



Third quarter results 2018

25 October 2018

Peter A. Ruzicka, President & CEO



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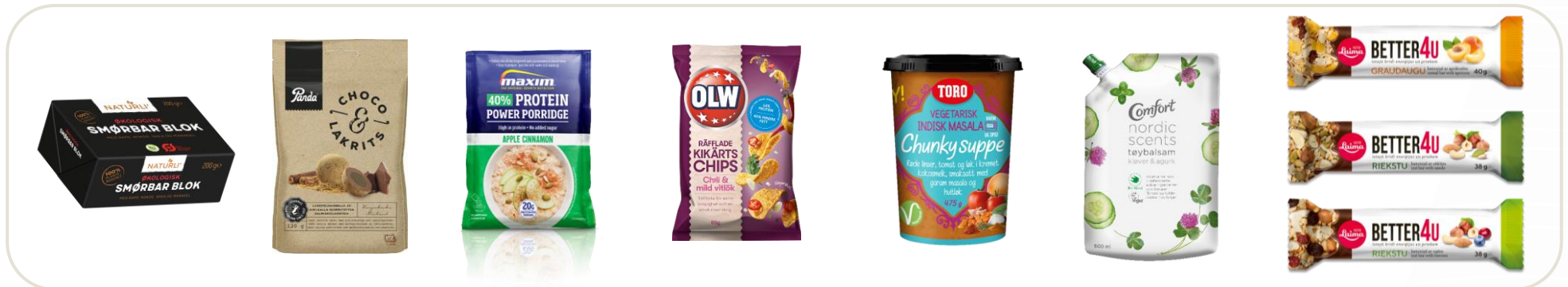
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Highlights Q3-18:

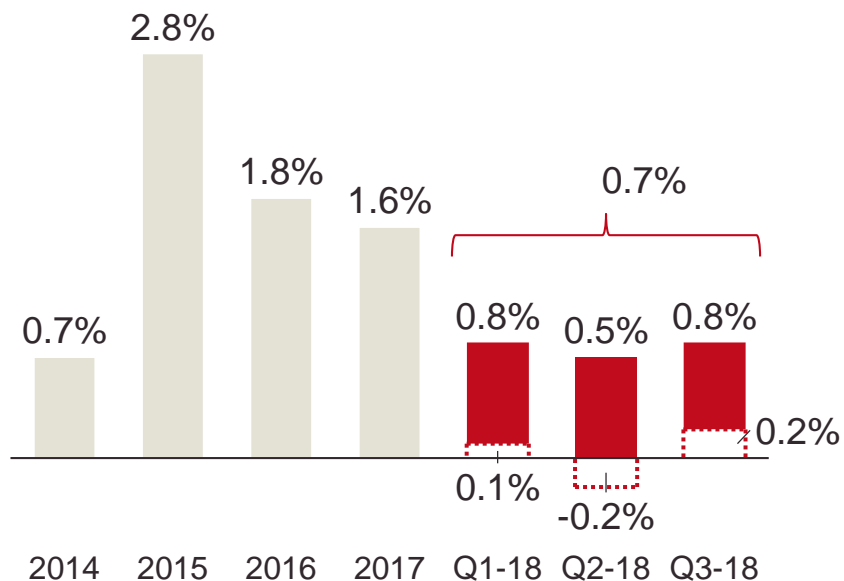
Overall progress, but challenges in some Care markets

- Improved sales and profit in Confectionery & Snacks and Food Ingredients
- Good growth for Foods outside Norway
- Growth in Care hampered by weak performance in Poland and UK
- Continued sales growth and stabilising raw material prices for Jotun
- EPS from continuing operations NOK 1.01 (+3%)

