



First quarter results 2014

Peter A. Ruzicka, President & CEO

8 May, 2014



Agenda

1. Peter A. Ruzicka, President & CEO
Highlights and strategy
2. Terje Andersen, Group CFO & CEO Orkla Investments
Financial performance
3. Christer B. Åberg, CEO Orkla Confectionery & Snacks
Branded Consumer Goods
4. Terje Andersen, Group CFO & CEO Orkla Investments
Orkla Investments

Highlights Q1 2014

- Group EBITA improved by 23% to NOK 736 million
- 17% sales growth in Branded Consumer Goods
 - -1.2% adjusted organic growth
- EBITA in BCG improved by NOK 76 million compared to Q1'13
 - Structural growth and realisation of synergies in Orkla Foods
 - Improved performance by Orkla Home & Personal, Orkla Food Ingredients and Orkla International
 - Weak performance by Orkla Confectionery & Snacks
- EBITA margin for Gränges increased by 2.3 percentage points compared to Q1'13
 - IPO process initiated

Business areas

Orkla Foods	Orkla Confectionery & Snacks	Orkla Home & Personal	Orkla International	Orkla Food Ingredients	Orkla Investments
					<p>Gränges</p> <p>Hydro Power</p> <p>Financial Investments</p> <p>Real Estate</p> <p>Sapa JV (50%)</p> <p>Jotun (42.5%)</p>
<p>Operating revenues:</p> <p>9.797</p> <p>EBITA:</p> <p>1.275</p>	<p>Operating revenues:</p> <p>4.784</p> <p>EBITA:</p> <p>682</p>	<p>Operating revenues:</p> <p>4.770</p> <p>EBITA:</p> <p>823</p>	<p>Operating revenues:</p> <p>2.644</p> <p>EBITA:</p> <p>-86</p>	<p>Operating revenues:</p> <p>5.998</p> <p>EBITA:</p> <p>288</p>	
Corporate Centre and Group Functions					

No change in strategy but focus on improving operation

Strategy

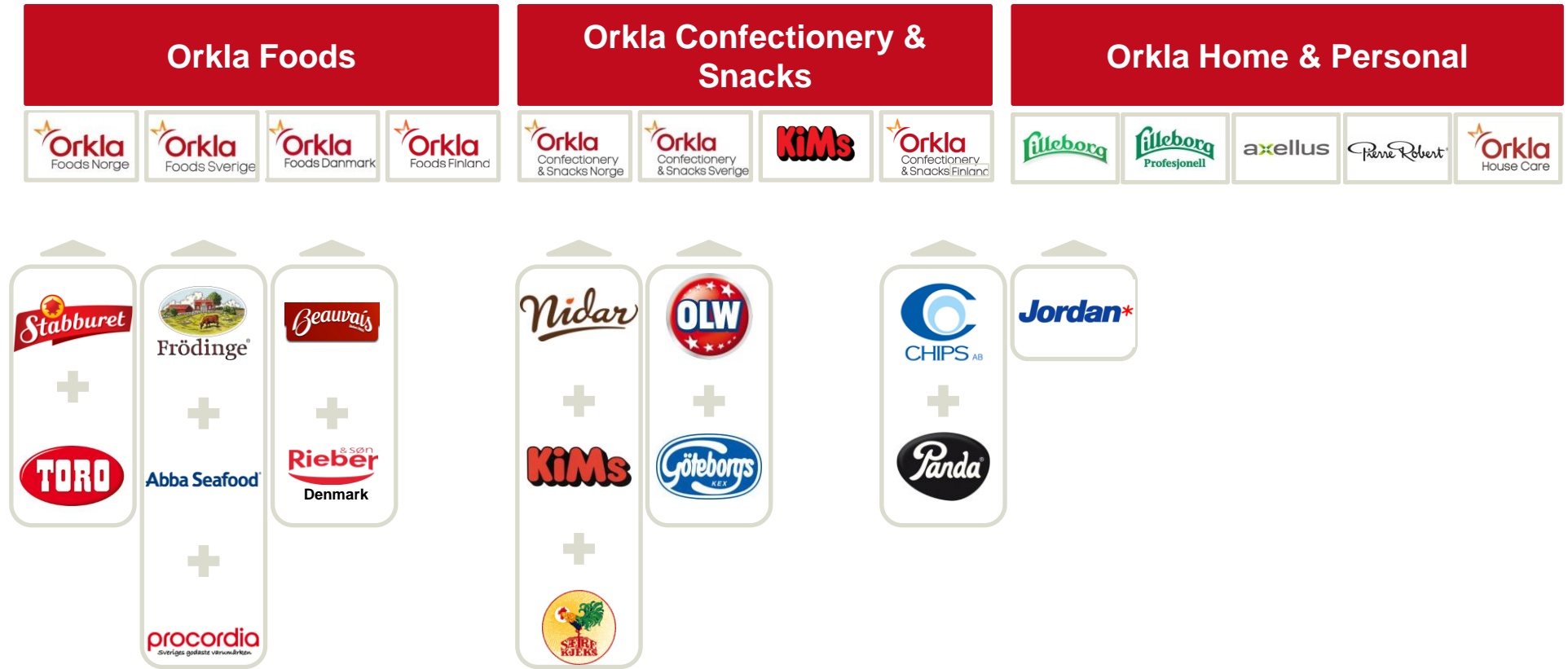
- Future growth and value creation from a focused Nordic based BCG company
- Focus on organic growth as the key long-term value driver
- Going from a very decentralized model to a more optimized model
- Leveraging on our substantial local size, skills and insights

Operational focus

- Deliver on initiated and ongoing structural processes
- Focus on activities that drive organic growth and improve margins
 - Strong innovation programmes
 - More cross-market initiatives
 - Increasing sales force effectiveness
 - Building relations with our customers
- Optimizing production structure

Operational focus:

