Cloetta and LEAF to merge *Creating a Nordic market leader*

December 16, 2011





Presenters

Olof Svenfelt



- Chairman of Cloetta
- Board member of Malfors Promotor, current majority shareholder in Cloetta

Lennart Bylock



- Proposed new Chairman
- Cloetta board member 1994-2002
- Cloetta Fazer board member 2006-2008

Bengt Baron



- Proposed new CEO
- CEO of LEAF 2009-





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Olof Svenfelt

Lennart Bylock

Bengt Baron

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1. Introduction to the merger





Introduction to the merger

- Cloetta and LEAF will together form a Nordic market leader with strong market positions in Italy and the Netherlands
- A perfect match that will unite strong, local and complementary brands, few overlaps
- Full support from Cloetta's majority shareholders. Underwrites the rights issue together with CVC and Nordic Capital
- The new company will be named Cloetta, be based in Sweden and continue to be listed on NASDAQ OMX Stockholm





Proposed Chairman and CEO

- Bengt Baron proposed CEO
- Lennart Bylock proposed Chairman of the Board of Directors
 - Long track record of leadership in executive and board roles
- Both previously members of Cloetta's Board of Directors







2. Transaction overview





Transaction rationale

- Creating a leading market position with an iconic brand portfolio and a complete product offering
- EPS accretive to the shareholders of Cloetta
- Synergy and restructuring potential of at least SEK 110m annually
- Stable earnings growth and strong cash flows





Transaction summary

- Transaction effected through
 - Cash payment to the shareholders of LEAF of SEK 1,500m, financed through an underwritten rights issue of SEK 1,050m and bank debt
 - Issue in kind equivalent to 57.6% of the enlarged issued capital of new Cloetta
- Malfors Promotor to invest SEK 545m in rights issue. Rights issue fully underwritten by Malfors Promotor, CVC and Nordic Capital
- Shareholders representing 64% of the share capital and 81% of the votes are positive towards the transaction





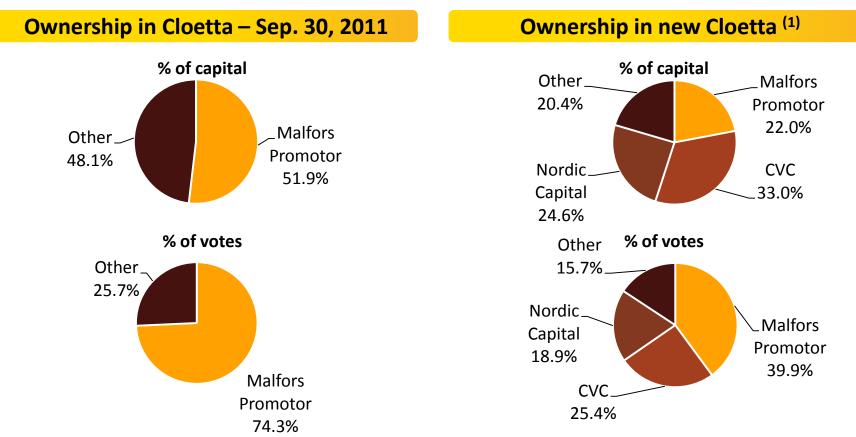
Preliminary timetable

- January 16 Notice to the EGM in Cloetta
- January 24 Information materials to the EGM held available
- January 24 Subscription price and rights issue terms to be announced
- February 15 EGM in Cloetta
- February 16 Expected closing of the Transaction; Issue in Kind to LEAF shareholders executed
- February The Board of Directors resolves on the Rights Issue, making use of the EGM's authorization
- March Subscription period for new shares





Shareholder structure in Cloetta



Note: 1) Assuming that the Rights Issue guarantee from AB Malfors Promotor, CVC Capital and Nordic Capital is not invoked and that AB Malfors Promotor reclassify part of its holding of A-shares to B-shares.











Key investment highlights

- Leading market positions and a complete product offering
- A very strong portfolio of iconic and local brands
- Significant synergy and restructuring potential
- Stable earning growth and strong cash flows

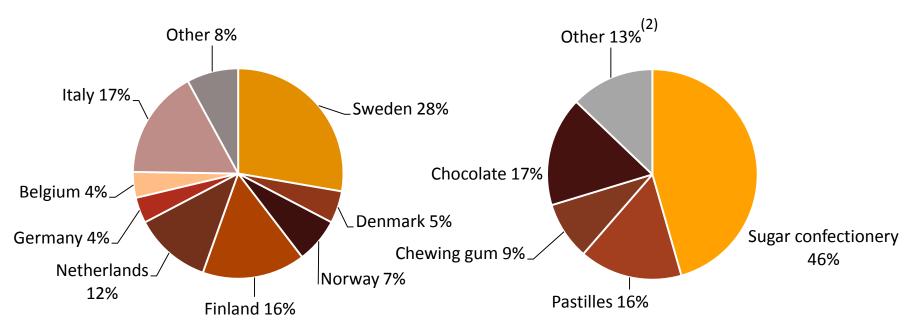




Split of operations

by geography⁽¹⁾





Pro forma net sales ⁽¹⁾: SEK 5.7bn

Note: 1) Pro forma for 12 months ended on August 31, 2011. 2) Other include mainly Sweeteners, distribution and contract manufacturing.





