

Roadshow presentation 2015/16

November 2, 2016



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

Agenda

- ▶ BC at a glance
- ▶ Highlights FY 2015/16
- ▶ Strategy & Outlook



BC at a glance



Who are we?

The heart and engine of the chocolate industry

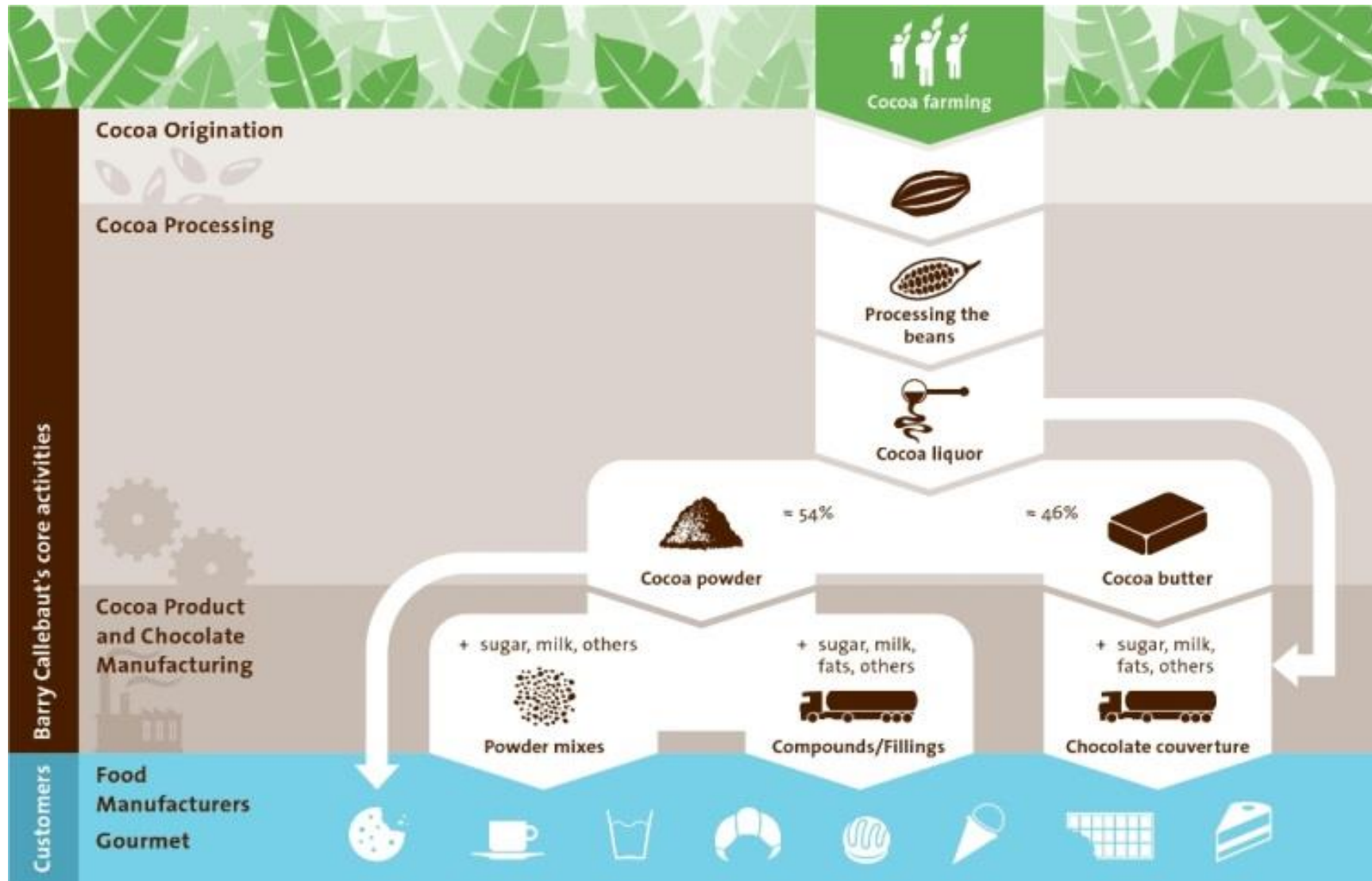


- ▶ A chocolate manufacturer expert since 1911, instead of, a chocolate couverture expert since 1925
- ▶ Listed on the SIX Swiss Exchange since 1998
- ▶ Today, the world's leading manufacturer of high-quality chocolate and cocoa products
- ▶ Barry Callebaut is part of 25% of all consumer products containing cocoa or chocolate



Who do we do?

We add value in every step of the cocoa and chocolate value chain



This is Barry Callebaut

“Shaping the world of chocolate and cocoa”



More than
175 years
of chocolate heritage

Close to
10,000
employees




of whom 1 in 2 works
either in an origin
or emerging market

More than
200
co-creation
sessions
conducted with
customers



28
R&D centers
worldwide
driving innovation


1.8
sales volume
in million tonnes

CAGR 
+7.4%
volume growth
over 5 years

401.7
EBIT
in CHF million

6,676.8
sales revenue
in CHF million

More than
115,000



farmers
trained in good
agricultural practices

Barry Callebaut | Annual Report 2015/16



53
factories
worldwide

Selling to
131
countries



19
CHOCOLATE
ACADEMY™
centers

37,500
chocolate aficionados
trained in 2015/16

What do we offer?

A broad range from standard to the most premium products

Cocoa Products



Food Manufacturers



Gourmet & Specialties

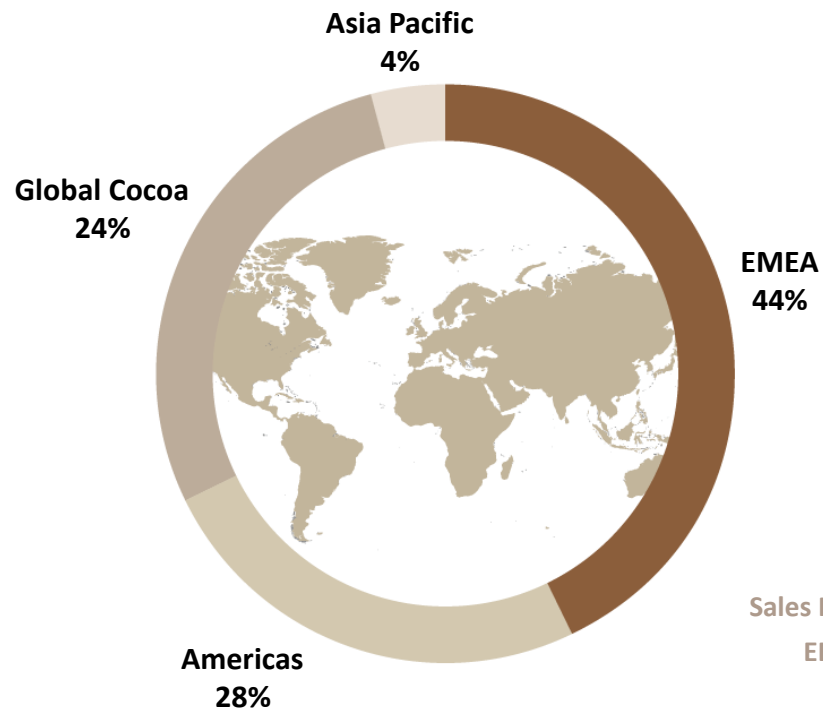


How are we organized?

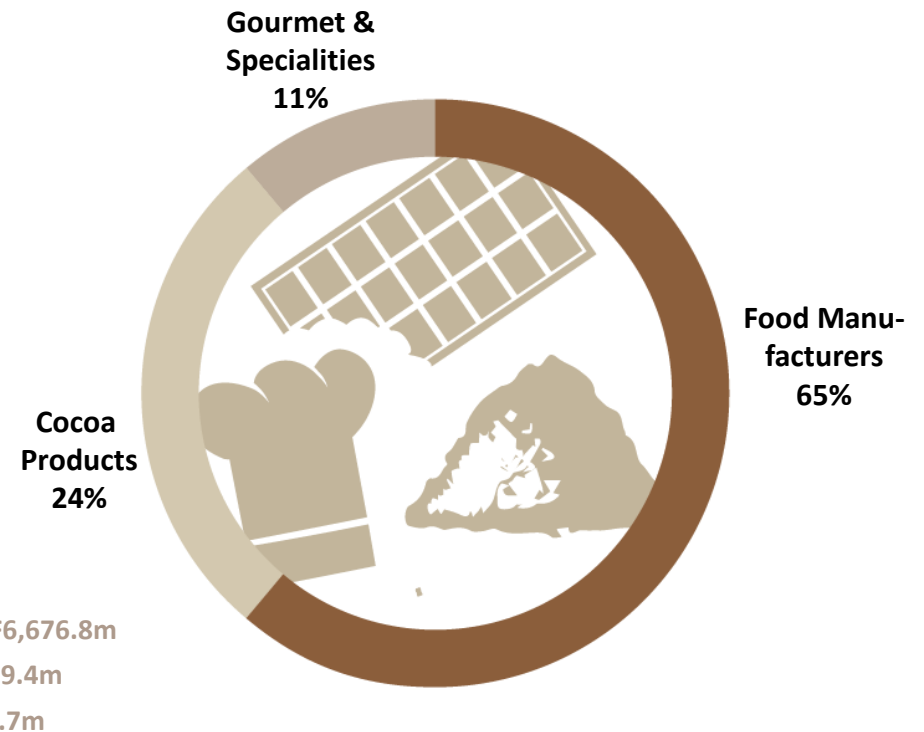
Our Regional and Product split

FY 2015/16 Sales Volume: 1.8 mio tonnes

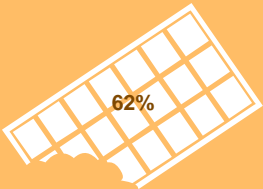
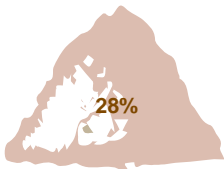

