

CREDIT OPINION

5 January 2021

Update

 Rate this Research

RATINGS

Barry Callebaut AG

Domicile	Switzerland
Long Term Rating	Baa3
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Barry Callebaut AG

Update to credit analysis

Summary

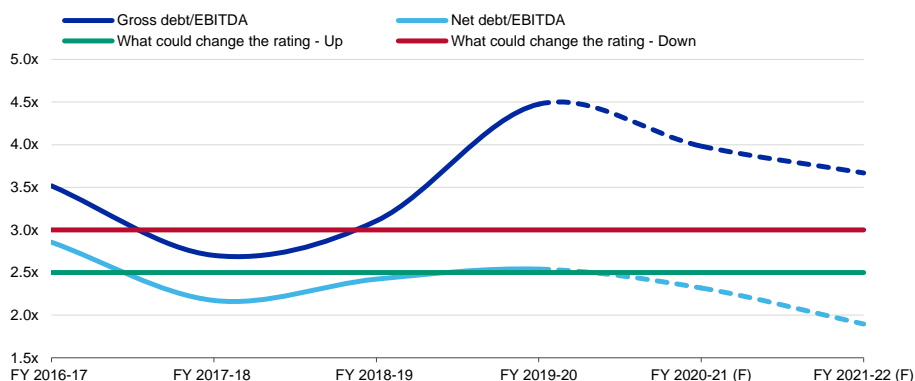
[Barry Callebaut AG's](#) (Barry Callebaut) Baa3 rating reflects our expectations that the company's profitability will improve over the coming 18 to 24 months after a weak fiscal year ended August 2020 (fiscal 2020) which was hurt by the coronavirus pandemic. We expect only partial recovery in profitability during fiscal 2021 as a number of Barry Callebaut's important geographies currently remain subject to different degrees of lockdown measures.

The rating also anticipates some modest improvement in credit metrics. However, we expect the company's gross financial leverage to remain outside the boundaries allowed by the rating for the next two years. Along with temporary weakness in profitability, this is also because of the company's decision to retain a higher than usual cash balance. We understand that the cash will remain available to the company for seasonal inventories purchases, reducing reliance on short term debt, or for eventual debt repayment at maturity.

Once coronavirus vaccines become more generally available during 2021, we believe Barry Callebaut's top line and profitability will gradually recover. This will be supported by ongoing strong demand fundamentals, underpinned by steady growth in chocolate consumption and the company's leading position in the chocolate market.

Exhibit 1

Barry Callebaut's gross leverage to remain above 3.0x over the next two years, although mitigated by a sizable cash balance
Moody's-adjusted debt/EBITDA



The company's fiscal year ends in August.
Sources: Moody's Financial Metrics™

Barry Callebaut's rating remains supported by its established presence in all major global markets; the growing contributions from emerging markets; the company's stable

profitability in the chocolate segment because of its cost-plus business model and hedging strategy; as well as its relatively sizeable inventories, a portion which could be monetised in case of need. At the same time, the rating is constrained by the volatility in the cocoa segment, the risk of cocoa supply disruption because of instability in producing countries and potential significant working capital swings.

Credit strengths

- » Leading market position as a manufacturer of both chocolate and cocoa products, with a strong position globally in the higher-margin Gourmet and Specialities market
- » Steady growth rate of the chocolate segment, with Barry Callebaut growing historically above market rates
- » Hedging strategy and cost-control initiatives, which support margin predictability
- » Benefits from the smart growth strategy which should help earnings improvement
- » Prospect for profitability improvement in fiscal 2021; prolonged high cash balance will result in high financial leverage over the next two years

Credit challenges

- » The coronavirus pandemic will continue to hurt sales volume and profitability, in particular in the Gourmet and Specialities segment, over the next six months
- » Volatile operating performance in the cocoa segment
- » Potential significant working capital swings resulting from raw materials price fluctuations; a portion of the inventory could be monetised in case of need
- » Cocoa supply disruption risks, which are inherent to the industry
- » Very high gross financial leverage for the next two years

Rating outlook

The stable outlook reflects our expectation of an improvement in the company's credit metrics by fiscal 2021 because of an increase in profitability and positive free cash flow (FCF) generation. At the same time, the outlook reflects our expectation that the company will continue to successfully manage any working capital swings resulting from changes in cocoa bean prices, and maintain its prudent financial policies with a predictable and moderate dividend distribution. Although gross financial leverage remains high, the stable outlook is supported by our expectation that existing cash balance will remain available to the company for seasonal working capital needs and debt repayments.

Factors that could lead to an upgrade

Positive rating pressure is currently unlikely but could develop over time if Barry Callebaut further improves its financial profile, such that its Moody's-adjusted (gross) debt/EBITDA reduces below 2.5x and Moody's-adjusted retained cash flow/net debt increases above 25%, and strengthens its liquidity management.

Factors that could lead to a downgrade

Negative pressure could be exerted on the rating or outlook if the company fails to maintain an Moody's-adjusted EBITDA margin in the double-digit levels in percentage terms; adjusted leverage below 3.0x; and adjusted retained cash flow/net debt above 20% on an ongoing basis. We could tolerate a temporary deviation from our expectations for the Baa3 rating if there are periods of short-term volatility. The rating could also come under pressure in case of increasing supply risk or in case of a deterioration in the company's

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

liquidity. We currently expect Barry Callebaut's financial leverage to exceed the 3.0x threshold up to fiscal 2023, but its net debt to EBITDA ratio to remain well below that level.

