

# Cloutta

**Q2** 2023 results  
14 July 2023

- 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

## High organic growth and continued profit improvement

- Continued strong growth in Branded; favourable mix from higher-margin products
- 9<sup>th</sup> quarter of growth in Pick & mix; important initiatives within quick commerce
- Higher adjusted operating profit reflects that last year the pricing only partially offset the cost inflation
- Stepped up efforts on portfolio rationalisation; taking out cost and creating capacity for growth
- Greenfield project; last union negotiation in Belgium finalised and council published intent to sell land to Cloetta
- Net debt/EBITDA remained below our targeted 2.5x
- All loan facilities extended by one year to 2025-2027 with our banking group

**SEK 2.0 bn**  
Net sales

**14.8%**  
Branded organic  
sales growth

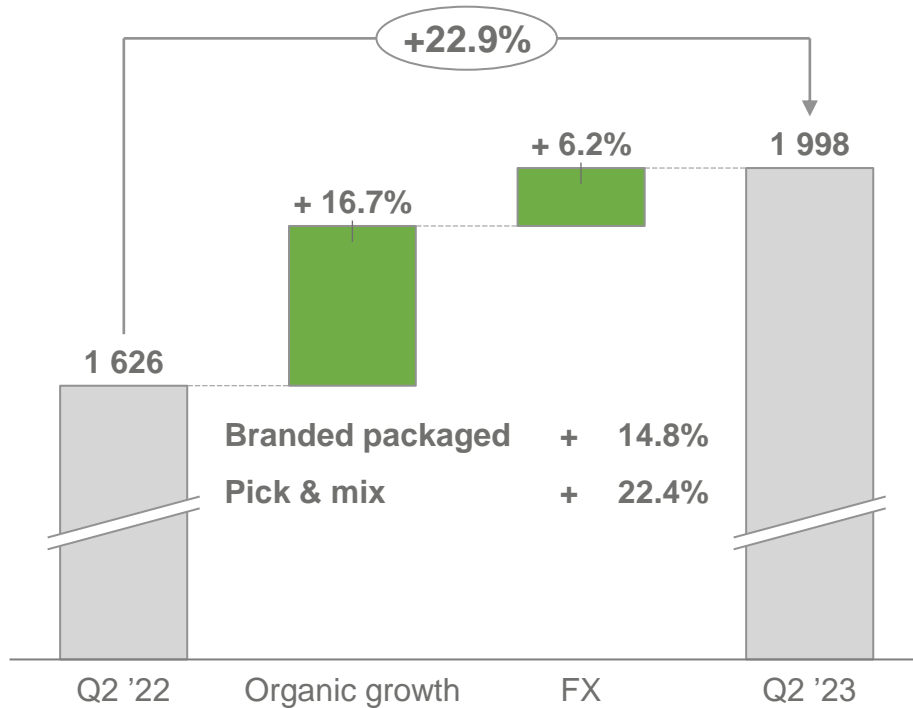
**22.4%**  
Pick & mix organic  
sales growth

