



4<sup>th</sup> April, 2024





Dear customer,

This document explains the price effects of key raw materials and other costs on BC end products, resulting in a new price list from the 1st of May 2024.

# March 2024: Cocoa beans price climbs to an all-time high of \$8000/ton

**E** Menu

Graphic detail | Choco crunch

## Why chocolate is becoming much more expensive

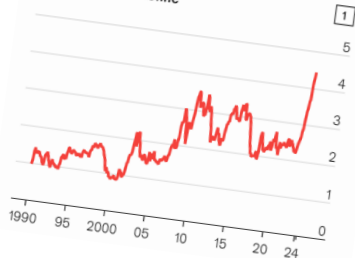
Sales are down as chocolatiers raise prices. Now the industry is facing a reckoning

Feb 28th 2024

### Bitter issue

Cocoa

Price, \$'000 per tonne



Bloomberg

Markets | Commodities

## Cocoa Tops \$7,000 a Ton as Chocolate Makers Hike Prices, Shrink Packages

- Prices are up nearly 70% this year as West African output lags
- Poor weather, ill trees stoke concerns of significant



FINANCIAL TIMES

The Big Read Agricultural commodities + Add to myFT

## Why the cost of chocolate will keep rising

Speculation, climate change and under-investment are combining to push up the price of the confection





# Strong price increase for chocolate is fully driven by extreme price increases in cocoa raw materials

## NEGATIVE EFFECT



- **Cocoa components**
  - **Butter +53%**
  - **Liquor +42%**
  - **Powder +34%**
- Direct factory costs increase (mainly driven by salary costs due to inflation)

## POSITIVE EFFECTS



- Sugar price -17%
- Packaging costs -4%
- Energy costs -3.7%

## NEUTRAL EFFECT

- Dairy & Fats remain fairly stable overall

88% of product costs are driven by raw materials and 12% by production & packaging

# Impact of key raw materials on Barry Callebaut end products

Raw Material	End Product	Impact
Cocoa Mass	Chocolate Dark	Cost up
Cocoa Powder	Compounds / Chocolate Dark	Cost up
Cocoa Butter	Chocolate Milk & White	Cost up
Fats	Compounds & Fillings	Cost stable
Dairy	Chocolate Milk & White	Cost stable
Sugar	All products for ~50%	Cost down

# Unprecedented and relentless Cocoa price rise

The supply - demand picture is imbalanced for the cocoa crop year 23/24. The production output (supply) is significantly lower versus last year(s) whereas demand for cocoa remains strong for the time being. This results in a cocoa beans expected deficit with huge price increases on both cocoa futures and all cocoa products. Availability of (quality) cocoa beans remains a concern going forward.



Source: London Cocoa Futures, Second Traded Position

Impact on Barry  
Callebaut products:

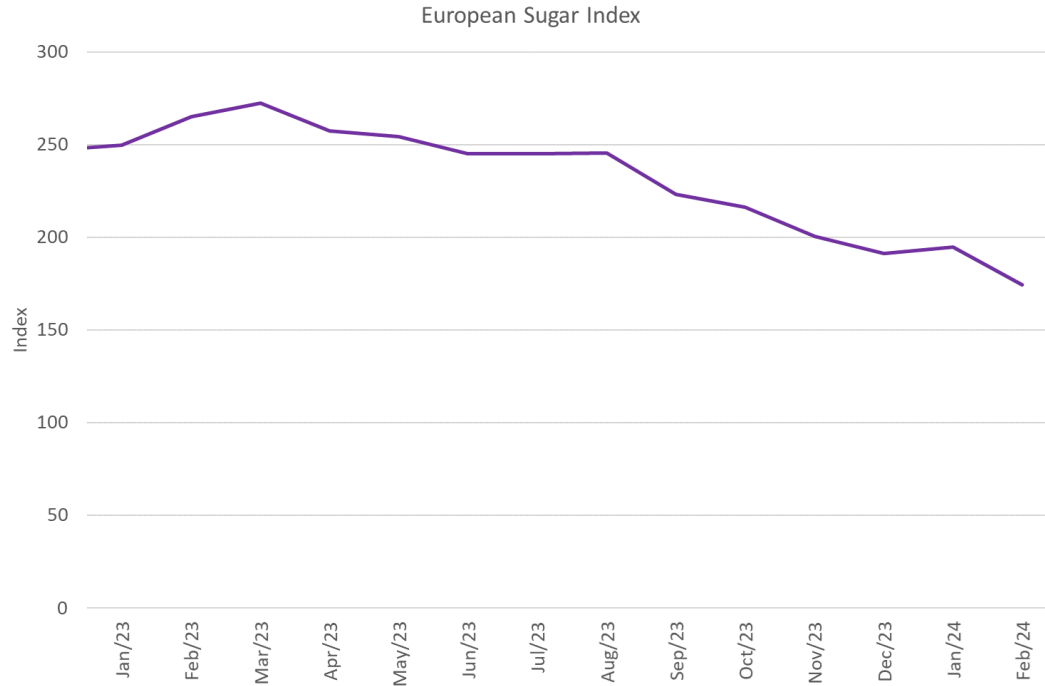
Cocoa butter +53%

Cocoa Liquor +42%

Cocoa Powder +34%

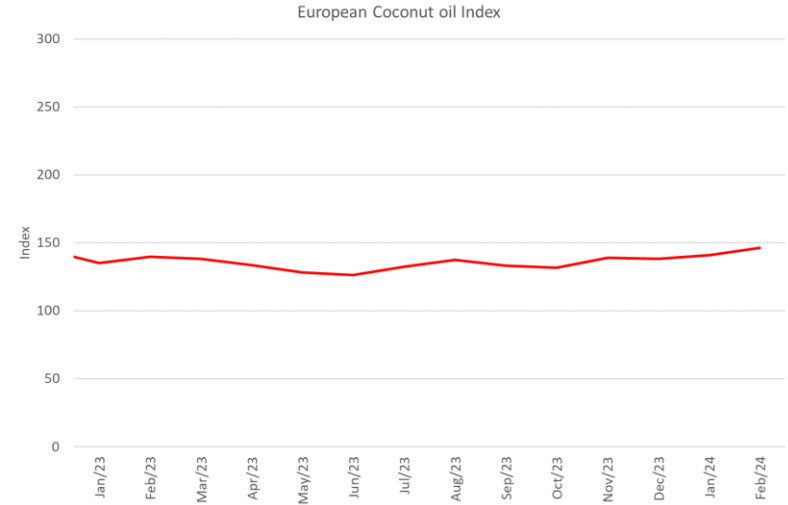
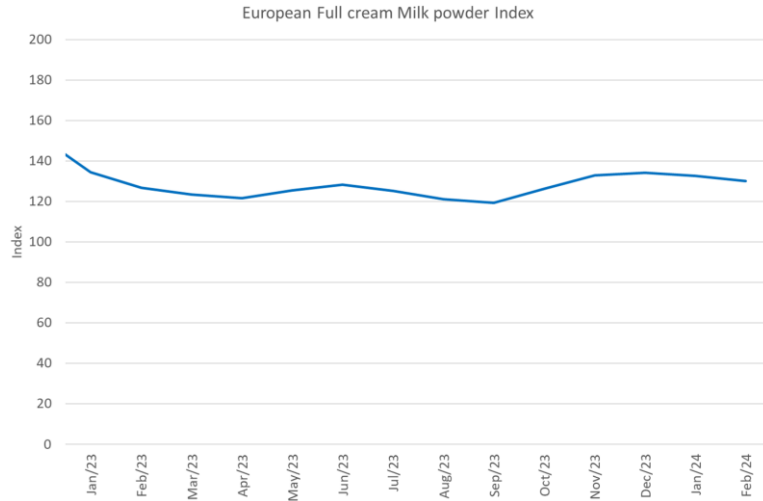
Hedging period

# Sugar decrease of -17% for BC products



- World sugar market remains in deficit but European market started to correct in anticipation of a bigger crop (+3% areas)
- Ukrainian sugar imports into Europe remains strong

# Dairy & fats markets fortunately remained fairly stable



**Dairy** (Full cream milk used as reference):  
Milk production growth is limited while demand also stabilized, keeping the market so far well balanced in Europe.

