

# Cloutta

Q3 2022 results  
27 October 2022

- Henri de Sauvage-Nolting, President/CEO
- Frans Rydén, CFO
- Nathalie Redmo, IR



# Agenda

1. Quarterly update
2. Financials
3. Strategic update
4. Q&A



# Key messages

## Continued growth and strong focus on pricing execution

- 7<sup>th</sup> quarter of growth in Branded, supported by increased marketing and innovations
- Continued profitable growth of Pick & mix, despite higher input costs
- Communicated pricing effective in Q3; new pricing announced for 2023 given further cost inflation
- Continued rising input costs offset in Q3; margins compressed by strong sales growth
- Macroeconomic and global supply chain challenges managed without material impact on business
- Healthy cash flow and net debt/EBITDA remained below targeted 2.5x
- The Board has decided to proceed with the investment in a new greenfield facility in the Netherlands

SEK **1.8** bn  
Net sales

**10.2** %  
Branded organic  
sales growth

**15.7** %  
Pick & mix organic  
sales growth



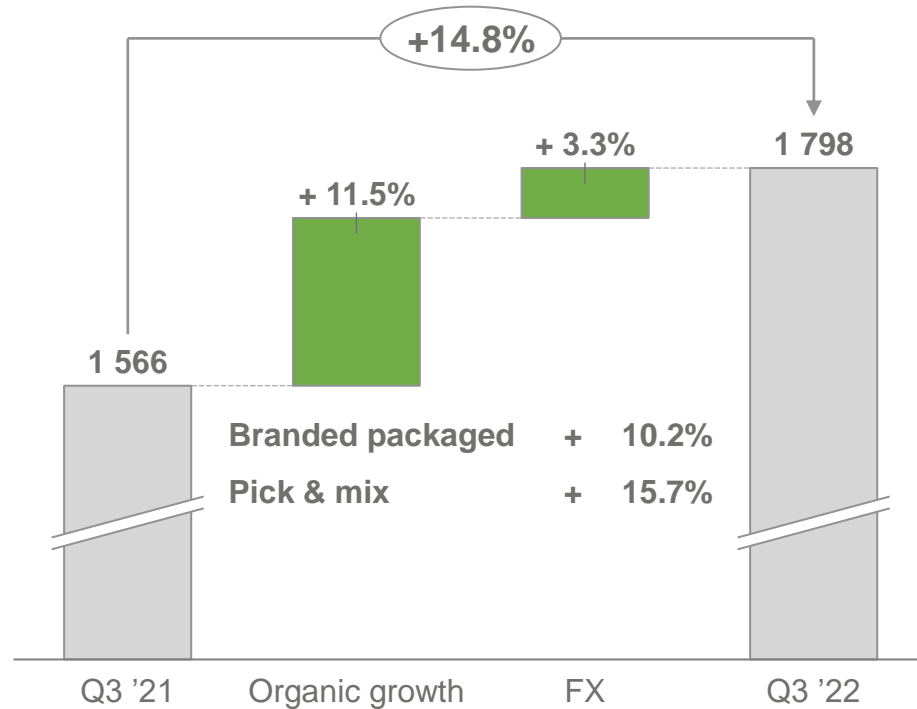
# Financials



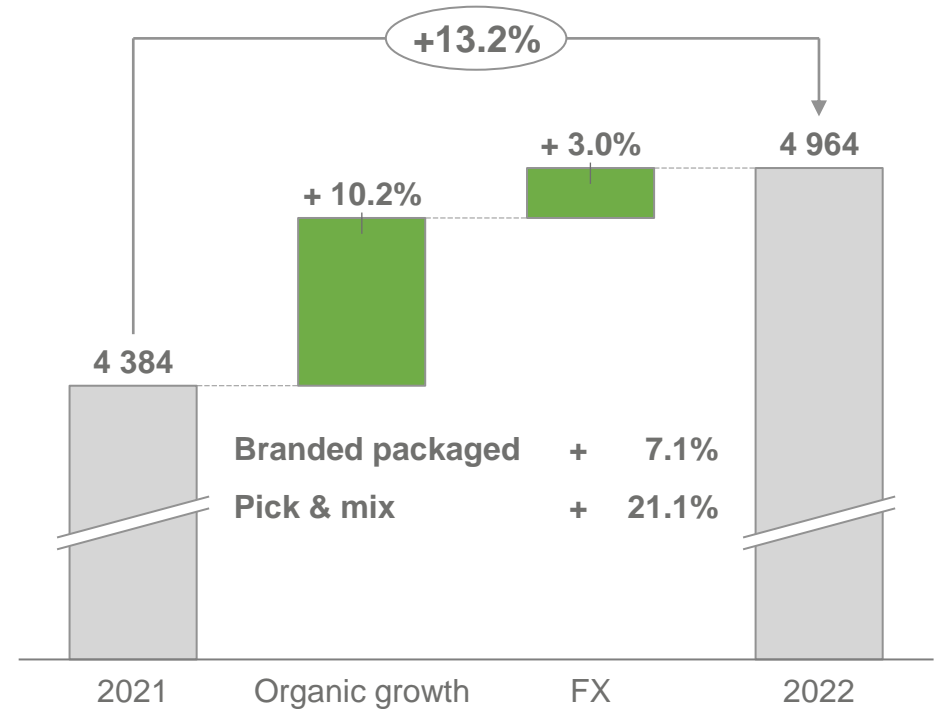
# Net sales

Double-digit growth driven by pricing and mix

## Third quarter

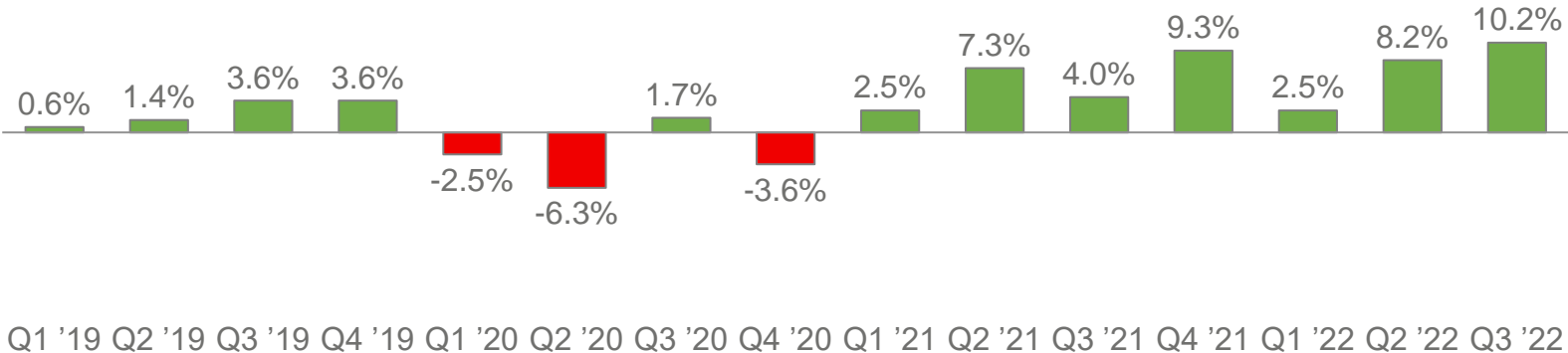
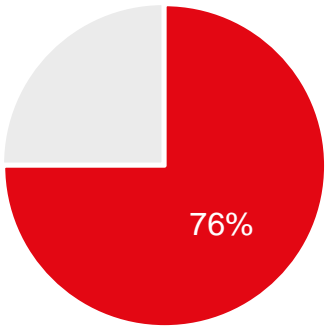


## 9 months

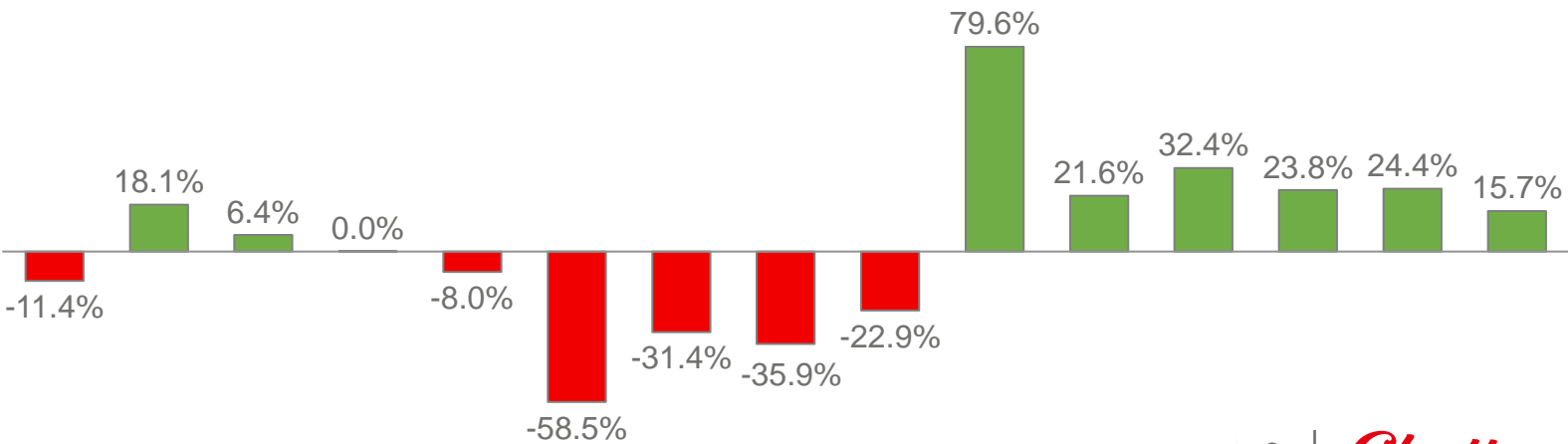
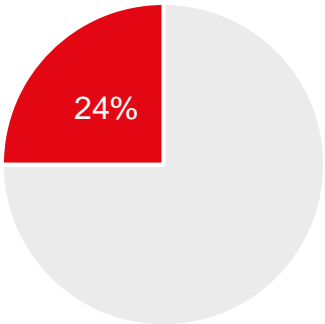


