10 February 2022

Fourth quarter results 2021

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Reflections on 2021

- Broad based organic revenue growth of 4.3%* in Branded Consumer Goods
- Solid progress on prioritised growth initiatives
- Profitability negatively impacted by raw material and energy price increases
- Several strategically important acquisitions totalling BNOK 7
- EPS (adj.) of NOK 5.17 per share
- The Board intends to propose a dividend of NOK 3.00 per share

Orkla

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

Summary of financials for the quarter

- Group EBIT(adj.)* growth of 19%
- High power prices drive strong EBIT (adj.) growth for Hydro Power
- Organic revenue growth of 5.5% in Branded Consumer Goods, driven by both volume and price
- Profit decline in Branded Consumer Goods mainly due to increased raw material and energy costs

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

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Solid progress for Orkla's three prioritized growth initiatives

		2021 baseline	2021*
	**Consumer Health** Grow at least 50% by 2025	Revenue BNOK 4.6**	Growth 20%
	**Out of Home** A European leader in pizza franchise	Consumer sales MEUR ~337 **/***	Growth 65%
		No of outlets 663	No of outlets 663
	**Plant-based** BNOK 3 turnover by 2025	Revenue BNOK 1	Growth 23%

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

Harald Ullevoldsæter, CFO

Financial performance

Strong sales growth, EBIT growth driven by Hydro Power

Key figures	Q4-21	Q4-20	∆ Q4
Operating revenues BCG	13,482	12,443	+8.4%
EBIT (adj.) BCG	1,571	1,648	-4.7%
EBIT (adj.) HQ	-119	-102	
EBIT (adj.) BCG incl. HQ	**1,452**	**1,546**	**-6.1%**
EBIT (adj.) Industrial & Financial Investments	419	27	
Other income and expenses	-88	-468	
EBIT	**1,783**	**1,105**	**+61%**
Profit from associates	105	225	-53%
Net interest and other financial items	-47	-40	
Profit before tax	**1,841**	**1,290**	**+43%**
Taxes	-503	-141	
Profit after tax	**1,338**	**1,149**	**+16%**
Adjusted EPS diluted (NOK)	**1.40**	**1.43**	**-2.1%**
Reported EPS diluted (NOK)	1.32	1.14	+15.8%

Orkla

Amounts in NOK million

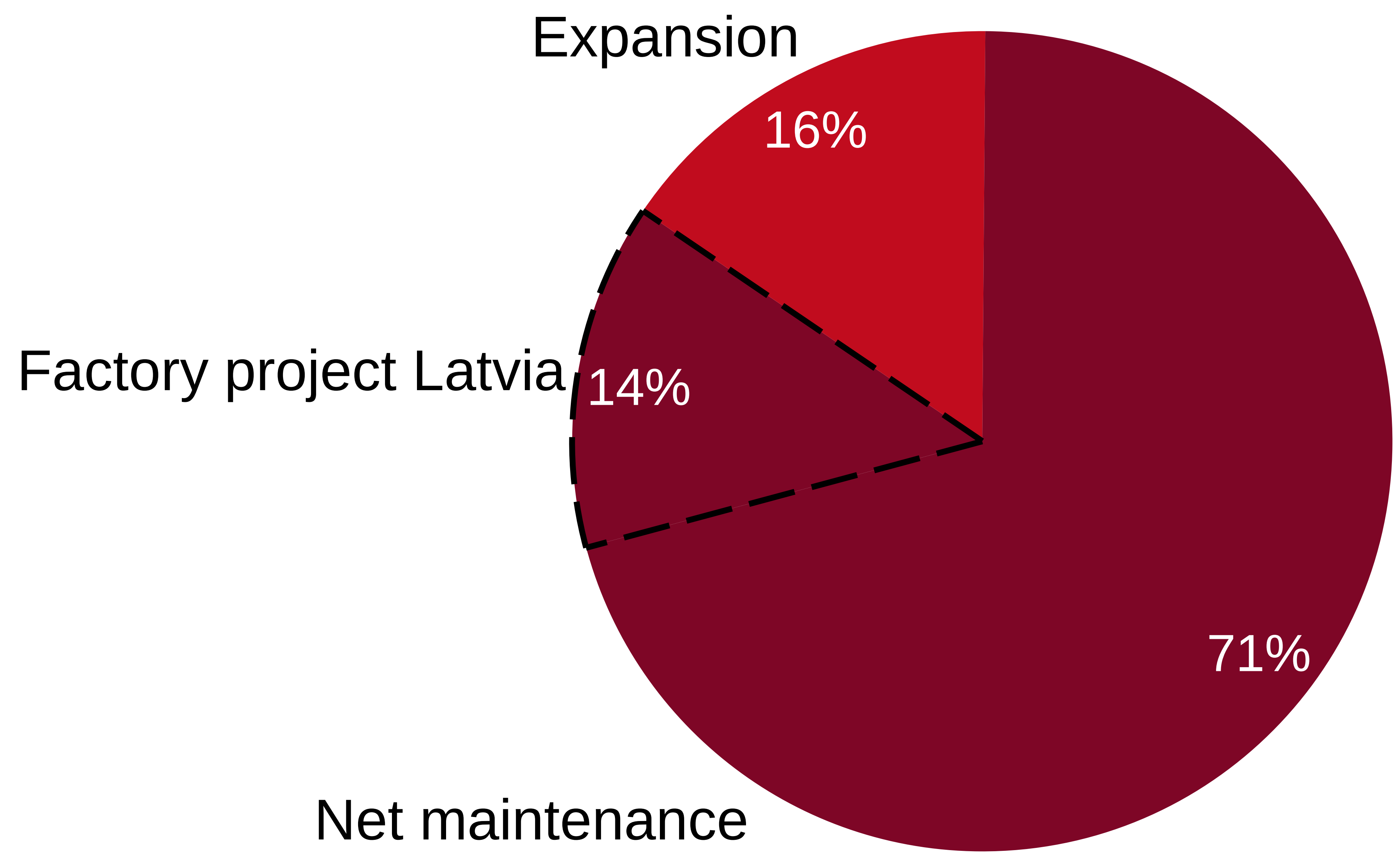
Full year cash flow from operations

Cash flow from operations as at 31.12 (pre-tax)	2021	2020
Orkla Branded Consumer Goods (BCG, incl. HQ)		
EBIT (adj.)	5,433	5,440
Depreciation	1,924	1,783
Change in net working capital	-456	670
Net replacement investments	-2,625	-2,251
Total BCG cash flow from operations (adj.)	4,276	5,642
Cash flow from other income & exp. and pensions	-525	-291
Industrial & Financial Investments	692	87
Total Orkla cash flow from operations	4,443	5,438

Amounts in NOK million

Investment level in 2021 reflects run rate maintenance level, factory project and expansion projects

Capex split 2021 (3.1 BNOK)



Total net capex ~6.2% of revenues

- Net maintenance capex (inc. leasing): ~5.2% in 2021
- Expansion capex ~1% in 2021

