



# Paine chocolate factory: Gateway in Chile and into the Andean Region Press Conference & Inauguration Ceremony

Juergen Steinemann, Chief Executive Officer

Gerardo Elizondo, General Manager, Andean Region





# The Barry Callebaut Group: Leading manufacturer of high-quality chocolate and cocoa products

Juergen Steinemann, CEO



# We are in 1 out of 5 chocolate & cocoa products consumed worldwide

## Business Description

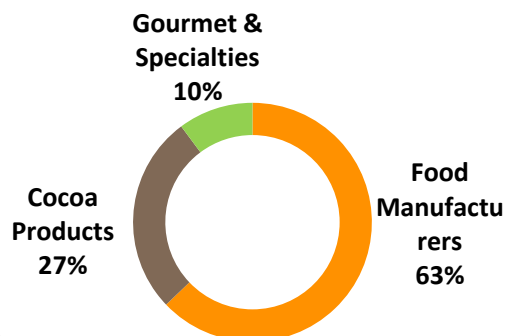
- World's leading producer and business-to-business supplier of chocolate and cocoa products
- Fully integrated with strong position in cocoa-origin countries
- Serving the entire food industry
- Outsourcing/ strategic partner of choice
- Largest supplier of Gourmet & Specialties

## Key Figures

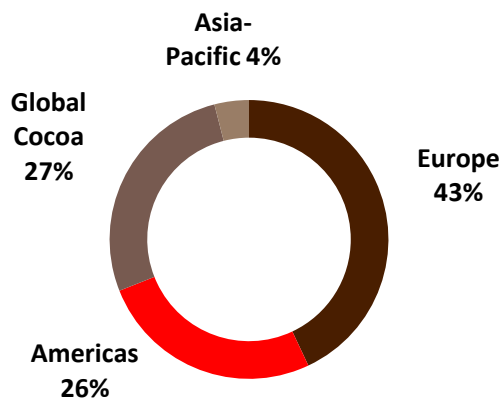
**FY 2013/14**

|               |                 |
|---------------|-----------------|
| Sales Volume  | 1.7 mio. tonnes |
| Sales Revenue | CHF 5.8 bn      |
| EBIT          | CHF 416.2 mio.  |
| Employees     | 9,300           |
| Factories     | 52              |