# Sales development

Branded, % of Q3 '22 sales



Pick & mix, % of Q3 '22 sales

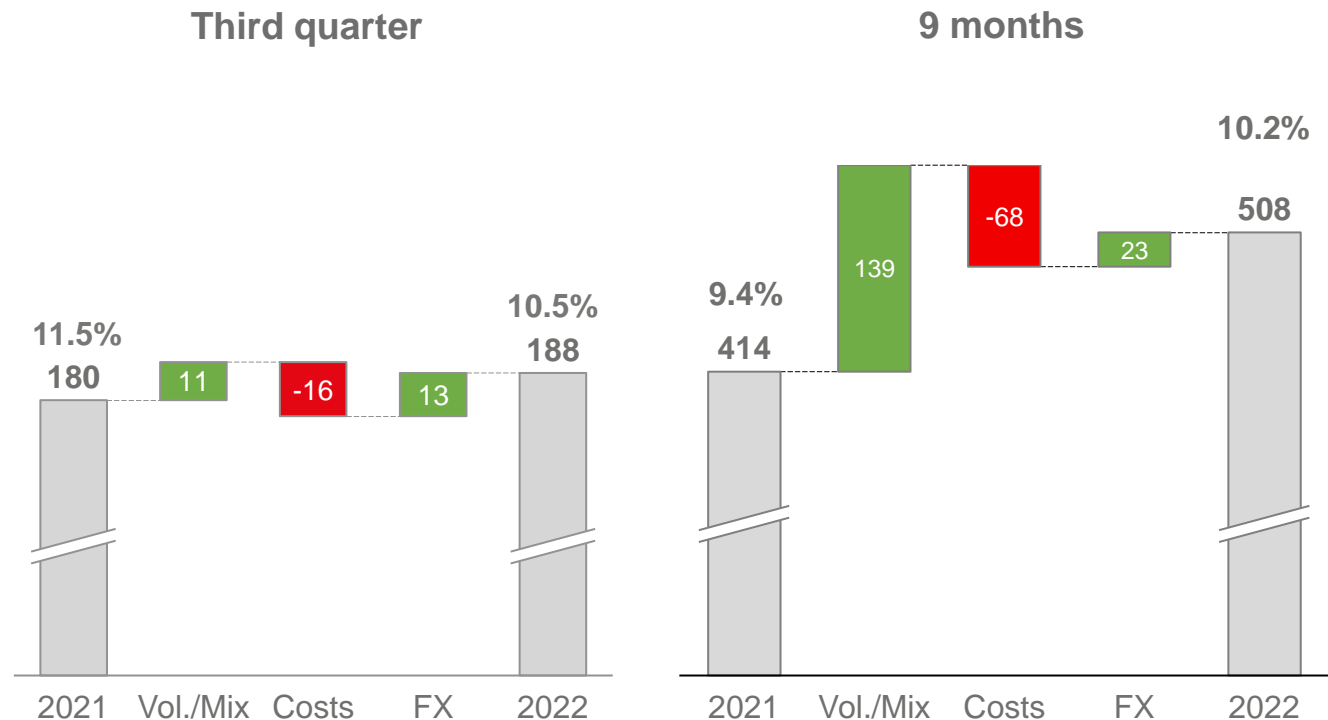


# Operating profit, adjusted

Stable profitability despite increasing input costs

- Profit driven by pricing, mix management and cost control, offsetting higher input costs.
- Margin compression primarily driven by strong sales growth, although improved vs. prior quarters.
- On track with communicated pricing, new pricing announced for 2023 given further inflation.

