Year-end report, Q4
October – December 2014

Stockholm, 13 February 2015

> **Net sales** for the quarter increased by 9.6 per cent to SEK 1,579m (1,441), including a positive impact from foreign exchange rates of 3.1 per cent.

> **Operating profit** was SEK 262m (175).

> **Underlying EBIT** was SEK 244m (231).

> **Cash flow from operating activities** was SEK 290m (116).

> **Net debt/EBITDA** was 3.97x (4.19). In the quarter, loans of SEK 34m were repaid.

> **No dividend** payout proposed for the year in line with financial strategy to reduce net debt.

	Fourth quarter			Full year		
SEKm	Oct–Dec 2014	Oct–Dec 2013	Change, %	Jan–Dec 2014	Jan–Dec 2013	Change, %
Net sales	1,579	1,441	9.6[2]	5,313	4,893	8.6[3]
Operating profit (EBIT)	262	175	49.7	577	418	38.0
Operating profit margin (EBIT margin), %	16.6	12.1	4.5-pts	10.9	8.5	2.4-pts
Underlying EBIT[1]	244	231	5.6	609	591	3.0
Underlying EBIT margin, %[1]	16.8	16.1	0.7-pts	12.3	12.0	0.3-pts
Profit before tax	191	127	50.4	338	210	61.0
Profit for the period	158	186	–15.1	242	264	–8.3
Earnings per share, basic and diluted, SEK	0.55	0.65	–15.4	0.84	0.92	–8.7
Net debt/EBITDA (Rolling 12 months), x[4]	3.97	4.19	–5.3	3.97	4.19	–5.3
Cash flow from operating activities	290	116	150.0	500	131	281.7

1 Based on constant exchange rates and the current group structure, excluding acquisitions and items affecting comparability related to restructurings.
2 Organic growth at constant exchange rates and comparable units 1.7% for the quarter. See further under Net sales on page 3.
3 Organic growth at constant exchange rates and comparable units 1.0% for the full year. See further under Net sales on page 3.
4 The definition of net debt/EBITDA is aligned with the definition used in the credit facility agreement. See definition on page 20.
The comparatives figures have been adjusted.

Message from the CEO

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.

Bengt Baron,
President and CEO

Financial overview

FOURTH QUARTER DEVELOPMENTS

Net sales

Net sales for the fourth quarter rose by SEK 138m to SEK 1,579m (1,441) compared to the same period of last year. Organic growth was 1.7 per cent, acquisitions accounted for 4.8 per cent and changes in exchange rates accounted for 3.1 per cent.

Sales increased or remained flat in most markets except Italy, Germany and United Kingdom. Sales were considerably strong in Denmark due to positive seasonal sales development. Finland also showed a strong sales development.

Changes in net sales, %	Oct–Dec 2014	Jan–Dec 2014
Organic growth	1.7	1.0
Structural changes	4.8	4.3
Changes in exchange rates	3.1	3.3
Total	**9.6**	**8.6**

Gross profit

Gross profit amounted to SEK 596m (502), which is equal to a gross margin of 37.7 per cent (34.8). Improvement in the gross margin is mainly due to higher efficiency and lower restructuring costs.

Operating profit

Operating profit improved to SEK 262m (175). The improvement is mainly due to higher efficiency and lower restructuring costs. An adjustment in the earn-out contingent consideration related to completed acquisitions also contributed to the increase in operating profit. Underlying EBIT improved to SEK 244m (231), mainly due to higher efficiency.

Items affecting comparability

Operating profit for the fourth quarter includes items affecting comparability related to the acquisition and integration of Cloetta Nutisal AB and Aran Candy Ltd., as well as exchange rate differences. In addition, it includes an adjustment in the earn-out contingent consideration related to completed acquisitions.

Net financial items

Net financial items for the quarter amounted to SEK –71m (–48). Interest expenses related to external borrowings were SEK –38m (–38). Other financial items of SEK –33m (–10) consist of exchange differences on borrowings and cash in an amount of SEK –14m (–5), interest on contingent considerations of SEK –4m (–), amortisation of capitalised transaction costs of SEK –5m (–4), unrealised gains and losses on interest swaps of SEK –3m (2) and other financial items of SEK –7m (–3). SEK –4m (–3) of the other financial items is non-cash in nature.

The significant weakening of the Swedish krona and Norwegian krone in the quarter led to relatively high exchange differences on some monetary positions for which no hedge accounting is applied.

Profit for the period after tax

Profit for the period was SEK 158m (186), which is equal to basic and diluted earnings per share of SEK 0.55 (0.65). Income tax for the period was SEK –33m (59). The effective tax rate was 17,3 per cent (–46.5), positively impacted by changes in valuation allowances for tax loss carryforwards and recognition of tax credits. In the fourth quarter of 2013, significant positive effects resulted in a tax benefit due to one-off events.

Acquisitions and divestments

No acquisitions or divestments took place in the fourth quarter.

DEVELOPMENT DURING THE YEAR

Net sales

Net sales for the full year rose by SEK 420m to SEK 5,313m (4,893). Organic growth was 1.0 per cent, acquisitions accounted for 4.3 per cent and changes in exchange rates accounted for 3.3 per cent.

Sales have increased in all markets except Italy. Contract manufacturing declined.

Gross profit

Gross profit amounted to SEK 1,988m (1,812), which is equal to a gross margin of 37.4 per cent (37.0). Improvement in the gross margin is mainly due to higher efficiency and lower restructuring costs.

Operating profit

Operating profit improved to SEK 577m (418). The improvement is mainly due to higher efficiency and lower restructuring costs. Underlying EBIT improved to SEK 609m (591), mainly due to higher efficiency.

Items affecting comparability

Operating profit for the full year includes items affecting comparability of SEK 32m (173) related to the acquisition and integration of Alrifai Nutisal AB (currently known as Cloetta Nutisal AB) and Aran Candy Ltd., as well as costs from the factory restructurings and currency translation. In addition, it includes an adjustment in the contingent earn-out consideration related to completed acquisitions.

