



News Release

Barry Callebaut reports results for first quarter of fiscal year 2005/06: Good start into new fiscal year

- Sales volumes up 2.0% to 299,417 tonnes
- Sales revenue up 3.8% to CHF 1,198.5 million
- Continued strong growth in Food Manufacturers and Gourmet & Specialties
- Operating profit (EBIT) increased strongly by 14.7% to CHF 100.1 million
- Net profit (PAT) up 15.8% to CHF 63.9 million
- Three-year financial targets confirmed

Zurich/Switzerland, January 11, 2006 – Barry Callebaut AG, the world's leading manufacturer of high-quality cocoa and chocolate products, announced today its results for the first quarter of fiscal year 2005/06 ended November 30, 2005. Sales volumes went up organically by 2% to nearly 300,000 tonnes. As a result of higher sales volumes, slightly higher underlying cocoa bean prices, a better product mix in Consumer Products and positive currency effects, sales revenue grew faster than sales volumes, namely by 3.8% to CHF 1.2 billion. Sales revenue in the Cocoa business unit was affected by the substantially lower powder ratios as expected. In Consumer Products Europe unprofitable volumes were deliberately discontinued in the course of 2005, and this had an effect on the first quarter of the current fiscal year. Operating profit (EBIT), which serves as key indicator for operational performance as of the current fiscal year, rose 14.7% and, at CHF 100.1 million, crossed the CHF 100 million threshold, up from CHF 87.3 million. EBIT per tonne was CHF 334.3, up 12.4% compared to the same prior-year period. As a result of the refinancing transaction of August 2005, financial cost was reduced by 2.4%. Net profit (PAT) went up by 15.8% to CHF 63.9 million (prior-year period: CHF 55.2 million).

Patrick De Maeseneire, CEO of Barry Callebaut, said: "In our seasonally influenced business, the first quarter leading up to Christmas is usually the strongest for us. This year we had a particularly good start into the new fiscal year thanks to the solid growth in our businesses with industrial and artisanal customers and a positive contribution to the Operating profit (EBIT) from our European consumer business. This confirms the upward trend in our Consumer Products Europe business unit. Reasons for this recovery are a better product mix and better sales prices, despite the deliberate reduction in volumes last year and the effect of the historically high hazelnut prices, which will both still have an effect on second-quarter results."

Overview of business performance in the first three months of fiscal year 2005/06

Sales volumes grew 2.0% to 299,417 tonnes, up from 293,620 tonnes. The entire increase is based on organic growth.

Sales revenue increased by 3.8% to CHF 1,198.5 million, up from CHF 1,154.8 million in the same prior-year period. This increase was the result of higher sales volumes as well as positive currency effects and slightly higher underlying cocoa bean prices.



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Operating profit (EBIT) was CHF 100.1 million or 14.7% above the CHF 87.3 million from the same prior-year period. All business units contributed to this strong increase in operating profit. However, in absolute terms, the most significant increase was achieved in the Gourmet & Specialities and Food Manufacturers business units.

Financial cost, net decreased by 2.4% to CHF 20.2 million compared to CHF 20.7 million in the previous year. This decrease was attributable to reduced average interest rates compared to the equivalent prior-year period.

Taxes increased to CHF 15.9 million from CHF 11.5 million, mainly due to the higher pre-tax profit. The average group tax rate increased from 17.3% to 19.9% compared to the same prior-year period.

Net profit (PAT) for the period under review increased by 15.8% to CHF 63.9 million, up from CHF 55.2 million in the previous year.

Shareholders' equity increased by 11% to CHF 929.3 million as of November 30, 2005, compared to CHF 836.7 million at the end of the previous fiscal year on August 31, 2005. This significant increase was the result of a strong net profit for the period, positive currency translation adjustments as well as positive fair value adjustments on financial instruments designated as cash flow hedges.

Development of business segments in the first three months of fiscal year 2005/06

Industrial business segment

The Industrial business segment focuses on selling cocoa and chocolate products to industrial processors and consumer goods manufacturers worldwide.

