



Barry Callebaut

Full-Year Results Presentation

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Barry Callebaut

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Peter Vanneste, Chief Financial Officer

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Questions From

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Introduction

Sophie Lang, Head of Investor Relations

Good morning, everyone, and welcome to Barry Callebaut's Full-Year Results presentation for 2024/25. I'm Sophie Lang, Head of Investor Relations, and today's session will be hosted by our CEO, Peter Feld, and our CFO, Peter Vanneste.

Following the presentation, we'll have a Q&A session for analysts and investors. Please do limit yourself to no more than two questions.

Before we start, please take note of the disclaimer on slide two, and I'd also like to inform you that the webcast and conference call today is being recorded. With that, I'll hand you over to our CEO, Peter Feld.

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Key Highlights

Peter Feld, Chief Executive Officer

Thank you very much, Sophie. Good morning, everyone, and welcome to our fiscal year results presentation for 2024/25.

Today, we will also be sharing a strategic update covering the actions we have taken and are taking to build a more resilient Barry Callebaut, delivery on our next level objectives, and how we are unlocking future growth and shareholder value. Let me start with a few key messages.

As you will hear in more detail from Peter Vanneste shortly, in H2, we returned to cash generation and made strong progress on our deleverage agenda. This was supported by actions we've been taking on our BC Next Level journey and to step up resilience to market volatility.

As we look to the year ahead, we have three clear focus areas – deleverage to less than 3.5x net debt to EBITDA and delivering strong cash generation, preparing for return to growth with clear focus on customer experience, competitiveness and unlocking new innovative solutions for our customers, and third, relentlessly addressing optimisation opportunities for the new environment. With that, I will hand over to Peter Vanneste to talk to the results.

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Financial Review

Peter Vanneste, Chief Financial Officer

Thank you, Peter, and good morning, everybody. Let me walk you through the full year performance in a bit more detail now, starting with a short summary.

After significant cocoa bean price increase and volatility in Half Year One, the market has stabilised in Half Year Two, and we have been taking decisive actions to reduce working capital, enabling strong cash generation and deleveraging. At the same time, the cocoa market turbulence created a challenging B2B environment, and we took some prioritisation decisions within cocoa, both of which impacted our volume development at minus 6.8%.

When it comes to profitability, recurring EBIT growth of 6.4% in constant currency was supported by pricing through the increasing cost of financing and mix. After major pressure on net profit in Half Year One, Half Year Two net profit benefited from the further cost pass through actions we have taken.

Let me go into more details. Starting with leverage, we delivered major progress in the second half of the year, enabled by our working capital actions, which I will talk more about in the next slide. Back in Half Year One, we saw a step up to 6.5x net debt over EBITDA, as higher prices during the peak harvest meant that we needed to finance significantly higher inventory value.

For the full year, our intentional actions enabled us to land at 4.5x leverage, significantly progressing towards our ambition of being below 3.5x by the end of fiscal 2026.

Our leverage adjusted for cocoa beans, or RMI, is actually today at 2.7x. But in fact, if we also adjust it for cocoa inventories as well as beans, so only cocoa, not even excluding chocolate and other stocks, our adjusted leverage is below 1x.

But actually, you can see that, on the right-hand side of this slide, and it's important to realise that our net debt of CHF 4.3bn is actually fully backed by high quality inventory at CHF 4.7bn value.

When it comes to reducing our net debt going forward, we have very intentionally established a balanced debt maturity profile with around CHF 700m falling due in the next five years on average every year, enabling repayments with our strong liquidity position.

So going through those working capital actions in more detail, we have been diversifying our sourcing with increased purchases from origins like Brazil and Ecuador, which do have significantly shorter cash cycles and reduce our forward contracting. This goes hand in hand with our actions to step up our bean blending capabilities so that we can optimise recipes for our customers.

Next to that, we've also been optimising our purchase timing and inventory levels and reducing forward contracting, for example, when it comes to safety stocks where we have been somewhat overcautious in the past.

At the same time, we also took action to enhance the flexibility of our financing options with the introduction of a Letter of Credit facility last August. And this allows us to replace futures margin call cash outflows with a Letter of Credit, benefiting from both liquidity and agility in volatile times. It delivered CHF 200m operational cash inflow now, but it's especially an important buffer in case of potential future bean spikes and volatility.

The Next Level focus on improved planning and logistics processes with better end to end coordination also had an important impact on our inventories.

And finally, of course, the increase of EBITDA is also contributing to our good progress on the leverage through the pricing through of the higher cost of capital, delivery of the Next Level savings and prioritising higher return segments within global cocoa.

So what does that mean for free cash flow? Free cash flow declined by CHF 312m for the fiscal year with a return to a strong cash inflow of CHF 1.8bn in Half Year Two. When we look there at the moving parts, let's maybe start with the brown box, which is the cocoa bean price impact, this had a CHF -1.1bn cash impact for the year with CHF 664m positive inflow in Half Year Two.

The bean price did close at a similar level at year end versus the start of the year, which was around £5,300, but with much higher prices, of course, and higher volatility during the year.

We saw a negative impact from the bean price for the fiscal year still for two reasons, (1) liquidity swaps and, (2) some phasing. Now, as you might remember, in fiscal 2023/24, we had taken significant liquidity swaps to better allocate our cash flows to our business cycle, and this has postponed margin co-payments in the range of several hundreds of millions Swiss francs into fiscal 2024/25, so this fiscal year, and this has been the main driver of this.

Secondly, also our long cycle of business between the bean contracting and the customer sales, and given the much higher prices a few months ago, there's also a bit of a phasing impact when the bean price comes down. So we do expect some further benefit to come if the bean price, of course, stays stable at the lower level.

Moving to the green boxes, which is the operational fee cash flow. We see here a positive contribution of CHF 1.2bn for the fiscal year, of which CHF 1.4bn in the second half of the year. Here we see the major operational benefits from the Next Level actions on working capital reduction and financing flexibility that I just described in the previous page.

Finally, looking at the yellow box, we invested CHF 388m for the fiscal year behind investment in capex and BC Next Level.

Looking ahead with all of this, given the harvest timing and a typical H1/H2 cash trajectory profile, Half Year One of the coming fiscal year, is expected to see negative free cash flow before we see further strong progress in Half Year Two.

