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Barry Callebaut reports sales for first quarter of fiscal year 2006/07: Strong organic sales growth sustained

- Sales volume up organically by 5.7% to 316,506 tonnes
- Sales revenue increases 3.6% to CHF 1,241.7 million
- Early repayment on March 15, 2007 of outstanding 9¼% High-Yield Bond due 2010 in the amount of EUR 165 million
- 3-year financial targets confirmed

Zurich/Switzerland, January 18, 2007 – Barry Callebaut AG, the world's leading manufacturer of high-quality cocoa and chocolate products, announced today its key sales figures for the first three months of fiscal year 2006/07 ended November 30, 2006. In addition, Barry Callebaut reconfirmed the decision to repay the outstanding 9¼% High-Yield Bond due 2010 in the amount of EUR 165 million at the earliest call date, which is March 15, 2007. Starting as of the current fiscal year, Barry Callebaut is also bringing its disclosure of financial results in line with other major food companies. The company will publish only key sales figures for the first and the third quarter but maintain the publication of detailed half-year and full-year results.

Overview of business performance in the first three months of fiscal year 2006/07

As of September 1, 2006, Barry Callebaut introduced a new organizational structure with a regional focus. This change results in a new reporting structure in line with the company's main business regions, i.e. Europe, the Americas, Asia & Rest of the World. Operating results per business segment will still be given on a semi-annual basis as before.

Sales volumes for the Group went up to 316,506 tonnes, which corresponds to a strong organic growth of 5.7% (same prior-year period: 299,417 tonnes). Sales revenue grew by 3.6% to CHF 1,241.7 million (CHF 1,198.5 million). Patrick De Maeseneire, CEO of Barry Callebaut, said: "We were able to carry the strong fourth quarter growth of the past fiscal year into the first quarter of the current fiscal year; seasonal Christmas business was again very good. Our new organizational structure introduced as of September 1, 2006 will allow us to drive the intended geographic expansion and growth outside of Western Europe with the necessary determination. We are satisfied with our results for the first three months of fiscal year 2006/07."

Sales by region

Region Europe

Region Europe had a sales volume growth of 7.7% to 215,984 tonnes (200,555 tonnes), driven by good sales mainly in the business with industrial and artisanal customers. Sales revenue increased 5.8% to CHF 886.3 million, up from CHF 838.0 million for the same prior-year period, mainly as a result of higher sales volumes, helped by positive foreign exchange effects.

The Food Manufacturers business unit benefited from increased and new outsourcing volumes in Western Europe and very strong growth in Eastern Europe. The Gourmet &



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Specialties business unit recorded very good sales in Central and Eastern Europe. The earlier communicated discontinuation of the Manner contract (biscuits and waffles) and of some unprofitable customer label contracts led to slightly lower sales revenue in the Consumer Products Europe business unit, but resulted in a more profitable product mix. Higher sales of branded and co-manufactured products compensated for some of this sales revenue decrease.

Region Americas

Sales volumes in Region Americas slightly increased to 80,717 tonnes (80,623 tonnes). Sales revenue declined by 4.0% to CHF 278.1 million, down from CHF 289.8 million. This was the result of lower sales of consumer products and negative foreign exchange effects, partly offset by higher sales in the other businesses.

Sales in the Food Manufacturers and the Gourmet & Specialties business units showed solid growth rates. Consumer Products North America did not renew a low-margin contract with a major U.S. retailer for Halloween products and discontinued a number of unprofitable products. This led to overall flat sales volumes and lower sales revenue in this region.

Region Asia & Rest of the World

Region Asia & Rest of the World registered sales volumes of 19,805 tonnes, up 8.6% from the 18,239 tonnes of the prior year. Sales revenue grew 9.3% to CHF 77.3 million, up from CHF 70.7 million.

Food Manufacturers benefited from strong growth in China, starting, of course, from low levels. Gourmet & Specialties did particularly well in the premium product range, especially in Japan.

Development of business segments in the first three months of fiscal year 2006/07

Industrial business segment

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

Sales volumes were 219,998 tonnes, which represents an organic growth of 10.5% from the 199,147 tonnes for same prior-year period.

- Sales volumes of Cocoa products sold to third-party customers amounted to 36,025 tonnes (32,918 tonnes), which is a plus of 9.4%. Volumes were pushed in order to compensate for the margin decline caused by the deteriorating combined (cocoa) ratio (i.e. declining combined sales prices for cocoa butter and cocoa powder relative to the cocoa bean price).
- Sales volumes in the Food Manufacturers business unit were 183,973 tonnes, 10.7% more than in the same prior-year period (166,229 tonnes). Main drivers were increased outsourcing volumes from existing and new customers.

Sales revenue recorded in the Industrial business segment went up 8.4% to CHF 692.8 million, compared to CHF 639.2 million for the same prior-year period.



