

News Release

Barry Callebaut Group – Half-Year Results, Fiscal Year 2016/17 Volume growth picking up, significant profit improvement

- Volume growth picking up in Q2 +3.5%, fueled by key growth drivers, resulting in above-market¹ growth in H1 of +1.4%
- Sales revenue up +2.5% in local currencies (+3.3% in CHF) to CHF 3.5 billion
- Strong operating profit (EBIT) improvement of +19.3% in local currencies, of which +11.1% recurring; net profit up +32.6% in local currencies, of which +18.9% recurring
- Mid-term guidance confirmed²

Zurich/Switzerland, April 12, 2017 – Antoine de Saint-Affrique, CEO of the Barry Callebaut Group, said: “We keep delivering on our ‘smart growth’ agenda. Sales volume growth picked up in the second quarter of the current fiscal year, despite sluggish global demand for chocolate confectionery¹. We significantly improved our profitability as a result of our ongoing focus on product and customer mix and the successful implementation of our Cocoa Leadership program. At the same time, we continue to focus on free cash flow and returns.”

Group Key Figures

for the first 6 months of Fiscal Year 2016/17		Change in %		6 months up to Feb 28, 2017	6 months up to Feb 29, 2016
		in local currencies	in CHF		
Sales volume	Tonnes		1.4%	946,782	933,327
Sales revenue	CHF m	2.5%	3.3%	3,538.7	3,424.3
Gross profit	CHF m	6.2%	6.0%	464.0	437.9
Operating profit (EBIT)	CHF m	19.3%	18.8%	238.4	200.7
Operating profit (EBIT) excl. non-recurring effect	CHF m	11.1%	10.6%	222.1	200.7
EBIT per tonne	CHF	17.6%	17.1%	251.8	215.0
Net profit	CHF m	32.6%	31.7%	142.1	107.9
Net profit excl. non-recurring effect	CHF m	18.9%	16.6%	125.8	107.9
Free Cash flow	CHF m	(112.8%)	(113.2%)	(29.0)	220.4

The Barry Callebaut Group, the world’s leading manufacturer of high-quality chocolate and cocoa products, saw **sales volume** growth picking up to +3.5% in the second quarter (first quarter -0.4%), leading to a topline growth for the first six months of fiscal year 2016/17 of +1.4% to 946,782 tonnes. This contrasts with the -2.1%¹ decline of the global chocolate confectionery market during the same period. Growth was fueled particularly by outsourcing, i.e. the successful integration of the Halle factory acquired from Mondelez International, but also Gourmet & Specialties and emerging markets contributed. Sales volume in chocolate was up +3.5%, while the intentional phase-out of less profitable contracts in cocoa, now completed, led to a decline of -5.0%.

¹ Source: Nielsen, August 2016-January 2017

² On average for the 3-year period 2015/16 to 2017/18: 4-6% volume growth and EBIT above volume growth in local currencies, barring any major unforeseen events.

Sales revenue outpaced volume growth, rising by +2.5% in local currencies (+3.3% in CHF) to CHF 3,538.7 million, due to a better product mix and partly offset by lower raw material prices.

Gross profit amounted to CHF 464.0 million, corresponding to +6.2% in local currencies (+6.0% in CHF). The increase, which is significantly above the reported volume growth, was fueled by a good product and customer mix, the successful execution of the Cocoa Leadership program and a more supportive cocoa products market.

Operating profit (EBIT) amounted to CHF 238.4 million, an increase of +19.3% in local currencies (+18.8% in CHF) as a result of the good gross profit. EBIT per tonne increased by +17.6% in local currencies (+17.1% in CHF) to CHF 251.8. Excluding the non-recurring positive effect of CHF 16.3 million related to acquisition activity, the EBIT increase was +11.1% in local currencies. On this adjusted basis, the Group achieved a recurring EBIT per tonne of CHF 234.6, which is an increase of +10.0% in local currencies (+9.1% in CHF).

