

# Letter to Investors

**Sales volume up 4.1%  
in a declining market**

**Net profit up 10.4%  
(+18.5% in local currencies)**

**Confirming 3-pillar growth  
strategy of geographic  
expansion, innovation and  
cost leadership**

# Barry Callebaut at a glance

Barry Callebaut is the world's leading manufacturer of high-quality cocoa and chocolate products – from the cocoa bean to the shelf.

We serve three distinct customer segments:

- Multinational and national branded consumer goods manufacturers who use our semi-finished and chocolate products as ingredients in their consumer products
- Professional and artisanal users of chocolate, including chocolatiers, pastry chefs, bakeries, restaurants, hotels and caterers
- Food retailers for whom we make private label as well as branded products

## Barry Callebaut's growth strategy

Barry Callebaut aims to continue to significantly outperform the global chocolate market. Our ambitious growth strategy is based on three pillars: geographic expansion, innovation and cost leadership.

### Geographic expansion



To offset slowing growth in the mature chocolate markets of Western Europe – a trend emerging since several years – a major part of our recent investments was focused on expanding our geographic footprint to high-growth and emerging markets. Today, we are a truly global company with an unmatched presence in the classical chocolate markets of Western Europe and North America as well as the growth markets of Eastern Europe, Asia and Latin America.

In the first quarter of 2010, we will open a 12,000-tonne chocolate factory in Brazil, one of the few significant chocolate markets worldwide where we did not yet have a chocolate factory of our own.

### Innovation



Barry Callebaut is recognized as the reference for innovation in the chocolate industry. Our dedicated R&D teams around the world focus on two very different areas: fundamental research into the health-enhancing properties of the cocoa bean and applied research leading to cutting-edge products that address consumers' appetite for innovative food choices.

In fiscal year 2008/09, we conducted 11 clinical studies to substantiate scientific evidence of the health-enhancing benefits of cocoa and chocolate – some with breakthrough results. In Applied R&D, we successfully completed more than 650 projects for and with customers, and we conducted more than 400 technical visits at the premises of our customers.

### Cost leadership



Cost leadership is an important reason why our industrial customers outsource chocolate production to us.

We are continuously improving our operational efficiency through better capacity utilization, optimized product flows and inventory management, lower logistics costs, reduced energy consumption, higher scale effects and lower fixed costs.

# Key figures Barry Callebaut Group

for the fiscal year ended August 31,			Change (%)	2008/09	2007/08
		in local currencies	in reporting currency		
<b>Income statement</b>					
Sales volume	Tonnes		4.1%	1,213,610	1,166,007
Sales revenue	CHF m	8.5%	1.3%	4,880.2	4,815.4
EBITDA <sup>1</sup>	CHF m	9.1%	2.8%	456.1	443.7
Operating profit (EBIT)	CHF m	9.5%	2.8%	350.8	341.1
Net profit from continuing operations <sup>2</sup>	CHF m	16.5%	8.5%	226.9	209.1
Net profit for the year	CHF m	18.5%	10.4%	226.9	205.5
Cash flow <sup>3</sup>	CHF m		(3.7%)	418.1	434.3
EBIT per tonne	CHF	5.2%	(1.2%)	289.1	292.5
<b>Balance sheet</b>					
Total assets	CHF m		(5.8%)	3,514.8	3,729.5
Net working capital <sup>4</sup>	CHF m		(2.8%)	1,010.1	1,037.1
Non-current assets	CHF m		0.6%	1,432.2	1,423.7
Net debt	CHF m		(9.5%)	942.7	1,041.2
Shareholders' equity <sup>5</sup>	CHF m		6.8%	1,255.6	1,175.9
<b>Ratios</b>					
Economic value added (EVA)	CHF m		2.9%	129.9	126.3
Return on invested capital (ROIC) <sup>6</sup>	%			13.9%	14.0%
Return on equity (ROE)	%			18.1%	17.7%
Debt to equity ratio	%			75.1%	88.5%
<b>Shares</b>					
Share price at fiscal year end	CHF		(20.7%)	574	724
EBIT per share (issued)	CHF	9.5%	2.8%	67.8	66.0
Basic earnings per share <sup>7</sup>	CHF	16.9%	8.9%	44.0	40.4
Cash earnings per share <sup>8</sup>	CHF		(3.4%)	81.1	83.9
Payout per share <sup>9</sup>	CHF		8.7%	12.5	11.5
<b>Other</b>					
Employees			3.4%	7,525	7,281

