Third quarter results 2021

29 October 2021

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Summary of financials for the quarter

- Group EBIT(adj.)* growth of 9% in Q3-21
- Reported profit improvement in Branded Consumer Goods and Hydro Power
- Adjusted EPS* decreased by -6% to NOK 1.37 in the quarter

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

Highlights for the quarter

- Broad based organic revenue growth of 4.1%* predominantly volume driven
- Cost inflation and supply chain disruptions will be mitigated over time
- Good momentum in strategic growth areas. Out of Home strategy starting to materialize

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

Building a European pizza franchise

- 105 franchise outlets added in Germany
- Regional focus on Netherlands, Belgium, Germany and Finland
  - 635 outlets currently in our network
- Attractive fundamentals in the Out-of-Home pizza segment

Financial performance

Harald Ullevoldsæter, CFO

Strong sales growth and 3% EBIT (adj.) growth in BCG incl. HQ

Key figures	Q3-21	Q3-20	∆ Q3
Operating revenues BCG	12,914	11,781	+10%
EBIT (adj.) BCG	1,695	1,625	+4%
EBIT (adj.) HQ	-76	-54	
EBIT (adj.) BCG incl. HQ	**1,619**	**1,571**	**+3%**
EBIT (adj.) Orkla Industrial & Financial Investments	93	0	
Other income and expenses	-66	-121	
EBIT	**1,646**	**1,450**	**+14%**
Profit from associates	164	314	-48%
Net interest and other financial items	-63	-58	
Profit before tax	**1,747**	**1,706**	**+2%**
Taxes	-410	-325	
Profit after tax	**1,337**	**1,381**	**-3%**
Adjusted EPS diluted (NOK)	**1.37**	**1.46**	**-6%**
Reported EPS diluted (NOK)	1.31	1.36	-4%

Amounts in NOK million

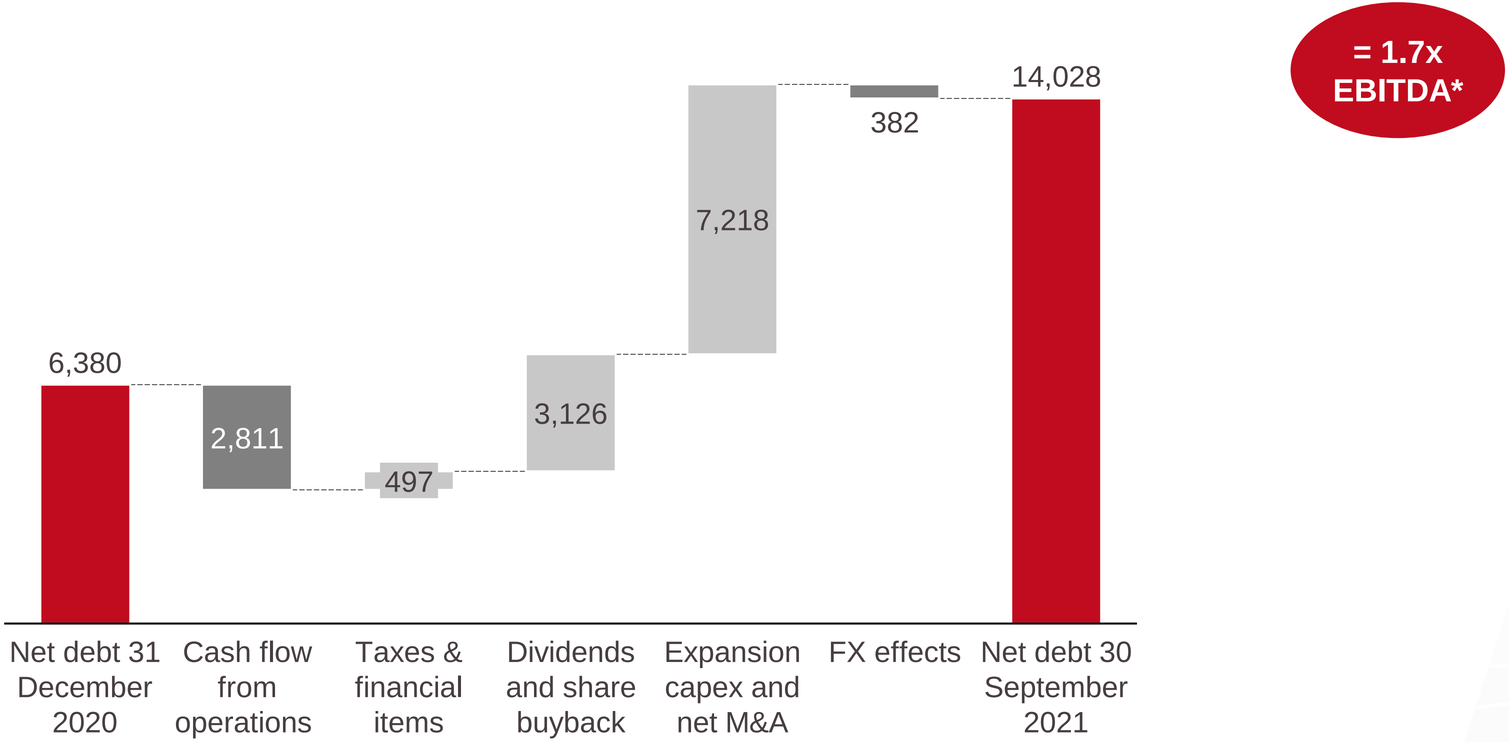
Positive cash flow from operations year to date

