

Grand Opening of Barry Callebaut's new chocolate factory in Extrema, MG, Brazil

May 27, 2010





Welcome to the world of Barry Callebaut

Agenda

- ▶ Barry Callebaut at a glance
- ▶ International growth strategy
- ▶ Market potential of Brazil and Latin America
- ▶ Barry Callebaut in Brazil
- ▶ Questions & Answers

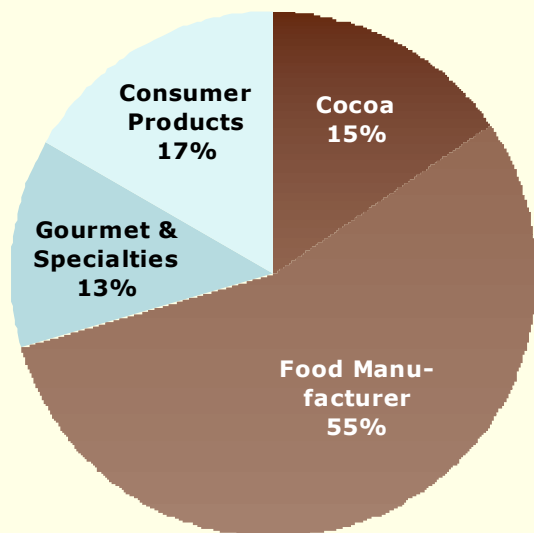




Barry Callebaut at a glance

FY 2008/09

Net revenue: CHF 4.9 bn / ~ BRL 7.9 bn



EBIT CHF 350.8 m / ~ BRL 566.6 m

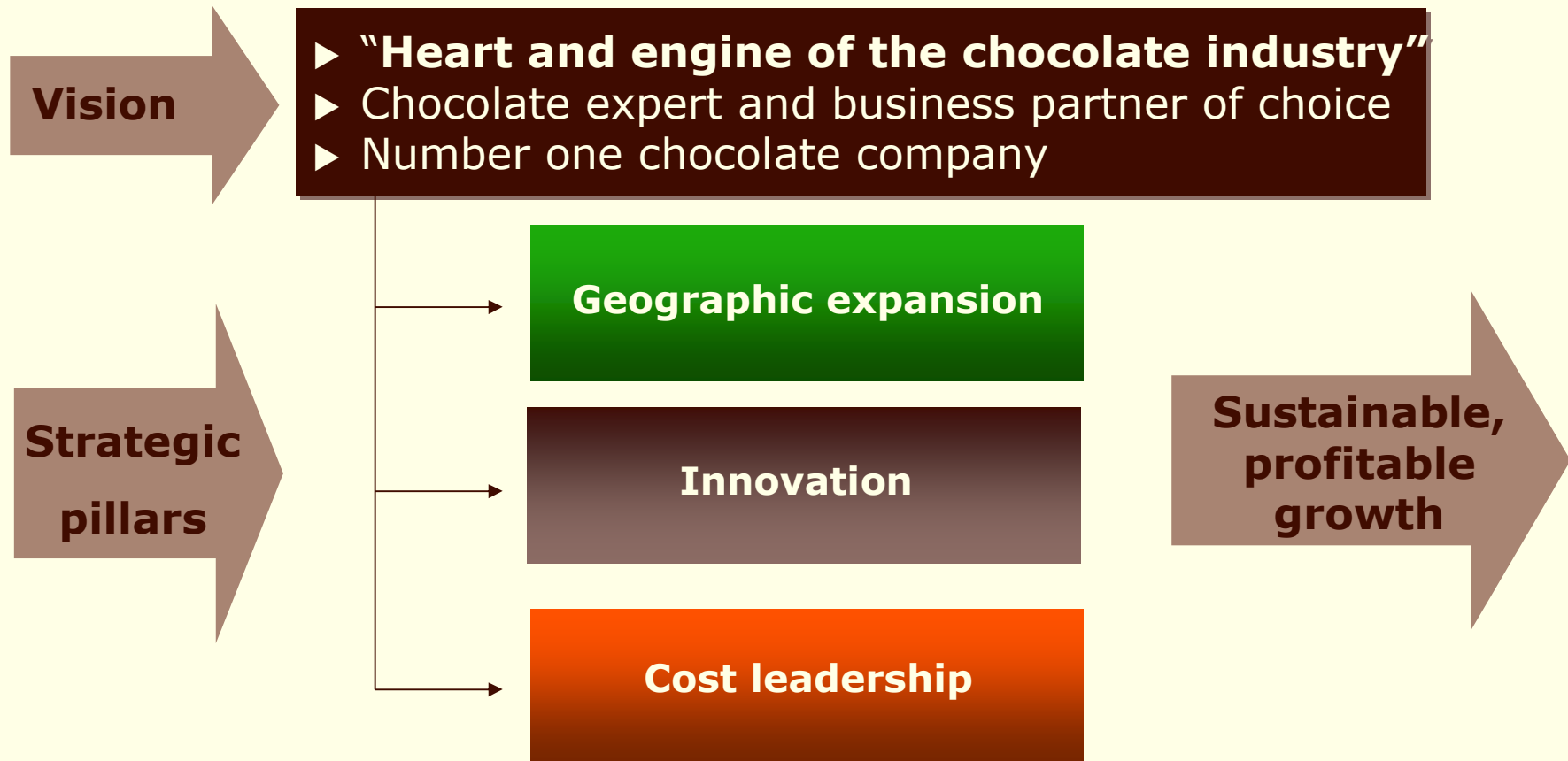
Net Profit CHF 226.9 m / ~ BRL 366.5 m

Barry Callebaut

- ▶ **World leader** in high-quality cocoa and chocolate products with over 1 million tonnes of products sold per year
- ▶ Has been making chocolate **for 160 years**
- ▶ **Global service and production** network, employing about **7,500 people** worldwide, more than **40 factories**
- ▶ **Close to 1,700 recipes** to serve its three customer segments: Food Manufacturers, professional & artisanal users, and retailers
- ▶ High **food safety standards**, consistent **quality**
- ▶ Founded in **1996** through the merger of "Callebaut" (BE) and "Cacao Barry" (FR)
- ▶ Headquartered in **Zurich, Switzerland**



Barry Callebaut's growth strategy





