

Clætta

ABG 17 March

Jacob Broberg

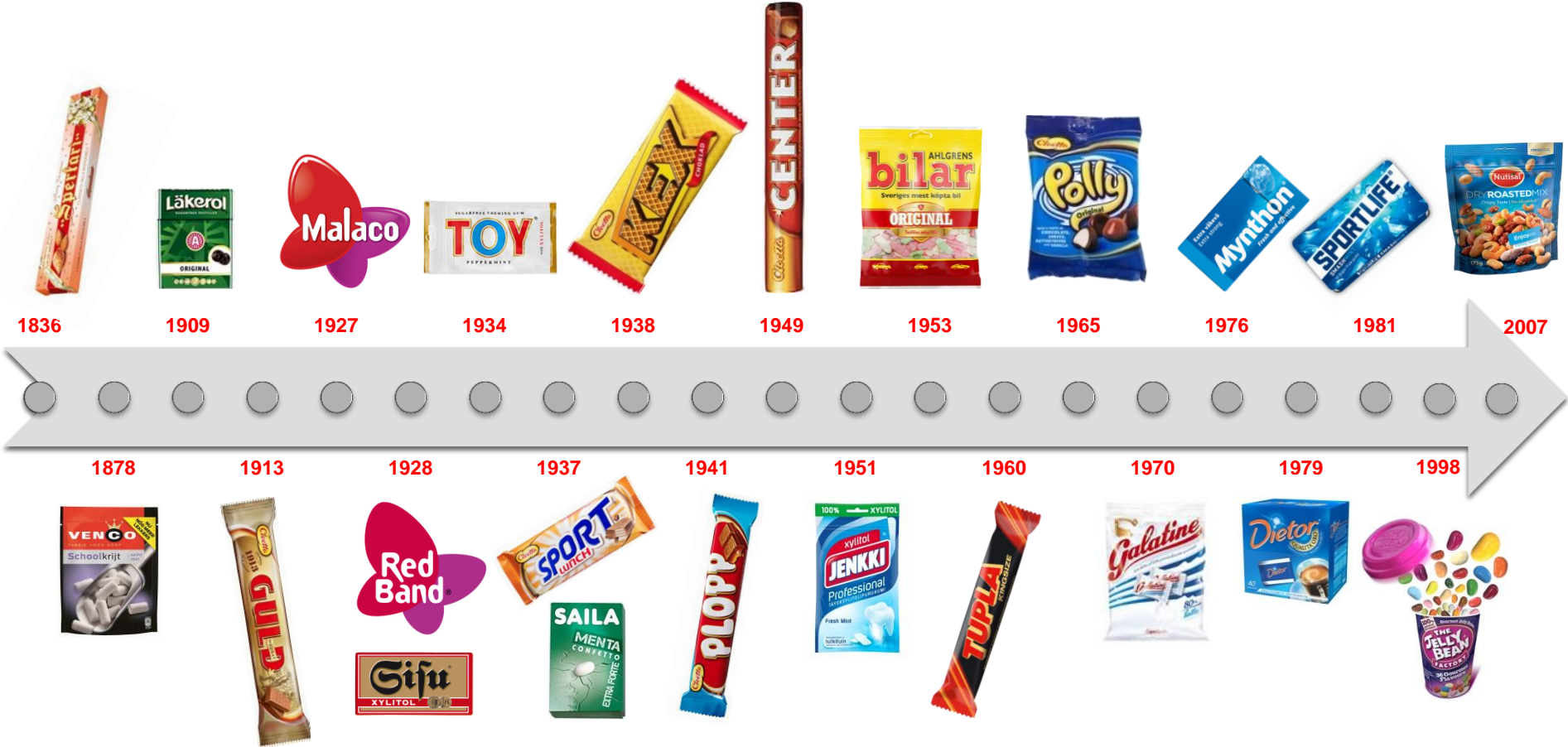
Cloetta – the leading Nordic confectionery player

- **Founded** by the three Cloetta brothers in **1862**
- **Annual sales** of around SEK **5,313**m
- **Underlying EBIT** of SEK **609**m
- **Leading local brands** in **6** countries
- **Leading market positions** in Sweden, Finland, Norway, Denmark, the Netherlands and Italy
- **2,500** employees in **14** countries
- **Production** at **11** factories in **6** countries
- **Listed** on Nasdaq Stockholm.
The largest shareholders are Malfors Promotor, AMF – Försäkring och fonder and Threadneedle Investment Funds.



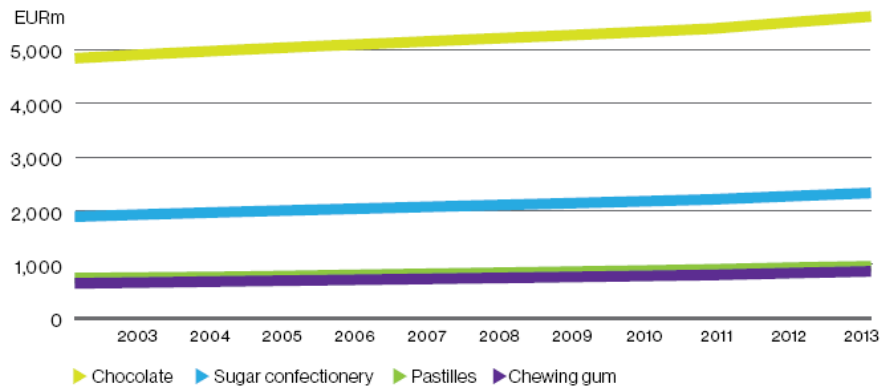
• **Laura** Out driving with **@Sarah** munching on **#Bilar**

