










ARYZTA AG

# H1 Results, FY 2016

14 March 2016

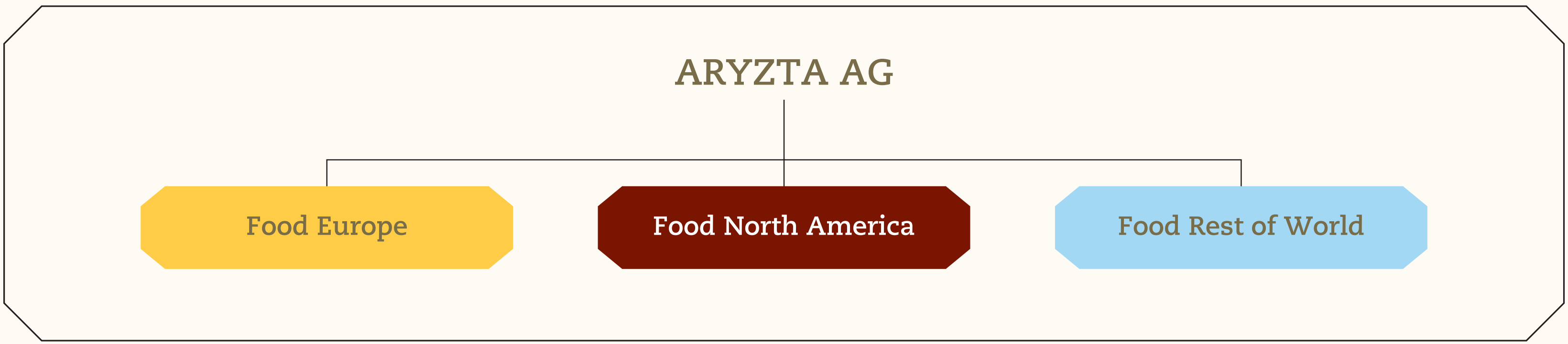
# Forward Looking Statement

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.

# Our Business

- International leader in speciality food
- Primary listing in Zurich and secondary listing in Dublin




- ARYZTA AG created in August 2008 by acquisition of IAWS Group plc (listed since 1989) and merger with Hiestand AG (listed since 1997)
- Reporting on six-month period ending 31 January 2016
- Transformed into a pure play food business - Shifting to Brand
  - » Investment in Picard
  - » Disposal of Origin

# 2016 Focus

- Underlying revenue growth
  - Trend improving each quarter but still behind our expectations
- Reducing capital investment
  - Successfully dialling back capex
- Commissioning newly invested capacity
  - Commencing in H2
- Increasing free cash generation
  - Excellent cash flow in H1

# Financial and Business Review

# H1 2016 Financial Analysis – Income Statement

- Revenue increase of 5.5% to €1,960m
- Underlying revenue increased 0.2%
- Acquisitions/(disposals) increased revenues 0.3%
- Currency increased revenues 5.0%

- EBITA increased 2.7% to €230.8m
- Associate and joint ventures contributed €13.7m
- Finance cost, including Hybrid increased €16.1m to €71.8m, in-line with expectations

- Underlying net profit – continuing operations increased 2.0% to €141.1m
- Underlying fully diluted EPS – continuing operations increased 2.5% to 158.4 cent
- Underlying fully diluted EPS decreased (1.9)% due to disposal of Origin discontinued operations

# H1 2016 Financial Analysis – Balance Sheet

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## Cash

- H1 investment capex decreased substantially to €68.8m from €172.1m in comparable period
- Free cash generation increased €146.9m from €26.1m to €173.0m

## Refinancing

- New five year bank refinancing in place with no significant changes in covenants or terms
- Syndicated bank Net Debt: EBITDA is 2.91x (covenant 3.5x)
- Positioned to reduce leverage and lower finance costs

## ARYZTA Investments

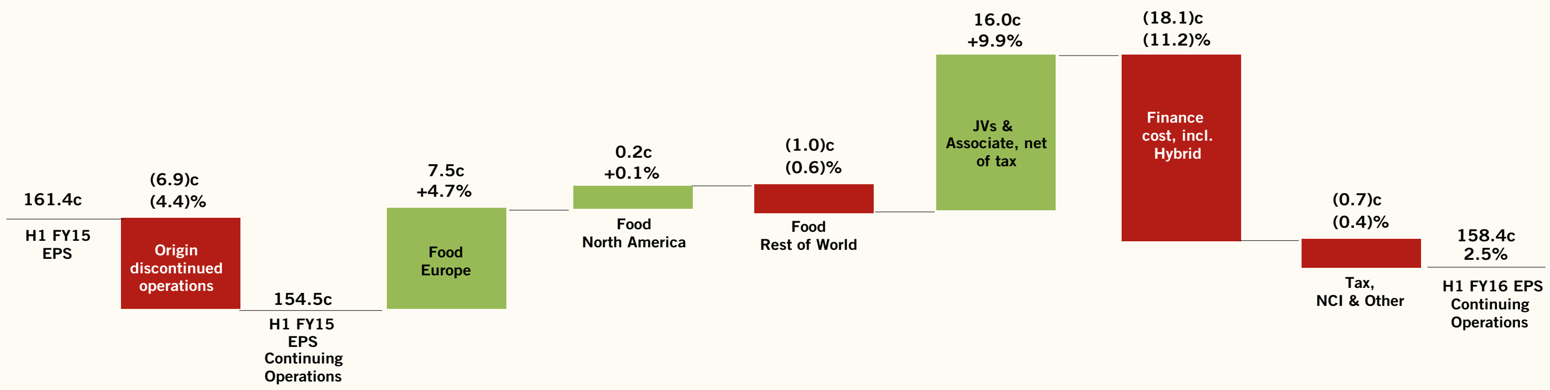
- Comprises of 49.5% interest in Picard and 50.0% interest in Signature Flatbreads
- Combined revenue of €820m at average ARYZTA margins
- Net contribution of €13.7m
- Performing in-line with expectations

