

# Roadshow presentation

HY2018/19 Result

April 2019





# AGENDA

- BC at a glance
- Highlights HY 2018/19
- Financial Review HY 2018/19
- Strategy & Outlook
- Appendix



**BARRY CALLEBAUT**

BC at a glance





## 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
- **Jacobs Holding long-term** major shareholder with **50.1%** of the outstanding shares.



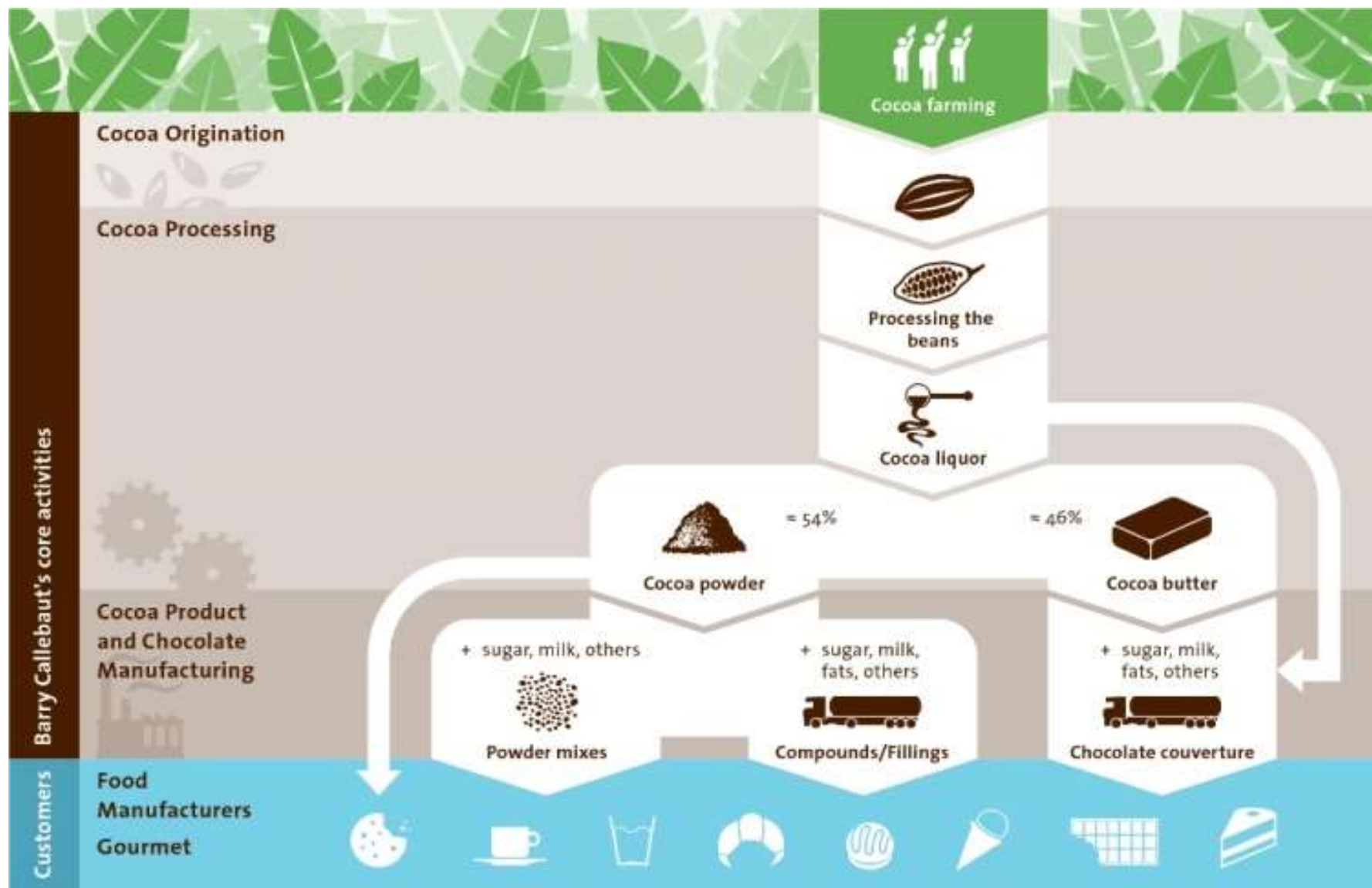
Today, the **world's leading manufacturer** of high-quality **chocolate** and **cocoa** products

Barry Callebaut is in 25% of all consumer products containing cocoa or chocolate



BC at a glance - What do we do?

## We are present in the key parts of the cocoa and chocolate value chain





# “Shaping the world of chocolate and cocoa”

## FY 2017/18

More than  
**175 years**  
of chocolate heritage



First time over  
**2 million**  
sales volume  
in tonnes

**554.0**  
EBIT  
in CHF million

**59**  
factories  
worldwide



Selling to  
**140**  
countries

More than  
**11,500**  
employees



CAGR   
**+4.4%**  
volume growth  
over 5 years

**6,948.4**  
sales revenue  
in CHF million


**20 years**  
listed on the  
SIX Swiss Exchange



New type  
of chocolate  
created: Ruby chocolate  
**The 4<sup>th</sup>**



Sustainably sourced  
cocoa beans  
**44%**



**21**  
CHOCOLATE  
ACADEMY™  
Centers



More than  
**40,000**  
chocolate aficionados  
trained in 2017/18



BC at a glance - What do we offer?

# A broad offering from standard to the most premium products

## Cocoa Products



## Food Manufacturers



## Gourmet & Specialties

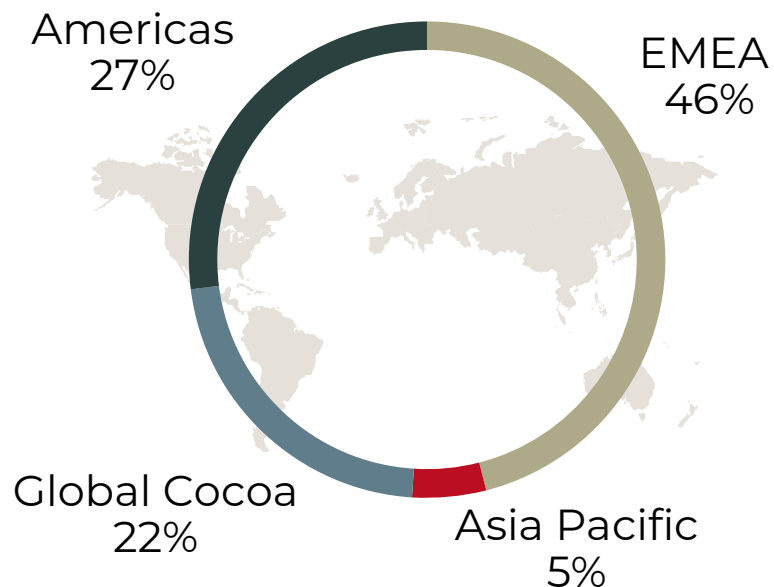




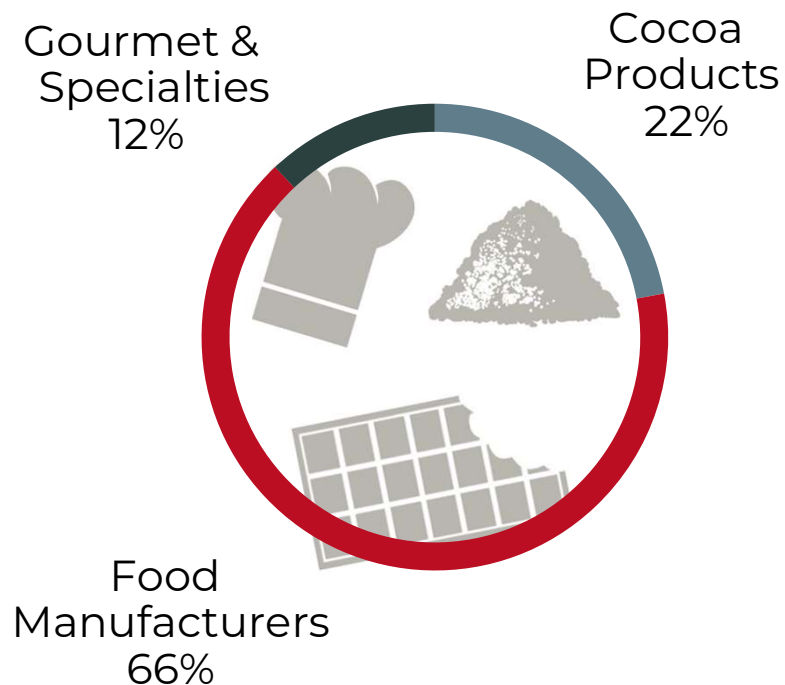
BC at a glance - how are we organized?

## Our Regional and Product split

### Sales Volume by Region



### Sales volume by Product Group



### Full-Year 2017/18:

Sales Volume: 2.0 million tonnes




Sales Revenue: CHF 6,948.4 m

EBITDA: CHF 728.3 m

EBIT: CHF 554.0 m



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

	Customers	Pricing model	Profit levers
 <p>Food manufacturers 66%*</p>	Small, medium Global Food Manufacturers	Cost Plus	Customer mix Product mix Economies of scale
 <p>Global Cocoa 22%*</p>	Small, medium Global Food Manufacturers	Market prices Cost Plus (partly)	Global set-up Customer/product mix Combined ratio
 <p>Gourmet &amp; Specialties 12%*</p>	Professional users, Food Chains, Distributors, HORECA	Price List	Expansion global brands Adjacent products Innovation/Sustainability

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

\* Percentage of FY2017/18 Group sales volume

BC at a glance - where are we present?

