



First quarter results 2021

29 April 2021

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Highlights for the quarter

- Impact of Covid-19 still significant
- Organic growth and margin improvement for Branded Consumer Goods
- Indication of recovery for Orkla Food Ingredients
- Important delivery on structural agenda



Solid first quarter against strong comparables

- Group EBIT(adj.)* growth of 13%
- Strong performance for Branded Consumer Goods, Jotun and Hydro Power
- Adjusted EPS* increased by +21% to NOK 1.27 in Q1



Three strategic initiatives to boost growth going forward

Plant based



- Orkla Alternative Proteins
- Revenue of BNOK 3 by 2025
- Category and market growth potential

Out of Home



- Follow the consumer
- Convenient solutions
- B2B and D2C

Health



- Develop health concepts
- New sales channels
- Digital presence

Important focus areas also for structural growth

Several M&A transactions in line with strategy announced and closed during Q1 with a total value of approx. BNOK 4.9

Transactions closed during Q1



- Revenue of BNOK 1.1
- Building on strong local position in Southern India



- Revenue of MNOK 82
- Strengthening online channel



- Revenue of MNOK 90
- Platform to grow food service



- Revenue of MNOK 315
- Strengthen geographic footprint

Transaction announced during Q1



- Revenue of MNOK 862
- Subscription-based health and beauty D2C

Maintain M&A strategy going forward, focus on three dimensions;

Consumer trends in
core and adjacent
categories

Increase exposure in
new sales channels
and business models

Geographic footprint
in home markets and
adjacent geographies



Financial performance

Harald Ullevoldsæter, CFO



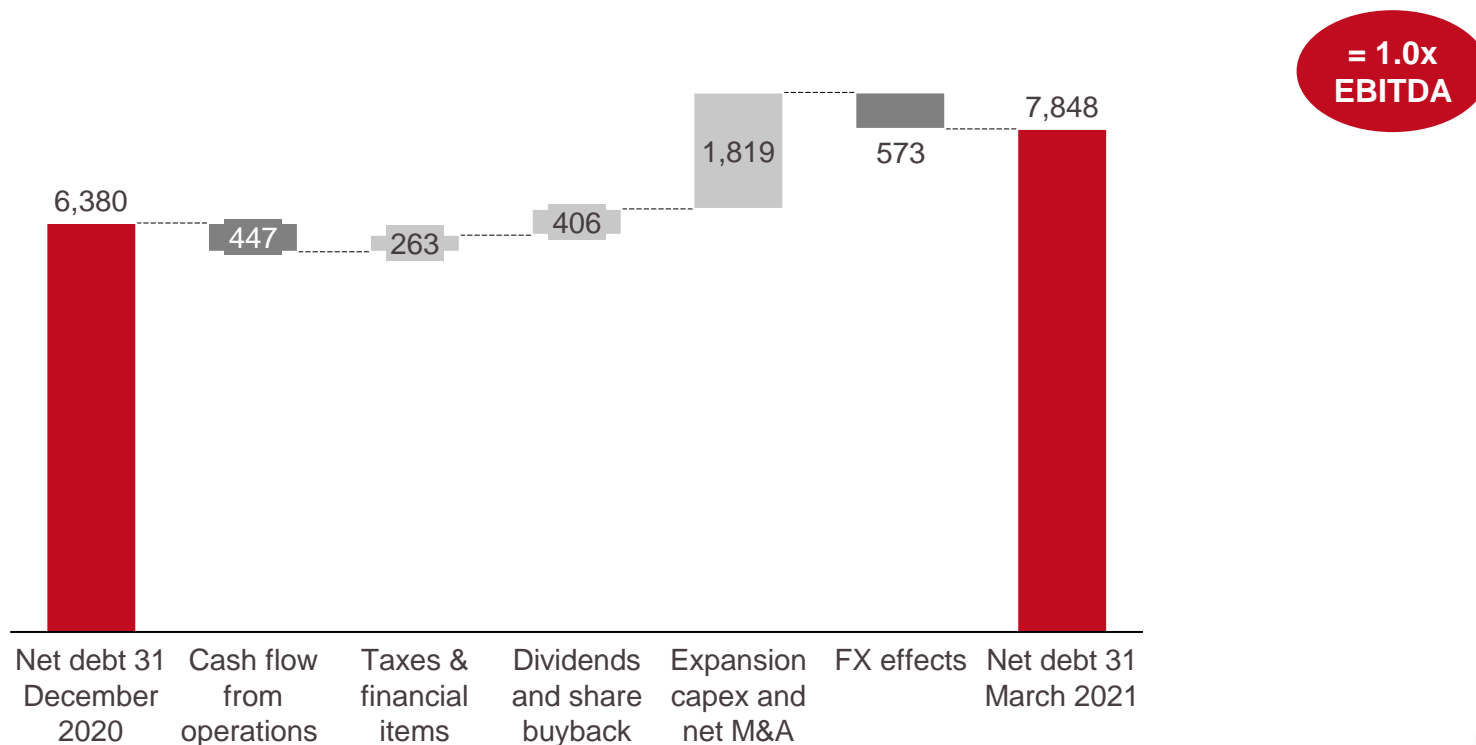
Adj. EPS +21% from profit growth in Branded Consumer Goods and good contribution from Jotun

