

News Release

Barry Callebaut Group – 3-Month Key Sales Figures, Fiscal Year 2018/19 Steady start to the year and new mid-term guidance

- Sales volume up +1.7% on top of a very strong prior-year base of +8.0%
- Sales revenue of CHF 1,881.4 million, up +3.7% in local currencies
- On track to deliver on current mid-term guidance ending with fiscal year 2018/19¹
- Confident outlook for the future as evidenced by issuance of new guidance for the 3-year period 2019/20 to 2021/22 consistent with prior mid-term guidance and on average: +4-6% volume growth and EBIT above volume growth in local currencies

Zurich/Switzerland, January 23, 2019 – Antoine de Saint-Affrique, CEO of the Barry Callebaut Group, said: “As anticipated in November, we had a steady start to the new fiscal year on top of a very strong prior-year base. We expect sales momentum to pick up in the back half of the fiscal year as additional volumes come on stream from new outsourcing contracts across all Regions, as well as from recently launched innovations. Our good product mix and strong portfolio give us confidence that we are on track to deliver on our current mid-term guidance for the period ending with fiscal year 2018/19.”

Group Key Sales Figures

for the first 3 months of Fiscal Year 2018/19		Change in %		3 months up to Nov. 30, 2018	3 months up to Nov. 30, 2017
		in local currencies	in CHF		
Sales volume	Tonnes	1.7%	1.7%	541,109	532,165
Sales revenue	CHF m	3.7%	0.5%	1,881.4	1,872.2

The Barry Callebaut Group, the world’s leading manufacturer of high-quality chocolate and cocoa products, increased its sales volume by +1.7% to 541,109 tonnes during the first three months of fiscal year 2018/19 (ended on November 30, 2018), on top of a very strong +8.0% volume growth in the same prior year quarter and above the global chocolate confectionery market². Volume growth was supported by Regions Americas (+8.0%) and Asia Pacific (+3.8%). Region EMEA posted stable volumes (-0.1%) in the first quarter, following a double-digit volume growth of +10.3% in the same prior year quarter. The Group expects an acceleration in the coming quarters from recently signed outsourcing deals, such as Burton’s and Garudafood. Sales revenue for Barry Callebaut amounted to CHF 1,881.4 million, an increase of +3.7% in local currencies (+0.5% in CHF), outpacing volumes mainly due to a better product mix.

New mid-term guidance for the 3-year period 2019/20 to 2021/22

Looking ahead, CEO Antoine de Saint-Affrique said: “Our results in the past three years have confirmed the strength of our ‘smart growth’ strategy. Going forward, we remain committed to achieving consistent, above-market volume growth and enhanced profitability. A continuing outsourcing trend, as evidenced by recently signed agreements, the dynamic growth in emerging markets, our attractive Gourmet business as well as our innovation power provide plenty of levers

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

² The global chocolate confectionery market grew by +1.4% in volume. Source: Nielsen, August-October 2018

for further growth. All these elements give us the confidence to issue a new mid-term guidance, consistent with our prior mid-term guidance, which is 4-6% volume growth and EBIT above volume growth in local currencies on average for the 3-year period 2019/20 to 2021/22, barring any major unforeseeable events.”

The Group will share further information on its growth strategy and business model at the Investor Day to be held on April 16, 2019, in Wieze (Belgium).

