Annual Results 2003/04

European Credit Conference -
December 1, 2004

BARRY CALLEBAUT

Cautionary note on forward-looking statements

Forward-looking statements

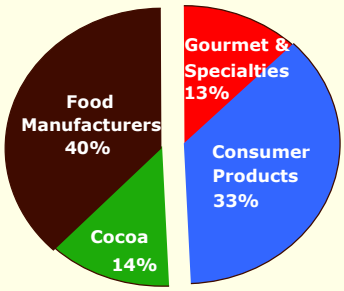
Any information given on these slides as well as during the meeting/presentation has been prepared by Barry Callebaut solely for the use at these meetings. Certain statements contained therein regarding the business of Barry Callebaut are of a forward-looking nature and are therefore based on management's current assumptions about future developments. Such forward-looking statements are intended to be identified by words such as "believe," "estimate," "intend," "may," "will," "expect," and "project" and similar expressions as they relate to the Company. Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors. The factors that may affect Barry Callebaut's future financial results are discussed in the Annual Report 2003/2004. Such factors are, among others, general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures as well as changes in tax regimes and regulatory developments. The reader and/or listener is cautioned to not unduly rely on these forward-looking statements that are accurate only as of November 10, 2004. Barry Callebaut does not undertake to publish any update or revision of any forward-looking statements.

Agenda

- **Highlights 2003/2004**
- Financial result analysis
- Business review
  - Industrial Business Segment
  - Food Service/Retail Business Segment
- Performance targets
- Summary for investors

Barry Callebaut at a glance

Net sales of CHF 4.0 bn
FY 2003/04

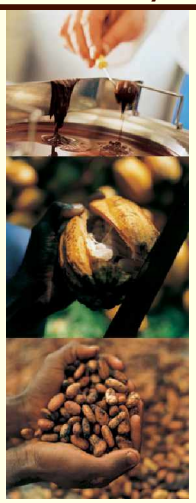


EBIT CHF 228.3 mio; up 9.4%

PAT CHF 115.6 mio; up 12.0%

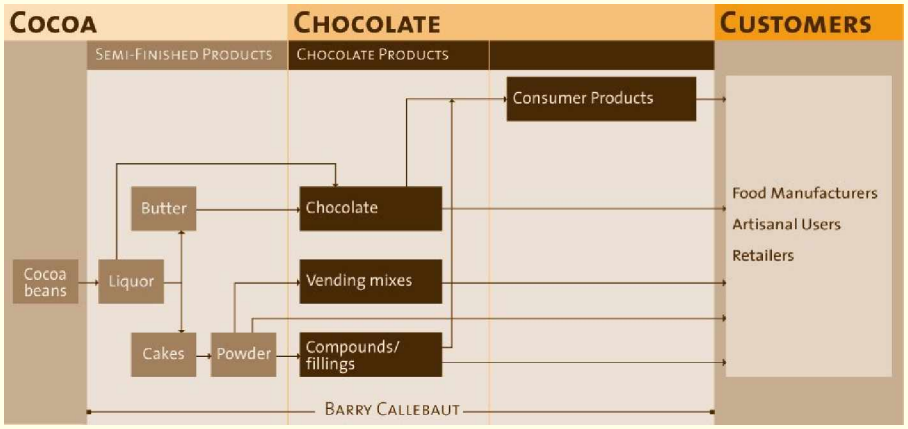
- A fully integrated company that produces and markets high-quality cocoa, chocolate and confectionary products serving 3 strong customer segments: Food Manufacturers, artisan users and (global) retailers
- A global network with more than 30 state-of-the-art production units in 17 countries (Europe, Africa, North and Latin America, Asia/Pacific) and headquarters in Switzerland
- The world leader of high-quality chocolate products supplying 39% to the open market
- We hold a strong position in the countries of origin. Our cocoa bean collection networks in Ivory Coast, Ghana, Cameroon and Brazil offer protection against interruptions in raw material supplies
- We have more than 1,600 recipes to cater for the many different customer needs and consumer habits worldwide. To be able to continually meet their changing needs we put a strong focus on innovation
- About 9,000 employees worldwide
- Consistent earnings stream / current Rating: S&P BB+, Moodys Ba"

Vision and mission statement
"Heart and engine of the chocolate industry"



- Vision:
  - We want to become the heart and the engine of the chocolate industry.
  - We want to be the number one chocolate company in all attractive customer segments and in all major world markets. We have competences in all stages of the value chain.
  - Barry Callebaut, the chocolate expert, is the world-wide business partner of choice for the food industry and retailers, and is acting and recognized as such.
- Mission :
  - Our presence in key sourcing markets, our scale and our innovative power allow us to offer tailored services and products at competitive prices that best satisfy customer/consumer needs.

Cocoa and chocolate value chain



Financial Year 2003/04: Strong operating and net profit growth

- Sales volume topped a million tonnes – up 13.5% to 1'011'358 tonnes and sales revenues exceeded CHF 4 bn for the first time – up 13.4% to CHF 4'049 mio
- Strong operating and net profit growth: EBIT at CHF 228.3 mio, up 9.4%; leading to PAT of CHF 115.6 mio, up 12.0%
  - Material EBIT contributions from Cocoa, Food Manufacturers and Gourmet & Specialities
  - Positive contribution from Consumer Products despite unsatisfactory EBIT development for Consumer Products Europe
- Remarkably improved fourth quarter performance in all businesses and markets
- Increased payout to CHF 7.80 per share. Retail investor friendly capital reduction and repayment in lieu of dividend proposed to AGM

Financial Highlights 2003/04

		% change	2003/04	2002/03
Sales Revenue	CHF m	13,4	**4'048,9**	3'571,3
in local currencies		*11,7*	***3'989,0***	
EBIT	CHF m	9,4	**228,3**	208,7
in local currencies		*7,3*	***224,0***	
EBIT per tonne	CHF/mt	-3,6	**225,7**	234,2
in local currencies		*-5,4*	***221,5***	
Net Profit (PAT)	CHF m	12,0	**115,6**	103,2
in local currencies		*9,7*	***113,2***	
Shareholders' Equity	CHF m	5,5	**800,9**	759,2
Net debt	CHF m	-8,5	**943,0**	1'030,1
Earnings per share (EPS)	CHF	12,0	**22,4**	20,0
Proposed capital repayment / dividend per share	CHF	11,4	**7,8**	7,0

