

Roadshow presentation -HY 2014/15

May 2015



April, 2015

Agenda

- ▶ BC at a glance

- ▶ Highlights HY 2014/15
- ▶ Financial Review
- ▶ Strategy & Outlook

Barry Callebaut at a glance

Business description

- **World leading producer** and business-to-business supplier of **chocolate and cocoa products**
- **Fully integrated** with strong position in cocoa-origin countries
- **Serving the entire food industry**
- **Outsourcing/ strategic partner of choice**
- **Largest supplier of Gourmet & Specialties**

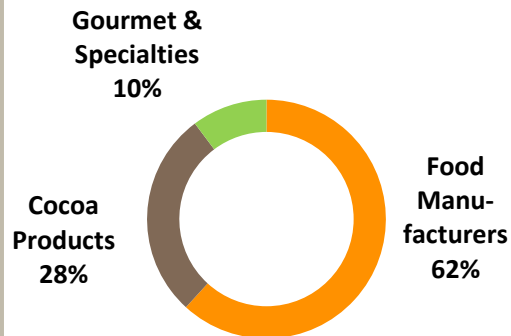
Key figures

FY 2013/14

Sales Volume	1.7 mio. tonnes
Sales Revenue	CHF 5.8 bn
EBIT	CHF 416.2 mio.
Employees	9,300
Factories	52

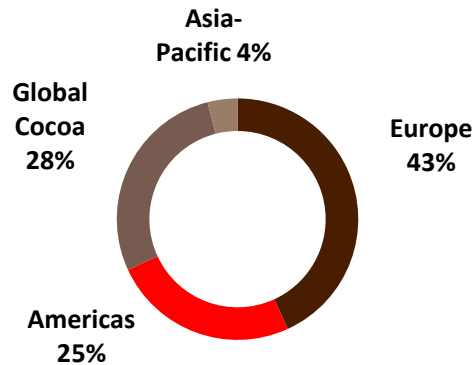
HY 2014/15

Sales Volume per Product



HY 2014/15

Sales Volume per Region

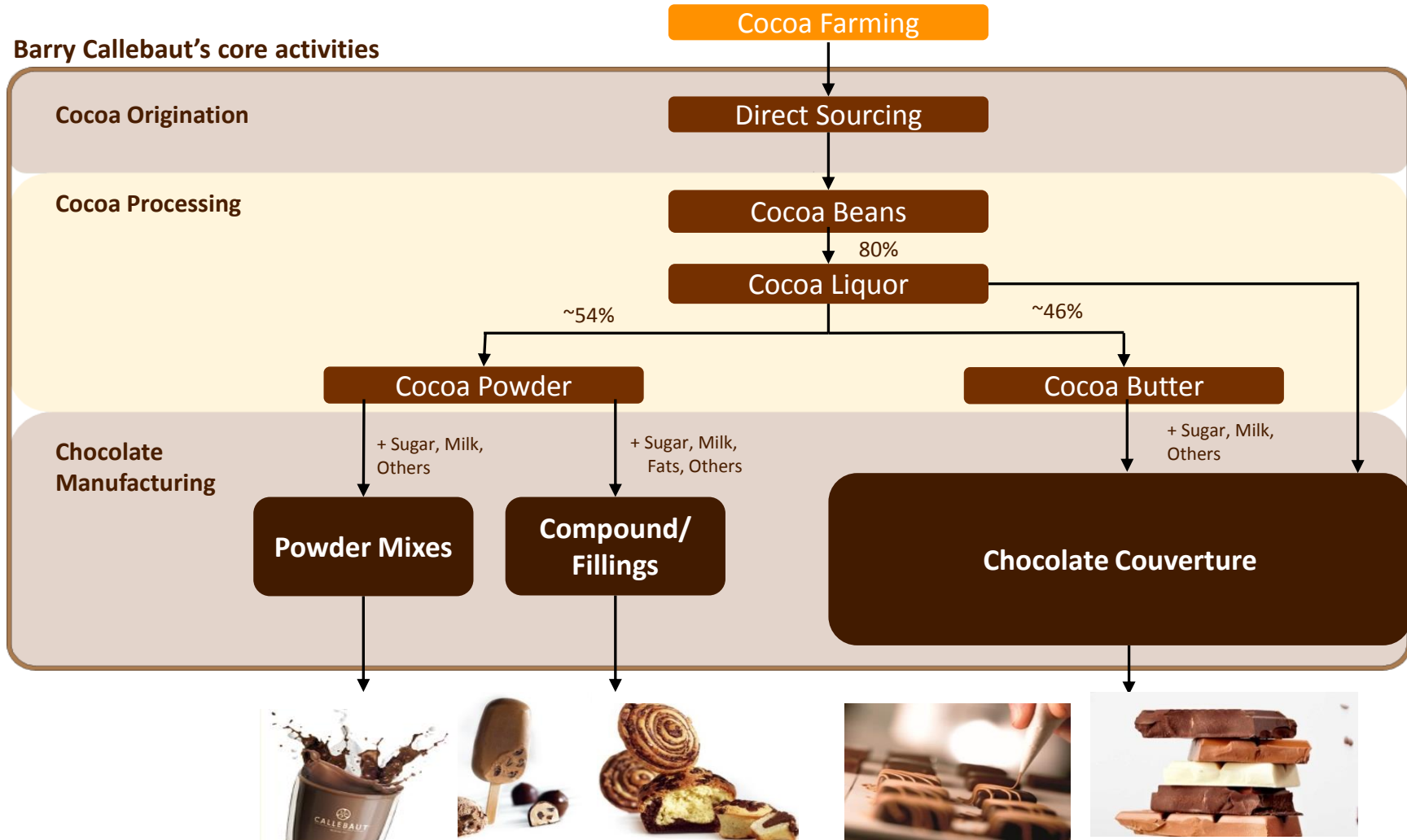


Gourmet global brands



From the cocoa bean to the chocolate and cocoa products

Barry Callebaut is present in the key parts of the cocoa and chocolate value chain



Favourable Industry Dynamics

Global growth prospects

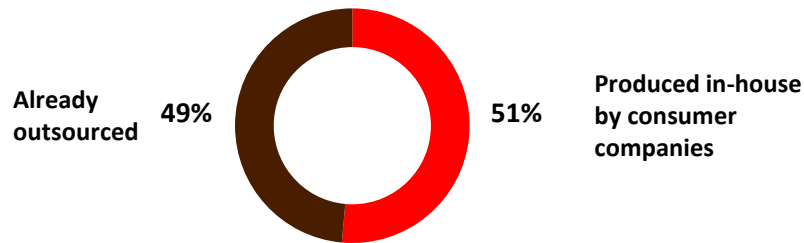
- ▶ Average market growth in chocolate: 2 % in volume per year
- ▶ Influenced by **population growth** and increase in **disposable income**
- ▶ **Resilient industry** to macro-economic downturn
- ▶ **Fast growing in Emerging markets**

Outsourcing rationale for customers

- ▶ Free up capital to invest in marketing and distribution
- ▶ Access to most recent innovation and new developments in the industry
- ▶ Flexibility to adapt recipes in short time
- ▶ Reduce complexity in their supply chain
- ▶ Solutions to global trends and regulations

Market size and outsourcing potential

- ▶ **Total Industrial chocolate market is about 6 mio tonnes**



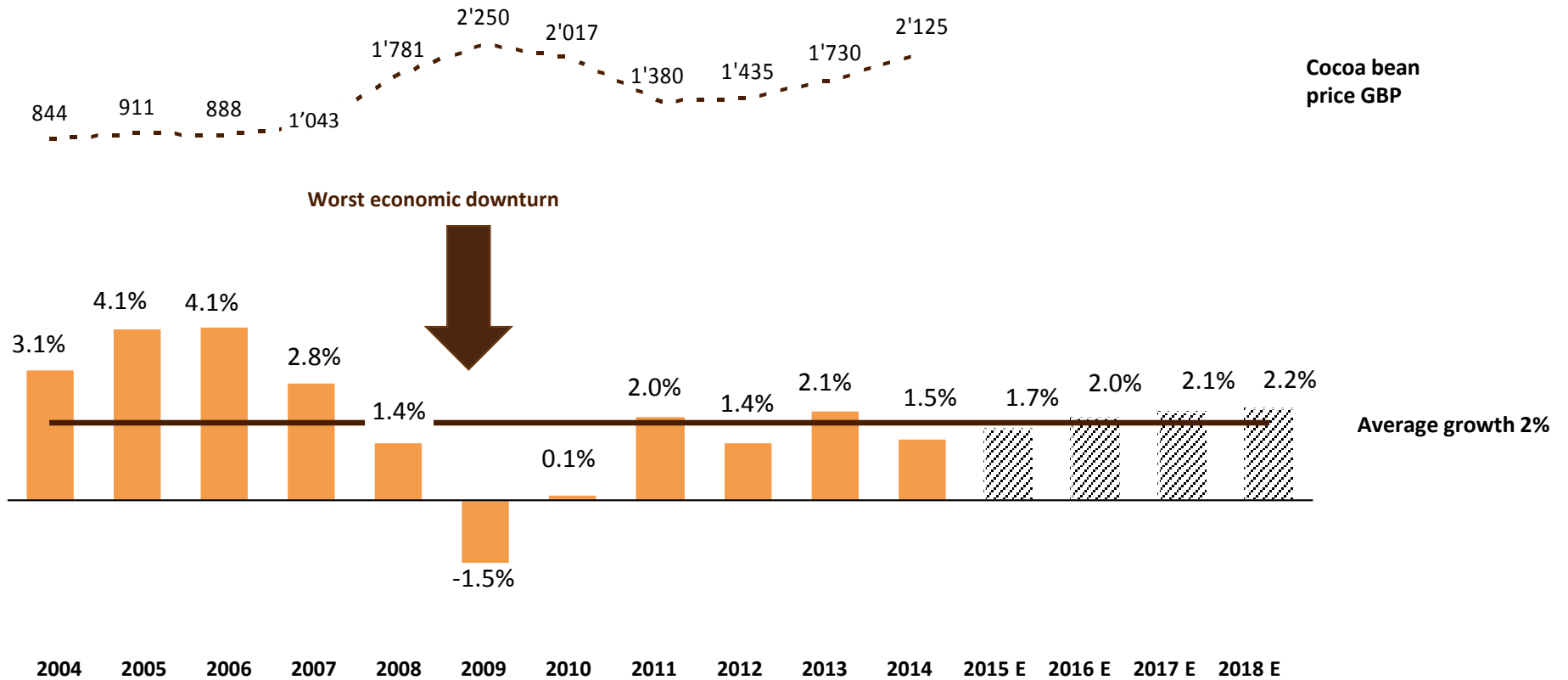
Barriers to entry:

- ▶ **Complex sourcing and supply chain**
- ▶ **Capital intensive** business
- ▶ Size matters
- ▶ High innovation rate
- ▶ **High level of regulation and quality requirements**