Net profit was up +32.6% in local currencies (+31.7% in CHF) to CHF 142.1 million, due to the strong increase in EBIT, lower net finance costs and despite a higher effective tax rate. Excluding the non-recurring effect, it was up +18.9% in local currencies to CHF 125.8 million.

Net working capital increased by +1.2% from CHF 1,382.3 million in the prior year period to CHF 1,398.4 million, below the Group's growth. This is the result of the Group's focus on inventories and lower cocoa bean prices, and it comes on top of the significant decline in prior year, which was impacted by some positive one-offs.

Net debt amounted to CHF 1,454.9 million, down by -5.4% from CHF 1,538.2 million in the prior year period. The decrease was mainly driven by the repayment of debt as a result of our focus on cash flow.

Free cash flow for the 6-month period was CHF -29.0 million, which reflects the seasonality from the cocoa main crop. The comparable period in the prior year resulted in an inflow of CHF 220.4 million, including some positive one-off effects. Based on the company's hedge strategy, the impact of significant changes in raw material prices and currencies is reflected in the cash flow with a certain time lag. On a rolling 12-month basis, free cash flow was CHF 154.6 million.

Outlook – Good momentum expected to continue

Looking ahead, CEO Antoine de Saint-Affrique said: "Whilst markets remain volatile, we have built a healthy chocolate portfolio and expect the good momentum to continue. We will pursue the implementation of our Cocoa Leadership program and consistently execute our 'smart growth' strategy. On this basis, we confirm our mid-term guidance³."

Strategic milestones in the first half of fiscal year 2016/17

- **"Expansion"**: On December 31, 2016, Barry Callebaut completed the acquisition of the chocolate production facility of Mondelēz International in Halle, Belgium. The transaction also includes a long-term agreement for the supply of an additional 30,000 tonnes of liquid chocolate per year to Mondelēz International. Furthermore, capacity expansions were announced in the company's chocolate plants in California, US, and in Singapore. The opening of the first chocolate factory in Indonesia was also an important milestone for the Group.

³ On average for the 3-year period 2015/16 to 2017/18: 4-6% volume growth and EBIT above volume growth in local currencies, barring any major unforeseen events.

- **“Innovation”**: Barry Callebaut completed more than 700 R&D projects and launched a number of new products, including a new range of chocolate and fruit fillings with low water activity for confectionery and bakery creations. La Morella Nuts, part of the Barry Callebaut Group, extended its portfolio with a new range of organically grown Mediterranean nuts. Carma, Barry Callebaut’s Gourmet brand for Swiss chocolate, released Black Zabuye 83%, a black Edel Couverture with 83% cocoa content.
- **“Sustainability”**: In November Barry Callebaut launched its new sustainability strategy “Forever Chocolate”, with the ambition to have 100% sustainable chocolate by 2025. In order to make sustainable chocolate the norm, “Forever Chocolate” includes four targets that the company expects to achieve by 2025 and that address the biggest sustainability challenges in the chocolate supply chain: child labor, farmer poverty, its carbon and forest footprint and sustainable sourcing. See also: www.barry-callebaut.com/new-sustainability-strategy and www.barry-callebaut.com/stories for some great stories on how Barry Callebaut is putting sustainability to action.

Regional/Segment performance

EMEA – Accelerating top-line growth with profitability supported by partnership agreement

The European chocolate and confectionery market declined by -2.0% in volume⁴. Barry Callebaut’s sales volume in region EMEA (Europe, Middle East, Africa) recorded volume growth of +4.4% to 429,867 tonnes. Western Europe managed to grow in all business units, benefiting from volumes coming on stream as a result of the additional supply agreement with Mondelez International and the acquisition of the vending business from FrieslandCampina. Eastern Europe continues to operate under unfavorable market conditions. Sales revenue in Region EMEA grew by +5.8% in local currencies (+ 4.7% in CHF), slightly above the volume growth, to CHF 1,470.9 million. Operating profit EBIT increased considerably by +13.6% in local currencies (+12.5% in CHF) to CHF 162.4 million, including the one-time income of CHF 16.3 million related to the acquisition as part of a partnership agreement. Excluding this non-recurring effect, EBIT increased by + 2.3% in local currencies (+1.2% in CHF).

