

# Roadshow presentation – Q1 2014/15

January 2015



# Agenda

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- ▶ BC at a glance

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- ▶ Highlights Q1 2014/15
- ▶ Strategy & Outlook
- ▶ Appendix

# Barry Callebaut at a glance

## Business description

- **World leading producer** and business-to-business supplier of chocolate and cocoa products
- **Fully integrated** with strong position in cocoa-origin countries
- **Serving the entire food industry**
- **Outsourcing/ strategic partner of choice**
- **Largest supplier of Gourmet & Specialties**

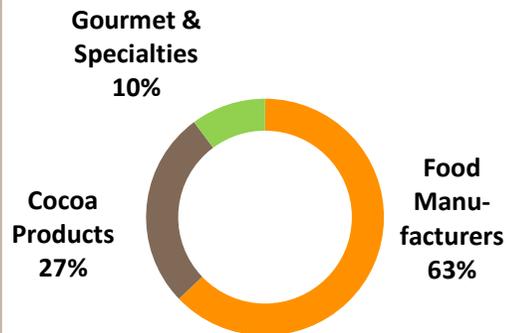
## Key figures

### FY 2013/14

Sales Volume	1.7 mio. tonnes
Sales Revenue	CHF 5.8 bn
EBIT	CHF 416.2 mio.
Employees	9,300
Factories	52

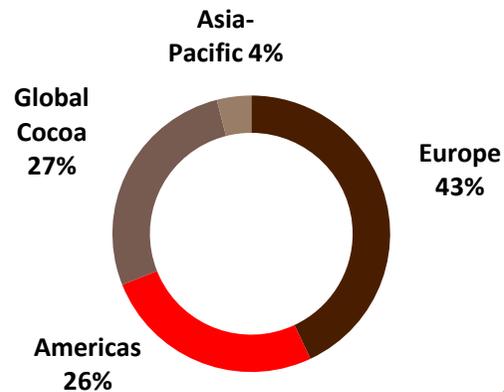
### FY 2013/14

#### Sales Volume per Region



### FY 2013/14

#### Sales Volume per Product

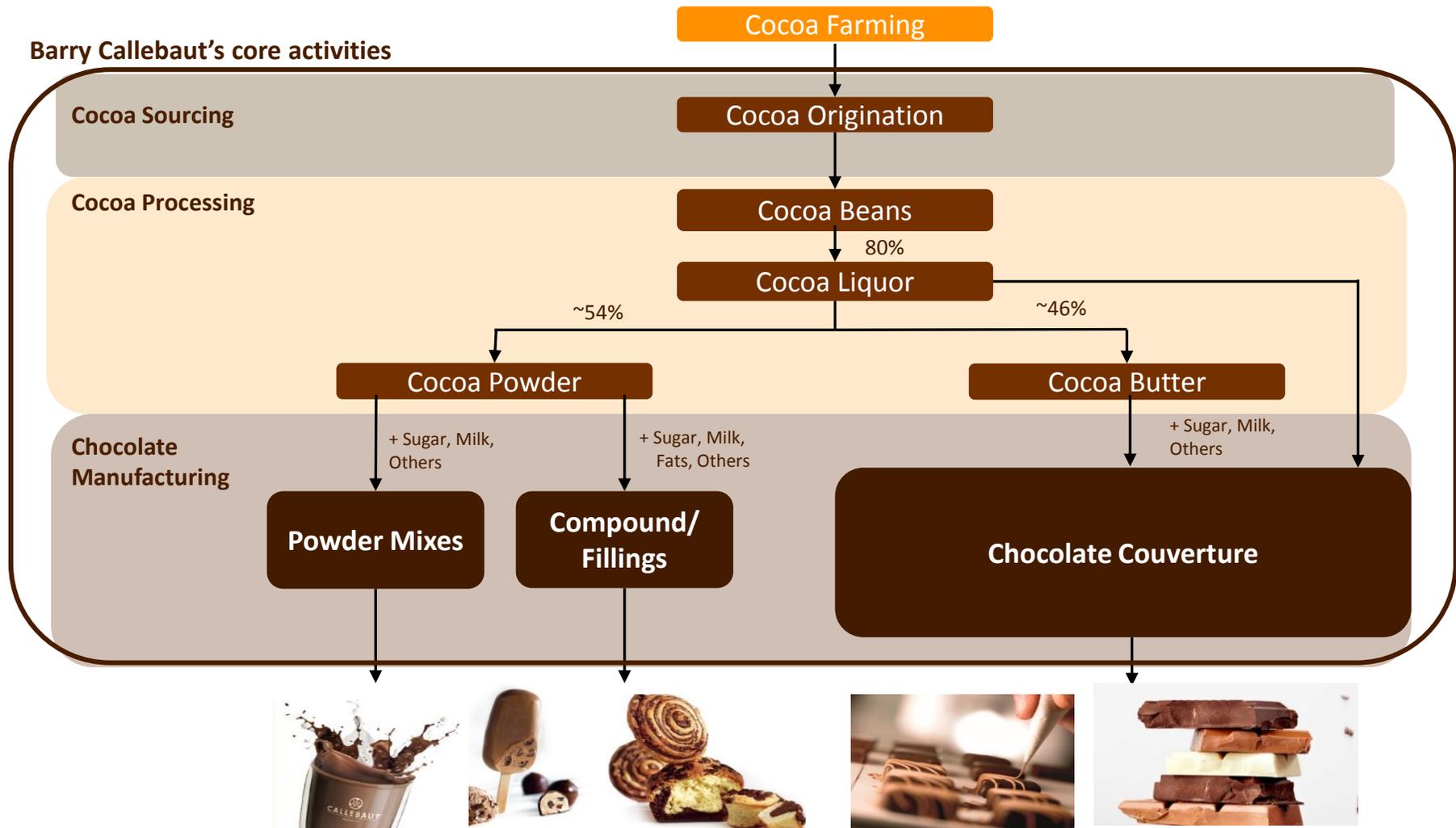


## Gourmet global brands



From the cocoa bean to the chocolate and cocoa products

# Barry Callebaut is present in the key parts of the cocoa and chocolate value chain



# Favourable Industry Dynamics

## Global growth prospects

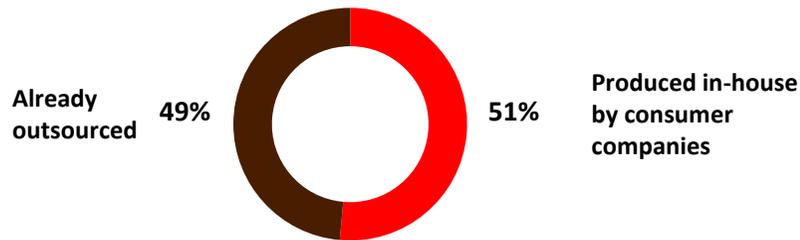
- ▶ Average market growth in chocolate: 2 % in volume per year
- ▶ Influenced by **population growth** and increase in **disposable income**
- ▶ **Resilient industry** to macro-economic downturn
- ▶ **Fast growing in Emerging markets**

## Outsourcing rationale for customers

- ▶ Free up capital to invest in marketing and distribution
- ▶ Access to most recent innovation and new developments in the industry
- ▶ Flexibility to adapt recipes in short time
- ▶ Reduce complexity in their supply chain
- ▶ Solutions to global trends and regulations

## Market size and outsourcing potential

- ▶ **Total Industrial chocolate market is about 6 mio tonnes**



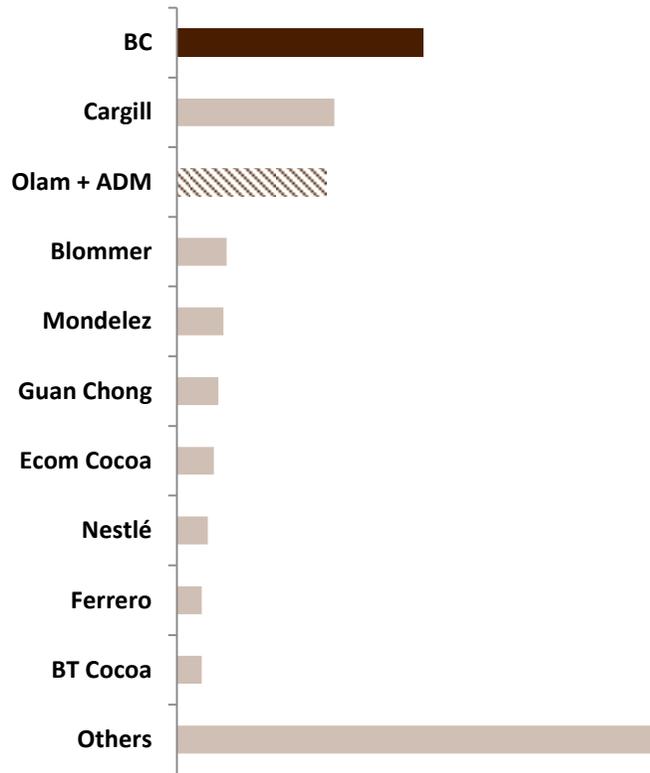
## Barriers to entry:

- ▶ **Complex sourcing and supply chain**
- ▶ **Capital intensive** business
- ▶ Size matters
- ▶ High innovation rate
- ▶ **High level of regulation and quality requirements**

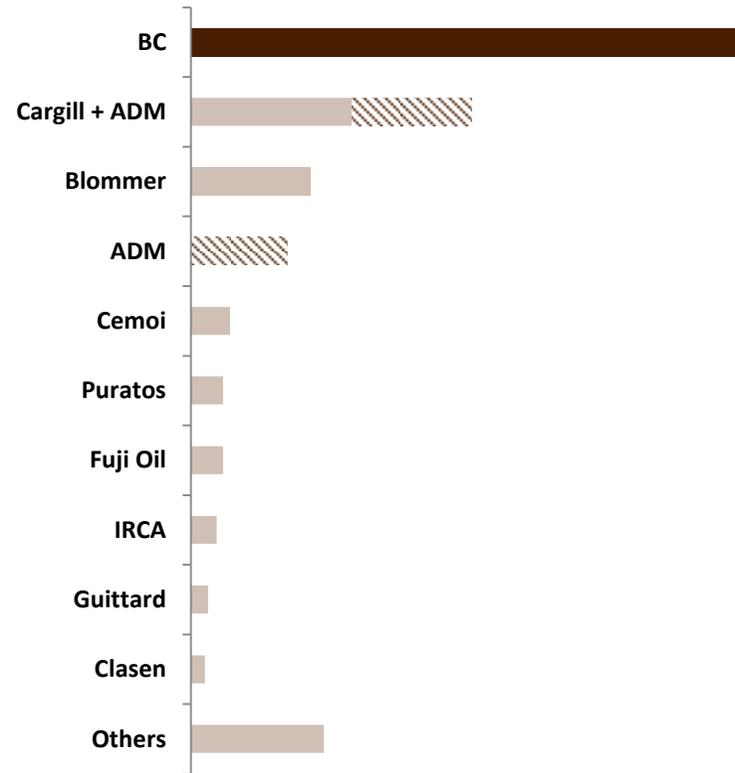


# Barry Callebaut uniquely positioned in industrial chocolate and cocoa markets

Cocoa grinding capacity



Industrial chocolate – open market



Sources: Third party study (2014); Proprietary estimates

# Agenda

- ▶ BC at a glance

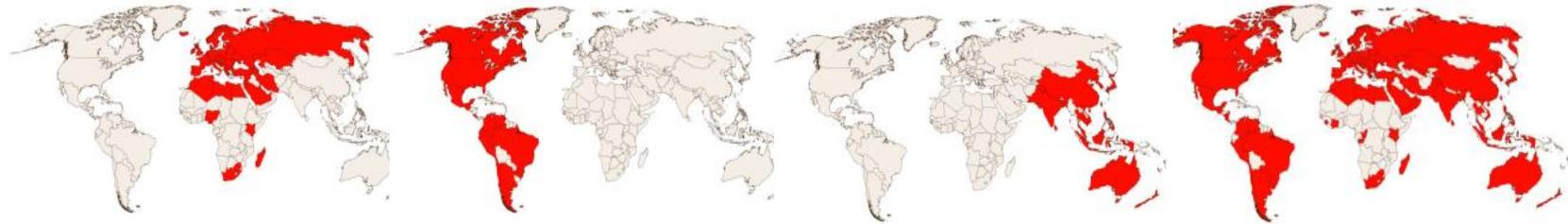
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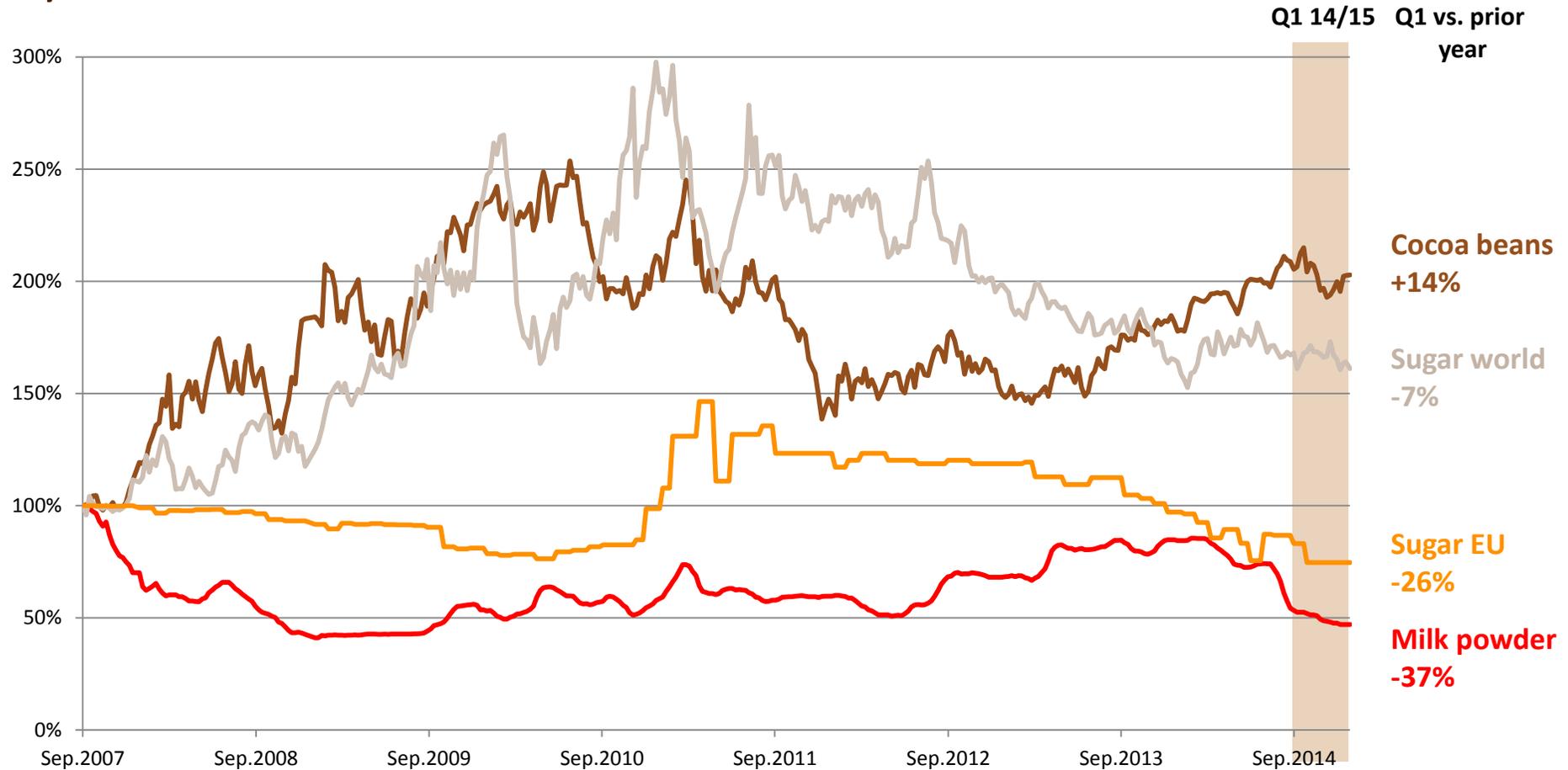
# Start well ahead of the global market



