

Clacetta

Roadshow presentation

November 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

The new Cloetta was formed in 2012

- The merger of Cloetta and LEAF was highly complementary in combination creating a Nordic leader with full range of confectionery products
 - Cloetta's strength in the chocolate segment
 - LEAF's leading operations within the sugar confectionery segments
- The integration process is completed
- The restructuring program proceeds according to plan
- New Cloetta has a strong portfolio of iconic, local and long-established brands and has grown to become significantly larger (5x) than old Cloetta
 - Leading position and strong route to market in all Nordic countries, The Netherlands and Italy
- New financing structure in place
 - Renegotiated bank facilities in August 2013
 - Five year SEK 1,000m bond issue in September 2013
- Solid platform to capitalise on growth opportunities ahead
 - Acquisitions are a part of the Company's growth strategy



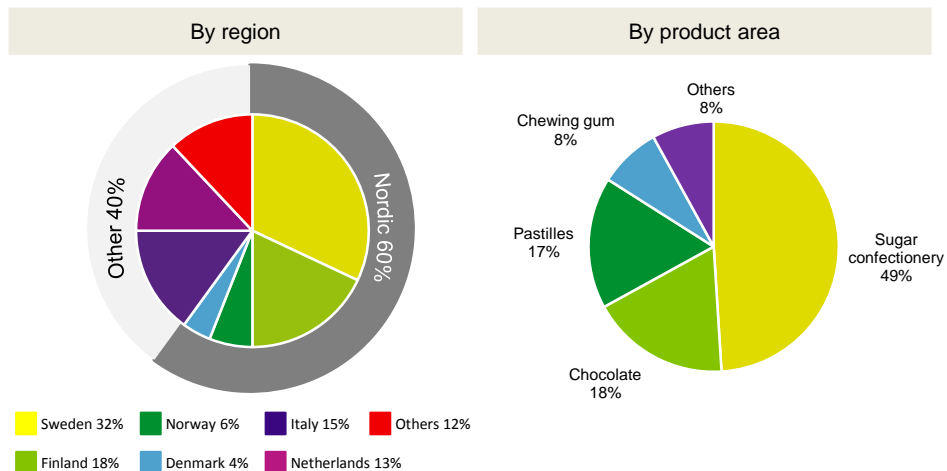
Cloetta – the leading Nordic confectionery player

