



Barry Callebaut

9-month key sales figures 2009/10

July 2010



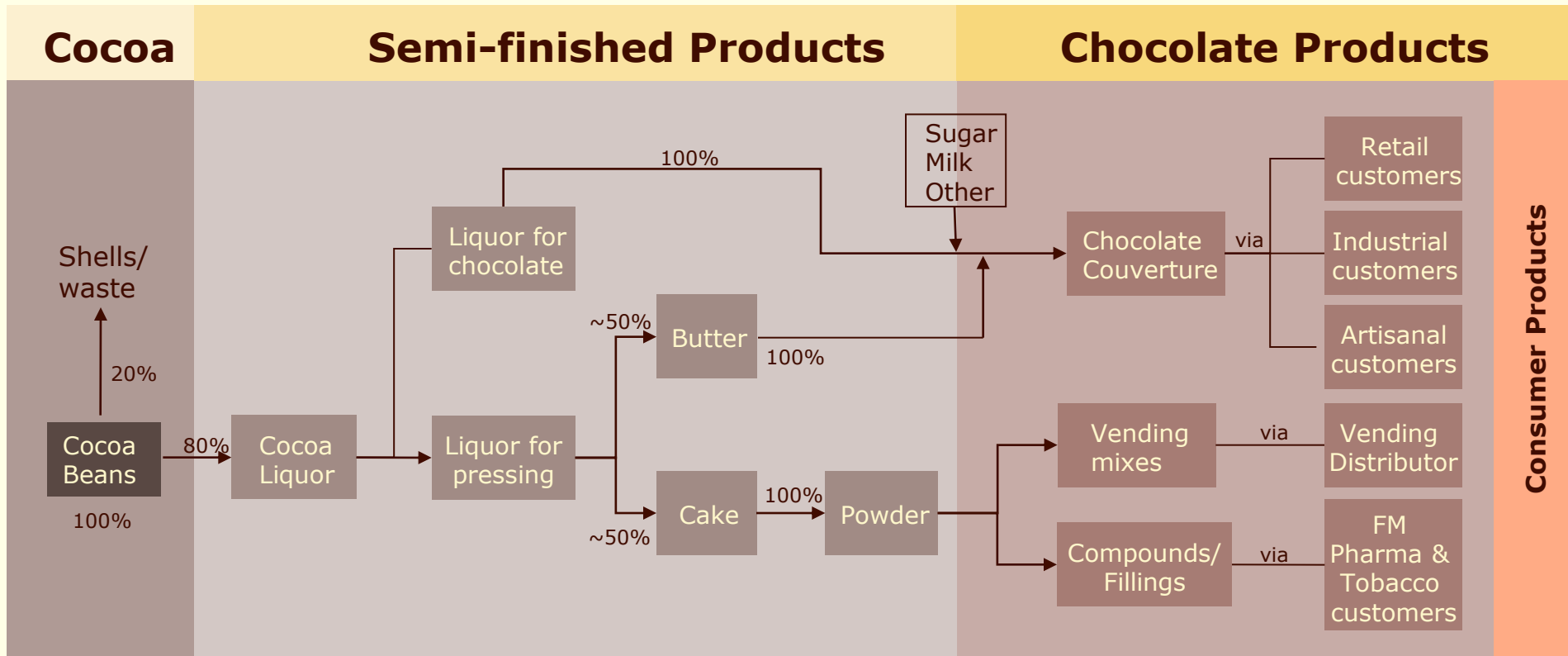


Agenda

- ▶ **Barry Callebaut at a glance**
- ▶ Highlights 9 months 2009-2010
- ▶ Outlook



Barry Callebaut is active along the entire cocoa and chocolate value chain

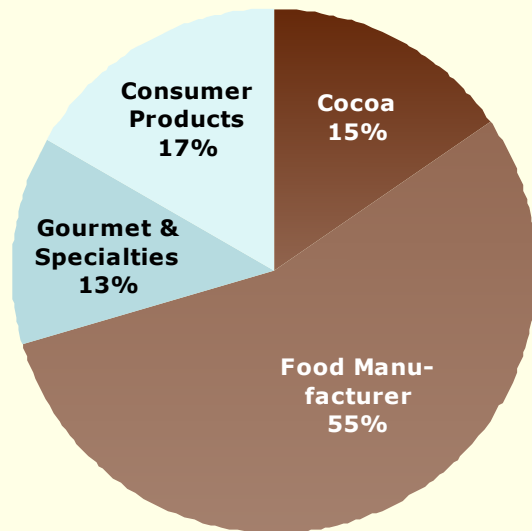


Barry Callebaut at a glance



FY 2008/09

Net revenue: CHF 4.9 bn



EBIT CHF 350.8 m

Net Profit CHF 226.9 m

- ▶ **World leader** in high-quality cocoa and chocolate products and **outsourcing partner** of choice, with over **40% share** in the open industrial chocolate market
- ▶ World's **largest supplier of Gourmet & Specialties chocolate** for artisanal customers
- ▶ **Global service and production** network, employing about more than **7,000 people** worldwide, over 40 production factories
- ▶ **Fully integrated** with a strong position in the countries of origin
- ▶ **Close to 1,700 recipes** to cater for a large variety of individual customer needs
- ▶ **Low cost production** with large number of focused chocolate & cocoa factories
- ▶ Achieved **consistent earnings stream**

Cocoa, dairy, and sugar are the most important raw materials we source



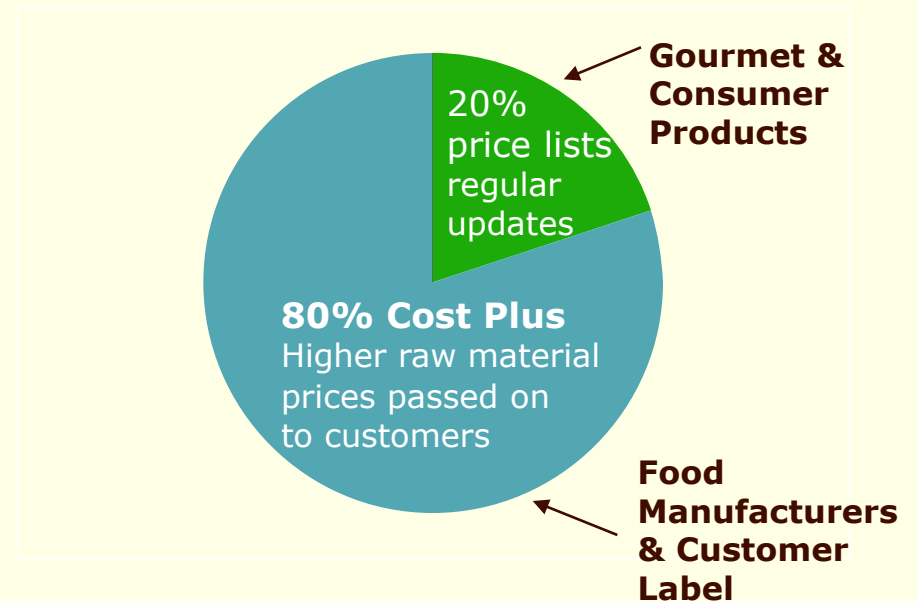
100g chocolate tablet contains:

	Milk	Dark
Cocoa liquor	11g	44g
Cocoa butter	24g	12g
Milk powder	22g	-
Sugar	42g	43g
Other	1g	1g

BC sourced in 08/09:

		% of total raw material value
Cocoa	541 KT	51%
Sugar	450 KT	11%
Dairy	120 KT	12%
Oils and Fats	58 KT	3%
Other		24%

Barry Callebaut business model



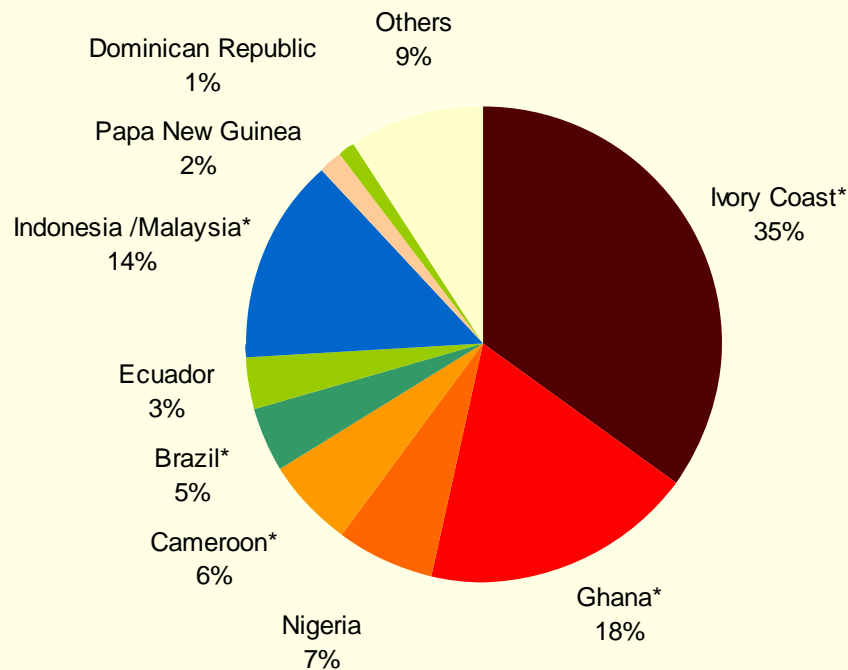
Major profit drivers are in manufacturing (capacity utilization), supply chain optimization, logistic costs and competitive environment (commodities vs specialties)

Raw materials represent about 70% of our total costs

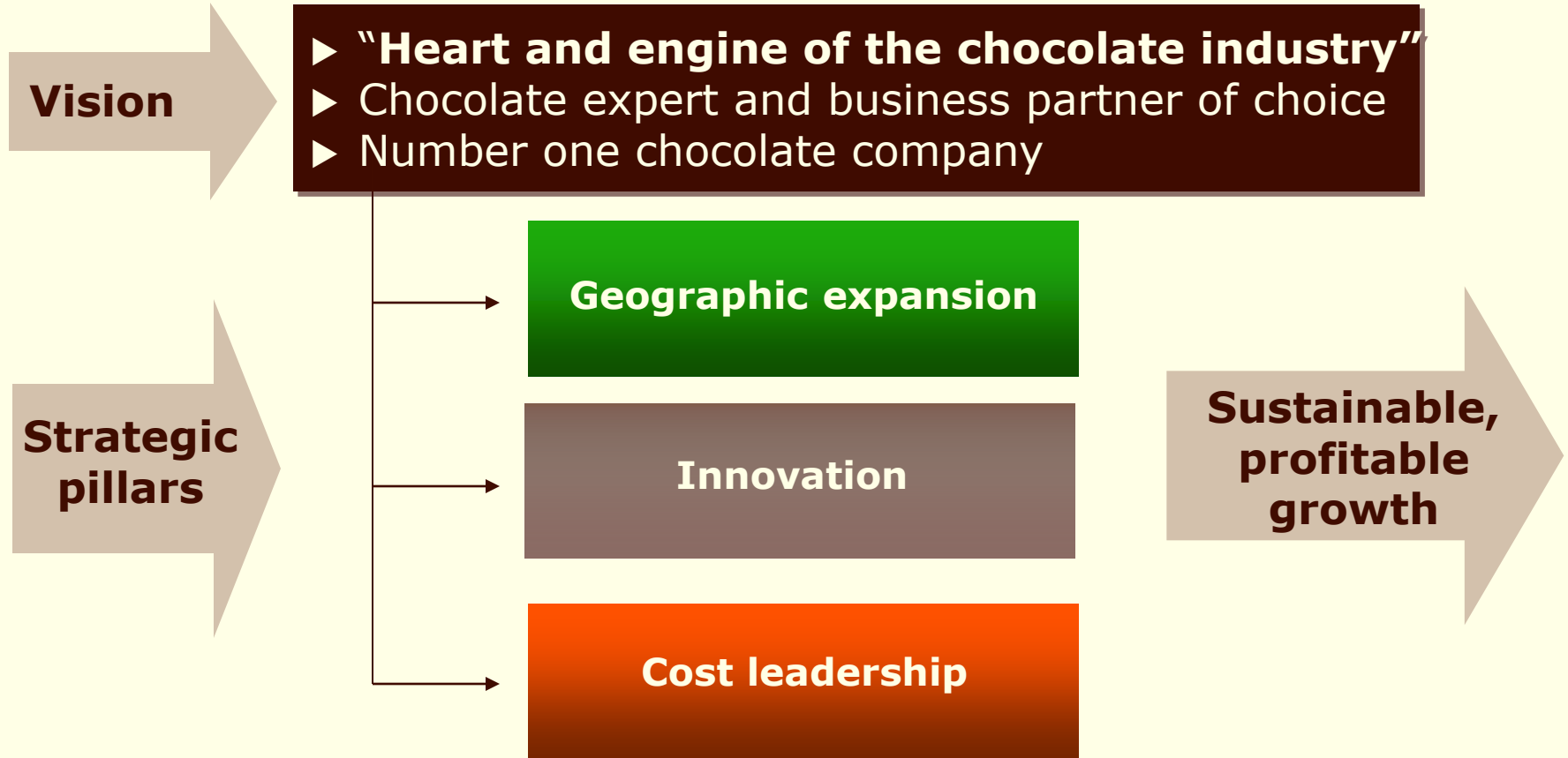
West Africa is the world's largest cocoa producer – BC sources locally



