



News Release

Barry Callebaut – Half-year results, fiscal year 2013/14 Strong profit growth, strong contribution of acquired cocoa business

- **Sales volume: +17.6% (+3.1% stand-alone¹), double-digit growth in emerging markets and with global Gourmet brands**
- **Operating profit (EBIT) significantly up: +15.3% (+8.8% stand-alone¹)**
- **Positive EBIT contribution of acquired cocoa business, integration on track and first synergies realized**
- **Mid-term financial targets confirmed²**

Juergen Steinemann, CEO of Barry Callebaut, said: “I am pleased with our half-year results. The growth has been particularly strong in emerging markets, with outsourcing and partnership agreements, as well as with our global Gourmet brands. The profitability increased significantly thanks to strong margin improvements, a good EBIT development of our stand-alone business as well as of the acquired cocoa activities. I am particularly satisfied with the integration of the acquired business, which is already delivering synergies and contributing to profit.”

Group key figures for the first half of fiscal year 2013/14 – for the total business

		Change in %		6 months up to Feb 28, 2014	6 months up to Feb 28, 2013 ³
		in local currencies	in CHF		
Sales volume	Tonnes		17.6	876,297	745,256
Sales revenue	CHF m	23.5	21.5	2,906.9	2,391.6
Gross profit	CHF m	19.9	18.0	421.6	357.3
Operating profit (EBIT)	CHF m	16.8	15.3	201.7	174.9
EBIT per tonne	CHF	(0.6)	(1.9)	230.2	234.7
Net profit	CHF m	3.1	2.7	119.6	116.5
Net profit for the period (incl. discontinued operations)	CHF m	8.9	8.3	119.6	110.4

Stand-alone – excluding the acquired cocoa business¹

Sales volume	Tonnes		3.1	768,352	745,256
Operating profit (EBIT)	CHF m	10.2	8.8	190.4	174.9
EBIT per tonne	CHF	6.9	5.6	247.8	234.7

Zurich/Switzerland – April 3, 2014 – During the first half of fiscal year 2013/14 (ended February 28, 2014), Barry Callebaut – the world’s leading manufacturer of high-quality chocolate and cocoa products – increased its total **sales volume** by 17.6% to 876,297 tonnes, driven by incremental volume of the acquired cocoa business.

¹ Stand-alone numbers exclude the cocoa business acquired from Petra Foods, Singapore. On June 30, 2013, Barry Callebaut closed the transaction it had announced on December 12, 2012.

² 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.

³ Following the revision of IAS 19 (Employee Benefits), certain comparatives have been restated to conform to the current period’s presentation.



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In the period under review, the global chocolate confectionery market expanded by 3.2% in volume.⁴

On a stand-alone basis¹, Barry Callebaut's sales volume went up 3.1% to 768,352 tonnes. Stand-alone volume growth was broad-based, driven by emerging markets (+17.9%), outsourcing and strategic partnership agreements (+8.0%), as well as the two global Gourmet brands, Callebaut® and Cacao Barry®, (+10.0%). As expected, top-line development in Western Europe and with Global Cocoa was flat.

Higher average raw material prices compared to prior year translated into higher **sales revenue**⁵: It increased by +21.5% to CHF 2,906.9 million. Stand-alone, sales revenue rose 5.5% to CHF 2,523.3 million.

Gross profit was up 18.0% to CHF 421.6 million. On a stand-alone basis gross profit was up strongly by +11.3%, reaching CHF 397.8 million. The significant profitability improvement was mainly achieved through a better product mix and higher product margins. The combined cocoa ratio has stabilized at a low level; it had a neutral effect on the company's overall profitability.

Operating profit (EBIT) gained further momentum as a result of the higher gross profit and the acquired cocoa business delivering a positive result in a challenging market environment. Overall, operating profit went up by +15.3% to CHF 201.7 million. Stand-alone EBIT was up 8.8% to CHF 190.4 million.