Net financial items

Net financial items for the year amounted to SEK –239m (–208). Interest expenses related to external borrowings were SEK –146m (–153). Other financial items of SEK –93m (–55) consist of exchange differences on borrowings and cash in an amount of SEK –11m (–12), interest on contingent considerations of SEK –14m (–), amortisation of capitalised transaction costs of SEK –19m (–38), unrealised gains and losses on interest swaps of SEK –23m (22) and other financial items of SEK –26m (–27). SEK –13m (–12) of the other financial items is non-cash in nature.

Profit for the period after tax

Profit for the year was SEK 242m (264), which is equal to basic and diluted earnings per share of SEK 0.84 (0.92). Income tax for the period was SEK –96m (54). The effective tax rate was 28.4 per cent (–25.7) and was impacted by the effect of international tax rate differences, non-deductible expenses and changes in valuation allowances for tax loss carryforwards and recognition of tax credits. In the fourth quarter of 2013, significant positive effects resulted in a tax benefit due to one-off events.

Acquisitions and divestments

In the first quarter, Cloetta Holland B.V. (which is wholly owned by Cloetta AB) acquired control of Alrifai Nutisal AB (currently known as Cloetta Nutisal AB) by acquiring 100 per cent of the share capital. In the second quarter, Cloetta Holland BV incorporated Cloetta Ireland Holding Ltd. Cloetta Ireland Holding Ltd. acquired 100 per cent of the ordinary shares and 0 per cent of the A shares, representing 75 per cent of the total shares in Aran Candy Ltd. The ordinary shares entitle Cloetta to 100 per cent of the profit and dividends as well as 100 per cent of the voting rights. Aran Candy Ltd. owns The Jelly Bean Factory brand and is consolidated without non-controlling interests.

CASH FLOW FROM OPERATING AND INVESTING ACTIVITIES FOR THE FOURTH QUARTER

Cash flow for the fourth quarter

Cash flow from operating activities was SEK 290m (116). Cash flow from operating activities before changes in working capital was SEK 267m (232). The improvement compared to the prior year is mainly the result of a higher operating profit. The cash flow from changes in working capital was SEK 23m (–116). Cash flow from operating and investing activities was SEK 230m (55).

Working capital

The cash flow from changes in working capital was SEK 23m (–116). The improvement in working capital versus 2013 is mainly attributable to finalisation of the factory restructuring programme in 2014. In addition, the increase in payables related partly to higher capital expenditures in the quarter led to a positive cash flow from changes in working capital. These positive changes were partly offset by the increased receivables resulting mainly from the seasonal sales.

Investments

Cash flow from investing activities was SEK –60m (–61). The cash flow from investments in property, plant and equipment and intangibles amounted to SEK –64m (–61).

Cash flow for the full year

Cash flow from operating activities was SEK 500m (131). Cash flow from operating activities before changes in working capital was SEK 492m (408). The improvement compared to the prior year is mainly the result of a higher operating profit. The cash flow from changes in working capital was SEK 8m (–277). Cash flow from operating and investing activities was SEK 131m (–71).

Working capital

The cash flow from changes in working capital was SEK 8m (–277). The improvement in working capital versus 2013 is mainly attributable to finalisation of the factory restructuring programme in 2014. The cash flow from changes in working capital in 2013 was negatively affected by a relatively high level of payables at 31 December 2012 related to capital expenditures for the manufacturing strategy. These payables led to a higher cash outflow in 2013.

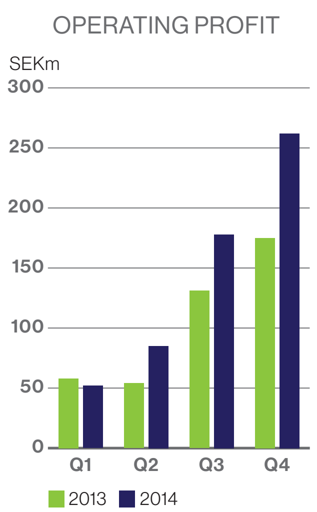
Investments

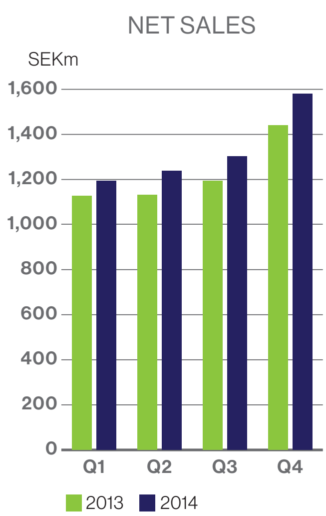
Cash flow from investing activities was SEK –369m (–202). The cash flow from investments in property, plant and equipment and intangibles amounted to SEK –182m (–211). The other cash flow from investing activities is mainly attributable to the acquisitions of Alrifai Nutisal AB (currently known as Cloetta Nutisal AB) for an amount of SEK 110m and Aran Candy Ltd. for a net amount of SEK 140m, which was partly offset by the proceeds of SEK 53m from the sale of the Gävle property.

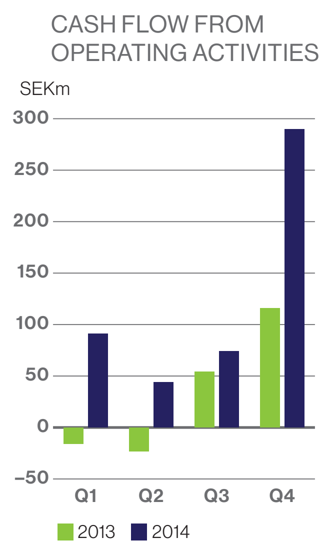
FINANCIAL POSITION

Consolidated equity at 31 December 2014 amounted to SEK 4,048m (3,747), which is equal to SEK 14.0 per share (13.0). Net debt at 31 December 2014 was SEK 3,308m (3,230).

Non-current borrowings totalled SEK 2,993m (3,096) and consisted of SEK 2,026m (2,144) in gross loans from credit institutions, senior secured notes of SEK 1,000m (1,000) and SEK –33m (–48) in capitalised transaction costs.







