

# New President and CEO



## **BACKGROUND**

- Joined Cloetta in 2018 as CEO Cloetta Sweden and member of Group Management Team
- >20 years spent within FMCG of which 16 years in international roles
- Solid experience from executive positions within Kraft Heinz and Findus, with a focus on strategy and business development

## **PERSONAL PROFILE**

- Board experience from Swedish Plastic Recycling and Swedish trade association for FMCG industry (DLF)
- Master's degree in Nutrition from Umeå University, studies in business administration at Lund University
- Swedish citizen

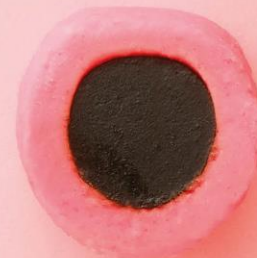
# Cloetta

Q2/2024

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12 July 2024

Improved profitability and continued organic growth



# Agenda

- 1 Cloetta in brief and quarterly update
- 2 Financials
- 3 Strategic update
- 4 Q&A



# Leading confectionery company in Northern Europe

## Key figures

Annual net sales 2023 (SEKbn)

**8.3**

Employees (on average)

**2,600**

Countries with sales

**> 60**

Number of shareholders

**> 40,000**



Candy



Pick & mix



Chocolate



Pastilles

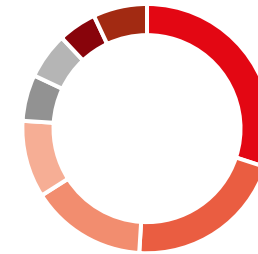


Chewing gum



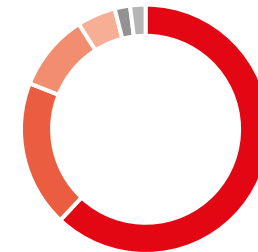
Nuts

Net sales by country, 2023



30%	● Sweden
21%	● Finland
15%	● The Netherlands
10%	● Denmark
6%	● Norway
6%	● Germany
5%	● The UK
7%	● International Markets

Net sales by category, 2023

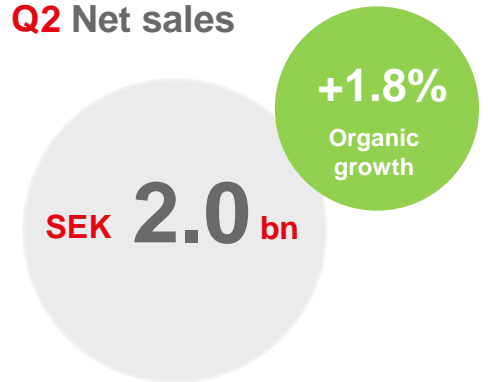


62%	● Candy
19%	● Chocolate
10%	● Pastilles
5%	● Chewing gum
2%	● Nuts
2%	● Other

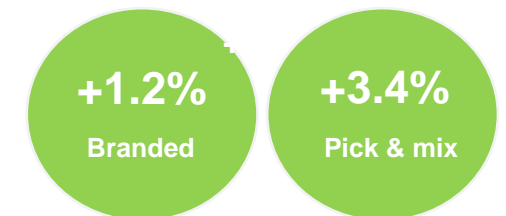
# Q2: Improved profitability and continued organic growth

- 1 Operating environment saw a significantly reduced food price inflation than last year
- 2 Continued to deliver stable underlying volumes
- 3 Improved adjusted operating profit driven by previous pricing and margin-improving initiatives in P&M
- 4 Expect to be able to continue to successfully manage increased input costs
- 5 Dry roasted nuts brand Nutisal divested to streamline our brands and product portfolio
- 6 Net debt/EBITDA of 1.8x lowest ever in a Q2