**Fats** (coconut used as reference +8%):  
Lack of production linked to El nino has been compensated by weak demand, especially in Feed but also in the oleochemical market

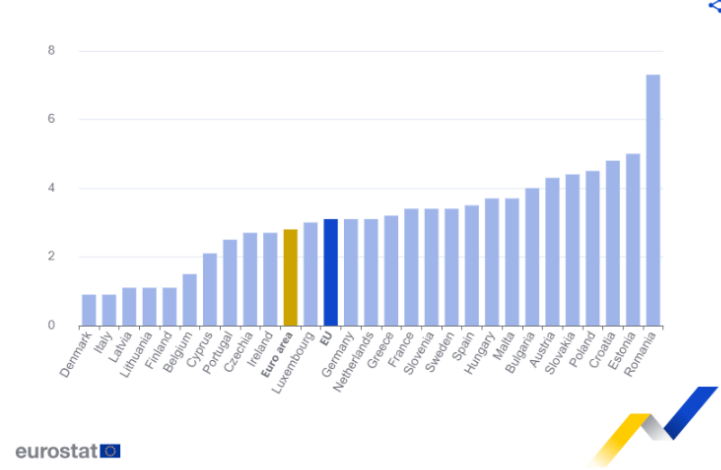


# Production & packaging costs remain stable due to mixed effects

Inflation is still present but is counterbalanced by reduction in energy & packaging costs

## Inflation: Heavy impact on salary costs

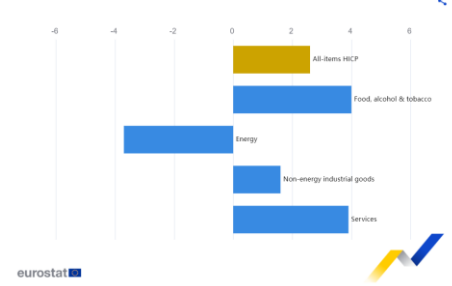
Annual inflation rates (%) in January 2024



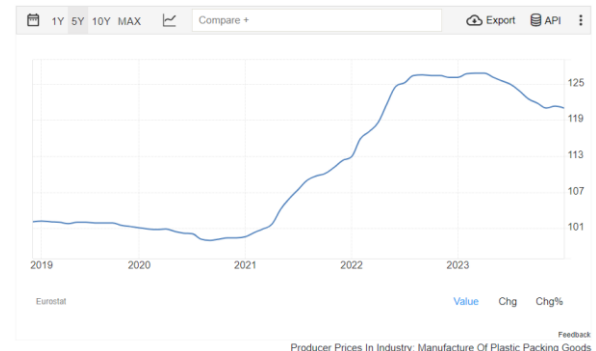
Source:  
<https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-22022024-ap>  
<https://ec.europa.eu/eurostat/en/web/products-euro-indicators/w/2-01032024-ap>  
<https://tradingeconomics.com/european-union/producer-prices-in-industry-manufacture-of-plastic-packing-goods-eurostat-data.html>

## Energy: price reduction incorporated

Euro area annual inflation - February 2024, %



## Packaging: price reduction incorporated



Producer Prices in Industry - Manufacture Of Plastic Packing Goods

## CALLEBAUT - Craft at your best!

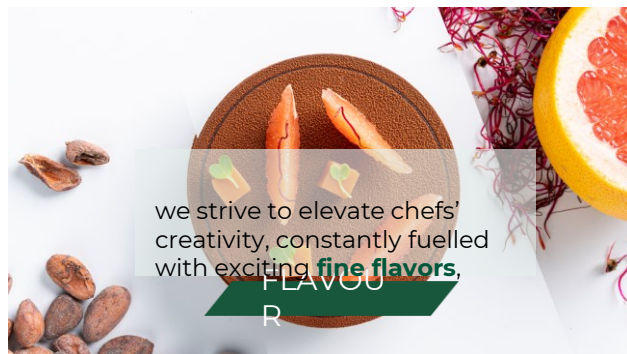


- Chef's preferred **Belgian** chocolate brand
- **Workability** that never fails
- **Sustainable cocoa** at the heart of our chocolates
- Callebaut chocolate academy at your service!

# CACAO BARRY - Express your true Nature!



EXPRESS YOUR  
TRUE NATURE™



we strive to elevate chefs' creativity, constantly fuelled with exciting **fine flavors**.

FLAVOUR



valorizing and respecting **nature**, supporting sustainable cacao sourcing.

NATURE



promoting strong stimulating and inclusive **communities**.

COMMUNITY



igniting meaningful **mindshifts**.

MINDSHIFT

- Leading in **fine flavours**,
- Extending our **sustainability values** beyond cacao to our nuts and recyclable packaging,
- **Supporting chefs** through global ambassadors' networks, events and chocolate academy centers,
- Challenging with impactful **innovations**.