

News Release

Ad hoc announcement pursuant to Art. 53 LR

Barry Callebaut sets the course for sustainable profitable growth and higher cash generation

Capital Markets Day 2023: Group presents strategic growth priorities and Full Year Results 2022/23

- **Updated strategy together with previously announced investment program *BC Next Level* will unlock Barry Callebaut's full growth potential and lead to step-change in profitability, drive cash generation, and deliver long-term value for all stakeholders**
- **Four strategic long-term growth priorities: deeper outsourcing partnerships, launch of *Gourmet 2.0*, scale up *Specialties*, move to "fair" market share in APAC - powered by a streamlined, digitally enabled organization and best-in-class sustainability**
- **After a transition period for the *BC Next Level* program, Barry Callebaut expects to be on a long term growth objective of Low Single-digit Plus to Mid Single-digit volume growth and Mid Single-digit Plus to High Single-digit EBIT growth starting from fiscal year 2025/26**
- **Initial benefits expected already in fiscal year 2023/24, with flat volume and flat EBIT in constant currency; modest underlying volume and stronger EBIT growth expected in 2024/25 (without *BC Next Level* one-time costs)**
- **Balancing reinvestment in growth, 75% of *BC Next Level* cost savings of CHF 250 million expected to flow-through to bottom line and will deliver a one-time step-function improvement in profit margin, building towards a 10% EBIT margin ambition**
- **Barry Callebaut Full-Year results for the fiscal year 2022/23:**
 - **Growth in Q4 of +3.9%, bringing full year sales volume to 2.3 million tonnes (-1.1%)**
 - **Sales revenue of CHF 8.5 billion, up +9.7% in local currencies (+4.7% in CHF)**
 - **Operating profit (EBIT) of CHF 659.4 million, up +12.2%¹ in local currencies (+5.6%¹ in CHF)**
 - **Net profit of CHF 443.1 million, up +9.6%¹ in local currencies (+3.4%¹ in CHF)**
 - **Adjusted free cash flow² of CHF 251.8 million impacted by raw material prices**
 - **Proposed dividend of CHF 29.00 per share, a payout ratio of 36%**

Zurich/Switzerland, November 1, 2023 – At its Capital Markets Day in London, Barry Callebaut Group today reveals a strategy update and long-term growth plan, with further details on its *BC Next Level* strategic investment program. In addition, the company presents its full year results for the fiscal year 2022/23.

Peter Feld, CEO of Barry Callebaut Group, said: "Our purpose is to create the world's best chocolate solutions for our customers - now and in the future. As the leader in the attractive, growing chocolate ingredients market and given our strength in sustainability and innovation, we are ideally positioned to outgrow the market. Our strategic growth priorities in combination with our *BC Next Level* investment program set the course for sustainable profitable growth and higher cash generation. We will deliver to our customers better value, service, quality and sustainability and make Barry Callebaut a much more resilient and profitable business, creating long-term value for all our stakeholders."

¹ Compared to prior-year Operating profit (EBIT) recurring and Net profit recurring. Please refer to appendix on page 10 for the detailed recurring results reconciliation.

² Free cash flow adjusted for the cash flow impact of cocoa bean inventories regarded by the Group as readily marketable inventories (RMI).

Four strategic growth priorities to drive Barry Callebaut's ambitions

BC Next Level will fully unlock the Group's leading position in the chocolate ingredients market in pursuit of four strategic long-term growth priorities:

- **Deepen outsourcing partnerships:** Barry Callebaut is uniquely positioned as the global partner of choice to the most important customers in the Fast Moving Consumer Goods (FMCG) sector who want more sustainable and innovative chocolate solutions. Barry Callebaut will deepen these partnerships, leveraging its innovation capabilities to create better chocolate solutions for customers. In the coming years, Barry Callebaut aims to win two thirds of outsourcing partnership volumes expected to come to the market.
- **Launch Gourmet 2.0:** Barry Callebaut will move closer to markets and customers to better serve foodservice and artisanal customers and chains by broadening the focus across premium and mainstream market segments, simplifying its brand portfolio and modernizing its routes to market. Barry Callebaut's ambition is to increase its value market share in the Gourmet market globally and deliver growth at double the underlying market growth rate.
- **Scale up Specialties:** Barry Callebaut's ambition is to double the size of its core Specialties business by increasing the penetration of its highly differentiated specialty offerings in high growth areas such as gluten-free, vegan, single origin and other specialty chocolates. To achieve this, Barry Callebaut will continue to evolve its product offering to focus on the most scalable market segments and launch a dedicated customer-focused innovation capability. The company will also enhance its route to market by leveraging its deepened outsourcing partnerships. The growth of Specialties will support the continued premiumization of Barry Callebaut's Food Manufacturing and Gourmet businesses.
- **Move to "fair" market share in the region Asia-Pacific (APAC):** Barry Callebaut's ambition is to double the size of its APAC business to deliver value market share in line with the wider Group. Barry Callebaut will put into place localized strategies built around the new country clusters to offer solutions tailored to local markets, with optimized distribution leveraging the digital enhancements delivered by *BC Next Level*. Both strong demographic trends and investments from leading FMCG players support Barry Callebaut's ambition in APAC.

These growth priorities will be underpinned by Barry Callebaut's new streamlined, and tech-enabled organizational capabilities following the *BC Next Level* measures. Barry Callebaut's commitment to best-in-class sustainability will further drive the implementation of the growth priorities. The company aims to inspire modern cocoa farming practices and therewith create the future of sustainability for the industry. The company sees execution against its own industry-leading sustainability ambitions as a key commercial differentiator and as a key source of alignment between itself, its customers and the end consumer.

BC Next Level: Unlocking growth and creating a step-change in profitability and cash generation

In total, the investment program *BC Next Level* will position Barry Callebaut for sustainable profitable growth: the measures will move the company closer to customers and markets and digitalize the front and back ends. By optimizing its portfolio, go-to-market strategy, supply chain, and manufacturing, Barry Callebaut aspires to deliver the most sustainable and high-value solutions to customers.

The program will bring Barry Callebaut to a higher profit margin and cash generation level and subsequently allow for a more attractive financial profile in the medium-term.

As previously announced, *BC Next Level* includes a strategic investment of net CHF 500 million (funded from existing financial resources) in areas most relevant for customers and will in turn unlock CHF 250 million of cost savings, of which 75% are expected to flow-through to the bottom line and will deliver a one-time step-function improvement in profit margin supporting the Group in building towards a 10% EBIT margin ambition.

Long-term profitability and growth plan to deliver value for all stakeholders

Barry Callebaut expects a 24-month transition period as it undertakes the actions necessary to create the profitable growth platform that delivers long-term value.

For the fiscal year 2023/24, Barry Callebaut sees flat volume, reflecting positive underlying growth, partially offset by *BC Next Level* actions, such as product rationalization and distributor optimization. In addition, Barry Callebaut guides towards flat EBIT on a recurring basis (in local currencies and without *BC Next Level* one-time costs), reflecting first modest impact of permanent *BC Next Level* benefits, offset by product rationalization, distributor optimization and pricing actions taken to increase the value delivered to Gourmet customers.

In the fiscal year 2024/25, the Group expects to grow volume and EBIT modestly on an underlying basis (without *BC Next Level* one-time costs and permanent benefits), delivering a stronger EBIT growth including permanent benefits.

The company will deliver its long-term growth objective from the fiscal year 2025/26 onwards with Low Single-digit Plus to Mid Single-digit volume growth, and Mid Single-digit Plus to High Single-digit EBIT growth³.

During the transition period, Barry Callebaut's dividend per share will not be lower than prior year.

³ FY 2025/26 still includes *BC Next Level* one-time costs and permanent benefits

Barry Callebaut Group – Full-Year Results, Fiscal Year 2022/23

Barry Callebaut today also released its fiscal year 2022/23 results. The full results report can be found in the Annual Report 2022/23. A shortened overview of the Group Key Figures for the fiscal year is listed in the section below.

