9-month results 2005/06

Analyst and Media Presentation

June 29, 2006

BARRY CALLEBAUT

Cautionary note on forward-looking statements

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Agenda

- **Highlights 9-month results 2005/06 and business review**
- Financial results
- Outlook

Highlights 9-months 2005/06
Very strong third quarter performance

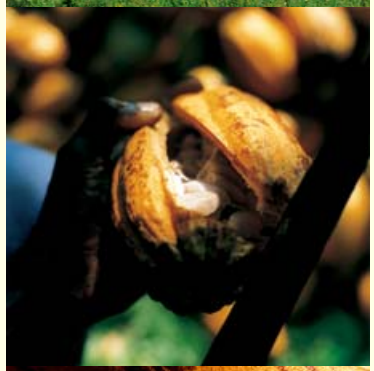
- Third quarter with positive impact on overall top-line and profitability growth in the first nine months of 2005/06
- Sales revenue up 8.7%, to CHF 3,287.4 million
- EBIT up by 14.6%, to CHF 215.6 million. Result achieved despite first-time recognition of costs related to the ESOP of over CHF 7 million
- Net profit (PAT) at CHF 126.0 million, up 23.8%
- Turnaround in European consumer business achieved
  - Substantially reduced cost basis as a result of successful restructuring
  - Migration of administrative processes to existing SAP platform completed. Roll-out to all factories in progress
- Effects of this year's late Easter confirmed, with some sales being shifted to the third quarter in Food Manufacturers and Consumer Products
- New organization to strengthen regional market focus and increase sales generated in regions other than Western Europe and North America

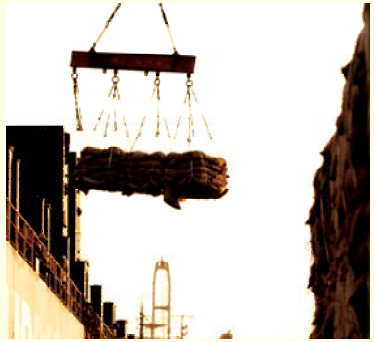
Financial highlights 9-months 2005/06

		% change	2005/06 9-months	2004/05 9-months
Revenue from sales and services	**CHF m**	8.7 [1]	**3,287.4**	3,023.5
in local currencies		*5.7*	***3,195.9***	
Gross Profit	**CHF m**	12.4	**497.1**	442.4
in local currencies		*9.7*	***485.2***	
EBITDA	**CHF m**	10.1	**299.7**	272.2
in local currencies		*8.0*	***293.9***	
EBIT	**CHF m**	14.6	**215.6**	188.1
in local currencies		*12.9*	***212.4***	
EBIT per tonne	**CHF**	14.4	**272.5**	238.1
in local currencies		*12.7*	***268.4***	
Net Profit (PAT)	**CHF m**	23.8	**126.0**	101.8
in local currencies		*22.5*	***124.7***	
Earnings per share (EPS)	**CHF**	23.6	**24.47**	19.79
Shareholders' Equity	**CHF m**	11.7	**934.6**	836.7 [2]
Net debt	**CHF m**	12.6	**1,073.4**	953.5 [2]

[1] 4.4% excluding increased beans sales in Q2
[2] as of August 31, 2005

Industrial Business Segment
Strong organic growth





Cocoa

- Third party sales of butter and liquor down by 4.4% to 95,867 tonnes, due to increased own needs as a result of higher sales of chocolate products
- Sales revenues up by 30.3% to CHF 485.8 million, mainly due to significantly increased sales of cocoa beans in the second quarter of this fiscal year. Adjusted for these sales, revenue decreased by 4.5%

Food Manufacturers

- Sales volumes up 5.3% to 433,797 tonnes, with highest contributions from North America, UK, Germany and Eastern Europe
- Sales revenue up 9.1% to CHF 1,364.1 million. Excluding positive currency and slightly negative cocoa price effects, growth stands at 6.7%

Russia - Update
Building of chocolate factory

Construction in progress

- According to plan
- Investment: approx. CHF 25 m
- Capacity: 25,000 tonnes

Ghana - Update
Building of 2nd cocoa grinding line

Construction to be finalized in summer 2006

China - Update
Opportunities and Approach

Opportunities

- High growth in demand for industrial chocolate
  - Growth in local consumption
  - Increase of local production for export
- Growth in 4/5 star hotels will lead to increased demand for Gourmet products
- Rising income levels are set to result in a strong growth for the Chinese chocolate market, especially in South-Eastern China

Approach

- Assessment of greenfield and brownfield options by end of July 2006, as alternatives to the potential acquisition of a factory
- Focus on greater Shanghai area with highest concentration of existing and potential customers

Food Service/Retail Business Segment
Both business units with strong profit contribution

Gourmet & Specialties

- Sales revenue growth[1)] of 12.6% to 428.0 million, like-for-like at 10.1%
- Main growth coming from the US and Asia-Pacific

Consumer Products

- Sales revenue[1)] decreased by 1.1% to CHF 1,009.5 million, due to discontinued unprofitable volumes. Revenue up in third quarter for the first time in 2005/06
- Substantial profit contribution from Consumer Europe, resulting from efficiency gains and further price increases

[1)] As from this fiscal year, results for the Consumer Africa division have been shifted from Gourmet & Specialties to Consumer Products. Last year's comparable figures have been adjusted accordingly.

