

Roadshow presentation - Full-Year Results 2016/17

November 2017



Agenda

- ▶ BC at a glance
- ▶ Highlights FY 2016/17
- ▶ Financial Review
- ▶ Strategy & Outlook

BC at a glance



Who are we?

The heart and engine of the chocolate industry

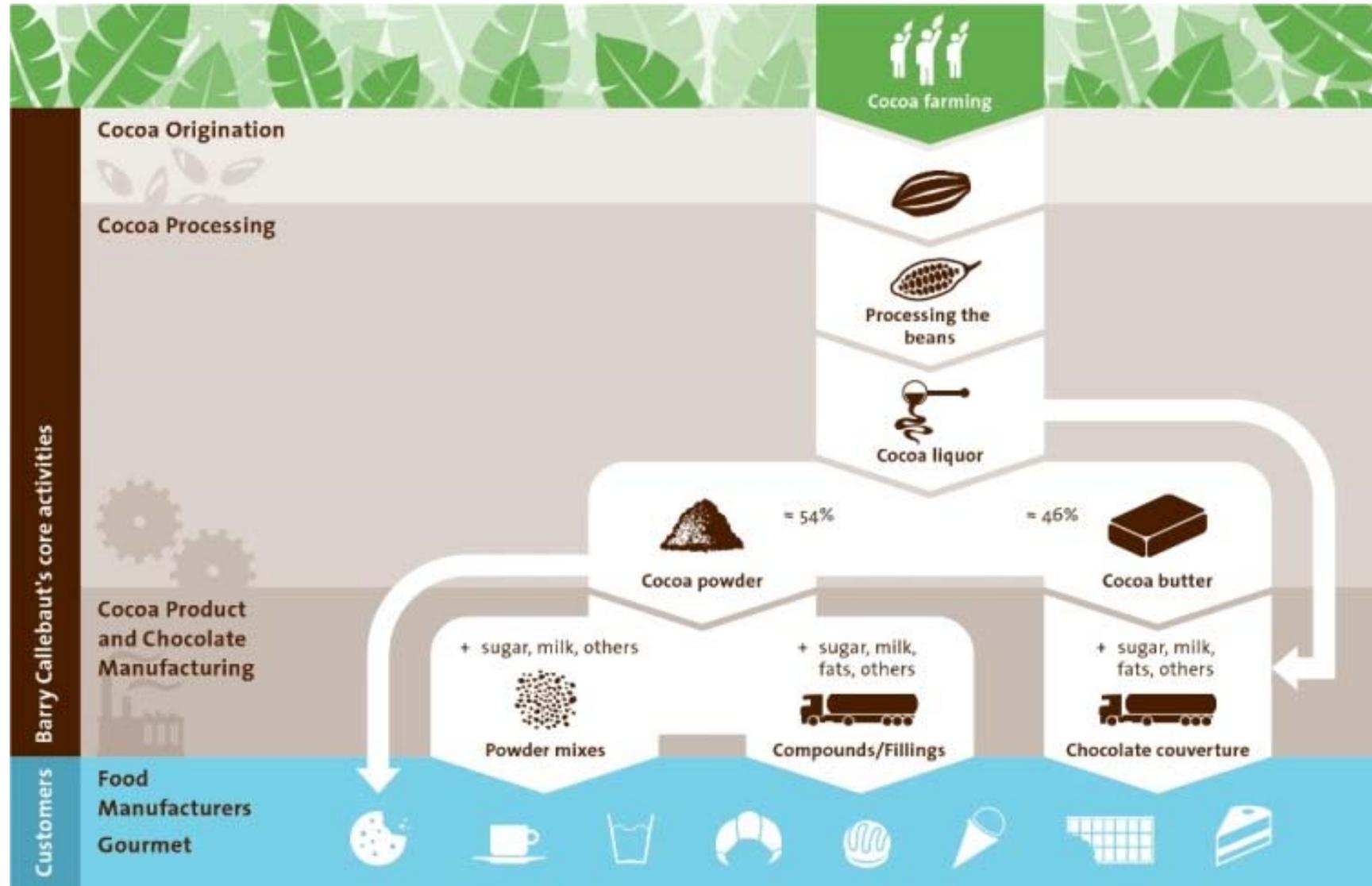


- ▶ A merger between **Cacao Barry**, the very first chocolate connoisseur since 1842 and **Callebaut** a chocolate couverture manufacturer expert since 1911
- ▶ Listed on the SIX Swiss Exchange since 1998
- ▶ Today, the world's leading manufacturer of high-quality chocolate and cocoa products
- ▶ Barry 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 2016/17

More than
175 years
of chocolate heritage



About
11,000
employees



New type
of chocolate
created: Ruby chocolate
The 4th



1.9
sales volume
in million tonnes

CAGR 
+5.7%
volume growth
over 5 years

Sustainably sourced cocoa

36%

488.2
EBIT
in CHF million

6,805.2
sales revenue
in CHF million



 **55**
factories
worldwide

Selling to
140
countries

 **20**
CHOCOLATE
ACADEMY™
centers

38,280
chocolate aficionados
trained in 2016/17

What do we offer?

A broad offering from standard to the most premium products

Cocoa Products



Food Manufacturers



Gourmet & Specialties

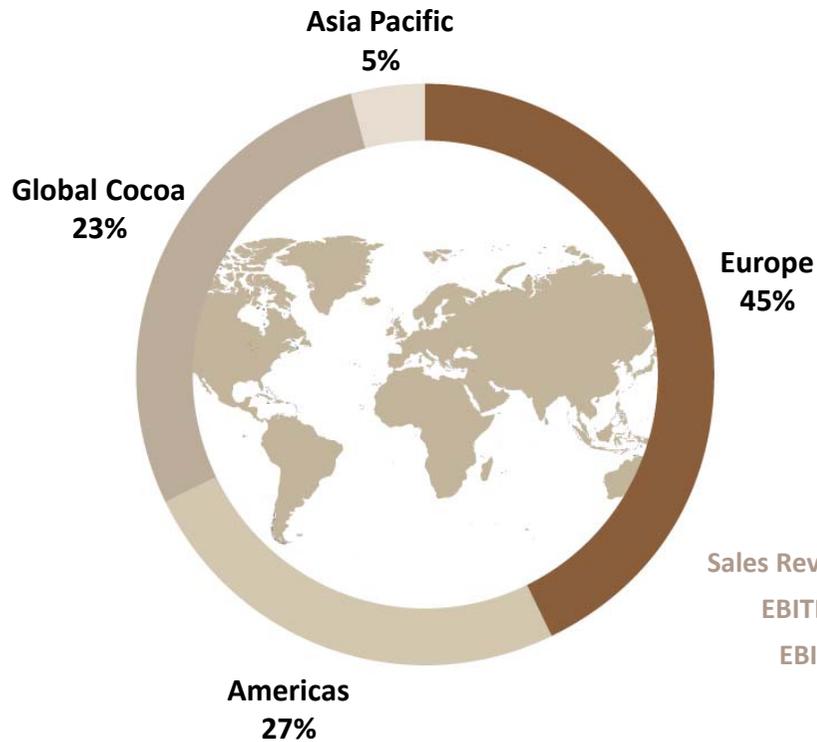


How are we organized?

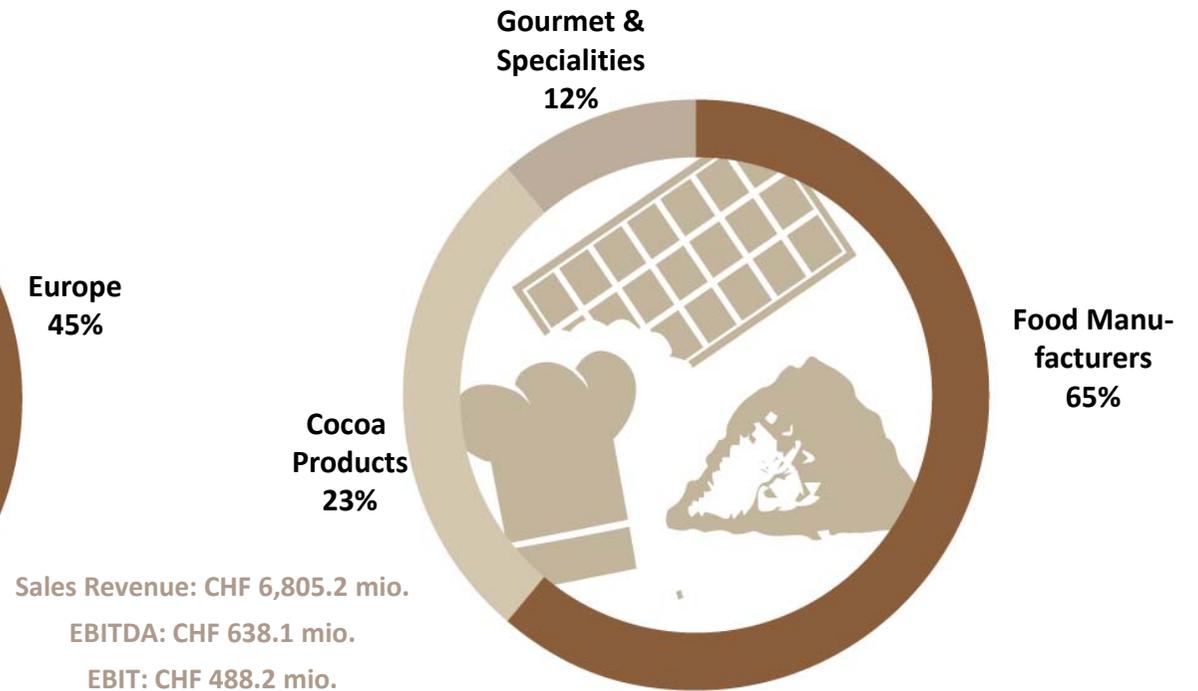
Our Regional and Product split

FY 2016/17 Sales Volume: 1.9 million 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

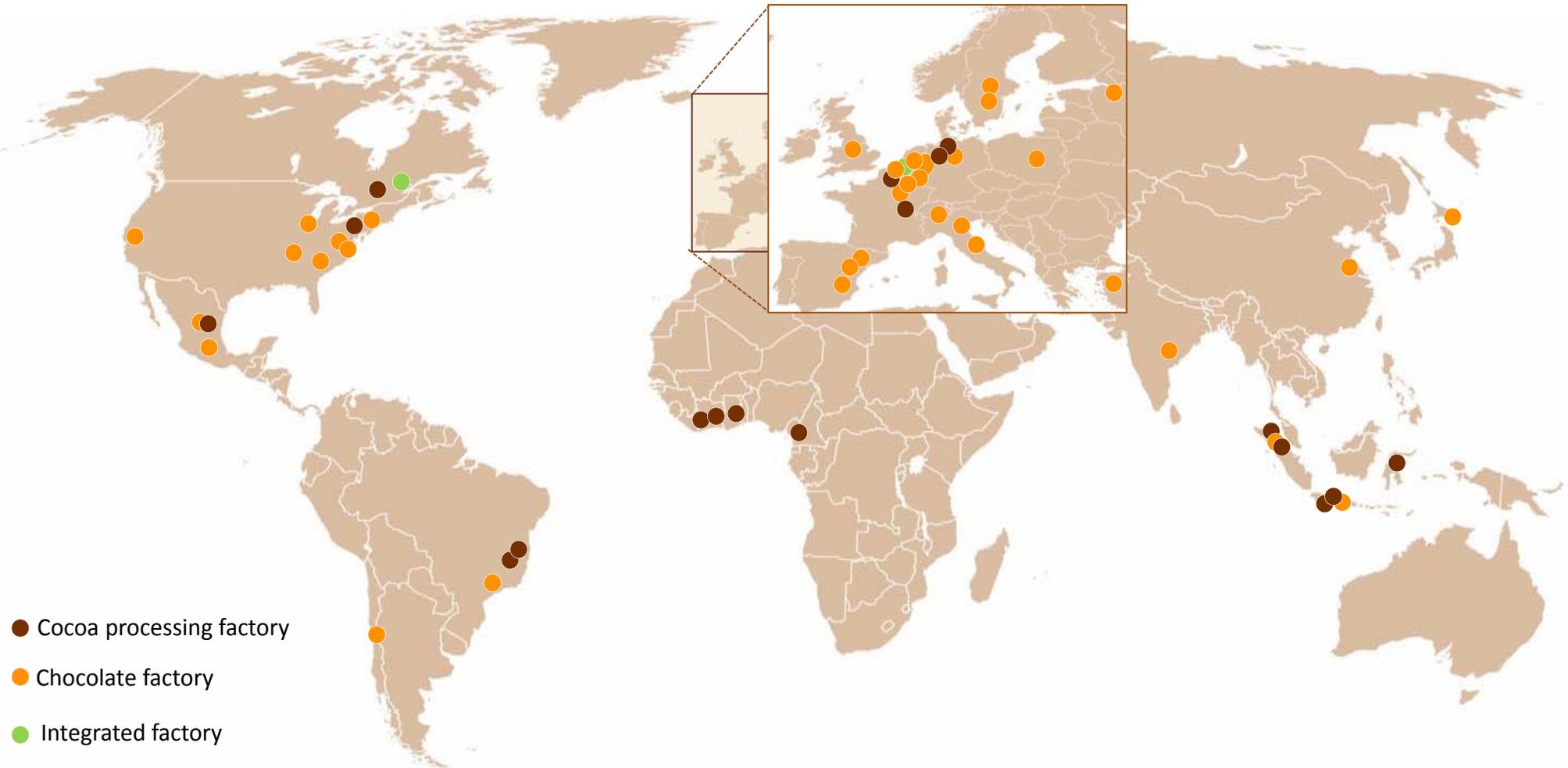
	Customers	Pricing model	Profit levers
Food Manufacturers 	<ul style="list-style-type: none">Small, medium and Global Food Manufacturers	<ul style="list-style-type: none">Cost Plus	<ul style="list-style-type: none">Customer mixProduct mixEconomies of scale
Cocoa Products 	<ul style="list-style-type: none">Small, medium and Global Food Manufacturers	<ul style="list-style-type: none">Market pricesCost Plus (partly)	<ul style="list-style-type: none">Global set-upCombined ratioCustomer/product mix
Gourmet & Specialties 	<ul style="list-style-type: none">Professional users, Food Chains, Distributors	<ul style="list-style-type: none">Price list	<ul style="list-style-type: none">Expansion of global brandsAdjacent productsInnovation/Sustainability

