



# Roadshow presentation

Full-Year Results 2018/19

November 2019



The background of the slide features a close-up photograph of cacao pods in various stages of ripeness, ranging from bright yellow to deep red. Large, dark green cacao leaves are overlaid on the left side of the image, partially obscuring the pods. The overall composition is rich and textured, emphasizing the natural origin of the product.

# AGENDA

- BC at a glance
- Highlights Full-Year 2018/19
- Strategy & Outlook
- Appendix



# BC AT A **GLANCE**

BC at a glance - Who are we?

## Strong values & strong team

We are the heart and engine of the chocolate and cocoa industry



**FOREVER  
CHOCOLATE**

**Big enough  
to matter,  
Small enough  
to care**

**120 years of  
Chocolate  
experience**

- A merger between Cacao Barry, the very first French chocolate connoisseur since 1842 and Callebaut a Belgian chocolate couverture manufacturer expert since 1911
- Listed on the SIX Swiss Exchange since 1998
- Jacobs Holding long-term anchor shareholder with 50.1% of the outstanding shares
- Strong and diverse management team with 120 years of chocolate experience
- Barry Callebaut is in every 4th of all consumer product containing cocoa or chocolate

BC at a glance – This is Barry Callebaut

# ‘Shaping the world of chocolate and cocoa’

**2.1 million**  
Sales volume  
in tonnes

**601.2**  
EBIT  
in CHF million

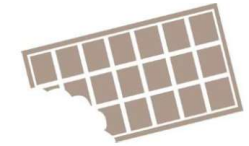
## Full-Year 2018/19

Mid-term guidance  
**delivered**

for the 4-year period 2015/16 to 2018/19

More than

**175 years**  
of chocolate heritage



**+5.1%**  
Volume growth

**7,309.0**  
Sales revenue  
in CHF million

on average

**+4.5%**  
Volume growth



on average

**+13.9%**  
EBIT growth  
in local currencies

More than

**12,000**  
employees



**62**  
factories  
worldwide

Sustainably sourced  
cocoa beans

**47%**



**23**  
CHOCOLATE  
ACADEMY™  
Centers



More than

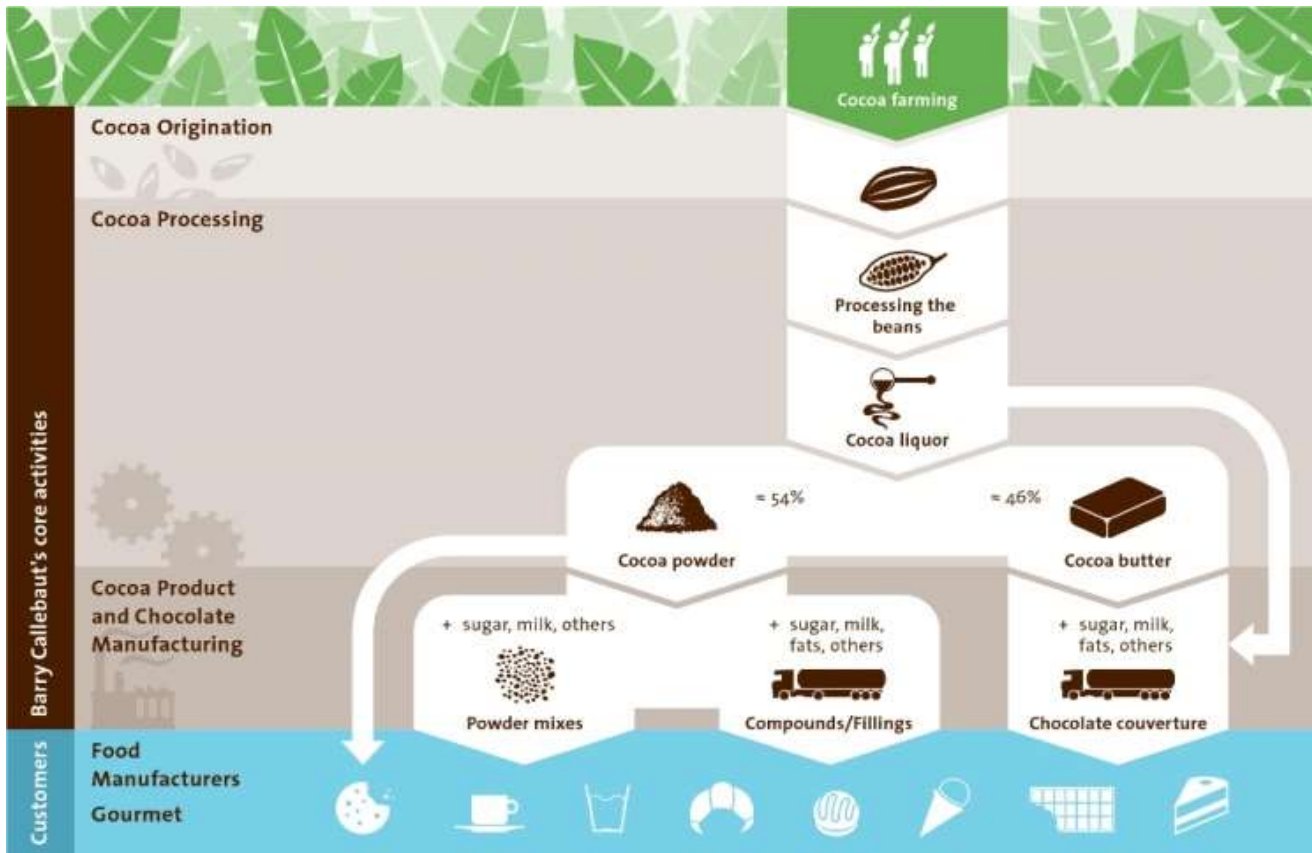
**60,000**  
chocolate aficionados

trained in 2018/19

Selling to  
**140**  
countries

BC at a glance - What do we do?

# We are present in the key parts of the cocoa and chocolate value chain

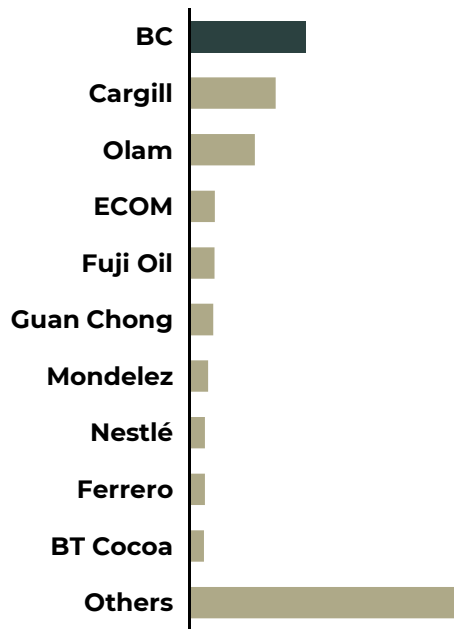


From the cocoa bean to the chocolate and cocoa products

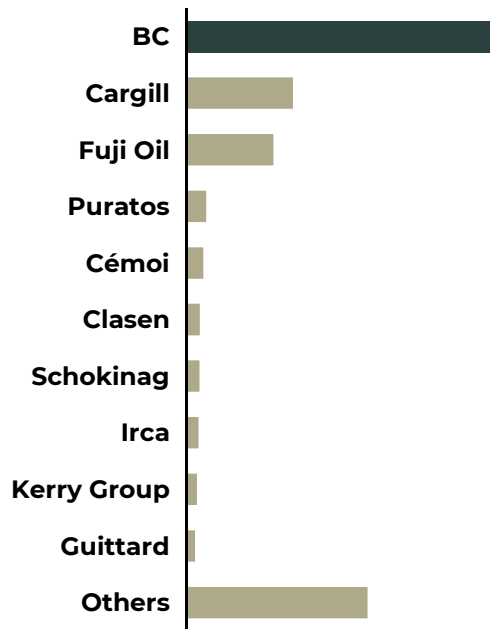
BC at a glance – Market Leadership

# A strong global market leader

**Cocoa grinding capacity (kMT)**



**Industrial Chocolate (open market – kMT)**



**Market impact**



Note: Olam incl. ADM, Cargill incl. ADM chocolate business and SMET, Fuji oil incl. Harald and Bloomer, Irca incl. Doblac  
 Source: BC proprietary estimates

