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COMPANY REPRESENTATIVES

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Henri de Sauvage Nolting - CEO

Frans Rydén - CFO

PRESENTATION

Operator

Ladies and Gentlemen, welcome to the Cloetta, Interim report Q3 2022 Conference Call. I am Maria the Chorus Call operator.

I would like to remind you that all participants will be in listen-only mode and the Conference is being recorded. The presentation will be followed by a Q&A Session. You can register for questions at any time by pressing * and 1 on your telephone.

For operator assistance, please press * and 0. The Conference must not be recorded for publication or broadcast.

You will now be joined into the Conference room.

Nathalie Redmo

Welcome, and thank you for joining us on the Q3 Conference Call for Cloetta. My name is Nathalie Redmo, and I'm Head of Investor Relations. I am here today with Henri de Sauvage, CEO of Cloetta and Frans Rydén, CFO. Henri and Frans will take you through our results for the third quarter, and we will then move on to a Q&A session.

And I will now hand over to you, Henri.

Henri de Sauvage

Thank you, Nathalie. So, welcome, also from my side. We had another quarter with continued growth and first and foremost, a very strong focus on pricing execution, that at the time, is the name of the game.

If you look a bit more in detail, we had several quarter of growth in the branded business, of course, a lot being pricing, but also supported by increased marketing and innovation efforts, and I'll show you a few examples later on. But also our Pick & mix business continued to deliver profitable growth, despite the higher input cost, and given the different business model of this division, that is quite an achievement.

We talked about pricing in the previous quarters and the communicated pricing has come into effect in Quarter 3. There's also new pricing announced for 2023, because cost keep on going up.

We still see raw materials going up, but we also see the conversion cost of our suppliers going up, so we need to keep on pricing.

The continued rising input costs were offset in Quarter 3, so that is very good. But we offset then on an absolute basis, so there is a compression of the margins, due to the strong sales growth. In macroeconomic and global supply chain challenges were managed with our material impact on the business, but this is a day-to-day effort on things like raw materials, packaging, transport, etcetera.

There is a healthy cash flow as we already talked you through, before it's coming in the quarter and the net debt to EBITDA remained below the target of 2.5. And as well, the board has decided to proceed with the investment in a new Greenfield facility in the Netherlands, so we are now progressing with that project.

So with that having said, Frans, can you give us a bit more insights in the financials?

Frans Rydén
Yes, thank you. As usual, I will start with the net sales, where as Henri said, we are again reporting double-digit organic growth at 11.5%, and including currency upsides, the sales increased 14.8%, and the strong sales are also again driven by both branded packaged products growing at just over 10%, and by Pick & mix growing at almost 16%.

The growth is partly due to a favorable mix, but primarily driven by the pricing action we have taken to offset the input cost inflation and which Henri mentioned, and which we have spoken of during the last couple of quarters. And I would revert to the point on pricing when we look at profitability. But I do want to comment though on the underlying volumes.

So overall, we have managed to implement this pricing without volume loss, and I would say it's really a testament to the strength of our brands that consumers, in this inflationary environment feel that what our confectionary products brings to... well to any moment really is it's shared or solitary, is worth the higher price.

So while we've held the overall volumes, including by also this quarter, increasing the investment in our brands, I can share that Pick & mix volumes are growing steadily, and that we have also grown or held the branded package volumes when adjusting for those few cases where we have stopped shipments to customers on account of not agreeing to our pricing. So it's very promising, and let's look at sales a little bit closer.

And starting with the branded packaged sales, accounting for 3 quarters of our total sales, so this is the 7thquarter of growth, so we are now only one quarter away from matching our prior record of 8thconsecutive quarters of growth, which we set in the 2 years that led up to the COVID pandemic. And then on the lower half of the slide, with Pick &mix growing close to 16%, that is the sixth quarter of consecutive growth, and as I mentioned, it's underpinned by solid volumes.

In prior earnings calls, I have shared how we have gradually brought sales in Pick &mix back towards pre-pandemic levels. And in Quarter 3, we are now at an index of 92, but I think it's time to stop tracking that aspect, and instead fully focus on ensuring the segment remains and improves its profitability despite the higher input cost, which is a good Segway to look at the profitability.

So, as we look at the operating profit adjusted, let me revert then to the pricing and the effect of that. So we've mentioned many times that we are taking pricing to fully offset the increased input cost, but that there is a lag between input cost going up and pricing coming into effect, and in the Q2 earnings call, I also mentioned that given the aggressive inflationary environment, we would need more than pricing, so also the benefit of managing our mix and internal cost savings or avoidances to offset the input cost inflation in the near term. I am pleased to say that for Quarter 3, we have done that, and we are offsetting the input cost by leveraging all the tools at our disposal.

