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Ljungsbro, December 16, 2011

Cloetta and LEAF to merge

New Cloetta becomes a Nordic confectionery leader

The Swedish confectionery companies Cloetta (ticker: CLA B) and LEAF today announced a merger of the two companies (the "Transaction"). The combined company will take the well established name of Cloetta and become a leading Swedish confectionery company with a strong base in the Nordic region as well as in Italy and the Netherlands. The new Cloetta will manage a portfolio of iconic brands and have pro forma net sales of SEK 5.7 billion and recurring EBITA of SEK 666 million[1].

Highlights of the merger include the following:

- Strong portfolio of iconic, local, long-established brands including Kexchoklad, Läkerol, Polly, Ahlgrens bilar, Plopp, Malaco and Cloetta in Scandinavia, Jenkki in Finland, Sperlari and Saila in Italy and Red Band and Sportlife in the Netherlands.
- Highly complementary combination of two strong companies, creating a full range of confectionery products by combining Cloetta's strength in the chocolate segment with LEAF's leading operations within the sugar confectionary segments.
- Significant value creation potential through strengthened strategic position and improved earnings potential. The merger is expected to be accretive to earnings per share for the shareholders of Cloetta.
- AB Malfors Promotor ("Malfors Promotor"), Cloetta's largest shareholder, to invest SEK 545 million in the Transaction, showing its strong commitment to the new Cloetta.
- The remainder of the rights issue connected to the Transaction will be fully underwritten by Malfors Promotor, CVC and Nordic Capital[2] without the charging of customary underwriting commission.
- Significant synergy potential in excess of SEK 65 million annually to be achieved within two years of closing of the Transaction. In addition, LEAF is currently in the process of finalizing a supply chain restructuring program expected to yield another SEK 45 million in annual cost savings as of Q1, 2012.
- Leading position in an attractive industry with stable earnings growth and strong cash flows.

Press conference - Today at 10.00 AM CET, at Summit Grev Turegatan 30 in Stockholm.
Call-in: +46 8 506 269 00, pin code: 807681#

[1] Pro forma for the twelve months ended August 31, 2011 excluding non-recurring items.
[2] Funds advised by CVC Capital Partners ("CVC") and Nordic Capital Fund V Limited ("Nordic Capital")

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It is the intention that Bengt Baron will be CEO and that Lennart Bylock will be Chairman of the Board of Directors[3] of new Cloetta. Bengt Baron is currently CEO of LEAF and has extensive experience in developing consumer brands. Lennart Bylock has a long track record of leadership in executive and board roles. Both Bengt Baron and Lennart Bylock were previously members of Cloetta Fazer's Board of Directors.

"Cloetta was founded nearly 150 years ago and has since then been deeply rooted in both our business values and local society. Our family, through Malfors Promotor, always has and always will act as a long-term owner in Cloetta. The proposed merger with LEAF should be seen from that perspective. Together with LEAF, we now place ourselves in a bigger context and can together build an even stronger company," said Olof Svenfelt, Chairman of the Board of Directors of Cloetta.

"This merger is a perfect match where we will unite iconic, local brands, from complementary categories with very few overlaps. The new Cloetta will offer a full range of strong brands, and a very strong route to market in the Nordic countries as well as in Italy and in the Netherlands. In an industry where the brand is nearly as important as the taste of the product, this transaction makes both industrial and strategic sense," said Bengt Baron, CEO of LEAF.

''We are delighted to see Cloetta and LEAF come together through this merger – the industrial logic is so compelling and we are proud to have contributed to the creation of a very strong and attractive brands company with exciting prospects'' said Hans Eckerström, Partner, Nordic Capital and Peter Törnquist, Partner, CVC

LEAF is currently owned by CVC and Nordic Capital and has been since 2005. Since the acquisition by CVC and Nordic Capital, LEAF has focused on developing and building brands and improving efficiency. Non-core businesses have also been divested.

The Transaction, valuing LEAF at SEK 6.8 billion on a cash and debt-free basis, will be financed through a fully underwritten rights issue, an issue in kind to LEAF's shareholders and bank financing. Upon completion of the transaction, Cloetta shareholders will hold 42.4 per cent[4] and LEAF shareholders 57.6 per cent of Cloetta's enlarged issued share capital. The Board of Directors of Cloetta believes that the Transaction offers significant value creation potential for Cloetta's shareholders and the merger is expected to be accretive to earnings per share. Shareholders representing 64 per cent of the share capital and 81 per cent of the votes in Cloetta have stated their support for the Transaction. Malfors Promotor, with a shareholding representing approximately 52 per cent of the share capital and 74 per cent of the votes in Cloetta, has undertaken to subscribe for its pro rata share in the rights issue and will underwrite the remaining part of the rights issue together with CVC and Nordic Capital (indirectly through LEAF Holding S.A.)[5]. The underwriting commitment by Malfors Promotor, CVC and Nordic Capital is done without the charging of customary underwriting commission.

As a consequence of the Transaction, the Board of Directors of Cloetta has decided to withdraw its proposal to the annual general meeting to pay out a dividend in cash of SEK 0.75 per share plus a bonus dividend of SEK 0.50 per share for the year 2010/2011.

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[3] Lennart Bylock will resign from Cloetta's Nomination Committee effective from Cloetta's annual general meeting on December 19, 2011.
[4] Assuming that the rights issue is fully subscribed for and that the underwriting commitments do not need to be utilized.
[5] Subject to customary terms and conditions.

The Transaction is conditional upon approval by the shareholders of Cloetta at an extraordinary general meeting (the "EGM") and approval by the relevant competition authorities. The EGM is expected to be held on or around February 15, 2012 in order for the shareholders of Cloetta to approve the Transaction, to resolve on the issue in kind and to authorize the Board of Directors of Cloetta to resolve on the rights issue.

Transaction summary

Merger of Cloetta and LEAF

- Cloetta, on the one hand, and the owners of LEAF, CVC and Nordic Capital, on the other (acting through LEAF Holding S.A.), have today entered into a sale and purchase agreement to create a confectionery leader in the Nordic region.
- The Transaction will be effected through a cash payment of SEK 1,500 million and the issue of C-shares (convertible into B-shares following the record date for the Rights Issue) equivalent to 57.6 per cent of the enlarged issued share capital of Cloetta including the Rights Issue to the owners of LEAF (the "Issue in Kind")[6]. The new Cloetta will also assume LEAF's existing net interest-bearing debt, which amounted to SEK 2,888 million as of August 31, 2011.
- The Transaction values LEAF at SEK 6.8 billion on a cash and debt free (enterprise value) basis implying an EV/EBITDA multiple of 9.0x for the twelve months ended August 31, 2011 ("2010/2011")[7]. The corresponding EV/EBITDA multiple, pro forma for the synergies arising from the Transaction and the additional cost savings from LEAF's supply chain restructuring program of in total SEK 110 million, is 7.8x.
- Closing of the Transaction is subject to clearance from the relevant competition authorities and shareholder approval at the EGM in Cloetta, to be held on or around February 15, 2012.
- As part of the Transaction, Malfors Promotor has agreed to convert part of its holding of A-shares to B-shares so that its share of the total votes in Cloetta, following the Transaction, will correspond to 39.9 per cent.

Financing of the Transaction

- The Transaction will be financed through a rights issue of approximately SEK 1,050 million with preferential rights for existing holders of A-shares and B-shares (the "Rights Issue"), fully underwritten by Malfors Promotor, CVC and Nordic Capital (indirectly through LEAF Holding S.A.) and through a five year credit facility of SEK 4.2 billion provided by Svenska Handelsbanken AB (publ). The credit facility will be used for the refinancing of existing interest bearing debt in LEAF, for the partial financing of the cash consideration in the Transaction as well as for general corporate purposes of the combined company.
- As a consequence of the Transaction, the Board of Directors of Cloetta has decided to withdraw its proposal to the annual general meeting to pay out a dividend in cash of SEK 0.75 per share plus a bonus dividend of SEK 0.50 per share for the year 2010/2011.

