



# Unlocking our full potential *BC Next Level*

Peter Feld, CEO

September 6, 2023



# Disclaimer

**Certain statements in this presentation regarding the business of Barry Callebaut 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 'believe,' 'estimate,' 'intend,' 'may,' 'will,' 'expect,' and 'project' and similar expressions as they relate to the company. Forward-looking statements involve certain risks and uncertainties because they relate to future events. 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 Full Year Report 2021/22 and include, among others, general economic and 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 September 6, 2023. Barry Callebaut does not undertake to publish any update or revision of any forward-looking statements.**

## Announcing strategic investment program **BC Next Level**

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Plan paves way for next decade of sustainable growth and value creation

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Closer to markets & customers while fostering simplicity and digitization

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CHF 500M investment in core customer areas and in efficiency measures

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CHF 250M annual cost reductions supporting margins and cashflow

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Full strategic update, mid-term guidance and further details on *BC Next Level* alongside FY22/23 results on November 1, 2023

# We are **uniquely positioned and operating in a great market**

**Present in an attractive market  
still evolving after 2,000 years**

**Global market leader with global  
businesses and global footprint**

**Resilient business model that is able  
to deliver sustainable growth**

**Critical global value chain  
presence at scale**

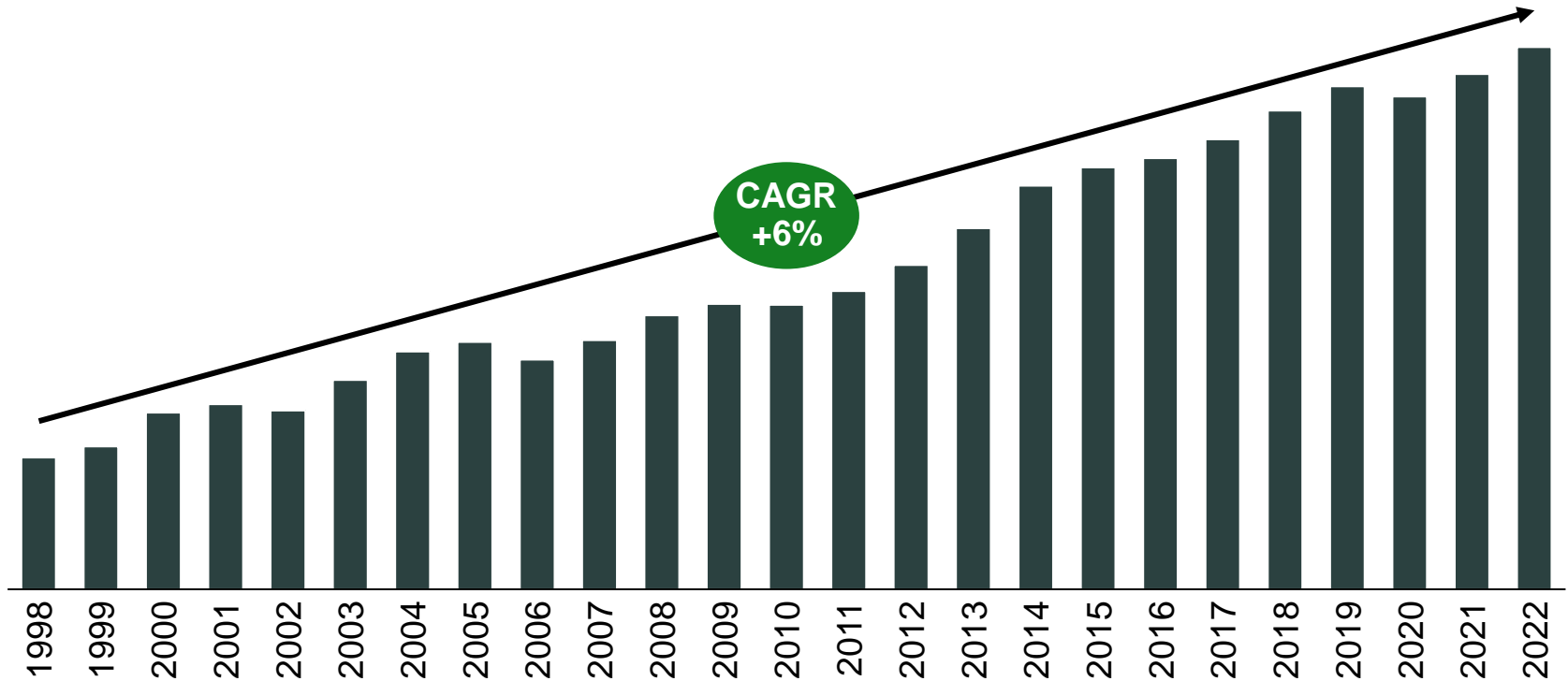
**Partnership-based relationships with  
the most important players in our industry**

