Fourth quarter results 2019

6 February 2020

Jaan Ivar Semlitsch, President & CEO

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Solid finish to 2019

- Sequential growth uptick and good earnings momentum
- Strong performance in Jotun
- Committed to delivering on our financial targets

Update on reorganization initiated in Q3 and our supply chain agenda

Future organization

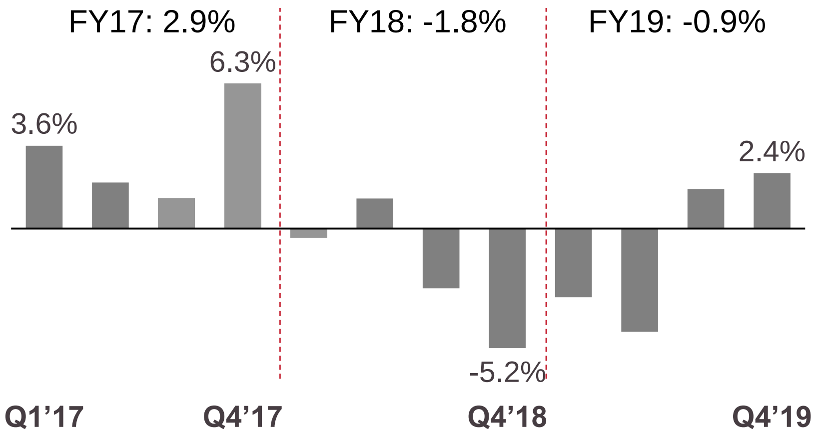
- Initiative progressing as planned
  - Simplifying organization with clear centers of excellence driving best practice and synergies
  - Strengthening commercial units' decision power
- Expect efficiency gains of MNOK 150-200 from HQ
- Expect total restructuring/project related costs of MNOK 120-140, of which MNOK ~50 in 2019
- Run rate savings mainly reinvested for growth

Supply chain agenda

- Striking balance between flexibility & efficiency
- Combination of restructuring production network, and rationalizing within existing structure
- Expecting fewer factory mergers, but no change in efficiency ambitions
- On track to deliver targeted savings

Update on Orkla Care

Organic sales growth, Q1-17 → Q4-19



Highlights

- Improved organic growth, but weak comparables
- Progress in the largest areas HPC and Health
- Market situation remains challenging
- Turnaround initiative ongoing
- Outlook unchanged, will take time to turn trend

Gearing for profitable growth by innovating in our strong core brands…

GRANDIOSA

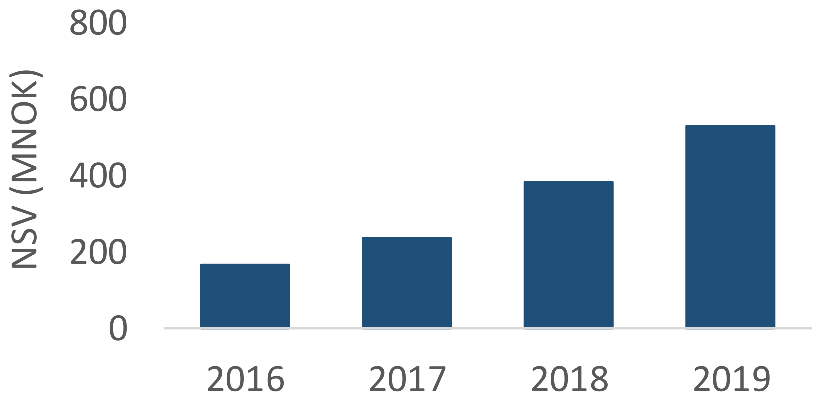
FELIX

Nidar

Jordan*

Orkla

…and scaling up new business opportunities



- Plant-based a prioritized growth platform
- Sales 0.5 BNOK, grew 40% in 2019
- Sustainability & health trend drive growth, flexitarians the largest customer group
- Strong position in our largest categories
- Targeting retail, food service & ingredients markets
- Targeting >1 BNOK sales by 2021, market leader in our key categories and markets

