



Cloetta

Q1 2021 result – 23 April 2021

Henri de Sauvage-Nolting, President/CEO

Frans Rydén, CFO

Nathalie Redmo, IR

Key messages Q1 2021

- Quarter with growth for Branded packaged products
- Pick & mix still negatively impacted by Covid-19, despite Easter
- Progress on roadmap Pick & mix to profitability
- Execution of e-commerce and sustainability strategies
- Launch of innovations supporting important consumer trends
- Focus on VIP+ cost program; creating Global Shared Service Centers
- Refinancing of the Group for up to four years
- Decision to invest SEK 130m in carton packaging technology

”Disruptive launches for growing consumer trends.”



Agenda

1. Sales results

2. Financials

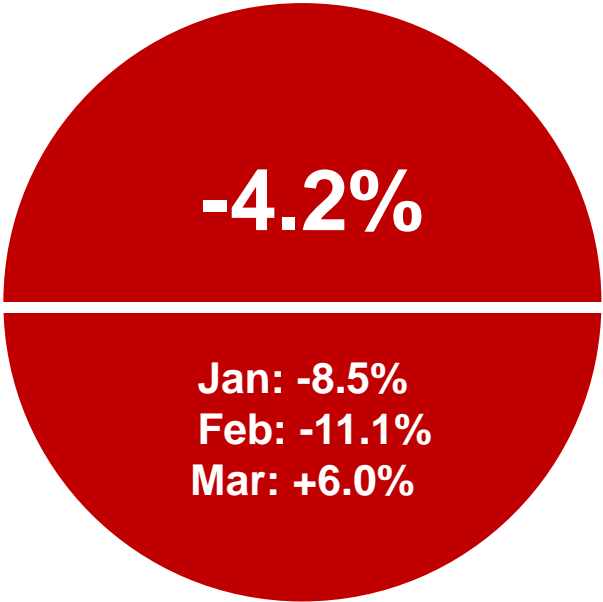
3. Strategic update

4. Q&A

Cloetta

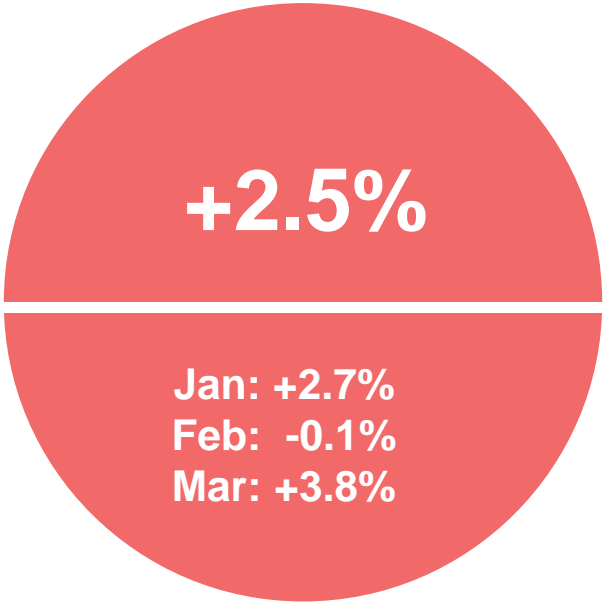
Q1 2021: Growth in Branded packaged

Total
Organic sales growth



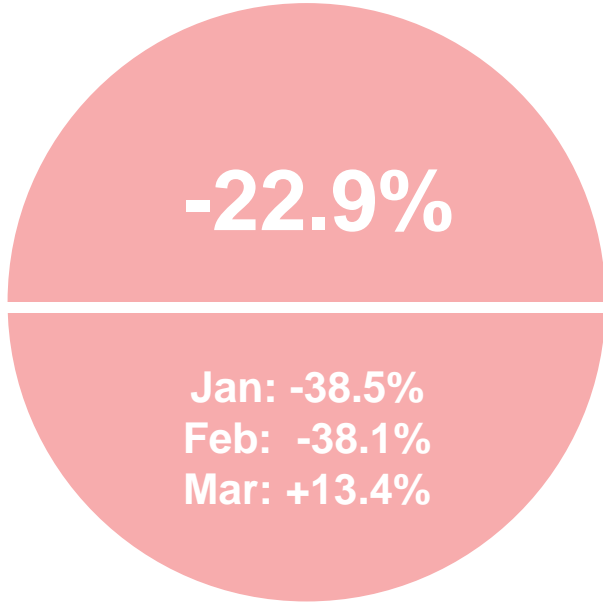
Monthly organic sales growth

Branded packaged products
Organic sales growth



Monthly organic sales growth

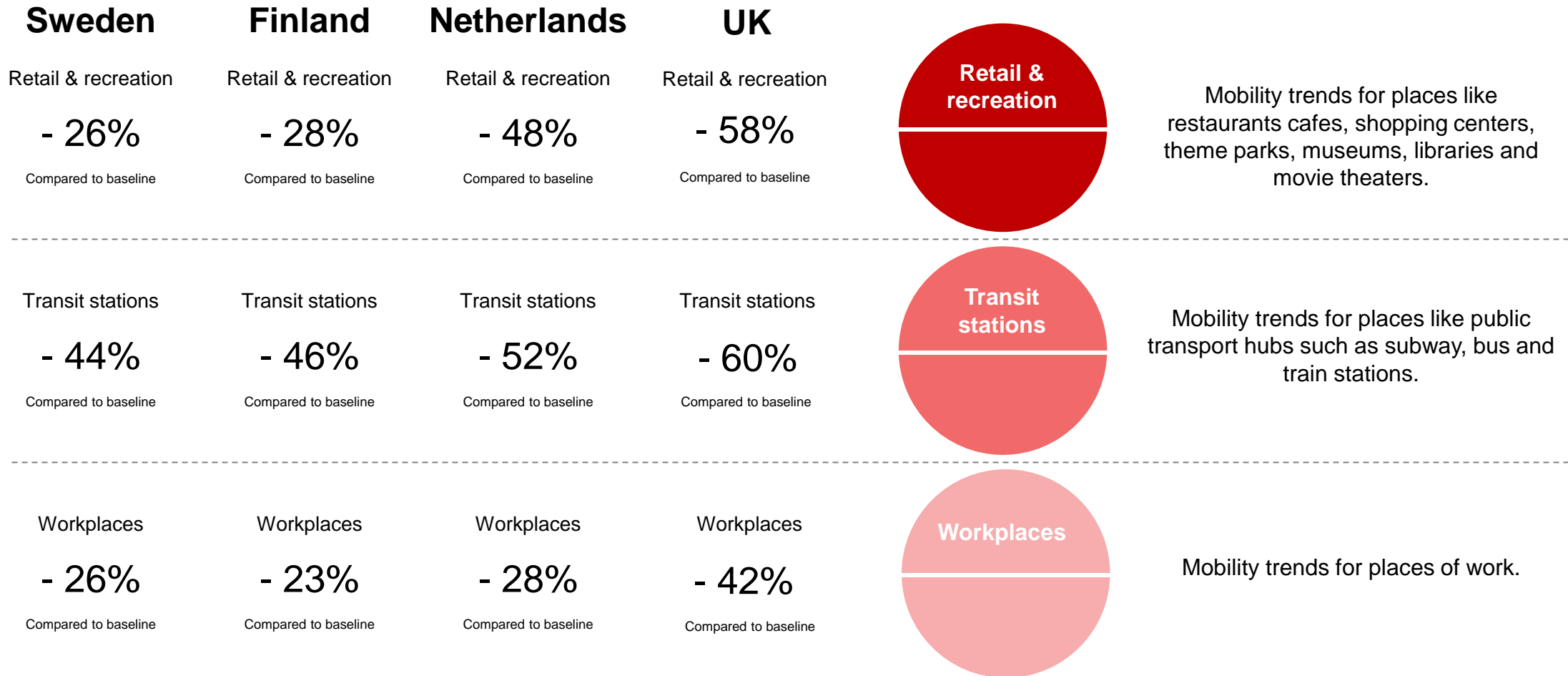
Pick & mix
Organic sales growth



Monthly organic sales growth

Decreased mobility across markets

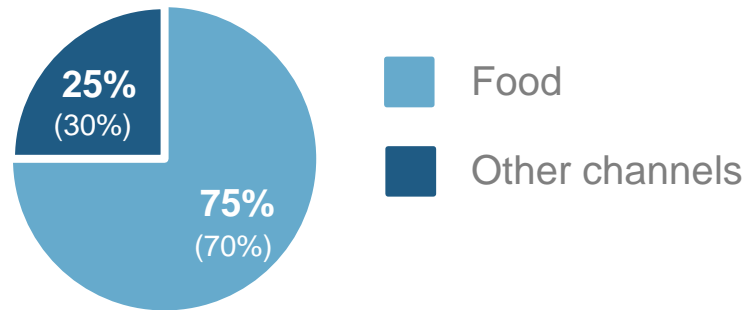
Google Covid-19 Community Mobility Report; Q1



Source: Google COVID-19 Community Mobility Reports. % compared to baseline, which is the median value from the 5-week period Jan 3 – Feb 6, 2020.

