

Clacetta

Q1 2019 result – 26 April 2019

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Q1 highlights

Continued growth in branded packaged products and stable operating profit

- **Net sales** amounted to SEK 1,559m (1,562). Organic growth amounted to -3.0 per cent
- **Operating profit, adjusted** amounted to SEK 166m (164)
- **Operating profit** amounted to SEK 164m (166)
- **Profit for the period** amounted to SEK 99m (95)
- **Cash flow** from operating activities amounted to SEK 154m (-29)
- **Net debt/EBITDA** was 2.4x (2.4)

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Overall market and sales development

Fifth consecutive quarter of growth in branded packaged products

- The **packaged confectionery** market declined in Sweden, Finland, Norway and Netherlands. In Denmark the market grew somewhat
- The **pick & mix** market grew somewhat in all markets except Sweden
- **Organic growth** was -3.0 per cent, fully driven by pick & mix
- **Pick & mix** declined by 11.4 per cent, mainly due to timing of Easter and lost contract in Sweden
- **Branded packaged** products grew by 0.6 per cent
 - Market shares grew in 10 of 16 categories in core markets

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Cloetta Core Strategy

Update Q1

Drive growth

- Market shares grew
- Branded packaged products grew
- “Working media” increased with 10%
- Strong traction on innovations (Plopp, low/no sugar candy)

Facilitate growth

- “One Cloetta” execution
- HR “cloud based” system implemented
- Candyking UK ready for Cloetta ERP
- Capacity investments initiated
- Dubai Hub opened

Fund growth

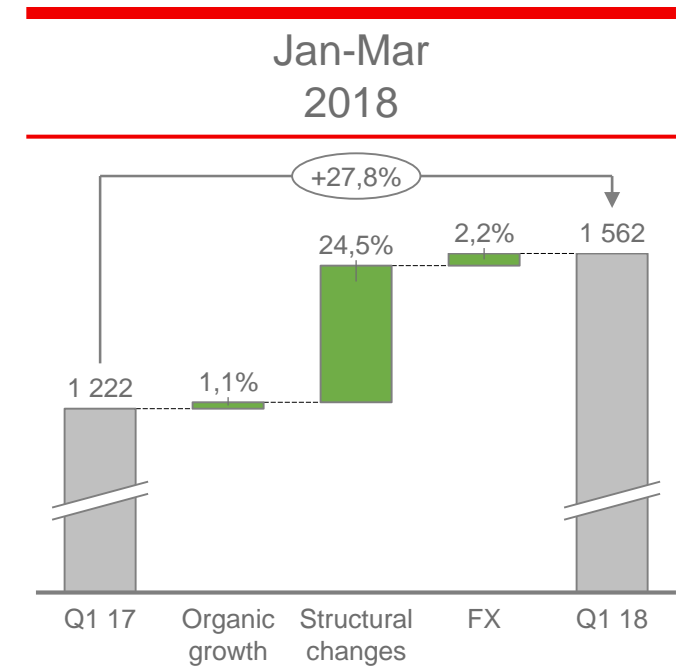
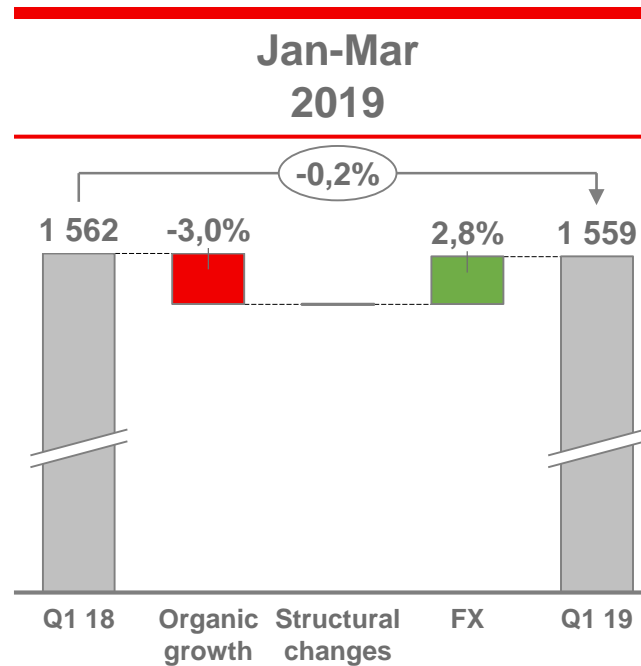
- Value Improvement Program+ initiated
- “Perfect Factory” in two main factories
- Production insourcing
- Pick & mix price increases announced in Sweden