## FY 2013/14 Sales Volume per Product



## FY 2013/14 Sales Volume per Region



## Global Gourmet Brands



# Product Portfolio: Serving the entire food industry

## 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

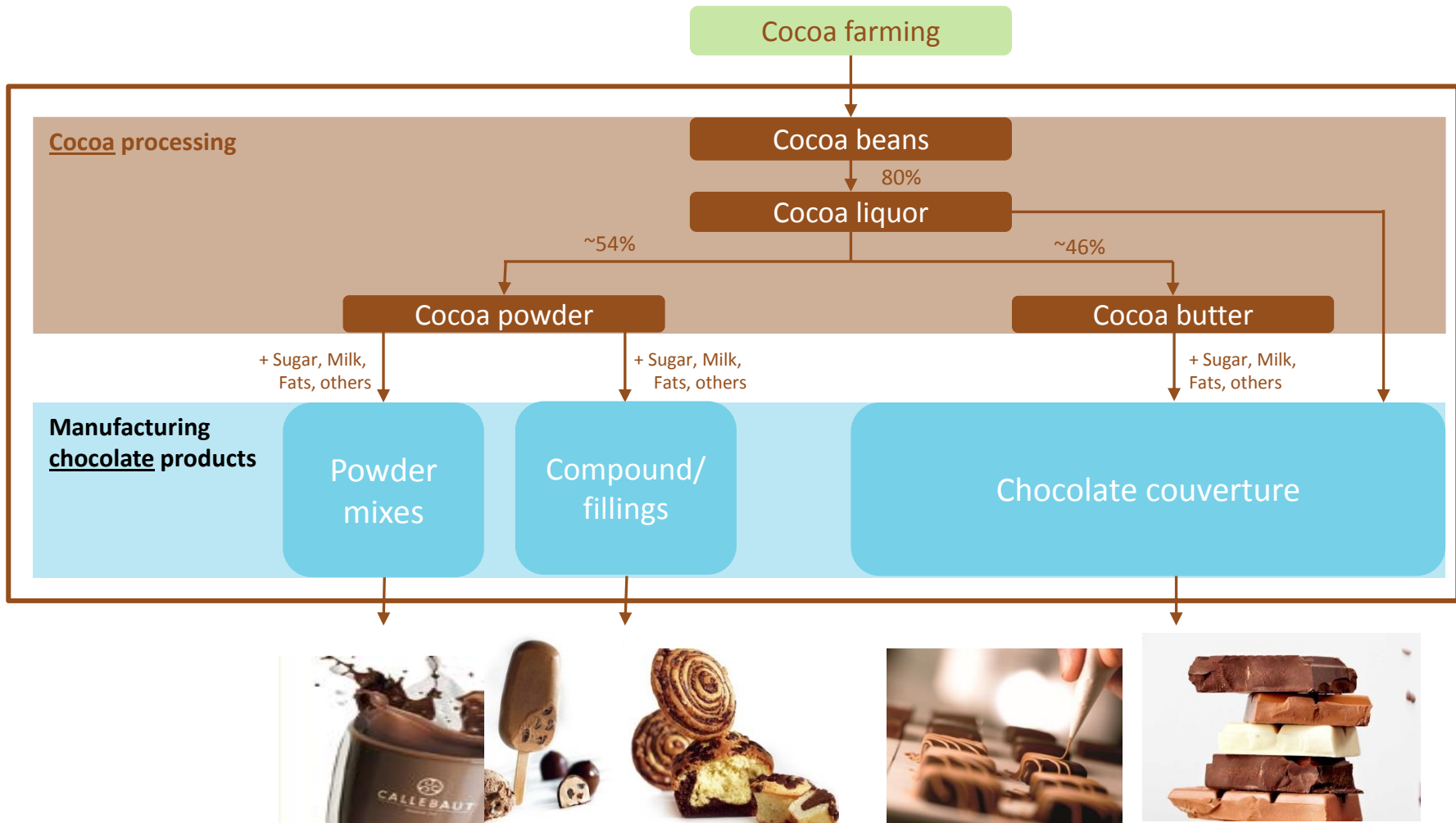


## Cocoa Products



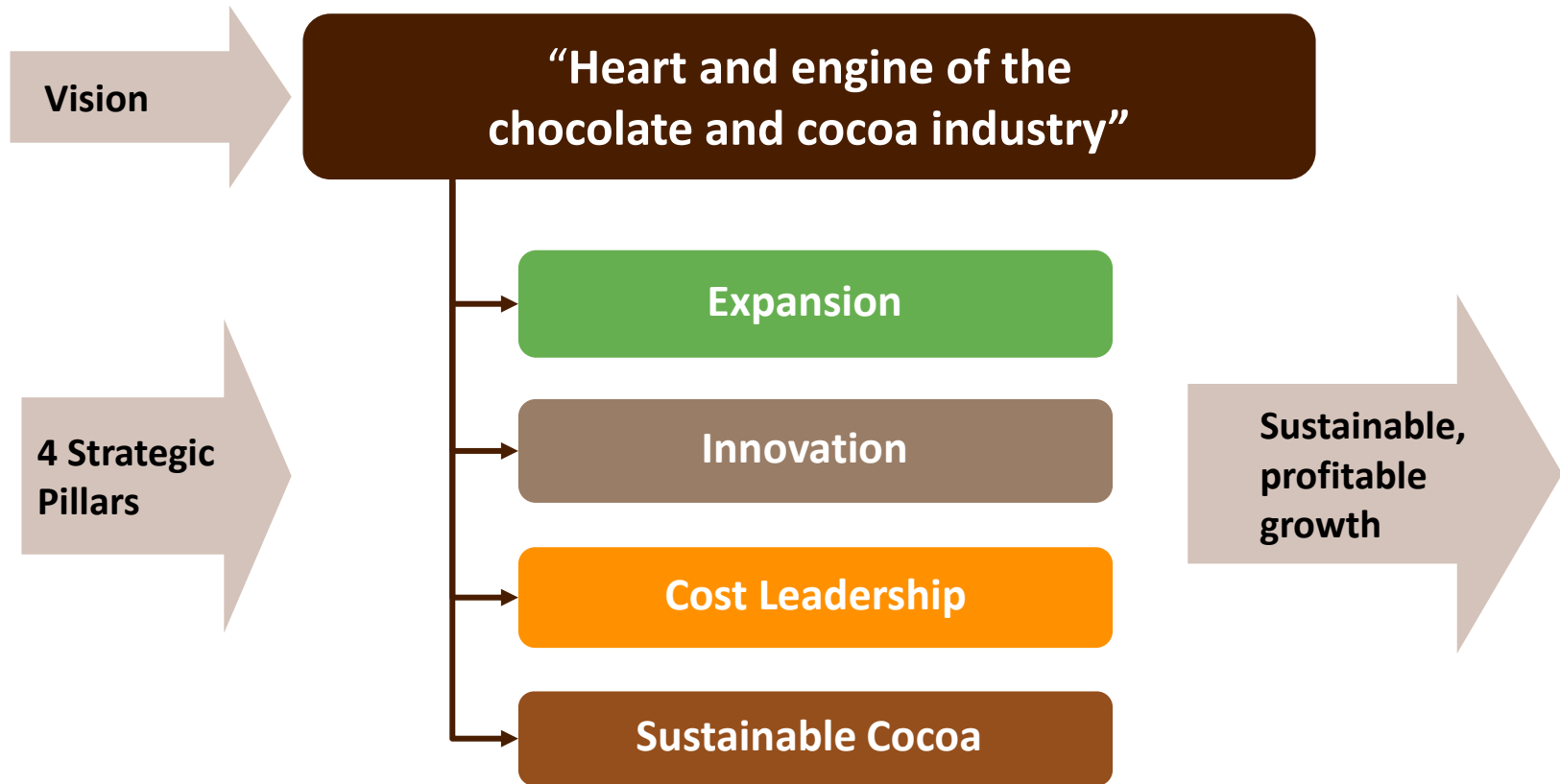
- Standard Cocoa Products (cocoa powder, butter, liquor)
- Low fat and high fat cocoa powders
- ACTICOA®
- Certified products
- Specific applications

