

Cloetta

Cloetta Roadshow November 2018

Henri de Sauvage-Nolting, President and CEO

This is Cloetta

FOUNDED IN
1862

ANNUAL SALES
SEK
5.8
BILLION

SALES IN
50
COUNTRIES

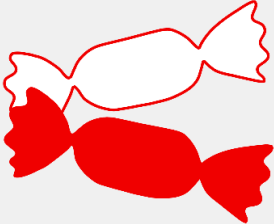
8



2.500
EMPLOYEES


NASDAQ
STOCKHOLM


LEADING
BRANDS

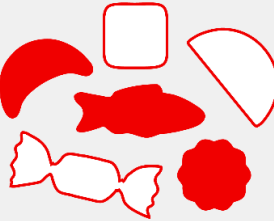

CANDY


CHOCOLATE


PASTILLES


CHEWING GUM


NUTS


PICK&MIX


Munchy
Moments

THIS IS
Cloetta

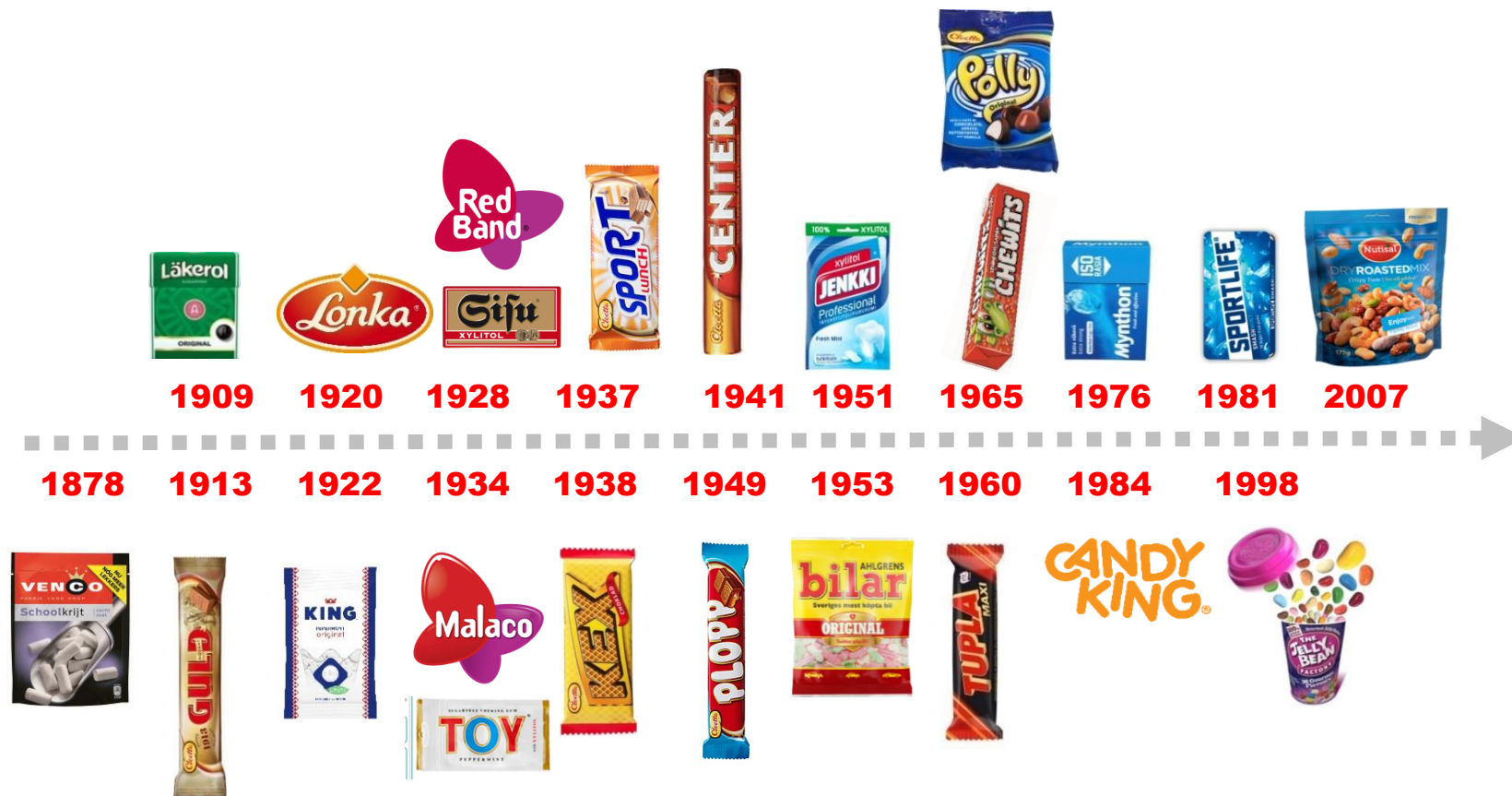
Cloetta

We bring a smile to your Munchy Moments



Cloetta

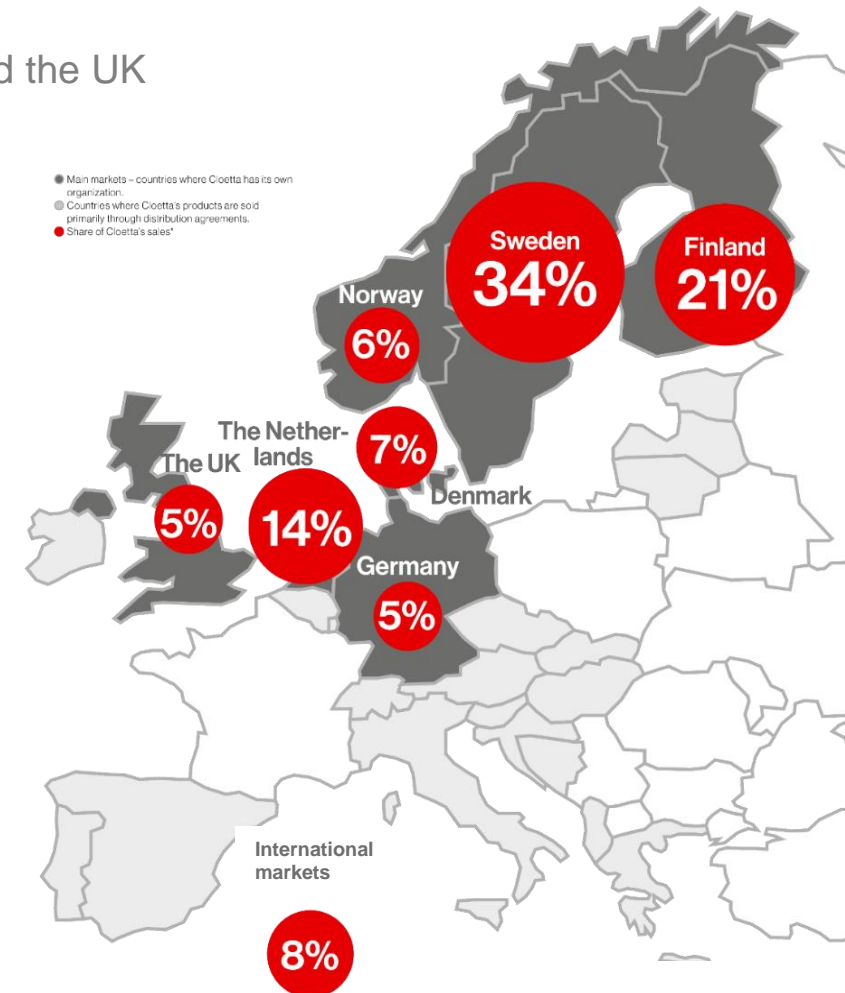
Strong portfolio of local heritage brands



