

*Clacetta*

**Roadshow**

**New York, London and Stockholm**

**4-6 May 2015**

# Cloetta – the leading Nordic confectionery player

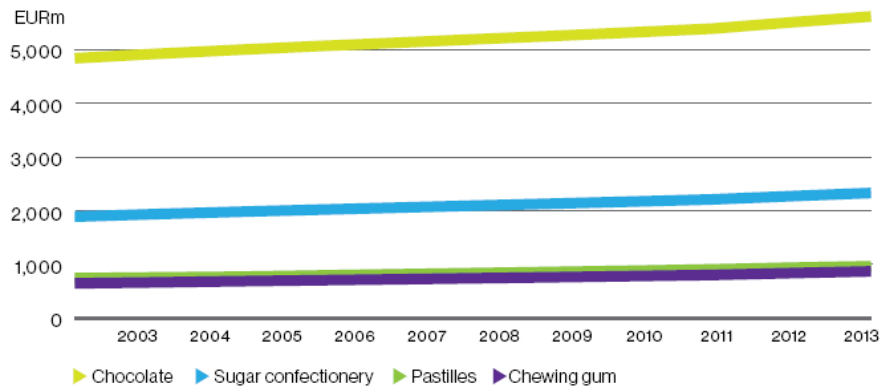
- **Founded** by the three Cloetta brothers in **1862**
- **Annual sales** of SEK **5,313**m in 2014
- **Underlying EBIT** of SEK **609**m
- **Leading local brands** in **6** countries
- **Leading market positions** in Sweden, Finland, Norway, Denmark, the Netherlands and Italy
- **2,500** employees 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**

# Attractive non-cyclical market

## Market development in Cloetta's main markets<sup>1)</sup>



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

## Key trends and Consumer behaviour

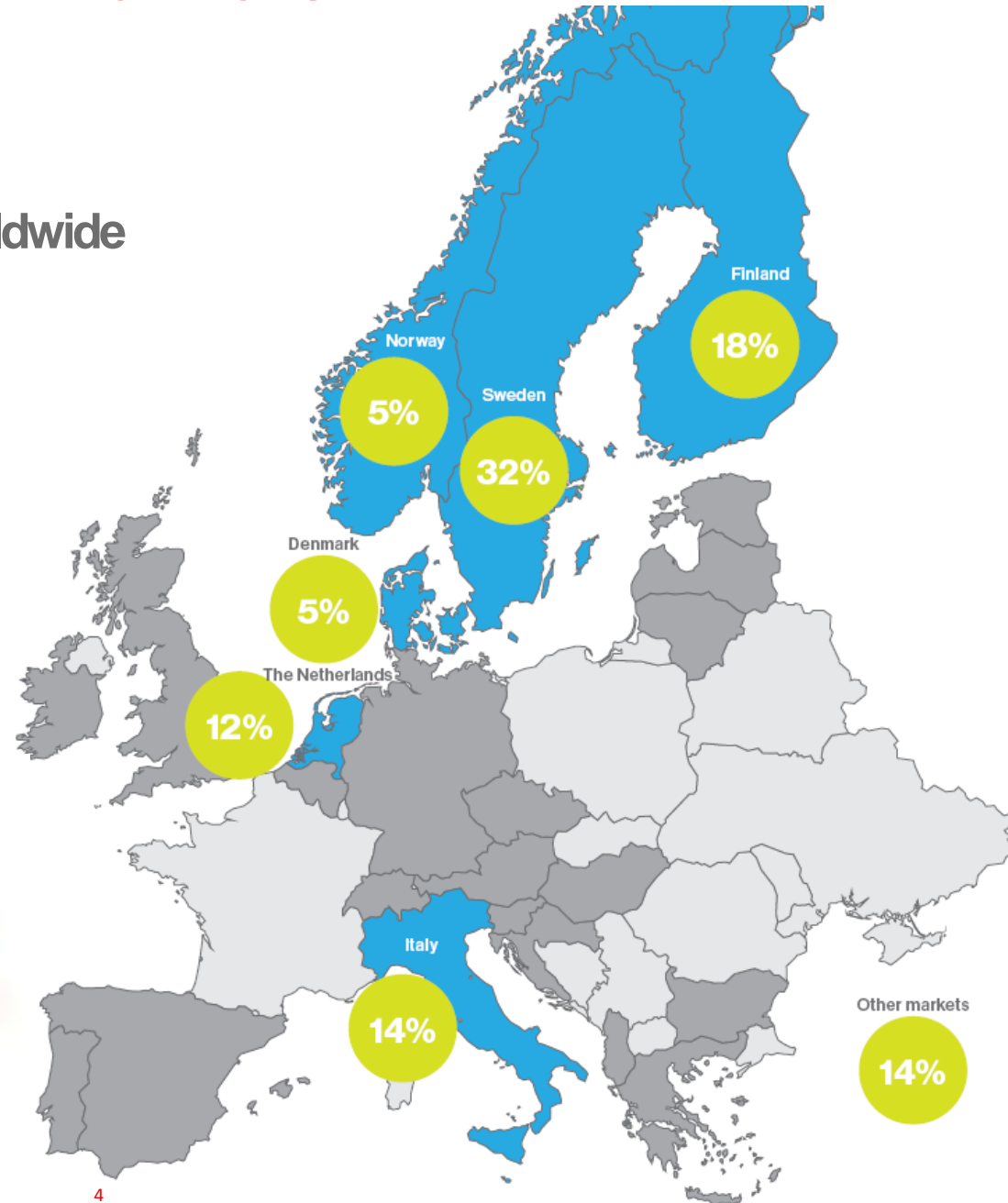
- Market driven by increase in population, higher prices and to some extent also increased per capita consumption
- Demand for differentiated and innovative products
- Strong brands gain market share
- Purchases highly impulse driven
- High brand loyalty
- Availability is an important factor for impulse driven purchases
- Appreciation of innovation – taste, quality and novelties is important



