

Expanding our Beverages offering in Europe

For sure, hot chocolate belongs to most of us to the sweetest of our childhood memories. Already centuries ago, the Aztecs prepared and consumed Xocoatl – a red, bitter and spicy drink prepared with cocoa – when they worshipped their gods or during tribal ceremonies. Today, people of all ages enjoy chocolate drinks of exceptional tastes, flavors and aromas.

Our Beverage business recorded strong growth in the past years, benefiting from the increasing trend towards out-of-home consumption. In order to capitalize on this trend, we acquired the commercial beverages vending activities from FrieslandCampina Kievit.

“We established Barry Callebaut as a leading supplier of vending powder mixes.”

Antoine de Saint-Affrique,
CEO Barry Callebaut

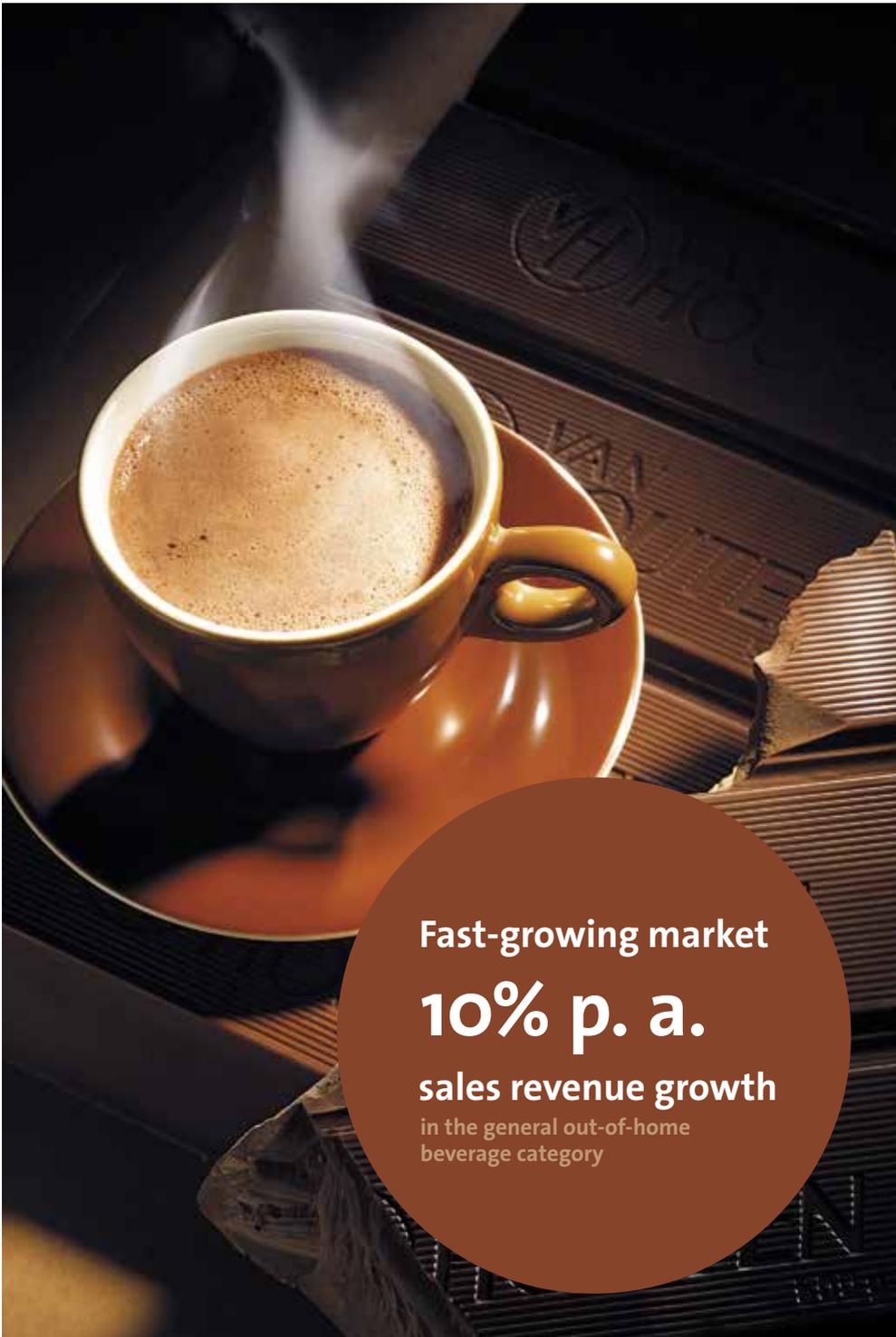
“Smart growth” strategy put into action

This acquisition is fully in line with our strategy to drive “smart growth”, simply by focusing on margin-accretive products and accelerating our growth in Gourmet & Specialties.