Total world harvest (08/09): 3 456 k MT



- ▶ BC sources ~540k MT/y (08/09) cocoa, thereof 65% directly from farmers, cooperatives & local trade houses
- ▶ BC has various cocoa processing facilities in origin countries*, in Europe and in the USA

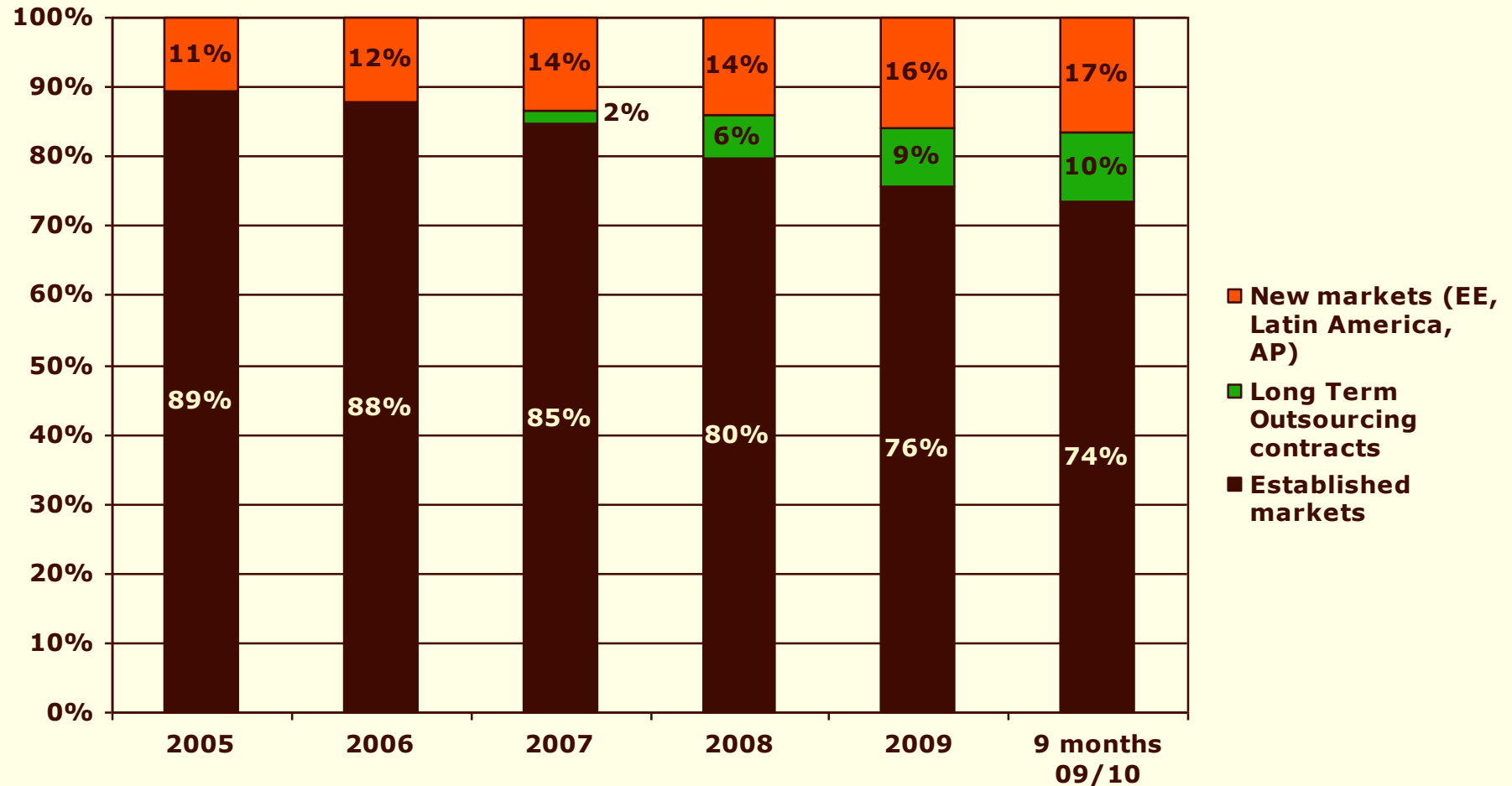


Geographic expansion

Growth comes from new regions & outsourcing deals



Barry Callebaut share in sales volumes in % of total



Innovation: BC focuses on major food trends...



Health

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



Experience

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

Convenience

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

Ethics

- ▶ Corporate Social Responsibility
- ▶ Environmental policy
- ▶ Support for cocoa farmers and families in origin countries

Cost leadership

Factory costs on per tonne activity down by 5%*



E

- ▶ **Capacity utilization** for liquid chocolate: up from 79.4% to 82.5%
- ▶ **Energy consumption** per tonne activity: down by 7%
 - ▶ CO₂ per tonne activity down by 5.4%
- ▶ **Headcount** in factories and logistics: down by -4.7% despite volume increase, i.e. significant productivity improvement
- ▶ **Maintenance costs** per tonne activity: down -3% at constant exchange rates

* At constant currencies



Three main growth drivers support our strategy

Gourmet

- The Professional segment is a very fragmented market to be further developed. Currently only 13% of BC's business.



Outsourcing

- Chocolate players currently outsource 10-12% of their total production, with high potential to be increased



Emerging Markets

- Focus on Eastern Europe, Asia, Brazil and Mexico



Barry Callebaut's Gourmet & Specialties business: The preferred solutions provider for chocolate professionals



- ▶ >200 chocolates used as ingredient by professionals
- ▶ Convenience products that are easy to use
- ▶ Innovative, creative decoration articles that differentiate our customers products
- ▶ Focused offering for vending operators
- ▶ 100,000+ premium artisan users
 - ▶ >30,000 bakeries and pastry shops
 - ▶ >75,000 hotels, restaurants and catering companies
 - ▶ >2,000 artisan confectioners
- ▶ A global activity present in 80+ countries
 - ▶ 22 countries have dedicated teams
 - ▶ Large network of leading importers and distributors

3 distinct European brands:



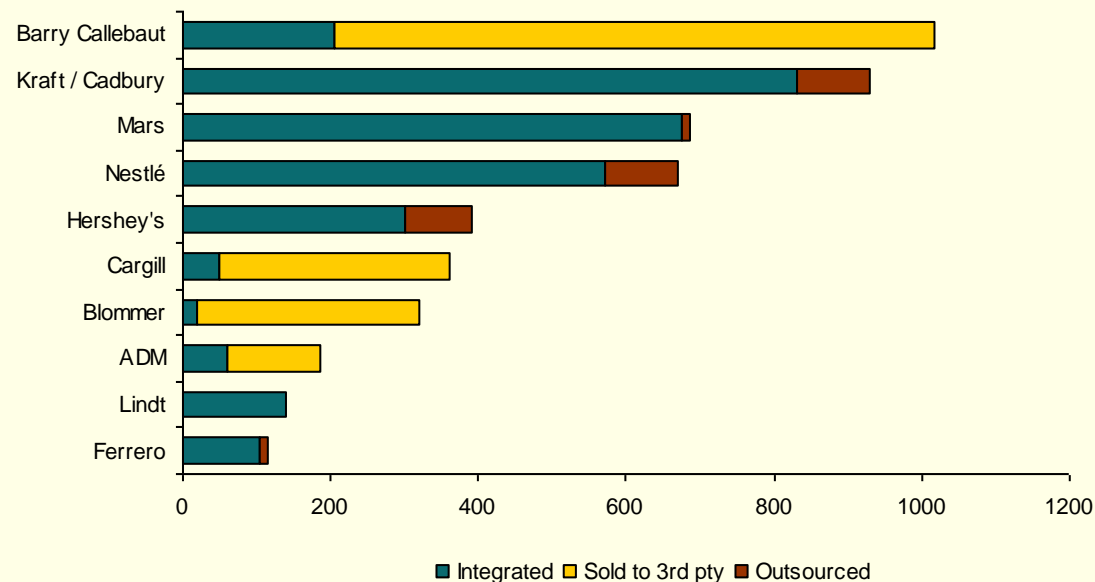
Outsourcing

Additional market outsourcing potential between 250,000 and 500,000 tonnes



- ▶ Global industrial chocolate production estimated at 5.5 million tonnes pa.
- ▶ Top five players account for about half of this volume
- ▶ Top 5 consumer chocolate players currently outsource on average 12% of their chocolate production
- ▶ Expected to increase to 20-40% over the next 5 years, or additional outsourcing potential of 250-500,000 tonnes

Top 10 Manufacturers of Industrial Chocolate
(in '000 tonnes)



Source: BC Estimates – 2009

Outsourcing

Rationale for chocolate players to outsource



- ▶ Take out complexity of their own production
- ▶ Cost leadership in the chocolate production
- ▶ Access to new technologies
- ▶ Access to innovative processes /products /research
- ▶ Quality management and highly flexible production
- ▶ Focus resources on brand / marketing
- ▶ Less capital intense process
- ▶ Global networking outweighs insourcing historical roots
- ▶ Same level of traceability
- ▶ Avoid new capacity investments
- ▶ Access to special origin beans/fair trade /organic, etc

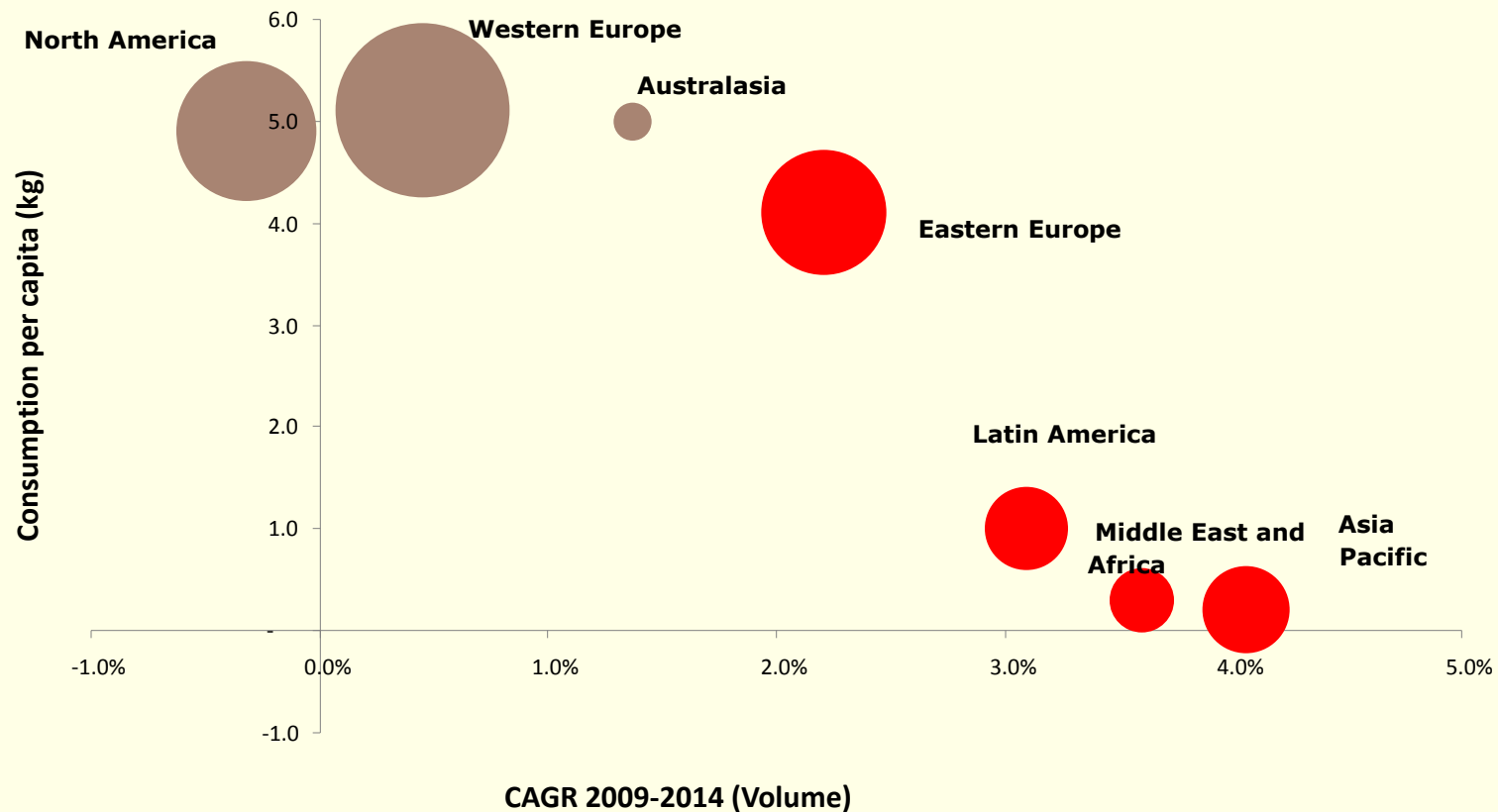


Market

Benefit from strong presence in mature markets but untapping opportunities in emerging markets