Key figures	Q1-21	Q1-20	Δ Q1
Operating revenues BCG	11,276	11,316	-0.4%
EBIT (adj.) BCG	1,288	1,204	+7%
EBIT (adj.) HQ	-80	-101	
EBIT (adj.) BCG incl. HQ	1,208	1,103	+9.5%
EBIT (adj.) Orkla Industrial & Financial Investments	89	40	+123%
Other income and expenses	-143	-165	
EBIT	1,154	978	18%
Profit from associates	331	213	+55%
Net interest and other financial items	-51	-39	
Profit before tax	1,434	1,152	+24%
Taxes	-270	-220	
Profit after tax	1,164	932	+25%
Adjusted EPS cont. operations (NOK)	1.27	1.05	+21%
Reported EPS cont. operations (NOK)	1.15	0.92	+25%

Positive cash flow from operations in the quarter

Cash flow from operations per 31.3 (pre-tax)	YTD Q1-21	YTD Q1-20
Orkla Branded Consumer Goods (BCG, incl. HQ)		
EBIT (adj.)	1,208	1,103
Depreciation	441	430
Change in net working capital	-515	-122
Net replacement investments	-652	-601
Total BCG cash from operations (pre OIE)	482	810
Cash flow from other income & exp. and pensions	-172	-117
Industrial & Financial Investments	137	87
Total Orkla cash flow from operations	447	780

Continued strong balance sheet and financial flexibility after completed M&A transactions in the period

