



# Full Year Results 2009/10

Media presentation

November 4, 2010



**BARRY CALLEBAUT**

The heart and engine of the chocolate industry



## Cautionary note

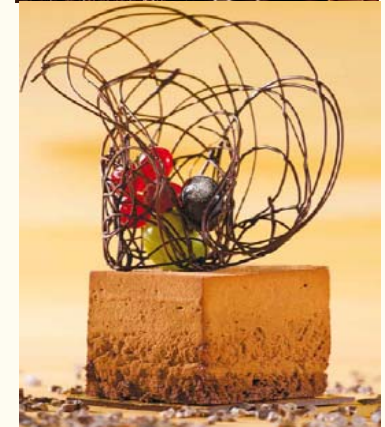
Certain statements in this Letter to Investors regarding the business of Barry Callebaut are of a forwardlooking nature and are therefore based on management's current assumptions about future developments. Such forward-looking statements are intended to be identified by words such as "believe," "estimate," "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 factors that may affect Barry Callebaut's future financial results are discussed in the Letter to Investors as well as in the Annual Report 2009/10. Such factors are, among others, general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures 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 today, Nov 4, 2010. Barry Callebaut does not undertake to publish any update or revision of any forward-looking statements.



# Agenda

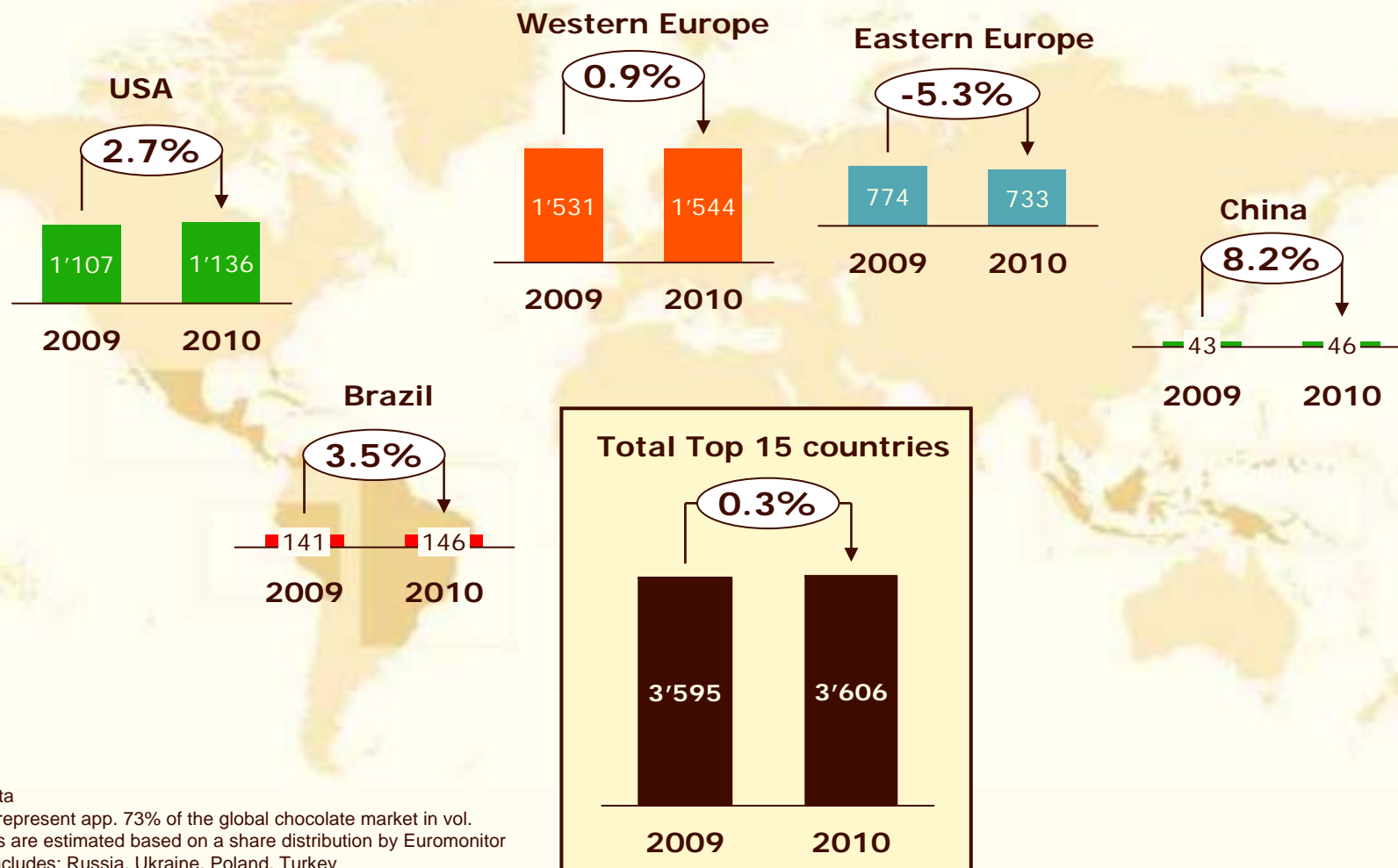
- ▶ **Highlights FY 2009/10**
- ▶ Financial and operational performance
- ▶ Strategy & Outlook
- ▶ Q & A





# Global chocolate confectionery growth flat

12 months Sep 2009 -Aug 2010 ('000 tonnes)



Source: Nielsen data

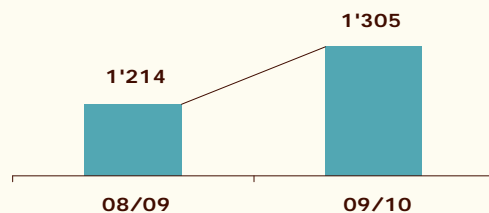
1. Top 15 countries represent app. 73% of the global chocolate market in vol.
2. USA total volumes are estimated based on a share distribution by Euromonitor
3. Eastern Europe includes: Russia, Ukraine, Poland, Turkey



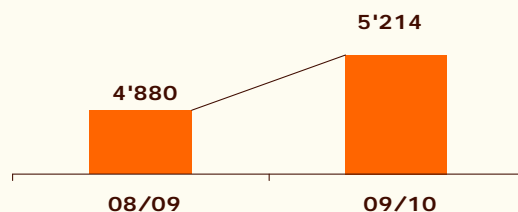
# Financial summary FY 2009/10

## Strong year - dynamic growth

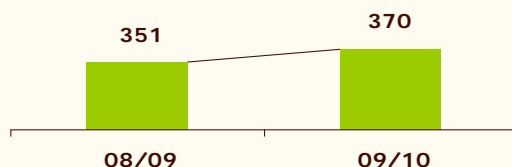
Sales Volume  
(<sup>1</sup>'000 Tonnes)



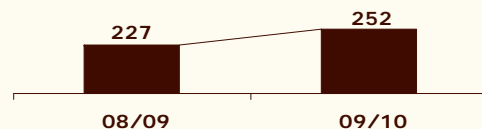
Sales Revenue  
(CHF m)



Operating Profit  
(EBIT) (CHF m)



Net Profit (CHF m)







- ▶ Ongoing strong sales volume growth in a flat global market: up 7.6%
- ▶ Gourmet & Specialties: excellent sales volume growth of 17.3%
- ▶ Sales revenue up 11.3% in local currencies (+6.8% in CHF)
- ▶ Very favorable operational improvements: EBIT up 7.9% in local currencies (+5.6% in CHF)
- ▶ Net profit for the year: up 13.5% in local currencies (+10.9% in CHF)





# Financial summary FY 2009/10

## Substantial growth achieved in all Regions

	Europe	Americas	Asia-Pacific	Global Sourcing & Cocoa
				
	Food Manufacturers, Gourmet and Consumer 57.7% of sales volume	Food Manufacturers & Gourmet 22.3% of sales volume	Food Manufacturers & Gourmet 3.7% of sales volume	Cocoa semi-finished products 16.3% sales volume
Vol. growth vs. PY	<b>+4.1%</b>	<b>+15.6%</b>	<b>+15.5%</b>	<b>+8.2%</b>
EBIT growth vs. PY (in local currencies)	<b>+8.3%</b>	<b>+6.3%</b>	<b>+87.6%</b> <sup>(1)</sup>	<b>+5.4%</b>

(1) Excluding one-off gain on the sale of the Asian Consumer business in prior year

# Raw material price development

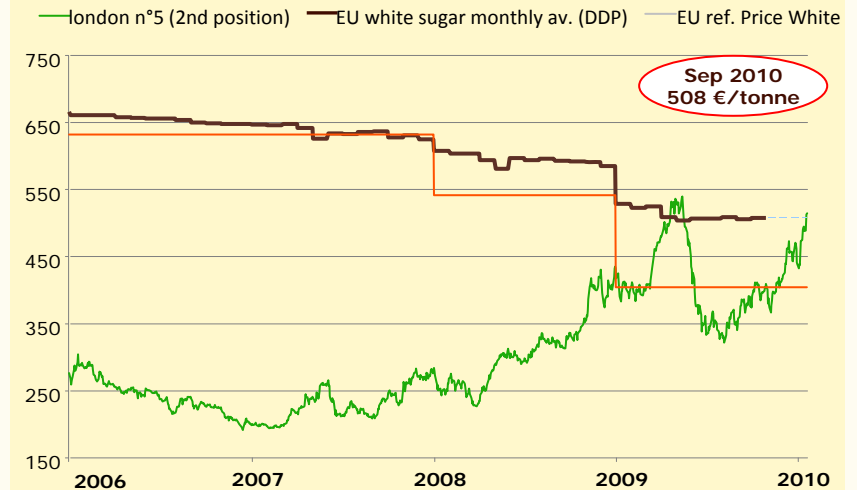
## Raw materials at high levels, volatility increased