# Financials

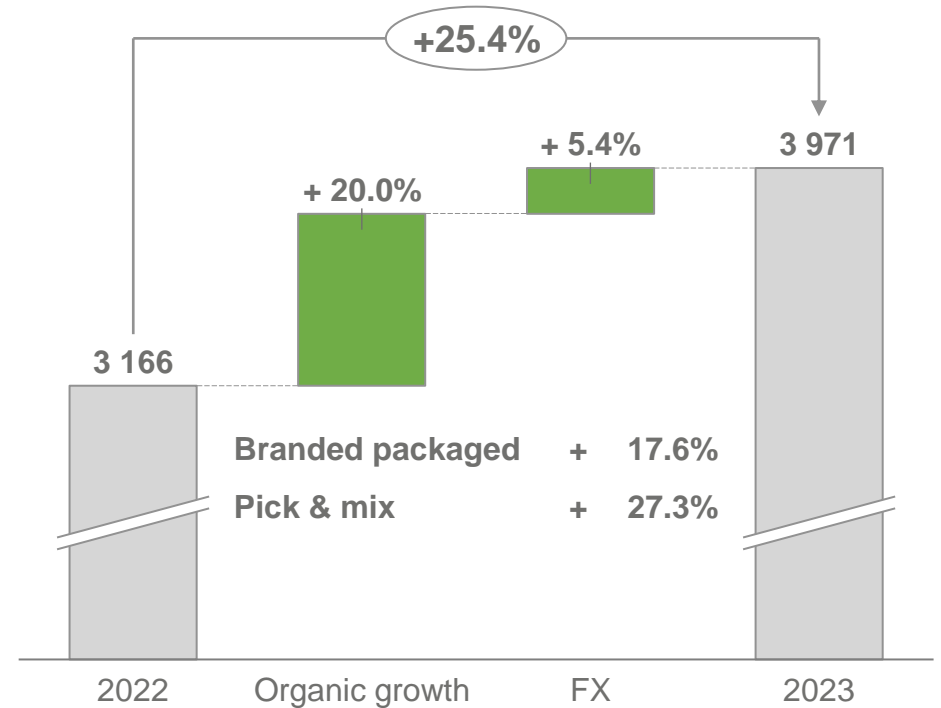
# Net sales

Strong double-digit growth driven by pricing to offset cost inflation

## Second quarter



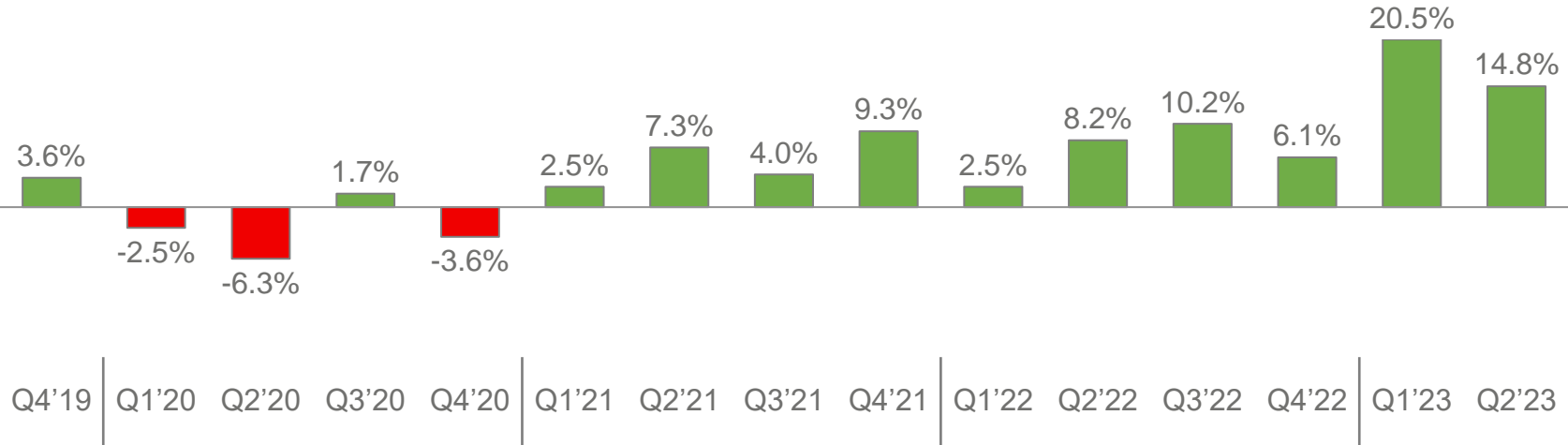
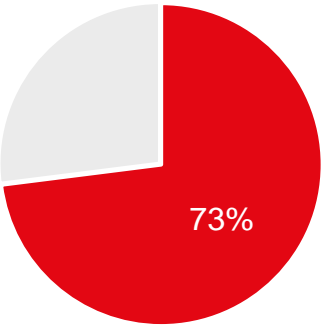
## 6 months