Major events for Barry Callebaut during FY 2003/04

- Acquisition of Brach's (September 2003) as platform to grow our consumer business in the US. Integration and restructuring completed. Now focus on new product offerings
- Dedicated factory approach expanded to consumer business to accelerate strategy implementation in the consumer business and ensure cost leadership in all segments through centrally managed operations
- Achieved leading position in the growing out-of-home consumption market for Chocolate and Cappuccino vending mixes in Europe through the acquisition of AM Foods
- Strengthening presence in important geographic areas by opening sales offices in Moscow and Tokyo
- Development of a variety of innovative "better for you" products to be at the forefront of consumer demand across full value chain
- Further de-leverage of balance sheet and improved debt structure

Top-line growth targets achieved (4 – 5%)

		reported growth	like-for-like growth[1)]
Industrial Business Segment			
Cocoa	tonnes	4.5%	4.5%
Food Manufacturers	tonnes	2.7%	5.7%
Food Service/Retail Business Segment			
Gourmet & Specialities	CHF m	7.9%	3.8%
Consumer Products	CHF m	47.8%	0.3%
BC Group			
Sales volumes	tonnes	13.5%	4.4%
Sales revenues	CHF m	13.4%	5.0%

1) For further explanation on like-for-like please refer to the Annual Report 2003/04.

Growth in mature markets through innovation & cost leadership

- Innovation in the broadest sense of the word:
  - Expanding to new geographic markets and increasing market penetration
  - Continuous launch of "better" products to stimulate consumer and customer demand
  - Extending the offer to tap new buyer groups
- Cost leadership
  - Centers of Excellence for production steered on a groupwide basis
  - Centralized sourcing to maximize buying power and most efficiently manage the raw material risk
  - Rigourous strive to exploit optimization potential

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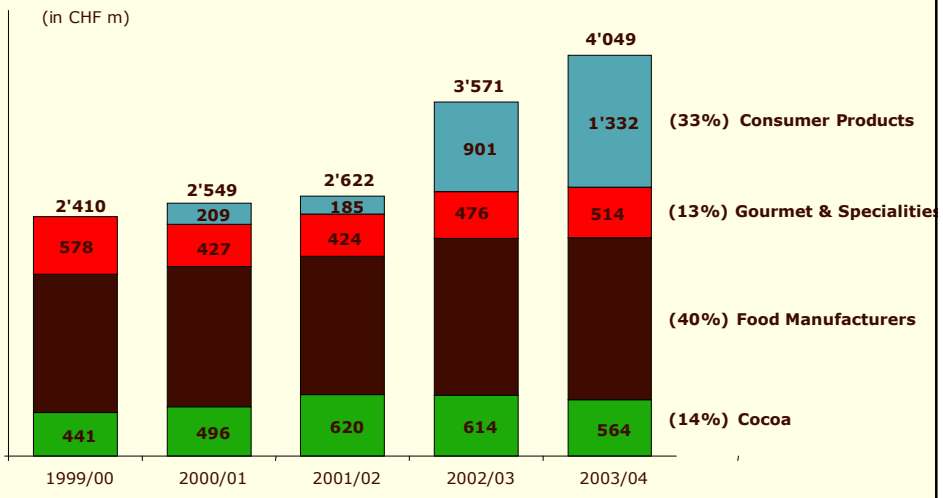
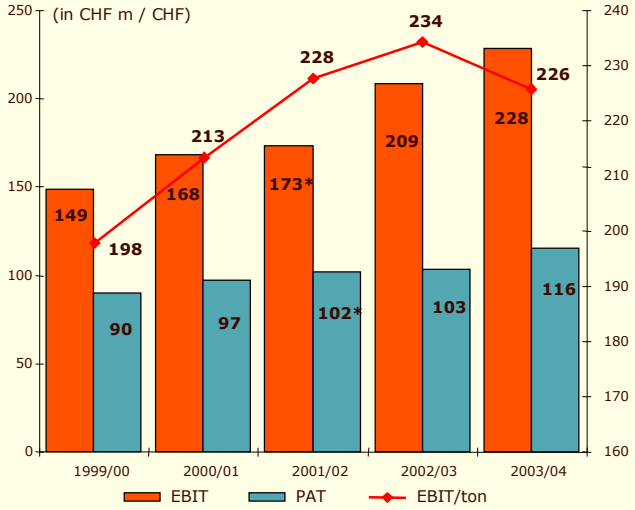
Sales revenue development by business unit 1999/00 – 2003/04



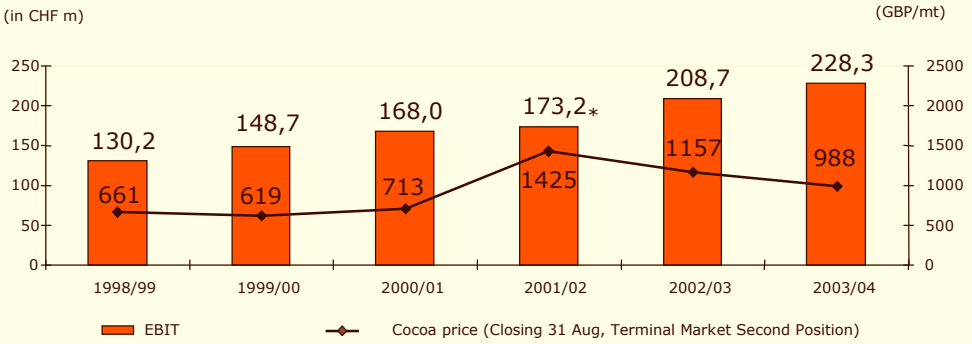
Steady operational improvement and bottom-line growth



- EBIT/ton declined from CHF 234 to CHF 226
  - Cocoa, FM and G&S substantially improved
  - Diluted by moderate EBIT/ton for Brach's and unsatisfactory contribution from Consumer Products Europe