Branded packaged

2020 branded sales by channel*



Last 3 months market data**



* Approximate % based on 2020 (2019) full year figures

**Nielsen, Kesko, SOK market data, week 1-12, 2021.
Candybags and pastilles; FI, DK, NO, SWE. Gums; FI.

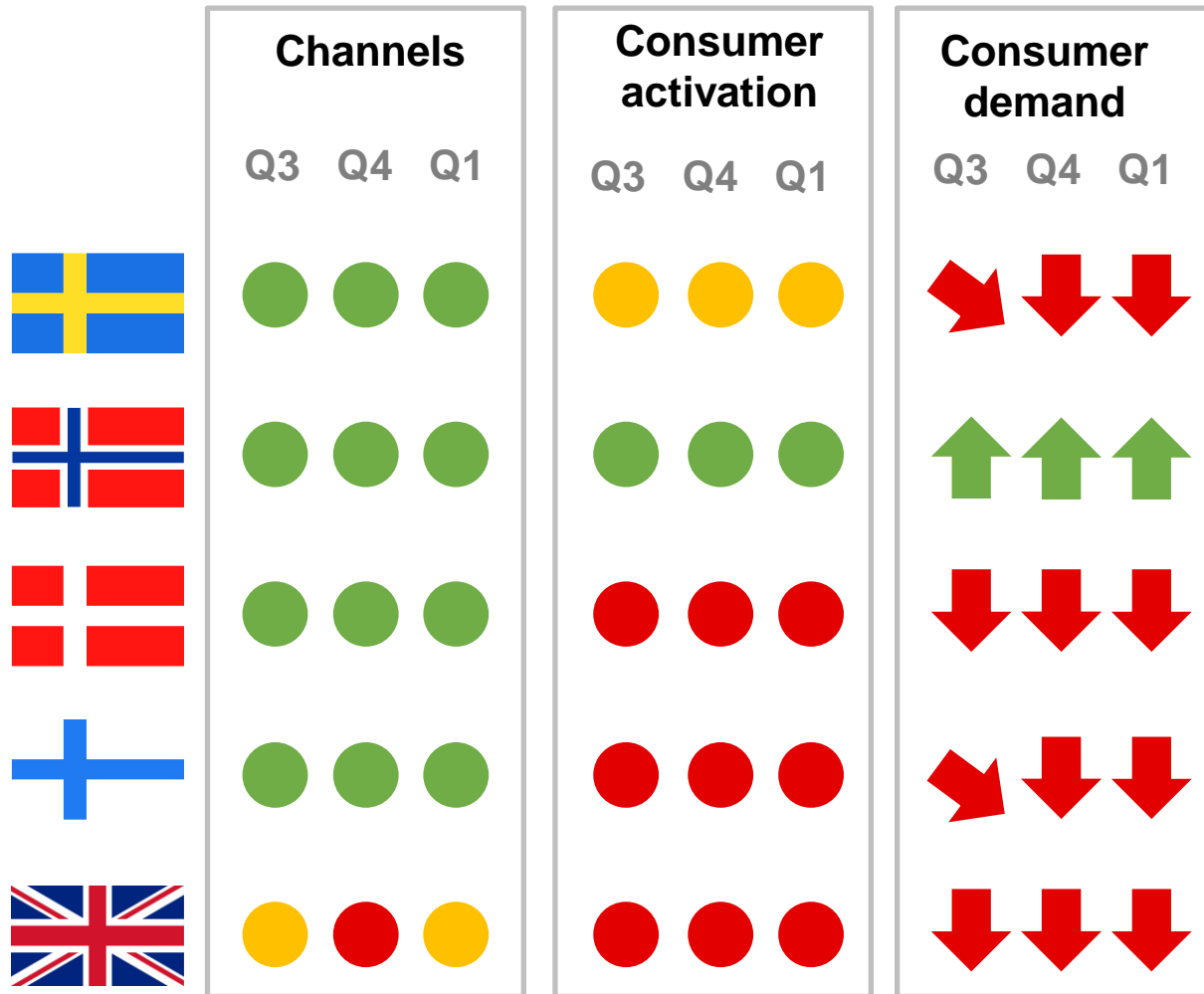
Confectionery category trends

- Increased candy & chocolate demand in food, including e-commerce
- Closure or fewer shoppers in other channels, like travel retail, kiosks, petrol
- Less impulse sales, refreshment category down

Actions

- ✓ Step-up in brand investment in top 25 brand positions
- ✓ Cross-market disruptive innovations: Innovation 2.0
- ✓ E-commerce investment in omnichannel & pure players
- ✓ Valorisation in both Branded and P&M
- ✓ Focus on POS for pastilles & gum category
- ✓ Sustainability initiatives into brand strategies

Pick & mix



Pick & mix category trends

- Nordic channels & fixtures open, UK channel starting to open up
- Majority of customers have not reinstated consumer activation
- Recovery of base consumer demand will take time

Actions to mitigate

- ✓ Pricing increased merchandizing cost/kg
- ✓ Activation through cup promo and digital
- ✓ Premium CandyKing 2.0 roll out
- ✓ Strong unique product launches P&M only
- ✓ New hygiene feature in test in UK
- ✓ Media partnerships / barter deals in place Q4

