

ARYZTA AG

News Release

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Cobas proposal is inadequate and presents significant execution risk for ARYZTA and all of its stakeholders

Zurich/Switzerland, 16 October 2018

ARYZTA AG (“ARYZTA” or the “Group”) notes the published views of Cobas Asset Management (“Cobas”), in connection with its alternative proposed capital raise. While the Group welcomes and respects the views of all shareholders, the Board of Directors and executive management of ARYZTA remains firm and unanimous that €800 million of equity capital is required to reduce its excessive debt levels, strengthen its balance sheet and provide the necessary liquidity and working capital funding to deliver on its multi-year turnaround plan. The Board of Directors, together with its independent financial advisor, Rothschild & Co., reviewed the Cobas proposal in detail, including a review of the funding and capital structure implications of the Cobas proposal. The Board of Directors unanimously believes that the Cobas proposal is inadequate and presents significant execution risk for shareholders.

Significant Financial Risk in Absence of €800 million Capital Raise

The Board of Directors is unanimous that a capital raise of less than €800 million presents material commercial, operating and financial risk to ARYZTA. A lower capital raise will not address the significant liquidity and financing needs of the business including the required headroom for covering the substantial swings in net working capital.

Comprehensive Evaluation of Alternatives

ARYZTA has undertaken a full review of its options, considering its strategic, operating and financial issues. ARYZTA engaged a number of specialist advisors to support its analysis, including appointing Rothschild & Co. as independent financial advisor to undertake a review of ARYZTA’s capital structure.

As part of this assessment, ARYZTA management and Board engaged in a rigorous and comprehensive review of all potential options to stabilise the Group and restore commercial confidence in the business. This included a full review of all assets available for potential disposal, without damaging the long-term frozen B2B business model; all re-financing options for the business and various combinations of differing levels of capital raise and disposal re-financing options. This review was conducted against the backdrop of a challenging financial position and the need to maintain customer and supplier confidence in the business.

The outcome of this review was the unanimous view of the Board of Directors and executive management that, having considered all potential alternatives, a capital raise in an amount of €800 million is in the best interests of ARYZTA, a majority of its shareholders and its other stakeholders.

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AGM Date Moved Forward to Align with Capital Raise Vote

ARYZTA brought forward the AGM date to align with the planned shareholder vote on the capital increase in order to make the most effective use of shareholder time. The planned shareholder vote on the capital increase was always targeted for 1 November 2018 in order to:

- Proceed at the earliest opportunity given the fact that ARZYTA had to issue a statement on 13 August 2018 to address the deterioration in the Group's share price;
- reduce the period of overall risk and uncertainty for shareholders and other stakeholders; and
- align with the publication of FY2018 accounts and the need for current financial accounts for the purposes of a prospectus.

Proposing the capital increase for approval by shareholders on 4 December 2018, the original AGM-date, would have exposed the Group to significant additional cost, commercial and execution risk.

Shareholder Consultation

ARYZTA announced on 13 August 2018 that it intended to raise €800 million of equity capital following a period of substantial share price instability and market speculation concerning Aryzta's financial stability. Following this announcement, ARYZTA engaged with shareholders on the background to, and reasons for, the proposed capital raise.

ARYZTA announced further details of the capital raise with its FY2018 results on 1 October 2018 and again engaged with shareholders to provide additional detail. The ARYZTA share price also increased immediately post the 1 October 2018 announcement of FY2018 results and 2019 guidance (which included the initial benefits of Project Renew and which is dependent on the Board's planned capital raise). The share price started to deteriorate from around the time the media reported opposition to the Group's €800 million capital raise by Cobas and is now substantially below its intraday high of 1 October prior to these reports.

ARYZTA issued AGM materials on 11 October 2018 to all shareholders in line with normal practice and also reaffirmed the requirement to raise €800 million of capital by way of a public release on that date.

ARYZTA has engaged substantially with its shareholders since 13 August 2018 including conference calls and meetings post the 13 August announcement, a subsequent roadshow in September and a substantial roadshow in Europe and the United States post the announcement of 1 October 2018. In particular,

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since that date, and excluding correspondence with their advisors, ARYZTA has held at least 12 in person meetings or calls with Cobas not including numerous written and email correspondence between both parties.

All shareholder engagement was conducted within the constraints of Swiss regulation. Pursuant to Swiss law, only under very limited circumstances may non-public information, such as a planned capital increase, be shared with shareholders or third parties. ARYZTA believes that none of the statutory safe havens was available for the purposes of engagement or prior consultation with Cobas.

Highest Probability of Success

ARYZTA's planned capital raise is, in the belief of the Board, the financing option and transaction which has the highest probability of success for ARYZTA and its shareholders, if approved at the AGM. It is fully underwritten which significantly reduces execution risk and, subject to shareholder approval and satisfaction of the other underwriting conditions, can be completed within the shortest possible timeframe; approximately three weeks from the date of the AGM. In addition, it is the only option which provides the necessary strategic and financial capacity for ARYZTA to implement its strategy, normalise leverage over the medium term and maximise the value of non-core asset disposals.

ARYZTA has presented a considered, developed and fully underwritten transaction and urges shareholders to vote in favour of the capital increase on the basis that the Board believes it is in the best interest of ARYZTA, its shareholders and all other stakeholders.

Cobas' proposal to raise €400 million and the unauthorised disposal of certain unidentified assets to an unidentified buyer, is solely a proposal and not a transaction. It carries significant execution risk even if shareholders approve the capital increase at an EGM and presents significant risk to ARYZTA and all of its stakeholders including all shareholders.

In particular, the €400 million capital raise proposed by Cobas is not underwritten and there is no guarantee that it will be possible to underwrite a capital raise of €400 million, given the Board of Directors' concerns regarding the inadequacy of the proposal. Furthermore, the capital raise needs to be a one-time transaction to fix the balance sheet, while a staged capital raise, as suggested by Cobas, would add significant commercial and financial uncertainty; add further management distraction; and, with no guarantee of garnering shareholder support now or in the future. In addition, there is no guarantee that the Group would be able to realise the proceeds claimed by Cobas from the sale of unidentified assets within the timeframe suggested by Cobas, or at all.

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ARYZTA may provide further detail on its views of the Cobas proposal on its website in due course.

In framing its recommendation, the Board gave full consideration of all options for the Group and in the best interests of all stakeholders including all shareholders.

The Board of Directors unanimously recommends that shareholders vote in favour of the capital increase resolution at the AGM in addition to all other resolutions being proposed as they intend to do in respect of their own shareholdings.

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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 main securities market of The Irish Stock Exchange plc, trading as Euronext Dublin (SIX: ARYN, ISE: YZA).

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Rothschild & Co. has been appointed independent financial adviser to provide financial advice to the Company.

Goodbody Stockbrokers UC (“Goodbody”) acts as Irish sponsor and broker to the Company and has been appointed as financial adviser to provide financial advice to the Company in relation to certain matters.

J&E Davy (“Davy”) has been appointed as financial adviser to provide financial advice to the Company in relation to certain matters.

Goodbody, which is regulated in Ireland by the Central Bank, is acting exclusively for the Company and for no-one else in connection with the matters referred to in this announcement and will not be responsible to any person other than the Company for providing the protections afforded to clients of Goodbody, nor for providing advice in relation to the matters referred to herein. Neither Goodbody nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Goodbody in connection with the matters referred to in this announcement, or otherwise.

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