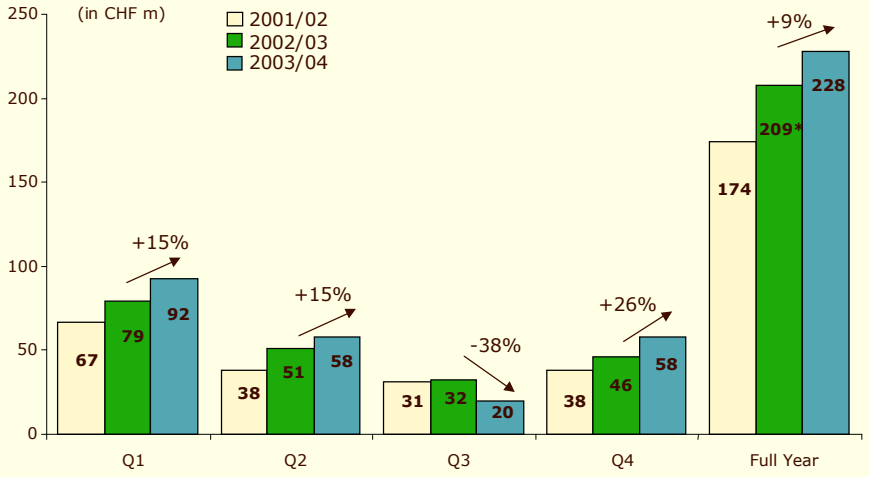
*Before CHF 80 m restructuring provision Stollwerck

EBIT not correlated to cocoa prices



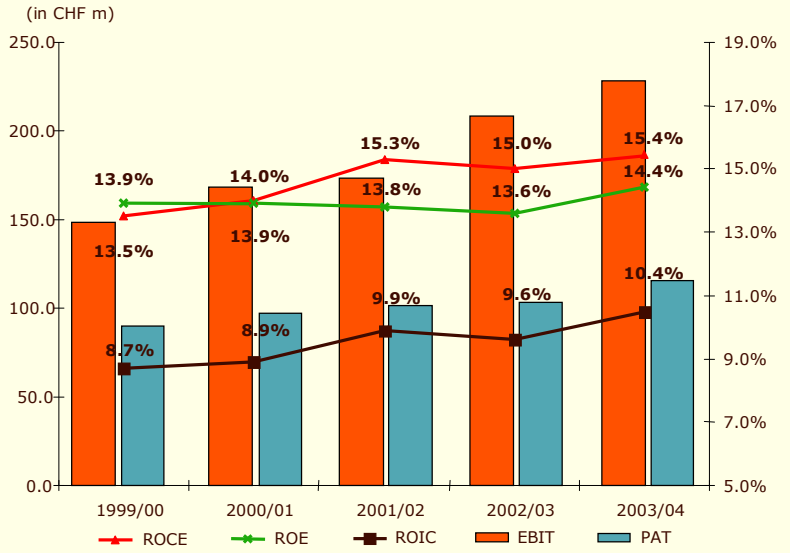
* Before CHF 80 m restructuring provision for Stollwerck

Very strong Q4 contrasting weak Q3



*Before CHF 80 m restructuring provision Stollwerck

Convincing development of profitability ratios



Cash-flow statement

(in CHF m)	2003/04	2002/03
Operating cash flow before working capital changes	342,5	310,6
Working capital changes	7,8	(99,6)
Cash generated from operations	350,3	211,0
Interest paid, income taxes paid, realized fx gains (net)	(112,9)	(115,6)
Net cash flow from operating activities	**237,4**	**95,4**
Net cash flow from investing activities	**(73,4)**	**(98,1)**
Net cash flow from financing activities	**(167,4)**	**(6,4)**
Effects of changes in minority interests and exchange rates	0,6	(2,1)
Net increase (decrease) in cash and cash equivalents	**(2,8)**	**(11,2)**
Free Cash Flow 1)	**164,0**	**(2,7)**

1) Before dividend payments

Restructuring provisions Stollwerck & Brach's – Usage and closing balance FY 2003/04

(in CHF m)	Usage	08/31/04
Stollwerck	25.8	17.6
Brach's	19.5	44.1

Comments

- The remaining Stollwerck restructuring provision will cover for the announced closure of the Cologne factory and the move of part of the production to Norderstedt.
- More than 2/3 of the usage in Stollwerck were related to social plans and salaries of laid-off workers.
- The majority of the remaining Brach's restructuring provision is reserved for payments to a pension fund.

Balance sheet – key figures

(in CHF m)	change in %	2003/04	2002/03
Total assets	1,8%	**2'760,5**	2'712,7
Net working capital	-4,3%	**914,1**	955,1
Net debt	-8,5%	**943,0**	1'030,1
Shareholders' equity	5,5%	**800,9**	759,2

Comments

- **Total assets** up only 1.8% despite Brach's acquisition and adverse currency translation effects, partly offset by tighter net working capital.
- **Net working capital** down 4.3% thanks to improved balance sheet management (including lower cocoa bean prices), partly diluted by first-time consolidation of Brach's and adverse currency effects.
- **Net debt** down 8.5% due to EBIT increase and better balance sheet management, negatively affected by assumed debt for Brach's acquisition, restructuring charges and adverse currency effects.
- **Shareholders' equity** up 5.5% or CHF 41.7 million to CHF 800.9 million.

Balance sheet – key metrics

	2003/04	2002/03
Balance Sheet		
Debt to equity ratio	**117,7%**	135,7%
Solvency ratio	**29,0%**	28,0%
Net debt / EBITDA	**2.6x**	3.1x
Interest cover ratio	**3.9x**	4.2x

Development of net working capital & net financial position

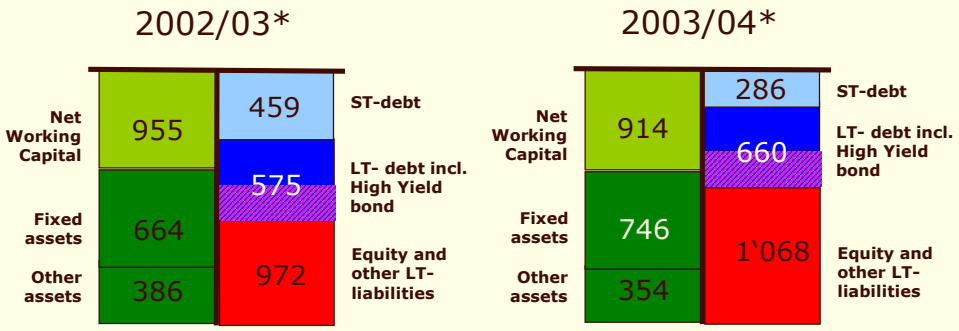
(in CHF m)	Net working capital	Net debt
September 1, 2003	**955.1**	**(1'030.1)**
Exchange effect	(20.6)	16.9
Acquisition	63.6	(26.3)
Securities	1.5	(0.8)
Other	(85.5)	97.3
August 31, 2004	**914.1**	**(943.0)**
Net change	**(41.0)**	**87.1**

