

Barry Callebaut

Successfully navigated unprecedented market challenges,
delivering on BC Next Level milestones

FY 23/24, November 6, 2024



Disclaimer

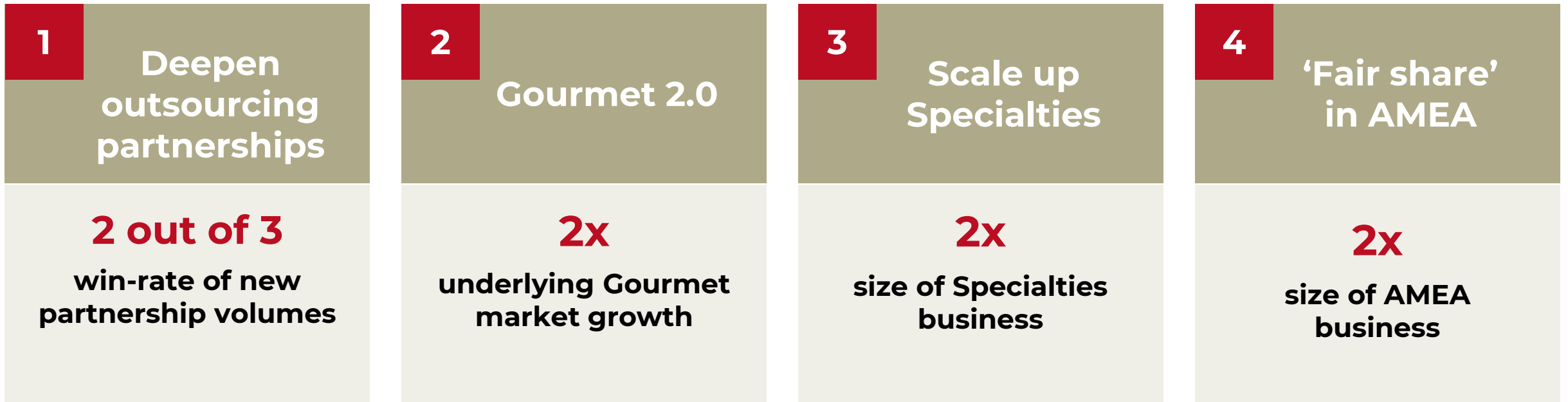
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Actual results may vary materially from those targeted, expected or projected due to several factors. The principal risk factors that may negatively affect Barry Callebaut's future financial results are disclosed in more detail in the Annual Report 2023/24 and include, among others, general economic and (geo-)political conditions, foreign exchange fluctuations, competitive product and pricing pressures, the effect of a pandemic/epidemic, a cyber event or a natural disaster, as well as changes in tax regimes and regulatory developments. The reader is cautioned to not unduly rely on these forward-looking statements that are accurate only as of November 6, 2024. Barry Callebaut does not undertake to publish any update or revision of any forward-looking statements, except as required by law.

Progressing step by step

- 1 Confirming our growth strategy**
- 2 Demonstrated resilience with FY 23/24 results, despite disrupted environment and new operational rigor on quality & food safety**
- 3 Achieved major milestones for BC Next Level**
- 4 Navigating market challenges as we move to the second year of BC Next Level**

Our long-term Strategic Growth Priorities are the right way to win



Group OGSM  Country Cluster OGSM  Mid-Term Plan

Powered by an agile, digitally enabled organization and best-in-class sustainability

Growth priorities starting to drive performance

1 Deepen outsourcing partnerships

- **~35 kMT** annualized volume won in 23/24
- **Long-term trend:** capital intensity, sustainability & specialties
- **Possible short-term pressure** given market environment & new operational rigor

2 Gourmet 2.0

- **+9.8%** volume in 23/24, broad-based demand
- Strategically assessing **distribution & branding**
- Launching first **D2C webshop pilot** in Germany

3 Scale up Specialties

- **Defined scope** to focus on winning portfolio
- **397 kMT** volume in 23/24 across FM & Gourmet
- **End-to-end** covering coatings, decorations, fillings, inclusions etc.

4 'Fair share' in AMEA

- **+11.5%** volume in H2
- Increasing **route-to-market** penetration & segmentation
- Investing in **supply chain & customer-facing resources**

Powered by:

Digital agenda fully established

Traceability & segregation (EUDR)

Cocoa crop outlook: 24/25 vs. 23/24

Overall expect a slight surplus in 24/25: supply well ahead of 23/24, but below 22/23



BC well-positioned to secure supply given origin footprint and cocoa/chocolate integration

Navigating long-term supply environment & rising sustainability requirements via two-pronged approach

Smallholder farming “North Star” strategy

- Radical transformation of smallholder cocoa farming
- Growing incomes & increasing yields
- Implementing agroforestry to build climate resilience
- Building community environment that protects human rights

→ Mid-term, started

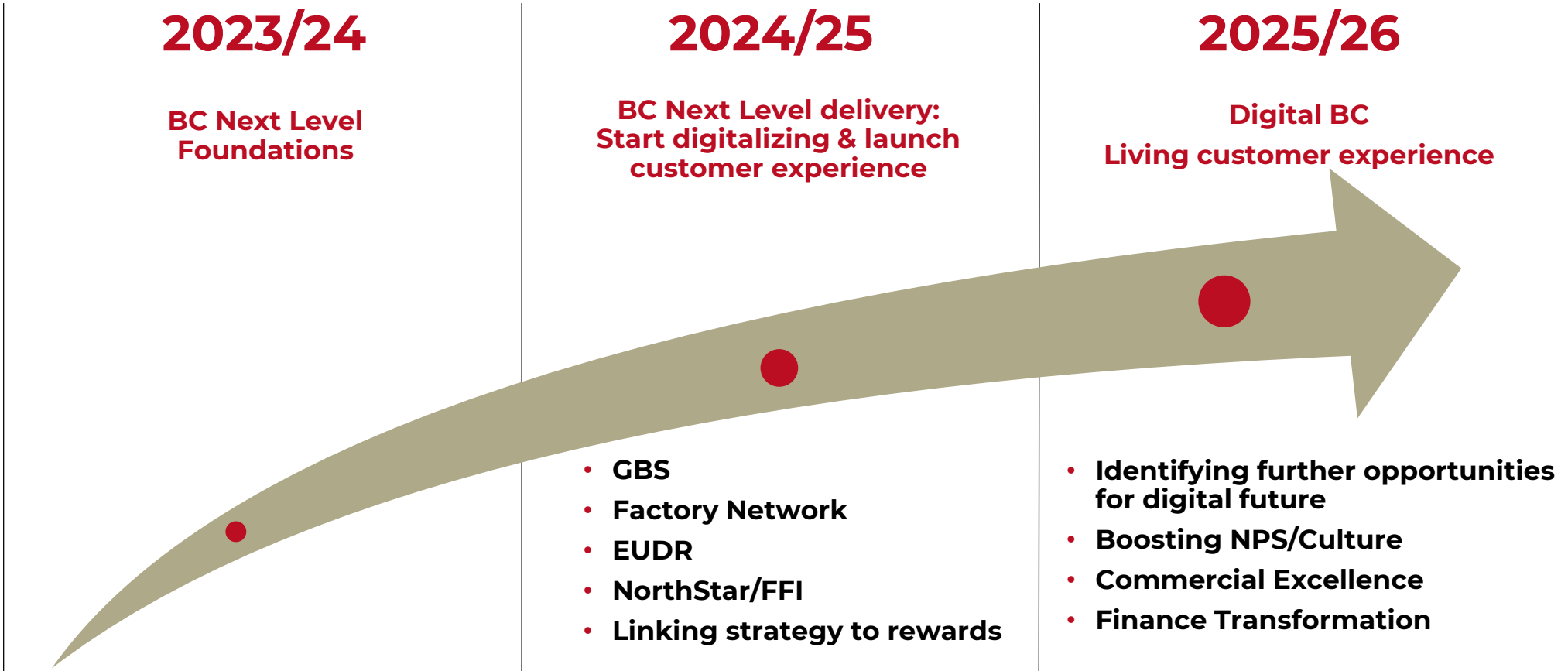
Large scale, high-tech farming Future Farming Initiative (FFI)

- Scaling sustainable, high-tech cocoa farming
- Catalyst for industry to invest and create partnerships
- Brings diversification of geographical footprint and supply chain model
- First partnership signed, building to a 5,000-hectare pilot in Bahia, Brazil

→ Longer-term, started with leadership in place

Unlocking BC's full potential

From Ingredients Supplier to Recognized Chocolate Solutions Advisor



Making Net Promoter Score (NPS) the critical metric for BC

Market share, volume and EBIT are driven by great customer experiences

For BC, customer experience & NPS is a result of delivering best-in-class:



Value



Service



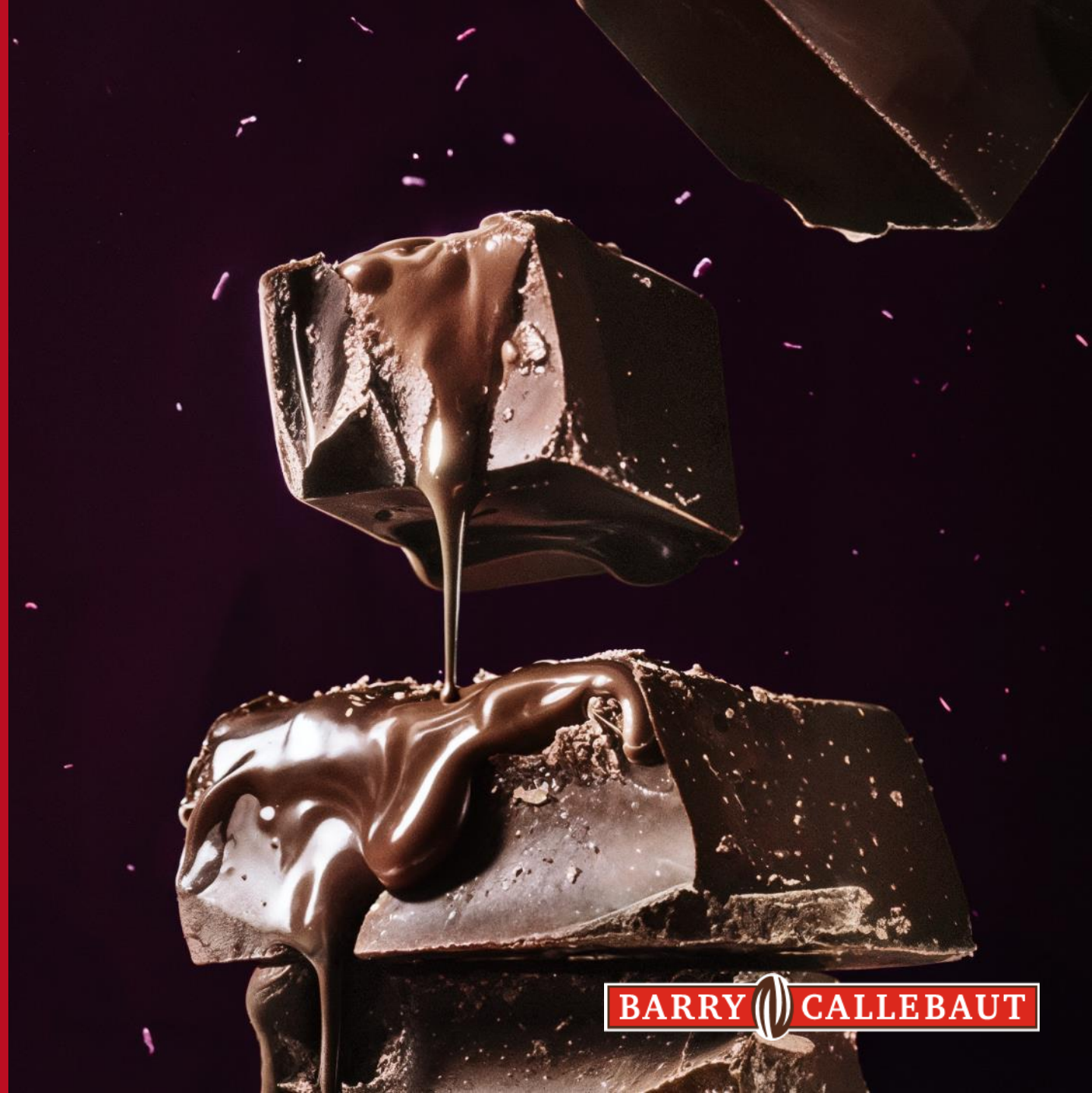
Sustainability



**Quality/
Food Safety**

FY 23/24 performance

The World's Best Chocolate Solutions

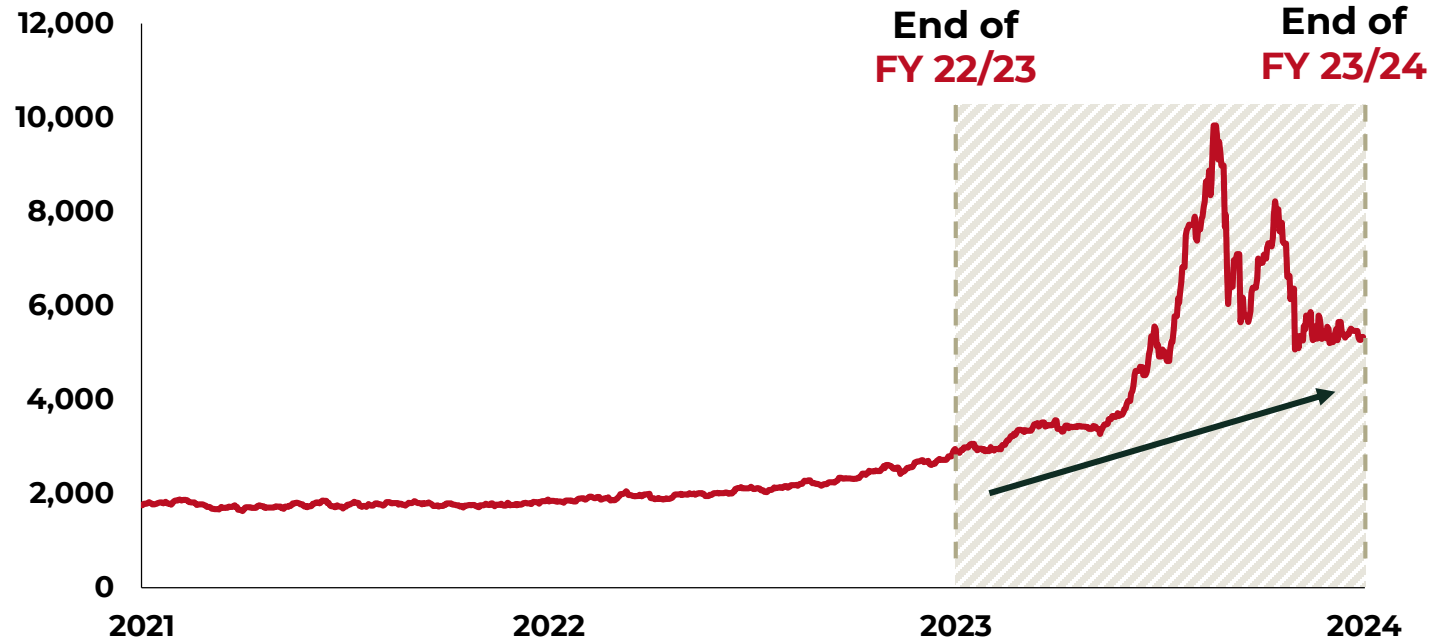


Successfully navigated unprecedented market challenges

- 1** Significantly disrupted supply & demand environment over the past year
- 2** Demonstrating resilience with flat volumes for FY 23/24, ahead of a declining market
- 3** Solid EBIT¹ growth reflects strength of cost-plus model
- 4** Solid operational FCF improvements more than offset by the substantial bean price impact on working capital

Cocoa market reaching unprecedented levels in 23/24, with recent signs of stabilization

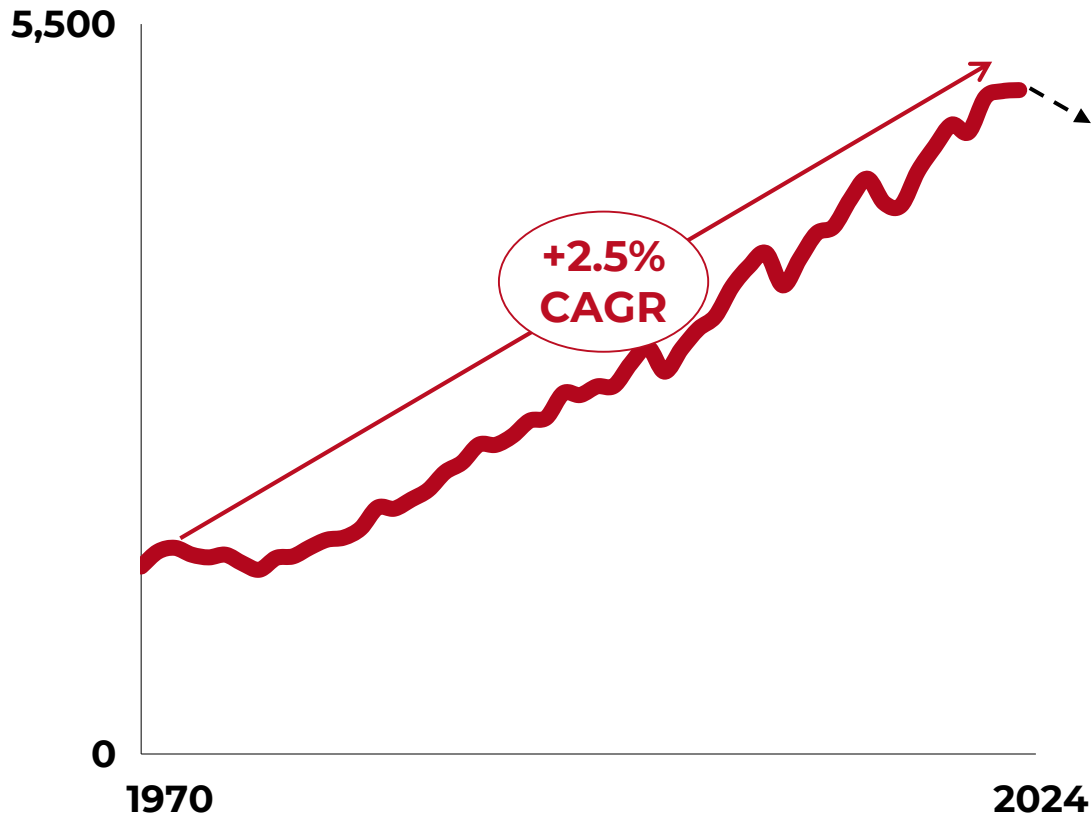
London cocoa futures (in GBP/MT)¹



- **Record futures prices** in 23/24, closing the year at GBP 5,332 (vs. GBP 2,950 in 22/23)
- **Some price normalization** over recent months, still well-above long-term averages
- **Impact on BC financials:**
 - **Top-line:** Mix shift from large Food Manufacturers. Private Label & Gourmet more resilient
 - **Bottom-line:** Protected through cost-plus model
 - **Free cash flow:** Significantly impacted given long inventory cycle

Attractive global chocolate consumer market, expect some short-term pressure as customers price to retail

Cocoa grinding volume (in kMT)



