

Roadshow presentation - Half-Year Results 2015/16

April 2016



**“We are the heart and engine
of the chocolate and cocoa industry.”**

Agenda

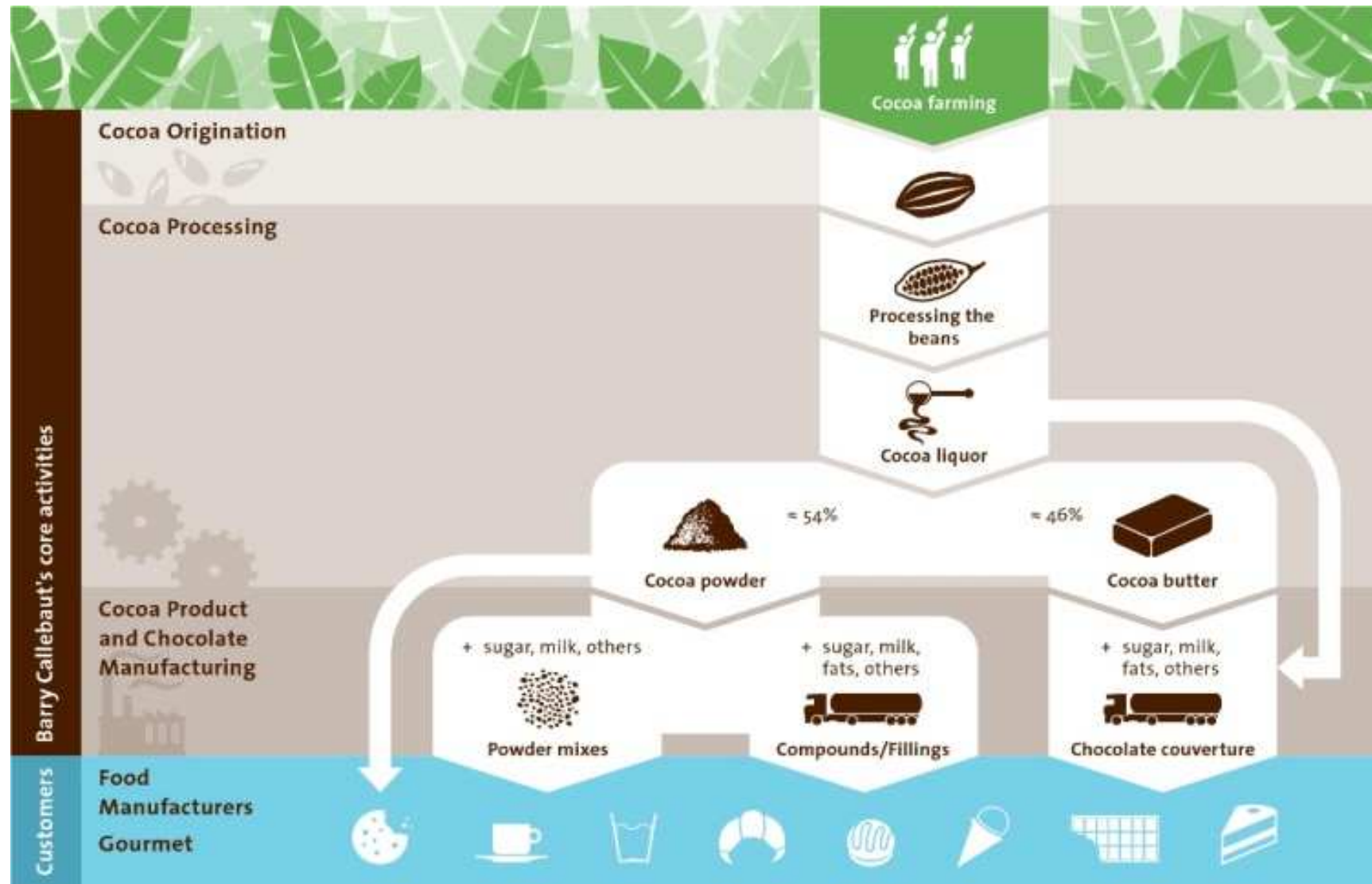
- ▶ BC at a glance
- ▶ Highlights HY 2015/16
- ▶ Financial Review
- ▶ Strategy & Outlook



BC at a glance



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.”