Group Key Figures

for the fiscal year		Change in %		2022/23	2021/22
		in local currencies	in CHF		
Sales volume	Tonnes		(1.1)%	2,280,925	2,306,681
Sales revenue	CHF m	9.7 %	4.7 %	8,470.5	8,091.9
Gross profit	CHF m	16.0 %	10.8 %	1,348.5	1,217.2
Operating profit (EBIT)	CHF m	26.6 %	19.1 %	659.4	553.5
Operating profit (EBIT, recurring) ⁴	CHF m	12.2 %	5.6 %	659.4	624.7
EBIT (recurring) ⁴ per tonne	CHF	13.4 %	6.7 %	289.1	270.8
Net profit for the year	CHF m	30.1 %	22.8 %	443.1	360.9
Net profit for the year (recurring) ⁴	CHF m	9.6 %	3.4 %	443.1	428.5
Free cash flow	CHF m			113.0	266.2
Adjusted Free cash flow ⁵	CHF m			251.8	358.5

The Barry Callebaut Group saw a slight **sales volume** decline of -1.1% to 2,280,925 tonnes in fiscal year 2022/23 (ended August 31, 2023). Volumes were negatively affected by the prior year's salmonella incident in Wieze which continued to impact results in Q1 2022/23, as well as by the weaker customer demand and increasing raw material prices.

The chocolate business reported a decline of -2.0%, with the global chocolate confectionery market declining -1.0%⁶.

While EMEA volume declined in the first half of the year, recovery of +3.2% growth in the second half resulted in flat performance of -0.4% in the year. Asia Pacific and Americas both continued to see softer customer demand amid challenging markets, declining -2.0% and -4.6% in the year respectively.

In terms of the key growth drivers: Outsourcing (strategic partnership) volumes grew +1.7% (+4.8% in Q4). Gourmet & Specialties declined -4.8% due to lower demand and temporary stock unavailability earlier in the year due to the Wieze incident, but gradually recovered and ended the final quarter positive at +0.2%. Emerging Markets were broadly flat at -0.2%. Sales volume in Global Cocoa increased to 467,877 tonnes, a year-on-year increase of +2.4%.

Sales revenue amounted to CHF 8,470.5 million, up +9.7% in local currencies (+4.7% in CHF). The increase was driven by high raw material price increases and the overall inflationary environment.

Gross profit exceeded volume performance and amounted to CHF 1,348.5 million, up +16.0% in local currencies (+10.8% in CHF), as the inflationary environment was well managed through the company's cost-plus pricing model.

Operating profit (EBIT) amounted to CHF 659.4 million, up +12.2% in local currencies (+5.6% in CHF) compared to prior-year EBIT recurring⁴, well ahead of volume. Performance improved in comparison to the softer prior year, which was heavily impacted by the Wieze incident in the final fiscal quarter, leading to lower volumes and related Operating profit (EBIT) recurring⁴. In addition,

⁴ Refer to appendix on page 10 for the detailed recurring results reconciliation.

⁵ Free cash flow adjusted for the cash flow impact of cocoa bean inventories regarded by the Group as readily marketable inventories (RMI).

⁶ Source: Nielsen volume growth excluding e-commerce – 26 countries, September 2022 to August 2023, data subject to adjustment to match Barry Callebaut's reporting period. Nielsen data only partially reflects the out-of-home and impulse consumption.

the strong result in the Global Cocoa business contributed to the year-on-year increase. EBIT per tonne improved to CHF 289, up 13.4% in local currencies (+6.7% in CHF), compared to EBIT recurring⁷ per tonne in the prior year of CHF 271. EBIT reported amounted to CHF 659.4 million vs. CHF 553.5 million in the prior year.