[6] The number of C-shares to be issued is dependent on the final terms of the rights issue.
[7] Cloetta shares valued at SEK 30.20, the closing share price on NASDAQ OMX Stockholm as of December 15, 2011. EV/EBITDA multiple is based on recurring EBITDA of SEK 760 million.

Ownership structure

- Upon completion of the Transaction and the ensuing Issue in Kind and Rights Issue, Malfors Promotor will hold 22.0 per cent of the share capital and 39.9 per cent of the votes in Cloetta, CVC will hold 33.0 per cent of the share capital and 25.4 per cent of the votes, Nordic Capital will hold 24.6 per cent of the share capital and 18.9 per cent of the votes and the minority shareholders in Cloetta will hold 20.4 per cent of the share capital and 15.7 per cent of the votes[8]. CVC's and Nordic Capital's shares will be held by newly established holding companies.

Shareholder support

- Shareholders representing 64 per cent of the share capital and 81 per cent of the votes in Cloetta, including the company's largest shareholder Malfors Promotor, have stated their support for the Transaction.

Exemption from mandatory bid

- The Securities Council (Sw. *Aktiemarknadsnämnden*) has granted Malfors Promotor and the shareholders of LEAF an exemption from the obligation to make a mandatory bid pursuant to the Swedish Public Takeover Act (Sw. *Lagen om offentliga uppköpserbjudanden*).[9]

Key dates and other considerations related to the Transaction

- The following table sets out indicative key dates for the Transaction, subject to customary competition clearance:

January 24	Information material to the EGM including complete terms and conditions of the Issue in Kind and the Rights Issue available
February 15	EGM in Cloetta
February 16	Expected closing of the Transaction; Issue in Kind of C-shares to LEAF shareholders executed
March	Subscription period for new shares in the Rights Issue

- To ensure full alignment between shareholders and the management team of new Cloetta, Malfors Promotor, CVC and Nordic Capital have agreed to use part of their shares to implement a management incentive program in the form of call options to enable the recruitment, motivation and retention of qualified managers. By using shares from the three main shareholders, no costs for the incentive programme will be incurred by the minority shareholders.

[8] Assuming that the Rights Issue is fully subscribed for and that the underwriting commitments do not need to be utilized and that Malfors Promotor converts part of its holding of A-shares to B-shares.
[9] AMN 2011:33

Background and rationale for the merger

Over the past three years Cloetta has focused on adapting the operations and organization to the new conditions resulting from the de-merger of Cloetta Fazer in 2008. Cloetta has over this period taken several measures to regain the market shares it had prior to the merger with Fazer, including rationalization of its product assortment and brand portfolio.

LEAF has over the same period gone through a shift in senior management and a refocusing of parts of the operations. This started with the recruitment of Bengt Baron as CEO in 2009, followed by the external hiring of three other members to the group management team during 2009-2010. The focus has been on a combination of growth oriented and cost efficiency aspects of the operations, including increased brand investments, streamlining of parts of the supply chain and product innovation.

The companies believe that the timing for the proposed Transaction is favourable and that the strategic, industrial and financial rationale for the merger is compelling. The merger is expected result in the following:

- A Nordic leader within the confectionery industry with pro forma net sales of SEK 5.7 billion 2010/2011, with leading positions also in Italy and the Netherlands
- A highly complementary combination from several perspectives:
    - full range of complementary products through Cloetta's strength in Chocolate and with LEAF's strength in Sugar confectionery and Refreshment (pastilles and chewing gum);
    - broadened know-how within the areas of R&D, technology and other proprietary processes;
    - stronger route to market, mainly in the Nordic region; and
    - the complementary product segments and the increased scale of the new Cloetta, will enhance its attractiveness among both customers and suppliers.
- The potential for significant annual cost and efficiency synergies in excess of SEK 65 million to be achieved within two years of closing of the Transaction. The main sources of the expected synergies are:
    - increased efficiencies and streamlining within the commercial organization in Scandinavia;
    - potential in-sourcing of production;
    - increased efficiency within the supply chain
    - capitalizing on LEAF's existing strong route to market; and
    - reduction of overhead and administration expenses.

  In addition to the estimated cost synergies, LEAF is in the process of finalizing the closure of its factory in Slagelse, Denmark, and moving production to Levice, Slovakia. The restructuring is expected to be finalized during Q1, 2012 and estimated additional cost savings amount to SEK 45 million annually. Thus, the aggregate annual cost savings potential from the cost synergies and the ongoing LEAF restructuring amounts to SEK 110 million.

In arriving at the proposed mix of consideration and financing a number of important factors have been taken into account. The most important factors are:

- Maintaining a significant share of the share capital and votes for Cloetta's shareholders also post the Issue in Kind to LEAF's shareholders, i.e. to minimize the ownership dilution for Cloetta's shareholders
- Available means to participate in the Rights Issue by Cloetta's shareholders
- Expected return on equity in Cloetta post the Issue in Kind and the Rights Issue

- Available bank financing
- Free float of the Cloetta shares on NASDAQ OMX Stockholm after the Rights Issue

The proposed financing of the Transaction implies that the new Cloetta would have had a pro forma net debt as at 31 August, 2011, of SEK 3,197 million. This is equivalent of 3.8x pro forma net debt/EBITDA for 2010/2011[10] and 3.4x net debt/EBITDA including full realisation of cost and efficiency synergies and LEAF's restructuring. This level of gearing is higher than the new Cloetta's long-term target of not exceeding 2.5x net debt/EBITDA. The two companies, however, believe that the stable and mature nature of the confectionery industry and the strong cash flow generation capabilities of the new Cloetta will provide the means to meet the gearing target in approximately three years from closing of the Transaction. Furthermore, the new bank financing agreement provides for additional headroom to covenants. For further information on the new bank financing, see "Bank financing".

The new Cloetta

The preliminary pro forma financial information in this section is based on the financial statements of Cloetta[11] and LEAF for the twelve months ended August 31, 2011 which have been prepared in accordance with IFRS. The financials for LEAF have been restated to conform to Cloetta's fiscal period and have not been audited. The financials for LEAF have been converted from EUR to SEK at an exchange rate of SEK/EUR 9.1. The pro forma non-financial data is based on non-audited management information from Cloetta and LEAF. Due to the relative sizes of the two companies and the terms of the Transaction, the Transaction will be accounted for as a reverse acquisition.

The pro forma financial information provided in this section should not be considered indicative of the actual results of operations and financial position that would have been achieved had Cloetta and LEAF been a combined company during the relevant period nor should it be considered indicative of future operating results or financial position.

The new Cloetta will be a leading confectionery company in the Nordic region and will also have leading positions in Italy and the Netherlands. In total, new Cloetta products will be sold in more than 50 markets worldwide. New Cloetta will have pro forma net sales of SEK 5.7 billion, recurring EBITA of SEK 666 million and about 2,800 employees.

Brands and segments

New Cloetta will have a unique portfolio of strong local heritage brands. Many of the brands date back to the first half of the 20th century, and are often perceived as local icons. Some of the most well-known brands include Kexchoklad, Malaco, Center, Läkerol, Polly, Ahlgrens bilar, Jenkki, Tupla, Sperlari, Saila, Red Band and Sportlife.

New Cloetta's 10 largest umbrella brands account for approximately 60 per cent of pro forma net sales. The combined company will focus on its own brands, meaning that distribution of brands other than brands owned by the company, or production of private label products, will continue to be very limited.