- 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 in 2012

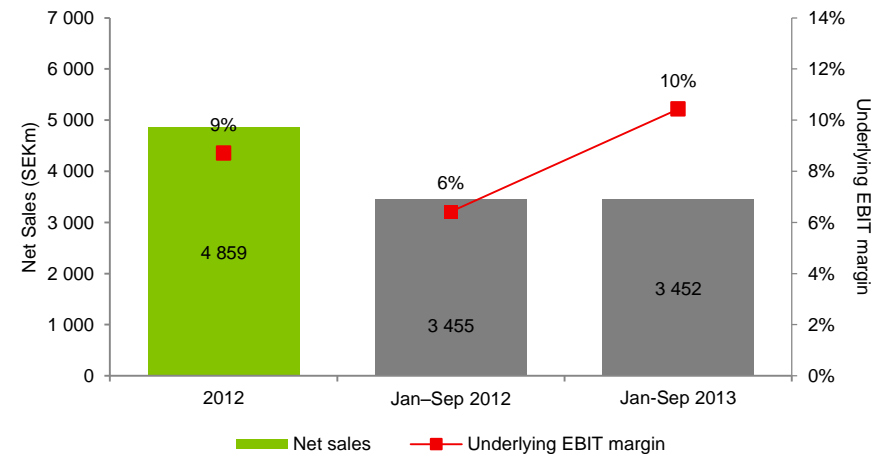
Complete offering



Net Sales split 2012



Sales and underlying EBIT margin¹⁾



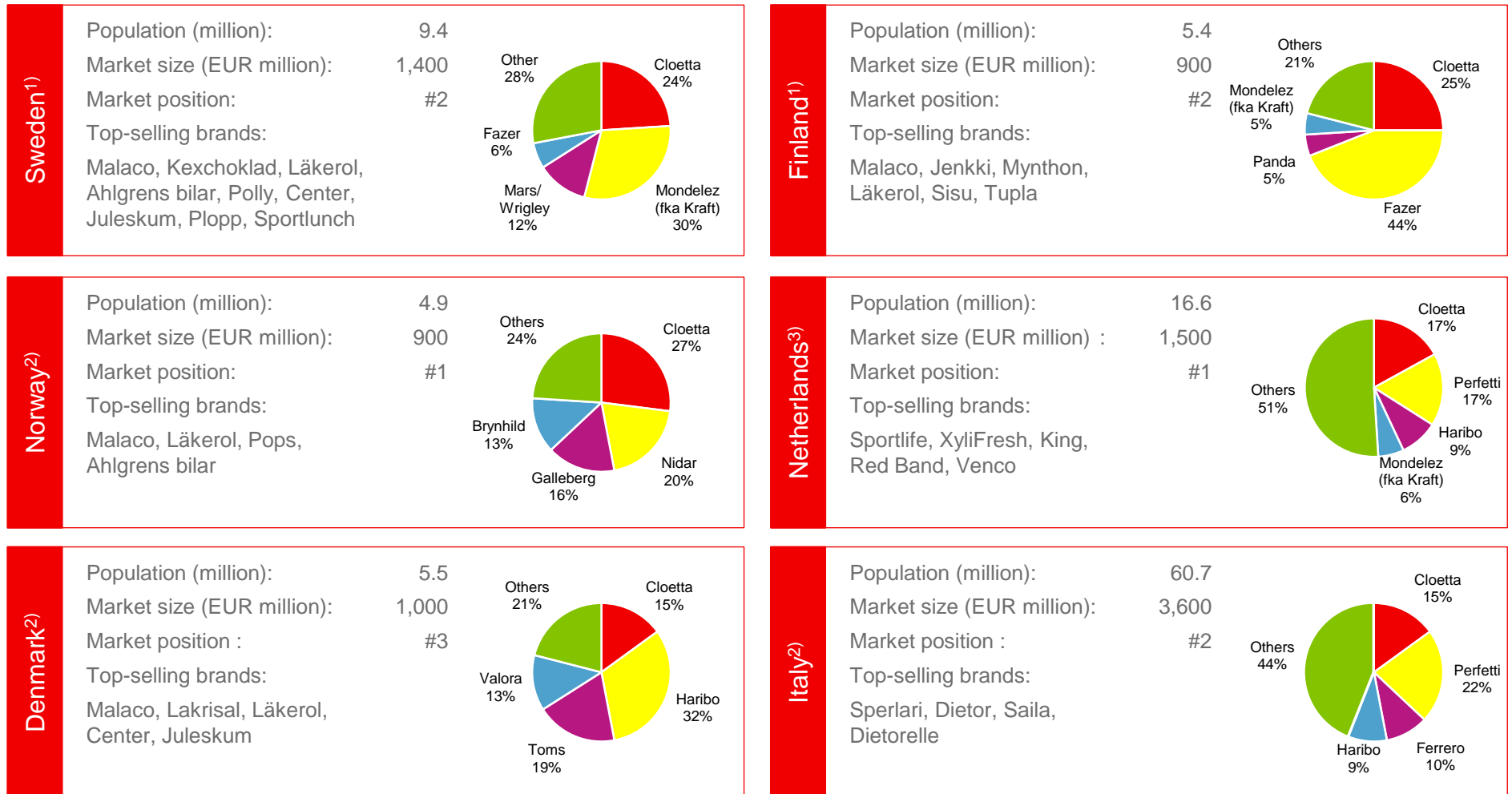
¹⁾ Underlying EBIT based on constant exchange rates and the current company structure (excluding distribution business in Belgium and third-party distribution agreement in Italy) and excluding items affecting comparability

