

Clacetta

Roadshow presentation

May, 2013

Cloetta attendees

Bengt Baron

President and CEO



- Joined LEAF as CEO in 2009
- Previously held various senior management positions within FMCG sector, including CEO of V&S
- B.Sc. and MBA, University of California at Berkeley

Danko Maras

CFO



- Joined LEAF as CFO in 2010
- Previously held various senior management positions within Unilever, including CFO/COO Unilever Nordic and VP Finance Supply Chain North America
- B.Sc. in Business Administration and Economics, University of Uppsala

Jacob Broberg

SVP Corporate
Communications &
Investor relations



- Joined LEAF as SVP Corporate Communications in 2010
- Previously held various senior management positions, including VP Corporate Communications in TeliaSonera, V&S and Electrolux
- B.A. in Political Science and Economics, University of Lund

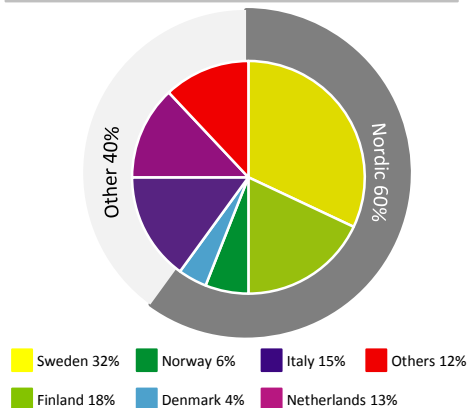
Cloetta – the leading Nordic confectionery player

- Leading market positions in key markets and complete product offering
- A portfolio of iconic local brands – top 10 brands account for about 60% of net sales
- Sales in 50 countries – 80% of total sales generated from markets with own sales force
- Approx. 2,600 employees in 12 countries
- Production at 10 factories in 5 countries – 97,000 tonnes produced 2012

