

Loetta

Q4 2016 results – 1 February 2017

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Q4 highlights

Improved sales and operating profit , adjusted

- **Net sales** for the quarter increased by 3.8 per cent to SEK 1,684m (1,622). In 2016 net sales increased by 3.1 per cent to SEK 5,852m (5,674).
- **Operating profit, adjusted**, increased to SEK 258m (255). In 2016 operating profit, adjusted, increased to SEK 758m (690).
- **Operating profit/loss** amounted to SEK –548m (239). In 2016 operating profit/loss amounted to SEK –82m (671).
- **Cash flow** from operating activities increased to SEK 406m (367). In 2016 cash flow from operating activities amounted to SEK 889m (927).
- **Net debt/EBITDA** ratio amounted to 2.44x (3.03).
- The Board proposes a dividend of SEK 0.75 (0.50) per share.

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Overall market and sales development

Total sales growth of 3.8 per cent

- The confectionery market was unchanged or negative in all markets except in the Netherlands.
- Organic sales growth of 1.0 per cent.
- Sales grew in Sweden, Denmark, the Netherlands and in export markets and declined in Finland, Italy, Norway, Germany and the UK.
- In Sweden sales was driven by pick-and-mix and seasonal products. Sales of chewing gum and sugar confectionery increased in the Netherlands.
- In Finland sales decreased due to de-stocking in trade prior to the abolishment of the confectionery tax.
- In Italy lower prices on seasonal products were not fully compensated by higher volumes.

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■ Cloetta's main markets

Increased operating profit, adjusted

Key ratios, SEKm	Oct-Dec 2016	Margin %	Change %	Oct-Dec 2015	Margin %	Full year 2016	Full year 2015
Net sales	1,684		3.8	1,622		5,852	5,674
Gross profit	667	39.6	0,7-pts	631	38.9	2,319	2,211
Operating profit, adjusted	258	15.3	- 0.4-pts	255	15.7	758	690
Operating profit/loss (EBIT)	- 548	-32.5	N/A	239	14.7	- 82	671
Net financial items	-25			-48		-174	-178
Profit/loss before tax	- 573			191		-256	493
Profit/loss for the period	- 420			157		-191	386
Profit for the period excluding impact of impairment loss	174		10.8	157		403	386
Earnings per share, excluding impact of impairment loss, SEK	0.61		10.9	0.55		1.41	1.35

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Changes in net sales

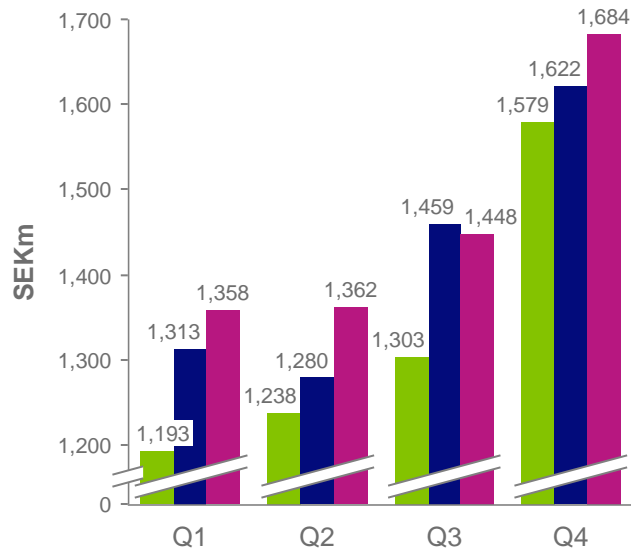
Changes in net sales	Oct-Dec 2016	Full year 2016	Full year 2015
Organic growth	1.0%	0.5%	1.5%
Structural changes	-	2.2%	3.9%
Changes in exchange rates	2.8%	0.4%	1.4%
Total	3.8%	3.1%	6.8%



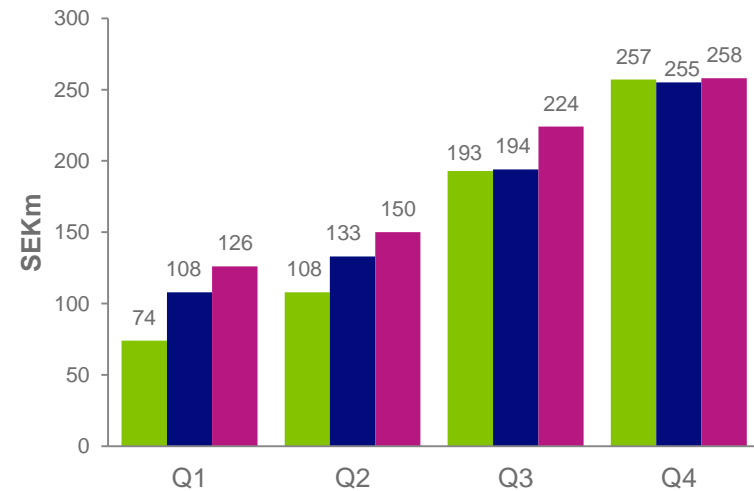
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Net sales and Operating profit, adjusted