# 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.



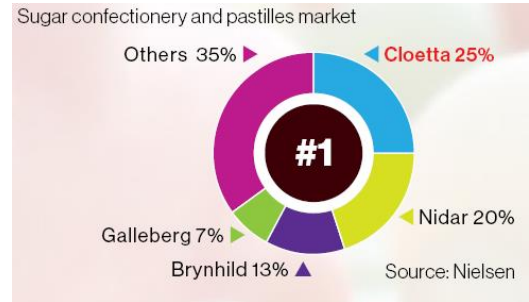
*Cloetta*

# Solid positions in key markets

## Sweden



## Norway



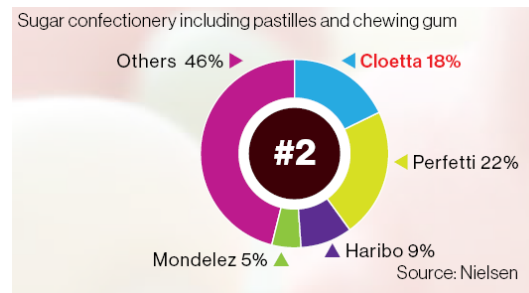
## Finland



## Denmark



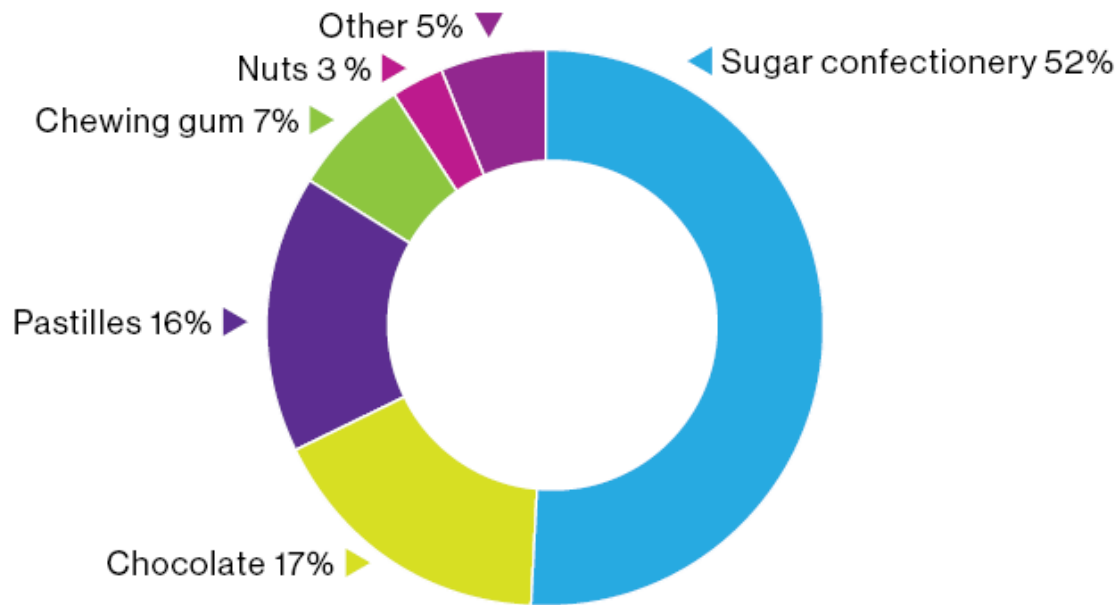
## Netherlands



## Italy



# Net sales category



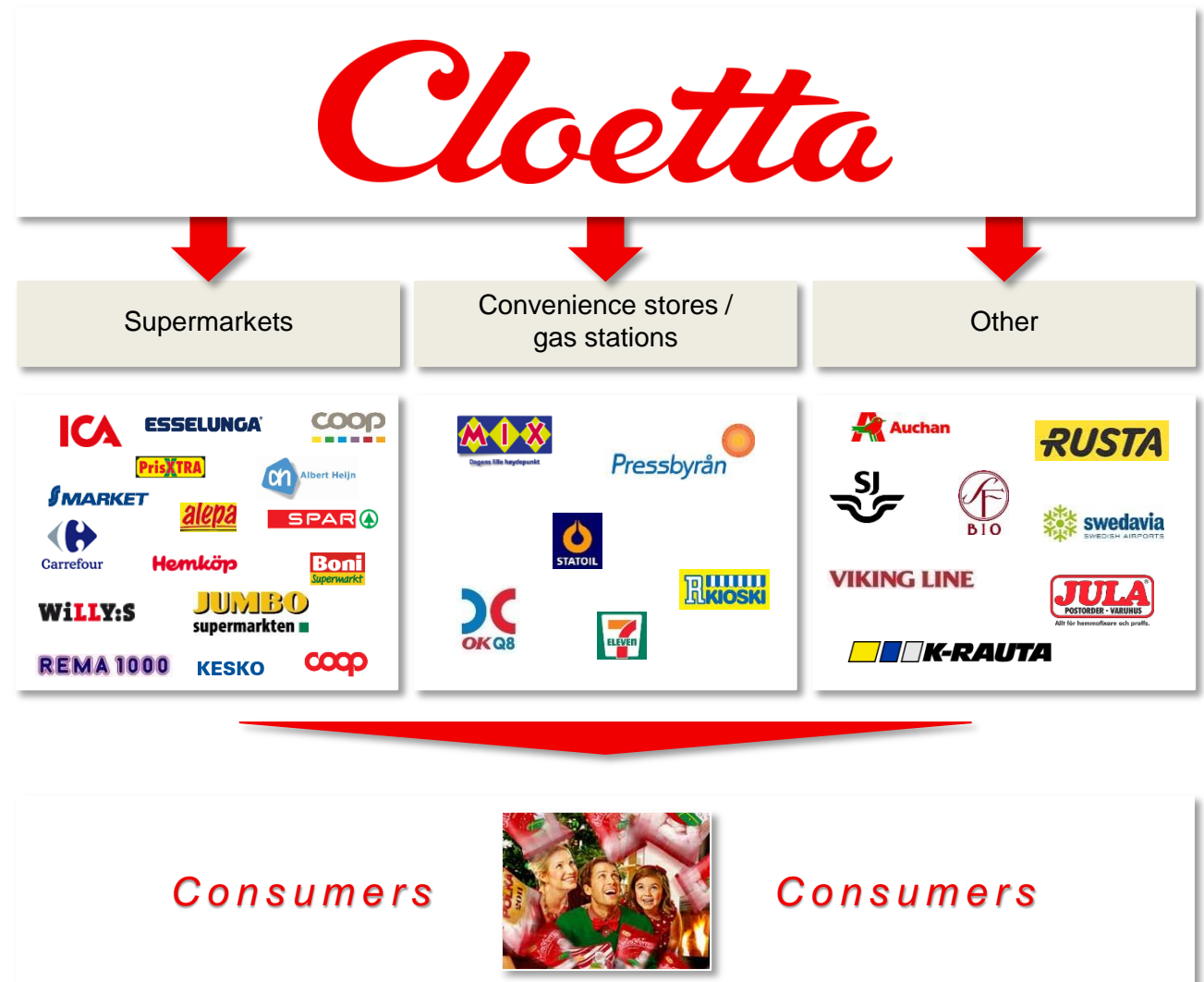
# Strong local brands



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





# 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

## 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



### Läkerol DentaFresh

Launch of xylitol pastilles in Sweden