It allows us to further develop our beverage and vending business by getting access to the latest process technology, increasing our innovation power and expanding our product offering – this all to the benefit of our customers.

Margin-accretive division in the growing Gourmet & Specialties business

With two production locations in Sweden and the UK, our beverage business now is a major player in the European beverage and vending industry. We manufacture and supply highly soluble chocolate, cappuccino and other powders for use across all aspects of the beverage sector. Moreover, we now have at our disposal leading R&D capabilities and operate state-of-the-art facilities.



Fast-growing market

10% p. a.

sales revenue growth

in the general out-of-home
beverage category



5 global beverage brands

Van Houten, Caprimo, Bensdorp,
Le Royal, Satro Quality Drinks

“With our new Beverage Academy, we can showcase our unique products and capabilities.”

Andrew Fleming, Vice President Beverages

First of its kind Beverage Academy joins global network of Chocolate Academies

With the opening of our first ever Beverage Academy Center under the name of Van Houten™ Beverage Academy in Kageröd, Sweden, in June 2016, we transferred a proven concept into a new business segment.

It offers our customers specialized services for chocolate, cocoa and all powder-based beverages products. The Beverage Academy serves our well-established beverage brands Van Houten, Caprimo, Bensdorp, Le Royal and Satro Quality Drinks. It also offers customers the opportunity to create their own tailor-made beverage recipes using our modern infrastructure. From vending to quick service restaurants to in-home brewing, they can benefit from the knowledge, passion and experience on display at the new Beverage Academy.

With the Van Houten-themed Beverage Academy, we also build on a legacy and proud heritage – starting with Coenraad Van Houten’s dream to indulge all our senses with chocolate drinks that capture all our imagination.

Expanding our chocolate footprint in the US

With the expansion of capacity in our existing factory in American Canyon, California, we have also invested in further growth in Region Americas. The plant will support a variety of our customers in the rapidly growing West Coast market supplying liquid and molded chocolate as well as chocolate compound products for food manufacturers and confectionery companies.

The project includes increasing liquid production capacity by 20 percent, along with an increase in tank capacity and improved molding infrastructure to better meet customers’ needs.

Additional information

www.barry-callebaut.com/stories/our-brand-new-center-expertise-beverages
www.chocolate-academy.com

Welcome to the Barry Callebaut Studio!



Consumers now demand from mass-market brands what they previously only expected from artisans – for example premiumization, transparency and authenticity. We conducted extensive consumer research and confirmed: The artisanal experience is no longer reserved for artisans. It has extended into mass market and as such the consumer now expects the

same quality and service from their product brands, be it in Confectionery, Ice Cream, Bakery, Pastry, Biscuits, Desserts, Dairy or the Drinks markets.

By being consumer- and customer-centric, we understand and address what makes our customers successful, understand their individual opportunities and needs of today

and tomorrow. We can support the evolving needs of our customers and their consumers by providing ideas and solutions rather than just selling products.

At the Food Ingredients Europe (FIE) trade show in Paris, we introduced the Barry Callebaut STUDIO Concept to enable our customers to experience our unique proposition at work: A booth where our chefs are making inspiring chocolate creations. Our customers can experience Barry Callebaut as a passionate, insight-led organization that is putting great solutions for their consumers at the heart of the conversation.

A month later, the BC STUDIO was also introduced at the Internationale Süßwarenmesse (ISM, Cologne) and rolled out in North America at the Sweets & Snacks Expo (Chicago).

With the BC STUDIO, we created the right atmosphere to engage with our customers on consumer, customer and macro trends and how we can co-create the products that meet the expectations of tomorrow's discerning consumers.

Talking to consumers and distilling trends is great because it gives us an idea of how consumers think. But to be able to co-create true innovations with our customers, we felt we had to understand not only how consumers think, but also how they live. What are the real tensions in their lives? What do they aspire to? What are they bored with? In short: what should tomorrow's chocolate experiences be about?

