News Release

Barry Callebaut reports results for first nine months of fiscal year 2003/04:

Solid organic growth in all business units

- **Sales revenue of CHF 3.1 billion (+12%)**
- **Operating profit (EBIT) of CHF 169.6 million (+4%)**
- **Acquisition of AM Foods to complete offering of vending mixes for growing out-of-home consumption (see also separate News Release)**

Zurich/Switzerland, July 5, 2004 – Barry Callebaut AG, the world's leading cocoa and chocolate company, announced today its results for the first nine months of fiscal year 2003/04 ended May 31, 2004. Sales revenue grew 12%, sales volumes 11%, both partly influenced by the first-time consolidation of Luijckx for the first 6 months and of Brach's for the first nine months of the current fiscal year. Operating profit (EBIT) went up by 4% to CHF 169.6 million. Net profit (PAT) came in at CHF 78.8 million, which is 4% less compared to the same prior-year period.

Chocolate is a seasonal business with sales and earnings peaks between August and the end of March and slower sales and earnings in spring and summer. The third quarter, thus, is always the weakest period for Barry Callebaut, especially this year since Easter was one week earlier than in 2003.

Patrick De Maeseneire, CEO of Barry Callebaut, said: „We registered above-market organic volume growth in all our businesses, i.e. Cocoa and Food Manufacturers, Gourmet & Specialties and Consumer Products. While we are generally satisfied with the results achieved across all regions we are cautious about the sluggish economic development and continued price pressure in Germany".

Sales revenue grew 12% to CHF 3,100.9 million in the nine-month period ended May 31, 2004, up from CHF 2,760.9 million in the same prior-year period. This increase is partly the result of the first-time consolidation of Luijckx and of Brach's as well as organic growth, a favorable net currency impact and margin improvements, offset somewhat by lower underlying cocoa bean prices. Net organic growth was a rewarding 3%.

Sales volumes saw an increase of 11% to 758,401 tonnes, up from 685,265 tonnes in the same prior-year period. Organic volume growth was more than 3%.

Operating profit (EBIT) went up by 4% to CHF 169.6 million, mainly driven by the acquisition of Brach's and Luijckx as well as net currency effects. Offsetting factors were the CHF 3.5 million in costs related to two restructuring projects completed in the cocoa business in Cameroon and in France as well as the weaker performance of the Consumer Europe business in the third quarter, in combination with a one-time negative effect on margins due to sharply higher prices for hazelnuts and a one-time limited valuation effect on the cocoa position for the consumer price list business in the total amount of CHF 10.3 million.

Due to the strong performance in Cocoa, Food Manufacturers and Gourmet & Specialties, operating profit (EBIT) per tonne decreased only by 6% to CHF 223.6 per

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BARRY CALLEBAUT

tonne. – **Financial cost** amounted to CHF 69.1 million, compared to CHF 55.1 million for the same prior-year period. This increase of 25% is the net impact of the acquisition financing including assumed debt, partly compensated for by improved working capital levels. – **Taxes** decreased to CHF 21.1 million, bringing the effective average corporate tax rate to 21.0%, down from 21.9% for the same prior-year period. – **Net profit (PAT)** was CHF 78.8 million, 4% down from CHF 82.4 million in the prior-year period. This decrease results from the slow EBIT growth and the increased financial cost in the first semester.

Shareholders' equity grew 0.6% to CHF 763.5 million, compared to CHF 759.2 million at the end of the previous fiscal year on August 31, 2003.

On May 31, 2004, the Group employed a **workforce** of 8,601 people, or 10% more than on August 31, 2003, mostly due to the acquisition of Brach's.

Development of business segments

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 484,434 tonnes, up 2% from the 476,881 tonnes for the same prior-year period.

- To optimize fixed costs, as announced earlier, volumes of cocoa products sold to third-party customers were again increased to reach 93,838 tonnes or a plus of 3% in comparison to the 90,687 tonnes in the same prior-year period.
- Sales volumes in the Food Manufacturers business unit amounted to 390,596 tonnes. Eliminating the partial discontinuation of low/negative margin industrial sales at Stollwerck as well as the reclassification of former deliveries to Brach's and Luijckx as intercompany sales, organic volume growth in the first nine months of fiscal year 2003/04 was 4%. It was mainly recorded in France, the Mediterranean countries, Scandinavia, Asia-Pacific and North America where low carb chocolate and chocolate without added sugar proved to be a particular sales success. Furthermore, taking the outsourcing trend one step further, the first long-term outsourcing agreement on the production, molding and packaging of consumer products for a leading FMCG manufacturer was signed.

