



14 July 2022

Second quarter results 2022

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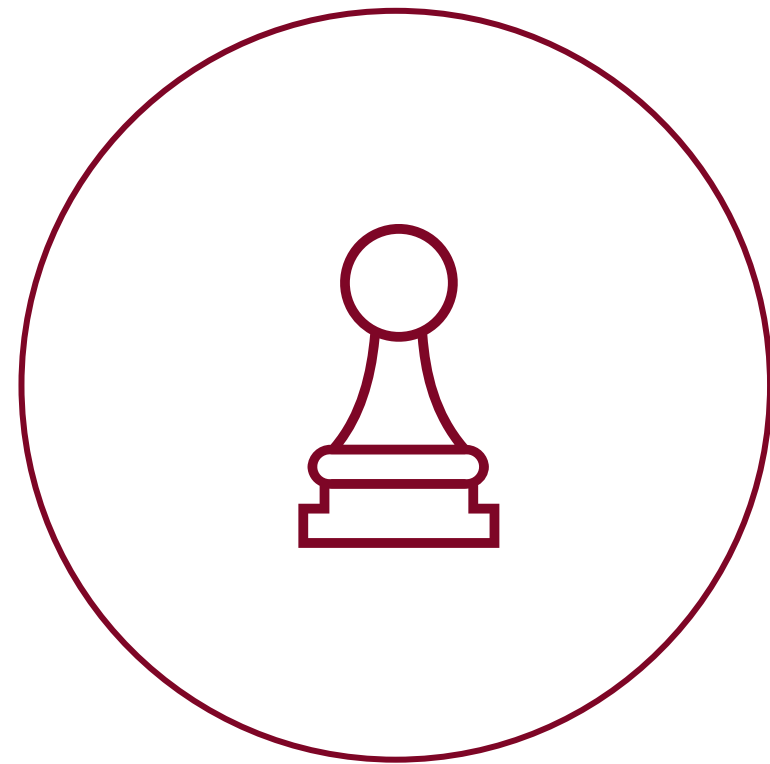


Summary of financials for the quarter

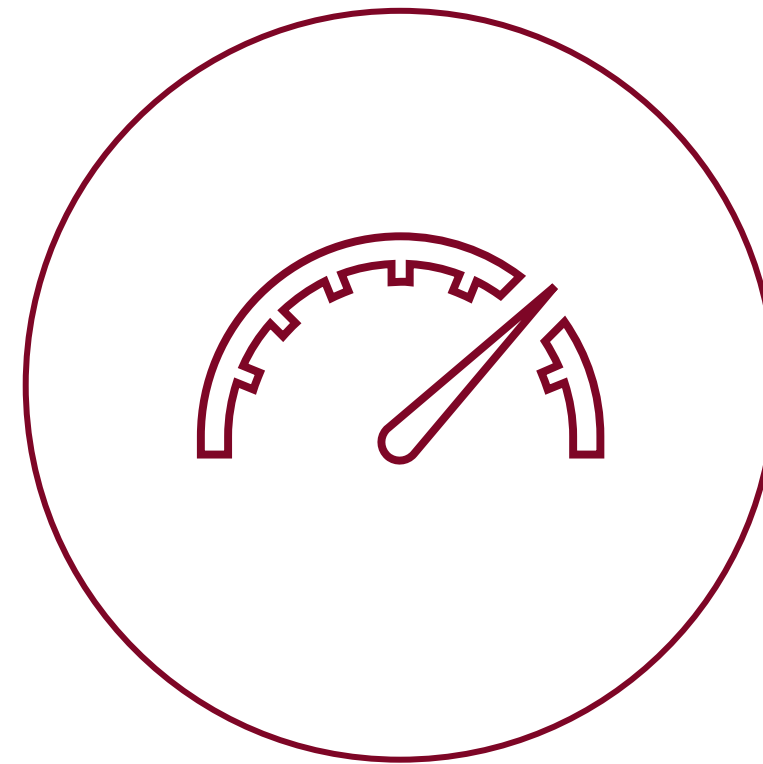
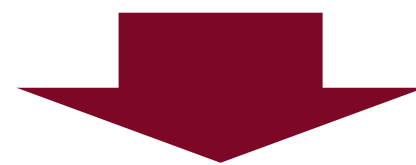
- Group EBIT (adj.) growth of 39% mainly driven by strong results for Hydro Power
- Organic revenue growth of 12.1% in Branded Consumer Goods, driven by both price and volume
- Profit decline in Branded Consumer Goods mainly due to cost inflation
- Adjusted earnings per share were NOK 1.33, +17%



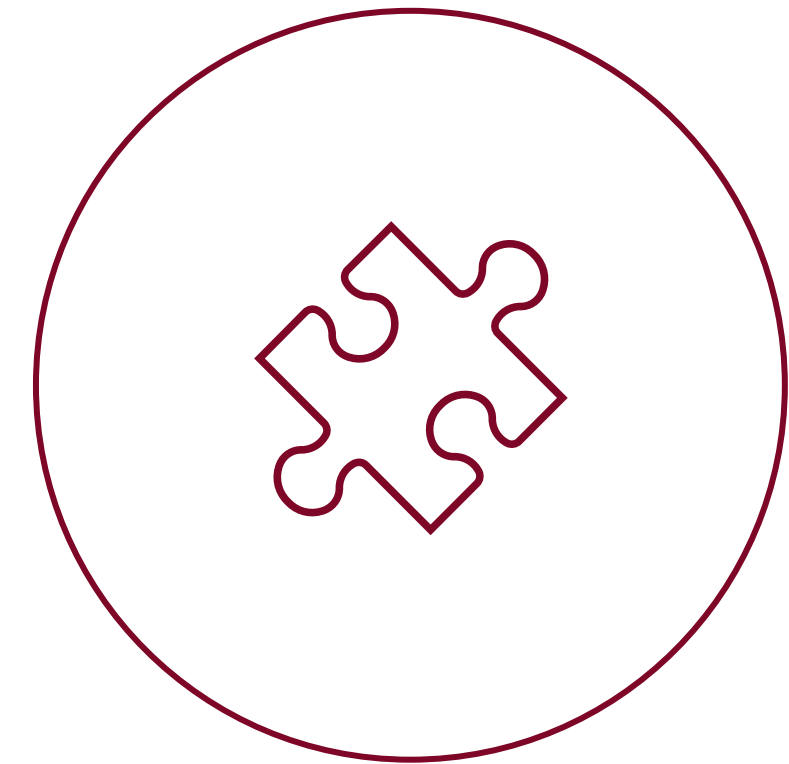
Going forward, our high ambitions remain unchanged, with focus on accelerating progress



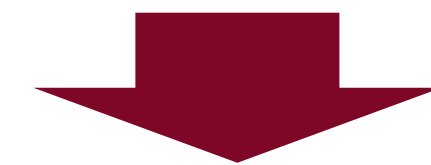
We maintain our existing strategy



We will accelerate our delivery



We will make our businesses more independent

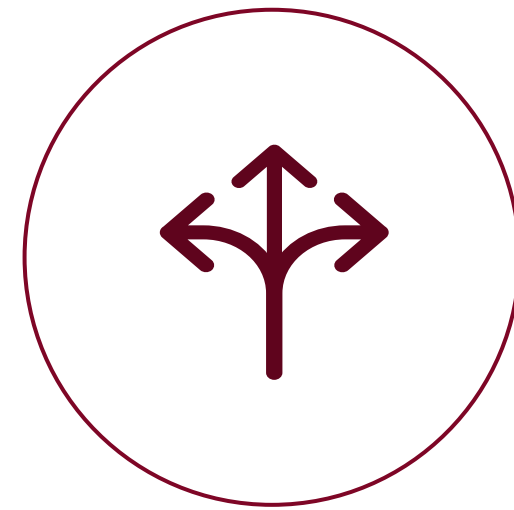


More autonomous businesses and increased focus on ownership role at Group level

Establishing more autonomous businesses and increased ownership focus on Group level will drive shareholder value



