

# News Release

## Barry Callebaut Group – Half-Year Results, Fiscal Year 2014/15

### Accelerating volume growth, strong profitability

- **Sales volume picking up: +2.0% (+3.9% in Q2), outperforming a currently weak global chocolate confectionery market (-1.5%<sup>1</sup>)**
- **Significant profit increase: EBIT up 8.7% (+13.0% in local currencies), net profit up 10.7% (+16.3% in local currencies)**
- **Solid top- and bottom-line growth driven by Western Europe and Americas, outsourcing and Gourmet**
- **Mid-term financial targets confirmed,<sup>2</sup> subject to currency translation impacts**

Zurich/Switzerland – April 1, 2015 – Juergen Steinemann, CEO of the Barry Callebaut Group, said: “As forecasted, we had a good second quarter after a slow start to the year. Our volume growth accelerated, much in contrast to the currently weak global chocolate confectionery market. All growth drivers contributed to our growth, especially outsourcing & partnerships and Gourmet. Our business in our main regions Western Europe and Americas performed particularly well. Despite a weak cocoa products market and a negative currency translation effect, we significantly improved our profitability thanks to our continued focus on product mix, margins and cost management.”

#### Group Key Sales Figures for First 6 Months of Fiscal Year 2014/15

		Changes in %			
		In local currencies	In CHF	6 months up to Feb 28, 2015	6 months up to Feb 28, 2014
Sales volume	Tonnes		2.0%	893,437	876,297
Sales revenue	CHF m	14.5%	11.6%	3,244.2	2,906.9
Gross Profit	CHF m	9.5%	5.8%	446.2	421.6
Operating Profit (EBIT)	CHF m	13.0%	8.7%	219.2	201.7
EBIT per tonne	CHF/tonne	10.8%	6.6%	245.3	230.2
Net Profit	CHF m	16.3%	10.7%	132.4	119.6

During the first half of fiscal year 2014/15 (ended February 28, 2015), the Barry Callebaut Group – the world’s leading manufacturer of chocolate and cocoa products – increased its **sales volume** by 2.0% to 893,437 tonnes, supported by its growth drivers outsourcing and Gourmet. With +3.9%, volume growth accelerated in the second quarter. This solid growth was achieved amid a currently weak global confectionery market that declined by -1.5% in volume.<sup>1</sup>

From a regional perspective, volume growth was particularly good in the Group’s main regions Western Europe and Americas. Volume growth further benefited from a strong performance of the two global Gourmet brands Callebaut® and Cacao Barry®, boosting overall sales volume in the Gourmet & Specialties Products business significantly by 6.0%.

**Sales revenue** grew by 11.6% (+14.5% in local currencies) to CHF 3,244.2 million, driven by higher cocoa bean prices compared to last year<sup>3</sup> and increased sales of higher value products.

<sup>1</sup> Volume growth of the global chocolate confectionery market. Source: Nielsen, September 2014 – February 2015.

<sup>2</sup> As of consolidation of the acquired cocoa business: 6-8% average volume growth per year, and EBIT per tonne restored to pre-acquisition level by 2015/16 (CHF 256 per tonne) – barring any major unforeseen events and subject to currency translation impacts.

<sup>3</sup> The Barry Callebaut Group passes on raw material prices to customers for the majority of its business.

**Gross profit** went up 5.8% (+9.5% in local currencies) to CHF 446.2 million as a result of a more favorable product mix (more focus on specialty products and Gourmet). Overall, though, the combined cocoa ratio had a negative impact on the profitability of the Group's cocoa processing activities.

On top of the strong base of last year, **operating profit (EBIT)** rose by 8.7% (+13.0% in local currencies) to CHF 219.2 million thanks to the higher gross profit as well as tight cost control. The Group also improved its EBIT per tonne by +6.6% to CHF 245.3 (+10.8% in local currencies).

**Net profit** was up 10.7% (+16.3% in local currencies) to CHF 132.4 million, driven by the solid EBIT performance.

Overall, the currency translation impact on the Group's EBIT level was CHF -8.7 million, resulting in part from the recent appreciation of the Swiss franc against the euro.

