

16 November, 2012

Cloetta

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.S. and MBA, University of California at Berkeley

Danko Maras



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

Jacob Broberg

SVP Corporate
Communications &
Investor relations

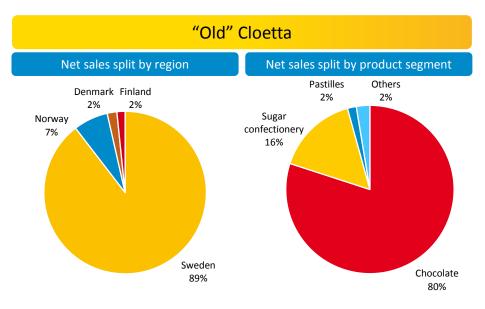


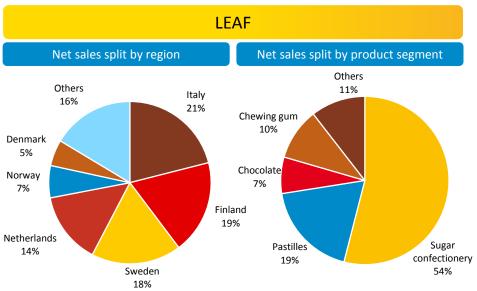
- Joined LEAF as SVP Corporate Communications in 2010
- Previously held various senior management positions, including VP Corporate Communications in TeliaSonera, V&S and Electrolux
- B.A. in Political Science and Economics, University of Lund

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Highly complementary merger







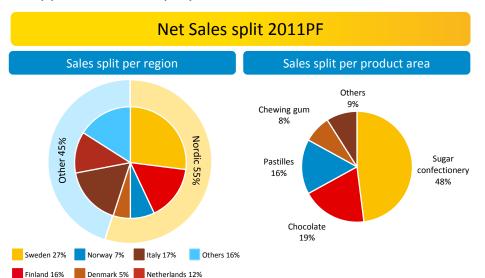


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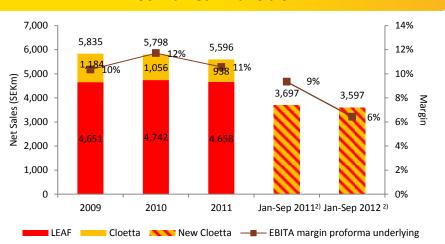
Creating the leading Nordic confectionery player

- Leading market positions in key markets and complete product offering
- Leading route to market capabilities
- A strong portfolio of iconic local brands
- Top 10 brands account for about 60% of proforma net sales
- 80% of total sales generated from own sales force
- Approx. 2,600 employees





Combined financials¹⁾



Note: 1) LEAF 2009-2010 exchanged at SEK/EUR 9.0, LEAF 2011 exchanged at SEK/EUR 9.0228, LEAF Jan-Sep 2011 exchanged at SEK/EUR 9.0088., Cloetta 2009 refers to the period September 1, 2008 to August 31, 2009. 2) Underlying net sales

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1. Key investment attractions



Key investment attractions

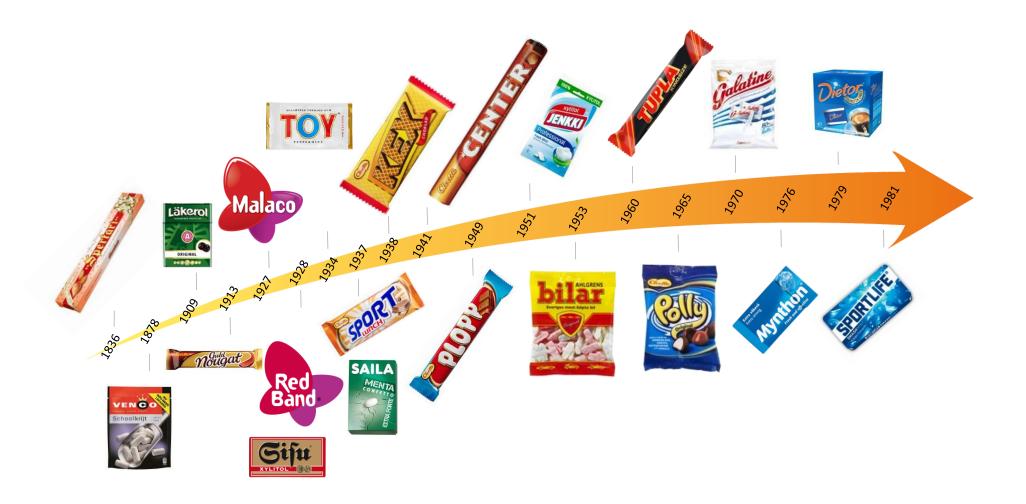
Strong iconic brands Solid market position Attractive non-cyclical market with stable growth Cloetta Clear strategy to deliver growth 4 Focus on margin expansion 5 Best in class route to market 6 Attractive cash flow generation