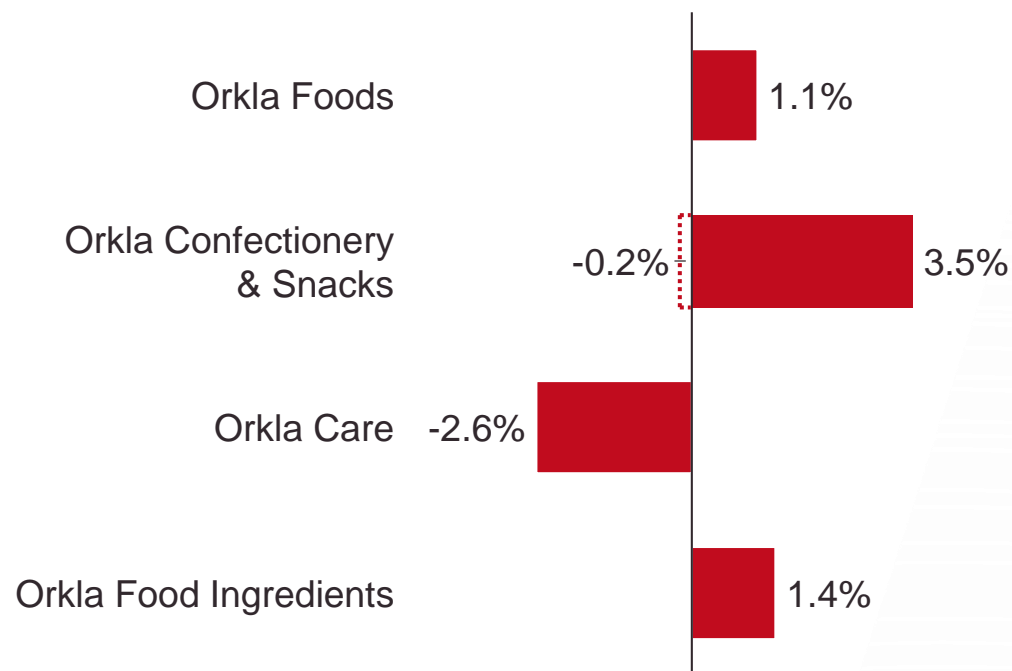


Branded Consumer Goods Q3-18: Overall progress hampered by Care

BCG organic growth

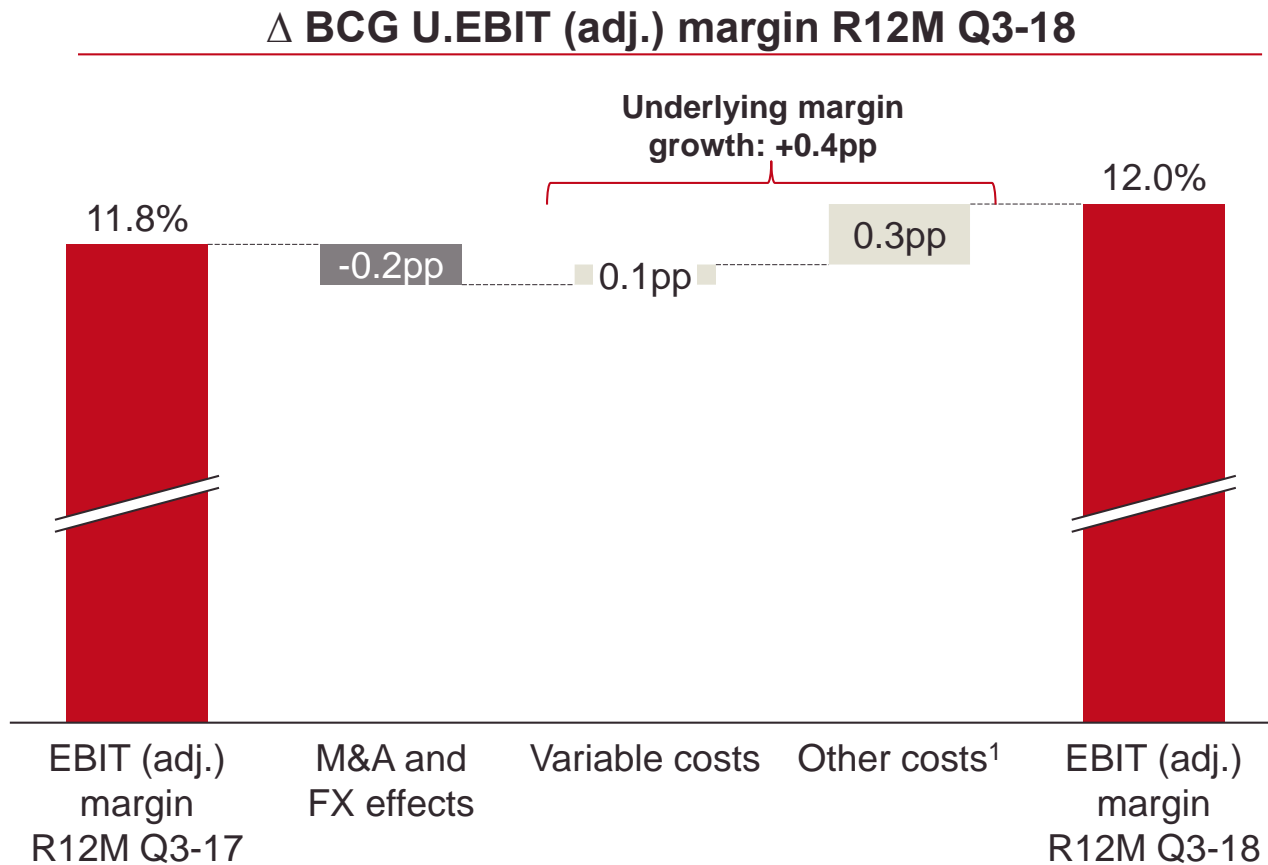


Organic growth Q3-18 by business area



 Organic growth including loss of Confectionery & Snacks distribution business

Branded Consumer Goods R12M Q3-18: Improved margin driven by fixed cost agenda



Note: Figures may not add up due to rounding

5 ¹Other costs include fixed production costs, SG&A and advertising

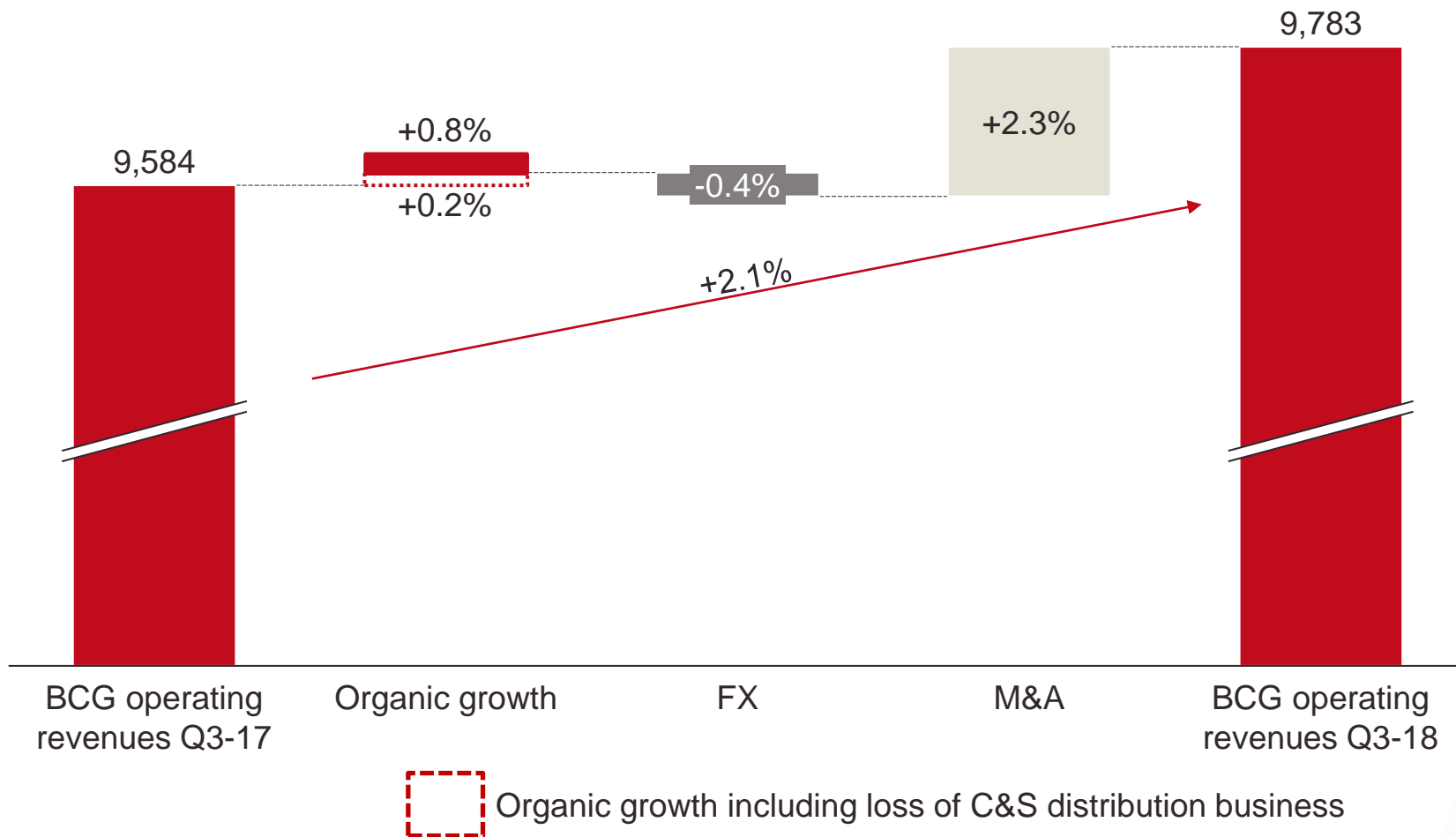


Financial performance

Jens Bjørn Staff, CFO



Branded Consumer Goods Q3-18: Structural growth in Care and Food Ingredients

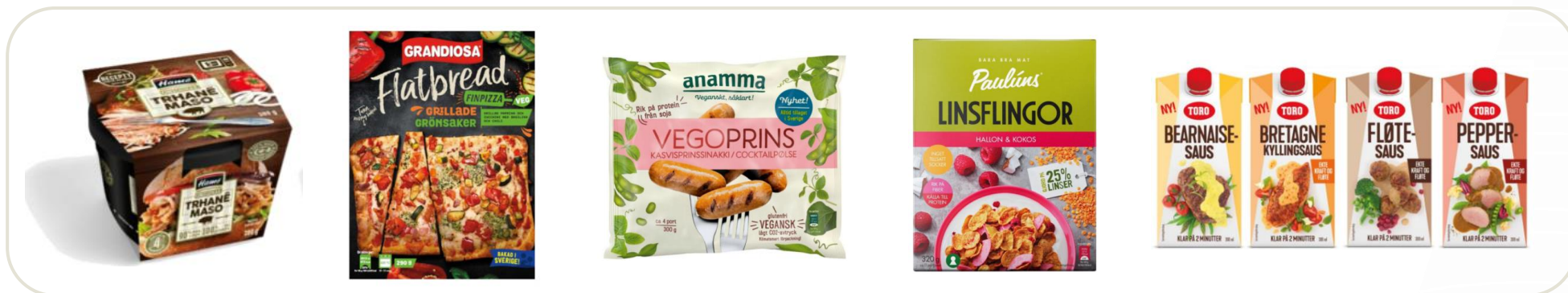


Orkla Foods

Broad top and bottom line growth outside Norway

	Q3-18	YTD Q3-18
Revenues	3 937	11 634
<i>Organic growth</i>	<i>1.1%</i>	<i>1.0%</i>
EBIT (adj.)	558	1 397
<i>EBIT(adj.) growth</i>	<i>3.3%</i>	<i>2.3%</i>
EBIT(adj.) margin	14.2%	12.0%
<i>Change vs LY</i>	<i>0.7%-p</i>	<i>0.4%-p</i>

- Good organic growth in most markets
