



Interim report Q3, July – September 2017

Stockholm, 25 October 2017

As of the second quarter of 2017, Cloetta Italia S.r.l. is accounted for as discontinued operation. The comparative figures in the consolidated profit and loss account have therefore been restated to present the discontinued operation separately from continuing operations.

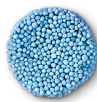
- **Net sales for the quarter** increased by 17.1 per cent to SEK 1,505m (1,285), including a negative impact of exchange rates of –0.4 per cent. Organic growth was –2.8 per cent.
- **Operating profit** amounted to SEK 169m (195). Operating profit, adjusted amounted to SEK 169m (203).
- **Cash flow** from operating activities amounted to SEK 135m (116).
- **Net debt/EBITDA ratio** was 2.63x (2.76).
- **Cloetta Italia S.r.l. was sold** to Katjes International GmbH on 5 September 2017.

Key ratios	Third quarter			9 months			Rolling 12	Full year
	Jul–Sep 2017	Jul–Sep 2016 ¹	Change, %	Jan–Sep 2017	Jan–Sep 2016 ¹	Change, %	Oct 2016– Sep 2017	2016 ¹
SEKm								
Net sales	1,505	1,285	17.1 ²	4,141	3,740	10.7 ²	5,508	5,107
Operating profit, adjusted	169	203	–16.7	398	486	–18.1	607	695
Operating profit margin, adjusted, %	11.2	15.8	–4.6-pts	9.6	13.0	–3.4-pts	11.0	13.6
Operating profit (EBIT)	169	195	–13.3	356	455	–21.8	536	635
Operating profit margin (EBIT margin), %	11.2	15.2	–4.0-pts	8.6	12.2	–3.6-pts	9.7	12.4
Profit before tax	142	128	10.9	299	314	–4.8	454	469
Profit/loss for the period	153	108	41.7	–117	229	n/a	–537	–191
Profit for the period excluding impact of impairment loss	185	108	71.3	280	229	22.3	454	403
Profit for the period from continuing operations	108	92	17.4	217	225	–3.6	339	347
Net debt/EBITDA, x (Rolling 12 months) ³	2.63	2.76	–4.7	2.63	2.76	–4.7	2.63	2.44
Cash flow from operating activities	135	116	16.4	407	483	–15.7	813	889

1) Comparative figures for profit and loss account items have been restated for discontinued operations. For further details see the consolidated profit and loss account on page 7.

2) Organic growth at constant exchange rates and comparable units –2.8 per cent for the quarter and –1.8 per cent for the first three quarters of the year. See further under Net sales on page 3.

3) Comparative figures have not been restated for discontinued operation, as only either the numerator or denominator in the calculation has been restated for discontinued operation.



Message from the CEO

Cloetta's development affected by short-term challenges

The third quarter has been challenging, mainly due to the consequences from a fire on a production line in the factory in Turnhout, Belgium. This has created ripple effects such as production capacity constraints in our factory network, which has to some extent been compensated by additional shifts in other factories and outsourced volumes. In total, this has resulted in lower production volumes and higher production costs. In addition, organic sales have continued to decline, mainly due to specific challenges in a few markets.

The damaged line at the factory in Turnhout will be replaced by a new line that is expected to be fully operational in the second quarter of 2018.

Cloetta's operating profit, adjusted for items affecting comparability, decreased to SEK 169m (203) in the quarter, equal to an operating profit margin, adjusted for items affecting comparability, of 11.2 per cent (15.8). Operating profit amounted to SEK 169m (195). Profit for the period increased to SEK 153m (108) due to lower financial expenses and the divestment of Cloetta Italy.

The lower operating profit, adjusted for items affecting comparability, is mainly explained by lower production volumes and increased production costs, but to some extent also to somewhat higher raw material costs and negative exchange rate differences.

Confectionery market

The confectionery market grew in all of Cloetta's core markets, except Denmark, during the quarter.

Sales development

Cloetta's sales for the quarter increased by 17.1 per cent, of which organic growth accounted for -2.8 per cent, the acquisition of Candyking for 20.3 per cent and exchange rate differences for -0.4 per cent.

To some extent, the weak organic sales trend has been affected by sales lost as a result of the factory fire in Turnhout, which has created challenges in the deliveries from the factory network.

Sales increased or were unchanged in Sweden, Finland and the Netherlands, but declined in other markets and in contract manufacturing. Growth in Finland was driven by chocolate, candy bags and pick & mix. In the Netherlands most categories demonstrated good growth. Sales to a large customer were down in Denmark and sales of both pastilles and candy declined in Norway. In the UK, sales declined due to fewer campaign and promotional activities.

Organic growth in Candyking was 4.4 per cent in the quarter, driven by positive development in Sweden and Denmark.

Candyking integration and pick & mix

The integration of Candyking has continued in line with plan. In Finland, Norway and Denmark, a new integrated organization has been presented.

Insourcing of production is a key driver for creating synergies from the acquisition of Candyking. The first insourcing activities - although affected by the Turnhout fire in the short-term - will take place in the fourth quarter, but will be more substantial in 2018.

Negotiations with some retailers for renewals of pick & mix contracts from 2018 is ongoing. In Denmark, we have renewed one important contract and also agreed upon a new one and in Finland, one important contract has been renewed. In Sweden, Coop has decided to implement their own pick & mix concept as of 2018, but with Cloetta as its main supplier.

Given the current volume outlook in pick & mix, our estimated synergy savings from Candyking of SEK 100m on an annual basis from 2020 stands firm.

Growth and cost efficiency in focus

During the quarter, we divested Cloetta Italy and started to integrate Candyking which was acquired in the second quarter. Our business structure has thus changed significantly. My key focus now is on activities that enable growth, drive cost-efficiency and integrate Candyking.

Our Lean 2020 program in supply chain and synergies from Candyking in combination with our growth initiatives are important drivers towards our EBIT-margin target.

In addition, we are working on cost saving initiatives of approximately SEK 50m that should enable us to both improve profitability and invest in growth initiatives. The saving initiatives will be implemented in 2018 and are expected to give full savings in 2019.

Some executive managers in Cloetta have recently sold shares which created negative reactions. In order to prevent this from happening in the future, we have decided to significantly strengthen our insider policy and limit the possibilities for persons with access to inside information to trade shares to only 10 days after each quarterly report and in connection with long term incentive programs.

Although we have had our challenges in 2017, Cloetta is operating in a mature and stable market and generating a very good cash flow that enables us to both make growth-driving investments and provide good returns for the shareholders.

Henri de Sauvage-Nolting
President and CEO



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President and CEO



Financial overview

Discontinued operation

On 18 January 2017 the Board announced a strategic review of Cloetta Italia S.r.l. On 6 July 2017 Cloetta signed an agreement to sell Cloetta Italia S.r.l. to Katjes International GmbH and on 5 September 2017 the divestment was completed.

Cloetta Italia S.r.l. is accounted for as discontinued operation and has been presented separately in the profit and loss account. The comparative figures in the consolidated profit and loss account have been restated to present the discontinued operation separately from continuing operations. The comparative figures in the balance sheet and cash flow statement have not been restated for discontinued operation.

The operations and the development being described is the continuing operations during the third quarter and the first three quarters. This is presented in the section "Financial statements in summary".

See section "Accounting and valuation policies, disclosures and risk factors" for disclosures related to the discontinued operation.

Development in the third quarter

Net sales

Net sales for the third quarter rose by 220m to SEK 1,505m (1,285) compared to the same period last year. Organic growth was -2.8 per cent, acquisitions accounted for 20.3 per cent and changes in exchange rates accounted for -0.4 per cent.

Sales, excluding Candyking, increased or were unchanged in Sweden, Finland and the Netherlands, but declined in other markets and in contract manufacturing. Growth in Finland was driven by chocolate, candy bags and pick & mix and in the Netherlands most categories demonstrated good growth. Sales to a large customer were down in

Denmark and sales of both pastilles and candy declined in Norway. In the UK, sales declined due to fewer campaign and promotional activities.

Sales of pick & mix increased as a result of continued positive development for Candyking. Organic growth in Candyking was 4.4 per cent in the quarter, driven by positive development in Sweden and Denmark.

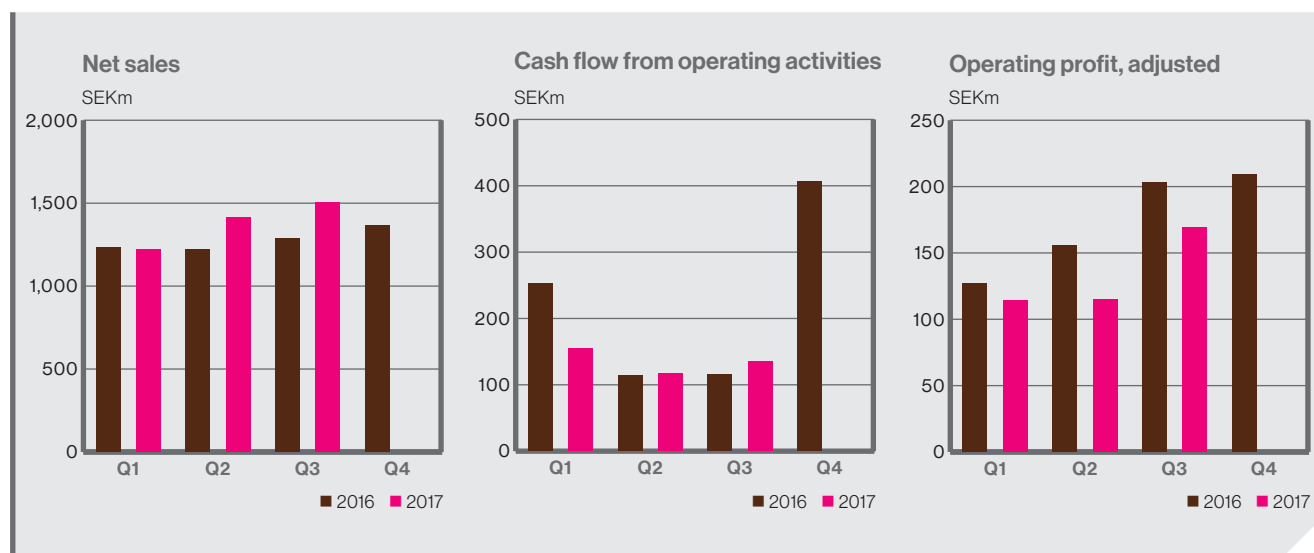
Changes in net sales, %	Jul-Sep 2017	Jan-Sep 2017
Organic growth	-2.8	-1.8
Structural changes	20.3	11.3
Changes in exchange rates	-0.4	1.2
Total	17.1	10.7

Gross profit

Gross profit amounted to SEK 527m (494), which is equal to a gross margin of 35.0 per cent (38.4). The change in gross margin is due to lower production volumes, increased production cost, the inclusion of Candyking and negative exchange rate differences.

