

# Cloutta

## 2022 results

26 April 2022

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



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





# The war in Ukraine

- Limited shipments to Russia and Belarus stopped within the first days of the invasion; no material direct impact for Cloetta
- Cloetta has contributed with confectionery products through support organisations and matched private monetary donations made by our employees
- Indirect impact from accelerated cost inflation and new supply chain challenges



***"We are deeply concerned about the war in Ukraine and our thoughts are with all the innocent people affected."***

# Key messages

## Strong start of the year with continued growth and improved profitability

- Another quarter of strong growth in Branded packaged products
- Continued profitability in Pick & mix; adjusted operating margin improved 10 percentage points
- Price increases effective from Q1 cover higher input costs from 2021
- Stronger profitability driven by higher volumes, with continued step-up in marketing spend
- Supply chain challenges successfully managed in the quarter, high uncertainty remains
- Significantly higher cost inflation seen in 2022 requires further pricing
- Demand of Cloetta's products historically proven to be insensitive to economic fluctuations

**SEK 1.5 bn**  
Net sales

**2.5 %**  
Branded organic  
sales growth

**23.8 %**  
Pick & mix organic  
sales growth

# Shopper and consumer trends post-Covid

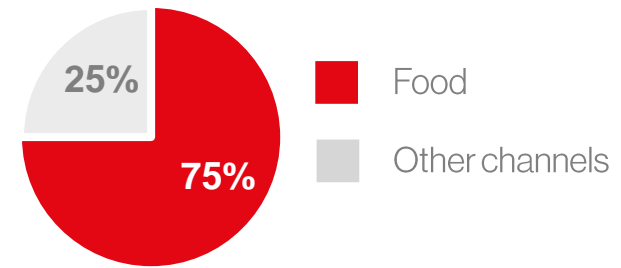
## Post-Covid category and channel trends

- Out of home channels coming back, incl. travel retail, but not yet at 2019 levels
- Pastilles recovering, driven by shopper mobility and cold care, Cloetta growing but not gaining share
- Gum still below 2019 levels, linked to usage occasions 'work' and 'going out'. Positive share development in NL, negative in FI
- Candybag category Nordic negative in food retail due to Pick & mix growth, Cloetta positive

## Actions

- Out of home channel focus to rebuild penetration
- Pastilles task force to target younger lapsed users, more fruit flavour portfolio
- Gum Finland penetration plan, smaller packs and channel strategy
- Further optimisation of pure media spend on advertising

## 2021 branded sales by channel\*



## Last 3 months market data\*\*



\* Approximate % based on 2021 full year figures

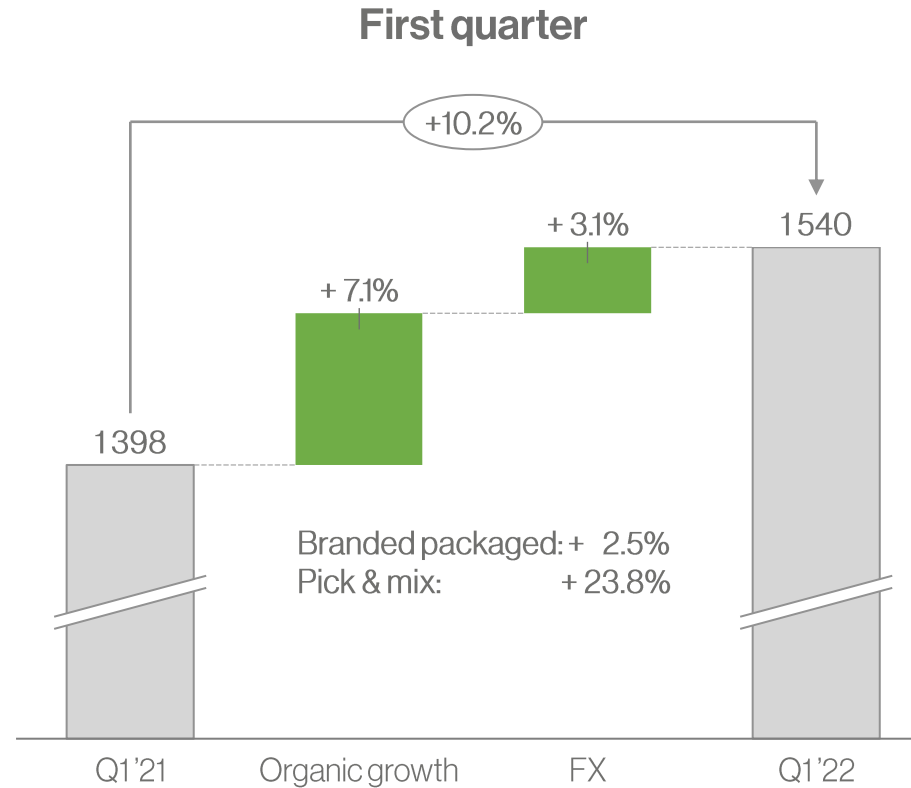
\*\*Nielsen, IRI, Kesko, SOK market data, Q1 2022. Candy, chocolate and pastilles - DK, FI, NL, NO, SE. Gums - FI, NL. Nuts - SE.

