BARRY CALLEBAUT

News Release

Barry Callebaut Group – Half-Year Results, Fiscal Year 2018/19

Strong profitability and accelerating growth momentum

- **Sales volume up +2.4% on top of a strong prior-year base**
- **Sales revenue of CHF 3.7 billion, up +6.0% in local currencies (+3.5% in CHF)**
- **Operating profit (EBIT) up +12.4% in local currencies (+8.9% in CHF)**
- **Net profit up +18.8% in local currencies (+15.1% in CHF)**
- **On track to deliver on current mid-term guidance[1]**

Zurich/Switzerland, April 11, 2019 – Antoine de Saint-Affrique, CEO of the Barry Callebaut Group, said: "We saw an acceleration of volume growth in the second quarter, which, combined with the consistent execution of our 'smart growth' strategy, delivered a strong profit increase."

Group Key Figures

for the 6-month period ended February 28,		Change in % in local currencies	Change in % in CHF	2019	2018
Sales volume	Tonnes		2.4%	1,046,695	1,022,565
Sales revenue	CHF m	6.0%	3.5%	3,672.7	3,549.9
Gross profit	CHF m	8.5%	5.7%	584.8	553.0
Operating profit (EBIT)	CHF m	12.4%	8.9%	301.4	276.8
EBIT per tonne	CHF	9.8%	6.4%	287.9	270.7
Net profit for the period	CHF m	18.8%	15.1%	199.1	173.0
Adjusted Net profit for the period[2]	CHF m	12.3%	8.7%	199.1	183.1
Free cash flow	CHF m	n/a	n/a	(140.6)	39.0
Adjusted Free cash flow[3]	CHF m	n/a	n/a	(31.4)	102.8

The Barry Callebaut Group – the world's leading manufacturer of high-quality chocolate and cocoa products – saw an acceleration in sales volume growth in the second quarter (+3.1%), leading to a +2.4% increase in **sales volume** to 1,046,695 tonnes in the first six months of fiscal year 2018/19. Sales volume in the chocolate business grew by +3.5%, which was partly offset by an anticipated decline of –1.7% in Global Cocoa. The increase in the chocolate business was on top of a strong prior-year base and well above the underlying global chocolate confectionery market, which was growing by +1.5% according to Nielsen[4]. Region Americas (+5.8%) continued its healthy growth in the first six months of this fiscal year. Sales volume growth accelerated in Region Asia Pacific (+5.7%), as well as in Region EMEA (Europe, Middle East and Africa) (+2.0%), where sales volume picked up strongly in the second quarter.

Sales revenue increased by +6.0% in local currencies (+3.5% in CHF), at a higher rate than volume growth, to CHF 3,672.7 million, for a large part related to rising raw material prices and a better product mix.

[1] On average for the 4-year period 2015/16 to 2018/19: 4–6% volume growth and EBIT above volume growth in local currencies, barring any major unforeseen events.
[2] Net profit for the period adjusted for the one-off tax expense impact of US and Belgian tax reforms.
[3] Free Cash flow adjusted for the cash flow impact of cocoa bean inventories regarded as readily marketable inventories (RMI) by the Group.
[4] Source: Nielsen Chocolate confectionery sales in volume, August 2018 to January 2019 – 25 countries.

Barry Callebaut AG
P.O. Box | 8021 Zurich, Switzerland
Phone +41 43 204 04 04 | Fax +41 43 204 04 00

Gross profit amounted to CHF 584.8 million, up +8.5% in local currencies (+5.7% in CHF). This increase above volume growth was driven by a supportive market environment and an improved product mix.

Operating profit (EBIT) improved by +12.4% in local currencies (+8.9% in CHF), well ahead of volume growth, and amounted to CHF 301.4 million, mainly due to increased gross profit and improved cost management. As a result, EBIT per tonne grew by +9.8% in local currencies (+6.4% in CHF) to CHF 288.

Net profit for the period was up +18.8% in local currencies (+15.1% in CHF) to CHF 199.1 million. This was due to the strong increase in EBIT and lower income tax expenses, partially offset by higher net finance costs. Adjusted for the one-time effect on income tax expenses of CHF 10.1 million in prior year, related to tax reforms in Belgium and the US, the net profit increase in the first half of the current fiscal year was +12.3% in local currencies (+8.7% in CHF).

