

Clacetta

**Carnegie Small&Mid cap seminar,
6 September, 2017, Stockholm**

Henri de Sauvage-Nolting, President and CEO

The leading Nordic confectionery player

- **Founded** by the three Cloetta brothers in **1862**
- Annual sales of **SEK 5,852m** in 2016
- Adjusted EBIT of **SEK 758m** in 2016
- Leading local brands in **6 countries**
- Cloetta's products are sold in more than **50 countries** worldwide
- **Main markets** Sweden, Finland, Denmark, Norway, the Netherlands, Germany and the UK.
- **2,600** employees in **13 countries**
- Production at **8 factories in 5 countries**
- Listed on **Nasdaq Stockholm**

Cloetta



Our mission

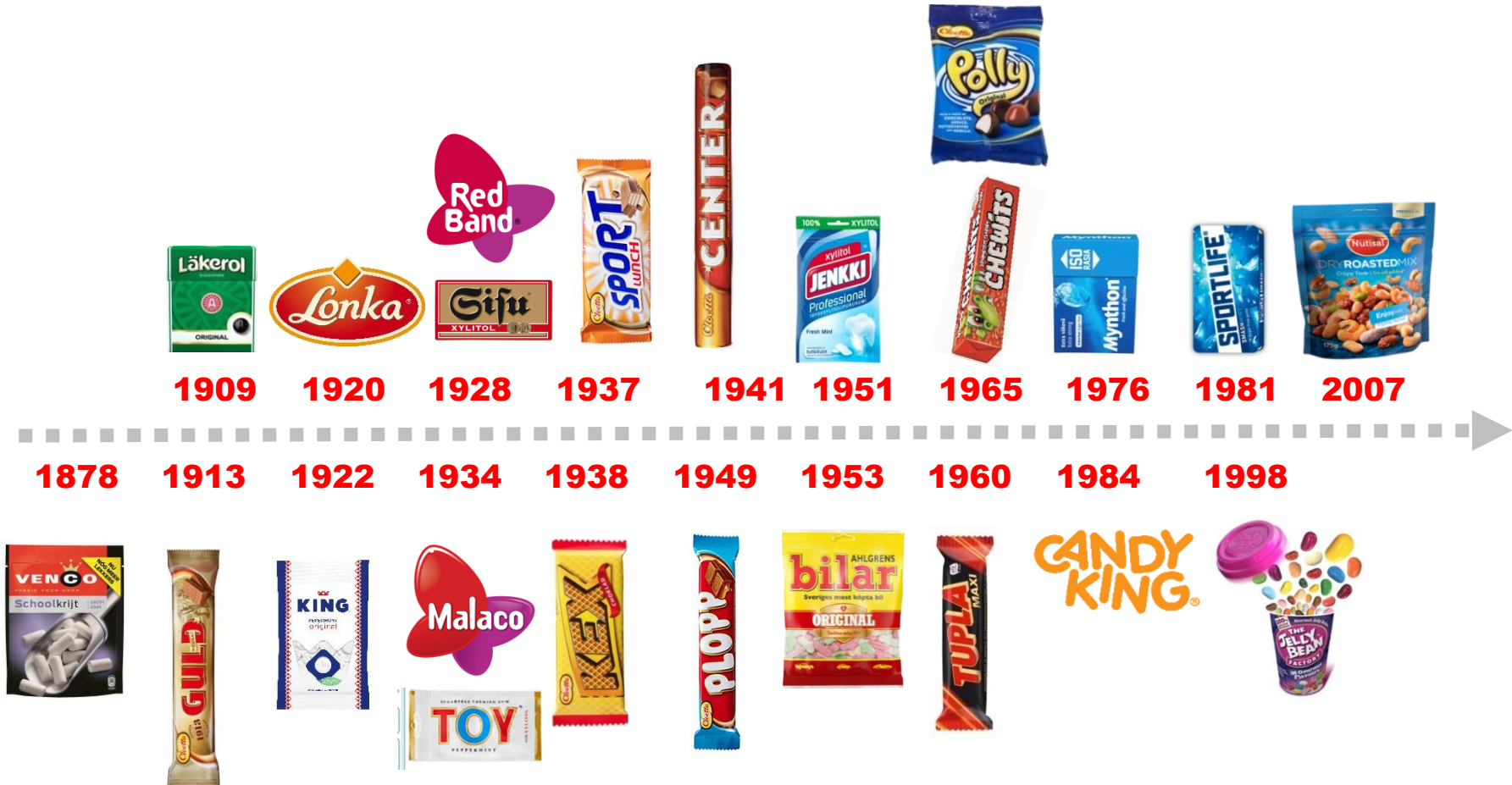
To bring a smile to your



Cloetta



Strong local brands



Cloetta

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 pay-out of 40-60 per cent of profit after tax.