Strong presence in the main markets

Cloetta can utilize “regional” scale versus local and global competition

- Main markets are Sweden, Finland, Denmark, Norway, the Netherlands, Germany and the UK
- Export to more than 50 countries world wide
- Presence in many categories and channels with complete product portfolio
- Strong customer relations – strong commercial organisation in all main markets
- High category expertise – contributes to optimised and profitable sales
- Scale economies – presence in many categories and channels with complete product portfolio



Nordic market leader

Leading positions in several categories

Sweden



Candy, chocolate countlines, pastilles, chocolate bags and pick & mix

Finland



Candy, pastilles, chewing gum and pick & mix

Norway



Candy, pastilles and pick & mix

Denmark



Candy, pastilles and pick & mix

Netherlands



Candy, chewing gum, pastilles

Germany



Niche positions in selected candy categories

United Kingdom



Pick & mix and niche positions in selected candy categories



Cloetta

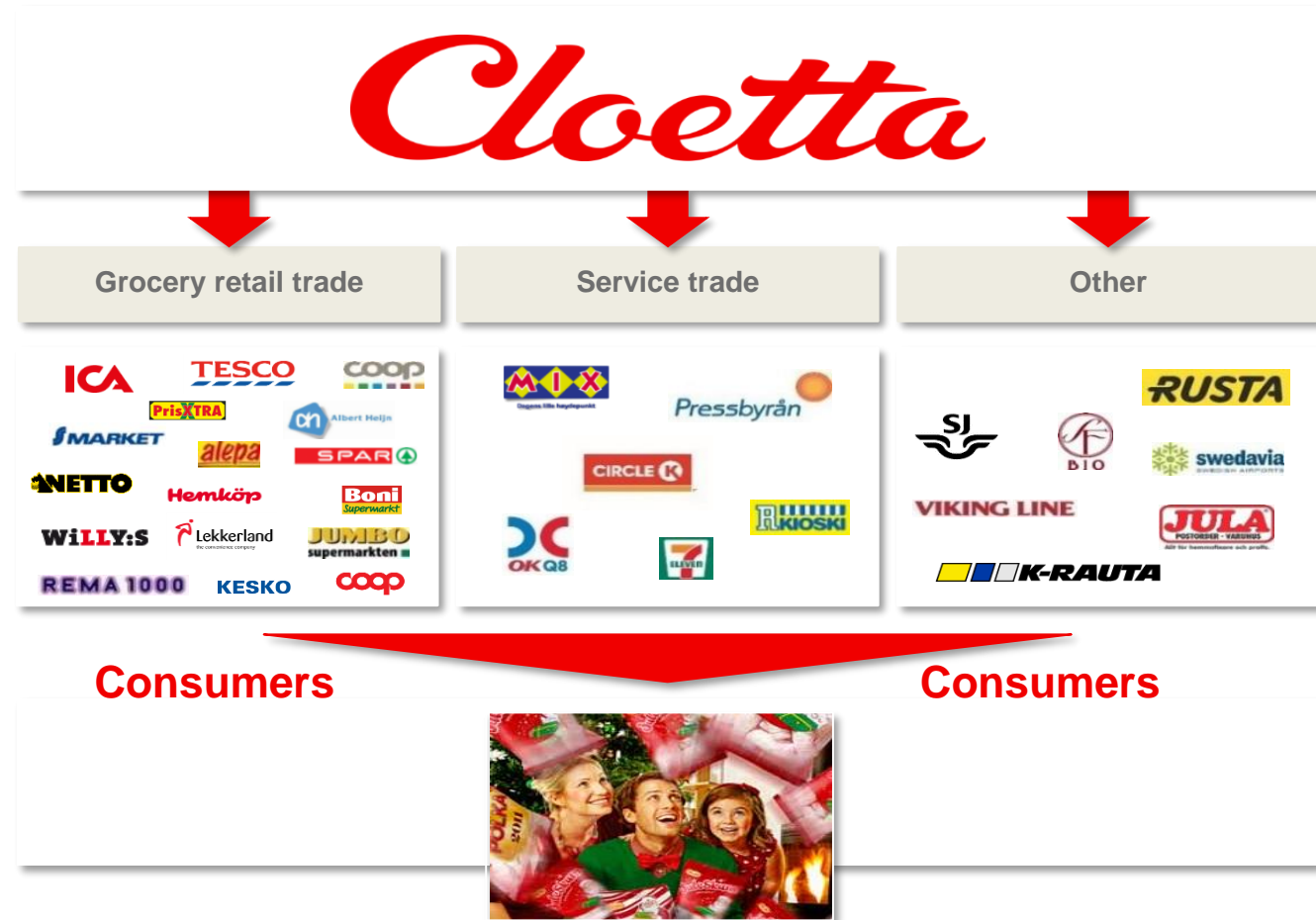
Best in class route-to-market

Customer relations

- Large and efficient sales organisation in all main markets
- 85% of sales by own sales force

Execution

- Category expertise drives sales optimization
- Listings and distribution agreements
- Ensure visibility on shelves and checkout lines
- Efficient implementation of campaigns



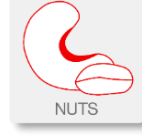
Cloetta's strengths

Local Brand loyalty, pick & mix scale and North West Europe core markets

Cloetta's Strategic Strengths

- Strong leading local brands
- Core markets in growing North Western Europe
- Strong European leader in pick & mix
- Scale benefits in North Western Europe vs local competition
- Route to market scale in core markets
- Locally tailored innovation

Categories



Format

Packaged	pick & mix	Sales ¹
✓	✓	58 %
✓	✓	17 %
✓	✗	12 %
✓	✗	7 %
✓	✓	4 %



1) Category's share of Cloetta's sales in 2017 (sums to 98% remaining 2% represents Other sales)

Cloetta

Cloetta's targets

The consumer is our "boss" and we are the customers #1 partner

- ▶ Organic **Sales growth** – at least in line with market growth
- ▶ **EBIT margin**, adjusted – at least 14%
- ▶ **Net debt/EBITDA** ratio - 2,5x
- ▶ **Dividend** policy – 40-60% of profit after tax

