

Loetta

Q2 2015 results and acquisition of Lonka – 17 July 2015

Bengt Baron, CEO

David Nuutinen, incoming CEO

Danko Maras, CFO

Jacob Broberg, SVP IR

Q2 highlights

Continued growth and improved operating profit

- **Net sales** for the quarter increased by 3.4 per cent to SEK 1,280m (1,238), including a positive impact from foreign exchange rates of 1.4 per cent.
- **Operating profit** was SEK 130m (85).
- **Cash flow from operating activities** was very strong and amounted to SEK 163m (44).
- **Net debt/EBITDA** continued to decrease and was 3.30x (4.55).
- **On 16 July, 2015 Cloetta signed an agreement to acquire Locawo B.V. (Lonka)** – a Dutch company producing and selling fudge, nougat and chocolate. The acquisition will significantly strengthen Cloetta's position in the Netherlands.

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Overall market and sales development

Sales growth of 3.4 per cent

- Positive total market developments, except in the Netherlands
- Organic growth 0.8 per cent for the quarter
- Sales grew in Sweden, Finland, Denmark and outside the main markets. Also Nutisal and the Jelly Bean Factory brand grew.
- Sales in Sweden and Norway negatively impacted due to ongoing contract negotiations with customers.
- Risk that sales to some customers in Sweden and Norway may continue to be negatively affected.



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Net sales and EBIT

SEKm	Apr-Jun 2015	Margin %	Change %	Apr-Jun 2014	Margin %
Net sales	1,280		3.4 ²	1,238	
Underlying EBIT ¹⁾	129	10.3	17.3	110	9.4
Operating profit (EBIT)	130	10.2	52.9	85	6.9
Profit for the period	66		633.3	9	

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

2) Organic growth at constant exchange rates and comparable units 0.8 per cent for the quarter.

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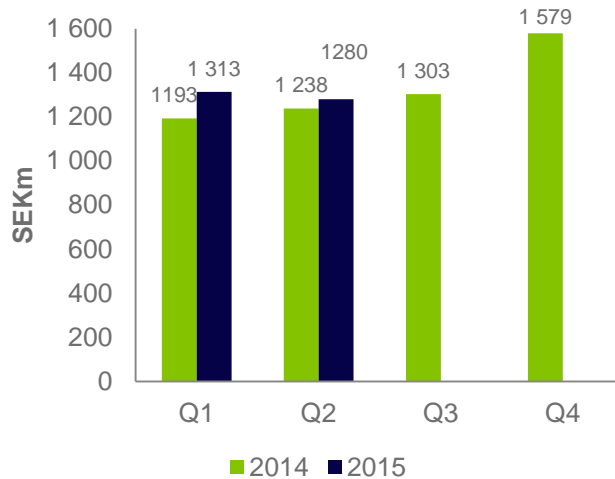
Changes in net sales

Changes in net sales, %	Apr-Jun 2015	Apr-Jun 2014
Organic growth	0.8	2.2
Structural changes	1.2	3.6
Changes in exchange rates	1.4	3.7
Total	3.4	9.5

