



Barry Callebaut

CAGE – Consumer Analyst Group Europe

London, March 19th 2012



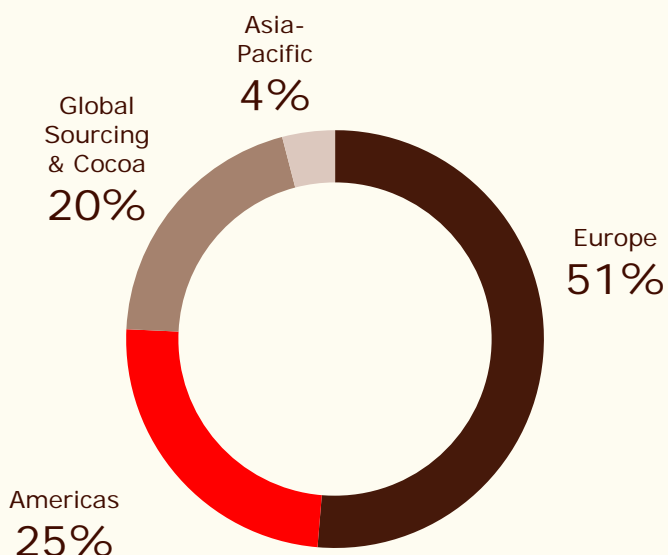
BARRY CALLEBAUT



Barry Callebaut at a glance

FY 2010/11

Sales volume = 1,296,438 tonnes



Sales revenue = CHF 4,554 m

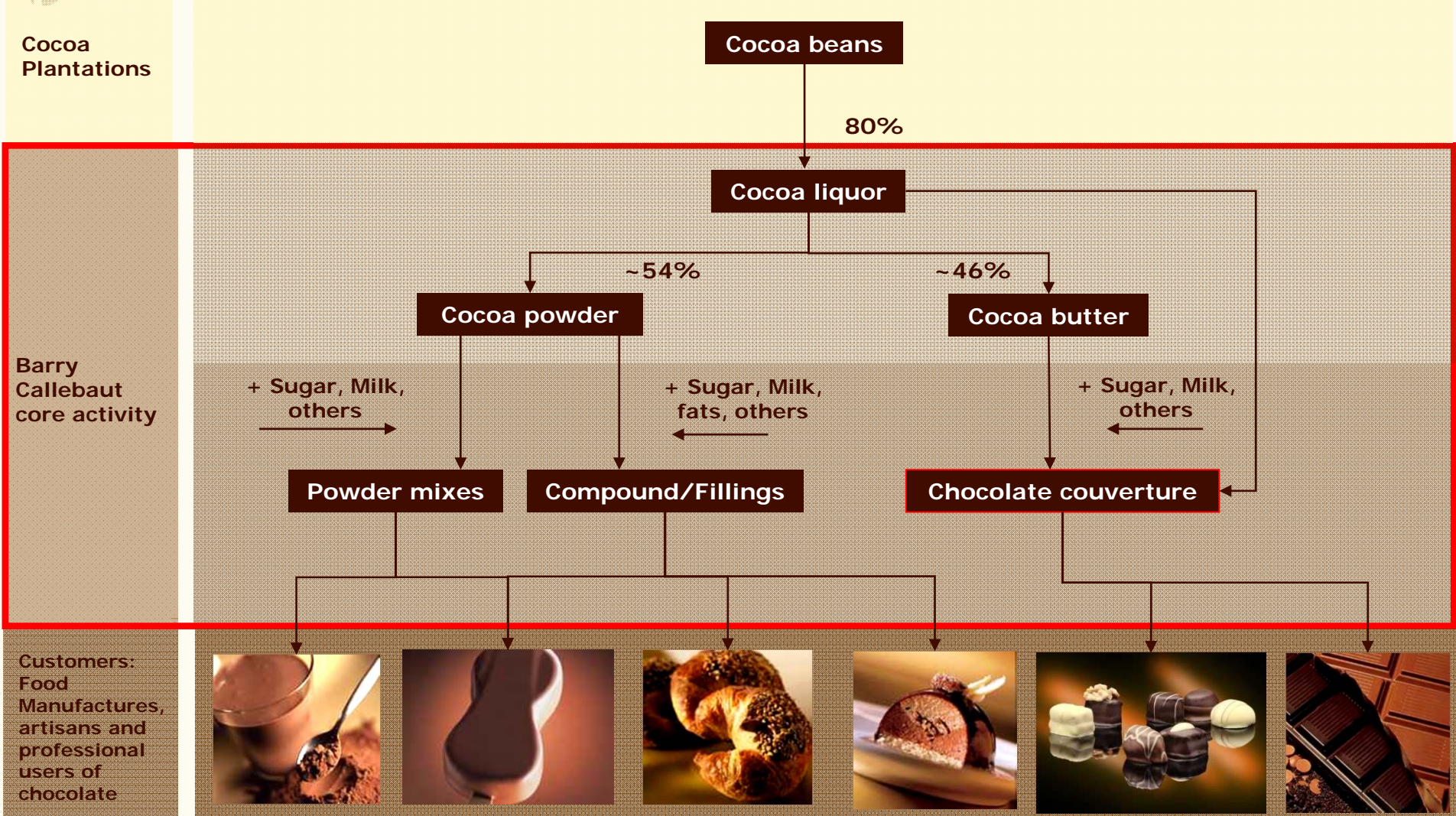
EBIT = CHF 360.6 m

Net Profit * = CHF 258.9 m

* From continuing operations

- ▶ **World leader** in high-quality cocoa and chocolate products and **outsourcing/ strategic partner** of choice
- ▶ World's **largest supplier of Gourmet & Specialties chocolate** for artisanal customers
- ▶ **6,000 people** worldwide, around **40 production facilities**
- ▶ **Fully integrated** with a strong position in cocoa-origin countries
- ▶ **Close to 2,000 recipes** to cater for a broad range of individual customer needs
- ▶ We serve the entire food industry, from **industrial food manufacturers to artisans and professional users**

