



News Release

Barry Callebaut AG reports results for first quarter of fiscal year 2003/04: Double-digit operating and net profit growth

- **Sales revenue went up by 16% to CHF 1.2 billion**
- **Operating profit (EBIT) increased by 15% to CHF 91.5 million**
- **Net profit (PAT) up 17% to CHF 56.7 million, in line with the double-digit net profit growth expected by the Group for the entire fiscal year**

Zurich/Switzerland, January 7, 2004 – Barry Callebaut AG, the world's leading manufacturer of cocoa and chocolate products, announced today its results for the first quarter of fiscal year 2003/04. Sales revenue increased by 16%, sales volumes to third parties by 7%, operating profit (EBIT) by 15% to CHF 91.5 million and net profit (PAT) by 17% to CHF 56.7 million for the three-month period ended November 30, 2003.

Sales revenue went up by 16% or CHF 167.8 million to CHF 1,224.7 million, up from CHF 1,056.9 million in the same prior-year period. This increase is partly attributable to the acquisitions of Brach's and Luijckx, which together accounted for CHF 127.5 million of the increase.

Sales volumes of products sold to third-party customers increased by 7% to 285,666 tonnes, compared to 266,763 tonnes in the same prior-year period.

Major contributing factors to the favorable development of sales revenue versus sales volume were the net currency effect, the first-time consolidation of Brach's and Luijckx – with higher margin per tonne products – as well as price increases. Organic volume growth was achieved in the Food Manufacturers business unit, driven by the factors described in the "Industrial Business segment" section.

Gross profit (defined as sales revenue less material consumed) jumped 34% to CHF 441.4 million, up from CHF 330.4 million. Due to the first-time inclusion of the higher value added products from Brach's and Luijckx, the gross profit over sales margin stood at 36%, an increase of almost 5%-pts over last year. **Operating profit (EBIT)** rose 15% to CHF 91.5 million, up from CHF 79.3 million. Main contributors to the EBIT increase were organic growth and margin extensions, some positive currency effects as well as the first-time consolidation of Brach's and Luijckx. EBIT per tonne, as an indicator of operational performance, was CHF 320.3 or plus 8% compared to the same prior-year period. Despite the anticipated higher financing costs, **net profit (PAT)** increased to CHF 56.7 million, which was a rewarding 17% above the CHF 48.5 million reported for the first three months of fiscal 2002/03.

Total assets increased by 11% to CHF 3,014.8 million compared to the end of fiscal year 2002/03 (closed as of August 31, 2003), mainly as a result of the first-time



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consolidation of Brach's. **Net working capital** increased by 16% or CHF 151.1 million in comparison to the level at the end of fiscal 2002/03, which is a reflection of the consolidation of Brach's, the seasonality of the chocolate business resulting in higher receivables and the increased need for cocoa beans in the peak months between late August and Easter. **Net debt** increased less than net working capital, rising by only 8% or CHF 84.3 million. **Shareholders' equity** increased by 5% to CHF 798.2 million, up from CHF 759.2 million at the end of fiscal 2002/03 on August 31, 2003.

On November 30, 2003, the Group had a workforce of 9,645 people, an increase of 1,808 employees since the end of August 2003, of which the acquisition of Brach's contributed 1,632 employees.

Patrick De Maeseneire, CEO of Barry Callebaut: "We are pleased with the results achieved in the first quarter of fiscal 2003/04 from September to November 2003. In an economic environment which was still weak during this period, especially in Europe, we have been able to increase sales and to translate this increase into double-digit operating and net profit growth."

Development of business segments

Industrial business segment

The Industrial business segment, which supplies the big consumer goods manufacturers, sold 179,837 tonnes of cocoa, semi-finished and chocolate products, composed of 31,492 tonnes from the Cocoa business unit and 148,345 tonnes from the Food Manufacturers business unit. Sales revenue advanced by 4% to CHF 623.0 million, up from CHF 601.8 million, which illustrates the positive impact of our pricing strategy.

Cocoa prices drifted sideways in the reporting period and closed below the level of GBP 900 per tonne. Barry Callebaut is actively pursuing the diversification of its bean sourcing. The presence of the Group in Ghana continues to pay off. Volumes of cocoa products sold to third-party customers declined by 6% in the first three months of fiscal 2003/04. However, with sales prices having recovered, sales revenue increased by 14% to CHF 158.6 million, up from CHF 139.1 million.

On a like-for-like basis, volumes of chocolate products sold by the Food Manufacturers business unit went up by 2%, with increases achieved in Italy, France, the Americas and Asia-Pacific. Last year's volume included approx. 1,700 tonnes delivered to Brach's and Lujckx and approx. 4,000 tonnes of low/negative margin industrial chocolate sales at Stollwerck, which have been discontinued in the meantime. Sales revenue was CHF 464.4 million and remained practically stable at the level of the first three months of fiscal year 2002/03 (CHF 462.7 million).



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Food Service/Retail business segment

The Food Service/Retail business segment serves a broad range of customers from the craftsmen to the international retailers, selling its products primarily on the basis of pricelists. The range of products is being extended more and more towards high-margin, ready-to-use and ready-to-consume products. Therefore, sales revenue reporting is more meaningful for this business segment than sales volumes.

The Food Service/Retail business segment grew its sales revenue by 32% to CHF 601.7 million, up CHF 146.6 million, with Luijckx and Brach's accounting for CHF 127.5 million of the increase.