Sales Volume per Region



Sales Volume per Product Group



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

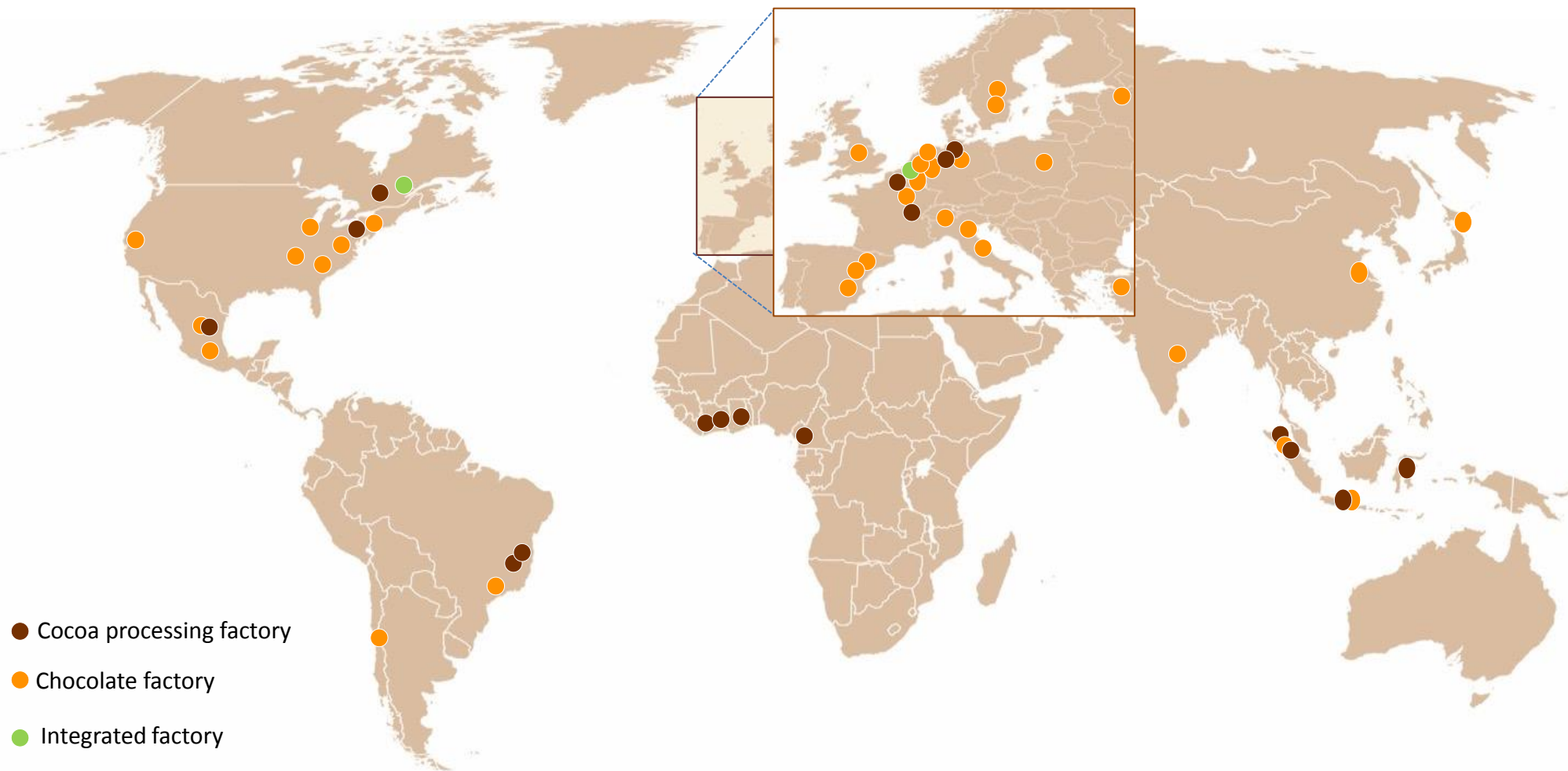
	Customers	Pricing model	Profit levers
Food Manufacturers 	<ul style="list-style-type: none"> Small, medium and Global Food Manufacturers 	<ul style="list-style-type: none"> Cost Plus 	<ul style="list-style-type: none"> Customer mix Product mix Economies of scale
Cocoa Products 	<ul style="list-style-type: none"> Small, medium and Global Food Manufacturers 	<ul style="list-style-type: none"> Market prices Cost Plus (partly) 	<ul style="list-style-type: none"> Global set-up Combined ratio Customer/product mix
Gourmet & Specialties 	<ul style="list-style-type: none"> Professional users, Food Chains, Distributors 	<ul style="list-style-type: none"> Price list 	<ul style="list-style-type: none"> Expansion of global brands Adjacent products Innovation/Sustainability

Note: Percentage of FY2014/15 Group sales volume

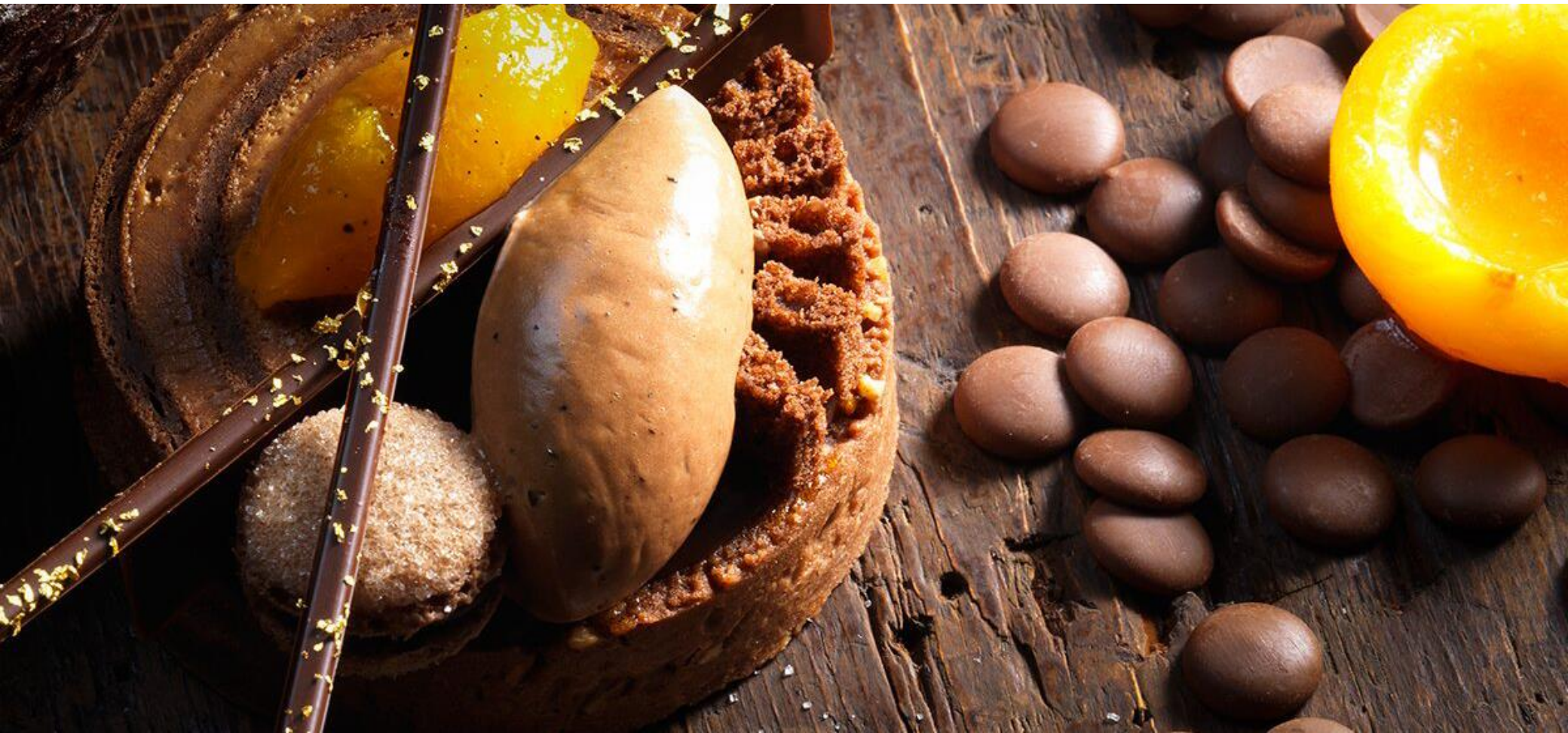
Passing on the cost of raw materials to customers underpins profit stability by mitigating volatility impact of main raw materials

A global footprint and a local service

Cocoa factories in origin countries and chocolate factories close to our customers



Highlights FY 2015/16



Proposal to the Annual General Meeting of Shareholders of December 7, 2016



Dr. W. Andreas Jacobs

Changes in the Board of Directors

- ▶ Dr. W. Andreas Jacobs to step down as Chairman
- ▶ Patrick De Maeseneire proposed for election as new Chairman
- ▶ All other Board members are standing for reelection for another term of office of one year.



Patrick De Maeseneire

“Smart growth” getting traction, strong free cash flow generation



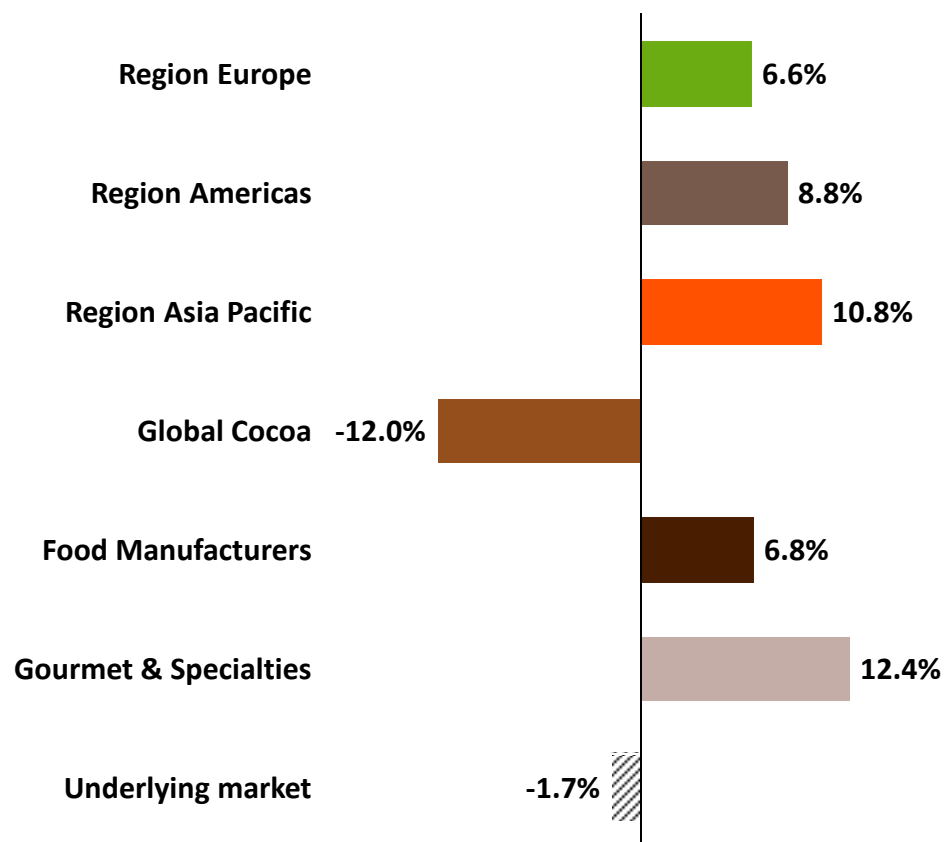
- ▶ Sales volume growth +2.2%, outperforming the market¹
 - ▶ Strong growth of chocolate business +7.6%
 - ▶ Intentional phase out of less profitable contracts in cocoa products -12.0%
- ▶ Positive contribution from all key growth drivers
- ▶ Profitability as anticipated, Operating profit (EBIT) flat at 0.1% in local currencies, Net profit down -5.1% in local currencies
- ▶ Strong free cash flow of CHF 404 mio.
- ▶ Dividend CHF 15.50 per share. Payout ratio of 39%



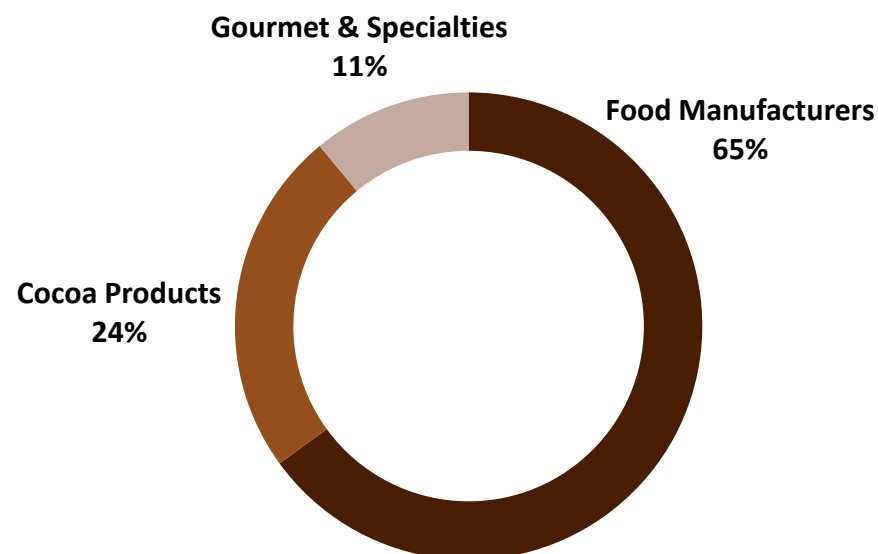
¹ Source Nielsen: -1.7% volume growth in chocolate confectionery for 26 countries from Sept 2015-Aug 2016

Strong chocolate business across all regions, outperforming the market, while intentional decline in Global Cocoa

Sales volume growth 2015/16 vs. prior year



Sales volume per Product Group



Highlights 2015/16



Launch of Cocoa Horizons Foundation

Sep 2015



License agreement with Naturex to market Acticoa

Nov 2015



Launch of BC Studio «craft and co-create» chocolate of tomorrow

Dec 2015



Opening of the first Van Houten Beverage™ Academy center in Sweden

Jun 2016



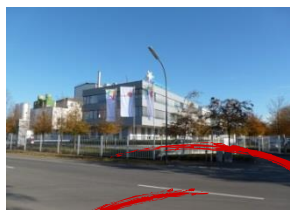
Introduction of Katchilé, Innovative tool for geo-traceability and farm impact measurement