You can see the result of this effort as both our gross profit and operating profit in the quarter are in line with, or even up versus last year, despite the input cost surge, and without the strong volume growth we had in the first half of the year. That said, input cost have also continued to go up, and we have announced further pricing at the beginning of next year to fully offset that impact, while for the part of the higher cost that will be impacting us already now in Quarter 4. We will have the benefit of the full quarter effect of the latest price in packing during Quarter 3. And together with our continued work on savings and mix, and our expectation is then that we can hold the current line until the end of the year despite the continuing inflation.

So while we on track with our pricing to protect absolute profit, the strong growth compresses the margins. I gave a simple example before and repeat it here, since it is really important. If costs are 50 and you sell it for 100, the profit is 50 and the margin is 50%. If costs goes up 20 and you increase the price 20, then the profit is still 50, but the margin now only 42%. That compression is what is increasingly affecting us this year and with more and more pricing coming into effect, it is impacting us more in Quarter 3 than the prior quarters. So it might actually be more telling to note that our Q3 margin of 10.5% is higher than our Q3 year-to-date margin of 10.2%.

So that means that despite the increase in compression, our margin is improving versus the first half of the year, which is a good thing.

I also would like to remind you of one thing that underscores this improvement. Historically, we build up inventories in the first half of the year and then we start depleting those inventories in Quarter 3. This also holds true this year, and you can see in our reporting that the value of our inventories have come down versus Quarter 2, so much that it more than offsets the higher input cost per ton of inventory.

So as we stop building inventories in Quarter 3, well, actually we will stop doing that for all of the second half of the year. It means a bit less efficiency and a bit higher cost for the volumes produced than in the first half. So the bottom line margin improvement is also despite that, which is arguably quite good.

Now, having spoken of the pricing, let's look at the 2 segments separately. So for the compression, so the compression of margin on account of the high growth affects both segments by absolute branded profit on the top row has increased. The Pick& mix profit for the quarter on the bottom row is not.

So let me start with Pick & mix. So while it is slightly down, more importantly Pick & mix does remain in black figures, despite this increasing input cost. That makes the 6thconsecutive quarter with profits. So had it not been for the input cost, we would be looking at a profit step-up in the quarter. And I also want to remind you that this result does include Pick & mix having first absorbed its fair share of common cost. So the profit seen on this slide is not fully representative of the favorable contribution from Pick & mix. Of course, we're not content with this, but we'll continue to strive for a fairer pricing through various margin enhancing initiatives.

Looking then at the branded segment in the top row, as I mentioned on the very first slide, our volumes are holding when adjusting for a few cases where we have stopped shipments as customers have not agreed to our fair pricing. So the growth in profit is driven by product mix management, which together with pricing and cost savings has more than offset the input cost in the quarter.

I can also mention that refreshments, so pastilles and gums combined are growing similarly to the other categories.

So the gross margin, even you know, excluding the compression, has not yet reached its prior potential, where refreshment represented the bigger share of sales. So that also remains an opportunity for us.

I also want to say that the quality of the property is high as we have invested more in marketing of our brands than what we did in Q3 last year. And on a year-to-date basis, we are materially higher invested this year by approximately 10 million to 20 million. And I'll come back to that as we look at the next slide on sales, general, and administration cost.

With the pricing raising the top line, there is a significant drop in spend as a percent of sales from 23.8% to 21%. But more importantly, the absolute spend is down 6 million Kronas when you adjust for the FOREX and despite the increase in merchandising spend to enable increased volumes.

I mentioned that our marketing spend on the branded package segment is above last year spend and this supports the pricing. And when I say it supports the pricing, what I really mean is both with respect to keeping our brand top of mind and visible to our consumers and with respect to letting our customers or the trade very tangibly see that we are investing in our brands, which will ultimately strengthen both our and their businesses. And arguably doing this will be even more important going forward with more and more pricing coming into effect.

In Q4 last year, we did a major step-up in marketing spend, about 25 million Kronas. And while we will not quite reach those levels in Q4, this year I can share that for the very good reasons that I mentioned we will materially increase our spend in Q4 versus the current run rate.

During the quarter, we have also continued to invest in our organization and capabilities, such as for our net revenue management program, which drives efficiencies in what happens between our gross sales and the net sales we report. I think, we're off to a great start with our organization having found insights, which ultimately will benefit both us and our customers.