# Picard

- Performed to expectations during the period
- Is consistent with ARYZTA's strategy to remain relevant to consumers across all channels
- Has an attractive cash generative business model
- Continues to grow branded (97% of revenue) market share within France
- Retains leadership market position within the competitive French retail market
- Its innovative focus supports growth through relentlessly addressing the key consumer issues of:
  - Convenience
  - Clean label
  - Nutrition & freshness
  - Waste reduction
- Picard continues to provide significant future growth opportunities in premium branded speciality food
- Picard has separately funded debt structures which are non-recourse to ARYZTA
- ARYZTA retains the right to exercise a call option to acquire the remaining interest in Picard in FY 2019, FY 2020 and FY 2021

# H1 2016 Underlying EPS Bridge



# Underlying Income Statement
## Six month period ended 31 January 2016

| Continuing Operations<br>in EUR '000 | January 2016 | January 2015 | % |
|---|---|---|---|
| Group revenue | 1,960,014 | 1,857,870 | 5.5% |
| EBITA[1] | 230,832 | 224,844 | 2.7% |
| EBITA margin | 11.8% | 12.1% | (30) bps |
| Associate and JVs, net of tax | 13,699 | (554) | – |
| EBITA including associate and JVs | 244,531 | 224,290 | 9.0% |
| Finance cost, net | (55,940) | (41,342) | – |
| Hybrid instrument accrued dividend | (15,876) | (14,359) | – |
| Pre-tax profits | 172,715 | 168,589 | – |
| Income tax | (29,348) | (27,890) | – |
| Non-controlling interests | (2,293) | (2,386) | – |
| Underlying net profit – continuing operations | 141,074 | 138,313 | 2.0% |
| Underlying net profit – discontinued operations[2] | – | 6,214 | (100.0)% |
| **Underlying net profit – total** | **141,074[3]** | **144,527[3]** | **(2.4)%** |
| **Underlying fully diluted EPS (cent) – total** | **158.4[4]** | **161.4[4]** | **(1.9)%** |
| **Underlying net profit – continuing operations** | **141,074** | **138,313** | **2.0%** |
| **Underlying fully diluted EPS (cent) – continuing operations** | **158.4[4]** | **154.5[4]** | **2.5%** |

1 See glossary on slide 49 for definitions of financial terms and references used in the presentation.

2 Following the reduction in the Group's investment in Origin during March 2015, the Group's proportion of Origin's results have been presented separately as discontinued operations in both the current and prior periods.

3 See bridge from underlying net profit to reported net profit as included on slide 38.

4 The 31 January 2016 weighted average number of ordinary shares used to calculate diluted earnings per share is 89,039,290 (H1 2015: 89,553,157).

# Integration and Rationalisation Activities
## Six month period ended 31 January 2016

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| Continuing operations in EUR '000 | Non-cash 2016 | Cash 2016 | **Total January 2016** | Total January 2015 |
|---|---|---|---|---|
| Net gain/(loss) on disposal of businesses | 2,395 | – | **2,395** | (9,740) |
| Asset write-downs | (7,379) | – | **(7,379)** | (8,982) |
| Acquisition-related costs | – | (965) | **(965)** | (2,097) |
| Severance and other staff-related costs | – | (7,714) | **(7,714)** | (6,710) |
| Advisory and other costs | – | (6,094) | **(6,094)** | (11,195) |
| **Net acquisition, disposal and restructuring related costs** | (4,984) | (14,773) | **(19,757)** | (38,724) |

- (€5.0)m Non-cash
  - €2.4m net gain on disposal of non-core businesses, including write-down of associated goodwill
  - (€7.4)m non-cash asset write-down of obsolete assets following the recent reorganisation and investments
- (€14.8)m Cash
  - Primarily severance and staff-related costs and contractual obligations due to volume transitions
  - Significantly reduced from previous periods, in-line with guidance
- (€45.7)m Discontinued Operations
  - Fair value write-down on disposal of Origin