Barry Callebaut is present in all stages of the industrial chocolate value chain





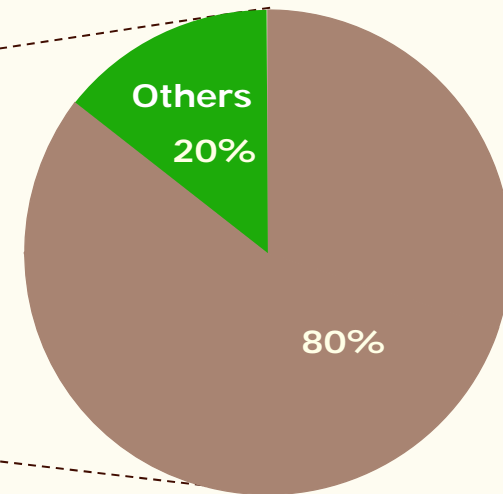
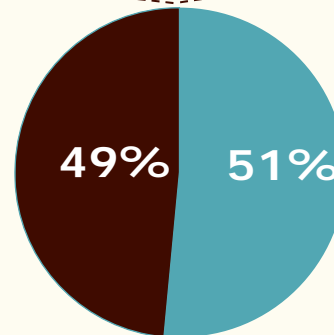
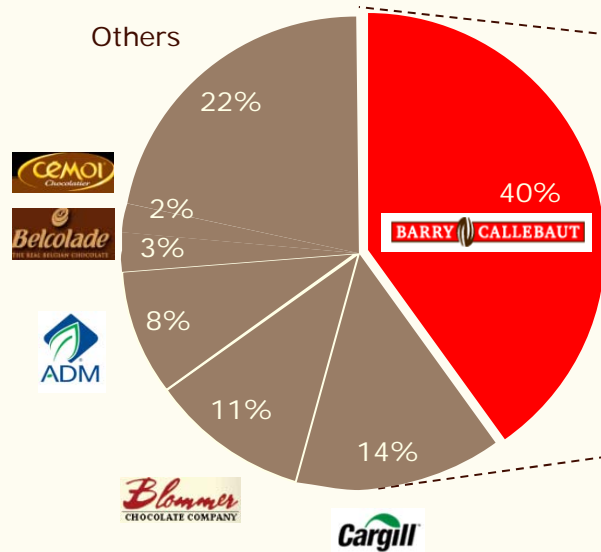
BC market leader in the open market

Global Industrial Chocolate market in 2010/11 = 6,000,000 tonnes*

Open market

Integrated market

Competitors



Big 4 chocolate confectionary players

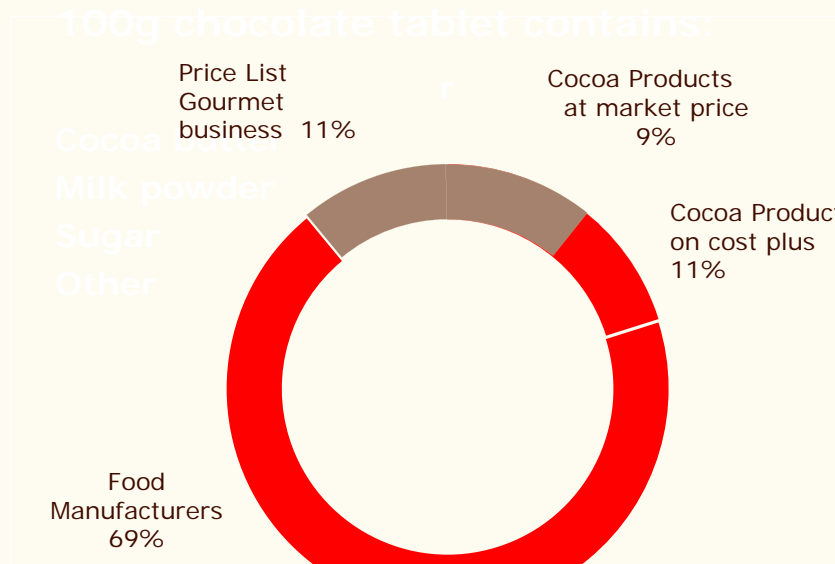


*BC estimates



Robust business model

Barry Callebaut business model

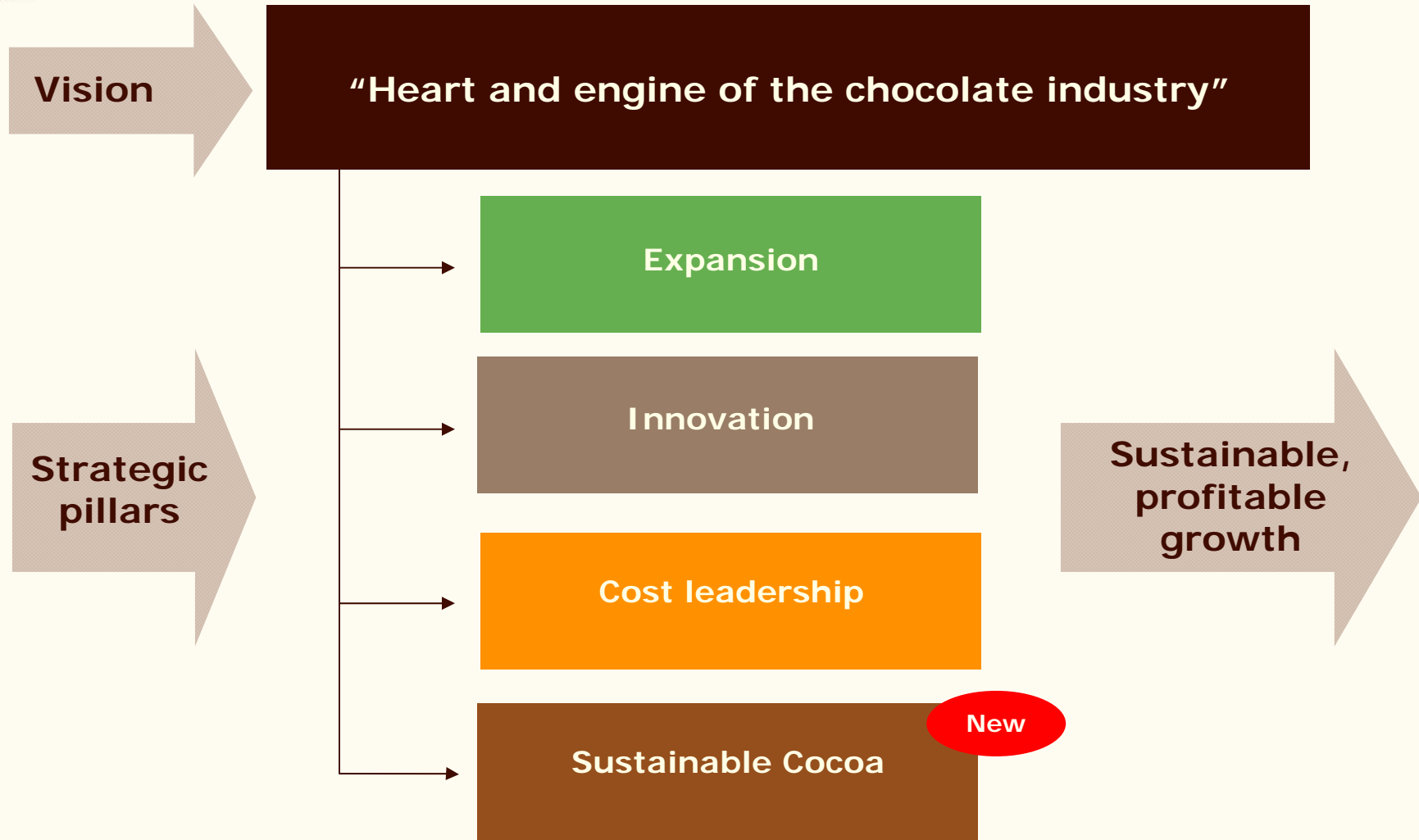


- ▶ Raw materials represent about 80% of operating costs

Cost Plus model – pass-on the cost of raw materials to customers



Our Strategy



"Expansion" in its three dimensions



Geography

- Drive consolidation and grow profitably in mature markets
- Achieve full potential in recently entered emerging markets
- Further expand in new emerging markets



