Fourth quarter results 2020

11 February 2021

Jaan Ivar Semlitsch, President & CEO

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Entering 2021 with cautious optimism

- We have delivered on our immediate priorities during the Covid-19 pandemic
- Supported long-term growth plans
- Our work on the sustainability agenda has been recognized externally

Dow Jones Sustainability Indices
20th Anniversary
In collaboration with SAM

CDP
DISCLOSURE INSIGHT ACTION

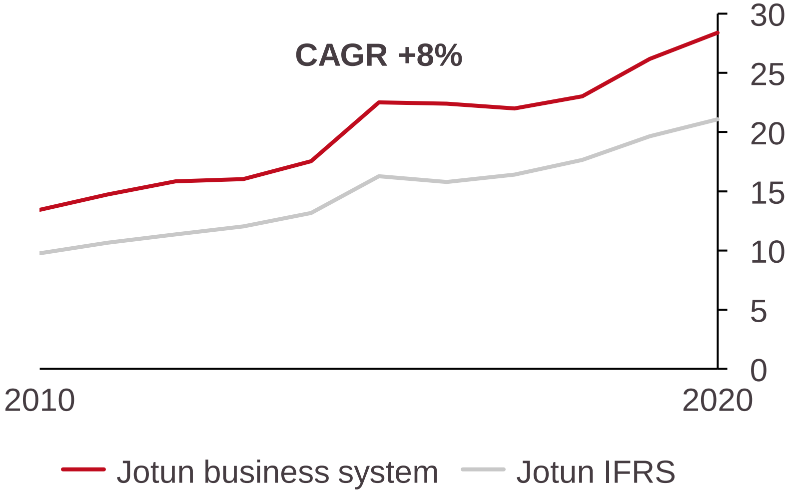
We have navigated through Covid-19 with satisfactory performance

- EBIT (adj.) for Branded Consumer Goods incl. HQ improved by 7% (+14% full-year 2020)
- Covid-related restrictions reimposed in several markets
- Strong results from Jotun
- Adjusted EPS* increased by +13% to NOK 1.43 in Q4 (+19% to NOK 5.04 for full-year 2020)
- The Board intends to propose a dividend of NOK 2.75 per share

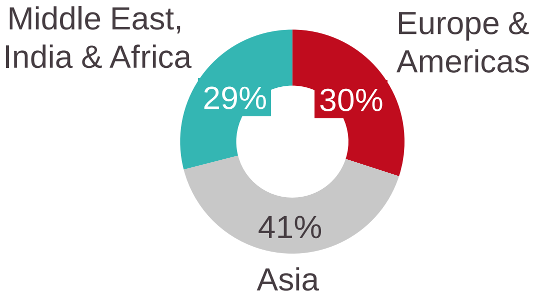
 Note: *All Alternative Performance Measures (APM) are presented in the appendix

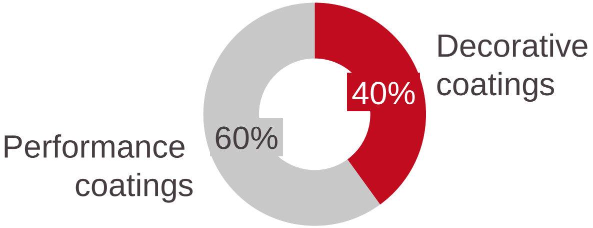
Jotun – a fast growing global market leading Paints & Coatings company

Jotun sales*, 2010 -> 2020, BNOK



Sales split*, 2020





 *Jotun Business System Sales includes sales of jointly and minority controlled entities which are equity accounted for under IFRS

Orkla

Financial performance

Harald Ullevoldsæter, CFO

Adj. EPS +13% from profit growth in Branded Consumer Goods and Jotun

Key figures	**Q4-20**	**Q4-19**	**∆ Q4**
Operating revenues BCG	**12,443**	11,778	+6%
EBIT (adj.) BCG	**1,648**	1,551	+6%
EBIT (adj.) HQ	**-102**	-112	
EBIT (adj.) BCG incl. HQ	**1,546**	**1,439**	**+7%**
EBIT (adj.) Orkla Industrial & Financial Investments	**27**	76	-64%
Other income and expenses	**-468**	-136	
EBIT	**1,105**	**1,379**	**-20%**
Profit from associates	**225**	147	+53%
Net interest and other financial items	**-40**	-39	
Profit before tax	**1,290**	**1,487**	**-13%**
Taxes	**-141**	-218	
Profit after tax	**1,149**	**1,269**	**-9%**
Adjusted EPS cont. operations (NOK)	**1.43**	**1.27**	**+13%**
Reported EPS cont. operations (NOK)	**1.14**	1.28	-11%

