

# Annual Financial Statements Orkla Group 2018

04



**INCOME STATEMENT, EARNINGS PER SHARE AND STATEMENT OF COMPREHENSIVE INCOME**

*The Income Statement presents revenues and expenses for the companies consolidated in the Group and measures the results of companies that are reported using the equity method. Results for the accounting period are measured in accordance with International Financial Reporting Standards (IFRS). All internal matters have been eliminated. The income statement distinguishes between what is deemed to be the Group's operations and what is deemed to be of a more financial nature. Special matters related to operating activities are presented on a separate line as "Other income and expenses". Material divestments are presented on the line for "Discontinued operations". The notes explain the contents of the different lines of the statement.*

*Earnings per Share are calculated on the basis of profit or loss for the year attributable to owners of the parent divided by the average number of shares outstanding.*

*The Statement of Comprehensive Income shows the result of all income and expenses that are credited/charged to equity, but are not included in profit or loss for the year and are not transactions with owners.*

Amounts in NOK million	Note	2018	2017
<b>INCOME STATEMENT</b>			
Sales revenues	7, 9	40 629	39 324
Other operating revenues	7, 9	208	237
<b>Operating revenues</b>	7, 9	40 837	39 561
Cost of materials	10	(20 348)	(19 718)
Payroll expenses	11, 12	(7 734)	(7 567)
Other operating expenses	13	(6 764)	(6 457)
Depreciation, amortisation and write-downs	7, 19, 20	(1 214)	(1 184)
<b>Operating profit before other income and expenses (EBIT adj.)</b>	7	4 777	4 635
Other income and expenses	7, 14	(482)	(201)
<b>Operating profit</b>	7	4 295	4 434
Profit/loss from associates and joint ventures	6	264	313
Interest income	15	24	90
Interest costs	15	(183)	(239)
Other financial income	15	7	76
Other financial costs	15	(49)	(103)
<b>Profit/loss before taxes</b>		4 358	4 571
Taxes	16	(1 004)	(980)
<b>Profit/loss after taxes from continuing operations</b>		3 354	3 591
Gains/loss/profit discontinued operations	38	-	5 066
<b>Profit/loss for the year</b>		3 354	8 657
Profit/loss attributable to non-controlling interests	33	82	75
Profit/loss attributable to owners of the parent		3 272	8 582

Amounts in NOK million	Note	2018	2017
<b>EARNINGS PER SHARE</b>			
Earnings per share (NOK)	17	3.24	8.43
Earnings per share for continuing operations (NOK)	17	3.24	3.46
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
<b>Profit/loss for the year</b>		3 354	8 657
<i>Items after tax <u>not</u> to be reclassified to profit/loss in subsequent periods</i>			
Actuarial gains and losses pensions	12, 16	(66)	(30)
Changes in fair value shares		(4)	-
<i>Items after tax to be reclassified to profit/loss in subsequent periods</i>			
Change in unrealised gains on shares	16, 24	-	(53)
Change in hedging reserve	16, 31	70	75
Items charged to equity in associates and joint ventures and discontinued operations	6, 38	10	(1 026)
Translation effects		10	1 259
Hedging of net investment in foreign operations	31	(50)	(171)
<b>Comprehensive income</b>		3 324	8 711
Comprehensive income attributable to non-controlling interests		82	90
Comprehensive income attributable to owners of the parent		3 242	8 621

**STATEMENT OF FINANCIAL POSITION**

*The Statement of Financial Position presents the Group's assets, broken down into non-current and current items, and shows how they have been financed, broken down into equity and non-current and current liabilities. All internal matters between companies in the Group have been eliminated. IFRS-based financial statements are oriented towards the statement of financial position and only items that satisfy the criteria for definition as assets and liabilities may be recognised in the statement of financial position. Equity is a residual.*

*The different standards determine how the items in the statement of financial position are to be treated. The statement of financial position items are explained in the notes to the financial statements.*