Operating profit

Operating profit amounted to SEK 169m (195). The change is mainly explained by lower production volumes and increased production cost, but also to somewhat higher raw material costs and negative exchange rate differences. Operating profit, adjusted for items affecting comparability, amounted to SEK 169m (203).



**Items affecting comparability**

Operating profit for the quarter includes items affecting comparability that are related to costs for the integration of Candyking and impairment of a non-strategic brand. These costs have in the quarter been fully offset by a reclassification of costs, related to the divestment of Cloetta Italia S.r.l., to discontinued operations.

Net financial items

Net financial items for the quarter amounted to SEK -27m (-67). Interest expenses related to external borrowings amounted to SEK -8m (-21) and other financial items amounted to SEK -19m (-46). The net financial items in the third quarter of 2016 were negatively impacted by one-of-cost related to the redemption of the senior secured notes and the full amortization of the capitalized transaction costs. Of the total net financial items SEK 2m (-16) is non-cash in nature. The net financial items were positively impacted by the refinancing of the Group in July 2016.

Profit for the period

Profit from continuing operations was SEK 108m (92). Income tax for the period was SEK -34m (-36). The effective tax rate from continuing operations for the quarter was 23.9 per cent (28.1). Profit for the period was SEK 153m (108), which is equal to basic and diluted earnings per share of SEK 0.53 (0.38).

Cash flow from operating and investing activities

Cash flow from operating activities before changes in working capital was SEK 186m (219). The decrease compared to prior year is mainly the result of a lower operating profit partly offset by lower interest payments as a result of the refinancing. The cash flow from changes in working capital was SEK -51m (-103). Cash flow from operating and investing activities was SEK 407m (-31).

Cash flow from changes in working capital

Cash flow from changes in working capital follows normal seasonal pattern and was SEK -51m (-103). The cash flow from changes in working capital were positively impacted by the decrease in inventories for an amount of SEK 23m (-5) and an increase in payables for an amount of SEK 95m (27). This is offset by an increase in receivables of SEK -169m (-125).

Cash flow from investing activities

Cash flow from investing activities was SEK 272m (-147), of which SEK 314m (0) is related to the divestment of Cloetta Italia S.r.l. and SEK -38m (-42) is related to investments in property, plant and equipment and intangible assets. In the third quarter of 2016 the settlement of the contingent consideration arising from the option agreement regarding Cloetta Ireland Ltd. (formerly Aran Candy Ltd.) resulted in a cash outflow of SEK -106m. Other cash flows from investing activities amounted to SEK -4m (1).

Divestments

On 6 July 2017, Cloetta signed an agreement to sell Cloetta Italia S.r.l. to Katjes International GmbH and on 5 September 2017 the divestment was completed. The sale equals an Enterprise Value of approximately SEK 450m. The proceeds will in total have a positive net cash effect of approximately SEK 375m of which SEK 314m has been received in the third quarter. The majority of the remaining amount will be received in the fourth quarter of 2017 and the final amount in 2018. The divestment resulted in an impairment of in total SEK 397m which was accounted for in the second and third quarter of the year. See section "Accounting and valuation policies, disclosures and risk factors" for disclosures related to the discontinued operation.

Development in the first three quarters of the year**Net sales**

Net sales for the first three quarters rose by 401m to SEK 4,141m (3,740) compared to the same period of last year. Organic growth was -1.8 per cent, acquisitions accounted for 11.3 per cent and changes in exchange rates accounted for 1.2 per cent.

Sales, excluding Candyking, were up in Finland and the Netherlands, but declined in all other markets.

Gross profit

Gross profit amounted to SEK 1,500m (1,462), which is equal to a gross margin of 36.2 per cent (39.1). The change in gross margin is mainly due to lower production volumes, the inclusion of Candyking and negative exchange rate differences.

Operating profit

Operating profit amounted to SEK 356m (455). The change is mainly due to lower production volumes and higher production cost. Operating profit, adjusted for items affecting comparability, amounted to SEK 398m (486).

Items affecting comparability

Operating profit for the first three quarters includes items affecting comparability that mainly are related to the acquisition and integration of Candyking.

Net financial items

Net financial items for the first three quarters of the year amounted to SEK -57m (-141). Interest expenses related to external borrowings amounted to SEK -26m (-68) and other financial items amounted to SEK -31m (-73). The net financial items in the first three quarters of 2016 were negatively impacted by one-of-cost related to the redemption of the senior secured notes and the full amortization of the capitalized transaction costs. Of the total net financial items SEK -17m (-50) is non-cash in nature. The net financial items were positively impacted by the refinancing of the Group in July 2016.

Profit/loss for the period

Profit for the first three quarters of the year from continuing operations was SEK 217m (225). Income tax for the period was SEK -82m (-89). The effective tax rate from continuing operations for the first three quarters was 27.4 per cent (28.3). Loss for the first three quarters of the year was SEK -117m (229), which is equal to basic and diluted earnings per share of SEK -0.41 (0.80).

Cash flow from operating and investing activities

Cash flow from operating activities before changes in working capital amounted to SEK 332m (489). The decrease compared to prior year is mainly the result of a lower operating profit and higher corporate income tax payments mainly related to the tax settlement in Italy, partly offset by lower interest payments as a result of the refinancing. The cash flow from changes in working capital was SEK 75m (-6). Cash flow from operating and investing activities was SEK 362m (266).

Cash flow from changes in working capital

Cash flow from changes in working capital was SEK 75m (-6). The cash flow from changes in working capital was positively impacted by the decrease in receivables for an amount of SEK 32m (-1) and an increase in payables of SEK 59m (99). This is partly offset by an increase in inventories of SEK -16m (-104).

**Cash flow from investing activities**

Cash flow from investing activities was SEK -45m (-217), of which SEK 314m (0) is related to the divestment of Cloetta Italia S.r.l., SEK -249m (0) is related to the acquisition of Candyking Holding AB and its subsidiaries and SEK -111m (-112m) is related to investments in property, plant and equipment and intangible assets.

In the third quarter of 2016 the settlement of the contingent consideration arising from the option agreement regarding Cloetta Ireland Ltd. (formerly Aran Candy Ltd.) resulted in a cash outflow of SEK -106m. Other cash flows from investing activities amounted to SEK 1m (1).

Acquisitions and divestments**Acquisition Candyking**

On 28 April 2017 Cloetta completed the acquisition of Candyking Holding AB and its subsidiaries. Candyking is a leading concept supplier of pick & mix candy in the Nordic countries and the UK. The acquisition strengthens Cloetta's position within pick & mix and creates substantial synergies.

The purchase price amounts to SEK 325m on a cash and debt free basis with a potential additional purchase price of maximum SEK 225m. In connection with completion of the transaction, Cloetta has become owner of all shares in Candyking Holding AB and the outstanding bond loan and other debt. For additional information on the acquisition, reference is made to the press releases dated 17 February 2017 and 28 April 2017. For the preliminary accounting for the business combination, see page 23.

Given the current volume outlook, the identified synergy savings from Candyking are expected to be SEK 100m on an annual basis as of 2020. These synergies will be gradually realized with the majority in 2018 and 2019. One-off cost and capital investments related to the integration of Candyking are expected to amount to approximately SEK 175m.

The pick & mix business is however volatile as it is predominantly based on contracts with different maturity, which means that the savings can differ depending on the volume development.

Financial position

Consolidated equity at 30 September 2017 amounted to SEK 3,734m (4,565), which is equal to SEK 12.9 (15.8) per share. Net debt at 30 September 2017 was SEK 2,256m (2,757).

Long-term borrowings totalled SEK 2,671m (2,675) and consisted of SEK 2,679m (2,682) in gross loans from credit institutions and SEK -8m (-7) in capitalized transaction costs.

Total short-term borrowings amounted to SEK 2m (421) and consisted of accrued interest on loans from credit institutions for an amount of SEK 2m (0), SEK 0m (425) in gross loans from credit institutions and SEK 0m (-4) in capitalized transaction costs.

SEKm	30 Sep 2017	30 Sep 2016	31 Dec 2016
Gross non-current borrowings	2,679	2,682	2,677
Gross current borrowings	-	425	-
Derivative financial instruments (current and non-current)	73	68	62
Interest payable	2	-	2
Gross debt	2,754	3,175	2,741
Loans outstanding	-64	-	-
Cash and cash equivalents	-434	-418	-298
Net debt	2,256	2,757	2,443

Cash and cash equivalents at 30 September 2017, excluding unutilized overdraft facilities, amounted to SEK 434m (418). At 30 September 2017 Cloetta had unutilized credit facilities for a total of SEK 1,151m (729).

Other disclosures**Seasonal variations**

Cloetta's sales and operating profit are subject to some seasonal variations. Sales in the first and second quarters are affected by the Easter holiday, depending on in which quarter it occurs. In the fourth quarter, sales are usually higher than in the first three quarters of the year, which is mainly attributable to the sale of products in Sweden in connection with the holiday season.

Employees

The average number of employees during the quarter was 2,450 (2,132). The increase is mainly attributable to the impact of the acquisition of Candyking Holding AB and its subsidiaries.

Events after the balance sheet date

After the end of the reporting period, no significant events have taken place that could affect the company's operations.