New Cloetta will produce and sell products within three main categories: Chocolate, Sugar confectionery and Refreshment (pastilles and chewing gum).

[10] Based on pro forma recurring EBITDA 2010/2011 excluding synergies.
[11] Based on the audited annual report for the year 2010/2011.

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Within the Chocolate category new Cloetta offers chocolate wafers, plates, countlines, pralines and dragees. Some of the most important chocolate brands are Kexchoklad, Polly, Center, Plopp, Sportlunch, Guldnougat, Tarragona, Sperlari and Tupla.

The Sugar confectionery category offers a wide range of products, including foam, wine gums, liquorice, toffees, hard boiled candy, chewy candy, toffee/fudge/caramel and lollypops. Sugar confectionery products are sold under the brands Malaco, Red Band, Sperlari, Ahlgrens bilar, Chewits, Juleskum, Venco, Galatine, Bridge Blandning and Dietorelle.

The Refreshment (pastilles and chewing gum) category consists of pastilles and chewing gum. New Cloetta's largest pastilles brand will be Läkerol. Other strong pastille brands include Extra Starka, Mynthon, Saila, King, Sisu and Leijona. Chewing gum brands are Jenkki, Sportlife, Xylifresh, Läkerol, Saila and Toy.

In Italy, new Cloetta is also the leader in Sweeteners with the Dietor brand.

Countries and distribution

In total, new Cloetta's products will be sold in more than 50 markets. The four Nordic markets will account for 55 per cent of net sales. The largest market will be Sweden with 28 per cent of net sales. The Middle region, with the Netherlands, Belgium and Germany, will account for 19 per cent of net sales, Italy for 17 per cent of net sales, and the rest of the world, including UK, will account for 8 per cent of net sales.

New Cloetta has its own sales- and distribution organization in each of its 7 key markets, covering all major grocery chains as well as the impulse channels, i.e. petrol stations and convenience stores.

Supply chain

New Cloetta will have a supply chain organization with almost all production technologies needed for the company and will have 12 factories in 6 countries (3 in Sweden, 1 in Finland, 1 in Belgium, 2 in the Netherlands, 4 in Italy and 1 in Slovakia).

Board of Directors and Management

New Cloetta will be governed by a Board of Directors comprising nine members appointed by the shareholders' meeting. It is the intention that the CEO of new Cloetta will be Bengt Baron, the current CEO of LEAF. Furthermore, pursuant to the shareholders' agreement between Malfors Promotor, CVC and Nordic Capital, Lennart Bylock will be Chairman of the Board of Directors.

The new Cloetta will be domiciled in Ljungsbro, Sweden and have its group headquarters in Stockholm. LEAF's Scandinavian operations will be coordinated and integrated with the operations of Cloetta. The Scandinavian management team will draw key people from both Cloetta's and LEAF's Scandinavian organizations with the intention to achieve a balanced composition. Malfors Promotor, CVC and Nordic Capital have agreed to propose Lars Påhlson, currently president of LEAF Scandinavia, to head the Scandinavian operations of new Cloetta. The integration work will be led by an integration committee that will be appointed by the Board of Directors of new Cloetta. Cloetta's current CEO, Curt Petri, will retire in 2012.

Pro forma financial information

The pro forma financial statements below have been prepared in order to illustrate what certain profit and loss items (pro forma income statement) for Cloetta might have been, had the acquisition been performed as of September 1, 2010 and what the balance sheet position might have been at August 31, 2011 if the acquisition, financing and the rights issue had taken place at this date. The pro forma financial statements are solely intended to describe a hypothetical situation and have been produced solely for illustration purposes in order to provide information and are not intended to present the financial position or the income statement that the business would actually have achieved, had the acquisition, financing and rights issue taken effect on the reported dates; nor are they to show an actual financial position or the business' result at any future date or in any future period.

The pro forma financial information has not been audited or reviewed and is based on non audited or non reviewed financial information for LEAF and audited financial information for Cloetta. The accounting principles applied by both Cloetta and LEAF are IFRS. The pro forma financial information has been prepared as a reverse acquisition where LEAF is deemed to be the accounting acquirer. The assessment whether the transaction should be accounted for as a reverse acquisition can finally be determined after closing. If the transaction is not treated as a reverse acquisition the assets, liabilities and equity can change considerably.

The pro forma balance sheet has been based on Cloetta's closing share price on December 15, 2011 amounting to SEK 30.20. The group's final consolidated balance sheet will be based on Cloetta's share price on acquisition date (expected to take place on February 16, 2012). The pro forma financial statements are sensitive to changes in Cloetta's share price resulting in changes in equity and identifiable net assets and/or goodwill. The pro forma consolidated equity is also sensitive to currency fluctuations relating to LEAF's equity. These fluctuations mainly relate to changes in SEK/EUR exchange rates. The pro forma balance sheet is based on an SEK/EUR exchange rate of 9.1.

The pro forma consolidation referred to above deviates from IFRS in certain respects. No purchase price allocation has been performed in the pro forma financial information. The difference between the consideration transferred and the equity in Cloetta has been recognized as an effect of goodwill. A purchase price allocation will be performed after closing. If the renegotiated financing terms are deemed to be substantially different than the existing terms there may be an effect recognized in the consolidated profit and loss statement and consequently equity. These effects, if any, except for capitalized transaction costs, have not been considered in the pro forma financial information. Transaction costs have been considered in the pro forma balance sheet but not in the pro forma income statement (regarding pro forma balance sheet, please refer to the Notes).

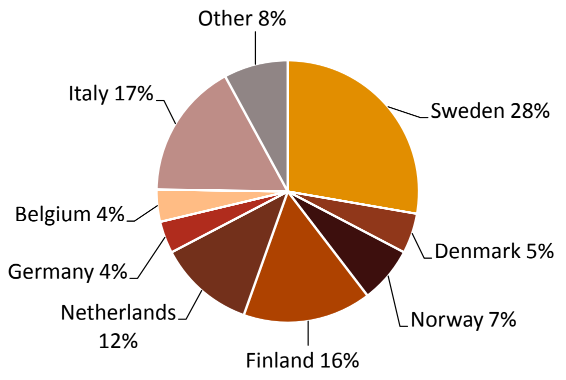
Pro forma key financials for the period September 1, 2010 – August 31, 2011

(SEK million)	Cloetta	LEAF	Pro forma
Net sales	987	4,728	5,715
Gross profit	283[12]	1,835	2,118
Gross margin	*28.7%*	*38.8%*	*37.1%*
Recurring EBITDA	77	760	837
Recurring EBITDA margin	*7.8%*	*16.1%*	*14.7%*
Recurring EBITA	22	644	666
Recurring EBITA margin	*2.2%*	*13.6%*	*11.7%*
Non-recurring items	5	-201	-196
Reported EBITDA	82	559	641
Reported EBITDA margin	*8.3%*	*11.8%*	*11.2%*
Reported EBITA	27	443	470
Reported EBITA margin	*2.7%*	*9.4%*	*8.2%*
Capital expenditures	-39	-177	-216
Cash conversion[13]	*49.4%*	*76.7%*	*74.2%*
Net interest-bearing debt	-246[14]	2,888	3,197[15]
Net debt/EBITDA (recurring)	*-3.2x*	*3.8 x*	*3.8x*[16]

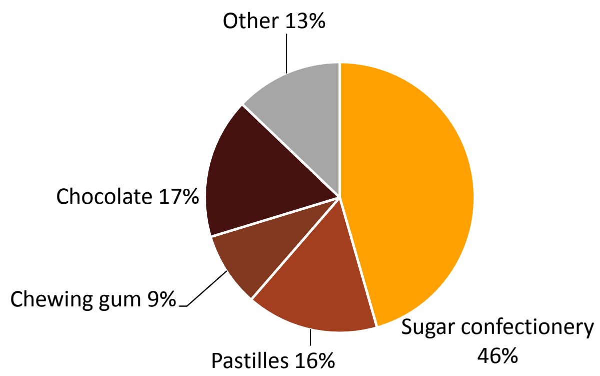
The non-recurring items in LEAF relate predominantly to the restructuring of the supply chain organisation (83 per cent). The remainder relates to the restructuring of the commercial organisation (17 per cent). The non-recurring costs relating to the closure of the factory in Slagelse amounts to SEK 135 million (81 per cent of the total non-recurring cost of the restructuring of the supply chain organisation). The implementation cost of a global ERP system amounts to SEK 5 million, which is 15 per cent of the total non-recurring cost of the restructuring of the commercial organisation.

