

Clacetta

Roadshow April 2018

Henri de Sauvage-Nolting, President and CEO

Danko Maras, CFO

Jacob Broberg, SVP Corporate Communications & Investor Relations

This is Cloetta

FOUNDED IN

1862

ANNUAL SALES

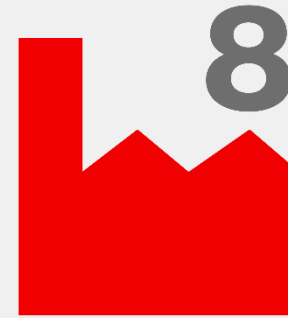
SEK
5.8

BILLION

SALES IN

50

COUNTRIES



2.500

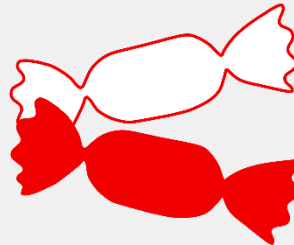
EMPLOYEES



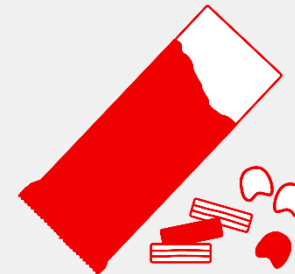
NASDAQ
STOCKHOLM



LEADING
BRANDS



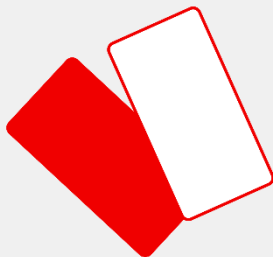
CANDY



CHOCOLATE



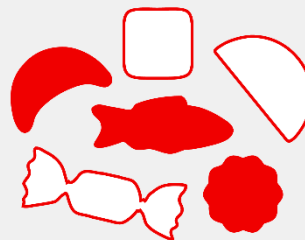
PASTILLES



CHEWING GUM



NUTS



PICK&MIX

**Munchy
Moments**

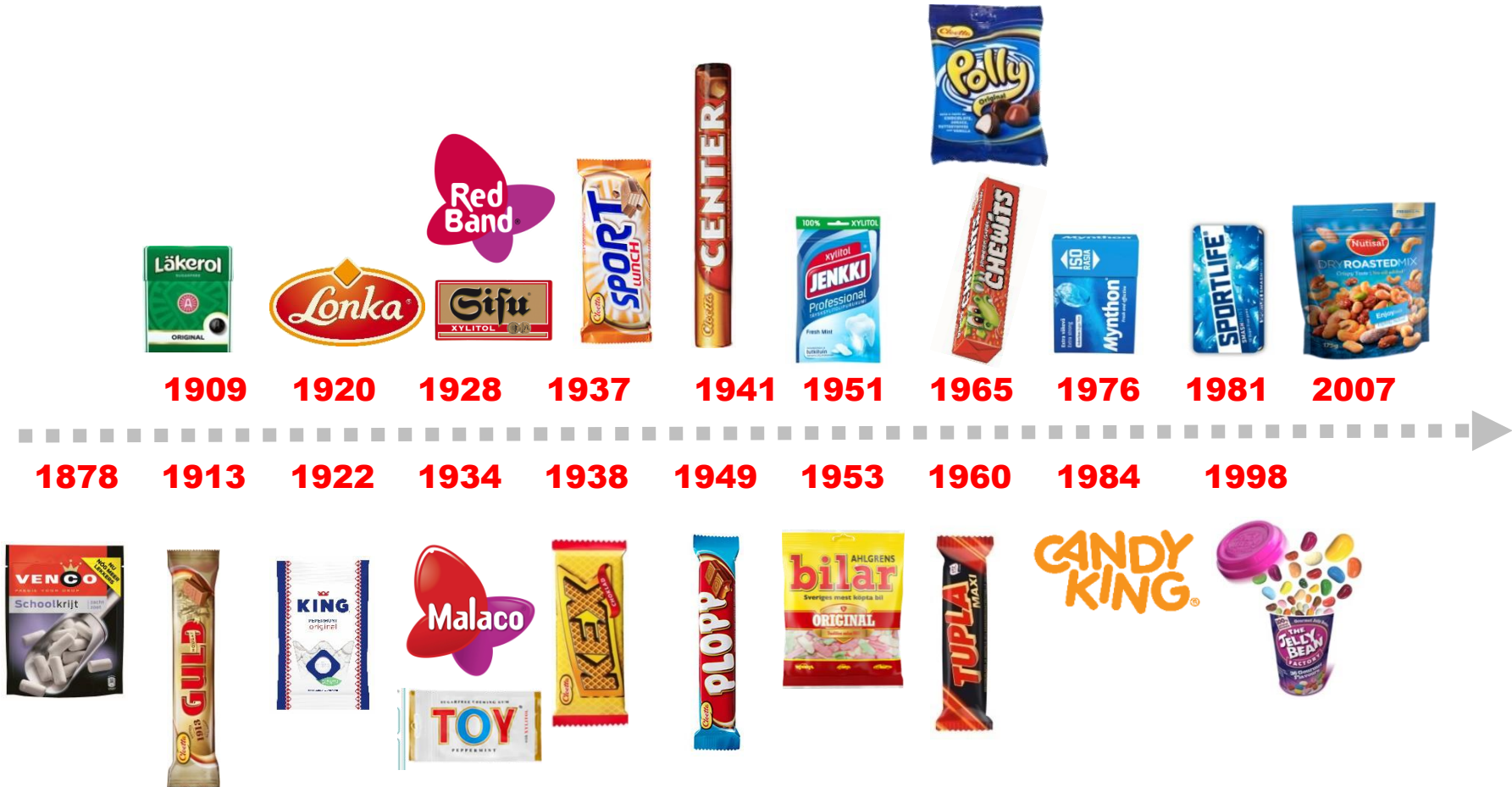
THIS IS
Cloetta

We bring a smile to your Munchy Moments



Cloetta

Strong portfolio of local heritage brands

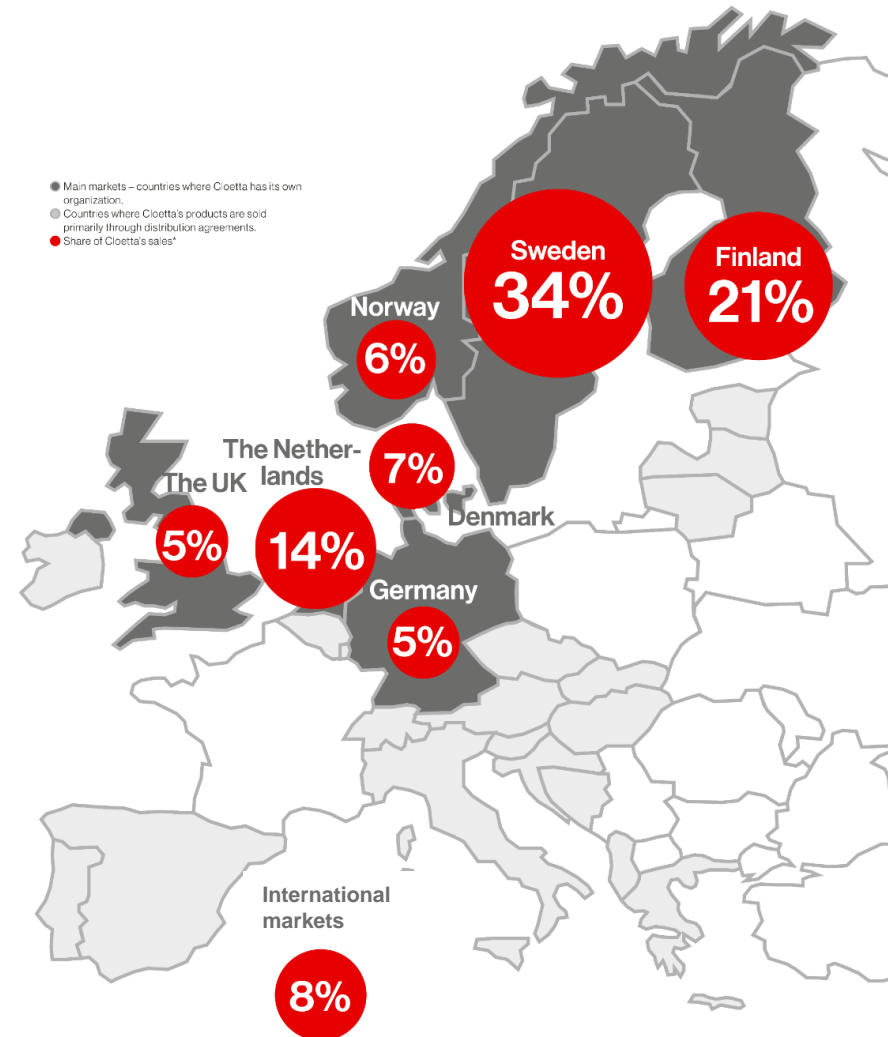


Cloetta








Strong presence in the main markets

Cloetta can utilize “regional” scale versus local and global competition

