



Barry Callebaut

Roadshow presentation - Q3 2013/14

July 2014



© Barry Callebaut



BC at a glance

Highlights Q3 2013/14

Selective financial information

Strategy update & Outlook



Barry Callebaut at a glance

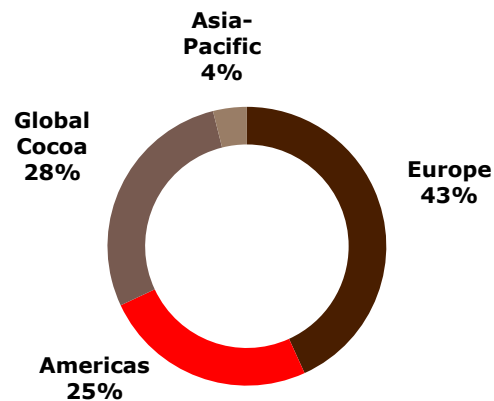
Business description

- **World leading producer** and business-to-business supplier **of chocolate and cocoa products**
- **Fully integrated** with strong position in cocoa-origin countries
- **Serving the entire food industry**
- **Outsourcing/ strategic partner of choice**
- **Largest supplier of Gourmet & Specialties**

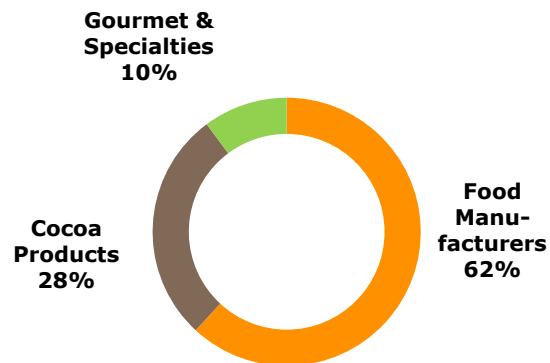
Key figures

	FY 2012/13
Sales Volume	1.5 m tonnes
Sales Revenue	CHF 5 bn
EBIT	CHF 339 m
Employees	8,500
Factories	over 50

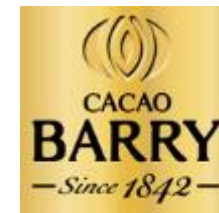
Q3 2013/14 - Volume breakdown per Region



Q3 2013/14 Volume breakdown per Product

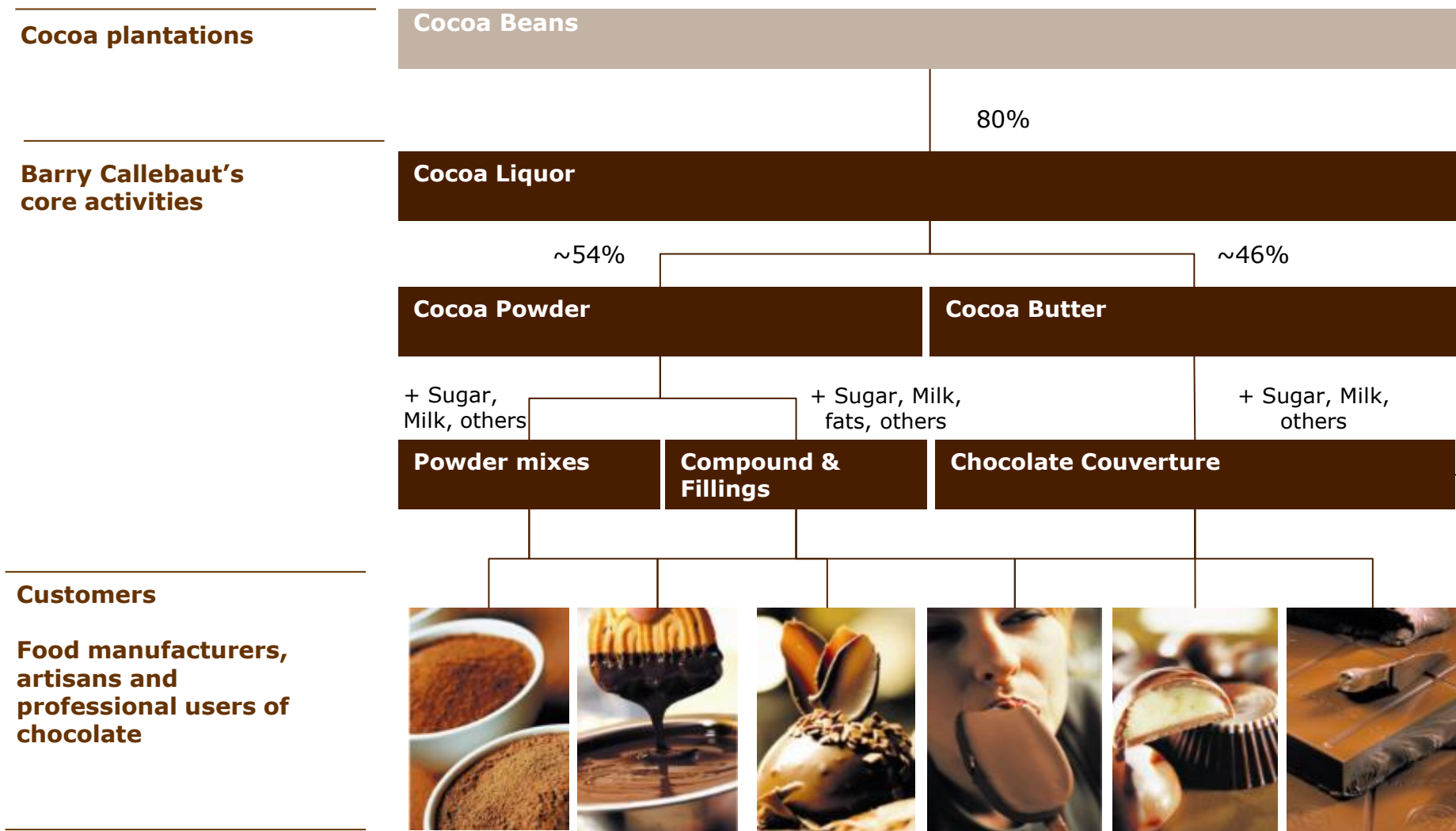


Gourmet global brands





Barry Callebaut is present in all stages of the industrial chocolate value chain





Favourable Industry Dynamics

Global growth prospects

- ▶ Average market growth in chocolate: 2 % in volume per year
- ▶ Influenced by **population growth** and increase in **disposable income**
- ▶ **Resilient industry** to macro-economic downturn
- ▶ **Fast growing in Emerging markets**

Outsourcing rationale for customers

- ▶ Free up capital to invest in marketing and distribution
- ▶ Access to most recent innovation and new developments in the industry
- ▶ Flexibility to adapt recipes in short time
- ▶ Reduce complexity in their supply chain
- ▶ Solutions to global trends and regulations

Market size and outsourcing potential

- ▶ **Total Industrial chocolate market is about 6 mio tonnes**



Barriers to entry:

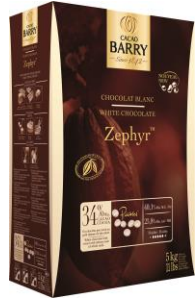
- ▶ **Complex sourcing and supply chain**
- ▶ **Capital intensive** business
- ▶ Size matters
- ▶ High innovation rate
- ▶ **High level of regulation and quality requirements**



