

Loetta

Q3 2017 results – 25 October 2017

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Q3 highlights

Development affected by short-term challenges

- **Net sales** increased by 17.1 per cent to SEK 1,505m (1,285), including a negative impact of foreign exchange rates of – 0.4 per cent. Organic growth was – 2.8 per cent
- **Operating profit, adjusted**, amounted to SEK 169m (203)
- **Operating profit** amounted to SEK 169m (195)
- **Profit for the period** amounted to SEK 153 (108)
- **Cash flow** from operating activities amounted to SEK 135m (116)
- On 5 September, Cloetta completed the divestment of **Cloetta Italy**

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Overall market and sales development

Organic sales declined – Candyking grew

- The confectionery market showed a positive development in all markets except Denmark
- Organic sales declined by -2.8 per cent
- Organic sales has been affected by lost sales due to out of stock related to the fire in the factory in Turnhout
- Sales grew or was unchanged in Sweden, Finland and the Netherlands but declined in all other markets
- Candyking organic growth was 4.4 per cent

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Pick & mix and Candyking

Integration in line with plan

- New organization decided and about to be implemented
- Products to Candyking's concept have started to be produced – plans for 2018 and 2019 quite firm
- Negotiations with retailers for pick & mix contracts from 2018 ongoing
- In Sweden, Coop has decided to implement their own pick & mix concept as of 2018, with Cloetta as key supplier
- Synergies from Candyking acquisition through insourcing and reduced cost, given current volume outlook, amounts to SEK 100m in 2020

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Lower operating profit

Profit before tax and for the period improved

Key ratios, SEKm	Jul-Sep 2017	Jul-Sep 2016	Change	Full year 2016
Net sales	1,505	1,285	220	5,107
Gross profit	527	494	33	2,023
- Gross profit margin %	35.0	38.4	-3.4-pts	39.6
Operating profit, adjusted	169	203	-34	695
- Operating profit margin, adjusted %	11.2	15.8	-4.6-pts	13.6
Operating profit (EBIT)	169	195	-26	635
- Operating profit margin (EBIT margin) %	11.2	15.2	-4.0-pts	12.4
Net financial items	-27	-67	40	-166
Profit before tax	142	128	14	469
Profit from discontinued operation, net of tax	45	16	29	- 538
Profit/loss for the period	153	108	45	-191

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Changes in net sales

	Jul-Sep 2017	Jan-Sep 2017
Organic growth	- 2.8%	- 1.8%
Structural changes	20.3%	11.3%
Changes in exchange rates	-0.4%	1.2%
Total	17.1%	10.7%

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Cash flow

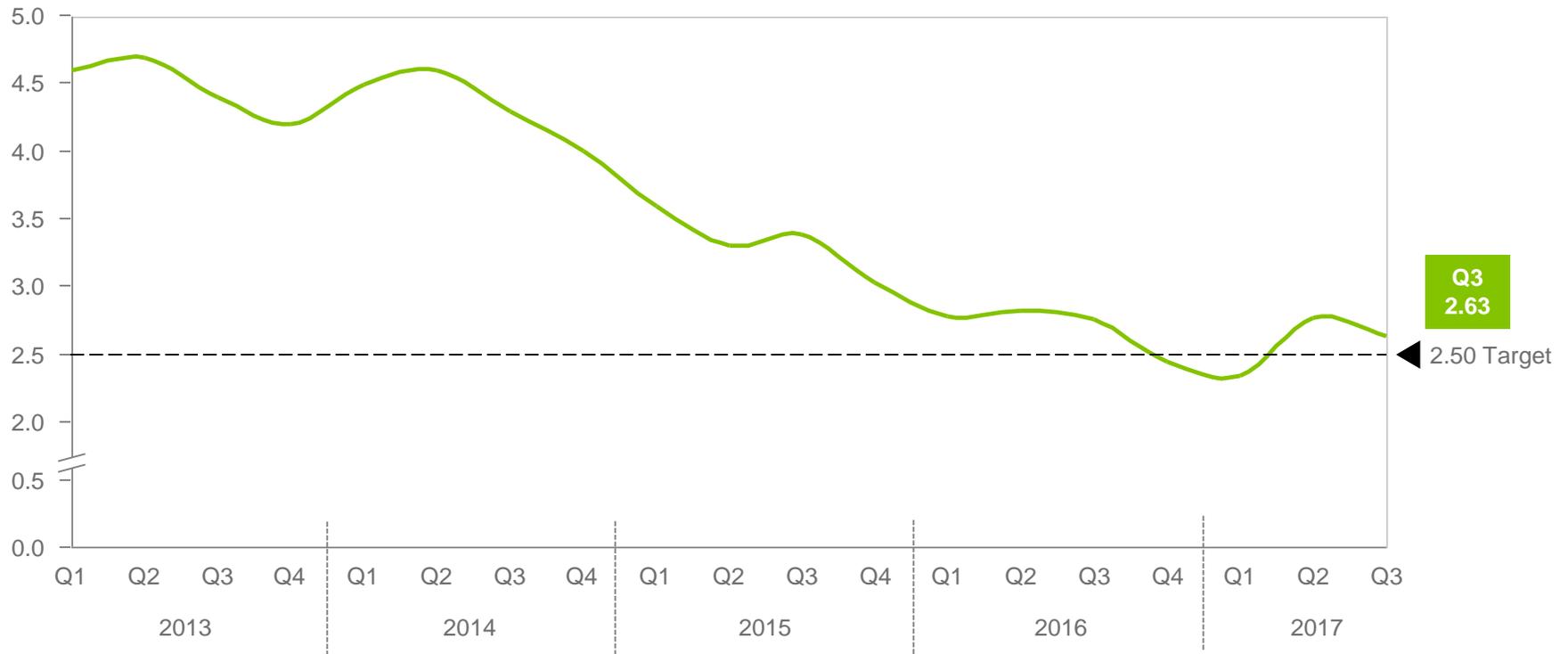
SEKm	Jul-Sep 2017	Jul-Sep 2016	Full year 2016
Cash flow from operating activities before changes in working capital	186	219	813
Cash flow from changes in working capital	-51	-103	76
Cash flow from operating activities	135	116	889
Cash flow from investments in property, plant and equipment and intangible assets	-38	-42	-170
Cash flow from other investing activities	310	-105	-152
Cash flow from investing activities	272	-147	-322
Cash flow from operating and investing activities	407	-31	567
Cash flow from financing activities	-275	213	-534
Cash flow for the period	132	182	33

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Financial leverage

Net debt/EBITDA



Focus

Get business fundamentals right



Restore the performance in the factory network from the short-term effects after the fire in the factory in Turnhout



Integration of Candyking



Focus on cost and gross margin improvement



Drive strategic growth priorities

Q3 selection of product launches

Finland



Sweden



Norway



Denmark



The Netherlands



Sweden+Denmark



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Q & A

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