# Underlying Revenue
## Six month period ended 31 January 2016

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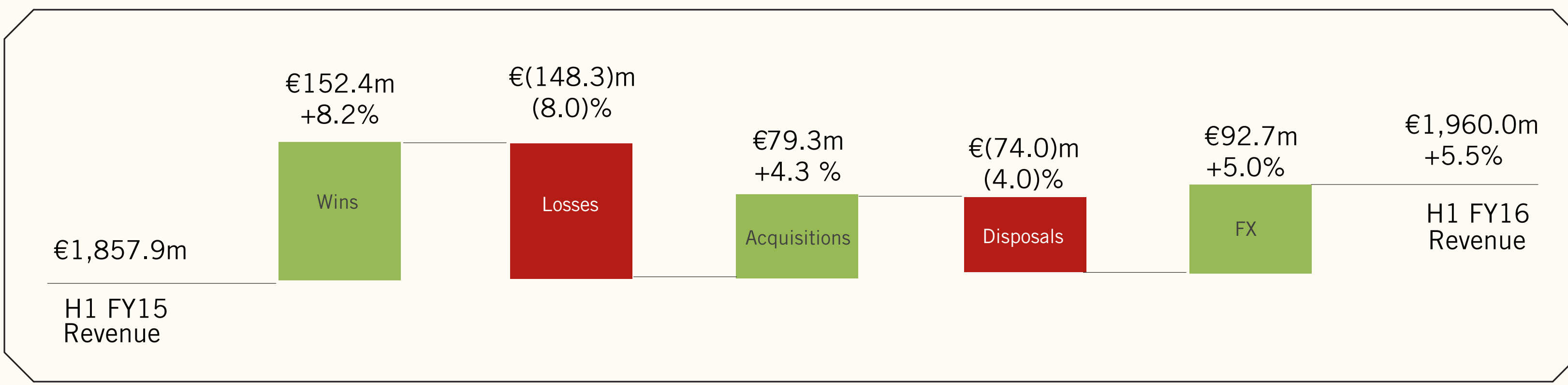
| Continuing Operations in EUR million | Food Europe | Food N. America | Food Rest of World | Total Group |
|---|---|---|---|---|
| Group revenue | 881.7 | 971.0 | 107.3 | 1,960.0 |
| Underlying growth | 4.7% | (4.0)% | 3.9% | 0.2% |
| Acquisitions, net | 2.7% | (1.8)% | – | 0.3% |
| Currency | 2.1% | 9.4% | (11.1)% | 5.0% |
| **Revenue growth** | **9.5%** | **3.6%** | **(7.2)%** | **5.5%** |

| Continuing Operations | Food Europe | Food N. America | Food Rest of World | Total Group |
|---|---|---|---|---|
| Wins | 6.8% | 9.6% | 7.5% | 8.2% |
| Losses | (2.1)% | (13.6)% | (3.6)% | (8.0)% |
| **Total underlying growth** | **4.7%** | **(4.0)%** | **3.9%** | **0.2%** |



# Quarterly Underlying Revenue

| Continuing Operations | Q1 2016 | Q2 2016 | **H1 2016** |
|---|---|---|---|
| Food Europe | 5.5% | 3.8% | **4.7%** |
| Food North America | (5.6)% | (2.4)% | **(4.0)%** |
| Food Rest of World | 2.2% | 5.7% | **3.9%** |
| **Total Group** | **(0.4)%** | **0.8%** | **0.2%** |

| | Q1 2015 | Q2 2015 | **H1 2015** | Q3 2015 | Q4 2015 | FY 2015 |
|---|---|---|---|---|---|---|
| Food Europe | 3.1% | 1.7% | **2.4%** | 1.8% | (2.1)% | 1.0% |
| Food North America | (3.2)% | (8.4)% | **(5.8)%** | (6.7)% | (6.5)% | (6.2)% |
| Food Rest of World | 6.1% | 8.1% | **7.1%** | 3.4% | (3.6)% | 3.3% |
| **Total Group** | **0.5%** | **(2.4)%** | **(0.9)%** | **(2.3)%** | **(4.3)%** | **(2.2)%** |

# Segmental EBITA
## Six month period ended 31 January 2016

| Continuing Operations in EUR '000 | January 2016 | January 2015 | % |
|---|---|---|---|
| Food Europe | 105,370 | 98,635 | 6.8% |
| Food North America | 113,129 | 112,974 | 0.1% |
| Food Rest of World | 12,333 | 13,235 | (6.8)% |
| **Total Group EBITA** | **230,832** | **224,844** | **2.7%** |

| | EBITA Margin January 2016 | EBITA Margin January 2015 | bps |
|---|---|---|---|
| Food Europe | 12.0% | 12.3% | (30)bps |
| Food North America | 11.7% | 12.1% | (40)bps |
| Food Rest of World | 11.5% | 11.5% | – |
| **Total Group EBITA Margin** | **11.8%** | **12.1%** | **(30)bps** |

# Cash Generation
## Six month period ended 31 January 2016

| Continuing Operations<br>in EUR '000 | January 2016 | January 2015 |
|---|---|---|
| EBIT | 144,462 | 140,420 |
| Amortisation | 86,370 | 84,424 |
| EBITA | 230,832 | 224,844 |
| Depreciation | 69,025 | 64,990 |
| EBITDA | 299,857 | 289,834 |
| Working capital movement | 26,707 | (40,319) |
| Working capital movement from debtor securitisation | 39,984 | 90,699 |
| Maintenance capital expenditure | (39,615) | (46,637) |
| **Segmental operating free cash generation** | **326,933** | **293,577** |
| Investment capital expenditure[1] | (68,777) | (172,095) |
| Acquisition and restructuring-related cash flows | (26,971) | (39,705) |
| **Segmental operating free cash generation, after investment capital expenditure and integration costs** | **231,185** | **81,777** |
| Dividends received from Origin - discontinued operations | – | 17,056 |
| Hybrid dividend | – | (16,815) |
| Interest and tax | (53,456) | (54,397) |
| Other non-cash income[2] | (4,688) | (1,533) |
| **Cash flow generated from activities** | **173,041** | **26,088** |

[1] Includes expenditure on intangible assets.

[2] Other non-cash income comprises primarily amortisation of deferred income from government grants.

