

# Half-Year Results 2016/17



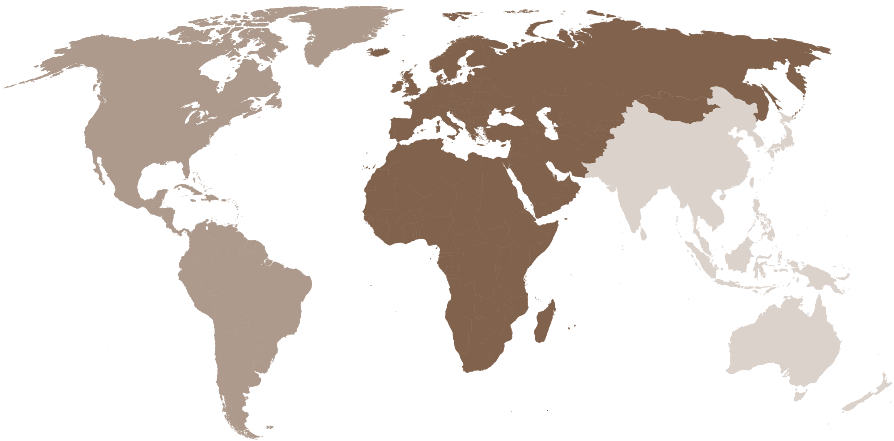
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**“We are the heart and engine  
of the chocolate and cocoa industry”**

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# Half-year results 2016/17 in brief

- Volume growth picking up in Q2 +3.5%, fueled by key growth drivers, resulting in above-market<sup>1</sup> growth in the first half of the fiscal year of +1.4%
- Sales revenue up +2.5% in local currencies to CHF 3.5 billion
- Strong operating profit (EBIT) improvement of +19.3% in local currencies, of which 11.1% recurring; net profit up +32.6% in local currencies, of which +18.9% recurring
- Mid-term guidance confirmed<sup>2</sup>



	EMEA	Americas	Asia Pacific	Global Cocoa
Volume growth vs. prior year in tonnes	<b>+4.4%</b>	<b>+0.4%</b>	<b>+14.6%</b>	<b>(5.0%)</b>
EBIT growth vs. prior year in local currencies	<b>+13.6%</b>	<b>+11.1%</b>	<b>+12.7%</b>	<b>+76.8%</b>

<sup>1</sup> Source: Nielsen, Global Chocolate Confectionery Market –2.1% in volume August 2016 – January 2017.

<sup>2</sup> On average for the 3-year period 2015/16 to 2017/18: 4 - 6% volume growth and EBIT above volume growth in local currencies, barring any major unforeseen events.

## Dear Shareholders,

We keep delivering on our “smart growth” agenda. Sales volume growth picked up to +3.5% in the second quarter (first quarter –0.4%) and we reached a volume growth of +1.4% in the first six months of fiscal year 2016/17. This contrasts with a decline of the global chocolate confectionery market by –2.1%<sup>1</sup>. We significantly improved our profitability as a result of our ongoing focus on product and customer mix, as well as the successful implementation of our Cocoa Leadership program. At the same time, we continue to focus on free cash flow and returns.

### Volume growth picking up, significant profit improvement

Sales volume in chocolate accelerated in the second quarter to +4.9%, reaching +3.5% for the first 6 months. This growth was fueled particularly by Outsourcing, but also Gourmet & Specialties and Emerging Markets. In cocoa we completed the intentional phase-out of less profitable contracts, which led to a decline of –5.0%. Overall, the Group’s sales volume increased +1.4% to 946,782 tonnes.

Sales revenue grew above volume by +2.5% in local currencies (+3.3% in CHF) to CHF 3,538.7 million, due to a better product mix and partly offset by lower raw material prices.

Operating profit (EBIT) improved by +19.3% in local currencies (+18.8% in CHF)

as a result of the good gross profit and amounted to CHF 238.4 million. Excluding the non-recurring acquisition-related income of CHF 16.3 million, the EBIT increase was +11.1% in local currencies.

Net profit was up +32.6% in local currencies to CHF 142.1 million due to the strong increase in EBIT, lower net finance costs and despite a higher effective tax rate. Excluding the non-recurring effect, it was up +18.9% in local currencies.

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**“The consistent implementation of our proven strategy is key to continuously outperforming the market.”**

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

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The seasonality from the cocoa main crop is reflected in the free cash flow, which was CHF –29.0 million for the 6-month period. On a 12-month rolling basis, free cash flow was CHF 154.6 million.

### Further implementing our proven strategy

We again made good progress in the implementation of our long-term strategy,



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

which is key to continuously outperforming the market.

**Expansion:** On December 31, 2016, we completed the acquisition of the chocolate production facility of Mondelēz International in Halle, Belgium. The transaction also includes a long-term agreement for the supply of an additional 30,000 tonnes of liquid chocolate per year to Mondelēz International. The opening of our first chocolate factory in Indonesia was also an important milestone.

**Innovation:** We completed more than 700 R&D projects and launched a number of new products, including a new range of chocolate and fruit fillings with low water activity. Our subsidiary la Morella nuts extended its portfolio with a new range of organically grown Mediterranean nuts.

**Sustainability:** In November 2016, we launched our new sustainability strategy “Forever Chocolate”, with the ambition to have 100% sustainable chocolate by 2025. “Forever Chocolate” includes four targets that we expect to achieve by 2025 and that address the biggest sustainability challenges in the chocolate supply chain: child labor, farmer poverty, carbon and forest footprint and sustainable sourcing.