# Financials



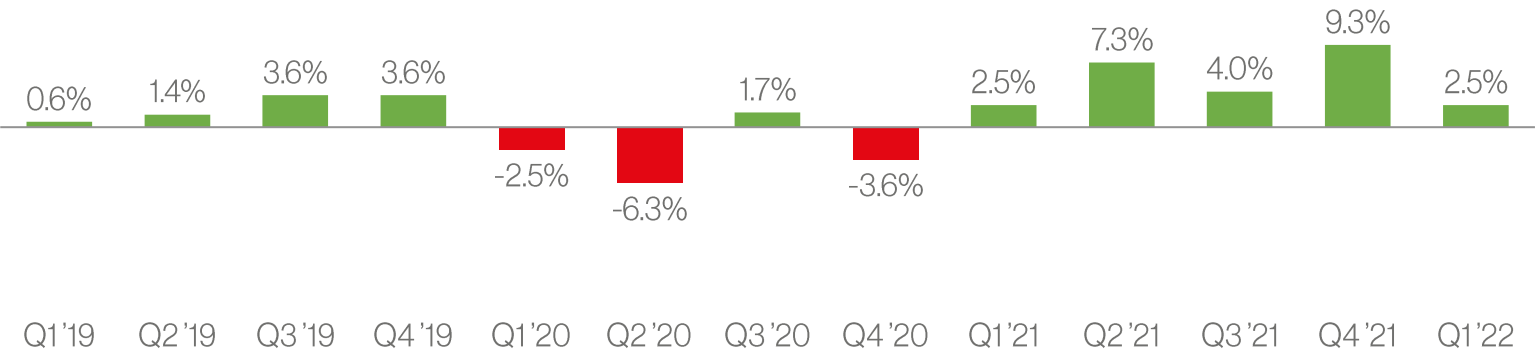
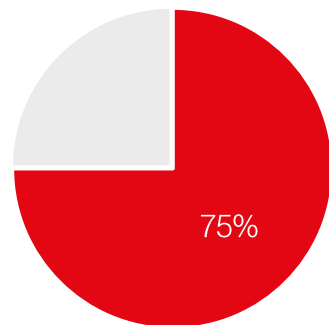
# Net sales

Strong sales driven by both segments; Branded above pre-pandemic levels and continued rebound for P&M