Robust business model

Gourmet & Specialties

- Price List



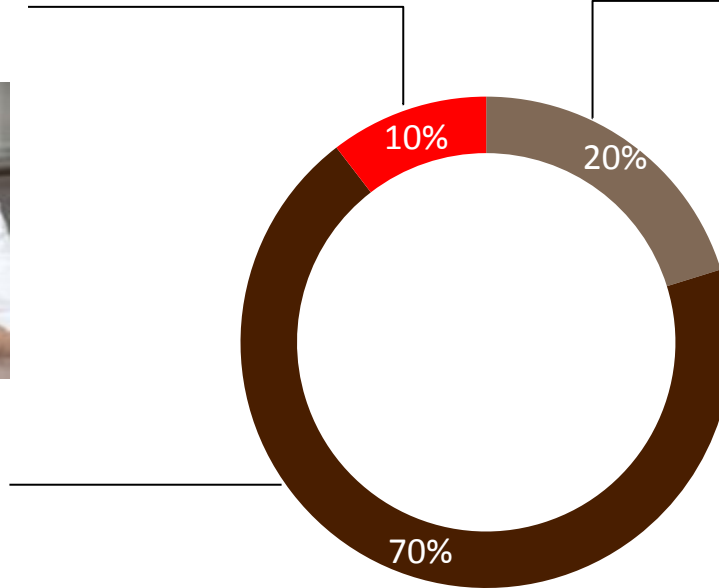
Food Manufacturers

- Cost plus



Cocoa Products

- Market prices
- Combined ratio
- Cost plus

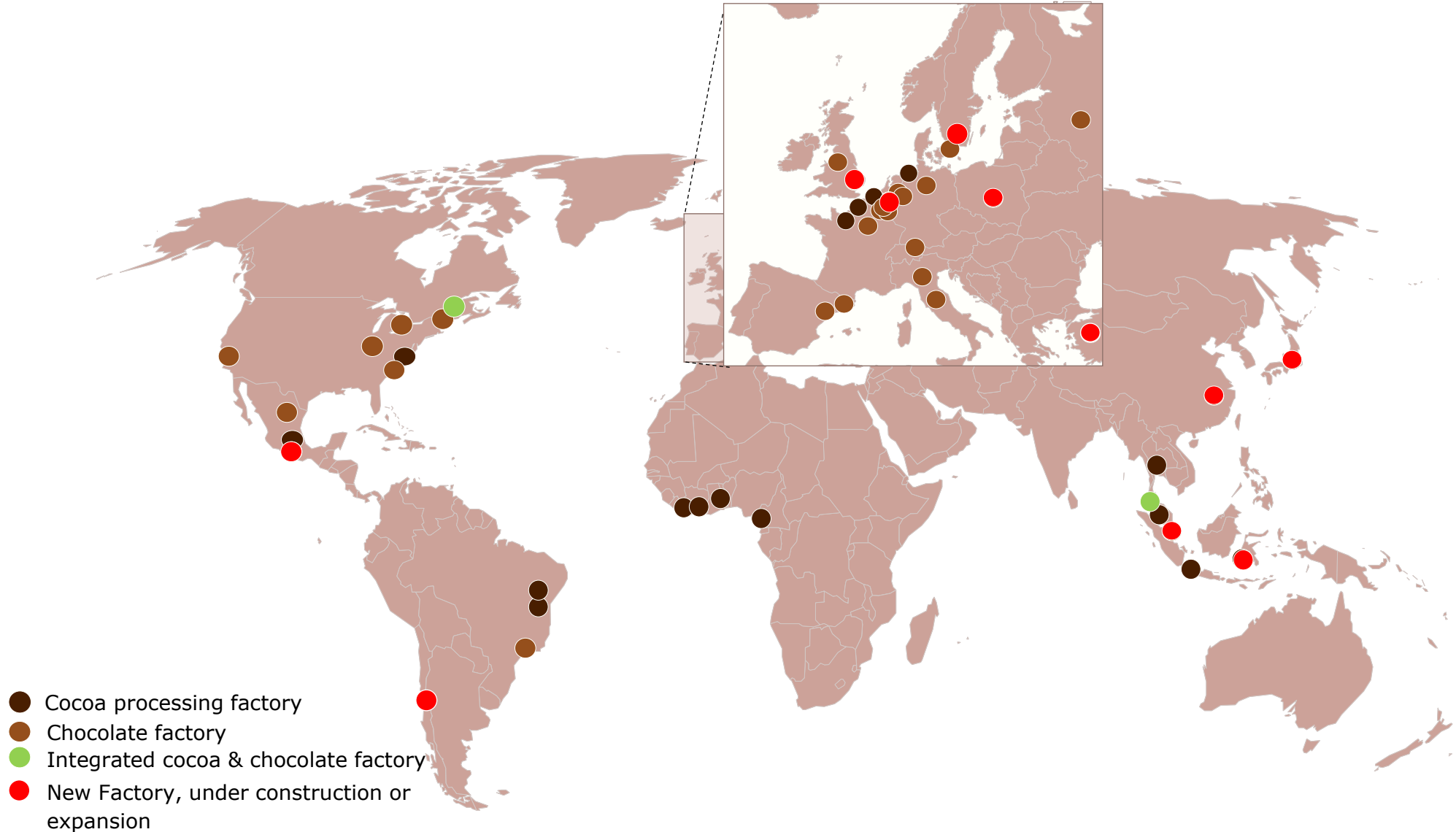


▶ Raw materials represent about 80% of operating costs

For the majority of our business we pass-on the cost of raw materials to customers



Our current manufacturing footprint provides diversification and unique competitive advantage





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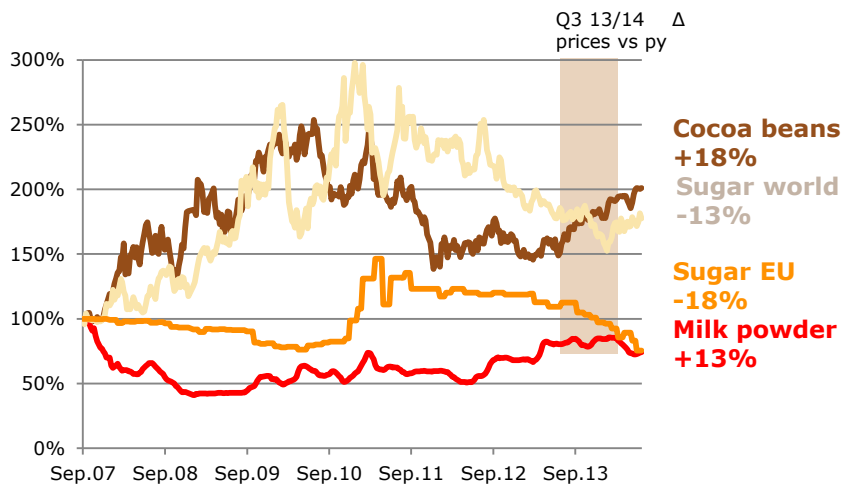
- Strong volume growth of +15.8% driven by the recently acquired cocoa business (+2.4% stand-alone)
- Main growth drivers were the recently acquired cocoa business, and on a stand-alone basis emerging markets (+18.2%), Gourmet (+6.9%) as well as Outsourcing (+5.2%)
- Integration of Cocoa business acquired from Petra Foods on target
- Mid-term financial targets confirmed



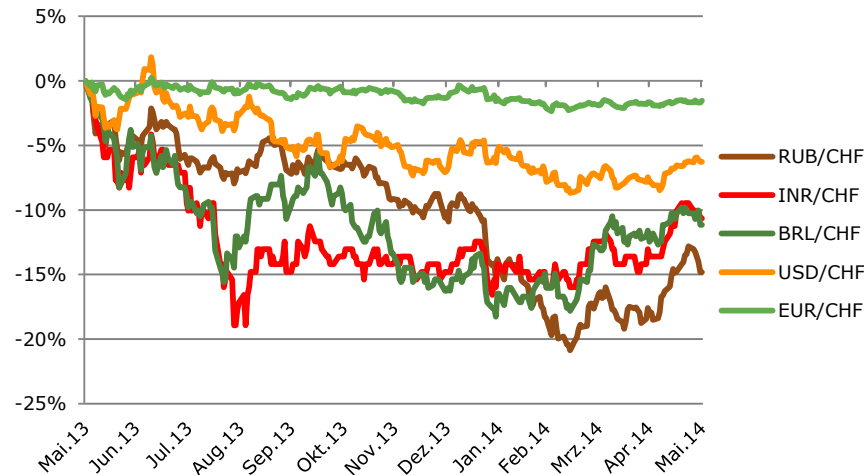


Healthy chocolate market. However on short term challenging market environment

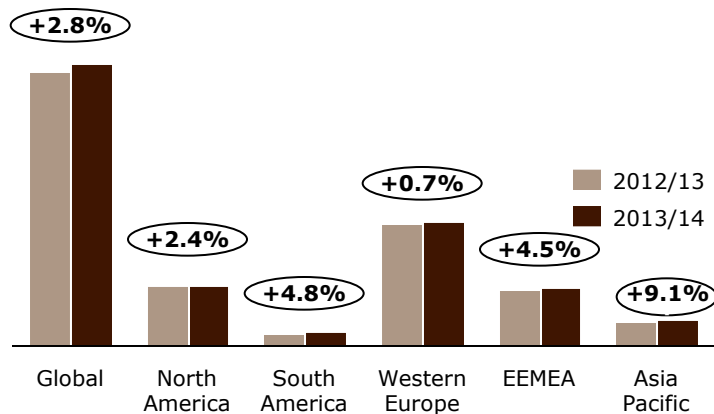
Raw Materials¹



Currencies²



Chocolate Market Development³



GDP growth⁴



Sources: 1) Cocoa beans Ldn 2nd position; Sugar world London n^o5 (2nd position), Sugar EU Kingsman estimates W-Europe DDP, skimmed milk powder average price; 2) Thomson Reuters; 3) Nielsen 6 months figures until Feb 2014; 4) Trading economics (YoY)