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 FY 2016/17



Change in the Executive Committee



Victor Balli



Remco J. Steenbergen

Generational change

- ▶ Victor Balli (born 1957) to retire as Chief Financial Officer effective February 28, 2018 after 11 successful years of service

- ▶ Remco J. Steenbergen (born 1968) appointed as new Chief Financial Officer and member of the Executive Committee as of March 1, 2018
 - ▶ Joining us from Royal Philips where he served in different functions and countries for about 20 years
 - ▶ A proven global Finance leader with a 30-year track record in Finance and broad international experience

Proposals to the AGM: Elections

Changes in the Board



- ▶ Two Board members not standing for re-election
 - ▶ Andreas Schmid, associated with Barry Callebaut since 1997
 - ▶ Wai Ling Liu, Board member since 2014
- ▶ Elio Leoni Sceti proposed as new Board member
 - ▶ About 25 years of experience in Food and FMCG companies
- ▶ All other Board members standing for re-election for a term of office of one year

Successful year, delivering on strategy



Sales volume growth

+4.4%

Sales revenue growth
(in local currencies)

+1.2%

EBIT growth
(Recurring and in local currencies)

+17.8%

Net profit growth
(Recurring and in local currencies)

+31.3%

Free cash flow growth
(in local currencies)

+10.9%

Dividend increase
(Payout of CHF 20.00 per share)

+29.0%

Highlights 2016/17



Extension of strategic partnership with Mondelēz International in Belgium

Sep 2016



Opening of first chocolate factory in Indonesia and expansion in Singapore

Oct 2016



New Sustainability strategy by 2025: 100% sustainable chocolate

Nov 2016



Mona Lisa as decorations brand shifts to sustainably sourced cocoa

Apr 2017



Barry Callebaut couples sustainability with its renewed banking credit facility

Jun 2017



Acquisition of Ingredients Division of Gertrude Hawk Chocolates

Sep 2017



SXI Switzerland Sustainability 25 Index®

Barry Callebaut joins the 25 most sustainable listed companies in Switzerland

Sep 2016



Expansion of West Coast Factory, American Canyon, US

Nov 2016



Launch of Callebaut ChocoGelato in Italy

Jan 2017



20th Chocolate Academy in Milan. BC Studio in Bandung, Indonesia

May-June 2017



Acquisition of D'Orsogna Dolciaria, a leading Specialties and Decorations player in Europe

Jul 2017



RUBY CHOCOLATE

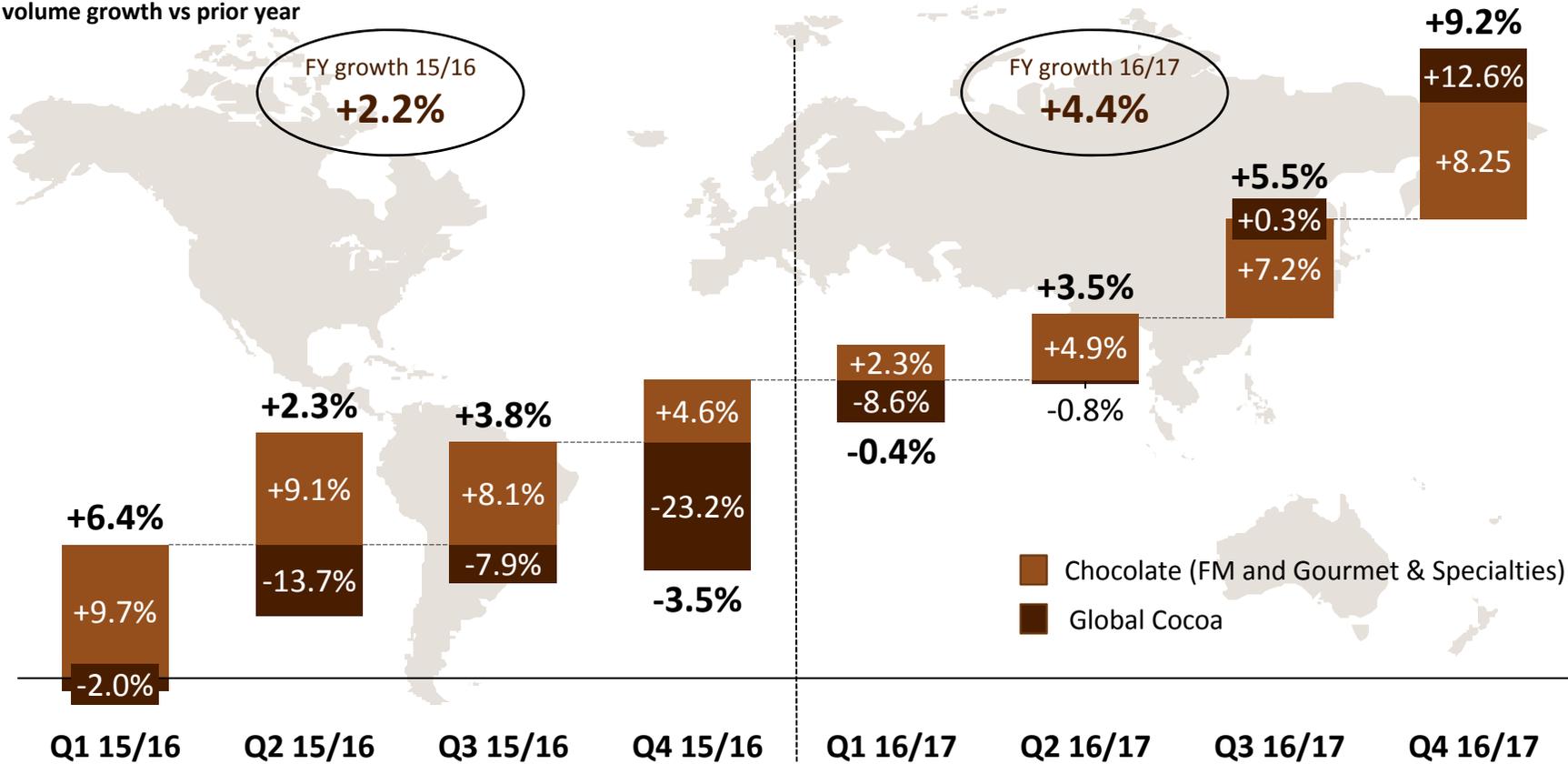
Barry Callebaut reveals the fourth type in chocolate: Ruby

Sep 2017

Quarterly volume evolution

Top-line acceleration in Q3 and Q4 leading to an overall annual volume growth of +4.4%

Quarterly volume growth vs prior year

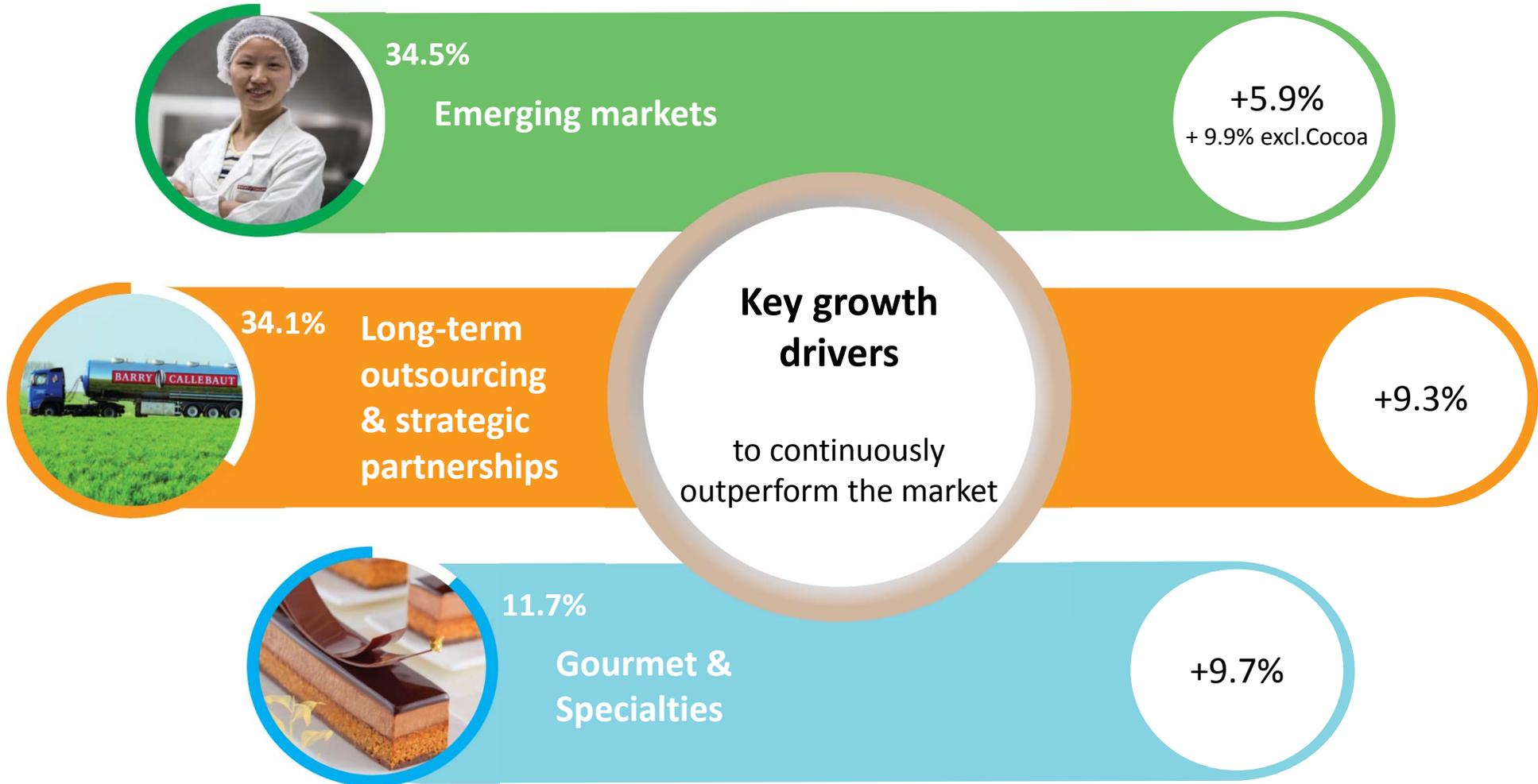


Market Volume growth*	Q1 15/16	Q2 15/16	Q3 15/16	Q4 15/16	Q1 16/17	Q2 16/17	Q3 16/17	Q4 16/17
	-3.7%	-1.3%	-0.7%	-1.5%	-2.3%	-1.4%	+2.3%	+2.2%

*Source: Nielsen chocolate confectionery in volume – 26 countries

Volume increase fueled by all our key growth drivers

Volume growth vs prior year



Expansion

With good momentum in many key areas...