Cloetta

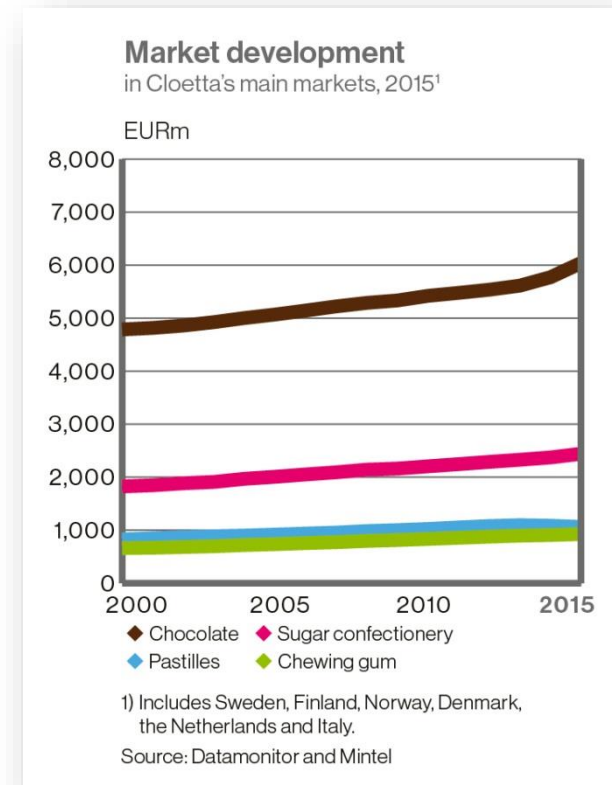


Attractive non-cyclical market

Key trends and consumer behaviour

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

Cloetta



Strong presence in the main markets

- Leading confectionary company in **the Nordic region and the Netherlands**.
- Export to more than **50 countries** worldwide
- Sweden, Finland, Denmark, Norway, the Netherlands, Germany and the UK as the **main markets**.
- **Strong customer relations** – strong commercial organisation in all main markets
- **High category expertise** – contributes to optimised and profitable sales
- **Scale economies** – presence in many categories and channels with complete product portfolio