Agenda

1. Sales results

2. Financials

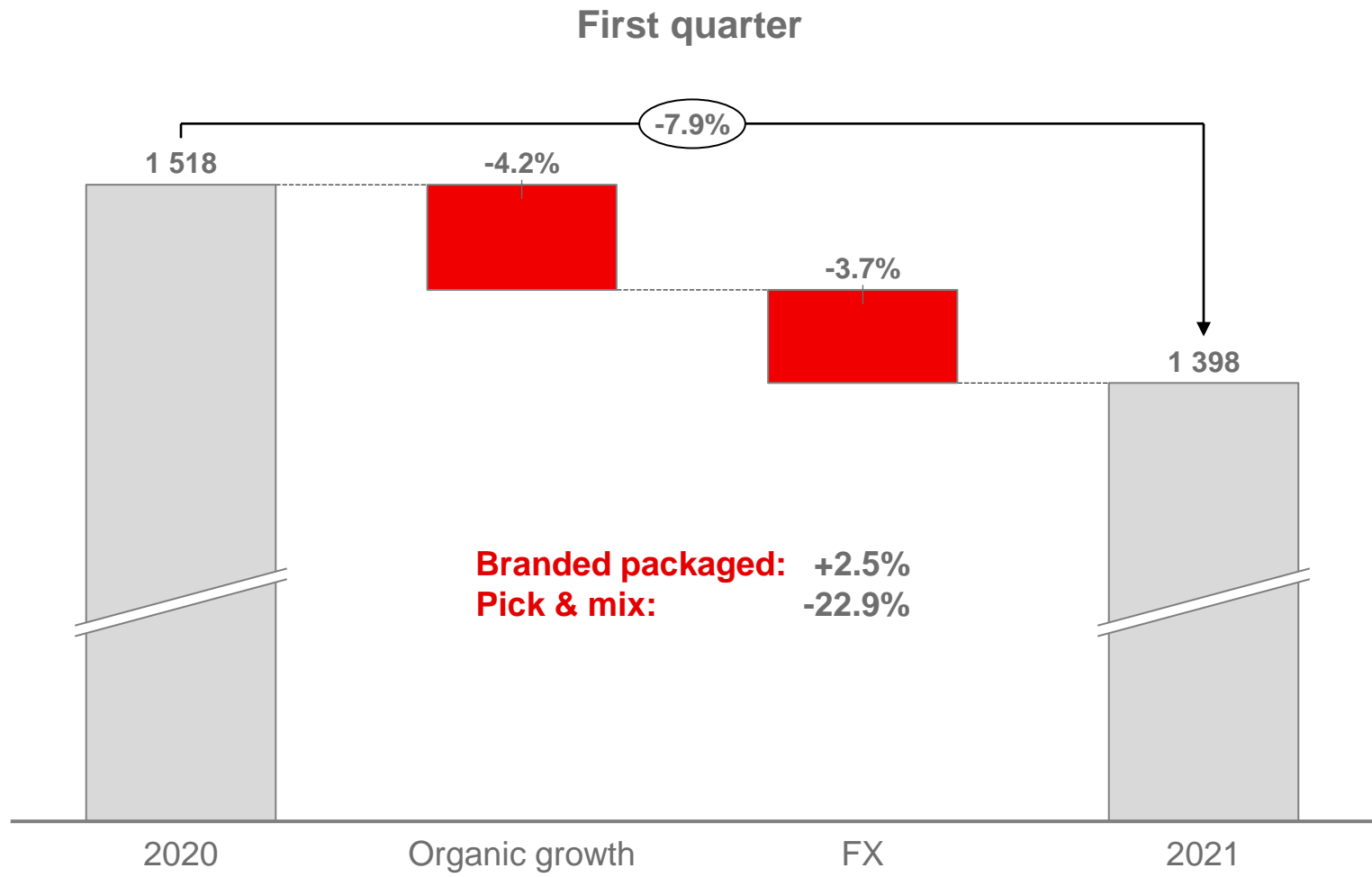
3. Strategic update

4. Q&A

Cloetta

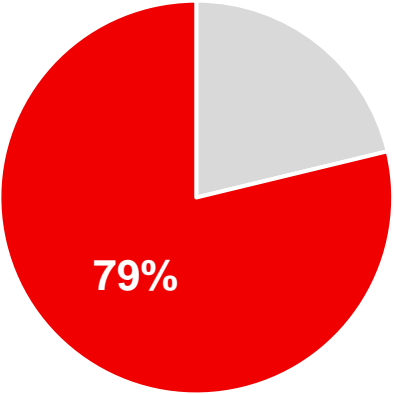
Net Sales

Growth in branded packaged products from successful marketing and innovation

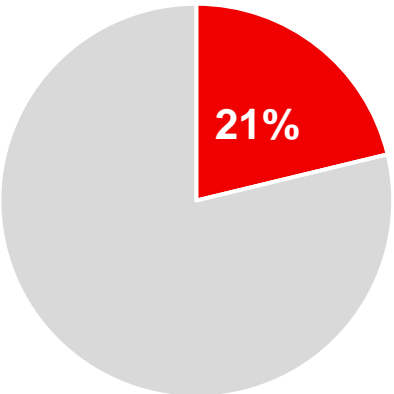


Sales development

Branded, % of Q1 '21 sales



Pick & mix, % of Q1 '21 sales

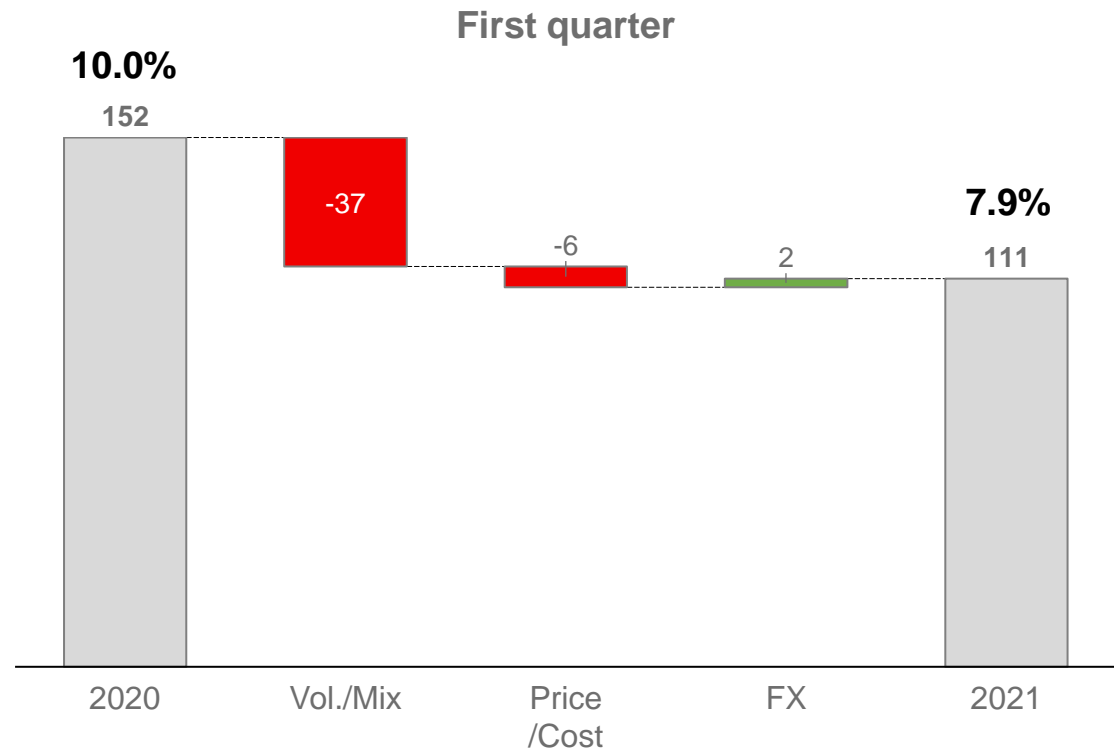


Operating profit, adjusted