Moving to the market disruption now that we have seen over the past years, I will only talk briefly here, as Peter will also go into more detail, but we all know, of course, that the bean prices have increased significantly in the first half of the year. In response to that, the strength of our cost-plus business model allowed us to successfully pass these higher prices through to our customers, driving 56% pricing for the fiscal year, and even higher at 85% on our cocoa business.

We saw our peak pricing in Quarter Two, with pricing remaining high though in Half Year Two, but a bit lower sequentially.

At the same time, it does take our customers some time to price through to the end consumer. So, we have been impacted by a challenging B2B market as they manage that transition and adjust to the higher prices. And in particular, our customers have been reducing pack sizes and reformulating in some cases, certainly also adjusting their stock levels and their forward cover, calling off orders sometimes later, and finally, a few of our very large customers who also produce chocolate in-house have been prioritising their own capacity, as they saw temporarily lower demand.

Nevertheless, our customers have also taken significant pricing, with Nielsen data showing chocolate prices in the market that are around 30% higher than what they were before the bean price increased.

Within the next few months then, we know that it will still be challenging, but we do expect market dynamics to improve because of this and also given the recent decline that we've seen in the bean price. We therefore expect our customers to take only limited further pricing, and we have seen customers willing again to contract further out in light of these lowering prices.

On top of the market dynamics, there's also been a number of BC-specific factors for the decisive actions we took in this environment. In Global Cocoa, we sharpened our return focus to prioritise volumes within cocoa and also towards chocolate, where we see the higher returns in the context of higher bean prices and our deleverage agenda. The impact is expected to continue into Half Year One of fiscal 2026.

In North America, the intervention in our Toluca Mexico factory at the start of the fiscal year saw a residual impact as we worked through all of that to get customers back and re-qualified.

And finally, our SKU rationalisation efforts, which are now complete, impacted volumes for Gourmet, especially in Western Europe.

At the same time, we did focus our strategic direction on the growth platforms, which have shown resilience. Cacao Coatings, which we used to call our Compound business, saw positive growth overall, particularly driven by high single-digit growth in Western Europe and double-digit

growth in Latin America, where we have supported our customers with innovation and reformulation.

In Specialities, we saw particularly strong growth in our inclusions business.

And finally, in AMEA, the region was impacted by the China microclimate, but we saw double-digit growth in key geographies, like India, Indonesia and the Middle East, supported by innovations, actions to de-layer our route to market and portfolio segmentation.

These market dynamics have led to 5.3% decline in chocolate volumes, and for the Group, we saw a decline of 6.8%. So, the Group decreased more than Chocolate, as Global Cocoa declined by 12.8%, with a strong impact from the negative market demand to the higher prices on the one side, but also due to the prioritisation reasons that I outlined before. I will therefore focus this slide on Global Chocolate, first by region and then by segment.

Starting by the regions, to the left of the page, Western Europe saw a 6.6% volume drop as the demands there continue to be impacted by higher prices and the knock-on effects of all of that on customer behaviour, as well as some effect of SKU rationalisation.

Central Eastern Europe declined by 4.4%, with a very challenging customer environment, particularly for food manufacturers that are local.

North America saw a decrease of 6.7% as new customer wins were offset by the difficult market environment and the impact of the Toluca intervention I talked about.

Latin America saw a strong growth of plus 6%, driven by innovative customer solutions, particularly for Cacao Coatings, again, Compounds.

And finally, AMEA saw slightly negative growth as the demand pressures in China and the developed markets offset the double-digit growth I just discussed for India, Indonesia and the Middle East.

By segment, to the right of the page, Gourmet has been more resilient, as growth in AMEA, Latin America and CEE was offset by the challenging environment we saw on that in Western Europe and North America, again here, impacted by the SKU reduction and the Toluca intervention.

Meanwhile, the food manufacturer segment was impacted by customer behaviour shifts in this context of volatility and significantly higher prices, as we've seen across the whole market, and as I talked about earlier.

Moving to profits, and first, recurring EBIT. Later, I'll talk about net profit. Recurring EBIT was CHF 703m, increasing by 6.4% in constant currencies. Looking at it per tonne, we saw a 14% increase, showing that the impact from the lower volumes was significant.

Now, EBIT benefited from mix as the higher profit segments, like Gourmet, Specialities and Cacao Coatings saw better growth than the overall Group. Importantly also, the cost-plus model enabled us to successfully pass on the higher financing costs of this high bean price environment, with a strong improvement in pass-through in Half Year Two, after some gaps we had seen in Half Year One, as it does require time in a forward-selling business to pass this through.

Third, delivery of the BC Next Level cost savings also benefited EBIT.

At the same time, we've also seen a number of offsetting costs, some temporary, some structural. In particular, unprecedented market disruption costs, especially in Half Year One, such as the impact of steep backwardation on rolling costs and high market prices that are raising carry costs of our inventories. These already improved significantly in Half Year Two.

Also, we saw an impact of the lower volumes on the fixed cost base and inflation.

And finally, we made some structural investments in customer experience and internal capabilities, for example, digital investments, supply chain investments, such as enhancing our bean blending flexibility and capabilities, people investments and some other cost inflations, partly due to the cocoa environment, like higher insurance costs on the much higher value of the beans that we are transporting around.

Closing this section on recurring net profit, net profit was at CHF 250m, or CHF 267m at constant currency, down 36% in local currencies. However, it's very important to distinguish between Half Year One performance of minus 69% and Half Year Two performance, which was flat versus last year.

Half Year One net profit was heavily impacted by the speed and the magnitude of the bean price increase and the corresponding working capital impact and the time it takes to fully pass through this higher cost in a forward-selling business. Half Year Two, however, we did see a strong improvement to being flat versus last year, showing the strength of our actions with around three times as much profit generation versus Half Year One.

Driven by further actions to price through higher costs of financing, our cost of financing increased sharply with CHF 170m year-on-year, in sync with the higher working capital needs that we had throughout the year and the additional funding we raised for that. And we took actions to price through those financing costs, which further took effect in Half Year Two.

