

Barry Callebaut

Protecting EBIT despite declining demand due to unprecedented cocoa prices

Half-Year Results, Fiscal Year 2024/25
10 April 2025



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Certain statements in this presentation regarding the business of Barry Callebaut 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,' and '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 principal risk factors that may negatively affect Barry Callebaut's future financial results are disclosed in more detail in the Annual Report 2023/24 and include, among others, general economic and (geo-)political conditions, foreign exchange fluctuations, competitive product and pricing pressures, the effect of a pandemic/epidemic, a cyber event or a natural disaster, as well as changes in tax regimes and regulatory developments. The reader is cautioned to not unduly rely on these forward-looking statements that are accurate only as of April 10, 2025. Barry Callebaut does not undertake to publish any update or revision of any forward-looking statements, except as required by law.

Playing to win as we navigate turbulent market

1

Unprecedented bean price volatility impacted customer behavior and BC's financial performance short-term

2

Enhancing our operating and financing model in the new market reality to deleverage and drive higher returns...this will take some time to be fully implemented in the market

3

Given offsetting costs from highly disruptive and volatile environment, ~12 month delay to fully reflect BC Next Level savings in the bottom line. Confirm initial plan of CHF 250 million & 75% flow through

4

Ultimately building Barry Callebaut into an even stronger leader and unlocking sustainable profitable growth

Significant impact from highly volatile bean prices

London cocoa futures (in GBP/MT)¹



Significantly higher and more volatile bean prices

- Prices almost doubled on average year on year
- Market self-corrected at ~GBP 10,000 for second time
- Exchange open interest >60% lower than in Feb 24

Increased industry operating costs

- Initial margins ~9x higher
- Stronger backwardation creates higher costs to roll short futures: >65% more expensive at the H1 peak
- Significantly higher carry costs given market prices

Surplus expected in 24/25 harvest

- ICCO expects surplus for 24/25, with 8% increase in supply
- BC secured bean supply into early 2026

H1 24/25: Obstacles and achievements

Key obstacles

- Market turbulence showed need to enhance cost-plus coverage and speed, especially for initial and variation margin financing costs
- Shifting macroeconomic landscape in U.S. temporarily paused network decisions
- Highly volatile cocoa prices led to a steep reduction in customer coverage short-term
- Negative impact from Toluca, Mexico intervention, but decisive action was needed



Key achievements

- Secured additional liquidity through Euro and Swiss bond issuances
- Strong progress on key BC Next Level initiatives
- Top-to-top meetings with key customers, with joint taskforces established
- Developed the North America network strategy
- Progress on Future Farming Initiative

**Bean price
volatility and
market
turbulence
strengthen
opportunity
for BC**



Chocolate will remain the top flavor ingredient driving consumer choice

Chocolate leads as the ingredient of choice with resilient underlying consumption trends

#1 Flavor in total Food & Beverage launches 2020-2025, with 2x more launches than #2

Source: Innova, Global, 2025

84% Share of consumers that maintained or increased chocolate consumption year-on-year

Source: Innova, Europe, October 2024

+11% 3M
+9% 12M Chocolate confectionery pricing has seen consecutive increases...

Source: Nielsen, January 2025

-2% ... with only limited category volume impact, partially a result of delistings & promotion changes

Source: Nielsen, January 2025

2.5 billion Consumers able to afford chocolate in Asia, with low per capita consumption