Amounts in NOK million	Note	2018	2017
<b>ASSETS</b>			
Property, plant and equipment	7, 18, 20	12 760	11 683
Intangible assets	7, 18, 19	20 577	19 881
Deferred tax assets	16	33	40
Investments in associates and joint ventures	6, 7	3 849	3 683
Other assets	21	488	425
<b>Total non-current assets</b>		<b>37 707</b>	<b>35 712</b>
Inventories	22	5 875	5 684
Inventory of development property	22	132	113
Trade receivables	23	5 990	6 165
Other receivables	23	814	883
Shares and financial assets	24	13	17
Cash and cash equivalents	25	1 978	4 834
<b>Total current assets</b>		<b>14 802</b>	<b>17 696</b>
<b>Total assets</b>		<b>52 509</b>	<b>53 408</b>

Amounts in NOK million	Note	2018	2017
<b>EQUITY AND LIABILITIES</b>			
Paid-in equity	32	1 971	1 995
Retained earnings		31 658	32 413
Non-controlling interests	33	451	430
<b>Total equity</b>		<b>34 080</b>	<b>34 838</b>
Interest-bearing liabilities	28, 29	4 775	4 820
Deferred tax	16	1 566	1 604
Provisions and other liabilities	26	3 060	3 130
<b>Total non-current liabilities</b>		<b>9 401</b>	<b>9 554</b>
Interest-bearing liabilities	28, 29	455	359
Income tax payable	16	686	583
Trade payables	27	4 907	4 940
Other liabilities	27	2 980	3 134
<b>Total current liabilities</b>		<b>9 028</b>	<b>9 016</b>
<b>Total equity and liabilities</b>		<b>52 509</b>	<b>53 408</b>

**STATEMENT OF CASH FLOWS**

*The Statement of Cash Flows in accordance with IFRS shows how the Group's cash flows are broken down into cash flow from operating, investing and financing activities, according to the indirect method. The cash flow statement explains the general changes in the Group's liquidity since the previous accounting period. Orkla also prepares a separate cash flow statement that is used for internal management purposes and is part of the basis for the comments in the Report of the Board of Directors and the presentation in the segment information; see Note 40.*

Amounts in NOK million	Note	2018	2017
Profit before taxes		4 358	4 571
Amortisation, depreciation and write-downs		1 270	1 330
Changes in net working capital, etc.		(314)	(268)
Profit/loss from associates and joint ventures	6	(264)	(313)
Dividends received from associates and joint ventures	6, 38	183	1 720
Gains, losses and write-downs shares and financial assets, moved to investing activities	15	-	(47)
Financial items without cash flow effect	15	59	8
Taxes paid		(904)	(934)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>4 388</b>	<b>6 067</b>
Sale of property, plant and equipment	8	38	142
Investments in property, plant and equipment and intangible assets	8	(2 332)	(1 729)
Sold companies	5, 6, 38	47	12 345
Acquired companies	5, 6	(972)	(801)
Net sale of shares and financial assets	24	-	43
Other capital transactions		(42)	69
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(3 261)</b>	<b>10 069</b>

Amounts in NOK million	Note	2018	2017
Dividends paid		(2 685)	(7 790)
Sale of treasury shares		57	163
Buy-back of treasury shares		(1 435)	(113)
<b>Net paid to shareholders</b>	<b>32</b>	<b>(4 063)</b>	<b>(7 740)</b>
Proceeds from borrowing		9	381
Repayments of borrowings		(9)	(4 774)
Net change in short-term debt/current liabilities		(36)	(468)
Net change in interest-bearing receivables		120	78
<b>Net cash flow from/(used in) financing activities<sup>1</sup></b>	<b>29, 40</b>	<b>84</b>	<b>(4 783)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>(3 979)</b>	<b>(12 523)</b>
Currency effect on cash and cash equivalents		(4)	17
Change in cash and cash equivalents		(2 856)	3 630
Cash and cash equivalents 1 January		4 834	1 204
Cash and cash equivalents 31 December	25	1 978	4 834
Change in cash and cash equivalents		(2 856)	3 630

<sup>1</sup>Reported excl. interest-bearing liabilities and receivables that are part of company acquisition and divestiture transactions; see the reconciliation in Note 40.