BC at a glance – offering and business model

# A broad offering with cost plus approach on majority of business

	<b>Cocoa Products</b>	<b>Food Manufacturers</b>	<b>Gourmet &amp; Specialties</b>
<b>% share:</b>	22%* of volumes	66%* of volumes	12%* of volumes
<b>Customer:</b>	Small, medium and Global Food Manufacturers	Small, medium and Global Food Manufacturers	Professionals, Food Chains, Distributors, HORECA
<b>Pricing:</b>	Market prices, Cost Plus (partly)	Cost Plus	Price List Cost Plus (partly)
<b>Profit Levers:</b>	Global set-up, Customer / product mix, Combined ratio	Customer / Product mix, Economies of scale	Expansion global brands Adjacent products Innovation / Sustainability
<b>Products:</b>	 	 	 

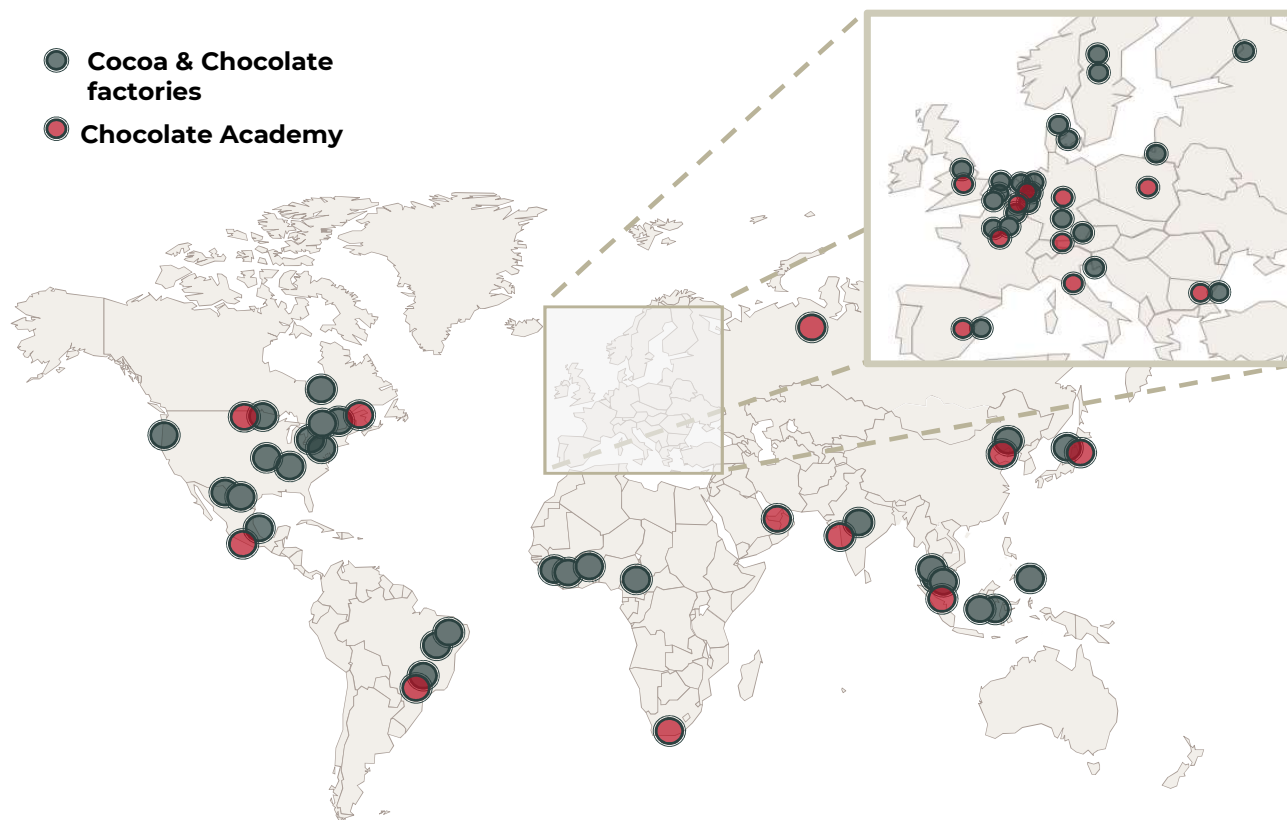
Passing on the cost of raw materials to customers underpin profit stability by mitigating the volatility impact of main raw materials

\* Percentage of FY2018/19 Group sales volume



BC at a glance - where are we present?

# A global footprint and local service: 62 factories worldwide

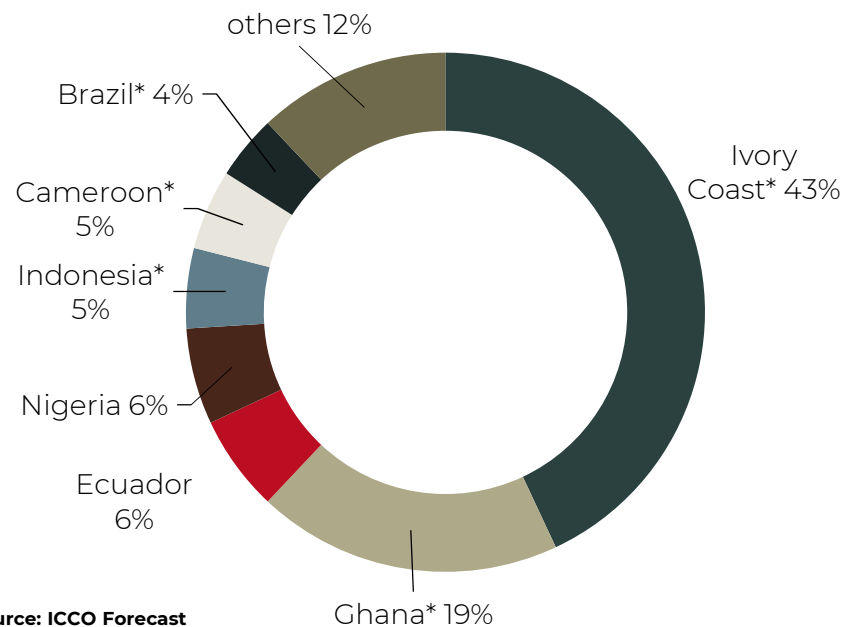


**Cocoa factories in countries of origin and chocolate factories close to our customers. With our 23 Chocolate Academies worldwide we are at the pulse of any trends in the industry.**

# West Africa is the world's largest cocoa producer

- About 70% of total cocoa beans are of West African Origin
- Barry Callebaut processed around 925,000 tonnes or approximately 20% of the world crop
- Barry Callebaut has various cocoa processing facilities in origin countries\*, in Europe and USA

**Total world harvest (17/18): 4,645 tsd MT**



Source: ICCO Forecast

# HIGHLIGHTS

## Full-Year 2018/19

## Good momentum continues



- Sales volume up +5.1%, well above market growth of +1.8%<sup>1</sup>
- Sales revenue of CHF 7.3 bn, up +7.8% in local currencies (+5.2% in CHF)
- Operating profit (EBIT) up +11.9% in local currencies (+8.5% in CHF)
- Net profit<sup>2</sup> up +14.2% in local currencies (+10.4% in CHF)
- 2015/16 – 2018/19 mid-term guidance achieved – on average: +4.5% volume growth and +13.9% EBIT growth in local currencies
- Free cash flow of CHF 290 million
- Proposed payout to shareholders of CHF 26.00 (+8.3%)

<sup>1</sup> Source: Nielsen, Aug 18 – Aug 19, 25 countries, excluding e-commerce channels

<sup>2</sup> Net profit excluding one-off costs for early bond repayment of CHF 33 million, partly offset by the tax effect of CHF 7 million

## Consistent execution of ‘smart growth’, mid-term guidance achieved<sup>1</sup>

### Volume growth +4.5% on average

- Key growth drivers on average:
  - Emerging Markets +7.7%, doubling its volume share
  - Outsourcing +6.1%, adding >150,000 tonnes
  - Gourmet & Specialties +8.2%