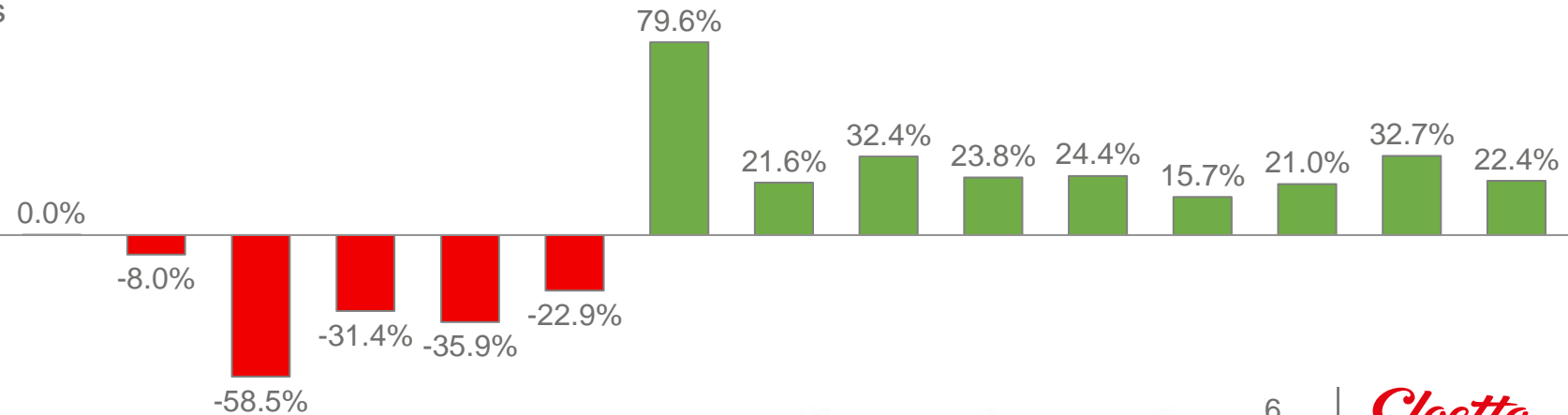
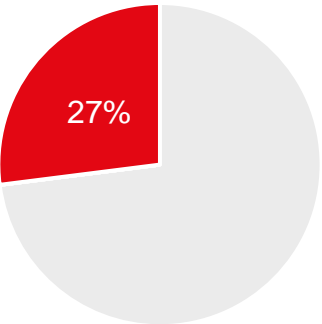


# Sales development

Branded, % of Q2 '23 sales



Pick & mix, % of Q2 '23 sales

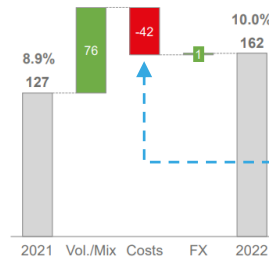


# Operating profit, adjusted

Increased profit driven by pricing to offset higher input cost

- **Strong pricing execution to offset cost inflation.** The improved profit reflects that last year the pricing only partially offset the cost inflation.

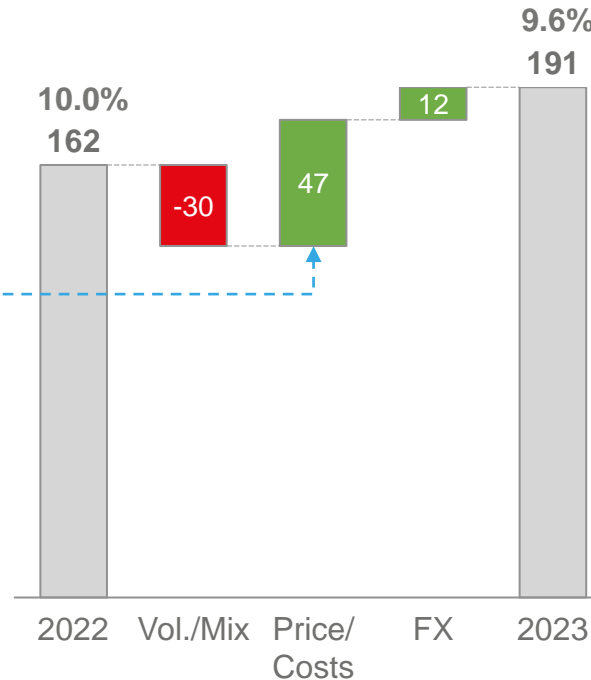
Second quarter 2022



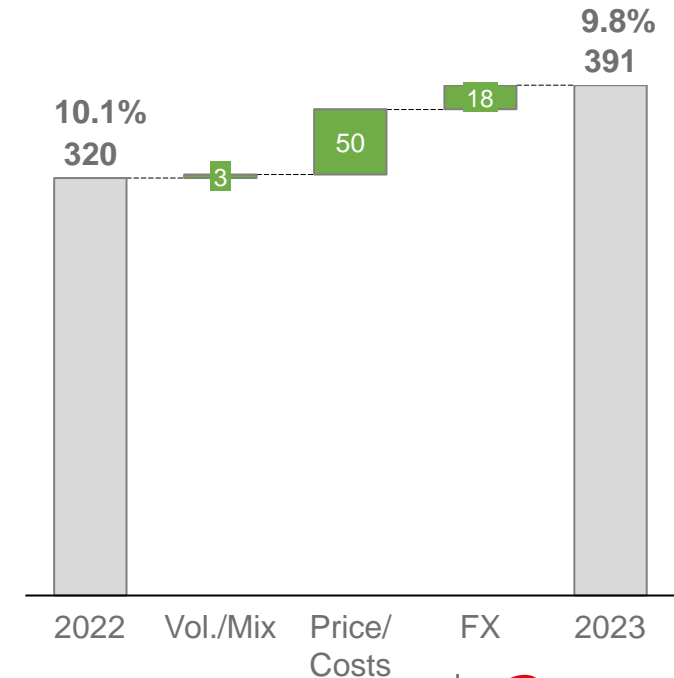
- **Negative volume/mix** due to tougher comparables including earlier Easter, and portfolio choices.