The Board of Directors hereby gives its assurance that the interim report provides a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Stockholm, 25 October 2017
Cloetta AB (publ)

The Board of Directors

Review report

Cloetta AB (publ)
Org nr 556308-8144

Introduction

We have reviewed the summary interim financial information (interim report) of Cloetta AB (publ) as of 30 September 2017 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 25 October 2017

KPMG AB
Thomas Forslund
Authorized Public Accountant



Financial statements in summary

Consolidated profit and loss account

SEKm	Third quarter		9 months		Rolling 12	Full year
	Jul-Sep 2017	Jul-Sep 2016 ¹	Jan-Sep 2017	Jan-Sep 2016 ¹	Oct 2016– Sep 2017	2016 ¹
Net sales	1,505	1,285	4,141	3,740	5,508	5,107
Cost of goods sold	–978	–791	–2,641	–2,278	–3,447	–3,084
Gross profit	527	494	1,500	1,462	2,061	2,023
Other income	–	–	4	–	4	–
Selling expenses	–232	–189	–691	–599	–898	–806
General and administrative expenses	–126	–110	–457	–408	–631	–582
Operating profit	169	195	356	455	536	635
Exchange differences on borrowings and cash and cash equivalents in foreign currencies	–7	8	–10	2	–20	–8
Other financial income	0	5	7	12	12	17
Other financial expenses	–20	–80	–54	–155	–74	–175
Net financial items	–27	–67	–57	–141	–82	–166
Profit before tax	142	128	299	314	454	469
Income tax	–34	–36	–82	–89	–115	–122
Profit from continuing operations	108	92	217	225	339	347
Profit/loss from discontinued operation, net of tax ²	45	16	–334	4	–876	–538
Profit/loss for the period	153	108	–117	229	–537	–191
<i>Profit/loss for the period attributable to:</i>						
Owners of the Parent Company						
Continuing operations	108	92	217	225	339	347
Discontinued operation	45	16	–334	4	–876	–538
Total	153	108	–117	229	–537	–191
Earnings per share from continuing operations, SEK						
Basic	0.38	0.32	0.76	0.79	1.18	1.21
Diluted ³	0.38	0.32	0.76	0.79	1.18	1.21
Earnings per share from discontinued operation, SEK						
Basic	0.16	0.06	–1.17	0.01	–3.06	–1.88
Diluted ³	0.16	0.06	–1.17	0.01	–3.06	–1.88
Earnings per share, SEK						
Basic	0.53	0.38	–0.41	0.80	–1.88	–0.67
Diluted ³	0.53	0.38	–0.41	0.80	–1.87	–0.67
Number of shares at end of period	288,619,299	288,619,299	288,619,299	288,619,299	288,619,299	288,619,299
Average number of shares (basic) ³	286,645,530	286,279,569	286,328,460	286,163,966	286,316,037	286,193,024
Average number of shares (diluted) ³	286,875,122	286,558,440	286,537,746	286,392,280	286,496,359	286,447,465

1) Comparative figures have been restated for discontinued operation.

2) For the breakdown of the result from discontinued operation see page 24.

3) Cloetta entered into forward contracts to repurchase own shares to fulfill its future obligation to deliver the shares to the participants of the long-term share-based incentive plan. The table on page 15 presents the movements in the contracts as of 1 January 2016.



Consolidated statement of comprehensive income

SEKm	Third quarter		9 months		Rolling 12	Full year
	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct 2016–Sep 2017	2016
Profit/loss for the period	153	108	–117	229	–537	–191
<i>Other comprehensive income</i>						
Remeasurement of defined benefit pension plans	–56	–6	–36	–95	42	–17
Income tax on other comprehensive income that subsequently will not be reclassified to profit and loss for the period	11	2	7	22	–11	4
Items that will never be reclassified to profit or loss for the period	–45	–4	–29	–73	31	–13
Currency translation differences	–10	105	0	245	–20	225
Currency translation differences on discontinued operation reclassified through profit and loss	–102	–	–102	–	–102	–
Hedge of a net investment in a foreign operation	15	–26	–2	–55	15	–38
Income tax on other comprehensive income that will be reclassified subsequently to profit and loss for the period, when specific conditions are met	–4	6	0	12	–5	7
Items that are or may be reclassified to profit or loss for the period	–101	85	–104	202	–112	194
Total other comprehensive income	–146	81	–133	129	–81	181
Total comprehensive income, net of tax	7	189	–250	358	–618	–10
<i>Total comprehensive income for the period attributable to:</i>						
Owners of the Parent Company	7	189	–250	358	–618	–10

Net financial items

SEKm	Third quarter		9 months		Rolling 12	Full year
	Jul-Sep 2017	Jul-Sep 2016 ¹	Jan-Sep 2017	Jan-Sep 2016 ¹	Oct 2016–Sep 2017	2016 ¹
Exchange differences on borrowings and cash and cash equivalents in foreign currencies	–7	8	–10	2	–20	–8
Other financial income, third parties	0	–	2	1	2	1
Unrealized gains on single currency interest rate swaps	–	5	5	11	10	16
Other financial income	0	5	7	12	12	17
Interest expenses third-party borrowings and realized losses on single currency interest rate swaps	–8	–21	–26	–68	–37	–79
Interest expenses, contingent earn-out considerations	–5	–3	–9	–10	–9	–10
Call option fee redemption senior secured notes	–	–30	–	–30	–	–30
Amortization of capitalized transaction costs	–1	–22	–3	–30	–4	–31
Other financial expenses	–6	–4	–16	–17	–24	–25
Other financial expenses	–20	–80	–54	–155	–74	–175
Net financial items	–27	–67	–57	–141	–82	–166

¹⁾ Comparative figures have been restated for discontinued operation.



Condensed consolidated balance sheet

SEKm	30 Sep 2017	30 Sep 2016	31 Dec 2016
ASSETS			
Non-current assets			
Intangible assets	5,418	6,156	5,354
Property, plant and equipment	1,327	1,707	1,700
Deferred tax asset	45	50	54
Other financial assets	11	21	13
Total non-current assets	6,801	7,934	7,121
Current assets			
Inventories	711	917	780
Other current assets	999	1,005	1,024
Derivative financial instruments	–	3	4
Cash and cash equivalents	434	418	298
Total current assets	2,144	2,343	2,106
Assets held for sale	–	9	9
TOTAL ASSETS	8,945	10,286	9,236
EQUITY AND LIABILITIES			
Equity	3,734	4,565	4,199
Non-current liabilities			
Long-term borrowings	2,671	2,675	2,666
Deferred tax liability	625	680	586
Derivative financial instruments	1	12	12
Other non-current liabilities	137	–	–
Provisions for pensions and other long-term employee benefits	372	474	396
Provisions	5	10	22
Total non-current liabilities	3,811	3,851	3,682
Current liabilities			
Short-term borrowings	2	421	2
Derivative financial instruments	72	59	54
Other current liabilities	1,320	1,383	1,235
Provisions	6	7	64
Total current liabilities	1,400	1,870	1,355
TOTAL EQUITY AND LIABILITIES	8,945	10,286	9,236



Condensed consolidated statement of changes in equity

SEKm	9 months		Full year
	Jan-Sep 2017	Jan-Sep 2016	2016
Equity at beginning of period	4,199	4,344	4,344
Profit/loss for the period	-117	229	-191
Other comprehensive income	-133	129	181
Total comprehensive income	-250	358	-10
Transactions with owners			
New forward contract to repurchase own shares	-11	-	-
Share-based payments	12	7	9
Dividend ¹	-216	-144	-144
Total transactions with owners	-215	-137	-135
Equity at end of period	3,734	4,565	4,199

1) The dividend paid comprised a dividend of SEK 0.75 (0.50) per share.

Condensed consolidated cash flow statement

SEKm	Third quarter		9 months		Rolling 12	Full year
	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct 2016–Sep 2017	2016
Cash flow from operating activities before changes in working capital	186	219	332	489	656	813
Cash flow from changes in working capital	-51	-103	75	-6	157	76
Cash flow from operating activities	135	116	407	483	813	889
Cash flow from investments in property, plant and equipment and intangible assets	-38	-42	-111	-112	-169	-170
Cash flow from other investing activities	310	-105	66	-105	19	-152
Cash flow from investing activities	272	-147	-45	-217	-150	-322
Cash flow from operating and investing activities	407	-31	362	266	663	567
Cash flow from financing activities	-275	213	-230	-109	-655	-534
Cash flow for the period	132	182	132	157	8	33
Cash and cash equivalents at beginning of period	310	233	298	246	418	246
Cash flow for the period	132	182	132	157	8	33
Exchange difference	-8	3	4	15	8	19
Total cash and cash equivalents at end of period	434	418	434	418	434	298



Condensed consolidated key figures

SEKm	Third quarter		9 months		Rolling 12	Full year
	Jul–Sep 2017	Jul–Sep 2016 ¹	Jan–Sep 2017	Jan–Sep 2016 ¹	Oct 2016– Sep 2017	2016 ¹
Profit						
Net sales	1,505	1,285	4,141	3,740	5,508	5,107
Net sales, change, %	17.1	n/a	10.7	n/a	n/a	n/a
Organic net sales, change, %	–2.8	n/a	–1.8	n/a	n/a	n/a
Gross margin, %	35.0	38.4	36.2	39.1	37.4	39.6
Depreciation	–61	–52	–162	–153	–215	–206
Amortization	–4	–2	–8	–5	–8	–5
Impairment loss other non current assets	–9	–	–9	–	–11	–2
Operating profit, adjusted	169	203	398	486	607	695
Operating profit margin, adjusted, %	11.2	15.8	9.6	13.0	11.0	13.6
Operating profit (EBIT)	169	195	356	455	536	635
Operating profit margin (EBIT margin), %	11.2	15.2	8.6	12.2	9.7	12.4
EBITDA, adjusted	234	257	568	644	830	906
EBITDA	243	249	535	613	770	848
Profit margin, %	9.4	10.0	7.2	8.4	8.2	9.2
Financial position						
Working capital	330	656	330	656	330	572
Capital expenditure	39	42	112	112	170	170
Net debt	2,256	2,757	2,256	2,757	2,256	2,443
Capital employed	6,852	8,206	6,852	8,206	6,852	7,329
Return on capital employed, % (Rolling 12 months) ^{2,3}	8.3	8.9	8.3	8.9	8.3	11.1
Equity/assets ratio, %	41.7	44.4	41.7	44.4	41.7	45.5
Net debt/equity ratio, %	60.4	60.4	60.4	60.4	60.4	58.2
Return on equity, % (Rolling 12 months) ²	9.1	8.5	9.1	8.5	9.1	–4.5
Equity per share, SEK	12.9	15.8	12.9	15.8	12.9	14.5
Net debt/EBITDA, x (Rolling 12 months) ²	2.63	2.76	2.63	2.76	2.63	2.44
Cash flow						
Cash flow from operating activities	135	116	407	483	813	889
Cash flow from investing activities	272	–147	–45	–217	–150	–322
Cash flow after investments	407	–31	362	266	663	567
Cash conversion, % ⁴	86.3	86.8	83.3	85.6	82.9	84.5
Cash flow from operating activities per share, SEK	0.5	0.4	1.4	1.7	2.8	3.1
Employees						
Average number of employees ⁵	2,450	2,132	2,308	2,133	2,261	2,115

1) Comparative figures for profit and loss account items have been restated for discontinued operation. For further details see the consolidated profit and loss account on page 7.