- Sales in Norway negatively impacted by changed campaign activity and increased retail prices in Norway
- Negative impact on margin from weaker SEK
- Improved EBIT (adj.) margin due to sales growth and cost improvements



Orkla Confectionery & Snacks

Improved sales and margin performance

	Q3-18	YTD Q3-18
Revenues	1 518	4 406
<i>Organic growth</i>	-0.2%	-3.0%
<i>Adj. for Wrigley</i>	+3.5%	1.2%
EBIT (adj.)	278	636
<i>EBIT(adj.) growth</i>	5.7%	-2.2%
EBIT(adj.) margin	18.3%	14.4%
<i>Change vs LY</i>	1.1%-p	-0.1%-p

- Organic growth recovered
- Positive effects from timing of campaigns and new launches
- Negative margin impact from weaker SEK
- Margin improvement generated by strong top-line growth and cost improvements

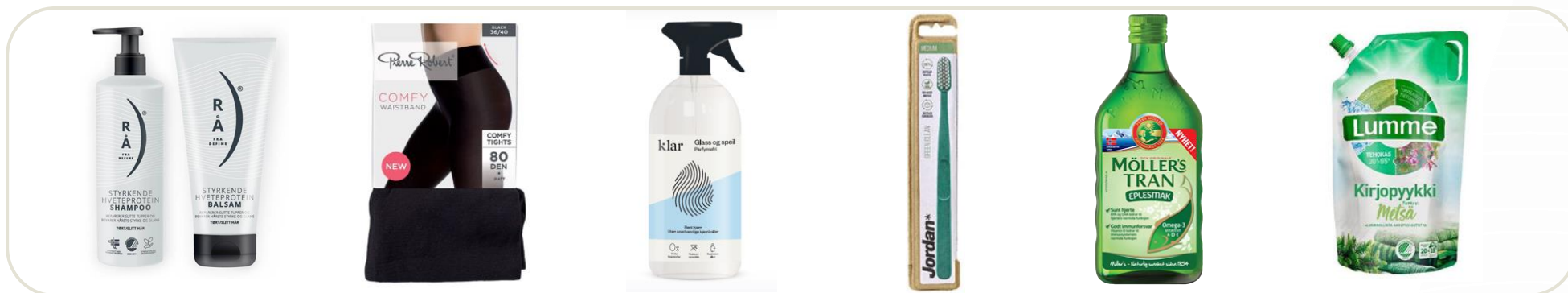


Orkla Care

Actions initiated to turn around performance in Poland and UK

	Q3-18	YTD Q3-18
Revenues	1,973	6,081
<i>Organic growth</i>	-2.6%	-0.6%
EBIT (adj.)	314	876
<i>EBIT(adj.) growth</i>	-4.0%	3.4%
EBIT(adj.) margin	15.9%	14.4%
<i>Change vs LY</i>	-1.5%	-0.9%

