

Third Quarter Trading Update for the period ended 30 April 2016

Zurich/Switzerland, 31 May 2016 – ARYZTA AG announces its third quarter trading update for the period ended 30 April 2016:

Highlights

- Continued progress in underlying revenue recovery, +0.9% in Q3
- Improved revenue visibility with all outstanding long-term contract renewals signed
- Underlying revenue growth in North America was (2.3)% in Q3. Excluding revenue with customers impacted by contract renewals, underlying growth was +4.7%
- H2 margin weakness trending in-line with guidance
- Group-wide efficiencies and cost reduction initiatives identified
- Incremental one-time cash non-recurring costs in FY 2016
- Earnings and cash generation guidance reiterated

Commenting on the Q3 Trading Update, ARYZTA AG Chief Executive Officer Owen Killian said:

“Q3 revenue development confirms an improving trend in all regions. All outstanding long-term contract renewals are now signed, adding greater visibility to our revenue and validating ARYZTA's investment in the long-term customer partnership model.

H2 margin weakness remains in-line with expectations and guidance. We have identified further potential for improved group-wide efficiencies and cost reduction initiatives. These will enhance our future competitiveness in a market that continues to demonstrate attractive growth. However, these initiatives will lead to incremental one-time cash non-recurring costs in FY 2016.

We expect to report underlying fully diluted EPS broadly in-line with consensus and to generate free cash in excess of €200m in FY 2016.”

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for the period ended 30 April 2016

Revenue for the 13 weeks ended 30 April 2016 (unaudited)

in Euro million	Food Europe	Food North America	Food Rest of World	Total Group
Group revenue	420.3	473.5	56.0	949.8
Underlying growth	3.9%	(2.3)%	7.5%	0.9%
Acquisitions/(disposals), net	1.1%	(2.8)%	-	(1.0)%
Currency	(1.4)%	(1.9)%	(10.9)%	(2.3)%
Revenue growth	3.6%	(7.0)%	(3.4)%	(2.4)%

Revenue for the nine months ended 30 April 2016 (unaudited)

in Euro million	Food Europe	Food North America	Food Rest of World	Total Group
Group revenue	1,302.1	1,444.5	163.3	2,909.9
Underlying growth	4.4%	(3.3)%	5.1%	0.5%
Acquisitions/(disposals), net	2.2%	(2.2)%	-	(0.2)%
Currency	0.9%	5.4%	(11.0)%	2.5%
Revenue growth	7.5%	(0.1)%	(5.9)%	2.8%

Underlying Volume & Price/Mix Trend (unaudited)

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
Food Europe							
Volume %	0.9%	1.5%	(0.6)%	(0.7)%	2.1%	2.7%	3.3%
Price/Mix %	2.2%	0.2%	2.4%	(1.4)%	3.4%	1.1%	0.6%
Underlying growth %	3.1%	1.7%	1.8%	(2.1)%	5.5%	3.8%	3.9%
Food North America							
Volume %	(6.7)%	(10.2)%	(9.5)%	(12.6)%	(9.4)%	(6.5)%	(4.2)%
Price/Mix %	3.5%	1.8%	2.8%	6.1%	3.8%	4.1%	1.9%
Underlying growth %	(3.2)%	(8.4)%	(6.7)%	(6.5)%	(5.6)%	(2.4)%	(2.3)%
Food Rest of World							
Volume %	4.9%	5.1%	1.1%	(8.6)%	(3.7)%	(0.8)%	3.7%
Price/Mix %	1.2%	3.0%	2.3%	5.0%	5.9%	6.5%	3.8%
Underlying growth %	6.1%	8.1%	3.4%	(3.6)%	2.2%	5.7%	7.5%
Total Group							
Volume %	(2.2)%	(3.5)%	(4.8)%	(6.9)%	(4.0)%	(2.1)%	0.5%
Price/Mix %	2.7%	1.1%	2.5%	2.6%	3.6%	2.9%	0.4%
Underlying growth %	0.5%	(2.4)%	(2.3)%	(4.3)%	(0.4)%	0.8%	0.9%

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Underlying Volume & Price/Mix Trend

To help investors better understand the dynamics impacting revenue development, ARYZTA considers it helpful to break out underlying revenue growth by volume and price/mix over the seven quarters to Q3 FY 2016. This data highlights favourable price/mix developments at total Group level, despite negative volume trends. Underlying growth in Food Europe over the seven quarters has been driven by broadly positive trends in both volume and price/mix. Underlying growth in Food North America was supported by positive price/mix throughout the seven-quarter period, which helped mitigate substantial volume declines.