Cash flow from operations as at 30.9 (pre-tax)	YTD Q3-21	YTD Q3-20
Orkla Branded Consumer Goods (BCG, incl. HQ)		
EBIT (adj.)	3,981	3,894
Depreciation	1,392	1,329
Change in net working capital	-824	159
Net replacement investments	-1,739	-1,605
Total BCG cash flow from operations (adj.)	2,810	3,777
Cash flow from other income & exp. and pensions	-369	-96
Industrial & Financial Investments	370	90
Total Orkla cash flow from operations	2,811	3,771

Amounts in NOK million

Orkla

Acquisitions increase net interest bearing debt



Amounts in NOK million
* Including acquired businesses in EBITDA

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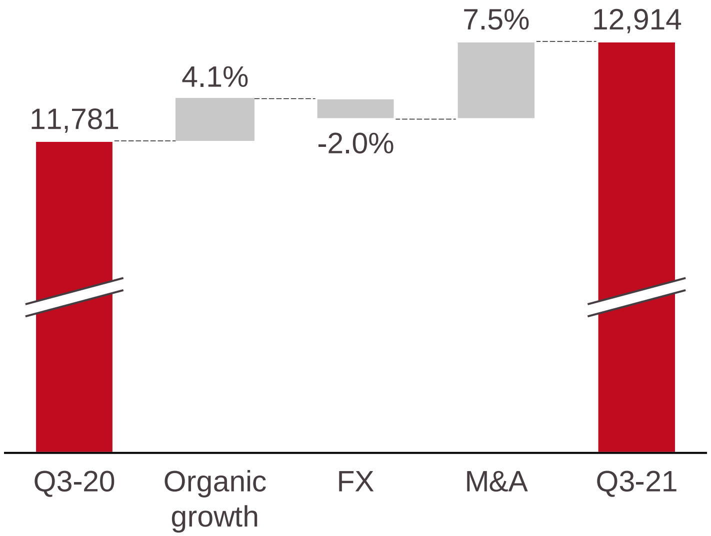
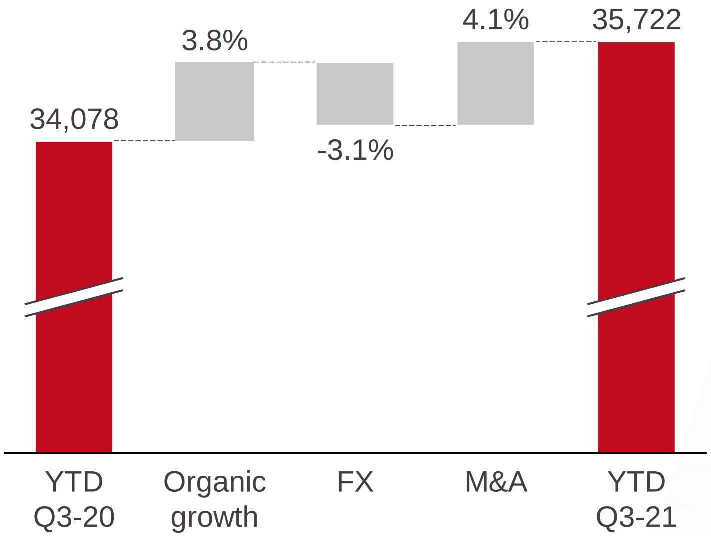
Branded Consumer Goods

