

UPDATE: Barry To Sell Consumer Division To Spain's Natra

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By Martin Gelnar of DOW JONES NEWSWIRES

ZURICH (Dow Jones)--Swiss-based Barry Callebaut AG (BARN.EB), the global leader in bulk chocolate production, Tuesday said it plans to sell its consumer business to Natra S.A. (NAT.MC) in exchange for a minority stake in the Spanish company.

The transaction, which requires regulatory approval, depends on the conclusion of negotiations regarding long-term financing, Barry Callebaut said.

The Swiss company has long sought to rid itself of its consumer chocolate division, comprising its German-based Stollwerck operations, a business which has been restructured in the past few years but still lacked scale.

The division, including Swiss chocolate brand Alprose and German brand Sarotti, generates around 19% of Barry Callebaut's annual revenue.

After the deal, Valencia, Spain-based Natra would become a significant private-label chocolate maker in Europe with pro-forma sales of EUR850 million for 2008, Barry Callebaut said.

The transaction, based on a memorandum of understanding between the two parties, was welcomed by analysts although some said the size of the deal is considerable from Natra's point of view.

"It looks like a pretty positive deal to me. Barry Callebaut has been trying to get rid of that part for years," Kepler analyst Jon Cox said, adding Barry Callebaut will likely get a substantial minority stake in Natra.

He reiterated a buy rating and a CHF750 price target for Barry Callebaut.

"This is major step forward for Barry Callebaut which is now soon to become a pure-play B2B manufacturer. The market was against its move into consumer products from the outset, and especially against the acquisition of a branded product portfolio," said food industry consultant James Amoroso.

Under the deal, Natra is to cut its stake in biotechnology unit Natraceutical S.A. (NTC.MC) to around 25%-28% from 50.5%.

On the Swiss bourse at 1145 GMT, Barry Callebaut shares gained 4.6%, or 22 Swiss francs, to CHF502, in a slightly higher market.

In Madrid, Natra shares at 1145 GMT were 7.6% higher, or up 32 cents at EUR4.52 in a slightly lower Spanish market.

The move will allow Barry Callebaut to focus on its core business - the production of chocolate intermediate products for a range of global companies such as Hershey Co. (HSY) and Nestle S.A. (NESN.VX) and also small businesses. It will supply a minimum of 85,000 tons annually of liquid chocolate to Natra.

The transaction is in line with Barry Callebaut's recent efforts to prune its portfolio. In 2007, it sold its U.S. candy unit Brach's.

Company Web site: <http://www.barry-callebaut.com>; <http://www.natra.es>

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(Enza Tedesco in Madrid contributed to this article.) (c) 2009 Dow Jones & Company, Inc.