Deliver on initiated and ongoing structural processes



Operational focus: Stronger innovations from the restructured units

Brands across Confectionery & Snacks

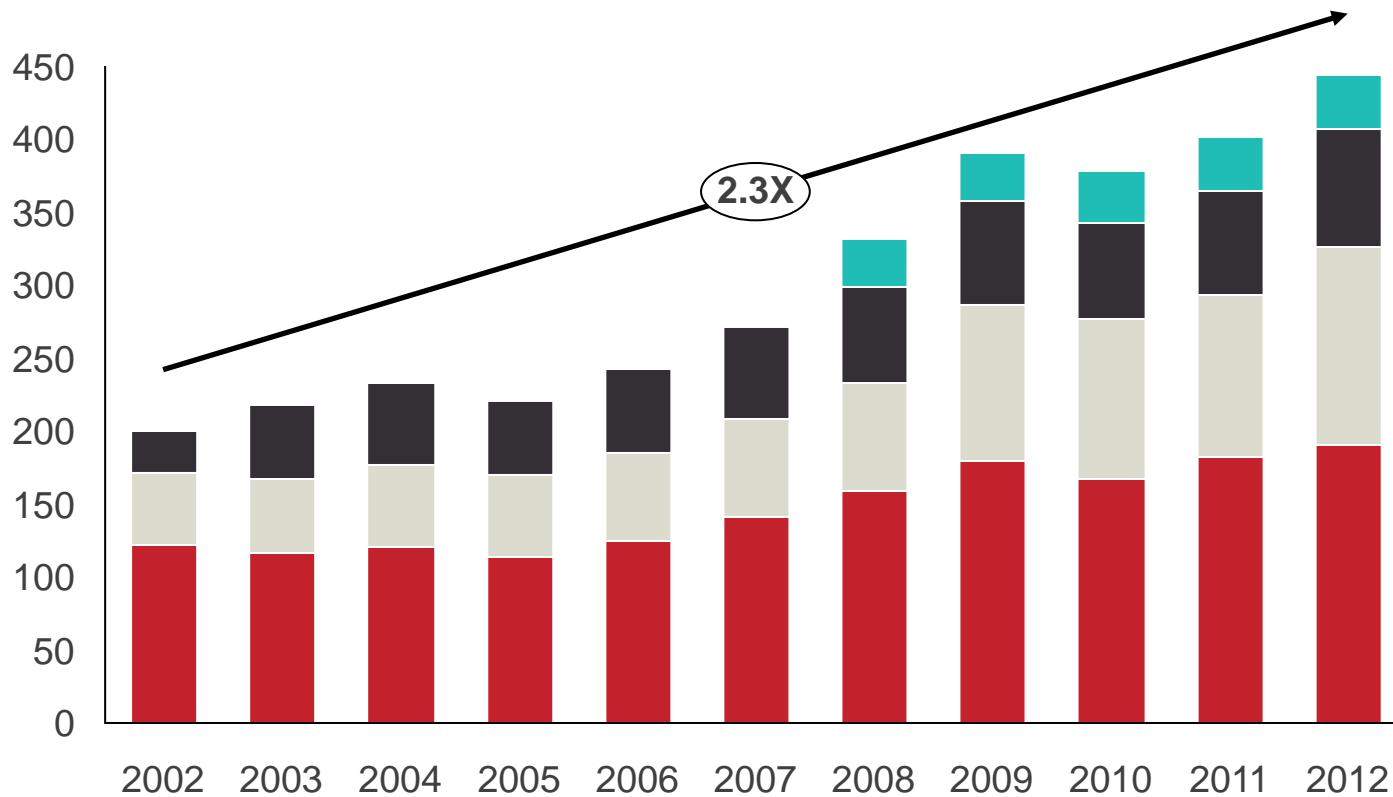


Competence and technology in Rieber & Søn + Stabburet



Operational focus: Improved packaging drives growth

Example: Nora Jam in Norway (consumer value NOK million)



Operational focus:

Rolling out successful launches across countries

Same product – different brand

Abba
Middagsklart!



Innovation in Sweden

30% growth per year after a successful release in 2011



Successful in Denmark

After 2 months it is the **2nd biggest** sauce SKU in the market

Launched in Finland

Q1 2014



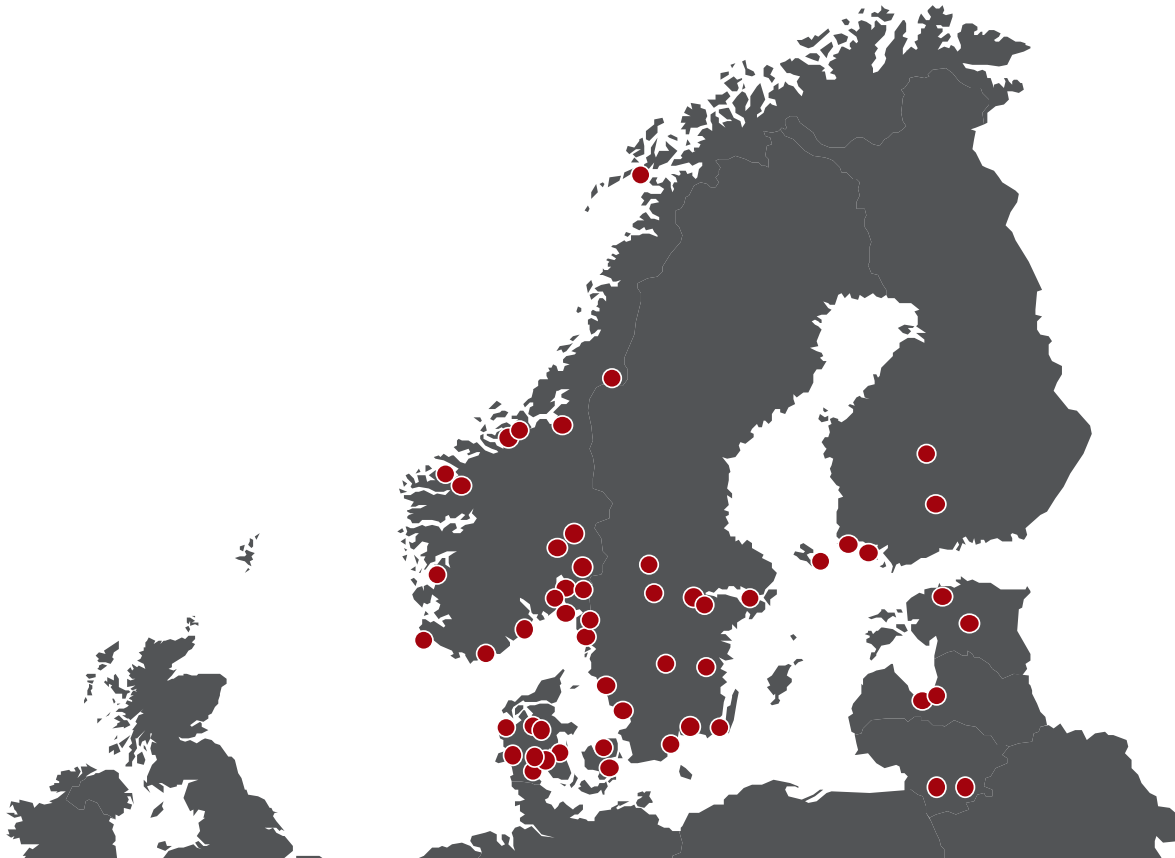
Operational focus:

Building relations with customers based on common interests



Operational focus: Optimizing production structure

Overview of Nordic and Baltic BCG production structure



Financial targets announced at Investor Day 2013

	EBIT (adjusted) margin 2013	EBIT (adjusted) margin 2015/2016	Organic revenue growth 2013	Organic revenue growth From 2016
Orkla Foods	13.0%	> 15.0%	-4.2%	2-3%
Orkla Confectionery & Snacks	14.3%	> 16.5%	-3.1%	2-4%
Orkla Home & Personal	17.1%	> 17.5%	-1.5%	3-5%