Industry overview

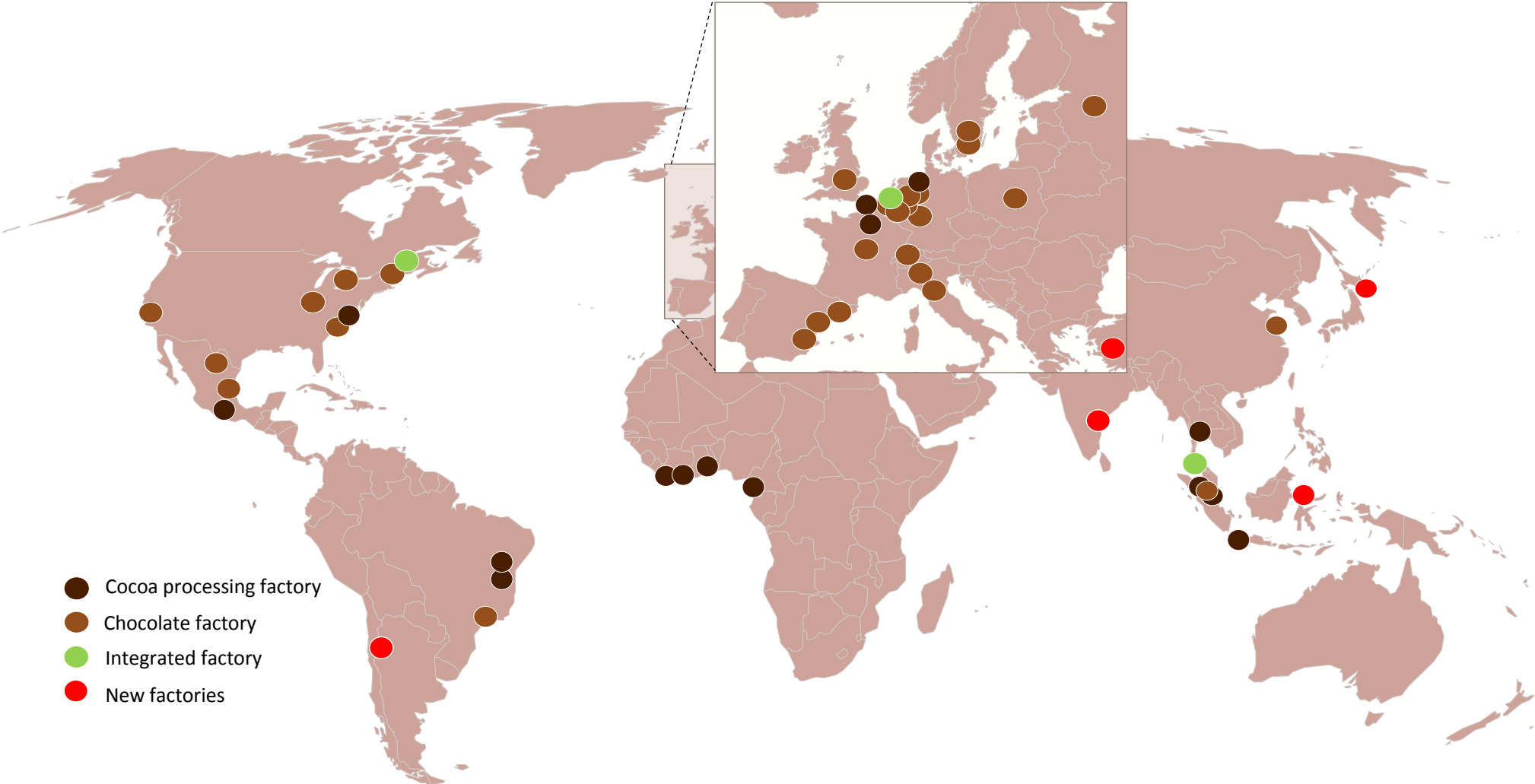
Long-term chocolate remains as a resilient category with an average annual volume growth of 2%

Chocolate confectionery – Total market volume



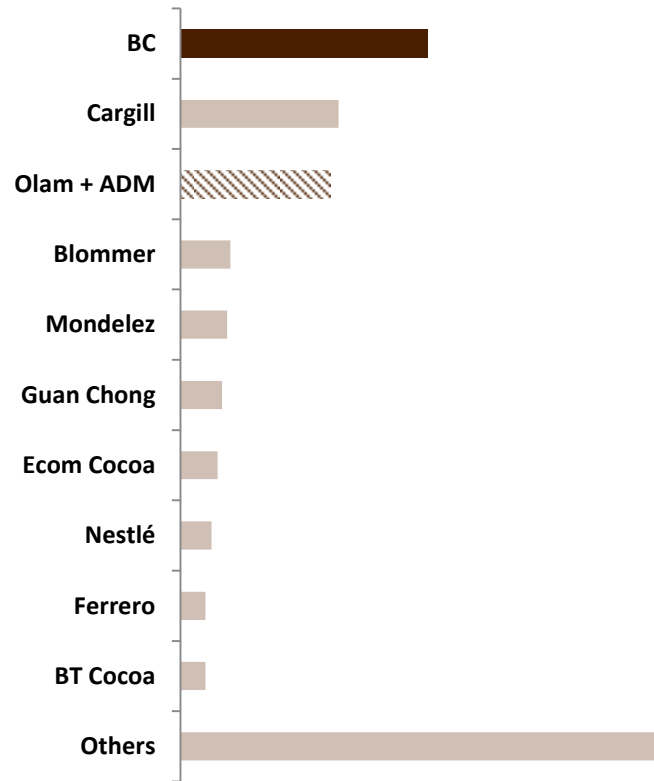
Source: Euromonitor

Our 52 factories provide us manufacturing diversification and unique competitive advantage

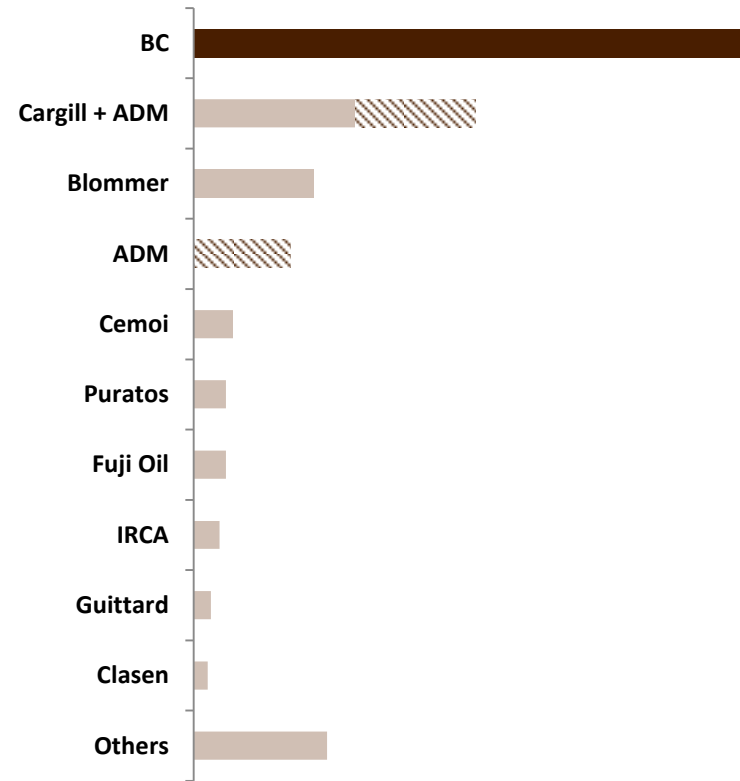


Barry Callebaut uniquely positioned in industrial chocolate and cocoa markets

Cocoa grinding capacity



Industrial chocolate – open market



Sources: Third party study (2014); Proprietary estimates

Agenda

- ▶ BC at a glance

- ▶ Highlights HY 2014/15

- ▶ Financial Review
- ▶ Strategy & Outlook

Solid growth with strong profit improvement



Sales Volume
growth

+2.0%
(Q1: 0.2%; Q2: +3.9%)

EBIT

+8.7% in CHF
+13.0% in L.c.

Net profit for the
period

+10.7% in CHF
+16.3% in L.c.



ACTICOA
Enjoy with all your heart

Volume growth
driven by
Western Europe,
Americas,
outsourcing and
Gourmet

EBIT per Tonne

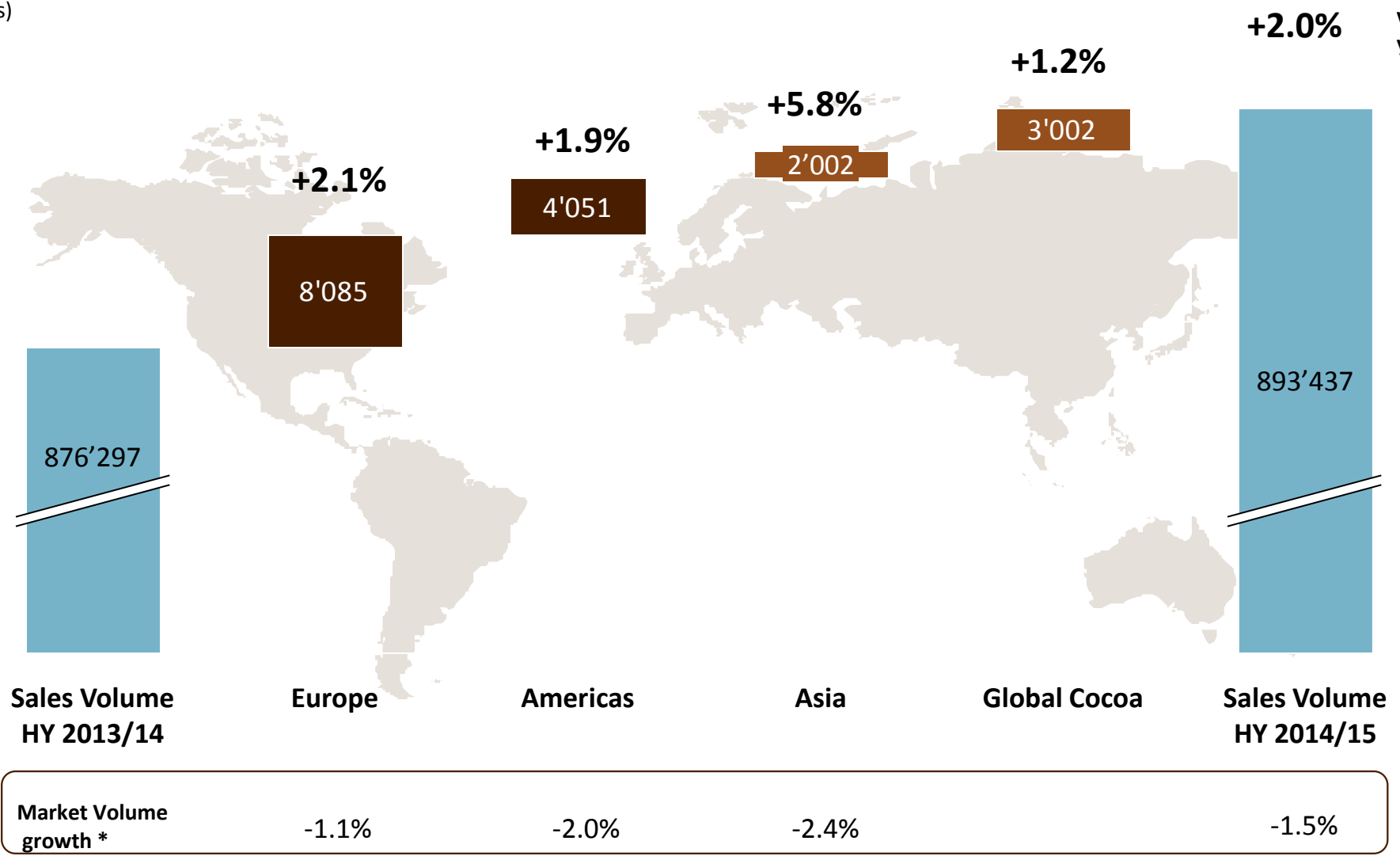
+6.6% in CHF
+10.8% in L.c.

