



Cloetta

Q2 2021 result – 16 July 2021

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Key messages Q2 2021

- Strong rebound in both segments and improved profitability
- Sales of Branded packaged products back at pre-pandemic levels
- Pick & Mix sales +80%, good progress on profitability
- Significantly higher marketing investments whilst improving operating profit
- Live with new maintenance system in first factory; increased reliability and lower costs
- Ready to announce Cloetta's Science Based targets within the year
- Preparing measures to mitigate recent rises in input costs

"Rebound in sales and improved profitability."



Agenda

1. Sales results

2. Financials

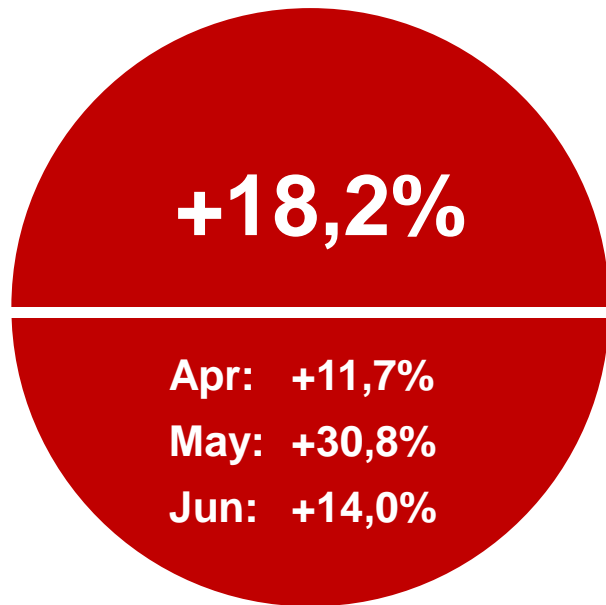
3. Strategic update

4. Q&A

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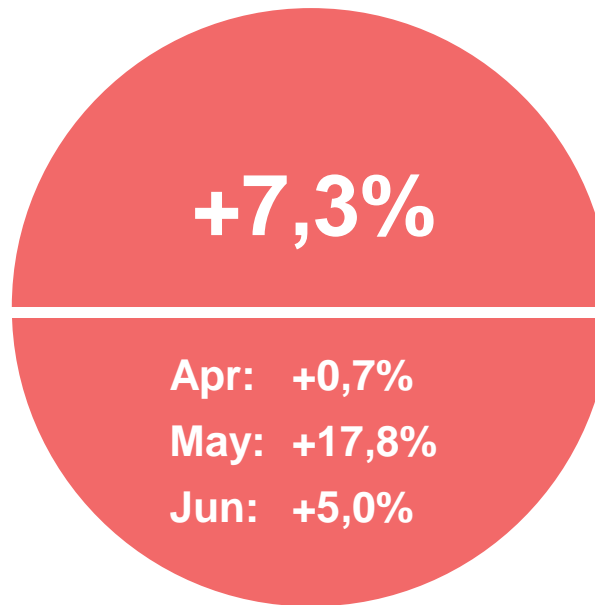
Q2 2021: Strong rebound in both segments