Total current borrowings amounted to SEK 423m (212) and consisted of SEK 229m (135) in gross loans from credit institutions, SEK –17m (–18) in capitalised transaction costs, SEK 211m (73) in a credit overdraft facility, and accrued interest on loans from credit institutions and senior secured notes for an amount of SEK 1m (22).

The short-term gross loans from credit institutions in an amount of SEK 229m (135) consist of a short-term repayment obligation for 2015.

SEKm	31 Dec 2014	31 Dec 2013
Gross non-current borrowings	2,026	2,144
Gross current borrowings	229	135
Credit overdraft facility	211	73
Senior secured notes	1,000	1,000
Derivative financial instruments	70	23
Interest payable	1	22
Gross debt	**3,537**	**3,397**
Cash and cash equivalents	–229	–167
Net debt	**3,308**	**3,230**

Cash and cash equivalents at 31 December 2014, excluding long-term unutilised overdraft facilities, amounted to SEK 229m (167). At 31 December 2014 Cloetta had unutilised overdraft facilities for a total of SEK 478m (616).

OTHER DISCLOSURES

Seasonal variations

Cloetta's sales and operating profit are subject to some seasonal variations. Sales in the first and second quarters are affected by the Easter holiday, depending on in which quarter it occurs. In the fourth quarter, sales are usually higher than in the first three quarters of the year, which is mainly attributable to the sale of products in Sweden and Italy in connection with the holiday season.

Employees

The average number of employees during the quarter was 2,516 (2,464). The impact of the closure of the Gävle factory has been offset by the new employees related to the acquisitions of Cloetta Nutisal AB and Aran Candy Ltd.

Annual General Meeting 2015

The Annual General Meeting of Cloetta AB will be held on 23 April at 4.00 pm at the conference centre 7A Odenplan, Odengatan 65 in Stockholm. Notice of the AGM will be published at the end of March 2015 and will also be available at www.cloetta.com.

The Nomination Committee proposes re-election of the current directors Adriaan Nühn, Mikael Svenfelt, Olof Svenfelt and Caroline Sundewall. Furthermore, the Nomination Committee proposes that Lottie Knutson and Mikael Norman are elected as new directors. Ann Carlsson has declined re-election.

Annual report

The annual report for the financial year 2014 will be published in March 2015 at www.cloetta.com.

The Board's proposed dividend

No dividend payout proposed for the year in line with financial strategy to reduce net debt.

Events after the balance sheet date

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. This is expected to give rise to some non-material restructuring cost during the first quarter, 2015.

CASH FLOW FROM OPERATING AND INVESTING ACTIVITIES

	Fourth quarter		Full year	
SEKm	Oct–Dec 2014	Oct–Dec 2013	Jan–Dec 2014	Jan–Dec 2013
Cash flow from operating activities before changes in working capital	267	232	492	408
Cash flow from changes in working capital	23	–116	8	–277
Cash flow from operating activities	**290**	**116**	**500**	**131**
Cash flows from investments in property, plant and equipment and intangible assets	–64	–61	–182	–211
Cash flow from other investing activities	4	0	–187	9
Cash flow from investing activities	**–60**	**–61**	**–369**	**–202**
Cash flow from operating and investing activities	**230**	**55**	**131**	**–71**

Selection of key product launches during Q4

Finland
HopeaToffee Box
Royal Rum Raisin

Sweden
Cloetta Juleskum
Gingerbread

Italy
Sperlari Strawberry/
Champagne

The Netherlands
Red Band Sweet and Sour Cola
Venco Black Schoolkrijt
Venco Tikkels redesigned and new size, 45 gr

The Board of Directors hereby gives its assurance that the year-end report provides a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Stockholm, 13 February 2015
Cloetta AB (publ)

Caroline Sundewall
Chairman

Ann Carlsson
Member of the Board

Adriaan Nühn
Member of the Board

Mikael Svenfelt
Member of the Board

Olof Svenfelt
Member of the Board

Lena Grönedal
Employee Board member

Bengt Baron
President and CEO

The information in this year-end report has not been reviewed by the company's auditors.

Financial statements in summary

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Fourth quarter		Full year	
SEKm	Oct–Dec 2014	Oct–Dec 2013	Jan–Dec 2014	Jan–Dec 2013
Net sales	1,579	1,441	5,313	4,893
Cost of goods sold	–983	–939	–3,325	–3,081
Gross profit	**596**	**502**	**1,988**	**1,812**
Other income	1	0	5	12
Selling expenses	–237	–219	–892	–850
General and administrative expenses	–98	–108	–524	–556
Operating profit	**262**	**175**	**577**	**418**
Exchange differences on borrowings and cash and cash equivalents in foreign currencies	–14	–5	–11	–12
Other financial income	0	2	4	24
Other financial expenses	–57	–45	–232	–220
Net financial items	**–71**	**–48**	**–239**	**–208**
Profit before tax	**191**	**127**	**338**	**210**
Income tax	–33	59	–96	54
Profit for the period	**158**	**186**	**242**	**264**
Profit for the period attributable to:				
Owners of the Parent Company	**158**	**186**	**242**	**264**
Earnings per share, SEK				
Basic	0.55	0.65	0.84	0.92
Diluted[1]	0.55	0.65	0.84	0.92
Number of shares at end of period	288,619,299	288,619,299	288,619,299	288,619,299
Average number of shares (basic)[1]	286,481,689	287,581,689	286,987,990	288,010,947
Average number of shares (diluted)[1]	286,622,223	287,626,238	287,092,780	288,026,408

