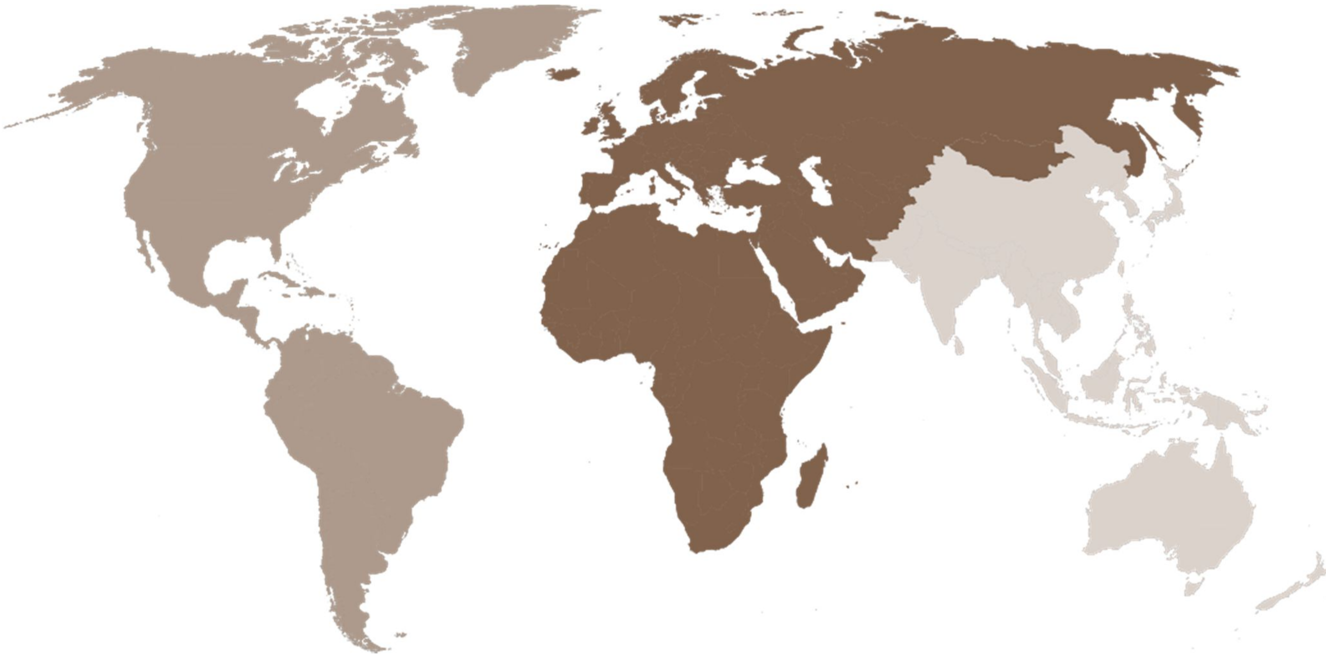
Half-Year Results
2015/16

“We are the heart and engine of the chocolate and cocoa industry”

BARRY CALLEBAUT

Half-Year Results 2015/16 in brief

- Sales volume up +4.5%
- Broad-based sales volume growth in chocolate, significantly outperforming the market[1], while intentionally phasing out less profitable contracts in cocoa
- EBIT CHF 200.7 million, stable (–0.3%) in local currencies (–8.4% in CHF), impacted by weak cocoa products market
- Focus on cash generation paying off: Free cash flow[2] of CHF 220.4 million, net working capital down –11.8%, net debt down –14.1%
- Mid-term financial targets confirmed[3]



	EMEA	Americas	Asia Pacific	Global Cocoa
Volume growth vs. prior year in tonnes	+6.5%	+13.4%	+12.6%	(7.8%)
EBIT growth vs. prior year in local currencies	+1.3%	+4.3%	+20.7%	(29.9%)

1 Volume decreased globally –2.6%. Source: Nielsen, September 2015–February 2016.
2 Net cash flow from operating activities./.Net cash flow from investing activities.
3 On average for the 3-year period 2015/16–2017/18: 4-6% volume growth and EBIT above volume growth in local currencies, barring any major unforeseen events.

Letter to Shareholders

Dear Shareholders,

In the first six months of fiscal year 2015/16, we again significantly outperformed a slightly improving, but still weak global chocolate confectionery market[1].

We have achieved solid results despite very challenging market conditions. Our volume growth shows a consistent, strong performance.

Our bottom-line reflects the predicted negative impact of the weak cocoa products market and a significant negative currency translation effect[2] as well as some restructuring costs.

Our focus on "smart growth" is gaining traction. This is all very much in line with our expectations.

Solid volume growth, strong cash delivery

Our volume growth of 4.5% was driven by the chocolate business across all Regions. All key growth drivers contributed positively. In the Global Cocoa business, sales to third parties were intentionally reduced and less profitable contracts are being progressively phased out.

Our sales revenue grew by 11.7% in local currencies (5.6% in CHF) to CHF 3,424.3 million.

Operating profit (EBIT) in local currencies was almost flat at CHF 200.7 million due to a significant negative currency translation effect resulting mainly from the strength of the Swiss franc against the Euro and some emerging market currencies.

