



Q2 2017 results – 13 July 2017

Henri de Sauvage-Nolting, President and CEO

Danko Maras, CFO

Jacob Broberg, SVP IR

Q2 highlights

A challenging quarter

- **Net sales** improved by 15.8 per cent to SEK 1,414m (1,221). Organic growth -0.5 per cent, impact from acquisition 13.2 per cent and foreign exchange rates 3.1 per cent
- **Operating profit, adjusted**, amounted to SEK 115m (156)
- **Operating profit** amounted to SEK 90m (148). **Profit for the period** amounted to SEK -329m (77)
- **Cash flow** from operating activities amounted to SEK 117m (114)
- On 28 April, Cloetta **acquired Candyking**
- On 6 July, Cloetta signed an agreement to **divest Cloetta Italy**

Cloetta

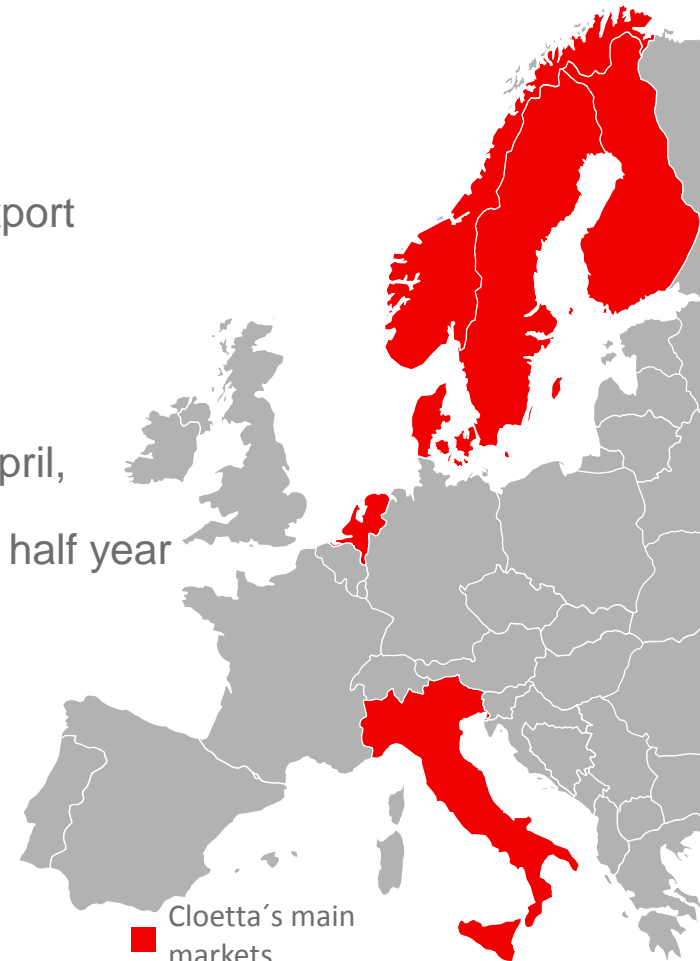


Overall market and sales development

Organic sales declined

- The confectionery market showed a positive development in all of Cloetta's core markets
- Organic sales declined by -0.5 per cent
- Sales grew in Sweden, Finland, the Netherlands and in export markets but declined in Denmark, Norway and Germany
- Growth was predominately driven by pick & mix
- Sales from Candyking, which was consolidated as of 28 April, had a slight growth in the quarter, but declined for the first half year

Cloetta



Acquisition of Candyking

Synergies of SEK 100m

- **Candyking Holding AB and its subsidiaries** was acquired 28 April
- Develop **shop-in-shop pick & mix concepts** based on shopper insights
- **Synergies** through insourcing and reduced cost
- **Identified synergies**, given current volume outlook, amounts to SEK 100m in 2020
 - Gradual synergies, majority in 2018 and 2019
 - One-off cost and capital expenditures expected to amount to SEK 175m
- **Pick & mix is more volatile** as it is predominantly based on contracts with different maturity

