

Media release (Short version)

Barry Callebaut announces acquisition of Brach's

U.S.-based Brach's Confections Holding, Inc. provides attractive platform for Barry Callebaut's global consumer business

Zurich, Switzerland / Woodridge, IL, USA, September 1, 2003 – Barry Callebaut, the world's leading manufacturer of high-quality cocoa and chocolate products, has signed a contract with KJ Jacobs AG to acquire Brach's Confections Holding, Inc., based in the suburban Chicago area. The transaction, which will be closed in September 2003, will give Barry Callebaut a solid foothold in the U.S. confectionery market and will complement the company's strong presence in the European consumer marketplace established with the acquisition of the German Stollwerck Group in 2002.

Barry Callebaut will acquire 100% of Brach's Confections Holding, Inc., and a state-of-the-art factory in Vernell, Mexico, recently constructed by KJ Jacobs AG. The total purchase consideration amounts to USD 16 million, consisting of the purchase price of USD 1.- for 100% of the equity of Brach's and USD 16 million of assumed net debt (working capital financing). Furthermore, Barry Callebaut will provide Brach's with funding to cover the remainder of the restructuring cost in the amount of max. USD 48 million over the next 4-5 years. These restructuring costs have been provisioned for by Brach's prior to the acquisition. Brach's is a wholly-owned subsidiary of KJ Jacobs AG, which also has a major stake in Barry Callebaut AG. The purchase conditions were confirmed as fair in a Fairness Opinion made by Deloitte & Touche, an independent audit firm.

The transaction will bring together two companies that have long traditions and are well-established in their respective markets. The companies complement each other in geographic reach as well as in product, service and customer portfolios. The transaction will give Barry Callebaut access to new distribution channels and the opportunity to strengthen and to extend relationships with large retailers in the United States – the world's single largest consumer market and one of Barry Callebaut's priority geographic markets. In addition, it will reinforce the company's ability to provide a broader outsourcing and co-manufacturing platform to its industrial customers. Brach's and Barry Callebaut will also benefit from shared best practices in product development, manufacturing operations and customer relations. The combination of Barry Callebaut and Brach's will ultimately allow Barry Callebaut to build a global consumer business, meeting the needs of globally active retailers and food manufacturers.

"With an aided awareness of 93%, Brach's is a household name in the United States. The acquisition of Brach's allows us to accomplish two strategic objectives at once: First, the substantial expansion of our activities in the United States, the world's single largest consumer market, and, second, the creation of an attractive platform to further build our consumer confectionery business, with ultimately a global reach in mind," said Patrick De Maeseneire, CEO of Barry Callebaut.

Terence (Terry) O'Brien, CEO of Brach's, said: "As we move toward our 100th anniversary in 2004, Brach's is excited about the future potential we have in the U.S. and Europe as a result of our alignment with Barry Callebaut. We are particularly interested in new product development opportunities in premium chocolate, a Barry Callebaut expertise, for which there is tremendous growth potential in the U.S."

The transaction will expand Barry Callebaut's sales revenues from its Consumer Products business by approximately 45% to one-third of total sales. Total sales revenues generated in the Americas will go up by approximately 60% to 31% of the total. In fiscal year 2002/03, Brach's and Barry Callebaut expect to generate combined pro forma sales of approximately CHF 4.1 billion / USD 3.0 billion.

New two-pillar business model for the Barry Callebaut Group

With the expansion of its consumer business, Barry Callebaut will adapt its business model to two pillars as of September 1, 2003 (beginning of fiscal year 2003/04):

The first pillar – Industrial Business – will group today's business units Cocoa, Sourcing & Risk Management and Food Manufacturers, thus uniting all asset/working capital-intensive activities. The second pillar – Food Service/Retail Business – will combine today's business units Gourmet & Specialties and Consumer Products including both Stollwerck and Brach's, grouping the more value-added products.

The company will adapt its segment reporting to the two-pillar business model already for fiscal year 2002/03.

About Brach's (see also: www.brachs.com)

Brach's Confections is one of America's leading manufacturers of confections with sales of approximately USD 340 million / CHF 460 million (fiscal year 2002/03) and 1,600 employees. Founded in 1904 by Emil J. Brach, Brach's produces nearly 200 varieties of confections including hard candies, chocolates and fruit snacks. The company is best known for its StarBrites Mints®, Milk Maid Caramels® and Maple Nut Goodies®.

About Barry Callebaut (see also: www.barry-callebaut.com)

Zurich-based Barry Callebaut is the world's leading manufacturer of high-quality cocoa and chocolate products. Barry Callebaut operates some 30 production facilities in 16 countries and employs approximately 7,200 people. The company serves the entire food industry, from food manufacturers to professional users of chocolate such as chocolatiers, pastry chefs or bakers, to retailers.

Exchange rates as of August 28, 2003, were as follows:

USD/CHF: 1.4122	CHF/USD: 0.7081
EUR/CHF: 1.5389	CHF/EUR: 0.6499
EUR/USD: 1.0897	USD/EUR: 0.9177

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Brach's Confections

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