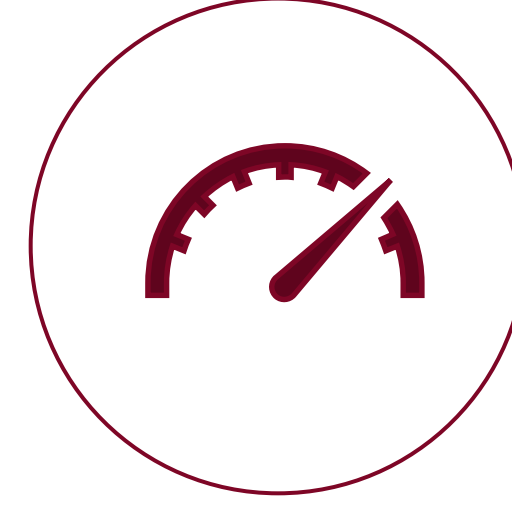
Further increase entrepreneurship and focus in existing businesses



Create more optionality for structural moves



Actively decide whether to invest in, hold, or divest assets



Continue investments into sectors with higher growth



Increase information transparency around key assets

Maintain our brand and consumer oriented DNA through a portfolio of attractive consumer related companies

Harald Ullevoldsæter, CFO

Financial performance

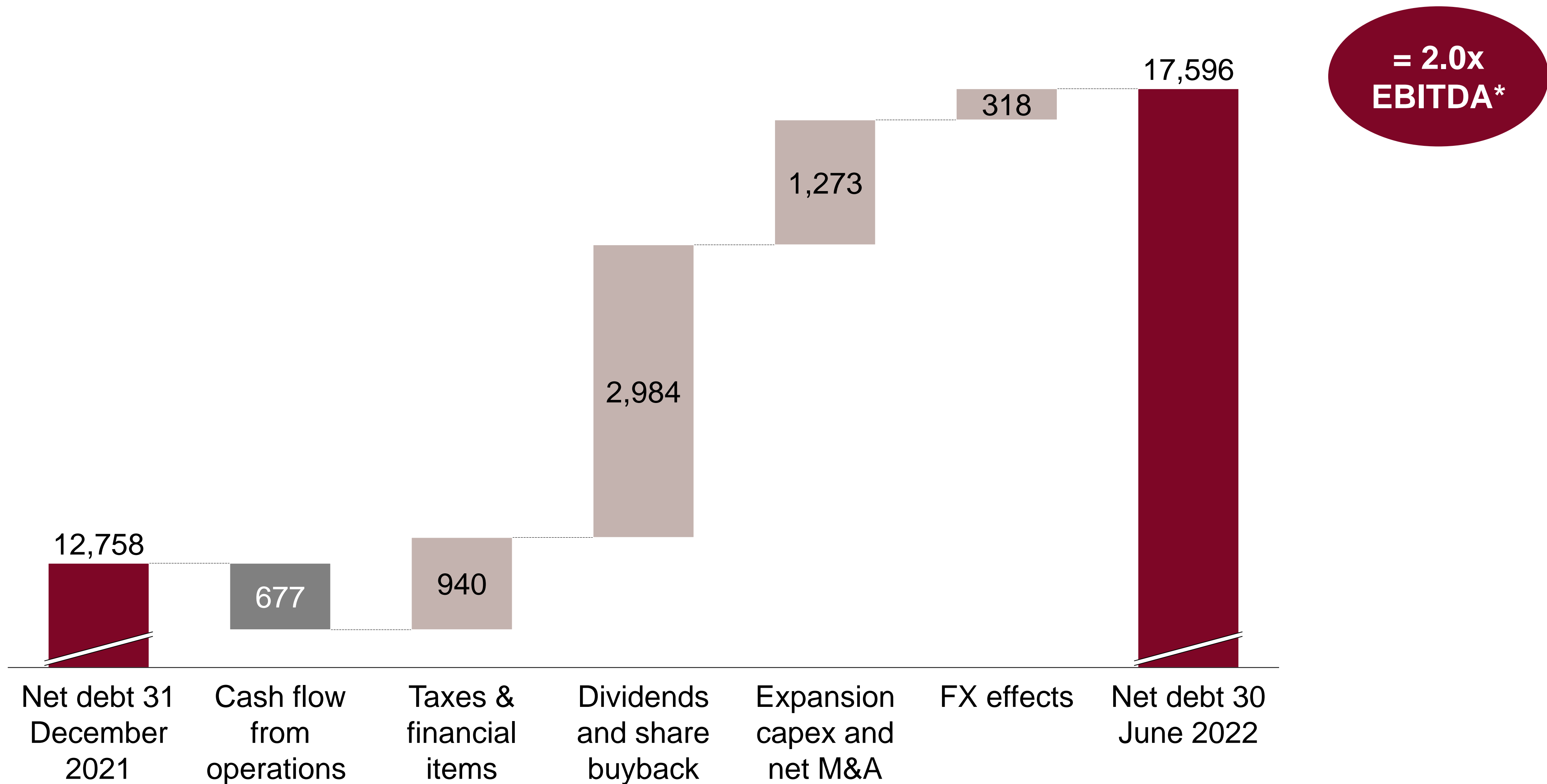
Strong sales growth, EBIT growth driven by Hydro Power

Key figures	Q2-22	Q2-21	Δ Q2
Operating revenues BCG	13,524	11,532	+17.3%
EBIT (adj.) BCG	1,232	1,240	-0.6%
EBIT (adj.) HQ	-84	-86	
EBIT (adj.) BCG incl. HQ	1,148	1,154	-0.5%
EBIT (adj.) Industrial & Financial Investments	605	111	
Other income and expenses	-50	-118	
EBIT	1,703	1,147	+48.5%
Profit from associates	238	255	-6.7%
Net interest and other financial items	-87	-58	
Profit before tax	1,854	1,344	+37.9%
Taxes	-495	-285	
Profit after tax	1,359	1,059	+28,3%
Adjusted EPS diluted (NOK)	1.33	1.14	+16.7%
Reported EPS diluted (NOK)	1.28	1.04	23.1.%

Cash flow from operations in the first half

Cash flow from operations as at 30.6 (pre-tax)	YTD Q2-22	YTD Q2-21
Orkla Branded Consumer Goods (BCG, incl. HQ)		
EBIT (adj.)	2,327	2,362
Depreciation	993	890
Change in net working capital	-1,851	-648
Net replacement investments	-1,416	-1,088
Total BCG cash flow from operations (adj.)	53	1,516
Cash flow from other income & exp. and pensions	-156	-281
Industrial & Financial Investments	780	212
Total Orkla cash flow from operations	677	1,447