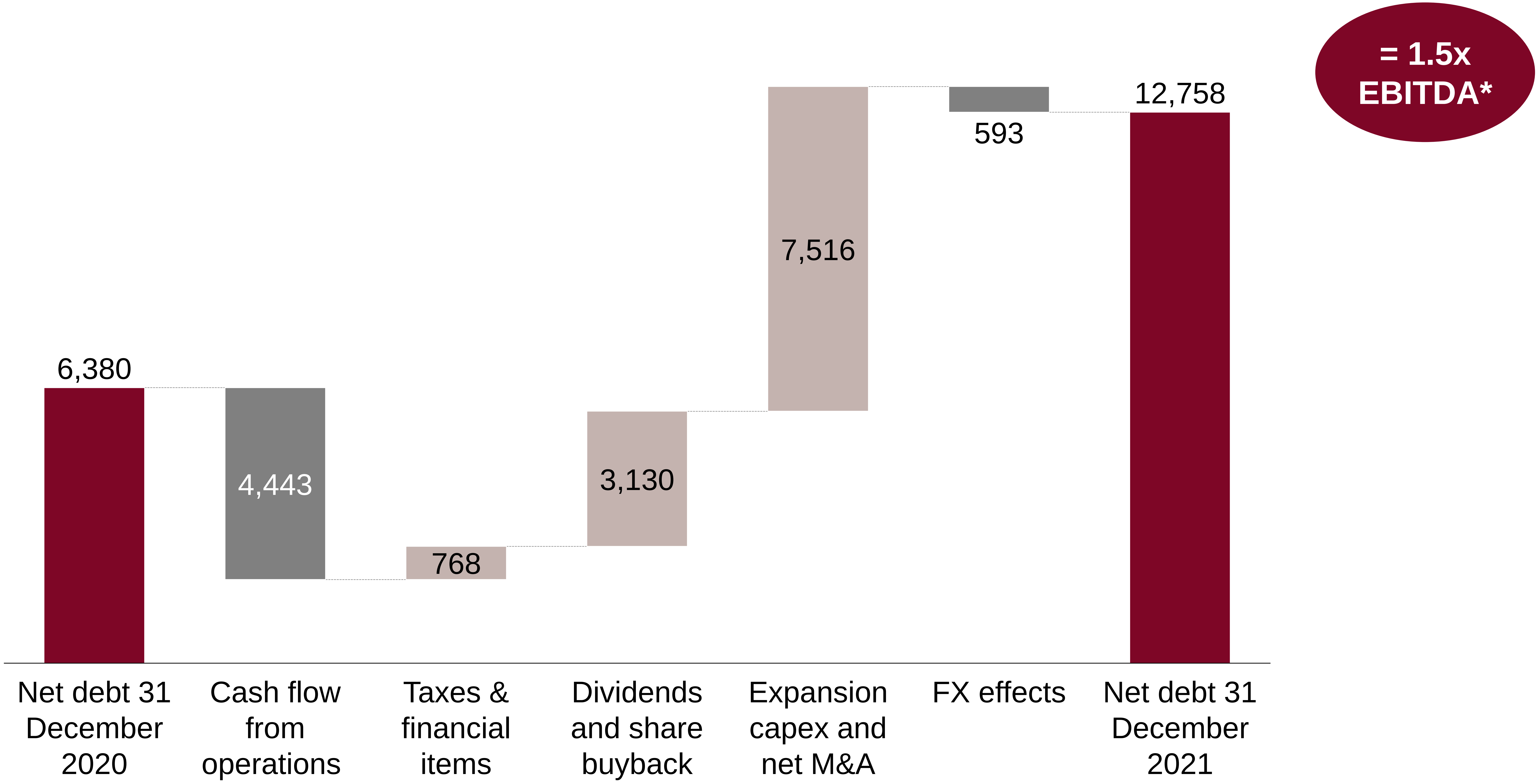
Expected maintenance capex as % of revenues*

- 2022: ~5-6%
- From 2023 onwards: ~4%

*excl. expansion capex

Capex – BCG, incl. HQ
Investments relating to leases (IFRS16) are included as maintenance capex.

Acquisitions increase net interest bearing debt



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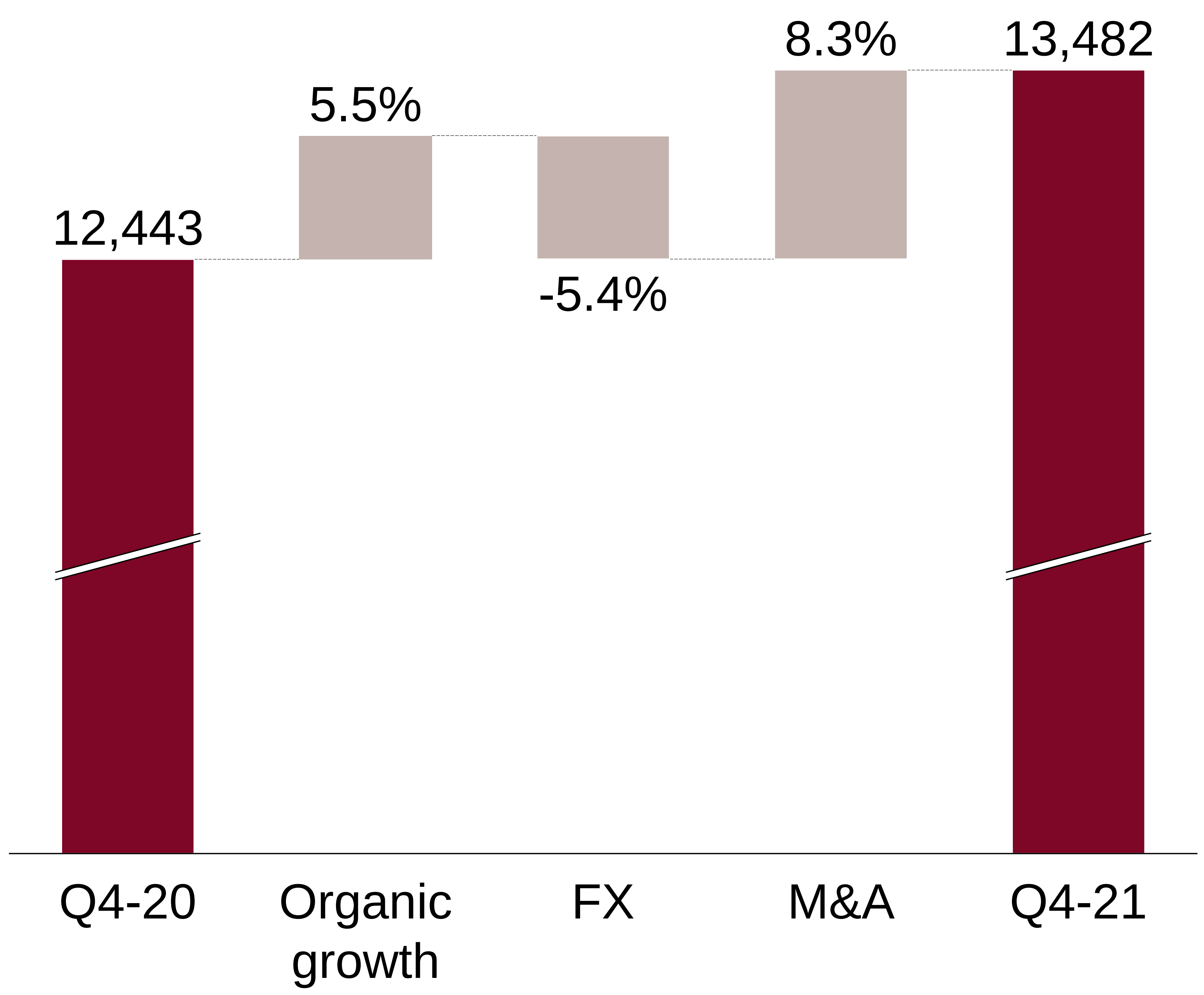
Amounts in NOK million
* Including acquired businesses in EBITDA