1 Cloetta entered into two long-term forward contracts in order to repurchase own shares to fulfill its future obligation to deliver the shares to the participants in the share-based long-term incentive plan. Earnings per share are calculated on the average number of shares adjusted for the effect of the forward contracts to repurchase own shares. The two contracts cover a total of 2,137,610 Cloetta AB shares. One contract covers 937,610 Cloetta AB shares for an amount of SEK 18.50678 per share and the other contract covers 1,200,000 Cloetta AB shares for an amount of SEK 23.00000 per share.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Fourth quarter Oct–Dec 2014	Fourth quarter Oct–Dec 2013	Full year Jan–Dec 2014	Full year Jan–Dec 2013
Profit for the period	**158**	**186**	**242**	**264**
Other comprehensive income				
Remeasurement of defined benefit pension plans	–40	3	–146	86
Income tax on other comprehensive income that will not be reclassified subsequently to profit and loss for the period	9	0	33	–19
Items that will never be reclassified to profit or loss for the period	**–31**	**3**	**–113**	**67**
Hedge of a net investment in a foreign operation	–21	–40	–47	–54
Currency translation differences	91	120	232	148
Income tax on other comprehensive income that will be reclassified subsequently to profit and loss for the period, when specific conditions are met	5	9	10	12
Items that are or may be reclassified to profit or loss for the period	**75**	**89**	**195**	**106**
Total other comprehensive income	**44**	**92**	**82**	**173**
Total comprehensive income, net of tax	**202**	**278**	**324**	**437**
Total comprehensive income for the period attributable to:				
Owners of the Parent Company	202	278	324	437

NET FINANCIAL ITEMS

SEKm	Fourth quarter Oct–Dec 2014	Fourth quarter Oct–Dec 2013	Full year Jan–Dec 2014	Full year Jan–Dec 2013
Exchange differences on borrowings and cash	**–14**	**–5**	**–11**	**–12**
Other financial income, third parties	0	0	4	2
Unrealised gains on single currency interest rate swaps	–	2	–	22
Other financial income	**0**	**2**	**4**	**24**
Interest expenses on third-party borrowings and realised losses on single currency interest rate swaps	–38	–38	–146	–153
Interest expenses, contingent earn-out liabilities	–4	–	–14	–
Amortisation of capitalised transaction costs	–5	–4	–19	–38
Unrealised losses on single currency interest rate swaps	–3	–	–23	–
Other financial expenses	–7	–3	–30	–29
Other financial expenses	**–57**	**–45**	**–232**	**–220**
Net financial items	**–71**	**–48**	**–239**	**–208**

CONDENSED CONSOLIDATED BALANCE SHEET

SEKm	31 Dec 2014	31 Dec 2013
Intangible assets	5,882	5,252
Property, plant and equipment	1,667	1,660
Deferred tax asset	84	73
Other financial assets	105	91
Total non-current assets	**7,738**	**7,076**
Inventories	853	798
Other current assets	1,124	933
Derivative financial instruments	2	–
Cash and cash equivalents	229	167
Total current assets	**2,208**	**1,898**
Assets held for sale	16	15
TOTAL ASSETS	**9,962**	**8,989**
Equity	**4,048**	**3,747**
Borrowings	2,993	3,096
Deferred tax liability	483	397
Derivative financial instruments	56	21
Other non-current liabilities	147	2
Provisions for pensions and other long-term employee benefits	505	360
Provisions	16	7
Total non-current liabilities	**4,200**	**3,883**
Borrowings	423	212
Derivative financial instruments	16	2
Other current liabilities	1,210	1,066
Provisions	65	79
Total current liabilities	**1,714**	**1,359**
TOTAL EQUITY AND LIABILITIES	**9,962**	**8,989**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Jan–Dec 2014	Jan–Dec 2013
Equity at beginning of period	**3,747**	**3,326**
Profit for the period	242	264
Other comprehensive income	82	173
Total comprehensive income	**324**	**437**
Transactions with owners		
Forward contract to repurchase own shares	–27	–19
Share-based payments	4	3
Total transactions with owners	**–23**	**–16**
Equity at end of period	**4,048**	**3,747**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Fourth quarter		Full year	
SEKm	Oct–Dec 2014	Oct–Dec 2013	Jan–Dec 2014	Jan–Dec 2013
Cash flow from operating activities before changes in working capital	267	232	492	408
Cash flow from changes in working capital	23	–116	8	–277
Cash flow from operating activities	**290**	**116**	**500**	**131**
Cash flows from investments in property, plant and equipment and intangible assets	–64	–61	–182	–211
Other cash flow from investing activities	4	0	–187	9
Cash flow from investing activities	**–60**	**–61**	**–369**	**–202**
Cash flow from operating and investing activities	**230**	**55**	**131**	**–71**
Cash flow from financing activities	**–114**	**–39**	**–24**	**–65**
Cash flow for the period	**116**	**16**	**107**	**–136**
Cash and cash equivalents at beginning of period	134	138	167	306
Cash flow for the period	116	16	107	–136
Foreign exchange difference	–21	13	–45	–3
Cash and cash equivalents at end of period	**229**	**167**	**229**	**167**

CONDENSED CONSOLIDATED KEY FIGURES

	Fourth quarter		Full year	
SEKm	Oct–Dec 2014	Oct–Dec 2013	Jan–Dec 2014	Jan–Dec 2013
Profit				
Net sales	1,579	1,441	5,313	4,893
Net sales, change, %	9.6	2.6	8.6	0.7
Organic net sales, change, %	1.7	1.6	1.0	–1.0
Gross margin, %	37.7	34.8	37.4	37.0
Underlying EBITDA	297	274	796	766
Underlying EBITDA margin, %	20.4	19.1	16.0	15.6
Depreciation	–55	–44	–198	–175
Amortisation	–1	–1	–3	–2
Underlying EBIT	244	231	609	591
Underlying EBIT margin, %	16.8	16.1	12.3	12.0
Operating profit (EBIT)	262	175	577	418
Operating profit margin (EBIT), %	16.6	12.1	10.9	8.5
Profit margin, %	12.1	8.8	6.4	4.3
Financial position				
Working capital	819	763	819	763
Capital expenditure	–62	–61	–186	–211
Net debt	3,308	3,230	3,308	3,230
Capital employed	8,041	7,438	8,041	7,438
Return on capital employed, % (Rolling 12 months)	7.5	6.1	7.5	6.1
Equity/assets ratio, %	40.6	41.7	40.6	41.7
Net debt/equity ratio, %	81.7	86.2	81.7	86.2
Return on equity, %	3.9	5.0	6.0	7.0
Equity per share, SEK	14.0	13.0	14.0	13.0
Net debt/EBITDA, x (Rolling 12 months)[1]	3.97	4.19	3.97	4.19
Cash flow				
Cash flow from operating activities	290	116	500	131
Cash flow from investing activities	–60	–61	–369	–202
Cash flow after investments	230	55	131	–71
Cash conversion, %	79.1	77.7	76.6	72.5
Cash flow from operating activities per share, SEK	1.0	0.4	1.7	0.5
Employees				
Average number of employees	2,516	2,464	2,533	2,472

1 The definition of net debt/EBITDA is aligned with the definition used in the credit facility agreement. See definition on page 20. The comparative figures have been adjusted.

