Acquisition of Petra Foods' Cocoa Ingredients Division

DECEMBER 12, 2012

BARRY CALLEBAUT

Agenda

Overview & Strategic Rationale	Juergen Steinemann, CEO
Transaction Details & Financial Consideration	Victor Balli, CFO
Summary & Conclusion	Juergen Steinemann, CEO
Q&A Session	

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BARRY CALLEBAUT

Excellent strategic fit at the core of Barry Callebaut's cocoa and chocolate business

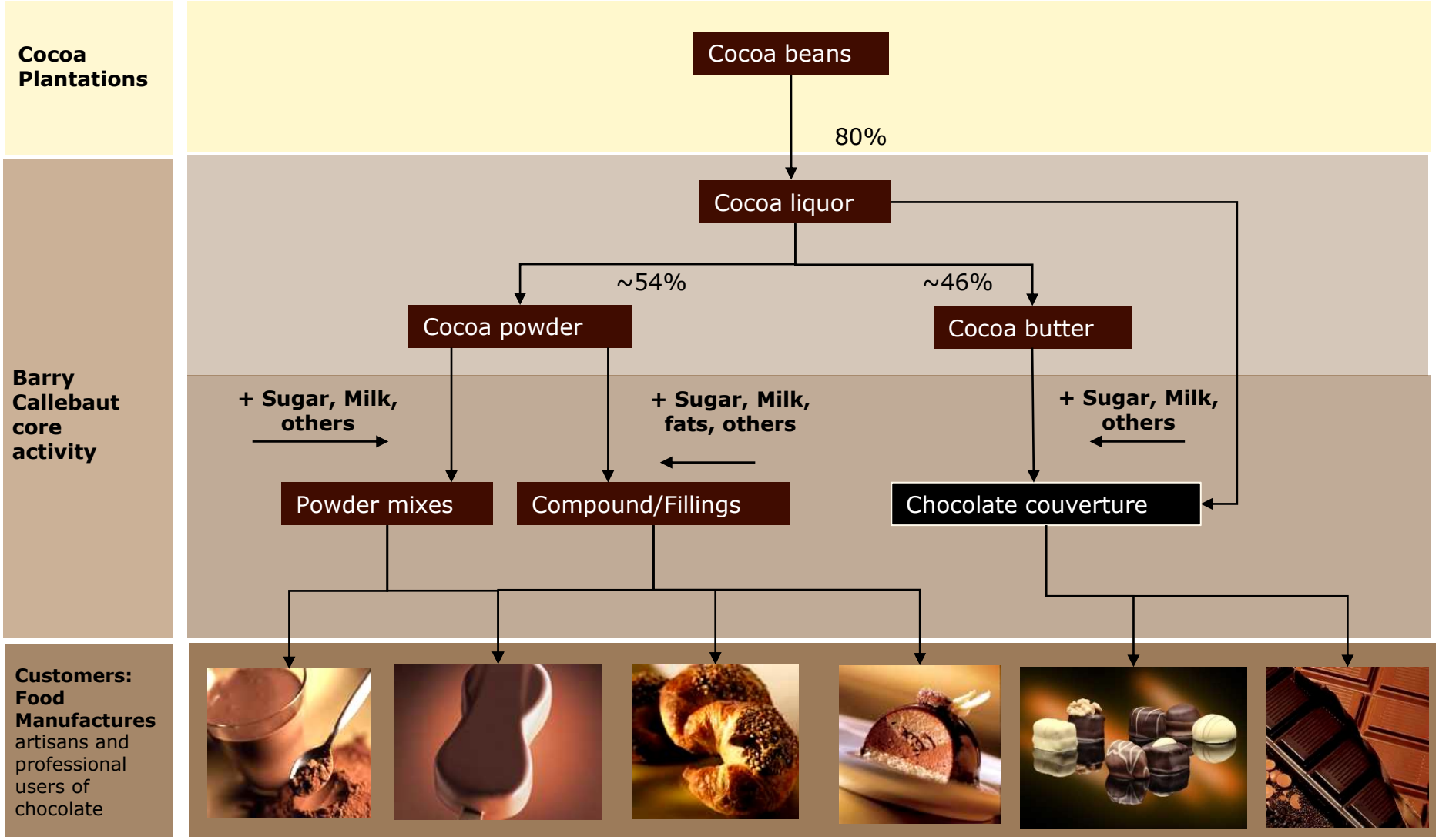
- Supporting further chocolate growth by stepping up the integrated cocoa sourcing and processing activities
- Strengthening current and future outsourcing and partnership agreements
- Boosting sales volume in fast growing emerging markets, mainly in Asia and Latin America, by 65% to almost one-third of Group sales volume
- Becoming a pro-active market player in the fast growing cocoa powder market
- Adding Asia as a strong cocoa sourcing base besides West Africa

Consistent implementation of our long-term strategy

Our Vision: "Heart and engine of the chocolate industry"

Expansion	▪ **Geographical expansion** in emerging markets and strengthen position in developed markets ▪ Long term **outsourcing agreements/strategic partnerships** ▪ Faster growth in **Gourmet & Specialties**
Innovation	▪ **Improve customer products, recipes and production processes** ▪ **Pro-active fundamental research in cocoa** ▪ Focus on the **health properties of the cocoa and chocolate products**
Cost Leadership	▪ Improving **operational efficiency** by upgrading technology, increasing capacity utilization, optimizing product flows, logistics and reducing energy consumption
Sustainable Cocoa	▪ Increased **focus on** the mid-term and **long-term availability of quality and quantity of cocoa beans,** as well as ensuring the **sustainability** of such cocoa supply chain

Vertically integrated in cocoa sourcing and processing since 1996



Long-term outsourcing and strategic partnership agreements include both chocolate and cocoa products

2006-07

Nestlé
(February 2007)

Cadbury Schweppes
(June 2007)

C + Ch deal

Hershey
(April 2007)

Morinaga
(September 2007)

2010-11

C + Ch deal

ex-Kraft Foods
(September 2010)