More than
175 years
of chocolate heritage

1.8
sales volume
in million tonnes

414.8
EBIT
in CHF million



53
factories
worldwide

More than

9,000
employees

of whom 1 in 2 works
either in an origin
or emerging market



CAGR 
+9.1%
volume growth
over 5 years

6,241.9
sales revenue
in CHF million

Selling to
131
countries



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

Innovation
contributed
10%

to sales volume

70,500
farmers
trained in good
agricultural practices



19
CHOCOLATE
ACADEMY™
centers

36,545
chocolate aficionados
trained in 2014/15

Our products

A broad offering from standard to the most premium products

Cocoa Products



Food Manufacturers

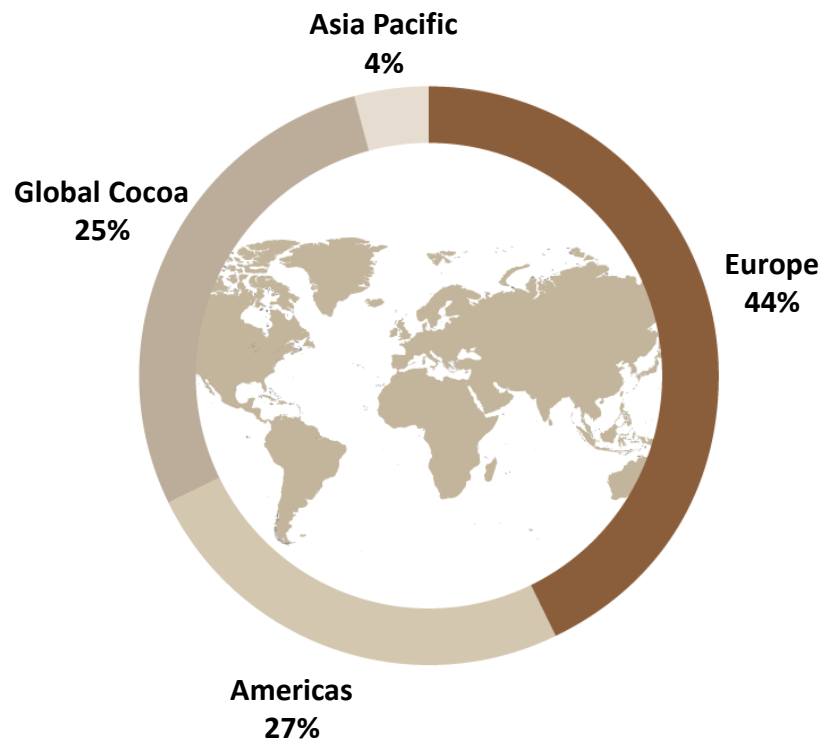


Gourmet & Specialties

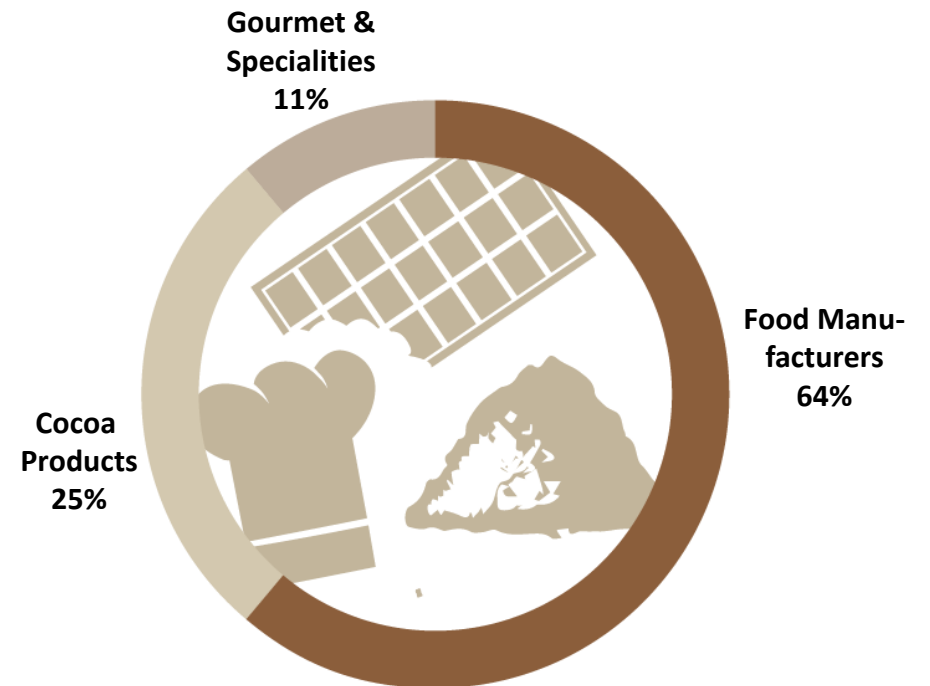


Our Regional and Product split

Sales Volume per Region

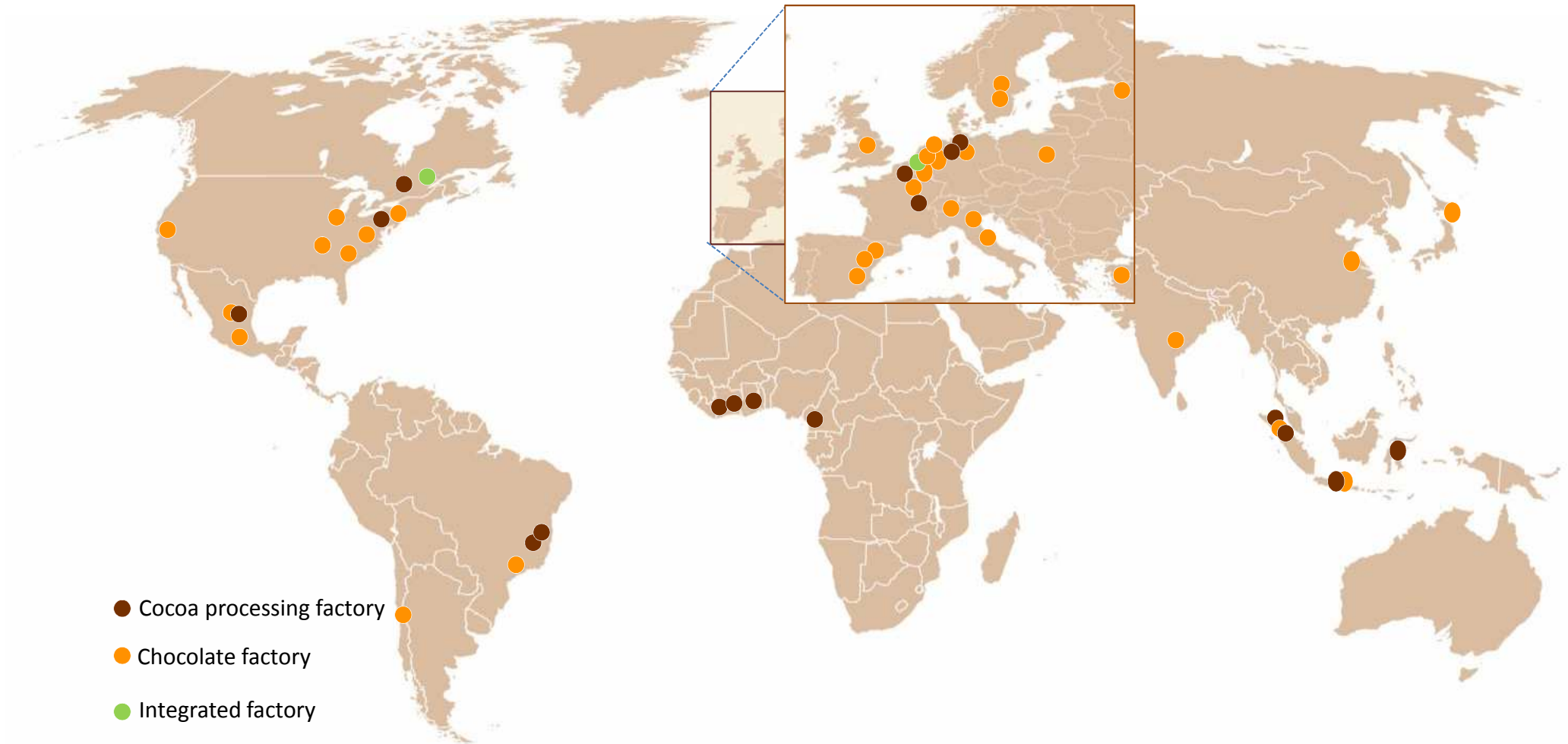


Sales Volume per Product Group



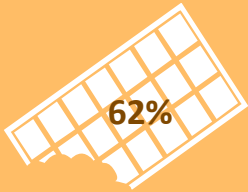
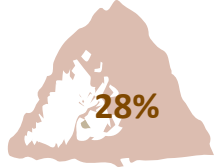

How do we operate?

A global footprint and a local service: Cocoa factories in origin countries and chocolate factories close to our customers



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 Group sales volume

Highlights HY 2015/16



Solid volume growth, strong Free cash flow

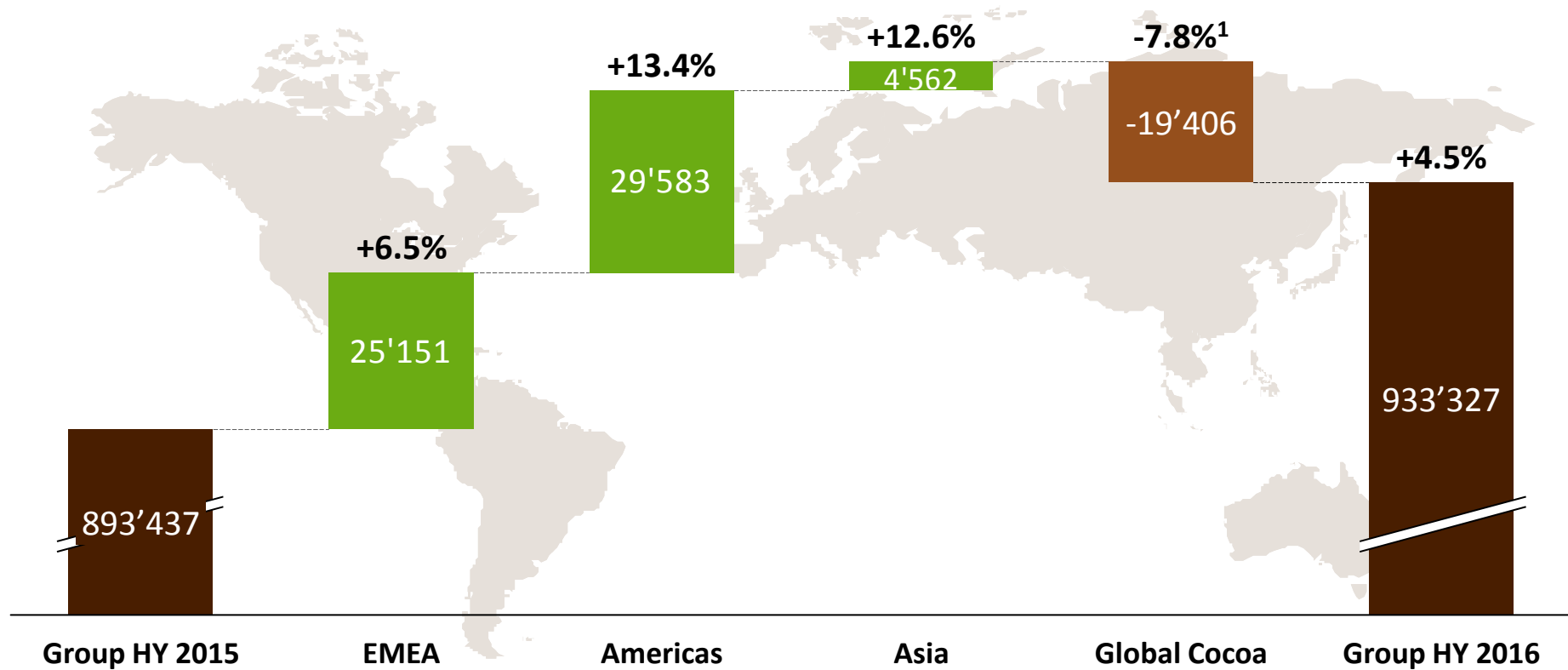


- ▶ Sales volume up +4.5%, significantly outpacing the market
- ▶ Strong growth in the chocolate business, intentionally phasing out unprofitable contracts in Global Cocoa
- ▶ Volume growth supported by all key growth drivers
- ▶ Gross Margins improved +4.7%¹ in line with volume; EBIT stable (-0.3%¹)
- ▶ Free cash flow CHF 220.4 mio; Net Working Capital down -11.8%, Net Debt down -14.1%

¹ in local currencies

Outperforming the market, growth driven by main Chocolate Regions

Sales Volume
(in tonnes)