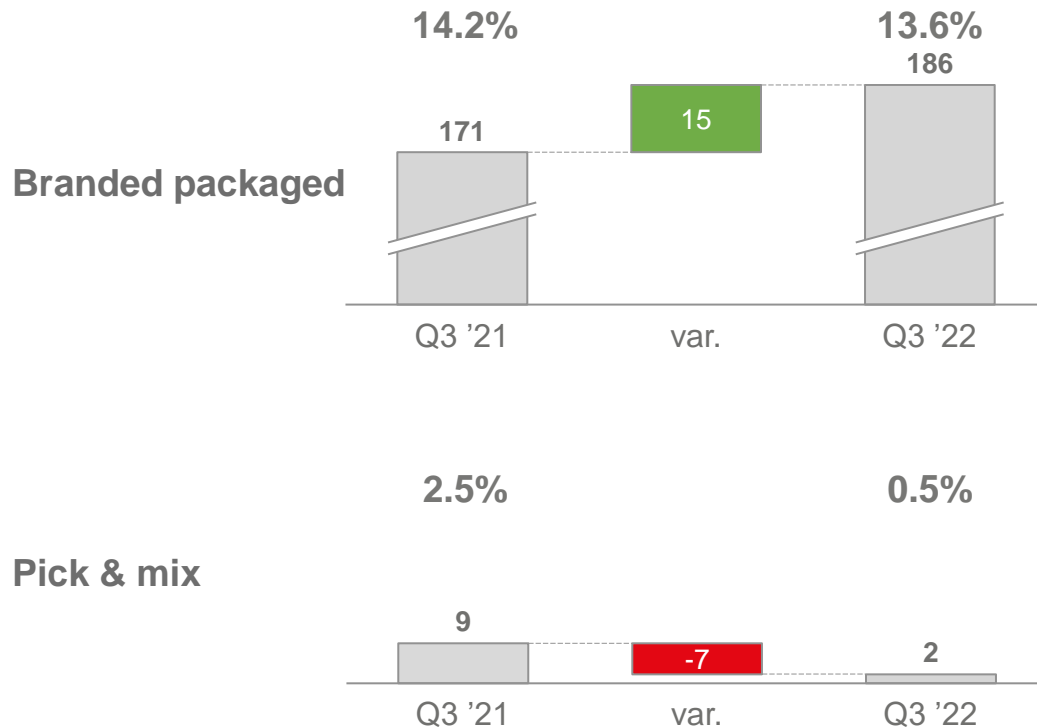
## Operating profit, adjusted



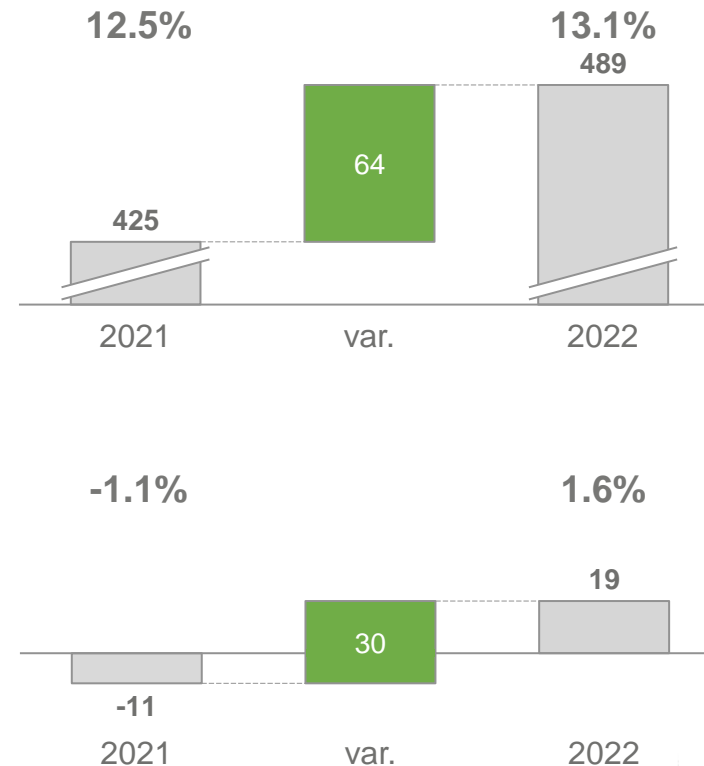
# Operating profit, adjusted by segment

Compression of margins affecting both segments; P&M remains profitable despite rising input costs