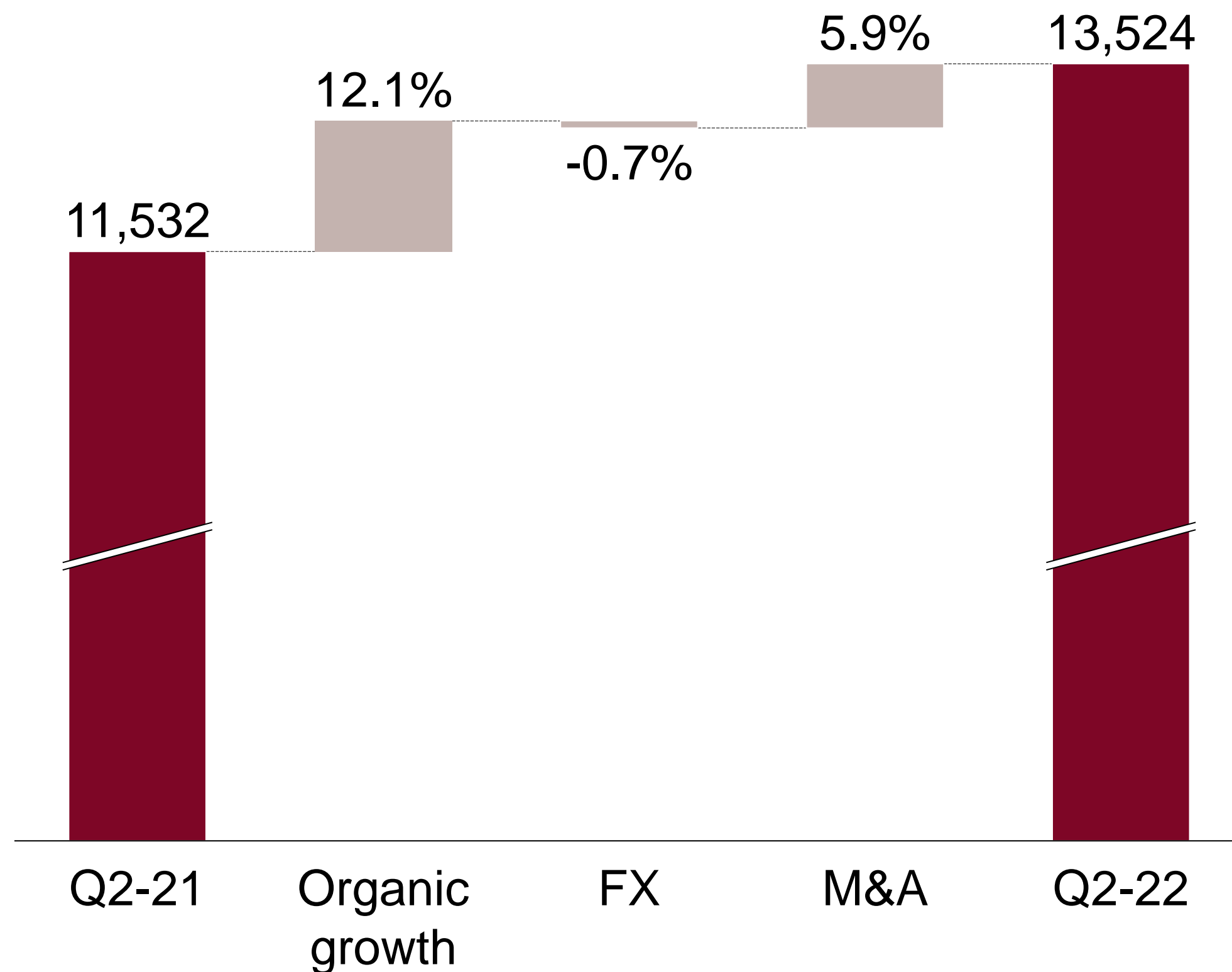
Acquisitions and dividend increase net interest bearing debt



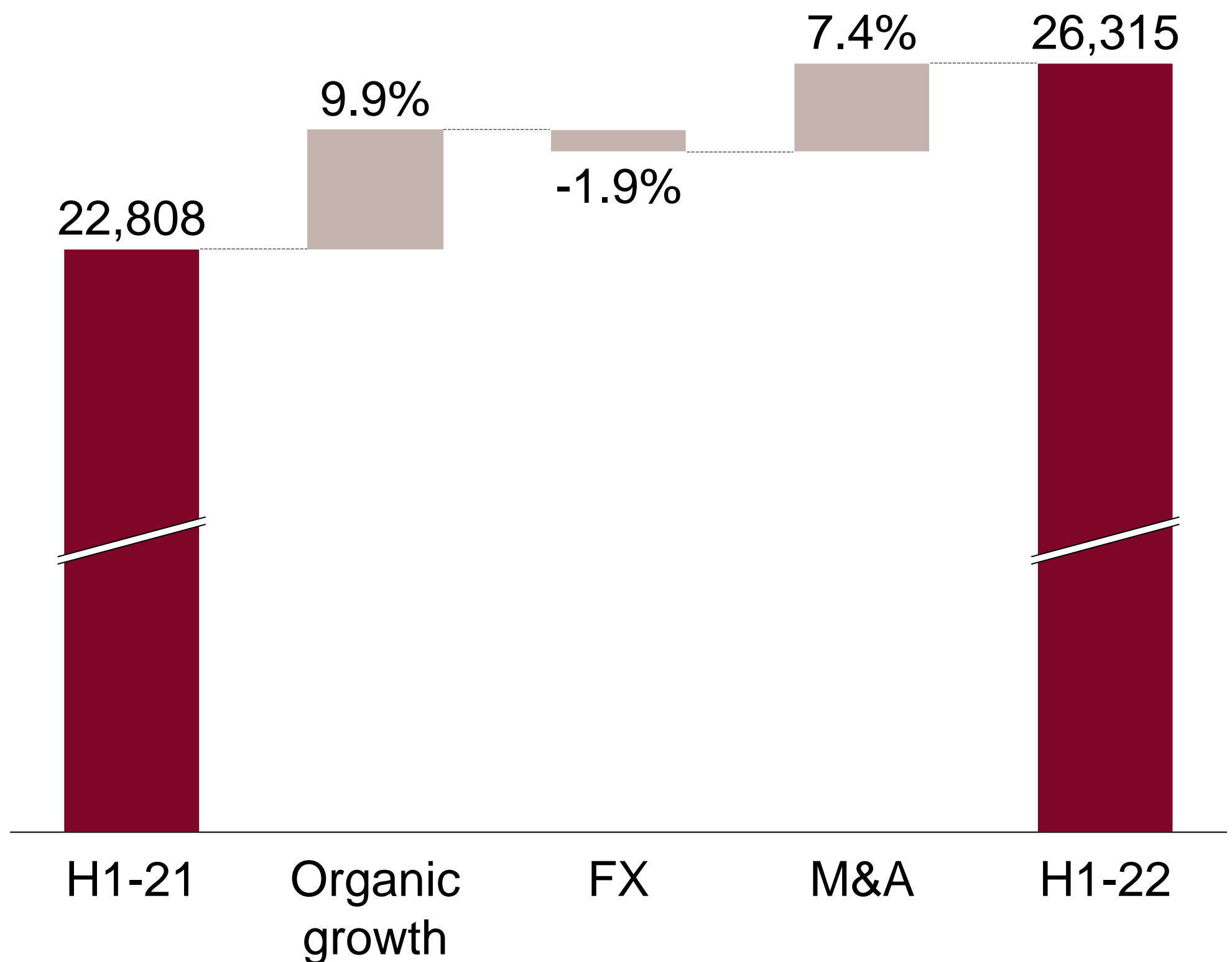
Branded Consumer Goods (BCG)

Organic growth of 12.1% driven by both price and volume/mix

BCG revenue, Q2-21 → Q2-22 (MNOK)



