive and building and construction industries. Demand in Europe increased by 1%. Strong growth in the automotive industry was counteracted to some extent by the continued weaker building market in southern Europe. Global demand for precision tubing continued to be driven by increased demand from the automotive sector.

Underlying EBIT for Sapa increased in the third quarter. This growth was driven by increased margins in most areas and by a strong North American market. The announced restructuring programmes are proceeding as planned. Sapa's contribution to Orkla's third-quarter profit amounted to NOK 54 million (NOK-35 million)[2].

Jotun (42.5% ownership interest)

Jotun achieved satisfactory third-quarter profit, with growth in turnover for all segments. Sales of decorative paints in Scandinavia have increased. Sales of marine coatings also rose due to higher maintenance activity and a gradual improvement in the newbuildings market. Operating profit was slightly lower than last year, mostly due to higher costs related primarily to activities in growth markets. Jotun is continuing to invest in increased production capacity, in line with the company's growth strategy.

Orkla Financial Investments

Third-quarter profit before tax for Orkla Eiendom amounted to NOK -1 million (NOK -7 million)[2]. Activities in the quarter were mainly concentrated on the development and sale of the existing real estate portfolio. In the third quarter, Orkla Eiendom purchased the property Sofienlund in Oslo.

Hydro Power

Hydro Power delivered profit growth in the third quarter, with EBITA[1] of NOK 46 million (NOK 42 million)[2]. This growth was mainly ascribable to higher volume produced and lower maintenance costs. The rise in profit was somewhat offset by lower power prices. The area price in Sauda in the third quarter was 24.7 øre/kWh, compared to 26.7 øre/kWh in the third quarter of 2013. At quarter end, water levels in reservoirs were slightly lower than normal. In Sauda, the reservoir level was 83%, compared with the normal level of 88%.

CASH FLOW AND FINANCIAL SITUATION

The comments below are based on the cash flow statement as presented in Orkla's internal format. Reference is made to Note 13 in this report. Gränges is reported in its entirety on the line for «Discontinued operations and other payments» in 2014.

Cash flow from operations related to industrial activities amounted to NOK 1,347 million (NOK 1,201 million)[2] as of 30 September 2014. The year-over-year increase is largely ascribable to higher operating profit. There has been an increase in working capital so far in 2014, related partly to the one-off contractual termination fee from the Unilever agreement and partly to seasonal build-up. Adjusted for the termination fee, which will not be paid out until 2015, Branded Consumer Goods has had a lower seasonal build-up of working capital than in the third quarter of

2013. A reduction in working capital is expected towards the end of the year. Net replacement investments totalled NOK 606 million (NOK 566 million)[2]. The year-over-year increase was primarily related to a higher level of investment in Orkla Foods due to the acquisition of Rieber.

The line for «Discontinued operations and other payments» includes cash flow from Gränges, which was positively impacted by the receipt of the insurance settlement for the fire in Finspång in 2010. It also includes a positive cash flow effect of NOK 124 million arising from the conversion to equity of shareholder loans from minority owner in the energy area.

As of 30 September, treasury shares totalling NOK 200 million had been sold to fulfil remaining obligations under the option programme.

Expansion investments for the Group totalled NOK -68 million (NOK -115 million)[2] as of 30 September. Sales of companies totalled NOK 549 million (NOK 1,688 million)[2] and consisted chiefly of the sale of Delecta in Orkla International and the reduction in FG Eiendom's portfolio. Acquired companies amounted to NOK -50 million (NOK -6,935 million)[2], and consisted primarily of the purchase of the property Sofienlund in Oslo, together with smaller acquisitions in Orkla Food Ingredients. As of 30 September, net sales of portfolio investments totalled NOK 204 million.

Net cash flow for the Group was NOK -114 million (NOK -4,307 million)[2] at quarter end. In the first nine months of 2014, the Group's interest-bearing liabilities had an average borrowing rate of 3.4% and were chiefly spread across the following currencies: SEK, EUR, NOK and DKK. A stronger Norwegian krone reduced the Group's net interest-bearing liabilities by NOK 281 million to NOK 8,329 million as of 30 September.

At the end of the third quarter, the equity ratio was 58.5% (57.0%)[2], while net gearing[4] was 0.28 (0.33)[2].

OTHER MATTERS

On 6 October, Coop Norge and ICA Gruppen announced their entry into an agreement regarding the sale of all of ICA's grocery operations in Norway to Coop.