Cloetta

Iconic brands



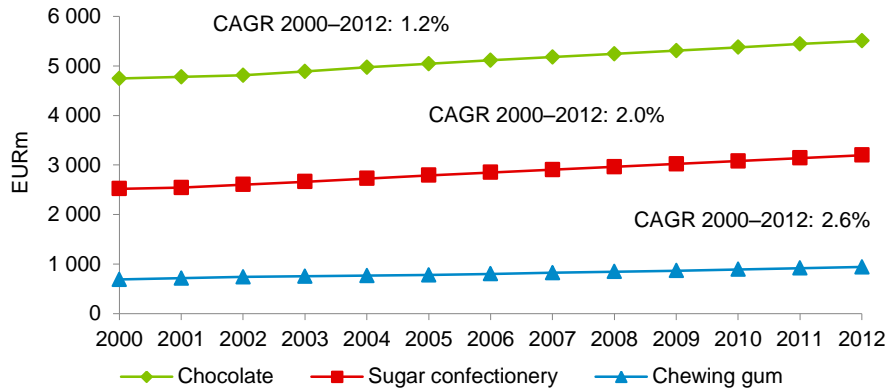
Solid positions in key markets



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)

Attractive non-cyclical market

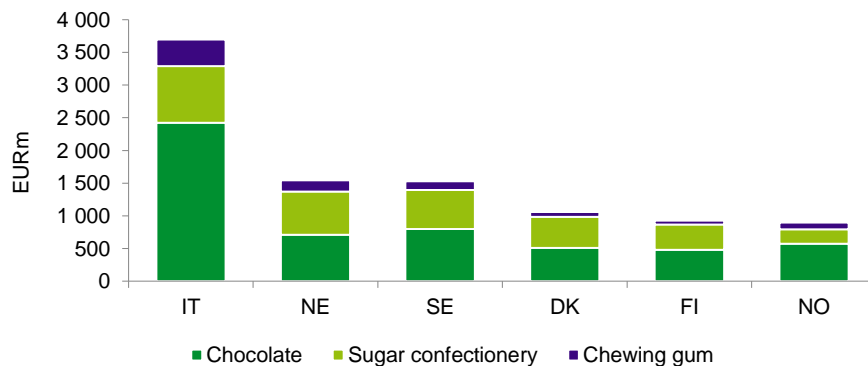
Market development in Cloetta's main markets¹⁾



