

News Release

Barry Callebaut Group – 9-Month Key Sales Figures, Fiscal Year 2017/18

Good momentum continued

- Sales volume growth +6.9%, supported by all key growth drivers and all regions
- Sales revenue of CHF 5.2 billion, -2.4% in local currencies (-0.2% in CHF)
- Mid-term guidance confirmed¹

Zurich/Switzerland, July 13, 2018 – Antoine de Saint-Affrique, CEO of the Barry Callebaut Group, said: “After the very strong performance in the first half of this fiscal year, we continued to see strong momentum in the third quarter, fueled by all key growth drivers, regions and product groups. Our volume growth was again significantly above the global chocolate confectionery market.”

Group Key Figures

for the first 9 months of Fiscal Year 2017/18		Change in %		9 months up to May 31, 2018	9 months up to May 31, 2017
		in local currencies	in CHF		
Sales volume	Tonnes	6.9%		1,512,853	1,414,654
Sales revenue	CHF m	(2.4%)	(0.2%)	5,183.7	5,193.5

In the first 9 months of fiscal year 2017/18 (ended May 31, 2018), the Barry Callebaut Group – the world’s leading manufacturer of high-quality chocolate and cocoa products – grew its **sales volume** by +6.9% to 1,512,853 tonnes. Barry Callebaut achieved very good volume growth across all regions and product groups in a global chocolate confectionery market that grew +2.5%². The volume increase was supported by all key growth drivers, Gourmet & Specialties (+7.8%), Outsourcing (+6.2%) and Emerging Markets (+8.8%). The volume growth in Q3 (+4.8%) was strong on top of a good base from prior year. **Sales revenue** in the period under review amounted to CHF 5.2 billion, a decline of –2.4% in local currencies (–0.2% in CHF) due to lower raw material prices, which the Group passes on to its customers for a large part of its business.

Outlook – Confident to deliver on 4-year guidance

CEO Antoine de Saint-Affrique said: “Looking at market trends and market dynamics, we continue to see many growth opportunities and are confident that this, together with the diligent execution of our ‘smart growth’ strategy, will allow us to deliver on our 4-year guidance¹.”

Strategic milestones achieved in the first nine months of fiscal year 2017/18

- “**Expansion**”: Barry Callebaut opened its first CHOCOLATE ACADEMY™ center on the African continent - its 21st worldwide - on May 8, 2018, in Johannesburg, South Africa. As part of the continuous improvement of its footprint, Barry Callebaut announced the extension of its cocoa processing capacities in Côte d’Ivoire and Cameroon. The investments in South Africa, Côte d’Ivoire and Cameroon reaffirm the Group’s commitment to the African continent.

¹ On average for the 4-year period 2015/16 to 2018/19: 4–6% volume growth and EBIT above volume growth in local currencies, barring any major unforeseen events.

² Source: Nielsen chocolate confectionery sales in volume, August 2017 to April 2018 – 25 countries

- **“Innovation”**: Since its global launch in Shanghai in September 2017, Ruby, the fourth type of chocolate, has been warmly welcomed by Barry Callebaut’s customers and making waves in consumer markets across the world. The iconic KitKat brand launched Sublime Ruby in its Chocolateries in Japan and South Korea in early 2018, followed by a fast roll-out of the KitKat Ruby 4-finger product in several European markets and Australia. After the introduction of the finest Belgian Ruby RB1 chocolate under the Callebaut brand in March 2018, Barry Callebaut launched the Swiss Edel couverture for artisans, Ruby Rubina, under the Carma brand in May 2018. Ruby chocolate received the inaugural NCA Award for Supplier Innovation at the Sweets & Snacks Expo in Chicago, USA, created to honor breakthrough innovations that advance the confectionery industry, as well as the Marketing Award 2018 of Gault&Millau. Furthermore, Barry Callebaut announced the extension of its dairy-free chocolate product portfolio in the United States, tapping into the growing customer demand for dairy-free chocolate solutions. Barry Callebaut’s sugar-reduced solutions continue to grow by double-digits.
- **“Sustainability”**: On June 4, 2018, Barry Callebaut signed three letters of intent with Côte d’Ivoire and Ghana to work collaboratively towards the design and validation of a sustainable cocoa farming model. This cooperation will also include agroforestry, income diversification for cocoa farmers and the planting of shade trees. Furthermore, from June 5 to June 7, 2018, Barry Callebaut organized the fourth Chocovision conference, bringing together over 200 senior business leaders and key stakeholders in the cocoa and chocolate industry to discuss strategic topics of common interest.

Regional/Segment performance

Region EMEA – Strong growth continued

Sales volume of Barry Callebaut in Region EMEA (Europe, Middle East, Africa) increased by +8.1% to 695,214 tonnes, supported by strong growth in Western Europe and double-digit growth in Eastern Europe in both Food Manufacturers and Gourmet & Specialities. The chocolate confectionery market in Europe, according to Nielsen, continued the good momentum and grew by +3.0%³. Sales revenue was slightly down by -0.6% in local currencies (+6.5% in CHF) to CHF 2,317.8 million, mainly due to lower raw material prices.

