



## Press release

17 July 2015

# President and CEO Bengt Baron comments on the results for the second quarter of 2015

### Continued improved operating profit and growth.

Cloetta's operating profit (EBIT) grew by 52.9 per cent and amounted to SEK 130m (85) in the quarter. Sales have also increased, mainly due through organic growth and acquisitions but also exchange rate differences. The underlying operating profit was SEK 129m (110). The operating profit margin and underlying EBIT margin strengthened to 10.2 per cent (6.9) and 10.3 per cent (9.4), respectively. Profit after tax also improved significantly and amounted to SEK 66m (9).

### The confectionery market

The confectionery market showed positive development or was unchanged in all markets except in the Netherlands, where it declined.

### Increased sales

Cloetta's sales for the quarter rose by 3.4 per cent, of which organic growth accounted for 0.8 per cent, acquisitions for 1.2 per cent and changes in exchange rates for 1.4 per cent. Cloetta is growing organically despite lower sales in Italy, the Netherlands and Norway. Sales increased in Sweden, Finland and Denmark. Sales of Nutisal and The Jelly Bean Factory also increased in the quarter. The increase in sales in Denmark is explained by increased sales of pastilles and the sales growth in Finland is attributable to product launches and Pick & Mix.

Sales of the new Pick & Mix concept in Sweden developed according to plan. However, Cloetta has lost sales to some of the largest customers in Sweden, mainly due to ongoing contract negotiations. Consequently, there is a risk that sales to these customers in Sweden will continue to be negatively affected for some period. There is a similar situation with one major customer in Norway. Cloetta stands by its principle that cost changes, regardless of direction, in raw material and exchange rates ought to be passed on to the customers and consumers.

### Strong cash flow and lower debt

Cloetta's robust cash-generating ability has once again resulted in a very strong cash flow. The net debt/EBITDA ratio has continued to decrease and has now reached 3.30x (4.55). The long-term target of a net debt/EBITDA ratio of around 2.5x remains unchanged.

### The acquisition of Lonka creates value

Cloetta has signed an agreement to acquire Locawo B.V. (Lonka) – a Dutch company producing and selling fudge, nougat and chocolate. The acquisition will significantly strengthen Cloetta's position in the Netherlands, but also the Nordic countries and the UK are important markets, especially within Pick & Mix. The acquisition will diversify Cloetta's product range into new categories and technologies including the Dutch chocolate market. It will also create cost synergies, thereby over time supporting Cloetta's long term EBIT-target.

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### **Strategy paying off**

Cloetta's strategy for profitable growth is generating continuous improvements. We have been able to demonstrate organic growth in the past few years while at the same time completing acquisitions to further accelerate growth. In nine of the past ten quarters, we have improved our operating profit compared to the previous year. And for the first time after several quarters of decreasing restructuring costs, Cloetta can report a quarter completely free from restructuring charges. This demonstrates our ability to execute. After six years at the helm, I therefore feel good about handing over to David Nuutinen as the new President and CEO of Cloetta. I would also like to take this opportunity to extend my gratitude to the employees, shareholders, Board of Directors, customers and consumers who have in various ways contributed to Cloetta's development during the years when I have had the pleasure of serving as CEO.

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 17 July 2015 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 11 production units in six countries. Cloetta's class B-shares are traded on Nasdaq Stockholm. More information about Cloetta is available on [www.cloetta.com](http://www.cloetta.com)

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