Outsourcing & Strategic Partnerships

- Strengthen our current partnerships
- Implement recently signed contracts
- New outsourcing deals with local and regional players



Gourmet & Specialties Products

- Accelerate growth of Gourmet & Specialties Products business



Our global footprint- around 40 factories in 4 continents



Emerging markets: Asia-Pacific strategy

Ambition to grow faster than the market, while maintaining profitability



Key Facts



- ▶ 4 billion people (60% of world's population)
- ▶ Total market in Asia-Pacific of approx. 1 mio tonnes
- ▶ Average annual growth of 6% for the total Region
- ▶ 30% of the market is open; 30% of the market is chocolate
- ▶ 4% of BC Group volume
- ▶ Strong differences amongst markets

Key priorities

- 1 Grow the export markets from SEA factories (Malaysia and Singapore)
- 2 Double the size of the business in China
Develop locally adapted compound line
- 3 Gain a foothold in India, further develop imported and local gourmet activities
- 4 Grow the business with imported Gourmet brands
- 5 Gain additional outsourcing or supply agreements in next 5-7 years; main focus on India, Australia, Malaysia and China
- 6 Selectively grow interesting customers in Japanese business

Outsourcing and Strategic Partner of choice



2006-07



Nestlé
(February 2007)

Cadbury Schweppes

Cadbury
Schweppes
(June 2007)



Hershey
(April 2007)



Morinaga
(September 2007)

2010-11



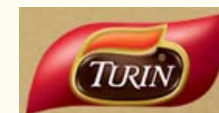
Kraft Foods
(September 2010)



Green Mountain
Coffee Roasters
(Oct 2010)



Hershey Extension
(May 2011)



Chocolates Turín
(June 2011)



Baronie Group
(July 2011)

2011-12



Bimbo
(Jan 2012)



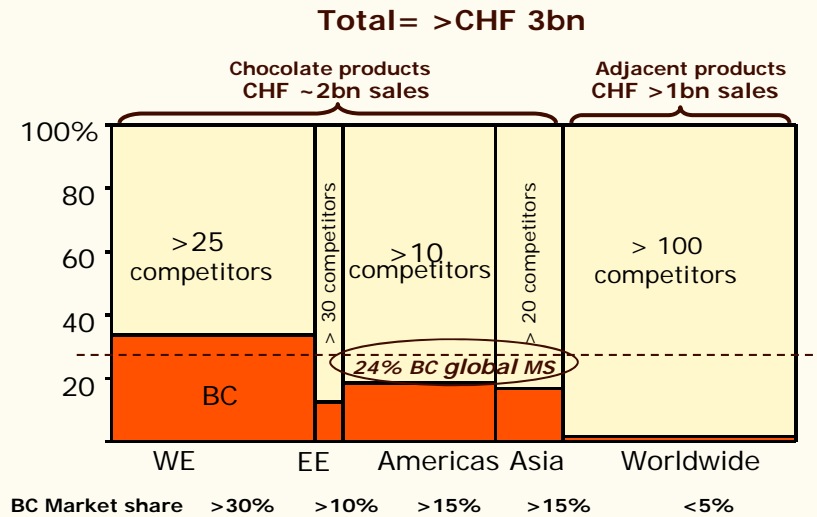
Unilever
(Jan 2012)

Gourmet

6 actions to accelerate Gourmet growth



Gourmet global market and BC presence

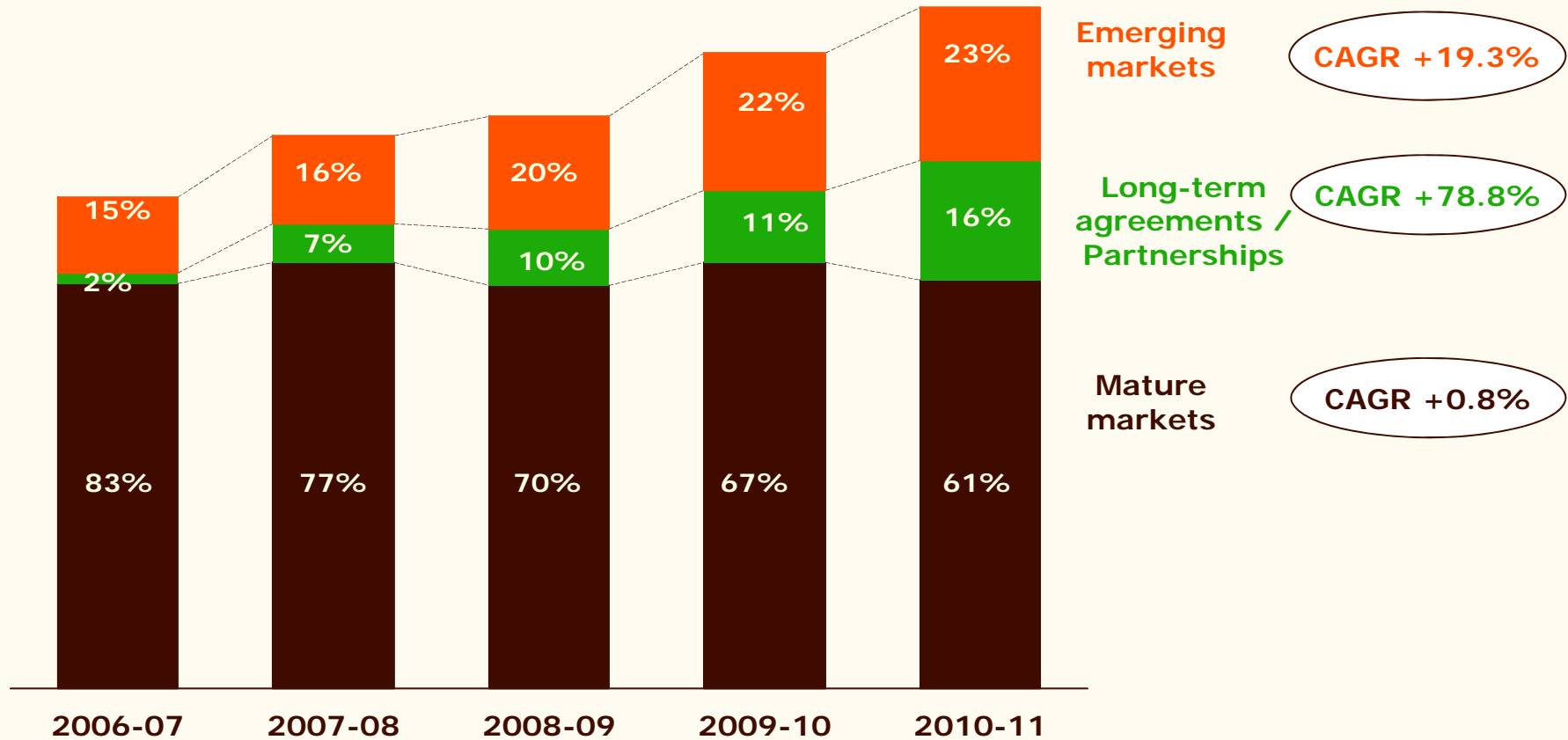


1. Sharpen focus on global brands
2. Independent but Interdependent
3. From product to segment focus
4. Growth through acquisitions
5. Accelerate geographical expansion
6. Increase adjacent product offering