Second, a bit of market stabilisation with significant easing of the backwardation in the cocoa market. And this means that the gap between the near-term, the more expensive prices, has been narrowing versus the long-term, less expensive prices. So, that has been helping in Half Year Two.

And third, the impact of our end-to-end value chain projects and planning improvements. With that, I will hand over back to Peter, who will talk more about the actions that we take to enhance the resilience of BC and make us an even stronger leader in this industry.

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Business Update

Peter Feld, Chief Executive Officer

Thank you very much, Peter. So, the last two years have been, in many ways, unprecedented. The market environment has radically changed. The entire industry was disrupted. Today's Full Year Results presentation provides an opportunity for us to reflect about what we've done and about the journey ahead of us.

So, looking back, how we have been delivering BC Next Level while taking decisive actions in a radically changing environment. And looking ahead, how we are pulling all levers to deleverage and decouple from the bean price while enabling growth and returns. So, let's dive in.

So, BC has seen unprecedented time over the past two years. We are unlocking our full potential with BC Next Level by progressing relentlessly to weather the new normal.

We've launched our strategic investment programme, BC Next Level, two years ago. We are advancing Barry Callebaut to become the trusted advisor of our customers. Best value, best service, best sustainability and food safety and quality, with the goal of creating a better customer experience, a better scaling Barry Callebaut and a one-time cost improvement of CHF 250m.

As you know, due to the disruption and bean crisis and also the tariff situation in North America, we announced a delay by 12 months. Now, let me be clear. BC Next Level is delivering. More than 30 initiatives are hardwired, way more than halfway through, but unfortunately, due to these external shocks, the savings uplift will only be visible in the bottom line later. We have achieved a lot since we have started our journey two years ago.

We've talked about the BC Next Level transformation during our resource presentation, about our new operating model, our footprint optimisation, the SKU reduction to name a few topics shared so far. But BC Next Level is much more than this. It is a strategic investment programme with 36 initiatives that bring tangible benefits to Barry Callebaut and, importantly, our customers.

Now, we won't have time to look at all of the 36 initiatives today. I want to focus on a few to illustrate the benefits that BC Next Level brings to BC and our customers. Before we go there, I

want to thank our teams in Barry Callebaut who have worked tirelessly to get us where we are today. Thank you very much.

Starting with food safety, a cornerstone of our business – we have elevated food safety to the next level and installed three fire lines for safety to provide certainty to our customers at all times. (1) full product testing before releases, 100% positive release, (2) rigorous supplier compliance, and (3) investments into technology and factory design. A great example are the auto samplers we have been installing – precise, repetitive and efficient sampling for best results. All of this is part of our larger food safety agenda.

As part of Next Level, we've done many things to improve our supply chain performance. I want to share two examples today.

The first one, that you see on the page right now, we have introduced real-time track and trace for all our road shipments in Europe and North America. We are testing this as we speak and will soon be ready to have everything at our customers' fingertips. Customers will know when their order is ready, when it leaves our factory, when it arrives at their factory, if there's any delays. On time, in full, in spec and quality delivery is a critical part of our customer journey. The benefits are obvious.

With a similar intent, we've launched OceanEdge with DHL to give end-to-end visibility on our ocean freight. We've massively improved ocean shipments with efficiency benefits, detailed tracking, centralised document repository. BC Next Level is a key enabler for a more scalable Barry Callebaut.

The next example I want to give is our new factory operating system, BCOS, a milestone in Barry Callebaut's history, a global standardised way of working to be established in all our factories. 29 locations are going live by the end of this year. We see remarkable results in the factory where we have already introduced BCOS so far. The training and the mindset shift enabled a 20% more efficient production on a six-month period across the lines that started first. This is huge and the benefits will be coming in the future. All our new factories, like Brantford in Canada and Neemrana in India that we've started up this fiscal year, are starting with BCOS from Day One, with all its benefits. BCOS is a backbone to create a better scaling Barry Callebaut for the future.

The next example is our Global Business Services that now operates from our four hubs - Łódź in Poland, Hyderabad in India, Monterrey in Mexico and Kuala Lumpur. 24/7 capabilities around the globe. All four hubs are fully up and operational – Łódź and Hyderabad drive global processes, Monterrey and Kuala Lumpur support regional operations.

GBS brings significant benefits and efficiency benefits for Barry Callebaut, but importantly, it is also the base for better, more consistent service to our customers around the globe. Integrated

processes, standardised workflows, end-to-end process ownership. Clear benefits for BC and for our customers.

And the last example for today, and we're only covering a fraction of the BC Next Level programmes, if you haven't realised by now, our Annual Report and this presentation are very different. We've launched Masters of Taste as our new brand purpose with our global power brand, Callebaut. It underscores our deep commitment to be number one trusted advisor for our customers.

As you know, taste is, by far, the most important purchase driver in the chocolate industry, confirmed by 84% consumers globally. This brand purpose for us brings all of Barry Callebaut employees and our partners together and helps to drive a stronger value perception with our 15,000 customers globally, especially in the Gourmet segment.

As earlier and shortly after announcing BC Next Level, the cocoa crisis hit the industry. For decades, cocoa and chocolate prices have been comparatively stable with relatively low volatility. We all know what happened over the past two years. The first price spike in 2024, making chocolate three times more expensive within four months, a second spike in 2025. Today, we're still two times higher compared to historic levels. This unprecedented situation on bean price, volatility, and supply, introduced challenges, and required decisive action.

We needed to tackle a lot of challenges resulting from the high and volatile bean prices and the more difficult supply situation. Increased working capital requirements to fund the inventories, rapidly increasing our leverage as well. Changes in customer behaviour, more short-term bookings, delayed call-off, a lot of conversations with customers not used to such rapid changes in prices. Challenges for the industry to source the beans from the right origins in the right quality. Demand and supply forecasting challenges in uncertain environments with ripple effects throughout the entire value chain. A lot in parallel, and we have been addressing it.

We've acted swiftly and decisively, including by deciding to push forward with BC Next Level.

To address the bean price volatility, we installed cross-functional task forces to effectively respond to the temporary price spikes, clear action plans in readily changing market conditions. I would say it brought all of Barry Callebaut closer together as a team. The level of collaboration across Cocoa, Chocolate and the different departments is probably the highest it has ever been.