Green Mountain Coffee Roasters
(Oct 2010)

C + Ch deal

Hershey Extension
(May 2011)

C + Ch deal

Chocolates Turín
(June 2011)

Baronie Group
(July 2011)

2011-12

C + Ch deal

Bimbo
(Jan 2012)

C + Ch deal

Unilever
(Jan 2012)

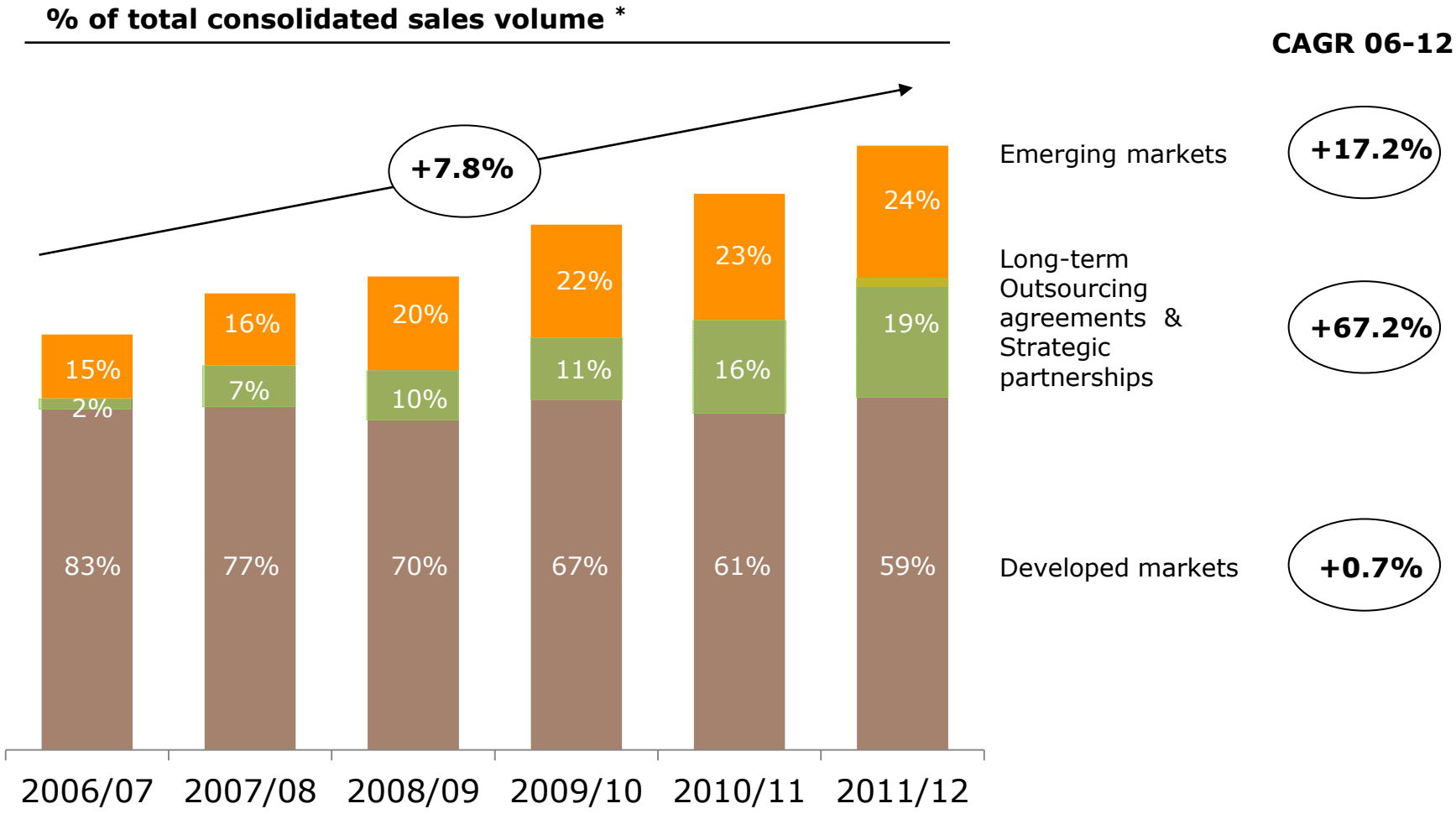
C + Ch deal

Morinaga
(June 2012)

C + Ch deal

Arcor, Dos en Uno
(Oct 2012)

Based on our strategy we grew almost 8% on average per year, driven by emerging markets and strategic partnerships

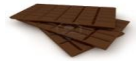


* Exluding Consumer Business

Cocoa Powder-based applications growing fast

Demand for powder applications growing faster

CAGR 11-16 of main cocoa SFP applications (in %)



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Powder applications

Main powder/ butter applications

As a result, derived demand for powder is the fastest growing

CAGR (11-16F)