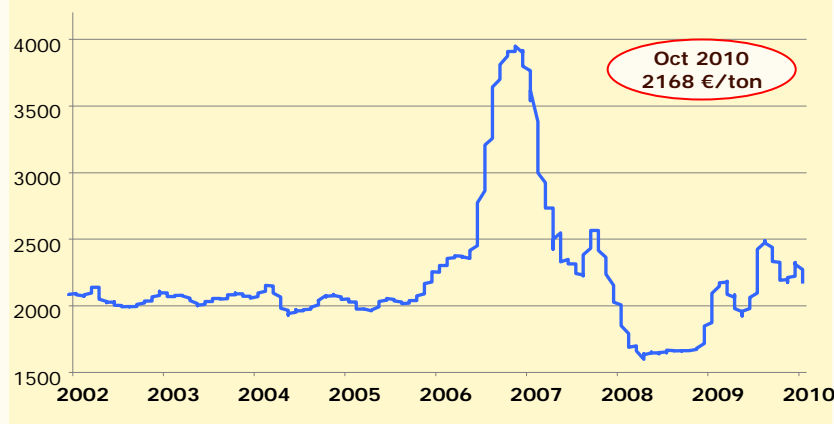
**London Cocoa 2nd Position in GBP/tonne**



**Average price for white sugar EUR/tonne**



**Skimmed milk powder prices EUR/tonne**



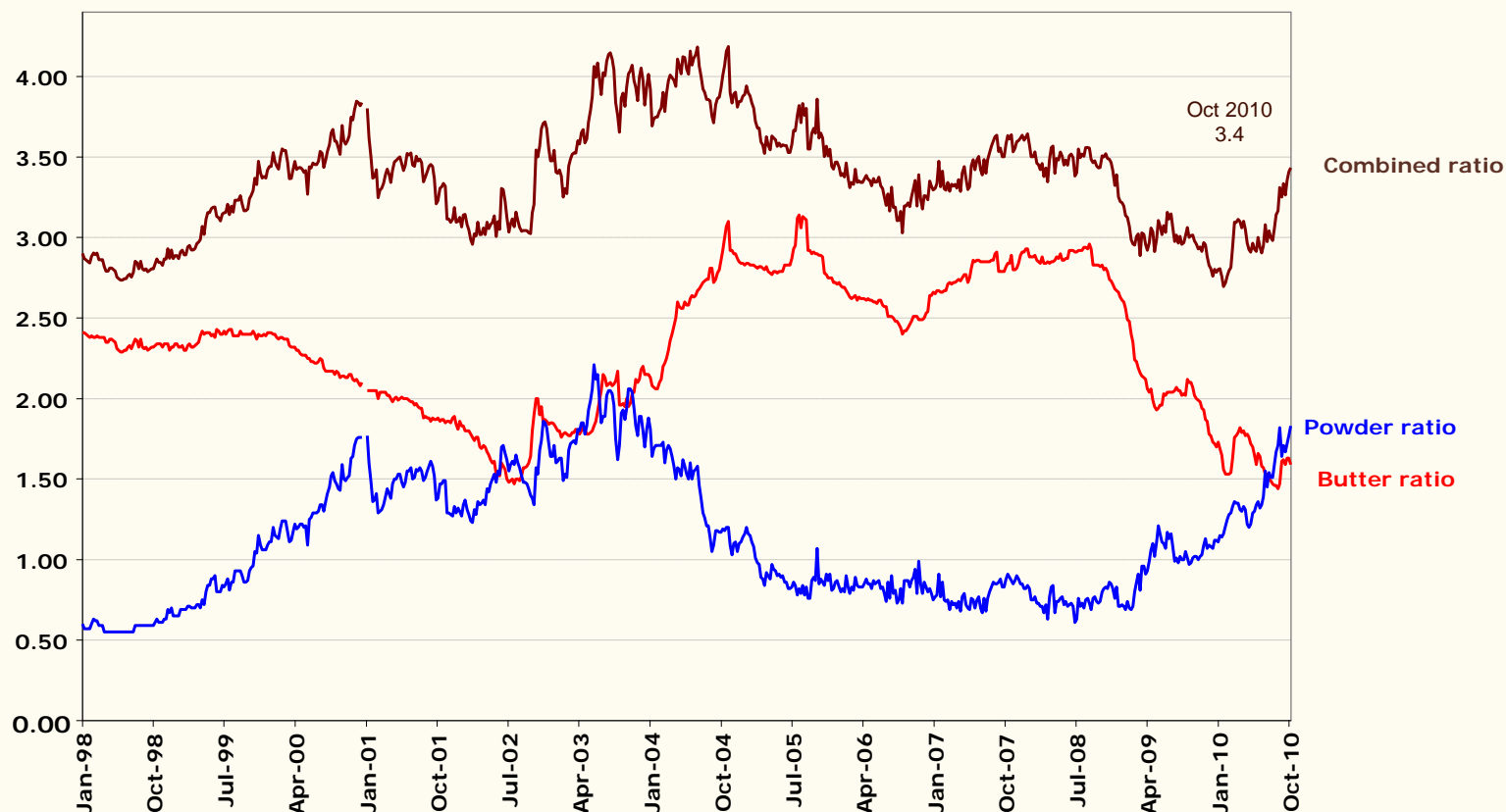
- ▶ BC through its "cost plus" model passes on the cost of raw materials to customers (80% of the business)
- ▶ Cocoa price reached 33-year high in July 2010, came down, but still at high levels
- ▶ World sugar price increased. BC mainly sources locally, EU prices were stable, somewhat declining
- ▶ Milk powder prices volatile



# Raw material price development

## Low combined cocoa ratio, recently improving

Cocoa powder-butter combined ratio\* – European ratios 6 months forward against LIFFE



- ▶ Combined cocoa ratio\* was unfavorable in H1 2009/2010, there was a neutral effect in H2 2009/2010. Combined ratio has recently recovered, however driven by powder not butter.
- ▶ Low combined cocoa ratios = negative impact on BC cocoa (semi-finished products) business





# Highlights FY 2009/10

## Focus on Expansion, Gourmet and Sustainability



Barry Callebaut joins UTZ Certified cocoa program aiming to ensure sustainable practices in cocoa production.

**October 2009**



Launch of multiple certification project – UTZ, Rainforest Alliance and others – with cocoa farmers in Ivory Coast.

**January 2010**



From May until October, Barry Callebaut acts as the unique supplier to Godiva, Neuhaus and Guylian during the World Exhibition in Shanghai.

**May 2010**



Barry Callebaut extends the successful Quality Partner Program (QPP) to cocoa farming regions in Cameroon.

**August 2010**



**June 2009**

Barry Callebaut acquires Danish Vending mix company Eurogran to further strengthen its Vending business.



**December 2009**

Barry Callebaut completes the acquisition of the Spanish chocolate maker Chocovic, S.A., specializing in chocolate products for industrial and artisanal customers.



**March 2010**

Barry Callebaut and the Malaysian Cocoa Board sign a collaborative research agreement on Controlled Fermentation.



**May 2010**

Barry Callebaut inaugurates its first chocolate factory in South America in Extrema, Brazil.



**September 2010**

Barry Callebaut signs a long-term global supply agreement with Kraft Foods, making Barry Callebaut the key cocoa and industrial chocolate supplier to the world's second largest food company.