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

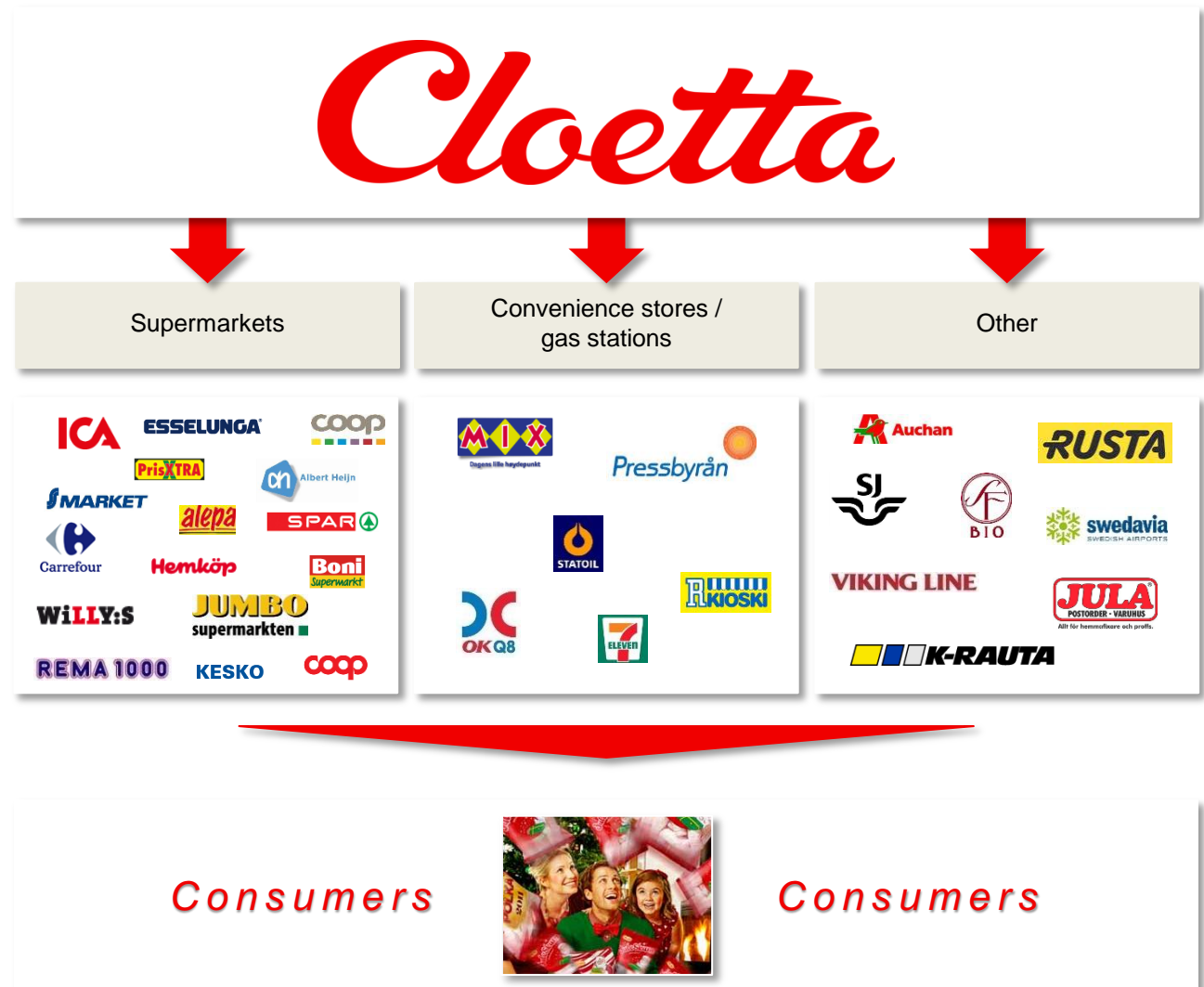
Source: Datamonitor.

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

Cloetta

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



2012–2013: Focus on margin expansion

Cost effectiveness focus areas

- Supply chain restructuring – expected savings of approx. SEK 100m on EBITDA-level p.a.
 - Gradual effect in 2013 and full effect from towards the end of 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.
 - Majority of merger effects and supply chain restructuring program within LEAF achieved as of today
 - Total implementation cost of approx. SEK 80m
- Procurement
- Process – improve internal processes and systems
- Insourcing / all technologies in-house