Cloetta



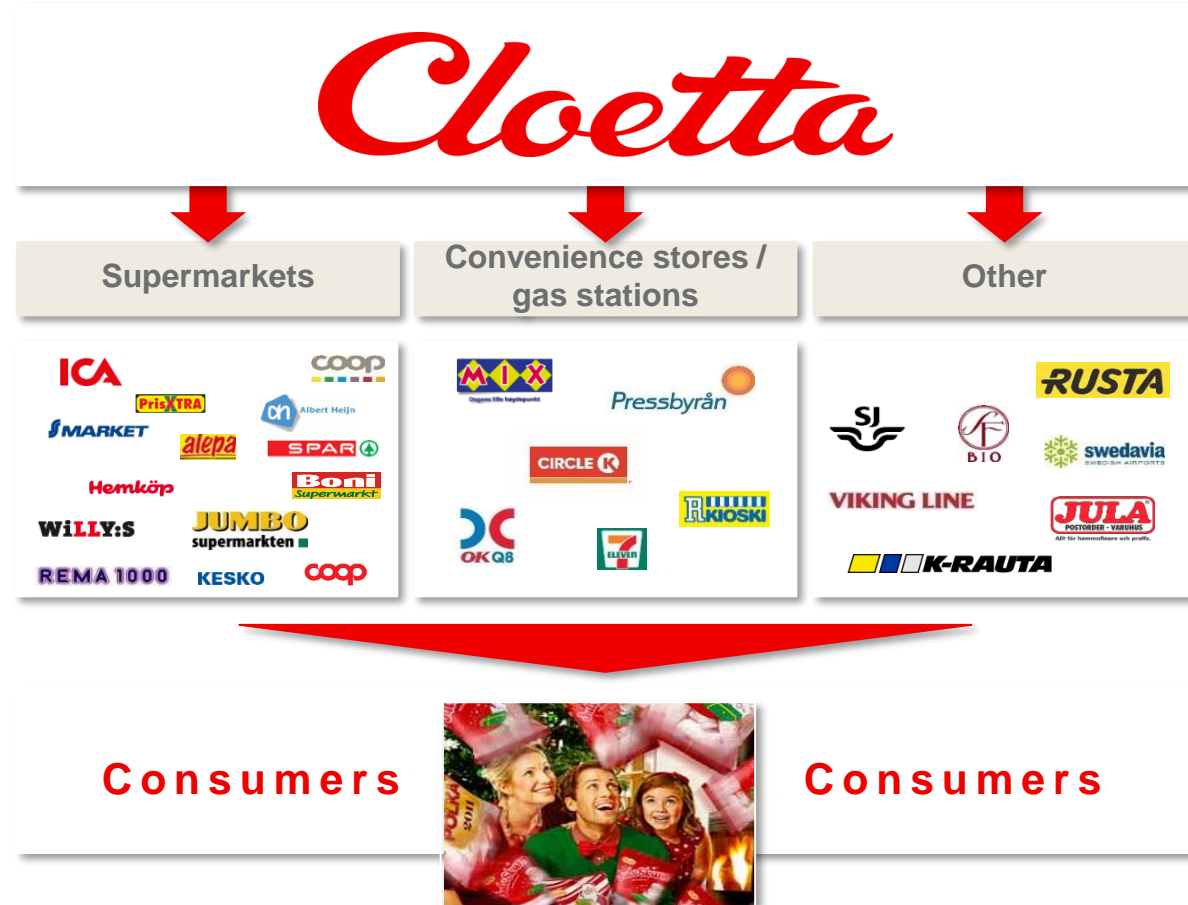
Best in class route-to-market

Customer relations

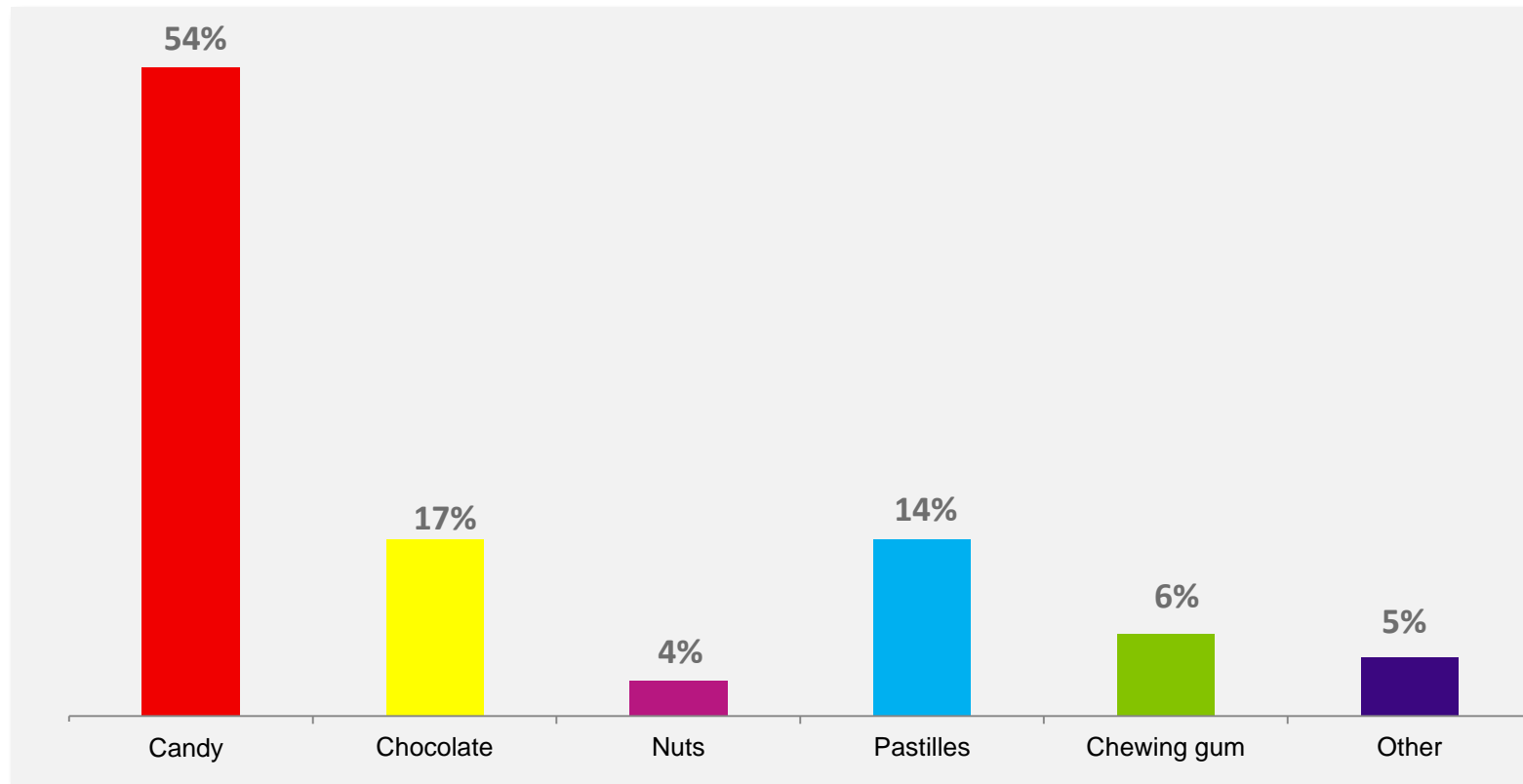
- Large and efficient sales organisation in place in all main markets
- 80% of total sales generated from markets with own sales force

Execution

- Ensure that negotiated listing and distribution agreements are followed
- Ensure good visibility on shelves and checkout lines
- Implement campaigns efficiently



Cloetta net sales by category*



Categories with pick & mix products (+nuts)

Cloetta



* Net sales 2016 incl Italy

Pick & Mix concepts

- Cloetta has experience from the **entire value chain**; production, logistics, planogram and promotional activities
- Since many years Cloetta has Pick & Mix concept in Finland (**Karkkikatu**)
- Cloetta launched pick & mix concepts in Sweden in 2015 and 2016
- In April 2017 Cloetta acquired **Candy King**, Pick & Mix market leader in Nordic countries, and the UK.



