

Annual Financial Statements Orkla Group 2019

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 separate lines as "Other income" and "Other expenses". 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. Earnings per share (adj.) show earnings per share adjusted for other income and expenses after estimated tax and any other items of a special nature under the company's operating profit or loss.

The Statement of Comprehensive Income shows the result of all items 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	2019	2018
INCOME STATEMENT			
Sales revenues	7, 9	43 381	40 629
Other operating revenues	7, 9	234	208
Operating revenues	7, 9	43 615	40 837
Cost of materials	10	(21 696)	(20 348)
Payroll expenses	11, 12	(8 202)	(7 734)
Other operating expenses	13	(6 886)	(6 764)
Depreciation, amortisation and write-downs	7, 19, 20, 21	(1 743)	(1 214)
Operating profit before other income and expenses (EBIT adj.)	7	5 088	4 777
Other income	7, 14	379	54
Other expenses	7, 14	(940)	(536)
Operating profit	7	4 527	4 295
Profit/loss from associates and joint ventures	6	659	264
Interest income	15	18	24
Interest costs	15, 21	(210)	(183)
Other financial income	15	15	7
Other financial costs	15	(78)	(49)
Profit/loss before taxes		4 931	4 358
Taxes	16	(1 033)	(1 004)
Profit/loss for the year		3 898	3 354
Profit/loss attributable to non-controlling interests	33	60	82
Profit/loss attributable to owners of the parent		3 838	3 272

Amounts in NOK million	Note	2019	2018
EARNINGS PER SHARE			
Earnings per share (NOK)	17	3.84	3.24
Earnings per share (adj.) (NOK)	17	4.24	3.62
STATEMENT OF COMPREHENSIVE INCOME			
Profit/loss for the year		3 898	3 354
Other items in comprehensive income			
<i>Items after tax <u>not</u> to be reclassified to profit/loss in subsequent periods</i>			
Actuarial gains and losses pensions	12, 16	(244)	(66)
Changes in fair value shares		1	(4)
<i>Items after tax to be reclassified to profit/loss in subsequent periods</i>			
Change in hedging reserve	16, 31	58	70
Items charged to equity in associates and joint ventures	6	29	10
Translation effects		(146)	10
Hedging of net investment in foreign operations	31	(3)	(50)
Comprehensive income		3 593	3 324
Comprehensive income attributable to non-controlling interests	33	58	82
Comprehensive income attributable to owners of the parent		3 535	3 242

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 have been eliminated. As a result of the implementation of IFRS 16, the restated balance is shown as at 1 January 2019.

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	31.12. 2019	1.1. ¹ 2019	31.12. 2018
ASSETS				
Property, plant and equipment	7, 20, 21	15 402	14 043	12 760
Intangible assets	7, 19	22 727	20 577	20 577
Deferred tax assets	16	27	33	33
Investments in associates and joint ventures	6, 7	4 176	3 849	3 849
Other assets	22	408	488	488
Total non-current assets		42 740	38 990	37 707
Inventories	23	5 868	5 875	5 875
Inventory of development property	23	90	132	132
Trade receivables	24	6 078	5 990	5 990
Other receivables and financial assets	24	968	827	827
Cash and cash equivalents	25	1 669	1 978	1 978
Total current assets		14 673	14 802	14 802
Total assets		57 413	53 792	52 509

¹Including effects of implementing IFRS 16 Leases.

Amounts in NOK million	Note	31.12. 2019	1.1. ¹ 2019	31.12. 2018
EQUITY AND LIABILITIES				
Paid-in equity	32	1 972	1 971	1 971
Retained earnings		32 480	31 546	31 658
Non-controlling interests	33	460	436	451
Total equity		34 912	33 953	34 080
Interest-bearing liabilities	21, 28, 29	7 783	5 916	4 775
Deferred tax	16	1 619	1 529	1 566
Provisions and other liabilities	26	3 181	3 060	3 060
Total non-current liabilities		12 583	10 505	9 401
Interest-bearing liabilities	21, 28, 29	803	761	455
Income tax payable	16	533	686	686
Trade payables	27	5 591	4 907	4 907
Other liabilities	27	2 991	2 980	2 980
Total current liabilities		9 918	9 334	9 028
Total equity and liabilities		57 413	53 792	52 509

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 38.