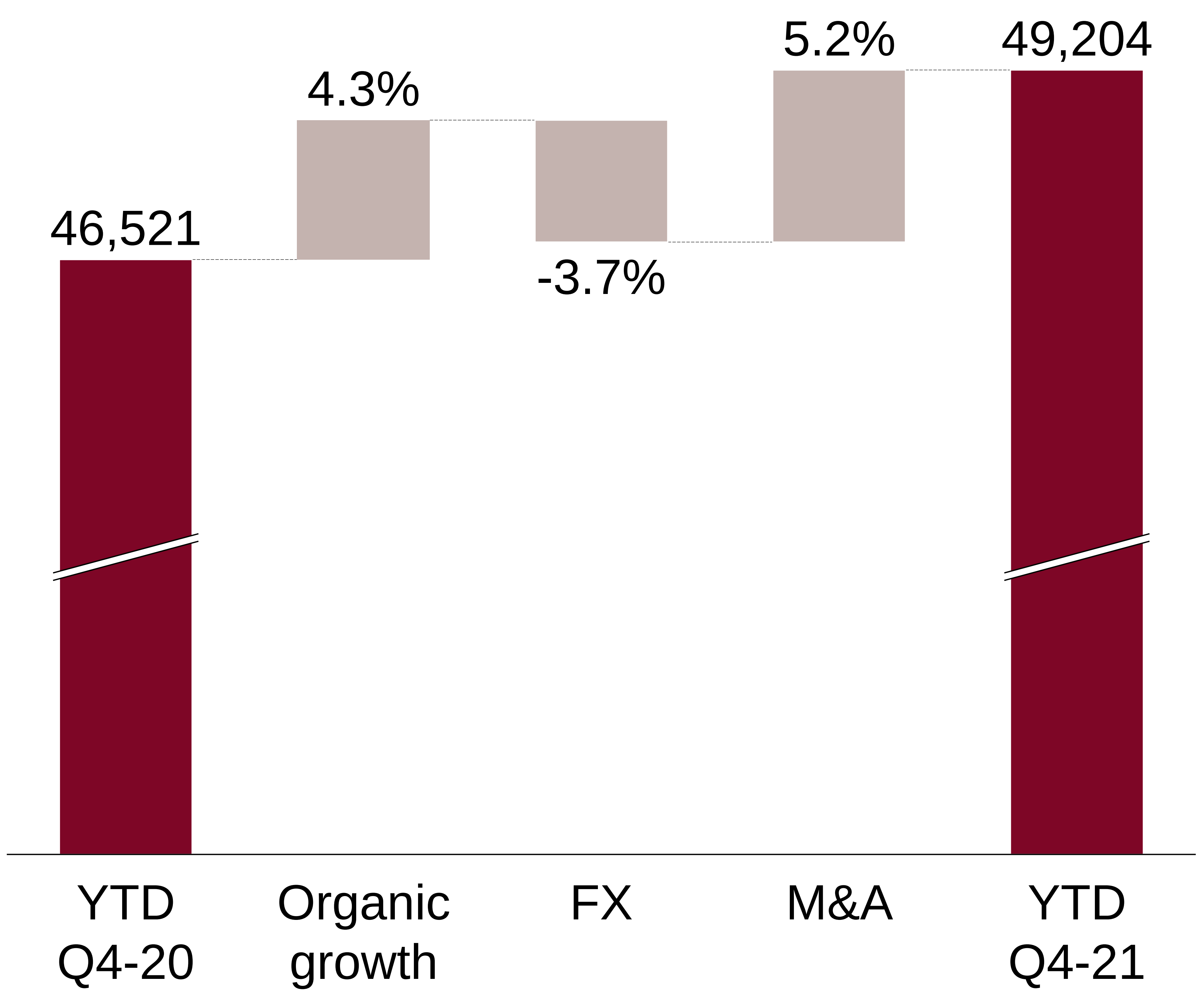
Branded Consumer Goods (BCG)

Organic top line growth of 5.5% in Q4 and 4.3% YTD

BCG revenue, Q4-20 → Q4-21 (MNOK)



BCG revenue, YTD Q4-20 → YTD Q4-21 (MNOK)