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ERP projects more complex and time-consuming than anticipated

2017

More than 30 different ERP systems in BCG and many were close to "end of support“

Preparing for digitalization and “One Orkla”

Decision to build a template based on SAP S4 Hana with common master data to implement in most of BCG and another template for Food Ingredients based on MS Dynamics

Today

Significantly more demanding and time consuming to build these templates, but they are now completed and up-and-running

Delays as a result of high complexity and Covid-19

SAP S4 Hana implemented in the pilot (Orkla Health Norway) and in Orkla Foods Sweden. MS Dynamics implemented in several Food Ingredients companies

The road ahead

SAP will extend the support period for “older” solutions

Gradual implementation over the next 7-8 years

Minimize implementation and operating costs

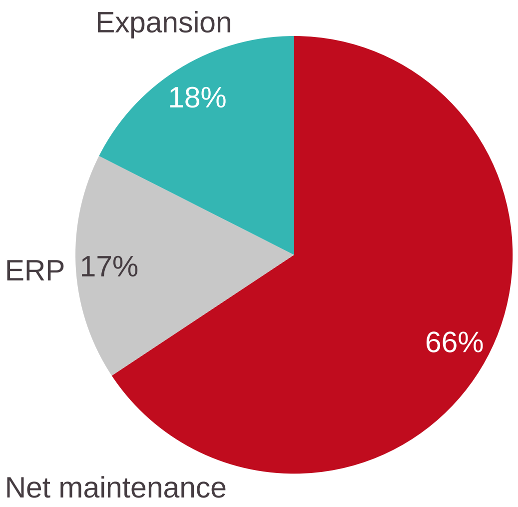
Orkla

Strong cash flow from higher earnings

Cash flow from operations per 31.12 (pre-tax)	YTD Q4-20	YTD Q4-19
Orkla Branded Consumer Goods (BCG, incl. HQ)		
EBIT (adj.)	**5,440**	4,786
Amortisation and depreciation	**1,783**	1,581
Change in net working capital	**670**	812
Net replacement investments	**-2,251**	-1,931
Total BCG cash from operations (pre OIE)	**5,642**	5,248
Cash flow from other income & exp. and pensions	**-291**	-450
Industrial & Financial Investments	**87**	135
Total Orkla cash flow from operations	**5,438**	4,933

Investment level in 2020 reflects run rate maintenance level, ongoing ERP investments and expansion projects

Capex split 2020 (2.7 BNOK)



Total net capex ~5.9% of revenues

- Net maintenance capex excl. ERP (inc. leasing): ~4% in 2020
- Building future ERP platforms ~1% in 2020
- Expansion capex ~1% in 2020

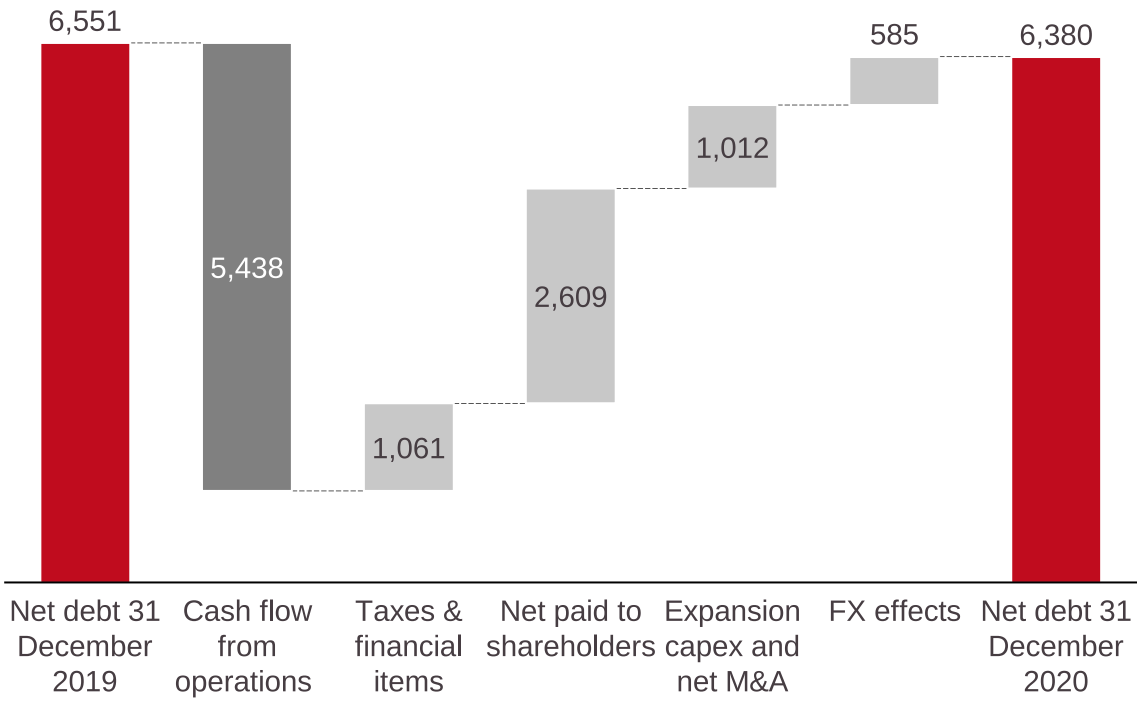
Expected maintenance capex in % of revenues*