Strong local brands



Attractive non-cyclical market

Market development in Cloetta's main markets¹⁾



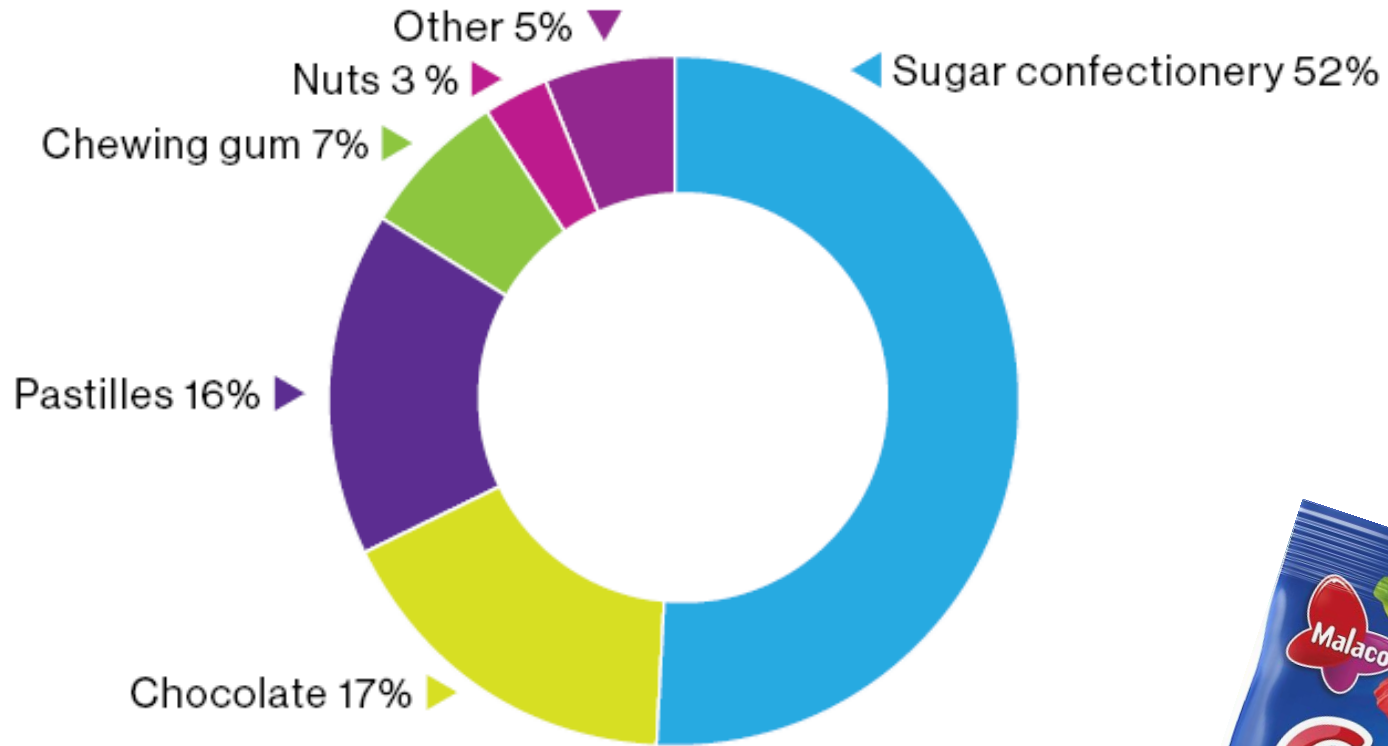
¹⁾ Including Sweden, Finland, Norway, Denmark, Italy and the Netherlands. Source: Datamonitor

Key trends and Consumer behaviour

- 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
- 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



