Interim report, Q1 January – March 2013

Stockholm, 29 April 2013

- **Net sales** for the quarter amounted to SEK 1,127m (1,084). **Operating profit** was SEK 58m (6).
- **Underlying EBIT** was SEK 91m (47). The improvement is driven by realised synergies, factory restructurings and the price increases introduced during 2012.
- **Items affecting comparability** amounted to SEK –33m (–53) and consist of costs for the factory restructurings and integration activities.
- **Cash flow from operating activities** was SEK –16m (–35).
- **The integration process** has been essentially completed from an operational standpoint, which means that earlier communicated savings of SEK 65m will be realized during 2013.
- **The factory restructurings** are proceeding according to plan. During the quarter, the factory in Aura, Finland, was closed and sold and the factory in Alingsås was sold. The previously communicated restructuring of warehousing operations in Scandinavia has also been completed.
- **Starting with this report, Cloetta** will report EBIT rather than EBITA due to very small amortisation of intangible assets. The financial target of 14% EBITA margin will apply to EBIT.

	First quarter			Full year
SEKm	Jan–Mar 2013	Jan–Mar 2012	Change, %	Jan–Dec 2012
Net sales	1,127	1,084	4.0[3]	4,859
Operating profit (EBIT)	58	6	na	125
Operating profit margin (EBIT margin), %	5.2	0.5	4.7-pts	2.6
Underlying EBIT[1]	91	47	89.6	423
Underlying EBIT margin, %[1]	8.1	4.1	4-pts	8.7
Profit before tax	49	–112	na	–140
Profit for the period	36	–119	na	–73
Earnings per share, basic and diluted, SEK	0.12	–0.49	na[2]	–0.26
Cash flow from operating activities	–16	–35	na	330

1 Adjusted for items affecting comparability related to the restructuring and integration.
2 Comparative earnings per share are not representative for the current Group due to a different equity structure before the merger between Cloetta and LEAF and the effect of the rights issue which was carried out in the second quarter of 2012.
3 Organic growth at constant exchange rates and comparable units was –3,3%. See further under Net Sales on page 3.

Message from the CEO

Underlying EBIT improved significantly in the first quarter compared to last year. This means that we have continued the positive earnings trend from the preceding quarter, which demonstrates that our strategy is working.

The company's underlying EBIT improved to SEK 91m for the quarter (47). The increase is mainly attributable to realised synergies from the merger, the factory restructurings and the price increases that were implemented during 2012. The price increases were required in order to offset higher raw material costs and will have a gradual effect during 2013.

Our underlying EBIT margin for the quarter was 8.1 per cent (4.1) and the gross margin increased to 37.5 per cent (35.5). Cash flow from operating activities amounted to SEK –16m (–35).

We continued to amortise loans with SEK 90m during the quarter, which is in line with our plan.

Market development in the first quarter remained relatively weak, particularly in Italy, the Netherlands and Denmark. These markets exhibited negative growth in virtually all segments in which we are active. In the other markets, development was more positive, but still fragile.

Underlying net sales declined by 3.3 per cent in the quarter. One driver for this decline was a reduction in contract manufacturing on behalf of one major customer. Excluding this contract manufacturing, sales fell by 2.4 per cent. The customer has terminated part of the agreement, which will impact sales going forward.

Sales were up in Sweden, the Netherlands and countries outside the home markets, while they were stable in Finland and Germany. Denmark and Italy accounted for most of the drop in sales. The decrease in sales in Denmark is due to the high sugar tax, which has induced a shift of purchasing to the border trade. However, Cloetta has also lost a large share of its sales to one of the major customers due to unresolved contract negotiations. The lower sales in Italy are attributable to continued weak market conditions.

The integration process has been essentially completed from an operational standpoint. The remaining activities consist of some insourcing and IT integration, both of which will take place during the year. Overall, the integration has been successful with regard to both timing and cost savings. The previously communicated savings of SEK 65m will be realised during 2013.

The supply chain restructuring is proceeding according to plan. During the quarter, the factory in Aura, Finland, was closed and the property was divested. The factory in Alingsås was also sold during the quarter. The products that were manufactured in Aura have thus been moved to the receiving factories. Two of the three factories (Alingsås and Aura) affected by the restructuring programme have been closed and their production transferred. At present, equipment is being installed in Ljungsbro, Sweden, and Levice, Slovakia, in order to take over production from Gävle. The factory in Gävle, Sweden, is planned to be closed in the first quarter of 2014.

During the quarter, we also completed the restructuring of our Scandinavian warehousing operations with the transfer of the warehouse in Malmö to the new outsourced facility in Helsingborg, Sweden. This is the same facility to which the warehousing operations in Norway and Denmark were previously moved.

In total, the previously announced supply chain restructuring will generate savings of SEK 100m towards the end of 2014.