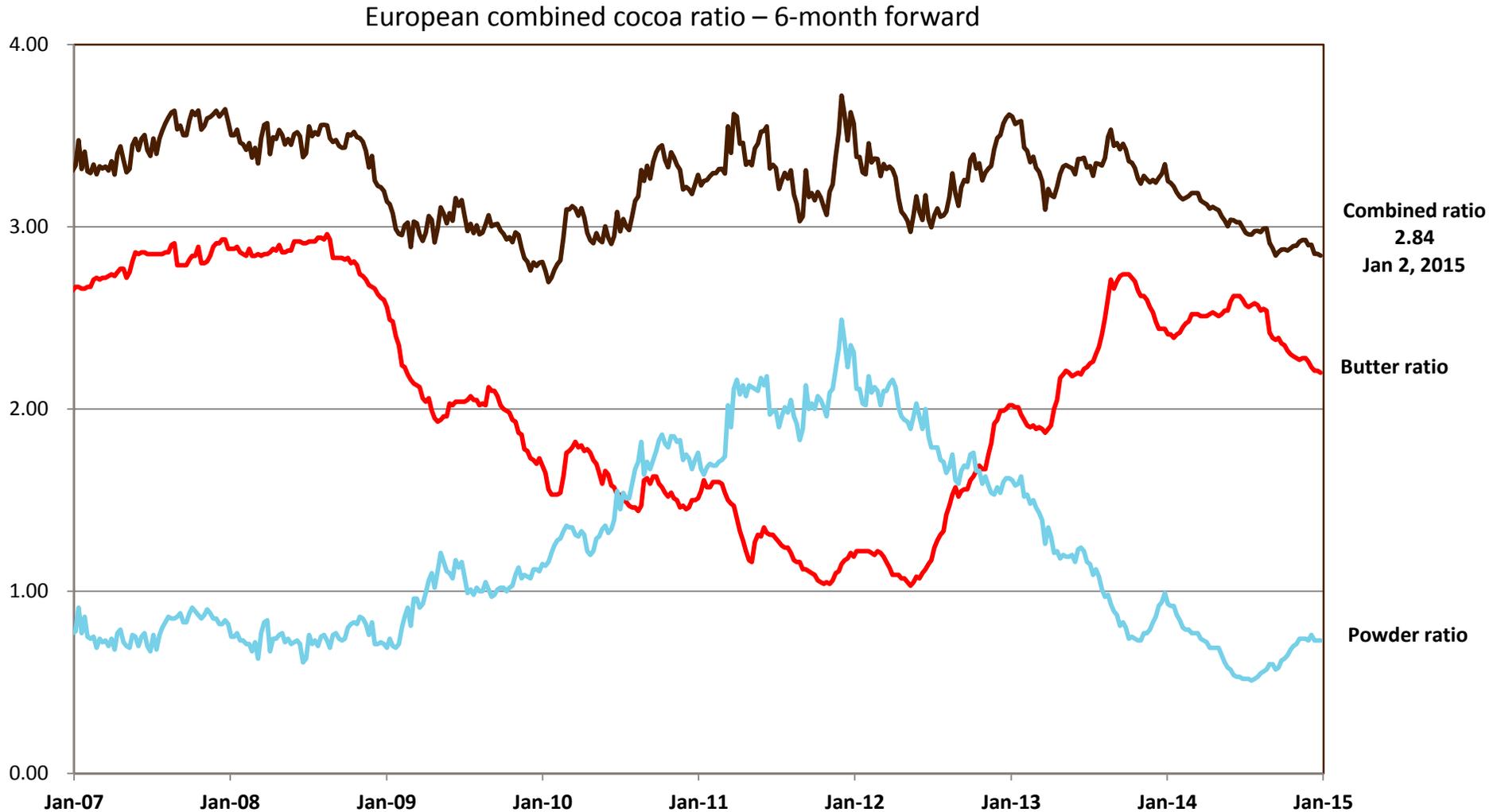
	Europe	Americas	Asia Pacific	Global Cocoa
Volume growth	0.8%	+0.2%	+9.3%	-1.8%
Underlying market volume growth <sup>1</sup>	-2.0%	-2.0%	+0.8%	-1.8%

1) Source: Nielsen data – Chocolate Confectionery market (Sep 2014- Nov 2014); Top 16 countries represent approx. 75% of the global chocolate market in volume; Americas includes USA and Brazil Eastern Europe includes: Russia, Ukraine, Poland, Turkey; Asia includes China and India

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



# Cocoa combined ratio still under pressure, due to overcapacity in the industry

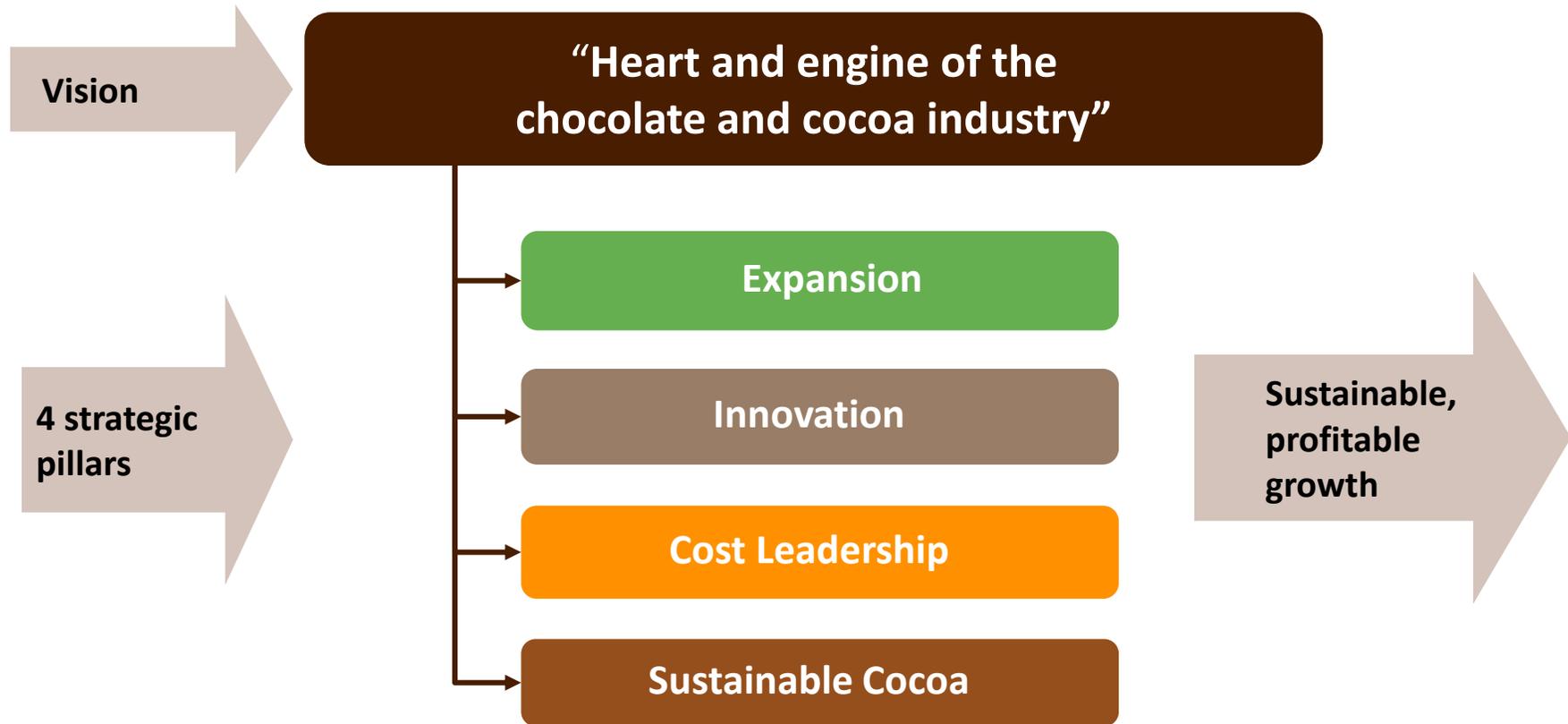


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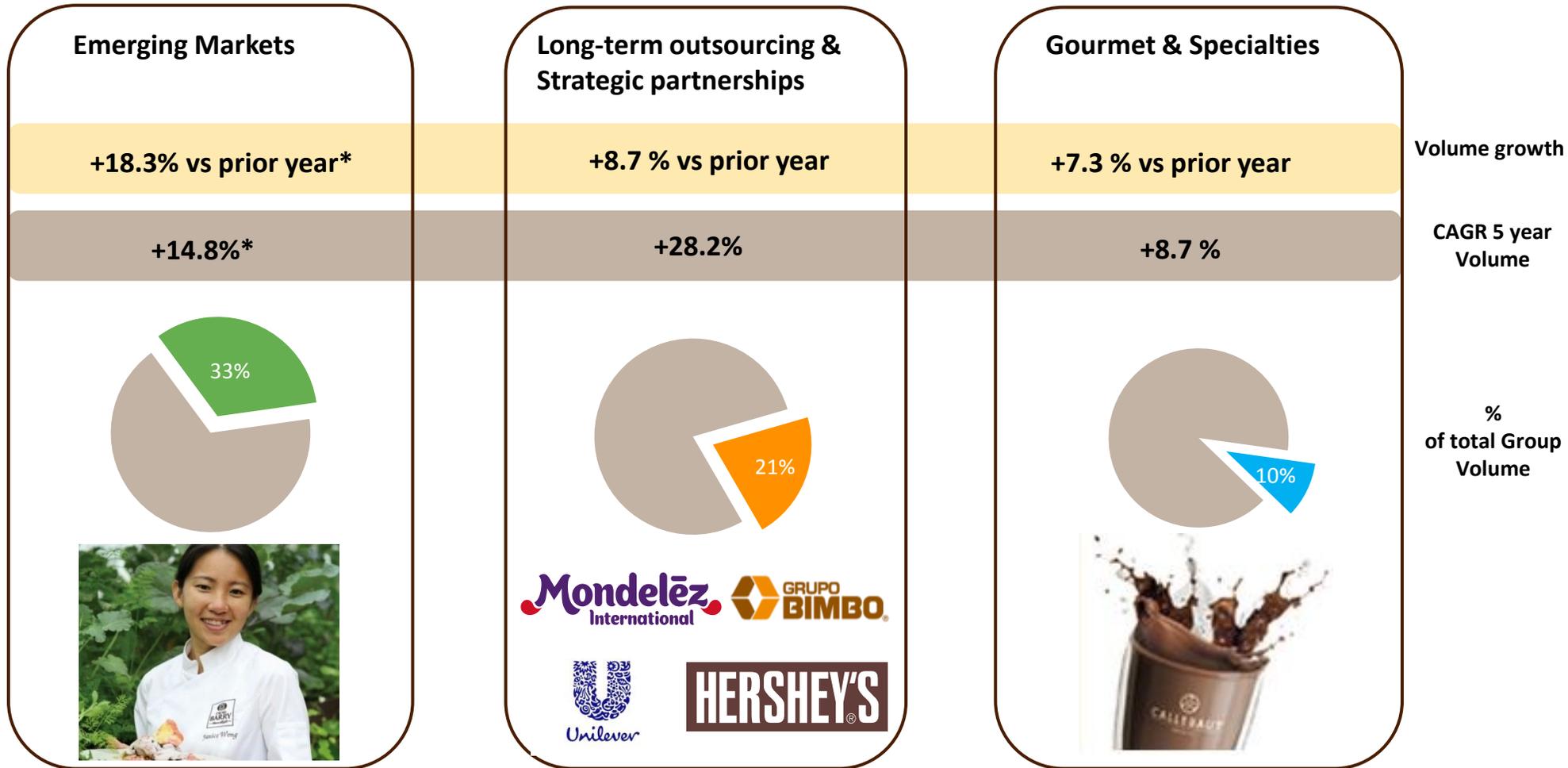
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The Barry Callebaut Group's growth strategy