#### **Outlook – Growth of top- and bottom-line expected to continue; targets confirmed**

CEO Juergen Steinemann on the outlook: "We expect sales volume growth to further accelerate in the second half of our fiscal year, supported by all growth drivers. Our focus on product margins and cost control will drive further profitable growth, which will help to offset the challenging cocoa market. Subject to the expected negative currency translation impact on our bottom-line, we confirm our mid-term targets<sup>4</sup>."

#### **Strategic milestones in the first 6 months of fiscal year 2014/15**

- **"Expansion:"** Signing an outsourcing agreement with World's Finest Chocolate, strengthening the Group's manufacturing footprint in North America. Barry Callebaut's new chocolate factory in Pune, India, is now operational. In total, production capacity at 15 existing factories was expanded during the period under review. Barry Callebaut opened new CHOCOLATE ACADEMY™ centers in Germany (Cologne) and Russia (Moscow) further promoting its leading position in the Gourmet sector. In early June, the Group will open its 19<sup>th</sup> CHOCOLATE ACADEMY™ center in Tokyo, Japan, capitalizing on its presence in the world's mega cities.
- **"Innovation:"** Barry Callebaut reached an important milestone in the area of reformulated chocolates, in which the Group was granted a patent for a special manufacturing process for reduced fat milk chocolate. The optimized cocoa fermentation method using newly developed yeast will make it possible to produce chocolates with flavor profiles tailored to customer requests.
- To further strengthen its cost management and **"Cost Leadership"** position, Barry Callebaut intends to bundle transactional activities across Europe in a Shared Service Center (SSC) in Łódź, Poland, over the next 24 months.
- In the recent past, the industry has made significant steps to increase the use of sustainable cocoa, also through the foundation of "CocoaAction" led by the World Cocoa Foundation (WCF). As a founding partner, Barry Callebaut is actively participating in the implementation of "Cocoa Action". The Group has also stepped up its own **"Sustainable Cocoa"** activities in order to best support its customers to reach their commitments to switch to sustainable cocoa in the coming years. For this, Barry Callebaut will expand its own sustainability program, the Quality Partner Program (QPP), to Ghana and Indonesia as well as to Brazil. Biolands, the company's direct sourcing program, will be further rolled out to Ghana.

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<sup>4</sup> As of consolidation of the acquired cocoa business: 6-8% average volume growth per year, and EBIT per tonne restored to pre-acquisition level by 2015/16 (CHF 256 per tonne) – barring any major unforeseen events and subject to currency translation impacts.

## Regional / segment performance

### Region Europe – Strong volume and profit growth in Western Europe

Across Europe the chocolate confectionery markets decreased by about -1.1%.<sup>5</sup>

In contrast to this, Region Europe grew its total sales volume by 2.1% to 386,730 tonnes, accelerating the pace of growth in Q2 (+3.7%). Top-line growth in Western Europe showed an excellent performance across all segments driven by a strong development in the industrial business and a double-digit increase in the Beverages business. The Gourmet business regained its growth momentum. EEMEA had to cope with the difficult political and economic environment in Russia. Despite this, the Gourmet business performed well.

Total sales revenue in Region Europe went up 4.9% (+12.1% in local currencies) to CHF 1,370.9 million, thanks to increased sales of higher-margin specialties products and higher cocoa bean prices.

Operating profit (EBIT) rose significantly by 15.8% (21.9% in local currencies) to CHF 157.2 million, supported by both Western Europe and EEMEA. The strong overall profitability was achieved thanks to the market launch of new innovations, accelerated sales of specialties, a dedicated focus on the Gourmet business and positive effects from the implementation of Project Spring in Western Europe.

### Region Americas – Accelerated top-line and bottom-line growth in Q2

Chocolate markets in the Americas declined -2.0%.<sup>6</sup>

Barry Callebaut's total sales volume growth in Region Americas grew by 1.9% to 221,568 tonnes, strongly accelerating in Q2 (+3.8%). In NAFTA, local industrial customers and Gourmet performed well. Across South America, both the Food Manufacturers and Gourmet & Specialties business again showed strong, double-digit growth.

Total sales revenue in Region Americas increased by 20.0% (+15.2% in local currencies) to CHF 730.6 million as a result of higher cocoa bean prices, a more favorable product mix and currency translation effects.