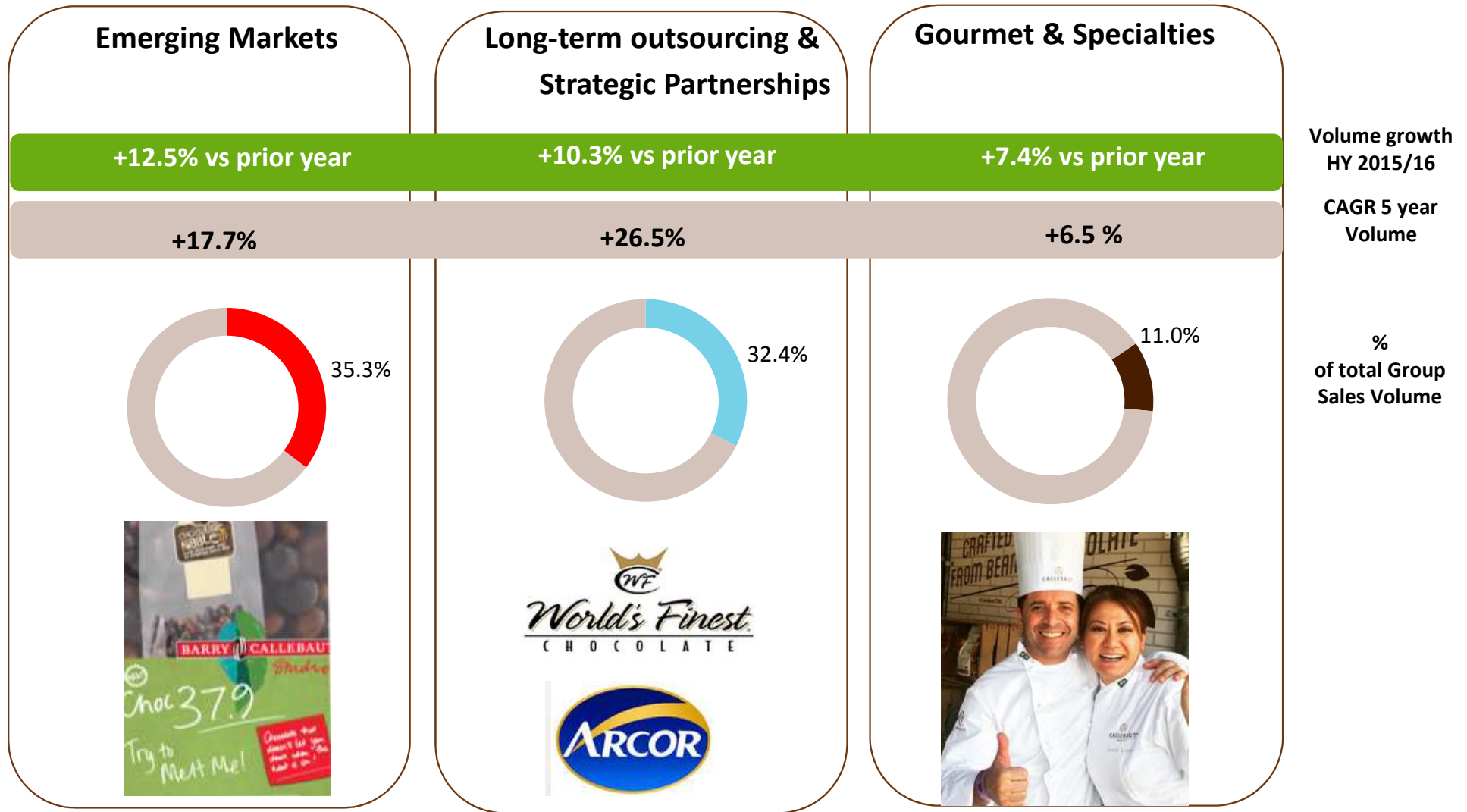


Market Volume growth ²	-2.2%	-3.7%	-1.7%	-2.6%
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¹ Due to the intentional phasing out of low-profit contracts, including long-term ingredients agreements

² Source: Nielsen chocolate confectionery in volume – 26 countries - Sep 2015 – Feb 2016

Positive contribution from all key growth drivers



Successful stories in our Food Manufacturers business



- ▶ Two new long-term outsourcing agreement in emerging markets with local players



- ▶ Decorations business growing at double-digit



- ▶ Belgian customer launches the first chocolate brand in Europe that makes a cocoa flavanol health claim that it is «good for your blood flow»

Solid growth in Gourmet & Specialties, based on strong strategic execution



- ▶ Solid growth of the two Global brands: Callebaut and Cacao Barry around the globe, while maintaining profitability
- ▶ Growing weight of emerging markets in overall growth
- ▶ Cacao Barry next generation packaging & design implemented
- ▶ Ground Chocolate Beverage won best introduction in 2015
- ▶ Broaden portfolio to adjacent products (e.g. nuts, decorations, etc) under the global brands
- ▶ Winning Chefs' hearts & minds via increased social media activity



Expanding our Specialties business through bolt-on acquisition



- ▶ Acquisition of commercial beverages vending activities of FrieslandCampina Kievit
- ▶ Becoming a leading supplier of vending powder mixes in Europe, adding technical and innovation capabilities
- ▶ Additional volume of about 20,000 tonnes, and CHF 55 million of sales revenue
- ▶ Long-term contract manufacturing agreement, whereby FrieslandCampina Kievit will continue to produce and supply to Barry Callebaut
- ▶ Closing of the transaction in March 2016

Good progress achieved on Cocoa Leadership Project



Commercial leadership

- ▶ SKU reduction on-going
- ▶ Customer segmentation
- ▶ Stronger focus on added-value products
- ▶ Harmonized sales tools

Operations leadership

- ▶ Manufacturing footprint reduced in Asia
- ▶ Working Capital optimized through better product flows

Global leverage

- ▶ Centralized combined cocoa ratio management in place
- ▶ Setting up Global market intelligence

Financial Review



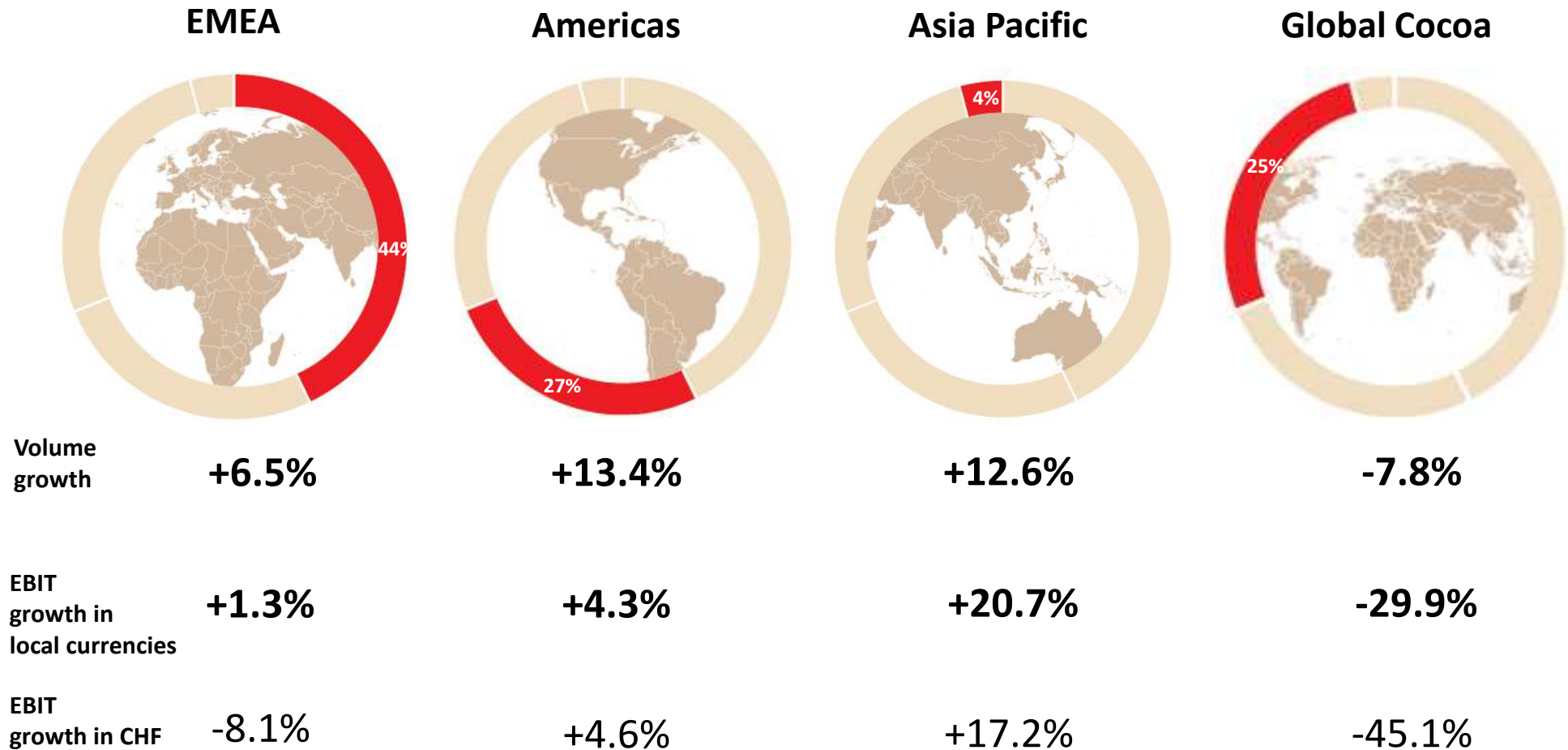
HY results 2015/16

Solid volume growth, profitability as anticipated, improved cash flow

Group performance (In CHF mio.)	HY 2015/16 (in CHF)	% vs prior year (in CHF)	% vs prior year in local currencies
Sales Volume Total (in tonnes)	933,327		+4.5%
Sales Revenue	3,424.3	+5.6%	+11.7%
Gross Profit	437.9	-1.9%	+4.7%
EBIT Total	200.7	-8.4%	-0.3%
<i>EBIT per tonne</i>	215.0	-12.4%	-4.5%
Net profit for the period	107.9	-18.5%	-12.5%
Free Cash Flow	220.4	-254.3%	-246.7%