OUTLOOK

Overall, global raw material prices have fallen slightly in the recent past, but on the whole continue to remain at a historically high level. The situation varies considerably from one commodity group to another and uncertainty as regards future raw material price trends is generally high.

Orkla holds good positions with strong brands on its domestic markets, and its financial position is robust, with cash reserves and credit lines that will cover known capital expenditures in 2014.

Oslo, 29 October 2014
The Board of Directors of Orkla ASA

Condensed income statement

Historical income statement figures have been restated due to the presentation of Gränges as a separate item under "Discontinued operations" (see Note 1).

Amounts in NOK million	Note	1.1.–30.9. 2014	1.1.–30.9. 2013	1.1.–31.12. 2013	1.7.–30.9. 2014	1.7.–30.9. 2013
Operating revenues	2	22 095	20 604	29 144	7 487	7 508
Operating expenses		(19 249)	(18 023)	(25 381)	(6 384)	(6 434)
Depreciation and write-downs property, plant and equipment		(734)	(703)	(937)	(243)	(255)
Amortisation intangible assets		(15)	(14)	(21)	(6)	(4)
Other income and expenses	3	(7)	(780)	(929)	(47)	(193)
Operating profit		2 090	1 084	1 876	807	622
Profit/loss from associates and joint ventures		373	299	(3)	126	76
Dividends received		37	242	250	1	2
Gains, losses and write-downs shares and financial assets		40	629	623	28	56
Financial items, net		(308)	(335)	(465)	(91)	(125)
Profit/loss before taxes		2 232	1 919	2 281	871	631
Taxes		(505)	(417)	(581)	(207)	(168)
Profit/loss for the period for continuing operations		1 727	1 502	1 700	664	463
Gains/profit/loss discontinued operations	10	37	(1 092)	(953)	(119)	(12)
Profit/loss for the period		1 764	410	747	545	451
Profit/loss attributable to non-controlling interests		44	40	57	28	16
Profit/loss attributable to owners of the parent		1 720	370	690	517	435

Earnings per share

Amounts in NOK	1.1.–30.9. 2014	1.1.–30.9. 2013	1.1.–31.12. 2013	1.7.–30.9. 2014	1.7.–30.9. 2013
Earnings per share	1.69	0.36	0.68	0.51	0.43
Earnings per share (diluted)	1.69	0.36	0.68	0.51	0.43
Earnings per share for continuing operations (diluted)	1.65	1.44	1.62	0.62	0.44

Condensed comprehensive income statement

Amounts in NOK million	Note	1.1.–30.9. 2014	1.1.–30.9. 2013	1.1.–31.12. 2013	1.7.–30.9. 2014	1.7.–30.9. 2013
Profit/loss for the period		1 764	410	747	545	451
Items not to be reclassified to profit/loss in subsequent periods						
Change in actuarial gains and losses pensions after tax		-	-	37	-	-
Items to be reclassified to profit/loss in subsequent periods						
Change in unrealised gains on shares after tax	4	(49)	(176)	(79)	(44)	49
Change in hedging reserve after tax	4	(156)	92	46	(34)	111
Translation effects		(254)	1 534	2 096	(283)	766
The Group's comprehensive income		1 305	1 860	2 847	184	1 377
Comprehensive income attributable to non-controlling interests		42	54	75		
Comprehensive income attributable to owners of the parent		1 263	1 806	2 772		

Condensed statement of financial position

Amounts in NOK million	Note	30.9. 2014	31.12. 2013
Intangible assets		13 782	15 402
Property, plant and equipment		9 548	11 651
Investments in joint ventures and assosiated companies and other financial assets	6	11 333	11 042
Non-current assets		34 663	38 095
Assets in discontinued operations	10	4 337	-
Inventories		4 194	4 836
Receivables	6	5 378	6 328
Shares and financial assets		826	1 051
Cash and cash equivalents	6	1 653	1 805
Current assets		16 388	14 020
Total assets		51 051	52 115
Paid in equity		1 995	1 989
Earned equity		27 488	28 490
Non-controlling interests		366	301
Equity		29 849	30 780
Provisions and other non-current liabilities		3 379	3 369
Non-current interest-bearing liabilities	6	9 411	8 041
Current interest-bearing liabilities	6	990	2 837
Liabilities in discontinued operations	6, 10	1 641	-
Other current liabilities		5 781	7 088
Equity and liabilities		51 051	52 115
Equity ratio (%)		58.5	59.1

