

**Candyking
Q1 report 2015**



**CANDY
KING®**

First quarter 2015



- Candyking's business is highly seasonal with Easter representing the strongest sales period during the year for our main markets Sweden and Norway. Last year Easter sales fell mainly in Q2 whereas this year it falls in Q1. This has a significant impact on operating result and, consequently, making a quarterly comparison on group level very difficult.
- Q1 volumes decreased by 9.6% compared to last year. Net sales declined by 3.7% to MSEK 428.1 (444.7). The decrease was 7.6% measured in constant currency. The sales development reflects the lost Coop contract in Sweden.
- Gross margin amounted to 32.4% (34.2%). Excluding the effects from the sugar tax in Denmark the gross margin was 36.1% (36.8%).
- The underlying EBIT amounted to MSEK 13.9 (9.9). The increase was mainly related to the Easter seasonality effect and continued positive development in Denmark and UK. Moreover cost savings have started to give a positive impact.
- Net financial items decreased by MSEK 25.9 to MSEK -14.0 (-39.9) in the first quarter, mainly due to decreased interest cost as a consequence of the conversion of shareholder loans to equity.
- The net loss amounted to MSEK -3.6 (-31.0) for the period.
- Cash flow from operating activities improved vs last year and amounted to MSEK -22.9 (-84.5), mainly due to lower working capital.
- Net debt amounted to MSEK 799.9 (793.1)
- The cooperation with Wilkinson, one of UK's leading High Street retailers, continues and an agreement was signed in March to continue their cooperation until end 2018.

MSEK	First quarter		
	Jan-Mar 2015	Jan-Mar 2014	Change, (%)
Volume (tonnes)	9,839	10,889	-9.6
Net Sales	428.1	444.7	-3.7
Net Sales constant currency*	428.1	463.2	-7.6
Underlying EBITDA**	27.1	24.9	8.7
Underlying EBIT**	13.9	9.9	40.2
Operating profit (EBIT)	13.8	3.7	272.9
Profit (loss) for the period	-3.6	-31.0	-
Cash flow from operating activities	-22.9	-84.5	n.a.
Net Debt***	799.9	793.1	0.9

Significant events after the end of the period

No significant events after the end of the period

*Group consolidated in fixed fx rates. Current period's fx rates applied on previous period.

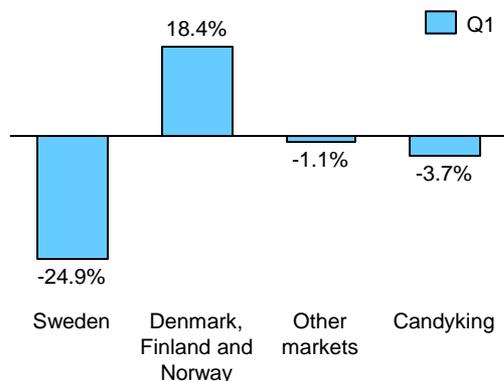
** **Underlying profitability measures:** Recognized earnings measurement including reversals of total non recurring items of MSEK 0.1 (of which MSEK 0.1 effected EBITDA).

***The definition of Net debt changed in the Q2 2014 report to exclude Vendor notes. Net debt is now defined as interest bearing debt, less cash and cash equivalent. With the old definition net debt is MSEK 834.2 (825.9)

Candyking segments



Year-on-year net sales growth



Sweden

In the first quarter, the volume decreased by 24.6% and the net sales by 24.9%. This due to lost market share, mainly Coop which was de-installed in January. Sales were positively affected by the Easter market and can not be fully compared with last year. The competition is tough in the Swedish confectionery market, with the number of direct competitors increasing over time. Moreover the competition from the pre-packed confectionery section has intensified, mainly through continuous heavy campaigning activities. Price increases have started to give effect and the Swedish krona has stabilized, however on a low level. The snacks market is growing, and the like-for-like sales were positive in Q1. The roll-out of the new revamped Parrots concept was started at the end of Q1.

Denmark, Finland & Norway

The volume increased by 12.4% and net sales by 18.4% in the first quarter. Measured in fixed exchange rates net sales increased by 13.3%. Sales in the first quarter was affected by the Easter seasonality in Norway. The Easter deliveries have been in line with last year. Denmark continued to grow with both new (Nordisk Film) and existing customers (Coop, Rema & Dansk Supermarket). Sales in Finland decreased due to the lost central contract with S-group, which was phased out gradually in 2014.

Other Markets**

In the first quarter, volume decreased by 12.3% and net sales by 1.1%. In constant currency net sales decreased by 12.4%. The lower sales were primarily an effect of fewer price campaigns in the UK. In addition sales in the Polish market were lower than last year.