Compared to the prior year, our cash generation has significantly improved. Net working capital decreased by 11.8%, capital expenditure was lower, and consequently net debt was down by 14.1%. As a result, free cash flow significantly improved to CHF 220.4 million.

Further implementing our proven strategy

We can again report positive developments on all four of our strategic pillars Expansion, Innovation, Cost Leadership, and Sustainable Cocoa:

Expansion

We closed the acquisition of the commercial beverages vending activities of FrieslandCampina Kievit, making us a leading supplier of vending powder mixes. We also signed outsourcing agreements with two local players in Eastern European markets, proving the potential of outsourcing in emerging markets.

Innovation

We "crafted and co-created" the chocolate experiences of tomorrow with our customers at the important trade shows FIE in Paris, France, and ISM in Cologne, Germany. We also presented three product novelties: Caramel Doré (premium Belgian caramelized chocolate), Choc37.9 (heat-resistant) and Happy Chocolate (with proven health benefits).

Cost Leadership

We completed the announced downsizing of our cocoa manufacturing footprint in Asia Pacific (Thailand and Malaysia) as part of the Cocoa Leadership project. We continue to bundle transactional activities across Europe in our Shared Service Center (SSC) in Łódz, Poland, and to further expand it.

1 Volume decreased globally –2.6%. Source: Nielsen, September 2015–February 2016.
2 When translating local results back into our reporting currency Swiss franc.

Letter to Shareholders

Sustainable Cocoa

In response to growing customer demand for sustainable and traceable ingredients, we switched the production of Crema dell'Artigiano™ and Tintoretto™, two of our most popular fillings for bakery and confectionery products, from RSPO mass balance to RSPO fully segregated palm products as of January 2016.

Continued focus on smart growth

We have started to take decisive action by gradually phasing out less profitable contracts in cocoa as part of our commitment to "smart growth", i.e. a balance between volume growth and enhanced profitability as well as cash flow generation.

Outlook

For the second half of the fiscal year 2015/16, we are optimistic for our chocolate business and expect to see a continued above-market growth.

As forecast, the year will remain challenging from a profitability point of view due to the current cocoa products market. We will continue to focus on putting "smart growth" into action and on transforming our cocoa business in order to restore its EBIT per tonne.

We are pleased to see that our actions are beginning to bear fruit. We confirm our mid-term financial targets[3].

April 6, 2016

Andreas Jacobs
Chairman of the Board

Antoine de Saint-Affrique
Chief Executive Officer

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

Letter to Shareholders

“We have achieved solid results despite very challenging market conditions. Our focus on ‘smart growth’ is gaining traction.”

Antoine de Saint-Affrique, CEO

“Our half-year results are very much in line with our expectations.”

Andreas Jacobs, Chairman of the Board

Key Figures (Unaudited)

Consolidated Income Statement

for the 6-month period ended February 29/28,		Change (%) in local currencies	Change (%) in CHF	2016	2015
Sales volume	Tonnes		4.5%	933,327	893,437
Sales revenue	CHF m	11.7%	5.6%	3,424.3	3,244.2
Gross profit	CHF m	4.7%	(1.9%)	437.9	446.2
EBITDA[1]	CHF m	3.0%	(4.7%)	270.9	284.3
Operating profit (EBIT)	CHF m	(0.3%)	(8.4%)	200.7	219.2
Net profit for the period[2]	CHF m	(12.5%)	(18.5%)	107.9	132.4
Cash flow[3]	CHF m	18.1%	10.4%	289.8	262.6
Free cash flow[4]	CHF m	(246.7%)	(254.3%)	220.4	(142.8)
EBIT per tonne[5]	CHF	(4.5%)	(12.4%)	215.0	245.3

Consolidated Balance Sheet

as of February 29/28,			2016	2015
Total assets	CHF m	1.4%	5,509.9	5,433.4
Net working capital[6]	CHF m	(11.8%)	1,382.3	1,566.6
Non-current assets	CHF m	5.3%	2,253.4	2,139.5
Net debt	CHF m	(14.1%)	1,538.2	1,790.6
Shareholders' equity[7]	CHF m	8.3%	1,792.4	1,654.4

Shares

for the 6-month period ended February 29/28,			2016	2015
Share price (end of period)	CHF	6.4%	1,052.0	988.5
EBIT per share[8]	CHF	(8.4%)	36.6	39.9
Basic earnings per share[9]	CHF	(19.7%)	19.4	24.1
Cash earnings per share[10]	CHF	10.4%	52.8	47.9

Other

as of February 29/28,	2016	2015
Employees	9,778	9,381

1 EBIT + depreciation of property, plant and equipment + amortization of intangibles.
2 Incl. non-controlling interest.
3 Operating cash flow before working capital changes.
4 Net cash flow from operating activities./.Net cash flow from investing activities.
5 EBIT/sales volume.
6 Includes current assets, liabilities and provisions related to commercial activities.
7 Total equity attributable to the shareholders of the parent company.
8 EBIT/basic shares outstanding.
9 Based on the net profit from continuing operations attributable to the shareholders of the parent company/basic shares outstanding.
10 Operating cash flow before working capital changes/basic shares outstanding.