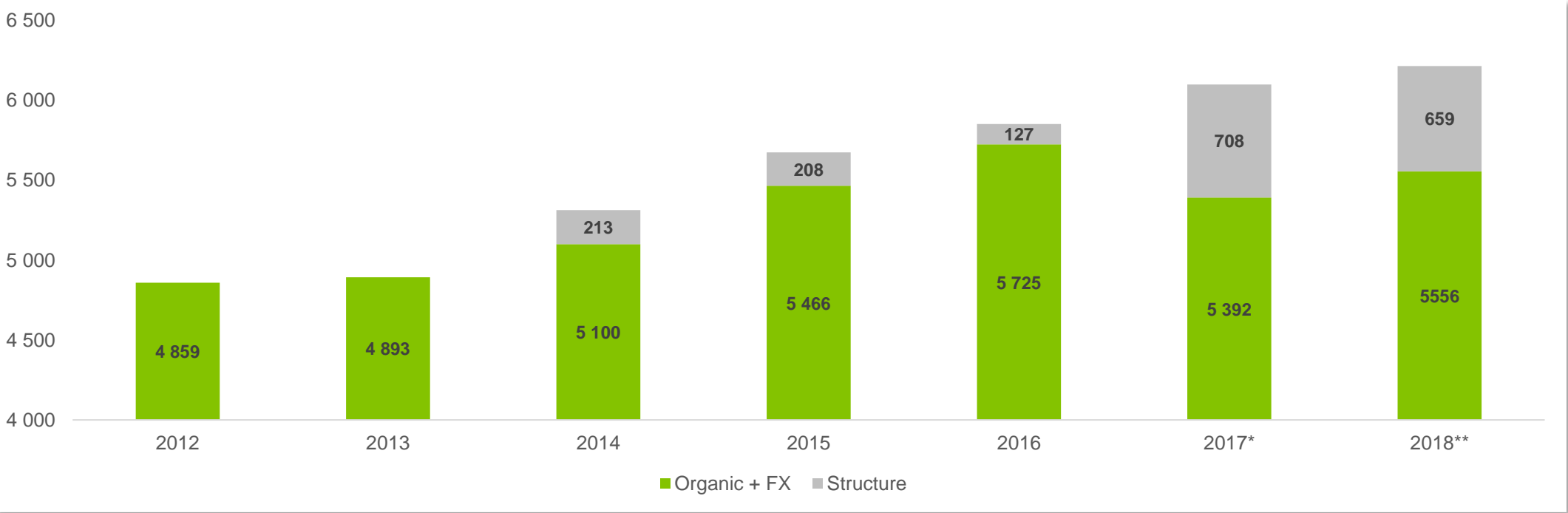
Cloetta



Sales development

Growth by acquisitions

SEKM

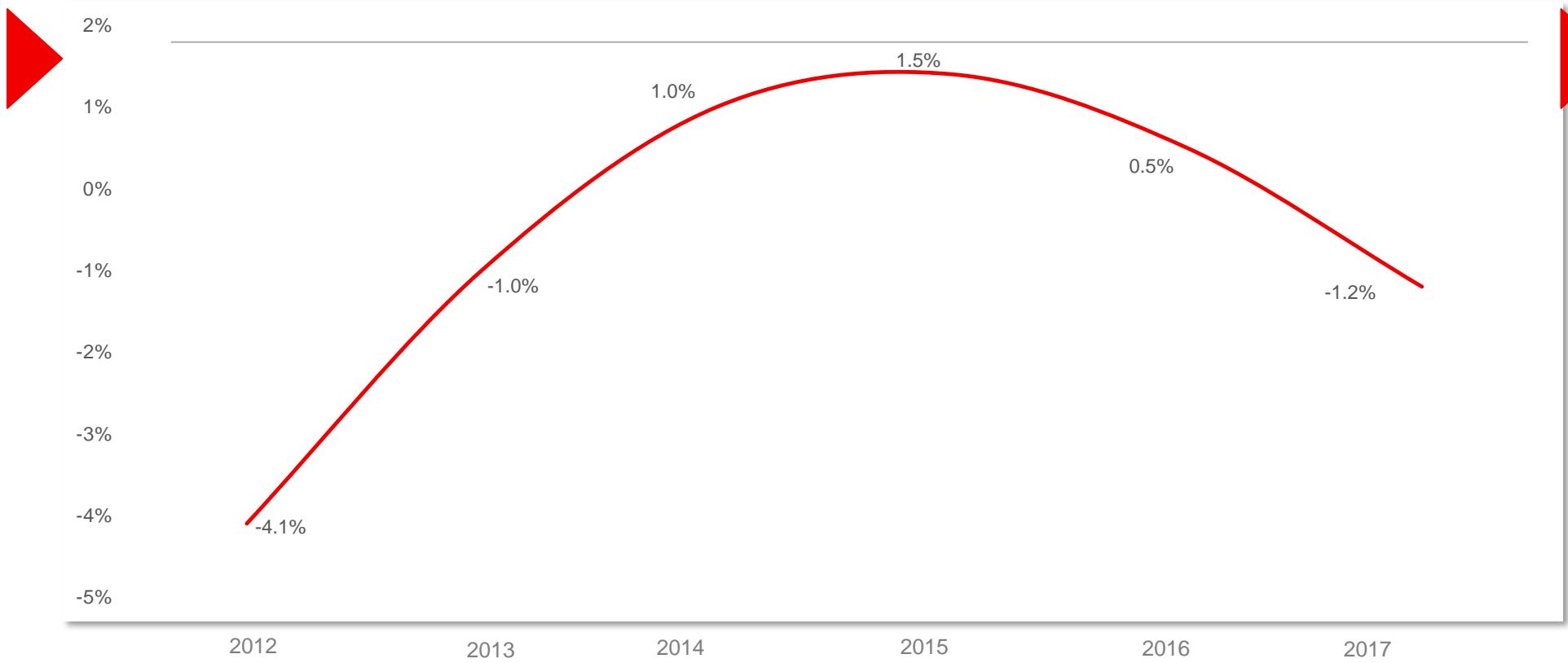


* In 2017 Cloetta Italy was divested and Candyking acquired

** Rolling 12 months: Oct 2017-Sep 2018, acquisition growth