Strong growth driven by acquired cocoa business - stand-alone growth in line with market



Europe

Americas

Asia-Pacific

Global Sourcing & Cocoa

Volume growth

(0.2)%

+6.2%

+9.6%

+75.0%¹

+1.9%²

Market volume growth³

+1.9%

+2.8%

+9.1%

Sales revenue (in local currencies)

+10.6%

+12.6%

+18.9%

+74.7%¹

+2.2%²

1) Including acquisition of Petra Foods Cocoa Business 2) excluding acquisition of Petra Foods Cocoa Business

3) Source: Nielsen data (Sep 2013 –May 2014); - Top 25 countries of the global chocolate market in volume; - Americas includes USA, Canada, Brazil, Mexico and Chile; Eastern Europe includes: Russia, Ukraine, Poland, Turkey, Saudi Arabia and Egypt; Asia includes China, India, Indonesia, South Korea and Australia

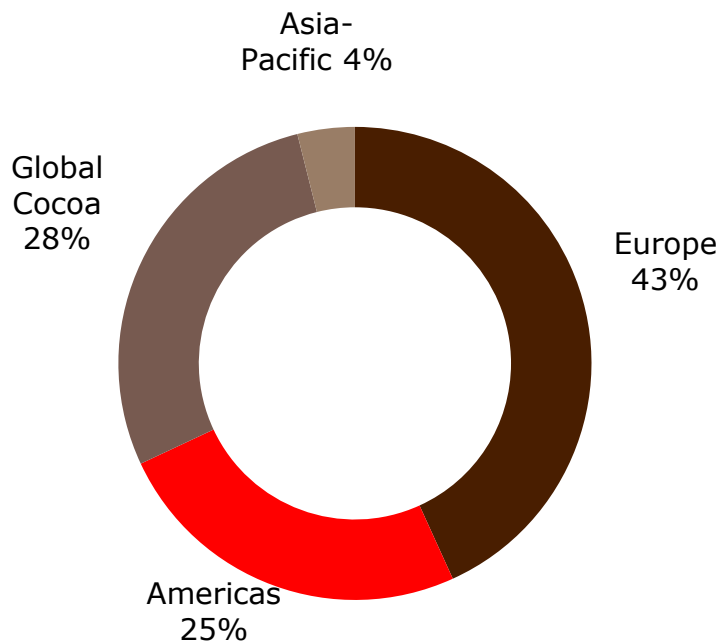


Q3 2013/14

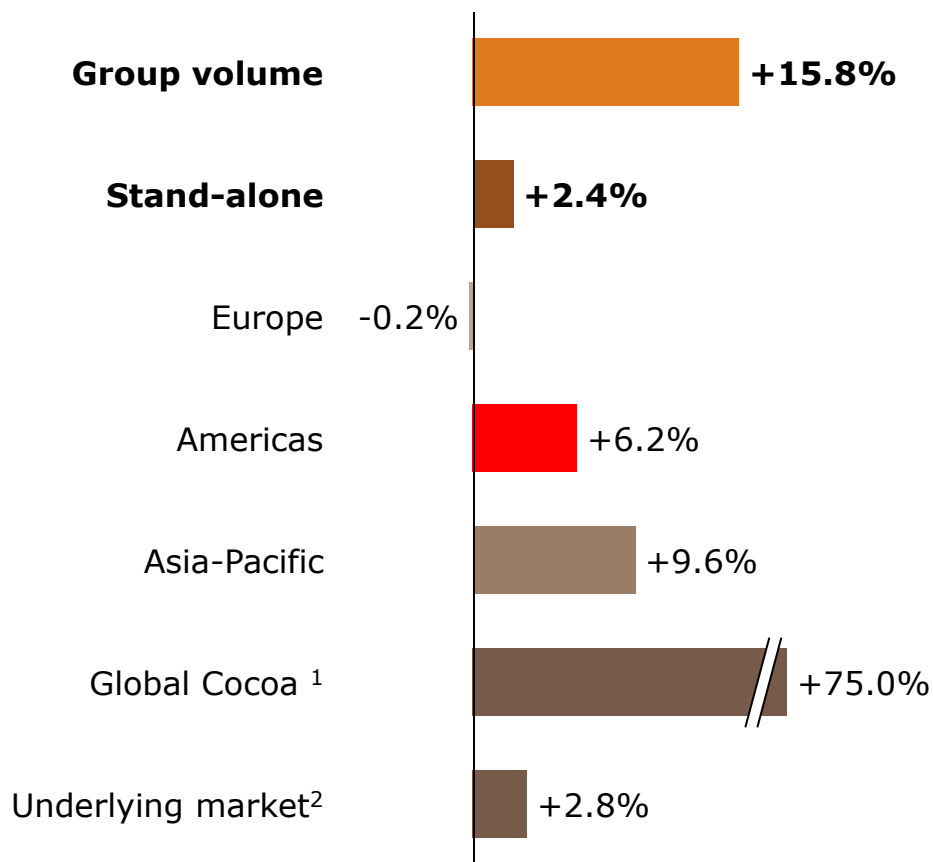
Cocoa acquisition drives strong volume expansion; volume +15.8%

Sales Volume by Region

Q3 2013/14 = 1,288,365 tonnes



Volume growth vs prior year



¹ Global Cocoa including recently acquired cocoa business from Petra Foods, on stand-alone basis +1.9%

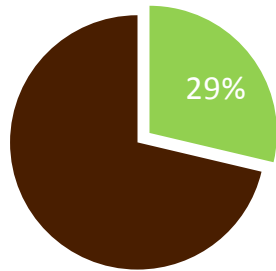
² Source: Nielsen – Chocolate Confectionery volume growth of top 25 countries; September 2013 - May 2014
Note: Total volume includes recently acquired cocoa business



Continued positive performance of our key growth drivers

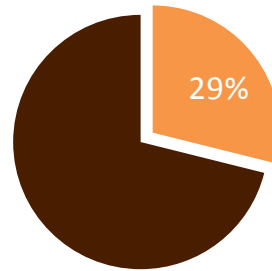
Emerging Markets

+18.2% vs prior year*



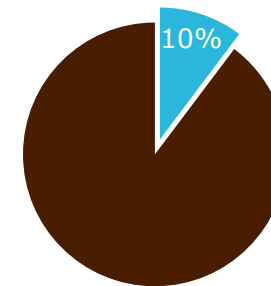
Long-term outsourcing & Strategic partnerships

+5.2% vs prior year



Gourmet & Specialties

+6.9% vs prior year



Volume growth

% of total Group volume

* Stand-alone, including recently acquired cocoa business +63.0%



Highlights first nine months- FY 2013/14

Ongoing focus on our strategic pillars



Inauguration of cocoa factory in Makassar with JV partner Comextra

Sep 2013



Barry Callebaut begins production in new, relocated factory in Japan

Nov 2013



Barry Callebaut takes over remaining 51% of certified bean supplier Biolands

Feb 2014



Barry Callebaut helps to form the Cocoa Action strategy of the World Cocoa Foundation (WCF)

Jun 2014



Barry Callebaut hosts second CHOCOVISION stakeholder conference in Davos, Switzerland

Jun 2014



EU Commission approves Barry Callebaut's health claim / EFSA approval to extend to nutritional supplements market

Sep 2013/Mar 2014



Launch of "Purity from Nature" range for Cacao Barry

Nov 2013



Barry Callebaut inaugurates its first CHOCOLATE ACADEMY™ center in Turkey

Nov 2013



Barry Callebaut inaugurates new CHOCOLATE ACADEMY™ center in Belgium

Jun 2014



Barry Callebaut's factory in Santiago, Chile operational

Jul 2014



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Key Figures Barry Callebaut

[CHFm]	FY ending August			HY ending February	
	FY 2010/11 (restated)	FY 2011/12	FY 2012/13	H1 2012/13 (restated)	H1 2013/14
Sales volume [in tonnes]	1,268,925	1,378,856	1,535,662	745,256	876,297
<i>% growth</i>		8.7%	11.4%		17.6%
Sales revenue	4,460	4,830	4,884	2,392	2,907
Gross profit	659	673	729	357	422
EBITDA	430	434	435	221	260
Operating profit / EBIT	362	353	340	175	202
<i>EBIT / tonne (as reported in CHF)*</i>	286	256	246	235	248
<i>EBIT / tonne (constant currencies)**</i>	336	312	297	305	305
Total assets	3,263	3,577	4,527	3,556	5,107
Net working capital***	888	1,039	1,346	1,026	1,501
Net debt	790	943	1,525	994	1,698

* Excluding the cocoa business acquired from Petra Foods, Singapore.

