Press release
13 February 2015

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

Increased sales, improved operating profit (EBIT) and very strong cash flow.

It is highly satisfactory that Cloetta increased both sales and operating profit (EBIT) during the quarter. Operating profit improved substantially to SEK 262m (175), mainly due to higher efficiency and lower restructuring costs. An adjustment in the earn-out related to completed acquisitions also contributed to the increase in operating profit. The restructuring and related costs announced in 2012 have virtually come to an end. The underlying EBIT improved to SEK 244m (231).

The operating profit margin for the quarter improved to 16.6 per cent (12.1), which contributed to driving the full year margin to 10.9 per cent (8.5). The underlying EBIT margin improved to 16.8 per cent (16.1) in the quarter. For the full year, the underlying EBIT margin improved to 12.3 per cent (12.0).

VERY STRONG CASH FLOW
Another very positive sign is that cash flow from operating activities amounted to SEK 290m (116) in the fourth quarter. Cash flow from operating activities for the full year amounted to SEK 500m (131), including restructuring costs of approximately SEK 55m. This demonstrates the strength of Cloetta's cash-generating capability.

CONFECTIONERY MARKET
Development in the confectionery market was slightly positive or unchanged in most countries, except in Finland and Denmark where the trend was slightly negative.

CONTINUED ORGANIC GROWTH
Cloetta's total sales for the quarter rose by 9.6 per cent, of which acquisitions accounted for 4.8 per cent and changes in exchange rates for 3.1 per cent. Organic sales growth was thus a strong 1.7 per cent in the quarter.

Sales increased or remained unchanged in the majority of markets in the quarter. However, sales fell in Italy, Germany and the UK.

In Italy, sales decreased for the fourth consecutive quarter. The decline in sales and weak market development in Italy make it necessary to adapt the organisation. Cloetta therefore intends to decrease the Italian organisation by approximately 30 employees.

The sales trend was particularly strong in Denmark, primarily due to very positive sales ahead of the major holidays. Sales development was also strong in Finland during the quarter. During the year organic sales grew by a total of 1.0 per cent. All markets except Italy showed growth.

Sales development for nuts under the Nutisal brand was positive both during the quarter and for the full year. However, overall sales of nuts decreased during the year due to reduced contract manufacturing. The Jelly Bean Factory showed very strong sales growth for the full year.

PICK-AND-MIX CONCEPT AT COOP SOON IN PLACE

The roll-out of the new pick-and-mix concept offering both candy and natural snacks, which Cloetta will supply to Coop Sweden, has now started. Everything is going according to plan and the aim is to refit the approximately 700 Coop stores ahead of the Easter peak season. This pick-and-mix concept is an important lever in Cloetta's growth strategy and is expected to boost sales by approximately SEK 200m in 2015. In Sweden, pick-and-mix accounts for approximately for 30 per cent of total confectionary sales.

LOWER DEBT RATIO

The strong cash flow and the improved EBITDA contributed to a net debt/EBITDA ratio of 3.97x (4.19). The long-term target of a net debt/EBITDA of 2.5x remains and it is our aim that future cash flows will continue to be used for repayment of debts, while at the same providing financial flexibility for complementary acquisitions and dividends. The net debt/EBITDA ratio decreased during the year despite the completion of two acquisitions. In addition, SEK 135m of the company's bank loans was repaid during the year.

CONTINUED FOCUS ON GROWTH AND PROFITABILITY IN 2015

In 2014, organic sales grew by 1.0 per cent. However, Cloetta's overall growth was 8.6 per cent including acquisitions and changes in exchange rates. This shows that Cloetta has embarked on a positive growth path. The completion of the extensive restructuring programme that was announced in 2012 is another important milestone. Sales growth, combined with cost control and reduced restructuring costs, resulted in improved profitability once again in 2014. Operating profit for the full year rose 38 per cent to SEK 577m (418). Net profit after tax amounted to SEK 242m, corresponding to earnings per share of SEK 0.84.

My ambition for 2015 is to continue on the path to profitable growth, driven by organic sales, acquisitions, new initiatives and a continued focus on cost-efficiency.

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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 Stockholm. More information about Cloetta is available on www.cloetta.com