

Orkla's strategy

Orkla's strategy is to strengthen its position as the leading branded consumer goods company in the Nordic and Baltic regions and selected other markets. Through closer cross-group collaboration, as "One Orkla", Orkla will improve its long-term competitiveness, while continuing to build on its local presence.

Activities that drive organic growth and contribute to improved profitability will be prioritised in accordance with the Group's strategy and financial goals.

The primary driver of long-term value creation is organic growth for local brands

- This growth will be generated in part by an ambitious innovation programme based on the Group's unique local customer and consumer insight.
- A growing number of new products will be launched across Orkla's markets and business areas through increased collaboration as "One Orkla".
- Measures to further develop and reinforce customer relations, with the shared objective of profitable growth, will be given priority.
- Orkla's international presence will provide a strong foundation for a more targeted focus on exports.

Improved profitability through more efficient operations throughout the value chain

- The Group will exploit economies of scale and extract cross-group synergies more effectively by collaborating more closely as "One Orkla".
- Orkla will leverage its unique local insight and connections to stand out significantly from its competitors
- Profitability will be improved by increasing operational efficiency in every part of Orkla's value chain and through the successful integration of acquisitions.

- Production will be concentrated on fewer, but larger production units, thereby freeing up resources for innovation, growth and competence-building.

- More efforts will be initiated to increase collaboration on sales and marketing.

Acquisitions in the Branded Consumer Goods business

- In addition to organic growth, acquisitions will help to strengthen Orkla's position as the leading branded consumer goods company in its home markets.
- Orkla will invest primarily in small and medium-sized complementary acquisitions in selected markets, categories or niches where the Group already has a presence.

Clear strategy for capital allocation

Orkla is in the final stages of a transformation from an industrial conglomerate to a leading branded consumer goods company. Orkla continues to reduce its exposure outside the Branded Consumer Goods business. Its foremost priority is to transfer excess capital to acquisitions in Branded Consumer Goods. Alternatively, an extraordinary dividend or share buy-backs will be considered.

The Board of Directors has proposed a dividend policy that entails maintaining a stable dividend of at least NOK 2.50 per share.

The Group's goal is to remain an "investment grade" company. Its target is therefore to ensure that its net interest-bearing liabilities/EBITDA ratio does not exceed 2.5-3.0 over time.

Financial goals 2016-2018

- Organic growth at least in line with market growth
- Annual adjusted EBIT growth of 6-9 per cent¹ in the Branded Consumer Goods business

¹Including minor acquisitions, excluding currency effects and major acquisitions and divestments