Financial performance

Jens Bjørn Staff, CFO

Highlights Q4-19

Strong finish to 2019 with good sales and profit growth in Q4

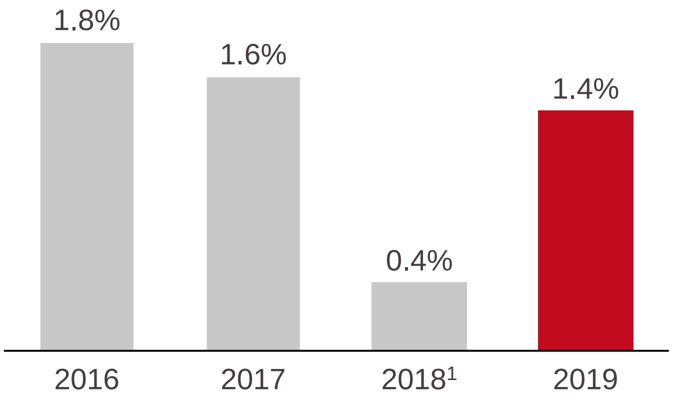
- Good progress in Foods and Confectionery & Snacks
- Profit growth in Food Ingredients mainly driven by M&A
- Sales and earnings growth in Care, compared to a weak quarter in 2018
- Strong finish to 2019 for Jotun
- Adjusted EPS* increased by +30% to NOK 1.27 in Q4 and by +17% to NOK 4.24 for 2019
- The Board intends to propose a dividend of NOK 2.60 per share

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

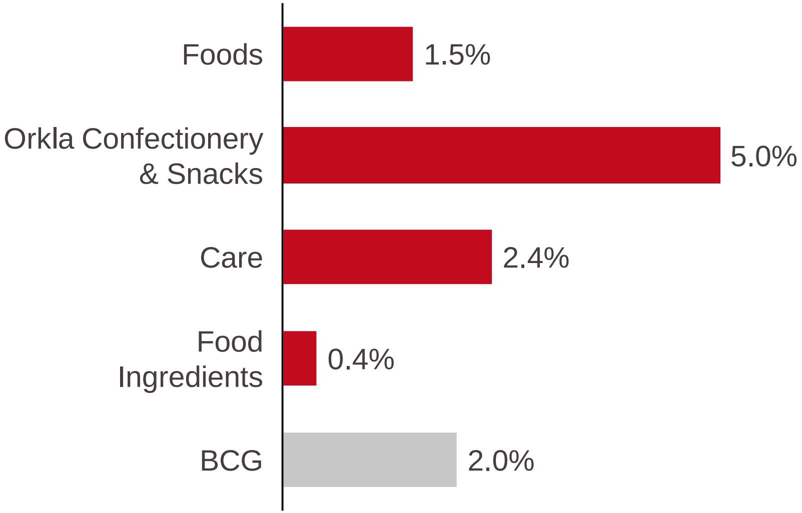
Branded Consumer Goods Q4-19:

