April 2017

Henri de Sauvage-Nolting, President and CEO

Danko Maras, CFO

The leading Nordic confectionery player

- **Founded** by the three Cloetta brothers in **1862**
- Annual sales of **SEK 5,852m** in 2016
- Adjusted EBIT of **SEK 758m**
- Leading local brands in **6 countries**
- **Leading market positions** in Sweden, Finland, Norway, Denmark,
- the Netherlands and Italy
- **2,500** employees in **14 countries**
- Production at **12 factories in 6 countries**
- Listed on **Nasdaq Stockholm**

Cloetta

Our mission

To bring a smile to your

Munchy Moments

Cloetta

Strong local brands

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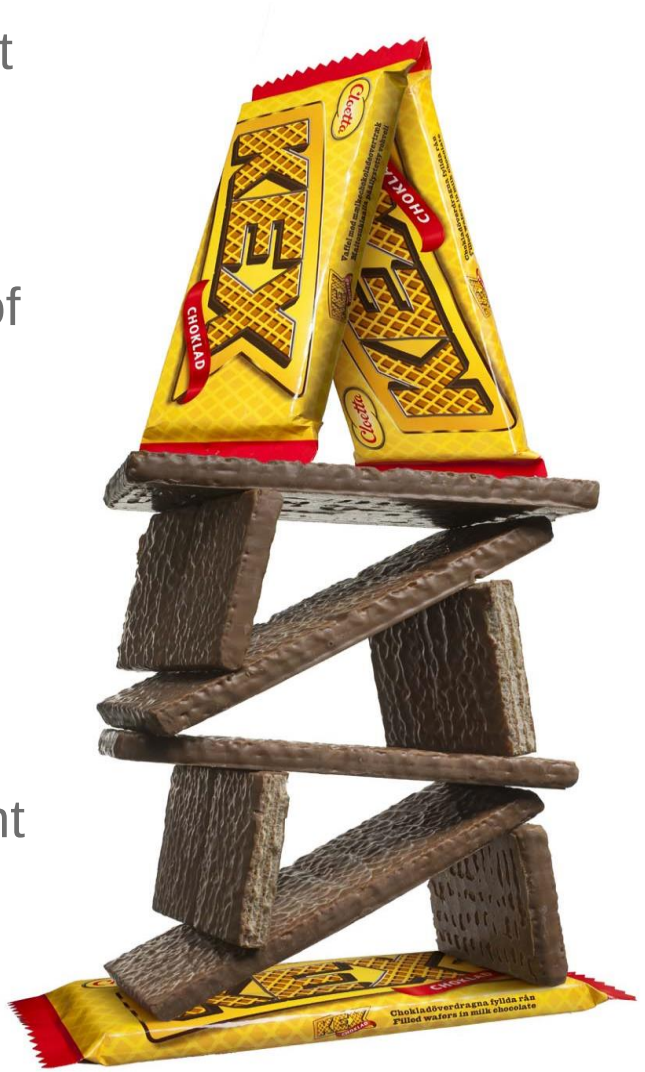
Long-term financial targets

- **Organic sales growth**
  The long-term target is to increase organic sales at least in line with market growth.

- **Adjusted EBIT margin**
  The target is an operating profit margin, adjusted of at least 14 per cent.

- **Net debt**
  The long-term target is a net debt /EBITDA ratio of around 2.5x.

- **Dividend policy**
  The intention is a dividend payout of 40-60 per cent of profit after tax.



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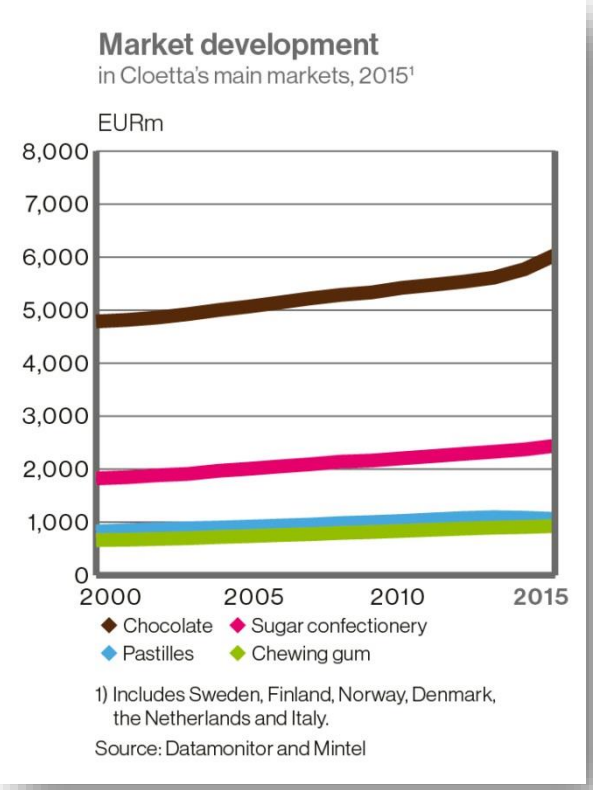
Attractive non-cyclical market