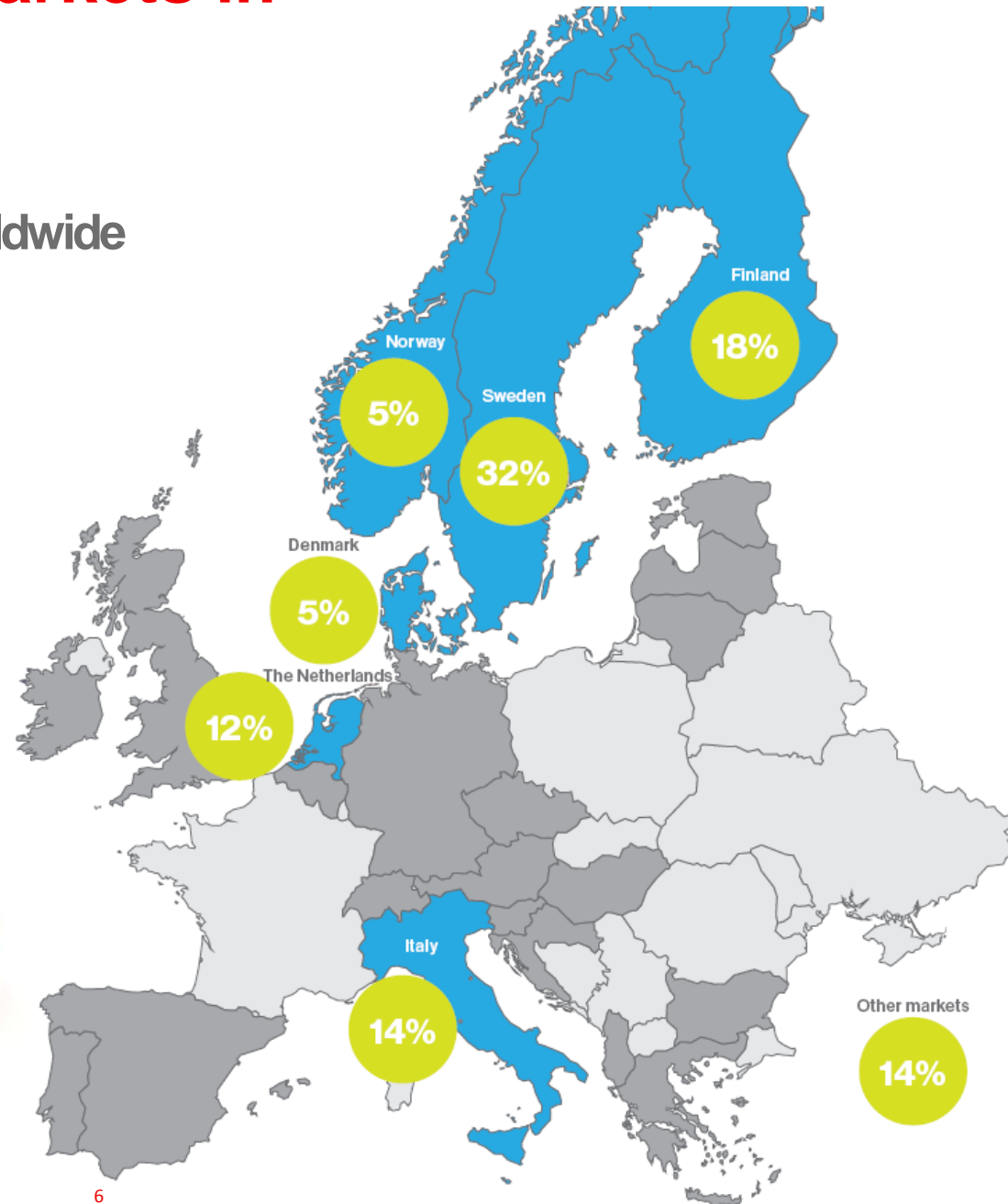
Net sales category



Cloetta has its 6 main markets in Western Europe

Exports to more than 50 countries worldwide

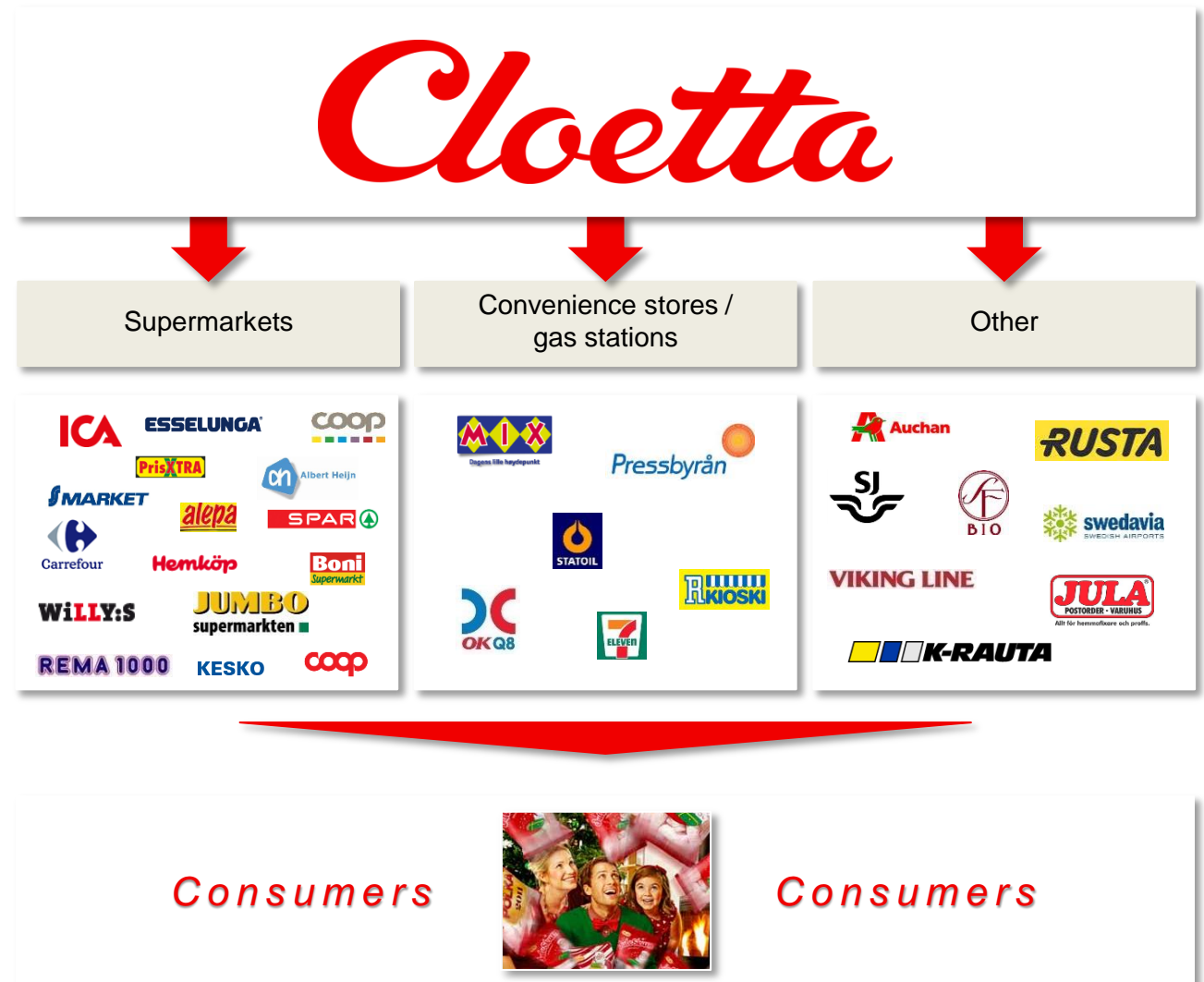
- ▶ Main markets – countries where Cloetta has a national sales organisation.
- ▶ Countries where Cloetta's products are sold mainly through distributor agreements.



