



# News Release

## Barry Callebaut reports results for first six months of fiscal year 2004/05: Strong volume and net profit growth

- Sales volumes up 6% to 561,033 tonnes, of which 5% was organic growth
- Due to lower cocoa bean prices and negative currency effects, sales revenue down by 1.5% to CHF 2,166.1 million
- Operating profit before amortization (EBITA) stable at CHF 165.8 million
- Net profit (PAT) grew 21% to reach CHF 101.3 million, partly due to changes in accounting standards; on a like-for-like basis up 7.5%
- Squeeze-out of German Stollwerck AG completed
- Geographic expansion in industrial and artisanal activities: chocolate factory to be opened on U.S. West Coast in August 2005; white chocolate line added in Singapore; decision taken to build factory in Russia

*Zurich/Switzerland, April 11, 2005* – Barry Callebaut AG, the world's leading manufacturer of high-quality cocoa and chocolate products, announced today its results for the six-month period ended February 28, 2005. The most notable achievements were a sales volume growth of 6% as well as a net profit (PAT) increase of 21%, or +7.5% on a like-for-like basis. The good sales trend in the Industrial Business Segment was sustained. Reinforced by an early Easter holiday this year, the second quarter came to a strong end. It has to be noted that chocolate is a seasonal business with the majority of consumer purchases being made in the months before Christmas and Easter.

Patrick De Maeseneire, CEO of Barry Callebaut, said: "Our traditional businesses with industrial and artisanal customers continue to be solid drivers of growth. We are very pleased with Barry Callebaut's organic volume growth of more than twice the global chocolate markets. In the remainder of the current fiscal year we will continue to put special emphasis on the turnaround of our European consumer business. This is of particular importance because we haven't achieved cost leadership yet and the negative economic forecasts for Germany present a threat to the progress made so far."

**Sales volumes** increased by 6% to 561,033 tonnes, up from 527,434 tonnes in the same prior-year period. Organic volume growth was 5%, the remainder was attributable to the first-time consolidation of AM Foods acquired in September 2004.

Volume growth and the first-time consolidation of AM Foods impacted sales revenue positively. However, this was more than offset by lower cocoa bean prices and negative exchange rate effects, leading to a **sales revenue** decrease of 1.5% to CHF 2,166.1 million. Eliminating these effects as well as the first-time consolidation of AM Foods, sales revenue growth was 3.5%.

**Operating profit before amortization (EBITA)** remained stable at CHF 165.8 million (CHF 165.7 million in the same prior-year period). On a per tonne basis, operating



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profit (EBITA) decreased to CHF 295.5 per tonne, down from CHF 314.2 per tonne in the same prior-year period, primarily attributable to currency effects, the adverse product mix development in the Consumer Products units and the impact of hazelnut prices on Consumer Products Europe.

**Financial cost** went down by 20% to CHF 38.2 million (prior-year period: CHF 47.8 million). This decrease is attributable to reduced interest rates, reduced average debt and some minor one-time effects as well as a positive currency impact.

**Taxes** increased to CHF 20.2 million, up from CHF 17.5 million in the six-month period ended February 28, 2004. The effective tax rate decreased to 16.6%, down from 17.2% in the same 2004 period. The decrease in the effective tax rate was mainly attributable to the usage of tax loss carry forwards.

**Net profit (PAT)** increased by 21% to CHF 101.3 million, compared with CHF 83.6 million in the same prior-year period. This is mainly the result of the ceased goodwill amortization in line with a change in IFRS accounting standards. Excluding this effect, net profit (PAT) increased by CHF 6.3 million or 7.5%.

**Shareholders' equity** went up 7% to CHF 859.8 million, compared to CHF 800.9 million at the end of the previous fiscal year on August 31, 2004.

On February 28, 2005, the Group employed a **workforce** of approximately 8,700 people, or 2.5% less than on August 31, 2004, due to restructurings of the Group in Germany and the U.S.

