

# Half-Year Results 2017/18



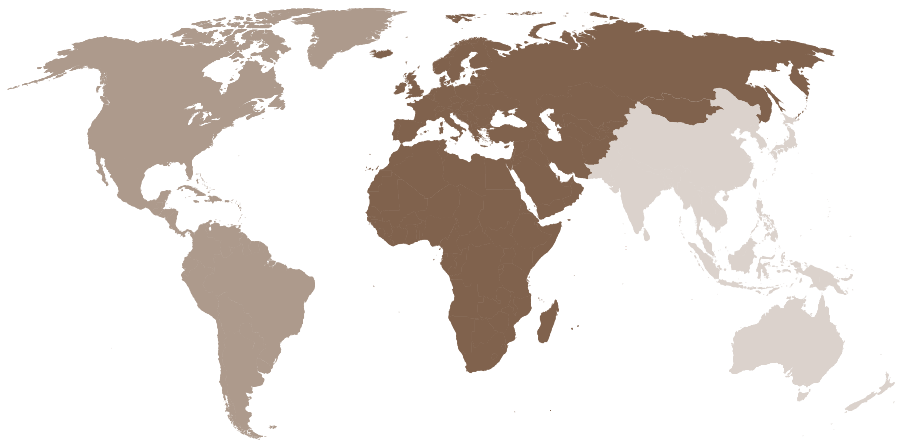
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**“We are the heart and engine  
of the chocolate and cocoa industry”**

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# Half-year results 2017/18 in brief

- Sales volume growth +8.0%
- Sales revenue of CHF 3.5 billion, –1.8% in local currencies (+0.3% in CHF)
- Operating profit<sup>1</sup> (EBIT) up +20.6% in local currencies (+24.6% in CHF)
- Net profit<sup>1</sup> up +32.9% in local currencies (+37.5% in CHF)
- Mid-term guidance confirmed<sup>2</sup>



	EMEA	Americas	Asia Pacific	Global Cocoa
Volume growth vs. prior year in tonnes	<b>+9.6%</b>	<b>+5.5%</b>	<b>+15.5%</b>	<b>+6.2%</b>
EBIT growth <sup>1</sup> vs. prior year in local currencies	<b>+12.1%</b>	<b>+9.2%</b>	<b>+15.6%</b>	<b>+130.5%</b>

1 On a recurring basis (excluding the one-off impact from comparable prior year period)

2 On average for the 4-year period 2015/16 to 2018/19: 4–6% volume growth and EBIT above volume growth in local currencies, barring any major unforeseen events

## Dear Shareholders,

We had a very strong performance in the first six months of the current fiscal year. Our **sales volume** increased by +8.0%, which is significantly above the global confectionery market growth rate of +2.5%<sup>1</sup>. The second-quarter volumes increased by +8.1%. The strong volume growth was supported by all key growth drivers: Gourmet & Specialties, Outsourcing and Emerging Markets, as well as the gradual recovery in market demand.

**Sales revenue** declined by -1.8% in local currencies to CHF 3,549.9 million, mainly due to the impact of lower cocoa and other raw material prices, which, based on our cost-plus model, are for the majority of our business passed on to customers.

## Profitable growth

**Operating profit** (EBIT) improved by +12.3% in local currencies and amounted to CHF 276.8 million, as a result of the increased gross profit. The increase of recurring EBIT was +20.6% in local currencies. On a recurring basis, we improved our EBIT per tonne by +11.6% in local currencies to CHF 271.

**Net profit for the period** was up +17.6% in local currencies to CHF 173.0 million. This was due to the strong increase in EBIT, as well as to lower net finance costs and

despite higher income tax expenses due to a one-off impact of tax reforms in Belgium and the US. On a recurring basis, the net profit for the period was up +32.9% in local currencies.

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**“Our strong performance reflects the consistent execution of our long-term strategy.”**

**Patrick De Maeseeneire,**  
Chairman of the Board

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## Further strengthening our pillars of growth

We continue to consistently outperform the market by strengthening our strategic pillars.