Powder

2 -5 %

Liquor

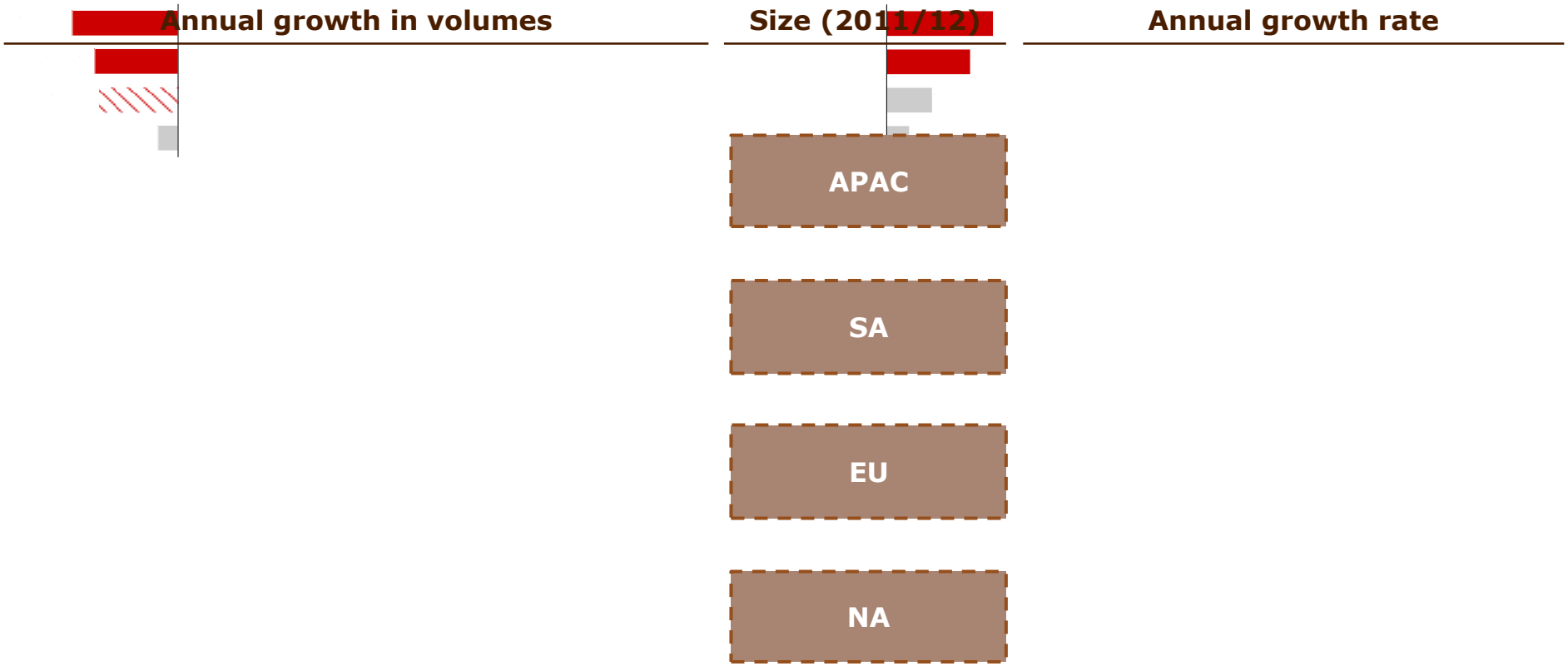
1-2%

Butter

1-2%

Source: Euromonitor; Expert interviews
1) Based on Expert and Bain estimates

Demand for Cocoa Powder driven by emerging markets



Total ~960k MT

Global growth rate range estimated to be 2-5%

Source: Customer interviews; Sunflower data for market size, Euromonitor for regional split; team analysis
Note: Middle East included in EU

The Cocoa Market

- **Globally, ADM** and **Cargill** are **the largest players**
- **Differences in regional profiles**
  - **Asia**: Petra Foods largest player, followed by Guan Chong
  - **South America**: Cargill and ADM leaders
  - **Europe**: Cargill leading, followed by ADM
  - **North America**: Blommer leading, followed by Barry Callebaut, ADM and Cargill

Petra Foods – company overview

PETRA FOODS LIMITED

Branded consumer

- One of the leading players in Southeast Asia that markets and distributes its own brands of chocolate and sugar confectionery products to consumers, and enjoys a market leadership position in Indonesia
  - 2011A Sales of USD 426m (25% of group sales)
  - 2011A EBITDA of USD 63m (49% of Group)

Cocoa Ingredients Division

- One of the world's major manufacturers and suppliers of premium cocoa products, namely Cocoa Liquor, Cocoa Butter and Cocoa Powder that form the basis for the chocolate products consumed by millions each day
  - 2011A Sales of USD 1,276m (75% of group sales)
  - 2011A EBITDA of USD 66m (51% of Group)

Petra Foods' Cocoa Ingredients Division a strong player in the cocoa market...

Strong current capabilities

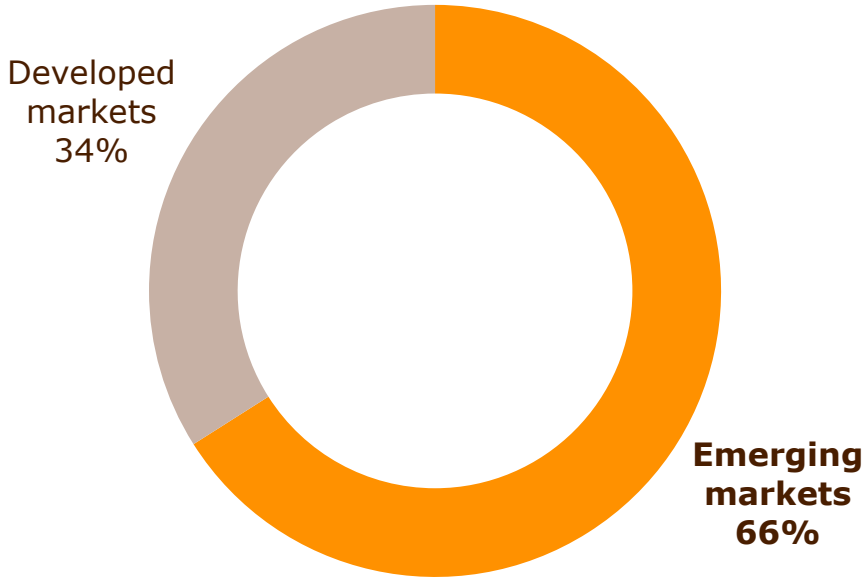
- *The largest cocoa products supplier in Asia-Pacific and the third largest worldwide* (405,000 tonnes)
- Global network of 7 processing facilities and 4 sales offices across four continents, close to all the major consuming markets
- Semi-finished products marketed under the "Delfi" brand in Asia and South America and in Europe, the "Nord Cacao"
- Significant scale in terms of sourcing, esp. in Asia, and also cost leader
- Approx 1,700 employees
- Experienced management team with strong knowledge in Asian market