## Development of business segments

### **Industrial business segment**

The Industrial business segment supplies industrial processors and consumer goods manufacturers worldwide with cocoa and chocolate products.

Sales volumes were 355,032 tonnes, which corresponds to 7% organic growth from the 331,027 tonnes for the same prior-year period.

- Volumes of cocoa products sold to third-party customers were up particularly in Europe and in the Americas. They increased by 9% to reach 66,701 tonnes, compared to 61,077 tonnes in the same prior-year period.
- Volumes of chocolate products sold by the Food Manufacturers business unit amounted to 288,331 tonnes, up 7% from the 269,950 tonnes in the same prior-year period. Growth was particularly strong in Europe (with the UK, Spain, Eastern Europe all recording double-digit growth rates) and in Asia-Pacific (plus 30%).

Sales revenue for the Industrial business segment was impacted by lower cocoa bean prices and adverse currency effects. It rose minimally to CHF 1,130.1 million.

- Sales prices in the Cocoa business unit are linked to cocoa prices and to the combined ratio for cocoa butter and cocoa powder. Consequently, lower cocoa



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prices and cocoa powder prices were the primary reason for the 8% decrease in sales revenue generated with third-party customers to CHF 251.7 million (down from CHF 272.3 million in the same prior-year period), in conjunction with the continued weakening of the US dollar and the Euro against the Swiss franc.

- Sales revenue for the Food Manufacturers business unit grew 3% to CHF 878.4 million (CHF 855.9 million for the same prior-year period).

Operating profit before amortization (EBITA) for the Industrial business segment overall decreased slightly by 0.3% to CHF 107.9 million (CHF 108.2 million in the same prior-year period). While the business unit Cocoa reported a lower EBITA contribution due to the expected lower combined ratio margin on semi-finished products – like in the first quarter –, the business unit Food Manufacturers was again able to increase its operating profit.

## **Food Service/Retail business segment**

The Food Service/Retail business segment serves a broad customer group, ranging from local craftsmen to global retailers.

Sales revenue was down 3% to CHF 1,036.0 million (CHF 1,071.1 million in the same prior-year period), as a result of lower sales revenue in the Consumer Products units.

- The Gourmet & Specialties business unit grew sales revenue by 5% to CHF 307.1 million, up from CHF 292.7 million, resulting from the first-time consolidation of AM Foods and organic volume growth. The strong organic revenue growth in the Gourmet division was partly offset by a sales decline in the Consumer Africa division due to the situation in Ivory Coast and in Cameroon; drastic cost-savings programs are being implemented.
- Sales revenue reported by the Consumer Products business units declined by 6% to CHF 728.9 million, compared with CHF 778.4 million for the same prior-year period. The majority of this decrease resulted from lower sales of fruit snack products in North America and the unfavorable product mix development in Europe reported in the first quarter of the current fiscal year, reinforced by negative currency effects. All other product categories in North America – sugar candy, branded as well as customer label chocolate products, in particular seasonal chocolate products – were up. In the second quarter sales revenue showed a small increase of 0.4%. Eliminating the negative currency effects, the organic sales revenue increase for the second quarter was actually 3%.

Operating profit before amortization (EBITA) for the Food Service/Retail business segment slightly decreased by 0.4% to CHF 83.9 million (CHF 84.2 million in the same prior-year period). The solid EBITA contributions of the Gourmet & Specialties and the Consumer Products North America business units largely compensated for the lower EBITA contribution from the Consumer Products Europe business unit, which was partly attributable to a renewed increase in hazelnut prices. Both Consumer Products units, however, made a positive EBITA contribution.



