

# Roadshow presentation – Q1 Key Sales figures 2017/18

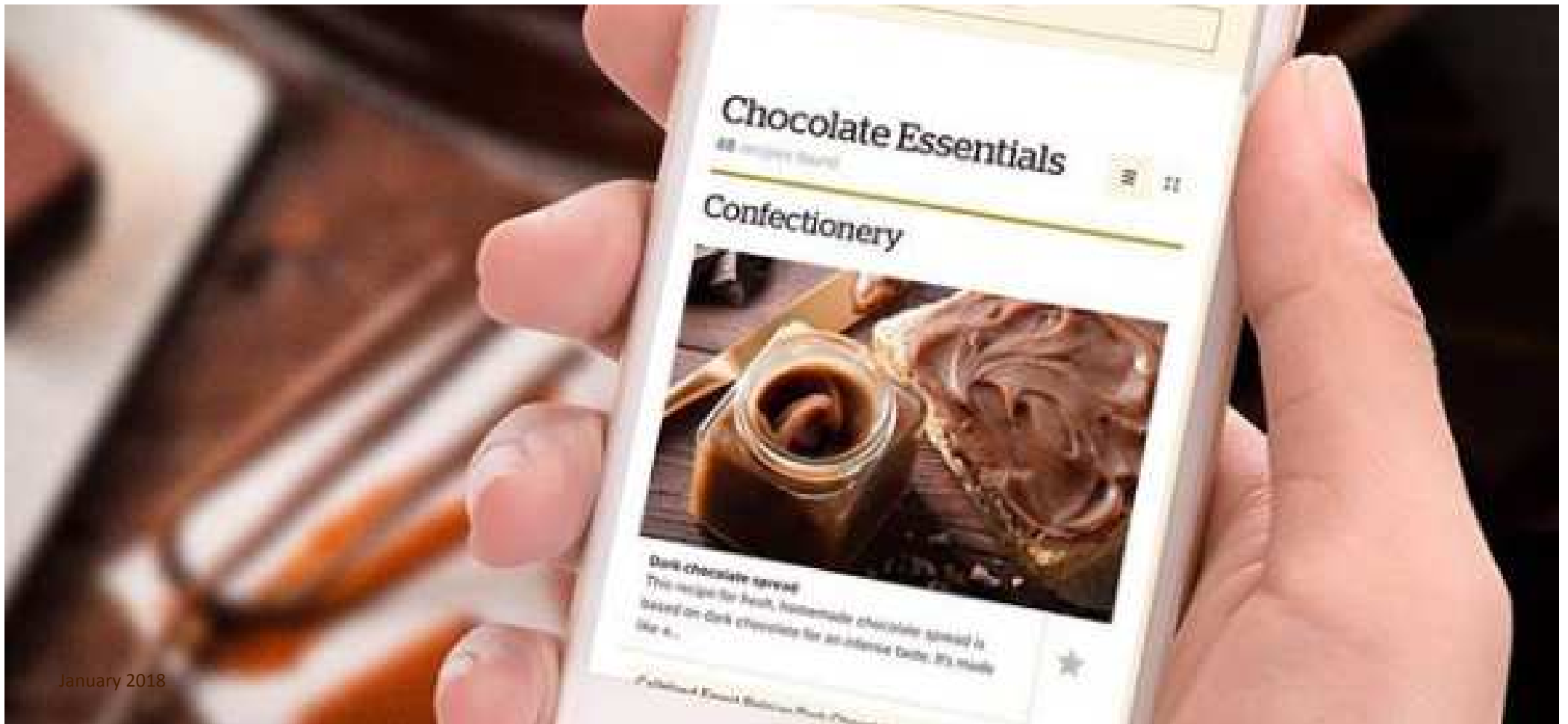
January 2018



# Agenda

- ▶ BC at a glance
- ▶ Highlights Q1 2017/18
- ▶ Strategy & Outlook

## BC at a glance



Who are we?

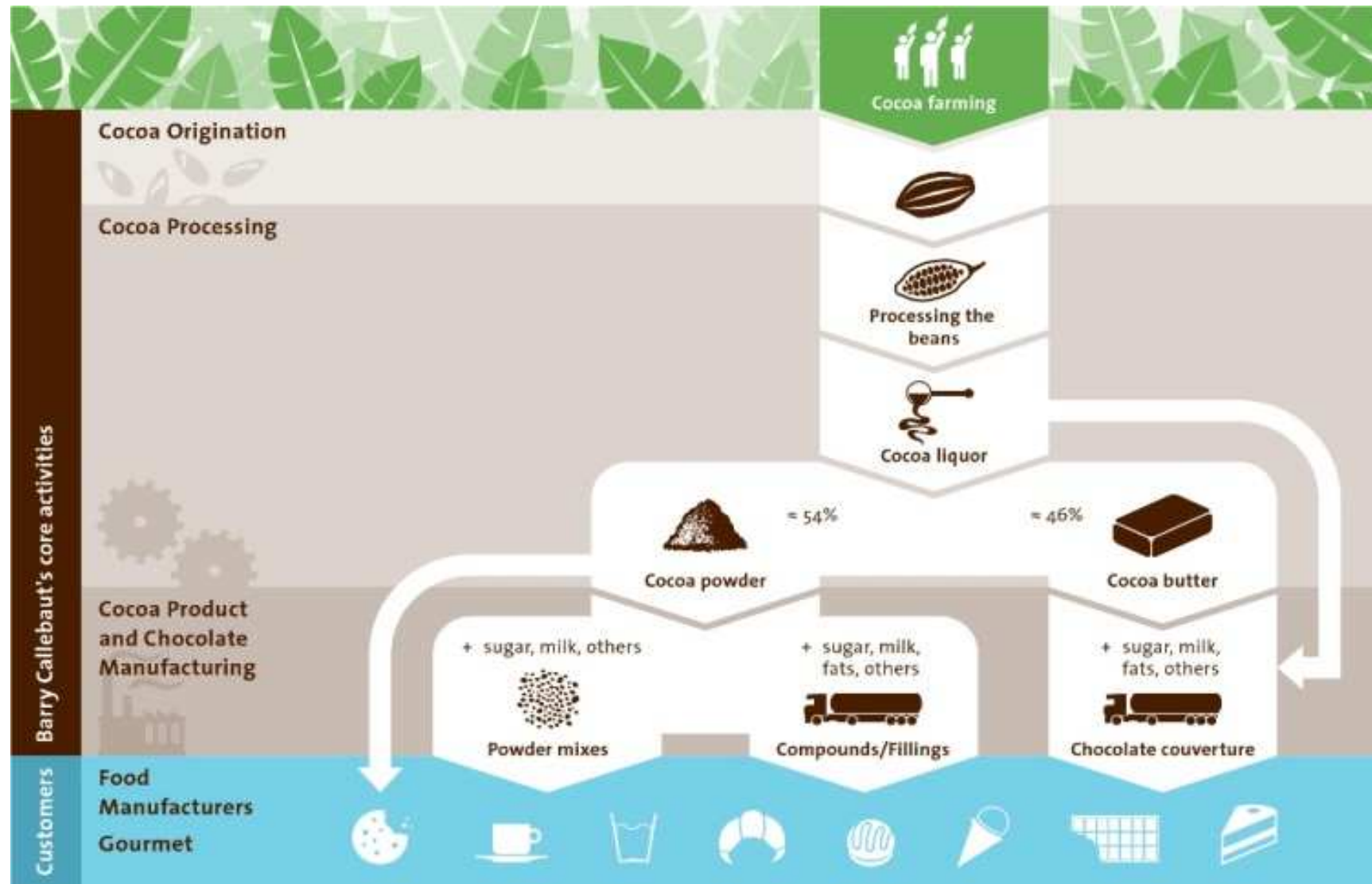
## The heart and engine of the chocolate industry



- ▶ A merger between **Cacao Barry**, the very first French chocolate connaisseur since 1842 and **Callebaut** a Belgian 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 4<sup>th</sup>**



**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

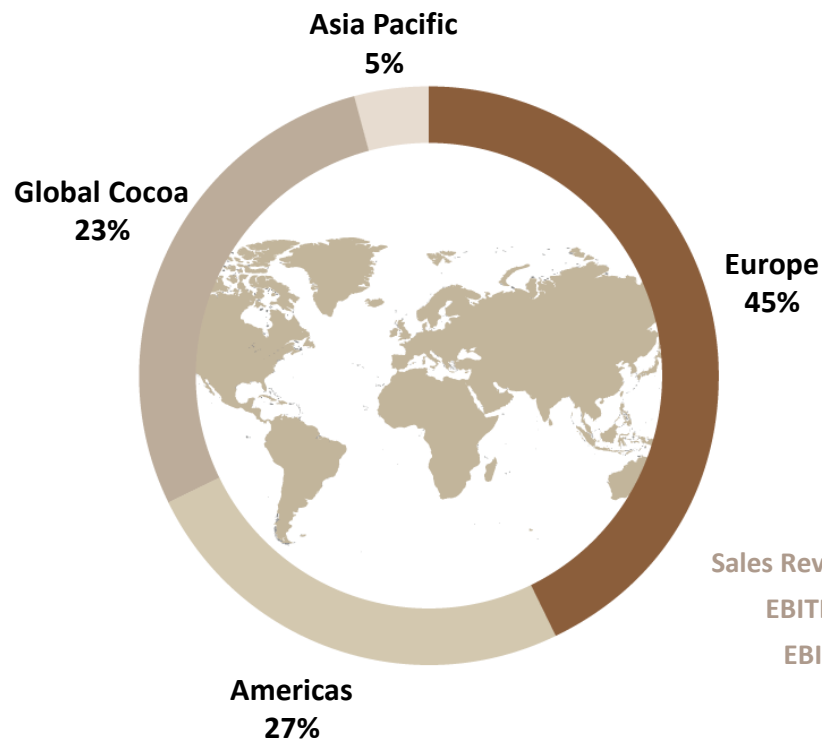


How are we organized?

