Half-year results 2009/10

Analyst and media presentation

April 1, 2010

BARRY CALLEBAUT

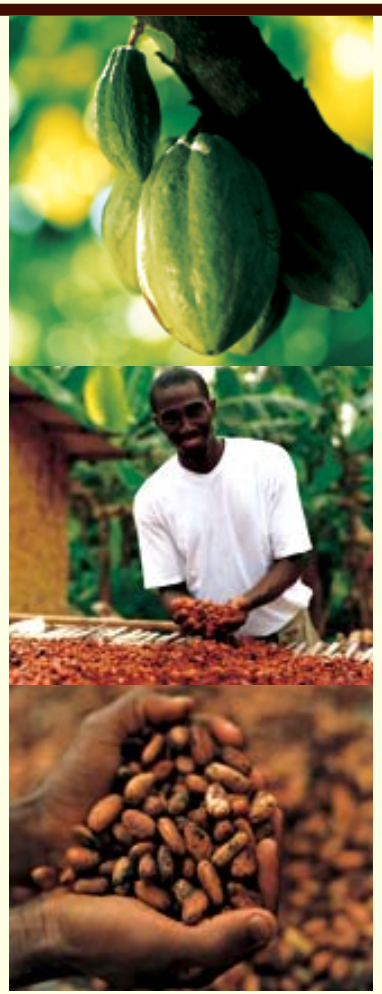
Cautionary note

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 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 today, April 1, 2010. Barry Callebaut does not undertake to publish any update or revision of any forward-looking statements.

Agenda

- **Highlights 1H 2009/10**
- Financial and operational performance
- Outlook
- Q & A



Financial summary H1 2009/10

Strong growth continues

- Ongoing strong **sales volume** growth: up 7.8%
- Gourmet & Specialties: excellent sales volume growth of 18.1%
- **Sales revenue** up 8.4% in local currencies
- Solid operational improvements offset by lower combined cocoa ratio, adverse currency effects and fewer one-off effects: **EBIT** at CHF 208.8 million, -1.7% in local currencies
- **Net profit** for the period at CHF 145.7 million, up 5.3% in local currencies
- Three-year **financial targets** 2009/10 through 2011/12 confirmed

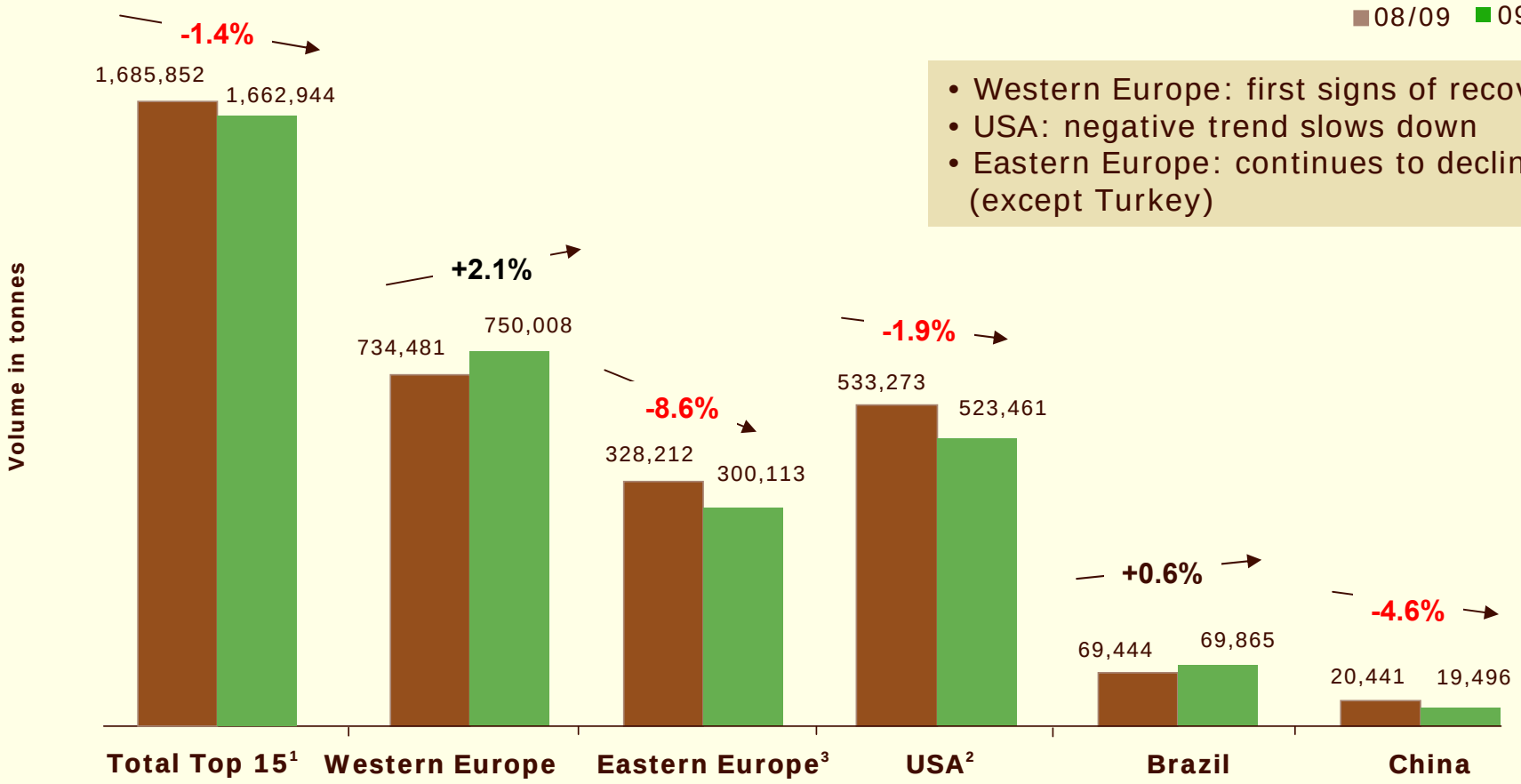
GROUP		**Change in %**		**Six months up to Feb 28, 2010**	**Six months up to Feb 28, 2009***
		in local currencies	**in CHF**		
Sales volume	mt		7.8%	**659,536**	611,920
Sales revenue	CHF m	8.4%	4.5%	**2,656.5**	2,543.1
Operating profit EBIT	CHF m	-1.7%	-4.5%	**208.8**	218.6
Net profit for the period	CHF m	5.3%	1.6%	**145.7**	143.4

* Certain comparatives have been restated to conform with the current period's presentation

Challenging market environment

Global chocolate market down in volume by -1.4%, picking up since early 2010

Chocolate confectionery market – Sep 09-Jan/Feb 10



- Western Europe: first signs of recovery
- USA: negative trend slows down
- Eastern Europe: continues to decline (except Turkey)

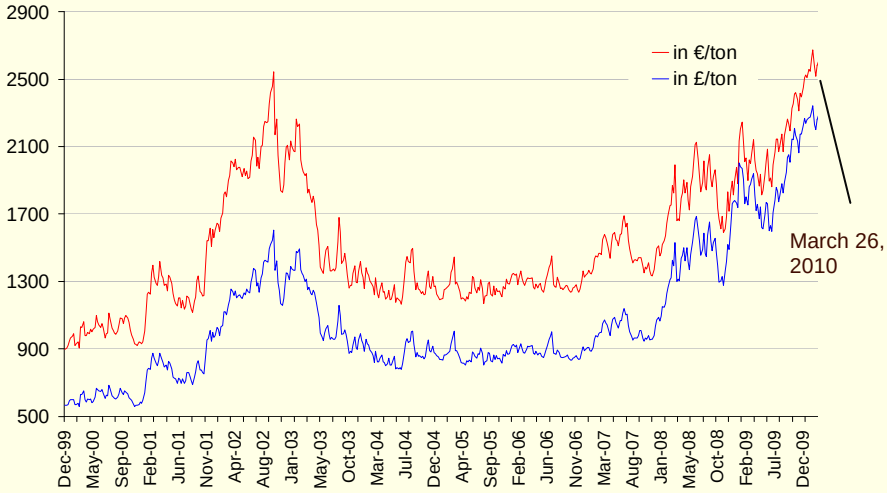
1. Top 15 (countries): represents app. 73% of the global chocolate confectionery market in terms of volume
2. USA total volumes are estimated based on a world market share distribution by Euromonitor (USA Nielsen data is reported in units only)
3. Eastern Europe: Russia, Ukraine, Poland, Turkey

Note: coverage and reporting periods of Nielsen data varies from country to country. YTD reporting: all countries are reported Sep – Jan, except Turkey and USA Sep - Feb