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The restructuring program in the Consumer Products Europe business unit announced in September 2004 is currently underway. Production in the Cologne factory was stopped on March 31, 2005; the second phase of the factory closure will take place at the end of June 2005. The former two sales teams at Gubor and Stollwerck have been integrated into one vertical key account management team offering the whole range of solutions and products from a single source. Price increases were arranged with most customers in Germany. Unprofitable volumes of 12,000 tonnes annually were discontinued. To meet global consumer demand for good quality at low price, the business focus is steadily shifting towards customer label solutions, with the Sarotti brand being used to introduce innovations to the market. Even though costs have been considerably lowered and cost savings are expected to take effect in the second semester of the current fiscal year, they have not yet been able to keep pace with the unsatisfactory margin development and to lead this business to the goal of cost leadership.

## **Squeeze-out of German Stollwerck AG completed**

On April 6, 2005 the Squeeze-out resolution of the shareholder assembly of Stollwerck AG of 2003 was entered into the commercial register and has thereby become effective, leaving Van Houten Beteiligungs AG & Co. KG, a group company of Barry Callebaut AG, as the sole shareholder of Stollwerck AG. The registration was made possible through a settlement agreement among Stollwerck AG, Van Houten and certain shareholders who had brought actions against the Squeeze-out resolution. The listing of Stollwerck shares on the Frankfurt and Düsseldorf stock exchanges has been terminated. The Barry Callebaut Group will incur additional costs of around EUR 1.2 million as a consequence of the settlement, which included a conditional supplementary payment of EUR 100 per share for the 10,200 Stollwerck shares formerly held by the now excluded minority shareholders.

## **Outlook**

With regard to full fiscal year 2004/05 CEO Patrick De Maeseneire said: “The development of the German economy is disappointing and below all forecasts. The resulting unfavorable consumer sentiment in Germany, where 70% of the sales of the Consumer Products Europe unit are generated, forces us to explore all opportunities for increasing efficiency and achieving cost leadership. Based on the continued strong sales and earnings in our traditional business with industrial and artisanal customers, we are confident we can meet the communicated targets for the full year, barring any major extraordinary impact.”

## **Geographic expansion in growth markets: U.S. West Coast, Singapore, Russia and China**

To better meet the needs of its rapidly growing customer base on the U.S. West Coast, Barry Callebaut announced the opening of a factory in American Canyon, Napa County, California. California is the biggest U.S. chocolate market. Barry Callebaut has grown



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its sales on the U.S. West Coast by 8-10% over the last two years. The new factory, where 65 jobs will initially be created, will be fully operational on August 1, 2005, offer a capacity of approx. 25,000 tonnes and manufacture chocolate products designed for industrial and artisanal customers. Warehousing, distribution and customer service for all finished goods of the Barry Callebaut Group on the West Coast will be integrated in the American Canyon facility.

On April 6, 2005, the company's Singapore factory was expanded with a new production line for white chocolate, increasing total annual production capacity by 10,000 tonnes and reinforcing Barry Callebaut's position as a "total solutions supplier" in the Asia Pacific region.

The Board of Directors of Barry Callebaut has also approved the construction of a factory with an annual capacity of approx. 25,000 tonnes in the Moscow area, Russia, to supply multinational customers. A letter of intent with a local partner has been signed and a joint project team has been formed. Furthermore, a Barry Callebaut team is developing a business case for a factory in China.

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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](http://www.barry-callebaut.com), go to "Investors/Documentation").**

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***Barry Callebaut ([www.barry-callebaut.com](http://www.barry-callebaut.com)):***

*With annual sales of more than CHF 4 billion for fiscal year 2003/04, 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 22 countries and employs approx. 8,700 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 2004/05 will close on August 31, 2005.*

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*Financial calendar for the remainder of fiscal year 2004/05:*

*9-month results 2004/05: July 8, 2005*

*News release, Shareholders' Letter, Analysts'/Press conference call*

*Annual results 2004/05: November 10, 2005*

*News release, Press conference and analysts' conference in Zurich*

*Annual General Meeting 2004/05: December 8, 2005 in Zurich*

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## **Analyst and Media Conference of Barry Callebaut AG**

Date: Monday, April 11, 2005

Time: 10:00 am to approx. 11:15 am

Location: Technopark, Room "Fortran", Technoparkstrasse 1, 8005 Zurich/Switzerland

### **Program:**

10:00hrs Information part:

- Highlights of the first six months 2004/05 Patrick De Maeseneire, CEO/  
- Q&A Dieter Enkelmann, CFO

11:15hrs Special:

BC's on-going R&D activities Dirk Poelman  
Q&A Head of Fundamental R&D

12:00hrs Light lunch

13:00hrs Close

The presentations will be held in English.