Total
Organic sales growth



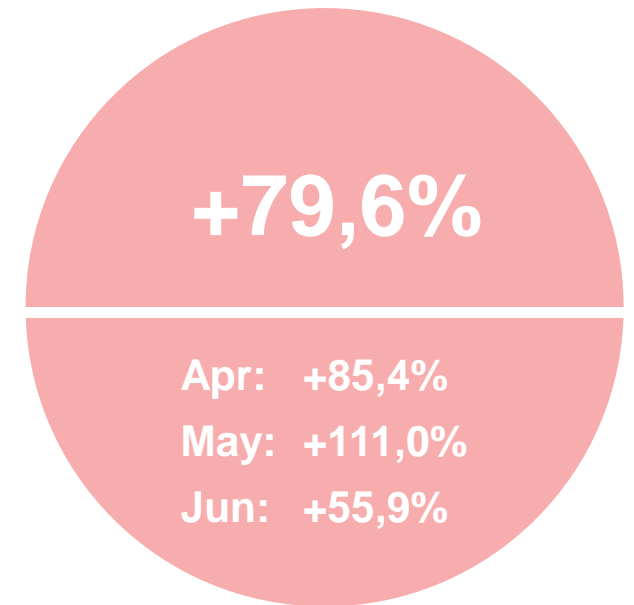
Monthly organic sales growth

Branded packaged
Organic sales growth



Monthly organic sales growth

Pick & mix
Organic sales growth

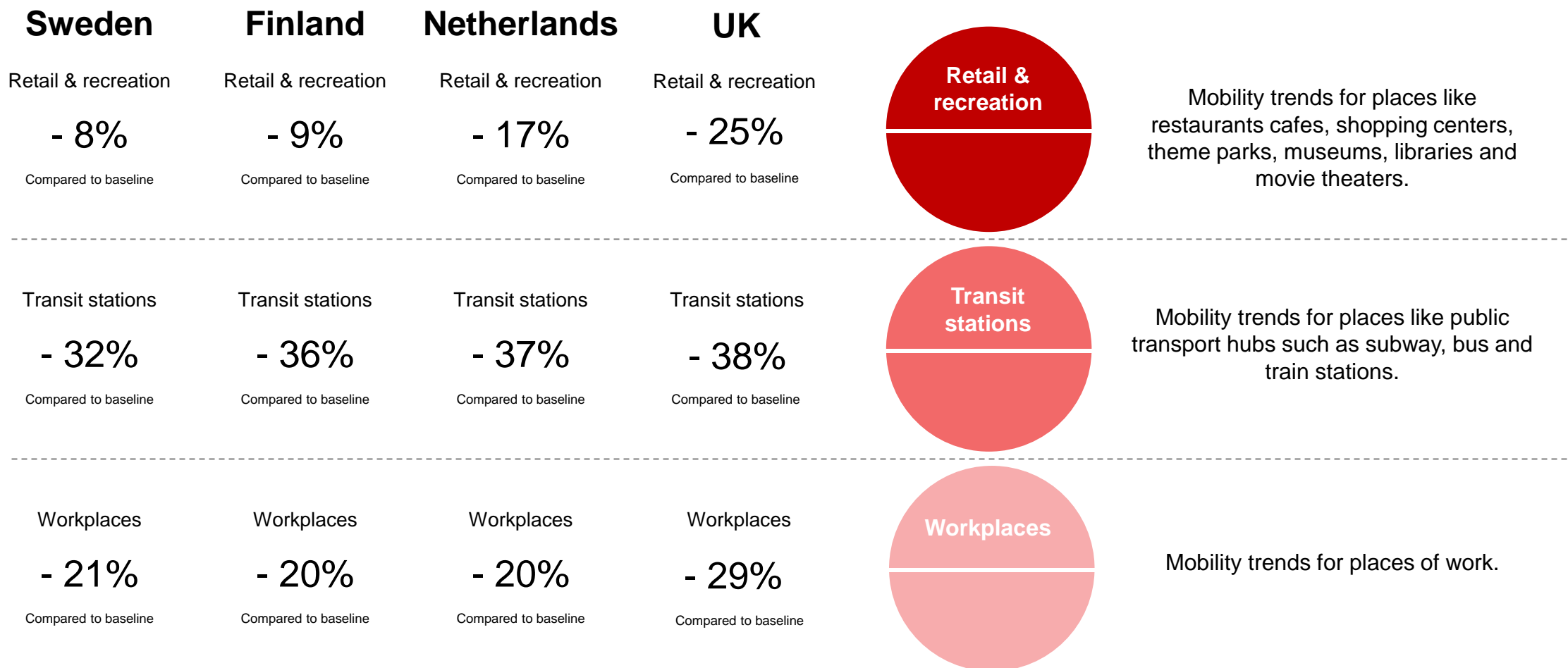


Monthly organic sales growth

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Increased mobility across markets

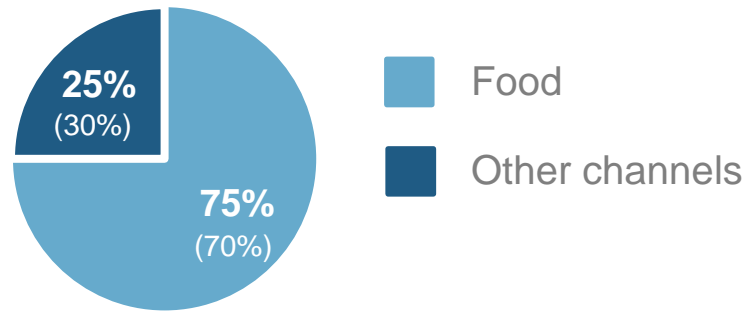
Q2 Google Covid-19 Mobility Report; shopping sees uplift, work & leisure still suppressed



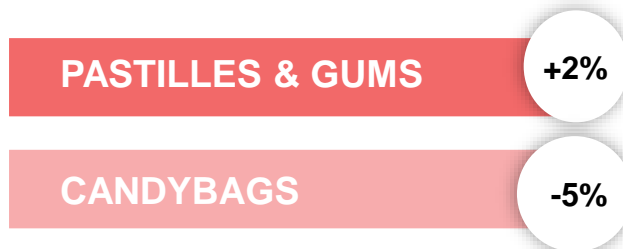
Source: Google COVID-19 Community Mobility Reports. % compared to baseline, which is the median value from the 5-week period Jan 3 – Feb 6, 2020.

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, Q2, 2021. Candybags and pastilles; FI, DK, NO, SWE. Gums; FI.






Confectionery category trends

- Pastilles and gums starting to recover from big drop in 2020 but still down vs 2019
- Candy bags down due to hoarding effect 2020
- Traffic increasing in other channels, like travel retail, kiosks, petrol

Actions

- ✓ Keep focus on strengthening top 25 brand positions
- ✓ Strategic launches such as fruit-based candy, Kexchoklad Vegan and Venco Choco D'rop
- ✓ E-commerce: Amazon UK and Germany success
- ✓ Penetration programme for pastilles & gum brands
- ✓ Continued distribution and penetration gain for our no.1 brand position: Red Band Germany

Pick & mix

	Channels			Consumer activation			Consumer demand		
	Q4	Q1	Q2	Q4	Q1	Q2	Q4	Q1	Q2
	●	●	●	●	●	●	↓	↓	↘
	●	●	●	●	●	●	↑	↑	↑
	●	●	●	●	●	●	↓	↓	↘
	●	●	●	●	●	●	↓	↓	↘
	●	●	●	●	●	●	↓	↓	↘

Pick & mix category trends

- Nordic channels & fixtures open
- UK grocery and high street stores open while sales yet to return to leisure parks and cinemas
- More consumer activations and growing consumer confidence (vs 2020, but below 2019)
- Recovery of base consumer demand will take time

Actions to mitigate

- ✓ Activation through cup promo and digital, whilst price promo level still low
- ✓ Premium CandyKing concept live in all markets
- ✓ CandyKing Premium mix Finland showing great sales and shopper results
- ✓ P&M e-commerce pilot DK; slikekspressen.dk

