

Clacetta

SEB, 11 January 2017

The leading Nordic confectionery player

- **Founded** by the three Cloetta brothers in **1862**
- Annual sales of **SEK 5,674m** in 2015
- Adjusted EBIT of **SEK 690m**
- Leading local brands in **6 countries**
- **Leading market positions** in Sweden, Finland, Norway, Denmark, the Netherlands and Italy
- **2,600** employees in **14 countries**
- Production at **13 factories in 6 countries**
- Listed on **Nasdaq Stockholm**
- The **largest shareholders** are Malfors Promotor, Columbia Threadneedle and Artisan Partners

Cloetta



● Laura Out driving with @Sarah munching on #Bilar

Our mission

To bring a smile to your



Cloetta



Wich markets do we wich to serve?

Nuts



New territories

Chocolate



Chewing gum



Pastilles



Candy and Liqourice



Cloetta

Cloetta's key strategies

Focus on

- Margin expansion and volume growth
- Cost-efficiency
- Employee development



Long-term financial targets

- **Organic sales growth**

The long-term target is to increase organic sales at least in line with market growth.

- **Adjusted EBIT margin**

The target is an operating profit margin, adjusted of at least 14 per cent.

- **Net debt**

The long-term target is a net debt /EBITDA ratio of around 2.5x.

- **Dividend policy**

The intention is a dividend payout of 40-60 per cent of profit after tax.

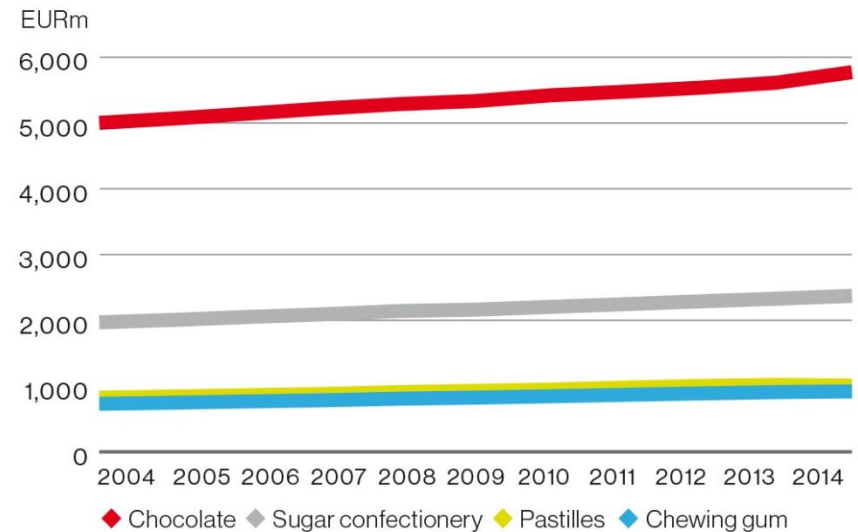


Attractive non-cyclical market

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

Market development in Cloetta's main markets¹⁾



¹⁾ Includes Sweden, Finland, Norway, Denmark, the Netherlands and Italy.