Now, the increased spend is offset by cost efficiencies, including keeping merchandising costs down, a reorganization of salesforce in Sweden, which we went live with earlier this year, and by continuing to largely hold back on spend that were all but frozen during the pandemic. Looking at cash, in the Q2 earnings release call, I reminded everyone that our business cash generation is skewed towards the back half of the year, with inventories normally being built early on and receivables coming down the weeks after the selling for Christmas.

And I said that I didn't expect this year to be any different. And that is also what we see now in Q3.

Our discretionary free cash flow for the quarter was 223 million, meaning that the year-to-date our free cash flow is positive after a strained first half with inventories and receivables increasing with input costs and pricing.

As mentioned in Q2, inventories were up not only due to the higher inputs cost though, but also indirectly due to supply volatility, as we have built some extra safety stocks to manage around that. And we will continue to do that to some extent. So we can continue to secure good service levels to our customers and in extension great products to our consumers. That said, inventories have come down in Q3 and I mentioned this. That's in line with the normal seasonal pattern.

And here you have to again, take note that those inventory levels are down despite the much higher input cost per ton sitting in those inventories. The opposite of this will be payables and our payables are up in the quarter, which is good from a cash point of view. But it also suggest how much the underlying inventories really are down. The final part of working capital are receivables, and they have continued to go up with the higher sales. So although tying up cash, given that our over dues are under control, that is not a primary concern.

And that brings me to the net financial position. So at 2 billion in net debt, it is down versus the last quarter, and it's in line with last year. And that's in line with last year despite the revaluation effect of 91 million on account of the weaker Swedish krona versus the Euro and that's 2.2 times EBITDA. Our leverage is down versus both quarter 2 and last year, and it's also below our long-term target of 2.5. As we close quarter 3, our unutilized credit facilities and commercial papers and cash on hand were 1.9 billion, which is up versus quarter 2 and unchanged versus a year ago.

Now these numbers do not of course, include the commitment we have from our group of banks, to extend us further credit facilities totalling 1.6 billion to finance the Greenfield, and which we now following the board's approval to proceed will finalize in the next few days. For more details, please see the material from the investor event held on September 27th, which is available on cloetta.com.

And before I hand back to Henry, I do want to mention that in the presentation, I have included 2 simple slides showing our reported numbers. The numbers relating to items affecting comparability such as the Greenfield, and then our results excluding all of that, so it's shown both for the quarter where there is no material effect. But more importantly, for year-to-date, where there is one and that way you have it in one place and it's simple to reformat. And with that back to you, Henry.

Henri de Sauvage

Good. So, we talk a lot about our growth journey, in particular in the brand, but of course also the growth, volume growth in pick and mix and although a lot of it is coming from price, we remain strong focused on the strategic agenda, and one of course is the whole move into premiumization and also to follow consumer trends and consumer interest in more healthy natural products. So just to give you a flavor of a few of the launches. This is the real fruit launch, which in the innovation 2.0 platform is now going in multiple markets, which you can see there above or well, up to the end of it yet**.** And you can also see that it is really valorising with premium price, and I'll show that on the next slide.

So in the bottom, you can see the price index per kilo. I mean, this is no way which we've taken out. There were really only a higher price per kilo for this product and consumers are willing to pay for that because this is the first European launch of a product with 50% fruit in it and that's not like fruit juice but it's real fruit puree. You can also see that the RFC, that stands for Real Fruit Candy. So, at the launch we're talking about is nearly all coming on top of the existing Gott&Blandat range. So in the red you see the existing business we had and now you can see the Real Fruit launch coming completely on top now being 20% of the total Gott&Blandat sales in Norway, so that's really good. It's a valorization and that is one of the things in Europe you really need to drive in branded in order to get growth and to expand your profit margins.

Another very good example is our really strong chocolate brand TUPLA in Finland. Now finally, we got this launch to work, it's been quite difficult technically to make this work, but TUPLA is now going into chocolate bags with small books, so they're much more lighter than the bar and it is a stunning success. I mean in candy bags, chocolate candy bags, this launch has 24% market share. I mean, I've never seen such figures. So it's really a testament to the product to the development, but also the execution of our Finnish business to get this into the market. It gives a really nice addition to the TUPLA brand, which is stretchable into other categories and also over here it has a premium price and a premium position

Then I thought I'll give you also a flavor of what we're doing in the U.K. I always remind people, 60 million people living over there, 60 million potential consumers compared to what we have here in the Nordics. We have a very nice old established brand Chewits and a little bit of love and care I always say, and this brand starts to prosper.