Favorable mid-term market trends remain intact

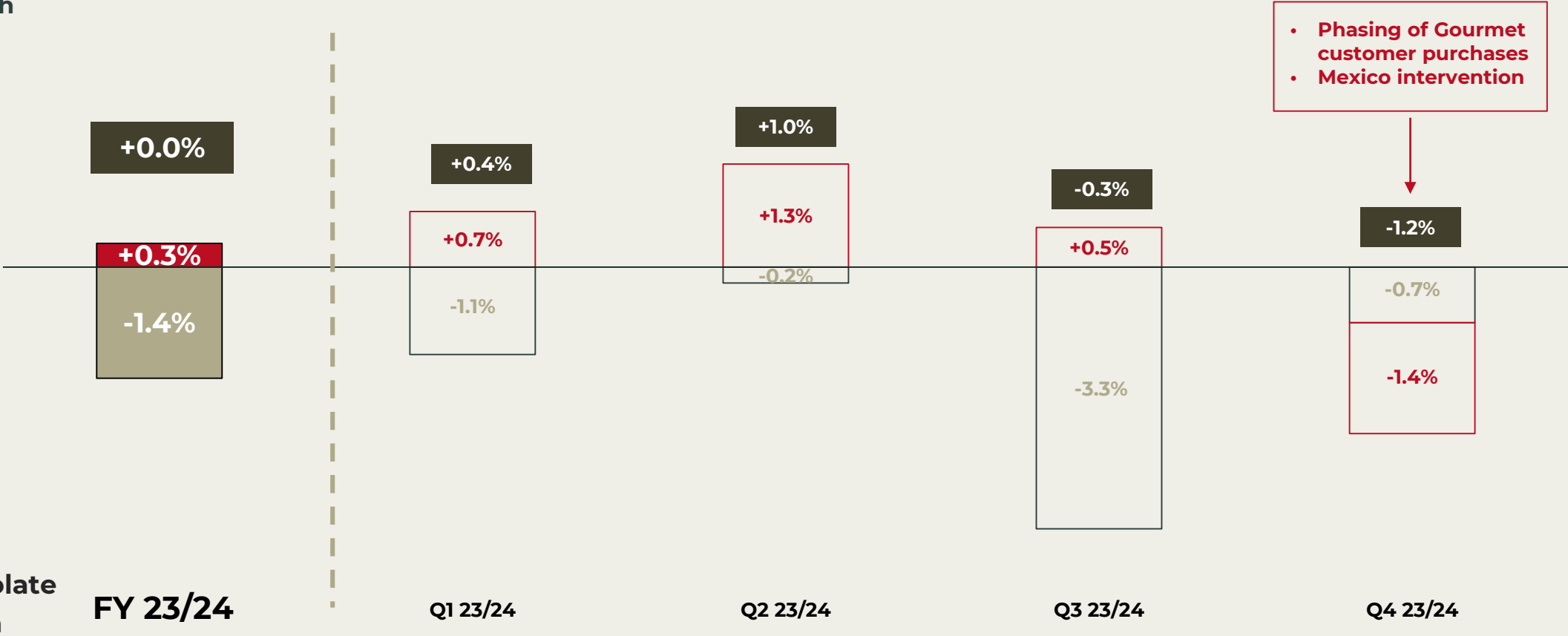
- New consumers in emerging markets
- Chocolate in more product categories
- Demand for premiumization, innovation & sustainability

Short-term market pressure as customers price to retail

- Food Manufacturers expected to announce further price increases of 5-15%
- Private Label driving growth & winning share in most regions
- BC well positioned given diversified portfolio across: price segments (including Private Label), channels (Gourmet more resilient) & applications

BC volumes resilient in a declining and volatile market

Volume growth



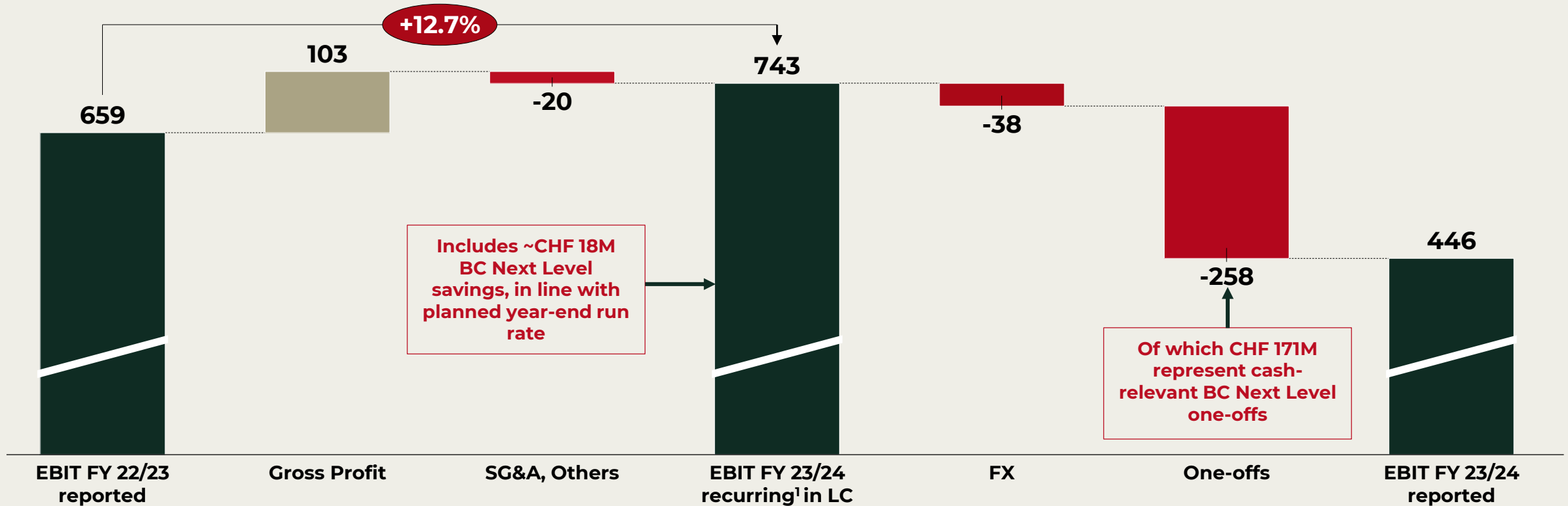
Accelerating in AMEA and outgrowing the market in most Chocolate regions through diversified portfolio

Global Chocolate sales volume: +0.3% FY (vs. -1.1% market¹)

	FY volume growth		% of Group FY volume
	BC	Market ¹	
Western Europe	+0.8%	-1.2%	32%
Central and Eastern Europe	-1.2%	+0.3%	13%
North America	-1.8%	-4.0%	24%
Latin America	+7.2%	+1.4%	3%
Asia Pacific, Middle East and Africa	+5.2%	-0.1%	8%

+12.7% EBIT reflects mix, finance costs pass through & initial BC Next Level savings

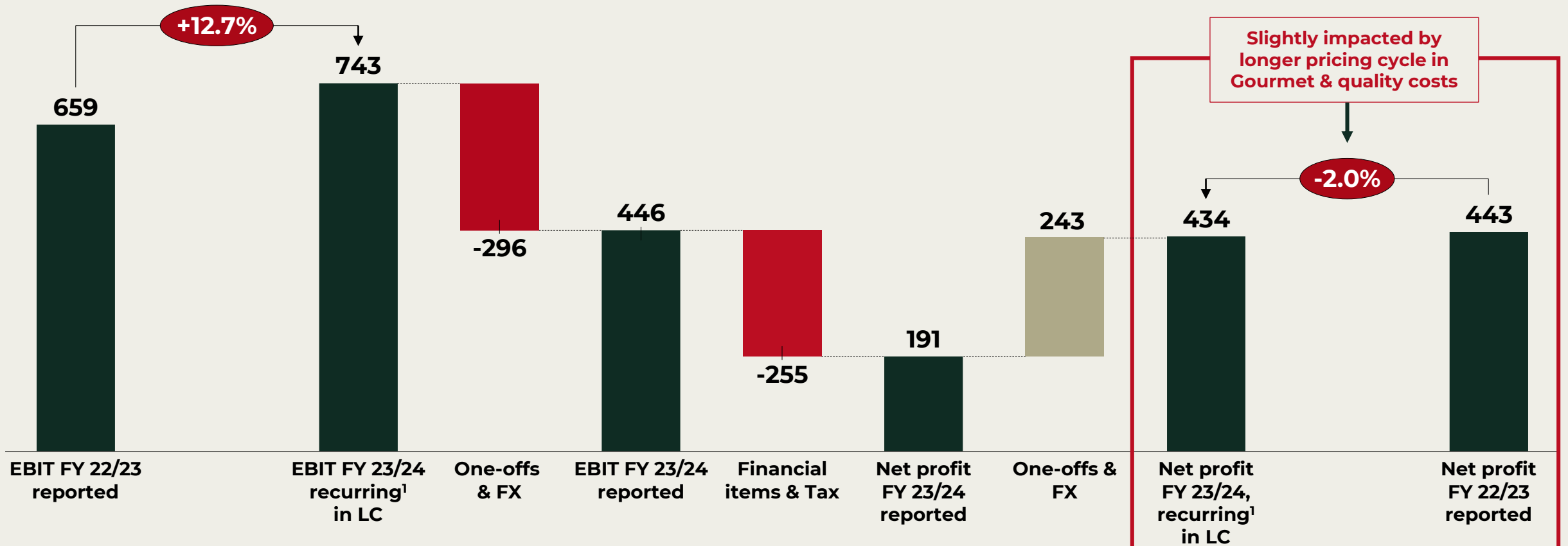
In CHF million



¹ Excluding for the current year the recovery of indirect tax credits in Brazil of CHF +6.2 million and BCNL cost of CHF -264.5 million in EBIT (thereof CHF -93.1 million non-cash impairments and write-downs, CHF -110.4 million restructuring cost and CHF -61.0 million Program costs)

Recurring net profit largely protected through our cost-plus model

In CHF million

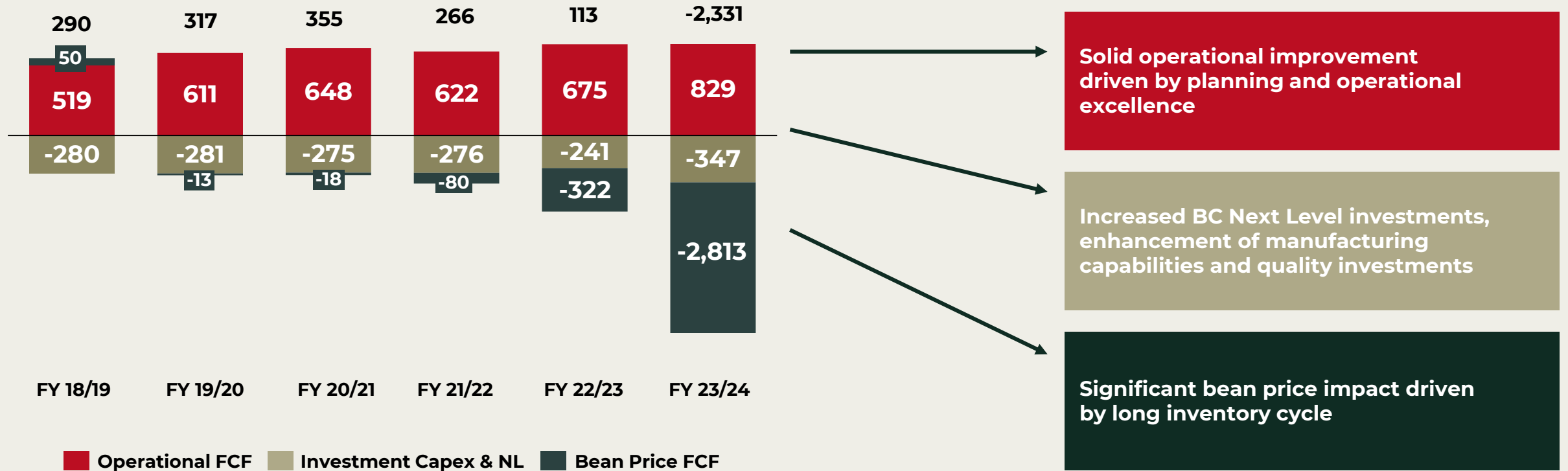


We delivered key BC Next Level milestones, but still have a significant journey ahead