Strong profit
improvement
due to focus on
margins and cost
discipline

Volume growth fueled by main Regions, outperforming the market

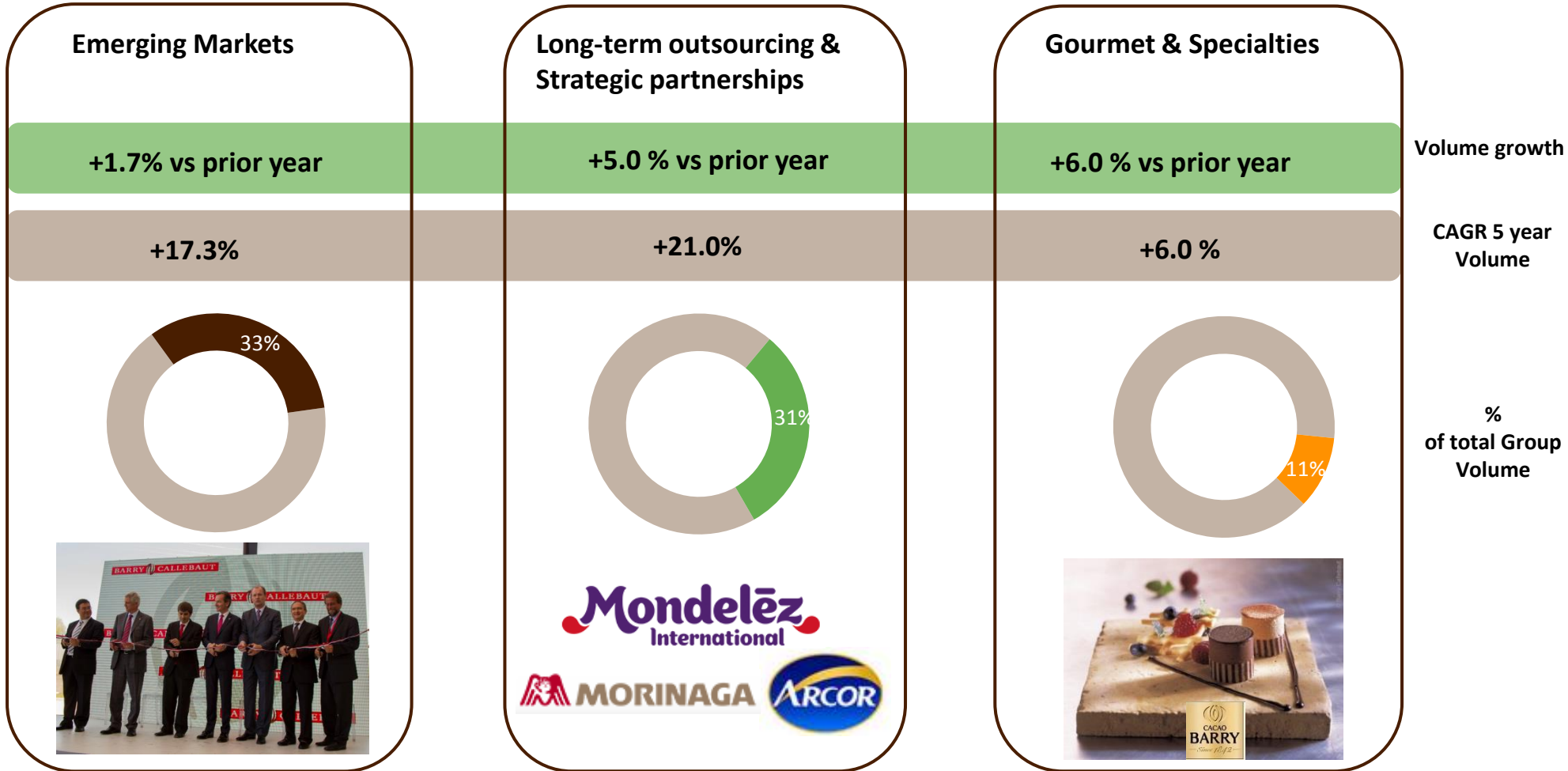
(tonnes)

Growth vs. prior year



* Source: Nielsen Data – Chocolate confectionery, 25 countries, Sep – Feb 2015

...along our three key growth drivers



Recent development of key growth drivers

Emerging Markets

- ▶ Strong volume growth in South America
 - ▶ Brazilian business double-digit growth
 - ▶ Opening of Chocolate factory in Chile
- ▶ Difficult environment in EEMEA
 - ▶ Weak demand in Russia
 - ▶ Strong growth in Gourmet, new Academy in Moscow and Dubai
- ▶ Slowdown in Asia Pacific markets
 - ▶ New Chocolate factory India
 - ▶ Strong growth in Gourmet



Outsourcing & Strategic partnerships

- ▶ Additional volume from current partnerships agreements
- ▶ New outsourcing deal with a Global Food Manufacturer in an emerging market
- ▶ Ramp-up outsourcing volumes from Arcor, Morinaga, Bimbo



Gourmet & Specialties- Key achievements in first 6 months HY 14/15

- ▶ **Gourmet volumes accelerating in Q2**, outperforming the foodservice market through education and inspiration
- ▶ **Leading the way through successful innovations** with Cacao Barry Purity from Nature and Callebaut Hot Chocolate
- ▶ **Emerging markets keep steady double-digit-growth**, fueled by Global brands
- ▶ **Developed markets Western Europe and North America back to volume growth**
- ▶ **Distribution points increasing** vs. prior year in both local and global brands



LEAD & EXPAND



INNOVATE



EDUCATE



INSPIRE

Highlights HY 2014/15



Expansion of Brazilian Chocolate factory

Oct 2014



Inaguration of the first chocolate factory in Chile

Dec 2014



Inaguration new CHOCOLATE ACADEMY™ in Dubai

Jan 2015



Signing of outsourcing agreement with WFC (USA)

Feb 2015



Inaguration new CHOCOLATE ACADEMY™ in Moscow

March 2015



Expansion of Chocolate plant in Lodz Poland

Nov 2014



Start-up of operations in our first Chocolate factory in India

Jan 2015



Inaguration new CHOCOLATE ACADEMY™ in Cologne

Feb 2015



Optimized cocoa Fermentation process, improved superior tasting chocolate

March 2015

Agenda

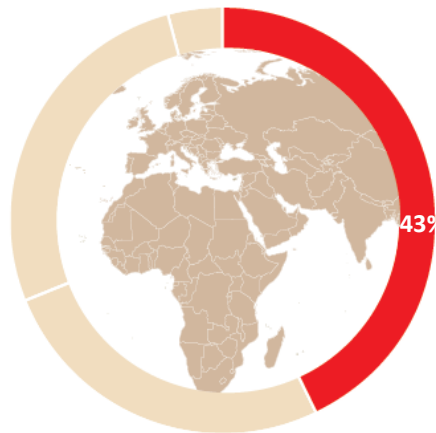
- ▶ BC at a glance
 - ▶ Highlights HY 2014/15
-
- ▶ Financial Review
-
- ▶ Strategy & Outlook

Accelerating volume growth, strong profitability

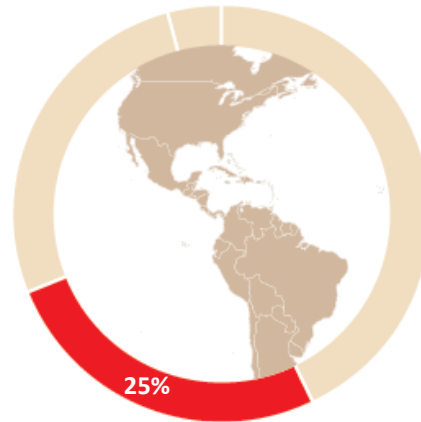
Group performance	HY 2014/15 (in CHF mio.)	% vs prior year (in CHF)	% vs prior year (in local currencies)
Sales Volume (in tonnes)	893,437	2.0%	
Sales Revenue	3,244.2	11.6%	14.5%
Gross Profit	446.2	5.8%	9.5%
EBIT	219.2	8.7%	13.0%
<i>EBIT per tonne</i>	245.3	6.6%	10.8%
Net profit for the period	132.4	10.7%	16.3%

Strong top and bottom-line performance of main Regions Europe and Americas

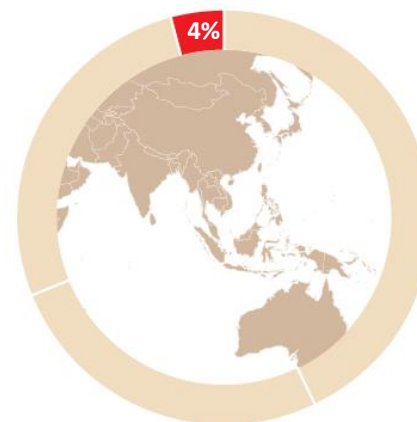
Europe



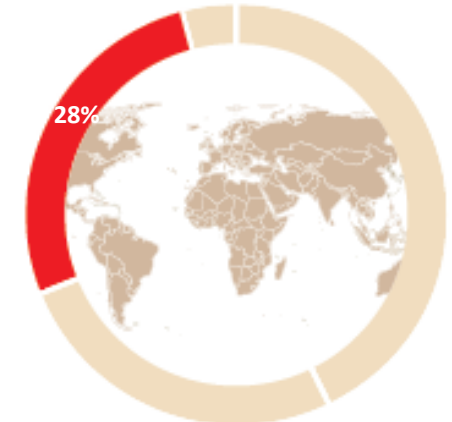
Americas



Asia Pacific



Global Cocoa

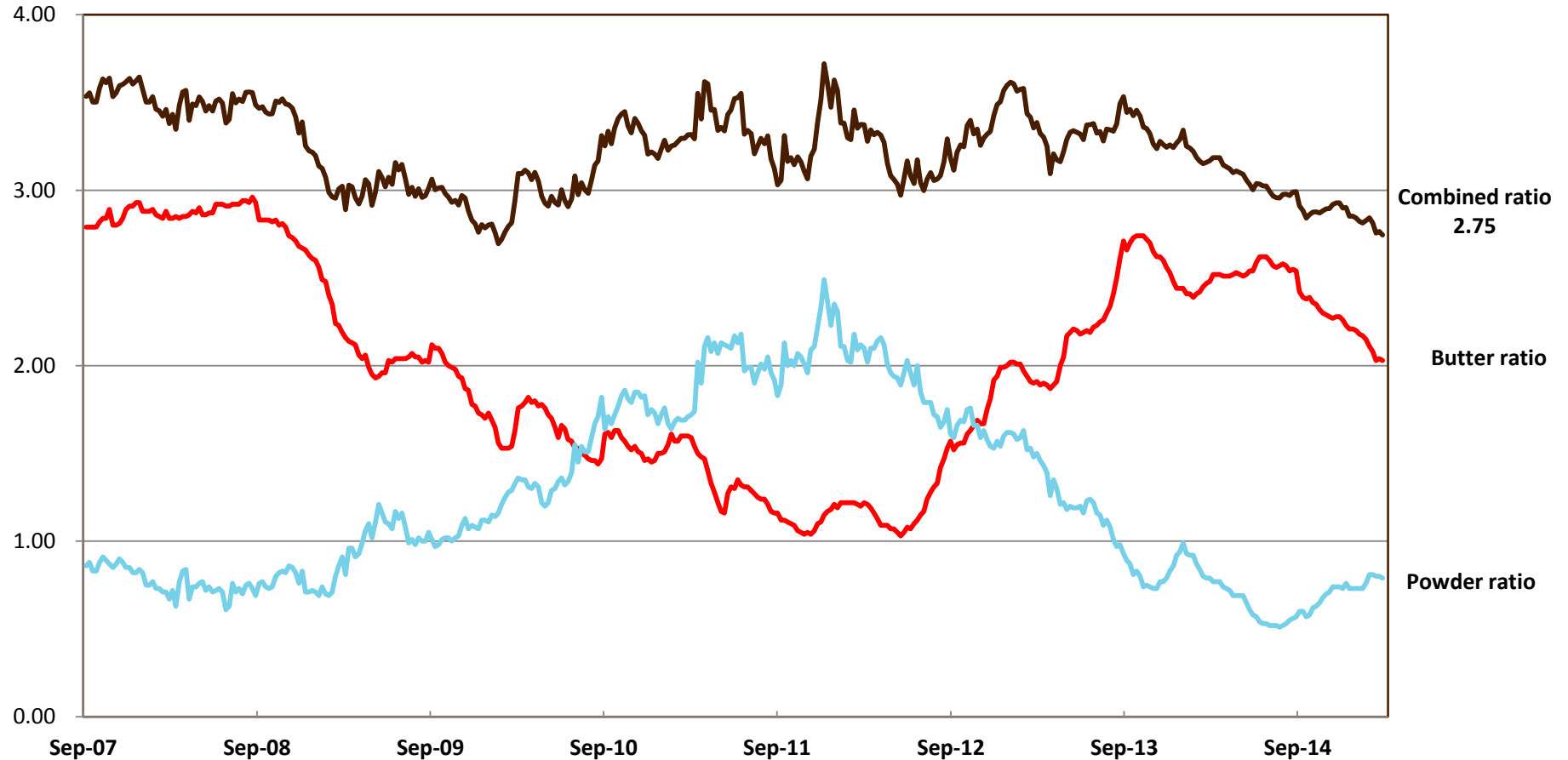


Volume growth	+2.1%	+1.9%	+5.8%	+1.2%
EBIT growth in CHF	+15.8%	+12.4%	+4.0%	-39.6%
EBIT growth in local currencies	+21.9%	+9.5%	+7.1%	-36.4%