Net Sales per segment

MSEK	First Quarter		
	2015	2014	2014cc*
Sweden	141.7	188.7	188.7
Denmark, Finland and Norway	202.7	171.2	178.9
Other markets	83.7	84.7	95.6
Candyking	428.1	444.7	463.2

*Group consolidated in fixed fx rates. Current period's fx rates applied on previous period.** The Other Markets segment includes multinational customers, exports and operations in new markets where the pick & mix concept is relatively new and the penetration is less than 5% of the confectionery market

Consolidated quarterly data, profit and loss



MSEK	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Volume (tonnes)	9,839	10,523	9,670	10,951	10,889	11,590	10,611	8,932	12,130	10,728	9,409	9,036	11,682
Net Sales	428.1	448.0	415.9	460.0	444.7	470.0	427.6	368.8	494.5	459.2	394.5	390.7	503.6
Other operating income	3.3	4.0	1.7	3.9	2.1	3.5	2.0	3.0	4.9	3.0	4.2	1.1	4.8
Total income	431.4	452.0	417.6	464.0	446.7	473.5	429.6	371.9	499.4	462.3	398.7	391.8	508.4
Goods for resale	-289.4	-298.6	-270.3	-302.3	-292.7	-305.8	-275.2	-234.4	-310.3	-287.7	-253.2	-255.2	-327.8
Other external costs	-61.4	-57.4	-61.6	-64.7	-71.8	-97.9	-62.7	-60.6	-70.7	-75.3	-61.5	-62.9	-66.8
Personnel costs	-51.4	-56.2	-52.6	-61.6	-61.6	-62.6	-54.2	-58.6	-66.5	-62.5	-56.8	-69.6	-68.4
Depreciation and amortisation	-13.2	-18.4	-14.6	-17.6	-15.6	-17.6	-14.8	-14.8	-13.8	-17.3	-10.4	-10.7	-10.4
Other operating expenses	-2.2	-3.9	-0.9	-2.8	-1.3	-2.6	-0.9	-3.5	-3.4	-3.1	-4.1	-3.1	-1.2
Total operating costs	-417.6	-434.5	-399.9	-449.0	-443.0	-486.6	-407.8	-371.9	-464.7	-446.0	-386.1	-401.5	-474.6
Operating profit (EBIT)	13.8	17.5	17.7	15.0	3.7	-13.1	21.8	-0.1	34.7	16.3	12.6	-9.8	33.8
Non recurring items	-0.1	-4.0	-0.9	-4.3	-6.2	-41.4	-3.4	-3.7	-7.6	-13.3	-11.3	-10.8	-6.1
Underlying* EBITDA	27.1	36.2	33.3	34.3	24.9	43.0	39.8	18.2	55.8	46.9	34.3	11.7	50.3
Underlying* operating profit (EBIT)	13.9	21.5	18.6	19.3	9.9	28.3	25.3	3.7	42.4	29.6	23.9	1.0	39.8

*Underlying profitability measures: Recognized earnings measurement including reversals of total non recurring items.

Consolidated profit and loss



MSEK	First quarter	
	Jan-Mar 2015	Jan-Mar 2014
Net Sales	428.1	444.7
Other operating income	3.3	2.1
Total income	431.4	446.7
Goods for resale	-289.4	-292.7
Other external costs	-61.4	-71.8
Personnel costs	-51.4	-61.6
Depreciation and amortisation	-13.2	-15.6
Other operating expenses	-2.2	-1.3
Total operating costs	-417.6	-443.0
Operating profit	13.8	3.7
Net financial items	-14.0	-39.9
Profit (loss) before taxes	-0.2	-36.2
Taxes	-3.4	5.2
Net profit (loss) for the period	-3.6	-31.0
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Exchange differences arising from translating foreign operations	6.4	9.8
Total comprehensive income, net of tax	2.8	-21.2

Consolidated balance sheet



MSEK	31-mar-15	31-mar-14
Intangible assets	1,103.4	1,123.4
Tangible assets	98.6	111.5
Deferred tax assets	111.5	110.0
Financial non-current assets	4.3	4.1
Total non-current assets	1,317.9	1,348.9
Inventory	77.3	140.5
Accounts receivable	308.0	263.5
Derivate instruments	0.0	0.0
Tax receivables	0.9	1.3
Deferred tax receivables	0.0	0.0
Prepaid expenses, accrued income and other receivables	15.2	30.5
Cash and cash equivalents	20.8	46.3
Total current assets	422.3	482.1
TOTAL ASSETS	1,740.1	1 831.0