Region Americas – Good performance

In Region Americas, Barry Callebaut’s sales volume growth was up +5.3% to 400,334 tonnes. Growth was fueled by a double-digit performance in South America and increased momentum in Gourmet & Specialities in North America. America’s chocolate confectionery market grew by +1.1%³. Sales revenue slightly declined by -0.6% in local currencies (-2.7% in CHF) and came in at CHF 1,236.2 million. This was a consequence of lower raw material prices.

³ Source: Nielsen chocolate confectionery sales in volume, August 2017 to April 2018 – 25 countries

Region Asia Pacific – Double-digit momentum continued

Barry Callebaut increased its sales volume in Region Asia Pacific by +14.8% to 79,542 tonnes, on top of a high base from prior year. Growth was fueled by Food Manufacturers through a mix of new activities and additional volume from long-term outsourcing agreements as well as strong double-digit growth in Gourmet & Specialties. Chocolate confectionery markets in Asia Pacific recorded volume growth of +3.7%⁴ for the period under review. Sales revenue grew +4.5% in local currencies (+3.3% in CHF) to CHF 276.0 million, likewise impacted by lower raw material prices.

Global Cocoa – Healthy growth

Global Cocoa achieved healthy +4.9% growth to 337,763 tonnes in the period under review. As anticipated, volume growth slowed down in Q3. Sales revenue was down -7.9% in local currencies (-8.5% in CHF) to CHF 1,353.8 million. This is broadly in line with sales volume and reflects the lower cocoa products prices.

Raw material price developments

Barry Callebaut applies a cost-plus business model, i.e. the company passes on raw material prices directly to its customers for the majority of its business.

On average **cocoa** bean prices decreased by -12.2% versus prior year. However, during the first 9 months of fiscal year 2017/18 they increased by +19.9%, from GBP 1,516 per tonne on September 1, 2017 to GBP 1,817 per tonne on May 31, 2018. The reason for the price increase in recent months was a lower than expected global cocoa surplus due to slightly lower cocoa production in West Africa, in combination with higher demand and significant fund activity.

A rebound of **dairy** prices in the beginning of 2018, due to weaker production figures, followed a considerable downward price correction for all dairy products in the last quarter of 2017.

Over the last nine months the world **sugar** market lost more than -20.0% due to good crops in Asia and Europe, resulting in a sugar surplus. In Europe, a record crop led to a sharp reduction of domestic prices.

Financial Calendar for Fiscal Year 2017/18 (September 1, 2017 to August 31, 2018):

Full-year results 2017/18 (news release & conference)	November 7, 2018
Annual General Meeting 2017/18	December 12, 2018

⁴ Source: Nielsen chocolate confectionery sales in volume, August 2017 to April 2018 – 25 countries

About Barry Callebaut Group (www.barry-callebaut.com):

With annual sales of about CHF 6.8 billion (EUR 6.3 billion / USD 6.9 billion) in fiscal year 2016/17, 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 close to 60 production facilities worldwide and employs a diverse and dedicated global workforce of about 11,000 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 2017/18

for the first 9 months of Fiscal Year 2017/18		Change in %		9 months up to May 31, 2018	9 months up to May 31, 2017
		in local currencies	in CHF		
Key Figures					
Sales volume	Tonnes		6.9%	1,512,853	1,414,654
Sales revenue	CHF m	(2.4%)	(0.2%)	5,183.7	5,193.5
By Region					
EMEA					
Sales volume	Tonnes		8.1%	695,214	643,092
Sales revenue	CHF m	(0.6%)	6.5%	2,317.8	2,176.1
Americas					
Sales volume	Tonnes		5.3%	400,334	380,362
Sales revenue	CHF m	(0.6%)	(2.7%)	1,236.2	1,270.3
Asia Pacific					
Sales volume	Tonnes		14.8%	79,542	69,313
Sales revenue	CHF m	4.5%	3.3%	276.0	267.1
Global Cocoa					
Sales volume	Tonnes		4.9%	337,763	321,887
Sales revenue	CHF m	(7.9%)	(8.5%)	1,353.8	1,480.0
By Product Group					
Sales volume	Tonnes			1,512,853	1,414,654
Cocoa Products	Tonnes		4.9%	337,763	321,887
Food Manufacturers Products	Tonnes		7.5%	990,767	921,844
Gourmet & Specialties Products	Tonnes		7.8%	184,324	170,923
Sales revenue	CHF m			5,183.7	5,193.5
Cocoa Products	CHF m	(7.9%)	(8.5%)	1,353.8	1,480.0
Food Manufacturers Products	CHF m	(1.4%)	2.0%	2,941.5	2,883.9
Gourmet & Specialties Products	CHF m	2.1%	7.1%	888.4	829.6