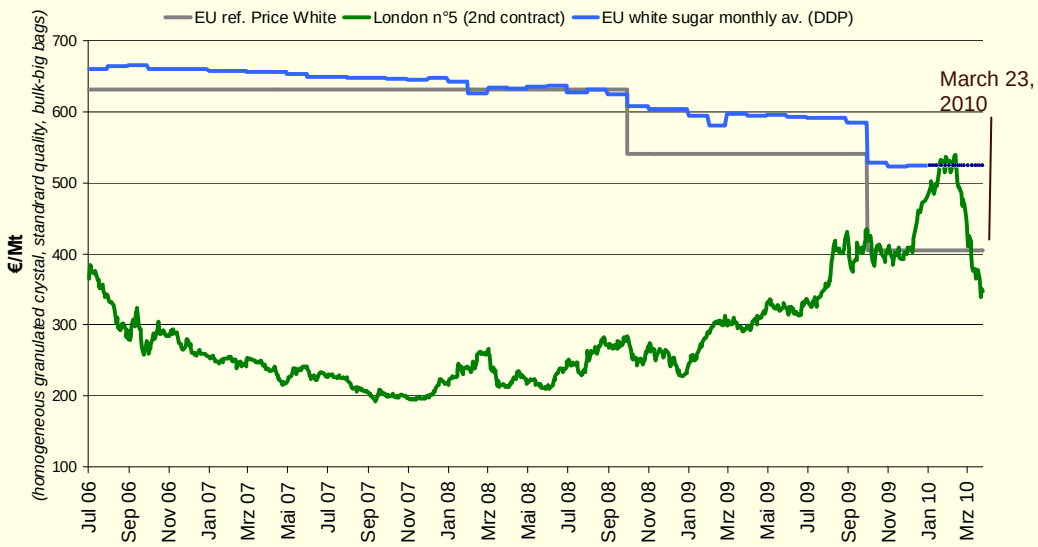
Raw material price development

Prices are high and volatile – recently slightly easing

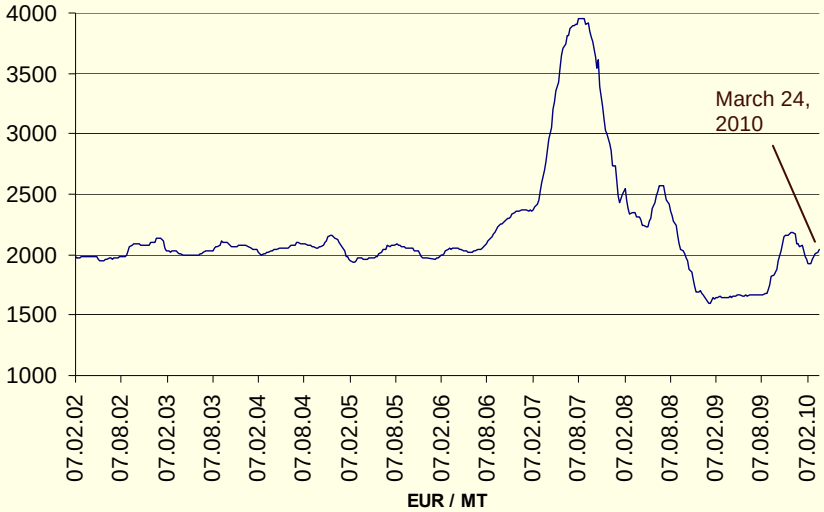
London Cocoa 2nd Position – weekly close **in £/ton** **in EUR/ton**



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



EUR /MT **Skimmed milk powder prices**

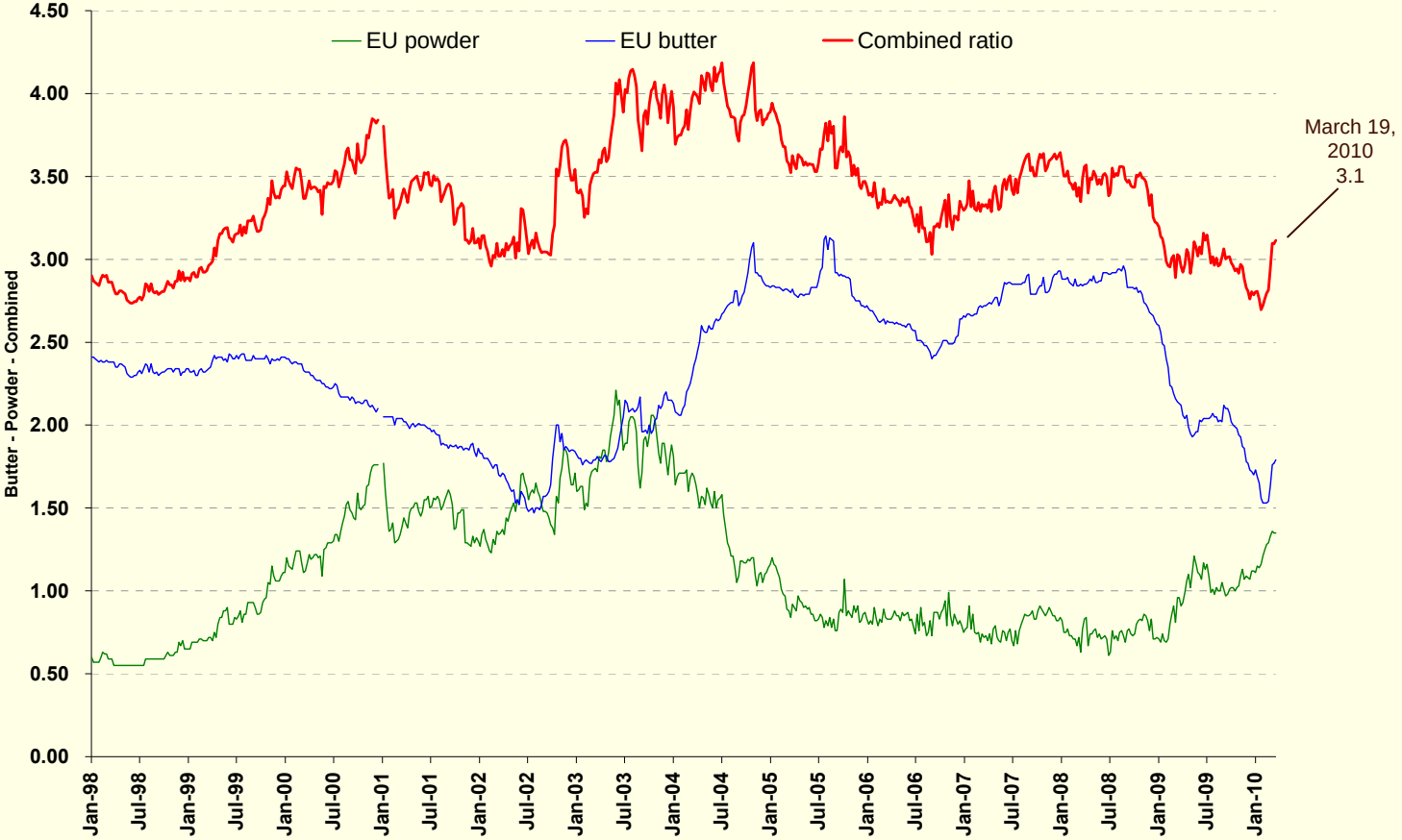


- BC's cost plus model for 80% of volume
- Cocoa price significantly above long-term average
- World sugar price has corrected. BC mainly sources in local, regulated sugar markets with different price mechanics
- Dairy prices are stabilizing

Raw material price development

Combined ratio low, increasing since mid-february

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



- Combined cocoa ratio* was favorable in H1 2008/09, yet has been falling since start CY 2008 and again since November 2009 – increase visible since February 2010
- Low combined cocoa ratios have a negative impact on BC cocoa (semi-finished products) business

* Price charged for semi-finished products compared to cocoa bean price

Confirmed growth strategy

Staying focused on Food Manufacturers, increasing the emphasis on Gourmet

Vision

- **"Heart and engine of the chocolate industry"**
- Chocolate expert and business partner of choice
- Number one chocolate company

Strategic pillars

- **Geographic expansion**
- **Innovation**
- **Cost leadership**

Sustainable, profitable growth

Strategic highlights of the past 12 months:
Implementing our 3-pillar strategy

February 2009
Sale of Van Houten Singapore consumer business to Hershey's

April 2009
Barry Callebaut Brazil S/A, and Bunge signed a distribution agreement for Brazil

October 2009
Barry Callebaut joins UTZ Certified cocoa program aiming to ensure sustainable practices in cocoa production

February 2010
Barry Callebaut appointed as exclusive supplier to Belgium's premier praline brands at World Expo in Shanghai 2010

May 2010
Chocolate factory Brazil to be operational

February 2009
Barry Callebaut joins WCF and Bill & Melinda Gates Foundation initiative to significantly improve cocoa farmer livelihoods in West Africa

June 2009
Acquisition of Danish Vending mix company Eurogran to further strengthen our Vending business

