Half-Year Results 2019/20

Analyst & Media Conference
April 16, 2020
Cautionary note

Certain statements in this presentation regarding the business of Barry Callebaut are of a forward-looking nature and are therefore based on management's current assumptions about future developments. Such forward-looking statements are intended to be identified by words such as ‘believe,’ ‘estimate,’ ‘intend,’ ‘may,’ ‘will,’ ‘expect,’ and ‘project’ and similar expressions as they relate to the company. Forward-looking statements involve certain risks and uncertainties because they relate to future events. This applies even more in light of the current uncertainties related to the COVID-19 pandemic.

Actual results may vary materially from those targeted, expected or projected due to several factors. The factors that may affect Barry Callebaut’s future financial results are discussed in the Half-Year Report 2019/20. Such factors are, among others, general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures as well as changes in tax regimes and regulatory developments. The reader is cautioned not to unduly rely on these forward-looking statements that are accurate only as of today, April 16, 2020. Barry Callebaut does not undertake to publish any update or revision of any forward-looking statements.
AGENDA

COVID-19 update
Antoine de Saint-Affrique, CEO

Highlights Half-Year Results 2019/20
Antoine de Saint-Affrique, CEO

Financial Review Half-Year Results 2019/20
Remco Steenbergen, CFO

Strategy & Outlook
Antoine de Saint-Affrique, CEO

Questions & Answers
CEO and CFO
COVID-19 update

• As a leader and trusted partner in the global food supply chain, we play a critical role in contributing to the availability of food products.

• Early on, we put in place precautionary measures to provide safe working environments and maintain business continuity.

• To date, we have not experienced any major disruptions to our production operations.
HIGHLIGHTS

Half-Year Results 2019/20
Antoine de Saint-Affrique, CEO
Highlights Half-Year Results 2019/20

Strong volume growth and profitability

• Sales volume up +5.4% in a flat chocolate confectionery market\(^1\).

• Sales revenue of CHF 3.8 billion, up +5.8% in local currencies (+2.4% in CHF).

• Operating profit (EBIT) recurring\(^2\), up +6.7% in local currencies (+3.1% in CHF).

• Net profit for the period recurring\(^2\), up +11.6% in local currencies (+7.1% in CHF).

• Committed to mid-term guidance\(^3\).

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1 Source: Nielsen, volume growth excluding e-commerce – 23 countries (excluding China/Indonesia), Aug 2019 to Jan / Feb 2020, data subject to adjustment to match Barry Callebaut’s reporting period.

2 EBIT and Net profit recurring excluding the cost of CHF -8.0 million for the closure of the cocoa factory in Makassar, Indonesia.

3 On average for the 3-year period 2019/20 to 2021/22: +4-6% volume growth and EBIT above volume growth in local currencies, barring any major unforeseen events.
Chocolate continues to outperform underlying market

Market volume growth

1 Source: Nielsen, volume growth excluding e-commerce – 23 countries (excluding China/Indonesia), Aug 2019 to Jan/Feb 2020, data subject to adjustment to match Barry Callebaut’s reporting period.

Source: Nielsen, volume growth excluding e-commerce – 23 countries (excluding China/Indonesia), Aug 2019 to Jan/Feb 2020, data subject to adjustment to match Barry Callebaut’s reporting period.
Highlights Half-Year Results 2019/20

All Key growth drivers contribute positively

<table>
<thead>
<tr>
<th>% of total Group volume</th>
<th>% volume growth vs. prior year</th>
</tr>
</thead>
<tbody>
<tr>
<td>36% Emerging Markets</td>
<td>+10.6% excl. Cocoa: +11.2%</td>
</tr>
<tr>
<td>32% Outsourcing Long-term Partnerships</td>
<td>+1.8%</td>
</tr>
<tr>
<td>12% Gourmet &amp; Specialties</td>
<td>+1.0% excl. Beverage: +3.6%</td>
</tr>
</tbody>
</table>

Key growth drivers crucial to continuously outperform the market
**Strong innovation pipeline and continued expansion**

- **Introduction** ‘Cacaofruit Experience’ including ‘Wholefruit Chocolate’
- **Change** in Barry Callebaut’s shareholder structure leads to higher liquidity and free float
- **Ruby** receives TMP as ‘4th Type of Chocolate’ from FDA
- **Opening** revamped CHOCOLATE ACADEMY in Banbury, UK
- **New leadership** in Region EMEA

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**SEP 2019**
- Introduction 100% dairy-free ‘Milk Chocolate’