Key trends and consumer behaviour

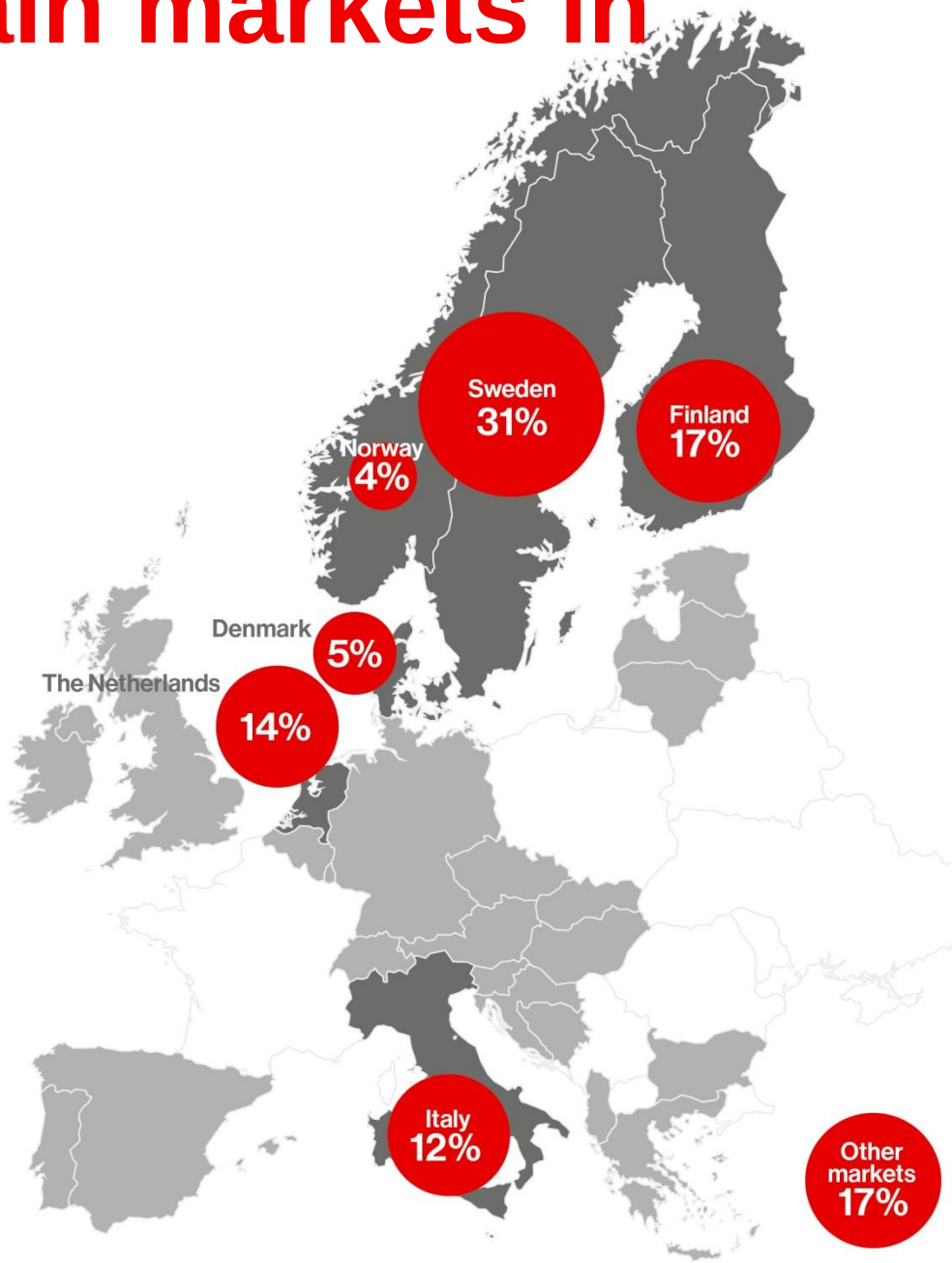
- Market driven by increase in population, higher prices and increased per capita consumption
- Demand for differentiated and innovative products
- **Strong brands** gain market share
- Purchases **highly impulse driven**
- High **brand loyalty**
- **Availability** important factor for impulse driven purchases
- Appreciation of **innovation**.
- **Taste, quality and novelties** is important



Cloetta has its 6 main markets in Western Europe

Exports to more than 50 countries worldwide

- Main markets – countries where Cloetta has a national sales organization.
- Countries where Cloetta´s products are sold primarily through distribution agreements.
- Share of Cloetta´s sales.



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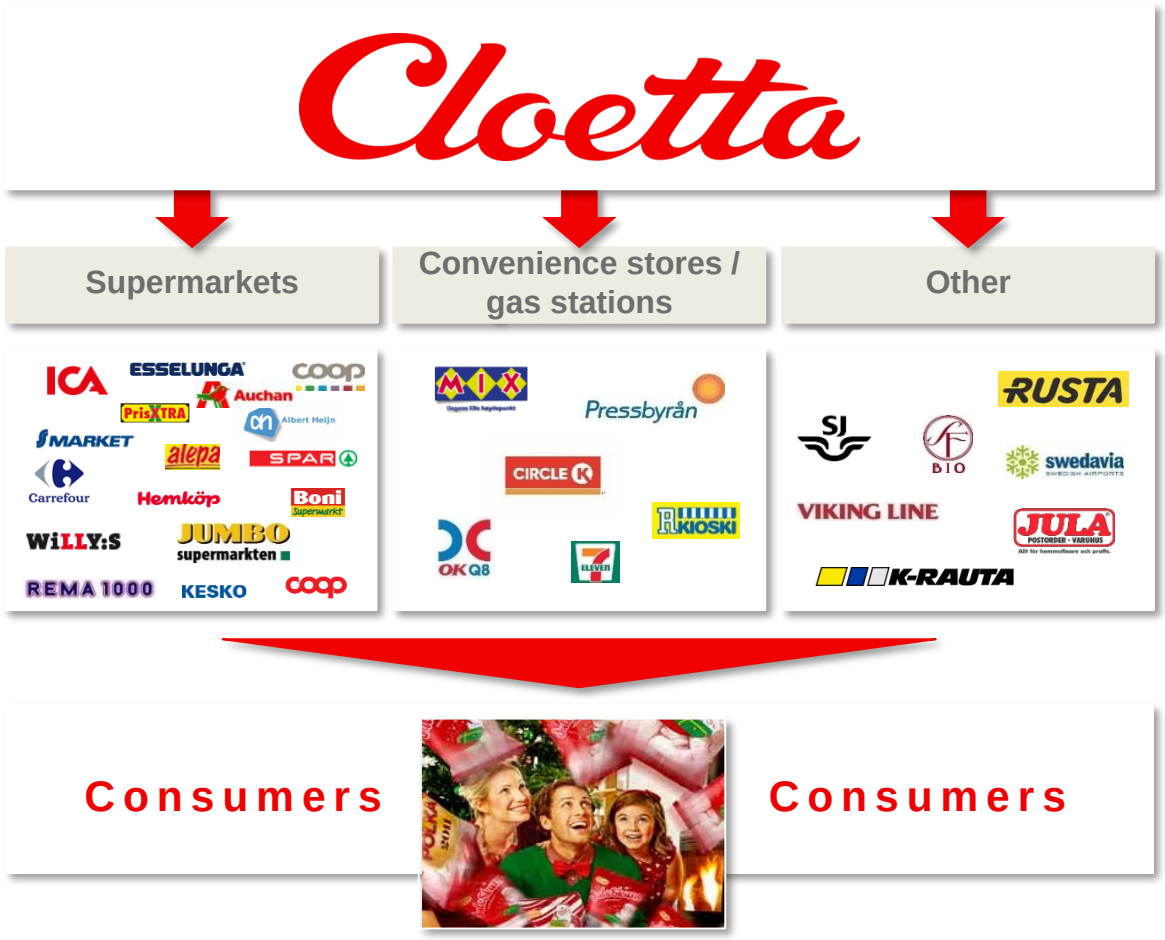
Best in class route-to-market