Cloetta

Best in class route-to-market

- Customer relations
 - Large and efficient sales organisation in place in 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

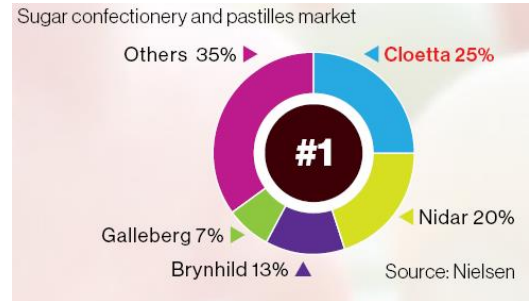


Solid positions in key markets

Sweden



Norway



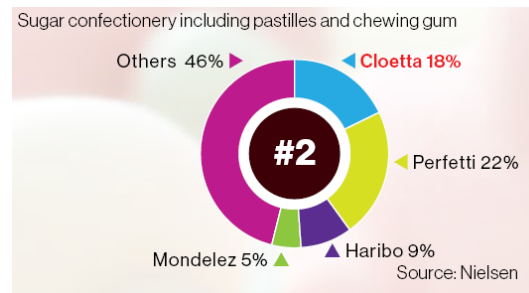
Finland



Denmark



Netherlands



Italy



Clear strategy to deliver profitable growth

Every day great execution

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

Strategic initiatives

- Sizing and pricing
- Brand extensions
- Fill white spots
- Geographical roll-out
- Brand re-launch
- Innovations

New territory

- Acquisitions
- New geographies



Every day great execution



Cloetta

Every day great execution



Cloetta

Every day great execution

Examples



Juleskum
Pepparkaka
Taste of 2014



Plopp
Pride
Limited edition during the Pride festival



Ahlgrens bilar
Glassbilar
Limited edition during the summer

Strategic initiatives

Examples



Viva Licorice

Launch of Dutch products under Malaco brand



Sportlife Mint

Chewing gum brand stretches into pastilles



AKO

Re-launch of AKO toffee



Cloetta

Launch of Cloetta chocolate in Finland



Polly

Co-branding - Polly bilar



Dietorelle

Re-launch of Dietorelle – new products and new packaging

Cloetta

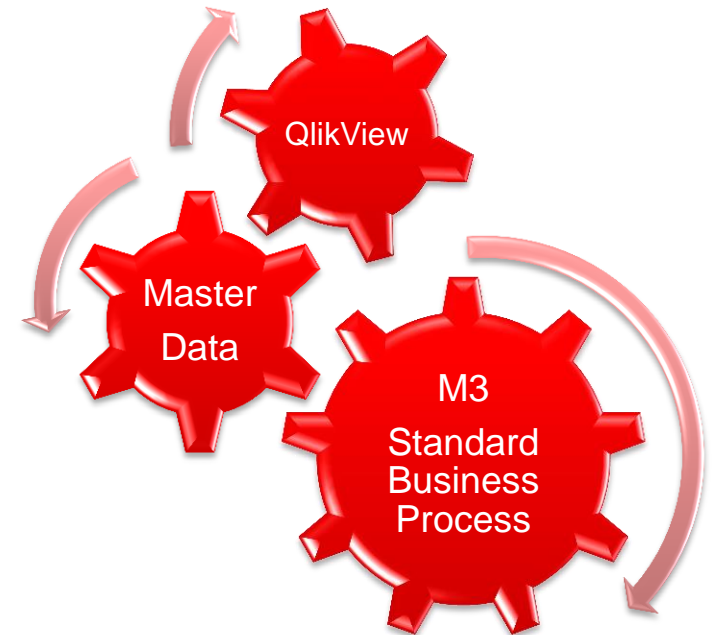
Common Global ERP System

Enables increased efficiency over time

- Implemented in Sweden, Norway, Denmark, Finland, Slovakia, Holland and Belgium
- Roll out will continue across geographies