## Q2 Net sales



## Q2 Organic sales growth, %



# Agenda

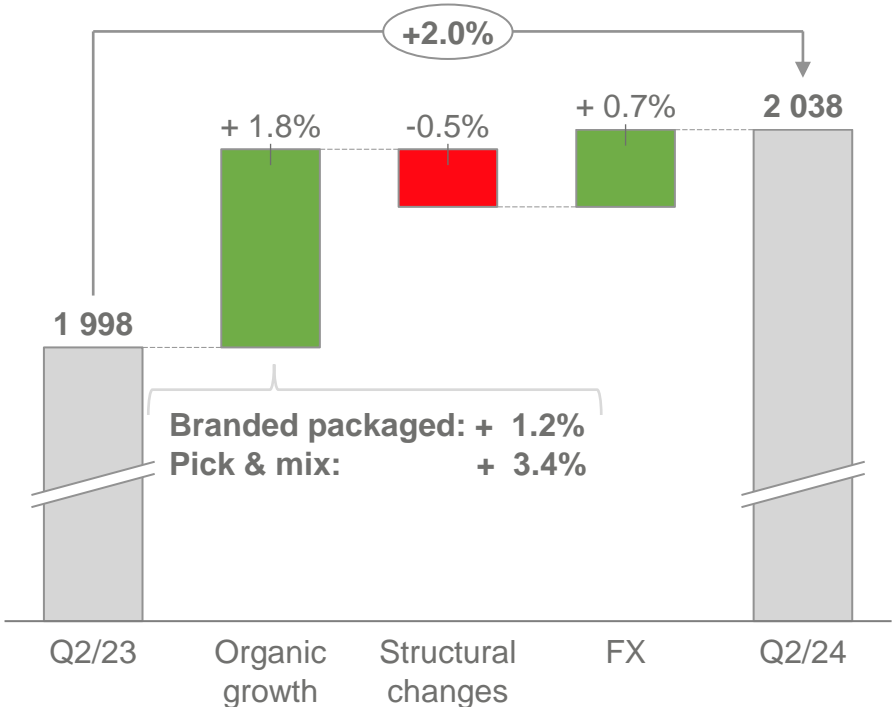
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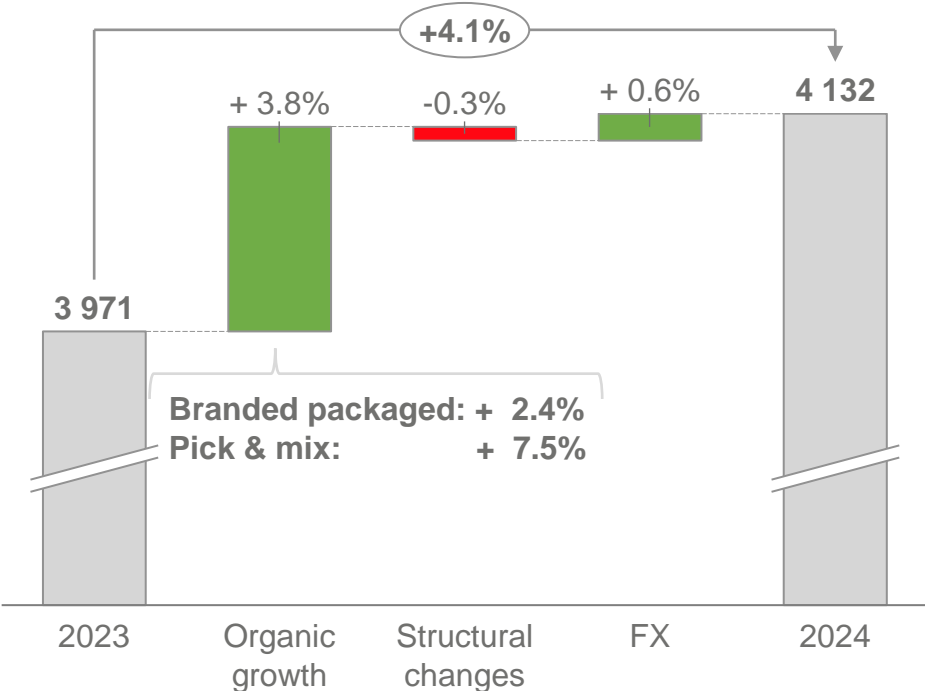
# Continued sales growth

Net sales

Q2/2024



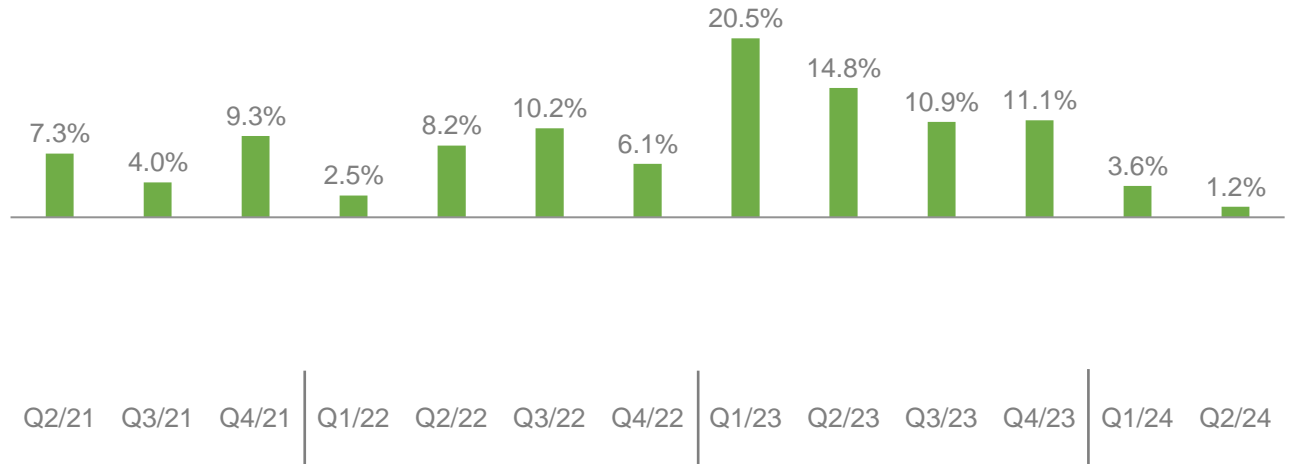
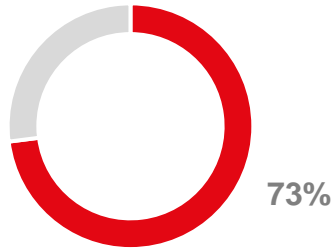
YTD/2024



