

# Cloutta

**Q4** 2023 results  
26 January 2024

- Henri de Sauvage-Nolting, President and CEO
- Frans Rydén, CFO



# Agenda

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



# A year of strong profitable growth – milestone of SEK 8bn in sales

- First time in history exceeding annual SEK 8bn in net sales and SEK 799m in operating profit
- Strong double-digit organic growth in Branded, primarily driven by pricing with relatively stable volumes
- Strong double-digit organic growth in Pick & mix, despite the administration of Wilko in the UK
- Highest ever full year adjusted operating profit, despite compressed margins; primarily attributable to pricing and cost control, offsetting the higher input cost
- Optimisation of brands and product portfolio to improve margins and free up capacity
- Decision on the Greenfield facility to be carbon emission free, as fully electric operation confirmed possible
- Net debt/EBITDA at all-time low 1.7x and well below targeted 2.5x
- Dividend proposal of SEK 1.00 (1.00) per share

Q4

SEK **2.2** bn  
Net sales

**11.1** %  
Branded organic  
sales growth

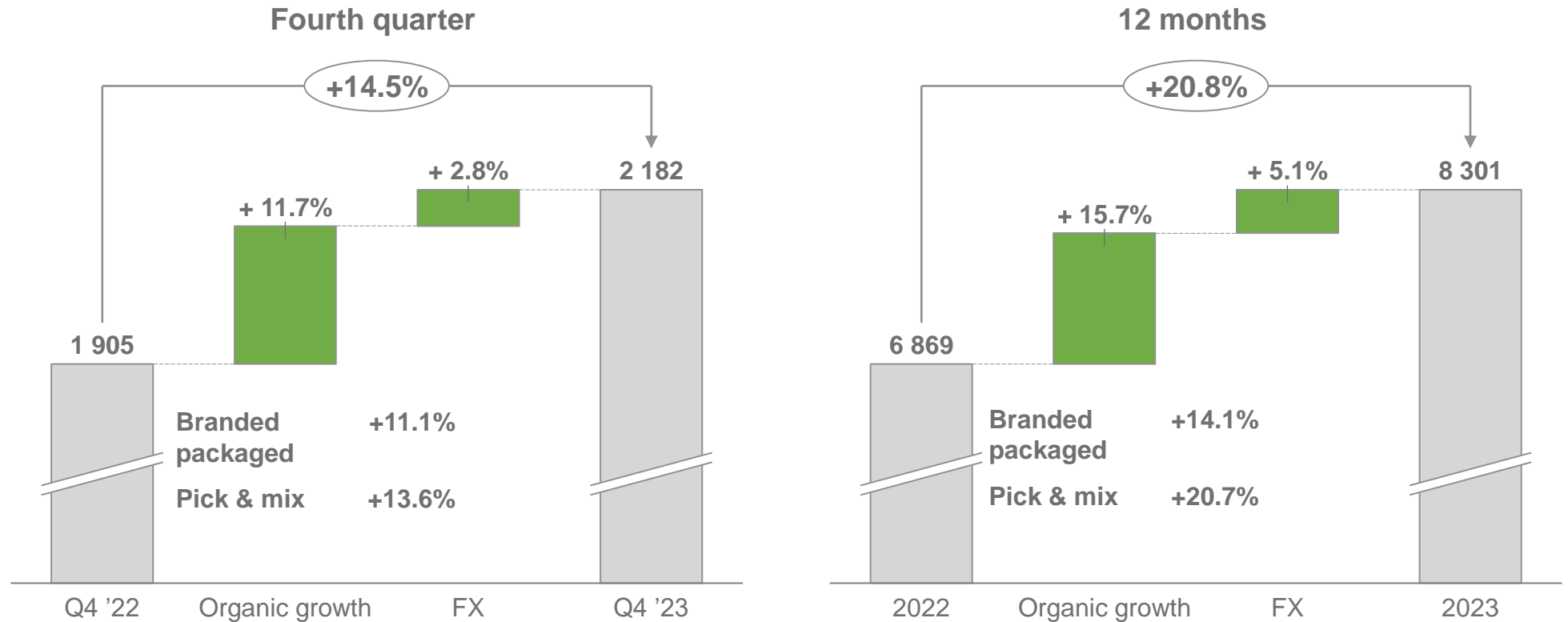
**13.6** %  
Pick & mix organic  
sales growth