**STATEMENT OF CHANGES IN EQUITY**

*Equity changes from one period to the next in accordance with the Group's comprehensive income. Furthermore, transactions with owners will be presented as separate items. This applies to matters such as dividends to shareholders, share issues and the Group's purchase and sale of treasury shares. Equity cannot be distributed to shareholders in its entirety. The equity in Orkla ASA (see the annual financial statements for Orkla ASA) constitutes the basis of calculation for and the limitation on the dividends paid to the Group's shareholders.*

Amounts in NOK million	Share capital	Treasury shares	Premium fund	Total paid-in equity	Unrealised gains shares <sup>1</sup>	Hedging reserve <sup>2</sup>	Items charged to equity in associates and JV <sup>3</sup>	Net translation effects	Other retained equity	Total Group	Non-controlling interests	Total equity
Equity 1 January 2017	1 274	(1)	721	<b>1 994</b>	53	(303)	1 082	649	29 999	<b>33 474</b>	<b>402</b>	<b>33 876</b>
Profit/loss for the year	-	-	-	-	-	-	-	-	8 582	<b>8 582</b>	<b>75</b>	<b>8 657</b>
Items in comprehensive income	-	-	-	-	(53)	75	(868)	915	(30)	<b>39</b>	<b>15</b>	<b>54</b>
Group comprehensive income	-	-	-	-	(53)	75	(868)	915	8 552	<b>8 621</b>	<b>90</b>	<b>8 711</b>
Dividends paid	-	-	-	-	-	-	-	-	(7 738)	<b>(7 738)</b>	<b>(52)</b>	<b>(7 790)</b>
Net purchase of treasury shares	-	1	-	<b>1</b>	-	-	-	-	49	<b>50</b>	-	<b>50</b>
Change in non-controlling interests (see Note 33)	-	-	-	-	-	-	-	-	1	<b>1</b>	<b>(10)</b>	<b>(9)</b>
Equity 31 December 2017	1 274	0	721	<b>1 995</b>	0	(228)	214	1 564	30 863	<b>34 408</b>	<b>430</b>	<b>34 838</b>
Profit/loss for the year	-	-	-	-	-	-	-	-	3 272	<b>3 272</b>	<b>82</b>	<b>3 354</b>
Items in comprehensive income	-	-	-	-	-	70	10	(40)	(70)	<b>(30)</b>	-	<b>(30)</b>
Group comprehensive income	-	-	-	-	-	70	10	(40)	3 202	<b>3 242</b>	<b>82</b>	<b>3 324</b>
Dividends paid	-	-	-	-	-	-	-	-	(2 643)	<b>(2 643)</b>	<b>(42)</b>	<b>(2 685)</b>
Net purchase of treasury shares	-	(24)	-	<b>(24)</b>	-	-	-	-	(1 354)	<b>(1 378)</b>	-	<b>(1 378)</b>
Change in non-controlling interests (see Note 33)	-	-	-	-	-	-	-	-	-	-	<b>(19)</b>	<b>(19)</b>
Equity 31 December 2018	1 274	(24)	721	<b>1 971</b>	0	(158)	224	1 524	30 068	<b>33 629</b>	<b>451</b>	<b>34 080</b>

<sup>1</sup>See Note 24 for unrealised gains before tax.<sup>2</sup>See Note 31 for the hedging reserve before tax.<sup>3</sup>Items charged to equity in associates and joint ventures (JV).

Oslo, 13 March 2019

The Board of Directors of Orkla ASA

Stein Erik Hagen  
Chairman of the BoardGrace Reksten Skaugen  
Deputy Chair of the Board

Peter Agnefjäll

Ingrid Jonasson Blank

Lars Dahlgren

Liselott Kilaas

Nils K. Selte

Terje Utstrand

Karin Hansson

Sverre Josvanger

Roger Vangen

Peter A. Ruzicka  
President and CEO

(This translation from Norwegian of the Annual Financial Statements has been made for information purposes only.)