Source: Global consulting firm; Euromonitor

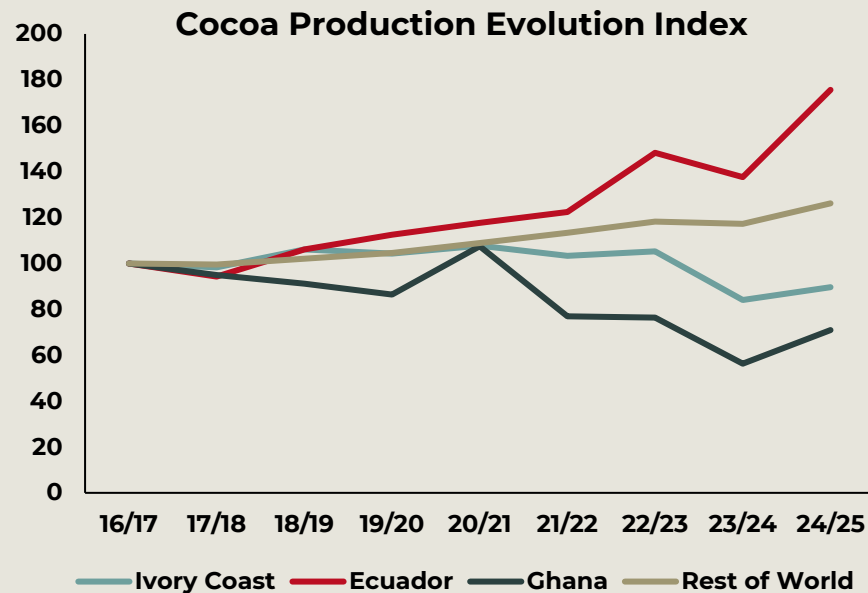
Market turbulence creates significant opportunity for BC to be an even stronger partner for customers

- **Already market leader in attractive, resilient chocolate segment**
- **Expanding full range of chocolatey experiences through compound & non-cocoa alternative offerings**
- **Unique vertically integrated global business model from cocoa to chocolate**
- **Unmatched expertise, large origin country footprint, strong R&D know-how and sustainability capabilities create significant competitive advantage**
- **Strong balance sheet and banking relationships**

BC Next Level is further strengthening our platform for growth and value creation

BC well positioned to navigate mid-term supply dynamics

Changing origin dynamics



- Declining production in Ivory Coast and Ghana
- Strong growth/new planting in Ecuador
- Low but stable growth in 5 largest other origins

BC driving change in cocoa farming

1. **North Star Strategy** focusing on smallholder farming in current origins (pre-competitive)
 - Focusing on growing incomes, increasing yields and implementing agroforestry to build climate resilience
2. **Future Farming Initiative (FFI)** scaling sustainable, high-tech cocoa farming
 - FFI to catalyze the industry and diversify geographical footprint
 - CEO now joined by very strong, experienced team fully established in Brazil
 - BoD committee established

Volatility and disruptive environment impacted H1 24/25 performance



H1 24/25 financial performance impacted by volatility, price increases and customer behavior

- **Volume -4.7% impacted by challenging market, high pricing environment and delayed customer orders. Strategic pillars showed growth**
- **EBIT recurring¹ +1.5%, while recurring¹ net profit impacted given delay in pricing through to customers and higher financing costs in an unprecedented environment**
- **Free cash flow (CHF -2,114 million) driven by the ~CHF 2 billion increase in inventory value as cocoa bean prices almost doubled**
- **Secured additional liquidity through oversubscribed EUR 1,750 million bond issuance, ensuring continued sustainable supply to customers**

High cocoa bean prices are impacting short-term customer behavior, with a knock-on effect on BC



Pricing

- Customer-retailer negotiations
- Customers adjusting promotions



Customer behavior

- Customer coverage at historic lows
- Price pack architecture and multiple pack sizes



Selective short-term actions

- Cost-effective recipe adjustments
- Compound reformulation

H1 24/25 volumes impacted by the challenging and volatile market environment, with low customer cover

	H1 volume development	Key drivers	% of Group H1 volume
Group	-4.7%		
Global Chocolate	-4.5%	Highly challenging and volatile market environment impacted customer behavior and pricing, with historically low customer coverage	80%
Food Manufacturers	-5.6%	Impacted by market dynamics with significant pricing, low customer orders and selective short-term customer behavior	66%
Gourmet	+0.7%	Resilient demand across most regions, with a recovery in Q2 24/25	14%
Global Cocoa	-5.6%	Impacted by prioritization of more profitable volume in supply constrained environment and significant cocoa bean price increases	20%

Growth in Latin America and AMEA offset by market pressure in Europe and North America