12 Adjusted to harmonize with the accounting principles of LEAF.
13 Cash conversion is defined as recurring EBITDA less capital expenditures divided by recurring EBITDA.
14 Net cash position of SEK 246 million.
15 Pro forma net interest bearing debt includes increased interest bearing debt from the Transaction.
16 Does not include synergies or additional cost savings from LEAF's supply chain restructuring.

Pro forma net sales by geography[17]



Pro forma net sales by category[18]



Pro forma balance sheet as at August 31, 2011

(SEK billion)	Pro forma
Goodwill and other intangible assets	5.0
Other fixed assets	2.0
Total non-current assets	7.0
Other current assets	1.7
Cash and cash equivalents	0.6
Total current assets	2.3
Total assets	**9.3**
Equity	3.1
Deferred tax	0.8
Other provisions	0.3
Long term loans	3.2
Total long term liabilities	4.3
Short term loans	0.6
Other current liabilities	1.3
Current liabilities	1.9
Total equity and liabilities	**9.3**

Notes to the pro forma balance sheet

LEAF's capitalised financing costs as at 31 August 2011 amounting to SEK 44 million relating to LEAF's existing financing have in the pro forma balance sheet been expensed due to the refinancing. Estimated financing costs due to new financing and refinancing amounting to SEK 70 million have in the pro forma balance sheet reduced short and long term loans.

Estimated transaction and share issue expenses have reduced equity and cash by SEK 40 million.

Net debt has been defined as long and short term loans (excluding pensions) less cash and cash equivalents.

[17] Due to rounding the numbers in the charts may not tally.
[18] Other include mainly sweeteners, distribution and contract manufacturing.

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Outlook guidance

Cloetta will announce its results for the period September – November, 2011 on December 19. As for LEAF, raw material prices have increased substantially compared to the same period last year. To counterbalance these increases LEAF has increased prices towards its customers. These price increases will take effect in the coming months and will therefore have limited impact during September-December this year. In addition, LEAF continues to invest in its key brands and support product launches in the September-December period, in particular within chocolate and seasonal products. Finally, comparability is further impacted by the substantial forward buying ahead of the introduction of the confectionary tax in Finland on January 1, 2011. In total, these factors will lead to an operating income that is about 15% lower in September-December 2011 compared to the same period last year.

Strategy for the future

During the discussions preceding the Transaction, the Board of Directors and management teams of Cloetta and LEAF have held discussions on the future strategic direction for the new Cloetta. Based on these discussions a joint strategy has been developed and agreed on. The strategy is based on the following three key pillars:

- **Focus on volume growth and margin expansion.** New Cloetta will continue to focus on strong local heritage brands. The combined company will have a much stronger route to market in the Nordic region in particular which will facilitate growth in these markets. Growth will also be generated through brand extensions and cross border initiatives. Cross border initiatives will include efforts to leverage Cloetta's product segments in the different LEAF markets. In addition, focus will be on active price management, both from an input cost and profitability perspective. In the longer term the company will continue to evaluate selective M&A opportunities.
- **Focus on continuous cost effectiveness.** This includes the extraction of estimated cost and efficiency synergies arising from the Transaction and the savings from the supply chain restructuring in Slagelse, Denmark. General cost efficiencies from improved internal processes and systems including fact based management will also contribute. The merger implies that the new Cloetta will have almost all relevant production technologies in-house which creates added flexibility in product development and also potential for continued improvements in supply chain efficiency including procurement and value engineering within production and marketing.
- **Focus on people development.** Forming a joint culture and continuing to developing and retaining skilled employees will be key in the highly competitive market place. By applying best learning, the foundation for building a winning organisation is laid.

Financial targets of the new Cloetta

The three main owners in new Cloetta, Malfors Promotor, CVC and Nordic Capital, have discussed the following financial targets together with the management teams of Cloetta and LEAF. It is envisaged that the new Board of Directors will review and formally decide on these targets following the completion of the Transaction:

- **Organic sales growth** – The new Cloetta has the long-term intention to grow its organic sales at least in line with the market. The historical aggregated annual growth in the company's markets of operations has been approximately 2 per cent during 2006-2010[19]. The potential sales synergies created from the merger are expected to add to new Cloetta's overall sales growth in the medium to long-term.

[19] Data from Datamonitor.

- **EBITA margin** – The new Cloetta has an EBITA margin target of at least 14 per cent. The objective is to reach the new target following realization of full cost and efficiency synergies from the merger and completion of LEAF's supply chain restructuring program. The recurring EBITA margin for LEAF in 2010/2011 was 13.6 per cent and 2.2 per cent for Cloetta. The pro forma EBITA margin for the company was 11.7 per cent for 2010/2011.
- **Financial gearing** – The new Cloetta has a long-term financial gearing target not exceeding 2.5x net debt/EBITDA. The company will initially have a higher financial gearing level but expects, due to strong cash flow generation capabilities, to be able to reach its target level in approximately 3 years following the merger. The new Cloetta's initial net financial gearing level will be 3.8x net debt/recurring EBITDA based on the company's pro forma financials 2010/2011 and 3.4x net debt/EBITDA including full realization of SEK 65 million in annual cost and efficiency synergies and the additional cost savings of SEK 45 million annually from LEAF's ongoing supply chain restructuring.
- **Dividend policy** – During the first 3 years following the merger the key focus will be on reducing the company's financial gearing, and as a consequence, no dividend is expected to be paid out during this period. Once the financial gearing target has been achieved the new Cloetta has the intention to pay out 40-60 per cent of its net income as dividend over time. For further information, please see section "Bank financing" below.

Compelling logic underpinning the Transaction

The merger has a compelling industrial, strategic and financial rationale including:

- **Creation of leader in an attractive industry.** The merger of Cloetta and LEAF will create a leading Swedish confectionery company with a strong Nordic base and pro forma net sales of SEK 5.7 billion[20]. The merger will strengthen new Cloetta's position mainly in Sweden, Finland and Norway, achieving a doubling of net sales in Sweden and a substantial increase in Norway. The company will also hold leading positions in Italy and the Netherlands.

  The confectionery industry in Europe is mature and characterized by stable but relatively low growth. During the period 2006-2010 the confectionery markets where Cloetta and LEAF operate had an aggregated annual growth of approximately 2 per cent, and these markets grew each year during the period.
- **Highly complementary combination.** The merger between Cloetta and LEAF is highly complementary. The new Cloetta will offer a full range of confectionery products by combining Cloetta's strength in the Chocolate category with LEAF's leading operations within the Sugar confectionery category and the Refreshment (pastilles and chewing gum) category. This will strengthen the new Cloetta not only from a product offering perspective, but also in terms of R&D, production technology and product innovation capabilities. The new Cloetta will have "all" production technologies in-house, which will create added product development flexibilities. The Board of Directors of both companies believe that by combining Cloetta and LEAF a much stronger and more attractive company will be created, both from a customer and supplier perspective.
- **Leading positions in key categories and markets.** The new Cloetta will hold leading category positions in all its markets. The merger will also strengthen Cloetta's access to LEAF's core markets outside Sweden. Cloetta and LEAF believe that the confectionery industry will continue to consolidate and that scale is becoming increasingly important, in part due to retailers' increasing bargaining power and control of the supply chain and to some extent the growing portfolio of own retailer brands (private

[20] Pro forma for the twelve months ended August 31, 2011.

label). It should, however, be noted that private label is less prevalent in the confectionery industry relative to other parts of the food/grocery industry, due to the strong consumer preferences for branded products. This is also the reason why Cloetta and LEAF have very limited production of private label products. The merger provides the necessary scale for the new Cloetta to compete even more effectively in its segments and markets of operation. In addition, the merger creates potential for Cloetta to re-establish its chocolate business particularly in Finland, but also in Denmark and Norway.