Focus on the growing emerging markets as well as on long-term agreements/partnerships



% of total consolidated sales volume



Note: For comparison reasons, all figures exclude Consumer business



72% of sales volume with new products developed in past 5 years

- ▶ R&D
 - ▶ **Pro-active innovation:** new product development, fundamental research on cocoa/chocolate, clinical studies, farmer productivity & quality
 - ▶ **Applied R&D:** renovate products/recipes, apply new technologies to finished products

- ▶ Performance in 2010/11
 - ▶ **1,918 projects started**, up 16% vs prior year
 - ▶ **Success rate of 50%** (+10%)

 - ▶ Successful at premium specialties: Terra Cacao™, certified products, nut fillings
 - ▶ **Deep new product funnel:** 83 new products under development

 - ▶ Request for approval of a health claim for products high in cocoa flavanols

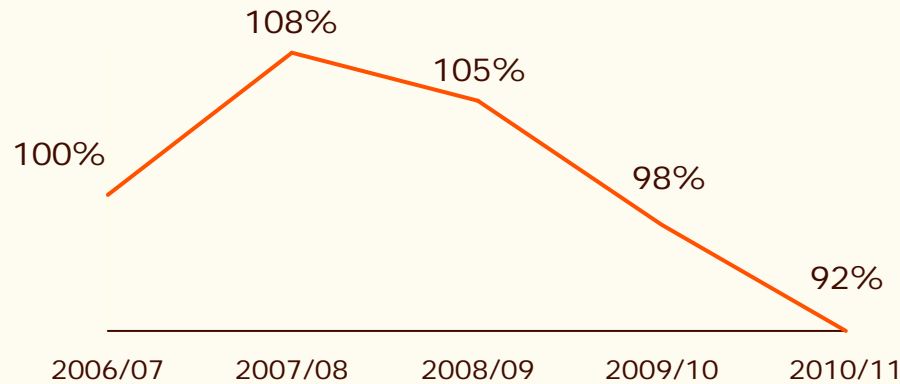


Cost Leadership

Supporting growth while staying cost leader



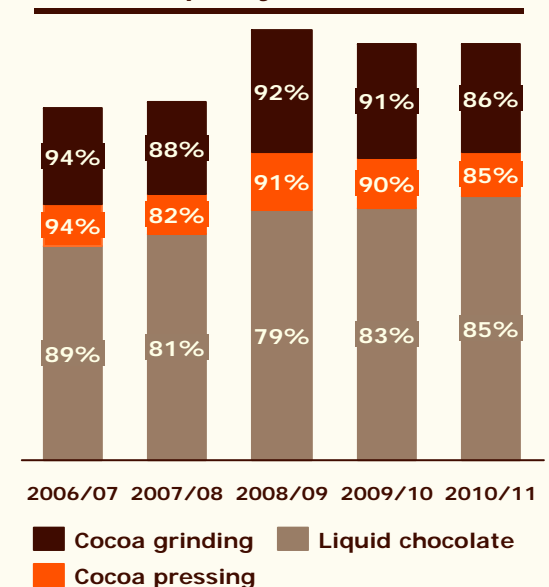
Cost per tonne evolution



- ▶ Continuous improvement: One+
Results: 4 pilot sites yearly savings ~CHF 7 million
- ▶ Flow and footprint optimization (capacity utilization)
- ▶ Process and technology development
- ▶ Raw material optimization
Projects in Americas and Europe = annual savings > CHF 14 million
- ▶ Energy savings & CO₂ reduction
Results at end of year two: -11.8% energy consumption per tonne