## A global footprint and local service: 60 factories worldwide

Cocoa factories in countries of origin and chocolate factories close to our customers. With our 22 Chocolate Academies worldwide we are at the pulse of any trends in the industry







# Highlights

HY2018/19







## Strong profitability and accelerating growth momentum

- Sales volume up +2.4% on top of a strong prior year base
- Acceleration in Q2 to +3.1%
- Sales revenue of CHF 3.7 bn, +6.0% in local currencies (+3.5% in CHF)
- Operating profit (EBIT) up +12.4% in local currencies (+8.9% in CHF)
- Net Profit up +18.8% in local currencies (+15.1% in CHF). Net profit adjusted<sup>1</sup> +12.3% in local currencies (+8.7% in CHF)
- On track to deliver on current mid-term guidance<sup>2</sup>

<sup>1</sup> prior year adjusted for one-time non-cash expense related to tax reforms in Belgium and the US

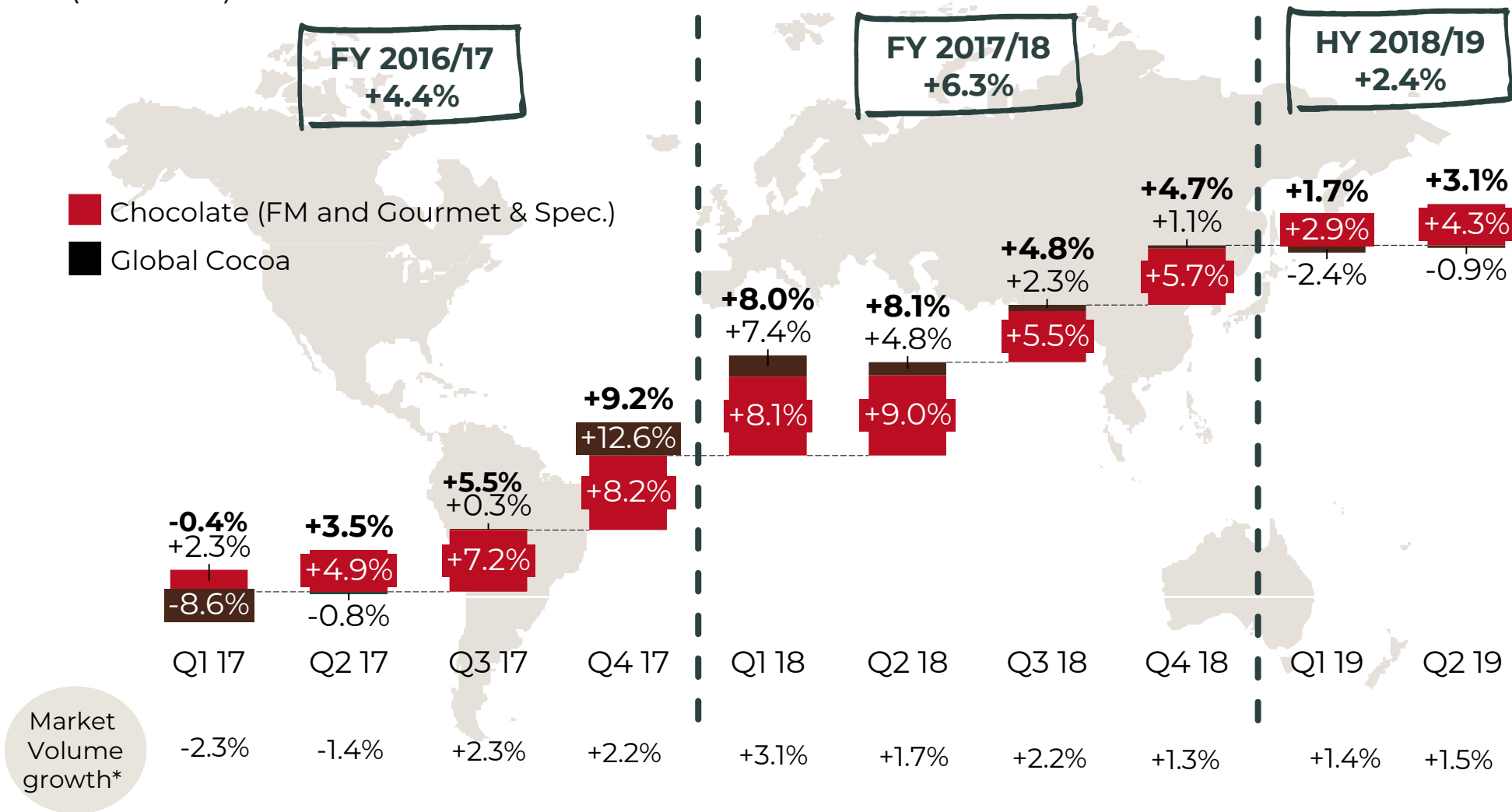
<sup>2</sup> 2015/16-2018/19 on average: +4-6% volume growth and EBIT growth above volume barring any major unforeseen events



Highlights HY Results 2018/19

# +2.4% volume growth, accelerating growth momentum driven by chocolate

HY 2018/19 volume growth vs prior year (in tonnes)

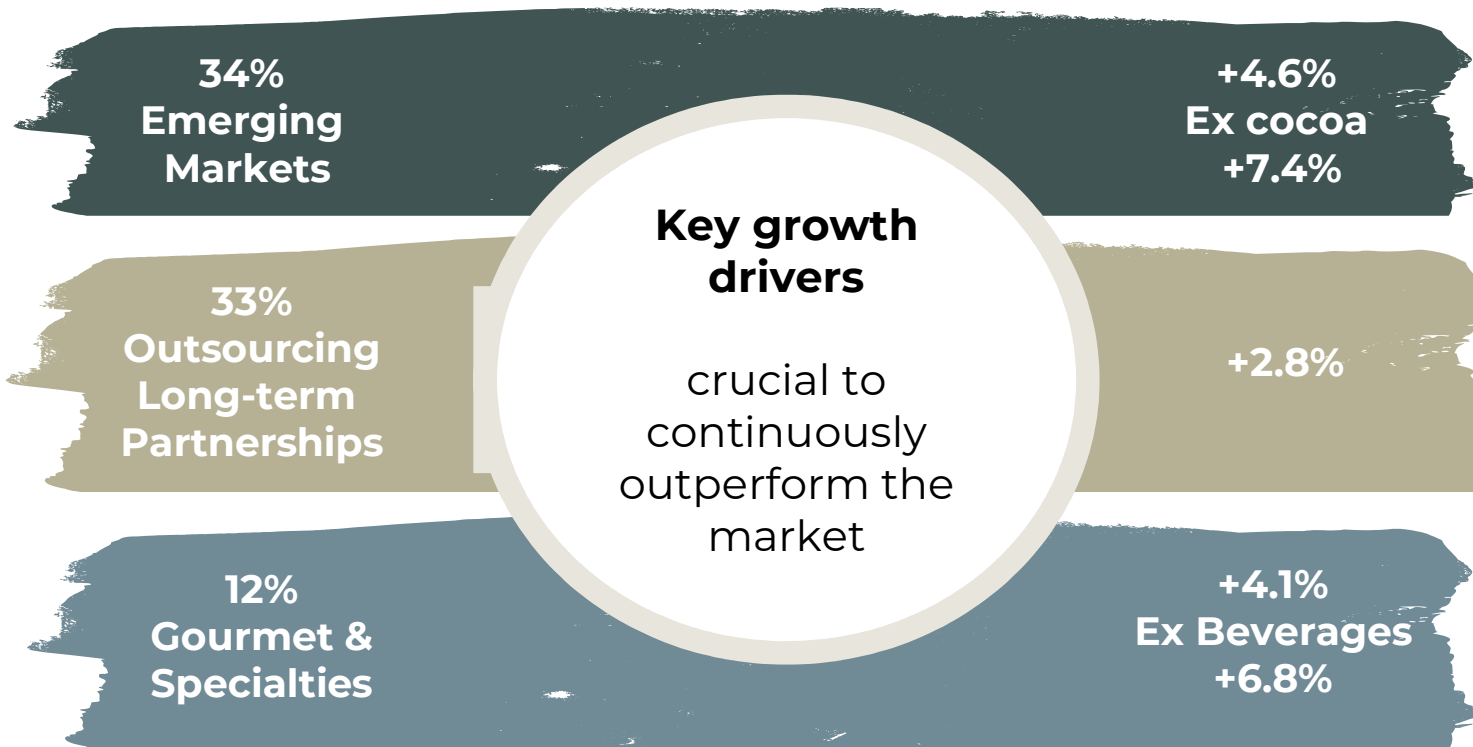


\* Source: Nielsen chocolate confectionery in volume Aug 2018 to Jan 2019 – 25 countries

# Key growth drivers gaining momentum

% of total  
Group volume

Volume growth  
Vs prior year







Garudafood



## Continued expansion around the globe

### Acquisition of Inforum in Russia

- A leading B2B chocolate manufacturer in Russia
- Acquisition closed in January 2019

### Long-term supply agreement with Burton's

- Supply started in December 2018
- Expand production capacity in UK

### New Global Packaging Center in Halle, Belgium

- Services Gourmet customers across the world
- Strengthens supply chain in growing Gourmet business.