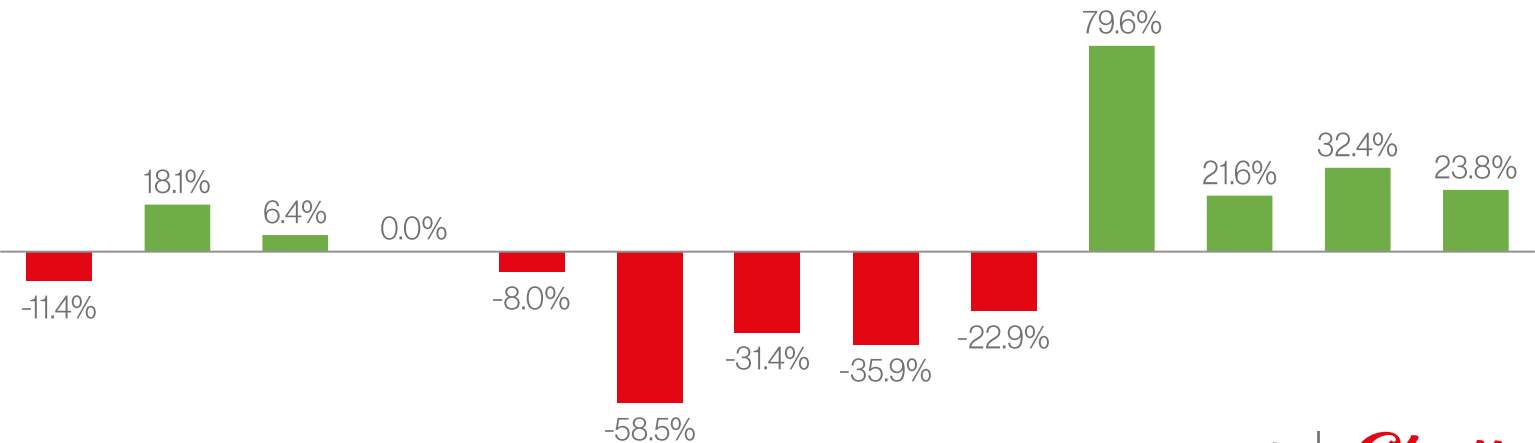
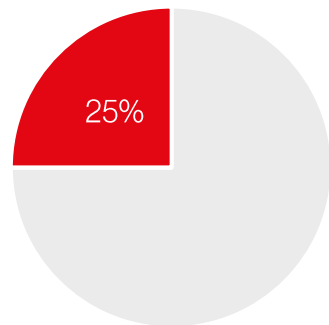


# Sales development

Branded, % of Q1 '22 sales



Pick & Mix, % of Q1 '22 sales

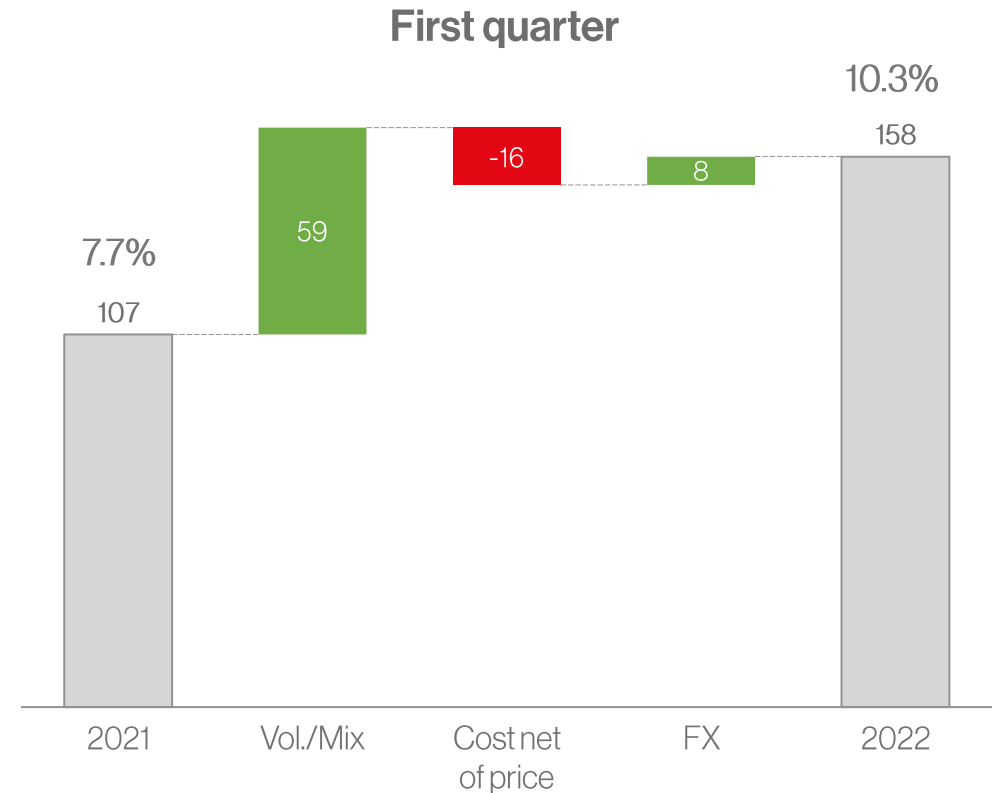




# Operating profit, adjusted

Profit growth driven by volume as price increases effective from Q1 cover higher input costs from 2021