Cocoa processing profitability

Challenging cocoa market environment, negative impact from the combined cocoa ratio

European combined ratio- 6 months forward ratio



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

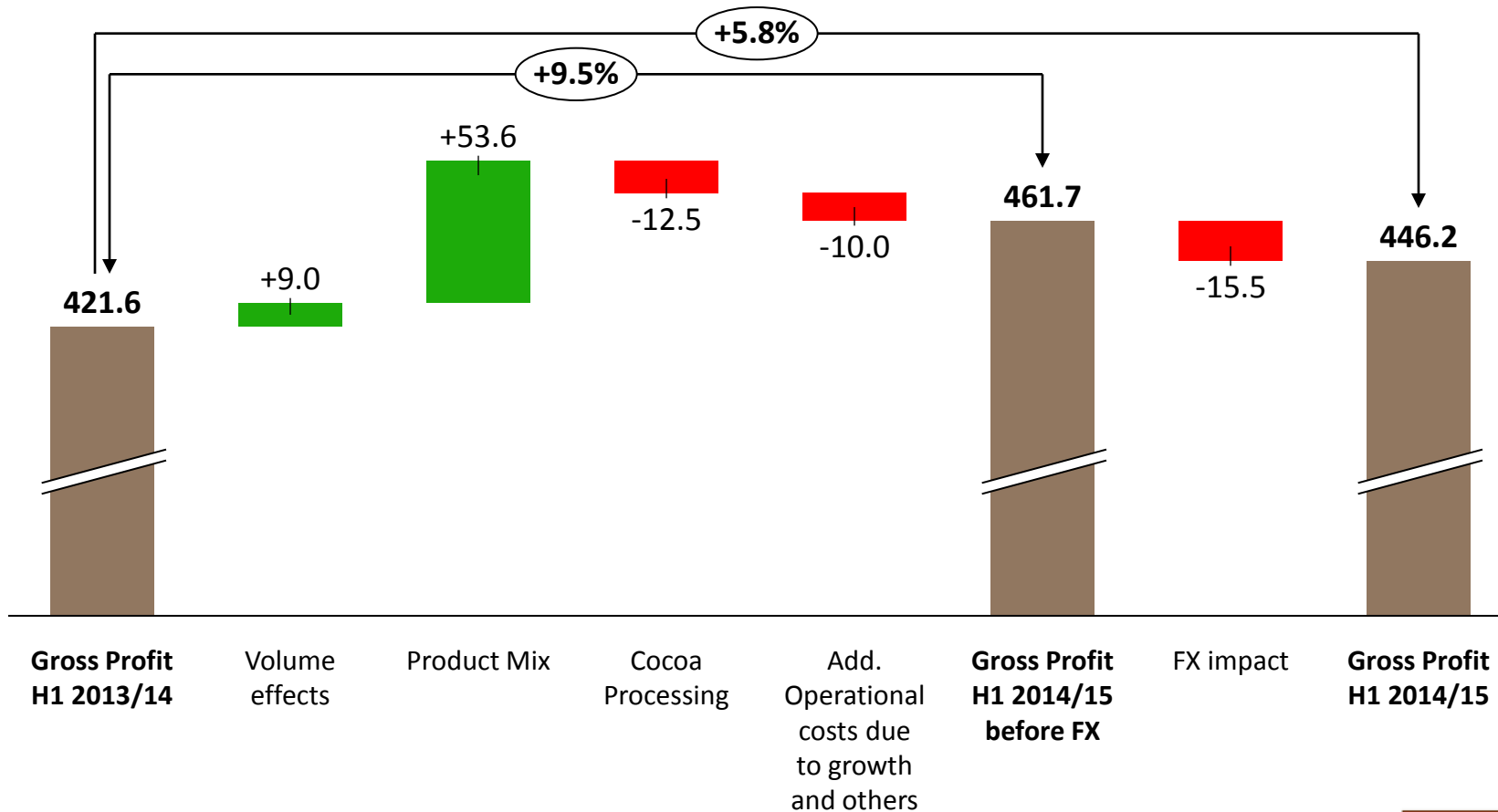
Gross Profit HY 2014/15

Gross profit up +9.5% mainly due to better product & customer mix and focus on margins

in mCHF

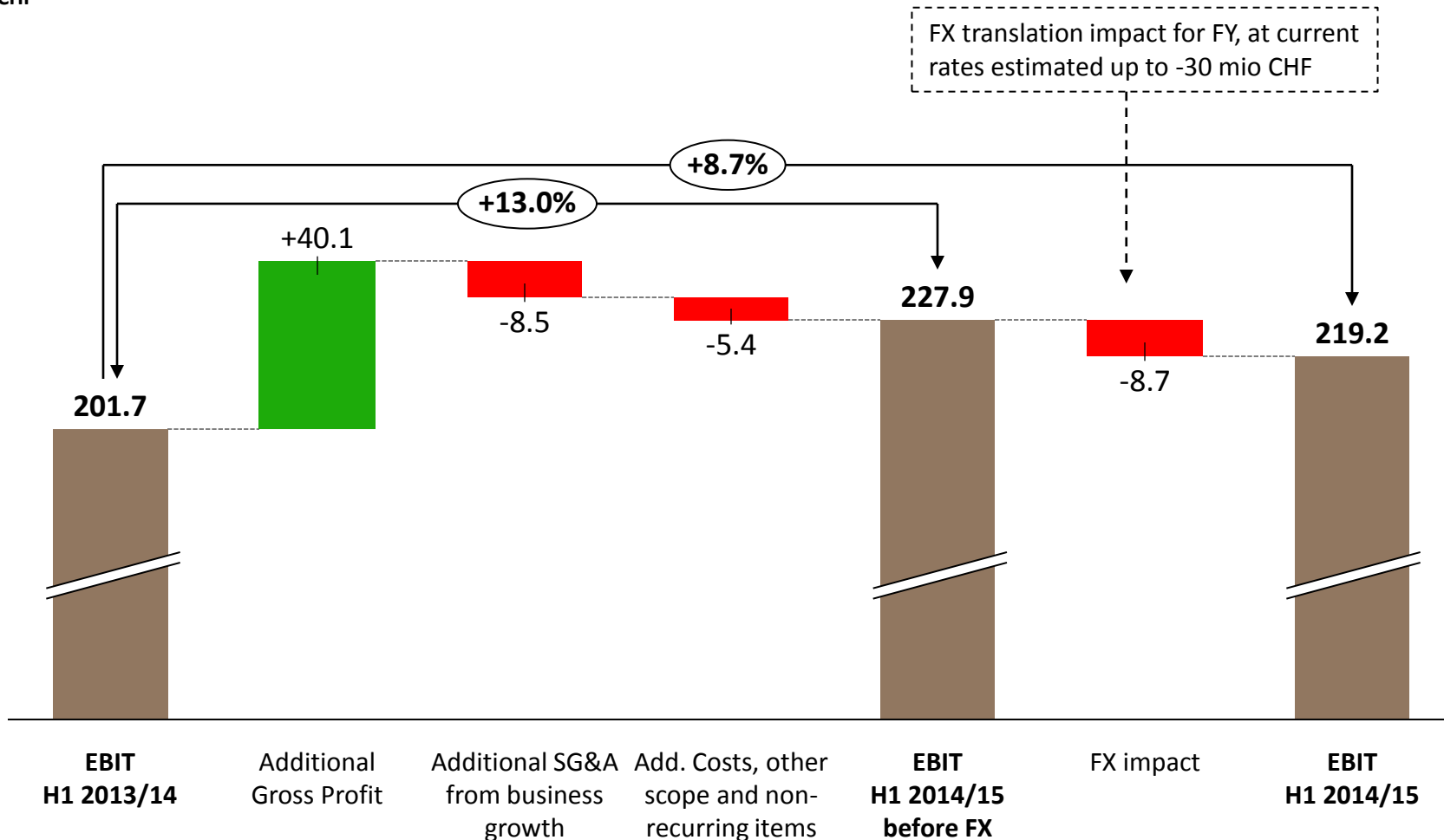
* Without Cocoa Processing impact

+12.1%



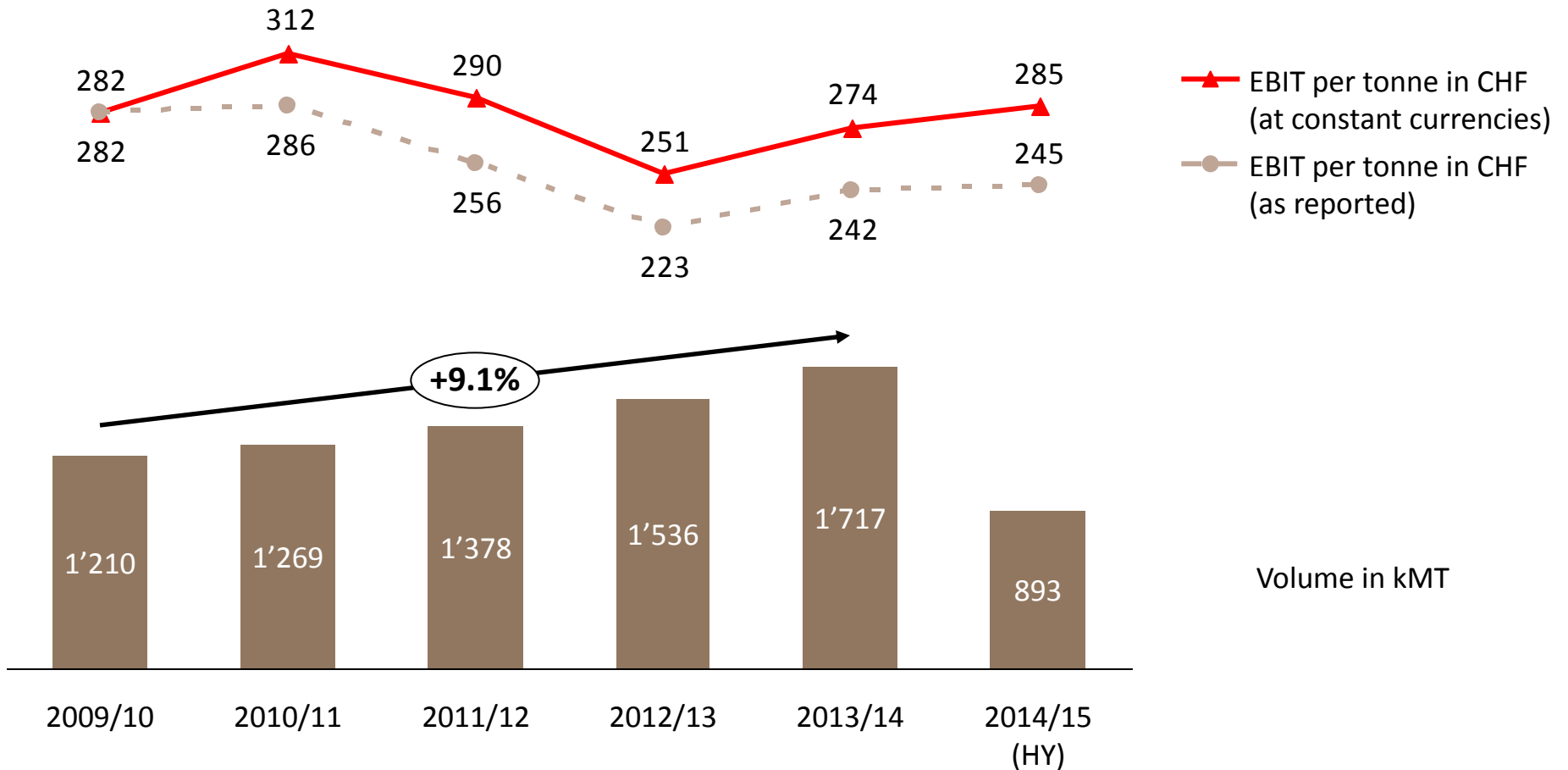
Significant improvement at Operating Profit level, through higher focus on margins, better product mix and tigher cost control