Candyking strengthens Cloetta's Pick & Mix position

- **Pick & Mix is 30% of total Confectionary market volume** in Sweden and **5-15%** in other Nordic markets
- **A wide range of products** from several markets and factories
- The acquisition in line with **Cloetta's strategy to drive Pick & Mix**
- **Strengthens Cloetta's position** in Denmark, Norway and the UK
- Strengthens Cloetta's **nature snacks** pick & mix offering with the Parrot brand
- **Synergies** within administration, procurement, logistics, sales and insourcing of production
- **Identified synergies**, given current volume outlook, amounts to SEK 100m in 2020

Cloetta

**CANDY
KING®**

Sales development

| Changes in net sales, % | Jan-Jun 2017 | Jan-Jun 2016 | Full year 2016 | Full year 2015 |
|---------------------------|-----------------|-----------------|-------------------|-------------------|
| Organic growth | -1.5% | 0.6% | 0.5% | 1.5% |
| Structural changes | 5.9% | 4.9% | 2.2% | 3.9% |
| Changes in exchange rates | 2.0% | -0.6% | 0.4% | 1.4% |
| Total | 6.4% | 4.9% | 3.1% | 6.8% |

Target

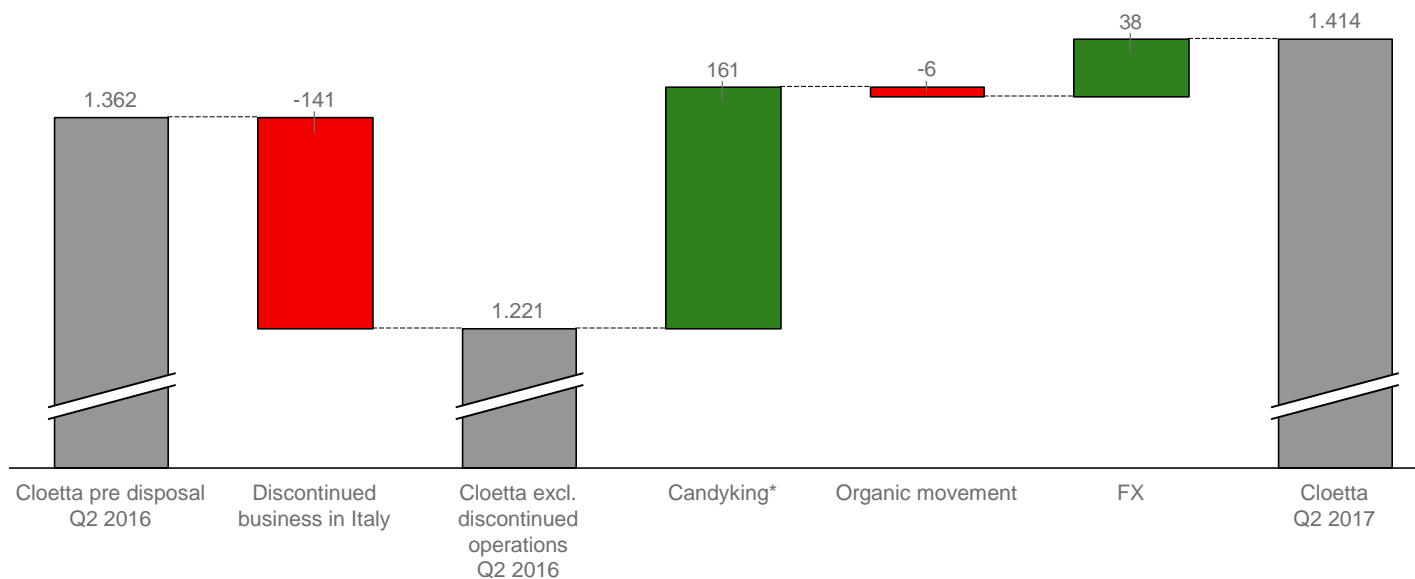
- Organic sales growth at least in line with long term market growth
- Historical aggregated value growth of approx. 1-2% in Cloetta's markets

