

# News Release

## Barry Callebaut Group – 9-Month Key Sales Figures, Fiscal Year 2016/17

### Good growth momentum continues

- Sales volume up +2.8%, driven by strong above-market growth in Chocolate of +4.7%
- Sales revenue up +2.9% in local currencies (+3.7% in CHF)
- Acceleration of volume growth in Q3 to +5.5%, supported by the key growth drivers Gourmet & Specialties, Outsourcing and Emerging Markets
- Mid-term guidance confirmed<sup>1</sup>

Zurich/Switzerland, July 13, 2017 – Antoine de Saint-Affrique, CEO of the Barry Callebaut Group, said: “Thanks to our healthy chocolate portfolio, we maintained good volume growth momentum and managed to outperform the market once again. We continue to consistently execute our ‘smart growth’ strategy.”

#### Group Key Sales Figures

for the first 9 months of Fiscal Year 2016/17			9 months up to May 31, 2017	9 months up to May 31, 2016
Change in %				
in local currencies			in CHF	
Sales volume	Tonnes	2.8%	1,414,654	1,376,650
Sales revenue	CHF m	2.9%	5,193.5	5,007.3

In the first 9 months of fiscal year 2016/17 (ended May 31, 2017), the Barry Callebaut Group – the world’s leading manufacturer of high-quality chocolate and cocoa products – grew its **sales volume** by +2.8% to 1,414,654 tonnes. The company achieved this growth in a global chocolate confectionery market that declined by -0.6% over the last 9 months, but recently bounced back with a growth of +2.3% during the last 3 months of the period.<sup>2</sup>

Barry Callebaut achieved solid **volume growth** across all regions over the first 9 months, with an acceleration in Q3 (+5.5%). This good momentum was supported by its key growth drivers Gourmet & Specialties (+11.6%), Outsourcing (+9.7%) and Emerging Markets (+3.3%). For the first 9 months, the intentional phase-out of less profitable cocoa contracts weighed on overall volume development, but sales volume in Global Cocoa for Q3 was back at the same level as the prior-year period. The phase-out of these contracts, amounting to 50,000-60,000 tonnes overall,

<sup>1</sup> On average for the 3-year period 2015/16 to 2017/18: 4-6% volume growth and EBIT above volume growth in local currencies, barring any major unforeseen events.

<sup>2</sup> Source: Nielsen-chocolate confectionery from August 2016 until April 2017 – 26 countries

has now been completed. **Sales revenue** increased by +2.9% in local currencies (+3.7% in CHF) to CHF 5,193.5 million, in line with volume growth and a better product mix, offset by lower cocoa bean prices.

### **Outlook: Healthy portfolio and good momentum**

Looking ahead, CEO Antoine de Saint-Affrique said: “‘Smart growth’ will continue to be at the heart of our strategy execution. This means driving above-market volume growth, enhanced profitability and free cash flow generation. The phase-out of less profitable cocoa contracts is now completed; we continue to see a healthy portfolio and expect the good momentum to remain. On this basis we confirm our mid-term guidance.”<sup>1</sup>

### **Strategic milestones in the first 9 months of fiscal year 2016/17**

- **‘Expansion’:** Barry Callebaut recently opened a new CHOCOLATE ACADEMY in Milan/Italy and Mexico City and invested in four existing Asian academies.
- **‘Innovation’:** Barry Callebaut launched a number of products over the past 9 months. For example Callebaut ChocoGelato, a chocolate base to create ‘gelateria’ style chocolate products and Snow-Melt, a fast-melting chocolate filling with a firm texture which can be used in various chocolate applications such as pralines. In addition Barry Callebaut launched a new range of chocolate and fruit fillings with low water activity for confectionery and bakery creations. Furthermore, La Morella Nuts extended its portfolio with a new range of organically grown Mediterranean nuts.
- **‘Cost Leadership’ and ‘Sustainability’:** Barry Callebaut’s ambition to make sustainable chocolate the norm by 2025 is gaining traction. The most recent Sustainalytics ESG score of Barry Callebaut increased from 67 to 72 (<http://www.sustainalytics.com>). This is an outstanding achievement that makes Barry Callebaut an Outperformer in its industry sector. This score has special relevance for the Group’s successful amendment and extension of its revolving credit facility. For the first time in Switzerland, second time in Europe, the applicable credit margin is linked to the sustainability performance of Barry Callebaut, as reported by Sustainalytics.

### **Regional/Segment performance**

#### **EMEA – Strong volume increase, supported by long-term agreement**

Chocolate confectionery markets in Europe in the period under review showed, according to Nielsen, a decline of -0.9%, but grew +0.9% in the last 3 months.<sup>3</sup>

Sales volume of Barry Callebaut in Region EMEA (Europe, Middle East, Africa) increased by +5.3% to 643,092 tonnes, supported by the ramp-up of the new long-term agreement in Belgium with Mondelez International and the additional volume from the Friesland Campina Beverages acquisition in March 2016. Other customers in Western Europe and in particular Gourmet & Specialties also performed well.

Sales revenue increased by +6.9% in local currencies (+5.8% in CHF) to CHF 2,176.1 million.

