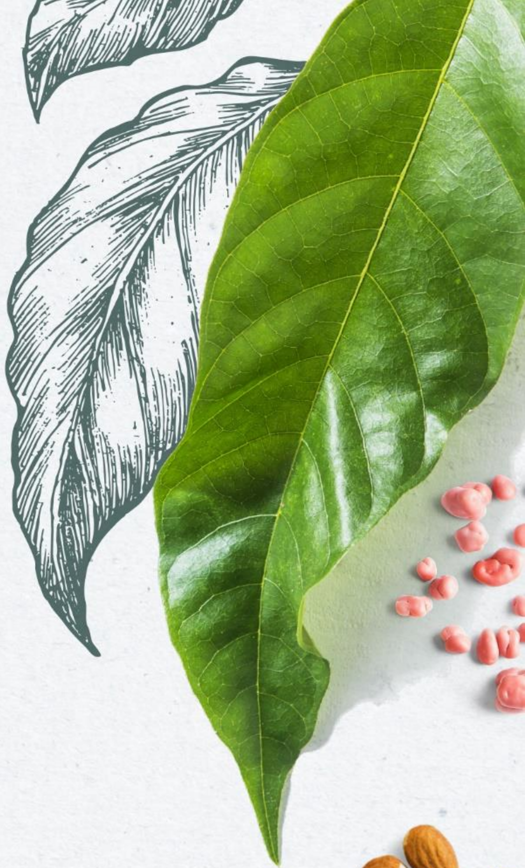
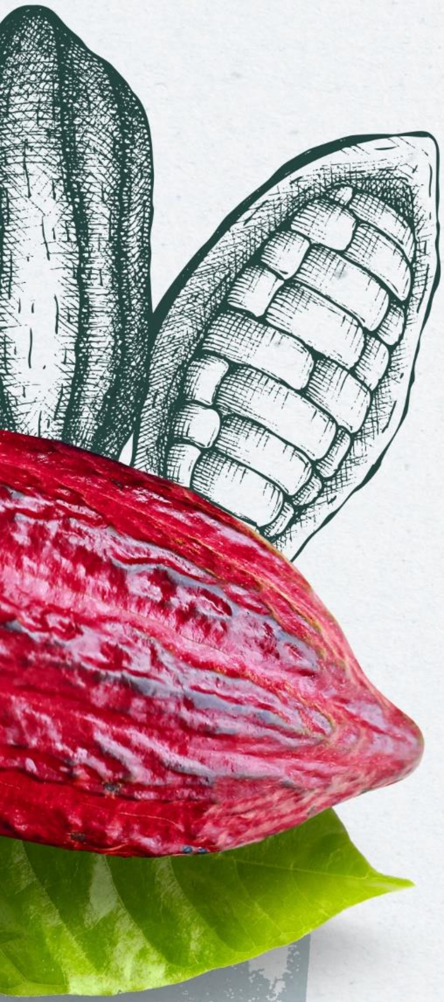
Half-Year Results 2019/20

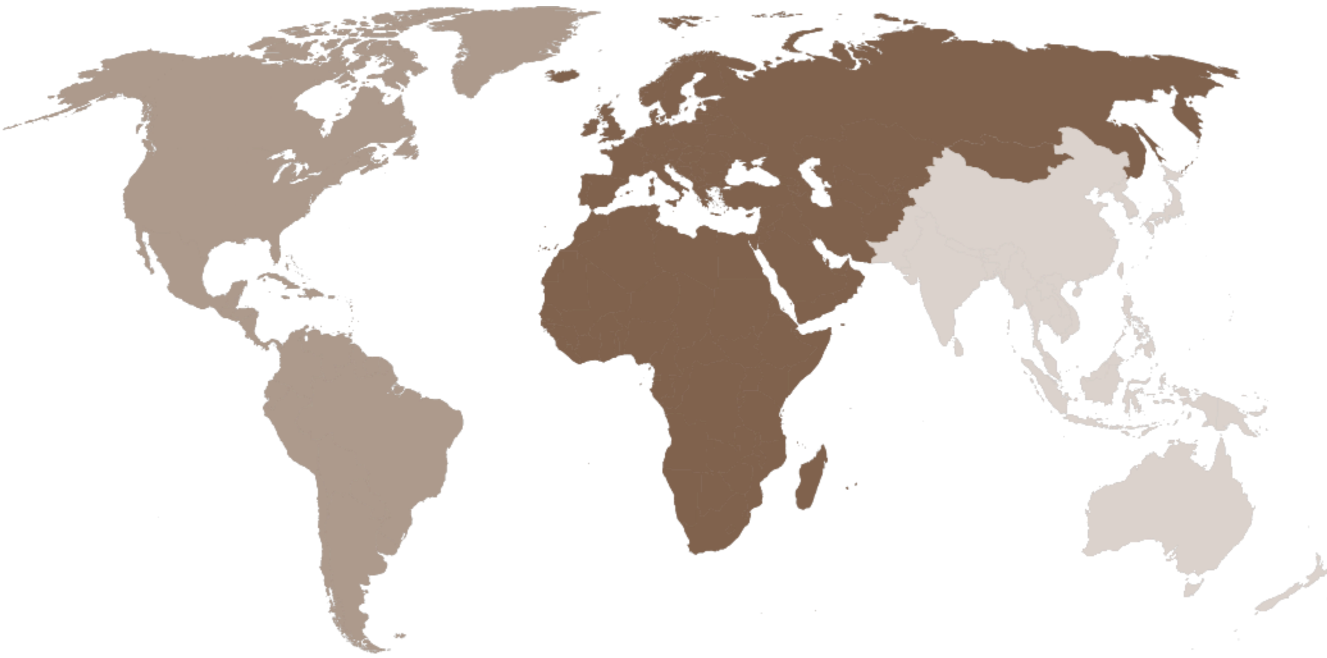




"We are the heart and engine of the cocoa and chocolate industry."

Half-Year Results 2019/20 in brief

- Sales volume up +5.4%
- Sales revenue of CHF 3.8 billion, up +5.8% in local currencies (+2.4% in CHF)
- Operating profit (EBIT) recurring[1] up +6.7%[2] in local currencies (+3.1%[2] in CHF)
- Net profit recurring[1] up +11.6%[2] in local currencies (+7.1%[2] in CHF)
- Committed to mid-term guidance



	EMEA	Americas	Asia Pacific	Global Cocoa
Volume growth vs. prior year in tonnes	+5.5%	+2.2%	+16.7%	+6.5%
EBIT growth vs. prior year in local currencies	+7.2%	+7.4%	+4.4%	+3.6%[1]

1 Operating profit (EBIT) recurring and Net profit recurring exclude the cost of CHF –8.0 million for the closure of the Makassar (Indonesia) cocoa factory.
2 Prior-year comparatives have also been calculated on a pro-forma basis to reflect the estimated impact of IFRS 16 had it been adopted at the time. For reasons of practicability, values as of first-time adoption on September 1, 2019, have been used as a best estimate for all relevant comparatives (for the current year impact see "Introduction of new standards and interpretations in 2019/20", pages 17–21).

Letter to Shareholders

Dear Shareholders,

As this Half-Year Report goes to print, the COVID-19 pandemic is causing challenges and uncertainties. Looking back on the first six months of fiscal year 2019/20, we delivered a set of strong results. The consistent execution of our long-term 'smart growth' strategy continued to deliver strong profitable growth, and all Regions continued to materially outperform the global chocolate confectionery market[1].

In these challenging times, we – as a leader and trusted partner in the food industry – play a critical role in contributing to the availability of food products. We have early on created dedicated teams who are monitoring the situation as it develops, continually adjusting any measures based on the guidance of governments and other relevant authorities. We have put in place precautionary measures to provide safe work environments for our people, who are the heart of our operations, and maintain business continuity. In addition, due to the uncertainty in the financial markets, we took the precautionary decision to draw the full amount of our Revolving Credit Facility to increase access to liquidity.

We would like to thank all our employees, as well as our suppliers and our customers, who are as committed, engaged and passionate as ever to produce and distribute food during this challenging time.

