Roadshow April 2016

Cloetta – the leading Nordic confectionery player

- Founded by the three Cloetta brothers in 1862
- Annual sales of SEK 5,674m in 2015
- Adjusted EBIT of SEK 690m
- Leading local brands in 6 countries
- Leading market positions in Sweden, Finland, Norway, Denmark, the Netherlands and Italy
- 2,600 employees in 14 countries
- Production at 13 factories in 6 countries
- Listed on Nasdaq Stockholm.
  The largest shareholders are Malfors Promotor, Columbia Threadneedle and Artisan Partners.

Laura Out driving with **@Sarah** munching on **#Bilar**

Cloetta

Cloetta is all about Munchy Moments

To bring a smile to your

Munchy Moments

Cloetta

Which markets do we wish to serve?

Munchy Moments is our territory!

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Photo: Joakim Folke and
www.fotoakuten.se

Cloetta's key strategies

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Focus on margin expansion and volume growth	Focus on cost-efficiency	Focus on employee development
• Strong brands with local traditions. • Strong position in the Nordic market. • Widen and expand the product portfolio geographically. • Launch and acquire new products and brands. • Strategic pricing.	• Improve internal processes and systems. • Improve cost-efficiency through the closure of factories. • Implement a programme for operational excellence improvement (”Lean 2020”) in the supply chain. • Increase breadth in production technology to create flexibility in product development.	• Develop Cloetta´s culture based on the results of the employee survey ”Great Place to work”. • Attract, develop and retain competent employees. • Develop teamwork with the help of the leadership tool “Management Drives”.

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Long-term financial targets

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

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

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

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

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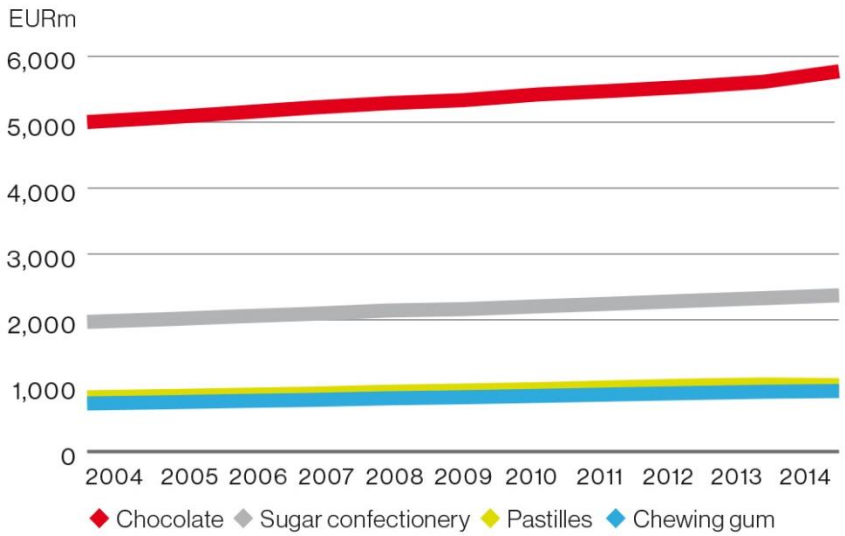
Attractive non-cyclical market

Market development in Cloetta's main markets[1)]



1) Includes Sweden, Finland, Norway, Denmark, the Netherlands and Italy.
Source: Datamonitor and Mintel