Key Figures (Unaudited)

By Region

for the 6-month period ended February 29/28,		Change (%) in local currencies	Change (%) in CHF	2016	2015
EMEA					
Sales volume	Tonnes		6.5%	411,881	386,730
Sales revenue	CHF m	10.7%	2.5%	1,405.0	1,370.9
EBITDA	CHF m	2.5%	(6.7%)	166.4	178.3
Operating profit (EBIT)	CHF m	1.3%	(8.1%)	144.4	157.2
Americas					
Sales volume	Tonnes		13.4%	251,151	221,568
Sales revenue	CHF m	9.5%	11.9%	817.4	730.6
EBITDA	CHF m	11.4%	9.9%	87.0	79.2
Operating profit (EBIT)	CHF m	4.3%	4.6%	70.4	67.3
Asia Pacific					
Sales volume	Tonnes		12.6%	40,888	36,326
Sales revenue	CHF m	11.2%	10.4%	161.8	146.5
EBITDA	CHF m	15.1%	12.3%	22.2	19.8
Operating profit (EBIT)	CHF m	20.7%	17.2%	18.4	15.7
Global Cocoa					
Sales volume	Tonnes		(7.8%)	229,407	248,813
Sales revenue	CHF m	14.6%	4.4%	1,040.1	996.2
EBITDA	CHF m	(11.5%)	(20.3%)	37.7	47.3
Operating profit (EBIT)	CHF m	(29.9%)	(45.1%)	11.3	20.6

By Product Group

for the 6-month period ended February 29/28,		Change (%) in local currencies	Change (%) in CHF	2016	2015
Sales volume					
Cocoa Products	Tonnes		(7.8%)	229,407	248,813
Food Manufacturers Products	Tonnes		9.5%	601,858	549,600
Gourmet & Specialties Products	Tonnes		7.4%	102,062	95,024
Sales revenue					
Cocoa Products	CHF m	14.6%	4.4%	1,040.1	996.2
Food Manufacturers Products	CHF m	10.2%	6.3%	1,871.5	1,761.3
Gourmet & Specialties Products	CHF m	10.8%	5.3%	512.7	486.7

Financial review of the half-year results for fiscal year 2015/16

Consolidated Income Statement[1]

Broad-based volume growth in Chocolate outperforming the market, phasing out less profitable contracts in Cocoa

Sales volume reached 933,327 tonnes, representing an increase of 4.5%. This is the result of a strong broad-based volume growth in the Group's chocolate business to which all regions and product groups including all strategic focus areas – Outsourcing, Emerging markets and Gourmet & Specialties – contributed. On the other hand, the Group's Global Cocoa business recorded a volume decline. In light of a still challenging cocoa products market, sales to third parties were intentionally reduced and less profitable contracts – including some long-term agreements on ingredients – were not extended and thus are being progressively phased out.

Sales revenue grew by +11.7% in local currencies (+5.6% in CHF) to CHF 3,424.3 million, representing an even higher growth than volume. This is mainly due to increased sales of higher value products and price increases for ingredients which the Group largely passes on to its customers based on its cost plus business model. These effects were outweighing negative currency impacts.

Gross profit amounted to CHF 437.9 million, corresponding to an increase of 4.7% in local currencies (–1.9% in CHF). Growth in local currencies is largely in line with volume growth. The Group managed to compensate the negative impact from the combined cocoa ratio with a good development on margins and product mix in its chocolate business. This is a result of the strategic focus on this area.

Marketing and sales expenses grew by 2.2% to CHF 66.0 million, as the Group further invested in promoting its global Gourmet brands and in expanding the distribution and sales networks, in particular in emerging markets. The group also broadened its range of specialty products in the Food Manufacturers business.

General and administration expenses increased by 1.1% to CHF 167.8 million. This increase was driven by the Group's overall business growth and investments in structures and processes, partly offset by positive translation effects.

Other income of CHF 3.4 million was recorded, compared to CHF 9.4 million in the prior year period. This position includes operating, but non-sales-related income, such as sales of waste products, insurance refunds and third-party income from the Group's Training Center. The prior year also included some non-recurring items.

Other expenses augmented from CHF 5.9 million in the prior year period to CHF 6.8 million. This year's amount is to a large extent related to restructuring costs in connection with the Cocoa Leadership project. As in prior year, the position also includes severance payments and litigation costs.

Operating profit (EBIT) amounted to CHF 200.7 million, stable compared to prior year in local currencies (–0.3%). In CHF, there was a decline of –8.4%, largely resulting

1 Comparables refer to the prior-year period unless otherwise stated.

Financial review

from translation effects due the strengthening of the Swiss Franc versus the Euro and some emerging market currencies compared to the same period in prior year.

Finance income declined from CHF 4.1 million to CHF 1.8 million due to a reduced foreign currency exchange result.

Finance costs rose from CHF 62.9 million to CHF 69.9 million, mainly as a result of higher exchange losses related to the hedging of debt in foreign currencies, increased commitment fees and higher banking charges.

Income tax expenses amounted to CHF 24.7 million compared to CHF 28.1 million in the prior year period. The Group's effective tax rate was at 18.6% compared to 17.5% in the prior year period, which results from a continued deterioration of the tax mix and lower tax losses carried forward available for usage or first-time recognition as deferred tax asset.

