

# *Loetta*

**Q3 2014 results – 14 November 2014**

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# Q3 highlights

## Significant improvement of operating profit

- **Net sales** for the quarter increased by 9.1 per cent to SEK 1,303m (1,194)
- **Operating profit** was SEK 178m (131)
- **Underlying EBIT** was SEK 178m (160)
- **Cash flow from operating activities** was SEK 75m (54)
- **Net debt/underlying EBITDA** was 4.5x (4.4). In the quarter, loans of SEK 34m were repaid.
- **On 5 November** Cloetta signed an agreement with Coop Sverige AB to provide them with a new pick-and-mix concept starting in 2015.

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# Overall market and sales development

## Sales growth of 9.1 per cent

- Slightly positive markets, except Finland
- Organic growth -0.6 per cent for the quarter, +0,7 for the first nine months
- Sales grew or remained flat in all markets, except Sweden and Norway
- Warm summer contributed to lower sales in Sweden and termination of a pick-and-mix contract contributed to lower sales in Norway
- Customer conflict in the Netherlands impacted sales somewhat, but has been resolved
- Market shares grew in most markets

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■ Cloetta's main markets

# Q3 Net sales and EBIT

SEKm	Jul-Sep 2014	Margin %	Change %	Jul-Sep 2013	Margin %
Net sales	1,303		9.1 <sup>2)</sup>	1,194	
Underlying EBIT <sup>1)</sup>	178	14.9	11.3	160	13.3
Operating profit (EBIT)	178	13.7	35.9	131	11.0
Profit for the period	87		1.2	86	

1) Based on constant exchange rates and current Group structure, excluding acquisitions and items affecting comparability related to restructurings.

2) Organic growth at constant exchange rates and comparable units was -0.6 per cent for the quarter.

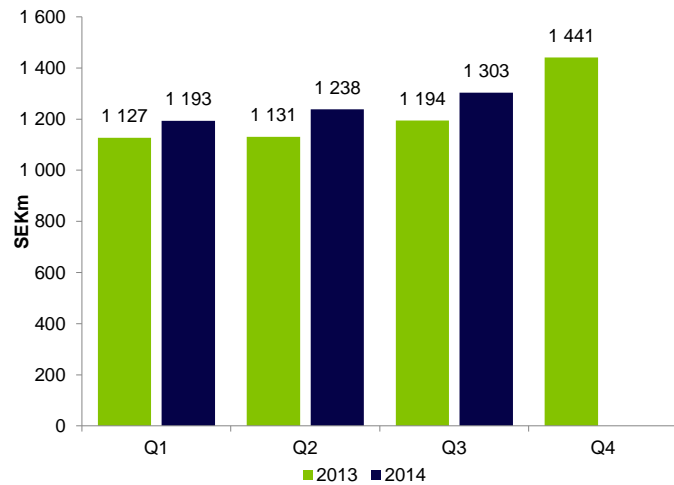
Changes in net sales, %	Jul-Sep 2014
<b>Total</b>	<b>9.1%</b>
Changes in exchange rates	3.9%
Structural changes	5.8%
Organic growth	-0.6%

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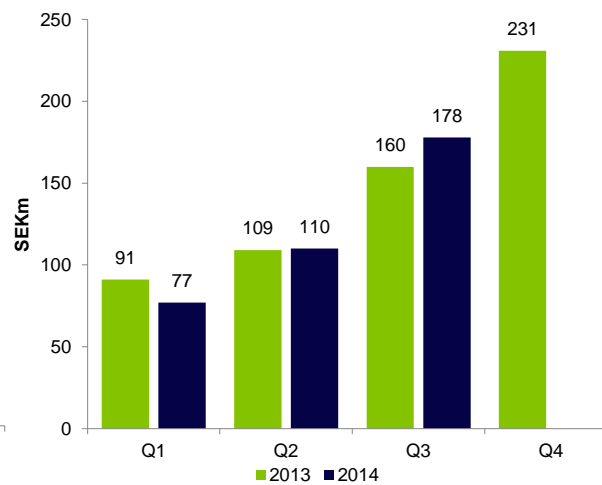