As a joint team, we've secured the right financing for this environment, including CHF 2bn of bond issuances in January and February 2025, less cash-consuming solutions for daily market volatility, as explained by Peter earlier, but also lots of actions to secure the bean supply.

We quickly diversified and expanded our traditionally more Ivory Coast and Ghana-focused origin mix. We drastically reduced our bean-produced stock inventory through various

measures to minimise working capital needs. And we have a clear plan what needs to happen in the future to make Barry Callebaut even more resilient. Let's look ahead.

The focus forward is clear – deleverage and return to growth. Before we get into it, I want to provide an outlook on the cocoa market. Our views differ short-term versus long-term. Short-term, in other words, for the upcoming crop cycle over the next six months, we are cautiously optimistic on supply. It is expected to be broadly similar to this past year, likely a slight decrease in West African crops to be offset by growth in the other origins. Cocoa prices at two-year lows, also positive, but the volatility remains structurally higher than before the crisis, and customers are all still adjusting to the changing environment. So, temporary price spikes are not out of the question yet.

Long-term, structural challenges remain for the industry to solve. Climate change, diseases, farming conditions. We are leading the industry to secure supply, and I will share more details in a minute.

The main message I want to leave with you; we are preparing Barry Callebaut to weather higher prices and volatility for longer while working to decouple the business from bean price fluctuations. Let's get into the crop.

Prices – we've all observed the recent significant drop in cocoa prices. Three topics I want to highlight; (1) the cocoa terminal market is now below £5,000; a level we believe our customers have largely priced through in retail. That's good. Short-term, the market seems to have found a price that works for farmers, processors, our customers and consumers. Too early to tell, but cautiously positive to see. (2) for the first time in two years, the forward curve is flat. You pay the same for cocoa delivered in December of this year and December of next year. This is very important. It incentivises our customers to book rather than wait for lower prices in the future. It also reduces rolling costs associated with hedging significantly. The flat curve is good news. (3) volatility has reduced, but it is likely here to stay, which brings us to the next slide.

Volatility – looking at the daily change in cocoa prices, let it sink in. Before 2024, cocoa prices changed around £20 per day on average. In April 2024, £400, plus changes on a daily basis. This is unprecedented in terms of speed of change.

Volatility has come down, yes, but we continue to observe strong reactions around selected news and overall liquidity in the market is low and expect volatility to remain higher than before the crisis.

The good news, our business model has proven to be resilient in this environment and to protect us. Volatility is likely here to stay, and we are prepared for it.

Our quarterly pricing, which is tied to cocoa prices, of course, has peaked in Quarter Two 2024/25. Nielsen quarterly pricing, the sellout data, is only now starting to stabilise in line with

the typical three to six months B2B to retail delay we see in the industry. We believe customers and consumers are adjusting to the new normal.

Consumers' appetite for chocolate remains strong. It is the number one preferred consumer flavour by a distance. Customers, we believe, have largely priced through the current terminal market levels and we are proactively collaborating with them on recipe optimisations, new product launches and other efforts.

Short term, our customers will still continue to navigate consumer readjustments on a case-by-case basis, but we believe we are through the worst as an industry.

Let me also say, chocolate has been far too cheap for far too long. We believe actions are required to ensure long-term supply of our beloved cocoa.

As I said in the beginning, the long-term structural challenges are not resolved. A significant part of today's cocoa supply is at risk due to climate change and disease. We are tackling this proactively and we are leading the industry to ensure a predictable long-term supply across four areas with ingredient innovation.

Mid-July 2025, we announced our partnership with the Zurich University of Applied Sciences to explore cocoa cell culture technology. And today, we are pleased to announce a long-term commercial partnership with Planet A Food. More on a few slides.

Two examples amongst many, taken to deliver new chocolate experiences with less or no cocoa content.

Through our sustainability programmes, supporting the leading consumer goods companies of the world, the scale of these programmes is massive and by far the largest in the industry.

I want to use the opportunity to reiterate that we are ready for EUDR. We are supportive of the legislation. It is important to give the entire industry a level playing field. We are ready, at Barry Callebaut, for our customers and we believe traceability is the right thing to do. And we are also driving investments into smallholder farming and large-scale high-tech farming.

So, how are we progressing with our Future Farming Initiative? Our Future Farming Initiative is designed to modernise sustainable cocoa farming at scale. A catalyst to the industry to invest in farming. Under the leadership of Steven Retzlaff, who led, over two decades, our Global Cocoa business, we are going forward, and we are having good news on that side. Many elements are in place to scale the future of farming. The team is making strong progress. We have built a team of industry-leading experts working tirelessly. We have the largest nursery established in Brazil, two farms to test and improve farming methods, and we are driving productivity investments, such as our AI-based cocoa pot harvesting robot.

We have also identified a funnel of properties that fit our criteria for large-scale cocoa farming. Advanced discussions with partners and landowners to put funding and scaling models are in place. So, the ingredients to really unlock the future farming opportunity are here today. The team is now working on executing the plan.

So, talking about our long-term priorities, we remain focused on our four strategic growth priorities and continue to drive improvements in execution. A few thoughts how we are progressing on each of them. (1) deeper partnerships – we are the trusted partner of choice for innovation and reformulation. Customers are looking towards us to provide our solutions, or our new Commercial Centres of Excellence are driving capabilities and impact while our new customer segmentation allows us to be more tailored in our service offering. Since the cocoa crisis, outsourcing was not the top priority on our customers' agenda. Today, we are making progress nicely on some larger opportunities for the future. We remain bullish on outsourcing as a key enabler to strengthen our strategic partnerships and by more deeply interlinking our supply chain to bring benefits of our scale to our customers.

(2) As shared, we've launched Callebaut Masters of Taste. We also successfully launched our pilot direct-to-consumer web shops in Germany and Austria for our Gourmet business and launched our digital Callebaut Academy.

(3) We are continuing to improve the scalability of our Speciality offerings through a more focused portfolio, accelerating innovation in Cacao Coatings, and expanding into non-cocoa solutions and experiences.

(4) We continue to see a huge opportunity in getting to Fair Share in AMEA, with China completely untapped. The team is progressing nicely in key markets, as evidenced in the numbers that Peter has shared with you earlier.