Key trends and Consumer behaviour

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

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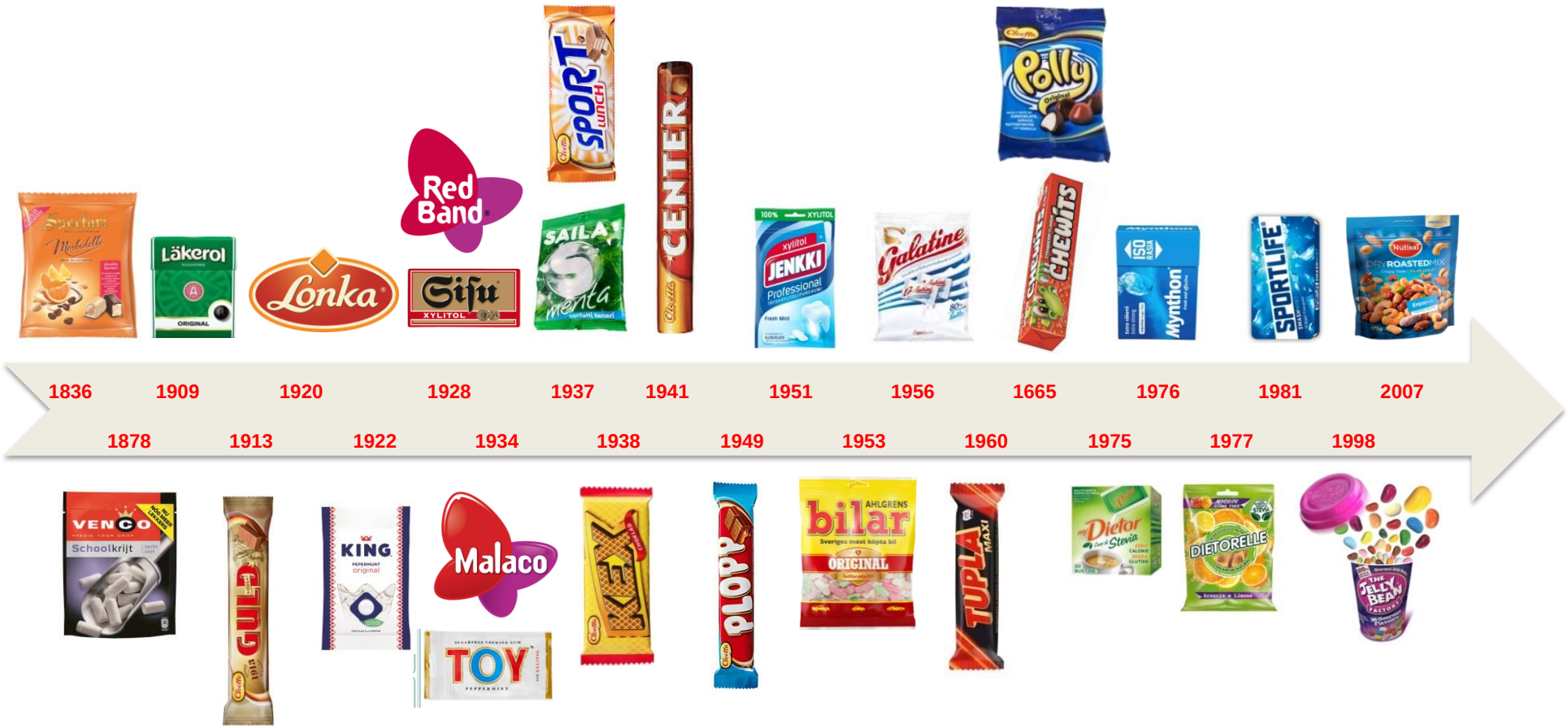
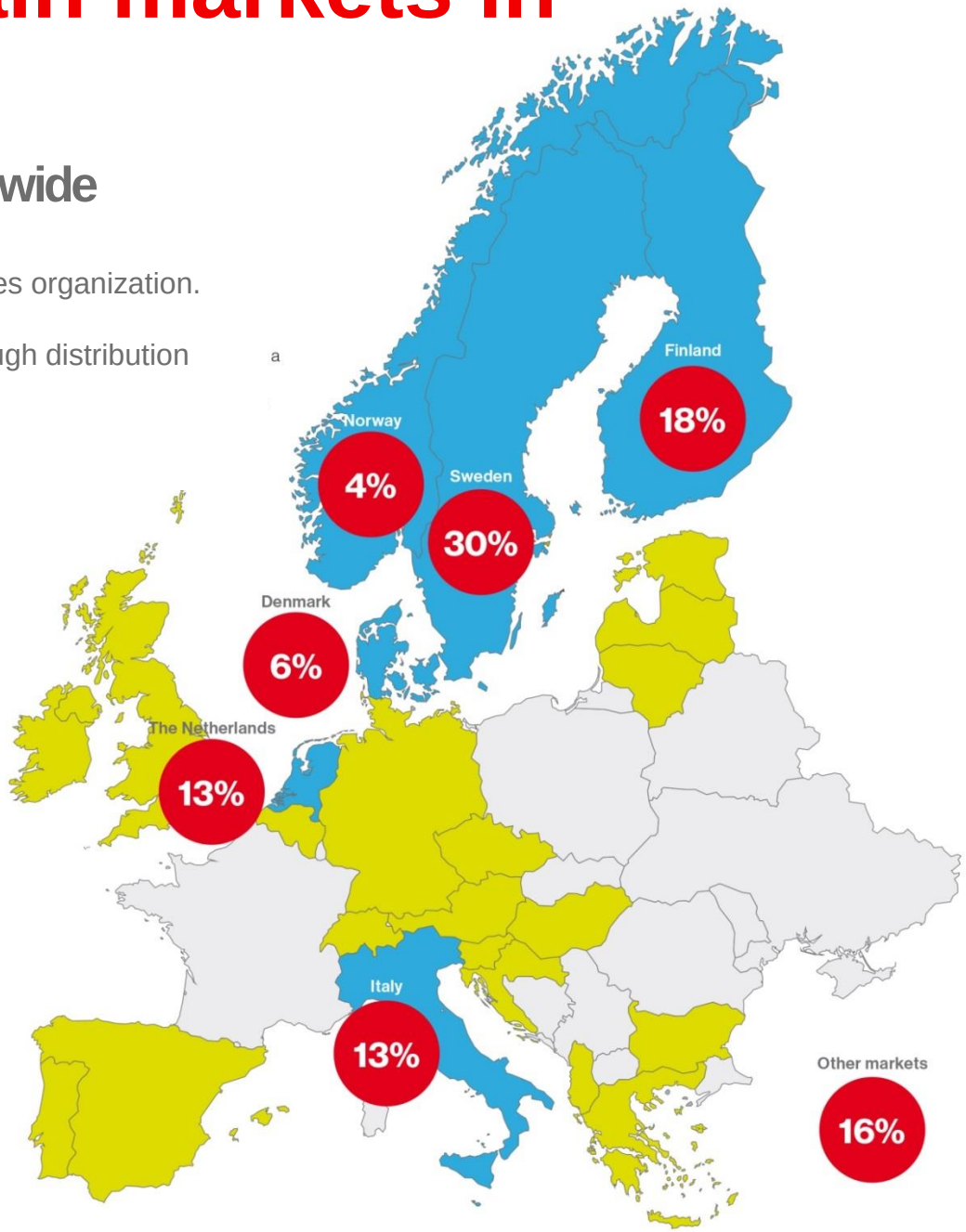
Strong local brands



Cloetta has its 6 main markets in Western Europe

Exports to more than 50 countries worldwide

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



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Best in class route-to-market

- Customer relations
  - Large and efficient sales organisation in place in all main markets
  - 80% of total sales generated from markets with own sales force
- Execution
  - Ensure that negotiated listing and distribution agreements are followed
  - Ensure good visibility on shelves and checkout lines
  - Implement campaigns efficiently

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Supermarkets	Convenience stores / gas stations	Other
ICA, Esselunga, Coop, Auchan, Prisxtra, Albert Heijn, Market, Alepa, Spar, Carrefour, Hemköp, Boni Supermarkt, Willy:s, Jumbo supermarkten, Rema 1000, Kesko, Coop	MIX, Pressbyrån, Statoil, K-kioski, OK Q8, 7-Eleven	Rusta, SJ, BIO, swedavia, Viking Line, Jula, K-rauta

Consumers

Consumers

Profitable growth drivers

Every day great execution	Strategic initiatives	New territory
• Broaden distribution • Promotion planning and execution • Advertising campaigns • Seasonal products • Packaging updates and upgrades • Line extensions	• Sizing and pricing • Brand extensions • Fill white spots • Geographical roll-out • Brand re-launch • Innovations	• Acquisitions • New geographies

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Every day great execution

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Every day great execution

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Strategic initiatives

Examples

Viva Licorice
Launch of Dutch products under Malaco brand

Cloetta Crispy Bite
Launch of “better for you” countlines

AKO
Re-launch of AKO toffee

Cloetta
Launch of Cloetta chocolate in Finland

Läkerol DentaFresh
Launch of xylitol pastilles in Sweden, Norway and Denmark

Tupla + Energy
Tupla + Protein
Launch of energy- and protein countlines in Finland

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Enablers for improved profitability

- Supply Chain moves from restructuring to operational excellence (Lean 2020-program)
- Accelerated growth and synergy realization of acquisitions
- Drive growth with new initiatives such as pick-and-mix
- Improve internal processes including a common ERP system

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Lean 2020: From restructuring to operational excellence in Supply Chain

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

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Acquisition of Nutisal, The Jelly Bean Factory and Lonka

- Nutisal is a step into a new category with an established brand
  - Dry roasting adds a unique ‘crisp’ to the nuts
  - The nuts category is growing in Western Europe by 5-8%

- The Jelly Bean Factory is a premium “gourmet” brand
  - Solid growth over recent years with an attractive EBIT-margin
  - Significantly strengthens Cloetta’s position in the UK

- Lonka significantly strengthens Cloetta’s position in the Netherlands
  - Strengthens Cloetta’s product offering, including pick-and-mix, and position in the Nordics and the UK
  - Diversifies the product range into new categories and offers an entry into the Dutch chocolate market
  - Synergies, including a factory closure, will take Lonka to 14% EBIT-margin in 2017