- Growth in Care hampered by weak performance in Poland and UK
- Good performance in Home & Personal Care and Wound Care
- EBIT (adj.) margin impacted by sales decline, higher input costs and dilutive effects from M&A

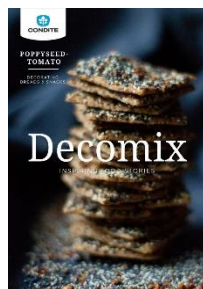


Orkla Food Ingredients

Strong contribution from ice cream ingredients and positive M&A effects

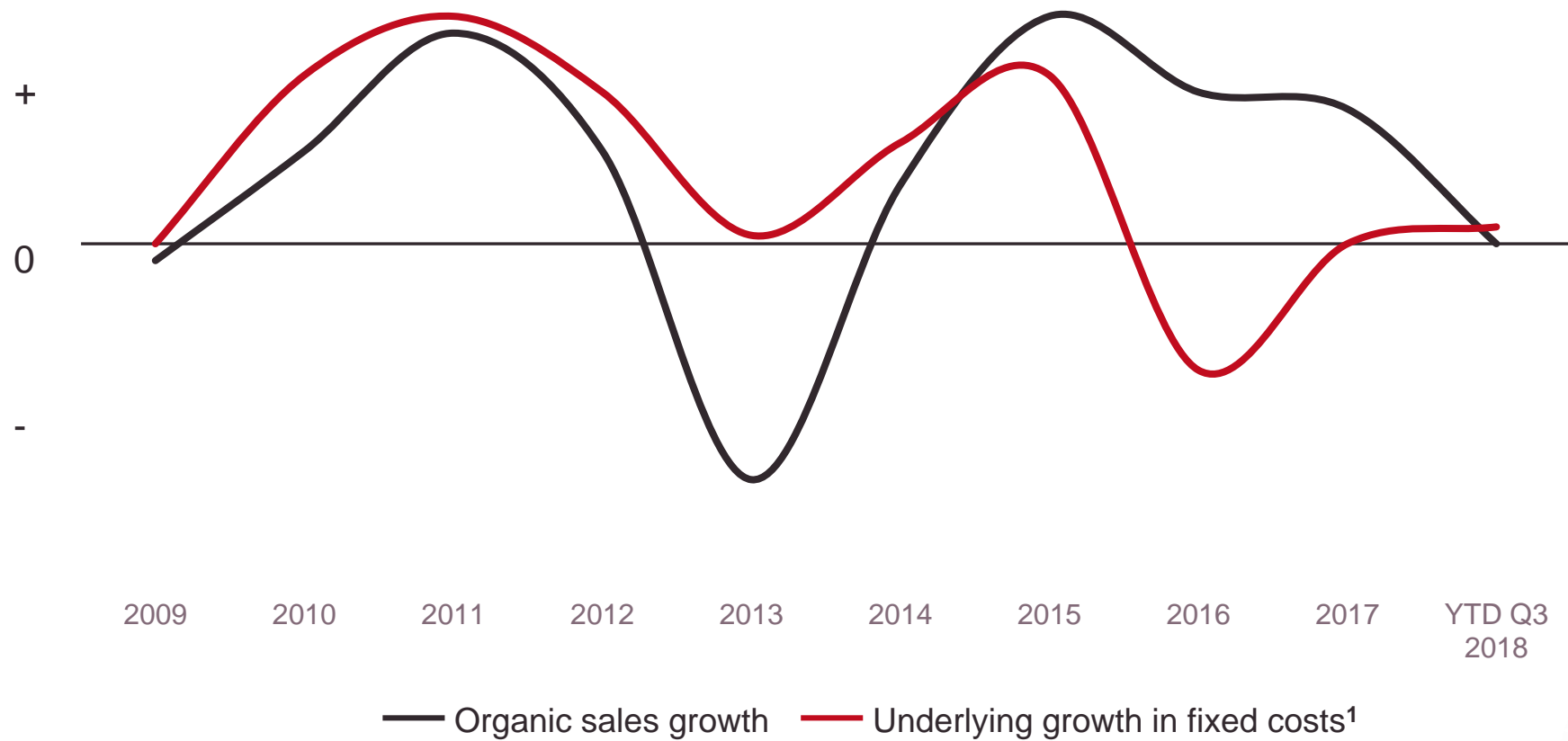
	Q3-18	YTD Q3-18
Revenues	2,432	7,076
<i>Organic growth</i>	1.4%	1.9%
EBIT (adj.)	160	393
<i>EBIT(adj.) growth</i>	16.8%	15.2%
EBIT(adj.) margin	6.6%	5.6%
<i>Change vs LY</i>	0.5%	0.2%

- Sales and EBIT (adj.) progress in ice cream ingredients
- Good sales growth from vegan products, bakery ingredients business in line with last year
- Positive mix effects improved margin
- Add-on M&A contributed positively



Branded Consumer Goods YTD Q3-18:

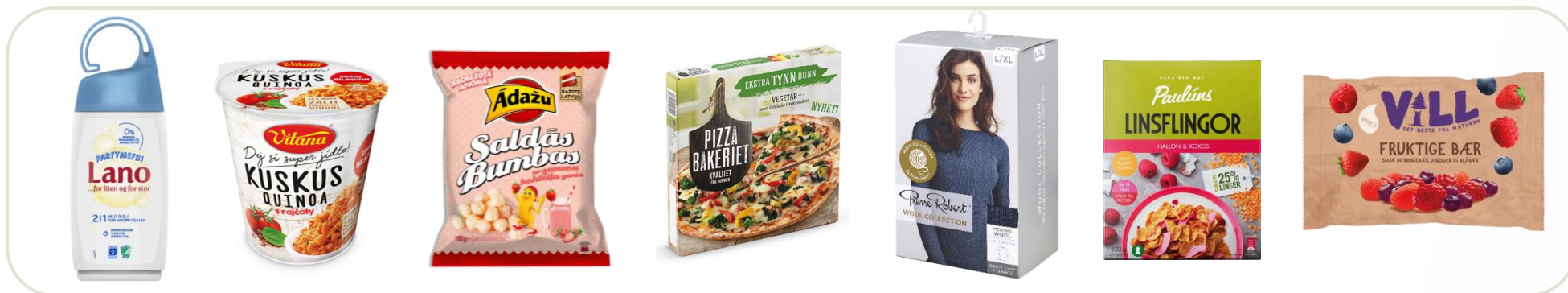
We are addressing the narrowing gap in sales and fixed cost growth