to April'18



Organic sales development

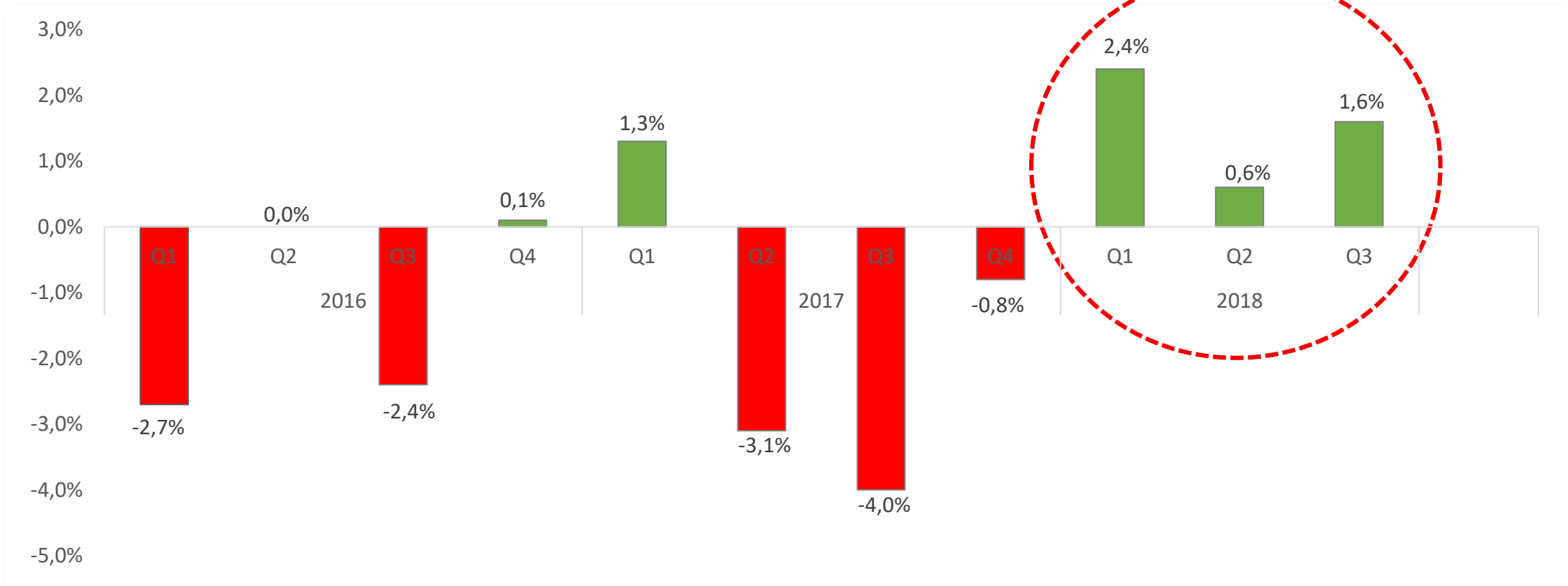


Target

At least in line with long term market growth, which has historically been 1-2%

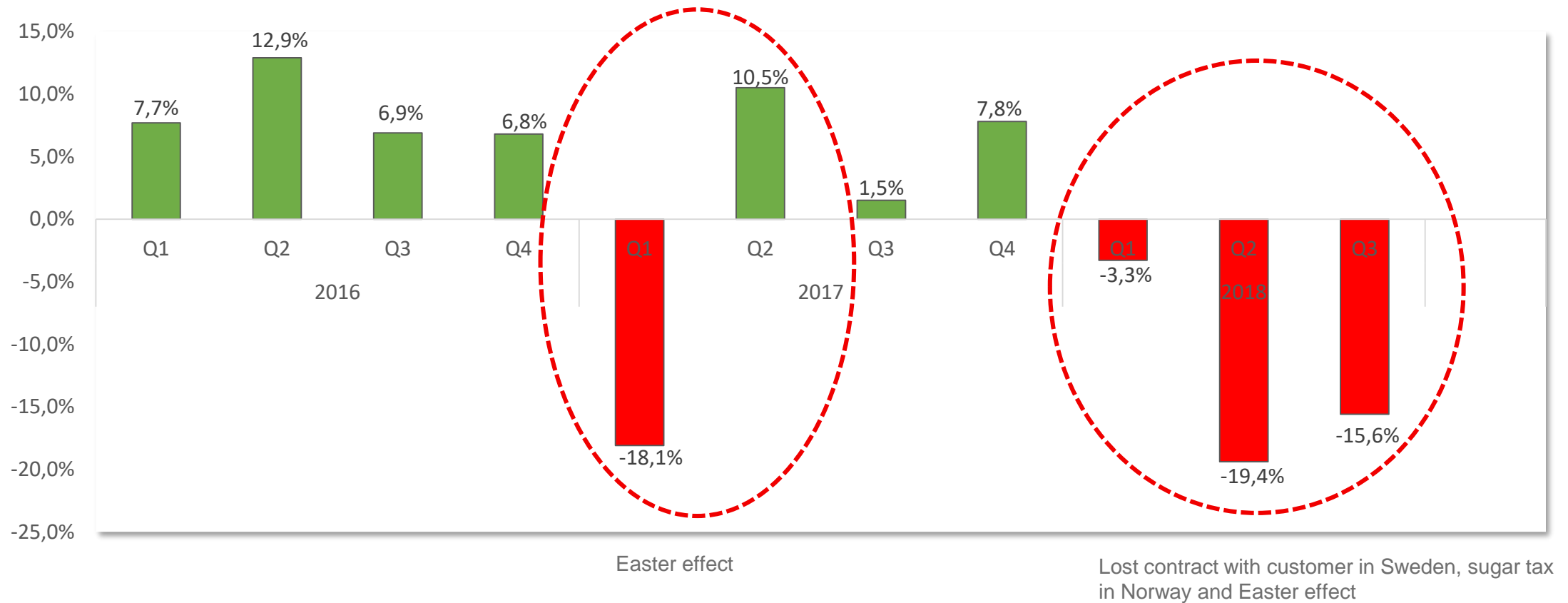
Sales development packaged/branded products