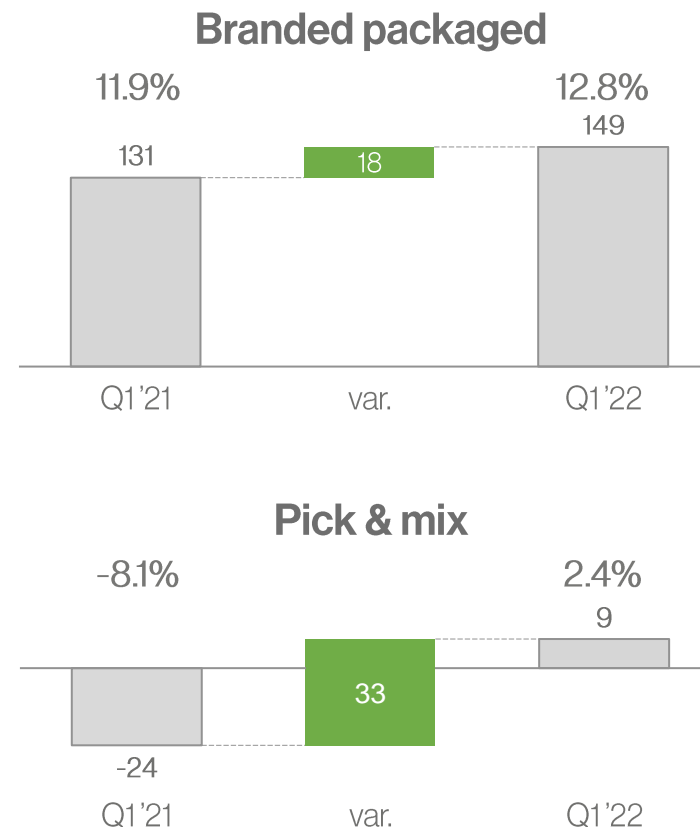
- Profit increase driven by significantly higher sales and production volumes, from both Branded and Pick & mix
- Previously announced price increases effective during the quarter offset impact from higher input cost from 2021
- Drastically rising input costs following Russia's invasion of Ukraine will impact Q2 and require further pricing
- Due to timing differences pricing will only partially offset cost inflation in Q2



# Operating profit, adjusted by segment

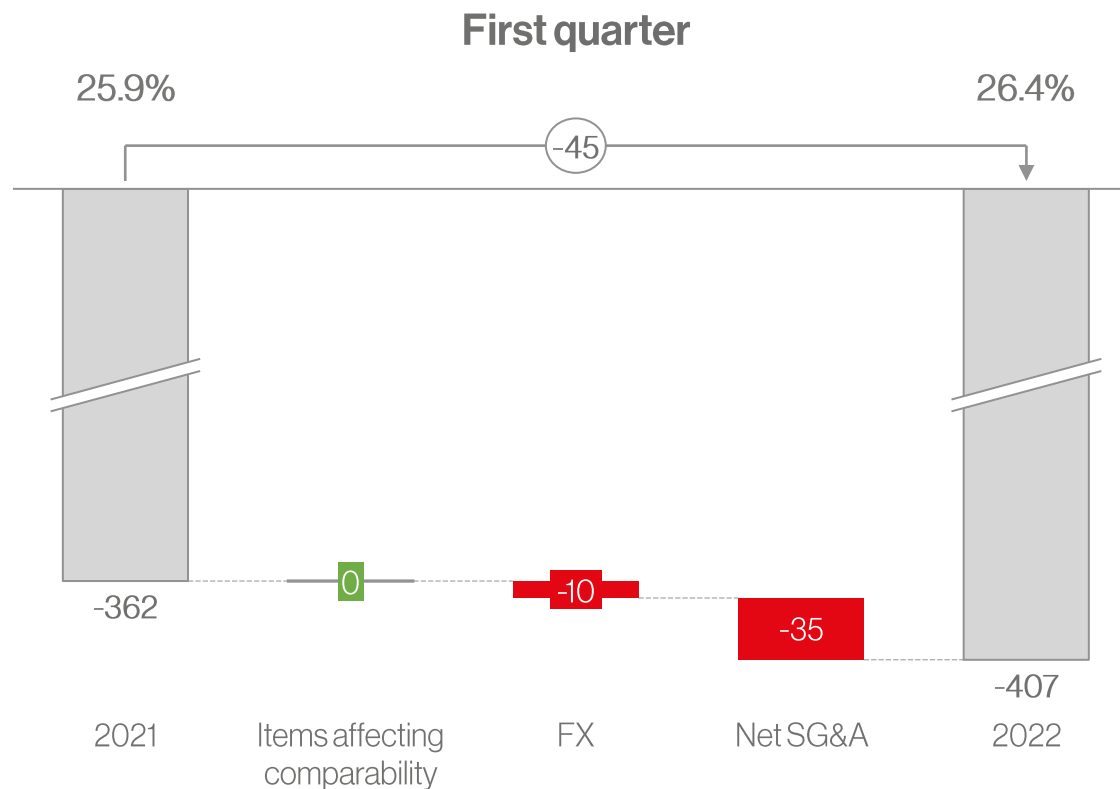
Branded profit driven by volumes; Pick & mix profitability jumps by 10 percentage points