Sales volumes amounted to 199,147 tonnes, an organic volume growth of 7.8% compared to the 184,733 tonnes in the same prior-year period.

- Cocoa products sold to third-party customers decreased by 2.1% to 32,918 tonnes (33,639 tonnes for the same prior-year period). The main reason for this decline was lower sales of butter and liquor because of Barry Callebaut's own growing needs resulting from the increased sales of chocolate products.
- Sales volumes in the Food Manufacturers business unit were 166,229 tonnes, up 10% from 151,094 tonnes, resulting from a combination of increased outsourcing and market share gains in key markets.

Sales revenue recorded in the Industrial business segment grew by 6.5% to CHF 639.2 million compared to CHF 600.2 million in the same prior-year period.

- In the Cocoa business unit sales revenue decreased by 18.3% to CHF 112.0 million, down from CHF 137.1 million. This significant decrease in sales is mainly due to substantially lower powder ratios, only partly offset by positive currency effects and slightly higher underlying cocoa bean prices. As a reminder, Barry Callebaut mainly sells powder to third parties whereas butter is primarily used for its own production. As the combined ratio remained stable the drop in powder ratios did not negatively impact the operating profit of the business unit.



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- The Food Manufacturers business unit managed to increase sales revenue by 13.8% to CHF 527.2 million, up from CHF 463.1 million in the previous year. Organic sales revenue growth, excluding positive foreign exchange effects as well as effects from a slight increase in the cocoa price, was approximately 10.4%. This increase is fully attributable to volume growth.

Food Service/Retail business segment

The Food Service/Retail business segment serves a broad range of customers, from local craftsmen to global retailers. As of the current fiscal year, the Consumer Africa division has been shifted from the Gourmet & Specialties business unit to Consumer Products. The prior-year figures have been restated accordingly.

Sales revenue grew by 0.8% to CHF 559.3 million, up from CHF 554.6 million.

- Sales revenue recorded in the Gourmet & Specialties business unit increased by 9.2% to CHF 157.4 million, up from CHF 144.0 million. Excluding the positive currency effects, sales revenue in the Gourmet & Specialties business unit increased by 7.6% organically.
- Sales revenue in the Consumer Products business units decreased by 2.1% to CHF 401.9 million, compared to CHF 410.6 million in the same prior-year period. This decrease in sales is mainly related to deliberately discontinued unprofitable customer label contracts. The African consumer business has recently begun picking up.

The implementation of the accelerated restructuring program of the Consumer Products Europe business unit as announced in July 2005 is proceeding according to plan. The improved performance is attributable to progress made with regard to the product mix and sales prices. This offsets the negative effect of the hazelnut prices, which continue to be above average. Other indications of recovery are promising new contracts, including contracts in the area of co-manufacturing for branded consumer goods companies. The first phase of the integration of Consumer Products Europe onto the Group-wide SAP platform has successfully gone live. The second phase – the integration of all administrative processes – will take place in the first semester of calendar year 2006, the third phase in the fall of 2006.

Outlook

"We have had a good Christmas business, our order books for the upcoming Easter season in Food Manufacturers and Gourmet & Specialties look good, and the positive signals from our European consumer business that we had observed in the final quarter of the past fiscal year were confirmed this first quarter. Therefore, even though it is still early in the fiscal year, we confirm the communicated financial targets for the 3-year period 2004/05 through 2006/07, which are on average: organic top-line growth of 3 to 5%, EBIT growth of approximately 10%, and PAT growth of 12-15%. This, of course, barring any major unforeseen event."

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

With annual sales of more than CHF 4 billion for fiscal year 2004/05, 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. Barry Callebaut operates more than 30 production facilities in 24 countries and employs more than 8,000 people. The company serves the entire food industry, from food manufacturers to professional users of chocolate (such as chocolatiers, pastry chefs or bakers), to global retailers. It also provides a comprehensive range of services in the fields of product development, processing, training and marketing.