Three consecutive quarters of growth

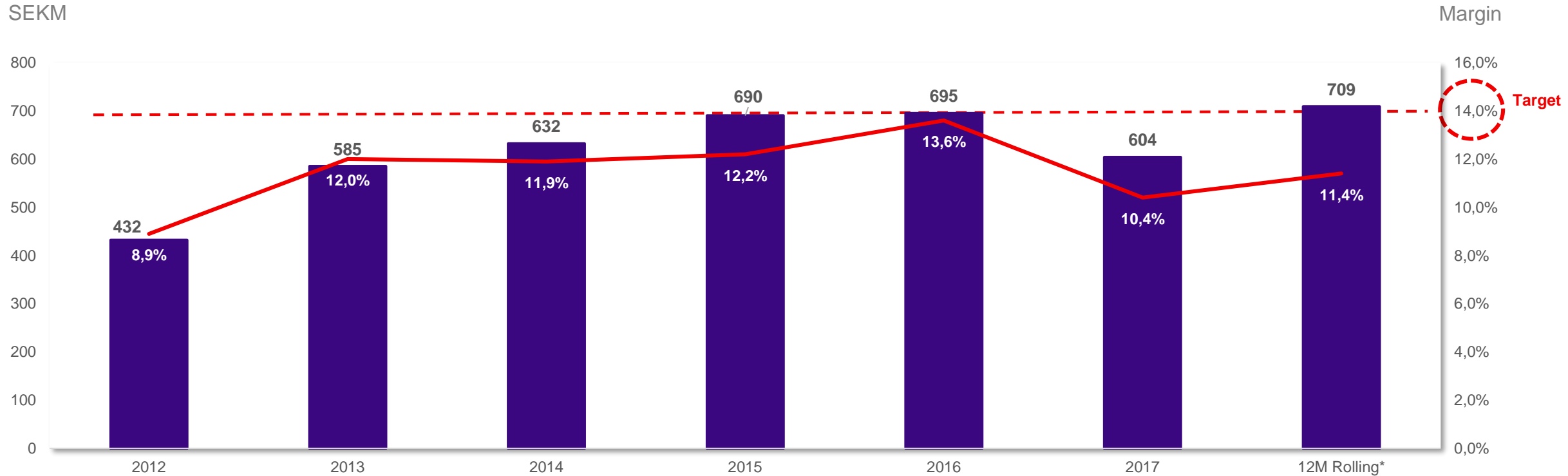


Sales development pick & mix

Mainly driven by gained or lost contracts



Adjusted operating profit and margin development



*Rolling 12 months: Oct 2017-Sep 2018

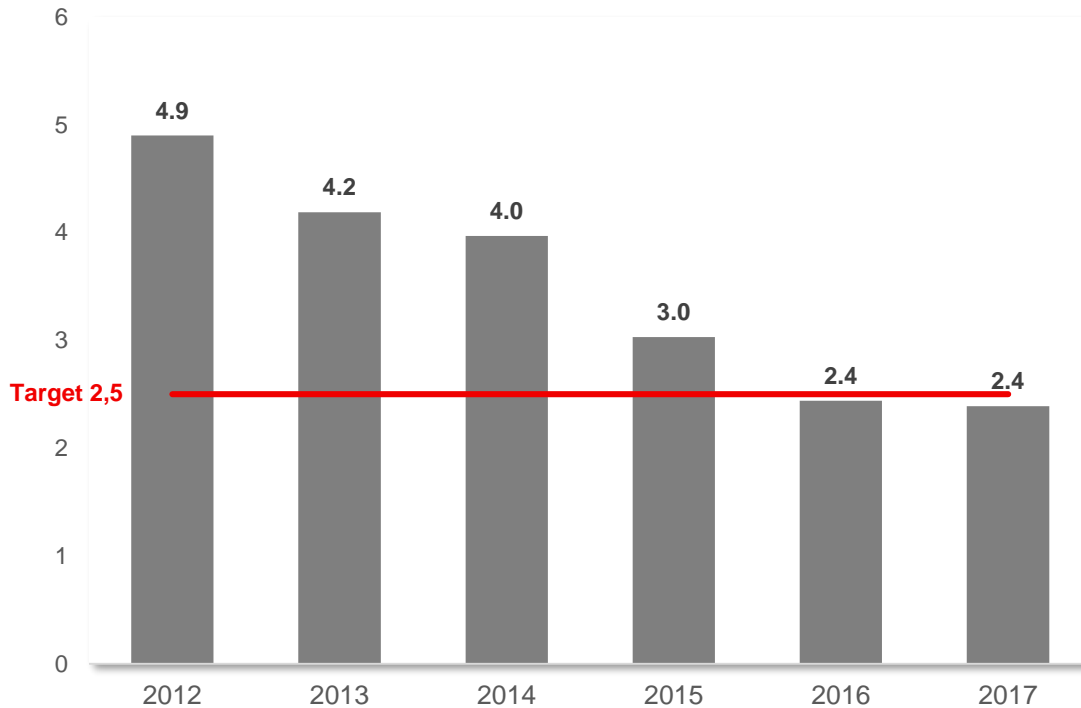
Operating profit, adjusted

Operating profit margin, adjusted

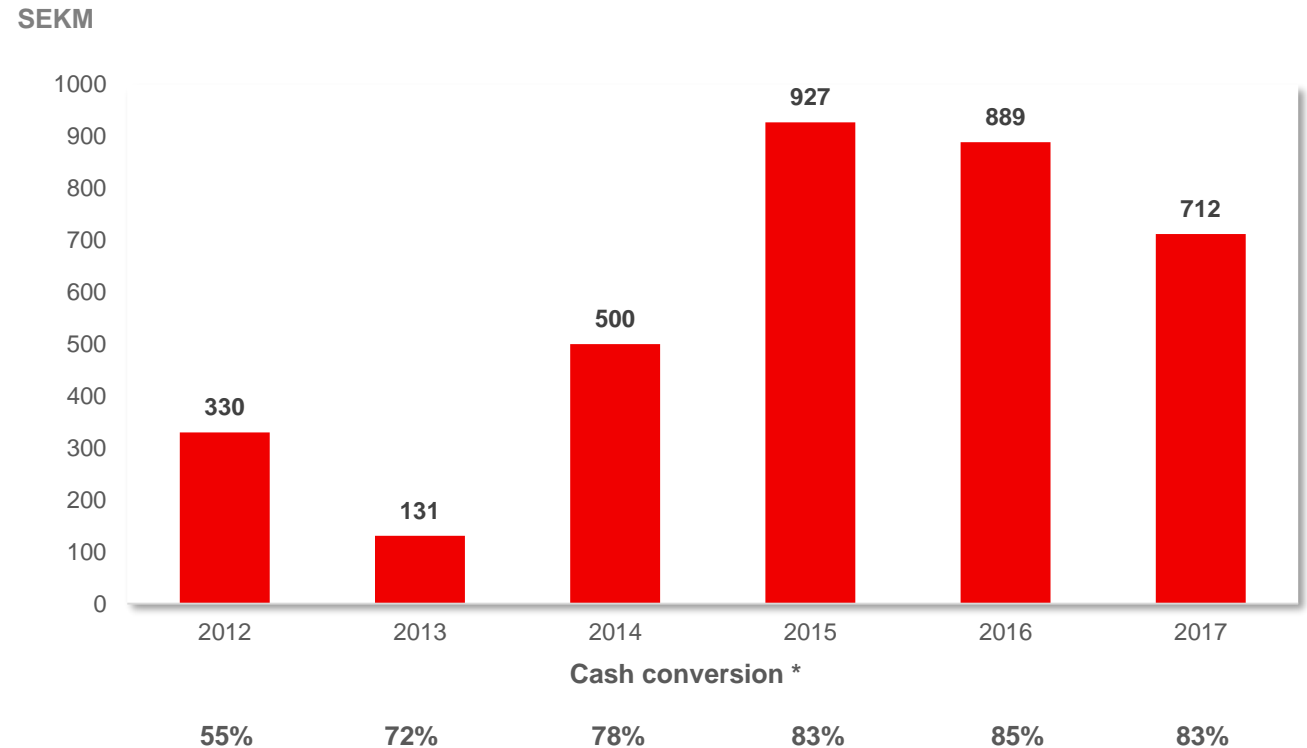
Cloetta

Debt ratio in line with target and stable cash flow

Net debt/EBITDA ratio, x



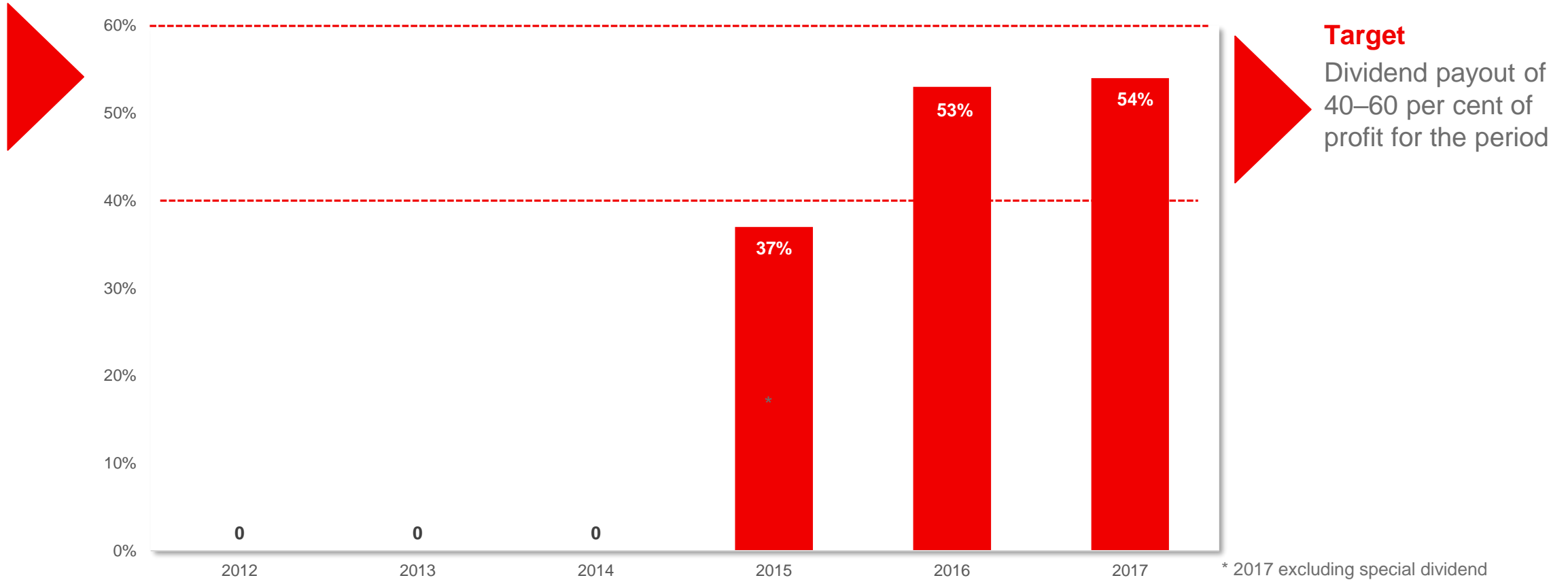
Cash flow from operating activities



Cloetta

* 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.

Dividend policy – historic development



Cloetta's Strategic Plan

Driving growth

Consumer & Brands

- Bigger but fewer innovations
- Strengthen our local brands
- "Choice for You" – less sugar
- Sustainability in our brands

Customer & Market

- Preferred partner by the trade
- End to End Supply Chain
- Building brands in store
- Best pick & mix concepts
- Develop e-commerce concepts

New markets & concepts

- International market hubs
- A global The Jelly Bean Factory brand
- Build international capabilities

Cost efficiency

To invest in brands and increase EBIT

- Candyking integration
- Lean 2020 and insourcing
- Reduction in indirect costs
- Efficiency in marketing spend

Employees and organization

Capabilities for growth

- Zero accidents
- A winning and performance culture
- ONE Cloetta
- Develop current and future leaders
- Marketing and sales capabilities

Cloetta

Six reasons to invest in Cloetta

1. Strong local brands
2. Strong market positions in the stable Northern and Western European markets
3. Strong market leader in pick & mix
4. Proven track record of bolt on acquisitions
5. Focus on continued margin expansion
6. Attractive cash flow generation and dividend

Cloetta



Appendix Q3 Interim report

Cloetta

Q3 Highlights

Improved EBIT and branded growth

- **Net sales** amounted to SEK 1,538m (1,505). Organic growth amounted to -3.6 per cent
- **Operating profit, adjusted** amounted to SEK 194m (169)
- **Operating profit** amounted to SEK 180m (169)
- **Profit for the period** amounted to SEK 132m (108)
- **Cash flow** from operating activities amounted to SEK 250m (135)
- **Net debt/EBITDA** was 2.48x (2.63)

Cloetta



Overall market and sales development

Growth of branded packaged products

- The **packaged confectionery** market declined or was unchanged on all markets
- The **pick & mix** market declined substantially
- **Organic growth** was -3.6 per cent, driven by pick & mix
- **Branded packaged** products grew by 1.6 per cent
 - Market shares grew in 14 of 16 categories in the core markets
- **Total pick & mix** declined by 15.6 per cent, driven by lost contract in Sweden, sugar tax in Norway and overall weak development

Cloetta



Strategic focus update

Grow the base

Grow branded packaged products

Increase pure media investments

Core innovations

Cost and margins

Cost efficiency

Pricing to mitigate FX

Insourcing

Candyking integration

Improve EBIT on low margin contracts

Implementation of ERP system in the UK