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1

Strong iconic brands





2

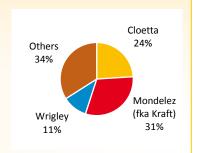
Solid market positions

Sweden¹⁾

Population (million) 9.4

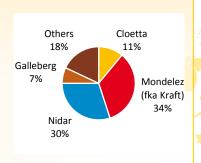
Market size (EUR million) 1,500

Market position #2



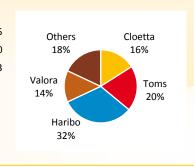
Norway¹⁾

Population (million) 4.9
Market size (EUR million) 800
Market position #3



Denmark²⁾

Population (million) 5.5 Market size (EUR million) 1,000 Market position #3

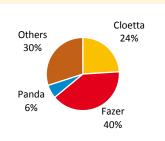


Finland¹⁾

Population (million) 5.4

Market size (EUR million) 900

Market position #2

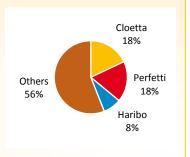


Netherlands³⁾

Population (million) 16.6

Market size (EUR million) 1,500

Market position #1

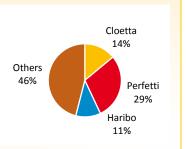


Italy²⁾

Population (million) 60.7

Market size (EUR million) 3,200

Market position #2



Source: Datamonitor, Nielsen, Delfi, Management estimates. Note: 1) Confectionary market, 2) Sugar confectionary only, 3) Confectionary excluding chocolate. All numbers for market sizes represent entire confectionary market

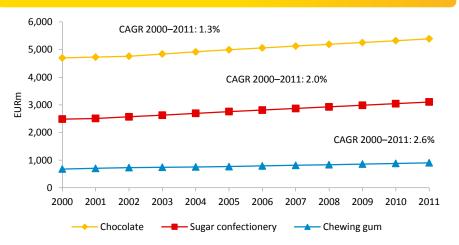
Cloetta's main markets



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Attractive non-cyclical market with stable growth

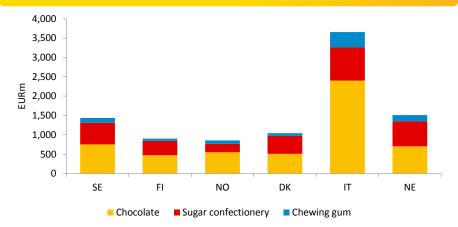
Market development in Cloetta's main markets¹⁾



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 2011



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

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



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Clear strategy to deliver growth

Brand extension and seasonal variation



Enter adjacent and new categories



- Strong local heritage brands
- Strong route to market
- Drive category development
- Brand extensions and cross border initiatives
- Fill white spots
- Strategic price management
- Selective M&A







Focus on margin expansion

Cost effectiveness focus areas

Cost synergies

- Supply chain restructuring
- Cost synergies from merger
- Procurement
- Process
- All technologies in-house