Confectionery & Snacks and Care drive improvement in organic growth

Organic growth for Branded Consumer Goods



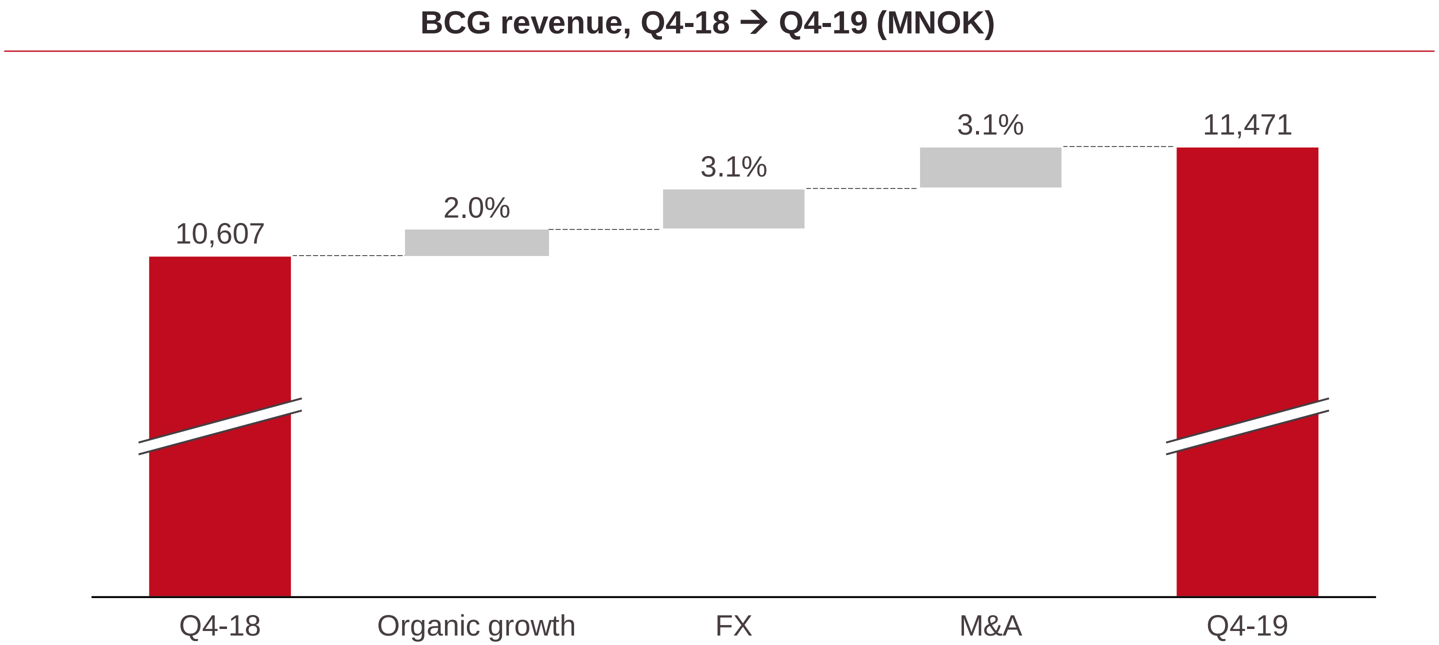
Organic growth Q4-19 by business area



 All Alternative Performance Measures (APM) are presented in the appendix. [1]Adjusted for loss of Wrigley distribution agreement

Branded Consumer Goods Q4-19:

Recent M&A and a weaker NOK add ~6% to total top line growth of ~8%

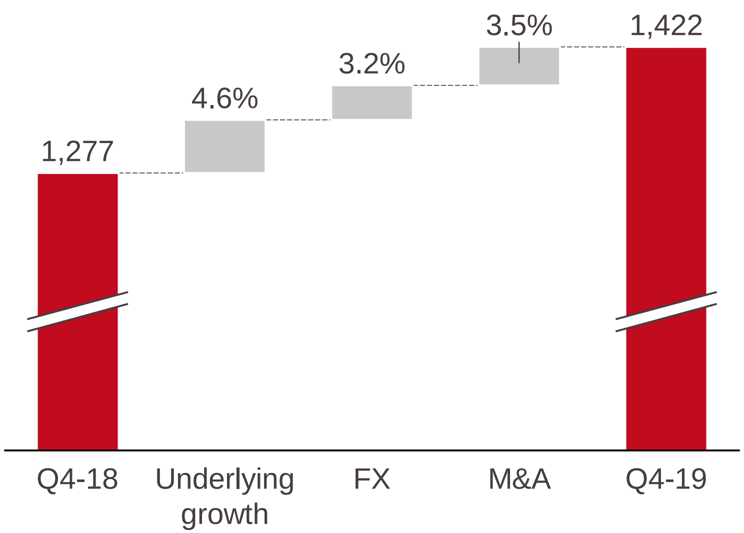


 Amounts in NOK million

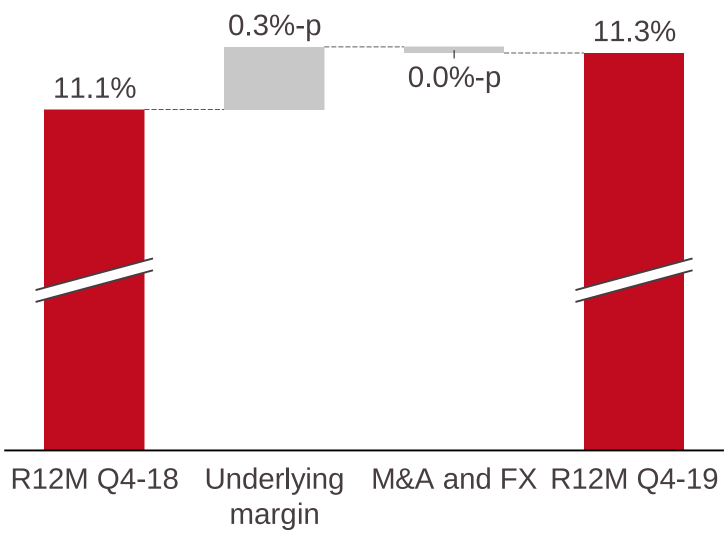
Branded Consumer Goods incl. HQ:

Profit and margin growth

∆ Q4 U.EBIT (adj.), MNOK



∆ R12M U.EBIT (adj.) margin



Orkla Foods

Organic growth and profit improvement

	Q4-19	YTD Q4-19
Revenues	**4,672**	**16,776**
Organic growth	***1.5%***	***1.8%***
EBIT (adj.)	**734**	**2,276**
EBIT(adj.) growth	***12.7%***	***11.1%***
EBIT(adj.) margin	**15.7%**	**13.6%**
Change vs LY	***0.8%-p***	***0.8%-p***

- Continued strong growth in Sweden and from plant based products – also good progress in several of our largest brands
- Continued progress in cost efficiency
- Improved revenue management compensated for rising input costs

 Revenues and EBIT (adj.) figures in NOK million

Orkla Confectionery & Snacks

Good sales growth in all markets

	Q4-19	YTD Q4-19
Revenues	**1,987**	**6,612**
Organic growth	***5.0%***	***4.6%***
EBIT (adj.)	**398**	**1,094**
EBIT(adj.) growth	***7.6%***	***8.7%***
EBIT(adj.) margin	**20.0%**	**16.5%**
Change vs LY	***-0.1%-p***	***+0.4%-p***

- Good organic revenue growth, partly related to de-stocking effect in Q4 2018 in Norway
- Overall strong market growth, especially for snacks
- Positive effects from cost improvement projects offset by increased raw material costs

 Revenues and EBIT (adj.) figures in NOK million

Orkla Care

Sales and profit growth in Care, compared to very weak Q4-18

	Q4-19	YTD Q4-19
Revenues	**2,125**	**8,170**
Organic growth	***2.4%***	***-0.9%***
EBIT (adj.)	**233**	**1,080**
EBIT(adj.) growth	***12.0%***	***-0.4%***
EBIT(adj.) margin	**11.0%**	**13.2%**
Change vs LY	***0.6%-p***	***-0.2%-p***

- Sales improvement in HPC categories, but volumes still lower in grocery retail in Norway
- Profit growth for Orkla Health compared to a weak quarter last year
- Challenging for Pierre Robert in all markets

 Revenues and EBIT (adj.) figures in NOK million

Orkla Food Ingredients

Strong profit growth from M&A

	Q4-19	YTD Q4-19
Revenues	**2,776**	**10,292**
Organic growth	***0.4%***	***0.6%***
EBIT (adj.)	**169**	**626**
EBIT (adj.) growth	***20.7%***	***17.4%***
EBIT (adj.) margin	**6.1%**	**6.1%**
Change vs LY	***0.5%-p***	***0.5%-p***

- Continued strong growth from vegan products
- Acquisitions the main driver behind profit growth
- Profitability positively impacted by improved pricing and product mix but partly offset by rising input costs

 Revenues and EBIT (adj.) figures in NOK million

Investments - Kotipizza

Good performance in 2019

	Q4-19	YTD Q4-19
Revenues	**281**	**982**
*Organic growth**	***7.1%***	***13.0%***
EBIT (adj.)	**19**	**82**
*EBIT (adj.) growth**	***-0.5%***	***21.5%***
EBIT (adj.) margin	**6.8%**	**8.4%**
Change vs LY	***-0.5%-p***	***+0.6%-p***

- Continued growth in YTD** chain sales*** with 12% growth (6% like for like YTD and 4% in Q4)
- Strong profit growth YTD. Earnings in Q4 impacted by increased marketing spend and timing effects
- Two new Kotipizza restaurants opened during the quarter (total 286)



