BARRY CALLEBAUT

Barry Callebaut – Half year results

Increased sales volumes in flat market

Barry Callebaut AG reports a net sales increase of 2.4% to CHF 1.18 billion for the first half year of fiscal 1998/99, ended February 28, 1999. In an overall stable chocolate market, the Group achieved a 4% increase in sales volume for its core products. Net profit, including extra-ordinary profits, increased by 21% to CHF 74.5 million compared to the same period last year. Expecting no significant changes in the chocolate consumption for the current year, the company decided to accelerate ongoing cost and efficiency optimization programs.

Zürich, April 6, 1999. During the first half of 1998/99, Barry Callebaut AG – the world's leading cocoa processor and producer of industrial chocolate specialties, listed on the Swiss Stock Exchange – increased its core product sales volume by 4% to 311,000 tons (see table) in an overall flat chocolate market. The recent acquisition of the Swiss Carma Pfister AG is not yet included in that figure. These results will be consolidated as of March 1, 1999.

When the Asian markets started to show some signs of recovery, a new consumer crisis emerged in Russia, affecting the Barry Callebaut facility in Poland. Barry Callebaut could partially offset negative trends in the UK, Germany and Eastern Europe as well as in the US powder business by gains in France, Italy and Asia Pacific. The acquisitions of Van Leer and of the Van Houten vending mix business proved to be successful strategic moves.

Over-capacities and strong competition kept the sales ratios for semi-finished products – the company's non core product range – depressed. On the other hand, gross profit per ton on core products remained stable.

Higher operating costs stemming from the integration of the newly acquired American Van Leer Inc affected the profitability during the last six months. As a consequence, Operating Income declined by 7%, excluding Saco. Due to an exceptional profit of CHF 15.3 million, resulting from dissolved tax accruals, profit after tax increased by 21% to CHF 74.5 million.

In order to improve the operating results short and long term, the company is accelerating the implementation of a cost reduction program generating a CHF 15 million savings for the months to come in addition to the already announced closing of the Van Leer New Jersey plant. For the longer term a further improving of the total supply chain has been decided. This will result in additional cost reductions of CHF 30 million per year and further improvements of the service to the customers.

Financial key figures

(in CHF million)	6 Months ending 28.2.99 (2)	6 months per ending 28.2.98 (1)	% Change
Income from sales and services	1,184.4	1,157.2	+ 2.4 %
Operating income	86.8	98.5	-11.9% (-7.0% excluding Saco)
Net Income	74.5	61.7	+20.7%
Net working capital	537.5	521.9	+3.0%
Non current assetes	693.5	719.6	-3.6%
Net debt	560.6	791.0	-29.1%
Shareholders' equity	617.9	360.9	+71.2%º
Sales volumes total	330,036	320,260	+3.0%
thereof processed products	267,577	256,037	+5.0%
thereof semi-finished products	62,459	62,745	-0.5%
North America	83,448	74,807	+12.0%
Western Europe	211,414	207,789	+2.0%
Eastern Europe	11,237	12,198	-8.0%
Asia Pacific	7,840	6,432	+22.0%
Other	16,097	19,033	-15.0%
Core Products	311,320	299,020	+4.0%
Other	18,716	21,240	-12.0%

(1) Including Saco
(2) Excluding Saco

For further information:
Pierre Vermaut,
Chairman of the Board of Directors Barry Callebaut
Tel ++33 1 30 22 84 06
Fax ++33 1 30 22 87 87