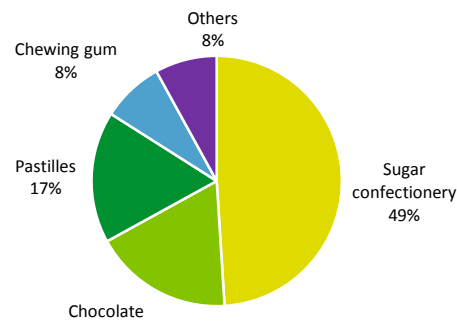


Net Sales split 2012

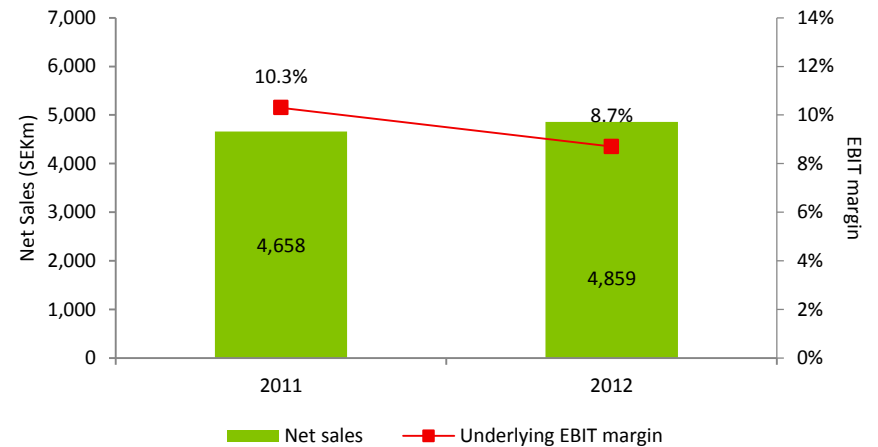
Sales split per region



Sales split per product area



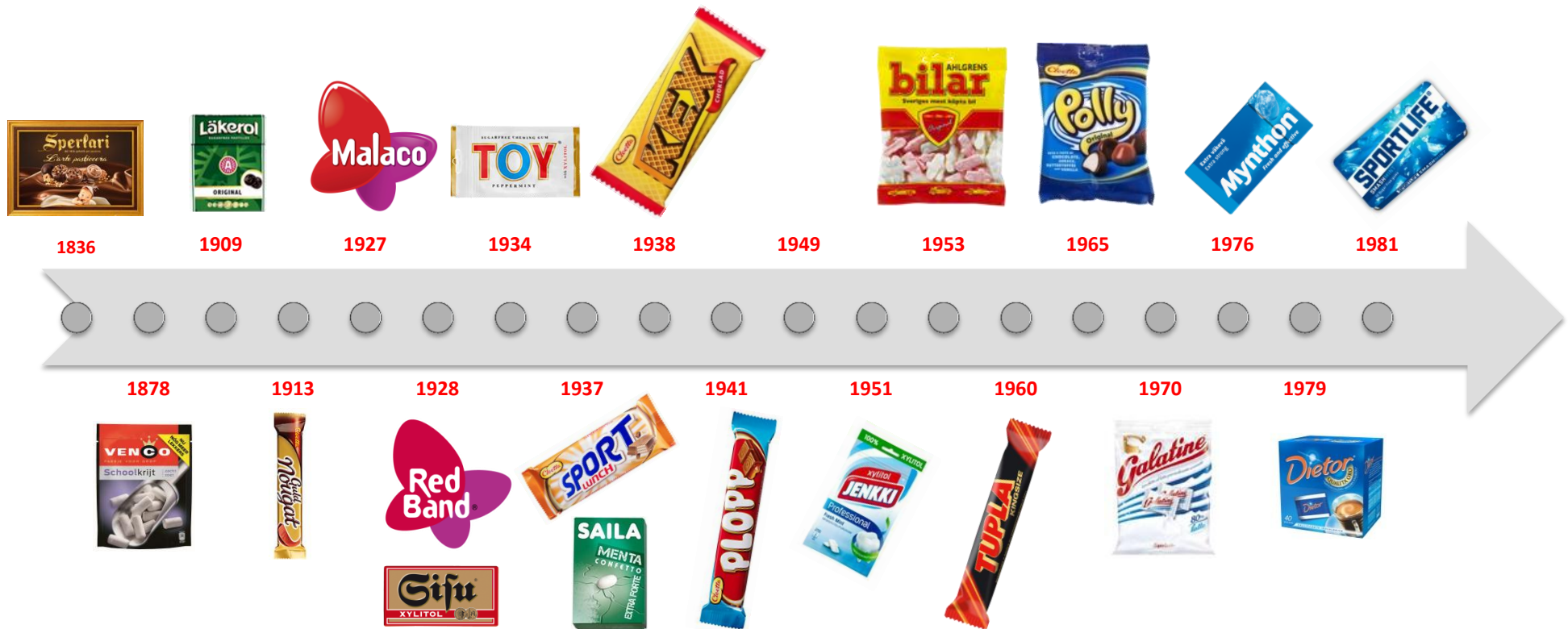
Sales and underlying EBIT margin¹⁾



¹⁾ Underlying EBIT based on constant exchange rates and the current company structure (excluding distribution business in Belgium and third-party distribution agreement in Italy) and excluding items affecting comparability

1

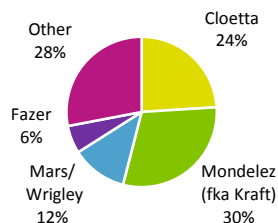
Iconic brands



Solid positions in key markets

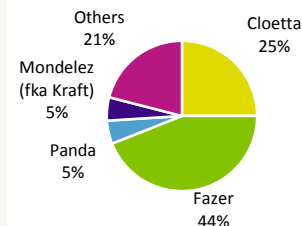
Sweden¹⁾

Population (million) 9.4
 Market size (EUR million) 1,400
 Market position #2
 Top-selling brands: Malaco, Kex-choklad, Läkerol, Ahlgrens bilar, Polly, Center, Juleskum, Plopp, Sportlunch



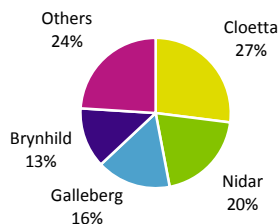
Finland¹⁾

Population (million) 5.4
 Market size (EUR million) 900
 Market position #2
 Top-selling brands: Malaco, Jenki, Mynthon, Läkerol, Sisu, Tupla



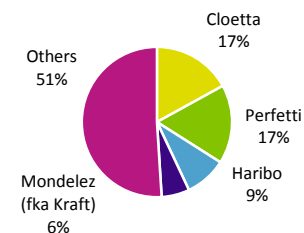
Norway²⁾

Population (million) 4.9
 Market size (EUR million) 900
 Market position #1
 Top-selling brands: Malaco, Läkerol, Pops, Ahlgrens bilar