**Expansion:** The integration of the recent acquisition of D’Orsogna Dolciaria in Italy, in October 2017, and Gertrude Hawk Ingredients in the US, in December 2017, further expanding our value-adding Specialties & Decorations business, is well on track. Furthermore, to keep serving our customers optimally, we invested in the expansion of our global chocolate production capacity in Region EMEA, Region Americas as well as Singapore.



Chairman of the Board Patrick De Maeseneire and CEO Antoine de Saint-Affrique

**Innovation:** Since its launch in September 2017, the fourth type of chocolate: Ruby, is hitting the consumer market. The first consumer-facing Ruby products were introduced in Japan and South Korea, closely followed by the announcement of Callebaut's first Ruby variety. Furthermore, inspired by wine, coffee and craft beer categories, we introduced a sensory language and tasting ritual for chocolate in January 2018. In addition, our sugar-reduced solutions are enticing customers and growing by double-digits.

**Sustainability:** We launched our first Forever Chocolate pilot in Indonesia. This is the first in a series of five pilot programs planned in cocoa origin countries that are intended to test theories of change in the quest to accelerate sustainable cocoa production. The focus of the pilots is on increasing the income of farmers, eradicating child labor and becoming carbon positive. We are partnering with Dutch Wageningen University & Research which is providing our Group with robust, scientific support to establish the baseline and analytical framework against which outcomes can be assessed.

## Outlook

We continue to see healthy market dynamics. We have good visibility in our portfolio and together with the diligent execution of our “smart growth” strategy, we feel confident to deliver on our 4-year guidance<sup>1</sup>

April 11, 2018



**Patrick De Maeseneire**  
Chairman of the Board



**Antoine de Saint-Affrique**  
Chief Executive Officer

Sales Volume: 1,022,565 tonnes

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**+8.0%**

EBIT<sup>2</sup>: CHF 276.8 million

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**+20.6%**

in local currencies

Net profit for the period<sup>2,3</sup>:  
CHF 173.0 million

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**+32.9%**

in local currencies

Free cash flow<sup>4</sup>:

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**39.0**  
in CHF million

- 1 On average for the 4-year period 2015/16–2018/19: 4–6% volume growth and EBIT above volume growth in local currencies, barring any major unforeseen events
- 2 On a recurring basis (excluding the one-off impact from comparable prior year period)
- 3 Incl. non-controlling interests
- 4 Net cash flow from operating activities./Net cash flow from investing activities (adjusted for acquisitions/disposals of subsidiaries)

## Consolidated Income Statement (unaudited)

for the 6-month period ended				2018	2017
February 28,					
		Change (%)			
		in local	in CHF		
		currencies			
Sales volume	Tonnes		8.0%	1,022,565	946,782
Sales revenue	CHF m	(1.8%)	0.3%	3,549.9	3,538.7
Gross profit	CHF m	15.5%	19.2%	553.0	464.0
EBITDA <sup>1</sup>	CHF m	12.3%	16.0%	359.4	309.9
EBITDA (recurring <sup>2</sup> )	CHF m	13.8%	22.4%	359.4	293.6
Operating profit (EBIT)	CHF m	12.3%	16.1%	276.8	238.4
Operating profit (EBIT) (recurring <sup>2</sup> )	CHF m	20.6%	24.6%	276.8	222.1
EBIT per tonne (recurring <sup>2</sup> ) <sup>3</sup>	CHF	11.6%	15.4%	270.7	234.6
Net profit for the period <sup>4</sup>	CHF m	17.6%	21.7%	173.0	142.1
Net profit for the period (recurring <sup>2</sup> )	CHF m	32.9%	37.5%	173.0	125.8
Free cash flow <sup>5</sup>	CHF m	-	-	39.0	(32.1)