Organic top line growth of 4.1% in Q3 and 3.8% YTD

BCG revenue, Q3-20 → Q3-21 (MNOK)



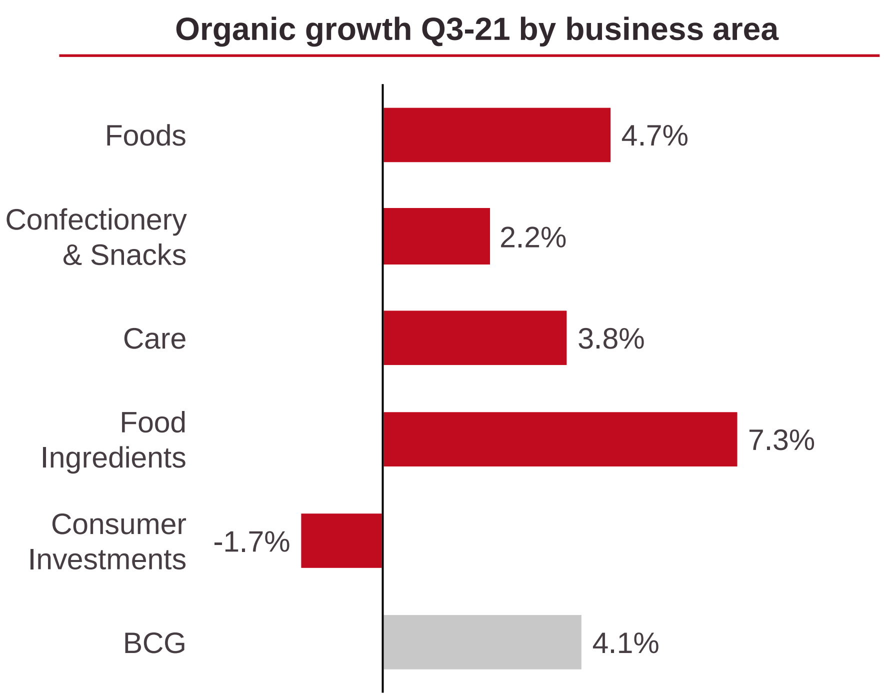
BCG revenue, YTD Q3-20 → YTD Q3-21 (MNOK)