QlikView



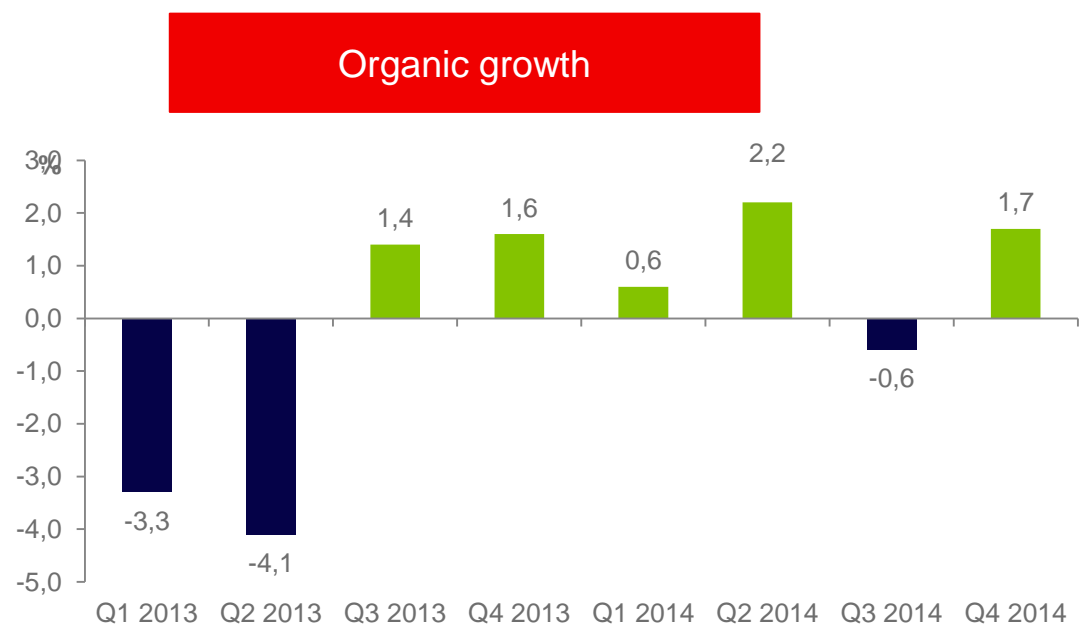
Lean 2020: From restructuring to continuous improvement in Supply Chain

- Major manufacturing restructuring finished
- There is potential to improve what we have after a very disruptive period
- Cloetta Lean program provides a good base for continuous improvement



Increased sales

Changes in net sales, %	2014	2013
Net sales, SEKm	5,313	4,893
Organic growth	1.0%	-1.0%
Acquisitions	4.3%	2.1%
Changes in exchange rates	3.3%	-0.4%
Total	8.6%	0.7%

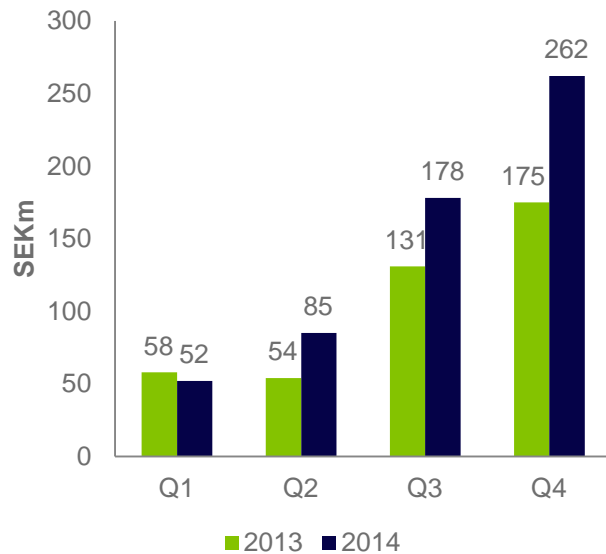


Target

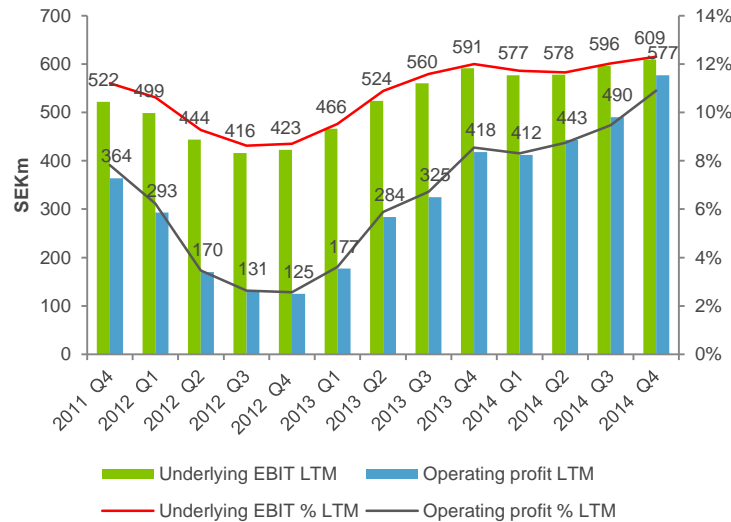
- Organic sales growth at least in line with market growth long term
- Historical aggregate value growth of approx. 1-2% in Cloetta's markets