in mCHF

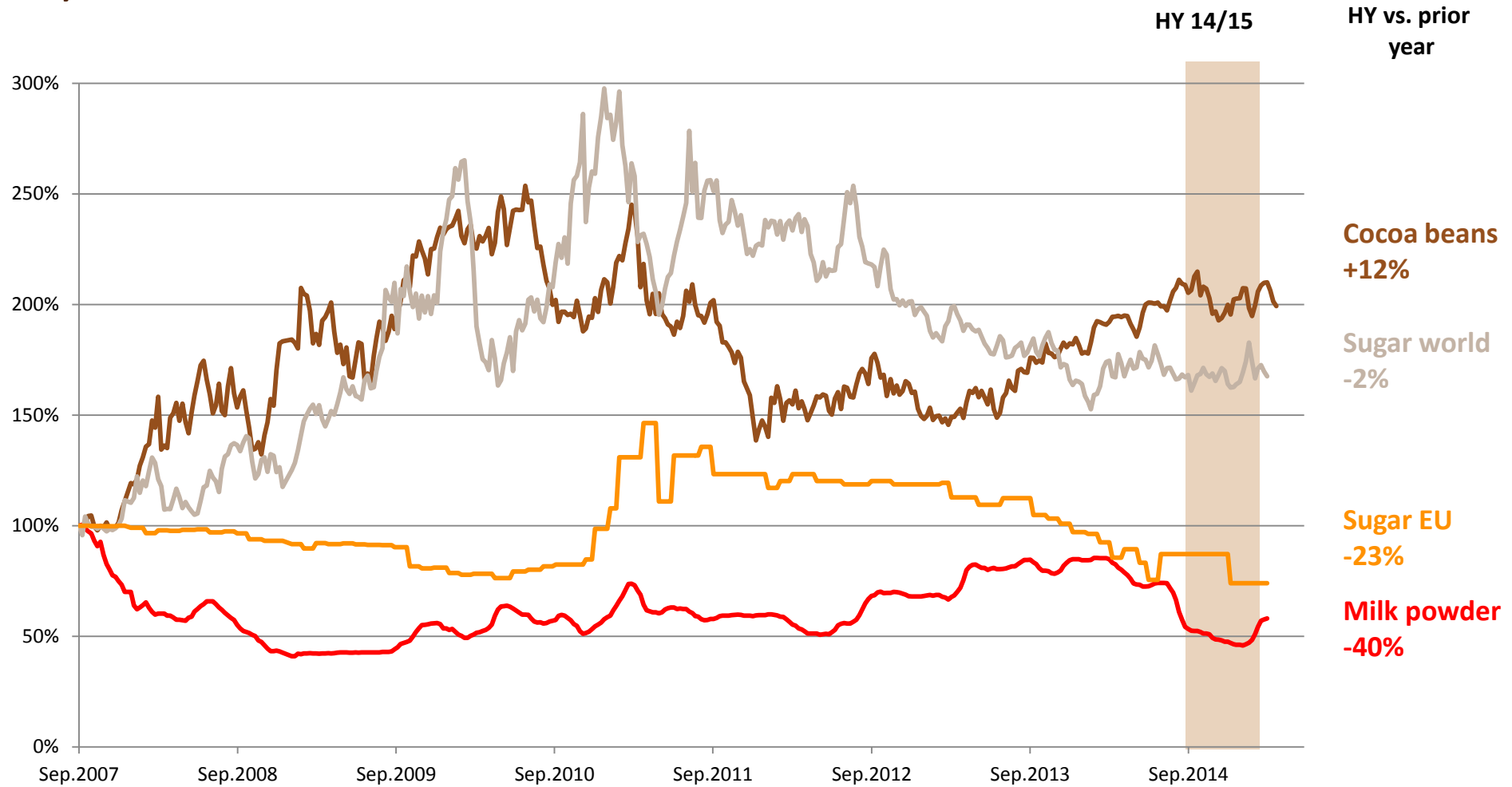


6-year EBIT per tonne development

Improvement of the EBIT per tonne continues. On track to achieve our mid-term guidance

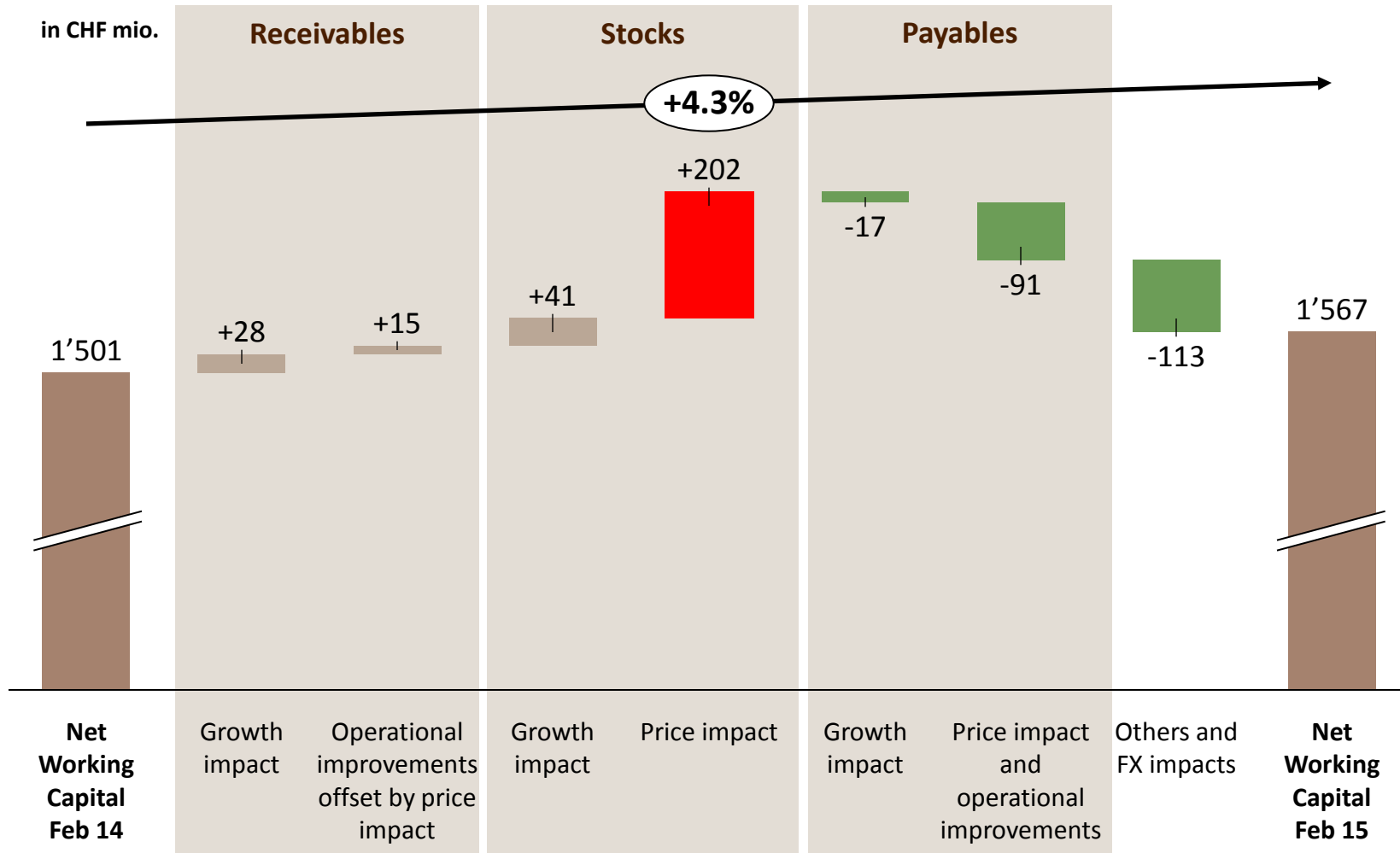


Cocoa bean price still at relatively high levels, other raw materials below prior year



Net Working Capital

Good working capital management with negative impact only from higher cocoa bean prices