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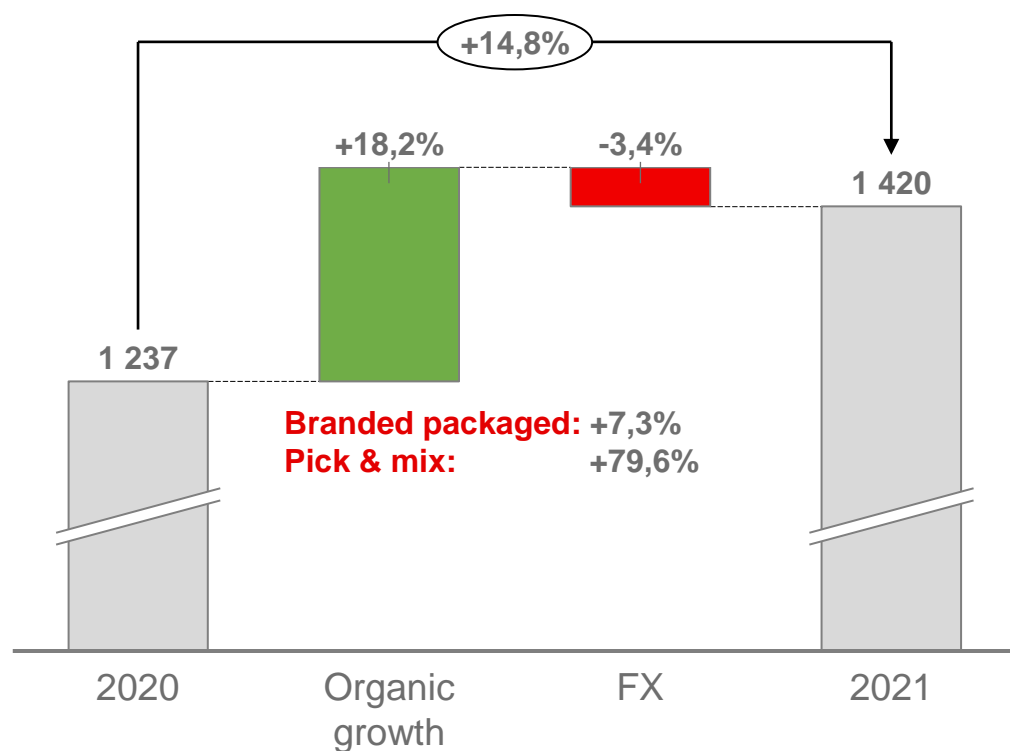
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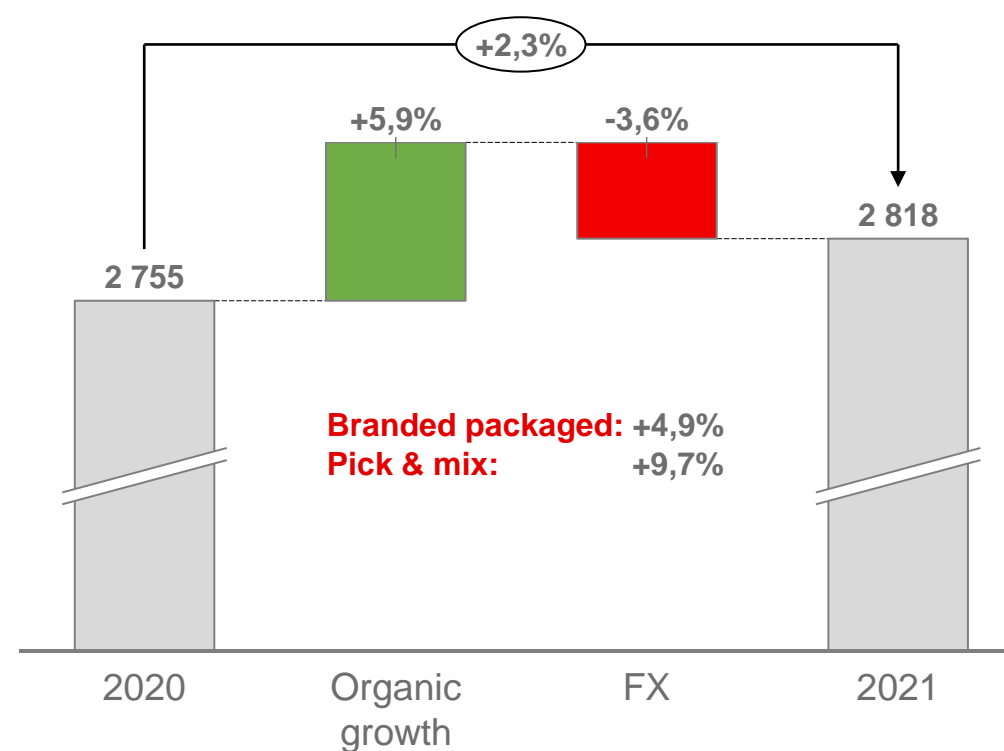
Net Sales

Strong rebound in both segments; Branded back at pre-pandemic levels, P&M remain suppressed

Second quarter



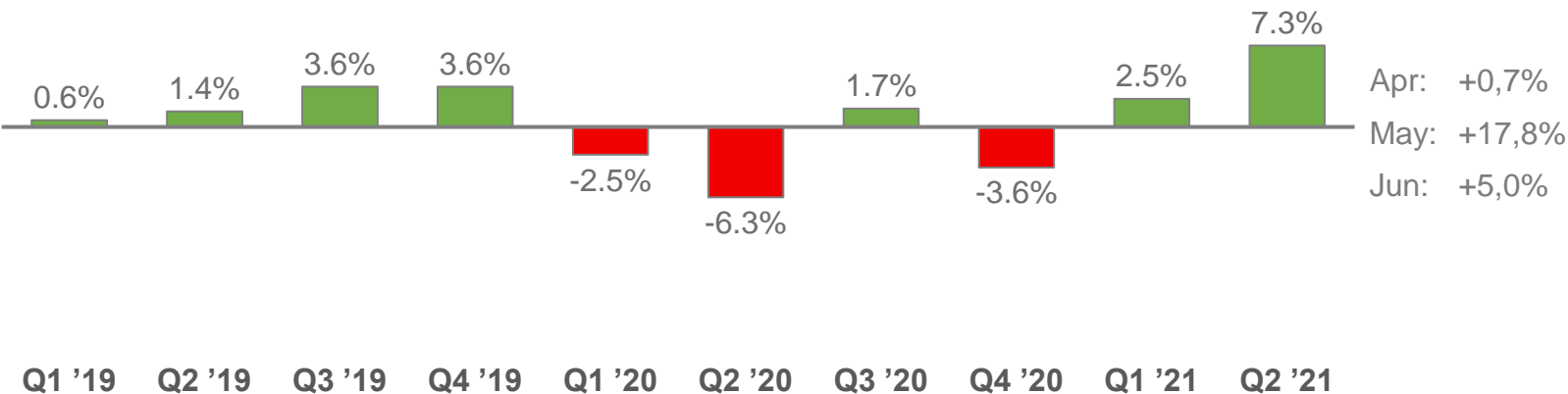
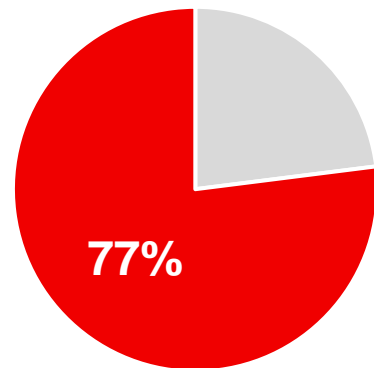
6 months



