

## Roadshow presentation – 9 months Key Sales Figures 2016/17

July 2017



# Agenda

- ▶ BC at a glance
- ▶ Highlights Q3 2016/17
- ▶ Strategy & Outlook

BC at a glance



Who are we?

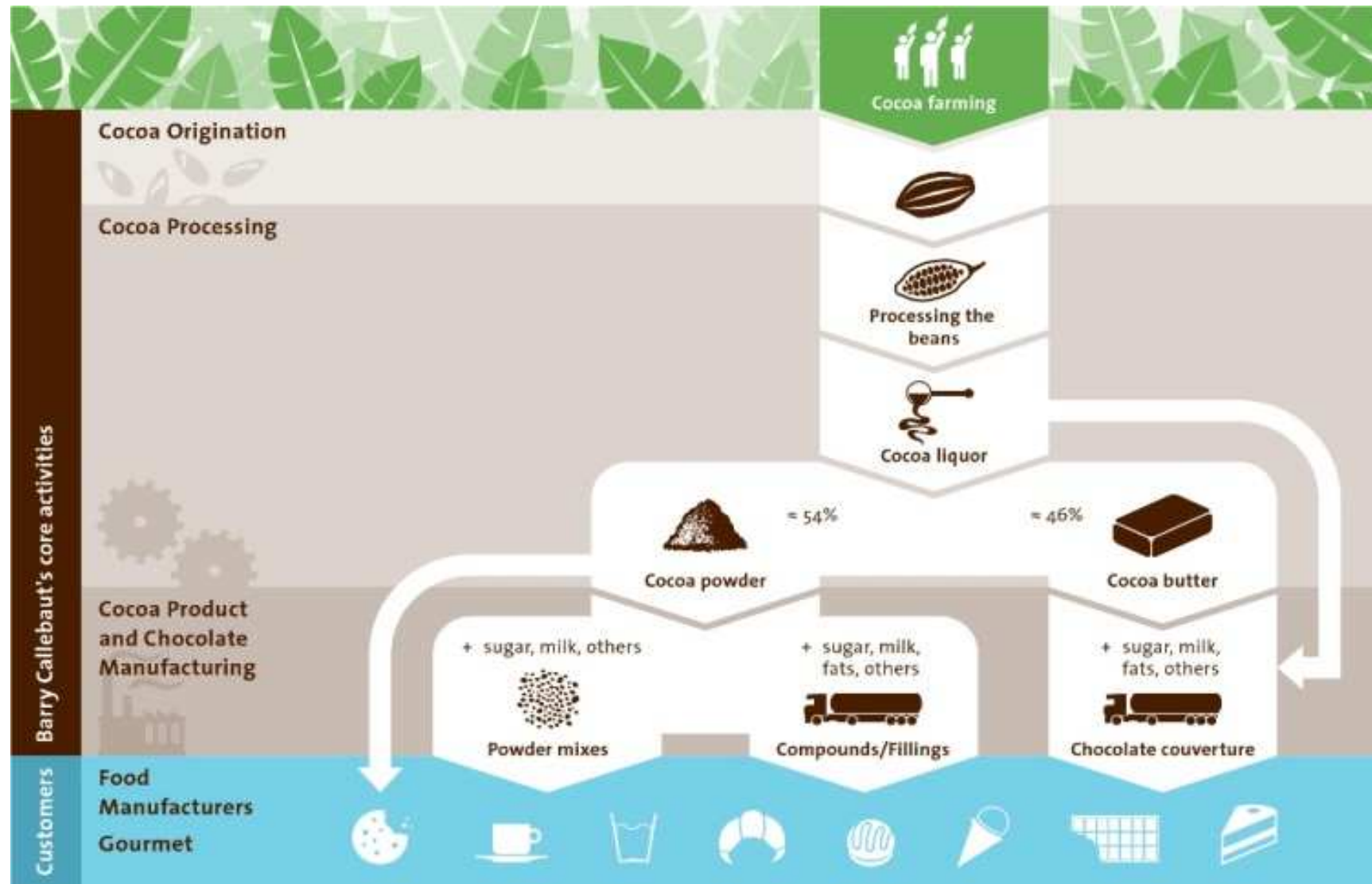
## The heart and engine of the chocolate industry



- ▶ A merger between **Cacao Barry**, the very first chocolate connoisseur since 1842 and **Callebaut** a chocolate couverture manufacturer expert since 1911
- ▶ Listed on the SIX Swiss Exchange since 1998
- ▶ Today, the world's leading manufacturer of high-quality chocolate and cocoa products
- ▶ Barry Callebaut is inside 25% of all consumer products containing cocoa or chocolate

What do we do?

We are present in the key parts of the cocoa and chocolate value chain




# This is Barry Callebaut

“Shaping the world of chocolate and cocoa.”

FY 2015/16

More than  
**175 years**  
of chocolate heritage



More than  
**9,000**  
employees  
of whom 1 in 2 works  
either in an origin  
or emerging market



**health  
claim**  
on Acticoa®  
extended to  
cocoa extracts  
within Europe



Innovation  
contributed

**10%**

to sales volume

**1.8**  
sales volume  
in million tonnes

**414.8**  
EBIT  
in CHF million

CAGR  
**+9.1%**  
volume growth  
over 5 years



**6,241.9**  
sales revenue  
in CHF million

**70,500**  
farmers  
trained in good  
agricultural practices



**53**  
factories  
worldwide

Selling to

**131**  
countries



**19**  
CHOCOLATE  
ACADEMY™  
centers

**36,545**  
chocolate aficionados  
trained in 2014/15



What do we offer?

A broad offering from standard to the most premium products

### Cocoa Products



### Food Manufacturers



### Gourmet & Specialties

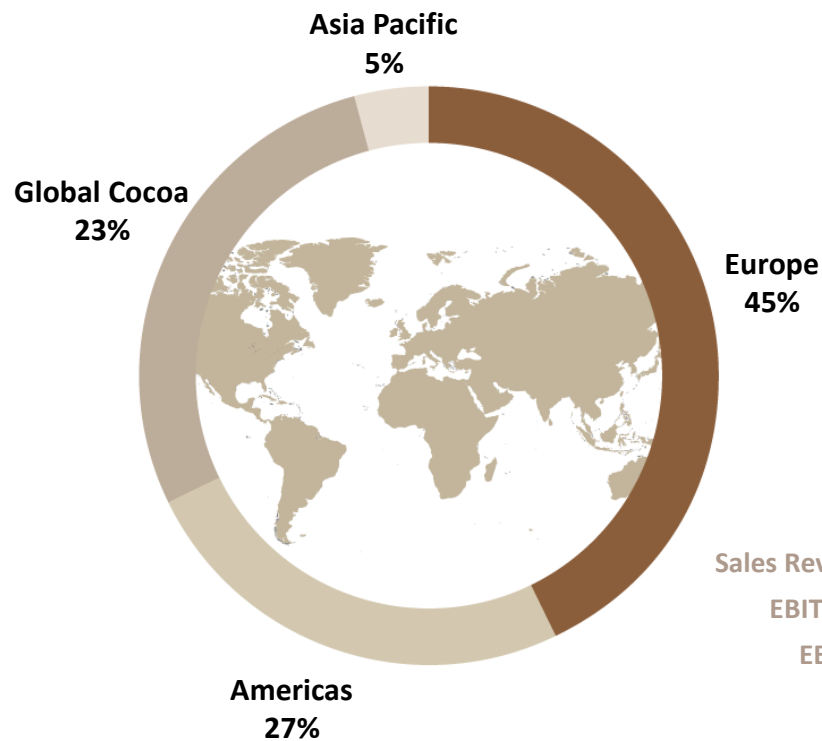


How are we organized?

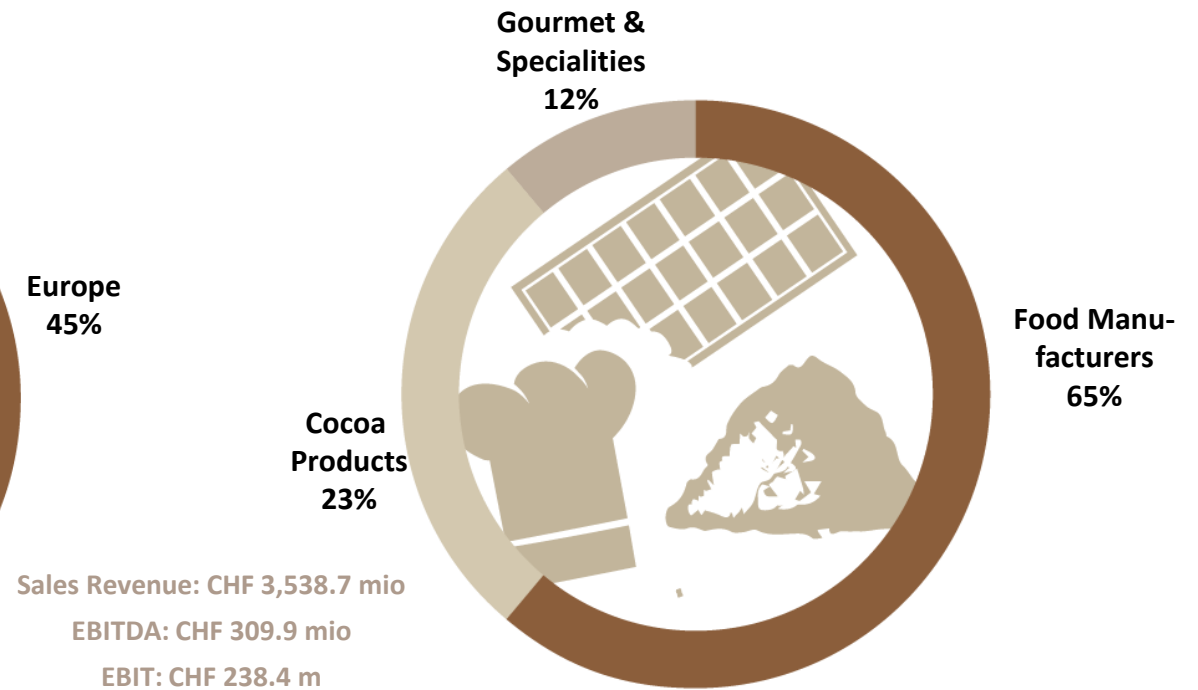
## Our Regional and Product split

HY 2016/17 Sales Volume: 946,782 tonnes

### Sales Volume per Region



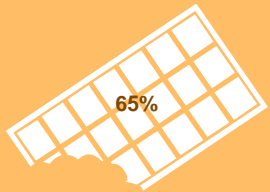
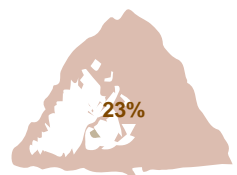