Capacity Utilization



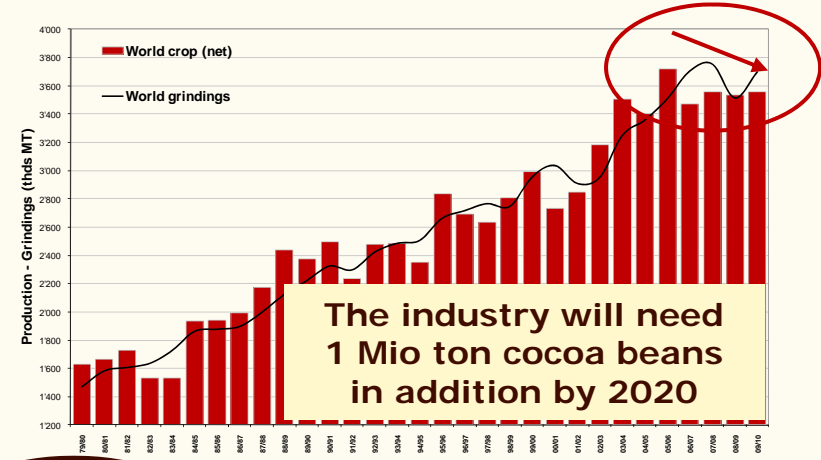
Costs per tonne -Target: -2%

Sustainable Cocoa

We need more, sustainable cocoa in the future



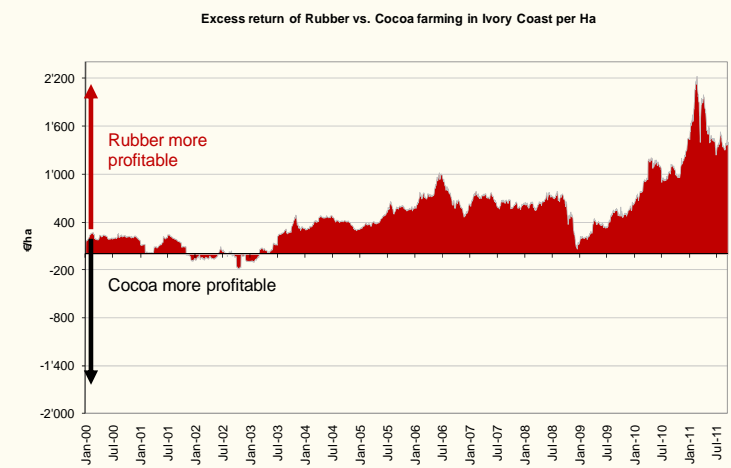
▶ Consumption outpaces bean production



No more cocoa, no more chocolate

Cocoa powder shortage

▶ Competitive crops more profitable



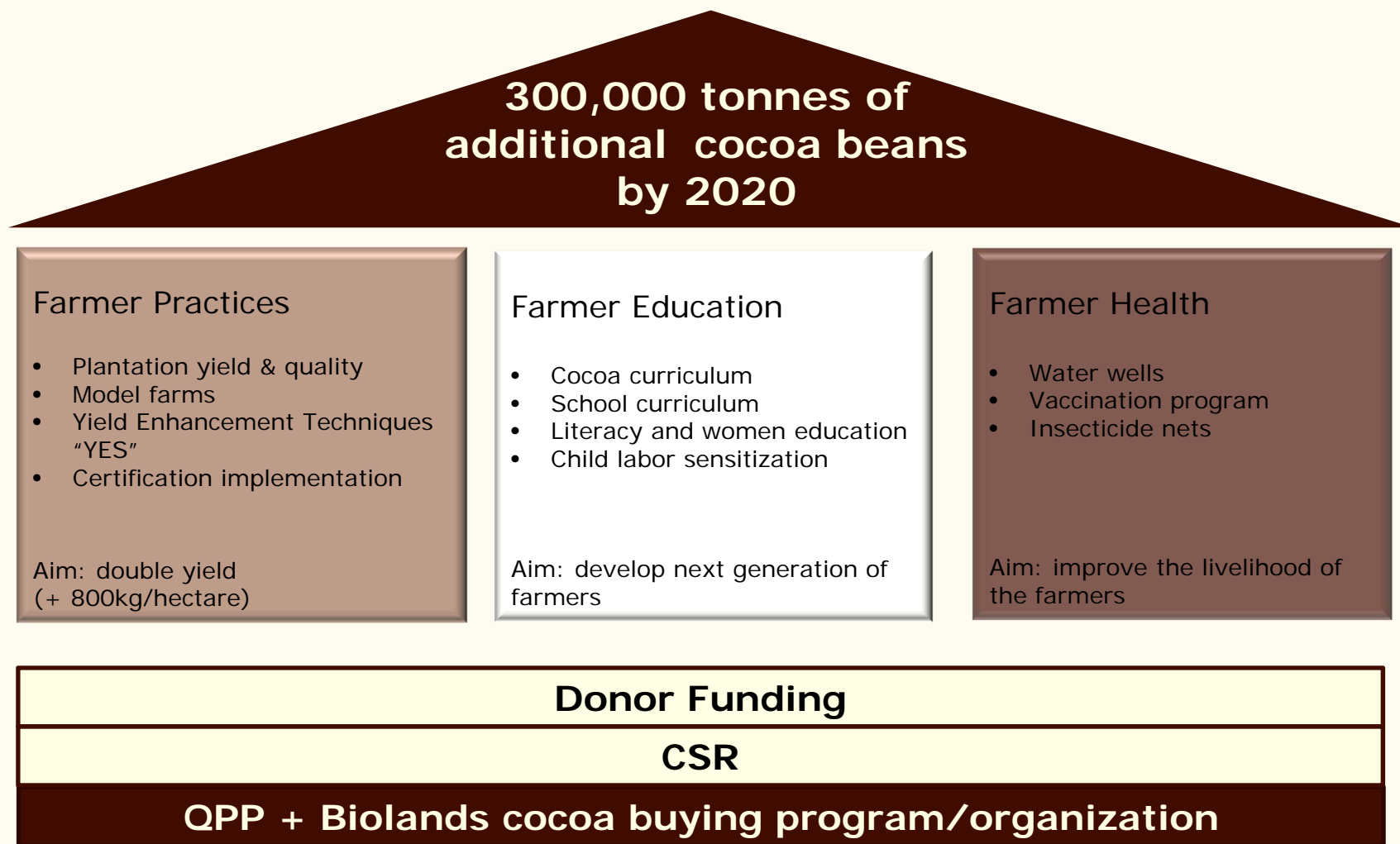
Combined chocolate/ cocoa sales/ deals

▶ Cocoa bean price volatility





Yield & quality initiative for more quality-grade, responsibly grown cocoa



Employees – Structurally developing our people



Employer Branding

Attractive presence in internet, strategic partnerships with top universities



Recruitment & Graduate Trainee Program

General recruitment + Graduate Trainee Program



PMDP & Engagement

Personal targets aligned with BC Strategy, feedback culture on performance, personal & career development discussions, engagement enhancing activities



Talent Management & Development

Talent Pool, Marbach Development Programs Skills Workshops, Technical Training Cocoa

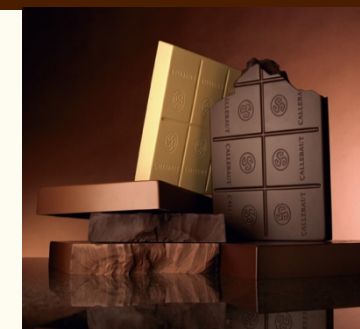
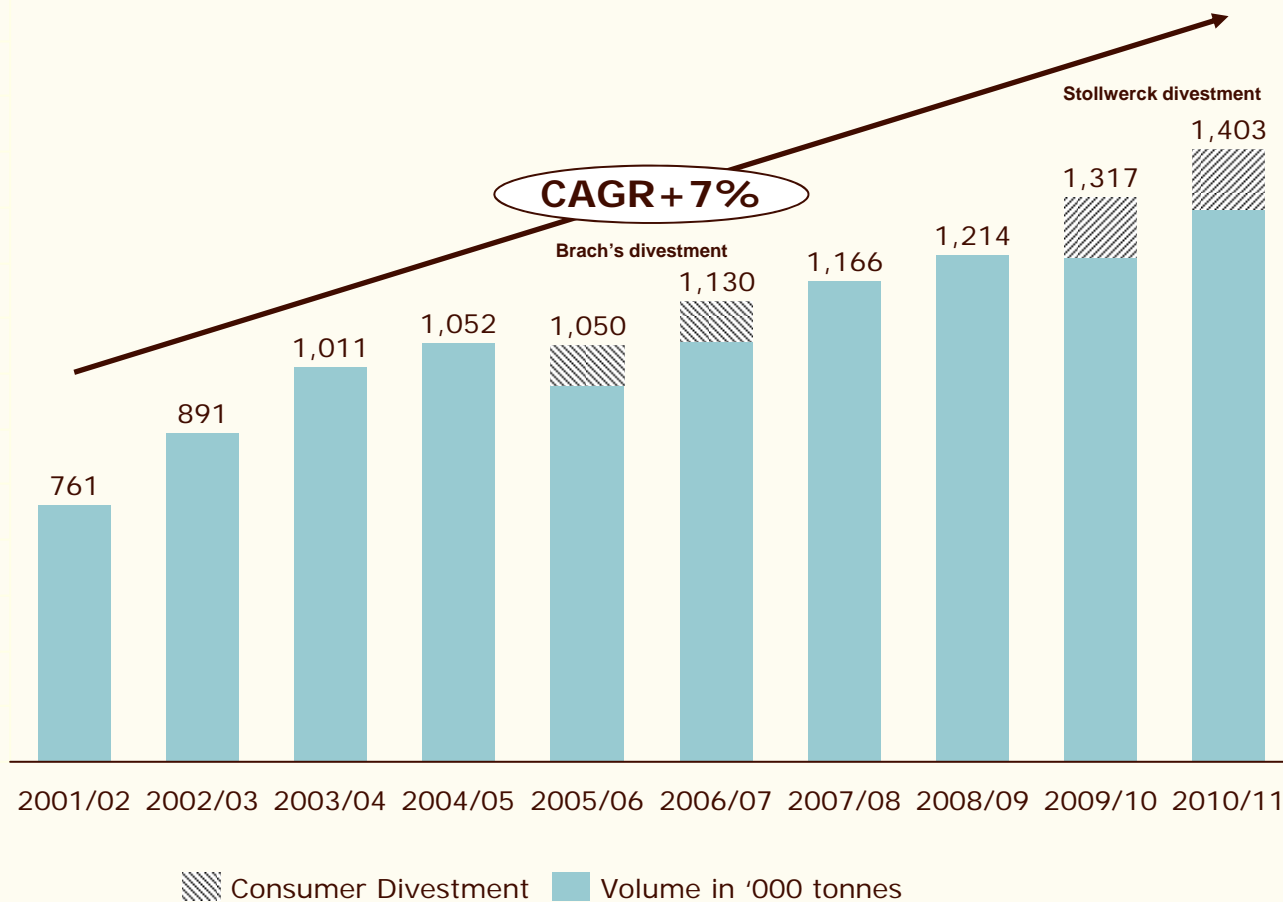