Net profit for the period decreased from CHF 132.4 million to CHF 107.9 million (–12.5% in local currencies; –18.5% in CHF).

Consolidated Balance Sheet and financing structure[2]

Reduced net working capital and net debt as a result of the Group's working capital initiative

Net working capital decreased by 11.8% from CHF 1,566.6 million in the prior year period to CHF 1,382.3 million despite the Group's growth. This is on the one hand the result of the Group's working capital initiative in combination with the effect of the later arrival of the cocoa main crop leading to a lower volume of inventories. On the other hand, the increase of trade payables and other liabilities by far outweighed the increase of receivables and net derivative assets. Compared to the net working capital of CHF 1,529.7 million at the end of August 2015, inventories slightly increased as a result of seasonality effects. These were more than compensated for by the decrease of the other components of net working capital, in particular the increase of current liabilities.

Net debt amounted to CHF 1,538.2 million, down by 14.1% from CHF 1,790.6 million in the prior year period. The decrease was mainly driven by lower financing needs related to working capital and capital expenditures.

Total assets grew by 1.4% from CHF 5,433.4 million in the prior year period to CHF 5,509.9 million mainly as a result of a higher cash balance and long-term assets, partly compensated by the reduced working capital.

Shareholders' equity increased to CHF 1,792.4 million compared to CHF 1,654.4 million in the prior year period, largely in line with the excess of net profit generated over the 12-month period over the dividend paid out. Compared to August 31, 2015, shareholders' equity increased by CHF 19.6 million which largely corresponds to the excess of net profit for the period over the dividend to the shareholders recorded during the period.

2 Comparables refer to the prior-year period unless otherwise stated.

Financial review

Consolidated Cash Flow Statement[3]

Focus on cash generation paying off in increased operating and free cash flow

Operating cash flow before working capital changes increased by 10.3% to CHF 289.8 million.

Net cash flow from operating activities amounted to an inflow of CHF 312.4 million compared to CHF 9.6 million in the prior year period. The strong increase is mainly due to the working capital changes as mentioned above, partly attributable to the Group's increased focus on working capital and free cash flow generation. On the other hand the negative net working capital development partly driven by the high cocoa bean price resulted in a cash drain in the comparable period in prior year.

Net cash flow from investing activities came in at CHF -92.0 million, a decrease of 39.6% compared to CHF -152.4 million in prior year. This is mainly the result of an increased discipline related to capital expenditures leading to lower investments in property, plant and equipment as well as a lower cash-out for deposits than in the comparison period.

As a result, **free cash flow** significantly improved to CHF 220.4 million whereas the comparable period in prior year resulted in an outflow of CHF -142.8 million.

Net cash inflow from financing activities of CHF -52.3 million was recorded compared to CHF 131.2 million in the prior year period. The decrease is mainly related to repayment of debt in light of lower financing needs for working capital compared to the year before.

3 Comparables refer to the prior-year period unless otherwise stated.

Consolidated Interim Financial Statements

Consolidated Income Statement (unaudited)

for the 6-month period ended February 29/28,	2016	2015
in million CHF		
Revenue from sales and services	**3,424.3**	**3,244.2**
Cost of goods sold	(2,986.4)	(2,798.0)
Gross profit	**437.9**	**446.2**
Marketing and sales expenses	(66.0)	(64.6)
General and administration expenses	(167.8)	(165.9)
Other income	3.4	9.4
Other expenses	(6.8)	(5.9)
Operating profit (EBIT)	**200.7**	**219.2**
Finance income	1.8	4.1
Finance costs	(69.9)	(62.9)
Share of result of equity-accounted investees, net of tax	–	0.1
Profit before income taxes	**132.6**	**160.5**
Income tax expenses	(24.7)	(28.1)
Net profit for the period	**107.9**	**132.4**
of which attributable to:		
shareholders of the parent company	106.8	132.3
non-controlling interest	1.1	0.1
Earnings per share		
Basic earnings per share (CHF/share)	19.46	24.11
Diluted earnings per share (CHF/share)	19.37	24.00

Consolidated Interim Financial Statements

Consolidated Statement of Comprehensive Income (unaudited)

for the 6-month period ended February 29/28,	2016	2015
in million CHF		
Net profit for the period	**107.9**	**132.4**
Currency translation adjustments	25.6	(163.0)
Cash flow hedges	(19.2)	9.3
Tax effect on cash flow hedges	9.6	(1.4)
Items that may be reclassified subsequently to the income statement	**16.0**	**(155.1)**
Remeasurement of defined benefit plans	(23.4)	(27.8)
Tax effect on remeasurement of defined benefit plans	0.2	0.9
Items that will never be reclassified to the income statement	**(23.2)**	**(26.9)**
Other comprehensive (loss)/income for the period, net of tax	**(7.2)**	**(182.0)**
Total comprehensive income for the period	**100.7**	**(49.6)**
of which attributable to:		
shareholders of the parent company	99.7	(49.6)
non-controlling interest	1.0	–

Consolidated Interim Financial Statements

Consolidated Balance Sheet (unaudited)