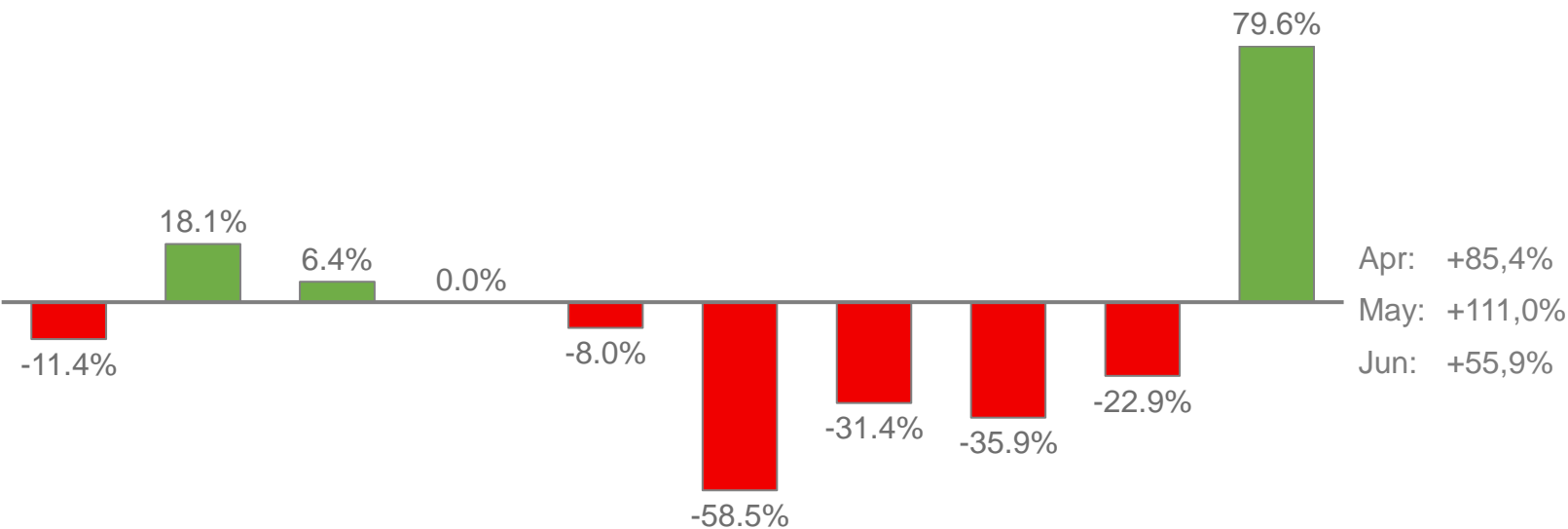
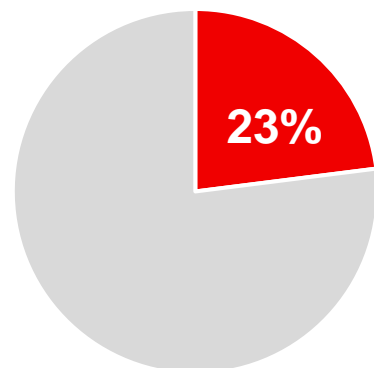
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Sales development

Branded, % of Q2 '21 sales



Pick & mix, % of Q2 '21 sales

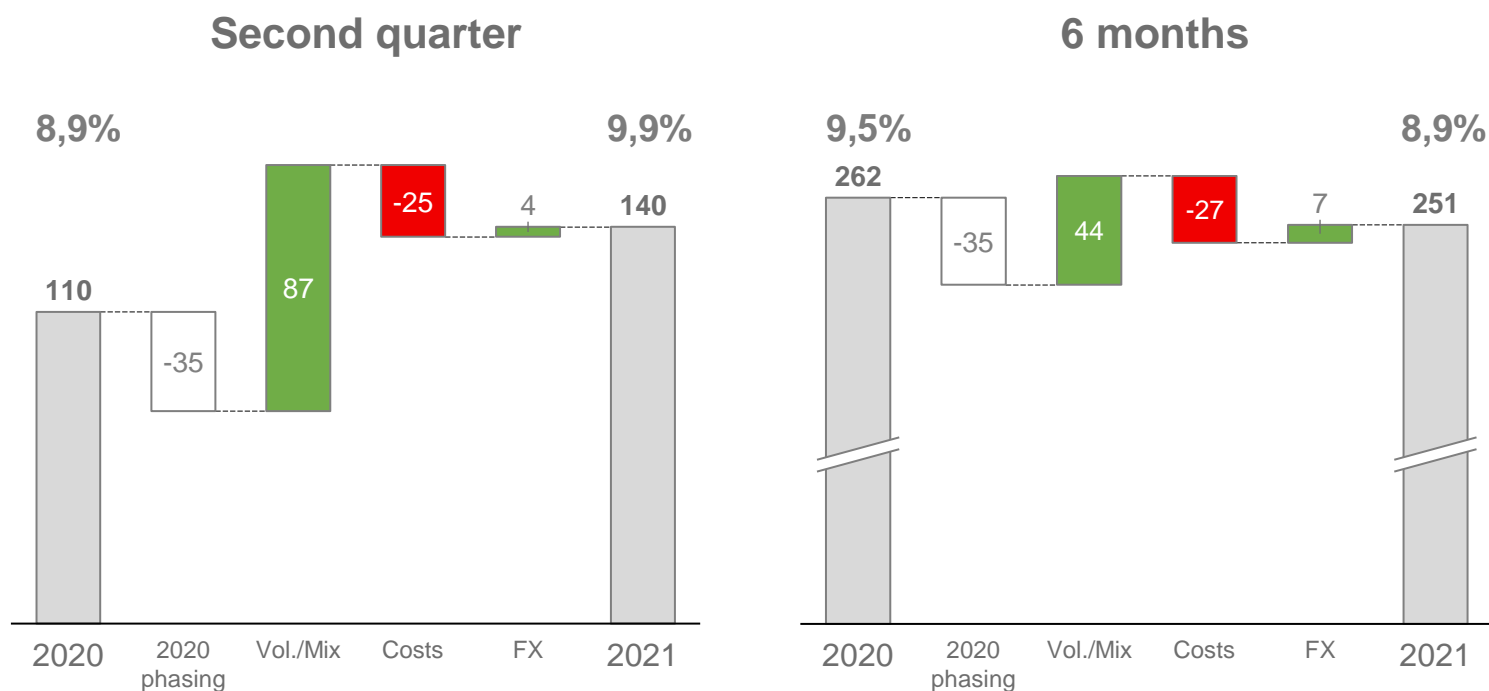


Operating profit, adjusted

Volume-driven gross profit improvement, partly offset by step-up in marketing investments

- Profit increase driven by volume and margin-enhancing initiatives, totaling SEK 87m.
- Marketing investments increased with ~SEK 30m compared to last year.
- Tough 2020 comparator, when SEK 35m of supply chain costs was phased to Q3.