- Main markets are Sweden, Finland, Denmark, Norway, the Netherlands, Germany and the UK
- Export to more than 50 countries world wide
- Presence in many categories and channels with complete product portfolio
- 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



Nordic market leader with leading positions in several categories

Sweden		Candy, chocolate countlines, pastilles, chocolate bags and pick & mix
Finland		Candy, pastilles, chewing gum and pick & mix
Norway		Candy, pastilles and pick & mix
Denmark		Candy, pastilles and pick & mix
Netherlands		Candy, chewing gum, pastilles
Germany		Niche positions in selected candy categories
United Kingdom		Pick & mix and niche positions in selected candy categories

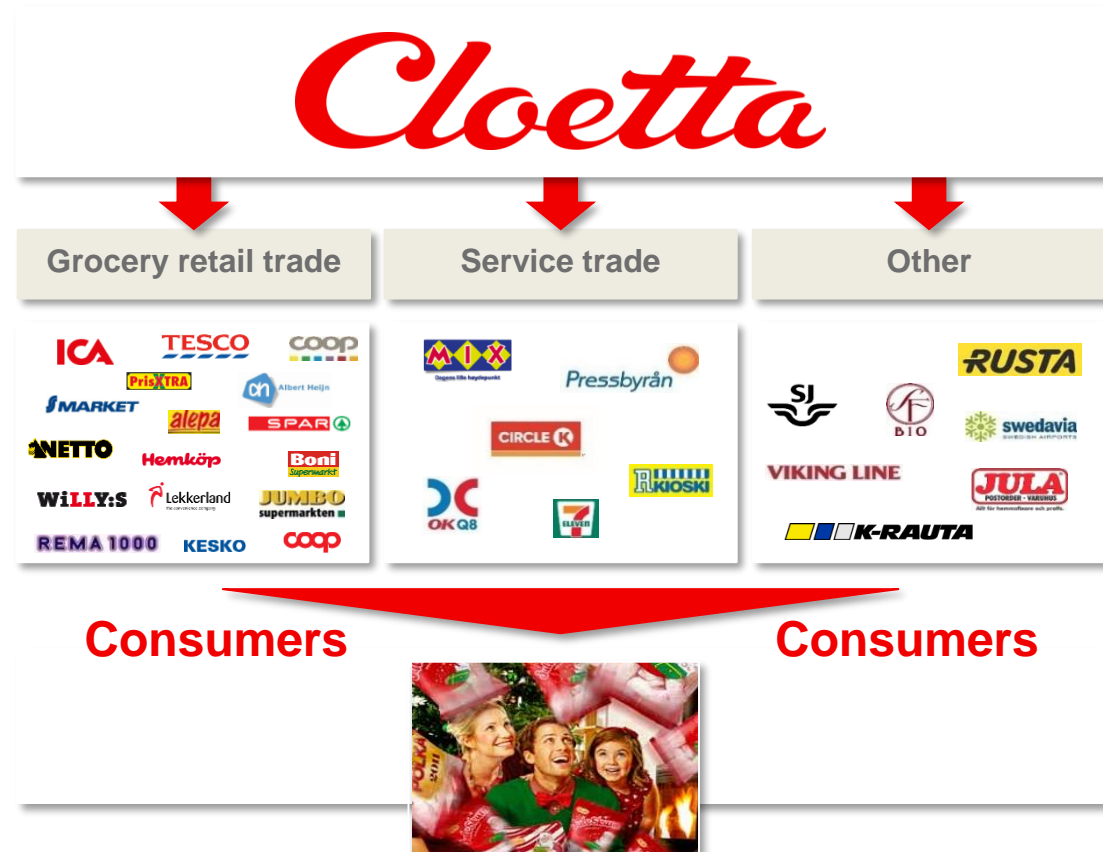
Best in class route-to-market

Customer relations

- Large and efficient sales organisation in all main markets
- 85% of sales by own sales force

