

News Release

Barry Callebaut Group – Half-Year Results, Fiscal Year 2015/16

Solid volume growth, strong free cash flow

- Sales volume up +4.5%
- Broad-based sales volume growth in chocolate, significantly outperforming the market¹, while intentionally phasing out less profitable contracts in cocoa
- EBIT CHF 200.7 million, stable (-0.3%) in local currencies (-8.4% in CHF), impacted by weak cocoa products market
- Focus on cash generation paying off: Free cash flow² of CHF 220.4 million, net working capital down -11.8%, net debt down -14.1%
- Mid-term financial targets confirmed³

Zurich/Switzerland, April 6, 2016 – Antoine de Saint-Affrique, CEO of the Barry Callebaut Group, said: “We have achieved solid results despite very challenging market conditions. Our volume growth shows a consistent, strong performance. Our bottom-line reflects the predicted negative impact of the weak cocoa products market and a significant negative currency translation effect. Our focus on ‘smart growth’ is gaining traction. This is all very much in line with our expectations.”

Group Key Figures

for the first 6 months of Fiscal Year 2015/16		Change in %		6 months up to Feb 29, 2016	6 months up to Feb 28, 2015
		in local currencies	in CHF		
Sales volume	Tonnes		4.5%	933,327	893,437
Sales revenue	CHF m	11.7%	5.6%	3,424.3	3,244.2
Gross profit	CHF m	4.7%	(1.9%)	437.9	446.2
Operating profit (EBIT)	CHF m	(0.3%)	(8.4%)	200.7	219.2
Free cash flow	CHF m	(246.7%)	(254.3%)	220.4	(142.8)
EBIT per tonne	CHF	(4.5%)	(12.4%)	215.0	245.3
Net profit	CHF m	(12.5%)	(18.5%)	107.9	132.4

During the first half of fiscal year 2015/16 (ended February 29, 2016), the Barry Callebaut Group – the world’s leading manufacturer of chocolate and cocoa products – increased its **sales volume** by 4.5% to 933,327 tonnes, significantly outperforming a slightly improving but still weak global chocolate confectionery market¹. This volume growth was driven by the chocolate business across all Regions. All key growth drivers contributed positively. In the Global Cocoa business, sales to third parties were intentionally reduced and less profitable contracts are being progressively phased out.

¹ Volume decrease globally -2.6%, Source: Nielsen, September 2015 – February 2016.

² Net cash flow from operating activities ./ Net cash flow from investing activities.

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.

Sales revenue grew by 11.7% in local currencies (5.6% in CHF) to CHF 3,424.3 million, driven by higher cocoa bean prices compared to last year⁴ and increased sales of higher value products.

Gross profit increased by 4.7% in local currencies (-1.9% in CHF) to CHF 437.9 million, largely in line with volume growth as the negative impact from the combined cocoa ratio was compensated by a good development on margins and a better product mix in the Group's chocolate business due to the strategic focus on this area.

Compared to the strong comparison base from last year, **operating profit (EBIT)** was almost flat at CHF 200.7 million (-0.3% in local currencies and -8.4% in CHF, due to a significant negative currency translation effect of CHF -17.9 million resulting mainly from the strength of the Swiss franc against the Euro and some emerging market currencies). As anticipated some restructuring costs related to the Cocoa Leadership project and additional investments in Sales and Marketing also had a negative effect.

Net profit was down -12.5% in local currencies (-18.5% in CHF) to CHF 107.9 million, affected by higher financial expenses, income taxes, and foreign exchange effects.

Net working capital decreased by 11.8% from CHF 1,566.6 million in the prior year period to CHF 1,382.3 million despite the Group's growth. This is mainly the result of the Group's working capital initiative leading to significantly lower volume in inventories and an increase in trade payables and other current liabilities.

Net debt amounted to CHF 1,538.2 million, down by 14.1% from CHF 1,790.6 million in the prior year period. The decrease was mainly driven by lower financing needs related to working capital and capital expenditure.

As a result, **free cash flow** significantly improved to CHF 220.4 million whereas the prior year period resulted in an outflow of CHF -142.8 million.

Outlook – Continued challenging market environment; mid-term targets confirmed

CEO Antoine de Saint-Affrique on the outlook: "As forecast, the year will remain challenging from a profitability point of view due to the current cocoa products market. We will continue to focus on putting 'smart growth' into action and on transforming our cocoa business in order to restore its EBIT per tonne. We are pleased to see that our actions are beginning to bear fruit. We confirm our mid-term guidance⁵."