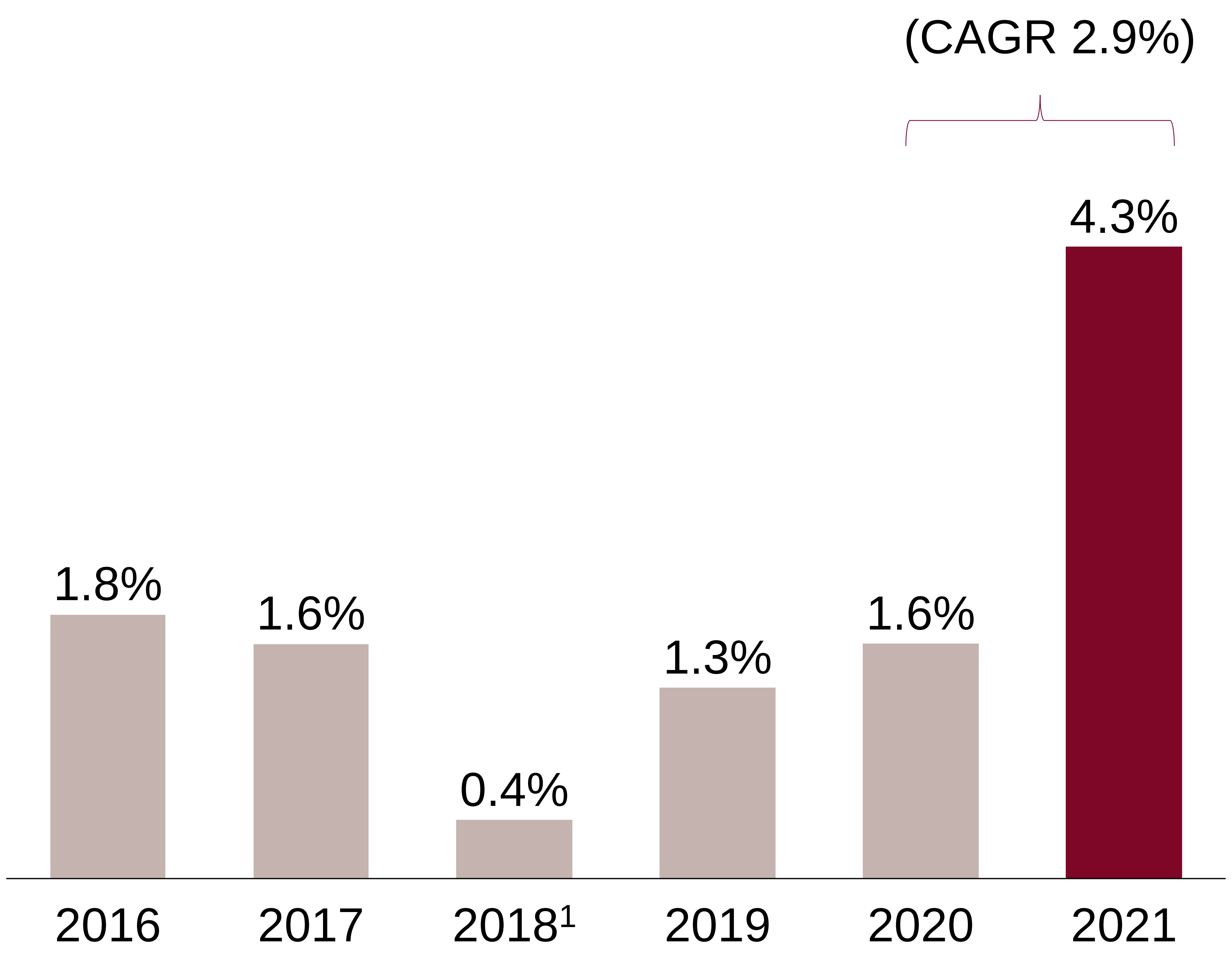


All Alternative Performance Measures (APM) are presented in the appendix

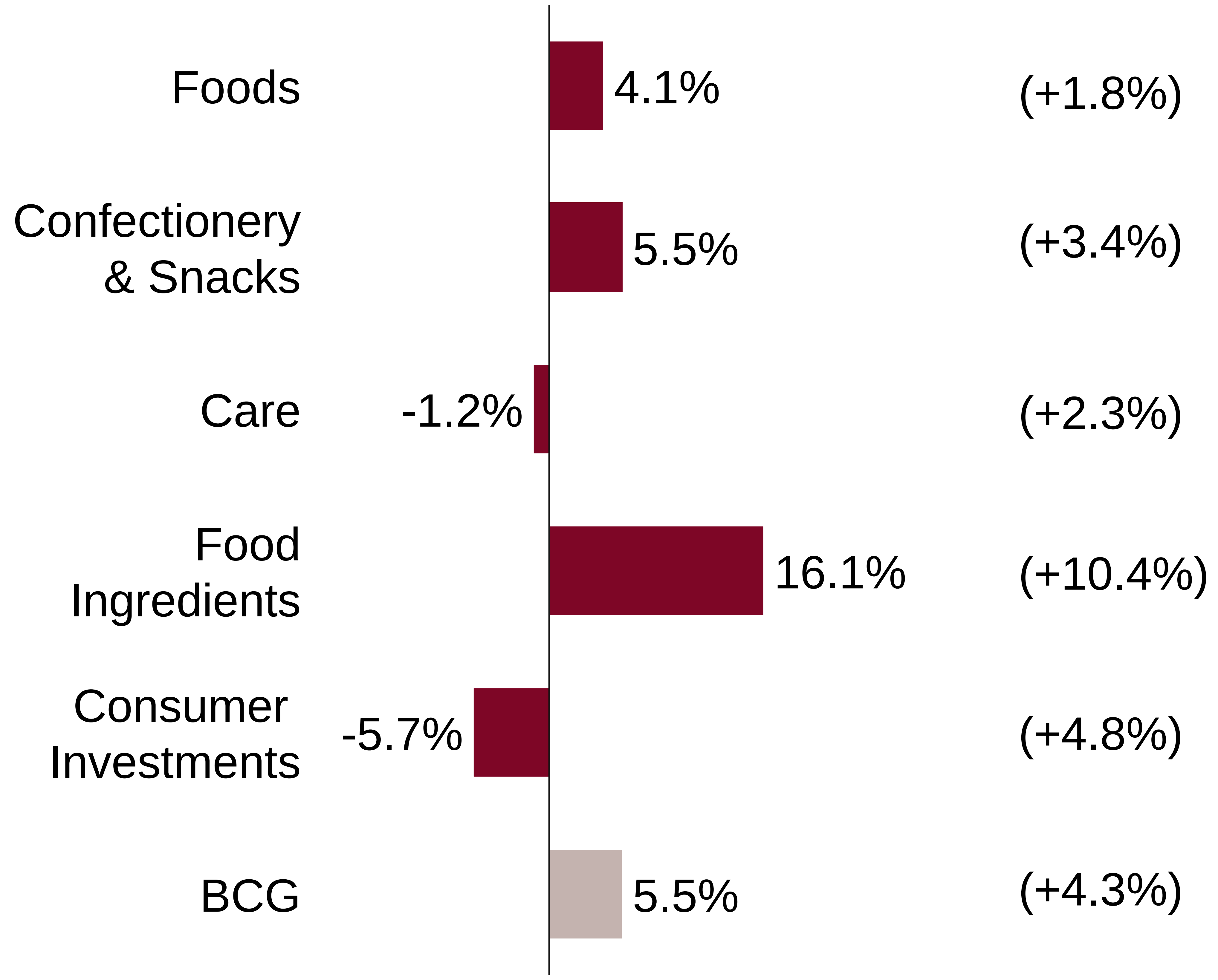
Branded Consumer Goods

All business areas had positive organic growth in 2021

Organic growth for Branded Consumer Goods



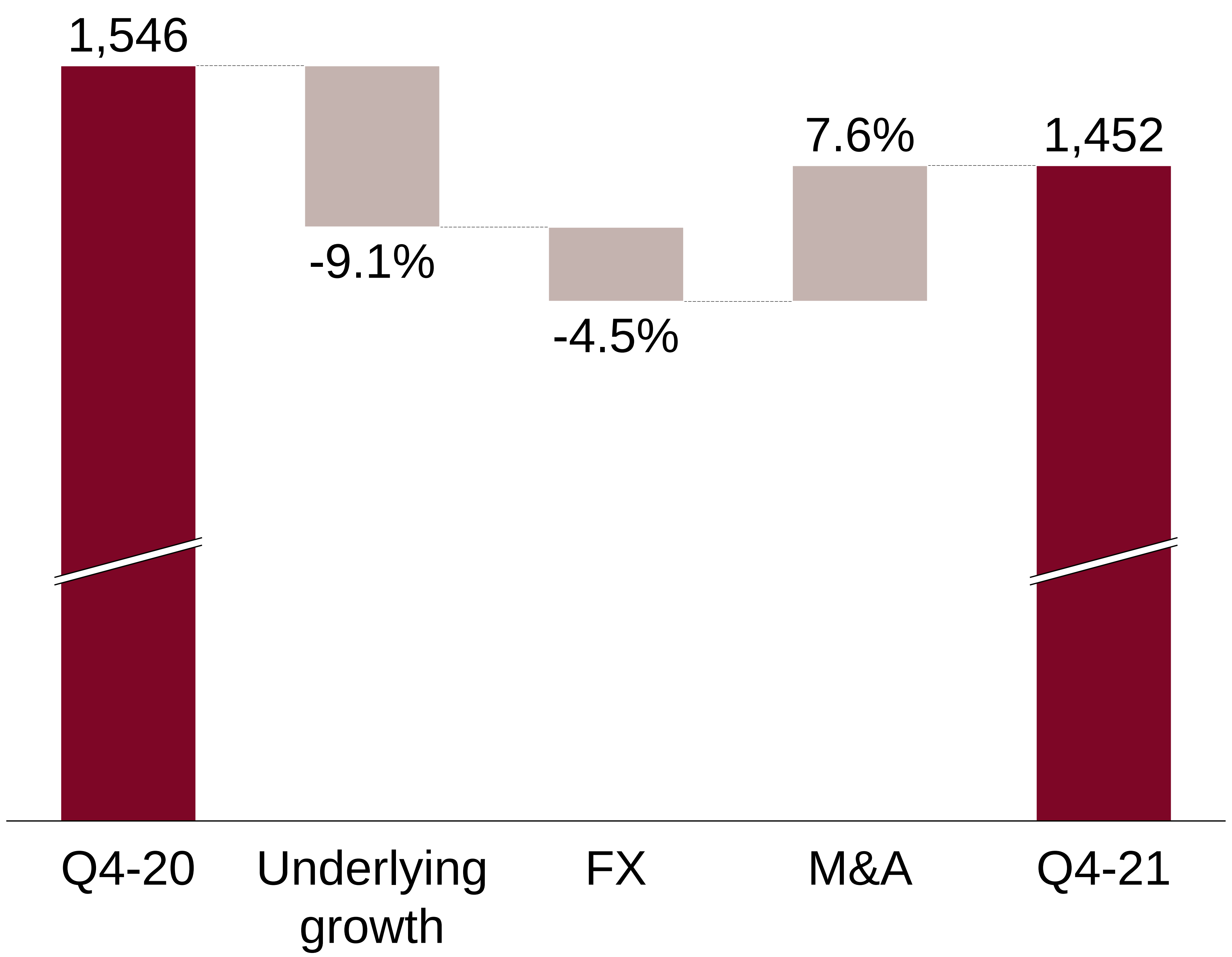
Organic growth Q4-21 by business area (YTD Q4-21)