Strong volume growth

In the reported six-month period, ended on February 29, 2020, **Sales volume** grew by +5.4% to 1,103,728 tonnes. Sales volume in the chocolate business grew by +5.2%, well above the global chocolate confectionery market (–0.0%)[1] according to Nielsen. Growth was supported by all Regions and key growth drivers: Outsourcing (+1.8%), Emerging Markets (+10.6%) and Gourmet & Specialties (excluding Beverage, +3.6%). Sales volume in Global Cocoa grew +6.5%. Our **Sales revenue** increased by +5.8% in local currencies (+2.4% in CHF) to CHF 3,761.8 million.

Strong profitability

Operating profit (EBIT) recurring[2] increased by +6.7% in local currencies (+3.1% in CHF) to CHF 311.5 million, compared to prior-year pro-forma IFRS 16[3]. Currencies had a negative translation effect of CHF –10.9 million. The closure of the cocoa factory in Makassar, Indonesia, had a negative impact of CHF –8.0 million. As a result, EBIT reported amounted to CHF 303.5 million, up +4.0% in local currencies (+0.5% in CHF) compared to prior-year pro-forma IFRS 16[3]. **EBIT recurring per tonne** was about stable at CHF 282. **Net profit for the period recurring**[2] grew by +11.6% in local currencies (+7.1% in CHF) to CHF 211.7 million. Reported net profit amounted to CHF 203.7 million, up +7.5% in local currencies (+3.1% in CHF) compared to prior-year pro-forma IFRS 16[3].

Strategic milestones

Expansion: In March 2020, we started to construct our first chocolate factory in South-eastern Europe. This state-of-the-art facility in Novi Sad, Serbia, will help us to address the rapidly growing chocolate markets in the region.

1 Source: Nielsen volume growth excluding e-commerce – 23 countries (excluding China and Indonesia), August 2019 to January 2020, data subject to adjustment to match Barry Callebaut's reporting period.
2 Operating profit (EBIT) recurring and Net profit recurring exclude the cost of CHF –8.0 million for the closure of the Makassar (Indonesia) cocoa factory.
3 Prior-year comparatives have also been calculated on a pro-forma basis to reflect the estimated impact of IFRS 16 had it been adopted at the time. For reasons of practicability, values as of first-time adoption on September 1, 2019, have been used as a best estimate for all relevant comparatives (for the current year impact see "Introduction of new standards and interpretations in 2019/20", pages 17–21).

Letter to Shareholders

Innovation: At ISM, the world's leading trade fair for confectionery and snacks, we launched the 100% dairy-free 'M_lk Chocolate'. It satisfies the growing demand of consumers for plant-based products and is part of our growing portfolio of 'Plant Craft' products ranging from chocolate, cocoa, nuts, fillings and decorations.

Also in February 2020, our Gourmet brand Mona Lisa launched 'Mona Lisa 3D Studio', the world's first personalized 3D printed chocolate at scale, made from Belgian chocolate. It combines industry-leading production technology, bespoke design and our chocolate expertise – allowing chefs to craft their own unique creations and reproduce them rapidly and affordably, no matter how intricate the design.

Furthermore, Ruby – the fourth type of chocolate – entered the product category of ice cream with launches of 'Magnum Ruby' and 'Häagen-Dazs Ruby Cacao'.

Cost leadership: In February 2020, we celebrated the groundbreaking of our new Global Distribution Center (GDC) in Lokeren, Belgium. By bundling our warehousing and distribution activities at a single site, the GDC will allow us to better serve our customers, optimize efficiency and the cost-effectiveness of our operations.

In January 2020, as part of the ongoing efforts to optimize our cost structure and in the light of the declining Indonesian cocoa crop, we closed our cocoa factory in Makassar, Indonesia. Our growth in Region Asia Pacific will be well supported by our other factories in the region.

Sustainability: In February 2020, we were awarded two "edie" Sustainability Leaders Awards, the UK's most prestigious sustainability awards. For 'Forever Chocolate' – our plan to make sustainable chocolate the norm by 2025 – we were recognized as "Business of the Year". Our 'Seeds for Change' program was awarded the "edie" award for the leading employee engagement program.

Furthermore, we are proud to have been awarded an A- score on our activities to reduce our carbon footprint in the CDP 2019 assessment. CDP (formerly the Carbon Disclosure Project) is an independent organization which assesses the carbon reduction plans of over 7,000 companies every year and scores them on a scale of A, the pioneers, to F.

Outlook

COVID-19 is a major unforeseen event. While we have put in place precautionary measures to support the continuation of our operations, its impact on our business growth and profitability cannot be quantified at this stage as it depends on the duration and severity of the pandemic. In the meantime, we remain committed to our mid-term guidance for the period ending with fiscal year 2021/22[4]. Our global footprint, a strong innovation pipeline, diversity in customers and channels, in combination with the diligent execution of our proven 'smart growth' strategy, give us a sound basis to overcome the COVID-19 pandemic.

April 16, 2020

Patrick De Maeseneire A. de Saint-Affrique

Patrick De Maeseneire
Chairman of the Board

Antoine de Saint-Affrique
Chief Executive Officer

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

Letter to Shareholders

"The strength of our long-term strategy together with the passion of our employees continues to deliver great value to our shareholders, whom I want to thank for their continued support."

Patrick De Maeseneire, Chairman of the Board

"We delivered strong volume growth and profitability. Our company has never been so well equipped to face such a challenge as the COVID-19 pandemic."

Antoine de Saint-Affrique, CEO

Key Figures (unaudited)[1]

Consolidated Income Statement

for the 6-month period ended February 29/28,		Change % Reported		Change % Pro-forma		2020	2019	2019 Pro-forma (IFRS 16)[2]
		in local currencies	in CHF	in local currencies	in CHF			
Sales volume	Tonnes		5.4%		5.4%	1,103,728	1,046,695	1,046,695
Sales revenue	CHF m	5.8%	2.4%	5.8%	2.4%	3,761.8	3,672.7	3,672.7
Gross profit	CHF m	6.3%	3.3%	6.1%	3.2%	607.4	587.9	588.7
EBITDA	CHF m	10.3%	6.8%	5.1%	1.7%	413.0	386.7	406.0
Operating profit (EBIT)	CHF m	4.3%	0.7%	4.0%	0.5%	303.5	301.4	302.1
Operating profit (EBIT, recurring)[3]	CHF m	7.0%	3.4%	6.7%	3.1%	311.5	301.4	302.1
EBIT (recurring) per tonne	CHF	1.5%	(2.0%)	1.2%	(2.2%)	282.2	287.9	288.6
Net profit for the period	CHF m	6.7%	2.3%	7.5%	3.1%	203.7	199.1	197.6
Net profit for the period (recurring)[3]	CHF m	10.7%	6.3%	11.6%	7.1%	211.7	199.1	197.6
Free cash flow	CHF m					(359.2)	(140.6)	(119.1)
Adjusted Free cash flow[4]	CHF m					(17.9)	(31.4)	(9.9)

Consolidated Balance Sheet

as of February 29/28,		Change % Reported	Change % Pro-forma	2020	2019	2019 Pro-forma
Total assets	CHF m	10.7%	7.5%	7,550.2	6,820.4	7,023.8
Net working capital	CHF m	4.3%	4.3%	1,838.3	1,762.1	1,762.1
Non-current assets	CHF m	8.1%	0.3%	2,853.7	2,639.9	2,846.4
Net debt	CHF m	11.9%	0.3%	1,981.0	1,769.6	1,974.8
Adjusted Net debt[5]	CHF m	5.3%	(15.4%)	882.0	837.7	1,042.9
Shareholders' equity	CHF m	0.8%	0.8%	2,403.4	2,383.9	2,383.9

Shares

for the 6-month period ended February 29/28,		Change % Reported	Change % Pro-forma	2020	2019	2019 Pro-forma
Share price (end of period)	CHF	15.4%	15.4%	1,983.0	1,719.0	1,719.0
EBIT (recurring) per share	CHF	3.3%	3.1%	56.8	55.0	55.1
Basic earnings per share	CHF	4.4%	5.6%	38.0	36.4	36.0
Cash earnings per share	CHF			(65.5)	(25.6)	(21.7)
Adjusted Cash earnings per share	CHF			(3.3)	(5.7)	(1.8)

Other

as of February 29/28,	2020	2019
Employees	12,415	11,684

1 Financial performance measures, not defined by IFRS, are defined in the Annual Report 2018/19 on page 181.
2 Prior-year comparatives have also been calculated on a pro-forma basis to reflect the estimated impact of IFRS 16 had it been adopted at the time. For reasons of practicability, values as of first-time adoption on September 1, 2019, have been used as a best estimate for all relevant comparatives (for the current year impact see "Introduction of new standards and interpretations in 2019/20", pages 17–21).
3 Operating profit (EBIT) recurring and Net profit recurring exclude the cost of CHF –8.0 million for the closure of the Makassar (Indonesia) cocoa factory.
4 Free cash flow adjusted for the cash flow impact of cocoa bean inventories regarded by the Group as readily marketable inventories.
5 Net debt adjusted for cocoa bean inventories regarded by the Group as readily marketable inventories (February 2020: CHF 1,099.0 million, February 2019: CHF 931.9 million).