Our performance in the first quarter reinforces my belief that we are on the right track. We have essentially completed the integration process as planned and the factory restructurings are also proceeding according to plan. The focus in the coming quarter will therefore be on completing the factory restructurings and continuously drive our business by developing, marketing and selling our products.

Bengt Baron,
President and CEO

Financial overview

THE FINANCIAL YEAR

This interim report includes the consolidated financial statements of the Cloetta Group for the period from 1 January to 31 March 2013. Since Cloetta's acquisition of LEAF is accounted for as a reverse acquisition, the consolidated comparable figures up to 15 February 2012 are those for Cloetta Holland B.V. (formerly known as LEAF Holland B.V.). The consolidated comparable figures from 16 February 2012 onwards are those for both Cloetta Holland B.V. (formerly known as LEAF Holland B.V.) and the former Cloetta Group. For this reason, the comparative figures for the period are not entirely comparable. The comparable figures for the Parent Company are those for the legal acquirer, i.e. Cloetta AB. For the Parent Company, this interim report covers the period from 1 January to 31 March 2013 in accordance with the Parent Company's financial year.

FIRST QUARTER DEVELOPMENTS

Acquisitions and divestments

In the first quarter the factories in Aura, Finland, and Alingsås, Sweden, were sold. Three properties and a building were sold in Ljungsbro, Sweden.

Net sales

Net sales for the first quarter rose by SEK 43m to SEK 1,127m (1,084) compared to the same period of last year. The increase in net sales is attributable to the merger between Cloetta and LEAF, which took place on 16 February 2012. Underlying net sales declined by 3.3 per cent.

Sales were up in Sweden, the Netherlands and countries outside the home markets, while they were stable in Finland and Germany. Denmark and Italy accounted for most of the drop in sales. The decrease in sales in Denmark is due to the high sugar tax, which has induced a shift of purchasing to the border trade. However, Cloetta has also lost a large share of its sales to one of the major customers due to unresolved contract negotiations. The lower sales in Italy are attributable to persistently weak market conditions.

Changes in net sales, %	Jan–Mar 2013
Changes in exchange rates	–2.3
Structural changes	9.6
Organic growth	–3.3
Total	**4.0**

Gross profit

Gross profit amounted to SEK 422m (386), which is equal to a gross margin of 37.5 per cent (35.5).

Operating profit

Operating profit was SEK 58m (6). The increase is attributable to lower items affecting comparability, synergies from the merger, factory restructurings and price increases implemented during 2012.

Underlying EBIT

Underlying EBIT amounted to SEK 91m (47). The increase is driven by synergies from the merger, factory restructurings and price increases.

Items affecting comparability

Operating profit for the first quarter includes total items affecting comparability of SEK –33m (–53). These consist of costs for the merger between Cloetta and LEAF and factory restructurings.

Net financial items

Net financial items for the quarter amounted to SEK –9m (–118). The improvement is mainly a result of lower interest expenses on loans from former shareholders in LEAF. These loans were converted into equity on 15 February 2012, for which reason no interest arose in the first quarter of 2013. Total interest on these loans in the first quarter of last year amounted to SEK –56m. In addition to the impact of the lower interest expenses, net financial items were positively affected by exchange differences on borrowings and cash in an amount of SEK 37m (4). The positive effect was also caused by lower amortisation of financing costs in an amount of SEK –5m (–25).

Profit for the period

Profit for the period was SEK 36m (–119), which is equal to basic and diluted earnings per share of SEK 0.12 (–0.49). Income tax for the period was SEK –13m (–7).

CASH FLOW FROM OPERATING AND INVESTING ACTIVITIES

Cash flow for the first quarter

Cash flow from operating activities for the first quarter totalled SEK –16m (–35). The improvement is explained by the positive impact of the operating profit of SEK 52m and was further strengthened by lower interest expenses amounting to SEK 26m. This was partly offset by lower cash flows from changes in working capital, which decreased from SEK 10m last year to SEK –36m this quarter, and other cash flows from operating activities, which decreased by SEK 13m. Cash flow from operating and investing activities for the first quarter totalled SEK –39m (40).

Working capital

Cash flow from changes in working capital was SEK –36m (10). The decrease is mainly due to lower cash flows resulting from the effects of a higher inventory level consisting of building safety stocks related to the closure of the Aura plant during the first quarter, which was partly offset by an increase in cash flows from trade and other receivables and a decrease in a cash flows from trade and other payables.

Investments

Cash flow from investing activities was SEK –23m (75). The increased spending on investing activities is attributable to property, plant and equipment for an amount of SEK 21m related to the factory restructuring. This was partly offset by higher cash inflows from disposed assets. Cash flow from the merger in the first quarter 2012 resulted in a one-time cash inflow of net SEK 99m.