	Cost savings	One-time Opex	Capex	Capital Benefits
FY 23/24	<ul style="list-style-type: none"> ~15% year-end run rate CHF 18M savings delivered in P&L 	<p>CHF 171M (excl. non-cash relevant items)</p> <p>110 ← Restructuring 61 ← Program costs</p>	<p>>CHF 200M already in investment funnel Managed cash out ~CHF 25M</p>	<p>~CHF 100M supported by planning & operational excellence</p>
FY 24/25	<p>70 – 80% run rate by the end of FY 24/25</p>	<p>Expected one-time Opex of ~CHF 100M</p>	<p>Expected ramp up to CHF 200 – 250M</p>	<p>Expected capital benefits of ~CHF 80M</p>

Operational FCF improvements more than offset by the substantial bean price impact on working capital

In CHF million

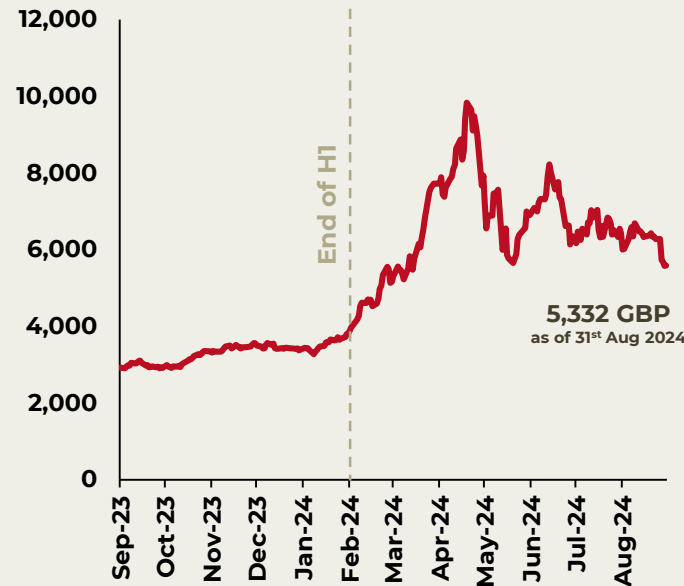


FCF pressure fully driven by working capital impact of higher bean prices & initial margin payments

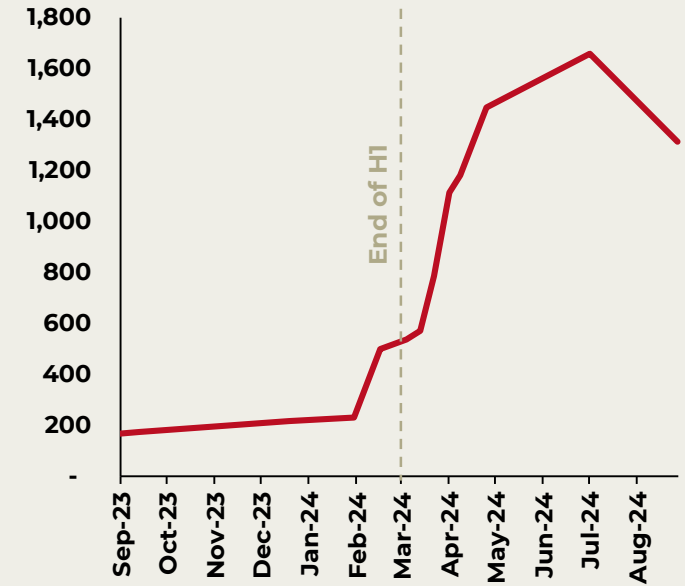
CHF -2.8bn bean price impact on FCF in FY 23/24 driven by:

- Significantly higher bean prices vs. last year
- Initial margins required by futures exchanges increased by >9x, mostly in H2
- Liquidity swaps used to soften the full impact in FY 23/24

London cocoa future 2nd continuation (in GBP/MT)



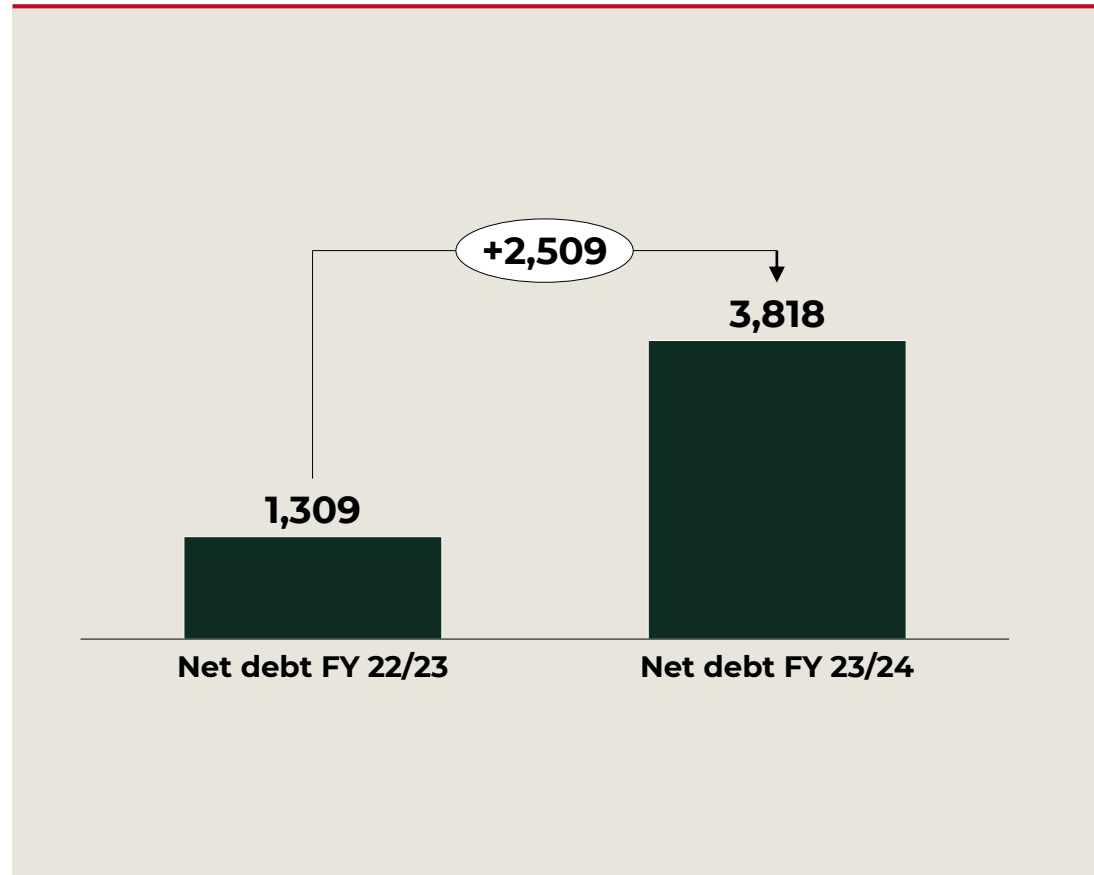
Initial margin required by exchange (1st continuation, GBP/MT)



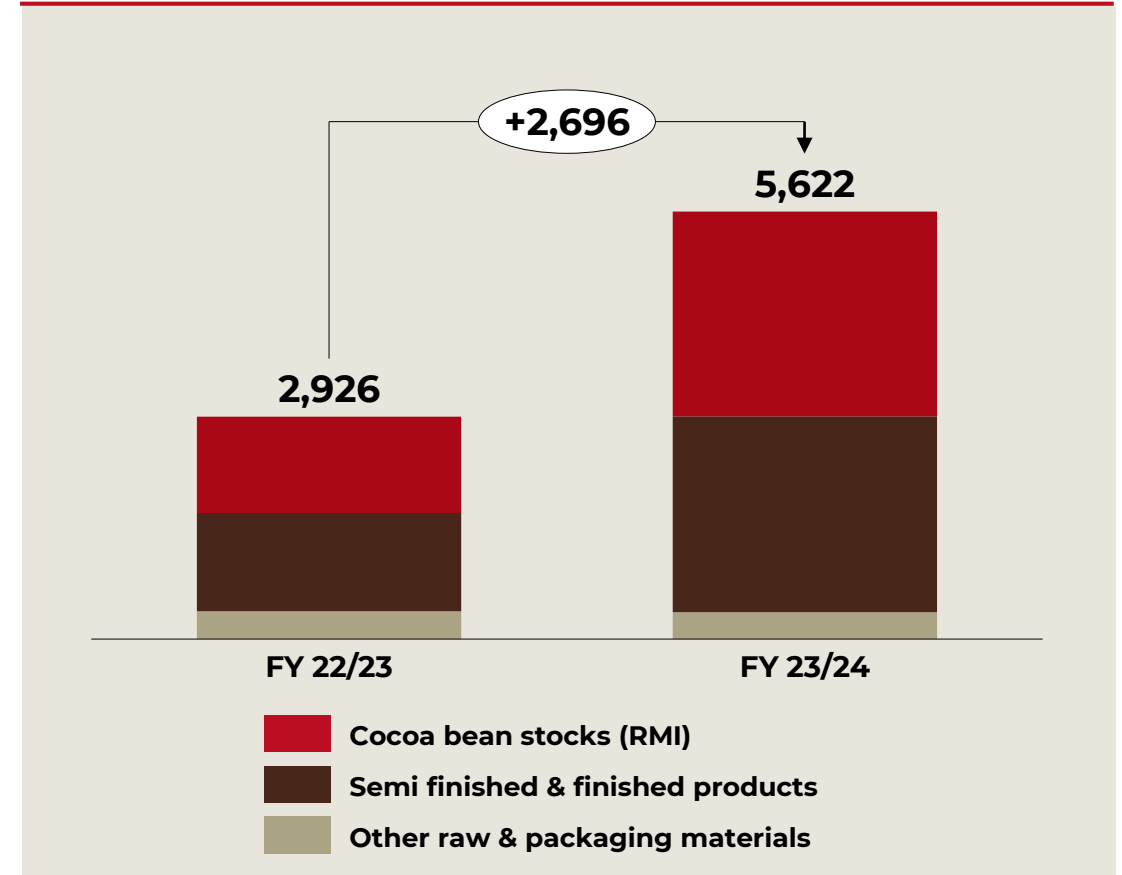
Raised nearly CHF 2 billion across three bonds issuances in FY 23/24