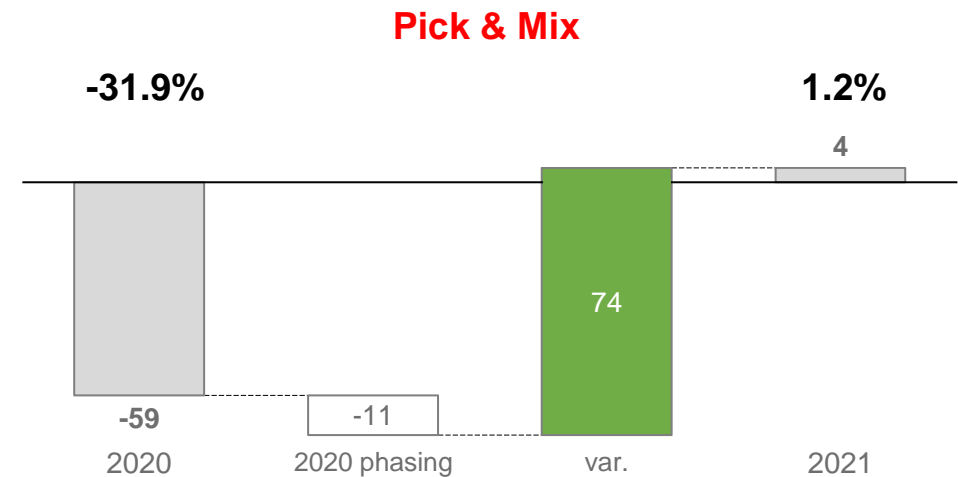
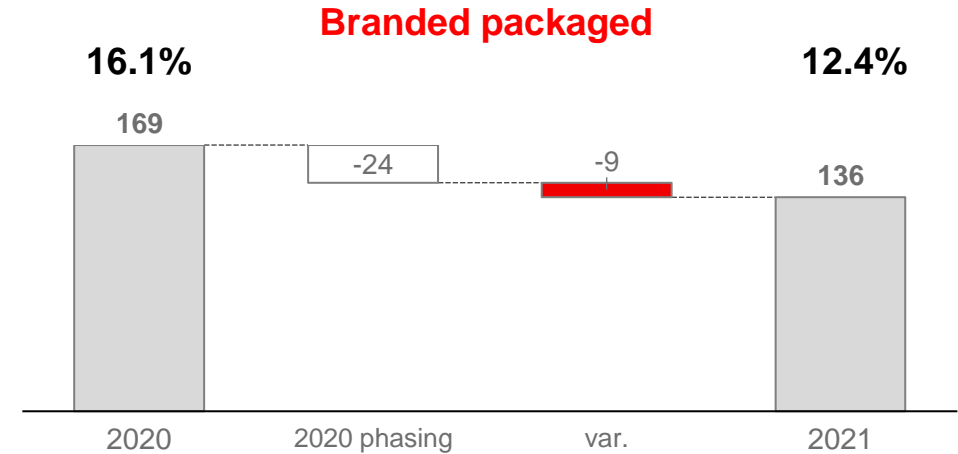
Operating profit, adjusted



Q2 Operating profit, adjusted by segment

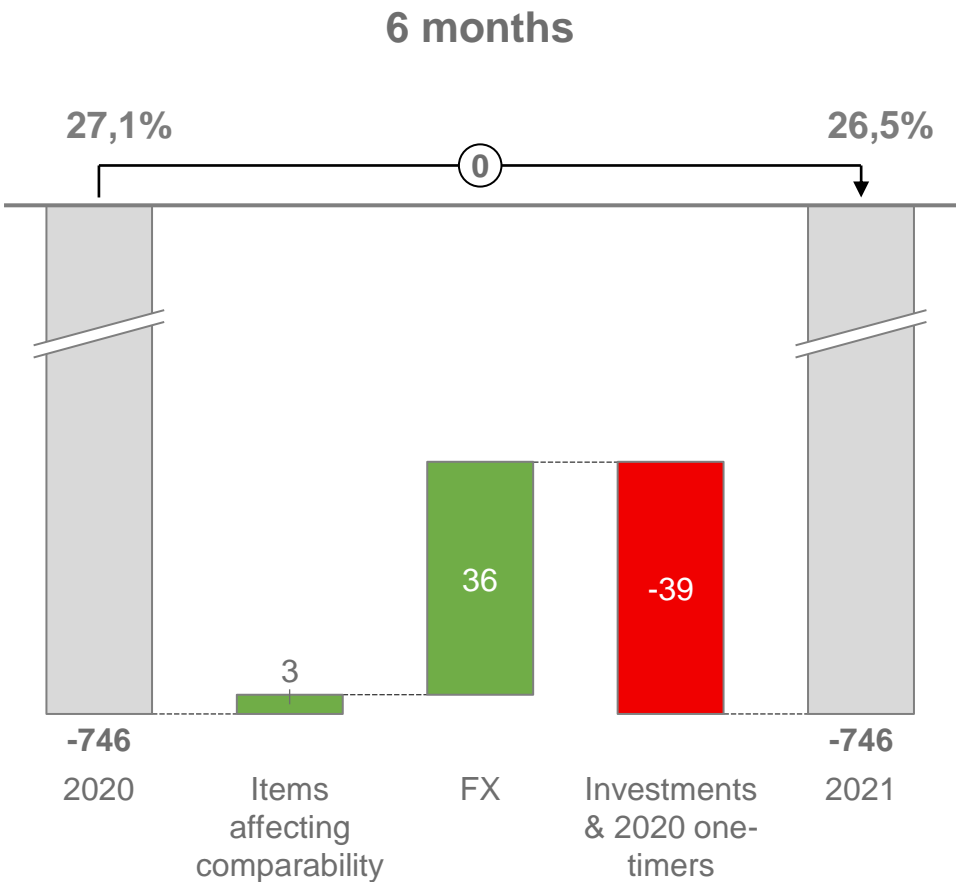
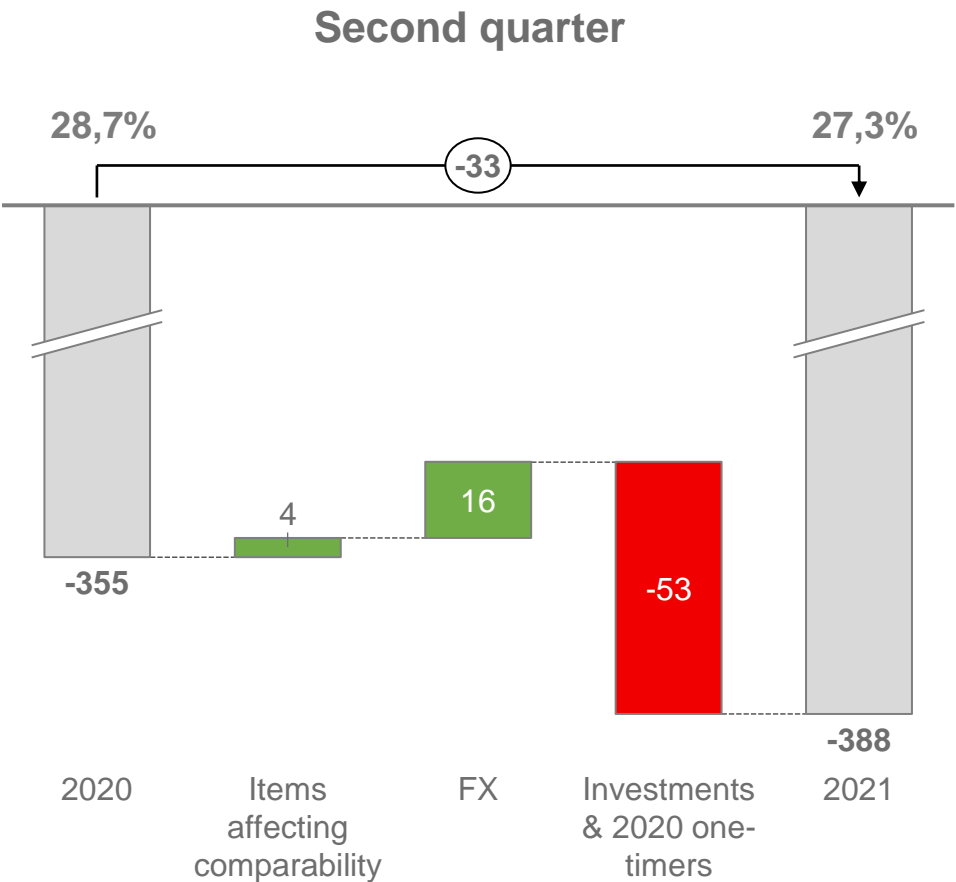
Pick & mix at break-even; step-up in marketing key driver of Branded profit