Source: Datamonitor and Mintel

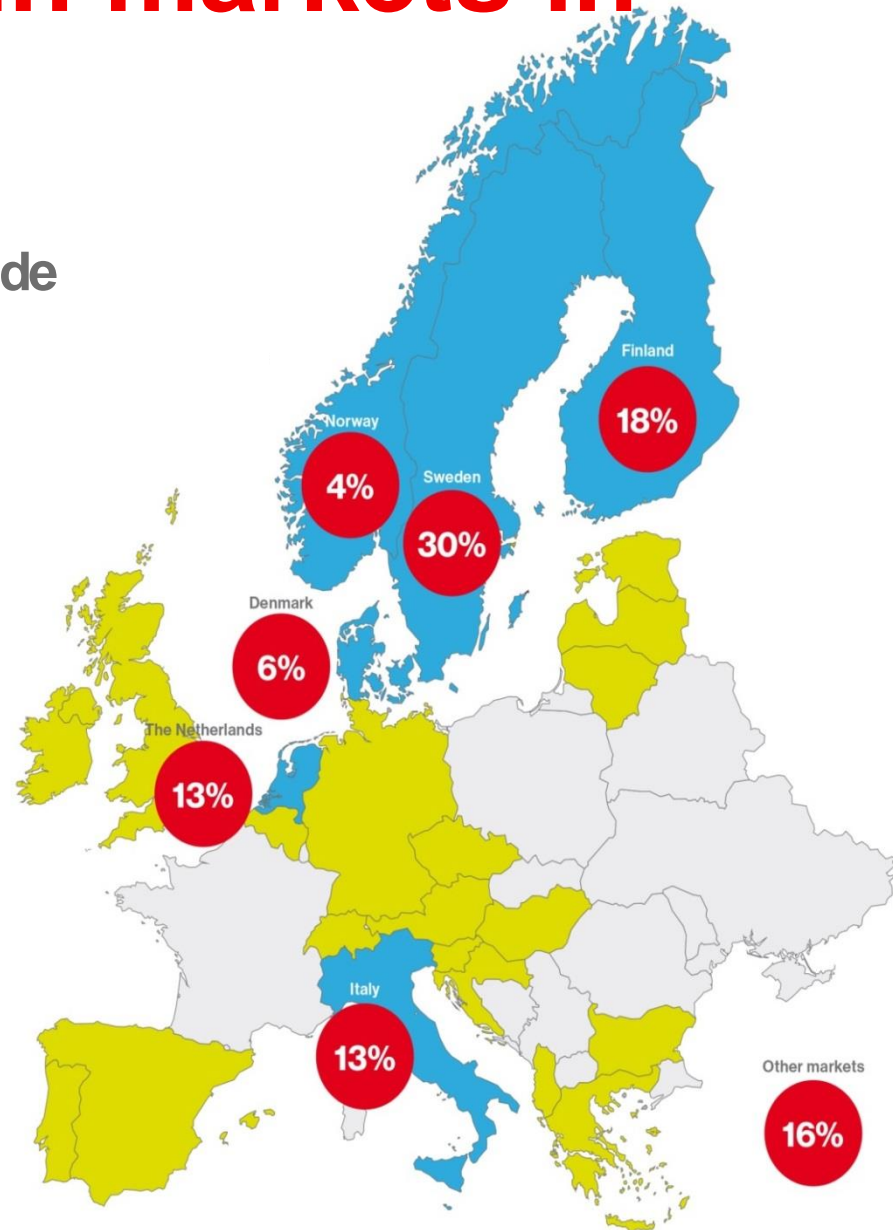
Strong local brands



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 organization.
- ▶ Countries where Cloetta's products are sold primarily through distribution agreements.
- Share of Cloetta's sales.