Net profit for the period from continuing operations increased 2.7% to CHF 119.6 million, negatively impacted by higher financing costs related to the acquisition and a less favorable tax mix.

Outlook – Financial targets and EBIT contribution from acquired cocoa business confirmed

CEO Juergen Steinemann on the outlook: “We continue to focus on profitable growth based upon our four pillar strategy. Furthermore, we proceed to work towards the full integration of the acquired cocoa business. Achieving all identified synergies will remain our top priority. We confirm our mid-term targets² as well as the expected EBIT contribution of about CHF 30 million from the acquired cocoa business for this fiscal year.”

Strategic milestones in the first half of fiscal year 2013/14

- **“Expansion”**: The integration of the acquired cocoa business from Petra Foods is well on track. All integration-related work streams have now been transferred into Barry Callebaut's regional activities. The adapted, combined organization is in place and operational. The acquired manufacturing assets and supply chain network are fully integrated. The cocoa powder brand migration is under way. The acquired business showed substantial performance improvements and initial synergies have been achieved.
- Barry Callebaut began to implement its revised **“Innovation”** strategy. Aim is to strengthen the company's position as the preferred partner for chocolate and cocoa innovations, giving its customers a competitive edge. Based on the patented R&D technology “Controlled Fermentation”, the Gourmet & Specialties Products business recently introduced new Cacao Barry® chocolate couvertures: The globally launched “Purity From Nature”-range has already had a notable effect on the brand's sales in the period under review.
- To strengthen its **“Cost Leadership”** position and to ease previous capacity constraints, especially in Western Europe, Barry Callebaut further expanded capacities at some of its European sites (Wieze (Belgium), Lodz (Poland) and Eskişehir (Turkey)). In Region Americas, production capacities were increased in St. Hyacinthe (Canada), Chatham

⁴ Source: Nielsen, September 2013 – February 2014.

⁵ Barry Callebaut passes on raw material prices to customers for the majority of its business.



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(Canada), St. Albans (U.S.), American Canyon (U.S.) and Extrema (Brazil) to meet the increased demand. In Asia-Pacific, capacity in Singapore has been expanded.

- To further promote its leadership in “**Sustainable Cocoa**”, Barry Callebaut acquired the remaining 51% of Biolands Group, its long-term supplier of certified cocoa beans from East and West Africa. The company also started to expand its “Cocoa Horizons” initiative to Indonesia; current focus is on building the basis for a combined cocoa R&D facility and Center of Excellence in Sulawesi (Indonesia).

Regional / Segment performance

Region Europe⁶ – Significantly increased profitability reflects focus on product margins

The European chocolate confectionery market grew 2.0%. In Western Europe, growth was +1.3%, while markets in Eastern Europe increased by 3.6%.⁷

In Region Europe, Barry Callebaut’s sales volume grew 0.3% to 378,645 tonnes.

In Western Europe, the company continued to focus on optimizing customer and product segmentation, further improving product margins and eliminating capacity shortages. Sales volume declined slightly due to more selective sales in the second quarter. The good growth in the Gourmet business was largely supported by the Callebaut® brand, which gained market share in almost every market. The Beverages division performed well.

In the EEMEA region, the industrial business recorded very strong growth, mainly in Russia, Turkey and the Middle East. Also the Gourmet business showed robust growth, in particular in Russia.

Higher average raw material prices drove overall sales revenue in the Region, which increased 10.2% to CHF 1,307.0 million. Operating profit (EBIT) was up 6.1% to CHF 135.7 million, mainly as a result of a good product mix, improved product margins and the good performance of the EEMEA region.

Region Americas – Strong performance across all markets

The chocolate confectionery market in the Americas grew 3.5%. North America increased by 2.7%, markets in South America expanded 9.2%.⁷

Region Americas again showed a good performance, both top and bottom line. Sales volume increased by 8.5% to 217,517 tonnes. In NAFTA, growth was driven by all Product Groups despite the extreme weather conditions; Mexico performed strong. In South America, both the industrial and Gourmet business continued to grow double-digit.