Net working capital increased from CHF 1,087.7 million in the prior year to 1,762.1 million. This was partly the result of the first time adoption of IFRS 15[5] that required the recognition of cocoa beans at an earlier stage of the value chain in inventories. This led to an adjustment of CHF 336.1 million in the opening balance sheet as of September 1, 2018 and consequently had no cash flow effect. The remaining increase of net working capital is largely due to higher inventories of CHF 273.7 million compared to prior year. This increase in inventories was partly due to the earlier arrival of the main crop in West Africa, which led to increased cocoa bean inventories. Together with the build-up of required additional inventories, this will allow the Group to fuel its anticipated volume growth in the second half of the fiscal year and to prepare for potential Brexit scenarios.

Net debt amounted to CHF 1,769.6 million compared to CHF 1,208.4 million in the prior year. The increase in net debt related to the higher financing needs for the working capital and is partly due to the impact of the first time adoption of IFRS 15. In addition, the Group paid the dividend amounting to CHF 131.5 million earlier than last year, when the payable amount of CHF 109.8 million was still included in net working capital. Taking into consideration the cocoa beans inventories as readily marketable inventories (RMI), **Adjusted net debt** amounted to CHF 837.7 million (February 28, 2018: CHF 743.3 million).

Free cash flow for the six-month period under review amounted to CHF –140.6 million, compared to CHF 39.0 million in the prior half year. This is mainly due to the increase in Net working capital as a seasonal effect of the build-up of required additional inventories explained above that is expected to normalize by the end of the fiscal year. When adjusted for the effect of cocoa beans considered as RMI, the Adjusted Free cash flow amounted to CHF –31.4 million.

[5] The International Financial Reporting Standard 15 (IFRS 15) provides guidance on accounting for revenue from contracts with customers.

Outlook – Expecting further acceleration in sales momentum

Looking ahead, CEO Antoine de Saint-Affrique said: "We have good visibility in our portfolio and expect a further acceleration in sales momentum. This makes us confident we can deliver on our current mid-term guidance. Going forward, we remain committed to achieving consistent above-market volume growth and enhanced profitability, which is why we renewed our mid-term guidance[6] for the coming three fiscal years."

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

- **"Expansion"**
  In March 2019, Barry Callebaut opened its new office in Beijing as well as the second CHOCOLATE ACADEMY™ Center in China – the 22nd globally. These openings emphasize the strategic importance of the Chinese market, where Barry Callebaut has been active for more than a decade. Also in March, Barry Callebaut inaugurated its new Global Packaging Center in Halle, Belgium, which services Gourmet customers across the world and considerably strengthens the supply chain in the growing Gourmet business. In February 2019, Barry Callebaut announced the completion of the acquisition of Inforum, a leading Russian B2B producer of chocolate, compound coatings and fillings. The transaction strengthens Barry Callebaut's presence in the Russian market, the world's second largest chocolate confectionery market.

- **"Innovation"**
  Ruby chocolate celebrated its first anniversary March 19, 2019, in Tokyo, Japan, where ruby was first introduced to the consumer by Nestlé KITKAT® Japan. Since then ruby, the fourth type of chocolate, has been making waves in consumer markets across the world. It has been introduced by artisans and more than 20 brands and is currently available in over 40 markets in South Asia, Europe, South America, Australia, New Zealand and South Africa. To spur the arrival and expansion of the fourth chocolate category, Barry Callebaut initiated rubychocolate.com, a crowdsourced platform where consumers are invited to share their voice and excitement on Ruby chocolate. Early 2019, Unilever launched Magnum Vegan in the US and in Australia, crafted with dairy-free chocolate from Barry Callebaut.

- **"Cost leadership"**
  Barry Callebaut successfully issued a EUR 600 million equivalent Schuldscheindarlehen (CHF 681.9 million) in February 2019. At an average tenor of 7.8 years, this is the Schuldschein with the longest tenors on average for a corporate issuer. The transaction further improves the Group's debt and liquidity structure by extending the average maturity and diversifying its sources of financing at attractive interest rates. The transaction contains tranches in EUR and CHF and is the biggest CHF transaction ever placed in the market. A significant portion of the proceeds will finance sustainability projects. Given the success of its debut in the Schuldscheindarlehen market, the Company is considering prepaying its outstanding Senior Note of EUR 250 million, maturing on June 15, 2021.

[6] On average for the 3-year period 2019/20 to 2021/22: 4–6% volume growth and EBIT above volume growth in local currencies, barring any major unforeseen events.

