



Press release

18 July 2014

President and CEO Bengt Baron comments on the results for the second quarter of 2014

Increased sales and improved operating profit.

Cloetta has continued to grow and showed growth for the fourth consecutive quarter. At the same time, both operating profit (EBIT) and underlying operating profit improved. This improvement took place despite the fact that EBIT for the quarter was impacted by negative currency effects. The changes in exchange rates that arose during the first quarter will be offset through price increases that were implemented as of 1 July 2014.

Operating profit improved significantly to SEK 85m (54), mainly because our restructuring costs are coming to an end, entirely according to plan. As a result, our underlying EBIT is increasingly converging with the operating profit. Underlying EBIT improved somewhat, despite the negative currency impact, to SEK 110m (109). The underlying EBIT margin for the quarter was 9.4 per cent (9.6). Profit after tax increased to SEK 9m (-44). Cash flow from operating activities strengthened to SEK 44m (-23).

The confectionery market

The market for confectionery has predominantly been flat to slightly negative in our markets, except Sweden where the market was positive. In Finland the market continued to be weak and in the Netherlands the market declined after a positive first quarter. The Italian market continued to decline during the second quarter. Thus, the Italian market continues to be unstable.

Cloetta showing continued growth

Our efforts to drive growth, both organic and through acquisitions, are delivering results. For the fourth consecutive quarter, we achieved organic growth in spite of the negative sales development in Italy and reduced sales of contract manufacturing. In addition, the acquisitions of Nutisal and The Jelly Bean Factory are contributing further to our growth momentum. In total, sales were up by 9.5 per cent during the quarter, of which 2.2 per cent was organic growth and 3.7 per cent consisted of currency effects.

Sales increased in all markets, aside from Italy. Sales growth was strong in most markets, driven by both new product launches and a sustained focus on existing products. Furthermore, Cloetta's market shares grew in the majority of markets.

Sales of nuts under the Nutisal brand showed positive development, but a continued sharp decrease in contract manufacturing compared to last year meant that total sales of nuts were down. We will continue to focus on driving branded sales over contract manufacturing.

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Restructuring programme nearly completed

The factories that have taken over production from the closed factory in Gävle are now producing the same volume as the Gävle factory before its closure. This milestone means that the factory restructuring process, that was initiated in 2012, can be considered essentially completed. Production of the chocolate product Tupla in Ljungsbro has started and production is expected to be fully insourced during the third quarter.

Acquisition of The Jelly Bean Factory contributes to profitable growth

In May, Cloetta acquired the Irish company Aran Candy Ltd. and its brand The Jelly Bean Factory. The acquisition is yet another step in the strategy to expand our offering within Munchy Moments. This will significantly strengthen Cloetta's position in the UK and the premium brand can be rolled out in our current core markets over time. The Jelly Bean Factory will contribute to continued profitable growth for Cloetta.

Growth focus paying off

We are executing in line with the laid out strategy. The factory restructurings are virtually completed, organic sales are growing, and we have been able to make complementary acquisitions to further boost the growth rate. The new pick-and-mix concept that we will start to deliver to Coop Sweden in 2015 will also contribute to accelerating growth. In terms of profitability, we have taken a step in the right direction during the quarter. Looking ahead, we will continue to focus on profitable growth and integration of the acquisitions we have made, while at the same time ensuring that the final synergies from the factory restructurings are realised.

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 18 July 2014 at 08:00 a.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 11 production units in six 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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