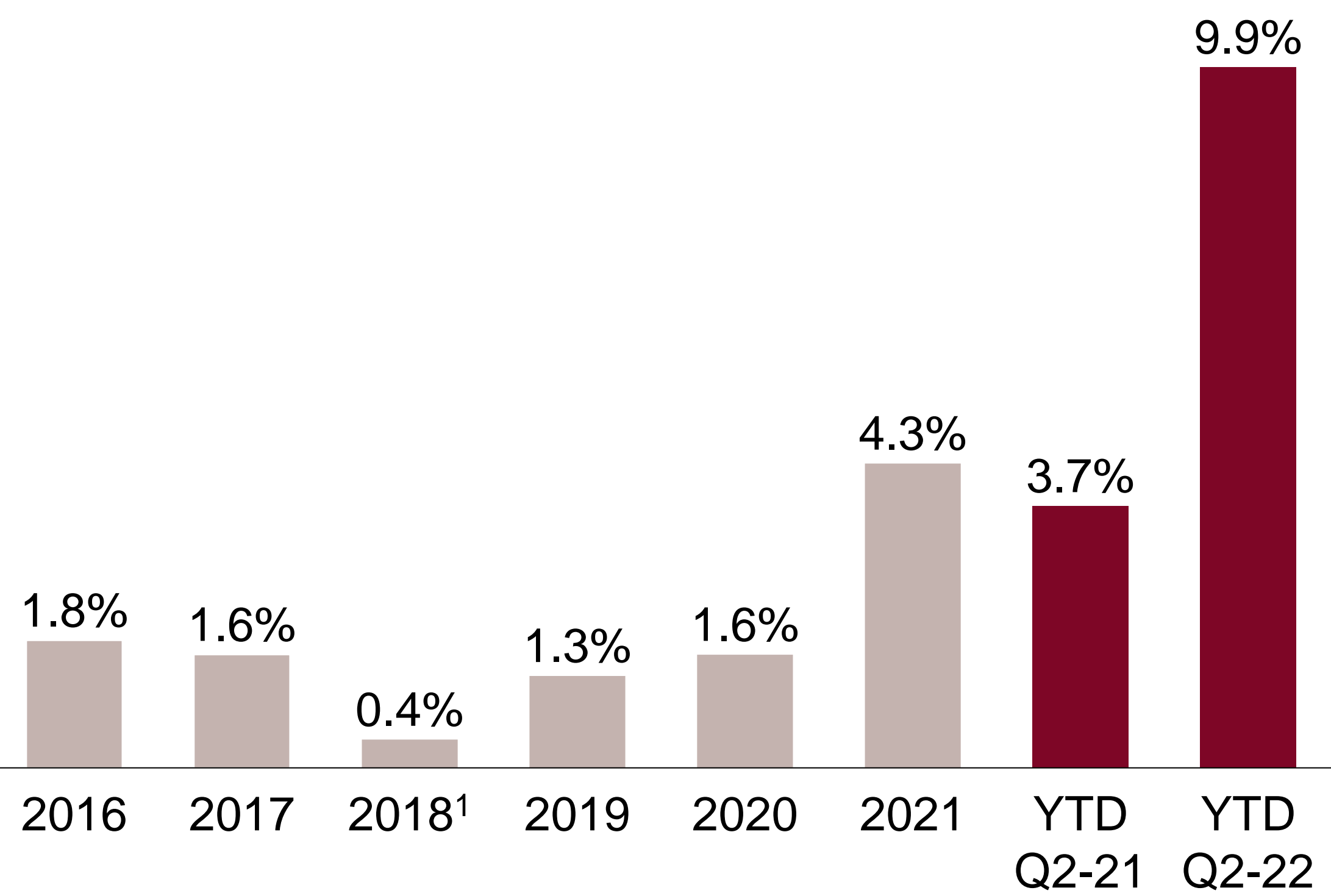
BCG revenue, YTD Q2-21 → YTD Q2-22 (MNOK)