FINANCIAL POSITION

Consolidated equity at 31 March 2013 amounted to SEK 3,283m (2,425), which is equal to SEK 11.4 per share (11.0). Net debt at 31 March 2013 was SEK 3,019m (4,277).

Non-current borrowings totalled SEK 2,380m (2,162) and consisted of SEK 2,428m (2,192) in gross loans from credit institutions and SEK –48m (–30) in capitalised financing costs.

Total current borrowings amounted to SEK 888m (2,352) and consisted mainly of SEK 360m (442) in gross loans from credit institutions, SEK –19m (–7) in capitalised financing costs, SEK 542m (480) in a credit overdraft facility, SEK 0m (27) in interest payable and a vendor note loan of SEK 0m (1,410).

The short-term gross loans from credit institutions consist of a short-term repayment obligation for the remainder of 2013 and the first quarter of 2014.

SEKm	31 Mar 2013	31 Mar 2012[1]	31 Dec 2012
Gross non-current borrowings	2,428	2,192	2,571
Gross current borrowings	360	442	360
Credit overdraft facility	542	480	406
Derivative financial instruments	15	21	24
Vendor loan note	–	1,410	–
Interest payable	–	27	1
Gross debt	**3,345**	**4,572**	**3,362**
Cash and cash equivalents	–326	–295	–306
Net debt	**3,019**	**4,277**	**3,056**

1 Adjusted for capitalised financing cost

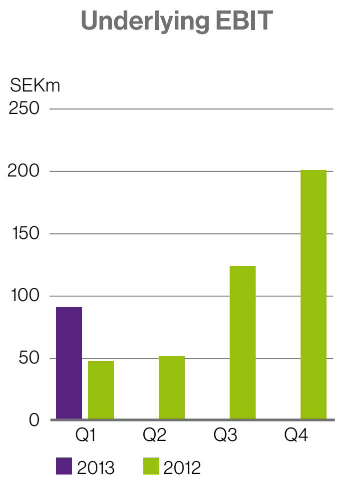
Cash and cash equivalents at 31 March 2013, excluding long-term unutilised overdraft facilities, amounted to SEK 326m (295).

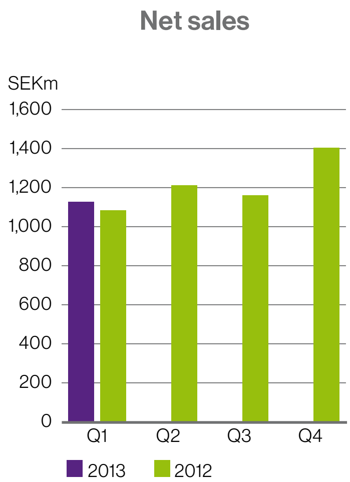
In addition to the above financing, Cloetta has unutilised overdraft facilities for a total of SEK 168m (50).

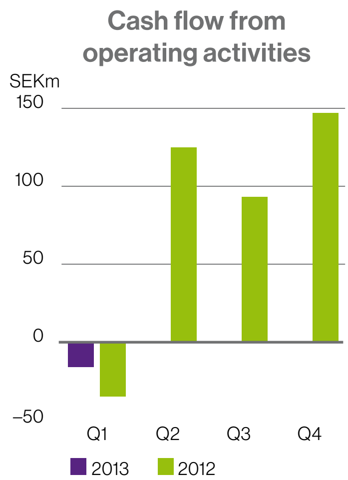
OTHER DISCLOSURES

Restructuring

In 2012, decisions were made to close the factories in Aura, Finland, and in Alingsås and Gävle, Sweden, in order to eliminate excess capacity in the Group's production structure. A decision was also made to rationalise warehousing operations in Scandinavia. The factories in Alingsås, Sweden, and Aura, Finland, were closed at the end of 2012 and the beginning of 2013, respectively. The rationalisation of warehousing operations in Scandinavia was completed in early 2013.







The factory closures will give rise to non-recurring costs of SEK 320–370m and are expected to generate annual savings of approximately SEK 100m at the EBITDA level towards the end of 2014.

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. Limited seasonal variation due to Easter holiday when comparing 2013 with 2012. In the fourth quarter, the seasonal variations are primarily related to the sale of products in Sweden and Italy in connection with the holiday season.

Employees

The average number of employees during the quarter was 2,410 (2,518). The decrease is due to the merger, restructuring and closures of the Alingsås and Aura plants.

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.

Annual General Meeting

The Annual General Meeting (AGM) was held on Thursday, 11 April 2013, at Hotel Rival, Mariatorget 3 in Stockholm. The Board of Directors and the Chairman were re-elected. One new Board member, Lilian Fossum Biner, was elected.

Dividend

The AGM resolved that no dividend would be paid. The resolution was in line with board proposal.