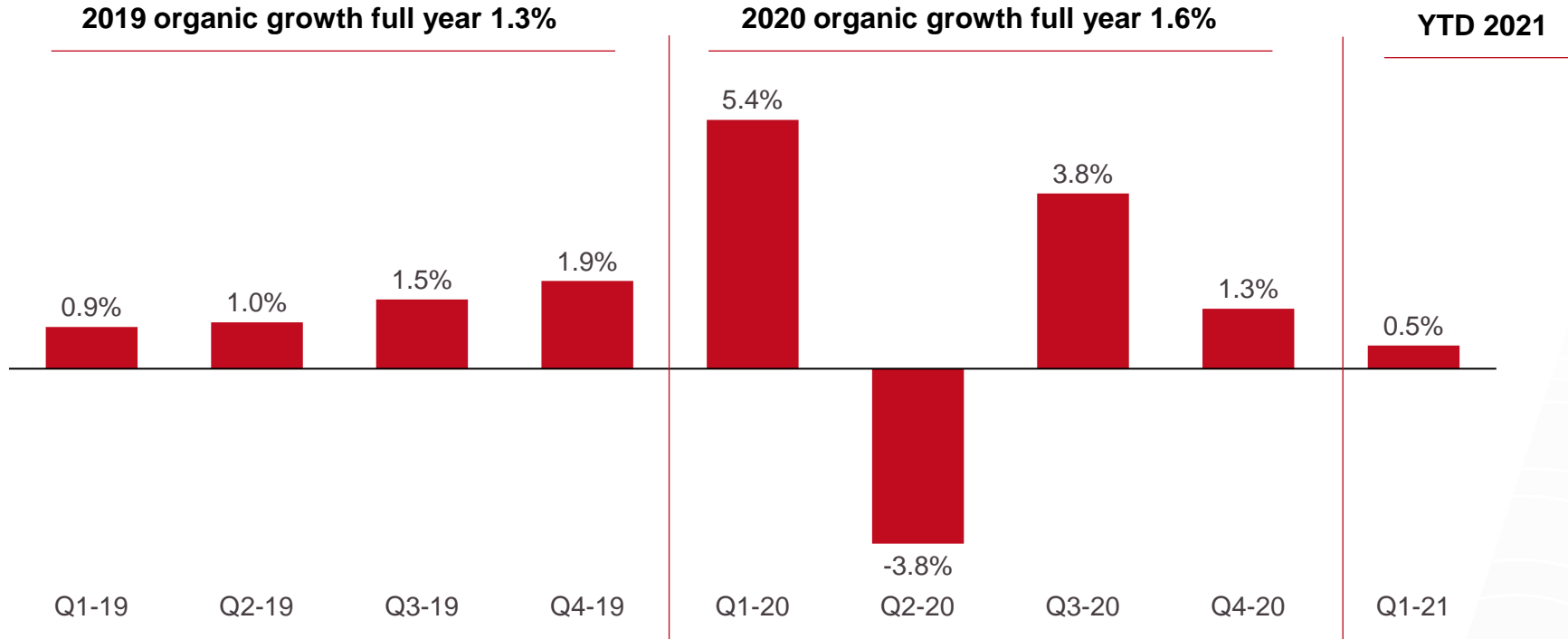




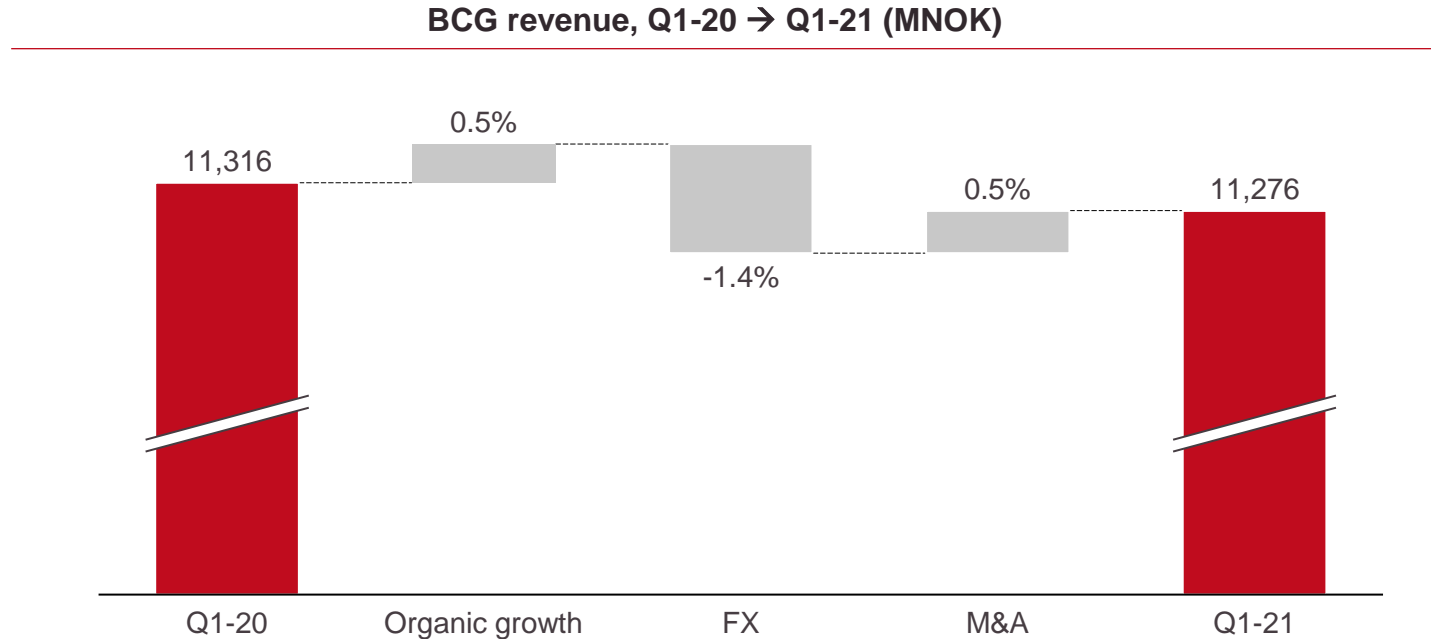
Branded Consumer Goods



Volatile development for Branded Consumer Goods through 2020



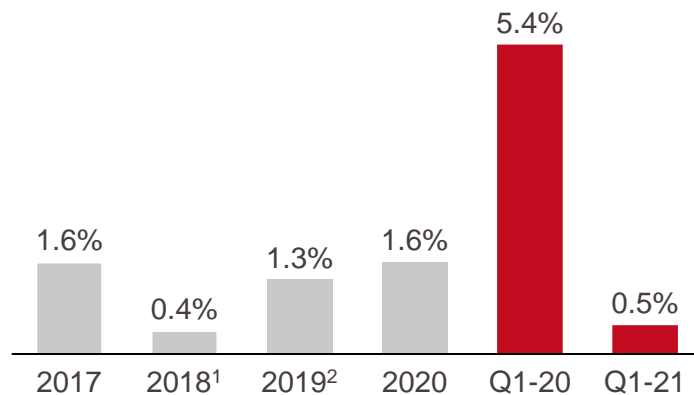