We are preparing for a return to growth, to innovate, lead, and grow. Our net promoter score that our customers have given us has increased significantly compared to last year. A great step towards the ambition of delivering best customer experience.

This increase is driven by a few factors – our customers especially highlight our product quality, the effective solution advisory, our understanding of their business needs, and the breadth of our portfolio. This is our ambition, being the trusted advisor to our customers. Great to see the progress on customer experience.

We have, in Barry Callebaut, chocolate solutions for any customer need, from cocoa products to decorations and inclusions. Our ambition is clear – leading in Chocolate, growing in Cacao Coatings, and launching non-cocoa.

I want to spend a bit more time on two of them – Cacao Coatings, previously named Compounds, and Non-Cocoa Solutions, and we'll go a little bit more into this exciting news.

There are many reasons to accelerate our growth in Cacao Coatings, or as we called them before, Compounds. It is very high on any customer's innovation agenda right now, and it makes financial sense. Lower capital intensity than chocolate, you need less beans per tonne of product. Higher returns than chocolate with attractive profitability, higher growth than chocolate, driven by current cocoa price dynamics, and push into reformulations. You see this reflected in our numbers. Cacao Coatings is outperforming chocolate in most regions. I want to call out Western Europe in particular, the largest chocolate region in the world, where we see promising growth in Cacao Coatings.

While our Global Chocolate business overall has declined, Cacao Coatings has grown substantially in many regions, if I may add. More to come. We are continuing to invest in this exciting category, and this brings me to another exciting news to share. Earlier today, we have announced our commercial long-term partnership with Planet A Food, the German food tech innovator behind ChoViva. This partnership marks a key milestone in diversifying our portfolio and capturing the exciting opportunities in chocolate alternatives without cocoa. It is also exemplary in how we innovate, lead, and grow by embracing technology to open further avenues for growth while enhancing our resilience to today's cocoa market volatility.

Let me be clear, these non-cocoa innovations are not meant to replace traditional chocolate, but to complement them, expanding our portfolio to meet growing customer and consumer demands. Together with the team at Planet A Food, and its motivating founders Sarah and Max, we can scale the production of irresistible chocolate-like creations that broaden choice without compromising on taste, quality, and our commitment to the planet.

So, let me zoom out again. We are well underway with many strategic actions spanning our entire value chain to make Barry Callebaut less bean-price dependent and drive growth. The goal is simple, deleverage, decouple from bean price, enable growth. This is guiding our actions throughout the organisation. We are increasing our financial agility, solutions that breathe with the bean price, and consume less cash.

We are reorienting the purpose of cocoa with a clear focus on right targets for the third-party sales. We are driving a step change in digitisation and analytic capabilities.

We have improvements in sourcing, as discussed previously, and conscious decisions on our product and geographic portfolio to drive growth. Many new products are requiring less working capital.

We have improved our operations already significantly, reducing transport time, improved visibility on stock levels, better end-to-end collaboration across Cocoa and Chocolate, all to capture incremental value across our value chain.

Our ambition is clear – deleverage, decouple from the bean price and enable consistent profitable growth.

So, with that, we are moving to the outlook for the year ahead. While we have seen a stabilisation in cocoa bean prices, it is clear that we are still operating in a challenging environment.

Our customers and the entire industry are still digesting cocoa prices 2x above historic levels, and the ongoing B2B efforts of that will remain pronounced, particularly in the first half of this fiscal. Our working assumption is for a bean price in and around £5,000 with continued volatility, albeit at lower levels than last year.

While we have taken steps to enhance our resilience to temporary cocoa bean price spikes, of course, if this were to happen, it would have an impact on our delivery of 2025/26.

As you know, the largest impact of our cocoa bean prices on cash and leverage was a likely knock-on impact on volumes and profit as our customers are likely delaying orders and adjusting their purchase behaviour as we saw last year, as well as further prioritisation in Global Cocoa.

When it comes to guidance, our clear focus is to leverage below 3.5x and prepare for a return to growth. H1 2025/26 is expected to remain challenged as customers and consumers continue to manage higher prices while we aim for improvements in H2.

On volume, Global Chocolate is expected to see mid-single-digit volume decrease. With a focus on ROIC in Global Cocoa, this will result in mid to high-single-digit volume decrease in Global Cocoa. As a consequence, BC Group volume is expected to see mid-single-digit decrease related to bean price developments impacting Global Cocoa return prioritisation.

In particular, while we don't typically provide guidance by quarter, we wanted to be transparent and proactive, and share what we expect as a significant volume decrease in Q1. The key reason relates to North America, where we temporarily paused our production site in St Hyacinthe in Canada due to a technical malfunction with one piece of our roasting equipment. The factory is a significant contributor to the overall North America production and was closed for around three weeks. The site is back up and running, and while we are doing everything possible to deliver our customer orders as soon as possible, this will have an impact on H1 performance for North America.

We have agreed with the Board to invest in a new facility in the United States as well as taking significant upgrade investments in the existing network. This decision earlier this year comes with a delay following more clarity on the tariff situation.

On profit, we expect low to mid-single-digit growth in EBIT recurring and double-digit growth in profit before tax recurring, both in local currencies. These are on a recurring base and exclude

remaining BC Next Level 1x opex investments of around CHF 60m to be spent on digital and on growth initiatives.

So, to conclude with three clear focus areas for us this fiscal year - first, deleverage to less than 3.5x net debt to EBITDA in delivering strong cash generation. Second, prepare for return to growth with a clear focus on customer experience, competitiveness and unlocking new solutions for our customers. Leading in Chocolate, growing in Cacao Coatings and launching Non-Cocoa Solutions. Third, we will be relentlessly addressing optimisation opportunities for this new bean price and quality environment.

So, with that, we're building an even stronger leader, and we are confident that Barry Callebaut can win in the new market reality. Thank you very much for listening. We will now move to the Q&A session, and I will hand over to the moderator to start the Q&A. Thank you.

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Questions and Answers

Telephone Operator

If you would like to ask a question, please press *1 on your telephone keypad. If you would like to withdraw from the queue, please press *2. Our first question is from Joern Iffert from UBS. Please go ahead.