Financial Performance

Terje Andersen,

Group CFO & CEO Orkla Investments

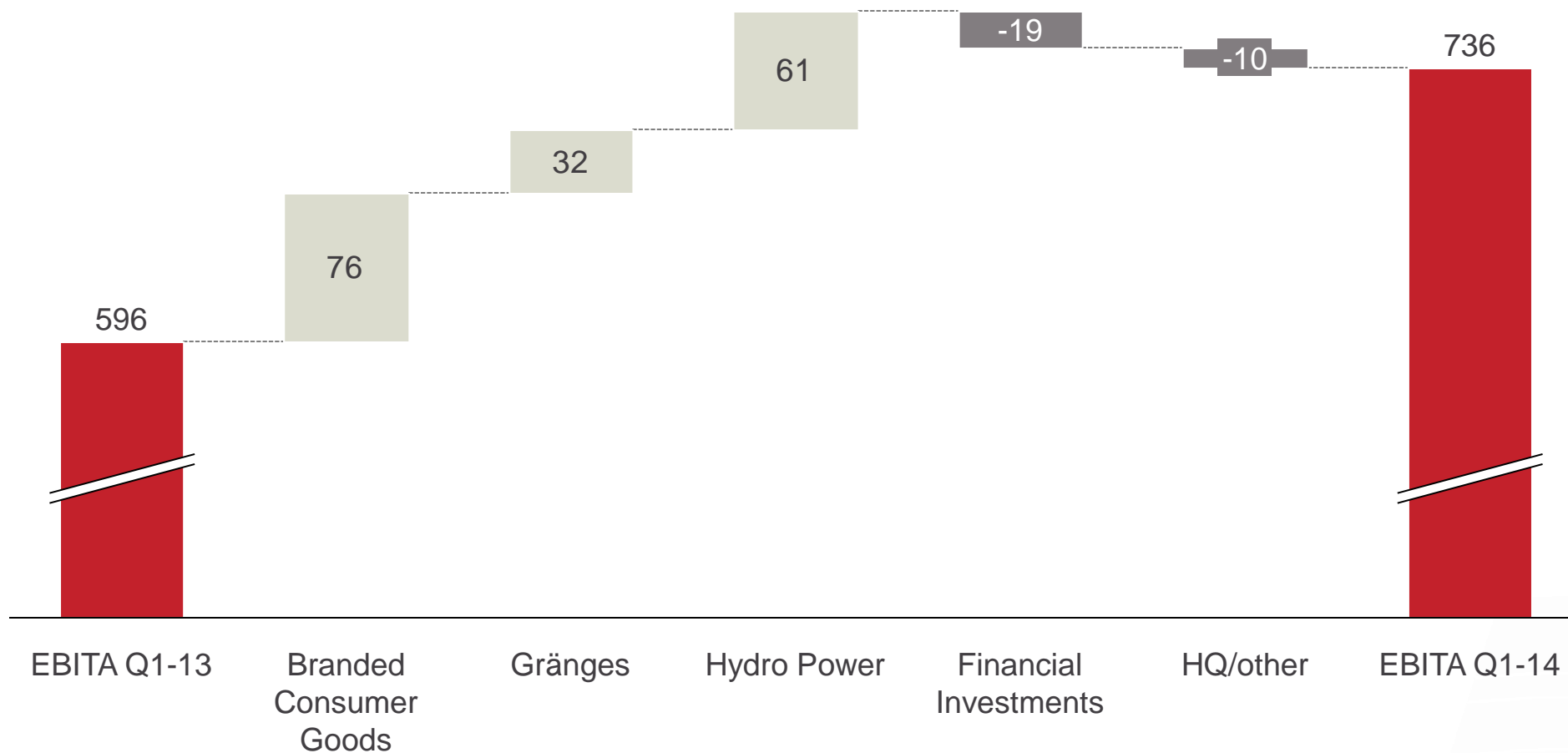


Group income statement

<i>NOK mn</i>	Q1 2013	Q1 2014	
Operating revenues	7 219	8 306	←
EBITA	596	736	←
Amortisation intangibles	-7	-4	
Other income and expenses	-36	-35	←
EBIT	553	697	
Profit/loss from associates and joint ventures	95	56	←
Dividends received	120	14	←
Gains, losses and write-downs shares and fin. assets	221	- 12	←
Financial items, net	- 89	- 116	
Profit/loss before taxes	900	639	
Taxes	-160	-150	
Profit/loss for the period continuing operations	740	489	
Profit/loss from discontinued operations	- 56	0	
Profit/loss for the period	684	489	
Earnings per share diluted (NOK)	0.7	0.5	

EBITA bridge Q1 2014

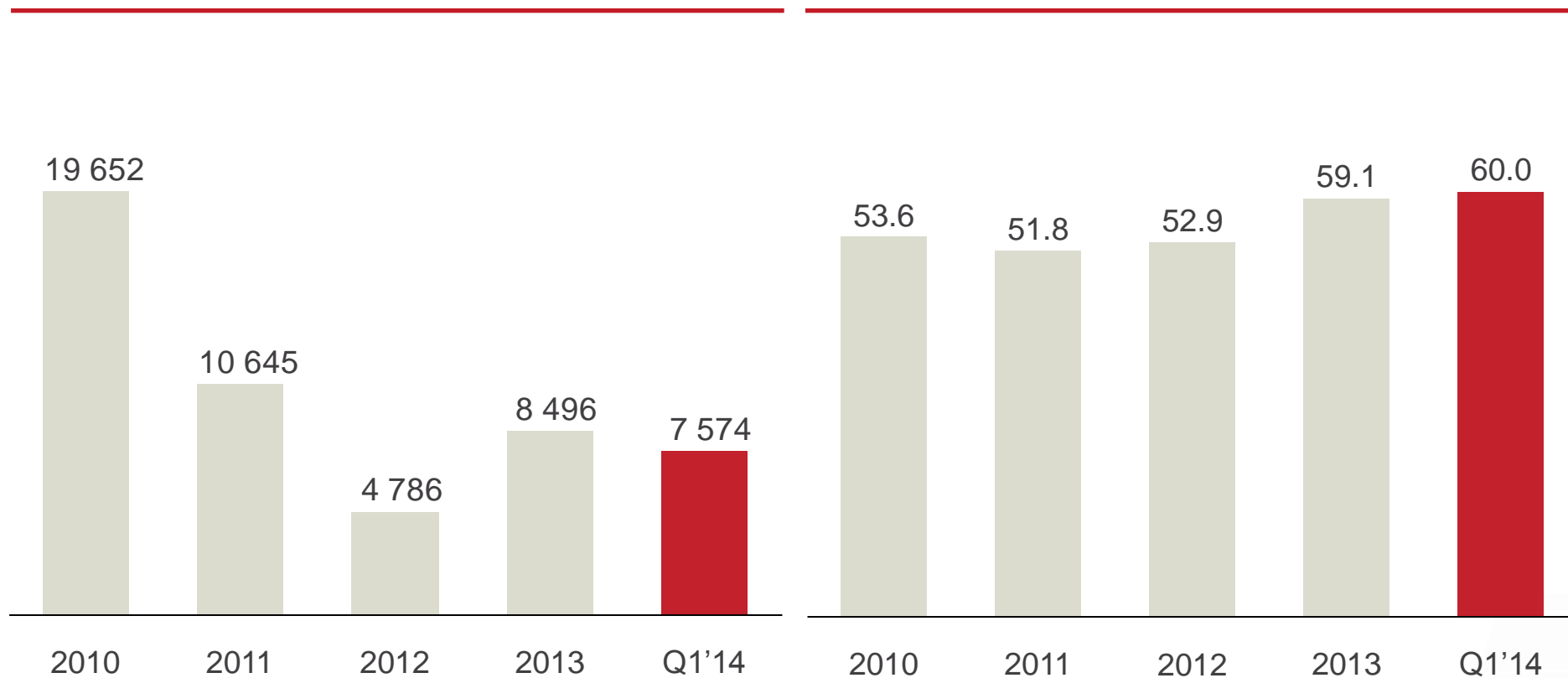
Amounts in NOK million



Strong balance sheet and financial flexibility

Net interest-bearing liabilities (NOK million)