- **Strong complementary portfolio of iconic brands.** Both Cloetta and LEAF have a portfolio of strong, local, long-established brands, which include market leaders such as Kexchoklad, Läkerol, Polly, Ahlgrens bilar, Center, Malaco, Jenkki and Tupla in the Nordic countries, Sperlari and Saila in Italy and Sportlife and Red Band in the Netherlands. The merger will strengthen the brand portfolio further due to very few product overlaps between the companies. The companies believe that the limited overlaps imply a low risk of negative sales synergies following the merger. The following table sets forth new Cloetta's top brands by sales 2010/2011. In total the top 5 umbrella brands account for approximately 50 per cent of new Cloetta's pro forma net sales.

Top umbrella brands in new Cloetta	Top product brands in the Nordic countries
1. Malaco	1. Läkerol
2. Cloetta	2. Kexchoklad
3. Läkerol	3. Jenkki
4. Red Band	4. Ahlgrens bilar
5. Sperlari	5. Gott & Blandat
	6. Mynthon
	7. Polly
	8. Center

- **Significant synergy and restructuring potential.** The Board of Directors of both Cloetta and LEAF believe that a combination of the two companies will provide the potential for cost and efficiency synergies in excess of SEK 65 million annually. Cloetta and LEAF expect that they will achieve the run-rate on these cost savings within two years of closing of the Transaction. Total non-recurring implementation costs of SEK 80 million are expected to be incurred during the first 12-24 months from closing of the Transaction. Furthermore, the Boards of Directors believe that there is significant potential also for sales synergies particularly in Sweden, Finland and Norway, but have currently not accounted for such sales synergies. The main sources of the expected annual synergies of SEK 65 million are:
    - increased efficiency within the commercial organization in Scandinavia
    - potential in-sourcing of production;
    - increased efficiency within the supply chain and capitalizing on LEAF's existing strong route to market
    - reduction of overhead and administration expenses mainly in Scandinavia

  In addition to the estimated cost and efficiency synergies, LEAF is in the process of finalizing the closure of its production facilities in Slagelse, Denmark and transfer of production to Levice, Slovakia. This restructuring is expected to be finalized during Q4, 2011. The estimated annual cost savings amount to SEK 45 million annually, and the full run-rate of such savings are expected to be achieved in Q1, 2012. The non-recurring cost relating to the closure in Slagelse amounts to SEK 135 million.

  Thus, aggregating the estimated cost synergies from the Transaction with the estimated savings from LEAF's ongoing supply chain restructuring, indicate total annual cost and efficiency synergies in excess of SEK 110 million, equivalent to approximately 1.9 per cent of 2010/2011 pro forma net sales for new Cloetta.

- **Stable earnings growth and strong cash flow generation.** Both Cloetta and LEAF have very strong market positions in their respective categories and markets. Due to the stable and mature nature of these markets, the management teams believe that the operational performance of both companies is stable from a cyclical perspective. Pro forma recurring EBITA in 2010/2011 amounted to SEK 666 million, equivalent to a recurring EBITA margin of 11.6 per cent. During the period 2008-2010 LEAF produced an annual recurring EBITA in the range of SEK 650-703 million, equivalent to a recurring EBITA margin of 12.8-13.8 per cent[21]. During the 2010/2011 pro forma period, LEAF achieved an operating recurring free cash flow[22] of SEK 584 million. Based on the expected interest cost in new Cloetta for the first 12 months post closing of the Transaction of approximately SEK 200 million and the pro forma recurring EBITDA for 2010/2011 of SEK 837 million, the interest cover ratio exceeds 4x[23].

  The Boards of Directors of both companies believe that the Transaction will further increase the current earnings base following the realization of the estimated cost and efficiency synergies and the supply chain restructuring within LEAF. Furthermore, the increased diversification, both from a category and geographical perspective, should create a more stable earnings base.

- **Experienced management team.** The Board of Directors of Cloetta and LEAF believe that the Transaction is complimentary also from a management perspective. The combination will augment the strong capabilities of both Cloetta and LEAF by employing a "best of both" approach, from sales and marketing to distribution and management. Following closing of the Transaction, it is the intention that Bengt Baron will assume the position as CEO for the new Cloetta. Bengt Baron has extensive experience from fast moving consumer products companies, having worked for Vin & Sprit (with brands such as Absolut Vodka), Kodak, Frionor and The Coca-Cola Company.

- **Creating value for Cloetta's shareholders.** The Board of Directors of Cloetta believes that the combination is compelling and will create significant value for the Cloetta shareholders based on the following factors:
  - size and scale of the operations will increase significantly, which are expected to benefit not only profitability and margins through the spreading of fixed costs on increased volumes, but also stability through wider geographical and category exposure
  - annual cost and efficiency synergies in excess of SEK 65 million, to be achieved within two years from closing of the Transaction, with estimated supply chain related savings within LEAF of an additional SEK 45 million annually by Q2, 2012
  - accretive to earnings per share for the shareholders of Cloetta
  - potential for further value from sales synergies and improved future growth prospects
  - increased market capitalization and free float for Cloetta is expected to yield positive interest for the company from the equity capital markets

[21] LEAF financials for the 12 months ended December 31 in 2008, 2009 and 2010 respectively, have been translated to SEK at an EUR/SEK exchange rate ratio of 9.66
[22] Operating free cash flow defined as recurring EBITDA less capital expenditures
[23] For more information on the new financing, please see "Bank financing".

The Transaction

The Transaction is expected to be implemented and financed in accordance with the following steps (subject to necessary approvals from relevant competition authorities):

1. The EGM, scheduled to be held on or around February 15, 2012, approves the Transaction, resolves on the Issue in Kind and authorizes the Board of Directors of Cloetta to resolve on the Rights Issue.
2. Cloetta acquires LEAF in consideration for cash and vendor loans of in total approximately SEK 1, 500 million and the issue of C-shares in Cloetta equivalent to 57.6 per cent of the enlarged issued share capital (including the Rights Issue).
3. By virtue of the authorization granted by the EGM, the Board of Directors of Cloetta resolves on an issue of A and B-shares in the amount of approximately SEK 1,050 million with preferential rights for the existing holders of A and B-shares in Cloetta.
4. Cloetta uses the net proceeds from the Rights Issue and part of the credit facility provided by Svenska Handelsbanken AB (publ) to repay the vendor loans to CVC and Nordic Capital.
5. CVC's and Nordic Capital's holding of C-shares will be convertible into B-shares after the record date of the Rights Issue.
6. Malfors Promotor converts part of its holding of A-shares to B-shares so that its share of the total votes in Cloetta, post conversion, will correspond to 39.9 per cent.

Following completion of the Transaction, Cloetta shareholders will hold 42.4 per cent and LEAF shareholders will hold 57.6 per cent of the enlarged issued share capital of Cloetta[24]. The Transaction values LEAF to SEK 6.8 billion on a cash and debt free (enterprise value) basis implying an EV/EBITDA multiple of 9.0x for 2010/2011[25]. The corresponding EV/EBITDA multiple, pro forma for the synergies arising from the Transaction and the additional cost savings from LEAF's supply chain restructuring program of in total SEK 110 million, is 7.9x.