Third quarter



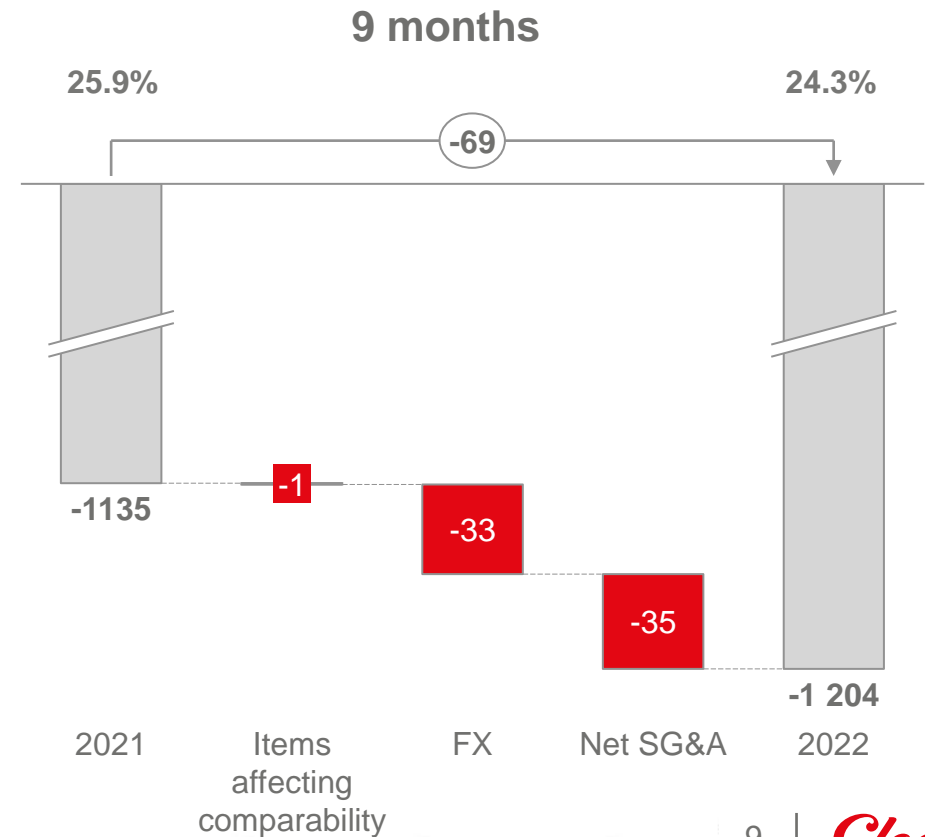
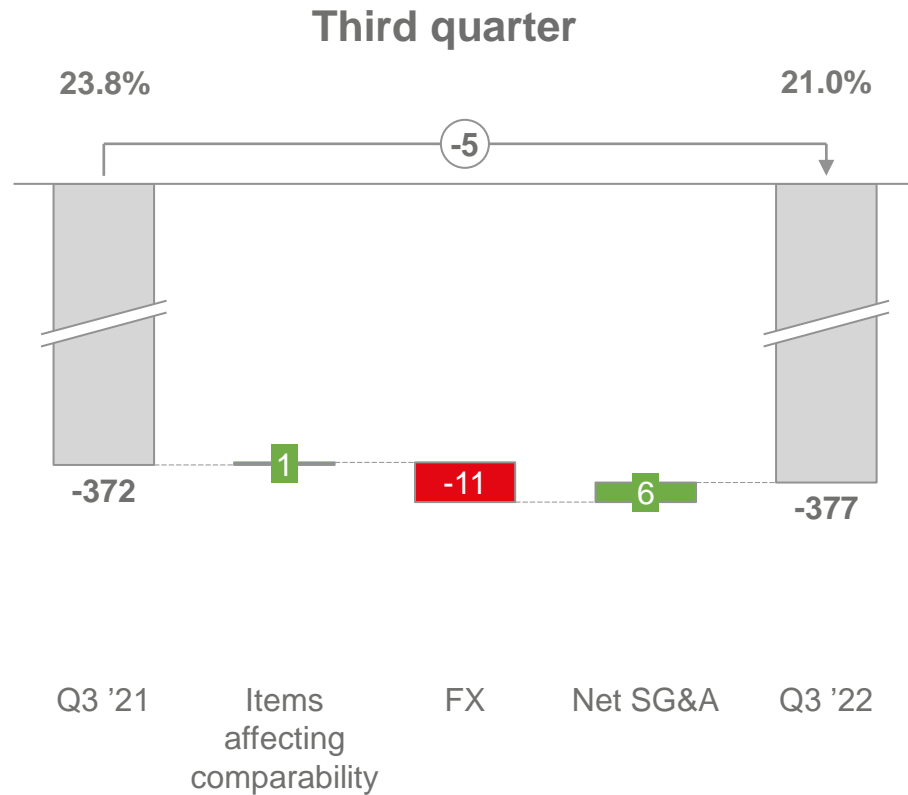
9 months





# SG&A

Savings more than offset increased marketing and merchandising costs for stable SG&A



# Cash flow

Healthy free cash flow driven by a stronger operating profit and improved working capital