### Godisfavoriter

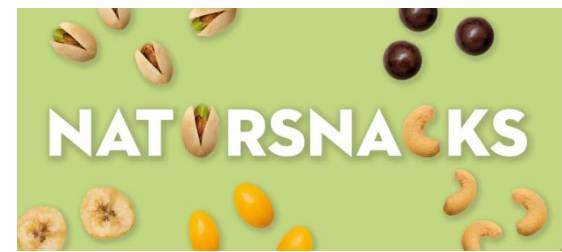
New Pick & Mix concept at Coop Sweden

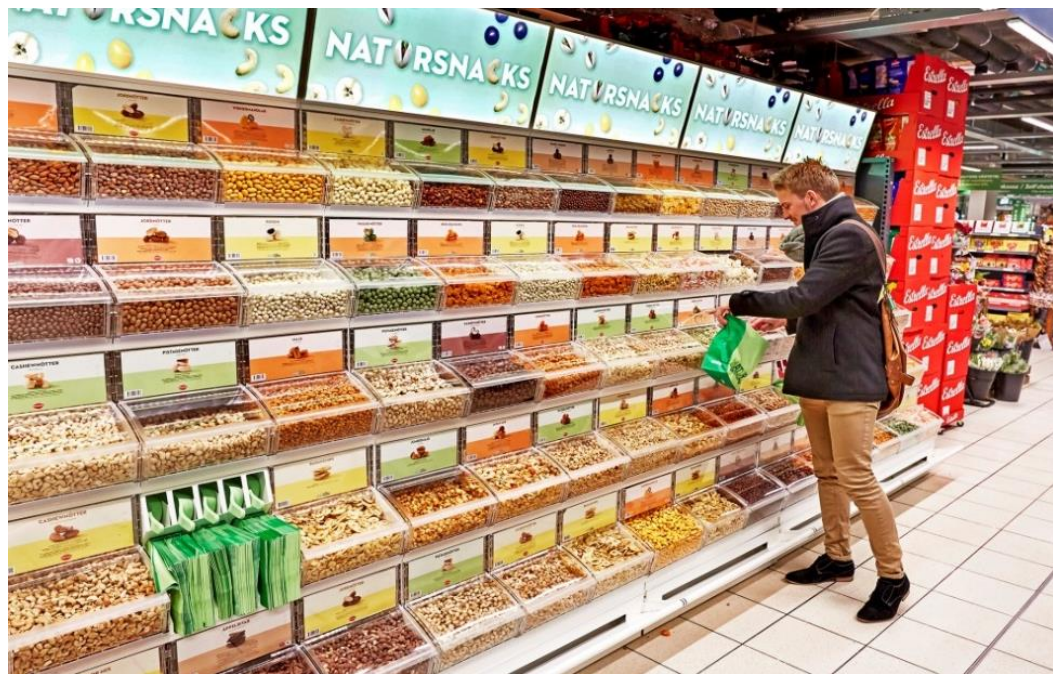
*Cloetta*

# Pick & Mix concept in Coop

- Cloetta launched a Pick & Mix concept in Coop Sweden early 2015
  - Handling of product range, racks and merchandising
  - Also a concept for natural snacks, 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 & Mix accounts for 30% of total market volume in Sweden
- Cloetta has experience from a similar concept in Finland (Karkkikatu)