Customer relations

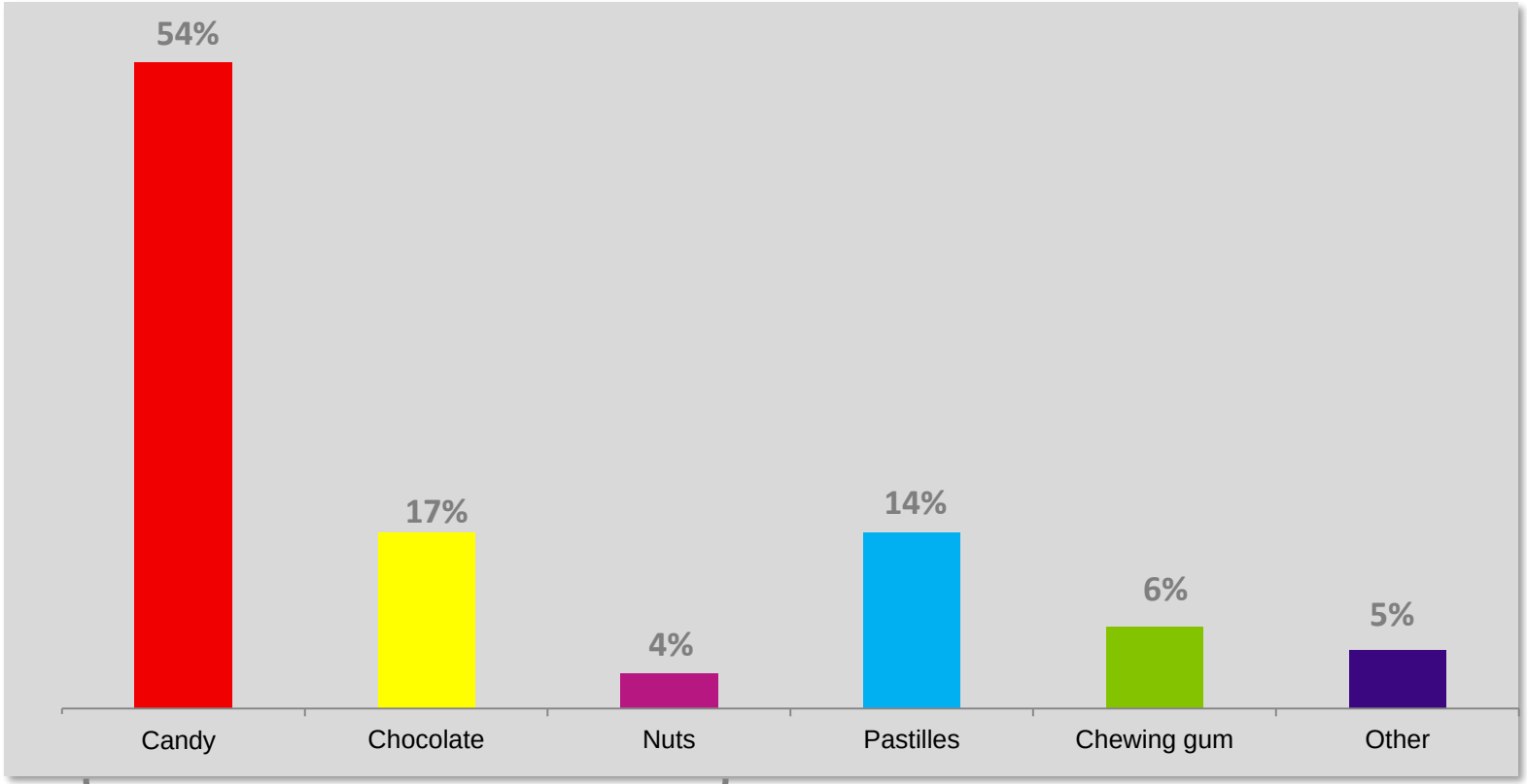
- Large and efficient sales organisation in place in all main markets
- 80% of total sales generated from markets with own sales force

Execution

- Ensure that negotiated listing and distribution agreements are followed
- Ensure good visibility on shelves and checkout lines
- Implement campaigns efficiently



Cloetta net sales by category



Categories with pick & mix products (+nuts)

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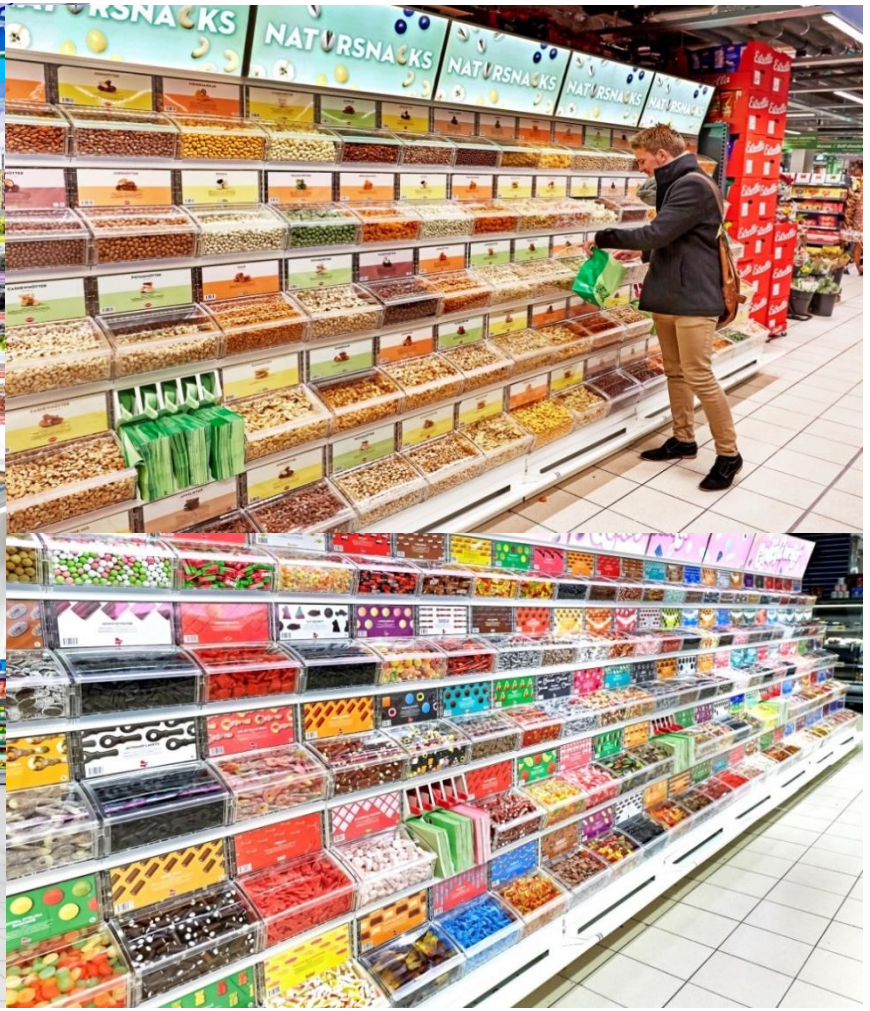
Pick & mix