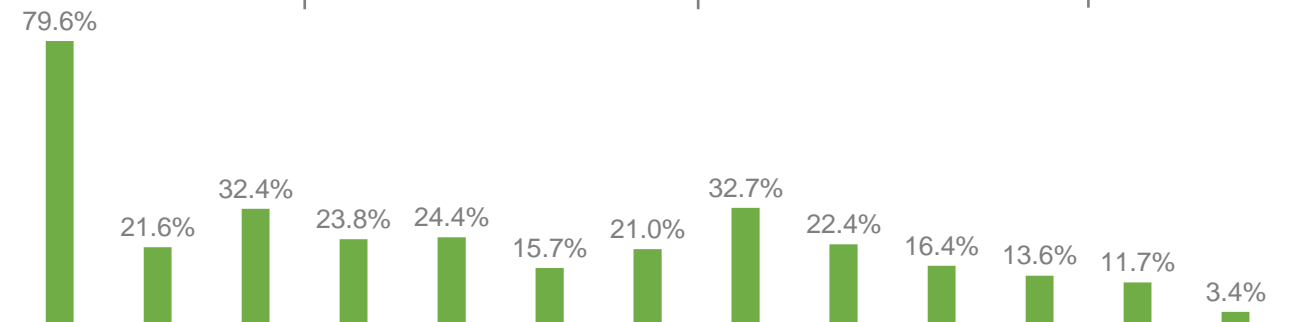
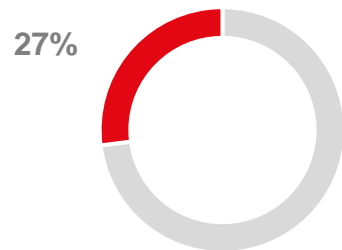
# Sales development