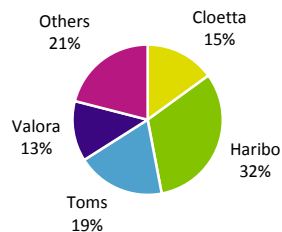
Netherlands³⁾

Population (million) 16.6
 Market size (EUR million) 1,500
 Market position #1
 Top-selling brands: Sportlife, XyliFresh, King, Red Band, Venco



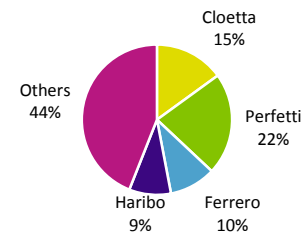
Denmark²⁾

Population (million) 5.5
 Market size (EUR million) 1,000
 Market position #3
 Top-selling brands: Malaco, Lakrisal, Läkerol, Center, Juleskum



Italy²⁾

Population (million) 60.7
 Market size (EUR million) 3,600
 Market position #2
 Top-selling brands: Sperlari, Dietor Sails, Dietorelle

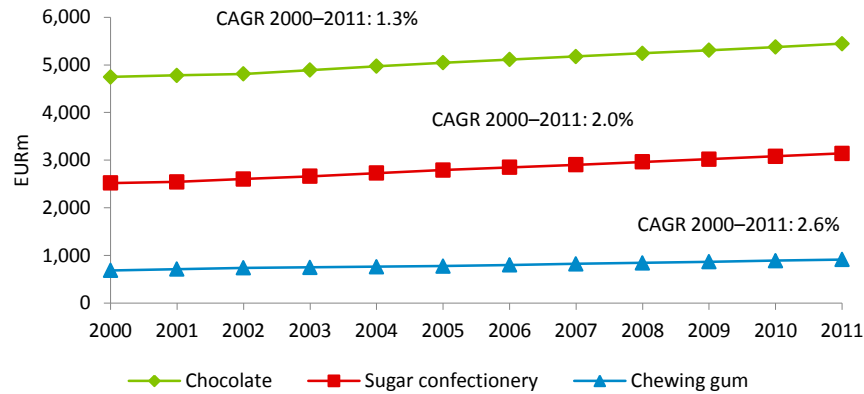


Source: Datamonitor, Nielsen Note: 1) Confectionary market, 2) Sugar confectionary and pastilles market, 3) Sugar confectionary market. All numbers for market sizes represent entire confectionary market (to consumer)

3

Attractive non-cyclical market

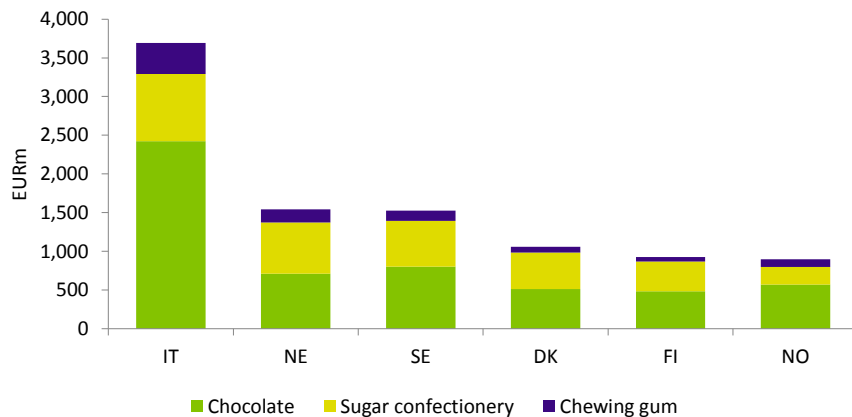
Market development in Cloetta's main markets¹⁾



Key trends

- Market driven by increase in population, higher prices and to some extent also increased per capita consumption
- Demand for differentiated and innovative products
- Strong brands gain market share