- 2021-2022: ~5-6%
- From 2023 onwards: ~4%

*excl. expansion capex

Capex – BCG, incl. HQ
Investments relating to leasing (IFRS16) are included as maintenance capex.

Continued strong balance sheet and financial flexibility after dividend payment and structural growth



= 0.9x EBITDA

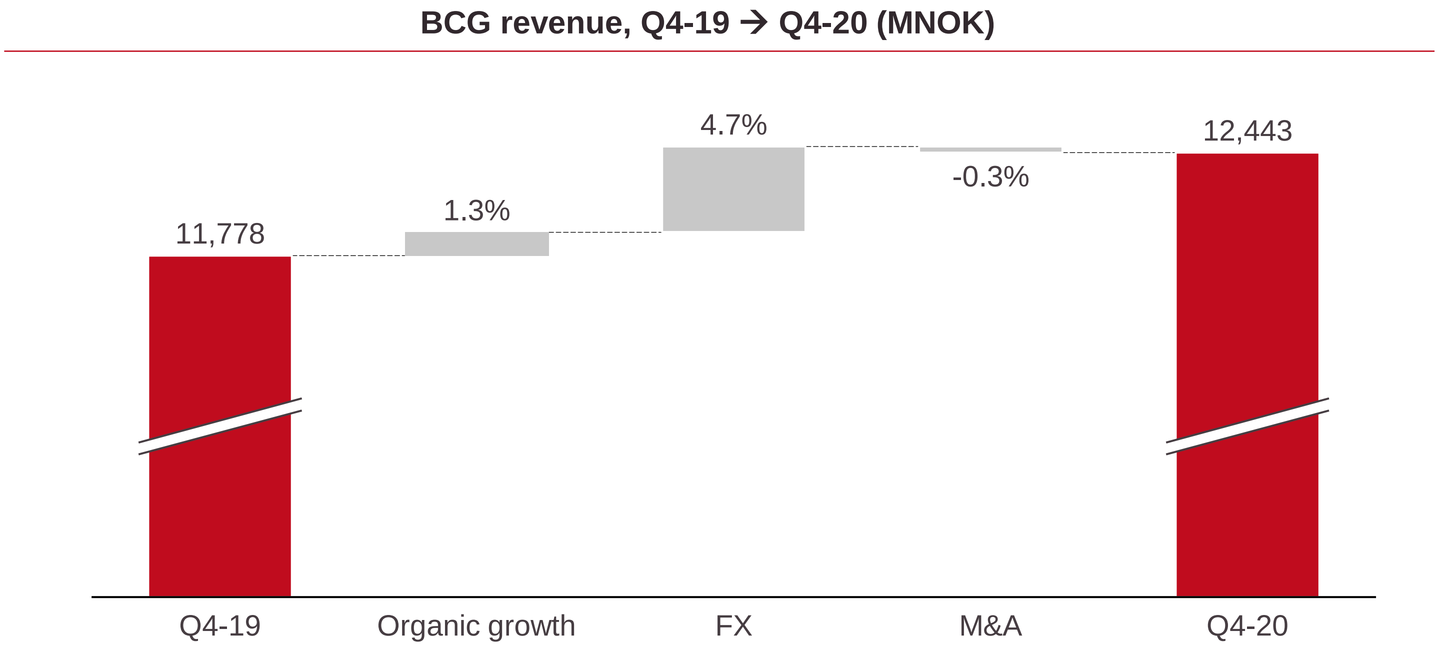
 Amounts in NOK million

Orkla

Branded Consumer Goods

Branded Consumer Goods Q4-20:

Top line growth of ~6% from currency translation effects and organic growth

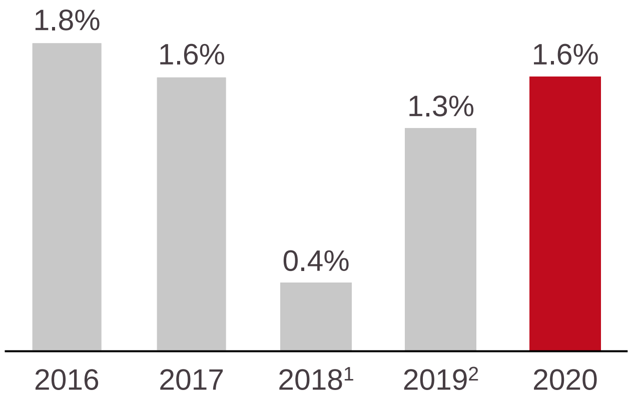


 Amounts in NOK million

Branded Consumer Goods Q4-20:

Care and Consumer Investments drive improvement in organic growth

Organic growth for Branded Consumer Goods



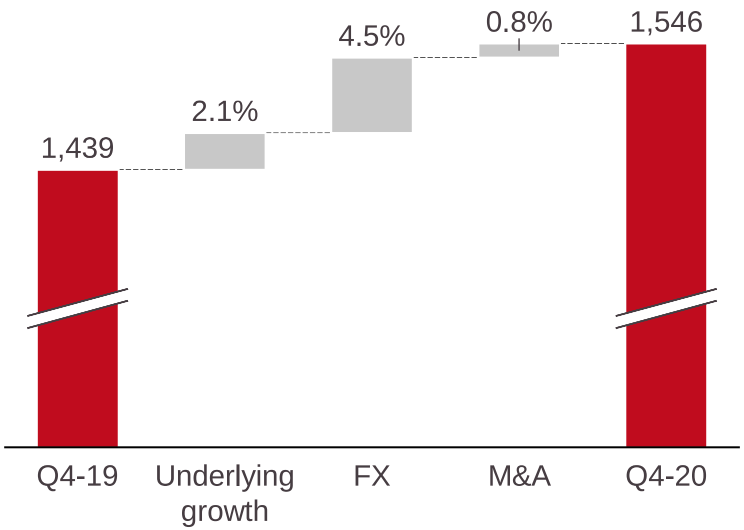
Organic growth Q4-20 by business area

All Alternative Performance Measures (APM) are presented in the appendix.
[1]Adjusted for loss of Wrigley distribution agreement. [2]Based on new reporting structure

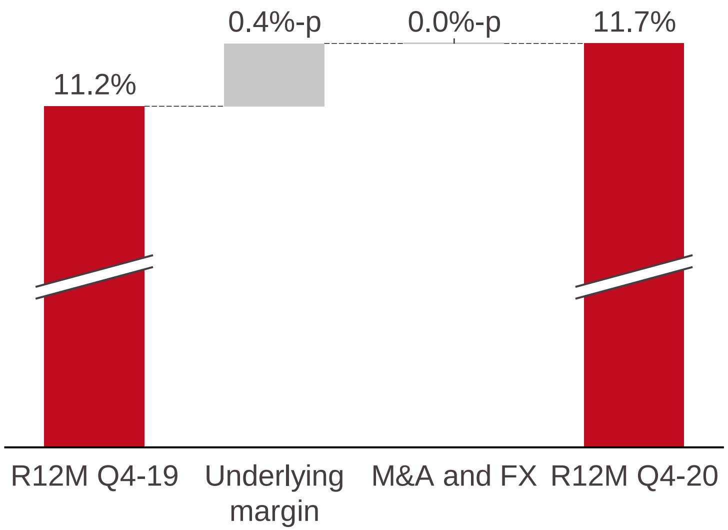
Branded Consumer Goods incl. HQ:

Profit and margin growth

Δ Q4 U.EBIT (adj.), MNOK



Δ R12M U.EBIT (adj.) margin



Orkla Foods

Improved results from organic growth and increased productivity

	Q4-20	YTD Q4-20
Revenues	**4,871**	**18,301**
Organic growth	***1.7%***	***3.7%***
EBIT (adj.)	**817**	**2,641**
EBIT (adj.) growth	***11.3%***	***16.0%***
EBIT (adj.) margin	**16.8%**	**14.4%**
Change vs LY	***1.1%-p***	***0.8%-p***