# Present in every stage of the industrial chocolate value chain – from cocoa bean to chocolate & cocoa products

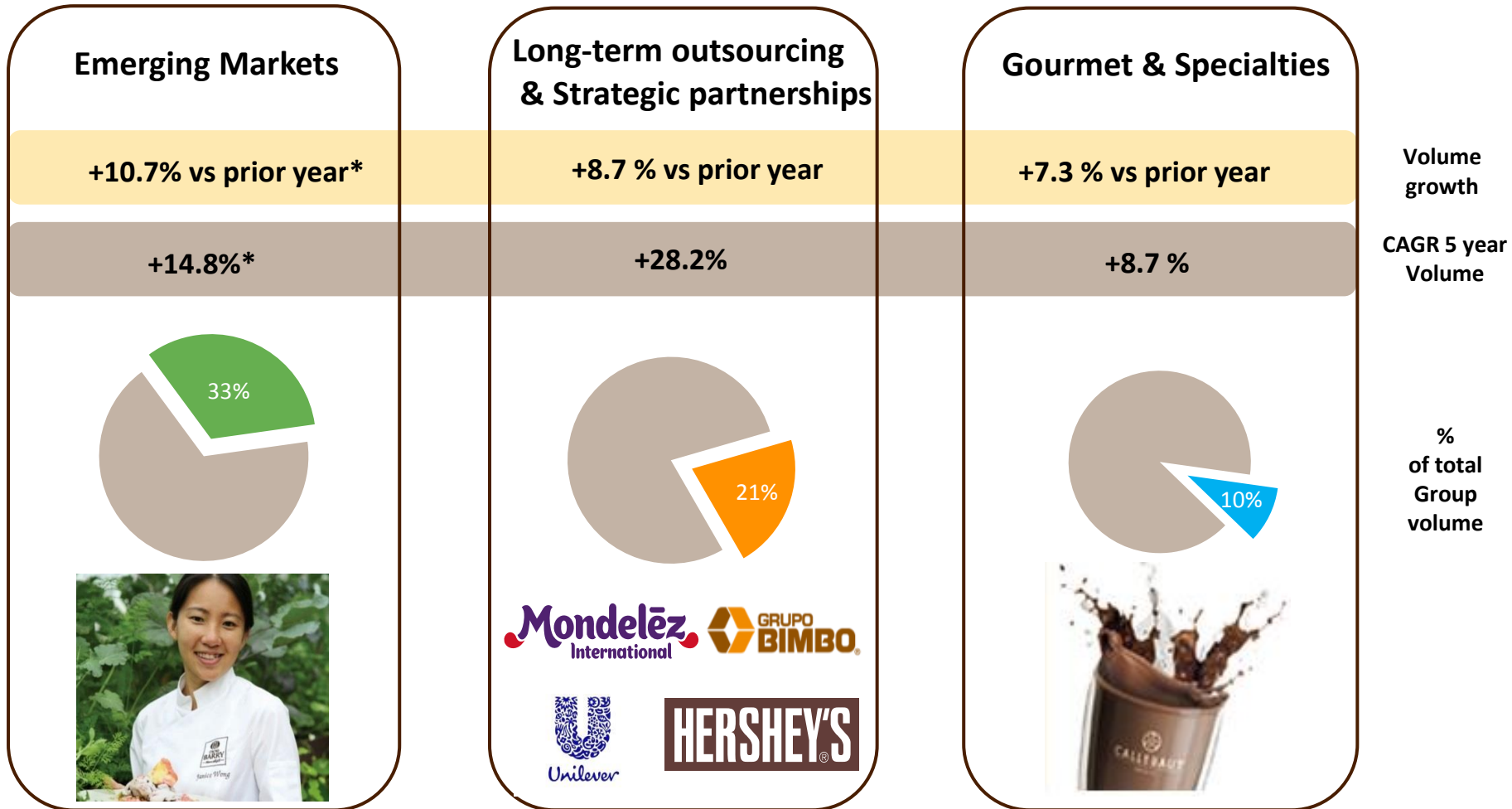




# A proven, four-pillar strategy as the basis for our long-term business success



# Our expansion is fuelled by our three key growth drivers

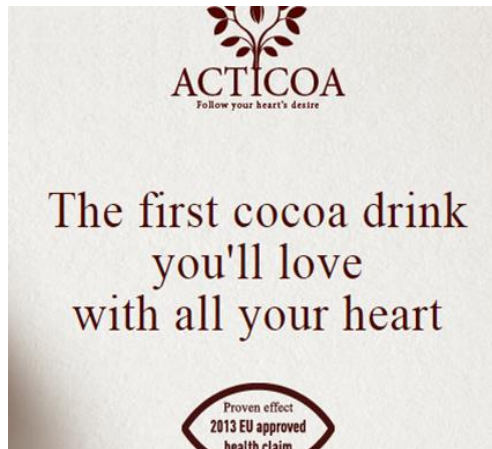


\* Stand-alone, including recently acquired cocoa business +42.0%  
 [figures are for the Barry Callebaut Group's fiscal year 2013/14]