Innovation: BC focuses on major food trends...

Health

- ▶ Organic
- ▶ Polyphenols
 - ▶ Anti-aging
 - ▶ Memory
 - ▶ Heart and veins
- ▶ Less sugar
- ▶ Less fat and still natural
- ▶ Mycryo

Ethics

- ▶ Corporate Social Responsibility
- ▶ Fair Trade / Certified chocolate
- ▶ Environmental policy
- ▶ Support for cocoa farmers and families in origin countries

Experience

- ▶ Origins
- ▶ Chili, honey
- ▶ High cocoa content

Convenience

- ▶ Food on-the-go
- ▶ Snacking
- ▶ Higher melting point





Geographic expansion: Network of over 40 factories on 4 continents





Geographic expansion: Capturing the growth markets of South America





Extrema enhances BC's strategic positioning

- ▶ Improved strategic positioning of Barry Callebaut in South America
 - ▶ Closer to the main consumption market (Sao Paulo)
 - ▶ Closer to the main national and international customers
 - ▶ Strong presence in the Food Service market in all the region

- ▶ In Brazil, Barry Callebaut will fully apply the concept "From bean to chocolate"

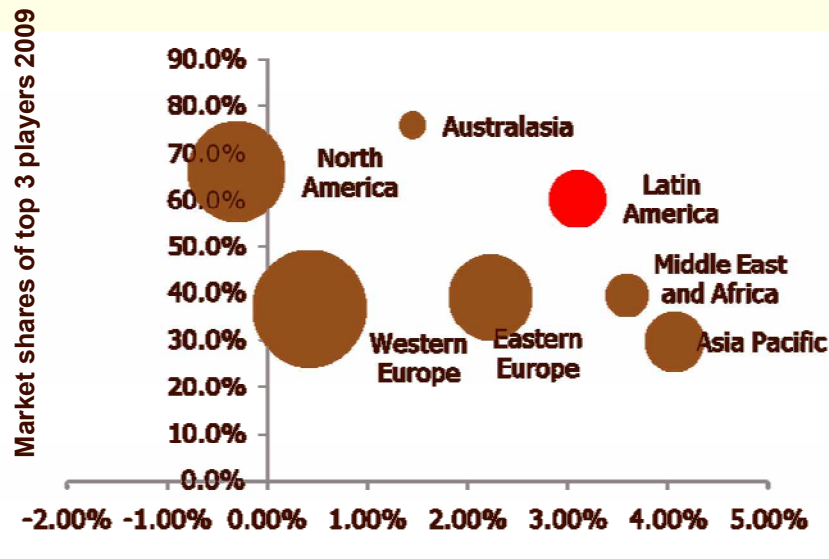
- ▶ Barry Callebaut is going to take advantage of the excellent quality of raw materials that Brazil produces and that are the main ingredients of chocolate
 - ▶ Cocoa beans
 - ▶ Sugar
 - ▶ Milk