Execution

- Category expertise drives sales optimization
- Listings and distribution agreements
- Ensure visibility on shelves and checkout lines
- Efficient implementation of campaigns



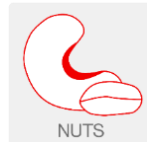
Cloetta's strengths

Local Brand loyalty, pick & mix scale and North West Europe core markets

Cloetta's Strategic Strengths

- Strong leading local brands
- Core markets in growing North Western Europe
- Strong European leader in pick & mix
- Scale benefits in North Western Europe vs local competition
- Route to market scale in core markets
- Locally tailored innovation

Categories



Format

Packaged	pick & mix	Sales ¹
✓	✓	58 %
✓	✓	17 %
✓	✗	12 %
✓	✗	7 %
✓	✓	4 %

Cloetta

Cloetta's targets

The consumer is our **"boss"** and we are the customers **#1** partner

- ▶ Organic **Sales growth** – at least in line with market growth
- ▶ **EBIT margin**, adjusted – at least 14%
- ▶ **Net debt/EBITDA** ratio - 2,5x
- ▶ **Dividend** policy – 40-60% of profit after tax

Cloetta



Cloetta's Strategic Plan

Driving growth

Consumer & Brands

- Bigger but fewer innovations
- Strengthen our local brands
- "Choice for You" – less sugar
- Sustainability in our brands

Customer & Market

- Preferred partner by the trade
- End to End Supply Chain
- Building brands in store
- Best pick & mix concepts
- Develop e-commerce concepts

New markets & concepts

- International market hubs
- A global The Jelly Bean Factory brand
- Build international capabilities

Cost efficiency

To invest in brands and increase EBIT

- Candyking integration
- Lean 2020 and insourcing
- Reduction in indirect costs
- Efficiency in marketing spend

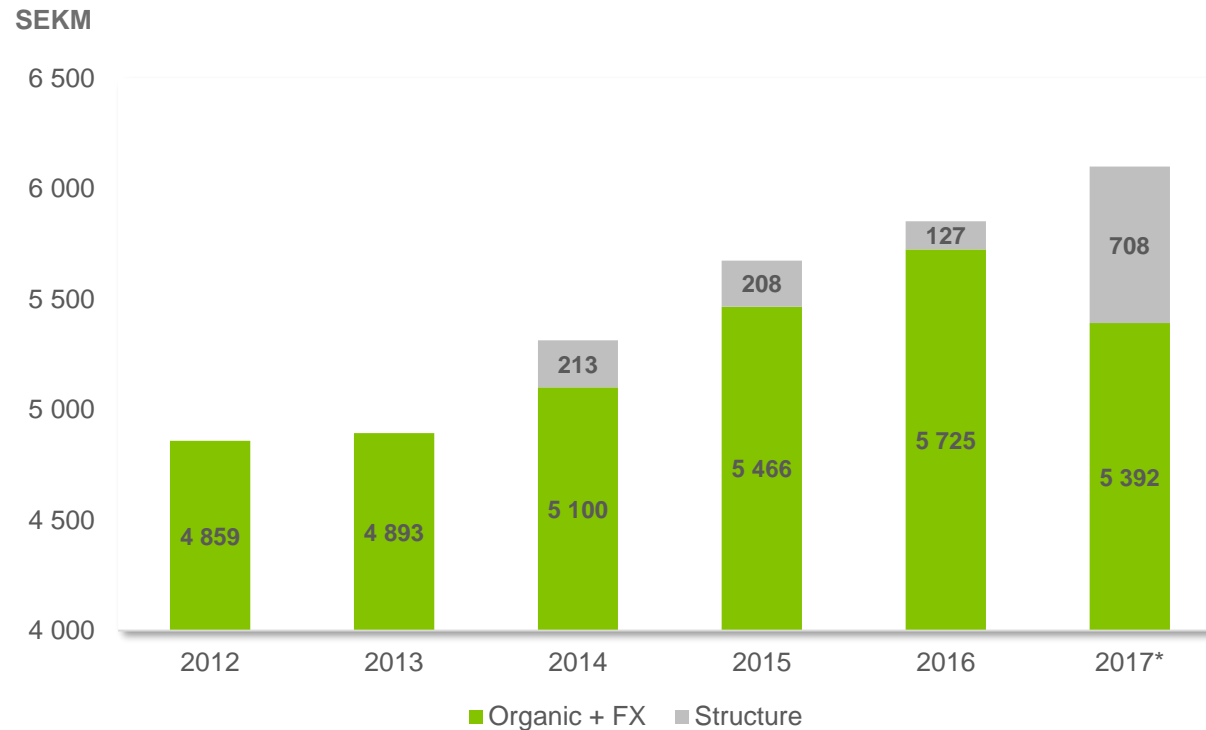
Employees and organization

Capabilities for growth

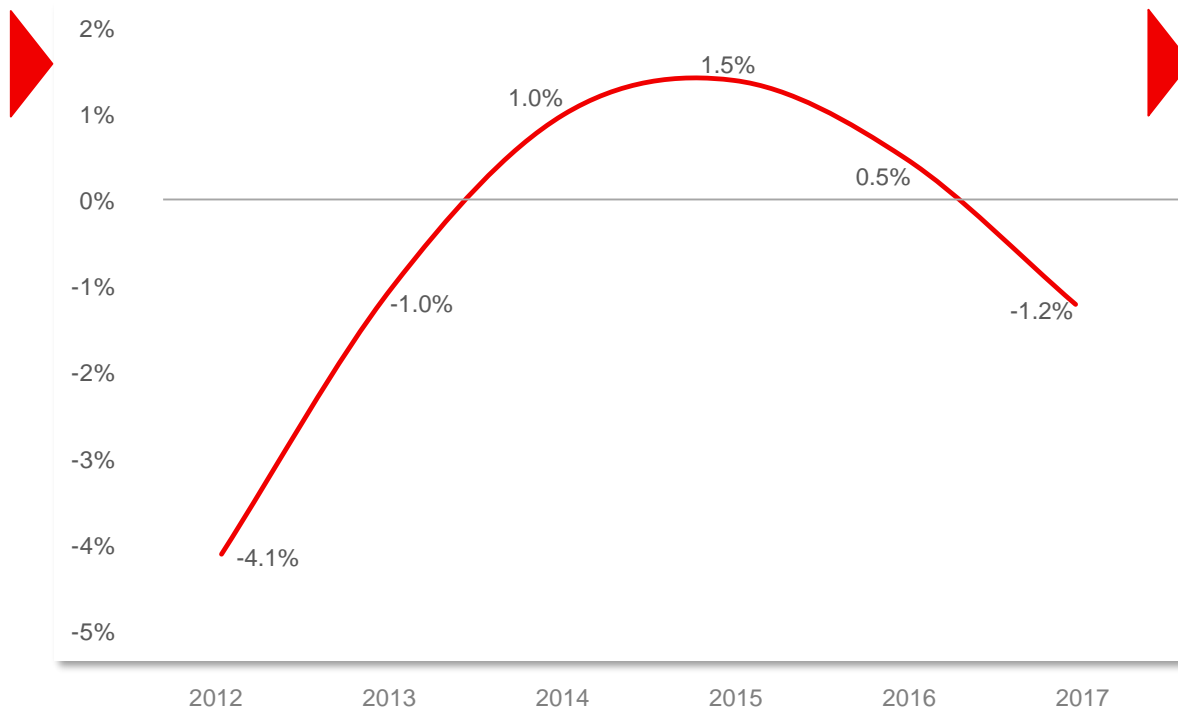
- Zero accidents
- A winning and performance culture
- ONE Cloetta
- Develop current and future leaders
- Marketing and sales capabilities