Improved operating profit and margin

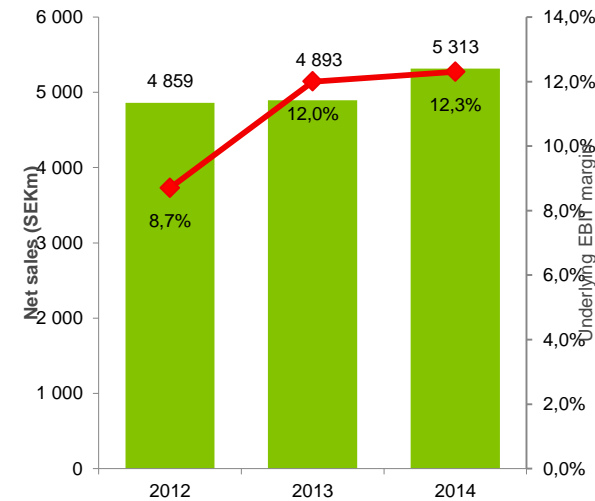
Operating profit



LTM EBIT Q4 2011 – Q4 2014



Sales and underlying EBIT margin¹⁾

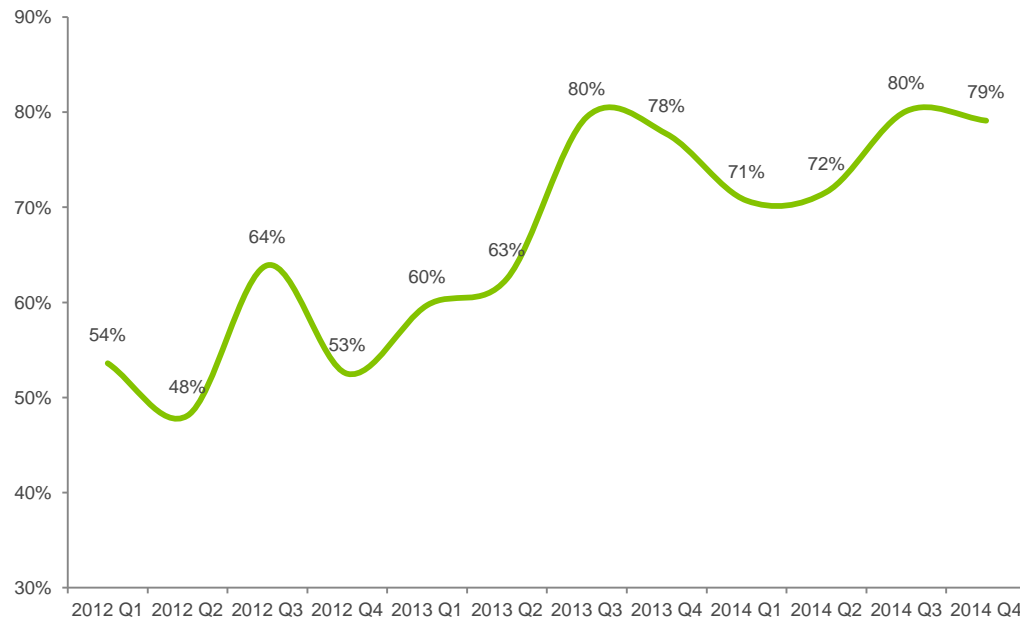


Target

- EBIT margin: at least 14%

Attractive cash conversion

Cash conversion development¹⁾

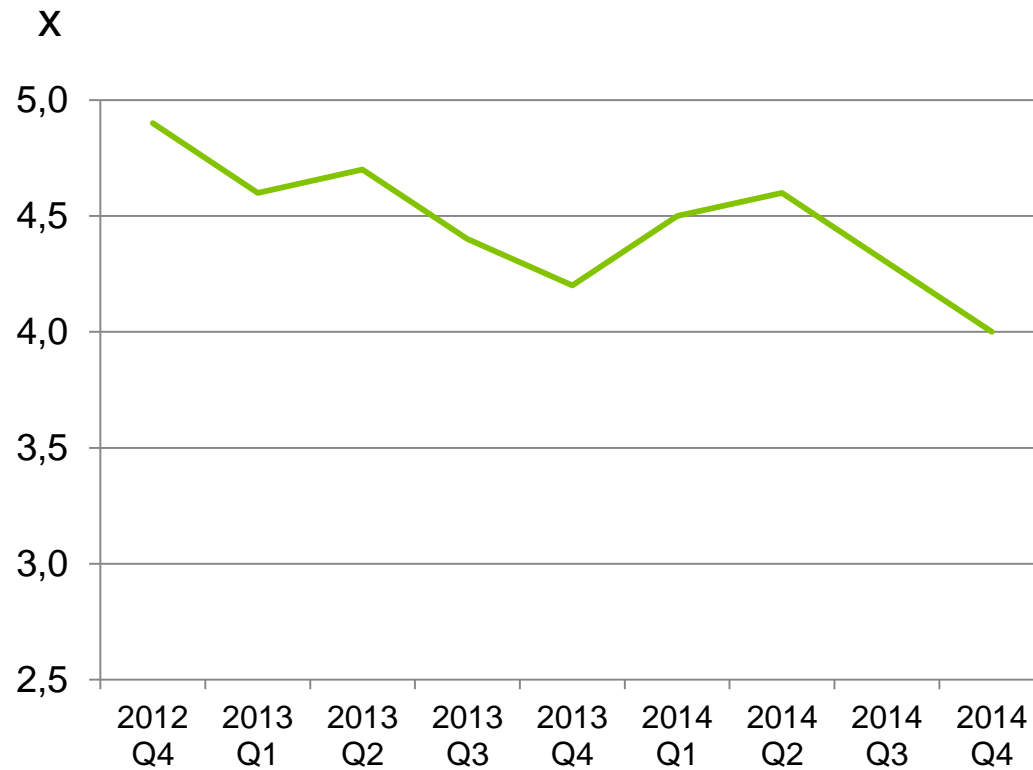


1) Cash conversion defined as (Underlying EBITDA less capex)/Underlying EBITDA

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



Financial leverage



Targets

- Long-term net debt/EBITDA of around 2.5x
- Payout ratio 40-60% of net income over time when financial target is reached



Cloetta towards the future

PURPOSE / MISSION

To bring a smile to your



Munchy Moments is our territory!