Strategic milestones in the first three months of fiscal year 2018/19

- **Expansion:** In early December 2018, Barry Callebaut completed the transaction with Burton’s Biscuit Company in the UK, one of Europe’s largest chocolate confectionery markets. The transaction, which includes a long-term annual supply agreement of over 12,000 tonnes of chocolate and compound, that started to come on stream after the closing in December 2018, in addition to the acquisition of additional production capacities in the UK, position Barry Callebaut as the ideal UK-based partner to satisfy growing customer demand in the UK in all possible Brexit scenarios. In November 2018, Barry Callebaut and Garudafood extended their existing supply partnership in Indonesia, the world’s 4th most populous country, and signed a long-term agreement for the supply of an additional 7,000 tonnes of compound per year, coming on stream as of mid-2019. In October 2018, Barry Callebaut signed an agreement to acquire Inforum, a leading Russian B2B producer of chocolate, coatings and fillings. This strategic acquisition, which is expected to be closed shortly, will strengthen Barry Callebaut’s presence in the high-growth Russian market, the world’s second largest chocolate confectionery market.
- **Innovation:** Following the successful integration of Gertrude Hawk Ingredients (GHI), Barry Callebaut is now leveraging GHI’s unique portfolio of decoration and inclusion products with existing and new customers. Eclipse by Callebaut, a Belgian milk chocolate with only 1% added sugar, and no sweeteners or fillers, enables chefs and bakers to reduce the sugar content in chocolate desserts and pastries by 20% to 50%. Cacao Barry Pureté, a new range of chocolate products using 100% traceable cocoa, was very well received by customers. One year after the launch of KITKAT® Sublime® Ruby, Nestlé has recently introduced ruby, the fourth type of chocolate, in its premium range of chocolate “Les recettes de l’atelier”. Ruby chocolate is already available in 40 countries worldwide. Finally, Barry Callebaut launched CHOCOLATE ACADEMY™ Online, the world’s first e-learning platform for chocolate professionals, in November 2018.
- **Sustainability:** Barry Callebaut published its 2017/18 Forever Chocolate progress report on December 7, 2018. Highlights include that Barry Callebaut sourced 44% of its cocoa and also 44% of all other raw materials from sustainable sources. The Group also distributed over 2.1 million cocoa seedlings to replace ageing cocoa trees and around 400,000 shade trees to improve cocoa farmer yields and benefit their incomes. In addition, 24% of the Group’s factories are now powered by renewable energy. The full report can be accessed at <https://forever-chocolate.barry-callebaut.com>. In November 2018, a strategic partnership was announced between Barry Callebaut, Tony Chocolonely and Albert Heijn, the biggest retailer in the Netherlands, to expand fully traceable, sustainable cocoa sourcing, which is an important move to making sustainable chocolate the industry norm by 2025.

Regional/Segment performance

Region EMEA³ – Stable development on top of a very strong prior year

Barry Callebaut's sales volume growth in Region EMEA (Europe, Middle East, Africa) was stable at 248,053 tonnes (-0.1%), following a double-digit prior-year increase of +10.3% and an increased focus on more profitable volumes in Food Manufacturers. Beverages, a material part of the Group's Gourmet & Specialties portfolio, was scaled down to refocus on more profitable activities. As new outsourcing volumes are coming on stream, sales volume in Region EMEA is expected to accelerate in the months to come.

Sales revenue in Region EMEA reached CHF 803.7 million, stable at -0.1% in local currencies (-3.7% in CHF) and in line with sales volume growth.

Region Americas⁴ – Strong start to the new fiscal year

Region Americas had a strong start with +8.0% sales volume growth to 147,909 tonnes, driven by both Food Manufacturers and Gourmet and well ahead of the regional market growth⁴. Food Manufacturers in North America benefited from good volumes with both National and Corporate Accounts. In South America, Gourmet maintained its double-digit growth. The ongoing market consolidation in the US is expected to provide new opportunities to fuel the growth of Region Americas, which will add to the Group's positive momentum.

Sales revenue was up +12.2% in local currencies (+11.3% in CHF) and reached CHF 479.6 million.

Region Asia Pacific⁵ – Solid start on the back of a double-digit comparator for prior-year period

Region Asia Pacific grew its sales volume by +3.8% to 27,482 tonnes, on the back of +17.4% volume growth in the same prior-year period. Regional Accounts in Food Manufacturers continued its healthy growth whilst Corporate Accounts had a slower start. In Gourmet, double-digit volume growth continued in the Region's two key markets, China and Japan. The Group expects the volume momentum to accelerate in the second half of the fiscal year as a result of additional outsourcing volumes and an enhanced Gourmet distribution strategy.

Sales revenue rose by +1.9% in local currencies (+1.2% in CHF) to CHF 98.4 million.

Global Cocoa – Volume growth continues to normalize

As planned and communicated previously, volumes sold to third-party customers are flattening, reflecting the Group's increasing own needs for cocoa products. Volumes sold to third-party customers in the first three months of the current fiscal year declined by -2.4% to 117,665 tonnes, compared to +7.4% volume growth in the same prior year quarter.