Operating Cash flow

Cash flow from operations (excl. financial investments)

Cash flow as at 30.09	2018	2017
Operating profit	3,181	2,975
Amort., depr., and impairment	896	915
Change in net working capital	-998	-343
Net replacement investments ¹	-987	-771
Cash from operations	2,092	2,776



¹³ Amounts in NOK million. ¹Including gains from sale of assets

Jotun (42.6%)

Continued sales growth and stabilising raw material prices

YTD Aug-18		YTD Aug-18 comments
Operating income	11,871	<ul style="list-style-type: none">• Continued growth in Operating revenue<ul style="list-style-type: none">– Good growth for Decorative Paints and strong improvement for Protective Coatings– Marine Coatings still affected by cyclical downturn in shipping
<i>Change vs LY</i>	7%	
Operating profit	1,154	<ul style="list-style-type: none">• Gross margin decline has levelled off, expected to gradually improve going forward• Operating profits down year to date• Signs of improvement in the shipping market – order book improving
<i>Change vs LY</i>	-11%	



Group EBIT (adj.) +7% helped by non-periodic items

Key figures	Q3-18	Q3 Δvs LY
Operating revenues	10,126	+3%
EBIT (adj.) BCG	1,310	+3%
EBIT (adj.) Orkla Investments	94	+2%
EBIT (adj.) HQ/Other business	-51	
EBIT (adj.)	1,353	+7%
Other income and expenses	-62	
EBIT	1,291	+2%
Profit from associates	116	+13%
Net interest and other financial items	-43	
Profit before tax	1,364	+4%
Taxes	-323	
Earnings per share cont. operations (NOK)	1.01	+3%



Closing remarks

Peter A. Ruzicka, President & CEO



Overall progress, but challenges in some Care markets

Key takeaways

- Progress in Confectionery & Snacks and Food Ingredients
- Good growth for Foods outside Norway
- Volume decline in Norwegian grocery retail
- Turnaround initiated in Care in Poland and UK
- Continued sales growth and stabilising raw material prices in Jotun
- EPS from continuing operations NOK 1.01 (+3%)

Capital Markets Day 31 October 2018



We continue to meet consumer trends through local brands



Convenience

- ✓ Chilled ready-made sauces
- ✓ Made from real broth and cream
- ✓ Free from preservatives

Taste & indulgence

- ✓ Chocolate coated Panda liquorice balls dusted with raspberry and liquorice powder
- ✓ Cross-country launch

Sustainability

- ✓ 100 % recycled plastic
- ✓ Bio-based bristles
- ✓ Packaging made of paper pulp

Health & well-being

- ✓ 100% plant based mince
- ✓ Organic
- ✓ Gluten free



Q&A

Peter A. Ruzicka, President & CEO

Jens Bjørn Staff, CFO





Appendices

Alternative Performance Measures (APM)

EBIT (adj.)

EBIT (adj.) is operating profit or loss before other income and expenses (OIE). The main purpose of this performance measure is to identify material non-recurring items and items substantially relating to other periods to ensure that the changes in and comparability of the items presented in EBIT (adj.) are more relevant to the company.

Organic growth

Reported turnover growth adjusted for the effects of acquisitions and sales of companies and foreign currency, as follows: acquired companies are excluded 12 months after the transaction date. Divestments are pro forma excluded 12 months prior to the transaction date. Currency effects (from companies/businesses that report in a currency other than the presentation currency) are neutralised by recomputing this year's turnover at last year's currency exchange rates. The main purpose of this alternative performance measure (APM) is to show like-for-like growth in the business portfolio exclusive of acquired and sold companies in the last 12 months prior to the reporting date.

Underlying growth

Reported change adjusted for the effects of acquisitions and sales of companies and foreign currency, as follows: acquired companies are included after the transaction date and adjusted by also pro forma including the acquired companies in the 12 months prior to the transaction date. Divestments are pro forma excluded 12 months prior to the transaction date. Currency effects (from companies/businesses that report in a currency other than the presentation currency) are neutralised by recomputing this year's turnover at last year's currency exchange rates. The main purpose of this alternative performance measure (APM) is to show like-for-like growth for existing operations at the reporting date.

Structure/M&A (acquired and sold companies)

Structural growth includes adjustments for the acquisition of Agrimex, Struer, Riemann, HSNB, Orchard Valley, SR Food, Arne B. Corneliusen, Werners Gourmetservice and various minor acquisitions in Orkla Food Ingredients, as well as an adjustment for the sale of K-Salat.

Targeted EBIT (adj.) growth

Annual EBIT (adj.) growth of 6-9% including minor acquisitions and sales, adjusted for currency effects and major acquisitions and divestments.

Expansion investments

Expansion investments are defined as investments in new geographical markets, new categories or investments that represent significant increases in capacity.

R12M

Rolling 12 months: figures presented as a total of the latest 12 months.

Group Income statement

	Q3-18	Q3-17	Change in MNOK	Change in %	YTD-18	YTD-17	Change in MNOK	Change in %
Operating revenues	10,126	9,858	268	3%	29,854	28,710	1,144	4%
EBIT (adj.)	1,353	1,267	86	7%	3,369	3,192	177	6%
Other income and expenses	-62	3	-65	n.a.	-186	-200	14	7%
EBIT	1,291	1,270	21	2%	3,183	2,992	191	6%
Profit from associates*	116	103	13	13%	307	391	-84	-21%
Net financial items	-43	-61	18	30%	-149	-121	-28	-23%
Profit/loss before taxes	1,364	1,312	52	4%	3,341	3,262	79	2%
Taxes	-323	-290	-33	-11%	-733	-660	-73	-11%
Profit/loss for the period continuing operations	1,041	1,022	19	2%	2,608	2,602	6	0%
Profit from discontinued operations*	-	4,439	-4,439	n.a.	-	5,024	-5,024	n.a.
Profit/loss for the period	1,041	5,461	-4,420	-81%	2,608	7,626	-5,018	-66%
Earnings per share (NOK)	1.01	5.34	-4.33	-81%	2.50	7.43	-4.93	-66%
Earnings per share continuing operations (NOK)	1.01	0.98	0.03	3%	2.50	2.49	0.01	0%