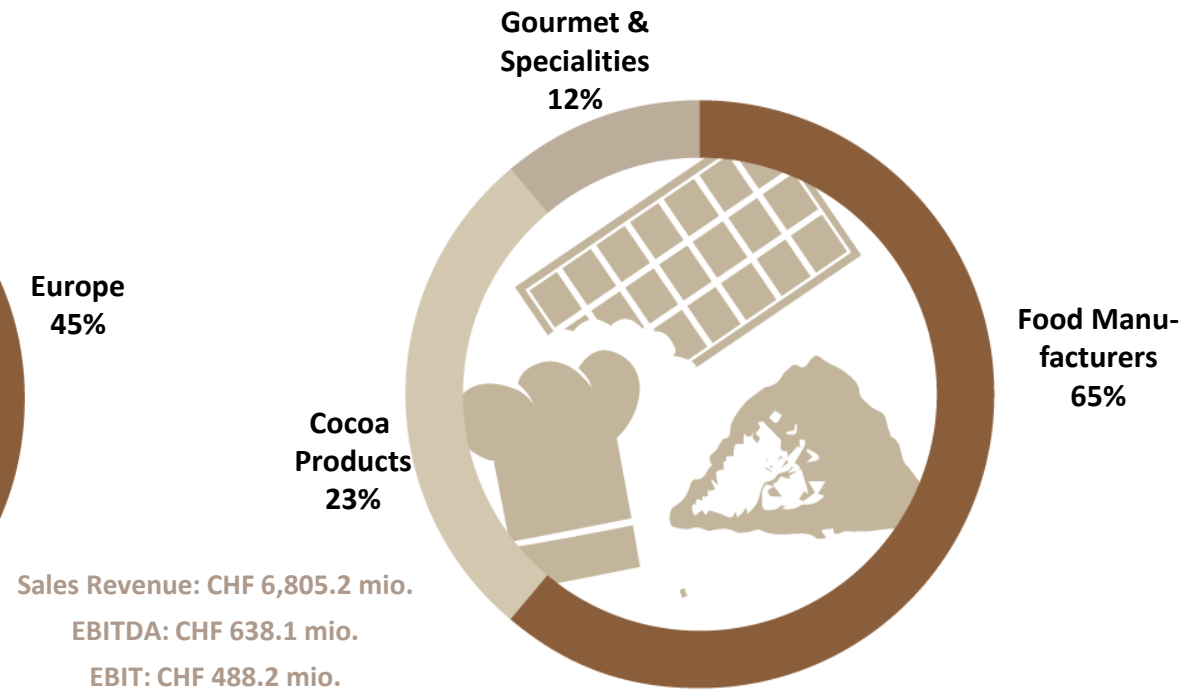
## Our Regional and Product split

FY 2016/17 Sales Volume: 1.9 million tonnes

### Sales Volume per Region



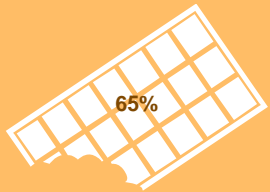
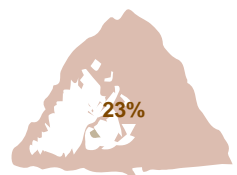

### Sales Volume per Product Group





## Our business model

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

	Customers	Pricing model	Profit levers
<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>

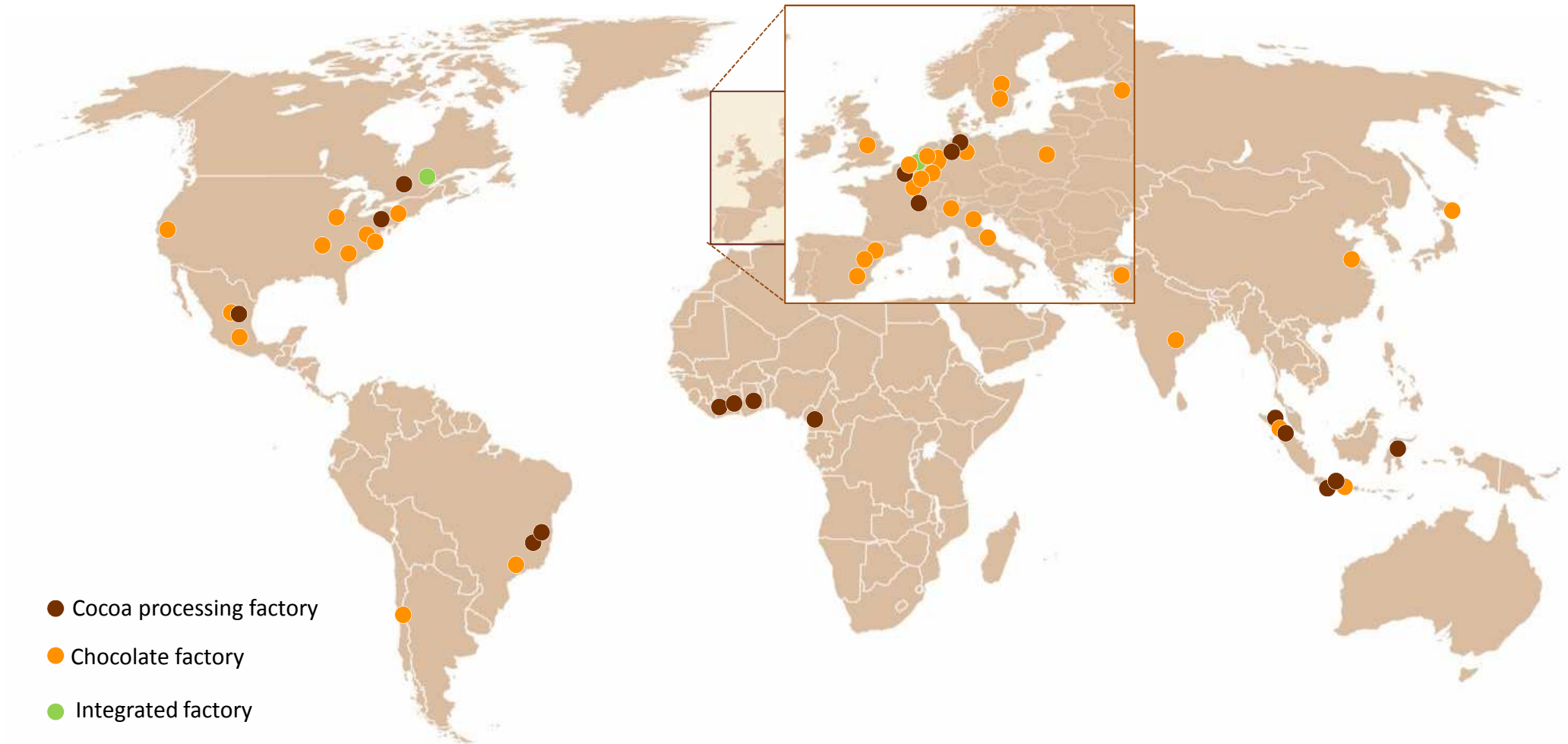
Note: Percentage of FY2015/16 Group sales volume

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

Where are we present?