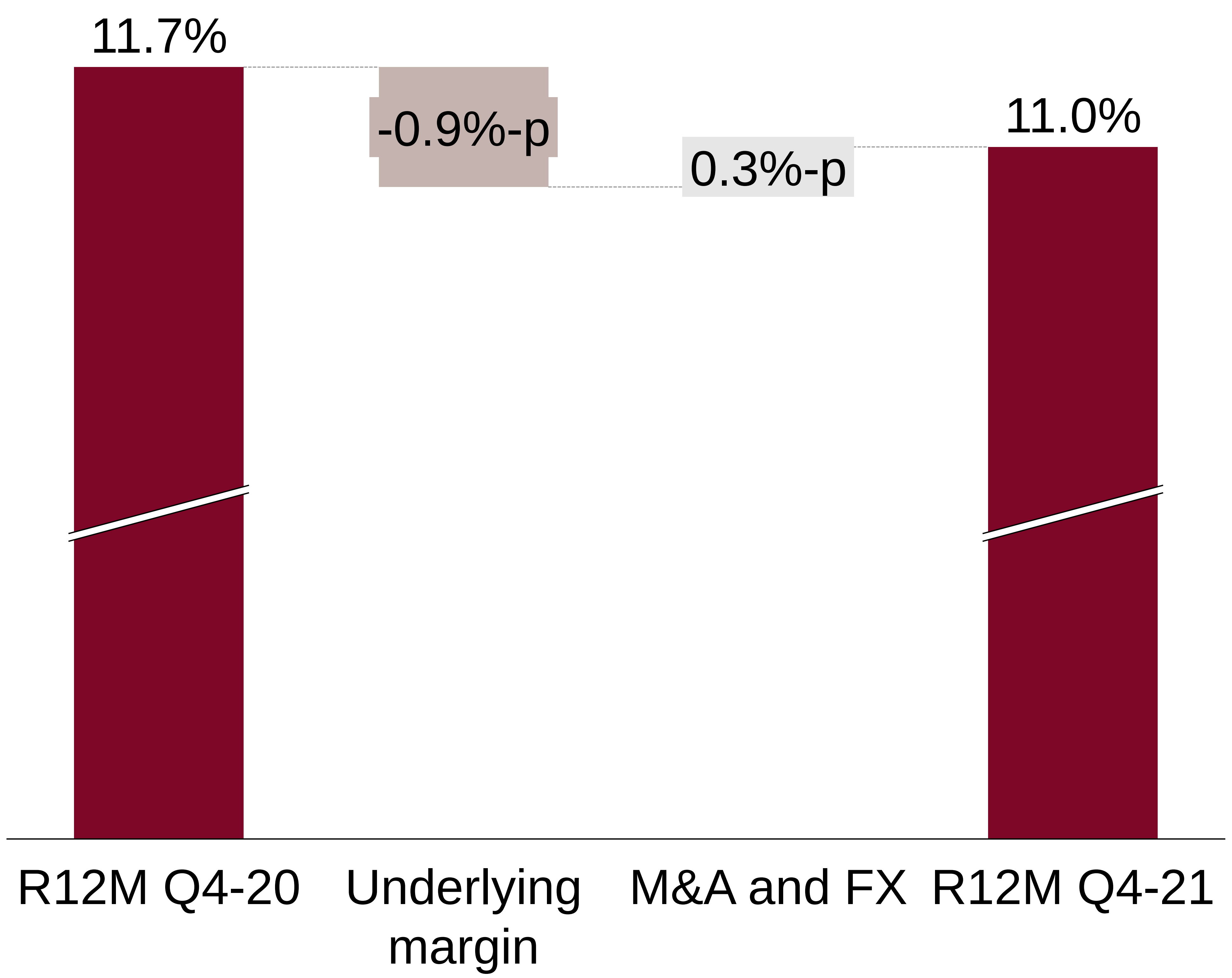
All Alternative Performance Measures (APM) are presented in the appendix.
[1]Adjusted for loss of Wrigley distribution agreement.

Profit conversion negatively impacted by cost increases

∆ Q4 U.EBIT (adj.), MNOK



∆ R12M U.EBIT (adj.) margin



All Alternative Performance Measures (APM) are presented in the appendix
Numbers may not add up due to rounding

Orkla Foods

Continued strong sales in Q4 but profit hampered by higher input cost and energy prices

	Q4-21	YTD Q4-21
Revenues	**5,139**	**18,760**
Organic growth	*+4.1%*	*+1.8%*
EBIT (adj.)	**729**	**2,471**
EBIT (adj.) growth	*-10.8%*	*-6.4%*
EBIT (adj.) margin	**14.2%**	**13.2%**
Change vs LY	*-2,6%-p*	*-1,2%-p*

- Broad-based organic sales growth in Q4 across most markets
- Recovering sales trend continues in Q4 driven by Out of Home channel. Slight positive growth in grocery against strong Q4 2020
- EBIT (adj.) hampered by higher input costs, energy prices and ERP implementation costs

Revenues and EBIT (adj.) figures in NOK million

Improved organic growth, profit decline due to higher input cost

	Q4-21	YTD Q4-21
Revenues	**2,152**	**7,337**
Organic growth	*5.5%*	*3.4%*
EBIT (adj.)	**394**	**1,113**
EBIT (adj.) growth	*-6.4%*	*-7.5%*
EBIT (adj.) margin	**18.3%**	**15.2%**
Change vs LY	*-2.1%-p*	*-1.6%-p*