HY results 2015/16

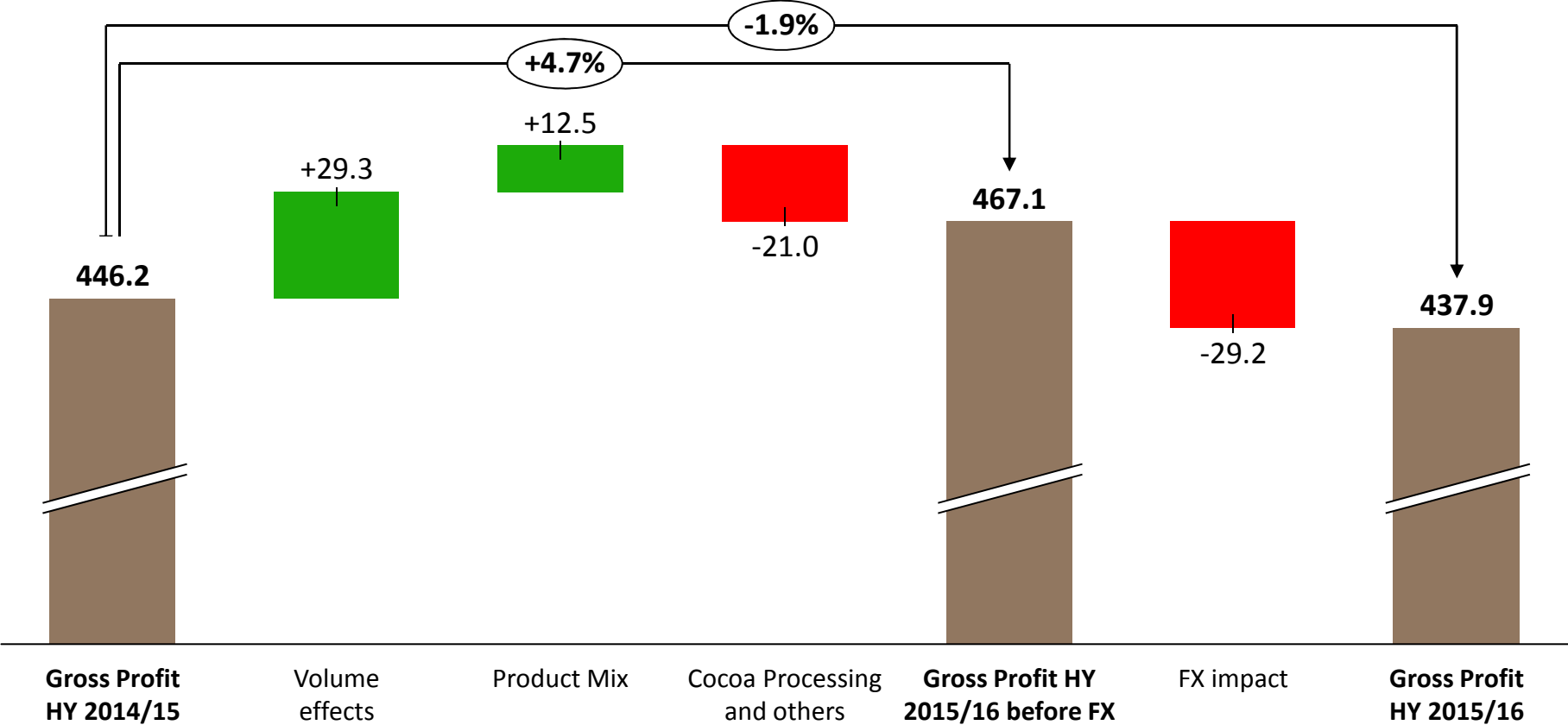
Good performance in the chocolate business, Global Cocoa as anticipated



Gross Profit HY 2015/16

Gross profit up +4.7%, driven by solid volume growth, better product mix and despite difficult cocoa powder margins

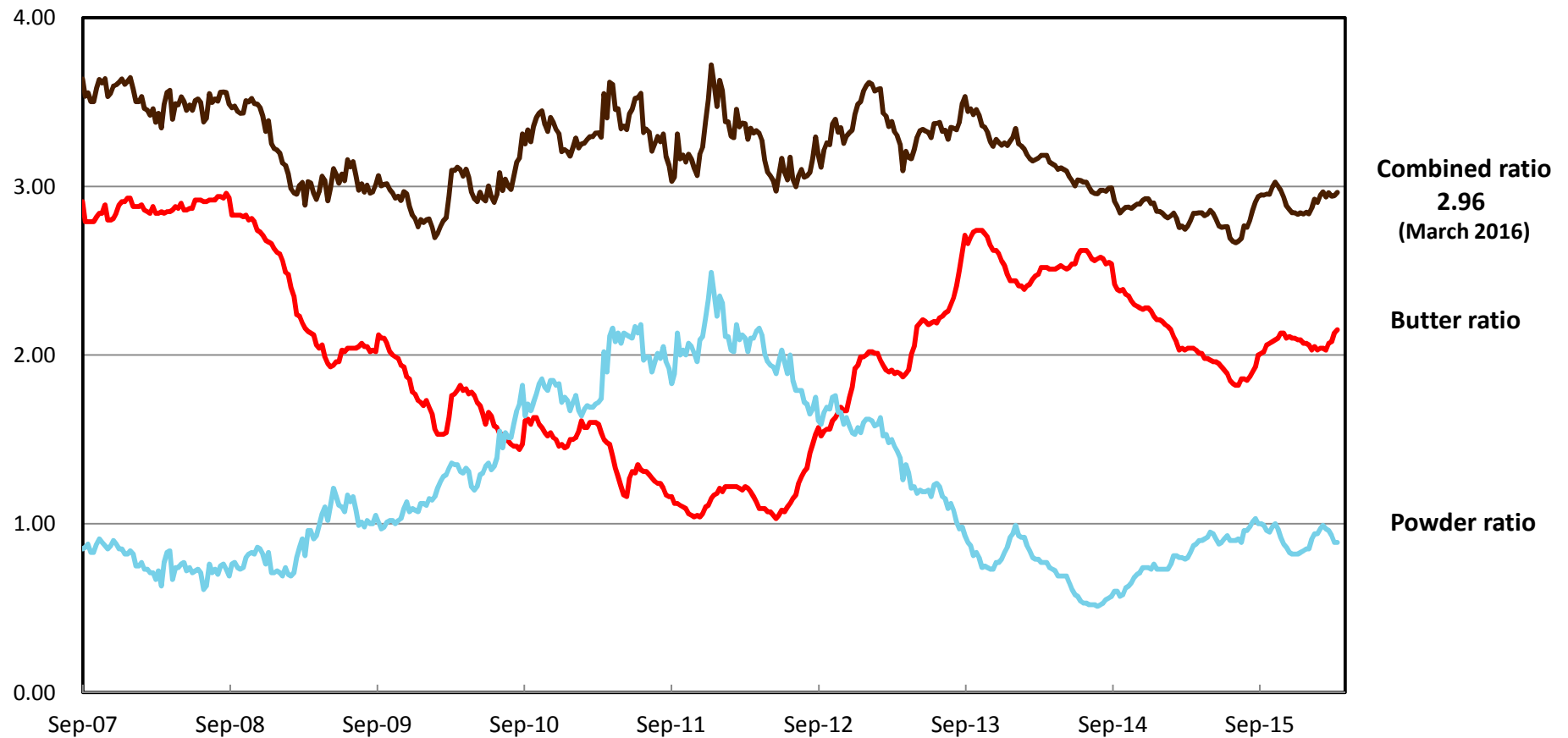
in CHF mio.



Cocoa processing profitability

Slowly improving cocoa product pricing environment; contracts from lowest market situation (2015) being executed in current business year

European combined ratio - 6 months forward ratio

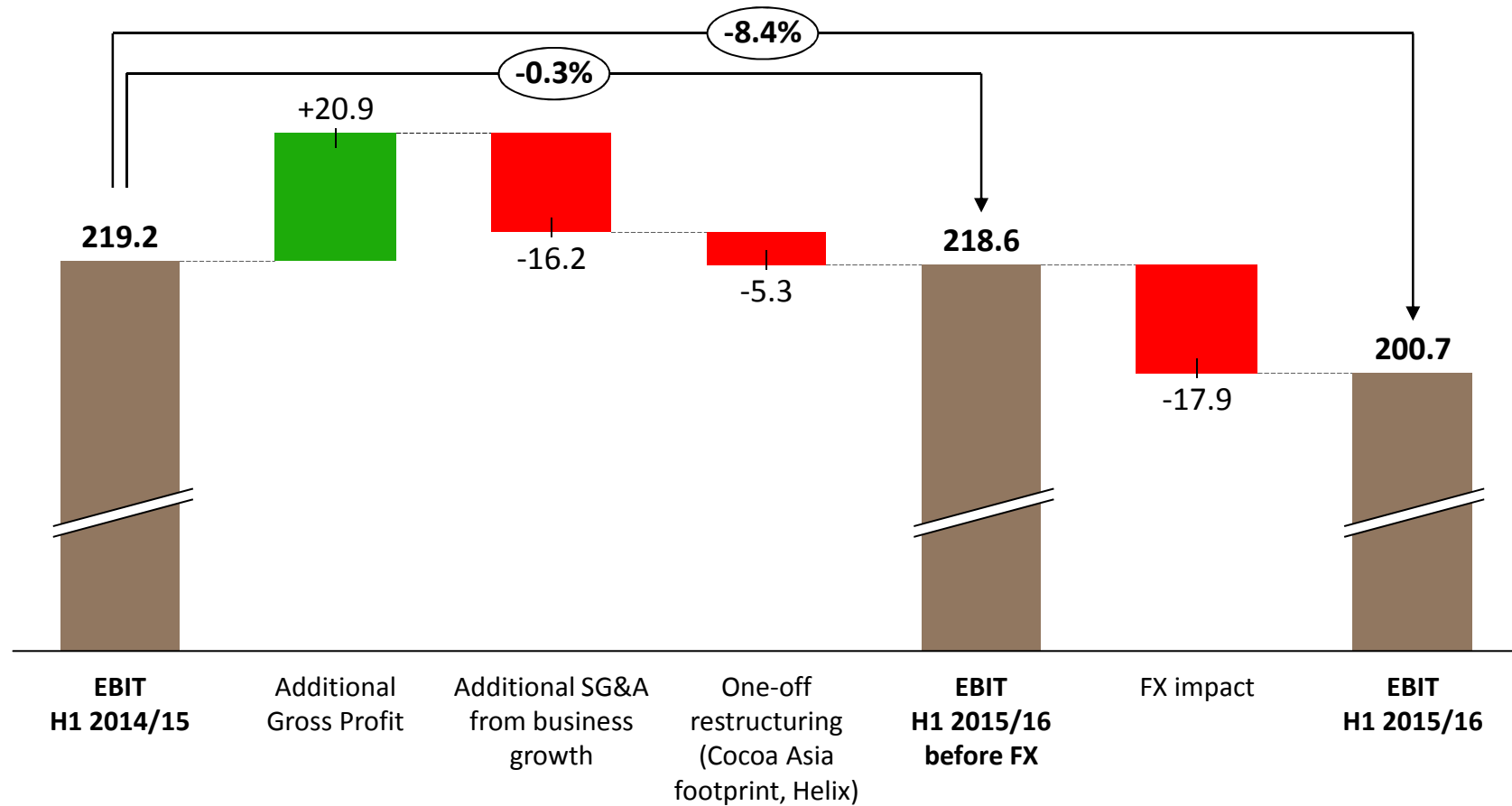


For cocoa processors, profitability depends on the ratio between input costs (price of cocoa beans) and combined output prices (price of cocoa butter and powder).