Highlights FY 2009/10

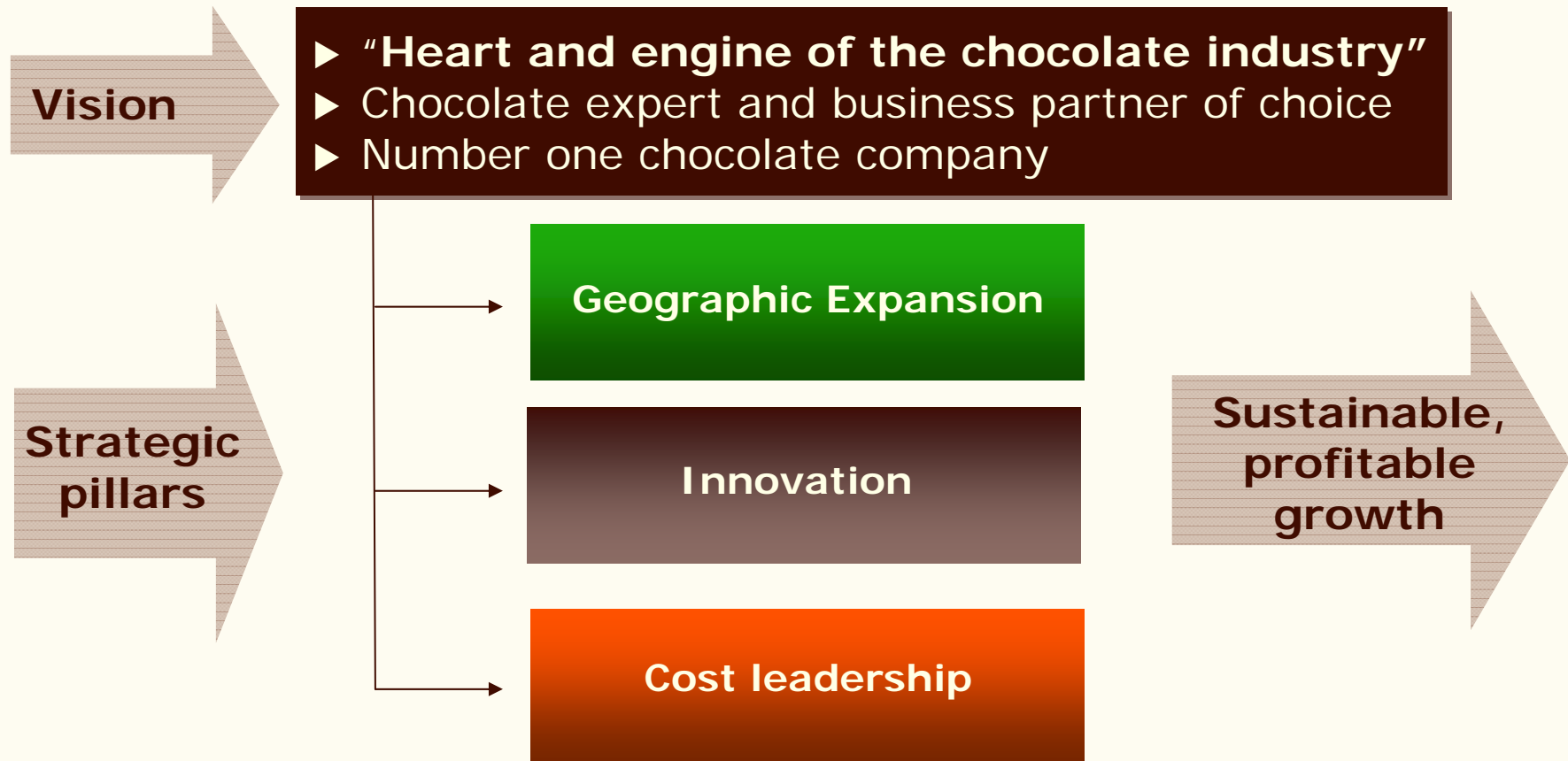
## Global partnership agreement with Kraft Foods

- ▶ Long-term global partnership between two leading companies in their field
- ▶ Amongst the largest strategic deals BC has ever signed, and the first truly global agreement
- ▶ Barry Callebaut expects to more than double current supplies to Kraft Foods
- ▶ Delivery of cocoa products and industrial chocolate
- ▶ Ramp-up period: 3 years, starting immediately
- ▶ Total investment of CHF 66m



# Highlights Fiscal Year 2009/10

## Growth Strategy

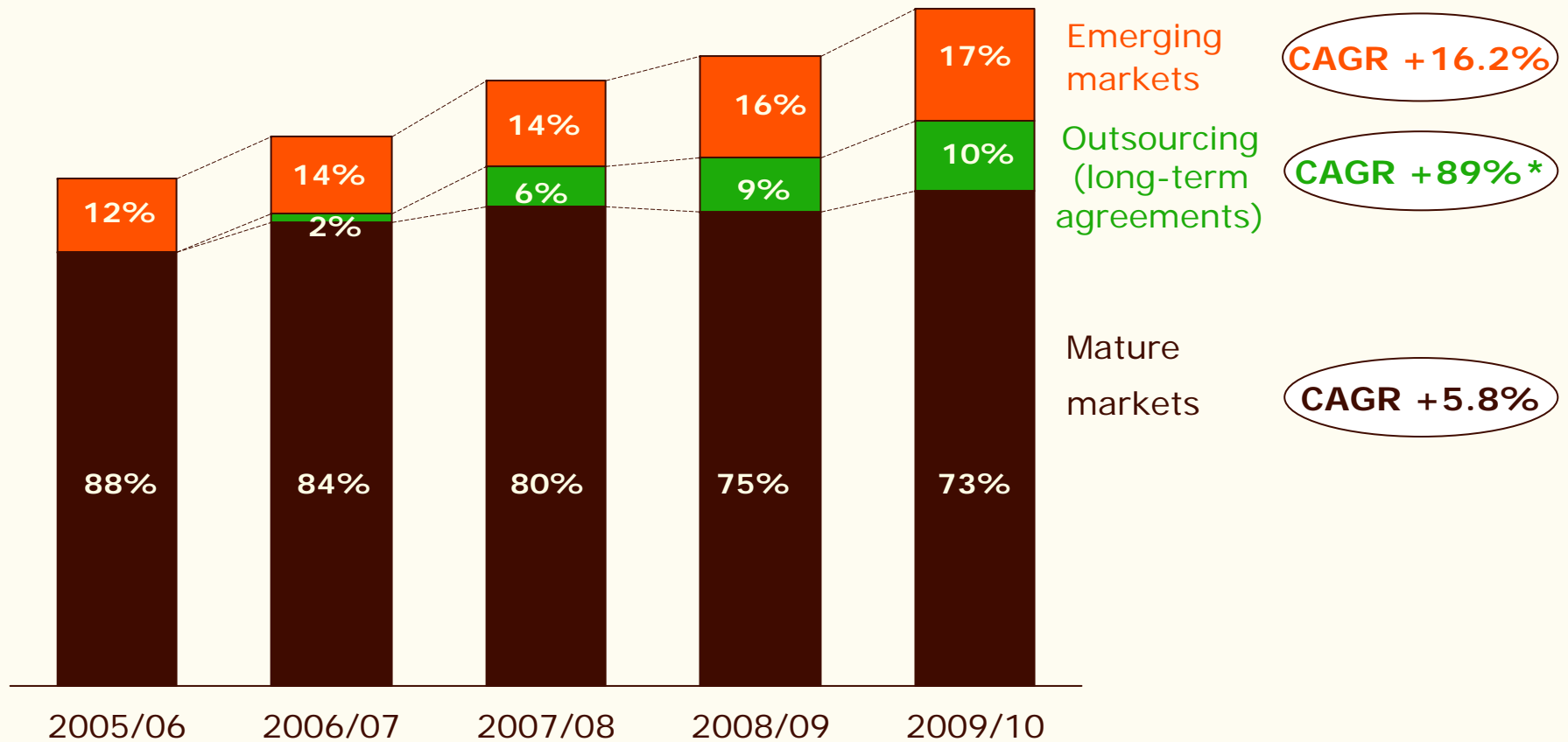




# Geographic Expansion: Increased importance of emerging markets and outsourcing

Expansion

% of total consolidated sales volume

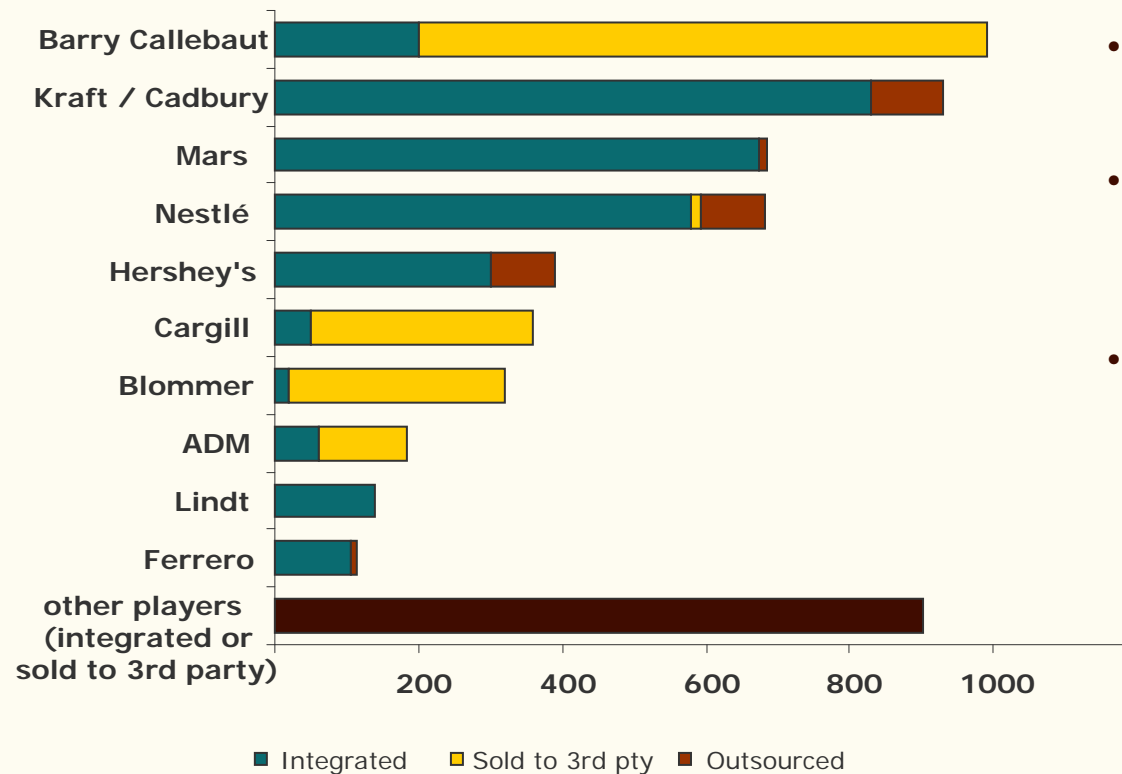


\*CAGR 2006/07 -2009/10



## Further potential for outsourcing

Global Industrial Chocolate market in 2009 = 5,400,000 tonnes\*



- BC only player with the biggest market share in the open market
- Only company with long-term agreements with the major chocolate companies
- Local/Regional chocolate manufacturers with potential to outsource or competitors potential to acquire