Knowledge and revenue transfer

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







Best in class route to market

Sales force

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







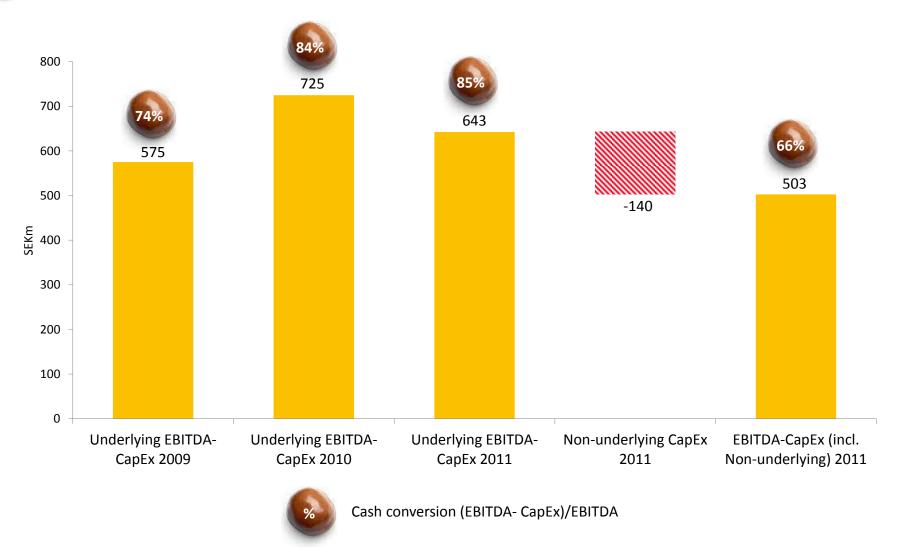


Consumers





Attractive cash flow generation



Note: Combined figures. LEAF 2009-2010 exchanged at SEK/EUR 9.0, LEAF 2011 exchanged at SEK/EUR 9.0228. Cloetta 2009 refers to the period September 1, 2008 to August 31, 2009.

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2. Update on the ongoing restructuring and synergy program



Progress – synergy and restructuring program

Synergies from the merger

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



Communicated

- Synergies from the merger totals at least SEK 110m on EBITDAlevel and comprises:
 - Merger effects in excess of SEK 65m annually to be achieved within two years of closing of the Transaction
 - Supply chain restructuring program within LEAF that is expected to yield another SEK 45m in annual cost savings as of Q1 2012
 - Total implementation cost of approx. SEK 80m

Status

SEK 45m restructuring program (Slagelse) COMPLETED

Synergy program of SEK 65m annually

 \checkmark

Timing of implementation



Cost of implementation





Progress – synergy and restructuring program

Restructuring program

- Products transferred from Gävle, completed early 2014
- Products transferred from Aura, completed early 2013
- Alingsås: Production terminated, products transferred and equipment sold
- Levice: Matching/equipment installation/ ramp-up/full production, full production 2014
- Ljungsbro: Matching/equipment installation/ rampup/full production, full production 2014
- New Scandinavian warehouse structure in place, first half 2013

Completed Ongoing (on plan) Behind plan

Communicated

- The restructuring program is expected to result in annual savings of approx. SEK 100m on EBITDA-level
 - The savings from the production relocations will have a gradual effect in 2013 and full effect from sometime during the second half of 2014
 - Implementation began June 2012
 - Total implementation cost of approx. SEK 320-370m

Status

Synergy restructuring program of SEK 100m



Timing of implementation



Cost of implementation







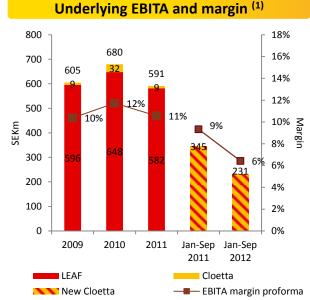
3. Financials

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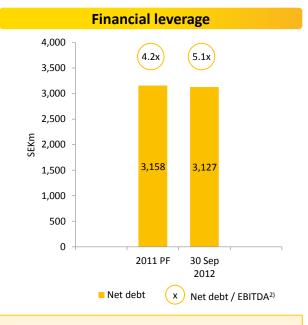
Financial track record and targets



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



- EBITA margin: At least 14% (underlying)
- Cost synergies, growth and focus on profitability
- EBITA margin 2011PF (underlying) of 10.6%