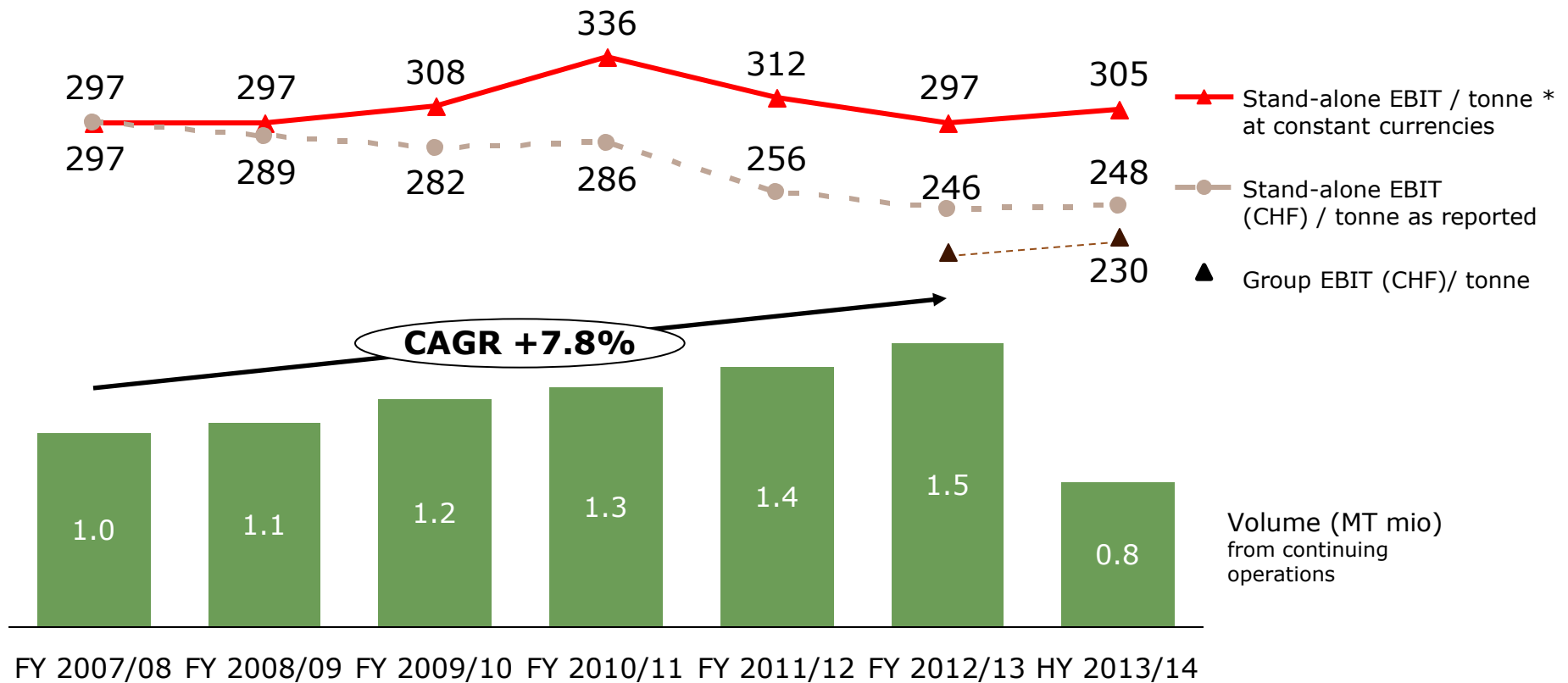
** In CHF, excl. negative FX impact (at constant currencies 2007/08), excl. Consumer business and excl. the cocoa business acquired from Petra Foods

*** Defined as current assets less current liabilities, excluding cash and cash equivalents, short term deposits and derivative financial assets and liabilities in relation to financial activities.



Improved stand-alone EBIT/tonne in first 6 months of FY 13/14. Dilution from acquired business at Group level

Group development

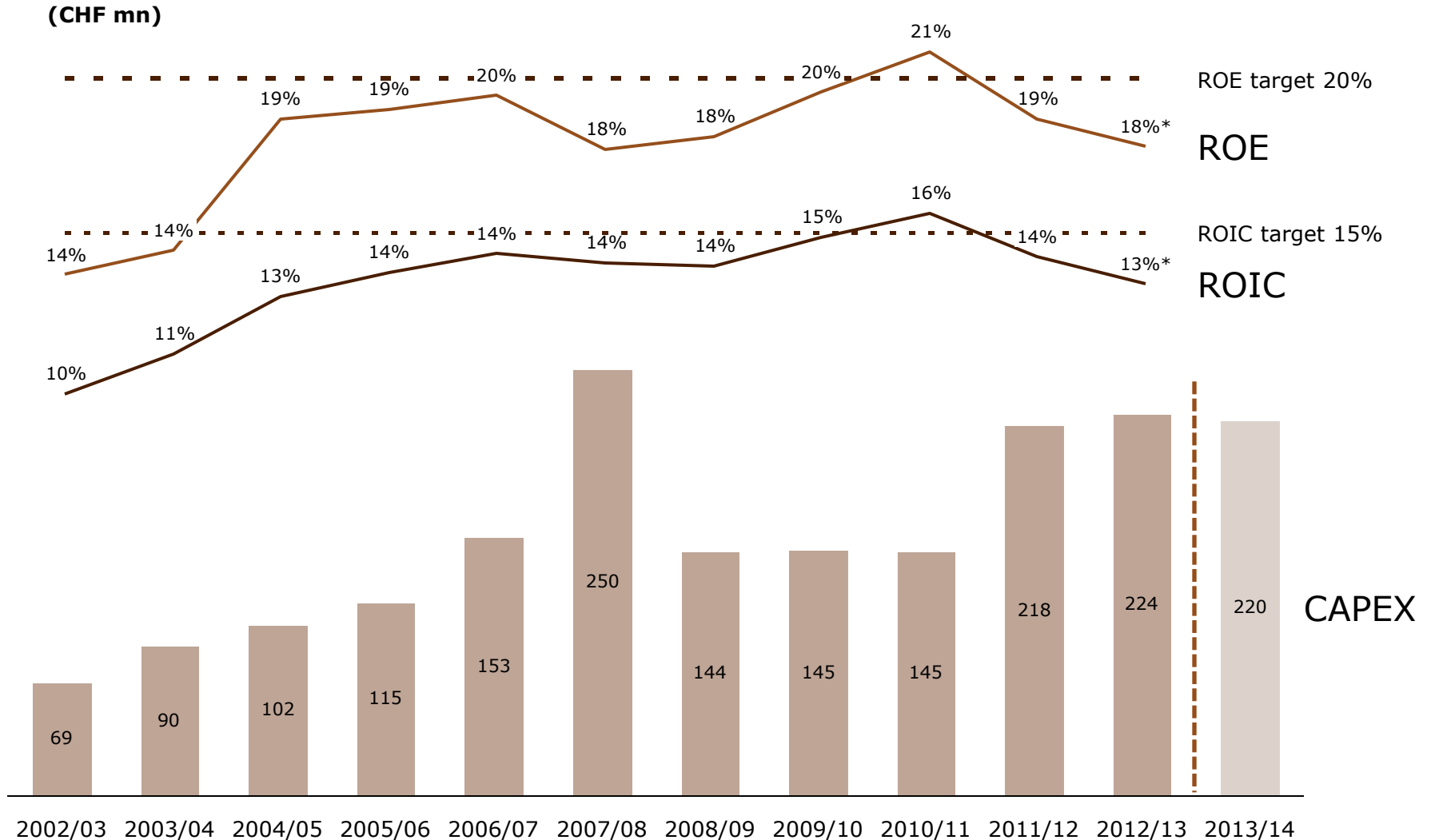


* Excluding the cocoa business acquired from Petra Foods, Singapore.