Operating profit (EBIT) rose strongly by +12.4% (+9.5% in local currencies) to CHF 67.3 million thanks to the higher sales volume, margin improvements across all businesses and in all markets as well as good cost management.

### Region Asia Pacific – Growth well above the market

Chocolate markets across Asia Pacific declined by -2.4%.<sup>7</sup>

Total sales volume of the Group in Region Asia Pacific grew 5.8% to 36,326 tonnes, yet slowed down in Q2 as a result of an overall sluggish market demand. Volume growth was driven by both Barry Callebaut's industrial and especially the Gourmet businesses, with excellent growth in both global and local Gourmet brands.

Sales revenue in Region Asia Pacific was up 11.6% (+13.1% in local currencies) to CHF 146.5 million, fueled by the volume growth, an improved product mix and higher cocoa bean prices.

Operating profit (EBIT) increased by 4.0% (+7.1% in local currencies) to CHF 15.7 million.

### Global Cocoa – Navigating a challenging market while assuming global leadership

Sales volume in the segment Global Cocoa increased by 1.2% to 248,813 tonnes, accelerating in Q2 (+4.4%), mostly driven by sales of cocoa products to corporate customers. Barry Callebaut is taking further steps towards leadership to cope with the currently challenging cocoa products market.

Sales revenue rose 15.9% (+18.0% in local currencies) to CHF 996.2 million, reflecting the higher cocoa bean prices.

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<sup>5</sup> In Western Europe, chocolate confectionery market volumes declined by -1.1%, in Eastern Europe they decreased by -1.2%. Source: Nielsen, September 2014 – February 2015.

<sup>6</sup> In North America, total sales volume of the confectionery market decreased by -1.3%; chocolate markets in South America shrank by -5.9%. Source: Nielsen, September 2014 – February 2015.

<sup>7</sup> Source: Nielsen, September 2014 – February 2015.

Operating profit (EBIT) declined 39.6% (-36.4% in local currencies) to CHF 20.6 million negatively impacted by the still low combined cocoa ratio.

#### **Price developments on most important raw material spot markets**

After reaching a three-year high in September, above GBP 2,100 level, **cocoa** market prices continued to drop until the end of January, mainly as a result of a better than expected main crop in Côte d'Ivoire as well as low Q4/2014 grinding figures. At the beginning of February, cocoa prices rallied again. A very poor Ghanaian crop lifted prices back above GBP 2,000 (closing at GBP 2,026 on February 27, 2015).

Short-term, Barry Callebaut expects cocoa prices to move lower due to a good mid-crop prospect in Côte d'Ivoire, lower worldwide grinds and slow chocolate confectionery markets.

As a result of good surplus stocks from previous campaigns, funds building a short position and a weakening of the Brazilian Real, **sugar** prices on the world market continuously decreased. After an initial decline, European sugar prices have stabilized at a historically low level.

After hitting a 5-year low last December as a result of strong global dairy production, market prices for **milk** powder rebounded. Fears of a drought in New Zealand changed the market sentiment along with an overall increase in demand, also in European markets. End of February 2015, milk powder prices were back at the levels from the beginning of Barry Callebaut's fiscal year 2014/15.

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For more detailed financial information see the Barry Callebaut Group's Letter to Investors "Half-Year Results 2014/15): [www.barry-callebaut.com/LetterToInvestors](http://www.barry-callebaut.com/LetterToInvestors)

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#### **Media and Analyst / Institutional Investors Conferences of the Barry Callebaut Group**

Date: Wednesday, April 1, 2015

Location: Barry Callebaut Head Office, Chocolate Academy™ center, Pfingstweidstrasse 60, 8005 Zurich / Switzerland

The conferences can be followed via telephone or audio webcast. All dial-in and access details can be found on the Barry Callebaut Group's website (via the links below):

[Media](#)

[Analysts](#)

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#### **Financial Calendar for Fiscal Year 2014/15 (September 1, 2014 to August 31, 2015)**

9-Month Key Sales Figures 2014/15 (news release)

July 8, 2015

Full-Year Results 2014/15 (news release & conference)

November 4, 2015

Annual General Meeting 2014/15

December 9, 2015

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**Barry Callebaut** ([www.barry-callebaut.com](http://www.barry-callebaut.com)):

With annual sales of about CHF 5.9 billion (EUR 4.8 billion / USD 6.5 billion) in fiscal year 2013/14, the Zurich-based Barry Callebaut Group is the world's leading manufacturer of high-quality chocolate and cocoa products – from the origination and processing of cocoa beans to producing the finest chocolates, including chocolate fillings, decorations and compounds. The Group runs more than 50 production facilities worldwide and employs a diverse and dedicated global workforce of over 9,300 people.