**Leader in innovation & sustainability  
with advantageous capabilities**

**Robust balance sheet with low leverage**

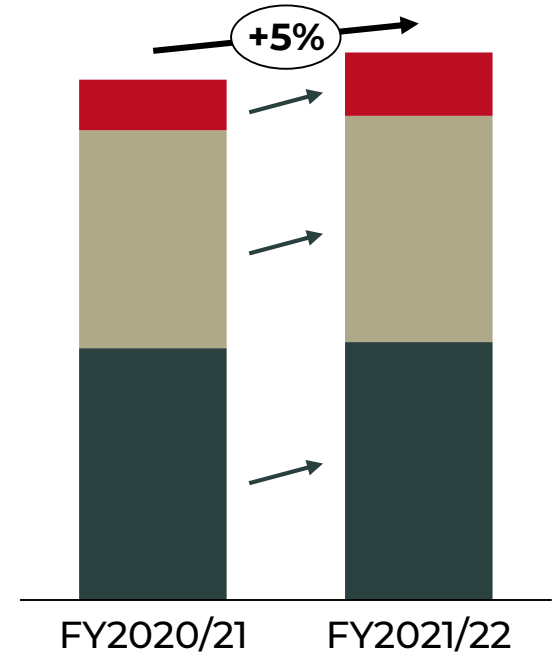
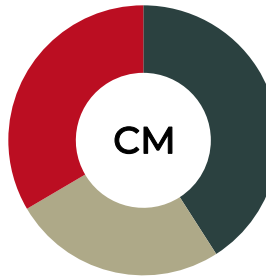
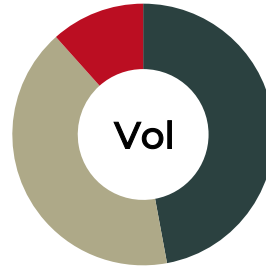
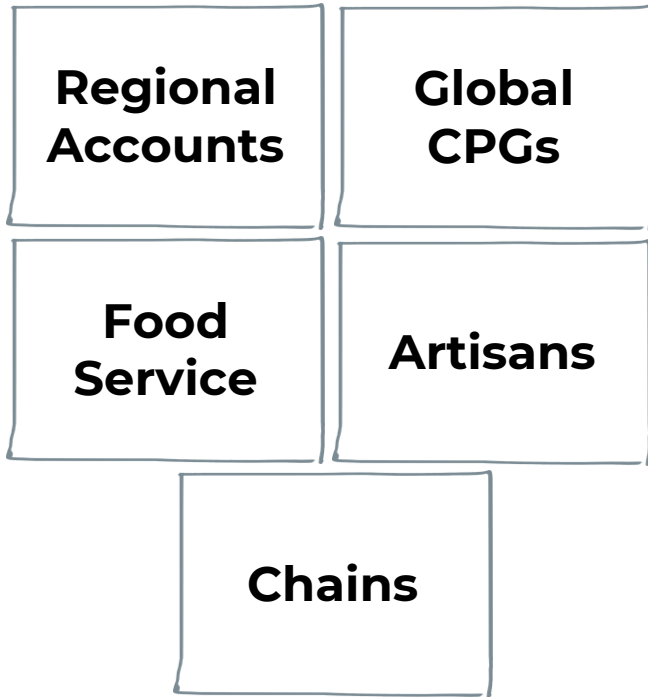
**Passion of our team –  
from bottom to top**

# We have delivered **robust growth** for 25 years



Unlocking our full potential – *BC Next Level*

# We serve and grow across **all key customer segments**



# We create value for our customers **through strong partnerships**

Truly global reach with ability to support scale

Manufacturing and sustainability expertise

Chocolate Academies and R&D

**~30%** of our sales come from products created in the last 3 years

**Co-creation**



**Game-changing innovation**

**Our strategic partners  
around the globe**

# My key priorities ...



# Taking **decisive action** for Wieze and across BC

## Why did it happen...

1. Temporary supply constraints
2. Supplier used
3. Factory design
4. Manufacturing environment

## ... and how have we addressed it?

- Our longstanding comprehensive quality program is being improved continuously
- Areas where we have taken action:



Cross-functional accountability



Supplier strategy & requirements



Factory firewalls



Testing process

# Analyzing our business from **several angles** ...

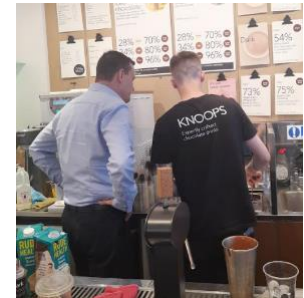
... met with customers around the world and listened to their perspectives on our company