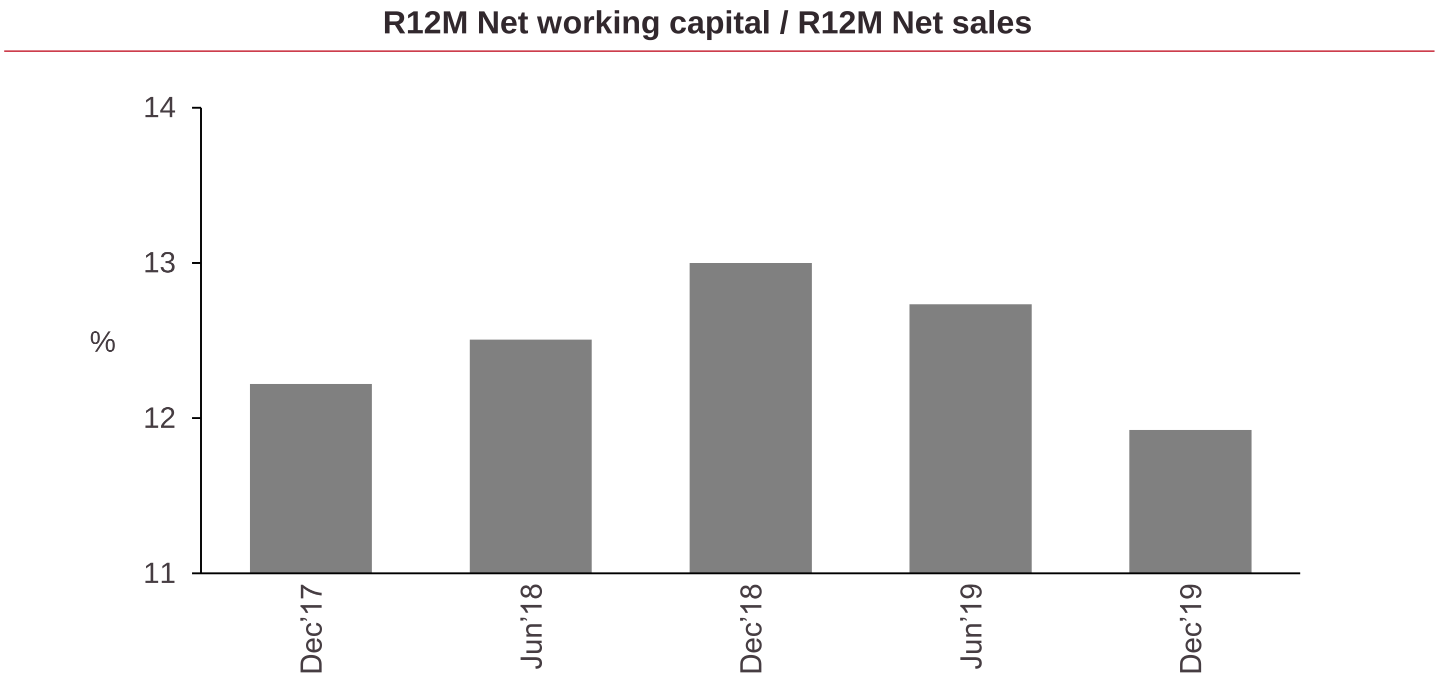

**Adjusted for FX*
***Kotipizza was consolidated as of February 2019 meaning YTD figures only reflect eleven months*
****Chain sales are defined as gross sales to consumers from all owned and franchise operated restaurants in the Kotipizza Group*

Adj. EPS +30% from profit growth in Branded Consumer Goods and Jotun

Key figures	Q4-19	Q4-18	∆ Q4
Operating revenues BCG	**11,471**	10,607	+8%
EBIT (adj.) BCG	**1,534**	1,369	+12%
EBIT (adj.) HQ	**-112**	-92	
EBIT (adj.) BCG incl. HQ	**1,422**	**1,277**	**+11%**
EBIT (adj.) Orkla Investments	**93**	131	-29%
Other income and expenses	**-136**	-296	
EBIT	**1,379**	**1,112**	**+24%**
Profit from associates	**147**	-43	
Net interest and other financial items	**-39**	-52	
Profit before tax	**1,487**	**1,017**	**+46%**
Taxes	**-218**	-271	
Profit after tax	**1,269**	**746**	**+70%**
Adjusted EPS cont. operations (NOK)	**1.27**	**0.98**	**+30%**
Reported EPS cont. operations (NOK)	**1.28**	0.74	+73%