Capacity investments

Improved and sharper marketing activities

Media investments increased 10%



Venco Typical Dutch,
The Netherlands

Launched in September with a 360° multimedia campaign including TV commercials



Plopp chocolate tablets,
Sweden

Launched in August with a campaign that includes TV commercials, on-line video, national outdoor advertisement and social media



Gott & Blandat 30% less sugar,
Sweden and Norway

Launched in September including TV commercials, on-line video and social media

Cloetta

Changes in net sales

%	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018
Organic growth	-3.6	-2.8	- 2.7
Structural changes	-	20.3	9.1
Changes in exchange rates	5.8	-0.4	4.0
Total	2.2	17.1	10.4

Cloetta



Improved EBIT

Key ratios, SEKm	Jul-Sep 2018	Jul-Sep 2017	Change	Full year 2017
Net sales	1,538	1,505	33	5,784
Gross profit	559	527	32	2,106
- Gross margin, %	36.3	35.0	1.3 pts	36.4
Operating profit, adjusted	194	169	25	604
- Operating profit margin, adjusted, %	12.6	11.2	1.4 pts	10.4
Operating profit (EBIT)	180	169	11	527
- Operating profit margin (EBIT margin), %	11.7	11.2	0.5 pts	9.1
Net financial items	-13	-27	14	-84
Profit before tax	167	142	25	443
Profit from continuing operations	132	108	24	237

Improved cash flow

SEKm	Jul-Sep 2018	Jul-Sep 2017*	Full year 2017*
Cash flow from operating activities before changes in working capital	226	186	532
Cash flow from changes in working capital	24	-51	180
Cash flow from operating activities	250	135	712
Cash flow from investments in property, plant, equipment and intangible assets	-44	-38	-157
Cash flow from other investing activities	0	310	135
Cash flow from investing activities	-44	272	-22
Cash flow from operating and investing activities	206	407	690
Cash flow from financing activities	-4	-275	-238
Cash flow for the period	202	132	452

*Including Cloetta Italy until divestment 5 September 2017.

Q3 Summary

- **Branded packaged products** grew for the third consecutive quarter
- **Pure media investments** grew by 10 per cent
- **Pick & mix sales** declined
 - Build for competitive growth
- **Operating profit, adjusted**, improved
- **Candyking integration** in line with plan
- **Investments** to increase production capacity

Cloetta



Appendix 2

Cloetta

Pick & mix concepts

- Wide range of products from several markets, factories and producers
- Concept in Finland since long, in Sweden since 2015
- 30% of confectionery market volume in Sweden
- 5-15% of market volume in other Nordic markets

Candyking

- Pick & mix market leader in Nordic countries and the UK
- Acquired in April 2017
- Strengthens Cloetta's position in Denmark, Norway and the UK
- Strengthens position within natural snacks – Parrot's brand
- Identified synergies expected to amount to SEK 100m in 2020

**CANDY
KING®**



Cloetta

Sustainability commitment

Cloetta's overall goal for corporate responsibility is to build sustainable long-term value.

For Cloetta, sustainable value is about growing as a company while at the same time ensuring that the people and environments that are affected by Cloetta's operations or products are positively impacted.