... spent time on the ground in our key cocoa bean sourcing countries

... reviewed how customers and consumers think about innovation & sustainability

... met with our global teams, assessed our processes and how we operate

... collected feedback from investors and analysts on opportunities and areas for improvement



... and building **great confidence** in our future

## Enhanced by...

Substantial opportunity to **grow faster than the market**

and

increase our **relevance & stickiness to customers**

1

Customer needs and consumer trends around innovation & sustainability

2

Expanded scope of our customers' portfolios

3

Regulatory environment

# Focusing on four strategic **growth** levers

## New deeper Outsourcing Partnerships

**Amplify the relevance and consistency of our business:**

- Top CPG
- Regional leaders
- Emerging brands
- Retail

## Launch Gourmet 2.0

**Expand contribution of Gourmet to our mix:**

- Increase global market share
- Drive digital engagement

## Scale up Specialties

**Grow the category through new customers and applications:**

- Vegan, Nut free, Origins, Organic, Reduced sugar, Decorations, inclusions
- Customer-driven innovation and solutions

## Increase share APAC

**Increase the weight of our exposure to structural growth:**

- Become #1 in focus countries

To unlock our full  
potential

We must go to the  
*Next Level*

# Paving the way for sustainable growth and value creation



# Paving the way for sustainable growth and value creation

## Closer to customers & markets

Strengthen growth focus through country clusters

Elevate Gourmet and Specialties from “start-up” to core mix

Scale innovation faster globally through new Customer Supply & Development organization

Establish end-to-end supply chain to enhance product delivery, sustainability and quality

## Simplify & digitize BC

Eliminate complexity that does not add value to customers

Reset manufacturing network for best-in-class service and quality

Establish digital platforms that boost speed to market and facilitate seamless partnerships

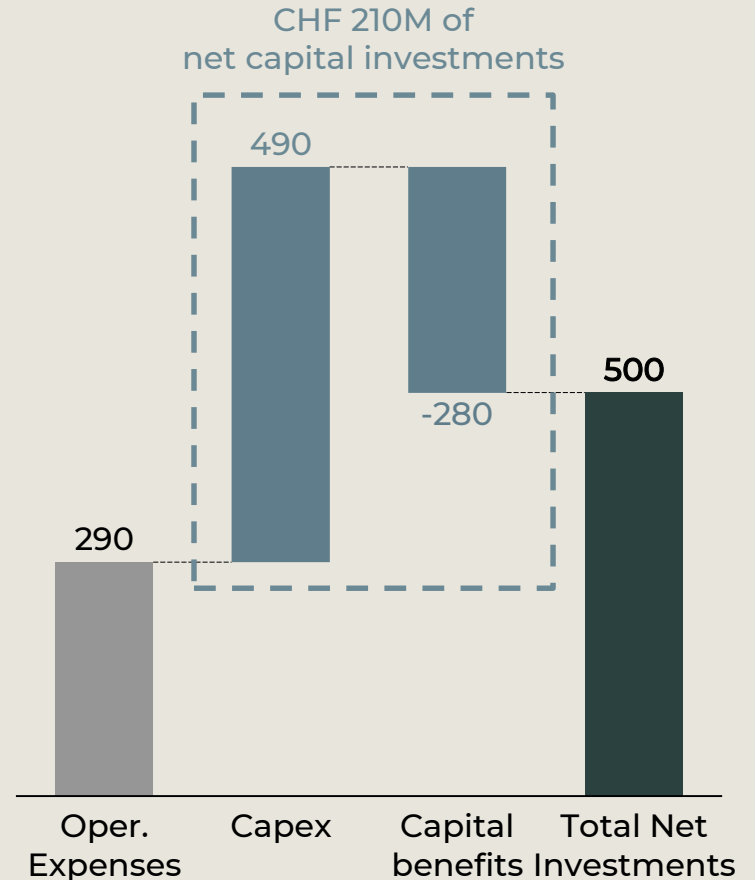
Streamline enabling functions and shift work into global shared service centers

# We will invest CHF 500M over next 2 years

Investments in areas most relevant to customers and in efficiency measures

- **Operating expenses of CHF 290M<sup>1</sup>:**
  1. Rightsizing costs
  2. IT costs
  3. Program costs
  
- **Net capital investments of CHF 210M<sup>2</sup>:**
  1. New Customer Supply & Development organization
  2. Manufacturing optimization and upgrades
  3. Digitize BC
  4. Traceability implementation
  
- **Funded from existing financial resources**

**Net Investments, CHF M**



**Unlocking our full potential – BC Next Level**

(1) Of the CHF 290M, CHF 260M are considered one-off expenses and CHF 30M is recurring; (2) Net of CHF 280M capital benefits, including improvements in working capital, realized through BC Next Level. Further details to be shared on November 1st.



