

### Consolidated Income Statement

#### *Explanatory comments to the Consolidated Financial Statement:*

The Group announced in September 2012 that it intends to sell its factory and the related business in Dijon (France), concluding with this the final step to dispose of the consumer activities – following the disposal of the Stollwerck business completed earlier in 2011/12.

The results of this business are therefore no longer included in the Group's financial performance figures for the continuing business, but reported separately in the Consolidated Income Statement under the line "Net result from discontinued operations, net of tax" for both fiscal years 2010/11 and 2011/12. In accordance with IFRS 5, the related assets and liabilities in the Consolidated Balance Sheet as of August 31, 2012 have been reported as "Assets held for sale" and "Liabilities directly associated with assets held for sale". The Consolidated Cash Flow Statement includes the cash flows from discontinued operations in both years. Additional details related to the Income Statement, Balance Sheet and Cash Flow Statement of the discontinued operations can be found in note 2 to the Consolidated Financial Statements.

**Sales volume** grew strongly by 8.7% from 1,268,925 tonnes to 1,378,856 tonnes. All Regions and Product Groups contributed to this growth.

**Revenue from sales and services** grew by 8.3% from CHF 4,459.9 million to CHF 4,829.5 million. Adjusted for currency translation effects, revenues from sales and services grew by 11.5%, driven by the volume increase as pointed out above, and partly by higher raw material prices largely passed on to customers.

**Gross profit** grew by 2.1% to CHF 672.6 million from CHF 659.0 million in prior year. Gross profit was adversely influenced by translation effects excluding which gross profit grew by 5.3%. Gross profit in relation to revenue from sales and services decreased to 13.9% from 14.8% and gross profit per tonne to CHF 487.8 from CHF 519.3 in the prior year. This is amongst other the result of the above-mentioned translation effects, and the additional efforts related to factory expansions and ramp-up costs related to outsourcing agreements.

**Marketing and sales expenses** increased by 8.4% to CHF 94.5 million compared to CHF 87.2 million last year. The additional costs are partly the result of the Group's growth and partly due to acquisitions as well as investments into the distribution footprint and the further expansion of the sales force particularly in the Gourmet business. The Group is holding on to its path to further strengthen its relationship with customers.

**General and administration expenses** amount to CHF 231.6 million, up 6.8% compared to CHF 216.8 million in prior year. The effects from growth, acquisitions as well as investments in structure and processes were partly offset by positive currency translation effects.

**Other income** of CHF 13.8 million was recorded compared to CHF 17.8 million in the prior year. In both years, this position included operating but non-sales-related income items, such as income generated by the Group's Training Center, Schloss Marbach, claims related to insurance companies and suppliers, sales of waste products, income from the reversal of unused accruals and provisions and gains on disposals of assets.

**Other expenses** amounted to CHF 7.1 million compared to CHF 10.5 million in the prior year. This position comprises restructuring and severance costs, litigation, claims, impairment charges and losses on sales of property, plant and equipment as well as some other non-recurring items.

**Operating profit (EBIT)** decreased by 2.5% to CHF 353.2 million, compared to CHF 362.3 million in the prior year. Excluding the impact from foreign currency translation, EBIT grew by 1.0%. All Regions and Product Groups contributed positively to EBIT. This is also valid for the EBIT growth except for Region Western Europe and Global Sourcing & Cocoa, where the effect of the volume growth could not fully offset investments in enhanced structures and processes as well as increased costs from the ramp-up of strategic partnership agreements. The biggest absolute contribution to EBIT came from Region Europe in terms of geography and from Food Manufacturers Products in terms of Product Groups. The biggest contribution to EBIT growth came from Region Americas. EBIT per tonne receded to CHF 256.2 from CHF 285.5, partly due to currency translation effects.

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**Financial income** amounted to CHF 6.0 million, up from CHF 1.4 million in the preceding year mainly as a result of higher foreign exchange gains.

**Financial expenses** increased to CHF 80.8 million compared to CHF 72.8 million in the prior year. This is mainly due to higher interest expenses resulting from the refinancing of bank debts by the EUR 250 million 10-year bond issued in June 2011.

**Result from investment in associates and joint ventures** amounted to CHF 0.0 million compared to CHF 1.2 million in the year before and contains the Group's share in equity movements of equity accounted investees, i.e. participations in companies over which the Group has significant influence but not control.

**Income taxes** increased from CHF 28.4 million in prior year to CHF 37.2 million, despite a lower profit before income taxes. This is the result of a less favorable tax mix leading to an increase of the effective tax rate to 13.4% compared to 9.7% in the prior year which had additionally benefitted from positive non-recurring impacts.

**Net profit for the year from continuing operations** amounted to CHF 241.1 million, a decrease of 8.5% compared to CHF 263.6 million in prior year. In local currencies, it declined by 5.2%, as a result of the lower EBIT in combination with higher financial and income tax expenses.