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- Sales revenue in the Cocoa business unit grew 4.7% to CHF 117.3 million (CHF 112.0 million), as a result of higher sales volumes, despite the afore-mentioned lower average sales prices resulting from the lower combined (cocoa) ratio.
- The Food Manufacturers business unit increased sales revenue by 9.2% to CHF 575.5 million, up from CHF 527.2 million for the same prior-year period, benefiting from higher sales volumes as well as exchange rate effects.

Food Service/Retail business segment

The Food Service/Retail business segment serves a broad range of customers, from local craftsmen (such as chocolatiers, pastry chefs, bakers, hotels, restaurants, caterers) to global retailers.

Sales revenue was CHF 548.9 million, down 1.9% from CHF 559.3 million recorded for the same prior-year period.

- Sales revenue in the Gourmet & Specialties business unit increased to CHF 178.1 million, up 13.2% from CHF 157.4 million for the same prior-year period. There were some positive foreign exchange effects, but the main reason was strong growth in all regions.
- Sales revenue in the Consumer Products business units decreased by 7.7% to CHF 370.8 million (CHF 401.9 million), due to the discontinuation of unprofitable contracts.

Early repayment of 9¼% High-Yield Bond due 2010 in the amount of EUR 165 million

Barry Callebaut will repay the outstanding 9¼% Senior Subordinated Notes in the amount of EUR 165 million on March 15, 2007, by drawing on the existing Revolving Credit Facility of EUR 850 million signed in August 2005. Due to the call premium payable of 4.625% and the write-off of the remaining capitalized financing fee, the impact on net financial costs will be negative in the amount of approximately CHF 8 million (of which only CHF 3 million cash-effective) in the current fiscal year 2006/07. However, as from fiscal year 2007/08, net financial costs will improve substantially by approx. CHF 14 million per annum.

Outlook

Looking ahead, CEO Patrick De Maeseneire said: "I am pleased that we can repay the outstanding High-Yield Bond at the first possible call date, thanks to our strong financial position. This will have a direct positive impact on our financial performance as of the next fiscal year. The announced decline in the combined (cocoa) ratio had the foreseen negative effect on our first-quarter profitability but we were able to fully absorb this thanks to the good operational performance of our other businesses, including our European consumer business. Therefore, and even though it is still early in the fiscal year, we can confirm the communicated financial targets for the 3-year period 2005/06 through 2007/08, which are on average: organic top-line growth of 3-5%, EBIT growth of approximately 8-10%, and PAT growth of 12-15%. This outlook, of course, is given barring any major unforeseen events."



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

With annual sales of more than CHF 4 billion for fiscal year 2005/06, 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 is present in 25 countries, operates more than 30 production facilities and employs approximately 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.

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Financial calendar for fiscal year 2006/07 (September 1, 2006 to August 31, 2007):

3-month sales 2006/07: January 18, 2007 News release

Half-year results 2006/07: April 3, 2007 News release and joint Analysts' & Media conference (Zurich)

9-month sales 2006/07: June 28, 2007 News release

Annual results 2006/07: November 6, 2007 News release, Media conference and Analysts' conference (Zurich)

Annual General Meeting: November 29, 2007 Zurich

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Key Figures for Barry Callebaut Group (unaudited)

in CHF		Change (%)	3 months up to Nov 30, 2006	3 months up to Nov 30, 2005
Sales by region				
Sales revenue	CHF m	3.6%	1,241.7	1,198.5
<i>in local currencies</i>		<i>2.0%</i>	<i>1,222.6</i>	
- <i>Region Europe</i>	<i>CHF m</i>	<i>5.8%</i>	<i>886.3</i>	<i>838.0</i>
- <i>Region Americas</i>	<i>CHF m</i>	<i>-4.0%</i>	<i>278.1</i>	<i>289.8</i>
- <i>Region Asia & Rest of World</i>	<i>CHF m</i>	<i>9.3%</i>	<i>77.3</i>	<i>70.7</i>
Sales by business segment				
Industrial Business Segment				
Sales revenue	CHF m	8.4%	692.8	639.2
- <i>Cocoa</i>	<i>CHF m</i>	<i>4.7%</i>	<i>117.3</i>	<i>112.0</i>
- <i>Food Manufacturers</i>	<i>CHF m</i>	<i>9.2%</i>	<i>575.5</i>	<i>527.2</i>
Sales volumes	mt	10.5%	219,998	199,147
- <i>Cocoa</i>	<i>mt</i>	<i>9.4%</i>	<i>36,025</i>	<i>32,918</i>
- <i>Food Manufacturers</i>	<i>mt</i>	<i>10.7%</i>	<i>183,973</i>	<i>166,229</i>
Food Service/Retail Business Segment				
Sales revenue	CHF m	-1.9%	548.9	559.3
- <i>Gourmet & Specialties</i>	<i>CHF m</i>	<i>13.2%</i>	<i>178.1</i>	<i>157.4</i>
- <i>Consumer Products</i>	<i>CHF m</i>	<i>-7.7%</i>	<i>370.8</i>	<i>401.9</i>