Orkla

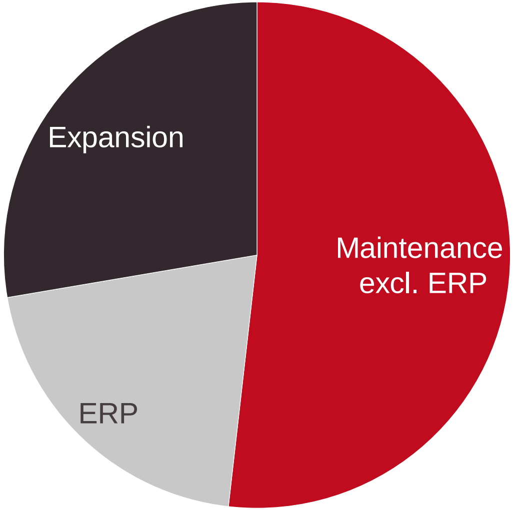
Improvement in net working capital of ~ 1%-p in 2019



 Figures include Orkla's Branded Consumer Goods businesses including HQ

Investment level in 2019 reflects normalised maintenance level, combined with ongoing ERP investments and large expansion projects

Capex split 2019

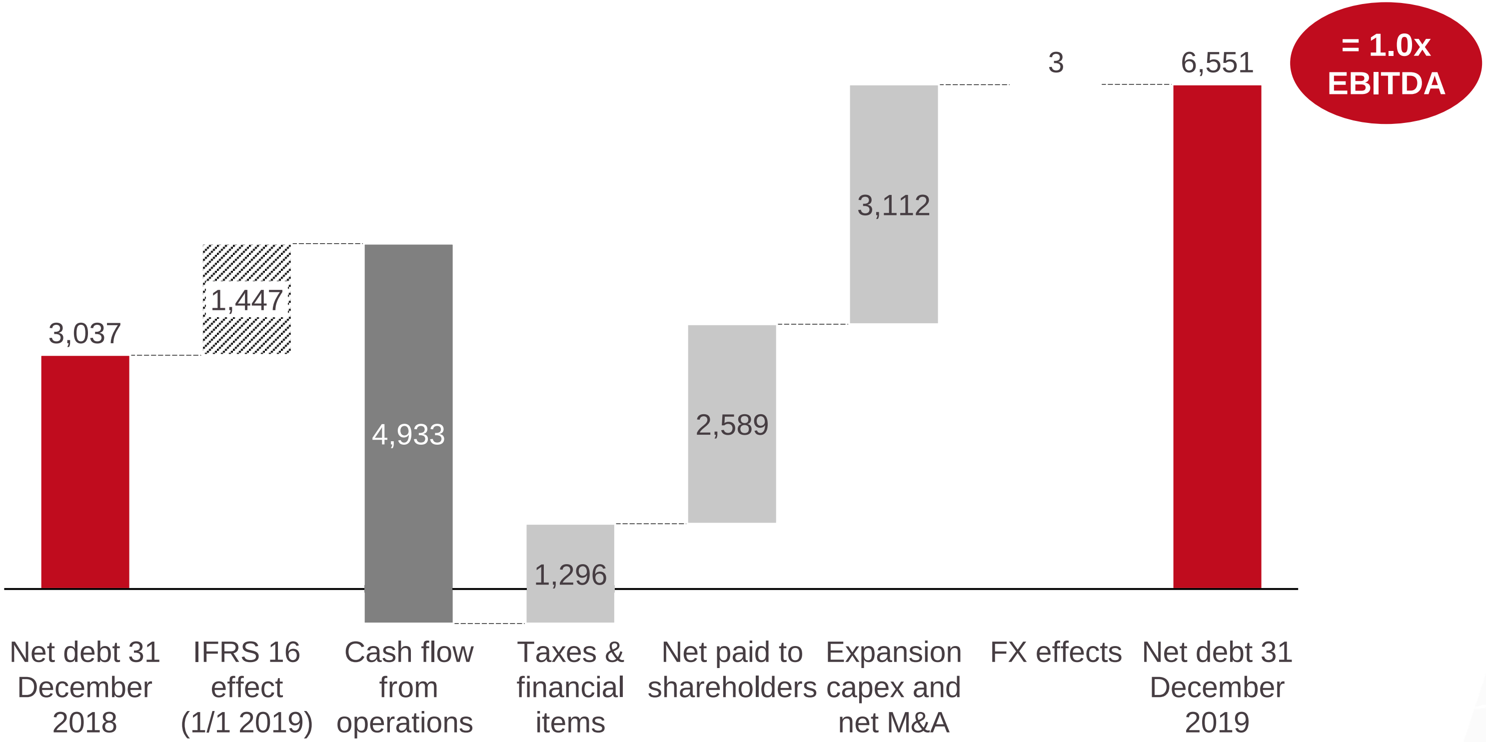


Run rate maintenance level ~3% of NSV

- Maintenance capex of close to 3% in 2019
  - Overall level in line with previous years
- Total 2019 capex level of ~5.5% of NSV driven by ERP and large expansion projects
  - Building future ERP platform
  - Upgrade and expansion of pizza factory at Stranda
  - Several expansion projects on OFI
- Capex next 3 years range 4-6% of NSV

Capex – BCG, incl. HQ
Investments relating to leasing (IFRS16) are not included in the capex figures

Strong cash flow from operations, continued expansion investments and structural growth leaves Orkla with a sound balance sheet



 Amounts in NOK million

Orkla

Closing remarks

Summary, expectations and priorities

- Solid finish to 2019 with sequential growth uptick and good earnings momentum

- Market expectations into 2020
  - Continued moderate growth across Orkla's key markets
  - Key end markets in Care categories remain challenging
  - Raw material inflation increasing, and continued FX headwinds

- Immediate priorities
  - Gearing for profitable growth
  - Care turnaround
  - Implement new organization
  - Manage rising input costs

Q&A

Jaan Ivar Semlitsch, President & CEO

Jens Bjørn Staff, CFO

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 the Group's key financial figure, 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, and EBIT (adj.) is used as a basis for and indicator of the Group's future profitability.