### Opening of new Chocolate Academy's

- New offices and second Chocolate Academy in Beijing, China – the 22nd one globally
- Opening of relocated Chocolate Academy in Istanbul, Turkey

### Healthy outsourcing pipeline

- More volumes coming on stream in 2H 2018/19

# Highlights HY Results 2018/19

## Ruby goes global!

- ▶ Ruby 1<sup>st</sup> year anniversary
- ▶ Introduced by more than 20 brands
- ▶ Available in over 40 markets
- ▶ Launch of rubychocolate.com crowdsourced platform



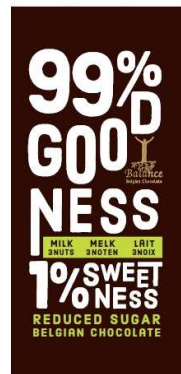




Highlights HY Results 2018/19

## Innovation - there is much more going on!

- **Dairy-free:** launch of Magnum Vegan, with dairy-free chocolate
- **Sweet solutions:** we are the largest producer of sugar-reduced chocolate products
- **Shaping experiences:** leverage the knowhow of D'Orsogna and Gertrude Hawk in decorations and inclusions
- **Tailor made:** allows chefs to customize their own chocolate recipe from a selection of the best cocoa beans from around the world





# Financial Review

HY 2018/19





# Profit growing above volume growth

Group performance (in CHF mio)	HY 2018/19	% vs prior year in CHF	% vs prior year in local currencies
Sales volume Total (in tonnes)	1,046,695	+2.4%	n/a
Sales revenue	3,672.7	+3.5%	+6.0%
Gross profit	584.8	+5.7%	+8.5%
EBIT Total	301.4	+8.9%	+12.4%
<i>EBIT per tonne</i>	288	+6.4%	+9.8%
Net profit for the period	199.1	+15.1%	+18.8%
Adj. Net profit for the period <sup>1</sup>	199.1	+8.7%	+12.3%
Free Cash Flow	-140.6	n/a	n/a
Adj. Free Cash Flow <sup>2</sup>	-31.4		

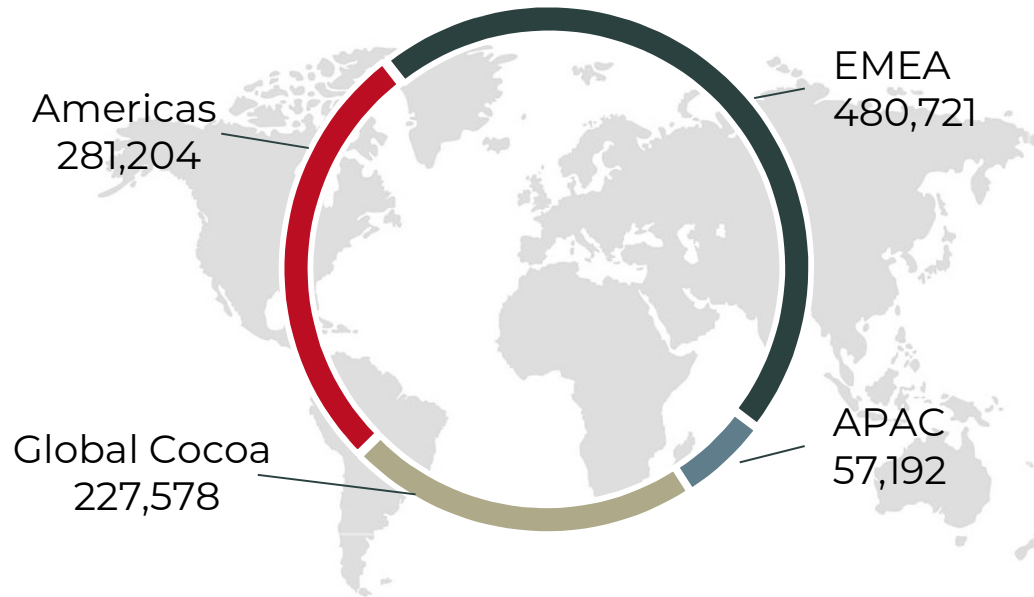
<sup>1</sup> PY Net profit for the period included a CHF 10.1m impact from the tax reforms in Belgium and the US

<sup>2</sup> Adjusted for cash flow effect of cocoa beans regarded as readily marketable inventories (RMI), by the Group



# All Regions contributed to volume growth and profitability

Group Sales Volume:  
**1,046,695**  
 tonnes



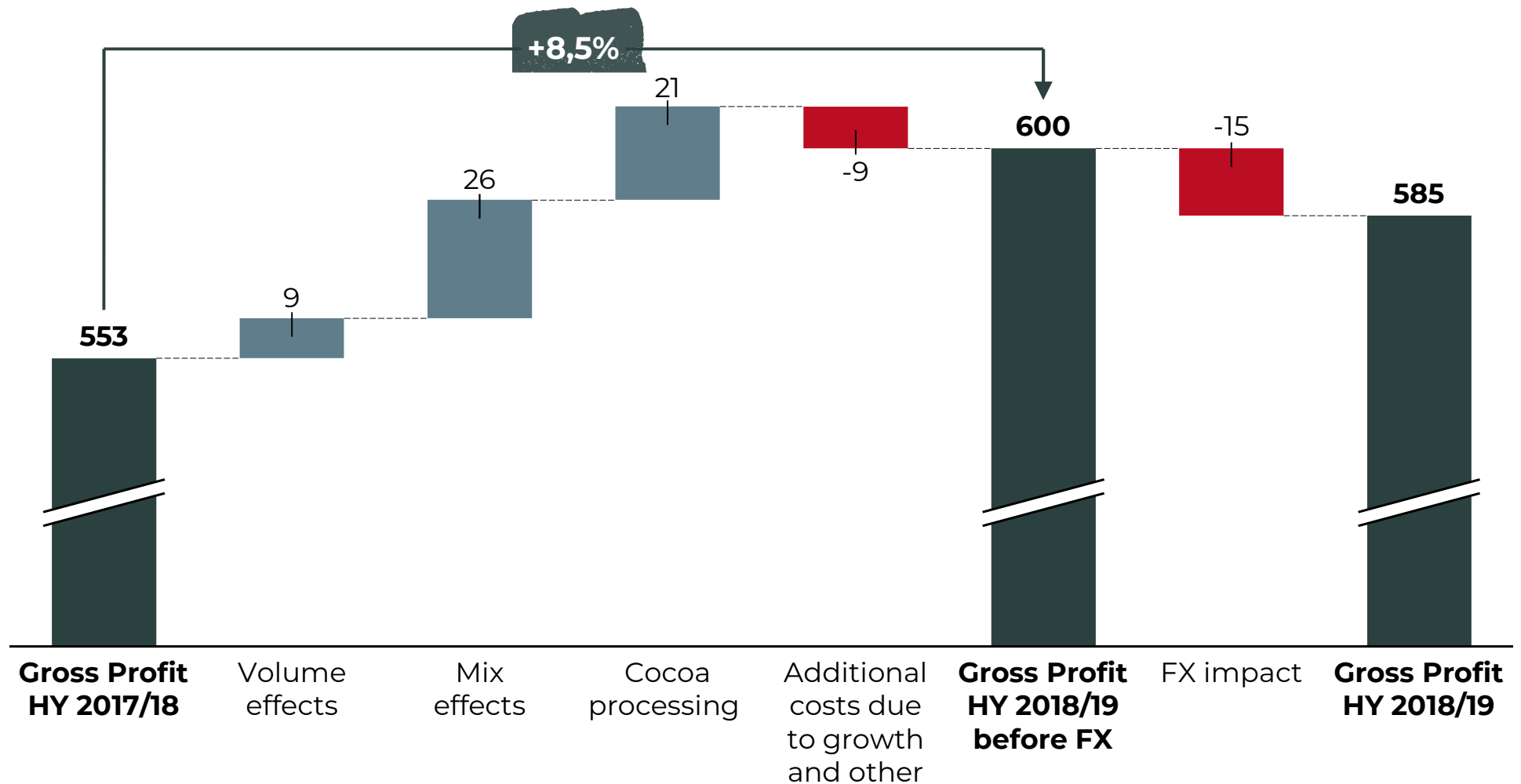
	EMEA	Americas	Asia Pacific	Global Cocoa
HY volume growth	+2.0%	+5.8%	+5.7%	-1.7%
EBIT growth in local currencies	+6.1%	+8.5%	+10.8%	+22.5%
Market Volume growth*	+0.7%	+1.0%	+8.6%	

\* Source: Nielsen chocolate confectionery in volume Aug 2018 to Jan 2019 – 25 countries