Jun 2016



Opening new, relocated CALLEBAUT® CHOCOLATE ACADEMY center in Mumbai

Aug 2016



Acquisition of commercial vending activities from FrieslandCampina

Nov 2015



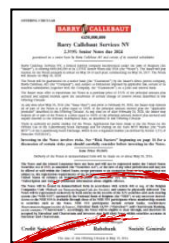
Acquisition of Nyonkopa for sustainable cocoa sourcing from Ghana

Nov 2015



Expansion of West Coast Factory, American Canyon, US

Mar 2016



Successful issue of EUR 450 million 2.375% Senior Notes due 2024

May 2016



Partnership with IDH, the Sustainable Trade Initiative

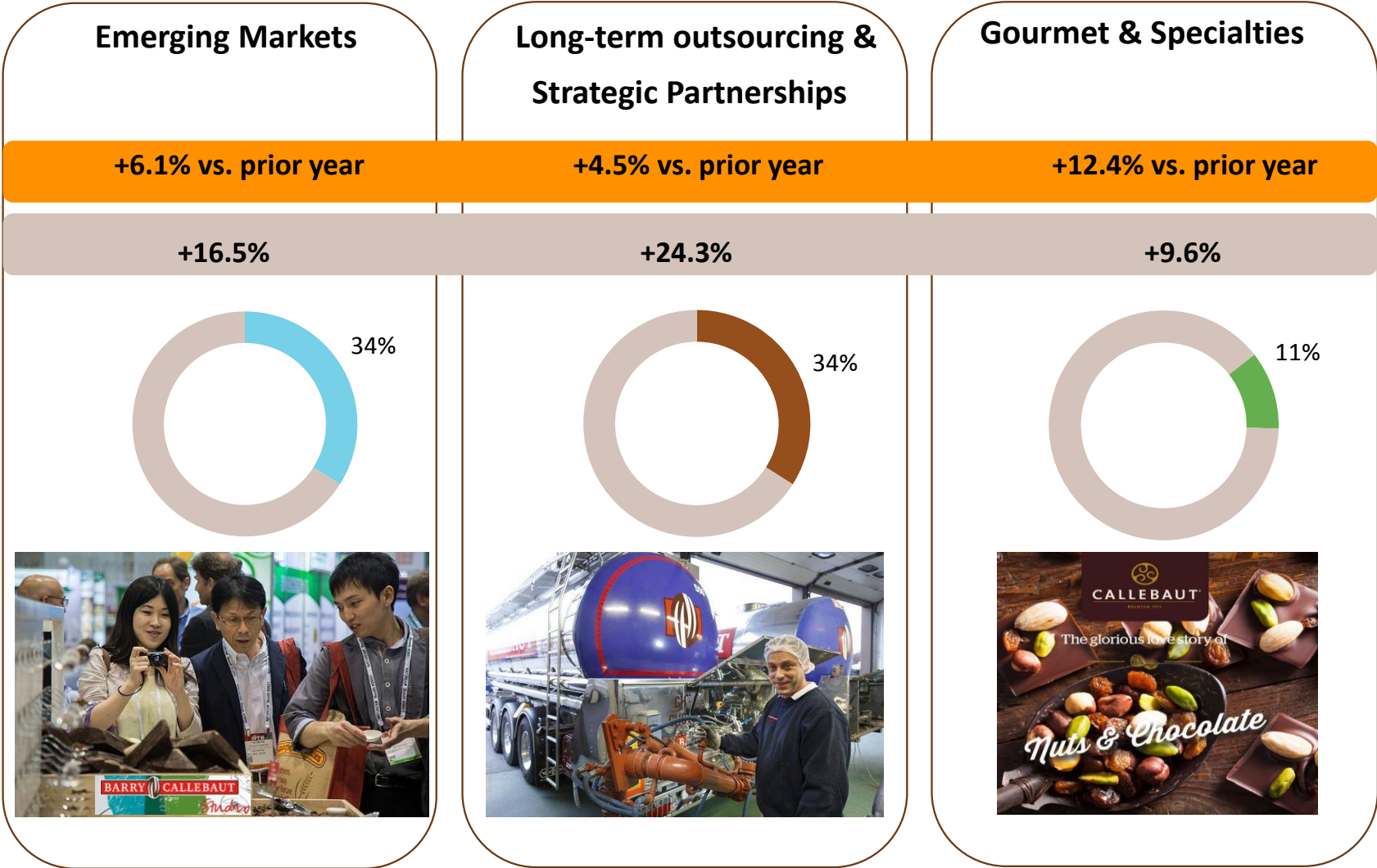
Jun 2016



Strategic partnership with Tony's Chocolonely chocolate from fully traceable sustainable cocoa

Aug 2016

Volume growth continues to be fuelled by our key drivers



Volume growth
FY 2015/16

CAGR 5 year
Volume

%
of total Group
Sales Volume

Driving growth in Emerging Markets...



- ▶ Opening our first chocolate factory in Indonesia to supply our long-term agreement with Garuda Foods
- ▶ Major expansion of our chocolate factory in Singapore: new production line, molding line and warehouse facility. Total investment of CHF 18 million
- ▶ Opening new, relocated CALLEBAUT® CHOCOLATE ACADEMY center in Mumbai
- ▶ Double-digit growth in China, India and Latin America in both Food Manufacturers and Gourmet businesses, capturing new customers



Driving growth in Gourmet & Specialties...

Fast growing with global and local brands



Expanding our successful Beverages business



Accelerating growth in Specialties and Decorations



Driving growth by expanding and capturing strategic partnerships...



- ▶ **Extension of strategic partnership with Mondelēz International**
 - ▶ Intention to acquire and integrate the chocolate production facility of Mondelēz International in Halle, Belgium
 - ▶ Long-term agreement for the supply of **additional 30,000 tonnes of liquid chocolate per year**
 - ▶ Closing expected by Dec 2016
- ▶ **New long-term contracts with mid-size customers in emerging markets**
- ▶ **Strategic partnership to supply chocolate from fully traceable cocoa with Tony's Chocolonely**



Bringing Global Cocoa to the next level

Driving commercial excellence

- Sharpening focus on customers
- New pricing model in place and sales incentive scheme aligned
- SKU reduction by 25%



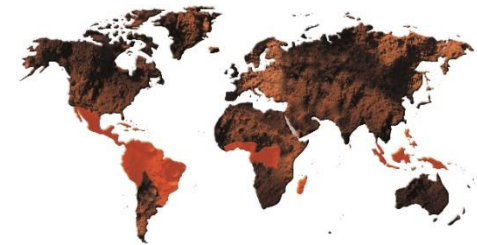
Leveraging our scale in execution

- Combined ratio organization & governance in place
- Global product availability
- Elevating our market intelligence



Optimizing our operations

- Creating an optimal manufacturing footprint
- More competitive direct sourcing model
- More efficient product flows and optimal stock levels