Net profit amounted to CHF 443.1 million, up +9.6% in local currencies (+3.4% in CHF) compared to prior-year net profit recurring⁷. The net finance costs slightly increased to CHF -124.1 million, up from CHF -121.8 million in prior year, as a result of higher interest benchmark rates. The income tax expense amounted to CHF -92.1 million in 2022/23, corresponding to an effective tax rate of 17.2% (16.4% in prior year).

Net working capital increased to CHF 1,466.2 million, compared to CHF 1,293.1 million in prior year. The increase was driven by the net effect of higher raw material prices on receivables, inventories and derivatives.

The **adjusted Free cash flow**⁸ decreased to CHF 251.8 million, compared to CHF 358.5 million in the prior year. Before the adjustment for cocoa bean inventories regarded by the Group as readily marketable inventories (RMI), cash flow generation declined to CHF 113.0 million, compared to a strong prior year (CHF 266.2 million). Free cash flow was heavily impacted by increases in raw material prices, particularly cocoa, which strongly affected net working capital.

Net debt increased to CHF 1,308.7 million from CHF 1,199.0 million in the prior-year period as working capital requirements expanded following raw material price increases. Taking into consideration the cocoa bean inventories regarded as readily marketable inventories (RMI), adjusted net debt decreased to CHF 41.1 million compared to CHF 349.8 million in the prior-year period.

⁷ Please refer to appendix on page 10 for the detailed recurring results reconciliation.

⁸ Free cash flow adjusted for the cash flow impact of cocoa bean inventories regarded by the Group as readily marketable inventories (RMI).

Proposals to the Annual General Meeting

Payout to shareholders

The Board of Directors is proposing to shareholders at the Annual General Meeting of Shareholders (AGM) on December 6, 2023, an increased payout of CHF 29.00 per share. This corresponds to a payout ratio of 36% of the reported net profit within the targeted ratio of 35-40%. The dividend will be paid to shareholders on, or around, January 10, 2024, subject to approval by the Annual General Meeting of Shareholders.

Board of Directors

Angela Wei Dong, Board member since 2018, and Elio Leoni Sceti, Board member since 2017, will not stand for reelection at the Annual General Meeting of Shareholders on December 6, 2023. The Board of Directors would like to express its sincere gratitude to Angela Wei Dong and Elio Leoni Sceti for their valuable contributions to the Board.

All other members of the Board will stand for reelection for another term of office of one year.

The Board of Directors proposes to elect Mauricio Graber, Mexican national, as new member of the Board. Mauricio Graber led a notable career in the global food ingredients and bioscience sectors. After more than 12 years as President of Givaudan's Flavour Division, Mauricio Graber assumed his current role as CEO of Chr. Hansen in 2018 and is expected to step down upon completion of the proposed merger with Novozymes in Q4 2023 or Q1 2024. His expertise in the food ingredients and biosciences industries will be a significant addition to the Board's expertise in these important areas.

Further information is available in the following publications:

Annual Report 2022/23 (English; PDF)

Short Report 2022/23 (English / German; PDF)

Available at the following link on the Barry Callebaut website: www.barry-callebaut.com/en/group/investors/results-publications

Barry Callebaut Group Capital Markets Day and Full Year results

Date: Wednesday, November 1, 2023 at 14:00-18:00 CET

This will be a physical conference hosted by Peter Feld, CEO, and Ben De Schryver, outgoing CFO, which can also be followed via webcast. Access details can be found [here](#).







Financial Calendar for Fiscal Year 2023/24 (September 1, 2023 to August 31, 2024):

Annual General Meeting 2022/23	December 6, 2023
3-Month Key Sales Figures 2023/24	January 24, 2024
Half-Year Results 2023/24	April 10, 2024
9-Month Key Sales Figures 2023/24	July 11, 2024
Full-Year Results 2023/24	November 6, 2024
Annual General Meeting 2023/24	December 4, 2024