Equity ratio (%)





Branded Consumer Goods

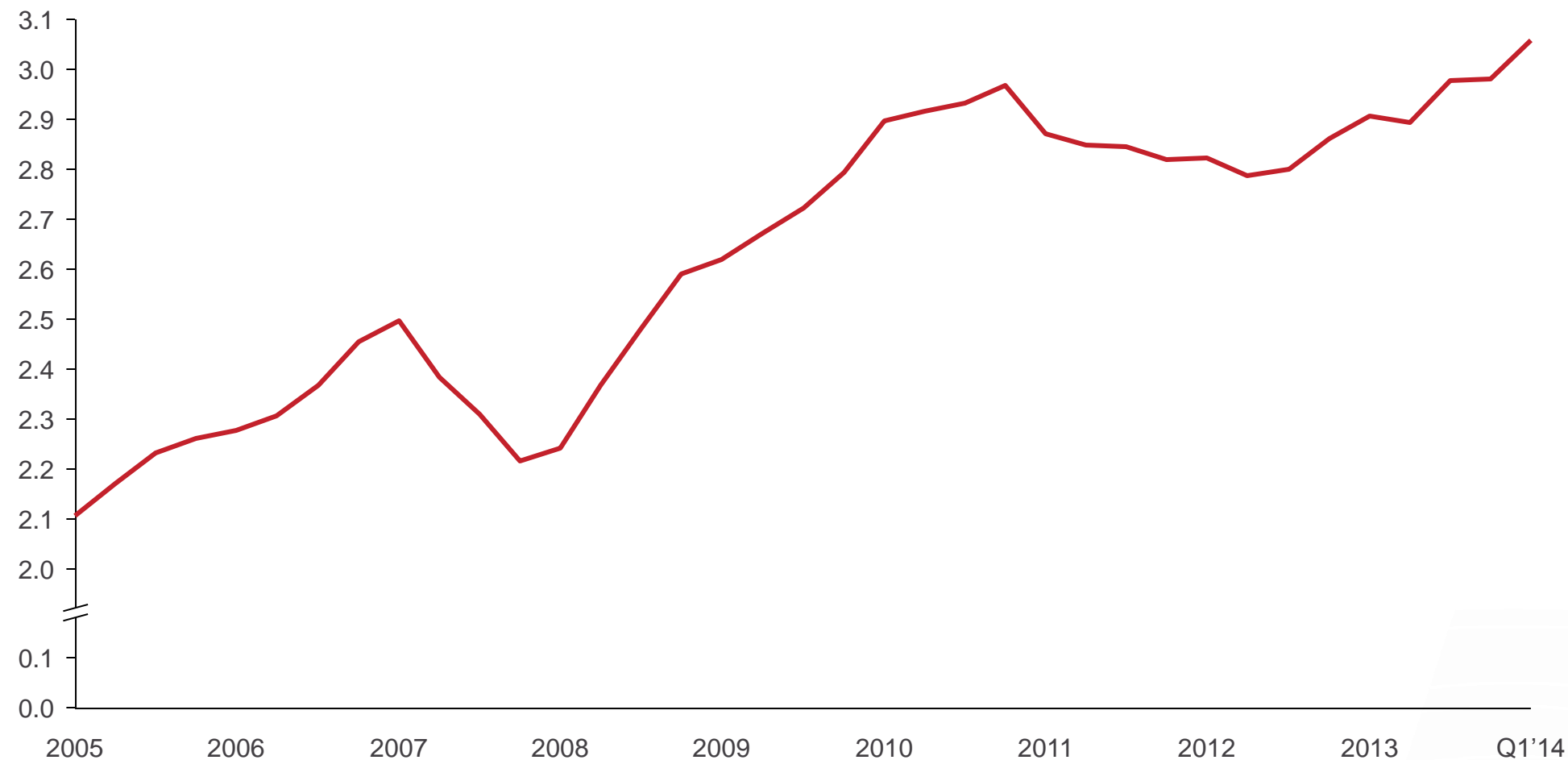
Christer B. Åberg

CEO Orkla Confectionery & Snacks



Rolling 12 months EBITA for Branded Consumer Goods

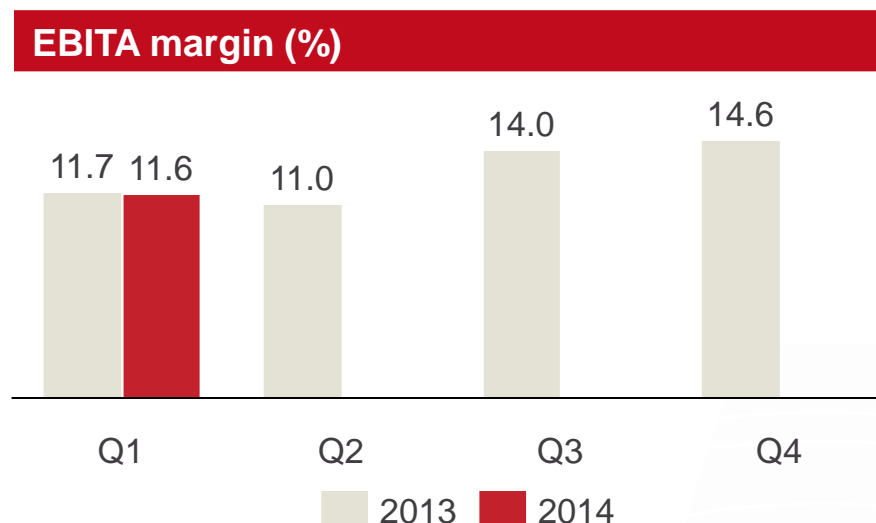
Amounts in NOK billion



Orkla Foods

- Broad-based underlying EBITA and margin improvement. Satisfactory margin improvement compared to pro forma Q1'13 including Rieber
- Top line still challenging
- Rieber cost synergies on track. Run-rate year end 2014 of approximately NOK 275 million
- Ongoing field sales force projects in Norway and Sweden to increase in-store effectiveness/operational efficiency
- Seafood factory in Finland to be closed during Q2 and production consolidated to Kungshamn