The increase in Net Debt is entirely driven by higher inventory value due to bean-price acceleration

Net Debt (in CHF million)



Total Inventory (in CHF million)



Investing for the future, whilst focusing on deleveraging

Liquidity actions in FY 23/24 ensure flexibility in current market environment
Deleveraging mid-term towards Net Debt/EBITDA <2x



Drive future growth

Focusing on our four strategic growth priorities



Invest in BC Next Level

Including manufacturing optimization, quality, digital, sustainability



Dividend

Ensuring not lower than FY 22/23 during BC Next Level transition period

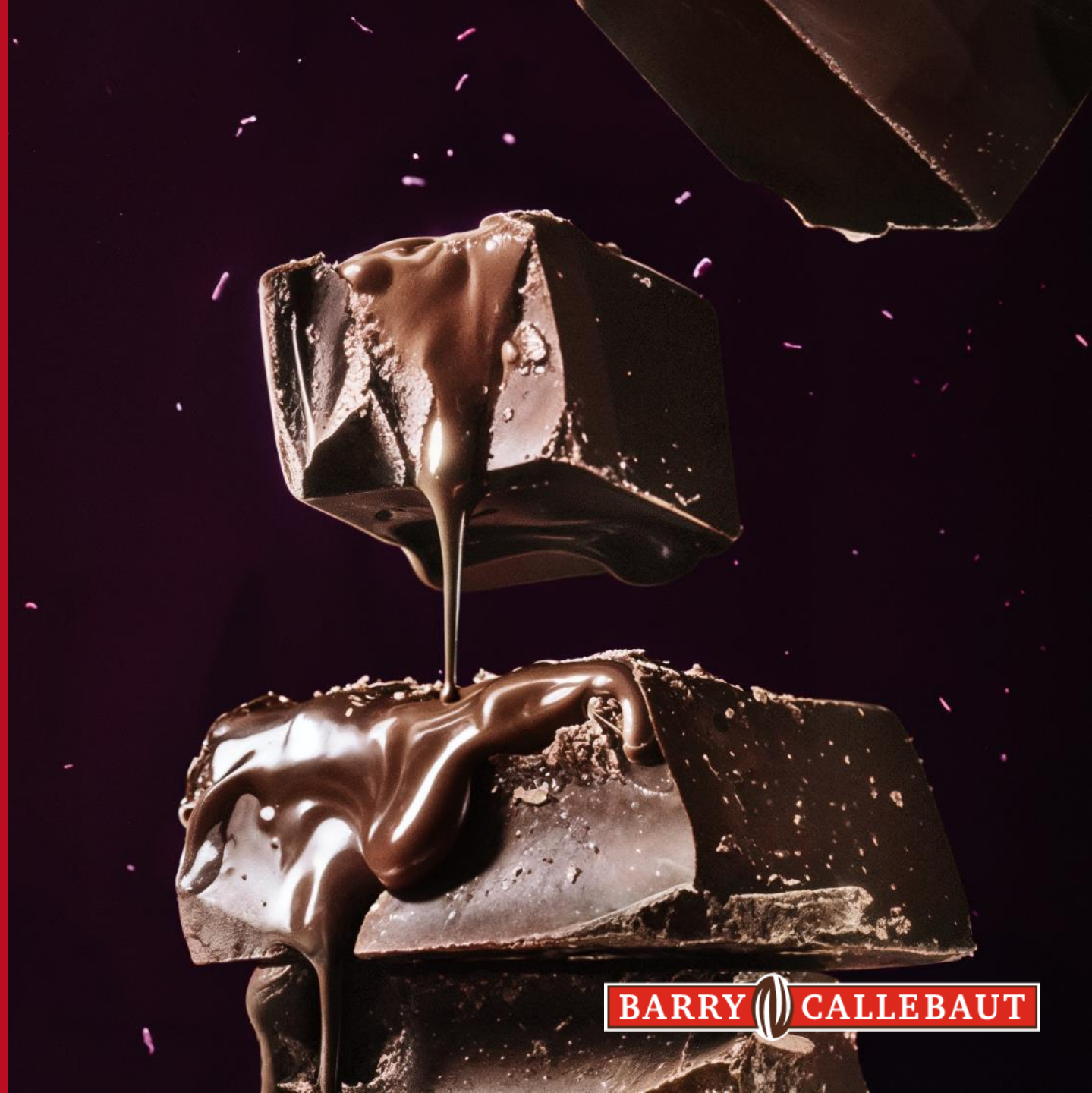
Continuing to drive operational progress, but FY 24/25 FCF also depends on bean price developments

Moving parts for FY 24/25 FCF:

- **Cocoa bean prices** expected to remain well-above historical averages, key driver of cash evolution
- **Operational improvements**, with ~CHF 80M BC Next Level capital benefits
- Significant **BC Next Level capex** investment of CHF 200 – 250M
- **FY 23/24 liquidity swaps** phased significant cash outflow into FY 24/25
- In terms of **phasing**, inventory levels are typically higher in H1 due to the timing of the cocoa harvest

BC Next Level update

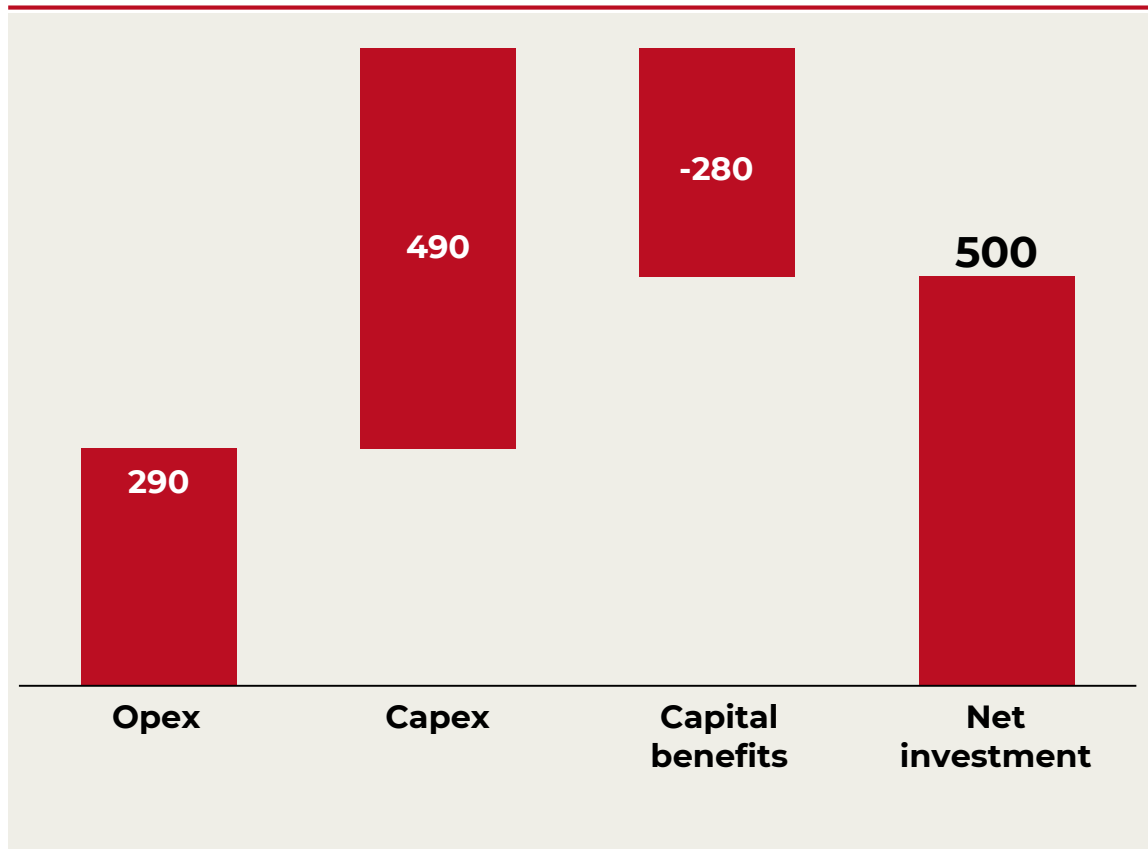
The World's Best Chocolate Solutions



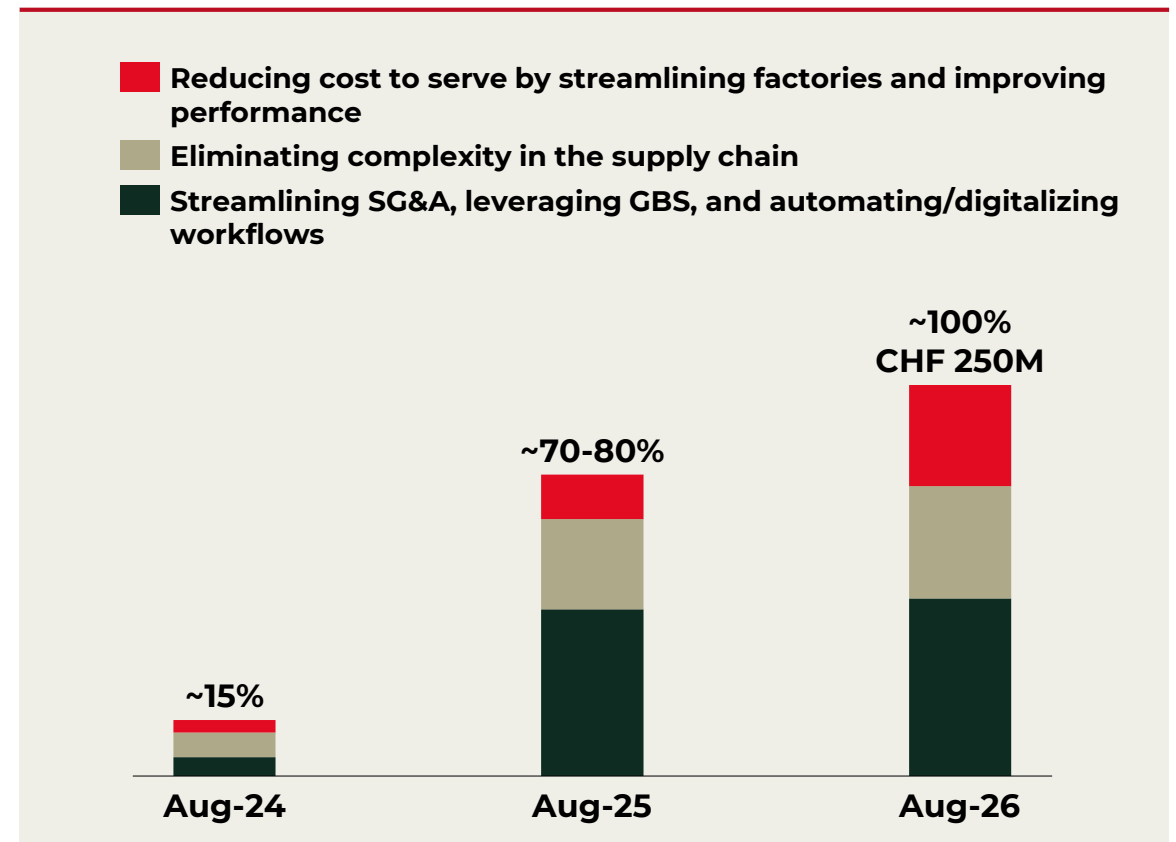
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Confirming CHF 250M synergies (75% flow through) and CHF 500M net investments