Our proven four-pillar strategy is the basis for our long-term business success



# Our expansion continues along the three key growth drivers



\* Stand-alone, including recently acquired cocoa business +42.0%

# We will further refine our focus with 6 shaping initiatives

	1 Outsourcing & Partnerships 2.0	2 Leadership in cocoa powder	3 Product & service differentiation	4 Compound & filling	5 Operational Excellence	6 One Company mindset
Expansion	✓	✓	✓	✓	✓	✓
Innovation	✓	✓	✓	✓	✓	✓
Cost Leadership	✓	✓	✓	✓	✓	✓
Sustainable Cocoa	✓	✓	✓	✓	✓	✓

## Untapped growth potential in different dimensions

### Emerging Markets

- New factories in Chile, Turkey, India
- Opportunities for further market penetration
- High demand for cocoa powder applications
- 80% still captive



### Long-term outsourcing & Strategic partnerships

- 51% of industrial chocolate still captive market
- Expanding existing global partnerships
- New agreements with regional/local leaders



### Gourmet & Specialties

- Expand into new markets/ increase distribution points
- Tap into new segments (Key accounts/ chain business)
- Expand product offering and solutions
- Acquisition opportunities



# Aligning our sustainability strategy and activities with CocoaAction

## Sustainable Cocoa

Innovation, Implementation, Impact

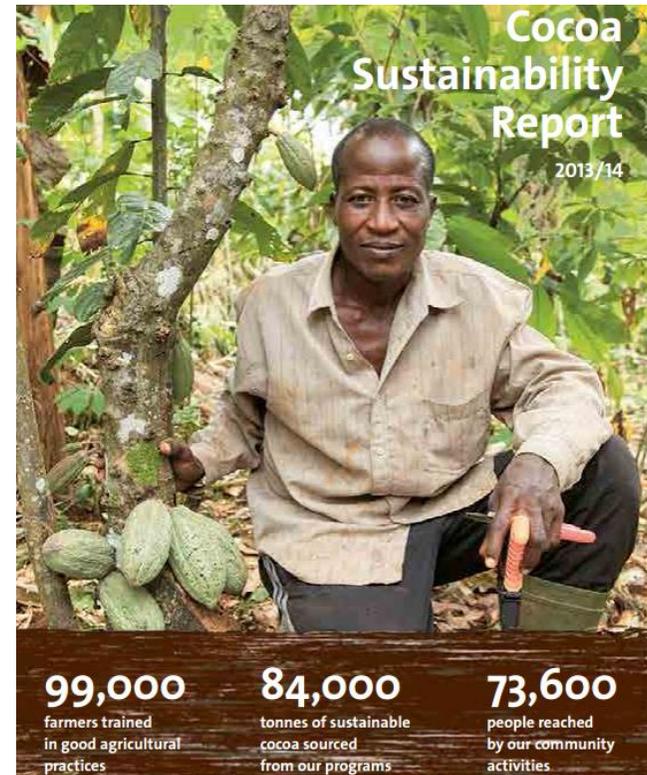
### Productivity

- Farmer Training
- Inputs
- Planting Material
- Financing Solutions

### Community

- Education
- Child Protection
- Women's Empowerment
- Health

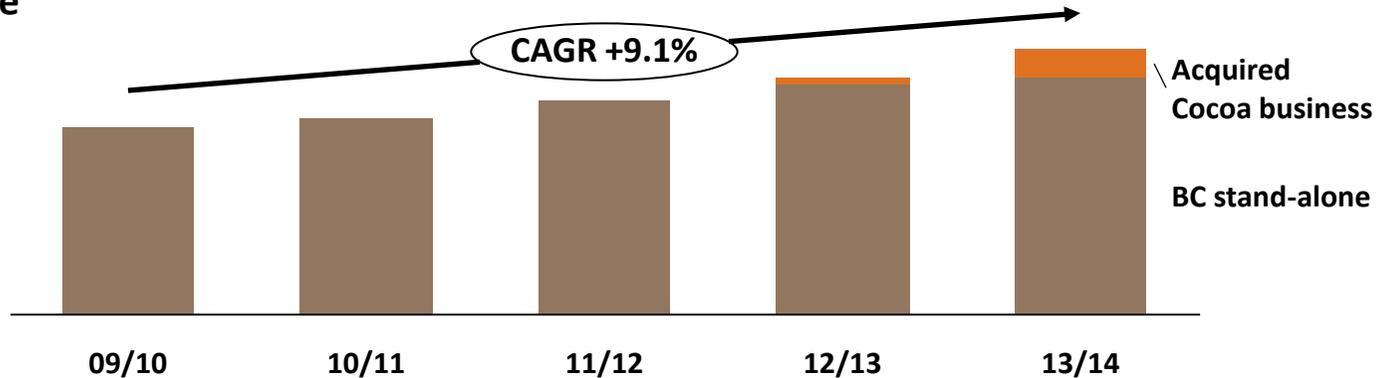
KPIs



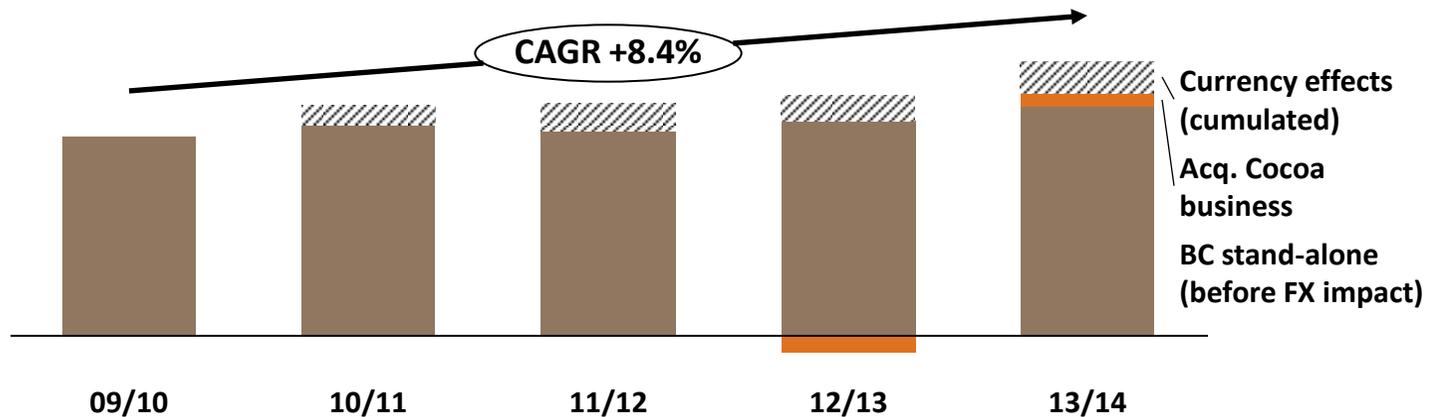
5-year development

# Long-term and continued strong volume and EBIT growth

## Sales Volume

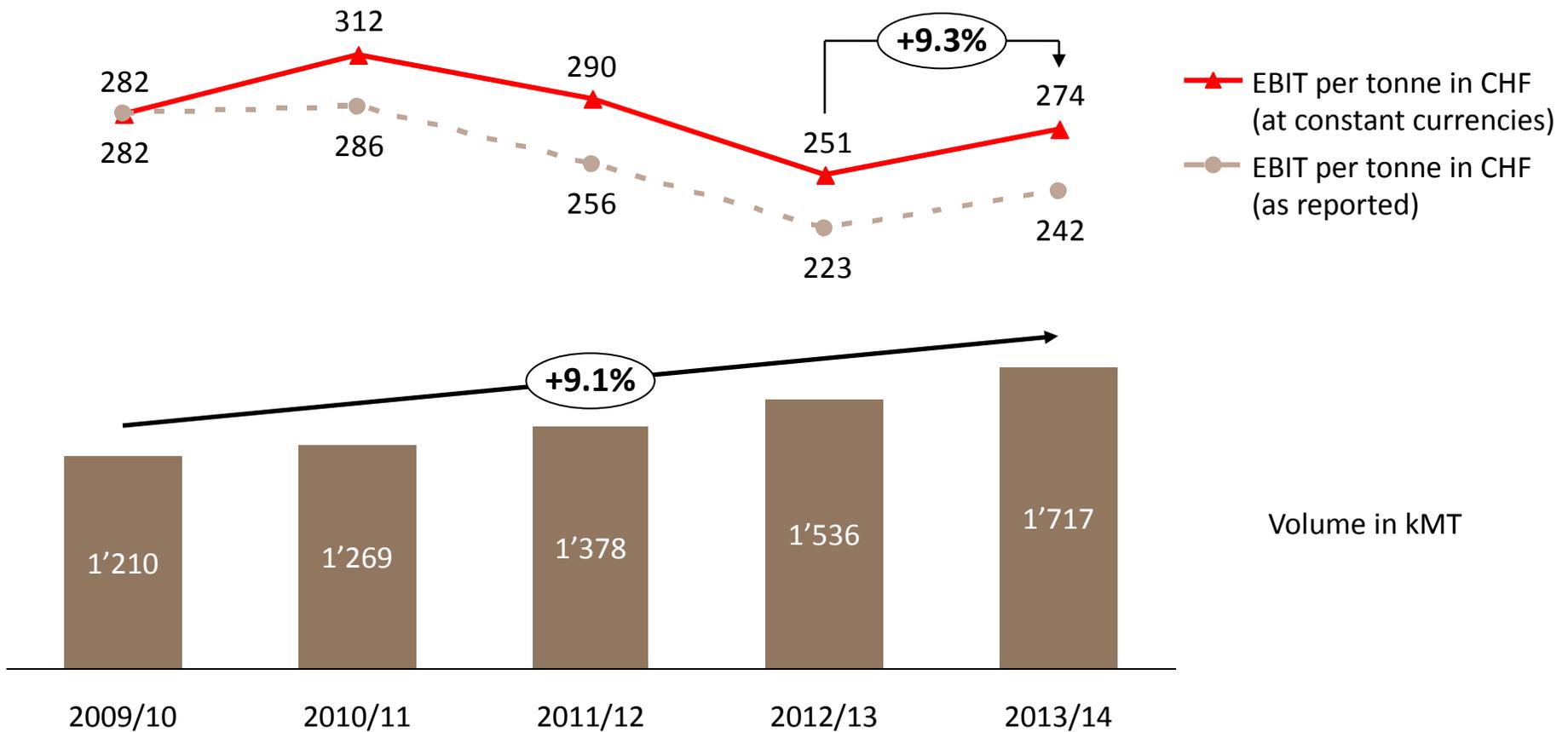


## EBIT



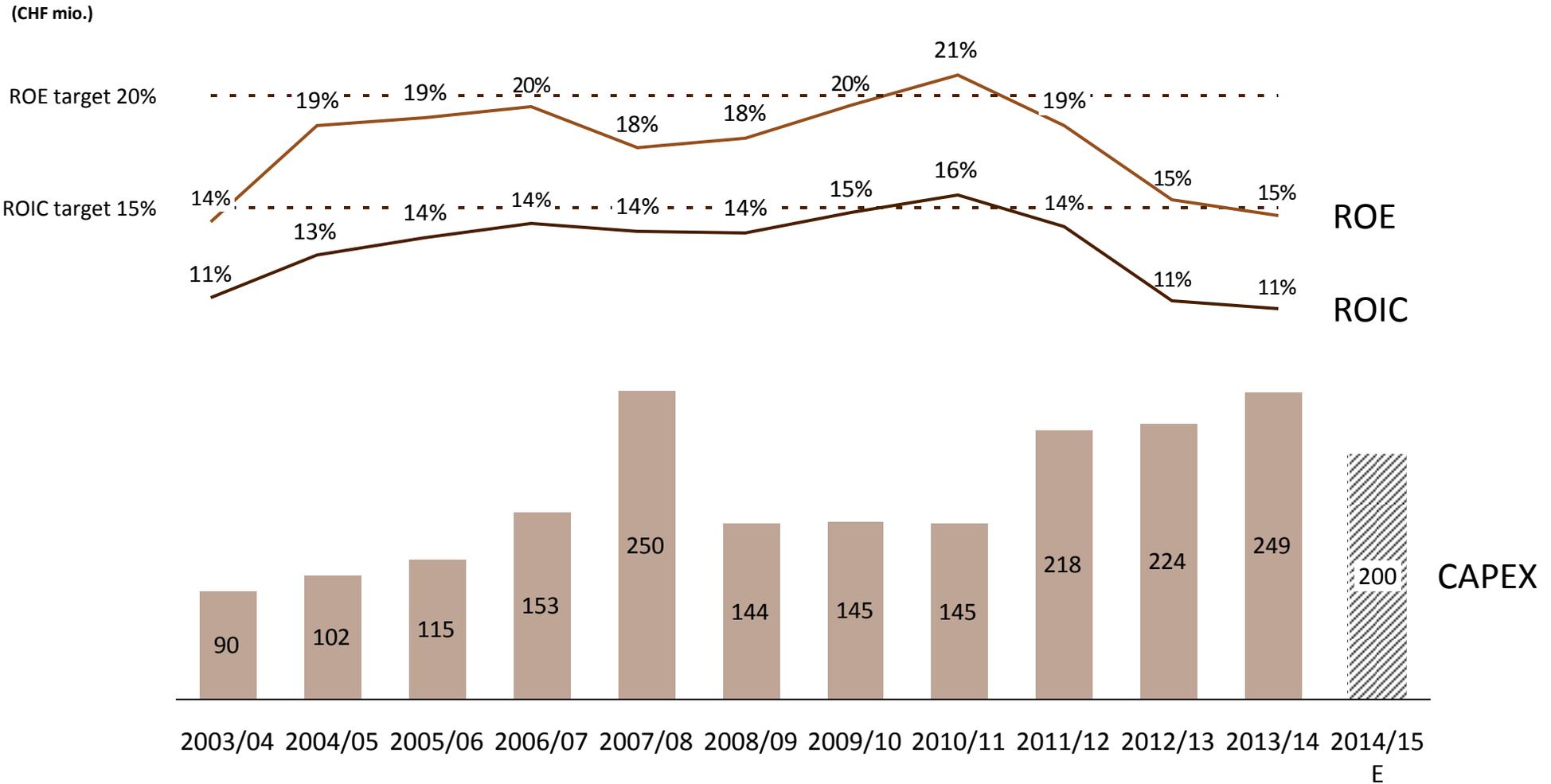
## 5-year EBIT per tonne development

Improved EBIT per tonne driven by stronger focus on profitability, despite low combined cocoa ratio