EBIT HY 2015/16

EBIT flat excluding negative FX impact, despite lower cocoa result and restructuring costs

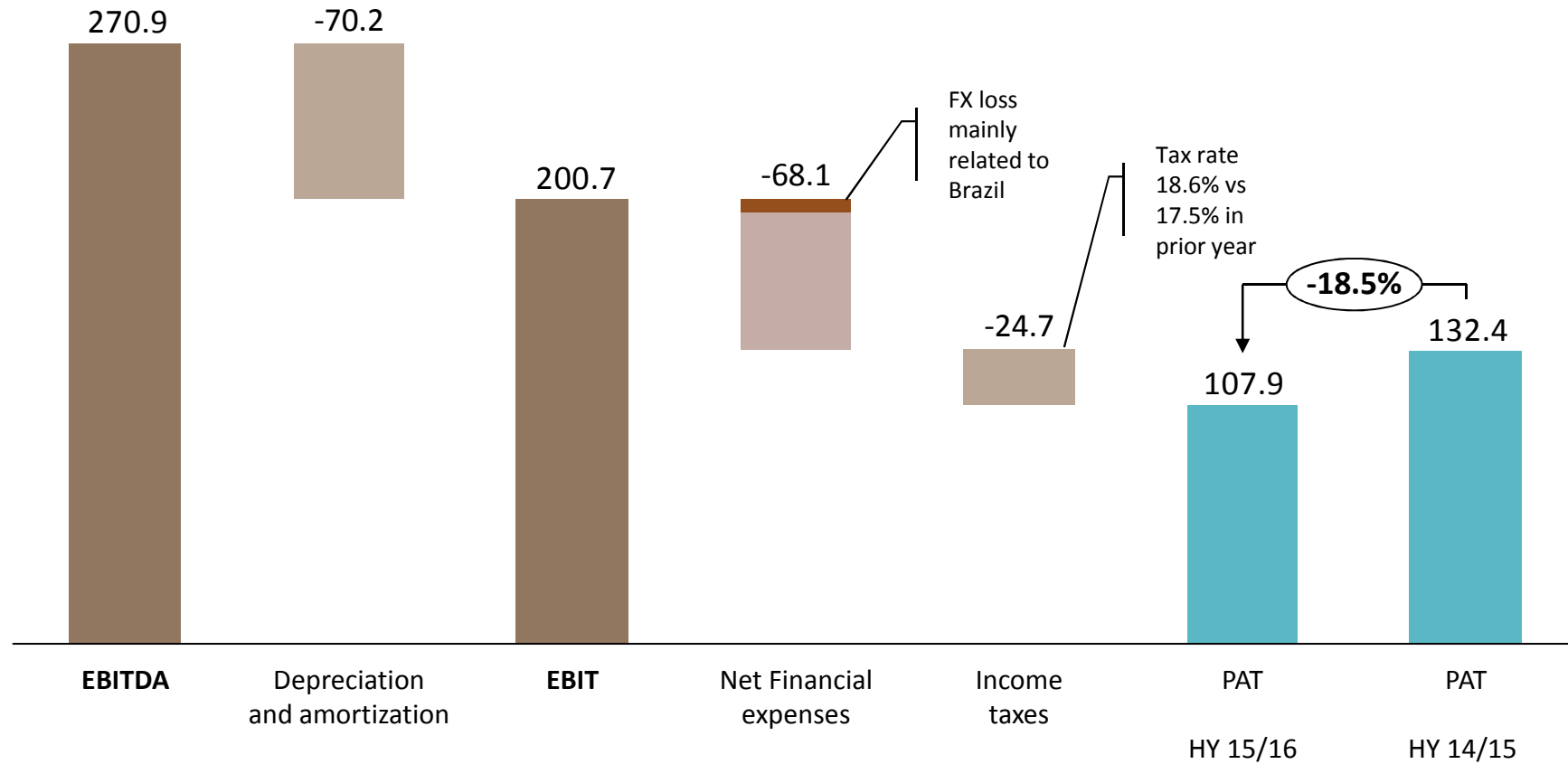
in CHF mio.



From EBITDA to Net Profit

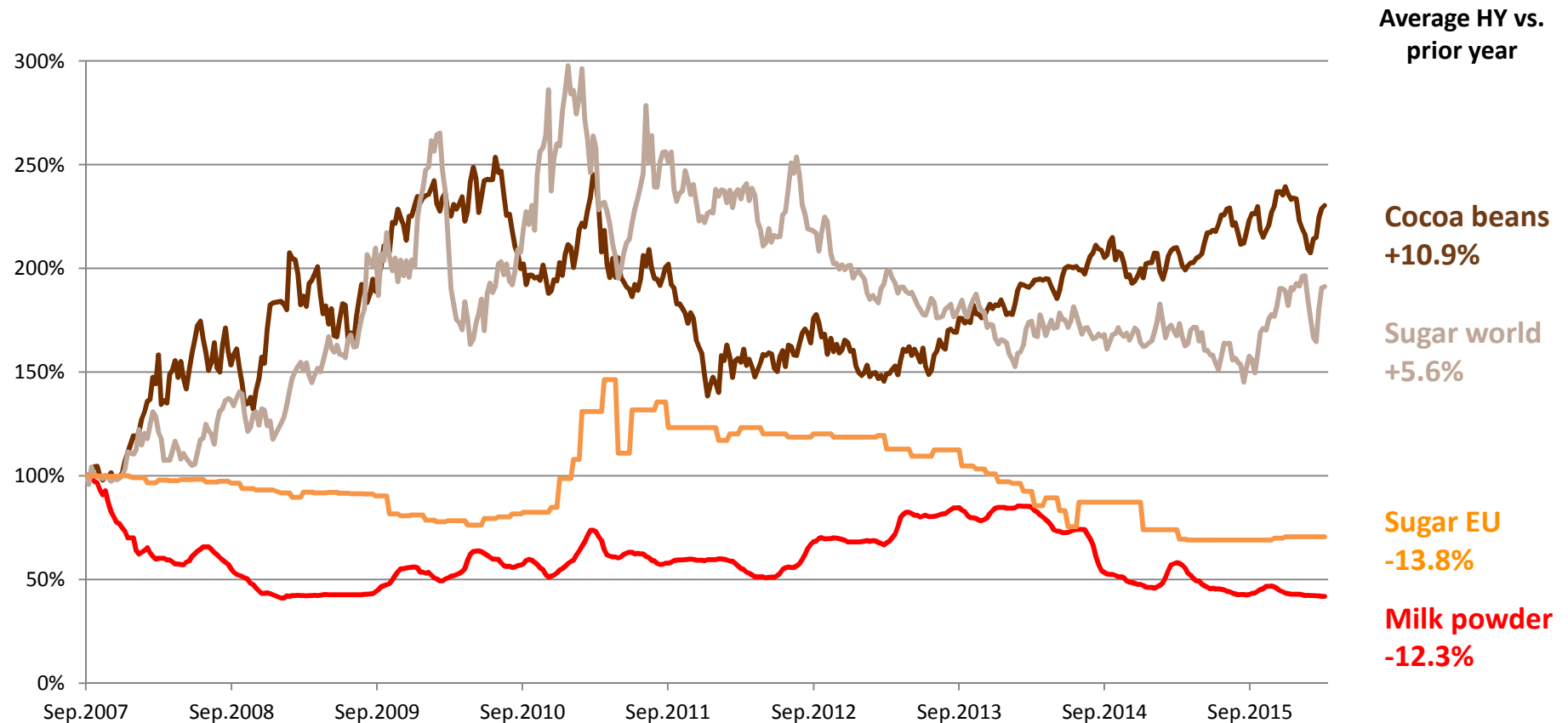
Net Profit down 18.5%, due to higher financial expenses, a foreign exchange loss, as well as higher income taxes

in CHF mio.