Synergy and restructuring program

Status

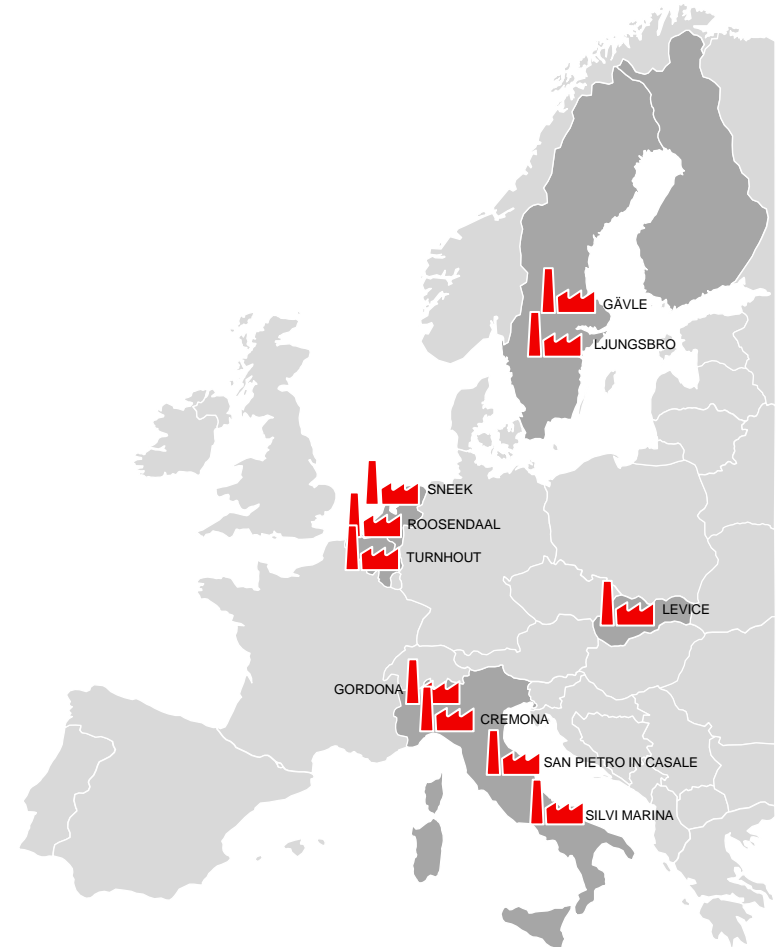
Integration process completed

- Only finalising 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 during Q1, 2014
- Savings will be fully realised towards the end of 2014



Clear strategy to deliver profitable growth

Every day great execution

- Broaden distribution
- Promotion planning and execution
- Advertising campaigns
- Seasonal products
- Packaging updates and upgrades

Strategic initiatives

- Sizing and pricing
- Brand extensions
- Fill white spots
- Enter new categories with existing brands
- Geographical roll-out
- Brand re-launch
- Innovations

New territory

- Acquisitions
- New geographies



Asset-light growth with low risk combined with potential upside from acquisitions

Clear strategy to deliver profitable growth cont'd

Examples of initiatives



Launch of Viva Licorice – Dutch products in Malaco bags



Sportlife Mint – Chewing gum brand stretches into pastilles



Re-launch of Dietorelle – new products, new packaging and heavy marketing investment



Launch of Polly bilar



Launch of Chewits in Italy – Cloetta's UK candy



Acquisition of Goody Good Stuff



Tupla minibites – Tupla chocolate bar stretches into minibites and biscuits



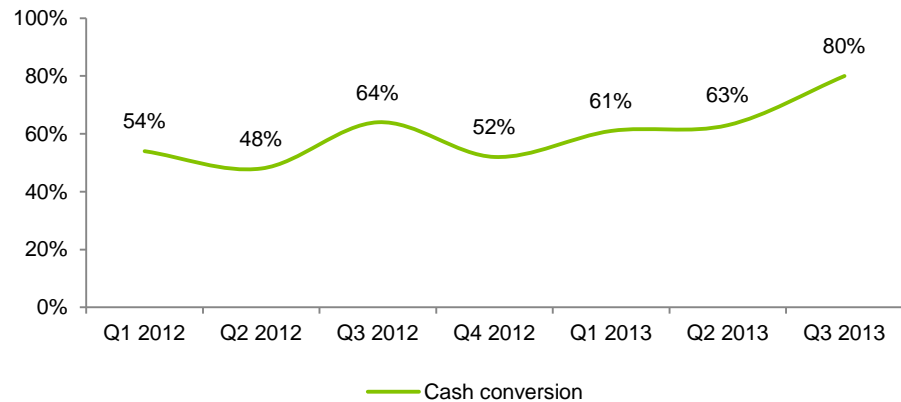
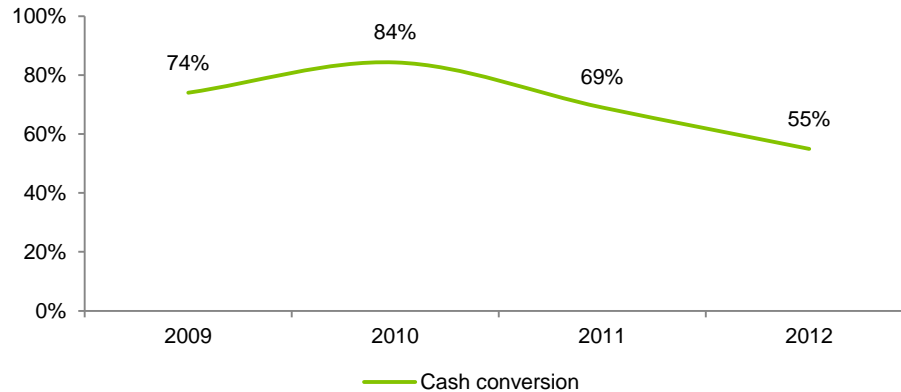
Sisu chewing gum – pastille stretches into gum in a unique packaging format