1 EBIT + depreciation of property, plant and equipment + amortization of intangibles

2 Net profit from continuing operations (including minorities)

3 Operating cash flow before working capital changes

4 Includes current assets and liabilities related to commercial activities and current provisions

5 Total equity attributable to the shareholders of the parent company

6 EBIT x (1-effective tax rate)/average capital employed

7 Based on the net profit for the year attributable to the shareholders of the parent company

excluding the net loss from discontinued operations/basic shares outstanding

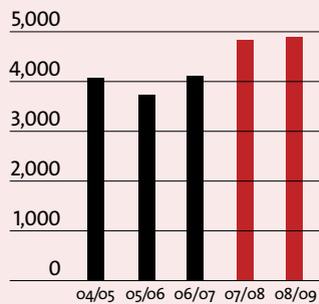
8 Operating cash flow before working capital changes/basic shares outstanding

9 Par value reduction instead of a dividend; 2008/09 as proposed by the Board of Directors to the Annual General Meeting

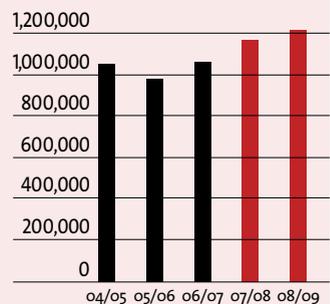
# Key figures by region and business segment

Barry Callebaut is organized into three regions: Western and Eastern Europe (reported as Region Europe), Americas and Asia-Pacific/Rest of World. Within the regions, there are four business units: Cocoa, Food Manufacturers, Gourmet & Specialties and Consumer Products.

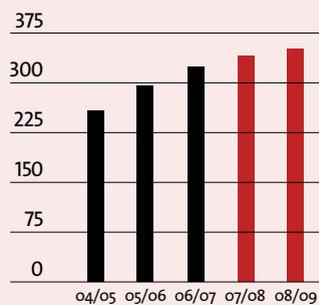
**Sales revenue**  
in CHF million



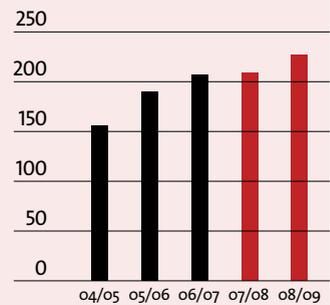
**Sales volume**  
in tonnes



**EBIT**  
in CHF million



**Net profit**  
in CHF million



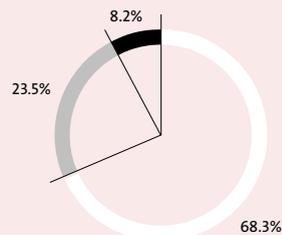
## Sales revenue by region

Europe	CHF 3,336 m
Americas	CHF 1,146 m
Asia-Pacific/Rest of World	CHF 399 m

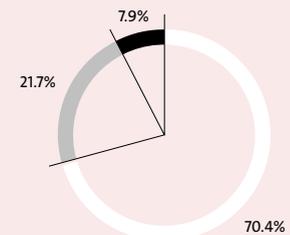
## EBIT by region

Europe	CHF 296 m
Americas	CHF 91 m
Asia-Pacific/Rest of World	CHF 33 m

**Sales revenue by region 2008/09**  
in CHF million



**EBIT by region 2008/09**  
in CHF million



### Industrial Business Segment

		Change %	2008/09	2007/08
<b>Sales revenue</b>	CHF m	<b>5.8%</b>	<b>3,447.0</b>	<b>3,258.3</b>
Cocoa	CHF m	24.1%	748.9	603.7
Food Manufacturers	CHF m	1.6%	2,698.1	2,654.6
<b>Sales volume</b>	Tonnes	<b>7.4%</b>	<b>979,051</b>	<b>911,819</b>
Cocoa	Tonnes	21.6%	196,808	161,811
Food Manufacturers	Tonnes	4.3%	782,243	750,008
<b>EBITDA</b>	CHF m	<b>5.1%</b>	<b>319.9</b>	<b>304.4</b>
<b>EBIT</b>	CHF m	<b>3.0%</b>	<b>254.5</b>	<b>247.1</b>