## Operating profit, adjusted

Second quarter



6 months



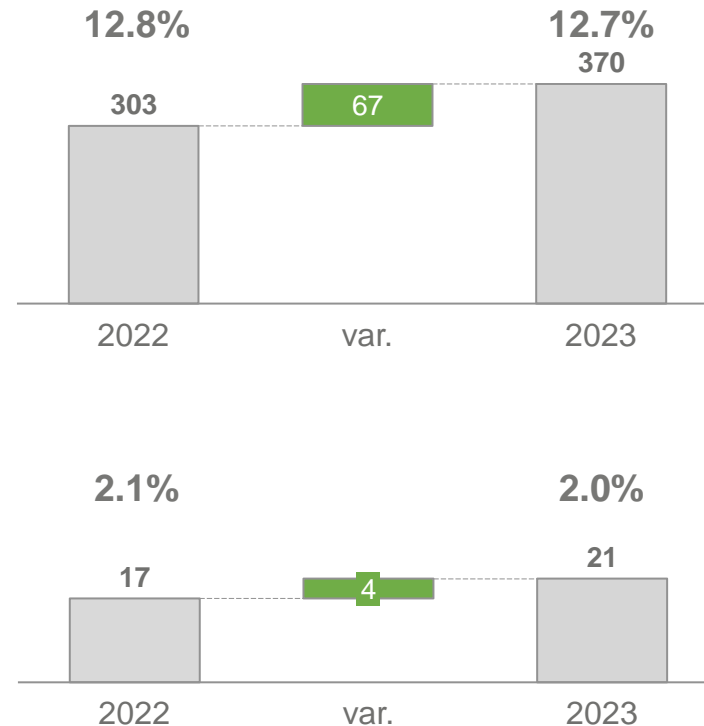
# Operating profit, adjusted, by segment

Increased Branded profit and maintained profitability; Pick & mix profitable for 9<sup>th</sup> consecutive quarter