Share of net sales and organic sales growth, %, in quarter

## Branded packaged products



## Pick & mix

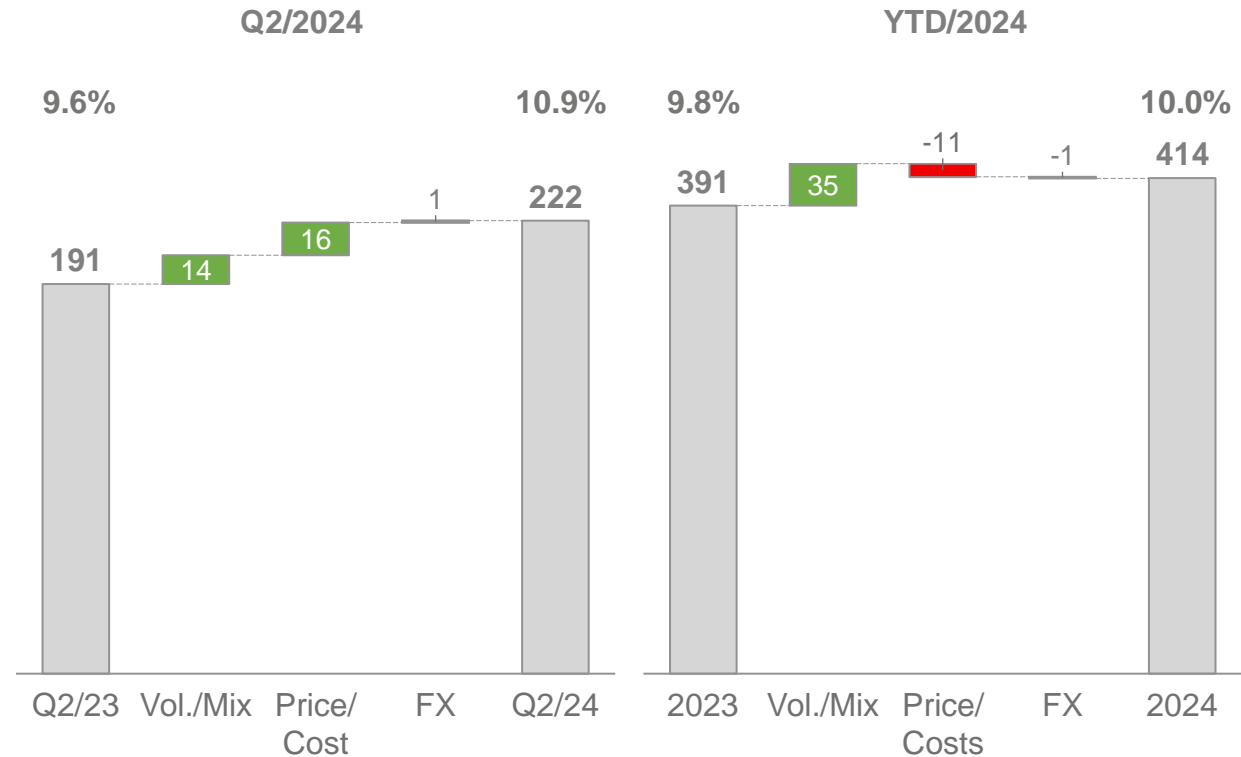




# Pricing and margin-enhancing initiatives lift profit

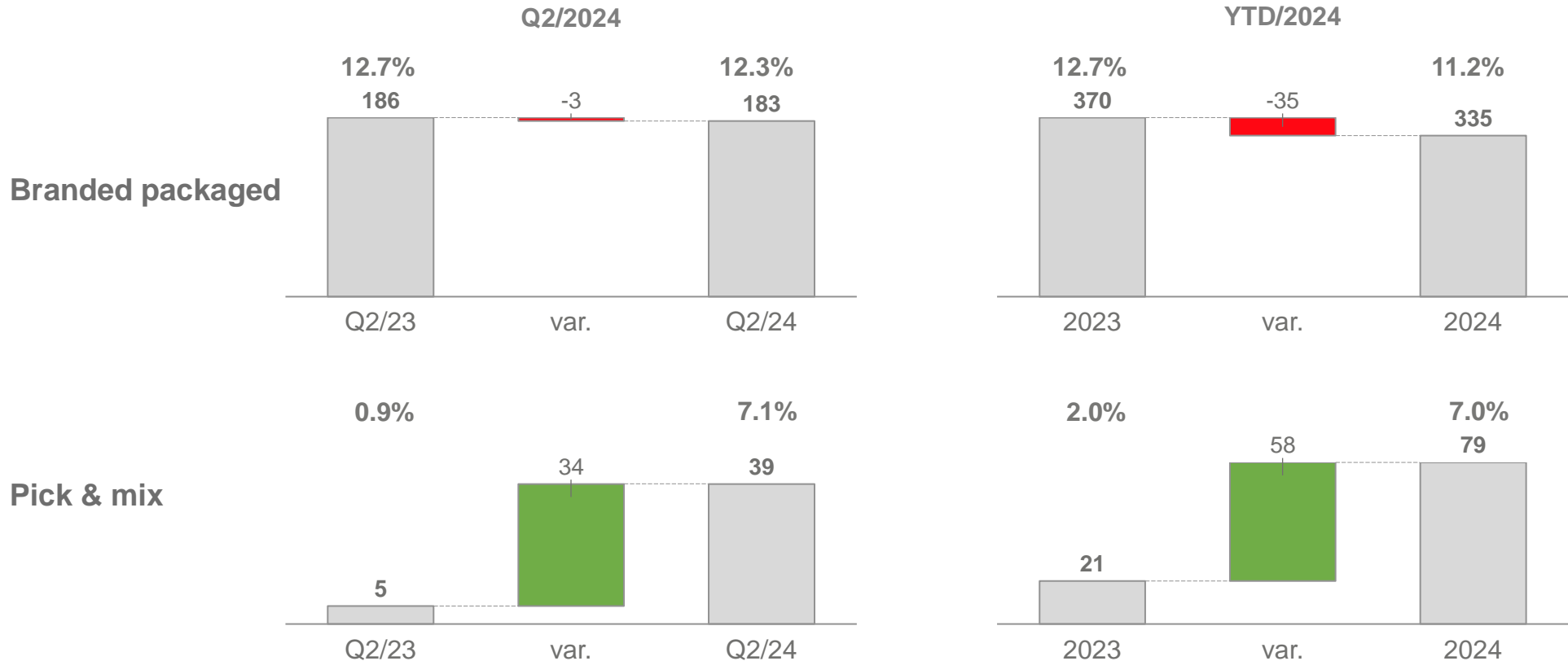
Operating profit, adjusted

- **Fair pricing caught up to earlier input cost increases**, but cocoa continued to go up and will affect YTG
- **Margin-enhancing initiatives in P&M and Net Revenue Management in Branded segment** further drive profit
- **Higher marketing investment** in core brands; to continue in Q3
- **Resolution of cost incurred for Q1 quality incident** ongoing



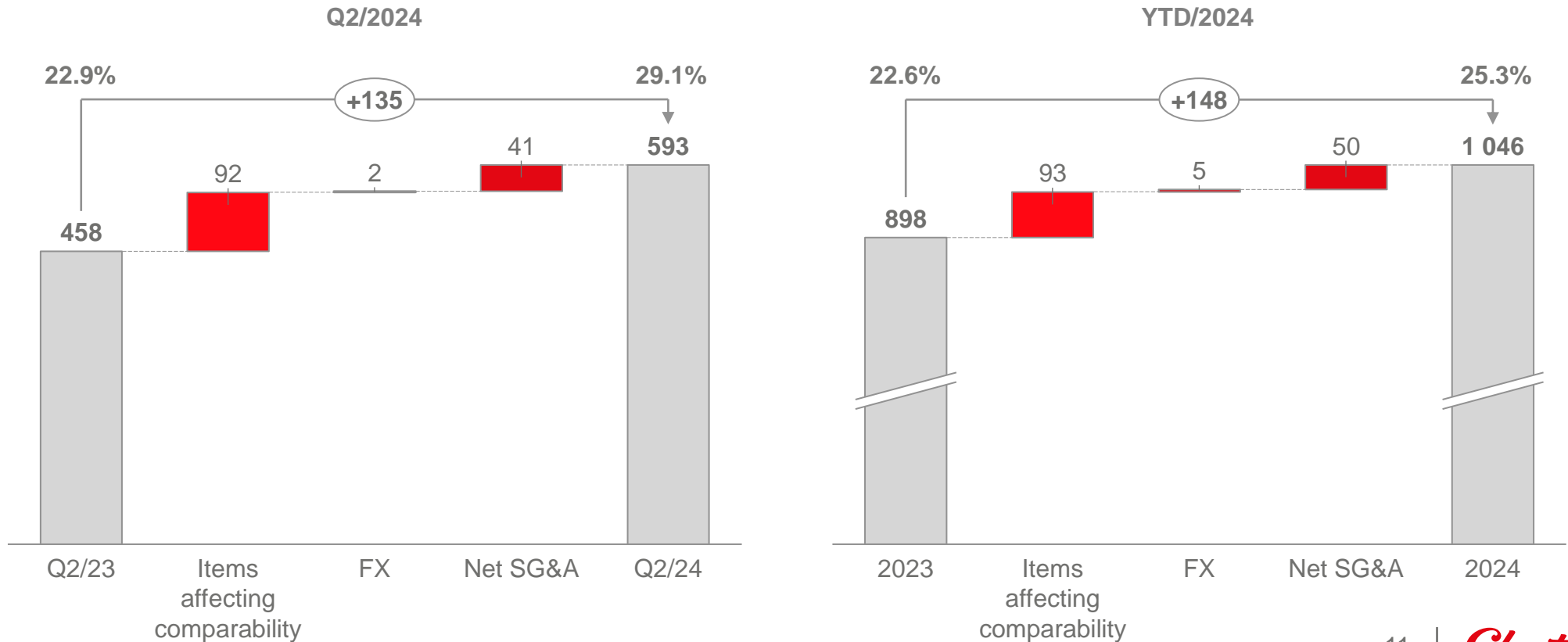
# Strong improvement in P&M; Branded profit protected