Cocoa price development

Stock level also driven by safety considerations

(in tonnes)	08/31/04	08/31/03
OECD	**109.288**	106.752
Ghana	**42.056**	18.847
Ivory Coast	**5.988**	18.810
Cameroon	**6.487**	7.330
Transit / other	**23.641**	24.483
BC Group	**187.460**	**176.222**

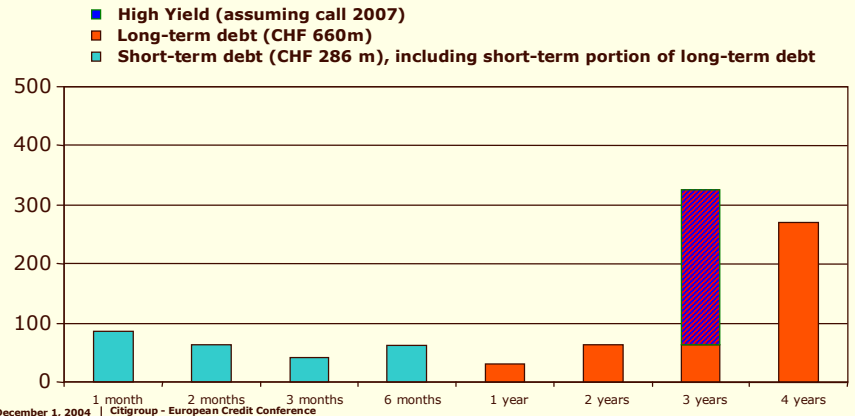
A considerably sounder balance sheet



* aggregated view

Maturity profile and interest rates

- Average cost of interest bearing debt 6.3%
- Interest rates for 85% of total debt portfolio fixed/capped for min. 12 months
- 90% of long-term debt fixed
- Off-balance sheet receivable financing programm at CHF 188 m



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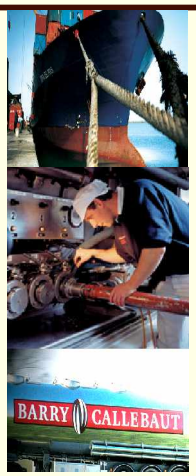


Industrial Business Segment 2003/04: Another very successful year ...

... with both Cocoa and Food Manufacturers contributing to a strong EBIT and EBIT/tonne growth

- Sales volume up 3.1% (like-for-like 5.4%) resulting from:
  - Food Manufacturers up 2.7% in – like for like 5.7%
  - Cocoa up strong 4.5%
  - EBIT jumped 22.7% to CHF 175.2 m. Solid growth in Food Manufacturers and a sizeable contribution from Cocoa due to a high combined ratio margin.
- EBIT/segment assets above 10% for the first time
- Trend to outsourcing chocolate production through to finished products confirmed
- Cost leadership, driving innovation and higher value added services are key for profitable growth

Cocoa 2003/04 Substantial EBIT contribution

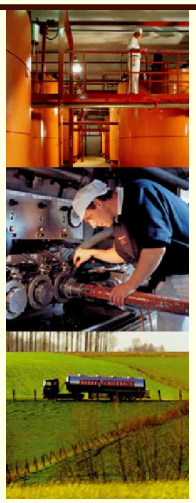
Sales volume	**126'316 tonnes**	**4.5%**
Sales revenue	**CHF 564.0 million**	**- 8.2%**

- Barry Callebaut processes approx. 15% of global cocoa harvest
  - Approx. 3/4 of the products are for in-house use
  - Remainder sold to the food industry
- Sales volume increase:
  - Slightly more than targeted 4% in an effort to optimize fixed cost structure
- Sales revenue decline:
  - Driven by the decline in cocoa bean prices and changes in the product mix
  - Partially offset by significant margin improvement
- Despite still difficult political situation in Ivory Coast full supply readiness always maintained
- Restructuring of Cocoa operations in Cameroon and in France to increase production efficiency
- Significant investments in the Swedesboro/USA processing operations to strengthen market position in North America
- Strategic initiative to revitalize cocoa powder brand Bensdorp
- First-time harvest of certified organic cocoa beans in Brazil

Food Manufacturers 2003/04
Very successful year

- **Sales volume** **524'305 tonnes** **+ 2.7%**
- **Sales revenue** **CHF 1'639.3 million** **+ 3.8%**

- On a like-for-like basis sales volume up 5.7% compared to overall growth of world chocolate market of ~1%
  - Fastest growth in France, Mediterranean countries, Eastern Europe, North America and Asia-Pacific (+34%)
- On a like-for-like basis sales revenue up 7.3%
  - Ice cream industry did not reach record levels of 2003 because of lower temperatures
  - Nearly 10,000 tonnes lost in the U.K. due to suffering biscuit market
- Substantial EBIT increase due to volume growth, continued production optimization, cost control and margin expansion
- Outsourcing trend continues all the way to molding/packaging of final consumer product; several important contracts signed
- Sales offices opened in Moscow and Tokyo
- Continuous innovation to respond to changing eating habits towards more convenient, more sensory and health-enhancing products



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- Foundation for future growth & cost leadership
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Food Service/Retail Business Segment 03/04: Positive EBIT contribution from both businesses...