### Sales Volume per Product Group





## Our business model

# We apply a cost plus approach to the majority of the business

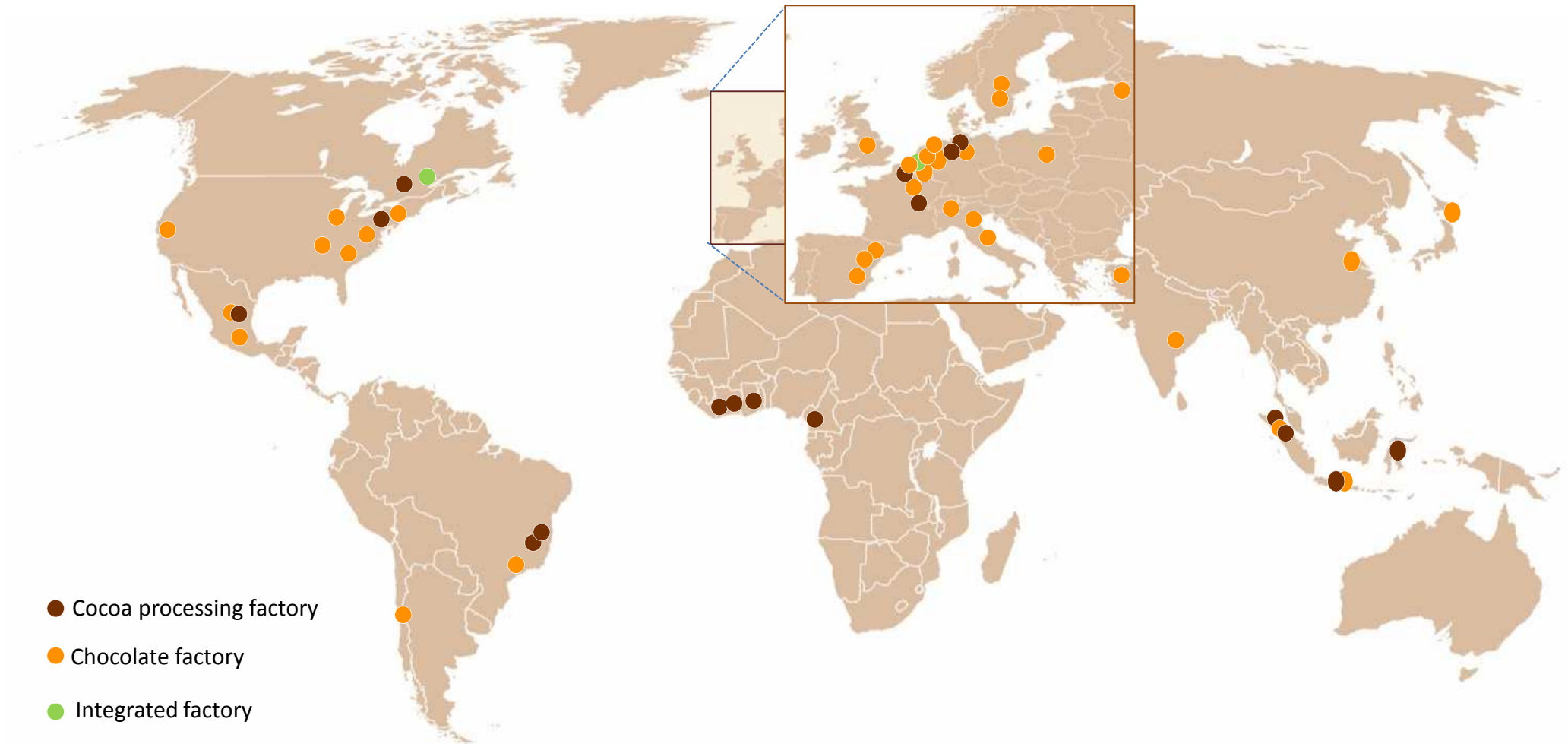
	Customers	Pricing model	Profit levers
<b>Food Manufacturers</b> 	<ul style="list-style-type: none"><li>Small, medium and Global Food Manufacturers</li></ul>	<ul style="list-style-type: none"><li>Cost Plus</li></ul>	<ul style="list-style-type: none"><li>Customer mix</li><li>Product mix</li><li>Economies of scale</li></ul>
<b>Cocoa Products</b> 	<ul style="list-style-type: none"><li>Small, medium and Global Food Manufacturers</li></ul>	<ul style="list-style-type: none"><li>Market prices</li><li>Cost Plus (partly)</li></ul>	<ul style="list-style-type: none"><li>Global set-up</li><li>Combined ratio</li><li>Customer/product mix</li></ul>
<b>Gourmet &amp; Specialties</b> 	<ul style="list-style-type: none"><li>Professional users, Food Chains, Distributors</li></ul>	<ul style="list-style-type: none"><li>Price list</li></ul>	<ul style="list-style-type: none"><li>Expansion of global brands</li><li>Adjacent products</li><li>Innovation/Sustainability</li></ul>

Note: Percentage of FY2015/16 Group sales volume

Passing on the cost of raw materials to customers underpins profit stability by mitigating volatility impact of main raw materials

# A global footprint and a local service

Cocoa factories in origin countries and chocolate factories close to our customers



## Highlights - 9-Month Key Sales Figures 2016/17



9 months – Key sales figures 2016/17

## Good growth momentum continues

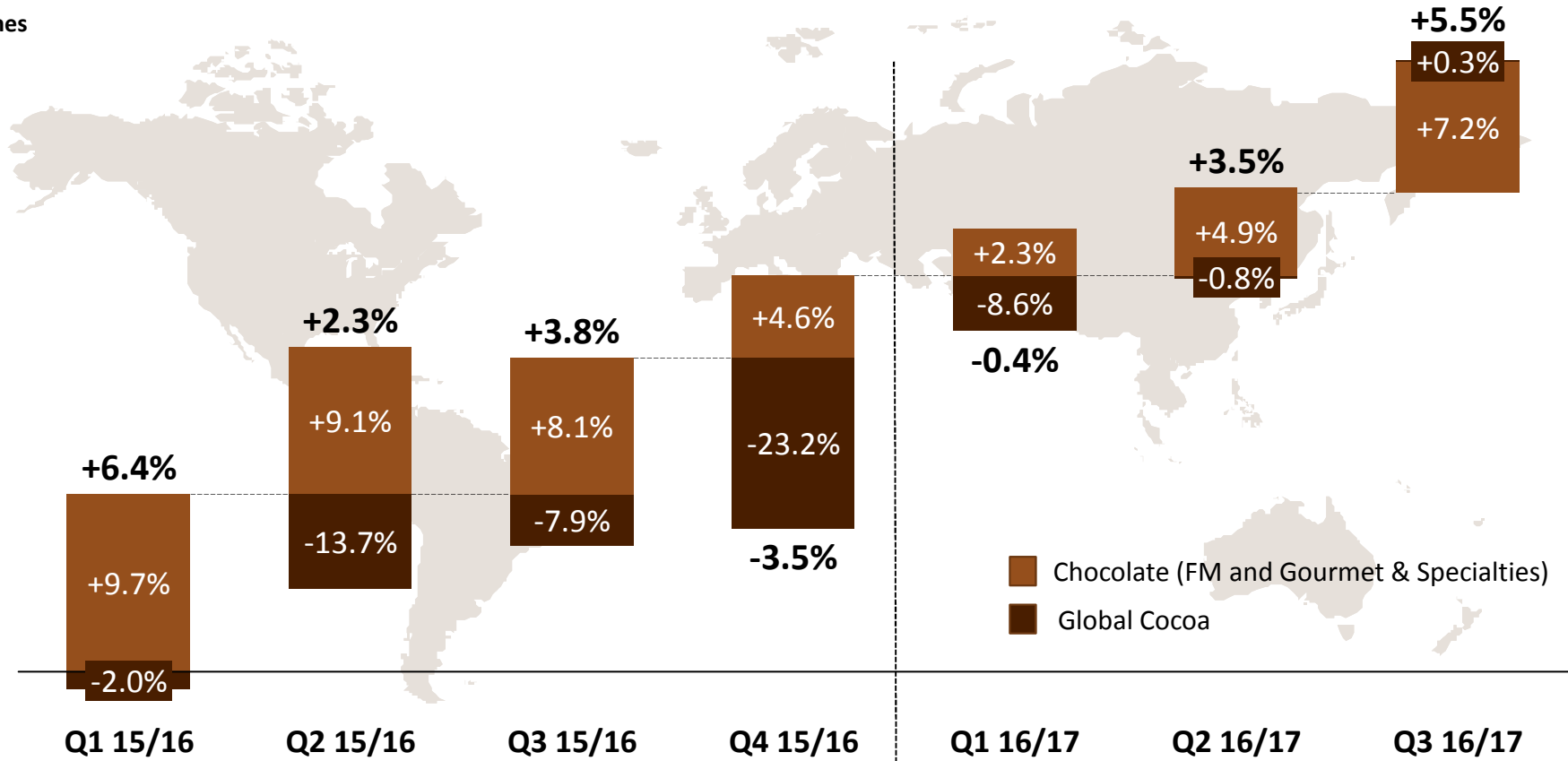


- ▶ Sales volume growth up +2.8%, driven by strong above market growth in Chocolate +4.7%
- ▶ Acceleration in Q3 +5.5%, supported by key growth drivers: Outsourcing, Emerging markets and Gourmet and Specialties
- ▶ Sales revenue up by +2.9% in local currencies; +3.7% in CHF
- ▶ Mid-term guidance confirmed