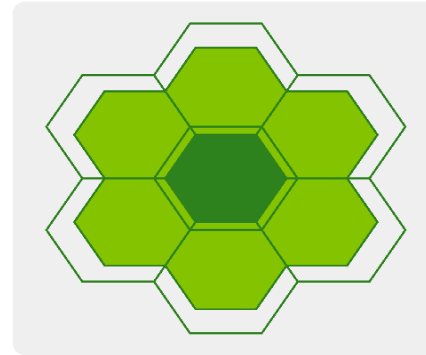
GREATER WELL-BEING EMPLOYEES

Employee well-being is guaranteed through **an attractive** and **safe working environment** in accordance with the UN Global Compact.



GREATER WELL-BEING CONSUMERS

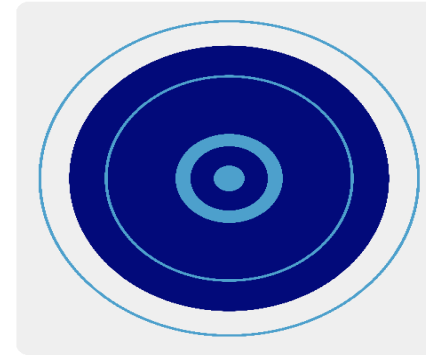
Consumer well-being is ensured through **high** and **consistent quality** and **sustainable product development**, with a greater share of **natural raw materials** and **less sugar** or **sugar-free products**.



REDUCED ENVIRONMENTAL IMPACT

Environmental impact from Cloetta's factories to be reduced. Focus on **Energy, CO₂** and **Waste**.

More **environmentally friendly** and **sustainable packaging** to be developed.



SUSTAINABLE SOURCING

Cloetta complies with the ten principles of the **UN Global Compact**.

Key suppliers to be approved from a sustainability perspective. Sustainability programmes are in place for **prioritized raw materials** from developing countries.

Cloetta's sustainability achievements

- Sustainability programs developed for **cocoa, palm and shea butter**
- Chocolate products are **UTZ-certified**
- **Palm oil is being removed** from all glazing
- Sustainable shea butter introduced
- Artificial **colors and flavors** are phased out
- Products with **less sugar** or without sugar are launched
- **Lower CO₂ emissions** per tonne produced



Acquisitions 2014- 2017

Lonka

- Strengthens Cloetta's position in the Netherlands
- Diversifies the product range into new categories and offered an entry into the Dutch chocolate market

The Jelly Bean Factory

- a **premium "gourmet"** brand
- Solid growth over recent years with an attractive EBIT-margin
- Strengthens Cloetta's position in the UK

Nutisal

- A step into a **new category** with an established nuts brand

Candyking

- The acquisition significantly strengthens Cloetta's positions in the important pick & mix category in Sweden, Denmark, Norway and the UK
- Identified synergies of SEK 100m by 2020

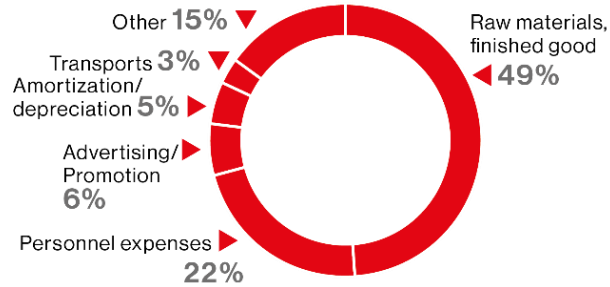


CANDY KING®

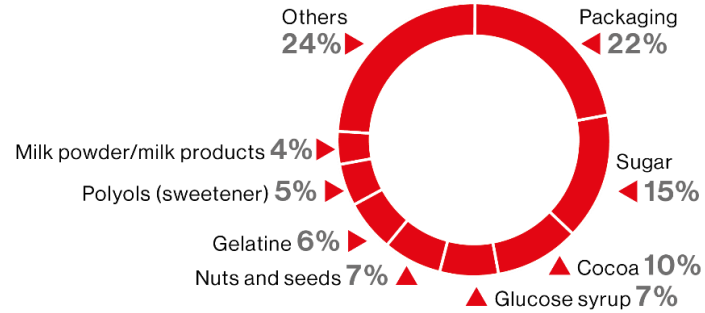
Cloetta

Cost structure 2017

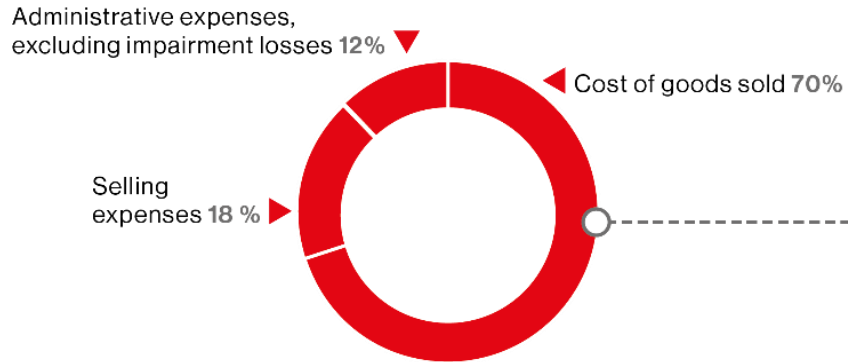
Operating expenses, excluding impairment losses



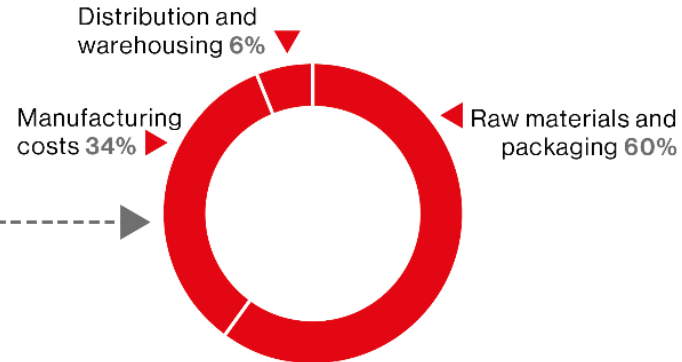
Breakdown of raw material and packaging costs