### EBIT growth in local currencies +13.9% on average

- 3x faster than volume growth
- Innovation and Sustainability contributing to margin-accretive ‘smart growth’

### Focus on Returns and Cash Flow

- Substantially deleveraged (Net Debt / EBITDA from 2.7x to 1.5x)
- Increased ROIC from 9.5% to 13.2%
- Consistent focus on Free cash flow

**S**ustainable growth

**M**argin accretive growth

**A**ccelerated growth in Gourmet, Specialties and Emerging Markets

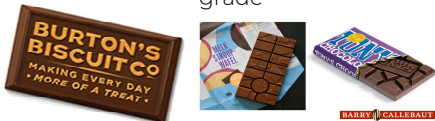














**R**eturn on Capital and greater focus on Free cash flow

**T**alent & Team

<sup>1</sup> Mid-term guidance 2015/16 – 2018/19 on average: 4-6% volume growth and EBIT above volume growth in local currencies

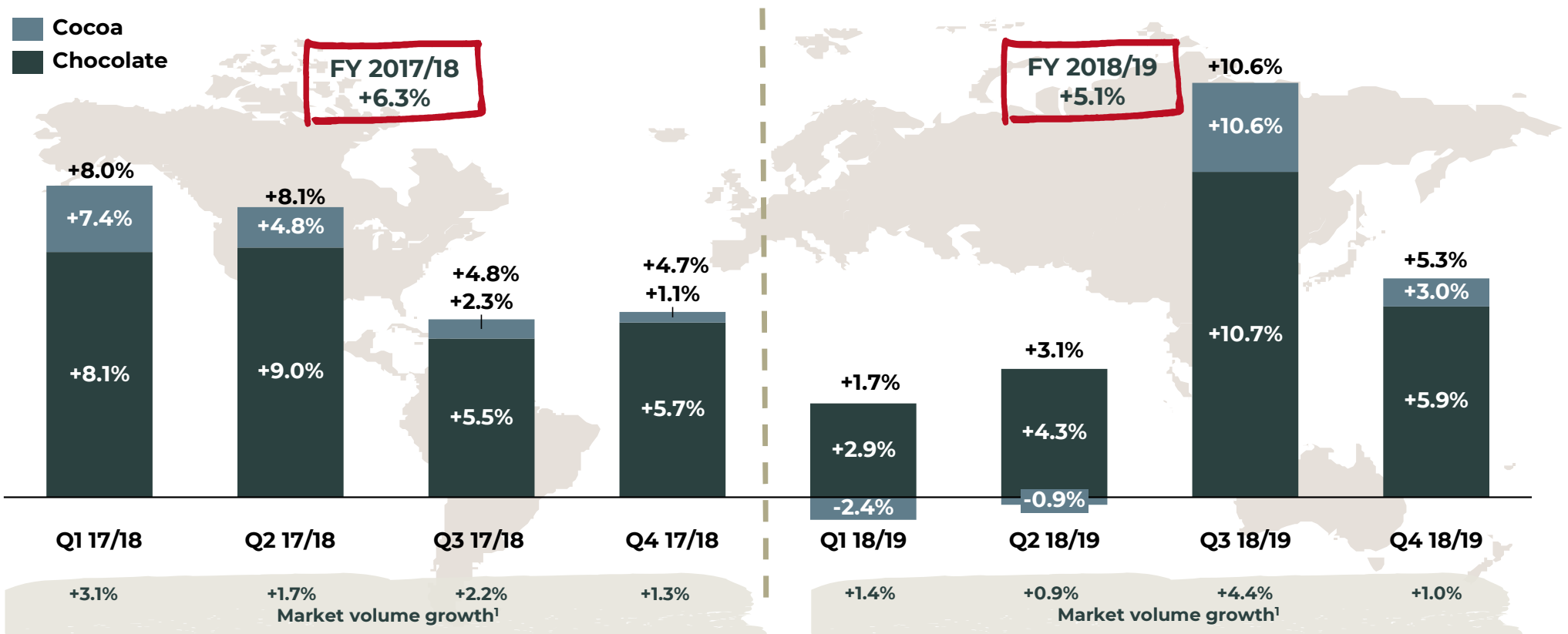
Highlights Full-Year Result 2018/19

# Delivering on all strategic pillars

<p>S&amp;P upgrade to Investment grade</p>  <p>Outsourcing Agreement with Burton's Biscuit UK</p> <p>Strategic Partnership Tony's Choco., Albert Heijn and BC</p> <p><b>Nov 2018</b></p>	<p></p> <p>Completion of Inforum acquisition</p> <p>Successful placement of EUR 600m Schuldschein</p> <p><b>Feb 2019</b></p>	<p> </p> <p>Expansion cocoa processing In Côte d'Ivoire</p> <p>CHOCOLATE ACADEMY™ in Beijing, China</p> <p><b>Mar 2019</b></p>	<p> </p> <p>Announcement new chocolate factory Serbia</p> <p>Action Plan Cocoa and Forests Initiative</p> <p><b>Apr 2019</b></p>
<p><b>May 2019</b></p> <p> </p> <p>Ruby launch in North America</p> <p>Intensified collaboration to support young cocoa farmers in Cameroon</p>	<p><b>Jul 2019</b></p> <p> </p> <p>Groundbreaking new chocolate factory India</p> <p>No. 1 ranking in Sustainalytics</p> <p></p> <p>Announcement new Global Distribution Center, Belgium</p>	<p><b>Aug 2019</b></p> <p> </p> <p>Launch Bensdorp Natural Dark</p> <p>CHOCOLATE ACADEMY™ in Antwerp, Belgium</p> <p></p> <p>opening new chocolate factory in Rancaekek, Indonesia</p>	<p><b>Sep 2019</b></p> <p></p> <p>Introduction 'Cacaofruit Experience' including 'Wholefruit Chocolate'</p>

Highlights Full-Year Results 2018/19

# Healthy growth, continued good momentum



<sup>1</sup> Source: Nielsen August 2018 – August 2019, 25 countries, excluding e-commerce channels.

Highlights Full-Year Results 2018/19

# Growth continues to be broad based

**% of total  
Group volume**

**% volume growth  
vs prior year**

**35%  
Emerging  
Markets**

**+9.7%  
excl. cocoa  
+12.7%**

**34%  
Outsourcing  
Long-term  
Partnerships**

**Key growth  
drivers  
  
crucial to  
continuously  
outperform the  
market**

**+5.2%**

**12%  
Gourmet &  
Specialties**

**+2.8%  
excl. Beverage  
+6.1%**





# FINANCIAL REVIEW

## Full-Year 2018/19

# Consistently delivering profitable growth

Group performance ( in CHF millions)	FY 2018/19	% vs prior year in CHF	% vs prior year in local currencies
Sales volume (in tonnes)	2,139,758	5.1%	n/a
Sales revenue	7,309.0	5.2%	7.8%
Gross profit	1,188.4	2.7%	5.1%
EBIT Total	601.2	8.5%	11.9%
<i>EBIT per tonne (in CHF)</i>	<i>281.0</i>	<i>3.3%</i>	<i>6.5%</i>
Net profit for the year	368.7	3.2% / 10.4% <sup>1</sup>	6.9% / 14.2% <sup>1</sup>
Free cash flow	289.7	n/a	n/a
Adj. Free cash flow <sup>2</sup>	256.8	n/a	n/a