Key indicators

Exhibit 2

Barry Callebaut AG	Aug-16	Aug-17	Aug-18	Aug-19	Aug-20	Aug-21 F	Aug-22 F
Revenue (USD billions)	\$6.8	\$6.9	\$7.1	\$7.4	\$7.1	\$7.4	\$7.8
CFO / Debt	25.9%	31.1%	29.0%	24.9%	20.0%	16.9%	21.3%
RCF / Net Debt	16.4%	26.5%	32.5%	25.4%	22.8%	26.7%	32.1%
Debt / EBITDA	4.6x	3.5x	2.7x	3.1x	4.5x	4.0x	3.7x
Net Debt/EBITDA	3.8x	2.9x	2.2x	2.4x	2.5x	2.3x	1.9x
EBITA / Interest Expense	3.4x	3.9x	5.8x	5.3x	5.2x	5.3x	6.1x
Debt / Book Capitalization	55.2%	48.9%	46.8%	50.5%	56.9%	52.7%	50.3%

All figures and ratios are calculated using Moody's estimates and standard adjustments. Periods are financial year-end August. Leverage between fiscal 2020 and 2022 will be inflated by high cash balances. F = Forecast, which represents Moody's forward view, not the view of the issuer, and unless noted in the text, does not incorporate significant acquisitions and divestitures.

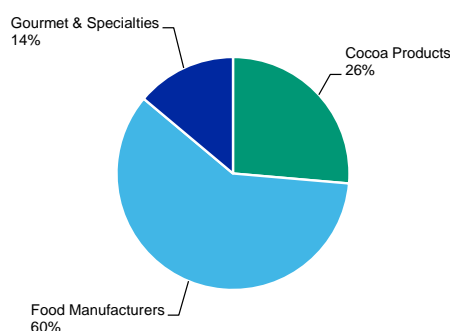
Source: Moody's Financial Metrics™

Profile

Headquartered in Zurich, Switzerland, Barry Callebaut AG (Barry Callebaut) is the world's leading supplier of premium cocoa and chocolate products by sales volume, according to the company, servicing customers across the global food industry. Barry Callebaut is fully integrated, from the sourcing of raw materials through the production of cocoa products (including liquor, butter and powder), to the production of finished chocolate products. The company is divided into three strategic business units: Food Manufacturers, which produces industrial chocolate products for consumer companies or fast-moving consumer goods companies; Cocoa Products, which sources cocoa beans and processes semifinished cocoa products; and Gourmet and Specialties, which supplies to professional users, food chains and distributors.

Exhibit 3

Food Manufacturers generates around 60% of revenue, followed by Cocoa Products (26%) and Gourmet and Specialties (14%)
FYE August 2020



Source: Company's annual and quarterly reports

Barry Callebaut reported annual sales of CHF6.9 billion (around €6.4 billion) and EBITDA of CHF704 million (€653 million) in fiscal 2020. As of 31 August 2020, the company sold products in 143 countries, operated 61 production facilities and employed more than 12,000 people. At the time of this report, the company had a market capitalisation of around CHF10.98 billion, with the investment company, Jacobs Holding AG, holding a stake of around 40.1% of the capital.

Detailed credit considerations

Leading market position as a manufacturer of both chocolate and cocoa products

Barry Callebaut is a fully integrated business, sourcing cocoa beans directly from farmers and co-operatives, converting them into cocoa products (liquor, butter and powder) and manufacturing chocolate, chocolate fillings, decorations and compounds, and nut-based products. In a highly concentrated market, the company is the market leader in both industrial chocolate and cocoa grinding capacity, ahead of the significantly more diversified [Cargill, Incorporated](#) (Cargill, A2 stable) and Olam International Limited. Despite being much larger, Cargill is diversified in other commodities and is the second-largest company in terms of cocoa sourcing and chocolate production. In chocolates, Barry Callebaut's market share is more than double than that of Cargill.

The coronavirus-related lockdown measures have temporarily weakened demand but market fundamentals remain strong

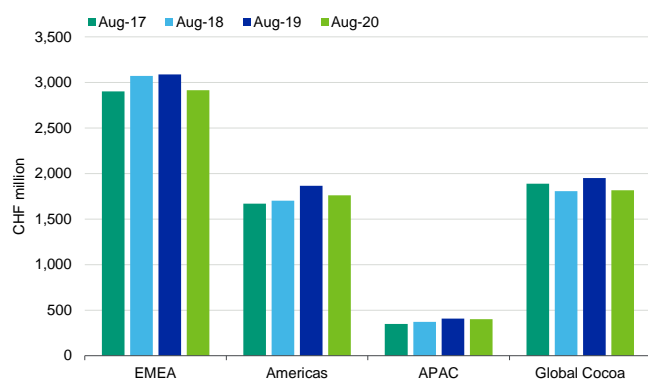
The coronavirus pandemic is creating temporary weakness in demand for chocolate, specifically from the HORECA (Hotel, Restaurant and Catering) channel, which is hurt by ongoing governments' lockdown measures on freedom of movement and on shops and restaurants. Although measures implemented by governments during the second wave, across Europe in particular, have been less restrictive as opposed to the period between March and June 2020, we expect ongoing weakness in the company's top line and profit with gradual recovery only from mid-2021 onwards. As a result, we expect fiscal 2021 to show only marginal improvements compared with fiscal 2020.