2) Comparative figures have not been restated for discontinued operation, as only either the numerator or denominator in the calculation has been restated for discontinued operation.

3) Return on capital employed for Q3 2017 is calculated for continuing operations. Return on capital employed for Q4 2016 is calculated pro-forma for continuing operations.

4) The capital expenditure included in the calculation of the cash conversion has been adjusted for the capital expenditure related to discontinued operation.

5) Average number of employees is presented for continuing operations.



Reconciliation of alternative performance measures

SEKm	Third quarter		9 months		Rolling 12	Full year
	Jul-Sep 2017	Jul-Sep 2016 ¹	Jan-Sep 2017	Jan-Sep 2016 ¹	Oct 2016–Sep 2017	2016 ¹
Items affecting comparability						
Acquisitions, integration and factory restructurings	0	–8	–42	–14	–71	–43
of which: impairment loss other non-current assets	–9	–	–9	–	–11	–2
Remeasurements of contingent considerations	–	–	–	–17	–	–17
Items affecting comparability*	0	–8	–42	–31	–71	–60
* Corresponding line in the condensed consolidated profit and loss account:						
Cost of goods sold	1	–6	–17	–12	–20	–15
Other operating income	–	–	4	–	4	–
Selling expenses	–	–	–3	–	–3	–
General and administrative expenses	–1	–2	–26	–19	–52	–45
Total	0	–8	–42	–31	–71	–60
Operating profit, adjusted						
Operating profit	169	195	356	455	536	635
Minus: Items affecting comparability	0	–8	–42	–31	–71	–60
Operating profit, adjusted	169	203	398	486	607	695
Net sales	1,505	1,285	4,141	3,740	5,508	5,107
Operating profit margin, adjusted, %	11.2	15.8	9.6	13.0	11.0	13.6
EBITDA, adjusted						
Operating profit/loss	169	195	356	455	536	635
Minus: Depreciation	–61	–52	–162	–153	–215	–206
Minus: Amortization	–4	–2	–8	–5	–8	–5
Minus: Impairment loss other non-current assets	–9	–	–9	–	–11	–2
EBITDA	243	249	535	613	770	848
Minus: Items affecting comparability (excl. impairment loss other non-current assets)	9	–8	–33	–31	–60	–58
EBITDA, adjusted	234	257	568	644	830	906
Capital employed²						
Total assets	8,945	10,286	8,945	10,286	8,945	9,236
Minus: Deferred tax liability	625	680	625	680	625	586
Minus: Other non-current liabilities	137	–	137	–	137	–
Minus: Non-current provisions	5	10	5	10	5	22
Minus: Current provisions	6	7	6	7	6	64
Minus: Other current liabilities	1,320	1,383	1,320	1,383	1,320	1,235
Capital employed	6,852	8,206	6,852	8,206	6,852	7,329
Capital employed in comparative period of previous year	6,273	8,040	6,273	8,040	6,273	7,756
Average capital employed	6,563	8,123	6,563	8,123	6,563	7,543

1) Comparative figures for profit and loss account items have been restated for discontinued operation. For further details see the consolidated profit and loss account on page 7.

2) Capital employed for Q3 2017 is for continuing operations. Average capital employed for Q3 2017 is calculated pro-forma for continuing operations.

Reconciliation alternative performance measures, *continued*

SEKm	Third quarter		9 months		Rolling 12	Full year
	Jul-Sep 2017	Jul-Sep 2016 ¹	Jan-Sep 2017	Jan-Sep 2016 ¹	Oct 2016– Sep 2017	2016 ¹
Return on capital employed³						
Operating profit (rolling 12 months)	536	705	536	705	536	635
Financial income (rolling 12 months)	12	18	12	18	12	17
Operating profit plus financial income (rolling 12 months)	548	723	548	723	548	652
Average capital employed	6,563	8,123	6,563	8,123	6,563	5,879
Return on capital employed, %	8.3	8.9	8.3	8.9	8.3	11.1
Cash conversion⁴						
EBITDA, adjusted	234	257	568	644	830	906
Minus: Capital expenditures	32	34	95	93	142	140
EBITDA, adjusted less capital expenditures	202	223	473	551	688	766
EBITDA, adjusted	234	257	568	644	830	906
Cash conversion, %	86.3	86.8	83.3	85.6	82.9	84.5
Changes in net sales⁵						
Net sales	1,505	1,285	4,141	3,740	5,508	5,107
Net sales in comparative period of previous year	1,285	n/a	3,740	n/a	n/a	n/a
Net sales, change	220	n/a	401	n/a	n/a	n/a
Minus: Structural changes	261	n/a	423	n/a	n/a	n/a
Minus: Changes in exchange rates	–5	n/a	45	n/a	n/a	n/a
Organic growth	–36	n/a	–67	n/a	n/a	n/a
Structural changes, %	20.3	n/a	11.3	n/a	n/a	n/a
Organic growth, %	–2.8	n/a	–1.8	n/a	n/a	n/a
Profit/loss for the period excluding impact of impairment loss						
Profit/loss for the period	153	108	–117	229	–537	–191
Minus: Impairment loss	–32	–	–397	–	–1,168	–771
Minus: Income tax impact on impairment loss	–	–	–	–	177	177
Profit/loss for the period excluding impact of impairment loss	185	108	280	229	454	403
Average number of shares (basic)	286,645,530	286,279,569	286,328,460	286,163,966	286,316,037	286,193,024
Average number of shares (diluted)	286,875,122	286,558,440	286,537,746	286,392,280	286,496,359	286,447,465
Earnings per share, basic excluding impact of impairment loss, SEK	0.65	0.38	0.98	0.80	1.59	1.41
Earnings per share, diluted excluding impact of impairment loss, SEK	0.64	0.38	0.98	0.80	1.58	1.41

1) Comparative figures for profit and loss account items have been restated for discontinued operation. For further details see the consolidated profit and loss account on page 7.

2) Capital employed for Q3 2017 is for continuing operations. Average capital employed for Q3 2017 is calculated pro-forma for continuing operations.

3) Comparative figures for Q3 2016 have not been restated for discontinued operation, as only either the numerator or denominator in the calculation has been restated for discontinued operation.

4) The capital expenditure included in the calculation of the cash conversion has been adjusted for the capital expenditure related to discontinued operation.

5) The changes in net sales for Q1 2016 to Q4 2016 have not been restated for discontinued operation, as the net sales of the comparative periods are not comparable to the net sales of the current period.



Condensed consolidated quarterly data

SEKm	Q3 2017	Q2 2017	Q1 2017 ¹	Q4 2016 ¹	Q3 2016 ¹	Q2 2016 ¹	Q1 2016 ¹	Q4 2015	Q3 2015
Profit and loss account									
Net sales	1,505	1,414	1,222	1,367	1,285	1,221	1,234	1,622	1,459
Cost of goods sold	-978	-895	-768	-806	-791	-709	-778	-991	-894
Gross profit	527	519	454	561	494	512	456	631	565
Other income	-	4	-	-	-	-	-	-	0
Selling expenses	-232	-259	-200	-207	-189	-215	-195	-237	-228
General and administrative expenses	-126	-174	-157	-174	-110	-149	-149	-155	-125
Operating profit	169	90	97	180	195	148	112	239	212
Exchange differences borrowings and cash and cash equivalents in foreign currencies	-7	-2	-1	-10	8	2	-8	-6	-4
Other financial income	0	1	6	5	5	5	2	6	0
Other financial expenses	-20	-18	-16	-20	-80	-37	-38	-48	-39
Net financial items	-27	-19	-11	-25	-67	-30	-44	-48	-43
Profit before tax	142	71	86	155	128	118	68	191	169
Income tax	-34	-28	-20	-33	-36	-33	-20	-34	-39
Profit from continuing operations	108	43	66	122	92	85	48	157	130
Profit/loss from discontinued operation, net of tax	45	-372	-7	-542	16	-8	-4	-	-
Profit/loss for the period	153	-329	59	-420	108	77	44	157	130
<i>Profit/loss for the period attributable to:</i>									
Owners of the Parent Company									
Continuing operations	108	43	66	122	92	85	48	157	130
Discontinued operation	45	-372	-7	-542	16	-8	-4	-	-
KEY FIGURES									
Profit									
Depreciation and amortization	-74	-56	-49	-55	-54	-53	-51	-60	-59
Operating profit, adjusted	169	115	114	209	203	156	127	255	194
EBITDA, adjusted	234	171	163	262	257	209	178	315	253
EBITDA	243	146	146	235	249	201	163	299	271
Operating profit margin, adjusted, %	11.2	8.1	9.3	15.3	15.8	12.8	10.3	15.7	13.3
Operating profit margin (EBIT margin), %	11.2	6.4	7.9	13.2	15.2	12.1	9.1	14.7	14.5
Earnings per share, SEK									
Basic	0.53	-1.15	0.21	-1.47	0.38	0.27	0.15	0.55	0.45
Diluted ²	0.53	-1.15	0.21	-1.47	0.38	0.27	0.15	0.55	0.45
Financial position									
Share price, last paid, SEK	28.00	34.70	35.40	28.70	31.10	29.00	25.80	28.00	23.90
Return on equity, % (rolling 12 months) ³	9.1	8.7	-4.1	-4.5	8.5	9.3	9.0	8.9	8.9
Equity per share, SEK	12.9	12.9	14.7	14.5	15.8	15.2	15.2	15.1	15.0
Net debt/EBITDA, x (rolling 12 months) ^{3,4}	2.63	2.77	2.34	2.44	2.76	2.82	2.78	3.03	3.39
Cash flow									
Cash flow from operating activities per share, SEK	0.5	0.4	0.5	1.4	0.4	0.4	0.9	1.3	0.6

1) Comparative figures for profit and loss account items have been restated for discontinued operation. For further details see the consolidated profit and loss account on page 7.