Market size by region 2012



Consumer behavior

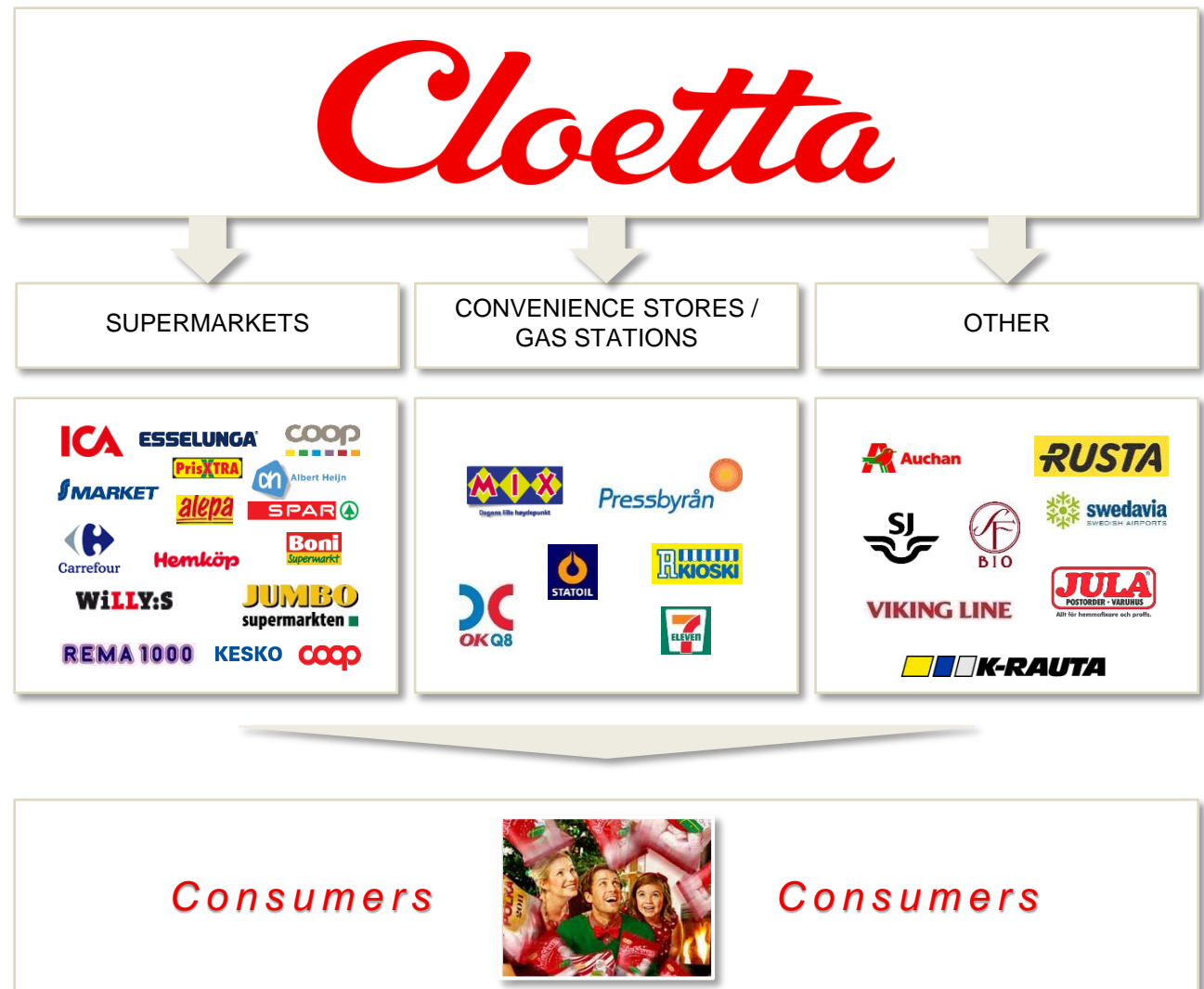
- Purchases highly impulse driven
- High brand loyalty
- Availability is an important factor for impulse driven purchases
- Appreciation of innovation - taste, quality and novelties is important

Source: Datamonitor. Note: 1) Includes Sweden, Finland, Norway, Denmark, Italy and Netherlands

4

Best in class route to market

- Customer relations
 - Large and efficient sales organisation in place on all main markets
 - 80% of total sales generated from markets with own sales force
- Execution
 - Ensure that negotiated listing and distribution agreements are followed
 - Ensure good visibility on shelves and checkout lines
 - Implement campaigns efficiently
- Distribution
 - Presence in many categories and channels
 - Complete product portfolio creates economies of scale



Focus on margin expansion

Cost effectiveness focus areas

Cost synergies and restructuring

- Supply chain restructuring – expected savings of approx. SEK 100m on EBITDA-level p.a.
 - Gradual effect in 2013 and full effect from H2 2014
 - Implementation began June 2012
 - Total implementation cost of approx. SEK 320-370m
- Cost synergies from merger – at least SEK 110m on EBITDA-level p.a.
 - Merger effects in excess of SEK 65m p.a. to be achieved within 2 years of closing of the transaction
 - Supply chain restructuring program within LEAF expected to yield another SEK 45m in annual cost savings as of Q1 2012
 - Total implementation cost of approx. SEK 80m
- Procurement
- Process – improve internal processes and systems
- Insourcing / all technologies in-house