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Pick-and-mix concept

- Cloetta launched a pick-and-mix concept in Coop Sweden early 2015
  - Handling of product range, racks and merchandising
  - Also a concept for natural snacks, e.g. nuts
- Cloetta has since many years its own pick-and-mix concept in Finland (Karkkikatu)
- Cloetta can utilize a wide range of products from several markets and factories
- Cloetta has experience from the entire value chain; production, logistics, planogram and promotional activites
- Pick-and-mix accounts for 30% of total market volume in Sweden
- Pick-and-mix can contribute to drive growth - some small new Pick & Mix contracts signed for 2016

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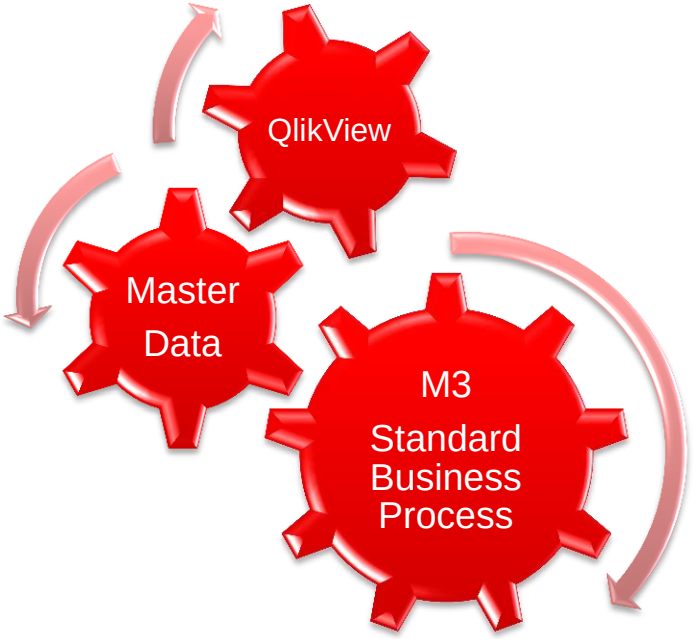
Common Global ERP System

Enables increased efficiency over time

- Implemented in Sweden, Norway, Denmark, Finland, Slovakia, Holland and Belgium
- Roll out will continue across geographies

M3
MAKE, MOVE, MAINTAIN

QlikView



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Increased sales

Changes in net sales, %	Jan-Mar 2016	Jan-Mar 2015	Full year 2015	Full year 2014
Organic growth	*-0.7%*	*4.0%*	*1.5%*	*1.0%*
Structural changes	*4.9%*	*2.7%*	*3.9%*	*4.3%*
Changes in exchange rates	*-0.8%*	*3.4%*	*1.4%*	*3.3%*
Total	***3.4%***	***10.1%***	***6.8%***	***8.6%***

Target

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

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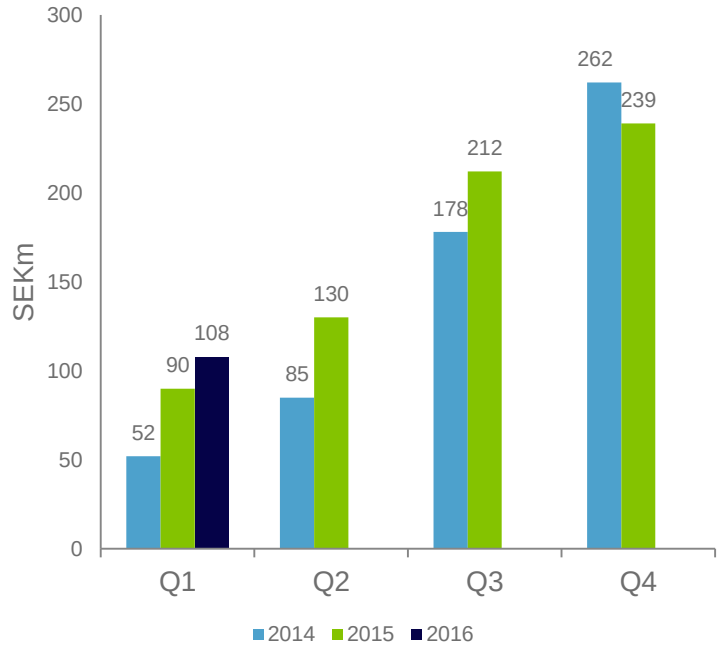
Sales trend

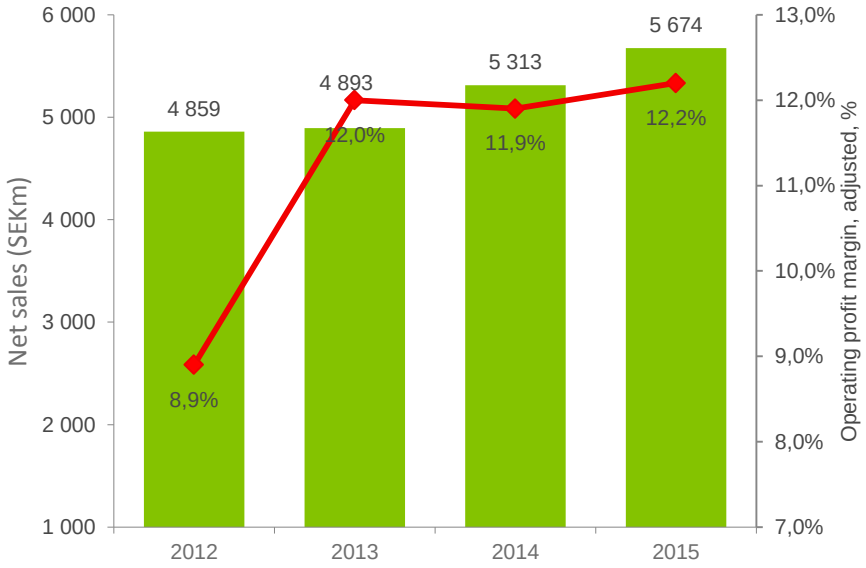
SEKm
8,0%
6,0%
4,0%
2,0%
0,0%
-2,0%
-4,0%
-6,0%
5 800
5 600
5 400
5 200
5 000
4 800
4 600
4 400
4 200
-4,1%
1,4%
1,6%
0,6%
3,0%
2,2%
3,6%
-0,6%
5,8%
1,7%
4,8%
4,0%
2,7%
0,8%
1,2%
4,2%
6,6%
-2,3%
4,8%
-0,7%
4,9%
Q2 2013
Q3 2013
Q4 2013
Q1 2014
Q2 2014
Q3 2014
Q4 2014
Q1 2015
Q2 2015
Q3 2015
Q4 2015
Q1 2016
Organic growth, %
Structural changes, %
Net Sales LTM