Total net investments of CHF 500M confirmed



Cost savings of CHF 250M, with 75% flowing to bottom-line



Delivering step by step: important milestones achieved so far in FY 23/24

- **Social plans** completed in 6 locations
- **~25% SKUs** phased out (vs. >30% target)
- **Factory footprint:** 2 closed, 1 planned closure announced
- **Stepped up quality** testing and controls
- **BCOS¹** launched to standardize factory operations and connect processes globally
- **New compound & AI** Centre of Excellence launch in Singapore
- **BC EUDR ready** by the end of 2024 (traceability) and significantly progressed segregation capabilities
- Launched **Net Zero** roadmap
- Defined **digital** roadmap



Step changing quality & food safety culture at BC

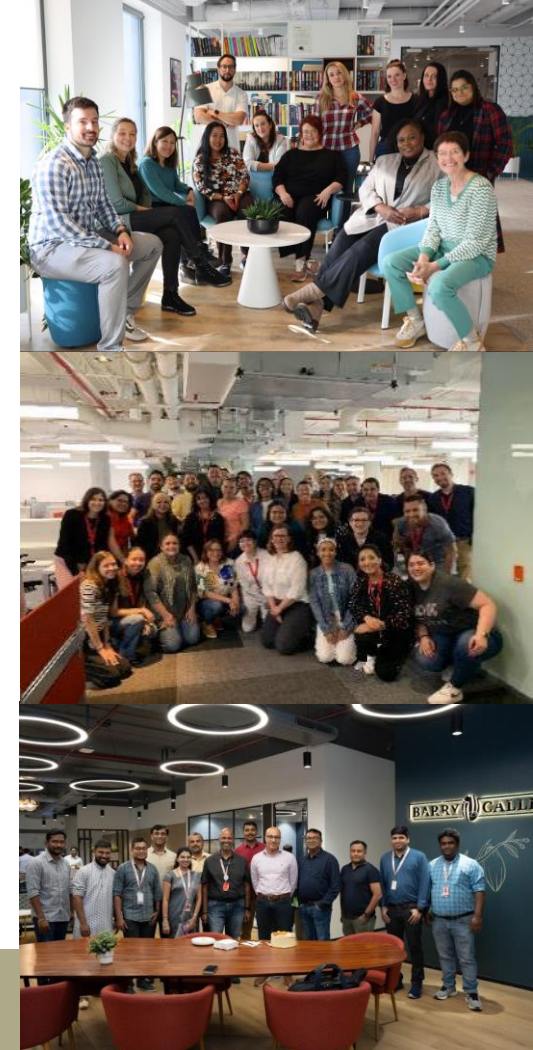
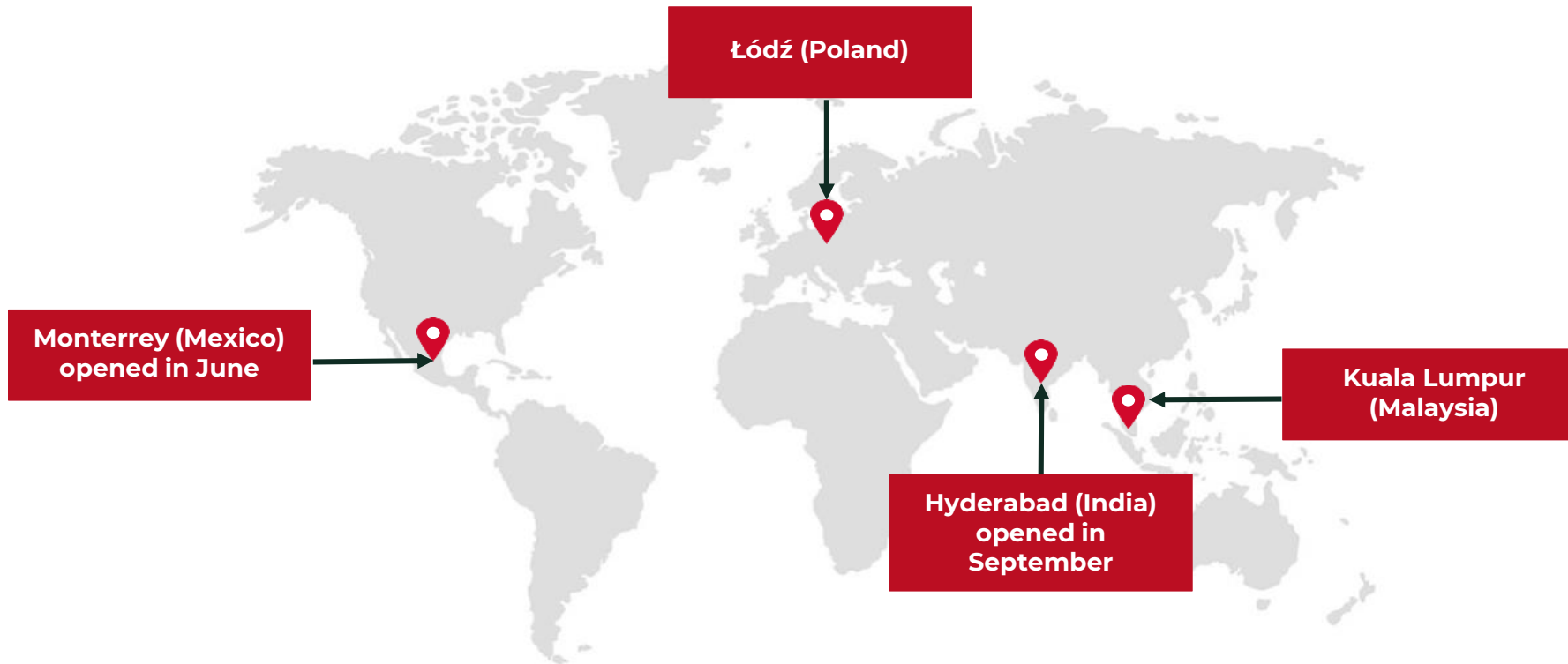
To date

- Immediate firewall towards customers: **100% Positive Product Release**
- Testing frequency: **5x higher**
- Volume tested by sample: **Increased >35%**
- Culture & capabilities: **tone from the top, organization & accountabilities**

In process

- Quality & Food Safety **culture baseline assessment** to be implemented early 2025
- Significant **capex investment** into plant infrastructure & lab services
- Implementing **autosamplers** over the next 3 years
- **End to end digital solutions**

Significant progress made to simplify ways of working through GBS (Global Business Services)



Focus on knowledge management build up: 650+ process maps created, 50+ strategic workshops with functions conducted

Significantly ramping up organizational capabilities

Step changing customer experience

Ingredients
Supplier



Recognized
Chocolate Solutions
Advisor

Enabled by:

- **Boosting understanding of customer needs**
- **Best-in-class mindset and organizational capabilities**
- **Digital end-to-end connectivity**

Linking rewards to strategy

- Tying **incentives to strategy** as we enter second year of our transformation
- Focusing STI on **key financial metrics**
- Adding **NPS** and **Sustainability** to LTIP as key pillars of long-term strategy



Short-term incentive

FY 23/24	FY 24/25
<ul style="list-style-type: none"> • Volume • EBIT • FCF • Sustainability • BC Next Level Transformation 	<ul style="list-style-type: none"> • Volume • EBIT • FCF

Long-term incentive

FY 23/24	FY 24/25
<ul style="list-style-type: none"> • Relative share price • ROIC 	<ul style="list-style-type: none"> • Relative share price • ROIC • NPS • Sustainability

Significant work still ahead of us

2023/24

- Hardwire & Standardize
- RACI – empower & collaborate
- Simplify BC
- Quality
- Executive Leadership Team in place
- Several works councils discussions completed
- Tracking employee NPS

2024/25

- GBS
- Factory Network
- Delivering SG&A
- EUDR
- NorthStar/FFI
- Accelerating digitalization
- Linking strategy to rewards
- Tracking employee NPS