9 months – Key sales figures 2016/17

# Strong growth in Chocolate including both Food Manufacturers and Gourmet & Specialties, significantly above the market

in tonnes



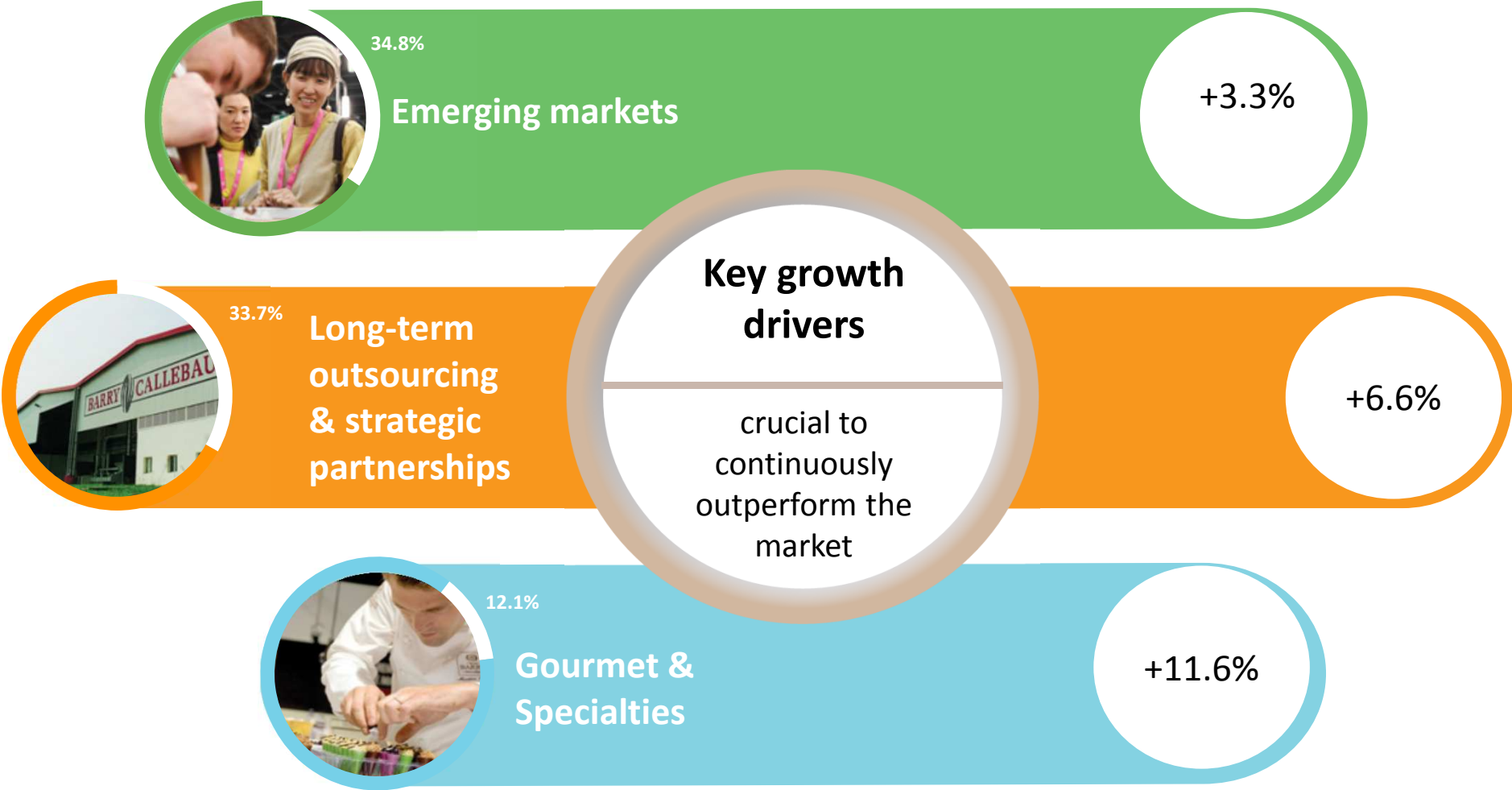
Market Volume growth*	Q1 15/16	Q2 15/16	Q3 15/16	Q4 15/16	Q1 16/17	Q2 16/17	Q3 16/17
	-3.7%	-1.3%	-0.7%	-1.5%	-2.3%	-1.4%	+2.3%

\*Source: Nielsen chocolate confectionery in volume – 26 countries

9 months – Key sales figures 2016/17

# All key growth drivers fueled our sales volume growth

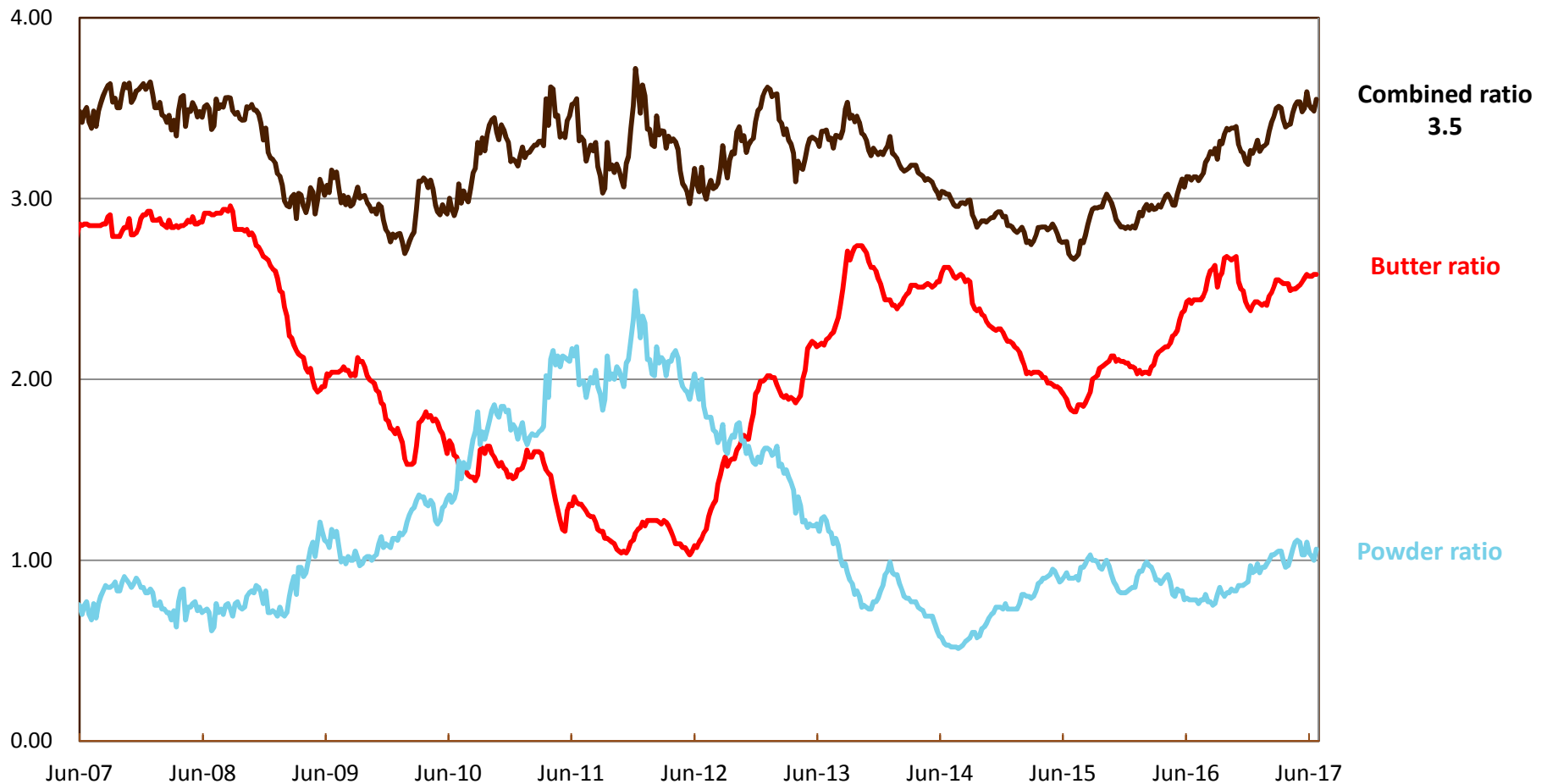
Volume growth vs prior year



## Cocoa processing profitability

Combined ratio remains high, driven by tight supply and at historically low cocoa bean prices

European combined ratio - 6 months forward ratio

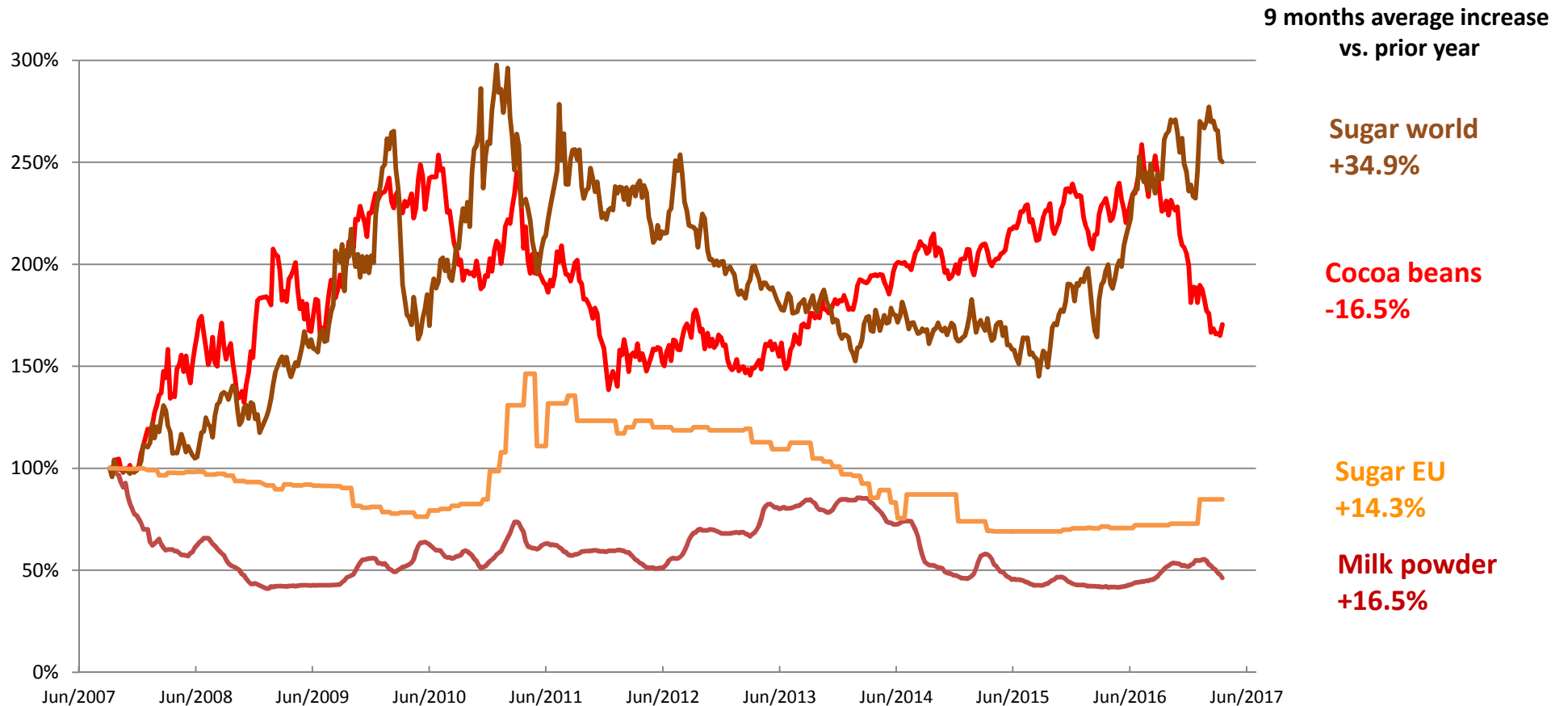


For cocoa processors, profitability depends on the ratio between input costs (price of cocoa beans) and combined output prices (price of cocoa butter and powder).



## Raw materials price evolution

# Continued low cocoa bean prices, milk powder and sugar above prior year



Note: All figures are indexed to Sep 2007

Source: Cocoa beans London (2<sup>nd</sup> position) in CHF/tonne, Sugar world London n°5 (2<sup>nd</sup> position), Sugar EU Kingsman estimates W-Europe DDP, skimmed milk powder average price Germany, Netherlands, France.