Further potential for future growth

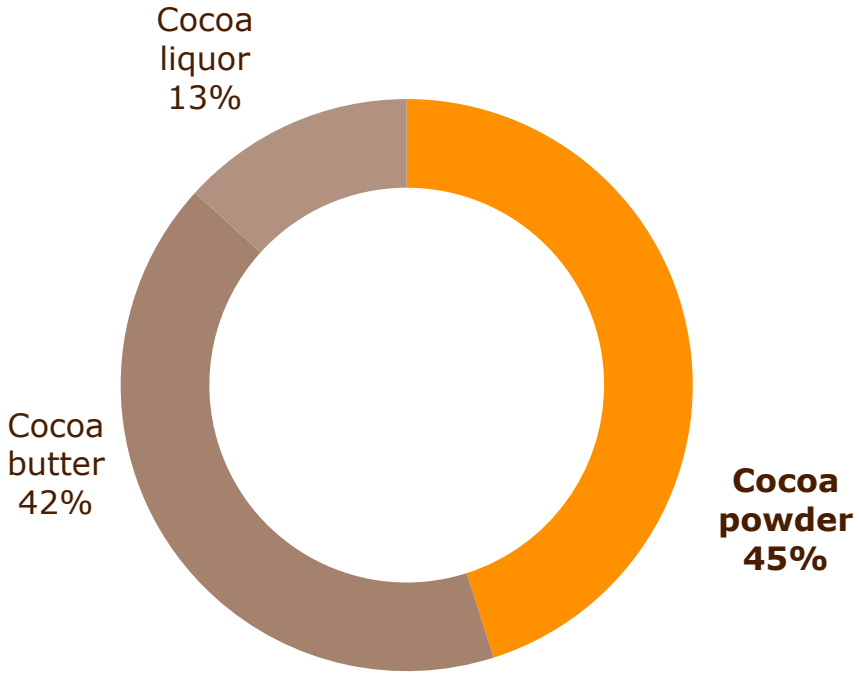
- Strengthen relationships with major Food Manufacturers
- Powder centric business model focused on value-added solutions
- Further strengthening of the sustainability programs
- Continuous improvement of processes and technology

...with a strong exposure to emerging markets

Cocoa Ingredients Division
Sales volume per region – 2011



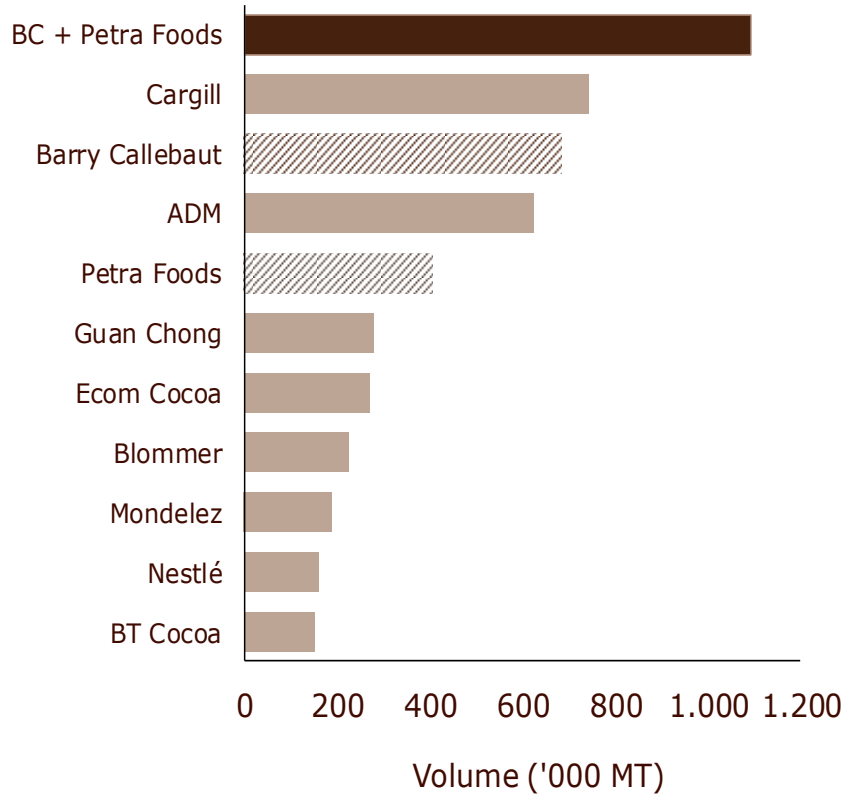
Cocoa Ingredients Division
Sales volume per product type– 2011



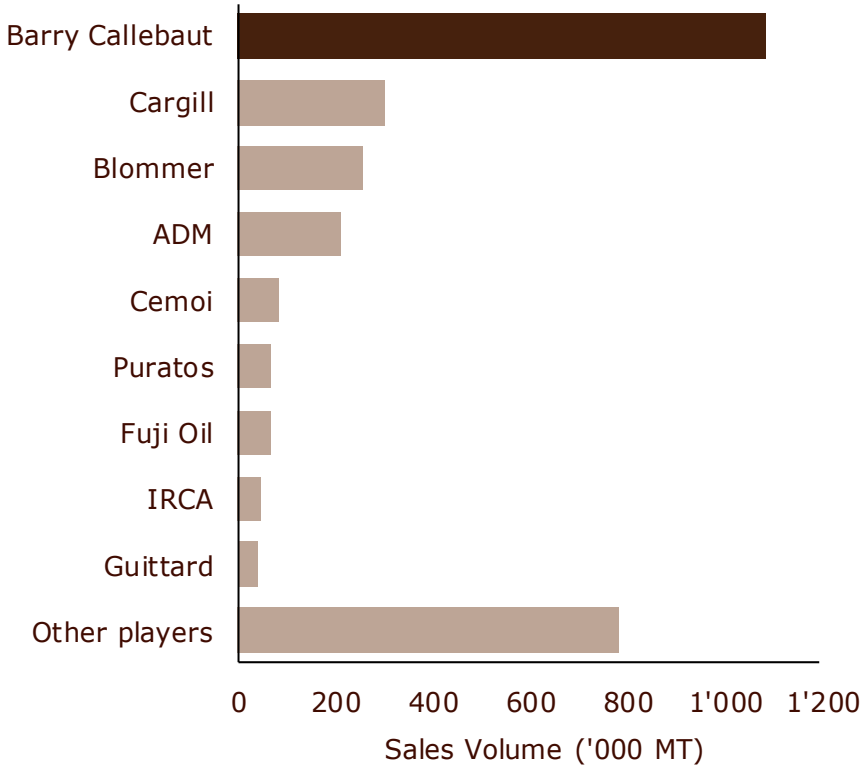
Acquisition will position Barry Callebaut as a large, pro-active market player in Cocoa Powder business globally