Assets

as of	Feb 29, 2016	Aug 31, 2015	Feb 28, 2015
in million CHF			
Current assets			
Cash and cash equivalents	282.5	125.2	70.3
Short-term deposits	1.1	2.2	22.5
Trade receivables and other current assets	907.4	971.9	857.4
Inventories	1,695.2	1,629.8	1,821.9
Income tax receivables	4.1	16.3	11.4
Derivative financial assets	366.2	498.5	510.4
Total current assets	**3,256.5**	**3,243.9**	**3,293.9**
Non-current assets			
Property, plant and equipment	1,221.1	1,184.5	1,171.1
Equity-accounted investees	1.0	0.9	0.9
Intangible assets	907.7	896.1	865.5
Deferred tax assets	115.7	98.8	92.2
Other non-current assets	7.9	5.2	9.8
Total non-current assets	**2,253.4**	**2,185.5**	**2,139.5**
Total assets	**5,509.9**	**5,429.4**	**5,433.4**

Liabilities and equity

as of	Feb 29, 2016	Aug 31, 2015	Feb 28, 2015
in million CHF			
Current liabilities			
Bank overdrafts	22.8	33.3	20.4
Short-term debt	598.3	645.9	482.1
Trade payables and other current liabilities	1,242.7	1,061.0	1,044.9
Income tax liabilities	55.7	43.7	49.2
Derivative financial liabilities	327.1	453.7	546.9
Provisions	8.5	9.3	5.8
Total current liabilities	**2,255.1**	**2,246.9**	**2,149.3**
Non-current liabilities			
Long-term debt	1,200.7	1,176.2	1,380.9
Employee benefit obligations	173.8	149.3	166.8
Provisions	5.2	4.5	6.3
Deferred tax liabilities	62.1	59.6	56.3
Other non-current liabilities	5.3	5.8	6.4
Total non-current liabilities	**1,447.1**	**1,395.4**	**1,616.7**
Total liabilities	**3,702.2**	**3,642.3**	**3,766.0**
Equity			
Share capital	102.1	102.1	102.1
Retained earnings and other reserves	1,690.3	1,670.7	1,552.3
Total equity attributable to the shareholders of the parent company	**1,792.4**	**1,772.8**	**1,654.4**
Non-controlling interest	15.3	14.3	13.0
Total equity	**1,807.7**	**1,787.1**	**1,667.4**
Total liabilities and equity	**5,509.9**	**5,429.4**	**5,433.4**

Consolidated Interim Financial Statements

Condensed Consolidated Statement of Cash Flows (unaudited)

for the 6-month period ended February 29/28,	2016	2015
in million CHF		
Profit before income taxes	132.6	160.5
Non-cash items of income and expenses	157.2	102.1
Operating cash flow before working capital changes	**289.8**	**262.6**
(Increase)/decrease in working capital	58.1	(210.8)
(Interest paid)	(31.9)	(31.9)
(Income taxes paid)	(3.6)	(10.3)
Net cash from operating activities	**312.4**	**9.6**
Purchase of property, plant and equipment	(73.6)	(110.8)
Proceeds from sale of property, plant and equipment	1.1	0.7
Purchase of intangible assets	(17.6)	(17.6)
Proceeds from sale of intangible assets	0.1	–
Acquisition of subsidiaries/businesses net of cash acquired	–	0.3
Other investing cash flows	(2.0)	(25.0)
Net cash flow from investing activities	**(92.0)**	**(152.4)**
Net cash flow from financing activities	**(52.3)**	**131.2**
Effect of exchange rate changes on cash and cash equivalents	(0.2)	(6.4)
Net increase (decrease) in cash and cash equivalents	**167.9**	**(18.0)**
Cash and cash equivalents at beginning of period	91.9	67.9
Cash and cash equivalents at end of period	259.8	49.9
Net increase (decrease) in cash and cash equivalents	**167.9**	**(18.0)**
Cash and cash equivalents	282.5	70.3
Bank overdrafts	(22.7)	(20.4)
Cash and cash equivalents as defined for the cash flow statement	**259.8**	**49.9**

Consolidated Interim Financial Statements

Consolidated Statement of Changes in Equity (unaudited)