2025/26

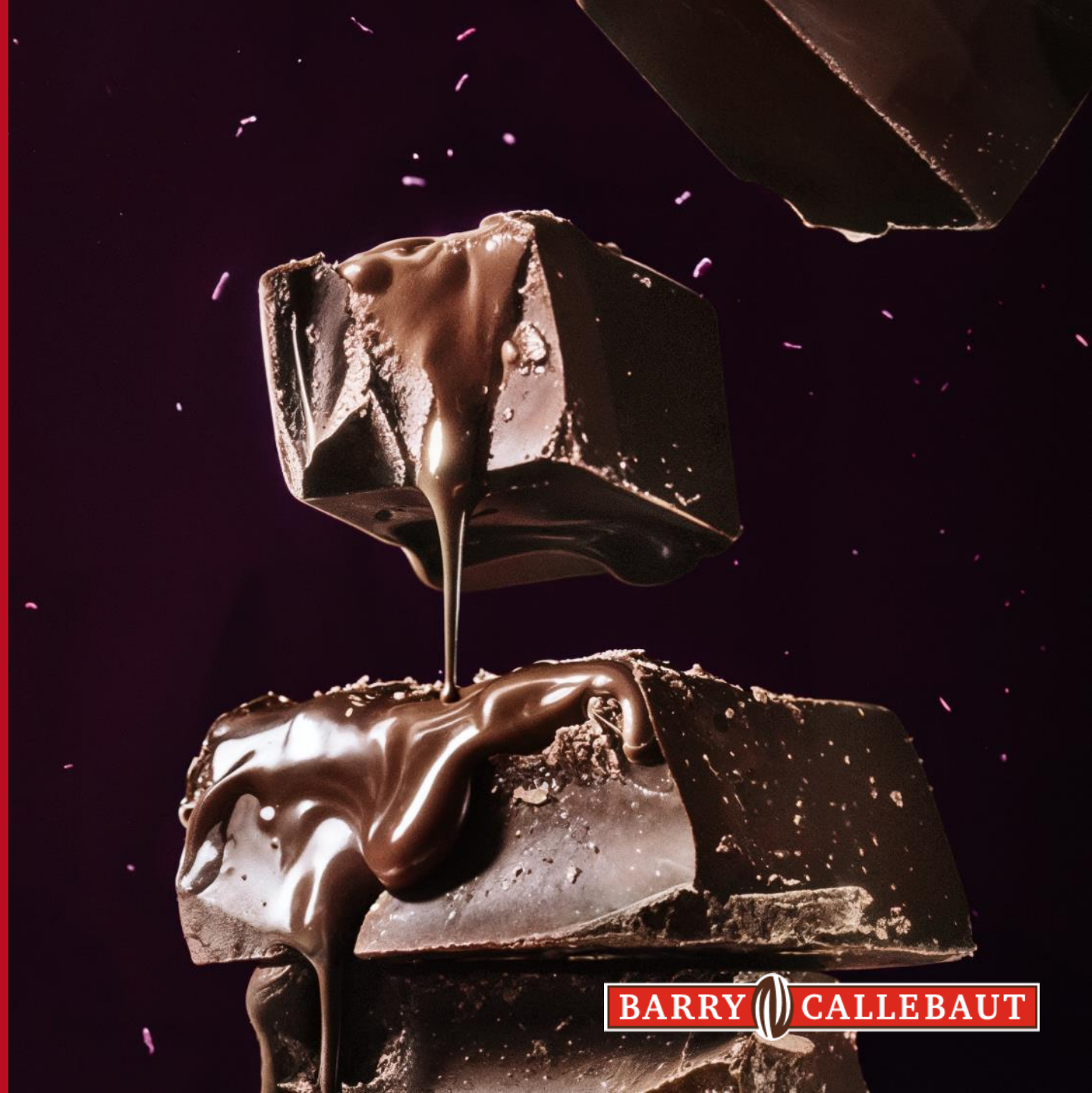
- Full digitalization
- Boosting NPS/Culture
- Commercial Excellence
- Finance Transformation
- Tracking employee NPS



**Unlocking BC's
full potential**

Outlook

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Confirming our trajectory for FY 24/25

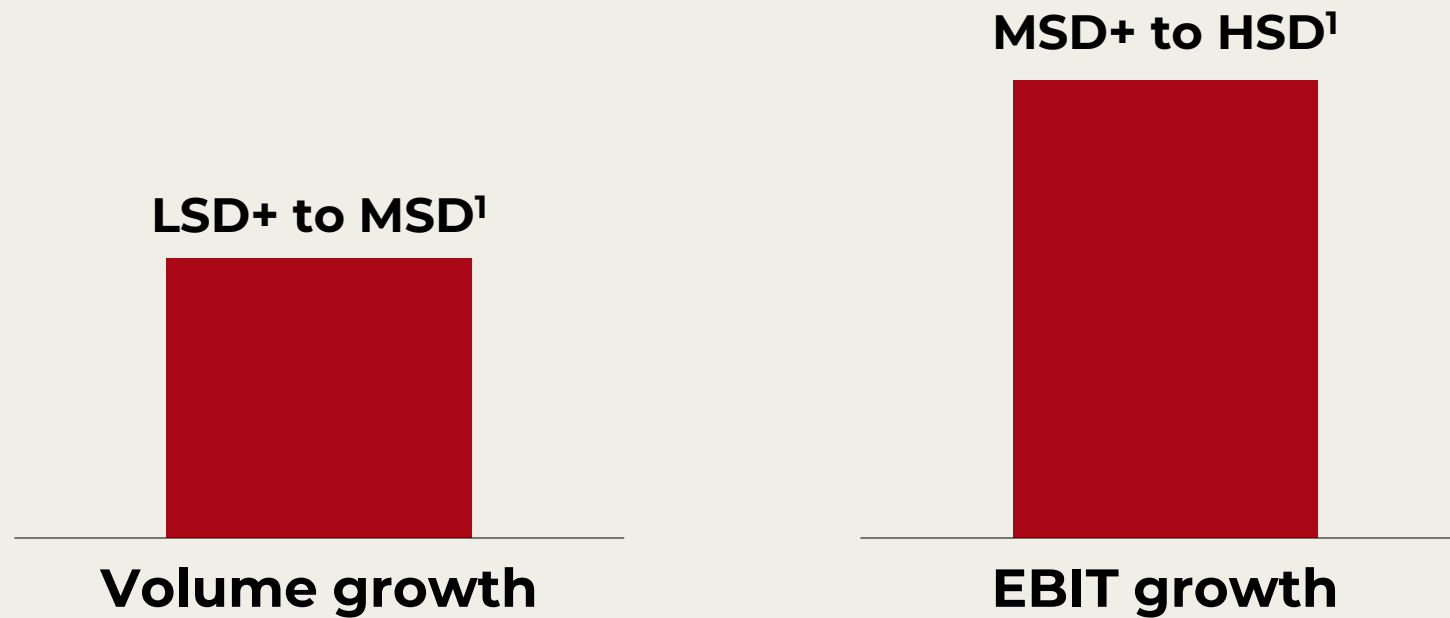
Flat volume growth in a challenging market, with slightly positive growth for Global Chocolate

- Defending our market share in a difficult environment and heaviest ever transformation of BC
- Cocoa-related price increases impacting market demand
- Growth expected to be H2-weighted, with a soft H1

Double-digit EBIT recurring growth¹ in volatile market context

- Includes flow-through of permanent BC Next Level benefits
- Excludes one-time BC Next Level cash-relevant operating expenses of ~CHF 100M
- Expect around CHF 230M net interest costs

Post BC Next Level and digital transformation, delivering attractive, profitable long-term growth



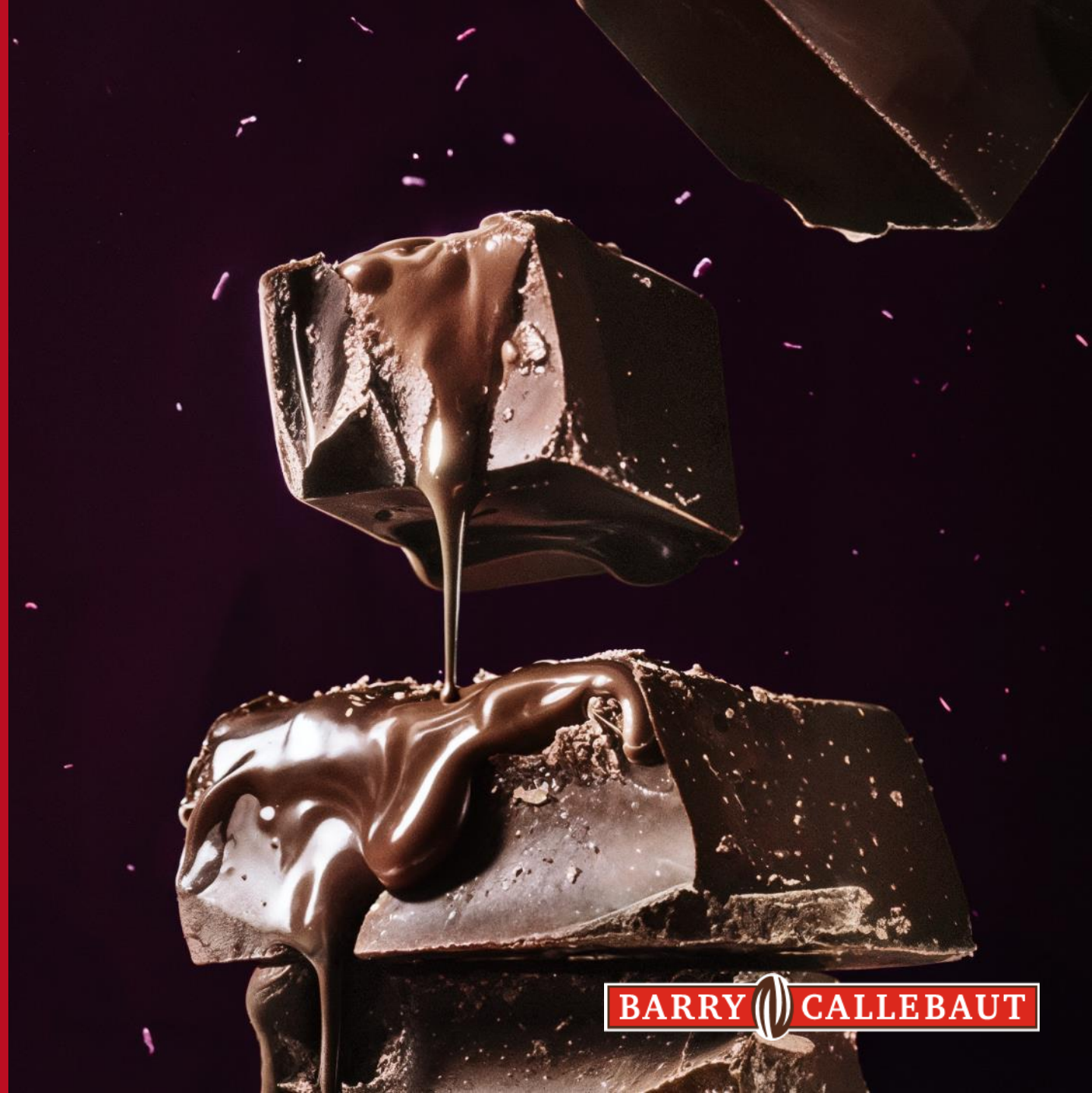
Long-term growth objectives

Concluding remarks

- 1 Confirming our growth strategy**
- 2 Demonstrated resilience with FY 23/24 results, despite disrupted environment and new operational rigor on quality & food safety**
- 3 Achieved major milestones for BC Next Level**
- 4 Navigating market challenges as we move to the second year of BC Next Level**