# Gross Profit

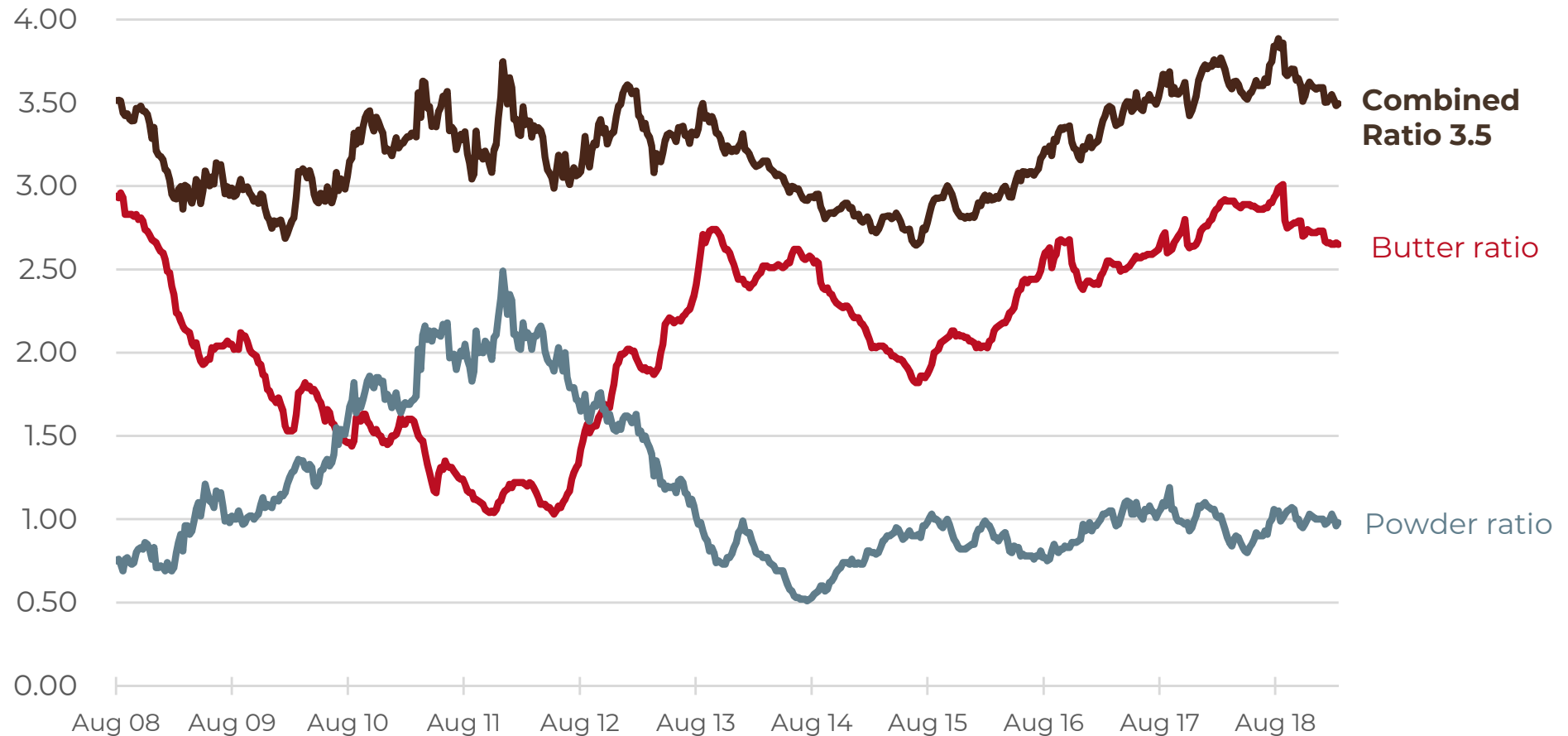
## Gross profit up +8.5% in local currencies, driven by good product mix and a supportive market environment

In CHF millions



# Cocoa Combined Ratio remains at a healthy level

European combined ratio - 6 month forward ratio



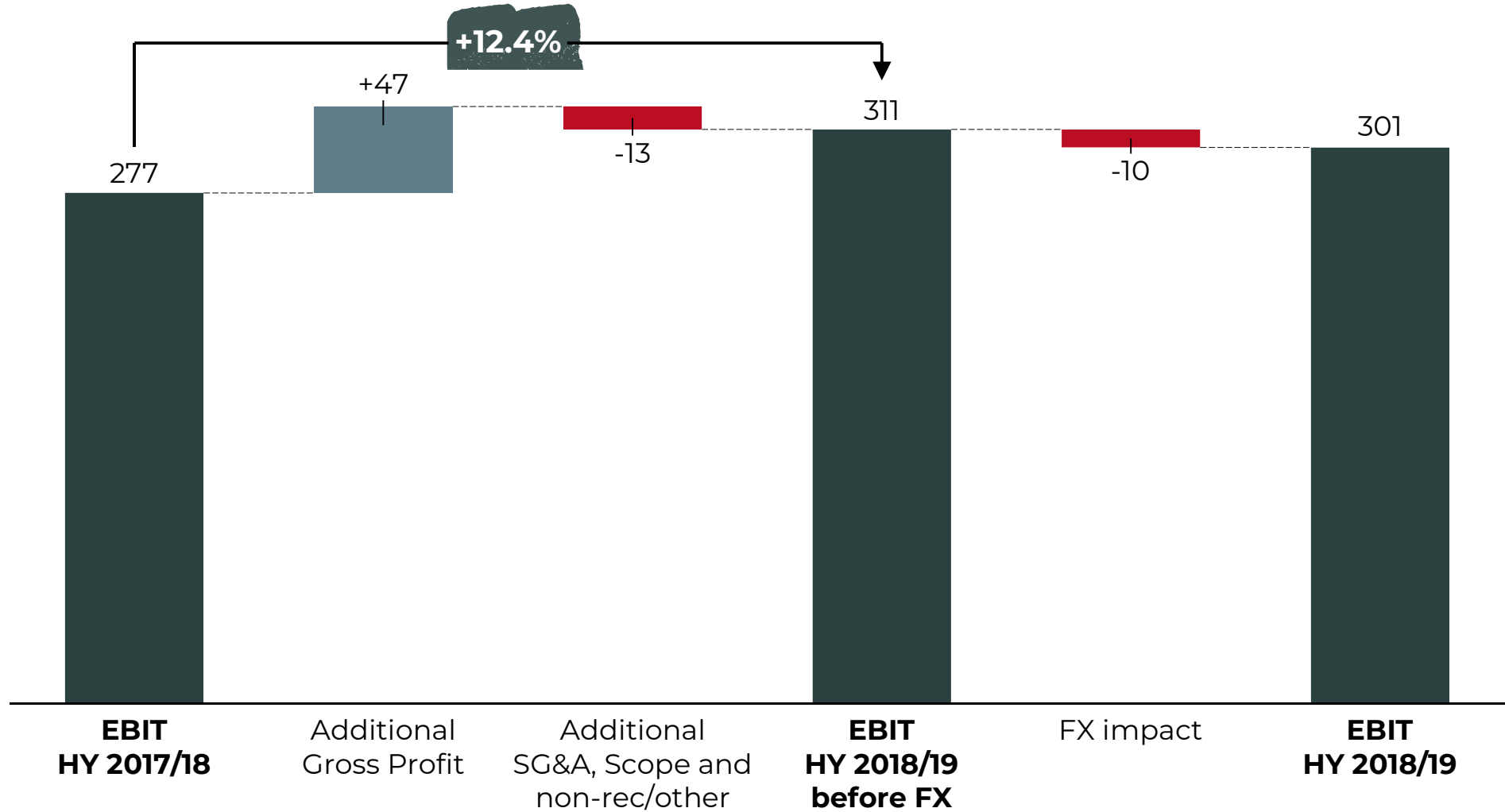
For cocoa processors, profitability depends on the ratio between input costs (price of cocoa beans) and combined output prices (price of cocoa butter and powder).