- Organic sales growth in Q4 mainly driven by Nordic markets and India
- Continued positive impact on grocery sales from Covid-19 partly offset by lower sales to Out of home channels
- Reported EBIT positively impacted by revenue management and improved productivity, as well as positive currency translation effects

Revenues and EBIT (adj.) figures in NOK million

Negative organic growth driven by phasing of sales between quarters

	Q4-20	YTD Q4-20
Revenues	**2,062**	**7,171**
Organic growth	***-1.6%***	***2.0%***
EBIT (adj.)	**421**	**1,203**
EBIT (adj.) growth	***5.8%***	***10.0%***
EBIT (adj.) margin	**20.4%**	**16.8%**
Change vs LY	***0.4%-p***	***0.3%-p***

- Good market growth in Nordic grocery – continued low demand in the Baltics
- Sales decline related to timing of seasonal sales and de-stocking in trade due to removal of excise tax in Norway
- Positive contribution from cost improvement programs

 Revenues and EBIT (adj.) figures in NOK million

Orkla Care

Strong market growth in many Care categories

	Q4-20	YTD Q4-20
Revenues	**1,822**	**6,905**
Organic growth	***8.7%***	***9.2%***
EBIT (adj.)	**203**	**1,019**
EBIT (adj.) growth	***-1.0%***	***19.2%***
EBIT (adj.) margin	**11.1%**	**14.8%**
Change vs LY	***-2.0%-p***	***0.3%-p***

- Strong growth for HSNG and health categories
- Strong market growth in many Care categories
- Profit margin weakened by increased A&P spend and fixed cost accruals

 Revenues and EBIT (adj.) figures in NOK million

Growth hampered by reinforced Covid-19 restrictions in Out of home

	Q4-20	YTD Q4-20
Revenues	**2,834**	**10,696**
Organic growth	***-4.3%***	***-5.9%***
EBIT (adj.)	**135**	**500**
EBIT (adj.) growth	***-20.1%***	***-20.1%***
EBIT (adj.) margin	**4.8%**	**4.7%**
Change vs LY	***-1.3%-p***	***-1.4%-p***

- Negative impact on Out of home consumption from reinforced Covid-19 restrictions in several markets
- EBIT (adj.) decline related to lower sales volumes, partly offset by profit protection measures, M&A and FX
- Still uncertainty about Q1/Q2 ‘21 performance depending on level of Covid-19 restrictions





 Revenues and EBIT (adj.) figures in NOK million

Broad based topline growth from continued high home improvement activity and record pizza restaurant chain sales in Finland

	Q4-20	YTD Q4-20
Revenues	**969**	**3,847**
Organic growth	***12.8%***	***2.1%***
EBIT (adj.)	**72**	**404**
EBIT (adj.) growth	***60%***	***36%***
EBIT (adj.) margin	**7.4%**	**10.5%**
Change vs LY	***2.2%-p***	***1.7%-p***

- High home improvement activity contributed to double digit sales growth of painting tools across markets
- Kotipizza restaurant sales growth of 20% in the quarter. Organic growth offset by wholesale sales to external customers
- Strong profit conversion and margin improvement, partly from weak comparables

 Revenues and EBIT (adj.) figures in NOK million

Current status for financial targets from Capital Markets Day 2018

Organic growth >= market

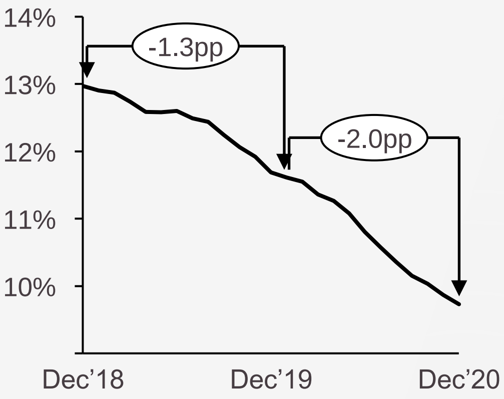
- Target to grow organically at least in line with our underlying markets (~2% over time)
- 2019: ~1.3%
- 2020: ~1.6%

U.EBIT %* >1.5pp by 2021

- Target to improve underlying margin (adjusted for M&A and FX) by minimum 1.5pp by 2021
- 2019: +0.3 pp
- 2020: +0.4 pp
- Will be challenging to reach target by the end of 2021