Attributable to the shareholders of the parent company	Share capital	Treasury shares	Retained earnings	Hedging reserves	Cumulative translation adjustment	Total	Non-controlling interest	Total equity
in million CHF								
as of August 31, 2014	**102.1**	**(11.4)**	**2,145.1**	**(7.0)**	**(438.1)**	**1,790.7**	**5.0**	**1,795.7**
Impact of change in accounting policy (IFRS 9), net of tax	–	–	(2.2)	–	–	(2.2)	–	(2.2)
as of September 1, 2014	**102.1**	**(11.4)**	**2,142.9**	**(7.0)**	**(438.1)**	**1,788.5**	**5.0**	**1,793.5**
Currency translation adjustments	–	–	–	–	(162.9)	(162.9)	(0.1)	(163.0)
Effect of cash flow hedges	–	–	–	9.3	–	9.3	–	9.3
Tax effect on cash flow hedges	–	–	–	(1.4)	–	(1.4)	–	(1.4)
Items that may be reclassified subsequently to the income statement	**–**	**–**	**–**	**7.9**	**(162.9)**	**(155.0)**	**(0.1)**	**(155.1)**
Remeasurement of defined benefit plans	–	–	(27.8)	–	–	(27.8)	–	(27.8)
Tax effect on remeasurement of defined benefit plans	–	–	0.9	–	–	0.9	–	0.9
Items that will never be reclassified to the income statement	**–**	**–**	**(26.9)**	**–**	**–**	**(26.9)**	**–**	**(26.9)**
Other comprehensive income, net of tax	**–**	**–**	**(26.9)**	**7.9**	**(162.9)**	**(181.9)**	**(0.1)**	**(182.0)**
Net profit for the period	–	–	132.3	–	–	132.3	0.1	132.4
Total comprehensive income for the period	**–**	**–**	**105.4**	**7.9**	**(162.9)**	**(49.6)**	**–**	**(49.6)**
Dividend to shareholders	–	–	(85.1)	–	–	(85.1)	–	(85.1)
Capital reduction and repayment	–	–	–	–	–	–	–	–
Movements of non-controlling interest	–	–	–	–	–	–	8.0	8.0
Capital increase	–	–	–	–	–	–	–	–
Purchase of treasury shares	–	(6.4)	–	–	–	(6.4)	–	(6.4)
Equity-settled share-based payments	–	16.2	(9.2)	–	–	7.0	–	7.0
as of February 28, 2015	**102.1**	**(1.6)**	**2,154.0**	**0.9**	**(601.0)**	**1,654.4**	**13.0**	**1,667.4**
as of September 1, 2015	**102.1**	**(11.6)**	**2,284.4**	**(9.9)**	**(592.2)**	**1,772.8**	**14.3**	**1,787.1**
Currency translation adjustments	–	–	–	–	25.7	25.7	(0.1)	25.6
Effect of cash flow hedges	–	–	–	(19.2)	–	(19.2)	–	(19.2)
Tax effect on cash flow hedges	–	–	–	9.6	–	9.6	–	9.6
Items that may be reclassified subsequently to the income statement	**–**	**–**	**–**	**(9.6)**	**25.7**	**16.1**	**(0.1)**	**16.0**
Remeasurement of defined benefit plans	–	–	(23.4)	–	–	(23.4)	–	(23.4)
Tax effect on remeasurement of defined benefit plans	–	–	0.2	–	–	0.2	–	0.2
Items that will never be reclassified to the income statement	**–**	**–**	**(23.2)**	**–**	**–**	**(23.2)**	**–**	**(23.2)**
Other comprehensive income, net of tax	**–**	**–**	**(23.2)**	**(9.6)**	**25.7**	**(7.1)**	**(0.1)**	**(7.2)**
Net profit for the period	–	–	106.8	–	–	106.8	1.1	107.9
Total comprehensive income for the period	**–**	**–**	**83.6**	**(9.6)**	**25.7**	**99.7**	**1.0**	**100.7**
Dividend to shareholders	–	–	(79.6)	–	–	(79.6)	–	(79.6)
Capital reduction and repayment	–	–	–	–	–	–	–	–
Movements of non-controlling interest	–	–	–	–	–	–	–	–
Capital increase	–	–	–	–	–	–	–	–
Purchase of treasury shares	–	(6.9)	–	–	–	(6.9)	–	(6.9)
Equity-settled share-based payments	–	13.8	(7.4)	–	–	6.4	–	6.4
as of February 29, 2016	**102.1**	**(4.7)**	**2,281.0**	**(19.5)**	**(566.5)**	**1,792.4**	**15.3**	**1,807.7**

Consolidated Interim Financial Statements

Summary of Accounting Policies

General information
Barry Callebaut AG ("the Company") is incorporated under Swiss law. The address of the registered office is Pfingstweidstrasse 60, Zurich. The Company is listed on the SIX Swiss Exchange.

These condensed unaudited Consolidated Interim Financial Statements were approved for issue by the Board of Directors on April 4, 2016.

Basis of presentation and accounting policies
The condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting. The accounting policies applied in these condensed Consolidated Interim Financial Statements correspond to those pertaining to the most recent annual Consolidated Financial Statements for the fiscal year 2014/15.

Changes in accounting policies
IFRS 15 – Revenue Recognition
The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: Revenue may be recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the good or service is transferred to the customer. For complex transactions with multiple components and/or variable amounts of consideration, or when the work is carried out under contract for an extended period of time, applying the standard may lead to revenue being accelerated or deferred in comparison with current requirements. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. IFRS 15 will become effective for financial year 2018/19. Potential impacts on the Group's Consolidated Financial Statements have not yet been fully assessed.

IFRS 16 – Leasing
The new standard was issued on January 13, 2016, and will replace IAS 17 Leases. The biggest change introduced by the new Standard is that leases will be brought onto companies' balance sheets, increasing the visibility of their assets and liabilities. IFRS 16 removes the classification of leases as either operating leases or finance leases, treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the requirements. IFRS 16 will become effective for financial year 2019/20. Potential impacts on the Group's Consolidated Financial Statements have not yet been fully assessed.