Sales revenue in the Industrial business segment was CHF 1,627.4 million, compared to CHF 1,656.8 million in same prior-year period.

- Because of lower underlying cocoa bean prices and a weak US dollar against the Swiss franc – the dollar is one of the main currencies for cocoa beans – sales revenue for the Cocoa business unit went down by 12%.
- On the other hand, as a result of volume growth and margin improvements, partly offset by lower underlying cocoa bean prices, the Food Manufacturers business unit was able to grow its sales revenue by 2% to CHF 1,224.0 million, up from CHF 1,196.0 million (prior to the business adjustments mentioned above under "Sales volumes").

Food Service/Retail business segment

The Food Service/Retail business segment serves a broad range of customers, from local craftsmen to global retailers.

Sales revenue jumped by 33% to CHF 1,473.5 million, with CHF 310.6 million or 28% resulting from the first-time consolidation of Brach's and Luijckx.

- Sales revenue reported by the Gourmet & Specialties business unit saw an increase of 13%, from CHF 367.4 million to CHF 414.1 million. Organic growth was 6% as a result of organic volume growth and an improved mix of higher-margin products.
- Sales revenue in the Consumer Products business units was CHF 1,059.4 million. This is an increase of CHF 322.7 million or 44% in comparison to the same prior-year period, of which CHF 284.8 million are attributable to the first-time consolidation of Brach's. Organic growth was 5%. It was achieved in the Consumer Products Europe business unit, coming primarily from increased sales of customer label products.

Strategic acquisition in the Gourmet & Specialties business unit

In line with the Group's strategy to increase the share of sales in the Gourmet & Specialties business unit, Barry Callebaut signed an agreement with Arla Foods of Denmark on July 2, 2004, to acquire the business of its subsidiary AM Foods K/S, which specializes entirely in producing and selling high-quality chocolate and cappuccino vending mixes. The acquisition of AM Foods allows Barry Callebaut to achieve two goals: first, to have its own high-quality production facility for vending mixes with full R&D capabilities and, second, to become a leading player in Europe, a region where out-of-home consumption is rapidly growing and which is still under-equipped with vending machines in comparison to North America or Japan.

For further details on this transaction, please refer to the separate News Release issued by Barry Callebaut and AM Foods on July 5, 2004.

Consumer business update

Germany, which accounts for 69% of the sales volume of Consumer Products Europe, continues to be characterized by price pressure and a still very weak economy. Recent market data for Germany confirms the continued growth of premium and customer label products, with mid-tier branded products being squeezed. Consumer Products Europe recorded overproportionate growth in customer label products. Prices of key raw materials had a one-off adverse effect and required corrective action: First, there was a sudden price increase of 250% for hazelnuts – an important ingredient in consumer products –, which could not be recouped; second, the hedge position for the consumer price list business had to be marked down as a result of decreasing cocoa bean prices.

The challenge for the future will be to reduce costs further and to bring them in line with market potential because cost leadership is key in customer label products. Furthermore, Barry Callebaut intends to move to a value-added, higher-priced customer label proposition for which the Group has good examples in the UK and in Canada, and to grow the export business in order to become less dependent on Germany. The initial restructuring program in the Consumer Products Europe unit is close to completion. If the price pressure persists and the German economy remains weak, additional steps might be required.

The Consumer Products North America unit reported good sales in seasonal and chocolate products. The turnaround of Brach's is on track. The strategic focus is on further cutting production costs, on growing the share of chocolate products and on introducing a range of "better-for-you" confections in response to the trend among American consumers toward less sugar and fewer carbohydrates.

Outlook

With regard to full fiscal year 2003/04 CEO Patrick De Maeseneire said: “We are not satisfied with the performance of our consumer business in Germany in the third quarter. However, the business portfolios and the year-end outlook for our businesses with industrial and artisanal users are very good. We are therefore confident that we will reach our operational objectives”.