## Financing

# Barry Callebaut couples sustainability with its renewed banking credit facility



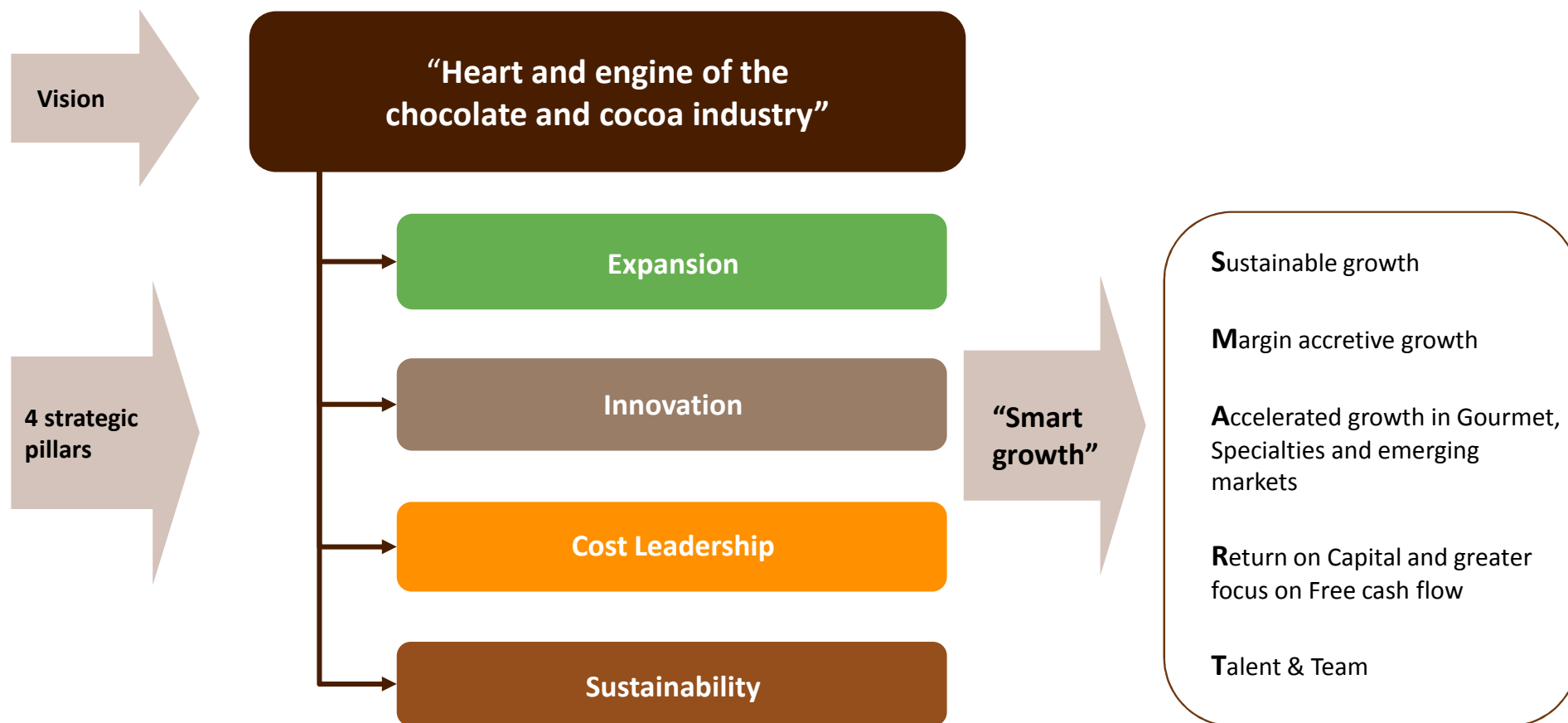
- ▶ Amendment and extension of the revolving credit facility
- ▶ For the first time in Switzerland, second time in Europe, the interest rate will be coupled with the company's sustainability performance and rating
- ▶ The facility size increased from EUR 600 million to EUR 750 million until 2022, strengthening the Groups' liquidity profile
- ▶ ING is the Sustainability Coordinator of the facility, as part of a syndicate of 13 banks
- ▶ The most recent Sustainalytics performance of Barry Callebaut increased from 67 to 72. An outstanding achievement making BC an Outperformer in its industry sector



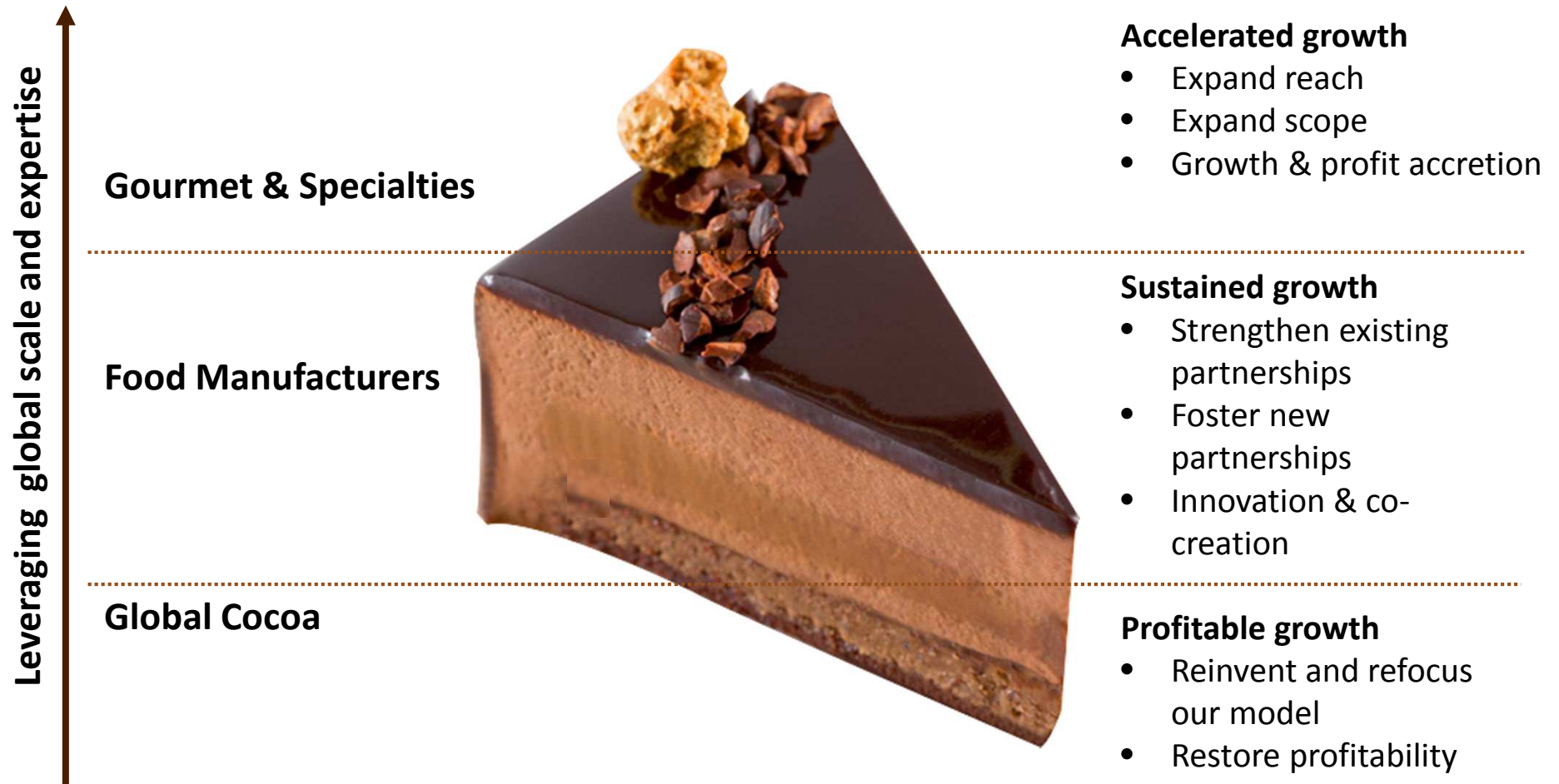
## Strategy & Outlook



# Consistent long-term strategy, focus on execution



# Execution translated into our Product groups



## Our plan to make sustainable chocolate the norm



- ▶ Signed the Cocoa and Forests Initiative, committing with 11 other leading cocoa and chocolate companies

Twelve of the world's largest cocoa and chocolate companies have committed to develop a cooperative, multi-stakeholder framework to end deforestation and forest degradation in the cocoa supply chain.



- ▶ On track to deliver 500,000 cocoa plant seedlings from its nurseries to farmers in Indonesia in 2017
- ▶ 26% of non-cocoa ingredients are sustainably sourced



## Outlook

Good momentum expected to continue. Mid-term guidance confirmed



## Outlook

- ▶ Markets to remain volatile, with an equal balance of tail- and headwinds
- ▶ Good momentum in volume growth and profitability to continue, we will further implement our Cocoa Leadership program and consistently execute our “smart growth” strategy



## Mid-term guidance (2015/16 - 2017/18)

- ▶ Average volume growth 4-6%
- ▶ EBIT growth on average above volume growth<sup>1</sup>

<sup>1</sup> In local currencies and barring any major unforeseen events



## Appendix



# What makes Barry Callebaut unique?



- ▶ Global number one player in chocolate and cocoa
- ▶ Deep chocolate and cocoa expertise
- ▶ Global leader in Gourmet & Specialties
- ▶ Proven and long-term oriented strategy
- ▶ Unparalleled global footprint, present in all key markets
- ▶ Preferred outsourcing and strategic partner
- ▶ Leader in Innovation
- ▶ Cost leadership along the value chain
- ▶ Pioneer in sustainability
- ▶ Entrepreneurial spirit
- ▶ Balancing short and long-term