## A global footprint and a local service: 55 factories worldwide

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



## Highlights Q1 2017/18



## 3-Month Key Sales Figures 2017/18

# Strong start to the year



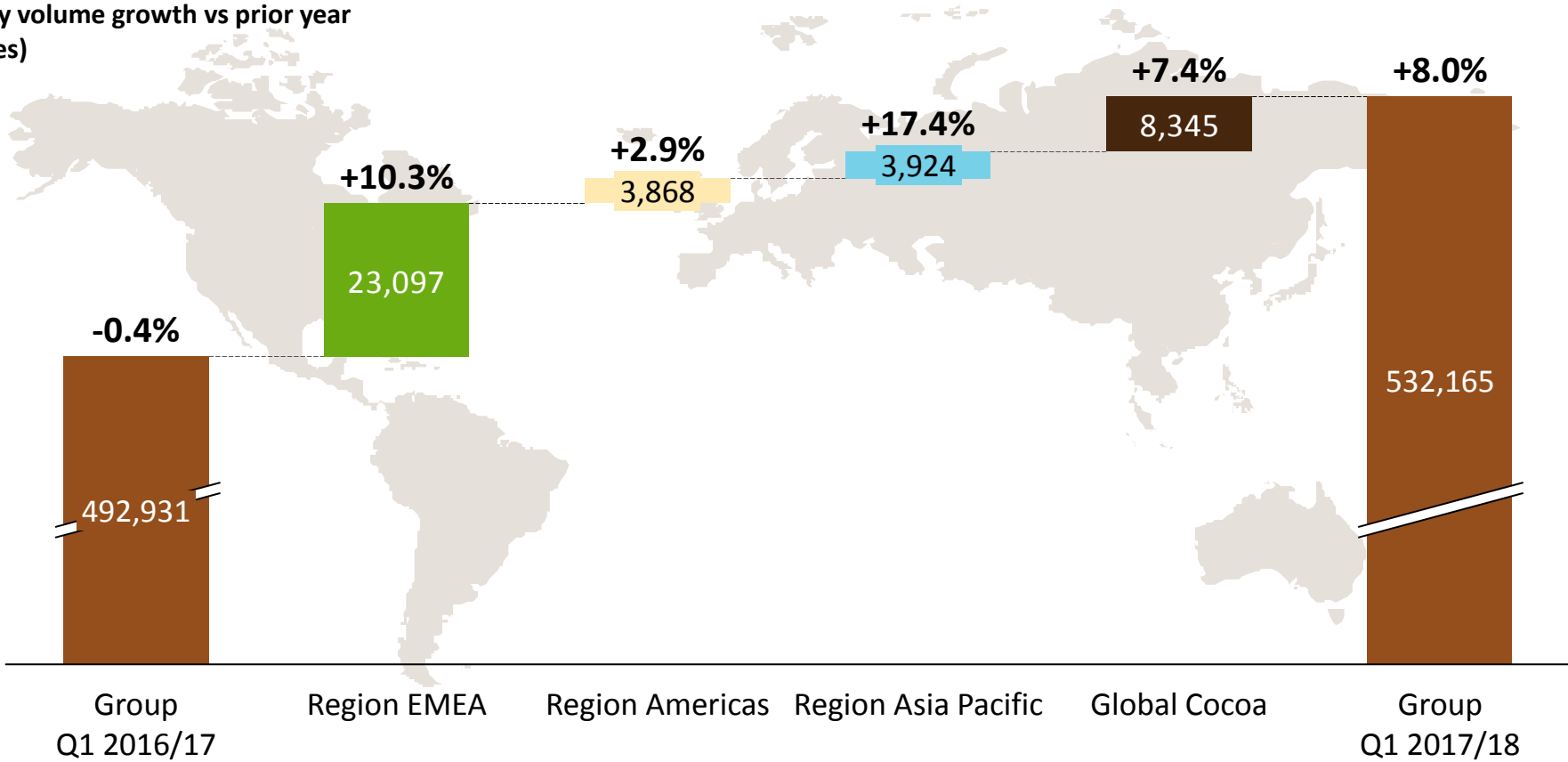
- ▶ Sales volume up +8.0%
- ▶ Broad-based growth supported by all Regions and Product Groups
- ▶ All key growth drivers contributed to outperform the market (+3.1%)<sup>1</sup>
- ▶ Sales revenue reached CHF 1,872.2 million, a slight decline of -0.7%, mainly due to lower cocoa and raw mat. prices
- ▶ Mid-term guidance confirmed

<sup>1</sup> Nielsen chocolate confectionery in volume – 25 countries - Aug 2017 – Oct 2017

Quarterly volume evolution

# Strong start to the year across all Regions

Quarterly volume growth vs prior year (in Tonnes)



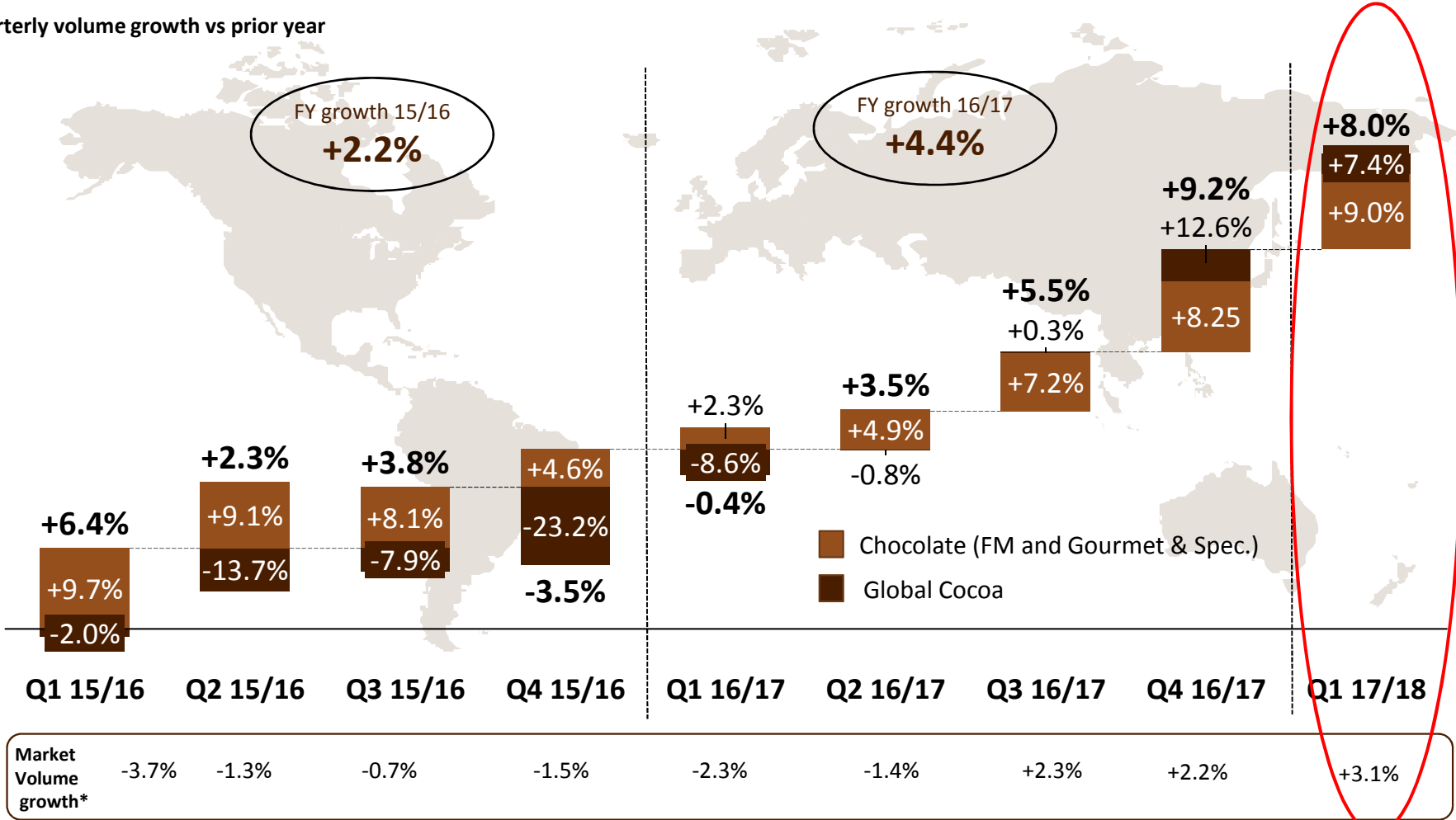
Market Volume growth*	Group Q1 2016/17	Region EMEA	Region Americas	Region Asia Pacific	Global Cocoa	Group Q1 2017/18
	-2.3%	+3.6%	+1.3%	+4.8%		+3.1%

