

Additional information for valuation purposes

One possible model for valuing Orkla is based on distinguishing between the branded consumer goods business, where the value lies in future earnings from continuing operations, and the Group's negotiable assets, which have identifiable market values and where earnings are not a part of Orkla's operating profit from the branded consumer goods business.

Consolidated operations:

Hydro Power

The power operations have been fully consolidated into Orkla's income statement and are reported as Hydro Power. The power operations consist primarily of two assets, a reservoir power plant in Sauda (85% interest) and a run-of-the-river plant in Sarpsfoss. The Sauda hydropower operations are regulated by a civil law lease agreement with Statkraft. The lease runs until 31 December 2030, after which the power plants will be returned to Statkraft in return for financial compensation equivalent to the estimated residual value, written down for tax purposes, of the newly built plants (around NOK 1.1 billion). A final decision on the dispute regarding the tax ownership of one of the Sauda power plants was made by the Supreme Court in 2017, and Saudefaldene is

deemed to be the owner for tax purposes of the Sønnå Høy power plant. See Note 16 "Taxes".

Annual production for Saudefaldene averaged 1,928 GWh in 2011-2017. Saudefaldene leases approximately 1 TWh per year from Statkraft and has corresponding delivery commitments, the net effect of which is zero. The rest of the power is sold on the spot market. Payroll expenses and other operating costs related to these activities amounted to approximately NOK 56 million in 2017. Major maintenance investments are generally recognised in the financial statements under operating expenses. Saudefaldene receives an annual amount from Statkraft in compensation for major maintenance investments. The net charge was approximately NOK 9 million in 2017 compared to approximately zero in 2016. Depreciation totalled NOK 51 million in 2017.

The Sarpsfoss power operations are based on power rights that are not subject to reversion, and production averaged 611 GWh in 2011-2017. The power is sold on the spot market. Payroll expenses and other operating costs related to these activities totalled around NOK 40 million in 2017. Depreciation amounted to around NOK 10 million in 2017.

Financial Investments

Financial Investments consist of shares and financial assets, as well as Orkla Eiendom, with a total book value of approximately NOK 1.5 billion as at 31 December 2017.

The market value of shares and financial assets was NOK 17 million as at 31 December 2017. For more information, see also Note 24 "Shares and financial assets".

Orkla Eiendom meets the Group's needs for specialised expertise and assistance in the real estate sector, and is responsible for the administration, development and sale of properties that are not utilised in Orkla's industrial operations. Orkla also has a historical portfolio of real estate-related investments, which are being sold in accordance with the current strategy. The most important development projects in the portfolio are the construction of Orkla's new head office at Skøyen and two housing projects at Torshov in Oslo. As at 31 December 2017, the book value of Orkla's real estate investments was NOK 1.5 billion. About NOK 1.1 billion of that amount was related to the three largest development projects. The main objective in future will be to realise the potential value in the development projects, secure assets and free up capital by selling properties and projects that are not to be further developed. Current development projects entail a need for investments during the construction period, while gains are primarily expected to be realised in the period 2018-2020.

Read more at www.orklaeiendom.no.

Associates:

Jotun

Orkla owns 42.6% of Jotun, which is reported as an associate. Jotun is a well-established global manufacturer of paint and powder coatings, and holds strong positions in Scandinavia, Asia and the Middle East. The company is steadily expanding

and has achieved good organic growth in the past few years. Jotun reported operating revenues of NOK 16.4 billion in 2017 and EBIT amounted to NOK 1.4 billion. Net interest-bearing liabilities as at 31 December 2017 totalled NOK 2.0 billion.

Read more at www.jotun.no.