** In CHF, excl. negative FX impact (at constant currencies 2007/08), excl. Consumer business and excl. the cocoa business acquired from Petra Foods



Commitment to get back to target / pre acquisition ROIC / RoE levels in mid term



* Stand-alone ratios



Cocoa Bean Price

Strong increase in cocoa bean prices over the last 12 months

London Cocoa 2nd Position

Since Sep 2002, in GBP/mt

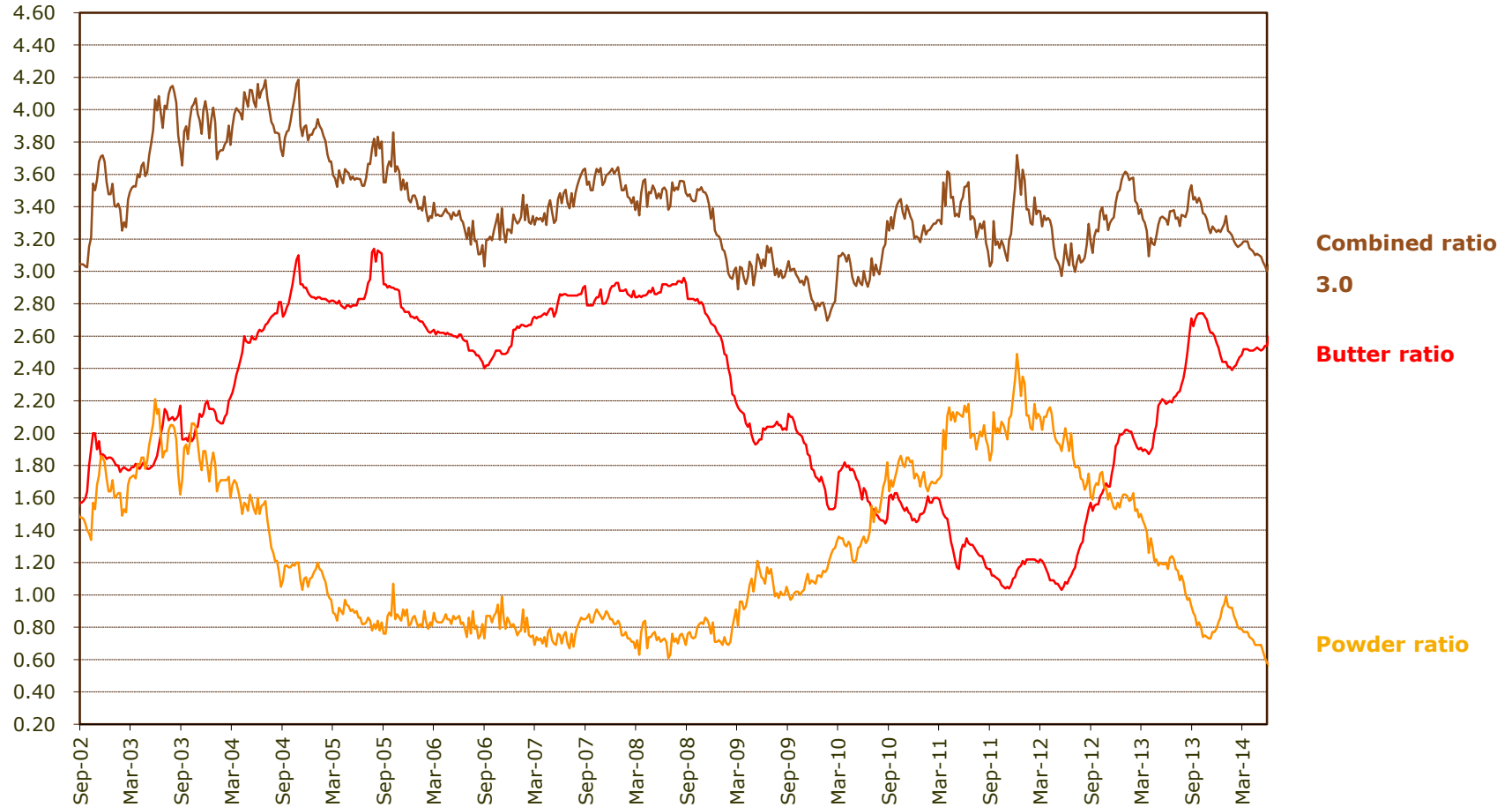




Cocoa processing profitability

Combined ratio softer than expected. Neutral impact for H1 13/14.
Last few month on a sideways trend

European combined ratio - 6 months forward ratio



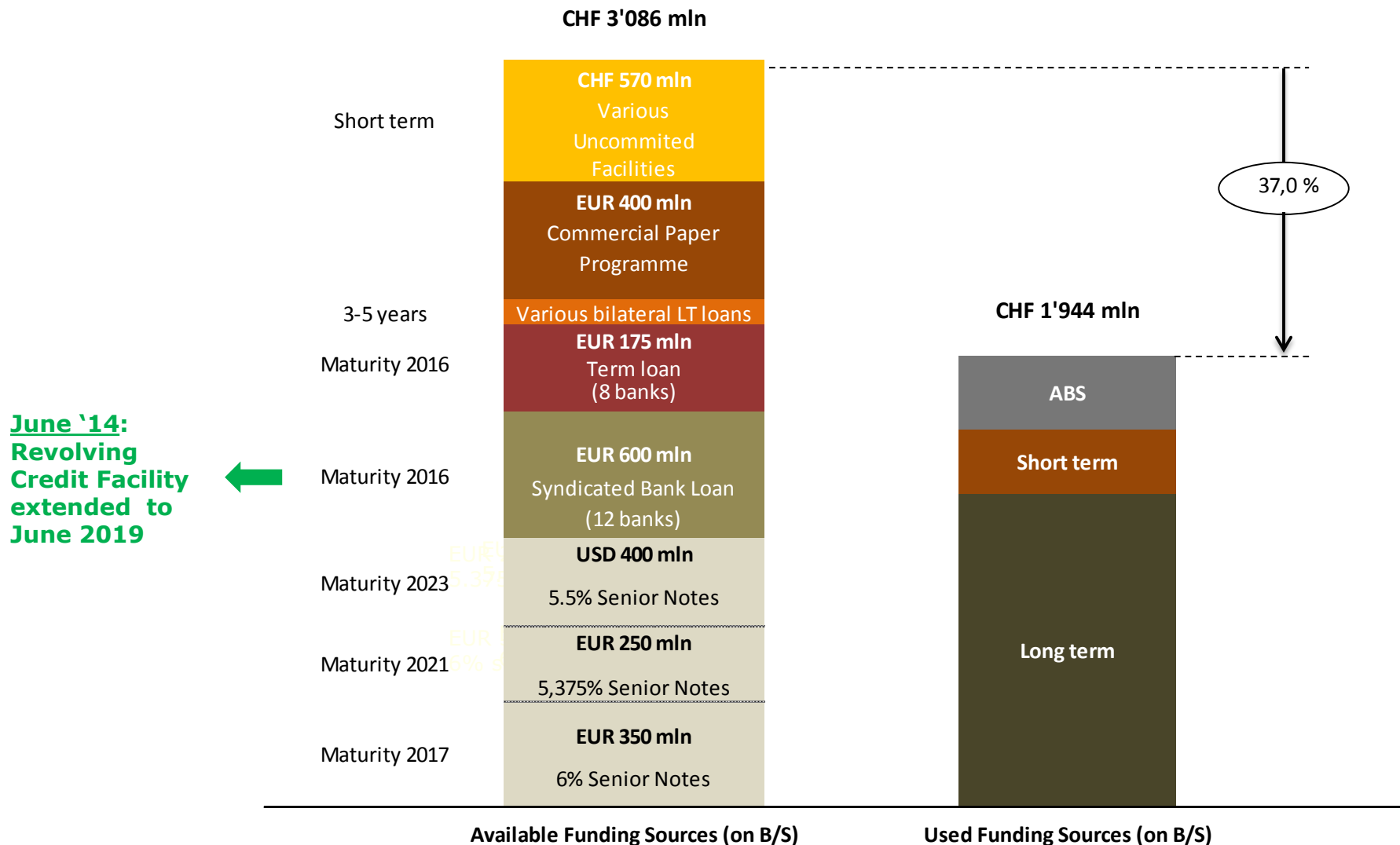
For cocoa processors, profitability depends on the ratio between input costs (price of cocoa beans) and output prices (price of cocoa butter and powder).