Revenue at the company's Gourmet and Specialities division, which represented 14% of its annual revenue in fiscal 2020 (16% in fiscal 2019), contracted 16% during the year, as the division is largely exposed to the HORECA channel. Since the fall in chocolate and cocoa sales volume during the three months ending May 2020, when the company's volumes declined by 14.3% on the back of a 50% contraction in the Gourmet division across EMEA and by a third in the Americas, Barry Callebaut has shown some degree of recovery with volumes down 4.3% in its fourth quarter ending August. We expect the first six months of fiscal 2021 to continue to be affected by slow trading conditions as lockdown measures continue across a number of countries. As a result, fiscal 2021 results will only show partial recovery from the weak 2020 revenue and profit, and profitability, in particular, will remain well below fiscal 2019 results.

However, the underlying market fundamental remains strong and Barry Callebaut has a strong track record of growing ahead of the chocolate market in past years, despite this not being the case during fiscal 2020. We expect the company's sales volume to start growing in line with the 2019 trend after fiscal 2021, or as soon as demand stabilises following the easing of coronavirus-related restrictions. The recovery in demand will be supported by steady growth in chocolate consumption, as well as the long-term partnership agreements with leading global and local food companies, its exposure to emerging markets with Asia-Pacific outpacing growth in all other regions and high innovation capabilities.

Exhibit 4

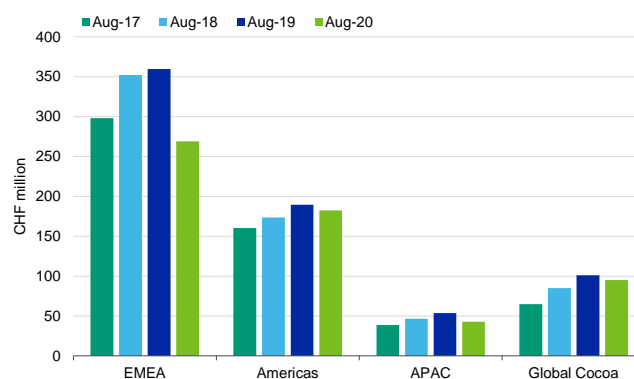
Growth track record was interrupted in fiscal 2020 Revenue from external customers



Source: Company's annual reports

Exhibit 5

The cocoa business remains volatile but, despite recent recovery, contributes a small part to the overall profit Operating profit



Source: Company's annual reports

Overall, we expect volumes to grow at mid to low single digit rates in the three years from fiscal 2021 to 2023, just below Barry Callebaut's mid-term guidance of 5%-7% volume growth, which was actually increased when the company announced its third quarter results in July 2020 (from 4%-6% volume growth previously), excluding, however, the impact of fiscal 2020. We also expect EBIT growth to be slightly higher than volume growth at constant currency and the Cocoa Products segment to be a stable contributor to the group's profitability after performance improved in the past three years. At the same time, the profit of the Cocoa Products business remains dependent on volatile cocoa bean prices although with only limited impact on the company's overall profitability (see "Hedging strategy and cost-control initiatives underpin margin predictability for the chocolate business" section below).

Credit metrics to recover from weak fiscal 2020 level; High cash balance compensate for high gross leverage

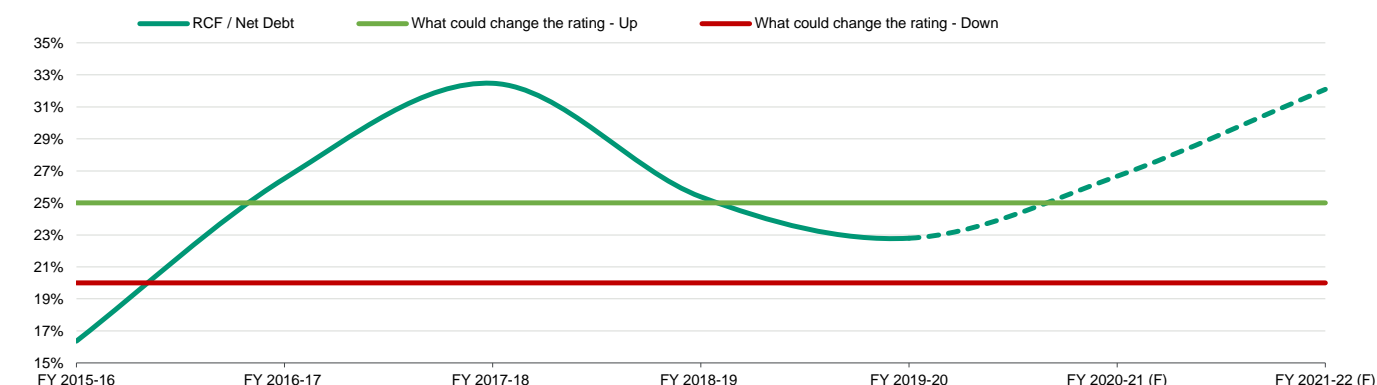
As of August 2020, the company's financial leverage, measured as Moody's-adjusted gross debt to EBITDA, was around 4.5x, well above our expectations and above the 3.0x maximum level required to maintain the rating. The weak ratio was because of a combination of weak operating performance during the year, which was actually slightly better than what we anticipated, but with a relatively high cash balance which inflated the gross debt. As of August 2020, the company had almost CHF1.4 billion of cash on its balance sheet, which compares with less than CHF500 million on average over the last four years.