# Financials



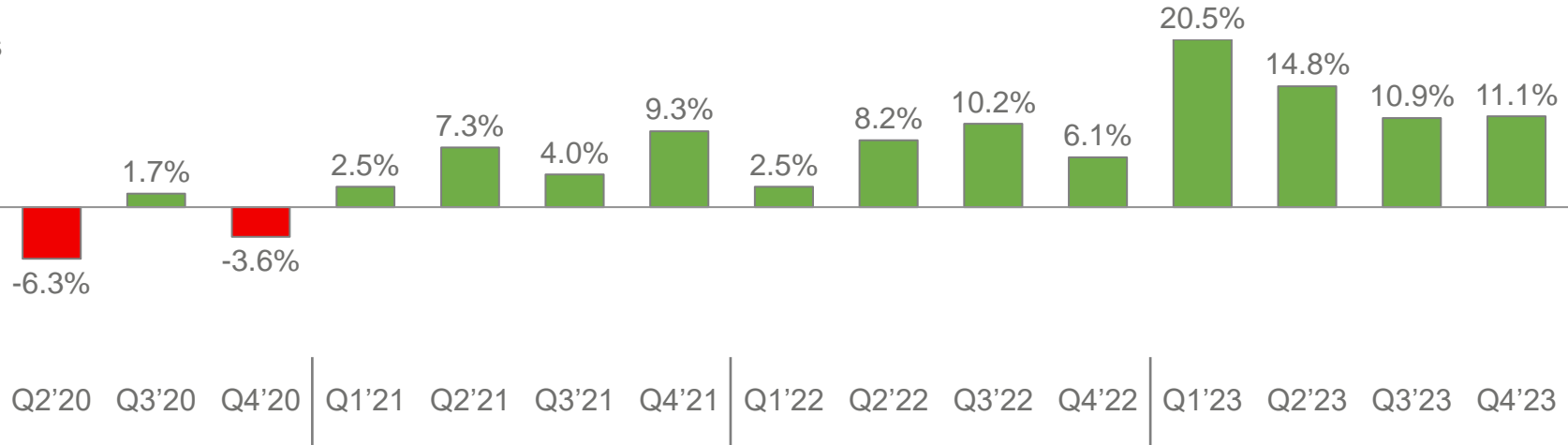
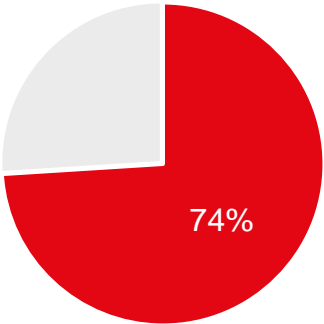
# Net sales

First year with SEK 8bn in sales, driven by continued double-digit growth in both segments

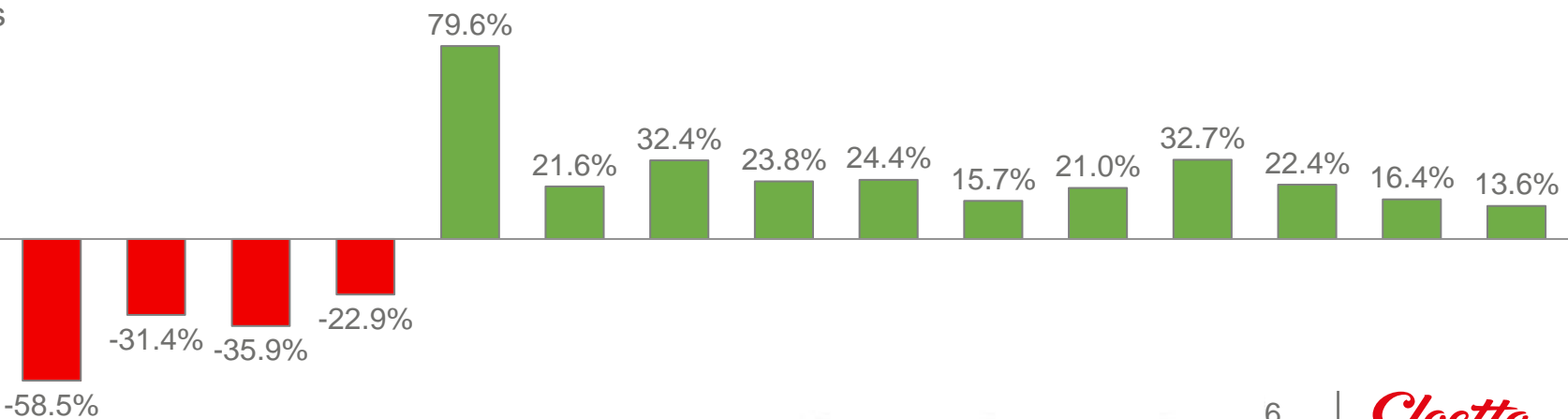
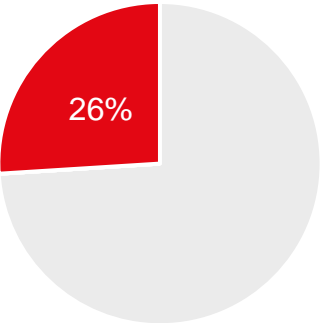