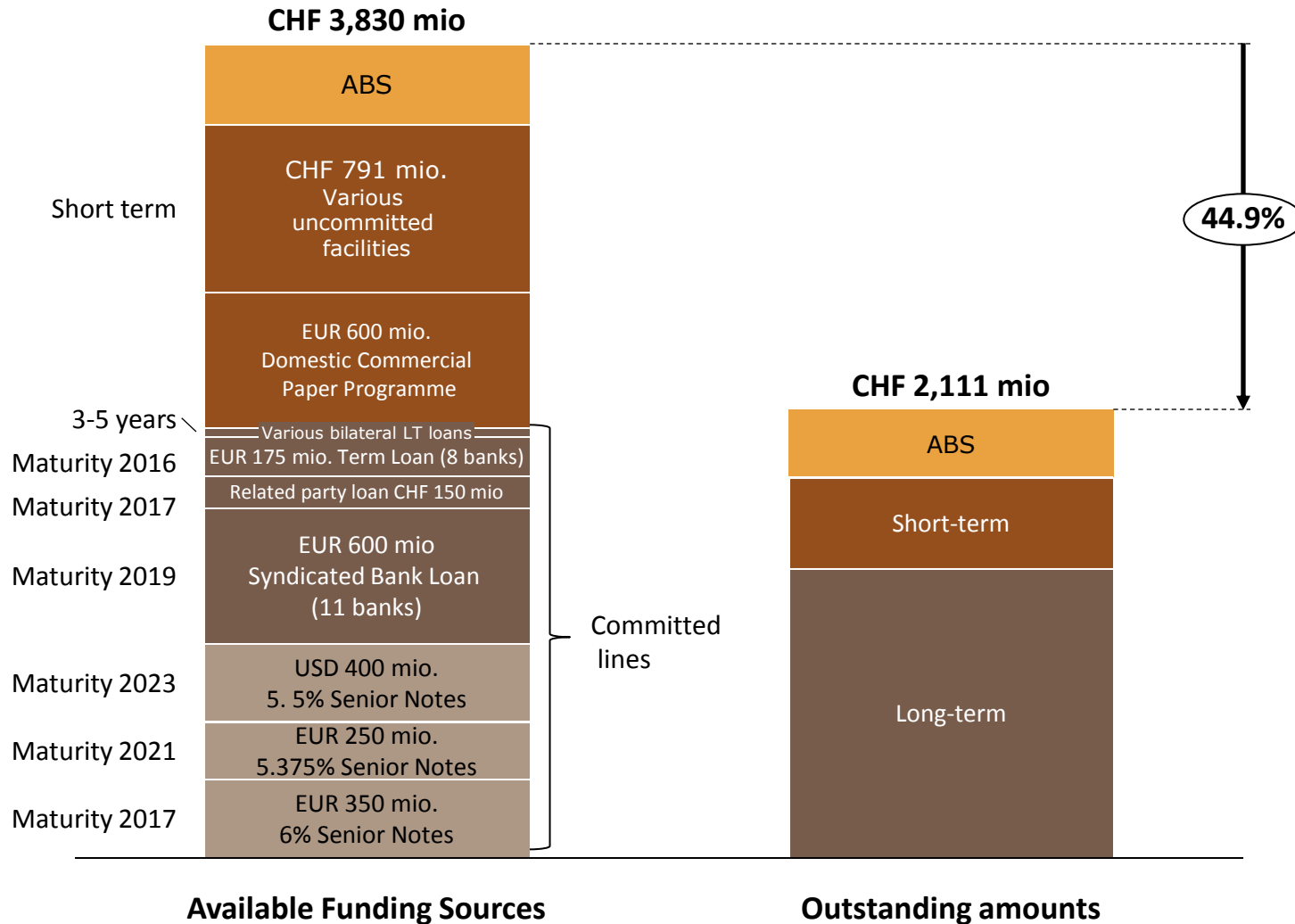


High cocoa bean price levels still weighing on our Balance Sheet and key ratios

	Feb 15	Aug 14	Feb 14
Total Assets [CHF m]	5,433.4	5,167.5	5,106.9
Net Working Capital [CHF m]	1,566.6	1,674.6	1,501.4
Non-Current Assets [CHF m]	2,139.5	2,175.6	2,068.6
Net Debt [CHF m]	1,790.6	1,803.5	1,698.2
Shareholders' Equity [CHF m]	1,654.4	1,790.7	1,658.9
Debt/Equity ratio	108.2%	100.7%	102.4%
Solvency ratio	30.4%	34.7%	32.5%
Net debt / EBITDA	3.2x	3.4x	3.6x
Interest cover ratio	4.6x	4.5x	4.9x
ROIC	10.9%	10.5%	11.1%
ROE	16.2%	14.7%	15.6%

Enough headroom for further growth and raw material price fluctuations

As of 28 Feb 2015

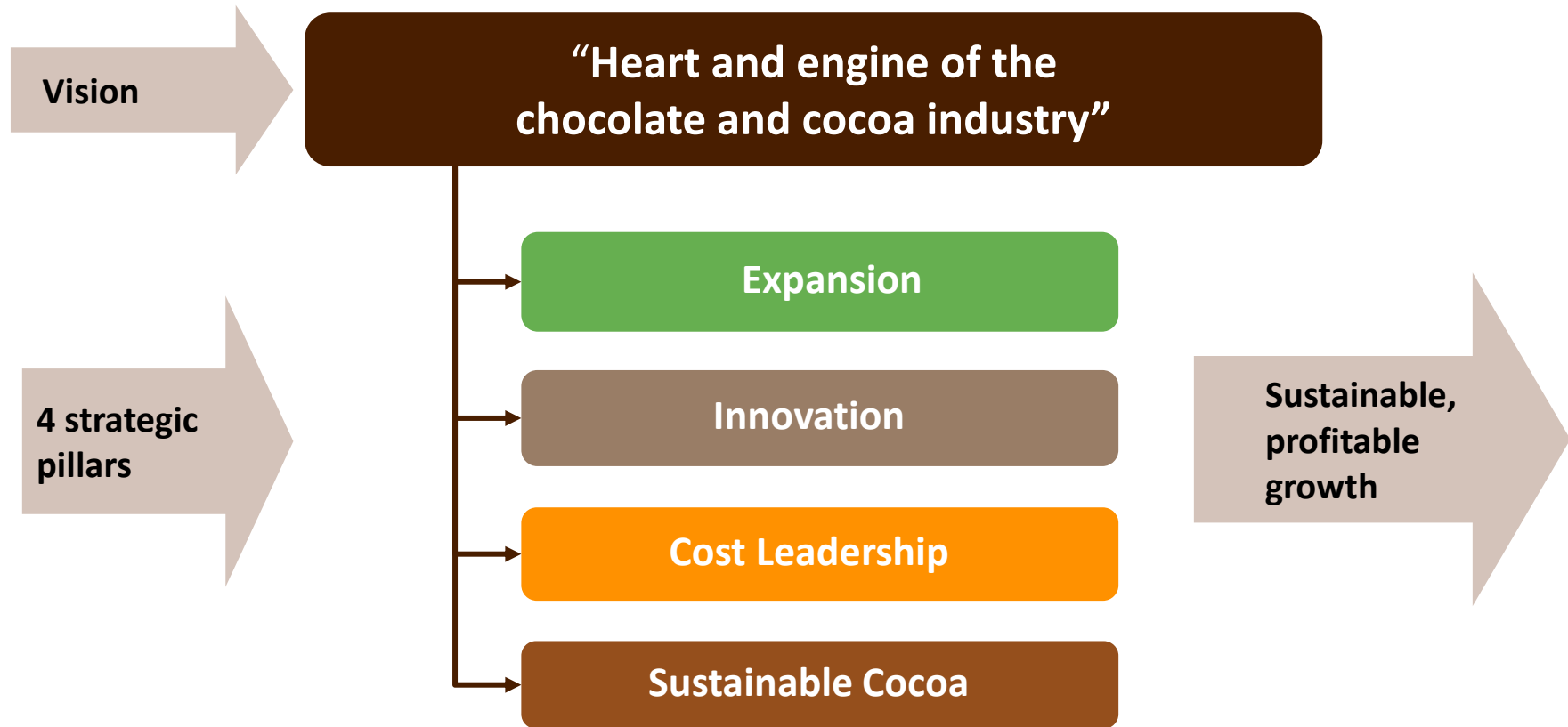


Agenda

- ▶ BC at a glance
 - ▶ Highlights HY 2014/15
 - ▶ Financial Review
-
- ▶ Strategy & Outlook
-

The Barry Callebaut Group's growth strategy

Our proven four-pillar strategy is the basis for our long-term business success

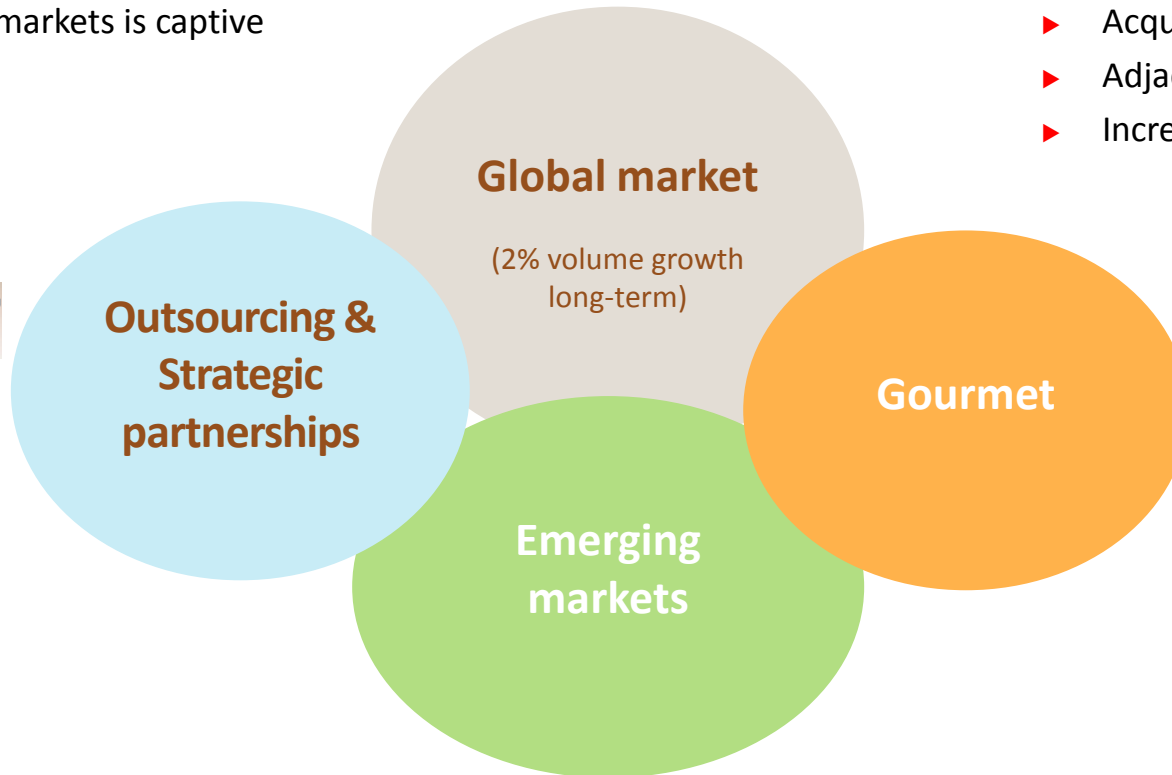


Expansion

Significant further opportunities with three key growth drivers

- ▶ Potential volume of 3 mio tonnes
- ▶ 80% in emerging markets is captive market

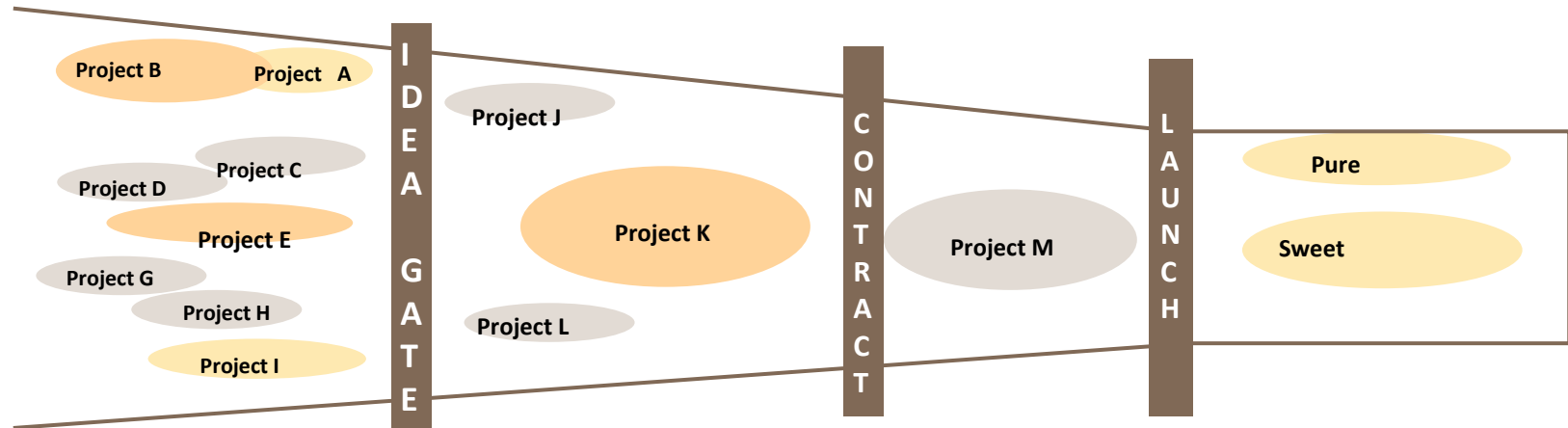
- ▶ BC with 25% market share
- ▶ Acquisitions pipeline
- ▶ Adjacent products
- ▶ Increase distribution points