The Gourmet & Specialties business unit grew its sales revenue by 13%, from CHF 136.7 million to CHF 154.6 million, as a result of the Luijckx acquisition. The continued change in the composition of the product mix, together with cost reductions, had a favorable impact on the margins.

Sales revenue reported by Consumer Products amounted to CHF 447.1 million, the main influencing factor being the first-time inclusion of Brach's, along with currency effects as well as price increases. Despite the generally difficult economic environment in Germany, it was possible to increase prices in this market. Some organic growth was achieved in two core markets, namely Germany and France, thanks to strong sales of the Sarotti brand as well as the customer label business in Asia-Pacific. In the US, chocolate sales are growing considerably faster than sugar and confections sales. With Brach's now being a member of the Barry Callebaut Group, the introduction of a new attractive range of chocolate products will be stepped up. Brach's, in its first quarter of consolidation, contributed positively to the Group's EBIT.

Outlook

It is premature to comment on the Christmas business as the first quarter of fiscal 2003/04 ended on November 30, 2003 and consumers increasingly push back their shopping to the last few days leading up to Christmas. In regard to the full fiscal year 2003/04, CEO Patrick De Maeseneire is, however, confident: "If the first signals of economic recovery can be sustained, we believe we can achieve the stated double-digit growth for operating profit (EBIT) and net profit (PAT) in the current fiscal year."

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Barry Callebaut (www.barry-callebaut.com):

With annual sales of approx. CHF 3.6 billion for fiscal year 2002/03 (ended August 31, 2003), Zurich-based Barry Callebaut is the world's leading manufacturer of high-quality cocoa, chocolate and confectionery products – from the cocoa bean to the finished product on the store shelf. After the acquisition of Brach's Confections Holding, Inc. in September 2003, Barry Callebaut operates more than 30 production facilities in 17 countries and employs more than 9,500 people. The company serves the entire food industry, from food manufacturers to professional users of chocolate (such as chocolatiers, pastry chefs or bakers), to retailers. It also provides a comprehensive range of services in the fields of product development, processing, training and marketing.

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A conference call for analysts, institutional investors and journalists will take place as follows:

Date: Wednesday, January 7, 2004
Time: 09.00am to approx. 10.00am CET / 08.00am to approx. 09.00am GMT

5 to 10 minutes before the conference call is scheduled to begin please dial:

+41 91 610 56 00 (for callers from Europe)
+44 207 107 0611 (for callers from the UK)
+1 866 291 41 66 (for callers from North America)

You will be asked to give your name and the password "**chocolate**".

The conference language will be English. Questions can also be asked in German or French.

A playback of the conference call will be available for 72 hours under **+41 91 612 43 30** (Europe), **+44 207 866 43 00** (UK) and **+1 412 858 14 40** (US) - Code '**403**' (followed by the # sign).

The news release, the more comprehensive Letter to Investors and the slides for the conference call can be downloaded from our website (www.barry-callebaut.com) as of January 7, 2004, at 07.00am CET.



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Key Figures for Barry Callebaut AG (unaudited)

in CHF		Change (%)	3 months up to Nov. 30, 2003	3 months up to Nov. 30, 2002
Income Statement				
Sales revenue <i>in local currencies</i>	CHF m	15.9 13.0	1,224.7 1,194.7	1,056.9
Sales volume	mt	7.1	285,666	266,763
Operating profit (EBIT) <i>in local currencies</i>	CHF m	15.4 11.7	91.5 88.6	79.3
EBIT per tonne <i>in local currencies</i>	CHF	7.6 4.2	320.3 310.2	297.7
Net profit (PAT) <i>in local currencies</i>	CHF m	16.9 14.2	56.7 55.4	48.5
Cash flow (1)	CHF m	9.6	88.1	80.4
Shares				
EBIT per share	CHF	15.4	17.70	15.34
Earnings per share (undiluted)	CHF	17.0	10.99	9.39
Earnings per share (diluted)	CHF	17.0	10.96	9.37
			Nov. 30, 2003	Aug. 31, 2003
Balance Sheet				
Balance sheet total	CHF m	11.1	3,014.8	2,712.7
Net working capital	CHF m	15.8	1,106.2	955.1
Non-current assets	CHF m	5.3	1,105.2	1,049.9
Net debt	CHF m	8.2	1,114.4	1,030.1
Shareholders' equity	CHF m	5.1	798.2	759.2
Other				
Employees		23.1	9,645	7,837

1) Net profit + depreciation of tangible assets + amortization of goodwill and other intangibles



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Key figures by business segment

in CHF		Change (%)	3 months up to Nov. 30, 2003	3 months up to Nov. 30, 2002
Industrial Business Segment				
Sales revenue	CHF m	3.5	623.0	601.8
- <i>Cocoa</i>	<i>CHF m</i>	14.0	158.6	139.1
- <i>Food Manufacturers</i>	<i>CHF m</i>	0.4	464.4	462.7
Sales volumes	mt	-2.1	179,837	183,699
- <i>Cocoa</i>	<i>mt</i>	-5.9	31,492	33,466
- <i>Food Manufacturers</i>	<i>mt</i>	-1.3	148,345	150,233
Food Service/Retail Business Segment				
Sales revenue	CHF m	32.2	601.7	455.1
- <i>Gourmet & Specialties</i>	<i>CHF m</i>	13.1	154.6	136.7
- <i>Consumer Products</i>	<i>CHF m</i>	40.4	447.1	318.4