

Press Release

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Cloetta Fazer continues Nordic growth

Sales of Cloetta Fazer's 12 prioritised brands remained strong with 5 per cent growth in the third quarter, although overall third quarter sales fell by 4 per cent to SEK 709 million. In the Nordic market, sales rose by 1 per cent to SEK 652 million. Non-Nordic sales declined as a result of restructuring measures in Poland. Operating profit excluding restructuring charges was SEK 87 (101) million, with the decrease in earnings mainly attributable to the Swedish market. Finland has shown continued strong development in both sales and profit.

"In the Swedish market, severe price pressure caused a year-over-year drop in profit despite higher sales," says CEO Karsten Slotte. "The ongoing restructuring of production also contributed to weaker earnings."

Sales for the first 9 months reached SEK 2,098 (2,102) million. In the Nordic market, sales increased by 3 per cent to SEK 1,912 (1,855) million. Sales of the 12 prioritised brands were up by 8 per cent.

"Innovation is a vital driver for growth in the confectionery business, and we have shaped our strategy accordingly. In 2005 Cloetta Fazer has launched more new products than ever before. This has clearly contributed to growth in the Nordic market and my assessment is that these launches in already popular brand families will help us to boost long-term sales and further strengthen our brands," says Karsten Slotte.

The closure of our Polish subsidiary is proceeding according to plan. A selection of the prioritised brands will continue to be sold in Poland through the new sales organisation that was deployed in September.

The average number of employees has decreased to 1,828 (2,003).

About Cloetta Fazer

The Cloetta Fazer Group is the Nordic region's leading confectionery company, with a market share of around 22 per cent. The company has production facilities in Sweden and Finland. Cloetta Fazer's strength lies in its many popular brands, such as Fazer Blue, Kexchoklad, Dumle, Geisha, Polly and Center. The average number of employees is around 1,800 and annual sales in 2004 amounted to approximately SEK 3 billion.

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