- Pick & mix accounts for **30% of total market** volume in Sweden and **5-15% in other Nordic markets**
- Cloetta has since many years its own pick & mix concept in Finland (Karkkikatu)
- Cloetta launched a pick & mix concept in **Coop Sweden** 2015
- Cloetta can utilize **a wide range of products** from several markets and factories
- Cloetta has experience from the **entire value chain;** production, logistics, planogram and promotional activites

Pick&mix?

Consumers can make their own choice between hundreds of varieties of goodies and mix them in a bag or giftbox.

Pick & mix concepts



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Acquisition of Candy King creates substantial synergies

- In line with Cloetta's strategy to **drive pick & mix**
- Strengthens **Cloetta's position** in Denmark, Norway and the UK
- Strengthens Cloetta's **nature snacks** pick & mix offering with the Parrot brand
- Synergies within **administration, procurement, logistics, sales and insourcing of production**
- Synergies will be gradually realized with a **full run rate in 2020**

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Increased sales

Changes in net sales, %	Jan-Mar 2017	Jan-Mar 2016	Full year 2016	Full year 2015
Organic growth	*-2.0%*	*-0.7%*	*0.5%*	*1.5%*
Structural changes	-	*4.9%*	*2.2%*	*3.9%*
Changes in exchange rates	*1.2%*	*-0.8%*	*0.4%*	*1.4%*
Total	***-0.8%***	***3.4%***	***3.1%***	***6.8%***

Target

- Organic sales growth at least in line with long term market growth
- Historical aggregated value growth of approx. 1-2% in Cloetta's markets

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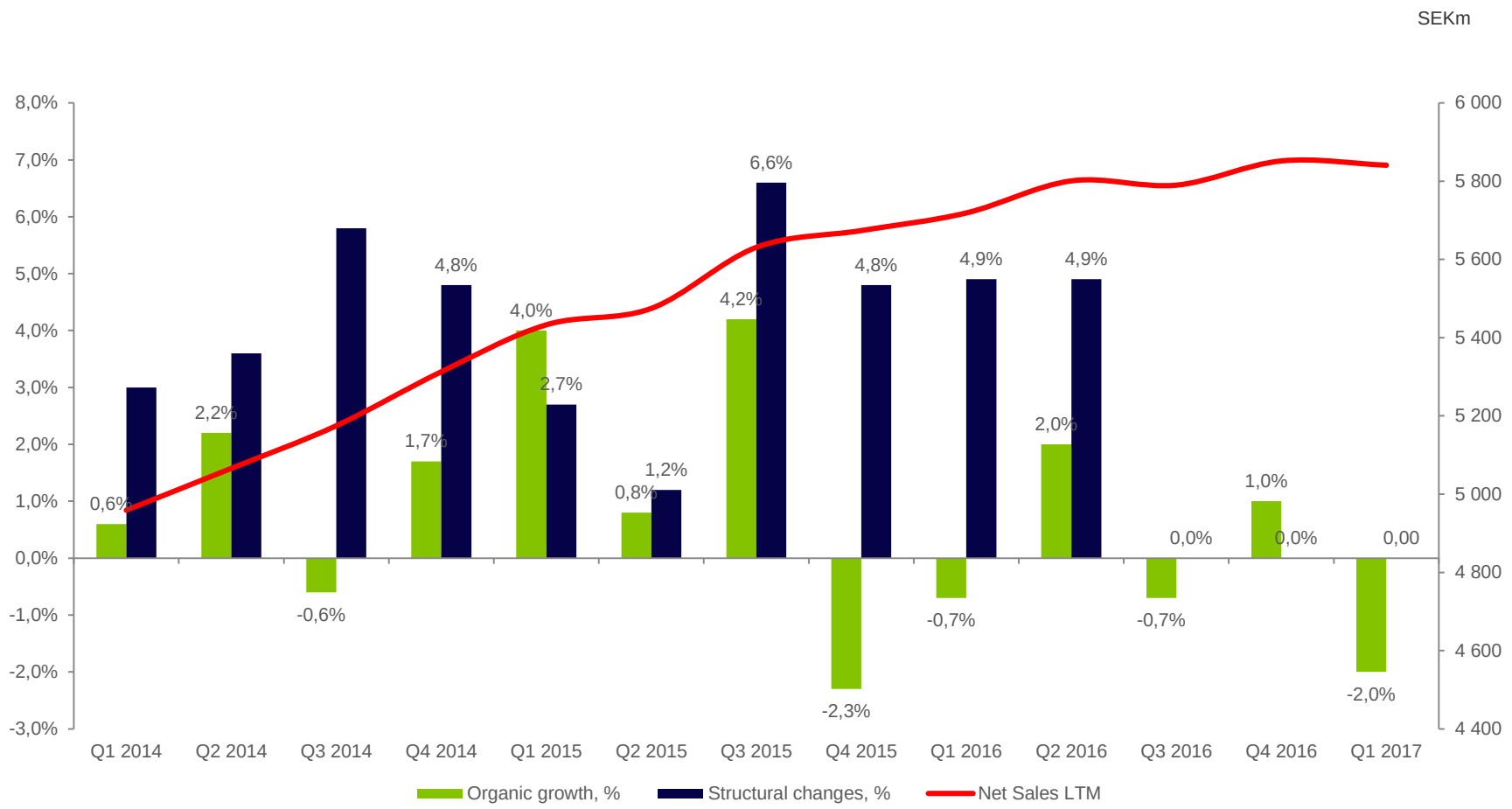
Sales trend


