

Orkla's business areas



Operating
revenues



Organic growth¹



EBIT (adj.)²



EBIT (adj.)
margin



EBIT (adj.)
growth



Number of
employees

Orkla Foods

15.5 NOK billion 2.3% 2.0 NOK billion 12.7% 16% 8 393

Orkla Confectionery & Snacks

6.2 NOK billion 4.9% 0.9 NOK billion 15.0% 11% 3 084

Orkla Care

6.7 NOK billion 0.6% 1.0 NOK billion 14.2% 9% 3 309

Orkla Food Ingredients

8.2 NOK billion -0.5% 0.4 NOK billion 5.4% 6% 2 880

Branded Consumer Goods in total

36.4 NOK billion 1.8% 4.3 NOK billion 11.8% 12% 17 666

Orkla Investments

Sapa (50%)³

Jotun (42.5%)³

Hydro Power

Financial Investments

2.2 NOK billion
Underlying EBIT

1.8 NOK billion
EBIT

0.2 NOK billion
EBIT (adj.)

1.3 NOK billion
Book value real estate

¹Adjusted for currency translation effects and structural changes.

²Operating profit before other income and expenses.

³The figures from associates and joint ventures are on a 100% basis.

0.1 NOK billion
Book value
financial assets

Orkla Foods

Orkla Foods is the largest business area, with 42% of Orkla’s total operating revenues from its Branded Consumer Goods business.



Orkla Foods supplies well-known local brands to consumers in the Nordics, Baltics, Central Europe and India. The business area holds leading market positions in a number of categories, including frozen pizza, ketchup, soups, sauces, toppings and ready-to-eat dishes.

Orkla Foods chiefly sells its products through grocery retailers, but also holds strong positions in the out-of-home, convenience store and petrol station sectors. Norway and Sweden are Orkla Foods’ two largest markets, accounting for 60% of the business area’s turnover in 2016.

In 2016, Orkla Foods substantially strengthened its position in Central Europe through the acquisition of Hamé, a leading branded food company based in the Czech Republic and Slovakia.

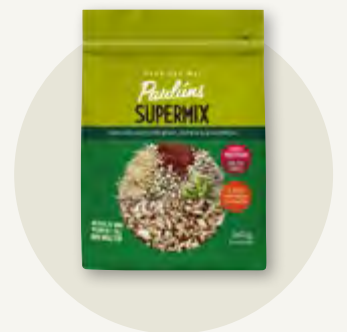
Orkla’s expanded distribution agreement with PepsiCo covers the sale of Tropicana and Quaker products in Norway, Sweden, Denmark and Finland, thereby strengthening Orkla Foods’ position in the breakfast segment.

- Orkla Foods’ many well-known brands include Grandiosa, TORO, Stabburet, Felix, Paulúns, Abba, Kalles, Beauvais, Pastella, Spilva, Vitana and MTR.
- Companies in the business area: Orkla Foods Norge, Orkla Foods Sverige, Orkla Foods Danmark, Orkla Foods Finland, Pöitsamaa Felix in Estland, Orkla Foods Latvija, Orkla Foods Lietuva, Felix Austria, Hamé and Vitana Group in the Czech Republic and MTR Foods in India.



Responding to the health trend with Paulúns

Paulúns is Orkla Foods’ natural health brand, offering a wide assortment of products ranging from breakfast cereals, crispbread and porridges to soups and side dishes. The products have been developed in close cooperation with nutritionist Fredrik Paulún. They contain only natural raw materials, have no added sugar and are made exclusively with selected healthy ingredients. The aim is for the brand to be the healthiest alternative in each category. The Paulúns range has been part of Orkla Foods Sverige’s portfolio since 2010, and in 2015 was also launched in Finland and Denmark. Orkla Foods Latvija introduced Paulúns in 2016. Product innovations include Paulúns Chiafrö & Boveteflingor chia seed & buckwheat cereal, Supermix raw rice mix and Superknäcke crispbread. Orkla’s sales of Paulúns products totalled NOK 299 million in 2016. In 2017, Norwegian consumers will also be able to enjoy these tasty, wholesome products, which will be marketed under the Bare Bra brand from Toro.



Paulúns – with natural raw materials and healthy ingredients

Orkla Confectionery & Snacks

Orkla Confectionery & Snacks' turnover accounts for 17% of Orkla's total operating revenues from its Branded Consumer Goods business.



Orkla Confectionery & Snacks is market leader in the confectionery, biscuits and snacks categories, offering well-known local brands and tastes that delight consumers in the Nordic and Baltic regions. A total of 94% of the business area's turnover is generated in the Nordic and Baltic markets. Norway is its largest single market.