Cloetta



Net sales development

Q2 - 2017 vs. Q2 - 2016



*Net sales from Candyking May-June

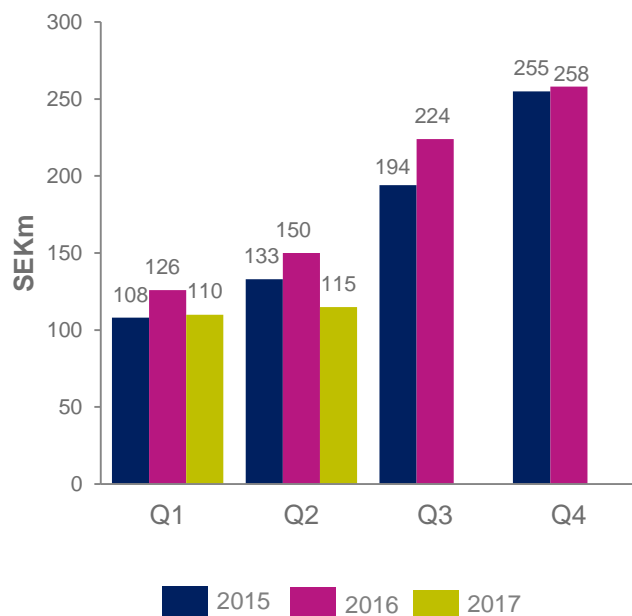


Operating profit and margin development

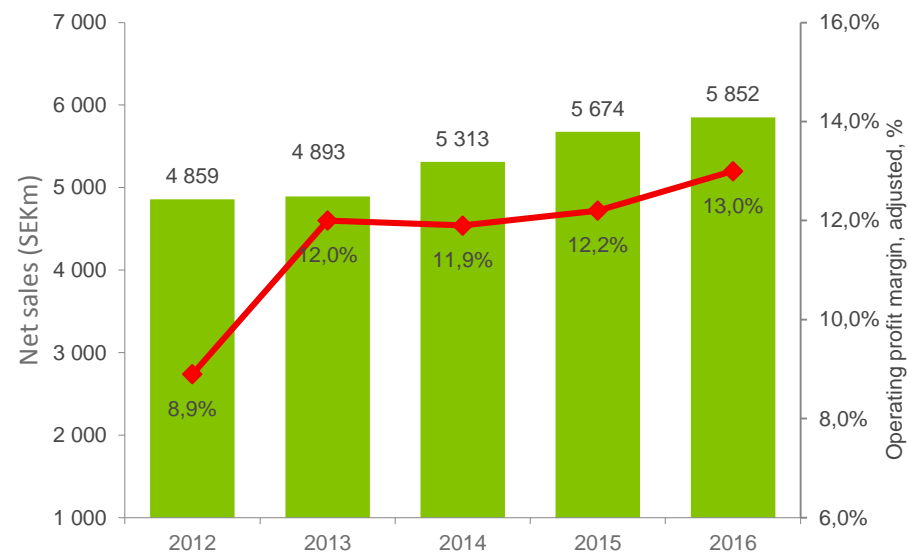
TARGET
OPERATING
PROFIT MARGIN,
ADJUSTED AT
LEAST

14%

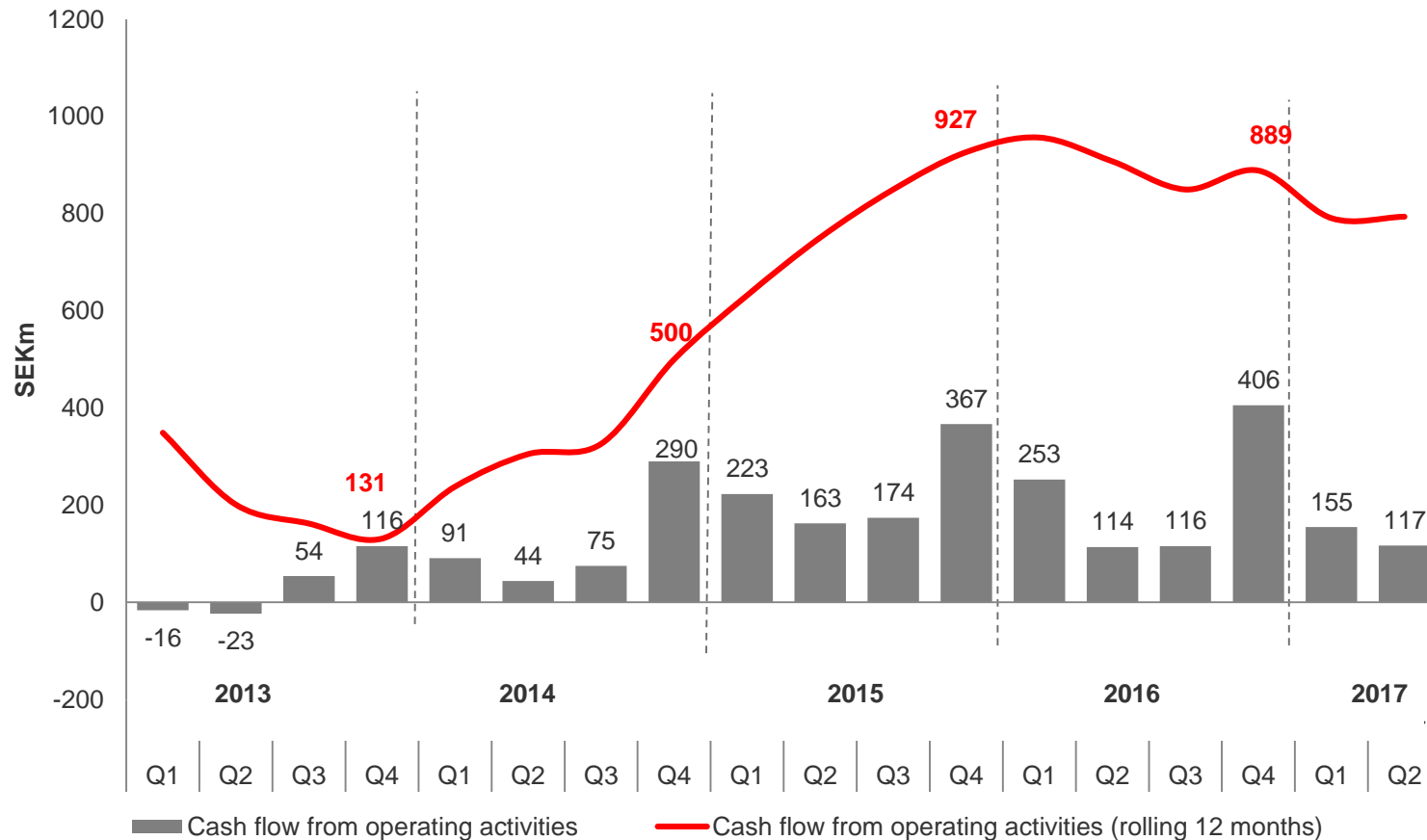
Operating profit,
adjusted



Sales and Operating
profit margin, adjusted, %

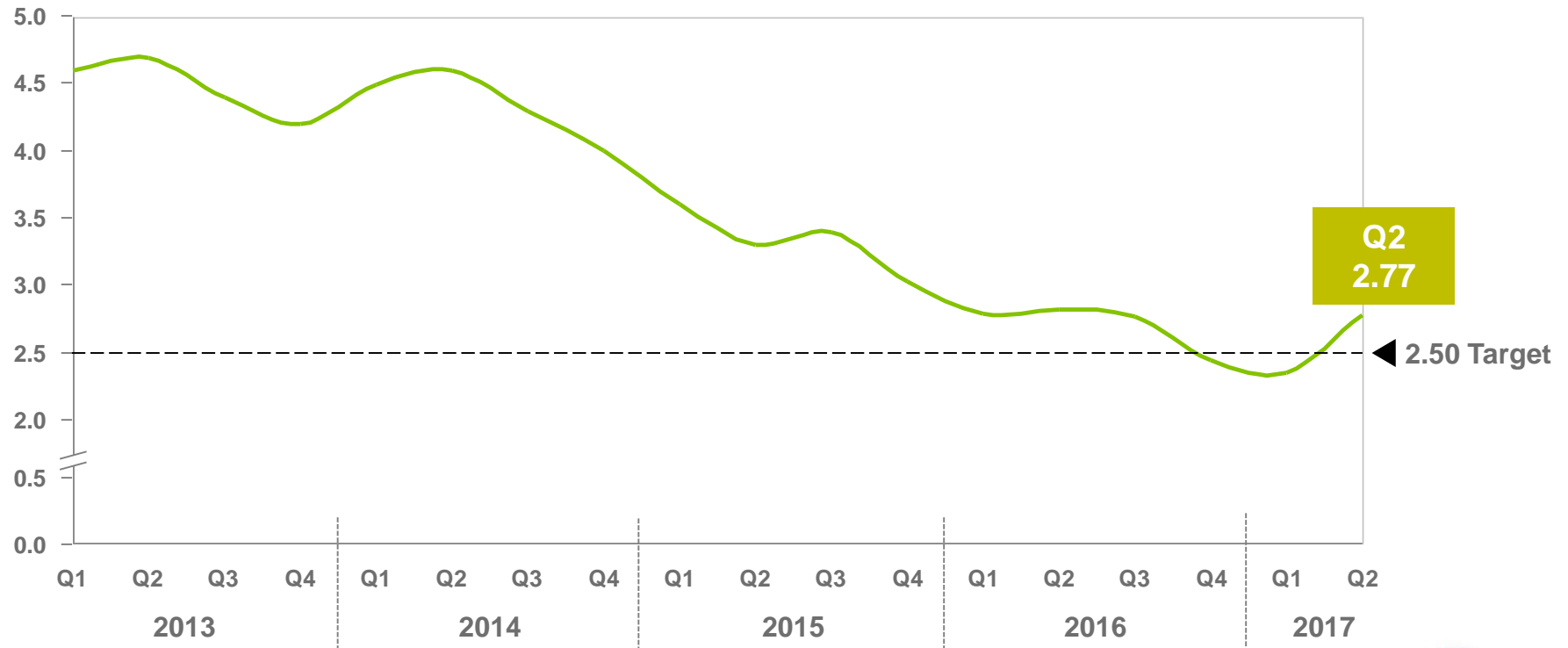


Cash flow from operating activities



Financial leverage

Net debt/EBITDA



Divestiture of Cloetta Italy

Enables Cloetta to focus

- Cloetta has completed the **divestiture of Cloetta Italy to Katjes International**
- **Enterprise Value equals SEK 450m**
- **Positive net cash effect SEK 415m** during 2017
- **Impairment** of approximately **SEK 365m**

Cloetta



Strategic priorities

Financial targets and vision unchanged

**Candyking
integration**



**Lean 2020/
Insourcing**



**Grow the
core
business**



**Cost savings
to fund the