So when we put the new team into place in the U.K. and international markets, marketing wise we started to relaunch this brand, rejuvenate the brand and as you can see, we're getting really good results in particular on the bar chart you can see that we're really selling more consumer units and we've also added a new range to which are the bites, which you then see there in in the middle picture really adding the number of consumers buying into this brand.

We also get awards for people externally looking at our guerilla marketing campaigns. I called them, we're not on national TV. Therefore, we don't have the size, but you can do a lot to really get into the right target group. So very positive as well building a platform for the future.

And then we also have this a... bit piece of work on our sustainability agenda where we have as you know subscribed to the Paris agreement through the size based targets initiative where we commit to a 46% reduction of our total (unintelligible) 1, 2 and 3. Greenhouse Gas emissions, we have quantified that and we are confident that we are coming close. We are not completely there but identifying all the 3 scopes, and of course the most important biggest one is the one where we work together with our suppliers to see how they can also contribute to this journey but over the years, up to 20, 30, we now have initiatives in place to reach this goal of 46% reduction. So that's also very good. We have selected a number of KPIs which we will be sharing also with you on a regular basis, because what measures gets done is our firm belief.

So that was the last update from the strategy before we now open up for questions.

QUESTION & ANSWER

Operator
We will now begin the question and answer session. Anyone who wishes to ask a question may press * and 1 on their touchtone telephone. You will hear a tone to confirm that you have entered the queue. If you wish to remove yourself from the question queue, you may press * and 2. Participants are requested to use only handsets while asking a question. Anyone who has a question, may press * and 1 at this time.

The first question is from the line of Skogman Nicklas with Handelsbanken. Please go ahead.

Nicklas Skogman

Thank you very much. Good morning everyone. So I am going to focus a little bit on the input cost and your plans to offset this. I think Frans you said that something... I think you said we are going to hold a line or we expect to hold a line in Q4. Was that... did you refer to sort of the absolute level of gross profit being unchanged year-on-year or what were you referring to there?

Frans Rydén

Yes, I was... well, yes close, I was referring to that... obviously, what we have shared before is that when input cost goes up, there is a bit of a delay before our pricing coming to effect and only once you know, and cost are sort of levelling out thus the pricing catch up, and then of course, when input cost starts coming down then we also have a bit of a benefit for a period of time. So in Quarter 2, we also said that you know, pricing wouldn't be enough given you know how quickly costs were going up. It would require us to work everything else and we manage to get that down now in Q3 that we are offsetting the input cost. Now in Q4, cost are also going up again. And we only have new pricing coming into effect from beginning of next year, but we do get the full effect of the pricing we took during Quarter 3. So we can also offset some of that there. So together with the pricing, we have that rolls into the quarter together with, you know, working mix and savings. We will continue to hold the line against this input cost increase, so we will continue to offset that...

Nicklas Skogman

On an absolute level.

Frans Rydén

On an absolute level, absolutely. Yes.

Nicklas Skogman

Okay, because in Q3, you did slightly better than just offsetting on an absolute level on the gross margin.

Frans Rydén

That's why... it depends. Yes, I mean, I would say that you see everything we had. We have been able to offset the input cost, and that's what, you know, we are expecting to continue also to do now in Q4. Of course, the input cost would have, you know, stopped going up then we would also not be talking about more pricing in the beginning of next year, but unfortunately that's not the case.

Nicklas Skogman

Yes, but on a net effect, will there be... because you said there will be more, you know, we will have a full quarter of price hikes now in Q4 compared to I guess only partial in Q3, but at the same time you said costs are going up. So will it be more or less cost pressure in Q4?

Frans Rydén

I think you should assume it offset. That's when I say we will hold the line. You know, we will basically do neither worse or better from an sort of ability to offset the input cost in Q4 than what we have done in Q3.

Nicklas Skogman

Okay. Very good. And then on the cost control. I note that the, the big change year-on-year is with admin cost which, of course, were, I mean we're exceptionally low in Q3, 2020 and then quite a bit high last year, but at 143it's like still below '19. So what are you holding back on here within admin cost to keeping this low given all the inflationary pressures.