Sales development

Growth by acquisitions



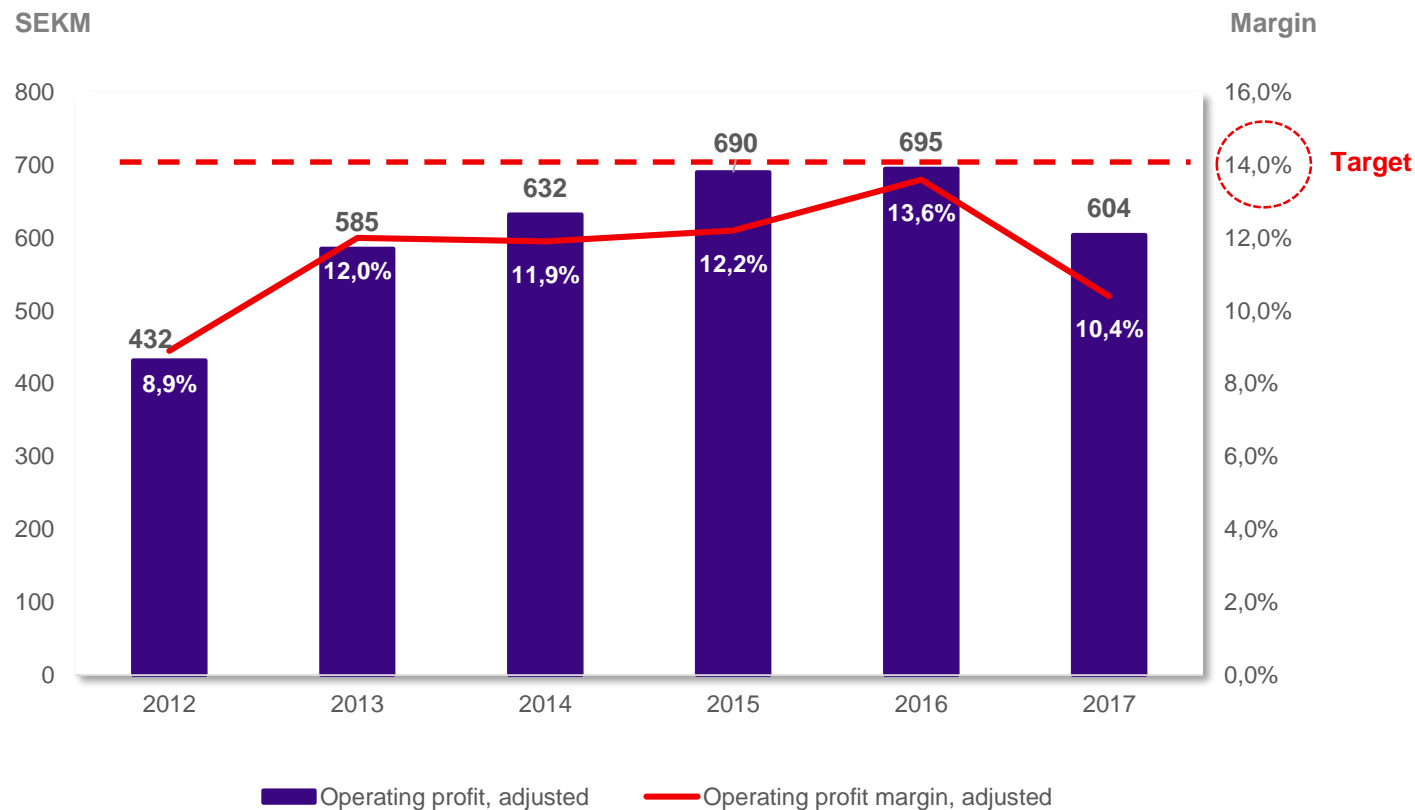
Organic sales development



Target

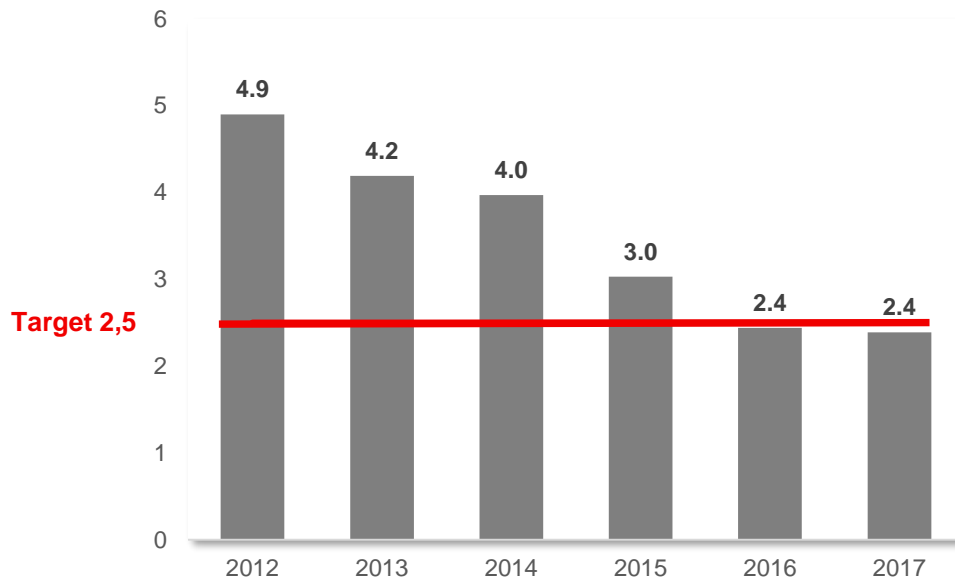
- At least in line with long term market growth, which has historically been 1-2%