## Undisputed leader in chocolate and cocoa innovation, offering cutting-edge solutions for our customers



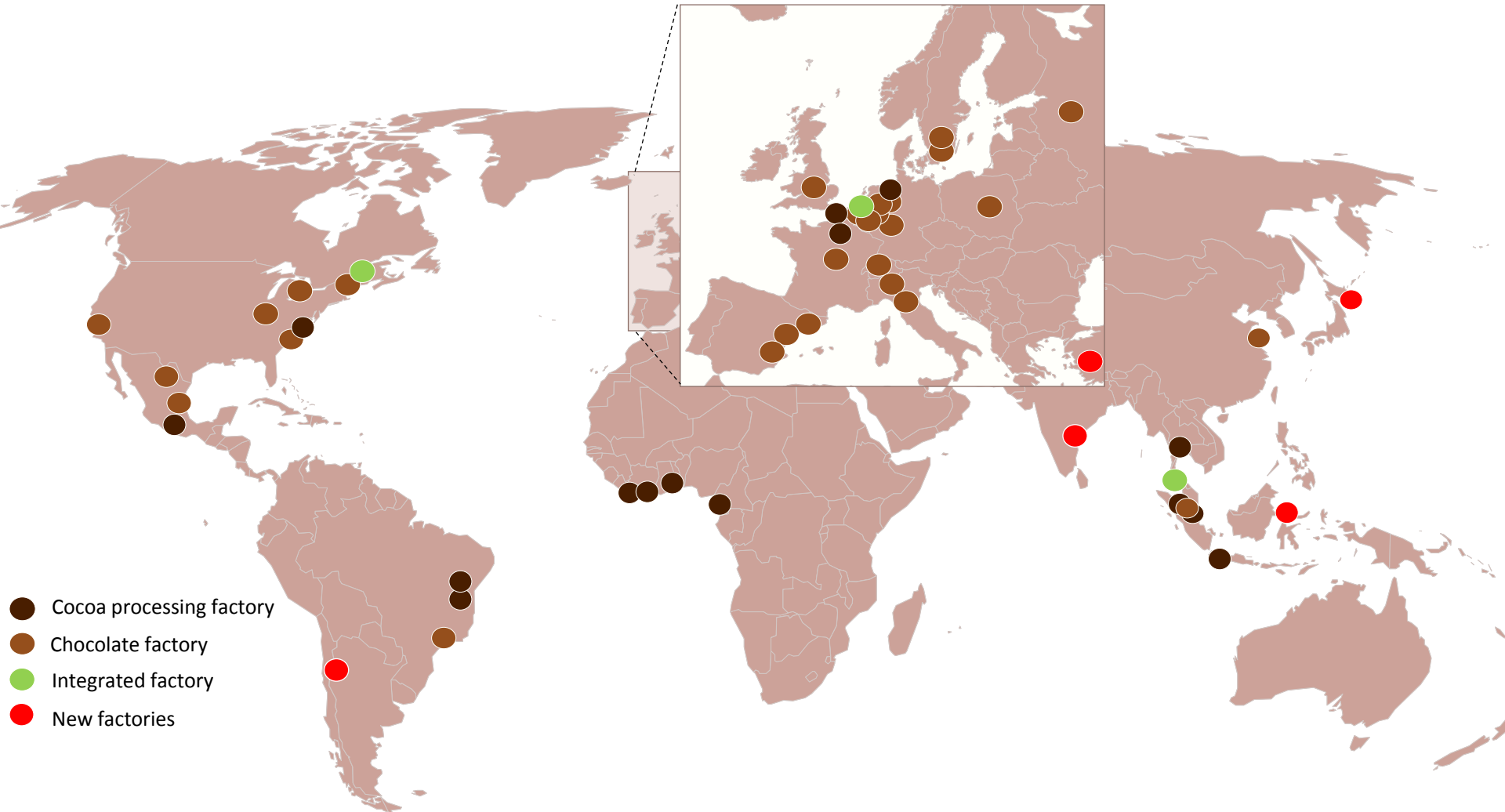
- 1. Cocoa Science** – looking inside the bean
  - Development of a method to control and optimize cocoa fermentation: Controlled Fermentation
- 2. Structure, Texture and Sensory** – chocolate and cocoa indulgences
  - Answering our customers' need for product differentiation



- 3. Authenticity and Permissibility** – health and well-being
  - Good-for-you products with less, or no sugar or fat, Free-from products
- 4. New Process Technology** – improving and creating
  - Improving existing manufacturing processes