Operating profit, adjusted, by segment

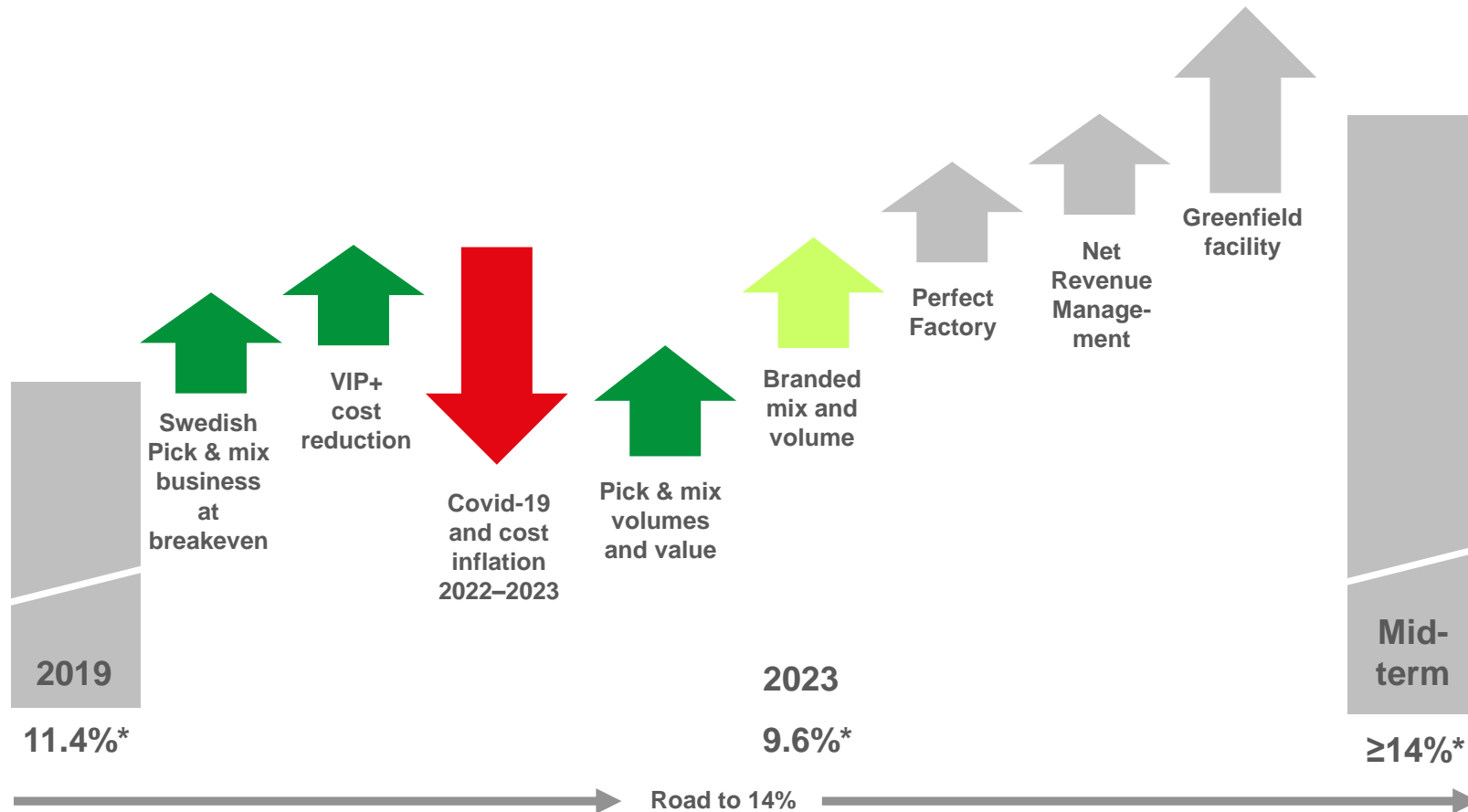


# Increased investments in core brands key driver vs LY

SG&A



# Strategic building blocks to deliver margin expansion

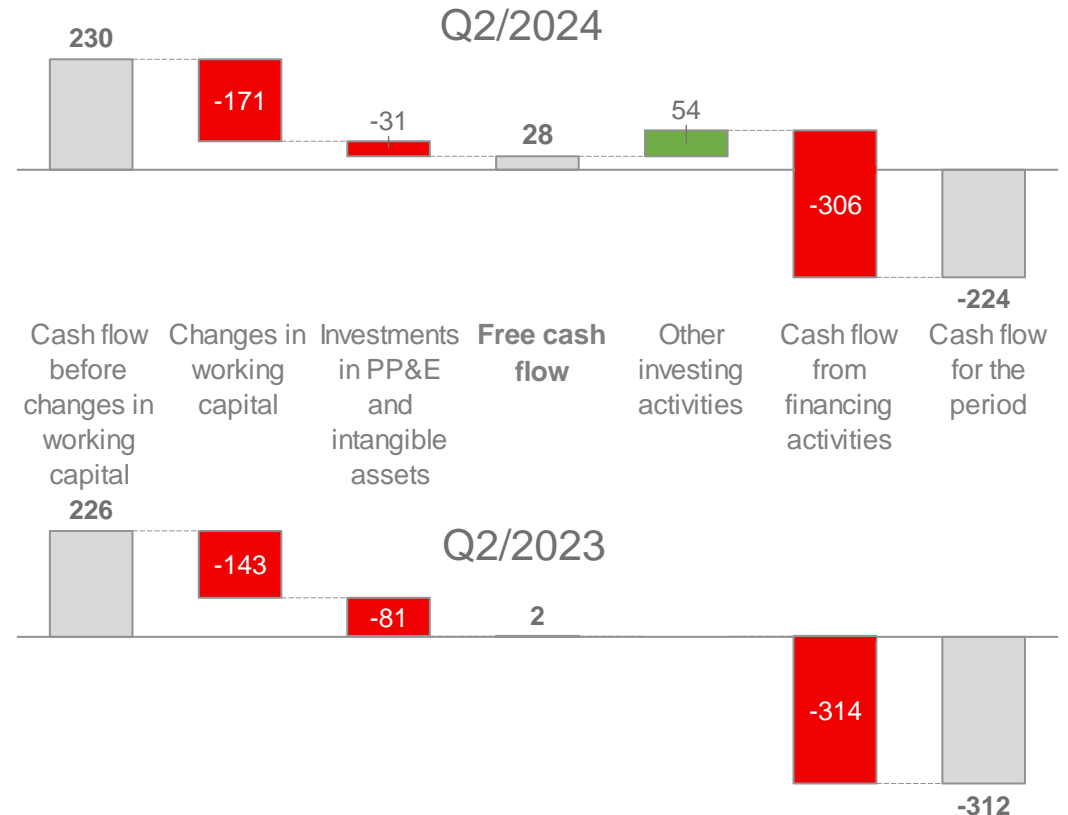


\*) Operating profit margin, adjusted.

# Free cash flow further improved: YTD SEK +148m vs LY

## Cash flow

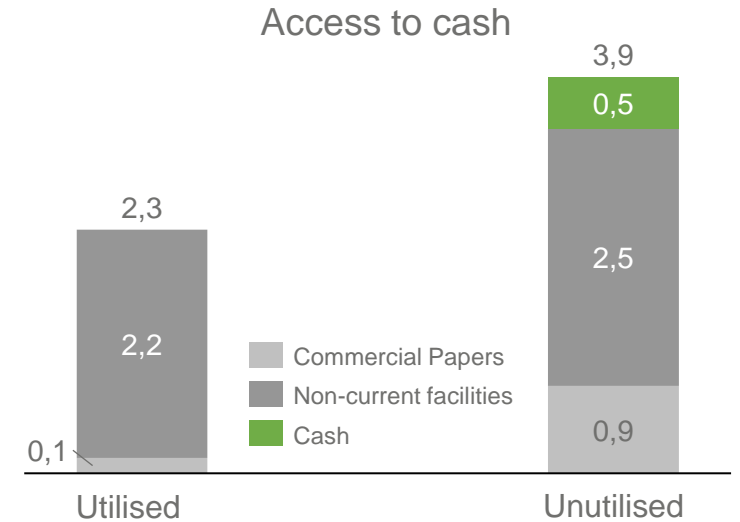
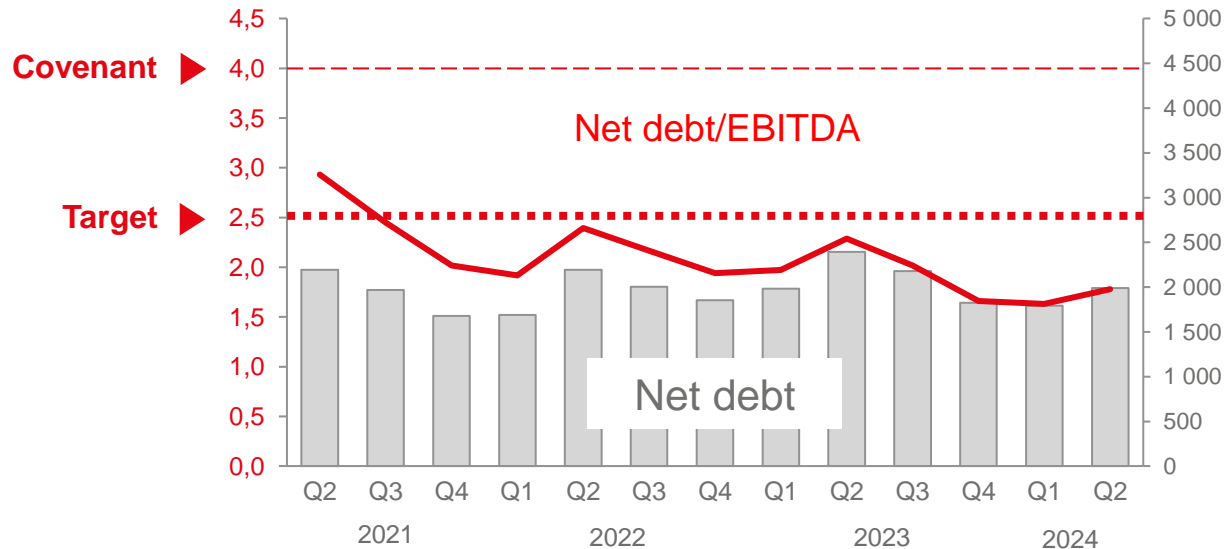
- **Improved Q2 Free cash flow vs LY** driven by lower capex investment more than offsetting increased working capital
- **Increased working capital** due to higher seasonal inventory build following strong Q1: YTD working capital improved SEK 47m vs LY
- **Lower capex investment** driven by part phasing and part avoidance
- **YTD free cash flow highest since 2017**
- **Cash flow from other investing activities** driven by proceeds from divestment of Nutisal brand