Orkla Confectionery & Snacks further strengthened its position in Norway in 2016 through its pick-and-mix sweets agreement with the Coop grocery chain. In 2016, Orkla Confectionery & Snacks consolidated its market position with launches of chocolate products in Denmark and crisp-bread products in Norway. Additionally, its market position in Estonia was further strengthened by a number of jubilee launches to mark the 210th anniversary of Orkla's oldest brand, Kalev. The distribution agreement with PepsiCo also entered into effect in 2016. Under the agreement, Orkla Confectionery & Snacks is responsible for the sale of Lay's snack foods in Norway, Sweden and Finland.

- The business area's many popular brands include KiMs, Nidar, Göteborgs Kex, Sætre, OLW, Panda, Laima, Selga, Adazu and Kalev.
- Companies in the business area: Orkla Confectionery & Snacks Norge, Orkla Confectionery & Snacks Sverige, Orkla Confectionery & Snacks Danmark, Orkla Confectionery & Snacks Finland, Orkla Confectionery & Snacks Latvija and Kalev in Estonia.



Snack innovation from Toten a new popular favourite

More consumers are looking for locally produced, genuinely natural products. In 2016, Orkla responded to this trend with the launch of Totenflak potato chips. The thicker, slow-cooked kettle chips are made from potatoes from local farms in the Toten district and produced at Orkla's factory at Skreia. Each bag of chips features the name of the farm that supplied the potatoes for the chips in that particular bag. Totenflak became an overnight success, with store sales totalling more than 2.5 million bags in the first 25 weeks. With record-high testing and repeat purchase rates, Totenflak achieved a market share of 21% in the second largest chips segment in 2016. A total of 4 million bags of Totenflak chips, for a value of NOK 100 million, were sold in 2016.



Totenflak potato chips - made with patience!

Orkla Care

Orkla Care accounts for 19% of the Branded Consumer Goods business's operating revenues and is organised in six business units.



The two largest business units are Orkla Home & Personal Care, which holds leading positions in personal hygiene and laundry detergents, and Orkla Health, which has leading positions in the dietary supplements, sports nutrition and weight control segments. Orkla Care also has leading positions in the painting tool (Orkla House Care), wound care (Orkla Wound Care), basic textiles sold through the grocery channel (Pierre Robert Group) and professional cleaning segments (Lilleborg).

The Nordic region accounts for 78% of the business area's turnover, and Norway is its largest single market, generating 47% of turnover.

In 2016, Orkla Care strengthened its position through acquisitions in selected categories and markets. Orkla House Care doubled the size of its operations through the purchase of Harris, a leading painting tool manufacturer in the UK.

Orkla Wound Care was established in 2016 as a separate business unit in Orkla Care. Wound Care comprises well-known brands such as Salvequick and Cederroth First Aid and holds good market positions in the Nordic region and Europe.

- Widely known brands include Möller's, Collett, Nutrilett, Maxim, Define, Sunsilk, Blenda, Jif, Sun, Zalo, Jordan and Pierre Robert.
- Companies in the business area: Orkla Home & Personal Care, Orkla Health, Lilleborg, Pierre Robert Group, Orkla House Care and Orkla Wound Care.

Jordan*

by Nutrilett

OMO

Pierre Robert

Salvequick

Sun

MÖLLERS

Body care range from Dr Greve designed for the Nordic climate

Dr Greve is Orkla's oldest personal hygiene brand, which started out with Dr Greve children's soap around 1890. In 2000, Dr Greve Sensitiv Intimvask intimate cleanser was launched with great success, and 15 years later is still the biggest product in the shower category. In 2016, Dr Greve made a quantum leap, launching a complete range of body care products specifically formulated for the Nordic climate. The product assortment has been expanded to include four new categories in addition to shower products: body lotion, hand cream, deodorants and hand soap. The launch resulted in good sales and the products are widely distributed in grocery chains, and Dr Greve quickly became market leader in body lotion and hand creams in Norway. The body care range is paraben-free, and includes products with no perfume or colorants.



Dr Greve paraben-free body care range

Orkla Food Ingredients

Orkla Food Ingredients accounts for 22% of the Branded Consumer Goods business’s operating revenues. Orkla Food Ingredients is the leading supplier of bakery ingredients in the Nordic region, in addition to holding growing positions in selected countries in Europe.



Its biggest product categories are margarine and butter blends, yeast, bread and cake improvers and mixes, marzipan and ice cream ingredients.