Half-year results 2005/06 will be published on April 10, 2006 (News release, Shareholders' Letter, Analysts'/Press conference in Zurich).

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Contacts

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A conference call for Analysts, Institutional Investors and Journalists will take place as follows:

Date: Wednesday, January 11, 2006
Time: 09:00 a.m. (CET) / 08:00 a.m. (GMT)

Conference language will be English; questions may also be asked in German or French.

You can follow the conference by telephone or audio web cast.

Please dial: +41 91 610 5600 (for callers from Europe)
+44 207 107 0611 (for callers from the UK)
+1 (1) 866 291 4166 (for callers from the US)

You will then be asked to give your name, the name of your company or publication.

To access the live audio web cast streaming, please follow the link on our homepage (www.barry-callebaut.com). Participants are advised to log on to the web cast and register their details 10 minutes prior to its commencement. A slight delay between the sound heard and slide changeovers may be experienced. You may therefore want to download your own copy of the presentation from our website.

The telephone playback of the conference will be available 1 hour after the conference for 72 hours under +41 91 612 4330 (Europe), +1 (1) 866 416 2558 (US) and +44 207 108 6233 (UK) – Code '116' (followed by the # sign).

For any further information, please contact Ms Susanne Duggelin (phone: +41 43 204 04 62) or e-mail: susanne_dueggelin@barry-callebaut.com).



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Key Figures for Barry Callebaut (unaudited)

in CHF		Change (%)	3 months up to Nov 30, 2005	3 months up to Nov 30, 2004
Income Statement				
Sales revenue	CHF m	3.8	1,198.5	1,154.8
<i>in local currencies</i>		1.5	1,172.2	
Sales volume	mt	2.0	299,417	293,620
Operating profit (EBIT)	CHF m	14.7	100.1	87.3
<i>in local currencies</i>		12.8	98.5	
EBIT per tonne	CHF	12.4	334.3	297.3
<i>in local currencies</i>		10.6	328.8	
Net profit (PAT)	CHF m	15.8	63.9	55.2
<i>in local currencies</i>		14.5	63.2	
Cash flow (1)	CHF m	10.3	92.0	83.4
Shares				
EBIT per share	CHF	14.6	19.36	16.89
Earnings per share (undiluted)	CHF	15.7	12.36	10.68
Earnings per share (diluted)	CHF	15.7	12.36	10.68
Balance Sheet				
Balance sheet total	CHF m	12.5	2,997.0	2,664.8
Net working capital	CHF m	31.5	1,092.4	830.8
Non-current assets	CHF m	0.2	1,170.8	1,168.2
Net debt	CHF m	18.0	1,125.3	953.5
Shareholders' equity	CHF m	11.1	929.3	836.7
Others				
Employees		1.4	8,661	8,542

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



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Key figures by business segment (unaudited)

in CHF		Change (%)	3 months up to Nov 30, 2005	3 months up to Nov 30, 2004
Industrial Business Segment				
Sales revenue	CHF m	6.5	639.2	600.2
- <i>Cocoa</i>	<i>CHF m</i>	-18.3	112.0	137.1
- <i>Food Manufacturers</i>	<i>CHF m</i>	13.8	527.2	463.1
Sales volumes	mt	7.8	199,147	184,733
- <i>Cocoa</i>	<i>mt</i>	-2.1	32,918	33,639
- <i>Food Manufacturers</i>	<i>mt</i>	10.0	166,229	151,094
Food Service/Retail Business Segment (2)				
Sales revenue	CHF m	0.8	559.3	554.6
- <i>Gourmet & Specialties</i>	<i>CHF m</i>	9.2	157.4	144.0
- <i>Consumer Products</i>	<i>CHF m</i>	-2.1	401.9	410.6

- 2) The Consumer Products business in Africa has been shifted from the business unit Gourmet & Specialties to the business unit Consumer Products. The prior-year figures have been restated accordingly.