# The Barry Callebaut Group's global footprint: 52 factories across 4 continents – a competitive advantage

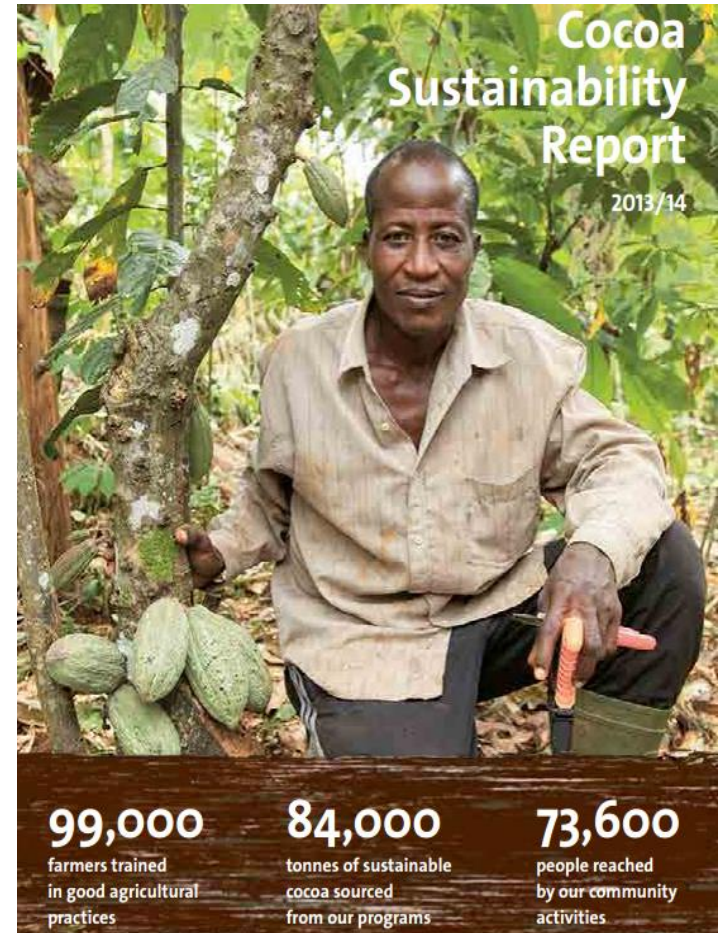


## The challenges on the ground



- ▶ Future cocoa supply is at risk
  - When wealth rises, there will be a significant and continuous increase in demand
  - Need to look 20 years out
- ▶ Cocoa farmer livelihood at unacceptable level
- ▶ Competitive Crops
  - Rubber, Palm
- ▶ Community level challenges
  - Lack of schools and teachers
  - Limited access to clean water
  - Lack of sanitation facilities, medical facilities & trained workers
  - Lack of infrastructure, transportation

# Our Sustainability Strategy: Aligned with activities of CocoaAction



# Significant untapped growth potential in different dimensions

## Emerging Markets



- New factories in Chile, Turkey, India
- Opportunities for further market penetration
- High demand for cocoa powder applications
- 80% still captive

## Long-term outsourcing & Strategic partnerships



- 51% of industrial chocolate still captive market
- Expanding existing global partnerships
- New agreements with regional/local leaders

## Gourmet & Specialties



- Expand into new markets/ increase distribution points
- Tap into new segments (Key accounts/ Food chains)
- Expand product offering and solutions
- Acquisition opportunities



# Barry Callebaut in the Andean Region: Chile - Strengthening our position in an emerging chocolate market

Gerardo Elizondo, General Manager, Andean Region





## Steady growth in Latin America



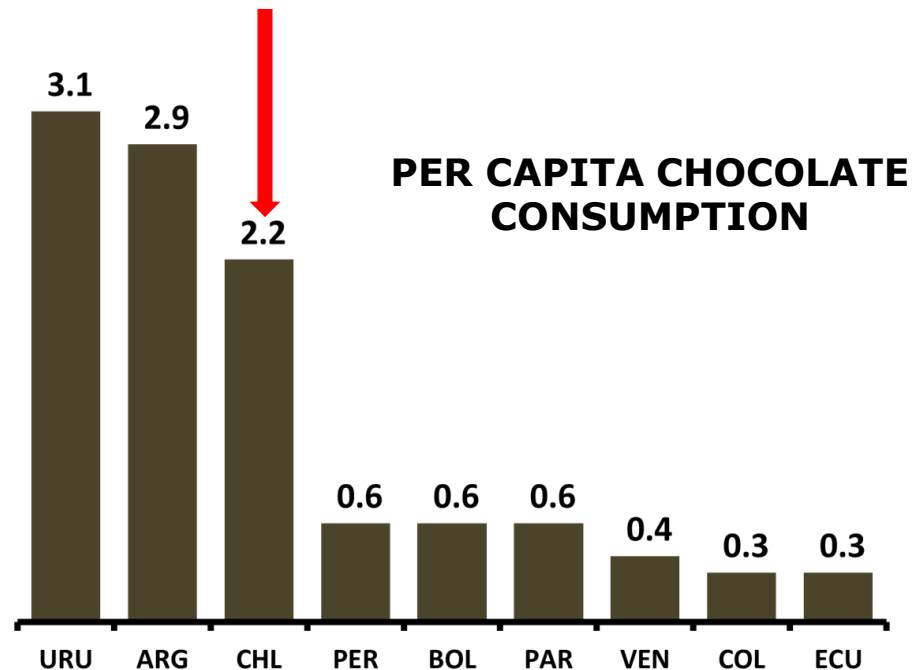
- ▶ Strong, growing presence across Latin America
  - Mexico: 2 chocolate and 1 cocoa factory, cocoa sourcing
  - Ecuador: cocoa sourcing
  - Brazil: 1 chocolate and 2 cocoa factories, cocoa sourcing
  - Chile: 1 chocolate factory
  
- ▶ Serving an increasing number of global and local food manufacturers
  
- ▶ Chocolate Academy™ centers opened in Mexico City (2012) and Sao Paulo, Brazil (2013)
  
- ▶ Increase in distributors in the Gourmet area

# Chile: The economic engine of the Andean Region



## ▶ Andean Region Overview

- Total population of 210 MM in 9 different countries
- Wide range of chocolate consumption
- Chile is a top market for per capita chocolate consumption and growth



SOURCE: EUROMONITOR 2013

# Chilean Chocolate Market

Sound economic growth (GDP): > 4% p.a. <sup>1</sup>

- Growing middle class with expendable income

Chocolate market of USD 472 mio. / 40,000 tonnes <sup>2</sup>

- Preference for milk chocolate in confectionery and dark for pastry

Chocolate consumption growing 3.4% p.a. in volume and 7.0% p.a. in value <sup>2</sup>