Cloetta



Divestiture of Cloetta Italy

Enables Cloetta to focus

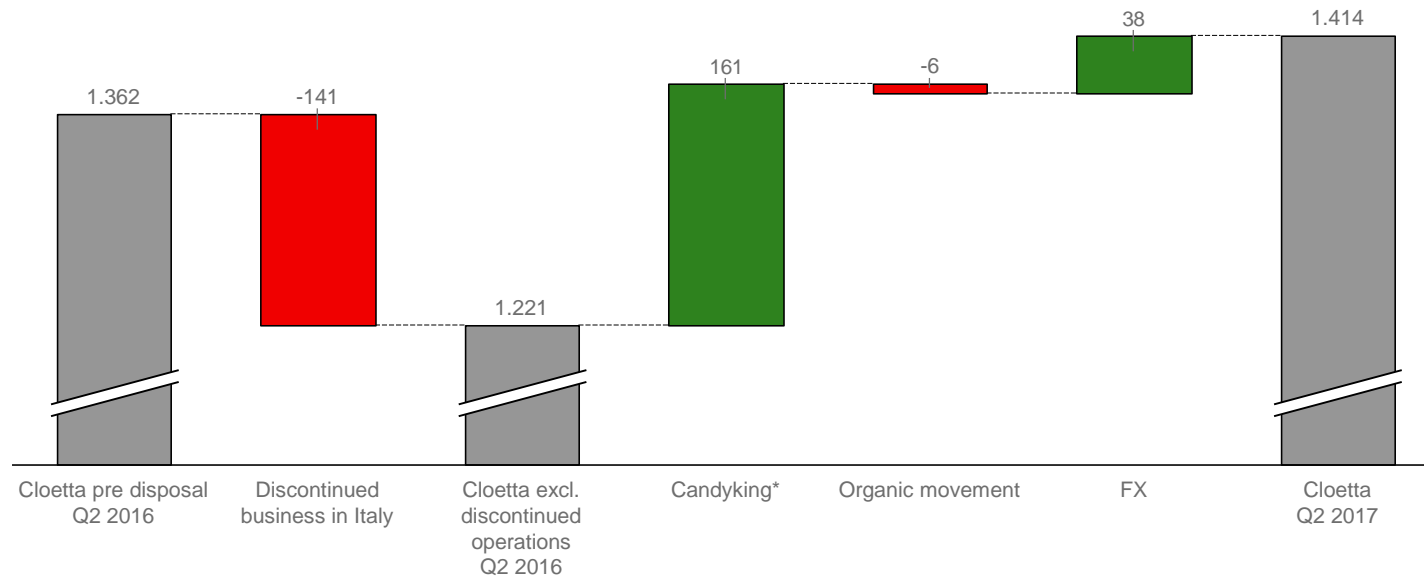
- Cloetta has signed an agreement **to divest Cloetta Italia S.r.l. to Katjes International GmbH**
- **Enterprise Value** of approximately **SEK 450m**
- **Positive net cash effect** of approximately **SEK 415m**
- **Impairment** of approximately **SEK 365m**
- The deal is expected to close during the third quarter
- Cloetta Italy accounted for as assets held for sale and discontinued operation

Cloetta



Net sales development

Q2 - 2017 vs. Q2 - 2016

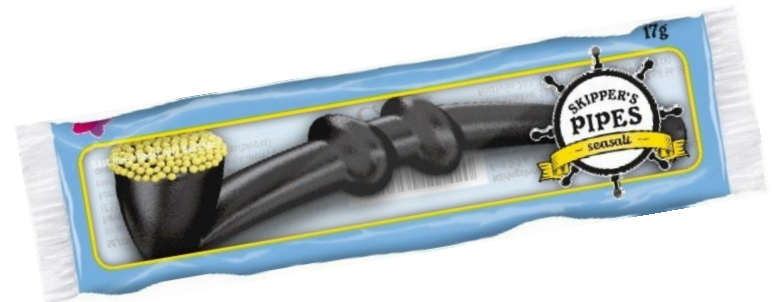


*Net sales from Candyking May-June

Operating profit declined

| Key ratios, SEKm | Apr-Jun 2017 | Apr-Jun 2016 | Change | Full year 2016 |
|--|-----------------|-----------------|----------|-------------------|
| Net sales | 1,414 | 1,221 | 193 | 5,107 |
| Gross profit | 519 | 512 | 7 | 2,023 |
| - Gross profit margin % | 36.7 | 41.9 | -5.2-pts | 39.6 |
| Operating profit, adjusted | 115 | 156 | -41 | 695 |
| - Operating profit margin, adjusted % | 8.1 | 12.8 | -4.7-pts | 13.6 |
| Operating profit (EBIT) | 90 | 148 | -58 | 635 |
| - Operating profit margin (EBIT margin) % | 6.4 | 12.1 | -5.7-pts | 12.4 |
| Net financial items | -19 | -30 | 11 | -191 |
| Profit before tax | 71 | 118 | -47 | 469 |
| Loss from discontinued operation, net of tax | - 372 | - 8 | | - 538 |
| Profit/loss for the period | -329 | 77 | | -191 |