Key Figures (unaudited)[1]

By Region

for the 6-month period ended February 29/28,		Change % in local currencies	Change % in CHF	2020	2019
EMEA					
Sales volume	Tonnes		5.5%	507,177	480,721
Sales revenue	CHF m	6.8%	2.8%	1,584.9	1,542.0
EBITDA	CHF m	10.1%	6.0%	221.4	208.9
Operating profit (EBIT)	CHF m	7.2%	3.1%	183.8	178.3
Americas					
Sales volume	Tonnes		2.2%	287,482	281,204
Sales revenue	CHF m	4.5%	3.2%	938.0	908.5
EBITDA	CHF m	11.0%	8.7%	121.5	111.8
Operating profit (EBIT)	CHF m	7.4%	5.0%	94.9	90.4
Asia Pacific					
Sales volume	Tonnes		16.7%	66,754	57,192
Sales revenue	CHF m	6.0%	5.5%	215.4	204.1
EBITDA	CHF m	8.3%	6.9%	34.0	31.8
Operating profit (EBIT)	CHF m	4.4%	3.0%	27.7	26.9
Global Cocoa					
Sales volume	Tonnes		6.5%	242,315	227,578
Sales revenue	CHF m	5.5%	0.5%	1,023.5	1,018.1
EBITDA	CHF m	3.6%	1.3%	82.8	81.7
Operating profit (EBIT)	CHF m	(11.3%)	(13.4%)	47.3	54.6
Operating profit (EBIT, recurring)[1]	CHF m	3.6%	1.3%	55.3	54.6

By Product Group

for the 6-month period ended February 29/28,		Change % in local currencies	Change % in CHF	2020	2019
Sales volume					
Cocoa Products	Tonnes		6.5%	242,315	227,578
Food Manufacturers Products	Tonnes		6.0%	729,628	688,602
Gourmet & Specialties Products	Tonnes		1.0%	131,785	130,515
Sales revenue					
Cocoa Products	CHF m	5.5%	0.5%	1,023.5	1,018.1
Food Manufacturers Products	CHF m	6.4%	3.6%	2,121.2	2,046.7
Gourmet & Specialties Products	CHF m	4.5%	1.5%	617.1	607.9

1 Operating profit (EBIT) recurring excludes the cost of CHF –8.0 million for the closure of the Makassar (Indonesia) cocoa factory.

Financial review

Strong volume growth and profitability

Half-year results for fiscal year 2019/20[1]

Consolidated Income Statement

Strong volume growth and profitability

Sales volume increased by +5.4% and reached 1,103,728 tonnes in the first half of fiscal year 2019/20. The Group's chocolate business grew by +5.2%, supported by all Regions. This growth was well above the underlying global chocolate confectionery market, which was flat at –0.0% according to Nielsen[2]. Volume in Global Cocoa grew by +6.5%. Excluding the first-time consolidation of Inforum, organic growth was +4.0%.

Sales revenue grew in line with volume by +5.8% in local currencies (+2.4% in CHF) to CHF 3,761.8 million.

Gross profit amounted to CHF 607.4 million, up +6.1% in local currencies (+3.2% in CHF) versus the pro-forma IFRS 16[1] comparative. The increase above volume growth was supported by an improved product mix.

Marketing and sales expenses amounted to CHF 77.7 million, which corresponded to an increase of +7.2%. This increase was due to the Group's initiatives to further enhance its global sales and distribution network in all Regions and product groups, including costs related to the CHOCOLATE ACADEMY™ Centers network as well as research and development and marketing initiatives.

General and administration expenses increased by +4.2% to CHF 216.5 million. The increase versus the comparable period was mainly attributable to the Group's overall growth, employee rewards and benefits and the impact of recent acquisitions.

Other income amounted to CHF 4.8 million compared to CHF 2.6 million in the prior year. This included income outside the ordinary course of business such as contributions towards sustainability initiatives. Some items previously reported under this position are now attributed to the functional area they relate to, and the respective items have been reclassified in prior year for comparison purposes.

Other expense increased from CHF 8.9 million to CHF 14.5 million. This position included impairment charges, losses on disposal of assets, restructuring costs and claims and litigation costs to the extent not covered by insurance. The increase compared to prior year is attributable to impairment and severance cost totaling CHF 8.0 million for the closure of the cocoa factory in Makassar, Indonesia. Some items previously reported under this position are now attributed to the functional area they relate to, and the respective items have been reclassified in prior year for comparison purposes.

1 Prior-year comparatives have also been calculated on a pro-forma basis to reflect the estimated impact of IFRS 16 had it been adopted at the time. For reasons of practicability, values as of first-time adoption on September 1, 2019, have been used as a best estimate for all relevant comparatives (for the current year impact see "Introduction of new standards and interpretations in 2019/20", pages 17–21).
2 Source: Nielsen volume growth excluding e-commerce – 23 countries (excluding China and Indonesia), August 2019 to January/February 2020, data subject to adjustment to match Barry Callebaut's reporting period.

Financial review

Operating profit (EBIT) recurring increased by +6.7% in local currencies (+3.1% in CHF) to CHF 311.5 million. Currencies had a negative translation effect of CHF –10.9 million. The cost for the closure of the cocoa factory in Makassar, Indonesia, had a negative impact of CHF –8.0 million. As a result, reported EBIT amounted to CHF 303.5 million, up +4.0% in local currencies (+0.5% in CHF). **EBIT recurring per tonne** was stable and amounted to CHF 282, up +1.2% in local currencies (–2.2% in CHF). All prior-year comparatives are pro-forma adjusted for the effect of IFRS 16[1].

Finance income slightly decreased from CHF 5.8 million to CHF 4.3 million mainly due to lower interest income.

Finance expense decreased from CHF 60.5 million to CHF 54.5 million, mainly as a positive result of the early bond repayment in August 2019 and the refinancing by way of a Schuldscheindarlehen issued in February 2019 at more favorable interest rates.

Income tax expense was roughly flat at CHF 49.6 million, compared to CHF 47.5 million in the prior-year period. The enactment of the Swiss Tax Reform at cantonal level effective January 1, 2020, resulted in the recognition of a deferred tax income of CHF 2.0 million and a one-off cash neutral expense of CHF –1.0 million due to a revaluation of the existing deferred tax assets and liabilities at the newly enacted cantonal tax rates. The Group's reported effective tax rate was stable at 19.6%, compared to 19.3% in the comparative prior-year period. Adjusted for the above mentioned non-recurring impact, the effective tax rate was 19.2%.

Net profit for the period recurring, excluding the above mentioned expense related to the closure of a cocoa factory in Indonesia, amounted to CHF 211.7 million. This corresponds to an increase of +11.6% in local currencies (+7.1% in CHF) versus the pro-forma IFRS 16[1] adjusted prior-year comparative. Net profit for the period as reported was up +7.5% in local currencies (+3.1% in CHF) to CHF 203.7 million versus the prior-year reported comparative pro-forma adjusted for IFRS 16[1]. This increase was mainly due to the higher EBIT and lower finance expense.