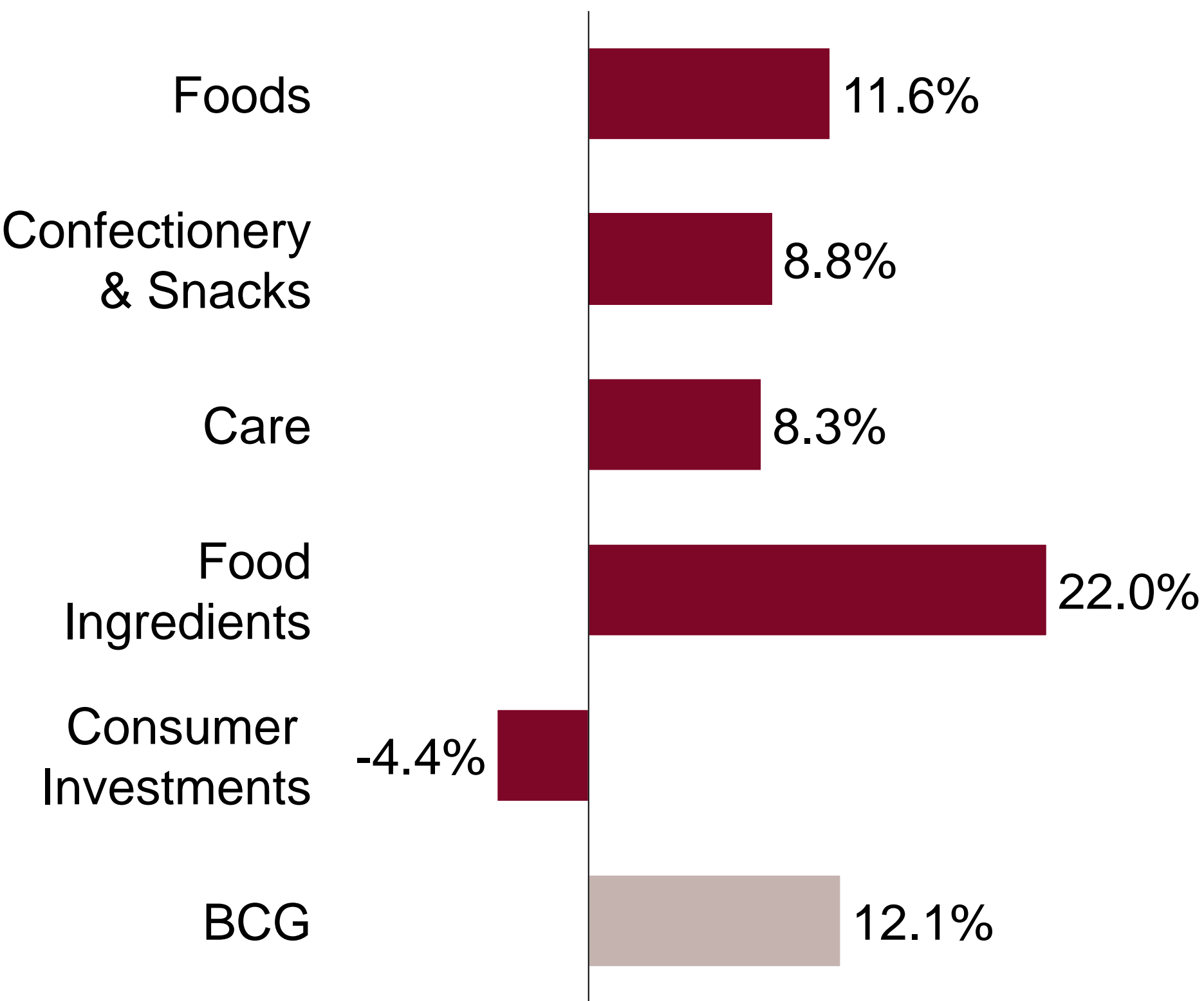
Branded Consumer Goods

Growth spread across most business areas




Organic growth for Branded Consumer Goods



Organic growth Q2-22 by business area



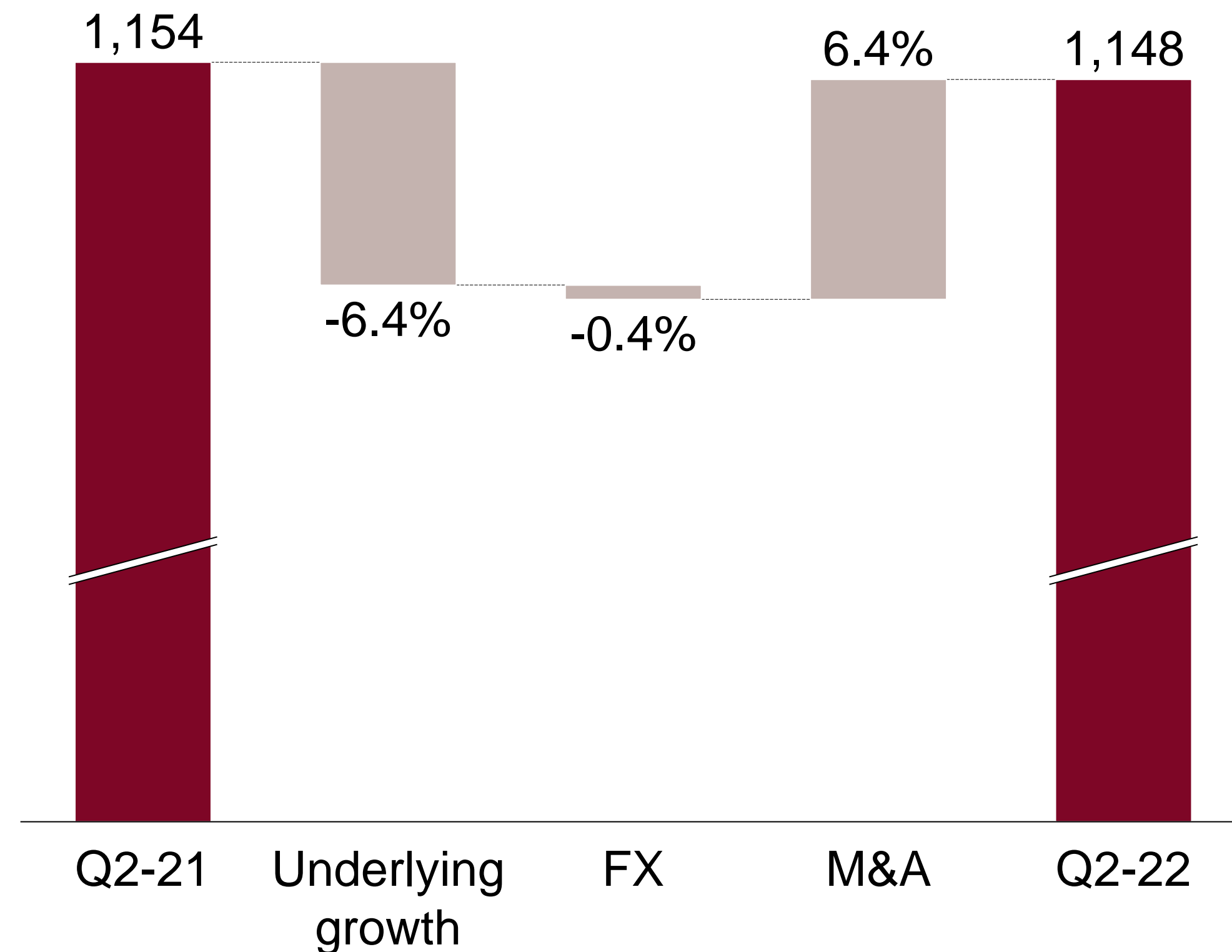
Continued progress for the three prioritized growth initiatives

	Full-year baseline (2021)	Reported Q2-22 YTD (YoY)*
 <div>Consumer Health Grow at least 50% by 2025</div>	Revenue BNOK 4.6**	Growth 41%
 <div>Out of Home A European leader in pizza franchise</div>	Consumer sales MEUR ~337 **/**	Growth 151%
	No of outlets 663	No of outlets 666
 <div>Plant-based BNOK 3 turnover by 2025</div>	Revenue BNOK 1	Growth 15%

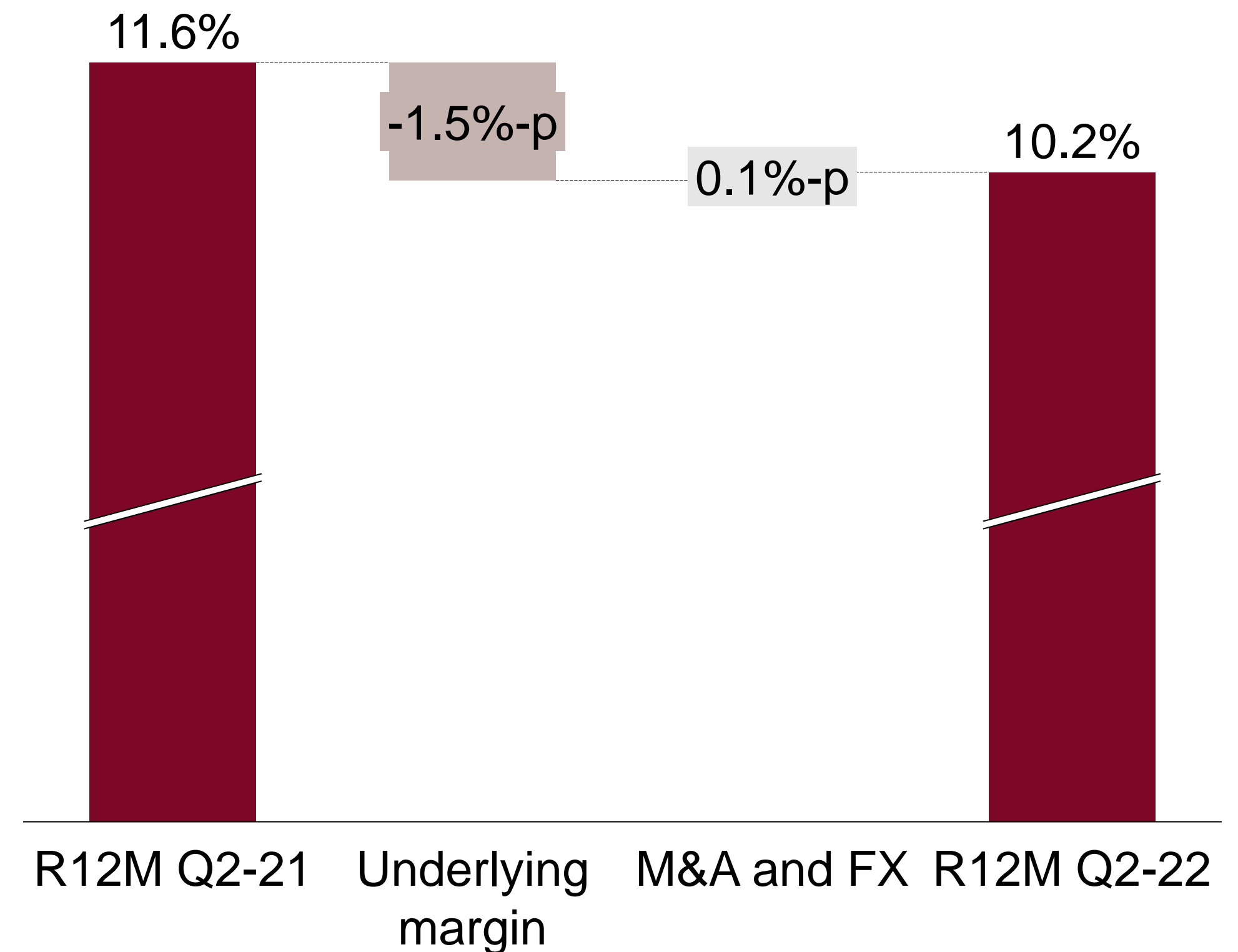
* Reported figures including M&A, not adjusted for FX
**Includes 12-month effect of NutraQ and New York Pizza
*** Excl. VAT

Profit conversion impacted by widespread cost increases

Δ Q2 U.EBIT (adj.), MNOK



Δ R12M U.EBIT (adj.) margin



Strong sales but profit hampered by higher input cost and energy prices

	Q2-22	YTD Q2-22
Revenues	4,957	9,745
<i>Organic growth</i>	+11.6%	+9.4%
EBIT (adj.)	480	1,011
<i>EBIT (adj.) growth</i>	-7.2%	-1.3%
EBIT (adj.) margin	9.7%	10.4%
<i>Change vs LY</i>	-1.9%-p	-1.3%-p

- Broad-based organic sales growth in Q2 across all markets
- Strong sales for grocery and export while recovering trend continues in the Out of Home channels in Q2
- Profitability continues to be hampered by higher input cost and energy prices



Price driven top-line growth. EBIT (adj.) performance hampered by increased input costs

	Q2-22	YTD Q2-22
Revenues	1,764	3,443
<i>Organic growth</i>	8.8%	3.8%
EBIT (adj.)	167	358
<i>EBIT (adj.) growth</i>	-15.7%	-18.5%
EBIT (adj.) margin	9.5%	10.4%
<i>Change vs LY</i>	-2.6%-p	-2.8%-p

- Market contraction in certain areas in grocery post covid, rebound in other channels
- Steep increase in raw material costs
- Price increases largely implemented with gradual financial effect in course of 2022