Maturity Profile

Syndicated Revolving Credit Facility of 600 m EUR prolonged from June 2016 to June 2019

Financing and liquidity situation (Feb 28, 2014, in CHF million)





BC at a glance

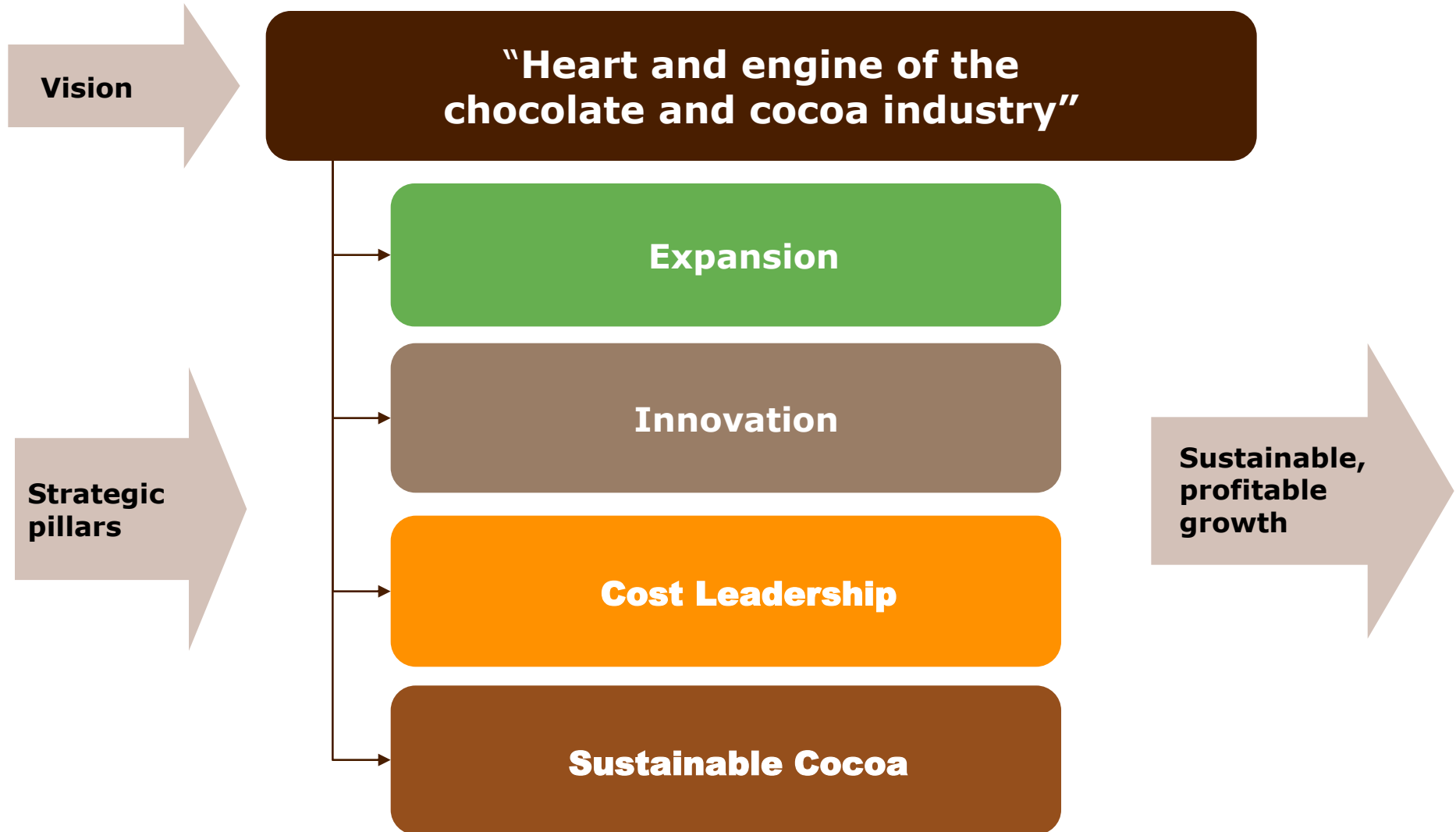
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Our strategy remains unchanged





Focus on Gourmet strategy implementation, delivers positive growth in particular global brands

Global Brands

Product Superiority global brands & differentiation on track

Innovation Renovation

Best in class launch Cacao Barry «Purity from Nature» Callebaut «Hot Chocolate».

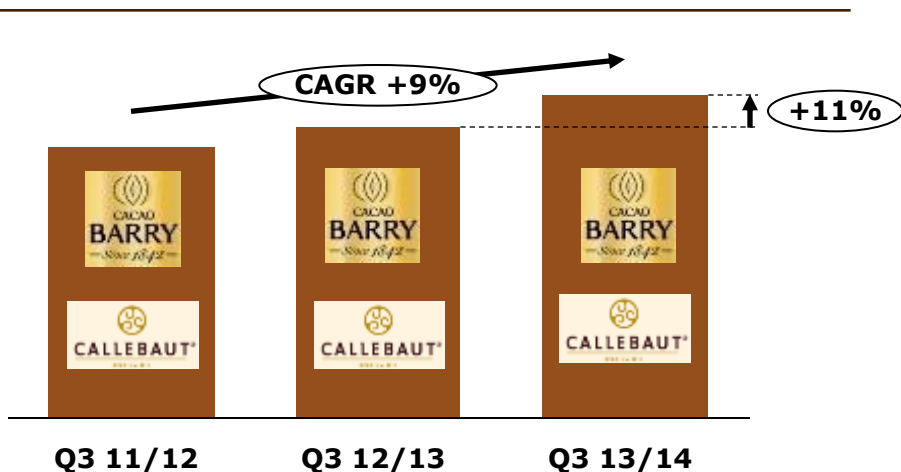
Balanced Push-Pull

Growing distribution points and multiple distribution networks in key markets

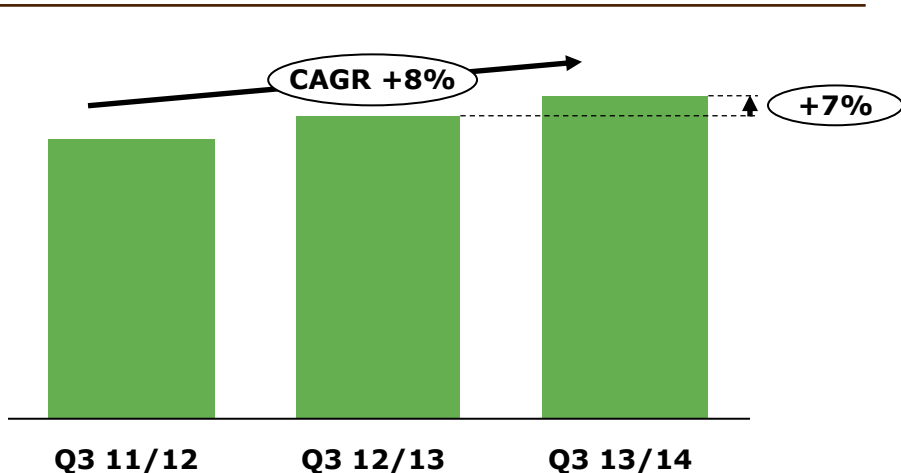
Best-in class customer service

Step change service & forecast accuracy. Zero defects quality

Sales volume evolution – Global brands



Sales volume – Gourmet & Specialties





Innovating based on insights and focus on 5 discovery areas

Portfolio



Cocoa



Chocolate



Compound & Fillings



Specialties

Discovery areas

Cocoa Science

Post harvest treatment, fermentation, bean identity, origin treats, color, taste, metabolomics, application

Structure, Texture & Sensory

Micro, processing, anti-bloom solutions, ganache, new textures, liquid drink, color, material science, oil structuring solutions

Authenticity & Permissibility

Artisanal, natural, traceable, energy, sweet solutions, real chocolate, active health claims, sustainable, responsible

Next Generation Process

Expeller, Simplification, Small batch for customization, whole bean roasting

Compounds & Fillings

Fat expertise, open innovation with fat suppliers, application knowledge, process optimisation