... strong organic growth in Gourmet & Specialties; moderate, hence positive contribution from Brach's offset by unsatisfactory Consumer Products Europe

- EBIT of CHF 99.3 m, down 2.6%
- Sales revenue up 34% to CHF 1'845.6 m, thereof CHF 425.1 m or 31% due to the first-time consolidation of Brach's (12 months) and Luijckx (6 months)

Gourmet & Specialties 2003/04: Substantial EBIT growth

Sales revenue	CHF 514.0 million	+ 7.9%
Sales volume	107,901 tonnes	+ 4.8%

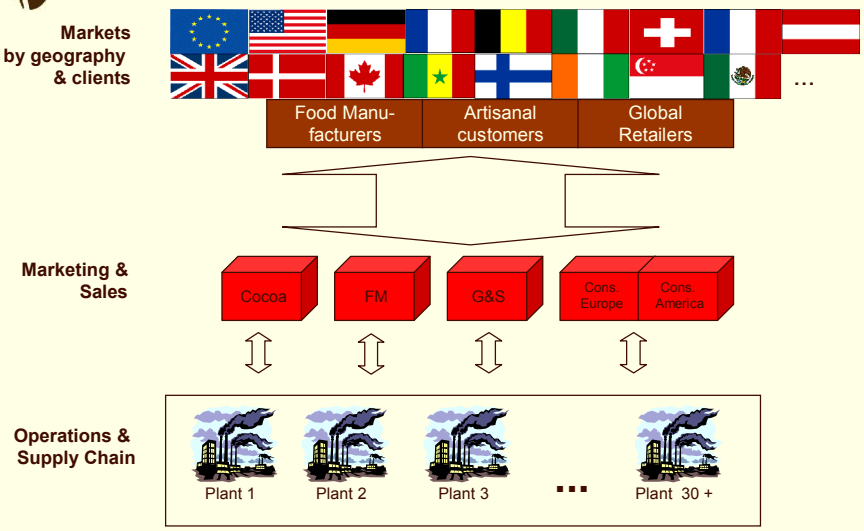
- Sales revenue increase of 7.9%, of which 3.8% organic growth
  - Evidence that ready-to-use/ready-to-sell strategy is working
  - Direct sales force in several countries, complementing distributors
  - Strong Gourmet business across all geographies
  - Satisfactory year for Vending Mix division despite slow European part of the business
  - Flat sales in Consumer Africa
- Again substantial EBIT increase as a result of volume growth, margin improvements and solid contribution by Luijckx
- Barry Callebaut able to serve all Gourmet segments
  - Long-term contracts signed with large food retailers to supply their in-store bakeries, create special recipes and train their employees...
  - ... which offsets the declining market segment of the traditional craftsmen
- Acquisition of AM Foods K/S in September 2004 to strengthen the European vending mix business and to benefit from the growing out-of-home consumption (consolidated as of Sept. 2004)

Consumer Products 2003/04: Action taken to achieve cost leadership

- Sales revenue CHF 1,331.6 million +47.8%

- Sales revenue increase of 47.8%
- Acquisition of Brach's (Sept. 2003) to create platform for building attractive consumer confectionery business in the U.S.
  - restructuring and integration completed
  - Moderate, positive EBIT contribution
  - Over 75 new healthy and seasonal products developed
- Financial performance of Consumer Products Europe unsatisfactory
  - margin pressure (overproportionate growth of lower margin customer label products, flat branded products business)
  - one-off impact of sharp price rise for hazelnuts
- Fast action taken to achieve cost leadership
  - Fully integrated "Operations" unit
  - Price increases for low-margin business or discontinuation of unprofitable volumes
- Strong focus on innovation
  - Reduced sugar, high cocoa content, "better for you"
- Customer-unique customer solutions in response to rapidly growing discount segment

The key to cost leadership - dedicated factories (new organization announced 10 Sept. 2004)



Achieving cost leadership
- Consumer Products Europe

- SKU reduction
- Walk away from unprofitable volumes
- Product transfer
- Recipe optimization
- Sales force restructuring
- Streamlined brand portfolio
- Brand transition

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Performance targets through 2006/07[1)]

- Top line growth (organic) 3 - 5% on average – at least twice expected market growth
- EBITA[2)] growth 8 – 10%[3]
- PAT 12 – 15% - fuelled by expected ongoing favorable tax situation as well as close management of financial costs

1) Our view for the 2004–2007 period reflects current economic forecasts for the markets we operate in as well as internal developments and their assumed impact on our performance
2) Going forward EBITA will be the key operational performance indicator due to the change in IFRS.
3) Corresponding to an EBIT growth of approximately 10%.

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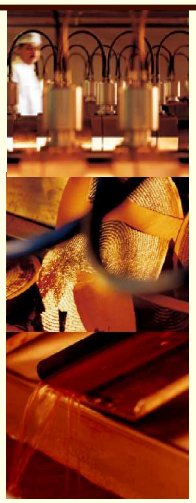


Summary

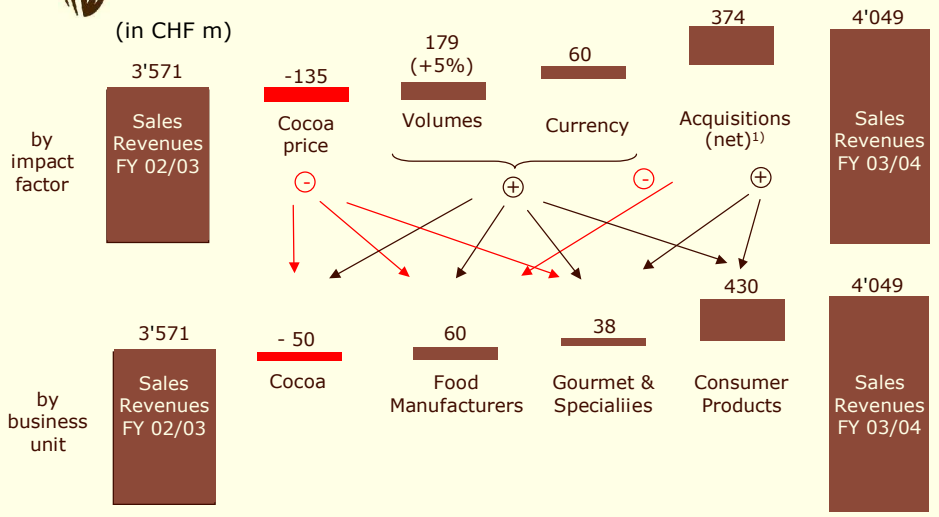
Barry Callebaut is the only fully vertically integrated chocolate company from the bean to the shelf and the world market leader

Cost leadership – differentiated services – innovation are the drivers for growing twice as fast as the markets

We have a strong focus on quality and on innovation – about 30% of sales are from products developed over the last three years