Amendments to the Articles of Association

The AGM also approved the Board´s proposed amendments to the Articles of Association, including removal of the class C shares. An amendment was also made so that if a holder of class A shares requests that the company convert the shareholder´s class A shares to class B shares, such conversion shall take place with no possibility for the other holders of class A shares to exchange class B shares for class A shares.

Introduction of a long-term share-based incentive plan

The AGM approved the Board's proposal regarding the introduction of a long-term share-based incentive plan (LTI 2013). LTI 2013 covers approximately 68 employees, consisting of the group management team and other key employees. To participate in LTI 2013, a personal shareholding in Cloetta is required. Following a defined vesting period, the participants will be allocated class B shares in Cloetta free of charge provided that certain conditions are fulfilled. In order for so-called matching share rights to entitle the participant to class B shares in Cloetta, continued employment with Cloetta is required and the personal shareholding in Cloetta must be continuously maintained. In addition, allocation of class B shares on the basis of performance share rights requires the attainment of two performance targets, one of which is related to Cloetta's EBITA and the other to Cloetta's net sales value. The maximum number of class B shares in Cloetta which may be allocated under LTI 2013 shall be limited to 1,920,000 (subject to possible recalculation), representing approximately 0.7 per cent of the outstanding shares and 0.5 per cent of the outstanding votes.

Cash flow from operating and investing activities

	First quarter		Full year
SEKm	Jan–Mar 2013	Jan–Mar 2012[1]	Jan–Dec 2012
Cash flow from operating activities before changes in working capital	20	–45	156
Cash flow from changes in working capital	–36	10	174
Cash flow from operating activities	**–16**	**–35**	**330**
Cash flows from investments in property, plant and equipment and intangible assets	–54	–43	–269
Other cash flow from investing activities	31	118	–1,237
Cash flow from investing activities	**–23**	**75**	**–1,506**
Cash flow from operating and investing activities	**–39**	**40**	**–1,176**

1 The cash flow statements for Q1 2012 has been restated after the final purchase price allocation.

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, 29 April 2013
Cloetta AB (publ)

The Board of Directors

The information in this interim report has not been reviewed by the company's auditors.

Selection of key product launches during Q1

Sweden
Ahlgrens Bilar Fruktkombi
Läkerol Throat Lozenges
TOY Sweetmint

The Netherlands
Sportlife Frozen Arcticmint
Sportlife Mint
Red band Crazy Mix
Red band Happy Mix

Italy
Dietorelle
Saila Xtreme

Finland
TV Mix Special Edition
TV Mix POP
Polly Rocks

Norway
Läkerol Dark Humor

Denmark
Malaco Solstrejf

Financial statements (in summary)

Consolidated profit and loss account

SEKm	First quarter Jan–Mar 2013	First quarter Jan–Mar 2012	Rolling 12 Apr 2012–Mar 2013	Full year Jan–Dec 2012
Net sales	1,127	1,084	4,902	4,859
Cost of goods sold	–705	–698	–3,164	–3,157
Gross profit	**422**	**386**	**1,738**	**1,702**
Other operating income	7	–	20	13
Selling expenses	–206	–222	–872	–888
General and administrative expenses	–165	–158	–709	–702
Operating profit	**58**	**6**	**177**	**125**
Exchange gains/losses on borrowings and cash and cash equivalents in foreign currencies	37	4	53	20
Other financial income	9	2	12	5
Other financial expenses	–55	–124	–221	–290
Net financial items	**–9**	**–118**	**–156**	**–265**
Profit/loss before tax	**49**	**–112**	**21**	**–140**
Income tax expense	–13	–7	61	67
Profit/loss for the period	**36**	**–119**	**82**	**–73**
Profit/loss for the period attributable to:				
Owners of the Parent Company	**36**	**–119**	**82**	**–73**
Earnings per share, SEK				
Basic and diluted[1, 2]	0.12	–0.49	0.28	–0.26
Number of shares at end of period[2]	288,619,299	220,681,378	288,619,299	288,619,299
Average numbers of shares[2]	288,619,299	241,382,746	287,872,729	276,132,021

1 Comparative earnings per share are not fully representative for the current group due to rights issue carried out in the second quarter of 2012.
2 The number of shares for the comparative figures has been restated for the rights issue.