Double-digit growth in key emerging markets



淘宝网
Taobao.com



amazon



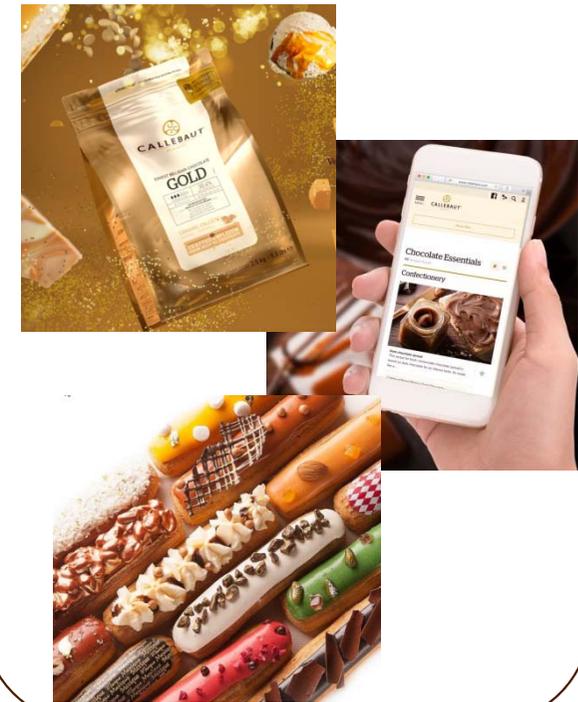
Driving long-term outsourcing & strategic partnerships



Mondelēz
International

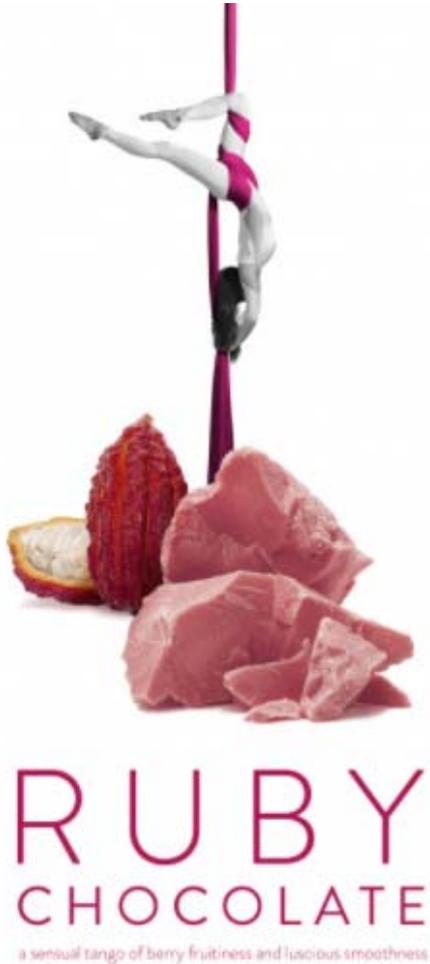


Strong growth of our Gourmet & Specialties business



Innovation

We continue to be at the forefront of innovation, through breakthrough discoveries such as Ruby, the fourth type of chocolate...





Global steering

- ▶ Combined ratio centralized management
- ▶ Interregional product flow management
- ▶ Market intelligence sharing



Global harmonization

- ▶ Customer segmentation
- ▶ Cocoa product pricing methodology
- ▶ Standardization of product specifications and measurement methodologies
- ▶ Bendsdorp sensory & color



Global design

- ▶ Factory footprint optimized
- ▶ Factory organization setup defined and reorganized
- ▶ Driving working capital efficiency



Cost Leadership

Our focus on optimizing our cost base remains strong, across several functional areas

- ▶ Defining, optimizing and aligning our processes end-to-end globally
- ▶ Cleaning and standardizing data
- ▶ Improving and aligning IT tools – Automation
- ▶ Centralization of day-to-day transactional activities
- ▶ Continuous improvement in our Operations and Supply Chain: Organization design, Quality Culture, Health Safety and Environment, Manufacturing Systems, etc.



Forever Chocolate gaining momentum



Achievements FY 2016/17

157,000 farmers trained



By **2025** we will eradicate child labor from our supply chain

36% of our total cocoa beans sourced sustainably



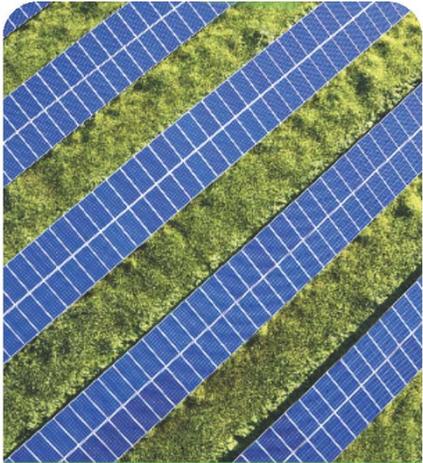
By **2025** we will lift more than 500,000 cocoa farmers out of poverty

30% of non-cocoa raw materials sourced sustainably



By **2025** we will have 100% sustainable ingredients in all of our products

-7,320 tonnes reduced of CO₂ emissions



By **2025** we will be carbon and forest positive

Financial Review



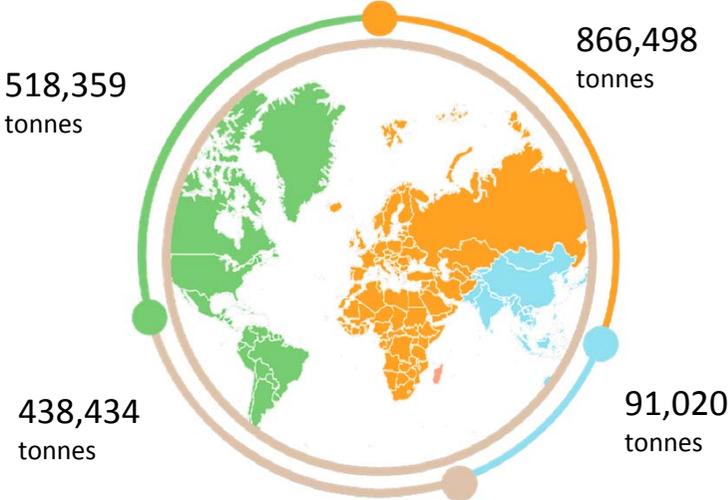
FY results 2016/17

Successful year, delivering on our strategy

Group performance (In CHF mio.)	FY 2016/17 (in CHF)	% vs prior year (in CHF)	% vs prior year in local currencies
Sales Volume Total (in tonnes)	1,914,311	+4.4%	
Sales Revenue	6,805.2	+1.9%	+1.2%
Gross Profit	986.7	+14.3%	+14.6%
EBIT Total	488.2	+21.5%	+22.3%
EBIT recurring <i>EBIT per tonne recurring</i>	470.1 245.6	+17.0% +12.1%	+17.8% +12.9%
Net profit for the year	302.9	+38.3%	+39.6%
Net profit recurring	284.8	+30.1%	+31.3%
Free cash flow	475.6	+10.4%	+10.9%

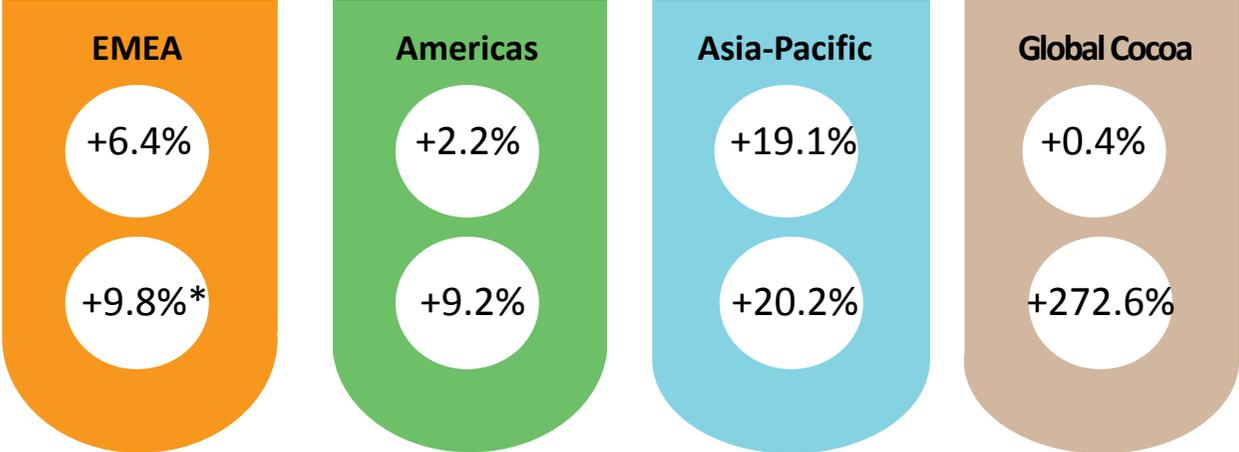
All regions contributed to the strong results

Group Sales Volume:
1,914,311 tonnes



FY volume growth

EBIT growth in local currencies



Underlying market¹:

EMEA: -0.5% Americas: +0.6% Asia-Pacific: +3.1%

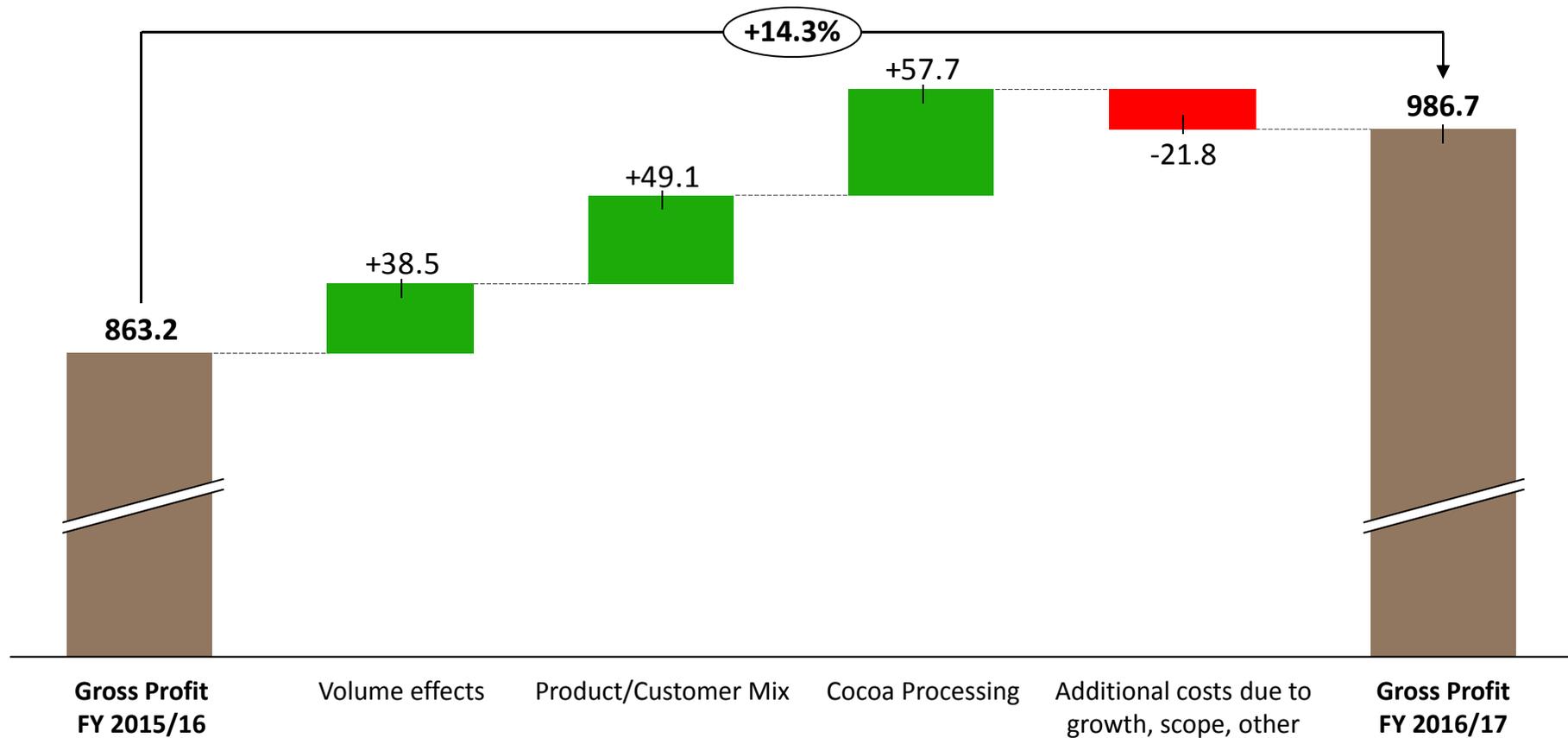
* EBIT recurring +3.6%

¹Source: Nielsen chocolate confectionery in volume – 26 countries

Gross Profit FY 2016/17

Gross profit up +14.3% driven by chocolate volume growth, better product and customer mix and strong improvement of our cocoa business