**Net result from discontinued operations** amounted to CHF -98.5 million. On the one hand, this amount includes the loss of CHF -31.7 million incurred in relation with the closing of the disposal of the Stollwerck business. These costs are largely due to the loss on disposal of the assets and negative translation effects accumulated in equity since acquisition. On the other hand, it includes a loss of CHF -66.8 million related to the intended discontinuation of the factory and related business in Dijon, France, which was announced in September 2012, and is the last step in the Group's strategy to discontinue its consumer activities. These costs include the operating loss (EBIT) of the business, losses from the write-down of assets, additional funding to be injected before closing, financial expenses and taxes, as well as transaction and separation costs including the cumulative negative translation effects on assets written down, which were accumulated in equity since acquisition. The prior year net loss from discontinued operations amounted to CHF -86.9 million.

**Net profit for the year** (including discontinued operations) amounted to CHF 142.6 million, compared to CHF 176.8 million in prior year. Net profit for the year attributable to the shareholders of the parent company amounted to CHF 142.1 million, compared to CHF 177.6 million in the preceding year.

**Basic earnings per share** (from continuing operations) decreased by 9.1% to CHF 46.57, compared to CHF 51.21 last year. **Cash earnings per share**, defined as operating cash flow before working capital changes divided by basic shares outstanding, declined to CHF 85.19 from CHF 87.25 the year before.

### Consolidated Balance Sheet and financing structure

**Total assets** at the end of August 2012 increased by 9.6% to CHF 3,576.6 million, compared to CHF 3,263.1 million at the end of last year. This is mainly the result of the impact from foreign currency translation particularly due to the strengthening of the USD and EUR closing rates versus CHF, higher derivative financial assets and to some extent also a result of the Group's volume growth.

**Net working capital** increased by CHF 151.1 million or 17.0% to CHF 1,039.2 million at the end of August 2012 compared to CHF 888.1 million at the end of the prior year, mainly due to the aforementioned foreign currency translation effect. Adjusted for this, net working capital grew by 6.8%, at a slightly lower rate than the Group's volume growth.

**Net debt** at August 31, 2012 amounted to CHF 942.9 million, an increase of CHF 153.1 million versus CHF 789.8 million in prior year. This is partly the result of currency translation effects mainly due to the strengthening of the euro versus the Swiss franc, and partly due to higher financing needs for the increased working capital resulting from the Group's growth. The weighted average maturity of the Group's total debt portfolio including undrawn committed facilities decreased from 7 to 6 years.

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**Equity** – including equity attributable to the shareholders of the parent company and non-controlling interests – amounted to CHF 1,361.7 million. This represents an increase of CHF 144.9 million or 11.9% compared to the CHF 1,216.8 million at the end of August 2011. Equity attributable to the shareholders of the parent company amounted to CHF 1,357.1 million compared to last year's CHF 1,217.1 million. The increase is due to the net profit and positive currency translation effects partly offset by the distribution of a dividend paid out of reserves from capital contributions.

Despite the aforementioned overall increase of equity, the debt-to-equity ratio deteriorated from 64.9% to 69.5% due to higher financing requirements in light of the Group's growth. The solvency ratio improved from 373% to 379%. The return on invested capital (ROIC) from continuing operations decreased to 14.2% from 15.5% in the prior year.

### Consolidated Cash Flow Statement

**Operating cash flow before working capital changes** slightly declined to CHF 440.2 million from CHF 450.7 million in the prior year due to translation effects. Excluding translation effects, it would have increased by 1.2%. Cash outflow for working capital changes amounted to CHF -128.3 million, compared to CHF -179.8 million in prior year. The effect of higher working capital requirements resulting from the business growth were partly offset by currency translation and raw material price impacts as well as the effects from the continuously strict working capital management. Cash outflow for interest was higher as a result of the bond issued in June 2011, and taxes were significantly higher due to non-recurring payments resulting mainly from business transfers within the Group. Overall, this resulted in a moderate decline in the **Net cash flow from operating activities** to CHF 164.5 million compared to CHF 172.8 million the year before.

**Net cash flow from investing activities** amounted to CHF -100.5 million, compared to CHF -182.8 million in the preceding year. This year's amount included the cash inflow of CHF 132.2 million in relation to the discontinuation of the consumer activities. On the other hand, the Group made significant investments in property, plant and equipment and intangible assets in the amount of CHF -217.8. This represents a significantly higher level than usual as it includes significant investments namely for the ramp-up of outsourcing agreements next to the usual level of capital expenditures for operations such as capacity expansions, replacements, modernizations and information technology investments. Acquisitions of businesses, net of cash amounts to CHF -18.8 million and includes the acquisitions of a nut business in Spain and a Gourmet decorations business in the U.S. The position also includes proceeds from the sale of assets (CHF 2.9 million in the current and CHF 4.9 million in the prior year) as well as some other minor items.

**Net cash flow from financing activities** amounted to CHF -70.2 million compared to CHF 33.2 million in prior year. This position mainly includes the dividend payment of CHF -80.1 million (in prior year, there was a repayment of share capital of CHF -72.3 million) whereas the net proceeds from the issue of new debt amounts to CHF 11.1 million (in prior year CHF 114.7 million). The cash outflow for the purchase of treasury shares amounted to CHF -3.8 million (prior year CHF -9.0 million). Finally, the position includes the contribution of CHF 2.8 million by the non-controlling shareholder into the newly founded subsidiary, P.T. Barry Callebaut Comextra Indonesia.