2) Cloetta entered into forward contracts to repurchase own shares to fulfill its future obligation to deliver the shares to the participants of the long-term share-based incentive plan. The table on page 15 presents the movements in the contracts as of 1 January 2016.

3) Comparative figures have not been restated for discontinued operation, as only either the numerator or denominator in the calculation has been restated for discontinued operation.

4) The definition of net debt/EBITDA has been adjusted per Q3 2016 to present a key figure over time which is irrespective of the applicable facility agreement. Comparative figures have not been restated as the differences have a limited effect.



Movements in forward contracts to repurchase own shares

Transaction	Date	Number of shares					
		Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6
Balance at	1 Jan 2016	937,610	1,200,000	430,000	–	–	–
Shares granted to participants LTI'13 (settlement of forward contract to repurchase own shares)	18 May 2016	–227,880	–	–	–	–	–
Roll-forward to new forward contract to repurchase own shares	15 Jun 2016	–709,730	–	–	709,730	–	–
Balance at	31 Dec 2016	–	1,200,000	430,000	709,730	–	–
Shares granted to participants LTI'14 (settlement of forward contract to repurchase own shares)	8 May 2017	–	–362,029	–	–	–	–
Repurchased own shares	8 May 2017	–	–3,932	–	–	–	–
Roll-forward to new forward contract to repurchase own shares	15 Jun 2017	–	–834,039	–	–709,730	1,543,769	–
Roll-forward to new forward contract to repurchase own shares	14 Jul 2017	–	–	–	–	–1,543,769	1,543,769
New forward contract to repurchase own shares	14 Jul 2017	–	–	–	–	–	348,793
Balance at	30 Sep 2017	–	–	430,000	–	–	1,892,562
Price, SEK		18.50678	23.00000	26.40000	28.50000	36.10000	30.97320



Reconciliation of alternative performance measures by quarter

SEKm	Q3 2017	Q2 2017	Q1 2017 ¹	Q4 2016 ¹	Q3 2016 ¹	Q2 2016 ¹	Q1 2016 ¹	Q4 2015	Q3 2015
Items affecting comparability									
Acquisitions, integration and factory restructurings	0	-25	-17	-29	-8	-5	-1	-14	-10
of which: impairment loss other non-current assets	-9	-	-	-2	-	-	-	-	-
Remeasurements of contingent considerations	-	-	-	-	-	-3	-14	3	28
Remeasurements of assets held for sale	-	-	-	-	-	-	-	-5	-
Items affecting comparability*	0	-25	-17	-29	-8	-8	-15	-16	18
* Corresponding line in the condensed consolidated profit and loss account:									
Cost of goods sold	1	-15	-3	-3	-6	-5	-1	-20	-
Other operating income	-	4	-	-	-	-	-	-	-
Selling expenses	-	-3	-	-	-	-	-	1	-2
General and administrative expenses	-1	-11	-14	-26	-2	-3	-14	3	20
Total	0	-25	-17	-29	-8	-8	-15	-16	18
Operating profit, adjusted									
Operating profit	169	90	97	180	195	148	112	239	212
Minus: Items affecting comparability	0	-25	-17	-29	-8	-8	-15	-16	18
Operating profit, adjusted	169	115	114	209	203	156	127	255	194
Net sales	1,505	1,414	1,222	1,367	1,285	1,221	1,234	1,622	1,459
Operating profit margin, adjusted, %	11.2	8.1	9.3	15.3	15.8	12.8	10.3	15.7	13.3
EBITDA, adjusted									
Operating profit	169	90	97	180	195	148	112	239	212
Minus: Depreciation	-61	-53	-48	-53	-52	-51	-50	-59	-58
Minus: Amortization	-4	-3	-1	-	-2	-2	-1	-1	-1
Minus: Impairment loss other non-current assets	-9	-	-	-2	-	-	-	-	-
EBITDA	243	146	146	235	249	201	163	299	271
Minus: Items affecting comparability (excl. impairment loss other non-current assets)	9	-25	-17	-27	-8	-8	-15	-16	18
EBITDA, adjusted	234	171	163	262	257	209	178	315	253
Capital employed²									
Total assets	8,945	9,560	9,202	9,236	10,286	9,855	9,854	9,759	10,062
Minus: Deferred tax liability	625	641	598	586	680	647	618	621	606
Minus: Other non-current liabilities	137	132	-	-	-	-	-	43	43
Minus: Non-current provisions	5	5	9	22	10	9	9	10	11
Minus: Current provisions	6	6	46	64	7	14	37	57	12
Minus: Other current liabilities	1,320	1,219	1,189	1,235	1,383	1,438	1,420	1,271	1,349
Minus: Assets held for sale	-	830	-	-	-	-	-	-	-
Plus: Interest-bearing other current liabilities	-	-	-	-	-	-	-	-1	-1
Capital employed	6,852	6,727	7,360	7,329	8,206	7,747	7,770	7,756	8,040
Capital employed in comparative period of previous year	6,273	5,818	7,770	7,756	8,040	7,756	7,790	8,041	7,860
Average capital employed	6,563	6,273	7,565	7,543	8,123	7,752	7,780	7,899	7,950

1) Comparative figures for profit and loss account items have been restated for discontinued operation. For further details see the consolidated profit and loss account on page 7.

2) Capital employed for Q3 2017 and Q2 2017 is for continuing operations. Average capital employed for Q3 2017 and Q2 2017 is calculated pro-forma for continuing operations.

Reconciliation alternative performance measures per quarter, *continued*

SEKm	Q3 2017	Q2 2017	Q1 2017 ¹	Q4 2016 ¹	Q3 2016 ¹	Q2 2016 ¹	Q1 2016 ¹	Q4 2015	Q3 2015
Return on capital employed³									
Operating profit (rolling 12 months)	536	562	620	635	705	701	689	671	694
Financial income (rolling 12 months)	12	17	21	17	18	13	8	6	0
Operating profit plus financial income (rolling 12 months)	548	579	641	652	723	714	697	677	694
Average capital employed	6,563	6,273	5,930	5,879	8,123	7,752	7,780	7,899	7,950
Return on capital employed, %	8.3	9.2	10.8	11.1	8.9	9.2	9.0	8.6	8.7
Cash conversion⁴									
EBITDA, adjusted	234	171	163	262	257	209	178	315	253
Minus: Capital expenditures	32	32	31	47	34	26	33	47	31
EBITDA, adjusted less capital expenditures	202	139	132	215	223	183	145	268	222
EBITDA, adjusted	234	171	163	262	257	209	178	315	253
Cash conversion, %	86.3	81.3	81.0	82.1	86.8	87.6	81.5	85.1	87.7
Changes in net sales⁵									
Net sales	1,505	1,414	1,222	1,367	1,285	1,221	1,234	1,622	1,459
Net sales in comparative period of previous year	1,285	1,221	1,234	n/a	n/a	n/a	n/a	1,579	1,303
Net sales, change	220	193	-12	n/a	n/a	n/a	n/a	43	156
Minus: Structural changes	261	161	–	n/a	n/a	n/a	n/a	75	86
Minus: Changes in exchange rates	–5	38	13	n/a	n/a	n/a	n/a	4	15
Organic growth	-36	-6	-25	n/a	n/a	n/a	n/a	-36	55
Structural changes, %	20.3	13.2	–	n/a	n/a	n/a	n/a	4.7	6.6
Organic growth, %	-2.8	-0.5	-2.0	n/a	n/a	n/a	n/a	-2.3	4.2
Profit/loss for the period excluding impact of impairment loss									
Profit/loss for the period	153	-329	59	-420	108	77	44	157	130
Minus: Impairment loss	-32	-365	–	-771	–	–	–	–	–
Minus: Income tax impact on impairment loss	–	–	–	177	–	–	–	–	–
Profit/loss for the period excluding impact of impairment loss	185	36	59	174	108	77	44	157	130
Average number of shares (basic)	286,645,530	286,339,892	286,279,569	286,279,569	286,279,569	286,159,369	286,051,689	286,051,689	286,154,515
Average number of shares (diluted)	286,875,122	286,626,106	286,607,989	286,560,336	286,558,440	286,471,820	286,404,267	286,359,672	286,408,540
Earnings per share, basic excluding impact of impairment loss, SEK	0.65	0.13	0.21	0.61	0.38	0.27	0.15	0.55	0.45
Earnings per share, diluted excluding impact of impairment loss, SEK	0.64	0.13	0.21	0.61	0.38	0.27	0.15	0.55	0.45

1) Comparative figures for profit and loss account items have been restated for discontinued operation. For further details see the consolidated profit and loss account on page 7.

2) Capital employed for Q3 2017 and Q2 2017 is for continuing operations. Average capital employed for Q3 2017 and Q2 2017 is calculated pro-forma for continuing operations.

3) Comparative figures for Q2 2015 till Q3 2016 have not been restated for discontinued operation, as only either the numerator or denominator in the calculation has been restated for discontinued operation. Return on capital employed for Q4 2016 to Q3 2017 has been calculated pro-forma for continuing operations.

4) The capital expenditure included in the calculation of the cash conversion has been adjusted for the capital expenditure related to discontinued operation.

5) The changes in net sales for Q1 2016 to Q4 2016 have not been restated for discontinued operation, as the net sales of the comparative previous period are not comparable to the net sales of the current period.



Parent Company

Condensed parent company profit and loss account

SEKm	Third quarter		9 months		Rolling 12	Full year
	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct 2016– Sep 2017	2016
Net sales	20	26	77	73	104	100
Gross profit	20	26	77	73	104	100
Administrative expenses	–21	–28	–97	–90	–129	–122
Operating loss	–1	–2	–20	–17	–25	–22
Net financial items	1	–39	5	–54	94	35
Profit/loss before tax	0	–41	–15	–71	69	13
Income tax	2	10	3	16	–16	–3
Profit/loss for the period	2	–31	–12	–55	53	10

Profit/loss for the period corresponds to comprehensive income for the period.