# Chocolate confectionery market development – Nielsen data

**North America** (29% of market)  
 2012-16 average: -1.0%  
 2017 9M: +0.9%

**Western Europe** (41% of market)  
 2012-16 average: 0.0%  
 2017 9M: -0.6%

**Eastern Europe** (18% of market)  
 2012-16 average: -0.5%  
 2017 9M: -1.6%

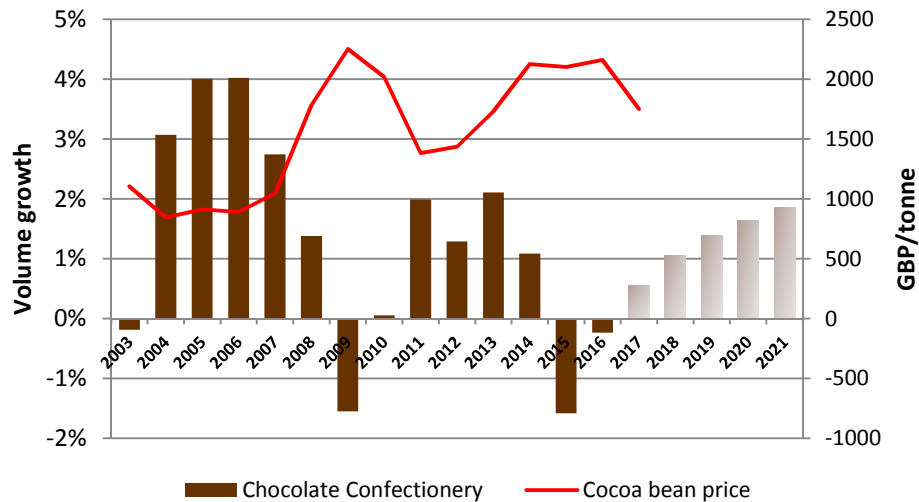


**South America** ( 5% of market)  
 2012-16 average: -1.6%  
 2017 9M: -6.6%

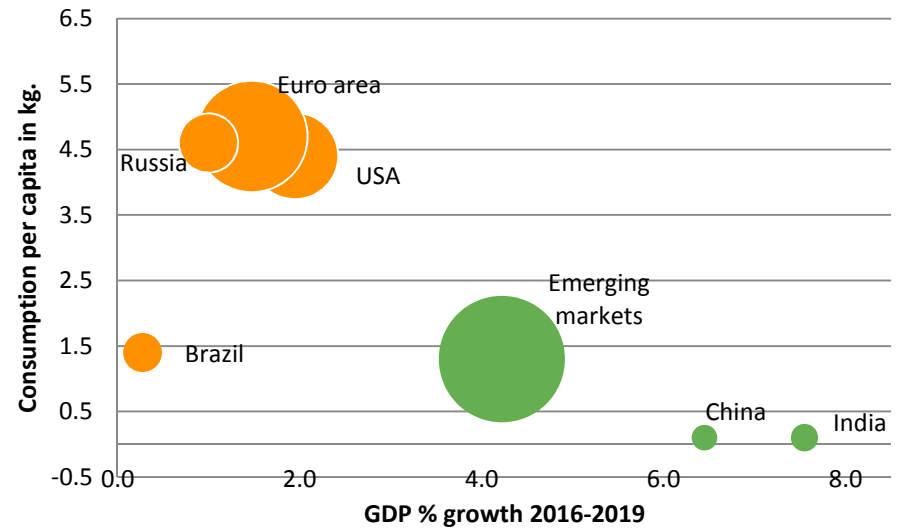
**Asia Pacific** (8% of market)  
 2012-16 average: +5.3%  
 2017 9M: +2.1%

# Our market and opportunities ahead

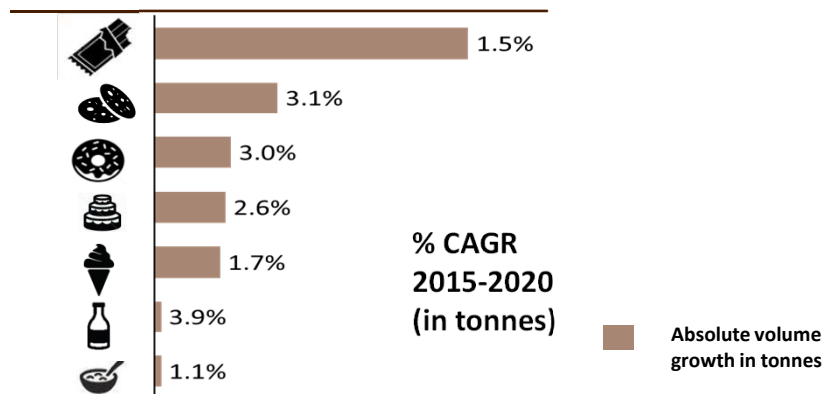
Global Chocolate confectionery volume growth vs cocoa bean price



Growing economies with still low chocolate consumption per capita

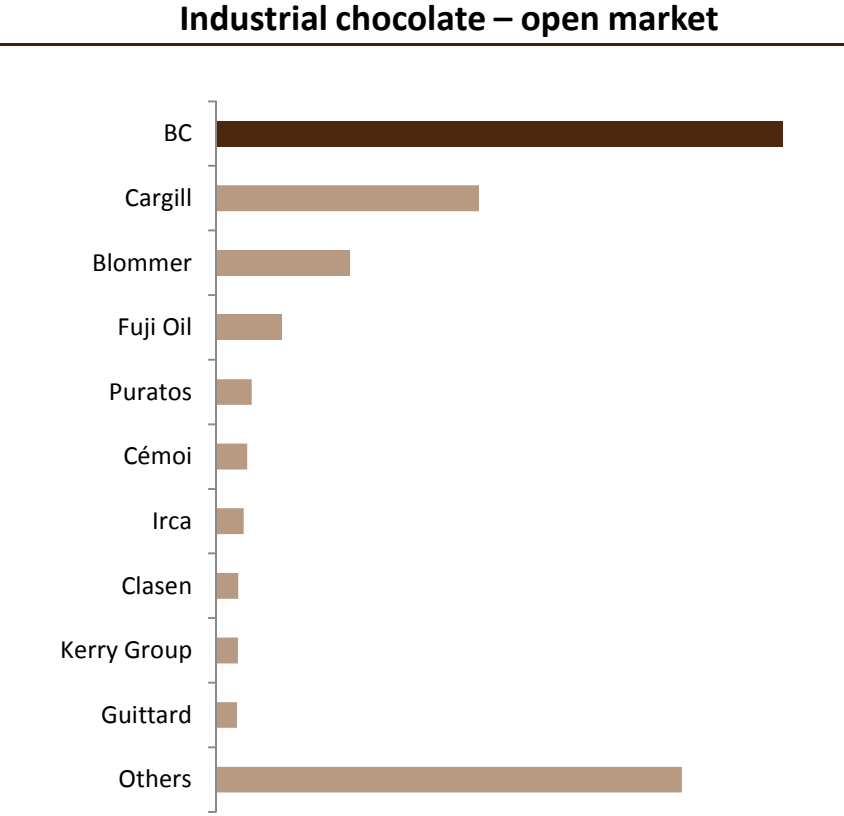
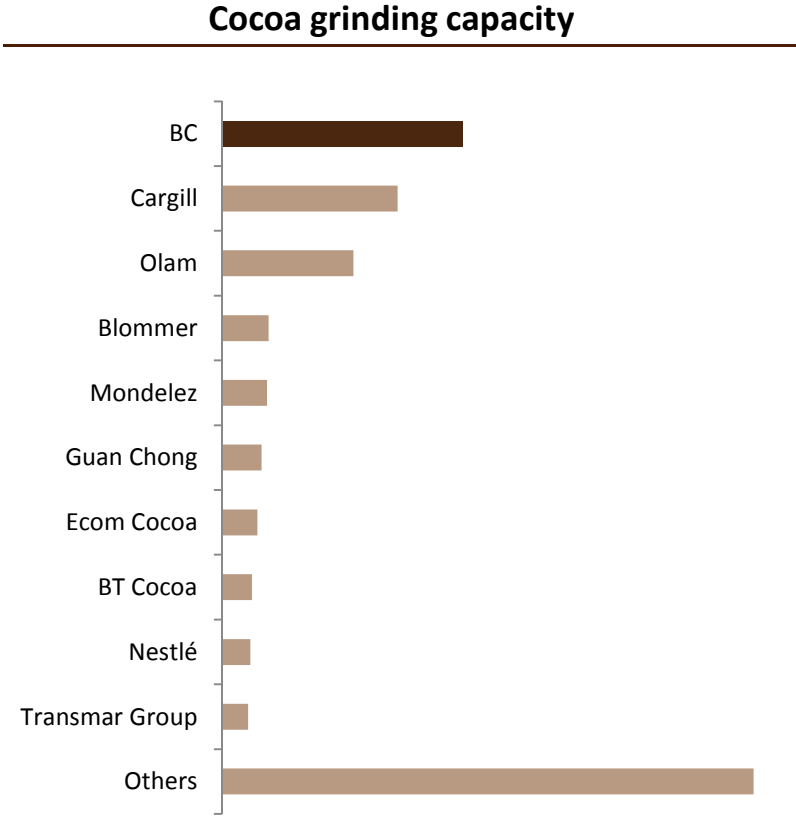


Forecast volume growth per application 2015-2020



Chocolate and Cocoa markets

# Barry Callebaut uniquely positioned in industrial chocolate and cocoa markets

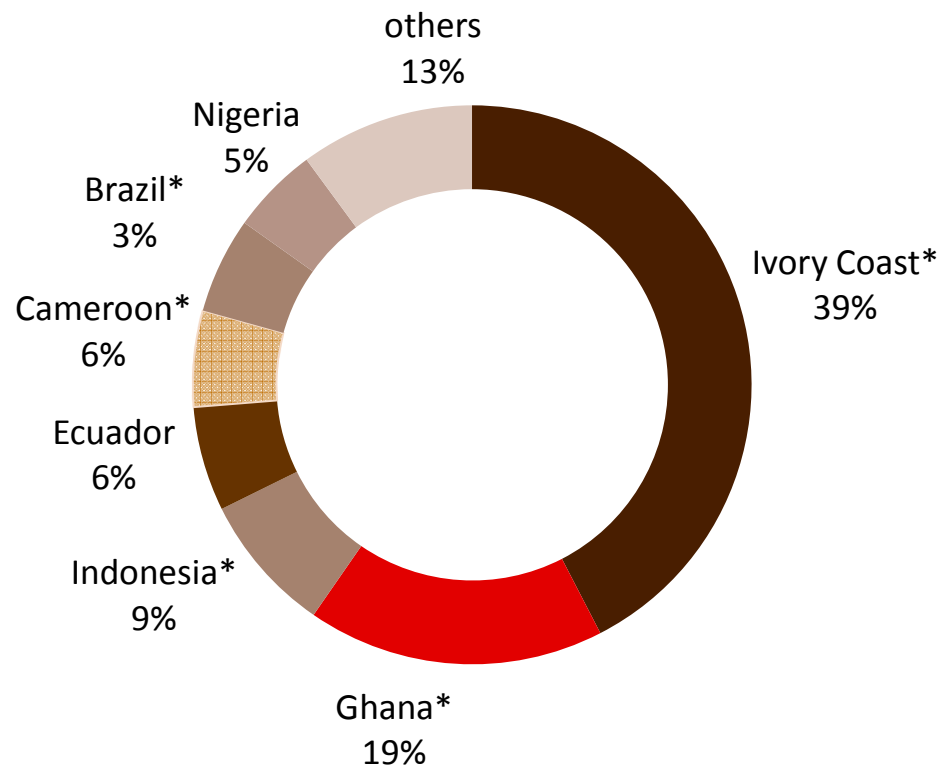


**Notes:** Olam incl. ADM; Cargill incl. ADM chocolate business; Fuji Oil incl. Harald  
**Sources:** Proprietary estimates