Second quarter



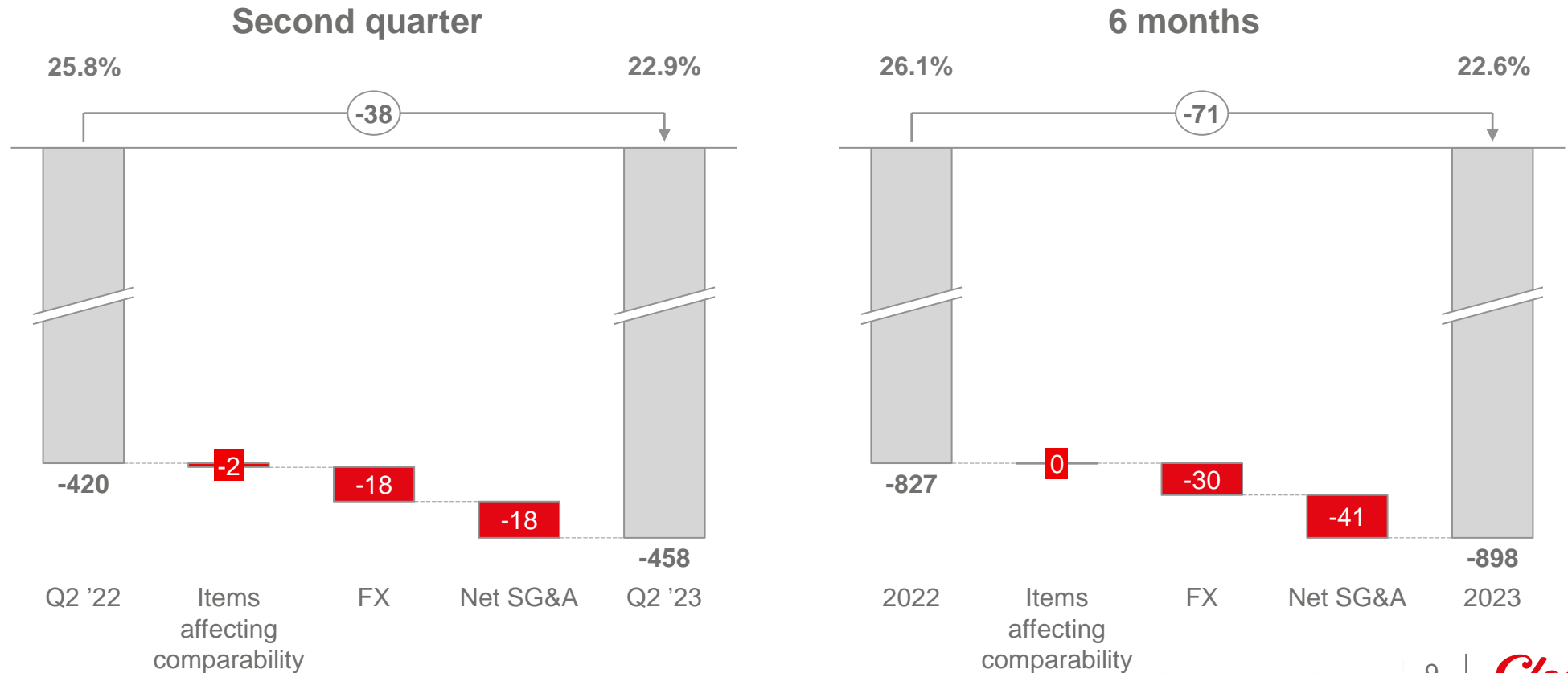
6 months





# SG&A

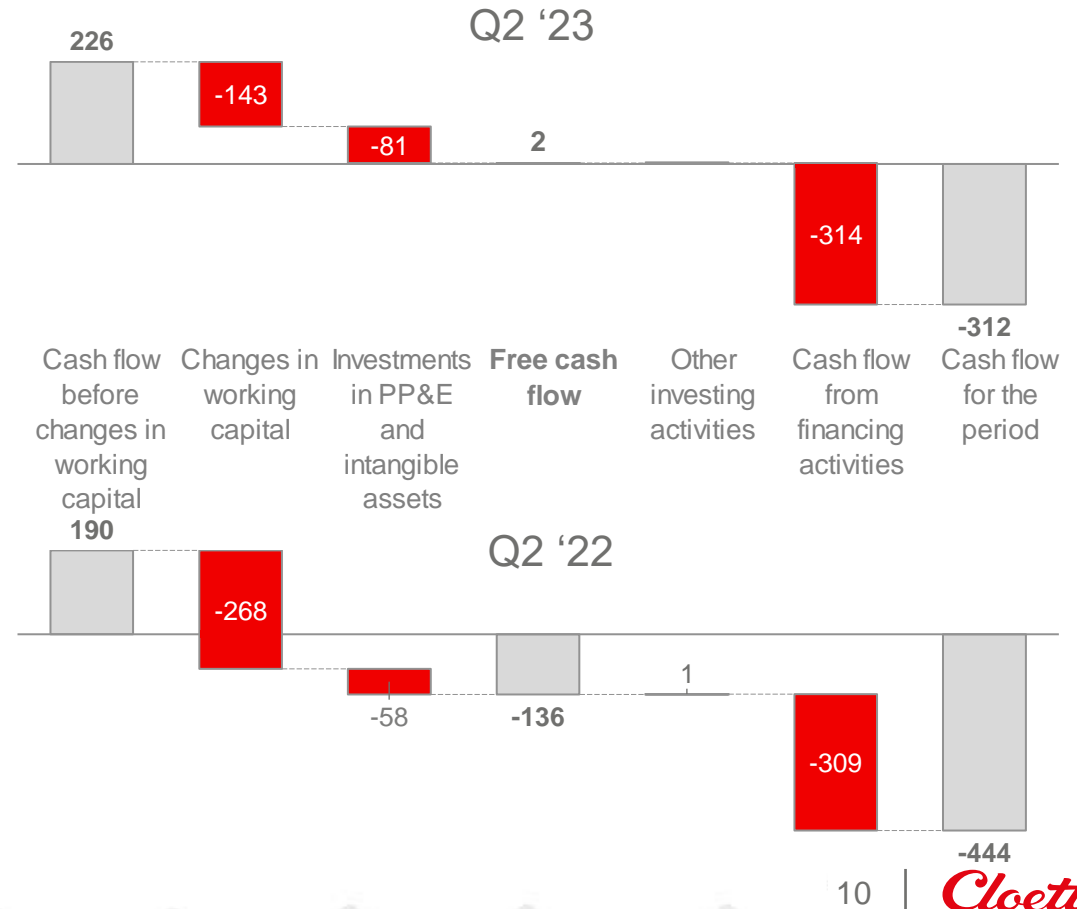
Cost driven by annual salary increases across markets and currency translation effect