Succession Planning

Filling of key positions from within the organization, expected rate of 70/30 internal/external hires



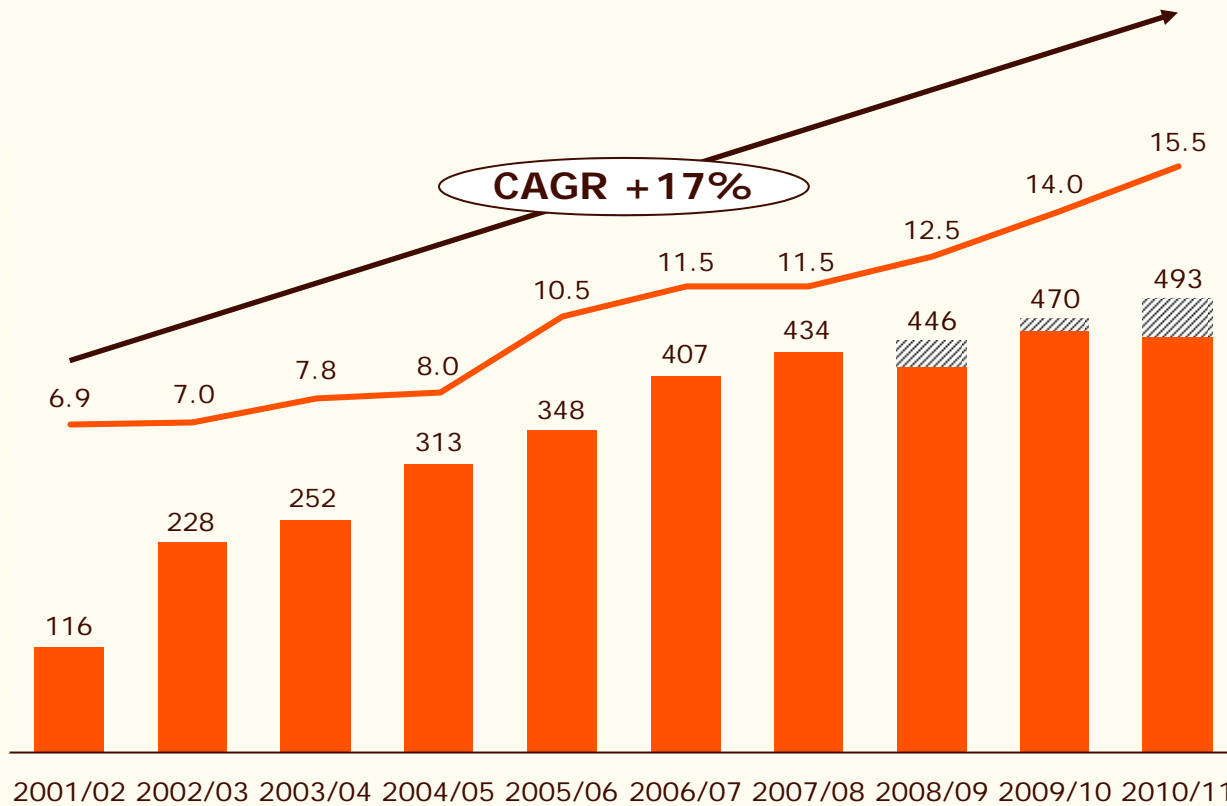
Based on our strategy we achieved a 7% average annual volume growth over the last 10 years...



The global chocolate confectionery market grew 2% on average per year during this period



... which translated into higher cash flow generation and return to shareholders



Cash Flow as % of sales



FX negative impact
 Operating Cash Flow in CHF mio
 Dividend in CHF/share





Outlook

Financial Guidance

- ▶ Four-year growth targets for 2009/10 –2012/13

- ▶ Annual growth targets on average* for 2009/10 through 2012/13:
 - Volumes: 6-8%

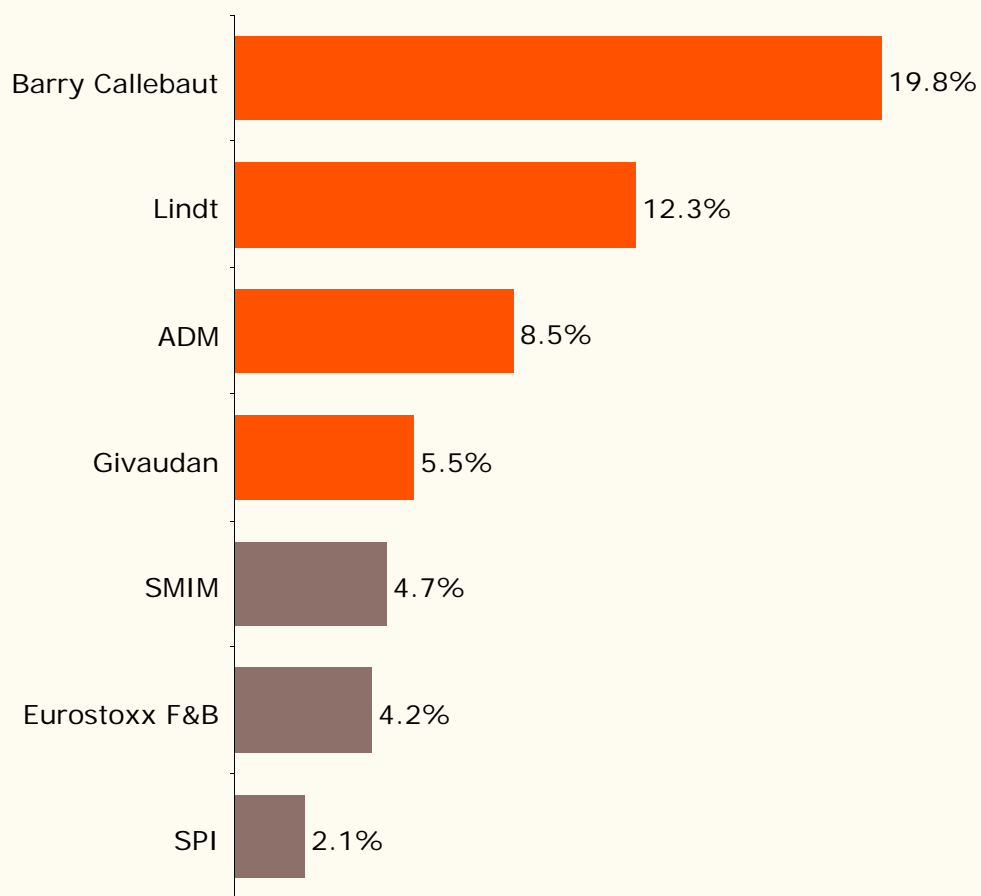
 - EBIT: at least in line with volume growth

* Our view for the 2009-2013 period reflects current economic forecasts for the markets we operate in as well as internal developments and their assumed impact on our performance, barring any major unforeseen events and based on local currencies.