Appendix

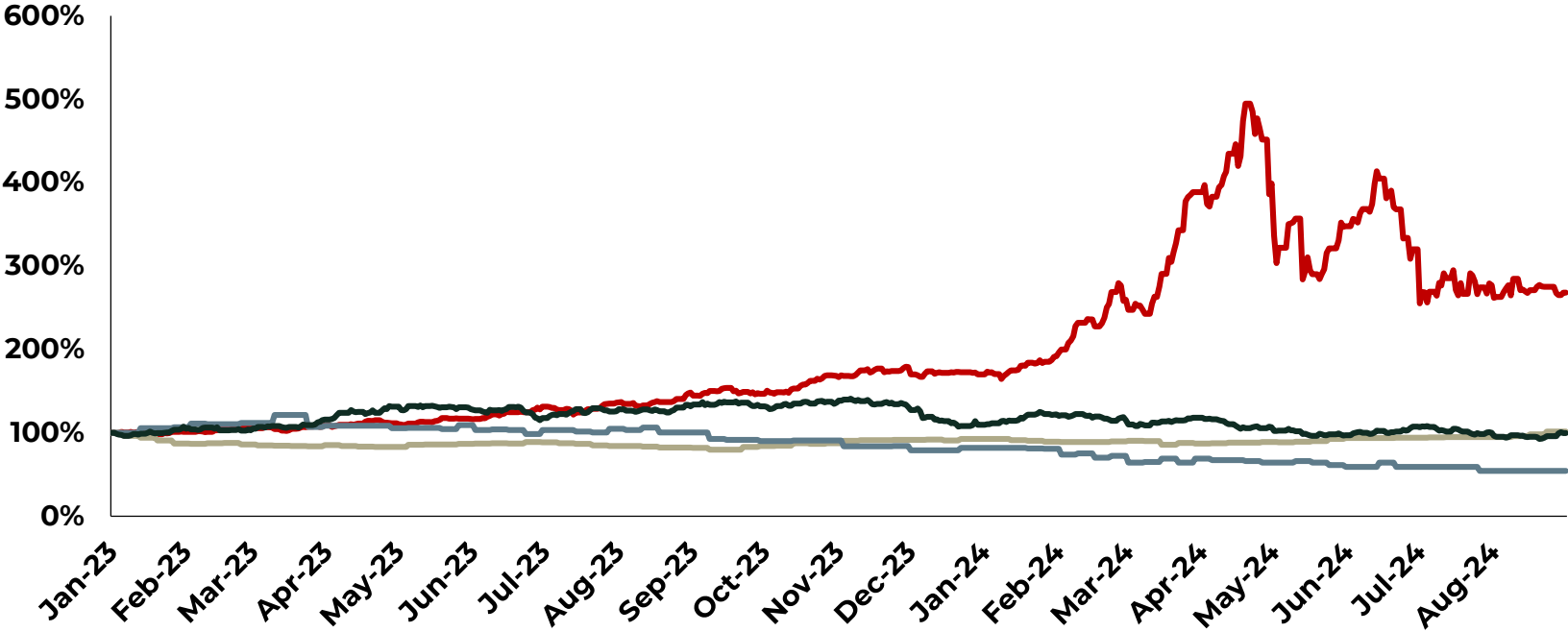
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Raw material price developments

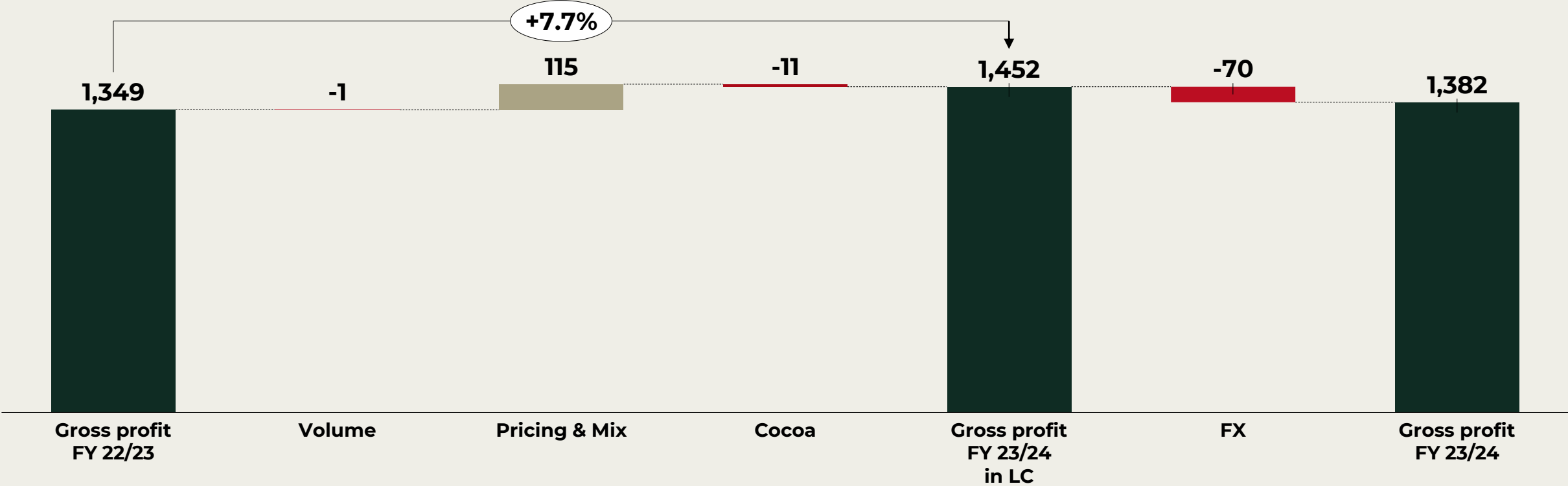
Indexed Raw material price changes January 2023 to August 31, 2024



- 268% Cocoa beans
- 102% Milk powder
- 100% Sugar world
- 54% Sugar EU

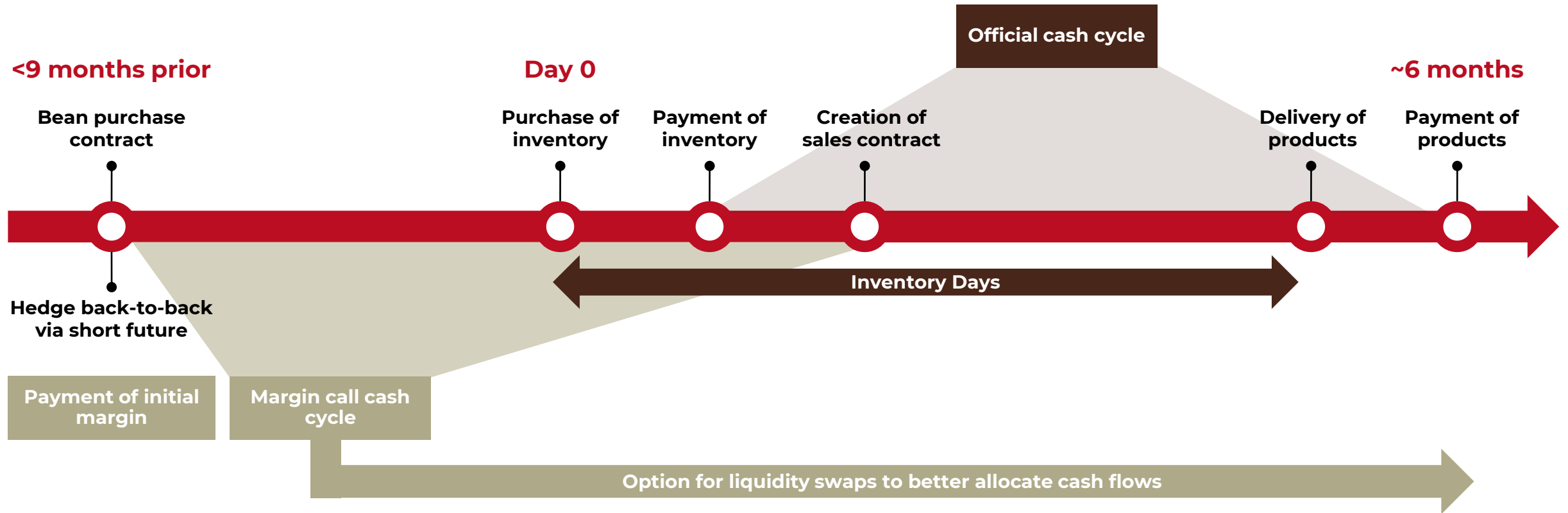
Gross profit increase driven by cost-plus pricing

In CHF million



Structurally long industry working capital cycle

Indicative cash cycle



Key figures

Group performance (in CHF million)	FY 2023/24	Change in %	
		in local currencies	in CHF
Sales volume (in tonnes)	2,279,811	n/a	0.0%
Sales revenue	10,386.3	28.1%	22.6%
Gross profit	1,382.3	7.7%	2.5%
EBIT reported	446.1	-26.8%	-32.3%
EBIT (recurring) ¹	704.4	12.7%	6.8%
EBIT per tonne (in CHF, recurring) ¹	309.0	12.7%	6.9%
Net profit for the period	190.9	-53.5%	-56.9%
Net profit for the period (recurring) ¹	417.5	-2.0%	-5.8%
Free cash flow	-2,330.7	n/a	n/a
Adj. Free cash flow ²	-874.6	n/a	n/a

Balance sheet

(in CHF million)

	Aug'24	Aug'23
Net working capital	3,808	1,466
Non-current assets	2,979	2,911
Total assets	15,159	8,433
Net debt	3,818	1,309
Adj. Net debt ¹	1,124	41
Shareholders' equity	2,839	2,896
ROIC reported	6.6%	13.1%
ROIC (recurring) ²	11.0%	13.1%
ROE reported	6.7%	15.3%
ROE (recurring) ²	14.7%	15.3%
Net debt / Equity ratio	134.5%	45.2%
Adj. Net debt ¹ / Equity ratio	39.6%	1.4%
Net debt / EBITDA (recurring) ²	2.7x	1.4x
Adj. Net debt ¹ / EBITDA (recurring) ²	0.6x	0.2x



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