Strong top-line growth, weak profit performance continues

	Q2-22	YTD Q2-22	
Revenues	2,126	4,282	• Strong top line growth despite volume decline for Home & Personal Care Norway as grocery is contracting post pandemic
<i>Organic growth</i>	<i>8.3%</i>	<i>7.0%</i>	
EBIT (adj.)	225	508	• Margins affected by cost inflation, increased input prices, supply chain disruptions causing high freight costs and negative mix effects
<i>EBIT (adj.) growth</i>	<i>6.6%</i>	<i>0.2%</i>	
EBIT (adj.) margin	10.6%	11.9%	• Continued Wound Care recovery
<i>Change vs LY</i>	<i>-2.4%-p</i>	<i>-2.8%-p</i>	



Strong performance fueled by price increases and volume growth

	Q2-22	YTD Q2-22	
Revenues	3,659	6,783	• Strong price and volume driven organic growth
<i>Organic growth</i>	22.0%	21.6%	• EBIT (adj.) growth from sales growth, supported by acquired companies, but somewhat dampened by cost inflation
EBIT (adj.)	263	403	• Recovered from the pandemic impact, but faces supply uncertainty and cost inflation for the rest of 2022
<i>EBIT (adj.) growth</i>	28.3%	41.4%	
EBIT (adj.) margin	7.2%	5.9%	
<i>Change vs LY</i>	0.3%-p	0.7%-p	



Lower home improvement activity drives sales and earnings decline for painting tools business compared to strong last year

	Q2-22	YTD Q2-22	
Revenues	1,153	2,323	<ul style="list-style-type: none"> Continued sales decline for painting tools compared to exceptionally strong demand last year
<i>Organic growth</i>	-4.4%	-4.3%	
EBIT (adj.)	97	229	<ul style="list-style-type: none"> Solid growth in consumer sales continues across pizza franchise network
<i>EBIT (adj.) growth</i>	-11.0%	-16.1%	
EBIT (adj.) margin	8.4%	9.9%	<ul style="list-style-type: none"> Freight and input cost inflation only partly offset by price increases so far
<i>Change vs LY</i>	-3.0%-p	-3.9%-p	



Investments - Jotun (42.6%)

Strong sales growth for Jotun

Jotun 100% basis	YTD Q2
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Revenues	13.397
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<i>Revenue growth</i>	<i>18,6%</i>
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EBITA	1.914
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<i>EBITA growth</i>	<i>-7,9%</i>
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Orkla share (42.6%) of net profit



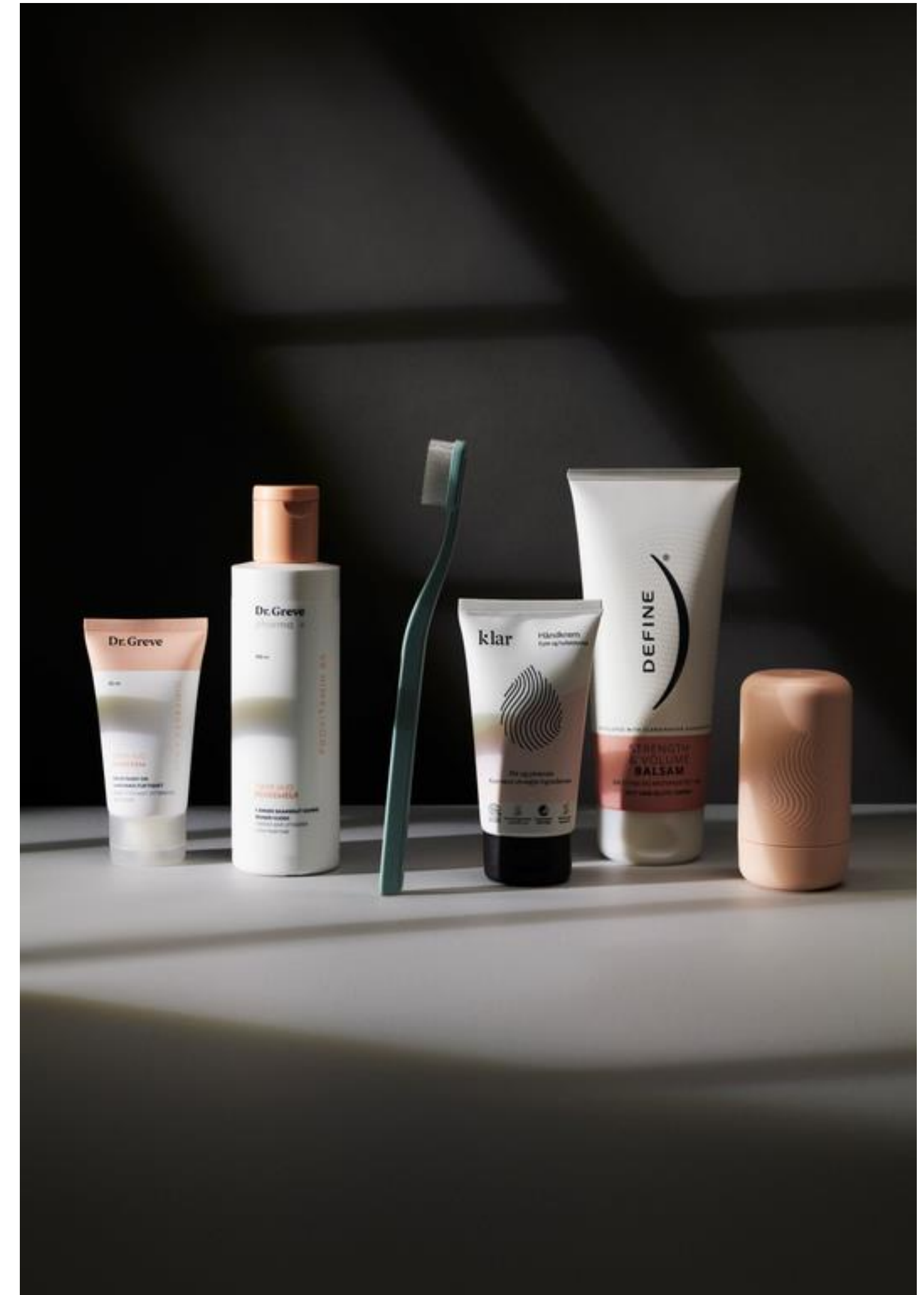
- Solid sales growth in all segments driven by price increases and volume growth
- Margin pressure due to higher raw material prices only partly offset by price increases so far
- Improved operating profit in Q2

Nils K. Selte, President & CEO

Closing remarks

Closing remarks

- Ensure continued service delivery of products
- Mitigate cost inflation
- Establish an organizational structure with more autonomous businesses
- Increase focus on ownership role at Group level



Nils K. Selte, President & CEO
Harald Ullevoldsæter, CFO

Q&A

Upcoming event:
Third quarter 2022
27 October 2022

Appendices

Power price surge boosts earnings in Hydro Power to record levels

Hydro Power

Fully consolidated into Orkla's financial statements

Volume (GWh):	Power prices ¹ (øre/kWh):	EBIT adj. (NOK million):
Q2: 579 (549)	Q2: 163,1 (46,9)	Q2: 579 (112)
YTD: 1,090 (1,026)	YTD: 156,2 (47,9)	YTD: 924 (198)



Financial Investments

Fully consolidated into Orkla's financial statements

Book value real estate:
NOK 1.9 billion



Jotun (42.6%)