- Continued market growth, but slowing somewhat in recent quarters
- Cost increase for key raw materials, energy and transport
- Price increases implemented gradually throughout the quarter

Revenues and EBIT (adj.) figures in NOK million

Full-year growth in Consumer Health categories offset by weaker Home & Personal Care

	Q4-21	YTD Q4-21
Revenues	**1,931**	**7,389**
Organic growth	*-1.2%*	*2.3%*
EBIT (adj.)	**200**	**1,066**
EBIT (adj.) growth	*-1.5%*	*4.6%*
EBIT (adj.) margin	**10.4%**	**14.4%**
Change vs LY	*-0.7%-p*	*-0.4%-p*

- Strong YTD growth in Health, Wound Care and HSNG. Q4 levelled off.
- Home & Personal Care decline YTD and in Q4 due to reversal of positive pandemic effects last year
- Raw material cost inflation impacting margins

Revenues and EBIT (adj.) figures in NOK million

Orkla Food Ingredients

Strong Q4 performance driven by volume growth

	Q4-21	YTD Q4-21
Revenues	**3,306**	**12,012**
Organic growth	*+16.1%*	*+10.4%*
EBIT (adj.)	**156**	**646**
EBIT (adj.) growth	*+15.6%*	*+29.2%*
EBIT (adj.) margin	**4.7%**	**5.4%**
Change vs LY	*-0.1%-p*	*+0.7%-p*

- Strong volume-driven organic growth further lifted by price increases
- EBIT (adj.) growth supported by acquired companies, dampened by cost inflation, supply issues and worker shortage (incl. quarantines)
- Facing still firming input costs and continued supply uncertainty into 2022



Revenues and EBIT (adj.) figures in NOK million

Solid growth in consumer sales across pizza franchise network. Painting tool sales lower than in strong quarter last year.

	Q4-21	YTD Q4-21
Revenues	**1,092**	**4,205**
Organic growth	*-5.7%*	*4.8%*
EBIT (adj.)	**92**	**498**
EBIT (adj.) growth	*27.8%*	*23.3%*
EBIT (adj.) margin	**8.4%**	**11.8%**
Change vs LY	*1.0%-p*	*1.3%-p*

- Strong double-digit growth in consumer sales in recently acquired New York Pizza
- Sales decline for painting tools in Q4 driven by exceptionally strong demand last year. Rapidly rising freight rates and input cost impacting results
- Inclusion of New York Pizza and related German add-on acquisitions drives earnings growth

Revenues and EBIT (adj.) figures in NOK million

Solid sales performance with growth across all segments. Margins remain under pressure from sharp increase in raw material prices

Jotun 100% basis	Q4-21
Revenues	**5,788**
Revenue growth	*9,8%*
EBITA	**370**
EBITA growth	*-40.8%*
Orkla share (42.6%) of net profit	

- Strong sales growth in all segments with price as main driver. Marine new-build segment starting to recover.
- Margin pressure in all segments driven by significant raw material price inflation. Price increases and cost initiatives partly offset effect.
- Raw material prices expected to stabilise in the short term, but margins remain under pressure

Jaan Ivar Semlitsch, President & CEO

Closing remarks

Closing remarks

Delivered on strategy in 2021

- Strong top line growth driven by volume
- Solid progress on the three prioritised growth initiatives
- Acquired companies with a value of BNOK 7 in line with strategy

Short term priorities

- Manage Omicron: safeguard employees and product delivery
- Implement further price increases to mitigate continued cost inflation
- Continue to invest behind our key brands and strengthen our presence in channels where the consumers are

Strategic priorities

- Deliver on financial targets
- Continue to invest resources in core positions
- Apply portfolio management framework as presented at CMD

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Orkla has a good platform for delivering on dividend and growth

Jaan Ivar Semlitsch, President & CEO
Harald Ullevoldsæter, CFO

Q&A

Orkla

Upcoming events

Annual general meeting
20 April 2022

First quarter 2022
5 May 2022

Appendices

Power price surge drives earnings growth in Hydro Power

Hydro Power
Fully consolidated into Orkla's financial statements

Volume (GWh):
Q4: 633 (702)
YTD: 2,065 (2,884)

Power prices[1] (NOK/kWh):
Q4: 1.27 (0.14)
YTD: 0.76 (0.10)

EBIT (adj.) (NOK million):
Q4: 415 (25)
YTD: 702 (42)

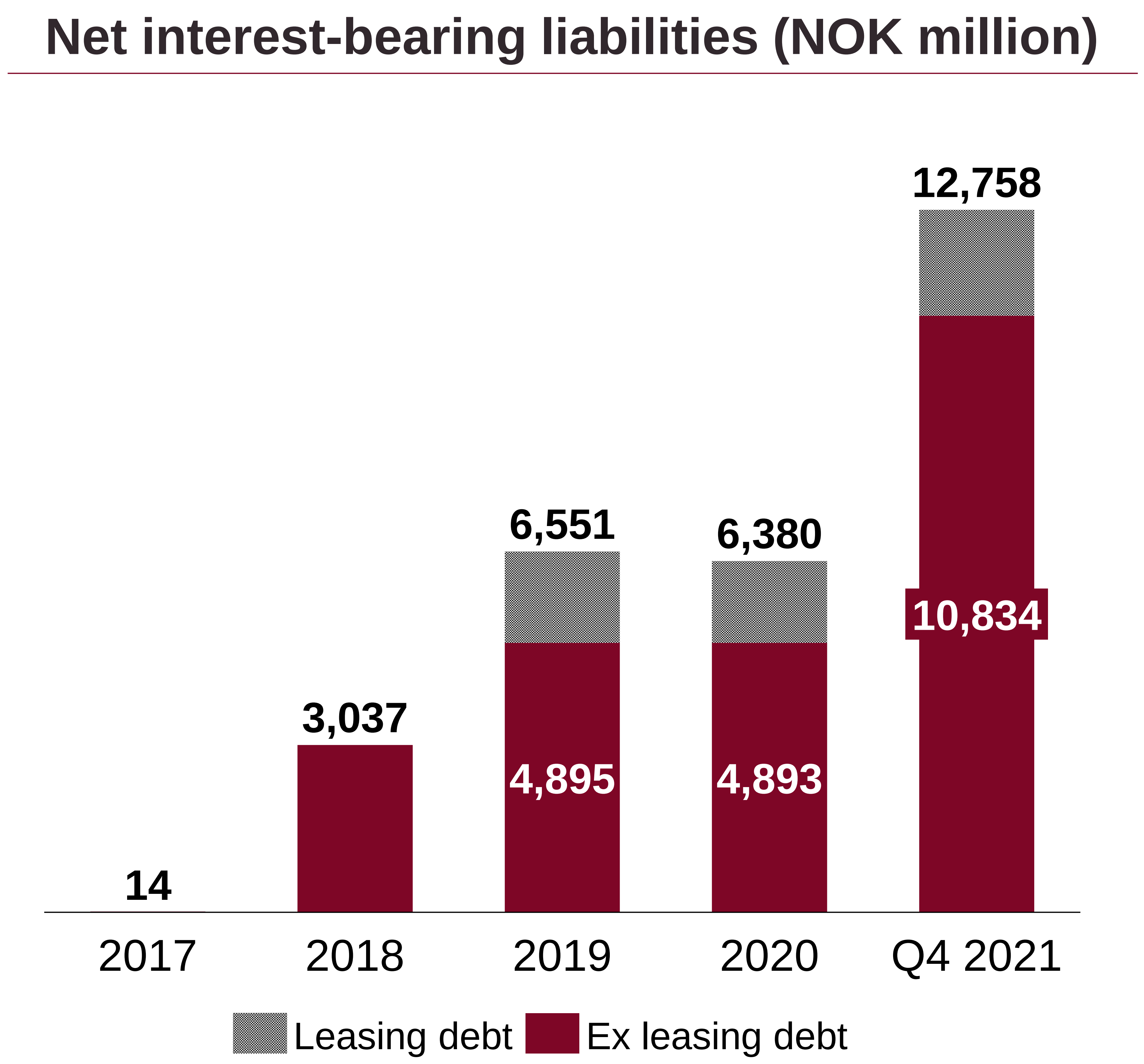
Financial Investments
Fully consolidated into Orkla's financial statements