- ▶ Long-term faster volume growth than developed markets
- ▶ Enormous growth opportunities, with current low consumption per capita



Strong, structured innovation funnel to support additional volume growth



Controlled Fermentation : Special yeast to optimize cocoa fermentation and intensify the taste of chocolate

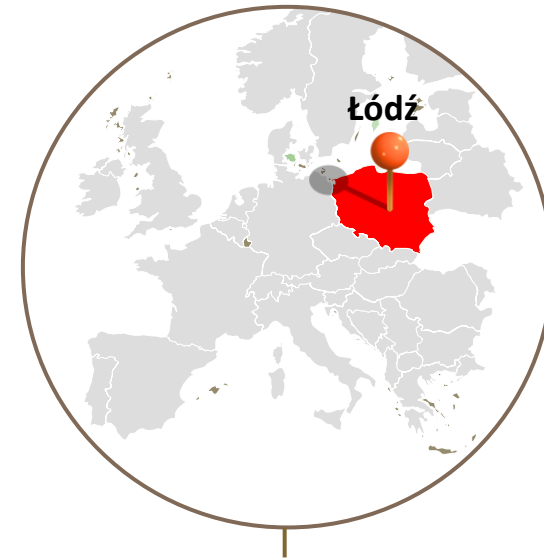
Hot: Chocolate recipes with higher thermo tolerance. Melting point up to 4°Celsius higher than normal.



Strengthening efficiency, optimizing and enabling for future growth

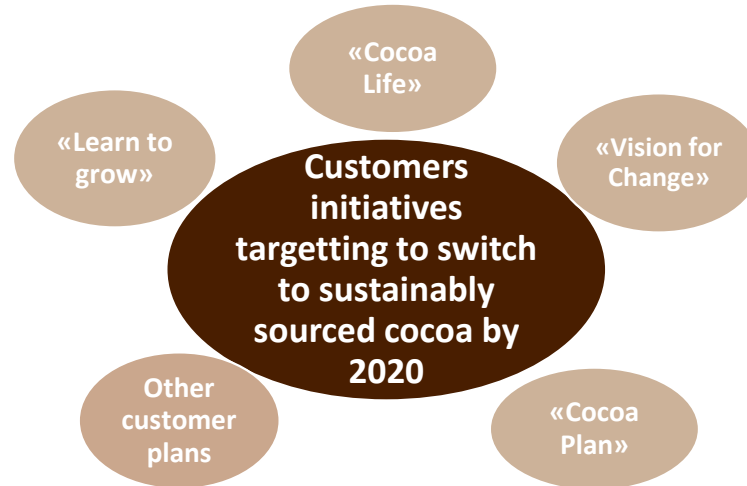
Intention to create a Shared Service Center (SSC) for Europe in Poland

- ▶ **Scope:** Transactional activities performed in Europe
- ▶ **Benefits:**
 - ▶ Increase operational efficiency and create economies of scale and skills
 - ▶ Local functions can focus more on non-standardized activities
- ▶ **Financials:**
 - ▶ Investments of a double-digit CHF million, payback of 3-5 years
 - ▶ Initial annual savings of 2.5m EUR
 - ▶ Expand up to 200 FTE's with ~ double-digit mio EUR savings
- ▶ **Timeline:** 24 months



*Łódź is the third largest city of Poland after Warsaw and Krakow.
The city is working hard to be attractive for foreign companies and local workforce:
infrastructure, shopping centers, cultural activities, many real estate development projects going on, presence of universities, ...*

Sustainable cocoa – Leading the industry through innovation, implementation and impact



CocoaAction
(Industry Collaboration)



BC strategic actions:

- Partnering with key customers, aligning and accelerating own programs
- Expanding our Biolands /Direct Sourcing model in Ghana and other key origin countries
- Step up of our «QPP» to a fully verified program (digital farm and farmer data, traceability and transparency) in Ghana, Brazil and Indonesia

Outlook



Market/ Industry Outlook

- ▶ Long-term growth in chocolate and cocoa products markets remains intact
- ▶ Significant opportunities along the key growth drivers



Mid-term Guidance*


- ▶ On average 6-8% volume growth per year, and
- ▶ EBIT per tonne to reach CHF 256 by 2015/16

* Barring any unforeseeable events ; EBIT per tonne subject to currency translation impacts

Appendix

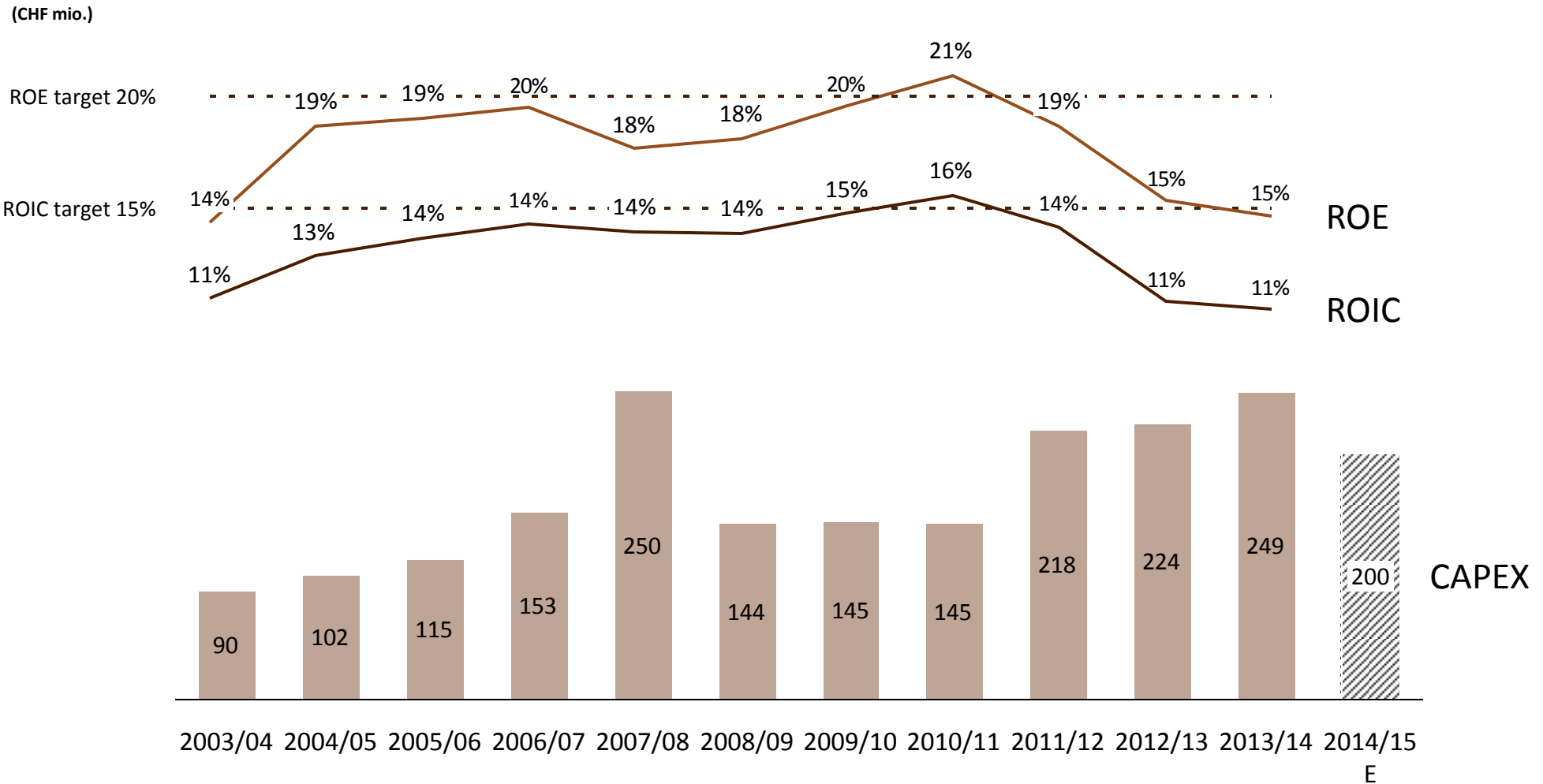


What makes Barry Callebaut unique?

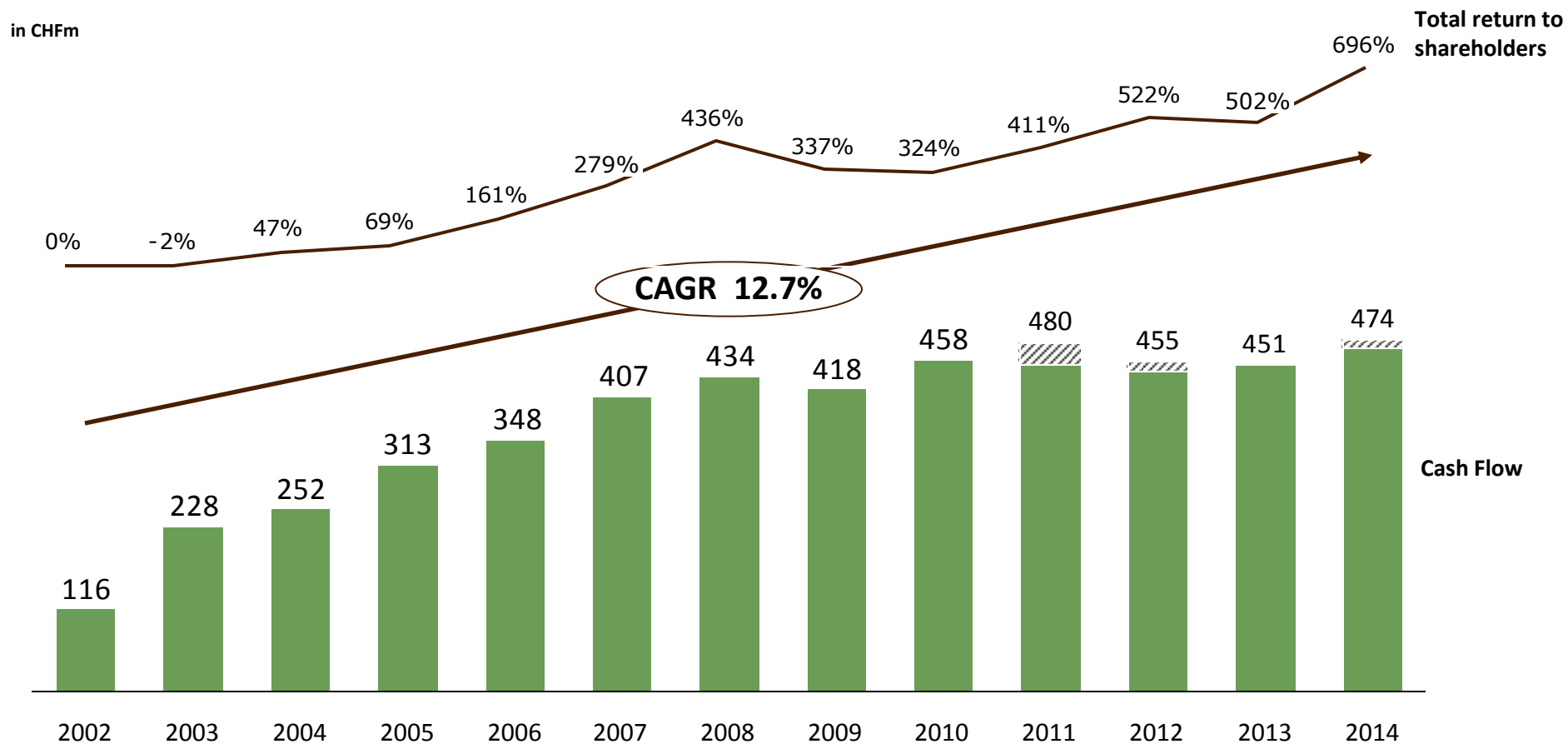
- 
- ▶ Global number one player focused in chocolate and cocoa
 - ▶ Global leader in Gourmet
 - ▶ Proven and long-term oriented strategy
 - ▶ Unparalleled global footprint, present in all key markets
 - ▶ Preferred outsourcing and strategic partner
 - ▶ Leading and growing presence in emerging markets
 - ▶ Deep R&D / Innovation know-how
 - ▶ Cost leadership along the value chain
 - ▶ Taking leadership in sustainable cocoa
 - ▶ Entrepreneurial spirit
 - ▶ Supportive ownership structure