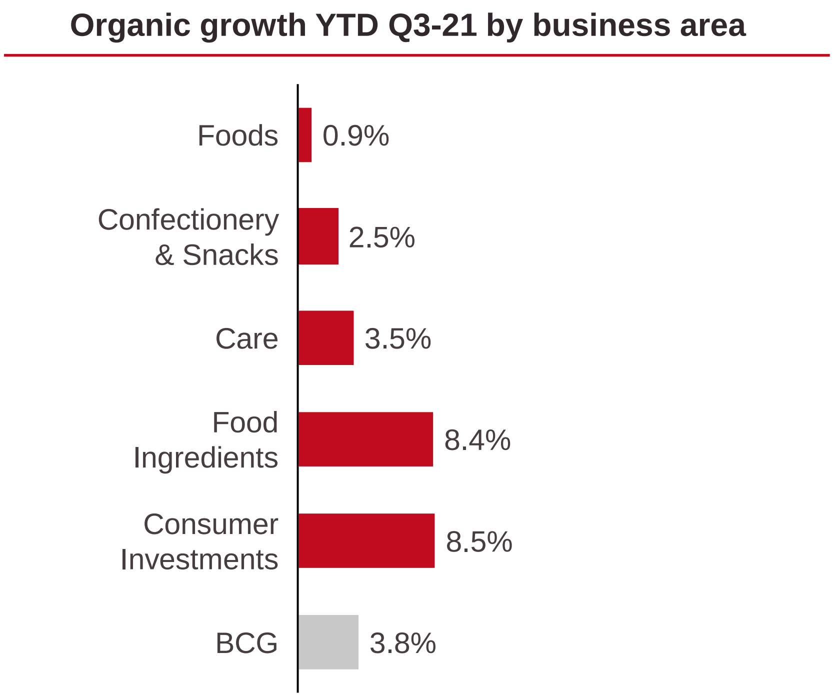


 All Alternative Performance Measures (APM) are presented in the appendix

Branded Consumer Goods

Strong comeback in Out of Home and grocery holding up





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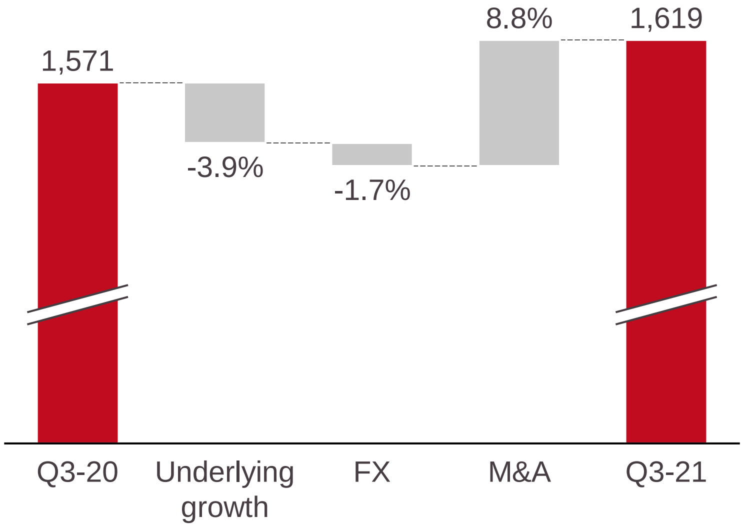
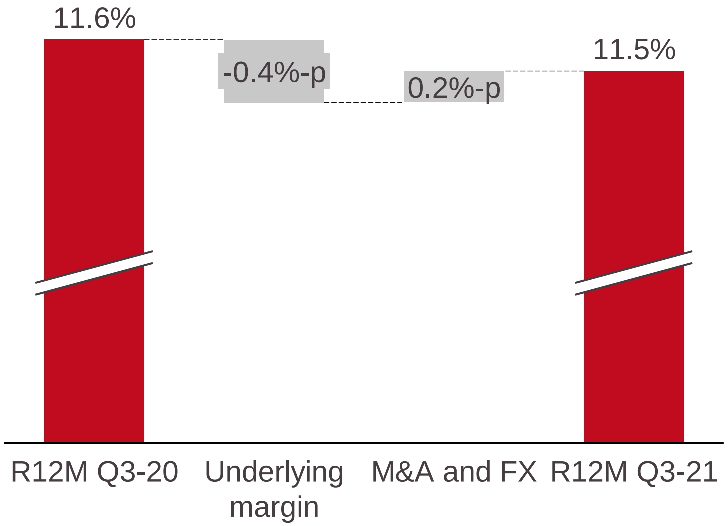
Branded Consumer Goods incl. HQ

Profit conversion negatively impacted by cost increases

∆ Q3 U.EBIT (adj.), MNOK



∆ R12M U.EBIT (adj.) margin



All Alternative Performance Measures (APM) are presented in the appendix
Numbers may not add up due to rounding

Orkla Foods

Improved sales in Q3 and profit growth despite higher input costs

	Q3-21	YTD Q3-21
Revenues	**4,857**	**13,621**
Organic growth	*+4.7%*	*+0.9%*
EBIT (adj.)	**718**	**1,742**
EBIT (adj.) growth	*+5.1%*	*-4.5%*
EBIT (adj.) margin	**14.8%**	**12.8%**
Change vs LY	*-0,5%-p*	*-0,8%-p*

- Broad-based organic sales growth in Q3 across most markets
- Growth in channels like food service, convenience and grocery, while export sale is lagging
- EBIT (adj.) hampered by higher input costs, product recalls and ERP rollout cost