# Net Sales, Underlying EBIT and Cash Flow

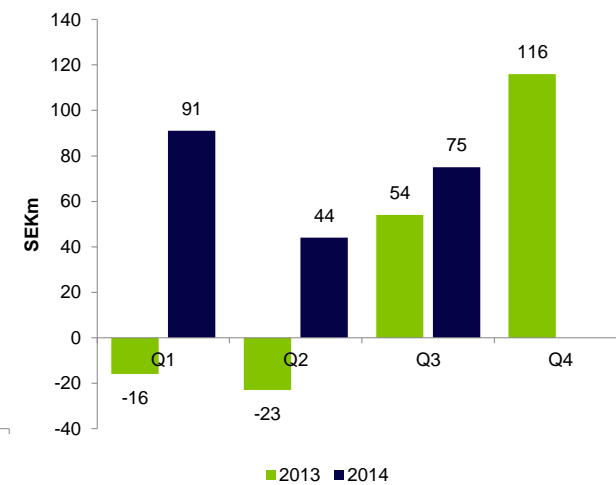
## Net sales



## Underlying EBIT



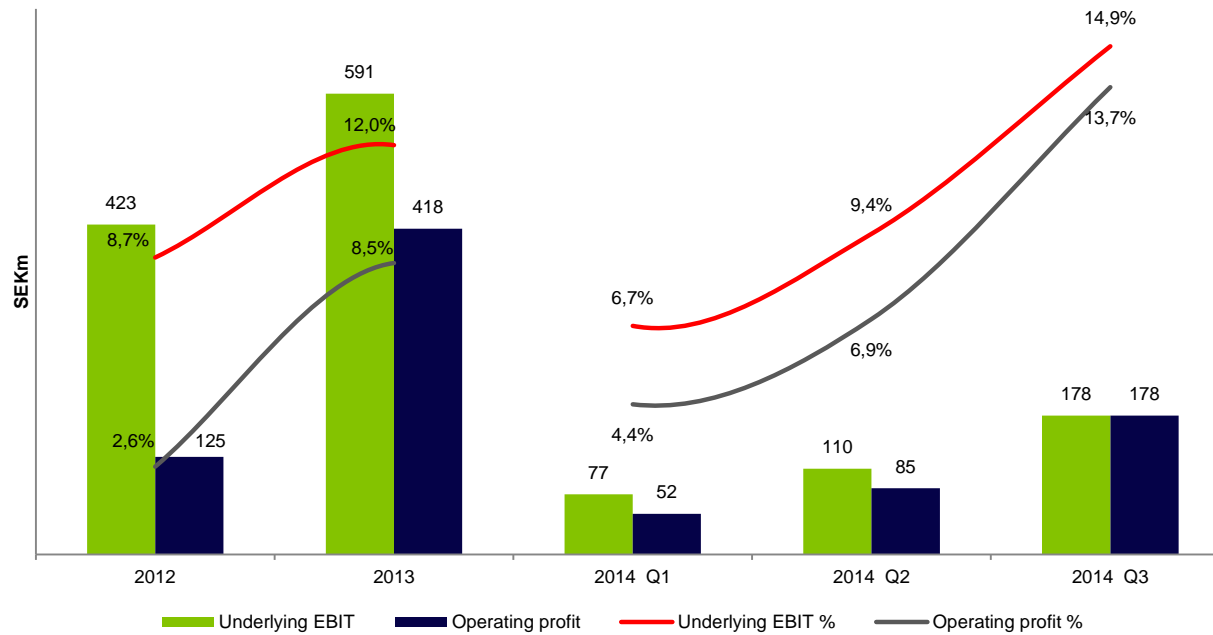
## Cash flow from operating activities



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# Convergence between underlying EBIT and operating profit



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# Q3 Cash Flow

SEKm	Jul-Sep 2014	Jul-Sep 2013
Cash flow from operating activities before changes in working capital	152	132
Cash flow from changes in working capital	-77	-78
<b>Cash flow from operating activities</b>	<b>75</b>	<b>54</b>
Cash flows from investments in property, plant and equipment and intangible assets	-38	-42
Other cash flow from investing activities	-13	3
<b>Cash flow from investing activities</b>	<b>-51</b>	<b>-39</b>
<b>Cash flow from operating and investing activities</b>	<b>24</b>	<b>15</b>

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# Factory restructuring program completed

- Production of Tupla chocolate has been fully insourced in Ljungsbro.
- All pieces of the factory restructuring puzzle have fallen into place and the restructuring program initiated in 2012 is completed.
- Savings will be fully realised towards the end of 2014.



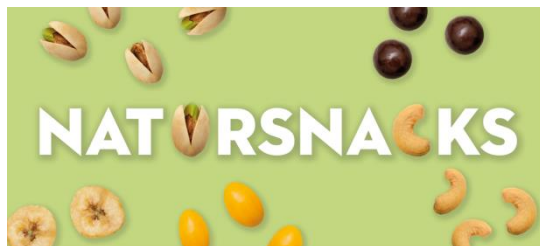
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# New pick-and-mix concept to Coop

- The contract with Coop Sweden to provide them with a new pick-and-mix concept was signed on 5 November
- The concept will be implemented in all Coop's approximately 700 stores during the first quarter of 2015
  - Product range, racks and merchandising
  - Incremental yearly sales of approximately SEK 200m – somewhat lower in 2015
- Svensk Rikstäckande Butiksservice (one of Sweden's largest merchandising companies) to handle merchandising
- The name of the concept will be "Godisfavoriter" (Candy favorites) and "Natursnacks" (Natural snacks)

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# Large fluctuations of raw material prices

- Important raw materials for Cloetta with substantial changes:
  - Cocoa prices record-high
  - Steep increase in prices on hazelnuts
  - Almond prices have increased
  - Sugar prices have decreased
- Price changes will be necessary




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# In focus




Profitable growth



Implementation of  
Coop-agreement



Integration and  
acceleration of  
Nutisal and The  
Jelly Bean Factory



Pricing based on  
raw material  
changes

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# Q3 selection of product launches



**AKO**  
Mint, Cream and Chok  
Launched in Sweden.



**Fünf Kräuter**  
Relaunched in Sweden.



**Venco**  
Droprondo's  
Droputdeelmix  
Launched in the Netherlands.



**RedBand**  
PretMix  
Magische Festmix  
Launched in the Netherlands.



**Mynthon**  
ZipMint  
Launched in Finland.



**Cloetta**  
Sprinkle Mint & Crispy rain  
Sprinkle Salted icecream waffle  
Launched in Finland.



**Malaco**  
Gott&Blandat Family bag x 3  
Launched in Sweden.



**Jenkki**  
Professional Clean Feel  
Launched in Finland.



**Läkerol**  
Licorice Mint  
Launched in Norway and Denmark.



**Lakerol**  
XTREME Apple Mint  
Launched in Norway.



**Läkerol**  
HALS Ginger Lemon  
Launched in Sweden.



**Q&A**

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