10-year development

Significant investments for growth, while still focusing on high returns



Cash flow generation despite fast volume growth and expansion, which also translated into high return to shareholders



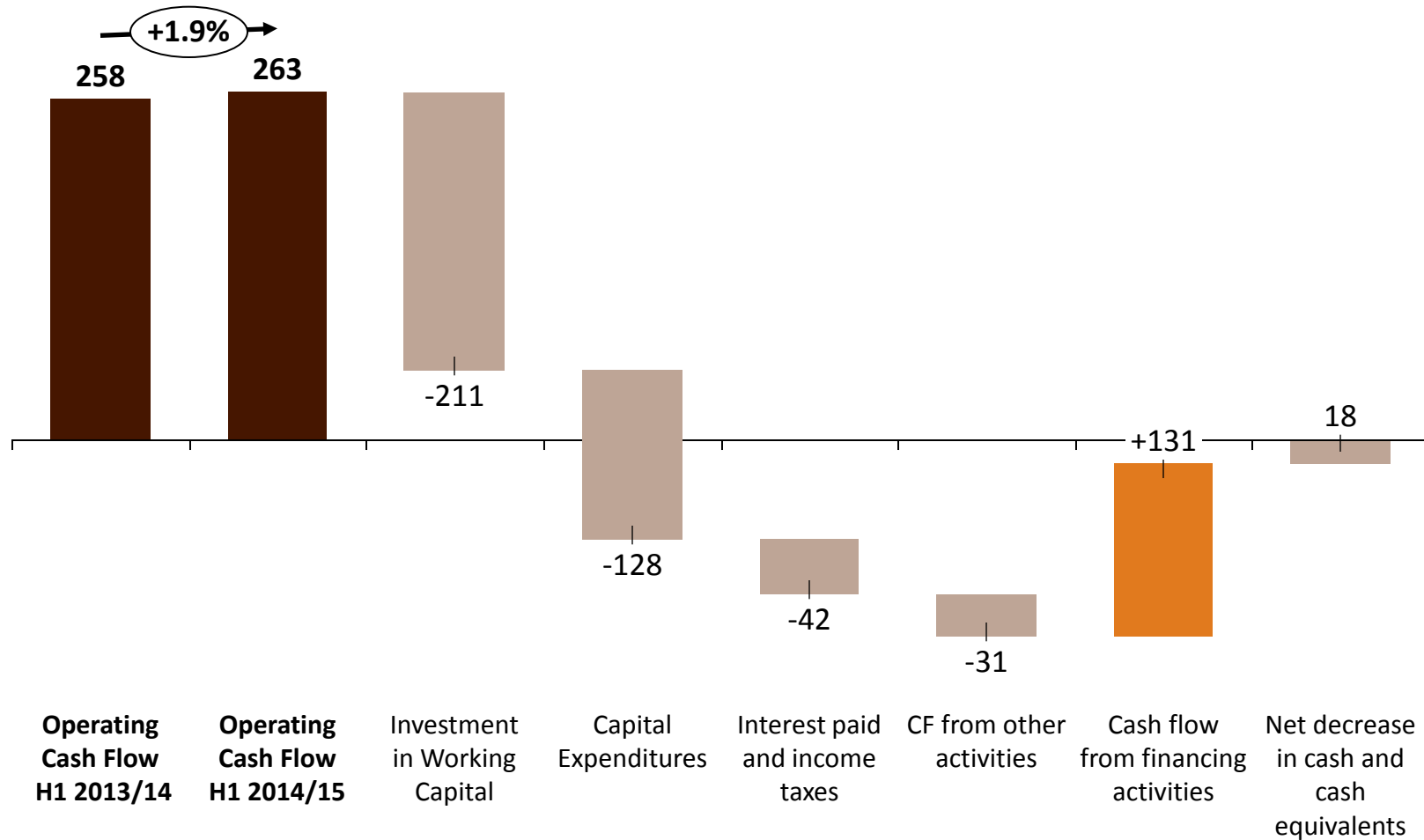
* Operating Cash Flow before working capital changes

▨ Negative FX impact

Cash Flow

Cash flow above prior year, mainly impacted from high cocoa bean prices

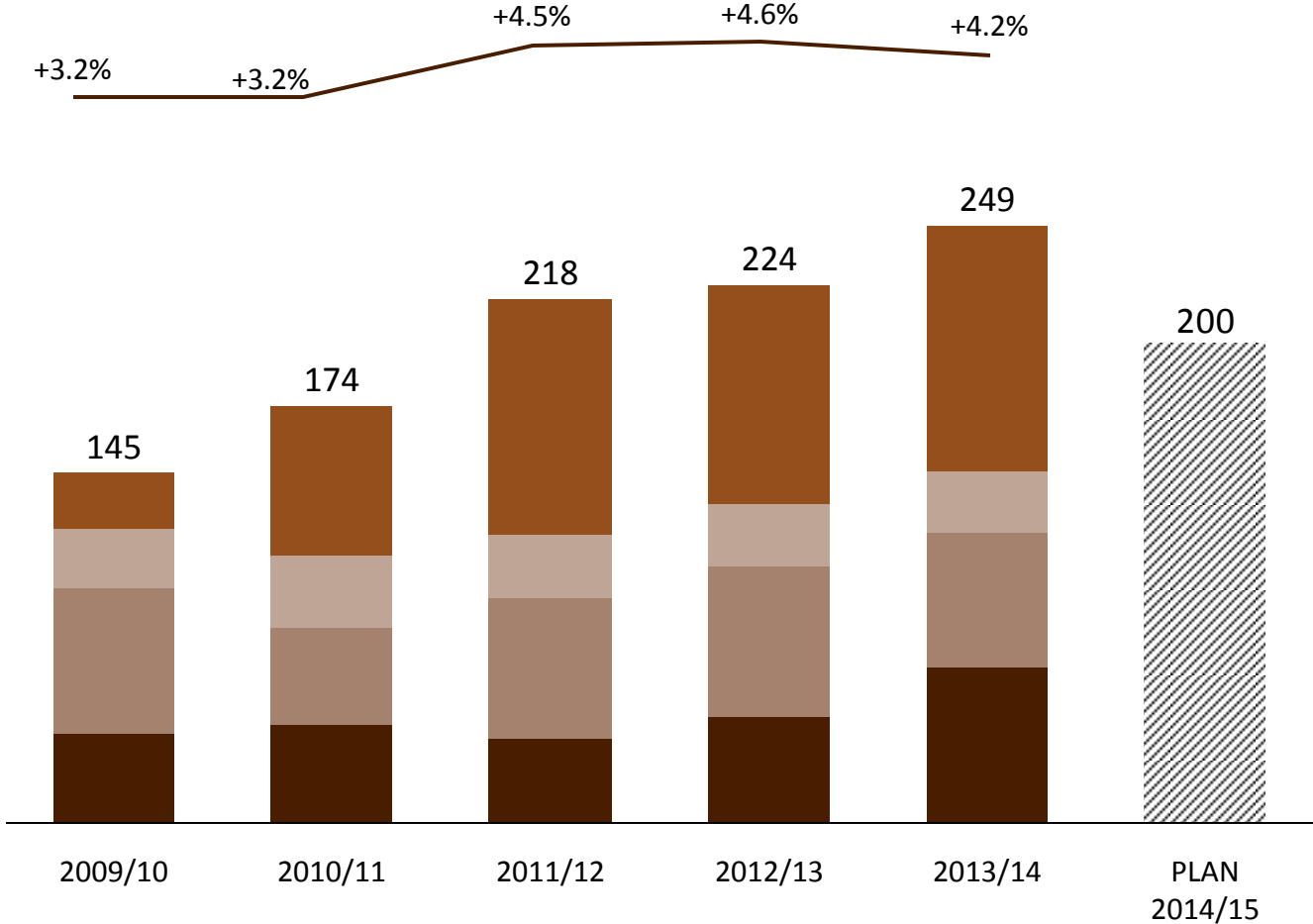
in CHF mio.



* Before Working Capital changes

Capital Expenditures

in CHF mio.

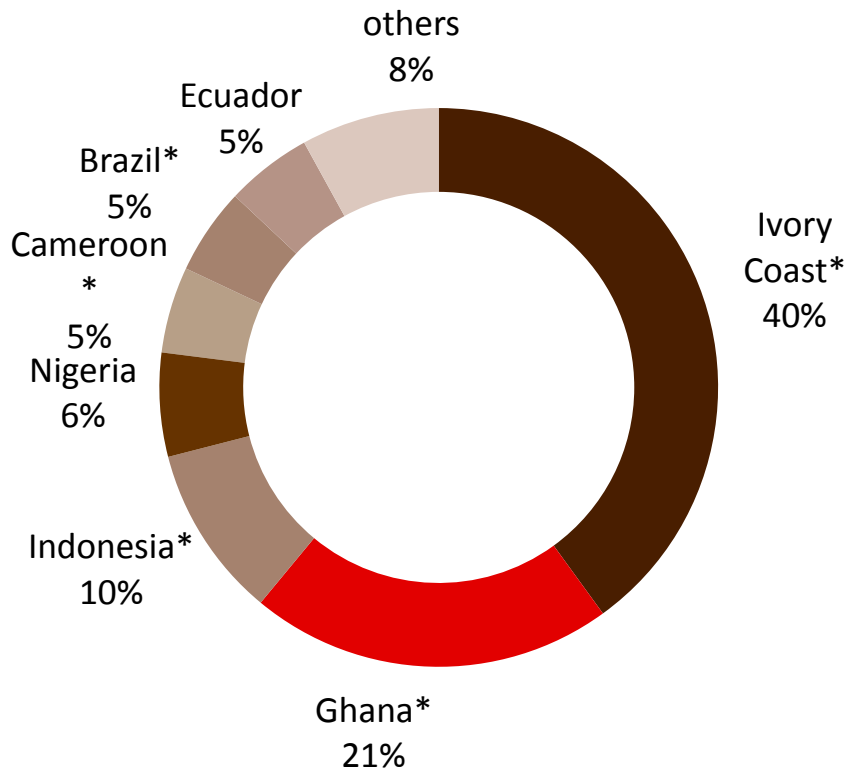


CAPEX as % of sales revenue
Average = 3.9%

- Additional growth
- IT
- Upgrade / efficiency gains existing sites
- Maintenance

West Africa is the world's largest cocoa producer – BC sources locally

Total world harvest (13/14): 4'345 TMT



- ▶ About 70% of total cocoa beans come from West Africa
- ▶ BC processed ~940,000 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