\*Source: Nielsen chocolate confectionery in volume – 25 countries

Quarterly volume evolution

# Strong start to the year in Cocoa and Chocolate Product Groups

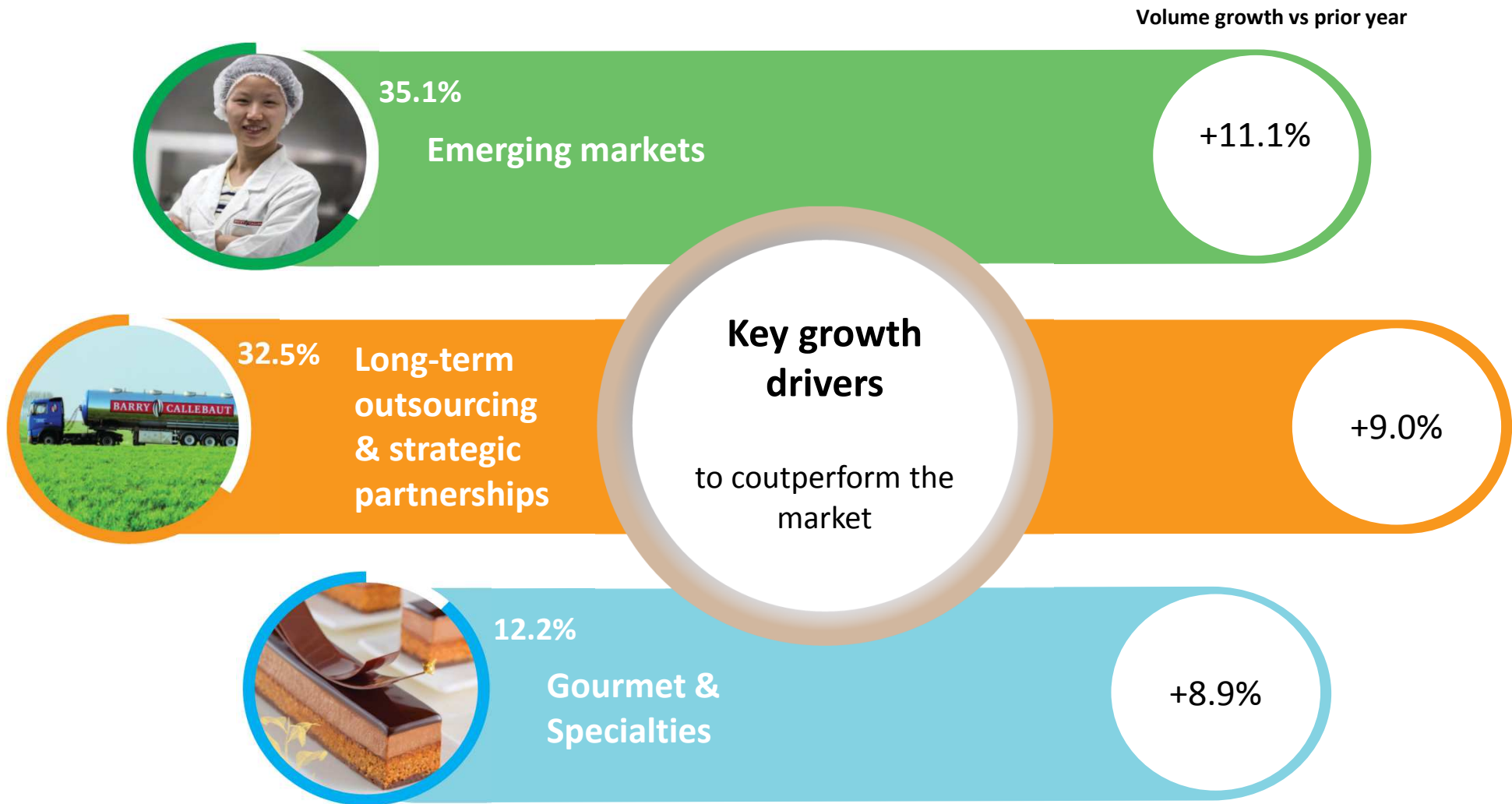
Quarterly volume growth vs prior year



\*Source: Nielsen chocolate confectionery in volume – 25 countries

Q1 2017/18

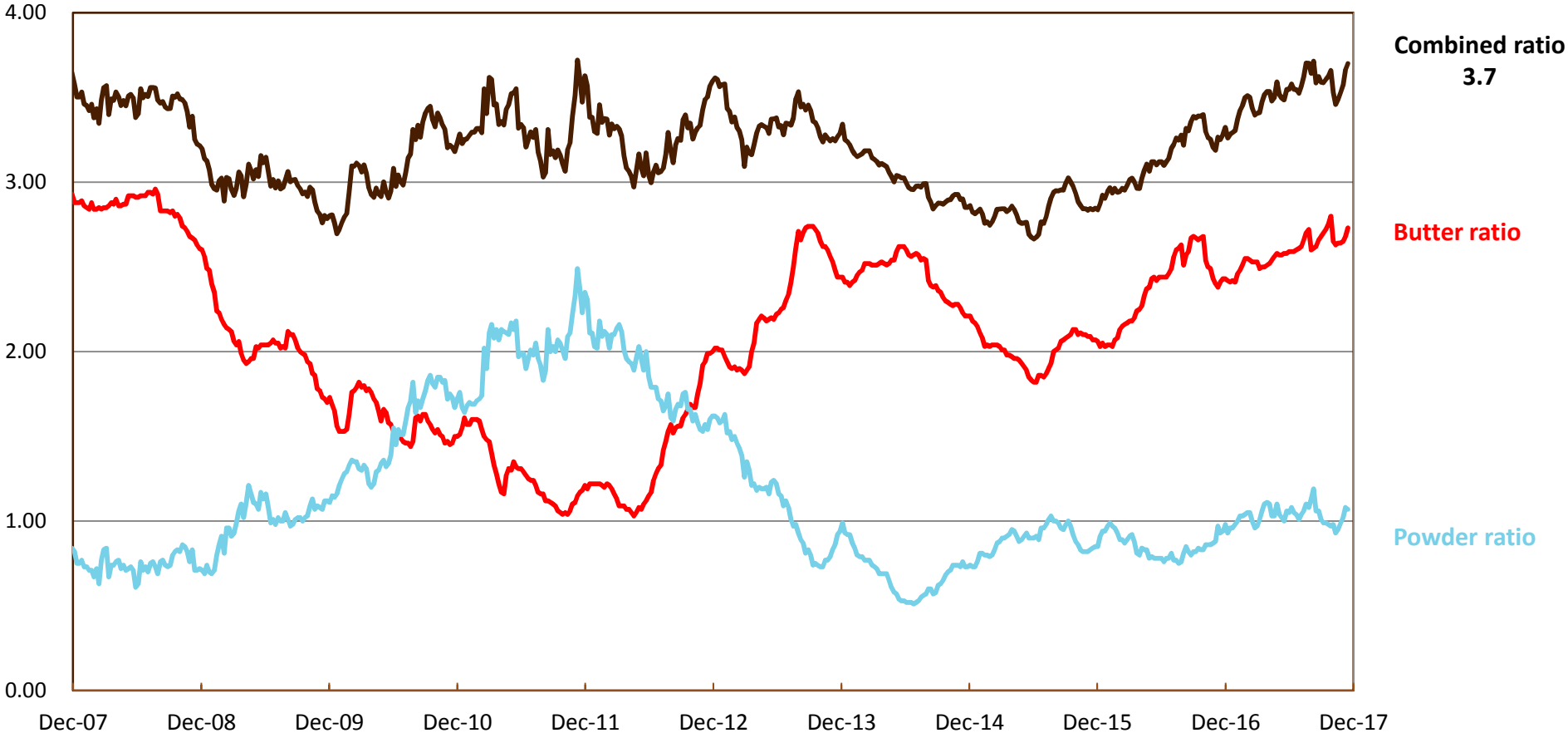
## Volume increase supported by all our key growth drivers



# Cocoa processing profitability

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

European combined ratio - 6 months forward ratio



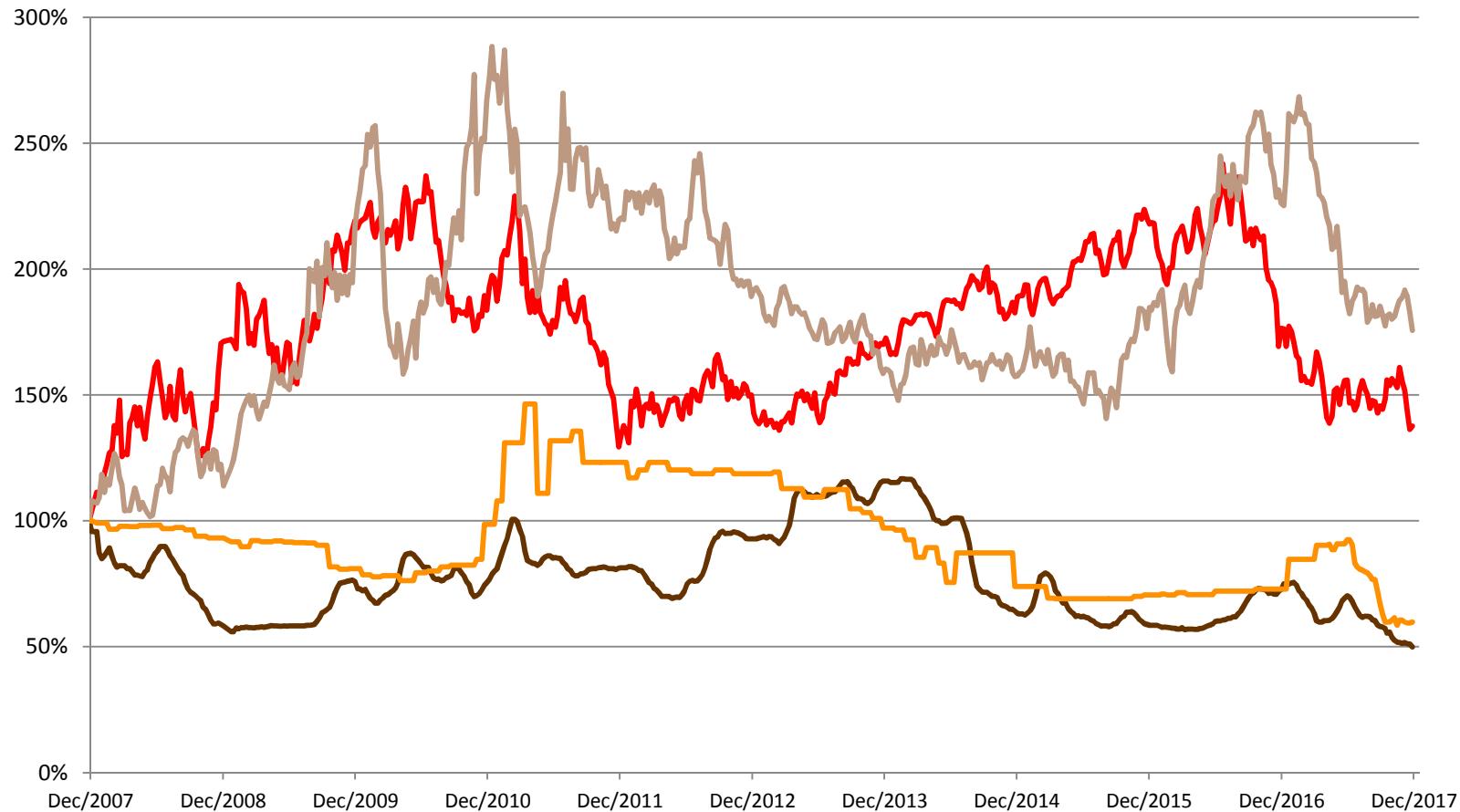
For cocoa processors, profitability depends on the ratio between input costs (price of cocoa beans) and combined output prices (price of cocoa butter and powder).