growth**

\$£€

**Establish
international
hubs**



**Integrated
category &
brand plans**



**Cloetta@
forefront of
digital and
e-commerce**



**Offer choice
for you:
Low/no sugar**



Cloetta

Focus

Get business fundamentals right



Drive profitable growth



Focus on cost and gross margin improvement



Integration of Candyking



Drive strategic priorities

Cloetta



Q&A

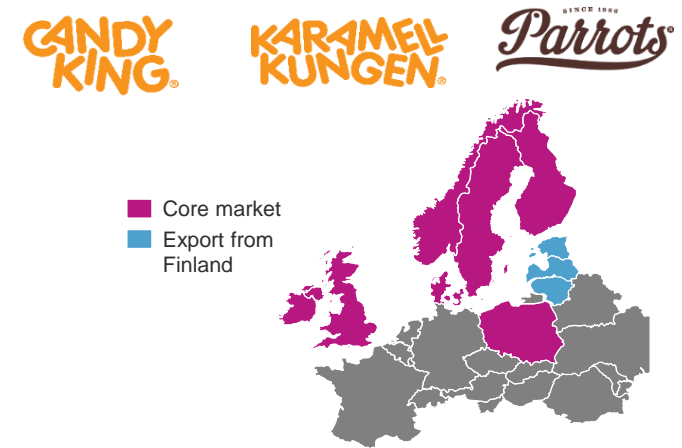
Cloetta

Appendix

Cloetta

Overview of Candyking

- Candyking, founded in 1984, is a concept supplier of **pick & mix** in the **Nordic region, the UK, Ireland and Poland**
- In addition, Candyking is a pick & mix supplier of **natural snacks** in **Sweden and Finland** under the Parrots brand
- Has more than **8,000 point of sales** and offers stores a turnkey concept that includes products, displays and accompanying store and logistic services
- Sales of approximately **SEK 1,300m**. Candyking has no own production and source all products from suppliers