# Cash flow

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

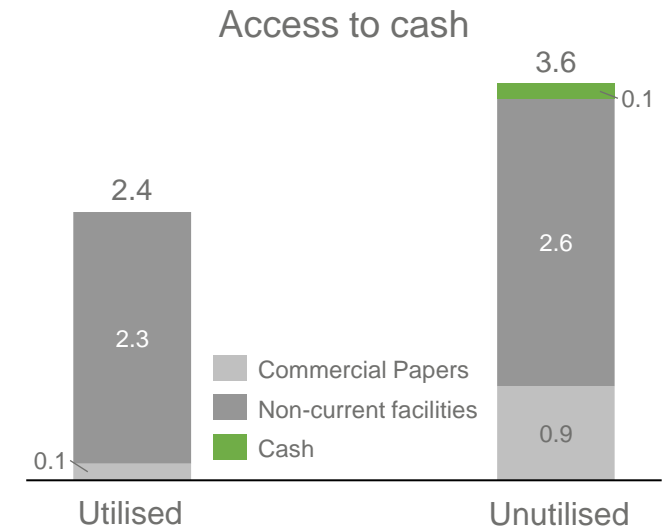
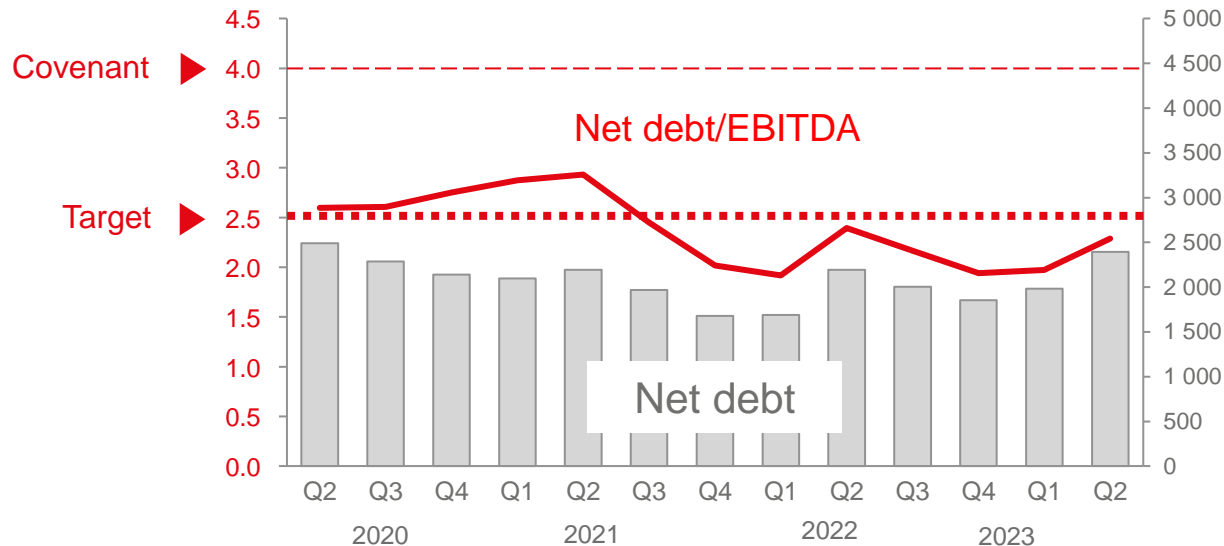
- **Increased working capital in line with seasonal trend** where cash is generated in second half of the year.
- **Improved working capital vs LY** despite negative effect of higher input cost, driven by increased focus on receivables.
- **Investments caught up** to normal YTD run-rate driven by packaging technology.
- **Cash flow not materially affected by net financial items** as driven by unrealised exchange differences.