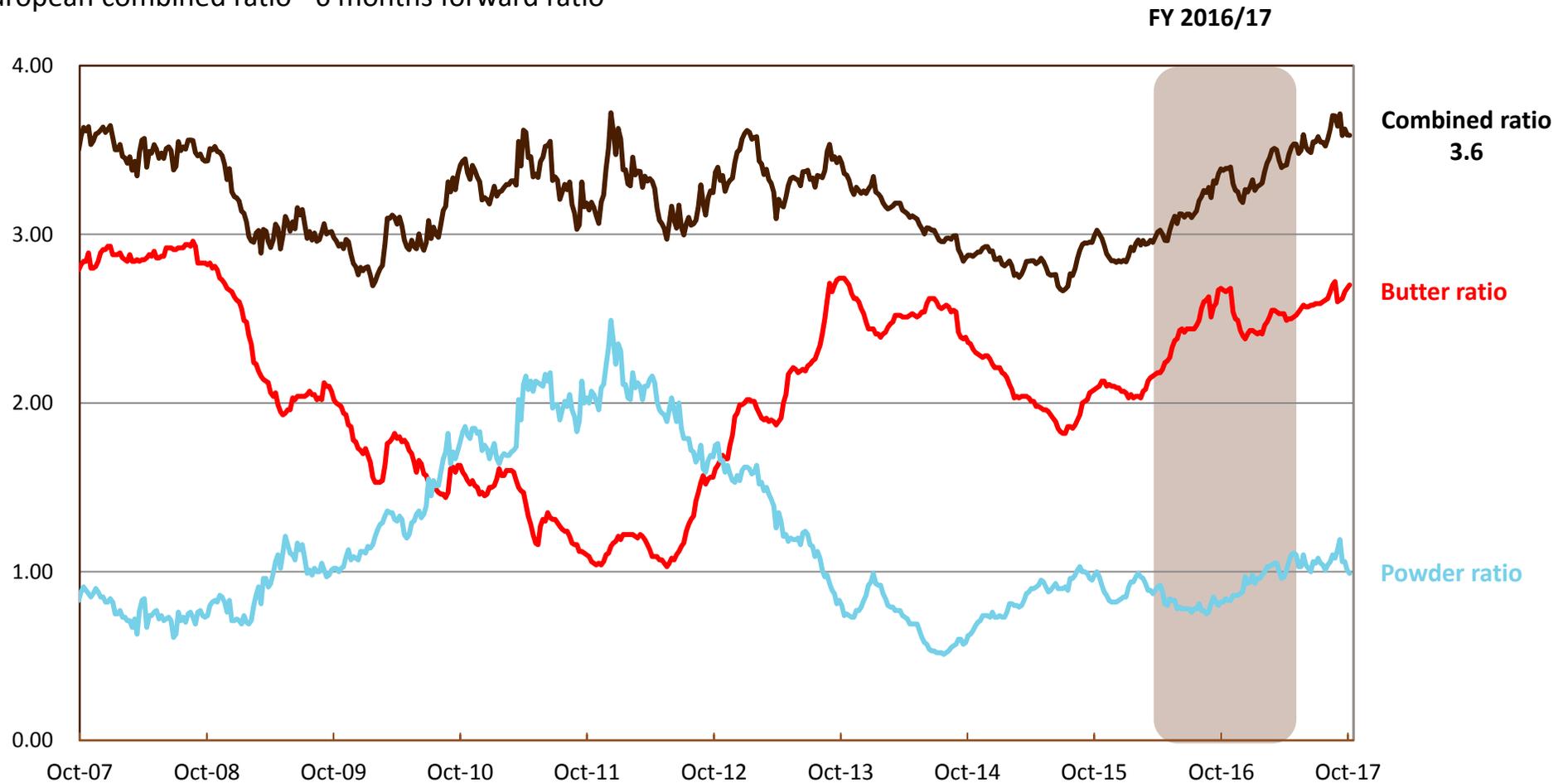
In CHF mio



Cocoa processing profitability

Combined ratio remains favorable, driven by butter demand and lower cocoa bean prices

European combined ratio - 6 months forward ratio

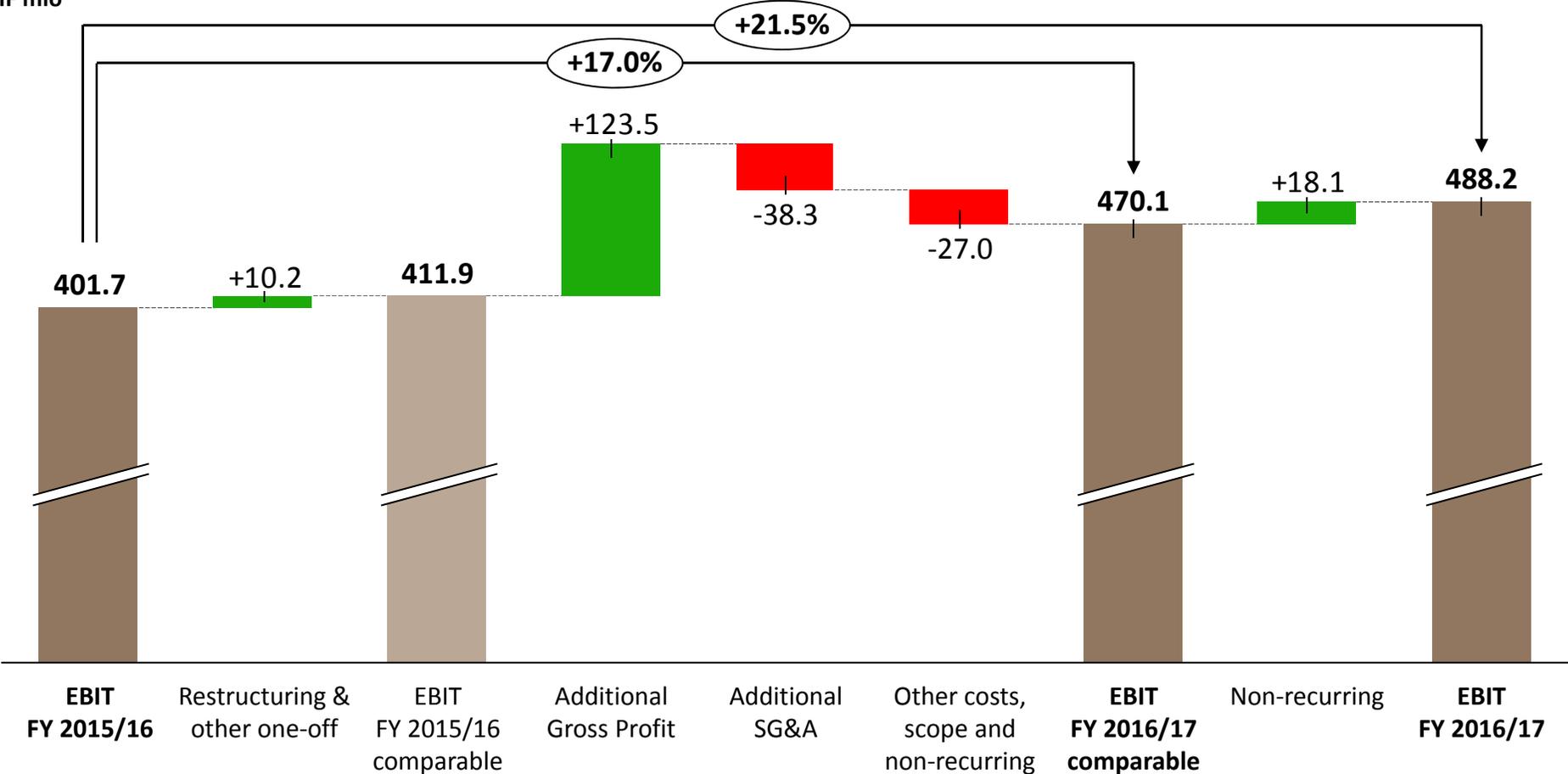


For cocoa processors, profitability depends on the ratio between input costs (price of cocoa beans) and combined output prices (price of cocoa butter and powder).