The company prudently decided to increase its cash balance to reduce its reliance on short term debt which it typically uses in the first part of its fiscal year to finance inventory purchases. In a normal year, and excluding potential volatility in cocoa bean prices, the company needs to finance up to CHF400 million of working capital in the first part of the year. We would expect the company to use existing cash, as opposed to short-term debt, over the next two to three years to finance this need. As a result, average gross debt will be higher but less volatile during the year. We also understand that the company will retain excess cash on its balance sheet ahead of upcoming debt maturities in 2023, resulting in its financial leverage remaining high for a prolonged period of time.

We nonetheless expect some improvement in this ratio starting from the current fiscal year on the back of improving profitability. In addition, the company's net debt ratio remains below the maximum gross leverage target and other financial metrics remain supportive of its ratings. In particular, we would expect the company's EBITA interest cover to trend towards 6.0x and its retained cash flow to net debt metric to remain above 20% in fiscal 2021.

Exhibit 6

RCF to net debt ratio to remain strong for the rating compensating for a weak leverage



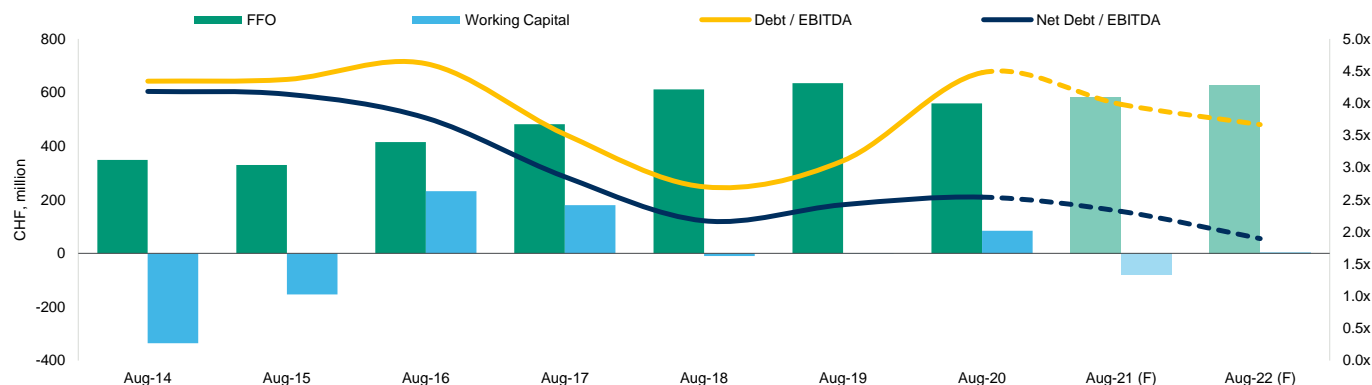
Source: Moody's Financial Metrics™

We also expect the company to continue to generate positive FCF on an ongoing basis despite potential volatility in working capital. FCF generation could be affected by volatility in cocoa bean prices that can result in up to CHF200 million-CHF300 million in temporary working capital needs. Given the back-to-back nature of most of Barry Callebaut's contracts with customers, together with its hedging policy and ability to pass through changes in cocoa bean prices, we expect the volatility in working capital to be only temporary. In this respect, the stricter controls on working capital might lead to lower cash generation volatility than in the past.

Exhibit 7

Working capital movements likely to remain volatile

CHF million on left axis; leverage on right axis



FFO represents cash flow from operations before working capital and capital spending. All numbers and ratios are as adjusted by Moody's. F = Forecast. This represents Moody's forward view, not the view of the issuer.

Source: Moody's Financial Metrics™

The company maintains a relatively large amount of inventories, amounting to CHF1.9 billion as of August 2020, some of which (including a large part of CHF772 million of cocoa beans stock) are traded on commodities exchanges and could be easily sold in case of need with an immediate benefit to the company's liquidity availability.

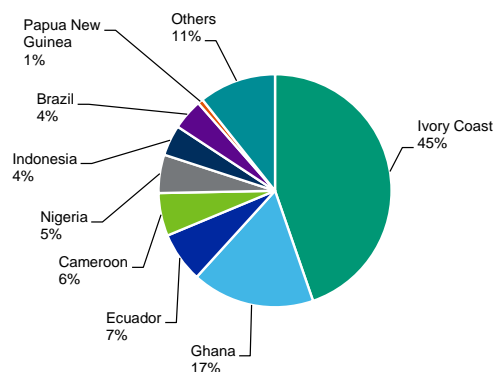
Cocoa supply disruption risks inherent to the industry

Barry Callebaut's operations remain exposed to significant raw material concentration. The main cocoa-growing area is West Africa, representing more than 70% of the world's supply according to the International Cocoa Organization, followed by South America and Southeast Asia. The cocoa market is very concentrated, with the Ivory Coast accounting for around 45% of the global cocoa bean output (see Exhibit 5). In addition to the risk of plant disease epidemics and unfavourable climate, which can hamper crop yield, the political risk in the main producing countries is a consideration when assessing the credit strength of the manufacturers of cocoa and chocolate products. As a result, cocoa bean prices are extremely volatile (see Exhibit 6). Although higher cocoa bean prices are fully passed on to customers in the chocolate business or their effect mitigated by the company's hedging strategy, the high volatility can temporarily increase the company's working capital needs.