SEKm
8,0%
7,0%
6,0%
5,0%
4,0%
3,0%
2,0%
1,0%
0,0%
-1,0%
-2,0%
-3,0%
6 000
5 800
5 600
5 400
5 200
5 000
4 800
4 600
4 400
0,6%
2,2%
-0,6%
1,7%
4,8%
4,0%
2,7%
0,8%
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6,6%
-2,3%
4,8%
-0,7%
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2,0%
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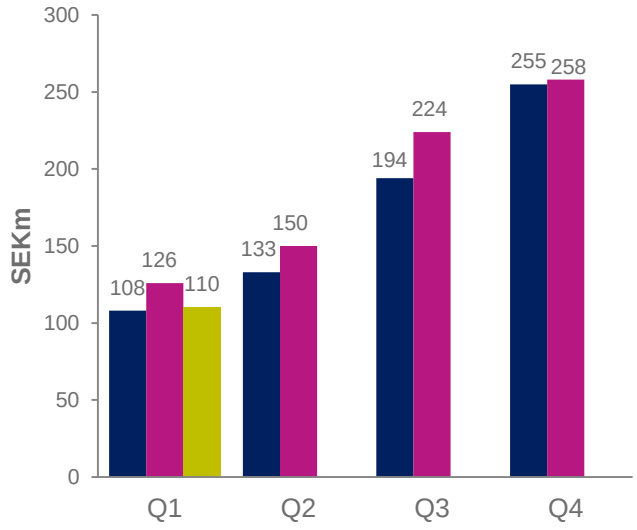
-2,0%
Q1 2014
Q2 2014
Q3 2014
Q4 2014
Q1 2015
Q2 2015
Q3 2015
Q4 2015
Q1 2016
Q2 2016
Q3 2016
Q4 2016
Q1 2017
Organic growth, %
Structural changes, %
Net Sales LTM