Key figures (NOK million)	Q1-13	Q1-14
Operating revenues	1,924	2,548
Revenue growth		32.4%
Adj. organic revenue growth ¹		-2.7%
EBITA ²	226	295



19 1 Organic growth has been adjusted for Easter effects and timing of selling days
 2 EBITA equals adj. EBIT

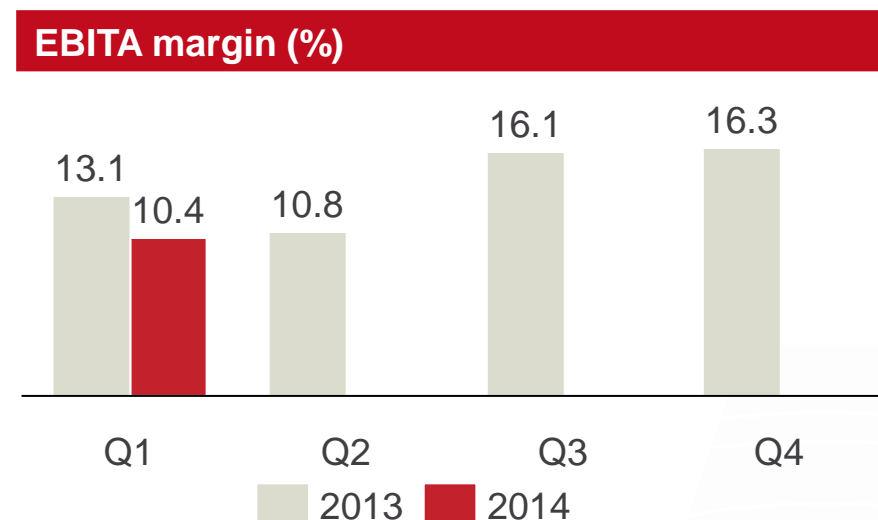
Innovations from Orkla Foods



Orkla Confectionery & Snacks

- Weaker sales in Norway and Sweden
 - Demanding integration processes
 - Later listings, launch of innovations and campaigns compared to Q1'13
- Rising raw material prices
- Somewhat weaker market shares in the Nordics
- Sales and profit growth in the Baltics

Key figures (NOK million)	Q1-13	Q1-14
Operating revenues	1,100	1,114
Revenue growth		1.4%
Adj. organic revenue growth ¹		-3.8%
EBITA ²	144	116



Challenging turnaround short term

- Comprehensive restructuring process challenging in short term, but will contribute to profit improvement going forward
 - Companies in Norway, Sweden and Finland merged from 7 to 3
 - Restructuring of field sales force in Norway completed during Q1 2014
 - Synergy effects gradually realized according to plan. Run-rate year end 2014 of approximately NOK 50-70 million
- Growing top line and margins
 - Benefit from integration and fewer, more focused innovations
 - Deliver on our significant cost initiatives
 - Price initiatives



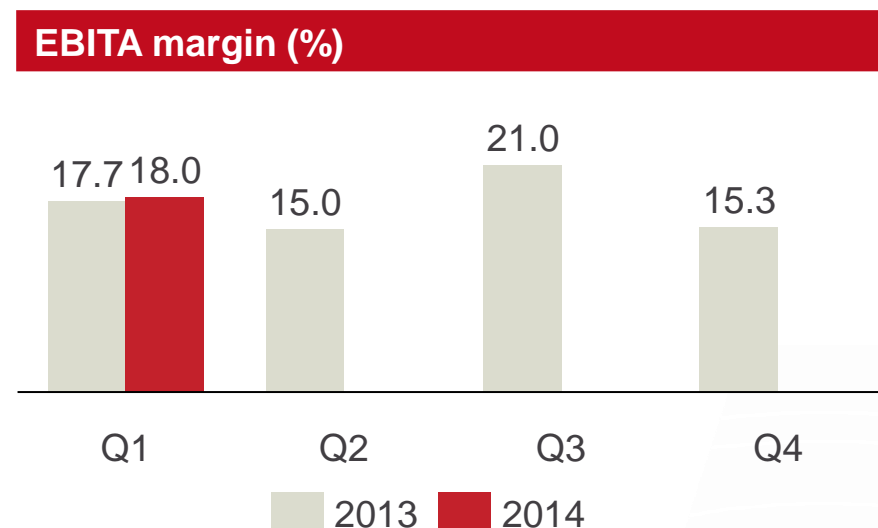
Innovations from Orkla Confectionery & Snacks



Orkla Home & Personal

- Improvement in revenues and EBITA for all segments compared to Q1'13
 - Strong sales growth in Pierre Robert Group driven by new launches, relaunches and campaigns in Norway
 - Broad based sales growth in most markets for Orkla House Care
- Somewhat weaker start for Lilleborg Norway compensated for sales growth in Lilleborg International

Key figures (NOK million)	Q1-13	Q1-14
Operating revenues	1,211	1,280
Revenue growth		5.7%
Adj. organic revenue growth ¹		2.0%
EBITA ²	214	230



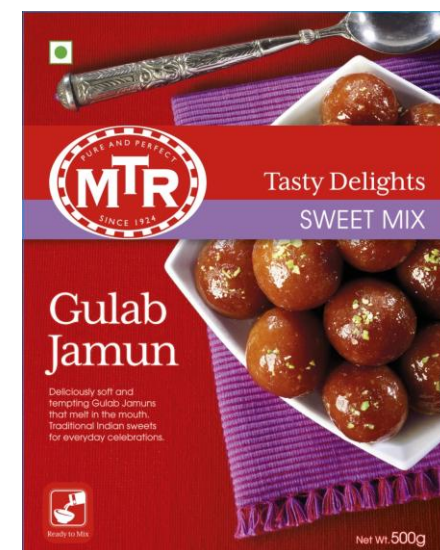
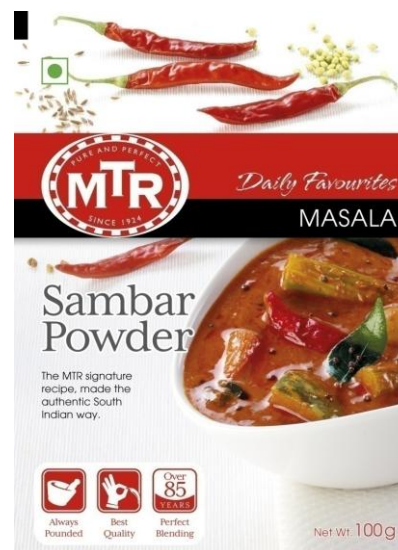
Innovations from Orkla Home & Personal



Orkla International

- Continued weak sales and profit performance in Orkla Brands Russia
 - Structural sale process ongoing
- Solid growth in India driven by core categories
 - Organic growth of 18.0%
- Profit improvement in all other markets

Key figures (NOK million)	Q1-13	Q1-14
Operating revenues	406	660
Revenue growth		62.6%
Adj. organic revenue growth ¹		3.4%
EBITA	-42	-28