Consolidated statement of comprehensive income

SEKm	First quarter Jan–Mar 2013	First quarter Jan–Mar 2012	Full year Jan–Dec 2012
Profit/loss for the period	**36**	**–119**	**–73**
Other comprehensive income			
Remeasurement of defined benefit pension plans	37	0	–100
Income tax on remeasurement of defined benefit pension plans	–8	0	30
Items that cannot be reclassified to profit or loss for the period	**29**	**0**	**–70**
Currency translation differences	–108	29	–68
Income tax on currency translation differences	–	–	–
Items that have been reclassified or can be reclassified to profit or loss for the period	**–108**	**29**	**–68**
Total other comprehensive income	**–79**	**29**	**–138**
Total comprehensive income, net of tax	**–43**	**–90**	**–211**
Total comprehensive income for the period attributable to:			
Owners of the Parent Company	–43	–90	–211

Items affecting comparability

SEKm	First quarter Jan–Mar 2013	First quarter Jan–Mar 2012	Rolling 12 Apr 2012–Mar 2013	Full year[2] Jan–Dec 2012
Restructuring[1]	–33	–18	–287	–272
Other	–	–35	–2	–37
Total	**–33**	**–53**	**–289**	**–309**
Corresponding line in the Consolidated profit and loss account:				
Net sales	–	–	–1	–1
Cost of goods sold	–11	–15	–117	–121
Other operating income	7	–	20	13
Selling expenses	–	–	–13	–13
General and administrative expenses	–29	–38	–178	–187
Total	**–33**	**–53**	**–289**	**–309**

1 As of 2013 factory restructuring and integration will be combined.
2 Includes non-cash capital losses on the divestments of the distribution business in Belgium and Denmark Ejendomsselkab amounting to SEK 47m.

Consolidated balance sheet

SEKm	31 Mar 2013	31 Mar 2012[1]	31 Dec 2012
Intangible assets	4,994	5,051	5,099
Property, plant and equipment	1,589	1,694	1,611
Deferred tax asset	44	421	473
Derivative financial instruments	0	–	–
Other financial assets	86	90	88
Total non-current assets	**6,713**	**7,256**	**7,271**
Inventories	799	725	773
Current receivables etc	747	962	955
Cash and cash equivalents	326	295	306
Total current assets	**1,872**	**1,982**	**2,034**
Assets held for sale	20	41	35
TOTAL ASSETS	**8,605**	**9,279**	**9,340**
Equity	**3,283**	**2,425**	**3,326**
Borrowings	2,380	2,162	2,516
Deferred tax liability	409	826	824
Derivative financial instruments	0	8	3
Provisions	423	333	463
Total non-current liabilities	**3,212**	**3,329**	**3,806**
Borrowings	888	2,352	747
Derivative financial instruments	15	12	21
Current liabilities	1,162	1,135	1,361
Provisions	45	26	79
Total current liabilities	**2,110**	**3,525**	**2,208**
TOTAL EQUITY AND LIABILITIES	**8,605**	**9,279**	**9,340**

1 The comparative figures have been adjusted for the impact of the early adoption of IAS19R. Reference is made to page 15 for a presentation of restate effects.

Consolidated statement of changes in equity

	First quarter		Full year
SEKm	Jan–Mar 2013	Jan–Mar 2012[2]	Jan–Dec 2012
Equity at beginning of period	**3,326**	**–385**	**–385**
Profit/loss for the period	36	–119	–73
Other comprehensive income	–79	29	–138
Total comprehensive income	**–43**	**–90**	**–211**
Transactions with owners			
Capital contribution			
- Loan conversion	–	3,441	3,441
- Contingent capital contribution to cover tax exposure	–	81	81
Business combinations[1]	–	–667	–667
Convertible debenture loan	–	10	10
Rights issue	–	35	1,057
Total transactions with owners	**–**	**2,900**	**3,922**
Equity at end of period	**3,283**	**2,425**	**3,326**
[1] The amount reported for business combinations in 2012 consists of:			
- The assessed value of the acquired Cloetta company		833	
- The issue in kind of class C shares (see change in equity of Parent Company)		2,556	
- The hypothetical repurchase of shares (reverse acquisition)		–4,056	
		–667	

2 The comparative figures have been adjusted for the impact of the early adoption of IAS19R. Reference is made to page 15 for a presentation of restate effects.

Consolidated cash flow statement

	First quarter		Full year
SEKm	Jan–Mar 2013	Jan–Mar 2012[1]	Jan–Dec 2012
Cash flow from operating activities before changes in working capital	20	–45	156
Cash flow from changes in working capital	–36	10	174
Cash flow from operating activities	**–16**	**–35**	**330**
Cash flows from investments in property, plant and equipment and intangible assets	–54	–43	–269
Other cash flow from investing activities	31	118	–1,237
Cash flow from investing activities	**–23**	**75**	**–1,506**
Cash flow from operating and investing activities	**–39**	**40**	**–1,176**
Cash flow from financing activities	**59**	**152**	**1,412**
Cash flow for the period	**20**	**192**	**236**
Cash and cash equivalents at beginning of period	306	97	97
Cash flow for the period	20	192	236
Exchange gains/losses on cash and cash equivalents	0	6	–27
Cash and cash equivalents at end of period	**326**	**295**	**306**