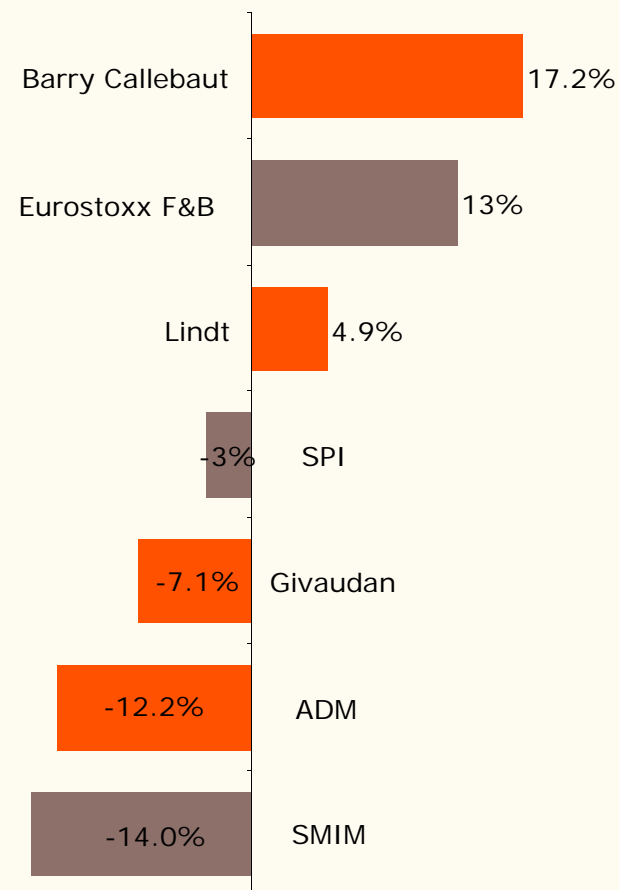


Share performance vs. peers and indices

10 Years - CAGR (Feb 2002 – Feb 2012)



1 Year performance (Feb 2002 – Feb 2012)



Source: Reuters



10 Reasons to invest in Barry Callebaut

- ▶ World leader in high-quality cocoa and chocolate products
- ▶ Cost Leadership along the entire value chain with a continuous improvement structure
- ▶ Leader and growing presence in emerging markets
- ▶ World's largest supplier of Gourmet & Specialties chocolate for artisanal customers
- ▶ Proven, focused and long-term oriented strategy
- ▶ Recognized innovation leader
- ▶ Superior growth opportunities through strong positioning in outsourcing and long-term strategic partnerships with major food companies
- ▶ Global chocolate service and production footprint, around 40 production facilities in 27 countries, with a strong footprint and local presence in key cocoa origin countries
- ▶ Strong track record of consistent earnings and cash flow generation
- ▶ Experienced, international and proven Management team





Appendix

Our product offering focuses on cocoa and chocolate



Food Manufacturers



- Standard chocolate
- Specialties
 - Certified
 - Probiotic
 - Re-balanced
 - Tooth-friendly
 - ACTICOA® chocolate
- Compound
- Fillings
- Inclusions
- Decorations

Gourmet & Specialties



- Chocolate
- Cocoa Products
- Coating
- Fillings
- Decorations
- Chocolate and cocoa vending mixes



Cocoa Products



- Standard Cocoa Products (cocoa powder, butter, liquor)
- Low fat and high fat cocoa powders
- ACTICOA®
- Certified products
- Specific applications

% of total volume FY 2010/11

69%

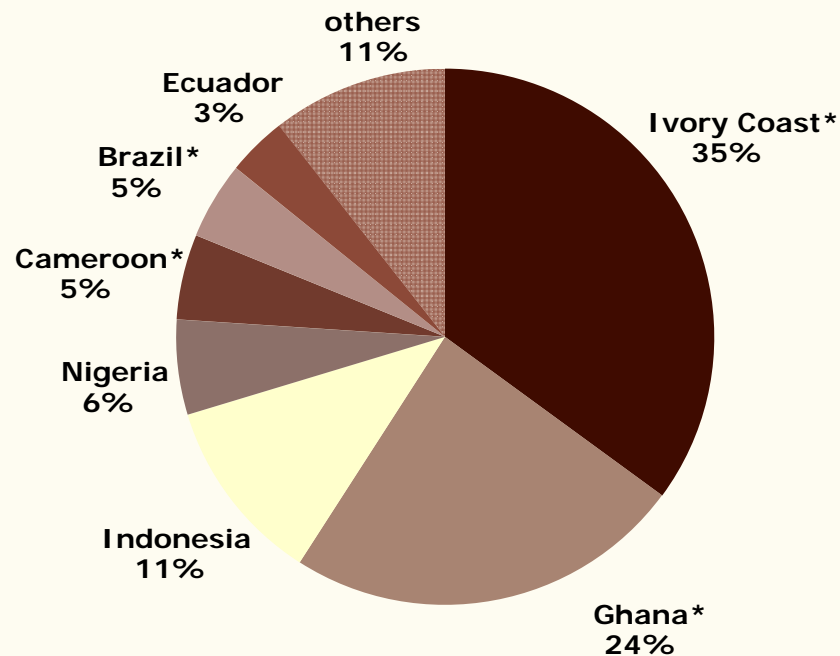
11%

20%



West Africa is the world's largest cocoa producer – BC sources locally

Total world harvest (10/11): 4,195k MT



- ▶ 70% of total cocoa beans come from West Africa
- ▶ BC processed ~540,000 tonnes of cocoa beans or 13% of total world harvest
- ▶ 61% sourced directly from farmers, cooperatives & local trade houses
- ▶ BC has various cocoa processing facilities in origin countries*, in Europe and in the USA