## Raw materials price evolution

# Lower raw material prices, with continued volatility



**Q1 average increase vs. prior year**

**Sugar world**  
-25.1%

**Cocoa beans**  
-25.0%

**Sugar EU**  
-14.2%

**Milk powder**  
-24.1%

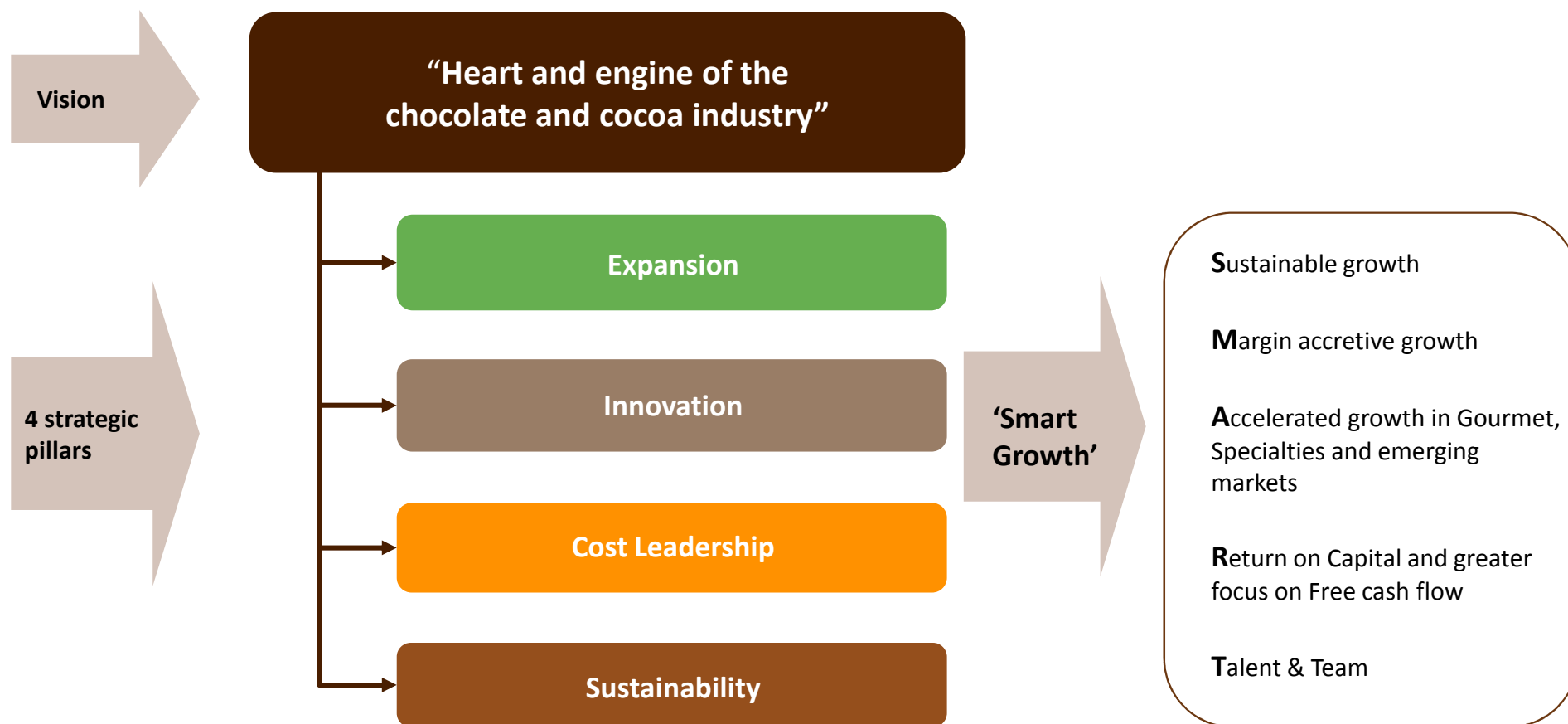
Note: All figures are indexed to Sep 2007

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.

## 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 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** (22% of market)  
 2012-17 average: 0.1%  
 2018 Q1: 0.3%

**Western Europe** (33% of market)  
 2012-17 average: 0.0%  
 2018 Q1: 2.8%

**EEMEA** (24% of market)  
 2012-17 average: -0.6%  
 2018 Q1: 5.6%



**South America** ( 7% of market)  
 2012-17 average: -1.2%  
 2018 Q1: 5.9%

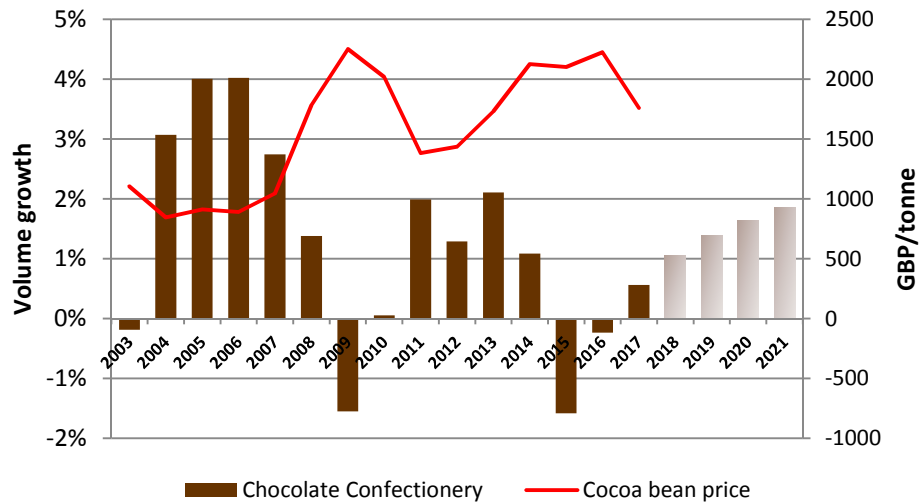
**Asia Pacific** (14% of market)  
 2012-17 average: 4.4%  
 2018 Q1: 4.8%

Source, growth: Nielsen chocolate confectionery in volume – 25 countries, up to Oct/Nov 2017  
 Source regional market shares: Euromonitor

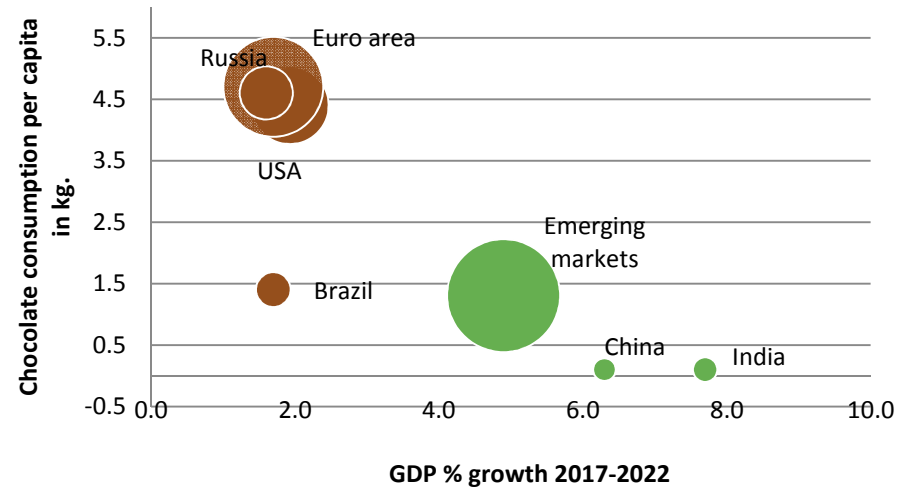


# Our market and opportunities ahead

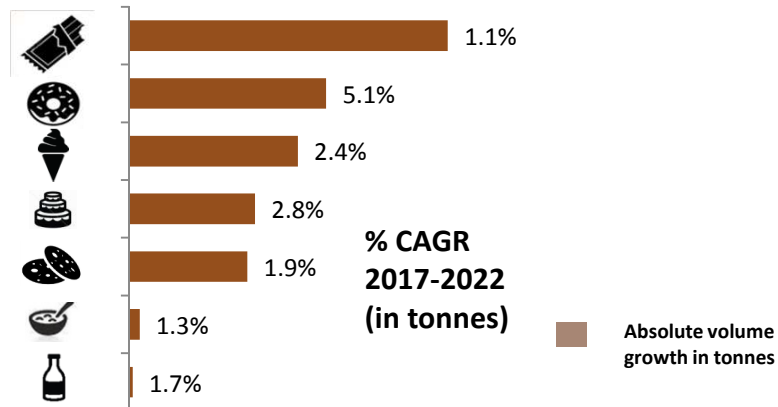
Global Chocolate confectionery volume growth vs cocoa bean price