\*BC estimates Oct 2010



# Innovation at Barry Callebaut

## Key market trends drive our R&D efforts



	Cost Focus	Indulgence	Permissibility	Regulation	Sustainability
Market Trends	<ul style="list-style-type: none"> <li>• Same quality, lower costs</li> <li>• Growing interest for compounds and fillings</li> </ul> 	<ul style="list-style-type: none"> <li>• Increasing interest for inclusions, texture elements, decorations</li> </ul> 	<ul style="list-style-type: none"> <li>• Demand for healthy alternatives</li> <li>• All natural, no additives</li> <li>• Probiotics</li> </ul> 	<ul style="list-style-type: none"> <li>• Chocolate alternatives with fewer calories</li> <li>• Rebalanced chocolate</li> </ul> 	<ul style="list-style-type: none"> <li>• QPP</li> <li>• UTZ, Rainforest Alliance, Fair Trade, Organic, Fair for Life</li> </ul> 
Innovations to market in FY 2009/10	980 recipe optimization projects	Controlled Fermentation for premium products	100% dairy-free alternative to milk chocolate	First chocolate sweetened with Stevia	QPP chocolate for international premium products



## Cost leadership Operational efficiency further improved

- ▶ Costs per tonne down by 5% in fiscal year 2009/10 through:
  - ▶ Maintenance costs down by 4%\* per tonne
  - ▶ Optimized product flows and inventory management
  - ▶ Transport optimization
  - ▶ Reduced energy consumption
  - ▶ Higher capacity utilization for liquid chocolate up from 79.4% to 82.6%
  
- ▶ Upgraded Continuous improvement program
  - ▶ Long term and structured approached
  - ▶ To be implemented in the next 3 years
  - ▶ With the help of an external consultant





## Corporate Social Responsibility Quality Partner Program (QPP)

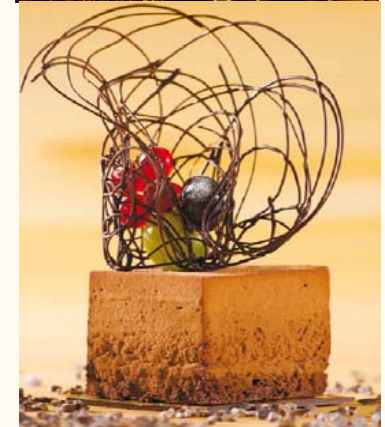
- ▶ Increase quality as well as quantity of cocoa produced by farmers
- ▶ Increase direct sourcing (65% of total sourced beans)
- ▶ Goal is to improve farmers income by:
  - ▶ Cutting out middlemen
  - ▶ Training programs to increase quality and yield
  - ▶ Paying quality premiums, pre-financing for cooperatives
  - ▶ Implementing R&D programs with high premium (e.g. Controlled Fermentation)
- ▶ 48 cooperatives, 40,000 cocoa farmers
- ▶ Additional benefits:
  - ▶ Training: Improve management skills of cooperatives
  - ▶ Help cooperatives to provide social & health services to members
  - ▶ Address the child labor issue: Focus on sensitization





# Agenda

- ▶ Highlights FY 2009/10
- ▶ **Financial and operational performance**
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# Key Figures 2009/10

## Strong year with significant growth

	Change in % In local currencies	Change in %	FY 2009/10	FY 2008/09
<b>Sales volume</b> [in tonnes]		<b>7.6%</b>	<b>1'305'280</b>	<b>1'213'610</b>
<b>Sales revenue</b> [CHF m]	<b>11.3%</b>	<b>6.8%</b>	<b>5'213.8</b>	<b>4'880.2</b>
<i>CHF per tonne</i>	<i>3.5%</i>	<i>-0.7%</i>	<i>3'994</i>	<i>4'021</i>
<b>Gross profit</b> [CHF m]	<b>6.3%</b>	<b>4.0%</b>	<b>736.2</b>	<b>707.8</b>
<i>CHF per tonne</i>	<i>-1.2%</i>	<i>-3.3%</i>	<i>564</i>	<i>583</i>
<b>EBITDA</b> [CHF m]	<b>5.8%</b>	<b>3.2%</b>	<b>470.7</b>	<b>456.1</b>
<i>CHF per tonne</i>	<i>-1.6%</i>	<i>-4.0%</i>	<i>361</i>	<i>376</i>
<b>Operating profit (EBIT)</b> [CHF m]	<b>7.9%</b>	<b>5.6%</b>	<b>370.4</b>	<b>350.8</b>
<i>CHF per tonne</i>	<i>0.3%</i>	<i>-1.8%</i>	<i>284</i>	<i>289</i>
<b>Net profit of the year</b> [CHF m]	<b>13.5%</b>	<b>10.9%</b>	<b>251.7</b>	<b>226.9</b>
<i>CHF per tonne</i>	<i>5.5%</i>	<i>3.1%</i>	<i>193</i>	<i>187</i>