Condensed changes in equity

	1.1.–30.9.2014			1.1.–30.9.2013		
Amounts in NOK million	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	30 479	301	30 780	30 181	258	30 439
The Group's comprehensive income	1 263	42	1 305	1 806	54	1 860
Dividends	(2 540)	(5)	(2 545)	(2 528)	(43)	(2 571)
Net sale of Orkla shares	200	-	200	83	-	83
Option costs	5	-	5	18	-	18
Change in non-controlling interests	76	28	104	(86)	30	(56)
Equity at the close of the period	29 483	366	29 849	29 474	299	29 773

Condensed cash flow statement IFRS

Amounts in NOK million	Note	1.1.–30.9. 2014	1.1.–30.9. 2013	1.1.–31.12. 2013	1.7.–30.9. 2014	1.7.–30.9. 2013
Cash flow from operations before net replacement expenditure		1 926	1 761	3 690	742	738
Received dividends and financial items		21	153	30	49	21
Taxes paid		(355)	(472)	(766)	(81)	(92)
Cash flow from operating activities		1 592	1 442	2 954	710	667
Net investments fixed assets		(602)	(611)	(711)	(228)	(222)
Net sale (purchase) of companies	5, 10	154	(4 300)	(4 310)	176	1 641
Net sale portfolio investments		204	2 944	3 090	80	168
Discontinued operations and other payments		538	(347)	(371)	(77)	(153)
Cash flow from investing activities		294	(2 314)	(2 302)	(49)	1 434
Net paid to shareholders		(2 345)	(2 488)	(2 446)	67	6
Change in interest-bearing liabilities and interest-bearing receivables		462	(2 874)	(4 034)	(678)	(3 266)
Cash flow from financing activities		(1 883)	(5 362)	(6 480)	(611)	(3 260)
Currency effects cash and cash equivalents		(155)	375	437	(78)	127
Change in cash and cash equivalents		(152)	(5 859)	(5 391)	(28)	(1 032)
Cash and cash equivalents	6	1 653	1 337	1 805		

See also Note 13 for cash flow Orkla-format.

NOTES

Note 1 General information

Orkla ASA's condensed consolidated financial statements for the first three quarters of 2014 were approved at a meeting of the Board of Directors on 29 October 2014. 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.

Gränges has undergone an IPO process and the company was listed on the stock exchange on 10 October 2014. Gränges is therefore presented as "Discontinued operations". The comparative figures in the income statement have been restated, and in the statement of financial position as of 30 September, Gränges is presented on two lines as assets and liabilities in discontinued operations. The figures in the statement of financial position and cash flow statement for 2013 have not been restated. Gränges has not published its results for the third quarter of 2014. The profit from discontinued operations presented for Gränges in Orkla's third-quarter figures is therefore a combination of estimated third-quarter profit set at equal to Gränges' profit for the third quarter of 2013 and a write-down resulting from the fact that the opening value of Gränges was somewhat lower than its carrying value. Accumulated as of 30 September, the contribution from "Discontinued operations" is positive. The derecognition of Gränges will be measured as a 100% sale even though Orkla is only selling 60-69% of the company. As a contra entry, the remaining 31-40% will be reported as an investment in an associate and accounted for according to the equity method. This will be done as from the fourth quarter. The ownership interest will be valued on the basis of the market value on 10 October 2014.

The purchase price allocation carried out after the acquisition of Rieber & Søn was completed as of the end of the second quarter of 2014. Some minor adjustments were made in the valuation of the Rieber companies in eastern Europe in relation to the preliminary purchase price allocation.

Orkla Confectionery & Snacks have entered into an agreement with Nordic Partners Food Limited to purchase NP Foods Group. This acquisition will close to double the scope of Orkla's Baltic operations, making Orkla one of the largest suppliers of branded consumer goods to the Baltic grocery sector (see Note 12).

Note 2 Segments

Operating revenues

	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
Amounts in NOK million	2014	2013	2013	2014	2013
Orkla Group	22 095	20 604	29 144	7 487	7 508
Branded Consumer Goods	21 345	19 578	27 731	7 200	7 115
Orkla Foods	7 707	6 903	9 797	2 526	2 597
Orkla Confectionery & Snacks	3 454	3 348	4 784	1 202	1 147
Orka Home & Personal	3 710	3 500	4 770	1 254	1 192
Orkla International	2 007	1 728	2 644	661	738
Orkla Food Ingredients	4 713	4 272	5 998	1 638	1 524
Eliminations Branded Consumer Goods	(246)	(173)	(262)	(81)	(83)
Hydro Power	538	509	734	174	178
Orkla Financial Investments	187	475	630	105	191
HQ/Other Business/Eliminations	25	42	49	8	24