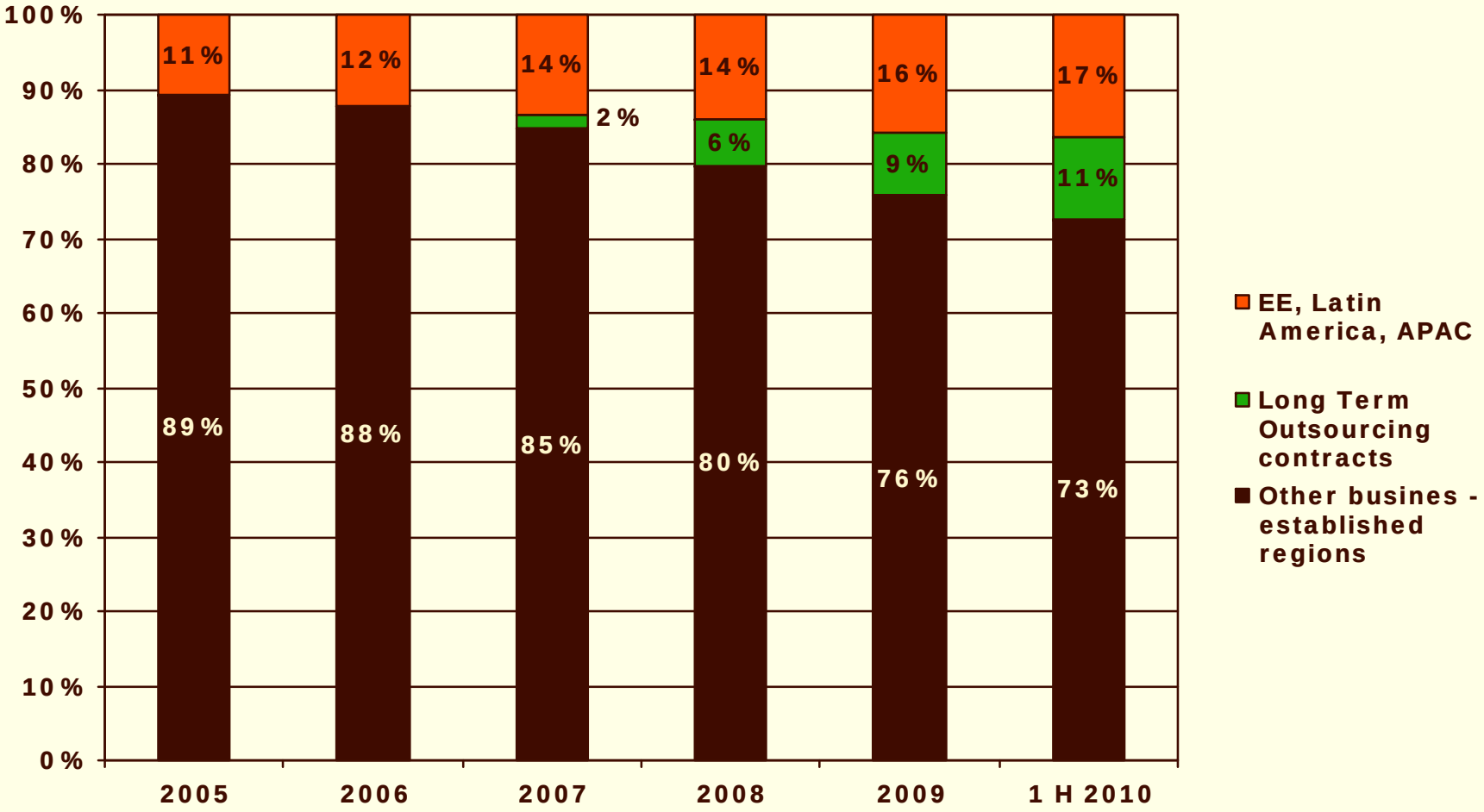
December 2009
Acquisition of Chocovic in Spain completed

March 2010
Barry Callebaut and Malaysian Cocoa Board sign collaborative research agree-ment on controlled fermentation

Geographic expansion

Growth comes from new regions & outsourcing deals

Barry Callebaut share in sales volumes in % of total



Barry Callebaut's Gourmet & Specialties business:

The preferred solutions provider for chocolate professionals – up 18.1% in sales volume

- >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:

CALLEBAUT INSPIRED BY YOUR CRAFTSMANSHIP

CACAO BARRY Since 1842

Carma THE SWISS PARTNER FOR YOUR DESSERTS

Innovation

Stepping up controlled fermentation…

What is "Controlled Fermentation"

Full control of the cocoa bean fermentation by the addition of a specific microbial starter culture mix at the beginning of the fermentation step, with the aim to provide a constant and predictable high cocoa bean quality.

Benefits of controlled fermentation:

Quality characteristics	• Superior grade cocoa beans • Consistency in quality • Processing advantages
Taste & components	• Fine-flavor beans • Increased functional components
Benefits for the farmer	• Higher income • Training in farming techniques

Innovation

...in the field and in the research labs

West Africa:

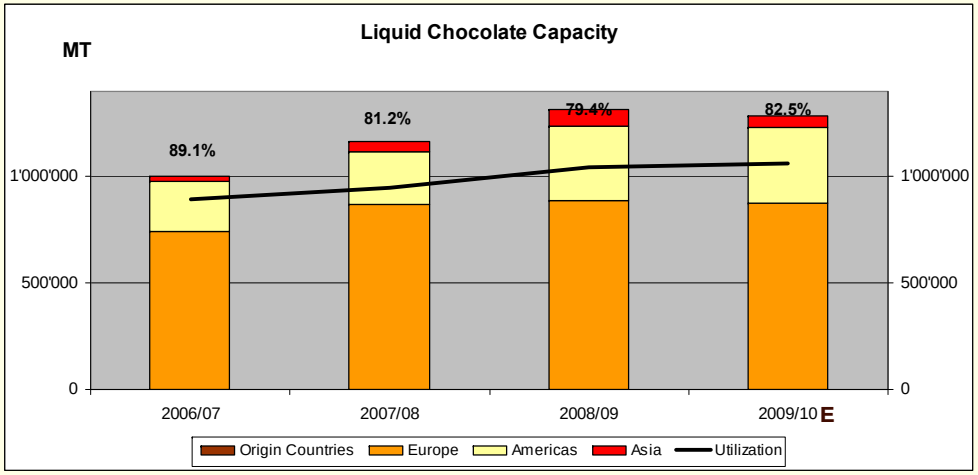
- Field implementation fermentation technique combined with farmer training
  - Optimizing fermentation technique (efficiency & cost reduction)
  - Starterculture modifications - the impact of yeasts on flavor
  - Development of functional cocoa beans (eg health effects)

Asia:

- Collaborative research with the Malaysian Cocoa Board on Controlled Fermentation
  - Malaysia/Indonesia are logical strategic sourcing alternatives to West Africa
  - Controlled fermentation will allow us to match the taste of West African beans
  - Cocoa will be processed into premium cocoa and chocolate products at BC Malaysia

Cost leadership

Factory costs on per tonne activity down by 5%*



- **Capacity utilization** for liquid chocolate: up from 79.4% to 82.5%
- **Energy consumption** per tonne activity: down by 7%
  - CO_2 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

Sustainability

Certified chocolate products

What is “Certification”

The procedure by which a third party that is neither the provider nor the customer gives written assurance that a product or service conforms to specific requirements.

Best known certification schemes

Our position on certification

17 years experience - Fairtrade chocolate since 1993; organic chocolate since 1995

We have programs with all major schemes and can meet all customer needs

We have more than 100 references of certified cocoa and chocolate products

We saw an increase of 50% in demand for Fairtrade chocolate in 2009

Sustainability

Working directly with cocoa farmers

- **"Quality Partner" program in Côte d'Ivoire – since 2005**
  - A partnership with farmer cooperatives that aims to:
  - Provide farmers with greater economic security
    - Premium for better quality
    - Pre-financing
  - Strengthen farmer cooperatives
  - Increase traceability of the cocoa we buy
  - 47 member coops, representing 42,000 farmers

- **Enabling 17 coops to get certified – new 3-year program**
  - Intensive training in sustainable agricultural practices
  - Enabling farmers to apply for one or several of the known certification schemes
  - Premium of USD 150 per tonne of certified cocoa
  - Creating 150 farmer field schools, reaching out to 10-15,000 farmers
  - Goals: to source 30,000 tonnes of certified cocoa within 3 years; to increase the yield per hectare by 20%

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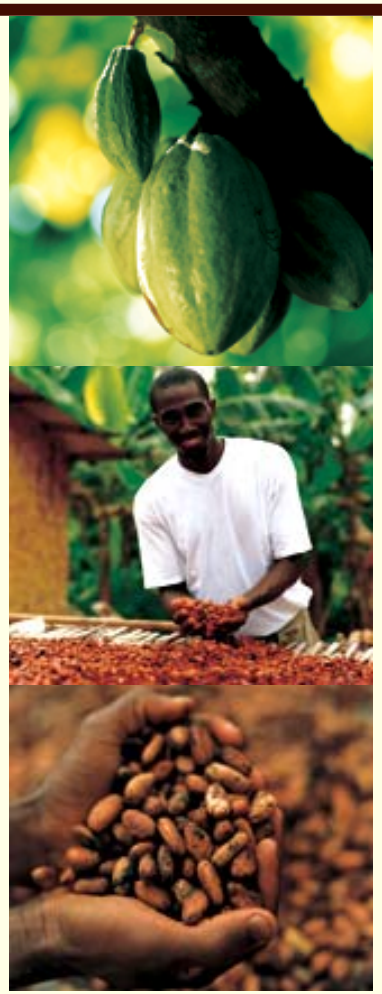


Key Figures 1H 2009/10

Strong growth continues

	Change In local currencies	Change	1H 2009/10	1H 2008/09
Sales volume [in tonnes]		**7.8%**	**659'536**	**611'920**
Sales revenue [CHF m]	*8.4%*	**4.5%**	**2'656.5**	**2'543.1**
CHF per tonne	*0.6%*	*-3.1%*	*4'028*	*4'156*
Gross profit [CHF m]	*4.6%*	**1.9%**	**390.3**	**383.2**
CHF per tonne	*-2.9%*	*-5.5%*	*592*	*626*
EBITDA [CHF m]	*0.1%*	**-2.8%**	**260.5**	**268.1**
CHF per tonne	*-7.2%*	*-9.8%*	*395*	*438*
EBIT [CHF m]	*-1.7%*	**-4.5%**	**208.8**	**218.6**
CHF per tonne	*-8.8%*	*-11.4%*	*317*	*357*