**NOV 2019**
- Mona Lisa introducing first Chocolate 3D-Printing at scale

**DEC 2019**
- 2 ‘edie’ Sustainability Awards for ‘Business of the Year’ and ‘Leading Employee Engagement Program’

**JAN 2020**
- Groundbreaking ceremony for new factory in Novi Sad, Serbia

**MAR 2020**
- Cocoa & Forest Initiative: >1.2m seedlings and >750k shade trees distributed in Côte d’Ivoire and Ghana
The power of Innovation

Mona Lisa 3D Studio – the world's first 3D Printing Studio to craft unseen chocolate experiences
Riding the trends

• Ruby enters the product category of ice cream with launches of ‘Magnum Ruby’ and ‘Häagen-Dazs Ruby’.

• Introduction 100% dairy-free ‘M_Ik Chocolate’ as part of the growing indulgent ‘Plant Craft’ range.

Innovation on the core

• As first bean-to-bar chocolate brand in the world of this scale, Callebaut’s cocoa mass is now traceable back to the farmer communities through a QR code on each pack of Callebaut Finest Belgian Chocolate.

Tailor made

• Mona Lisa 3D Studio - The world’s first 3D Printing Studio to craft unseen chocolate experiences.
Valentine’s Day was dressed in Ruby
FINANCIAL REVIEW

Half-Year Results 2019/20
Remco Steenbergen, CFO
## Financial review – Key figures

### Strong volume growth and profitability

<table>
<thead>
<tr>
<th>Group performance (in CHF million)</th>
<th>HY 2019/20</th>
<th>Change % Pro-forma ¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>in CHF</td>
</tr>
<tr>
<td>Sales volume (in tonnes)</td>
<td>1,103,728</td>
<td>+5.4%</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>3,761.8</td>
<td>+2.4%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>607.4</td>
<td>+3.2%</td>
</tr>
<tr>
<td>EBIT reported</td>
<td>303.5</td>
<td>+0.5%</td>
</tr>
<tr>
<td>EBIT (recurring) ²</td>
<td>311.5</td>
<td>+3.1%</td>
</tr>
<tr>
<td>EBIT per tonne (recurring) ²</td>
<td>282.2</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Net profit for the period</td>
<td>203.7</td>
<td>+3.1%</td>
</tr>
<tr>
<td>Net profit for the period (recurring) ²</td>
<td>211.7</td>
<td>+7.1%</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>-359.2</td>
<td>n/a</td>
</tr>
<tr>
<td>Adj. Free cash flow ³</td>
<td>-17.9</td>
<td>n/a</td>
</tr>
</tbody>
</table>

1 Pro-forma adjusted for IFRS 16  
² EBIT recurring and Net profit recurring excluding cost of CHF -8.0 million for the closure of the cocoa factory in Makassar, Indonesia  
³ Adjusted for cocoa beans regarded by the Group as readily marketable inventories (RMI)
Financial review – Key performance indicators by Region

Growth supported by all Regions

Group Sales volume: 1,103,728 tonnes

Americas
287,482
26%

Global Cocoa
242,315
22%

EMEA
507,177
46%

APAC
66,754
6%

Americas
+2.2%
+7.4%

Asia Pacific
+16.7%
+4.4%

Global Cocoa
+6.5%
+3.6%¹

FY volume growth
EBIT growth in local currencies

EMEA
+5.5%
+7.2%

Americas
+2.2%
+7.4%

Asia Pacific
+16.7%
+4.4%

Global Cocoa
+6.5%
+3.6%¹

¹ EBIT excluding cost of CHF -8 million for the closure of the Cocoa factory in Makassar, Indonesia

² Source: Nielsen, volume growth excluding e-commerce – 23 countries (excluding China/Indonesia), August 2019 to January /February 2020, data subject to adjustment to match Barry Callebaut’s reporting period.
Gross profit bridge

Gross profit up +6.1% in local currencies, mainly supported by good volume growth and positive mix

In CHF millions

<table>
<thead>
<tr>
<th>Gross profit</th>
<th>Volume</th>
<th>Mix</th>
<th>Cocoa</th>
<th>Gross profit</th>
<th>FX impact</th>
<th>Gross profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>HY 2018/19</td>
<td>589</td>
<td>32</td>
<td>-8</td>
<td>625</td>
<td>-17</td>
<td>607</td>
</tr>
<tr>
<td>Pro-forma</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>IFRS 16</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HY 2019/20</td>
<td>607</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in LC</td>
<td></td>
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</table>
Cocoa processing profitability

Cocoa Combined Ratio development

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).