- **Step-up in branded marketing** drives lower operating profit despite growth. Tough 2020 comparator, when supply chain costs were phased to Q3.
- **Extraordinary volume growth** and further margin-enhancing initiatives boost Pick & mix profitability.



SG&A

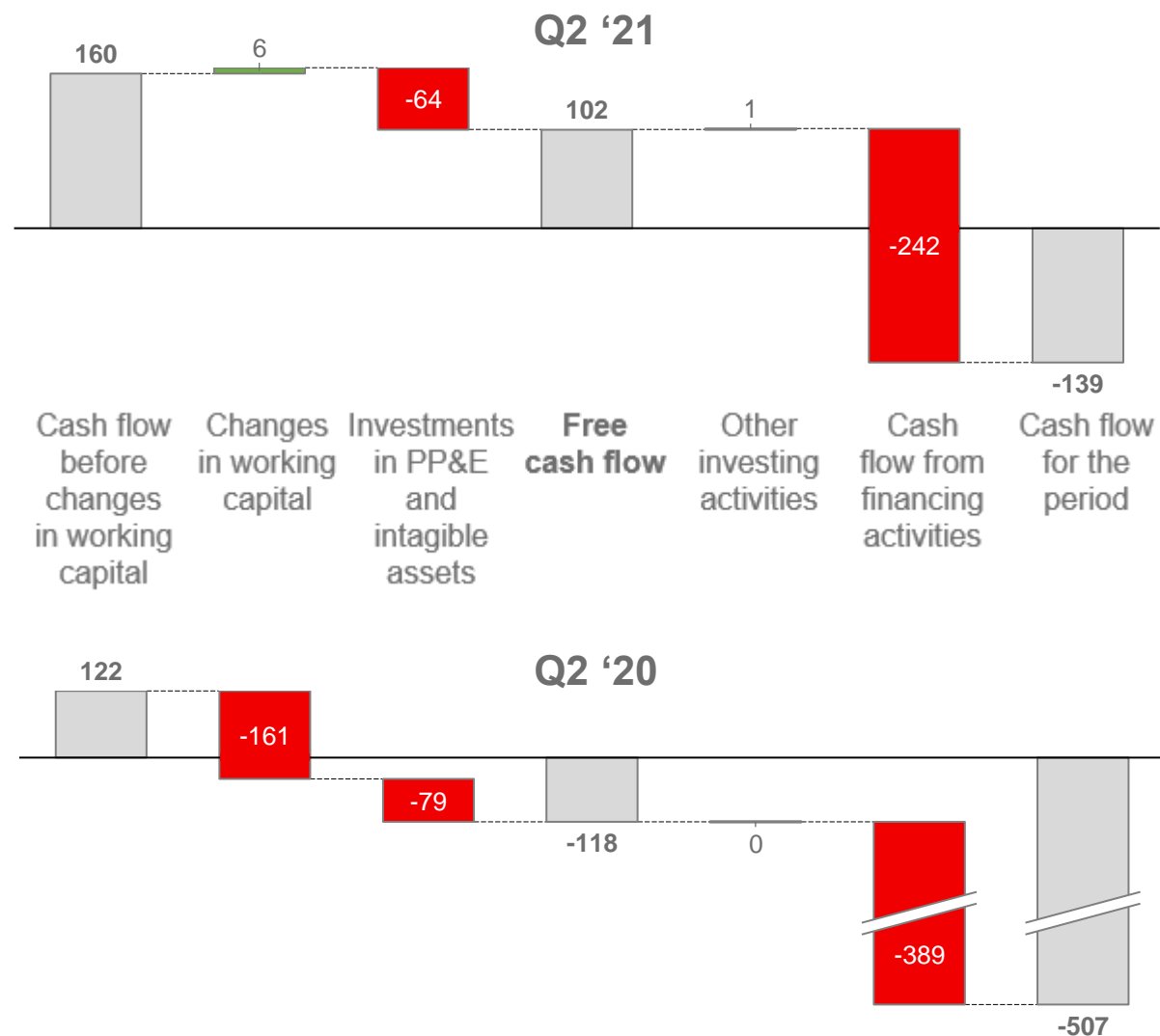
Higher SG&A from step-up in marketing of ~SEK 30m and return of costs to enable sales rebound