- Volumes drive improved profitability in Branded packaged despite comparator with low marketing spend
- Branded packaged mix largely unchanged vs. prior year with refreshment sales still below pre-pandemic levels
- Pick & mix delivering fourth consecutive quarter of profit, with margin up 10.5 percentage points, supported by volumes and margin-enhancing initiatives



# SG&A

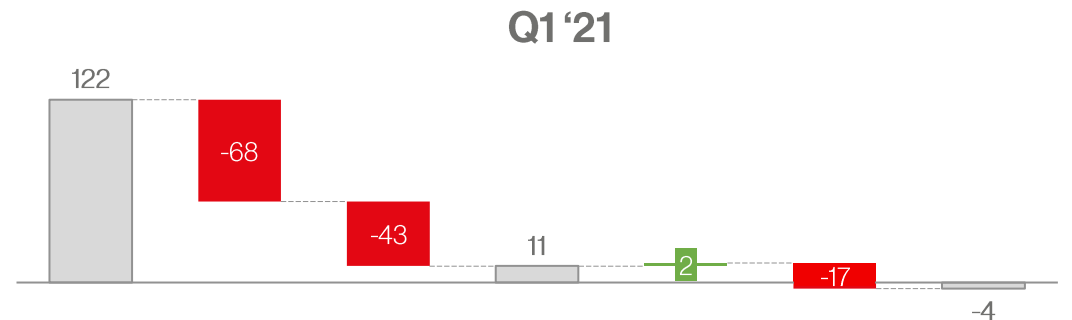
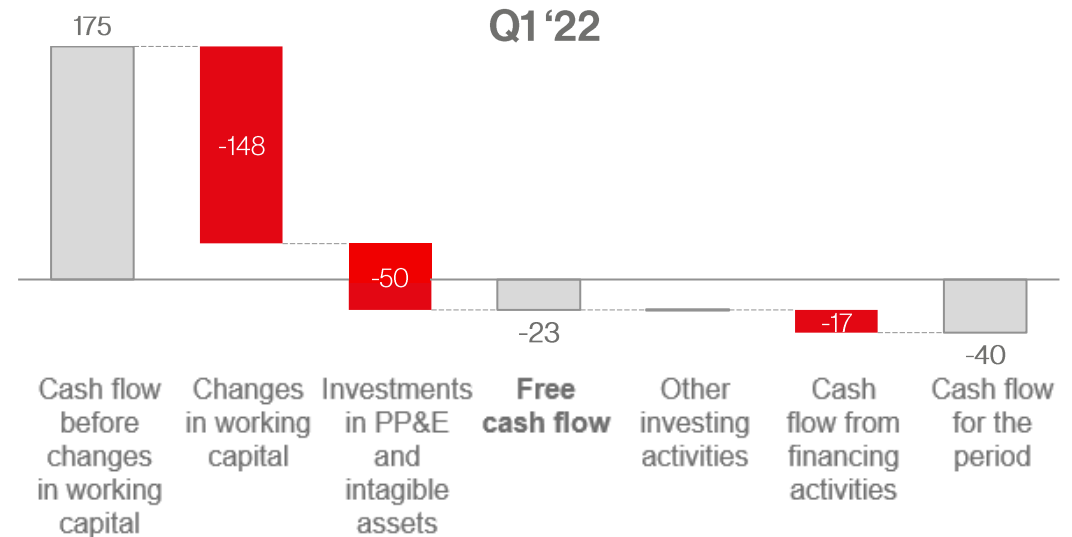
Increase driven by higher marketing spend and other costs to enable topline growth



