



Press release

21 April 2017

President and CEO Henri de Sauvage-Nolting comments on the results for the first quarter of 2017

Cloetta's operating profit amounted to SEK 93m (108) in the quarter. Operating profit, adjusted for items affecting comparability, decreased to SEK 110m (126), equal to an operating profit margin, adjusted for items affecting comparability, of 8.2 per cent (9.3). Profit for the period increased to SEK 59m (44).

Sales were down, predominantly within pick & mix and contract manufacturing. The lower sales in combination with higher selling, general and administrative expenses resulted, which we now are addressing, in a somewhat lower operating profit, adjusted for items affecting comparability. Operating profit was also affected by items affecting comparability, mainly related to acquisition cost for Candyking.

Decreased net debt/EBITDA

Cash flow from operating activities amounted to SEK 155m (253). The net debt/EBITDA ratio improved to 2.34x (2.78).

Confectionery market

The confectionery market declined in all of Cloetta's core markets. The decline in Finland is related to the abolishment of the confectionery tax.

Sales development

Cloetta's sales for the quarter declined by -0.8 per cent, of which organic growth accounted for -2.0 per cent and positive exchange rate differences for 1.2 per cent.

Sales increased or was unchanged in Finland, the Netherlands, UK, Denmark, Norway and in the export markets. The increase was mainly offset by a decline in sales in Sweden and in contract manufacturing. In Sweden, sales only declined within pick & mix, mainly due to the Easter effect, but also from a tough comparator when new pick & mix concepts were introduced in the same quarter last year. In Finland sales increased driven by the abolition of the confectionery tax and in the Netherlands sales increased within candy.

Acquisition of Candyking approved

I am very pleased with the acquisition of Candyking Holding AB ("Candyking") that we announced in February. Candyking, a leading concept supplier of pick & mix candy in the Nordic countries and UK, will strengthen Cloetta's position within pick & mix and create substantial synergies. The synergies are expected to be gradually realized during the years 2017-2020. In addition, the acquisition will also strengthen our position within natural snacks through the Parrots brand.

The acquisition was approved by the Swedish Competition Authority on 5 April 2017 and is expected to be closed on 28 April 2017. We are now preparing for a year of integration and a team has been appointed in order to plan and implement the integration.

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Focus on profitable growth

My focus since I became CEO on 15 February 2017 has been on visiting all markets and functions to get an overview of what the organization believes are our strengths and challenges. Overall, my view is that Cloetta is a stable and strong company, but organic growth has not been good enough during the last years. My key focus for the coming years will therefore be to increase the organization's focus and capability on organic growth through a relentless focus on consumers and customers while at the same time strengthen our brands through a clear positioning and sharper investments.

Cloetta has reached the target of a net debt/EBITDA below 2.5x. The Annual General Meeting in early April decided to pay a dividend of SEK 0.75, representing 53 per cent of profit for the year, adjusted for the impairments, well in line with our policy of 40–60 per cent.

Our strategic review of Cloetta Italy is ongoing. The aim is to improve growth and margins in Cloetta and could potentially include a divestment of the Italian business.

Our key focus now is profitable growth and to make sure the integration of Candyking is successful. It is an important acquisition that will strengthen Cloetta.

Henri de Sauvage-Nolting
President and CEO

This information constituted before the publication inside information and is such that Cloetta AB (publ) is required to disclose pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted, by the below contact person, for publication on 21 April 2017 at 08:00 am 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 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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