# Net Debt and Investment Activity
## Six month period ended 31 January 2016

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| Continuing Operations<br>in EUR '000 | January 2016 | January 2015 |
|---|---|---|
| **Opening net debt as at 1 August** | **(1,725,103)** | **(1,642,079)** |
| Cash flow generated from activities | 173,041 | 26,088 |
| Disposal of businesses, net of cash and finance leases | 35,992 | – |
| Proceeds from disposal of interest in Origin | 225,101 | – |
| Investment in associate | (450,732) | – |
| Net debt cost of acquisitions | (26,917) | – |
| Contingent consideration | (42,118) | (3,280) |
| Hybrid instrument proceeds | – | 69,334 |
| Dividends paid | (4,603) | (4,330) |
| Foreign exchange movement[1] | (5,566) | (305,292) |
| Other[2] | (2,641) | (1,740) |
| **Closing net debt as at 31 January** | **(1,823,546)** | **(1,861,299)** |

1 Foreign exchange movement for the period ended 31 January 2016 is primarily attributable to the fluctuation in the US Dollar to euro rate from July 2015 (1.1109) to January 2016 (1.0915), partially offset by fluctuations in other currency rates. Foreign exchange movement for the period ended 31 January 2015 was primarily attributable to the fluctuation in the US Dollar to euro rate from July 2014 (1.3430) to January 2015 (1.1358) and in the Swiss Franc to euro rate from July 2014 (1.2169) to January 2015 (1.0519).

2 Other comprises primarily amortisation of financing costs.

# Financing Update

- During March 2016 agreed new revolving credit facility
  - Reduces available capacity from CHF 1,977m to CHF 1,400m
  - Extends the facility to March 2019-2021
  - Substantially unchanged financial covenants
  - Lower finance costs

- Debt Financing
  - Revolving credit facility outstanding (multi-currency) €1,085.2m
  - Private Placements outstanding (primarily USD) €1,277.7m
  - Net debt of €1,823.5m
  - Weighted average maturity of 4.89 years
  - Interest cover of 4.99x (hybrid as debt)
  - Intend to maintain investment grade credit position

- Hybrid Financing
  - Total hybrid outstanding of CHF 590m and €250m (total €782m)

| | January 2016 | July 2015 |
|---|---|---|
| Net Debt: EBITDA[1] (syndicated bank loan) | 2.91x | 2.54x |

[1] Calculated based on Food Group EBITDA for the 12 month period, including any dividends received, adjusted for the pro-forma full-year impact of completed acquisitions and disposals, as well as other adjustments in-line with the specific terms of the Group Syndicated Bank Loan Revolving Credit Facility.

# Acquisitions and Disposals – Impact on Financing

- €682m disposals over trailing 18 months including Origin, Fillings and Mixes business (North America), Fresca and Carroll's (Europe)
- €679m investments over trailing 18 months including Picard, Pré Pain, Fornetti and La Rousse
- €3m total proceeds from disposals, net of investments, over 18 month period

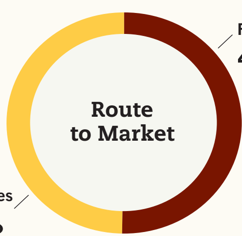
- FY 2016 represents peak leverage point
  - Syndicated Bank Net Debt: EBITDA range 2.5x – 3.0x (Covenant 3.5x)
  - Private Placement Net Debt: EBITDA range 3.4x – 3.9x (Covenant 4.0x)
  - Interest Cover (hybrid as debt) range 4.5x – 5.5x (min 4.0x)
  - Free cash to increase 10x to c. €200m with underlying revenue growth trending positive in H2-16

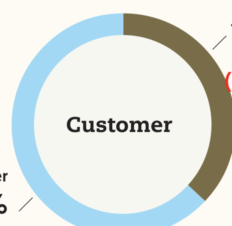
- Optimum leverage position:
  - Syndicated bank loan: 2.0x – 3.0x Net debt: EBITDA
  - Private Placement: 3.0x – 3.75x Net debt: EBITDA

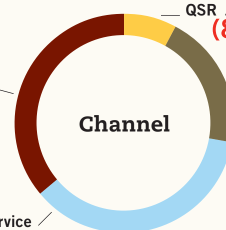
 

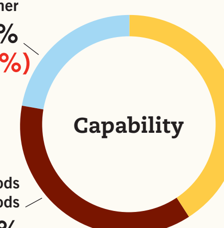
# ARYZTA Food Europe
## Six month period ended 31 January 2016


| Food Europe H1 2016 Financial Highlights | | |
|---|---|---|
| Revenue | ↑ | 9.5% |
| Underlying revenue | ↑ | 4.7% |
| Acquisitions/(Disposals) | ↑ | 2.7% |
| Currency | ↑ | 2.1% |
| EBITA | ↑ | 6.8% |
| EBITA margin | ↓ | (30) bps |