Hopea Toffee – Old brand is re-launched

Attractive cash conversion

Cash conversion¹⁾ development



Temporarily decreased levels

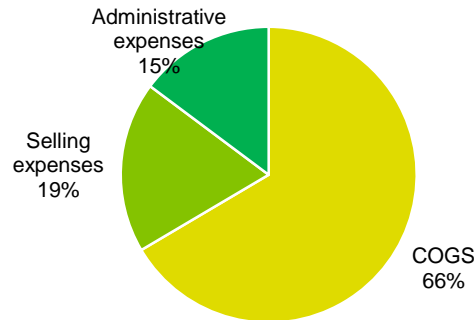
- Historically strong cash flow generation from the underlying business
- Cash flow generation temporarily decreased during 2011 and 2012 due to increased CapEx in connection with the restructuring program

¹⁾ Cash conversion defined as (Underlying EBITDA less capex)/Underlying EBITDA

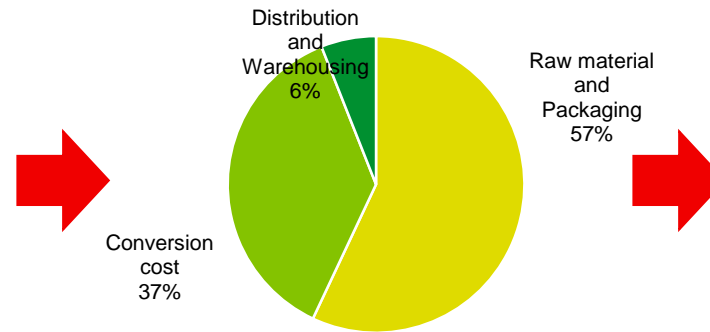
Note: 2009 and 2010 represent combined figures for Cloetta and Leaf. LEAF 2009-2010 exchanged at SEK/EUR 9.0. Cloetta 2009 refers to the period September 1, 2008 to August 31, 2009. For 2011 the combined figures for Cloetta and Leaf have been adjusted in order to be comparable with the numbers for Cloetta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