Strategic milestones in the first 6 months of fiscal year 2015/16

- **"Expansion"**: Barry Callebaut closed the acquisition of the commercial beverages vending activities of FrieslandCampina Kievit, making it a leading supplier of vending powder mixes. Barry Callebaut also signed outsourcing agreements with two local players in Eastern European markets, proving the potential of outsourcing in emerging markets.
- **"Innovation"**: Barry Callebaut "crafted and co-created" the chocolate experiences of tomorrow with its customers at the important trade shows FIE in Paris/France and ISM in Cologne/Germany and presented three product novelties: Caramel Doré (premium Belgian caramelized chocolate), Choc37.9 (heat-resistant) and Happy Chocolate (with proven health benefits).
- **"Cost Leadership"**: Barry Callebaut completed the announced downsizing of its cocoa manufacturing footprint in Asia (Thailand and Malaysia) as part of the Cocoa Leadership

⁴ The Barry Callebaut Group passes on raw material prices to customers for the majority of its business.

⁵ 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.

project and continues to bundle transactional activities across Europe in its Shared Service Center (SSC) in Łódź/Poland and to further expand it.

- **”Sustainable Cocoa”**: In response to growing customer demand for sustainable and traceable ingredients, Barry Callebaut switched the production of Crema dell’Artigiano™ and Tintoretto™, two of its most popular fillings for bakery and confectionery products, from RSPO mass balance to RSPO fully segregated palm products as of January 2016.

Regional / segment performance

Region EMEA – Significantly outpacing the market

Chocolate confectionery markets across Europe decreased by -2.2%.⁶

Barry Callebaut’s sales volume in Region EMEA (Europe, Middle East, Africa) increased by 6.5% to 411,881 tonnes.

In Western Europe, sales volume growth was particularly strong in the Food Manufacturers business and as well in Gourmet where there was an acceleration in the second quarter.

In Eastern Europe, sales volume grew double-digit, from a low base in the prior year.

Sales revenue went up 10.7% in local currencies (2.5% in CHF) to CHF 1,405.0 million mainly due to higher raw material prices.

Operating profit (EBIT) increased +1.3% in local currencies (-8.1% in CHF) to CHF 144.4 million.

Region Americas – Outstanding performance in a challenging market

Chocolate confectionery markets in the Americas declined by -3.7%.⁶

Barry Callebaut’s sales volume in Region Americas grew by 13.4% to 251,151 tonnes. Growth was driven by Food Manufacturers with both national and global accounts, mainly from outsourcing and additional market share gains. Gourmet showed a very strong performance with double-digit growth across all countries in the Region.

Sales revenue in Region Americas increased by 9.5% in local currencies (11.9% in CHF) to CHF 817.4 million, somewhat lower than volume, due to the product and customer mix.

Operating profit (EBIT) rose by 4.3% in local currencies (4.6% in CHF) to CHF 70.4 million.

Region Asia Pacific – Very strong above-market growth

Chocolate confectionery markets across Asia Pacific declined by -1.7%.⁶

Barry Callebaut’s sales volume in Region Asia Pacific grew strongly by 12.6% to 40,888 tonnes. Growth in the Food Manufacturers product business accelerated, achieving a double-digit increase, with business performing particularly well in China, India, Indonesia and Malaysia. Double-digit growth in the Gourmet business was largely supported by markets such as China, India and Korea.

Sales revenue grew 11.2% in local currencies (10.4% in CHF) to CHF 161.8 million, due to a good product mix and higher cocoa bean prices.

Operating profit (EBIT) rose by 20.7% in local currencies (17.2% in CHF) to CHF 18.4 million.

⁶ Source: Nielsen, September 2015 – February 2016.

Global Cocoa – Further implementing Cocoa Leadership project

Sales volume in the segment Global Cocoa decreased by -7.8% to 229,407 tonnes, as a result of the intentional phasing out of less profitable contracts including some long-term ingredient agreements that were not renewed and in light of a still challenging cocoa products market and the focus on working capital.

Sales revenue increased by 14.6% in local currencies (4.4% in CHF) to CHF 1,040.1 million, reflecting the focus on profitability and customer mix.

As part of the Cocoa Leadership project, a key strategic initiative to strengthen the Group's profitability, Barry Callebaut completed the reduction of cocoa processing capacity in Asia as announced in November 2015 and the coordination of all global commercial decisions and product flows as well as centralized combined ratio management.

Operating profit (EBIT) declined -29.9% in local currencies (-45.1% in CHF) to CHF 11.3 million as a result of the low combined cocoa ratio.

Price developments on most important raw material spot markets

During the first six months of the current fiscal year, **cocoa** prices increased by 4% from GBP 2,126 on September 1, 2015 to GBP 2,212 on February 29, 2016. The strong price increase is due to an expected slight deficit in the 2015/16 season mostly caused by lower Ivorian, Brazilian and Indonesian crops.