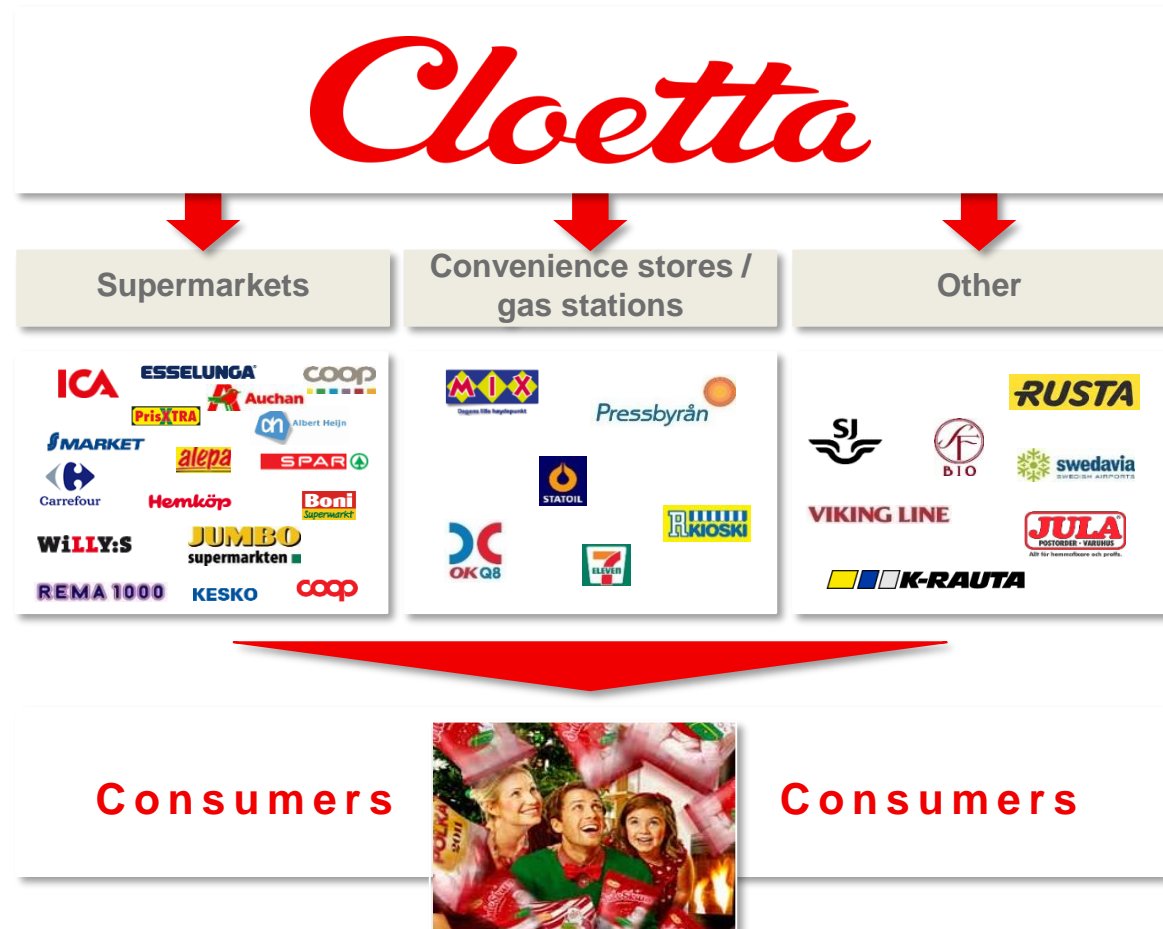
Best in class route-to-market

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



Enablers for improved profitability

- Supply Chain moves from restructuring to operational excellence – our **Lean 2020-program**
- Accelerated **growth and synergy** realization of acquisitions
- Drive growth with **new initiatives** such as pick-and-mix
- Improve **internal processes** including a common ERP system



Lean 2020

From restructuring to **operational excellence** 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**



Recent acquisitions

Lonka - significantly strengthens Cloetta's position in the Netherlands

- Strengthens Cloetta's product offering, including pick-and-mix, and position in the Nordics and the UK
- Diversifies the product range into new categories and offers an entry into the Dutch chocolate market
- Synergies, including a factory closure, will take Lonka to 14% EBIT-margin in 2017



The Jelly Bean Factory - a **premium “gourmet”** brand

- Solid growth over recent years with an attractive EBIT-margin
- Significantly strengthens Cloetta's position in the UK



Nutisal - a step into a **new category** with an established brand

- Dry roasting adds a unique 'crisp' to the nuts
- The nuts category is growing in Western Europe by 5-8%



Pick-and-mix concept

- Cloetta launched a pick-and-mix concept in **Coop Sweden** early 2015
 - Handling of product range, racks and merchandising
 - Also a concept for natural snacks, e.g. nuts
- Cloetta has since many years its own pick-and-mix concept in Finland (Karkkikatu)
- Cloetta can utilize **a wide range of products** from several markets and factories
- Cloetta has experience from the **entire value chain**; production, logistics, planogram and promotional activities
- Pick-and-mix accounts for **30% of total market** volume in Sweden
- Pick-and-mix can contribute to drive growth - **new Pick & Mix contracts** signed for 2016