Americas – Stable volume growth in a sluggish market, while profitability significantly improved

The chocolate confectionery market in the Americas declined by -3.4% in volume⁴. Barry Callebaut’s sales volume growth in the Americas was flat at +0.4% or 252,068 tonnes, versus the strong base from the prior year. Gourmet and South America continued to grow strongly. Sales revenue in the region went up by +1.3% in local currencies (+2.9% in CHF) to CHF 841.1 million. A significant profitability improvement of + 11.1% in local currencies (+11.5% in CHF) was achieved due to a much more favorable customer and product mix, as well as a better leverage of costs in the region. EBIT came in at CHF 78.5 million.

Asia Pacific – Continued double-digit top and bottom line growth

The chocolate confectionery market in Asia Pacific increased by +1.6% in volume⁴. Barry Callebaut’s Region Asia Pacific had a very strong first six months, recording sales volume growth of +14.6% to 46,872 tonnes, spread across all divisions.

⁴ Source: Nielsen, August 2016-January 2017

Sales revenue went up by +11.6% in local currencies (+14.0% in CHF) to CHF 184.5 million, in line with volume growth.

EBIT increased by +12.7% in local currencies (+13.6% in CHF) to CHF 20.9 million, benefiting from the good performance of both Food Manufacturers and Gourmet & Specialties products, as well as strong cost discipline.

Global Cocoa – Significant progress in profitability under slightly more favorable conditions

The intentional phase-out of less profitable contracts has now been completed. For the first six months of the current fiscal year, sales volume in Global Cocoa decreased by -5.0% to 217,975 tonnes. Sales revenue declined by -2.5% in local currencies (+0.2% in CHF).

As announced earlier, EBIT improved by +76.8% in local currencies (+74.3% in CHF) to CHF 19.7 million as a result of the successful implementation of the Cocoa Leadership program. EBIT per tonne went up to CHF 90.3, an increase of +83.5% in CHF.

Price developments on the most important raw material spot markets

Cocoa beans futures prices collapsed by -32% during the first half of the fiscal year (from 2,274 GBP/MT on 01/09/2016 to 1,544 GBP/MT on 28/02/2017). Fundamentally, the price drop reflects good weather conditions which will lead to a record crop in Ivory Coast and a big surplus in the 2016/17 cocoa season overall.

The combined cocoa ratio has further improved over the first half of the current fiscal year due to a tight product supply situation and lower cocoa bean prices.

The upward trend for **dairy** prices continued in the last quarter of 2016 due to weak worldwide production and firm demand. Good payout prices for liquid milk and favorable weather conditions improved milk production in the beginning of 2017, which led to a more balanced market and slight price corrections.

After a peak price in early October 2016, the world **sugar** market corrected heavily in view of a possible surplus in 2017/18. Prices in Europe kept rising, supported by historically low EU stocks.

For more detailed financial information see the Barry Callebaut Group's Letter to Investors "Half-Year Results 2016/17": www.barry-callebaut.com/LetterToInvestors

Media and Analyst Conference of the Barry Callebaut Group

Date: Wednesday, April 12, 2017 at 10:00 CEST

Location: Barry Callebaut Head Office, CHOCOLATE ACADEMY™ center, Pfingstweidstrasse 60, 8005 Zurich / Switzerland

The conference can be followed via telephone or audio webcast. All dial-in and access details can be found on the Barry Callebaut Group's [website](http://www.barry-callebaut.com)

Financial Calendar for Fiscal Year 2016/17 (September 1, 2016 to August 31, 2017):