MSEK	31-mar-15	31-mar-14
Shareholders' equity	438.9	7.2
Borrowings	741.4	738.0
Derivate instruments	0.0	0.0
Liabilities to shareholders	110.7	523.4
Deferred tax liabilities	56.7	56.3
Pension obligations	4.3	4.1
Other liabilities	0.0	0.0
Total non-current liabilities	913.1	1 321.8
Borrowings	0.0	1.1
Derivate instruments	0.0	0.0
Bank overdraft facilities	25.2	0.0
Accounts payable	219.6	285.0
Other liabilities	61.2	100.3
Tax liabilities	3.1	1.6
Deferred tax liabilities	0.0	0.0
Accrued expenses and deferred income	79.1	114.1
Total current liabilities	388.2	502.0
TOTAL EQUITY AND LIABILITIES	1,740.1	1 831.0

Consolidated statement of changes in shareholders' equity in summary



MSEK	First quarter	
	Jan-Mar 2015	Jan-Mar 2014
Shareholders' equity at the beginning of the period	436.0	28.4
Profit (loss) for the period	-3.6	-31.0
Exchange-rate differences	6.4	9.8
Total comprehensive income	2.8	-21.2
Transactions with shareholders	0.0	0.0
Shareholders' equity at the end of the period	438.9	7.2

Consolidated cash flow statement

MSEK	First quarter	
	Jan-Mar 2015	Jan-Mar 2014
Operating profit before financial items	13.8	3.7
Depreciation and amortisation	13.2	15.6
Other non-cash items	0.3	0.1
Income tax paid	-1.0	-1.7
Cash flow from operating activities before changes in working capital	26.3	17.8
Changes in working capital	-49.2	-102.3
Cash flow from operating activities	-22.9	-84.5
Cash flow from investing activities	-8.3	-23.3
New share issue	0.0	0.0
Amortisation of loans	-0.2	-615.3
Borrowings	0.0	773.8
Received interest	0.1	0.1
Paid interest	-11.7	-15.7
Increase/decrease in current financial liabilities	25.2	5.9
Cash flow from financing activities	13.3	148.8
Cash flow from the period	-17.9	40.9

Parent company profit and loss in summary

MSEK	First quarter	
	Jan-Mar 2015	Jan-Mar 2014
Net Sales	0.0	0,0
Other operating income	20.2	13,2
Total income	20.2	13,2
Goods for resale	0.0	0.0
Other external costs	-6.3	-7.8
Personnel costs	-8.9	-12.2
Depreciation and amortisation	-0.5	-0.6
Other operating expenses	-0.3	-0.1
Total operating costs	-16.0	-20.7
Operating profit	4.2	-7.4
Net financial items	-9.3	-33.2
Profit (loss) before tax	-5.1	-40.6
Taxes	-1.4	6.5
Net profit (loss) for the period	-6.5	-34.2

Parent company balance sheet and statement of changes in shareholders' equity in summary



MSEK	31 Mar -15	31 Mar-14
Intangible assets	5.4	6.2
Tangible assets	0.0	0.1
Deferred tax assets	0.0	0.0
Financial non-current assets	1,482.1	1,493.8
Total non-current assets	1,487.5	1,500.1
Current assets	87.0	71.9
Total current assets	87.0	71.9
TOTAL ASSETS	1,574.5	1,572.0
Shareholders' equity	560.4	155.6
Non-current liabilities	852.1	1,272.5
Total non-current liabilities	852.1	1,272.5
Current liabilities	162.1	143.8
Total current liabilities	162.1	143.8
TOTAL EQUITY AND LIABILITIES	1,574.5	1,572.0

MSEK	31 Mar -15	31 Mar-14
Shareholders' equity	567.7	189.8
Profit (loss) for the period	-6.5	-34.2
Total comprehensive income	-6.5	-34.2
Merger difference	-0.8	0.0
Transaction with shareholders	0.0	0.0
Shareholders' equity at the end of the period	560.4	155.6

This report has not been reviewed by the Company's auditor

For more information please contact:

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About Candyking

Candyking was founded in 1984 and is the leading supplier of pick & mix in the Nordic region, the UK & Ireland and Poland. Candyking currently has more than 9,000 retail outlets and offers stores a turnkey concept that includes products, displays and accompanying store and logistic services. Candyking's confectionery concept and brands are Candyking, Karamellkungen, Premiyum and Candyking Favourites. In addition, Candyking is the leading pick & mix supplier of natural snacks in Sweden and Finland under the Parrot's brand. In 2014, the company had sales of about SEK 1.8 billion. More information is available at www.candyking.com