Frans Rydén

Yes, well. So let's... I think there is, let's say, 2 components to keep in mind first of all. So when you go back all the way to 2019 that's when we also launched our BIP plus program and we have shown previously that we have actually taken the equivalent of 1% EBIT margin of cost out of the business you know, in a sustainable fashion, and we've also kept investing which we have also offset. So of course, when you compare back to 2019, you will have the effect of that. But then in 2020 because of COVID, we of course have stopped doing certain things. And where we are now with the input costs, some of those things we are still holding back on even though you know, COVID wouldn't be a reason to, you know, not to... for example not to travel. COVID is not really reason for that any longer, but we are still holding back on the cost until all the pricing kicks in.

Then the other aspect, of course, in the sales general and admin here is, you have the marketing spend, and the other one which is more volume driven is the merchandizing costs and I think we have shown that with the growth continuing on Pick & mix than the merchandizing cost haven't been rising at the same rate. So, there is a nice efficiency gain we get out of that. But now, of course, merchandises also have to travel between the stores so fuel costs are going up there. So, it's not... you know, it's not quite the same situation now as it used to be. So, we have to work hard on that as well.

And then on the marketing spend. Here we have increased the spend versus last year. We are up year-to-date, and flag we will actually accelerate the spend in the next quarter versus our current run rate, but not to the extent what we did in Q4 last year when we really needed a major step up. And this is simply because, we couldn't take this pricing. I mean, the fact that the consumers with less you know, money in their wallets are willing to pay more for our products you know, is largely because we are also investing now in the brand. So, that's sort of one of the last things that we want to hold back on.

Nicklas Skogman

Sounds good. And I think the shift to private label is taking place in some of the subsectors within the grocery segment, but I guess for confectionary, it's still private label penetration, I guess, remains extremely low. Do you see any changes recently in this set-up?

Henri de Sauvage

Not yet, of course, you have a bit of a Nordic view on this. In other markets like the UK, private label is much more developed. The only market where we are having a higher private label share than what we see here in the Nordics is the Netherlands, but I would say in general no, but what we do see is a move of shoppers to the more discount... above soft and hard discount channels, and also that in what we call our new channels that we see people spending less money or trips like all the... do it yourself stores. We see that we sell a lot less because, yes people just don't have the money at the moment to buy paint or start refurbishing the houses. Of course, there was a COVID effect there as well, but I would say that is normally what happens first when spendable income goes down. It's like you see a channel shift and then maybe later on, also a private label increase.

Nicklas Skogman

And this year step up in use... by the food retailers using Pick & mix sort of a traffic driving... traffic driver now?

Henri de Sauvage

Yes. It's a bit different by market but in the end, that is their decision to do that. I mean, our clear strategy is to get profitable growth from Pick &mix, and we see that there is also very good baseline sales improvement in Pick &mix. So, in some markets we see promotions are going up when retailers are deciding that themselves but that is not Cloetta who are very much behind that kind of pricing policy.

Nicklas Skogman

Yes. Very good. And last one from me on the... this... you know, pastilles versus non-pastille sales. How is that developing now?

Henri de Sauvage

Yes. So, it's getting... we're getting back on track. So, we see positive sales on pastilles. So, that is very positive there where we have our own cough and colds brand like in Finland. We see indeed also in our sales a really good development. We're talking like 20% plus in that sense. And we see also on the other markets where we have the strong Lakerol brands that we are growing and that first signs also of market share recovery are happening. But there's still a lot we have in the plan to really start gaining market share in all those markets and we have changed both the agencies and the media company, also the creative company and coming with a new campaign to support that profitable business.

Nicklas Skogman

Okay. Perfect. Thank you very much.

Henri de Sauvage

Thank you, Nicklas.

Operator

The next question is from the line of Lundberg Andreas with SEB. Please go ahead.

Andreas Lundberg

Thank you and hi everyone. A couple from me. Thanks for the clarification on all the cost equation... cost versus sales. Are you saying that in... you mean decline in input cost in order for your gross margin to stabilize or increase?

Frans Rydén

I mean, so the gross since they are offsetting in a very transparent way to work with our customers where we are increasing our price commensurate with the increased input cost. Then of course, that drives topline but not gross profit. So, that's why we get a compression of the gross margin. So, obviously the gross margin from the pricing point of view will only increase when you reverse this but, you know, at some point here, costs will stop going up. We still have pricing and then you start seeing more effect of mix and the margin enhancing initiatives. I can re-share it here on the value accretive innovations that we have et cetera.

So, that's a different track of getting to gross margin. That with this level of input cost increases, that's obviously not possible. I mean that has a compression on margin.