Global Chocolate sales volume: -4.5% vs. -2.4% market¹

	H1 volume growth		Key drivers	% of Group H1 volume
	BC	Market ¹		
Western Europe	-7.6%	-1.7%	Demand impacted by higher prices, customer behavior and SKU rationalization. High base of comparison, with large prior year one-off contract	32%
Central and Eastern Europe	-6.6%	-3.6%	Lower volumes for several large regional and local Food Manufacturer customers, especially in Türkiye	13%
North America	-2.3%	-4.4%	Slower demand for large Food Manufacturers and impact of restarting the Toluca, Mexico facility after taking decisive actions to temporarily shut down, which offset new customer wins	24%
Latin America	+7.5%	-0.6%	Brazil the key contributor to growth, led by innovation, compound solutions and solid Gourmet demand	3%
Asia Pacific, Middle East & Africa	+1.8%	+0.3%	Robust growth outside of China, with double-digit growth in India and Indonesia, particularly for Gourmet	8%

Importantly, strategic growth pillars continue to show resilience

1 Deepen outsourcing partnerships

- **Long-term trends amplified by new reality:** capital intensity, sustainability & specialties
- **Short-term pressure**

2 Gourmet 2.0

- **+0.7% volume** in H1 24/25, recovering to **+3.1% in Q2**
- **Broad-based growth** in CEE, AMEA and Latam
- **Resilient channel** given relative bean price component
- **Successful pilot webshop** launch in Germany and Austria

3 Scale up Specialties

- **Double-digit growth** in North America, AMEA and Latin America
- **Led by specialty coatings, fillings and inclusions**
- **Demand for specialty products to enhance consumer appeal despite high cocoa bean prices**

4 'Fair share' in AMEA

- **High single-digit growth** excluding China
- **India, Indonesia and Middle East** saw strong double-digit growth
- **Continue strengthening capabilities and route-to-market** to better serve customers

Doubling bean prices, extreme volatility and market structure create unprecedented environment for cost+



Significantly higher financing

- Speed & magnitude of bean price increase
- Delay in pass-through: Particularly financing costs related to volatile initial & variation margins



Unprecedented market costs

- Higher costs to roll short futures: >65% more
- Significantly higher carry costs
- Increased differential volatility