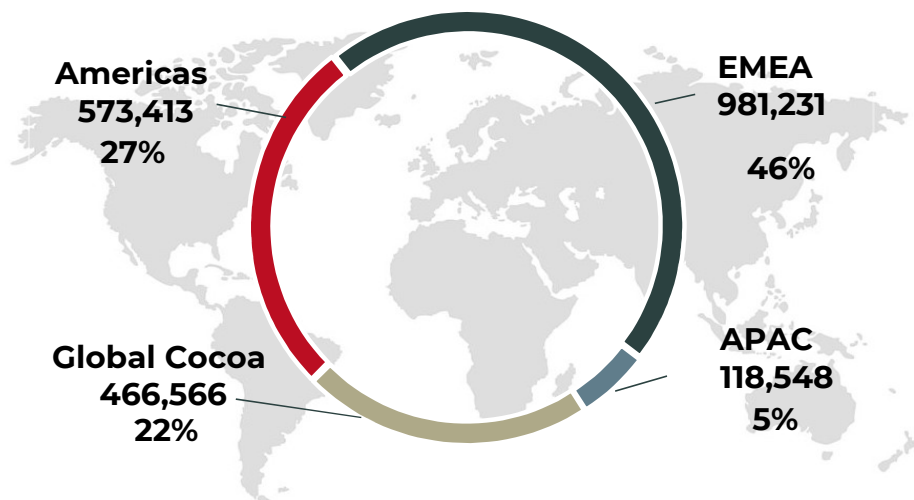
<sup>1</sup> Net profit excluding one-off costs for early bond repayment of CHF 33 million, partly offset by the tax effect of CHF 7 million

<sup>2</sup> Adjusted for one-off costs related to early bond repayment and of cocoa beans regarded as readily marketable inventories (RMI)

# All Regions contributed to volume growth and profitability

Group Sales Volume:

**2,139,758**  
tonnes



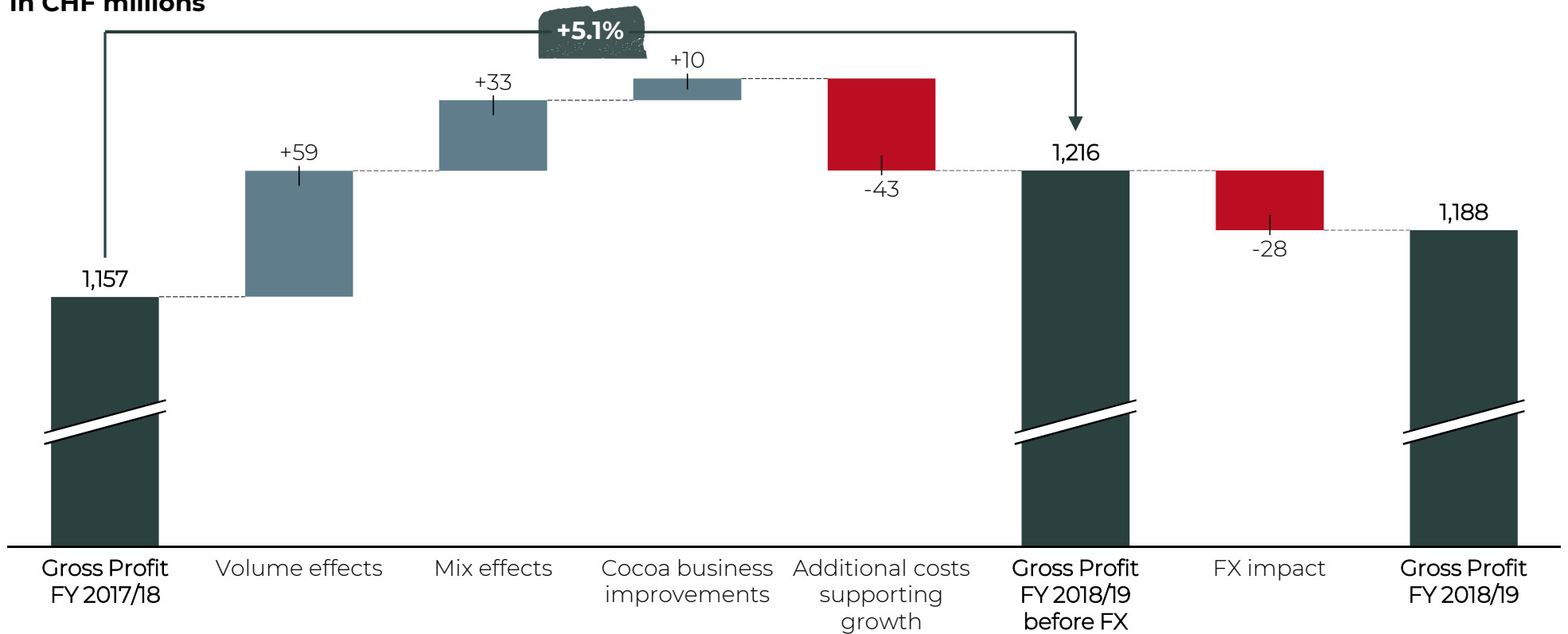
	volume growth / Market volume growth <sup>1</sup>	EBIT growth in local currencies
<b>EMEA</b>	+6.1% / +1.1%	+5.9%
<b>Americas</b>	+4.4% / +1.4%	+9.0%
<b>Asia Pacific</b>	+12.1% / +7.7%	+13.8%
<b>Global Cocoa</b>	+2.4%	+25.0%

<sup>1</sup> Source: Nielsen, chocolate confectionery in volume Aug 2018 to Aug 2019 – 25 countries, excluding e-commerce channels

Gross profit

# Gross profit up +5.1% in local currencies, driven by good volume growth and mix effects

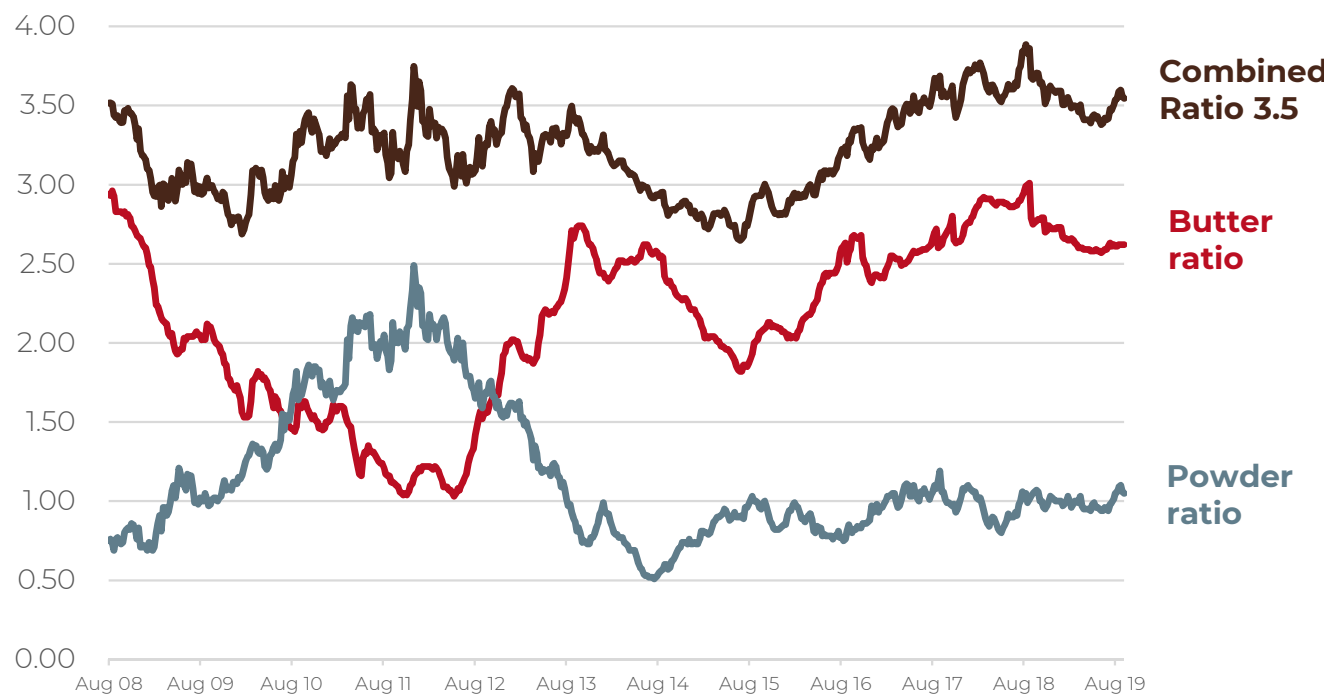
In CHF millions



Cocoa processing profitability

# Combined cocoa ratio remains at a healthy level

European combined ratio – 6-month forward ratio



### Directionally right...

Shows general high level industry direction, assuming many variables are fixed

### However...

Many variables are not fixed e.g.