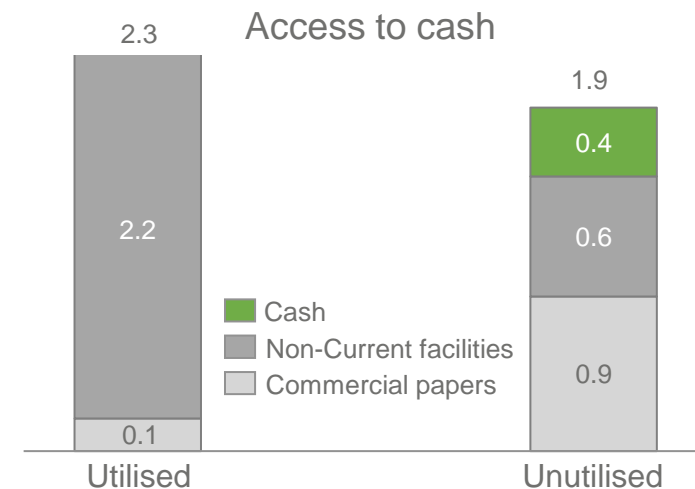
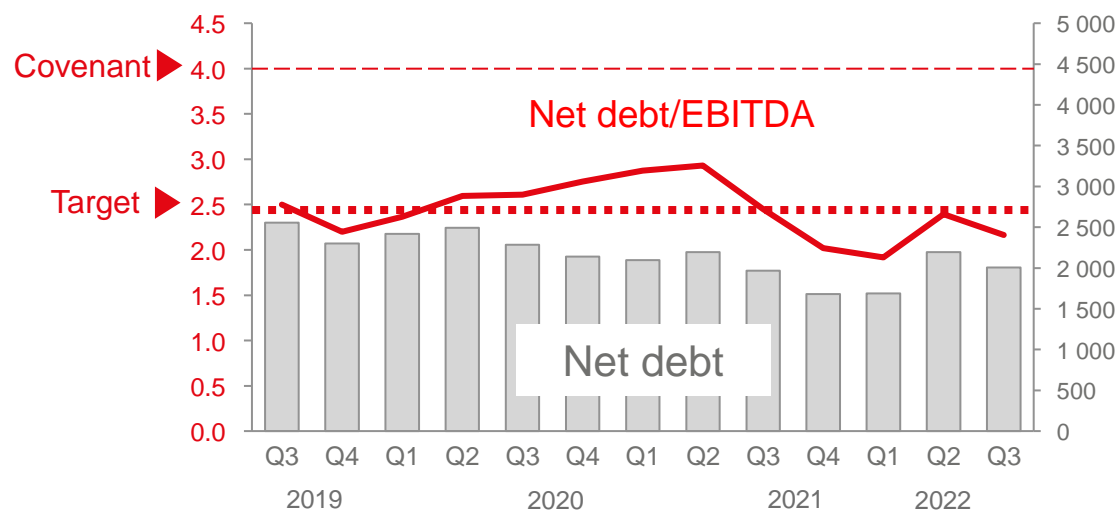
- **Lower inventories** drive improved working capital as the reduction in volume more than offsets higher cost per ton.
- **Higher payables and higher receivables** are largely offsetting, with variances driven by higher input cost and corresponding pricing action.
- **Higher PPE** driven by investments in packaging capabilities.



# Financial position

## Continued strong financial position

- Net debt of SEK 2.0bn; in line with last year
- Leverage at 2.2x; down vs. last year and below long-term target of 2.5x
- Unutilised access to cash of SEK 1.9bn, excluding committed financing for greenfield facility



# Strategic update



# Strategic Launches: Fruit-based candy spot-on consumer needs

Delivering on naturalness and vegan while valorising our portfolio



Launched in key markets



Berry&Fruit



Tropical



Fruit&Licorice

*The 1<sup>st</sup> Candy with 50% fruit – naturalness with mass appeal:*

- 50% Fruit, 100% Taste
- Vegan



- ✓ *Launched in 5 markets*
- ✓ *3 different flavor variants*
- ✓ *Recruiting new and younger buyers*
- ✓ *Strong, on-top sales*
- ✓ *Valorising with premium price*





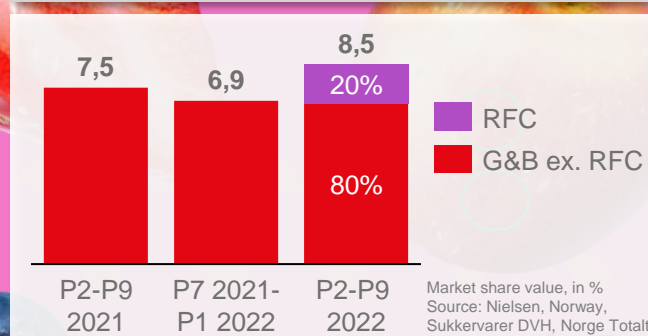
# Strategic Launches: Spotlight on latest launch market - Norway