Global Chocolate Market



Source: Euromonitor



Agenda

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Highlights first nine months

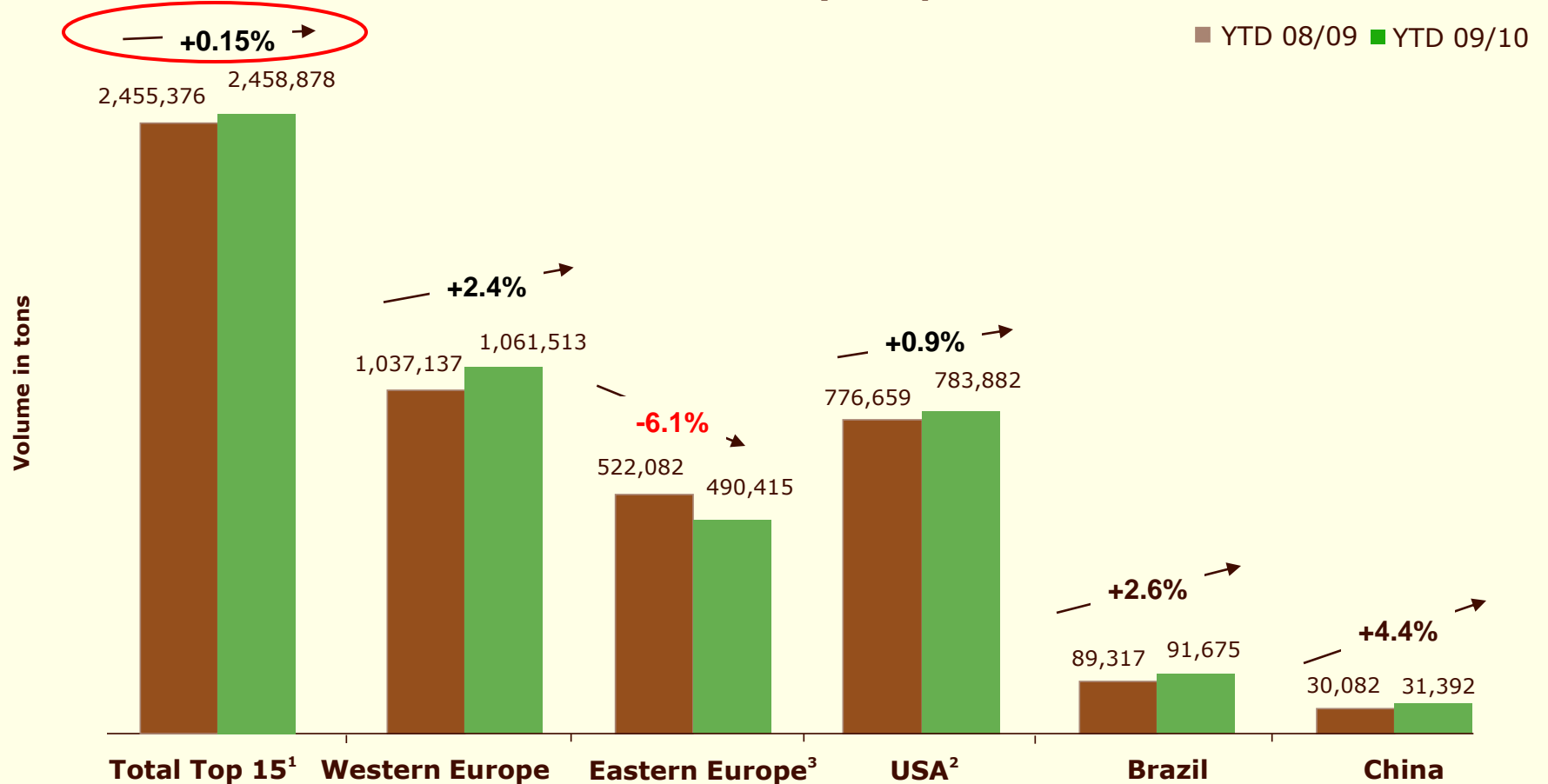
- ▶ In the third quarter **sales volumes further accelerated supported by all regions**, while world chocolate confectionery market was flat in volume terms
- ▶ Growth supported by **geographic expansion, increased focus in Gourmet, implementation of outsourcing volumes and market share gains**
- ▶ **Sales volumes:** 975,044 tonnes
 - ▶ Third quarter: +11.3%
 - ▶ Year-to-date: +8.9%
- ▶ **Sales revenue:** CHF 3,926.4 million
 - ▶ Third quarter: +19.4% in local currencies (in CHF +15.9%)
 - ▶ Year-to-date: +11.7% in local currencies (in CHF +7.9%)
- ▶ **Financial targets** for current fiscal year and mid-term confirmed



Global Market Environment

The world chocolate confectionery market showed a flat growth in the last 9 months

Global Chocolate confectionery – top 15 countries – YTD



1. Top 15 (countries): represents app. 73% of the global chocolate confectionery market in terms of volume

2. USA total volumes are estimated based on a world market share distribution by Euromonitor (USA Nielsen data is reported in units only)

3. Eastern Europe: Russia, Ukraine, Poland, Turkey

Note: coverage and reporting periods of Nielsen data varies from country to country

Raw material price development

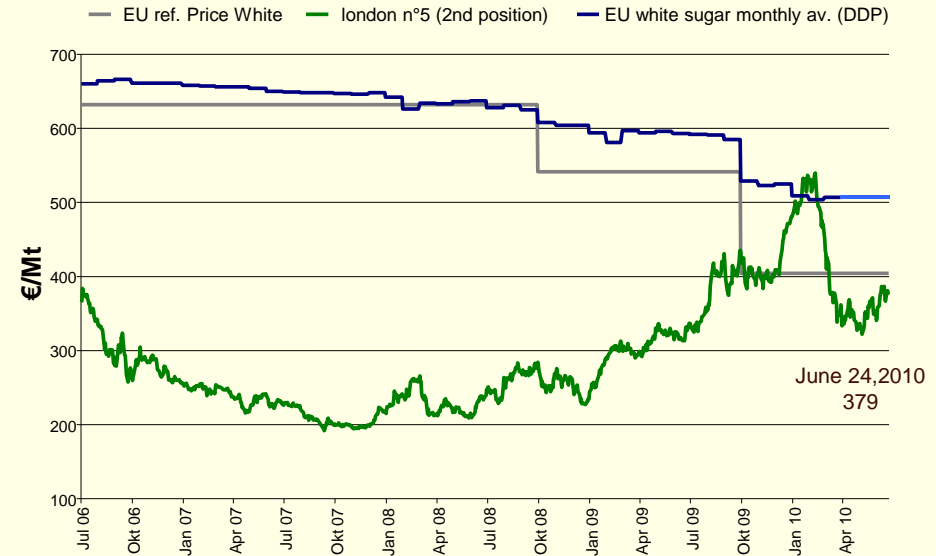
Cocoa prices at the highest level since 33 years, slowly easing, other raw materials volatile