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Joern Iffert, UBS

Good morning, all, and many thanks for taking my questions – two, as guided. The first one would, please, on your volume outlook being down mid-single-digit in fiscal year 2026. I mean, don't you expect that, as you also highlighted, the £5,000 cost impacts on the beans is worked through, we are maybe entering a deflationary environment in chocolate going to 2026, so at least incremented price may be quite limited. So, why do you expect to underperform the Global Chocolate market volume growth again in 2026? Is there anything on in-sourcing happening? Is there anything that you see ongoing on SKU rationalisation on customers, have you lost a customer? So, this would be the first question.

And the second question on the cost savings is can you, please, remind us of what is the total aggregated net saving run rate we have seen now in fiscal year 2025 in the EBIT, and what are the incremental net saving benefits in fiscal year 2026 and then also 2027? Thank you.

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Peter Feld, Chief Executive Officer

Yeah, and good morning, first, from my side. Thank you very much for your questions. Let me just come back to your first question, which was on volume. Look, I think, as you know, we are a forward-looking business and, as we've just shared, we obviously, you know, continue to look very closely at what customers are doing.

We believe, as per our information, that our customers have priced through about 30% of the price point that we see today. However, there are still discussions happening between our customers and the retailers, or their end customers, as they bring the products into the market. So, that is one of the elements why we are cautiously positive on it, but we have to recognise that we are coming from a low run rate there.

The second thing that we have informed you about is the incidents we had in the St Hyacinthe facility in Canada. That, obviously, had an impact and we are, having behind us, but that will, obviously, impact the first half-year outlook on the business.

The second question you have asked on Next Level synergies, let me tell you that we have had, in the end of the fiscal year 2025, about 60% in the numbers and about 70% hardwired four synergies going forward. So, progress in line with what we had set out on the agenda there. But, as we've explained to you earlier, we have other cost elements we have to address and there is a whole array of task forces underway to deal with the new bean price and bean quality environment as we speak.

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Telephone Operator

Thank you. Our next question is from Jon Cox at Kepler Cheuvreux. Please go ahead.

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Jon Cox, Kepler Cheuvreux

Yeah. Good morning, guys. Thanks very much for the call. Very insightful. A couple of questions for you – one a point of clarity. I am trying to ask another two on top. This St Hyacinthe in Quebec facility closure, that is your biggest facility in North America. Am I right in thinking it's like 300,000, 400,000 tonnes capacity? You said it was just closed for a few weeks and you lost some customers. Can you just elaborate a little bit on that? I am trying to pass out what the impact of this thing will be on the guidance for the year.

Second question, just to come back on the cost savings, your EBIT level recurring is the same as it was last year, and I know there are a load of different things going on, but we're not even 10% above where we were in terms of recurring EBIT from when you actually started this programme. I am trying to get a handle on how much has gone in FX. I am guessing half of it is gone, so that 187 net EBIT gain we should have expected over three years now to four years is

probably half of that amount. And, as part of that, what should we see? We can see EBIT per tonne is improving. Is it just a matter of seeing that volume growth, even when it does improve, we will see a big step up in EBIT growth? You were saying that, eventually, it will be shown in the bottom line, but we're just not seeing it at all. So, that's the sort of broader cost savings and final impact.

And then, just lastly, on the financials line, we had a -370 there. You're talking about 700 of debt falling due, which is maybe 20% of the debt which you've used as part of these problems with the balance sheet. Why can't we expect the net financials to come down by 20% per year over the next couple of years? It's a big balloon on that net financials and probably will contribute to pretty high EPS cuts on FY26 because it just doesn't seem to be moving down much even though your efforts on deleveraging are far better than expected in H2. Thank you.

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Peter Feld, Chief Executive Officer

Thank you, Jon. Good morning also to you. Thanks for the questions. Let me take the first one.

So, the St Hyacinthe impact has been an impact that was driven by equipment that shut down one of our roasting facilities. You're right, it is one of the big factories, especially also for the cocoa that goes into North America. So, there's a triple effect that we see from that.

For me, the important aspect is that we have concluded with the Board to invest significantly in the North America network to bring it to the same performance level we expect to have in reliability. And combined with the work on BCOS, we are confident we will make the improvements needed for that facility.

This incident has been with us for about three weeks. It is a proactive activity that we've done and, obviously, there is a trickle-on effect for North American customers.

Look, we want volume back from any of those incidents that we had from the decision we took in Toluca last year. The same situation here. It is extremely painful, but as I said in my introduction, we have a clear obligation to our customers when it comes to quality, performance, reliability, and that is the rigour that we are putting into Barry Callebaut's new product supply infrastructure to go forward.

So, it's a lot of work that is actually impacted there and that we're doing. I'm thrilled to see we have approval from the Board to build a new facility in the United States as well as to upgrade significantly the network across North America as we speak.

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Peter Vanneste, Chief Financial Officer

Yes, and I'll take your next two questions, Jon. First of all, you were talking about EBIT and the savings. I wasn't really sure if you were talking about backward or forward but let me give the overall picture. EBIT has gone up, indeed, by 6% over the last year.

We talked about the moving parts just now in the presentation. There is a positive mix for sure. There's positive about passing on those financing costs throughout the year. There is positive about Next Level savings rolling in, as Peter was talking about. But there are important offsets as well, which are linked to the disruption that we see in the market. Some of them being temporary because we need to price much faster, much more frequently. The pricing team is in place to do that. Some of them also a bit more structural which is really about part of the backwardation costs that we're carrying that were very high, carry costs that are higher. Some investment in capabilities, like digital, insurance costs. There's a lot of offsetting costs as well that you would have seen in the EBIT otherwise.

You ask about forex. We had a CHF 45m impact. If you then look at the reported right, we had a CHF 45m impact indeed last year cancelled out with the forex and the strengthening of the Swiss francs. We do expect another CHF 15m on that next year, especially driven by the Turkish lira and the US dollar. So, also, next year, we will have smaller, but also as it looks now a CHF 15m impact on the forex. So, that's what played on that line.