Chocolate consumption in Brazil and LATAM has a high growth potential

Latin America expects an annual market growth of over 3% in the next 3 years and Brazil still has a big potential to increase consumption per capita.

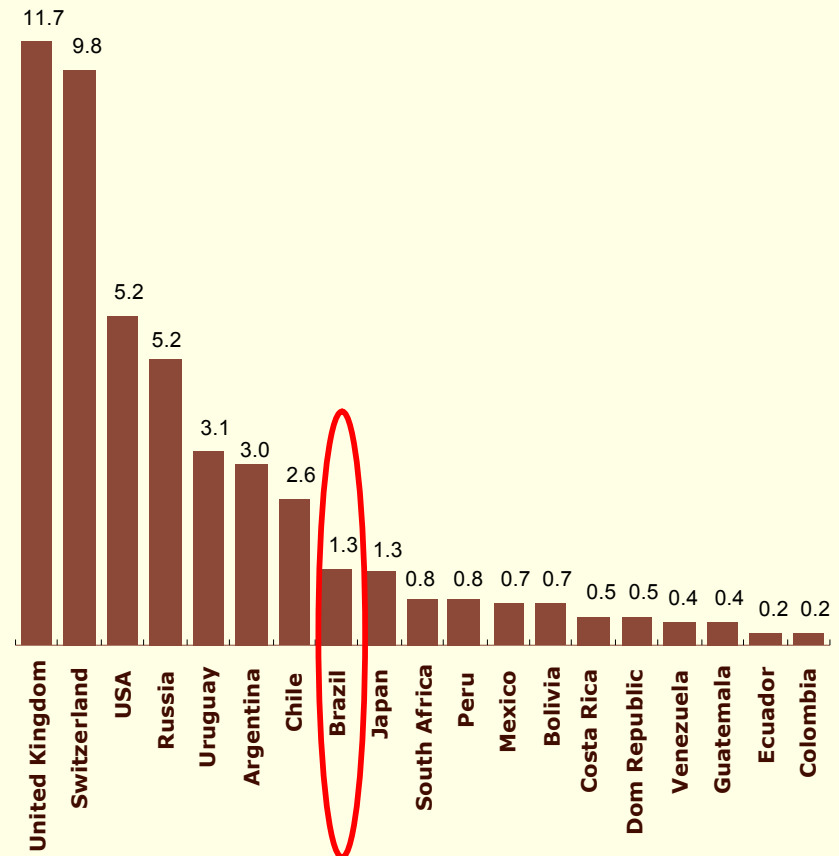
Global Chocolate Market

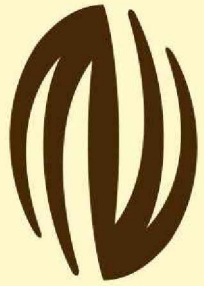


Expected market growth 2009-2014 (in volume)

Source: Euromonitor 2009

Chocolate Confectionery Consumption per Head (kg)





Barry Callebaut Brazil: Full solution provider from bean to chocolate

As a fully vertically integrated Cocoa and Chocolate company, BC Brazil can act as full solution provider within the South American Region and can offer its customers the full product portfolio of traceable cocoa, semi-finished products and chocolate products.