Improved operating profit and margin

Operating profit



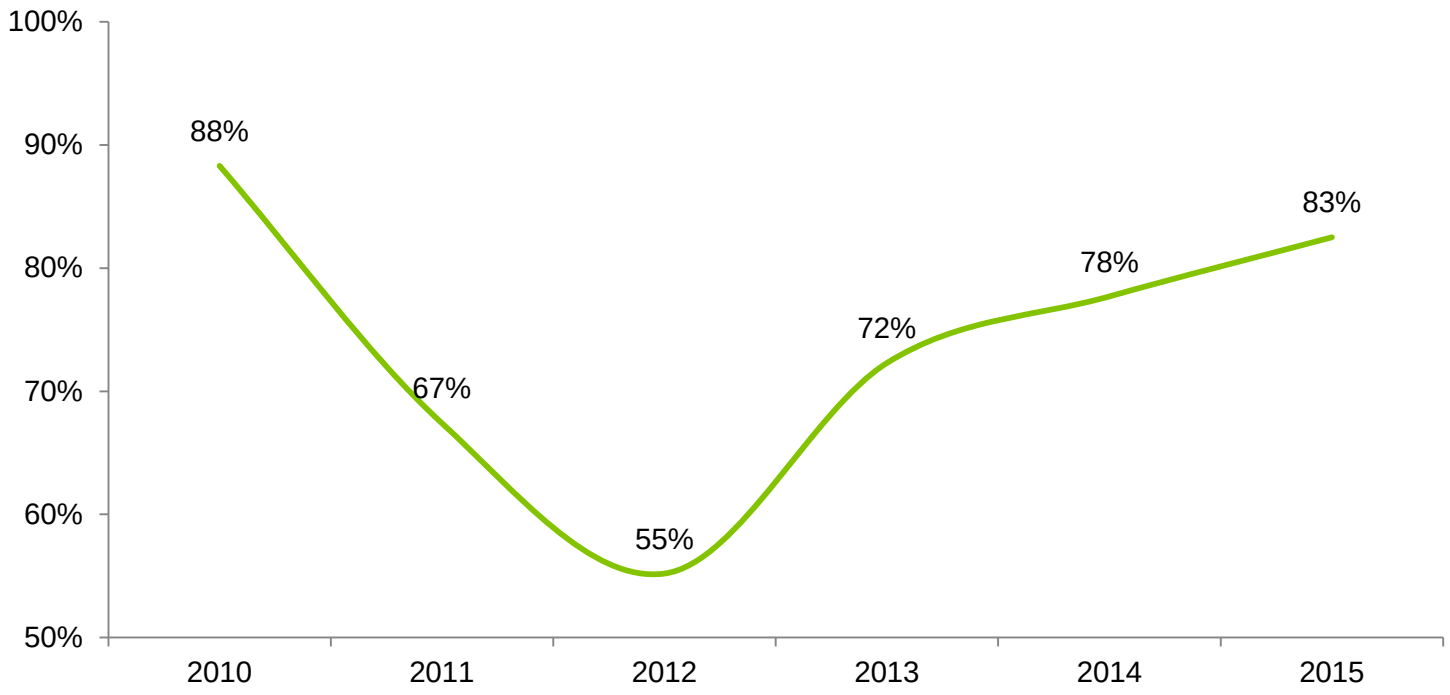
Sales and Operating profit margin, adjusted, %



Target

- Operating profit margin, adjusted: at least 14%

Attractive cash conversion



Cash conversion*:* Operating profit, adjusted before depreciation and amortization less capital expenditures as a percentage of operating profit, adjusted before depreciation and amortization.

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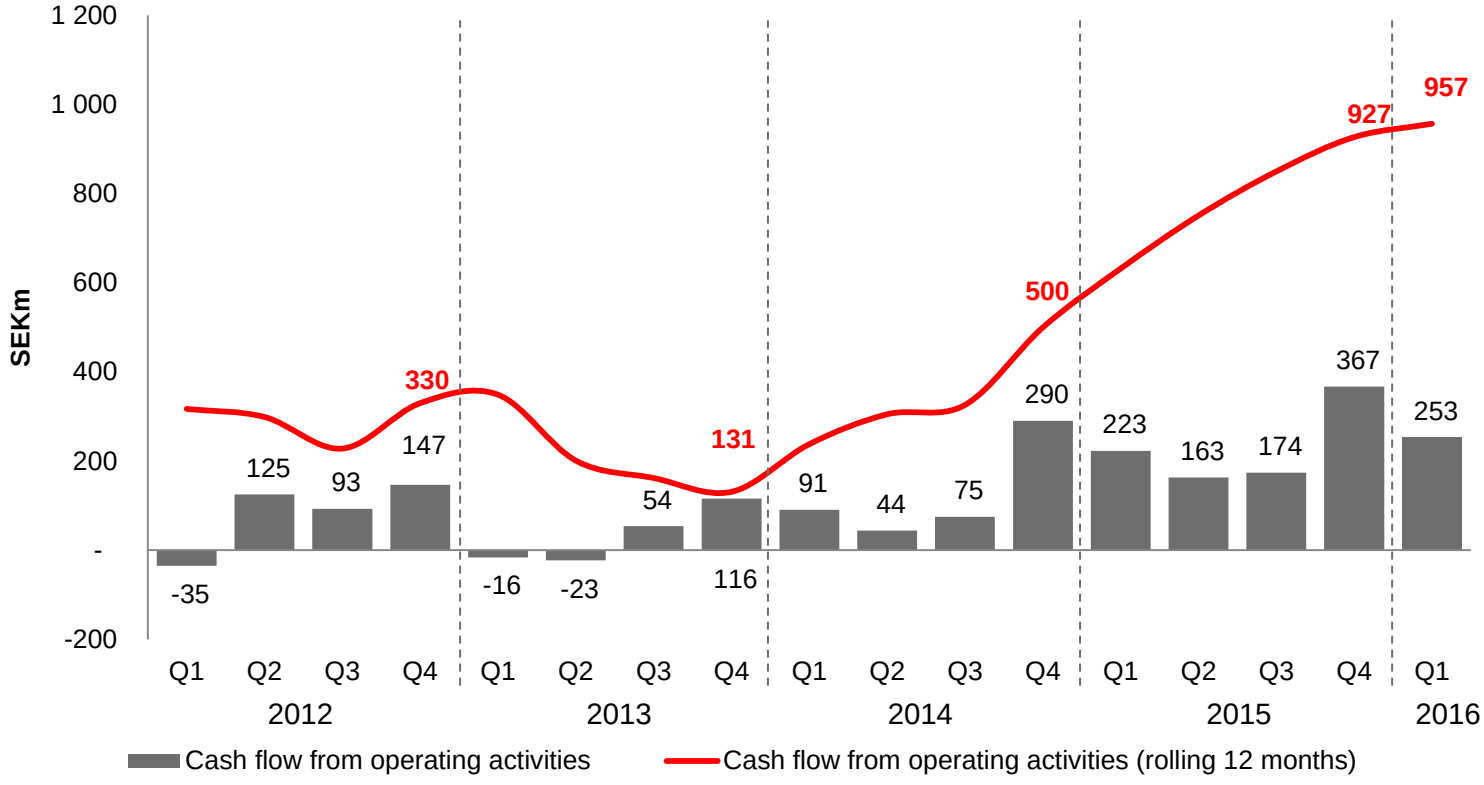
Strong cash flow from operating activities