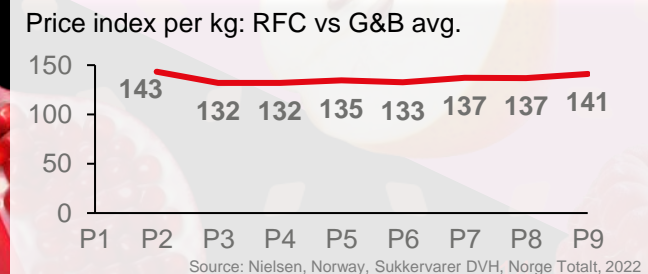
The success story continues with launch in Norway



**RFC incremental to G&B share and now 20% of total brand**



**Real Fruit Candy valorising the G&B portfolio significantly**



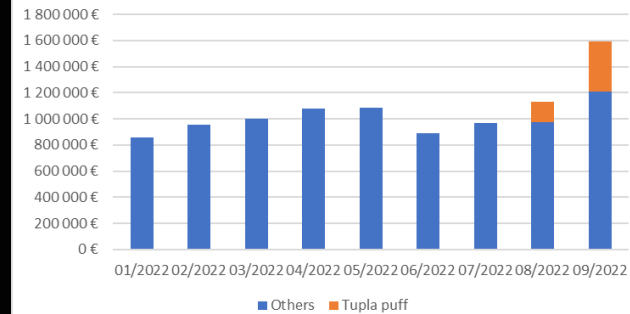
# Tupla no.1 chocolate bar brand launching candy bags

The biggest confectionery launch in Finland in 2022



- Brand extension: from bars into candy bags
- Over 400 000 sold bags in September alone
- High trial rate, with good repurchase level
- SOM in chocolate bags 24%
- Cloetta market share in candy bags record high at 26%
- Tupla Puffs has grown the chocolate bag market

Chocolate candy bags value sales, Kesko



| Tupla Crispy Puffs Launch media |      |     |     |     |
|---------------------------------|------|-----|-----|-----|
|                                 | SEPT | OCT | NOV | DEC |
| TV                              |      |     |     |     |
| Online                          |      |     |     |     |
| Radio                           |      |     |     |     |
| Spotify                         |      |     |     |     |
| TUPLA STASH + SOME              |      |     |     |     |





# Strategic Relaunch of Chewits – UK & IM

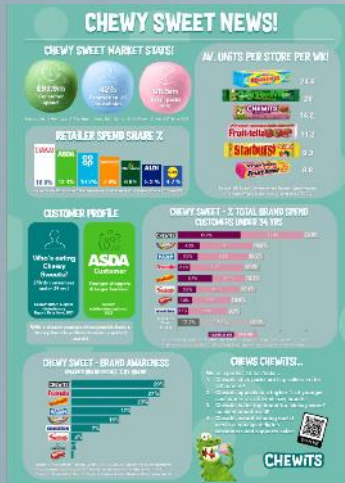
A revival of UK's favorite chewy brand!



*Sticks relaunched in 2020*



*Bites launched Q4 2020*



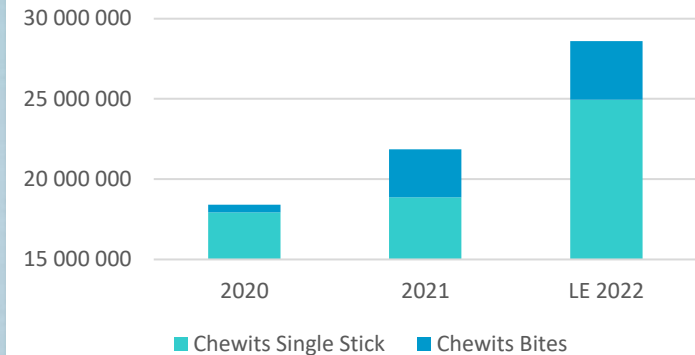
*Convincing trade stories*



*Perfect instore executions*

**Growing from 18.5 to 28.5 mln consumer units sold in just 2 years**

Chewits development in consumer units



**2x awarded at the Independent Agency Awards:**

- **#1 UK's Best FMCG / Retail campaign**
- **#1 UK's Best Use of Social Media overall**



# A SWEETER FUTURE

## Cloetta Climate Journey







Improve Carbon Footprint by reducing 46 % by 2030






### 1. A GOOD START

-  100 % renewable electricity
-  100 % RSPO certification segregated palm oil
-  100 % Rain Forest Alliance certified cocoa
-  20 % packaging from renewable sources or recycled materials
-  Total waste(kg) reduction by 3% vs 2019
-  Sign up for Science Based Targets – 46 % CO<sub>2</sub>e emission