Cost structure

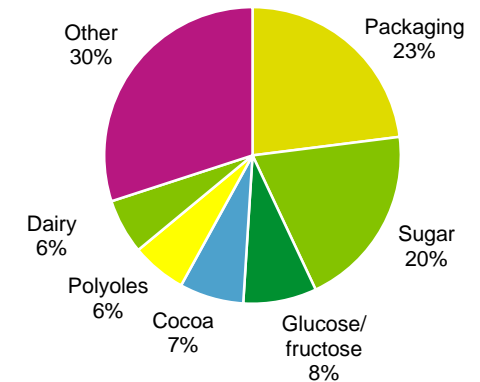
Total cost split 2012



COGS split 2012

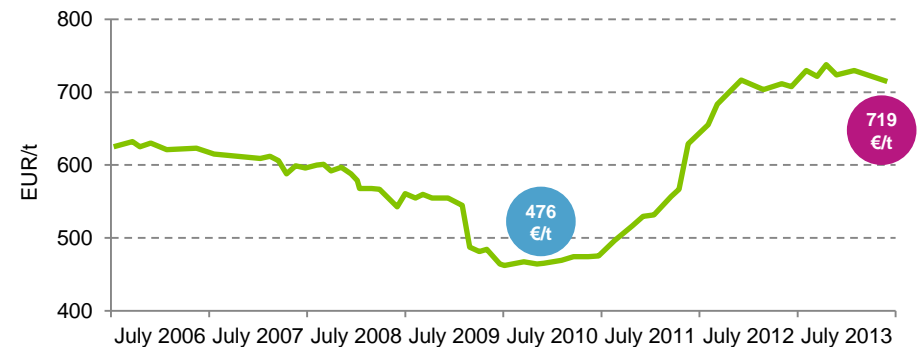


Raw material split 2012



Sugar price development

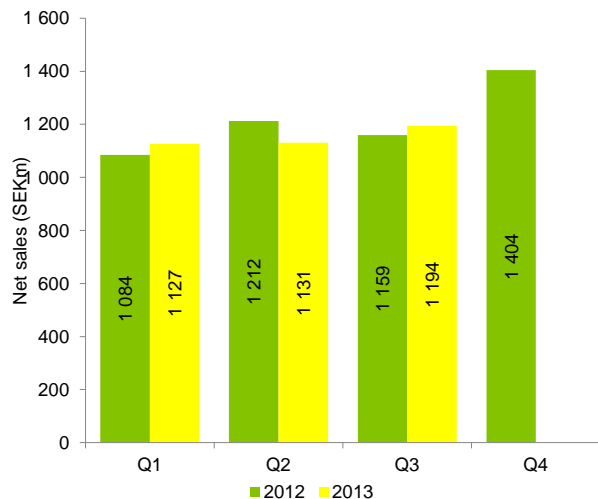
- The company purchases sugar in relation to the EU sugar price 6–9 months in advance



Source: European Commission

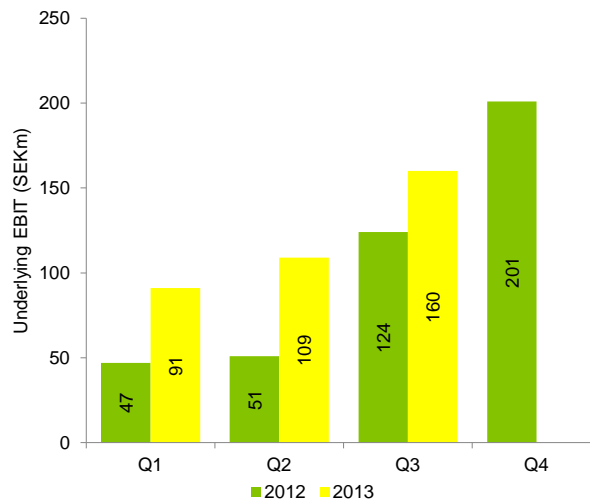
Financial development and targets

Quarterly net sales



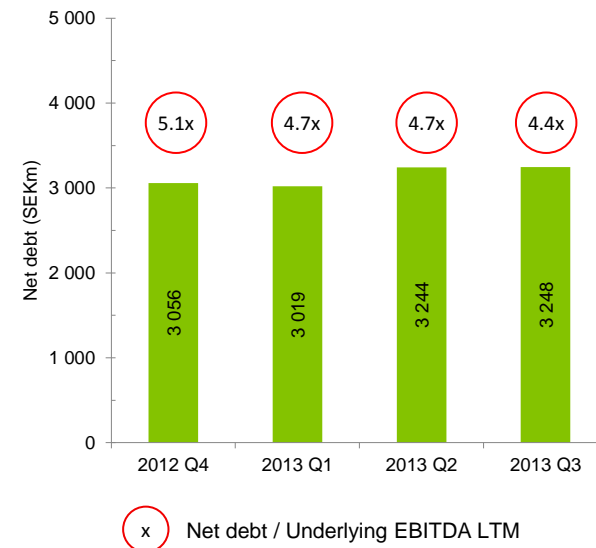
- Target organic sales growth: At least in line with market growth long term
 - Historical aggregate value growth of approx. 2% in Cloetta's markets