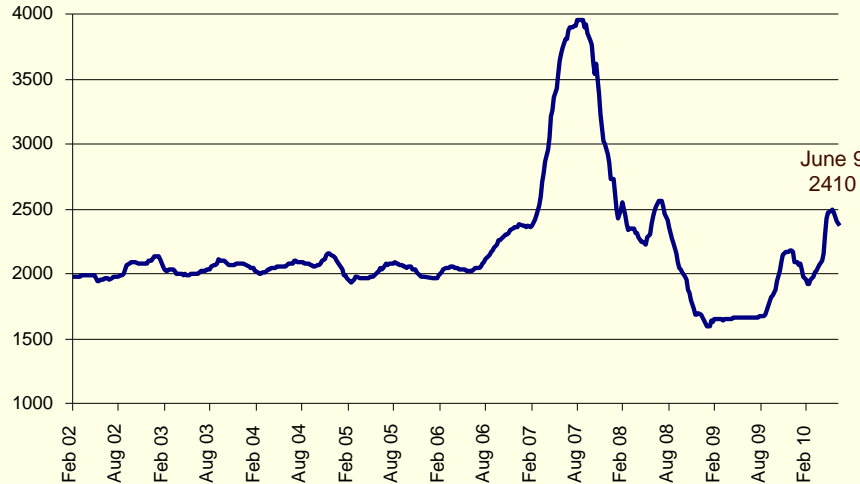
London Cocoa 2nd Position – Daily high/ low close, £/tonne



Av. Price for white sugar (communicated by EU sugar producers & refiners)



EUR /MT Skimmed milk powder prices



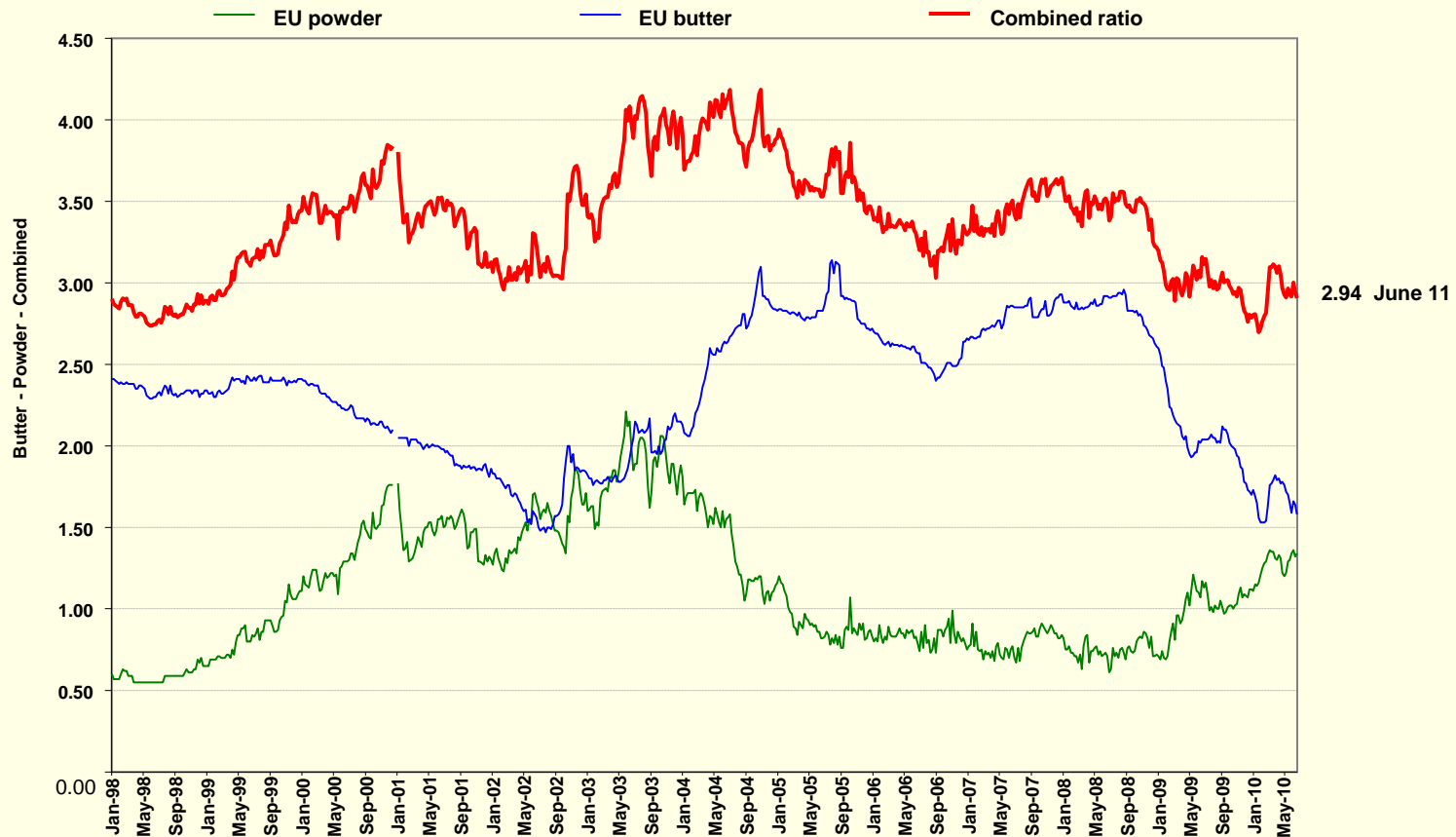
- ▶ BC's cost plus model for 80% of volume
- ▶ Cocoa price significantly above long-term average
- ▶ World sugar price has corrected. BC mainly sources in local, regulated sugar markets with different price mechanics
- ▶ Dairy prices are stabilizing



Raw material price development

Combined ratio unpredictable and volatile

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



- ▶ Combined cocoa ratio* was favorable in H1 2008/09, fell since Jan 2008, slightly recovered in Feb and since then volatile and hard to predict
- ▶ Low combined cocoa ratios have a negative impact on BC cocoa (semi-finished products) business