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

**Please dial:** +41 91 610 56 00 (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 and the name of your company.

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

An audio replay of the conference will be available as of April 11, 2005, (02:00 p.m.) for 72 hours under +41 91 612 43 30 (Europe), +1 (1) 866 416 2558 (US) and +44 207 108 6233 (UK) – Code '424' (followed by the # sign).



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## Key Figures for Barry Callebaut (unaudited)

in CHF		Change (%)	6 months up to 28.02.2005	6 months up to 28.02.2004
<b>Income Statement</b>				
Sales revenue <i>in local currencies</i>	CHF m	-1.5	<b>2,166.1</b> <b>2,214.8</b>	2,199.3
Sales volume	mt	6.4	<b>561,033</b>	527,434
Gross profit <i>in local currencies</i>	CHF m	-8.1	<b>751.6</b> <b>770.2</b>	817.7
Operating profit before amortization (EBITA) <i>in local currencies</i>	CHF m	0.1	<b>165.8</b> <b>168.6</b>	165.7
EBITA per tonne <i>in local currencies</i>	CHF	-6.0	<b>295.5</b> <b>300.5</b>	314.2
Net profit (PAT) <i>in local currencies</i>	CHF m	21.2	<b>101.3</b> <b>104.7</b>	83.6
Cash flow (1)	CHF m	2.7	<b>157.7</b>	153.5
<b>Shares</b>				
EBITA per share	CHF	0.1	<b>32.1</b>	32.1
Earnings per share (undiluted)	CHF	21.4	<b>19.7</b>	16.2
Earnings per share (diluted)	CHF	21.1	<b>19.6</b>	16.2
			<b>Feb. 28, 2005</b>	<b>Aug. 31, 2004</b>
<b>Balance Sheet</b>				
Balance sheet total	CHF m	-2.5	<b>2,691.4</b>	2,760.5
Net working capital	CHF m	1.1	<b>924.5</b>	914.1
Non-current assets	CHF m	2.7	<b>1,129.5</b>	1,099.9
Net debt	CHF m	4.2	<b>982.2</b>	943.0
Shareholders' equity	CHF m	7.4	<b>859.8</b>	800.9
<b>Other</b>				
Employees		-2.5	<b>8,709</b>	8,933

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



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## Key figures by business segment

in CHF		Change (%)	6 months up to 28.02.2005	6 months up to 28.02.2004
<b>Industrial Business Segment</b>				
Sales revenue	CHF m	0.2	<b>1,130.1</b>	1,128.2
- <i>Cocoa</i>	<i>CHF m</i>	-7.6	<b>251.7</b>	272.3
- <i>Food Manufacturers</i>	<i>CHF m</i>	2.6	<b>878.4</b>	855.9
Sales volumes	mt	7.3	<b>355,032</b>	331,027
- <i>Cocoa</i>	<i>mt</i>	9.2	<b>66,701</b>	61,077
- <i>Food Manufacturers</i>	<i>mt</i>	6.8	<b>288,331</b>	269,950
EBITA	CHF m	-0.3	<b>107.9</b>	108.2
<b>Food Service/Retail Business Segment</b>				
Sales revenue	CHF m	-3.3	<b>1,036.0</b>	1,071.1
- <i>Gourmet &amp; Specialties</i>	<i>CHF m</i>	4.9	<b>307.1</b>	292.7
- <i>Consumer Products</i>	<i>CHF m</i>	-6.4	<b>728.9</b>	778.4
EBITA	CHF m	-0.4	<b>83.9</b>	84.2