EBIT

# Strong increase in operating profit by +12.4% in local currencies

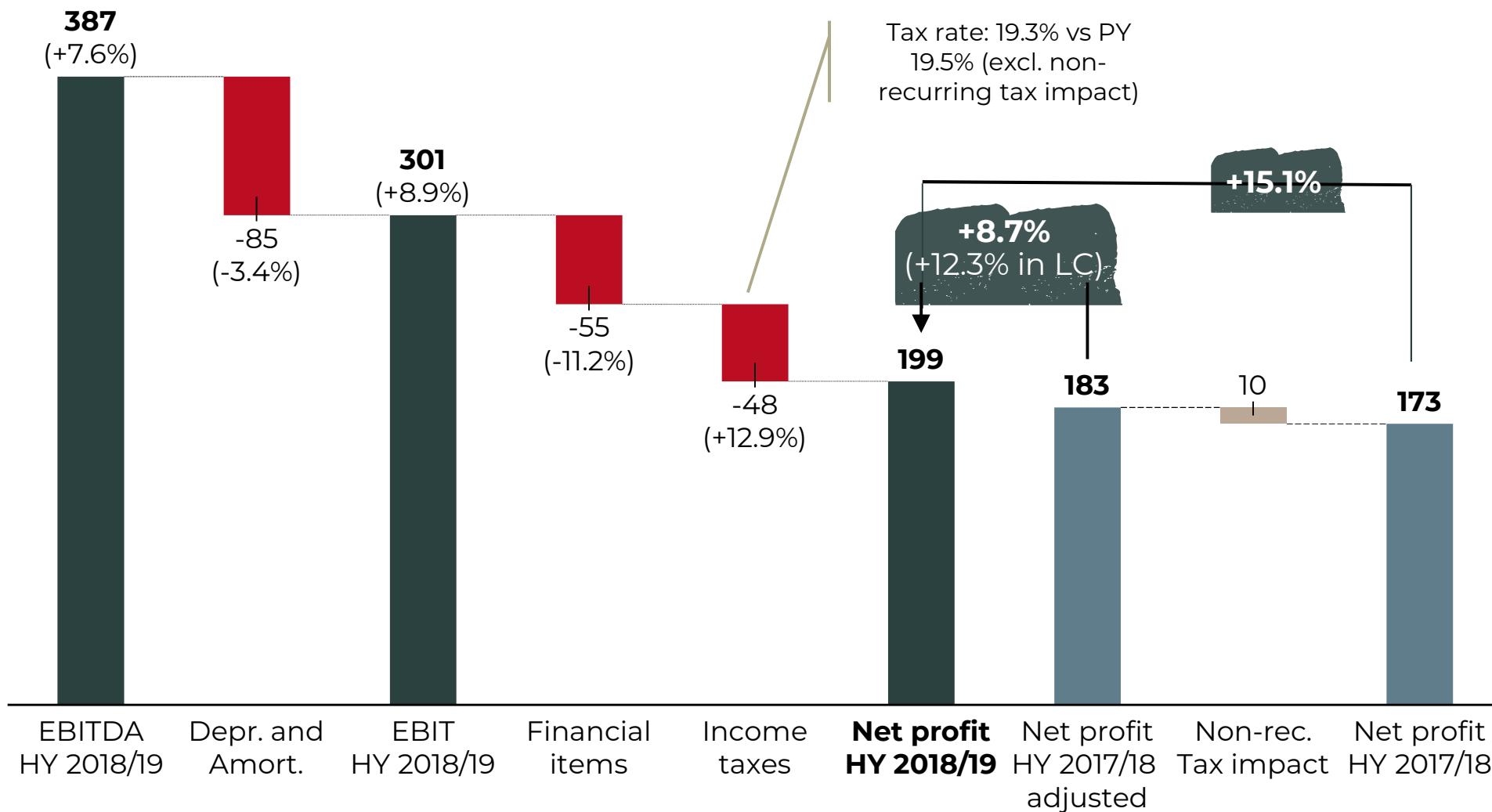
In CHF millions



EBITDA to Net Profit

# Net Profit up +15.1% in CHF, as a result of good profitability

In CHF millions



Raw material prices

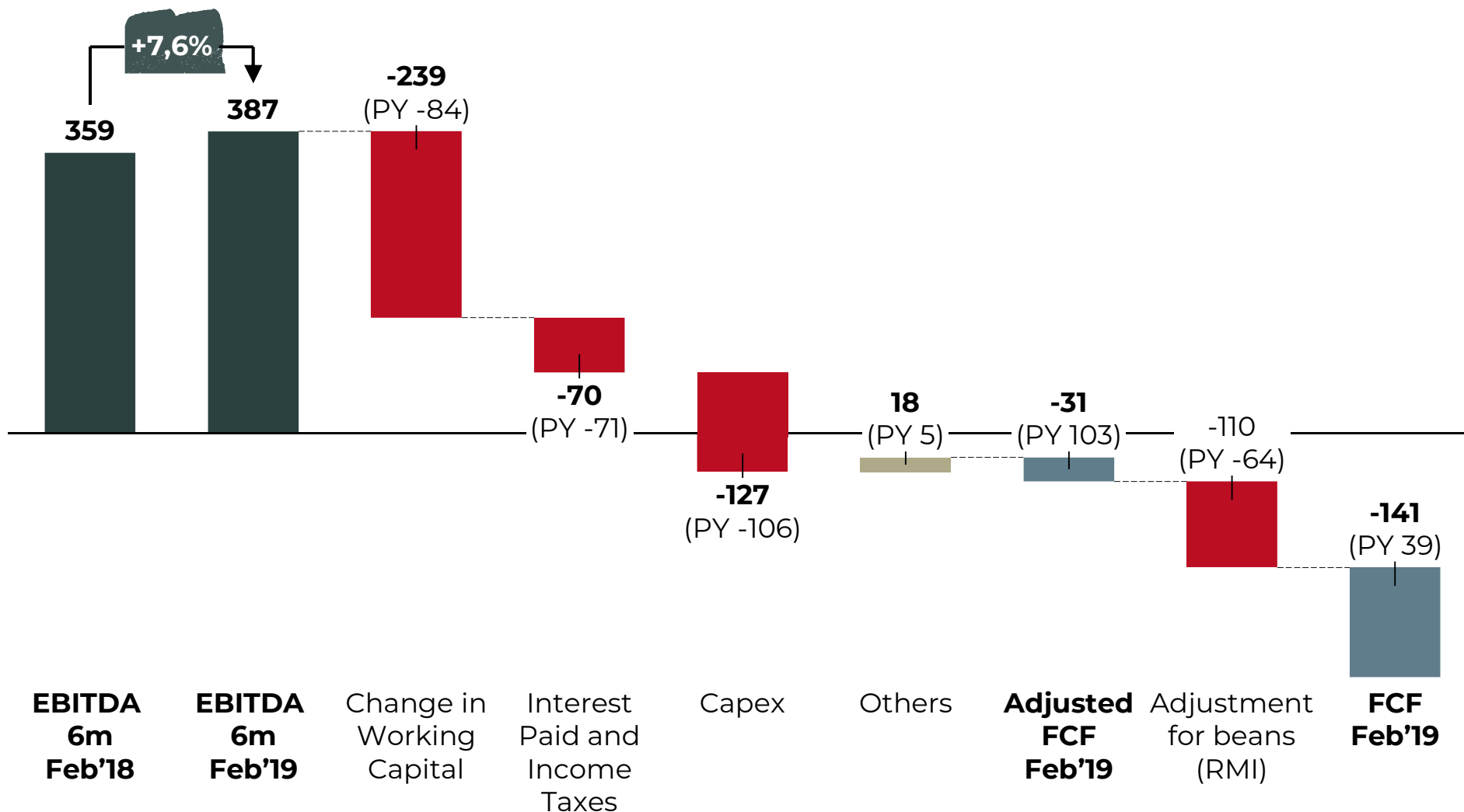
# Price increases mainly in Sugar and Dairy during the first half. On average Cocoa bean price also increased





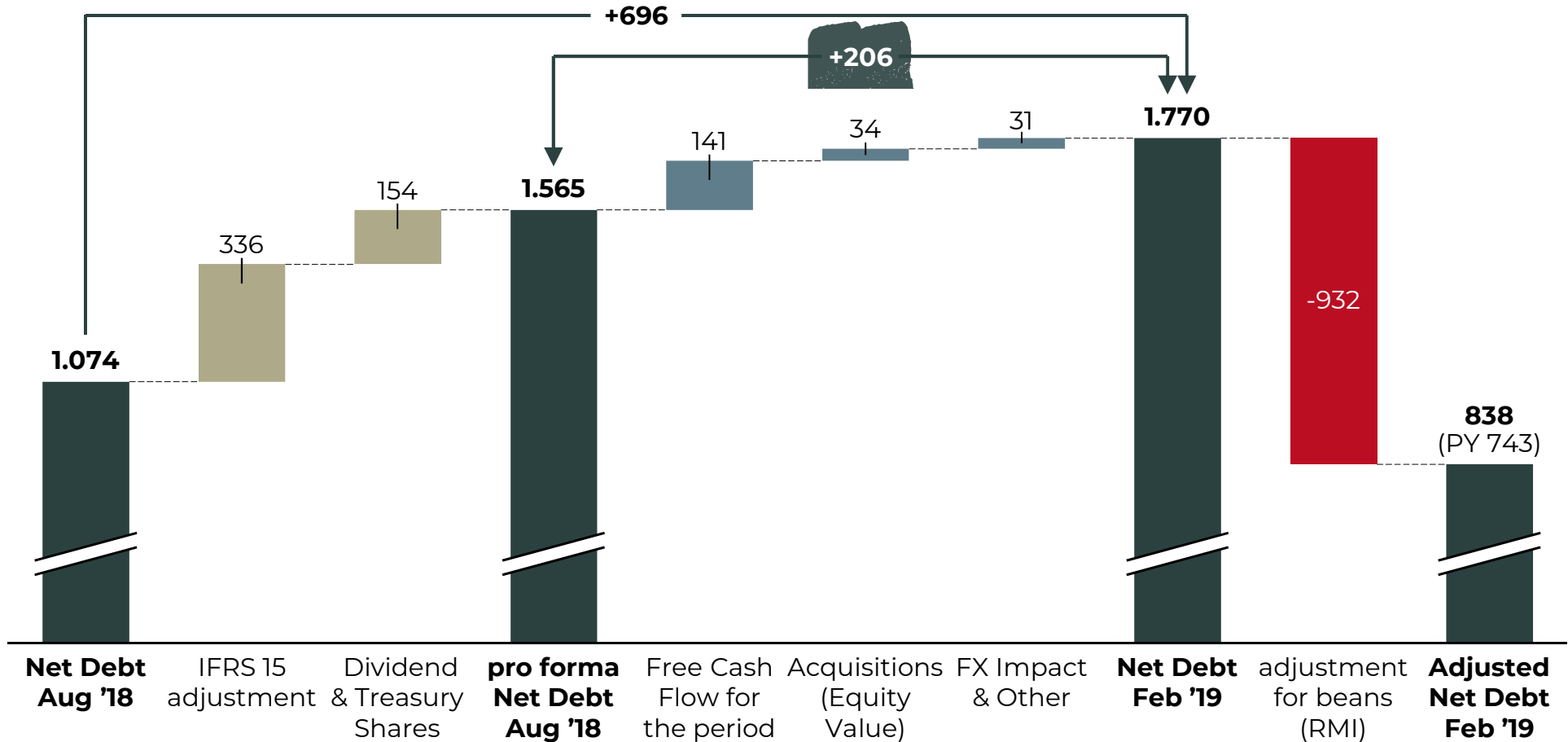
# Adjusted Free Cash Flow CHF -31 million on back of higher inventory catering for future volume growth

In CHF millions (6 month rolling)