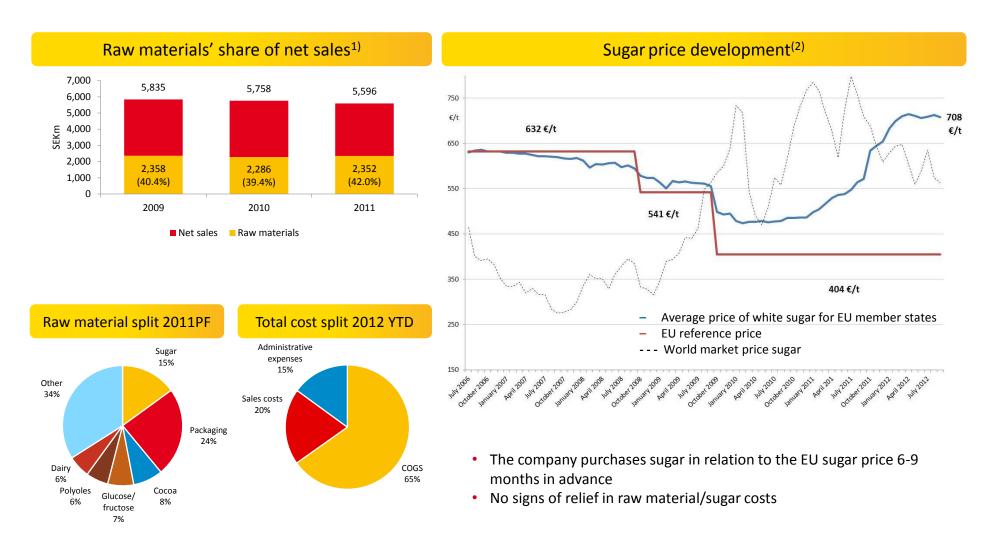


- Long-term net debt/EBITDA of around 2.5x
 - Higher initial gearing
 - Objective to reach target in 3 years
- Payout ratio 40-60% of net income over time when financial target is reached

Note: 1) LEAF 2009-2010 exchanged at SEK/EUR 9.0, LEAF 2011 exchanged at SEK/EUR 9.0228, LEAF Jan-Sep 2011 exchanged at SEK/EUR 9.0088. Cloetta 2009 refers to the period September 1, 2008 to August 31, 2009. 2) Based on EBITDA LTM

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Cost structure

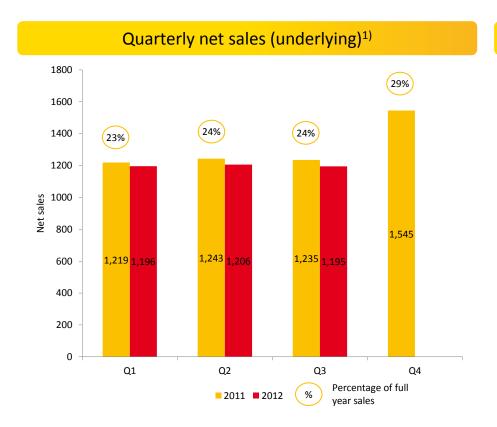


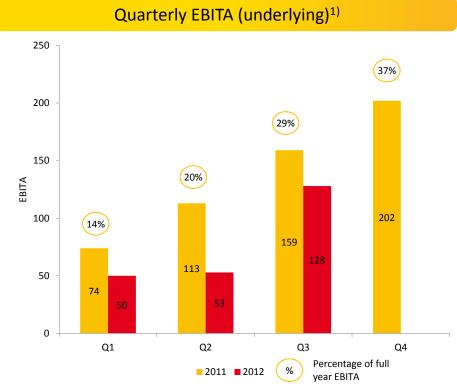
Note: 1) Combined figures. LEAF 2009-2010 exchanged at SEK/EUR 9.0, LEAF 2011 exchanged at SEK/EUR 9.0228. Cloetta 2009 refers to the period September 1, 2008 to August 31, 2009. Raw materials and consumables used, including change in inventory of finished goods and work in progress, as well as third party products. 2) Source: European Commission, November 2012