“Smart growth” getting traction in FY 2015/16

Growing with customers while adding value



Bringing cocoa to the next level



Greater discipline on free cash flow



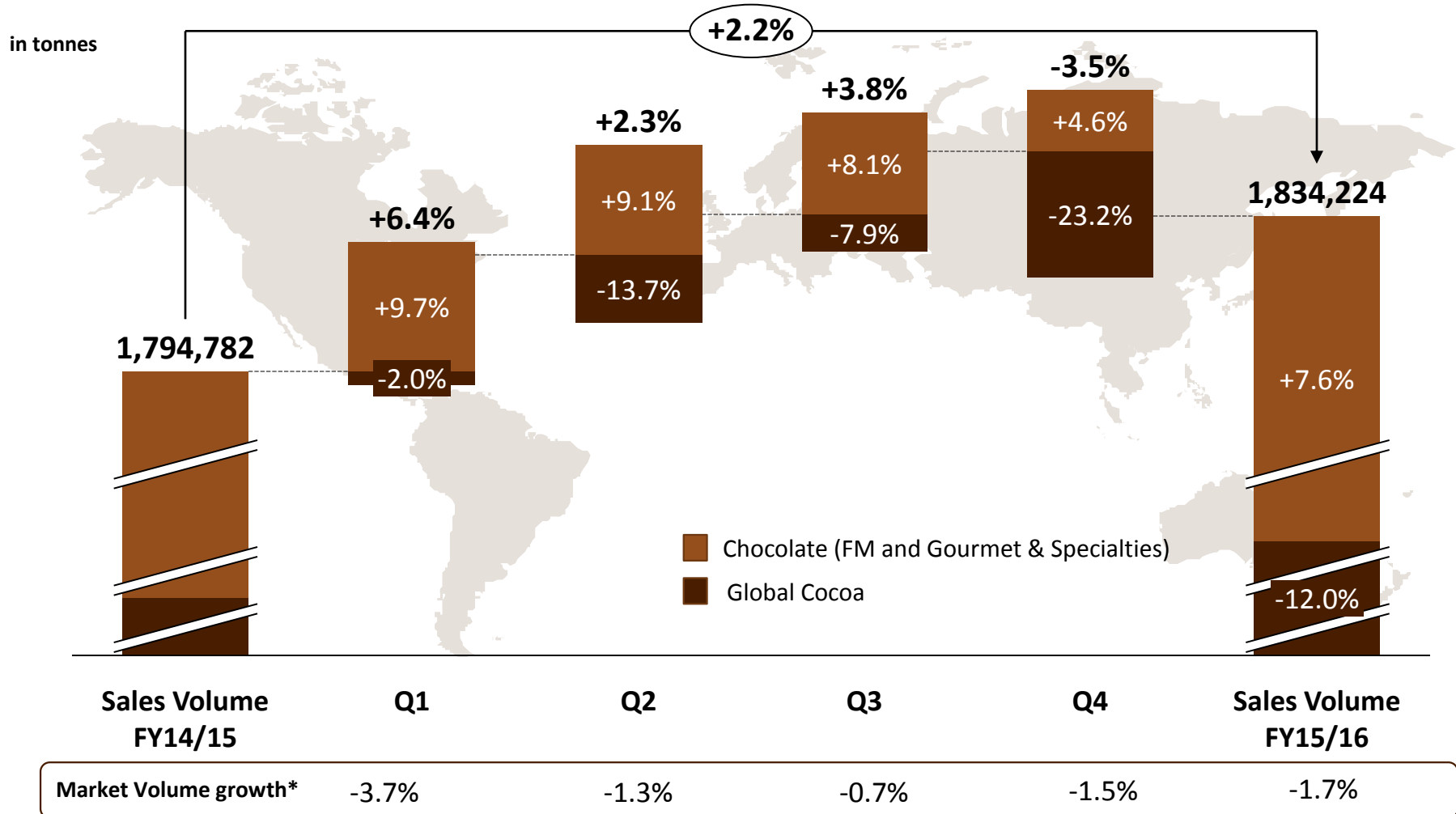
Financial Highlights FY 2015/16



Solid volume growth, profitability as anticipated and flat in local currencies

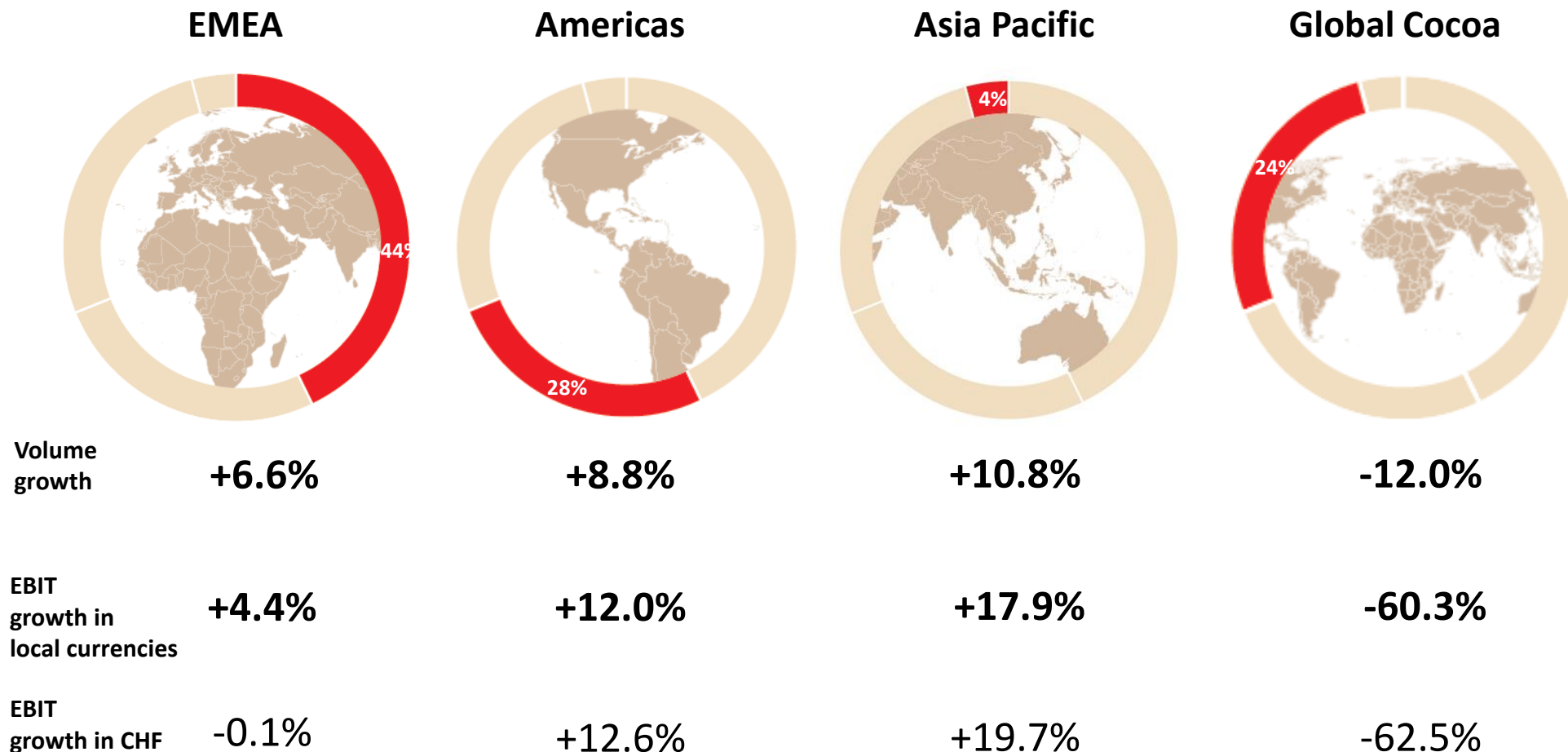
Group performance (In CHF mio.)	FY 2015/16 (in CHF)	% vs prior year (in CHF)	% vs prior year in local currencies
Sales Volume Total (in tonnes)	1,834,224		+2.2%
Sales Revenue	6,676.8	+7.0%	+8.8%
Gross Profit	863.2	+1.9%	+4.4%
EBIT Total	401.7	-3.2%	+0.1%
<i>EBIT per tonne</i>	219.0	-5.2%	-2.0%
Net profit for the year	219.0	-8.7%	-5.1%
Free cash flow	404.0		

Strong volume growth across all the chocolate Regions, while intentional phase out of less profitable contracts in Global Cocoa



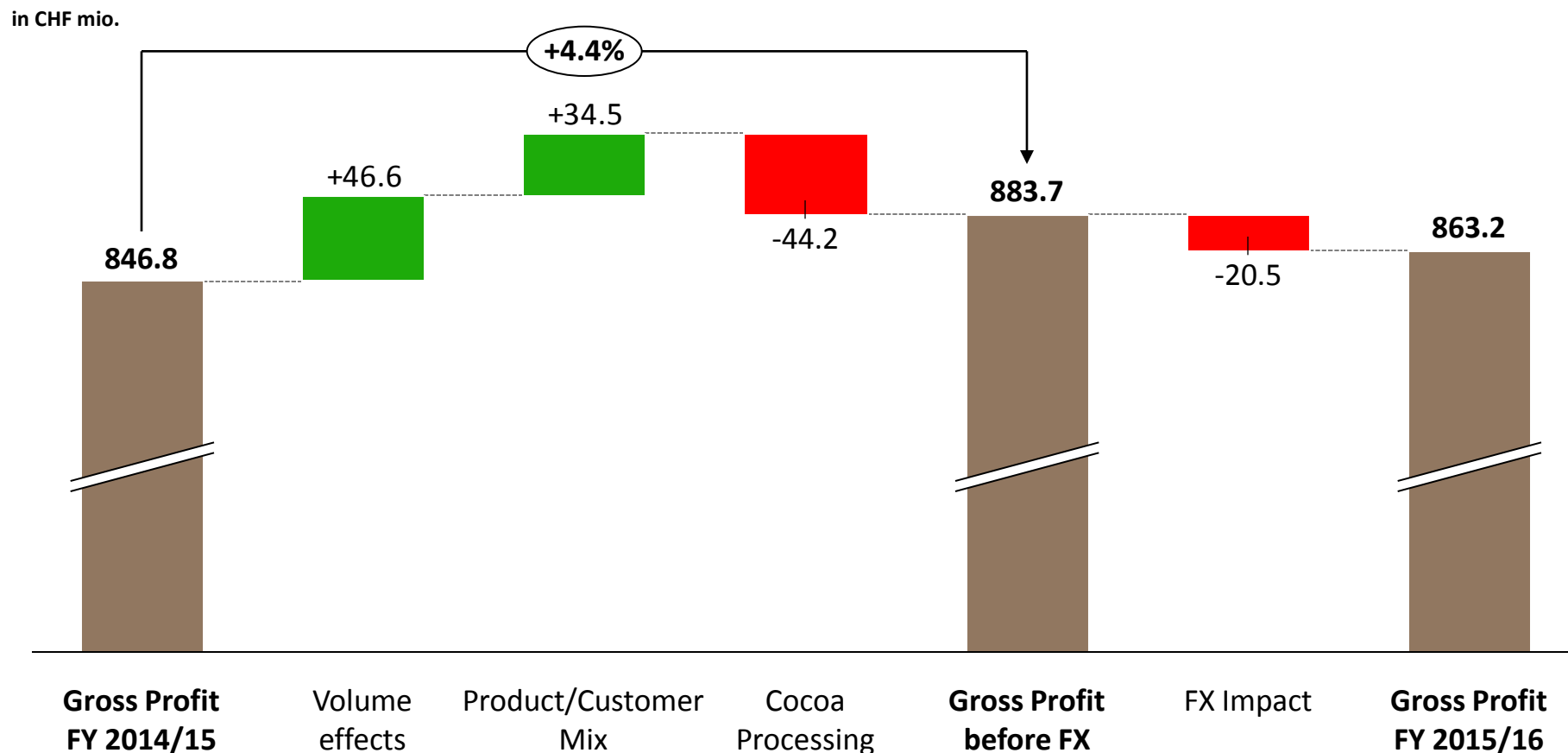
*Source: Nielsen chocolate confectionery in volume – 26 countries

Strong chocolate performance, in Global Cocoa profitability temporarily affected by challenging cocoa products market



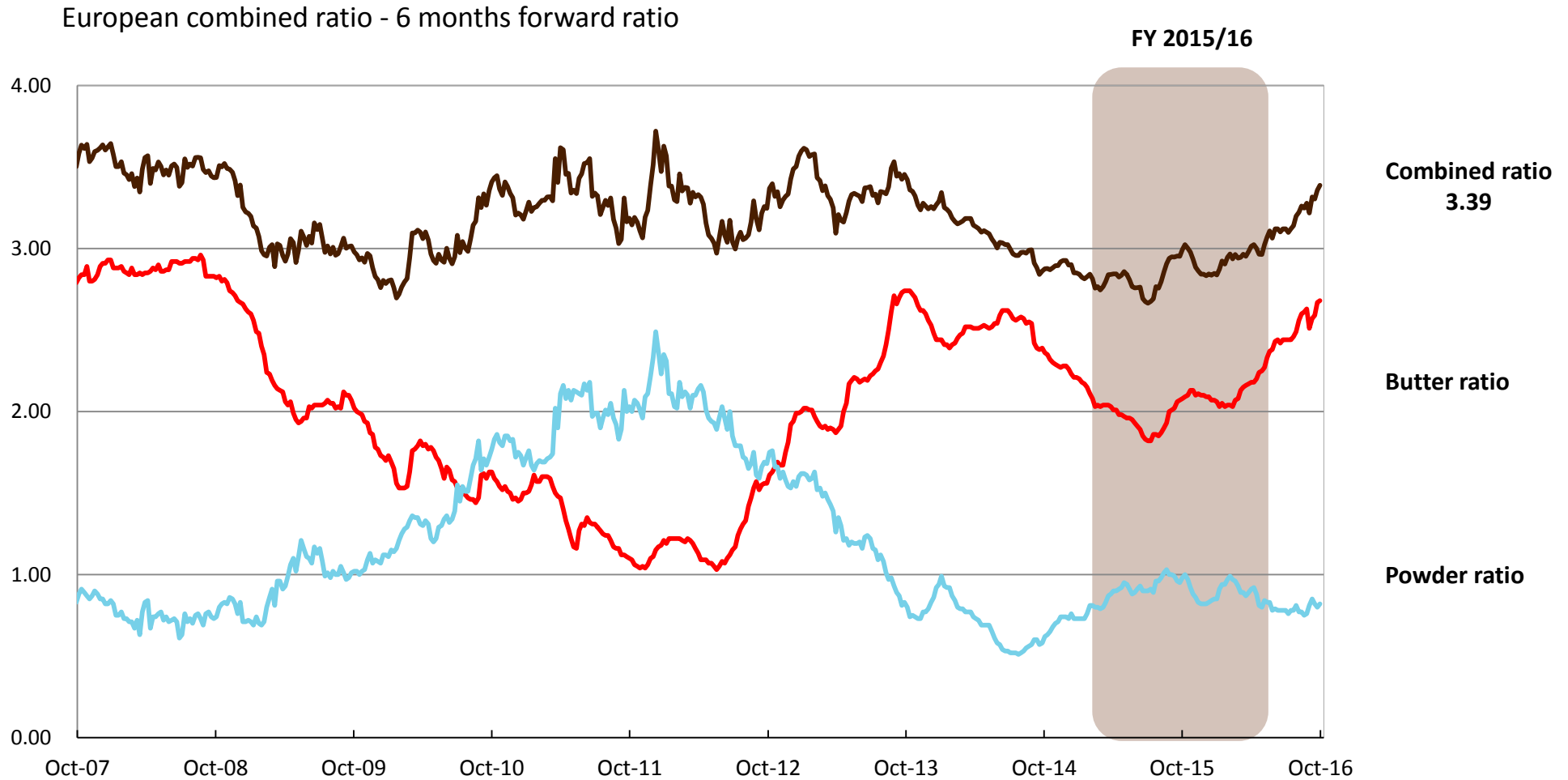
Gross Profit FY 2015/16

Gross profit up +4.4% before FX impact, driven by positive volume effects, margin mix and despite a historically low combined cocoa ratio



