

STRATEGY

Barry Callebaut
Letter to Investors 2010/11

The ambitious growth strategy of Barry Callebaut is based on four pillars:



Expansion

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Barry Callebaut intends to accelerate the growth of its Gourmet business. With regard to the industrial customers, the company wants to strengthen its position in the main markets of Western Europe and North America. In emerging markets like Russia, China, Poland, Mexico and Brazil, Barry Callebaut aims to develop their full potential. Lastly, the company will carefully evaluate how to enter other emerging markets. Implementing existing outsourcing volumes and strategic partnerships as well as securing further outsourcing deals with regional and local food manufacturers will remain an essential part of the business strategy.



Innovation

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Barry Callebaut is recognized as the reference for innovation in the chocolate industry. Dedicated R&D teams around the world focus on two different areas: Fundamental research into preserving the health properties of the cocoa bean and pro-active R&D leading to cutting-edge cocoa and chocolate products. The applied R&D teams, on the other hand, support customers to improve their products and recipes as well as their production processes on their own production lines. In total, Barry Callebaut manages about 2,000 R&D projects, runs almost 7,600 trials and conducts more than 400 technical visits with its customers every year.



Cost Leadership

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Cost Leadership is an important reason why for example international customers outsource their chocolate production to Barry Callebaut. The company is continuously improving its operational efficiency by upgrading the technology and achieving higher scale effects through better capacity utilization, by optimizing product flows, logistics and inventory management, as well as by reducing energy consumption and lowering fixed costs. In total, manufacturing costs per tonne in fiscal year 2010/11 were reduced by 2.2% on a like-for-like basis (in local currencies).



Sustainable Cocoa

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Securing sufficient supplies of quality-grade, responsibly grown cocoa to meet the specific requirements of its customers is a critical challenge for Barry Callebaut. Sustainable Cocoa stands for more volumes and better quality cocoa, aiming to secure the company's future growth ambitions and scaling up its certified cocoa volumes. Sustainable Cocoa consists mainly of three action areas: Improving Farmer Practices with so-called yield enhancement services, Farmer Education through an education curriculum for schools and Farmer Health. All this is aiming to improve the livelihood of farmer communities with which we work directly.