Barry Callebaut AG
P.O. Box | 8021 Zurich, Switzerland
Phone +41 43 204 04 04 | Fax +41 43 204 04 00

- "**Sustainability**"
  In order to track how Barry Callebaut is progressing towards its target to become carbon positive by 2025, the Group submits each year its carbon reduction plans and activities to the Carbon Disclosure Project (CDP). CDP is an independent organization that receives and assesses the carbon reduction plans of over 7,000 companies every year, scoring them on a scale from A, the pioneers, to F. Barry Callebaut was awarded an A- for its carbon reduction activities in the CDP 2018 assessment. This puts Barry Callebaut in the top 6% of the disclosing companies. In March 2019, Barry Callebaut published its action plan under the Cocoa and Forests Initiative. Under this action plan the Group has mapped 100% of the farms and warehouses in its direct supply chain at risk of sourcing from protected forest areas. This means that Barry Callebaut has mapped all the cocoa farms within 5 kilometers and all cocoa warehouses within 25 kilometers of a protected forest area. By the end of 2019, the Group will have mapped all the farms in its direct supply chain in Côte d'Ivoire and Ghana, establishing 100% traceability for its direct supply chain in the world's two largest cocoa producing countries.

Regional/Segment performance

Region EMEA – Improving volumes and profitability

Against a strong prior year, Barry Callebaut's sales volume in Region EMEA was up +2.0% to 480,721 tonnes, with an acceleration in the second quarter (+4.4%). This was well above the European chocolate confectionery market growth of +0.7%[7]. In Western Europe, Food Manufacturers' volume growth picked up and new outsourcing volumes from Burton's Biscuit Company in the UK came on stream. With its current production footprint in the UK and robust business continuity plans the Group is able to satisfy growing customer demand under all possible Brexit scenarios. Double-digit growth in EEMEA (Eastern Europe, Middle East and Africa) continued, with Inforum contributing to sales volume for the first time as of February 2019. Gourmet maintained its healthy growth in the first six months of this fiscal year. Overall sales revenue was up +1.3% in local currencies (–2.3% in CHF) and amounted to CHF 1,542.0 million. Operating profit (EBIT) was up +6.1% in local currencies (+1.9% in CHF) to CHF 178.3 million, reflecting the improved product mix and the refocus on more profitable activities.

Region Americas – Healthy growth continues

Sales volume in Region Americas grew healthily by +5.8% to 281,204 tonnes, supported by both Food Manufacturers and Gourmet, while the regional chocolate confectionery market increased by +1.0%[7]. In South America, Gourmet continued its double-digit growth, with particularly strong momentum in Brazil. Sales revenue increased by +9.6% in local currencies (+10.1% in CHF) and amounted to CHF 908.5 million. Operating profit (EBIT) grew by +8.5% in local currencies (+7.0% in CHF) as the result of an improved product mix and amounted to CHF 90.4 million.

Region Asia Pacific – Accelerating momentum

The Group's sales volume in Asia Pacific accelerated in the second quarter (+7.4%), resulting in total volume growth for the first six months of the fiscal year of +5.7% to 57,192 tonnes, against a very high prior-year comparator. The regional chocolate confectionery market grew +8.6%[7].

---

[7] Source: Nielsen Chocolate confectionery sales in volume, August 2018 to January 2019 – 25 countries.

Barry Callebaut AG
P.O. Box | 8021 Zurich, Switzerland
Phone +41 43 204 04 04 | Fax +41 43 204 04 00

Double digit growth continued for Gourmet in China, India and Japan. Sales revenue increased by +7.2% in local currencies (+7.7% in CHF) to CHF 204.1 million. Operating profit (EBIT) outpaced volume growth and increased by +10.8% in local currencies (+11.2% in CHF) to CHF 26.9 million, due to a better product and customer mix.

Global Cocoa – Strong profitability

In line with expectations, the sales volume of Global Cocoa decreased by –1.7% to 227,578 tonnes. Sales revenue increased by +10.5% in local currencies (+6.4% in CHF) to CHF 1,018.1 million, supported by disciplined execution and increased cocoa prices. The operating profit (EBIT) improved from CHF 45.7 million in the prior year period to CHF 54.6 million, driven by a supportive market environment.

Raw material price developments

On average, **cocoa bean** prices increased by +10.2% versus prior year. During the first half of fiscal year 2018/19 cocoa bean prices fluctuated in a range between GBP 1,500 and GBP 1,800 per tonne and closed at GBP 1,683 per tonne on February 28, 2019 (–0.3%). While the cocoa crop is expected to increase, global supply and demand are expected to remain balanced.

Sugar prices increased in Europe (+37.3%), driven by a disappointing crop due to the dry and hot summer in 2018. Overall, world market prices for sugar increased by +13.7%, in the light of expectations of reduced availability of the 2019/20 crop.

Over the past six months, **dairy** prices increased (+17.7%), due to deteriorating production conditions and increased demand.

For more detailed financial information see the Barry Callebaut Group's "Half-Year Results 2018/19".