- Barry Callebaut is the largest global industrial chocolate supplier

Cocoa grinders



Industrial chocolate – Open market

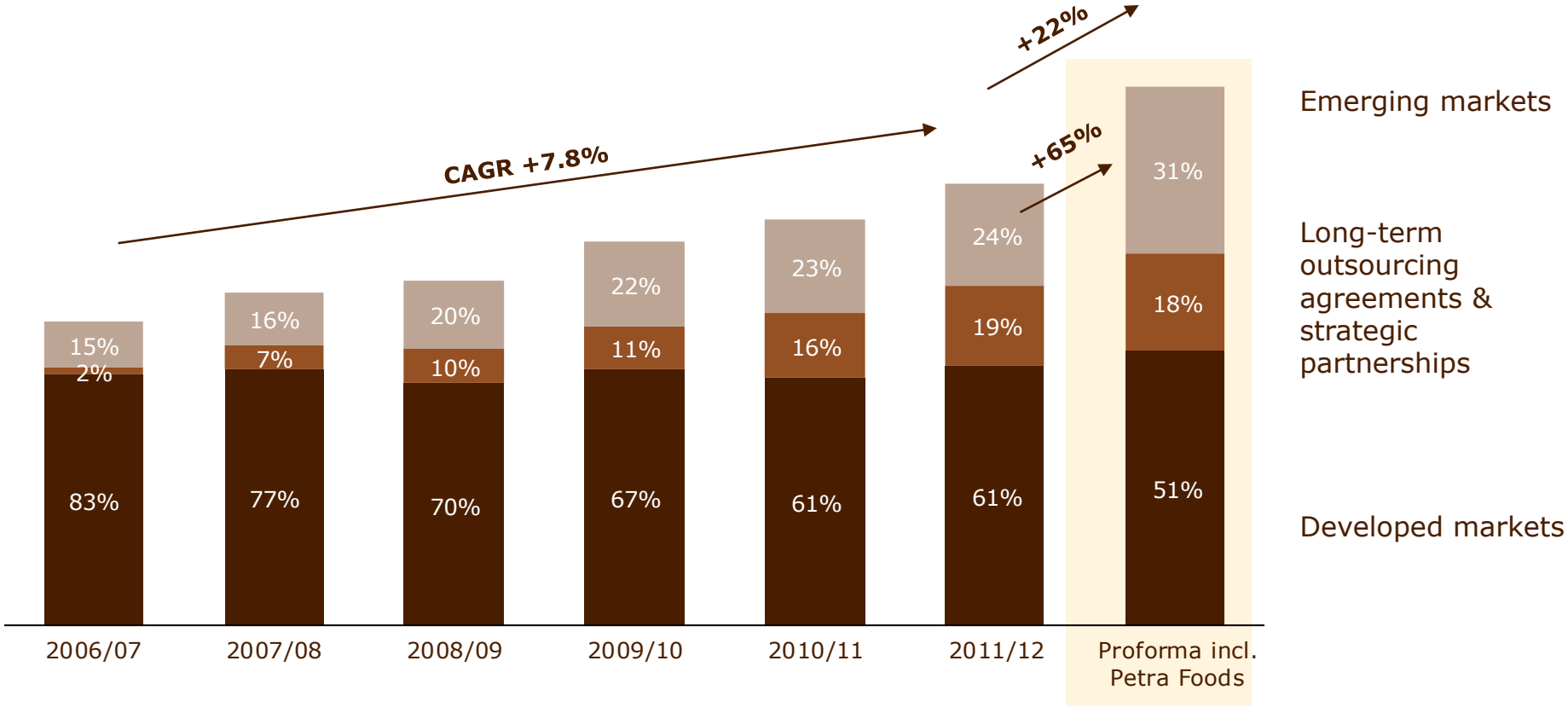


Source: Barry Callebaut 2011/12 estimates (both charts)

Through Petra Foods' Cocoa Ingredients Division our emerging markets exposure will increase to 31%

Geographic expansion

Sales Volume breakdown



Cocoa Powder will strengthen our overall offering

- Petra Foods' business is cocoa centric
- Experts in Cocoa Powder processes
- Thorough technical understanding of how raw materials behave under certain conditions

- Knowledge in cake alkalizing (black powder)
- Deep understanding of Asian markets and consumers

Increasing of cocoa sourcing and processing footprint (buy vs. build)

Footprint of cocoa processing factories

- Significantly adds production capacity in emerging markets, especially in Asia, which is crucial for BC's own chocolate business and for further growing outsourcing and partnership agreements
- Diversification of bean sourcing: Increased contribution of Asian origin beans and reduced dependency on West Africa

Note: BC integrated chocolate / cocoa sites not shown

Petra Foods' Cocoa Ingredients Division is right at the core of our strategy

Our vision: "Heart and engine of the chocolate industry"

Expansion	✓ Supporting further chocolate growth in both Industrial and Gourmet ✓ Strengthening current and future outsourcing and partnership agreements ✓ Boosting sales volume in fast growing emerging markets by 65% to almost one-third of Group sales volume
Innovation	✓ Access to significant additional knowledge in cocoa processing and cake/powder blending expertise
Cost Leadership	✓ Larger footprint in cost-competitive production countries, partially replacing future investment needs, as well as product flow optimizations
Sustainable Cocoa	✓ Further diversify cocoa sourcing and processing activities in origin countries by adding a second strong sourcing base in Asia, besides West Africa.