# West Africa is the world's largest cocoa producer

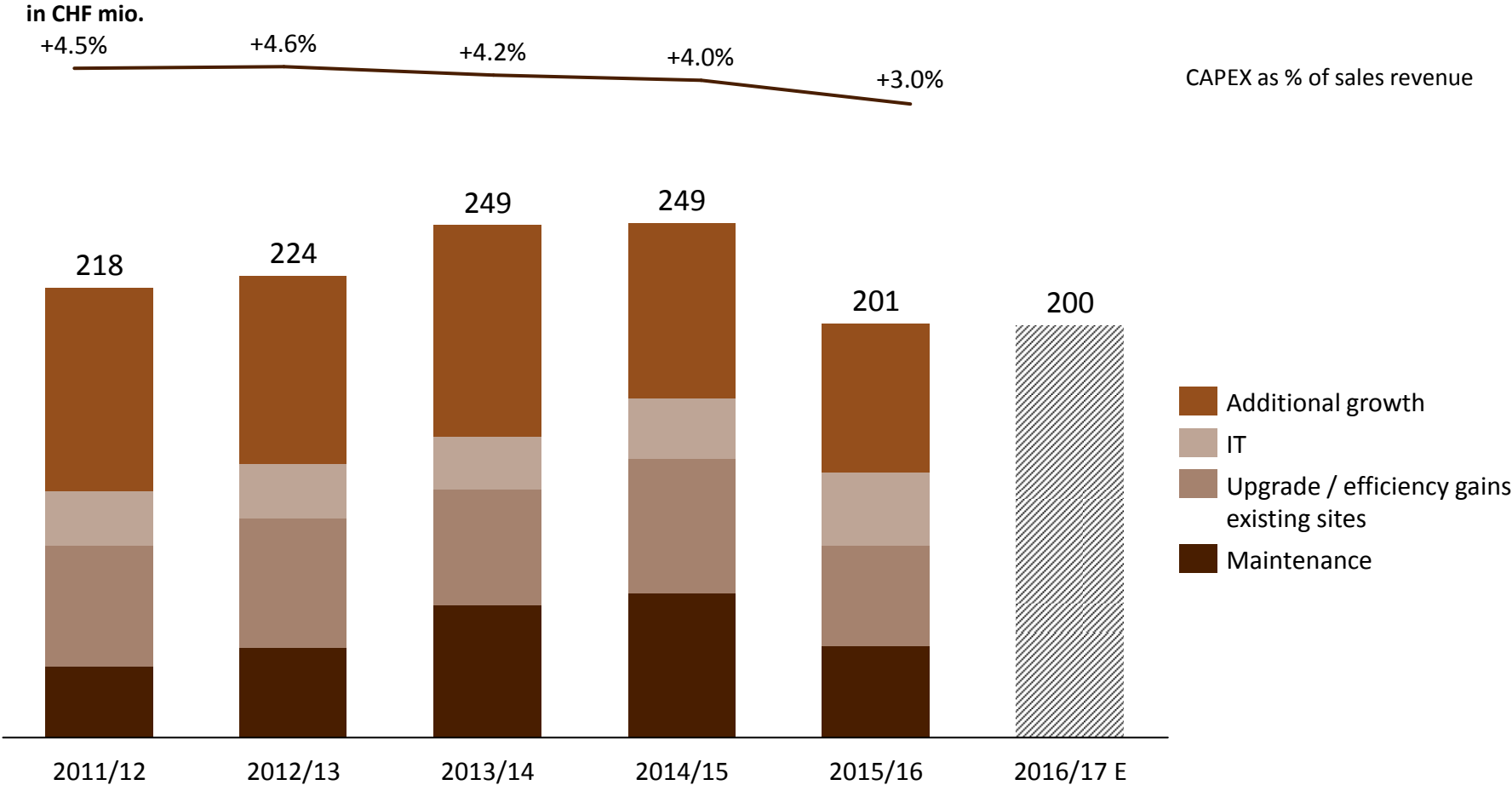
Total world harvest (15/16): 4,031 TMT



- ▶ About 70% of total cocoa beans come from West Africa
- ▶ BC processed ~900,000 tonnes or 22% of the world crop
- ▶ Barry Callebaut has various cocoa processing facilities in origin countries\*, in Europe and in the USA

Source: ICCO estimates

# Capital Expenditures





HY results 2016/17

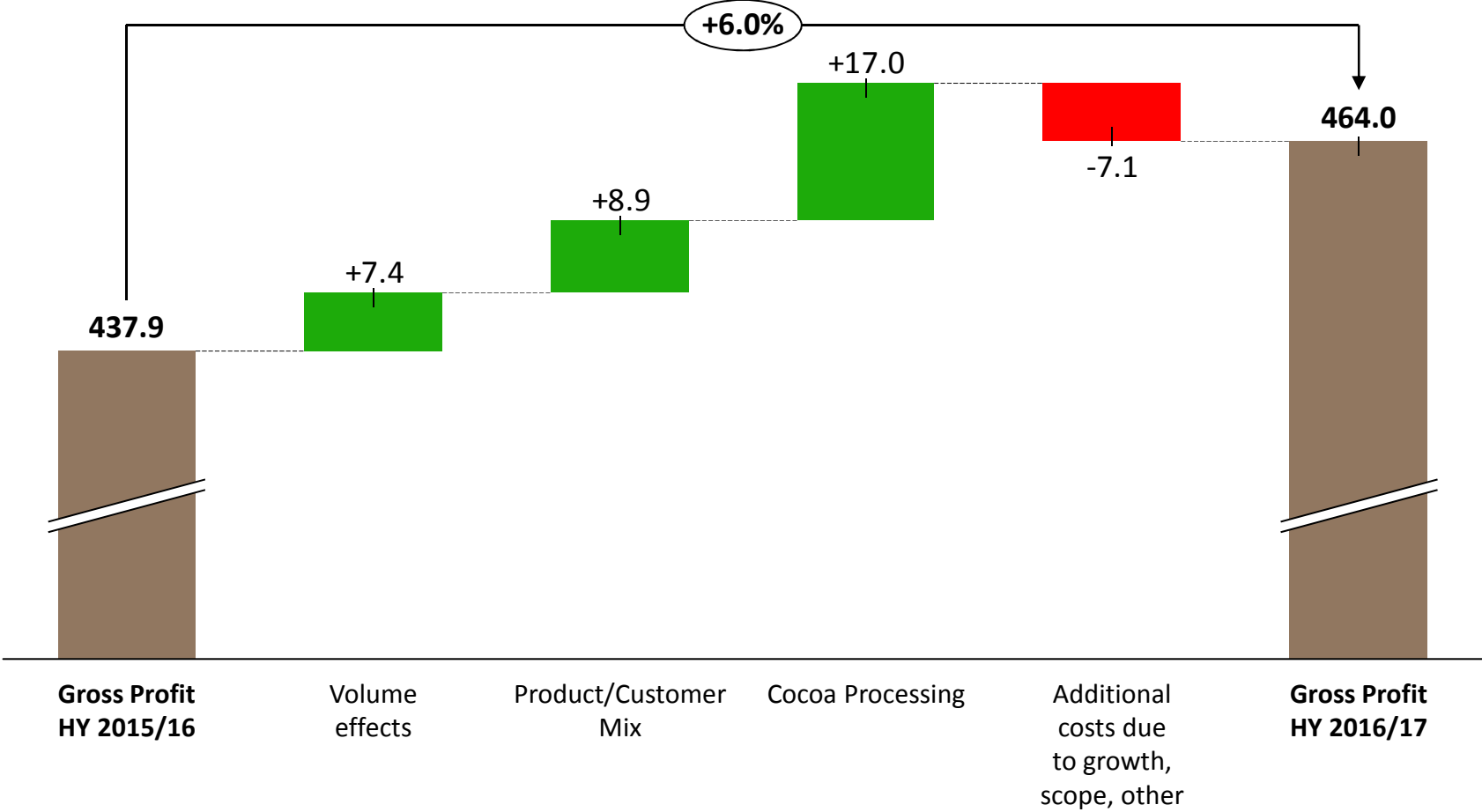
## Volume picking up, significant profit improvement

Group performance (In CHF mio.)	HY 2016/17 (in CHF)	% vs prior year (in CHF)	% vs prior year in local currencies
Sales Volume Total (in tonnes)	946,782	+1.4%	
Sales Revenue	3,538.7	+3.3%	<b>+2.5%</b>
Gross Profit	464.0	+6.0%	<b>+6.2%</b>
EBIT Total	238.4	+18.8%	<b>+19.3%</b>
<i>EBIT per tonne</i>	251.8	+17.1%	+17.6%
<i>EBIT excl. non-recurring</i>	222.1	+10.6%	<b>+11.1%</b>
Net profit for the year	142.1	+31.7%	<b>+32.6%</b>
<i>Net profit for the period excl. non-recurring</i>	125.8	+16.6%	<b>+18.9%</b>
Free cash flow	-29.0	(113.2%)	<b>(112.8%)</b>

Gross Profit H1 2016/17

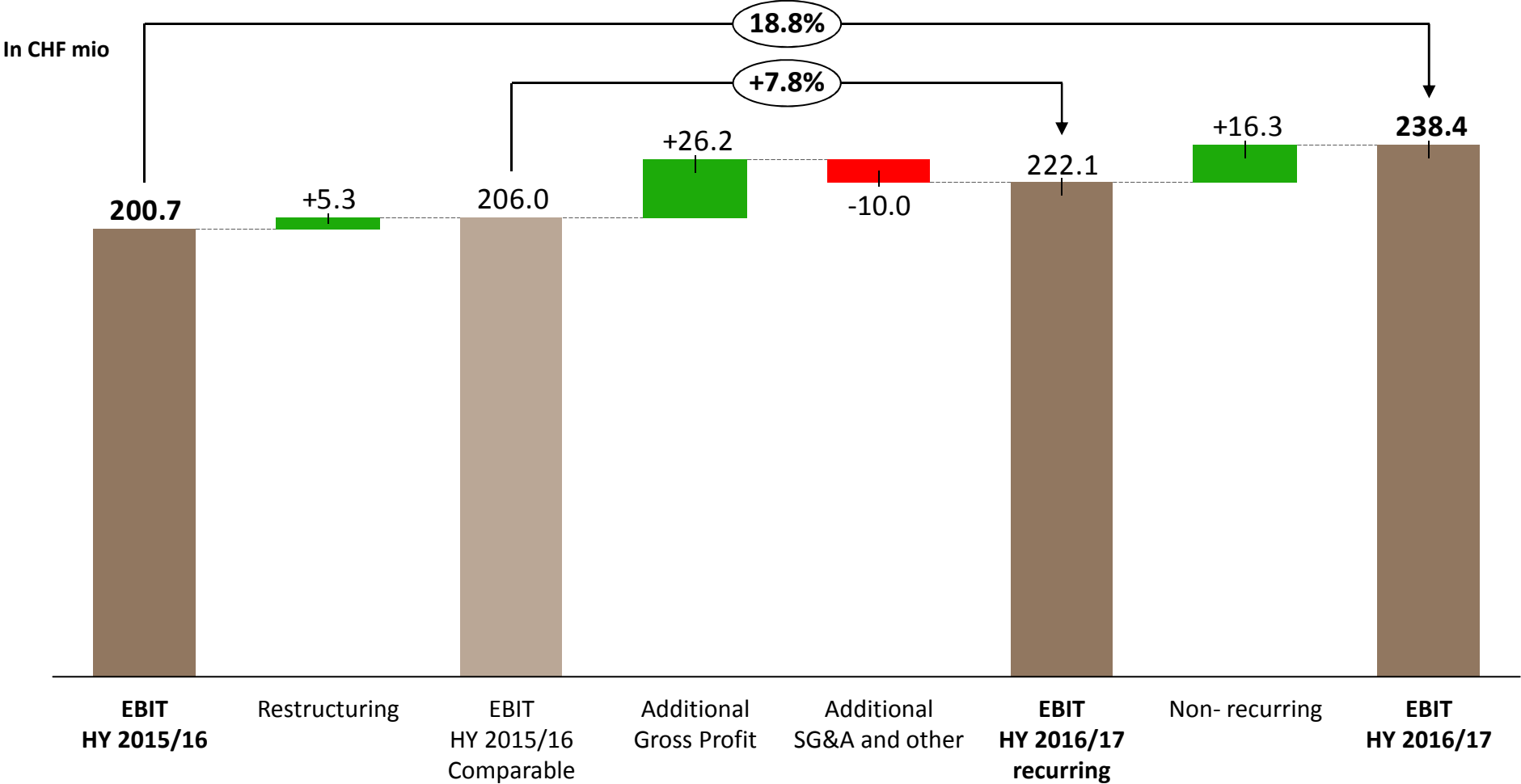
Gross profit up +6.0% driven by chocolate volume growth, better product and customer mix and strong improvement of our cocoa business