# Cash flow

Free cash flow driven by normal seasonality combined with higher input costs and the securing of supplies

- Working capital increase driven by normal seasonal inventory build combined with higher input cost and the securing of supplies
- Easter phasing further affects working capital compared to prior year, with higher ending inventories while associated lower receivables more than offset by higher overall sales

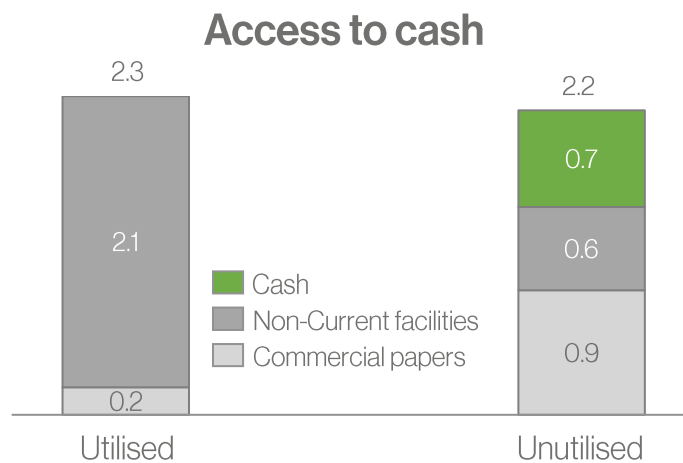
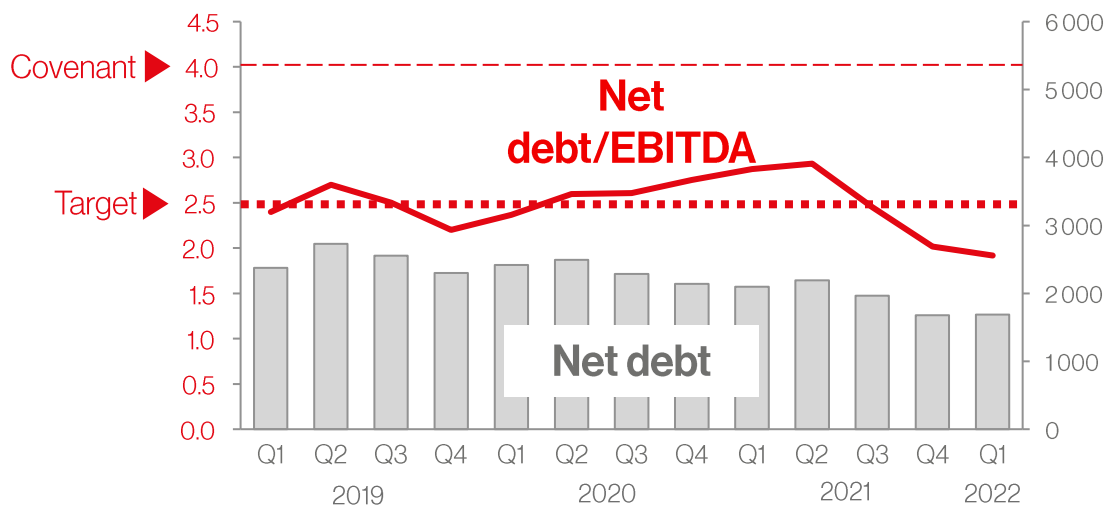




# Financial position

## Continued all-time strong financial position

- Net debt remains at all-time low of SEK 1.7 billion
- Leverage also at all-time low at 1.9x; well below 2.5x target and 4.0x covenant
- Unutilised access to cash of SEK 2.2 billion