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 turnover at last year's currency exchange rates. Comparative figures are not restated when implementing IFRS 16, but the effects of the new accounting standard are neutralised in the calculation. 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. Underlying EBIT (adj.) growth is a heavily weighted factor in determining executive remuneration.

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 in 2019 is lower than the Group's tax rate due to the write-down of goodwill with no tax effect and to high non-deductible transaction costs.

If other items of a special nature occur under the company's operating profit or loss, adjustments will also be made for these items. In the fourth quarter, an adjustment was made for a gain on the sale of the joint venture Oslo Business Park and the reversal of a net deferred tax liability related to planned dividends from the Baltics.

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, together with equity, constitute the Group's capital. 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 Struer, HSNG, Werners, County's, Igos, Lecora, Easyfood, Kanakis Group, Risberg, Zeelandia, Confection by Design, Vamo and Anza Verimex, and adjustments for the sale of Glyngøre and Mrs. Cheng's.

Lower volumes and power prices in Hydro Power

Hydro Power

Fully consolidated into Orkla's financial statements

Volume (GWh):
Q4: 534 (658)
YTD: 2,156 (2,320)

Power prices[1] (øre/KWh):
Q4: 39.0 (46.0)
YTD: 38.4 (42.2)

EBIT adj. (NOK million):
Q4: 72 (132)
YTD: 292 (390)

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

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

Investments - Jotun (42.6%)

Strong finish to 2019

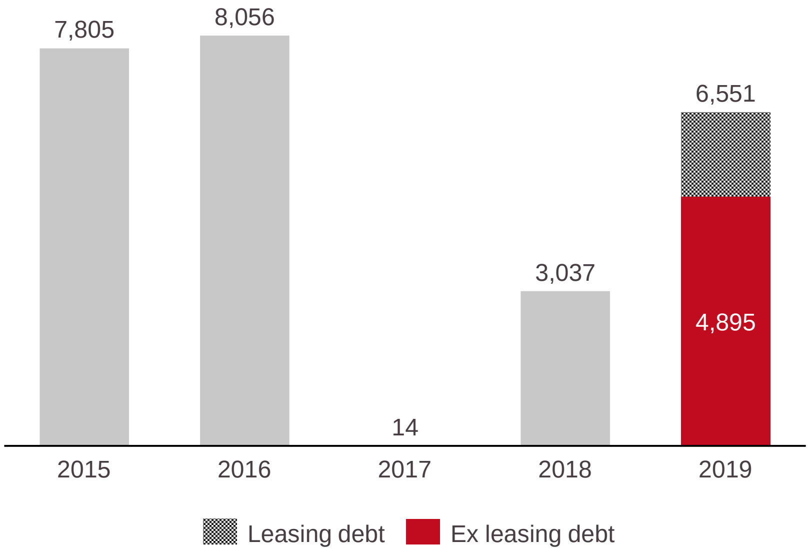
	Q4-19
Operating income	5,090
Change vs LY	*17%*
Operating profit	300
Change vs LY	*252%*

