



News Release

Barry Callebaut reports results for first nine months of fiscal year 2005/06: Very strong third quarter

- **Third quarter has positive impact on top-line and profitability growth in the first nine months of fiscal year 2005/06**
- **Sales revenue up 8.7% year-to-date**
- **Operating profit (EBIT) up 14.6% to CHF 215.6 million year-to-date**
- **Net profit (PAT) up 23.8% to CHF 126.0 million year-to-date**
- **Consumer Products Europe turnaround achieved**
- **Three-year financial targets confirmed**
- **New organizational structure to increase regional market focus**

Zurich/Switzerland, June 29, 2006 – Barry Callebaut AG, the world's leading manufacturer of high-quality cocoa and chocolate products, announced today its results for the first nine months of fiscal year 2005/06 ended May 31, 2006. Operating profit (EBIT) advanced by 14.6% to CHF 215.6 million for the current fiscal year, up from CHF 188.1 million in the prior year. EBIT per tonne, the key indicator for operational performance, was CHF 272.5, up 14.4%. Net profit (PAT) went up by 23.8% to CHF 126.0 million (prior-year period: CHF 101.8 million).

Consolidated sales volumes were practically unchanged in the period under review (+0.1%). Sales revenue, including above-average physical cocoa bean sales in the second quarter, was up 8.7%. Excluding the latter, sales revenue grew by 4.4%. The third quarter showed particularly strong growth with a plus of 3.8% in sales volumes and of 9.5% in sales revenue.

Profitability growth was largely driven by improvements in gross profit across all business units. On top of this, the Consumer Products Europe business unit reduced costs as a result of the successful restructuring process.

Patrick De Maeseineire, CEO of Barry Callebaut, said: "I am very pleased with the strong third quarter results, which show positive developments in terms of volumes, revenue and profitability. The turnaround in the European consumer business has been achieved. As we pointed out at the end of the first semester, we see the effects of this year's late Easter confirmed with some sales being shifted from the second to the third quarter in the Food Manufacturers and Consumer Products business units."

Overview of business performance in the first nine months of fiscal year 2005/06

Sales volumes edged up by 0.1% to 791,115 tonnes from 790,134 tonnes. While the business units Food Manufacturers and Gourmet & Specialties recorded considerable growth, specifically in the Americas and in Eastern Europe, sales volumes in the business units Cocoa and Consumer Products decreased. The latter decline mainly came from discontinued unprofitable volumes.

Sales revenue grew by 8.7% to CHF 3,287.4 million, up from CHF 3,023.5 million in the same prior-year period. Excluding the higher bean sales in the second quarter in the business



News Release

unit Cocoa, sales revenue growth amounted to 4.4%.¹ Sales revenue additionally benefited from positive currency effects stemming from the U.S. dollar, Euro, Canadian dollar and Brazilian real against CHF, which were partly offset by slightly lower underlying cocoa bean prices. Excluding all these effects, Barry Callebaut's sales revenue still shows an increase of 1.6%.

Operating profit (EBIT) was CHF 215.6 million, which represents a strong increase of 14.6% compared to the CHF 188.1 million in the same period of the previous year. All business units contributed to the good operating profit growth. In absolute terms, the most significant increase was achieved in the Consumer Products and Gourmet & Specialties business units. This EBIT improvement was reached despite the first-time recognition of the costs of over CHF 7 million related to the employee stock ownership program due to a change in accounting standards. Additionally, last year's operating profit benefited from curtailment gains achieved by adapting Brach's employee benefit plans.

Development of business segments in the first nine months of fiscal year 2005/06

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 amounted to 529,664 tonnes, which represents an organic volume growth of 3.4% compared to the 512,072 tonnes in the same prior-year period.

- Cocoa products sold to third-party customers decreased by 4.4% to 95,867 tonnes (100,298 tonnes for the same prior-year period). The main reason for this decline was the fact that Barry Callebaut has a growing need for cocoa butter and cocoa liquor as a result of the increased sales of chocolate products.
- Sales volumes in the Food Manufacturers business unit amounted to 433,797 tonnes, up 5.3% from 411,774 tonnes.

Sales revenue recorded in the Industrial business segment grew by 14.0% to CHF 1,849.9 million compared to CHF 1,622.5 million in the same prior-year period.

- In the Cocoa business unit sales revenue increased by 30.3% to CHF 485.8 million, up from CHF 372.7 million, driven by the significantly higher sales of cocoa beans in the second quarter. As mentioned earlier, reported sales volumes include only processed goods without any raw material sales. Adjusted for these extraordinary raw material sales, revenue of the Cocoa business unit decreased by 4.5% compared to prior year for the reasons explained above.

¹ Reported sales volumes only include processed goods. Therefore physical bean sales are not included in the reported sales volumes but the related revenue is included in the consolidated sales revenue. Bean sales have no significant impact on the Group's operating profit (EBIT).