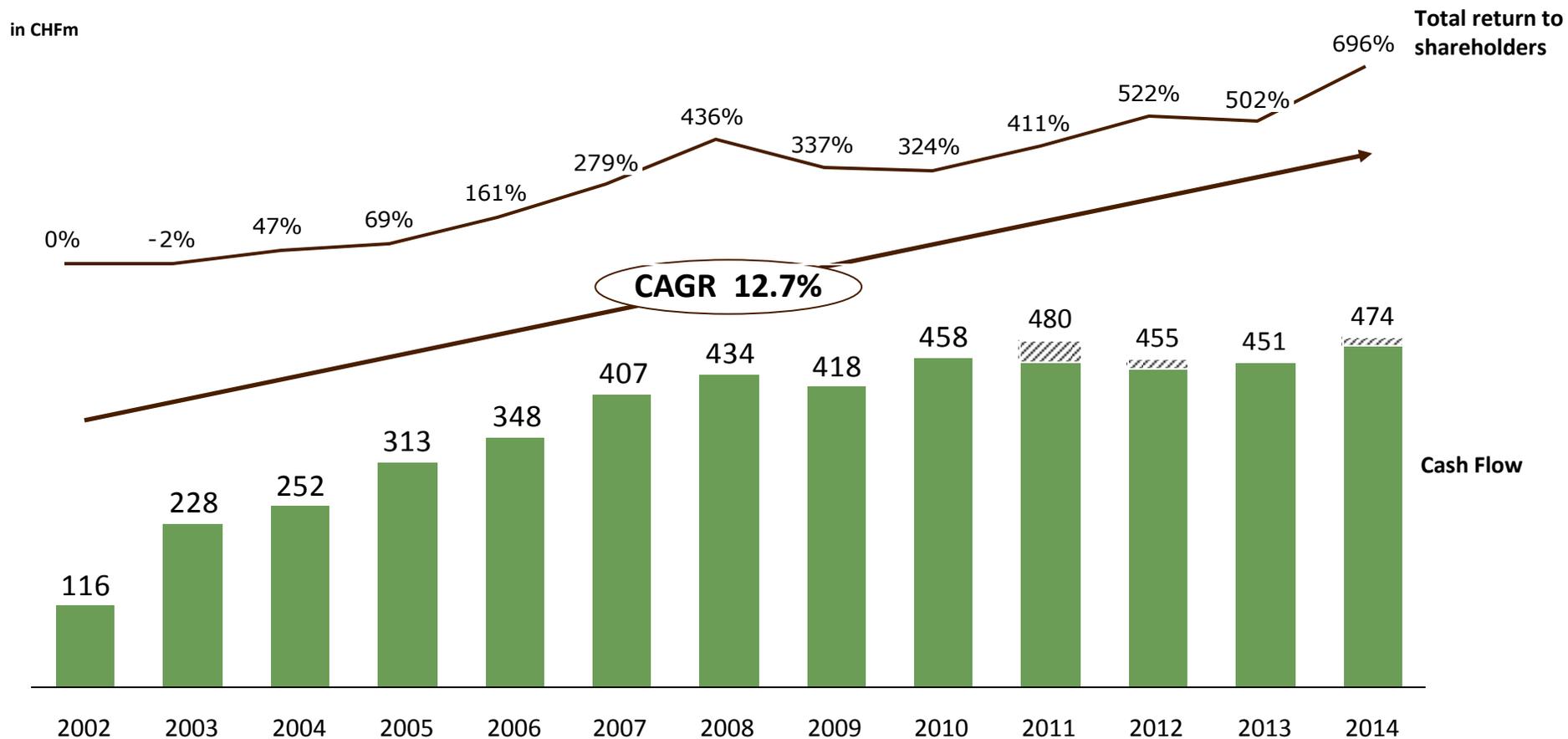


# 10-year development

## Significant investments for growth, while still focusing on high returns



# Cash flow generation despite fast volume growth and expansion, which also translated into high return to shareholders



\* Operating Cash Flow before working capital changes

▨ Negative FX impact

## Our key focus areas going forward



- ▶ Drive further expansion along our three key growth drivers
  - ▶ Outsourcing & Partnerships
  - ▶ Gourmet
  - ▶ Emerging markets
  
- ▶ Continued focus on margins, tighter cost control, stronger discipline in CAPEX and cash flow generation
  
- ▶ Further implement HR for Growth and push talent management
  
- ▶ Drive our 6 strategic shaping initiatives

## Challenging environment, confident to achieve mid-term guidance



- ▶ Market / industry outlook
  - ▶ Long-term growth in chocolate and cocoa powder remains intact
  - ▶ Significant growth opportunities
  - ▶ Challenging environment in emerging markets, as well as in Europe
  
- ▶ Mid-term Guidance\*
  - ▶ On average 6-8% volume growth per year, and
  - ▶ EBIT per tonne to reach CHF 256 by 2015/16

\* Barring any major unforeseen events and subject to currency adjustments

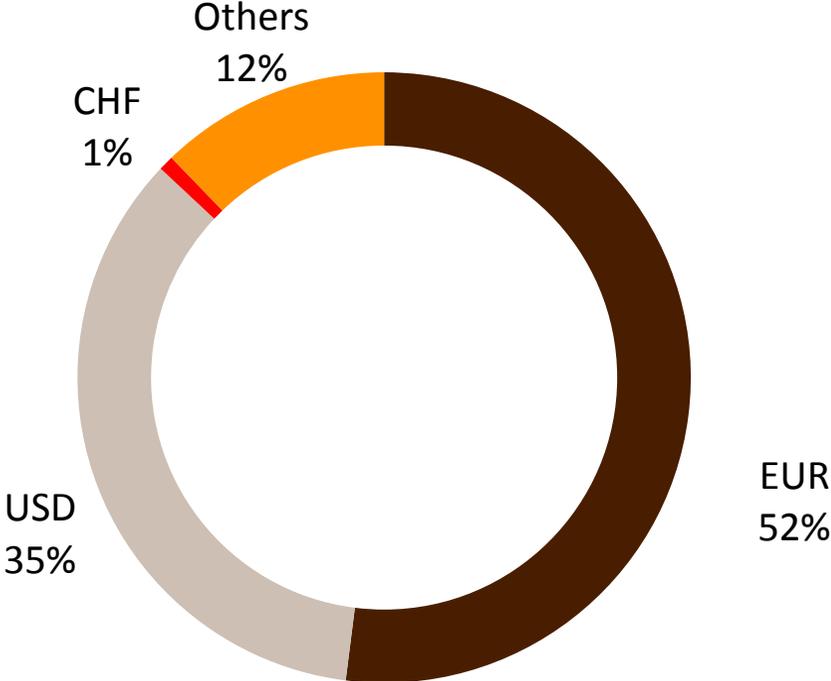
# Appendix



## What makes Barry Callebaut unique?

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- ▶ Global number one player focused in chocolate and cocoa
  - ▶ Global leader in Gourmet
  - ▶ Proven and long-term oriented strategy
  - ▶ Unparalleled global footprint, present in all key markets
  - ▶ Preferred outsourcing and strategic partner
  - ▶ Leading and growing presence in emerging markets
  - ▶ Deep R&D / Innovation know-how
  - ▶ Cost leadership along the value chain
  - ▶ Taking leadership in sustainable cocoa
  - ▶ Entrepreneurial spirit
  - ▶ Supportive ownership structure

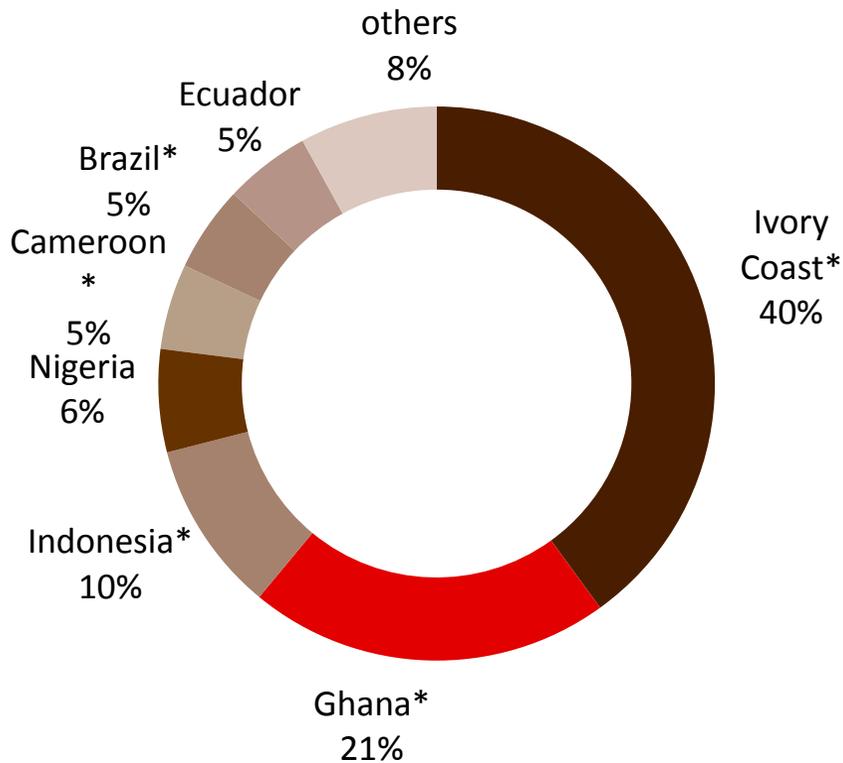
# Sales Revenue split per currency – FY 2013/14



\* Others include: Canadian Dollar, Brazilian Real, Japanese Yen, Russian Ruble, Chinese Yuan, Swedish Krona, Indian Rupee ,etc

# West Africa is the world's largest cocoa producer – BC sources locally

Total world harvest (13/14): 4'345 TMT



- ▶ About 70% of total cocoa beans come from West Africa
- ▶ BC processed ~940,000 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

## Dividend

# Dividend increased to CHF 15.50 per share – up 6.9%

### Proposed dividend

- ▶ CHF 15.50 per share<sup>1</sup>, up 6.9%
- ▶ Payout of 34% of Net Profit
- ▶ Not subject to withholding tax<sup>2</sup>

### Timetable for dividend

- ▶ Shareholder approval: Dec 10, 2014 (AGM)
- ▶ Expected ex-date: Feb 25, 2015
- ▶ Expected payment date: March 2, 2015