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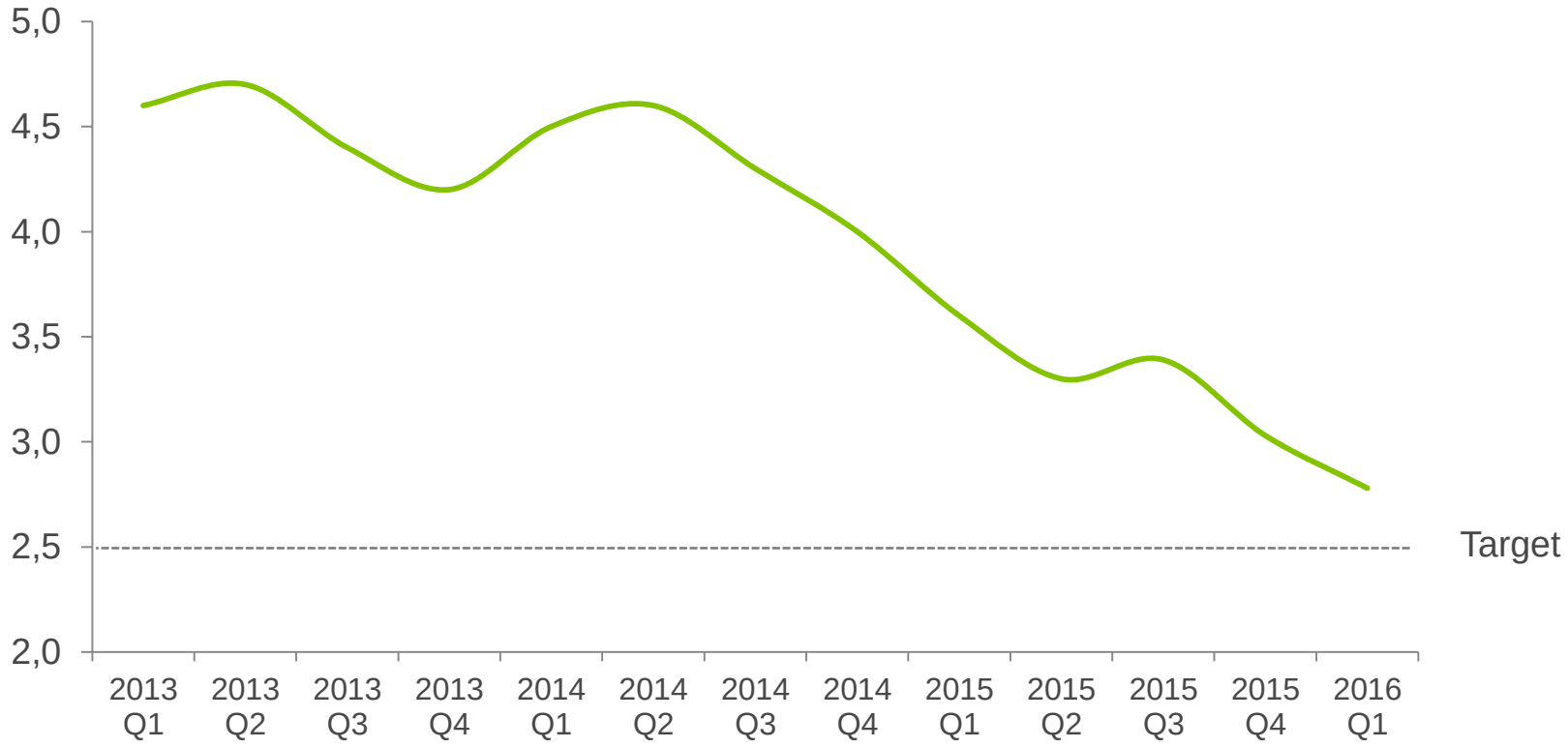
Financial leverage

Continued decrease in Net debt/EBITDA, x



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Q1 Report

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Q1 highlights

Improved operating profit, stronger cash flow and lower net debt

- Net sales for the quarter increased by 3.4 per cent to SEK 1,358m (1,313).
- Operating profit increased to SEK 108m (90).
- Operating profit, adjusted increased to SEK 126m (108).
- Cash flow from operating activities increased to SEK 253m (223).
- Net debt/EBITDA was 2.78x (3.60).

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Overall market and sales development

Total sales growth of 3.4 per cent

- Positive to flat total market developments, except in Italy
- Sales grew or was unchanged in all markets except Italy, Denmark and Norway
- Organic growth -0.7 per cent facing a strong comparator
- Positive sales trend in Sweden and Finland driven by pick-and-mix
- In Denmark and Norway sales of pastilles declined and in Italy sales declined in sugar confectionery and pastilles

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Increased net sales and improved EBIT

SEKm	Jan-Mar 2016	Margin %	Change %	Jan-Mar 2015	Margin %	Rolling 12	Full year 2015
Net sales	1,358		3.4[1]	1,313		5,719	5,674
Gross profit	506	*37.3*	3.1	491	*37.4*	2,226	2,211
Operating profit, adjusted	126	*9.3*	16.7	108	*8.2*	708	690
Operating profit (EBIT)	108	*8.0*	20.0	90	*6.9*	689	671
Net financial items	-46			-48		-176	-178
Profit before tax	62		47.6	42		513	493
Profit for the period	44		33.3	33		397	386

1) Organic growth at constant exchange rates and comparable units -0.7 per cent for the quarter.

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Changes in net sales

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Organic growth	*-0.7%*	*4.0%*	*1.5%*
Structural changes	*4.9%*	*2.7%*	*3.9%*
Changes in exchange rates	*-0.8%*	*3.4%*	*1.4%*
Total	***3.4%***	***10.1%***	***6.8%***

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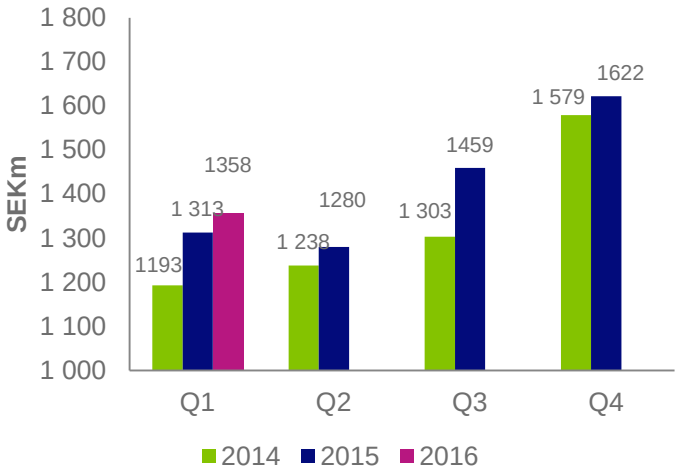
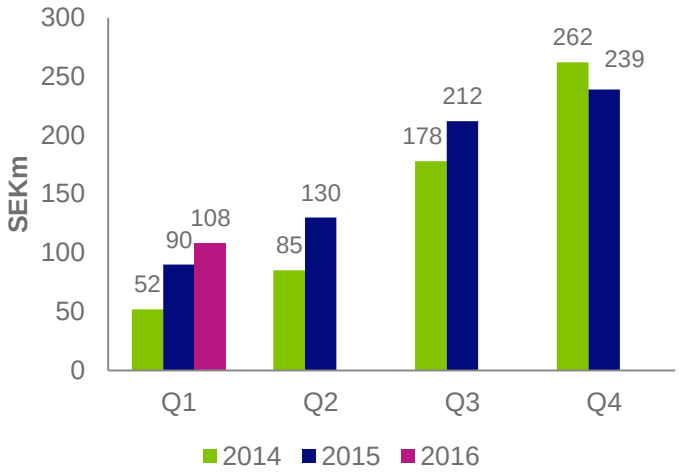
Net sales, Operating profit (EBIT) and Operating profit, adjusted