***

Media and Analyst Conference of the Barry Callebaut Group	
Date:	Thursday, April 11, 2019 at 10:00–11:30 CEST, followed by a light lunch
Location:	Barry Callebaut Head Office, CHOCOLATE ACADEMY™ Center, Pfingstweidstrasse 60, 8005 Zurich / Switzerland

The conference can be followed via telephone or audio webcast. All dial-in and access details can be found on the Barry Callebaut Group's website

***

Financial Calendar for Fiscal Year 2018/19 (September 1, 2018 to August 31, 2019):	
Investor Day	April 16, 2019
9-month key sales figures 2018/19 (news release)	July 11, 2019
Full-year results 2018/19 (news release & conference)	November 06, 2019
Annual General Meeting 2018/19	December 11, 2019

***

Barry Callebaut AG
P.O. Box | 8021 Zurich, Switzerland
Phone +41 43 204 04 04 | Fax +41 43 204 04 00

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.

Follow the Barry Callebaut Group:

Twitter
Linkedin
Facebook
YouTube
Flickr

Contact

for the media:
Frank Keidel
Head of Media Relations
Barry Callebaut AG
Phone: +41 43 268 86 06
frank_keidel@barry-callebaut.com

for investors and financial analysts:
Claudia Pedretti
Head of Investor Relations
Barry Callebaut AG
Phone: +41 43 204 04 23
claudia_pedretti@barry-callebaut.com

BARRY CALLEBAUT

Group Key Figures

for the 6-month period ended February 28,		Change in %		2019	2018
		in local currencies	in CHF		
Key Figures					
Sales volume	Tonnes		2.4%	1,046,695	1,022,565
Sales revenue	CHF m	6.0%	3.5%	3,672.7	3,549.9
Gross profit	CHF m	8.5%	5.7%	584.8	553.0
EBITDA	CHF m	10.7%	7.6%	386.7	359.4
Operating profit (EBIT)	CHF m	12.4%	8.9%	301.4	276.8
EBIT per tonne	CHF	9.8%	6.4%	287.9	270.7
Net profit for the period	CHF m	18.8%	15.1%	199.1	173.0
Adjusted Net profit for the period[1]	CHF m	12.3%	8.7%	199.1	183.1
Free cash flow	CHF m	n/a	n/a	(140.6)	39.0
Adjusted Free cash flow[2]	CHF m	n/a	n/a	(31.4)	102.8
By Region					
EMEA					
Sales volume	Tonnes		2.0%	480,721	471,120
Sales revenue	CHF m	1.3%	(2.3%)	1,542.0	1,577.8
EBITDA	CHF m	6.3%	2.2%	208.9	204.5
Operating profit (EBIT)	CHF m	6.1%	1.9%	178.3	175.0
Americas					
Sales volume	Tonnes		5.8%	281,204	265,904
Sales revenue	CHF m	9.6%	10.1%	908.5	825.5
EBITDA	CHF m	9.6%	8.4%	111.8	103.2
Operating profit (EBIT)	CHF m	8.5%	7.0%	90.4	84.5
Asia Pacific					
Sales volume	Tonnes		5.7%	57,192	54,121
Sales revenue	CHF m	7.2%	7.7%	204.1	189.5
EBITDA	CHF m	9.0%	9.4%	31.8	29.1
Operating profit (EBIT)	CHF m	10.8%	11.2%	26.9	24.2
Global Cocoa					
Sales volume	Tonnes		(1.7%)	227,578	231,420
Sales revenue	CHF m	10.5%	6.4%	1,018.1	957.1
EBITDA	CHF m	13.5%	11.0%	81.7	73.7
Operating profit (EBIT)	CHF m	22.5%	19.4%	54.6	45.7
By Product Group					
Sales volume	**Tonnes**			**1,046,695**	**1,022,565**
Cocoa Products	Tonnes		(1.7%)	227,578	231,420
Food Manufacturers Products	Tonnes		3.4%	688,602	665,763
Gourmet & Specialties Products	Tonnes		4.1%	130,515	125,382
Sales revenue	**CHF m**			**3,672.7**	**3,549.9**
Cocoa Products	CHF m	10.5%	6.4%	1,018.1	957.1
Food Manufacturers Products	CHF m	4.8%	3.0%	2,046.7	1,987.4
Gourmet & Specialties Products	CHF m	2.9%	0.4%	607.9	605.4

[1] Net profit for the period adjusted for the one-off tax expense impact of US and Belgian tax reforms.
[2] Free cash flow adjusted for the cash flow impact of cocoa bean inventories regarded as readily marketable inventories (RMI) by the Group.