News Release

- The Food Manufacturers business unit managed to increase sales revenue by 9.1% to CHF 1,364.1 million, up from CHF 1,249.8 million in the previous year. Sales revenue growth, excluding positive foreign exchange effects as well as effects from a slight decrease in the cocoa price, amounted to a notable 6.7% and was mainly attributable to organic volume growth.

Food Service/Retail business segment

The Food Service/Retail business segment serves a broad range of customers, from local craftsmen to global retailers. As of the current fiscal year, the Consumer Africa division has been shifted from the Gourmet & Specialties business unit to Consumer Products. The prior-year figures have been restated accordingly.

Sales revenue grew by 2.6% to CHF 1,437.5 million, up from CHF 1,401.0 million.

- Sales revenue recorded in the Gourmet & Specialties business unit increased by 12.6% to CHF 428.0 million, up from CHF 380.2 million. Excluding the positive currency effects, sales revenue growth in the Gourmet & Specialties business unit amounted to a remarkable 10.1%.
- Sales revenue in the Consumer Products business units decreased by 1.1% to CHF 1,009.5 million, compared to CHF 1,020.8 million in the same prior-year period. This decrease in sales is related to deliberately discontinued unprofitable customer label contracts.

The restructuring program in the Consumer Products Europe business unit has entered the final phase. The distribution structure in Germany is being optimized. The migration of administrative processes to the existing SAP platform has been completed and will now be rolled out to all factories. Price increases and efficiency gains, along with the discontinued unprofitable volumes and more higher-margin business outside of Germany, had a positive impact on the reported profitability growth. Together with the remaining elements of the restructuring program to be implemented by the end of the calendar year as planned, total cost savings and gross profit improvements are expected to reach the targeted amount of CHF 40 to 50 million as from fiscal year 2007/08 onwards, as announced a year ago.

New organizational structure to increase regional market focus

Barry Callebaut aims to increase the share of sales generated in regions other than Western Europe and North America from 11% to 20% by 2010. The company will therefore adopt a new organizational structure with a clear focus on regions. The Regional Presidents will have full Profit & Loss responsibility for their region. The regions will maintain the focus on customer segments – Food Manufacturers, Gourmet & Specialties and (where existent) Consumer Products. All business and staff functions will report directly to the respective Regional President.

The new organization will take effect as of September 1, 2006.



News Release

Members of the Senior Management Team as of September 1, 2006.

- Patrick De Maeseneire, CEO (unchanged)
- Dieter Enkelmann, CFO (unchanged)
- Benoît Villers, President Global Sourcing & Cocoa (previously President Gourmet & Specialties)
- Onno Bleeker, President Europe (previously President Consumer Products Europe)
- Massimo Garavaglia, President Food Manufacturers and Gourmet & Specialties North America (previously President Food Manufacturers)

Members of the Management Team as of September 1, 2006.

- Chuck Haak, President & Chief Operating Officer Brach's Confections, Inc. (unchanged)
- Maurizio Decio, Vice President Asia (new – see Curriculum Vitae)
- Dirk Poelman, head of OSCO (unchanged)
- Alice Larsen, head of Global HR (unchanged)
- Hans Vriens, Chief Innovation Officer (unchanged)
- Gaby Tschofen, head of Corporate Communications (unchanged)

Steven Retzlaff, previously President Sourcing & Cocoa, will assume a new function within Barry Callebaut and be responsible for developing the Group's global compound business.

Outlook

Looking forward, CEO Patrick De Maeseneire said: "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."

As a reminder, Barry Callebaut's financial targets for the three-year period 2004/05 through 2006/07 are on average: organic top-line growth of 3 to 5%, EBIT growth of approximately 10% and PAT growth of 12 to 15%.

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For more detailed financial information see Barry Callebaut's "Letter to Investors" posted on the company's website (www.barry-callebaut.com, go to "Investors/Documentation").

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News Release

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

With annual sales of more than CHF 4 billion for fiscal year 2004/05, 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 operates more than 30 production facilities in 24 countries 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.

Fiscal year 2005/06 will close on August 31, 2006.

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Financial calendar for the remainder of fiscal year 2005/06:

Annual results 2005/06: November 2, 2006

News release, Press conference and Analysts' conference in Zurich

Annual General Meeting 2005/06: December 7, 2006 in Zurich

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News Release

Analyst and Media conference call of Barry Callebaut AG

Results for the first nine months of Fiscal 2005/06

Date: Thursday, June 29, 2006
Time: 09:00 a.m. (CET)
08:00 a.m. (GMT)

The conference language will be English, but questions can also be asked in German.

You can follow the conference by telephone or audio web cast.

Please dial: **+41 91 610 5600 (for callers from Europe)**
 +44 207 107 0611 (for callers from the UK)
 +1 (1) 866 291 4166 (for callers from the US)

You will then be asked to give your name, the name of your company or publication.