Exhibit 8

Ivory Coast is by far the main cocoa bean producer in the world

Market share by country for the global production of cocoa beans



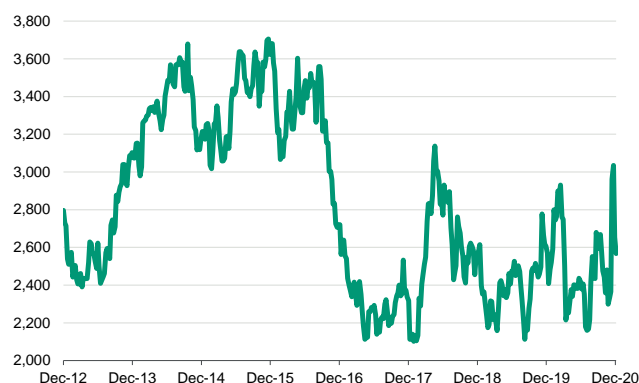
Cocoa year 2019/20.

Source: International Cocoa Organization

Exhibit 9

Cocoa prices increased towards the end of 2020, but have deflated since then

Price for Ivory Coast cocoa beans on the ICE market



Price expressed in US dollars per tonne.

Source: FactSet

During 2016 and 2017, the cocoa bean crop reached record levels because of favourable weather conditions. This led to average bean prices in the year being around 21% lower than the previous year, ending a three-year period of high prices. Towards year-end 2017, cocoa bean prices started to rally, although peak prices remained below record levels. Cocoa bean prices increased during 2019, but remained below 2017 highs. Côte d'Ivoire and Ghana announced, in July 2019, a living income differential (LID) of \$400 per tonne of cocoa beans, effective as of the 2020/21 crop. This could result in an additional price increase over the next 12-18 months.

Despite Barry Callebaut's efforts to diversify its sources and build strong business relationships with cocoa farmers, the company's reliance on politically unstable countries for cocoa bean supply is credit negative, although we recognise that it is an industrywide, rather than a company-specific, issue.

Hedging strategy and cost-control initiatives underpin margin predictability for the chocolate business

Barry Callebaut's rating is supported by the company's track record in terms of operating margin predictability in the chocolate segment, despite volatile cocoa bean prices (see Exhibit 9). The company hedges cocoa bean price risks when it starts purchasing beans. The selling price established for the client at the delivery date is based on the forward price at the contract date, thereby eliminating risks associated with cocoa bean price volatility.

Barry Callebaut's cost-plus business model, which covers around two-thirds of its sales volume, enables the company to pass raw material price increases onto its clients and, therefore, limits its exposure to raw material cost volatility.

The operating performance in the cocoa business is more volatile because of the exposure to the spread between cocoa bean and cocoa butter/powder prices. However, despite the intrinsic volatility, the company's cocoa business is beneficial to its chocolate business because it allows the company to better control quality and coordinate the delivery of raw materials or other supplies.

Exhibit 10

EBIT stability of the chocolate segment supports rating; volatility in fiscal 2020 caused by the pandemic

CHF millions

Cocoa	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Revenues - Cocoa	1,127	1,756	1,901	2,008	1,888	1,805	1,949	1,818
EBIT - Cocoa	42	82	47	18	65	85	101	87
EBIT margin Cocoa	3.7%	4.7%	2.5%	0.9%	3.4%	4.7%	5.2%	4.8%
Chocolate	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Revenues - Choco	3,757	4,110	4,341	4,669	4,917	5,143	5,361	5,076
EBIT - Choco	388	422	447	469	515	572	602	494
EBIT margin - Choco	10.3%	10.3%	10.3%	10.0%	10.5%	11.1%	11.2%	9.7%
Total Revenues	4,884	5,866	6,241	6,677	6,805	6,948	7,309	6,893
Total EBIT	430	504	494	487	580	657	703	581
EBIT Margin	8.8%	8.6%	7.9%	7.3%	8.5%	9.5%	9.6%	8.4%

EBIT is before central costs.

Source: Moody's Investors Service estimates

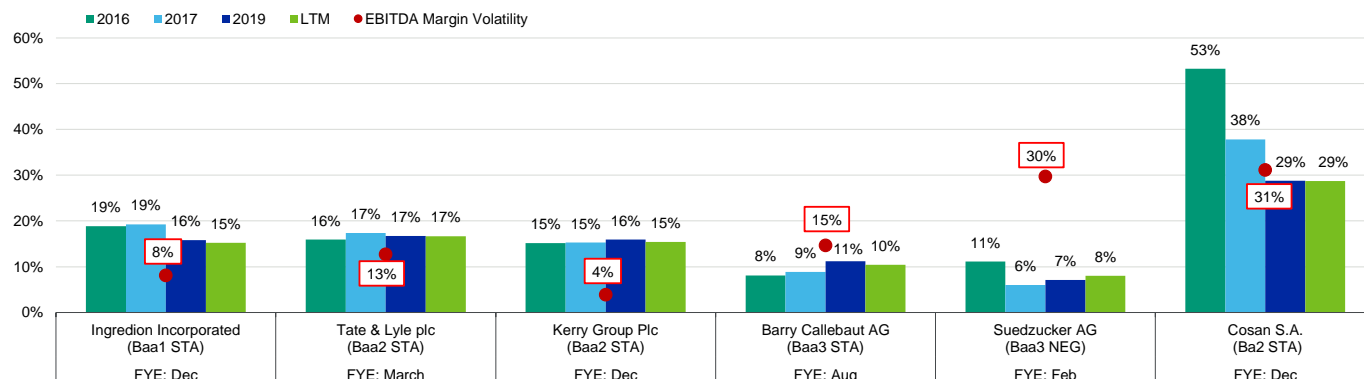
Low, although predictable, profitability within a highly volatile industry

Barry Callebaut has a lower EBITDA margin than that of a number of select peers, reflecting the mix between the highly profitable Chocolate segment and the more commoditised and lower-margin Cocoa segment.