Global Insights

Daily luxury

Smart & Convenient

Virtuous simplicity

My food

Authenticity

Respect & Responsibility



Aim to increase volume and competitive advantages through our innovation



Production capacities expanded, while keeping manufacturing costs under control

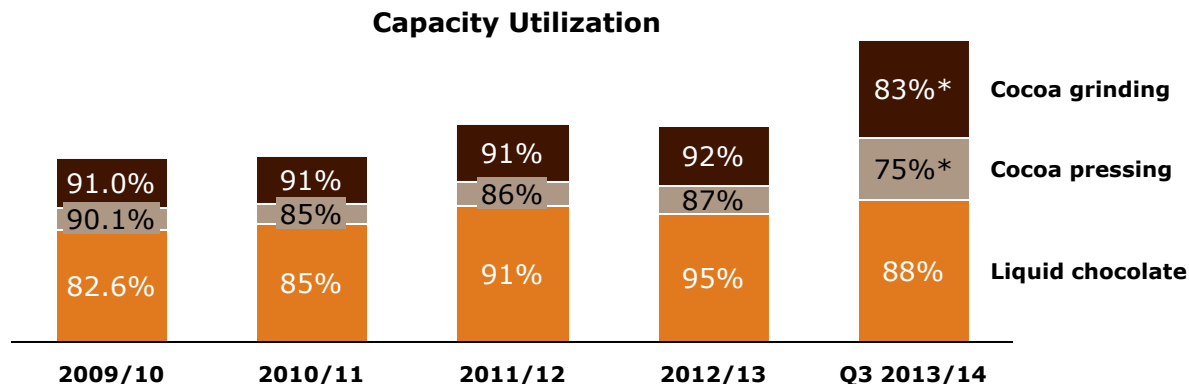
Cost Leadership

Expansion

- **Liquid chocolate capacity** utilization improved, from end of last year over 90% to 88% (target 82-85%). Focus on eliminating capacity constraints in Western Europe



- **Cocoa capacity** has significantly increased after the acquisition, now with headroom for future growth (target 90-92%)
- **Manufacturing costs** per tonne on a like-for-like basis: -0.8% vs prior year (HY)



* Installed capacity, after integrating the recently acquired cocoa business from Petra Foods



Full acquisition of Biolands: direct sourcing business model

- ▶ Barry Callebaut acquired a 49% stake in 2008 and acquired the remaining 51% Feb 18 2014
- ▶ Strategic step to increase our **direct sourcing activities** and with the aim to replicate the model in other countries
- ▶ Biolands is one of Africa's largest exporter of certified organic cocoa, working directly with ~ 70,000 farmers equivalent to ~8,000 tonnes, present in Tanzania, Sierra Leone and Côte d'Ivoire





Our key focus areas for 2013/14

- ▶ Integrate Petra Foods cocoa business and strengthen our position in cocoa powder
- ▶ Enhance profitability
 - ▶ Continue product margin improvement
 - ▶ Keep supply chain and fixed costs under control
- ▶ Full implementation of Project Spring
- ▶ Strengthen leadership in sustainable cocoa
- ▶ Accelerate talent management programs and succession planning





Cocoa Business acquired from Petra Foods

Continuous focus on integration

What we achieved

...thanks to

Global milestones are being reached

Focus and dedication of the different stakeholders – majority of projects is now firmly owned by the regions. Tracking shows that only 16% of global milestones is outstanding

One culture is being created

High willingness of resources in all levels of the organization to understand each other

Global synergies

Individual projects are progressing well – governance structure for tracking in place – continued effort to look for more synergies in the regions (regional cost savings program)

Integration Cocoa & Chocolate

Commercial model positively perceived by all regions

Operations streams

Continued attention and defined project owners for best practice sharing projects, product transfers and global S&OP project

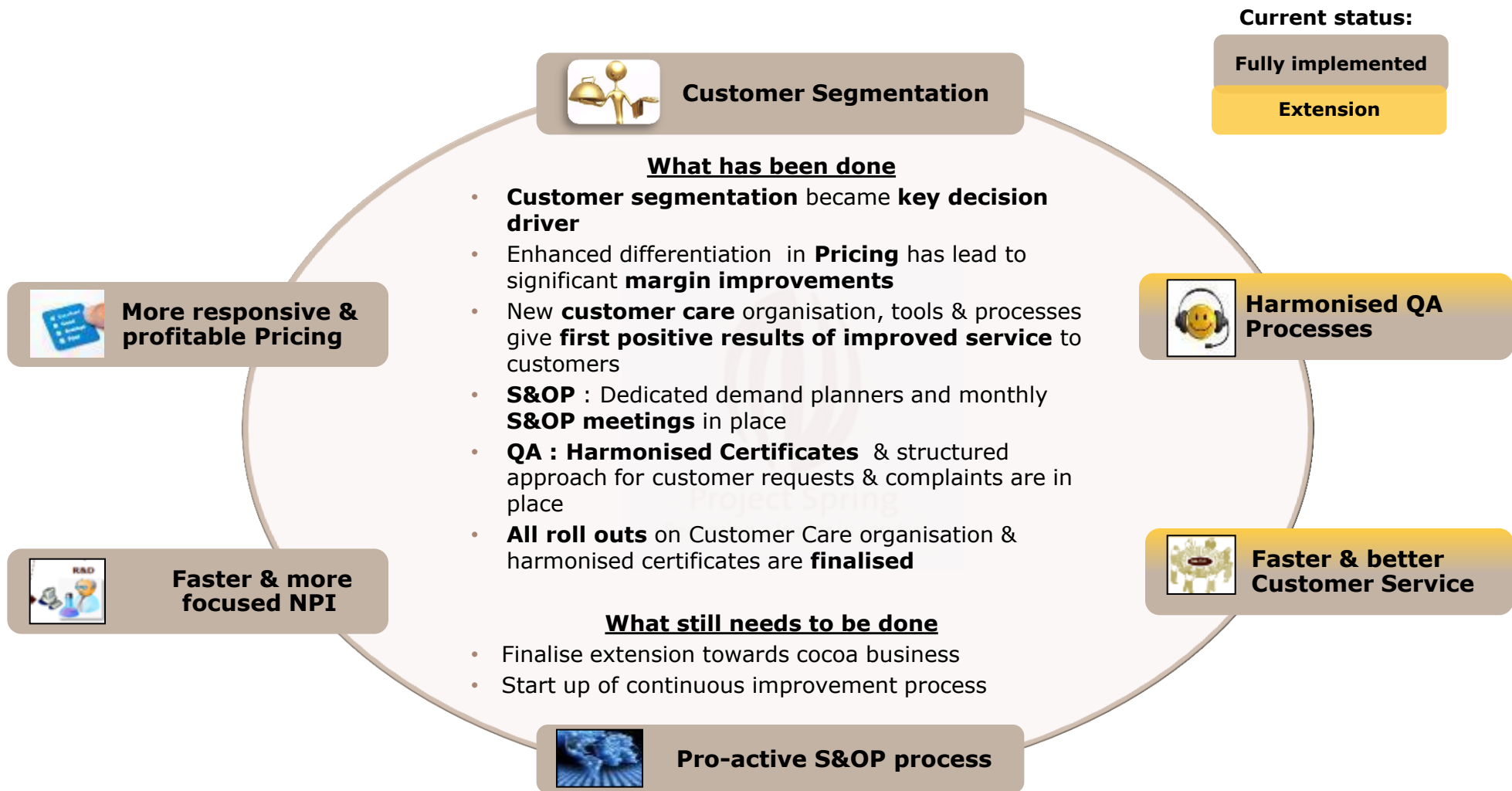
Processes & systems

Streamlining the business – starting a project to structurally identify what is needed from a process and systems perspective for the new/combined organization





Project Spring: Achievements





Chocovision 2014

Three distinct sessions - each with a different focus

Sustainable Cocoa

2014 / CHOCO
VISION
FAST FORWARD

June 18
MORNING
SESSION

Inspiration



1

Fundamental trends and developments that are reshaping the global business, social and economic landscapes

June 18
AFTERNOON
SESSION

Innovation



2

Innovative ways of working together to intensify cocoa sustainability

June 19
MORNING
SESSION

Impact



3

Practical case studies presented by senior business leaders



Chocovision 2014

Broad range of topics around challenges and opportunities in the cocoa value chain...

