



## Press release

25 April 2014

# President and CEO Bengt Baron comments on the results for the first quarter of 2014

### **Cloetta increased its sales for the third consecutive quarter.**

Cloetta is continuing to grow in a marginally positive total market, but the company's underlying operating profit (EBIT) decreased to SEK 77m (91) for the quarter. The change is mainly due to decreased production volumes, changes in exchange rates, and – to drive continued growth – investments in marketing and sales campaigns. Campaign planning can vary from year to year and thereby affect our earnings for individual quarters.

The changes in exchange rates will be offset through price increases, although they will take some time to implement. Nutisal, which was acquired in January, also impacted the operating profit. The goal for Nutisal to have a positive effect on earnings per share as of 2015 remains.

Operating profit was SEK 52m (58) and the result after tax was SEK –12m (36). The underlying EBIT margin for the quarter was 6.7 per cent (8.1) and the gross margin was 35.5 per cent (37.5). The acquisition of Nutisal, in combination with changes in exchange rates and a lower production volume, are the main explanations for the change in gross margin. Cash flow from operating activities showed a very strong development and improved to SEK 91m (–16).

### **The confectionery market**

The confectionery market showed marginally positive development in Sweden, Norway and Denmark. In the Netherlands, some recovery was noted and the market showed some growth. The market in Finland showed a clear negative development during the quarter. After two quarters of relatively stable development, Italy again showed a weak development, primarily in sugar confectionery.

### **Continued growth**

Our focus on organic growth is paying off and we have now achieved organic growth for three consecutive quarters. In addition, the acquisition of Nutisal has contributed to further boosting our sales growth. Overall, sales were up by 5.9 per cent during the quarter, of which 0.6 per cent was organic growth and 2.3 per cent consisted of changes in exchange rates. Sales increased or were unchanged in all markets except Italy and Norway. Contract manufacturing also decreased. Sales growth was especially marked in Denmark and Germany as a result of increased listings and improved distribution. The drop in sales in Norway was caused by a lower volume in pick & mix. In Italy, sales declined after three quarters of growth with a strong fourth quarter where Cloetta gained market shares. Historically, the first quarter is the smallest quarter for Cloetta in Italy and fourth quarter seasonal sales are by far most important for the business development in the country. Sales of nuts under the Nutisal brand rose during the quarter, but a decrease in contract manufacturing meant that total sales were down compared to the previous year. However, a strong focus on sales under our own Nutisal brand is wholly in line with our long-term strategy.

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### **Restructuring work nearing completion**

After production at the factory in Gävle was terminated at the end of 2013, most of the last equipment was transferred from the factory during the quarter. In the quarter, production in the receiving factories also developed as planned. The process of taking over production from an external supplier of the chocolate product Tupla to the factory in Ljungsbro is proceeding according to plan and is expected to be completed during the third quarter, at the latest.

### **Integration process for Nutisal according to plan**

Nutisal, the leader in dry roasted nuts in Sweden, was acquired in January as a step in broadening the product portfolio in Munchy Moments. On 1 April Cloetta's Swedish sales organisation took over sales responsibility for Nutisal. During the quarter Nutisal was launched in Finland. Efforts to integrate the Nutisal factory with Cloetta's processes and systems have been started and are developing according to plan.

### **Profitable growth still in focus**

I am satisfied by the fact that Cloetta has now been able to show organic growth three quarters in a row. This is the result of hard day-to-day work to increase our market shares in a mature market where every customer, every increased exposure, every launch, every new listing and every new customer counts. To further accelerate the growth rate, acquisitions such as Nutisal play an important role, but potential new acquisitions are also possible in order to further drive growth.

The information contained in this press release is such that Cloetta is required to disclose pursuant to the Swedish Financial Instruments Trading Act and/or the Swedish Securities Markets Act. The information was submitted for publication on 25 April 2014 at 08:00 a.m. CET.

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### **About Cloetta**

Cloetta, founded in 1862, is a leading confectionary company in the Nordic region, the Netherlands, and Italy. In total, Cloetta products are sold in more than 50 countries worldwide. Cloetta owns some of the strongest brands on the market, such as Läkerol, Cloetta, Jenkki, Kexchoklad, Malaco, Sportlife, Saila, Red Band and Sperlari. Cloetta has 10 production units in five countries. Cloetta's class B-shares are traded on NASDAQ OMX Stockholm. More information about Cloetta is available on [www.cloetta.com](http://www.cloetta.com)

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