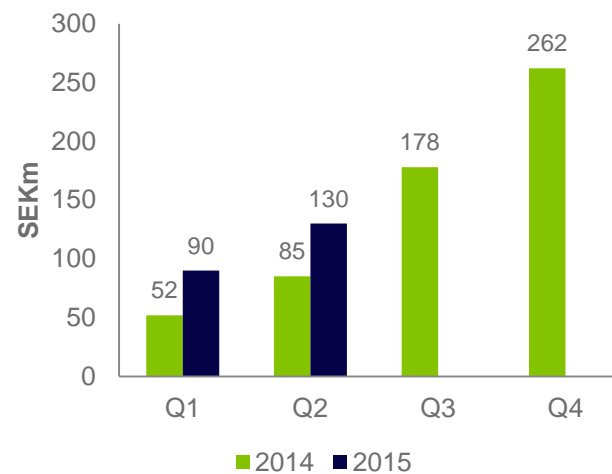


Net sales, operating profit and underlying EBIT

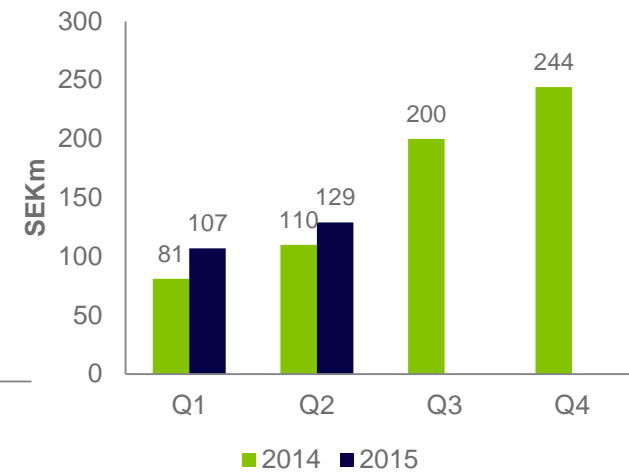
Net sales



Operating profit



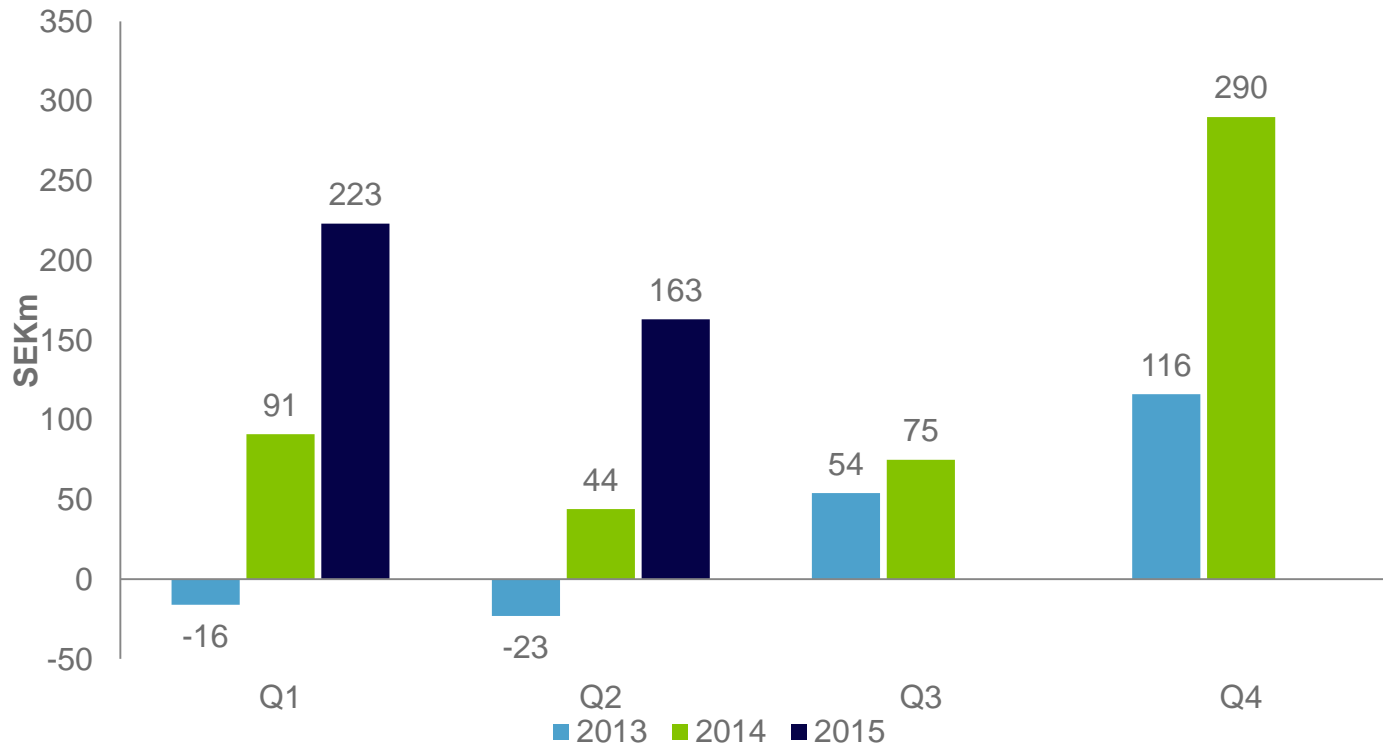
Underlying EBIT



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Cash flow from operating activities