Volumes – 1H 2009/10

All regions contributed to growth

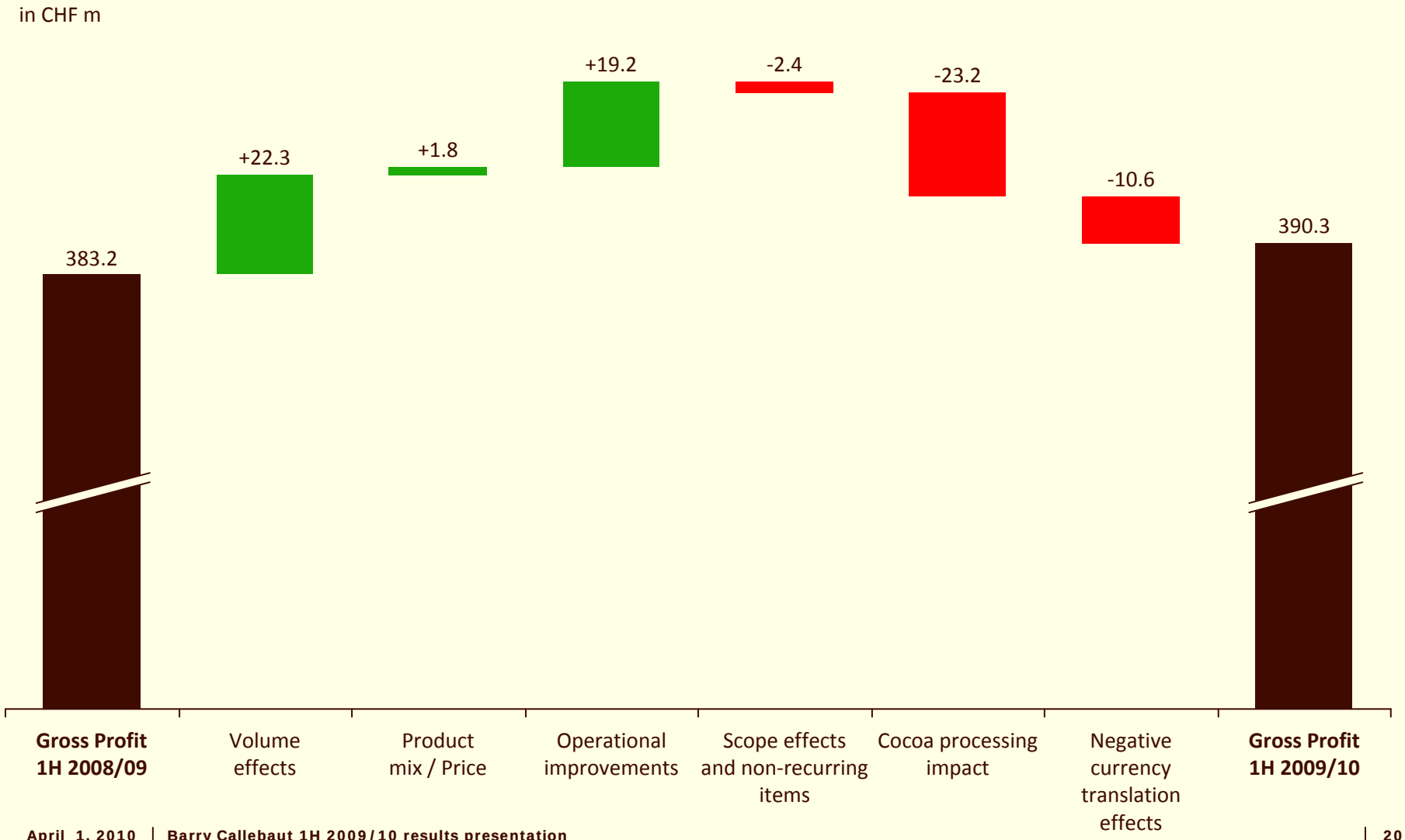
Sales volume in '000 Metric tonnes

	Change in %	1H 09/10	1H 08/09
Group	+7.8%	659.5	611.9
Global Sourcing & Cocoa	+10.2%	105.9	96.1
Europe	+4.6%	392.4	375.3
Americas	+13.1%	136.8	121.0
Asia-Pacific	+24.4%	24.4	19.6

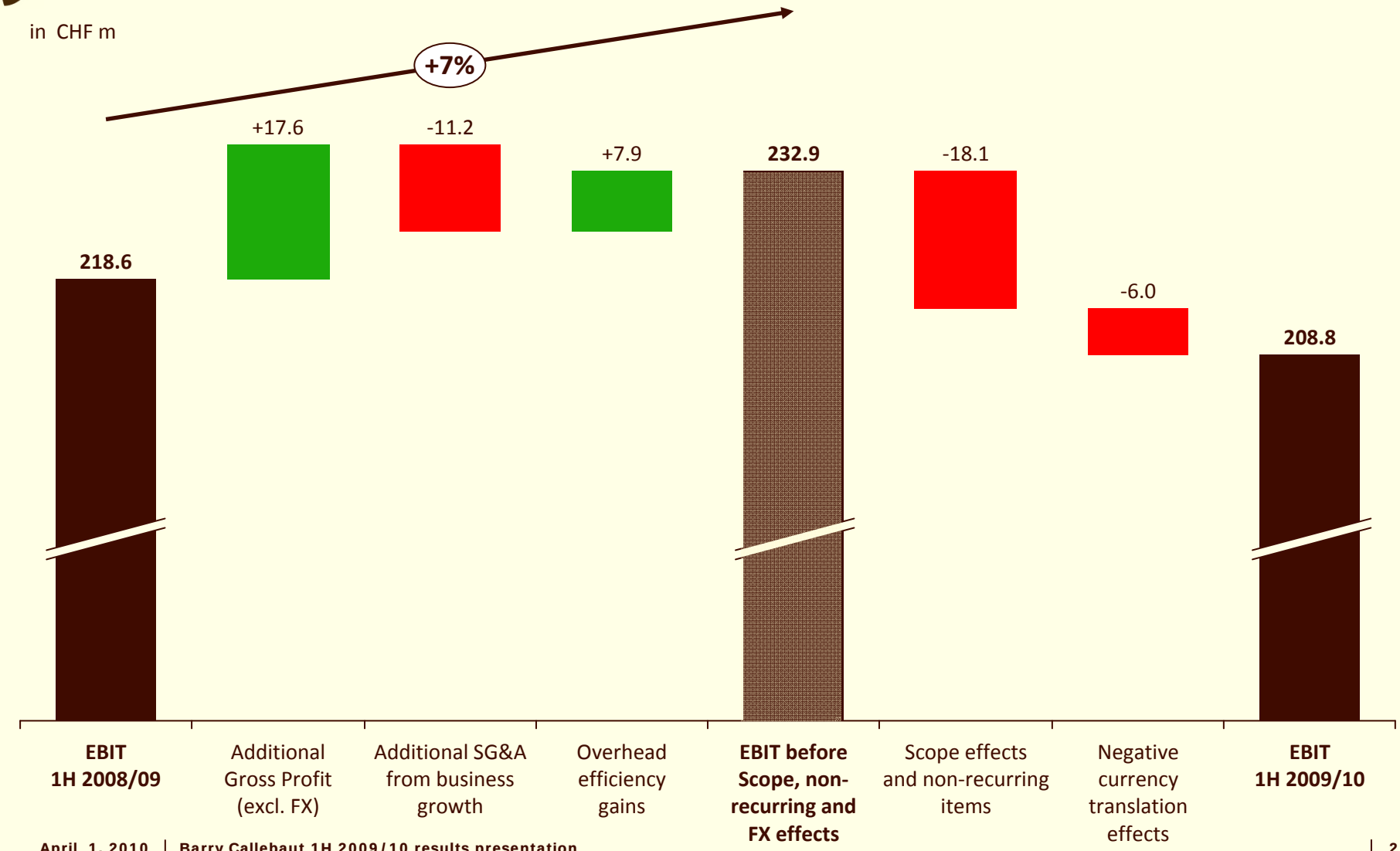
- Sales volumes up 7.8% in a still fragile economic environment
- Volumes in Europe increased against the background of recessionary markets
- Strong sales performance of Americas driven by national accounts and implementation of outsourcing contracts
- Strong performance of Asia on a still low basis

Gross Profit – 1H 2009/10

Strong operational performance…



EBIT – 1H 2009/10
...and cost under control

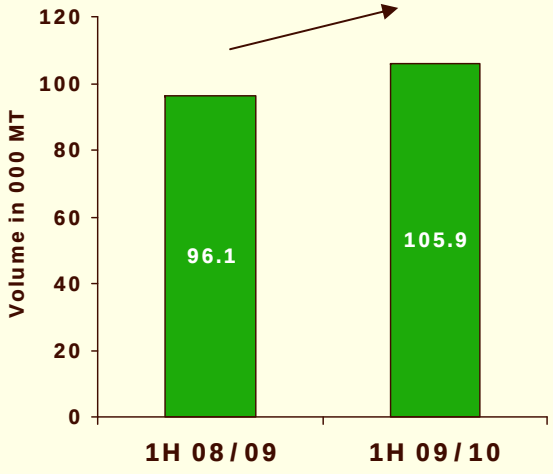


Global Sourcing & Cocoa

Good volume growth but depressed combined cocoa ratio impacting profit

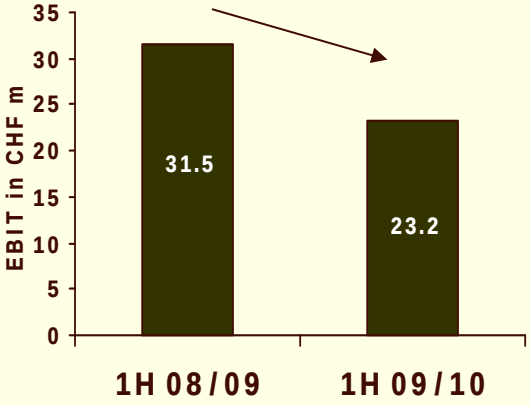
Volume

+10.2%



EBIT

-26.3%
(- 28.9% in loc curr.)