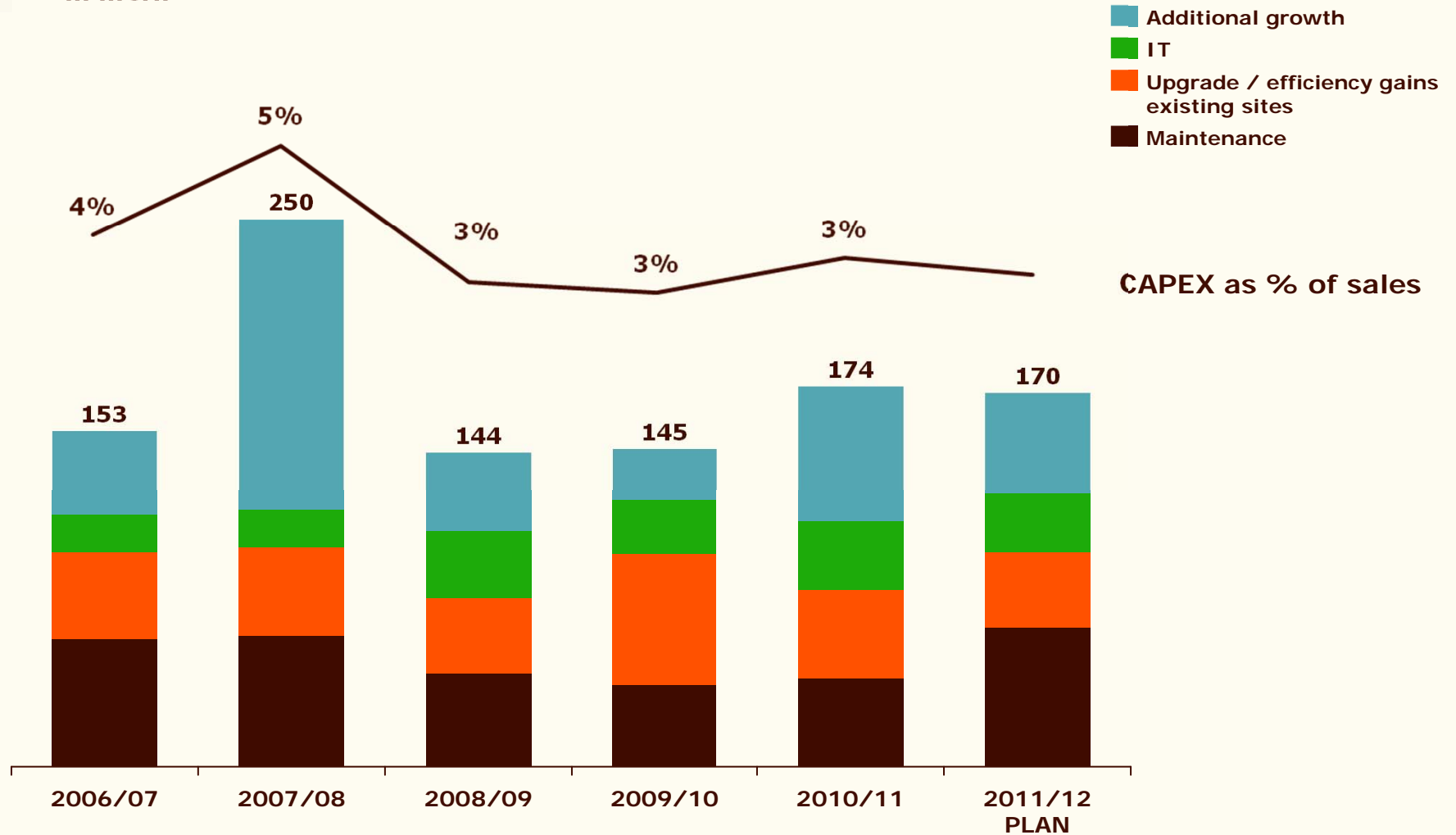
Source: ICCO estimates



CAPEX development

Investments support the growth of our business

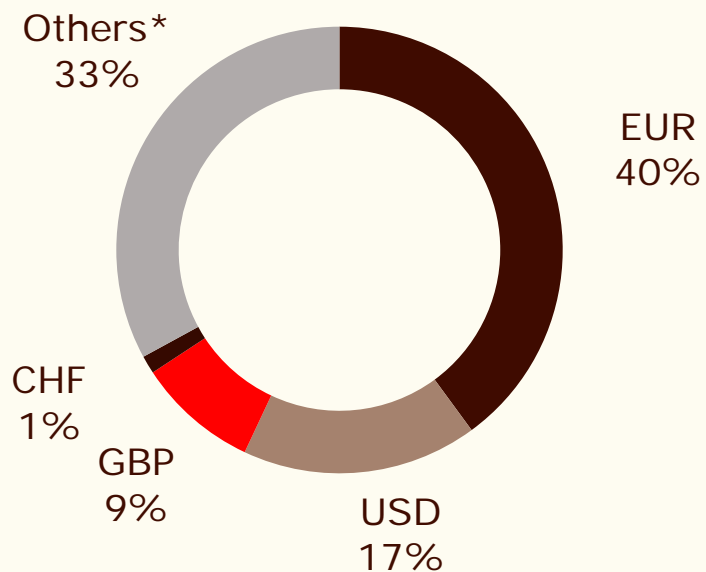
in mCHF





Revenue by currency

FY 2010/11 Sales Revenue



* Others include: Canadian Dollar, Mexican Peso, Brazilian Real, Japanese Yen, Russian Ruble, Australian Dollar, Chinese Yuan, Malaysian Ringgit, Polish Zloty, Czech koruna, Swedish Krona, Indonesian, Rupiah ,etc



Key Figures 2010/11 – from continuing operations

Solid and profitable growth

| | Change in % In local currencies | Change in % | FY 2010/11 | FY 2009/10 (restated) |
|----------------------------------------|---------------------------------------|--------------|------------------|-----------------------------|
| Sales volume [in tonnes] | | 7.2% | 1'296'438 | 1'209'654 |
| Sales revenue [CHF m] | 13.3% | 0.7% | 4'554.4 | 4'524.5 |
| <i>CHF per tonne</i> | <i>5.7%</i> | <i>-6.1%</i> | <i>3'513</i> | <i>3'740</i> |
| Gross profit [CHF m] | 11.4% | 1.5% | 659.0 | 649.5 |
| <i>CHF per tonne</i> | <i>3.9%</i> | <i>-5.3%</i> | <i>508</i> | <i>537</i> |
| EBITDA [CHF m] | 14.3% | 4.2% | 432.1 | 414.6 ¹ |
| <i>CHF per tonne</i> | <i>6.6%</i> | <i>-2.8%</i> | <i>333</i> | <i>343</i> |
| Operating profit (EBIT) [CHF m] | 15.3% | 5.7% | 360.6 | 341.1 |
| <i>CHF per tonne</i> | <i>7.6%</i> | <i>-1.4%</i> | <i>278</i> | <i>282</i> |

Note: Due to the discontinuation of the European Consumer Products business certain comparatives have been restated to conform with the current period's presentation.



Balance Sheet

Solid Balance Sheet with improvement of all key ratios

| | Change in % | Aug 11 | Aug 10 |
|-------------------------------------|----------------|---------|---------|
| Total Assets [CHF m] | -8.6% | 3'263.1 | 3'570.8 |
| Net Working Capital [CHF m] | -8.0% | 888.1 | 964.9 |
| Non-Current Assets [CHF m] | -14.0% | 1'208.4 | 1'405.8 |
| Net Debt [CHF m] | -9.3% | 789.8 | 870.8 |
| Shareholders' Equity [CHF m] | -6.5% | 1'217.1 | 1'302.3 |
| Debt/Equity ratio | | 64.9% | 66.9% |
| Solvency ratio | | 37.3% | 36.5% |
| Net debt / EBITDA | | 1.8x | 2.1x |
| Interest cover ratio | | 5.9x | 5.8x |
| ROIC | | 15.5% | 14.8% |
| ROE | | 20.6% | 19.6% |