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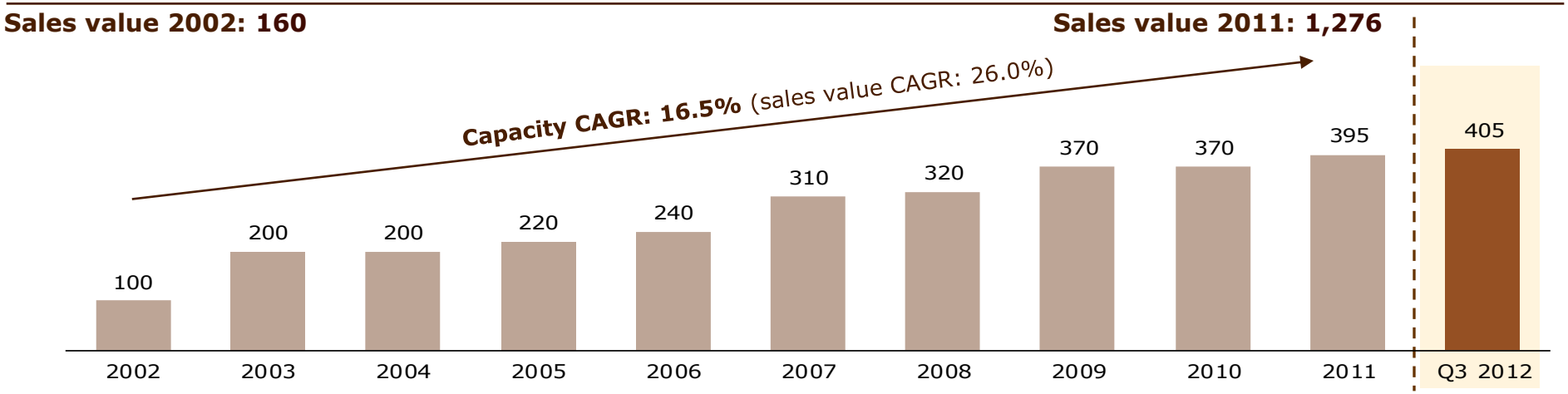
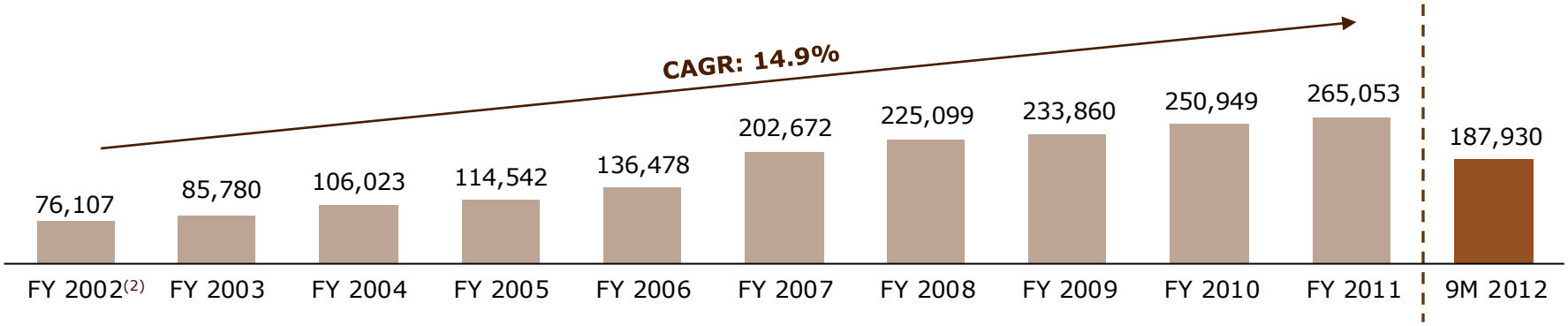
Petra Foods' Cocoa Ingredients Division
Historical financials – capacity and volumes

Grinding capacity (kMT) and sales value (USDm) – 2002-2012



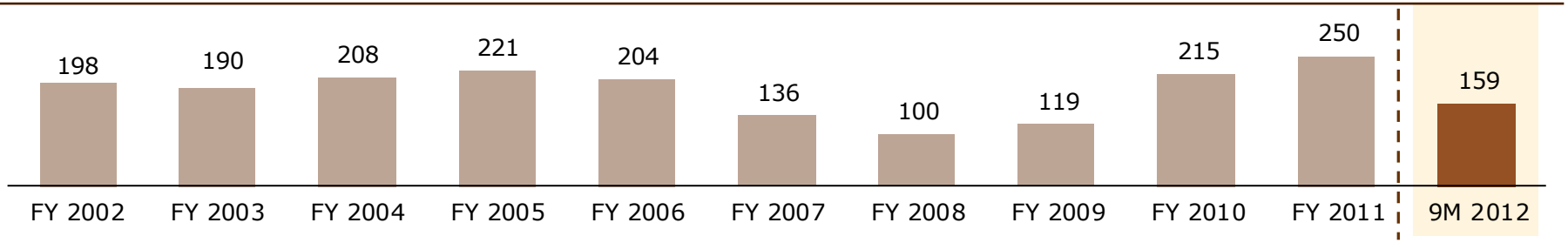
Sales volume (MT)(1) – 2002-2012



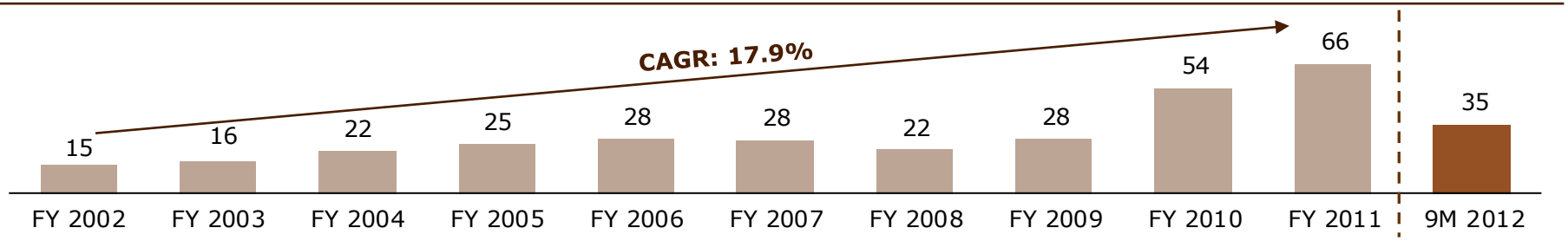
(1) Excluding tolling volumes.