Consolidated Balance Sheet and financing structure

Slightly higher net working capital due to increased cocoa bean prices. Net debt flat versus prior year (pro-forma adjusted for IFRS 16[1])

Net working capital slightly increased from CHF 1,762.1 million in the prior year to CHF 1,838.3 million (CHF 1,363.2 million as of August 31, 2019). This is the result of the higher value of inventories, mainly resulting from a higher average cocoa bean price. This effect was to a large extent offset as trade receivables and other current assets could be reduced, despite the negative impact from higher cocoa bean prices, and by higher net derivative financial liabilities as well as structural improvements of payables. Cocoa bean inventories, which the Group regards as readily marketable inventories (RMI), amounted to CHF 1,099.0 million compared to CHF 931.9 million in prior year (August 31, 2019: CHF 693.0 million).

Net debt was stable at CHF 1,981.0 million compared to CHF 1,974.8 million pro-forma IFRS 16[1] in the prior year (CHF 1,509.9 million as of August 31, 2019 pro-forma IFRS 16[1]). Taking into consideration the cocoa beans in inventory regarded by the Group as RMI, **Adjusted net debt** decreased to CHF 882.0 million on February 29, 2020

1 Prior-year comparatives have also been calculated on a pro-forma basis to reflect the estimated impact of IFRS 16 had it been adopted at the time. For reasons of practicability, values as of first-time adoption on September 1, 2019, have been used as a best estimate for all relevant comparatives (for the current year impact see "Introduction of new standards and interpretations in 2019/20", pages 17–21).

Financial review

from CHF 1,042.9 million on February 28, 2019 (CHF 816.9 million as of August 31, 2019, both comparatives on a pro-forma IFRS 16 basis[1]).

Total assets increased from CHF 6,820.4 million in the prior-year period to CHF 7,550.2 million. This increase mainly came from higher inventories and derivative financial assets and right-of-use assets related to the first-time adoption of IFRS 16.

Total equity attributable to the shareholders of the parent company slightly increased to CHF 2,403.4 million compared to CHF 2,383.9 million in the prior-year period and CHF 2,399.3 million on August 31, 2019. The increase versus both prior periods coming from the excess of net profit for the period over the dividend payout to shareholders was almost offset mainly by negative currency translation adjustments due to the strengthening of the Swiss franc versus other currencies.

Consolidated Cash Flow Statement

Free cash flow affected by increased readily marketable inventories (RMI); adjusted for RMI roughly in line with prior year

Net cash flow from operating activities amounted to CHF –214.8 million compared to CHF –21.2 million in the prior-year period. The increased outflow was mainly attributable to purchases of cocoa bean inventories which the Group regards as readily marketable inventories (RMI) in the amount of CHF –341.3 million compared to CHF –109.2 million the year before. This is mainly due to the higher average cocoa bean price, which did not only affect RMI, but also had a negative impact on the remaining inventories and trade receivables. This negative effect was partly offset by lower net derivative assets and liabilities as well as working capital management initiatives leading to a decrease of receivables and structural improvements of payables.

Net cash flow from investing activities was CHF –144.4 million compared to CHF –153.6 million in the prior year. This included the Group’s higher investments in property, plant and equipment and intangibles amounting to CHF –153.9 million (prior year CHF –127.2 million). Thus, the Net cash flow from investing activities for the period under review consists mainly of investments into organic growth, while the prior year contained a cash out for acquisitions in the amount of CHF –34.2 million.

As a result, **Free cash flow** for the six-month period amounted to CHF –359.2 million compared to CHF –119.1 million prior-year pro-forma IFRS 16[1]. Adjusted for the above mentioned cash flow effect of cocoa beans considered as RMI, **Adjusted Free cash flow** remained about stable at CHF –17.9 million compared to CHF –9.9 million prior-year pro-forma IFRS 16[1].

Net cash from financing activities amounted to an outflow of CHF –149.3 million compared to an inflow of CHF 114.9 million in the prior year. In the period under review, this consisted mainly of the dividend payment. In addition, the prior year also contained a cash outflow for treasury shares and a net cash inflow from debt issuance related to the issuance of a Schuldscheindarlehen in the amount of CHF 681.0 million and the repayment of short-term debt in the amount of CHF 480.3 million.

1 Prior-year comparatives have also been calculated on a pro-forma basis to reflect the estimated impact of IFRS 16 had it been adopted at the time. For reasons of practicability, values as of first-time adoption on September 1, 2019, have been used as a best estimate for all relevant comparatives (for the current year impact see "Introduction of new standards and interpretations in 2019/20", pages 17–21).

Consolidated Interim Financial Statements

Consolidated Income Statement (unaudited)

for the 6-month period ended February 29/28,	2020	2019[1]
in thousands of CHF		
Revenue from sales and services	**3,761,799**	**3,672,720**
Cost of goods sold	(3,154,368)	(3,084,805)
Gross profit	**607,431**	**587,915**
Marketing and sales expenses	(77,659)	(72,426)
General and administration expenses	(216,508)	(207,848)
Other income	4,765	2,642
Other expense	(14,530)	(8,920)
Operating profit (EBIT)[2]	**303,499**	**301,363**
Finance income	4,273	5,771
Finance expense	(54,466)	(60,507)
Profit before income tax	**253,306**	**246,627**
Income tax expense	(49,592)	(47,548)
Net profit for the period	**203,714**	**199,079**
of which attributable to:		
shareholders of Barry Callebaut AG	208,582	199,571
non-controlling interests	(4,868)	(492)
Earnings per share		
Basic earnings per share (CHF/share)	38.03	36.41
Diluted earnings per share (CHF/share)	37.87	36.20

1 Certain items previously classified under Other income and Other expense are now classified under the functional areas to which they relate. Prior-year comparatives have been reclassified accordingly (leading to lower Other income of CHF –7.8 million and Other expense of CHF –1.4m with an offset in respective functional lines). There was no impact on the reported Revenue from sales and services and Operating profit (EBIT) as a result of this reclassification.
2 Operating profit (EBIT) as used by the Group is defined as profit before finance income, finance expense and income tax expense.

Consolidated Interim Financial Statements

Consolidated Statement of Comprehensive Income (unaudited)

for the 6-month period ended February 29/28,	2020	2019
in thousands of CHF		
Net profit for the period	**203,714**	**199,079**
Currency translation adjustments	(62,126)	69,447
Cash flow hedges	10,805	4,616
Tax effect on cash flow hedges	(1,941)	3,039
Items that may be reclassified subsequently to the income statement	**(53,262)**	**77,102**
Remeasurement of defined benefit plans	3,756	(13,903)
Tax effect on remeasurement of defined benefit plans	3,436	2,204
Items that will never be reclassified to the income statement	**7,192**	**(11,699)**
Other comprehensive income for the period, net of tax	**(46,070)**	**65,403**
Total comprehensive income for the period	**157,644**	**264,482**
of which attributable to:		
shareholders of Barry Callebaut AG	162,647	264,695
non-controlling interests	(5,003)	(213)

Consolidated Interim Financial Statements

Consolidated Balance Sheet (unaudited)

Assets

as of	Feb 29, 2020	Aug 31, 2019	Feb 28, 2019
in thousands of CHF			
Current assets			
Cash and cash equivalents	153,981	557,827	563,025
Short-term deposits	1,587	1,549	1,494
Trade receivables and other current assets	871,536	815,783	1,095,213
Inventories	2,359,505	1,803,674	2,068,847
Income tax receivables	69,666	62,977	40,049
Derivative financial assets	1,240,230	616,284	411,803
Total current assets	**4,696,505**	**3,858,094**	**4,180,431**
Non-current assets			
Property, plant and equipment	1,515,482	1,498,878	1,506,732
Right-of-use assets	187,454	–	–
Intangible assets	1,015,273	1,026,331	1,030,942
Employee benefit assets	5,150	4,924	6,566
Deferred tax assets	86,232	86,869	70,764
Other non-current assets	44,125	33,036	24,936
Total non-current assets	**2,853,716**	**2,650,038**	**2,639,940**
Total assets	**7,550,221**	**6,508,132**	**6,820,371**