Pick-and mix concepts



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



Increased sales

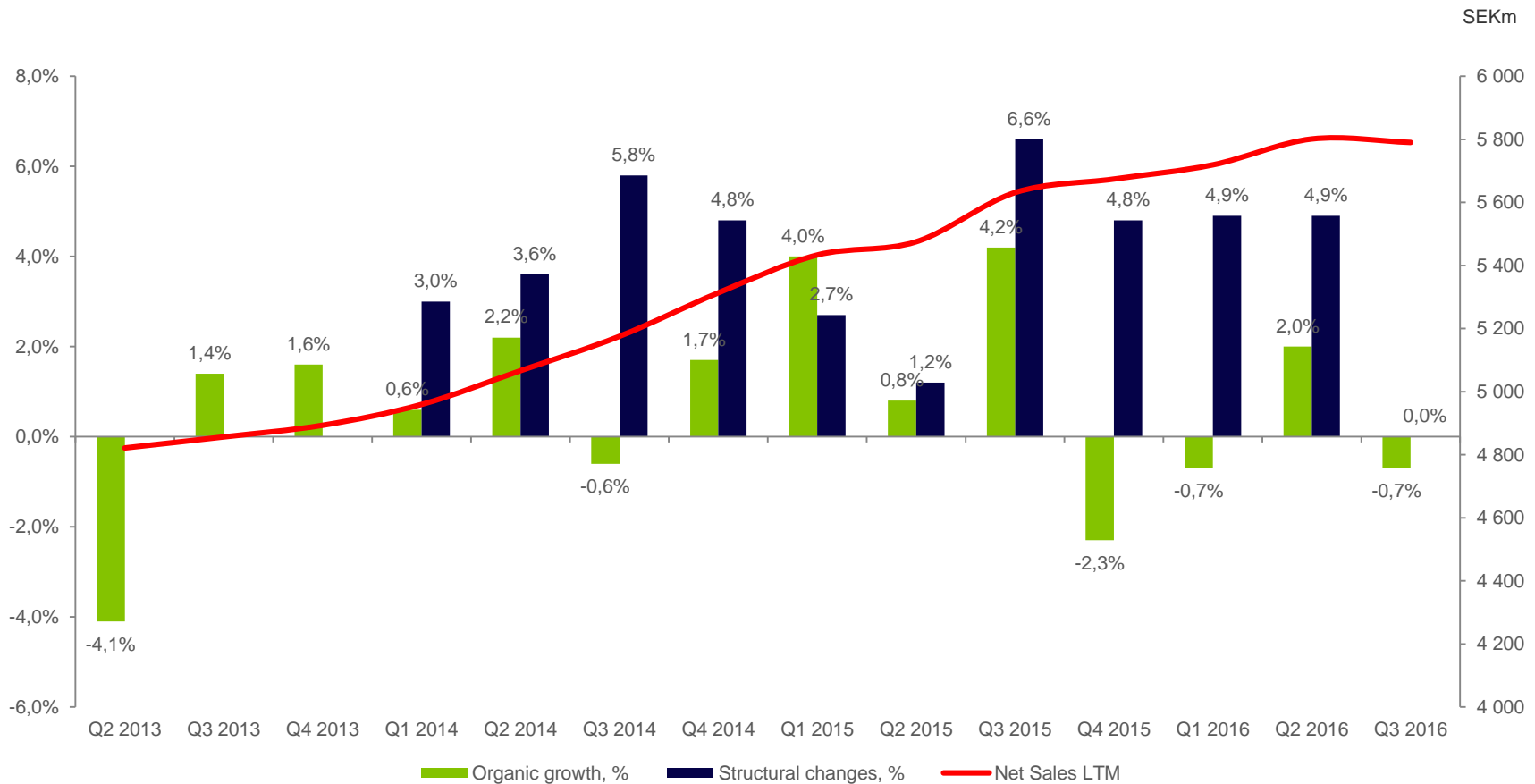
Changes in net sales, %	Jan-Sep 2016	Jan-Sep 2015	Full year 2015	Full year 2014
Organic growth	0.2%	3.0%	1.5%	1.0%
Structural changes	3.1%	3.6%	3.9%	4.3%
Changes in exchange rates	-0.4%	1.9%	1.4%	3.3%
Total	2.9%	8.5%	6.8%	8.6%