Knowledge and revenue transfer

- Consumer understanding
- Customer management
- Geographic transfer of concepts/ideas
- R&D
- IT support






Progress – synergy and restructuring program

Synergies from the merger

-  Restructuring in the commercial organisation (including reduction of ~50 employees)
-  IT-integration and systems
-  Distribution agreements in Finland, Denmark and Norway cancelled and fully taken over
-  In-sourcing of third party production
-  Efficiency measures within administration
-  Procurement synergies – joint contracts signed
-  Update corporate processes
-  Finalise move of production from Slagelse, Denmark to Levice, Slovakia

Restructuring program

-  Gävle: Products transferred from Gävle, completed early 2014. Agreement on conditions
-  Aura: Production terminated, products transferred, property and equipment sold
-  Alingsås: Production terminated, products transferred and equipment sold
-  Levice: Matching/equipment installation/ ramp-up/full production, full production 2014
-  Ljungsbro: Matching/equipment installation/ ramp-up/full production, full production 2014
-  New centralised Scandinavian warehouse structure in place

 Completed
  Ongoing (on plan)
  Behind plan

Integration process essentially completed and factory restructurings proceed according to plan

6

Clear strategy to deliver growth

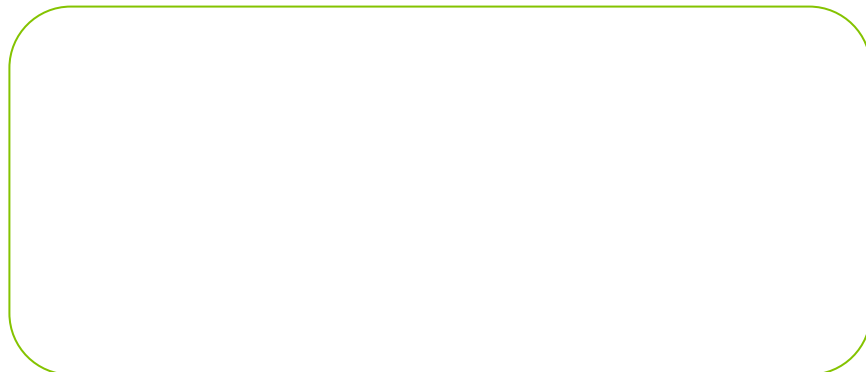
Brand extension and seasonal variation



Enter adjacent and new categories



Fill white spots



Role out products geographically

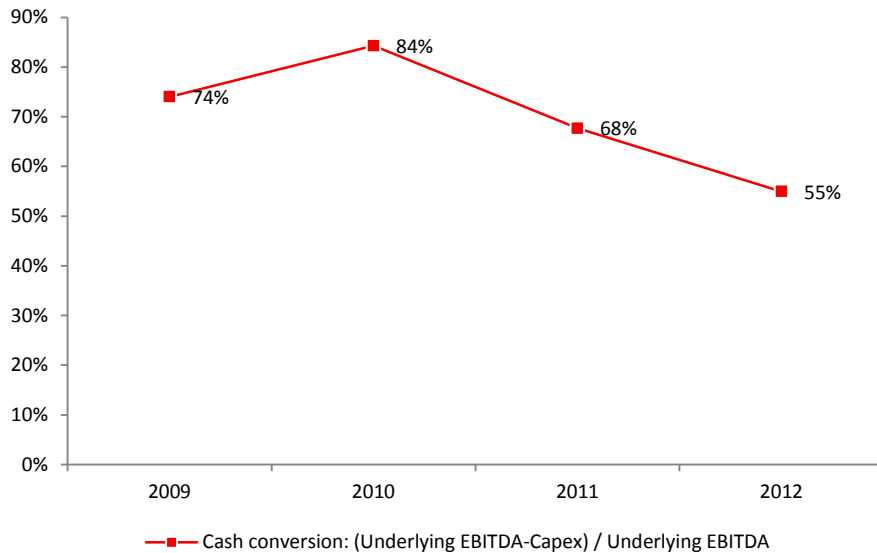


Cloetta

7

Attractive cash conversion

Cash conversion development



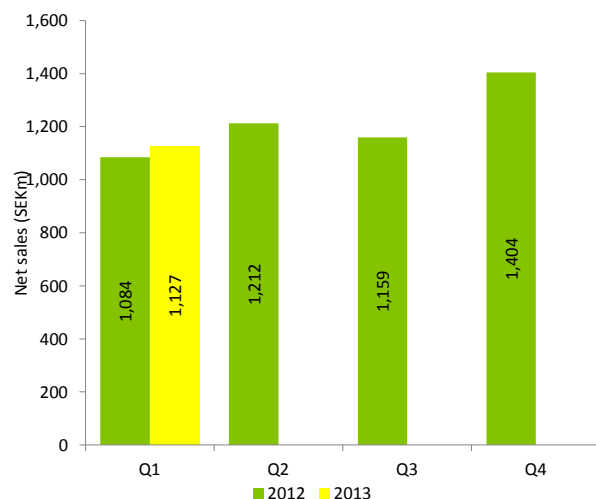
Temporarily decreased levels

- Historically strong cash flow generation from the underlying business
- Cash flow generation temporarily decreased during 2011 and 2012 due to increased CapEx in connection with the restructuring program

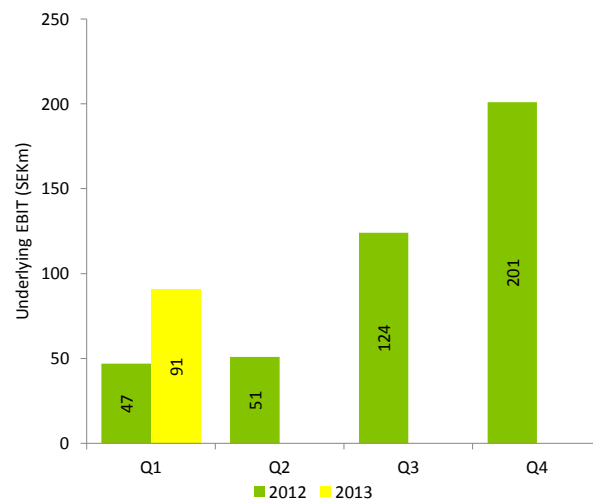
Note: 2009 and 2010 represent combined figures for Cloetta and Leaf. LEAF 2009-2010 exchanged at SEK/EUR 9.0. Cloetta 2009 refers to the period September 1, 2008 to August 31, 2009. For 2011 the combined figures for Cloetta and Leaf have been adjusted in order to be comparable with the numbers for Cloetta in 2012

Financial development and targets

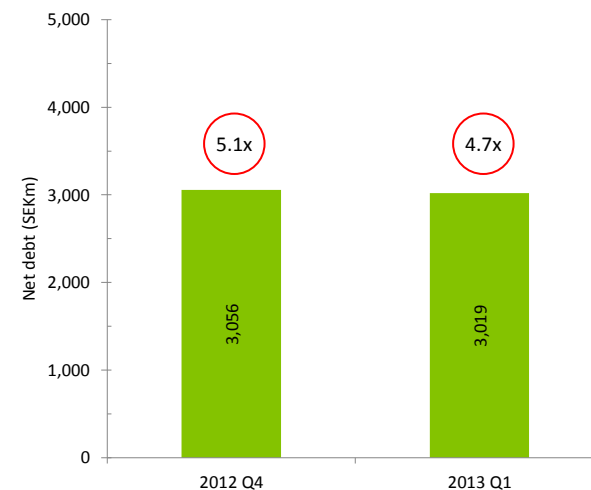
Quarterly net sales



Quarterly underlying EBIT¹⁾



Financial leverage



x Net debt / Underlying EBITDA LTM

- Target organic sales growth: At least in line with market growth long term
 - Historical aggregate value growth of approx. 2% in Cloetta's markets

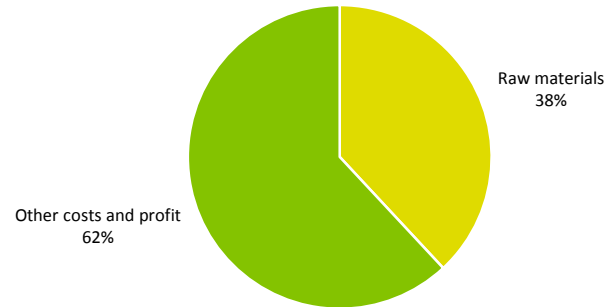
- Target EBIT margin: At least 14%
- Cost synergies, growth and focus on profitability

