Cloetta

Press release

19 July 2013

President and CEO Bengt Baron comments on the results for the second quarter of 2013

For the third consecutive quarter underlying operating profit (EBIT) increased versus the previous year.

The company's underlying operating profit (EBIT) improved to SEK 109m (49) for the quarter. The improvement is primarily the result of realised synergies from the merger and factory restructurings. The underlying operating margin amounted to 9.6 per cent (4.0) and the gross margin improved to 38.4 per cent (34.1). Cash flow from operating activities was SEK –23m (125). The change mainly comes from a build-up of stocks as part of factory restructurings and the impact of changed payment terms in Italy.

We repaid loans with SEK 90m, which is in line with our plan.

The confectionery market remained relatively weak during the quarter, especially In Italy, Denmark and the Netherlands, but Finland also lost momentum in the quarter in the face of weak economic development with a falling GDP. In most other markets, the confectionery market showed a slight positive trend.

Adjusted for changes in exchange rates sales decreased by 4.1 per cent in the quarter. Sales increased or were relatively stable in the Netherlands, Italy and Germany, but decreased in most other countries. The reasons for the decline in sales vary by market.

Sales in Sweden developed well in general, but decreased overall as we decided not to sell the seasonal foam product "Juliskum". Sales of pick-and-mix candy also declined.

The lower sales in Denmark were primarily caused by unresolved negotiations with a major customer. Also, the shift towards border trade continues. In Norway, sales were temporarily negatively impacted due to a major reorganisation.

In Italy, the sales development was better than it has been for several quarters. This was due to a strong re-launch of the Dietorelle brand. In general, however, market development in Italy remains weak.

The integration process, as stated in our previous quarterly report, has been essentially completed from an operational standpoint. During the second quarter, a contract was signed for the purchase of the externally operated production line, which currently manufactures Tupla, our largest chocolate product in Finland. The production line will be relocated to

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Ljungsbro, Sweden. As announced earlier, overall savings from the integration will gradually be achieved in 2013.

The production restructuring is proceeding according to plan. As reported previously, at the end of 2012 and the beginning of 2013 we closed and relocated production from Alingsås, Sweden, and Aura, Finland. Installation of equipment in Ljungsbro and Levice, Slovakia, in order to take over production from Gävle, Sweden, is in progress. The focus is now gradually shifting to matching (test runs to ensure flavour, consistency and appearance) of the products. The factory in Gävle is scheduled for closure during the first quarter of 2014.

We began to realise synergies from the merger and cost savings from the restructuring in the third quarter, 2012. Thus, comparative quarterly results will include such positive effects going forward on our journey towards an EBIT margin of at least 14 per cent.

During the quarter, we also implemented the Group's new business system in the factory in Levice, Slovakia.

Cloetta has limited financial flexibility with regard to acquisitions, however, we continuously evaluate potential acquisition candidates. In fact, Cloetta made a small acquisition during the quarter when the FTF Sweets Ltd which owns the brand Goody Good Stuff was acquired.

In summary, our strategy remains unchanged and we intend to finalise the merger as well as the ongoing factory restructuring in the next three quarters. As these efforts more and more come to a completion, it will allow us to again focus entirely on driving profitable growth.

The information contained in this press release is such that Cloetta is required to disclose pursuant to the Swedish Financial Instruments Trading Act and/or the Swedish Securities Markets Act. The information was submitted for publication on 19 July 2013 at 11:30 a.m. CET.

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About Cloetta

Cloetta, founded in 1862, is a leading confectionary company in the Nordic region, the Netherlands, and Italy. In total, Cloetta products are sold in more than 50 countries worldwide. Cloetta owns some of the strongest brands on the market, such as Läkerol, Cloetta, Jenkki, Kexchoklad, Malaco, Sportlife, Saila, Red Band and Sperlari. Cloetta has 10 production units in five countries. Cloetta's class B-shares are traded on NASDAQ OMX Stockholm. More information about Cloetta is available on www.cloetta.com