NWC / NSV -3pp by 2021

R12M Net working capital / R12M Net sales**



*Target applicable to new reporting unit "BCG including HQ". **Figures include Orkla's Branded Consumer Goods businesses including HQ

Orkla Industrial & Financial Investments

Power prices significantly lower

Hydro Power

Fully consolidated into Orkla's financial statements

Volume (GWh):
Q4: 702 (534)
YTD: 2,884 (2,156)

Power prices[1] (øre/KWh):
Q4: 13.6 (39.3)
YTD: 9.8 (38.7)

EBIT adj. (NOK million):
Q4: 25 (72)
YTD: 42 (292)

Financial Investments

Fully consolidated into Orkla's financial statements

Book value real estate:
NOK 1.8 billion

[1]Source: Nord Pool (monthly spot area prices Oslo and Kristiansand)

Record results and continued topline growth

Jotun 100% basis	**Q4-20**
Revenues	**5,273**
Growth	***3.6%***
EBITA	**626**
EBITA growth	***107%***
EBITA margin	**11.9%**
Change vs LY	***5.9%-p***
Orkla share (42.6%) of net profit	***220***

- Continued growth driven by Decorative, Protective and Powder segments. Slowdown in Marine coatings
- Mixed Covid-19 effects between markets
- Strong profit and margin growth helped by favorable raw material prices and good cost control
- Outlook uncertainty

 Revenues and EBIT (adj.) figures in NOK million

Closing remarks

We have navigated through Covid-19 crisis with satisfactory performance

Summary Q4-20

- EBIT (adj.) for Branded Consumer Goods incl. HQ improved by 7%
- Covid-related restrictions reimposed in several markets
- Strong results from Jotun
- Adjusted EPS* increased by +13% to NOK 1.43
- The Board intends to propose a dividend of NOK 2.75 per share

Outlook

- Agile approach to changes in consumer trends and preferences
- Support long term growth plans and execute on strategic M&A
- Closing of acquisition of Eastern still pending
- Cautiously optimistic, but uncertainty continues

Orkla

Q&A

Jaan Ivar Semlitsch, President & CEO

Harald Ullevoldsæter, CFO

Save the date

Orkla Capital Markets Day

23 November 2021

Appendices

Alternative Performance Measures (APM)

Organic growth

Organic growth shows like-for-like turnover growth for the Group's business portfolio and is defined as the Group's reported change in operating revenues adjusted for effects of the purchase and sale of companies and currency effects. In the calculation of organic growth, acquired companies will be excluded 12 months after the transaction date. Sold companies will be excluded pro forma 12 months prior to the transaction date. Currency effects are neutralised by translating this year's turnover at last year's exchange rates.

Organic growth is included in segment information and used to identify and analyse the turnover growth in the existing business portfolio. Organic growth provides an important picture of the Group's ability to carry out innovation, product development, correct pricing and brand-building.

EBIT (adj.)

EBIT (adj.) shows the Group's current operating profit before items that require special explanation, and is defined as reported operating profit or loss before "Other income and expenses" (OIE). These include M&A costs, restructuring or integration expenses, any major gains and write-downs on both tangible and intangible assets, and other items that only to a limited degree are reliable measures of the Group's current profitability. EBIT (adj.) margin and growth are derived figures calculated in relation to operating revenues.

EBIT (adj.) is one of the Group's key financial figures, internally and externally. The figure is used to identify and analyse the Group's profitability from normal operations and operating activities. Adjustment for items in OIE which to a limited degree are reliable measures of the Group's current operating profit or loss increases the comparability of profitability over time.

Change in underlying EBIT (adj.)

Change in underlying EBIT (adj.) shows like-for-like EBIT (adj.) growth for the Group's business portfolio and is defined as the Group's reported change in EBIT (adj.) adjusted for effects of the purchase and sale of companies and currency effects. In calculating the change in underlying EBIT (adj.), acquired companies will be included pro forma 12 months before the transaction date. Sold companies will be excluded pro forma 12 months prior to the transaction date. Currency effects are neutralised by calculating this year's EBIT (adj.) at last year's currency exchange rates. Underlying EBIT (adj.) margin and change therein are derived figures calculated in relation to operating revenues.

Underlying EBIT (adj.) growth is used for internal management purposes, including for identifying and analysing underlying profitability growth in the existing business portfolio, and provides a picture of the Group's ability to develop growth and improve profitability in the existing business. The measure is important because it shows the change in profitability on a comparable structure over time.