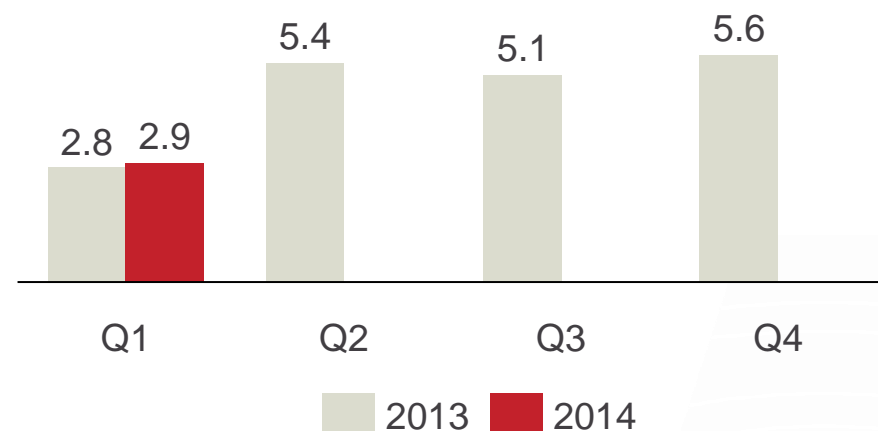
Orkla Food Ingredients

- Broad-based EBITA improvement
- Positive effects from internal improvement projects
 - Kåkå CZ (Czech Rep.), Belusa (Slovakia), Lanordija (Latvia), Credin (Poland) and Jästbolaget (Sweden)



Key figures (NOK million)	Q1-13	Q1-14
Operating revenues	1,333	1,451
Revenue growth		8.9%
Adj. organic revenue growth ¹		-0.3%
EBITA	37	42

EBITA margin (%)





Orkla Investments

Terje Andersen,

Group CFO & CEO Orkla Investments

Sapa (50/50 joint venture)

- Improved demand for extruded products in North America and Europe of 5% and 2%, respectively, compared to Q1'13
- Underlying EBIT improved in all business areas compared to Q1 2013
- Restructuring progressing according to plan
- Net debt NOK 2.3 billion as of 31 March 2014

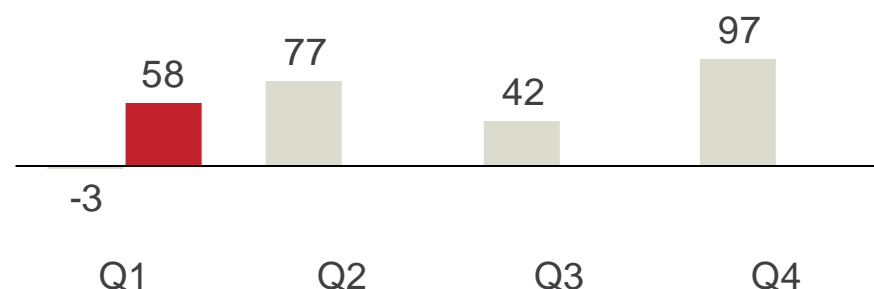
Key figures (NOK million)	Pro forma Q1-13	Q1-14
Operating revenues	10,367	11,346
Revenue growth		9.4%
Underlying EBIT	16	155

Orkla's share of net profit after tax	-51
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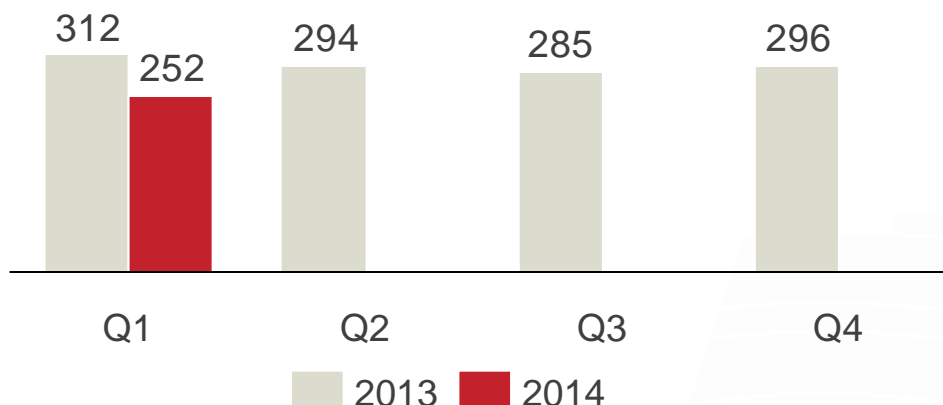
Hydro Power

- High precipitation and volumes in Q1
 - 609 GWh versus 326 GWh last year
- Spot prices were 19% lower compared to Q1'13
 - Spot prices in Q2 expected significantly lower than in Q2 2013
 - Estimated profit contribution in Q2 lower than in Q1

EBITA (NOK million)



Spot prices (NordPool, NOK/MWh)



Jotun (42.5%)

- Satisfactory start with growth in all segments
- Increase in costs primarily linked to market development activities in growth markets
- Ongoing plant investments in Russia, Brazil and Philippines

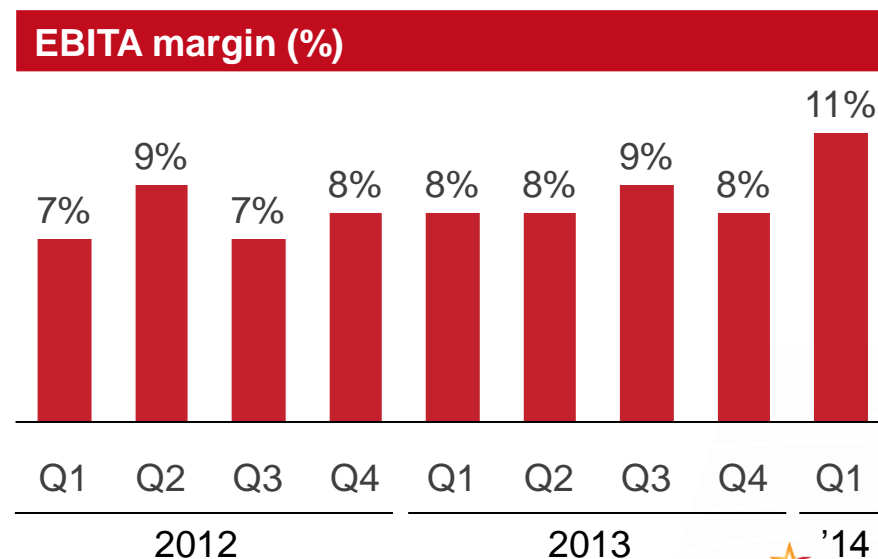
Key figures (NOK million)	2012	2013
Operating revenues	11,351	12,034
Revenue growth		6.0%
EBIT	1,126	1,258



Gränges – Continued profit improvement in Q1

- Continued volume growth in both Europe and Asia
- Improved margin performance
 - Successful restructuring in Sweden
- Settlement with insurer following the Finspång fire positively impacts cash flow
- IPO process initiated

Key figures (NOK million)	Q1-13	Q1-14
Operating revenues	1,010	1,090
Revenue growth		7.9%
EBITA	85	117