Growing economies with still low chocolate consumption per capita



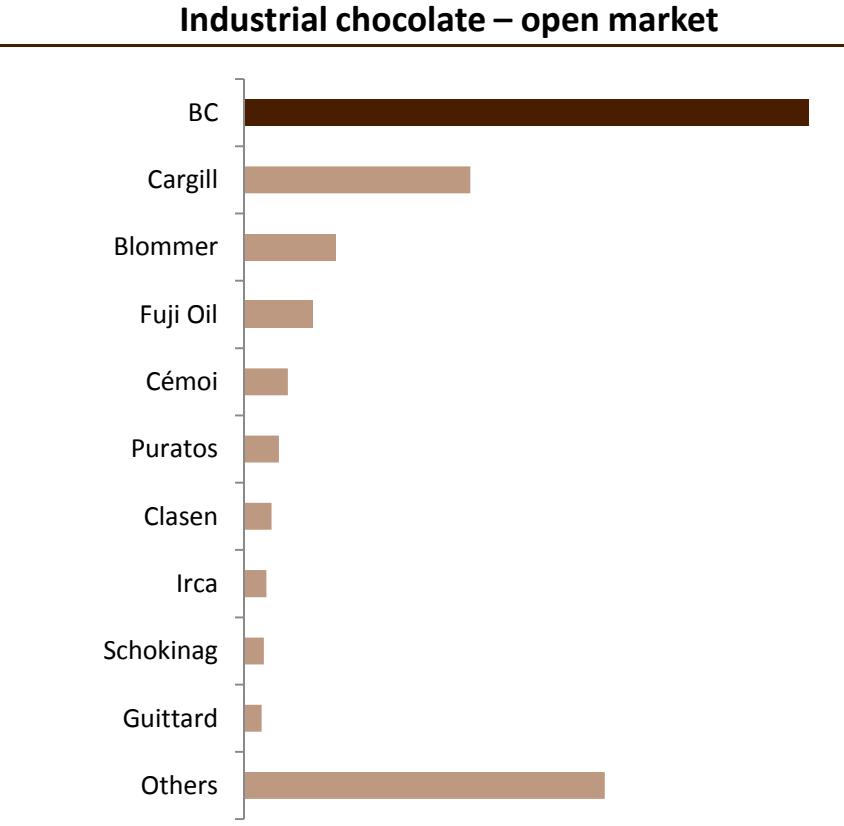
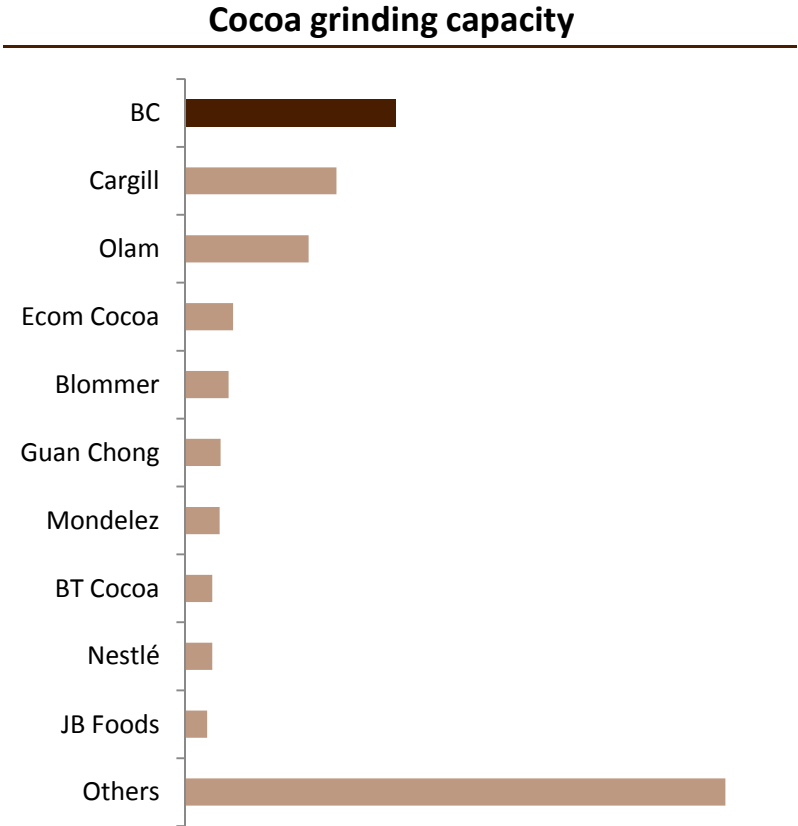
Forecast volume growth per application 2017-2022



Sources: Euromonitor, IMF & Global Bank

Chocolate and Cocoa markets

# Barry Callebaut uniquely positioned in industrial chocolate and cocoa markets

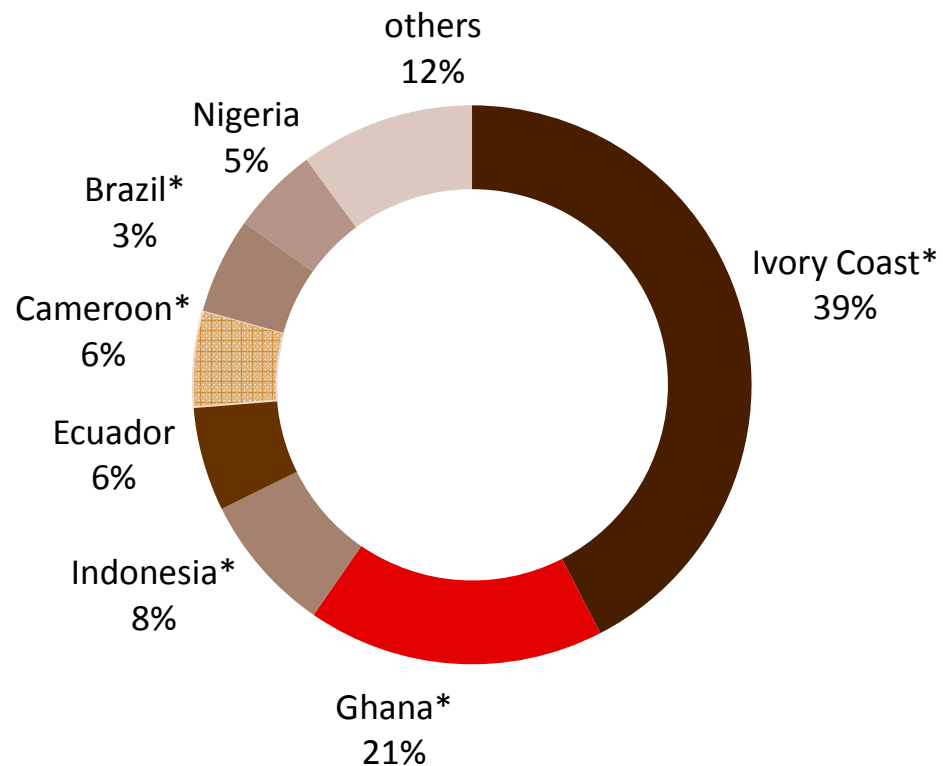


**Notes:** Olam incl. ADM; Cargill incl. ADM chocolate business; Fuji Oil incl. Harald  
**Sources:** Proprietary estimates



# 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

FY results 2016/17

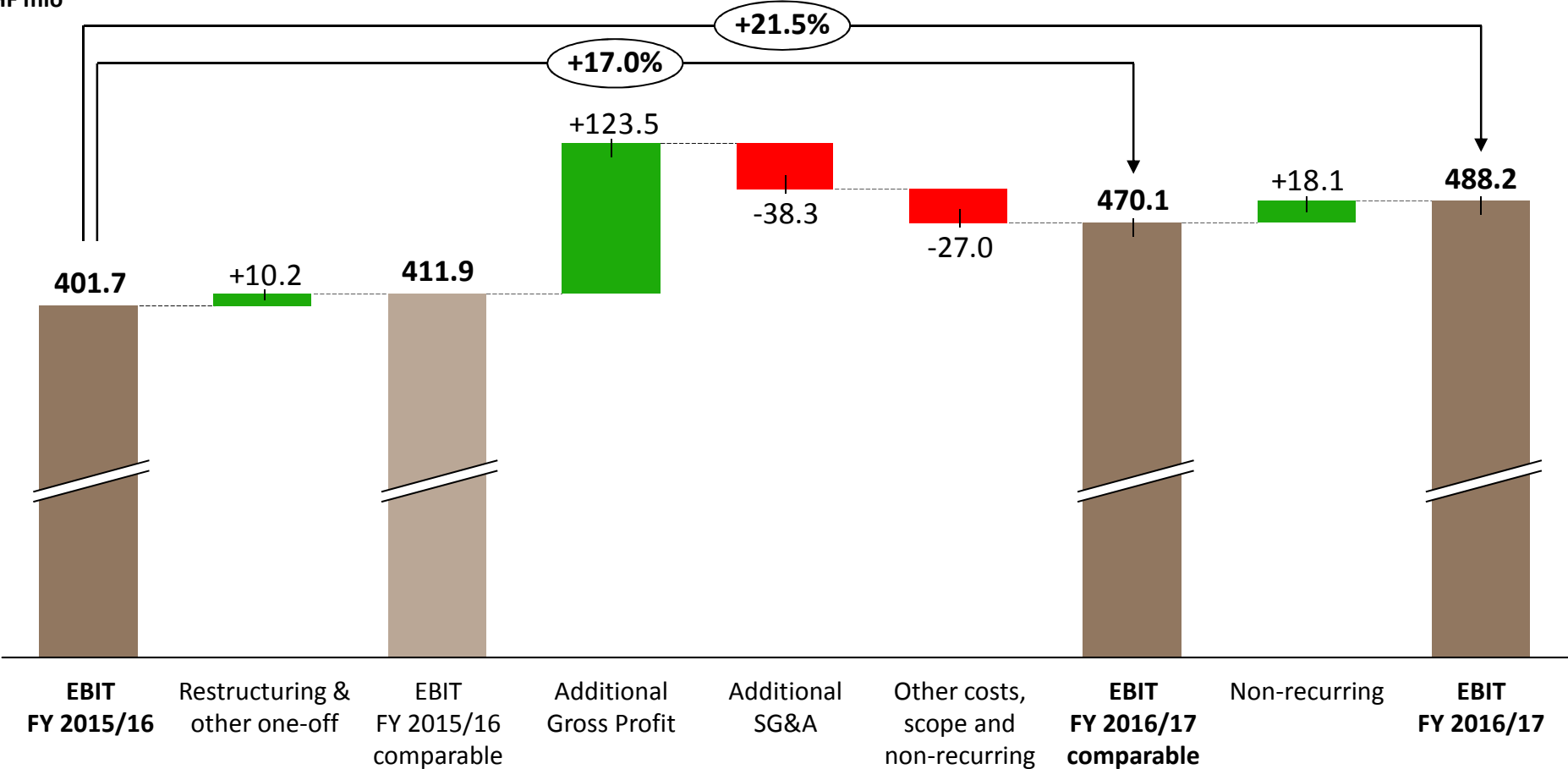
## Successful year, delivering on our strategy