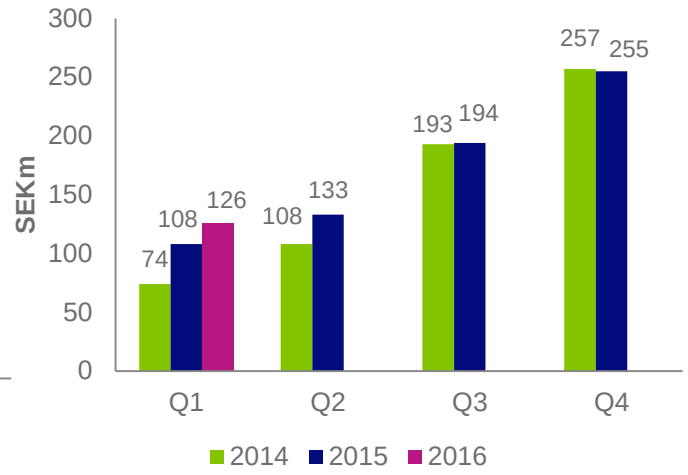
Net sales



Operating profit (EBIT)



Operating profit, adjusted



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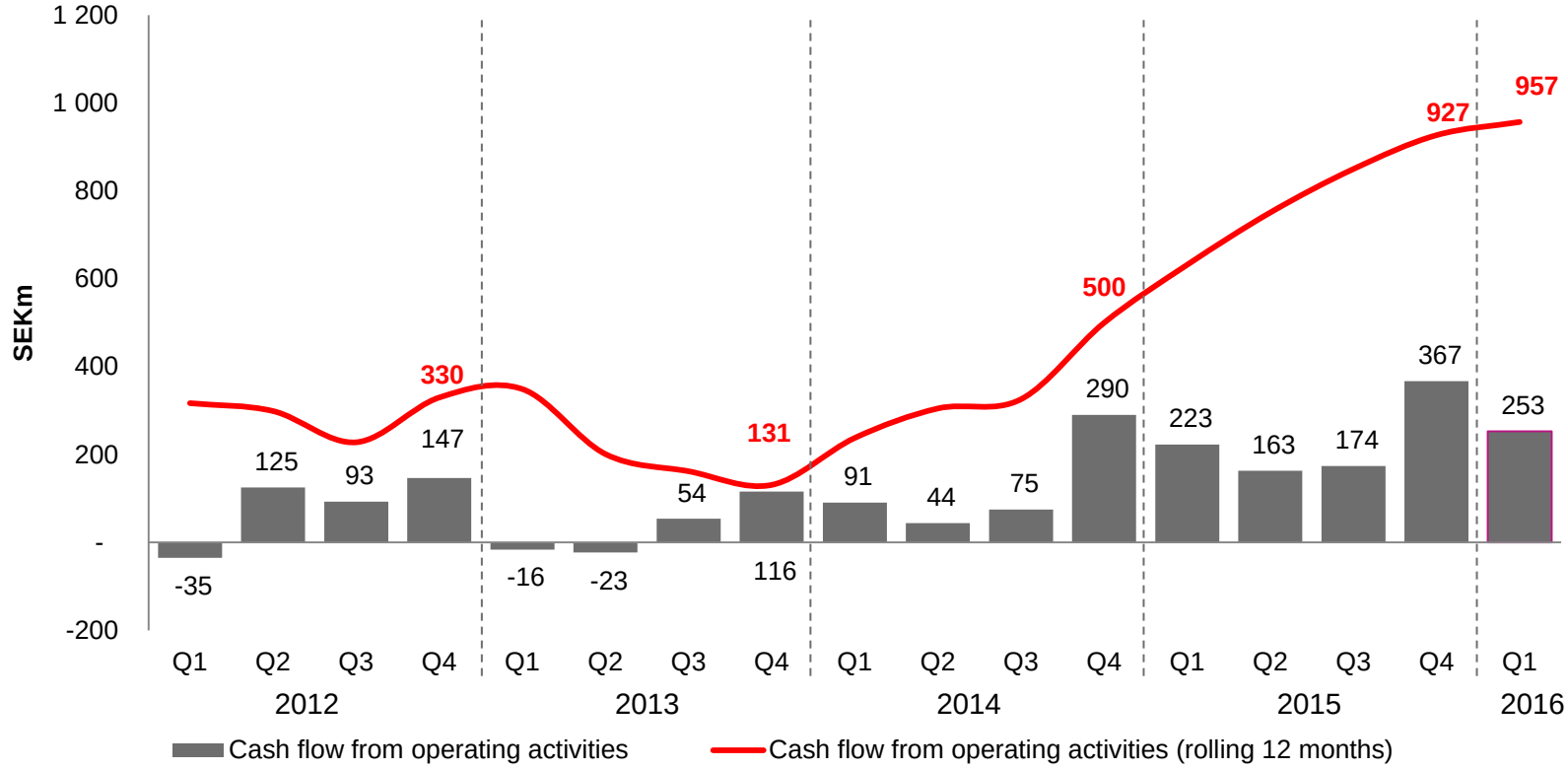
Strong cash flow from operating activities



Continued strong cash flow

SEKm	Jan-Mar 2016	Jan-Mar 2015	Rolling 12	Full year 2015
Cash flow from operating activities before changes in working capital	121	66	752	697
Cash flow from changes in working capital	132	157	205	230
Cash flow from operating activities	**253**	**223**	**957**	**927**
Cash flows from investments in property, plant and equipment and intangible assets	-38	-55	-144	-161
Cash flow from other investing activities	-	-	-206	-206
Cash flow from investing activities	**-38**	**-55**	**-350**	**-367**
Cash flow from operating and investing activities	**215**	**168**	**607**	**560**
Cash flow from financing activities	**-90**	**-245**	**-363**	**-518**
Cash flow for the period	**125**	**-77**	**244**	**42**