The business area has sales and distribution companies in 22 countries. Around 70% of sales are made to artisanal and industrial bakeries. Some 20% are sales directly to the consumer through well-known brands such as Mors Hjemmebakte, Kronjäst, Odense and Bakkedal. The remaining 10% of turnover is generated by sales of ice cream ingredients and accessories. Orkla Food Ingredients is one of Europe’s leading suppliers of ice cream ingredients and accessories, with a presence in the Nordics, Germany, the Netherlands and the UK. Acquisitions in 2016 have further strengthened this position.

A large share of Orkla Food Ingredients’ sales derives from distribution agreements. Because of this, and because a substantial share of its sales consist of raw materials, the business area’s operating margin is lower than that of Branded Consumer Goods’ other business areas. However, its return on capital is more comparable to that of the other areas.

- The companies in the Orkla Food Ingredients business area include Odense Marcipan, KåKå, Idun Industri, Credin, Sonneveld and Dragsbæk.



The vegan Naturli' range a success

More and more consumers want to have plant-based, meat-free alternatives one and more days a week. Through the company Naturli' Foods, Orkla Food Ingredients has established itself as a leading supplier of vegan food and drinks in Denmark. With a broad assortment and a market share of 70%*, Naturli' products are well known to Danish consumers. The portfolio comprises a wide diversity of products ranging from drinks based on rice, soya, coconut or almonds, spreadable toppings and plant-based toppings to meat-free dinners, ready-to-eat dishes and ice cream. All the products are 100% plant-based and organic, and all raw materials are GMO-free. In 2016 Naturli' Foods launched 14 innovations. The company’s sales of vegan products totalled around DKK 86.6 million in 2016.

*Volume for drinks, yoghurt and cream



Naturli'- 100% plant-based and organic

Orkla Investments

Orkla has a number of investments in addition to its Branded Consumer Goods business, which are organised under Orkla Investments. The business area comprises the associates and joint ventures Sapa (50% interest) and Jotun (42.5%).

Associates and joint ventures are accounted for using the equity method and presented on a separate line of the consolidated financial statements.

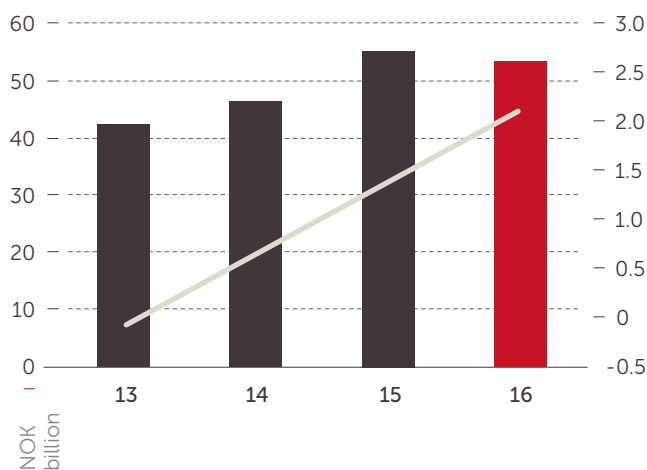
The consolidated businesses Hydro Power and Financial Investments are also part of Orkla Investments.

Overview of Orkla Investments

<h3>Sapa</h3> <p>The world's leading manufacturer of extrusion-based aluminium solutions</p>	<h3>Jotun</h3> <p>Jotun is one of the world's leading manufacturers of paint and powder coatings</p>	<h3>Hydro Power</h3> <p>A power plant in Sarpsfoss and an 85% interest in Saudefaldene</p>	<h3>Financial Investments</h3> <p>Orkla's real estate investments and share portfolio</p>
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Sapa

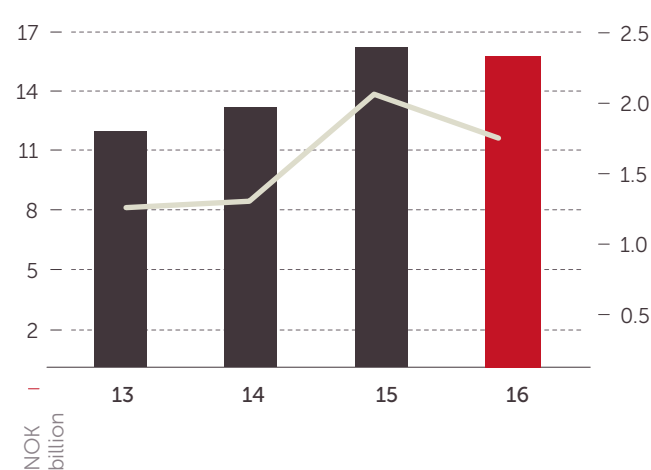
Sapa is the world's leading manufacturer of extrusion-based aluminium solutions for the building and construction market and the transportation and automotive industry, primarily in Europe and North America. Sapa is a global player with 22,400 employees in 40 countries. At the end of 2016, Sapa had a market share of 22% in Europe and 24% in North America.