Adjusted operating profit and margin development



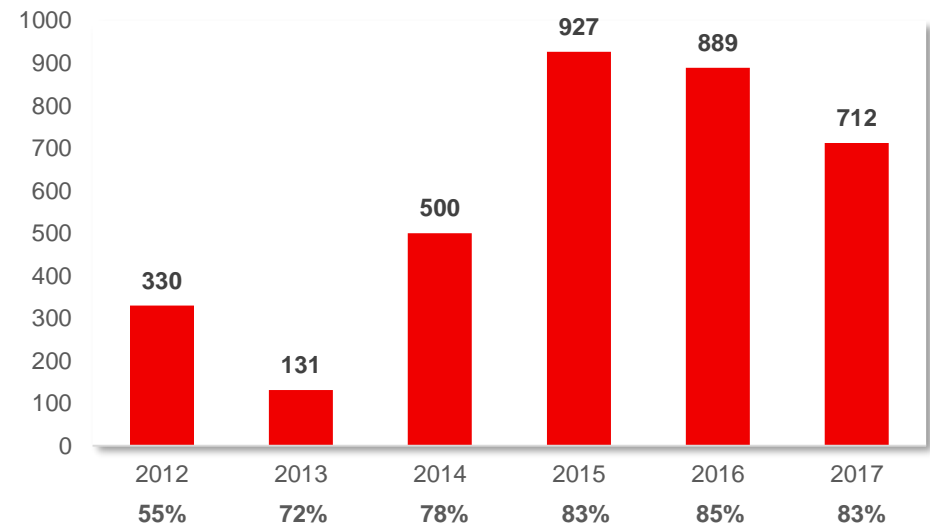
Debt ratio in line with target and stable cash flow

Net debt/EBITDA ratio, x



Cash flow from operating activities

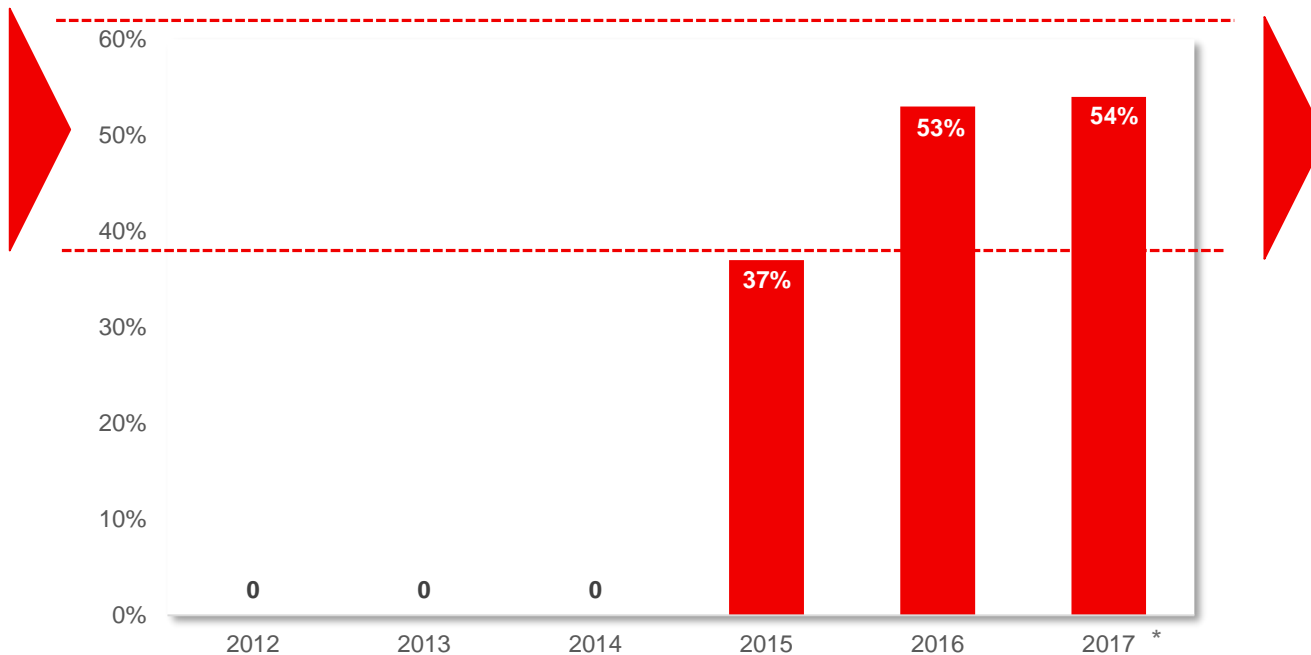
SEKM



Cash conversion *

* Operating profit, adjusted for items affecting comparability, before depreciation and amortization less capital expenditures as a percentage of operating profit, adjusted for items affecting comparability, before depreciation and amortization.

Dividend policy – historic development



Target

- Dividend payout of 40–60 per cent of profit for the period

* 2017 excluding special dividend

Six reasons to invest in Cloetta

1. Strong local brands
2. Strong market positions in the stable Northern and Western European markets
3. Strong market leader in pick & mix
4. Proven track record of bolt on acquisitions
5. Focus on continued margin expansion
6. Attractive cash flow generation and dividend



Q1 report 2018

Cloetta



Q1 2018 results – 24 April 2018

Henri de Sauvage-Nolting, President and CEO

Danko Maras, CFO

Jacob Broberg, SVP IR

Q1 highlights

Good EBIT delivery and Easter sales

- **Net sales** amounted to SEK 1,562m (1,222). Organic growth amounted to 1.1 per cent
- **Operating profit, adjusted** amounted to SEK 164m (114)
- **Operating profit** amounted to SEK 166m (97)
- **Profit for the period** from continuing operations amounted to SEK 95m (66)
- **Cash flow** from operating activities amounted to SEK -29m (155)
- **Net debt/EBITDA** in line with target and reached 2.42 (2.34)