Total operating expenses, excluding impairment losses

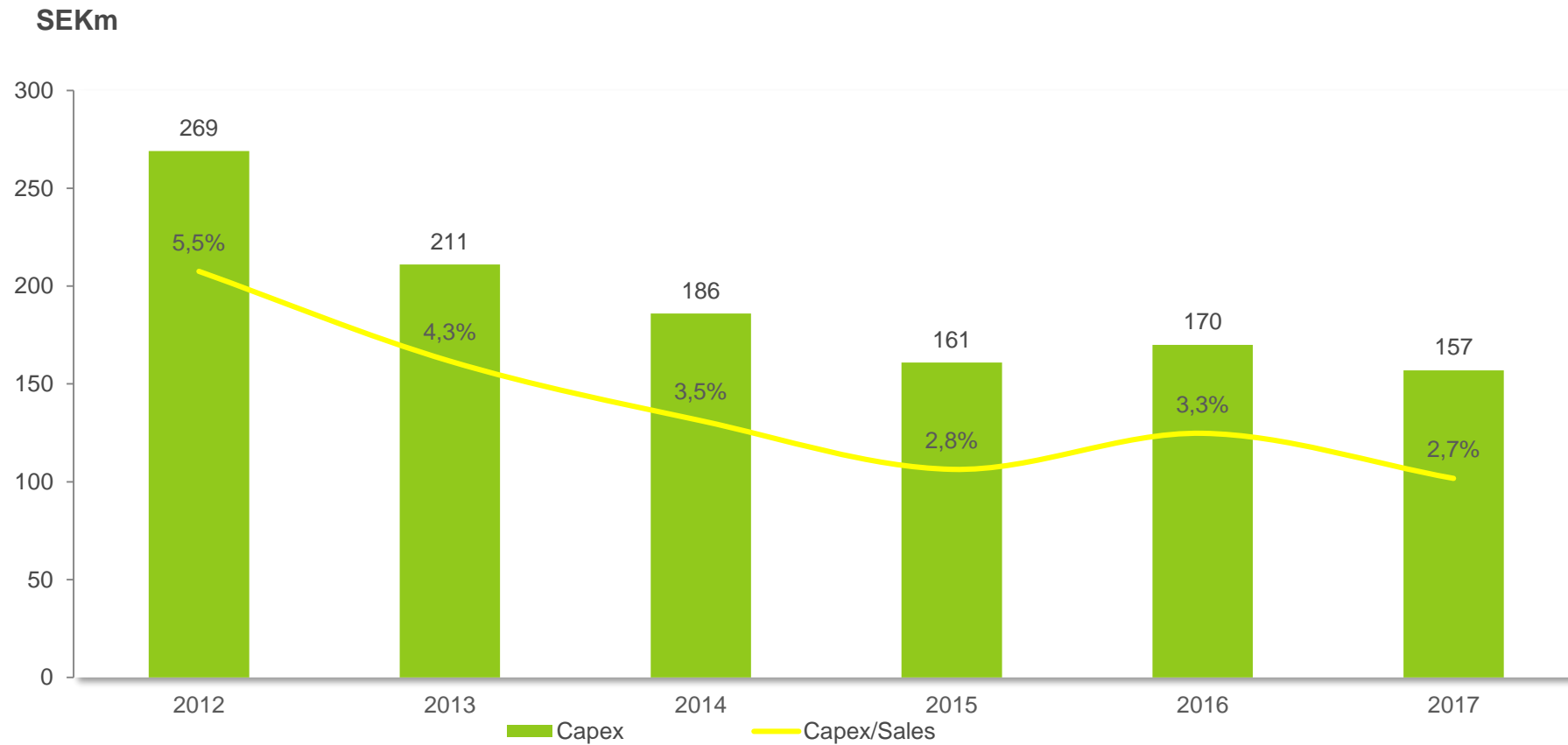


Cost of goods sold

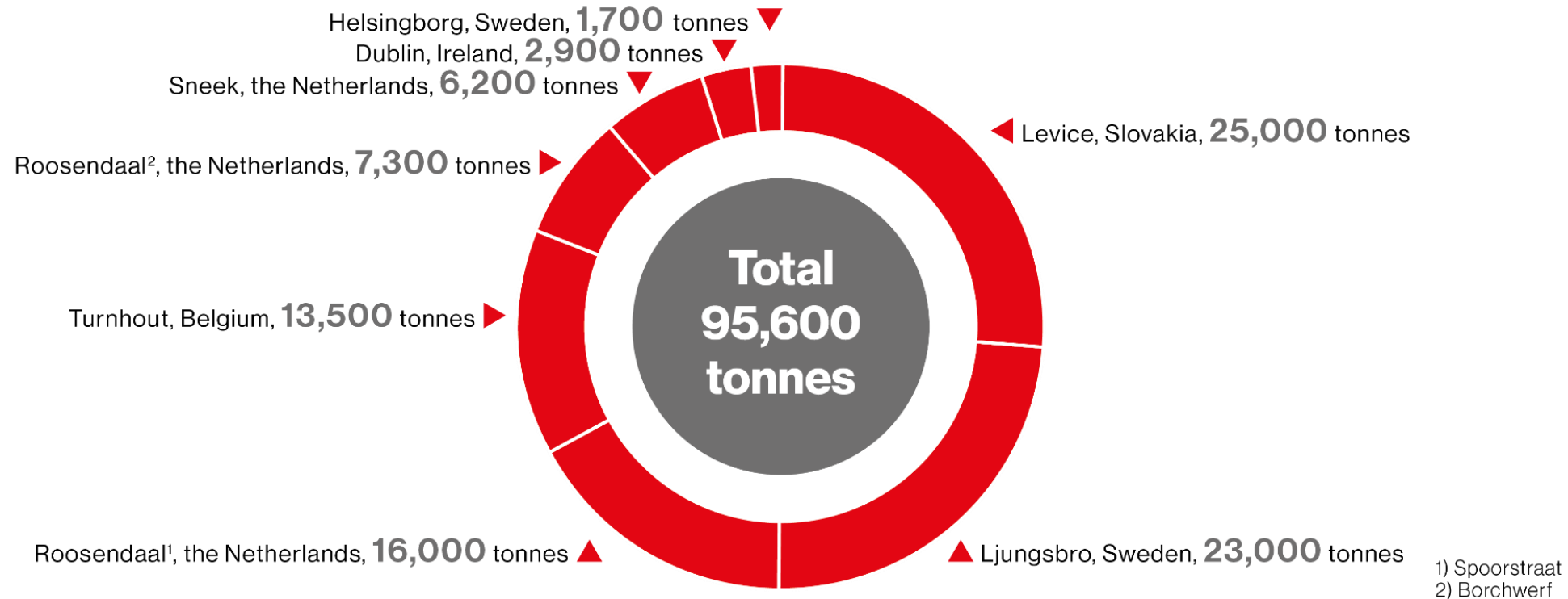


Capex

- **Target** - Capex should be around 3 per cent of net sales



Production by factory in 2017, tonnes



Disclaimer

- This presentation has been prepared by Cloetta AB (publ) (the “Company”) solely for use at this presentation and is furnished to you solely for your information and may not be reproduced or redistributed, in whole or in part, to any other person. The presentation does not constitute an invitation or offer to acquire, purchase or subscribe for securities. By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations.
- This presentation is not for presentation or transmission into the United States or to any U.S. person, as that term is defined under Regulation S promulgated under the Securities Act of 1933, as amended.
- This presentation contains various forward-looking statements that reflect management’s current views with respect to future events and financial and operational performance. The words “believe,” “expect,” “anticipate,” “intend,” “may,” “plan,” “estimate,” “should,” “could,” “aim,” “target,” “might,” or, in each case, their negative, or similar expressions identify certain of these forward-looking statements. Others can be identified from the context in which the statements are made. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Company’s control and may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. These risks include but are not limited to the Company’s ability to operate profitably, maintain its competitive position, to promote and improve its reputation and the awareness of the brands in its portfolio, to successfully operate its growth strategy and the impact of changes in pricing policies, political and regulatory developments in the markets in which the Company operates, and other risks.
- The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.
- No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein. Accordingly, none of the Company, or any of its principal shareholders or subsidiary undertakings or any of such person’s officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.