■ Operating revenues	Ownership: 50%	Employees: 22 400
■ Underlying EBIT		

Jotun

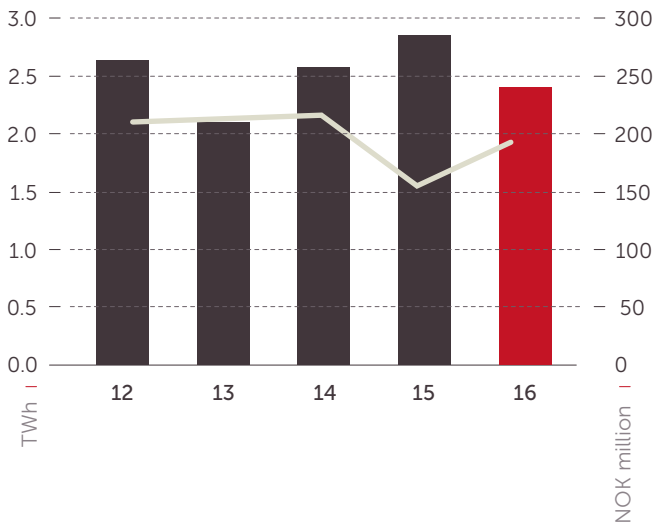
Jotun is one of the leading global manufacturers of paint and powder coatings. Jotun's worldwide activities consist of the development, production, marketing and sale of a variety of paint systems, and are organised in the four segments Decorative Paints, Marine Coatings, Protective Coatings and Powder Coatings. The company's main markets are the Middle East, India and Africa, Northeast Asia, Southeast Asia and Scandinavia.



■ Operating revenues	Ownership: 42.5%	Employees: 9 800
■ EBIT		

Hydro Power

Hydro Power consists of a power plant in Sarpsfoss and Orkla's 85% interest in Saudefaldene. The power operations generate and supply power to the Nordic power market and produce a total normal annual volume of 2.4 TWh, of which around 1 TWh is a fixed delivery commitment with a net effect of zero on profit. The Sauda power operations are regulated by a leasing agreement with Statkraft that will run until 31 December 2030.

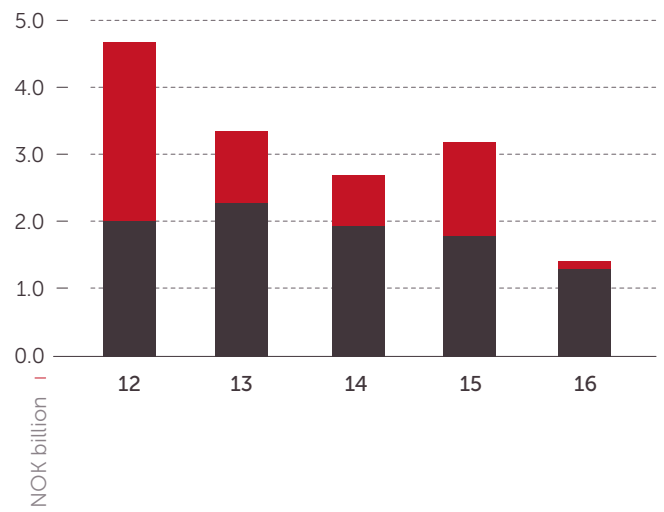


■ TWh	Sarpsfoss normal annual production	Saudefaldene normal annual production
■ EBIT (adj.)	0.6 TWh	1.8 TWh

Financial Investments

Financial Investments consists of shares and financial assets and Orkla Eiendom (real estate) with a total book value of approximately NOK 1.4 billion as at 31 December. As at 31 December 2016, Orkla's share portfolio had a market value of NOK 0.1 billion.

As at 31 December 2016, Orkla's real estate investments had a book value of NOK 1.3 billion. One third of these assets are industrial properties that are gradually being sold. The other two thirds consists of three real estate development projects, the largest of which is the construction of Orkla's new head office.



■ Real estate	Book value real estate	Book value financial assets
■ Financial assets	1.3 NOK billion	0.1 NOK billion