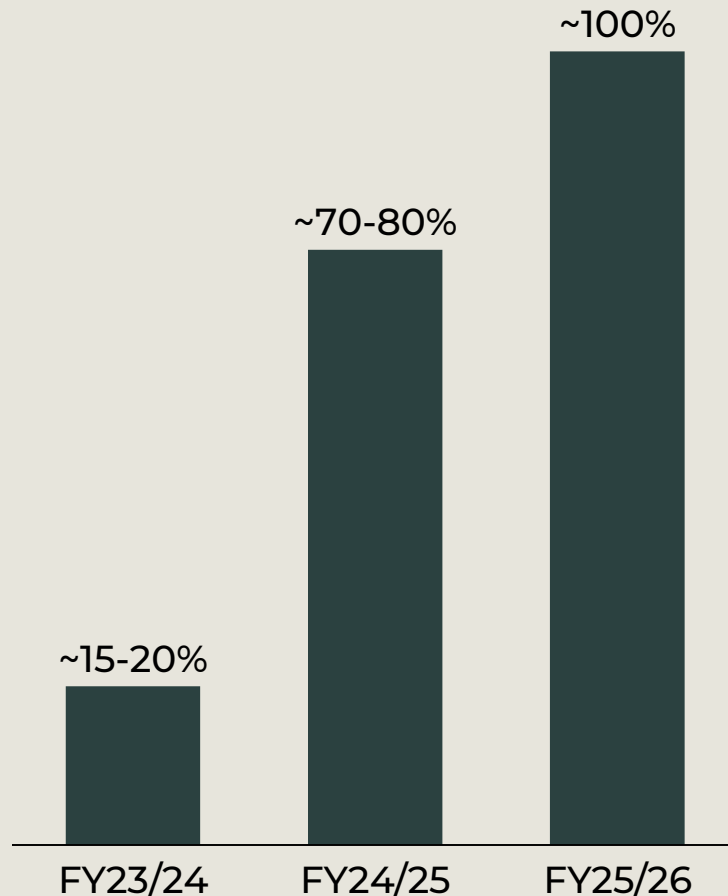
# BC Next Level will lead to CHF 250M annual cost savings

## CHF 250M annual cost savings stem from:

1. Reducing cost-to-serve in operations
2. Optimizing the manufacturing footprint
3. Streamlining the enabling functions
4. Leveraging shared service centers
5. Rigorous end-to-end supply chain excellence

Savings amount to around 15% of cost base

## Approximate phasing of annualized cost savings realization in P&L<sup>1</sup>



# ***BC Next Level* will also transform our ways of working**

**From**

**Current Operating Model**

From bloated and diverging structures ...

From complex and heterogeneous approaches ...

From de-centralized ways of working ...

From pursuing many opportunities and spreading resources too thin ...

**To**

***BC Next Level* Operating Model**

**... to a simplified, scalable and consistent organization with clear accountabilities and aligned KPIs**

**... to local customer proximity – and functional excellence and central guidance to best practices**

**... to technology & AI-supported globally standardized processes**

**... to focused leadership and teams, and increased capabilities**

# Design principles - *BC Next Level* **Operating Model**

## Closer to customers & markets

5 Regions x 5-6 country clusters

E2E customer supply & development

Integrated offering across all categories

**Growth, stickiness, and relevance**

## Simplify & digitize BC

Leaner enabling functions, e.g., Finance, HR, Technology

Smarter sourcing

Globally standardized and digitized

**Profitability, cash flow, and efficiency**

# Changes to leadership structure to reflect *BC Next Level* operating model and new leadership appointments

## Changes to leadership structure

- Closer to markets with 5 regions instead of 3 regions
- Create Customer Supply & Development Organization
- Establish Executive Leadership Team (ELT) for faster decision making
- Elevate strategic priorities, like digital, innovation, marketing, and sustainability

## Leadership appointments

Peter Vanneste Chief Financial Officer	Nov 1
Dr. Clemens Woehrle Chief Customer Supply & Development Officer	Oct 1
Jutta Suchanek Chief People & Diversity Officer	Oct 1

We are the heart and the engine for the  
global cocoa & chocolate industry.

... now accelerating to the ***Next Level***

- Peter Feld

## November 1st - Strategic Update

A full strategic update will be provided in conjunction with our FY 22/23 results announcement on November 1st

This update will be presented at a hybrid (online/in-person) event taking place in London

It will include mid-term guidance linked to the *BC Next Level* program as well as further detail on the initiatives and our strategic growth priorities.

# Questions & Answers

**Thank you!**

**[www.barry-callebaut.com](http://www.barry-callebaut.com)**