# Financial position

## Continued strong financial position

- Leverage at 2.3x remains below long-term target of 2.5x and lower than Q2 2022
- Net debt increase driven by unfavourable unrealised revaluation impact
- Unutilised access to cash of SEK 3.6bn

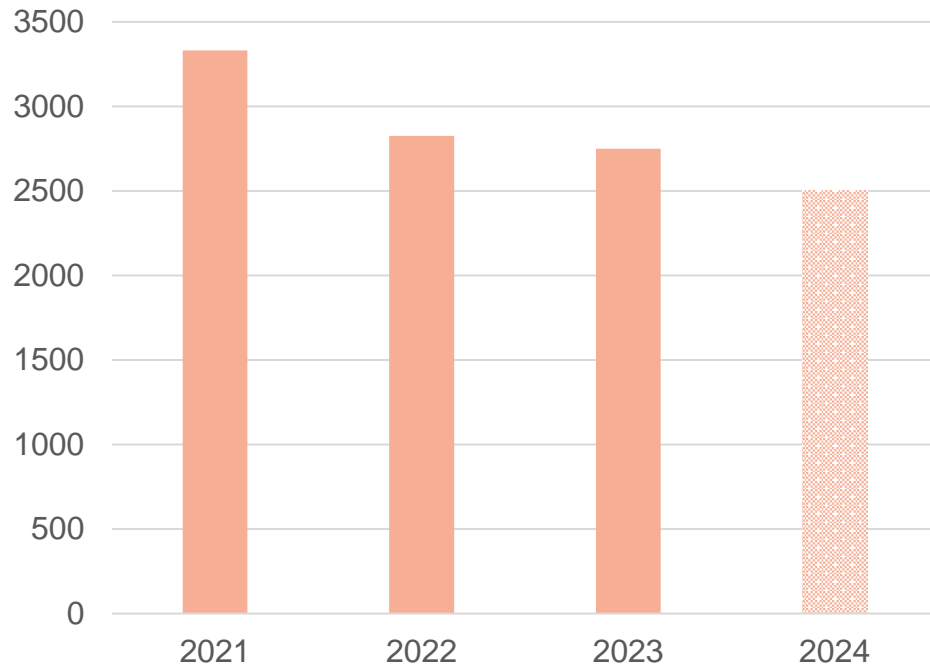


# Strategic update



# Portfolio rationalisation – Branded

Packed SKU's and Displays



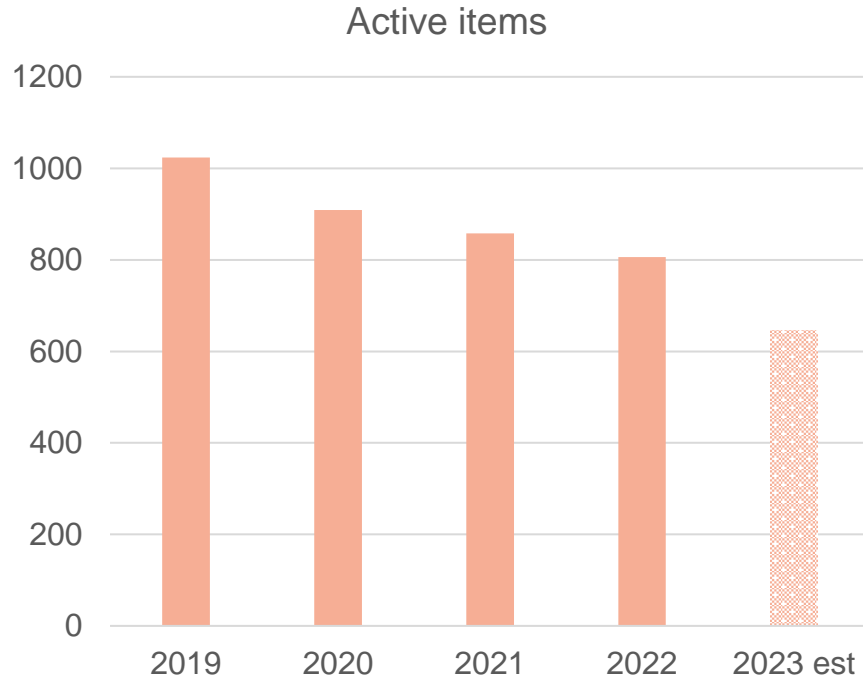
- Number of active items reduced by 17.5% in 2023 vs 2021 baseline
- Aiming to reduce by another 7.5% in 2024
- Further opportunities through the new greenfield facility

## Key areas to drive reduction:

- ABCD classification and regular delisting of D SKU's
- Recipe and raw materials harmonisation
- Semi-finished products harmonisation in mixed bags



# Portfolio rationalisation – Pick & mix



- Number of active items in Pick & mix portfolio reduced by >20% between 2019-2022
- Aiming to reduce with additional 20% in 2023
- Assortment decisions centrally organised
- Buying centralised – upside when raw material cost declines

