

# News Release

## Barry Callebaut Group – 3-Month Key Sales Figures, Fiscal Year 2014/15 Start well ahead of global market growth

- Sales volume +0.2% in a global market that declined by 1.8%<sup>1</sup>; sales revenue up +15.1%
- Main growth drivers: key region Western Europe resuming growth, Gourmet & Specialties Products business (+3.8%) and Asia Pacific (+9.3%)
- Mid-term financial targets confirmed<sup>2</sup>, subject to currency translation impacts

Zurich/Switzerland, January 21, 2015 – Juergen Steinemann, CEO of the Barry Callebaut Group, said: “As anticipated, we saw a slow start in our new fiscal year, yet we grew well above the market. I am satisfied that our largest region, Western Europe, resumed growth, capitalizing on last year’s capacity investments. We continue to focus on margin improvements. We have completed the integration of the acquired cocoa business and are now working on strengthening our position as the global leader in cocoa processing and origination enhancing our integrated service and product offering to our customers.”

**Group Key Sales Figures for the First 3 Months of Fiscal Year 2014/15**

		Change in %		3 months up to Nov. 30, 2014	3 months up to Nov. 30, 2013
		in local currencies	in CHF		
Sales volume	Tonnes		0.2	465,046	463,996
Sales revenue	CHF m	15.8	15.1	1,743.6	1,515.3

The Barry Callebaut Group, the world’s leading manufacturer of high-quality chocolate and cocoa products, grew its sales volume by 0.2% to 465,046 tonnes during the first 3 months of fiscal year 2014/15 (ended on November 30, 2014). Top-line growth was driven by key region Western Europe, the Gourmet & Specialties Products business (+3.8%) as well as Region Asia Pacific (+9.3%). The positive growth was achieved in an overall challenging market environment: In the period under review, the global chocolate confectionery market continued to slow down and volumes decreased by 1.8%.<sup>1</sup>

The ongoing focus on better customer segmentation and product mix improvement paid off with a sustained good overall margin development for chocolate products.

Sales revenue increased by 15.1% to CHF 1,743.6 million, driven by higher cocoa bean prices combined with a more favorable product mix.

### **Impact of the decision of the Swiss National Bank to discontinue the minimum exchange rate of the Swiss franc against the euro**

The Barry Callebaut Group conducts 99% of its business outside of Switzerland and therefore has limited operational exposure to the Swiss franc. Furthermore, the Group hedges all relevant exposure arising from operational and financing transactions. However, the company’s reporting currency is the Swiss franc, thus there could be a currency translation impact on the reported figures.

<sup>1</sup> Source: Nielsen, September 2014 – November 2014.

<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.

**Outlook – Volume growth to rebound, continued focus on margins**

Looking ahead, CEO Juergen Steinemann said: “We have a robust portfolio of new volumes coming on stream in the second semester across all our three growth drivers, emerging markets, outsourcing and Gourmet. Also, we are on track to achieve further improvement in our chocolate product margins. Despite the current volatile currency environment, the fundamentals of our company are not affected. Subject to currency translation impacts, we confirm our mid-term targets<sup>3</sup>.”

**Strategic milestones in the first 3 months of fiscal year 2014/15**

- In December 2014, Barry Callebaut officially inaugurated its seventh factory in Latin America in Santiago de Chile confirming the Group’s commitment to “**Expansion**” in emerging, fast-growing chocolate markets. Responding to increased customer demand and to accommodate further growth in the region, Barry Callebaut is currently expanding its Brazilian chocolate factory in Extrema. To foster the Gourmet business in the Middle East, the Group built its 17<sup>th</sup> CHOCOLATE ACADEMY™ center in Dubai, officially opened today.
- “**Innovation**:” With increasing demand for chocolate products in warmer climates, Barry Callebaut launched new chocolate recipes with higher thermo tolerance. While safeguarding taste, applicability and workability the chocolates have a melting point which is up to 4° Celsius higher than normal.
- In November, Barry Callebaut laid the ground stone for the extension of its chocolate factory in Lodz/Poland. Within the next two years, the Group will build its second, large production hub in Europe further strengthening its “**Cost Leadership**” position.
- “**Sustainable Cocoa**:” Barry Callebaut is actively participating in the implementation of “CocoaAction,” the unprecedented industry strategy led by the World Cocoa Foundation (WCF) to modernize the cocoa sector.

**Regional / Segment performance****Region Europe – Western Europe picking-up, difficult situation in Russia**

Overall sales volume growth in Region Europe increased by 0.8% to 205,660 tonnes.<sup>4</sup>

In Western Europe, Barry Callebaut’s sales volume picked up again after the installment of new capacity, while the Group continued to focus on increasing product margins. Growth was driven by both the Food Manufacturers Products and the Beverages business. The Gourmet business was in line with prior year.

Region EEMEA was impacted by the difficult political and economic situation in Russia, which affected the Food Manufacturers Products business. The Gourmet business, mainly driven by the global brand Callebaut®, was strong.

Overall sales revenue in Region Europe grew by +9.5% to CHF 762.8 million, as a result of a more favorable product mix and higher cocoa bean prices.