EBIT FY 2016/17

Strong operating profit up +21.5% including non-recurring, +17.0% recurring

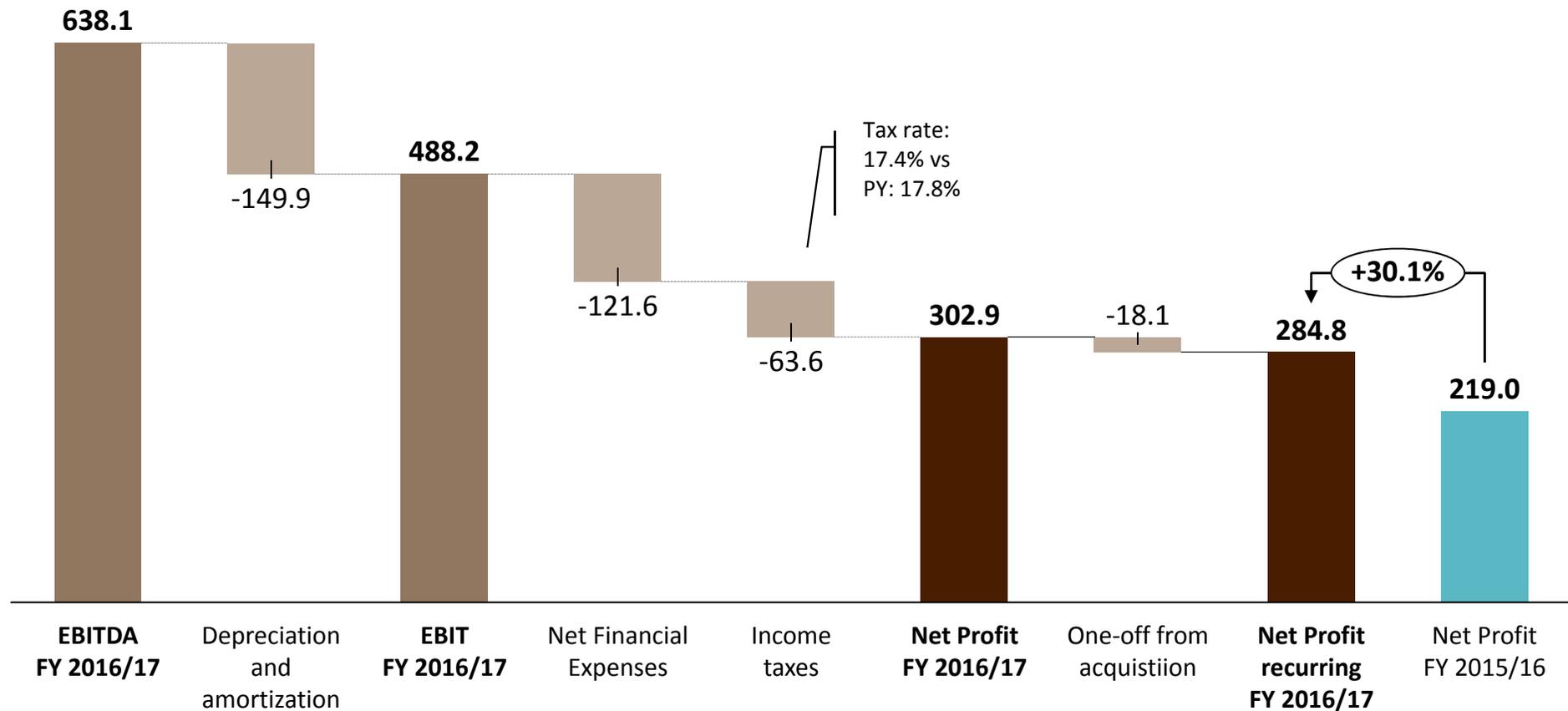
In CHF mio



EBITDA to Net Profit

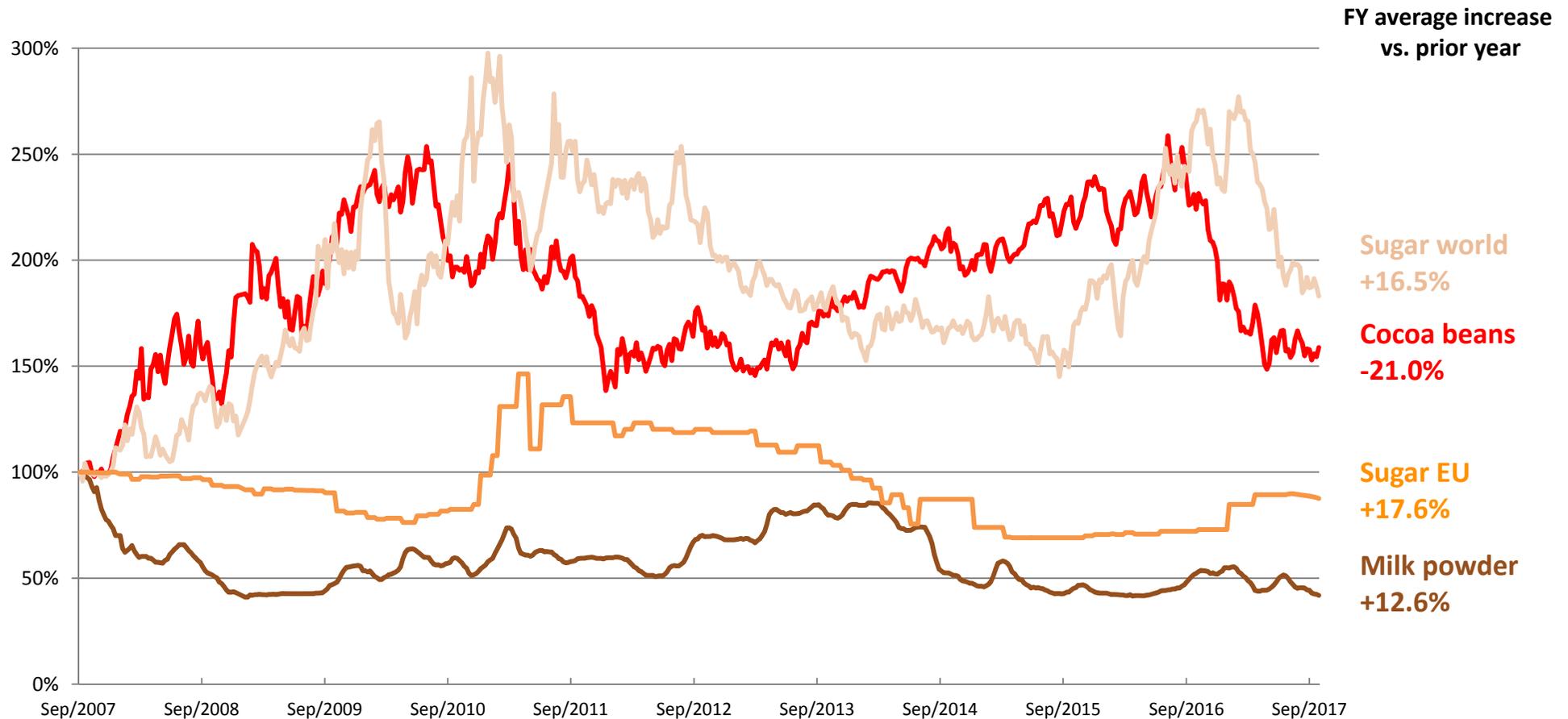
Net Profit up +30.1% in CHF, as a result of strong profitability, lower financial expenses and a stable tax rate

In CHF mio



Raw materials price evolution

Lower cocoa bean prices, milk powder and sugar above prior year

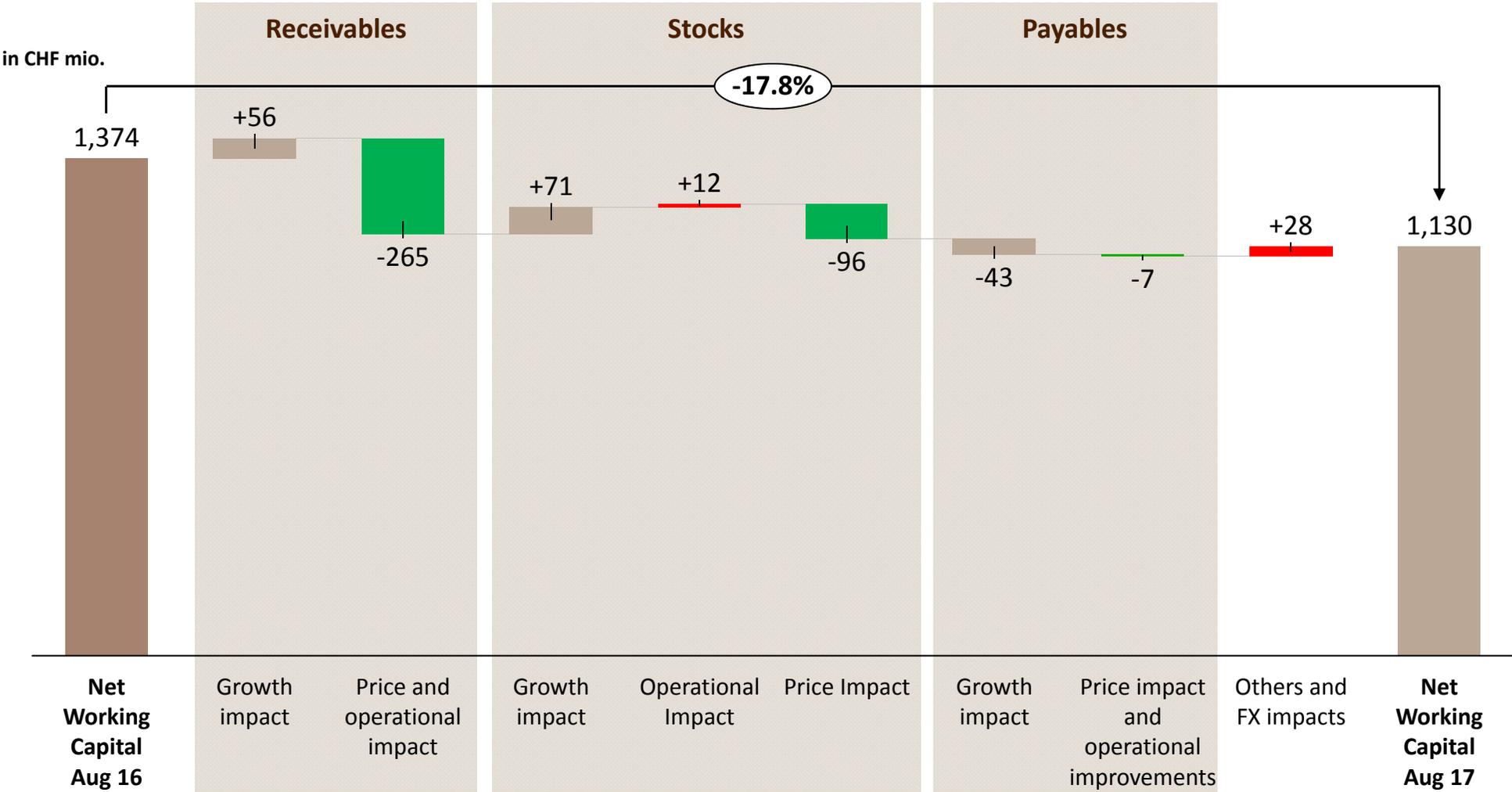


Note: All figures are indexed to Sep 2007

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

Net Working Capital

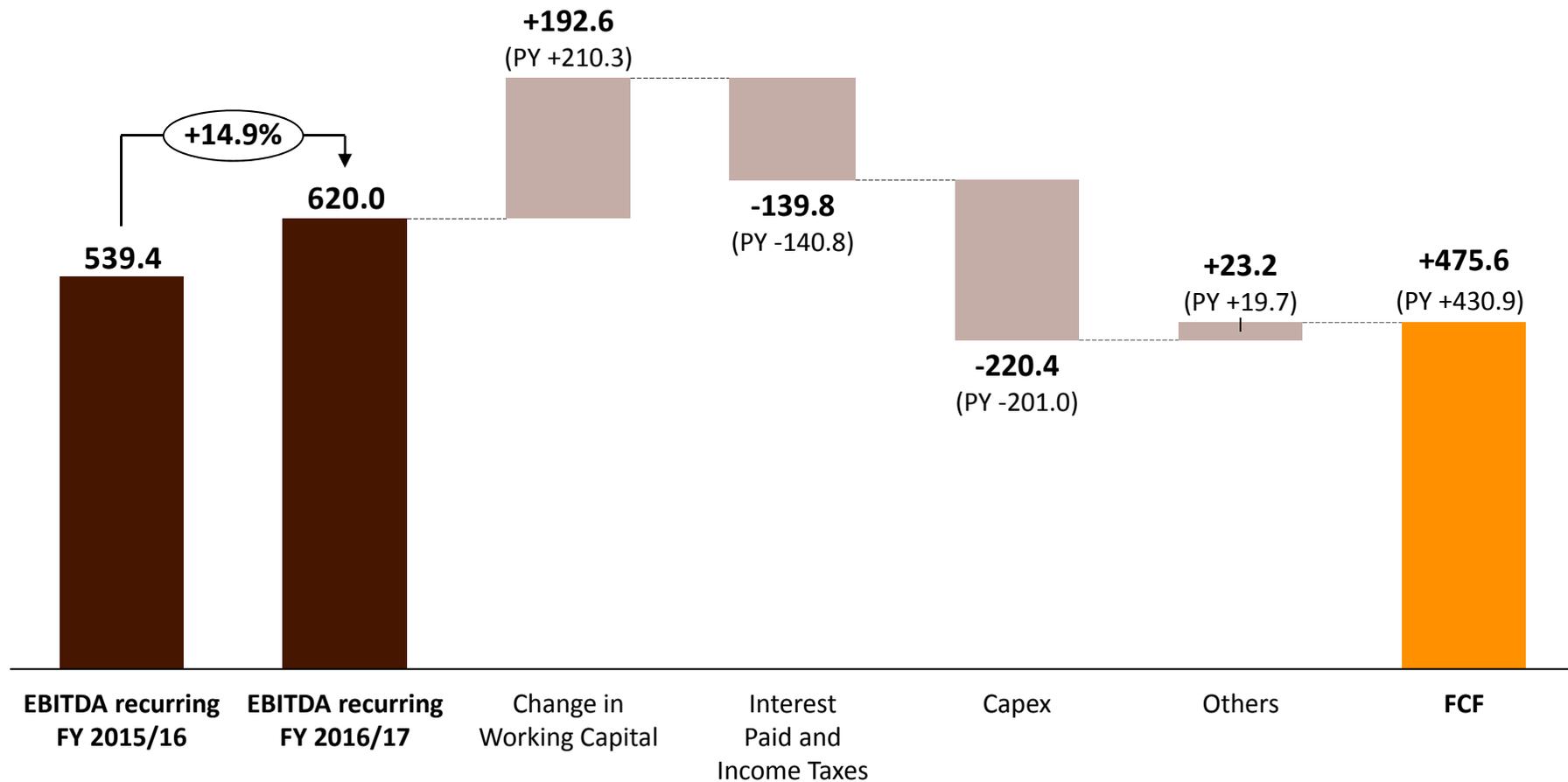
A decrease compared to prior year as a result of continued focus and tailwind from lower cocoa prices



Free Cash Flow

Strong free cash flow, based on higher profitability, lower working capital, stable interest and taxes paid, plus discipline on investments

in CHF mio.