Petra Foods' Cocoa Ingredients Division
Historical financials – profitability and assets

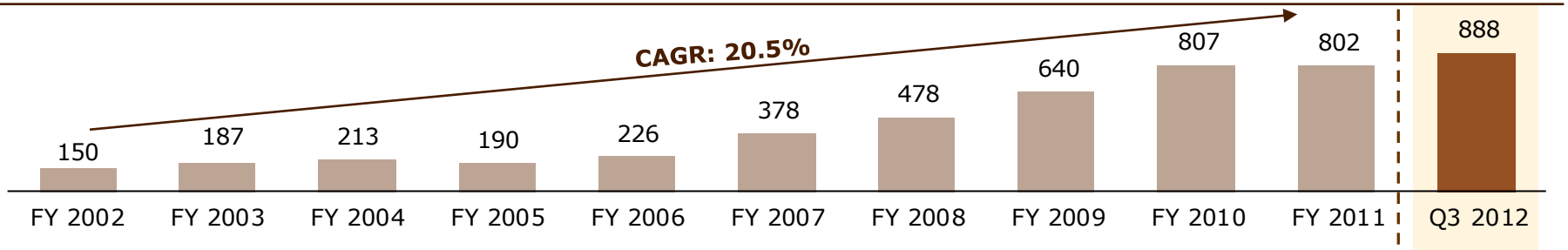
EBITDA / MT of sales volume (USD / MT) – 2002-2012(1)



EBITDA (USDm) – 2002-2012(2)



Assets (USDm) – 2002-2012(3)



(1) As reported.
(2) 2008 figures stated before adjustments pertaining to the hedge re-designation charge, forex losses, and the fair value accounting charge.
(3) Excludes unallocated assets.

Key transaction parameters

Acquisition price:	USD 950 mio[1]
Transaction structure:	Share deal
EV/EBITDA multiple:	14.3x (2011) 9.2x – 9.7x post run-rate synergies[2]
Run-rate synergies:	CHF 30 - 35 mio p.a. by year 4 (contribution to EBIT)
Financing:	Fully underwritten bridge loan for total purchase price Refinancing of existing bank loans Take out a combination of debt and equity
Transaction costs:	CHF 10 mio
EPS	Transaction expected to be EPS accretive in the second full year of consolidation
Conditions to closing:	Petra Foods' shareholder approval and regulatory approvals. Expected closing in summer 2013
Other:	Long-term supply agreement with Petra Foods

(1) Subject to adjustments at completion
(2) Based on run-rate synergies of CHF 30-35m, converted at current US$/CHF FX rate of 0.93471 as of 10 December 2012.

Key metrics

	In CHF mio		
	BARRY CALLEBAUT	PETRA FOODS	
FY 31-Aug 2012	(FY Aug 2012)	Cocoa Ingredients Division (FY Dec 2011)(1)	Cocoa Ingredients Division (9M Sep 2012)(2)
Group volume (in kMT)	1,379	265(3)	188(3)
Group revenue	4,830	1,132	732
EBITDA	434	59	33
% margin	9.0%	5.2%	4.5%
EBIT	353	44	20
% margin	7.3%	3.9%	2.8%
EBIT per tonne	256	165	109
Net working capital	1,039	401(4)	514(4)
No. of employees	6,100	1,700	

Source: Company public filings.
(1) Petra Foods FY FY2011 results as reported, converted at average 2011 US$/CHF FX rate of 0.8869.
(2) Petra Foods Q3 FY2012 results as reported, converted at average 9M Sep 2012 US$/CHF FX rate of 0.9403.
(3) Excluding tolling volumes.
(4) Based on Barry Callebaut's estimation of NWC consisting of trade receivables, trade payables and inventories only at above FX rates

Numerous sources of synergies identified

1 Optimized Sourcing and product flows

- Reduce transportation / logistics costs through a more efficient utilisation of the combined network
- Enhanced purchasing platform

2 Best practices transfer

- Implement BC best practices to improve profitability at Petra Foods

3 G&A savings – economies of scale

- Streamlining of functions and processes

4 Improve cost base

- Access to facilities with lower cost base
- Cost efficiency improvement

5 Optimization of available capacity

- Utilization of complementary "pockets of excess capacity" in the Petra Foods and BC facilities

- Our operating team has identified and analysed in detail numerous pockets of synergies, and we are confident that we can deliver run-rate synergies of CHF 30-35 mio in year 4 after closing of the transaction
- The one-off integration costs are estimated at CHF 10-15 mio, to be incurred equally between the first 2 years post transaction
- The Capex related to the integration is estimated at CHF 20 mio over the next years

Key figures of the acquired business
Guidance FY 13/14

- Additional sales volume: 230,000 tonnes
- Additional Net Sales Value: CHF 1.0-1.1 mio
- Additional EBITDA: CHF 45-50 mio
- Additional EBIT: CHF 30-35 mio (before synergy related costs)
- Additional financing costs: CHF 30 to 32 mio (depending on final split equity/debt)
- Tax rate for the acquired business:18%
- Start working capital: CHF 510 mio
- Start fixed assets: CHF 220-230 mio
- Additional Capex: 20-25 CHF mio