In CHF mio



EBIT HY 2016/17

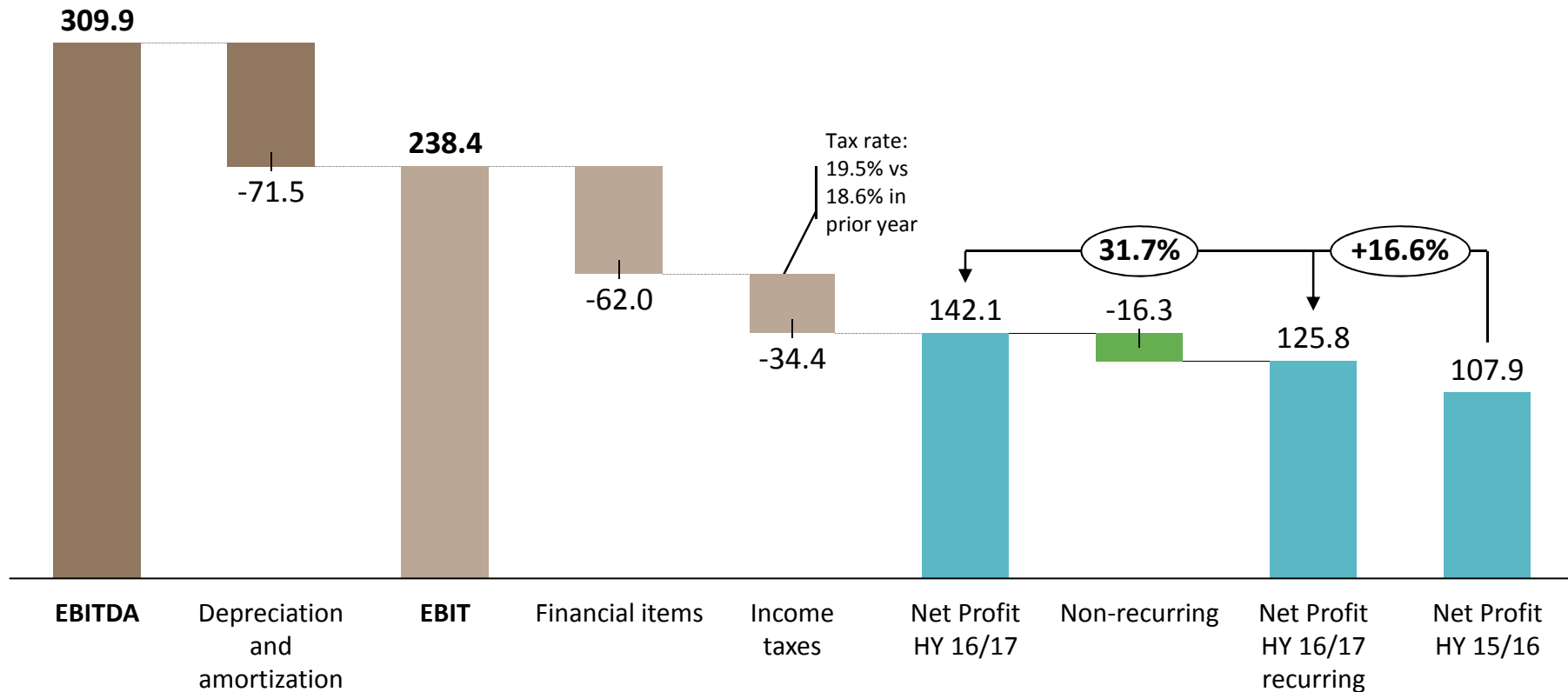
Strong operating profit up +18.8% including non-recurring, +7.8% like for like



From EBITDA to Net Profit

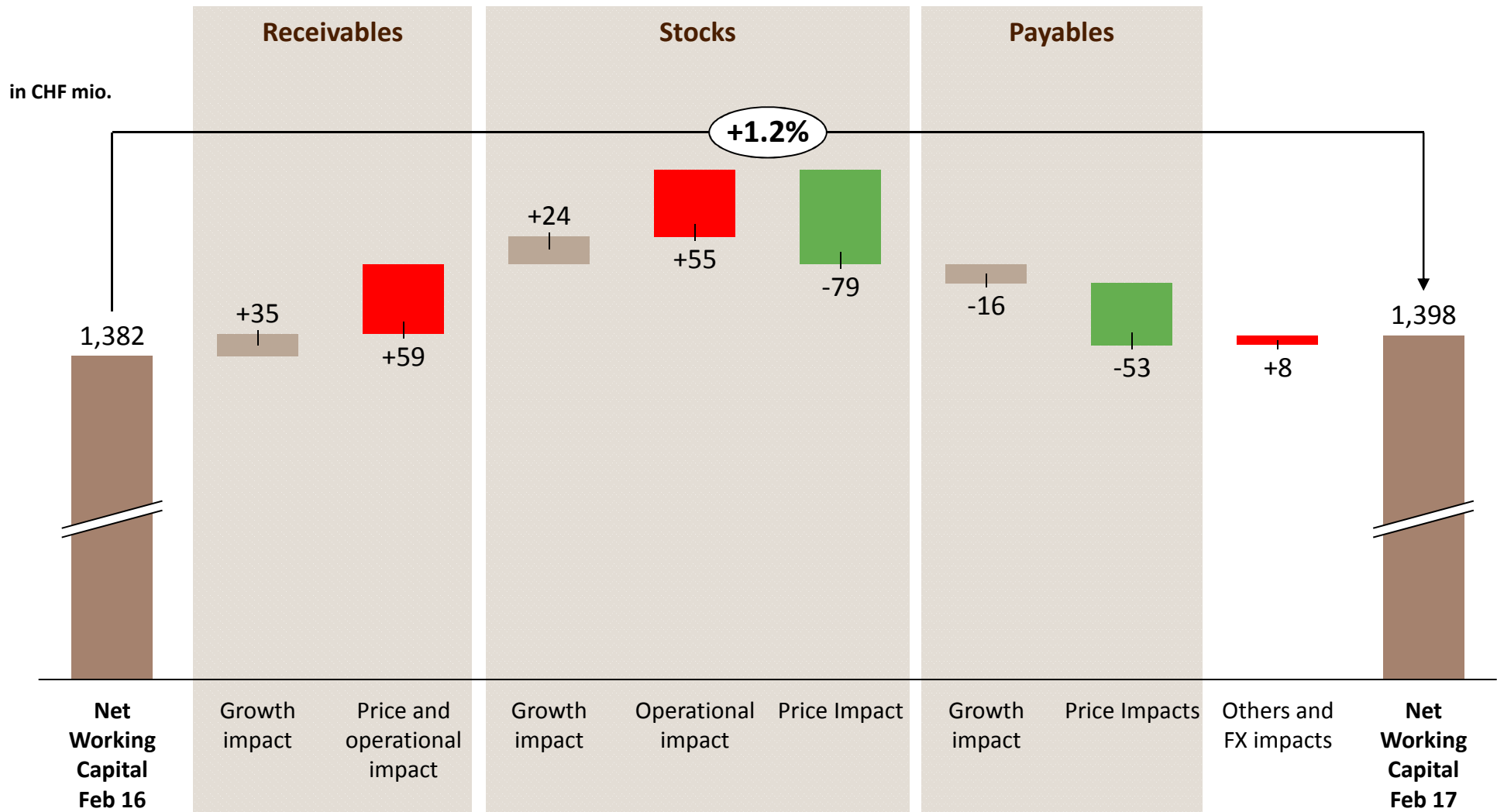
Net Profit up 31.7%, driven by higher EBIT and structurally lower financing costs. Like for like +16.6%