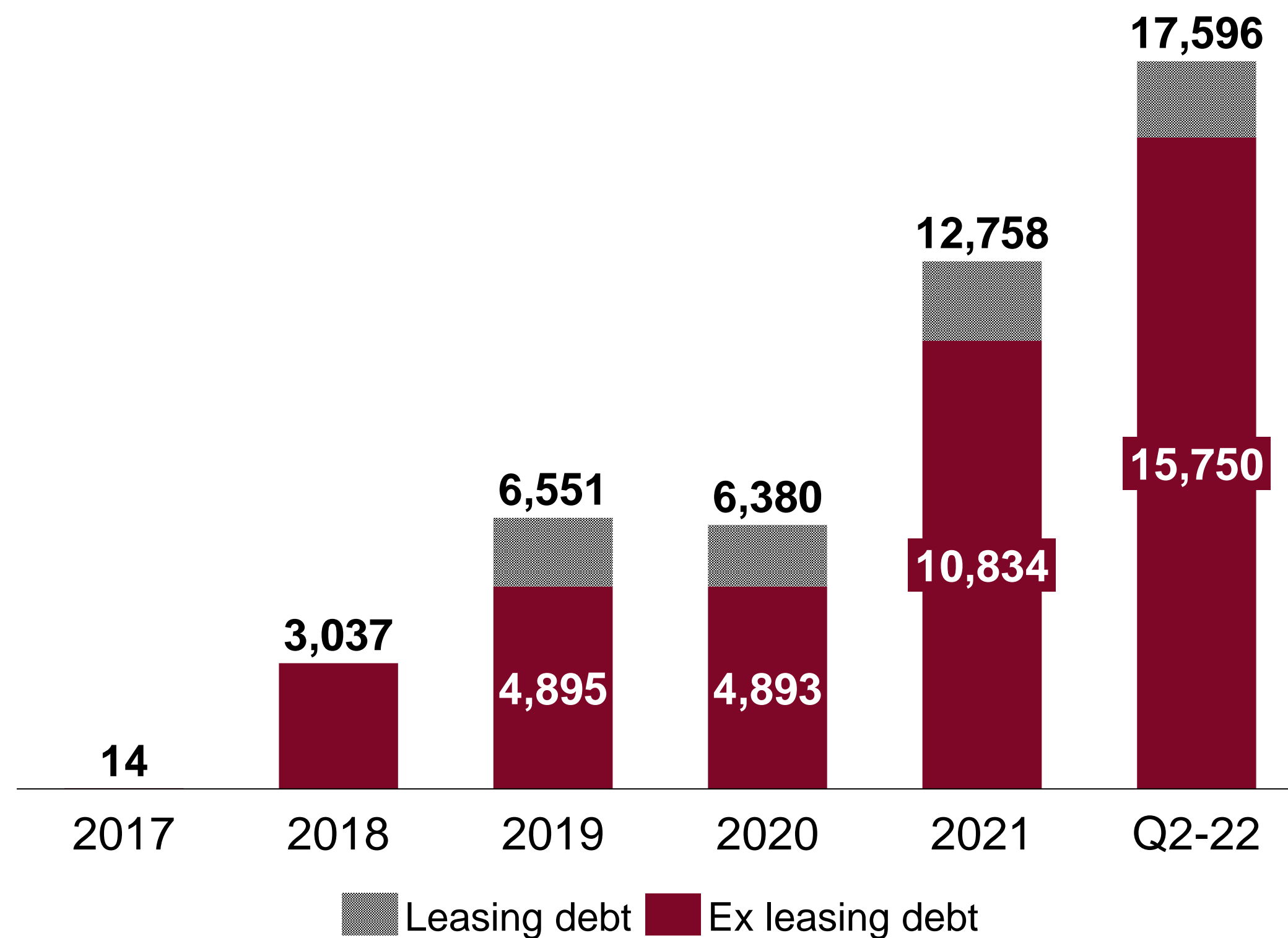
Accounted for using equity method



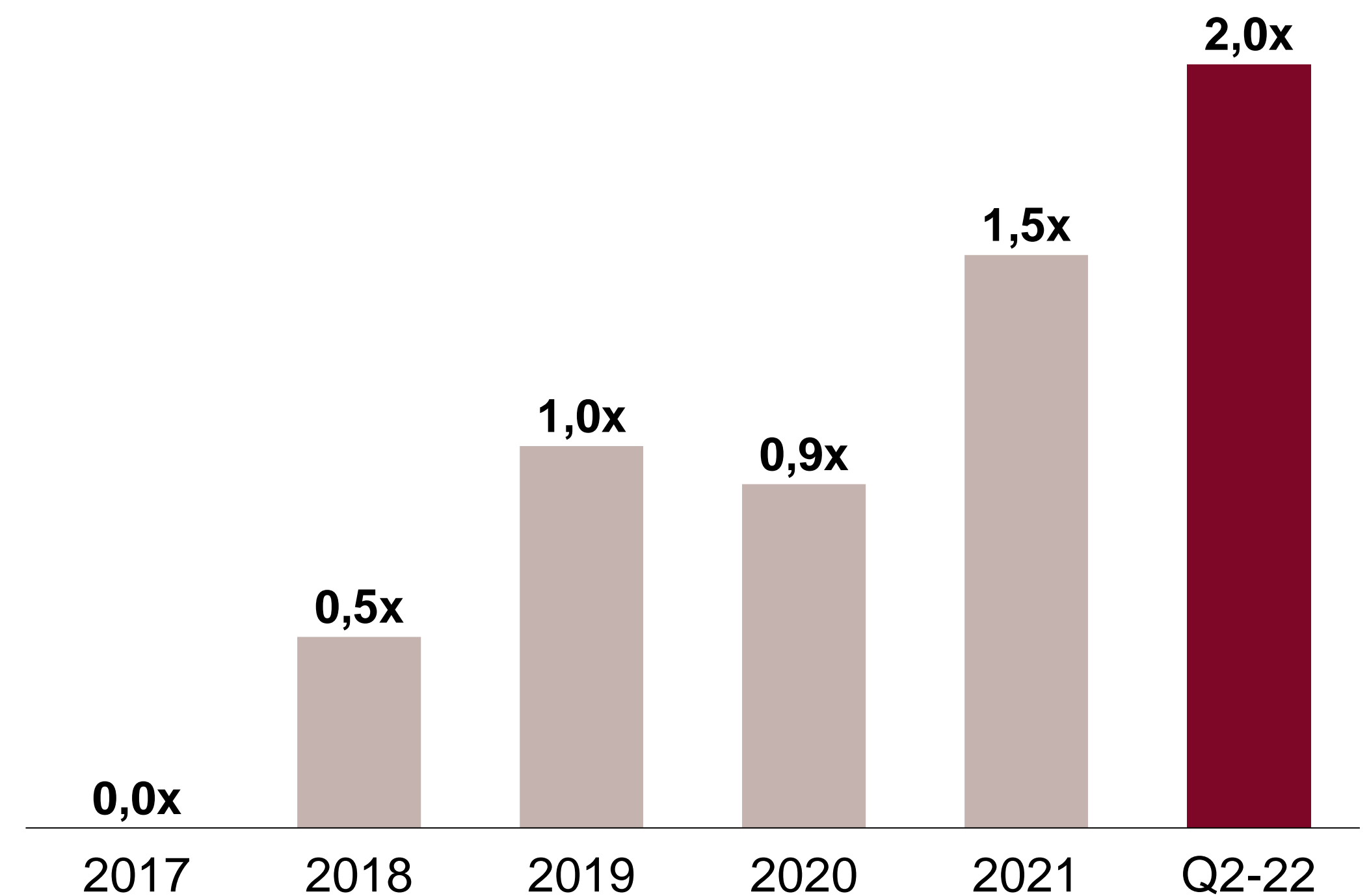
¹Source: Nord Pool Spot, Monthly System Price

Strong balance sheet and financial flexibility

Net interest-bearing liabilities (NOK million)