An adverse macro environment initially drove **sugar** prices way down on the world market before correcting upwards supported by tighter supply as well as fund activity.

In Europe, prices are recovering, driven by expectations of record low stocks at the end of the current campaign.

Milk powder prices dropped to a six year low, mainly driven by a large production increase and coincidental slowing of worldwide demand growth.

For more detailed financial information see the Barry Callebaut Group's Letter to Investors "Half-Year Results 2015/16": <https://www.barry-callebaut.com/LetterToInvestors>

Media and Analyst / Institutional Investors Conferences of the Barry Callebaut Group

Date: Wednesday, April 6, 2016

Location: Barry Callebaut Head Office, Chocolate Academy™ center, Pfingstweidstrasse 60, 8005 Zurich / Switzerland

The conferences can be followed via telephone or audio webcast. All dial-in and access details can be found on the Barry Callebaut Group's website (via the links below):

[Media](#)

[Analysts](#)

Financial Calendar for Fiscal Year 2015/16 (September 1, 2015 to August 31, 2016)

9-Month Key Sales Figures 2015/16 (news release)	July 7, 2016
Full-Year Results 2015/16 (news release & conference)	November 2, 2016
Annual General Meeting 2015/16	December 7, 2016

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

With annual sales of about CHF 6.2 billion (EUR 5.6 billion / USD 6.6 billion) in fiscal year 2014/15, 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 more than 9,000 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 sustainable cocoa production 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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Contact**for the media:**

Björn Emde
Head of Media Relations
Barry Callebaut AG
Phone: +41 43 204 03 26
bjoern_emde@barry-callebaut.com

for investors and financial analysts:

Evelyn Nassar
Head of Investor Relations
Barry Callebaut AG
Phone: +41 43 204 04 23
evelyn_nassar@barry-callebaut.com

Group Key Figures

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		in local currencies	in CHF		
Key Figures					
Sales volume	Tonnes		4.5%	933,327	893,437
Sales revenue	CHF m	11.7%	5.6%	3,424.3	3,244.2
Gross profit	CHF m	4.7%	(1.9%)	437.9	446.2
EBITDA	CHF m	3.0%	(4.7%)	270.9	284.3
Operating profit (EBIT)	CHF m	(0.3%)	(8.4%)	200.7	219.2
Net profit for the period	CHF m	(12.5%)	(18.5%)	107.9	132.4
Free cash flow	CHF m	(246.7%)	(254.3%)	220.4	(142.8)
EBIT per tonne	CHF	(4.5%)	(12.4%)	215.0	245.3
By Region					
EMEA					
Sales volume	Tonnes		6.5%	411,881	386,730
Sales revenue	CHF m	10.7%	2.5%	1,405.0	1,370.9
EBITDA	CHF m	2.5%	(6.7%)	166.4	178.3
Operating profit (EBIT)	CHF m	1.3%	(8.1%)	144.4	157.2
Americas					
Sales volume	Tonnes		13.4%	251,151	221,568
Sales revenue	CHF m	9.5%	11.9%	817.4	730.6
EBITDA	CHF m	11.4%	9.9%	87.0	79.2
Operating profit (EBIT)	CHF m	4.3%	4.6%	70.4	67.3
Asia Pacific					
Sales volume	Tonnes		12.6%	40,888	36,326
Sales revenue	CHF m	11.2%	10.4%	161.8	146.5
EBITDA	CHF m	15.1%	12.3%	22.2	19.8
Operating profit (EBIT)	CHF m	20.7%	17.2%	18.4	15.7
Global Cocoa					
Sales volume	Tonnes		(7.8%)	229,407	248,813
Sales revenue	CHF m	14.6%	4.4%	1,040.1	996.2
EBITDA	CHF m	(11.5%)	(20.3%)	37.7	47.3
Operating profit (EBIT)	CHF m	(29.9%)	(45.1%)	11.3	20.6
By Product Group					
Sales volume	Tonnes			933,327	893,437
Cocoa Products	Tonnes		(7.8%)	229,407	248,813
Food Manufacturers Products	Tonnes		9.5%	601,858	549,600
Gourmet & Specialties Products	Tonnes		7.4%	102,062	95,024
Sales revenue	CHF m			3,424.3	3,244.2
Cocoa Products	CHF m	14.6%	4.4%	1,040.1	996.2
Food Manufacturers Products	CHF m	10.2%	6.3%	1,871.5	1,761.3
Gourmet & Specialties Products	CHF m	10.8%	5.3%	512.7	486.7