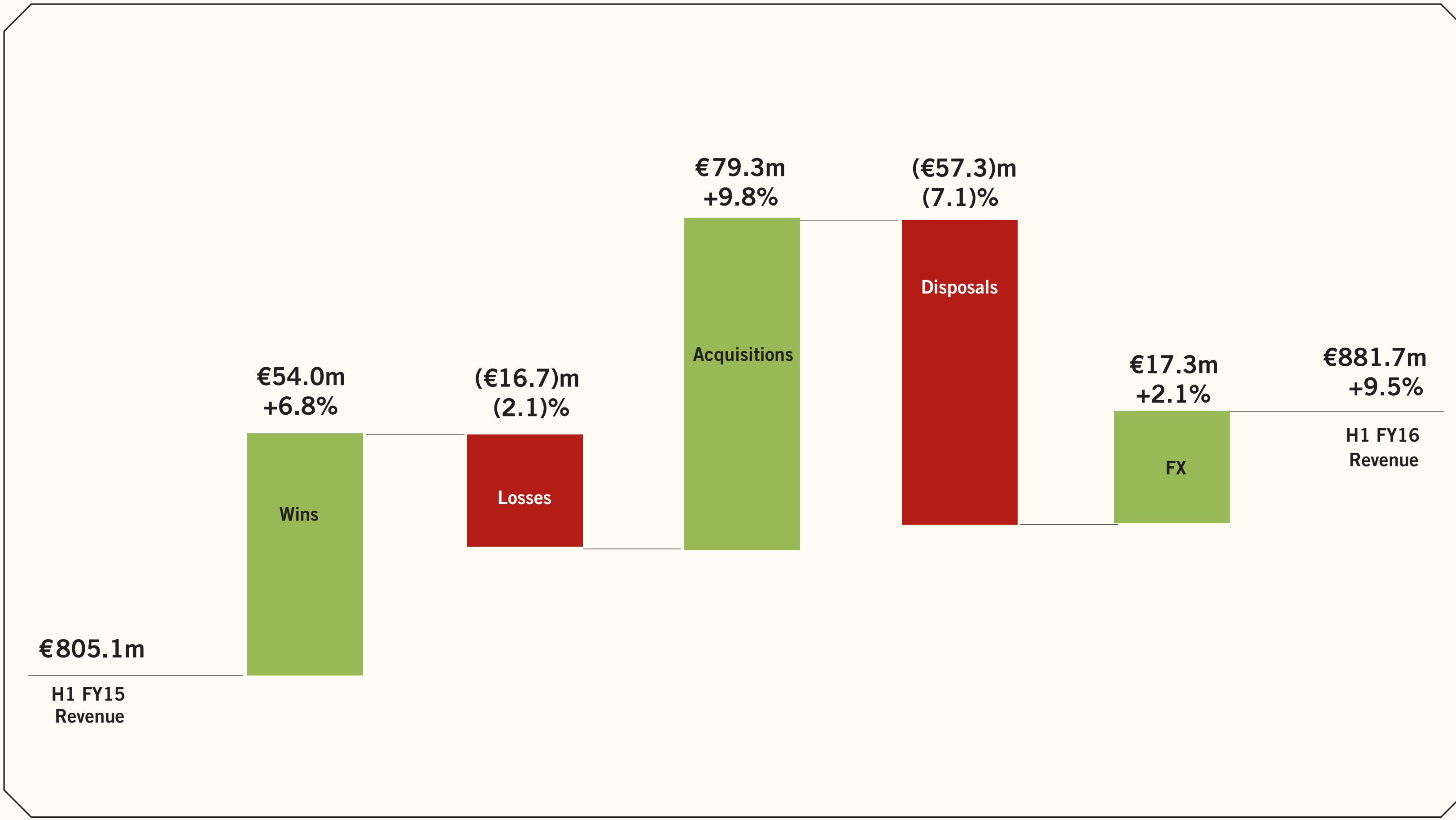




2015 revenue split

# ARYZTA Food Europe Revenue Analysis



# ARYZTA Bakeries Europe

- Completed European investment programme with commissioning of new capacity in H2
- Achieving good cross-selling success
- Market continues to display above average growth in ISB (in-store bakery) due to success of discounters
- European customer base increasing through long-term partnerships
- Isolated customer insourcing in train as announced in Q1
- Continuing to focus on capacity optimisation in the region
- Cost deflationary environment in contrast to North America

# ARYZTA Food Solutions

- Return to underlying revenue growth in the period with strong cash delivery
- Continued disruption within independents due to growth in discounting
- Proposition positioning continues to align with market trends
- Revenue growth in Ireland and UK as economies improve
- Revenue weakness in France and Switzerland as anticipated
- Sale of Fresca and acquisition of La Rousse Foods refocusing the organisation to premium higher margin business
- ARYZTA Food Solutions has a robust differentiated model capable of delivering sustainable growth by leveraging innovation potential

# ARYZTA Food North America

## Six month period ended 31 January 2016

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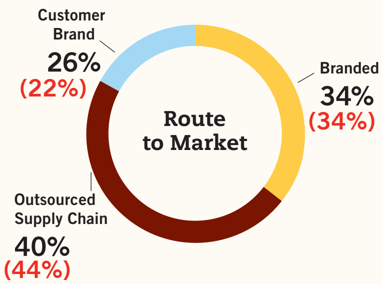
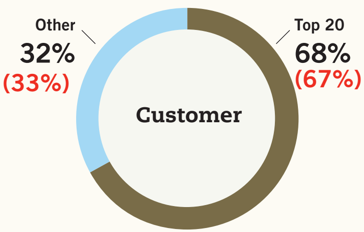
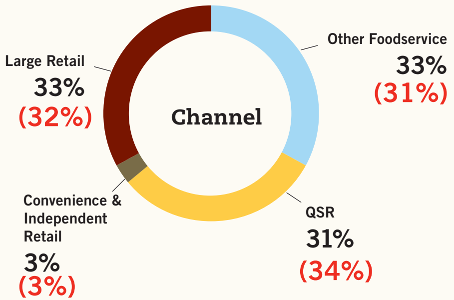
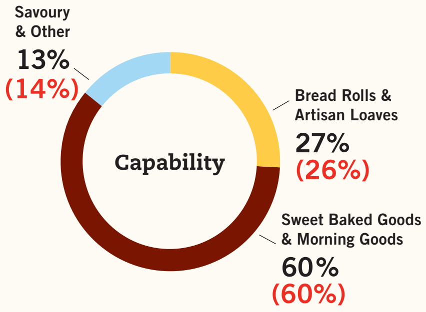
| Food North America H1 2016 Financial Highlights | | |
|---|---|---|
| Revenue | ↑ | 3.6% |
| Underlying revenue | ↓ | (4.0)% |
| Acquisitions/(Disposals) | ↓ | (1.8)% |
| Currency | ↑ | 9.4% |
| EBITA | ↑ | 0.1% |
| EBITA margin | ↓ | (40) bps |