And then your last question was about financing costs and the pass on, and especially the level I think you asked. Yeah, we landed the year at CHF 377m finance costs, which is, obviously, a big increase versus last year, an increase of about CHF 170m. Very much linked, obviously, to the bean price, that spiked, and the fact we then, of course, had to finance this lots about the value of the inventories, as I explained in the presentation.

So, we did the two bond issuances in early this calendar year, which obviously played a big role. That's the step up we are seeing.

Next year, we will have lower levels. Actually, H2 has been lower than H1 last year already despite this funding of the two instruments in the beginning of the year because we were already working on some levers that we explained in the presentation, and I think that's the positive news, that we are building on the operational sourcing and financial agility to bring back our working capital which allows us to bring back our financing costs.

So, for next year, we do expect to be at least CHF 40m lower than where we've been reporting finance costs this year. We stay in a volatile period. We have the peak harvest coming up so we need to be a bit prudent. The good news is that we are making good progress on working capital. The other good news is we have maturities of CHF 700m every single year for the next years, so it allows us to pay back debts that we don't think we need to hold. We are doing that already. We are reducing commercial paper. We paid back some bilaterals. So, we're certainly

going to push on that lever as much as, again, the bean price environment and working capital is allowing us.

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Telephone Operator

Thank you. Our next question is from Alex Sloane at Barclays. Please go ahead.

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Alex Sloane, Barclays

Hi. Morning, all. Thanks for taking the questions. Some follow-ups. Just in terms of the volume outlook, I appreciate you haven't quantified the impact of this incident, but in terms of the phasing of that mid-single-digit decline through the year, would you expect to be in positive growth in the second half of the year?

And then, secondly, if I can just come back, there are a lot of moving parts on the Next Level, but in terms of the CHF 187m net impact you are targeting to the bottom line, could you maybe spell out how much of that you actually think will have landed and be visible in fiscal 2026, and how much of it will have landed and be visible in fiscal 2027 at this point, just in terms of how much more is to come because I'm a little bit confused on the moving parts there? Thanks.

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Peter Feld, Chief Executive Officer

Yeah, thanks, Alex, for your questions. Good morning also to you. Let me just start on volume with a different focus. I think we need to be clear that we are driving volume growth in the chocolate solutions which, you know, chocolate is our Global Chocolate and we are focussing on that.

As we've said in the outlook, we will have a tough Quarter One start and we are seeing H1 to be down. We hope to recover that quite a bit in H2, and that, I think, is the key message that lands us into the outlook that we have given to you. On Global Chocolate, mid-single-digit decrease for the fiscal year.

When you look at cocoa, then we have guided you that we are focusing cocoa on the core KPI to be ROIC. As, for us, that is very important to understand, specifically when it comes to liquor and to butter sales, to third party.

That obviously correlates with leverage and our objective to decrease our leverage, and that needs to be the number one priority.

So, we're focussing Global Cocoa third-party on ROIC which will then result at current bean prices of £5,000, as we have assumed, to a decrease of mid to single-high-digit.

As I explained earlier, when we see the bean price change, and just looking back one year, you will remember that, from the 1st of November 2024 to the end of November 2024 we literally had seen a doubling in bean price just in 30 days. That, obviously, has a big implication, and that's why we are giving the guidance in a distinct difference between Chocolate, where we will clearly focus on regaining market share and volume, and, on the other side, on Global Cocoa where we will focus on ROIC in order to manage our deleverage objectives.

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Peter Vanneste, Chief Financial Officer

Yes, and, Alex, on your question on the Next Level savings and then the total EBIT, again, I will try to be more specific. The individual projects that we are delivering on Next Level, as Peter also mentioned, they are delivering and we do get those savings on, let's say, GBS. We moved all these people in shared service centres, so there's certainly a labour arbitrage element which is straight into the pocket. There are factory closures that obviously also help directly. So, it's undoubtable that these savings are landing in the P&L as such, but at the same time, we do have significant costs about disruption. The bean quality has worsened which means that it leads to higher costs in our factories. We need to manage higher volatility over the last year. That led to an impact on our cost which means that net, you didn't see the effect.

If we look forward specifically, we will do two things. We will continue to deliver, and some of it will then roll into those savings of the individual projects into the fiscal year. At the same time, we will be focused on building down some of those temporary disruption costs that I have been talking about.

Order of magnitude, I think you can talk about CHF 100m that will be contributing to the P&L next year but, again, it's a combination of delivering the projects as such and managing the cost of disruption down in parallel.

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Telephone Operator

Thank you. Our next question is from Edward Hockin at JP Morgan. Please go ahead.

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Ed Hockin, JP Morgan

Morning. Thank you very much for taking my questions. I have two, please.

One quick one is, embedded within your volume guidance for the coming fiscal year. Can you tell us what assumption you are making on the end market volumes versus that -3.5% that the market declined by in FY25, what you expect for 2026?

And my second question, please, is on the free cash flow building blocks. So, if I am looking at slide eight in the presentation, can you maybe talk about FY2026, how some of these moving parts should evolve to the operational free cash flow? Should we think of this CHF 1.1bn, CHF 1.2bn as a new steady state level? To what degree should the bean price free cash flow turn positive? And just to remind us of capex plans, what kind of level we should be expecting for FY2026? Thank you.

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Peter Feld, Chief Executive Officer

Thank you, Edward, for your question, and good morning to you again. On the volume guidance, and specifically when we look at the end consumer market, we continue to be very positive that chocolate will remain the number one ingredient in any food product globally. It's the key driver for our business and, as I always say to our employees, we have a great luxury to operate in this business that creates a little happy moment for consumers around the world whenever the sun shines or it's raining. And I think, for me, that is the paramount important element here.

We have 2.5 billion consumers entering the market in Asia that now have the opportunity to invest in this category. So, great trajectory looking forward. It's a great category and I'm convinced that we will see stabilisation as consumers will also adjust to the higher price points.

What we've shared earlier in the presentation is that our customers have, in the latest Nielsen report, seen, in FMCG, so in what Nielsen tracks, not Gourmet because that is less covered, actually hardly covered by Nielsen. We see on the FMCG side that 30% of consumer price has gone up driven by the chocolate industry. We had guided for that a while ago. That is roughly, by category, a little bit different because you always have more or less chocolate on the product, but that's sort of what we've seen.