Consumer Products Europe
Turnaround achieved

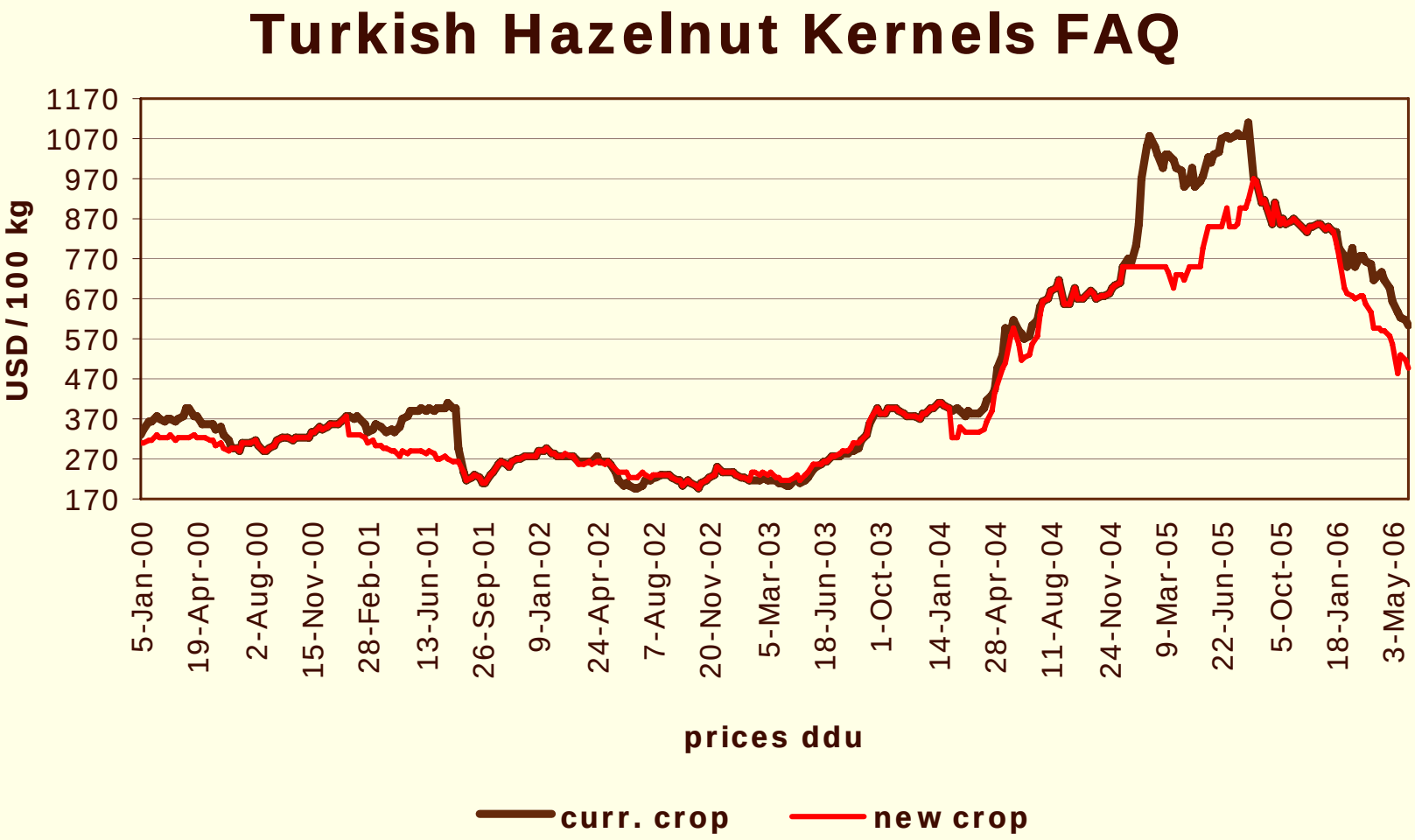
Together with the remaining elements of the restructuring program to be implemented, total cost savings and gross profit improvements are expected to reach CHF 40 to 50 million as from 2007/08 onwards

Cost Leadership - Achieved so far

- Improved capacity utilization
  - Closing of three factories; implementation of dedicated factory strategy
  - Integration of industrial and gourmet volumes
- Adapted sales force to changed product offerings
  - Introduction of key account driven sales system; reduction from 200 to 100 FTE
- Logistics optimizations
  - Change of logistics provider and downsizing to two warehouses in Germany
- SKU reductions (from 2,600 to 1,500)
- Implementation of SAP platform and roll-out to all factories (in process)
  - Integration of all administrative processes (incl. costing* and sourcing)

*) Raw material costs for PLB business are systematically hedged and price increases reflect development of raw material prices

Hazelnut price development



Top-line in third quarter supported by a late Easter

	Q1[1)]	Q2[1)]	Q3[1)]	9-months FY 05/06[1)]
Industrial Business Segment (Volumes)				
Cocoa[2)]	-2.1%	-6.3%	-4.9%	-4.4%
Food Manufacturers	10.0%	-1.2%	7.0%	5.3%
Food Service / Retail Business Segment (Sales revenues)				
Gourmet & Specialties	9.2%	12.4%	17.3%	12.6%
like-for-like[3)]	7.6%	9.3%	14.5%	10.1%
Consumer Products	-2.1%	-7.1%	8.5%	-1.1%
like-for-like[4)]	-4.2%	-11.0%	5.6%	-4.0%

[1)] Compared to equivalent prior-year periods
[2)] Excluding cocoa bean sales
[3)] Excluding currency effects and the cocoa price impact
[4)] Excluding currency effects

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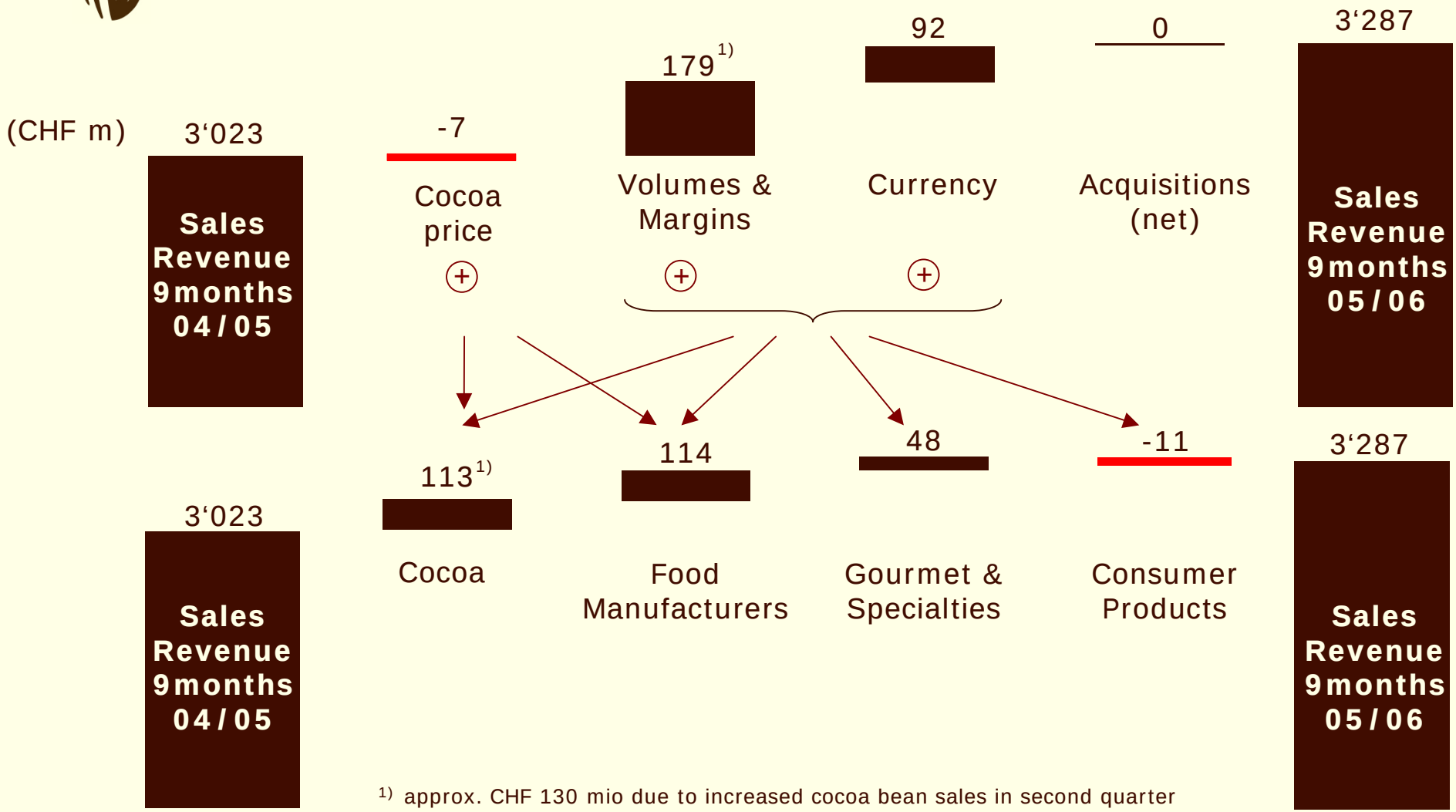
Financial summary 9-months 2005/06
P&L