Amounts in NOK million

22 *Historical income statement figures have been restated as Sapa is presented as discontinued operations

Key figures:

Orkla Foods and Orkla Confectionery & Snacks

Orkla Foods	Q3-18	Q3-17	Change in %	YTD-18	YTD-17	Change in %
Operating revenues	3,937	4,007	-1.7%	11,634	11,742	-0.9%
EBIT (adj.)	558	540	3.3%	1,397	1,366	2.3%
EBIT (adj.) margin	14.2%	13.5%	0.7 pp	12.0%	11.6%	0.4 pp
Orkla Confectionery & Snacks	Q3-18	Q3-17	Change in %	YTD-18	YTD-17	Change in %
Operating revenues	1,518	1,525	-0.5%	4,406	4,496	-2.0%
EBIT (adj.)	278	263	5.7%	636	650	-2.2%
EBIT (adj.) margin	18.3%	17.2%	1.1 pp	14.4%	14.5%	-0.1 pp

Key figures:

Orkla Care and Orkla Food Ingredients

Orkla Care	Q3-18	Q3-17	Change in %	YTD -18	YTD -17	Change in %
Operating revenues	1,973	1,878	5.1%	6,081	5,549	9.6%
EBIT (adj.)	314	327	-4.0%	876	847	3.4%
EBIT (adj.) margin	15.9%	17.4%	-1.5 pp	14.4%	15.3%	-0.9 pp
Orkla Food Ingredients	Q3-18	Q3-17	Change in %	YTD -18	YTD -17	Change in %
Operating revenues	2,432	2,246	8.3%	7,076	6,293	12.4%
EBIT (adj.)	160	137	16.8%	393	341	15.2%
EBIT (adj.) margin	6.6%	6.1%	0.5 pp	5.6%	5.4%	0.2 pp

Net financial items

	Q3-18	Q3-17	YTD-18	YTD-17	FY-17
Net interest expenses	-40	-47	-122	-123	-149
Currency gain/loss	0	1	2	1	-3
Result from Share Portfolio and dividends	3	0	3	55	54
Other financial items, net	-6	-15	-32	-54	-78
Net financial items	-43	-61	-149	-121	-176

Statement of financial position

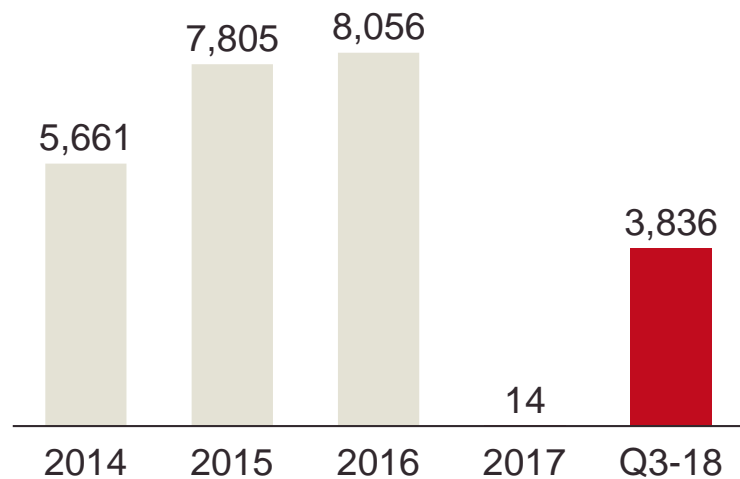
	30.09.2018	31.12.2017
Intangible assets	19,859	19,921
Property, plant and equipment	11,936	11,683
Investments in associates and joint ventures etc.	4,018	4,108
Non-current assets	35,813	35,712
Assets held for sale	0	0
Inventories	5,863	5,684
Inventory of development property	132	113
Trade receivables	6,088	6,165
Other receivables	864	883
Shares and financial assets	11	17
Cash and cash equivalents	1,270	4,834
Current assets	14,228	17,696
Total assets	50,041	53,408
Paid-in equity	1,971	1,995
Earned equity	29,886	32,413
Non-controlling interests	456	430
Equity	32,313	34,838
Provisions	4,400	4,734
Non-current interest-bearing liabilities	4,663	4,820
Current interest-bearing liabilities	687	359
Trade payables	4,580	4,940
Other current liabilities	3,398	3,717
Equity and liabilities	50,041	53,408

Cash flow

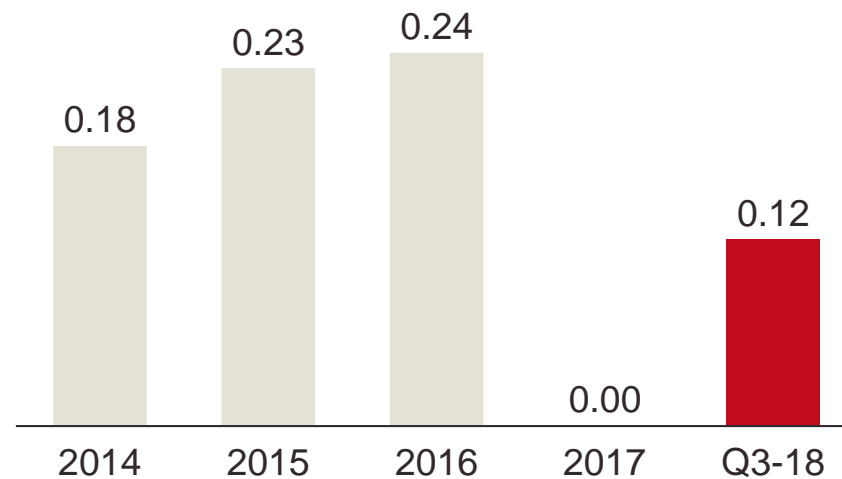
	YTD-18 (1.1-30.9)	YTD-17 (1.1-30.9)	FY-17 (1.1-31.12)
Operating profit	3,181	2,975	4,423
Amortisation, depreciation and write-downs	896	915	1,313
Gain from operations moved to Investments and sold entities	-2	-28	-299
Change in net working capital	-998	-343	18
Net replacement expenditures	-985	-743	-1,050
Cash flow from operations¹	2,092	2,776	4,405
Cash flow from operations, Financial Investments	-255	-149	-290
Tax	-744	-457	-934
Dividends received, net financial and other	72	1,581	1,574
Cash flow before capital transactions	1,165	3,751	4,755
Paid to shareholders, net purchase/sales own shares	-4,063	-2,766	-7,740
Cash flow before expansion	-2,898	985	-2,985
Expansion investments	-354	-125	-206
Sold and acquired companies	-822	-590	11,619
Net purchases/sales shares and financial assets	0	46	43
Net cash flow	-4,074	316	8,471
Currency translations net interest-bearing liabilities	252	-238	-429
Change in net interest-bearing liabilities	3,822	-78	-8,042
Net interest-bearing liabilities	3,836	7,978	14