The Barry Callebaut Group serves the entire food industry, from industrial food manufacturers to artisanal and professional users of chocolate, such as chocolatiers, pastry chefs, bakers, hotels, restaurants or caterers. The two global brands catering to the specific needs of these Gourmet customers are Callebaut® and Cacao Barry®.

The Barry Callebaut Group is committed to sustainable cocoa production through its “Cocoa Horizons” initiative to help ensure future supplies of cocoa as well as improve farmer livelihoods.

**Follow the Barry Callebaut Group:**LinkedIn: [linkedin.com/company/barry-callebaut](https://www.linkedin.com/company/barry-callebaut)Vimeo: [vimeo.com/barrycallebaut](https://vimeo.com/barrycallebaut)Google+: [plus.google.com/+BarrycallebautGroup](https://plus.google.com/+BarrycallebautGroup)Flickr: [flickr.com/photos/barrycallebautgroup](https://www.flickr.com/photos/barrycallebautgroup)

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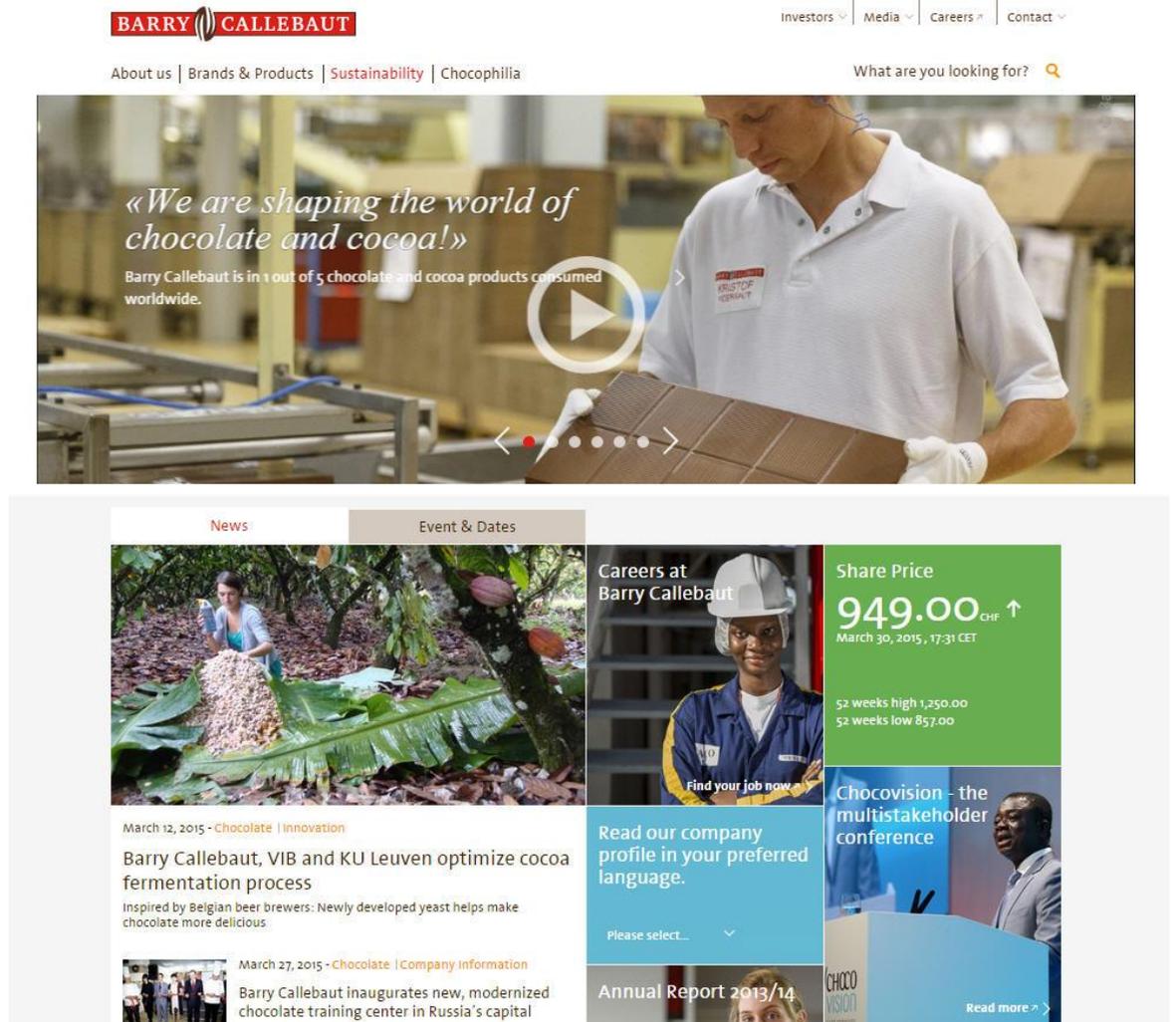
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**Relaunch of the Barry Callebaut website**