Amounts in NOK million	Note	2019	2018
Profit before taxes		4 931	4 358
Amortisation, depreciation and write-downs	14, 19, 20, 21	2 221	1 270
Changes in net working capital, etc.		471	(314)
Profit/loss from associates and joint ventures	6	(659)	(264)
Dividends received from associates and joint ventures	6	184	183
Gains, losses and write-downs shares and financial assets, moved to investing activities	15	9	-
Financial items without cash flow effect	15	93	59
Taxes paid	16	(1 129)	(904)
CASH FLOW FROM OPERATING ACTIVITIES		6 121	4 388
Sale of property, plant and equipment	8	54	38
Investments in property, plant and equipment and intangible assets	8	(2 522)	(2 332)
Sold companies	5, 6	432	47
Acquired companies	5, 6	(2 858)	(972)
Other capital transactions		(197)	(42)
CASH FLOW FROM INVESTING ACTIVITIES		(5 091)	(3 261)

Amounts in NOK million	Note	2019	2018
Dividends paid		(2 648)	(2 685)
Sale of treasury shares		59	57
Buy-back of treasury shares		-	(1 435)
Net paid to shareholders	32	(2 589)	(4 063)
Proceeds from borrowings		2 210	9
Repayments of borrowings		(434)	(9)
Repayments of lease liabilities	21	(492)	-
Net change in short-term debt/current liabilities		116	(36)
Net change in interest-bearing receivables		(151)	120
Net cash flow from/(used in) financing activities¹	29, 38	1 249	84
CASH FLOW FROM FINANCING ACTIVITIES		(1 340)	(3 979)
Currency effect on cash and cash equivalents		1	(4)
Change in cash and cash equivalents		(309)	(2 856)
Cash and cash equivalents 1 January		1 978	4 834
Cash and cash equivalents 31 December	25	1 669	1 978
Change in cash and cash equivalents		(309)	(2 856)

¹Reported excl. interest-bearing liabilities and receivables that are part of company acquisition and disposal transactions; see the reconciliation in Note 38.

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	Hedging reserve ¹	Items charged to equity in associates and JV ²	Net translation effects	Other retained equity	Total Group	Non-controlling interests	Total equity
Equity 1 January 2018	1 274	0	721	1 995	(228)	214	1 564	30 863	34 408	430	34 838
Profit/loss for the year	-	-	-	-	-	-	-	3 272	3 272	82	3 354
Items in comprehensive income	-	-	-	-	70	10	(40)	(70)	(30)	-	(30)
Group comprehensive income	-	-	-	-	70	10	(40)	3 202	3 242	82	3 324
Dividends paid	-	-	-	-	-	-	-	(2 643)	(2 643)	(42)	(2 685)
Net purchase of treasury shares	-	(24)	-	(24)	-	-	-	(1 354)	(1 378)	-	(1 378)
Change in non-controlling interests (see Note 33)	-	-	-	-	-	-	-	-	-	(19)	(19)
Equity 31 December 2018	1 274	(24)	721	1 971	(158)	224	1 524	30 068	33 629	451	34 080
Effect of implementing IFRS 16	-	-	-	-	-	-	-	(112)	(112)	(15)	(127)
Equity 1 January 2019	1 274	(24)	721	1 971	(158)	224	1 524	29 956	33 517	436	33 953
Profit/loss for the year	-	-	-	-	-	-	-	3 838	3 838	60	3 898
Items in comprehensive income	-	-	-	-	58	29	(147)	(243)	(303)	(2)	(305)
Group comprehensive income	-	-	-	-	58	29	(147)	3 595	3 535	58	3 593
Dividends paid	-	-	-	-	-	-	-	(2 599)	(2 599)	(49)	(2 648)
Cancellation of treasury shares	(22)	22	-	-	-	-	-	-	-	-	0
Net sale of treasury shares	-	1	-	1	-	-	-	58	59	-	59
Change in non-controlling interests (see Note 33)	-	-	-	-	-	-	-	(60)	(60)	15	(45)
Equity 31 December 2019	1 252	(1)	721	1 972	(100)	253	1 377	30 950	34 452	460	34 912

¹See Note 31 for unrealised gains before tax.²Items charged to equity in associates and joint ventures (JV).

Oslo, 11 March 2020
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

Jaan Ivar Semlitsch
President and CEO

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