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Seasonality

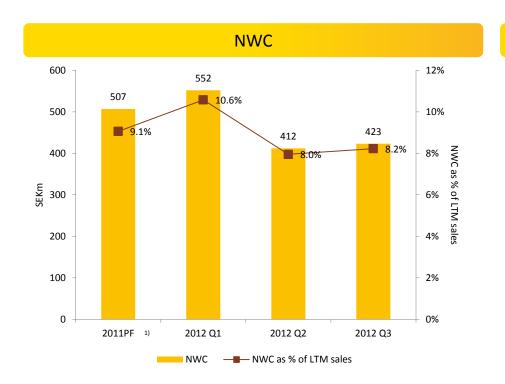


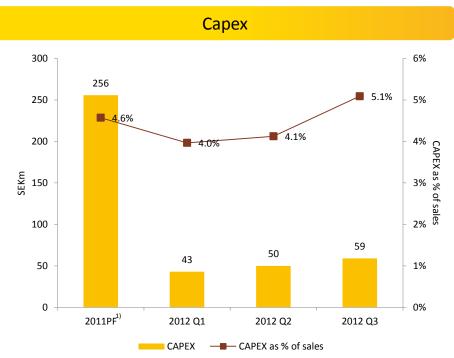


Note: 1) Based on constant exchange rates and the current group structure (excluding the distribution business in Belgium and a third-party distribution agreement in Italy) and excluding items affecting comparability.



NWC & Capex





Note: NWC defined as inventories plus current receivables less current liabilities, 1) LTM sales proforma are not underlying, all other sales are underlying





4. Q3 update



Q3 highlights – on track in a challenging market

- Continued weak macro economic development on many of Cloetta's markets
 - Net sales of SEK 1,159m (1,124)
 - Underlying net sales down by 3.2 per cent
- EBITA of SEK 92m
- Underlying EBITA of SEK 128m, down by 19.6%
- Price increases implemented
- Investment in the market to defend market shares affected underlying EBITA
- Factory restructurings proceeding according to plan temporary inefficiencies as large proportion of products is transferred
- Integration process on plan staff reductions in Sweden during the quarter



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Overall development

Continued soft markets

In general continued soft markets

No signs of relief in raw material/sugar costs

 Italy under continued pressure due to financial crisis – new legislation with new payment terms

Challenging market in Norway

 Positive development in Sweden, Finland, UK and outside core markets





Q3 net sales and EBITA

SEKm	Reported			
	Jul-Sept 2012		change, %	
Net sales	1,159	1,124	3.1	
EBITA	92	133	-31.1	

Underlying					
Jul-Sept 2012	Jul-Sept 2011	change, % Fu	ıll year 2011		
1,195	1,235	-3.2	5,242		
128	159	-19.6	548		















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Underlying EBITA







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Q3 items affecting comparability

SEKm	Jul-Sept 2012	Jan-Sept 2012
EBITA	92	45
Supply chain restructuring	26	94
Integration expenses	6	56
Other items affecting comparability	-1	37
Cloetta prior to merger	-	-9
Exchange rate differences	4	4
Other	1	4
Underlying EBITA	128	231





Q3 cash flow

SEKm	Jul-Sept 2012	Jul-Sept 2011
Operating cash flow before changes in working capital and capex	103	112
Change in working capital	-45	52
Cash flow from operating activities	58	164
Capex and investments in intangibles	-59	-59
Other cash flow from investing activities	-2	-17
Cash from from investing activities	-61	-76
Financing activities	33	-91
Total cash flow for the period	30	-3

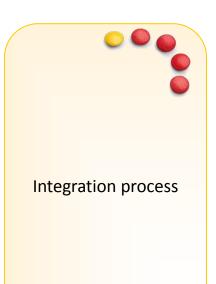


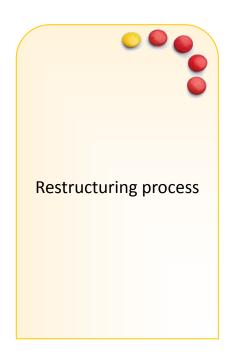


In focus













Q3 selection of key product launches









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