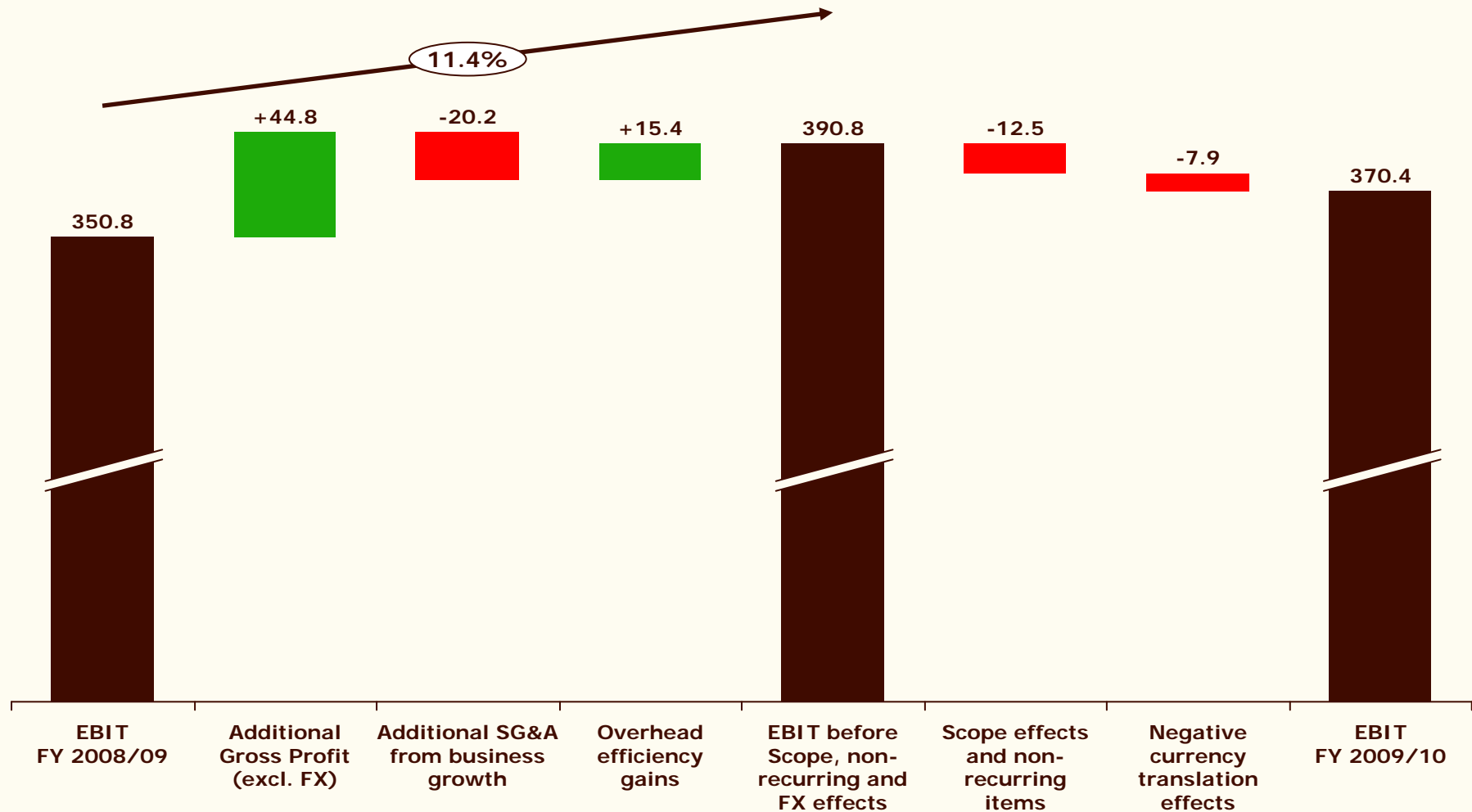




# EBIT – August 2010

## Double digit EBIT growth before scope and negative currency effects

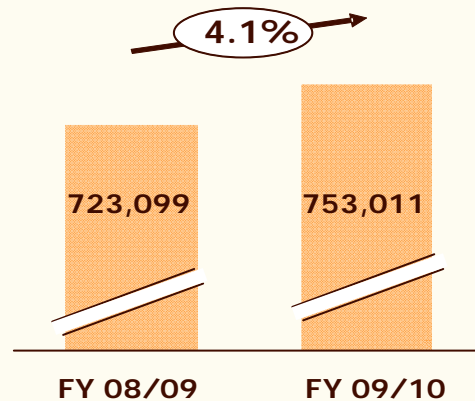
in mCHF





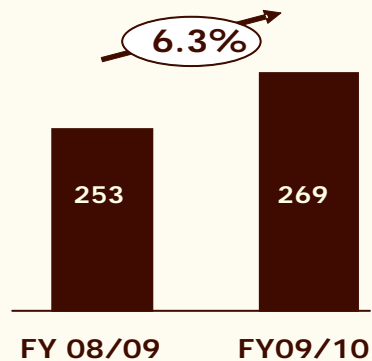
# Region Europe Strong performance amidst challenging market conditions

## Sales volume (tonnes)



## EBIT (CHF million)

+8.3% in local currencies



## Europe

Food Manufacturers (FM),  
Gourmet and Consumer

57.7% of total sales volume



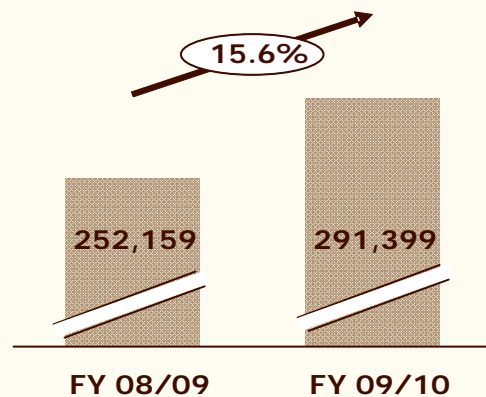
- Market demand in Western Europe recovered, although UK and France are still slightly negative, Eastern Europe market still not yet on a positive growth path
- In FM strong growth of compounds and fillings, as well as our decorations business and an increasing demand for nut and specialties products
- In Gourmet we saw market share gains, as a result of increased focus, organizational optimization and integration of Chocovic and Eurogran
- Volume of our Consumer Products business slightly decreased
- Positive EBIT growth due to efficiency gains, slight margin improvements and strict cost control



## Region Americas

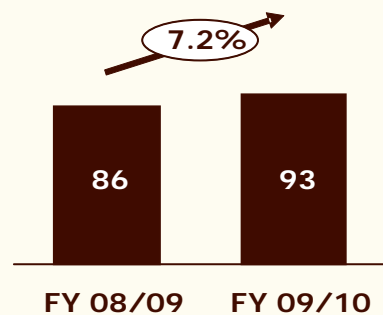
# A strong top-line translates into profit improvement

### Sales volume (tonnes)



### EBIT (CHF million)

+6.3% in local currencies



## Americas

### Food Manufacturers & Gourmet

22.3% of total sales volume



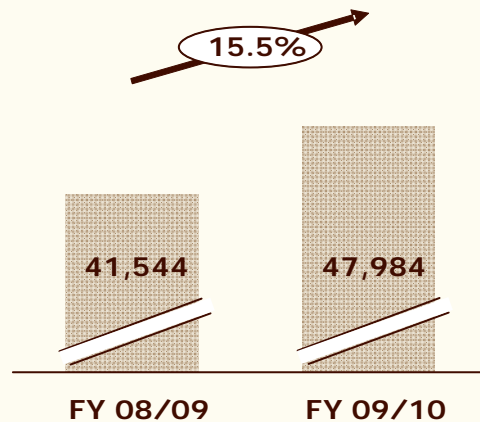
- Chocolate consumption in the US saw low levels in early 2010 and rebounded strongly in last quarter; overall the US chocolate market grew by 2.7%. In Brazil, the chocolate market increased 3.5% vs. prior year
- The foodservice segment showed a modest recovery, at home consumption increased (bakeries), as well as more casual dining.
- Highly competitive market in medium sized national customers
- Food Manufacturers volume grew at double-digit driven by Corporate accounts, leading to an overall gain in market share
- Our Gourmet & Specialties business out-performed due to substantial growth in higher-end import brands such as Cacao Barry and Callebaut



# Region Asia - Pacific

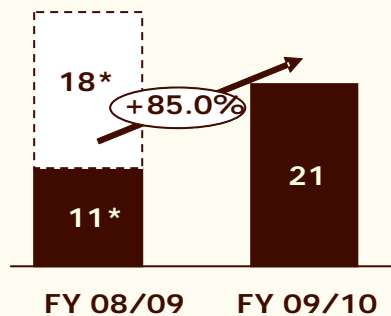
## A strong growth story continues

### Sales volume (tonnes)



### EBIT (CHF million)

+87.6 % in local currencies\*



\*Excluding one-off gain on sale of Asian Consumer business in prior year

### Asia-Pacific

#### Food Manufacturers & Gourmet

3.7% of total sales volume



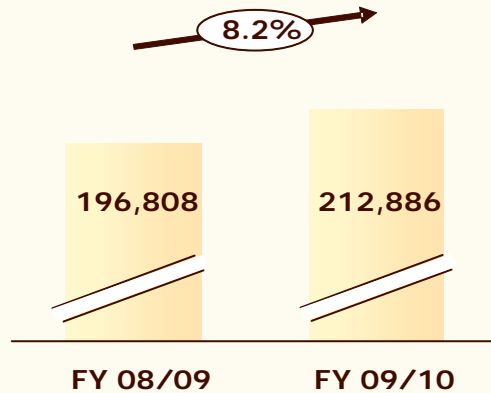
- Chocolate consumption in China, India, Indonesia and Malaysia showed overall significant growth, while Japan did not grow
- We achieved double digit growth with industrial as well as artisanal customers
- Multinational as well as local customers showed very good performance, although exports from China are still affected by the past food scandals
- Gourmet business showed a strong demand for European brands as well as for the local brands both showed double-digit growth in almost every market
- Capacity utilization improved strongly, therefore we had better coverage of our fixed costs and dramatic improvement of EBIT



# Global Sourcing & Cocoa

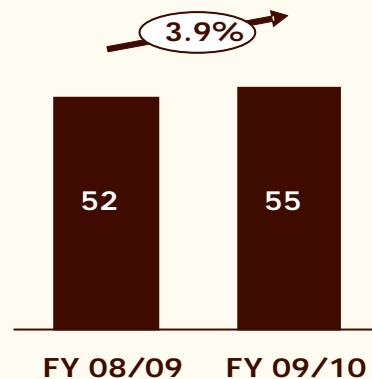
## Creating value through our core ingredients

### Sales volume (tonnes)



### EBIT (CHF million)

+5.4 % in local currencies



### Global Sourcing & Cocoa

#### Cocoa semi-finished products

16.3% of total sales volume



- Volatile cocoa markets and new historical highs driven by fears of a poor crop and heavy speculative buying
- Strongly increased the volume of cocoa products sold to third-party customers by 8.2%. Especially North and South America performed above-average
- High demand in cocoa powder, mainly in the bakery, ice cream and beverage industry, as well as for compounds in chocolate confectionery
- Negative impact from low butter ratio, offset by volume growth and good performance in developing regions
- Higher demand for certified products





## From EBIT to PAT Lower financial expenses contributed to record Net Profit

	Change in % In local currencies	Change in %	FY 2009/10	FY 2008/09
<b>Operating profit (EBIT)</b> [CHF m]	7.9%	5.6%	370.4	350.8
Financial items [CHF m]	-9.4%	-11.5%	(81.1)	(91.6)
Result from investments in associates and joint ventures [CHF m]			(0.3)	0.4
Income taxes [CHF m]	15.1%	14.1%	(37.3)	(32.7)
<i>Tax rate [in %]</i>			-12.9%	-12.6%
<b>Net Profit for the year</b> [CHF m]	13.5%	10.9%	251.7	226.9