Leading market positions

CountryMarket leader in the following categories



• Sugar confectionery, countlines, pastilles and chocolate bags



Pastilles, chewing gum and Sugar confectionery



• Sugar confectionery and pastilles



Pastilles and Sugar confectionery



- ITALY
- Sugar confectionery, chewing gum and pastilles
- Seasonals, Sweeteners and Sugar confectionery

Strong cross selling potential, particularly within Chocolate





Strong portfolio of iconic and local brands

Cloetta			CENTER:	Bridge	
	1836-1902	1909-1928	1930-1959	1960-1980	1981-
LL.	-Sperlari-	LEREFOL makes people talk ®	SAILA	Mynthon	SPORTLIFE
LEA	VENCO	Red Band	Zylico . JENKKI	DIETORELLE	Contraction Contra
		Malaco	bilar		
		fits			

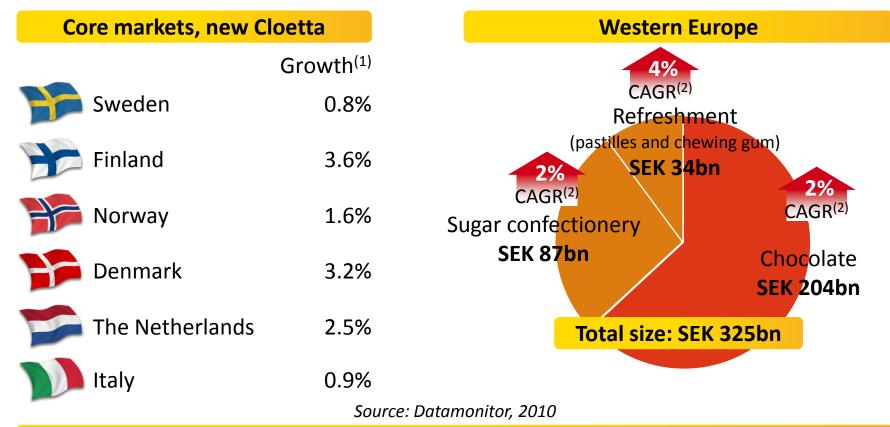
Top 10 brands account for about 60% of sales







Cloetta operates in markets with stable growth



New Cloetta's core markets grew each year in the period 2000-2010

Note: 1) CAGR total confectionery market over the period 2000 to 2010. 2) 2000-2010.





Significant synergy potential

- Restructuring in the commercial organisation
- Efficiency measures within administration
- In-sourcing of white label production
- Finalise move of production from Slagelse (DK) to Levice (Slovakia)
- Cross selling through LEAF's sales organisations outside Sweden







Pro forma financials (Sep 10-Aug 11)⁽¹⁾

(SEKm)	Cloetta	LEAF	New Cloetta
Revenues	987	4,728	5,715
Gross profit	283	1,835	2,118
<i>Gross profit margin</i>	<i>28.7%</i>	<i>38.8%</i>	<i>37.1%</i>
EBITDA ⁽²⁾	77	760	837
EBITDA margin	7.8%	16.1%	14.7%
EBITA ⁽²⁾	22	644	666
EBITA margin	2.2%	1 <i>3.6%</i>	11.7%
Net debt ⁽³⁾	-246	2,888	3,197
<i>Net debt/EBITDA</i>	- <i>3.2x</i>	<i>3.8x</i>	<i>3.8x</i>
EBITDA-Capex ⁽⁴⁾	38	583	621
Cash conversion ⁽⁵⁾	<i>49.4%</i>	<i>76.7%</i>	74.2%

Note: 1) For information regarding basis of preparation of pro forma financial information, refer to slide in appendix. 2) Recurring 3) Net debt in new Cloetta reflects acquisition new financing package of SEK 4.2bn. 4) Recurring EBITDA less capex. 5) Recurring EBITDA less capex divided by recurring EBITDA.





Outlook for the period Sep – Dec 2011

- Cloetta will publish its results for Sep Nov, 2011 on Dec 19
- LEAF:
 - increasing raw material prices compensated by price increases towards consumers will take effect in 2012
 - intensified product launches
 - hoarding effect in Finland in Q4-2010
 - EBITA Sep Dec 2011 approximately 15% lower compared to same period 2010







Focus on growth and margin

- Strong local heritage brands
- Strong route to market
- Brand extensions and cross border initiatives
- Active price management
- M&A in the longer term

Focus on continuous cost effectiveness

- Cost synergies from the transaction
- "All" technologies inhouse
- Scope for further restructuring initiatives

Focus on employees

- Forming a joint culture
- Attract, develop and retain skilled employees
- Building a winning organisation

Grow at least in line with market

EBITA margin of at least 14%







- **Organic sales growth:** At least in line with market growth long term
 - Historical aggregate growth of approx. 2% in new Cloetta markets
- **EBITA margin:** At least 14%
 - Cost synergies, growth and focus and profitability
- **Financial gearing:** Long-term net debt/EBITDA < 2.5x
 - Higher initial gearing
 - Reach target in 3 years
- **Dividend policy:** Pay out 40-60% of net income over time
 - Focus on debt repayment initially no dividend expected for 3 years
 - Strong cash flows in new Cloetta

Note: 1) It is envisaged that the new Board of Directors will review and formally decide on these targets following the completion of the transaction.





Creating a Nordic confectionery leader

- Leading market positions and a complete product offering
- A very strong portfolio of iconic and local brands
- Significant synergy and restructuring potential
- Stable earnings growth and strong cash flows





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