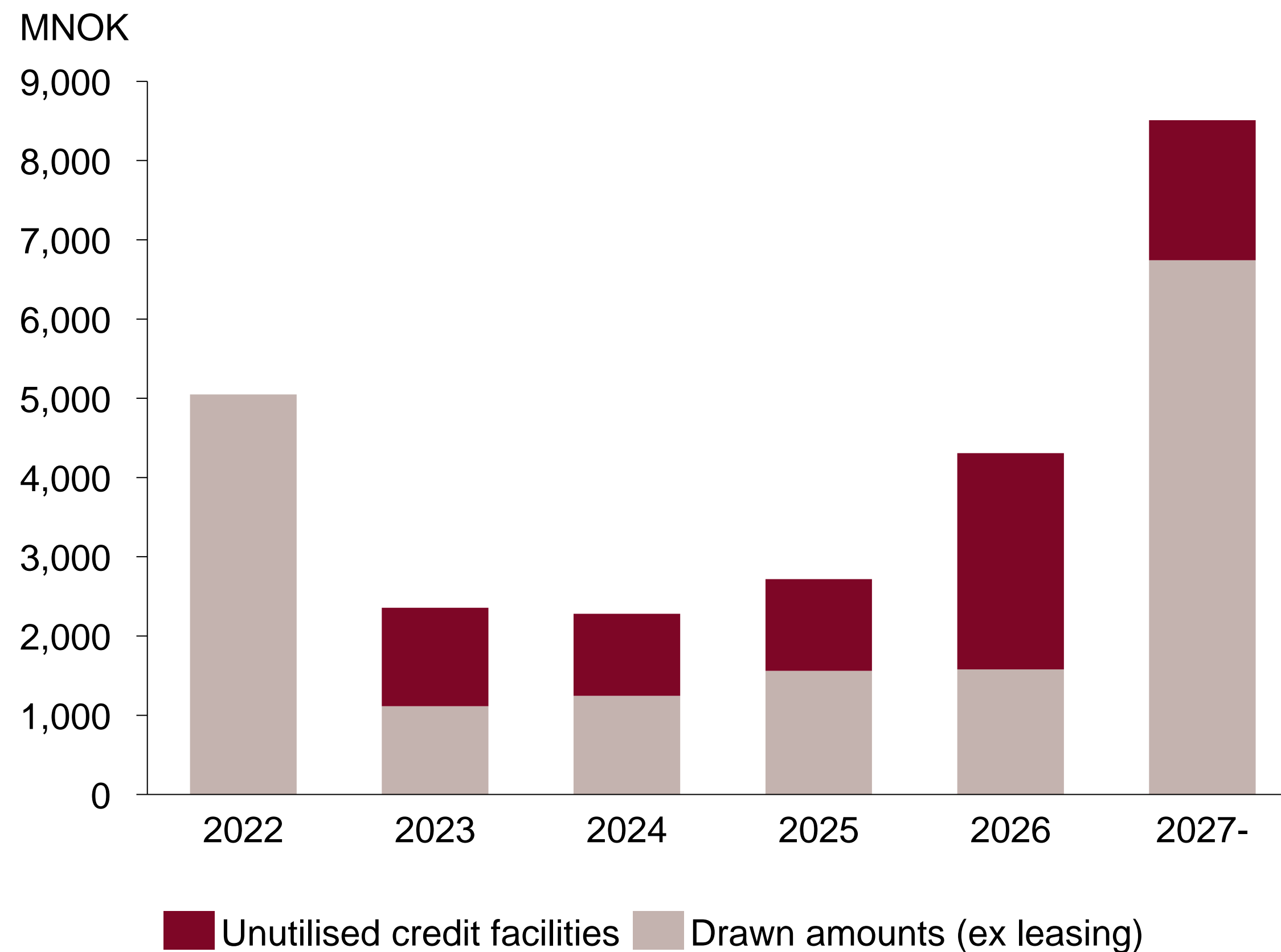


NIBD / R12 EBITDA

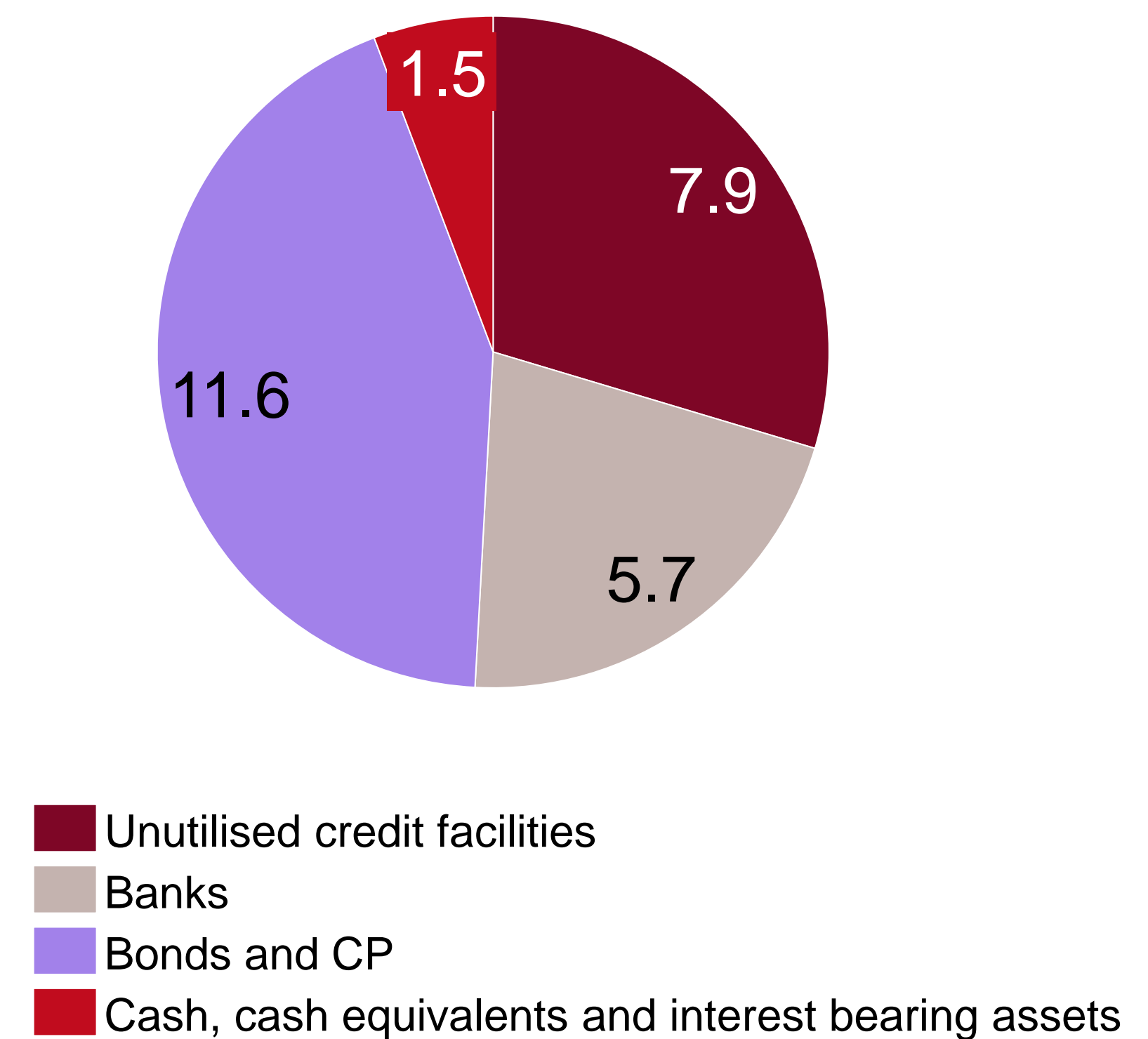


Funding sources and maturity profile

Debt maturity → average maturity 3.3 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.

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 low in the first half of 2022, chiefly due to the fact that the write-down of the business in Russia is not tax-deductible. Nor are expensed M&A costs tax-deductible, which means that the effective tax rate for OIE is normally lower than the Group’s tax rate.

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 June 2022 or in 2021.

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, Vesterålen Marine Olje, Healthspan, Sigurd Ecklund, Hans Kaspar, Núi Sírius, Cake Décor Limited, For All Baking Limited, Ambassador92, Seagood Fort Deli and Hadecoup. Adjustments have been made for the sale of Credin Russland, the water business in Latvia and the Struer brand, as well as for the ending of Orkla’s ownership of Hamé Foods in Russia. A structural adjustment was made at business area level for the internal relocation of the Oolannin brand and plant-based production. In 2021, adjustments were also made for the acquisition of Proteinfabrikken, Norgesplaster, Win Equipment, Gortrush and Havrefras and the sale of SaritaS, Vestlandslefsa, Italiensk Bakeri, Gorm’s, Ambassador92, the skin care business in Poland and the closure of Pierre Robert Sverige and the loss of distribution agreements with Panzani and OTA Solgryn.