Condensed parent company balance sheet

SEKm	30 Sep 2017	30 Sep 2016	31 Dec 2016
ASSETS			
Non-current assets	5,352	5,344	5,329
Current assets	7	26	117
TOTAL ASSETS	5,359	5,370	5,446
EQUITY AND LIABILITIES			
Equity	3,876	4,026	4,093
Non-current liabilities			
Borrowings	1,132	1,131	1,131
Derivative financial instruments	–	–	0
Provisions	1	1	1
Total non-current liabilities	1,133	1,132	1,132
Current liabilities			
Derivative financial instruments	0	8	4
Current liabilities	350	204	217
Total current liabilities	350	212	221
TOTAL EQUITY AND LIABILITIES	5,359	5,370	5,446

Condensed parent company statement of changes in equity

	9 months		Full year
SEKm	Jan–Sep 2017	Jan–Sep 2016	2016
Equity at beginning of period	4,093	4,218	4,218
Profit/loss for the period	–12	–55	10
Total comprehensive income	–12	–55	10
Transactions with the owners			
Share-based payments	11	7	9
Dividend	–216	–144	–144
Total transactions with owners	–205	–137	–135
Equity at end of period	3,876	4,026	4,093



Accounting and valuation policies, disclosures and risk factors

Accounting and valuation policies

Compliance with legislation and accounting standards

The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRIC) which have been endorsed by the European Commission for application in the EU. The applied standards and interpretations are those that were in force and had been endorsed by the EU at 1 January 2017. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, has been applied. The consolidated interim report is presented compliant with IAS 34, Interim Financial Reporting, and in compliance with the relevant provisions in the Swedish Annual Accounts Act and the Swedish Securities Market Act. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Market Act, which are consistent with the provisions in recommendation RFR 2, Accounting for Legal Entities.

Basis of accounting

The same accounting policies and methods of computation are applied in the interim financial statements as in the most recent annual financial statements. Reference is made to Note 34 'Changes in accounting policies' in the annual and sustainability report for 2016. No new standards are effective as from 1 January 2017 which have been endorsed by the EU.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after

1 January 2017, and have not been applied in preparing these consolidated financial statements. None of these is expected to have impact on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial Instruments', published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments, Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. The standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9. At this stage, the Group does not intend to adopt the standard before its effective date.

IFRS 15, 'Revenue from contracts with customers', establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition

guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group started the implementation process, in which the following phases have been identified:

- Phase 1: Impact assessment
- Phase 2: Implementation
- Phase 3: Embedding and monitoring

Currently the Group is working on the impact assessment, which covers a detailed contract analysis including identification of impact on revenue recognition, an evaluation of processes and controls and an assessment of the IT environment. At this stage, the Group is not able to quantify the impact of the new rules on the Group's financial statements or to decide on the method of first-time application.

IFRS 16, 'Leases' was published in January 2016 and supersedes IAS 17 Leases. The standard is required to be applied from 1 January 2019. A company can choose to apply IFRS 16 before this date but only if it also applies IFRS 15 Revenue from Contracts with Customers. The standard will affect primarily the accounting for the Group's operating leases.

In conjunction with the implementation process of IFRS 15 Cloetta initiated a process for the implementation of IFRS 16 and identified the same three phases. Currently the Group is working on the impact assessment, which covers an assessment of current lease contracts, an assessment of the processes to obtain required data and ensuring awareness and understanding by the different stakeholders within the Group. At this stage, the Group is not able to quantify the impact of the new rules on the Group's financial statements or to decide on the method of first-time application.

Disclosures

Parent Company

Cloetta AB's primary activities include head office functions such as group-wide management and administration. The comments below refer to the period from 1 January to 30 September 2017. Net sales in the Parent Company amounted to SEK 77m (73) and referred mainly to intra-group services. Operating loss was SEK -20m (-17). Net financial items totaled SEK 5m (-54). Loss before tax was SEK -15m (-71) and loss after tax was SEK -12m (-55). Cash and cash equivalents and short-term investments amounted to SEK 0m (0).

The Cloetta share

Cloetta's class B share is listed on Nasdaq Stockholm, Mid Cap. During the period from 1 January to 30 September 2017, a total of 156,532,955 shares were traded for a combined value of SEK 5,016m, equal to around 55 per cent of the total number of class B shares at the end of the period. The highest quoted bid price during the period from 1 January to 30 September 2017 was SEK 38.80 (5 June) and the lowest was SEK 26.00 (15 September). The share price on 30 September 2017 was SEK 28.00 (last price paid). During the period from 1 January to 30 September 2017, the Cloetta share decreased



by 2 per cent while the Nasdaq OMX Stockholm PI index increased by 10 per cent. Cloetta's share capital at 30 September 2017 amounted to SEK 1,443,096,495. The total number of shares is 288,619,299, consisting of 5,735,249 (9,861,614) class A shares and 282,884,050 (278,757,685) class B shares, equal to a quota value of SEK 5 per share.

Shareholders

On 30 September 2017 Cloetta AB had 21,516 shareholders. The largest shareholder was AB Malfors Promotor with a holding corresponding to 36.4 per cent of the votes and 25.1 per cent of the share capital in the company. Wellington Management was the second largest shareholder with 8.5 per cent of the votes and 10.0 per cent of the share capital. The third largest shareholder was Franklin Templeton with 6.0 per cent of the votes and 7.1 per cent of the share capital. Institutional investors held 90.4 per cent of the votes and 88.7 per cent of the share capital. Foreign shareholders held 44.8 per cent of the votes and 52.9 per cent of the share capital.

Guidelines on Alternative Performance Measures

On 8 December 2015 the Swedish Financial Supervisory Authority (FSA) ("Finansinspektionen") announced its intention to follow the ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures (APMs). These guidelines are applicable for (interim) financial statements published after 3 July 2016. In accordance with these guidelines additional information on the use of APMs, including explanations of use and reconciliation of the APMs to the most directly reconcilable measures in the financial statements, have been included in these interim financial statements. APMs presented in these interim financial statements should not be considered as a substitute for measures of performance in accordance with IFRS and may not be comparable to similarly titled measures by other companies.

Fair value measurement

The only items recognized at fair value after initial recognition are:

- the interest rate swaps and forward foreign currency contracts categorized at level 2 of the fair value hierarchy in all periods presented;
- the contingent earn-out consideration related to the acquisition of Alrifai Nutisal AB (currently known as Cloetta Nutisal AB) and the contingent earn-out consideration related to the acquisition of Candyking Holding AB and its subsidiaries initially categorized at level 3, as well as;
- assets held for sale, in cases where the fair value less cost of disposal is below the carrying amount.

On 4 October 2016 the contingent earn-out consideration of Alrifai Nutisal AB was settled. On 28 April 2017 the contingent earn-out consideration arising from the acquisition of Candyking Holding AB and its subsidiaries was recognized for an amount of SEK 128m. The fair values of financial assets (loans and receivables) and liabilities measured at amortised cost are approximately equal to carrying amounts. The fair value of financial assets and liabilities for measurement purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value measurements by level according to the fair value measurement hierarchy are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that were measured at fair value at 30 September 2017:

SEKm	Level 1	Level 2	Level 3	Total
Liabilities				
<i>Liabilities at fair value through profit or loss</i>				
- Interest rate swaps	-	2	-	2
- Forward foreign currency contracts	-	1	-	1
- Contingent consideration	-	-	137	137
Total liabilities	-	3	137	140

The assets and liabilities measured at fair value are reflected in the 'derivative financial instruments' and 'other non-current liabilities'.

The following table presents the Group's assets and liabilities that were measured at fair value as per 31 December 2016:

SEKm	Level 1	Level 2	Level 3	Total
Assets				
<i>Assets at fair value through profit or loss</i>				
- Forward foreign currency contracts	-	4	-	4
- Assets measured at fair value	-	-	9	9
Total assets	-	4	9	13
Liabilities				
<i>Liabilities at fair value through profit or loss</i>				
- Interest rate swaps	-	7	-	7
Total liabilities	-	7	-	7

The assets measured at fair value less cost of disposal at 31 December 2016 consisted of the land and building in Zola Predosa, Italy. The assets and liabilities measured at fair value are reflected in the 'derivative financial instruments' and 'assets held for sale'.

The following table presents the Group's assets and liabilities that are measured at fair value as per 30 September 2016:

SEKm	Level 1	Level 2	Level 3	Total
Assets				
<i>Assets at fair value through profit or loss</i>				
- Forward foreign currency contracts	-	3	-	3
- Assets measured at fair value	-	-	9	9
Total assets	-	3	9	12
Liabilities				
<i>Liabilities at fair value through profit or loss</i>				
- Interest rate swaps	-	12	-	12
- Contingent consideration	-	48	-	48
Total liabilities	-	60	-	60

The assets measured at fair value less cost of disposal at 30 September 2016 consisted of the land and building in Zola Predosa, Italy. The assets and liabilities measured at fair value are reflected in the 'assets held for sale', 'derivative financial instruments' and 'other current liabilities'.