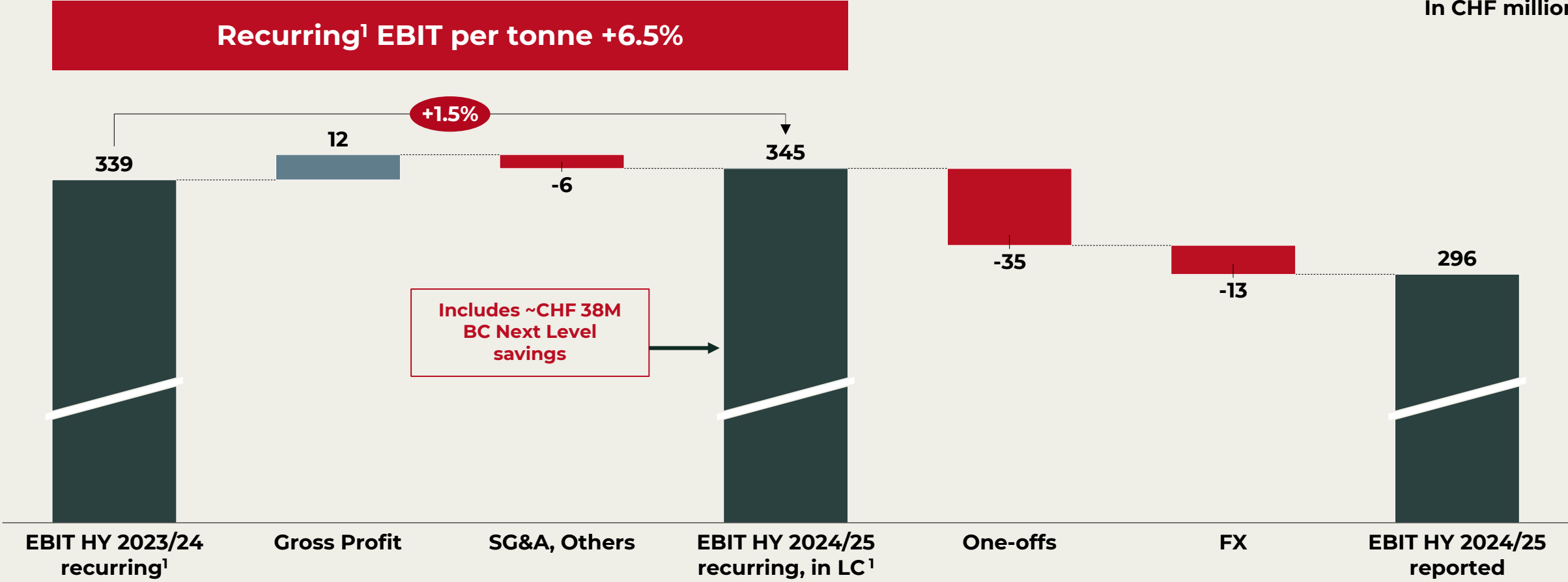


Phasing and customer behavior

- Historically low levels of customer coverage
- Gourmet pricing 3+ month
- Flexibility on contracting more impactful in new market reality

+1.5% recurring EBIT offsetting volume decline and passing through majority of significant cost increases

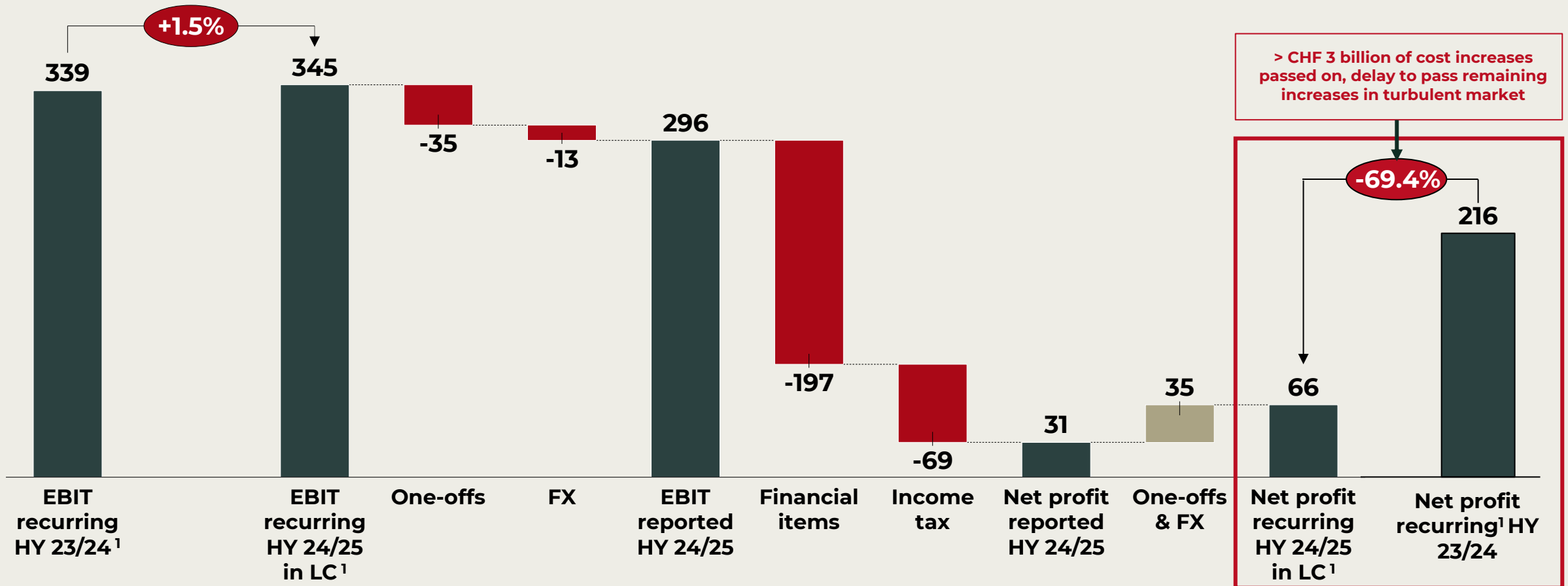
In CHF million



¹Please refer to the Half Year Report for the detailed recurring results reconciliation