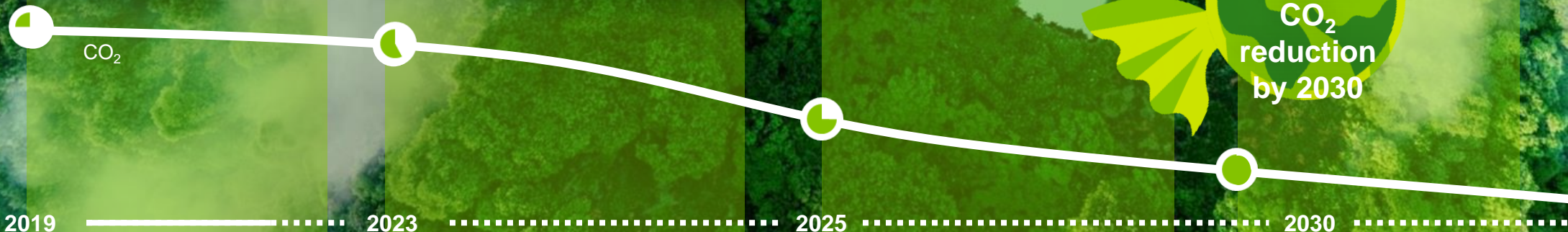
### 2. ACCELERATE OUR JOURNEY

-  Engage all key suppliers to set their own emission reduction targets by 2025
-  Increase vegan confectionery portfolio with 100% by 2025 vs 2019
-  100 % recyclable packaging by 2025
-  50 % of transportation to renewable fuel by 2025
-  All new company cars will be 100 % electric by 2025
-  Zero emissions from total waste by 2025

### 3. SCALING UP

-  Support key suppliers to increase share of regenerative agriculture methods by 2030
-  Increase vegan confectionery portfolio with 100% by 2030 vs 2025
-  100 % packaging from renewable sources or recycled materials by 2030
-  100 % of transportation to renewable fuel by 2030
-  75 % renewable energy sources by 2030

### 4. DELIVERING OUR PROMISE





# Q & A



*Thank you!*

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*Cloetta*



# Appendix

# Greenfield facility – Pro forma profit and loss Q3

|                                   | Q3 2022,<br>reported | Greenfield facility<br>and other items<br>affecting comp. | Q3 2022,<br>adjusted |
|-----------------------------------|----------------------|---|----------------------|
| Net sales                         | 1,798                |   | 1,798                |
| Cost of goods sold                | -1,235               | -2  | -1,233               |
| <b>Gross profit</b>               | <b>563</b>           | <b>-2</b>   | <b>565</b>           |
| Selling expenses                  | -234                 |   | -234                 |
| General and admin expenses        | -143                 |   | -143                 |
| <b>Operating profit</b>           | <b>186</b>           | <b>-2</b>   | <b>188</b>           |
| Net financial items               | -32                  |   | -32                  |
| <b>Profit/loss before tax</b>     | <b>154</b>           | <b>-2</b>   | <b>156</b>           |
| Income tax                        | -24                  | 1   | -25                  |
| <b>Profit/loss for the period</b> | <b>130</b>           | <b>-1</b>   | <b>131</b>           |
| <i>Gross margin</i>               | 31.3%                |   | 31.4%                |
| <i>Operating profit margin</i>    | 10.3%                |   | 10.5%                |
| <i>Effective tax rate</i>         | 15.6%                |   | 16.0%                |

# Greenfield facility – Pro forma profit and loss YTD

|                                   | YTD Q3 2022,<br>reported | Greenfield facility<br>and other items<br>affecting comp. | YTD Q3 2022,<br>adjusted |
|-----------------------------------|--------------------------|---|--------------------------|
| Net sales                         | 4,964                    |   | 4,964                    |
| Cost of goods sold                | -3,481                   | -222  | -3,259                   |
| <b>Gross profit</b>               | <b>1,483</b>             | <b>-222</b>   | <b>1,705</b>             |
| Selling expenses                  | -726                     | -4  | -722                     |
| General and admin expenses        | -478                     | -3  | -475                     |
| <b>Operating profit</b>           | <b>279</b>               | <b>-229</b>   | <b>508</b>               |
| Net financial items               | -86                      |   | -86                      |
| <b>Profit/loss before tax</b>     | <b>193</b>               | <b>-229</b>   | <b>422</b>               |
| Income tax                        | -26                      | 57  | -83                      |
| <b>Profit/loss for the period</b> | <b>167</b>               | <b>-172</b>   | <b>339</b>               |
| <i>Gross margin</i>               | 29.9%                    |   | 34.3%                    |
| <i>Operating profit margin</i>    | 5.6%                     |   | 10.2%                    |
| <i>Effective tax rate</i>         | 13.5%                    |   | 19.7%                    |

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