- Broad based sales growth helped by positive FX translation effects
- Earnings driven by both strong sales and improved gross margins
- Outlook affected by global trade- and geopolitical uncertainty

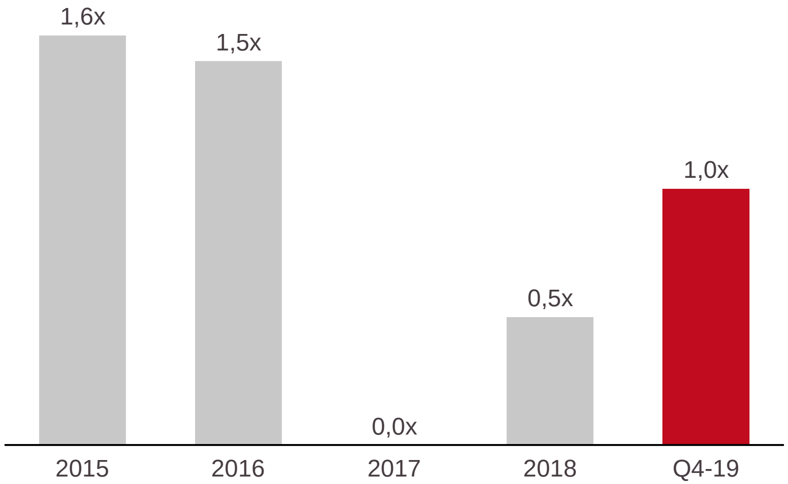
 Financial figures in NOK million

Strong balance sheet and financial flexibility

Net interest-bearing liabilities (NOK million)

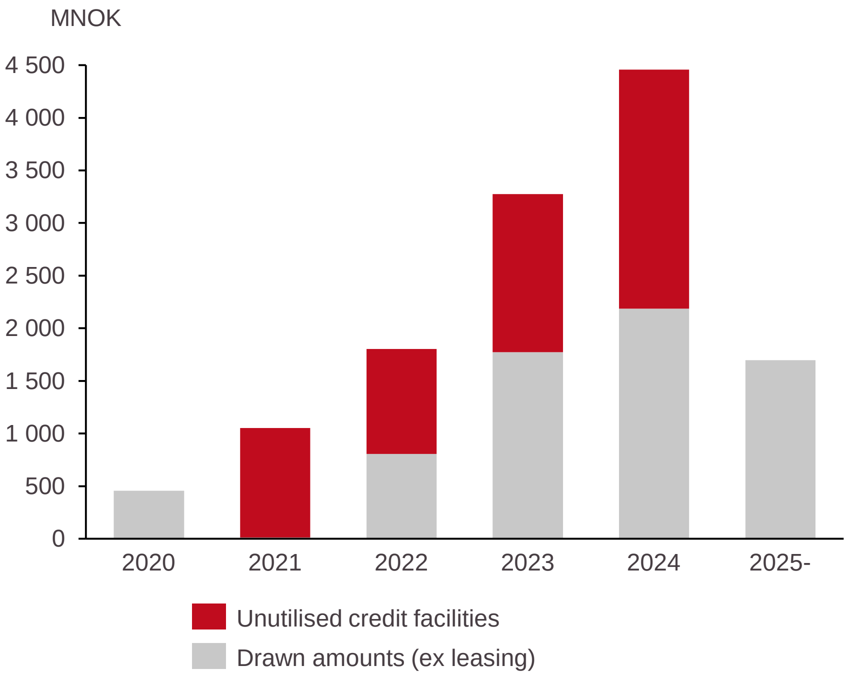


NIBD / R12 EBITDA



Current debt maturity profile

Debt maturity → average maturity 3.7 years



Funding sources (in BNOK)