Product/concepts examples



Customer examples



Cloetta

Candyking in-store concepts

Candyking / Karamellkungen

- Candyking / Karamellkungen is Candyking's core pick & mix concept and was launched in 1984
- Represents 93 per cent of Candyking sales
- Concept available in all of Candyking's markets at 7,000 point of sales
- Around 500 items, including chocolates, jellies, hard boiled, foam and licorice confectionery
- Consumers mix their own cup or bag of confectionery from a display offering between 16-200 different items



Cloetta

Parrots

- Concept originally acquired from OLW in 2009 and offers dried fruits, natural nuts, and flavored nuts and snacks
- Concept is currently available in Sweden and Finland at 1,600 point of sales
- The concept has been revamped and was re-launched with a new design two years ago.
- Parrots is currently the only pick & mix snack brand with no palm oil, UTZ certified and only natural flavoring



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**

Cloetta



Common Global ERP System

Enables increased efficiency over time

- Implemented in Sweden, Norway, Denmark, Finland, Ireland, Slovakia, Holland and Belgium



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



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



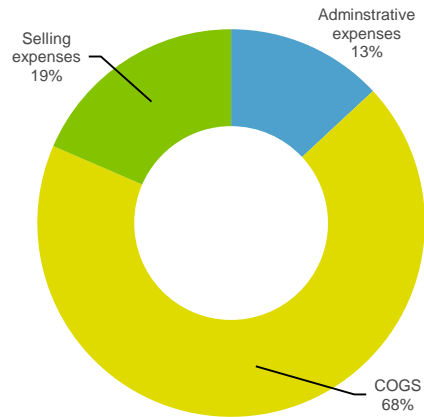
Nutisal - a step into a **new category** with an established brand

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

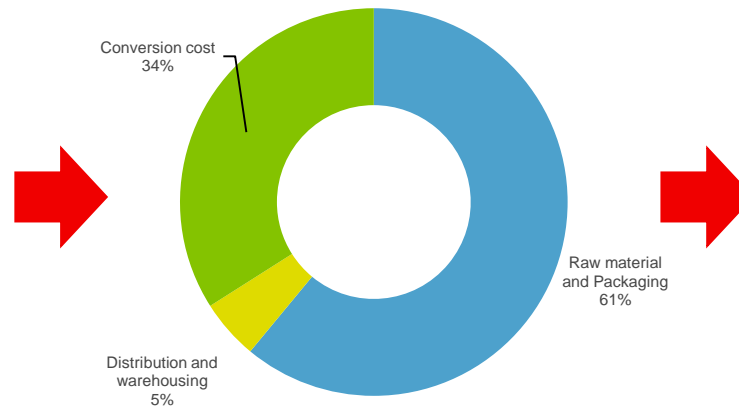


Cost structure

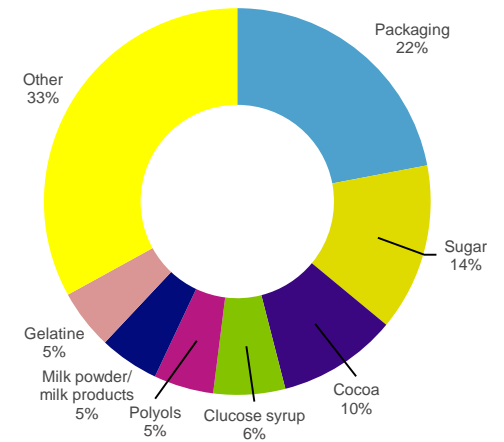
Total cost split 2016
(excluding impairment losses)