**Region Americas – Strong growth in South America and with NAFTA regional accounts**

Volume growth in Region Americas was flat at +0.2% to 115,930 tonnes.<sup>5</sup>

In NAFTA, the confectionery industry increased retail prices due to higher cocoa bean prices. This had a temporary negative impact on consumption and thus demand declined. Offsetting this decline, volume growth was driven by Barry Callebaut’s NAFTA regional accounts (local customers) and

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<sup>4</sup> Chocolate markets in Europe decreased by 2.0%. Source: Nielsen, September 2014 – November 2014.

<sup>5</sup> Chocolate markets in Americas went down 2.0%. Source: Nielsen, September 2014 – November 2014.

the business in South America, which again recorded a strong, double-digit growth in both the Food Manufacturers and the Gourmet & Specialties Products business.

Sales revenue in the Region went up by 22.0% to CHF 387.5 million due to higher cocoa bean prices as well as a more favorable product mix and currency translation effects.

#### **Region Asia Pacific –Growth momentum maintained, faster pace in Gourmet business**

In Asia Pacific, the Group’s sales volume kept its growth momentum, increasing by 9.3% to 18,195 tonnes.<sup>6</sup>

The Food Manufacturers business showed a strong volume increase. The Gourmet & Specialties Products business gained momentum, driven by both global brands, Callebaut® and Cacao Barry® and grew at a double-digit rate.

Overall, sales revenue increased by 20.7% to CHF 75.7 million as a result of the good volume growth, a good product mix and higher cocoa bean prices.

#### **Global Cocoa<sup>7</sup> – Cocoa products mainly used for internal needs**

In the segment Global Cocoa, sales volume decreased by 1.8% to 125,261 tonnes as the cocoa products (cocoa liquor, butter and powder) were mainly used for internal processing needs rather than for sale to third party customers given the still challenging market.

Sales revenue grew by 18.1% to CHF 517.6 million, reflecting higher cocoa bean prices.

The integration of the acquired cocoa business has been completed. The Barry Callebaut Group is now working on strengthening its position as the global leader in cocoa processing (grinding and pressing) and origination (bean sourcing) enhancing its integrated service and product offering.

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

After reaching a three year high in September at GBP 2,112, **cocoa** terminal market prices dropped to GBP 1,896 at the end of November. An expected good main crop due to favorable weather conditions in West Africa as well as reduced fears of a potential outbreak of Ebola in the two most important cocoa origins, Côte d’Ivoire and Ghana, had an easing effect on prices.

The world **sugar** market briefly recovered at the beginning of October. Nevertheless, overall, prices continued to decrease due to good surplus stocks from previous campaigns and funds building a short position. European sugar prices further decreased due to high stock levels.

Market prices for dairy products continued to drop as a result of the continued strong global milk production; **milk powder** prices almost hit a 5-year low. Lower demand from China and the Russian food ban for European products led to a high market surplus leading, prices to further decline.

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

Half-year results 2014/15 (news release & conference)	April 1, 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

<sup>6</sup> Chocolate markets in Asia Pacific increased by 0.8%. Source: Nielsen, September 2014 – November 2014.

<sup>7</sup> The figures reported under „Global Cocoa“ include all sales of cocoa products to third-party customers in all Regions while the figures shown under the respective Region show all chocolate sales.

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***About Barry Callebaut Group ([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 sourcing and processing 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.*

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### Group Key Sales Figures for the First 3 Months of Fiscal Year 2014/15

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		In local currencies	in CHF	3 months up to Nov. 30, 2014	3 months up to Nov. 30, 2013
<b>Key figures</b>					
Sales volume	Tonnes		0.2	<b>465,046</b>	463,996
Sales revenue	CHF m	15.8	15.1	<b>1,743.6</b>	1,515.3
<b>By Region</b>					
<b>Europe</b>					
Sales volume	Tonnes		0.8	<b>205,660</b>	204,075
Sales revenue	CHF m	12.7	9.5	<b>762.8</b>	696.6
<b>Americas</b>					
Sales volume	Tonnes		0.2	<b>115,930</b>	115,753
Sales revenue	CHF m	17.7	22.0	<b>387.5</b>	317.6
<b>Asia-Pacific</b>					
Sales volume	Tonnes		9.3	<b>18,195</b>	16,648
Sales revenue	CHF m	21.2	20.7	<b>75.7</b>	62.7
<b>Global Cocoa</b>					
Sales volume	Tonnes		(1.8)	<b>125,261</b>	127,520
Sales revenue	CHF m	18.5	18.1	<b>517.6</b>	438.4
<b>By Product Group</b>					
<b>Sales volume</b>	Tonnes		0.2	<b>465,046</b>	463,996
Cocoa Products	Tonnes		(1.8)	<b>125,261</b>	127,520
Food Manufacturer Products	Tonnes		0.5	<b>290,309</b>	288,808
Gourmet & Specialties Products	Tonnes		3.8	<b>49,476</b>	47,668
<b>Sales Revenue</b>	CHF m	15.8	15.1	<b>1,743.6</b>	1,515.3
Cocoa Products	CHF m	18.5	18.1	<b>517.6</b>	438.4
Food Manufacturers Products	CHF m	15.2	14.5	<b>962.5</b>	840.6
Gourmet & Specialties Products	CHF m	12.9	11.5	<b>263.5</b>	236.3