- Upgrading to Gourmet products and innovations

Fast-growing market for gourmet chocolate

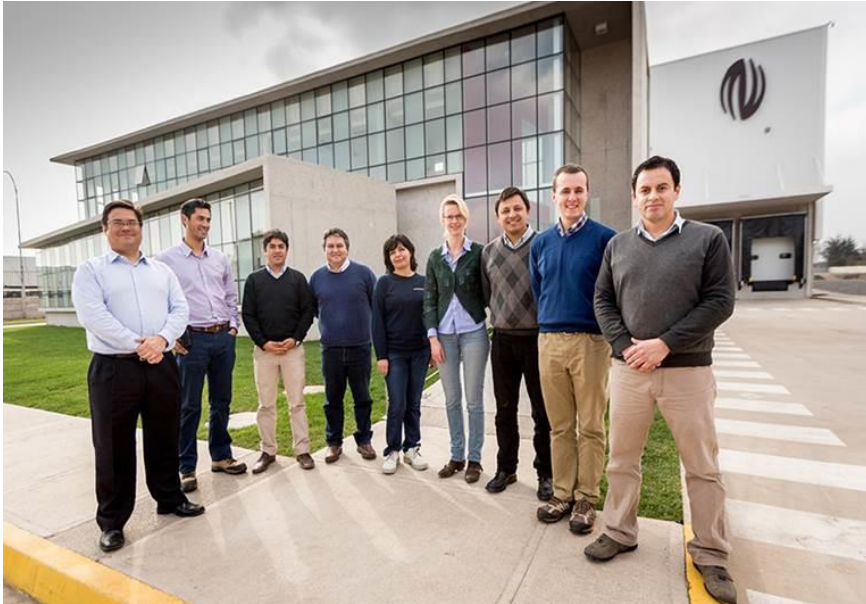
- Volume growth 2014 – 2018: +10-20% <sup>3</sup>

Key confectionery players are looking for innovative solutions



1 Source: World Bank.  
2 Euromonitor, projections for 2014 – 2019.  
3 Company estimations

## Paine: Perfectly positioned to serve our customers



- ▶ Central location near Santiago
  - 40 km from Santiago de Chile
  - 100 km from main seaport
  - 200 km from crossing into Argentina
- ▶ Capacity:
  - ~25,000 tonnes of liquid dark and milk chocolate as well as compound
- ▶ Employees:
  - Approximately 30
- ▶ Amount invested:
  - Around USD 20 Million
- ▶ Erected by local contractors and builders
- ▶ Construction and land space considerations for future expansion

# Chile Chocolate Factory: A strong foundation for profitable growth



- ▶ Centrally located, state-of-the-art new chocolate factory
- ▶ Major confectionery players looking for innovative solutions in the market
- ▶ Ready to produce more than 20,000 tonnes of chocolate and compound



- ▶ Chile – the hub for our activities in the Andean region and an ideal entry point for the fast-growing South American chocolate market
- ▶ Expansion remains a key pillar of our business strategy



Q&A



Thank you






# Annexe



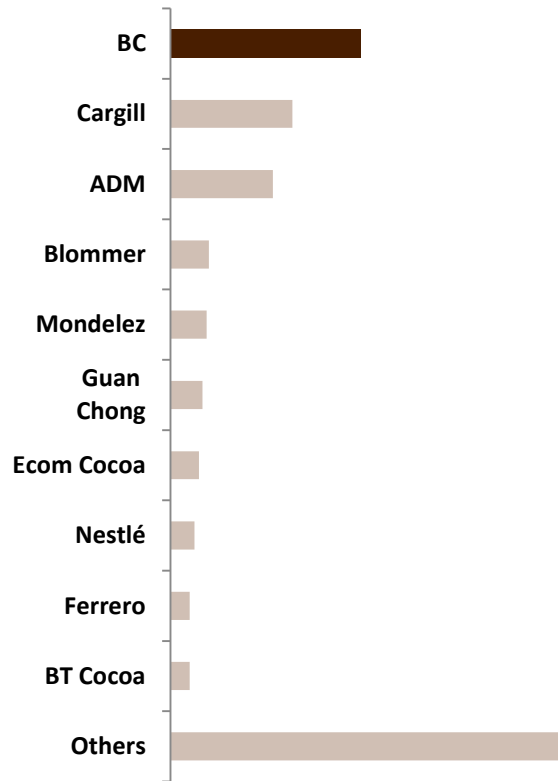
## What makes Barry Callebaut unique?

- 
- ▶ Global number one player focused in chocolate and cocoa
  - ▶ Global leader in Gourmet
  - ▶ Proven and long-term oriented strategy
  - ▶ Unparalleled global footprint, present in all key markets
  - ▶ Preferred outsourcing and strategic partner
  - ▶ Leading and growing presence in emerging markets
  - ▶ Deep R&D / Innovation know-how
  - ▶ Cost leadership along the value chain
  - ▶ Taking leadership in sustainable cocoa
  - ▶ Entrepreneurial spirit
  - ▶ Supportive ownership structure