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

With annual sales of about CHF 8.5 billion in fiscal year 2022/23, the Zurich-based Barry Callebaut Group is the world's leading manufacturer of chocolate and cocoa products – from sourcing and processing cocoa beans to producing the finest chocolates, including chocolate fillings, decorations and compounds. The Group runs 66 production facilities worldwide and employs a diverse and dedicated global workforce of more than 13,000 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 global brands catering to the specific needs of these Gourmet customers are [Callebaut®](#) and [Cacao Barry®](#), [Carma®](#) and the decorations specialist [Mona Lisa®](#). The Barry Callebaut Group is committed to make sustainable chocolate the norm 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:

Kai Hummel

Global Head of Corporate Communications

Phone: + 41 43 204 15 22

media@barry-callebaut.com

for investors and financial analysts:

Sarah Morgan

Interim Investor Relations Officer

Phone: +41 79 275 83 95

investorrelations@barry-callebaut.com

Key Figures by Region / Product Group

for the fiscal year		Change in %		2022/23	2021/22
		in local currencies	in CHF		
By Region					
EMEA					
Sales volume	Tonnes		(0.4)%	1,036,227	1,039,899
Sales revenue	CHF m	18.5 %	10.6 %	3,696.2	3,340.7
EBITDA	CHF m	49.6 %	39.7 %	490.7	351.4
Operating profit (EBIT)	CHF m	64.1 %	52.9 %	408.5	267.2
Operating profit (EBIT, recurring) ⁹	CHF m	24.6 %	16.1 %	408.5	351.9
Americas					
Sales volume	Tonnes		(4.6)%	619,747	649,389
Sales revenue	CHF m	2.5 %	2.1 %	2,236.8	2,190.2
EBITDA	CHF m	0.8 %	(0.3)%	279.9	280.6
Operating profit (EBIT)	CHF m	(1.0)%	(1.6)%	220.0	223.5
Operating profit (EBIT, recurring) ⁹	CHF m	0.1 %	(0.4)%	220.0	221.0
Asia Pacific					
Sales volume	Tonnes		(2.0)%	157,074	160,304
Sales revenue	CHF m	2.7 %	(4.5)%	523.2	547.8
EBITDA	CHF m	(10.1)%	(16.0)%	63.5	75.6
Operating profit (EBIT)	CHF m	(16.9)%	(22.2)%	46.0	59.1
Global Cocoa					
Sales volume	Tonnes		2.4 %	467,877	457,089
Sales revenue	CHF m	5.1 %	0.1 %	2,014.3	2,013.2
EBITDA	CHF m	6.7 %	2.6 %	180.4	175.7
Operating profit (EBIT)	CHF m	8.8 %	4.5 %	107.1	102.5
Operating profit (EBIT, recurring) ⁹	CHF m	22.0 %	17.1 %	107.1	91.5
By Product Group					
Sales volume					
Cocoa Products	Tonnes		2.4 %	467,877	457,089
Food Manufacturers Products	Tonnes		(1.4)%	1,530,076	1,552,241
Gourmet & Specialties Products	Tonnes		(4.8)%	282,972	297,351
Sales revenue					
Cocoa Products	CHF m	5.1 %	0.1 %	2,014.3	2,013.2
Food Manufacturers Products	CHF m	12.9 %	7.8 %	5,054.9	4,689.0
Gourmet & Specialties Products	CHF m	5.9 %	0.8 %	1,401.3	1,389.7

⁹ Please refer to appendix on page 10 for the detailed recurring results reconciliation.