Volatility Mitigation Potentials

- Butter processing mainly used to support internal chocolate production
- Increase share of cost plus / combined based deals in total sales volumes (ensures stable / predictable profitability level)
- Enhanced purchasing platform
  - Centralize bean sourcing
  - Centralize combined ratio position management
- Building up a central risk management for the combined businesses
- Increase flexibility of the factories, in order to reduce / stop / restart pressing capacity at lowest possible cost, when pressing profitability outlook varies
- Maintain strong sales development in order to benefit from scale effect, volume effect

Financing structure

- Financial package fully bank underwritten
- Take out will consist of equity and debt
- Transaction has full support of Jacobs Holding AG (main shareholder of Barry Callebaut)
- Expect to maintain strong balance sheet and full financial flexibility
- Target solid BB+/Ba1 rating with the potential to go back to investment grade within in a few years

Group – mid term guidance as of consolidation

As of consolidation:

- Volume growth: 6-8% on average per year until 2015/16
- EBIT/tonne restored to Barry Callebaut's pre-acquisition level by 2015/16
- Our view for the 2012-2016 period reflects current economic forecasts for the markets we operate in as well as internal developments and their assumed impact on our performance, we assume that the combined ratio will go to average historic levels, and barring any major unforeseen events

Other indicative ratios:

ROE

- Return to 20% in 3 – 4 years

ROIC

- Return to 15% in 3 -4 years

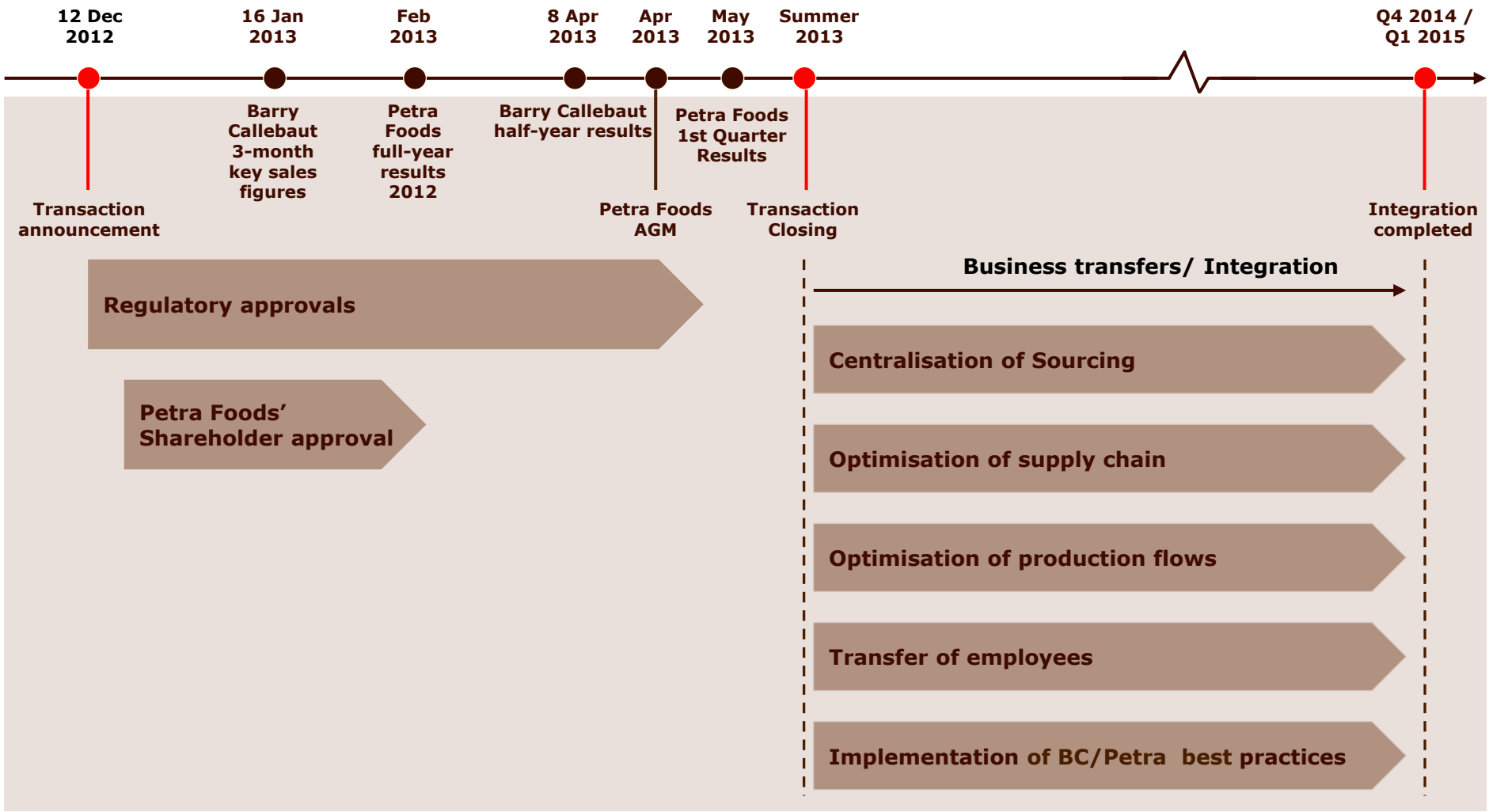
Working capital

- In line with Barry Callebaut best practices

Leverage

- Solid BB+/Ba1 rating with the target to return to investment grade within few years

Expected transaction and integration timeline



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Summary – Acquisition Petra Foods' Cocoa Ingredients Division

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Cautionary note

Certain statements in this presentation regarding the business of Barry Callebaut are of a forward-looking 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. Certain factors, among others, general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures as well as changes in tax regimes and regulatory developments might affect the results. The reader is cautioned to not unduly rely on these forward-looking statements that are accurate only as of today, Dec 12, 2012. Barry Callebaut does not undertake to publish any update or revision of any forward-looking statements.