Please visit the new website of the Barry Callebaut Group at [www.barry-callebaut.com](http://www.barry-callebaut.com). Besides the new look and feel, the site is now also optimized for mobile phones and tablets (full-responsive design).



### Group Key Sales Figures for first 6 months of Fiscal Year 2014/15

		Changes in %			
		In local currencies	In CHF	6 months up to Feb 28, 2015	6 months up to Feb 28, 2014
<b>Key figures</b>					
Sales volume	Tonnes		2.0%	893,437	876,297
Sales revenue	CHF m	14.5%	11.6%	3,244.2	2,906.9
Gross profit	CHF m	9.5%	5.8%	446.2	421.6
EBITDA	CHF m	13.4%	9.6%	284.3	259.5
Operating profit (EBIT)	CHF m	13.0%	8.7%	219.2	201.7
Net profit for the period	CHF m	16.3%	10.7%	132.4	119.6
EBIT per tonne	CHF	10.8%	6.6%	245.3	230.2
<b>By Region</b>					
<b>Europe</b>					
Sales volume	Tonnes		2.1%	386,730	378,645
Sales revenue	CHF m	12.1%	4.9%	1,370.9	1,307.0
EBITDA	CHF m	21.9%	15.7%	178.3	154.1
Operating profit (EBIT)	CHF m	21.9%	15.8%	157.2	135.7
<b>Americas</b>					
Sales volume	Tonnes		1.9%	221,568	217,517
Sales revenue	CHF m	15.2%	20.0%	730.6	608.8
EBITDA	CHF m	10.5%	13.2%	79.2	70.0
Operating profit (EBIT)	CHF m	9.5%	12.4%	67.3	59.9
<b>Asia-Pacific</b>					
Sales volume	Tonnes		5.8%	36,326	34,324
Sales revenue	CHF m	13.1%	11.6%	146.5	131.3
EBITDA	CHF m	9.9%	7.2%	19.8	18.5
Operating profit (EBIT)	CHF m	7.1%	4.0%	15.7	15.1
<b>Global Cocoa</b>					
Sales volume	Tonnes		1.2%	248,813	245,811
Sales revenue	CHF m	18.0%	15.9%	996.2	859.8
EBITDA	CHF m	(17.1%)	(19.4%)	47.3	58.7
Operating profit (EBIT)	CHF m	(36.4%)	(39.6%)	20.6	34.1
<b>By Product Group</b>					
<b>Sales volume</b>	Tonnes		2.0%	893,437	876,297
Cocoa Products	Tonnes		1.2%	248,813	245,811
Food Manufacturer Products	Tonnes		1.6%	549,600	540,867
Gourmet & Specialties Products	Tonnes		6.0%	95,024	89,619
<b>Sales Revenue</b>	CHF m	14.5%	11.6%	3,244.2	2,906.9
Cocoa Products	CHF m	18.0%	15.9%	996.2	859.8
Food Manufacturers Products	CHF m	13.1%	10.1%	1,761.3	1,600.0
Gourmet & Specialties Products	CHF m	12.9%	8.9%	486.7	447.1