So, we believe consumer prices have been taken, at this point in time, to the current bean price level of about £5,000 or less. So, that's the part that. So, we keep on being hopeful that the category, and convinced that the category, going forward, will be a great category to invest in.

However, as our customers are bringing that price further into the market, and especially on the Gourmet side where we operate around the world with many distributors who then, actually, serve the end customers, the smaller bakeries, the patisserie shops, that obviously is a longer cycle that our customers have to work through, and that is why we believe there is a disconnect still that needs to happen as, in that specific industry, the prices probably have not yet gone completely through.

So, this is why we're thinking that the guidance that we've given to you is an appropriate guidance on the Chocolate business because we think that, you know, we believe, on the long term, very clearly, that that's a fantastic category to invest in, operate in and, on the other side, we still believe that there is some digestion that needs to happen as the entire industry moves to a 2x price point on this key ingredient, cocoa bean.

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Peter Vanneste, Chief Financial Officer

And on the second question on the cash flow page in the presentation and looking forward, we are looking at, and obviously that is needed because we are deleveraging towards 3.5x at least, we are looking at a strong positive free cash next year of about CHF 1bn in our planning, which is based, again, on that assumption that we made about £5,000 bean price. Of course, it fluctuates, as we all know very well by now, fluctuates all around that.

Thanks to continuing to work on the big pillars that help us to make the big step in Half Year Two, the operational agility, the sourcing agility, the financial agility, that helps to bring it down.

So, specifically to your questions on those components, if you are looking at the page, the yellow part, the investment capex and Next Level capex, we will have a number next year which is similar as what you have seen in fiscal 2024/25 with about CHF 300m capex and CHF 60m one-off investments that we plan to do in Next Level. And then the rest will mainly be operational free cash flow progress, which is the green part on the slide.

There is a little bit still roll over of bean price benefit because, if the bean price has come down and the fact that we are forward selling, there is a bit of the benefit that we still need to come but that is the small part of what is remaining. The big part to get to the CHF 1bn will be operational free cash flow further improvements.

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Telephone Operator

Thank you. Our next question comes from Tom Sykes at Deutsche Bank. Please go ahead.

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Tom Sykes, Deutsche Bank

Yeah. Morning. Thank you. Just trying to nail down the bridge on getting to EBIT growth. So, are you expecting the gross profit to be up on volumes being down mid-single digit?

Then on the volume outlook, what are you expecting to happen to volumes, excluding North America, please?

And then finally, just to understand the customer behaviour, where do you think inventories are for your largest customers, vis-a-vis their run rate of demand? I guess part of the bull case is there is potentially a restocking as some of those volumes come back, or at least as some demand comes back. It's difficult to understand where quite the industries, or your customers' inventories are relative to the run rate of demand, so if you have any thoughts on that, that would be great, please?

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Peter Vanneste, Chief Financial Officer

Your question on EBIT, I think it was specifically on the gross margin and the moving parts on EBIT for next year. Obviously, the biggest impact on EBIT next year will be the impact of the volume, the mid-single-digit negative volume is impacting, obviously, on the gross margin line.

While there will be a mixed positive level because we will have, as this year, over proportionally growing in those areas, Specialities, Gourmet, that deliver the better margins, there will be a plus on Next Level savings which is some above, some below gross margin and offsetting some of the disruption costs that I've talked about, we're using those. So, those are the four big moving parts.

There is one other part which is the pass on of the financing costs, which also has a play on EBIT if we have less financing costs to pass on. That might have a mechanical effect on EBIT which is why we're guiding also on net profit before tax. But really those are the three or four components that drive the EBIT for next year.

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Peter Feld, Chief Executive Officer

Yeah, Tom, and then to your other two questions on volume, let me start there. So, obviously, we are impacted in North America quite a bit because of the size of St Hyacinthe, as we discussed before.

We do see Europe a bit more stable in that situation compared to North America, very clearly, as optics for the factories have improved significantly across all of Europe.

We also have a significant reformulation activity, as I mapped out, to go from certain Chocolate Solutions into the Cacao Coatings side of things. And actually, we are leading innovation on that, which we are thrilled about our customers actually coming to Barry Callebaut to ask for those innovations to really make a step change. So, that's the positive things that we are seeing on Europe.

On AMEA, excluding China, I want to leave China aside for a second, and LATAM, we are a bit more positive, clearly striving to deliver positive growth on these environments. And in China

itself, as we have said many times, chocolate hardly exists. It's a long-term growth opportunity for the industry and for Barry Callebaut, and that's what we're trying to unlock. Probably not having a huge impact in this fiscal year on China, but we believe that there is a great opportunity going forward in that aspect.

On inventory, let me just share that one of our Next Level activities is also to have a better understanding of our inventory levels at our top customers, especially on the Gourmet side. You can imagine that we have good discussions with our larger accounts where we will soon talk about the G20 more the GCAs, as historically we've done, that make up about 65% of the volume of Barry Callebaut globally. On that volume, we have good discussions with our customers to understand where they are. They have clearly shortened the inventory cycle significantly as the bean prices spiked last year and going into calendar year 2025, and they retained that low level.

So, now the good thing is we see a bit more positive momentum since three months ago, the bean price actually came down a bit. So, we have a bit of a catch up in that and we're excited about it, obviously, and as Peter has shared in his presentation, the forward curve is obviously very attractive to actually book today, right? So, that's the aspect there.

On the Gourmet side, our new Next Level capabilities are bringing our top customers in Gourmet, the top distributors in Gourmet, to actually allow us to see the inventory levels. We're building that database up, the software has been established. We're now in deep discussions with our customers to have far better visibility on that and that will give us a far better understanding of the flow through of products as we have that long supply chain from the beans all the way to the end consumer.

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Telephone Operator

Thank you. At this time, the Q&A session has now concluded, so I will hand the call back to Peter Feld for closing remarks.

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Peter Feld, Chief Executive Officer

Well, thank you very much for attending our annual results conference today. We're very much looking forward to the individual discussions that we will have with many of you later on. Thank you very much for attending and I'm handing back to the operator.

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Telephone Operator

Thank you. This concludes today's conference. You may now disconnect from the call.

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