Balance Sheet & key ratios

Positive development of all key financial ratios

	Aug-17	Aug-16
Total Assets [CHF m]	5,534.1	5,640.8
Net Working Capital [CHF m]	1,129.5	1,374.2
Non-Current Assets [CHF m]	2,458.2	2,301.0
Net Debt [CHF m]	1,110.9	1,452.8
Shareholders' Equity [CHF m]	2,178.8	1,956.3
Debt/Equity ratio	51.0%	74.3%
Solvency ratio	39.4%	34.7%
Net debt / EBITDA recurring	1.8x	2.7x
Interest cover ratio	5.1x	4.0x
ROIC	11.5%	9.5%
ROE	13.1%	11.2%

Dividend

Proposed payout of CHF 20 per share, an increase of 29%

Proposed dividend

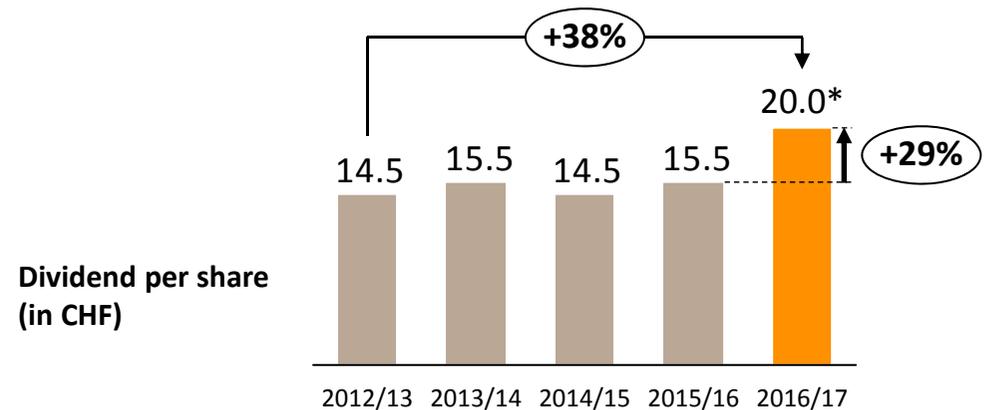
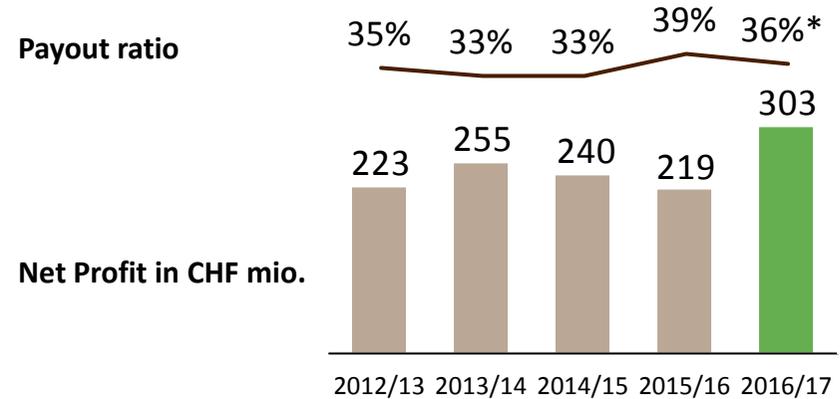
- ▶ CHF 20.0 per share¹
- ▶ Payout of 36% of Net Profit
- ▶ Payout of 39% of recurring Net profit

Timetable for dividend

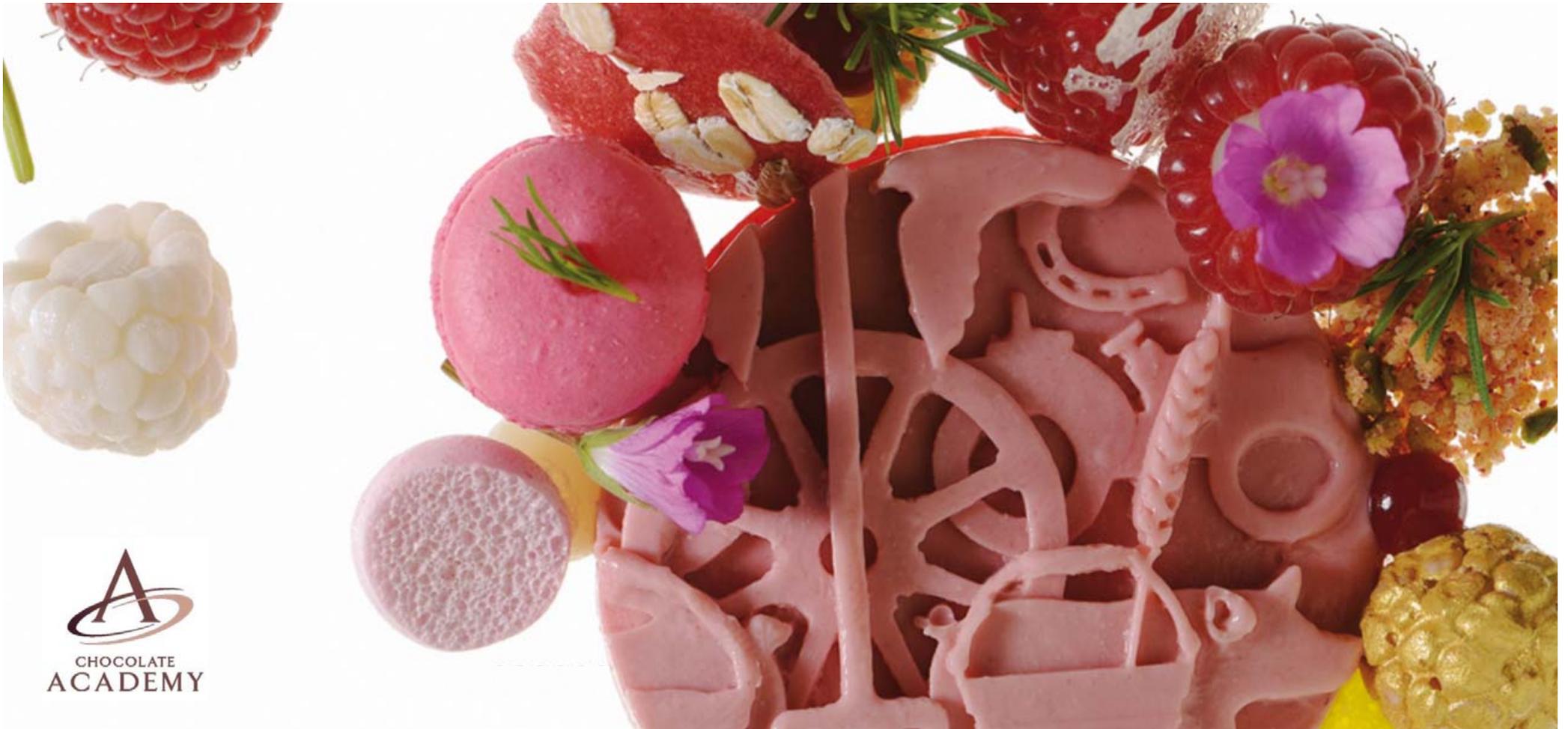
- ▶ Shareholder approval: Dec 13, 2017 (AGM)
- ▶ Expected ex-date: Feb 28, 2018
- ▶ Expected payment date: March 2, 2018

* As proposed by the Board to our Shareholders – 39% payout ratio on recurring Net Profit

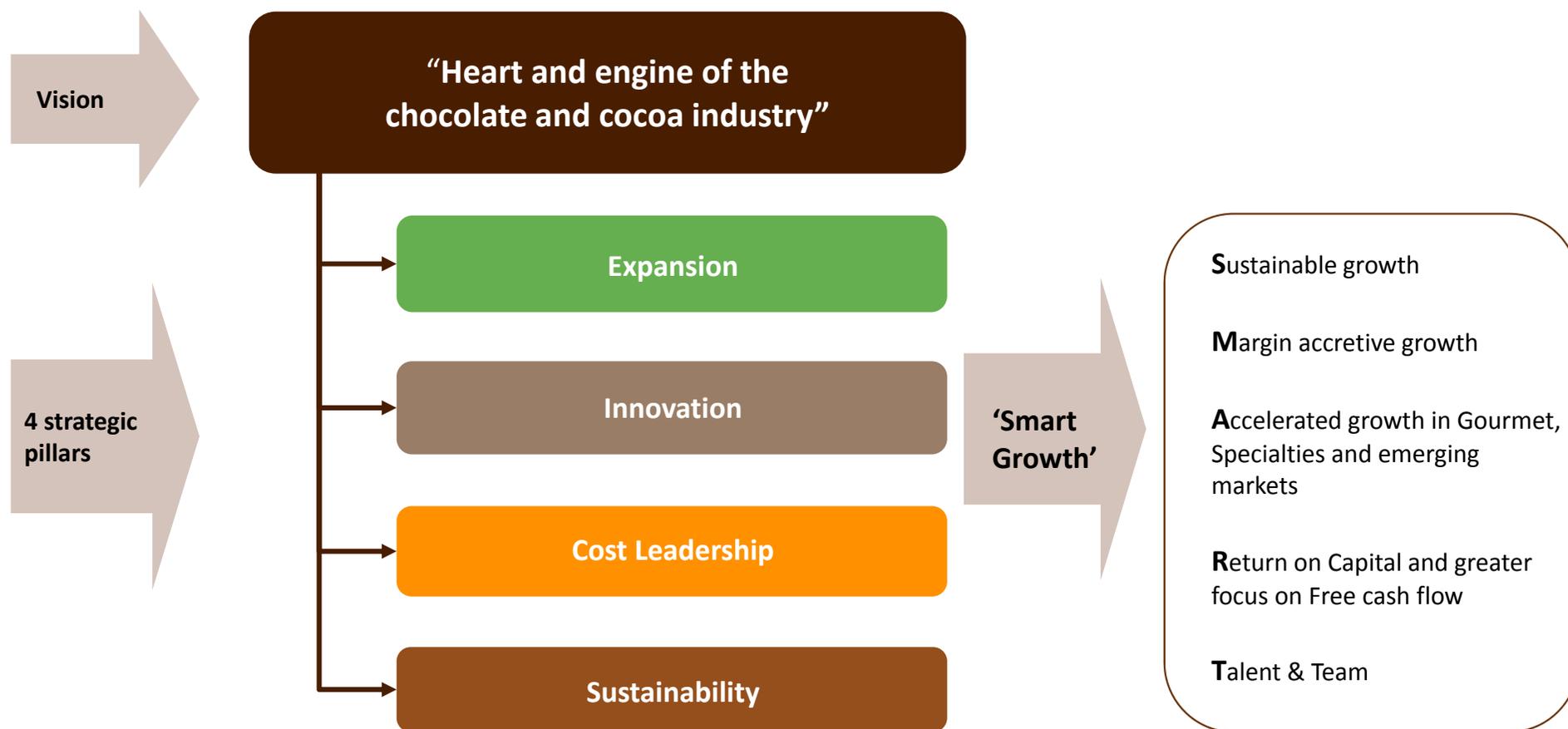
- 1) Payout effected partly in the form of capital repayment by way of par value reduction (CHF 7.27 per share) and partly through a dividend payment (CHF 12.73 per share)
- 2) The distribution of the part related to capital reduction to shareholders will not be subject to withholding tax and – for individuals who are taxed in Switzerland and hold the shares privately – income tax



Strategy & Outlook



Our long-term strategy remains unchanged



Expansion

Recent acquisitions underline focus on value-adding products (Specialties)



Acquisition of D'Orsogna Dolciaria

- ▶ Leading Italian supplier of decoration and inclusion solutions for ice-cream, dairy and bakery products in Europe
- ▶ Sales volume in 2016: 12,000 tonnes. Sales revenues of approx. EUR 52 million
- ▶ Transaction closed on Oct 5, 2017



Acquisition of Gertrude Hawk Ingredients

- ▶ Family-owned U.S. company. New and innovative technology to make ice cream and baking inclusions
- ▶ Sales volume in 2016/17: 13,000 tonnes. Sales revenues of approx. EUR 70 million (USD 83 million)
- ▶ Closing expected by end of December 2017