Overall sales revenue in the region went up 7.3% to CHF 608.8 million. Higher sales volume, increased margins across all businesses, good cost control and economy of scale effects in Latin America resulted in a significant increase of the operating profit (EBIT) of +20.3% to CHF 59.9 million.

Region Asia-Pacific – Continued strong growth

Chocolate markets across Asia-Pacific expanded at a slightly slower pace +9.8%⁷ during the period under review.

Barry Callebaut grew its sales volume in Asia-Pacific by 11.0% to 34,324 tonnes. Growth in the Food Manufacturers Products business accelerated, achieving a double-digit increase; business performed particularly well in China, Japan, Malaysia and Indonesia. In a generally slower economic environment, the Gourmet business with the company’s imported products suffered from weaker currencies in key markets. Overall Gourmet sales volume declined within the region.

⁶ Consisting of Western Europe and EEMEA (Eastern Europe, Middle East and Africa).

⁷ Source: Nielsen, September 2013 – February 2014 (Volume growth; chocolate confectionery market).



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Sales revenue in the Region was up 11.2% to CHF 131.3 million. Operating profit (EBIT) rose 0.7% to CHF 15.1 million impacted by the weaker currencies, the slower Gourmet business and further investments into the manufacturing footprint.

Global Cocoa⁸ – Significant volume and profit contribution from acquired cocoa business

The acquisition of the cocoa business from Petra Foods was the main growth driver in the segment Global Cocoa: Sales volume went up 80.1% to 245,811 tonnes. Stand-alone, sales volume increased 1.0% to 137,866 tonnes, reflecting selective sales to third-party customers, some volume transfers to the acquired cocoa factories in Europe as well as increased internal consumption. Due to lower powder prices versus the prior year, the segment's total sales revenue grew at a slower pace than volume: It increased by 65.3% to CHF 859.8 million.

The acquired cocoa business from Petra Foods already contributed to Global Cocoa's operating profit (EBIT): Total EBIT rose 72.2% to CHF 34.1 million; operating profit from the acquired cocoa business was at CHF 12.9 million. Stand-alone EBIT increased by 7.3% to CHF 21.2 million, impacted by the still rather weak combined cocoa ratio.

The integration of the acquired cocoa business from Petra Foods continues as planned. The expected contribution to the Group's operating profit (EBIT) of around CHF 30 million in the first year of its full consolidation is confirmed.

Raw material price developments

Cocoa terminal market prices gradually edged up by GBP 40 per month, closing at GBP 1,844 per tonne on February 28, 2014 – an increase of 29% compared to previous year. Strong main crop yields as well as good mid-crop prospects for both Côte d'Ivoire and Ghana, the two most important cocoa origins, could lower the 2013/14 deficit, and consequently induce a price correction. However, the bullish momentum is fueled by the anticipation of a structural deficit in the long term. Accordingly, investment funds have built up long positions supporting cocoa prices.

Prices on the world **sugar** market continued their downward trend due to a market surplus and investment funds taking short positions. Market prices reached their lowest levels since June 2010. Concerns of a drought in Brazil led to a recent price recovery. European sugar prices continued to drop as a result of previous special measures to increase supply.

Global milk production was very good and sufficient to meet the increased demand, mainly coming from China. Both world and European market prices for **milk powder** stabilized at high levels. A sustained regular demand from the industry, which overall was short covered, kept prices high.

For more detailed financial information see Barry Callebaut's **Letter to Investors "Half-year results 2013/14"**: www.barry-callebaut.com/LetterToInvestors.

⁸ 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 Regions show all chocolate sales.



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Financial calendar for fiscal year 2013/14 (September 1, 2013 to August 31, 2014):

9-month key sales figures 2013/14 (news release)	July 3, 2014
Full-year results 2013/14 (news release & conference)	November 6, 2014, Zurich
Annual General Meeting 2013/14	December 10, 2014, Zurich

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

With annual sales of about CHF 4.9 billion (EUR 4.0 billion / USD 5.2 billion) in fiscal year 2012/13, Zurich-based Barry Callebaut 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 company runs more than 50 production facilities worldwide and employs a diverse and dedicated global workforce of over 9,000 people.