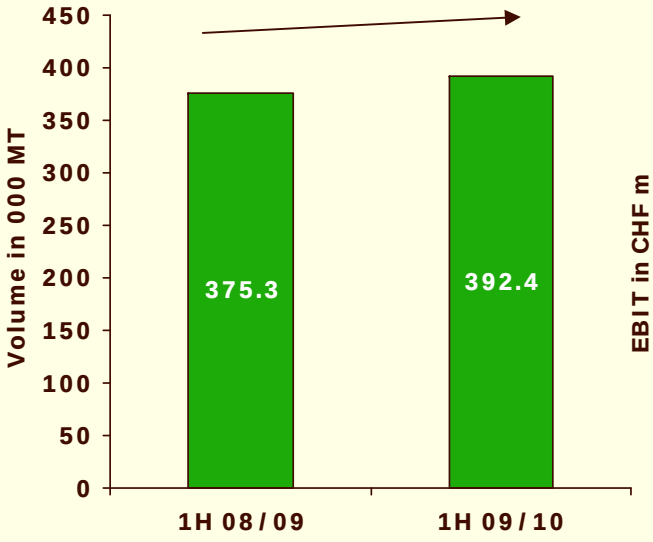
- Volume sold to third-party customers increased by 10.2% to 105,886 tonnes, driven primarily by strong cocoa powder sales in the Americas
- Combined (forward) cocoa ratio:
  - Further deteriorated, impacting the Group's operating profit
  - Improvement since Feb 2010, which should positively impact the profit as from summer 2010

Europe

Strong volume and EBIT growth

Volume

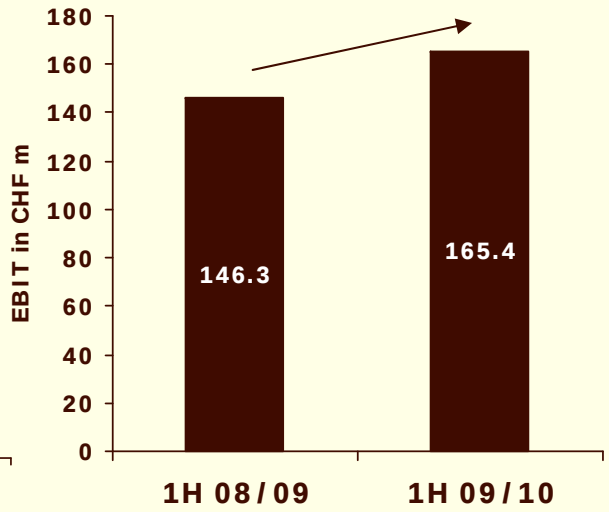
+4.6%



EBIT

+13.1%

(+ 17.0% in loc curr.)



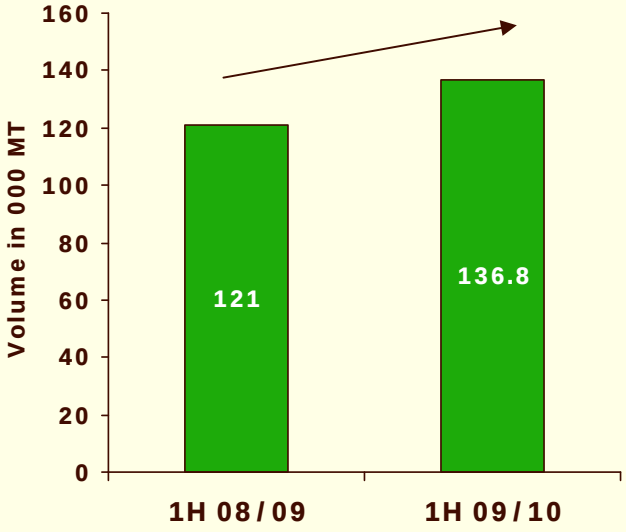
- Market demand in Western Europe showing slight recovery, Eastern Europe still affected by crisis in Russia
- Gourmet business with good development stemming from recovering markets, market share gains and the integration of Eurogran/Chocovic
- Consumer products decreased in volume – good profit development

Americas

Continued strong growth, profit pressure

Volume

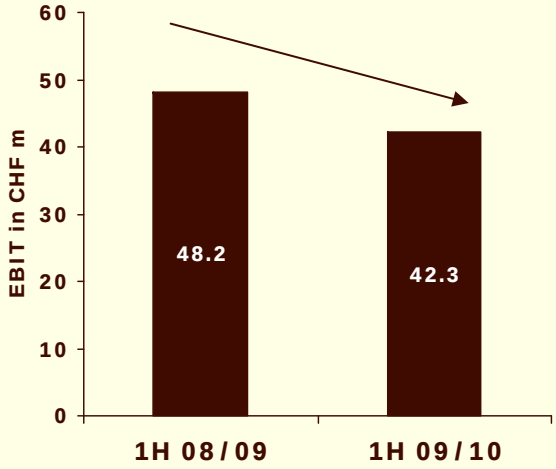
+13.1%



EBIT

-12.2%

(-5.5 % in loc curr.)



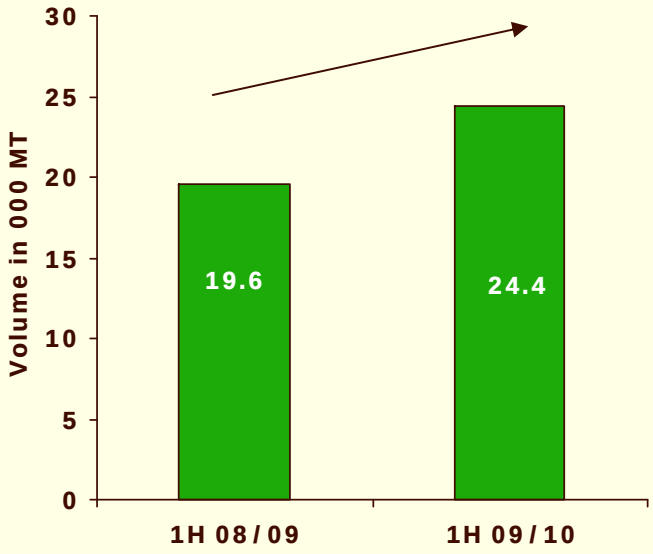
- Chocolate market with mixed signs, improving in some segments, others still depressed (e.g. foodservice, full-service restaurants)
- Strong volume growth driven by
  - Implementation of outsourcing contract
  - Strong local accounts
  - Strong Gourmet business especially with large confectioners
- Profit affected by temporary margin pressure due to stiff price competition in the market, cost increases, product mix

Asia-Pacific

Recovering customer demand and growth with new customers

Volume

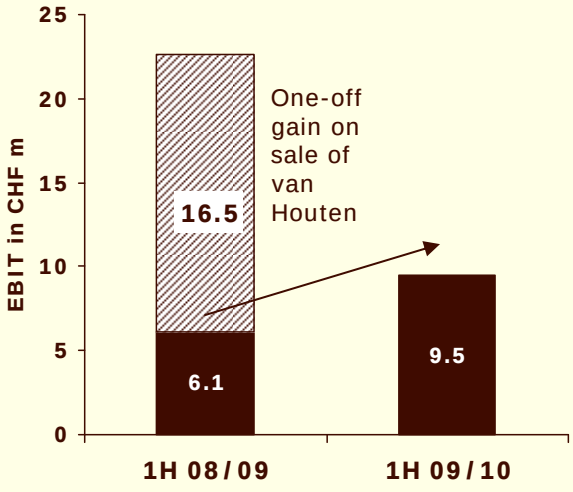
+24.4%



EBIT

-58.0%
(-58.0 in loc. curr.)