Unleashing the power of our People



- ▶ A renewed Senior Leadership
 - ▶ Combining continuity and adding new skills

- ▶ Preparing Talent for the Future
 - ▶ Systematic accelerated succession planning
 - ▶ Learning and Development as a business focus

- ▶ A Diverse Talent pool
 - ▶ Reflecting society's trends and customers' needs
 - ▶ An attractive workplace for Millennials
 - ▶ Focus on growing talent from origin /emerging countries

- ▶ Unified culture
 - ▶ Forever Chocolate playing to BC core values

Our focus areas in FY 2017/18



▶ **Grow Competitively**

- ▶ Expanding in emerging markets and drive long-term outsourcing agreements
- ▶ Greater focus on digital: e-commerce and customer portal
- ▶ Leading on innovation

▶ **Grow Sustainably**

- ▶ Scaling Forever Chocolate
- ▶ Invest in production capacity to cater for customer needs
- ▶ Strengthening capabilities
- ▶ Develop talents

▶ **Grow Profitably**

- ▶ Driving leverage by maintaining an optimized cost base
- ▶ Expanding our value-adding offer to customers
- ▶ Focus on profitability and cash

Outlook

Mid-term guidance confirmed and extended



Outlook

- ▶ Current market environment remains positive, a more supportive cocoa products market and slightly improving demand for chocolate

Mid-term guidance extended until 2018/19:

- ▶ Average volume growth 4-6%
- ▶ EBIT growth on average above volume growth¹



¹ 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 FY: +1.4%

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

Eastern Europe (18% of market)
 2012-16 average: -0.5%
 2017 FY: -0.3%



South America (5% of market)
 2012-16 average: -1.6%
 2017 FY: -2.7%

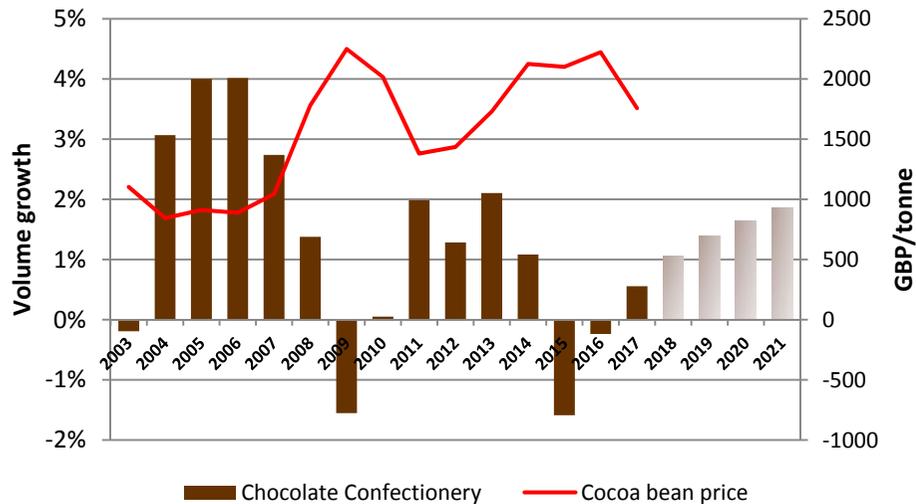
Asia Pacific (8% of market)
 2012-16 average: +5.3%
 2017 FY: +3.1%

*Source: Nielsen chocolate confectionery in volume – 26 countries

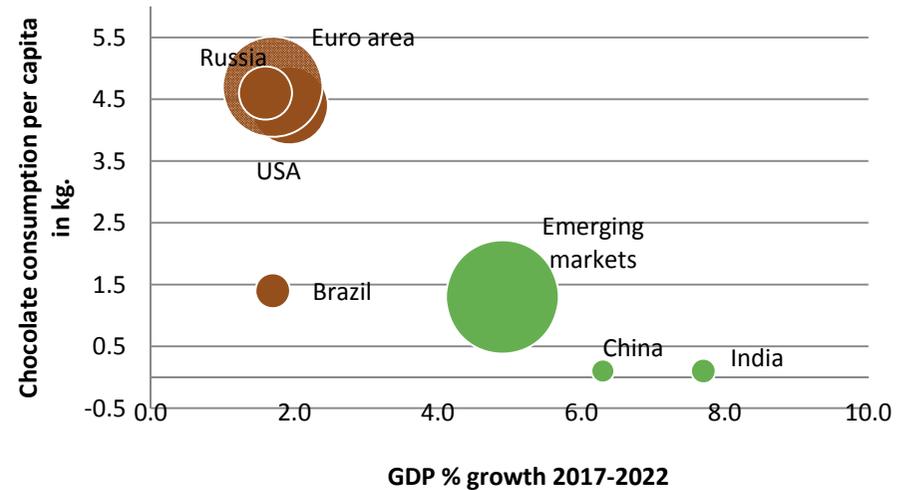


Our market and opportunities ahead

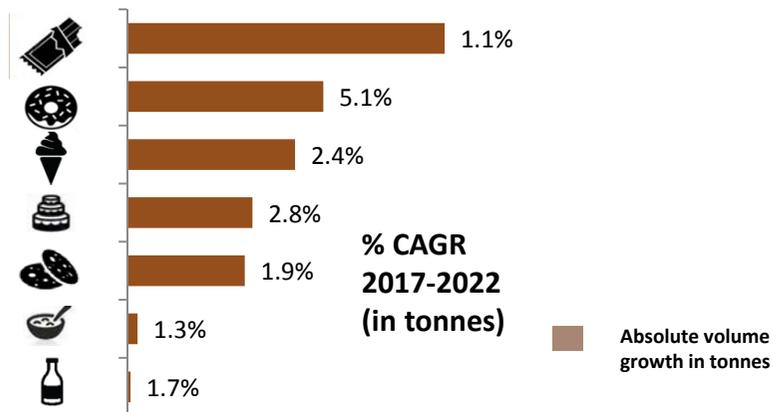
Global Chocolate confectionery volume growth vs cocoa bean price



Growing economies with still low chocolate consumption per capita



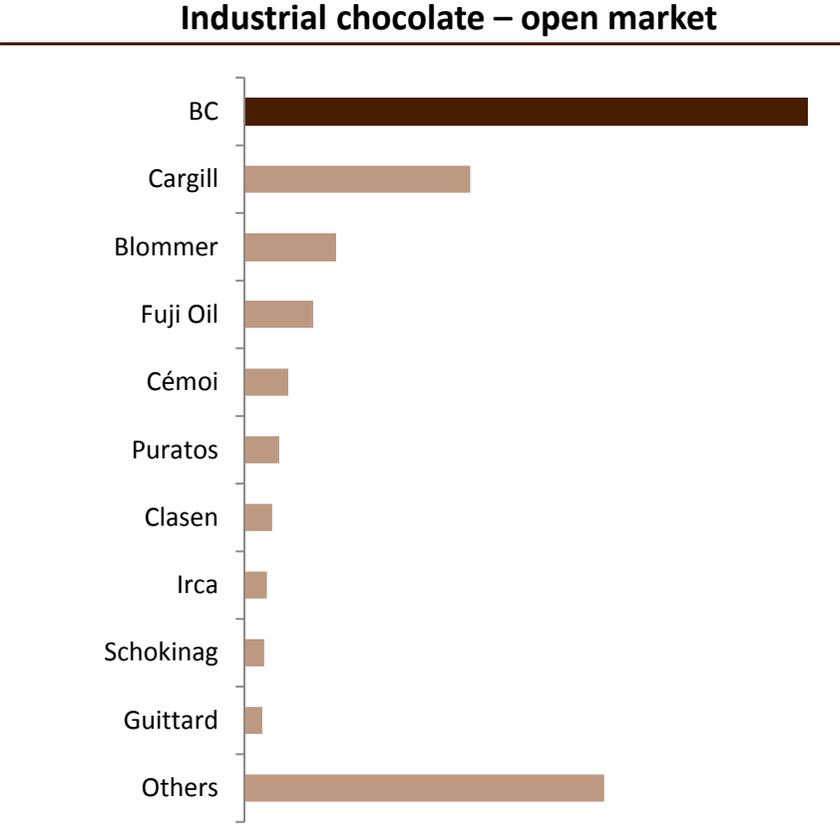
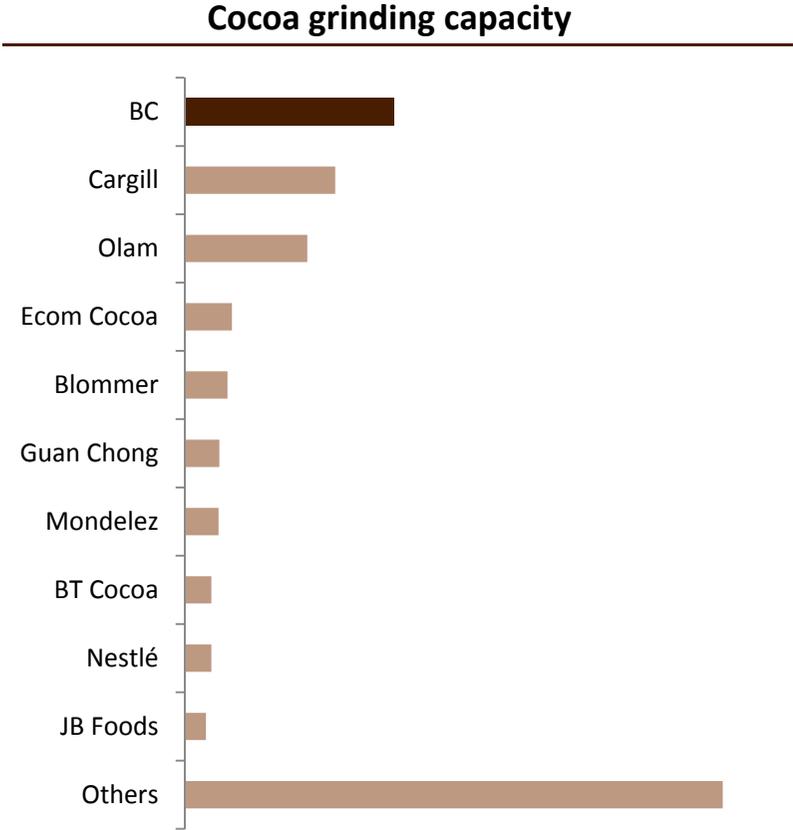
Forecast volume growth per application 2017-2022



Sources: Euromonitor, IMF & Global Bank

Chocolate and Cocoa markets

Barry Callebaut uniquely positioned in industrial chocolate and cocoa markets

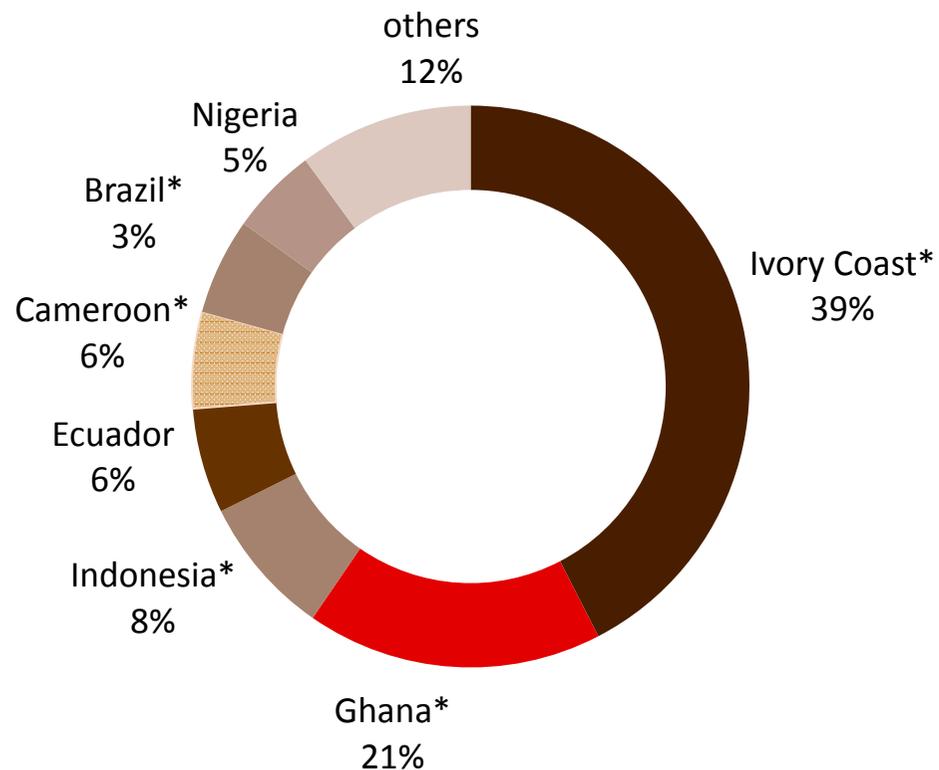


Notes: Olam incl. ADM; Cargill incl. ADM chocolate business; Fuji Oil incl. Harald
Sources: Proprietary estimates