Target

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



Sales trend

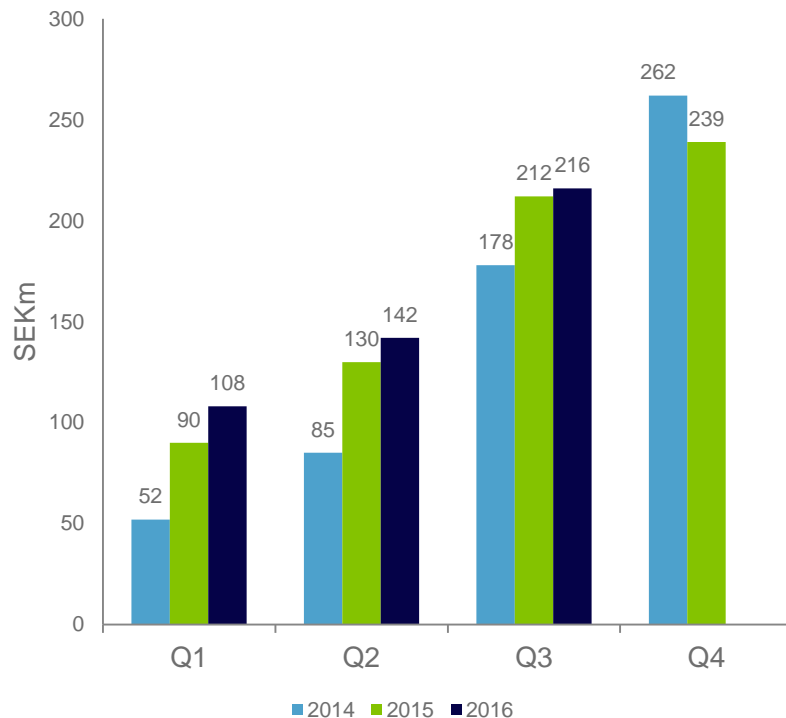


Improved operating profit and margin

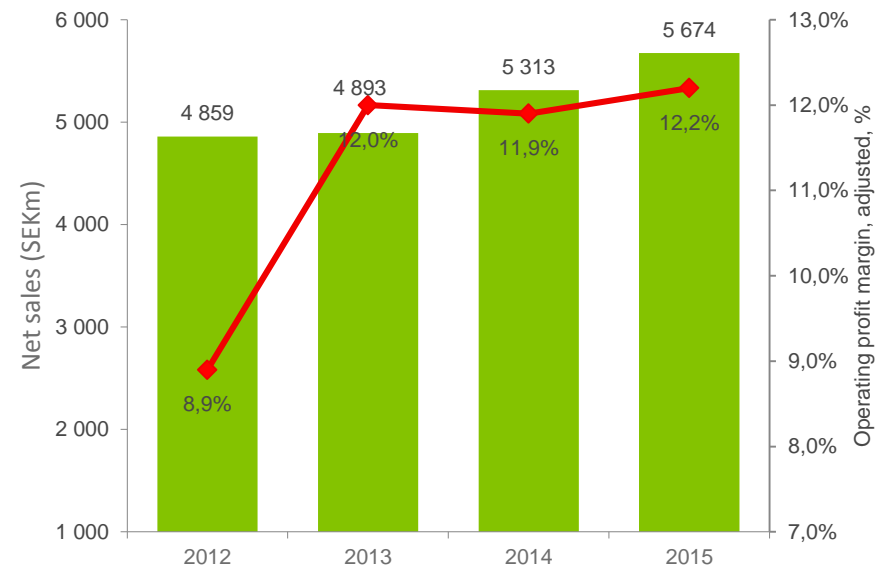
Target

- Operating profit margin, adjusted: at least 14%

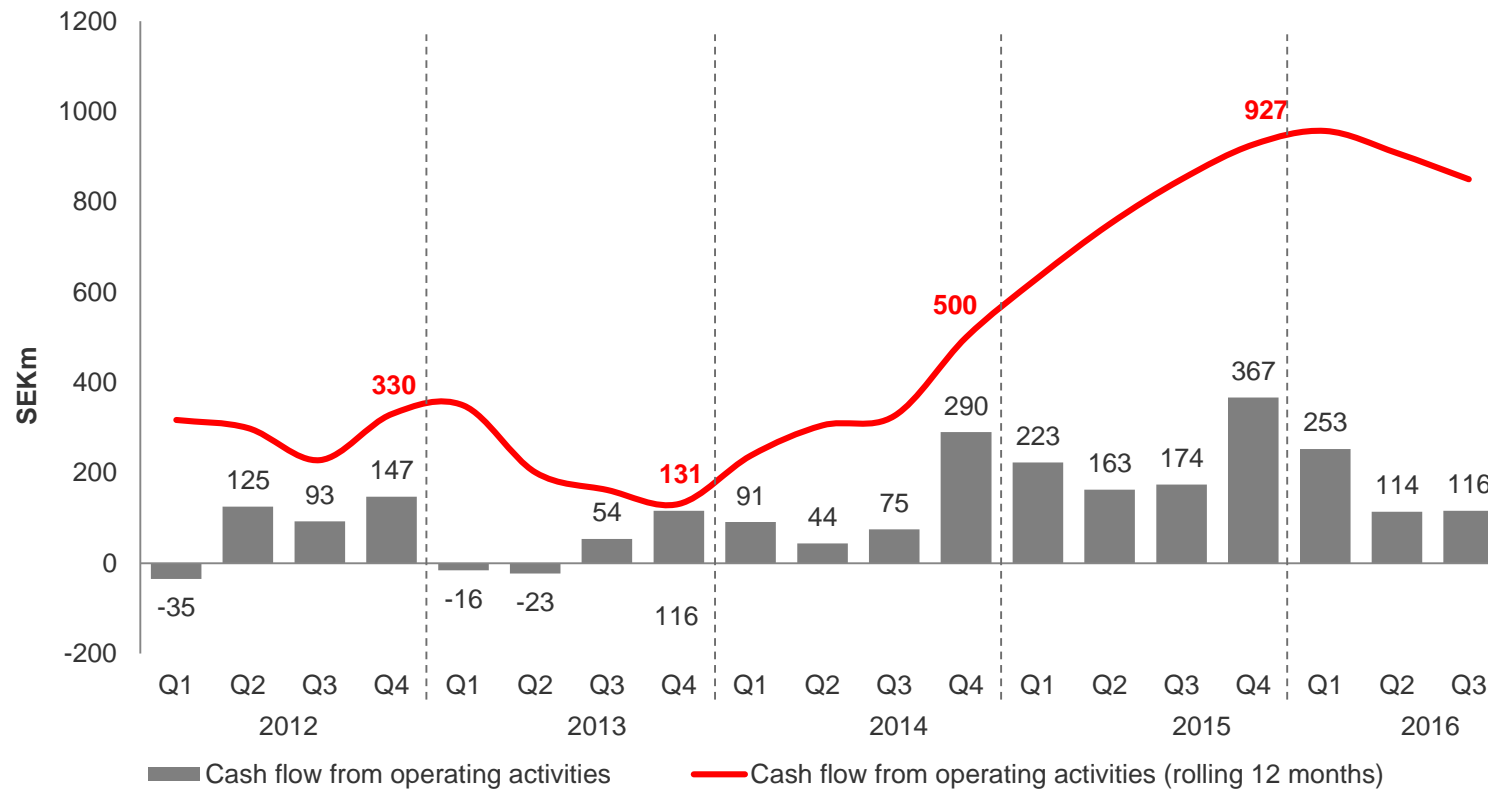
Operating profit



Sales and Operating profit margin, adjusted, %

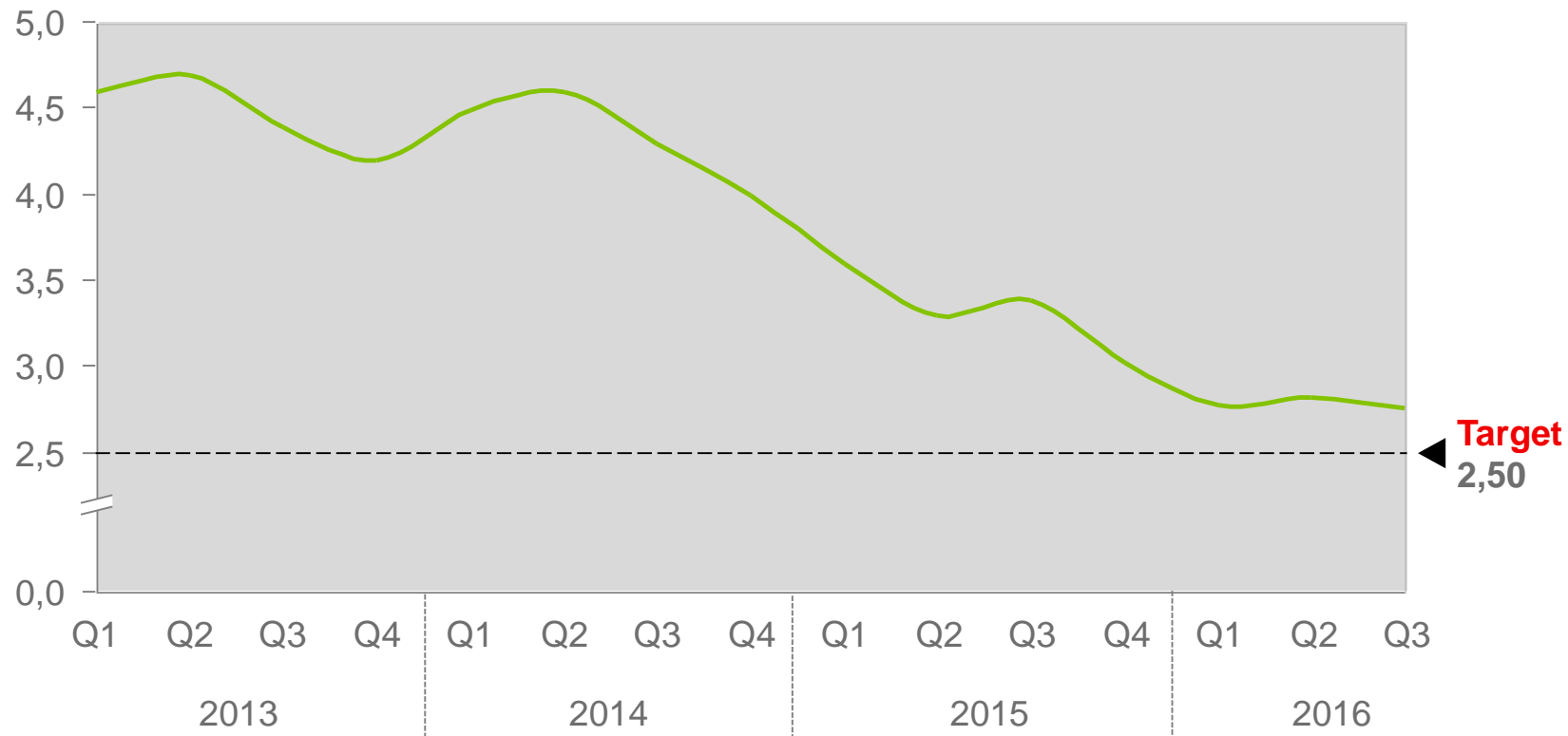


Strong cash flow from operating activities



Financial leverage

Net debt/EBITDA



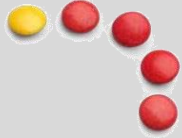