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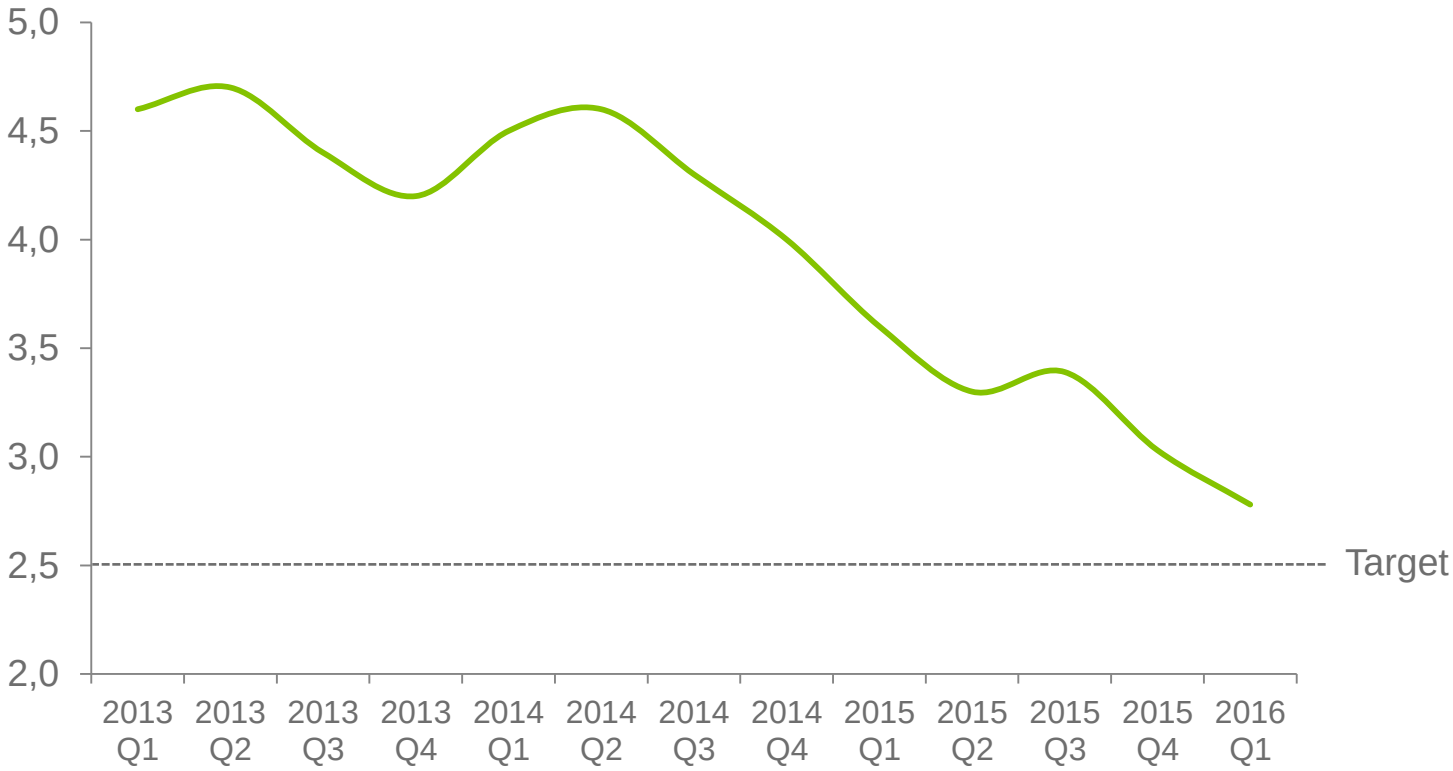
Financial leverage

Continued decrease in Net debt/EBITDA, x



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Integration of Lonka according to plan

Will in 2017 support Cloetta's margin target of 14%

- Lonka's sales, marketing and purchasing activities now integrated into Cloetta.
- Integration of the Roosendaal factory into Cloetta's ERP-system has started.
- The planned closure of the factory in Dieren, the Netherlands, is progressing according to plan.
  - One-off costs and capital investments of approximately SEK 120m
  - Savings from the closure of the factory, insourcing of production and synergies generate annual savings of at least SEK 35m

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In focus

Profitable growth

Implement and drive initiatives within pick-and-mix

Integration of Lonka and closure of factory in Dieren

Operational excellence in supply chain through Lean2020 initiative

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Q1 selection of product launches

Italy

The Netherlands

Finland

Denmark

Sweden and Norway

Norway

Sweden

Sweden and Denmark

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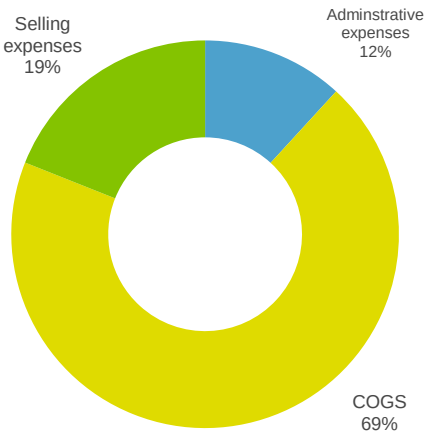
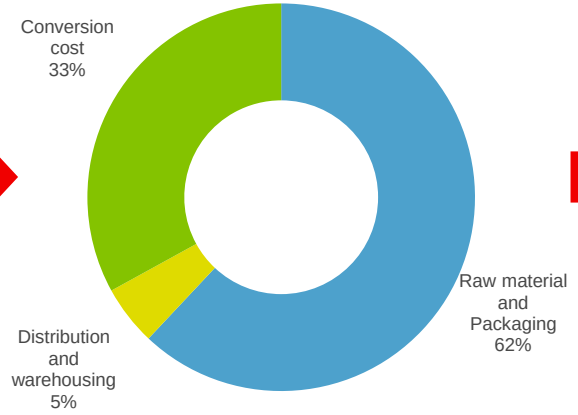
Appendix