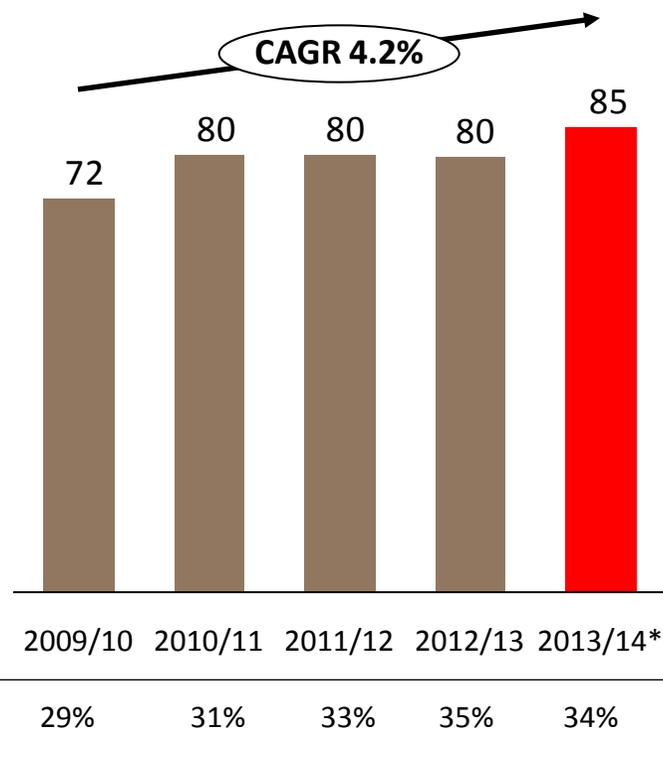
\* As proposed by the Board to our Shareholders

1) From reserves from capital contributions

2) For individuals who are taxed in Switzerland and hold the shares privately also no income tax

### Total payout to shareholders

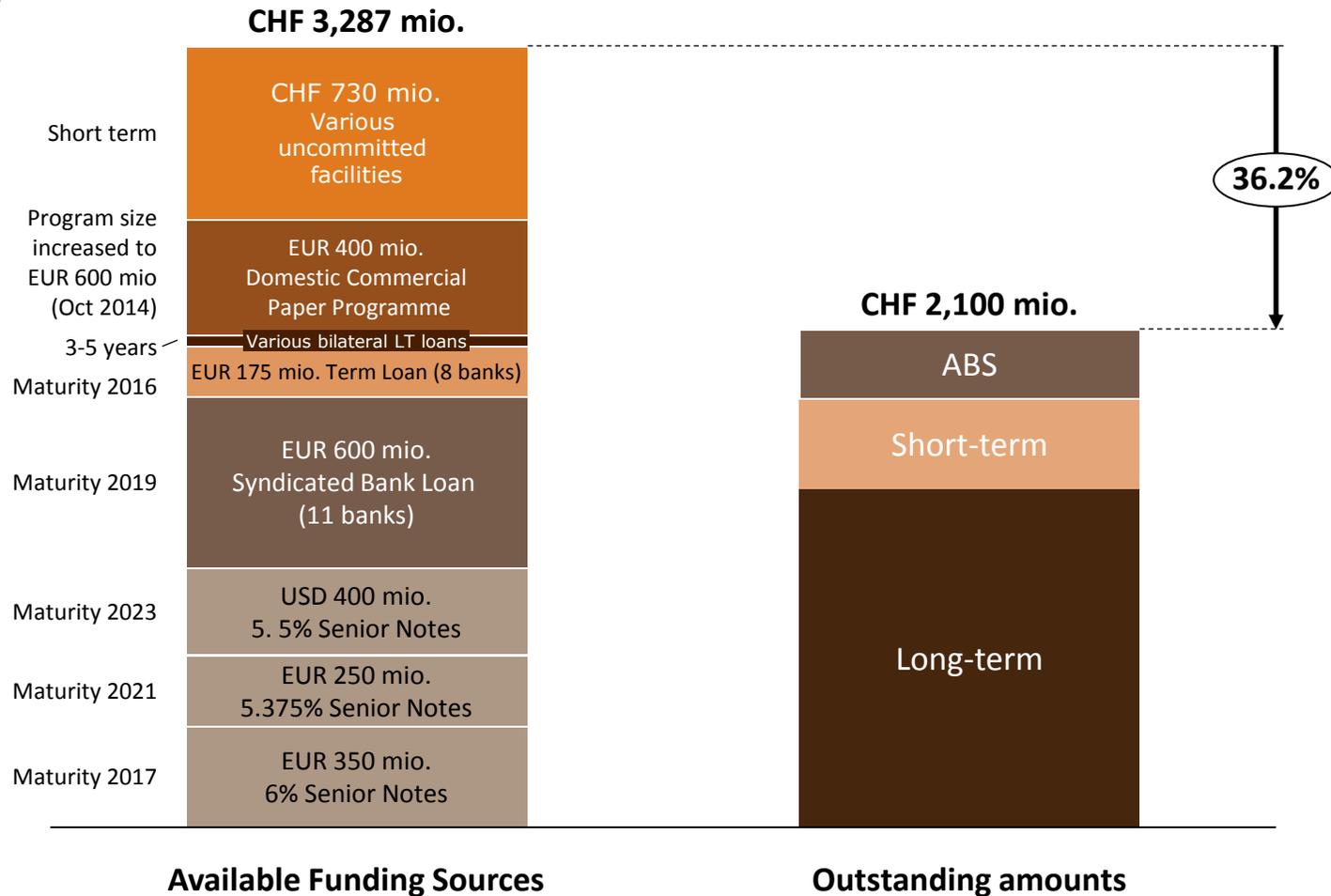
in CHF mio.



## Available Financing

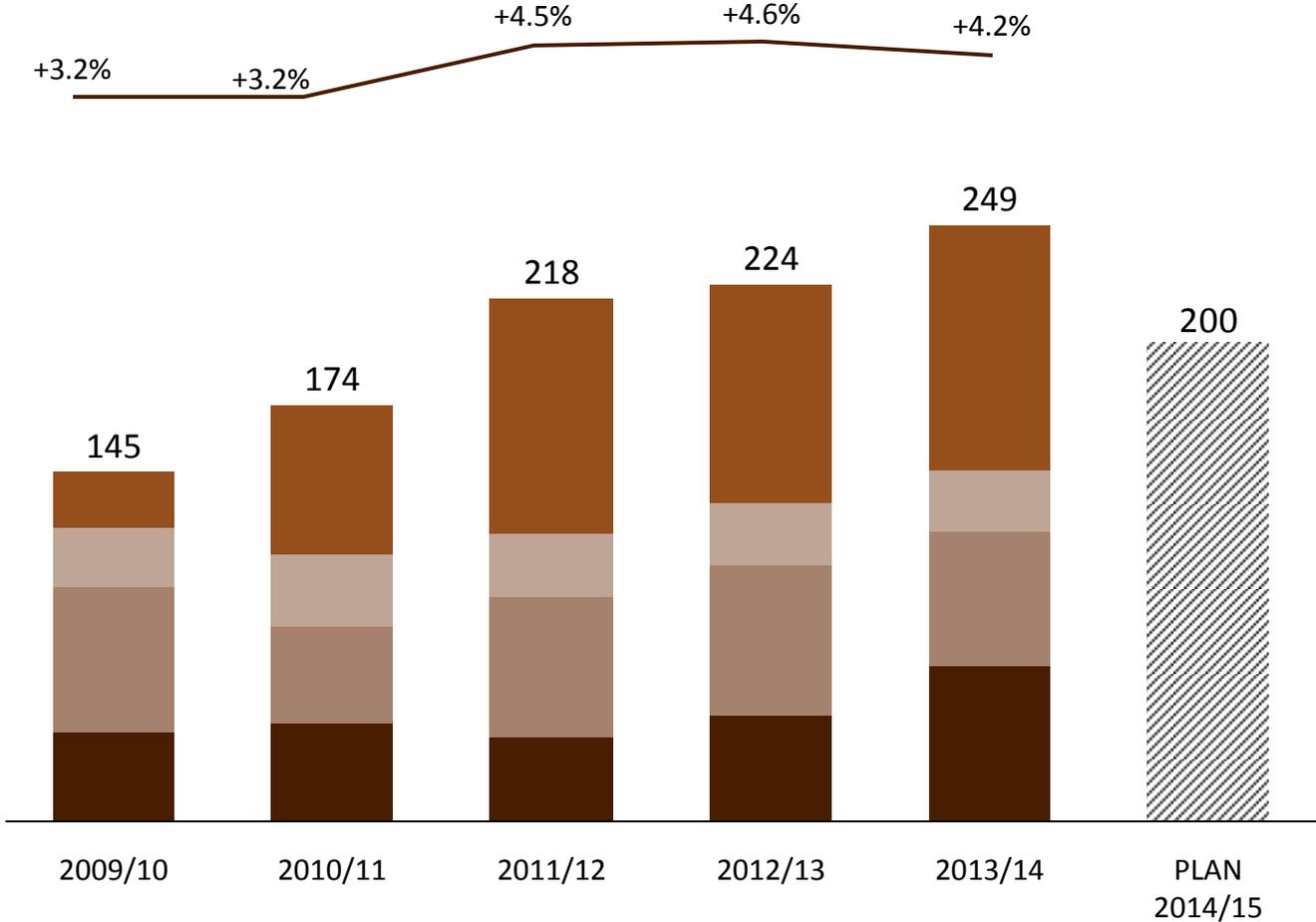
# Enough headroom for further growth and raw material price fluctuations

As of 31 Aug 2014



# Capital Expenditures

in CHF mio.