CONDENSED CONSOLIDATED QUARTERLY DATA

SEKm	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Profit and loss account									
Net sales	1,579	1,303	1,238	1,193	1,441	1,194	1,131	1,127	1,404
Cost of goods sold	–983	–803	–770	–769	–939	–741	–696	–705	–930
Gross profit	**596**	**500**	**468**	**424**	**502**	**453**	**435**	**422**	**474**
Other income	1	3	1	0	0	2	3	7	9
Selling expenses	–237	–195	–257	–203	–219	–197	–228	–206	–211
General and administrative expenses	–98	–130	–127	–169	–108	–127	–156	–165	–190
Operating profit	**262**	**178**	**85**	**52**	**175**	**131**	**54**	**58**	**82**
Exchange gains/losses on borrowings and cash and cash equivalents in foreign currencies	–14	7	–3	–1	–5	34	–78	37	39
Other financial income	0	1	2	1	2	2	11	9	2
Other financial expenses	–57	–60	–65	–50	–45	–66	–54	–55	–51
Net financial items	**–71**	**–52**	**–66**	**–50**	**–48**	**–30**	**–121**	**–9**	**–10**
Profit/loss before tax	**191**	**126**	**19**	**2**	**127**	**101**	**–67**	**49**	**72**
Income tax expense	–33	–39	–10	–14	59	–15	23	–13	83
Profit/loss for the period	**158**	**87**	**9**	**–12**	**186**	**86**	**–44**	**36**	**155**
Profit/loss for the period attributable to:									
Owners of the Parent Company	158	87	9	–12	186	86	–44	36	155
Key figures									
Underlying EBIT	244	178	110	77	231	160	109	91	201
Underlying EBITDA	297	221	155	123	274	205	148	139	244
Return on equity, % (Rolling 12 months)	6.0	7.0	7.0	5.7	7.0	6.7	4.6	2.5	–2.2
Equity per share, SEK	14.0	13.3	13.2	13.0	13.0	12.0	11.9	11.4	11.5
Net debt/EBITDA, x (Rolling 12 months)[1]	3.97	4.30	4.55	4.47	4.19	4.40	4.68	4.59	4.90
Cash flow from operating activities per share, SEK	1.0	0.3	0.2	0.3	0.4	0.2	–0.1	–0.1	0.5

1 The definition of net debt/EBITDA is aligned with the definition used in the credit facility agreement. See definition on page 20. The comparative figures have been adjusted.

Parent Company

SUMMARY PARENT COMPANY PROFIT AND LOSS ACCOUNTS

	Fourth quarter		Full year	
SEKm	**Oct–Dec 2014**	**Oct–Dec 2013**	**Jan–Dec 2014**	**Jan–Dec 2013**
Net sales	19	31	88	86
Gross profit	**19**	**31**	**88**	**86**
Other income	–	0	0	12
General and administrative expenses	–23	–34	–104	–124
Operating profit/loss	**–4**	**–3**	**–16**	**–26**
Net financial items	29	79	–8	29
Profit/loss before tax	**25**	**76**	**–24**	**3**
Income tax	–6	–18	5	–1
Profit/loss for the period	**19**	**58**	**–19**	**2**

Profit/loss for the period corresponds to comprehensive income for the period.

SUMMARY PARENT COMPANY BALANCE SHEET

SEKm	31 Dec 2014	31 Dec 2013
ASSETS		
Non-current assets	**5,184**	**5,157**
Current assets	**62**	**89**
TOTAL ASSETS	**5,246**	**5,246**
EQUITY AND LIABILITIES		
Equity	**4,205**	**4,221**
Non-current liabilities		
Borrowings	990	988
Derivative financial instruments	11	–
Provisions	1	1
Total non-current liabilities	**1,002**	**989**
Current liabilities		
Current liabilities	39	36
Total current liabilities	**39**	**36**
TOTAL EQUITY AND LIABILITIES	**5,246**	**5,246**
Pledged assets	4,623	4,623
Contingent liabilities	3,219	3,078

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEKm	Jan–Dec 2014	Jan–Dec 2013
Equity at beginning of period	**4,221**	**4,216**
Profit/loss for the period	–19	2
Total comprehensive income	**–19**	**2**
Transactions with owners		
Share-based long-term incentive plan	3	3
Total transactions with owners	**3**	**3**
Equity at end of period	**4,205**	**4,221**

Disclosures, risk factors and accounting policies

DISCLOSURES

Parent Company

Cloetta AB's primary activities include head office functions such as group-wide management and administration. The comments below refer to the period from 1 January to 31 December 2014. Net sales in the Parent Company reached SEK 88m (86) and referred mainly to intra-group services. Operating profit was SEK –16m (–26). Net financial items totalled SEK –8m (29). Profit before tax was SEK –24m (3) and profit after tax was SEK –19m (2). Cash and cash equivalents and short-term investments amounted to SEK 0m (0).

The Cloetta share

Cloetta's class B share is listed on Nasdaq Stockholm, Mid Cap. During the period from 1 January to 31 December 2014, a total of 164,141,164 shares were traded for a combined value of SEK 3,608m, equal to around 59 per cent of the total number of class B shares at the end of the period.