# Sales development

Branded, % of Q4 '23 sales



Pick & mix, % of Q4 '23 sales



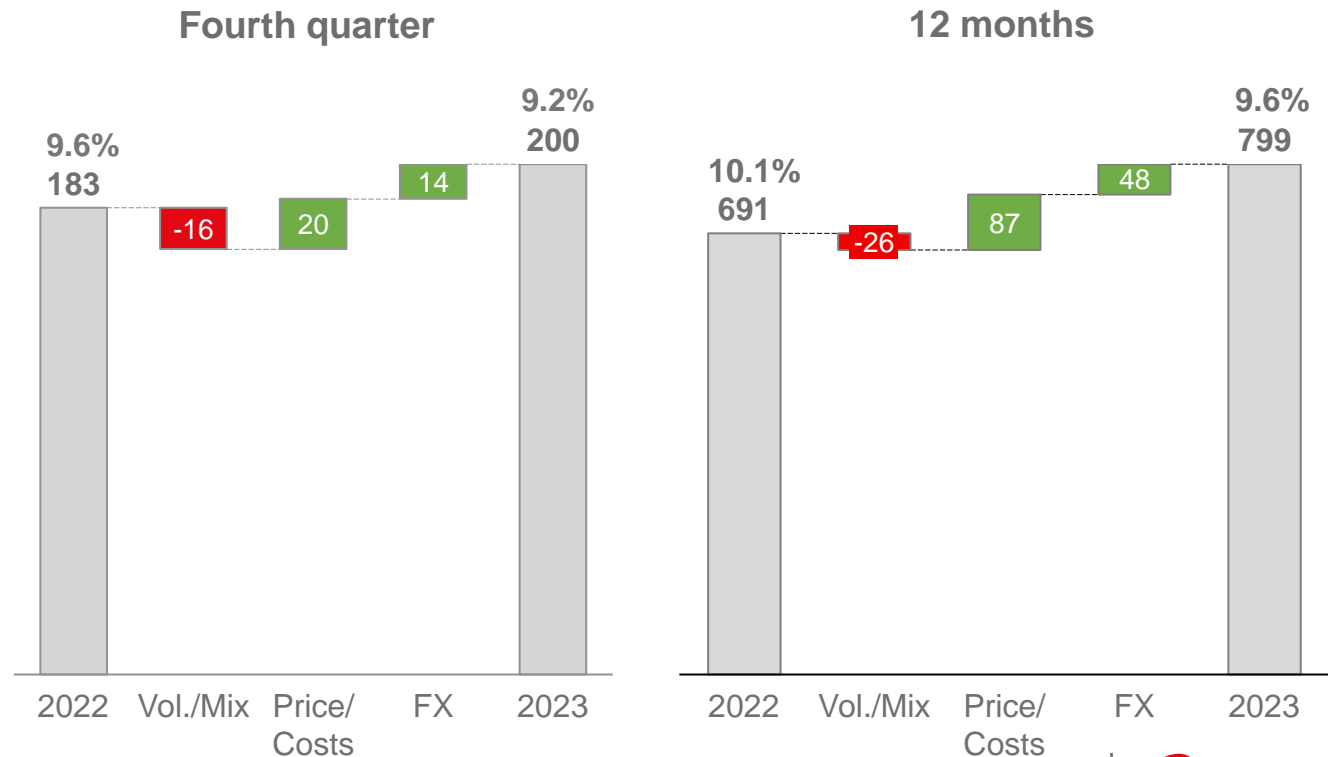


# Operating profit, adjusted

Continued strengthened Q4 leads to highest ever full year profit, despite compressed margins

## Operating profit, adjusted

- **Pricing and cost control offsets inflation and negative currency effects** in Sweden and Norway. Year-to-date also reflect that last year pricing only partially offset cost inflation
- **Volume/mix negative despite almost stable volumes in the declining market**, and due to the stronger growth in P&M than in the Branded packaged segment



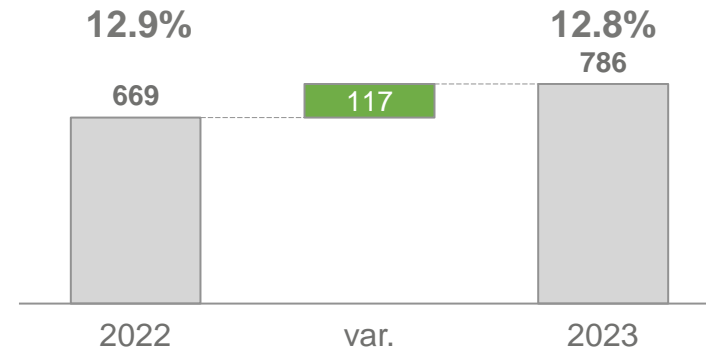
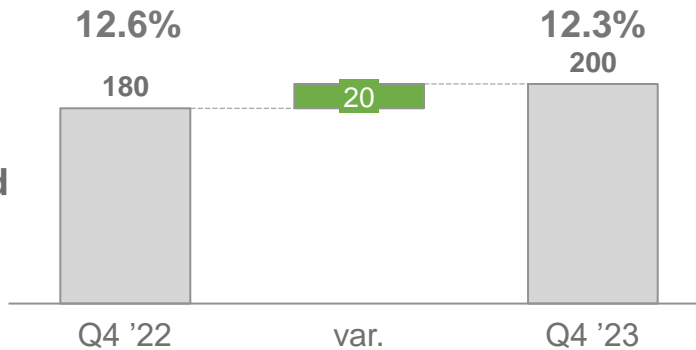
# Operating profit, adjusted, by segment