Cocoa processing profitability

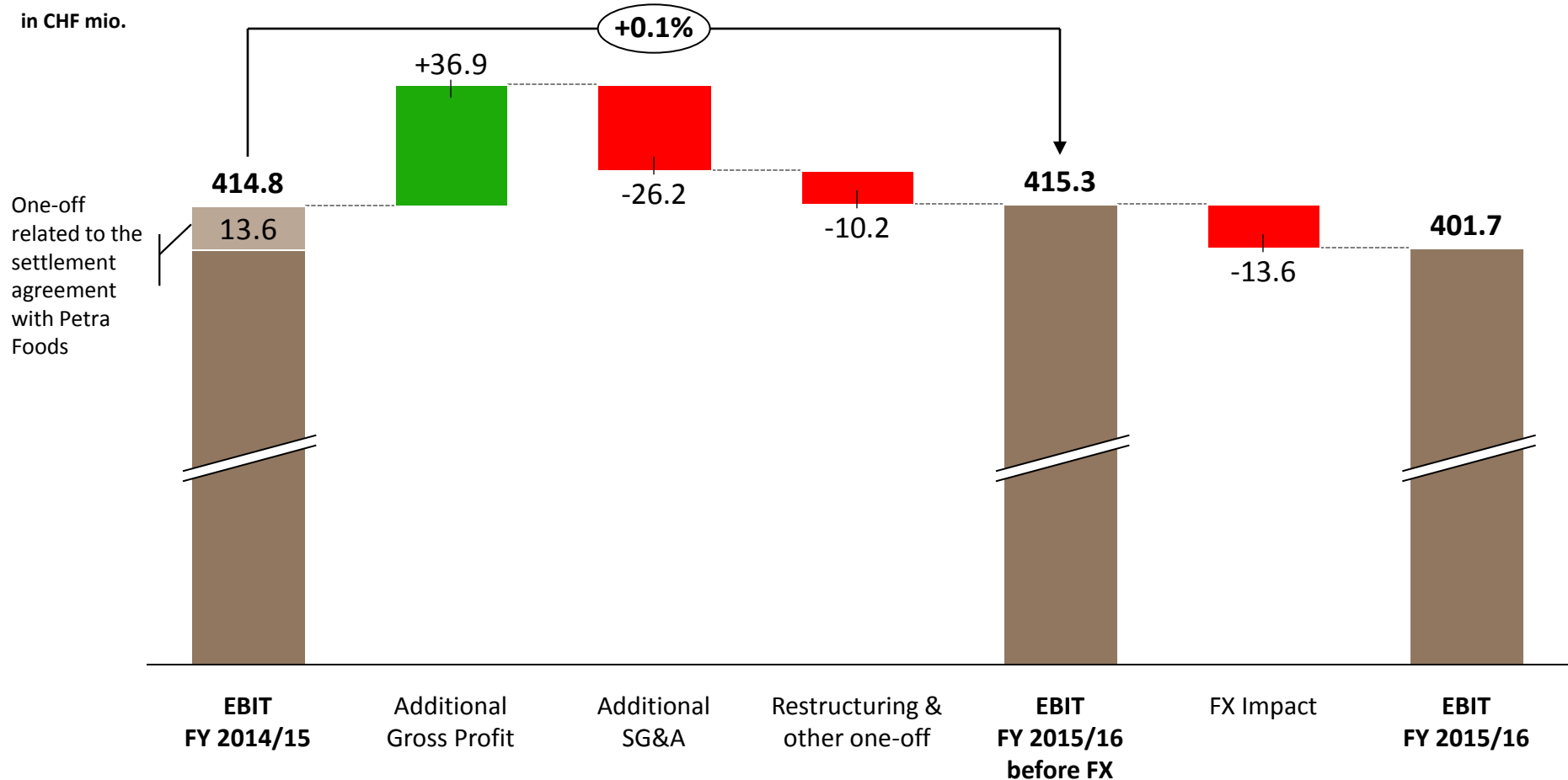
Historically low combined cocoa ratio strongly impacted FY 2015/16;
recent signs of recovery, albeit with regional differences



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 FY 2015/16

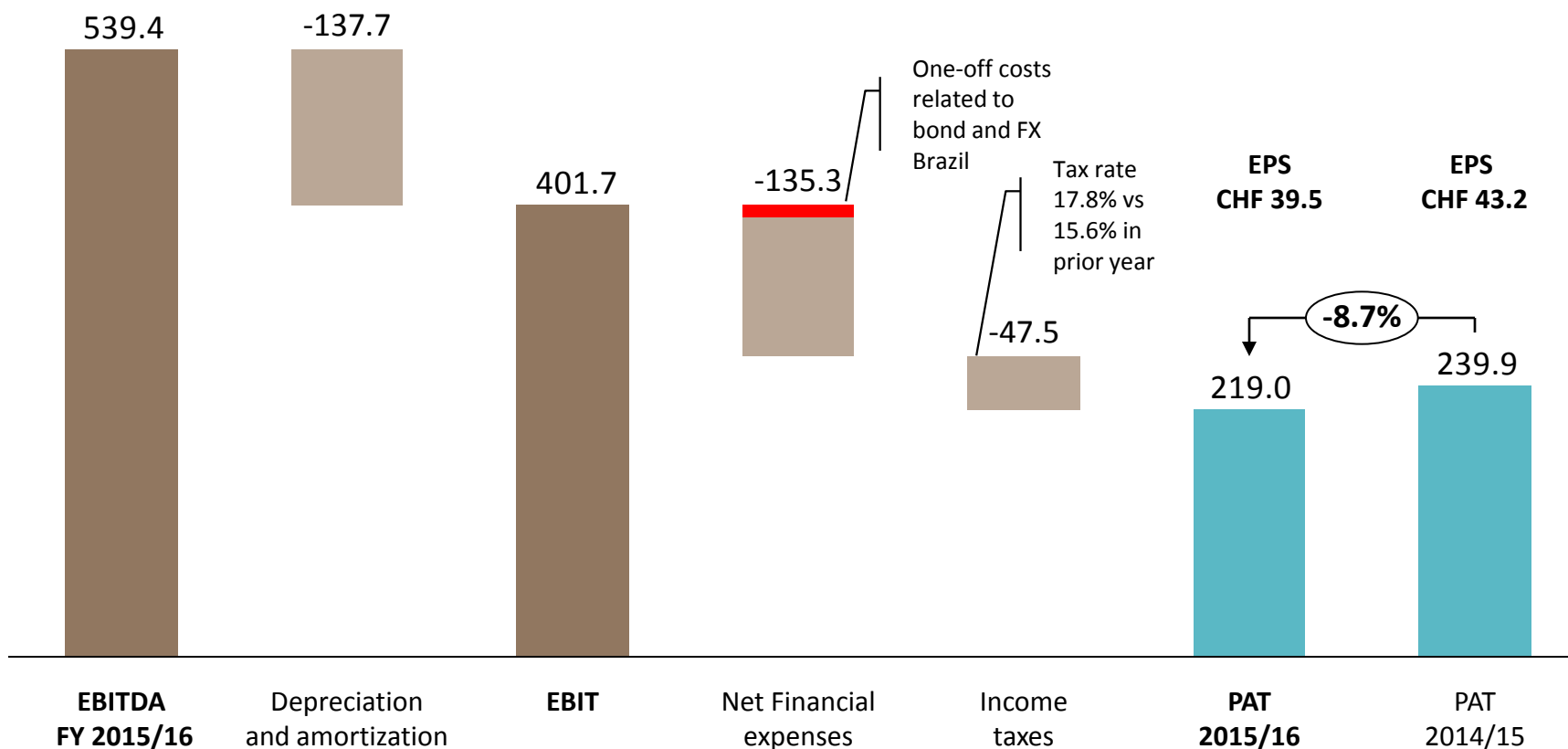
Operating profit flat in local currencies, supported by good product and customer mix, while setting up the path for continued “smart growth”



From EBITDA to Net Profit

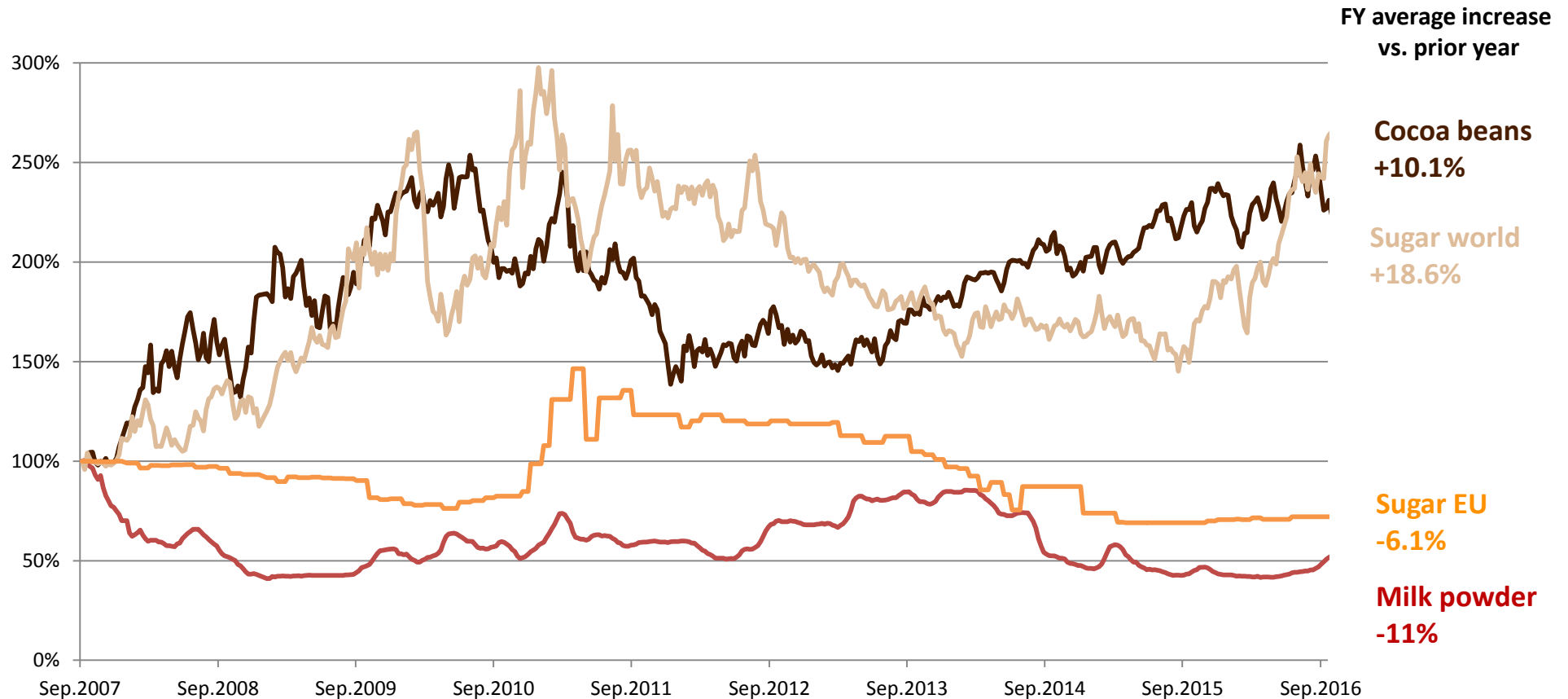
Net Profit down 8.7% in CHF, due to higher financial expenses, as well as higher taxes

in CHF mio.