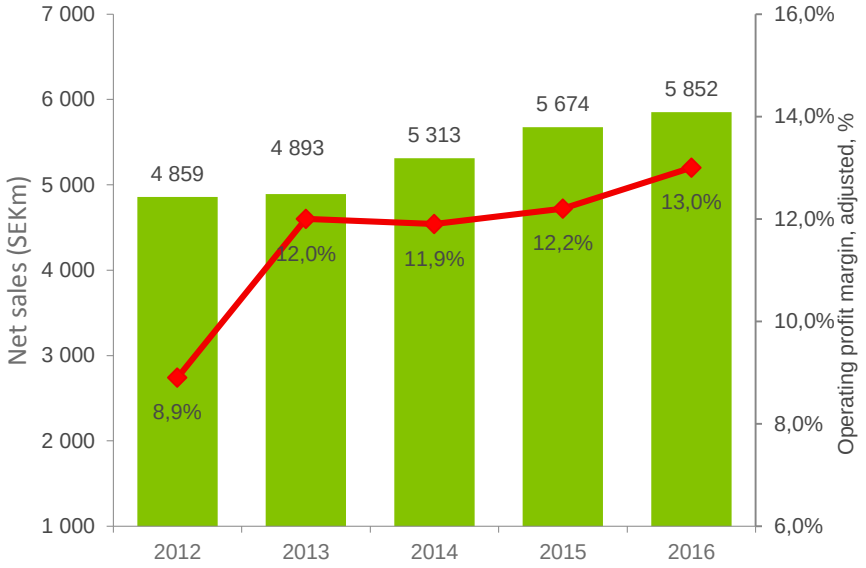
Improved operating profit and margin

Target
Operating profit margin, adjusted, at least
14%

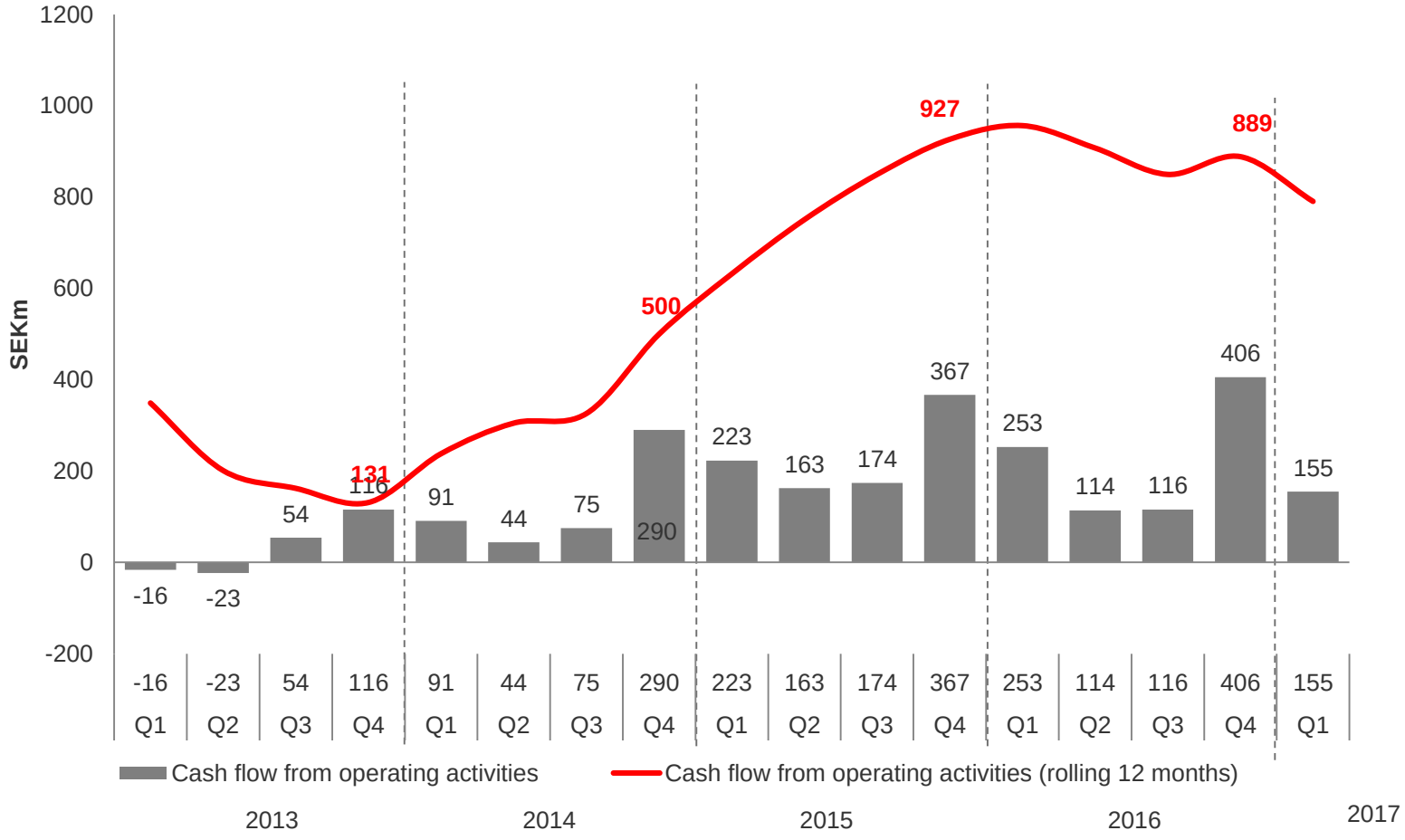
Operating profit, adjusted



Sales and Operating profit margin, adjusted, %

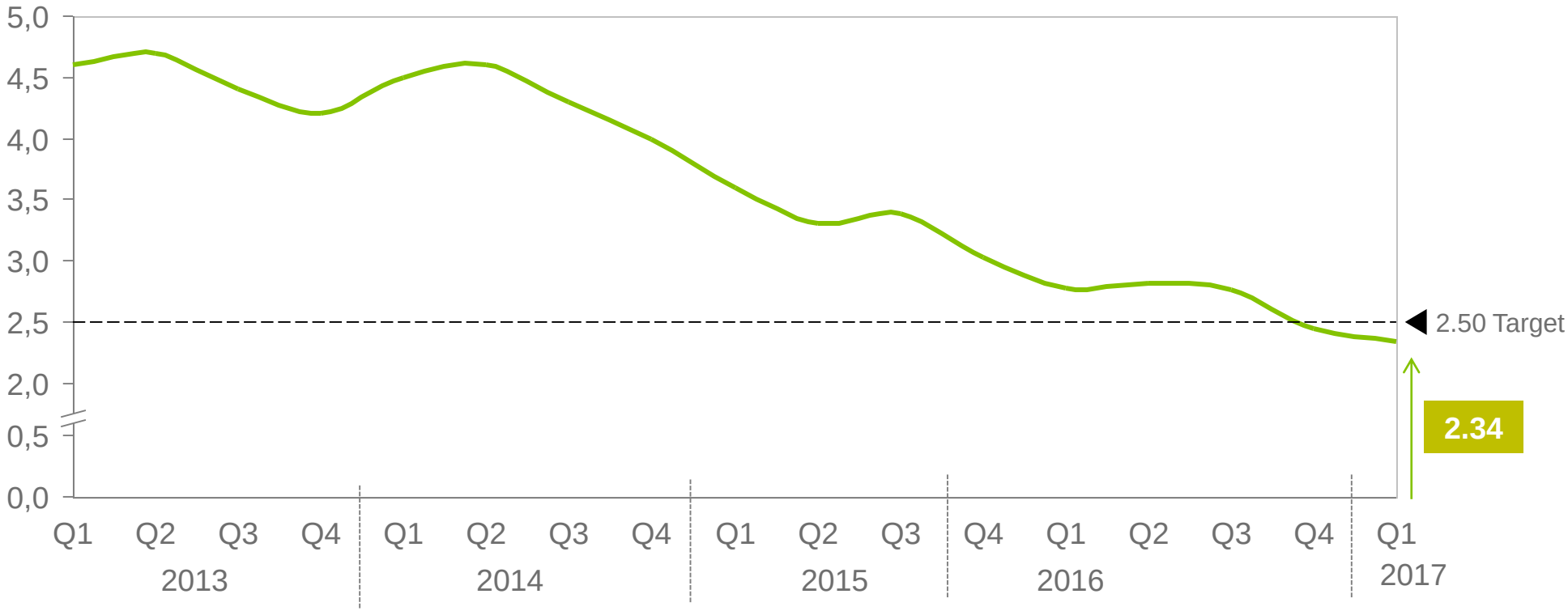


Strong cash flow from operating activities



Financial leverage

Net debt/EBITDA below target



Strategic review Cloetta Italy

- Negative Italian economy and Cloetta's performance over the last years made it necessary to do a strategic review of Cloetta Italy.
- The strategic review is aimed at improving growth and margins of Cloetta and might include a potential divestment of the Italian business.
- A divestment of Cloetta Italy would improve Cloetta's EBIT margin.

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In focus

Profitable growth

Acquisition and closure of Candyking

Implementation and integration of Candyking

Strategic review of Cloetta Italy

Q&A

Cloetta

Q1 2017

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Q1 highlights

Net sales declined - profit for the period improved

- **Net sales** declined by 0.8 per cent to SEK 1,347m (1,358) including a positive impact from foreign exchange rates of 1.2 per cent
- **Operating profit** amounted to SEK 93m (108). **Profit for the period** improved to SEK 59m (44)
- **Operating profit, adjusted** for items affecting comparability, amounted to SEK 110m (126)
- **Cash flow** from operating activities amounted to SEK 155m (253)
- On 17 February, Cloetta signed an agreement to **acquire Candyking**