Branded packaged profit improved while Pick & mix remains in black despite administration of UK customer

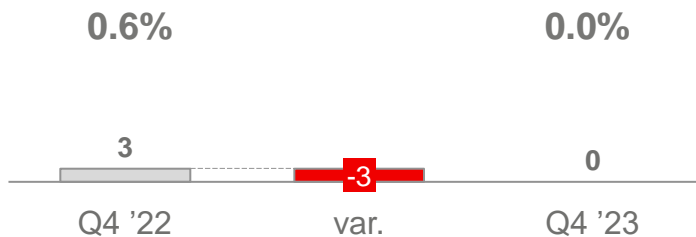
Fourth quarter

12 months

Branded packaged



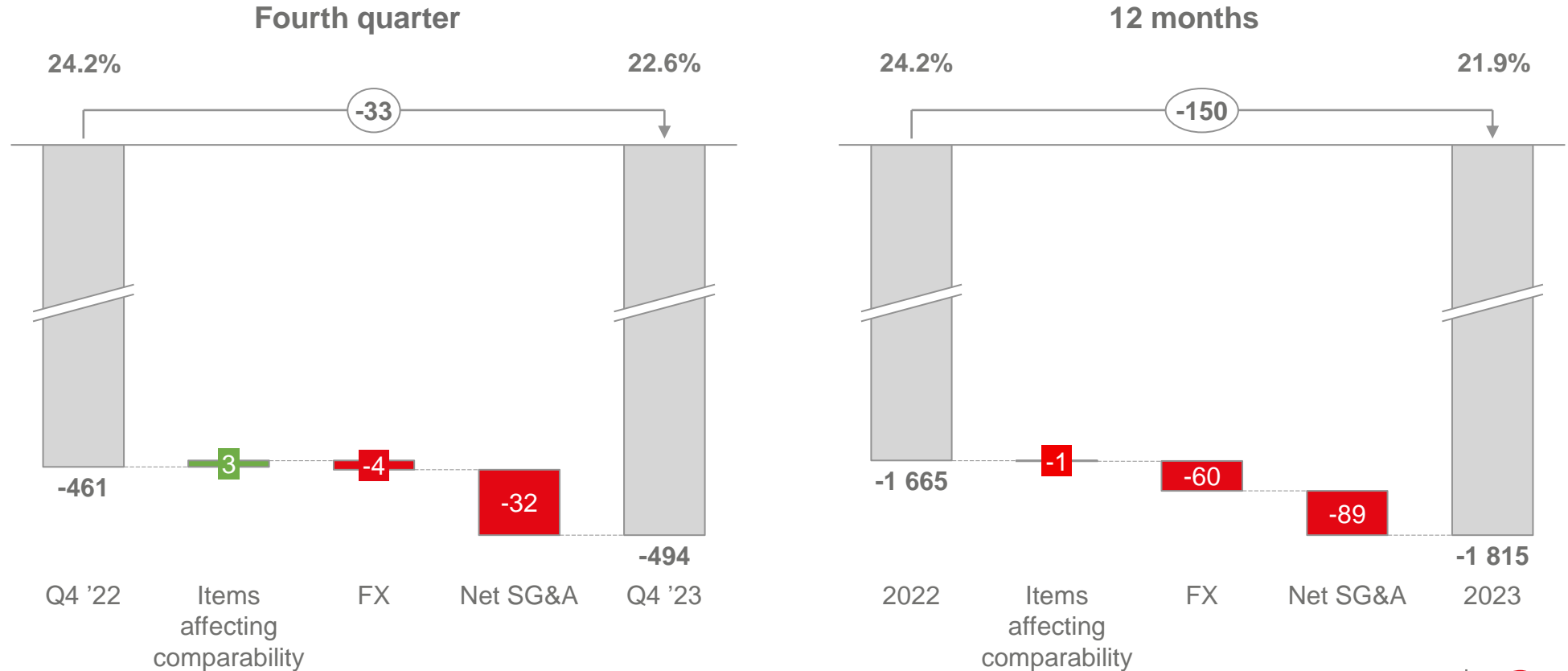
Pick & mix





# SG&A

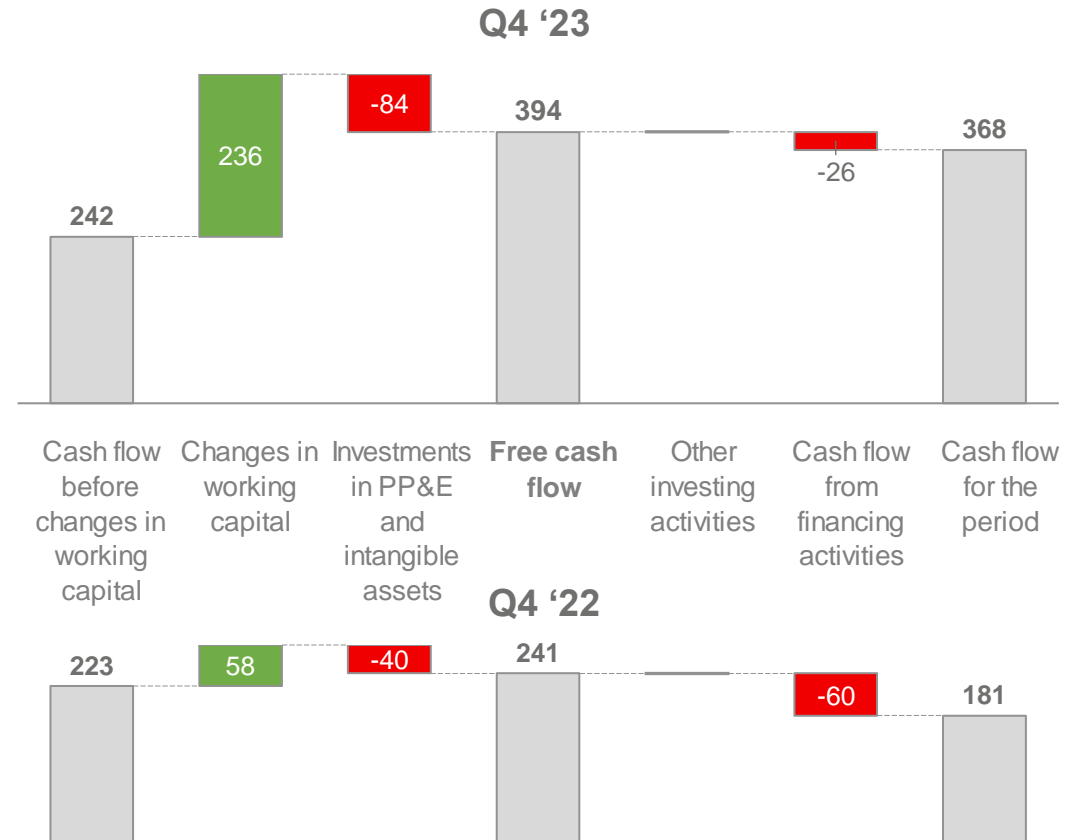
Cost driven by annual salary increases across markets and currency translation effect



# Cash flow

SEK 394m free cash flow driven by operating result and strong working capital