New loan agreement will reduce cost

Net financial items reduced by SEK 140m over a five year period

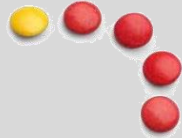
- New loan agreement with four banks equivalent to SEK 3,700m
 - Term loan of EUR 175m with a tenor of three to five years
 - Credit facility of EUR 120m with a tenor of five years
 - Bridge loan of SEK 1,000m to redeem Bond
- The SEK 1,000m Bond was redeemed in September, 2016
- Net financial items reduced by SEK 140m over a five year period
 - Whereof SEK 50m in 2017
 - One-off expenses of SEK 49m in net financial items in Q3, 2016



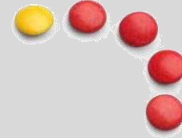
In focus



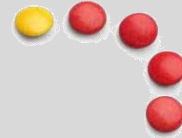
Seasonal sales in Italy and abolition of confectionery tax in Finland



Drive initiatives within pick-and-mix



Closure and transfer of factory in Dieren



Profitable growth

Q&A

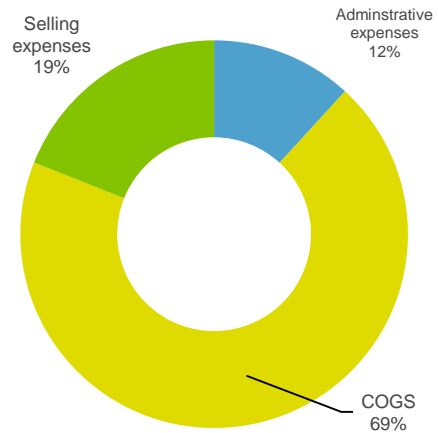
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Appendix

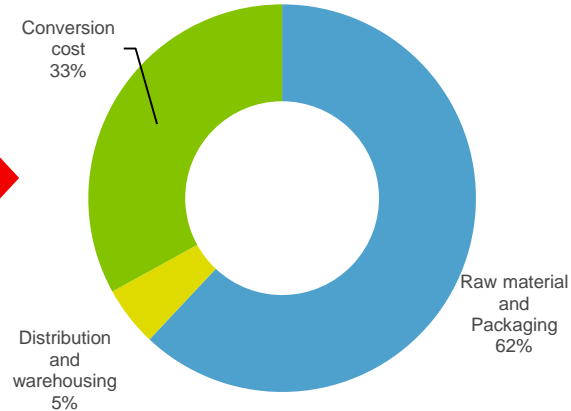
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Cost structure