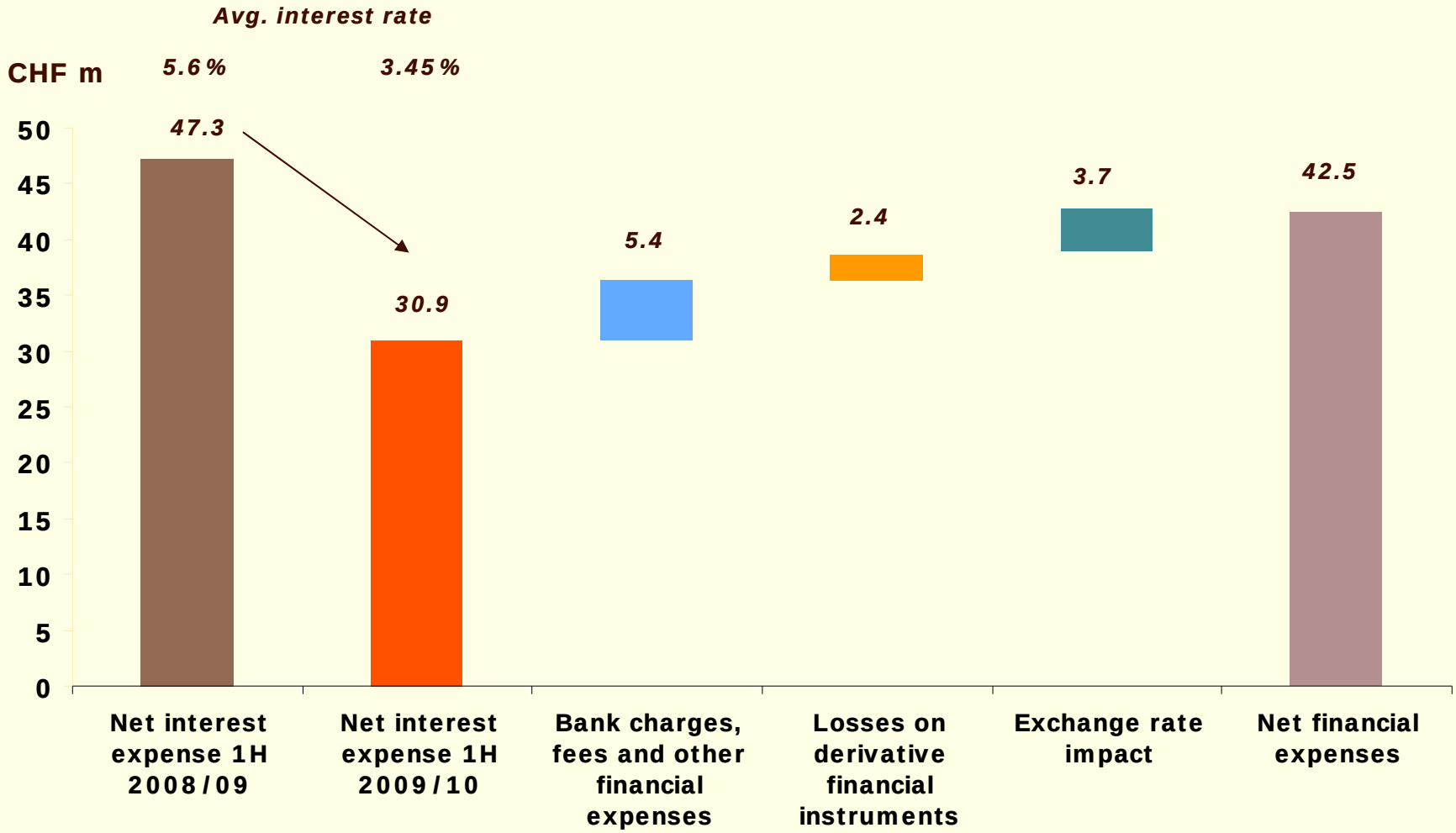
+55.7% adj. for scope



- Markets starting to recover, with the exception of Japan
- Gourmet & Specialties products saw a double-digit sales volume increase
- Excluding the CHF 16.5 million one-off contribution from the sale of the Asian consumer business Van Houten Singapore recorded in the same prior-year period, operating profit EBIT went up 55.7%.

Below EBIT - Net financial expense:

Substantially lower average interest expense



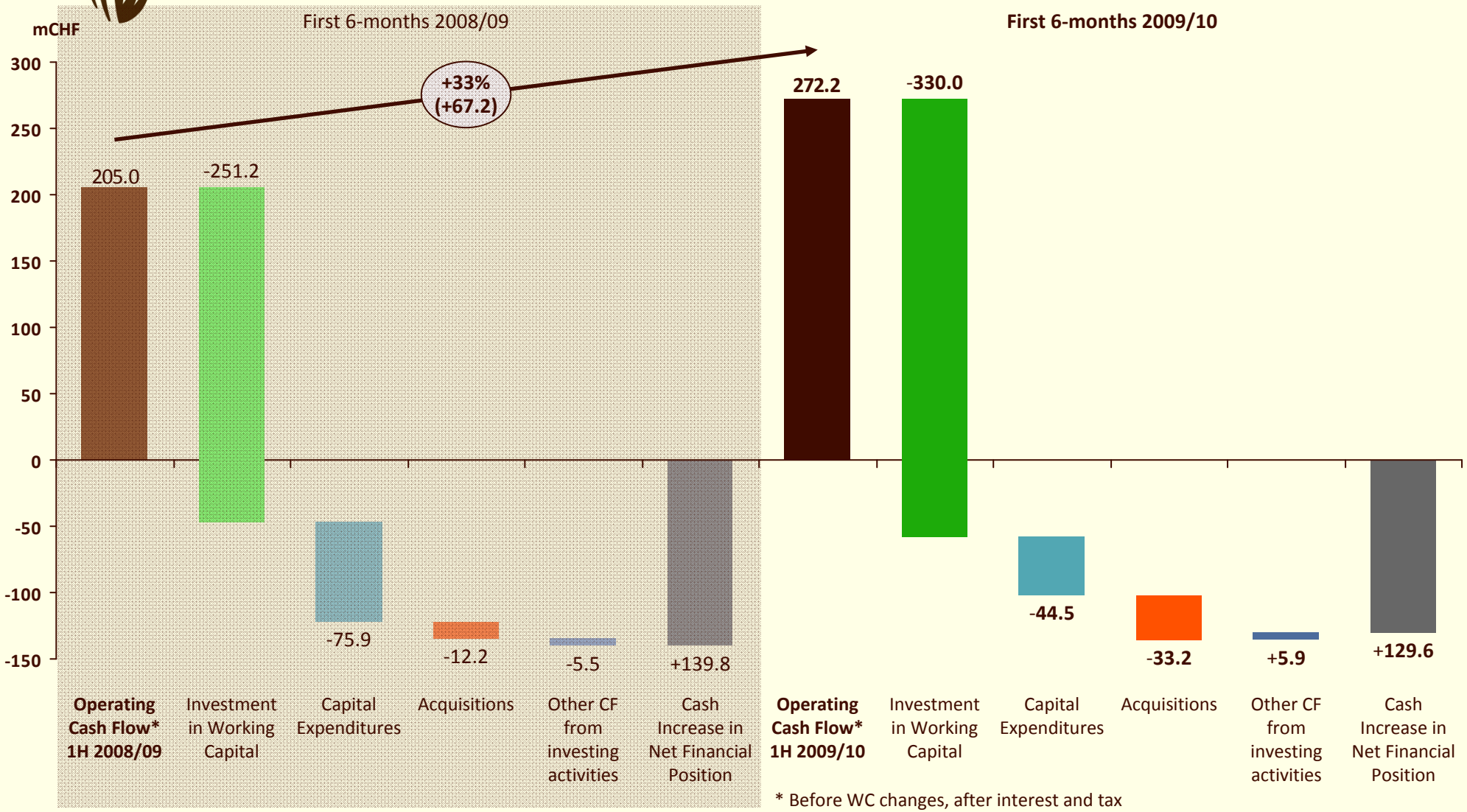
From EBIT to PAT:

Lower financial expense & tax rate

		Change in %	1H 2009/10	1H 2008/09
Operating Profit (EBIT)	CHF m	-4.5	**208.8**	**218.6**
in local currencies	*CHF m*	*-1.7*	*214.9*	
Financial expense, net	CHF m	-14.8	**(42.5)**	**(49.9)**
Income taxes	CHF m	-16.8	**(21.3)**	**(25.6)**
Tax rate	*in %*		*12.8%*	*15.2%*
Net Profit for the period	CHF m	1.6	**145.7**	**143.4**
in local currencies	*CHF m*	*5.2*		