- **Sales volumes** went up by 0.1% to 791,115 tonnes. Good growth in Food Manufacturers and Gourmet & Specialities partly offset by reduced third party volumes in Cocoa, due to increased in-house needs, and lower volumes in Consumer Products, due to the discontinuation of unprofitable contracts.
- **Sales revenue** up 8.7%[1)] to CHF 3,287.4 million, partly due to increased cocoa bean sales and positive currency effects, offset by slightly lower cocoa bean prices. Excluding higher cocoa bean sales revenue increased by 4.4%
- **Gross profit** [2)] increased by 12.4% to CHF 497.1 million (like-for-like 9.7%)
- **EBIT** grew 14.6% to CHF 215.6 million (like-for-like 12.9%). All business units contributed positively to this result
- **Net Profit** up 23.8% to CHF 126.0 million (like-for-like 22.5%)

[1)] including approx. CHF 130 million from increased cocoa bean sales in second quarter

[2)] as of FY 04/05, gross profit is calculated as sales revenues minus cost of goods sold

Sales revenue reconciliation
9-months 2004/05 – 2005/06



[1)] approx. CHF 130 mio due to increased cocoa bean sales in second quarter

From Gross Profit to EBIT

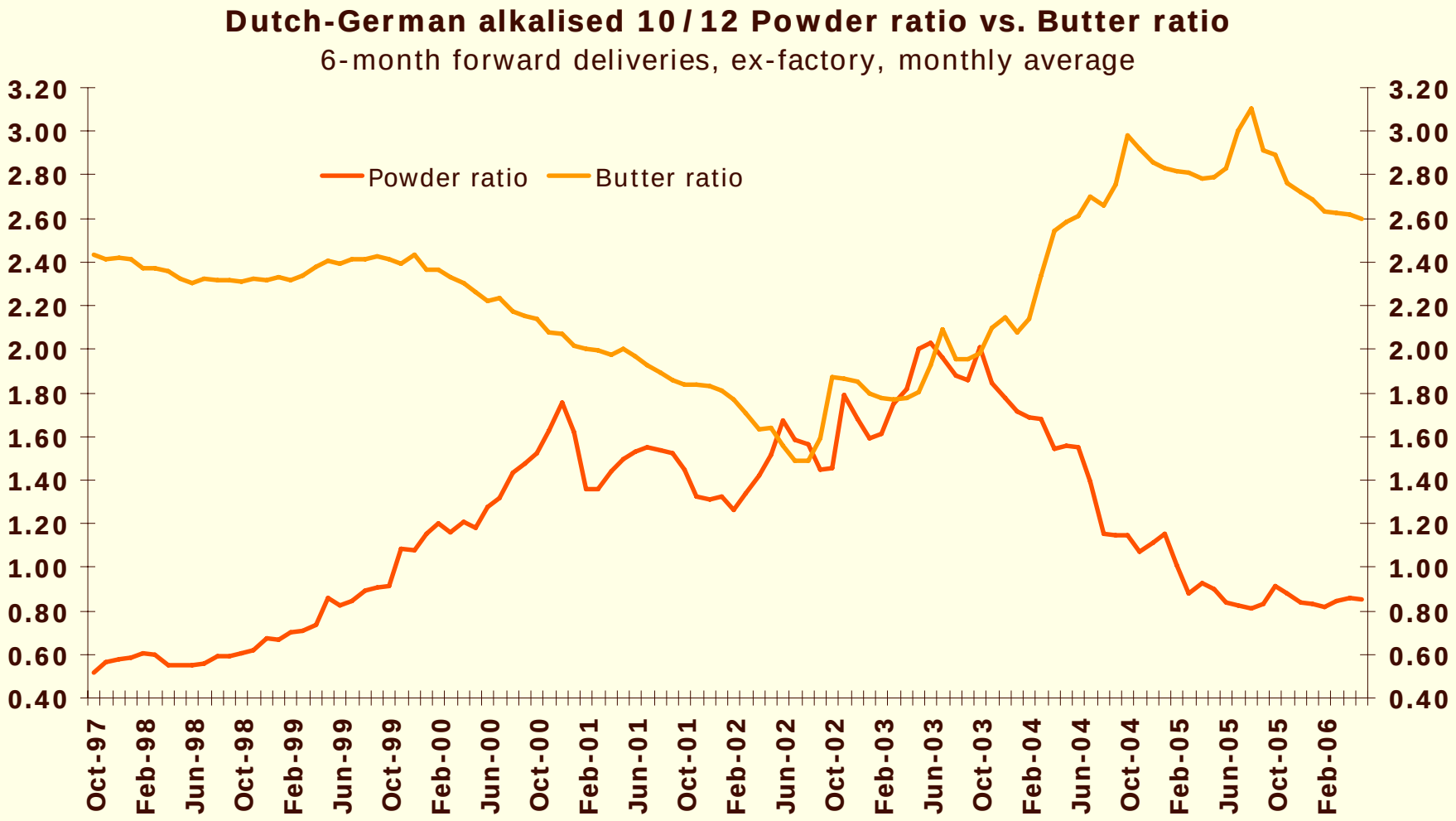
	2005/06 9-months	2004/05 9-months
Gross profit (in CHF m) [1]	**497.1**	442.4
Gross profit as % of sales	**15.1%**	14.6%
EBIT as % of gross profit	**43.4%**	42.5%
EBIT as % of sales	**6.6%**	6.2%
EBIT per tonne (CHF)	**272.5**	238.1

Comments

- **Gross profit** up CHF 54.7 million. All business units contributed to this increase
- **Gross profit as % of sales revenue** slightly up
- **EBIT/Gross profit** up due to slower increase in operating costs in relation to gross profit
- **EBIT/Sales revenue** up
- **EBIT/tonne** showed strongest increase in Consumer products

[1] as of FY 04/05, gross profit is calculated as sales revenues minus cost of goods sold