The highest quoted bid price during the period from 1 January to 31 December 2014 was SEK 24.50 (1 April) and the lowest was SEK 18.80 (16 October). The share price on 31 December 2014 was SEK 22.60 (last price paid).

During the period from 1 January to 31 December 2014, the Cloetta share rose by 16 per cent while the Nasdaq OMX Stockholm PI index rose by 12 per cent.

Cloetta's share capital at 31 December 2014 amounted to 1,443,096,495. The total number of shares is 288,619,299, consisting of 9,861,614 class A shares and 278,757,685 class B shares, equal to a quota value of SEK 5 per share.

Shareholders

On 31 December 2014 Cloetta AB had 12,694 shareholders, a duplication from 6,321 at 31 December 2013. The largest shareholder was AB Malfors Promotor with a holding corresponding to 41.3 per cent of the votes and 23.2 per cent of the share capital in the company. AMF was the second largest shareholder with 9.5 per cent of the votes and 12.4 per cent of the share capital. The third largest shareholder was Threadneedle Investment Funds with 3.0 per cent of the votes and 4.0 per cent of the share capital.

Institutional investors held 90.6 per cent of the votes and 87.8 per cent of the share capital. Foreign shareholders held 17.1 per cent of the votes and 22.3 per cent of the share capital.

Related party transactions

AB Malfors Promotor is considered to be a related party. Buying and selling of goods and services between Cloetta and the principal shareholders are regarded as related party transactions.

In 2014 no transactions occurred between Cloetta AB (publ) including its subsidiaries and AB Malfors Promotor including its subsidiaries. In the first quarter of 2013 Cloetta AB sold a property to Phlisa Metall AB, a subsidiary of AB Malfors Promotor, for an amount of SEK 6m, generating a profit of SEK 3m. The property was sold at market value.

The Parent Company has related party transactions with subsidiaries in the Group. The majority of such transactions refer to the sale of services, which for the period from January to December 2014 amounted to SEK 88m (86), equal to 100 per cent of each period's total sales.

At 31 December 2014 the Parent Company's receivables from subsidiaries amounted to SEK 610m (613) and liabilities to subsidiaries amounted to SEK 11m (10). Transactions with related parties are priced on market-based terms. Group Management, Board of Directors and key employees are considered to be related parties. Remuneration of these parties are in compliance with the remuneration policy. Total costs related to the Long-Term Incentive Plan (LTI) for 2013 and 2014 that were recognised in 2014 amounted to SEK 4.5m (4.0), of which SEK 2.7m (0.9) is related to group management.

Taxes

In 2014, non-deductible interest and expenses and adjustment of a filing position for tax of prior periods that were recognised in the period had a negative effect on income tax expenses. Cloetta's deferred tax balances have been calculated according to the enacted tax rates.

RISK FACTORS

Cloetta is an internationally active company that is exposed to a number of market and financial risks. All identified risks are monitored continuously and, if needed, risk mitigating measures are taken to limit their impact. The most relevant risk factors are described in the annual report for 2013 and consist of industry- and market-related risks, operational risks and financial risks. Compared to the annual report for 2013, which was issued on 14 March 2014, no new risks have been identified.

ACCOUNTING POLICIES

The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRIC) which have been endorsed by the European Commission for application in the EU. The applied standards and interpretations are those that were in force and had been endorsed by the EU at 1 January 2014. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, has been applied. The consolidated interim report is presented compliant with IAS 34, Interim Financial Reporting, and in compliance with the relevant provisions in the Swedish Annual Accounts Act and the Swedish Securities Market Act. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Market Act, which are consistent with the provisions in recommendation RFR 2, Accounting for Legal Entities.

The same accounting and valuation methods have been applied as in the most recent annual report, except for new standards and amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2014 that have not been already applied in preparing the 2013 consolidated financial statements.

Changed accounting standards

The Group has applied the revised IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interest in Other Entities" and IFRIC 21, "Levies" with effect from the first quarter 2014. The changes in these standards have not had a material impact on recognition or measurement or the financial reporting disclosure requirements.

Fair value measurement

The only items recognised at fair value after initial recognition are the interest rate swaps and forward foreign currency contracts categorised at level 2 of the fair value hierarchy in all periods presented and the contingent earn-out consideration related to the acquisition of FTF Sweets Ltd., Alrifai Nutisal AB (currently known as Cloetta Nutisal AB) and the contingent consideration arising from the option agreement for Aran Candy Ltd. categorised at level 3, as well as assets held for sale, in cases where the fair value less cost to sell is below the carrying amount. The fair values of financial assets (loans and receivables) and liabilities measured at amortised cost are approximately equal to their carrying amounts. The fair value of financial assets and liabilities for measurement purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value measurements by level according to the fair value measurement hierarchy are as follows:

> Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

> Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

> Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that were measured at fair value at 31 December 2014

SEKm	Level 1	Level 2	Level 3	Total
Assets				
Assets at fair value through profit or loss				
- Non-current assets measured at fair value	–	–	16	16
- Forward foreign currency contracts	–	2	–	2
	–	**2**	**16**	**18**
Liabilities				
Liabilities at fair value through profit or loss				
- Interest rate swaps	–	27	–	27
- Contingent earn-out consideration	–	–	147	147
Total liabilities	**–**	**27**	**147**	**174**

The non-current assets measured at fair value at 31 December 2014 consisted of the land and building in Zola Predosa, Italy.