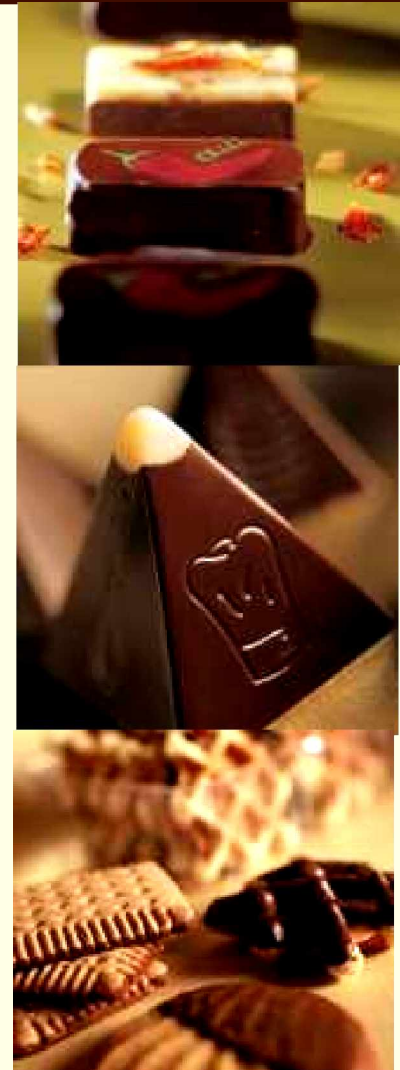
Chocolate - from the bean to the finished product





Trends and taste preferences in Brazil

- ▶ 2009: chocolate confectionery in Brazil increased 12% in value terms and 2% in volume
 - ▶ Global chocolate market declined by 2.6% in volume
- ▶ Chocolate with toys were the most dynamic niche in 2009 with current value growth of over 25%
- ▶ Brazilians like chocolate and tend to grow up seeing it as a reward
 - ▶ Mothers reinforce children's positive behavior with chocolate treats
 - ▶ A box of bonbons is often purchased as a gift for special occasions
- ▶ Plain milk preferred with 64% of tablets, followed by 16% of plain white, while plain dark represents 8% of tablet consumption
- ▶ Chocolate confectionery expected to grow by 3.2% in volume between 2009-14 p.a.
 - ▶ Tablets (+4%) and standard boxed assortments (+3.3%) to lead growth
 - ▶ Traditional Alfajores expected to drop (-3.7%)

