



# Price Increase Market Information Pack

## Barry Callebaut Beverages UK Ltd

Effective 01.10.2021

# Trading Landscape

Following on from an unprecedented 2020; at the time of writing we have all experienced what can only be described as a turbulent 2021 - leaving us all hoping for calmer waters ahead.

Although the impact of a 'hard Brexit' in relation to export tariffs for goods imported from the EU and consumed in the UK has, in the main, not become a reality. It is true though that we are all experiencing rising costs as the economy re-adjusts from the impact of Brexit and more importantly Covid-19.

Driver shortages coupled with a difficult to predict surge in demand continues to apply pressure to many of our supply chain networks, no one seems to be untouched by this situation, even the mighty Tesco has been offering starting bonuses to drivers in an attempt to sure up their delivery network. Receiving materials into the UK is taking longer due to new post-Brexit regulations and ETA's are becoming harder to pin down for us all.

The so called 'Amazon' effect has resulted in huge increases in packaging costs as many of us are forced to home shop due to lock down restrictions and the home delivery market booms.

As a result of multiple factors affecting the cost of goods, including rising raw material prices, we are increasing trade prices as of the 1<sup>st</sup> October by an average of 3%. Please find charts detailing the increases by key commodity and please do not hesitate to reach out to your sales contact should you have any questions. Thank you for your continued support.

<https://www.bbc.co.uk/news/business-57983698>

<https://www.chargedetail.co.uk/2021/03/15/amazon-effect-drives-1000-increase-in-cardboard-prices-threatening-to-disrupt-e-commerce-deliveries/>

<https://www.ragus.co.uk/uk-sugar-imports-post-brexit/>

The background of the slide features a top-down view of a chocolate-making process. On the right side, several chocolate bars are visible, some with white chocolate drizzles and others with dark chocolate chips. In the center and left, a translucent chocolate mold is partially visible, showing the shapes of the bars. The surface is a light-colored, textured material, possibly a workbench or tray, with some chocolate shavings scattered around.

# MARKET OVERVIEW PRICE INCREASE INFORMATION

- ▶ Sugar
- ▶ Milk Powder
- ▶ Cocoa
- ▶ Packaging

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# Sugar

Sugar prices continued to rise at the start of 2020 with the price as of 5<sup>th</sup> Jan £404/MT rising to £494/MT from Aug 19<sup>th</sup>.

Source: ICE Sugar Futures



<https://www.theice.com/products/37089080/White-Sugar-Futures/data?marketId=6308503&span=2>

# Skimmed Milk Powder Index

The average price of Skimmed Milk Powder in 2021 is 273 EUR/MT higher than 2020. Whey powder has increased to levels not seen since 2017. In the short term cold weather & flooding in the EU has impacted on milk supply and the Chinese show signs of slowing down their milk purchasing coupled with retail demand remaining elevated. Despite this we will hold our prices firm on most milk products.