*Cloetta*





*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



# Lean 2020: From restructuring to continuous improvement in Supply Chain

- Major manufacturing restructuring completed
- There is potential to improve operations after a very disruptive period
- Cloetta Lean program provides a good base for continuous improvement





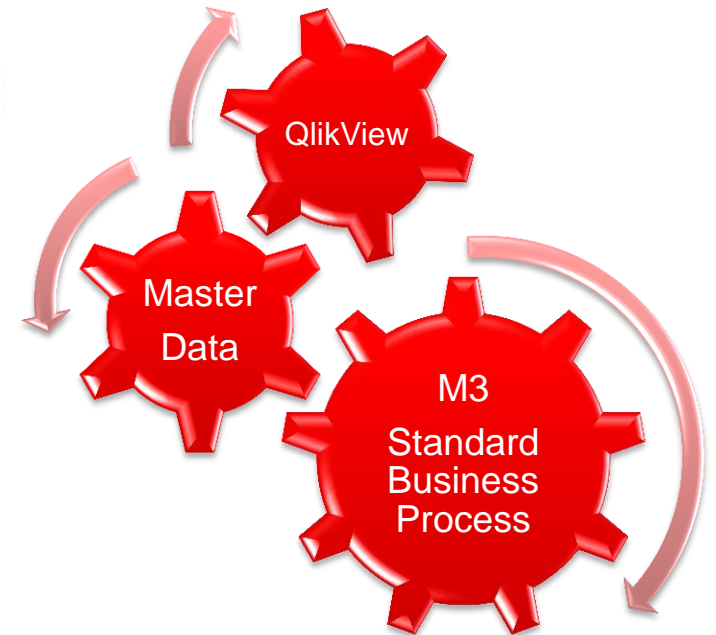
# Common Global ERP System

Enables increased efficiency over time

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



**QlikView**

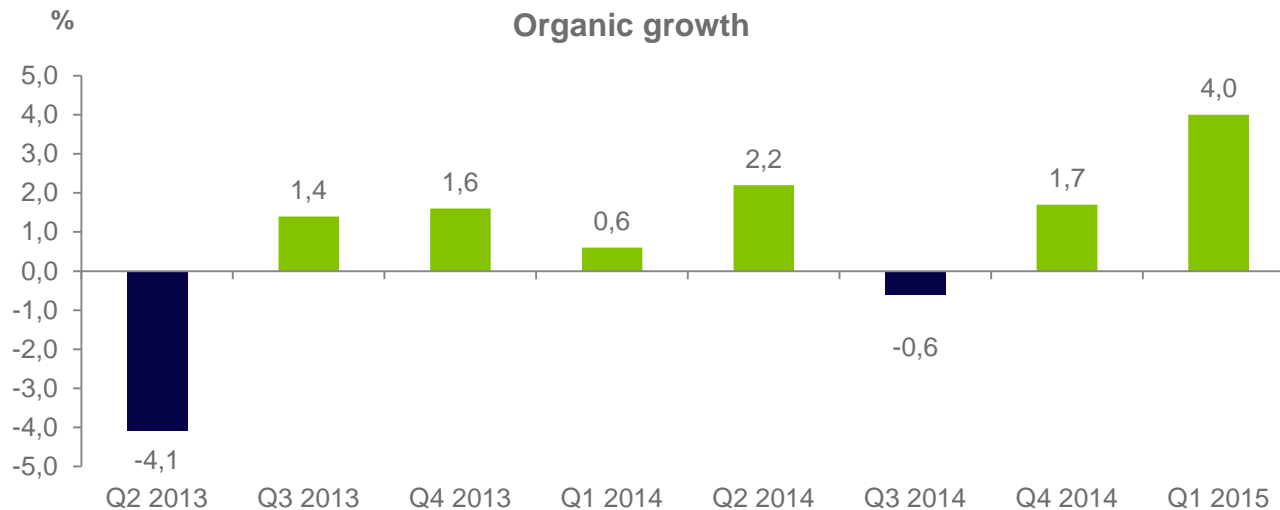


# Increased sales

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%
<b>Total</b>	<b>8.6%</b>	<b>0.7%</b>

