



Press release

14 November 2014

President and CEO Bengt Baron comments on the results for the third quarter of 2014

Significant improvement of operating profit

Cloetta's operating profit improved markedly during the quarter to SEK 178m (131). The underlying EBIT also increased and amounted to SEK 178m (160). It is very gratifying to see the convergence of the operating profit and the underlying EBIT, which is mainly due to the fact that our restructuring costs are coming to an end.

The operating profit margin strengthened during the quarter to 13.7 per cent (11.0). The underlying EBIT margin rose to 14.9 per cent (13.3). Profit after tax was SEK 87m (86). Cash flow from operating activities increased to SEK 75m (54).

THE CONFECTIONERY MARKET

The confectionery market as a whole has been slightly positive, except in Finland where it remained negative due to the country's weak overall economic development.

ACQUISITIONS DRIVING GROWTH

Cloetta's total sales for the quarter rose by 9.1 per cent, of which acquisitions accounted for 5.8 per cent and changes in exchange rates for 3.9 per cent. This means that organic sales were down by 0.6 per cent in the quarter. Despite a somewhat negative organic growth in the quarter, Cloetta has shown organic growth overall for the first 9 months. Sales can vary from quarter to quarter, mainly as a result of the timing of product launches and marketing activities.

Sales have increased or remained unchanged in the majority of markets. However, sales fell in both Sweden and Norway. In Sweden, a warm summer contributed to lower sales of primarily chocolate products, in particular in the impulse trade. The decreased sales in Norway are mainly attributable to the termination of a large pick-and-mix contract.

Sales of nuts under the Nutisal brand have shown positive development while, as in the previous quarter, contract manufacturing has declined. The long-term strategy is, as previously communicated, to focus on driving sales of the Nutisal branded products over contract manufacturing.

The Jelly Bean Factory, which was acquired in May, has shown very strong sales development, completely in line with our expectations.

RESTRUCTURING PROCESS COMPLETED

Production of the chocolate product Tupla has now been fully insourced into the factory in Ljungsbro. With this, the final piece of the factory restructuring puzzle and relocation programme that was initiated more than two years ago has fallen into place. I am highly satisfied with the way we have been able to implement this massive restructuring process in which a full 40 per cent of the Group's total products have been relocated at some point during the project.

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AGREEMENT WITH COOP CREATES GROWTH

The agreement we have signed with Coop Sweden is a natural step in our growth strategy within Munchy Moments. Under the agreement, we will deliver a new pick-and-mix concept, including both candy and natural snacks, which will be rolled out in all of Coop Sweden's stores at the beginning of 2015. The agreement will drive growth and allow us to utilise our factory network even more efficiently, thereby contributing to profitable growth.

CONTINUED FOCUS ON PROFITABLE GROWTH

After a relatively weak first quarter, profitability has steadily improved during the year in spite of a continued negative currency impact. I am very pleased that we have been able to complete the acquisitions of both Nutisal and The Jelly Bean Factory during this year and that we have signed an agreement with Coop Sweden for a new pick-and-mix concept. These steps will drive sales beyond organic growth in the coming quarters. Now that the factory restructuring process has been completed, we are fully committed to integrating and driving the operations we have acquired while at the same time ensuring continued 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 14 November 2014 at 08:00 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 11 production units in six countries. Cloetta's class B-shares are traded on Nasdaq Stockholm. More information about Cloetta is available on www.cloetta.com

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