## Outlook

We will continue to execute our “smart growth” strategy. Whilst markets remain volatile, we have built a healthy chocolate portfolio and expect the good momentum to continue. We will also further pursue the implementation of our Cocoa Leadership program. On this basis, we confirm our mid-term guidance<sup>2</sup>.

April 12, 2017



**Patrick De Maeseneire**  
Chairman of the Board



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

Sales Volume: 946, 782 tonnes

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**+1.4%**

EBIT: CHF 238.4 million

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**+19.3%**  
in local currencies

Net Profit for the period<sup>3</sup>:  
CHF 142.1 million

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**+32.6%**  
in local currencies

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

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**(29.0)**  
in CHF million

<sup>2</sup> On average for the 3-year period 2015/16 – 2017/18: 4–6% volume growth and EBIT above volume growth in local currencies, barring any major unforeseen events.

<sup>3</sup> Incl. non-controlling interests.

<sup>4</sup> Net cash flow from operating activities./Net cash flow from investing activities.

## Consolidated Income Statement (unaudited)

for the 6-month period ended February 28/29,				2017	2016
		Change (%)			
		in local currencies	in CHF		
Sales volume	Tonnes		1.4%	946,782	933,327
Sales revenue	CHF m	2.5%	3.3%	3,538.7	3,424.3
Gross profit	CHF m	6.2%	6.0%	464.0	437.9
EBITDA <sup>1</sup>	CHF m	14.7%	14.4%	309.9	270.9
Operating profit (EBIT)	CHF m	19.3%	18.8%	238.4	200.7
Operating profit (EBIT) excl. non-recurring effect	CHF m	11.1%	10.6%	222.1	200.7
EBIT per tonne <sup>2</sup>	CHF	17.6%	17.1%	251.8	215.0
Net profit for the period <sup>3</sup>	CHF m	32.6%	31.7%	142.1	107.9
Net profit for the period excl. non-recurring effect	CHF m	18.9%	16.6%	125.8	107.9
Free cash flow <sup>4</sup>	CHF m	(112.8%)	(113.2%)	(29.0)	220.4

## Consolidated Balance Sheet (unaudited)

as of February 28/29,				2017	2016
Total assets	CHF m	7.3%		5,912.3	5,509.9
Net working capital <sup>5</sup>	CHF m	1.2%		1,398.4	1,382.3
Non-current assets	CHF m	5.6%		2,378.4	2,253.3
Net debt	CHF m	(5.4%)		1,454.9	1,538.2
Shareholders' equity <sup>6</sup>	CHF m	12.8%		2,021.6	1,792.3

## Shares (unaudited)

for the 6-month period ended February 28/29,				2017	2016
Share price (end of period)	CHF	23.5%		1,299.0	1,052.0
EBIT per share <sup>7</sup>	CHF	18.8%		43.4	36.6
Basic earnings per share <sup>8</sup>	CHF	32.8%		25.7	19.4
Cash earnings per share <sup>9</sup>	CHF	(110.0%)		(5.3)	52.8

## Other (unaudited)

as of February 28/29,				2017	2016
Employees				10,343	9,778

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

2 EBIT/sales volume.

3 Incl. non-controlling interest.

4 Net cash flow from operating activities./Net cash flow from investing activities.

5 Includes current assets, liabilities and provisions related to commercial activities.

6 Total equity attributable to the shareholders of the parent company.

7 EBIT/basic shares outstanding.

8 Based on the net profit from continuing operations attributable to the shareholders of the parent company/basic shares outstanding.

9 Free cash flow/basic shares outstanding.

## By Region (unaudited)

for the 6-month period ended February 28/29,		Change (%)		2017	2016
		in local currencies	in CHF		
<b>EMEA</b>					
Sales volume	Tonnes		4.4%	429,867	411,881
Sales revenue	CHF m	5.8%	4.7%	1,470.9	1,405.0
EBITDA	CHF m	13.0%	11.6%	185.8	166.4
Operating profit (EBIT)	CHF m	13.6%	12.5%	162.4	144.4
<b>Americas</b>					
Sales volume	Tonnes		0.4%	252,068	251,151
Sales revenue	CHF m	1.3%	2.9%	841.1	817.4
EBITDA	CHF m	7.2%	8.0%	94.0	87.0
Operating profit (EBIT)	CHF m	11.1%	11.5%	78.5	70.4
<b>Asia Pacific</b>					
Sales volume	Tonnes		14.6%	46,872	40,888
Sales revenue	CHF m	11.6%	14.0%	184.5	161.8
EBITDA	CHF m	13.7%	14.8%	25.5	22.2
Operating profit (EBIT)	CHF m	12.7%	13.6%	20.9	18.4
<b>Global Cocoa</b>					
Sales volume	Tonnes		(5.0%)	217,975	229,407
Sales revenue	CHF m	(2.5%)	0.2%	1,042.2	1,040.1
EBITDA	CHF m	23.6%	23.6%	46.6	37.7
Operating profit (EBIT)	CHF m	76.8%	74.3%	19.7	11.3

## By Product Group (unaudited)

for the 6-month period ended February 28/29,		Change (%)		2017	2016
		in local currencies	in CHF		
<b>Sales volume</b>					
Cocoa Products	Tonnes		(5.0%)	217,975	229,407
Food Manufacturers Products	Tonnes		1.6%	611,713	601,858
Gourmet & Specialties Products	Tonnes		14.7%	117,094	102,062
<b>Sales revenue</b>					
Cocoa Products	CHF m	(2.5%)	0.2%	1,042.2	1,040.1
Food Manufacturers Products	CHF m	2.8%	2.9%	1,925.8	1,871.5
Gourmet & Specialties Products	CHF m	11.1%	11.3%	570.7	512.7

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