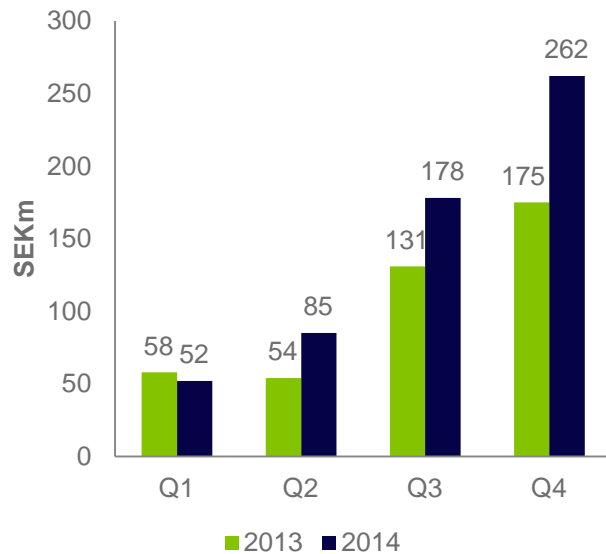
## Target

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

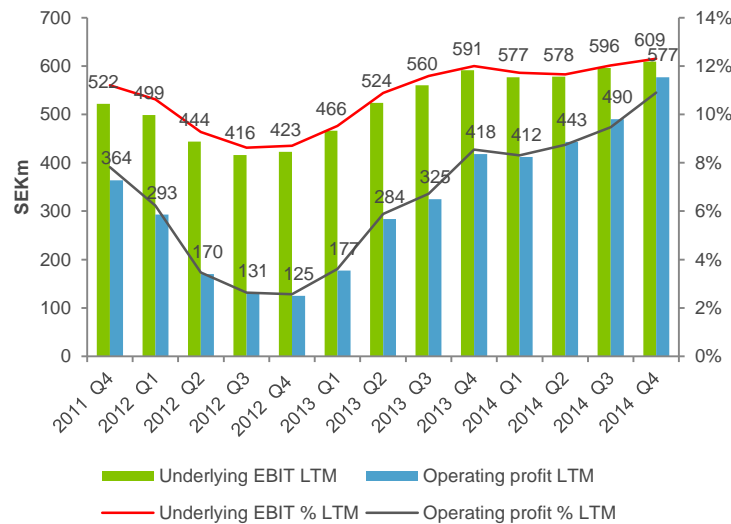


# Improved operating profit and margin

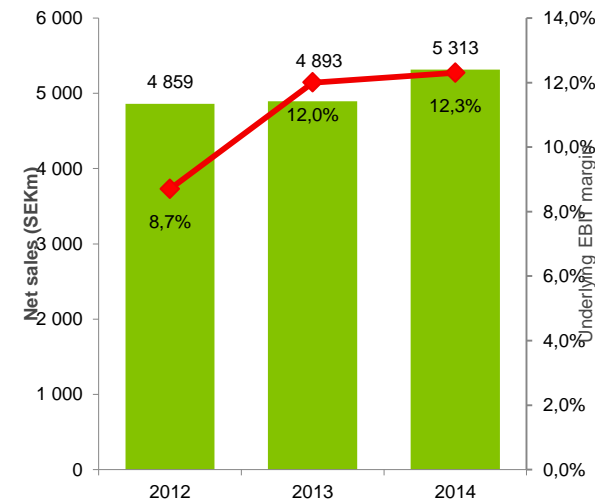
## Operating profit



## LTM EBIT Q4 2011 – Q4 2014



## Sales and underlying EBIT margin<sup>1)</sup>

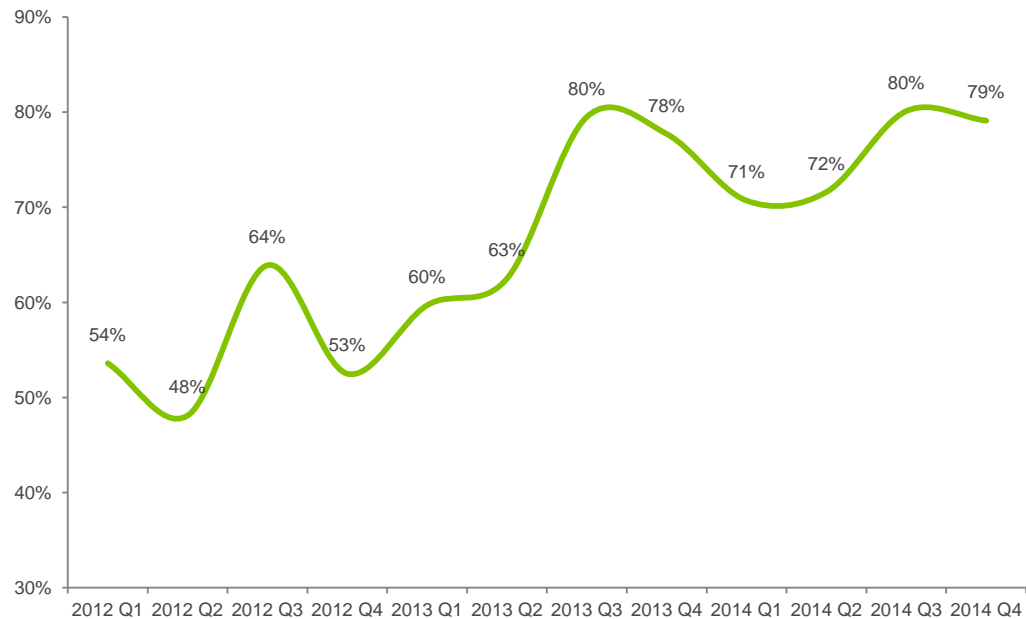


## Target

- EBIT margin: at least 14%

# Attractive cash conversion

## Cash conversion development<sup>1)</sup>

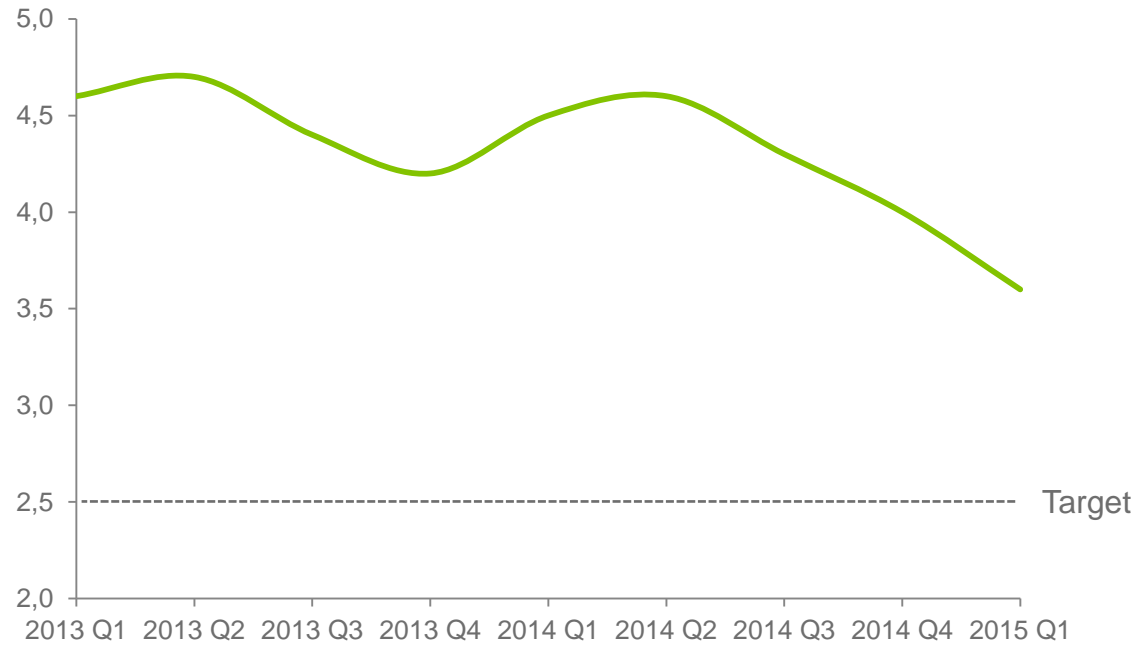


1) Cash conversion defined as (Underlying EBITDA less capex)/Underlying EBITDA



# Financial leverage

Net debt/EBITDA, x



# Cloetta towards the future

To bring a smile to your

**Munchy Moments**

*Cloetta  
Cloetta*



# Munchy Moments is our territory!



*Cloetta*  
**Cloetta**

*Cloetta*