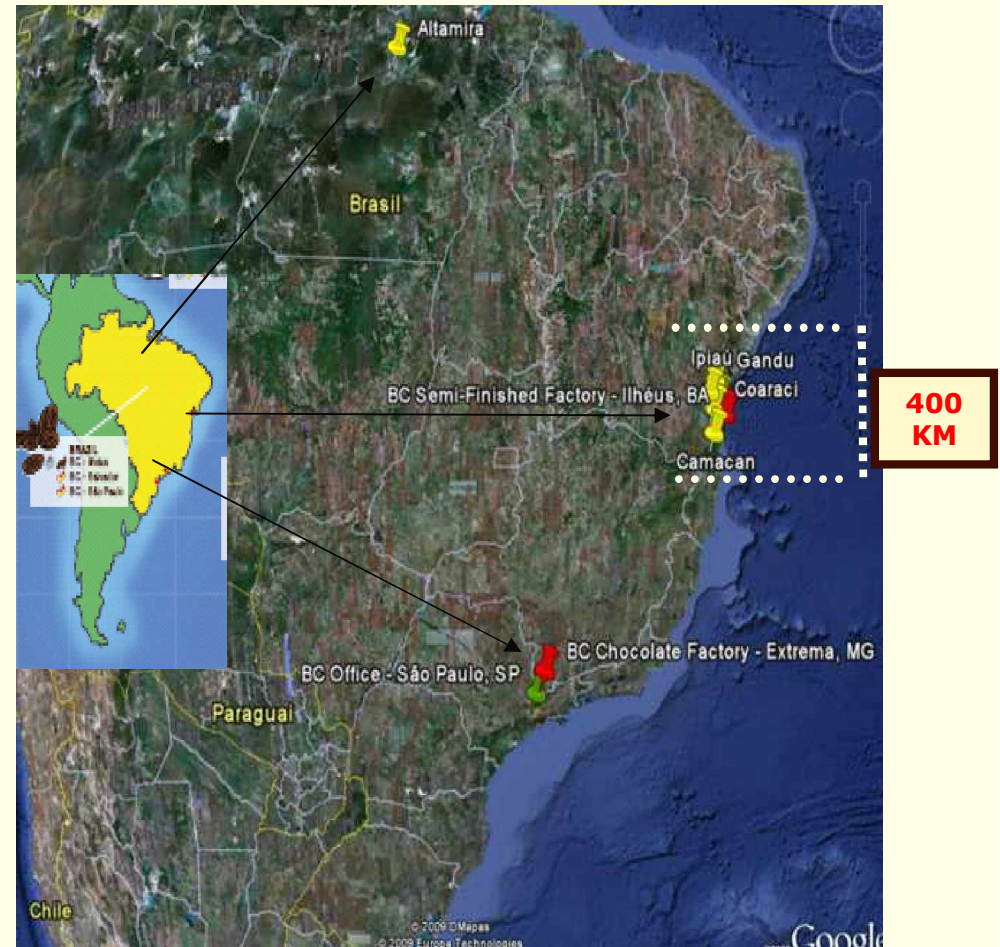


Source: Euromonitor 2009



Cocoa: Purchasing cocoa through 7 buying stations

- ▶ **6** Buying Stations in Bahia state
- ▶ **1** Buying Station in Pará state (Altamira City).
- ▶ **40%** of the cocoa is directly bought from farmers.
- ▶ **60%** of cocoa is purchased from small companies (middlemen).
- ▶ BC Brazil is the **only provider of traceable organic cocoa** in Brazil





Empowering cocoa farmers: Organic cocoa project in Brazil

- ▶ Certification program launched in 2001 to empower farmers and to support Brazilian cocoa industry
- ▶ In 2009, 62 farmers were certified, producing 515 tonnes of organic cocoa
- ▶ Status/Goal for 2009/10:
 - ▶ Certification in 2009 = 4,160 hectares
 - ▶ Certification in 2010 = + 540 hectares
 - ▶ Target is to achieve a volume of 1,500 tonnes of traceable certified organic quality cocoa beans with 107 farmers by the end of 2012
- ▶ Implementation of demonstration areas to serve as organic cocoa growing "show room".
- ▶ Provide cocoa farmers with advanced training from Barry Callebaut's technical field staff.





Empowering children: Cultural Farm project / Circle of Knowledge

- ▶ „Aprender para crescer“: Cultural Farm project in South Bahia (since 2006) aims at:
 - ▶ Improve of the fundamental education as well as the nutritional value of school-meals
 - ▶ “Organic garden”: the plantation of vegetables and fruits which are used as an educational element enriching the nutritional value of the meals.
- ▶ „Ciranda do Conhecimento“: Circle of knowledge project in Ilhéus (since 2007):
 - ▶ Supporting the educational development, e.g. in literature and mathematics
 - ▶ Offering group activities/discussions of chosen issues as well as sports activities



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Press Conference in Extrema, MG, Brazil

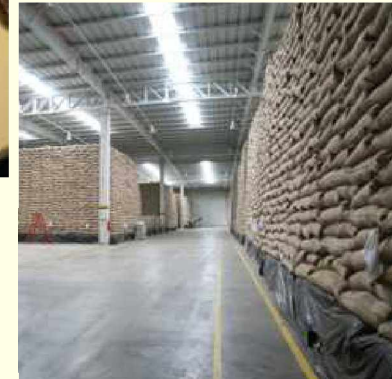




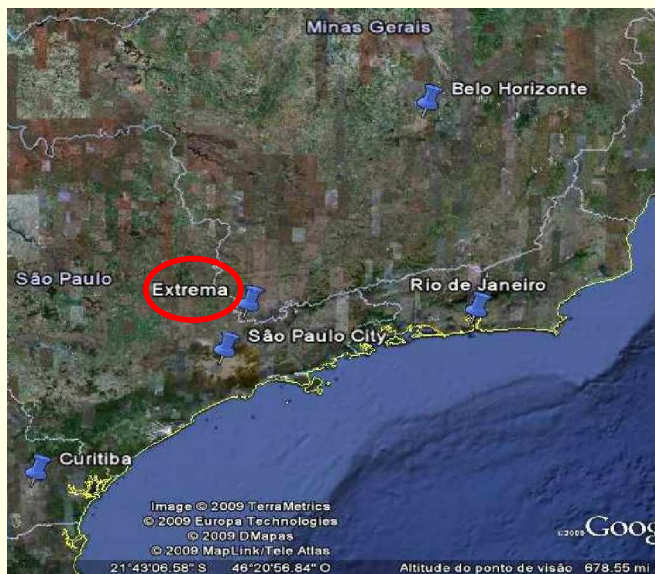
Semi-finished products: Transforming cocoa into powder, butter, liquor