Revenues and EBIT (adj.) figures in NOK million

Organic revenue growth offset by higher input costs and lower production efficiency

	Q3-21	YTD Q3-21
Revenues	**1,847**	**5,185**
Organic growth	*2.2%*	*2.5%*
EBIT (adj.)	**280**	**719**
EBIT (adj.) growth	*-15.7%*	*-8.1%*
EBIT (adj.) margin	**15.2%**	**13.9%**
Change vs LY	*-3.4%-p*	*-1.4%-p*

- Organic growth in most markets in the quarter. Continued high market growth, however at a lower pace
- EBIT (adj.) development negatively affected by increased raw material and packaging costs. Price increases will be implemented going forward
- Volatile markets and shorter planning horizons led to higher cost in supply chain

Revenues and EBIT (adj.) figures in NOK million

Orkla Care

Growth in top line combined with stable fixed cost development

	Q3-21	YTD Q3-21
Revenues	**2,020**	**5,458**
Organic growth	*3.8%*	*3.5%*
EBIT (adj.)	**359**	**866**
EBIT (adj.) growth	*30.1%*	*6.1%*
EBIT (adj.) margin	**17.8%**	**15.9%**
Change vs LY	*2.0%-p*	*-0.2%-p*

- Sales growth driven by Orkla Health, Wound Care and HSNG categories
- NutraQ contributes with structural growth
- Positive EBIT (adj.) development from organic sales growth and aided by stable cost development

 Revenues and EBIT (adj.) figures in NOK million

Orkla Food Ingredients

Strong top-line, cost increases hampering margin growth

	Q3-21	YTD Q3-21
Revenues	**3,189**	**8,706**
Organic growth	*+7.3%*	*+8.4%*
EBIT (adj.)	**205**	**490**
EBIT (adj.) growth	*+6.2%*	*+34.2%*
EBIT (adj.) **margin**	**6.4%**	**5.6%**
Change vs LY	*-0.4%-p*	*+1.0%-p*

- Continued strong organic growth from both volume and price
- Margin development negatively impacted by cost increases
- Facing continued firming input costs and supply uncertainty going forward

 Revenues and EBIT (adj.) figures in NOK million

Establishing a strong foothold in the Dutch and German pizza delivery markets through acquisitions of New York Pizza and three German chains

	Q3-21	YTD Q3-21
Revenues	**1,134**	**3,113**
Organic growth	*-1.7%*	*8.5%*
EBIT (adj.)	**133**	**406**
EBIT (adj.) growth	*-5.7%*	*22.3%*
EBIT (adj.) margin	**11.7%**	**13.0%**
Change vs LY	*-1.7%-p*	*1.5%-p*

- Negative organic growth mainly due to sales decline for painting tools in Q3 compared to a stronger quarter last year
- Double digit growth in consumer sales across the network of franchise operated pizza stores
- Rapidly rising freight rates and input cost impacting results

 Revenues and EBIT (adj.) figures in NOK million

Solid progress for Jotun, but short term uncertainty due to raw material price inflation and reduced ship newbuildings

Jotun 100% basis	YTD Aug-21
Revenues	**14,975**
Revenue growth	*7,6%*
EBITA	**2,496**
EBITA growth	*3,9%*
Orkla share (42.6%) of net profit	

- Sales growth in Decorative, Protective and Powder segments. Continued slowdown in Marine coatings from lower newbuilding activity
- Margin pressure in all segments driven by rapidly increasing raw material prices. Price actions initiated to dampen the effect
- Earnings improvement in August year to date driven by strong revenue growth and operating cost control. Raw material price inflation contributed to lower earnings after the first tertiary

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Closing remarks

Reported growth in a demanding environment, further actions implemented

Summing up Q3

- Broad-based organic growth
- Mixed profit conversion for Branded Consumer Goods
- Good momentum for strategic growth areas

Outlook

- Uncertainty regarding cost inflation and supply of input factors
- Cost inflation will be mitigated through price increases and cost improvements
- Covid-19 still impacting certain areas