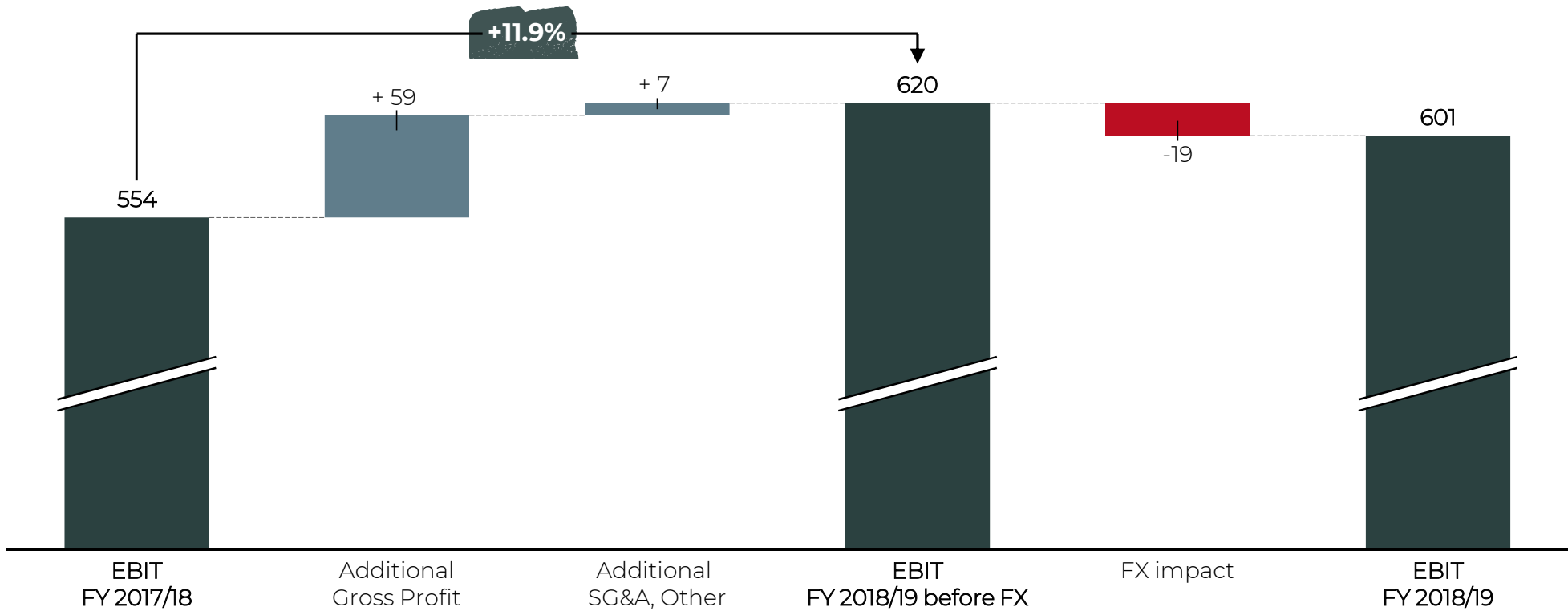
- ▶ Terminal market: outright levels, arbitrage (London vs. New York), market structure
- ▶ Differentials: structure and origin differences
- ▶ Forward pricing structure: butter and powder
- ▶ Customer forward coverage: butter and powder