Powder and Butter ratio development



From EBIT to PAT

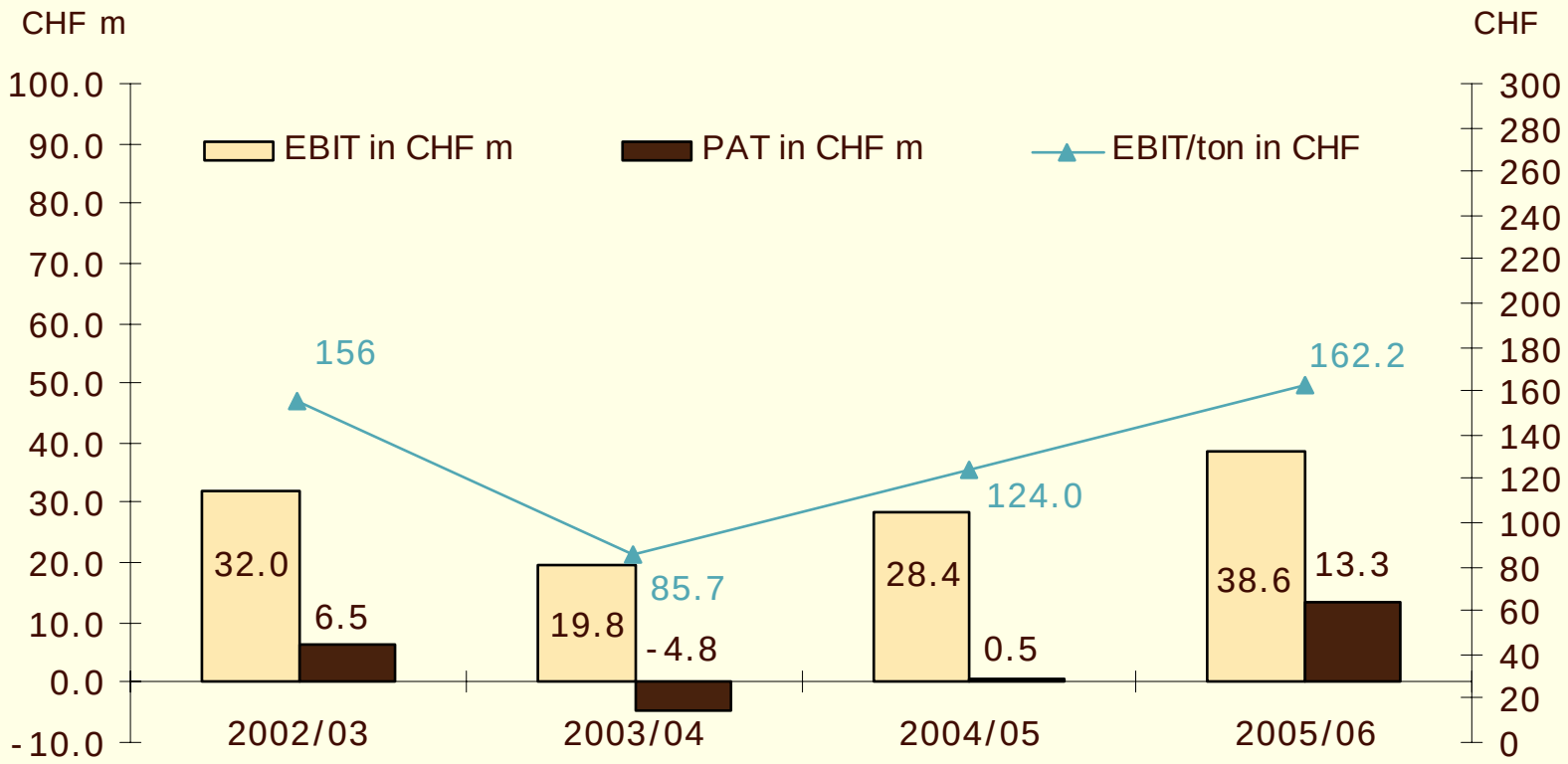
		% change	2005/06 9-months	2004/05 9-months
Operating profit (EBIT)	**CHF m**	14.6	**215.6**	188.1
Financial costs, net	**CHF m**	1.3	**-61.7**	-60.9
Taxes	**CHF m**	10.4	**-27.6**	-25.0
Tax rate	*in %*		***17.9***	*19.7*
Net Profit (PAT) [1)]	**CHF m**	23.8	**126.0**	101.8

[1)] Net Profit attributable to the group (PAT)

Comments

- **Operating profit** was negatively impacted by 7 m CHF in connection with the first time recognition of costs in relation to the employee stock ownership program due to a change in the accounting standards (IFRS 2).
- Increase in **financial costs** mainly attributable to higher level of average funding in the nine months of 2005/06

Strong third quarter performance in 2005/06



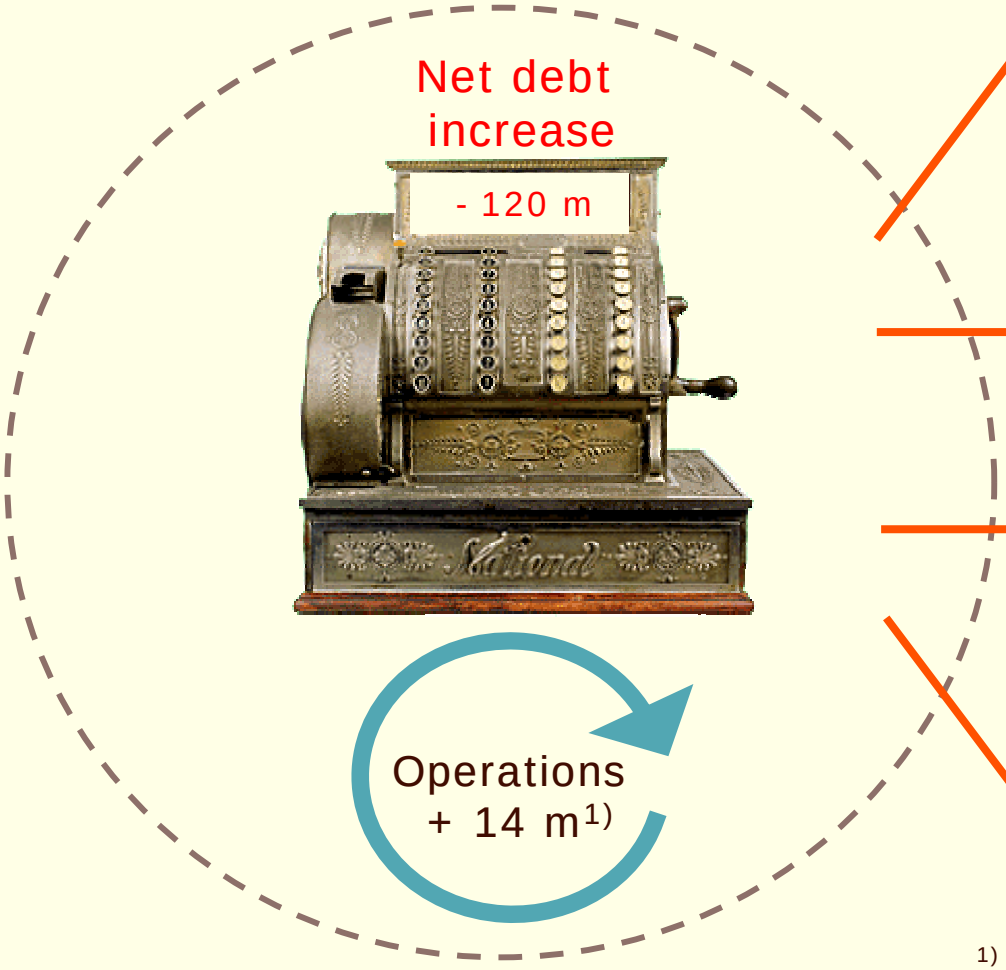
Balance sheet
Key figures

(in CHF m)	**31.05.2006**	31.08.2005	31.05.2005
Net working capital	**1'041.9**	830.8	985.4
Total assets	**2'854.4**	2'664.8	2'779.7
Net debt	**1'073.4**	953.5	1'063.3
Shareholders' equity	**934.6**	836.7	866.7