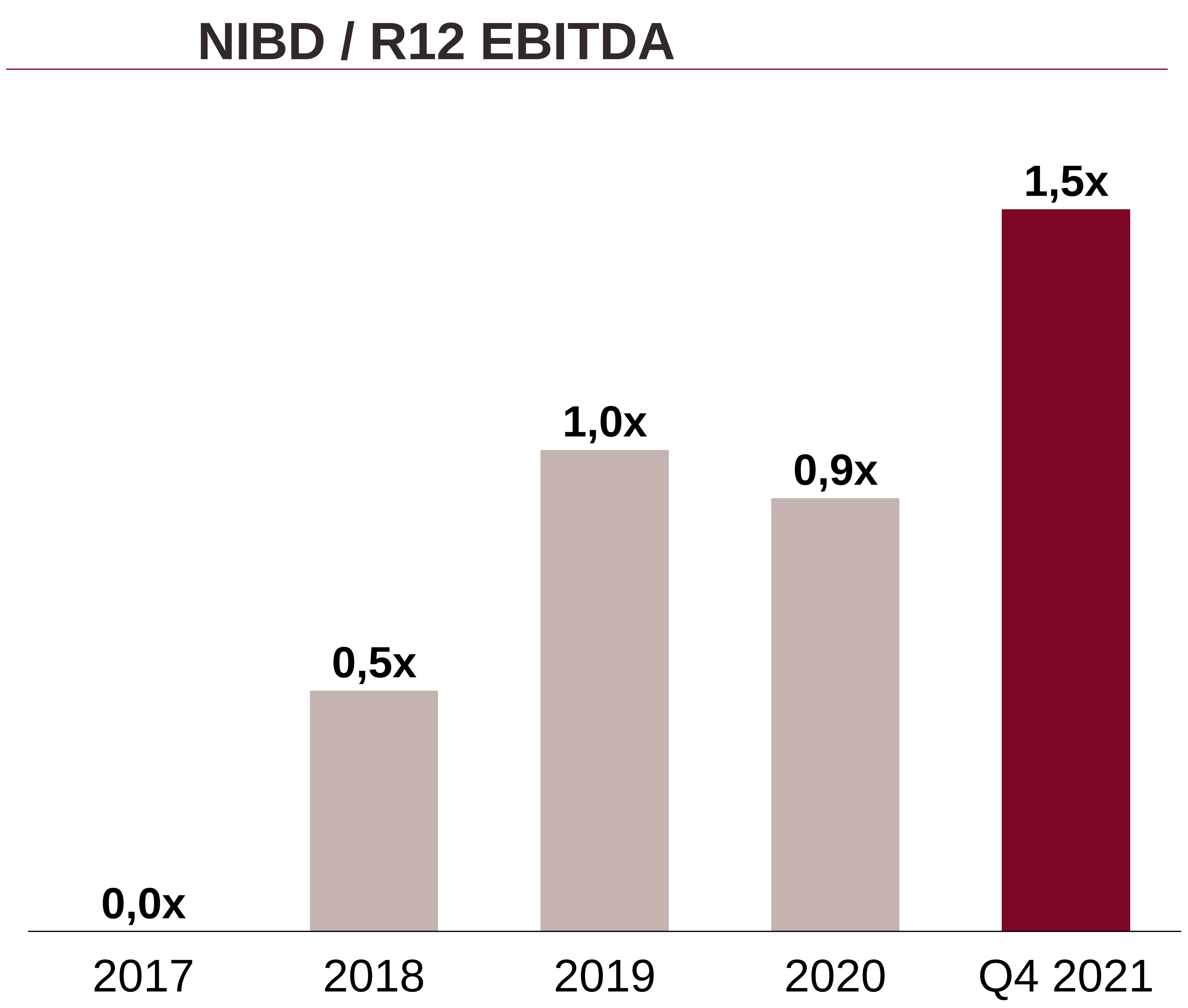
Book value real estate:
NOK 1.9 billion

Jotun (42.6%)
Accounted for using equity method

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

Strong balance sheet and financial flexibility

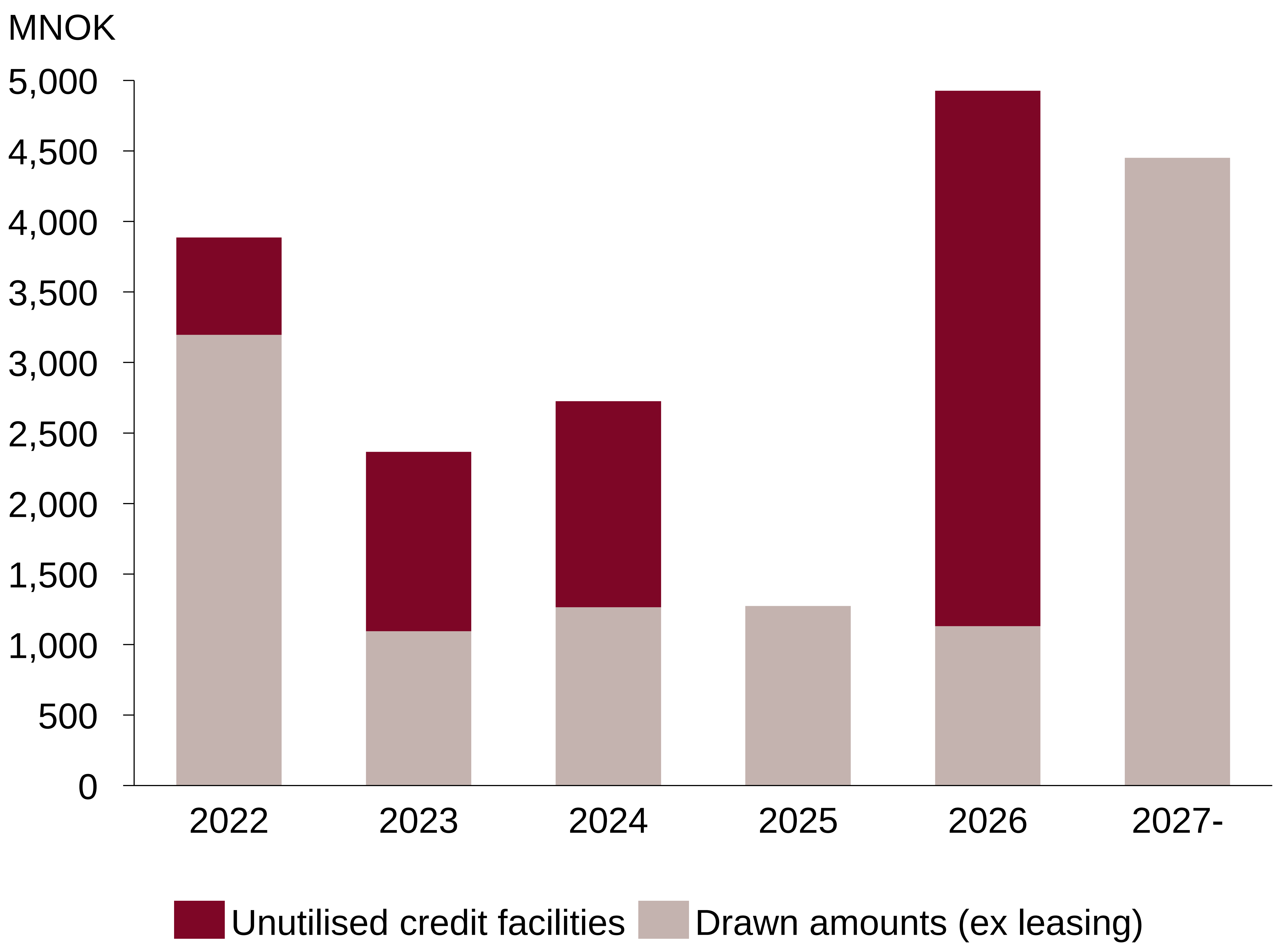




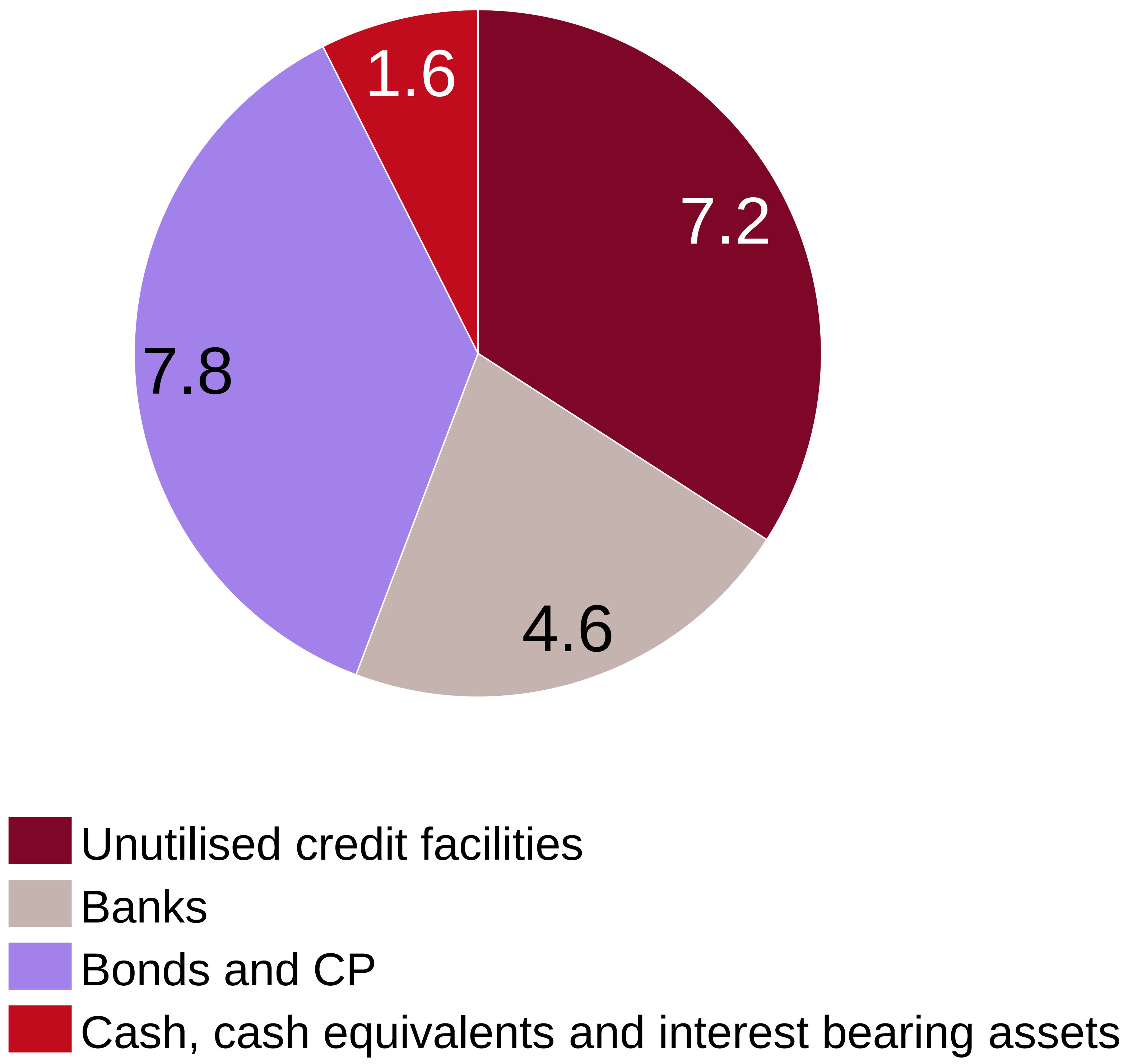
Amounts in NOK million

Funding sources and maturity profile

Debt maturity → average maturity 3.5 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 lower than the Group’s tax rate in both 2021 and 2020 chiefly due to non-deductible transaction costs. Write-downs were also taken in 2020 with no tax effect.

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 31 December 2021. As at 31 December 2020, adjustments were made for a gain on the sales of the associates Andersen & Mørck AS and Allkärrsplans Utvecklings AB. An adjustment was also made in 2020 for the reversal of a net deferred tax liability of NOK 75 million related to activities outside Norway.

In the second quarter of 2021, Orkla awarded share options to senior executives (see Note 9 in quarterly report). This could have a dilutive effect for other shareholders and diluted figures are therefore presented for earnings per share and earnings per share (adj.).

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, Sigurd Ecklund, Hans Kaspar, Nói Síríus, Cake Décor Limited, For All Baking Limited, Ambasador92, Proteinfabrikken, Seagood Fort Deli, Norgesplaster, Win Equipment, Gortrush and Havrefras. Adjustments have been made for the sale of Credin Russia, SaritaS, Vestlandslefsa, Italiensk Bakeri, Gorm’s and the Skin Care business in Poland, as well as for the closure of Pierre Robert Sverige. Adjustments have also been made for the loss of the distribution agreements with Panzani and OTA Solgryn. A structural adjustment was made at business area level for the internal relocation of Frödinge. In 2020, adjustments were also made for the acquisitions of Lecora, Easyfood, Confection by Design, Risberg, Kanakis, Credin Sverige, Vamo, Kotipizza, Helga, Anza Verimex and the sale of Glyngøre.

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