Sustainable Cocoa

2014 CHOCO VISION FAST FORWARD

	CONSUMER NEEDS		MACRO-ECONOMIC CHANGES
DEMO-GRAPHICS		INNOVATION	
	HEALTH		RETAIL LANDSCAPE
DIGITAL REVOLUTION		SOCIAL VALUES	



CocoaAction means:

- Unprecedented **alignment** among the **world's largest cocoa and chocolate companies** to coordinate their cocoa sustainability efforts
- **Commitment** to a **shared strategy and objectives**, developed and implemented in close partnership with the governments and national institutions of focus countries
- Initial **focus on Côte d'Ivoire and Ghana** as the largest cocoa producing countries
- **Holistic approach** based on combined **productivity-enhancing** and **community development** interventions
- Interventions to deliver improved **planting material, fertilizer** and **training** to cocoa farmers, and empower communities through **education, child labor monitoring & remediation**, and better **gender parity**
- **Shared measurement** of progress and effectiveness around common indicators for **continuous learning**
- **Convened by WCF** as secretariat to support coordination, communication, knowledge sharing and outreach
- **Invitation to collaborate/ learn** with others – we are only at the beginning of the journey!

Source: web page of the World Cocoa Foundation <http://worldcocoafoundation.org/>



We are here

Talent Identification

Talent Review

Talent Program



- Talent Identification meetings in all sites and departments based on criteria performance and potential (June-September 2013)

- Talent Review meetings in all regions & functional areas lead by business leaders (January 2014)
- Final Review and Calibration Meeting in ExCo (April 2014)

- Feedback to talents
- Create Individual developm. Plans & Mentoring
- Develop Job Profiles and determine req. capabilities
- Increased exposure to Senior Leadership Teams
- Strategic Project Involvement (May - December 2014)



Our mid-term financial guidance

- Guidance:**
- ▶ Volume growth: 6-8% on average per year until 2015/16
 - ▶ EBIT/tonne restored to Barry Callebaut's pre-acquisition level by 2015/16*

* As of consolidation of the cocoa business acquired from Petra Foods: EBIT per tonne CHF 256 – barring any major unforeseen events

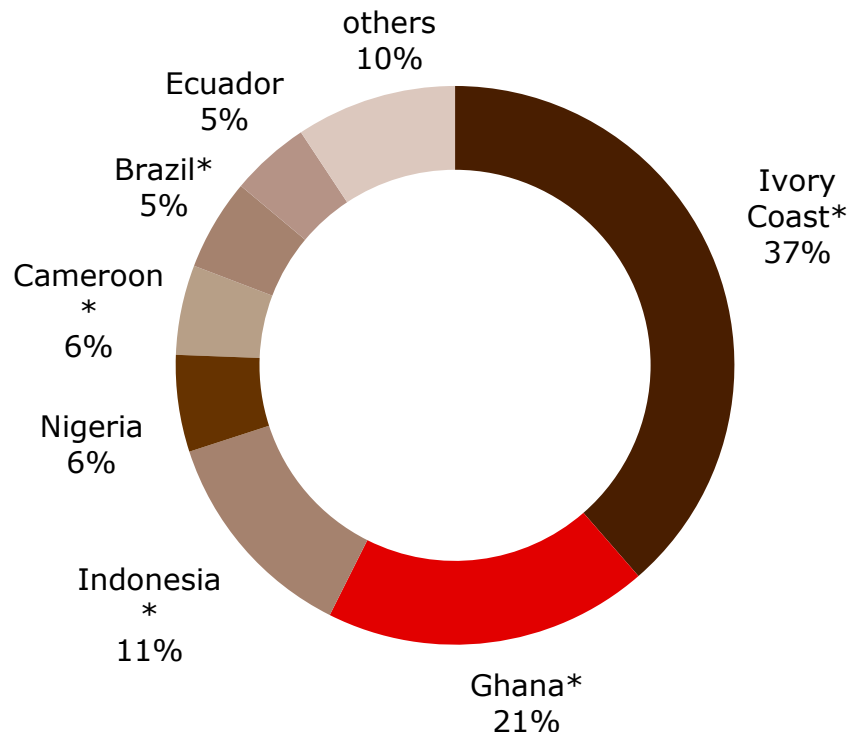


Appendix



West Africa is the world's largest cocoa producer – BC sources locally

Total world harvest (12/13): 3'986 TMT



Source: ICCO estimates

- ▶ About 70% of total cocoa beans come from West Africa
- ▶ BC stand-alone processed ~620,000 tonnes or 16 % of the world crop
- ▶ BC (including recently acquired cocoa business) processed ~920,000 tonnes or 23 % of the world crop
- ▶ 65% sourced directly from farmers, cooperatives & local trade houses
- ▶ Barry Callebaut has various cocoa processing facilities in origin countries*, in Europe and in the USA



Petra Foods Cocoa Ingredients division acquisition supports our core strategy

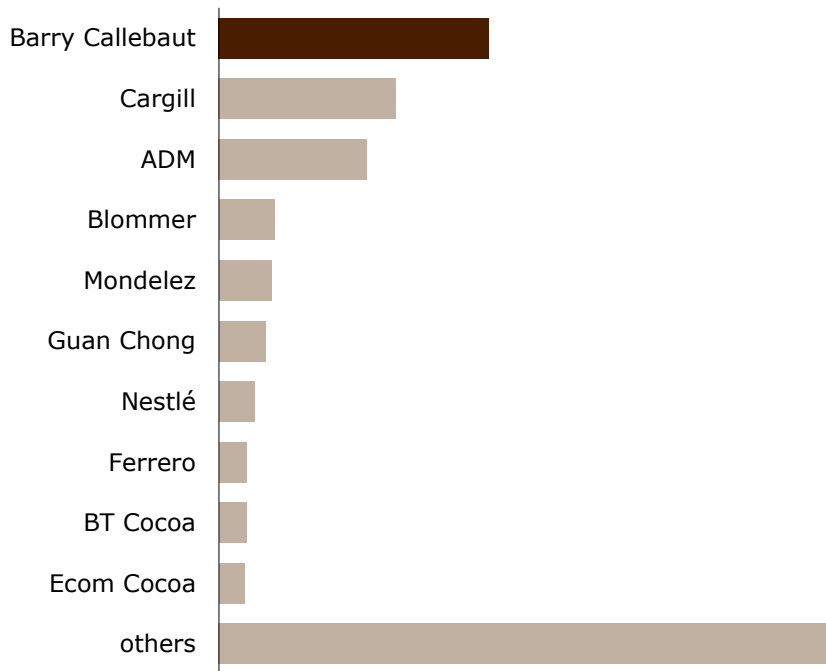
Excellent strategic fit at the core of Barry Callebaut's cocoa and chocolate business supporting the company's overall growth





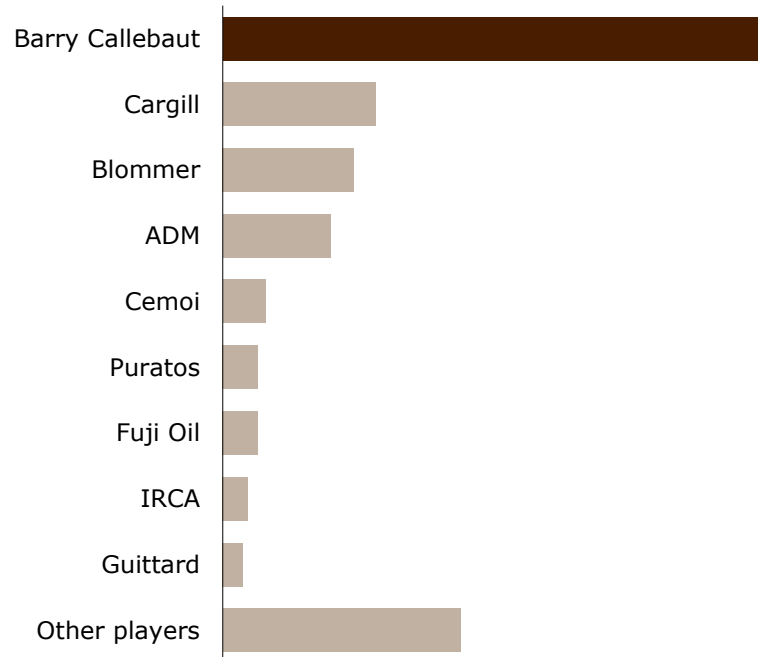
Taking global leadership in chocolate and cocoa

Cocoa Grinding Capacity



Volume (MT)

Industrial chocolate – Open market



Sales Volume (MT)

Source: Third-Party Study – 2013, Company estimates