### Food Service/Retail Business Segment

		Change %	2008/09	2007/08
<b>Sales revenue</b>	CHF m	<b>(8.0%)</b>	<b>1,433.2</b>	<b>1,557.1</b>
Gourmet & Specialties	CHF m	(4.3%)	622.6	650.7
Consumer Products	CHF m	(10.6%)	810.6	906.4
<b>EBITDA</b>	CHF m	<b>(0.7%)</b>	<b>201.2</b>	<b>202.7</b>
<b>EBIT</b>	CHF m	<b>2.8%</b>	<b>166.2</b>	<b>161.7</b>

### Cocoa price

London Cocoa Terminal Market  
6-month forward prices  
in GBP/tonne



### Share price development Barry Callebaut vs. indices Performance in %



— Barry Callebaut AG  
— SPI Swiss Performance Index  
— SPI Small & Mid-Cap Index

# Highlights

Barry Callebaut's growth strategy, based on the three pillars of geographic expansion, innovation and cost leadership, stood the test of the global economic downturn. We completed several acquisitions and targeted investments that strengthened our global presence and enhanced our capabilities.



## August/September 2008

Opening of new Chocolate Academies in Chicago, USA; Chekhov, Russia and Mumbai, India.

## September 2008

Acquisition of IBC in Kortrijk-Heule, Belgium, a company specializing in decorations, to enlarge our technical skills and to expand our product range.

## October 2008

Inauguration of a specialty factory for "ready-to-serve" premium frozen decorated patisserie in Alicante, Spain, a 80:20 joint venture between Barry Callebaut and Spanish Master Pastry Chefs Paco and Jacob Torreblanca.

## October 2008

Signing of a four-year agreement with Nestlé Italia S.p.A. for the exclusive distribution of world-famous Perugina-branded professional chocolate products through the Food Service channel.

## October 2008

Commissioning of new production lines in Barry Callebaut's cocoa factory in San Pedro, Côte d'Ivoire, tripling the production capacity up to 100,000 tonnes per annum.

## December 2008

Start of production in the new chocolate factory in Japan; delivery of the first volumes to Morinaga under the existing long-term outsourcing agreement.

## December 2008

Opening of a sales office in Prague, Czech Republic.

## January 2009

Inauguration of a new 90,000-tonne chocolate factory in Monterrey, Mexico, allowing us to deliver chocolate to the local Mexican market, the Southern region of the United States, as well as to Central and South America.



#### February 2009

Barry Callebaut partners with the World Cocoa Foundation (wcf), other industry members and the Bill & Melinda Gates Foundation in a five-year, USD 40 million program to significantly improve the livelihoods of approximately 200,000 cocoa farmers in Côte d'Ivoire, Ghana, Nigeria, Cameroon and Liberia.

#### February 2009

Sale of 100% of Van Houten Singapore, Barry Callebaut's consumer company in Asia, to The Hershey Company.



#### April 2009

Barry Callebaut Brazil s/A and Bunge Alimentos, a major agribusiness company in Brazil, signed a distribution agreement for Brazil. Bunge will assume the exclusive distribution of artisanal chocolate products made by Barry Callebaut in Brazil through the Food Service channel. Based on the distribution agreement, Barry Callebaut is constructing a chocolate factory in the State of Minas Gerais, north of Brazil's business hub São Paulo. The factory is expected to be operational in the first quarter of 2010.



#### June 2009

Acquisition of Danish vending mix company Eurogran to further strengthen our position in the European vending business.

#### September 2009

Confirmation of Barry Callebaut's strategic decision to exit the consumer chocolate business.

# Vision and values

## Our vision

Barry Callebaut is the heart and engine of the chocolate industry.

Our goal is to be Number One in all attractive customer segments and in all major world markets.

Our heritage, our knowledge of the chocolate business – from the cocoa bean to the finest product on the shelf – make us the business partner of choice for the entire food industry, from individual artisans to industrial manufacturers and global retailers. We seek to apply our constantly evolving expertise to helping our customers grow their businesses, and we are passionate about creating and bringing to market new, healthy products that taste good, delight all senses, and are fun to enjoy.