Cloetta

Overall market and sales development

Good growth of branded packaged products

- The packaged confectionery market grew or was unchanged in all markets except in Denmark
- Sales grew in Sweden, Finland, the Netherlands, Denmark and Germany, but declined in Norway, UK and on International markets
- Organic growth was 1.1 per cent
- Branded packaged products grew by 2.4 per cent
- Pick & mix declined by 3.3 per cent



Candyking

Integration in line with plan

- Cloetta's ERP system will be implemented in Nordic Candyking units in Q2
- Integrated sales and merchandising forces in place
- Insourcing activities progressing well and in line with plan
- New Chief Pick & Mix Officer in place 1 April
- Identified synergy saving of SEK 100m stands firm



Cloetta

Increased operating profit, adjusted

Key ratios, SEKm	Jan-Mar 2018	Jan-Mar 2017	Change	Full year 2017
Net sales	1,562	1,222	340	5,784
Gross profit	560	454	106	2,106
- Gross margin, %	35.9	37.2	-1.3-pts	36.4
Operating profit, adjusted	164	114	50	604
- Operating profit margin, adjusted, %	10.5	9.3	1.2-pts	10.4
Operating profit (EBIT)	166	97	69	527
- Operating profit margin (EBIT margin), %	10.6	7.9	2.7-pts	9.1
Net financial items	-42	-11	-31	-84
Profit before tax	124	86	38	443
Profit for the period from continuing operations	95	66	29	237

Changes in net sales

%	Jan- Mar 2018	Jan- Mar 2017	Full year 2017
Organic growth	1.1	-2.0	- 1.2
Structural changes	24.5	-	13.9
Changes in exchange rates	2.2	1.2	0.6
Total	27.8	-0.8	13.3



Cash flow

SEKm	Jan-Mar 2018	Jan-Mar* 2017	Full year** 2017
Cash flow from operating activities before changes in working capital	190	62	532
Cash flow from changes in working capital	-219	93	180
Cash flow from operating activities	-29	155	712
Cash flow from investments in property, plant, equipment and intangible assets	-41	-34	-157
Cash flow from other investing activities	0	-	135
Cash flow from investing activities	-41	-34	-22
Cash flow from operating and investing activities	-70	121	690
Cash flow from financing activities	-	-	-238
Cash flow for the period	-70	121	452

*Including Cloetta Italy that was divested in 2017. **Including Cloetta Italy until divestment 5 September 2017.

Focus

Get business fundamentals right



Grow the base

to mitigate Coop
pick & mix and tax
impact Norway



Cost and gross margin

improvement
including pricing to
mitigate FX



Candyking integration

-
implementation of
ERP system and
insourcing

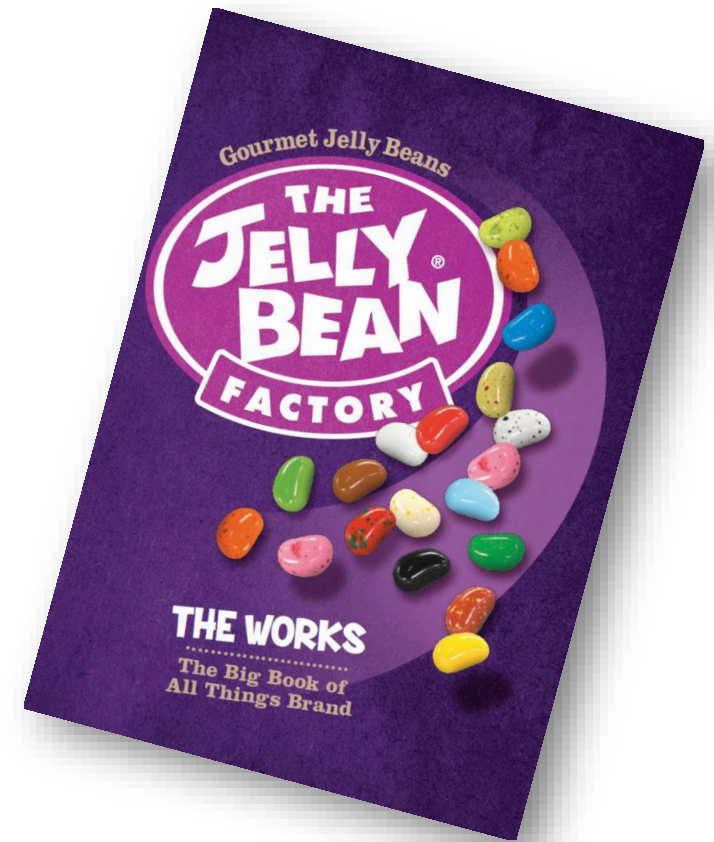


New line in Turnhout

will create capacity
in factory network

The Jelly Bean Factory as global brand

- The Jelly Bean Factory **re-designed brand book** very much appreciated by global distributors
- A new Brand Book informs the stake holders about the **positioning, route to market** and The Jelly Bean Factory **target groups**
- Promotes similar marketing and route to market strategy across **global markets**.
- Leveraging existing global distributors network for The Jelly Bean Factory
- Great progress in **Travel Retail**



The Jelly Bean Factory

Gifting/Travel Retail



Cloetta

Appendix

Cloetta

Pick & mix concepts

- Wide range of products from several markets, factories and producers
- Concept in Finland since long, in Sweden since 2015
- 30% of confectionery market volume in Sweden
- 5-15% of market volume in other Nordic markets

Candyking

- Pick & mix market leader in Nordic countries and the UK
- Acquired in April 2017
- Strengthens Cloetta's position in Denmark, Norway and the UK
- Strengthens position within natural snacks – Parrot's brand
- Identified synergies expected to amount to SEK 100m in 2020

CANDY
KING®



Cloetta

Cloetta's shareholders March 31, 2018

Cloetta's five largest shareholders	Capital (%)	Votes (%)
AB Malfors Promotor	25.6	36.8
Wellington Management	10.0	8.4
Franklin Templeton	8.0	6.8
Columbia Threadneedle	5.0	4.2
Dimensional Fund Advisors	2.4	2.1

Shareholders by country	Capital (%)	Votes (%)
Sweden	45.9	54.1
USA	28.6	24.3
United Kingdom	14.2	12.0
Luxemburg	3.8	3.2
Finland	2.1	1.8
Other countries	5.4	4.6



Cloetta's sustainability commitment

Cloetta's overall goal for corporate responsibility is to build sustainable long-term value.

For Cloetta, sustainable value is about growing as a company while at the same time ensuring that the people and environments that are affected by Cloetta's operations or products are positively impacted.