1 The cash flow statements for Q1 2012 has been restated after the final purchase price allocation.

Key figures

SEKm	First quarter Jan–Mar 2013	First quarter Jan–Mar 2012	Full year Jan–Dec 2012
Profit			
Net sales	1,127	1,084	4,859
Net sales, growth, %	4.0	3.9	4.3
Underlying net sales, growth, %	–3.3	–1.8	–4.1
Gross margin, %	37.5	35.5	35.0
Underlying EBITDA	134	91	597
Underlying EBITDA margin, %	11.9	7.8	12.3
Depreciation	–43	–35	–167
Underlying EBIT	91	47	423
Underlying EBIT margin, %	8.1	4.1	8.7
Amortisation	0	–1	–1
Items affecting comparability	–33	–53	–309
Operating profit (EBIT)	58	6	125
Operating profit margin (EBIT margin), %	5.2	0.5	2.6
Profit margin, %	4.4	–10.4	–2.9
Financial position			
Working capital[1]	484	638	458
Capital expenditure	–54	–43	–269
Net debt	3,019	4,277	3,056
Capital employed[2]	6,978	7,278	7,066
Return on capital employed, % (Rolling 12 months)	2.6	4.0	1.9
Equity/assets ratio, %	38.2	26.4	35.6
Net debt/equity ratio, %	92.1	175.0	91.9
Return on equity, % (Rolling 12 months)	2.5	–3.0	–2.2
Cash flow			
Cash flow from operating activities	–16	–35	330
Investments in non-current assets	–23	75	–1,506
Cash flow after investments	–39	40	–1,176
Cash conversion, %	60.5	53.6	54.9
Employees			
Average number of employees	2,410	2,518	2,579

1 Adjusted for amended definition (see page 16).
2 Capital employed is restated.

Quarterly data

SEKm	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Profit and loss account									
Net sales	1,127	1,404	1,159	1,212	1,084	1,371	1,124	1,120	1,043
Cost of goods sold	–705	–930	–730	–799	–698	–911	–679	–693	–628
Gross profit	**422**	**474**	**429**	**413**	**386**	**460**	**445**	**427**	**415**
Other operating income	7	9	4	–	–	1	–	–	–
Selling expenses	–206	–211	–185	–270	–222	–248	–203	–243	–221
General and administrative expenses	–165	–190	–158	–196	–158	–129	–113	–110	–121
Operating profit/loss (EBIT)	**58**	**82**	**90**	**–53**	**6**	**84**	**129**	**74**	**73**
Exchange gains/losses on borrowings and cash and cash equivalents in foreign currencies	37	39	–14	–9	4	–10	–2	–9	9
Other financial income	9	2	0	1	2	3	3	2	3
Other financial expenses	–55	–51	–46	–69	–124	–134	–139	–154	–172
Net financial items	**–9**	**–10**	**–60**	**–77**	**–118**	**–141**	**–138**	**–161**	**–160**
Profit/loss before tax	**49**	**72**	**30**	**–130**	**–112**	**–57**	**–9**	**–87**	**–87**
Income tax expense	–13	83	–17	8	–7	181	–4	23	–28
Profit/loss for the period	**36**	**155**	**13**	**–122**	**–119**	**124**	**–13**	**–64**	**–115**
Profit/loss for the period attributable to:									
Owners of the Parent Company	36	155	13	–122	–119	124	–13	–64	–115
Underlying EBIT[1]	91	201	124	51	47	194	152	106	70

1 Restated at new constant exchange rate.

Parent Company

Summary parent company profit and loss accounts

SEKm	First quarter Jan–Mar 2013	Jan–Mar 2012	Sep 2011–Mar 2012	Full year Sep 2011–Dec 2012
Net sales	11	13	21	72
Cost of goods sold	–	0	0	0
Gross profit	**11**	**13**	**21**	**72**
Other operating income/expense	6	–1	–1	–2
General and administrative expenses	–31	–21	–30	–110
Operating profit/loss	**–14**	**–9**	**–10**	**–40**
Net financial items	–8	–13	–13	38
Profit/loss before tax	**–22**	**–22**	**–23**	**–2**
Appropiations	–	–	–	4
Income tax expense	5	6	6	–2
Profit/loss for the period	**–17**	**–16**	**–17**	**0**

Summary parent company balance sheets

SEKm	31 Mar 2013	31 Mar 2012	31 Dec 2012
ASSETS			
Non-current asset	**4,629**	**4,632**	**4,633**
Current assets	**92**	**89**	**156**
TOTAL ASSETS	**4,721**	**4,721**	**4,789**
EQUITY AND LIABILITIES			
Equity	**4,199**	**3,177**	**4,216**
Untaxed reserves	**–**	**4**	**–**
Non-current liabilities			
Borrowings	287	–	343
Provisions	–	1	0
Total non-current liabilities	**287**	**1**	**343**
Current liabilities			
Borrowings	216	–	214
Current liabilities	19	1,539	16
Total current liabilities	**235**	**1,539**	**230**
TOTAL EQUITY AND LIABILITIES	**4,721**	**4,721**	**4,789**
Pledged assets	4,623	4,087	4,623
Contingent liabilities	2,999	3,168	2,945

