



Press release

23 April 2015

President and CEO Bengt Baron comments on the results for the first quarter of 2015

Continued sales growth, improved operating profit (EBIT) and strong cash flow.

I am highly satisfied that Cloetta continued to increase both sales and operating profit in the first quarter of the year. This demonstrates that our focus on profitable growth is paying off. Operating profit (EBIT) rose sharply to SEK 90m (52). The underlying operating profit increased to SEK 107m (81), resulting in an improvement in the underlying operating margin by 1.7 percentage points. As previously announced, we incurred one-off costs for restructuring in Italy and the implementation of the new Pick & Mix concept in Sweden during the quarter, which amounted to a total of SEK 19m.

Both the operating profit margin and underlying operating profit margin improved significantly to 6.9 per cent (4.4) and 8.3 per cent (6.6), respectively. Profit after tax also improved to SEK 33m (-12).

Confectionery market

The confectionery market showed positive development in all markets except the Netherlands.

Continued increase in growth

Cloetta's total sales increased by 10.1 per cent in the quarter, of which organic growth accounted for 4.0 per cent, acquisitions for 2.7 per cent and changes in exchange rates for 3.4 per cent. Sales increased in all markets except Italy, Norway and the Netherlands. Contract manufacturing declined. Sales were up markedly in Sweden due to the rollout of the new Pick & Mix concept. Denmark and Finland also showed very strong sales development. Growth in Denmark was driven by sales of pastilles and chocolate. In Finland, growth was fuelled by product launches and increased sales of pastilles.

Cash flow remains strong

The very strong cash flow trend from last year continued through the first quarter. Just as in the fourth quarter of last year, this demonstrates Cloetta's strong cash-generating ability after the completion of the factory restructuring programme some six months ago.

Further decrease in debt

As a result of the continued improvement in EBITDA, strong cash flow generation during the quarter, the net debt/EBITDA ratio has reached 3.60x (4.47x). The improvement demonstrates that Cloetta is continuing its journey toward the long-term target of a net debt/EBITDA ratio of around 2.5x. The ambition to use future cash flows for amortisation of debt, while at the same time providing financial flexibility for complementary acquisitions and dividends, remains unchanged.

Pick & Mix concept at Coop implemented

Our new Pick & Mix concept consisting of candy and natural snacks for Coop Sweden was implemented in the first quarter. The rollout has gone very smoothly and the approximately 700 Coop

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stores have now been rebuilt. The Pick & Mix concept name “Godisfavoriter” was implemented in all stores at the end of February and the “Naturesnacks” concept was implemented in the 300 relevant stores during March. Sales leading up to and during Easter, which is of major importance for the Pick & Mix category, were in line with plan. Against this background, I feel confident that we have a concept that is highly appreciated by consumers.

Taking additional steps toward the long-term targets

Cloetta’s long-term targets are to achieve an underlying EBIT margin of 14 per cent, to grow at least in line with the market, and at the same time to reduce our debt. In the first quarter, we improved our underlying EBIT margin by 1.7 percentage points. The improved profitability, in combination with continued amortisation, led to a decrease in our debt level. Furthermore, in the past quarter we have also shown, partly driven by the new Pick & Mix concept, that it is possible to grow faster than the market. The quarter was therefore another step toward the realisation of our goals.

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 23 April 2015 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 Stockholm. More information about Cloetta is available on www.cloetta.com

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