2015 revenue split

# ARYZTA Food North America Revenue Analysis

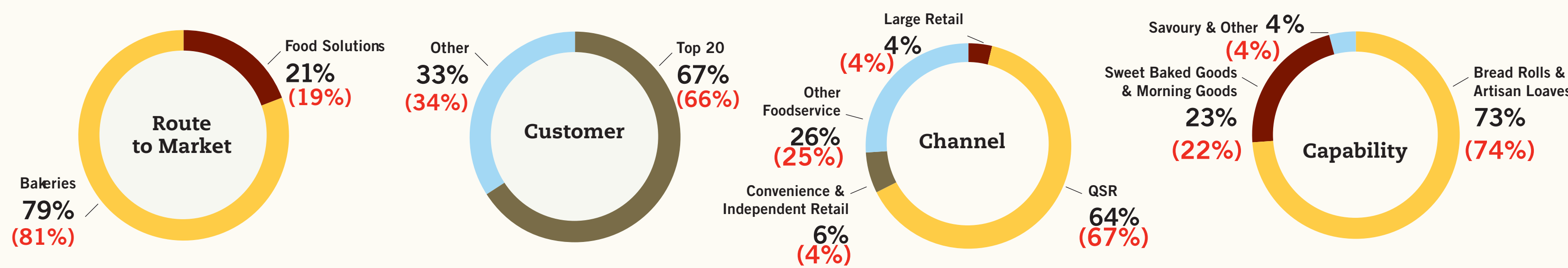
# ARYZTA Food North America

- Investing in branded propositions around Otis Spunkmeyer and La Brea Bakery
- Continued traction with organic growth in Retail and Foodservice with customer centric strategy
- Volume losses due to optimisation, supply chain contract renewals, and some customer weakness
- Successfully rolled out ERP to recent acquisitions which are fully integrated
- Cost inflation due to increasing labour, freight and selective ingredients costs




# ARYZTA Food Rest of World
## Six month period ended 31 January 2016

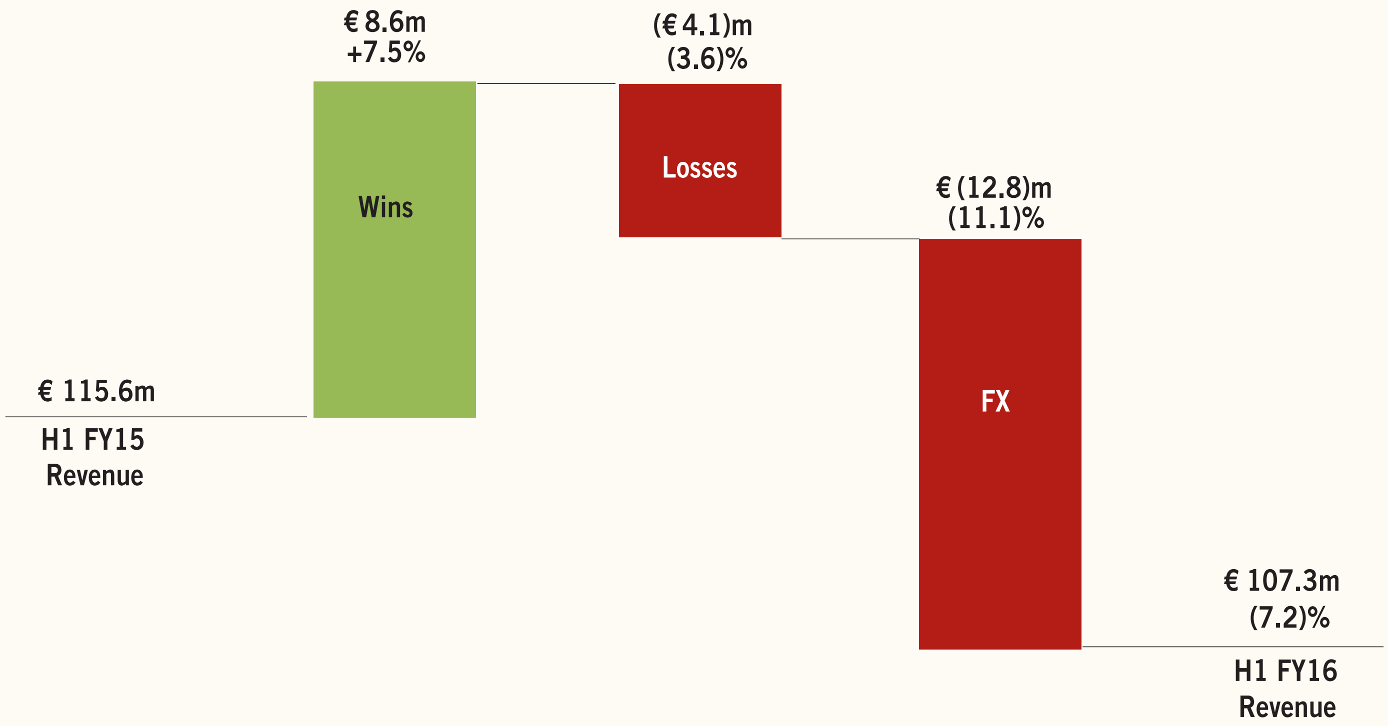

| Food Rest of World H1 2016 Financial Highlights | | |
|---|---|---|
| Revenue | ↓ | (7.2)% |
| Underlying revenue | ↑ | 3.9% |
| Currency | ↓ | (11.1)% |
| EBITA | ↓ | (6.8)% |
| EBITA margin | → | – |