Parent company statement of changes in equity

SEKm	Jan 2013–Mar 2013	Sep 2011–Dec 2012
Equity at beginning of period	4,216	592
Profit/loss for the period	–17	0
Rights issue	–	1,057
Issue in kind of class C shares, acquisition of LEAF Holland B.V	–	2,556
Convertible debenture loan	–	11
Equity at end of period	**4,199**	**4,216**

Disclosures, risk factors and accounting policies

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 2013 to 31 March 2013. Net sales in the Parent Company reached SEK 11m (13) and referred mainly to intra-group services. Operating profit was SEK –14m (-9). Net financial items totalled SEK –8m (–13). Profit before tax was SEK –22m (–22) and profit after tax was SEK –17m (–16). Cash and cash equivalents and short-term investments amounted to SEK 9m (29).

The Cloetta share

During the period from 1 January to 31 March 2013, a total of 44,242,780 shares were traded for a combined value of SEK 656m, equal to around 16 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 31 March 2013 was SEK 17.00 and the lowest was SEK 13.30. The share price on 31 March 2013 was SEK 17.00 (last price paid). During the period from 1 January to 31 March 2013, the NASDAQ OMX Stockholm PI index rose by 9 per cent.

Cloetta's share capital at 31 March 2013 amounted to SEK 1,443,096,495. The total number of shares is 288,619,299, consisting of 9,861,614 class A shares and 278,757,685 class B shares, equal to a quota value of SEK 5 per share.

Shareholders

On 31 March 2013 Cloetta AB had 4,786 shareholders. The principal shareholder was AB Malfors Promotor, with a holding corresponding to 40.5 per cent of the votes (39.9 per cent after full exercise of the outstanding options programme issued by the three principal shareholders) and 22.2 per cent of the share capital in the company. Other institutional investors held 53.1 per cent of the votes and 69.5 per cent of the share capital.

Cidron Pord S.á.r.l., which is owned by Nordic Capital Fund V, held shares corresponding to 16.3 per cent of the votes and 21.3 per cent of the share capital, and Godis Holdings S.á.r.l., which is owned by funds under the advisorship of CVC Capital Partners, held shares corresponding to 12.9 per cent of the votes and 16.8 per cent of the share capital in the company.

Related party transactions

AB Malfors Promotor, Cidron Pord S.á.r.l. and Godis Holdings S.á.r.l are considered to be related parties. Yllop Holding S.A. was considered to be a related party until the second quarter 2012. Buying and selling of goods and services between Cloetta and the principal shareholders are regarded as related party transactions. During the quarter Cloetta AB sold a property to Phlisa Metall AB, a subsidiary of AB Malfors Promotor, for a value of SEK 6m, generating a profit of SEK 3m. The property was sold at market value.

The Parent Company has related party transactions with subsidiaries in the Group. The majority of such transactions refer to the sale of services, which for the period from January 2013 to March 2013 amounted to SEK 11m (13), equal to 100 per cent of each period's total sales. At 31 March 2013 the Parent Company's receivables from subsidiaries amounted to SEK 155m (28) and liabilities to subsidiaries amounted to SEK 69m (102). Transactions with related parties are priced on market-based terms.

Segment reporting

An operating segment is an identified part of a group that engages in business activities from which it may earn revenues and incur expenses for which discrete financial information is available. The results of operating segments are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its short- and long-term financial performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The CEO, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

In the Cloetta Group, four regions (Finland, Scandinavia, Middle and South) have been identified as the Group's operating segments. The vast majority of sales take place within the sugar confectionary markets of Western Europe, which are comparable. It is management's goal to optimise production efficiency through homogeneity in the production processes in the Group's different production facilities, regardless of their locations. Because the Group has only sales in the segments for sugar confectionary, chocolate products, chewing gum and pastilles, the Group's markets and types of customers are similar. Furthermore, the Group has an integrated distribution network and supply chain organisation. The identified operating segments are therefore assessed to have similar economic characteristics.

As a result of the similarities between the different regions, the operating segments have been aggregated into one reportable segment for purposes of financial reporting.

Taxes

In the first quarter of 2013 no major events have taken place with an impact on the Group's effective tax rate. The effective tax rate for the first quarter of 2013 is 26.1 per cent, compared to 47.6 per cent for the full year 2012. Cloetta's deferred tax balances have been measured according to the enacted tax rates.

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 report for 2012 and consist of industry and market-related risks, operational risks and financial risks. Compared to the annual report for 2012, which was issued on 15 March 2013, no new risks have been identified.

ACCOUNTING POLICIES

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 2013. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, has been applied.

The consolidated interim report is presented in accordance 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.