Other amendments to IFRS/IAS
A number of other standards have been amended on miscellaneous points. Some of these amendments are effective for this fiscal year, but did not have a material impact on the Group's Financial Statements.

Use of judgment and estimates
The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The actual results may differ from these estimates. In the reporting period, apart from the adapta-

Consolidated Interim Financial Statements

tions mentioned above, the Group has not made significant changes to its judgments, estimates or assumptions established in preparation of the last annual report.

Foreign currency translation

For consolidation purposes, assets and liabilities of subsidiaries reporting in currencies other than Swiss francs are translated to Swiss francs using period end rates of exchange. Income and expenses are translated at the average rates of exchange for the period. Differences arising from the translation of financial statements using the above method are recorded as cumulative translation adjustments in other comprehensive income.

Major foreign exchange rates

for the 6-month period ended February 29/28	2016		2015	
	Closing rate	Average rate	Closing rate	Average rate
EUR	1.0891	1.0898	1.0694	1.1625
GBP	1.3817	1.4780	1.4713	1.4932
USD	0.9965	0.9901	0.9540	0.9499

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1 Segment information

Financial information by reportable segments

for the 6-month period ended February 29, 2016 in million CHF	EMEA	Americas	Asia Pacific	Global Cocoa	Total Segments	Corporate	Group
Revenues from external customers	**1,405.0**	**817.4**	**161.8**	**1,040.1**	**3,424.3**	**–**	**3,424.3**
Operating profit (EBIT)	**144.4**	**70.4**	**18.4**	**11.3**	**244.5**	**(43.8)**	**200.7**

for the 6-month period ended February 28, 2015 in million CHF	Europe	Americas	Asia Pacific	Global Cocoa	Total Segments	Corporate	Group
Net revenue	**1,370.9**	**730.6**	**146.5**	**996.2**	**3,244.2**	**–**	**3,244.2**
Operating profit (EBIT)	**157.2**	**67.3**	**15.7**	**20.6**	**260.8**	**(41.6)**	**219.2**

Revenue by geographic regions is stated by customer location.

Segment Information by Product Group

for the 6-month period ended February 29/28, in million CHF	2016	2015
Cocoa Products	1,040.1	996.2
Food Manufacturers	1,871.5	1,761.3
Gourmet & Specialties	512.7	486.7
Revenues from external customers	**3,424.3**	**3,244.2**

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2 Acquisitions

On November 5, 2015, Barry Callebaut Group closed an agreement to acquire Nyonkopa Cocoa Buying Company Limited in Ghana. Nyonkopa is among the top ten private Licensed Buying Companies in Ghana authorized by the Ghana Cocoa Board (COCOBOD) to buy cocoa from farmers and to sell it to the Cocoa Marketing Company of the COCOBOD. The COCOBOD oversees the cocoa sector in Ghana, including quality control, sales and marketing. Nyonkopa will be integrated into the Biolands Group, Barry Callebaut's direct sourcing organization, so far present in Côte d'Ivoire and Tanzania.

The consideration transferred was CHF 0.7 million, thereof CHF 0.2 million fully paid in cash. The remaining CHF 0.5 million will be paid out subject to certain Key Performance Indicators. If those Key Performance Indicators are not met, the CHF 0.5 million shall not become due and payable. As of February 29, 2016, the group assesses that the Key Performance Indicators will be fulfilled.

The acquisition-related costs, in the amount of CHF 0.1 million were expensed (included in General and administration expenses).

in million CHF	Feb 29, 2015
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	0.8
Non-current assets	0.1
Current liabilities	(1.3)
Non-current liabilities	–
Total identifiable net assets	**(0.4)**
Goodwill	1.1
Total consideration at fair value	**0.7**
thereof:	
Cash paid	0.2
Consideration deferred	0.5

The goodwill of CHF 1.1 million arising from the acquisition is attributable to the value created by the integration of the business into the Group's existing business, such as improved access to Ghanaian farmers at farm level and the possibility to source directly from them and provide the farmers with farm services. This is in line with Barry Callebaut's strategy to make cocoa farming more sustainable and attractive to farmers and the approach to focus on farmer productivity and community development. The goodwill has been allocated to Region Global Cocoa.

The revenue included in the Consolidated Income Statement since November 5, 2015, contributed by Nyonkopa was CHF 19.9 million. Nyonkopa has also contributed CHF 0.9 million to net profit over the same period. Had Nyonkopa been consolidated from September 1, 2015, it would have contributed revenue of CHF 20.3 million and net profit for the fiscal year of CHF 0.8 million to the Consolidated Income Statement.

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3 Other selected explanatory financial information

Fair value hierarchy of financial instruments measured at fair value

The fair value measurement of some derivatives requires assumptions and management's assessment of certain market parameters. Whenever possible, fair valuation is based on market prices. If required, a valuation model (including discounted cash flows, dealer or supplier quotes for similar instruments or recent arm's-length transactions) is used which takes into account the specific characteristics of the underlying assets or commodities such as the cost of carry, differentials for the properties and technical ratios reflecting production yield.