- Target long-term net debt/EBITDA of around 2.5x
- Objective to reach target in three years
- Payout ratio 40-60% of net income over time when financial target is reached

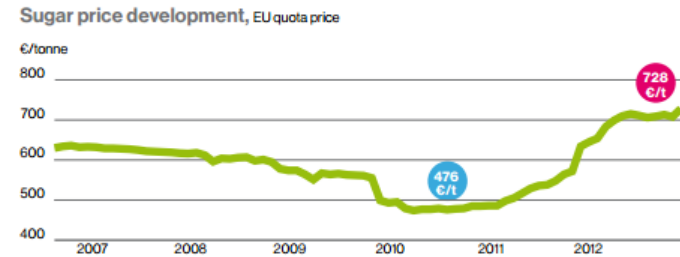
¹⁾ Underlying EBIT based on constant exchange rates and the current company structure (excluding distribution business in Belgium and third-party distribution agreement in Italy) and excluding items affecting comparability

Cost structure

Raw materials' share of net sales 2012¹⁾

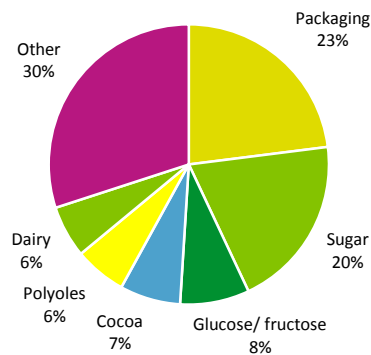


Sugar price development²⁾

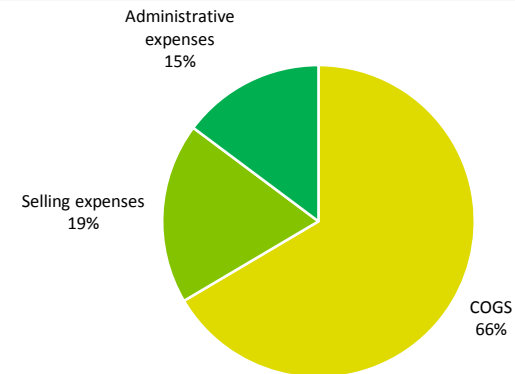


- The company purchases sugar in relation to the EU sugar price 6–9 months in advance
- No signs of relief in raw material/sugar costs

Raw material split 2012



Total cost split 2012



Note: 1) Raw materials and consumables used, including change in inventory of finished goods and work in progress, as well as third party products. 2) Source: European Commission

Cloetta towards the future

PURPOSE / MISSION

To bring a smile to your
Munchy Moments

Cloetta

We do not serve the main meals



Cloetta

Munchy Moments is our territory!