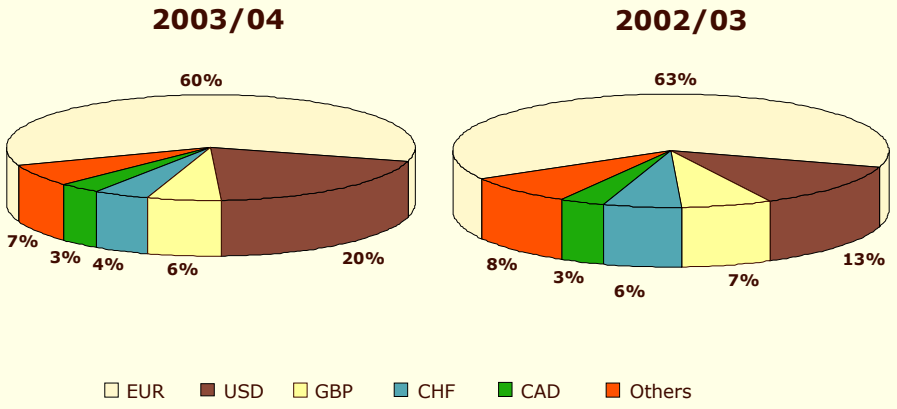
Backup

Sales revenue reconciliation FY 2002/03 – FY 2003/04



1) Brachs, Luijckx (first 6 months) and discontinued industrial sales from Stollwerck

Sales revenue by reporting currency



Profitability ratios and P&L structure

	2003/04	2002/03
Profitability		
Gross Profit / Sales	**36,6%**	31,9%
EBIT / Gross Profit	**15,4%**	18,3%
EBIT / Sales	**5,6%**	5,8%

Comments

- **Gross Profit/Sales** strongly increased mainly due to strategic change in the product mix following the addition of consumer products with typically higher gross profit margins
- **EBIT/Sales** positively impacted by lower cocoa bean prices offset by moderate (Brach's) / unsatisfactory (Stollwerck) EBIT contributions for consumer businesses
- **EBIT/Gross Profit** slightly down as expected due to shift in product mix (with the inherent higher advertising and promotion costs)

Key figures - Income statement

(in CHF m)	% of revenue	2003/04	% of revenue	2002/03
Sales Revenue	**100,0**	**4'048,9**	**100,0**	**3'571,3**
Material consumed	63,4	(2'567,5)	68,1	(2'431,0)
Gross Profit	**36,6**	**1'481,4**	**31,9**	**1'140,3**
Other operating expenses	30,9	(1'253,1)	26,1	(931,6)
Operating Profit (EBIT)	**5,6**	**228,3**	**5,8**	**208,7**
Financial Cost, net	2,3	(92,6)	2,2	(80,2)
Profit before taxes and minority interest	**3,4**	**135,7**	**3,6**	**128,5**
Taxes and minority interests	14,8	(20,1)	19,5	(25,3)
Net Profit (PAT)	**2,9**	**115,6**	**2,9**	**103,2**
Earnings per share		**CHF 22.4**		**CHF 20.0**

Industrial Business Segment – key figures

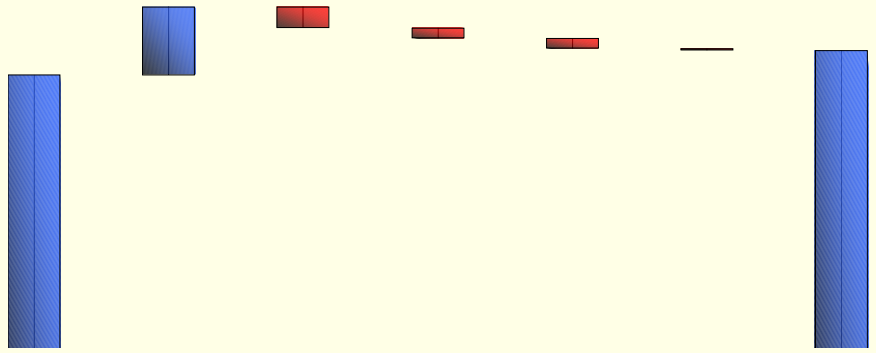
(in CHF m)	Change in	2003/04	2002/03
Sales volume (in tonnes)	**3,1%**	**650.621**	**631.146**
Cocoa	**4,5%**	126.316	120.827
Food Manufacturers	**2,7%**	524.305	510.319
Sales revenue	**0,4%**	**2'203,3**	**2'193,9**
Cocoa	**-8,2%**	564,0	614,2
Food Manufacturers	**3,8%**	1'639,3	1'579,7
EBITDA	**15,4%**	**248,3**	**215,2**
Operating profit (EBIT)	**22,7%**	**175,2**	**142,8**
Segment assets	**-8,7%**	**1'658,2**	**1'815,4**
EBIT/Segment assets		**10,6%**	**7,9%**
EBIT/Ton	**19,0%**	**269,3**	**226,3**

Food Service / Retail Business – key figures

(in CHF m)	Change in	2003/04	2002/03
Sales revenue	**34,0%**	**1'845,6**	1'377,4
Gourmet & Specialties	7,9%	**514,0**	476,4
Consumer Products	47,8%	**1'331,6**	901,0
EBITDA	**6,0%**	**159,5**	150,5
Operating profit (EBIT)	**-2,6%**	**99,3**	102,0
Segment assets	**22,8%**	**953,4**	776,5
EBIT/Segment assets		**10,4%**	13,1%

Equity reconciliation August 2003 versus August 2004

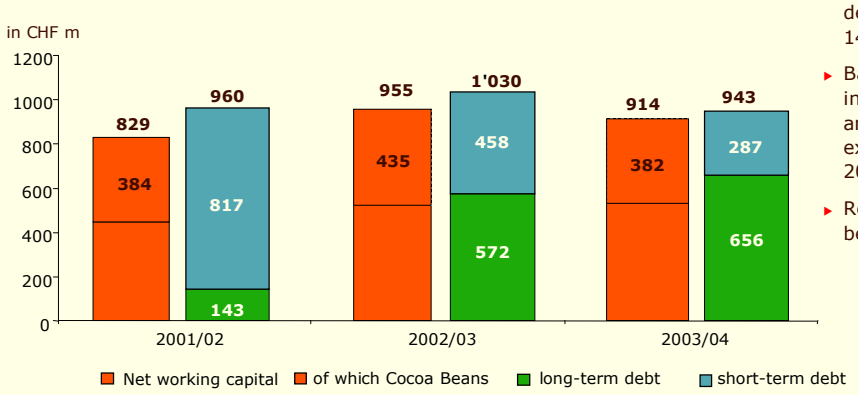
(CHF m)