Comments

- Increases in **net working capital** and **net debt** vs. August 05 due to higher trade receivables in connection with seasonality of the business and higher inventories due to increased local sourcing activities
- **Shareholders' equity** increased as a result of the strong net profit and positive fair value adjustments on financial instruments, partly offset by the capital reduction (in lieu of a dividend) and other minor effects

Movements in Net debt (in CHF m)
May 2006 vs. August 2005



Net Purchase of Treasury shares
- 5 m

Capex
- 82 m

Capital reduction
- 42 m

FX Impact
- 5 m

1)
- Operating cash-flow + 210 m
- NWC changes, others - 196 m

Balance sheet and financing ratios

	31/05/2006	31/08/2005	31/05/2005
Debt to equity ratio	**114.9%**	114.0%	122.7%
Solvency ratio	**32.7%**	31.4%	31.2%
Net debt /EBITDA[1)]	**2.6x**	2.5 x	2.9 x
Interest cover ratio[1)]	**4.8x**	4.6 x	4.3 x

[1)] before restructuring of CHF 94 million (rolling 12-months EBITDA)

Comments

- **Debt to equity** improved vs. prior year period, due to higher level of shareholders' equity. This also leads to a higher **solvency ratio**, which improved year-on-year as well as vs. August 2005
- **Net debt over EBITDA** improved year-on-year due to higher EBITDA and seasonally deteriorated vs. August 2005
- **Interest coverage** improved year-on-year as well as vs. August 2005 due to EBITDA growing faster than financial costs

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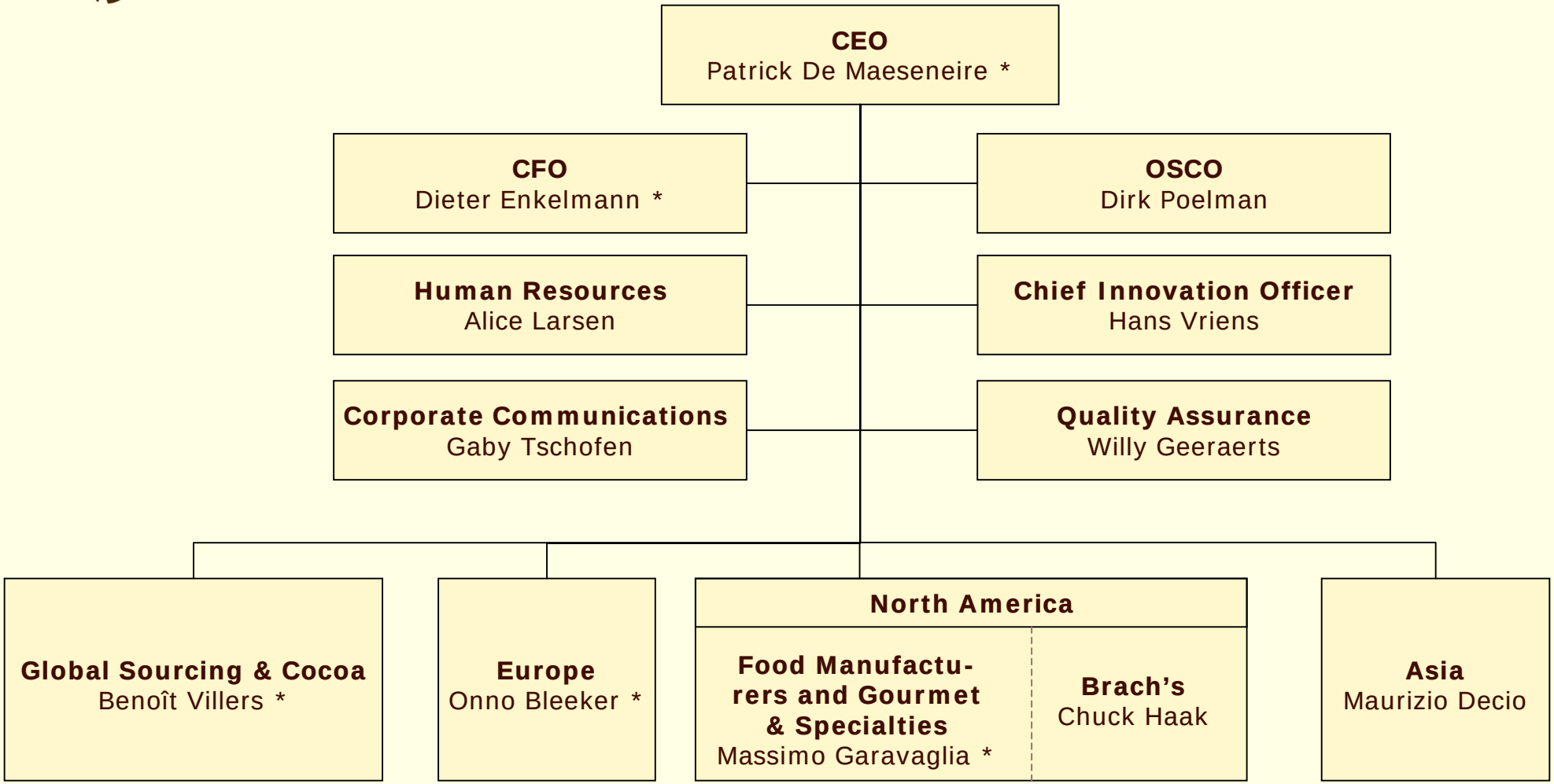
- **Outlook**

New organizational structure
Effective as of September 1, 2006



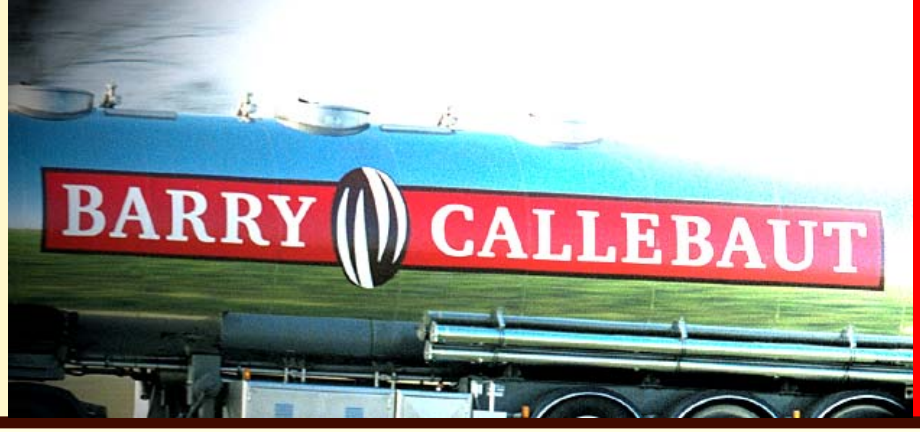
* Member of the Senior Management Team

Outlook

"One year after the announcement of the restructuring program, we are certain to reach profitability for the Consumer Products Europe business unit for the full fiscal year 2005/06. The decline in the combined (cocoa) ratio will have an adverse effect on the profitability of our Cocoa business unit in the fourth quarter and into next fiscal year. However, barring any major unforeseen events, we are confident that we will achieve our financial targets for 2005/06 - despite the impact of the costs for our employee stock ownership program which now affect the income statement due to a change in accounting standards. The stronger regional focus of our organization will allow us to tap faster and deeper into the above-average growth markets in North America, Eastern Europe and Asia."

