



Press release

9 May 2022

Cloetta plans to invest in a new sustainable greenfield facility in the Netherlands to enable growth and accelerate margin expansion

Cloetta is evaluating how the Group can facilitate further growth in its candy category while accelerating margin expansion by consolidating its manufacturing network and investing in a new greenfield production facility in the Netherlands. The new facility is expected to be fully operational in 2026. This change would generate additional annual EBIT in the range of SEK 160 to 180 million. The investment would incur a total non-recurring net cost of up to SEK 100 million and capital expenditures of approximately SEK 2.5 billion over the coming four years.

Cloetta aims to strengthen its position as a leading confectionery company in Europe. Following a strategic review, Cloetta is planning to upgrade its candy manufacturing network, including establishment of a new greenfield production facility, and thereby facilitate further growth in especially the non-Nordic markets, enable significant cost savings as well as reducing greenhouse emissions. The new factory would be located in the Netherlands, with construction beginning in 2023 and full operation starting in 2026. At the same time, Cloetta is announcing the intention to close the three confectionery factories in Turnhout, Belgium, and Roosendaal, the Netherlands.

“The start of the manufacturing modernisation program we announced today underscores our determination to become a world-class food tech company. A modern production facility would provide a setting for high-quality and competitive confectionery manufacturing as well as opportunities for future expansion. Such an investment would enable significant progress towards our long-term profitability target and our commitment to the Science Based Targets initiative. At the same time, these potential changes would impact many of our colleagues and we are committed to supporting them in this transition”, says Henri de Sauvage-Nolting, CEO of Cloetta.

The proposal is expected to generate additional annual EBIT in the range of SEK 160 to 180 million with a gradual effect starting in 2025 and with full effect from 2026. The overall program would at its completion have incurred a total cost including impairments of up to SEK 100 million net of sales of assets. The non-recurring cost would be in the range of SEK 300 to 350 million of whereof approximately SEK 250 million would be charged to operating profit in the second quarter 2022 and be recognised as items affecting comparability. The proposed investment would incur capital expenditures, including capitalized interest, of approximately SEK 2.5 billion over the coming four years.

In total, approximately 350 employees in Belgium and the Netherlands would be affected by the proposed initiative, whereof the majority would be offered a position in the new facility. Against this background, Cloetta will initiate consultations with the European Works Council and local unions.

Cloetta will organize a conference call with web presentation on Tuesday May 10 at 08:00 a.m. CEST. President and CEO Henri de Sauvage-Nolting and CFO Frans Rydén will present the proposal. After the presentation there will be time for questions, both on the phone and in the web presentation.

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Link to the live broadcast: <https://cloetta-live.creo.se/220510>

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About Cloetta

Cloetta, founded in 1862, is a leading confectionary company in Northern Europe. Cloetta's products are sold in more than 50 countries worldwide with Sweden, Finland, Denmark, Norway, the Netherlands, Germany and the UK as the main markets. Cloetta owns some of the strongest brands on the market, such as Läkerol, Cloetta, CandyKing, Jenkki, Kexchoklad, Malaco, Sportlife and Red Band. Cloetta has 7 production units in 5 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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