# Strategic update





# Naturalness: Fruit-based candy, NL

– On trend with naturalness, known ingredients

Proximity to Purchase



Lead consumers along the path to purchase

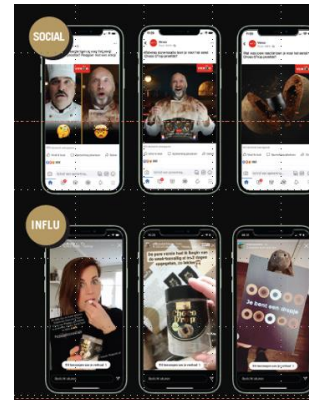


# Premiumisation: Venco Choco D'rop, NL

– Launch of the year in confectionary award



TV COMMERCIALS



INFLUENCERS

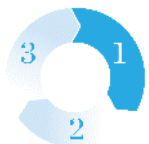


OUTDOOR



IN STORE





# Investing in customer development capabilities

– Cloetta voted supplier of the year

- Capability build since 2015 in account management, shopper marketing and category management
- Step up in E-commerce capabilities since 2018
- Cloetta winning the *Industrië Trofee* in the Confectionery & Snacks category, voted by our trade partners
- More capability build ongoing through NRM project and promotion evaluation tool implementation
- Sharing across Cloetta and building same competence in core markets





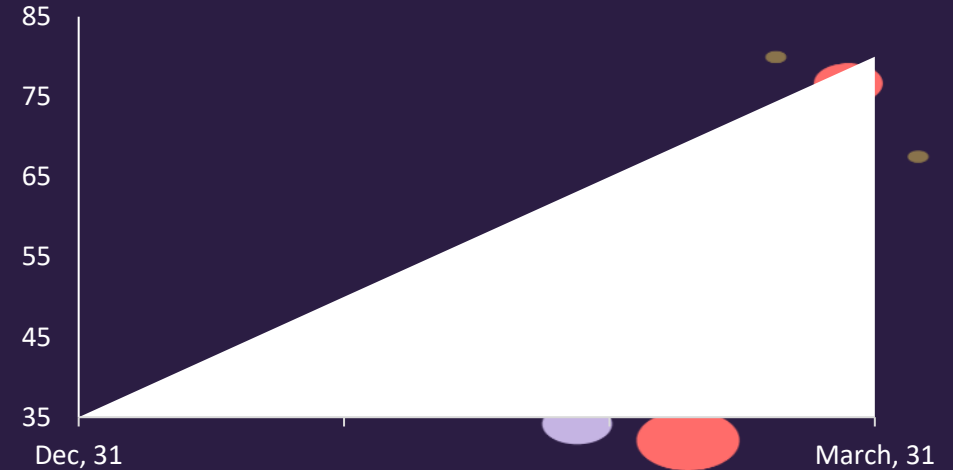
# Premiumisation: “CandyKing - The premium mix”, FI

– Better quality execution leading to higher consumer sales, in both volumes and value



Number of  
shops

Availability in Finland



# Strategic priorities



## 1 Growth leadership in Branded packaged products

### Activities

- Strengthening top 25 brands
- Focus on recovery of pastilles and gum
- Expanded food tech innovations; fruit-based candy launched in the Netherlands
- Price increases implemented, significantly higher cost inflation requires further pricing

## 2 Sustainable value within the Pick & mix business

### Activities

- Relaunch of the Parrots concept with a new visual expression
- “CandyKing – The premium mix” rolled out on a broader scale in Finland
- E-commerce pilot recording triple-digit growth
- Price increases implemented, significantly higher cost inflation requires further pricing

## 3 Focus on lower costs and greater efficiency

### Activities

- Live with integrated sales organisation in Sweden
- New maintenance system live in second factory
- NRM programme launched in five largest markets – bringing efficiency focus to pricing and trade spend
- Promo evaluation tool project launched for all markets

The background is a 3D-rendered scene featuring a series of pink, rectangular blocks of varying heights arranged in a stepped, geometric pattern. Scattered across these blocks and the flat surfaces between them are numerous small, oval-shaped jelly beans in a variety of colors including red, yellow, green, blue, orange, and white. The lighting is soft and even, creating a clean, modern aesthetic.

# Q & A



*Thank you!*

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*Cloetta*



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