Alternative Performance Measures (APM)

Earnings per share (adj.)

Earnings per share (adj.) show earnings per share adjusted for other income and expenses (OIE) after estimated tax. Items included in OIE are specified in Note 3. The effective tax rate for OIE is lower than the Group's tax rate in both 2020 and 2019 due to non-deductible transaction costs, write-downs and the effect on profit or loss of the purchase of the remaining shares in Orchard Valley Foods in 2020.

If other items of a special nature occur under the company's operating profit or loss, adjustments will also be made for these items. As at 31 December 2020, an adjustment was made for gains on the sales of the associates Andersen & Mørck and Allkärrsplans Utvecklings AB. In 2019 an adjustment was made for the sale of the joint venture Oslo Business Park. Adjustments were made in both 2020 and 2019 for the reversal of a provision for tax related to operations outside Norway.

Net replacement and expansion investments

When making decisions regarding investments, the Group distinguishes between replacement and expansion investments. Expansion investments are the part of overall reported investments considered to be investments in either new geographical markets or new categories, or which represent significant increases in capacity.

Net replacement investments include new leases, and are reduced by the value of sold fixed assets to sales value.

The purpose of this distinction is to show how large a part of the investments (replacement) mainly concerns maintenance of existing operations and how large a part of the investments (expansion) is investments which must be expected to generate increased contributions to profit in future, exceeding expectations of normal operations.

Net interest-bearing liabilities

Net interest-bearing liabilities are the sum of the Group's interest-bearing liabilities and interest-bearing receivables. Interest-bearing liabilities include bonded loans, bank loans, other loans, lease liabilities and interest-bearing derivatives. Interest-bearing receivables include liquid assets, interest-bearing derivatives and other interest-bearing receivables.

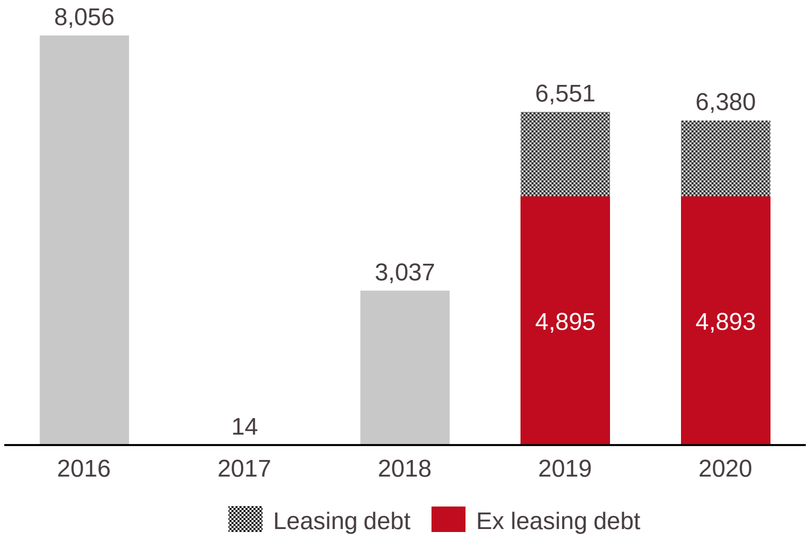
Net interest-bearing liabilities are the Group's primary management parameter for financing and capital allocation, and is used actively in the Group's financial risk management strategy. The statement of cash flows (Orkla format) therefore shows the change in net interest-bearing liabilities at Group level.

Structure (acquired and sold companies)