	CIAL.it										GERMANY Skimmed Milk Powder (Magermilchpulver ADPI-Extra)			OCEANIA Skimmed Milk Powder (1,25% butterfat)		
	FRANCE Skimmed Milk Powder (Poudre 0%)										2021	% on prev. month	% on 2020	2021	% on prev. month	% on 2020
	2014	2015	2016	2017	2018	2019	2020	2021	% on prev. month	% on 2020						
January	3.274	1.825	1.694	2.148	1.373	1.897	2.534	2.224	+5,94%	-12,23%	2.298	+3,37%	-12,39%	2.622	+10,11%	-3,71%
February	3.355	2.197	1.656	2.017	1.343	1.938	2.619	2.384	+7,19%	-8,96%	2.398	+4,35%	-7,88%	2.653	+1,17%	-3,72%
March	3.233	2.102	1.649	1.802	1.304	1.947	2.349	2.479	+3,96%	+5,52%	2.478	+3,36%	+3,84%	2.822	+6,37%	+13,48%
April	3.025	1.961	1.671	1.748	1.330	1.932	1.948	2.523	+1,80%	+29,53%	2.535	+2,30%	+28,16%	2.862	+1,42%	+20,00%
May	2.837	1.818	1.641	1.834	1.459	2.065	1.958	2.576	+2,09%	+31,56%	2.603	+2,66%	+28,84%	2.890	+0,96%	+24,46%
June	2.856	1.786	1.697	1.964	1.563	2.097	2.200	2.602	+1,01%	+18,27%	2.613	+0,40%	+19,73%	2.897	+0,25%	+25,64%
July	2.863	1.686	1.719	1.813	1.551	2.091	2.146	2.496	-4,08%	+16,29%	2.521	-3,51%	+16,08%	2.735	-5,59%	+15,57%
August	2.504	1.669	1.772	1.726	1.550	2.118	2.110	2.468	-1,11%	+16,96%	2.507	-0,58%	+18,31%	2.573	-5,94%	+8,77%
September	2.074	1.705	1.954	1.630	1.667	2.182	2.128									
October	1.971	1.792	2.099	1.534	1.549	2.352	2.158									
November	1.884	1.769	2.041	1.456	1.579	2.458	2.104									
December	1.812	1.725	2.115	1.434	1.725	2.572	2.100									
<b>Average*</b>	<b>2.641</b>	<b>1.836</b>	<b>1.809</b>	<b>1.759</b>	<b>1.499</b>	<b>2.137</b>	<b>2.196</b>	<b>2.469</b>			<b>2.494</b>			<b>2.757</b>		

<https://www.cial.it/en/index.php?section=poudre>



# London Cocoa Futures

- Prices continue to rise and fall with uncertainty regarding cocoa bean port arrival, grinding output and weather impact on yields
- Prices are forecast to rise as markets pick up post Covid
- As cocoa and sugar are key components in hot chocolate we are increasing prices between 3-5% for UK produced products in line with the raw material movements



# Packaging

- The Amazon affect due to the change in shopping habits as a consequence of COVID has resulted in surging demand for packaging
- We are experiencing, like us all, an unprecedented increase in costs as a consequence
- % increases of board grades can be found in the right hand column
- The price index reflects the market as of June 2021

## PACKAGING P&B

### Virgin fiber containerboard <sup>3</sup>

Unbleached kraftliner, 175-g+	630 - 685	730 - 794	580 - 635	460 - 525	33.5
Unbleached kraftliner, 150-g	650 - 700	753 - 811	600 - 650	480 - 540	32.4
Unbleached kraftliner, 125-g	655 - 715	759 - 828	605 - 665	485 - 555	31.7
White-top kraftliner, 140-g+	705 - 740 **	817 - 857	675 - 720	655 - 680	8.2

### Recycled containerboard

Testliner 2, 140-g	625 - 650	724 - 753	575 - 600	445 - 470	39.3
Testliner 3, 140-g	605 - 630	701 - 730	555 - 580	425 - 450	41.1
Fluting, 100-g+	605 - 630	701 - 730	555 - 580	425 - 450	41.1
Fluting, 90-g	625 - 645	724 - 747	575 - 595	445 - 465	39.6
White-top testliner, 140-g <sup>4</sup>	630 - 680	730 - 788	600 - 630	540 - 570	18.0

### Cartonboard

Coated duplex (GC2), 270-g+	1,020 - 1,145 ***	1,182 - 1,327	1,020 - 1,115	990 - 1,115	2.9
White-lined chipboard (GD2), 300-g+	735 - 810	852 - 938	715 - 790	685 - 735	8.8

## Price Increase Summary

In summary you should expect the following changes based on market movements for products as follows produced in the UK by Barry Callebaut Beverages UK Ltd:

- Topping +5%
- Granulated Skimmed Milk Powder no change
- Drinking Chocolate Between +3-5% depending on recipe
- Whitener +5%
- Coffee no change (until current raw material stocks depleted then expect +20% increase in raw material from 2022 (date TBC))
- A % of the increase is also apportioned to packaging increase in costs and the cost of importing materials from the EU as a result of Brexit (New admin processing costs)
- We have not applied an inflationary price increase



## **Contact Us**

**Gareth Fitzpatrick – Vending Channel/Convenience/Capsules**

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On behalf of Barry Callebaut Beverages UK Ltd