Cloetta

Acquisition of Nutisal and The Jelly Bean Factory

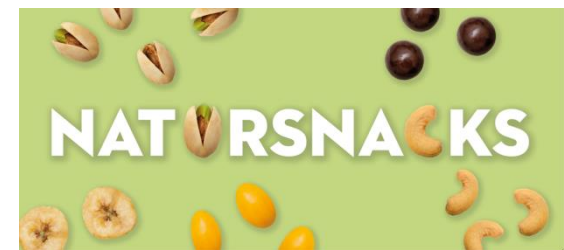
- The acquisition of Nutisal is a significant step into a new category with an established brand in Cloetta's home markets
 - Dry roasted nuts which gives a unique 'crisp' to the products
 - The nuts category is growing in Western Europe by 5-8%
 - Nutisal is expected to be EPS accretive in 2015
- The Jelly Bean Factory brand is a premium "gourmet" product that fits Cloetta's core offering within sugar confectionery
 - Solid growth over the recent years with an attractive EBIT-margin
 - Significantly strengthens Cloetta's position in the UK

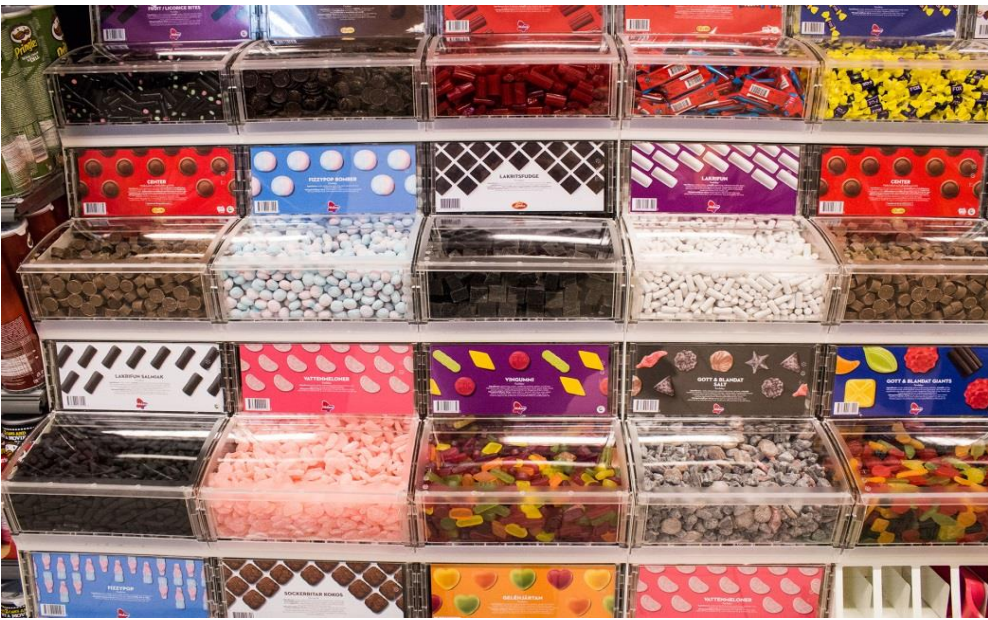


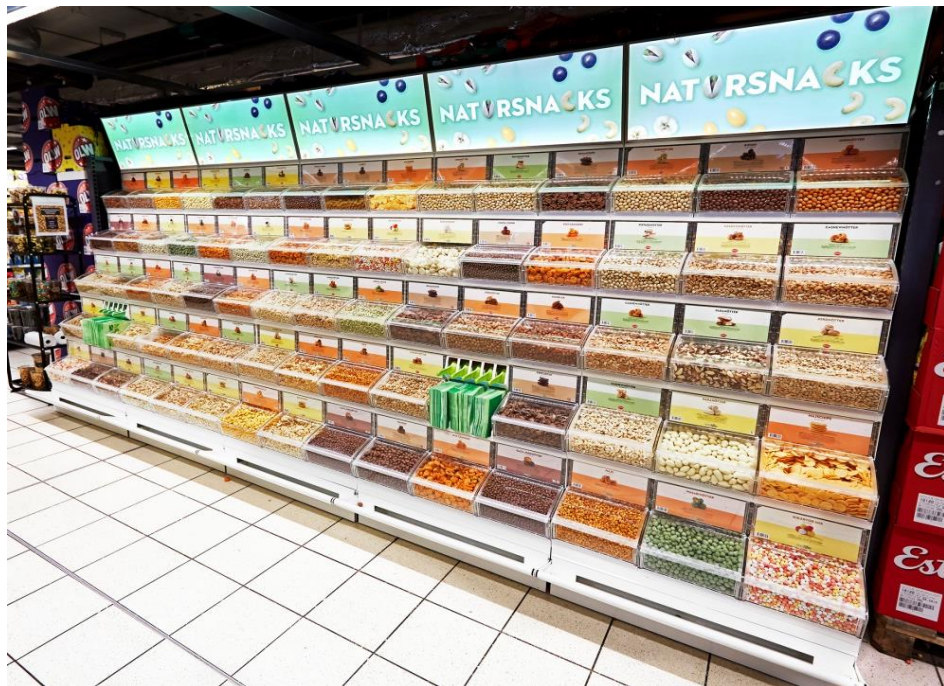
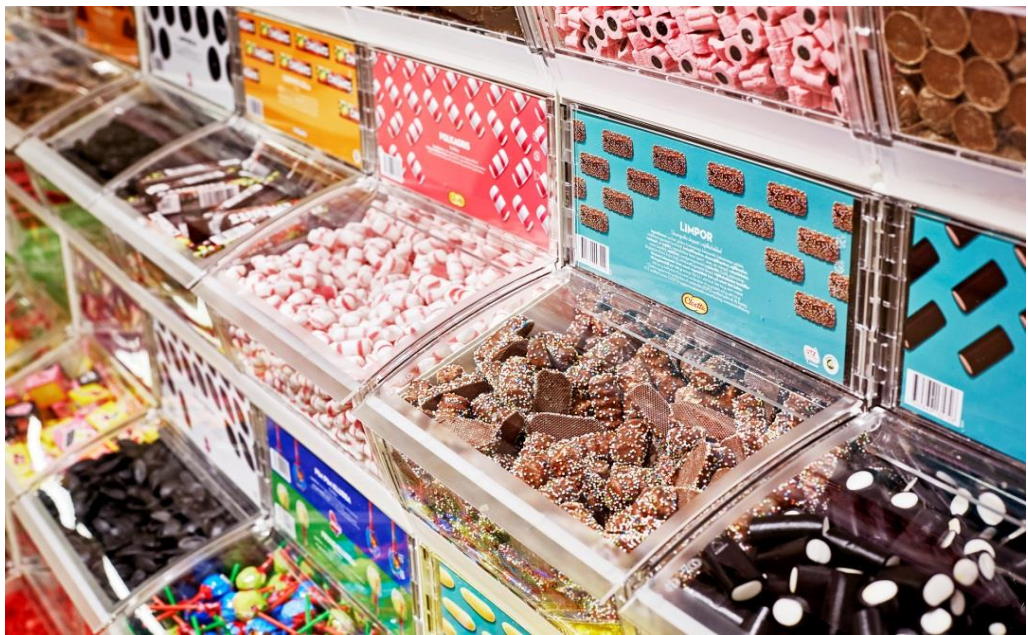
Pick-and-mix concept in Coop