Bank financing

The Transaction will partly be financed by a five year credit facility of SEK 4.2 billion provided by Svenska Handelsbanken AB (publ). The credit facility will be used for the refinancing of existing interest-bearing debt in LEAF, for the partial financing of the cash consideration in the Transaction as well as for general corporate purposes of the combined company. The financial gearing has been adjusted to get balanced ownership shares between the current and new shareholders of Cloetta and to ensure financial flexibility to execute company strategies. Under the credit agreement, new Cloetta is subject to certain covenant and dividend restrictions described in summary below.

- New Cloetta has a long-term financial gearing target of not exceeding 2.5x net debt/EBITDA. As the company initially will have a higher financial gearing level no dividends are expected to be paid out until the gearing target is met. This is in-line with the dividend restrictions also imposed by the credit agreement with Svenska Handelsbanken AB (publ).
- The credit agreement contains covenants covering total net debt/EBITDA, interest cover ratio and equity/total assets and will be reviewed on a quarterly basis. The new bank financing agreement provides for additional headroom to covenants.
- The interest margins stipulated by the credit agreement have been set according to a ratchet scale based on new Cloetta's net debt/EBITDA ratio. The estimated average interest rate on the debt in 2012 is in the range of 5.0-6.0 per cent and the total interest cost is expected to amount to

[24] Assuming that the Rights Issue is fully subscribed for and that the underwriting commitments do not need to be utilized.
[25] Cloetta shares valued at SEK 30.20, the closing share price on NASDAQ OMX Stockholm as of December 15, 2011. EV/EBITDA multiple is based on recurring EBITDA of SEK 760 million.

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approximately SEK 200 million. The pro forma interest cover ratio based on recurring EBITDA 2010/2011 thus exceeds 4x.

Issue in Kind

The Board of Directors of Cloetta will propose that the EGM resolves to issue C-shares with payment in kind in order to effect payment in accordance with the terms of the Transaction. One C-share will, following the record date for the Rights Issue and on the holder's request, be convertible into one B-share. The issue of new C-shares to the shareholders of LEAF as consideration will represent a total of 57.6 per cent of the share capital of Cloetta following the Rights Issue[26]. Holders of C-shares will not have preferential rights in the Rights Issue.

Rights Issue

The Board of Directors of Cloetta will propose that the EGM authorizes the Board of Directors to resolve on a Rights Issue in the amount of approximately SEK 1,050 million. The Rights Issue will be pursued as soon as practically possible following the closing of the Transaction and the net proceeds from the Rights Issue will be used to repay part of the vendor loan notes. The Rights Issue will be carried out with preferential rights for the existing holders of A and B-shares in Cloetta (A-shares for A-shares and B-shares for B-shares). The shareholders will be offered to subscribe for new shares in Cloetta in relation to the number of shares held on the record date for the Rights Issue. Subscriptions may also be submitted without preferential rights. The subscription period is expected to run in March, 2012 or such period as decided by the Board of Directors. Since the Issue in Kind will be made in the form of C-shares in Cloetta, and since holders of C-shares will not have preferential rights in the Rights Issue, the owners of LEAF will not be allotted any subscription rights in the Rights Issue. The Board of Directors will announce its proposal for the increase of the share capital, the number of new shares to be issued and the subscription price for the new shares in the Rights Issue on or around January 24, 2012.

Malfors Promotor, the largest shareholder of Cloetta, holding approximately 52 per cent of the share capital and 74 per cent of the votes in Cloetta, has undertaken to vote in favour of the Transaction and certain other resolutions connected to the Transaction at the EGM and subscribe for its pro rata share of the Rights Issue, equivalent to a new investment in Cloetta of at least SEK 545 million. In addition, Malfors Promotor and the main shareholders of LEAF, CVC and Nordic Capital (indirectly through LEAF Holding S.A.), have agreed to underwrite the remainder of the Rights Issue. Consequently, 100 per cent of the Rights Issue is committed and underwritten. The underwriting commitment by Malfors Promotor, CVC and Nordic Capital is done without the charging of customary underwriting commission.

Indicative timetable

Indicative dates for the Transaction and the Rights Issue are set out below:

January 16	Notice to the EGM in Cloetta
January 24	Information materials to the EGM held available at www.Cloetta.com
January 24	Subscription price, offer ratio and the number of C-shares to be issued to be announced in a press release
February 15	EGM in Cloetta

[26] Assuming that the Rights Issue is fully subscribed for and that the underwriting commitments do not need to be utilized.

February 16	Expected closing of the Transaction; Issue in Kind to LEAF shareholders executed
February	The Board of Directors resolves on the Rights Issue, making use of the EGM's authorization
March	Subscription period for new shares in the Rights Issue

Ownership structure

The following table sets forth information regarding the current ownership structure of Cloetta and the ownership structure as a result of the Transaction and the ensuing Issue in Kind and Rights Issue, subject to the approval of the EGM[27].

Ownership as of December 15, 2011

Name of owner	Per cent of capital	Per cent of votes
Malfors Promotor	51.9	74.3
Others	48.1	25.7
Total	100.0	100.0

Ownership as of December 15, 2011 after completion of the Issue in Kind (expected to take place on February 16, 2011)

Name of owner	Per cent of capital	Per cent of votes
CVC	48.4	42.6
Nordic Capital	36.1	31.8
Malfors Promotor	8.1	19.0
Others	7.5	6.6
Total	100.0	100.0

Ownership as of December 15, 2011 after completion of the Rights Issue[28]

Name of owner	Per cent of capital	Per cent of votes
Malfors Promotor	22.0	39.9
CVC	33.0	25.4
Nordic Capital	24.6	18.9
Others	20.4	15.7
Total	100.0	100.0

After implementation of the Transaction and taking into account the effects of the Issue in Kind and Rights Issue, Cloetta's shareholders will own 42.4 per cent of the enlarged issued share capital of the new Cloetta and the shareholders of LEAF will own 57.6 per cent. The exact number of shares owned by respective party is dependent on the final terms in the Rights Issue, which will be determined by the Board of Directors of Cloetta, subject to the authorization by the EGM. The percentage share of capital and votes will remain unchanged irrespective of the Rights Issue terms (assuming that the Rights Issue is fully subscribed for and that the underwriting commitments do not need to be utilized).

As part of the Transaction, Malfors Promotor has agreed to, in accordance with Cloetta's articles of association, convert part of its holding of A-shares to B-shares so that its share of the total votes in Cloetta, post conversion and on a fully diluted basis, will correspond to 39.9 per cent in a first stage and 33.34 per cent in a second

[27] The numbers in the tables are rounded and may not tally.

[28] Assuming that the Rights Issue is fully subscribed for and that the underwriting commitments do not need to be utilized and that Malfors Promotor converts part of its holding of A-shares to B-shares.

stage. Conversion to 39.9 per cent will occur immediately after completion of the Rights Issue. Conversion to 33.34 per cent will occur once new Cloetta reaches a net debt/EBITDA ratio at certain levels as defined in the credit facility agreement between Cloetta and Svenska Handelsbanken AB (publ) and coinciding with the time as new Cloetta is entitled to declare, make or pay any dividends.

Shareholder support

Shareholders - including Malfors Promotor - representing 64 per cent of the share capital and 81 per cent of the votes in Cloetta have stated their support for the Transaction.

Shareholders' agreement

As part of the Transaction, Cloetta's currently largest shareholder, Malfors Promotor, has entered into a shareholders' agreement with CVC, Nordic Capital and LEAF Holding S.A., the holding company through which CVC and Nordic Capital currently owns LEAF, in order to govern their relationship as shareholders in Cloetta.