The following table presents the Group's assets and liabilities that were measured at fair value at 31 December 2013

SEKm	Level 1	Level 2	Level 3	Total
Assets				
Assets at fair value through profit or loss				
- Non-current assets measured at fair value	–	–	15	15
Total assets	**–**	**–**	**15**	**15**
Liabilities				
Liabilities at fair value through profit or loss				
- Interest rate swaps	–	3	–	3
- Contingent earn-out consideration	–	–	2	2
Total liabilities	**–**	**3**	**2**	**5**

Movements in financial instruments categorised at level 3 of the fair value hierarchy can be specified as follows

SEKm	2014	2013
1 January	2	–
Business combinations	158	11
Remeasurements recognised in profit and loss		
- Unrealised interest on contingent considerations recognised in other financial expenses	14	–
- Unrealised remeasurements on contingent considerations recognised in general and administrative expenses	–27	–9
Remeasurements recognised in other comprehensive income		
- Unrealised currency translation differences	0	0
31 December	**147**	**2**

No transfer between fair value hierarchy levels has occured during the financial year or the prior financial year.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included at level 2. The valuation of the instruments is based on quoted market prices, but the underlying swap amounts are based on the specific requirements of the Group. These instruments are therefore included at level 2. The fair value measurement of the contingent earn-out liability requires the use of significant unobservable inputs and is thereby categorised at level 3. The valuation techniques and inputs used to value financial instruments are:

> Quoted market prices or dealer quotes for similar instruments.
> The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
> The fair value of forward foreign currency contracts is calculated using the difference between the exchange rate on the spot date with the contractually agreed upon exchange rates.
> The fair value of the assets held for sale is based on valuations by external independent valuators.
> Other techniques, such as discounted cash flow analysis, are used to determine the fair value of the remaining financial instruments.

The fixed assets measured at fair value are identified as a non-recurring fair value measurement and are related to the assets held for sale. The assets are valued at fair value because the fair value less cost to sell is below the carrying amount.

The contingent earn-out liabilities are measured at fair value using a scenario model with an earn-out threshold, different results and related changes, and an applicable multiplier as input. These data are aligned with the earn-out contracts.

For the interest rate swaps, see the Financial Position paragraph on page 4. For detailed information about the accounting policies, see Cloetta's annual report for 2013 at www.cloetta.com.

ACQUISITION OF ARAN CANDY LTD.

On 28 May 2014, Cloetta acquired control of Aran Candy Ltd. by acquiring 100 per cent of the total outstanding ordinary shares and 0 per cent of the total outstanding class A shares, equalling in aggregate 75 per cent of the outstanding shares. This transaction provides Cloetta with 100 per cent of the voting rights in Aran Candy Ltd. although less than 100 per cent of all outstanding shares were acquired.

SEKm	
Consideration paid	
Cash paid	159
Contingent consideration	48
Consideration transferred	**207**
Recognised amounts of identifiable assets and liabilities assumed:	
Non-current assets	**110**
Intangible assets (excl. goodwill)	91
Property, plant and equipment	19
Other non-current assets	0
Current assets	**68**
Inventories	31
Trade and other receivables	14
Cash and cash equivalents	23
Non-current liabilities	**–16**
Other non-current liabilities	–12
Provisions	–4
Current liabilities	**–16**
Borrowings	0
Other current liabilities	–16
Total identifiable net assets	**146**
Goodwill	61
Consideration transferred	**207**

As part of the transaction, Cloetta entered into a put/call construction on the class A shares in which the exercise price for the put option is the same as for the call option. As a result, the construction is treated as a forward purchase of the class A shares. The primary motive for the acquisition is to broaden Cloetta's product portfolio as part of its 'Munchy Moments' strategy.

The total consideration amounts to SEK 159m in cash and the fair value of the contingent consideration (deferred payment) is SEK48m. The contingent consideration will amount to at least SEK 0m and is unlimited based on the 2015 results of Aran Candy Ltd. The contingent consideration is based on the adjusted results for the financial year 2015 (level 3 fair value). The goodwill of SEK 61m relates primarily to the potential of new distribution channels, the workforce, creating diversity in Cloetta's branded portfolio and new market/sales opportunities in Cloetta's markets. The contingent liabilities recognised as part of the purchase price allocation amount to SEK 2m. The selling shareholders of Aran Candy Ltd. have contractually agreed to indemnify Cloetta for certain liabilities under the terms and conditions of the sales and purchase agreement in an amount of SEK 0.5m. The total of transaction cost related to the acquisition amounted to SEK 8m and is fully recognised in the profit and loss account for the period concerned as general and administrative expenses.

Due to the short-term nature of the receivables, the fair value approximates the gross contractual amounts. The contractual cash flows that are not expected to be collected are immaterial. Because Aran Candy Ltd. was acquired on 28 May 2014, the accounting for the business combination is preliminary and has not yet been finalised. The goodwill acquired is allocated to the group of cash generating units Middle.

ACQUISITION OF ALRIFAI NUTISAL AB

On 8 January 2014, Cloetta Holland B.V. acquired control of Alrifai Nutisal AB (currently known as Cloetta Nutisal AB) by acquiring 100 per cent of the share capital. The primary motive for the acquisition is to broaden Cloetta's product portfolio as part of its 'Munchy Moments' strategy.

SEKm	
Consideration paid	
Cash paid	110
Contingent consideration	110
Consideration transferred	**220**
Recognised amounts of identifiable assets and liabilities assumed:	
Non-current assets	**219**
Intangible assets (excl. goodwill)	147
Property, plant and equipment	24
Other non-current assets	48
Current assets	**79**
Inventories	46
Trade and other receivables	32
Cash and cash equivalents	1
Non-current liabilities	**–39**
Borrowings	–2
Other non-current liabilities	–32
Provisions	–5
Current liabilities	**–100**
Borrowings	–18
Other current liabilities	–82
Total identifiable net assets	**159**
Goodwill	61
Consideration transferred	**220**

The total consideration consists of SEK 110m in cash and contingent consideration measured at a fair value of SEK 110m. The contingent consideration will amount to at least SEK 49m and at most SEK 299m, and is based on the adjusted results for the financial year 2016. The contingent consideration is categorised at level 3 of the fair value hierarchy.

The goodwill of SEK 61m relates primarily to the potential of new distribution channels, the workforce and expected cost synergies. The contingent liabilities recognised as part of the purchase price allocation amount to SEK 5m. The selling shareholders of Alrifai Nutisal AB (currently known as Cloetta Alrifai AB) have contractually agreed to indemnify the company for certain liabilities under the terms and conditions of the sale and purchase agreement in an amount of SEK 5m. The total transaction costs related to the acquisition amounted to SEK 6m and are fully recognised in the profit and loss account for the period concerned as general and administrative expenses. Due to the short-term nature of the receivables, the fair value approximates the gross contractual amounts.