Net profit impacted as cost+ not able to immediately fully pass major increases in unprecedented volatility

In CHF million



The bean market context significantly impacts industry cash requirements



High and volatile bean prices

- **+95% year-on-year**
- **H1 24/25 increase from GBP 5,332 to GBP 7,342**
- **Bean prices fluctuated by more than 100% within only 60 days**



Higher initial and variation margins

- **9x higher initial margins due to market volatility**
- **Low customer coverage leads to more variation margin exposure**



Seasonal inventory levels

- **Inventory levels always higher at H1 due to timing of bean harvest**

Secured additional liquidity with continued support from the investment community

Financing actions in H1 24/25...

- **February 2025:** Oversubscribed EUR 1,750M bond issuance, with 3-year tranche and 6.5-year tranche
- **January 2025:** CHF 300M bond issuance, with 6-year tranche and 10-year tranche
- **December 2024:** EUR 1,000M Bridge Term Loan Facility
- **October 2024:** Additional Revolving Credit Facility of EUR 620M with a tenor of 2 years

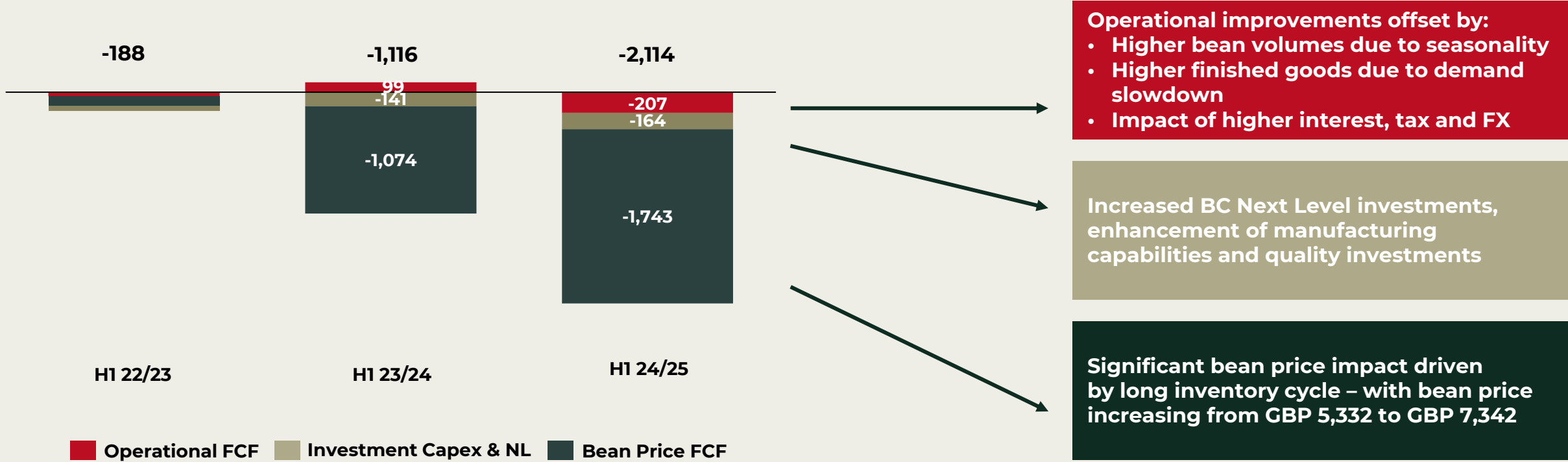


...Ensure solid liquidity position

- **Undrawn bridge term loan facility** entered into by the Group in December 2024 cancelled in full
- **RCF** fully untapped
- **Success of EUR bond allows proactive approach on upcoming maturities** in 24/25 and 25/26
- **Covenants** respected

FCF development heavily driven by the substantial bean price impact on working capital