Cost structure

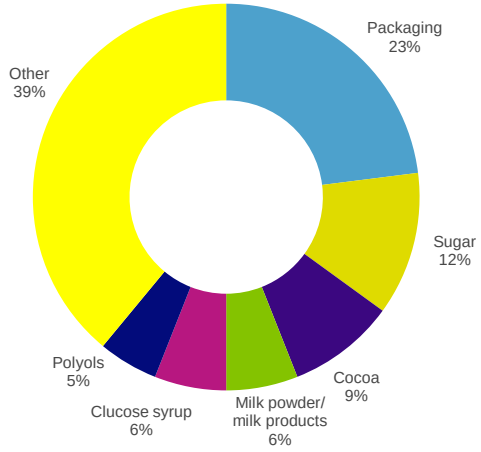
Total cost split 2015



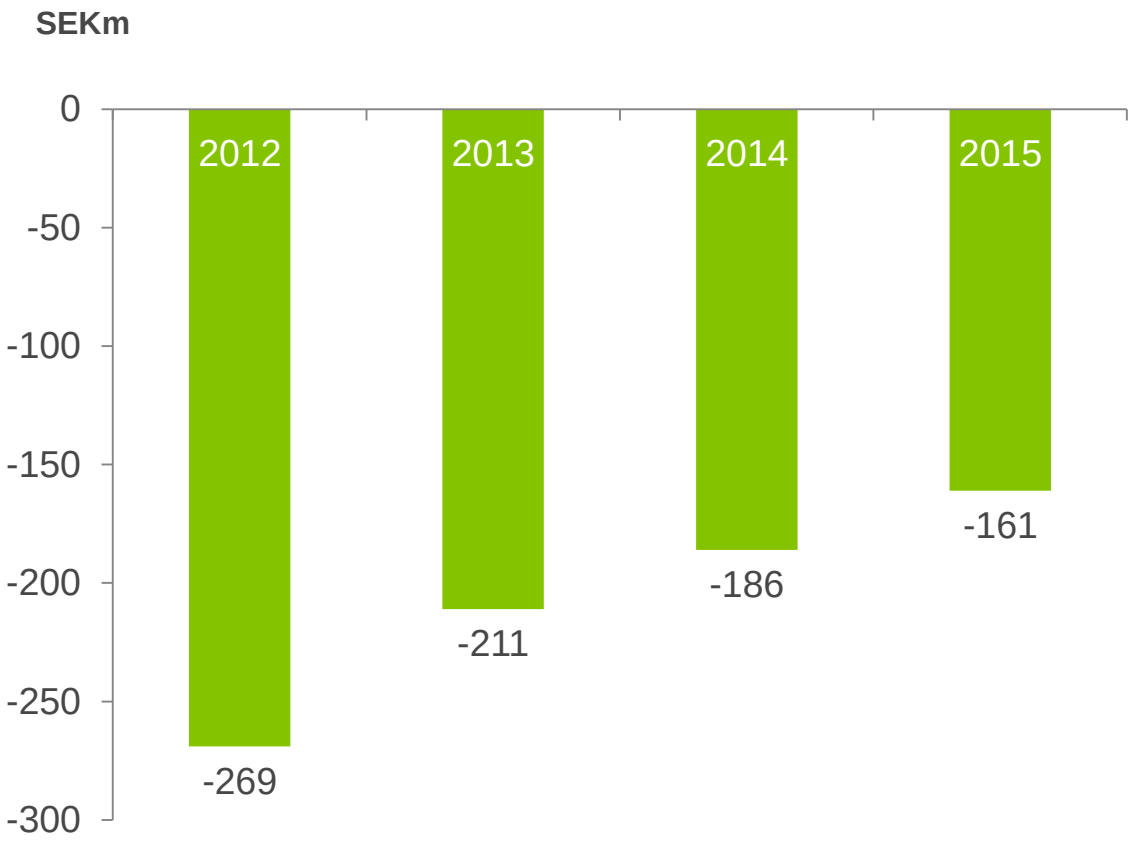
COGS split 2015



Raw material split 2015



Capex



Target

- Capex should be around 3 per cent of net sales

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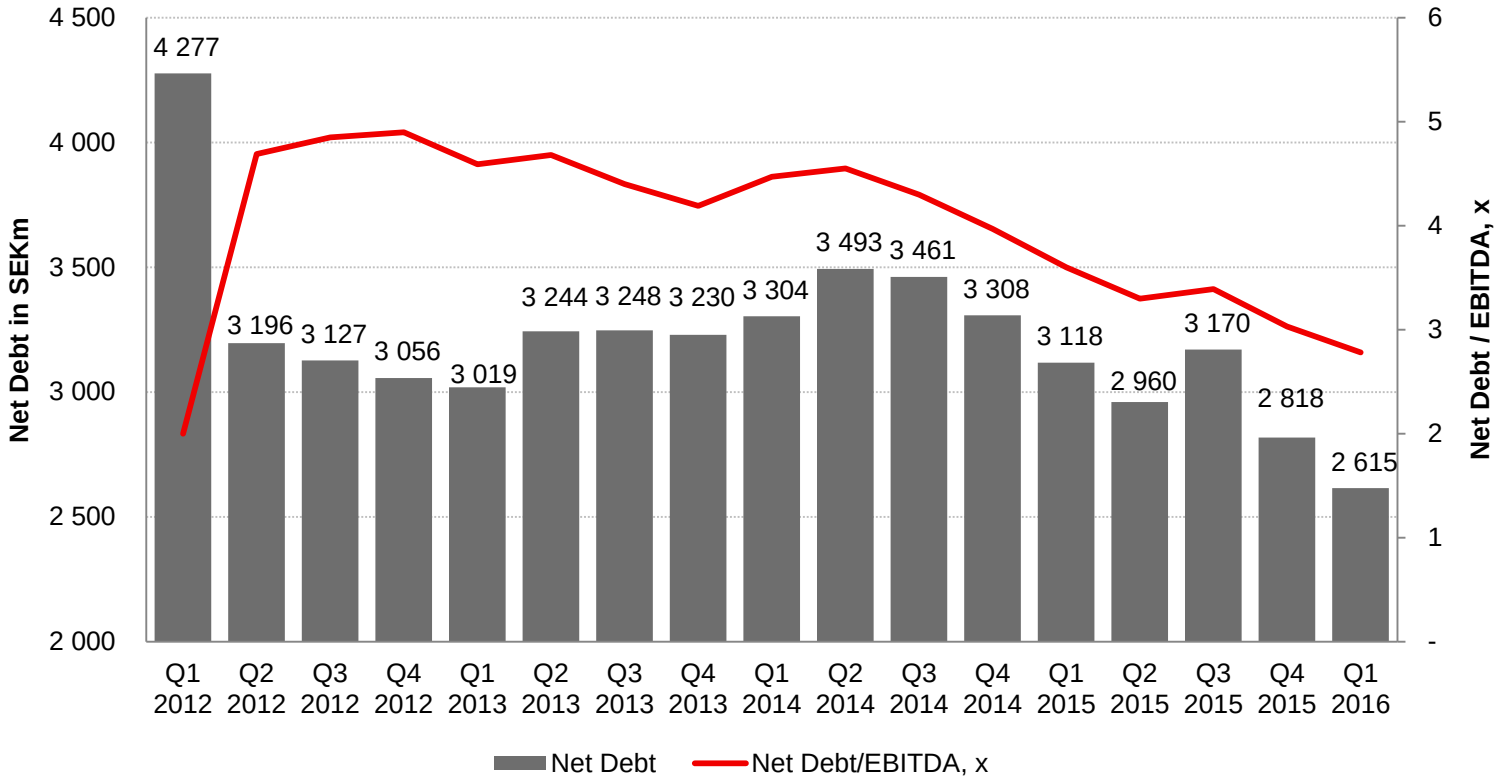
Maturity existing debt

- Handelsbanken Loan SEK 1 985m – matures Q2 2017
- Senior secured notes SEK 1 000m – matures Q3 2018



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