Cloetta





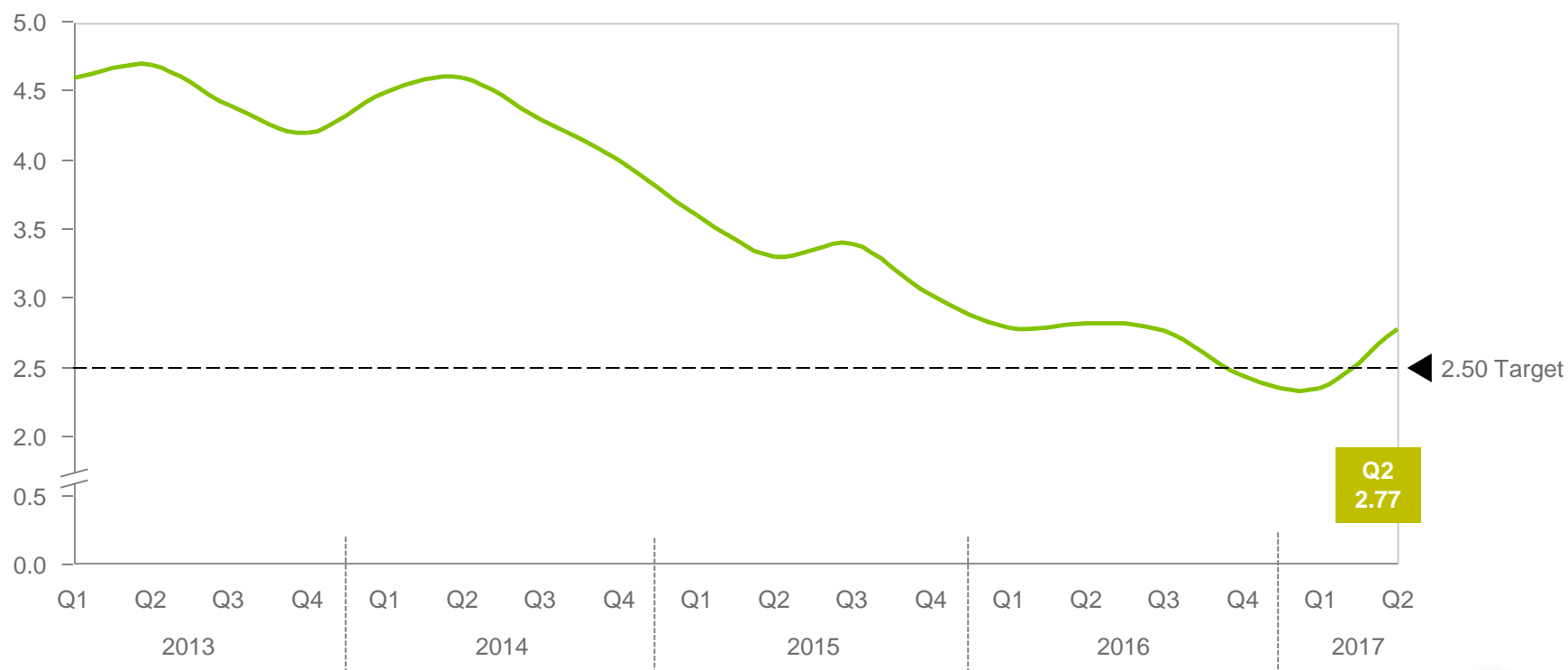
Cash flow

| SEKm | Apr-Jun 2017 | Apr-Jun 2016 | Full year 2016 |
|---|-----------------|-----------------|-------------------|
| Cash flow from operating activities before changes in working capital | 84 | 149 | 813 |
| Cash flow from changes in working capital | 33 | -35 | 76 |
| Cash flow from operating activities | 117 | 114 | 889 |
| Cash flow from investments in property, plant and equipment and intangible assets | -39 | -32 | -170 |
| Cash flow from other investing activities | -244 | - | -152 |
| Cash flow from investing activities | -283 | -32 | -322 |
| Cash flow from operating and investing activities | -166 | 82 | 567 |
| Cash flow from financing activities | 45 | -232 | -534 |
| Cash flow for the period | -121 | -150 | 33 |



Financial leverage

Net debt/EBITDA



Strategic priorities

Financial targets and vision unchanged

Candyking
integration



Lean 2020/
Insourcing



Grow the
core
business



Cost savings
to fund the
growth

\$£€

Establish
international
hubs



Integrated
category &
brand plans



Cloetta@
forefront of
digital and
e-commerce



Offer choice
for you:
Low/no sugar



Cloetta

Focus

Get business fundamentals right



Drive strategic priorities



Closure of the divestment of Cloetta Italy



Integration of Candyking



Focus on cost and gross margin improvement

Cloetta



Q2 selection of product launches

Sweden



Norway



Denmark & the Netherlands



Finland



Travel



International



Sweden, Norway & Finland



Cloetta

Q & A

Cloetta

Loetta

Disclaimer

- This presentation has been prepared by Cloetta AB (publ) (the “Company”) solely for use at this presentation and is furnished to you solely for your information and may not be reproduced or redistributed, in whole or in part, to any other person. The presentation does not constitute an invitation or offer to acquire, purchase or subscribe for securities. By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations.
- This presentation is not for presentation or transmission into the United States or to any U.S. person, as that term is defined under Regulation S promulgated under the Securities Act of 1933, as amended.
- This presentation contains various forward-looking statements that reflect management’s current views with respect to future events and financial and operational performance. The words “believe,” “expect,” “anticipate,” “intend,” “may,” “plan,” “estimate,” “should,” “could,” “aim,” “target,” “might,” or, in each case, their negative, or similar expressions identify certain of these forward-looking statements. Others can be identified from the context in which the statements are made. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Company’s control and may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. These risks include but are not limited to the Company’s ability to operate profitably, maintain its competitive position, to promote and improve its reputation and the awareness of the brands in its portfolio, to successfully operate its growth strategy and the impact of changes in pricing policies, political and regulatory developments in the markets in which the Company operates, and other risks.
- The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.
- No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein. Accordingly, none of the Company, or any of its principal shareholders or subsidiary undertakings or any of such person’s officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.