The same accounting and valuation methods have been applied as in the most recent annual report. The only items recognised at fair value after initial recognition are the single currency interest swaps categorised at level 2 of the fair value hierarchy in all periods presented, as well as assets held for sale. The fair values of the financial assets (loans and receivables) and liabilities measured at amortised cost are approximately equal to their carrying amounts. For the single currency interest swaps, reference is made to the financial position paragraph on page 4.

For detailed information about the accounting policies, see Cloetta's annual report for 2012 at www.cloetta.com.

Key impact on financial information due to change in accounting policy

IAS 19R is applied with effect from 1 January 2012. As a consequence of the application of IAS 19R, the Q1 2012 comparative figures have been restated for Equity (SEK 19m), other provisions (SEK 25m) and deferred tax assets (SEK 6m).

Changed accounting standards

The company has applied the revised IAS 1 and IFRS 13 with effect from Q1 2013. The changes in these standards have not had any impact on recognition or measurement, but have affected the presentation of OCI and some additional disclosure requirements through the revision of IAS 34. The changes in IFRS 10, IFRS 11 and IFRS 12 which have been endorsed by the EU and are effective as of 1 January 2014 have not yet been adopted by the company.

Definitions

General	All amounts in the tables are presented in SEK millions unless otherwise stated. All amounts in brackets () represent comparable figures for the same period of the prior year, unless otherwise stated.
Margins	
EBIT margin:	EBIT expressed as a percentage of net sales.
EBITDA margin:	EBITDA expressed as a percentage of net sales.
Gross margin:	Net sales less cost of goods sold as a percentage of net sales.
Operating margin:	Operating profit expressed as a percentage of net sales.
Return	
Cash conversion:	Underlying EBITDA less capital expenditures as a percentage of underlying EBITDA.
Return on capital employed:	Operating profit plus financial income as a percentage of average capital employed.
Return on equity:	Profit for the period as a percentage of total equity.
Capital structure	
Capital employed:	Total assets less interest-free liabilities (including deferred tax).
Equity/assets ratio:	Equity at the end of the period as a percentage of total assets.
Interest-bearing liabilities:	Total non-current and current borrowings, including pensions and other long-term employee benefits.
Gross debt:	Gross current and non-current borrowings, credit overdraft facility, derivative financial instruments and interest payables.
Net debt:	Gross debt less cash and cash equivalents.
Net debt/equity ratio:	Net debt at the end of the period divided by equity at the end of the period.
Third-party borrowings:	Total non-current and current borrowings excluding loans to former shareholders and finance lease liabilities.
Working capital:	Total inventories and trade and other receivables adjusted for trade and other payables.
Data per share	
Earnings per share:	Profit for the period divided by the average number of shares.
Other definitions	
EBIT:	Operating profit or earnings before interest and taxes.
EBITDA:	Operating profit before depreciation and amortisation.
Items affecting comparability:	Items affecting comparability refer to non-recurring items.
Net sales, change:	Net sales as a percentage of net sales in the comparative period of the previous year.
Underlying net sales, EBIT, EBIT margin:	The underlying figures are based on constant exchange rates and the current structure (excluding the distribution business in Belgium and a third-party distribution agreement in Italy) and excluding items affecting comparability. Includes the former Cloetta's historical financial values for better comparability.

Exchange rates

	31 Mar 2013	31 Mar 2012	31 Dec 2012
EUR, average	8.4988	8.8462	8.6958
EUR, end of period	8.3470	8.8400	8.5750
NOK, average	1.1421	1.1669	1.1643
NOK, end of period	1.1132	1.1632	1.1667
GBP, average	9.9100	10.6159	10.7435
GBP, end of period	9.8898	10.6276	10.5215
DKK, average	1.1395	1.1898	1.1682
DKK, end of period	1.1200	1.1882	1.1495

Financial calendar

2013	Jan		
	Feb		
	Mar		
	Apr	Interim report Q1 2013	29 April 2013
	May		
	Jun		
	Jul	Interim report Q2 2013	19 July 2013
	Aug		
	Sep		
	Oct		
	Nov	Interim report Q3 2013	14 November 2013
	Dec		
2014	Jan		
	Feb	Year-end report 2013	14 February 2014

The information in this interim report is such that Cloetta is required to disclose in accordance with the Securities Market Act. The report was released for publication at 1:00 p.m. CET on 29 April 2013.

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About Cloetta

Cloetta, founded in 1862, is a leading confectionary company in the Nordic region, the Netherlands and Italy. In total, Cloetta products are sold in more than 50 countries worldwide. Cloetta owns some of the strongest brands on the market, such as Läkerol, Cloetta, Jenkki, Kexchoklad, Malaco, Sportlife, Saila, Red Band and Sperlari. Cloetta has 10 production units in five countries. Cloetta's class B shares are traded on NASDAQ OMX Stockholm.

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

Cloetta

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