Q&A

Peter A. Ruzicka,
President & CEO

Terje Andersen,
Group CFO & CEO Orkla Investments

Christer B. Åberg,
CEO Orkla Confectionery & Snacks





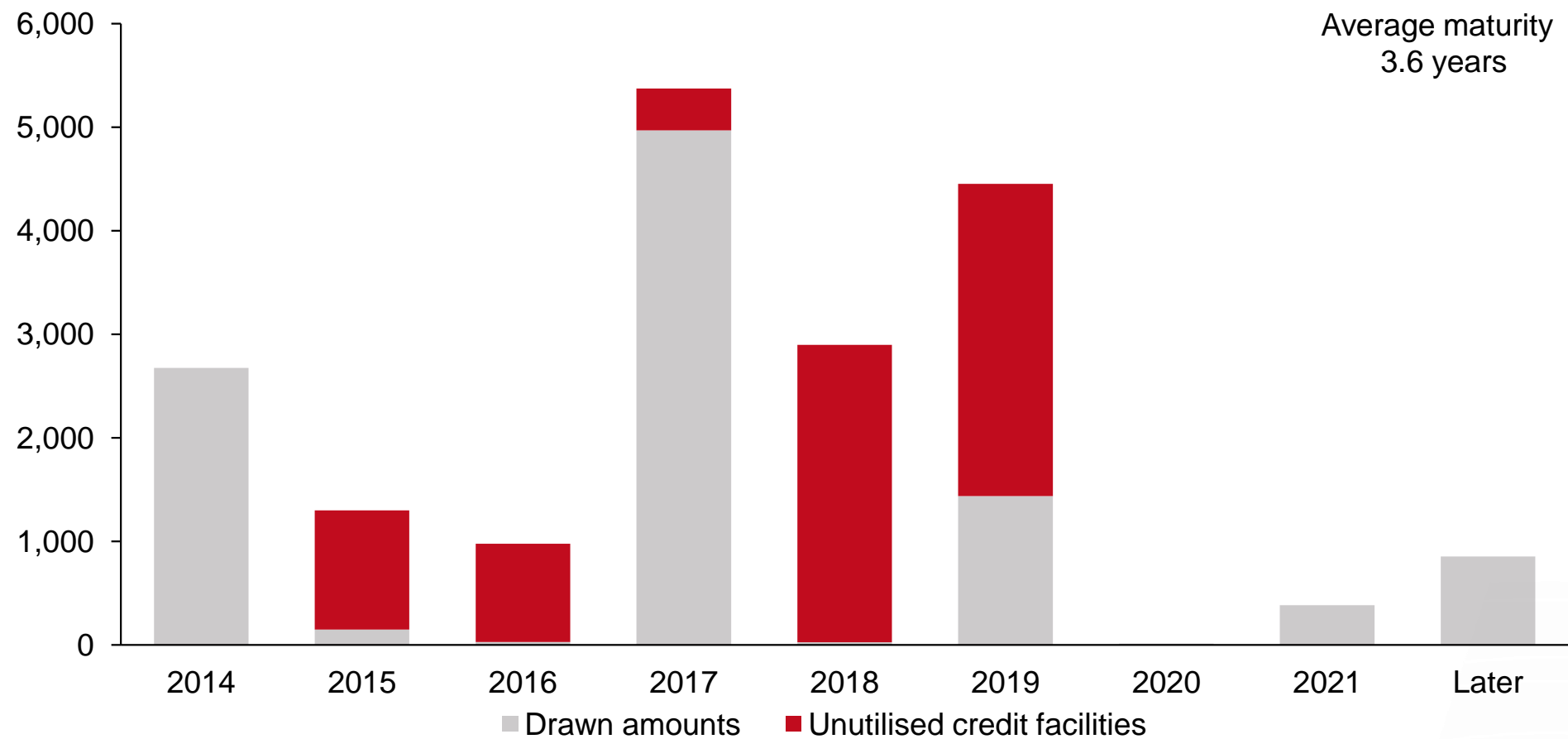
Orkla

Appendices



Debt maturity profile

Amounts in NOK million



Balance sheet

<i>NOK mn</i>	31.12.2013	31.03.2014
Intangible assets	15 402	15 277
Property, plant and equipment	11 651	11 371
Investments in associates and joint ventures etc.	11 042	10 830
Non-current assets	38 095	37 478
Inventories	4 836	4 989
Receivables	6 328	5 962
Shares and financial assets	1 051	1 050
Cash and cash equivalents	1 805	2 388
Current assets	14 020	14 389
Total assets	52 115	51 867
Paid-in equity	1 989	1 990
Earned equity	28 490	28 679
Non-controlling interests	301	435
Equity	30 780	31 104
Provisions	3 369	3 334
Non-current interest-bearing liabilities	8 041	8 057
Current interest-bearing liabilities	2 837	2 481
Other current liabilities	7 088	6 891
Equity and liabilities	52 115	51 867

Cash flow

<i>NOK mn</i>	Q1 2013	Q1 2014
Operating profit	545	708
Amortisation, depreciation and write-downs	245	292
Change in net working capital	- 613	- 57
Net replacement expenditures	- 150	- 218
Cash flow from operations, industrial activities	27	725
Cash flow from Orkla Financial Investments	13	9
Tax	- 190	- 191
Dividends received, net financial and other	- 103	174
Cash flow before capital transactions	- 253	717
Paid to shareholders	- 34	23
Cash flow before expansion	- 287	740
Expansion investments	- 853	- 38
Sold companies (paid from Sapa JV in 2014)	47	38
Net purchases/sales portfolio investments	677	8
Net cash flow	- 416	748
Currency translations net interest-bearing debt	- 275	174
Change in net interest-bearing liabilities	691	- 922
Net interest-bearing liabilities	5 477	7 574