Raw materials price evolution

Cocoa bean at high levels; world sugar prices increased, milk powder at low levels

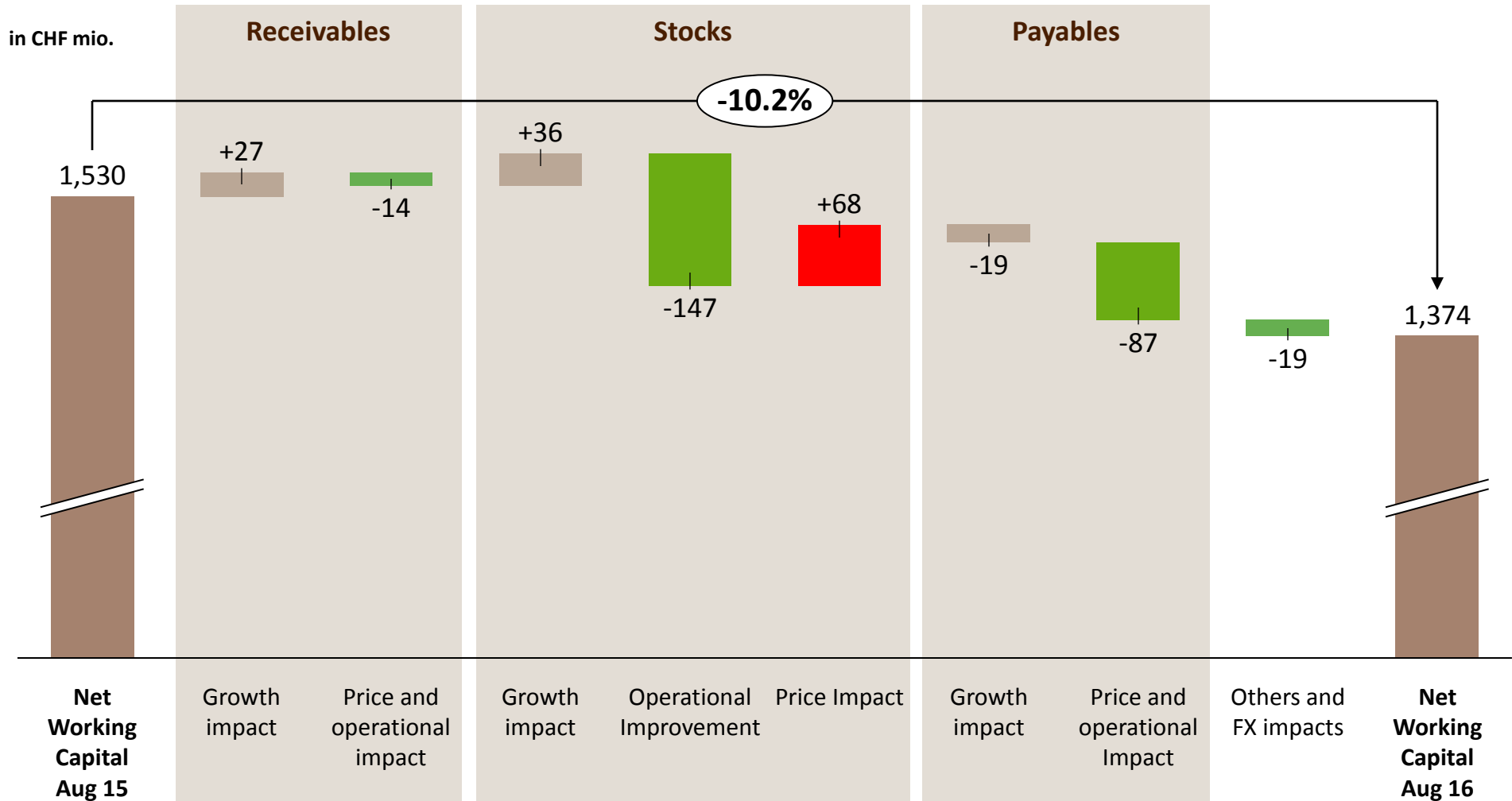


Note: All figures are indexed to Sep 2007

Source: Cocoa beans London (2nd position), Sugar world London n°5 (2nd position), Sugar EU Kingsman estimates W-Europe DDP, skimmed milk powder average price Germany, Netherlands, France.

Net Working Capital

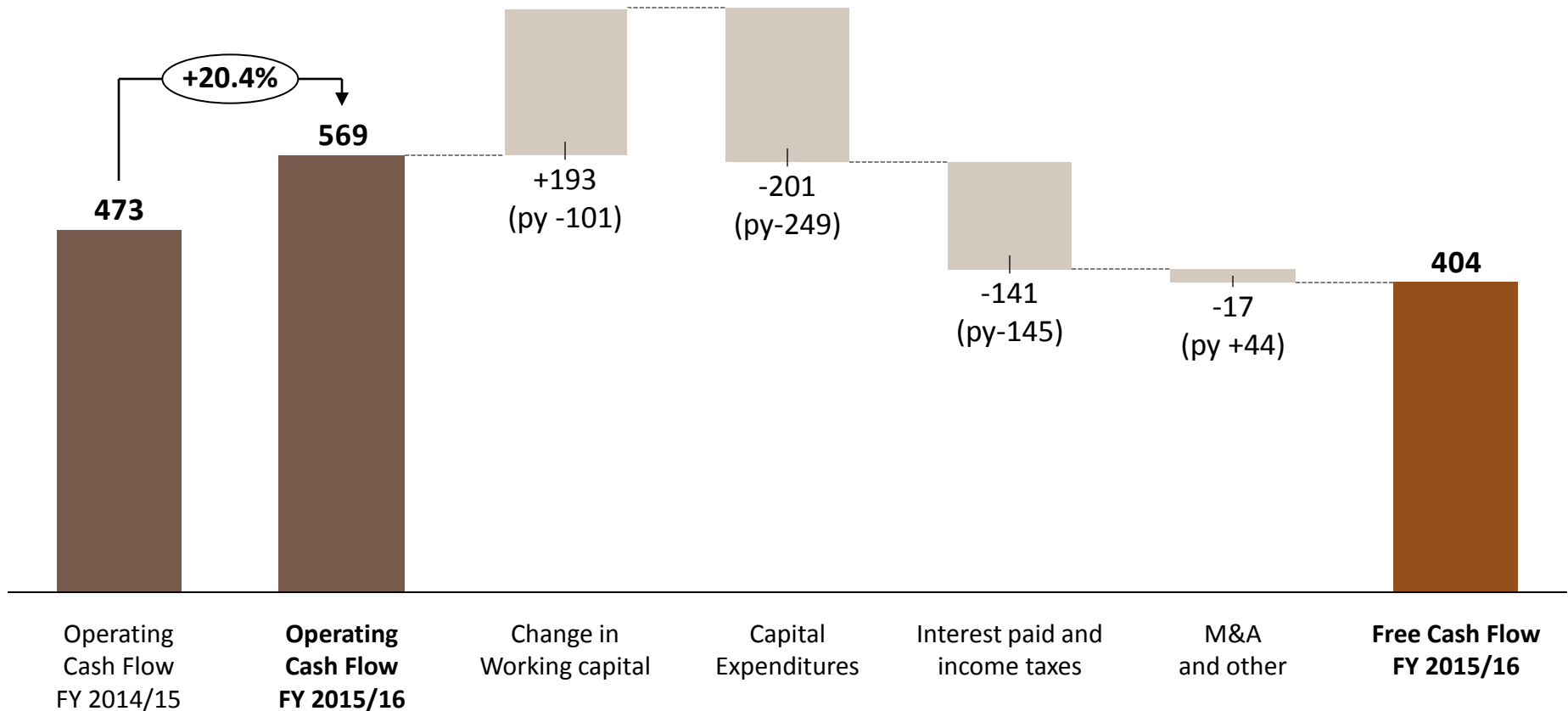
Working Capital below prior year as a result of successful inventory reduction program and positively impacted by one-offs



Free Cash Flow

Strong cash flow generation as a result of efforts to reduce working capital and strict discipline on CAPEX

in CHF mio.



Improvement of our some financial ratios, based on our “smart growth” strategy and some positive one-off effects

	Aug 16	Aug 15
Total Assets [CHF m]	5,640.8	5,429.4
Net Working Capital [CHF m]	1,374.6	1,529.7
Non-Current Assets [CHF m]	2,301.0	2,185.5
Net Debt [CHF m]	1,452.8	1,728.0
Shareholders' Equity [CHF m]	1,956.3	1,772.8
Debt/Equity ratio	74.3%	97.5%
Solvency ratio	34.7%	32.7%
Net debt / EBITDA	2.7x	3.2x
Interest cover ratio	4.0x	4.1x
ROIC	9.5%	9.8%
ROE	11.2%	13.5%

Dividend

Proposed payout of CHF 15.50 per share, up CHF 1.00 per share

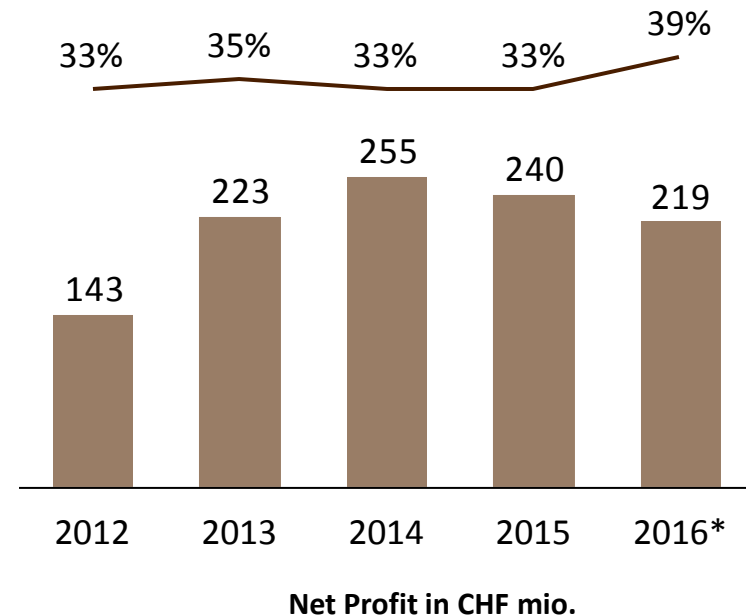
Proposed dividend

- ▶ CHF 15.50 per share¹
- ▶ Payout of 39% of Net Profit
- ▶ Not subject to withholding tax²

Timetable for dividend

- ▶ Shareholder approval: Dec 7, 2016 (AGM)
- ▶ Expected ex-date: Feb 28, 2017
- ▶ Expected payment date: March 2, 2017

Payout ratio



* As proposed by the Board to our Shareholders

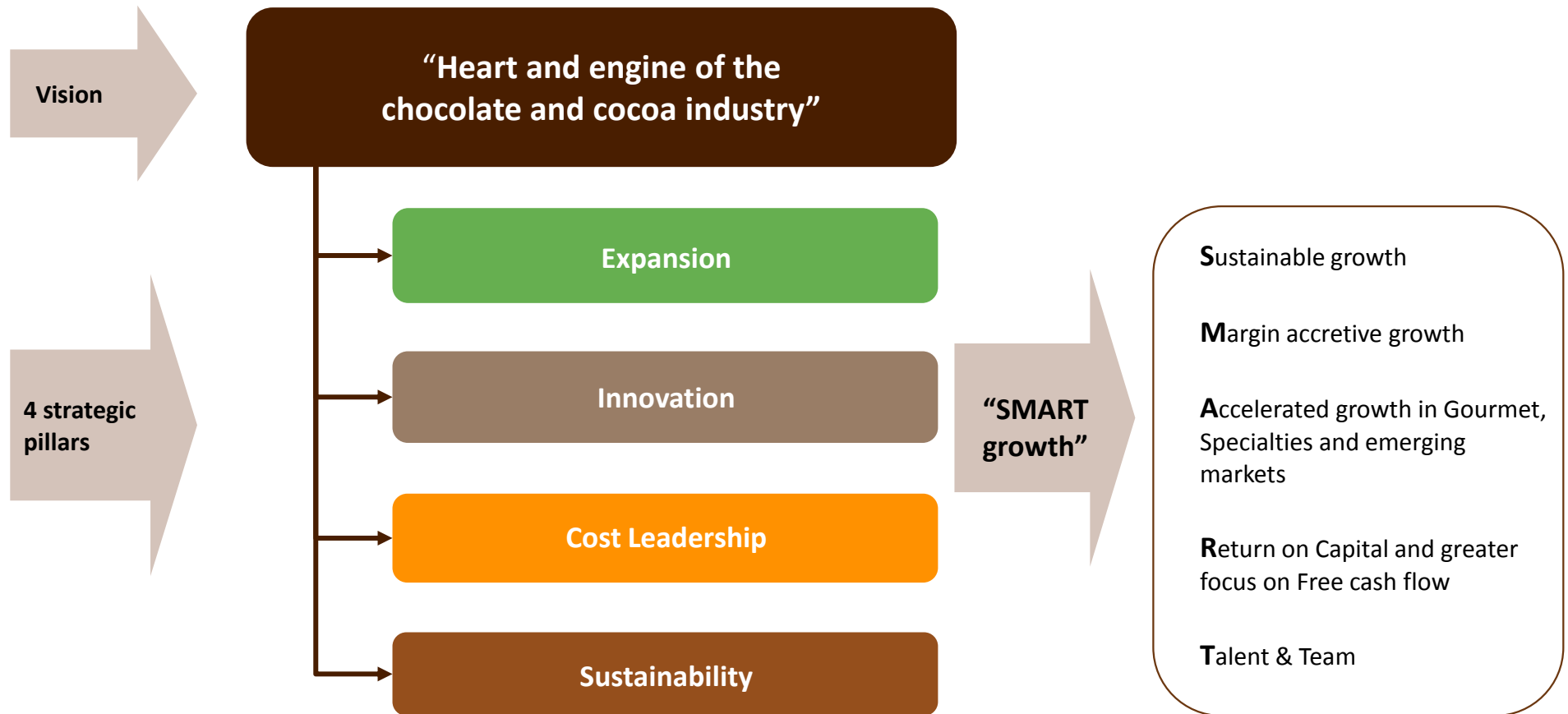
1) Partly from reserves from capital contributions (CHF 4.19 per share) and partly in the form of a capital repayment by way of a par value reduction (CHF 11.31 per share)