Target: Organic Sales growth in line with market and EBIT margin, adjusted – at least 14%

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Changes in net sales

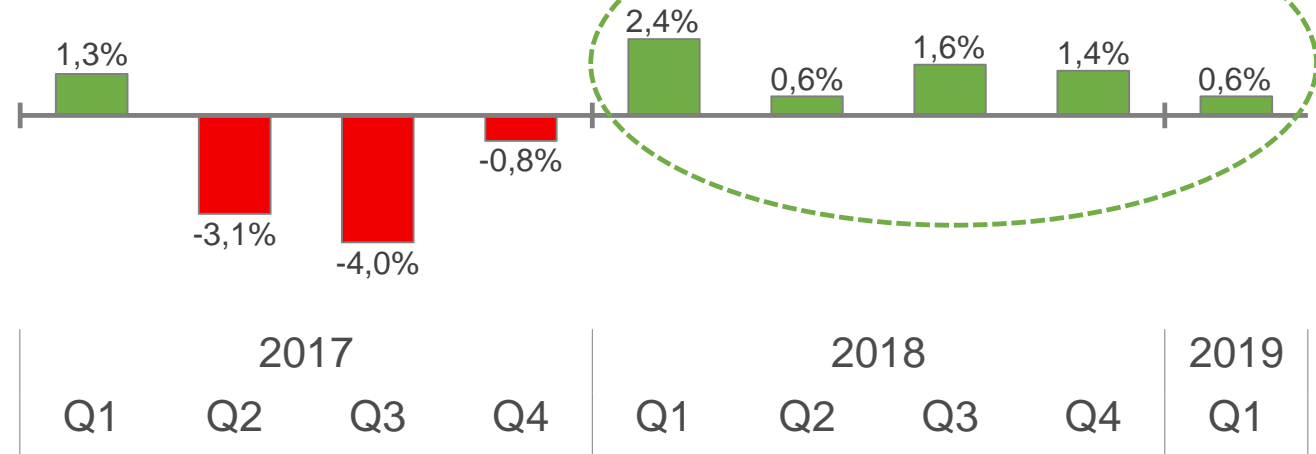
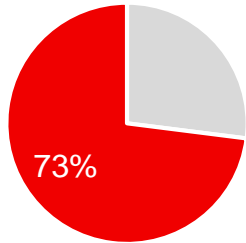
- Sales development -0.2%
- Organic growth -3.0%
 - +0.6% branded packaged sales
 - 11.4% pick and mix sales
- +2.8% exchange rates differences



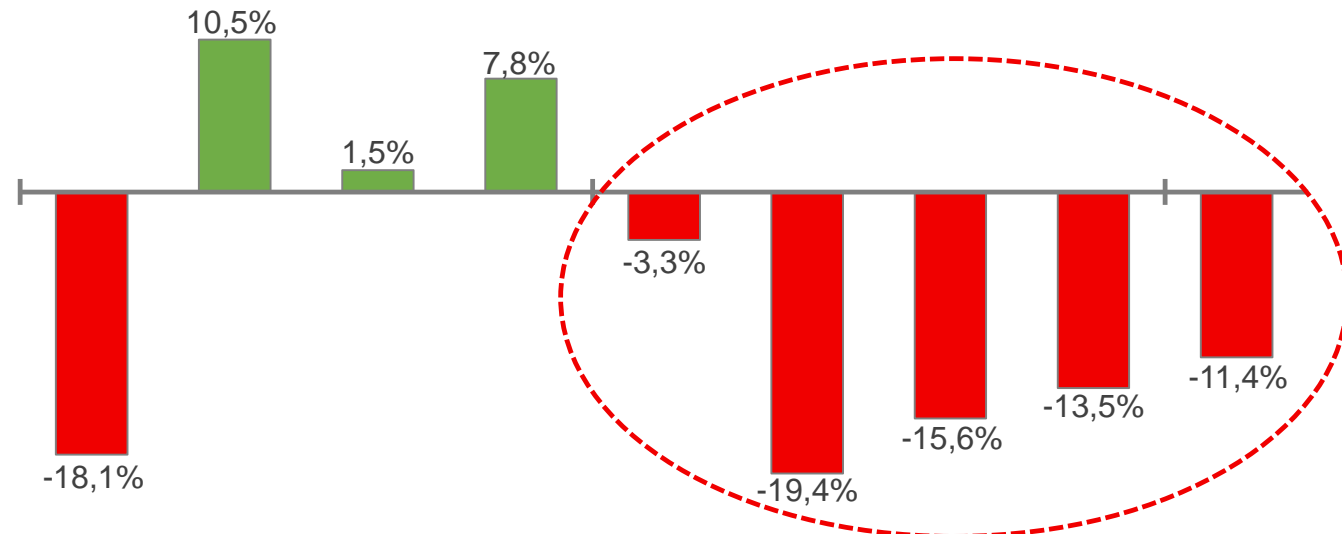
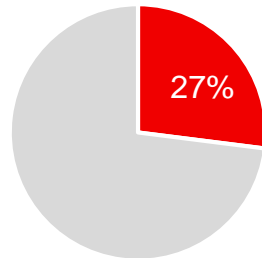
Sales development

