

## Press Release

10 February 2006

### Cloetta Fazer reports growth in sales but drop in earnings

**Cloetta Fazer's fourth quarter sales improved by 5 per cent to SEK 973 (922) million. Sales for the full year totalled SEK 3,071 (3,024) million. In the Nordic market, Cloetta Fazer's sales were up by 4 per cent to SEK 2,816 million, while non-Nordic sales declined.**

**Operating profit before non-recurring items for the fourth quarter reached SEK 138 million, down by SEK 26 million compared with the same period last year. Operating profit for the full year, excluding non-recurring items, was SEK 369 (418) million, which is a decrease of 12 per cent.**

"We have invested heavily in marketing of our prioritised brands, which is vital in meeting intensifying competition and price pressure. Relocations in production have also led to a short-term cost increase," says CEO Karsten Slotte, "but in a longer perspective, these marketing and production initiatives will pay off."

Cloetta Fazer's 12 prioritised brands showed continued strong performance during the year. All in all, sales of these brands grew by 10 per cent and for the first time account for more than 50 per cent of total sales. A number of new product launches within the Top 12 brand families contributed to the year's positive trend. In Finland, Fazer Blue increased by 24 per cent and Marianne Crisp was successfully launched under this brand in 2005. Kexchoklad sales rose 18 per cent in Sweden and were extended with a bagged min-bar.

"Cloetta Fazer's greatest strength lies in our popular and well known brands, and this is a top priority for us," adds Karsten Slotte. "The intention is to continuously create new products in these brand families as a means for delivering added value to our customers and consumers."

Non-Nordic sales decreased following the closure of the Polish subsidiary. Cloetta Fazer has set up a new sales force in Poland.

"The year's efforts were devoted to creating a competitive and standardised product range for the non-Nordic markets. Internationally, the single largest product campaign was aimed at promoting Geisha. The Russian market remains interesting and in the past year we increased our emphasis there," concludes Karsten Slotte.

The average number of employees has decreased to 1,801 (1,981).

#### 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 2005 amounted to approximately SEK 3 billion.*

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