# Strong financial position: Net debt/EBITDA 1.8x

## Financial position

- Net debt/EBITDA successive improvement continues with an all-time low for a Q2, and well below target of 2.5x
- Net debt SEK 2.0bn despite dividend payments, driven by cash generation and favourable revaluation
- Unutilised access to cash of SEK 3.9bn



# Agenda

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# Our strategy

“Cloetta is a proud provider of joyful moments – our brands and products bring fun and joy to memorable occasions

We are convinced that our consumer focus is the basis for us to grow and our brands to flourish







# Growth leadership in Branded packaged goods

Responding to growing consumer trend demanding local brands and innovative offerings

**As Branded packaged products have an EBIT margin above the Group average, this segment is important for Cloetta to be able to reach its long-term profitability target**

- 1 Profitable growth and improved product mix, continued recovery of mix
- 2 Market share growth in core markets by focus and support of key brand positions
- 3 Building stronger position in the UK and Germany
- 4 Growing International Markets through expansion of selective brands
- 5 Focus on fewer but bigger innovations to ensure valorisation and competitive edge
- 6 Growing in new channels like E- and Q-commerce



# 1.6 Growing in new channels

E- and Q-commerce - emerging online channels

Cloetta's strategic choice to focus on online channels is showing clear results.

Quick commerce\* expanded rapidly during the pandemic and found a permanent place in the online landscape

In Q-commerce confectionery is relevant for *here and now*-moments.

\* Order and delivery of products within 30-45 min

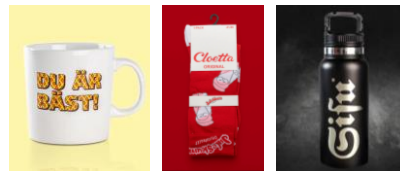
## Highlights in 2024



Strong growth in US and UK for The Jelly Bean Planet in E-commerce (Amazon)



Supplier of the Year-award, irrespective of category, at Foodora Market Sweden



Online Cloetta Store for merch launched in Q2 in Sweden

Visit [cloettastore.se](https://cloettastore.se) and [sisupaja.fi](https://sisupaja.fi) to see all available merch products!



# Sustainable value from the Pick & mix business

Driving profitable volume growth to 5–7% EBIT including allocated costs

**From its strong market position Cloetta has good opportunities to develop the category and thereby drive profitability and growth, with the ambition to reach an EBIT margin in the range of 5–7% in the medium-term**

- 1 Growth of consumer trends like individualism and sustainable packaging
- 2 Customers see this as in-store differentiation to attract shoppers
- 3 Valorisation through premium consumer offering
- 4 Drive cost efficiency through scale and mix management



## 2 Market position enables category development

Second quarter with EBIT margin in line with medium-term target of 5–7%

### Valorising P&M

2023



Arlanda airport, Stockholm

2023/  
2024



Launching online exclusive pre-packed CandyKing cup at Q-commerce in several Nordic markets

Cloetta is the largest P&M supplier in Europe

P&M is one of the fastest growing confectionery categories in the Nordic market

Cloetta is the only P&M player in confectionery with multimarket scale and proposition

Cloetta offers a premium, inspiring and exceptional candy experience both offline and online

Opportunity to expand in new markets and channels through repeatable P&M model

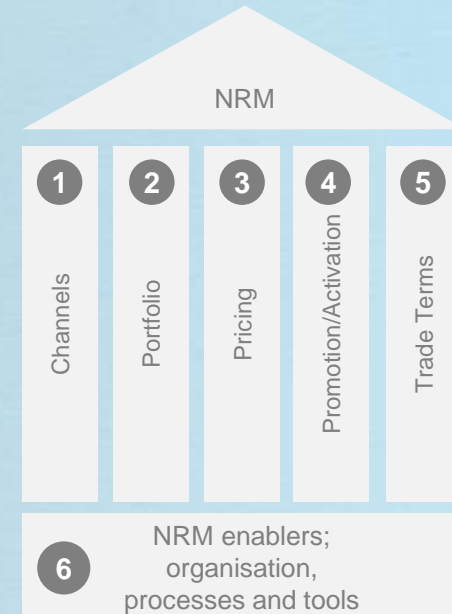


# Lower Cost and Greater Efficiency

Adding % EBIT to our result

**Cloetta has programs to optimise all lines of the P&L by lowering cost and spending with more efficiency**

- 1 Perfect Factory: increasing efficiency and reducing waste and energy in our plants
- 2 Greenfield project
- 3 ZBB methodology to reduce indirects
- 4 Net Revenue Management to get more bang for our buck
- 5 Media effectiveness through competence and Pure media
- 6 Focus on cash generation