Organic top line growth on top of a strong Q1 2020



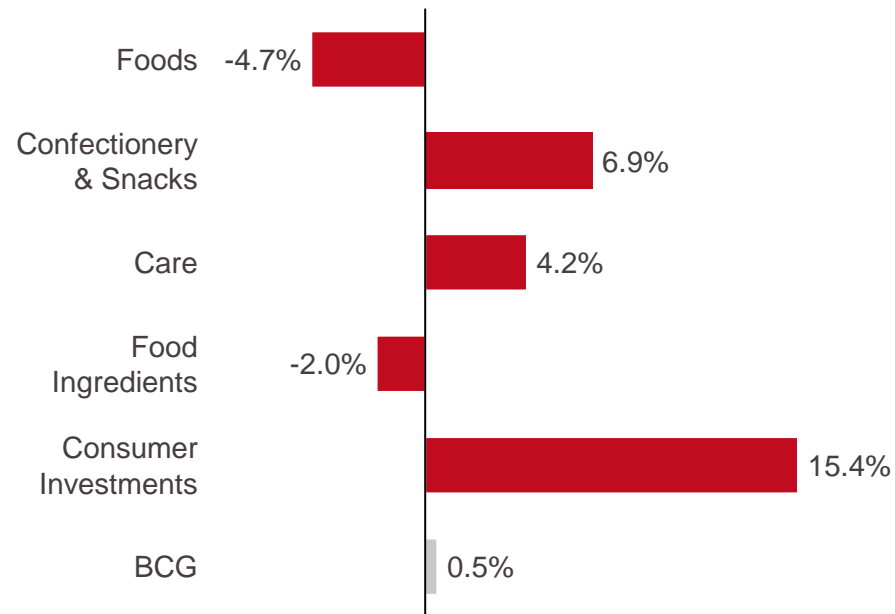
Branded Consumer Goods

Organic growth of 0.5% with significant variations between business areas in both Q1'20 and Q1'21