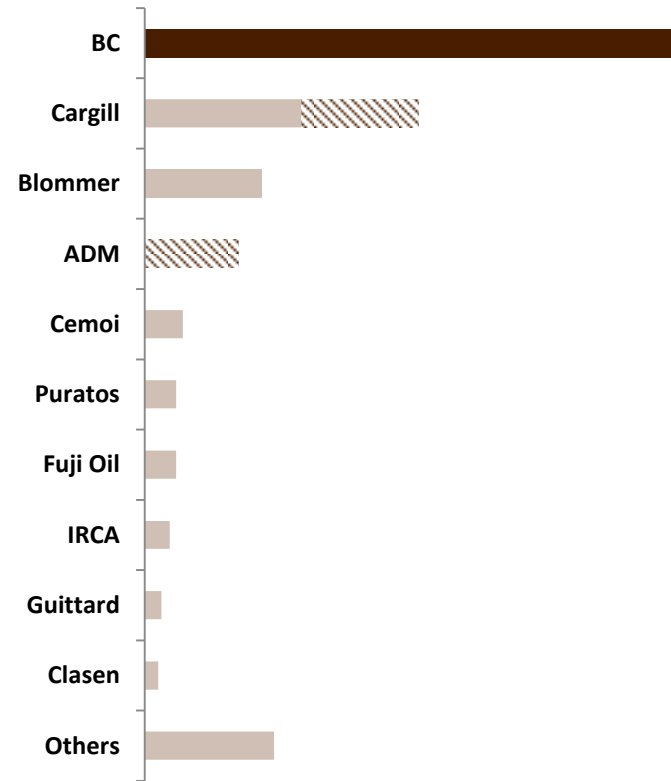
## Chocolate and Cocoa markets

# Barry Callebaut uniquely positioned in industrial chocolate and cocoa markets

Cocoa grinding capacity



Industrial chocolate – open market



Sources: Third party study (2014); Proprietary estimates



Highlights Fiscal year 2013/14

# Consistent implementation of our growth strategy as a key to success



Inauguration of cocoa factory in Makassar

Sep 2013



Inauguration of first chocolate factory in Turkey

Oct 2013



Production start in new, relocated factory in Japan

Nov 2013



New CHOCOLATE ACADEMY™ center in Istanbul / Callebaut® flagship academy in Wize

Nov 2013/June 2014



Acquisition of remaining 51% of certified bean supplier Biolands

Feb 2014



Barry Callebaut helps form CocoaAction sustainability strategy of WCF

May 2014



Organization of 2<sup>nd</sup> CHOCOVISION in Davos/CH

Jun 2014



Factory in Santiago, Chile operational

Aug 2014



Capacity expansions in 13 factories worldwide

FY 2013/14



The first cocoa drink you'll love with all your heart

Launch of more than 20 new products

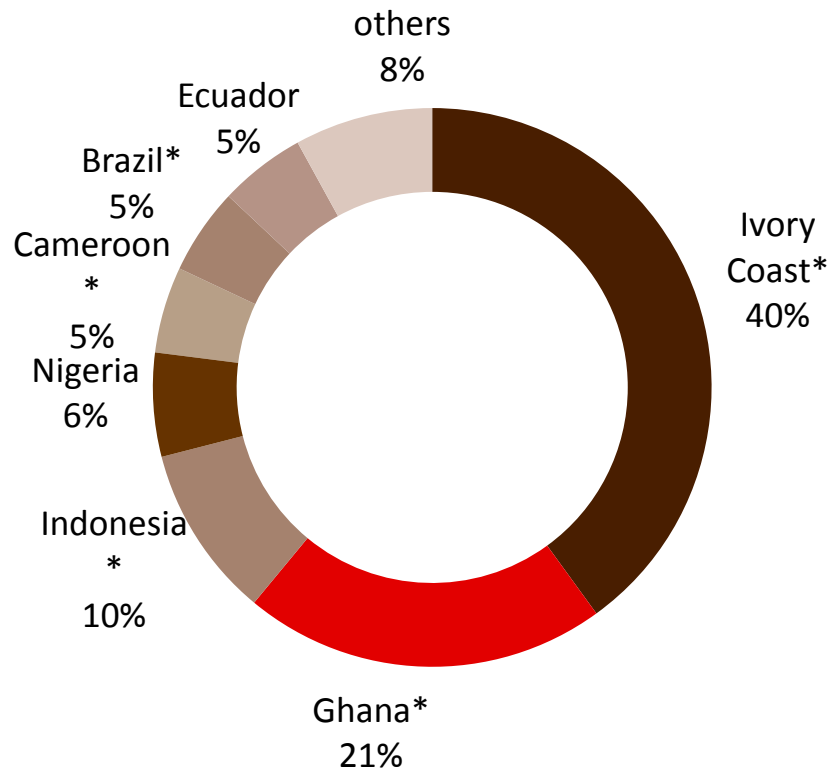
FY 2013/14



● Expansion ● Innovation ● Cost Leadership ● Sustainable Cocoa

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

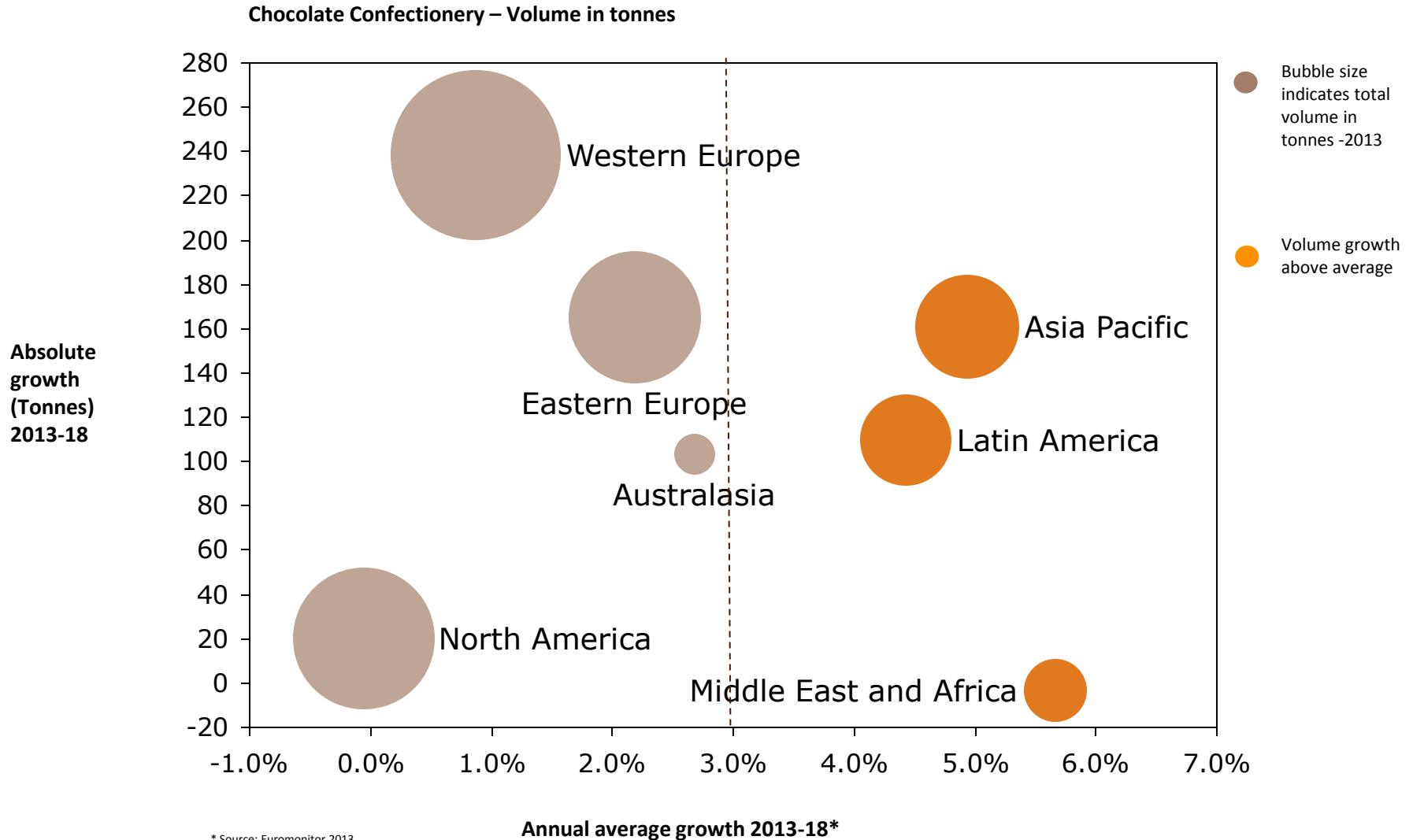
Total world harvest (13/14): 4'345 TMT



- ▶ About 70% of total cocoa beans come from West Africa
- ▶ BC processed ~940,000 tonnes or 22% of the world crop
- ▶ Barry Callebaut has various cocoa processing facilities in origin countries\*, in Europe and in the USA

Source: ICCO estimates

# Significant growth in the next 5 years to come from emerging markets, although growth from mature markets remains important



# From the bean to the finest chocolate product



# Growing cocoa



- ▶ Cocoa tree grows in warm and humid climate around equatorial belt