# Net Debt mostly increased due to IFRS 15 related higher working capital and earlier dividend payment

In CHF millions





## Financial Key Figures

# Balance sheet

(in CHF millions)	Feb 2019	Aug 18 Pro forma <sup>1</sup>	Feb 18 Pro forma <sup>1</sup>	Aug 18	Feb 18 <sup>2</sup>
Total Assets	6,820.4	6,169.0	6,444.3	5,832.0	6,105.9
Net Working Capital	1,762.1	1,403.4	1,426.1	1,074.4	1,087.7
Non-Current Assets	2,639.9	2,506.5	2,566.5	2,505.5	2,566.5
Net Debt <i>Adj. Net Debt<sup>3</sup></i>	1,769.6 837.7	1,409.3 616.0	1,546.8 743.3	1,074.3 616.0	1,208.4 743.3
Shareholders' Equity	2,383.9	2,265.8	2,150.0	2,269.8	2,150.0
Debt / Equity ratio <i>Adj. Debt / Equity ratio</i>	74.2% 35.1%	62.2% 27.2%	71.9% 34.6%	47.3% 27.2%	56.2% 34.6%
Solvency ratio	35.0%	36.7%	33.4%	38.9%	35.2%
Net Debt / EBITDA <i>Adj. Net Debt / EBITDA<sup>3</sup></i>	2.0x 1.0x	1.9x 0.8x	2.4x 1.3x	1.5x 0.8x	1.9x 1.3x
ROIC	12.5%	12.2%	11.2%	13.3%	12.3%
ROE	16.9%	15.7%	16.0%	15.7%	16.0%

<sup>1</sup> Pro forma adjusted for IFRS 15 effect

<sup>2</sup> See Half-Year Report 2018/19, Summary of Accounting policies – restatement and reclassification

<sup>3</sup> Net Debt adjusted for cocoa beans considered as RMI

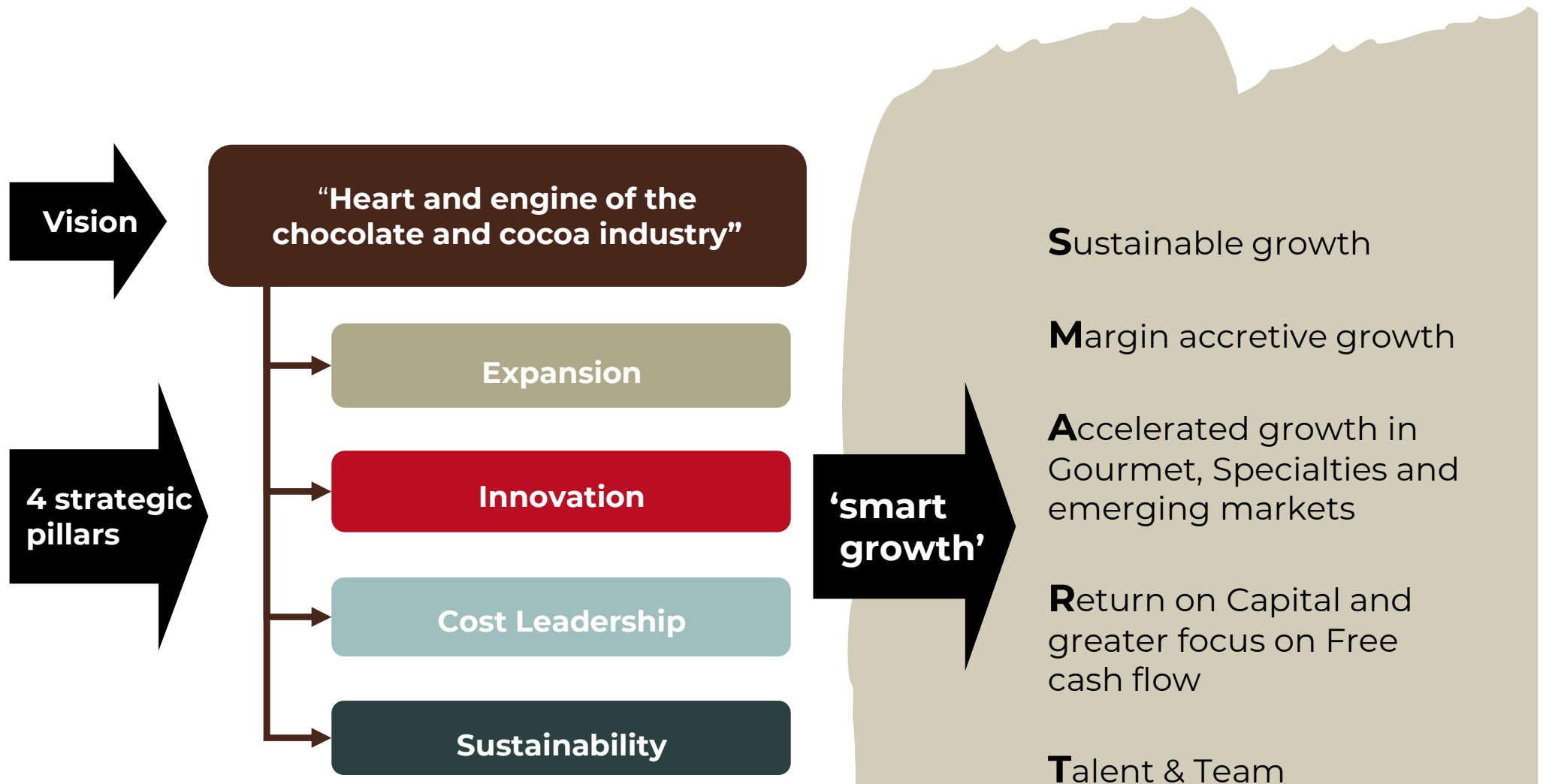




# Strategy & Outlook



# Consistent long-term strategy – evolving execution





# Strategy

## Pursuing the momentum

### Innovation

- Drive **premium** range in **Cocoa powders**
- **Leverage Innovation** across segments
  - Callebaut Ruby RBI, Caramel doré
  - Sugar-reduced solutions
- **Leverage portfolio** of Gertrude Hawk and d'Orsogna



### Expansion

- Integration of **Inforum** in Russia, **complementary product** and **customer base** in 2<sup>nd</sup> largest chocolate confectionery market worldwide.
- **Garudafoods** additional **outsourcing** contract coming on stream H2 2018/19
- Further **expansion** of **Chocolate Academy Centers** worldwide
- Africa SACO **capacity expansion**. Africa chocolate market potential untapped

# Forever Chocolate: Our plan to make sustainable chocolate the norm by 2025

## Leading on carbon disclosure

- Barry Callebaut's efforts to reduce its carbon footprint awarded A- score by the Carbon Disclosure Project (CDP)
- Ranking in top 6% of over 7,000 companies rated

## Cocoa and Forests Initiative: Barry Callebaut publishes its Action Plan

- By end 2019, 100% of farms and warehouses in direct supply chain mapped in Côte d'Ivoire and Ghana to ensure no sourcing from protected forest areas
- Until 2022, distribute over 600,000 trees for cocoa farmer crop diversification
- Until 2022, thousands of farmers trained on good agricultural practices



**Our Goal**  
By 2025 we will be Carbon and forest Positive.

**Key Metric**  
The carbon footprint of our supply chain from farm to customer and number of hectares of forest regenerated.

**Enabling KPI s**  
CO2e intensity per tonne of product.  
% of raw material volume proven to be free from deforestation.





## Schuldschein issue strengthens our debt structure

- Average tenor is 7.8 years and has extended the overall Group maturity to 5.5 years
- Attractive interest rate of 1.65% lowering average cost of long-term debt
- The successful issuance reflects the trust of the investors:
  - Within top three biggest transactions for companies outside Germany
  - Schuldschein with longest tenors on average (8 years)
  - Global investor interest: Germany 38%, Switzerland 21%, Asia 25%, RoW 16%
  - Largest CHF denominated Schuldschein (CHF 152m)
  - First Sustainable Schuldscheindarlehen ever issued



Outlook

## Confident outlook

### Confident of reaching mid-term guidance

- Good visibility in portfolio and expected acceleration in sales momentum make us confident of delivering on our current mid-term guidance.

### New mid-term guidance 2019/20-2021/22

- Average volume growth +4-6%
- EBIT growth on average above volume growth<sup>1</sup>

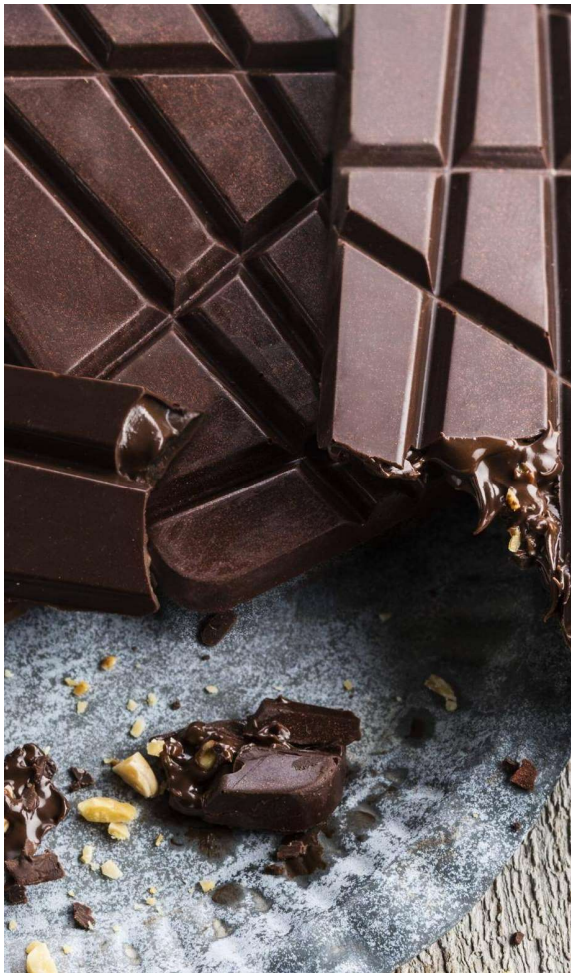
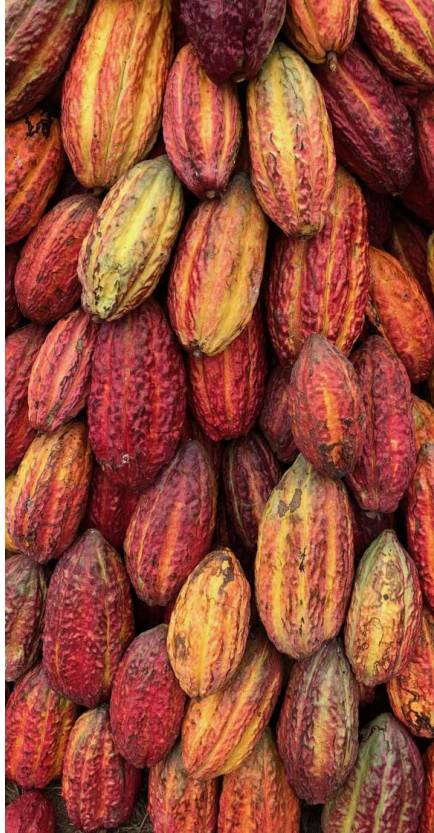
<sup>1</sup>in local currencies and barring any major unforeseen events