Organic growth for Branded Consumer Goods

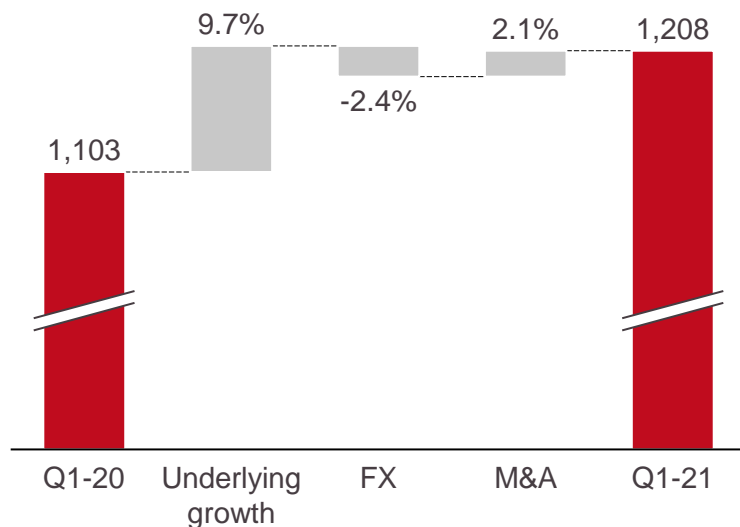


Organic growth Q1-21 by business area

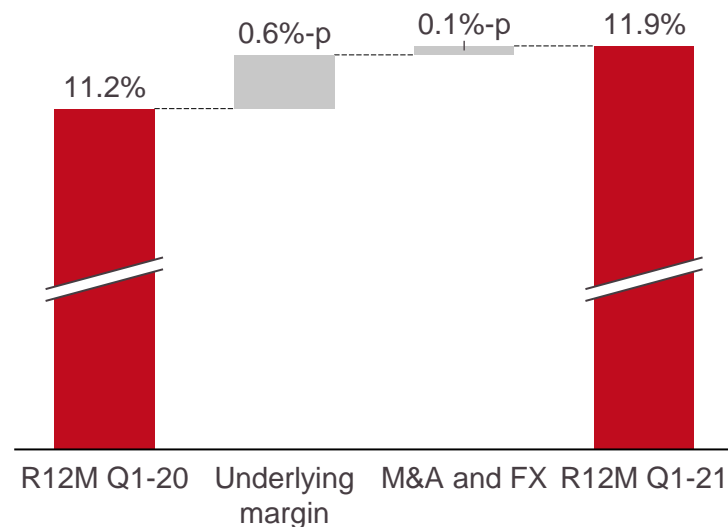


Underlying EBIT (adj) growth driven by Confectionery & Snacks and Consumer Investments

Δ Q1 U.EBIT (adj.), MNOK



Δ R12M U.EBIT (adj.) margin



Organic decline and lower profit facing a very strong Q1-20

	Q1-21	Q1-20	
Revenues	4,299	4,618	<ul style="list-style-type: none"> Organic sales decline in Q1 for most markets except Norway and India
<i>Organic growth</i>	<i>-4.7%</i>	<i>10.8%</i>	
EBIT (adj.)	507	535	<ul style="list-style-type: none"> Decline driven by last year's positive Covid-19 stockpiling effects in March
<i>EBIT (adj.) growth</i>	<i>-5.2%</i>	<i>24.4%</i>	
EBIT (adj.) margin	11.8%	11.6%	<ul style="list-style-type: none"> Reported EBIT decrease from lower sales and negative one-off effects
<i>Change vs LY</i>	<i>0.2%-p</i>	<i>0.5%-p</i>	



High market growth and positive phasing of sales between quarters

	Q1-21	Q1-20
Revenues	1,701	1,602
<i>Organic growth</i>	6.9%	2.1%
EBIT (adj.)	241	209
<i>EBIT (adj.) growth</i>	15.3%	-0.9%
EBIT (adj.) margin	14.2%	13.0%
<i>Change vs LY</i>	1.2%-p	-1.0%-p

- Good market growth in the Nordic grocery channel
- Sales growth positively affected by timing of Easter and re-stocking in trade due to removal of excise tax in Norway
- Re-gained listings with a larger customer in Denmark



Good revenue growth on top of strong comparables

	Q1-21	Q1-20
Revenues	1,814	1,688
<i>Organic growth</i>	4.2%	11.1%
EBIT (adj.)	296	297
<i>EBIT (adj.) growth</i>	-0.3%	34.4%
EBIT (adj.) margin	16.3%	17.6%
<i>Change vs LY</i>	-1.3%-p	2.5%-p