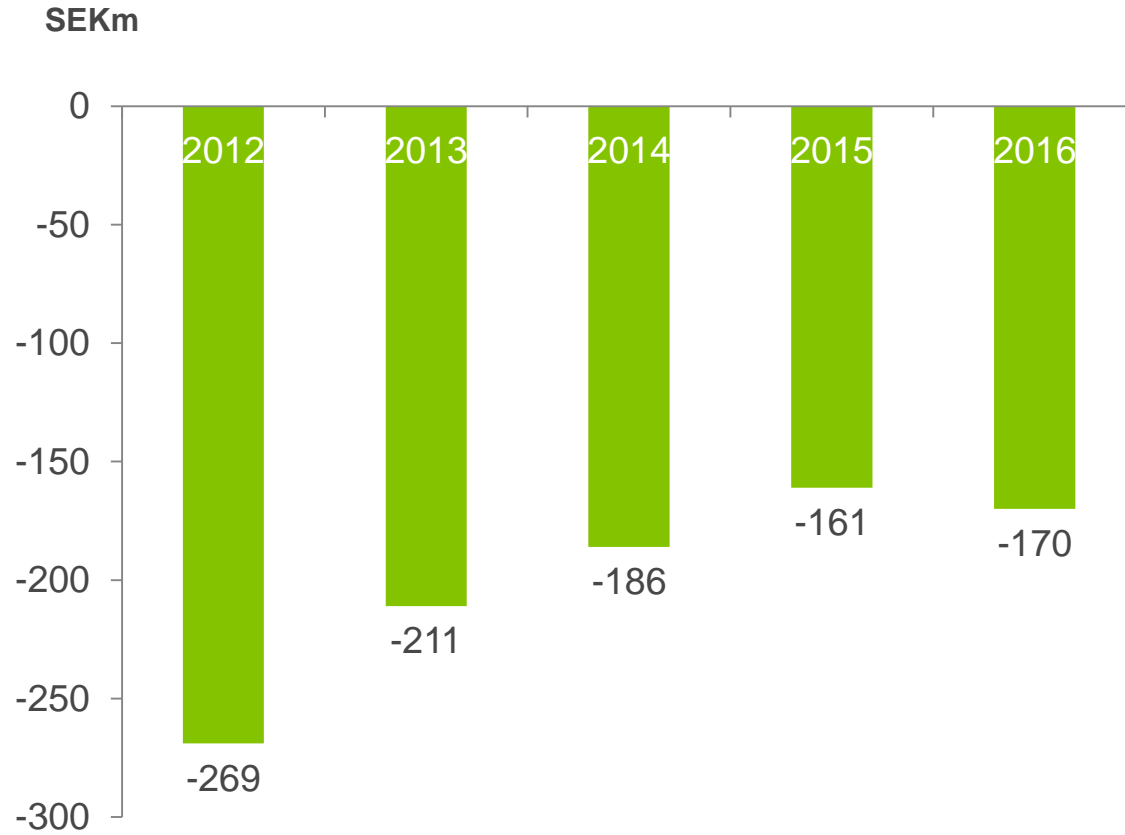
COGS split 2016



Raw material split 2016



Capex



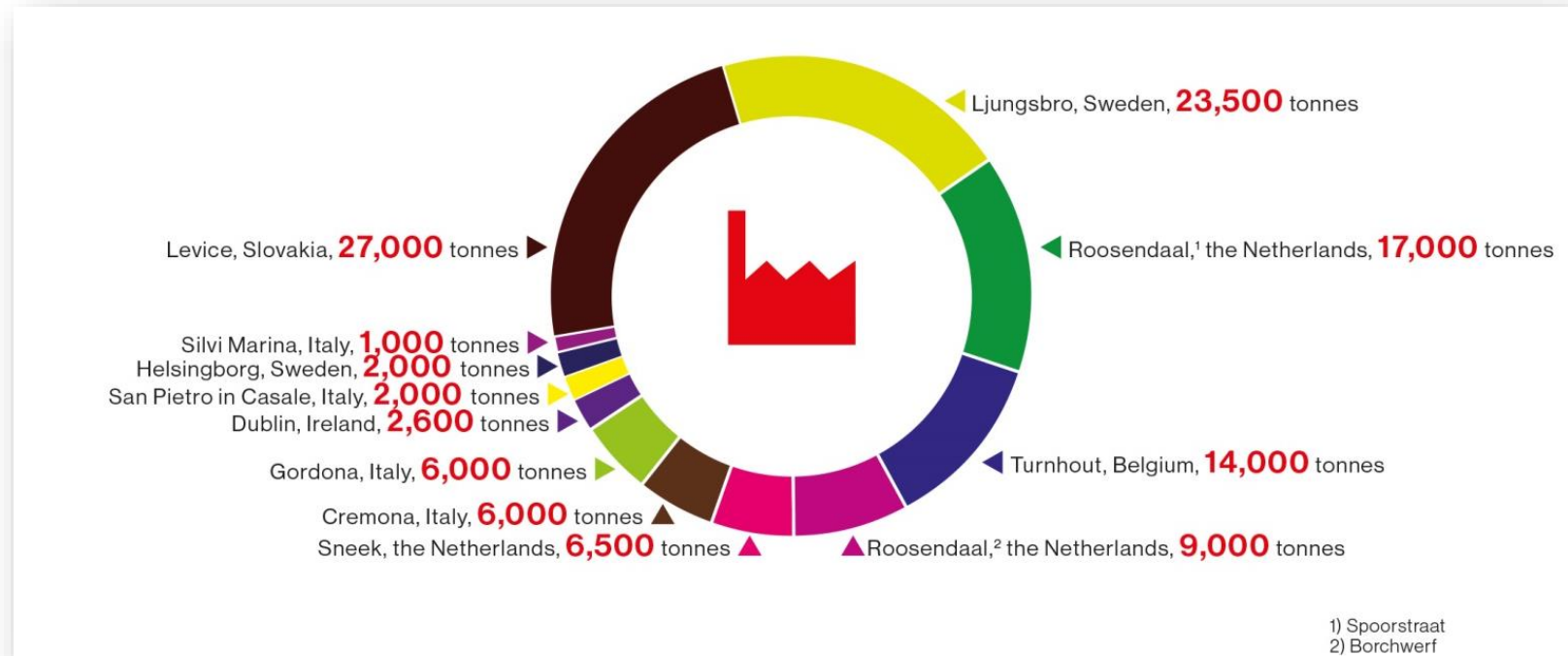
Target

- Capex should be around 3 per cent of net sales

Cloetta



Production by factory in 2016, tonnes



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.