# Appendix





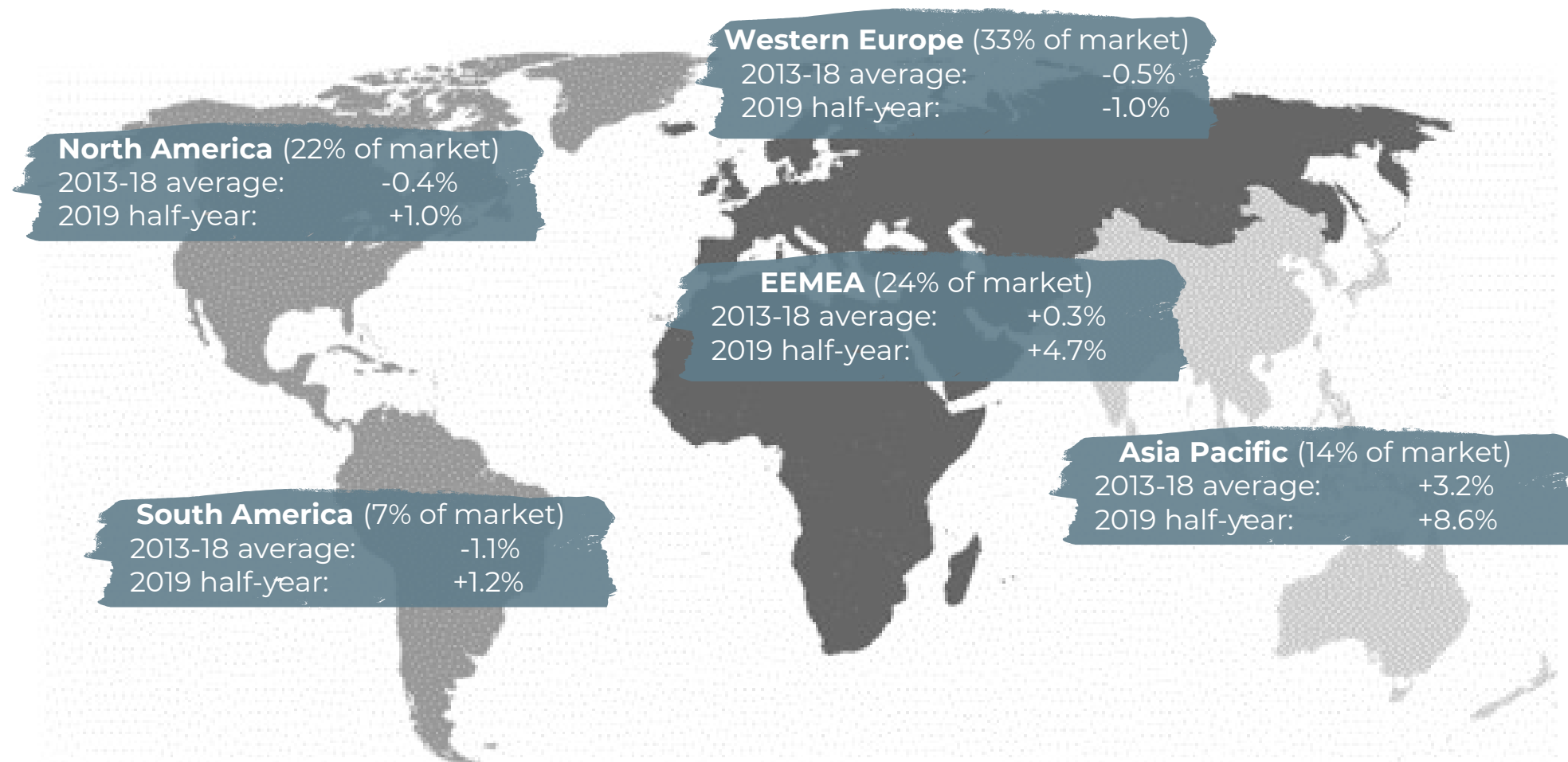


Appendix

## 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

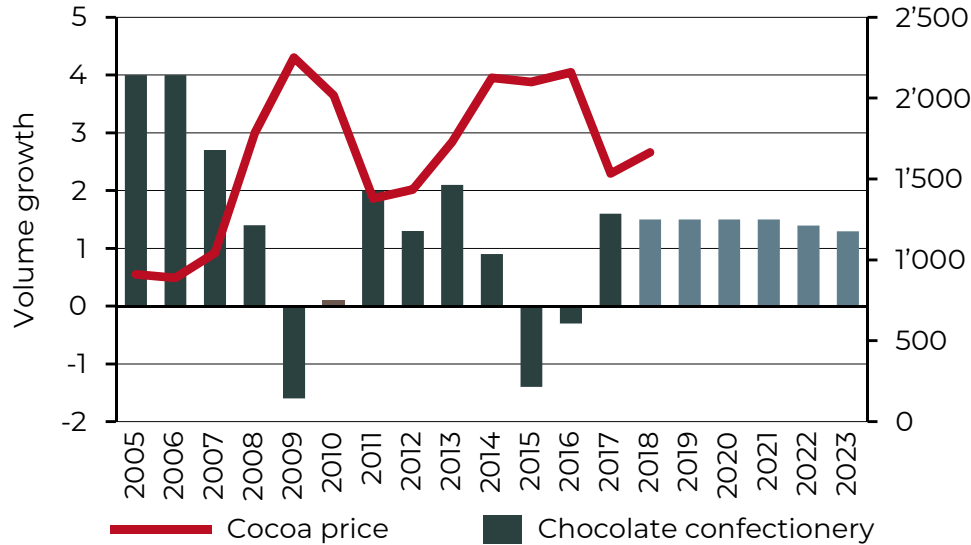


Source growth: Nielsen chocolate confectionery in volume – Aug 18 to Jan 19 – 25 countries  
Source regional market shares: Euromonitor