- Strong growth in health categories and digital sales for HSNB
- Still challenging in wound care segment due to prolonged Covid-19 restrictions
- Profit margin weakened by increased A&P spend, higher production cost and product mix



Covid-19 restrictions in Out of Home segment continued to hamper growth at beginning of 2021

	Q1-21	Q1-20
Revenues	2,546	2,574
<i>Organic growth</i>	<i>-2.0%</i>	<i>-1.3%</i>
EBIT (adj.)	80	71
<i>EBIT (adj.) growth</i>	<i>12.7%</i>	<i>-7.8%</i>
EBIT (adj.) margin	3.1%	2.8%
<i>Change vs LY</i>	<i>0.3%-p</i>	<i>-0.6%-p</i>

- Negative organic growth in quarter related to continued Covid-19 restrictions in several markets negatively impacting Out of Home
- EBIT (adj.) growth driven by profit protection measures
- Still uncertainty going forward



Continued strong growth in painting tools and pizza restaurant sales

	Q1-21	Q1-20
Revenues	1,023	927
<i>Organic growth</i>	15.4%	-3.9%
EBIT (adj.)	164	92
<i>EBIT (adj.) growth</i>	78%	4.5%
EBIT (adj.) margin	16.0%	9.9%
<i>Change vs LY</i>	6.1%-p	-1.2%-p

- Sales growth across markets for painting tools as home improvement activity remains high
- Resilient Kotipizza franchise with restaurant sales increasing 19% in an otherwise weak market
- Strong overall profit conversion and margin improvement, helped by weak comparable figures last year



Continued growth and increased profitability for Jotun

Jotun 100% basis	Q1-21
Revenues	5,485
<i>Revenue growth</i>	8%
EBITA	1,120
<i>EBITA growth</i>	42%
<i>Orkla share (42.6%) of net profit</i>	331

- Sales growth in Decorative, Protective and Powder segments. Continued slowdown in Marine Coatings
- Earnings growth driven by increased sales, continued strong margins and good cost control
- Uncertainty ahead, in particular related to Covid-19 and rising raw material prices





Closing remarks



Continued optimism going forward

Summing up Q1

- Growth on strong comparables
- Jotun continues strong performance
- Several M&A transactions completed

Outlook

- Still uncertainty
- Continue the focus on
 - Profitable organic growth agenda
 - M&A agenda





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 calculating 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 2021 and 2020 due to non-deductible transaction costs. Write-downs were also taken in 2020 with no tax effect.

If other items of a special nature occur under the company's operating profit or loss, adjustments will also be made for these items. No such adjustments had been made as at 31 March 2021. In the first quarter of 2020, an adjustment was made for a gain on the sale of the associate Andersen & Mørck AS.

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 either in 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, which 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 Ambassador92, Proteinfabrikken, Seagood Fort Deli, Norgesplaster, Win Equipment, Gortrush and Havrefras. Adjustments have been made for the sale of SaritaS, Vestlandslefsa, Italiensk Bakeri and Gorm's, as well as for the closure of Pierre Robert Sverige. Adjustments have also been made for the loss of the distribution agreements with Panzani. In 2020, adjustments were also made for Lecora, Easyfood, Confection by Design, Risberg, Kanakis, Credin Sverige, Vamo, Kotipizza, Helga and Anza Verimex, as well as the sale of Glyngøre and Solgryn. A structural adjustment was made at business area level for the internal relocation of Frødinge.

Significant increase in power prices partly offset by lower volume in Hydro Power

Hydro Power

Fully consolidated into Orkla's financial statements

Volume (GWh):	Power prices ¹ (øre/KWh):	EBIT adj. (NOK million):
Q1: 477 (645)	Q1: 48,9 (15,3)	Q1: 86 (39)



