

# Goals and strategy

## **Sustainable, long-term value creation is Orkla's first priority**

Orkla's aim is to strengthen the Group's long-term competitiveness and create higher growth and profitability, while preserving Orkla's strong local presence.

Orkla's strategic objective is to strengthen its position as a leading supplier of branded consumer goods and services in the Nordics, Baltics, Central Europe, India and other selected markets.

In line with the Group's strategy and financial targets, activities that drive organic growth and improve profitability are prioritised. Bold investments that build on already strong positions will spur organic growth.

Through acquisitions, Orkla will develop its operations in its home markets and within selected geographical areas channels or niches where we can achieve leading positions based on the Group's core competencies.

## **The primary driver for long-term value creation is organic growth for local brands and services**

- Orkla strives to stand out in the eyes of consumers, customers and employees by purposefully improving its sustainability performance.
- Innovations based on the Group's unique local customer

and consumer insight will be a main growth driver.

- Selected products will to a greater degree be launched in several of the Group's markets.
- Orkla will strengthen its presence in emerging sales channels and focus more targeted efforts on exporting selected branded goods.
- Increased investment in plant-based products based on established positions will create growth opportunities.
- Priority will be given to developing and strengthening customer relationships, with a shared goal of profitable growth.

## **Improved profitability through simplification and improved operational efficiency throughout the value chain**

- Orkla will increase emphasis on exploiting economies of scale, reducing the complexity of its portfolio and creating cross-Group synergies. The Group will also extract synergies through the integration of acquired companies.
- Production will be concentrated on fewer production units where appropriate. Existing units will be further optimised, for instance through increased automation. This will free up resources for innovation, growth and competence building.
- Actions have been taken at Orkla's headquarters to strengthen the Group's local competitiveness by tailoring the expertise of the Group's support functions and strengthening the business areas to bring them even closer to their markets.
- By transitioning to renewable energy, efficient resource utilisation, reduction of food waste and resolute efforts to achieve sustainable raw material production and packing,

Orkla can help ensure a sustainable value chain for food and grocery products.

### Acquisitions in Branded Consumer Goods

- Strategically appropriate acquisitions will remain a key element of Orkla's growth strategy and value creation model. At the same time, the Group will reduce its complexity to a greater degree through more active portfolio management.
- Through acquisitions, Orkla will strengthen its operations in selected geographical areas, channels or niches where we can achieve leading positions based on the Group's core competencies.

### Financial targets

- Long-term organic growth that at least matches market growth
- Growth in underlying EBIT margin of at least 1.5 percentage points, adjusted for acquisitions and currency effects, in the period 2018–2021
- A reduction of 3 percentage points in net working capital / net sales value in the period 2018–2021