Quarterly underlying EBIT¹⁾



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

Financial leverage

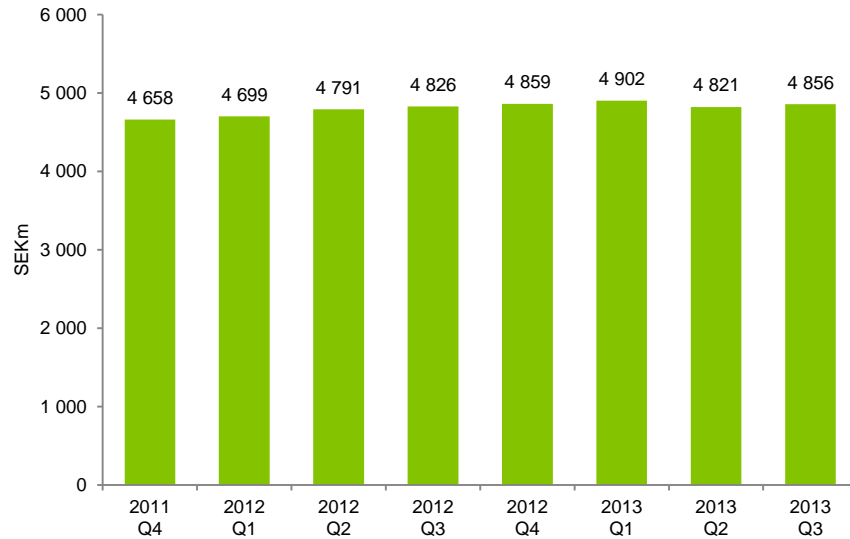


- Target long-term net debt/EBITDA of around 2.5x
- Objective to reach target in three years
- Payout ratio 40-60% of net income over time when financial target is reached

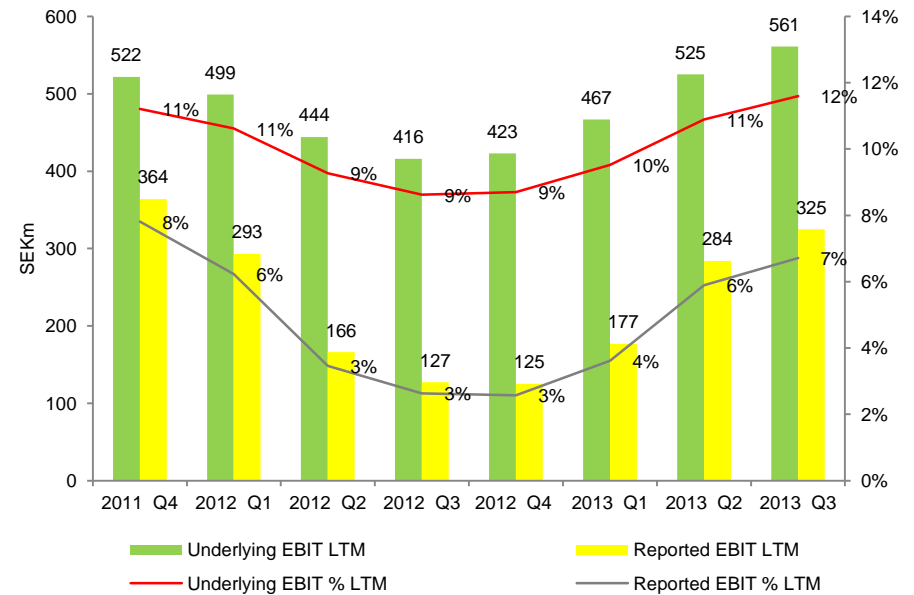
¹⁾ Underlying EBIT based on constant exchange rates and the current company structure (excluding distribution business in Belgium and third-party distribution agreement in Italy) and excluding items affecting comparability

Stable revenues and visible earnings recovery

LTM net sales Q4 2011 – Q3 2013



LTM EBIT Q4 2011 – Q3 2013



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

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