## Consolidated Balance Sheet (unaudited)

as of February 28,				2018	2017
Total assets	CHF m	4.6%		6,186.5	5,912.3
Net working capital <sup>6</sup>	CHF m	(16.0%)		1,174.7	1,398.4
Non-current assets	CHF m	7.1%		2,547.0	2,378.4
Net debt	CHF m	(16.9%)		1,208.4	1,454.9
Shareholders' equity <sup>7</sup>	CHF m	9.7%		2,217.6	2,021.6

## Shares (unaudited)

for the 6-month period ended February 28,				2018	2017
Share price (end of period)	CHF	43.7%		1,867.0	1,299.0
EBIT per share <sup>8</sup>	CHF	16.1%		50.4	43.4
Basic earnings per share <sup>9</sup>	CHF	22.4%		31.5	25.7
Cash earnings per share <sup>10</sup>	CHF	-		7.1	(5.8)

## Other (unaudited)

as of February 28,				2018	2017
Employees				11,262	10,343

1 EBIT + depreciation of property, plant and equipment + amortization of intangibles

2 On a recurring basis (excluding the one-off impact from prior-year period)

3 EBIT/sales volume

4 Incl. non-controlling interest

5 Net cash flow from operating activities./Net cash flow from investing activities (adjusted for acquisitions and disposal of subsidiaries)

6 Includes current assets, liabilities and provisions related to commercial activities

7 Total equity attributable to the shareholders of the parent company

8 EBIT/basic shares outstanding

9 Based on the net profit attributable to the shareholders of the parent company/basic shares outstanding

10 Free cash flow/basic shares outstanding

## By Region (unaudited)

for the 6-month period ended February 28,		Change (%)		2018	2017
		in local currencies	in CHF		
<b>EMEA</b>					
Sales volume	Tonnes		9.6%	471,120	429,867
Sales revenue	CHF m	0.4%	7.3%	1,577.8	1,470.9
EBITDA (recurring)	CHF m	12.9%	20.6%	204.5	169.5
Operating profit (EBIT) (recurring)	CHF m	12.1%	19.8%	175.0	146.1
<b>Americas</b>					
Sales volume	Tonnes		5.5%	265,904	252,068
Sales revenue	CHF m	0.0%	(1.9%)	825.5	841.1
EBITDA	CHF m	11.3%	9.8%	103.2	94.0
Operating profit (EBIT)	CHF m	9.2%	7.6%	84.5	78.5
<b>Asia Pacific</b>					
Sales volume	Tonnes		15.5%	54,121	46,872
Sales revenue	CHF m	4.6%	2.7%	189.5	184.5
EBITDA	CHF m	15.4%	14.2%	29.1	25.5
Operating profit (EBIT)	CHF m	15.6%	15.8%	24.2	20.9
<b>Global Cocoa</b>					
Sales volume	Tonnes		6.2%	231,420	217,975
Sales revenue	CHF m	(7.6%)	(8.2%)	957.1	1,042.2
EBITDA	CHF m	55.6%	57.9%	73.7	46.6
Operating profit (EBIT)	CHF m	130.5%	132.0%	45.7	19.7

## By Product Group (unaudited)

for the 6-month period ended February 28,		Change (%)		2018	2017
		in local currencies	in CHF		
<b>Sales volume</b>					
Cocoa Products	Tonnes		6.2%	231,420	217,975
Food Manufacturers Products	Tonnes		8.8%	665,763	611,713
Gourmet & Specialties Products	Tonnes		7.1%	125,382	117,094
<b>Sales revenue</b>					
Cocoa Products	CHF m	(7.6%) <sup>1</sup>	(8.2%)	957.1	1,042.2
Food Manufacturers Products	CHF m	0% <sup>1</sup>	3.2%	1,987.4	1,925.8
Gourmet & Specialties Products	CHF m	1.2% <sup>1</sup>	6.1%	605.4	570.7

1 Calculation adjusted subsequent to initial publication

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