

# *Loetta*

**Q3 2013 results – 14 November 2013**

**Bengt Baron, CEO**

**Danko Maras, CFO**

**Jacob Broberg, SVP IR**

# Q3 highlights

## Sales growth and increased profitability

- Net sales of SEK 1,194m (1,159)
- Underlying EBIT of SEK 160m (124)
- Underlying EBIT margin of 13.3 per cent (10.7)
- Operating profit (EBIT) of SEK 131m (90)
- Issuance of a SEK 1,000m Senior Secured Notes and renegotiated credit facility reducing interest cost and increasing operating flexibility
- Integration process completed
- Factory restructurings proceeding according to plan – factory in Gävle to be closed in Q1, 2014

*Cloetta*



# Overall sales and market development

## Sales growth of 3.0 per cent

- Improved market conditions in most markets
  - Slight growth in Italy
  - Challenging market in Finland
- Cloetta sales grew in most markets
- The Netherlands, Norway and sales outside main markets declined in sales
  - Weak chewing gum market in The Netherlands
  - Discontinuation of a third party brand in Norway



*Cloetta*



■ Cloetta's main markets

# Q3 Net sales and EBIT

SEKm	Jul-Sep 2013	Margin %	Change %	Jul-Sep 2012	Margin %
Net sales	1,194		3.0 <sup>1)</sup>	1,159	
Operating profit (EBIT)	131	11.0	45.6	90	7.5
Underlying EBIT <sup>2)</sup>	160	13.3	29.0	124	10.7
Profit for the period	86		561.5	13	

1) Change in net sales. Organic growth at constant exchange rates and comparable units was 1.4% for the quarter.

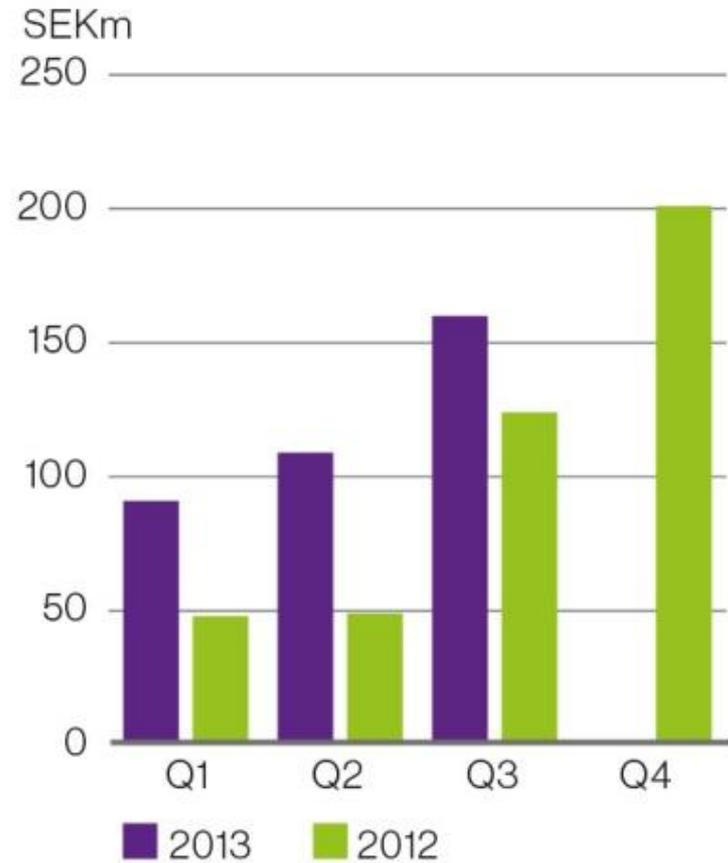
2) Based on constant exchange rates, the current Group structure and excluding items affecting comparability related to restructurings.

Changes in net sales, %	Jul-Sep 2013
<b>Total</b>	<b>3.0%</b>
Changes in exchange rates	1.6%
Structural changes	0.0%
Organic growth	1.4%

*Cloetta*



# Underlying EBIT



*Cloetta*

# Q3 cash flow

SEKm	Jul-Sep 2013	Jul-Sep 2012 <sup>1)</sup>
Cash flow from operating activities before changes in working capital	132	108
Cash flow from changes in working capital	-78	-15
<b>Cash flow from operating activities</b>	<b>54</b>	<b>93</b>
Cash flows from investments in property, plant and equipment and intangible assets	-42	-60
Other cash flow from investing activities	3	-
<b>Cash flow from investing activities</b>	<b>-39</b>	<b>-60</b>
<b>Cash flow from operating and investing activities</b>	<b>15</b>	<b>33</b>

<sup>1</sup> The cash flow statements for Q1, Q2 and Q3 2012 have been restated after the final purchase price allocation.