Operating profit - EBITA*

	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
Amounts in NOK million	2014	2013	2013	2014	2013
Orkla Group	2 112	1 878	2 826	860	819
Branded Consumer Goods	2 262	2 031	2 982	903	868
Orkla Foods	971	853	1 275	343	364
Orkla Confectionery & Snacks	440	448	682	215	185
Orkla Home & Personal	663	629	823	257	250
Orkla International	(47)	(90)	(86)	(5)	(8)
Orkla Food Ingredients	235	191	288	93	77
Hydro Power	143	116	213	46	42
Orkla Financial Investments	(16)	6	(3)	(5)	1
HQ/Other Business	(277)	(275)	(366)	(84)	(92)

Reconciliation against operating profit

EBITA*	2 112	1 878	2 826	860	819
Amortisation intangible assets	(15)	(14)	(21)	(6)	(4)
Other income and expenses	(7)	(780)	(929)	(47)	(193)
Operating profit	2 090	1 084	1 876	807	622

*Operating profit before amortisation and other income and expenses

Note 3 Other income and expenses

Amounts in NOK million	1.1.–30.9. 2014	1.1.–30.9. 2013	1.1.–31.12. 2013	1.7.–30.9. 2014	1.7.–30.9. 2013
One-off contractual termination fee related to the Unilever agreement	279	-	-	-	-
M&A and integration costs	(131)	(107)	(192)	(32)	(41)
Severance settlements of employment contracts	(129)	(101)	(147)	-	(57)
Expenses and write-downs fixed assets relocation Boyfood	(13)	-	-	-	-
Write-down intangible assets, provisions for litigation and restructuring in Orkla Brands Russia	(3)	(435)	(435)	(5)	-
Dispute regarding use of trademark	(10)	-	-	(10)	-
Restructuring Orkla Foods Sverige and Orkla Foods Danmark	-	(15)	(20)	-	(3)
Special IFRS effects	-	(46)	(46)	-	(16)
Outsourcing IT management Orkla Shared Services	-	(28)	(41)	-	(28)
Write-down trademark and goodwill in Orkla Foods Danmark (Pastella)	-	(48)	(48)	-	(48)
Total other income and expenses	(7)	(780)	(929)	(47)	(193)

The one-off contractual termination fee of NOK 279 million related to the Unilever agreement has been taken to income. The previous agreement with Unilever, which dated back to 1958 and was last revised in 2009, expired on 30 June 2014. A new agreement has been signed with effect from 1 July 2014, and will run for a period of five years. The agreement provides for a licence for research and development and for deliveries of finished products from Unilever. The parties have also agreed that Lilleborg's licence for the brands owned by Unilever in Norway is to terminate as of January 2016, after which Unilever itself will distribute the brands. This is expected to result in a reduction in annual turnover for Lilleborg of around NOK 100 million, which represents around 2% of Orkla Home & Personal's total turnover. As compensation for the termination of the licences, Orkla will receive a contractual one-off termination fee. This will be paid towards the end of the second quarter of 2015.

Costs related to the further integration and coordination of the Rieber operations, totalling NOK 72 million as of 30 September 2014, have been expensed. The costs are related to the closure of the Lierne plant, coordination of the external sales function and redesign of the TORO factory at Arna outside Bergen. Furthermore, production of herring was moved from Boyfood in Finland to Abba in Sweden, entailing one-off expenses in the form of equipment write-downs and the award of severance packages. Additional costs were incurred in connection with the integration and coordination of operations in Orkla Foods. In total, Orkla Foods has expensed NOK 121 million related to these matters under "Other income and expenses" as of 30 September 2014.

Costs totalling NOK 38 million as of 30 September 2014 have been incurred in connection with the further coordination and restructuring of operations in Confectionery & Snacks, including factory operations at Kungälv and Filipstad in Sweden. The costs concern both severance packages and consultancy fees.

Costs related to the operations in Russia and projects related to the other operations in Orkla International amounted to NOK 25 million as of 30 September 2014. The costs related to the sale of Delecta have been offset against the sale proceeds.

The remaining "Other income and expenses" consist of costs relating to M&A, integration, severance packages and an ongoing 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 of 30 September 2014 relating to changes in unrealised gains amounts to NOK 0 million (NOK 0 million)[2], and the tax effect relating to changes in the hedging reserve amounts to NOK 15 million (NOK 32 million)[2].