In CHF mio



# Net Working Capital

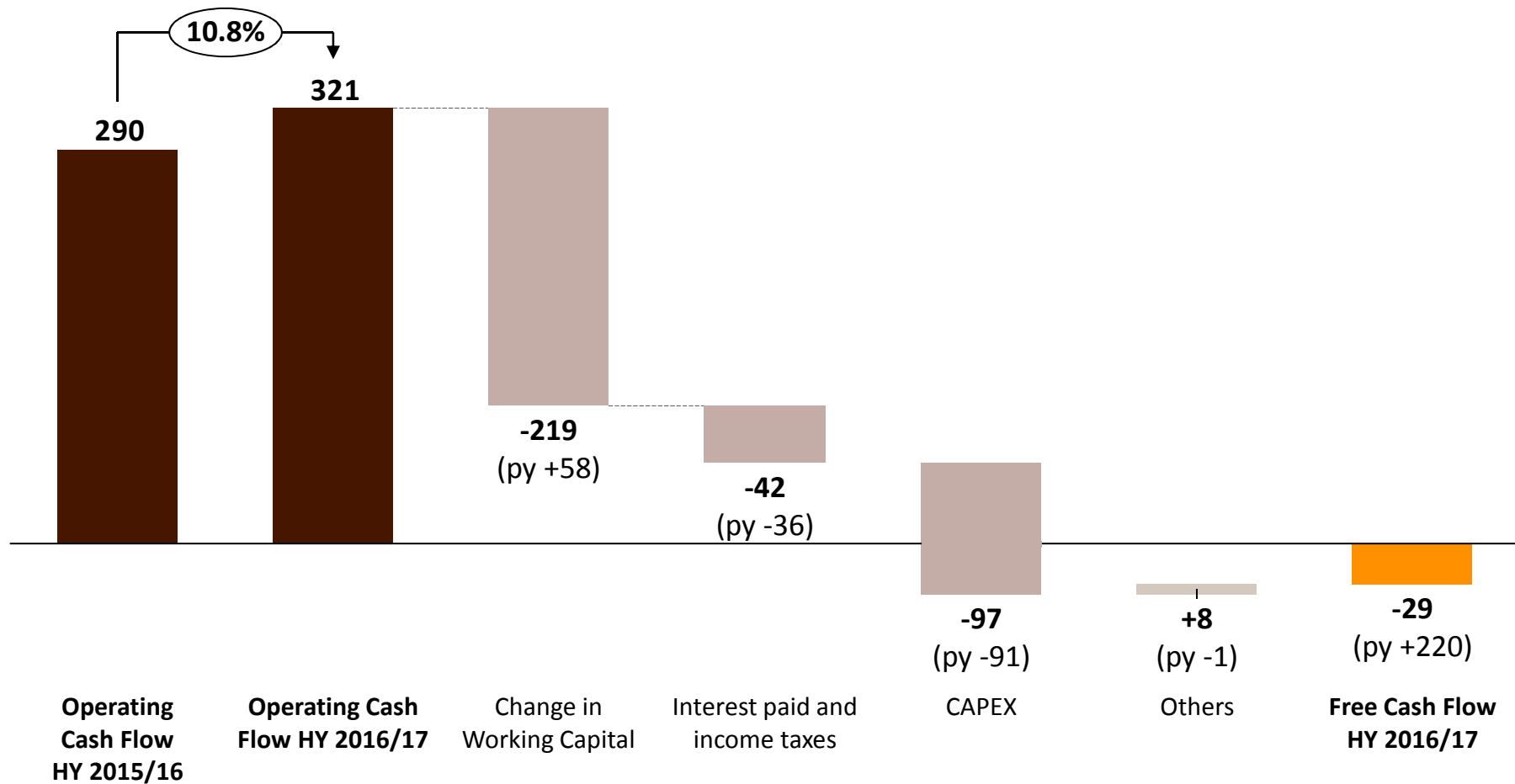
A stable working capital, inventories price reduction partly offset by higher volumes (correction from an exceptionally low prior year)



## Free Cash Flow

Continued focus on free cash flow, temporarily affected by seasonality of cocoa crop and hedging of volatile raw materials prices

in CHF mio.



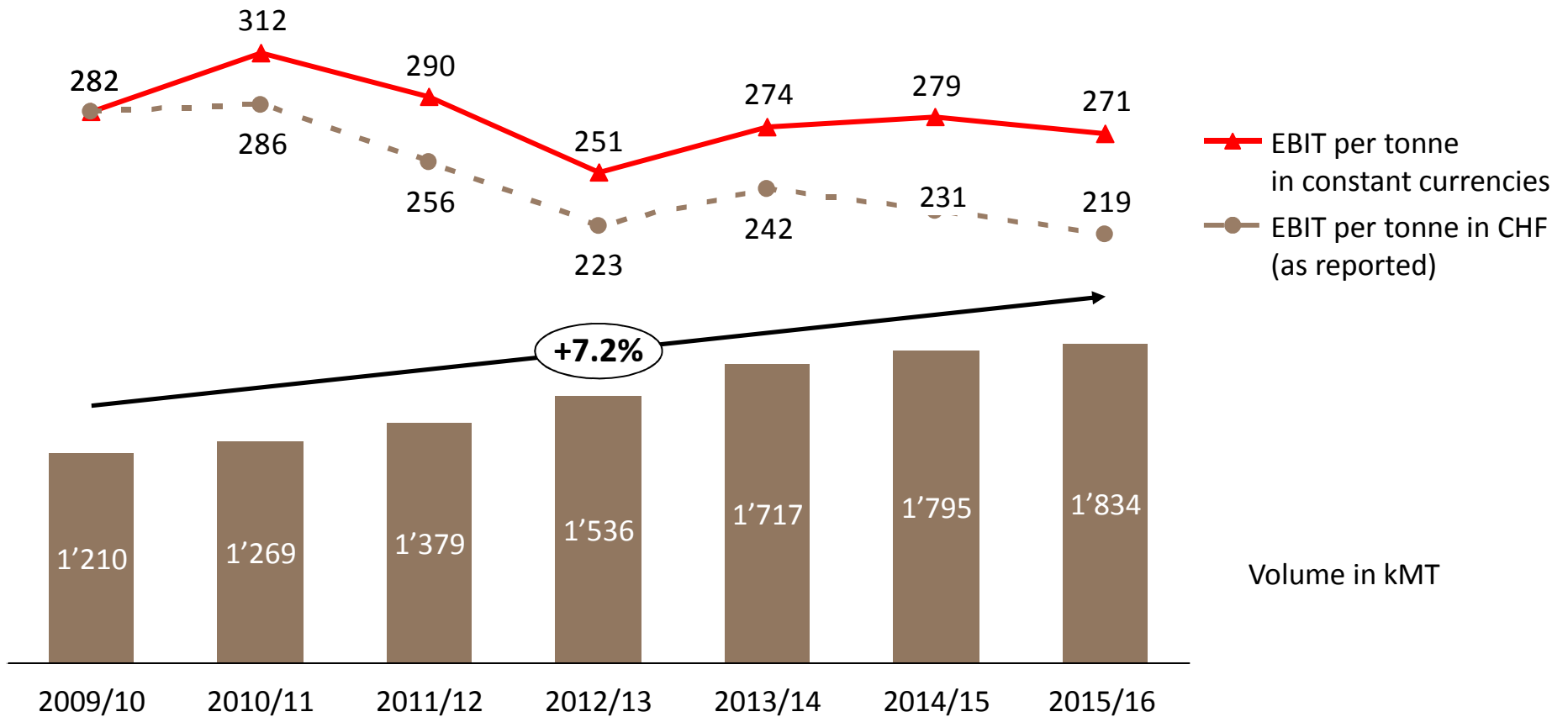
## Continuous improvement of key financial ratios

	Feb-17	Aug-16	Feb-16
Total Assets [CHF m]	5,912.3	5,640.8	5,509.9
Net Working Capital [CHF m]	1,398.4	1,374.2	1,382.3
Non-Current Assets [CHF m]	2,378.5	2,301.0	2,253.4
Net Debt [CHF m]	1,454.9	1,452.8	1,538.2
Shareholders' Equity [CHF m]	2,021.6	1,956.3	1,792.3
Debt/Equity ratio	72.0%	74.3%	85.8%
Solvency ratio	34.2%	34.7%	32.5%
Net debt / EBITDA	2.5x	2.7x	2.9x
ROIC	11.1%	9.5%	9.8%
ROE	14.4%	11.2%	12.5%



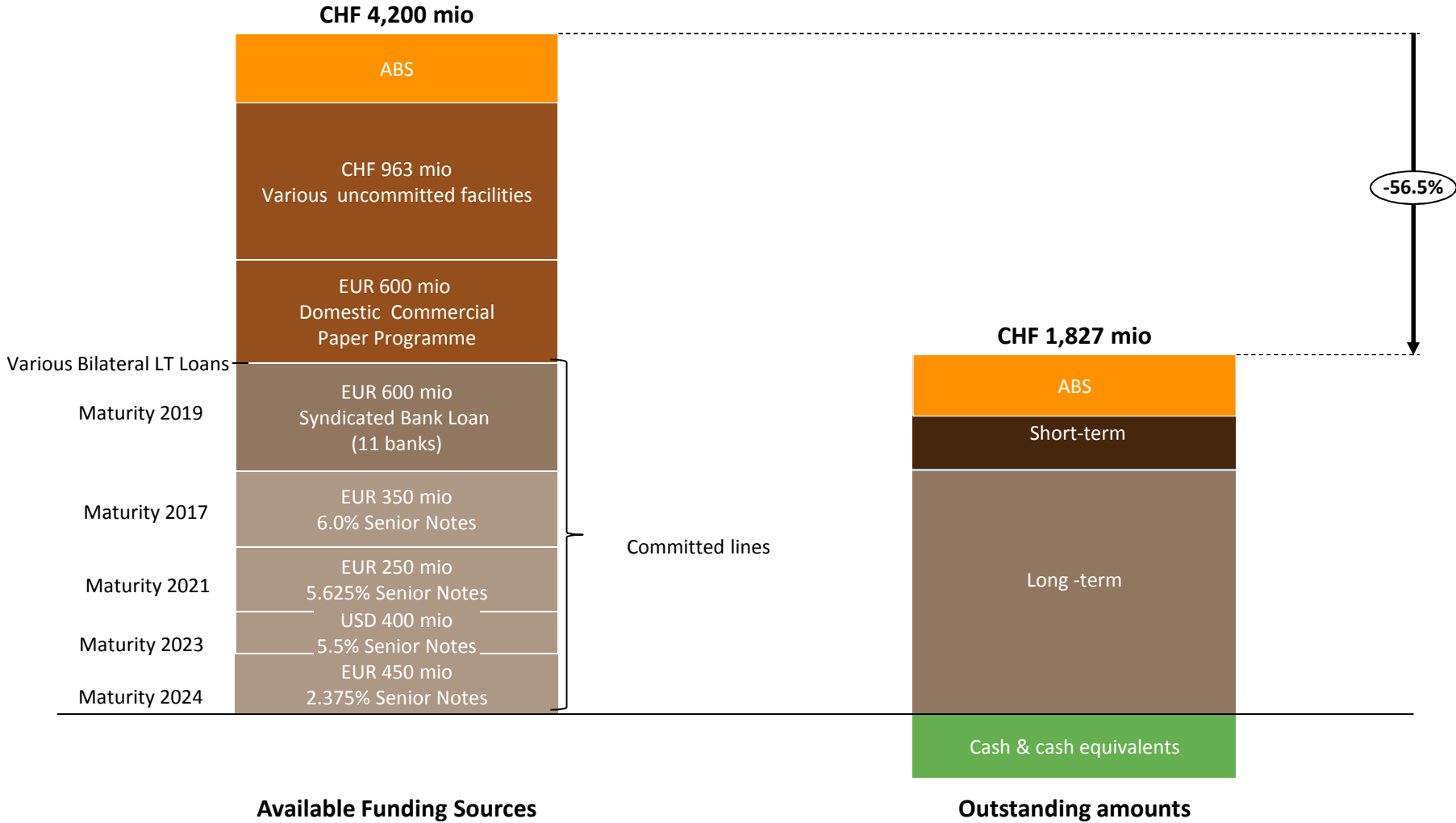
7-year EBIT per tonne development

EBIT per tonne temporarily affected by a challenging cocoa products market and a strong Swiss franc



# Enough headroom for further growth and raw material price fluctuations

As of 28 February 2017



# Liquidity – Debt maturity profile

As of 28 February 2017

In CHF mio