Raw materials evolution

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



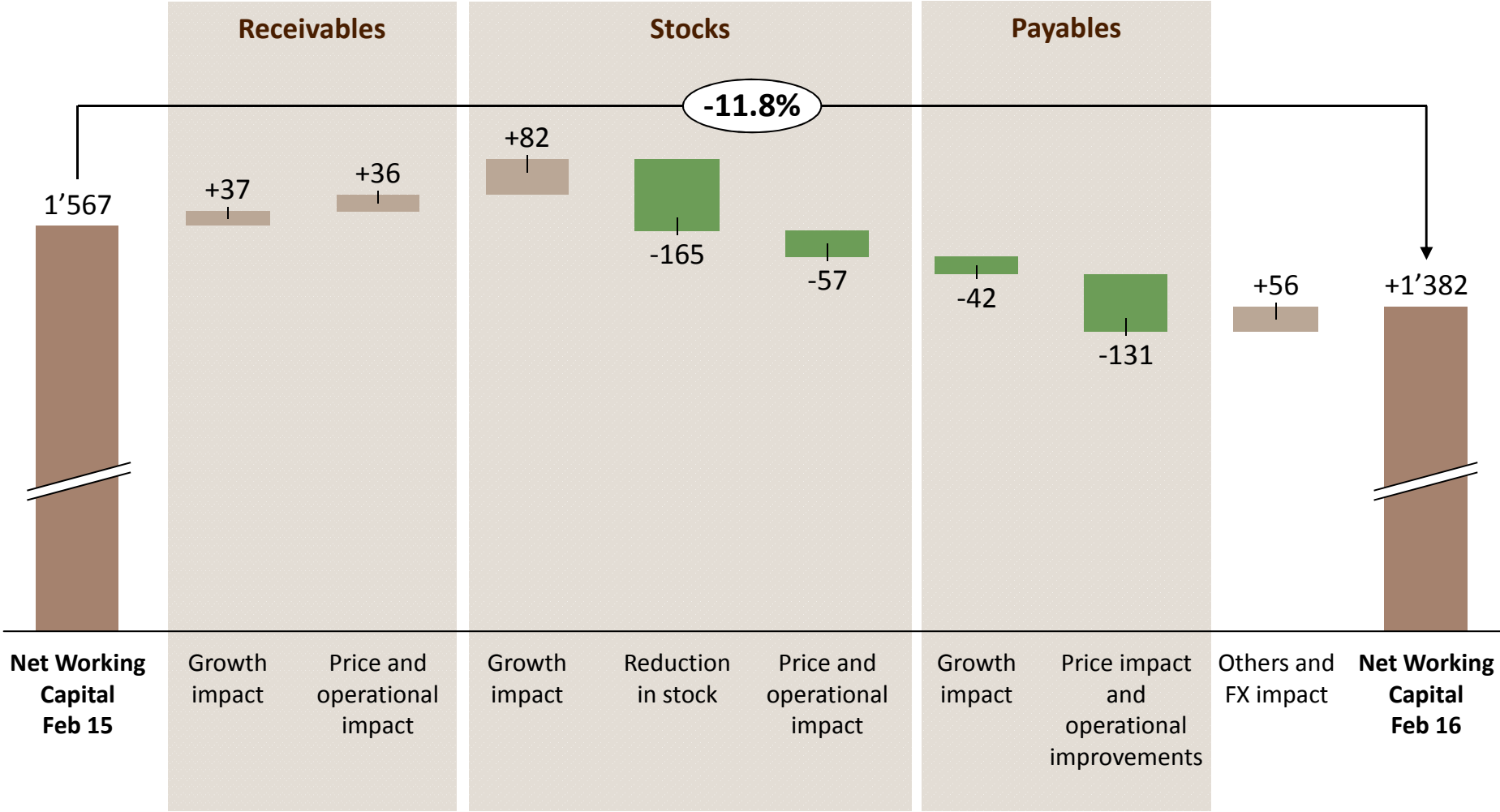
Note: All figures are indexed to Sep 2007

Source: Cocoa beans London (2nd position), 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

Significant reduction in working capital, mainly due to an improvement in Inventories

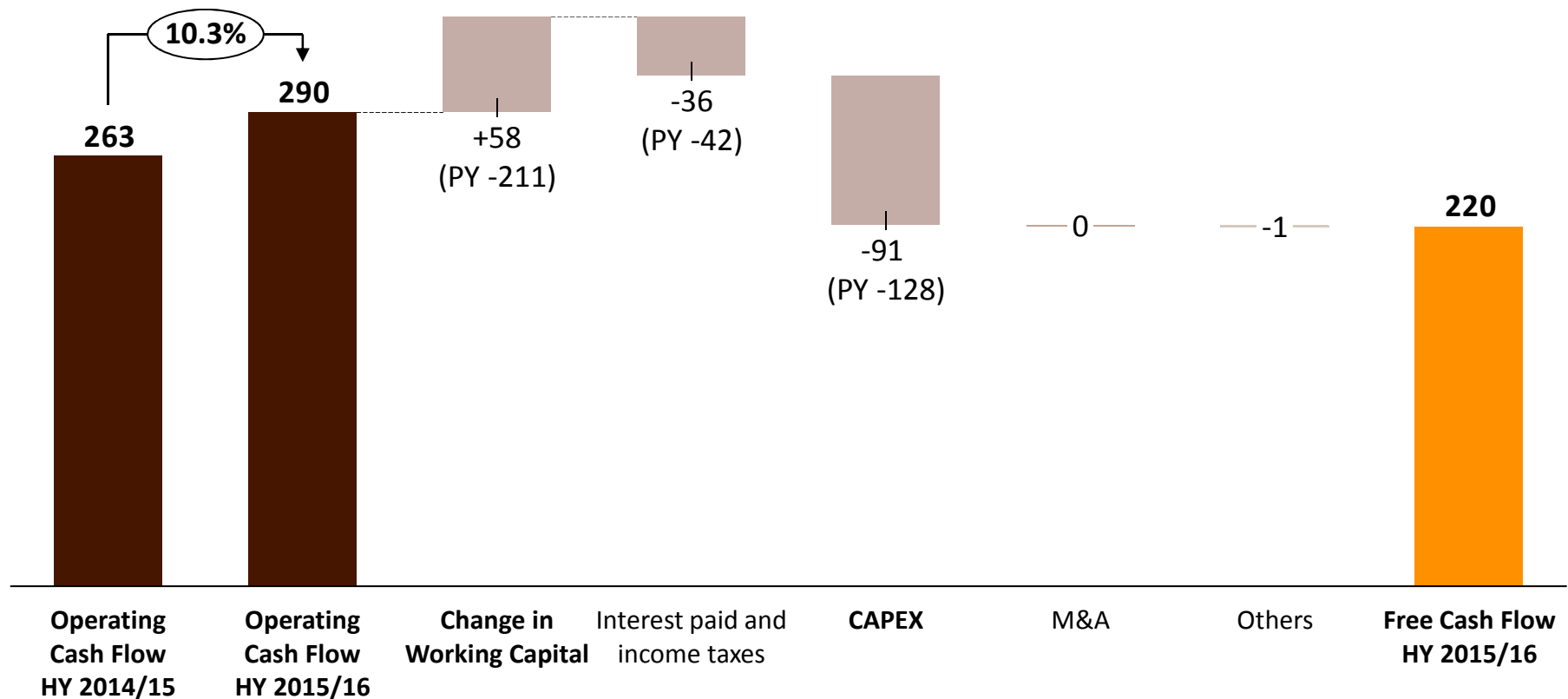
in CHF mio.



Free Cash Flow

Efforts on reducing working capital and CAPEX start to pay off, improved cash flow generation

in CHF mio.



Balance Sheet & key ratios

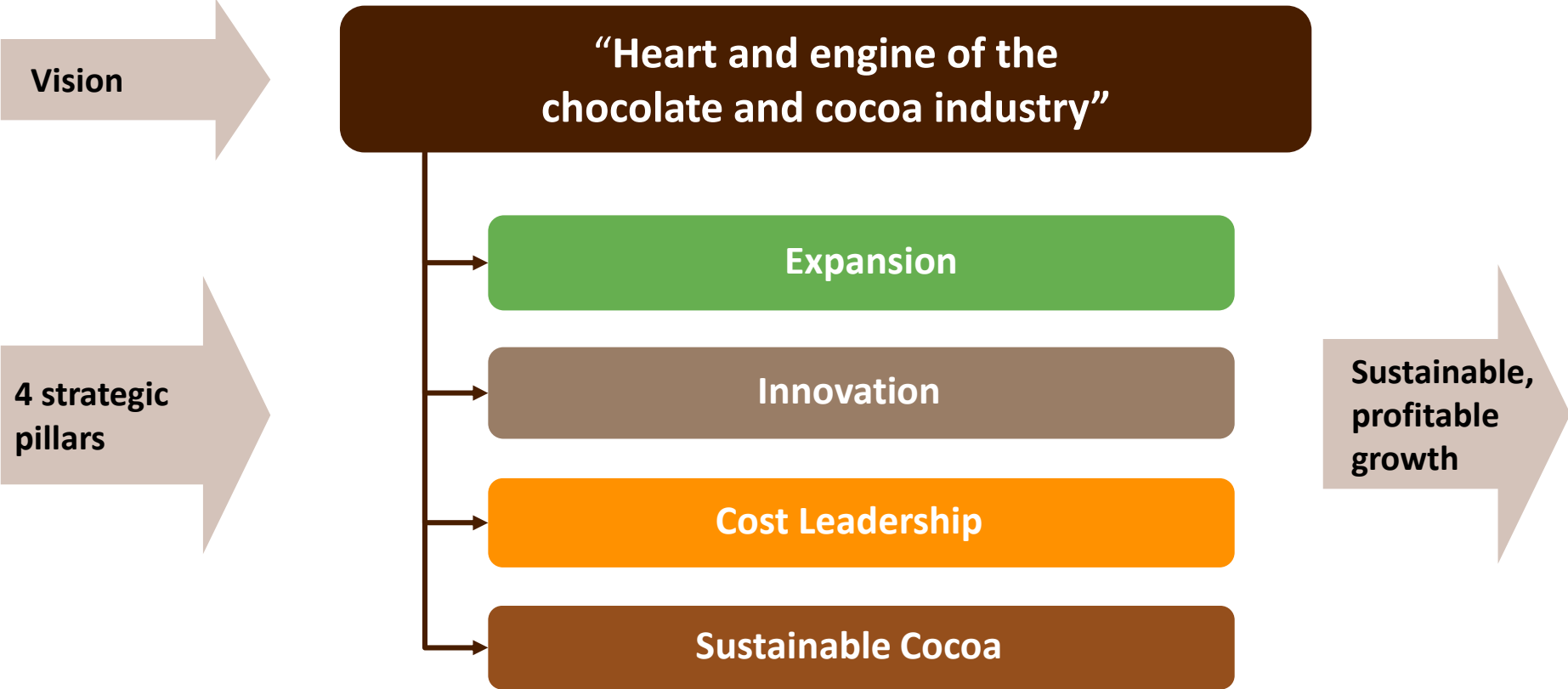
Deleveraging of the company and improvement of key financial ratios remain a high priority