The movement of financial instruments categorised at level 3 of the fair value hierarchy can be specified as follows:

SEKm	Jan– Sep 2017	Jan– Sep 2016	Full year 2016
Opening balance	–	125	125
Business combinations	128	–	–
<i>Remeasurements recognized in profit and loss</i>			
- Unrealized remeasurements on contingent considerations recognised in general and administrative expenses	–	17	17
- Unrealized interest on contingent considerations recognised in other financial expenses	9	10	10
<i>Remeasurements recognized in other comprehensive income</i>			
- Unrealized currency translation differences	–	2	2
<i>Settlements</i>			
- Settlement via balance sheet	–	–106	–154
<i>Transfers</i>			
- Transfer to fair value hierarchy level 2	–	–48	–
Closing balance	137	–	–

On 28 April 2017 the contingent earn-out consideration arising from the acquisition of Candyking Holding AB and its subsidiaries was recognized for an amount of SEK 128m. At the end of the quarter the expected undiscounted contingent earn-out consideration amounted to SEK 175m (discounted: SEK 137m). On 4 October 2016 the contingent earn-out consideration related to the acquisition of Alrifai Nutisal AB (currently known as Cloetta Nutisal AB) was settled for an amount of SEK 48m, resulting in a transfer from fair value hierarchy level 3 to 2 in the third quarter of 2016. No other transfers between fair value hierarchy levels has occurred during the financial year or the prior financial year. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included at level 2. The valuation of the instruments is based on quoted market prices, but the underlying swap amounts are based on the specific requirements of the Group. These instruments are therefore included at level 2. The fair value measurement of the contingent (earn-out) considerations requires the use of significant unobservable inputs and were thereby initially categorised at level 3. The valuation techniques and inputs used to value financial instruments are:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign currency contracts is calculated using the difference between the exchange rate on the spot date with the contractually agreed upon exchange rates.
- The fair value of the assets held for sale is based on valuations by external independent valuers.
- Other techniques, such as discounted cash flow analysis, are used to determine the fair value of the remaining financial instruments.

The fixed assets measured at fair value are identified as a non-recurring fair value measurement and are related to the assets held for sale. The assets are valued at fair value in case the fair value less cost of disposal is below the carrying amount. The contingent (earn-out) considerations are measured at fair value using a scenario model with an earn-out threshold, different results and related changes, and an applicable multiplier as input. These data are aligned with the earn-out contracts.

The inter-relationship between significant unobservable inputs and fair value measurement are:

- The estimated fair value of the contingent earn-out consideration related to the acquisition of Alrifai Nutisal AB would increase (decrease) if:
 - the forecasted profit before indirect cost for 2016 were higher (lower).
- The estimated fair value of the contingent consideration arising from option agreements would increase (decrease) if:
 - the working capital at 31 December 2015 was higher (lower),
 - the cash balance at 31 December 2015 was higher (lower),
 - the adjusted gross profit for 2015 was higher (lower).
- The estimated fair value of the contingent earn-out consideration related to the acquisition of Candyking Holding AB and its subsidiaries will increase (decrease) if:
 - the forecasted Cloetta's and Candyking's combined sales volume of pick & mix in confectionery and natural snacks in the Nordic countries, the UK and Poland during 2018 is higher (lower).

For detailed information about the accounting policies, see Cloetta's annual and sustainability report 2016 at www.cloetta.com.

Taxes

The net effect of international tax rate differences, changes in filing positions and non-deductible expenses impacted the effective tax rate of the Group unfavourably. Cloetta's deferred tax balances have been calculated according to the enacted or substantially enacted tax rates.



Acquisition of Candyking Holding AB

On 28 April 2017 Cloetta acquired control of Candyking Holding AB and its subsidiaries, a leading concept supplier of pick & mix candy in the Nordic countries and the UK. The acquisition strengthens Cloetta's position within pick & mix and creates substantial synergies.

Cloetta acquired 100 per cent of the shares in Candyking as well as 100 percent of Candyking's outstanding bond and other debt. The purchase price amounted to SEK 325m on a cash and debt free basis, adjusted for transaction adjustments for net debt and working capital of SEK -62m, with a potential additional purchase price of maximum SEK 225m based on Cloetta's and Candyking's combined sales volume of pick & mix in confectionery and natural snacks in the Nordic countries, the UK and Poland during 2018. The seller of the shares was Candyking's former President and CEO, Dani Evanoff. The majority of the purchase price as well as the potential additional purchase price has been allocated to the previous holders of Candyking's SEK 750m bond loan. In connection with closing of the acquisition, Candyking's bonds have been delisted from Nasdaq Stockholm. At the time of delisting the bond, an earn-out instrument has been issued to the previous bondholders and the previous shareholder that entitles to the future potential additional purchase price. The instrument is registered at Euroclear in order to facilitate the distribution of any additional purchase price to the instrument-holders.

The total goodwill of SEK 171m is not expected to be deductible for tax purposes. The acquired receivables contain of trade receivables of SEK 128m which are expected to be collected in full. The total transaction cost related to the acquisition amounted to SEK 14m and is fully recognized in the profit and loss account for of the period concerned as 'general and administrative expenses'. Due to the short-term nature of the receivables, the fair value approximates the gross contractual amounts. The contractual cash flows which are not expected to be collected are immaterial. Candyking Holding AB and its subsidiaries contributed SEK 423m to Cloetta's consolidated revenues from acquisition date to 30 September 2017 had Candyking Holding AB and its subsidiaries been consolidated from 1 January 2017, it would have (pro forma) contributed SEK 807m to consolidated revenues over the period from 1 January 2017 to 30 September 2017. Because Candyking Holding AB and its subsidiaries were acquired on 28 April 2017, the accounting for the business combination is preliminary and has not yet been finalized, as the company is still assessing certain information. The goodwill acquired is allocated to the cash generating unit Scandinavia.

Acquisition of Candyking Holding AB

SEKm	
Consideration transferred	
Purchase price	325
Transaction adjustment	-62
Contingent consideration	128
Consideration transferred	391
Acquisition Candyking bond and other debt	-391
Net consideration	0
<i>Recognised amounts of identifiable assets and liabilities assumed:</i>	
Non-current assets	279
Intangible assets (excl. goodwill)	177
Property, plant and equipment	80
Other non-current assets	22
Current assets	257
Inventories	91
Trade and other receivables	152
Cash and cash equivalents	14
Non-current liabilities	-41
Deferred tax liabilities	-41
Current liabilities	-666
Bond and other debt	-391
Other borrowings	-23
Trade payables	-136
Taxes and social security premiums	-50
Other current liabilities	-66
Total identifiable net assets	-171
Goodwill	171
Net consideration	0



Discontinued operation

On 18 January 2017 the Board announced a strategic review of Cloetta Italia S.r.l.. On 6 July 2017 Cloetta signed an agreement to sell Cloetta Italia S.r.l. to Katjes International GmbH. On 5 September 2017 the divestment of Cloetta Italia S.r.l. was completed.

Cloetta Italia S.r.l. is accounted for as discontinued operation. The comparative figures in the consolidated profit and loss account and consolidated statement of comprehensive income have been restated to present the discontinued operation separately from continuing

operations. Cloetta has recognised an impairment loss of SEK 159m on intangible assets and an impairment loss of SEK 238m on property, plant and equipment as a result of a write-down of the carrying value of the assets subject to the disposal to their lower fair value less cost of disposal in the second and third quarter of 2017. The impairment loss is recognised in profit/loss from discontinued operation, net of tax. The disposal was completed via a transfer of the shares of Cloetta Italia S.r.l. Assets and liabilities which will be retained in the Cloetta Group have been transferred within the group before the transfer of shares took place.

The following table presents the result from discontinued operation:

SEKm	Third quarter		9 months		Rolling 12	Full year
	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct 2016–Sep 2017	2016
Net sales	59	163	316	428	633	745
Cost of goods sold						
- Impairment loss	-19	–	-238	–	-238	–
- Other cost of goods sold	-29	-83	-181	-238	-392	-449
Total cost of goods sold	-48	-83	-419	-238	-630	-449
Gross profit	11	80	-103	190	3	296
Selling expenses	-23	-38	-102	-109	-142	-149
General and administrative expenses						
- Impairment loss	-13	–	-159	–	-930	-771
- Other general and administrative expenses	-40	-21	-80	-70	-103	-93
Total general and administrative expenses	-53	-21	-239	-70	-1,033	-864
Operating profit/loss	-65	21	-444	11	-1,172	-717
Financial income	0	0	0	0	0	0
Financial expenses	0	-4	-1	-8	-1	-8
Net financial items	0	-4	-1	-8	-1	-8
Profit/loss before tax and reclassification of currency translation differences on discontinued operation	-65	17	-445	3	-1,173	-725
Income tax	8	-1	9	1	195	187
Profit/loss from discontinued operation before reclassification of currency translation difference on discontinued operation, net of tax	-57	16	-436	4	-978	-538
Currency translation differences on discontinued operation reclassified from other comprehensive income	102	–	102	–	102	–
Profit/loss from discontinued operation, net of tax	45	16	-334	4	-876	-538

The following table presents the cash flow from discontinued operation being part of the condensed consolidated cash flow statement on page 10:

SEKm	Third quarter		9 months		Rolling 12	Full year
	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct 2016–Sep 2017	2016
Cash flow from operating activities	-95	-29	-6	78	57	141
Cash flow from investing activities	307	-8	297	-19	286	-30
Cash flow from financing activities	–	–	–	–	–	–
Cash flow from discontinued operation	212	-37	291	59	343	111



The following assets and liabilities were classified as held for sale in relation to the discontinued operation at 5 September 2017:

SEKm	5 Sep 2017
Intangible assets	99
Property, plant and equipment	165
Deferred tax asset	7
Other financial assets	1
Inventories	176
Other current assets	197
Cash and cash equivalents	18
Total assets disposed	663
Borrowings	64
Deferred tax liability	11
Provisions for pensions and other long-term employee benefits	61
Provisions	3
Other current liabilities	194
Total liabilities disposed	333
Carrying amount of net assets held for sale	330
Disposal consideration received	330
Minus: Carrying amount of net assets disposed	-330
Result on disposal, before income tax	-
Income tax on result on disposal	-
Result on disposal, net of tax	-

Seasonal variations – discontinued operation

Cloetta's sales and operating profit are subject to some seasonal variations. Sales in the first and second quarters are affected by the Easter holiday, depending on in which quarter it occurs. In the fourth quarter, sales are usually higher than in the first three quarters of the year, which is mainly attributable to the sale of products in Italy in connection with the holiday season.

Risk factors

Cloetta is an internationally active company that is exposed to a number of market and financial risks. All identified risks are monitored continuously and, if needed, risk mitigating measures are taken to limit their impact. The most relevant risk factors are described in the annual and sustainability report 2016 and consist of industry- and market-related risks, operational risks and financial risks. Compared to the annual and sustainability report which was issued on 9 March 2017, Cloetta is more dependent on contracts with different maturity after the acquisition of Candyking which makes Cloetta's sales development somewhat more volatile.