“We are offering our customers a brand new way of ‘crafting and co-creating’ new products.”

Bas Smit,
Global Head of Food Manufacturers
Marketing, Barry Callebaut

Thanks to the BC STUDIO and the lively discussions that we have had with our customers since its launch, we now have a more intense relationship as a result of co-creating these experiences of tomorrow.

Additional information

solutions.barry-callebaut.com



Optimizing product flows, reducing working capital

Cost leadership is a core element of our competitiveness and one of the reasons, next to our industry expertise and recognized quality, why many customers outsource their production to us.

Over the past fiscal year as an example, we continued with the implementation of the multi-year “Cocoa Leadership” project aiming to fully leverage our global scale in cocoa and further drive down our costs. Optimizing product flows and capacity utilization, upgrading technologies, reducing stock keeping units (SKUs) and leveraging fixed costs together with our chocolate operations will strongly improve our cost base.

The Working Capital reduction program is also a key part of this effort. Early in the year we announced that we launched a 3-year program aiming at a substantial reduction of working capital. Among others, this will be achieved by optimizing local beans stocks, flows of semi-finished products, and better planning of finished chocolate products.

Overall, this year we achieved a reduction of our working capital by CHF 156 million, despite higher underlying product prices. Moving forward, this program will result in

lower costs, better free cash flows and lower net debt.

Further, we continue our operational excellence programs in our supply chain and remain disciplined on cost. We also reduced our budget for capital expenditure to a level of approximately CHF 200 million. This will allow us to keep our factories in good shape and to support the necessary global growth.

All this enables and fuels the successful implementation of our “smart growth” strategy.



more than

**CHF 150
million**

working capital reduction,
supported by a 3-year
inventory reduction program

“None of us can do it alone!”

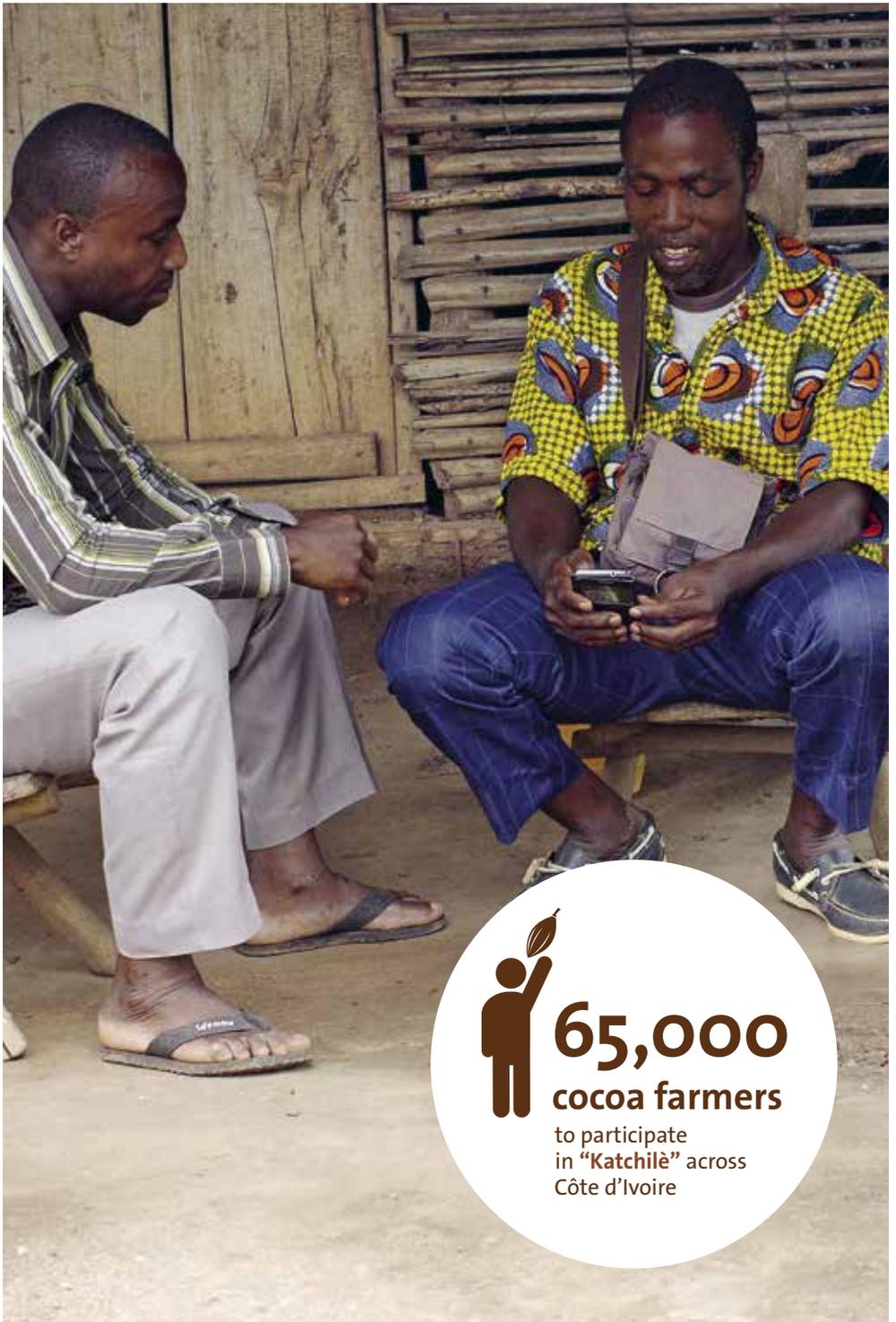
One thing is certain. Collecting detailed information on the processes and products of tens of thousands of small cocoa farms via error-prone spreadsheets is not sustainable! The answer, however, is not written in the stars, rather in the cloud – a dedicated App developed for Barry Callebaut. Named after the Baoulé word for change, the newly launched App “Katchilè” is a two-way street: In addition to collecting and organizing comprehensive data for traceability purposes, it is a vital advisory resource for the farmers. They now literally have support in optimizing productivity, quality and transparency at their fingertips, ultimately enabling them to better manage their farms and professionalize cocoa farming in order to sustain it into the future.