# Q1 highlights

Continued sales growth, improved operating profit (EBIT) and strong cash flow

- **Net sales** for the quarter increased by 10.1 per cent to SEK 1,313m (1,193), including a positive impact from foreign exchange rates of 3.4 per cent.
- **Operating profit** was SEK 90m (52)
- **Underlying EBIT** was SEK 107m (81)
- **Cash flow from operating activities** was SEK 223m (91)
- **Net debt/EBITDA** was 3.60x (4.47).
- **The new Pick & Mix concept** was implemented in 700 Coop stores in Sweden.

*Cloetta*



# Net sales and EBIT

SEKm	Jan-Mar 2015	Margin %	Change %	Jan-Mar 2014	Margin %
Net sales	1,313		10.1 <sup>2)</sup>	1,193	
Underlying EBIT <sup>1)</sup>	107	8.3	32.1	81	6.6
Operating profit (EBIT)	90	6.9	73.1	52	4.4
Profit for the period	33		n/a	-12	

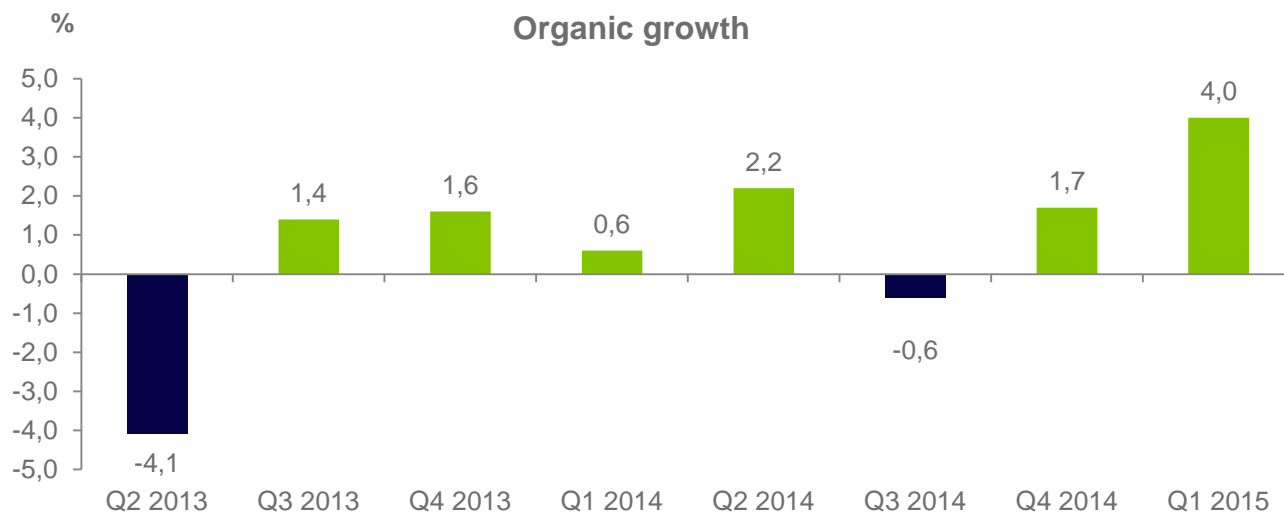
1) Based on constant exchange rates, the current group structure and excluding items affecting comparability.