Exhibit 11

Barry Callebaut has relatively low, but predictable, profitability

EBITDA margin and EBITDA margin volatility for select peers



Source: Moody's Financial Metrics™

Excluding a temporary deterioration in fiscal 2020, the company has managed to improve its profitability since 2016, maintaining low EBITDA margin volatility compared with its peers that we rate, to a level similar to that of [Tate & Lyle plc](#) (Baa2 stable) and significantly lower than that of [Suedzucker AG](#) (Baa3 negative) and [Cosan S.A.](#) (Ba2 stable). This stability is ensured by the cost-plus business model of Barry Callebaut's Chocolate division and by the efficient hedging strategy put in place by the company. We expect the recent decline in its operating margin to be temporary and to recover starting fiscal 2021.

Smart growth strategy to support profitability in the medium term

Barry Callebaut has upgraded its volume growth target to 5%-7% on average over the period between fiscal 2021 to fiscal 2023 (from 4%-6% previously), i.e. excluding fiscal 2020. The company remains focused on the execution of its smart growth strategy. Excluding some volatility related to the impact of coronavirus over the next six months, longer-term volume expansion will continue to be driven by the company's three key growth drivers: increasing demand for chocolate products in emerging markets; continued growth in the company's Gourmet and Specialities product range; and additional outsourcing agreements and strategic partnerships.

In addition, in 2018, Barry Callebaut's management completed its Cocoa Leadership Project, which helped leverage the company's global scale and expertise in cocoa and resulted in an improvement in the profitability of the global cocoa segment. Under the project, the company focused on reducing the commodity product offering by focusing more on differentiation and premiumisation of the cocoa powder range; centralising some key strategic activities and decision-making, such as the management of the combined ratio, which was previously managed regionally; and optimising the cocoa manufacturing footprint and the global product flow with the objective of having the lowest global cost position.

Environmental, social and governance considerations

Although environmental and [social risks](#) are normally modest for agricultural and food companies, and we score the sector as having modest environmental risk in our [environmental heat map](#), Barry Callebaut is more exposed to environmental risks than other companies, given the concentration of cocoa procurement in certain parts of the world, mainly across emerging markets. Sustainability of raw material sources is also a cause of concern and focus for a number of consumers but does not represent a concern for the rating at this stage. In this respect, we recognise the company's investments over the years to secure appropriate sourcing of cocoa. In February 2019, the company issued a €600 million Schuldschein (CHF681.9 million) and a portion of the proceeds will finance sustainability projects, in particular to purchase sustainable cocoa beans. Also, the company completed 100% of traceability of its direct suppliers of cocoa from the two largest sourcing countries, Ivory Coast and Ghana, and is working to extend traceability across geographies and to other ingredients such as cane sugar, soy lecithin and palm oil. We also note how the new living income differential (LID) introduced recently in Côte d'Ivoire and Ghana and effective as of the 2020/21 crop, will represent some additional costs for the industry, representing some regulatory risk, albeit will provide also support to farmers and the sustainability of cocoa procurement.

In terms of governance considerations, we regard Barry Callebaut's prudent financial policy as a supporting factor for its current rating. The company has a targeted minimum tangible net worth value (equity less intangible assets) of CHF750 million, which is also in line

with bank covenants. In addition, the target payout ratio to shareholders is set at a range of 35% to 40% of the net profit in the form of a dividend and is reviewed on a yearly basis.

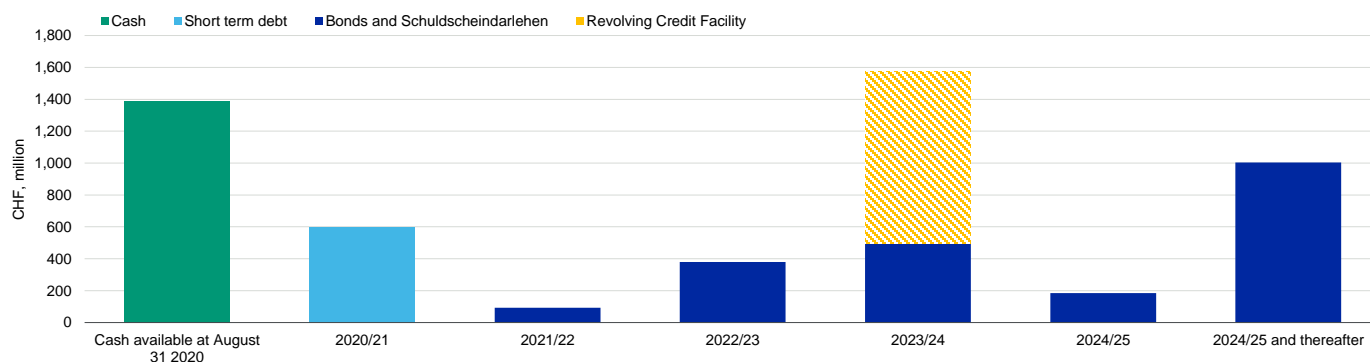
Liquidity analysis

The company's liquidity is currently strengthened by a significant cash balance and by our expectation that the company will continue to generate positive FCF. Cash and cash equivalents were at around CHF1.4 billion as of August 2020 which is well above historic levels and FCF was at CHF181 million in fiscal 2020 (in accordance with our definition, i.e., after dividend payments). Liquidity is also supported by the company's €1 billion revolving credit facility which is currently fully available and its size was increased in early 2020 from €750 million. Barry Callebaut has historically relied on short-term debt including its €750 million commercial paper (CP) to finance seasonal purchase of inventories. Over the next two to three years we expect the company will use existing cash to finance inventory purchases reducing reliance on short term debt for seasonal needs. The company's short-term debt as of August 2020 was CHF565 million, including about CHF401 million of CP, a part of which, we understand, has been repaid since August.