CAPEX as % of sales revenue  
Average = 3.9%

- Additional growth
- IT
- Upgrade / efficiency gains existing sites
- Maintenance

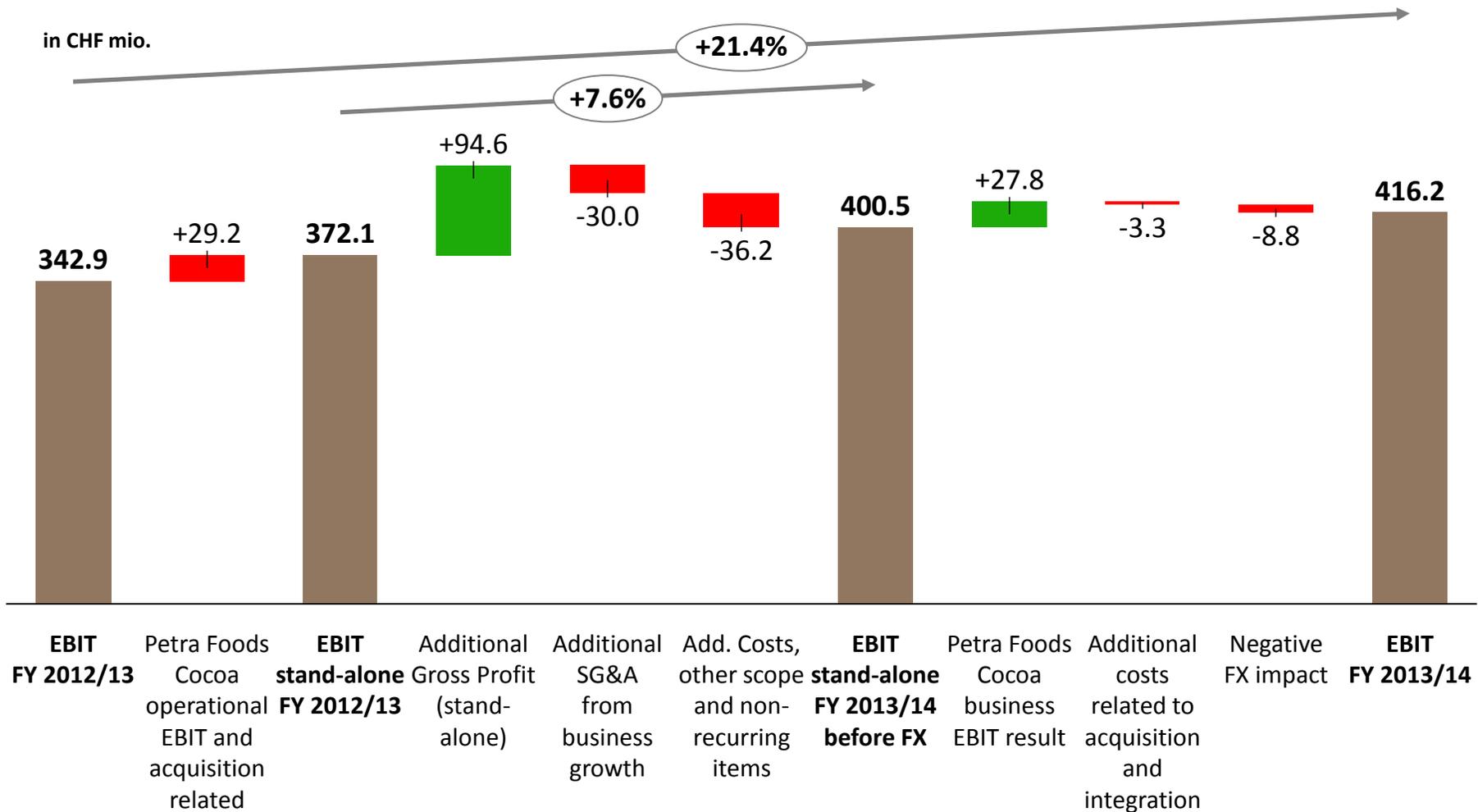
## A big leap in sales volume and profit

Group performance	FY 2013/14 (in CHF)	% vs prior year (in CHF)
Sales Volume Total (in tonnes)	1,716,766	+11.8%
Sales Volume stand-alone (in tonnes)	1,541,654	+2.9%
EBIT Total	416.2	+21.4%
<i>EBIT per tonne</i>	242.4	+8.5%
EBIT stand-alone	392.8	+5.6%
<i>EBIT per tonne</i>	254.8	+2.6%
Net profit for the year	255.0	+14.5%

Stand-alone: Excluding cocoa business acquired from Petra Foods

# EBIT

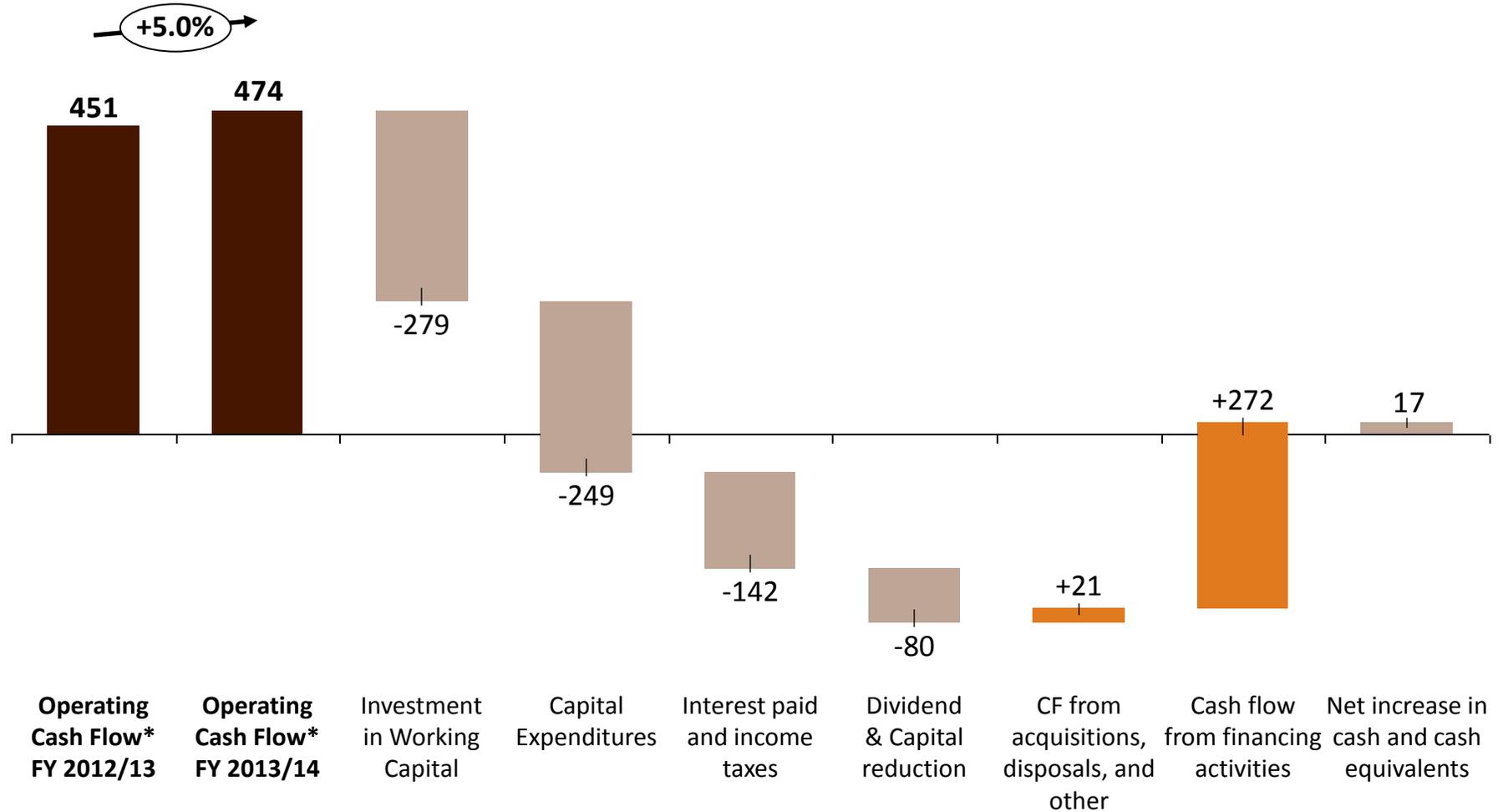
Strong focus on enhancing profitability and positive contribution from acquired business



# Cash Flow

## Cash Flow negatively affected by higher raw material prices

in CHF mio.



\* Before Working Capital changes

## Higher working capital led to higher debt and lower key ratios

	Aug 14	Aug 13
Total Assets [CHF m]	5,167.5	4,526.9
Net Working Capital [CHF m]	1,674.6	1,345.7
Non-Current Assets [CHF m]	2,175.6	2,071.9
Net Debt [CHF m]	1,803.5	1,525.2
Shareholders' Equity [CHF m]	1,790.7	1,682.5
Debt/Equity ratio	100.7%	90.6%
Solvency ratio	34.7%	37.2%
Net debt / EBITDA	3.4x	3.5x
Interest cover ratio	4.5x	5.6x
ROIC	10.5%	10.9%
ROE	14.7%	15.4%