



Press release

17 February 2017

Cloetta acquires Candyking

Cloetta has signed an agreement to acquire Candyking Holding AB (“Candyking”) – a leading concept supplier of pick and mix candy in the Nordic countries and the United Kingdom. The acquisition strengthens Cloetta’s position within pick & mix and creates substantial synergies. This is in line with the strategy to grow within the category since it is an important and in many countries growing part of the confectionery market.

”The acquisition of Candyking will significantly strengthen Cloetta’s position in Denmark, Norway and the United Kingdom. Cloetta will be able to develop the Candyking brand and product offering, in order to offer an attractive customer and consumer experience. The acquisition will also strengthen our position in natural snacks with the Parrot brand. In addition, there are substantial cost synergies that make the acquisition attractive,” says Danko Maras, CFO and outgoing CEO a.i. of Cloetta.

Candyking offers stores a complete concept in pick and mix candy including products, displays and accompanying store and logistic services. Candyking itself does not manufacture any products, instead they purchases products from different suppliers. The company currently supplies approx. 8,000 retail outlets in seven countries. Sweden, the United Kingdom, Norway and Denmark are the largest markets. Other markets are Finland, Ireland and Poland. In total Candyking have approx. 370 employees.

Candyking’s total sales (including Danish tax) amounted to approx. SEK 1,300m on a rolling twelve month basis per the third quarter of 2016. Underlying EBITDA was approx. SEK 70m and underlying EBIT approx. SEK 30m.

Candyking’s trademarks in confectionery are Candyking, Karamellkungen and Candyking Favourites. The company is also a leading pick and mix supplier within natural snacks in Sweden and Finland under the Parrot brand.

The acquisition is expected to create substantial synergies that will gradually be realized during the years 2017 – 2020. Synergies will be created within administration, procurement, logistics, sales and through insourcing of production. The final outcome of the synergies is dependent on volume development. Cloetta intends to, following completion of the transaction, revert with information regarding expected synergies and non-recurring costs. The Cloetta group’s target of an underlying EBIT margin of 14 per cent stands firm.

The transaction

Cloetta has agreed to acquire 100 per cent of the shares in Candyking as well as 100 percent of Candyking’s outstanding bond and other debt. The initial purchase price amounts to SEK 325m on a cash and debt free basis with a potential additional purchase price of maximum SEK 225m based on the result of Cloetta’s and Candyking’s combined sales volume of pick and mix in confectionery and natural snacks in the Nordic countries, the United Kingdom and Poland during 2018. The seller of the shares is Candyking’s CEO, Dani Evanoff. The majority of the initial purchase price and the potential

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additional purchase price will be allocated to the holders of Candyking's SEK 750m bond loan. In connection with closing of the acquisition, Candyking's bonds will be delisted from Nasdaq Stockholm. At the same time Cloetta will issue an earn-out instrument to the current bondholders that entitles to the future potential additional purchase price. The instrument will be registered at Euroclear in order to facilitate the distribution of any additional purchase price to the current bondholders.

The transaction is subject to approval from the Swedish Competition Authority.

Financing

The acquisition will be financed by Cloetta using cash and its existing credit facilities.

Advisors

Handelsbanken Capital Markets has been financial advisor to Cloetta and Advokatfirman Cederquist has been legal advisor. KPMG contributed with support regarding financial due diligence.

Conference call and web presentation

A conference call and web presentation with Danko Maras, CFO and outgoing CEO a.i., will be held today at 15.00 p.m. Those who wish to participate are invited to dial in on telephone numbers.

Phone numbers

SE: +46856642690
DK: +4535445575
FI: +358981710493
UK: +44 2030089802
NO: +4723500254

Web presentation

Link to the live broadcast will be published on www.cloetta.com

The presentation will be in English. Make sure that you are connected to the conference by dialling in and register a few minutes before the conference begins. An audio recording of the conference call will be published on www.cloetta.com

This information is such that Cloetta AB (publ) is required to disclose pursuant to the EU Market Abuse Regulation. The information was submitted, through the agency of the contact person set out below, for publication at 13.30 CET on 17 February 2017.

Media contact

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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 12 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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