To access the live audio web cast streaming, please follow the link on our homepage (www.barry-callebaut.com). Participants are advised to log on to the web cast and register their details 10 minutes prior to its commencement. A slight delay between the sound heard and slide changeovers may be experienced. You may therefore want to download your own copy of the presentation from our website.

The telephone playback of the conference will be available 1 hour after the conference call for 72 hours under **+41 91 612 4330** (Europe), **+1 (1) 866 416 2558** (US) and **+44 207 108 6233** (UK) – **Code '212'** (followed by the # sign).

If you need assistance, please contact Ms Susanne Düggelin (phone: +41 43 204 0462 or e-mail: susanne_dueggelin@barry-callebaut.com).



News Release

Key Figures for Barry Callebaut (unaudited)

in CHF		Change (%)	9 months up to May 31, 2006	9 months up to May 31, 2005
Income Statement				
Sales revenue	CHF m	8.7	3,287.4	3,023.5
<i>in local currencies</i>		5.7	3,195.9	
Sales volume	mt	0.1	791,115	790,134
Operating profit (EBIT)	CHF m	14.6	215.6	188.1
<i>in local currencies</i>		12.9	212.4	
EBIT per tonne	CHF	14.4	272.5	238.1
<i>in local currencies</i>		12.7	268.4	
Net profit (PAT)	CHF m	23.8	126.0	101.8
<i>in local currencies</i>		22.5	124.7	
Cash flow (1)	CHF m	13.0	210.1	185.9
Shares				
EBIT per share	CHF	14.6	41.70	36.38
<i>in local currencies</i>		12.9	41.07	
Earnings per share (undiluted) (2)	CHF	23.6	24.47	19.79
Earnings per share (diluted) (2)	CHF	23.6	24.47	19.79
Balance Sheet				
			May 31, 2006	Aug 31, 2005
Total assets	CHF m	7.1	2,854.4	2,664.8
Net working capital	CHF m	25.4	1,041.9	830.8
Non-current assets	CHF m	0.6	1,175.1	1,168.2
Net debt	CHF m	12.6	1,073.4	953.5
Shareholders' equity	CHF m	11.7	934.6	836.7
Others				
Employees		-7.2	7,929	8,542

1) Net profit + depreciation of tangible assets + amortization of intangibles

2) Based on profit for the period attributable to the Group (PAT)



News Release

Key figures by business segment (unaudited)

in CHF		Change (%)	9 months up to May 31, 2006	9 months up to May 31, 2005
Industrial Business Segment				
Sales revenue	CHF m	14.0	1,849.9	1,622.5
- <i>Cocoa</i>	<i>CHF m</i>	30.3	485.8	372.7
- <i>Food Manufacturers</i>	<i>CHF m</i>	9.1	1,364.1	1,249.8
Sales volumes	mt	3.4	529,664	512,072
- <i>Cocoa</i>	<i>mt</i>	-4.4	95,867	100,298
- <i>Food Manufacturers</i>	<i>mt</i>	5.3	433,797	411,774
Food Service/Retail Business Segment (3)				
Sales revenue	CHF m	2.6	1,437.5	1,401.0
- <i>Gourmet & Specialties</i>	<i>CHF m</i>	12.6	428.0	380.2
- <i>Consumer Products</i>	<i>CHF m</i>	-1.1	1,009.5	1,020.8

- 3) The Consumer Products business in Africa has been shifted from the business unit Gourmet & Specialties to the business unit Consumer Products. The prior-year figures have been restated accordingly.



Maurizio Decio

Vice President Asia, Barry Callebaut AG

Maurizio Decio (1961) was appointed to the newly created position of Vice President Asia and to the Management Team of Barry Callebaut AG as of September 1, 2006.

Since 1998 Maurizio Decio has worked for Loders Croklaan. With over 50 patents in its product portfolio and being the pioneer of Cocoa Butter Equivalents, Loders Croklaan has been a key global producer of oils and fats for more than 100 years. Loders Croklaan, based in Malaysia, is a subsidiary of the IOI Group, which acquired the company in 2003 from Unilever. Starting as Business Unit Manager International responsible for South America, Africa and Asia Pacific based in the Netherlands, Maurizio Decio was promoted to General Manager of Loders Croklaan Asia Pacific based in Shanghai with responsibility for the strategic development of the company in Asia Pacific. In 2004 he relocated to Malaysia, where he became General Manager responsible for the newly acquired Loders Croklaan Asia (in Pasir Gudang), Loders Croklaan China, Loders Croklaan Egypt and Loders Croklaan Brazil.

From 1996-1998, Maurizio Decio served as Technical Director responsible for Production, Development, Maintenance, Quality Assurance and Purchasing for Perfetti Confectionery in Shanghai, China.

From 1988-1995 he held various management functions with Unilever in Italy and the Netherlands.

Maurizio Decio obtained a master's degree in Food Science from the University of Milan in Italy. He is an Italian national.

June 29, 2006