# Update on greenfield project

Secure and improve on adjusted EBIT margin of at least 14 per cent

- When operational, creates capacity for growth, significantly reduces cost and reduces greenhouse gas emissions
- EBIT contribution remains higher up in the range SEK 220–260m
- Important step on journey to reduce greenhouse gas emissions with 46 per cent by 2030 – contributes to set science-based target (SBTi)
- Net investment remains within SEK 1.9 bn budget
- First of 3 factories to be closed, Borchwerf, now closed, ahead of original plan



## Progress during the quarter

- Regulatory permitting process developed according to plan
- Internal project workstreams continued as planned

## READ MORE

ENG [www.cloetta.com/en/investors/new-greenfield-facility/](http://www.cloetta.com/en/investors/new-greenfield-facility/)

NL [www.cloetta.com/en/roosendaal](http://www.cloetta.com/en/roosendaal)





# Our sustainability agenda

## Sustainability targets and ambitions

### A SWEETER FUTURE

Cloetta's sustainability agenda focuses on creating joy and long-lasting value For You, For People and For the Planet

The initiatives within the agenda cover topics all across the value chain where Cloetta has the ability to make an impact

#### For You

- Offer sugar-free, less sugar and options with functional ingredients
- Offer more vegan options
- Supporting dental health with our xylitol products

#### For People

- Continue to work towards zero work-related accidents
- Cloetta engagement survey to continue to be in line with global benchmark
- All Cloetta markets running a purpose-driven community engagement initiative by 2025
- Maintain existing partnerships and initiate a new collaboration to improve living conditions in our supply chain by 2025

#### For the Planet

- 46 per cent absolute greenhouse gas emissions reduction by 2030 compared to 2019 base year emissions
- 100 per cent recyclable packaging by 2025
- 100 per cent packaging from renewable sources or recycled materials by 2030
- Engage all key suppliers to set their own emission reduction targets by 2025
- With palm oil-based vegetable oils continue to source 100 per cent RSPO certified segregated palm oil
- Maintain 100 per cent Rainforest Alliance certified cocoa



# Alignment to CSRD reporting already in 2024

Voluntary Corporate Sustainability Reporting Directive-reporting already for 2024



Decision to start aligning Cloetta's reporting according to CSRD requirements already in 2024, one year ahead of the required deadline

CSRD marks a significant step towards accounting for sustainability alongside financial reporting in the EU

CSRD has been developed in line with the commitment made under the European Green Deal

## Cloetta's CSRD-preparations



- Double Materiality Analysis finalised
- Gap Analysis finalised
- Gap closing activities have started
- Approach already aligned with company auditor



A 3D maze of pink blocks with colorful jelly beans scattered throughout. The maze is composed of various sized rectangular blocks, creating a complex path. The jelly beans are in various colors including red, yellow, green, blue, orange, and white with speckles. The background is a soft, light pink gradient.

# Q & A

# *Thank you!*

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## UPCOMING IR EVENTS

9 Sep	Group lunch in Stockholm (Nordea)
1 Oct	Silent period starts
25 Oct	Interim report Q3 2024

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## CONTACT US

[ir@cloetta.com](mailto:ir@cloetta.com)  
[press@cloetta.com](mailto:press@cloetta.com)  
[sustainability@cloetta.com](mailto:sustainability@cloetta.com)



# Appendix

# Greenfield facility – Pro forma profit and loss Q2

	Q2/2024		Q2/2024		Q2/2024
	Reported	Greenfield	Pro-forma excl. greenfield	Other items affecting comparability	Adjusted
Net sales	2,038	-	2,038	-	2,038
Cost of goods sold	-1,321	-1	-1,320	-	-1,320
<b>Gross profit</b>	<b>717</b>	<b>-1</b>	<b>718</b>	-	<b>718</b>
Selling expenses	-298	-	-298	-3	-295
General and administrative expenses	-295	-2	-293	-92	-201
<b>Operating profit</b>	<b>124</b>	<b>-3</b>	<b>127</b>	<b>-95</b>	<b>222</b>
Net financial items	-11	-	-11	-	-11
<b>Profit before tax</b>	<b>113</b>	<b>-3</b>	<b>116</b>	<b>-95</b>	<b>211</b>
Income tax	-31	-	-31	20	-51
<b>Profit for the period</b>	<b>82</b>	<b>-3</b>	<b>85</b>	<b>-75</b>	<b>160</b>
<i>Gross margin</i>	35.2%		35.2%		35.2%
<i>Operating profit margin</i>	6.1%		6.2%		10.9%
<i>Effective tax rate</i>	27.4%		26.7%		24.2%

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