- ▶ Cocoa factory in Ilhéus/ Bahia with grinding capacity of 50,000 metric tons of cocoa per year
- ▶ Produces powders, cocoa butter and cocoa liquor (including organic and special origin liquors) which are used as ingredients for chocolate or other food products
- ▶ Modern R&D laboratory
 - ▶ study the functionalities of cocoa
 - ▶ support the development of formulations containing cocoa powder
 - ▶ provide solutions to technical problems
 - ▶ respond to specific customer demands and to conduct pilot tests



Better serving our customers: Chocolate made in Brazil – our new factory



- ▶ Located in Extrema, MG, at 110 km from São Paulo
 - ▶ In proximity to major food manufacturers
- ▶ Construction of a greenfield factory
 - ▶ Total surface area: 34,000 sq meters
 - ▶ Production building area: 10,000 sq meters
- ▶ Investment total: USD 15m/BRL 28m/CHF 18m
- ▶ Capacity: 20,000 metric tons per annum
 - ▶ Potential to double the capacity
- ▶ Products
 - ▶ Dark, milkd and white chocolate/compound
 - ▶ Blocks of 1 kg up to 5 kg / Liquid deliveries in tanks
- ▶ Number of jobs in Brazil:
 - ▶ Extrema: 70 (factory personnel at the start)
 - ▶ São Paulo: 23 (Sales, Administration)
 - ▶ Ilheus: 224 (factory, R&D)
- ▶ State-of-the-art factory, offering maximum food safety and full production flexibility



Barry Callebaut in Brazil: Two target customer segments



Customer Segment

Industrial Customers



Artisanal / Professional Customers



Products

- Biscuits and bakery
- Ice cream
- Chocolate confectionery
- Chocolate dairy
- Breakfast and snacking
- Sugar confectionery

- Hotels & Restaurants
- (in-store) Bakeries & Pastries
- Caterers
- Hospital & School canteens
- Chocolatiers
- Vending Operators

Distribution

- Own sales force

- Own sales force for imported products
- Exclusive distribution agreement with Bunge for products made in Brazil

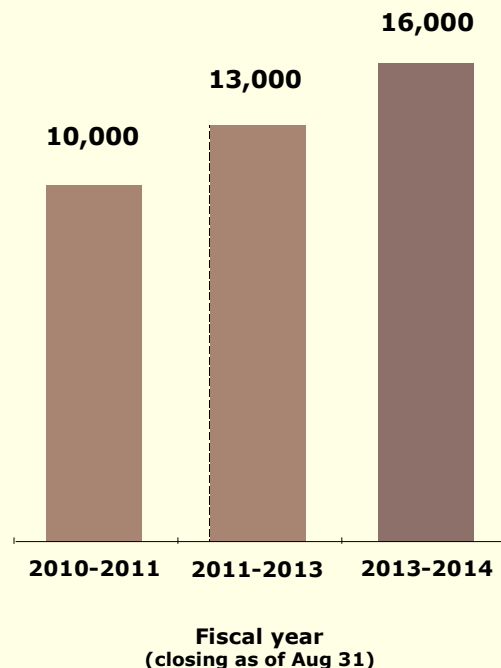


Barry Callebaut in Brazil:



Strong sales growth expected over 3 years

Total chocolate sales Brazil (tonnes) Domestic sales and exports



Source: BC Estimates (chocolate + compound, figures are approximate)

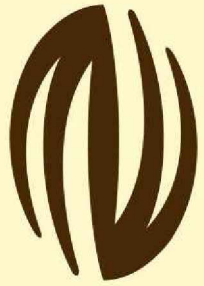
- ▶ Strong growth for Barry Callebaut is expected in the next 3 years
- ▶ Product development
 - ▶ Liquid & molded chocolate and compounds
 - ▶ Local products, adapted to the taste preferences of Brazilian consumers
- ▶ Pro-active approach to benefit from outsourcing trend
- ▶ Exclusive distribution agreement with Bunge:
 - ▶ Exclusive distribution of artisanal chocolate products
 - ▶ Joint development of compound and chocolate products under the Sicao and Gradina brand



A big step for Barry Callebaut

1. Barry Callebaut to significantly grow sales in Brazil in 3 years
2. Brazil is BC's launching pad to expand across South America
3. Many thanks to our local partners, our international suppliers the Extrema administration and the Minas Gerais state government





Thank you for your attention.