Q&A

Jaan Ivar Semlitsch, President & CEO

Harald Ullevoldsæter, CFO

Save the date

Orkla Capital Markets Day

23 November 2021

Appendices

Profit growth in Hydro Power from significant increase in power prices

Hydro Power

Fully consolidated into Orkla's financial statements

Volume (GWh):
Q3: 406 (853)
YTD: 1,432 (2,182)

Power prices[1] (NOK/kWh):
Q3: 0.81 (0.05)
YTD: 0.59 (0.09)

EBIT adj. (NOK million):
Q3: 89 (-3)
YTD: 287 (17)

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

JOTUN

[1]Source: Nord Pool Spot, Monthly System Price

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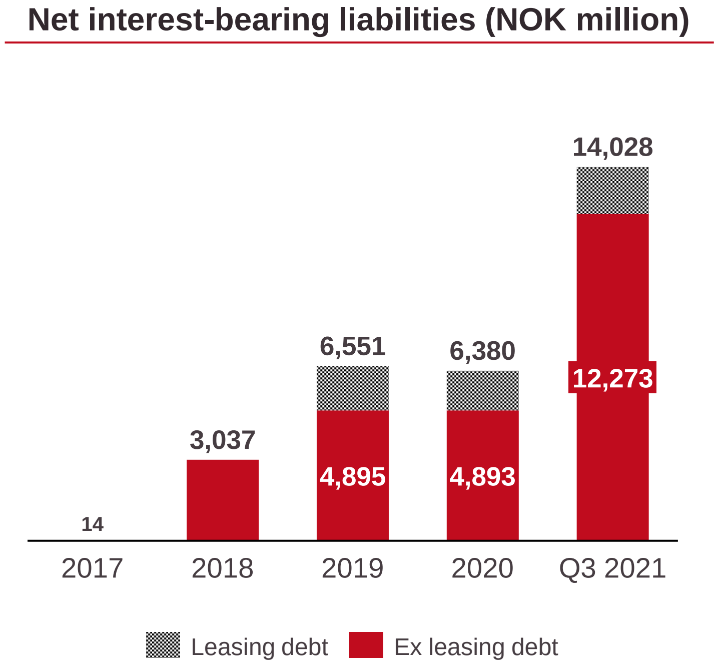
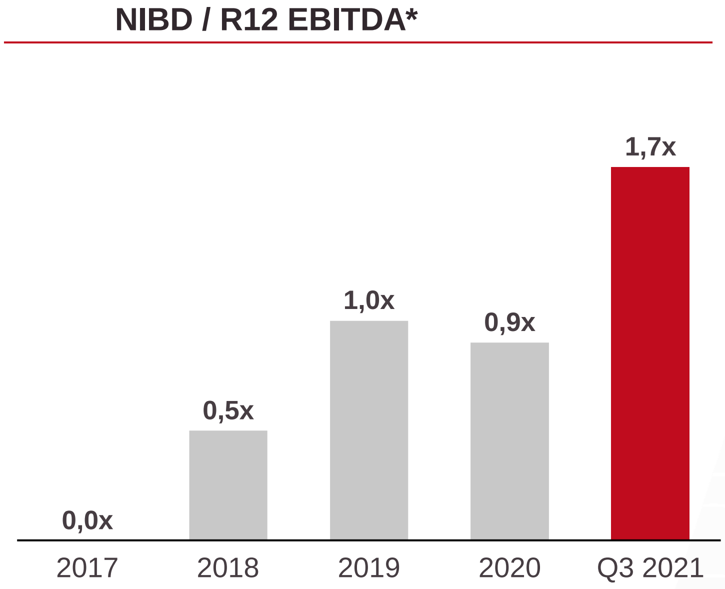
Strong balance sheet and financial flexibility

