

Press Release

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Cloetta Fazer reports higher sales in fourth quarter

Sales for the fourth quarter rose 2 per cent to SEK 994 (973) million. Fourth quarter operating profit before one-time items was SEK 136 (138) million, equal to an operating margin of 13.7 (14.2) per cent. Sales of the prioritised brands were up by 10 per cent. The Board proposes a dividend of SEK 6.50 (6.00).

Sales for the full year reached SEK 3,074 (3,071) million. Cloetta Fazer increased its market shares in both Sweden and Finland. Net profit increased to SEK 262 (246) million and operating profit excluding restructuring charges was SEK 353 (369) million, equal to an operating margin of 11.5 (12.0) per cent.

The slight decrease in profit for the quarter was caused by higher manufacturing costs and continued price pressure, primarily in Sweden.

“In 2006 we launched more product innovations than ever before and these accounted for a significant share of all new confectionery products in our markets,” says Cloetta Fazer’s recently appointed CEO Jesper Åberg. “This power of innovation will be a valuable driver for future growth and we have several exciting product launches lined up for 2007.

“Last year’s major production transfers and large number of new product launches led to delivery problems and a subsequent drop in sales, and we also felt the effects of higher manufacturing costs. In 2007 our focus will be on optimising efficiency”, he adds.

“Since 1 January, sales in Poland are handled by the distributor with whom we signed an agreement December,” continues Jesper Åberg. “The strong sales growth in Denmark and Norway were satisfying and development in the Baltic countries was also positive. As of 2007 we will also sell our products through a wholly-owned subsidiary in Russia, where we have set up local sales units in Moscow and St. Petersburg. The Baltic countries, Russia, Norway and Denmark have high priority for the future.”

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 Karl Fazer, Kexchoklad, Dumle, Geisha, Polly and Center. The average number of employees is around 1,600 and annual sales amount to approximately SEK 3 billion.

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