2015 revenue split

# ARYZTA Food Rest of World Revenue Analysis



# Food Rest of World

- Continued growth despite challenging economic environment in the region
- FX negatively impacting performance
- Continuing to explore new capacity options

# ARYZTA AG – Group Continuing Operations

## FY 2009 – FY 2015

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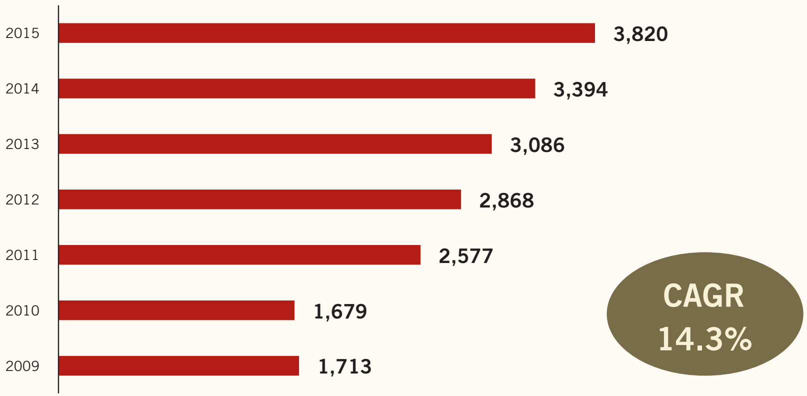
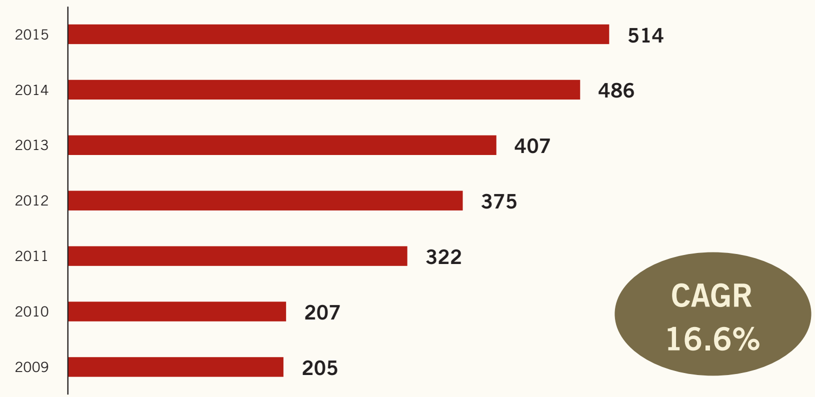
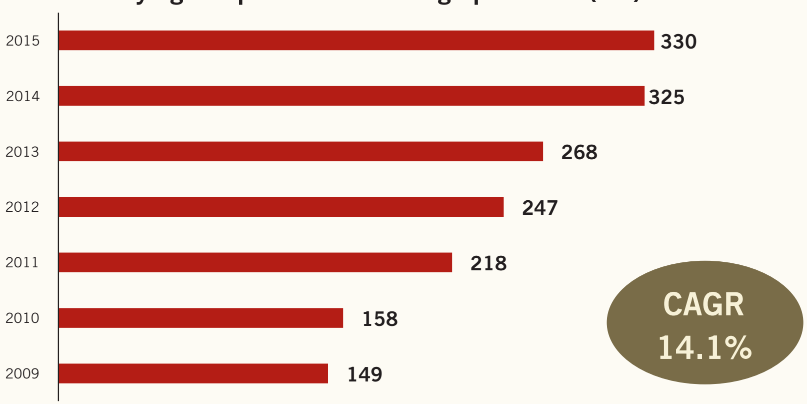
### Revenue (€m)



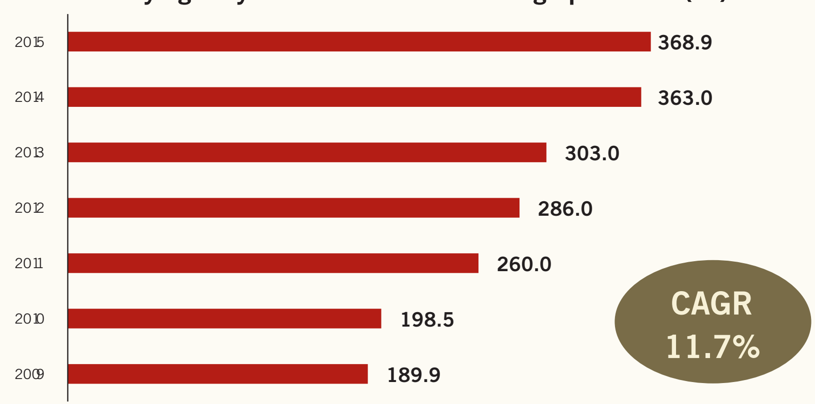

### EBITA (€m)




### Underlying net profit – continuing operations (€m)




### Underlying fully diluted EPS – continuing operations (€c)




CAGR FY 2009 – FY 2015

ARYZTA Group
**Investment Case & Outlook**

# Investment Case Post 2020

- Leader in Speciality Food
- Innovation enhancing relevance
  - Consumer
  - Professional
  - Commercial
- Revenue €6.5bn+[1]
- EBITDA €1.1Bn+[1]
- Free Cash Flow €500m+[1]
- 40% Revenue Consumer Branded
- 40% Business Asset Light
- Significant investment building blocks in place