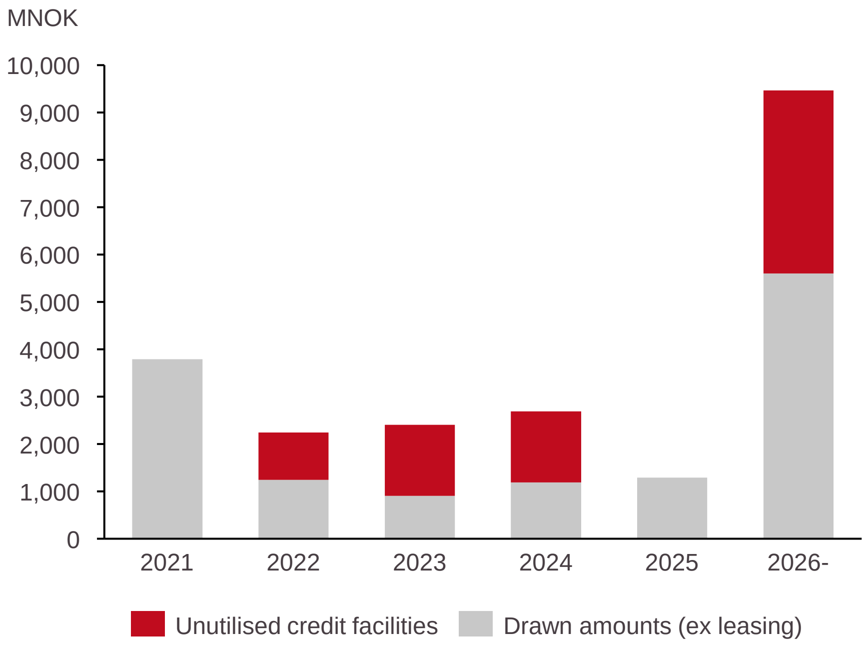




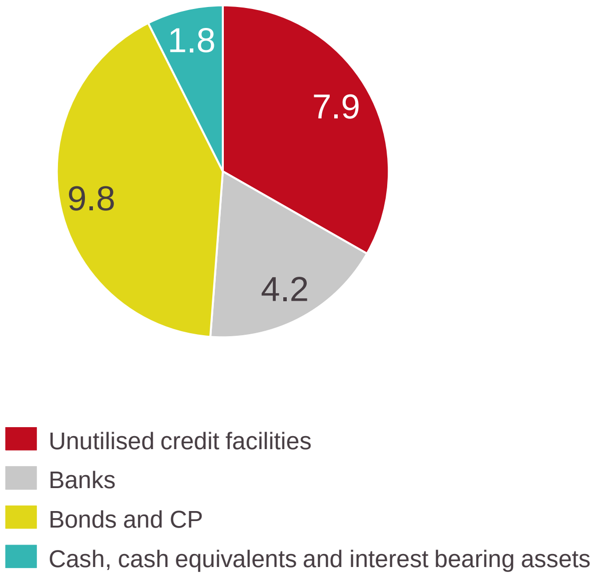
Amounts in NOK million
* Including acquired businesses in EBITDA

Funding sources and maturity profile

Debt maturity → average maturity 3.4 years



Funding sources (in BNOK)



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.

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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. The effective tax rate for OIE is lower than the Group’s tax rate in both 2021 and 2020 chiefly 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 30 September 2021. As at 30 September 2020, adjustments were made for a gain on the sales of the associates Andersen & Mørck AS and Allkärrsplans Utvecklings AB.

In the second quarter of 2021, Orkla awarded share options to senior executives (see Note 9 in quarterly report). This could have a dilutive effect for other shareholders and diluted figures are therefore presented for earnings per share and earnings per share (adj.).

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 Eastern, NutraQ, New York Pizza, Sigurd Ecklund, Hans Kaspar, Nói Siríus, Cake Décor Limited, For All Baking Limited, Ambasador92, Proteinfabrikken, Seagood Fort Deli, Norgesplaster, Win Equipment, Gortrush and Havrefras. Adjustments have been made for the sale of SaritaS, Vestlandslefsa, Italiensk Bakeri, Gorm’s and the Skin Care business in Poland, as well as for the closure of Pierre Robert Sverige. Adjustments have also been made for the loss of the distribution agreements with Panzani and OTA Solgryn. A structural adjustment was made at business area level for the internal relocation of Frödinge. In 2020, adjustments were also made for Lecora, Easyfood, Confection by Design, Risberg, Kanakis, Credin Sverige, Vamo, Kotipizza, Helga, Anza Verimex and the sale of Glyngøre.

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