Also to increase the yields of cocoa farmers through sustainable agricultural practices, inputs and farm services, Barry Callebaut, together with IFC, a member of the World Bank Group, and Netherland’s Sustainable Trade Initiative IDH entered into a USD 9 million risk-sharing agreement to help more than 100,000 smallholder farmers in Côte d’Ivoire access credit needed to grow their production and earnings. Together, we

will support farmers to purchase fertilizers, access farm services and individual coaching.

As farmers increase production, they establish a financial track record and thus become bankable, making it possible for local financial institutions to provide loans directly to them – a giant leap forward in cocoa farm financing.

Further, we also signed a partnership with IDH as the first company in their renewed Cocoa Learning and Innovation Program CLIP. As a result of this collaboration, we will participate in IDH’s development of gender equality and nutrition strategy and jointly fund projects to support the role of women in cocoa communities, diversify cocoa farms and establish systems to commercialize and bring non-cocoa crops and products to market.



65,000
cocoa farmers

to participate
in "Katchilè" across
Côte d'Ivoire

Developing our people: trust in leadership

As Managing Director since May 2016, Charity Sackitey is the face of Barry Callebaut in Ghana, leading the local management team and driving operations in the world's second largest cocoa growing country, succeeding an expat colleague of hers who returned to Europe.

Charity joined Barry Callebaut in 2003 from another multinational company where she had held various quality assurance management roles since 1994. At Barry Callebaut, Charity assumed the role of Quality Assurance Manager and has been the driving force behind a decade of substantial improvements, including in the area of health and safety – two truly important areas in any factory environment.

Charity has not only excelled in her field of expertise but also in general management ever since she became the Operations Manager in Ghana in 2010. She combines more than twenty years of diversified work experience in the food and beverage industry of Ghana.

Along the way, Charity has exhibited strong leadership and an impressive track record of accomplishments in plant operations, people management, quality assurance, and Environment, Health and Safety (EHS).