Carrying amount and fair value of each class of financial asset and liability are presented in the table below.

as of February 29, 2016	Financial assets (mandatorily) measured at fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities (mandatorily) measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
in million CHF						
Cash and cash equivalents	–	282.5	–	–	282.5	282.5
Short-term deposits	–	1.1	–	–	1.1	1.1
Trade receivables	68.9	352.6	–	–	421.5	421.5
Derivative financial assets	366.2	–	–	–	366.2	366.2
Other assets	–	184.2	–	–	184.2	184.2
Total assets	**435.1**	**820.4**	**–**	**–**	**1,255.5**	**1,255.5**
Bank overdrafts	–	–	–	22.8	22.8	22.8
Short-term debt	–	–	–	598.3	598.3	598.3
Trade payables	–	–	–	646.9	646.9	646.9
Derivative financial liabilities	–	–	327.1	–	327.1	327.1
Long-term debt	–	–	–	1,200.7	1,200.7	1,296.6
Other liabilities	–	–	–	479.0	479.0	479.0
Total liabilities	**–**	**–**	**327.1**	**2,947.7**	**3,274.8**	**3,370.7**

as of August 31, 2015	Financial assets (mandatorily) measured at fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities (mandatorily) measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
in million CHF						
Cash and cash equivalents	–	125.2	–	–	125.2	125.2
Short-term deposits	–	2.2	–	–	2.2	2.2
Trade receivables	73.9	344.9	–	–	418.8	418.8
Derivative financial assets	498.5	–	–	–	498.5	498.5
Other assets	–	148.1	–	–	148.1	148.1
Total assets	**572.4**	**620.4**	**–**	**–**	**1,192.8**	**1,192.8**
Bank overdrafts	–	–	–	33.3	33.3	33.3
Short-term debt	–	–	–	645.9	645.9	645.9
Trade payables	–	–	–	652.0	652.0	652.0
Derivative financial liabilities	–	–	453.7	–	453.7	453.7
Long-term debt	–	–	–	1,176.2	1,176.2	1,300.6
Other liabilities	–	–	–	238.1	238.1	238.1
Total liabilities	**–**	**–**	**453.7**	**2,745.5**	**3,199.2**	**3,323.6**

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Fair value hierarchy of financial instruments

The fair value measurements of financial assets and liabilities are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: The fair value is based on unadjusted, quoted prices in active markets which give the best possible objective indication for the fair value of a financial asset or liability. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's-length basis.
- Level 2: The estimation of the fair value is based on the results of a valuation model. The valuation model for commodity derivatives includes quoted prices in active markets, recent arm's-length transactions or dealer and supplier quotes adjusted for the specific characteristics of the underlying commodities such as the cost of carry, differentials for the properties and conversion yields. Corroborated market data is used for the valuation of foreign exchange and interest rate derivatives. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: The valuation models used are based on parameters and assumptions not observable on the market.

The following table summarizes the use of level with regard to financial assets and liabilities which are measured at fair value:

as of February 29, 2016	Level 1	Level 2	Level 3	Total
in million CHF				
Trade receivables	–	–	68.9	68.9
Derivative financial assets	58.9	307.3	–	366.2
Derivative financial liabilities	42.5	284.6	–	327.1
Long-term debt	1,132.8	163.8	–	1,296.6

as of August 31, 2015	Level 1	Level 2	Level 3	Total
in million CHF				
Trade receivables	–	–	73.9	73.9
Derivative financial assets	47.6	450.9	–	498.5
Derivative financial liabilities	57.7	396.0	–	453.7
Long-term debt	1,138.2	162.4	–	1,300.6

During the six-month period ended February 29, 2016, there were no transfers between the levels.

Contingencies

Barry Callebaut is not aware of any new significant litigations or other contingent liabilities compared to the situation as of August 31, 2015.

Dividends/Capital reduction and repayment

By resolution of the Annual General Meeting on December 9, 2015, the shareholders approved the proposed payment of CHF 14.50 per share, effected through a dividend payment from reserves from capital contributions. The respective payment to the shareholders took place on March 2, 2016. The Company does not intend to pay any interim dividend.

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4 Subsequent events

Barry Callebaut has strengthened its Specialties business in Europe by acquiring the commercial beverages vending activities from FrieslandCampina Kievit. The transaction also includes a long-term contract manufacturing agreement under which FrieslandCampina Kievit will continue to produce vending products for Barry Callebaut, such as the Satro Quality Drinks range, at its state-of-the-art production site in Lippstadt, Germany. Acquisition date is March 1, 2016.

As part of the Cost Leadership initiative, Barry Callebaut will continue to bundle transactional acitivities across Europe in its Shared Service Center in Łódz, Poland, and to further expand it.

Contacts & Financial calendar

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Financial calendar

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9-month key sales figures 2015/16

November 2, 2016
Full-year results 2015/16, Zurich

December 7, 2016
Annual General Meeting of Shareholders 2015/16, Zurich

Forward-looking statement
Certain statements in this report regarding the business of the Barry Callebaut Group 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", "project" and similar expressions as they relate to the company. Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors. The factors that may affect the Barry Callebaut Group's future financial results are discussed in the Annual Report 2014/15. 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 to not unduly rely on these forward-looking statements. The Barry Callebaut Group does not undertake to publish any update or revision of any forward-looking statements.

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