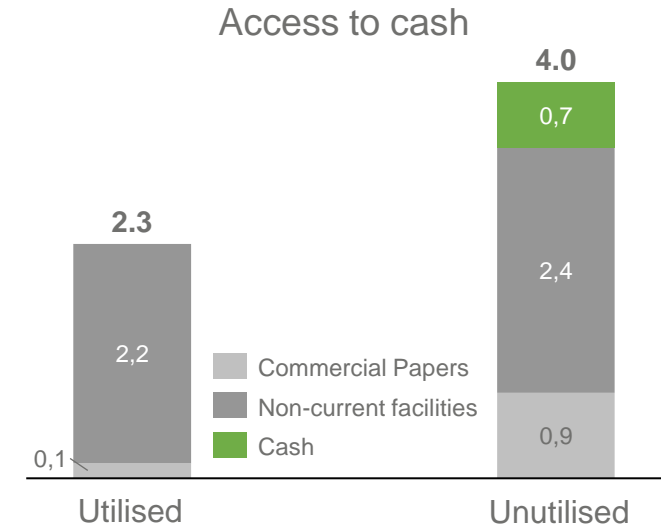
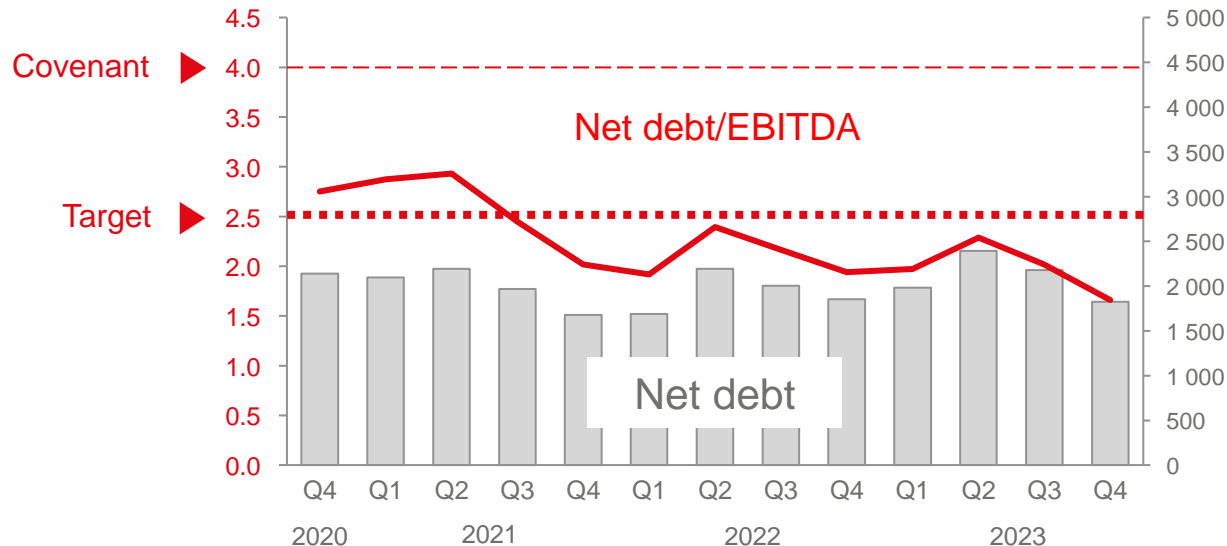
- **Improved free cash flow** primarily driven by strong working capital
- **Strong working capital reflect lower receivables and inventories** in line with normal seasonality, combined with increased focus on cash. Significant improvement vs last year also driven by less impact from input cost inflation and pricing
- **Investments** higher than normal following good progress on installation of new carton packaging equipment