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

EBIT bridge

# Strong increase in Operating profit by +11.9% in local currencies

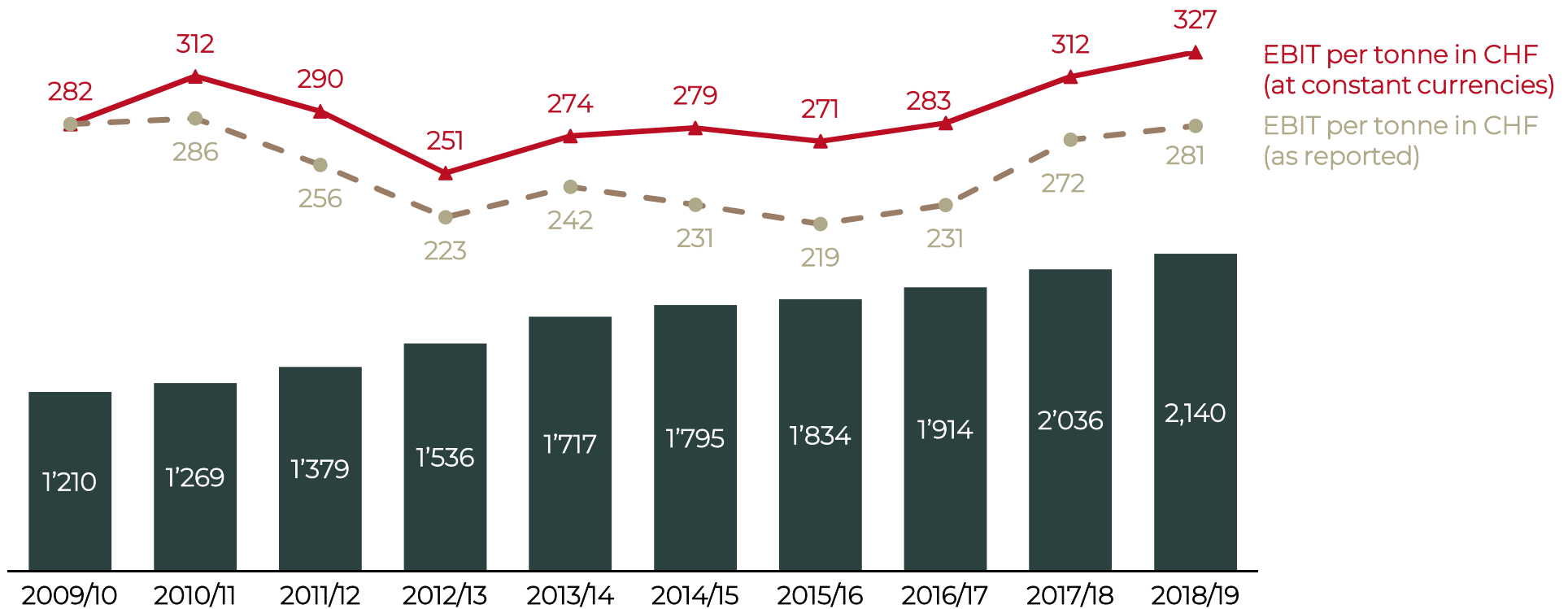
In CHF millions



Long-term EBIT per tonne development

# Increase in EBIT thanks to enhanced product and customer mix and continued improvement in Cocoa business

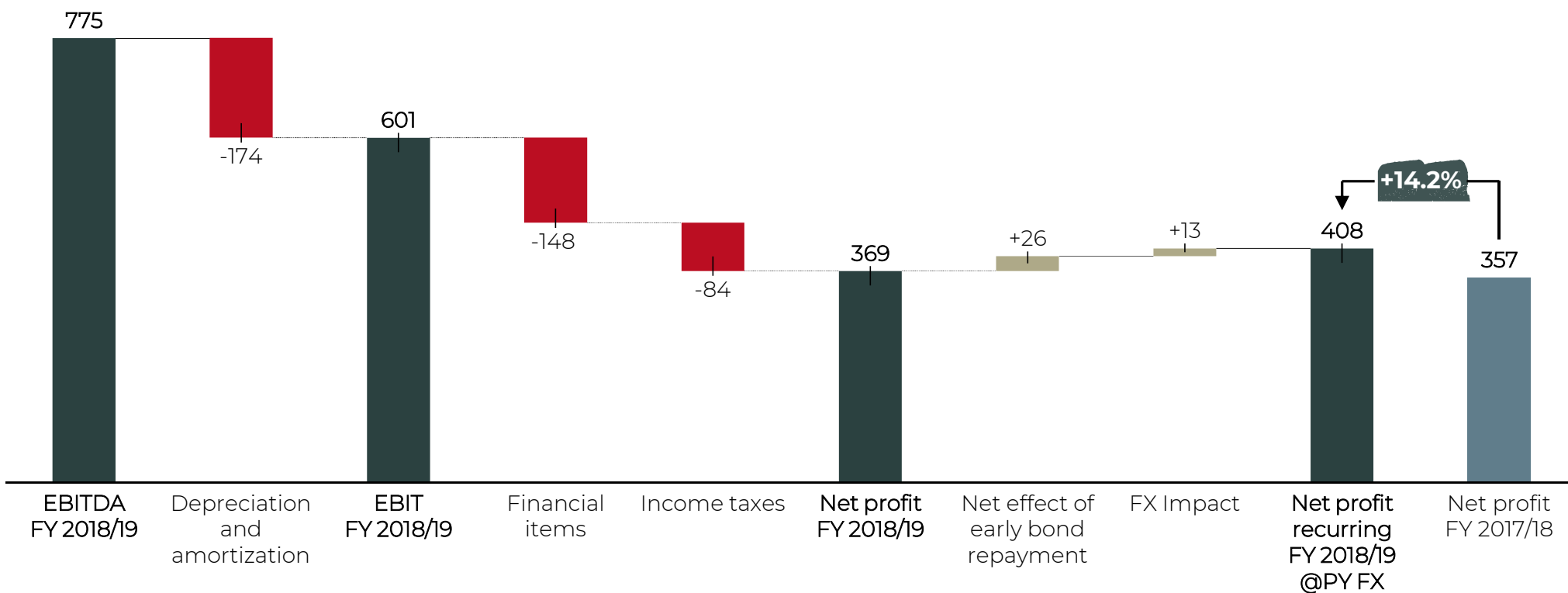
In CHF millions



EBITDA to Net Profit Full-Year 2018/19

# Net Profit up +14.2% in local currencies, based on good profitability

In CHF millions





Raw material prices

# Ongoing volatility



**Increase FY 2018/19  
(average)**

**Milk powder +28.9%**

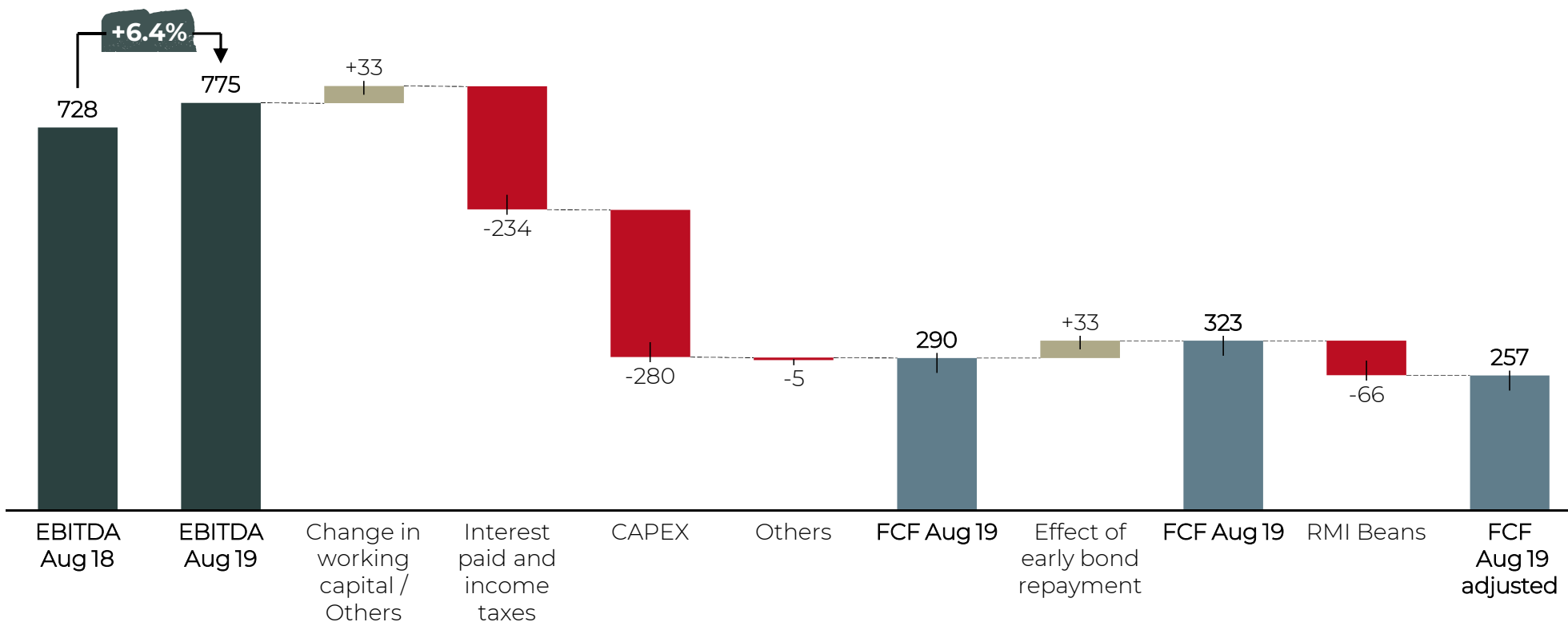
**Cocoa beans +4.5%**

**Sugar World -3.7%  
Sugar EU +16.8%**

Full-Year 2018/19 Free cash flow

# Good Free cash flow generation, while investing in structural improvements for future growth

In CHF millions



## Strong Balance sheet with further improvement in key ratios

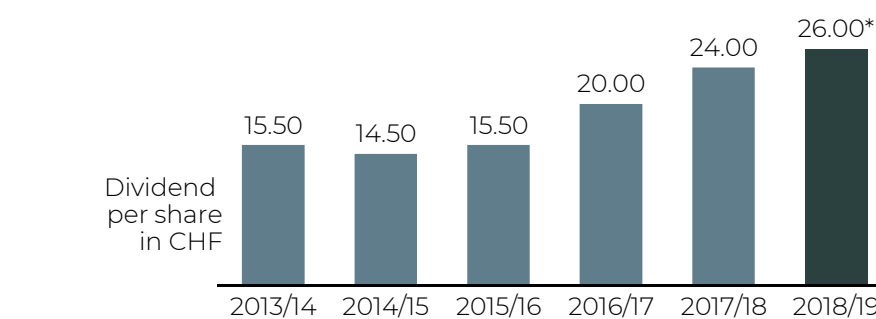
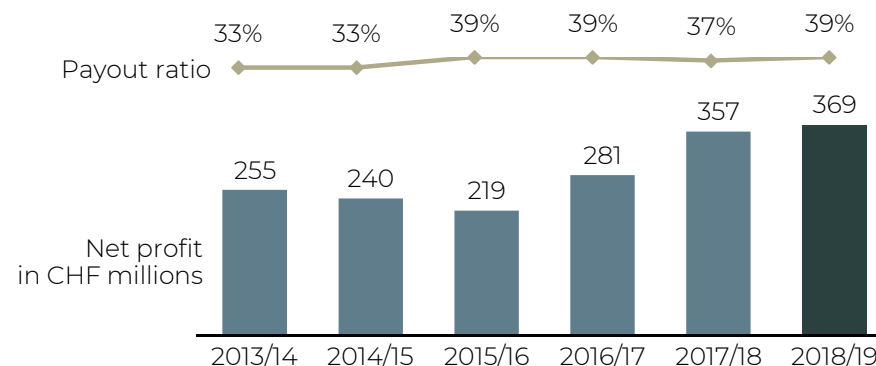
(in CHF millions)	Aug 19	Aug 18 Pro forma <sup>1</sup>	Aug 18 Reported
Total assets	6,508.1	6,169.0	5,832.0
Net working capital	1,363.2	1,403.4	1,074.4
Non-current assets	2,650.0	2,506.5	2,505.5
Net debt	1,304.7	1,409.3	1'074.3
<i>Adj. Net debt<sup>2</sup></i>	<i>611.7</i>	<i>616.0</i>	<i>616.0</i>
Shareholders' equity	2,399.3	2,265.8	2,269.8
Debt / Equity ratio	54.4%	62.2%	47.3%
<i>Adj. Debt / Equity ratio</i>	<i>25.5%</i>	<i>27.2%</i>	<i>27.1%</i>
Solvency ratio	36.9%	36.7%	38.9%
Net debt / EBITDA	1.5x	1.9x	1.5x
<i>Adj. Net debt / EBITDA<sup>2</sup></i>	<i>0.8x</i>	<i>0.8x</i>	<i>0.8x</i>
ROIC	13.2%	12.2%	13.3%
ROE	15.4% / 16.5% <sup>3</sup>	15.7%	15.7%