In CHF million



Higher bean prices increased inventory valuation, resulting in higher leverage levels



Clear plan underway to drive returns and deleverage in new bean price reality

- Pricing for higher cost of capital requirements to drive ROIC
- Reducing length of working capital cycle, including through key customer collaboration
- Accelerating inventory-linked financing
- Step up from BC Next Level cost savings & capital benefits
- Capturing commercial opportunities including compound and non-cocoa alternatives

Full impact expected to be visible in 12 – 18 months

Adjusting pricing and reducing working capital cycle, including through key customer collaboration

Customer collaboration & commercial actions

- **Adapting pricing for higher cost of capital and to drive ROIC:** Passing through initial margins and variation margins to customers
- **Joint taskforces established** with key customers following top-to-top meetings since January
- **Avoiding / reducing costs for the whole supply chain:** focusing on fixing pricing and differentials earlier to reduce terminal market and financing cost exposure
- **E2E value chain** projects, e.g. demand planning improvements, contracting flexibility
- **Value pricing** opportunity through BC Next Level

Pulling all levers to shorten the cash cycle

- **Leveraging flex blending capabilities**
- **Origins with shorter cash cycles increasing supply**
- **Internal program** to drive awareness of actions across DIO, DSO, DPO across functions and regions
- **BC Next Level capital benefits:** SKU reduction and planning excellence

Progressing on BC Next Level initiatives



Important progress made on BC Next Level initiatives in H1 24/25

- **~40% run-rate cost savings** to date
- **~36% SKUs** phased out (vs. >30% target)
- **Factory footprint:** Progressing with 4 closures, starting up 2 and planning to add capacity at 2 locations
- **Social plans** completed in all global locations
- **Rightsizing & GBS** well underway with net FTE reduction and ramp up in GBS
- **Quality:** 100% Positive Product Release almost completed. Automated sampling system successfully piloted in 4 sites, started full roll-out
- **BCOS¹** launched to standardize factory operations & connect processes globally, 8 factories launched to date
- **Digital:** Designed cross-functional digital architecture, launched AI CoE and analyzed E2E processes. Strengthened digital foundation with 24/7 support, enhanced security and advanced data capabilities to drive transformation & operational resilience

In this new reality, BC Next Level is more important than ever

Ingredients
Supplier



Trusted
Chocolate Solutions
Advisor

Best-in-class Customer experience:

- Value
- Service
- Sustainability
- Quality / Food Safety

Our journey

2023/24

Building the foundation

- Announced BC Next Level
- Hardwired enabling functions
- Focused regions on Commercial

2024/25

Execute BC Next Level and fight disruption

- Delivering BC Next Level
- Accelerating digitalization
- Boosting end-to-end value stream from Cocoa to Chocolate
- Establish Callebaut Powerbrand
- Creating Compound task force
- Initial steps in non-cocoa solutions
- Launching FFI

2025/26

Stabilize and scale impact

- Deleveraging and shortening cash cycle
- Finance transformation
- Strengthening North American network
- North Star strategy in West Africa
- Building out FFI

Reprioritize and temporarily invest to navigate the unparalleled disruption

Highly disruptive & volatile environment results in 12-month delay for BC Next Level savings flow through

We are continuing to deliver on NL and related savings, while **responding to unparalleled market and supply disruption, with offsetting costs:**

- 1. Increased costs related to market volatility**
- 2. Temporary costs in supply chain expected to lap**
- 3. Additional costs in digital expected to create offsetting savings**
- 4. Aggressively advancing our supply network – Starting up in Brantford (Canada) and Neemrana (India); Planning new capacity in the U.S. and South East Asia**

Outlook & Guidance

The World's Best Chocolate Solutions



Confirming long-term strategy while adjusting FY 24/25 volume outlook in a volatile market

- **Mid single-digit decrease in sales volume** in a challenging market
- **Double-digit EBIT recurring growth** in local currencies
- **During the BC Next Level transition period, the dividend per share will not be lower than in fiscal year 2023/24**

Q&A

The World's Best Chocolate Solutions





World's Best Chocolate Solutions