However, along with seasonal patterns, Barry Callebaut's liquidity requirements could vary from quarter to quarter and are difficult to predict because of the volatility in cocoa bean prices, which can be affected by weather conditions and political events. A material and sharp increase in cocoa bean prices, as experienced over 2013-15, could result in unfavourable, although temporary, swings in working capital, requiring credit facilities to cover variable and unpredictable needs.

Exhibit 12

Short-term debt amply covered by current availability CHF millions, as of August 2020



[1] Short term maturities includes CHF401 million of commercial papers and CHF64 million bank overdrafts.

Sources: Company's annual report and Moody's Investors Service computation

The €1 billion revolving credit facility due 2024 is subject to the following maintenance covenants (to be tested on a semiannual basis): an interest coverage ratio that should remain in excess of 4.25x; a profitability ratio (EBIT divided by consolidated sales volume in metric tonne) that should remain above 180 CHF/Mt and a minimum tangible net worth (equity less intangible assets) that should remain above CHF750 million. This set of covenants provides Barry Callebaut with greater flexibility, given the absence of cash-based ratios, which can fluctuate with working capital cycles. As of the last testing date at the end of August 2020, the company maintained ample capacity against its covenants. Positively, the revolving credit facility does not include any leverage covenants, giving Barry Callebaut more flexibility to cope with unfavourable swings in working capital.

Methodology and scorecard

In assessing the credit quality of Barry Callebaut, we apply the [Protein and Agriculture](#) Industry rating methodology (last updated in May 2019). The current and forward view scorecard-indicated outcome of Ba1 is one notch below the rating assigned of Baa3 reflecting the increase in debt to secure additional liquidity in 2020. At the same time, the grid does not take into consideration the sizable cash balance that will reduce reliance on short-term sources of financing and will reduce intra-year debt volatility.

Exhibit 13

Rating factors

Barry Callebaut AG

Protein and Agriculture Industry Scorecard [1][2]			Current FY 08/31/2020		Moody's 12-18 Month Forward View As of 12/11/2020 [3]	
Factor 1 : Scale (10%)	Measure	Score	Measure	Score	Measure	Score
a) Total Sales (USD Billion)	\$7.1	Ba	\$7.4	Baa	\$7.4 - \$7.9	Baa
Factor 2 : Business Profile (35%)						
a) Geographic Diversification	Baa	Baa	Baa	Baa	Baa	Baa
b) Segment Diversification	B	B	B	B	B	B
c) Market Share	A	A	A	A	A	A
d) Product Portfolio Profile	Baa	Baa	Baa	Baa	Baa	Baa
e) Earnings Stability	Ba	Ba	Ba	Ba	Ba	Ba
Factor 3 : Leverage & Coverage (40%)						
a) Debt / EBITDA	4.5x	B	3.7x - 4x	Ba	3.7x - 4x	Ba
b) CFO / Debt	20.0%	Ba	16.9% - 21.3%	Ba	16.9% - 21.3%	Ba
c) Debt / Book Capitalization	56.9%	Ba	50.3% - 52.7%	Ba	50.3% - 52.7%	Ba
d) EBITA / Interest Expense	5.2x	Ba	5.3x - 6.1x	Ba	5.3x - 6.1x	Ba
Factor 4 : Financial Policy (15%)						
a) Financial Policy	Baa	Baa	Baa	Baa	Baa	Baa
Rating:						
a) Scorecard-Indicated Outcome		Ba1		Ba1		Ba1
b) Actual Rating Assigned						Baa3

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

[2] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Source: Moody's Financial Metrics™

Appendix

Exhibit 14

Moody's-adjusted EBITDA breakdown

Barry Callebaut AG

(in CHF Millions)	FYE Aug-15	FYE Aug-16	FYE Aug-17	FYE Aug-18	FYE Aug-19	FYE Aug-20
As Reported EBITDA	543	525	609	734	778	713
Pensions	(2)	(0)	(2)	(1)	(6)	(3)
Operating Leases	17	16	16	27	45	0
Interest Expense – Discounting	(1)	(1)	0	0	0	0
Unusual	(5)	1	(18)	8	3	9
Non-Standard Adjustments	(0)	(0)	(0)	(0)	(0)	(0)
Moody's-Adjusted EBITDA	553	541	605	768	819	719

All figures are calculated using Moody's estimates and standard adjustments.

Source: Moody's Financial Metrics™

Exhibit 15

Moody's-adjusted debt breakdown

Barry Callebaut AG

(in CHF Millions)	FYE Aug-15	FYE Aug-16	FYE Aug-17	FYE Aug-18	FYE Aug-19	FYE Aug-20
As Reported Debt	1,855	1,910	1,510	1,480	1,864	2,758
Pensions	137	164	135	115	166	138
Operating Leases	63	67	85	124	135	0
Securitizations	360	358	395	354	365	324
Non-Standard Adjustments	0	0	0	0	13	0
Moody's-Adjusted Debt	2,416	2,499	2,126	2,074	2,543	3,220

All figures are calculated using Moody's estimates and standard adjustments.