	Feb 16	Aug 15	Feb 15
Total Assets [CHF m]	5'509.9	5'429.4	5'433.4
Net Working Capital [CHF m]	1'382.3	1'529.7	1'566.6
Non-Current Assets [CHF m]	2'253.4	2'185.5	2'139.5
Net Debt [CHF m]	1'538.2	1'728.8	1'790.6
Shareholders' Equity [CHF m]	1'792.4	1'772.8	1'654.4
Debt/Equity ratio	85.8%	97.5%	108.2%
Solvency ratio	32.5%	32.7%	30.4%
Net debt / EBITDA	2.9x	3.2x	3.2x
ROIC	9.8%	9.8%	10.9%
ROE	12.5%	13.5%	16.2%

Strategy & Outlook



Our successful and long-term strategy remains unchanged



Setting up the path towards “smart growth”



Focus on consistent, above market-growth and enhanced profitability:
“SMART GROWTH”

Sustainable growth

Margin accretive growth

Accelerated growth in Gourmet, Specialties and emerging markets

Return on Capital and greater focus on Free cash flow

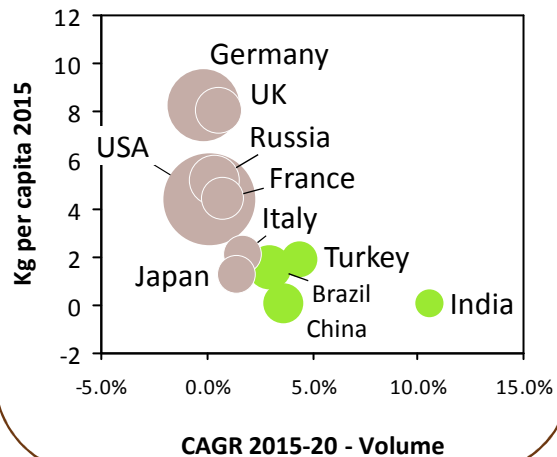
Talent & Team



We see significant growth opportunities ahead

Emerging Markets

- ▶ Low market share
- ▶ Currently low consumption per capita in chocolate
- ▶ Significant growth expected in the next 5 years



Long-term outsourcing & Strategic Partnerships

- ▶ 70% in emerging markets still in-house production
- ▶ Top 5 chocolate players currently outsource only 10-20% of chocolate needs
- ▶ Co-creating with current customers



Gourmet & Specialties

- ▶ 20% market share globally
- ▶ Low presence in emerging markets
- ▶ New product categories
- ▶ Adjacent products



While we continue to fine-tune the execution of our strategy in different areas

Talent Management & Career development

- ▶ As of April 1 2016, new CHRO is part of the Executive Committee
- ▶ Improving our talent development and succession plans



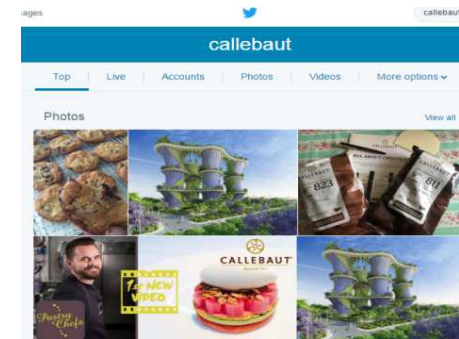
Leveraging our capabilities in Innovation

- ▶ Cross-fertilisation of FM and Gourmet customers in our Chocolate Academies
- ▶ Co-creation with customers as key for additional volume



Digital Capabilities

- ▶ Stronger digital presence in both Food Manufacturers and Gourmet
- ▶ New technologies



Outlook

Continued challenging market environment; mid-term targets confirmed



Outlook 2015/16

- ▶ As anticipated in Nov 2015: challenging fiscal year 2015/16 due to the current cocoa products market, which will temporarily affect profitability
- ▶ Optimistic for the chocolate business



Mid-term guidance (until 2017/18)

We will strike a balance between volume growth and enhanced profitability as well as free cash flow generation: “smart growth”

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

¹ In local currencies and barring any major unforeseen events

Appendix



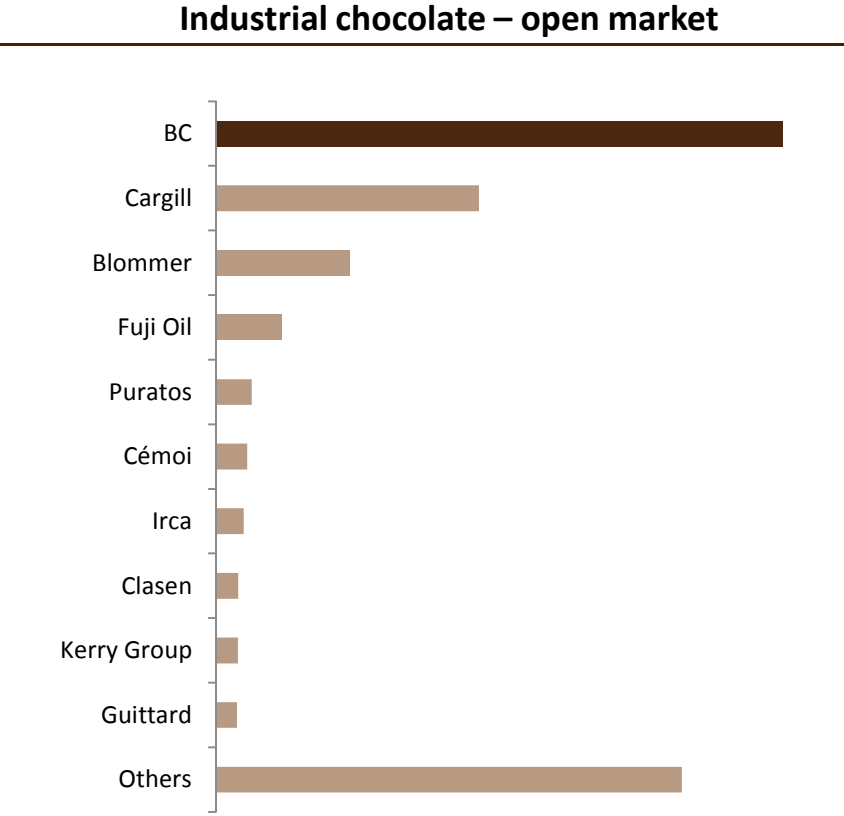
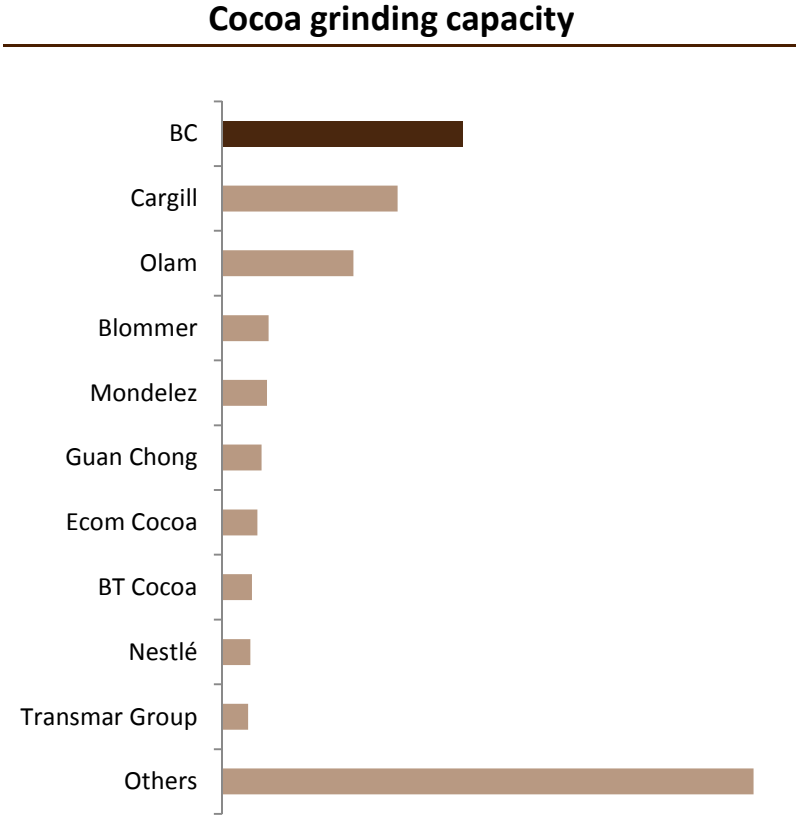
What makes Barry Callebaut unique?