#### **Americas – Volume acceleration driven by Gourmet and South America**

America’s chocolate confectionery market rebounded during the last quarter by +4.7%, resulting in flat volume growth of -0.6% for the last 9 months.<sup>3</sup>

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<sup>3</sup> Source: Nielsen-chocolate confectionary from August 2016 until April 2017 – 26 countries

In Region Americas, Barry Callebaut's sales volume growth was up +1.8% to 380,362 tonnes, with an acceleration in Q3 (+4.8%), driven by strong sales in Gourmet & Specialties, and double-digit growth in South America, while the North American market remains challenging. Sales revenue was up +3.7% in local currencies (+5.4% in CHF) and came in at CHF 1,270.3 million.

#### **Asia Pacific – Double-digit growth continues**

Chocolate confectionery markets in Asia Pacific continued the positive growth path and recorded volume growth of +2.1% for the period under review, and +5.3% for the last three months.<sup>3</sup> Barry Callebaut's sales volume in Region Asia Pacific increased by +17.2% to 69,313 tonnes. Growth was fueled by Food Manufacturers, including the long-term outsourcing deal with GarudaFood. Volume increase was also driven by strong double-digit growth in Gourmet & Specialties. Sales revenue grew by +12.7% in local currencies (+14.7% in CHF) to CHF 267.1 million.

#### **Global Cocoa – Cocoa Leadership implementation well on track**

Global Cocoa volume decreased by -3.3% to 321,887 tonnes. After concluding the intentional phase-out of less profitable contracts, volume in Q3 was at the prior-year level, as anticipated. The Cocoa Leadership program is progressing according to plan and is expected to be finalized in 2018.

Sales revenue was down -4.7% in local currencies (-2.1% in CHF) to CHF 1,480.0 million. This is broadly in line with sales volume and resulting from the lower cocoa products prices.

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

**Cocoa:** Cocoa bean prices decreased by approximately -30% from 2,274 GBP/MT on September 1, 2016 to £1,599 per tonne on May 31, 2017. For the 9-month period, cocoa bean prices on average declined by -16.5% compared to prior year. Very favorable weather conditions in the two main cocoa growing countries, Côte d'Ivoire and Ghana, and therefore a good crop resulting in a surplus, were the main fundamental drivers for the price drop.

**Dairy:** After a good start in the first three months of 2017, global milk production did not increase at the same pace during Q2 2017. In Europe, the cold weather in April and May negatively influenced milk production, which led to a tight supply situation. Globally, milk fat reached record high prices while milk powders followed that trend, but much less pronounced.

**Sugar:** World sugar prices corrected heavily down by -23%. In Europe prices were stable for this campaign.

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#### **Financial Calendar for Fiscal Year 2016/17 (September 1, 2016 to August 31, 2017):**

Full-year results 2016/17 (news release & conference)	November 8, 2017
Annual General Meeting 2016/17	December 13, 2017

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

With annual sales of about CHF 6.7 billion (EUR 6.1 billion / USD 6.8 billion) in fiscal year 2015/16, 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 close to 10,000 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 make sustainable chocolate the norm by 2025 to help ensure future supplies of cocoa and improve farmer livelihoods. It supports the Cocoa Horizons Foundation in its goal to shape a sustainable cocoa and chocolate future.

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## Group Key Sales Figures

for the first 9 months of Fiscal Year 2016/17		Change in %		9 months up to May 31, 2017	9 months up to May 31, 2016
		in local currencies	in CHF		
<b>Key Figures</b>					
Sales volume	Tonnes		2.8%	1,414,654	1,376,650
Sales revenue	CHF m	2.9%	3.7%	5,193.5	5,007.3
<b>By Region</b>					
<b>EMEA</b>					
Sales volume	Tonnes		5.3%	643,092	610,915
Sales revenue	CHF m	6.9%	5.8%	2,176.1	2,057.4
<b>Americas</b>					
Sales volume	Tonnes		1.8%	380,362	373,850
Sales revenue	CHF m	3.7%	5.4%	1,270.3	1,205.6
<b>Asia Pacific</b>					
Sales volume	Tonnes		17.2%	69,313	59,161
Sales revenue	CHF m	12.7%	14.7%	267.1	232.8
<b>Global Cocoa</b>					
Sales volume	Tonnes		(3.3%)	321,887	332,994
Sales revenue	CHF m	(4.7%)	(2.1%)	1,480.0	1,511.5
<b>By Product Group</b>					
<b>Sales volume</b>	<b>Tonnes</b>			<b>1,414,654</b>	<b>1,376,650</b>
Cocoa Products	Tonnes		(3.3%)	321,887	332,994
Food Manufacturers Products	Tonnes		3.5%	921,844	890,464
Gourmet & Specialties Products	Tonnes		11.6%	170,923	153,192
<b>Sales revenue</b>	<b>CHF m</b>			<b>5,193.5</b>	<b>5,007.3</b>
Cocoa Products	CHF m	(4.7%)	(2.1%)	1,480.0	1,511.5
Food Manufacturers Products	CHF m	4.8%	4.8%	2,883.9	2,751.2
Gourmet & Specialties Products	CHF m	11.2%	11.4%	829.6	744.6