The agreement governs, *inter alia*, the constitution of the Board of Directors of Cloetta. Cloetta will be governed by a Board of Directors comprising nine members appointed by the shareholders' meeting. Each of Malfors Promotor, CVC and Nordic Capital will, as long as they each individually have a shareholding representing no less than 10 per cent of the share capital in Cloetta, be entitled to nominate two Directors, and in addition, jointly nominate three Directors as independent Directors. The Chairman will be appointed among the independent Directors.

To ensure full alignment between shareholders and the management team of new Cloetta, Malfors Promotor, CVC and Nordic Capital have agreed to use part of their shares to implement a management incentive program in the form of call options to enable the recruitment, motivation and retention of qualified managers. By using shares from the three main shareholders, no costs for the incentive programme will be incurred by the minority shareholders.

Sell down restrictions and orderly sale arrangement

Pursuant to an agreement with Svenska Handelsbanken AB (publ), each of CVC and Nordic Capital has undertaken not to sell shares in Cloetta, if by such a sale its shareholding would fall to a level of representing less than 17 per cent and 23 per cent, respectively, of all shares in Cloetta. This sell down restriction will lapse 9 months following completion of the Transaction, or at such earlier point in time at which the net debt/EBITDA ratio of Cloetta reaches certain levels agreed with the bank.

Pursuant to the shareholders' agreement, Malfors Promotor has agreed not to dispose of any of its current shareholding in Cloetta for a period of two years after the completion of the Rights Issue. Furthermore, it is the intention of Malfors Promotor to remain an anchor investor in Cloetta in the long-term.

Pursuant to the underwriting agreement for the Rights Issue, CVC and Nordic Capital have agreed not to dispose of any shares in Cloetta during the 180 days following completion of the Rights Issue.

CVC and Nordic Capital have entered into an agreement that regulates sales of shares in Cloetta for an extended period of time. During such period, CVC and Nordic Capital will coordinate their sales of shares in Cloetta.

Exemption from the mandatory bid rule

In connection with the Issue in Kind, the shareholder of LEAF will temporarily achieve a shareholding representing more than 30 per cent of all votes in Cloetta (see tables under “Ownership structure”). Meanwhile, Malfors Promotor, currently holding 74.3 per cent of the votes, will temporarily hold less than 30 per cent of the votes in Cloetta. Also, Malfors Promotor, CVC and Nordic Capital can be considered as closely related parties as a result of the shareholders’ agreement. The Securities Council (Sw. *Aktiemarknadsnämnden*) has granted Malfors Promotor and the shareholder of LEAF an exemption from the obligation to make a mandatory bid pursuant to the Swedish Public Takeover Act (Sw. *Lagen (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*).[29]

Conditions

The Transaction is conditional upon (i) approval by the relevant competition authorities, and (ii) resolutions by the EGM to (a) approve the Transaction, (b) resolve on the Issue in Kind, and (c) authorize the Board of Directors to resolve on the Rights Issue.

Advisors

Cloetta is being advised by Handelsbanken Capital Markets and Cederquist in connection with the Transaction. LEAF and its shareholders are being advised by Sundling Wärn Partners and White & Case. Handelsbanken Capital Markets is acting as sole Lead Manager and Bookrunner in the Rights Issue.

Press conference

A press and analyst presentation will be given today, Friday December, 16, at 10:00 AM CET at Summit, Grev Turegatan 30, Stockholm. To participate via telephone please dial-in on +46 8 506 269 00, pin: 807681#.

The presentation will be held in Swedish and a webcast will be published on Cloetta’s website, where you can also view and listen to the conference afterwards on-demand.

Media inquiries, please contact:

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The information contained in this press release is such that Cloetta is required to disclose pursuant to the Swedish Financial Instruments Trading Act and/or the Swedish Securities Markets Act. The information was submitted for publication on December 16, 2011 at 08:30 a.m. CET.

About Cloetta

Founded in 1862, Cloetta is the oldest confectionery company in the Nordic region. The company’s key brands are Kexchoklad, Center, Plopp, Polly, Tarragona, Guldnougat, Bridge, Juleskum, Sportlunch and Extra Starka. Cloetta has two production units in Sweden, one in Ljungsbro and one in Alingsås. Cloetta’s B-shares have been traded on NASDAQ OMX Stockholm since 16 February 2009.

More information about Cloetta, including the annual report for 2010/2011, is available on www.cloetta.com.

[29] AMN 2011:33

Important notice

This press release is not an offer for subscription for shares in Cloetta. A prospectus relating to the Rights Issue referred to in this press release and the subsequent listing of new shares at NASDAQ OMX Stockholm will be prepared and filed with the Swedish Financial Supervisory Authority. After approval and registration of the prospectus by the Swedish Financial Supervisory Authority, the prospectus will be published and made available on, inter alia, Cloetta's website, subject to certain customary limitations arising from securities laws and regulations.

The distribution of this press release in certain jurisdictions may be restricted by law and persons into whose possession it or any part of it comes should inform themselves about and observe any such restrictions. The information in this press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of any securities of the company in any jurisdiction.

This press release does not constitute or form part of an offer or solicitation of an offer to purchase or subscribe for securities in the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration under the Securities Act or an exemption therefrom. No public offering of the securities referred to herein is being made in the United States. Copies of this announcement are not being, and may not be, distributed or sent, in whole or in part, directly or indirectly, into the United States, Australia, Canada, Hong Kong or Japan.

Handelsbanken Capital Markets is acting for Cloetta and no one else in connection with the Rights Issue and will not be responsible to anyone other than the company for providing the protections afforded to their respective clients or for providing advice in relation to the Rights Issue and/or any other matter referred to in this announcement.

Handelsbanken Capital Markets accepts no responsibility whatsoever and makes no representation or warranty, expressed or implied, for the contents of this announcement, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with Cloetta and the new shares, or the Rights Issue, and nothing in this announcement is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. Handelsbanken Capital Markets accordingly disclaims to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise which they might otherwise have in respect of this announcement or any such statement.

This press release has not been approved by any regulatory authority. This press release is not a prospectus and investors should not subscribe for or purchase any securities referred to in this press release except on the basis of information provided in the prospectus to be published by Cloetta on its website in due course.

European Economic Area

Cloetta has not authorized any offer to the public of shares or rights, as applicable, in any Member State of the European Economic Area other than Sweden. With respect to each Member State of the European Economic Area other than Sweden and which has implemented the Prospectus Directive (each, a "Relevant Member State"), no action has been undertaken to date to make an offer to the public of shares or rights requiring a publication of a prospectus in any Relevant Member State. As a result, the shares or rights, as applicable, may only be offered in Relevant Member States:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity meeting two or more of the following criteria: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43 million and (3) an annual net turnover of more than EUR 50 million, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances, not requiring the company to publish a prospectus as provided under Article 3(2) of the Prospectus Directive.

For the purposes hereof, the expression an “offer to the public of shares or rights, as applicable” in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares or rights, as applicable, to be offered so as to enable an investor to decide to purchase any securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

This communication is directed only at (i) persons who are outside the United Kingdom and (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) and (iii) to high net worth entities falling within Article 49(2) (a) to (d) of the Order (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Forward-Looking Statements

This press release contains forward-looking statements that reflect management’s current views with respect to certain future events and potential financial performance. Although Cloetta believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors. You are advised to read this announcement and, once available the prospectus and the information incorporated by reference therein, in their entirety for a further discussion of the factors that could affect the Cloetta’s future performance and the industries in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.