## Key areas to drive reduction:

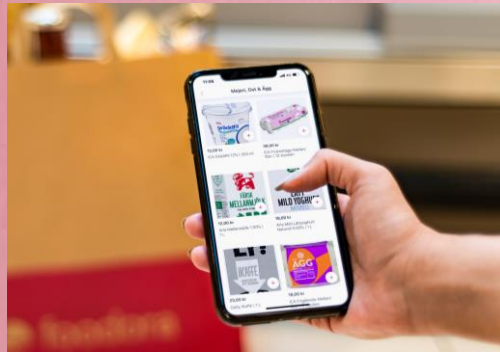
- Harmonising product recipes
- Harmonising packaging formats
- Increasing the number of multi-market listings

# Winning in emerging online channels

## Reaching consumers through quick commerce

Quick commerce (order and delivery within 30-45 min) expanded rapidly during the pandemic and found a permanent place in the online landscape.

*Confectionery is particularly interesting for the “here and now” moments.*



### Examples of recent collaborations:

- Online exclusive product – pre-packed Pick & mix cup with foodora market in Sweden
- Tupla campaign with foodora in Finland



# CandyKing recognised in top-tier media

## CandyKing brand building

- Stepping up brand building efforts through own and earned media
- Across market activation with a summer campaign with the theme “Buy and Win”



MAT OCH VIN

## CandyKings sommarnyheter – 8 nya godbitar i lösgodishyllan



CandyKings sommarnyheter är en härlig blandning av sött, salt, syrligt och choklad. Fyll godispåsen till en dag på stranden och hitta en ny favorit!

AV NAMI KAWAKITA 04 MAJ, 2023 — [SPARA ARTIKEL](#)

ELLE

Godare



# Greenfield project proceeding



- Last union negotiations in Belgium finalised
- City council published intent to sell land to Cloetta
- Open dialogue with all stakeholders
- Electricity supply ordered
- Tendering process of the factory building initiated
- Engineering design on equipment in progress



# Q & A



*Thank you!*

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*Cloetta*



# Appendix

# Greenfield facility – Pro forma profit and loss Q2

	Q2 2023, reported	Greenfield	Q2 pro forma excl. greenfield	Other items affecting comp.	Q2 2023, adjusted
Net sales	1,998		1,998		1,998
Cost of goods sold	-1,358	-4	-1,354		-1,354
<b>Gross profit</b>	<b>640</b>	<b>-4</b>	<b>644</b>		<b>644</b>
Selling expenses	-267		-267		-267
General and admin expenses	-191	-5	-186		-186
<b>Operating profit</b>	<b>182</b>	<b>-9</b>	<b>191</b>		<b>191</b>
Net financial items	-86		-86		-86
<b>Profit/loss before tax</b>	<b>96</b>	<b>-9</b>	<b>105</b>		<b>105</b>
Income tax	-23	3	-26		-26
<b>Profit/loss for the period</b>	<b>73</b>	<b>-6</b>	<b>79</b>		<b>79</b>
<i>Gross margin</i>	32.0%		32.2%		32.2%
<i>Operating profit margin</i>	9.1%		9.6%		9.6%
<i>Effective tax rate</i>	24.0%		24.8%		24.8%

# Greenfield facility – Pro forma profit and loss YTD

	YTD Q2 2023, reported	Greenfield	YTD Q2 pro forma excl. greenfield	Other items affecting comp.	YTD Q2 2023, adjusted
Net sales	3,971		3,971		3,971
Cost of goods sold	-2,713	-24	-2,689		-2,689
<b>Gross profit</b>	<b>1,258</b>	<b>-24</b>	<b>1,282</b>		<b>1,282</b>
Selling expenses	-525		-525		-525
General and admin expenses	-373	-7	-366		-366
<b>Operating profit</b>	<b>360</b>	<b>-31</b>	<b>391</b>		<b>391</b>
Net financial items	-173		-173		-173
<b>Profit/loss before tax</b>	<b>187</b>	<b>-31</b>	<b>218</b>		<b>218</b>
Income tax	-49	8	-57		-57
<b>Profit/loss for the period</b>	<b>138</b>	<b>-23</b>	<b>161</b>		<b>161</b>
<i>Gross margin</i>	31.7%		32.3%		32.3%
<i>Operating profit margin</i>	9.1%		9.8%		9.8%
<i>Effective tax rate</i>	26.2%		26.1%		26.1%



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