



SWITZERLAND: Cadbury UK move boosts Callebaut, says analyst

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[Cadbury Schweppes'](#) decision to switch some of its UK production to Poland could be a good sign for chocolate producer [Barry Callebaut](#), according to one analyst.

In June, Swiss firm Callebaut struck a deal to supply chocolate to Cadbury's production facilities in Poland. Cadbury announced today (3 October) that its Polish factories would take on extra production in the wake of cutbacks in the UK.

James Amoroso, an industry analyst at Swiss broker Helvea, said Cadbury's move must be seen as part of a wider strategy to drive down costs, in part by outsourcing more of its chocolate production.

Amoroso said Cadbury's decision was "capex avoidance outsourcing". He wrote in a note to clients: "It is clear that Cadbury will, on an ongoing basis, need to make major infrastructure-related investment decisions which will drive further outsourcing in the years to come."

Amoroso said Callebaut would be well-placed to benefit from the outsourcing strategy of Cadbury and other major confectioners. "In an industry suffering from increasing agricultural raw materials and other input costs, the appeal of Barry Callebaut's business model which, for most of its activities, passes on all raw materials at cost is indisputable," he said, keeping his "buy" rating on the company's shares.

In recent months, Callebaut has also signed significant supply contracts with [Nestlé](#) and [Hershey](#). Under the Hershey deal alone, Callebaut will supply at least 80,000 tonnes of chocolate and chocolate products a year.

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