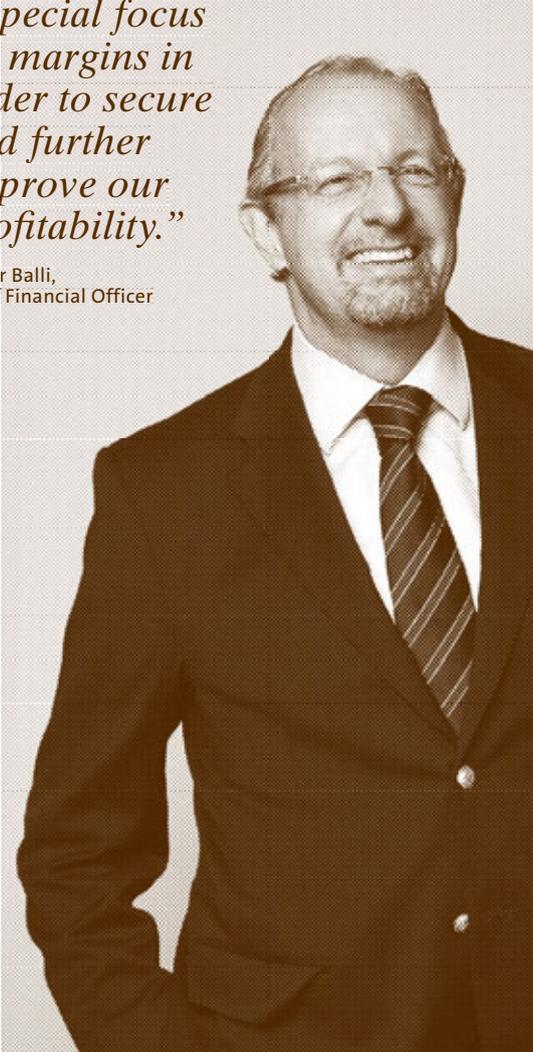


## INTERVIEW WITH THE CFO

Barry Callebaut  
Annual Report 2011/12

*“It will be key for us to have a special focus on margins in order to secure and further improve our profitability.”*

Victor Balli,  
Chief Financial Officer



## The CFO's view

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***Why is there such a large gap between volume growth and profitability performance in fiscal year 2011/12?***

**Victor Balli, Chief Financial Officer (VB)** Our company has been growing at a very fast pace over the past couple of years. It is therefore important to also build up the structures and expand the resources in order to cope with current and future growth and avoid any significant mistakes. During the past year, we simultaneously expanded several of our factories around the world. We also invested into quality-enhancing initiatives and hired more sales people, we acquired various companies and invested in Gourmet structures and expanded our sustainability initiatives. A big focus for us this year was the ramp-up of significant additional volumes originating from our recently signed outsourcing agreements. Therefore, this year's operating result was temporarily affected.

***What exactly are “ramp-up costs” and what proportion of that are one-off costs, and how much of it is recurrent?***

**VB** Ramp-up costs are related to getting the organization ready to deal with long-term strategic partnerships and significant additional volume in the future. It includes efforts in matching recipes, adapting the factories to specific customer requirements, building new production lines and preparing the infrastructure to deal with highly professional and demanding clients. Some of these costs can be classified as “one-offs”; whilst other costs are variable in nature and will recur once the volumes pick up.

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### *How are you prepared to deal with the financial crisis in Western Europe?*

**vb** On the financing side, we are very well positioned. We have secured long-term financing from various world-class global financial institutions. At the same time, we have reduced the exposure to banks and tapped into the capital market. Within my Risk Management Department, we have developed different scenarios and implemented some measurements in case of a potential break-up of the Eurozone, in order to react quickly. I also like to mention that although we are investing in new, fast-growing markets, Western Europe is still core to our business, and we have had a successful year despite the economic difficulties.

### *A large write-off of CHF 98.5 million was announced in connection with the consumer divestiture this year, on top of the charge you already took last year. Can you explain why this was necessary and what it included?*

**vb** First of all, I would like to say that I am pleased that during the past five years, we have diligently executed our strategic decision to exit the consumer business. Dijon was the last factory left in this segment. As for the write-off, yes, it is a significant amount but it is a one-time effect. The CHF 98.5 million loss this year included final price adjustments and costs related to the Stollwerck sale of CHF 31.7 million. The remainder is related to Dijon and includes asset write-off, transaction-related costs, currency losses and a cash contribution to support the success of the new owner.

### *Should we expect a further significant write-off in the coming fiscal year?*

**vb** With this step, we would conclude the divestiture of all our consumer-related activities. In the next fiscal year, we might have a minor adjustment after the closing of Dijon, but we are not expecting another significant write-off.

### *CAPEX this year is higher than historic average. What can we expect in terms of CAPEX for next year?*

**vb** Indeed, Capital Expenditure this year was above prior year and above our plan. However, top-line growth was also higher than expected. These investments into our factories, warehouses and IT systems are crucial to maintain our growth momentum and to support the recently signed strategic partnerships. We also think now is the time to further invest in fast-growing emerging countries. For the fiscal year 2012/13, we estimate a CAPEX of close to CHF 200 million.

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### ***What can you say about this year's combined ratio, and what is the outlook for next year?***

**vb** This year, the combined cocoa ratio was rather volatile. Initially, the ratio was positively driven by the high powder prices, which came down later on. Butter ratios started the year at a historical low level, but rose at the end, based on lower bean prices and long forward coverage of the industry. Overall impact for the past year was neutral. We expect next fiscal year to start difficult, as demand, mainly in Western Europe, seems rather depressed still. We are, however, more positive for the second half of fiscal year 2012/13.

### ***What were the key priorities of the Finance team during the past year?***

**vb** The Finance team focused on improving their support to the Regional business this year; in the role of co-pilot, we supported key decisions from the Regions and helped to prioritize investments, acquisitions, divestitures and keep costs and working capital under control. For the coming year, a special focus will be given to make margins transparent in order to secure and further improve our profitability, transaction by transaction.

### ***What is your outlook for the next fiscal year?***

**vb** I still see a very challenging economic environment particularly in Western Europe, also a rather fragile economy in the U.S. and a slowdown in emerging markets, still with positive growth though. However, as a result of our focus and long-term strategy, I expect our overall volume growth to continue through the strengthening and expansion of strategic partnerships, emerging markets and Gourmet. At the same time, a focus on profitability will be key.