

# *Loetta*

## **Q3 2017 results – 25 October 2017**

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# Q3 highlights

## Development affected by short-term challenges

- **Net sales** increased by 17.1 per cent to SEK 1,505m (1,285), including a negative impact of foreign exchange rates of – 0.4 per cent. Organic growth was – 2.8 per cent
- **Operating profit, adjusted**, amounted to SEK 169m (203)
- **Operating profit** amounted to SEK 169m (195)
- **Profit for the period** amounted to SEK 153 (108)
- **Cash flow** from operating activities amounted to SEK 135m (116)
- On 5 September, Cloetta completed the divestment of **Cloetta Italy**

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# Overall market and sales development

## Organic sales declined – Candyking grew

- The confectionery market showed a positive development in all markets except Denmark
- Organic sales declined by -2.8 per cent
- Organic sales has been affected by lost sales due to out of stock related to the fire in the factory in Turnhout
- Sales grew or was unchanged in Sweden, Finland and the Netherlands but declined in all other markets
- Candyking organic growth was 4.4 per cent

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# Pick & mix and Candyking

## Integration in line with plan

- New organization decided and about to be implemented
- Products to Candyking's concept have started to be produced – plans for 2018 and 2019 quite firm
- Negotiations with retailers for pick & mix contracts from 2018 ongoing
- In Sweden, Coop has decided to implement their own pick & mix concept as of 2018, with Cloetta as key supplier
- Synergies from Candyking acquisition through insourcing and reduced cost, given current volume outlook, amounts to SEK 100m in 2020

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# Lower operating profit

## Profit before tax and for the period improved

Key ratios, SEKm	Jul-Sep 2017	Jul-Sep 2016	Change	Full year 2016
Net sales	1,505	1,285	220	5,107
Gross profit	527	494	33	2,023
- Gross profit margin %	35.0	38.4	-3.4-pts	39.6
Operating profit, adjusted	169	203	-34	695
- Operating profit margin, adjusted %	11.2	15.8	-4.6-pts	13.6
Operating profit (EBIT)	169	195	-26	635
- Operating profit margin (EBIT margin) %	11.2	15.2	-4.0-pts	12.4
Net financial items	-27	-67	40	-166
Profit before tax	142	128	14	469
Profit from discontinued operation, net of tax	45	16	29	- 538
Profit/loss for the period	153	108	45	-191

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# Changes in net sales

	Jul-Sep 2017	Jan-Sep 2017
Organic growth	- 2.8%	- 1.8%
Structural changes	20.3%	11.3%
Changes in exchange rates	-0.4%	1.2%
<b>Total</b>	<b>17.1%</b>	<b>10.7%</b>

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# Cash flow

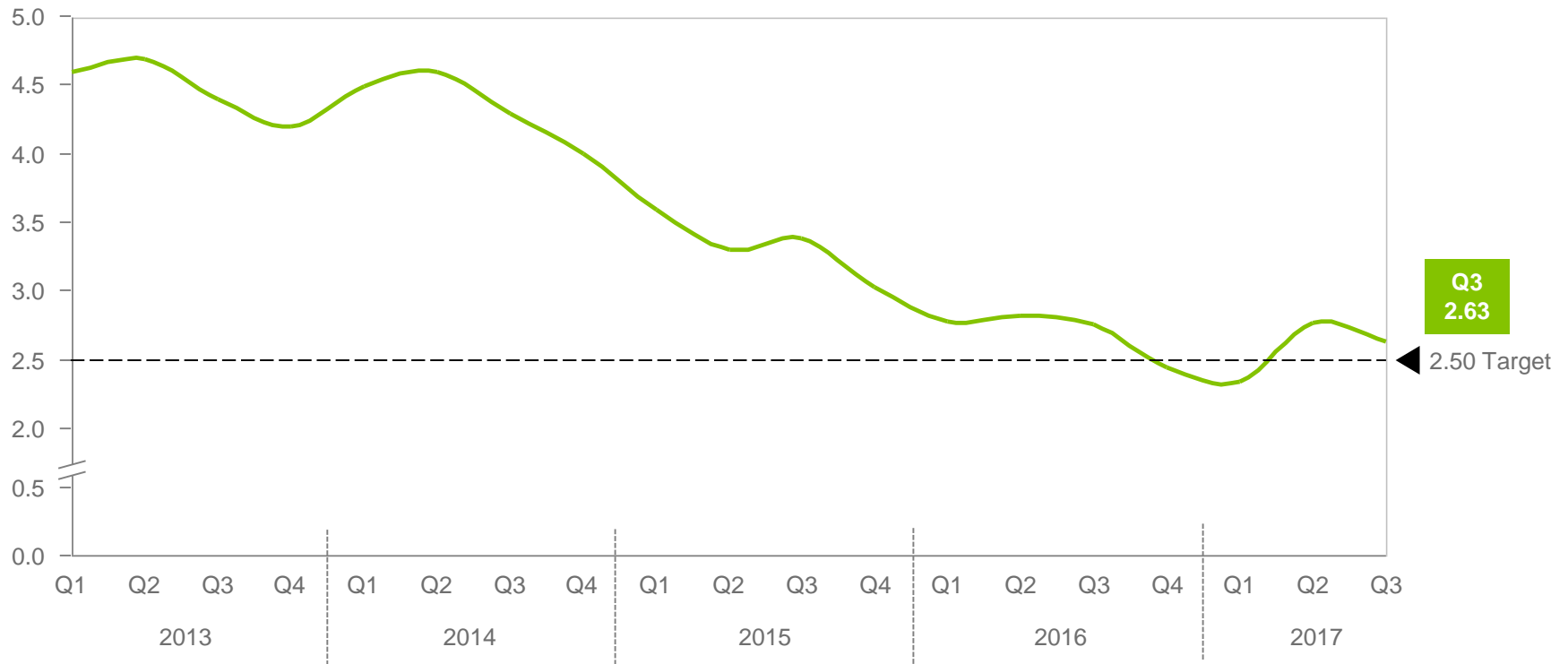
SEKm	Jul-Sep 2017	Jul-Sep 2016	Full year 2016
Cash flow from operating activities before changes in working capital	186	219	813
Cash flow from changes in working capital	-51	-103	76
<b>Cash flow from operating activities</b>	<b>135</b>	<b>116</b>	<b>889</b>
Cash flow from investments in property, plant and equipment and intangible assets	-38	-42	-170
Cash flow from other investing activities	310	-105	-152
<b>Cash flow from investing activities</b>	<b>272</b>	<b>-147</b>	<b>-322</b>
<b>Cash flow from operating and investing activities</b>	<b>407</b>	<b>-31</b>	<b>567</b>
<b>Cash flow from financing activities</b>	<b>-275</b>	<b>213</b>	<b>-534</b>
<b>Cash flow for the period</b>	<b>132</b>	<b>182</b>	<b>33</b>

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# Financial leverage

## Net debt/EBITDA





# Focus

## Get business fundamentals right



Restore the performance in the factory network from the short-term effects after the fire in the factory in Turnhout



Integration of Candyking



Focus on cost and gross margin improvement



Drive strategic growth priorities

# Q3 selection of product launches

## Finland



## Sweden



## Norway



## Denmark



## The Netherlands



## Sweden+Denmark



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**Q & A**

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