Lower volumes, Branded packaged mix and increased marketing investments key drivers of decline

Operating profit, adjusted

- **Lower volume and Branded packaged mix** key drivers of decline, totaling SEK -37m
- **Increased marketing investments** drive Branded packaged organic growth
- **Value enhancing initiatives in Pick & mix and cost control** partly offset profit decline

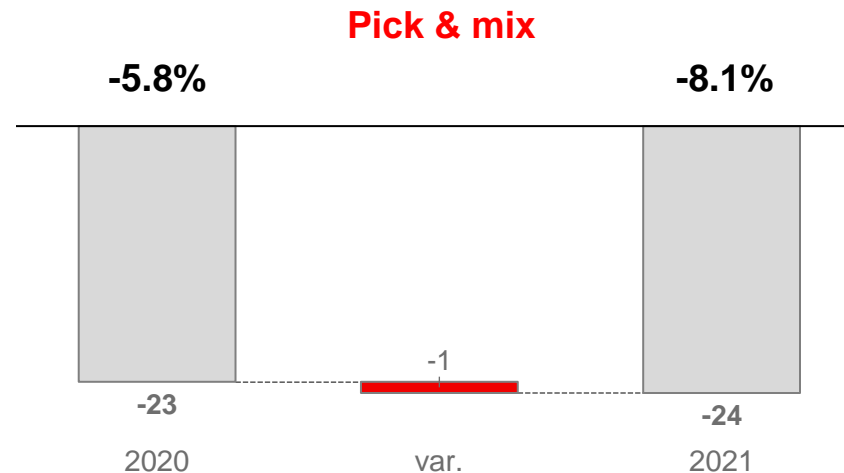
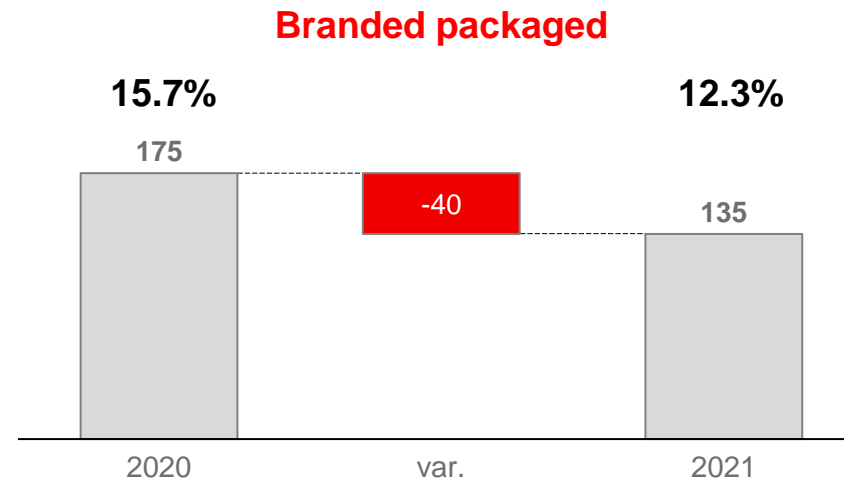