Source: Moody's Financial Metrics™

Exhibit 16

Select historical and projected Moody's-adjusted financial data

Barry Callebaut AG

	Barry Callebaut AG Baa3 Stable			Kerry Group Plc Baa2 Stable			Tate & Lyle plc Baa2 Stable			Suedzucker AG Baa3 Negative			Cosan S.A. Ba2 Stable		
(in USD millions)	FYE Aug-18	FYE Aug-19	FYE Aug-20	FYE Dec-18	FYE Dec-19	LTM Jun-20	FYE Mar-19	FYE Mar-20	LTM Sep-20	FYE Feb-19	FYE Feb-20	LTM Aug-20	FYE Dec-18	FYE Dec-19	LTM Sep-20
Revenue	\$7,124	\$7,359	\$7,136	\$7,803	\$8,107	\$7,836	\$3,618	\$3,665	\$3,564	\$7,880	\$7,428	\$7,466	\$2,799	\$3,444	\$2,739
EBITDA	\$787	\$825	\$745	\$1,190	\$1,291	\$1,207	\$628	\$613	\$593	\$475	\$530	\$598	\$754	\$991	\$786
Total Debt	\$2,144	\$2,571	\$3,575	\$2,498	\$2,871	\$3,078	\$1,245	\$1,059	\$1,259	\$2,892	\$3,205	\$3,337	\$3,058	\$3,712	\$3,179
Cash & Cash Equiv.	\$420	\$565	\$1,546	\$473	\$623	\$827	\$371	\$336	\$626	\$546	\$511	\$553	\$1,047	\$1,849	\$1,260
EBITDA margin %	11.0%	11.2%	10.4%	15.3%	15.9%	15.4%	17.4%	16.7%	16.6%	6.0%	7.1%	8.0%	26.9%	28.8%	28.7%
EBITA / Interest Exp.	5.8x	5.3x	5.2x	11.4x	11.3x	10.9x	7.5x	9.2x	9.6x	1.2x	2.8x	3.4x	2.8x	3.6x	3.8x
CFO / Net Debt	36.1%	31.9%	35.2%	39.2%	39.0%	33.4%	61.2%	75.5%	85.1%	14.3%	6.2%	9.6%	43.9%	49.1%	21.9%
Debt / EBITDA	2.7x	3.1x	4.5x	2.2x	2.2x	2.5x	2.0x	1.8x	2.1x	6.2x	6.1x	5.2x	4.3x	3.8x	4.8x
Total Debt / Capital	46.8%	50.5%	56.9%	33.4%	34.3%	36.2%	38.4%	37.2%	40.0%	37.5%	42.4%	41.9%	48.3%	54.2%	58.8%

All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. (F) Data represents Moody's forward view; not the view of the issuer.

Source: Moody's Financial Metrics™

Exhibit 17

Key selected historical and forecasted financial data

Barry Callebaut AG

CHF (Millions)	Aug-16	Aug-17	Aug-18	Aug-19	Aug-20	Aug-21 (F)	Aug-22 (F)
INCOME STATEMENT							
Net sales/Revenue	6,677	6,805	6,948	7,309	6,893	7,091	7,467
EBITDA	541	605	768	819	719	746	810
EBIT	391	442	572	605	498	519	580
Interest Expense	126	124	108	122	104	107	102
BALANCE SHEET							
Cash & Cash Equivalents	457	399	406	559	1,392	1,241	1,435
Total Liabilities	4,109	3,836	4,041	4,610	5,111	4,891	4,933
Total Debt (Gross)	2,499	2,126	2,074	2,543	3,220	2,970	2,970
CASH FLOW							
Capital Expenditures (CAPEX)	214	233	239	320	319	318	341
Retained Cash Flow (RCF)	334	458	542	503	416	461	493
RCF / Net Debt	16.4%	26.5%	32.5%	25.4%	22.8%	26.7%	32.1%
Free Cash Flow (FCF)	352	405	292	182	181	62	157
FCF / Debt	14.1%	19.0%	14.1%	7.2%	5.6%	2.1%	5.3%
PROFITABILITY							
% Change in Sales (YoY)	7.0%	1.9%	2.1%	5.2%	-5.7%	2.9%	5.3%
EBIT Margin %	5.9%	6.5%	8.2%	8.3%	7.2%	7.3%	7.8%
EBITDA Margin %	8.1%	8.9%	11.0%	11.2%	10.4%	10.5%	10.8%
INTEREST COVERAGE							
EBIT / Interest Expense	3.1x	3.6x	5.3x	5.0x	4.8x	4.8x	5.7x
EBITA / Interest Expense	3.4x	3.9x	5.8x	5.3x	5.2x	5.3x	6.1x
LEVERAGE							
Debt / EBITDA	4.6x	3.5x	2.7x	3.1x	4.5x	4.0x	3.7x
Net Debt / EBITDA	3.8x	2.9x	2.2x	2.4x	2.5x	2.3x	1.9x

[1] Capex, including Moody's forecast, is comprehensive of principal payment of operating lease under IFRS16. [2] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. (F) Data represents Moody's forward view; not the view of the issuer.

Source: Moody's Financial Metrics™

Ratings

Exhibit 18

Category	Moody's Rating
BARRY CALLEBAUT AG	
Outlook	Stable
Issuer Rating -Dom Curr	Baa3
BARRY CALLEBAUT SERVICES N.V.	
Outlook	Stable
Bkd Senior Unsecured	Baa3

Source: Moody's Investors Service

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