



## Press release

21 April 2016

# President and CEO David Nuutinen comments on the results for the first quarter of 2016

### **Improved operating profit (EBIT), stronger cash flow and lower net debt.**

Cloetta's operating profit (EBIT) for the quarter increased to SEK 108m (90). Operating profit, adjusted for one-off items, also increased to SEK 126m (108). Profit after tax amounted to SEK 44m (33). Both operating margin and adjusted operating margin increased to 8.0 per cent (6.9) and 9.3 per cent (8.2), respectively. The higher profit and margins show that our focus has paid off.

Sales rose during the quarter, driven by acquisitions. Organic sales were down slightly, facing a strong comparator, at the same time that foreign exchange movements also had a negative impact on sales.

Operating profit was affected by one-off costs, mainly related to remeasurement of the contingent earn-out consideration for acquisitions but also to the planned closure of the factory in Dieren, the Netherlands.

### **Sustained strong cash flow**

Compared to the corresponding quarter of last year, cash flow from operating activities has increased for the ninth consecutive quarter.

Cash flow for the quarter was SEK 253m (223). Cloetta's cash-generating ability was thus proven yet again. The 12 months rolling cash flow is now up to SEK 957m. The ambition is to use future cash flows for repayment of debt and distribution of dividends, while at the same time providing financial flexibility for complementary acquisitions.

### **Continued decrease in net debt**

The debt level has continued to decrease and the net debt/EBITDA ratio at the end of the quarter was 2.78x (3.60). The long-term target is a net debt/EBITDA ratio of 2.5x. Loans of SEK 90m were repaid during the quarter.

### **Confectionery market**

The confectionery market was predominantly positive in Sweden, the Netherlands, Norway, Denmark and Finland. In Italy, market development was weak during the quarter.

### **Increased growth through acquisitions**

Cloetta's sales for the quarter rose by 3.4 per cent, of which organic growth accounted for -0.7 per cent, the acquisition of Lonka for 4.9 per cent and exchange rate differences for -0.8 per cent. Sales in the quarter increased or were unchanged in all markets except Italy, Denmark and Norway. The positive trend in both Sweden and Finland was driven by sales of pick-and-mix. In Norway sales declined mainly within pastilles. Sales also fell in Denmark, mainly due to discontinued sales of pastilles by one customer. The market in Italy remained weak and lower sales were noted for pastilles and sugar confectionery.

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### **Integration of Lonka according to plan**

After the acquisition of Lonka in July 2015, Lonka's sales, marketing and purchasing activities are now integrated into Cloetta. The integration of the Roosendaal factory in the Netherlands, into Cloetta's ERP-system has started.

The planned closure of the factory in Dieren, the Netherlands, is underway and, as previously communicated, production will cease at the end of 2016. Expansion of the factory in Levice, Slovakia, to which the production from Dieren will be transferred, was started during the quarter.

### **Steps toward the long-term targets**

Cloetta's organic sales declined somewhat in the quarter, facing a strong comparator from same quarter of last year. Sales may vary between quarters, for which reason the focus for organic sales should instead be on the full year. Aside from the sales development, I am pleased to say that Cloetta has had a positive performance in the quarter with a higher operating profit, a higher operating margin and lower net debt together with a sustained strong cash flow. We have thus taken another step forward toward the realization of our long-term targets. The fact that the Annual General Meeting last week also resolved to pay a share dividend is yet further proof that Cloetta stands strong.

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 21 April 2016 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 13 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](http://www.cloetta.com)

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