Directionally right...
Shows general high level industry direction, assuming many variables are fixed.

However...
Many variables are not fixed e.g.
- Terminal market: outright levels, arbitrage (London vs. New York), market structure.
- Differentials: structure and origin differences.
- Forward pricing structure: butter and powder.
- Customer forward coverage: butter and powder.
Operating profit (EBIT) recurring up by +6.7% in local currencies

In CHF million

EBIT HY 2018/19 Pro-forma IFRS 16
Additional Gross profit
Additional SG&A, scope
EBIT HY 2019/20 recurring, in LC
Factory closure costs
FX
EBIT HY 2019/20

302
36
-16
322
-8
-11
304
Net profit recurring up +11.6% in local currencies, as a result of improved profitability and lower financial items.

In CHF million

**EBITDA to Net profit bridge**

<table>
<thead>
<tr>
<th></th>
<th>HY 2019/20</th>
<th>Depreciation and amortization</th>
<th>EBIT reported HY 2019/20</th>
<th>Financial items</th>
<th>Income taxes</th>
<th>Tax rate: 19.6% vs PY 19.3%</th>
<th>Factory closure costs</th>
<th>FX</th>
<th>Net profit recurring HY 2019/20 in LC</th>
<th>Net profit HY 2018/19 Pro-forma IFRS 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>413</td>
<td>(PY 406¹)</td>
<td>304 (PY 302¹)</td>
<td></td>
<td></td>
<td>+3.1% (in CHF)</td>
<td></td>
<td></td>
<td>220</td>
<td>198</td>
</tr>
<tr>
<td>Depreciation and</td>
<td>-110</td>
<td>(PY -85)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>amortization</td>
<td></td>
<td></td>
<td>204 (PY -55)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>EBIT reported HY 2019/20</td>
<td>-50</td>
<td>(PY -48)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>220</td>
<td>198</td>
</tr>
<tr>
<td>Financial items</td>
<td></td>
<td></td>
<td></td>
<td>As a result of improved profitability and lower financial items.</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

¹ Prior-year pro-forma IFRS 16
Raw material price development

- Sugar World +3.0%
- Sugar EU +18.4%
- Cocoa beans +13.6%
- Milk powder +43.0%

Increase HY 2019/20 (average)
- Sugar World +3.0%
- Sugar EU +18.4%
- Cocoa beans +13.6%
- Milk powder +43.0%
Adjusted Free cash flow similar as prior-year on the back of improved working capital management

In CHF million

EBITDA 6m Feb’20\(^1\)
Change in Working capital
Interest paid and Income taxes
Capex
Others
FCF Adjusted for RMI
Adjustment for beans (RMI)
FCF Feb’20

\(^1\) EBITDA 6m Feb’20 excluding factory closure costs is 421m, +8.8% vs. Feb’19. PY – prior-year pro-forma IFRS 16 adjusted
Net debt flat versus prior year excluding IFRS 16 adoption. Adjusted for RMI, Net debt decreased.

In CHF million:

- Net Debt Feb'19: 1,770
- IFRS 16 Leases: -205
- Adj. Net Debt Feb'19 ProForma: 1,975
- Free Cash Flow for the period: +71
- FX Impact & Other: -65
- Net Debt Feb'20 Adjusted: 1,981
- Adjustment for beans (RMI): +211
- Adjusted Net Debt Feb'20: -1,099
- Adjusted Net Debt Feb'19: 1,043