Patrick De Maeseneire, CEO, Barry Callebaut

Q&A



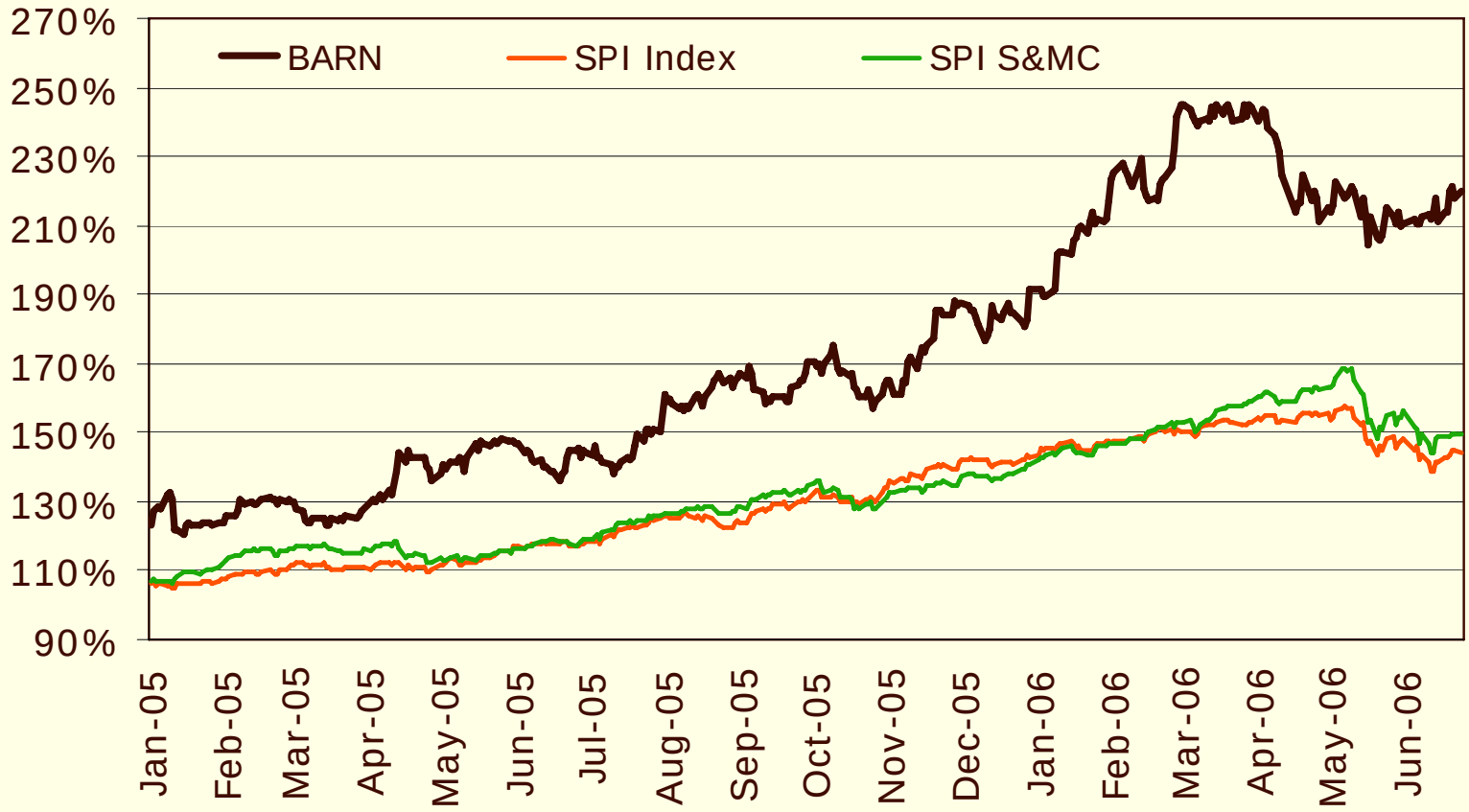
Backup

Key figures
Income statement

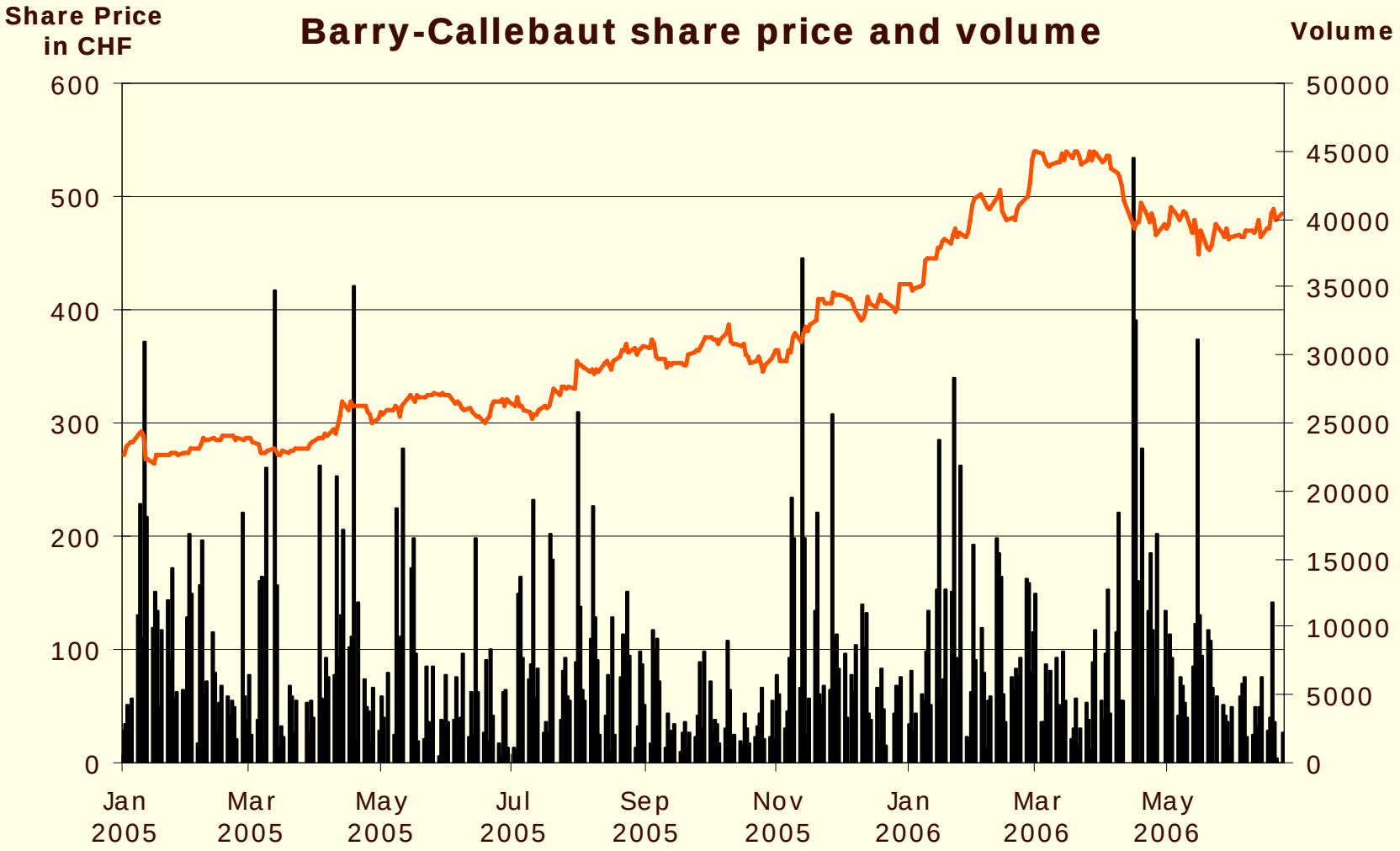
(in CHF m)	% of revenue	2005/06 9-months	% of revenue	2004/05 9-months
Sales Revenue	**100.0**	**3,287.4**	**100.0**	**3,023.5**
Cost of goods sold	84.9	(2,790.3)	85.4	(2,581.1)
Gross Profit	**15.1**	**497.1**	**14.6**	**442.4**
Operating expense	8.6	(281.5)	8.4	(254.5)
Operating Profit (EBIT)	**6.6**	**215.6**	**6.2**	**188.1**
Financial Cost, net	1.9	(61.7)	2.0	(60.9)
Profit before taxes and minority interest	**4.7**	**153.9**	**4.2**	**127.2**
Taxes	0.8	(27.6)	0.8	(25.0)
Profit for the period	**3.8**	**126.3**	**3.4**	**102.2**
of which attributable to minority interests		0.3		0.4
of which attributable to the group[1)]		126.0		101.8
Earnings per share (in CHF)		**24.5**		**19.8**