Cloetta

Operating profit, adjusted by segment

Lower volumes, Branded packaged mix and increased marketing investments key drivers of decline

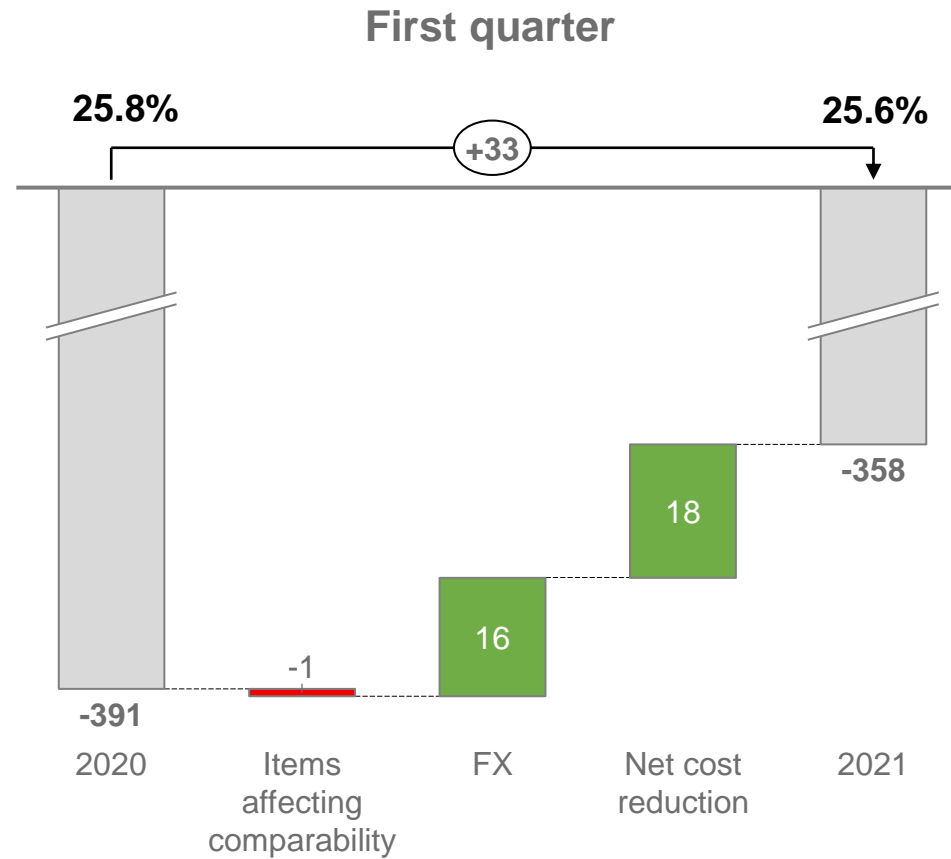
- **Branded packaged** profit decline due to negative mix, under-absorption of costs and higher marketing investments
- **Branded packaged profit** further impacted by recall of Easter products
- **Unchanged Pick & mix loss** as lower volumes are largely offset by value enhancing initiatives



Cloetta

SG&A

SG&A reduction from strong cost control more than offsets increased marketing investments