Unrealised gains/losses on shares and the hedging reserve included in equity as of 30 September 2014 (after tax) totalled NOK 253 million and NOK -386 million, respectively. Accumulated translation differences correspondingly amounted to NOK -390 million as of 30 September 2014.

Note 5 Acquisition and sale of companies

Orkla Food Ingredients acquired a small agency in Finland in the first quarter of 2014.

Orkla has acquired the Sofienlund property in Skøyen. The property has been purchased in connection with Orkla's plans for a new office building for its operations on the neighbouring property at Drammensveien 149/151.

The sale of Delecta was finalised in the third quarter. As a result of the value assessment in the acquisition analysis, there was no accounting gain on the sale. Goodwill from the acquisition was reduced by NOK 100 million as a result of the transaction.

See Note 12 for information on acquisition agreements.

Note 6 Net interest-bearing liabilities

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

Amounts in NOK million	30.9. 2014	31.12. 2013
Non-current interest-bearing liabilities	(9 411)	(8 041)
Current interest-bearing liabilities	(990)	(2 837)
Interest-bearing liabilities discontinued operations	(392)	-
Non-current interest-bearing receivables (in "Financial Assets")	641	540
Current interest-bearing receivables (in "Receivables")	170	37
Cash and cash equivalents	1 653	1 805
Net interest-bearing liabilities	(8 329)	(8 496)

Note 7 Related parties

The Canica system, controlled by Orkla Board Chair Stein Erik Hagen (largest shareholder, with 24.5% of issued shares), and Orkla both have equity interests in certain investments.

The process relating to the sale of a small part of the real estate portfolio to the management of FG Eiendom was completed in the second quarter, and resulted in a small gain that has been recognised in connection with this portfolio reduction. The agreement was carried out at arm's length.

There were no other special transactions between the Group and related parties in the first nine months of 2014.

The Group has inter-company balances with joint ventures and associates within Orkla's real estate investments totalling NOK 288 million.

Note 8 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 2014	15 157 000
Exercised during the period	(4 959 000)
Forfeited during the period	(2 535 000)
Outstanding options 30 September 2014	7 663 000

Change in number of treasury shares:	
Treasury shares 1 January 2014	4 972 106
Options exercised in treasury shares	(4 869 000)
Treasury shares 30 September 2014	103 106

Note 9 Assessments relating to impairment

In line with adopted principles, the Group has carried out impairment tests for all intangible assets with an indefinite useful life and for all goodwill prior to the preparation and presentation of financial statements for the third quarter. The testing has not resulted in any write-downs.

Note 10 Discontinued operations

As of 30 September 2014, the operations in Gränges were presented on a separate line as "Discontinued operations". The comparative figures in the income statement have been restated and Gränges has been presented as assets and liabilities in discontinued operations, respectively, in the statement of financial position (see Note 1).

Third-quarter profit for Gränges has not been made public and the profit presented is therefore based on figures as of 30 June 2014 and an estimate for the third quarter. The estimated profit has been set at equal to profit for the third quarter of 2013. Consequently, the various items in the income statement in the column for the third quarter of 2014 correspond to figures reported as of 30 June 2014, while profit for the third quarter (estimate) is presented on a separate line as "Estimated third-quarter profit after tax from Gränges". Thus no EBITA figures will be presented for Gränges in the table for the third quarter of 2014 alone.

In the comparative figures for 2013, the part of Sapa that was to be included in the future joint venture has been presented as "Discontinued operations" together with corresponding figures for Gränges.

Income statement for discontinued operations:

	1.1.–30.9.	
Amounts in NOK million	2014	2013
Operating revenues	2 157	19 663
Operating expenses	(1 832)	(18 589)
Depreciation/write-downs of property, plant and equipment	(90)	(601)
Amortisation intangible assets	-	(18)
Other income and expenses	(16)	(1 520)
Operating profit	219	(1 065)
Profit/loss from associates	1	(2)
Financial items, net	(12)	(56)
Profit/loss before taxes	208	(1 123)
Taxes	(52)	34
Profit/loss for the period after taxes	156	(1 089)
Estimated third-quarter profit after tax from Gränges*	38	-
Write-down "discontinued operations"	(157)	-
Gain on sale	-	34
M&A costs	-	(37)
Profit/loss for discontinued operations	37	(1 092)

*Estimated profit from Gränges for the third quarter of 2014 has been set at equal to profit for the third quarter of 2013