Barry Callebaut 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®.

Barry Callebaut is committed to a sustainable cocoa production through its “Cocoa Horizons” initiative, and to help ensure future supplies of cocoa as well as improve farmer livelihoods.

Media and Analysts’/Institutional Investors’ conferences of Barry Callebaut AG

Date:	Thursday, April 3, 2014
Location:	Barry Callebaut Head Office, Chocolate Academy™ center, Ground floor, Pfingstweidstrasse 60, Westpark, 8005 Zurich/Switzerland
Time:	Media: 09.00 am to 10.00 am CET Analysts/Institutional Investors: 11.30 to approx. 1 pm CET

The conferences can be followed by telephone or audio webcast. All dial-in and access details can be found on the Barry Callebaut website via the following links:

[Media](#)

[Analysts/Institutional Investors](#)

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Group key figures for the first half of fiscal year 2013/14 – from continuing operations

		Change in %		6 months up to Feb 28, 2014	6 months up to Feb 28, 2013
		in local currencies	in CHF		
Key figures for the total business					
Sales volume	Tonnes		17.6	876,297	745,256
Sales revenue	CHF m	23.5	21.5	2,906.9	2,391.6
EBITDA	CHF m	19.1	17.3	259.5	221.2
Operating profit (EBIT)	CHF m	16.8	15.3	201.7	174.9
Net profit	CHF m	3.1	2.7	119.6	116.5
Net profit for the period (incl. discontinued operations)	CHF m	8.9	8.3	119.6	110.4
Key figures – on stand-alone basis					
Sales volume	Tonnes		3.1	768,352	745,256
Sales revenue	CHF m	7.2	5.5	2,523.3	2,391.6
Gross profit	CHF m	13.1	11.3	397.8	357.3
Operating profit (EBIT)	CHF m	10.2	8.8	190.4	174.9
EBIT per tonne	CHF	6.9	5.6	247.8	234.7
By Region – for the total business					
Europe					
Sales volume	Tonnes		0.3	378,645	377,458
Sales revenue	CHF m	9.8	10.2	1,307.0	1,186.2
EBITDA	CHF m	7.3	7.4	154.1	143.5
Operating profit (EBIT)	CHF m	5.9	6.1	135.7	127.9
Americas					
Sales volume	Tonnes		8.5	217,517	200,434
Sales revenue	CHF m	10.9	7.3	608.8	567.2
EBITDA	CHF m	18.9	15.3	70.0	60.7
Operating profit (EBIT)	CHF m	23.2	20.3	59.9	49.8
Asia-Pacific					
Sales volume	Tonnes		11.0	34,324	30,915
Sales revenue	CHF m	18.6	11.2	131.3	118.1
EBITDA	CHF m	4.1	1.6	18.5	18.2
Operating profit (EBIT)	CHF m	2.0	0.7	15.1	15.0
Global Cocoa					
Sales volume	Tonnes		80.1	245,811	136,449
Sales revenue	CHF m	69.6	65.3	859.8	520.1
EBITDA	CHF m	72.8	68.1	58.7	34.9
Operating profit (EBIT)	CHF m	78.7	72.2	34.1	19.8
By Product Group – for the total business					
Sales Volume	Tonnes		17.6	876,297	745,256
Cocoa Products	Tonnes		80.1	245,811	136,449
Food Manufacturers Products	Tonnes		3.1	540,867	524,738
Gourmet & Specialties Products	Tonnes		6.6	89,619	84,069
Sales Revenue	CHF m	23.5	21.5	2,906.9	2,391.6
Cocoa Products	CHF m	69.6	65.3	859.8	520.1
Food Manufacturers Products	CHF m	11.4	10.0	1,600.0	1,455.1
Gourmet & Specialties Products	CHF m	8.3	7.4	447.1	416.4