The contractual cash flows that are not expected to be collected are immaterial.

Alrifai Nutisal AB (currently known as Cloetta Alrifai AB) was acquired on 8 January 2014. The accounting for the business combination has been finalised. The goodwill acquired is allocated to the group of cash generating units comprising Scandinavia.

DEFINITIONS

General	All amounts in the tables are presented in SEK millions unless otherwise stated. All amounts in brackets () represent comparable figures for the same period of the prior year, unless otherwise stated.
Margins	
EBITDA margin	EBITDA expressed as a percentage of net sales.
Gross margin	Net sales less cost of goods sold as a percentage of net sales.
Operating margin (EBIT margin)	Operating profit expressed as a percentage of net sales.
Profit margin	Profit/loss before tax expressed as a percentage of net sales.
Return	
Cash conversion	Underlying EBITDA less capital expenditures as a percentage of underlying EBITDA.
Return on capital employed	Operating profit plus financial income as a percentage of average capital employed.
Return on equity	Profit for the period as a percentage of total equity.
Capital structure	
Capital employed	Total assets less interest-free liabilities (including deferred tax).
Equity/assets ratio	Equity at the end of the period as a percentage of total assets.
Gross debt	Gross current and non-current borrowings including credit overdraft facility, derivative financial instruments and interest payables.
Net debt	Gross debt less cash and cash equivalents.
Net debt/EBITDA ratio	Net debt/EBITDA according to the credit facility agreement definition. Difference of Net debt in credit facility agreement compared to the external Net debt-definition is that the definition in credit facility agreement includes the minimum contingent earn-out consideration but excludes the financial derivative instruments. The EBITDA in the credit facility agreement definition corresponds with the underlying EBITDA but is based on actual exchange rates and it includes the rolling twelve months of the EBITDA of the acquired companies where the underlying EBITDA excludes these results.
Net debt/equity ratio	Net debt at the end of the period divided by equity at the end of the period.
Working capital	Total inventories and trade and other receivables adjusted for trade and other payables.
Data per share	
Earnings per share	Profit for the period divided by the average number of shares.
Other definitions	
EBIT	Operating profit or earnings before interest and taxes.
EBITDA	Operating profit before depreciation and amortisation.
Items affecting comparability	Items affecting comparability are non-recurring items relating to restructurings and impact from acquisitions and exchange rate differences between actual and constant rate.
Net sales, change	Net sales as a percentage of net sales in the comparative period of the previous year.
Underlying net sales, EBIT, EBIT margin	The underlying figures are based on constant exchange rates and the current structure, excluding the acquisitions of Nutisal and The Jelly Bean Factory and items affecting comparability.

GLOSSARY

Factory restructurings / restructurings	Due to excess capacity, Cloetta closed factories in Sweden, Denmark and Finland during 2012/2013. In 2014 the factory in Gävle was closed and its production was moved to Ljungsbro, Sweden, and Levice, Slovakia.
Integration	Cloetta and LEAF were merged on 15 February 2012. The integration has primarily consisted of processes to form a new common culture, but also of restructuring of the commercial organisation and administration in Sweden, rationalisation of warehouse operations in Scandinavia and insourcing of third-party brands.

EXCHANGE RATES

	31 Dec 2014	31 Dec 2013
EUR, average	9.1051	8.6513
EUR, end of period	9.3829	8.8630
NOK, average	1.0882	1.1071
NOK, end of period	1.0439	1.0592
GBP, average	11.3118	10.1987
GBP, end of period	12.0340	10.6501
DKK, average	1.2215	1.1601
DKK, end of period	1.2604	1.1882

FINANCIAL CALENDAR

2015	JANUARY		
	FEBRUARY	Year-end report 2014	13 February 2015
	MARCH		
	APRIL	Annual report 2014 Interim report Q1 2015 AGM	March 2015 23 April 2015 23 April 2015
	MAY		
	JUNE		
	JULY	Interim report Q2 2015	17 July 2015
	AUGUST		
	SEPTEMBER		
	OCTOBER		
	NOVEMBER	Interim report Q3 2015	11 November 2015
	DECEMBER		
2016	JANUARY		
	FEBRUARY	Year-end report 2015	18 February 2016

CONTACTS

Jacob Broberg, Senior Vice President Corporate Communications and Investor Relations, +46 70-190 00 33
Danko Maras, Chief Financial Officer, +46 76-627 69 46

The information in this year-end report is such that Cloetta is required to disclose in accordance with the Securities Market Act. The report was released for publication at 8:00 a.m. CET on 13 February 2015.

ABOUT CLOETTA

Cloetta, founded in 1862, is a leading confectionery 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.

VISION

To be the most admired satisfier of Munchy Moments

The vision, together with the goals and strategies, expresses Cloetta's business concept.

BUSINESS MODEL

Cloetta's business model is to offer strong local brands in Munchy Moments and provide effective sales and distribution to the retail trade. Together, this will ensure continued positive development of the company's leading market positions.

LONG-TERM FINANCIAL TARGETS

> Cloetta's target is to increase organic sales at least in line with market growth.
> Cloetta's target is an underlying EBIT margin of at least 14 per cent.
> Cloetta's long-term target is a net debt/EBITDA ratio of around 2.5.
> Cloetta's long-term intention is a dividend payout of 40–60 per cent of profit after tax.

STRATEGIES

> Focus on margin expansion and volume growth.
> Focus on cost-efficiency.
> Focus on employee development.

VALUE DRIVERS

> Strong brands and market positions in a non-cyclical market.
> Excellent availability in the retail trade with the help of a strong and effective sales and distribution organisation.
> Good consumer knowledge and loyalty.
> Innovative product and packaging development.
> Effective production with high and consistent quality.

Cloetta

Cloetta AB (publ) • Corp. ID no. 556308-8144 • Kista Science Tower, SE-164 51 Kista, Sweden.
Tel +46 8-52 72 88 00 • www.cloetta.com

More information about Cloetta is available at www.cloetta.com