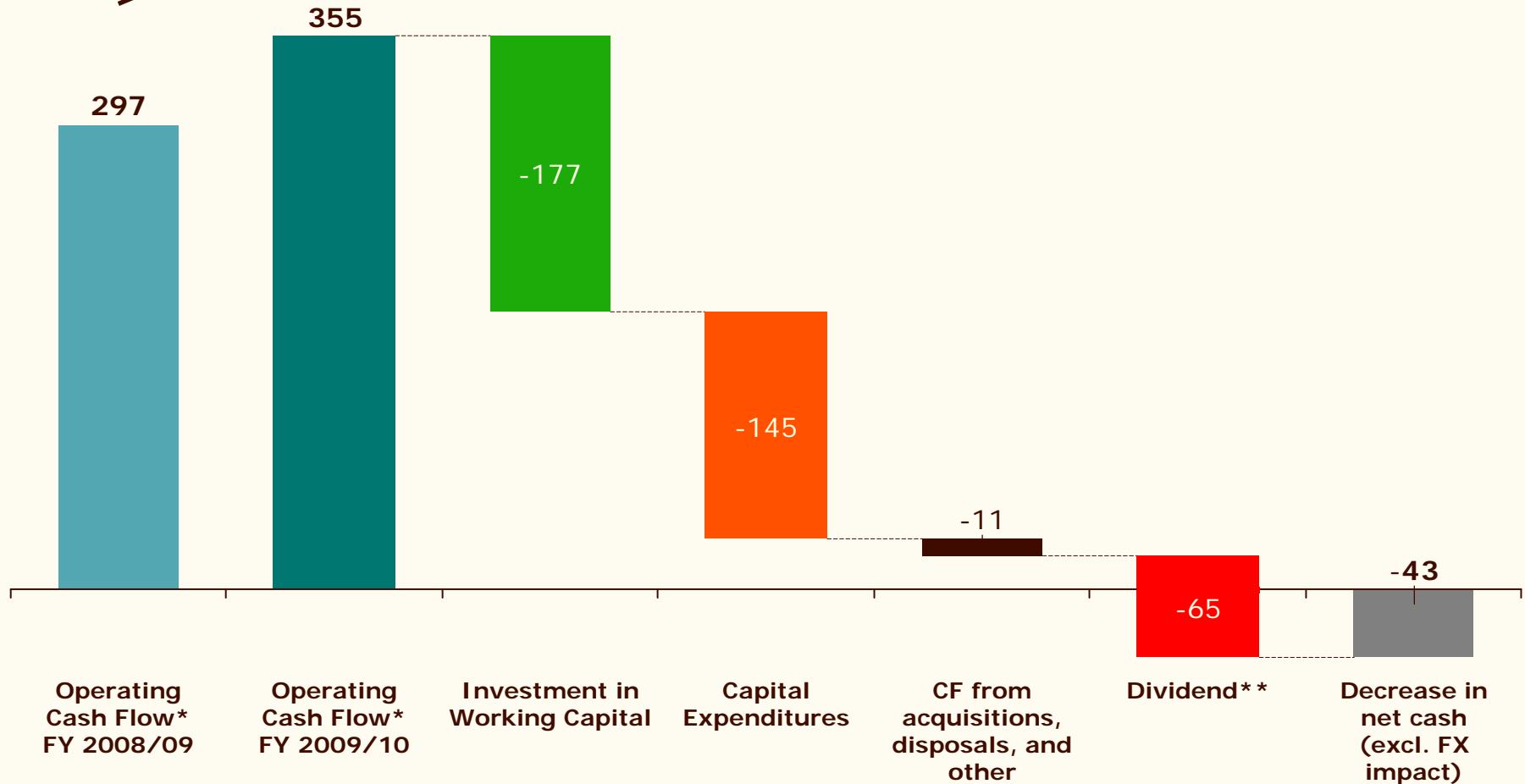
# Cash Flow FY 2009/10

## Improved Cash Flow key to support the speed of our growth



in mCHF

+19.3%



\* Before WC changes, after interest and tax

\*\* Paid by way of nominal share value repayment



## Balance Sheet

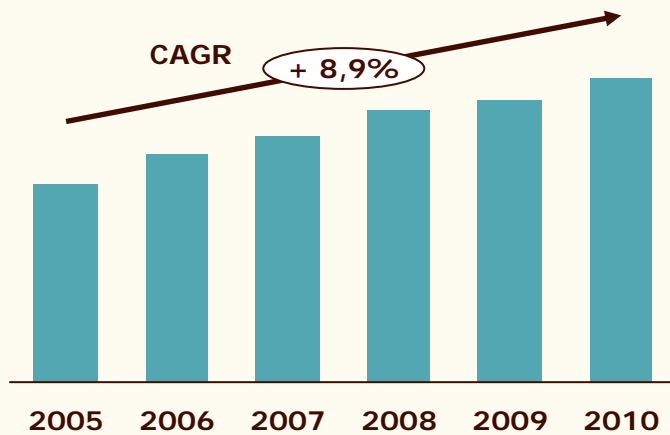
# Solid Financials with improvement of all key ratios

	Change in %	August 2010	August 2009
<b>Total Assets</b> [CHF m]	1.6%	3'570.8	3'514.8
<b>Net Working Capital</b> [CHF m]	-4.5%	964.9	1'010.1
<b>Non-Current Assets</b> [CHF m]	-1.8%	1'405.8	1'432.2
<b>Net Debt</b> [CHF m]	-7.6%	870.8	942.7
<b>Shareholders' Equity</b> [CHF m]	3.7%	1'302.3	1'255.6
<b>Debt/Equity ratio</b>		66.9%	75.1%
<b>Solvency ratio</b>		36.5%	35.7%
<b>Net debt / EBITDA</b>		1.9x	2.1x
<b>Interest cover ratio</b>		5.8x	5.0x
<b>ROIC</b>		14.8%	13.9%
<b>ROE</b>		19.6%	18.1%