Cash flow

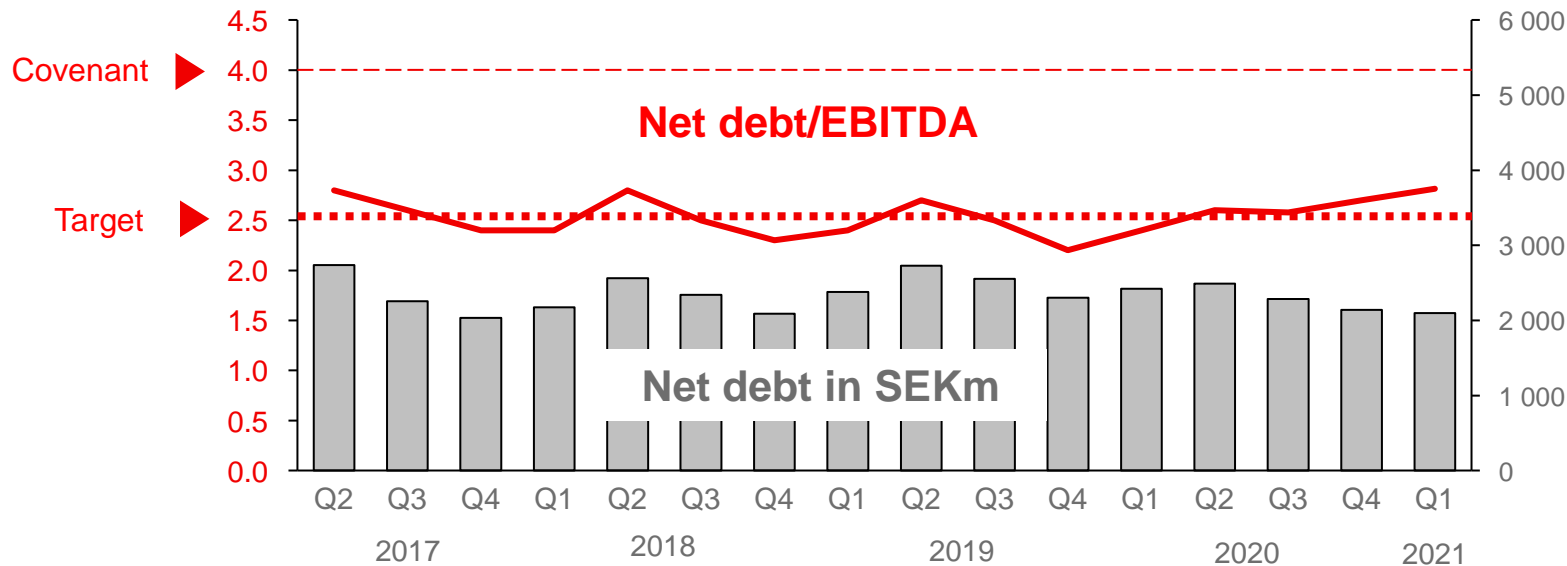
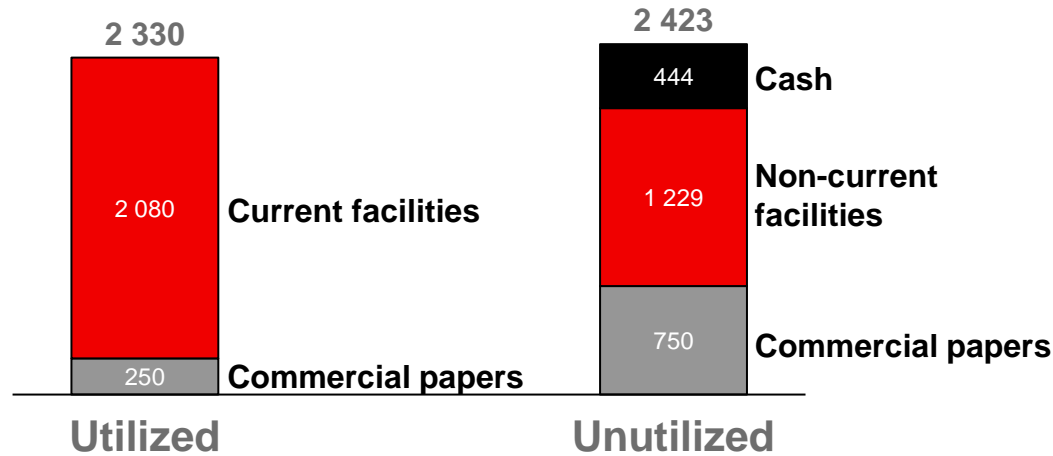
Positive free cash flow as working capital and lower investments offset reduced operating profit

- **Improved working capital** as receivables from Easter sales are more than offset by absence of last year's inventory build
- **Investments in PP&E and intangibles** lower as the installation of new drying chambers near completion
- **Lower cash flow from financing** due to **absence of cash buffer held** in 2020 due to the pandemic



Strong financial position

Unutilised access to cash total SEK 2.4 billion



- **Unutilised access to cash total SEK 2.4 billion**
- **Continued compliance with covenant requirements on Net debt/EBITDA**
- **Refinancing successfully completed** in April with existing banking group. New interest terms valid for up to 4 years effective 30 June 2021. Lower commitment fee by reducing facilities by EUR 60m.