- ▶ Global number one player in chocolate and cocoa
- ▶ Deep chocolate and cocoa expertise
- ▶ Global leader in Gourmet
- ▶ 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
- ▶ Driving change in sustainability
- ▶ Entrepreneurial spirit
- ▶ Balancing short and long-term

Chocolate and Cocoa markets

Barry Callebaut uniquely positioned in industrial chocolate and cocoa markets

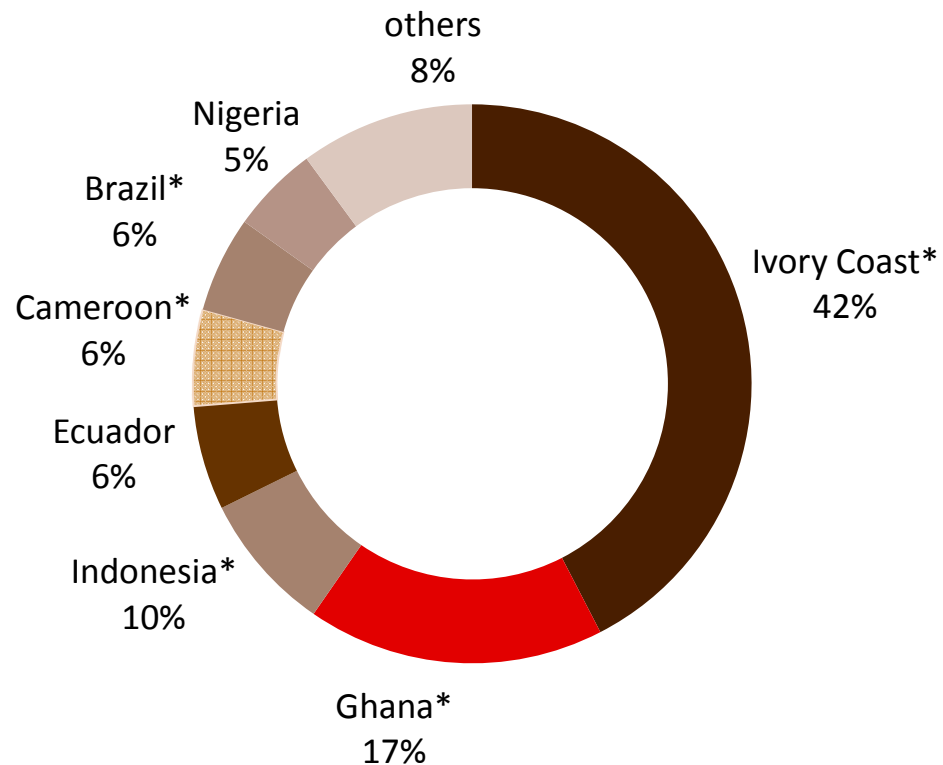


Notes: Olam incl. ADM; Cargill incl. ADM chocolate business; Fuji Oil incl. Harald
Sources: Proprietary estimates



West Africa is the world's largest cocoa producer

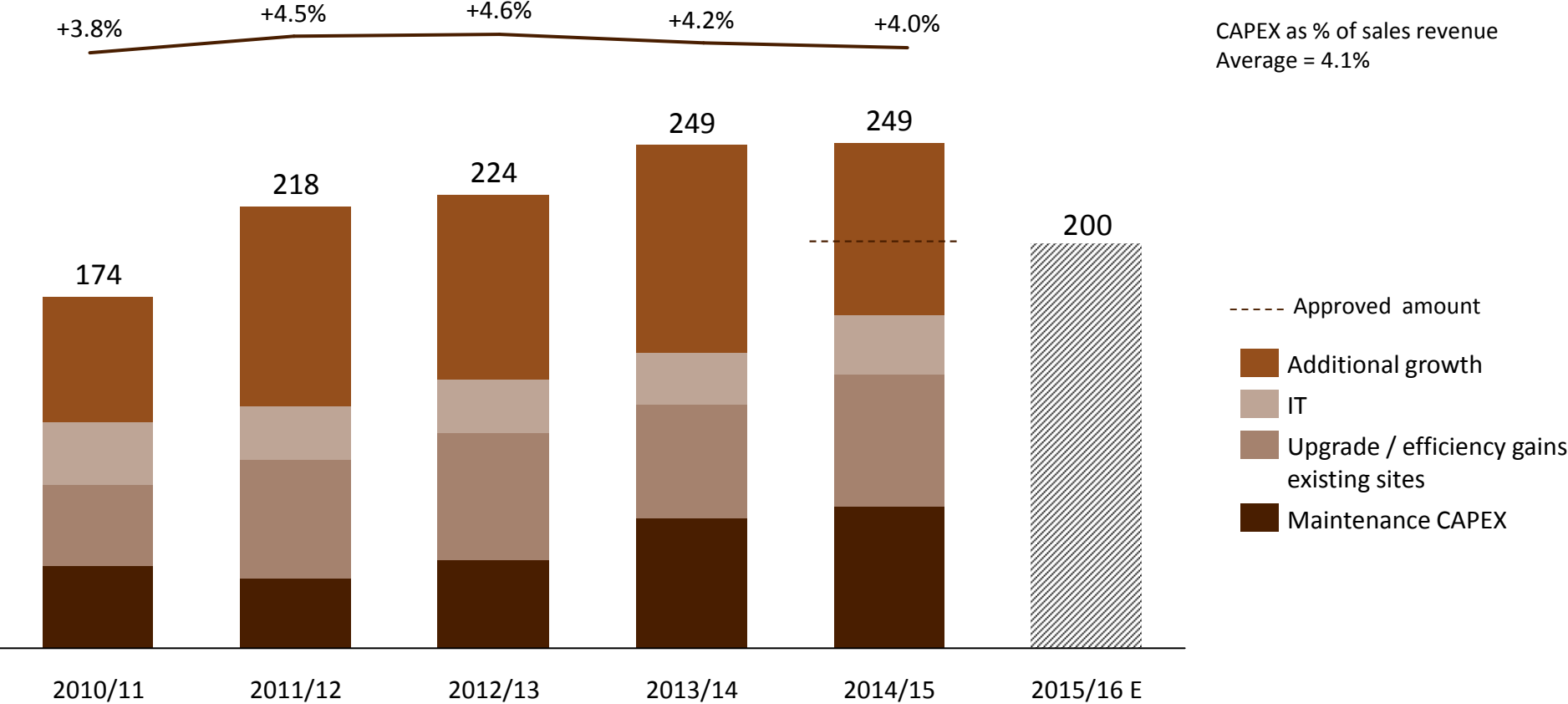
Total world harvest (14/15): 4,157 TMT



- ▶ About 70% of total cocoa beans come from West Africa
- ▶ BC processed ~925,000 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*

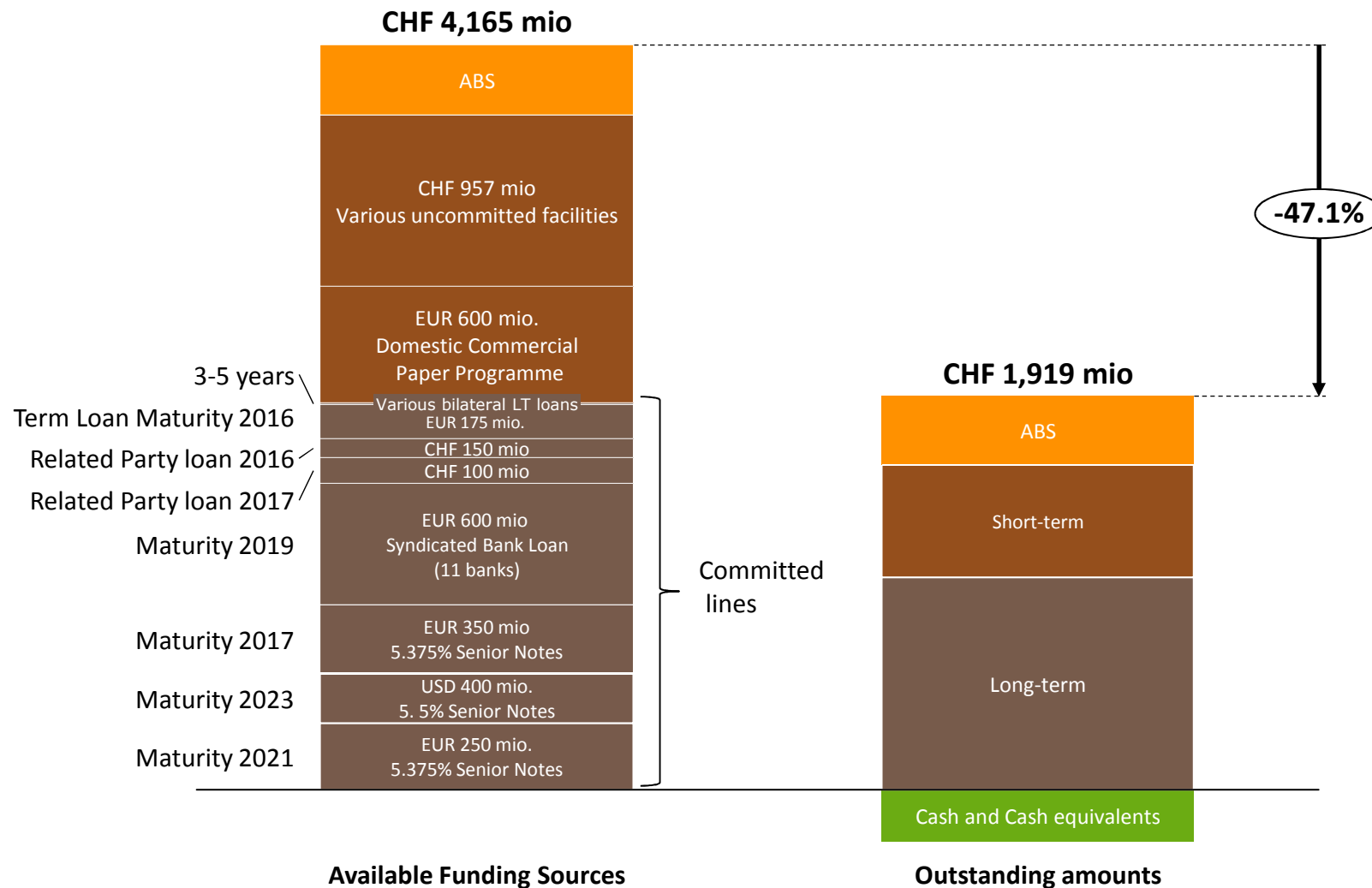


*CAPEX as reflected in Cash Flow Statement

Available Financing

Enough headroom for further growth and raw material price fluctuations

As of 29 Feb 2016



Liquidity – Debt maturity profile

As of 29 Feb 2016

In CHF mio