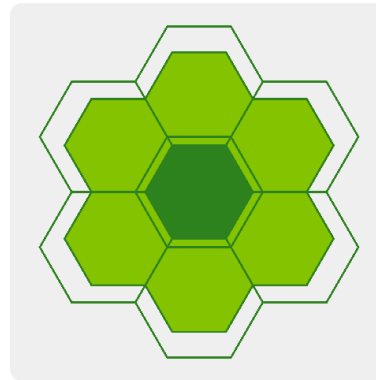
GREATER WELL-BEING EMPLOYEES

Employee well-being is guaranteed through **an attractive** and **safe working environment** in accordance with the UN Global Compact.



GREATER WELL-BEING CONSUMERS

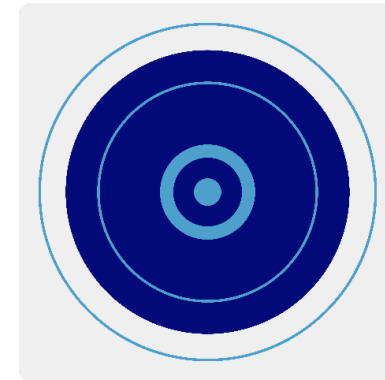
Consumer well-being is ensured through **high** and **consistent quality** and **sustainable product development**, with a greater share of **natural raw materials** and **less sugar** or **sugar-free products**.



REDUCED ENVIRONMENTAL IMPACT

Environmental impact from Cloetta's factories to be reduced. Focus on **Energy**, **CO₂** and **Waste**.

More **environmentally friendly** and **sustainable packaging** to be developed.



SUSTAINABLE SOURCING

Cloetta complies with the ten principles of the **UN Global Compact**.

Key suppliers to be approved from a sustainability perspective. Sustainability programmes are in place for **prioritized raw materials** from developing countries.

Cloetta's sustainability achievements

- Sustainability programs developed for cocoa, palm and shea butter
- Chocolate products are UTZ-certified
- Palm oil is being removed from all glazing
- Sustainable shea butter introduced
- Artificial colors and flavors are phased out
- Products with less sugar or without sugar are launched
- Lower CO₂ emissions per tonne produced



Acquisitions 2014- 2017

Lonka

- Strengthens Cloetta's position in the Netherlands
- Diversifies the product range into new categories and offered 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
- Strengthens Cloetta's position in the UK



Nutisal

- A step into a **new category** with an established nuts brand



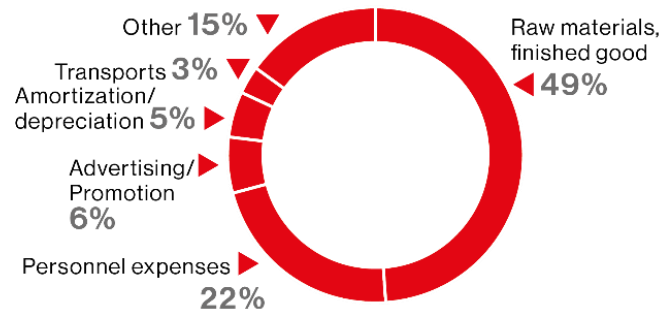
Candyking

- The acquisition significantly strengthens Cloetta's positions in the important pick & mix category in Sweden, Denmark, Norway and the UK
- Identified synergies of SEK 100m by 2020

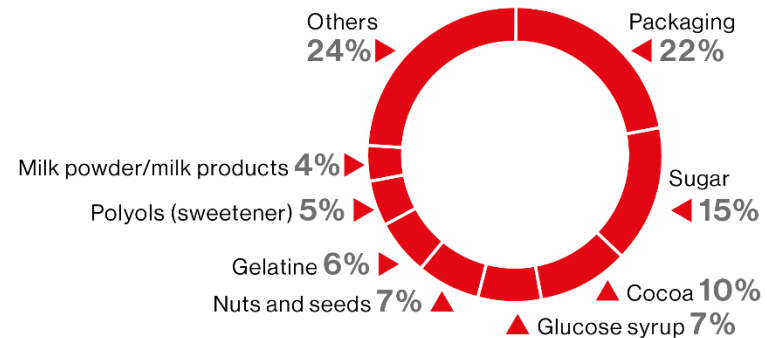


Cost structure 2017

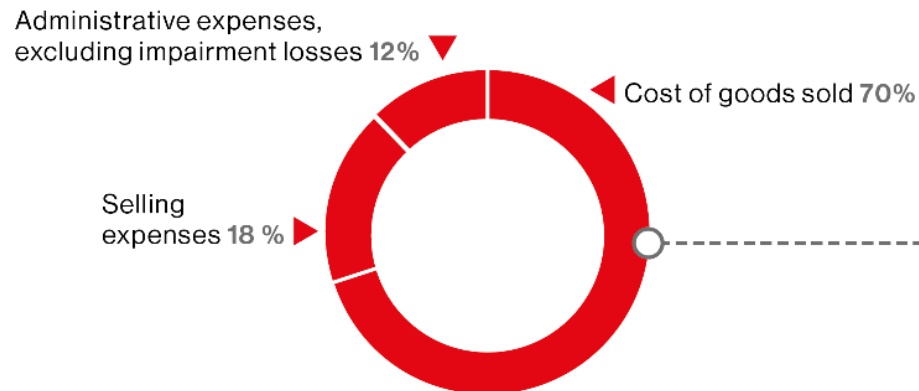
Operating expenses, excluding impairment losses



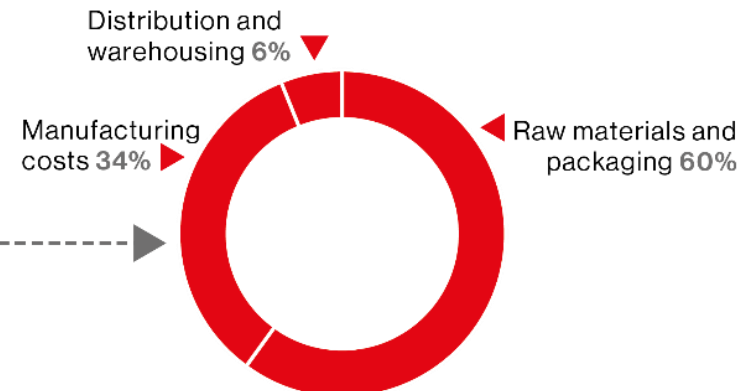
Breakdown of raw material and packaging costs