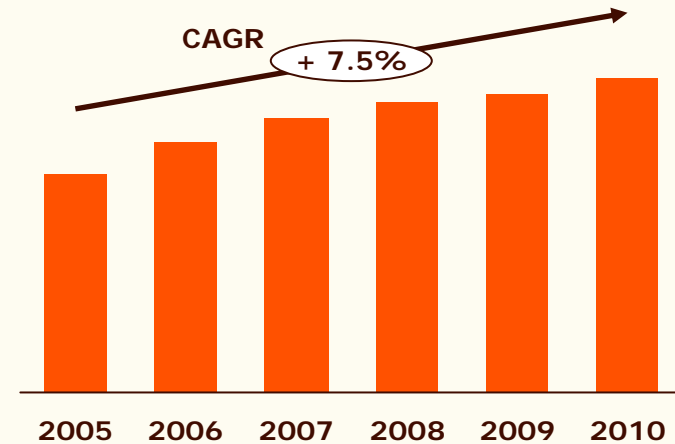


# BC's sustainable and solid top-line and bottom-line growth over the last 5 years

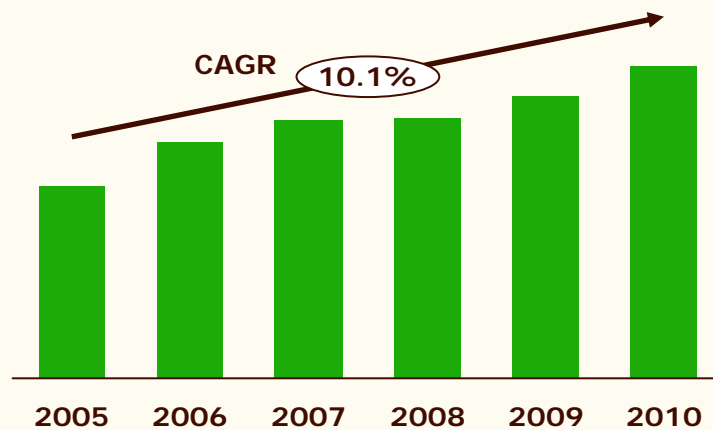
### Sales Volume



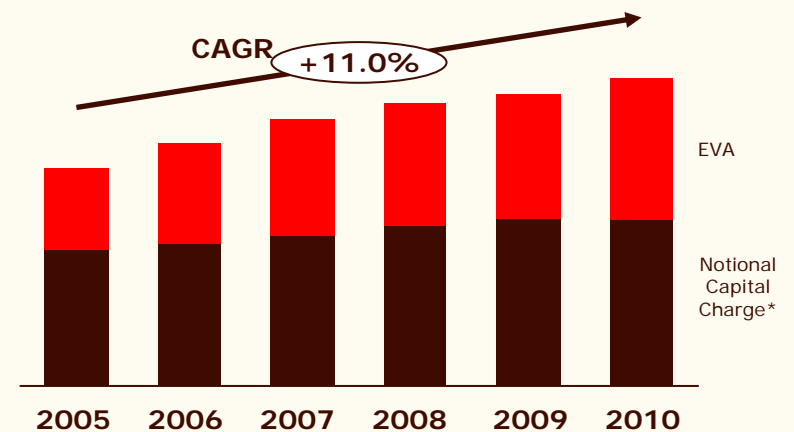
### EBIT in CHF



### Net profit in CHF \*



### Economic Value Added in CHF

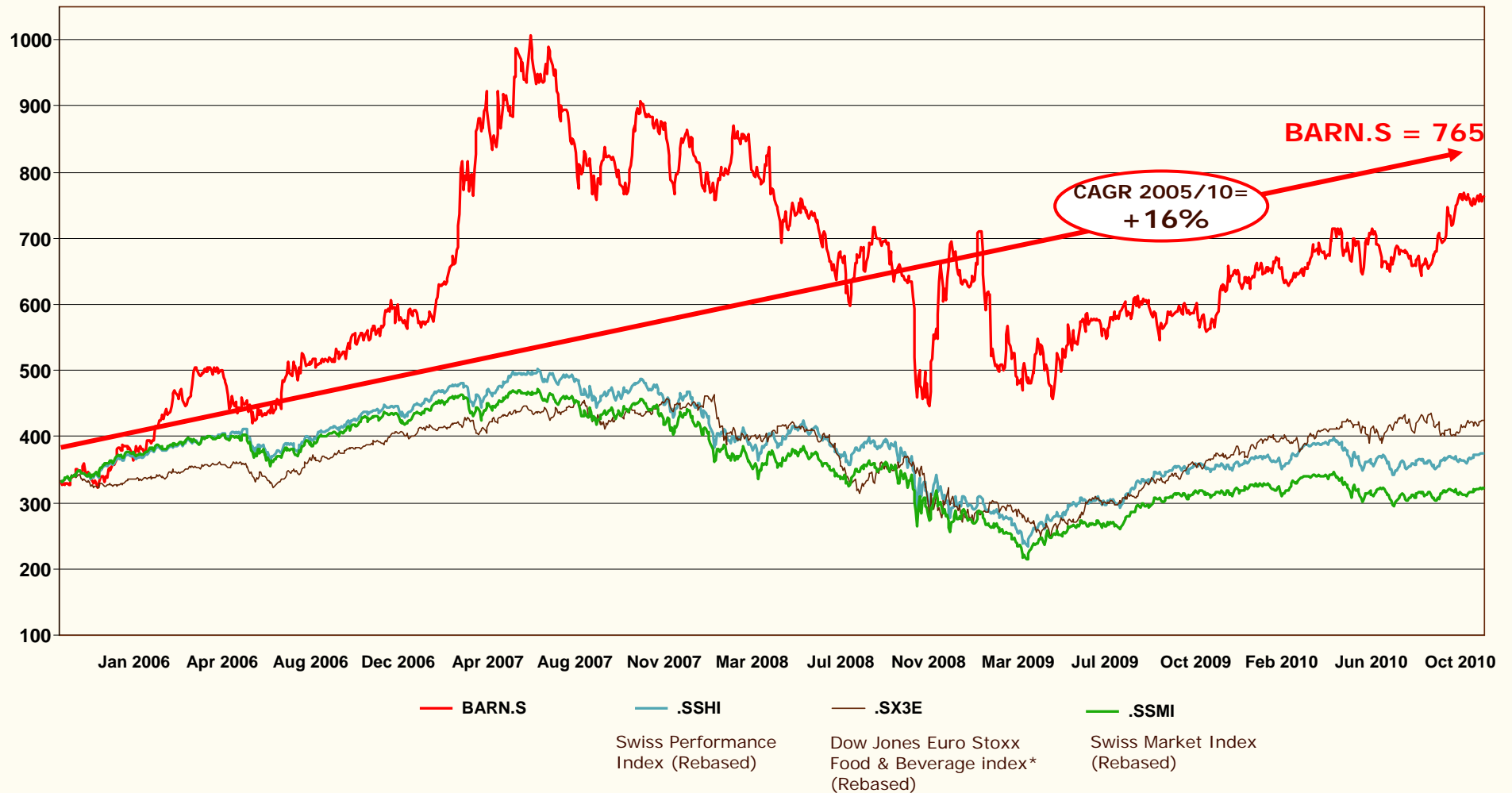


\* Continuing operations

\* WACC = 8%



# BC share price development over last 5 years vs. relevant indexes





## Proposed pay-out: Increase of 12% to CHF 14.0 per share

CHF per share	Change in %	FY 2009/10	FY 2008/09
Profit from continuing operations	10.5%	48.6	44.0
<b>Proposed payout</b>	12.0%	<b>14.0</b>	<b>12.5</b>
Payout ratio (continuing operations)		28.8%	28.4%
<b>Total proposed payment [CHF m]</b>	12.0%	<b>72.4</b>	<b>64.6</b>

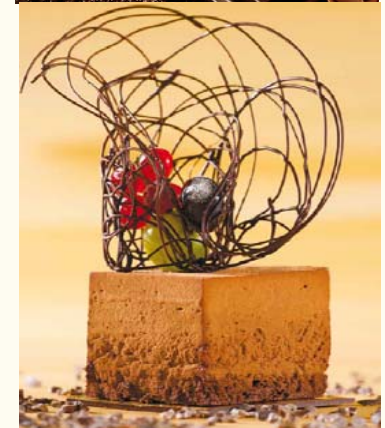
- Reduction of nominal value of Barry Callebaut share by CHF 14.0 proposed by the Board of Directors
- Reduction of nominal value of share instead of dividend is usually tax free for private Swiss shareholders





# Agenda

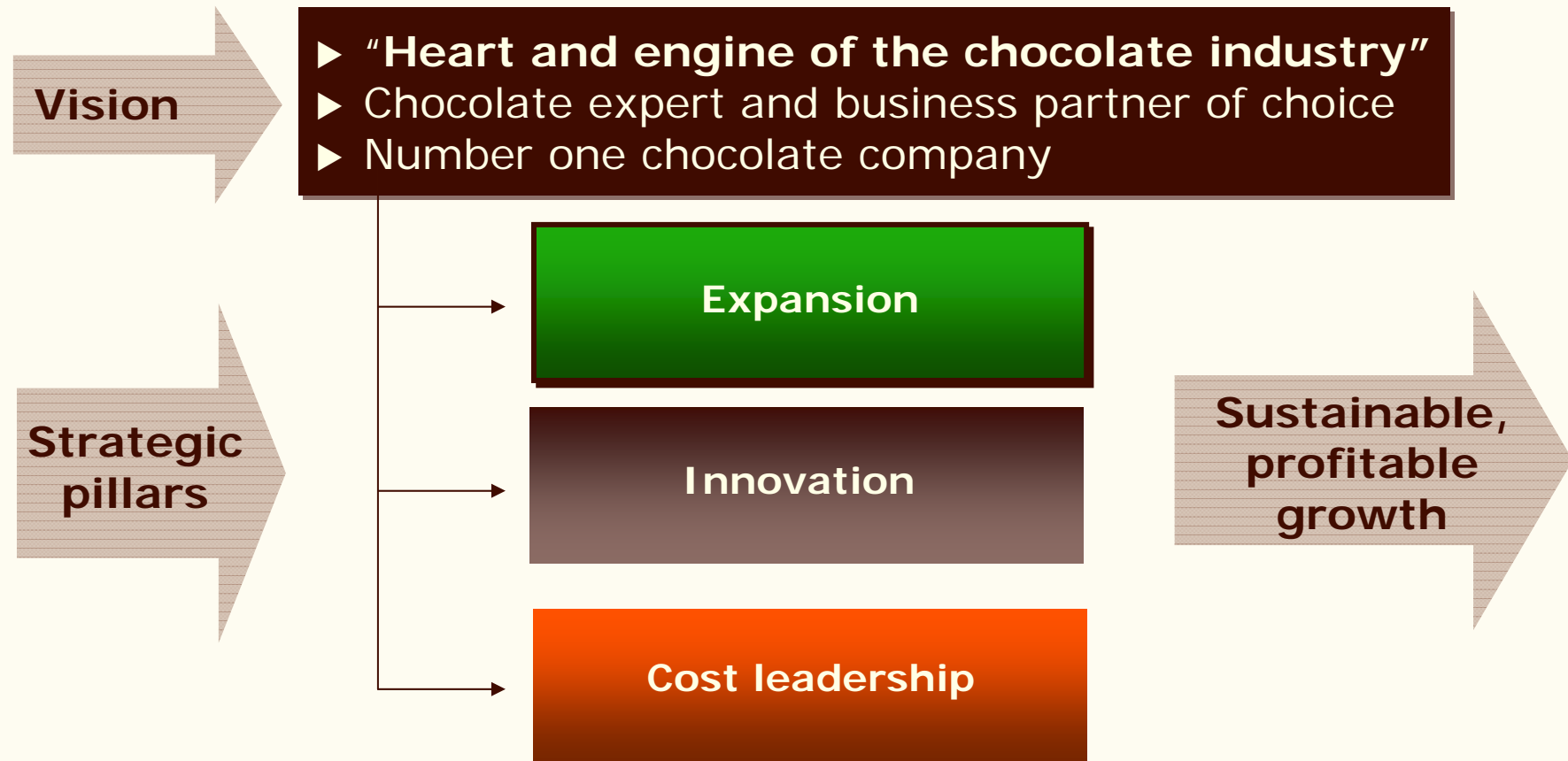
- ▶ Highlights FY 2009/10
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# Fine-tuning our strategy

## Growth Strategy



# Fine-tuning our strategy

## "Expansion" in different dimensions



### Geography

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



### Outsourcing & Strategic Partnerships

- Strengthen our current partnerships
- Implementation of Kraft deal
- New outsourcing deals with local/regional players