Strong balance sheet and financial flexibility

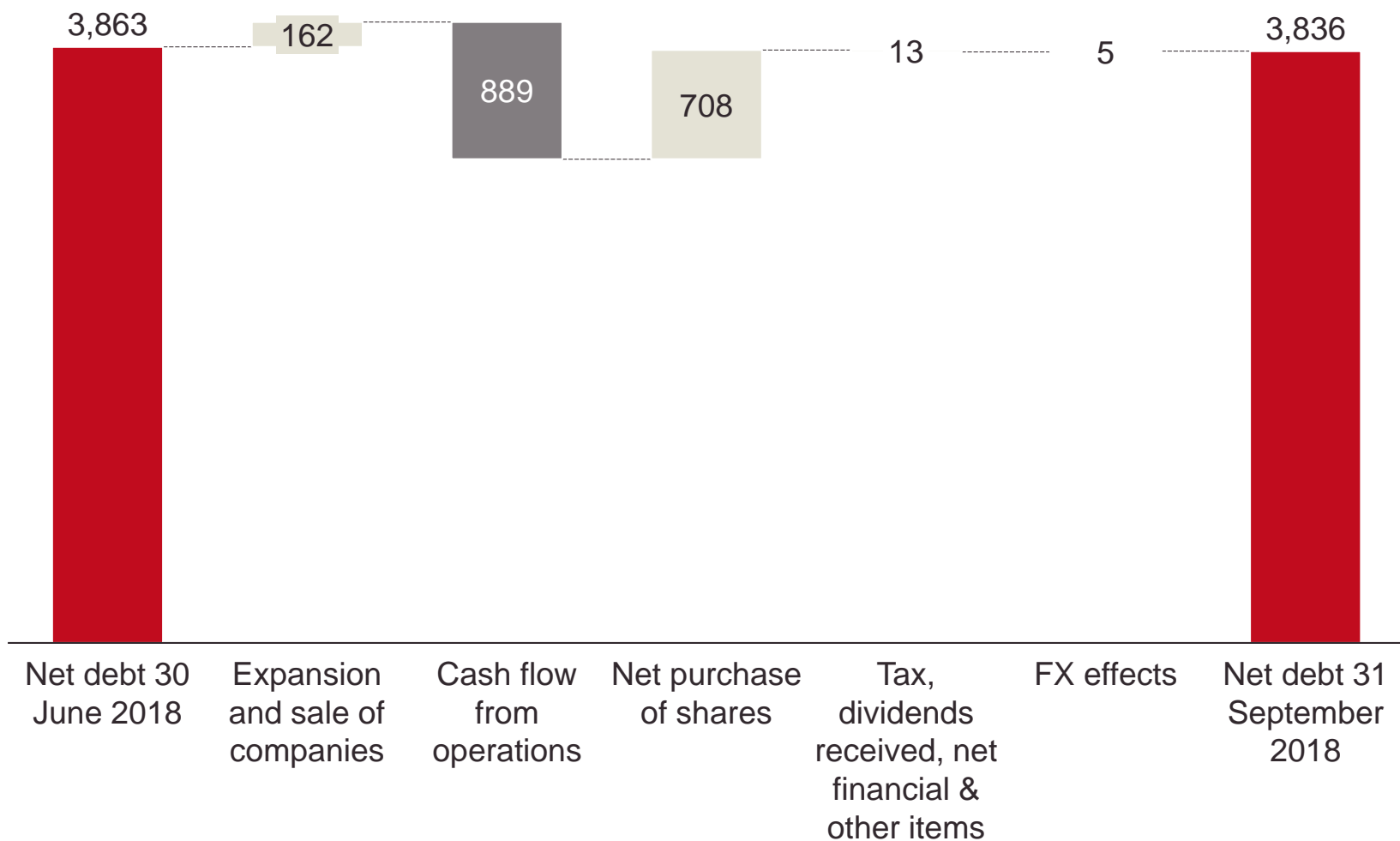
Net interest-bearing debt (NOK million)