Cash flow

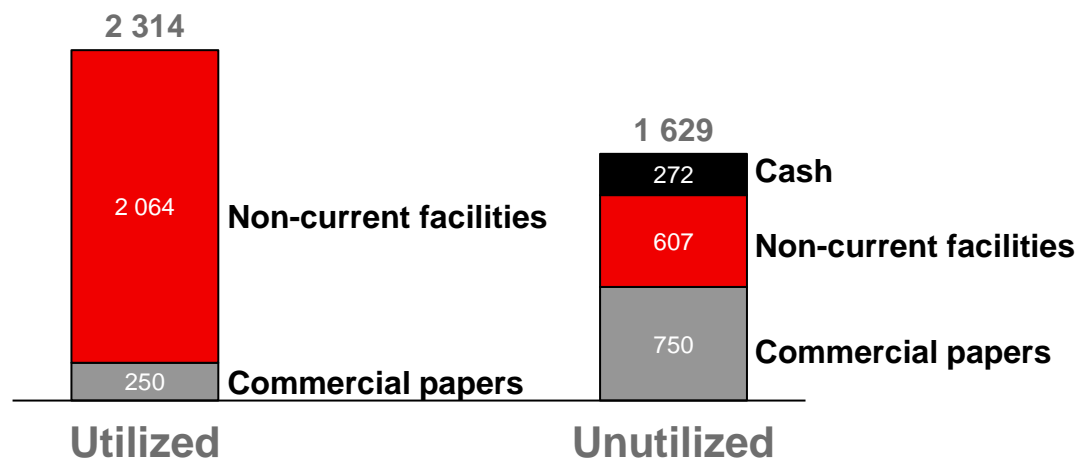
Healthy free cash flow driven by higher operating profit and stable working capital

- **Stable working capital** main driver of higher free cash flow; prior year working capital impacted by inventory build-up.
- **Investments in PP&E and Intangibles** lower following the completion of the new drying chambers.
- **Financing activities** Q2 2021 include dividend payments while 2020 comparator is related to repayment of loans and commercial papers.



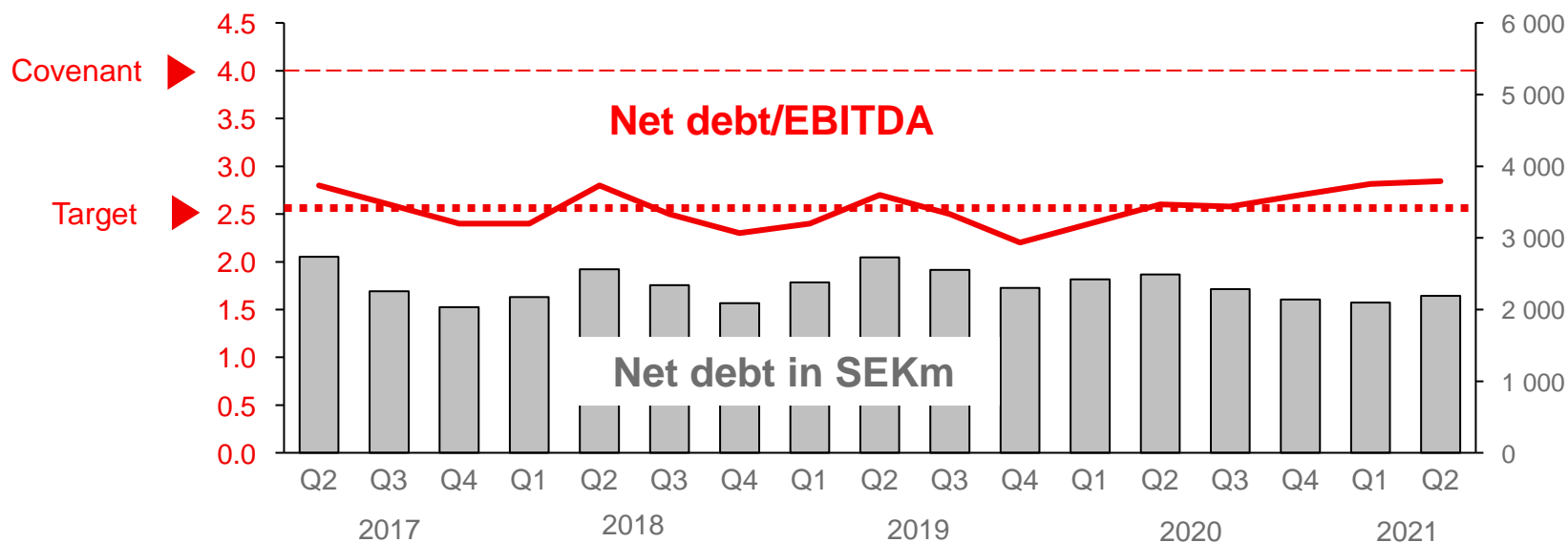
Strong financial position

Unutilized access to cash total SEK 1.6 billion



- **Unutilized access to cash total SEK 1.6 billion.** Down EUR 60m vs. Q1 to reduce costs.

- **Continued compliance with covenant requirements on Net debt/EBITDA.**



- **Refinancing effectuated** in June with existing banking group. New interest terms valid for up to four years effective as of 30 June 2021.