Net financial items

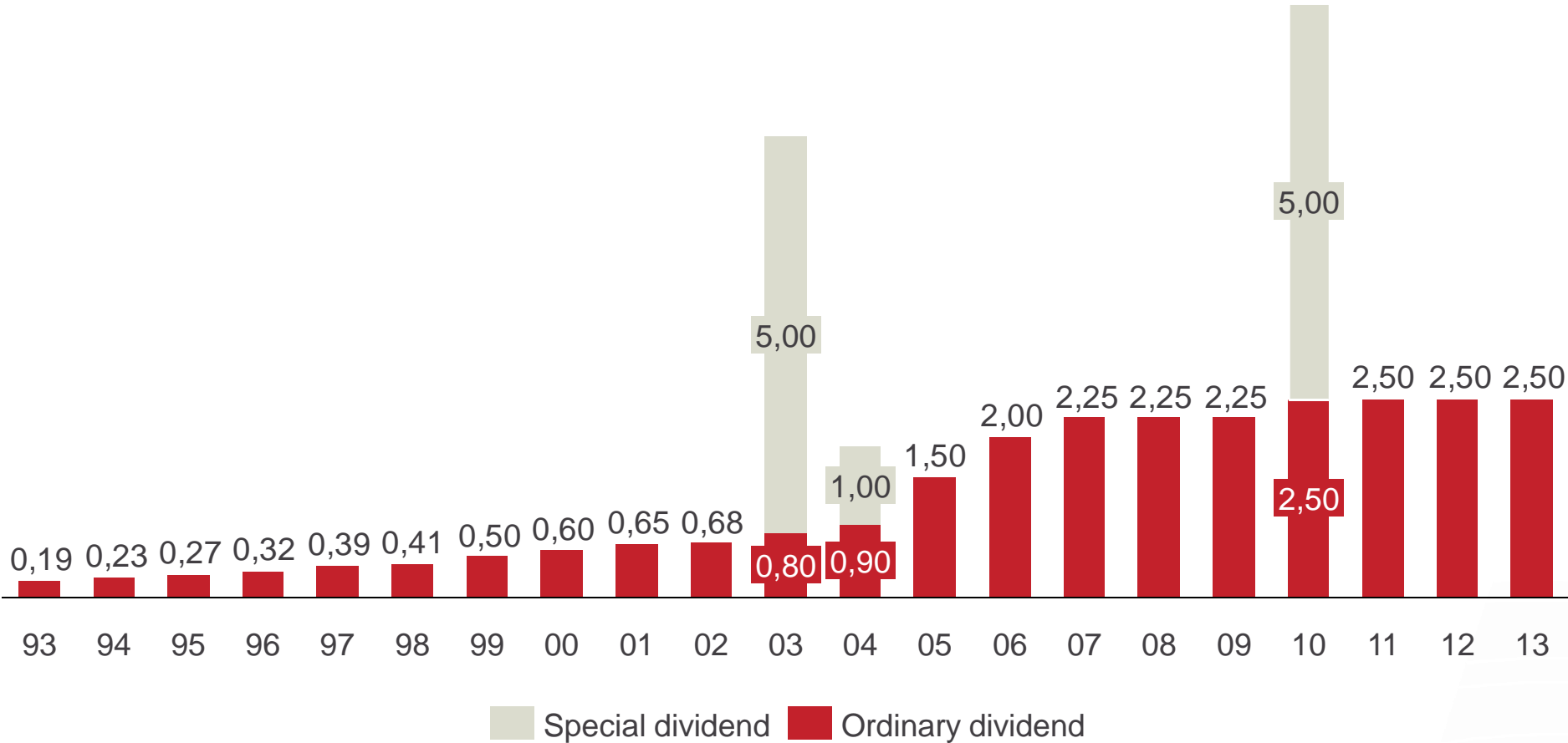
	FY 2013	Q1-13	Q1-14
Net interest expenses	-375	-71	-95
Currency gain/loss	-1	2	0
Other financial items, net	-117	-20	-21
Net financial items	-493	-89	-116

Sapa (joint venture) – Pro forma information (100%)

NOK million	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14
Sales volume (1000 tonnes)	343	311	346	360	346	314	359
Revenues	10,414	9,654	10,367	10,974	10,797	10,132	11,346
Underlying EBITDA ¹	365	154	304	508	328	-43	440
Underlying EBIT	76	-142	16	213	24	-339	155
Reported EBIT	-954	-618	-148	-1,096	-1,985	-787	-3

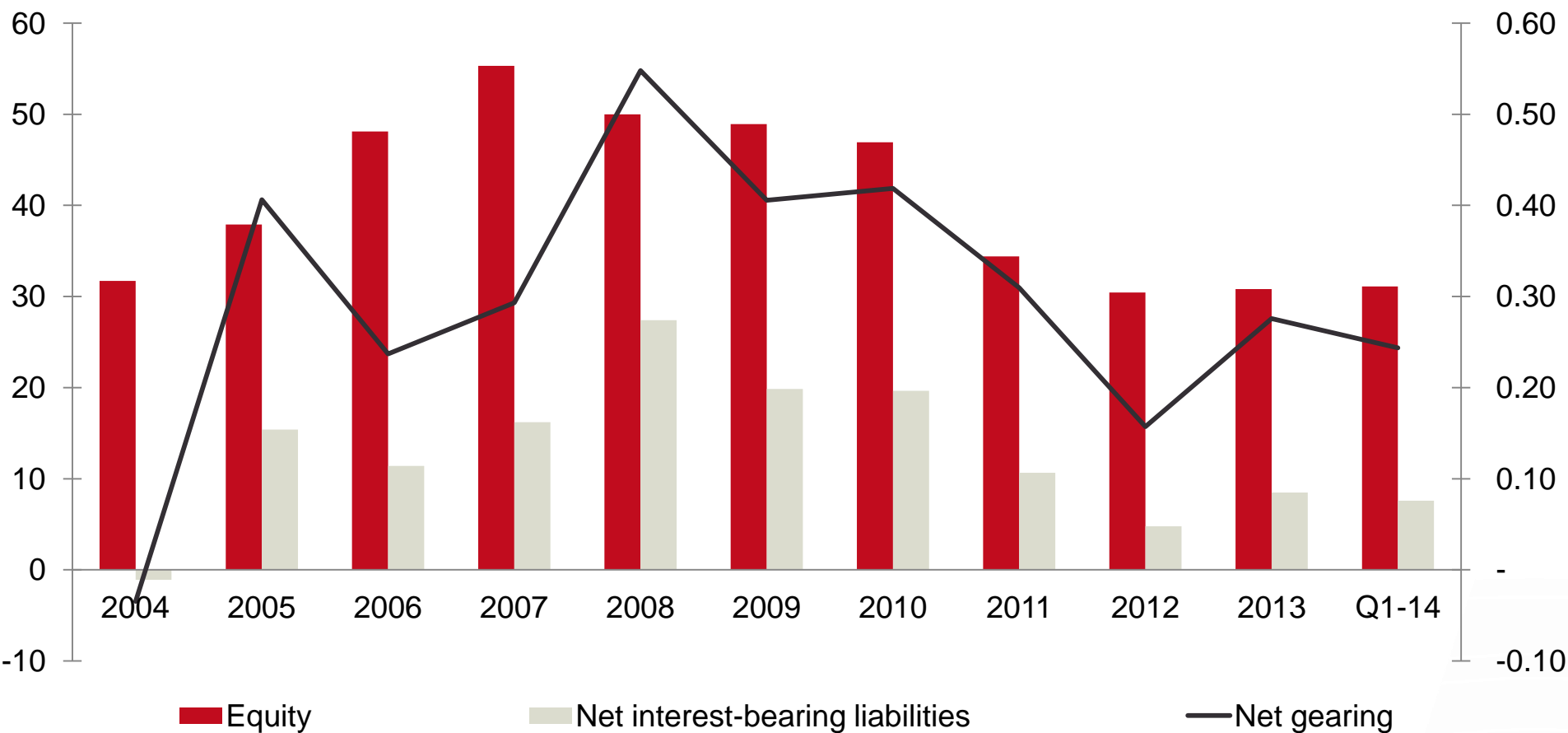
Historical dividends

Amounts in NOK



Net gearing 0.24 as of Q1-14

Amounts columns in NOK billion



Funding sources

Amounts in NOK billion