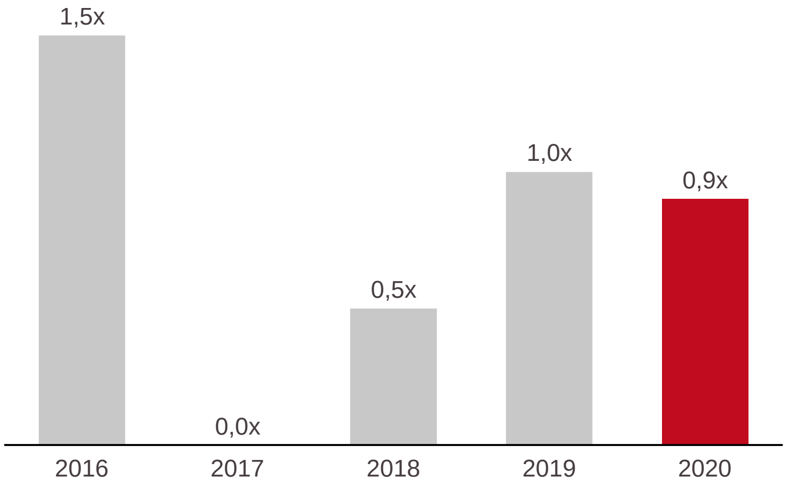
Structural growth includes adjustments for the acquisition of the businesses Lecora, Easyfood, Confection by Design, Win Equipment, Norgesplaster, Risberg, Kanakis, Credin Sverige, Vamo, Kotipizza, Anza Verimex, Helga, Havrefras and Gortrush. Adjustments have been made for the sale of Glyngøre, SaritaS, Vestlandslefsa, Gorm's and the closure of Pierre Robert Sverige. Adjustments have also been made for the loss of the distribution agreements with Panzani and OTA Solgryn. In addition, adjustments were made in 2019 for HSNG, Struer, County Confectionery, Werner, Igos, Gorm's and the sale of Mrs. Cheng's. A structural adjustment was made at business area level for the internal relocation of Frödinge.

Strong balance sheet and financial flexibility

Net interest-bearing liabilities (NOK million)



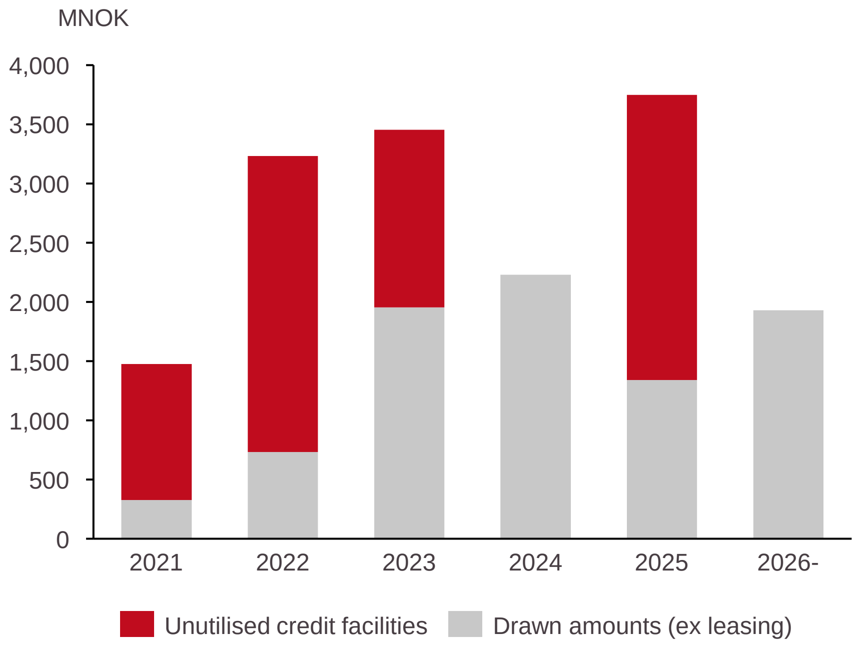
NIBD / R12 EBITDA



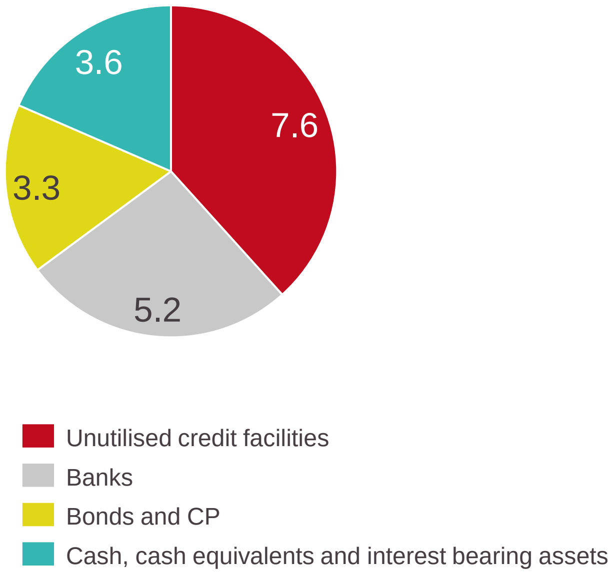
 Amounts in NOK million

Funding sources and maturity profile

Debt maturity → average maturity 3.2 years



Funding sources (in BNOK)



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