West Africa is the world's largest cocoa producer

Total world harvest (15/16): 3,989 TMT

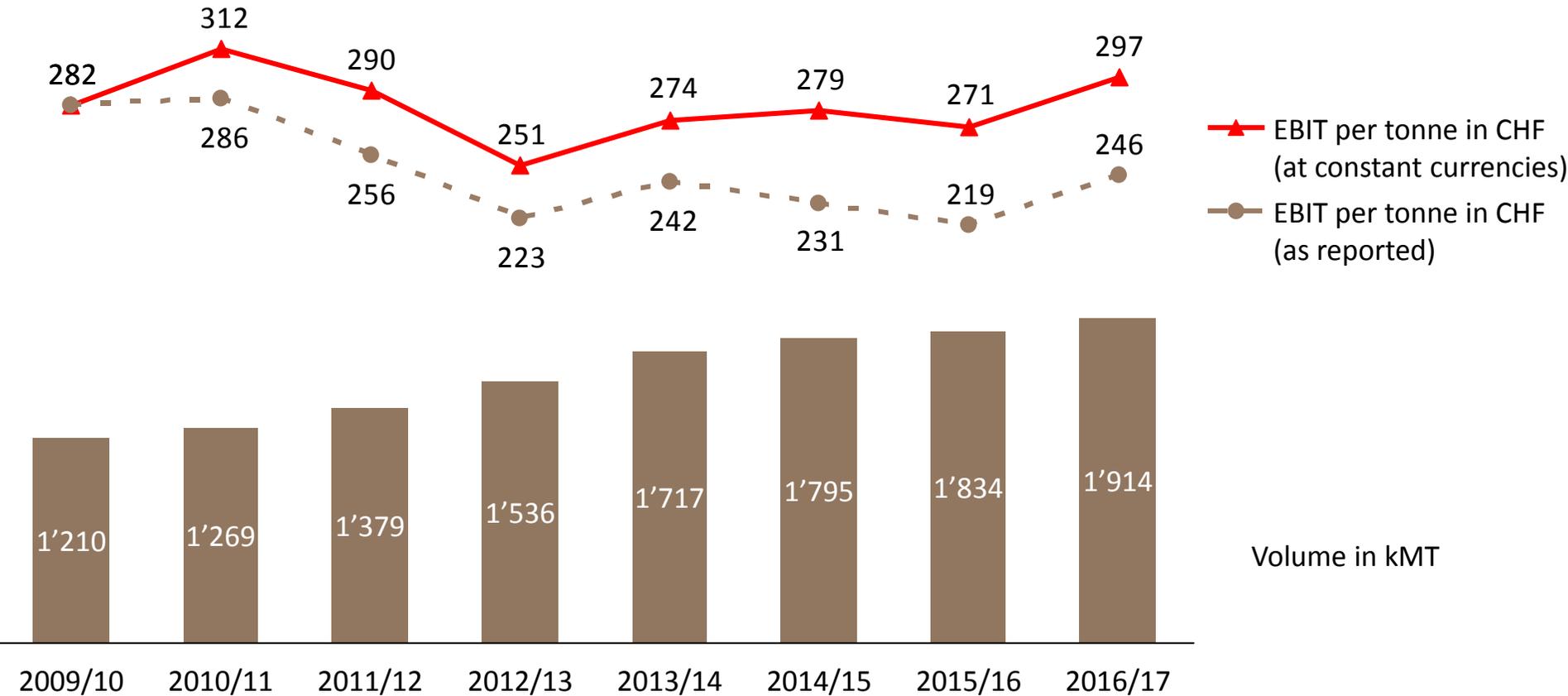


- ▶ About 70% of total cocoa beans come from West Africa
- ▶ BC processed ~900,000 tons or 23% of the world crop
- ▶ Barry Callebaut has various cocoa processing facilities in origin countries*, in Europe and in the USA

Source: ICCO estimates

8-year EBIT per tonne development

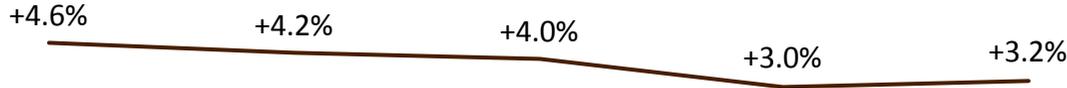
Increase in EBIT per MT thanks to more favorable cocoa processing margin and improvement of product and customer mix



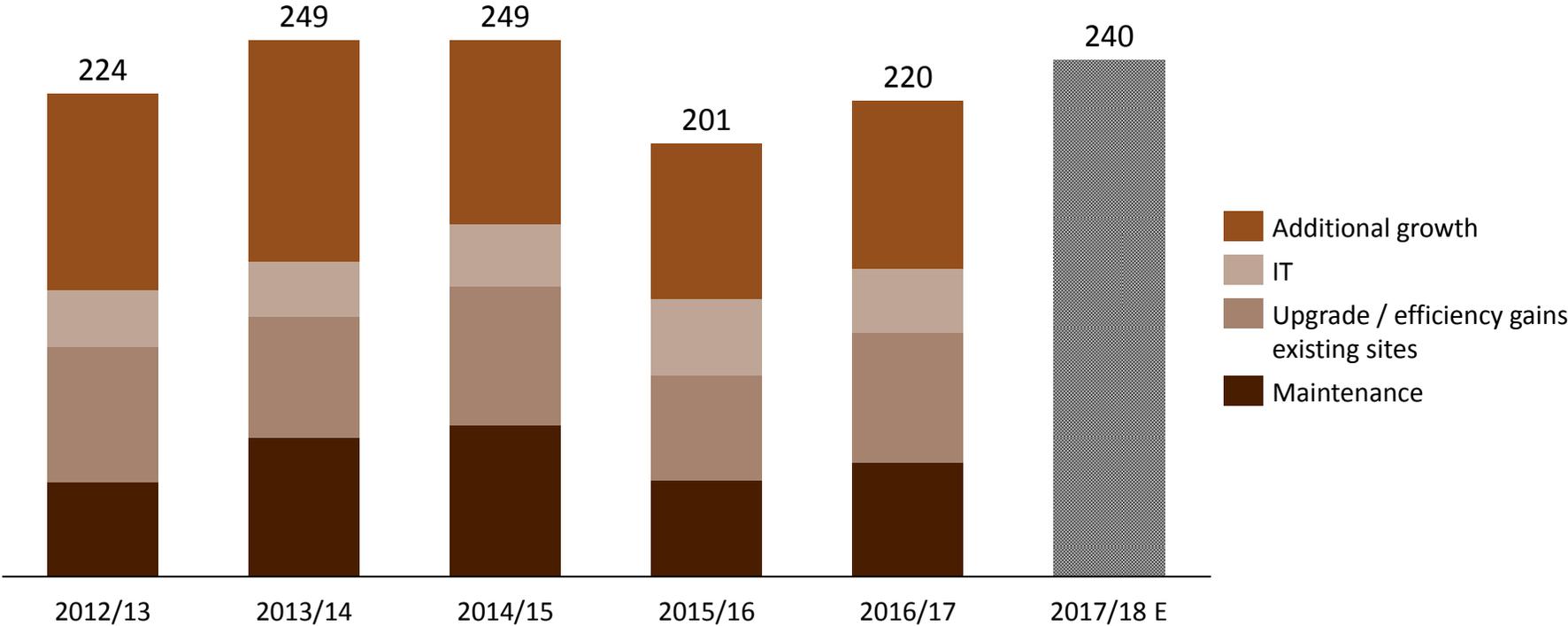
12 months – CAPEX

Capital Expenditures

in CHF mio.

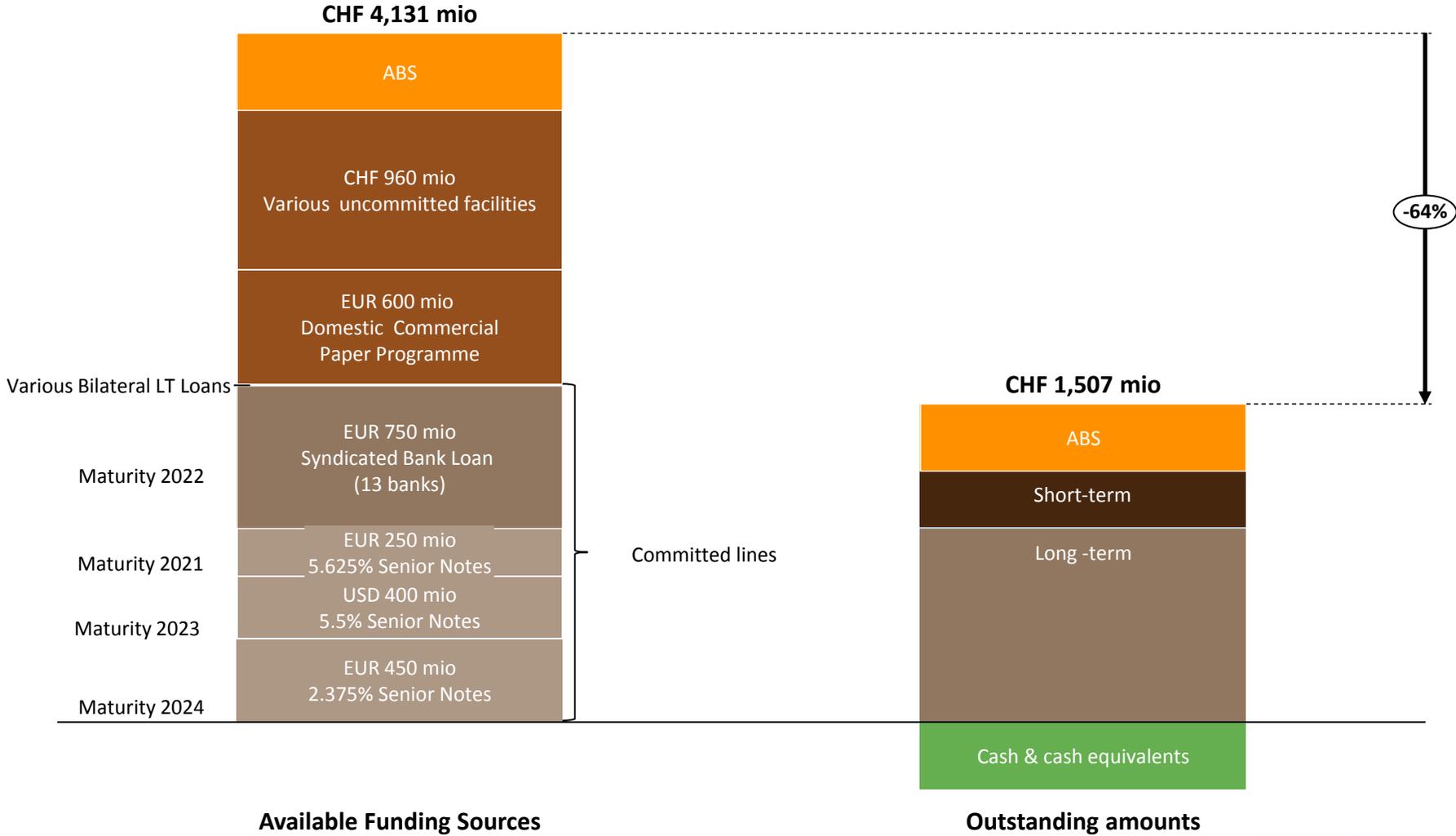


CAPEX as % of sales revenue



Significant headroom for further growth and raw material price fluctuations

As of 31 August 2017



Liquidity – Debt maturity profile

As of August 31, 2017

in CHF mio