Liabilities and equity

as of	Feb 29, 2020	Aug 31, 2019	Feb 28, 2019
in thousands of CHF			
Current liabilities			
Bank overdrafts	237,042	132,638	236,683
Short-term debt	206,349	197,003	233,912
Short-term lease liabilities	35,708	–	–
Trade payables and other current liabilities	1,142,221	1,127,511	1,228,746
Income tax liabilities	105,725	60,079	74,696
Derivative financial liabilities	1,442,975	741,383	518,039
Provisions	19,359	20,381	30,836
Total current liabilities	**3,189,379**	**2,278,995**	**2,322,912**
Non-current liabilities			
Long-term debt	1,507,980	1,534,453	1,863,496
Long-term lease liabilities	149,532	–	–
Employee benefit liabilities	178,428	184,562	139,291
Provisions	5,891	4,929	9,197
Deferred tax liabilities	83,420	80,283	66,625
Other non-current liabilities	22,869	11,298	19,442
Total non-current liabilities	**1,948,120**	**1,815,525**	**2,098,051**
Total liabilities	**5,137,499**	**4,094,520**	**4,420,963**
Equity			
Share capital	110	110	110
Retained earnings and other reserves	2,403,295	2,399,182	2,383,796
Total equity attributable to the shareholders of Barry Callebaut AG	**2,403,405**	**2,399,292**	**2,383,906**
Non-controlling interests	9,317	14,320	15,502
Total equity	**2,412,722**	**2,413,612**	**2,399,408**
Total liabilities and equity	**7,550,221**	**6,508,132**	**6,820,371**

Consolidated Interim Financial Statements

Consolidated Statement of Cash Flows (unaudited)

Cash flows from operating activities

for the 6-month period ended February 29/28, in thousands of CHF	2020	2019
Net profit for the period	203,714	199,079
Income tax expense	49,592	47,548
Depreciation, amortization and impairment	116,498	85,613
Interest expense/(interest income)	46,537	49,371
Loss/(gain) on sale of property, plant and equipment, net	116	129
Increase/(decrease) of employee benefit obligations	(949)	(8,040)
Change in working capital:	(550,725)	(366,766)
Inventories cocoa beans	(341,310)	(109,200)
Inventories other	(147,586)	(74,089)
Write down of inventories	22,133	17,076
Inventory fair value adjustment	(142,362)	(36,215)
Derivative financial assets/liabilities	84,950	(20,415)
Trade receivables and other current assets	(82,318)	(166,313)
Trade payables and other current liabilities	55,768	22,390
Provisions less payments	1,109	4,640
Other non-cash-effective items	(7,803)	37,338
Cash generated from operating activities	**(141,911)**	**48,912**
Interest paid	(43,326)	(36,335)
Income taxes paid	(29,534)	(33,803)
Net cash from operating activities	**(214,771)**	**(21,226)**

Cash flows from investing activities

for the 6-month period ended February 29/28, in thousands of CHF	2020	2019
Purchase of property, plant and equipment	(130,645)	(101,170)
Proceeds from sale of property, plant and equipment	5,647	553
Purchase of intangible assets	(23,272)	(26,020)
Proceeds from sale of intangible assets	299	–
Acquisition of subsidiaries/businesses net of cash acquired	–	(34,214)
Purchase of short-term deposits	(406)	(1,483)
Proceeds from sale of short-term deposits	2	24
Sale/(purchase) of other non-current assets	(215)	3,253
Interest received	4,196	5,419
Net cash flow from investing activities	**(144,394)**	**(153,638)**

Consolidated Interim Financial Statements

Cash flows from financing activities

for the 6-month period ended February 29/28, in thousands of CHF	2020	2019
Proceeds from the issue of short-term debt	31,074	67,635
Repayment of short-term debt	(13,521)	(480,317)
Proceeds from the issue of long-term debt	263	681,879
Repayment of long-term debt	(84)	(87)
Payment of lease liabilities	(20,305)	–
Dividend payment	(142,716)	(131,461)
Purchase of treasury shares	(4,027)	(22,781)
Net cash flow from financing activities	**(149,316)**	**114,868**
Effect of exchange rate changes on cash and cash equivalents	231	8,422
Net increase/(decrease) in cash and cash equivalents	**(508,250)**	**(51,574)**
Cash and cash equivalents at the beginning of the period	425,189	377,916
Cash and cash equivalents at the end of the period	(83,061)	326,342
Net increase/(decrease) in cash and cash equivalents	**(508,250)**	**(51,574)**
Cash and cash equivalents	153,981	563,025
Bank overdrafts	(237,042)	(236,683)
Cash and cash equivalents as defined for the cash flow statement	**(83,061)**	**326,342**

Consolidated Interim Financial Statements

Consolidated Statement of Changes in Equity (unaudited)

in thousands of CHF	Share capital	Treasury shares	Retained earnings	Hedging reserves	Cumulative translation adjustment	Total[1]	Non-controlling interests	Total equity
as of September 1, 2018	**110**	**(20,920)**	**2,920,817**	**(16,256)**	**(618,076)**	**2,265,675**	**15,715**	**2,281,390**
Currency translation adjustments	–	–	–	–	69,168	69,168	279	69,447
Effect of cash flow hedges	–	–	–	4,616	–	4,616	–	4,616
Tax effect on cash flow hedges	–	–	–	3,039	–	3,039	–	3,039
Items that may be reclassified subsequently to the income statement	**–**	**–**	**–**	**7,655**	**69,168**	**76,823**	**279**	**77,102**
Remeasurement of defined benefit plans	–	–	(13,903)	–	–	(13,903)	–	(13,903)
Tax effect on remeasurement of defined benefit plans	–	–	2,204	–	–	2,204	–	2,204
Items that will never be reclassified to the income statement	**–**	**–**	**(11,699)**	**–**	**–**	**(11,699)**	**–**	**(11,699)**
Other comprehensive income, net of tax	**–**	**–**	**(11,699)**	**7,655**	**69,168**	**65,124**	**279**	**65,403**
Net profit for the period	–	–	199,571	–	–	199,571	(492)	199,079
Total comprehensive income for the period	**–**	**–**	**187,872**	**7,655**	**69,168**	**264,695**	**(213)**	**264,482**
Hedge reserve transferred to initial carrying amount of the hedged item	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Payout to shareholders	–	–	(131,461)	–	–	(131,461)	–	(131,461)
Purchase of treasury shares	–	(22,781)	–	–	–	(22,781)	–	(22,781)
Equity-settled share-based payments	–	24,195	(16,417)	–	–	7,778	–	7,778
Total contributions and distributions	**–**	**1,414**	**(147,878)**	**–**	**–**	**(146,464)**	**–**	**(146,464)**
as of February 28, 2019	**110**	**(19,506)**	**2,960,811**	**(8,601)**	**(548,908)**	**2,383,906**	**15,502**	**2,399,408**
as of August 31, 2019	**110**	**(19,506)**	**3,107,161**	**(30,775)**	**(657,698)**	**2,399,292**	**14,320**	**2,413,612**
Impact of first-time adoption of IFRIC 23[2]	–	–	(23,463)	–	–	(23,463)	–	(23,463)
as of September 1, 2019	**110**	**(19,506)**	**3,083,698**	**(30,775)**	**(657,698)**	**2,375,829**	**14,320**	**2,390,149**
Currency translation adjustments	–	–	–	–	(61,991)	(61,991)	(135)	(62,126)
Effect of cash flow hedges	–	–	–	10,805	–	10,805	–	10,805
Tax effect on cash flow hedges	–	–	–	(1,941)	–	(1,941)	–	(1,941)
Items that may be reclassified subsequently to the income statement	**–**	**–**	**–**	**8,864**	**(61,991)**	**(53,127)**	**(135)**	**(53,262)**
Remeasurement of defined benefit plans	–	–	3,756	–	–	3,756	–	3,756
Tax effect on remeasurement of defined benefit plans	–	–	3,436	–	–	3,436	–	3,436
Items that will never be reclassified to the income statement	**–**	**–**	**7,192**	**–**	**–**	**7,192**	**–**	**7,192**
Other comprehensive income, net of tax	**–**	**–**	**7,192**	**8,864**	**(61,991)**	**(45,935)**	**(135)**	**(46,070)**
Net profit for the period	–	–	208,582	–	–	208,582	(4,868)	203,714
Total comprehensive income for the period	**–**	**–**	**215,774**	**8,864**	**(61,991)**	**162,647**	**(5,003)**	**157,644**
Hedge reserve transferred to initial carrying amount of the hedged item	**–**	**–**	**–**	**3,711**	**–**	**3,711**	**–**	**3,711**
Dividend to shareholders	–	–	(142,716)	–	–	(142,716)	–	(142,716)
Purchase of treasury shares	–	(4,027)	–	–	–	(4,027)	–	(4,027)
Equity-settled share-based payments	–	23,533	(15,572)	–	–	7,961	–	7,961
Total contributions and distributions	**–**	**19,506**	**(158,288)**	**–**	**–**	**(138,782)**	**–**	**(138,782)**
as of February 29, 2020	**110**	**–**	**3,141,184**	**(18,200)**	**(719,689)**	**2,403,405**	**9,317**	**2,412,722**

1 Attributable to the shareholders of Barry Callebaut AG.
2 Refer to "Introduction of new standards and interpretations in 2019/20, IFRIC 23 – Uncertainty over Income Tax Treatments", page 22.