Andreas Lundberg

Alright. So, would you say it's more fair to judge you on your operating profit performance?

Frans Rydén

Yes. I think so. And I think, you know, (unintelligible) the Pick &mix, and I think I mentioned that is that, I mean profit is low, but it's still profit despite all of these things coming in, which we're, you know, of course, very pleased with. But that's why, if we can hold the line on the gross profit and operating profit, then I think we've done a good job on the input cost given the model we have of only pricing for the input cost increases.

Andreas Lundberg

And on the inputs you're buying today, are those costs higher or lower than a year ago?

Henri de Sauvage

No. Of course, they are higher. I mean all the costs are up significantly.

Andreas Lundberg

Are you seeing any sequential decline or is it going up throughout 2022 as well?

Frans Rydén

Well, yes, I mean costs are going up, going up in this quarter as well, and I think if you, I mean, I am sure you are following, you know, just as much as we are, you know, what comes through various sources that there is an expectation that also continued to go up also during next year. And then, we will stick to our strategy which is to take fair pricing for those increased cost at the same trying to work mix savings, avoidances and also invest behind the brands, because I mean that's what gives us sort of the passport to take this pricing.

Henri de Sauvage

But, maybe a bit of a flavor and you see... you see the raw material cost, and for us that is like sugar or cocoa or wheat starch et cetera, and you see that still going up, maybe not as fast as few months ago, but you should not forget all these raw materials are then being processed by our suppliers who have higher conversion cost, because they are now also being hit with higher energy prices and labor inflation and transportation.

So, that is a big effect on the raw material, it's not just a raw materials coming from hoarfrost , it's also the conversation cost and then most of these raw materials are also quoted in US Dollars when we buy them and, of course, there is also a FOREX effect of the US Dollar versus the Euro and the... and the Swedish krona. So, there are quite some variables in the raw material components over then just, you know, what is a kilo of Maize or starch cost and when it comes from the... from the field. And then, of course, on top of that where ourselves also faced with energy inflation and labor inflation for next year.

Andreas Lundberg
Thank you. And lastly, what do you see for your CAPEX for 2023, excluding any potential starts from the Greenfield?

Frans Rydén
Yes, I mean, so... I mean for the CAPEX the guidance that we've given is obviously mostly relating to the Greenfield where we've said that, we would reduce CAPEX or over the next, you know, 10 years, you know roughly, you know, equal between the 2, 5 years segments but that the avoidance would come more towards the end of the next 5 years. So, as of now, you know, over the next year there is not really any change first off, you know, current rates we will obviously maybe some CAPEX that would have happen in the plants that are scheduled for closure now is not going to take place. But, than there is also other areas, where we... but we need to catch up a bit.

Andreas Lundberg
Okay. Thank you so much.

Henri de Sauvage
And I think we have a question here on the web. So I will take that one whether we will expand to new countries in the coming years, I mean, let me start first by stating we have a division within Cloetta called international markets where we are selling to 40 plus countries already, so we are not just a Nordic or European company, we are selling in Asia in North America, in Eastern Europe travel retail, and that is a very strong division maybe it's good to also get some flavor of the stuff we are doing over there in the next quarter we are growing way above double-digit in that... in that areas. So, that's very positive, but of course, like in good FMCG practice we focus on those markets and on those brands where we are already strong. And that means that just going into a lot of new countries with unknown brands for those markets that's a costly exercise.

So, it is much better in my opinion to keep strengthening the Red Band positions we have in many, many countries Red Band tutti-frutti, but also Chewits which we talked about very famous brands in like CEE and some markets in the Middle East to strengthen those positions, I mean that is, those are huge markets a lot of people were making very good progress, so very pleased to see that where the ambition we have is to double that division within Cloetta to also contribute to the volume growth in branded business.

Operator
As a reminder if you wish to register for a question, please press * and 1 on your telephone.

Henri de Sauvage
Okay. Natalie, I think we can close. So, thank you very much for the call, I think it was a good quarter, good growth a lot of pricing and that remains the name of the game for us to offset the high inflation with pricing also when we go and look forward, but not forgetting about the long term strategic priorities of branded growth Pick &mix to profitable growth and then cost and efficiency underpinned with sustainability agenda those 4 priorities remain important. But, first and foremost it's the... it's the pricing we work on. So, thank you very much for today and speak to you soon.

Operator
Ladies and Gentlemen, the Conference is now over. Thank you for choosing Chorus Call and thank you for participating in the Conference. You may disconnect your lines. Goodbye.

- END -