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For further information see also Barry Callebaut’s “Letter to Investors” with more detailed financial information published on the internet (www.barry-callebaut.com, go to “Investors/Documentation”).

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Barry Callebaut (www.barry-callebaut.com):
With annual sales of approx. CHF 3.6 billion for fiscal year 2002/03, 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. After the acquisition of Brach’s Confections Holding, Inc. in September 2003, Barry Callebaut operates more than 30 production facilities in 17 countries and employs approx. 8,500 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.

Fiscal year 2003/04 will close on August 31, 2004. Results for fiscal year 2003/04 will be published on November 10, 2004 (press conference and analysts' conference).

Contacts

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<u>A conference call for analysts, institutional investors and journalists will take place as follows:</u>

Date: Monday, July 5, 2004
Time: 09.00am to approx. 10.00am CET / 08.00am to approx. 09.00am GMT

5 to 10 minutes before the conference call is scheduled to begin please dial:

+41 91 610 56 00 (Europe)
+44 207 107 0611 (UK)
+1 866 291 4166 (USA, Toll Free)

You will then be asked to give your name and the password '**chocolate**'.

The conference language will be English. Questions can also be asked in German or French.

To access the live audio web cast streaming, please follow the link on our homepage (www.barry-callebaut.com).

The news release, the more comprehensive Letter to Investors and the slides for the conference call can be downloaded from our website (www.barry-callebaut.com) as of July 5, 2004 – 7:00a.m. CET.

A replay of the audio web cast will be available as of July 5, 2004, (05.00 p.m. CET) on our website under Investors/Documentation/Webcast. The telephone replay will also be available on the same day for 72 hours under **+41 91 612 43 30** (Europe), **+1 412 317 0088** (US) and **+44 207 866 43 00** (U.K.) - Code '**418**' (followed by the # sign).

If you need assistance, please contact Ms Susanne Düggelin (phone: +41 1 801 61 73 or e-mail: susanne_dueggelin@barry-callebaut.com).

Key Figures for Barry Callebaut AG (unaudited)

in CHF		Change (%)	9 months up to May 31, 2004	9 months up to May 31, 2003
Income Statement				
Sales revenue *in local currencies*	CHF m	12.3%	3,100.9 *3,023.0*	2,760.9
Sales volume	mt	10.7%	758,401	685,265
Operating profit (EBIT) *in local currencies*	CHF m	4.4%	169.6 *163.7*	162.4
EBIT per tonne *in local currencies*	CHF	-5.7%	223.6 *215.8*	237.0
Net profit (PAT) *in local currencies*	CHF m	-4.4%	78.8 *77.5*	82.4
Cash flow (1)	CHF m	3.8%	181.9	175.3
Shares				
EBIT per share	CHF	4.4%	32.80	31.42
Earnings per share (undiluted)	CHF	-4.4%	15.28	15.96
Earnings per share (diluted)	CHF	-4.4%	15.24	15.94
			May 31, 2004	**Aug. 31, 2003**
Balance Sheet				
Balance sheet total	CHF m	1.5%	2,753.2	2,712.7
Net working capital	CHF m	9.3%	1,044.3	955.1
Non-current assets	CHF m	1.6%	1,066.9	1,049.9
Net debt	CHF m	2.8%	1,059.1	1,030.1
Shareholders' equity	CHF m	0.6%	763.5	759.2
Other				
Employees		9.7%	8,601	7,837

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

Key figures by business segment

in CHF		**Change (%)**	**9 months up to May 31, 2004**	**9months up to May 31, 2003**
Industrial Business Segment				
Sales revenue	CHF m	-1.8%	1,627.4	1,656.8
- Cocoa	*CHF m*	*-12.5%*	*403.4*	*460.8*
- Food Manufacturers	*CHF m*	*2.3%*	*1,224.0*	*1,196.0*
Sales volumes	mt	1.6%	484,434	476,881
- Cocoa	*mt*	*3.5%*	*93,838*	*90,687*
- Food Manufacturers	*mt*	*1.1%*	*390,596*	*386,194*
Food Service/Retail Business Segment				
Sales revenue	CHF m	33.5%	1,473.5	1,104.1
- Gourmet & Specialties	*CHF m*	*12.7%*	*414.1*	*367.4*
- Consumer Products	*CHF m*	*43.8%*	*1,059.4*	*736.7*