Consolidated Interim Financial Statements

Basis of Preparation

A. Organization and business activity

Barry Callebaut AG ("the Company") is incorporated under Swiss law. The address of the registered office is Pfingstweidstrasse 60, Zurich. The Company is listed on the SIX Swiss Exchange.

The 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.

These condensed unaudited Consolidated Interim Financial Statements were approved for issue by the Board of Directors on April 15, 2020.

B. Basis of presentation and accounting policies

The condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial positions and performance since the last annual Consolidated Financial Statements.

Due to rounding, the figures presented in the tables may not add up precisely to the totals provided.

With the exception of items described below and the reclassification of certain items from the Other income and Other expense lines to the functional lines to which they relate, the accounting policies applied in these condensed Consolidated Interim Financial Statements correspond to those pertaining to the most recent annual Consolidated Financial Statements for the fiscal year 2018/19.

C. Use of judgment and estimates

The preparation of condensed Consolidated Interim Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In the reporting period, apart from the adaptations mentioned below, the Group has not made significant changes to its judgments, estimates or assumptions established in preparation of the last annual report.

D. Introduction of new standards and interpretations in 2019/20

The Group has adopted IFRS 16 – Leases ("IFRS 16") and IFRIC 23 – Uncertainty over Income Tax Treatments ("IFRIC 23") from September 1, 2019. Other amendments to standards were applied for the first time as of September 1, 2019, but they did not have any material impact on the Group's condensed Consolidated Interim Financial Statements.

Consolidated Interim Financial Statements

The following table summarizes the impact on transition to IFRS 16 and IFRIC 23:

Consolidated Balance Sheet Impact

	Aug 31, 2019	Transition adjustment IFRS 16	Transition adjustment IFRIC 23	Sep 1, 2019
in thousands of CHF				
Current assets				
Cash and cash equivalents	557,827	–	–	557,827
Short-term deposits	1,549	–	–	1,549
Trade receivables and other current assets	815,783	(3,154)	–	812,629
Inventories	1,803,674	–	–	1,803,674
Income tax receivables	62,977	–	–	62,977
Derivative financial assets	616,284	–	–	616,284
Total current assets	**3,858,094**	**(3,154)**	**–**	**3,854,940**
Non-current assets				
Property, plant and equipment	1,498,878	(4,728)	–	1,494,150
Right-of-use assets	–	211,232	–	211,232
Intangible assets	1,026,331	–	–	1,026,331
Employee benefit assets	4,924	–	–	4,924
Deferred tax assets	86,869	–	–	86,869
Other non-current assets	33,036	–	–	33,036
Total non-current assets	**2,650,038**	**206,504**	**–**	**2,856,542**
Total assets	**6,508,132**	**203,350**	**–**	**6,711,482**
Current liabilities				
Bank overdrafts	132,638	–	–	132,638
Short-term debt	197,003	(603)	–	196,400
Short-term lease liabilities	–	37,143	–	37,143
Trade payables and other current liabilities	1,127,511	(1,760)	–	1,125,751
Income tax liabilities	60,079	–	23,463	83,542
Derivative financial liabilities	741,383	–	–	741,383
Provisions	20,381	–	–	20,381
Total current liabilities	**2,278,995**	**34,780**	**23,463**	**2,337,238**
Non-current liabilities				
Long-term debt	1,534,453	(635)	–	1,533,818
Long-term lease liabilities	–	169,205	–	169,205
Employee benefit liabilities	184,562	–	–	184,562
Provisions	4,929	–	–	4,929
Deferred tax liabilities	80,283	–	–	80,283
Other non-current liabilities	11,298	–	–	11,298
Total non-current liabilities	**1,815,525**	**168,570**	**–**	**1,984,095**
Total liabilities	**4,094,520**	**203,350**	**23,463**	**4,321,333**
Equity				
Share capital	110	–	–	110
Retained earnings and other reserves	2,399,182	–	(23,463)	2,375,719
Total equity attributable to the shareholders of Barry Callebaut AG	**2,399,292**	**–**	**(23,463)**	**2,375,829**
Non-controlling interests	14,320	–	–	14,320
Total equity	**2,413,612**	**–**	**(23,463)**	**2,390,149**
Total liabilities and equity	**6,508,132**	**203,350**	**–**	**6,711,482**

Consolidated Interim Financial Statements

IFRS 16 – Leases

The Group applied IFRS 16 – Leases using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at September 1, 2019. Therefore, the comparative information has not been restated and continues to be reported under IAS 17 and related interpretations.

Effect of transition for the six-month reporting period ended on February 29, 2020

As a lessee, the Group enters lease arrangements mainly for land, warehouses, offices, factory facilities and motor vehicles. Under previous accounting policies, the Group classified the majority of lease contracts as operating leases, where a significant portion of the risks and rewards of ownership were retained by the lessor. Rentals payable under an operating lease were charged to the income statement on a straight-line basis over the term of the lease. Assets and liabilities were only recognized to the extent that there was a timing difference between actual lease payments and the expense recognized. Under previous accounting policies, only a minority of lease agreements was classified by the Group as finance leases, whenever the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee.

The new accounting standard IFRS 16 – Leases introduced a single, on-balance-sheet accounting model for lessees and requires the recognition of a lease liability and a corresponding right-of-use asset in the balance sheet for most lease agreements. The nature of underlying expenses changed, as the Group now recognizes depreciation expense for right-of-use assets and interest expense for lease liabilities. Furthermore under IFRS 16 – Leases, the principal portion of lease payments is reflected as cash outflow from financing activities while the interest paid on lease liabilities is presented as part of interest paid within cash flow from operating activities.

On transition to IFRS 16 – Leases, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases and therefore applied IFRS 16 – Leases only to contracts that were previously identified as leases. For leases classified as operating leases under IAS 17, lease liabilities were generally measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as of September 1, 2019. Right-of-use assets were measured at an amount equal to the lease liability on transition, adjusted by the amount of prepaid or accrued lease payments recognized in the balance sheet immediately before the date of initial application.

The Group used the following practical expedients when applying IFRS 16 – Leases for the first time to leases previously classified as operating leases, and:

- did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application
- did not recognize right-of-use assets and liabilities for leases of low value assets
- excluded initial direct costs from the measurement of the right-of-use assets at the date of initial application
- used hindsight when determining the lease term
- relied on its assessment of whether leases are onerous applying IAS 37
- applied a single discount rate to a portfolio of leases with reasonably similar characteristics

Consolidated Interim Financial Statements

A number of leases of items of property, plant and equipment previously were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use assets and the lease liabilities at September 1, 2019, were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date and were reclassified from property, plant and equipment to right-of-use assets (CHF 4.7 million), and from financial debt to lease liabilities (CHF 1.2 million).

When measuring the lease liabilities for leases that were classified as operating leases, the weighted average incremental borrowing rate applied at the date of initial application was 2.48%.