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

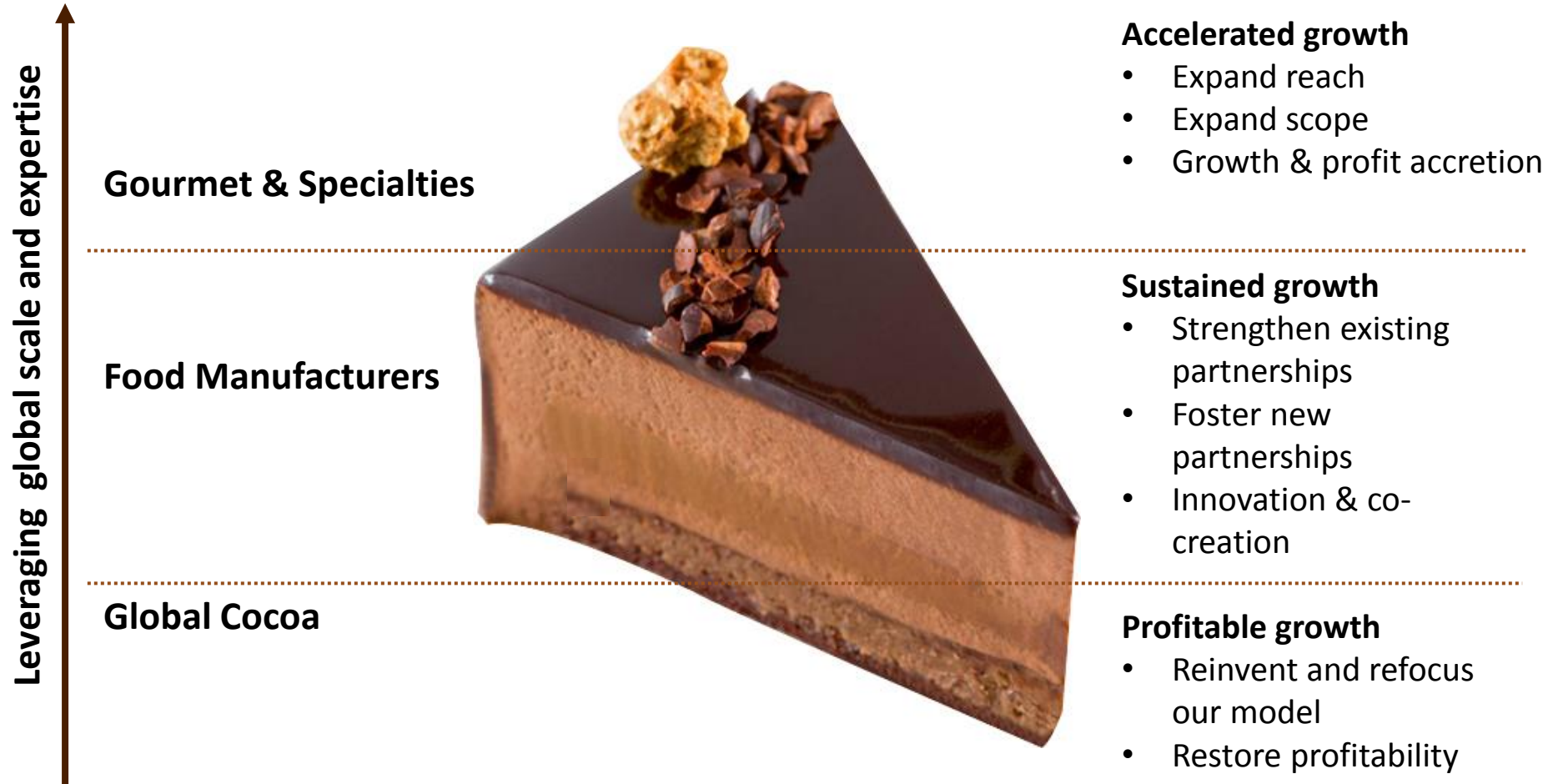
Strategy update & Outlook



Consistent long-term strategy, focus on execution



Execution translated into our Product groups



Strategic priorities 2016/17



- ▶ **Grow Competitively**
 - ▶ Further leverage our innovation capabilities
 - ▶ Inspire and co-create
 - ▶ Nourish & expand partnerships
- ▶ **Grow Sustainably**
 - ▶ Cocoa
 - ▶ Beyond cocoa
 - ▶ Talents & teams
- ▶ **Grow Profitably**
 - ▶ Cocoa Leadership deployment
 - ▶ Increase leverage
 - ▶ Footprint & Capabilities
 - ▶ Disciplined execution
 - ▶ Quality & service
 - ▶ Profitability & cash

Outlook

Continue to strive for a smart balance between consistent, above-market volume growth and enhanced profitability



Outlook

- ▶ Continue to implement “smart growth”, we have good visibility on volume growth and expect positive contribution to profitability from our Cocoa Leadership project.

Mid-term guidance (2015/16 - 2017/18)

- ▶ Average volume growth 4-6%
- ▶ EBIT growth on average above volume growth¹

¹ In local currencies and barring any major unforeseen events



Appendix

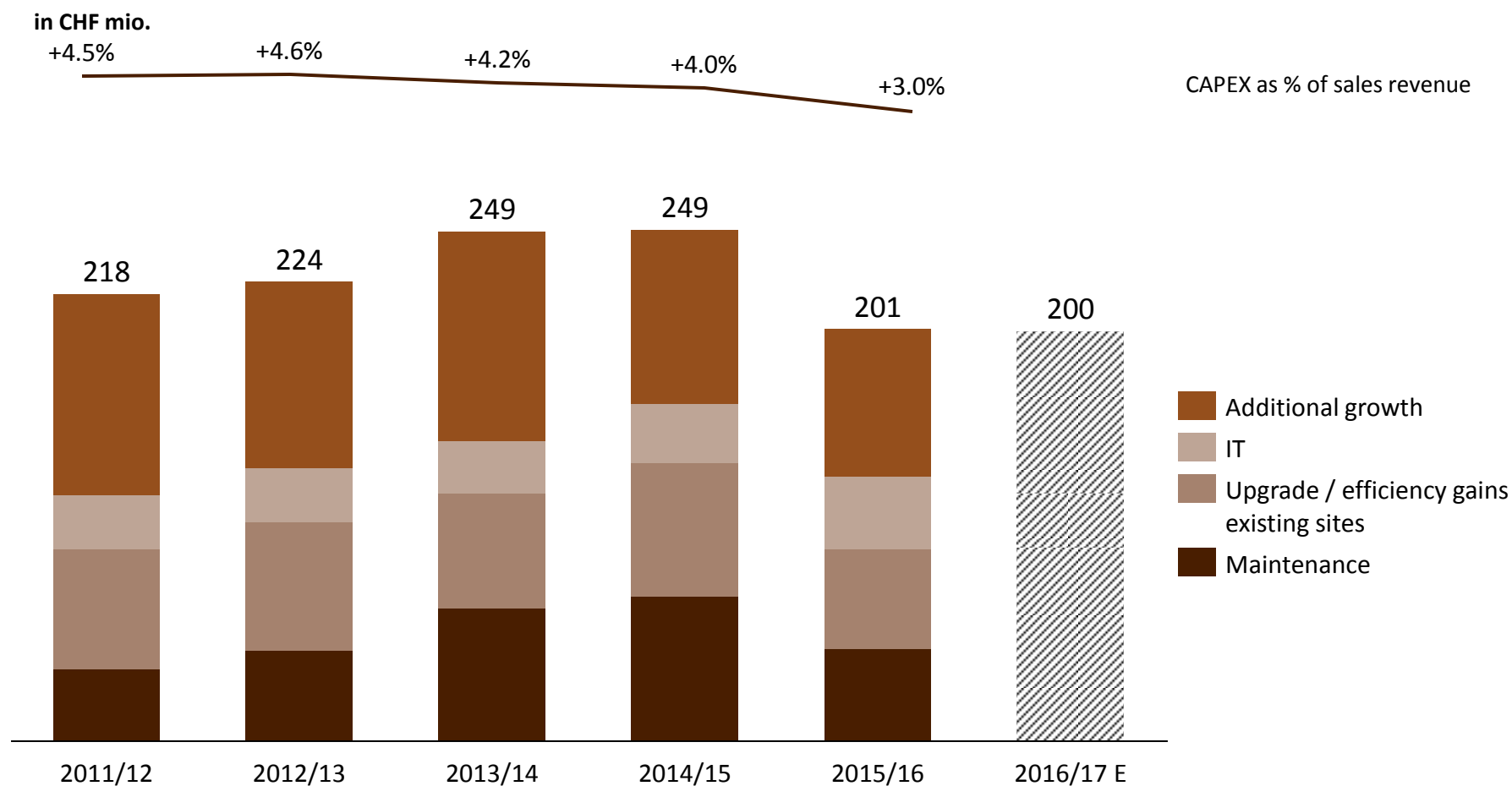


What makes Barry Callebaut unique?



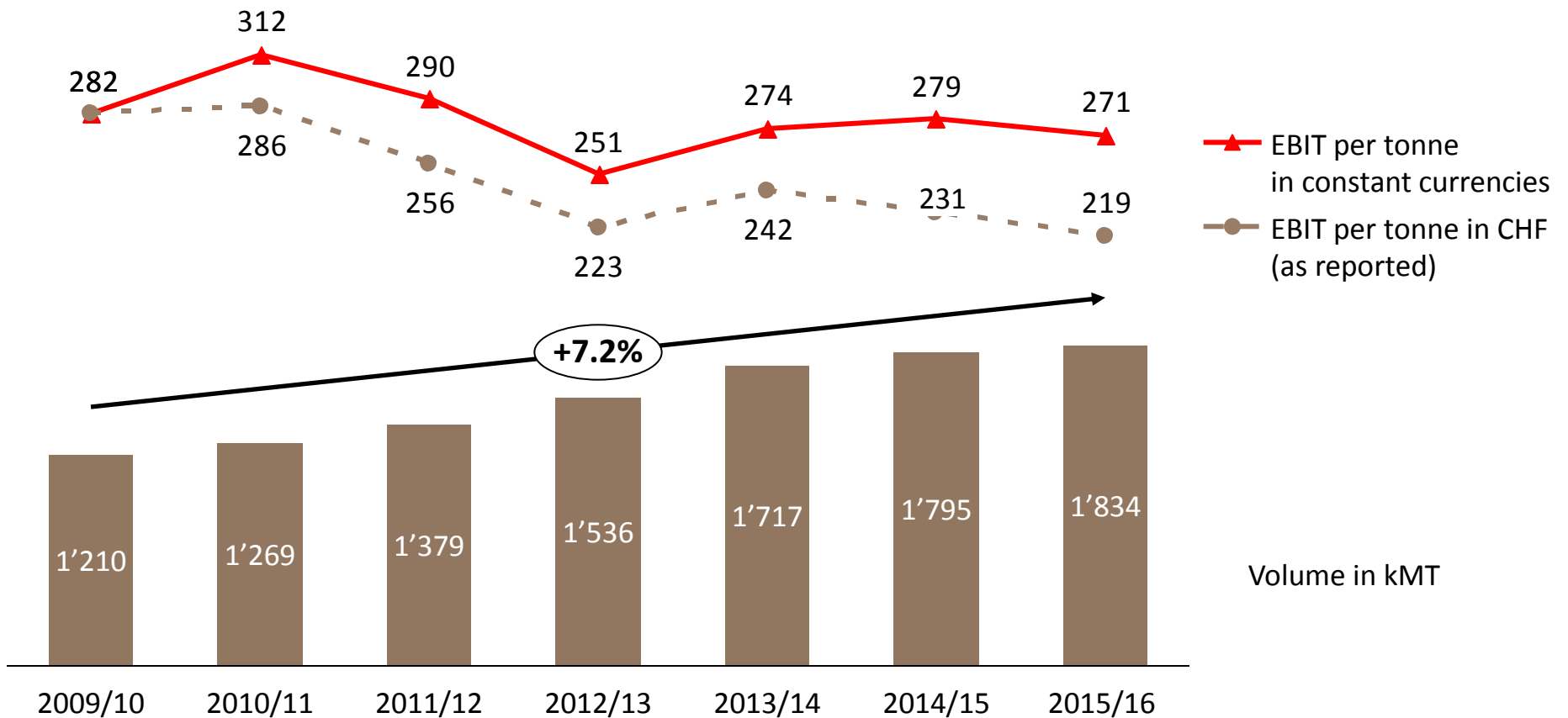
- ▶ Global number one player in chocolate and cocoa
- ▶ Deep chocolate and cocoa expertise
- ▶ Global leader in Gourmet & Specialties
- ▶ Proven and long-term oriented strategy
- ▶ Unparalleled global footprint, present in all key markets
- ▶ Preferred outsourcing and strategic partner
- ▶ Leader in Innovation
- ▶ Cost leadership along the value chain
- ▶ Pioneer in sustainability
- ▶ Entrepreneurial spirit
- ▶ Balancing short and long-term