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%

EBIT FY 2016/17

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

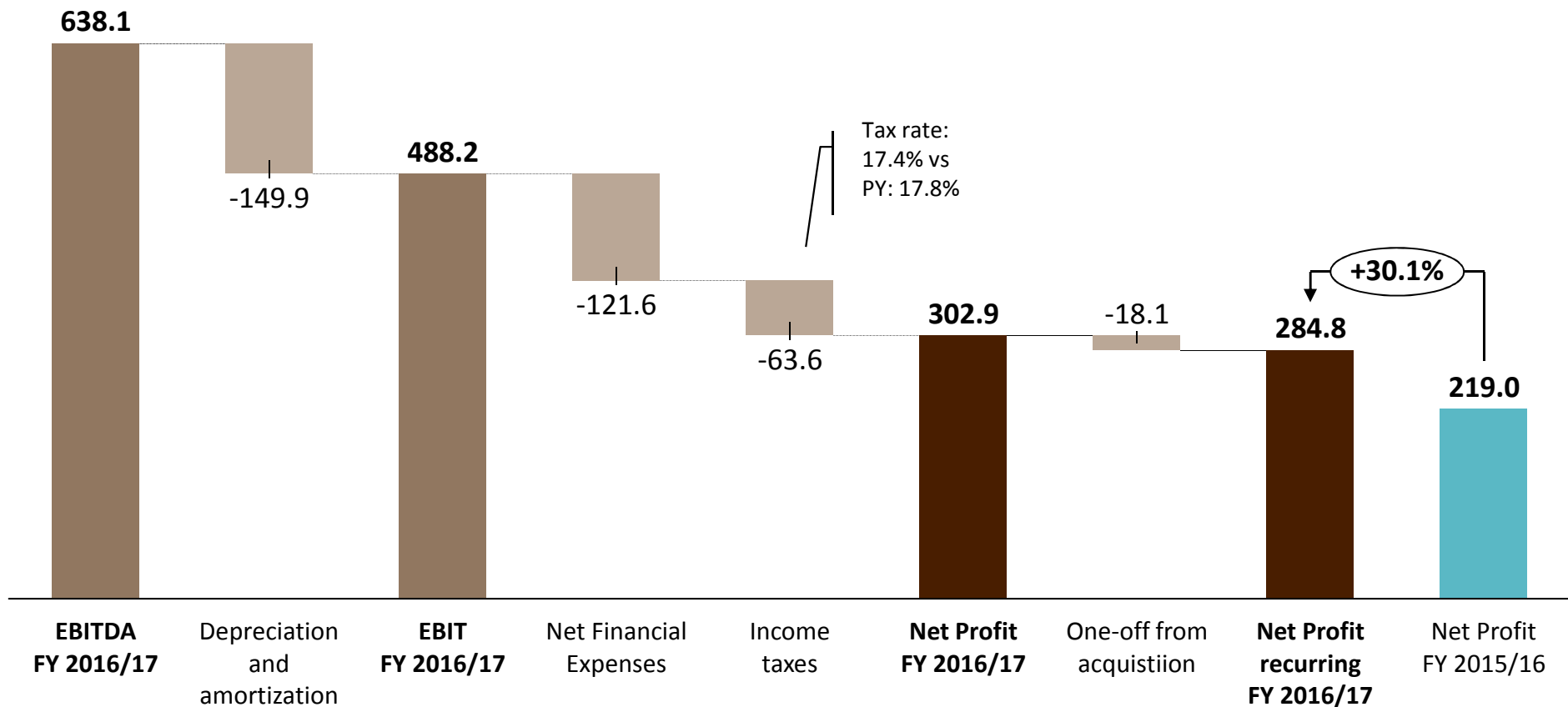
In CHF mio



## 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





## Balance Sheet & key ratios

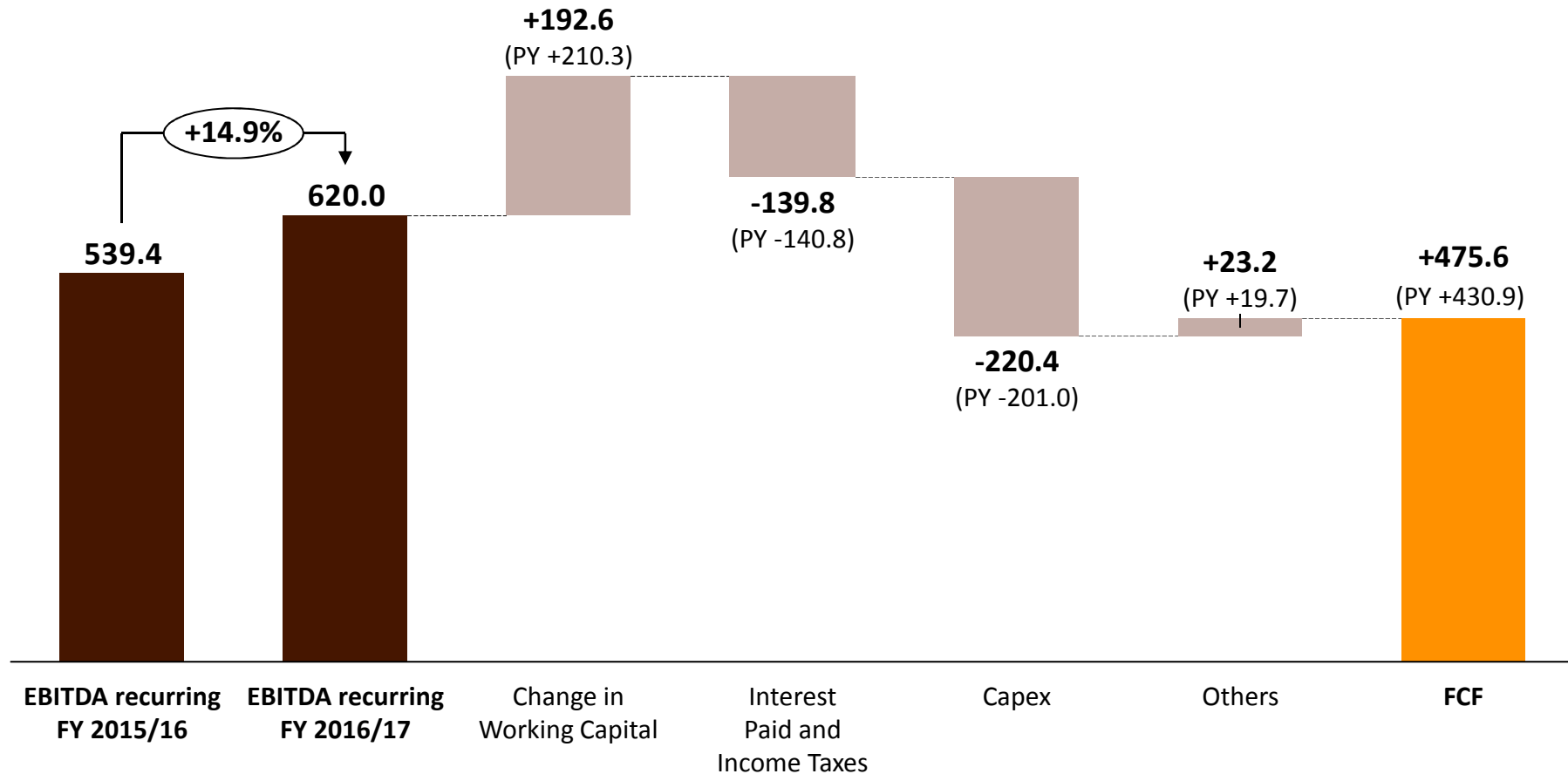
### Positive development of all key financial ratios