# Financial position

Continued strong financial position with leverage at an all-time low

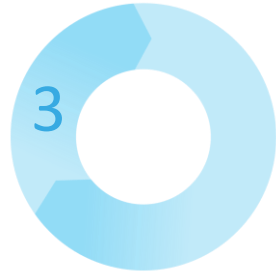
- Net debt/EBITDA at all-time low 1.7x and well below targeted 2.5x
- Net debt decrease driven by favourable revaluation impact and generated cash
- Unutilised access to cash of SEK 4.0bn
- Dividend proposal of SEK 1.00 (1.00) per share



# Strategic update



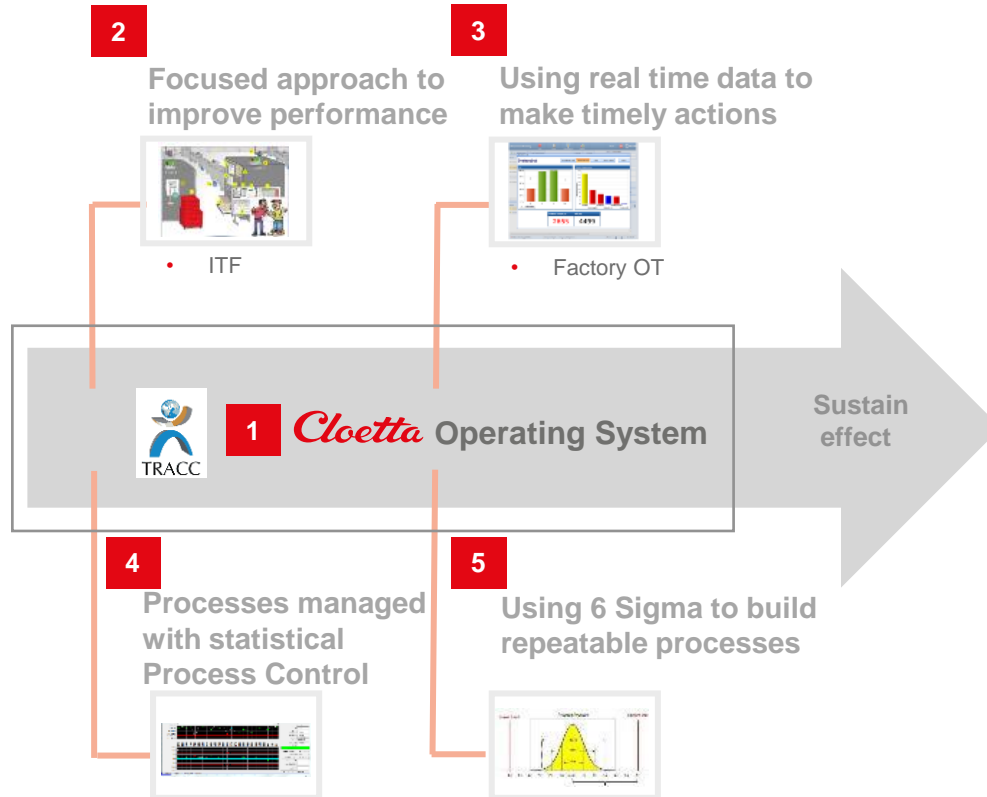
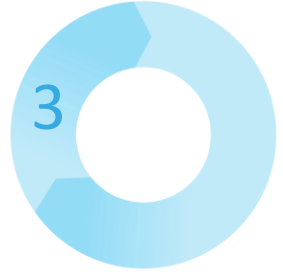
# Greenfield: first major carbon emission-free candy factory in Europe