Equity PY	CY Profit	Dividends	Treasury Shares	Translation adj	CF hedges	Equity Aug 04
759.2	115.6	-36.1	-16.8	-17.9	-3.0	**800.9**

Tighter net working capital management and reduced liquidity risk

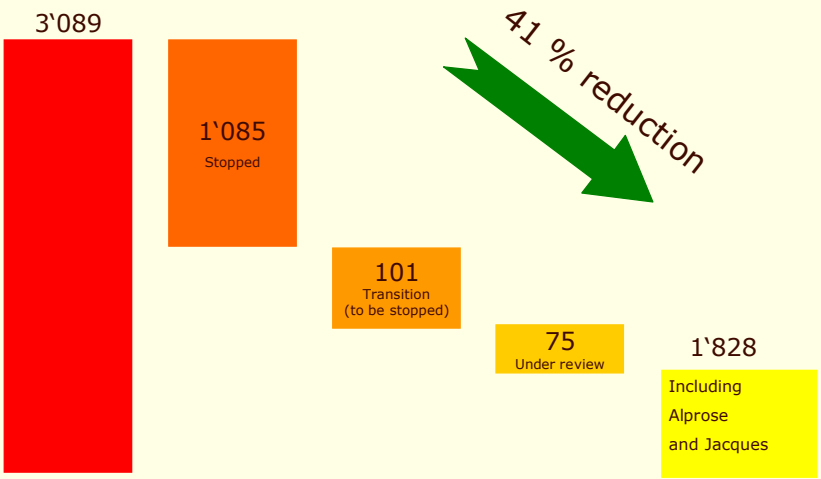
- Further shift from short- to long term debt (EUR 140m)
- Backup line increased and extended to 2008
- Reduced bean stock



Achieving cost leadership
- Consumer Products Europe

- SKU reduction
- Walk away from unprofitable volumes
- Product transfer
- Recipe optimization
- Sales force restructuring
- Streamlined brand portfolio
- Brand transition

Example: Consumer Products Europe
- Rigorous SKU reduction in 2003/04



Example: Product transfers
- move to dedicated factories

- Move to industrial plants
  - Specialty chocolates (Sugar free, white) 1Q 05
  - Fat fillings 1Q 05
  - Nut pastes 1Q 05
- Move to consumer plants
  - Liquid chocolate for German & Swiss customers Started
  - Easymelt for Gourmet 2Q 05
  - 1 kg blocs for Gourmet 2Q 05
  - Moulded sticks 2Q 05

- Cost savings:
  - Impact 04/05 CHF 0,8 m
  - Full Year Impact CHF 2 – 3 m

Recipe optimization
- provided no impact on quality & taste

- **Tablets (illustrative example)**
  - Addition of BB3
  - Different milk powder
  - Total cost impact EUR 0.03 per kg
- **Dragees (illustrative example)**
  - Recipe optimization (same actions as above)
  - Optimized chocolate cover
  - Different raisins (Turkish vs. Californian)
  - Total cost impact EUR 0.08 per kg

Sales force restructuring

- Need to adapt sales force to changed retail landscape
  - Concentration of big retailers
  - Growing importance of discount channel
- Bringing together the two sales forces of Gubor and Stollwerck
  - So far independent, leading to overlap
  - Reduction from approx. 200 to approx. 100 people in sales and sales administration
- Introduction of key account driven sales system
  - Distribution "out of one hand" for customer label solutions as well as for our branded businesses
  - Implementation finalized by the end of August 2005

Streamline the brand portfolio

Building a strong brand under one umbrella ...

Brand Transition

2003/04
EUR 40 m

2005/06
~ EUR 100 m

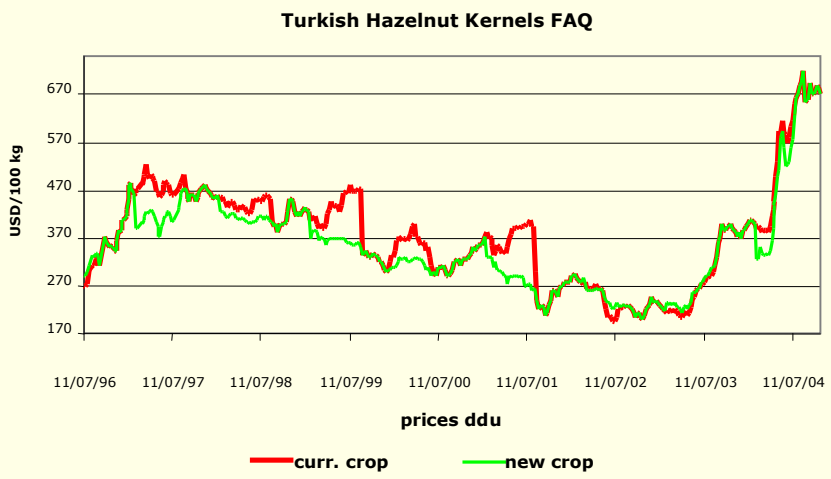
- **More visibility in shelf**
- **Higher significance for retail**
- **Chocolate competence through wide range of products**
- **Creating values through brand positioning & upgrading (new design, relaunch)**
- **Innovation power**