<sup>1</sup> IFRS 15 adjustment required the recognition of cocoa beans at an earlier stage in the value chain. This led to an adjustment in the opening balance sheet as of September 1, 2018. This adjustment is reflected in pro forma (IFRS 15) numbers. For further details refer to page 50 in the Annual Report 2018/19

<sup>2</sup> Net Debt adjusted for cocoa beans considered by the Group as RMI

<sup>3</sup> Net profit excluding one-off costs for early bond repayment of CHF 33 million, partly offset by the tax effect of CHF 7 million

# Proposed payout of CHF 26.00 per share, an increase of +8.3%



\* As proposed by the Board to our shareholders

## Proposed dividend

- CHF 26.00 per share, +8.3%
- Payout 39% of Net profit

## Timetable for dividend

- Shareholder approval: Dec 11, 2019
- Expected ex-date: Jan 6, 2020
- Expected payment date: on or around Jan 8, 2020

## Changes in the Board



**The following board members will not stand for reelection:**

### **Jakob Baer**

- Board member since 2010, Vice Chairman of the Board
- Chairman of the Audit, Finance, Risk, Quality & Compliance Committee (AFRQCC)

### **Jürgen Steinemann**

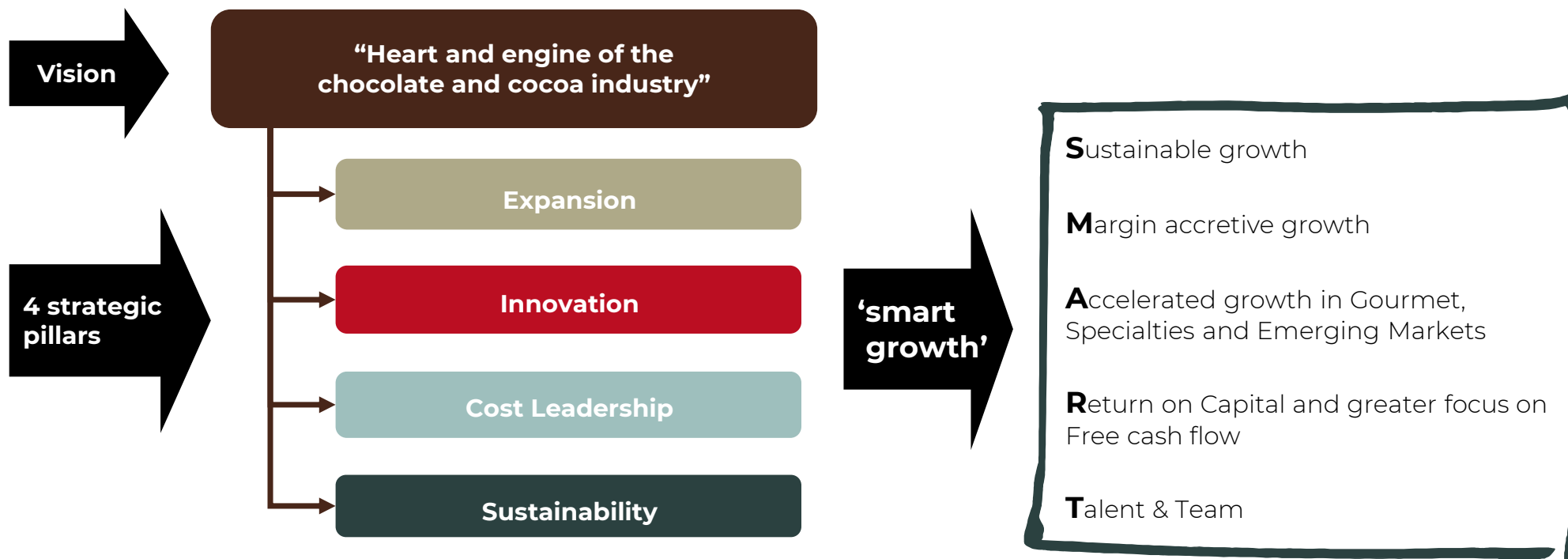
- Board member since 2014
- Member of the Nomination & Compensation Committee

**All other Board members will stand for reelection for a term of office of one year**

# STRATEGY & OUTLOOK



# Consistent long-term strategy – evolving execution



# Drive momentum, drive value creation

## Expansion

### Expanding in Emerging Markets

- Integration of Inforum on track
- New chocolate factories in Serbia and India

### Strengthening the core for further expansion

- New Global Distribution Center in Belgium



## Innovation

### Riding the trends

- Extended dairy-free chocolate range
- New sugar-reduced solutions

### Innovating on the core

- Launch of Bensdorp “Dark Natural”

### Creating next gen food & drinks category

- Introduction of ‘Cacaofruit Experience’ including ‘Wholefruit’ chocolate





# Drive momentum, drive value creation

## Cost Leadership

### Strengthening our financing

- Through the issuance of a Schuldschein- darlehen

### Streamlining and further improving processes

- Ongoing roll-out of SAP
- Process streamlining in finance and planning



## Sustainability

### Leading a movement

- No. 1 ranking in Sustainalytics assessment of 178 food companies
- Among leading 6% companies on carbon disclosure (CDP)

### Increasing our impact

- Over 295,000 farms mapped in Katchilè
- Developed first carbon footprint methodology in the chocolate supply chain using satellite data



A transformation journey

# Adding value at every step



# The strength of our 12,000 people

## Value driven

- Passion
- Entrepreneurship
- Customer focus
- Integrity
- Team spirit

## Roots and re-invention

- Strong roots and culture
- Content driven & meritocratic
- Curiosity and freedom to experiment

## Further building our strength

- Diversity
- Learning & development



**FOREVER  
CHOCOLATE**

## Mid-term guidance

### Confident to deliver on renewed guidance

- Committed to pursuing successful 'smart growth' strategy
- Good growth momentum
- Strong innovation portfolio
- Discipline in execution
- Strong team