Our strength comes from the passion and expertise of our people for whom we strive to create an environment where learning is ongoing, entrepreneurship is encouraged, and creativity can flourish.

## Our values

**Customer focus** By anticipating market trends and investing time and effort to fully understand customer needs, we go to great lengths to provide products and solutions of superior value through a business partnership with every customer that is characterized by professionalism and mutual trust.

**Passion** Our pride in what our company does inspires and motivates us to give our best at work. We are eager to learn about our business and to share our know-how and enthusiasm with others.

**Entrepreneurship** With the goal to create superior customer value, we constructively challenge the status quo and explore opportunities to innovate: new eating trends, new markets, new ideas for products and services, and new ways of doing business. We are willing to take controlled risks and are determined to persevere.

**Team spirit** Whether in the field, on the shop floor or in administration – we are one team, sharing a common purpose and common goals. All members of this team actively engage in open communication and idea sharing and are committed to working together to achieve our common goals across the whole organization.

**Integrity** We show respect for our fellow team members and all our stakeholders and are honest, trustworthy, and open-minded in all our business activities and relationships. We live up to high ethical standards that promote fairness, equality, and diversity.

“As a food manufacturer, Barry Callebaut has a fundamental responsibility to ensure the safety and quality of our products. As an international company with operations in 26 countries, we recognize that our businesses have an influence on the livelihoods of many people around the world. Accordingly, we strive to contribute responsibly to the communities where we operate.”

# Company history

Barry Callebaut, headquartered in Switzerland, resulted from the merger between Belgian chocolate producer Callebaut and French chocolate maker Cacao Barry in 1996. The merger combined Cacao Barry's know-how in procurement and initial processing of cocoa beans with Callebaut's extensive experience in producing and marketing chocolate products. Since 1998, Barry Callebaut has been listed on the SIX Swiss Exchange.

Today, the company is the only fully integrated chocolate company with a global presence. It provides comprehensive solutions, from the bean to the best chocolate product, to the entire food industry. As the outsourcing partner of choice, Barry Callebaut has an estimated share of over 40% of volumes in the open market. It is present in 26 countries, operates about 40 production facilities, employs around 7,500 people and generated sales of approximately CHF 4.9 billion in fiscal year 2008/09.

- 1999** Acquisition of Carma AG in Switzerland
- 2002** Acquisition of the Stollwerck Group in Germany
- 2003** Acquisition of Dutch Group Graverboom B.V. (including Luijckx B.V.)
- 2003** Acquisition of Brach's Confections Holding, Inc. in the U.S.
- 2004** Acquisition of the vending mix business of AM Foods in Sweden
- 2005** Opening of a chocolate factory in California, U.S.
- 2007** Opening of a chocolate factory in Chekhov, Russia
- 2007** Divestment of Brach's Confections Holding, Inc.
- 2007** Signing of major outsourcing contracts with Nestlé, Hershey and Cadbury
- 2007** Acquisition of a cocoa factory in Pennsylvania, U.S.
- 2008** Opening of a chocolate factory in Suzhou, China
- 2008** Signing of the acquisition of chocolate production capacity from Morinaga, Japan
- 2008** Opening of a sales office and Chocolate Academy in Mumbai, India
- 2008** Acquisition of a 60% stake in KLK Cocoa in Malaysia
- 2008** Sale of African consumer business
- 2008** Opening of four Chocolate Academies in Suzhou, China; Zundert, The Netherlands; Chekhov, Russia; and Chicago, U.S.
- 2008** Acquisition of IBC, specialist in decorations in Kortrijk-Heule, Belgium
- 2008** Start of production in new factory and outsourcing agreement with Morinaga in Japan
- 2009** Opening of a chocolate factory in Monterrey, Mexico
- 2009** Sale of Van Houten Singapore consumer business to Hershey's
- 2009** Distribution agreement signed with Bunge Alimentos in Brazil
- 2009** Acquisition of Danish vending mix company Eurogran

# Contacts

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# Financial calendar

	Date	
Annual General Meeting 2008/09, Zurich	December	8, 2009
3-month key sales figures 2009/10	January	13, 2010
Half-year results 2009/10, Zurich	April	1, 2010
9-month key sales figures 2009/10	June	30, 2010
Year-end results 2009/10, Zurich	November	4, 2010
Annual General Meeting 2010/11, Zurich	December	7, 2010