9-month key sales figures 2016/17 (news release)	July 13, 2017
Full-year results 2016/17 (news release & conference)	November 8, 2017
Annual General Meeting 2016/17	December 13, 2017

About Barry Callebaut Group (www.barry-callebaut.com):

With annual sales of about CHF 6.7 billion (EUR 6.1 billion / USD 6.8 billion) in fiscal year 2015/16, the Zurich-based Barry Callebaut Group is the world's leading manufacturer of high-quality chocolate and cocoa products – from sourcing and processing cocoa beans to producing the finest chocolates, including chocolate fillings, decorations and compounds. The Group runs more than 50 production facilities worldwide and employs a diverse and dedicated global workforce of close to 10,000 people.

The Barry Callebaut Group serves the entire food industry, from industrial food manufacturers to artisanal and professional users of chocolate, such as chocolatiers, pastry chefs, bakers, hotels, restaurants or caterers. The two global brands catering to the specific needs of these Gourmet customers are Callebaut® and Cacao Barry®.

The Barry Callebaut Group is committed to make sustainable chocolate the norm by 2025 to help ensure future supplies of cocoa and improve farmer livelihoods. It supports the Cocoa Horizons Foundation in its goal to shape a sustainable cocoa and chocolate future.

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Group Key Figures

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Gross profit	CHF m	6.2%	6.0%	464.0	437.9
EBITDA	CHF m	14.7%	14.4%	309.9	270.9
Operating profit (EBIT)	CHF m	19.3%	18.8%	238.4	200.7
Operating profit (EBIT) excl. non-recurring effect	CHF m	11.1%	10.6%	222.1	200.7
EBIT per tonne	CHF	17.6%	17.1%	251.8	215.0
Net profit for the period	CHF m	32.6%	31.7%	142.1	107.9
Net profit excl. non-recurring effect	CHF m	18.9%	16.6%	125.8	107.9
Free Cash flow	CHF m	(112.8%)	(113.2%)	(29.0)	220.4
By Region					
EMEA					
Sales volume	Tonnes		4.4%	429,867	411,881
Sales revenue	CHF m	5.8%	4.7%	1,470.9	1,405.0
EBITDA	CHF m	13.0%	11.6%	185.8	166.4
Operating profit (EBIT)	CHF m	13.6%	12.5%	162.4	144.4
Americas					
Sales volume	Tonnes		0.4%	252,068	251,151
Sales revenue	CHF m	1.3%	2.9%	841.1	817.4
EBITDA	CHF m	7.2%	8.0%	94.0	87.0
Operating profit (EBIT)	CHF m	11.1%	11.5%	78.5	70.4
Asia Pacific					
Sales volume	Tonnes		14.6%	46,872	40,888
Sales revenue	CHF m	11.6%	14.0%	184.5	161.8
EBITDA	CHF m	13.7%	14.8%	25.5	22.2
Operating profit (EBIT)	CHF m	12.7%	13.6%	20.9	18.4
Global Cocoa					
Sales volume	Tonnes		(5.0%)	217,975	229,407
Sales revenue	CHF m	(2.5%)	0.2%	1,042.2	1,040.1
EBITDA	CHF m	23.6%	23.6%	46.6	37.7
Operating profit (EBIT)	CHF m	76.8%	74.3%	19.7	11.3
By Product Group					
Sales volume	Tonnes			946,782	933,327
Cocoa Products	Tonnes		(5.0%)	217,975	229,407
Food Manufacturers Products	Tonnes		1.6%	611,713	601,858
Gourmet & Specialties Products	Tonnes		14.7%	117,094	102,062
Sales revenue	CHF m			3,538.7	3,424.3
Cocoa Products	CHF m	(2.5%)	0.2%	1,042.2	1,040.1
Food Manufacturers Products	CHF m	2.8%	2.9%	1,925.8	1,871.5
Gourmet & Specialties Products	CHF m	11.1%	11.3%	570.7	512.7