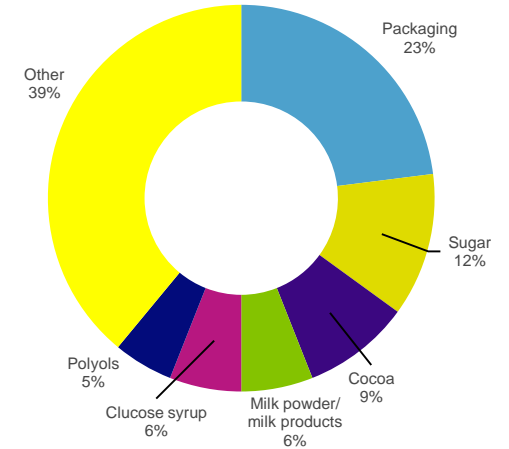
Total cost split 2015



COGS split 2015

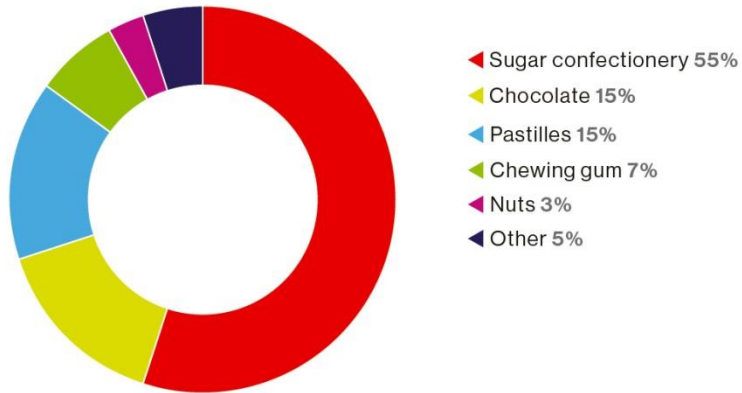


Raw material split 2015

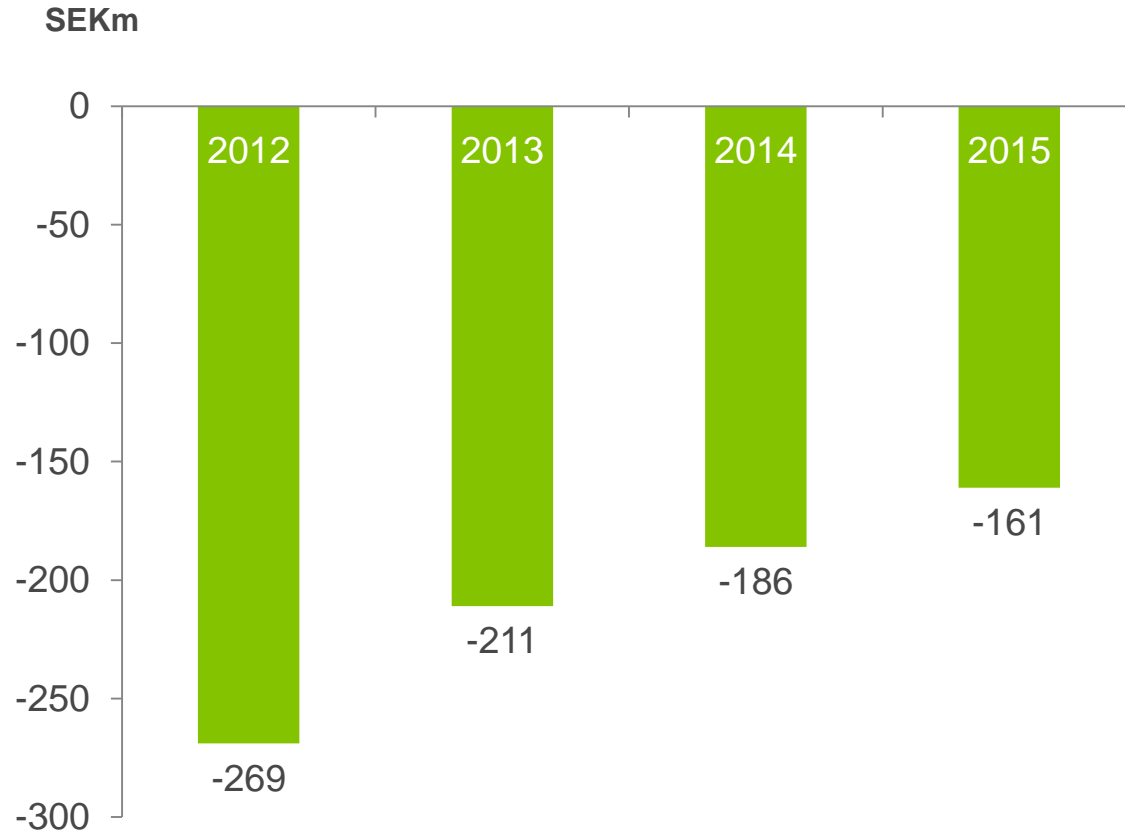


Net sales by category

Cloetta's net sales by category



Capex



Target

- Capex should be around 3 per cent of net sales



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