Group Key Figures¹⁰

for the fiscal year		Change in %		2022/23	2021/22
		in local currencies	in CHF		
Consolidated Income Statement					
Sales volume	Tonnes		(1.1)%	2,280,925	2,306,681
Sales revenue	CHF m	9.7 %	4.7 %	8,470.5	8,091.9
Gross profit	CHF m	16.0 %	10.8 %	1,348.5	1,217.2
EBITDA	CHF m	20.3 %	13.7 %	897.3	789.4
Operating profit (EBIT)	CHF m	26.6 %	19.1 %	659.4	553.5
Operating profit (EBIT, recurring) ¹¹	CHF m	12.2 %	5.6 %	659.4	624.7
EBIT (recurring) ¹¹ / sales revenue	%			7.8 %	7.7 %
EBIT (recurring) ¹¹ per tonne	CHF	13.4 %	6.7 %	289.1	270.8
Net profit for the year	CHF m	30.1 %	22.8 %	443.1	360.9
Net profit for the year (recurring) ¹¹	CHF m	9.6 %	3.4 %	443.1	428.5
Free cash flow	CHF m			113.0	266.2
Adjusted Free cash flow ¹²	CHF m			251.8	358.5
Consolidated Balance Sheet					
Net working capital	CHF m		13.4 %	1,466.2	1,293.1
Non-current assets	CHF m		(3.0)%	2,911.0	3,001.6
Capital expenditure	CHF m		(12.6)%	241.2	275.9
Total assets	CHF m		8.7 %	8,432.7	7,760.9
Net debt	CHF m		9.1 %	1,308.7	1,199.0
Adjusted Net debt	CHF m		(88.2)%	41.1	349.8
Shareholders' equity	CHF m		(0.2)%	2,896.1	2,902.0
Ratios					
Return on invested capital (ROIC)	%			13.1 %	11.5 %
Return on invested capital (ROIC) recurring ¹¹	%			13.1 %	13.2 %
Return on equity (ROE)	%			15.3 %	12.4 %
Return on equity (ROE) recurring ¹¹	%			15.3 %	14.8 %
Debt to equity ratio	%			45.2 %	41.3 %
Interest coverage ratio				7.2	6.5
Net debt / EBITDA (recurring) ¹¹				1.4	1.4
Capital expenditure / sales revenue	%			2.8 %	3.4 %
Shares					
Share price	CHF		(23.1)%	1,542	2,004
Number of shares issued				5,488,858	5,488,858
Market capitalization at year-end	CHF m		(23.1)%	8,463.8	10,999.7
EBIT (recurring) ¹¹ per share	CHF		5.5 %	120.3	114.0
Basic earnings per share	CHF		23.1 %	81.0	65.8
Cash earnings per share	CHF			20.6	48.6
Payout per share	CHF		3.6 %	29.0	28.0
Payout ratio	%			36 %	43 %
Price-earnings ratio at year-end				19.0	30.4
Other					
Employees			2.5 %	13,754	13,418

¹⁰ Non-IFRS measures are defined under the Alternative Performance Measures in the Annual Report 2022/23 on page 188.

¹¹ Please refer to appendix on page 10 for the detailed recurring results reconciliation.

¹² Free cash flow adjusted for the cash flow impact of cocoa bean inventories regarded by the Group as readily marketable inventories (RMI).

Appendix: Recurring results reconciliation

The reconciliation of non-recurring items of fiscal year 2021/22 and their impact on the Group's Key Alternative Performance Measures (APMs) can be found in the table below. There are no non-recurring items in fiscal year 2022/23.

2021/22					
in CHF million	EMEA	Americas	Asia Pacific	Global Cocoa	Group (incl. Corporate)
EBITDA	351.4	280.6	75.6	175.7	789.4
Non-recurring items ¹³	84.7	(2.5)	—	(11.0)	71.2
EBITDA (recurring)	436.1	278.1	75.6	164.7	860.6
Operating profit (EBIT)	267.2	223.5	59.1	102.5	553.5
Non-recurring items ¹³	84.7	(2.5)	—	(11.0)	71.2
Operating profit (EBIT, recurring)	351.9	221.0	59.1	91.5	624.7
Net profit for the year					360.9
Non-recurring items ¹³					67.6
Net profit for the year (recurring)					428.5

¹³ Non-recurring items included the net one-off impact of the salmonella incident in Wieze (CHF -76.9 million), the Brazilian indirect tax credits (CHF +13.5 million; additional CHF +1.4 million financial income impacting net profit) and costs related to the closure of the chocolate factory in Moreton (CHF -7.8 million). These non-recurring items resulted in a tax effect of CHF +2.2 million.