# ARYZTA AG
# News Release

**Zurich/Switzerland, 25 January 2018 – ARYZTA reduces FY18 EBITDA guidance and updates on deleveraging progress**

ARYZTA in its 27 November 2017 Q1 Revenue Update guided that, with ARYZTA facing a range of internal and external challenges, management's best current estimate was that FY18 EBITDA was expected to be broadly in line with FY17 EBITDA.

ARYZTA now needs to update that guidance. Management's current best estimate is that FY18 EBITDA, on a like for like basis excluding FX and disposals, is likely to be c. 15% below that of FY17 (20% on a reported basis). While revenue, excluding Cloverhill, is relatively stable, EBITDA weakened towards the end of Q2 in both Europe and US, with this trend not expected to reverse for the remainder of FY18.

**Europe**
European underperformance is estimated to account for c. 20% of the anticipated shortfall relative to expectations. There has been good progress on butter price recovery and the improvements in capacity utilisation in Germany are on track. However, this progress is not expected to be sufficient to offset the volume and associated margin lost to timing of insourcing and the impact of Brexit-related pressures on our UK business remains.

**North America**
US revenue, excluding Cloverhill, is continuing to stabilise as previously indicated and Canada continues to perform well. However, EBITDA performance of ARYZTA's US business excluding Cloverhill is underperfoming expectations. The factors contributing to the variance – double digit inflation in distribution costs, higher than expected labour costs in a continuing tightening US labour market - are more significant than expected. In addition, a range of performance improvement actions, including price increases, reductions in SG&A cost and brand investment, while begining to generate savings are behind delivery plan. The recently appointed CEO of North America together with a newly constituted Group management team are fully focused on dealing with these challenges.

**Rest of World**
Rest of World is progressing as planned.

**Bank Refinancing**
ARYZTA's successful refinancing ensures the Group continues to be covenant compliant.

**Cash Generation & Deleveraging**
ARYZTA previously set a 4-year, €1 billion deleveraging target and expects to generate more than €450m by year-end FY18 from non-core asset disposals.

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*Passion for good food*

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These disposal processes (including La Rousse Foods, Cloverhill and JV investments), while advanced, are at different stages and ARYZTA will continue to update the market as appropriate.

Kevin Toland, ARYZTA CEO, commented:
*"While acknowledging the major challenges, revenue remains resilient. The newly strengthened management team is now in place and fully focused on addressing those challenges. We are progressing the disposal of non-core assets and deleveraging programme which is a key component of our multi-year turnaround programme and delivery of the €1 billion cash generation target."*

ARYZTA will announce FY18 half-year results on 12 March, 2018.

## Conference call

A call will take place today at 08:00 CET. Dial in numbers are: Switzerland: 056 580 0007; Ireland: 01 431 9648; USA: 1 631 510 7498; UK: 0844 493 3800; International: +44 (0) 1452 555566. Please provide the following code: 1591149 to access the call.

**Investor Enquiries:**
Paul Meade, Communications Officer, ARYZTA AG
Tel: +41 (0) 44 583 42 00
**info@aryzta.com**

**Media Enquiries:**
Mark Kenny/Jonathan Neilan, FTI Consulting
Tel: +353 1 765 0886/+353 86 231 4135
mark.kenny@fticonsulting.com / jonathan.neilan@fticonsulting.com

## 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).

## Forward looking statement

This document contains forward looking statements which reflect The Board of Directors' 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.

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