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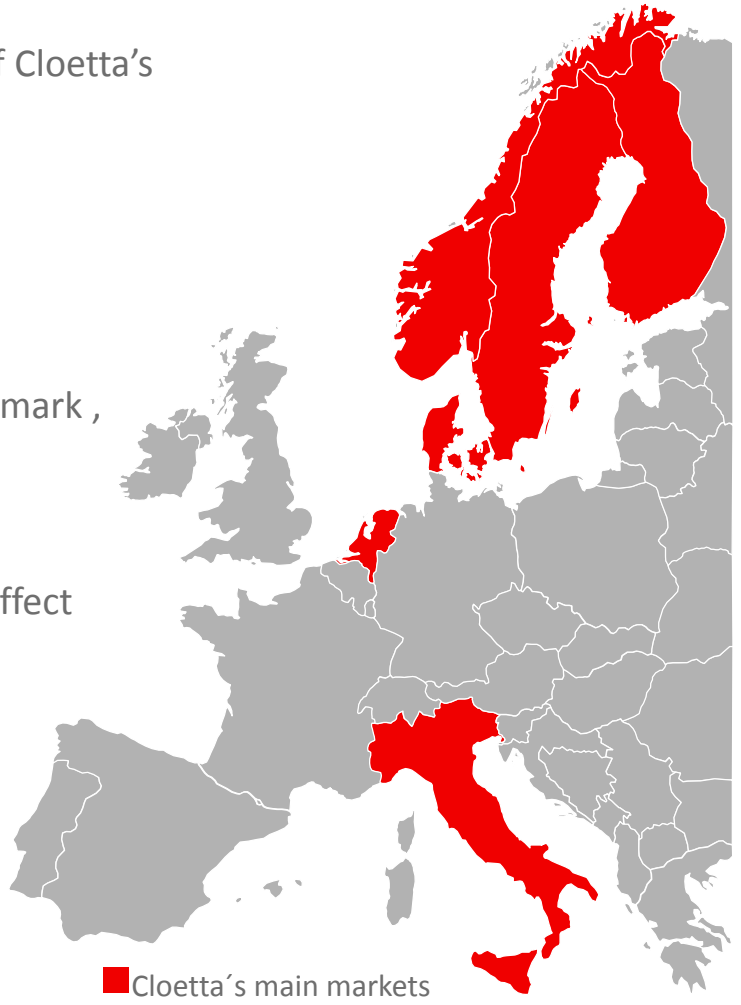
Overall market and sales development

Sales declined

- The confectionery market showed a negative development in all of Cloetta's core markets
- Organic sales declined by 2.0 per cent
- Sales grew or was unchanged in Finland, the Netherlands, UK, Denmark , Norway and in the export markets
- In Sweden, sales declined in pick & mix, mainly due to the Easter effect
- Decline in contract manufacturing



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Profit for the period increased

Key ratios, SEKm	Jan-Mar 2017	Margin %	Change %	Jan-Mar 2016	Margin %	Full year 2016
Net sales	1,347		*-0.8*	1,358		5,852
Gross profit	505	*37.5*		506	*37.3*	2,319
Operating profit, adjusted	110	*8.2*	*-12.7*	126	*9.3*	758
Operating profit/loss (EBIT)	93	*6.9*	*-13.9*	108	*8.0*	- 82
Net financial items	-12			-46		-174
Profit/loss before tax	81		*30.6*	62		-256
Profit/loss for the period	59		*34.1*	44		-191
Profit for the period excluding impact of impairment loss	59		*34.1*	44		403
Earnings per share, excluding impact of impairment loss, SEK	0.21		*40.0*	0.15		1.41

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Cash flow

SEKm	Jan-Mar 2017	Jan-Mar 2016	Full year 2016
Cash flow from operating activities before changes in working capital	62	121	813
Cash flow from changes in working capital	93	132	76
Cash flow from operating activities	**155**	**253**	**889**
Cash flow from investments in property, plant and equipment and intangible assets	-34	-38	-170
Cash flow from other investing activities	-	-	-152
Cash flow from investing activities	**-34**	**-38**	**-322**
Cash flow from operating and investing activities	**121**	**215**	**567**
Cash flow from financing activities	**-**	**-90**	**-534**
Cash flow for the period	**121**	**125**	**33**

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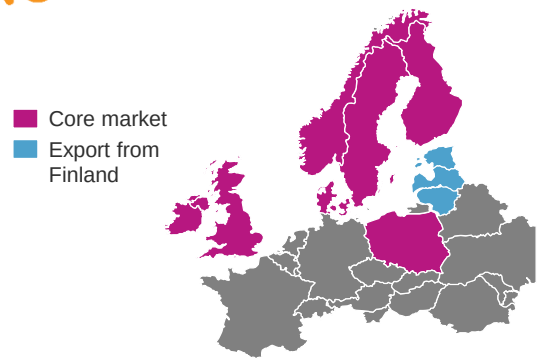
Appendix

Overview of Candyking

- Candyking, founded in 1984, is a concept supplier of **pick & mix** in the **Nordic region, the UK, Ireland and Poland**
- In addition, Candyking is a pick & mix supplier of **natural snacks in Sweden and Finland** under the Parrots brand
- Has more than **8,000 point of sales** and offers stores a turnkey concept that includes products, displays and accompanying store and logistic services
- Sales of approximately **SEK 1,300m.** Candyking has no own production and source all products from suppliers



Product/concepts examples

Customer examples

IKEA, ICA, KESKO, wilkinson, Poundland, TESCO, REMA 1000, Dansk Supermarked Group, føtex

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Candyking in-store concepts

Candyking / Karamellkungen

- Candyking / Karamellkungen is Candyking's core pick & mix concept and was launched in 1984
- Represents 93 per cent of Candyking sales
- Concept available in all of Candyking's markets at 7,000 point of sales
- Around 500 items, including chocolates, jellies, hard boiled, foam and licorice confectionery
- Consumers mix their own cup or bag of confectionery from a display offering between 16-200 different items

Parrots

- Concept originally acquired from OLW in 2009 and offers dried fruits, natural nuts, and flavored nuts and snacks
- Concept is currently available in Sweden and Finland at 1,600 point of sales
- The concept has been revamped and was re-launched with a new design two years ago.
- Parrots is currently the only pick & mix snack brand with no palm oil, UTZ certified and only natural flavoring

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Lean 2020

From restructuring to **operational excellence** in Supply Chain

- Major manufacturing restructuring completed
- There is potential to improve operations after a very disruptive period
- Cloetta Lean program provides a good base for **continuous improvement**