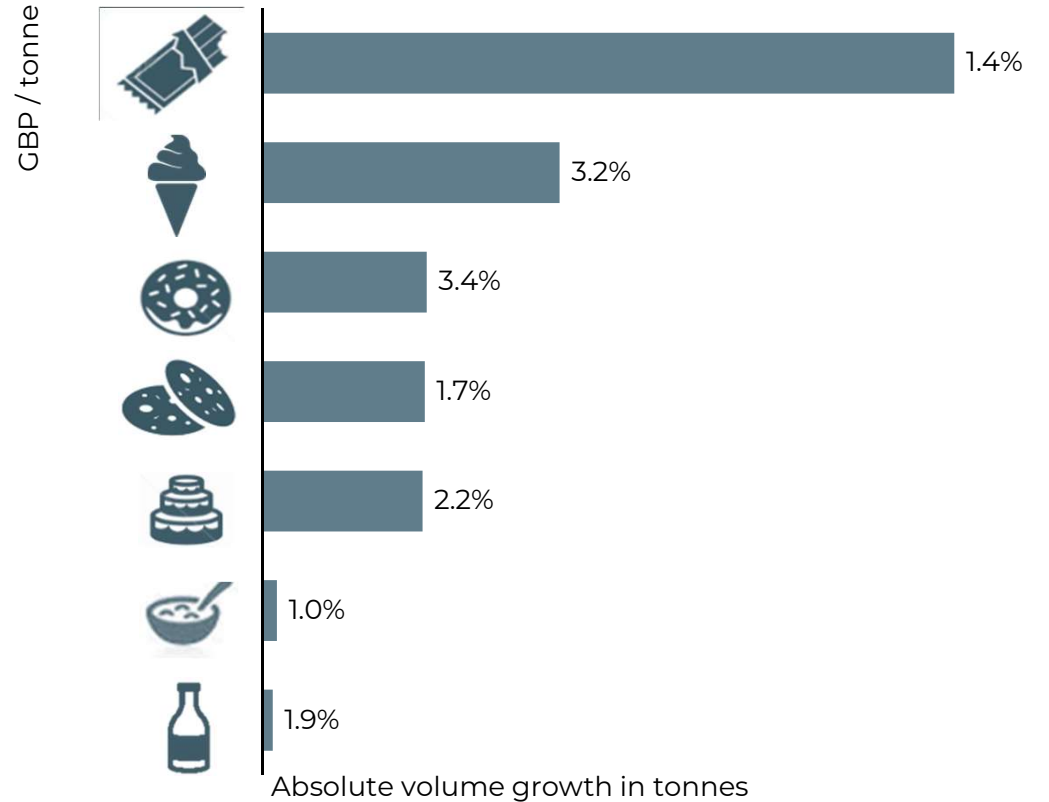


# Our market and opportunities ahead

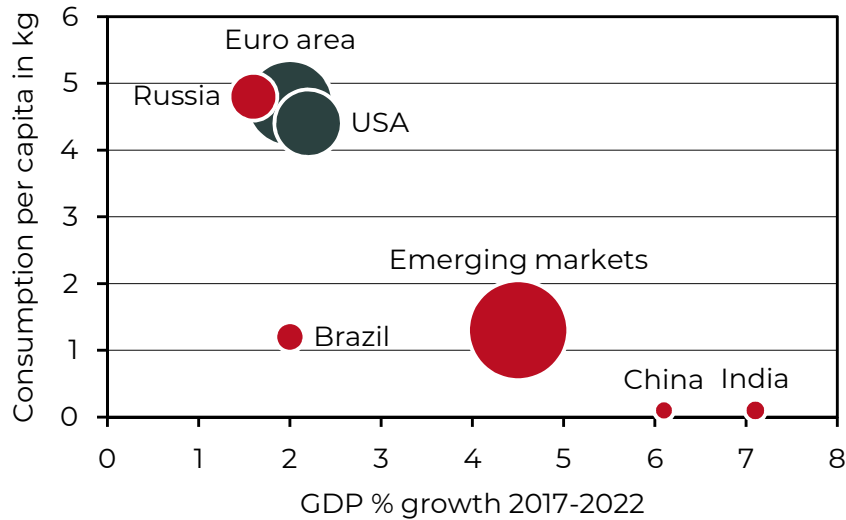
**Global Chocolate confectionery volume growth vs cocoa bean price**



**Forecast volume growth per application 2017-2022**



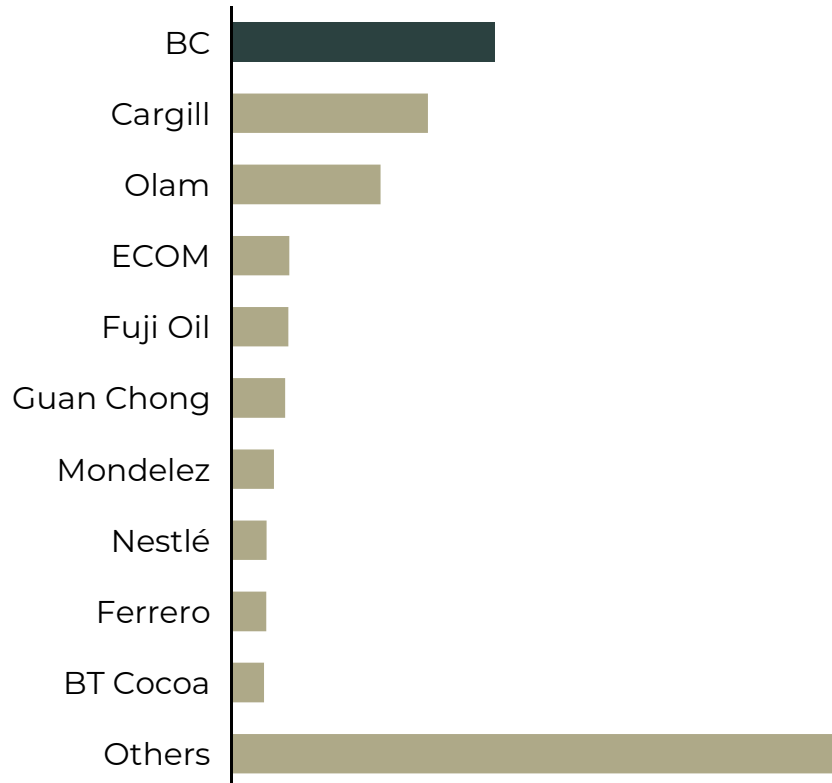
**Growing economies with still low chocolate consumption per capita**



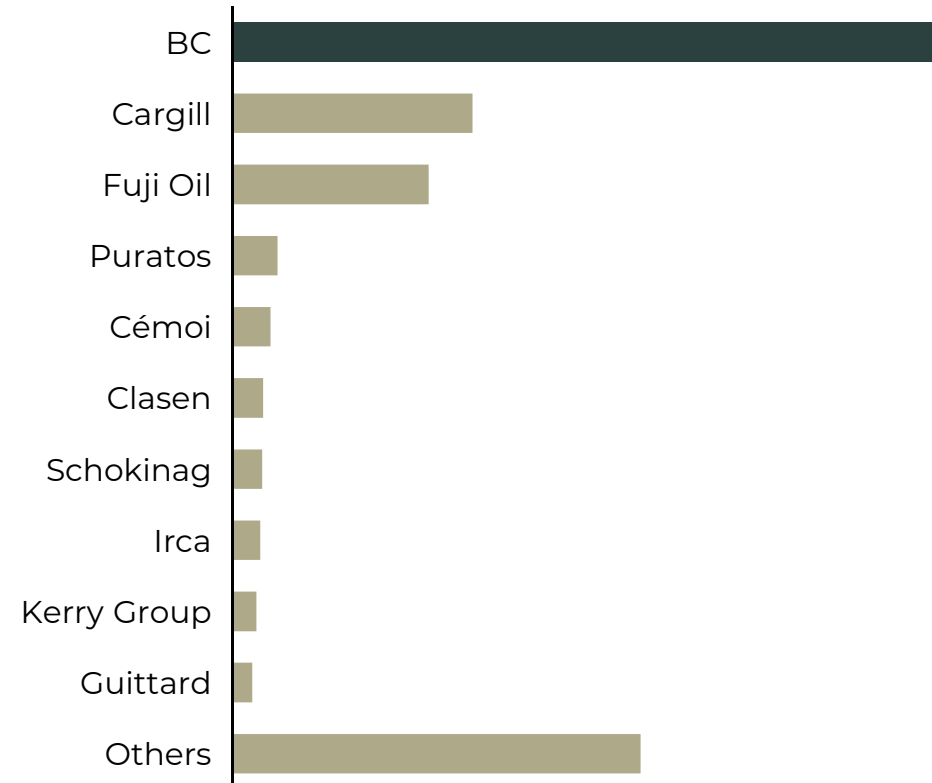
Source: Euromonitor

# Strong global market leader in industrial chocolate and cocoa

Cocoa grinding capacity (kMT)



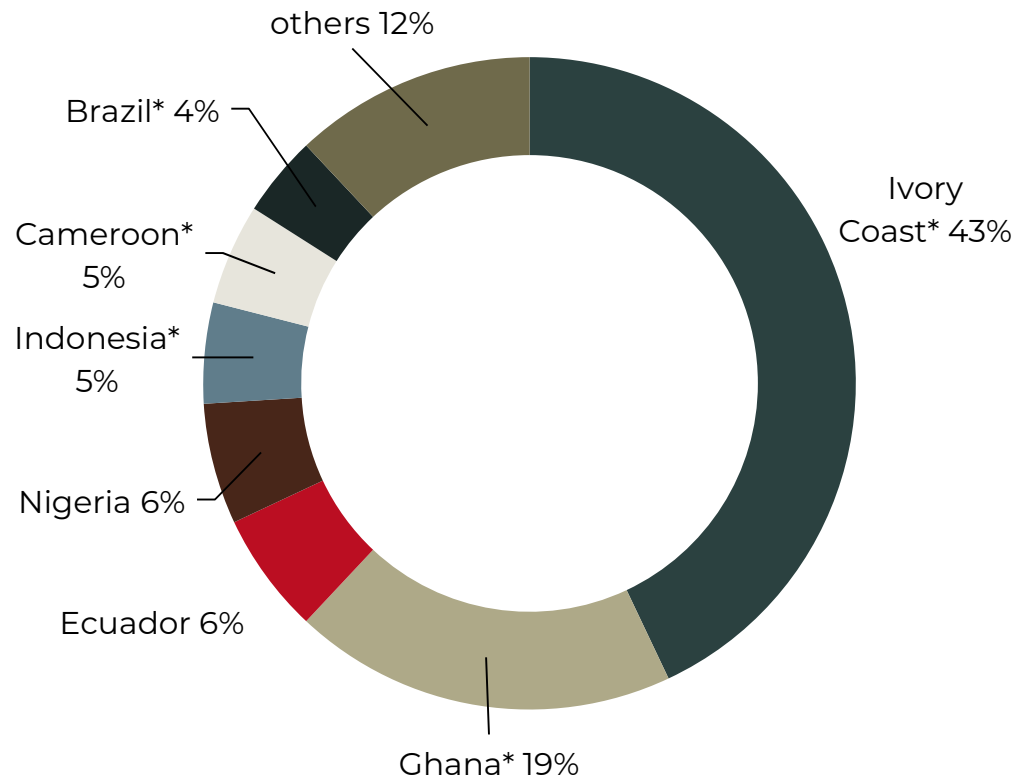
Industrial Chocolate (open market – kMT)



Note: Olam incl. ADM, Cargill incl. ADM chocolate business and SMET, Fuji oil incl. Harald and Bloomer, Irca incl. Doblár  
 Source: BC proprietary estimates

# West Africa is the world's largest cocoa producer

Total world harvest (17/18): 4,645 tsd MT



- About 70% of total cocoa beans are West African Origin
- Barry Callebaut processed around 925,000 tonnes or approximately 20% of the world crop
- Barry Callebaut has various cocoa processing facilities in origin countries\*, in Europe and USA

Source: ICCO Forecast



# Increase in EBIT per MT thanks to improved product mix and supportive cocoa processing market