Volumes – 9 month

Volume growth further accelerated and all regions contributed to growth

Sales volume in '000 Metric tonnes

	Change in %	9 months 09/10	9 months 08/09
Group	+8.9%	975.0	895.4
Global Sourcing & Cocoa	+9.4%	156.9	143.4
Europe	+5.5%	572.0	542.3
Americas	+16.8%	210.5	180.2
Asia-Pacific	+20.9%	35.5	29.4

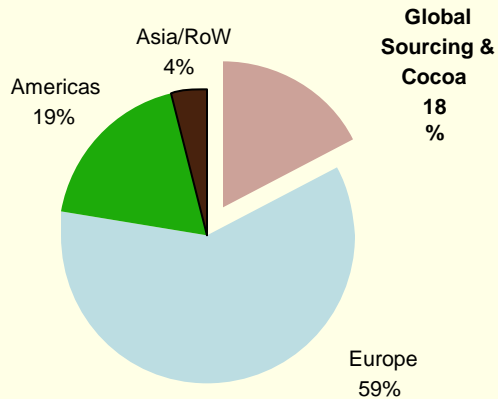
- ▶ Sales volumes up 8.9% in a flat chocolate market and coming from a positive growth base
- ▶ BC in Europe maintained its growth momentum, although the market in Eastern Europe still lags behind
- ▶ Americas supported by strong growth of the corporate accounts and further implementation of outsourcing volumes
- ▶ Strong performance of Asia on both Gourmet and FM, on a still low basis

Global Sourcing & Cocoa

Strong demand of cocoa powder in the last months

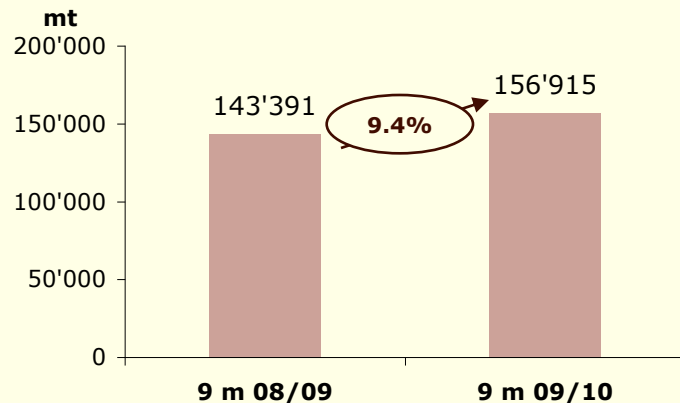


Revenue split 9 months 09/10

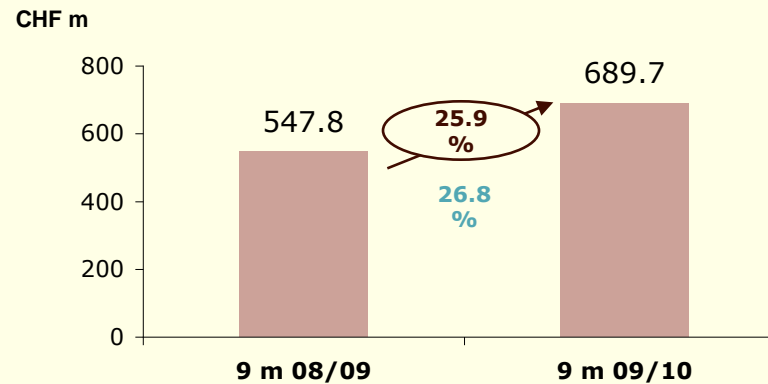


- ▶ Sharp increase in North America and South America sales (+11.5%) due to higher demand of cocoa powder
- ▶ Sales in Europe remained stable in the first 9 months, Eastern Europe and Asia below last year
- ▶ Pressing capacities were cut-back as a consequence of low butter rations/demand.

Volumes



Revenue

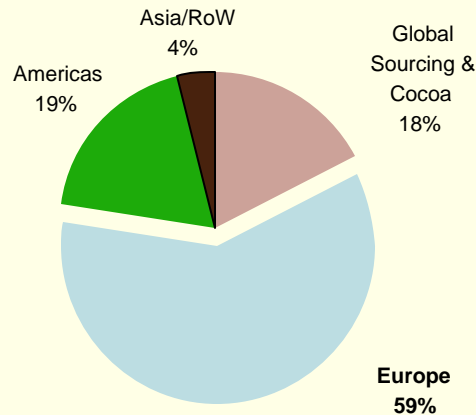


*change in local currencies



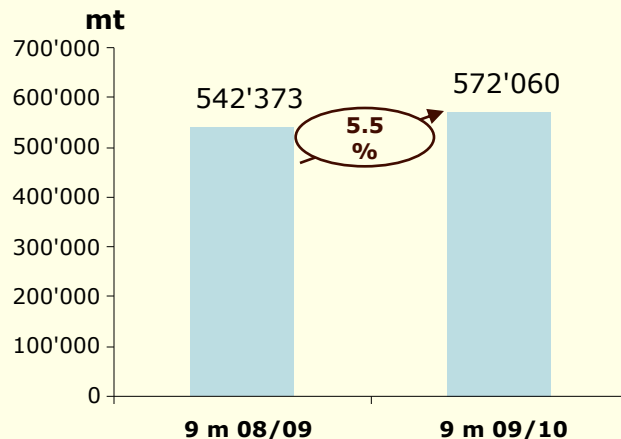
Maintained growth momentum in a flat market

Regional revenue split 9 months 09/10

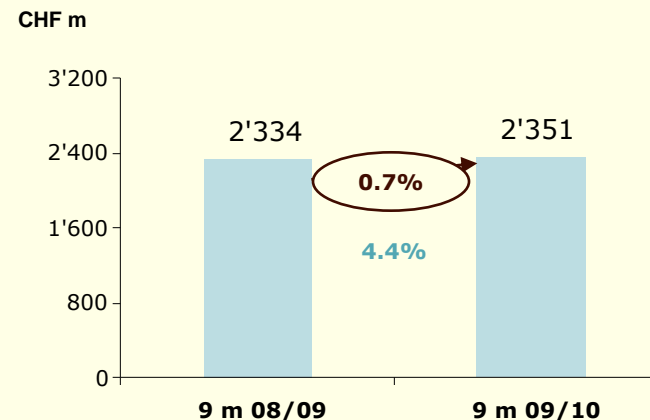


- ▶ Continuous growth in Food Manufacturers and Gourmet
- ▶ Western Europe and Eastern Europe showed a strong third quarter, in most of the countries, with the exception of Russia which still lags behind
- ▶ Gourmet had an important contribution to the Regional growth, due to increased focus on the business, market share gains and acquisitions