2) Organic growth at constant exchange rates and comparable units was 4,0% for the quarter.



# Changes in Net sales

Changes in net sales, %	Jan-Mar 2015	Jan-Mar 2014
Organic growth	4.0	0.6
Structural changes	2.7	3.0
Changes in exchange rates	3.4	2.3
<b>Total</b>	<b>10.1</b>	<b>5.9</b>

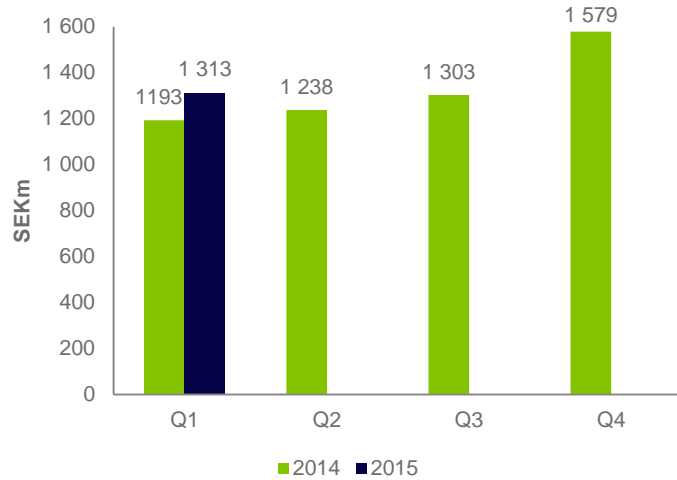


*Cloetta*

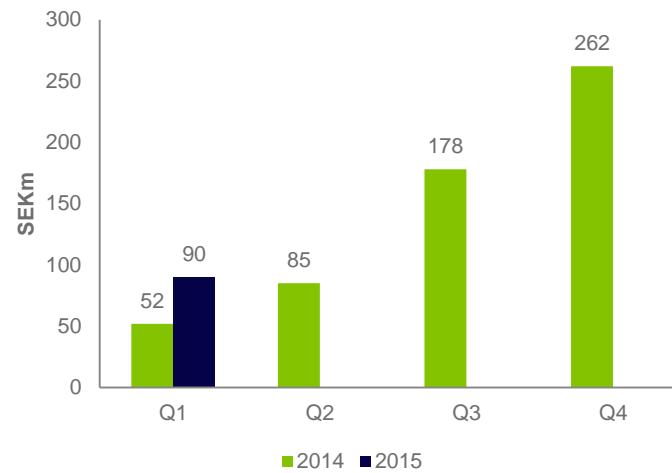


# Net Sales, Operating profit and Underlying EBIT

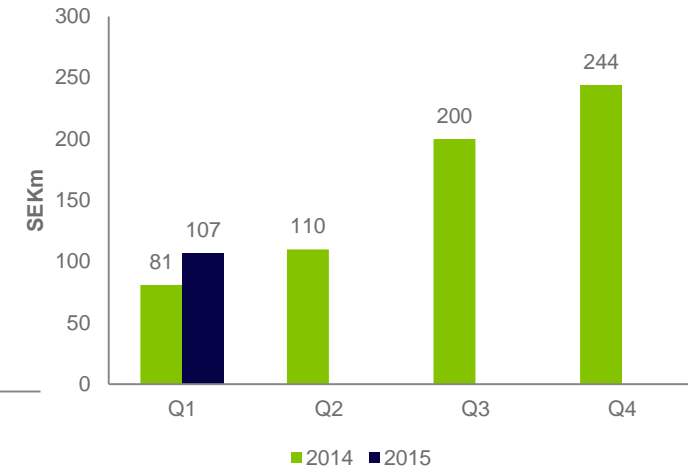
## Net sales



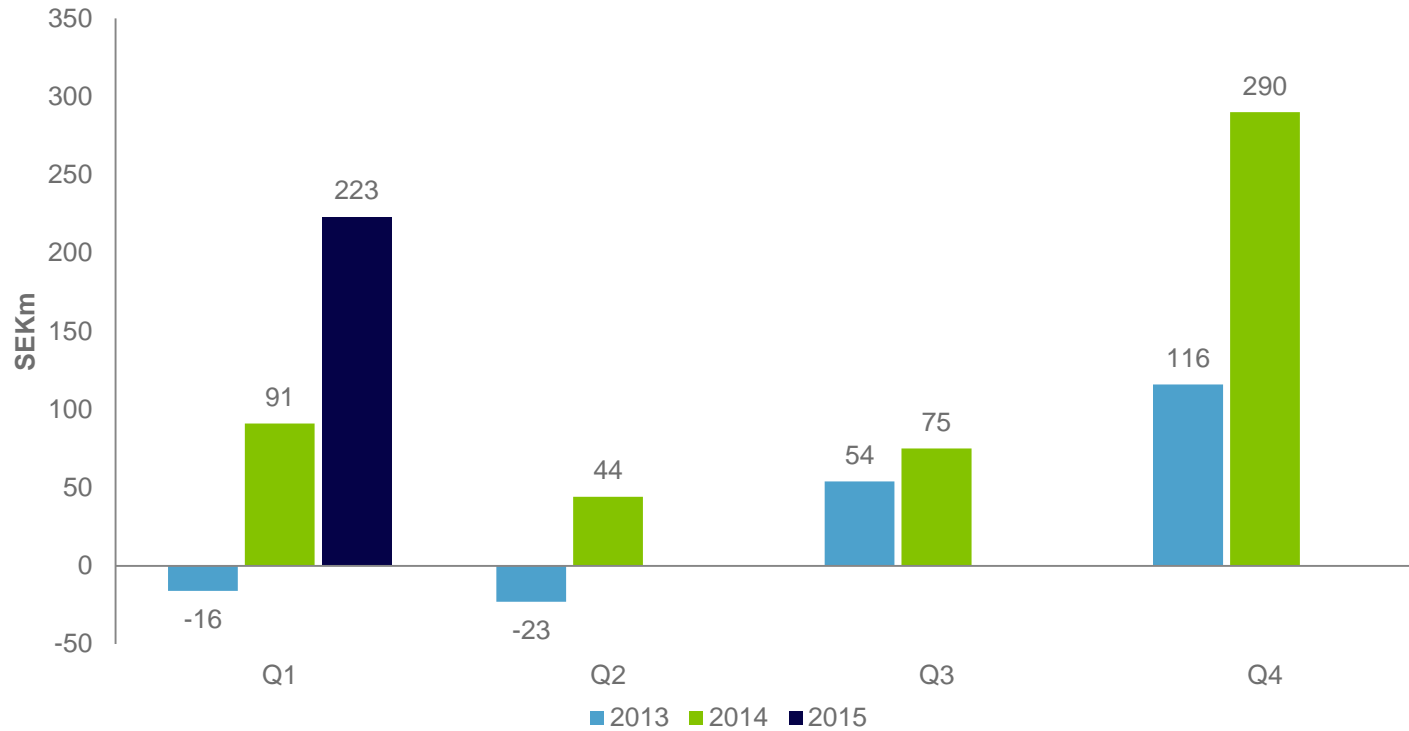
## Operating profit



## Underlying EBIT



# Cash flow from operating activities



# Cash Flow

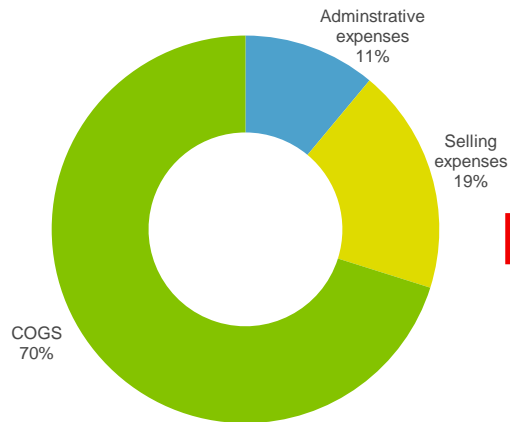
SEKm	Jan-Mar 2015	Jan-Mar 2014