### Mid-term guidance 2019/20-2021/22, on average per annum:

- volume growth of +4-6%
- EBIT growth average above volume growth<sup>1</sup>



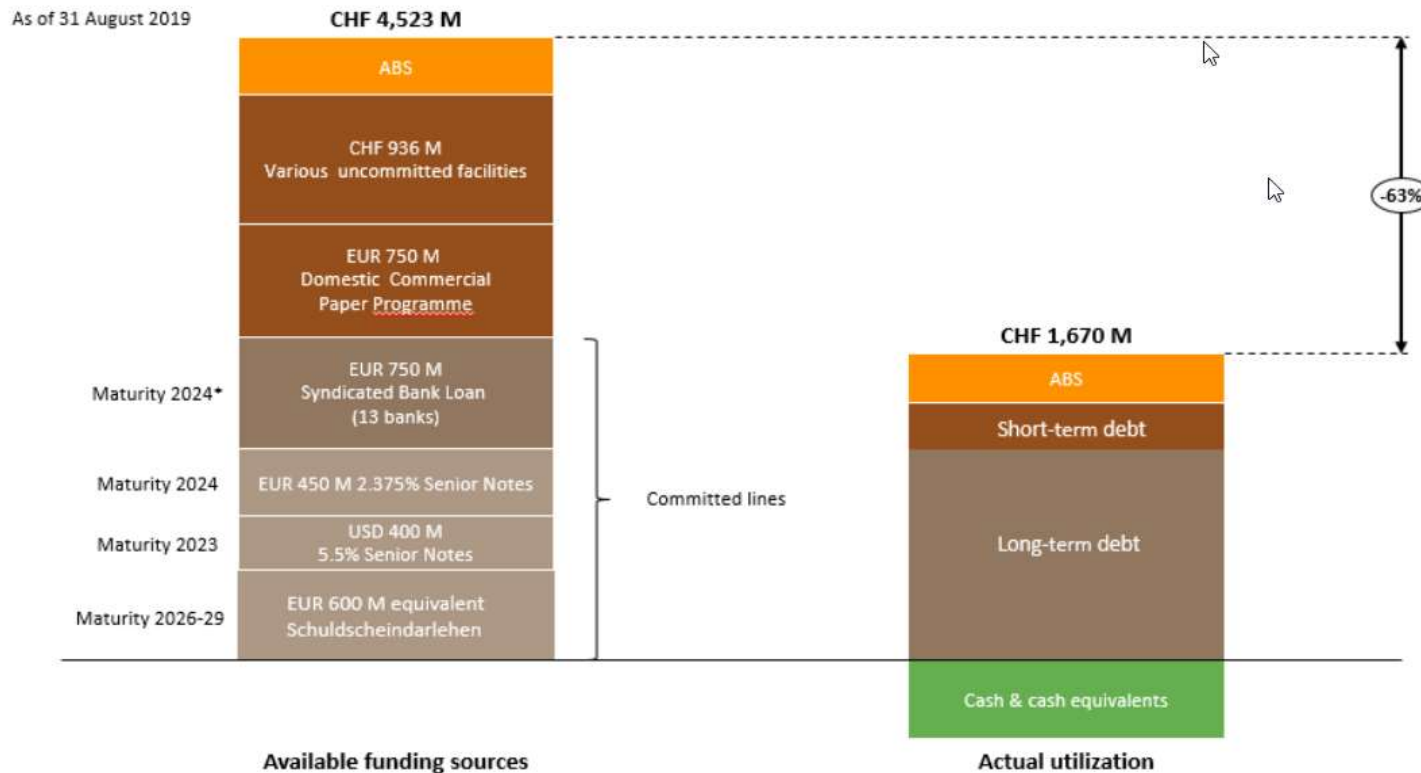
# APPENDIX

## What makes Barry Callebaut unique

- Global number one player in chocolate and cocoa
- Deep chocolate and cocoa expertise
- Consistent growth above the underlying market
- Global leader in Gourmet & Specialties
- Proven and long-term oriented strategy
- Unparalleled global footprint, present in all key markets
- Preferred outsourcing and strategic partner
- Leader in Innovation
- Cost leadership along the value chain
- Pioneer in sustainability
- Entrepreneurial spirit

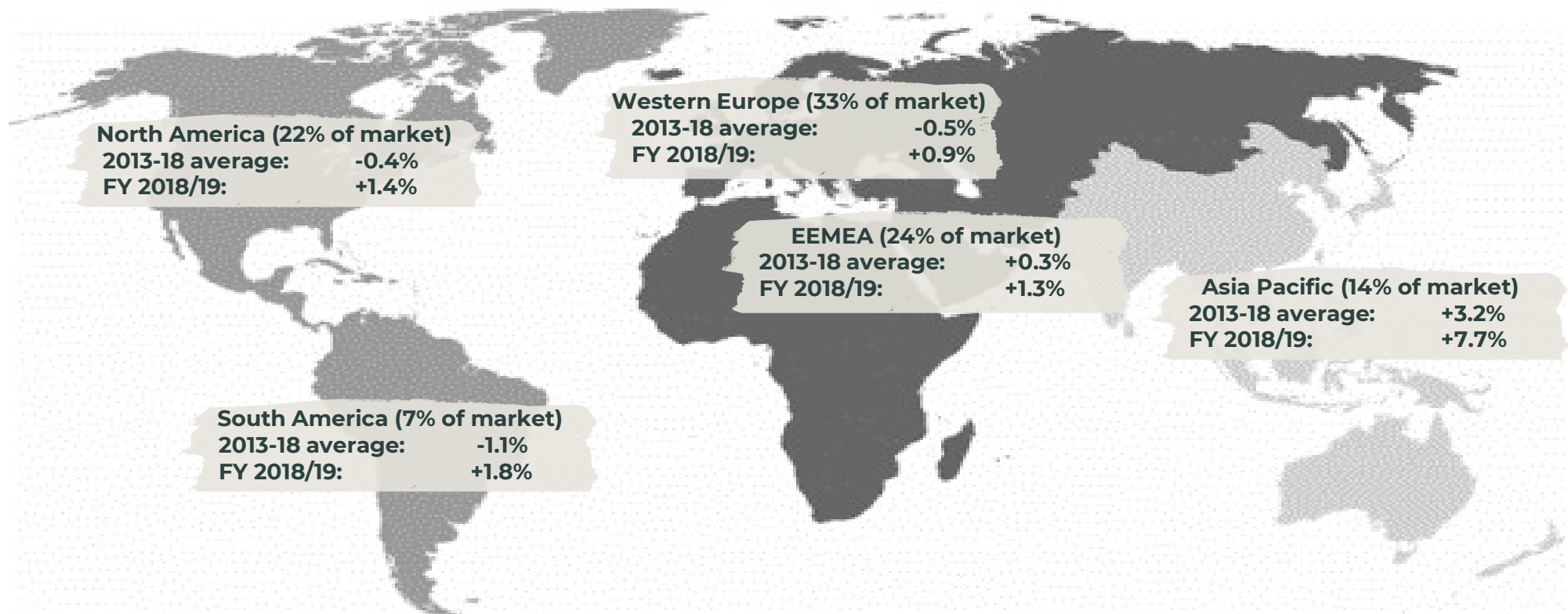


# Significant headroom for further growth and raw material price fluctuations



Note: Revolving Credit Facility extended to 2024 in October 2019

# Chocolate confectionery market development – Nielsen data

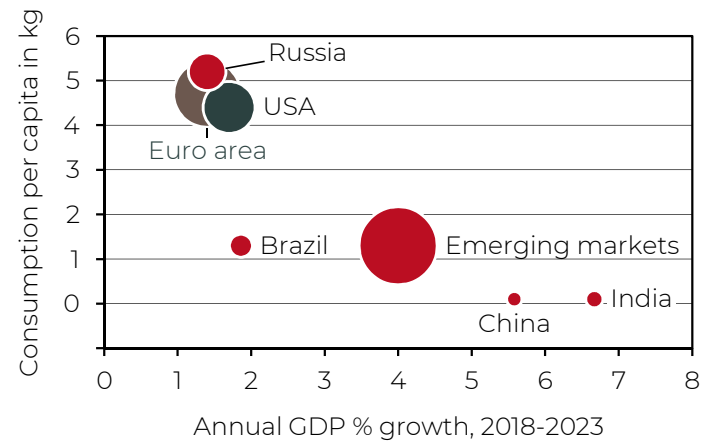
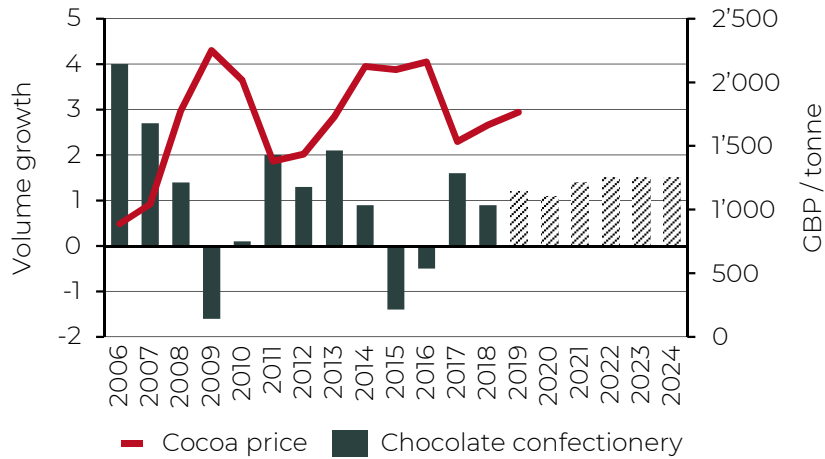


Source growth: Nielsen chocolate confectionery in volume – Aug 18 to Aug 19 – 25 countries, excluding e-commerce  
Source regional market shares: Euromonitor



# Our market and opportunities ahead

Global Chocolate confectionery volume growth vs cocoa bean price



Forecast volume growth per application 2018-2023