Cash Flow – 1H 2009/10

Seasonal investments in Working Capital

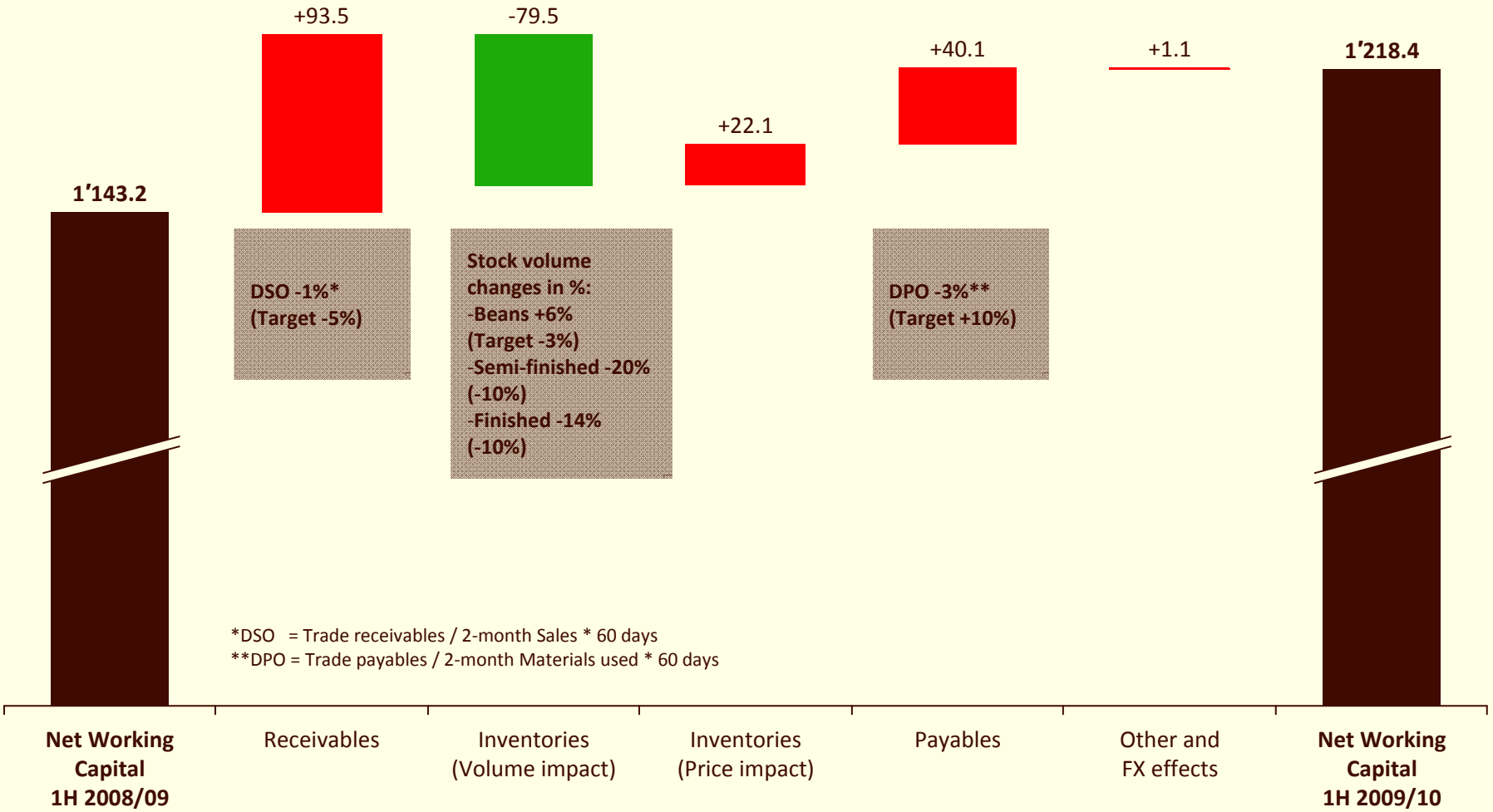


* Before WC changes, after interest and tax

Working Capital – 1H 2009/10

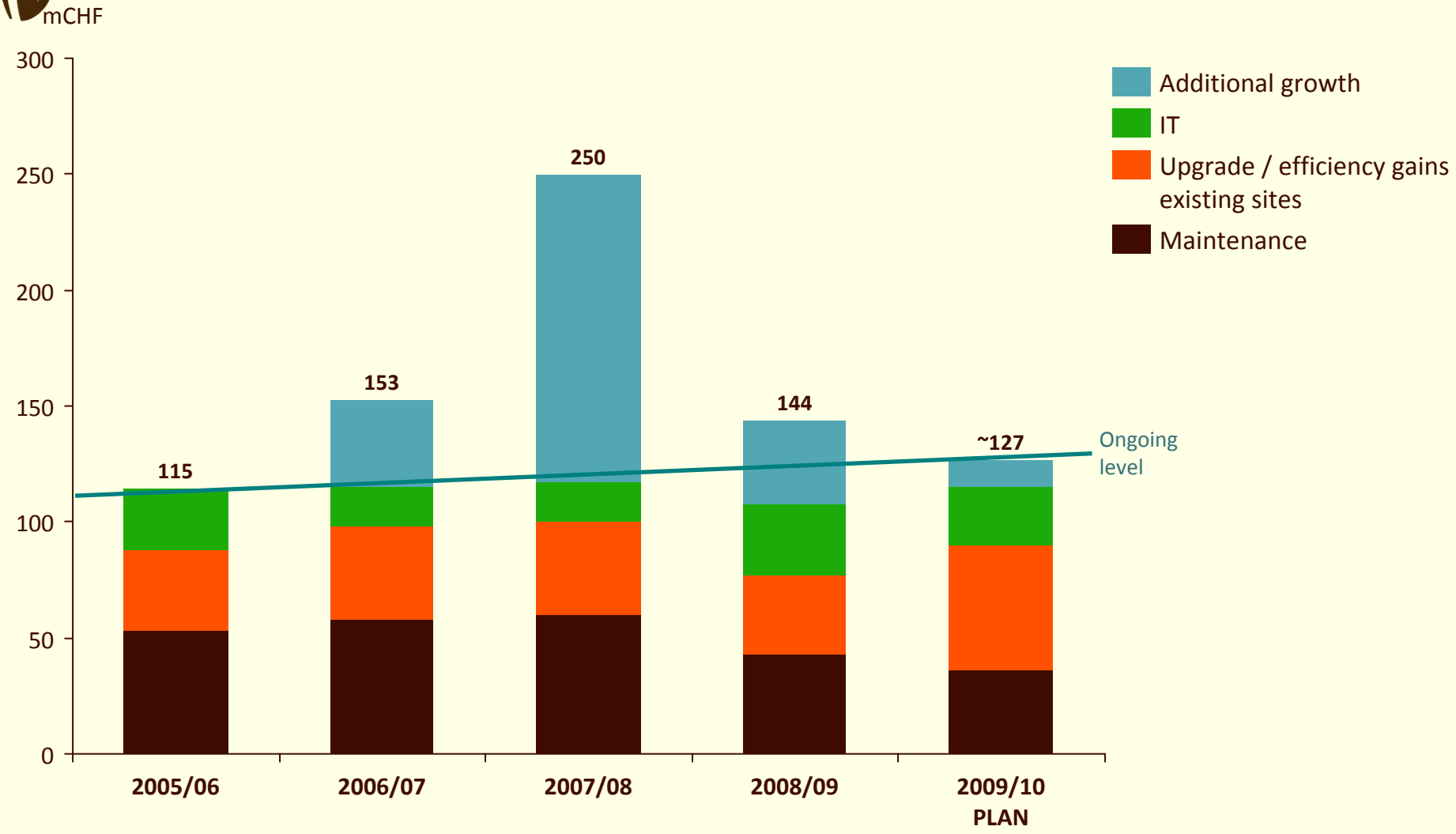
Global project to reduce working capital

in mCHF



*DSO = Trade receivables / 2-month Sales * 60 days
**DPO = Trade payables / 2-month Materials used * 60 days