*Cloetta*



# Refinancing will strengthen the Group

## Reduces interest cost and increases operational flexibility

- Renegotiated bank loan
  - Reduced cost of borrowing
  - Improved operating flexibility
  - Enables distribution of dividends at Net Debt/EBITDA ratio of 4.0 or lower
  - Extended maturity profile – SEK 1.000m proceeds from Senior Secured Notes used to refinance bank loans
- Financial targets remain unchanged
  - Net Debt/EBITDA ratio of 2.5
  - Dividend payout of 40-60 per cent of profit after tax



*Cloetta*

# Refinancing will strengthen the Group

**Reduces interest cost and increases operational flexibility con't**

- Issuance of SEK 1,000m Senior Secured Notes
  - Net proceeds from bond used to refinance existing debt
  - Innovative and cost efficient transaction
  - Diversification of funding sources
  - Increased future funding flexibility



*Cloetta*

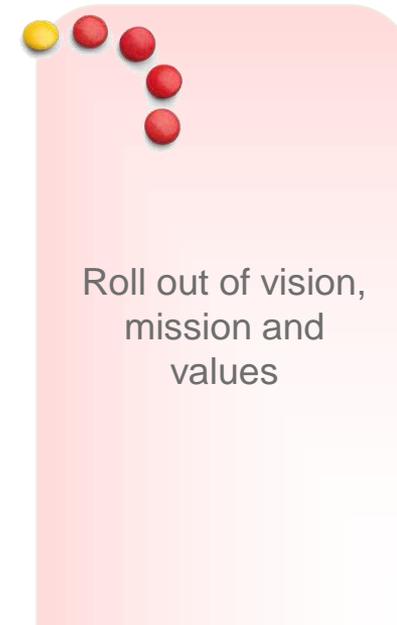
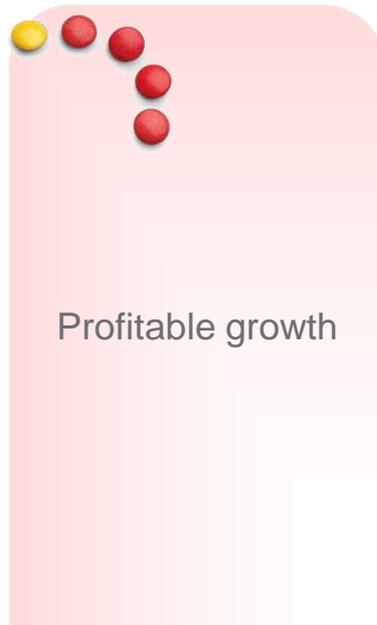
# Synergy and factory restructuring program

## Progress

- Integration process completed
  - Only finalizing of Tupla insourcing remains
- Factory restructurings proceeding according to plan
  - Matching of products from the factory in Gävle essentially completed in Levice and Ljungsbro
  - Test run of matched products ongoing
  - Factory in Gävle to be closed Q1, 2014
  - Savings will be fully realized towards the end of 2014



# In focus



*Cloetta*



# Q3 selection of product launches

## NETHERLANDS



King relaunch with different textures

## SWEDEN



Polly bilar, Malaco Sötnos, Malaco Bomber, Läkerol Hals Honey

## DENMARK



Läkerol Crystal Salmiak  
Kick Sea Salt

## FINLAND



Hopea Toffee  
Mynthon Peppermint  
Center Salmiak

## NORWAY



Malaco Bomber, Kick Sea Salt, Läkerol Xtreme Green Booster, Läkerol Xtreme Red Booster

## ITALY



Chewits fruit flavour gums  
Sperlari Granperle white chocolate  
Sperlari Nougat Chocolate chunk

*Cloetta*

**Q&A**

*Cloetta*

# Disclaimer

- This presentation has been prepared by Cloetta AB (publ) (the “Company”) solely for use at this presentation and is furnished to you solely for your information and may not be reproduced or redistributed, in whole or in part, to any other person. The presentation does not constitute an invitation or offer to acquire, purchase or subscribe for securities. By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations.
- This presentation is not for presentation or transmission into the United States or to any U.S. person, as that term is defined under Regulation S promulgated under the Securities Act of 1933, as amended.
- This presentation contains various forward-looking statements that reflect management’s current views with respect to future events and financial and operational performance. The words “believe,” “expect,” “anticipate,” “intend,” “may,” “plan,” “estimate,” “should,” “could,” “aim,” “target,” “might,” or, in each case, their negative, or similar expressions identify certain of these forward-looking statements. Others can be identified from the context in which the statements are made. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Company’s control and may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. These risks include but are not limited to the Company’s ability to operate profitably, maintain its competitive position, to promote and improve its reputation and the awareness of the brands in its portfolio, to successfully operate its growth strategy and the impact of changes in pricing policies, political and regulatory developments in the markets in which the Company operates, and other risks.
- The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.
- No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein. Accordingly, none of the Company, or any of its principal shareholders or subsidiary undertakings or any of such person’s officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.