

Press Release/Letter to Shareholders

Barry Callebaut shows strong profit growth

Market success and synergy benefits strengthen balance sheet

Barry Callebaut, the world leading producer of industrial chocolate, reports solid profit growth after tax of 34%, boosting its net profit from CHF 70.5 million up to CHF 94.7 million. This equals earnings per share of CHF 18.3 compared to CHF 15.7 for the previous year. Excluding exceptional items, the operating profit after tax was up even 38% to 82.4 million. The Board of Directors proposes the Annual General Meeting the payment of a dividend of CHF 6.-- per share to all 5,170,000 outstanding shares.

Zürich, November 17, 1998. Barry Callebaut, the world leading producer of industrial and specialty chocolate, significantly increased consolidated net profits in its first year as a public company. Operating income (EBIT) for fiscal 1997/98 ended per August 31, 1998, rose by 25% from CHF 118.4 million to CHF 148.1 million and exceeded expectations. Because of lower corporate tax rates as well as higher volumes and EBIT per ton, profit after tax reached CHF 82.4 million, excluding exceptional items. This equals an increase of 38% compared to the prior year. After extraordinary items of net CHF 12.3 million stemming from the disposal of non core assets and of 51% of the Ivory Coast subsidiary, Barry Callebaut shows a profit after tax of CHF 94.7 million. This is an increase of 34% as compared to the previous year's figure of CHF 70.5 million. Barry Callebaut thus reports earnings per share of CHF 18.3 versus CHF 15.7 the year before.

As announced earlier, Barry Callebaut achieved a solid volume growth in its core products of 8% to a total of 560,005 (PY: 519,394) tons while net sales grew by 12% from CHF 1.9 billion to CHF 2.2 billion. With the underlying global chocolate market growing by 3%, Barry Callebaut was thus able to expand its market share to 37% versus 35% in the previous year.

While gross profit per ton declined by 2.6%, Barry Callebaut was able to improve EBIT per ton by 18% from CHF 209.-- in 1997 to CHF 247.--. This improvement was possible thanks to the streamlined cost structure and the first effects of synergy benefits resulting from the merger of Barry and Callebaut in 1997 that start to pay back as expected.

The combined effect of the creation of new share capital in the course of the Initial Public Offering and the appropriation of reserves resulted in an improved net debt of CHF -453.8 (PY -665.3) million and a stronger net debt-to-equity ratio of 78% (PY 211%). The capital generated during the IPO was primarily used to pay back

debt. Together with the impact of converting some short term into long term loans, current liabilities declined by 50%.

Financial year 1998/99 started within expectations. With a maximum exposure of 10% of total sales generated in emerging markets, the Group Management is confident about the future despite the economic problems in Asia and in parts of South America.

Pierre Vermaut, Chairman of the Board of Directors, comments the profit statement: "The Board of Directors and the Group Management are very pleased with the successful performance of Barry Callebaut. The merger synergies start paying back as expected. The strong financial results give us additional competitive advantages to provide our clients with timely service and supply them with a consistent top product quality at attractive prices. The results for fiscal 1997/98 as well as the proposed dividend payment are a good way to thank our shareholders for their confidence. Board, Management and Staff are determined to continue creating value for our clients and shareholders alike".

Key Figures (money figures in CHF million)	1997/98	1996/97	Change in %
Volume core products in tons	560.005	519.394	+ 8 %
Consolidated net sales	2,162.6	1,940.1	+ 12 %
Gross profit	630.5	611.5	+ 3 %
EBIT	148.1	118.4	+ 25 %
Income taxes	21.7	26.8	- 19 %
Operating profit after tax	82.4	59.8	+ 38 %
Profit after tax	94.7	70.5	+ 34 %
Current assets	773.6	634.7	+ 22 %
Non-current assets	691.0	769.7	- 10 %
Current liabilities	445.9	884.1	- 50 %
Non-current liabilities & minority interests	440.7	205.5	+ 114 %
Shareholders equity	578.1	314.8	+ 84 %
Balance sheet total	1,464.7	1,404.4	+ 4 %
Net Debt	-453.8	-665.3	+ 32 %

The Annual General Meeting of shareholders will be held on December 11, 1998 at 3:00 p.m. at the Zürich Marriott Hotel in Zürich/ Switzerland.

For further information:

Pierre Vermaut, Chairman of the Board of Directors, Barry Callebaut

Phone ++33 1 30 22 84 06; Fax ++33 1 30 22 87 87