Sales revenue increased by +2.8% in local currencies (-1.9% in CHF) to CHF 499.7 million, mainly due to a better product mix.

Price developments of the most important raw materials

From September 2018 to November 2018, cocoa prices in London decreased by -4.1%, from GBP 1,688 per tonne on August 31, 2018, closing at GBP 1,620 per tonne. However, for the first quarter of the current fiscal year, the average cocoa bean price increased by +3.9% compared to the same prior-year period. Due to a good crop in October and particularly strong yields in November, the fundamentals look good for the main producer Côte d'Ivoire.

The other main raw material prices showed a mixed price development. On the one hand, **sugar** prices increased, especially in Europe (+19.3%), due to a very poor crop related to the hot

³ Regional chocolate confectionery market growth in volume: +0.4%. Source: Nielsen, August-October 2018

⁴ Regional chocolate confectionery market growth in volume: +1.2%. Source: Nielsen, August-October 2018

⁵ Regional chocolate confectionery market growth in volume: +8.7%. Source: Nielsen, August-October 2018

summer. World sugar prices advanced by +8.9%. On the other hand, **dairy** prices declined by -1.7% at the start of the fiscal year, but a recent drop in milk production has slowed down this trend.

Financial calendar for fiscal year 2018/19 (September 1, 2018 to August 31, 2019):

Half-year results 2018/19	April 11, 2019
Investor Day	April 16, 2019
9-month key sales figures 2018/19	July 11, 2019
Full-year results 2018/19	November 06, 2019
Annual General Meeting 2018/19	December 11, 2019

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

With annual sales of about CHF 6.9 billion (EUR 6.0 billion / USD 7.1 billion) in fiscal year 2017/18, the Zurich-based Barry Callebaut Group is the world's leading manufacturer of high-quality chocolate and cocoa products – from sourcing and processing cocoa beans to producing the finest chocolates, including chocolate fillings, decorations and compounds. The Group runs about 60 production facilities worldwide and employs a diverse and dedicated global workforce of more than 11,500 people.

The Barry Callebaut Group serves the entire food industry, from industrial food manufacturers to artisanal and professional users of chocolate, such as chocolatiers, pastry chefs, bakers, hotels, restaurants or caterers. The two global brands catering to the specific needs of these Gourmet customers are Callebaut® and Cacao Barry®. The Barry Callebaut Group is committed to make sustainable chocolate the norm by 2025 to help ensure future supplies of cocoa and improve farmer livelihoods. It supports the Cocoa Horizons Foundation in its goal to shape a sustainable cocoa and chocolate future.

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Key Figures					
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Sales revenue	CHF m	3.7%	0.5%	1,881.4	1,872.2
By Region					
EMEA					
Sales volume	Tonnes		(0.1%)	248,053	248,184
Sales revenue	CHF m	(0.1%)	(3.7%)	803.7	834.6
Americas					
Sales volume	Tonnes		8.0%	147,909	136,981
Sales revenue	CHF m	12.2%	11.3%	479.6	430.8
Asia Pacific					
Sales volume	Tonnes		3.8%	27,482	26,467
Sales revenue	CHF m	1.9%	1.2%	98.4	97.2
Global Cocoa					
Sales volume	Tonnes		(2.4%)	117,665	120,533
Sales revenue	CHF m	2.8%	(1.9%)	499.7	509.6
By Product Group					
Sales volume	Tonnes		1.7%	541,109	532,165
Cocoa Products	Tonnes		(2.4%)	117,665	120,533
Food Manufacturers Products	Tonnes		3.0%	357,182	346,843
Gourmet & Specialties Products	Tonnes		2.3%	66,262	64,789
Sales revenue	CHF m	3.7%	0.5%	1,881.4	1,872.2
Cocoa Products	CHF m	2.8%	(1.9%)	499.7	509.6
Food Manufacturers Products	CHF m	4.0%	1.9%	1,067.3	1,047.6
Gourmet & Specialties Products	CHF m	4.0%	(0.2%)	314.4	315.0