Fifth consecutive quarter of growth in branded packaged products

Branded, % of Q1 2019 sales



Pick & mix, % of Q1 2019 sales



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Stable operating profit

- **Gross margin** improvement from higher sales of branded packaged products
- **Operating profit, adjusted**, improved driven by cost savings and growth of branded packaged products

Key ratios, SEKm	Jan-Mar 2019	Jan-Mar 2018	Change
Gross profit	566	560	6
- Gross margin, %	36.3	35.9	+0.4
SG&A	-402	-394	-8
Operating profit, adjusted	166	164	2
- Operating profit margin, adjusted, %	10.6	10.5	+0.1
Operating profit (EBIT)	164	166	-2
- Operating profit margin (EBIT margin), %	10.5	10.6	-0.1

Improved cash flow

SEKm	Jan-Mar 2019	Jan-Mar 2018
Cash flow from operating activities before changes in working capital	204	190
Cash flow from changes in working capital	-50	-219
Cash flow from operating activities	154	-29
Cash flow from investments in property, plant, equipment and intangible assets	-43	-41
Cash flow from other investing activities	-146	0
Cash flow from investing activities	-189	-41
Cash flow from operating and investing activities	-35	-70
Cash flow from financing activities	190	0
Cash flow for the period	155	-70



Summary

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Key Business Priorities: Q1 update

Cloetta to organic growth and 14% Operating profit margin, adjusted



Branded growth

- Branded packaged business at +0,6% growth in Q1
- Branded EBIT >14% in Q1



Pick & mix to sustainable value

- Pick & mix price increase Sweden announced in March
- New model for Pick & mix in Norway implemented
- Candyking UK on Cloetta ERP platform as from May 1st
- Insourcing progressing in line with plan



Reduce costs and drive efficiency

- Value Improvement Program+ started
- Full run rate of the cost savings of SEK 50m, partly offset by changes in exchange rates
- “Perfect Factory” launched in two factories to improve efficiency

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Q&A

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Appendix

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IFRS 16

Impact on financial statements

SEKm	IFRS 16 Q1 2019	IFRS 16 Adjustment	IAS 17 Q1 2019 Pro-Forma	Impact due to
Property, plant and equipment	1,575	212	1,363	ROU-assets
Long-term borrowings	2,242	144	2,098	LT Lease liability
Short-term borrowings	778	67	711	ST Lease liability
Net debt	2,378	211	2,167	Lease liability
EBITDA	241	19	222	Depreciation ROU assets
Operating profit (EBIT)	164	1	163	Interest lease liability
Operating profit, adjusted	166	1	165	Interest lease liability
Net financial items	-33	-1	-32	Interest lease liability
Net debt/EBITDA (Rolling 12 months)	2.42	0.03	2.39	Lease liability/Depreciation ROU asset
Cash flow from operating activities	154	19	135	Payment of lease liabilities to financing
Cash flow from financing activities	190	-19	209	Payment of lease liabilities from operating

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