Cash Flow

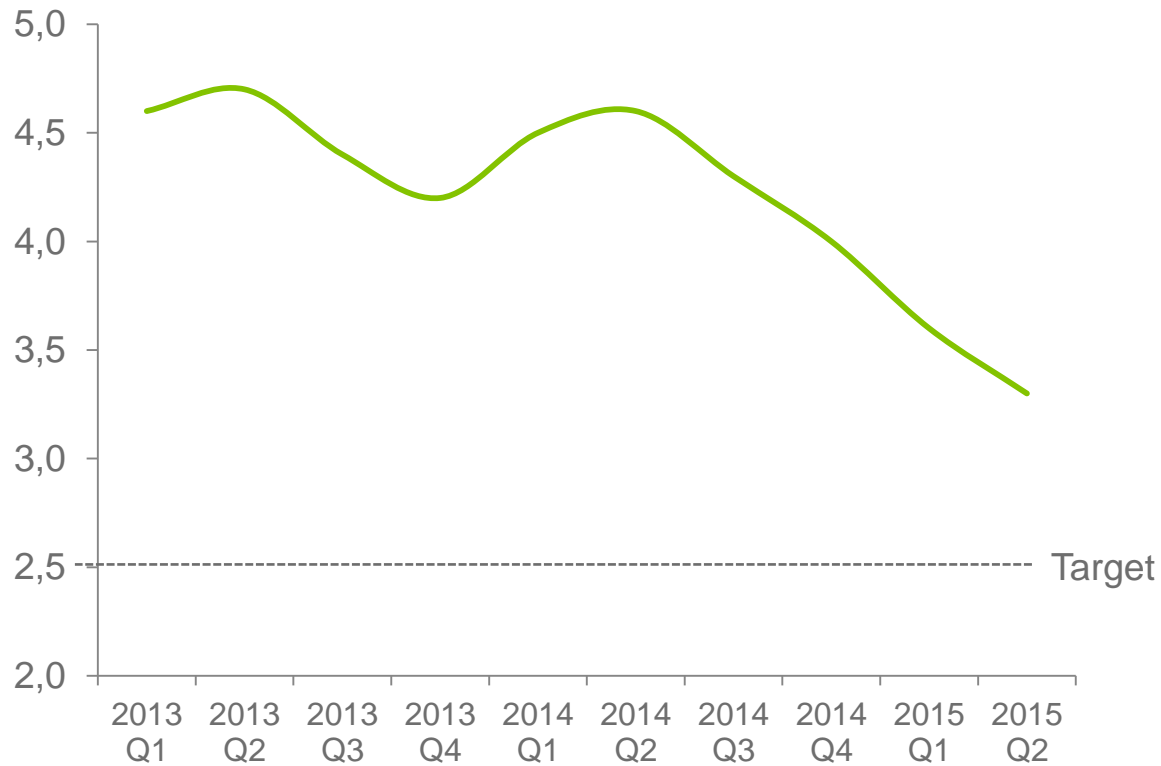
SEKm	Apr-Jun 2015	Apr-Jun 2014
Cash flow from operating activities before changes in working capital	100	74
Cash flow from changes in working capital	63	-30
Cash flow from operating activities	163	44
Cash flows from investments in property, plant and equipment and intangible assets	-28	-44
Cash flow from other investing activities	-	-71
Cash flow from investing activities	-28	-115
Cash flow from operating and investing activities	135	-71

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Financial leverage

Net debt/EBITDA, x



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Lonka acquisition creates value

- Supports profitable growth in core categories
- Significantly strengthens Cloetta's market position in the Netherlands
 - Lonka is a well known, strong brand
 - Diversifies Cloetta's product range into new categories
 - Entry into Dutch chocolate market
- Strengthens Cloetta's product offering, including Pick & Mix, and position in the Nordics and the UK
- Offers new production technologies:
 - Fudge, chocolate coated moulded products and nougat

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Lonka facts

- Founded in 1920
- Branded confectionery products, Pick & Mix products and contract manufacturing. Specialised in fudge, nougat and chocolate products
- Sales and marketing organisation as well as two factories in the Netherlands. In total 130 employees
- Sales of approximately SEK 300m
 - Approximately 50 per cent of sales in the Netherlands
 - The Nordic countries and the UK are other important markets
 - Approximately 50 per cent of sales is branded and 50 per cent is Pick & Mix sales and contract manufacturing

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Lonka product categories



Fudge



Soft Toffee Bites



Soft Nougat



Chocolate Gums/Jellies



Jamaica Rum Chocolates



Gums/Jellies
(pectine/gelatine)



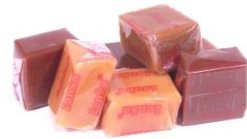
P&M Nougat



Chocolate Products



Caramel Bars



Wrapped Caramels



Chocolate Nougat

Core product offerings



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Transaction supports EBIT-target

- Synergies within administration, sales, procurement and supply chain
- The acquisition will over time support Cloetta's 14% EBIT-margin target
- Long-term potential for revenue synergies with new technologies such as fudge




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In focus




Integration of
Lonka



Pricing based on
raw material and
currency changes



Profitable growth



Acceleration of
Nutisal and The
Jelly Bean Factory

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Q2 selection of product launches

Läkerol
Ginger Lime and Chili Licorice
Sweden



Läkerol
Strawberry Lime
Norway



Malaco
Kick Raspberry
Sweden and Norway



Jenkki
Strawberry/Blueberry
Finland



Cloetta Sprinkle
Black Raspberry Sparks
Finland



Malaco
Salt Sill and Colaflaskor
Sweden



Cloetta Crispy Bite
Cranberry and Blueberry
Finland



Läkerol
Deep Dark Saltius and Ripe Ruby Tastius
Finland



KING
Peppermint Orange
The Netherlands



Dietorelle
Blood Orange and Cherries
Italy



Sperlari
Strawberry and Lemon
Italy



All sorts
Coco, Pink and Choco
Finland



Q&A

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