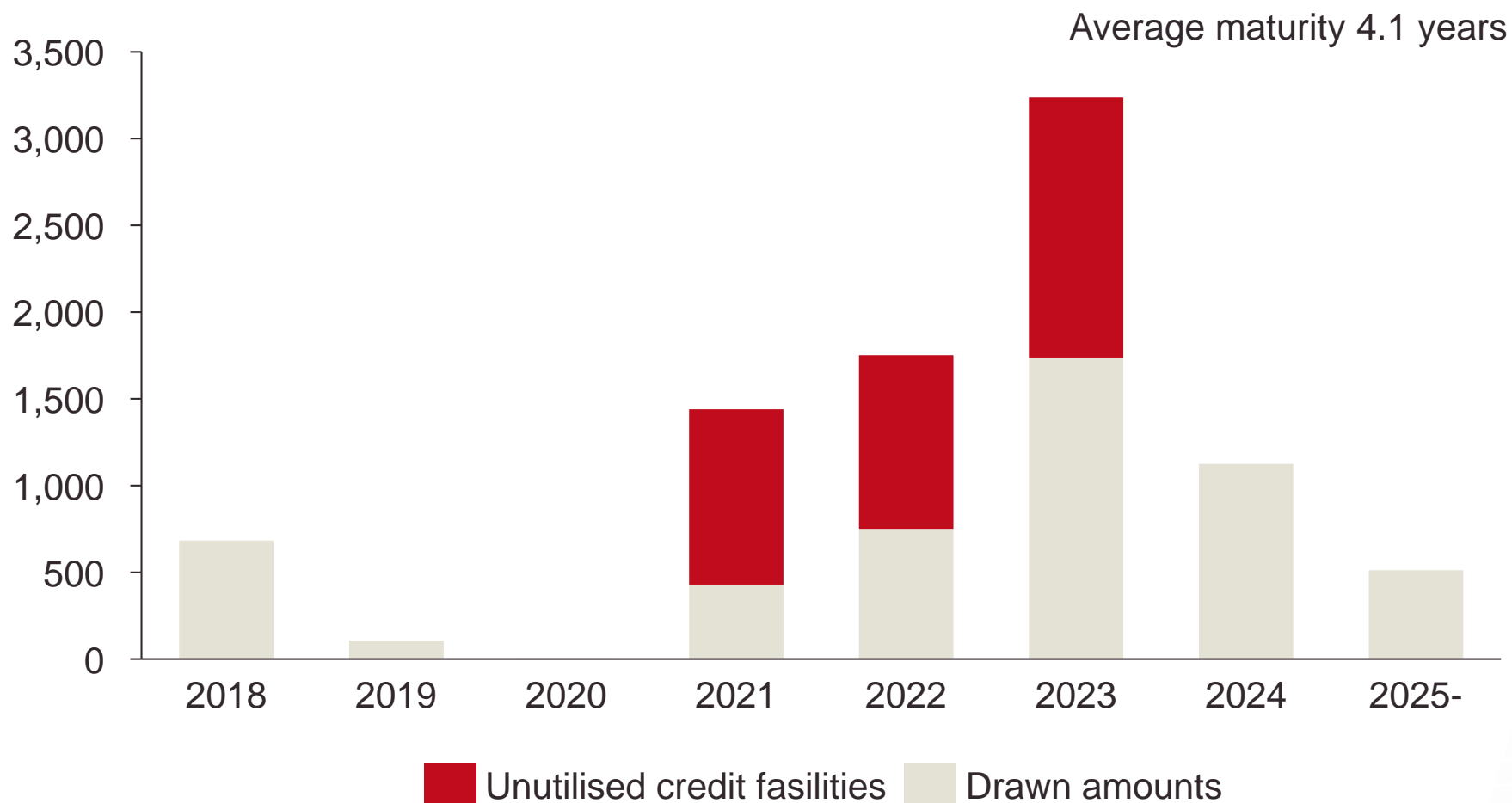
Net gearing



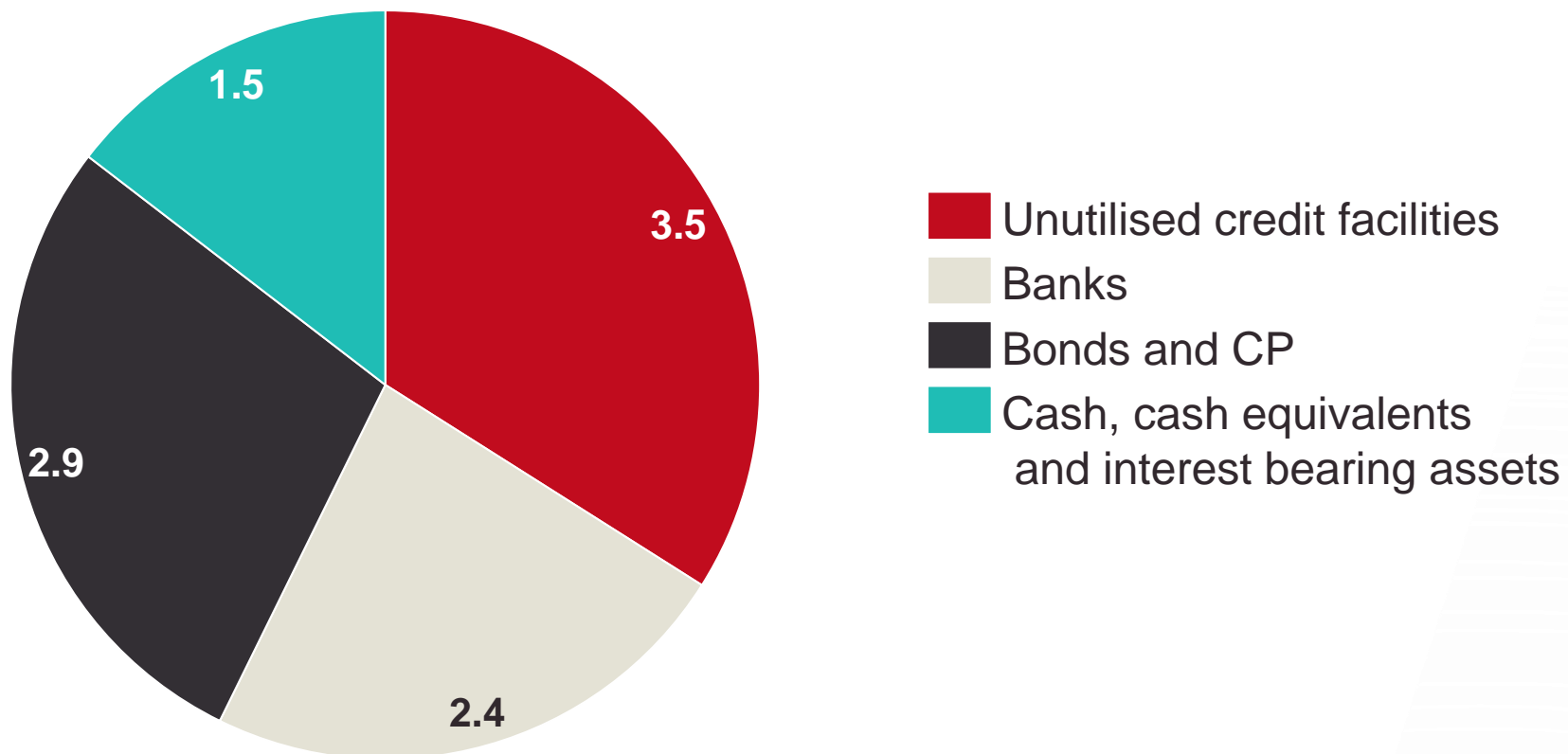
Changes in net debt Q3-18



Debt maturity profile



Funding sources



*Your friend in
everyday life*

