

# Responding to consumer trends with strong local brands

We have strengthened our position as a leading branded consumer goods company through several acquisitions in line with Orkla's strategy of growing in new channels. At the same time, we are focusing even more visibly on sustainability, and are continuing to launch products in response to prominent consumer trends.



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**Peter A. Ruzicka**  
*President and CEO*



In the course of last year we made a number of strategic acquisitions. Pizza is an important category for us, and the purchase of Finland's biggest pizza chain, Kotipizza, is aligned with our strategy of pursuing growth in new channels. Our investment in the restaurant channel began right from the start of the year with the purchase of Gorm's pizza restaurant chain in Denmark. We've also improved existing positions and selected categories by means of several other acquisitions.

2018 was also a demanding year for Orkla. An increase in sugar tax and challenges at Orkla Health in Poland and House Care UK weighed on results. On the positive side, we achieved good growth outside Norway and our ongoing cost reduction programmes are on track.

In the Czech Republic and Slovakia, we merged our two companies, Hamé and Vitana, into a single Orkla Foods company. We've also taken action to optimise our value chain and ensure competitive production of our branded consumer goods. With our new common ERP solution, which we will gradually be rolling out in the Group as from 2019, we're making it easier to work together as "One Orkla". At the same time, we're launching more and more new products and brands across our markets. A good example is Panda Lakriskuler liquorice balls, which are now available in all the Nordic countries. The Norwegian chocolate snack favourite, Smash!, which is a huge hit in Sweden, has now also been launched in Denmark.

We are committed to helping find solutions to global health and sustainability challenges and supporting the achievement of the

UN's global goals. Sustainability has become a natural part of our business model, and we have drawn up criteria for defining sustainable products. A growing number of our launches are meeting consumer demand for more environmentally friendly grocery products, healthier food products and vegetarian food. Examples are Jordan Green Clean, a toothbrush that is made of recycled plastic and has eco-friendly packaging, and plant mince from our Danish brand Naturli', which has become a global success. We also work closely with our customers and the rest of the industry to make popular favourites healthier.

Our strategy of being a leading branded consumer goods company remains unchanged, and we will continue to strengthen our portfolio in higher-growth categories, channels and geographies. We have to be wherever the consumer wants to be and therefore have intensified our focus on being present in new channels outside the traditional grocery trade. Through strong innovations based on local insight, we will continue to make each day better with sustainable, local brands that delight consumers.

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