Agenda

1. Sales results

2. Financials

3. Strategic update

4. Q&A

Cloetta

Launches for growing consumer trends

A selection of Q1 disruptive sustainable innovations



The 1st PlantPack on the market* for key Candy brands and GUM jar

**Cloetta core markets*

The 1st Chocolate bar in Sweden offering a Vegan choice

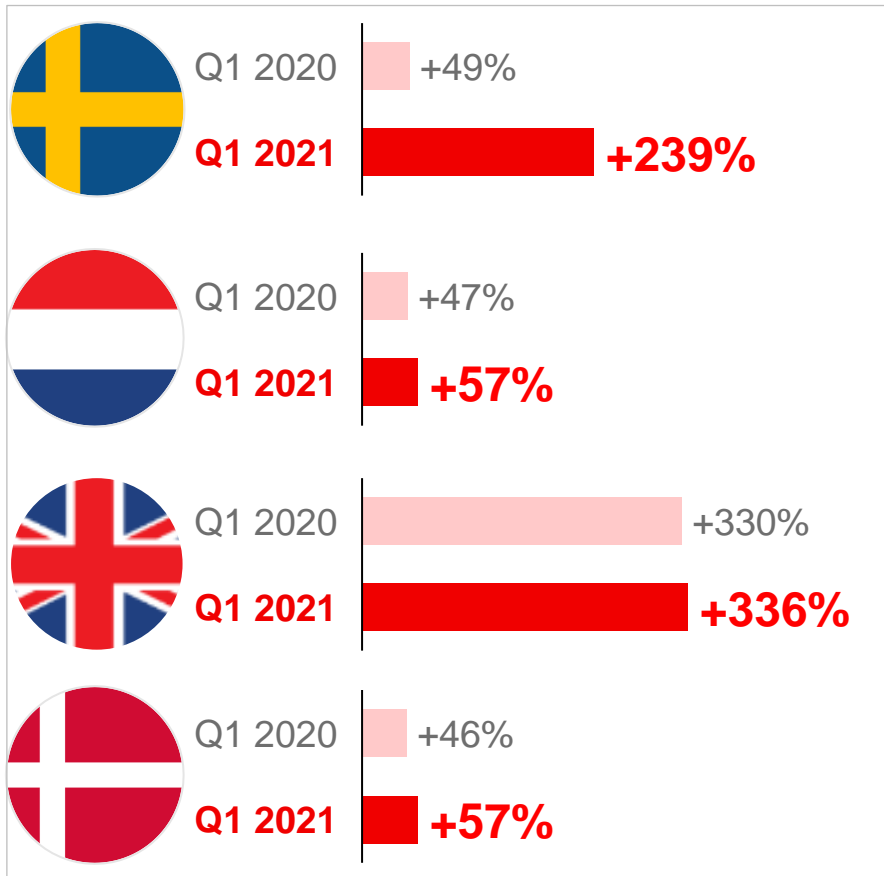
The 1st Candy with 50% fruit combining the best ingredients at the intersection of nature and joy

Cloetta

E-commerce acceleration

High dynamic and strategic actions to capture growth

Cloetta e-commerce sales growth YoY*



Execution of the strategic roadmap

2021 Omnichannel + Pure players
Digital sales excellence

Extending brand stores and E-campaigns to retail partners for seamless shopping experience

Constant optimisation for Cloetta's digital shelf and content (packs, descriptions)

2021 Marketplaces
Expansion towards additional shoppers

amazon

Today bol.com 2021

*Estimation for Omnichannel players

We believe in the Power of True Joy



Opportunities for creating a positive impact within A Sweeter Future

OUR THREE PILLARS

We provide choices for you 

We create joyful moments through our products. We aim to meet the variety of consumer preferences.

Innovations to last

- Launch of fruit-based candy
- Vegan alternative to classic Kexchoklad launched in Sweden

Q1 HIGHLIGHTS

We care about people 

We support our employees, our suppliers and farmers, as well as our communities.

Learning together

- Kick-off with partners of the Living Income Module Pilot
- Feasibility study for Gum Arabic partnership

We improve our planet footprint 

Our business depends on the environment. We take responsibility for our impacts; from sourcing to packaging.

Climate footprint baseline

- Calculating our baseline year for our total climate footprint
- Connecting brands to our sustainability work

Key business priorities

Prioritized activities for achieving organic growth and a 14% operating profit margin, adjusted



1

- Disruptive innovations; Kexchoklad Vegan, Fruit-based Candy
- Sustainable packaging innovations into more brands
- Increase marketing behind growth brands and capabilities
- Focus on e-commerce

2

- Progress on journey to increase the profitability in Pick & mix
- Launch of “CandyKing - The premium mix” in Finland
- Digital activation platform launched for Easter; 165,000 visits

3

- Global Shared Service Centers to reduce costs and increase efficiency
- Further insourcing to exploit full capacity
- Refinancing of the Group for up to four years
- SEK 130m investment in carton packaging technology

Agenda

1. Sales results

2. Financials

3. Strategic update

4. Q&A

Cloetta

Q&A



Disclaimer

- This presentation has been prepared by Cloetta AB (publ) (the “Company”) solely for use at this presentation and is furnished to you solely for your information and may not be reproduced or redistributed, in whole or in part, to any other person. The presentation does not constitute an invitation or offer to acquire, purchase or subscribe for securities. By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations.
- This presentation is not for presentation or transmission into the United States or to any U.S. person, as that term is defined under Regulation S promulgated under the Securities Act of 1933, as amended.
- This presentation contains various forward-looking statements that reflect management’s current views with respect to future events and financial and operational performance. The words “believe,” “expect,” “anticipate,” “intend,” “may,” “plan,” “estimate,” “should,” “could,” “aim,” “target,” “might,” or, in each case, their negative, or similar expressions identify certain of these forward-looking statements. Others can be identified from the context in which the statements are made. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Company’s control and may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. These risks include but are not limited to the Company’s ability to operate profitably, maintain its competitive position, to promote and improve its reputation and the awareness of the brands in its portfolio, to successfully operate its growth strategy and the impact of changes in pricing policies, political and regulatory developments in the markets in which the Company operates, and other risks.
- The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.
- No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein. Accordingly, none of the Company, or any of its principal shareholders or subsidiary undertakings or any of such person’s officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.

Cloetta