Cash flow from operating activities before changes in working capital	66	-1
Cash flow from changes in working capital	157	92
<b>Cash flow from operating activities</b>	<b>223</b>	<b>91</b>
Cash flows from investments in property, plant and equipment and intangible assets	-55	-36
Cash flow from other investing activities	-	-107
<b>Cash flow from investing activities</b>	<b>-55</b>	<b>-143</b>
<b>Cash flow from operating and investing activities</b>	<b>168</b>	<b>-52</b>



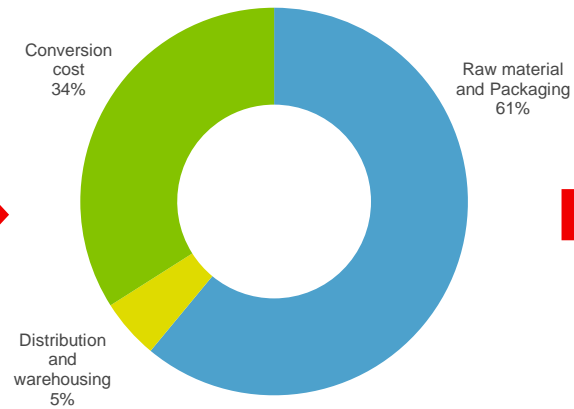
*Cloetta*

# Cost structure

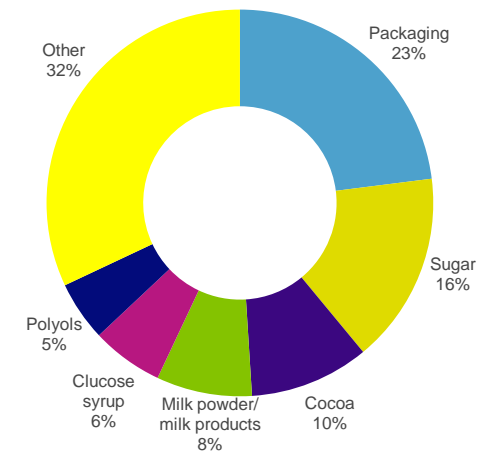
Total cost split 2014



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

# 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.