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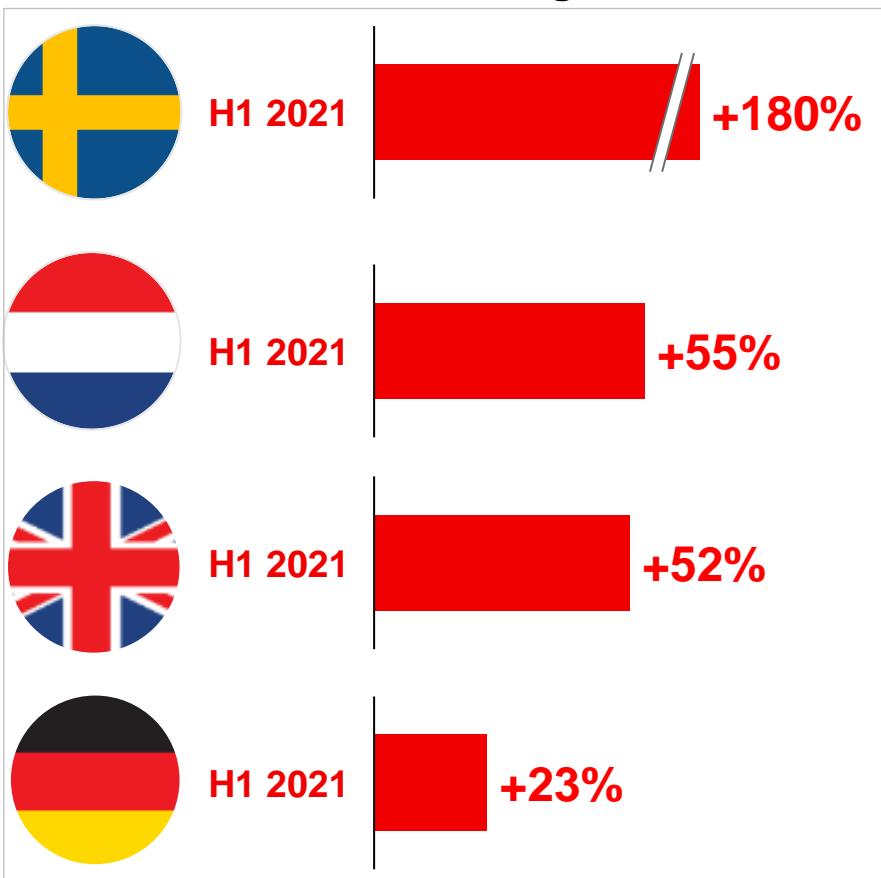
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E-commerce acceleration

High momentum and strategic actions implemented

Cloetta e-commerce sales growth YoY*



Strategy execution with direct impact for the consumer

ASSORTMENT
Adapting and optimizing assortment

The Jelly Bean Factory relaunch of 4.2kg jar to meet Amazon demand



CAMPAIGN
Innovate to trigger impulse online

Partnership with retailers to create digital check-out campaigns and other innovative campaigns

Muistitko nämä?



5⁵⁵

Herra Hakkarainen 150g pastillisekoitus



Example of check-out campaign delivered in Kesko (Finland) maximizing growth

LEAD on Amazon**
Optimal content and campaigns

Number 1 Jelly Bean on Amazon UK



Number 1 fruit gum on Amazon Germany

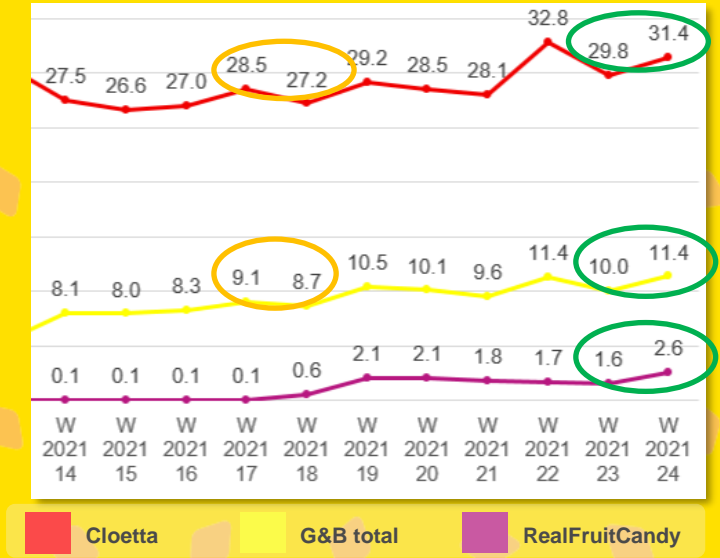
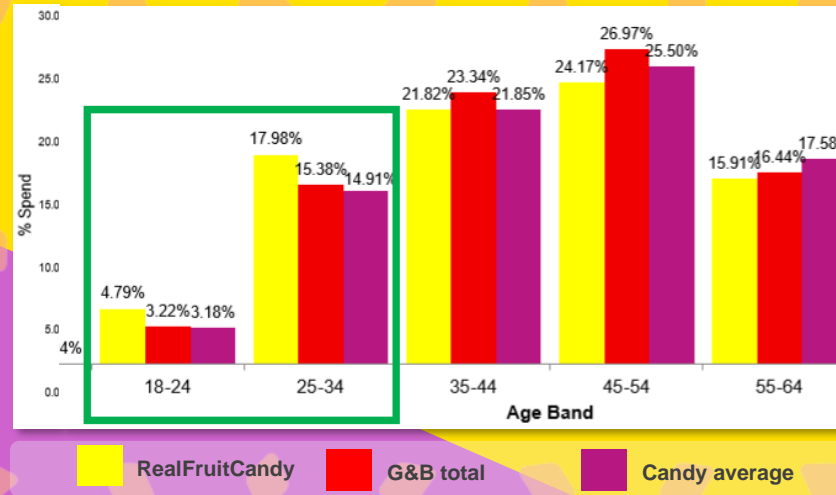


*Estimation based on omnichannel, pure players and market place information available. Sweden data excludes June performance

**Amazon ranking based on best seller listed on Amazon.co.uk and Amazon.de on July 13th

Update strategic launches: Real Fruit Candy

Disruptive sustainable innovations valorizing category and recruiting new consumer



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

Recruiting new consumers to G&B, millennials 18-34 yo highly over proportional buyers

Strong Market Share gains
- Already 22% of whole G&B & Aakoset sales (with 2 sku's)
- Media campaign (w 24-27) boosting further elasticity

Update strategic launches: Real Fruit Candy

Heavy support program to boost launch, uplift of 15% visible during campaign in Finland and Sweden



TV commercial



Outdoor



Instore & influencers

Key business priorities

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



1

- Top 25 brands focus: ~SEK 30m higher marketing investments
- Launching strong new innovations
- Vegan products showing good growth, ~15% of portfolio
- E-commerce steady increase

2

- Good progress on Pick & mix profitability
- Premium CandyKing concept piloted or launched in all markets
- Merchandising efficiency project in execution
- Pick & mix e-commerce pilot

3

- Efficiency programs continue to deliver
- New maintenance system live in first factory; increased reliability and lower costs
- Perfect Factory showing results in operational efficiencies
- Refinancing started during H2 2020 successfully finalised

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Q&A



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