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Common Global ERP System

Enables increased efficiency over time

- Implemented in Sweden, Norway, Denmark, Finland, Ireland, Slovakia, Holland and Belgium

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Recent acquisitions

Lonka - significantly strengthens Cloetta's position in the Netherlands

- Strengthens Cloetta's product offering, including pick-and-mix, and position in the Nordics and the UK
- Diversifies the product range into new categories and offers 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
- Significantly strengthens Cloetta's position in the UK

Nutisal - a step into a **new category** with an established brand

- Dry roasting adds a unique 'crisp' to the nuts
- The nuts category is growing in Western Europe by 5-8%

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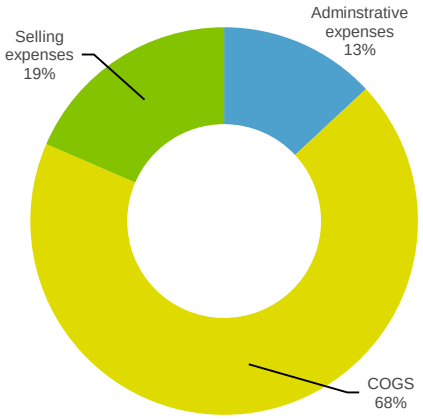
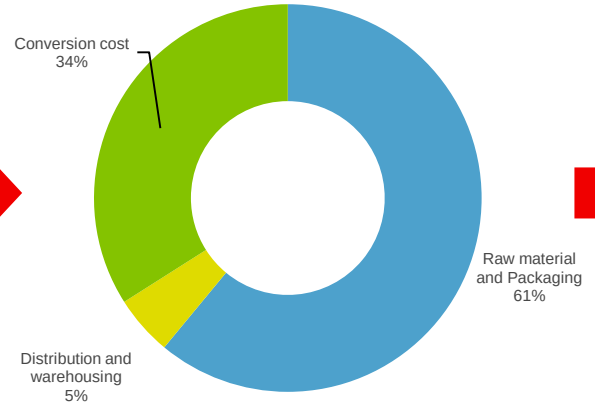
Cost structure

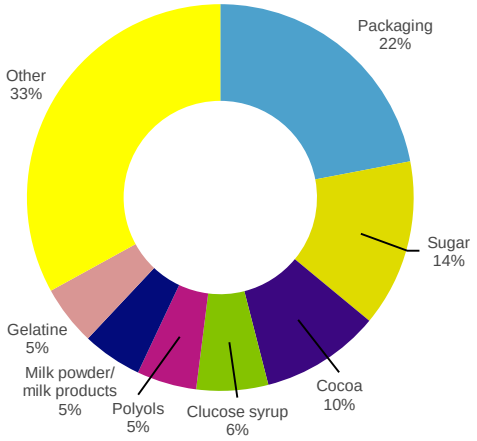
Total cost split 2016
(excluding impairment losses)



COGS split 2016



Raw material split 2016



Capex

Target

- Capex should be around 3 per cent of net sales

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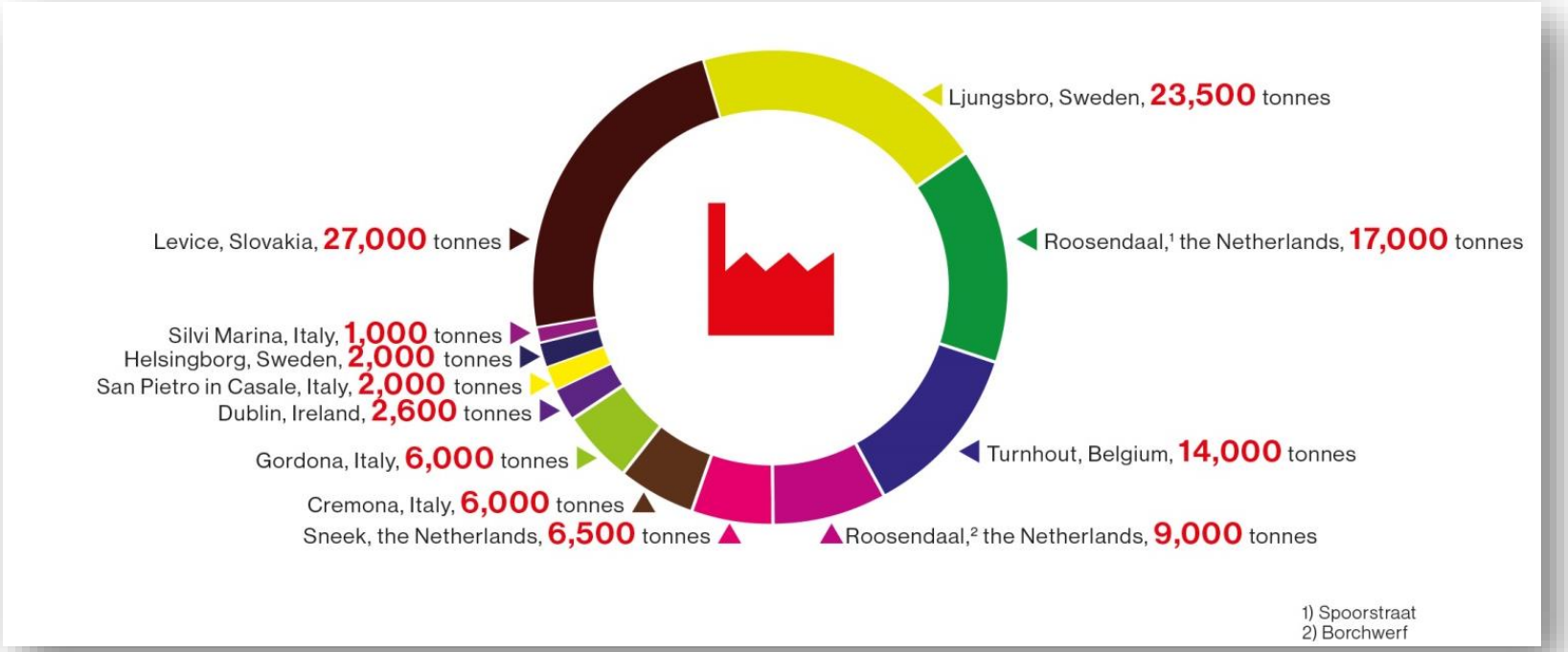
Production by factory in 2016, tonnes



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