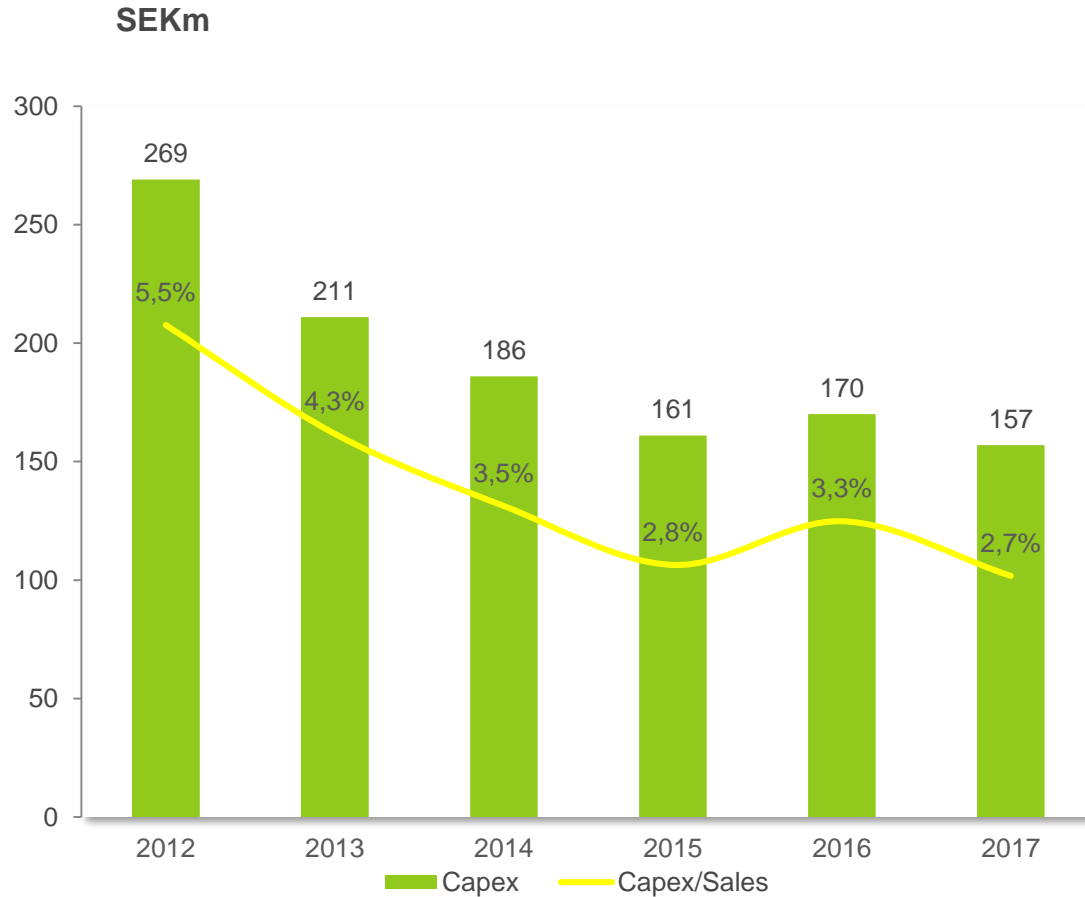
Total operating expenses, excluding impairment losses



Cost of goods sold



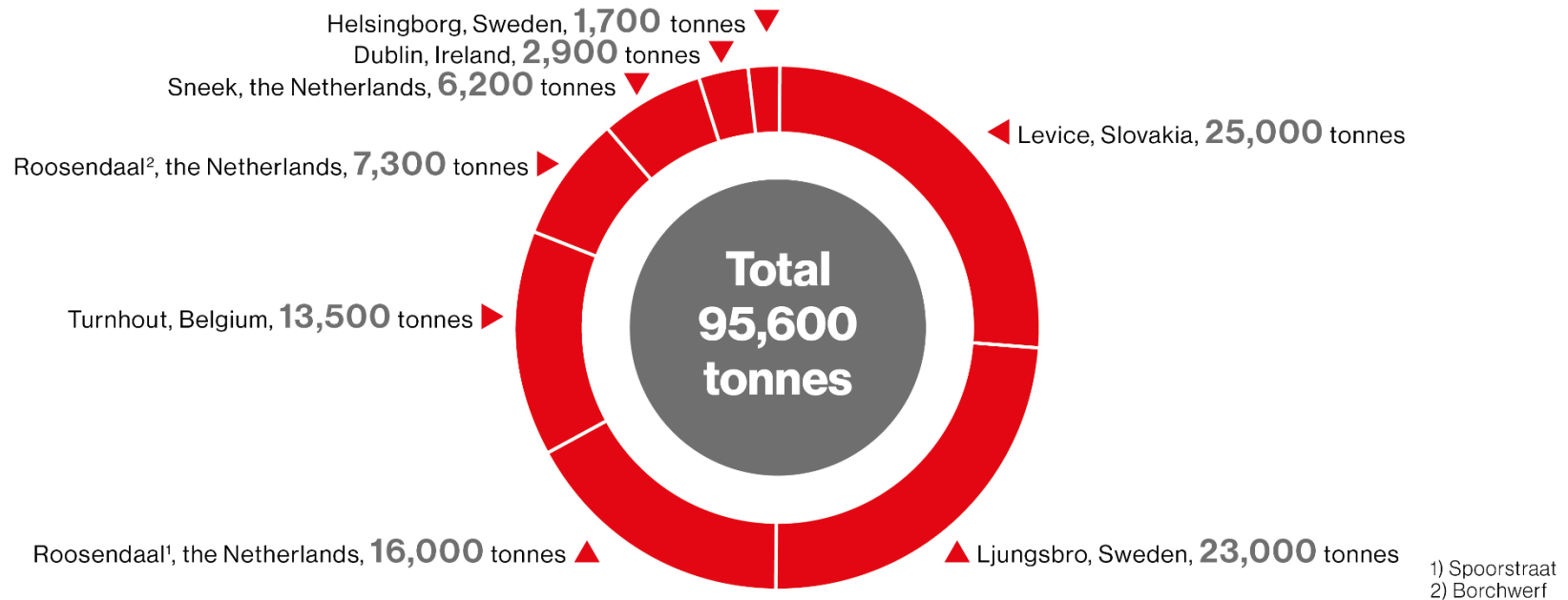
Capex



Target

- Capex should be around 3 per cent of net sales

Production by factory in 2017, 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.