CAPEX development:
Back at sustainable levels



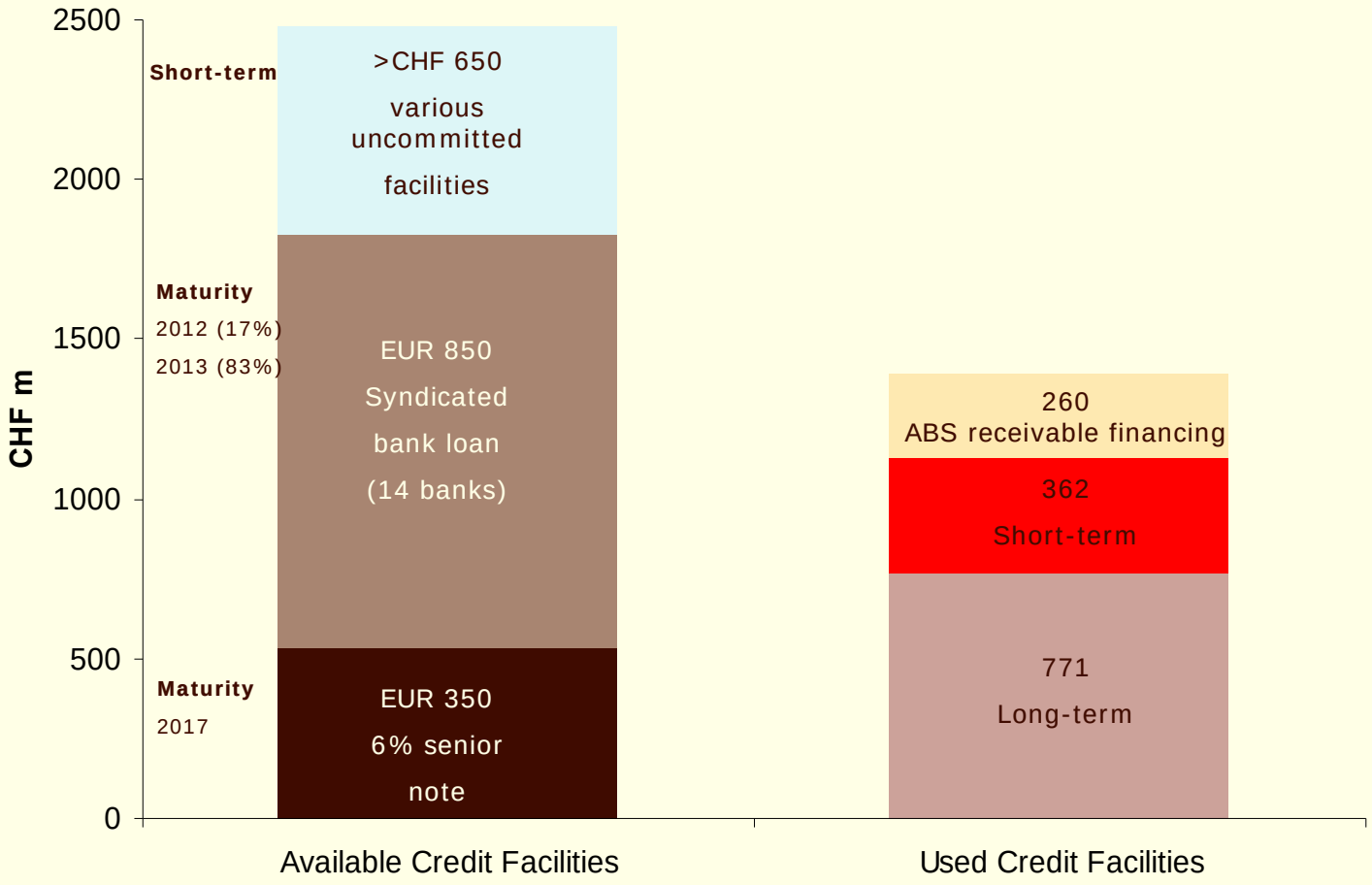
Balance sheet 1H 2009/10

Net debt reduced – strong financial ratios

	Change [%]	Change absolute	Feb 10 in CHF m	Feb 09 in CHF m
Total assets	9.8%	363.5	**4'068.0**	**3'704.5**
Net working capital	6.6%	75.2	**1'218.4**	**1'143.2**
Non-current assets	5.3%	73.0	**1'457.2**	**1'384.2**
Net debt	-2.1%	-23.5	**1'093.4**	**1'116.9**
Shareholders' equity	12.6%	147.3	**1'316.2**	**1'168.9**
Debt / Equity ratio			**83.1%**	**95.6%**
Solvency ratio			**32.4%**	**31.6%**
Net debt / EBITDA			**2.4x**	**2.5x**
Interest cover ratio			**5.3x**	**5.4x**
ROIC			**13.4%**	**14.5%**
ROE			**17.4%**	**19.4%**

Stable financing situation due to long-term secured credit-lines

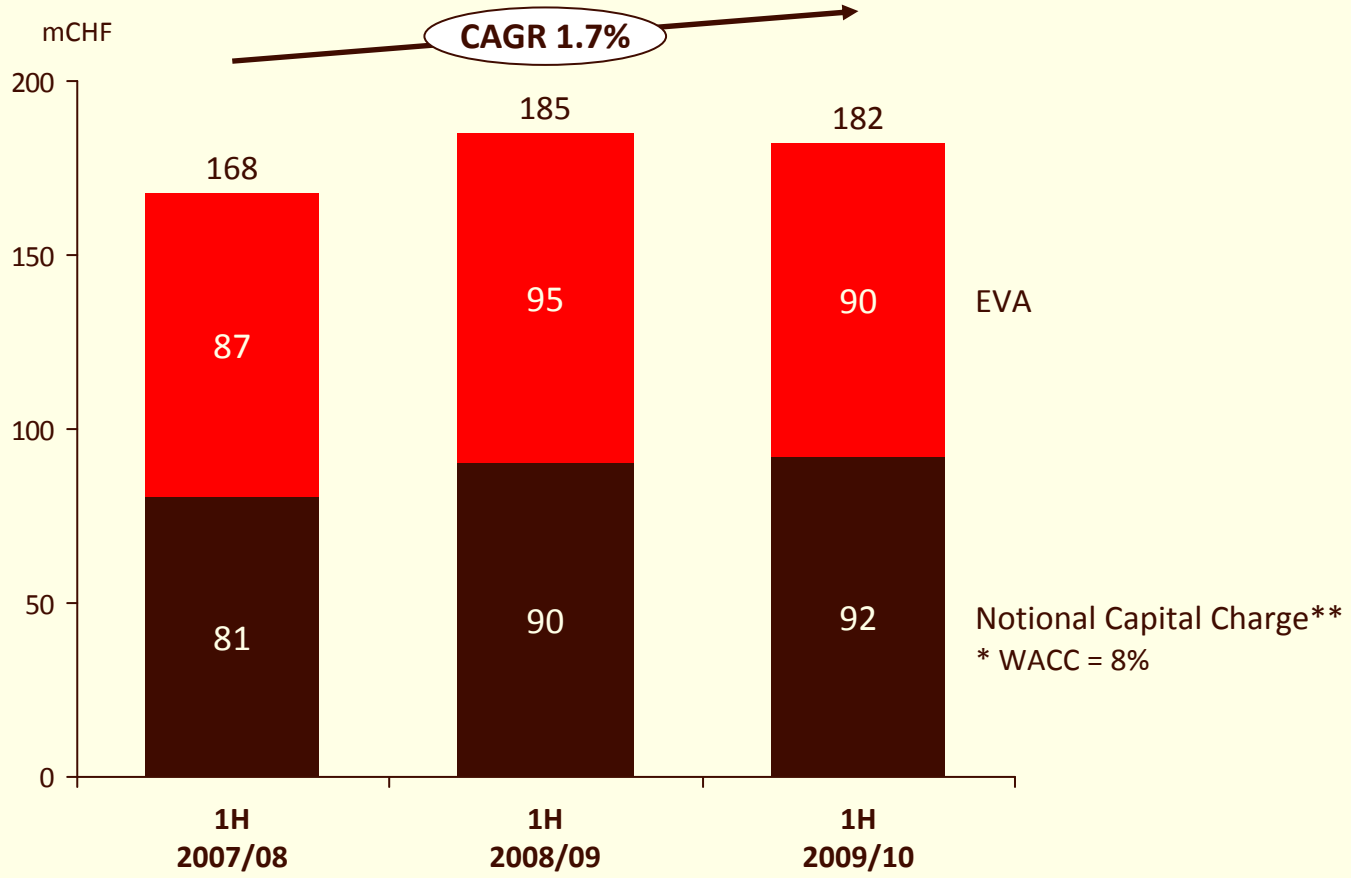
Financing and liquidity situation as at Feb 28, 2010 [CHF]



EVA 1H 2009/10

Barry Callebaut continues to generate significant Economic Value

EVA defined as measure to determine the value created above the return required by shareholders



P&L overview

Solid financial results

		% change	1H 2009/10	1H 2008/09
Revenue from sales and services	**CHF m**	4.5%	**2'656.5**	**2'543.1**
in local currencies		*8.4%*	*2'756.2*	
Gross Profit	**CHF m**	1.9%	**390.3**	**383.2**
in local currencies		*4.6%*		
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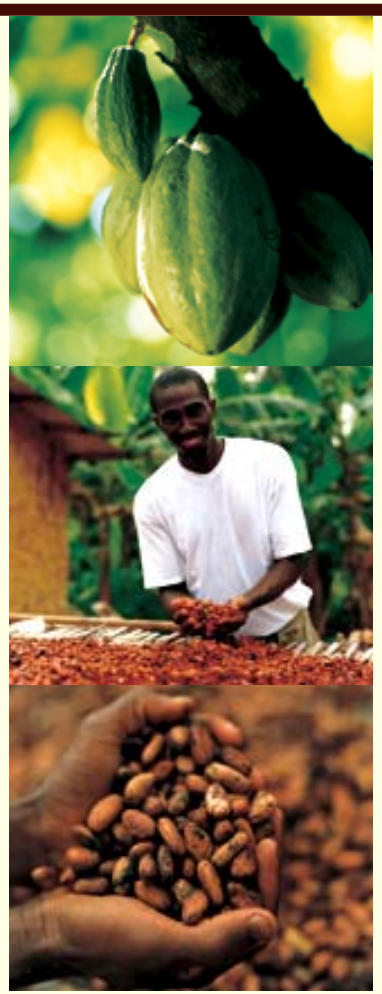
Net Profit for the period	**CHF m**	**1.6%**	**145.7**	**143.4**
in local currencies		5.3%		
Earnings per share (EPS) (basic)	**CHF**	1.2%	**28.18**	**27.85**
Shareholders' Equity	**CHF m**	12.6%	**1'316.2**	**1'168.9**
Net debt	**CHF m**	-2.1%	**1'093.4**	**1'116.9**

Agenda

- Highlights 1H 2009/10
- Financial and operational performance
- **Outlook**
- Q & A



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

Agenda

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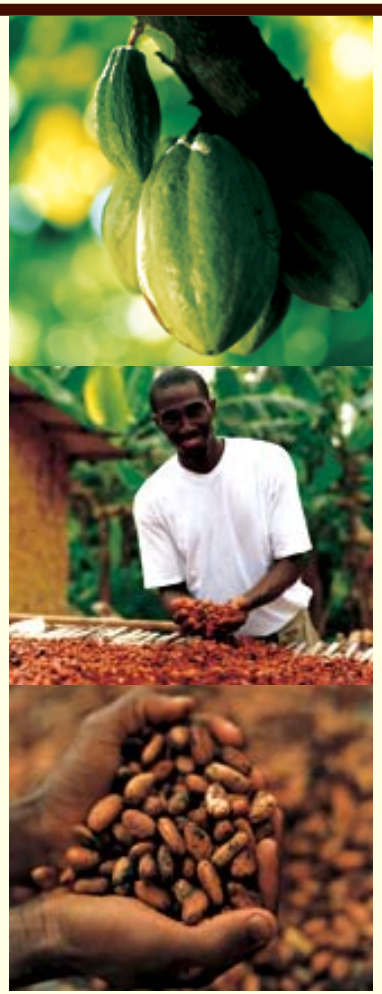

Summary

Ongoing robust growth

Emerging markets developing well

Excellent growth in high-margin Gourmet & Specialties business

Solid operational improvements

Global chocolate market expected to slowly recover in 2010; combined cocoa ratio to improve

Three-year financial targets confirmed

Barry Callebaut Financial Calendar 2009/10

- 9-months key sales figures 2009/10 - June 30, 2010
- Year-end results 2009/10 - November 4, 2010
- Annual General Meeting 2009/10 - December 7, 2010