- Cloetta launched a pick-and-mix concept in Coop Sweden early 2015
 - Handling of product range, racks and merchandising
 - Also a concept for natural snacking, e.g. nuts
- Cloetta can utilize a wide range of products and technologies from several markets and factories
- Cloetta has experience from the entire value chain; production, logistics, planogram and promotional activities to drive growth
- Pick-and-mix accounts for 30% of total market volume in Sweden
- Cloetta has experience from a similar concept in Finland (Karkkikatu)

Cloetta







Questions

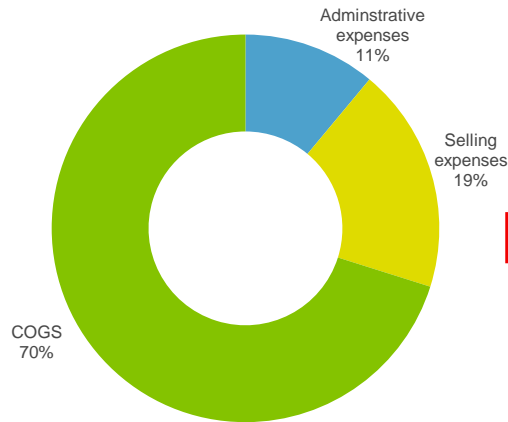
To bring a smile to your



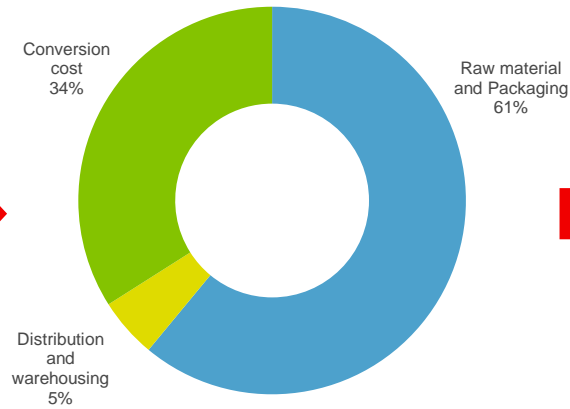
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Cost structure

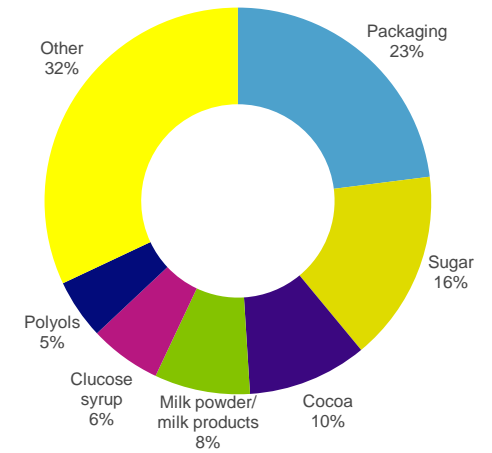
Total cost split 2014



COGS split 2014



Raw material split 2014



The road map to Lean 2020

Increase reliability and flexibility

Learn to improve and eliminate the root causes of problems

Faster and more flexible changeovers

Better understanding and maintenance of machinery

Reduce material waste

Improve the flow

Achieve basic stability (continued improvement in machine efficiency and output)

Value stream mapping: reduce bottlenecks

Provide operators with ongoing training and give them greater responsibility

Shorter lead times and increased frequency

Deliver according to demand (Pull)

Achieve balanced delivery

Reduce dependency on external parties through training and support of operators so that they do things right the first time to a greater extent

Be a world class producer

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