  - ▶ Within 20°N and 20°S of equator
  - ▶ Life span of 25 years, bearing pods after 5–6 years
- ▶ The cocoa tree flowers in two cycles of six months the whole year round
- ▶ Flowers develop into cocoa pods
  - ▶ Fully grown after 6 months
  - ▶ Harvested twice a year (main crop and mid crop)





# Harvesting the beans



- ▶ After cutting pods open, beans are removed and left to ferment
  - ▶ 5–7 days, covered with banana leaves
  - ▶ During fermentation beans develop aroma
  
- ▶ After fermentation beans are left to sun dry
  - ▶ About 6 days, until moisture content is around 6-8%
  
- ▶ Beans brought to collection center where they are graded and packed
  - ▶ Allotment of quality code
  
- ▶ After second quality control, sacks shipped from ports to different Barry Callebaut plants or processed in origin countries

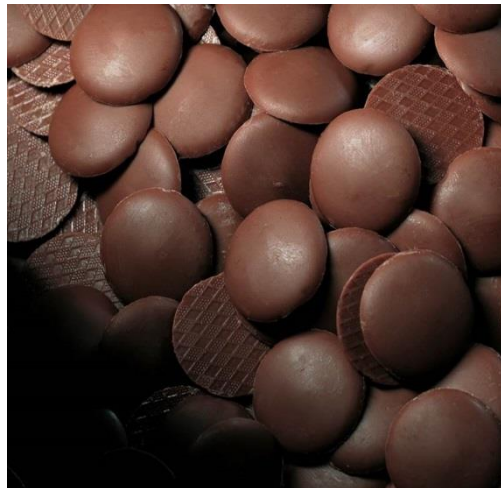
# From beans to liquor



- ▶ Cocoa beans are cleaned, dried and broken, shells removed
  - ▶ Pieces of kernel or “nibs” remaining
  
- ▶ Nibs are roasted, then ground into cocoa liquor
  - ▶ Forms basis for cocoa butter, cakes and powder
  
- ▶ Cocoa liquor ready for use as ingredient of chocolate



# From liquor to chocolate



- ▶ Ingredients for dark, milk or white chocolate blended into chocolate dough
  - ▶ Dark chocolate: liquor, butter and sugar
  - ▶ Milk chocolate: liquor, butter, sugar and milk powder
  - ▶ White chocolate: butter, sugar and milk powder
  
- ▶ Dough is refined into chocolate powder
  - ▶ Gives finished chocolate smoother texture
  
- ▶ Adding of cocoa butter and lecithin makes chocolate liquid and smooth
  
- ▶ Chocolate supplied to customers
  - ▶ Liquid chocolate to industrial customers
  - ▶ Blocks, bars and drops to industrial and Gourmet customers