- Decision to build and operate the Greenfield facility fully electric
  - Technical ability confirmed
  - Change does not impact timeline
  - Contributes to Cloetta's set Science Based Targets (SBTi)
  - Opportunity to shorten queue for electricity connection
- Regulatory decision from the city council expected in H1 2024
- Roosendaal Borchwerf factory stops production summer 2024
- Net investment remains within SEK 1.9 bn budget
- EBIT contribution remains higher up in the range SEK 220-260m



# Perfect factory: Creating capacity for further growth



## SAFETY

Total Injury rate improved with 18% in relation to 2022, including a significant improvement in severity level

## QUALITY

Robust 2% quality improvement in relation to 2022, visible through customer complaints reduction

## LINE EFFICIENCY

2.4% improvement in overall line efficiency throughout our factories in relation to 2022

## PRODUCT SCRAP

9.5% reduction in overall product scrap in relation to 2022

## PEOPLE

100% of all factory people trained and involved in the continuous improvement program and driving performance



# Advancing our sustainability agenda towards a sweeter future

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## Responsible & transparent communication

Cloetta's Responsible Marketing Guidelines - Environmental Claims



- Guidelines
- Trainings
- Practices

Anticipating the expected EU directive on sustainability marketing

## Sustainable sourcing

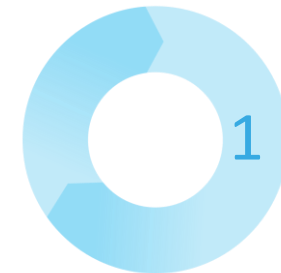


Key supplier performance review on sustainability incl. Climate Action

Advanced Sustainable Sourcing initiative by starting a sustainable sourcing training program for suppliers



# Profitable Growth acceleration – fueling Refreshment offering for better reach



Introducing novelties with attitude & exploiting brand power to attract new consumers

Peaking penetration and outstanding repeat purchases

Sisu Merch – store rocks!

Distinctive communication to drive trials and attract new users



		Share change		
Country	Brand	L4W	L12W	MAT
Finland	Sisu	2.3	2.4	0.1

Exciting, unexpected sweet flavor combinations to entice young consumers to category and brand

New flavors have attracted the youth above category average

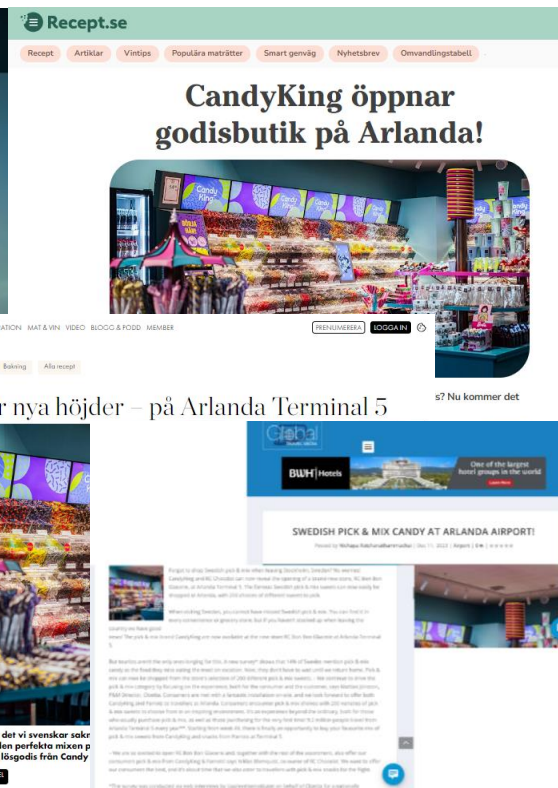
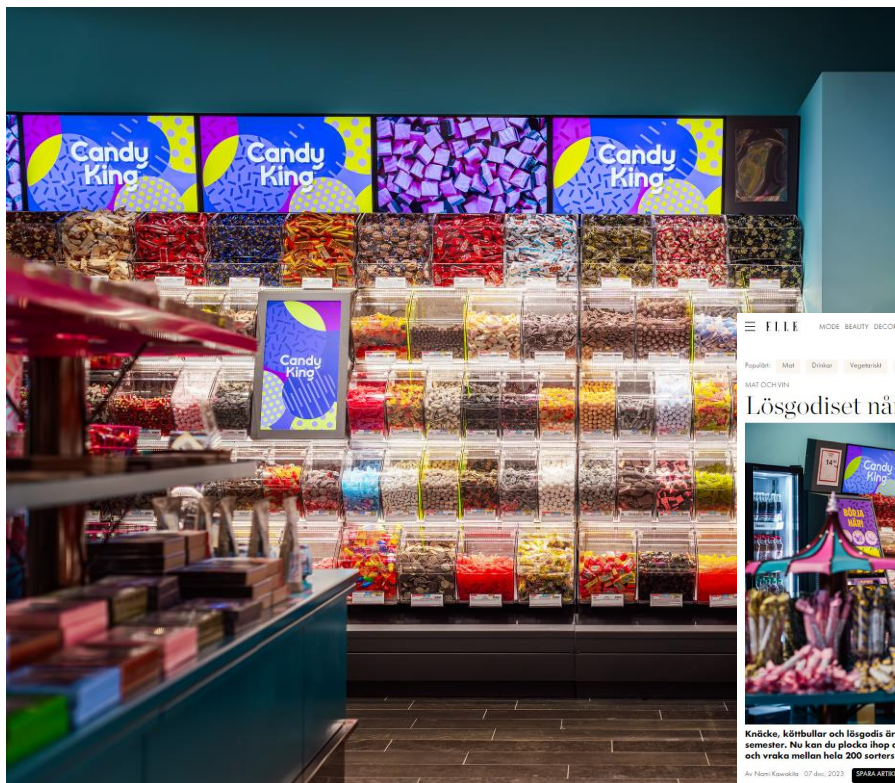
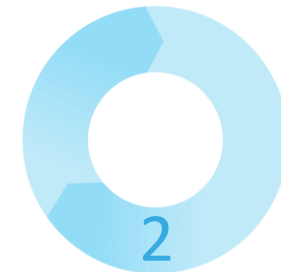
Strong repeat purchases & good promotional uplift