Financial Investments

Fully consolidated into Orkla's financial statements

Book value real estate:
NOK 1.8 billion



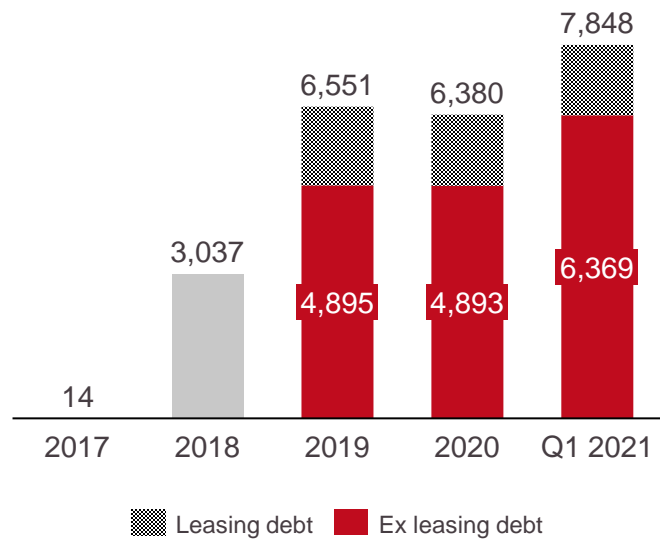
Jotun (42.6%)

Accounted for using equity method

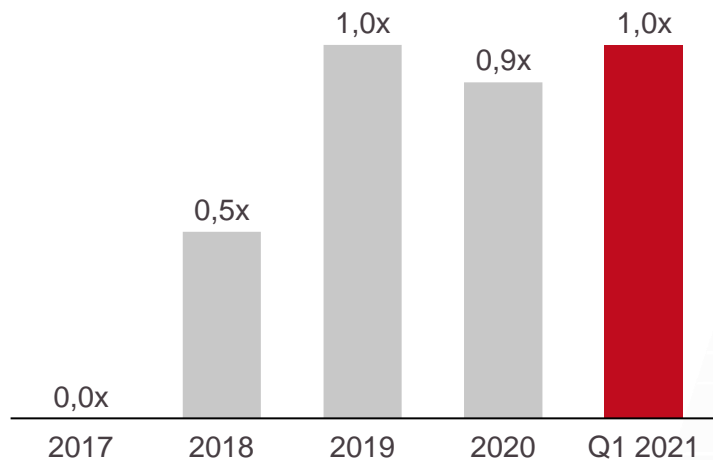


Strong balance sheet and financial flexibility

Net interest-bearing liabilities (NOK million)

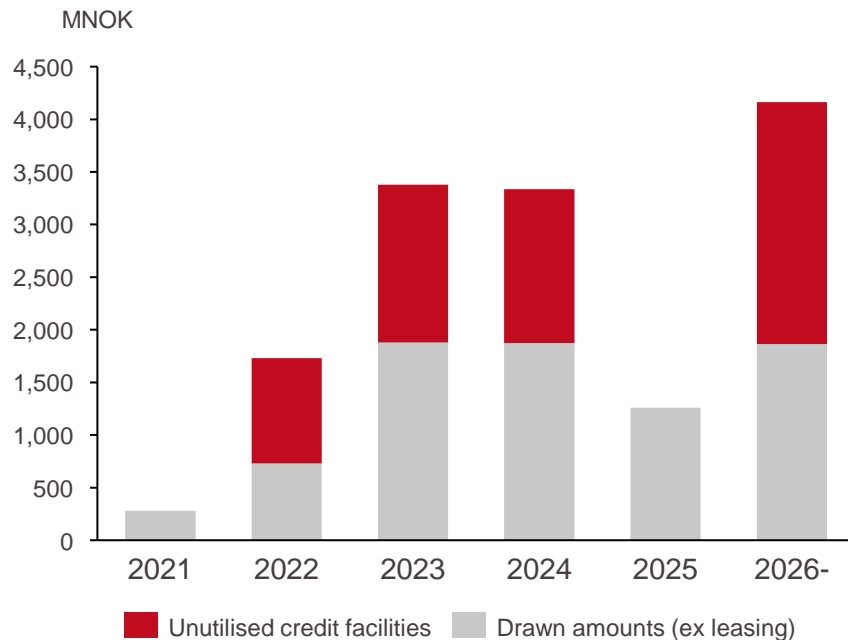


NIBD / R12 EBITDA



Funding sources and maturity profile

Debt maturity → average maturity 3.5 years



Funding sources (in BNOK)