Financial Review – Net debt
## Balance sheet

<table>
<thead>
<tr>
<th>(in CHF million)</th>
<th>Feb 20</th>
<th>Aug 19 Pro-forma&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Feb 19 Pro-forma&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td>7,550</td>
<td>6,712</td>
<td>7,024</td>
</tr>
<tr>
<td><strong>Net working capital</strong></td>
<td>1,838</td>
<td>1,363</td>
<td>1,762</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td>2,854</td>
<td>2,857</td>
<td>2,846</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>1,981</td>
<td>1,510</td>
<td>1,975</td>
</tr>
<tr>
<td><strong>Adj. Net debt&lt;sup&gt;2&lt;/sup&gt;</strong></td>
<td>882</td>
<td>817</td>
<td>1,043</td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td>2,403</td>
<td>2,399</td>
<td>2,384</td>
</tr>
<tr>
<td><strong>Debt / Equity ratio</strong></td>
<td>0.8x</td>
<td>0.6x</td>
<td>0.8x</td>
</tr>
<tr>
<td><strong>Adj. Debt / Equity ratio&lt;sup&gt;2&lt;/sup&gt;</strong></td>
<td>0.4x</td>
<td>0.3x</td>
<td>0.4x</td>
</tr>
<tr>
<td><strong>Solvency ratio</strong></td>
<td>31.8%</td>
<td>35.7%</td>
<td>33.9%</td>
</tr>
<tr>
<td><strong>Net debt / EBITDA</strong></td>
<td>2.3x</td>
<td>1.9x</td>
<td>2.3x</td>
</tr>
<tr>
<td><strong>Adj. Net debt / EBITDA&lt;sup&gt;2&lt;/sup&gt;</strong></td>
<td>1.1x</td>
<td>1.2x</td>
<td>1.5x</td>
</tr>
<tr>
<td><strong>ROIC&lt;sup&gt;3&lt;/sup&gt;</strong></td>
<td>11.4%</td>
<td>12.5%</td>
<td>11.4%</td>
</tr>
<tr>
<td><strong>ROE&lt;sup&gt;3&lt;/sup&gt;</strong></td>
<td>17.0%</td>
<td>16.3%</td>
<td>16.9%</td>
</tr>
</tbody>
</table>

1 Pro forma adjusted for IFRS 16 effect  
2 Net Debt adjusted for cocoa beans considered as RMI  
3 ROIC and ROE on a recurring basis, excluding the one-off cost for the closure of the cocoa factory in Makassar (Indonesia) and IFRS 16 pro-forma effect
Half-Year Results 2019/20
Antoine de Saint-Affriquee, CEO
Consistent long-term strategy – strong execution

Vision

“Heart and engine of the chocolate and cocoa industry”

4 strategic pillars

Expansion

Innovation

Cost Leadership

Sustainability

'Smart growth'

Sustainable growth
Margin accretive growth
Accelerated growth in Gourmet, Specialties and Emerging Markets
Return on Capital and greater focus on Free cash flow
Talent & Team

COVID-19 management
Put in place precautionary measures to provide **safe working environment** and maintain **business continuity**:

- Set up of dedicated teams at global and regional levels.
- Initial team segregation in offices and factories.
- Early strong sanitary measures on:
  - Personal/Social distancing
  - Self isolation
  - Sanitation and disinfection
- IT capabilities upgrade: VPN.
- Tight and fast paced governance.

**THANK YOU** to all our people in the factories, warehouses and offices, as well as our suppliers and customers, who are as committed, engaged and passionate as ever to produce and distribute food at this challenging time.

Your hard work in producing the chocolate and cocoa for essential food products across the world is **truly inspiring**.

Thank you for your continuous support. And together, we will get through this as **ONE** Barry Callebaut family!
Strategy & Outlook

COVID-19 – how we are impacted

**Impact on our network**
To date, we have not experienced any major disruption to our operations.
- **APAC**: No major disruptions, despite some temporary factory closures mandated by governmental lockdowns.
- **EMEA** and **Americas**: No major disruptions.
- **Global Cocoa**: No major disruptions.

**Impact on our businesses**
As the COVID-19 pandemic progresses, it’s too early to establish the full business impact.
- **Food Manufacturers** and **Global Cocoa** are less affected.
- **Gourmet & Specialties** volumes are impacted due to governments’ restrictions on the access to shops and restaurants.

**Impact on our supply chain**
- To date, no major disruption to our operations.
- Contingency plans are in place, which we will continue to review and adapt in line with the changing situation.

**Impact on our financing**
- We remain to have a sound financing of the company / Balance sheet, with no maturities until 2023.
- As a precautionary measure and to increase access to liquidity, we have drawn 100% of our EUR 1 billion Revolving Credit Facility for the period of six months.
Post COVID-19 learnings from China

- China was the first country to be impacted by the COVID-19 pandemic.
- Sharp slowdown in the Gourmet business in February 2020, particularly in the high-end segment.
- Accelerating digital channels in China.
- It’s important to be prepared and present in distribution channels when demand picks up.
Outlook – adapt to and overcome the pandemic

COVID-19 is a major unforeseen event. While we have put in place precautionary measures to support the continuation of our operations, its impact on business growth and profitability cannot be quantified at this stage as it depends on the duration and severity of the pandemic. In the meantime, we remain committed to our mid-term guidance for the period ending with fiscal year 2021/22.

Mid-term guidance 2019/20 to 2021/22 - on average:
Volume growth of +4-6% and EBIT growth above volume growth in local currencies, barring any major unforeseen events.
THANK YOU
Q&A session

Antoine de Saint-Affrique, CEO

Remco Steenbergen, CFO