	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%

## Free Cash Flow

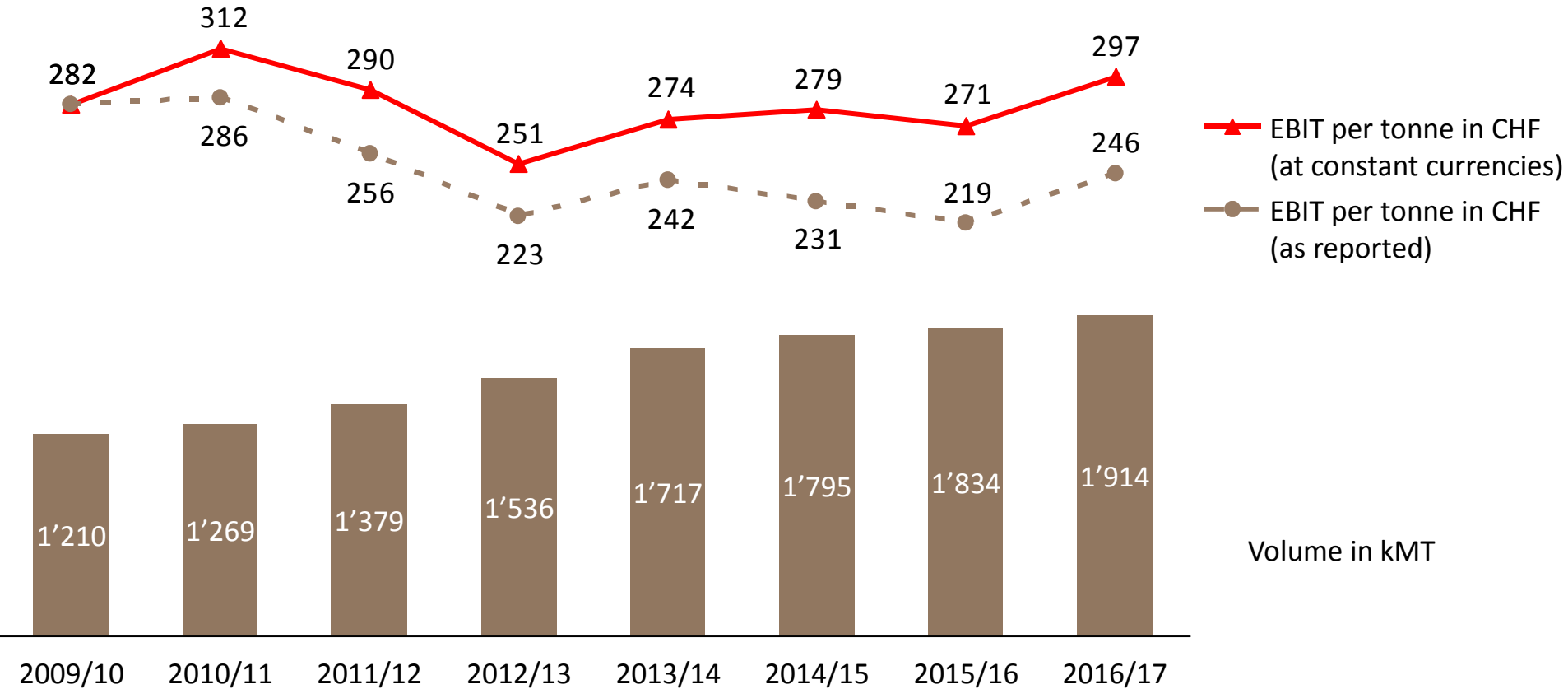
Strong free cash flow, based on higher profitability, lower working capital, stable interest and taxes paid, plus discipline on investments

in CHF mio.



8-year EBIT per tonne development

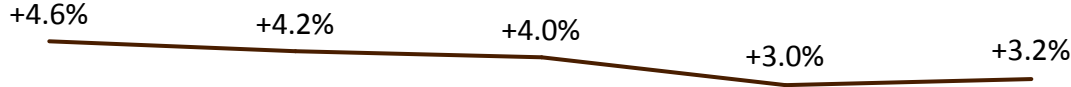
Increase in EBIT per MT thanks to more favorable cocoa processing margin and improvement of product and customer mix



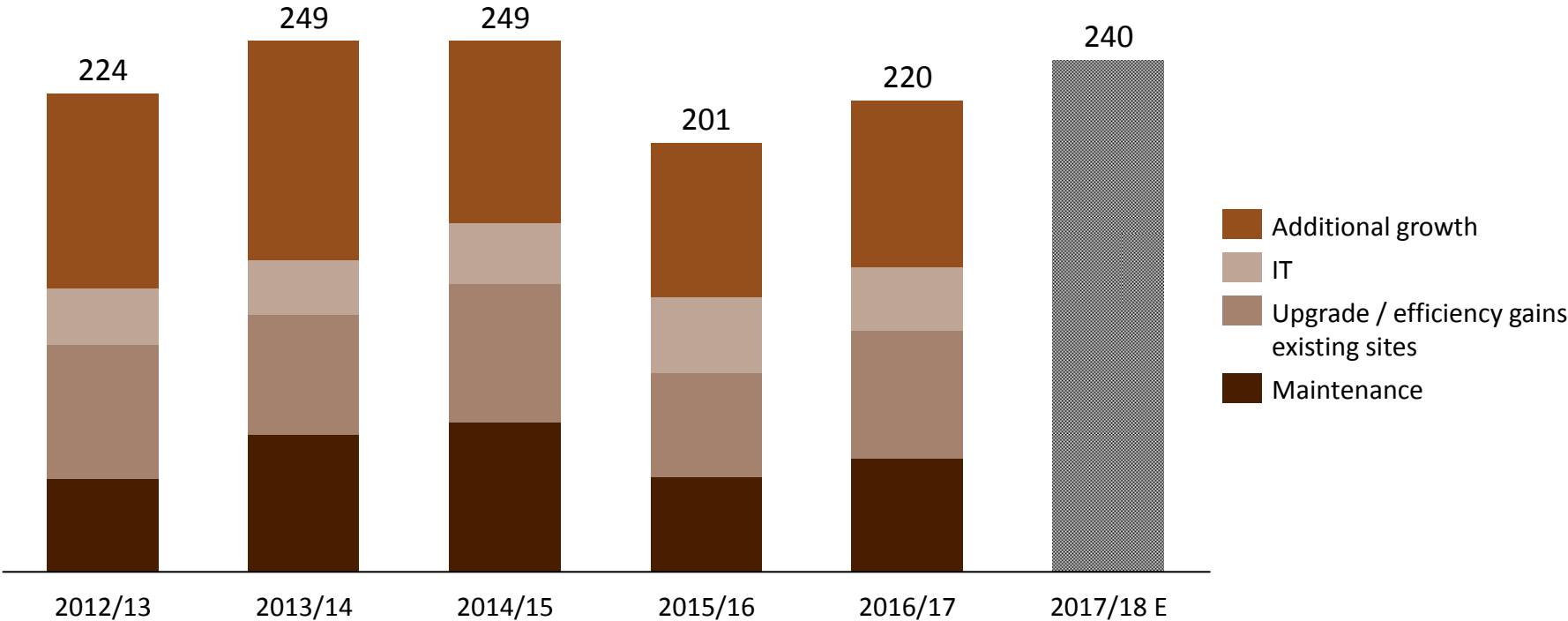
12 months – CAPEX

# Capital Expenditures

in CHF mio.

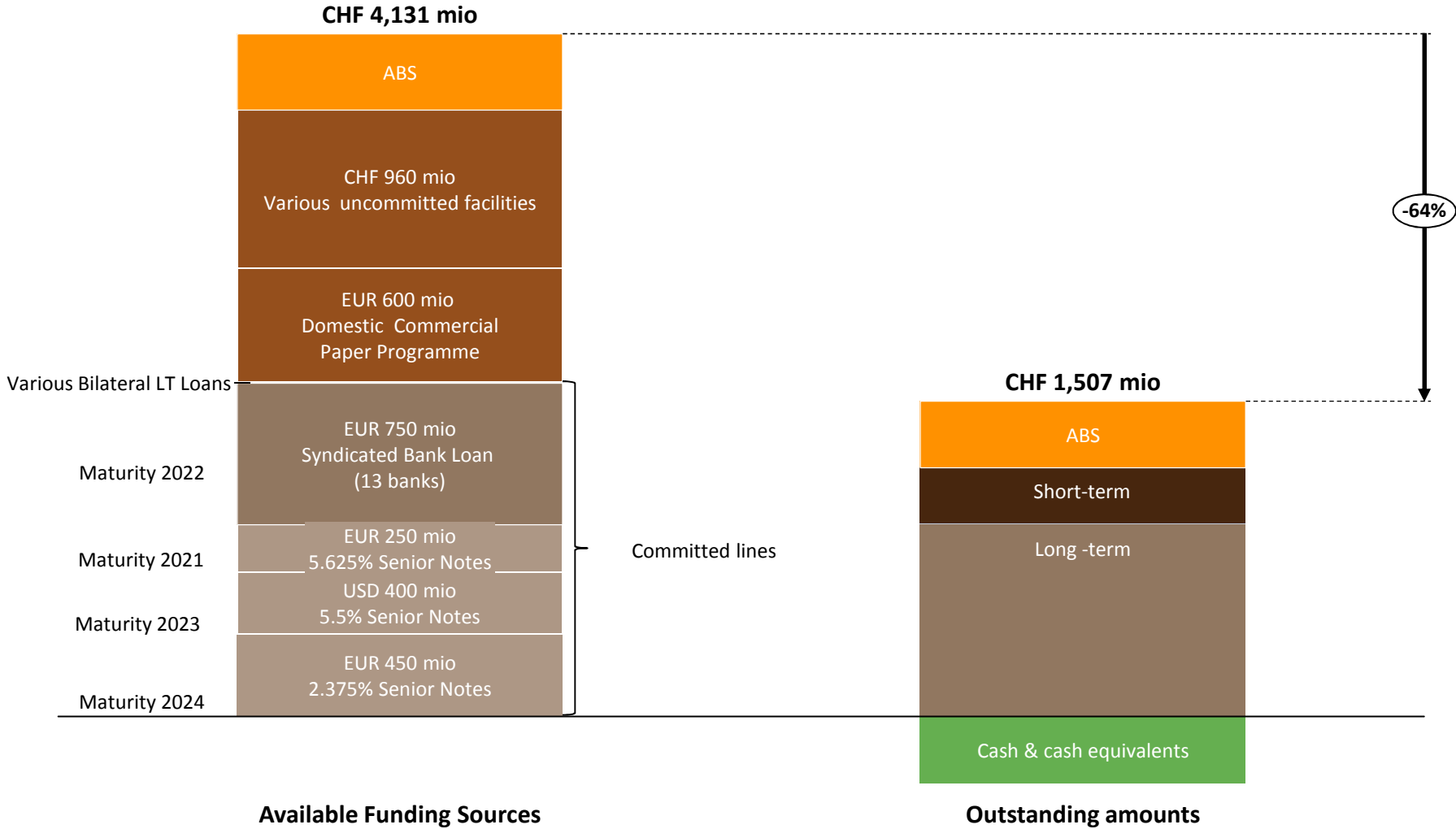


CAPEX as % of sales revenue



# 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