Multimedia campaign + on-the-go sampling boosting sales



Cloetta

# CandyKing premiumisation into tax-free zone in Stockholm's main airport



- Arlanda P&M experience**
- ~13 m P&M shelves with 250 pieces to choose from
  - Terminal 5 footfall: 9 million travelers/year
  - P&M is one of the top 3 items that Swedish travelers miss when going abroad\*
  - Launch generating PR in broad media

\*Online survey Nov -23, conducted by Upplevelseinstitutet on behalf of Cloetta, n = 148



# Q & A



*Thank you!*

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*Cloetta*



# Appendix

# Greenfield facility – Pro forma profit and loss Q4

	Q4 2023		Q4 2023		Q4 2023
	Reported	Greenfield	Pro-forma excl. greenfield	Other items affecting comparability	Adjusted
Net sales	2.182	-	2.182	-	2.182
Cost of goods sold	-1.514	-21	-1.493	-	-1.493
<b>Gross profit</b>	<b>668</b>	<b>-21</b>	<b>689</b>	-	<b>689</b>
Selling expenses	-300	-	-300	-	-300
General and administrative expenses	-194	-7	-187	2	-189
<b>Operating profit/loss</b>	<b>174</b>	<b>-28</b>	<b>202</b>	<b>2</b>	<b>200</b>
Net financial items	-28	-	-28	-	-28
<b>Profit/loss before tax</b>	<b>146</b>	<b>-28</b>	<b>174</b>	<b>2</b>	<b>172</b>
Income tax	-8	7	-15	-	-15
<b>Profit/loss for the period</b>	<b>138</b>	<b>-21</b>	<b>159</b>	<b>2</b>	<b>157</b>
<i>Gross margin</i>	<i>30,6%</i>		<i>31,6%</i>		<i>31,6%</i>
<i>Operating profit margin</i>	<i>8,0%</i>		<i>9,3%</i>		<i>9,2%</i>
<i>Effective tax rate</i>	<i>5,5%</i>		<i>8,6%</i>		<i>8,7%</i>

# Greenfield facility – Pro forma profit and loss YTD

	YtD Q4 2023		YtD Q4 2023		YtD Q4 2023
	Reported	Greenfield	Pro-forma excl. greenfield	Other items affecting comparability	Adjusted
Net sales	8.301		8.301	-	8.301
Cost of goods sold	-5.751	-48	-5.703	-	-5.703
<b>Gross profit</b>	<b>2.550</b>	<b>-48</b>	<b>2.598</b>	-	<b>2.598</b>
Selling expenses	-1.073		-1.073	1	-1.074
General and administrative expenses	-742	-16	-726	-1	-725
<b>Operating profit/loss</b>	<b>735</b>	<b>-64</b>	<b>799</b>	-	<b>799</b>
Net financial items	-165		-165	-	-165
<b>Profit/loss before tax</b>	<b>570</b>	<b>-64</b>	<b>634</b>	-	<b>634</b>
Income tax	-133	16	-149	0	-149
<b>Profit/loss for the period</b>	<b>437</b>	<b>-48</b>	<b>485</b>	<b>0</b>	<b>485</b>
<i>Gross margin</i>	<i>30,7%</i>		<i>31,3%</i>		<i>31,3%</i>
<i>Operating profit margin</i>	<i>8,9%</i>		<i>9,6%</i>		<i>9,6%</i>
<i>Effective tax rate</i>	<i>23,3%</i>		<i>23,5%</i>		<i>23,5%</i>



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