... by transitioning sussessful concepts

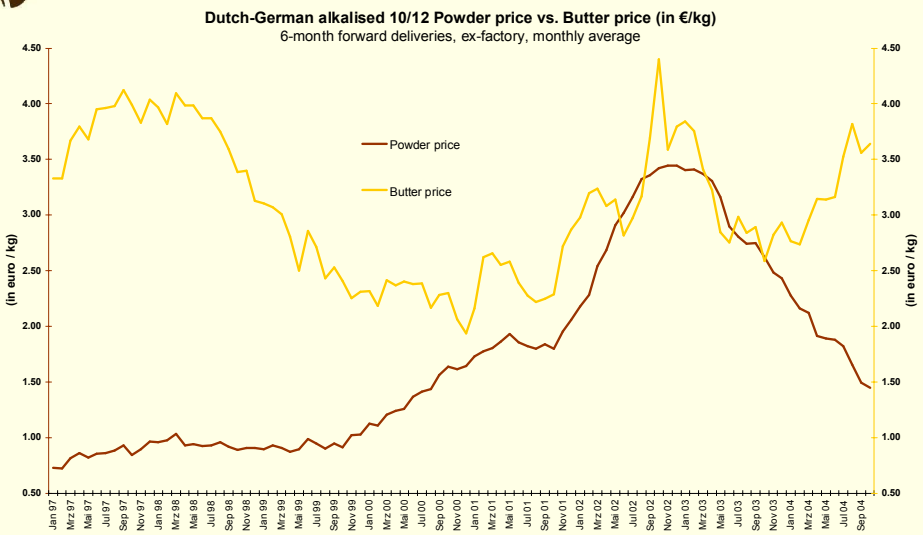
Proposals to Annual General Meeting (December 8, 2004)

- Payout
  - Increased payout of CHF 7.80 per registered share proposed to AGM. Par-value reduction and repayment in lieu of dividend
    - New par value CHF 92.20 instead of CHF 100.00
    - Net of withholding tax
    - Pay-out free of charges in February 2005
- Board composition
  - Dr. Urs Widmer, lawyer and former Chairman and CEO of Ernst & Young Holding, and Markus Fiechter, CEO of KJ Jacobs AG, proposed for election
  - Andreas Schmid (Chairman), Dr. Andreas Jacobs (Vice-Chairman), Rolando Benedick and Andreas Keller proposed for re-election; Dr. Johann Christian Jacobs desires to focus on chairmanship of Jacobs Foundation and will not stand for re-election

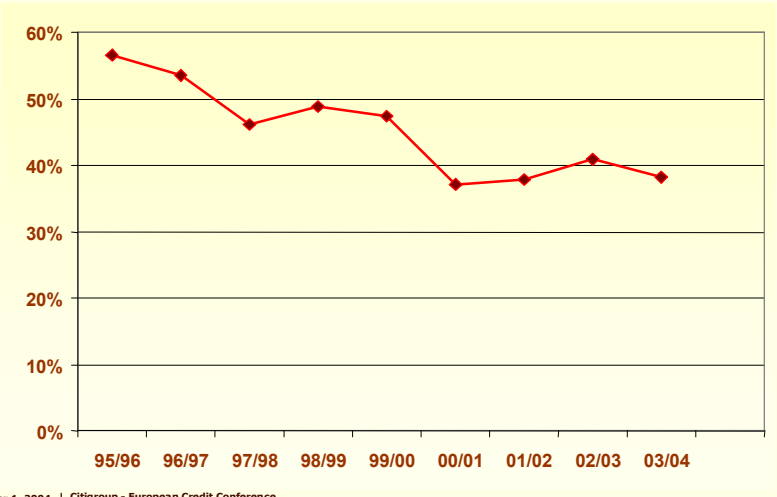
Hazelnut price development



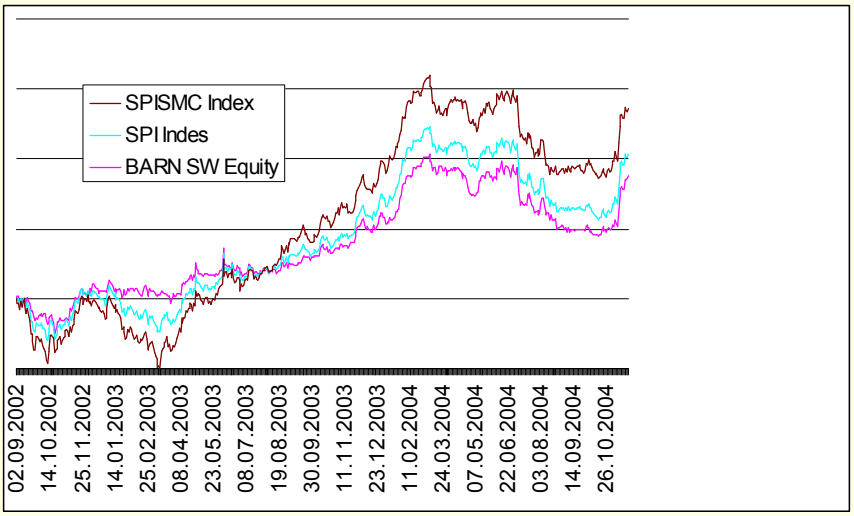
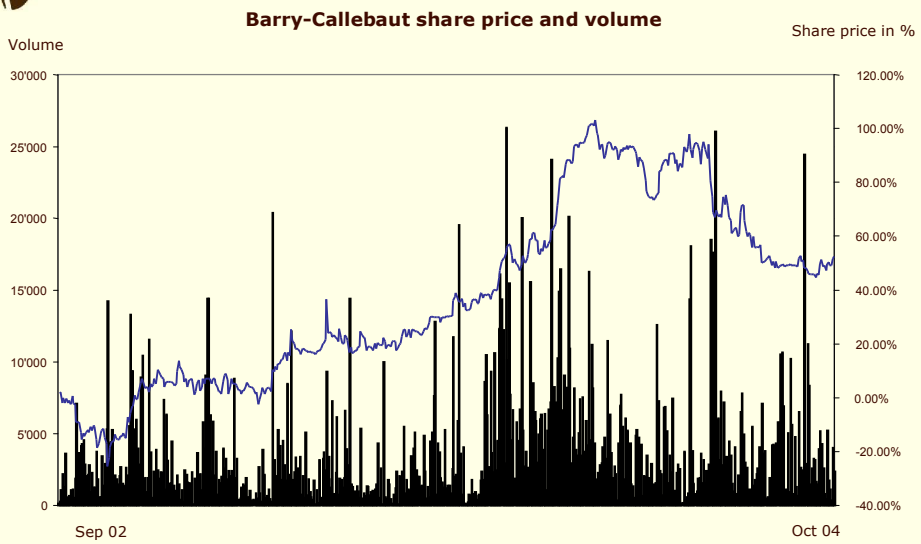
Cocoa price development



World cocoa bean stock / Annual world cocoa bean grinding



Trading history – share price performance



Trading history – share price performance and daily volume