The following table provides a reconciliation from the undiscounted future operating lease commitments disclosed in the Consolidated Financial Statements 2018/19 (Note 3.6 – "Capital and lease commitments & guarantees") to the lease liabilities recognized as the opening balance sheet adjustment at September 1, 2019:

in thousands of CHF	Total
Operating lease commitments at August 31, 2019, as disclosed under IAS 17	**150,822**
Recognition exemption for leases with less than 12 months of lease term at transition	(4,620)
Recognition exemption for leases of assets of low value	(1,001)
Extension options reasonably certain to be exercised	88,733
Effect of discounting	(28,824)
Finance lease liabilities recognized as of August 31, 2019	1,238
Total lease liabilities recognized at September 1, 2019	**206,348**
of which:	
Current lease liabilities	**37,143**
Non-current lease liabilities	**169,205**

IFRS 16 – Leases, impact for the six-month reporting period ended February 29, 2020

In accordance with IFRS 16 – Leases, the Group has recognized CHF 187.5 million of right-of-use assets and CHF 185.2 million of lease liabilities (of which short term amounts to CHF 35.7 million and long term amounts to CHF 149.5 million) as of February 29, 2020.

During the six-month period ended on February 29, 2020, the Group has recognized depreciation expense in the amount of CHF 20.0 million and interest expense in the amount of CHF 2.5 million. The implementation of the new accounting standard IFRS 16 – Leases led to a decrease in operating expense by CHF –2.3 million and an increase in financial expenses of CHF 2.5 million for the six-month period ended February 29, 2020. The Group's net profit for the period decreased by CHF –0.2 million due to the transition to IFRS 16 – Leases.

Under IFRS 16 – Leases, the principal portion of lease payments are reflected as cash outflows from financing activities. Interest paid on lease liabilities is presented as part of interest paid within cash flow from operating activities. Payments relating to the applicable exemption for short-term leases and leases of low-value assets are still shown as cash flows from operating activities. During the six-month period ended on February 29, 2020, the Group recognized CHF 22.8 million of lease payments. The implementation of IFRS 16 led to an increase of the cash flow from operating activities by CHF 20.3 million and a decrease in the cash flow from financing activities by CHF –20.3 million for the six-month period ended February 29, 2020.

Consolidated Interim Financial Statements

Accounting policies

Definition of a lease	At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.
Recognition and measurement of a lease	The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the future lease payments, discounted using the incremental borrowing rate defined on a Group level, specific to the currency of the lease contract. Lease payments included in the initial measurement of the lease liability include, for example fixed payments and variable payments that depend on an index or rate, which are initially measured using the index or rate at the commencement date. The lease liability is subsequently measured at amortized cost using the effective interest method, decreased by lease payments made. The lease liability is remeasured in case of changes in future lease payments (i.e. index-based rents) or any changes in the assessments of options (i.e. in relation to the term extension or – termination). The right-of-use asset is initially measured at an amount equal to the lease liability, any initial direct costs, as well as restoration obligations, plus any payments made at or before the commencement date and less any lease incentives granted. The asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the lease term or the end of the useful life of the right-of-use asset (based on the useful life of property, plant and equipment). The asset is measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements (following a corresponding adjustment of the lease liability). The Group applies judgment to determine the lease terms for lease contracts that include renewal or termination options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term which significantly affects the amount of lease liabilities and assets recognized in the balance sheet.
Short-term leases and leases of low-value assets	The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and no purchase option, and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Consolidated Interim Financial Statements

IFRIC 23 – Uncertainty over Income Tax Treatments

The Group has adopted IFRIC 23 – Uncertainty over Income Tax Treatments from September 1, 2019.

Applying the guidance and interpretation of IFRIC 23 for the first time, the Group has structurally reviewed all its uncertain tax positions for all open fiscal years, applying the clarifications – as included in IFRIC 23 – on recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments.

For those uncertain tax treatments for which it is concluded that it is probable that the relevant taxation authorities will not accept the uncertain tax treatment, the Group has reflected the effect of the uncertainty by using either of the following methods, depending which method better predicts the solution of the uncertainty:

- the single most likely amount of the outcome
- the expected value, which is the sum of the probability weighted amounts in a range of possible outcomes.

Applying the guidance of IFRIC 23 as of September 1, 2019, for the first time, the Group identified uncertain tax positions with the cumulative effect of CHF 23.5 million, which have been recognized as an adjustment to the opening balance of the Group's retained earnings as per September 1, 2019.

Impact on Consolidated Financial Statements

Consolidated Income Statement Impact

The Group's Interim Consolidated Income Statement for the six-month period ended February 29, 2020, has not been affected by the first-time application of IFRIC 23.

Consolidated Retained Earnings Impact

The IFRIC 23 adoption as per September 1, 2019, had a negative effect on the Group's retained earnings of CHF –23.5 million.

Consolidated Cash Flow Statement Impact

The Group's Interim Consolidated Cash Flow Statement for the six-month period ended February 29, 2020, has not been affected by the first time application of IFRIC 23.

Other amendments to IFRS / IAS

A number of other standards have been amended on miscellaneous points. Some of these amendments are effective for this fiscal year, but did not have a material impact on the Group’s Consolidated Interim Financial Statements.

Consolidated Interim Financial Statements

1 Segment information

Financial information by reportable segments

for the 6-month period ended February 29, 2020 in thousands of CHF	EMEA	Americas	Asia Pacific	Global Cocoa	Total segments	Corporate	Group
Revenues from external customers	**1,584,924**	**937,993**	**215,354**	**1,023,528**	**3,761,799**	**–**	**3,761,799**
Operating profit (EBIT)	**183,812**	**94,946**	**27,730**	**47,260**	**353,748**	**(50,249)**	**303,499**

for the 6-month period ended February 28, 2019 in thousands of CHF	EMEA	Americas	Asia Pacific	Global Cocoa	Total segments	Corporate	Group
Revenues from external customers	**1,541,968**	**908,530**	**204,124**	**1,018,098**	**3,672,720**	**–**	**3,672,720**
Operating profit (EBIT)	**178,276**	**90,423**	**26,941**	**54,608**	**350,248**	**(48,885)**	**301,363**

Revenue by geographic regions is stated by customer location.

Segment Information by Product Group

for the 6-month period ended February 29/28, in thousands of CHF	2020	2019
Cocoa Products	1,023,528	1,018,098
Food Manufacturers	2,121,138	2,046,680
Gourmet & Specialties	617,133	607,942
Revenues from external customers	**3,761,799**	**3,672,720**

2 Acquisitions

There were no acquisitions completed in the first six months of the fiscal year 2019/20.

Consolidated Interim Financial Statements

3 Financial instruments

Fair value hierarchy of financial instruments measured at fair value

The fair value measurement of some derivatives requires assumptions and management's assessment of certain market parameters. Whenever possible, fair valuation is based on market prices. If required, a valuation model (including discounted cash flows, dealer or supplier quotes for similar instruments or recent arm's-length transactions) is used which takes into account the specific characteristics of the underlying assets or commodities such as the cost of carry, differentials for the properties and technical ratios reflecting production yield.

Carrying amount and fair value of each class of financial assets and liabilities are presented in the table below.

as of February 29, 2020	Financial assets measured at fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
in thousands of CHF						
Cash and cash equivalents	–	153,981	–	–	153,981	153,981
Short-term deposits	–	1,587	–	–	1,587	1,587
Trade receivables	69,086	445,200	–	–	514,286	514,286
Accrued income	–	24,595	–	–	24,595	24,595
Loans and other receivables	–	90,010	–	–	90,010	90,010
Other current financial assets	–	20,595	–	–	20,595	20,595
Derivative financial assets	1,240,230	–	–	–	1,240,230	1,240,230
Other non-current financial assets	–	4,613	–	–	4,613	4,613
Total financial assets	**1,309,316**	**740,581**	**–**	**–**	**2,049,897**	**2,049,897**
Bank overdrafts	–	–	–	237,042	237,042	237,042
Short-term debt	–	–	–	206,349	206,349	206,349
Short-term lease liabilities	–	–	–	35,708	35,708	35,708
Trade payables	–	–	–	697,712	697,712	697,712
Accrued expenses	–	–	–	96,027	96,027	96,027
Other payables	–	–	–	183,645	183,645	183,645
Derivative financial liabilities	–	–	1,442,975	–	1,442,975	1,442,975
Long-term debt	–	–	–	1,507,980	1,507,980	1,608,225
Long-term lease liabilities	–	–	–	149,532	149,532	149,532
Total financial liabilities	**–**	**–**	**1,442,975**	**3,113,995**	**4,556,970**	**4,657,215**