Volumes



Revenue

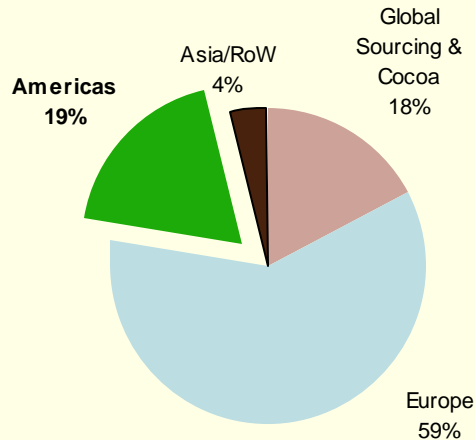


*change in local currencies

Good performance of corporate accounts and implementation of outsourcing volumes

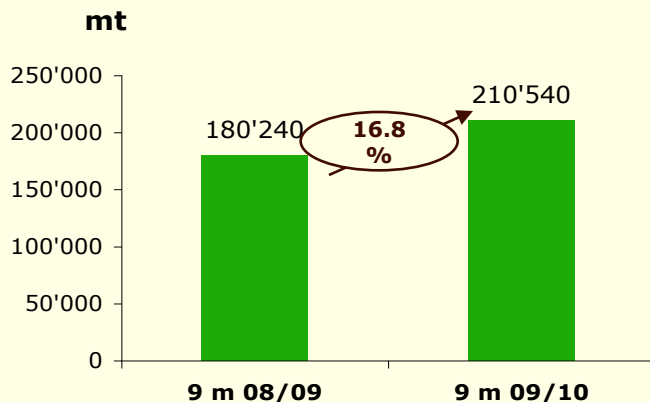


Regional revenue split 9 months 09/10

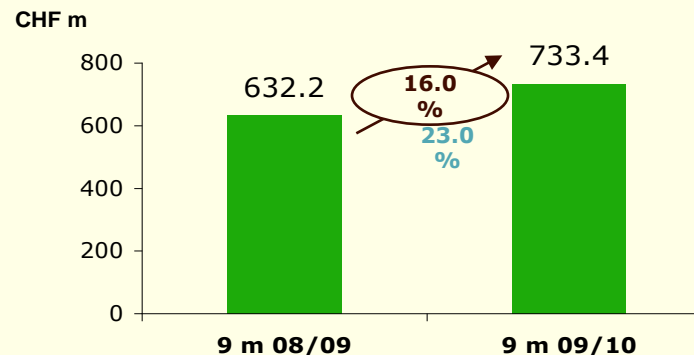


- ▶ Sales volume reached a positive double digit growth due to the good performance of key customers as well as the implementation of outsourcing volumes
- ▶ Despite the restaurant sales in North America still at a low level, we saw in our Gourmet business a positive growth, due to increase in at-home consumption

Volumes



Revenue

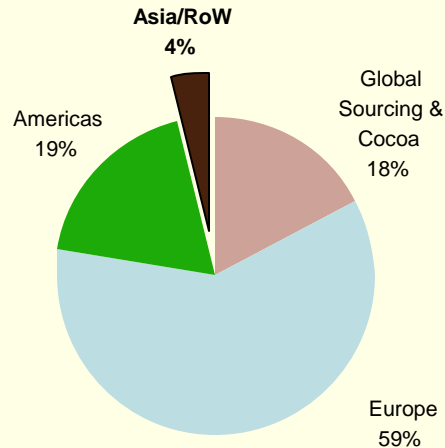


*change in local currencies

Increased volumes, high demand in Gourmet & Specialties

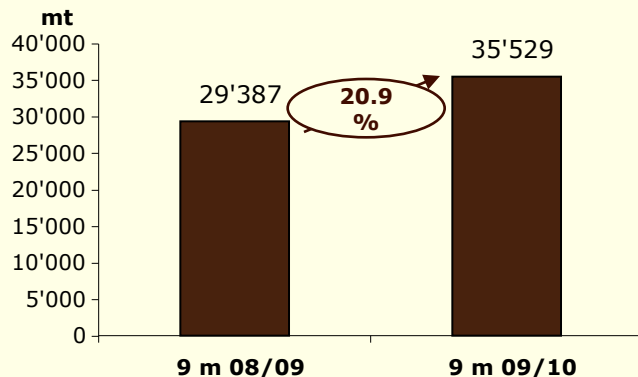


Regional revenue split 9 months 09/10

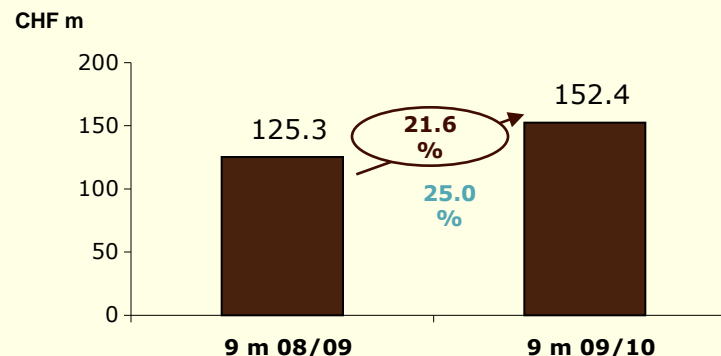


- ▶ Food Manufacturers growth driven by geographical expansion: Korea, Australia, Japan, Thailand, Malaysia.
- ▶ Further phased in outsourcing volumes in Japan
- ▶ Gourmet strong increase in all countries and all brands (international and local). Bakery segment has improved
- ▶ Markets in general are growing, however Korea and Japan are flat. Competitors move into Asia as market is attractive. BC benefits from being one of the first movers in that Region.

Volumes



Revenue





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Outlook:

Financial targets for 3-year period 2009/10-2011/12



- ▶ Annual growth targets on average* for 2009/10 through 2011/12:
 - ▶ Volumes: 6-8%
 - ▶ EBIT: at least in line with volume growth

*Our view for the 2009-2012 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

Summary



Further acceleration in volume growth

Contribution from all regions and all product groups

Emerging markets developing very well

**Excellent growth in high-margin
Gourmet & Specialties business**

Three-year financial targets confirmed





Cautionary note

Certain statements in this Letter to Investors regarding the business of Barry Callebaut are of a forward looking 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 this Letter to Investors as well as in the Annual Report 2008/09. 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 June 30th, 2010. Barry Callebaut does not undertake to publish any update or revision of any forward-looking statements.