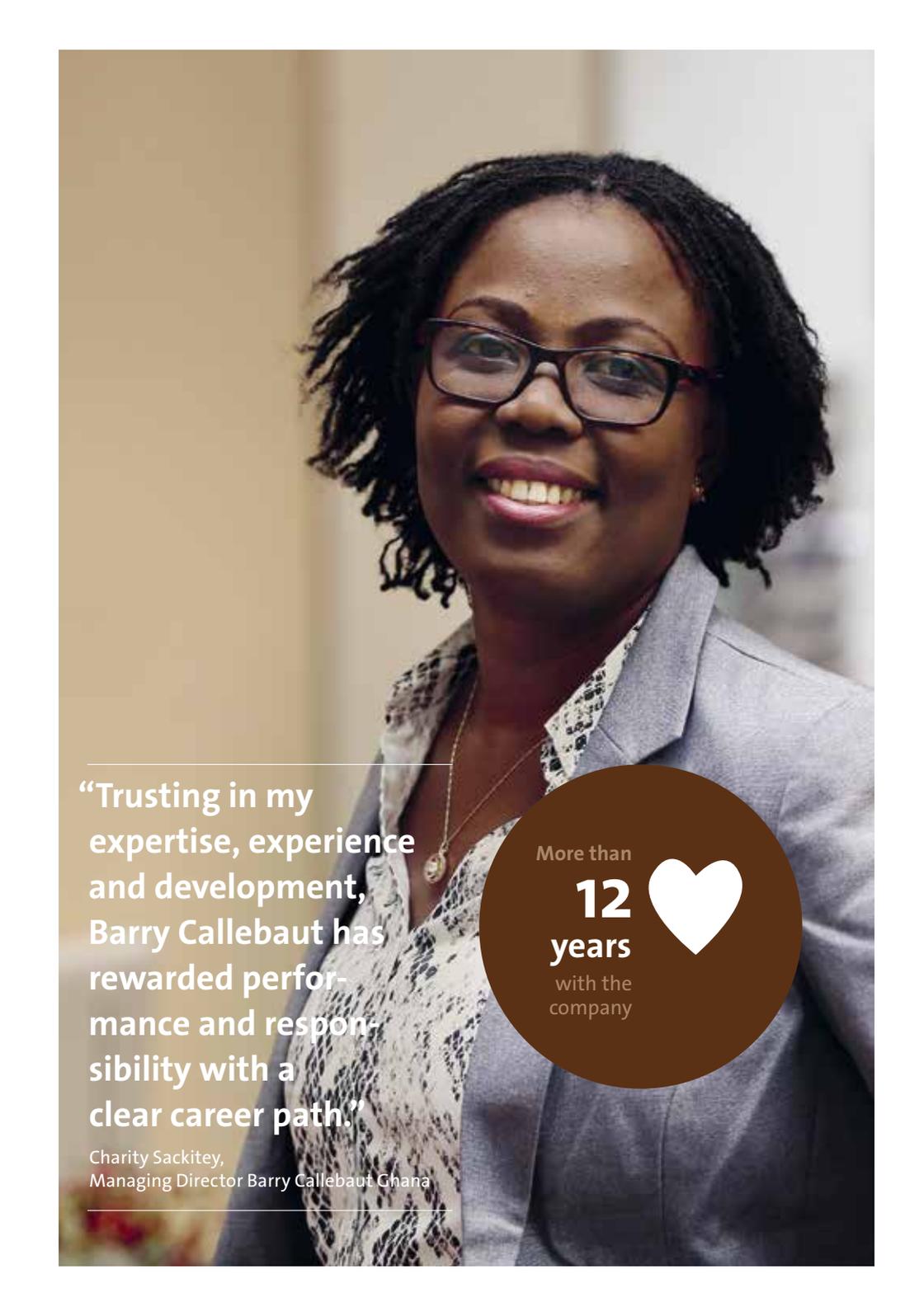
Barry Callebaut is proud to have supported Charity's successful career path to her current role as Managing Director in Ghana.

Charity Sackitey,
Managing Director
Barry Callebaut Ghana Limited

Charity Sackitey holds a Bachelor of Science (Honours) in Biochemistry from the Kwame Nkrumah University of Science and Technology in Kumasi in the Ashanti region of South Ghana. She also earned an MBA from the Ghana Institute of Management and Public Administration.

Additional information

careers.barry-callebaut.com

A portrait of Charity Sackitey, a Black woman with short, dark, curly hair, wearing glasses and a grey blazer over a patterned top. She is smiling and looking slightly to the right of the camera. The background is a soft, out-of-focus indoor setting.

“Trusting in my expertise, experience and development, Barry Callebaut has rewarded performance and responsibility with a clear career path.”

Charity Sackitey,
Managing Director Barry Callebaut Ghana

More than

12
years

with the
company