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as of August 31, 2019	Financial assets measured at fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
in thousands of CHF						
Cash and cash equivalents	–	557,827	–	–	557,827	557,827
Short-term deposits	–	1,549	–	–	1,549	1,549
Trade receivables	84,387	364,809	–	–	449,196	449,196
Accrued income	–	32,689	–	–	32,689	32,689
Loans and other receivables	–	63,945	–	–	63,945	63,945
Other current financial assets	–	18,823	–	–	18,823	18,823
Derivative financial assets	616,284	–	–	–	616,284	616,284
Other non-current financial assets	–	16,049	–	–	16,049	16,049
Total financial assets	**700,671**	**1,055,690**	**–**	**–**	**1,756,361**	**1,756,361**
Bank overdrafts	–	–	–	132,638	132,638	132,638
Short-term debt	–	–	–	197,003	197,003	197,003
Trade payables	–	–	–	632,152	632,152	632,152
Accrued expenses	–	–	–	110,635	110,635	110,635
Other payables	–	–	–	202,782	202,782	202,782
Derivative financial liabilities	–	–	741,383	–	741,383	741,383
Long-term debt	–	–	–	1,534,453	1,534,453	1,638,705
Total financial liabilities	**–**	**–**	**741,383**	**2,809,663**	**3,551,046**	**3,655,298**

Consolidated Interim Financial Statements

Fair value hierarchy of financial instruments

The fair value measurements of financial assets and liabilities are classified using a fair value hierarchy that reflects the inputs used in making the measurements.

- Level 1: The fair value is based on unadjusted, quoted prices in active markets which give the best possible objective indication for the fair value of a financial asset or liability. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's-length basis.
- Level 2: The estimation of the fair value is based on the results of a valuation model. The valuation model for commodity derivatives includes quoted prices in active markets, recent arm's-length transactions or dealer and supplier quotes adjusted for the specific characteristics of the underlying commodities such as the cost of carry, differentials for the properties and conversion yields. Corroborative market data is used for the valuation of foreign exchange and interest rate derivatives. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: The valuation models used include parameters and assumptions not observable on the market.

The following table summarizes the use of levels with regard to financial assets and liabilities which are measured at fair value:

as of February 29, 2020 in thousands of CHF	Level 1	Level 2	Level 3	Total
Trade receivables	–	–	69,086	69,086
Derivative financial assets	809,740	430,490	–	1,240,230
Derivative financial liabilities	1,011,202	431,773	–	1,442,975

as of August 31, 2019 in thousands of CHF	Level 1	Level 2	Level 3	Total
Trade receivables	–	–	84,387	84,387
Derivative financial assets	398,331	217,953	–	616,284
Derivative financial liabilities	491,766	249,616	–	741,383

From the value of derivative financial assets and derivative financial liabilities as of February 29, 2020, CHF 124.3 million and CHF 58.3 million, respectively, relates to the fair value of executory contracts measured at fair value using the fair value option (August 31, 2019: CHF 17.7 million and CHF 72.6 million). The fair value of each executory contract measured at fair value using the fair value option was calculated using the methods described in level 2.

The value of the trade receivables measured at fair value was calculated using a discounted cash flow method based on their nominal value and discount rates (mainly representing the risk-free rate and credit risk of the counterparty) between the Group and the purchasing party.

During the six-month period ended February 29, 2020, there were no transfers between the levels.

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4 Other disclosures

Contingencies

Barry Callebaut is not aware of any new significant litigations or other contingent liabilities compared to the situation on August 31, 2019.

Dividends

By resolution of the Annual General Meeting on December 11, 2019, the shareholders approved the proposed payment of CHF 26.00 per share, effected through a dividend payment of CHF 142.7 million out of voluntary retained earnings. Payment to the shareholders took place on January 8, 2020. The Company does not intend to pay an interim dividend.

Closure of cocoa factory

In January 2020, the Group announced the closure of its cocoa factory in Makassar, Indonesia. This decision led to impairment and restructuring cost totaling CHF –8.0 million that are reflected in Other expense.

Income taxes

The Swiss Tax Reform has been enacted at cantonal level, effective January 1, 2020. This has resulted in the abolishment of privileged tax regimes and the application of certain transitional measures. As a consequence of the Swiss Tax Reform, a deferred tax income of CHF 2.0 million has been recognized, as well as a non-recurring cash neutral tax expense of CHF –1.0 million due to the revaluation of existing deferred tax assets and deferred tax liabilities to reflect the newly enacted cantonal tax rates.

Foreign currency translation of foreign operations

For consolidation purposes, assets and liabilities of subsidiaries reporting in currencies other than Swiss francs are translated into Swiss francs using closing rates of exchange. Income and expenses are translated at the average rates of exchange for the period. Foreign currency differences arising from the translation of foreign operations using the above method are recorded as cumulative translation adjustments in other comprehensive income.

Major foreign exchange rates

	Feb 29, 2020		Aug 31, 2019	Feb 28, 2019	
	Closing rate	Average rate	Closing rate	Closing rate	Average rate
BRL	0.2180	0.2367	0.2368	0.2677	0.2591
EUR	1.0666	1.0862	1.0892	1.1371	1.1338
GBP	1.2510	1.2628	1.2013	1.3320	1.2807
RUB	0.0147	0.0155	0.0148	0.0152	0.0149
USD	0.9718	0.9841	0.9851	1.0003	0.9910
XOF/XAF (unit 1,000)	1.6260	1.6558	1.6605	1.6357	1.6431

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Subsequent events

COVID-19

On March 11, 2020, the World Health Organization (WHO), declared the novel coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. Due to the spread of the COVID-19, various governments introduced containment measures in order to reduce the growth of infections.

The Group has put in place precautionary measures to provide safe working environments for its people and maintain business continuity. Barry Callebaut has – early on – created dedicated teams at global and regional levels who are monitoring the situation as it develops and will adjust any measures based on the guidance of governments and other relevant authorities.

Barry Callebaut has to date not experienced any major disruption to its production operations. While Food Manufacturers and Global Cocoa are less affected, Gourmet sales volumes are impacted by government restrictions on the access to shops and restaurants. In China there are signals of strong demand recovery, but the overall progression of the COVID-19 pandemic remains volatile and difficult to predict.

Due to the uncertainty in the financial markets, Barry Callebaut took the precautionary decision to draw the full amount of its Revolving Credit Facility (RCF), in total EUR 1 billion with a tenor of six months, to create an alternative to the Group's Commercial Paper Program (equivalent to around EUR 450 million) and to increase access to liquidity.

For these Consolidated Interim Financial Statements, the COVID-19 outbreak and containment measures taken by various governments are considered as a non-adjusting event. While the Group has put in place precautionary measures to support the continuation of its operations, the impact of COVID-19 on business growth and profitability cannot be quantified at this stage as it depends on the duration and severity of the pandemic.

Contacts & Financial Calendar

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Financial calendar

July 9, 2020
9-month key sales figures 2019/20

November 11, 2020
Full-year results 2019/20

December 9, 2020
Annual General Meeting of Shareholders 2019/20, Zurich

Forward-looking statement
Certain statements in this report regarding the business of the Barry Callebaut Group are of a forward-looking nature and are therefore based on management's current assumptions about future developments. Such forward-looking statements are intended to be identified by words such as 'believ', 'estimate', 'intend', 'may', 'will', 'expect', 'project' and similar expressions as they relate to the Company. Forward-looking statements involve certain risks and uncertainties because they relate to future events. This applies even more in light of the current uncertainties related to the COVID-19 pandemic.
Actual results may vary materially from those targeted, expected or projected due to several factors. The factors that may affect the Barry Callebaut Group's future financial results are discussed in the Annual Report 2018/19. Such factors are, among others, general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures, as well as changes in tax regimes and regulatory developments. The reader is cautioned to not unduly rely on these forward-looking statements. The Barry Callebaut Group does not undertake to publish any update or revision of any forward-looking statements.

Impressum

Publisher
Barry Callebaut AG
West-Park
Pfingstweidstrasse 60
8005 Zurich
Switzerland

Concept
Source Associates,
Zurich, Switzerland

Photography
Page 5: Jos Schmid
Zurich, Switzerland

Prepress
Linkgroup AG,
Zurich, Switzerland