Net sales



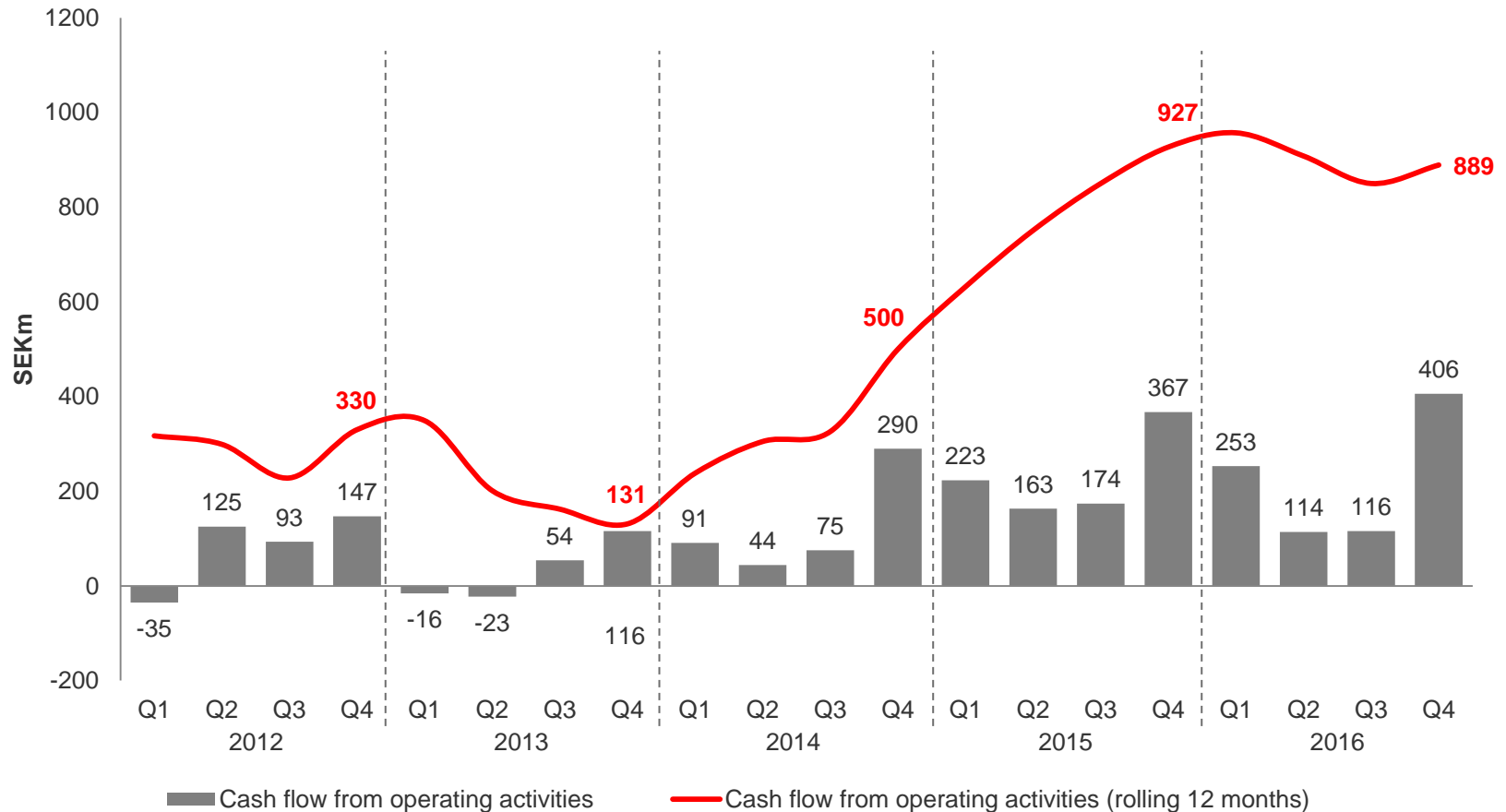
Operating profit, adjusted



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Strong cash flow from operating activities

