



Press release

29 April 2013

President and CEO Bengt Baron comments on the results for the first quarter of 2013

Underlying EBIT improved significantly in the first quarter compared to last year. This means that we have continued the positive earnings trend from the preceding quarter, which demonstrates that our strategy is working.

The company's underlying EBIT improved to SEK 91m for the quarter (47). The increase is mainly attributable to realized synergies from the merger, the factory restructurings and the price increases that were implemented during 2012. The price increases were required in order to offset higher raw material costs and will have a gradual effect during 2013.

Our underlying EBIT margin for the quarter was 8.1 per cent (4.1) and the gross margin increased to 37.5 per cent (35.5). Cash flow from operating activities amounted to SEK –16m (–35).

We continued to amortise loans with SEK 90m during the quarter, which is in line with our plan.

Market development in the first quarter remained relatively weak, particularly in Italy, the Netherlands and Denmark. These markets exhibited negative growth in virtually all segments in which we are active. In the other markets, development was more positive, but still fragile.

Underlying net sales declined by 3.3 per cent in the quarter. One driver for this decline was a reduction in contract manufacturing on behalf of one major customer. Excluding this contract manufacturing, sales fell by 2.4 per cent. The customer has terminated part of the agreement, which will impact sales going forward.

Sales were up in Sweden, the Netherlands and countries outside the home markets, while they were stable in Finland and Germany. Denmark and Italy accounted for most of the drop in sales. The decrease in sales in Denmark is due to the high sugar tax, which has induced a shift of purchasing to the border trade. However, Cloetta has also lost a large share of its sales to one of the major customers due to unresolved contract negotiations. The lower sales in Italy are attributable to continued weak market conditions.

The integration process has been essentially completed from an operational standpoint. The remaining activities consist of some insourcing and IT integration, both of which will take place during the year. Overall, the integration has been successful with regard to both timing and cost savings. The previously communicated savings of SEK 65m will be realised during 2013.

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The supply chain restructuring is proceeding according to plan. During the quarter, the factory in Aura, Finland, was closed and the property was divested. The factory in Alingsås was also sold during the quarter. The products that were manufactured in Aura have thus been moved to the receiving factories. Two of the three factories (Alingsås and Aura) affected by the restructuring programme have been closed and their production transferred. At present, equipment is being installed in Ljungbro, Sweden, and Levice, Slovakia, in order to take over production from Gävle. The factory in Gävle, Sweden, is planned to be closed in the first quarter of 2014.

During the quarter, we also completed the restructuring of our Scandinavian warehousing operations with the transfer of the warehouse in Malmö to the new outsourced facility in Helsingborg, Sweden. This is the same facility to which the warehousing operations in Norway and Denmark were previously moved.

In total, the previously announced supply chain restructuring will generate savings of SEK 100m towards the end of 2014.

Our performance in the first quarter reinforces my belief that we are on the right track. We have essentially completed the integration process as planned and the factory restructurings are also proceeding according to plan. The focus in the coming quarter will therefore be on completing the factory restructurings and continuously drive our business by developing, marketing and selling our products.

The information contained in this press release is such that Cloetta is required to disclose pursuant to the Swedish Financial Instruments Trading Act and/or the Swedish Securities Markets Act. The information was submitted for publication on 29 April 2013 at 01:00 p.m. CET.

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About Cloetta

Cloetta, founded in 1862, is a leading confectionary company in the Nordic region, the Netherlands, and Italy. In total, Cloetta products are sold in more than 50 countries worldwide. Cloetta owns some of the strongest brands on the market, such as Läkerol, Cloetta, Jenkki, Kexchoklad, Malaco, Sportlife, Saila, Red Band and Sperlari. Cloetta has 10 production units in five countries. Cloetta's class B-shares are traded on NASDAQ OMX Stockholm. More information about Cloetta is available on www.cloetta.com

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