EBITA by segment		
Gränges	na	259
Sapa (part of future JV)	-	214
Total	-	473

Note 11 Financial instruments

Financial instruments recognised at fair value:

	Measurement level			
Amounts in NOK million	**Level 1**	**Level 2**	**Level 3**	**Total**
30 September 2014:				
Assets				
Shares and financial assets	-	-	867	867
Derivatives	-	587	-	587
Liabilities				
Derivatives	-	525	-	525
31 December 2013:				
Assets				
Shares and financial assets	83	-	1 018	1 101
Derivatives	-	453	-	453
Liabilities				
Derivatives	-	428	-	428

Change in measurement level 3

Amounts in NOK million	
Book value 31 December 2013	1 018
Gains, losses and write-downs shares and financial assets	9
Change in unrealised gains (comprehensive income)	(27)
Agio and eliminations	(7)
Net sale of shares and financial assets	(126)
Book value 30 September 2014	867

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

Note 12 Other matters

Orkla Confectionery & Snacks has entered into an agreement with Nordic Partners Food Limited to purchase NP Foods Group, which comprises the companies and brands Laima, Staburadze, Gutta, Margiris and Staburadzes Konditoreja. This acquisition will close to double the scope of Orkla's Baltic operations, making Orkla one of the biggest 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 will also strengthen its positions in the Baltics in the biscuits, cake, juice, water and ready meals segments, with such local brands as Selga, Staburadze, Gutta, Everest, Fresh walk and Pedro.

Based on 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.

Under the agreement entered into, Orkla is to purchase 100% of the shares in the companies that make up Nordic Partners Food Limited (AS Gutta, NP Foods SIA, AS Staburadze, AS Laima, UAB Margiris and SIA Detente). This holding company is owned by the Latvian investment company Nordic Partners and the Icelandic fund BIL ehf.

The transaction will be completed subject to the approval of the competition authorities in Latvia, Lithuania and Estonia. The parties have agreed not to disclose the purchase price at this time.

In early July, Orkla Foods Sverige bought the Krögarklass brand from Lantmännen. Krögarklass produces a range of premium forcemeat products designed especially for the out-of-home market. The formal take-over took place on 1 October 2014 and production was moved to Orkla Foods Sverige's production facility in Eslöv as planned. The acquisition will reinforce Orkla Foods Sverige's position in ready meals and forcemeat products.

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 13 Cash flow Orkla-format

The bottom-line item of the Orkla-format cash flow statement is the change in net interest-bearing liabilities, 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 finance 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 for industrial activities" and "Cash flow from operations for real estate and financial assets". 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.

		1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
Amounts in NOK million	Note	2014	2013	2013	2014	2013
Operating profit		2 138	1 292	2 307	813	698
Amortisation, depreciation and impairment charges		737	1 235	1 503	237	350
Changes in net working capital, etc.		(922)	(760)	(155)	(301)	(278)
Cash flow from operations before net replacement expenditures		1 953	1 767	3 655	749	770
Net replacement expenditures		(606)	(566)	(880)	(196)	(229)
Cash flow from operations for industrial activities		1 347	1 201	2 775	553	541
Cash flow from operations for real estate and financial assets		45	64	384	(8)	20
Financial items, net		(246)	(333)	(451)	(73)	(116)
Taxes paid		(355)	(472)	(766)	(81)	(92)
Received dividends		267	486	481	122	137
Discontinued operations and other payments		538	(347)	(371)	(77)	(153)
Cash flow before capital transactions		1 596	599	2 052	436	337
Paid dividends		(2 545)	(2 571)	(2 579)	(1)	(2)
Net sale/purchase of Orkla shares		200	83	133	68	8
Cash flow before expansion		(749)	(1 889)	(394)	503	343
Expansion investments		(68)	(115)	(180)	(31)	(45)
Sale of companies/shares of companies (enterprise value)	5, 10	549	1 688	1 713	185	1 641
Purchase of companies/shares of companies (enterprise value)	5	(50)	(6 935)	(6 986)	(36)	0
Net purchase/sale shares and financial assets		204	2 944	3 090	80	168
Net cash flow		(114)	(4 307)	(2 757)	701	2 107
Currency effects of net interest-bearing liabilities		281	(809)	(953)	220	(250)
Change in net interest-bearing liabilities		(167)	5 116	3 710	(921)	(1 857)
Net interest-bearing liabilities	6	8 329	9 902	8 496		