Cloetta

Q1 update

Cloetta

Q1 highlights

Significantly improved underlying profitability

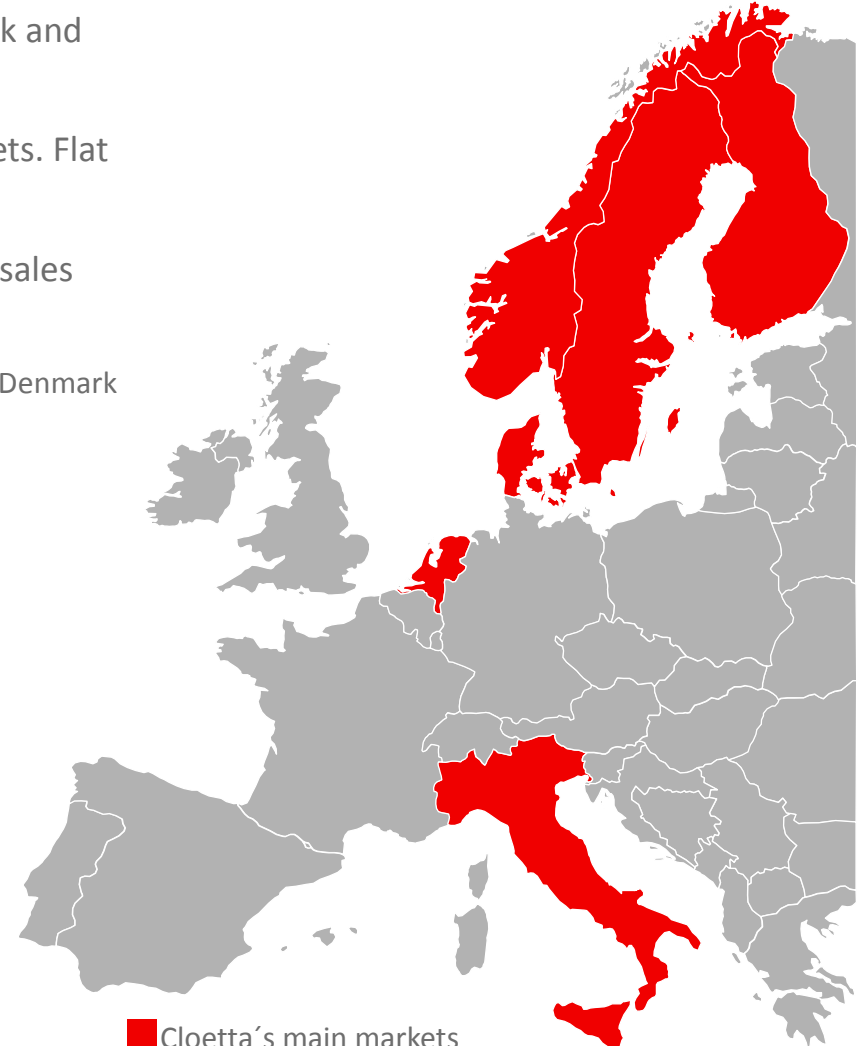
- Underlying EBIT of SEK 91m (47)
- Underlying margin of 8.1 per cent (4.1)
- Continued weak conditions on most markets
 - Net sales of SEK 1,127m (1,084)
 - Underlying net sales down by 3.3 per cent
- Amortised debt with SEK 90m
- Price increases - gradual effect in 2013
- Integration process essentially completed
- Factory restructurings proceeding according to plan
 - Alingsås and Aura closed and sold
 - Warehousing operations in Scandinavia completed



Overall sales and market development

Continued weak markets

- In general continued weak markets, particularly in Italy, Denmark and the Netherlands
- Sales grew in Sweden, the Netherlands and outside home markets. Flat development in Finland and Germany
- Italy and Denmark accounted for most of the Group's decline in sales
 - Financial crisis continues in Italy
 - Sugar tax and unresolved contract negotiations impacted sales in Denmark
- Contract manufacturing will decrease
- Raw material prices remain high



Q1 net sales and EBIT

SEKm	Jan-Mar 2013	Margin %	Jan-Mar 2012	Margin %
Net sales	1,127		1,084	
Operating profit (EBIT)	58	5.2	6	0.5
Underlying EBIT ¹⁾	91	8.1	47	4.1
Profit for the period	36		-119	

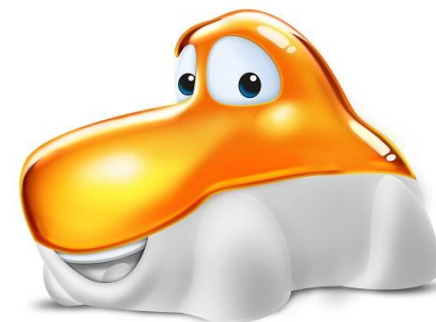
Note: 1) Adjusted for items affecting comparability related to the restructuring and integration

Changes in net sales, %	Jan-Mar 2013
Total	4.0
Changes in exchange rates	-2.3
Structural changes	9.6
Organic growth	-3.3




Q1 cash flow


SEKm	Jan-Mar 2013	Jan-Mar 2012
Cash flow from operating activities before changes in working capital	20	-45
Cash flow from changes in working capital	-36	10
Cash flow from operating activities	-16	-35
Cash flows from investments in property, plant and equipment and intangible assets	-54	-43
Other cash flow from investing activities	31	118
Cash flow from investing activities	-23	75
Cash flow from operating and investing activities	-39	40




In focus



Macro economic
development and
impact on market
development



Restructuring
process



New vision, mission
and values

Cloetta



Q1 selection of product launches



Sweden

Ahlgrens bilar Fruktkombi
Läkerol throat lozenges
TOY Sweetmint



Netherlands

Sportlife Frozn Arcticmint
Sportlife Mints
Red Band Crazy Mix
Red Band Happy Mix



Italy

Dietorelle
Saila Xtreme



Finland

TV Mix Special Edition
TV Mix POP
Polly Rocks



Norway

Läkerol Dark Humor



Denmark

Malaco Solstrejf

Cloetta

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