



Press release

14 February 2014

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

In the fourth quarter, sales growth was 2.6 per cent and the underlying operating profit (EBIT) increased compared to the previous year.

It is satisfying that during the quarter the company increased both sales and operating profit (EBIT). Profit before and after tax and earnings per share also rose while the net debt/underlying EBITDA ratio decreased. This demonstrates that Cloetta is on the right track.

Underlying EBIT improved to SEK 231m (200) for the quarter. The improvement is mainly due to factory restructurings and realised synergies from the merger, but increased sales also had a positive impact. Operating profit improved considerably to SEK 175m (82) and profit after tax rose to SEK 186m (155).

The underlying EBIT margin in the quarter was 16.1 per cent (14.6) and the gross margin improved to 34.8 per cent (33.8). The reported EBIT margin improved to 12.1 per cent (5.7). Cash flow from operating activities amounted to SEK 116m (147).

During the quarter SEK 68m of the company's bank loans was amortised. Our aim is to use future cash flow for continued amortisation of our bank loans, while at the same time allowing for complementary acquisitions. The long-term target of 2.5x net debt/EBITDA remains unchanged.

The confectionery market

The confectionery market continued to show a slightly positive trend in most markets. Following a weak third quarter, the Finnish confectionery market recovered in the fourth quarter. In Italy, some recovery was noted and the market stabilised. The Netherlands continued its weak performance, driven by a declining chewing gum market.

Continued growth

As the restructuring is close to completion, the focus is increasingly on growth-generating activities. The daily in-market execution is of course key in driving sales of existing products, but there are also opportunities to stretch the brands and make complementary acquisitions.

It is encouraging that Cloetta generated sales growth for the second consecutive quarter. Sales increased by 2.6 per cent during the quarter and adjusted for currency effects by 1.6 per cent. Sales increased in every country except the Netherlands where sales were flat and in Norway where sales decreased.

Sales growth in Sweden was mainly driven by positive development for chocolate products, including the launch of Polly bilar. In Finland, several product launches, including the re-launch of Hopea Toffee, contributed to positive sales development. Sales growth continued for the third consecutive quarter in Italy, mainly driven by sales of seasonal products which are very important to Cloetta. The

Cloetta AB (publ)

Org.No. 556308-8144

Kista Science Tower, SE-164 51 Kista, Sweden

Visiting address : Färögatan 33, 25th floor, Kista

+46 8 527 288 00, www.cloetta.com



lower sales in Norway were primarily due to discontinued distribution of a product not owned by Cloetta.

Acquisition of Nutisal opens a new category

In line with our desire to broaden the product portfolio within Munchy Moments, we completed the acquisition of Nutisal, a leading Swedish company within dry roasted nuts, on 8 January, 2014. Thus, we can offer our consumers a new Munchy Moment with an established brand in the growing nut market. The process of integrating Nutisal into Cloetta has been initiated. In Sweden, this includes merging the two sales teams and in other markets it results in Cloetta's sales organisation taking over the sales responsibility from current distributors.

I am convinced that Nutisal's dry roasted nuts, continued market growth and Cloetta's strong route to market, will allow us to drive significant growth within the nut category.

Restructuring according to plan

Production in the factory in Gävle, Sweden, was terminated at year-end 2013. A small workforce remains in place during the first quarter of 2014 to prepare relocation of the remaining equipment. Production in the receiving factories, Ljungsbro, Sweden, and Levice, Slovakia, has started. The ramp-up towards full capacity is expected to take another few months. Overall, the final factory restructuring is proceeding according to plan and the costs for this are therefore expected to cease in the second quarter of 2014.

Focus on profitable growth

Continued sales growth and the acquisition of Nutisal demonstrate that Cloetta is able to grow both organically and through acquisitions. Once the restructuring of the supply chain is completed, we can once again focus solely on profitable growth. When I summarise the year 2013, I am proud to say that we have executed according to plan. Financially, Cloetta has improved its earnings, including restructuring, by SEK 337m versus last year. The net profit after tax of SEK 264m corresponds to earnings per share of SEK 0.92.

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 14 February 2014 at 08:00 a.m. CET.

Media contact

Jacob Broberg, SVP Corporate Communications & Investor Relations, +46 70 190 00 33.

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

Cloetta AB (publ)

Org.No. 556308-8144

Kista Science Tower, SE-164 51 Kista, Sweden

Visiting address : Färögatan 33, 25th floor, Kista

+46 8 527 288 00, www.cloetta.com