### Gourmet & Specialties Products

- Accelerate growth of Gourmet & Specialties Products business





# Fine-tuning our strategy on Gourmet

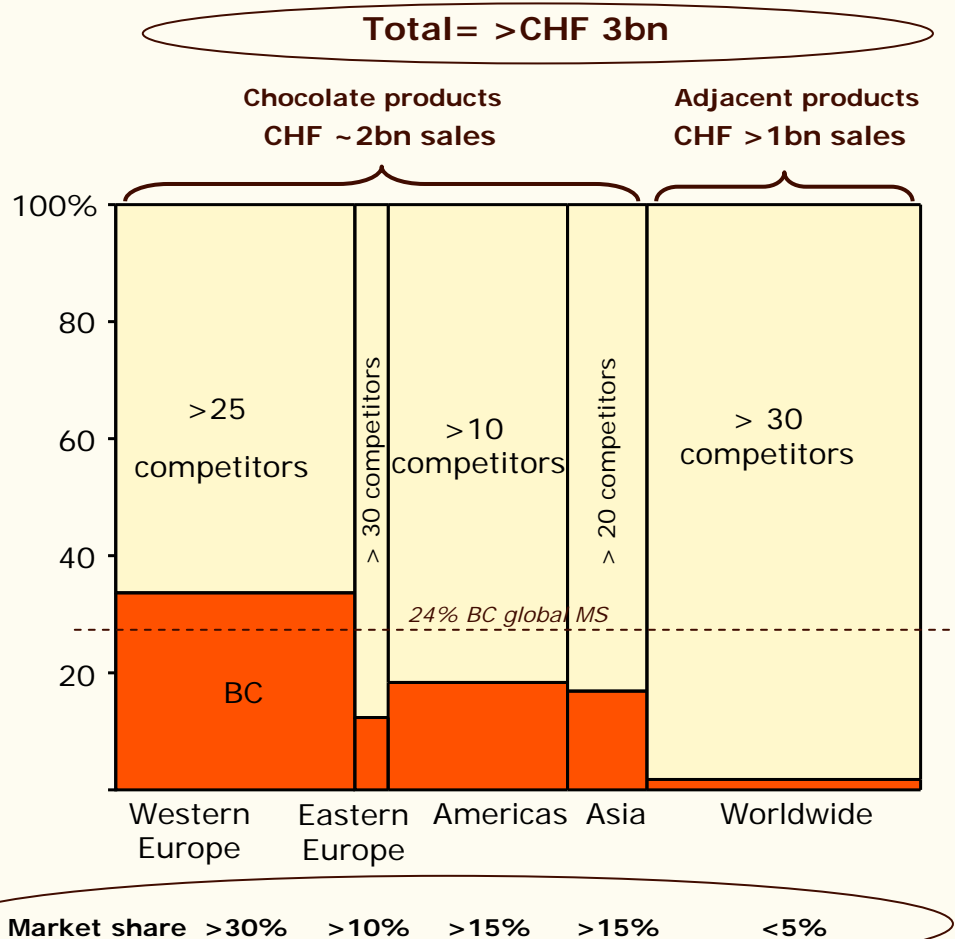
## Goal: Strengthen our Global Gourmet Leadership





# Fine-tuning our strategy on Gourmet Global Gourmet market

## Gourmet global market and BC presence



## Market

- ▶ Highly fragmented market with more than 100'000 end-customers
- ▶ Three main segments:
  - ▶ Confectioners: artisanal chocolate shops
  - ▶ BAPA: bakery and pastry shops
  - ▶ HORECA: restaurants, hotels and caterers
- ▶ Main competitors: Valrhona, Felchlin, Belcolade and many local players

## Key trends

- ▶ Consolidation (distribution, end-customers)
- ▶ Differentiation
- ▶ Convenience



# Fine-tuning our strategy on Gourmet

## Our business today

- ▶ Global Market leader
  - ▶ Sales Revenue more than CHF 700 mio (24% market share)
  - ▶ Present in all major markets, through own sales office or agent
  - ▶ We sell via different channels: distributors, wholesalers, cash & carry and directly
- ▶ Brands:
  - ▶ Callebaut: "Finest Belgium chocolate"
  - ▶ Cacao Barry: "French chocolate"
  - ▶ More than ten locally rooted labels
- ▶ Products: >500 recipes in chocolate, plus adjacent products
- ▶ 13 Chocolate academies; ~20,000 people attended our trainings or demos per year





Fine-tuning our strategy on Gourmet

# Six actions for accelerated Gourmet growth in the future



1. Sharpen focus on two global brands Cacao Barry and Callebaut
2. Move from a product to a segment focus
3. Increase adjacent product offering
4. Accelerate geographical expansion
5. Growth through acquisitions
6. Dedicated Gourmet organization with own P&L / "Independent but interdependent"



Decorations  
(Confectioners)



Fillings  
(BAPA)

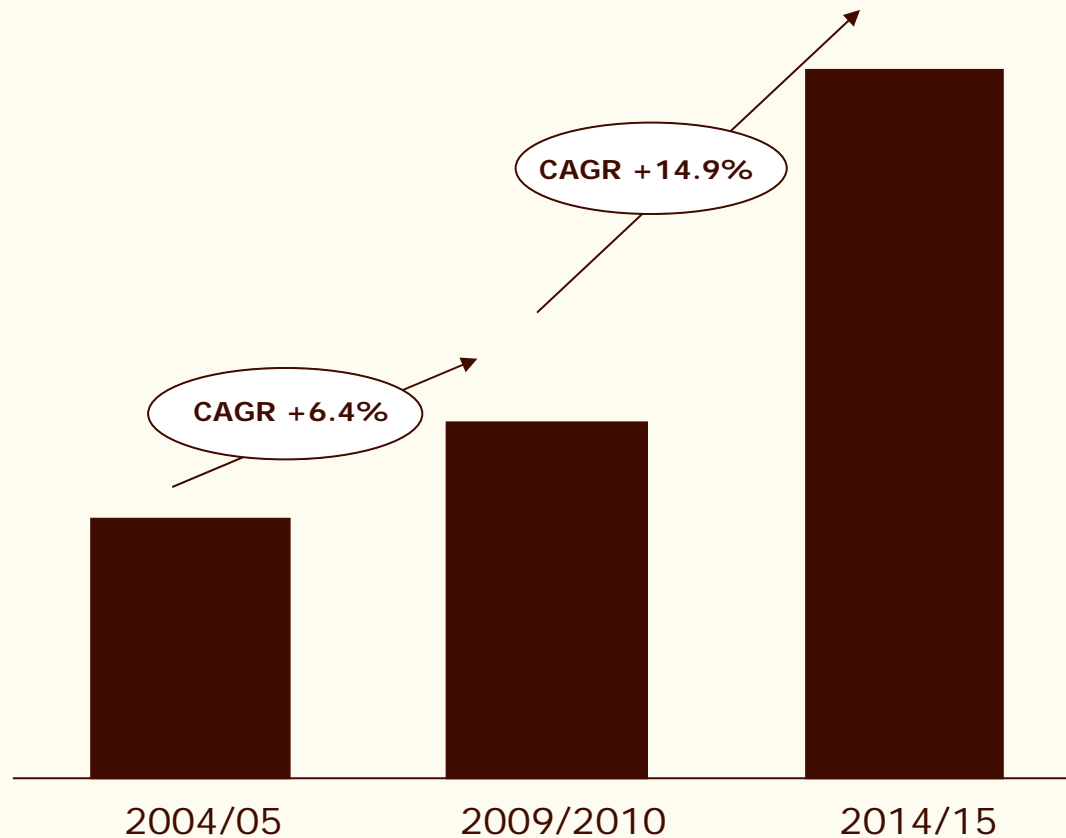


Frozen  
(Foodservice)

# Fine-tuning our strategy on Gourmet Gourmet growth target



- ▶ Double our sales volume until 2014/2015  
(Combination of organic growth and acquisitions)





## Outlook

# Financial targets confirmed and extended

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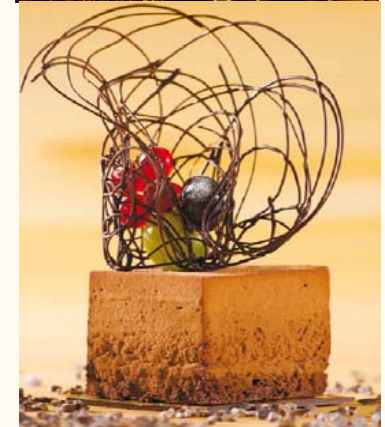
- ▶ Three-year growth targets for 2009/10 – 2011/12 extended by one year through 2012/13
  
- ▶ Annual growth targets on average\* for 2009/10 through 2012/13:
  - Volumes: 6-8%
  - EBIT: at least in line with volume growth

\* 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.



# Agenda

- ▶ Highlights FY 2009/10
- ▶ Financial and operational performance
- ▶ Strategy & Outlook
- ▶ **Q & A**





# Summary



**Strong year – dynamic growth  
Outperforming global chocolate  
market**

**Excellent growth in all Regions,  
especially in emerging markets  
and in Gourmet & Specialties**

**Proven growth strategy**

**Financial targets confirmed and  
extended through 2012/13**





# Barry Callebaut Financial Calendar 2010/11

- ▶ Annual General Meeting 2009/10 - December 7, 2010
- ▶ 3-month key sales figures 2010/11 - January 12, 2011
- ▶ Half-year results 2010/11 - April 1, 2011
- ▶ 9-month key sales figures 2010/11 - June 30, 2011
- ▶ Full-year results 2010/11 - November 10, 2011
- ▶ Annual General Meeting 2010/11 - December 8, 2011







Thank you for your attention!