Total Revenue

Total revenue declined by (2.4)% in the quarter to €949.8m. Underlying revenue growth was 0.9% in the quarter. Disposals, net of acquisitions, reduced revenue by (1.0)% and currency movements reduced revenue by (2.3)% in the quarter.

Europe

Europe revenue grew by 3.6% in the quarter to €420.3m. Underlying revenue growth increased 3.9% in the quarter. Acquisitions, net of disposals, provided 1.1% growth, while currency movements impacted growth by a negative (1.4)%. Europe's performance continues to benefit from growth in In-Store Bakery, driven primarily by growth in the discounter channel. Good progress on commissioning new capacity in Europe has been achieved, with further benefits likely from new efficiency and cost reduction initiatives. Recovery in ARYZTA Food Solutions (AFS) continues, driven by improved regional performances in Ireland and UK. AFS continues to benefit from a strong innovation pipeline, an increased focus on premium offerings and strong cost control measures.

North America

North America revenue declined by (7.0)% in the quarter to €473.5m. While sequential recovery in North America underlying revenue continues, underlying revenue growth declined by (2.3)% in the period. Disposals, net of acquisitions, reduced revenue by (2.8)% and currency movements reduced revenue by (1.9)%. The speciality bakery segment in which ARYZTA operates continues to display attractive growth opportunities and the market response to the increased investment in La Brea Bakery and Otis Spunkmeyer brands remains positive. In addition, the SKU rationalisation completed in H1.

All supply contracts have now been signed, which significantly increases revenue visibility. Excluding revenue with customers impacted by contract renewals, the underlying revenue growth in North America was +4.7% in the quarter, driven largely by new food items. This demonstrates the success and relevance of the customer centric business model.

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Rest of World

Rest of World revenue declined by (3.4)% in the quarter to €56m. Underlying revenue growth was strong at 7.5%. Currency movements negatively impacted in the quarter by (10.9)%.

Supply Chain Contract Renewals

ARYZTA has signed all outstanding long-term supply chain contract renewals. The contract periods vary by customer and by food category, with durations of up to nine years. The financial impact of the new contracts are fully reflected in ARYZTA's earnings outlook. The successful conclusion of the negotiations validates ARYZTA's investment in customer partnership models within the attractive speciality bakery segment. This reflects the competitive advantage of an integrated supply chain, offering benefits of best in class manufacturing, food defence, food quality, food assurance and innovation. The successful agreement of new long-term contracts significantly improves revenue visibility.

New Efficiency Initiatives

ARYZTA has identified the potential for group-wide efficiencies and cost reduction initiatives. These will lead to incremental one-time cash non-recurring costs in FY 2016. At this stage the expectation is that total cash non-recurring costs for FY 2016 will be less than the prior year amount of €88m.

ARYZTA's policy on non-recurring costs remains unchanged. All non-recurring costs associated with the integration of the business since FY 2012 are complete. Any future non-recurring costs will relate to clear specific initiatives to improve growth.

In Europe, in accordance with its legal obligations, ARYZTA is currently engaged in discussions with relevant works councils about operational changes, which may impact approximately 2% of the Group's total employees. As these discussions are ongoing and the outcome is unknown at this time, it is not possible to provide exact guidance on the potential costs arising.

Associate and Joint Ventures

ARYZTA's associate and JVs, Picard and Signature Foods, are performing satisfactorily.

Capital Markets Day

ARYZTA announces that it will host a Capital Markets Day on 6 October 2016 in Canada.

Outlook

Underlying fully diluted EPS is expected to be in-line with company collected consensus of 355.5 cent. Free cash generation is expected to exceed €200m, in-line with guidance.

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Q3 Revenue Update Conference Call

ARYZTA Investor Relations will host a call today at 09:00 CET (08:00 BST).

Dial in numbers are: Switzerland: 056 580 0007, Ireland: 01 431 9648,
UK: 0844 493 3800, USA: 1 631 510 7498, International: +44 (0) 1452 555566.

Please provide the following code: **11837826** to access the call.

About ARYZTA

ARYZTA AG ('ARYZTA') is a global food business with a leadership position in speciality bakery. ARYZTA is based in Zurich, Switzerland, with operations in North America, South America, Europe, Asia, Australia and New Zealand. ARYZTA has a primary listing on the SIX Swiss Exchange and a secondary listing on the ISE Irish Exchange (SIX: ARYN, ISE: YZA).

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Forward looking statement

This document contains forward looking statements which reflect management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.