Appendix A – Additional information about LEAF

LEAF is a leading confectionery company focused on Sugar confectionery and Refreshment (pastilles and chewing gum). LEAF has a leading position in the Nordic countries, the Netherlands and Italy. LEAF is present in 7 of the 10 markets worldwide with the highest per capita consumption of sugar confectionery.

History, achievements and ownership

LEAF has its current origin in 2005, when CVC and Nordic Capital acquired the sugar confectionery division from CSM, a Dutch company. CSM had, during the 1980's and 1990's acquired several sugar confectionery companies in Europe. LEAF is today owned by CVC, Nordic Capital and management.

During its first years of new ownership, the company was restructured and focused. Underperforming and non-core business, factories and brands were closed or sold, the number of products was rationalized, packaging and sourcing of raw material was harmonized and an add-on investment with the Saila brand created access to the Refreshment (pastilles and chewing gum) category in Italy.

In 2009-2010, a new senior management, including the CEO, CFO, President Italy, President Operations and SVP Corporate Communications was appointed. Focus over the last two years has been on upgrading organizational capabilities, enhanced business planning, gross-to-net pricing, net profitability and more effective business management. In addition, the business in Italy has been turned around, supply chain restructuring has continued with the closure of two factories, and an investment in a new ERP and Business Intelligence system has been made.

Brands and Segments

LEAF has a unique portfolio of strong local heritage brands. Some of the most well-known brands include Läkerol, Malaco and Ahlgrens bilar in Sweden, Red Band and Sportlife in the Netherlands, Sperlari and Saila in Italy and Jenkki and Tupla in Finland.

LEAF's five largest brands account for approximately 50 per cent of total sales. LEAF focuses on its own brands, meaning that distribution of brands other than brands owned by the company, or production of private label products, is very limited.

LEAF produces and sells products within two main categories: Sugar confectionery and Refreshment (pastilles and chewing gum). LEAF is also the leader within Sweeteners and Seasonals in Italy. In addition, LEAF distributes some third party brands, primarily in Belgium with the Lutti brand and in Italy.

The Sugar confectionery category offers a wide range of products, including foam, wine gums, liquorice, toffees, hard boiled candy, chewy candy, toffee/fudge/caramel and lollypops. Sugar confectionery products are sold under the brands Malaco, Red Band, Sperlari, Ahlgrens bilar, Chewits, Venco, Galatine and Dietorelle.

The Refreshment category consists of pastilles and chewing gum. LEAF's largest pastilles brand is Läkerol. Other strong pastilles include, Mynthon, Saila, King, Sisu and Leijona. Chewing gum brands are Jenkki, Sportlife, Xylifresh, Läkerol and Saila.

In Italy, LEAF is the leader in the Sweeteners category with the Dietor brand.

Commercial operations

LEAF has commercial operations in Finland, Sweden, Norway, Denmark, the Netherlands, Belgium, Italy, Germany and the UK. Outside these core geographies, LEAF products are primarily sold through a network of distributors; these operations are centrally managed out of an Italy-based central back-office. In total, LEAF products are sold in more than 50 countries worldwide.

LEAFs own, local sales and distribution organization normally covers all major grocery chains as well as the impulse channels, i.e. petrol stations and convenience stores in the key markets. Marketing activities are handled locally, while overall category management and product development is handled centrally.

Supply chain

The LEAF manufacturing footprint consists of 11 factories in 6 countries; one in Sweden, one in Slovakia, two in the Netherlands, one in Belgium, one in Finland and four in Italy. The largest factory in Slagelse, Denmark is almost closed and production has been moved to the factory in Slovakia. LEAF produces most of its products in-house, but have suppliers for some technologies that are not available in-house, mainly chocolate products.

LEAF works with lean and value engineering in order to increase productivity. This has over the years substantially contributed to the improved performance of LEAF. In addition, LEAF also has a centralized procurement organization handling purchasing for all raw materials and packaging.

Organizational structure and management

LEAF is organized in a functional structure in which commercial and supply chain management are separated. The HR, Finance & Administration and ICT functions are based locally, operating as service centres to both the local commercial and supply chain organizations. Strategy formulation, overall category management, corporate communication, business planning and control, as well as some finance related activities such as tax, treasury, insurance and financial consolidation are provided by the LEAF headquarters.

LEAF's management team consists of ten people: the four regional commercial presidents for the regions Finland, Scandinavia (Sweden/Norway/Denmark), Middle (the Netherlands/Belgium/Germany) and Italy, the senior vice-president marketing (CMO), the senior vice president HR, the senior vice president Corporate Communications, the President Operations, the CFO and the CEO.

Historical financial performance of LEAF 2008-2010

The following financial information in respect of the periods ended December 31, 2008, 2009 and 2010 respectively have been extracted from LEAF's management reports[30]. The information is presented on the basis of LEAF's existing accounting policies and presented at a constant exchange rate SEK/EUR of 9.66.

(EUR million)	2008	2009	2010
Net sales	549	527	526
Growth	*1.8%*	*-3.9%*	*-0.3%*
Gross profit	205	196	205
Gross margin	*37.3%*	*37.2%*	*39.1%*
Recurring EBITDA	84	81	87
Recurring EBITDA margin	*15.3%*	*15.4%*	*16.5%*
Recurring EBITA	70	67	73
Recurring EBITA margin	*12.8%*	*12.8%*	*13.8%*
Non-recurring items	-16	-14	-19
Reported EBITDA	68	67	67
Reported EBITDA margin	*12.3%*	*12.7%*	*12.8%*
Reported EBITA	54	53	53
Reported EBITA margin	*9.8%*	*10.0%*	*10.2%*
Capital expenditures	-11	-10	-10
Cash conversion[31]	*86.9%*	*87.7%*	*88.5%*

LEAF proved to be resilient to the financial crisis in 2008-2009. Despite overall challenging macro-economic developments, LEAF has over the last three years been able to deliver a recurring EBITA between EUR 68 and 73 million, resulting in EBITA-margins around 13 per cent.

In 2009, net sales decreased by 3.9 per cent. The decrease was mainly related to the Middle region (the Netherlands, Belgium and Germany) and Italy. In the Middle region sales in chewing gum decreased, and in Italy de-stocking in the trade, based on the financial crisis, resulted in a net sales drop. In addition, the operations in UK changed to a distributor model, resulting in a negative impact on net sales. Scandinavia had a very positive sales development with growth of about 4 per cent, partly due to the Läkerol brand stretch in to chewing gum. Finland had a net sales development in line with previous year.

Recurring EBITA in 2009 decreased from EUR 70 million to EUR 67 million, predominately as a result of the decreased net sales. Non-recurring cost were mainly related to initiating the closure of the plant in Zola Pedrosa, Italy, initiating the restructuring in the Italian sales organisation as well as restructuring within Headquarters.

In 2010, net sales were in line with 2009. Scandinavia and Finland showed very positive sales growth of around 4 per cent, respectively. Sales growth in Finland was partly due to the introduction of a confectionery tax. Italy

[30] The difference between the presented figures in this section and the consolidated annual accounts of LEAF is currency exchange results and non-recurring holding costs.
[31] Cash conversion is defined as recurring EBITDA less capital expenditures divided by recurring EBITDA.

managed during 2010 to turn around the business, resulting in net sales growth. Net sales in the Middle region were down substantially, mainly as a result of a lost distribution contract (EUR 8 million) in Belgium.

Recurring EBITA showed a very positive development and grew from EUR 67 million to EUR 73 million in 2010. Positive sales development in Scandinavia and Finland (ahead of the introduction of a confectionary tax in 2011) in combination with continued efficiency measures in supply chain and overall favourable raw material prices contributed to the positive EBITA development. During the year non-recurring costs were mainly related to the finalization of the closure of the Zola Pedrosa plant in Italy, initiating the closure of the Slagelse plant in Denmark as well as finalising the restructuring of the Italian business.