[1)] Net profit (PAT)

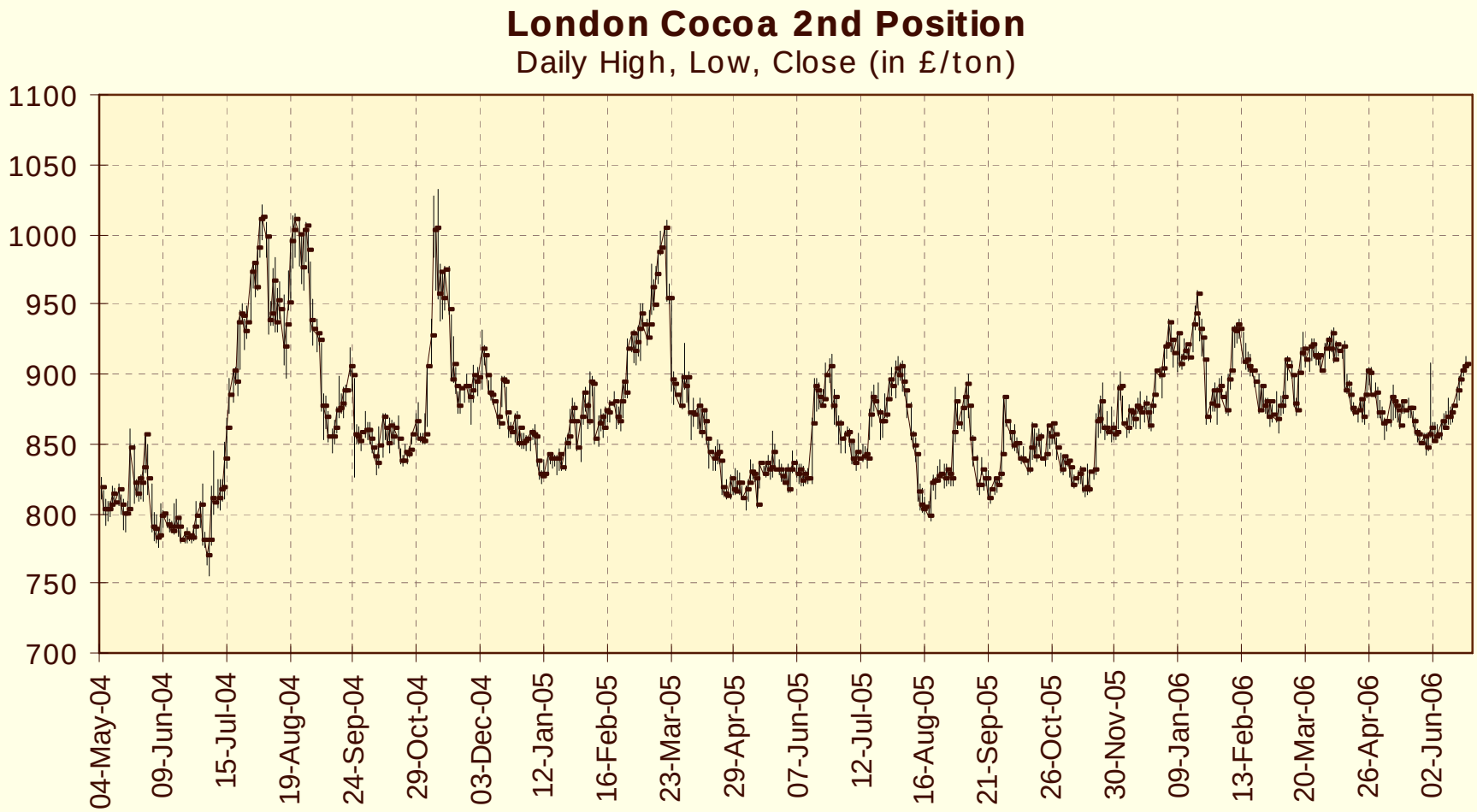
Trading history
Share price performance



Trading history
Share price performance and daily volume



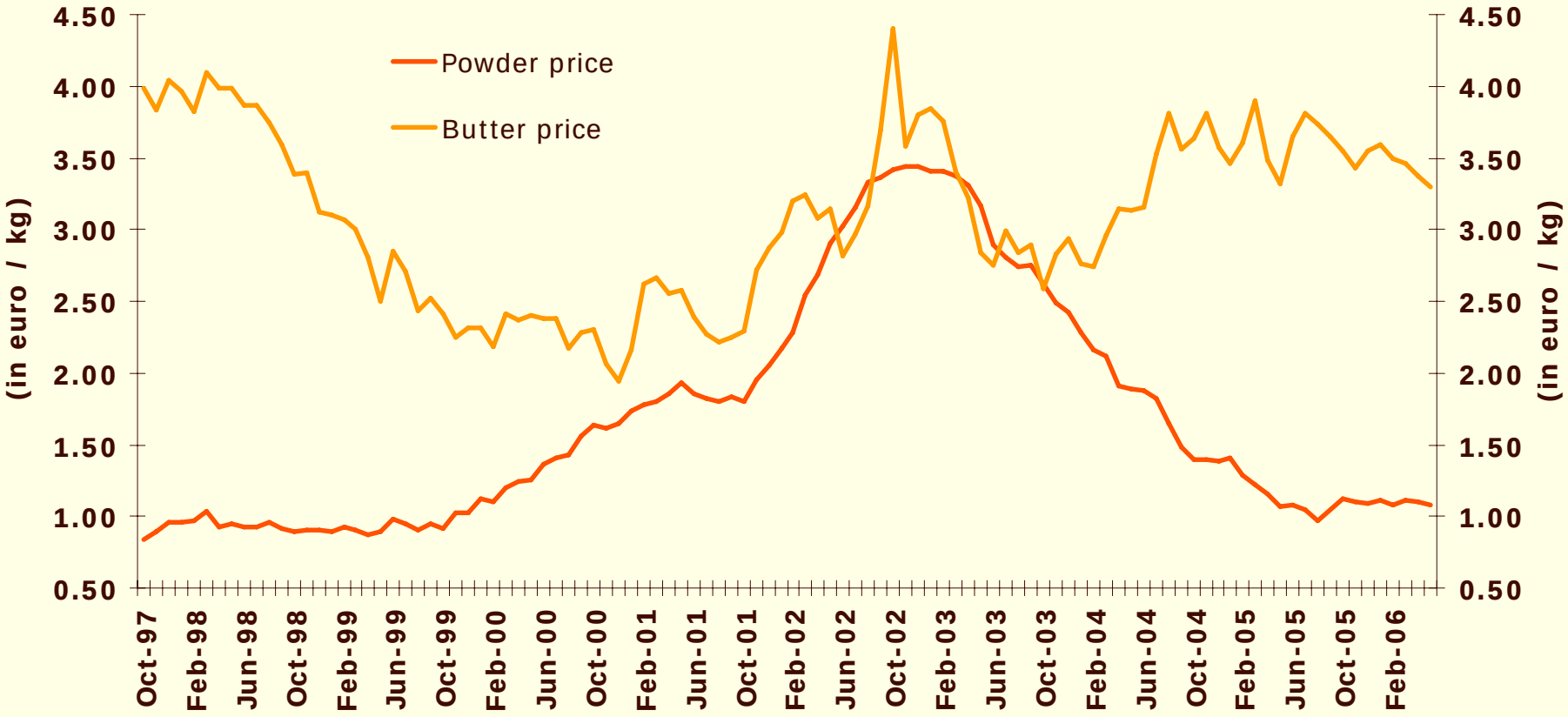
Cocoa price development



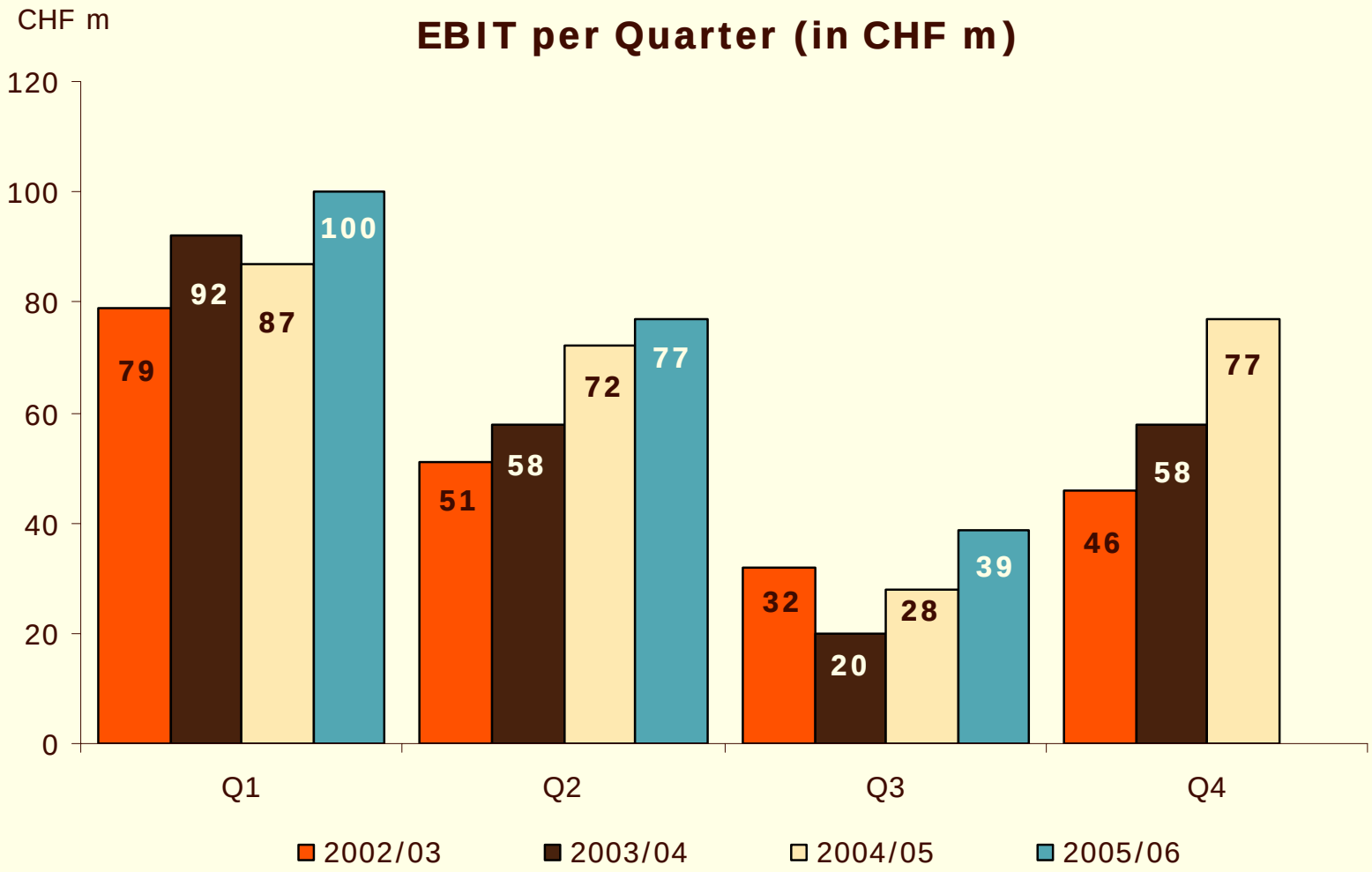
Powder and Butter price development

Dutch-German alkalised 10/12 Powder price vs. Butter price (in €/kg)

6-month forward deliveries, ex-factory, monthly average



Seasonality of business at EBIT level



Operating Profit per Quarter

EBIT per quarter (in CHF m)

	Q1	Q2	Q3	Q4	Full year
2004/05	87.3	72.4	28.4	77.2	265.3
2005/06	100.1	76.9	38.6		