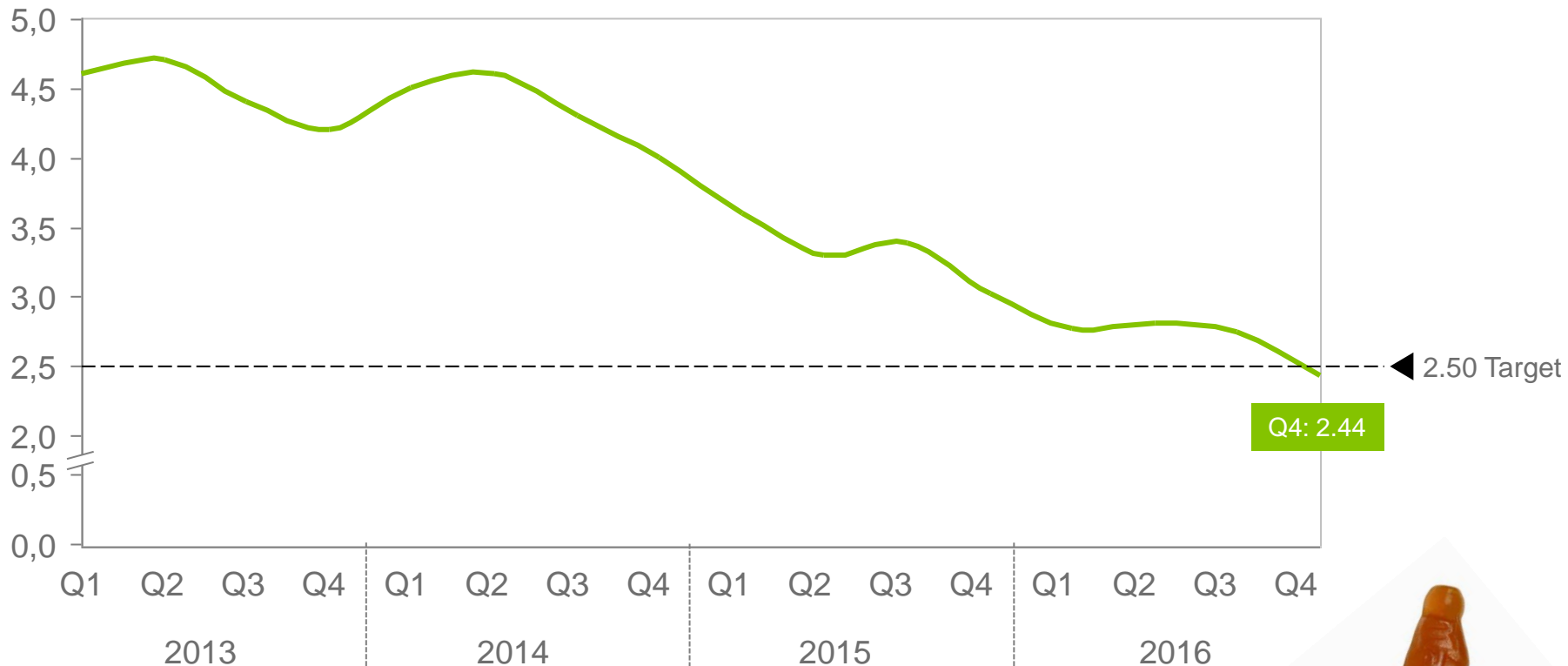


Cash flow

SEKm	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Cash flow from operating activities before changes in working capital	324	295	813	697
Cash flow from changes in working capital	82	72	76	230
Cash flow from operating activities	406	367	889	927
Cash flow from investments in property, plant and equipment and intangible assets	-58	-48	-170	-161
Cash flow from other investing activities	-47	-	-152	-206
Cash flow from investing activities	-105	-48	-322	-367
Cash flow from operating and investing activities	301	319	567	560
Cash flow from financing activities	-425	-211	-534	-518
Cash flow for the period	-124	108	33	42

Financial leverage

Net debt/EBITDA below target



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Strategic review Cloetta Italy

- Negative Italian economy and Cloetta's performance over the last years makes it necessary to do a strategic review of Cloetta Italy.
- The strategic review is aimed at improving growth and margins of Cloetta and might include a potential divestment of the Italian business.
- A divestment of Cloetta Italy would improve Cloetta's EBIT margin.

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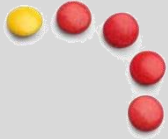
Cloetta stands strong

Net debt/EBITDA below target – increased dividend proposed

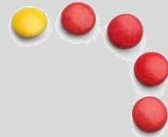
- **Improved EBITDA** and strong cash flow for the year.
 - Cash flow from operating activities continued to be strong and amounted to SEK 889m (927).
- **Net debt/EBITDA ratio decreased to 2.44x (3.03x)**.
 - Target of 2.5x has been reached.
- The Board is proposing a **dividend of SEK 0.75 (0.50)** per share which is in line with the financial target.
- Ambition is to use future cash flows for payment of share dividend, while at the same time providing financial flexibility for complementary acquisitions.



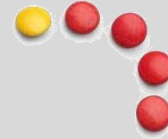
In focus



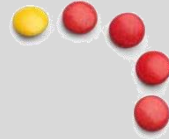
Strategic review
of Cloetta Italy



Implement and
drive initiatives
within pick-and-
mix



Operational
excellence in
supply chain
through
Lean2020
initiative



Profitable growth
including
potential
acquisitions

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Q4 selection of product launches

Sweden



Finland



Denmark



The Netherlands



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Q&A

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