Definitions

General	All amounts in the tables are presented in SEK millions unless otherwise stated. All amounts in brackets () represent comparative figures for the same period of the prior year, unless otherwise stated.	
Margins	Definition/calculation	Purpose
Gross margin	Net sales less cost of goods sold as a percentage of net sales.	Gross margin measures production profitability.
Operating profit margin (EBIT margin)	Operating profit expressed as a percentage of net sales.	Operating profit margin is used for measuring the operational profitability.
Operating profit margin, adjusted	Operating profit, adjusted for items affecting comparability, as a percentage of net sales.	Operating profit margin, adjusted excludes the impact of items affecting comparability, enabling a comparison of operational profitability.
Profit margin	Profit/loss before tax expressed as a percentage of net sales.	This measure enables the profitability to be compared across locations where corporate taxes differ.
Return	Definition/calculation	Purpose
Cash conversion	Operating profit, adjusted for items affecting comparability, before depreciation and amortization less capital expenditures as a percentage of operating profit, adjusted for items affecting comparability, before depreciation and amortization.	Cash conversion measures the proportion of profits that are converted to cash flow. Its use is to analyze how much of the profit attributable to shareholders is turned into cash that could be paid to investors without damaging the business, except for cash flows related to interest and tax.
Return on capital employed	Operating profit plus financial income as a percentage of average capital employed. The average capital employed is calculated by taking the capital employed per period end and the capital employed by period end of the comparative period in the previous year divided by two.	Return on capital employed is used to analyse profitability, based on the amount of capital used. The leverage of the company is the reason that this metric is used next to return on equity, because it not only includes equity, but takes into account borrowings and other liabilities as well.
Return on equity	Profit for the period as a percentage of total equity.	Return on equity is used to measure profit generation, given the resources attributable to the owners of the Parent Company.
Capital structure	Definition/calculation	Purpose
Capital employed	Total assets less interest-free liabilities (including deferred tax).	Capital employed measures the amount of capital used and serves as input for the return on capital employed.
Equity/assets ratio	Equity at the end of the period as a percentage of total assets. The equity/assets ratio represents the amount of assets on which shareholders have a residual claim.	This ratio is an indicator of the company's leverage used to finance the firm.
Gross debt	Gross current and non-current borrowings, credit overdraft facilities, derivative financial instruments and interest payables.	Gross debt represents the total debt obligation of the company irrespective its maturity.
Net debt	Gross debt less cash and cash equivalents.	The net debt is used as an indication of the ability to pay off all debts if these became due simultaneously on the day of calculation, using only available cash and cash equivalents.
Net debt/EBITDA	Net Debt at the end of the period divided by the EBITDA, adjusted, for the last 12 months, taking into consideration the annualization of EBITDA for acquired or divested companies.	The net debt/EBITDA ratio approximates the company's ability to decrease its debt. It represents the number of years it would take to pay back debt if net debt and EBITDA are held constant, ignoring the impact from cash flows from interest, tax and capital expenditure.
Net debt/equity ratio	Net debt at the end of the period divided by equity at the end of the period.	The net debt/equity ratio measures the extent to which the company is funded by debt. Because cash and overdraft facilities can be used to pay-off debt at short notice, the leverage is taking into account net debt instead of gross debt.
Working capital	Total inventories and trade and other receivables adjusted for trade and other payables.	Working capital is used to measure the company's ability, besides cash and cash equivalents, to meet current operational obligations.



Data per share	Definition/calculation	Purpose
Cash flow from operating activities per share	Cash flow from operating activities in the period divided by the average number of shares.	The cash flow from operating activities per share measures the amount of cash the company generates per share from the revenues it brings in irrespective the capital investments and cash flows related to the financing structure of the company.
Earnings per share	Profit for the period divided by the average number of shares adjusted for the effect of forward contracts to repurchase own shares.	The earnings per share measures the amount of net profit that is available for payment to its shareholders per share.
Equity per share	Equity at the end of the period divided by number of shares at the end of the period.	Equity per share measures the net-asset value backing up each share of the company's equity and determines if a company is increasing shareholder value over time.
Other definitions	Definition/calculation	Purpose
EBIT	Operating profit consists of comprehensive income before net financial items and income tax.	This measure enables the profitability to be compared across locations where corporate taxes differ and irrespective the financing structure of the company.
EBITDA	Operating profit before depreciation and amortization.	EBITDA is used to measure the cash flow generated from operating activities, eliminating the impact of financing and accounting decisions.
EBITDA, adjusted	Operating profit, adjusted for items affecting comparability, before depreciation and amortization.	EBITDA, adjusted increases the comparability of EBITDA.
Effective tax rate	Income tax as a percentage of profit before tax.	This measure enables the income tax to be compared across locations where corporate taxes differ.
Items affecting comparability	Items affecting comparability are those significant items which are separately disclosed by virtue of their size or incidence in order to enable a full understanding of the Group's financial performance such as restructurings, impact from acquisitions or divestments.	Items affecting comparability increases the comparability of the Group's financial performance.
Net financial items	The total of exchange differences on borrowings and cash and cash equivalents in foreign currencies, other financial income and other financial expenses.	The net financial items reflects the company's total costs of the external financing.
Net sales, change	Net sales as a percentage of net sales in the comparative period of the previous year.	Net sales, change reflects the company's realised top-line growth over time.
Operating profit, adjusted	Operating profit adjusted for items affecting comparability.	Operating profit, adjusted increases the comparability of operating profit.
Organic growth	Net sales, change excluding acquisition-driven growth and changes in exchange rates.	Organic growth excludes the impact of changes in group structure and exchange rates, enabling a comparison on net sales growth over time.
Structural changes	Net sales, change resulting from changes in group structure.	Structural changes measure the contribution of changes in group structure to the net sales growth.

Glossary

Pick & mix	Cloetta's range of candy and natural snacks that are picked by the consumers themselves.
Pick & mix concept	Cloetta's complete concept in pick and mix including products, displays and accompanying store and logistic services.

Exchange rates

	30 Sep 2017	30 Sep 2016	31 Dec 2016
EUR, average	9.5787	9.3708	9.4700
EUR, end of period	9.5919	9.6135	9.5804
NOK, average	1.0374	1.0004	1.0200
NOK, end of period	1.0219	1.0686	1.0548
GBP, average	10.9643	11.6608	11.5480
GBP, end of period	10.8690	11.1422	11.1673
DKK, average	1.2881	1.2584	1.2721
DKK, end of period	1.2890	1.2902	1.2888

Examples of new launches during the third quarter



The Netherlands

Lonka Fudge Caramel Sea Salt
Lonka Soft Nougat Orange Almonds White Chocolate
Sportlife filled Bluemint and Greenmint
Sportlife N-iced Smoothmint and Sweetsmint



Sweden and Denmark

Nutisal Yoghurt Mix and Salad Mix
Center Cappuccino



Finland

Crazy Face Sour Apple Chewy
Jenkki Feel Citrus Focus and Spicy Boost
Mini TV Mix Suklainen
Tupla Double Layer Caramel

Denmark

Malaco Crazy Face
Sour, Fizzy and Salty

Norway

Läkerol Special
Läkerol DentaFresh Caramel Mint

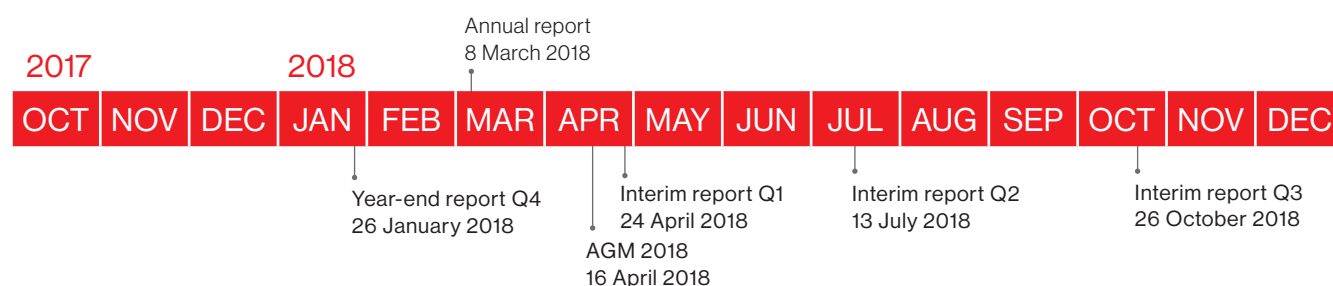


Sweden

Nutisal Nordic Mix and Sporty Mix
Läkerol DentaFresh Pro Lemongrass and Eucalyptus
Malaco Crazy Face Hot
Plopp Polka and Salty Caramel



Financial calendar



Contacts

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This information is information that Cloetta AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8:00 a.m. CET on 25 October 2017.

Vision

To be the most admired satisfier of Munchy Moments

The vision, together with the goals and strategies, expresses Cloetta's business concept.

Business model

Cloetta's business model is to offer strong local brands in Munchy Moments and provide effective sales and distribution to the retail trade. Together, this will ensure continued positive development of the company's leading market positions.

Long-term financial targets

- Cloetta's target is to increase organic sales at least in line with market growth.
- Cloetta's target is an EBIT margin, adjusted for items affecting comparability, of at least 14 per cent.
- Cloetta's long-term target is a net debt/EBITDA ratio of around 2.5x.
- Cloetta's long-term intention is a dividend payout of 40–60 per cent of profit after tax.

Strategies

- Focus on margin expansion and volume growth.
- Focus on cost-efficiency.
- Focus on employee development.

Value drivers

- Strong brands and market positions in a non-cyclical market.
- Excellent availability in the retail trade with the help of a strong and effective sales and distribution organization.
- Good consumer knowledge and loyalty.
- Innovative product and packaging development.
- Effective production with high and consistent quality.



About Cloetta

Cloetta, founded in 1862, is a leading confectionery company in the Nordic region and the Netherlands. In total, Cloetta products are sold in more than 50 countries worldwide. Cloetta owns some of the strongest brands on the market, such as Läderol, Cloetta, Candyking, Jenkki, Kexchoklad, Malaco, Sportlife and Red Band. Cloetta has eight production units in five countries. Cloetta's class B shares are traded on Nasdaq Stockholm.

Cloetta

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More information about Cloetta is available at www.cloetta.com