Capital Expenditures

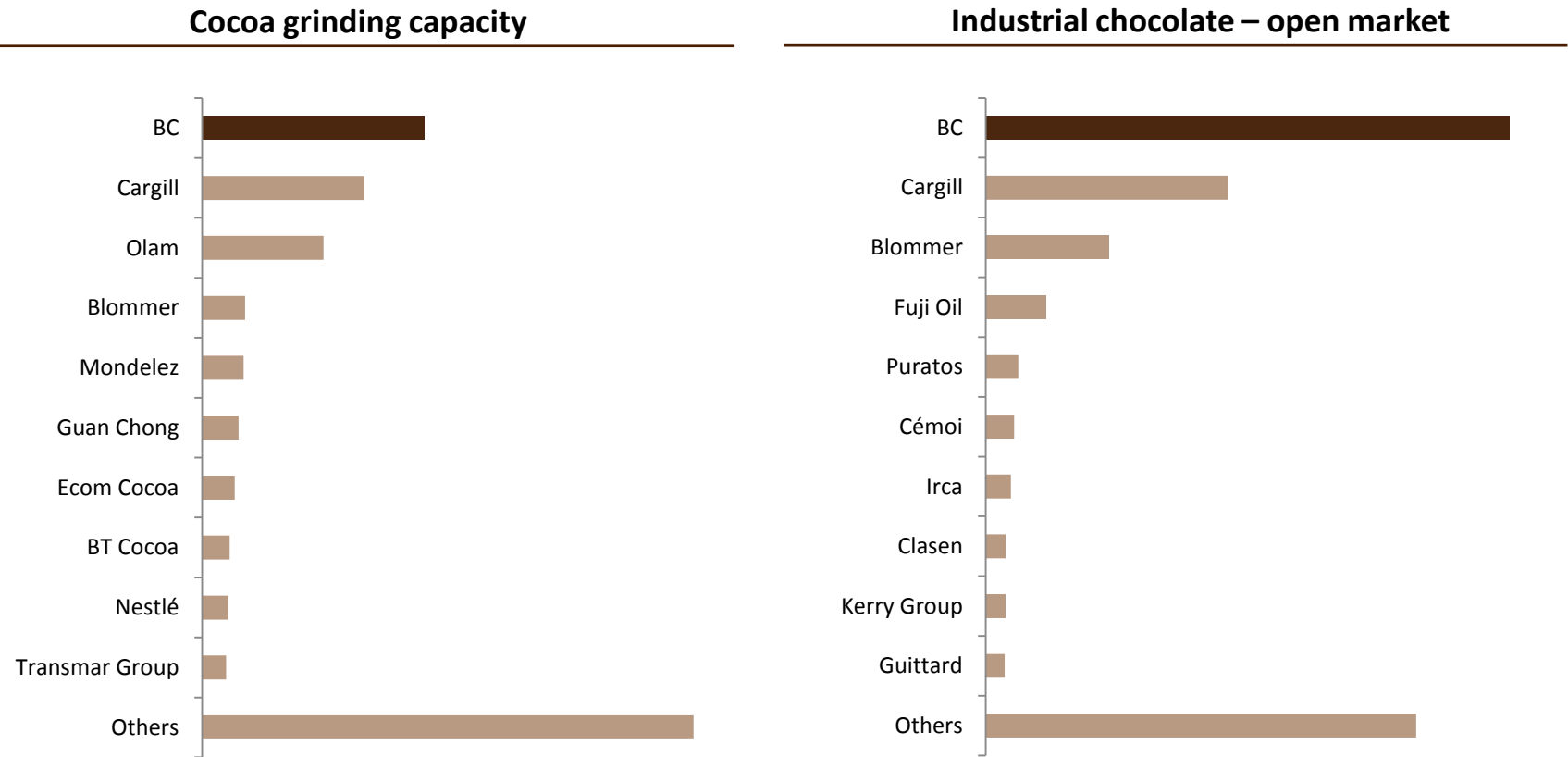


7-year EBIT per tonne development

EBIT per tonne temporarily affected by a challenging cocoa products market and a strong Swiss franc



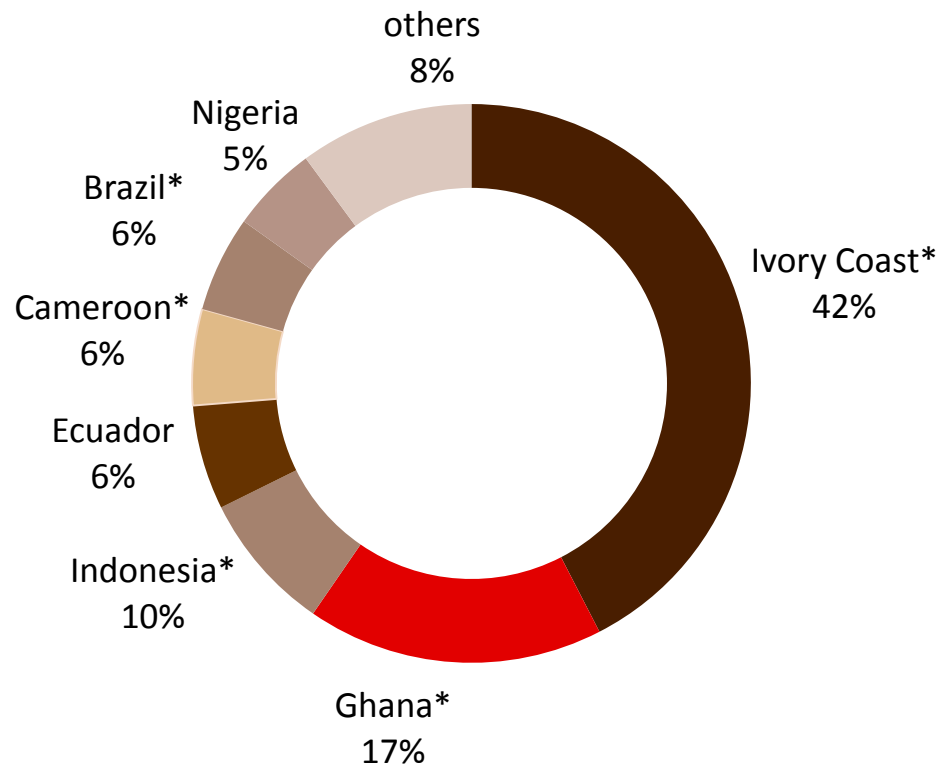
Barry Callebaut uniquely positioned in industrial chocolate and cocoa markets



Notes: Olam incl. ADM; Cargill incl. ADM chocolate business; Fuji Oil incl. Harald
Sources: Proprietary estimates

West Africa is the world's largest cocoa producer

Total world harvest (14/15): 4,157 TMT

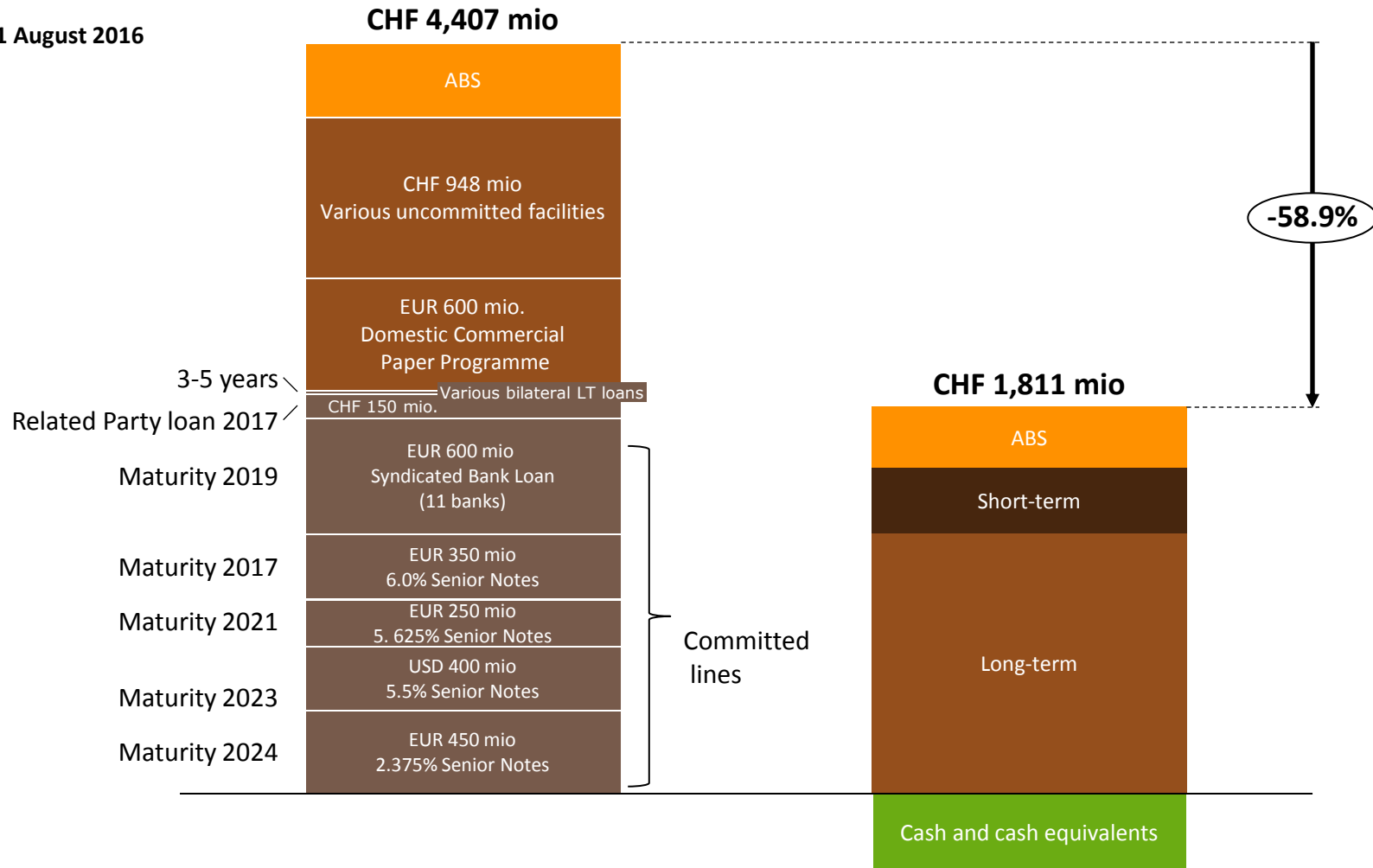


- ▶ About 70% of total cocoa beans come from West Africa
- ▶ BC processed ~925,000 tonnes or 22% of the world crop
- ▶ Barry Callebaut has various cocoa processing facilities in origin countries*, in Europe and in the USA

Source: ICCO estimates

Enough headroom for further growth and raw material price fluctuations

As of 31 August 2016



Available Funding Sources

Outstanding amounts

Liquidity – Debt maturity profile

As of 31 August 2016

In CHF mio