1 Assumes Picard is fully consolidated

# Outlook and Short-Term Focus

- Underlying revenue growth
  - Secure supply chain contracts
  - Invest in brands
- Increase operating leverage
- Unlock recently invested capacity
- Reduce investment capex
- Increase free cash generation

# Financial Calendar

- **31 May 2016**
  Third-quarter trading update
- **26 September 2016**
  Announcement of full-year results 2016
- **03 October 2016**
  Issue of the 2016 annual report
- **06 October 2016**
  Capital Markets Day
- **28 November 2016**
  First-quarter trading update
- **13 December 2016**
  Annual General Meeting 2016

# Thank you

# Appendix

# FY 2016 Financial Metrics

| Current Estimates[1] | |
|---|---|
| Depreciation p.a. | € 130 – 145 m |
| Amortisation p.a. | € 160 – 175 m |
| Finance costs (including Hybrid financing) p.a. | € 135 – 145 m |
| Effective tax rate | 17 % – 20 % |
| Maintenance capex p.a. | € 80 – 90 m |
| Non-recurring cash costs | not material |
| Investment capex | € 100 – 125 m |
| Free cash generation | €200 – €250m |
| Dividend pay-out of underlying EPS p.a. | 15 % |
| Investment grade status | maintain |

1 Metrics as provided in September 2015, not yet reflecting impacts of foreign exchange movements since that time.

# Discontinued operations - Origin

| in EUR '000 | January 2016 | January 2015 |
|---|---|---|
| Revenue | 194,721 | 531,599 |
| EBITA | 146 | 4,110 |
| EBITA margin | 0.1% | 0.8% |
| Associates and JV, net of tax | 881 | 6,284 |
| EBITA incl. associates and JV | 1,027 | 10,394 |
| Finance costs, net | (1,015) | (2,789) |
| Pre-tax profits | 12 | 7,605 |
| Income tax | 154 | (309) |
| Total underlying net profit | 166 | 7,296 |
| Non-ARYZTA portion of discontinued operations | (118) | (1,082) |
| Underlying contribution associate held-for-sale | (48) | – |
| **Underlying net profit - discontinued operations** | **–** | **6,214** |
| | | |
| Underlying contribution associate held-for-sale | 48 | – |
| Cash received, net of transaction costs | 225,101 | – |
| Carrying value of 29% interest disposed | (270,870) | – |
| **Net loss on disposal of associate held-for-sale** | **(45,721)** | **–** |

# Underlying Net Profit Reconciliation
## Six month period ended 31 January 2016

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| in EUR '000 | January 2016 | January 2015 |
|---|---|---|
| **Underlying fully diluted net profit – continuing operations** | **141,074** | **138,313** |
| Intangible amortisation | (86,370) | (84,424) |
| Tax on amortisation | 17,817 | 17,919 |
| Share of joint venture intangible amortisation, net of tax | (1,873) | – |
| Hybrid instrument accrued dividend | 15,876 | 14,359 |
| Net acquisition, disposal and restructuring-related costs | (19,757) | (38,724) |
| Tax on net acquisition, disposal and restructuring-related costs | 3,512 | 8,765 |
| **Reported net profit – continuing operations** | **70,279** | **56,208** |
| | | |
| **Underlying fully diluted net profit – discontinued operations** | **–** | **6,214** |
| Intangible amortisation, non-recurring and other – discontinued operations | – | (4,819) |
| Profit for the year – discontinued operations | – | 1,395 |
| Underlying contribution associate held-for-sale | 48 | – |
| Loss on disposal of associate held-for-sale | (45,769) | – |
| **Reported net (loss)/profit - discontinued operations** | **(45,721)** | **1,395** |
| **Reported net profit attributable to equity shareholders** | **24,558** | **57,603** |

# Balance Sheet
## as at 31 January 2016

| in EUR '000 | January 2016 | July 2015 |
|---|---|---|
| Property, plant and equipment | 1,566,682 | 1,543,263 |
| Investment properties | 25,015 | 25,916 |
| Goodwill and intangible assets | 3,694,663 | 3,797,269 |
| Deferred tax on acquired intangibles | (229,976) | (246,116) |
| Working capital | (360,774) | (218,669) |
| Other segmental liabilities | (104,456) | (132,849) |
| Segmental net assets | 4,591,154 | 4,768,814 |
| Associate held-for-sale | – | 270,870 |
| Associate and joint ventures | 520,716 | 60,711 |
| Net debt | (1,823,546) | (1,725,103) |
| Deferred tax, net | (94,620) | (95,423) |
| Income tax | (61,807) | (45,813) |
| Derivative financial instruments | (6,934) | (12,113) |
| **Net assets** | **3,124,963** | **3,221,943** |

# Financial Position

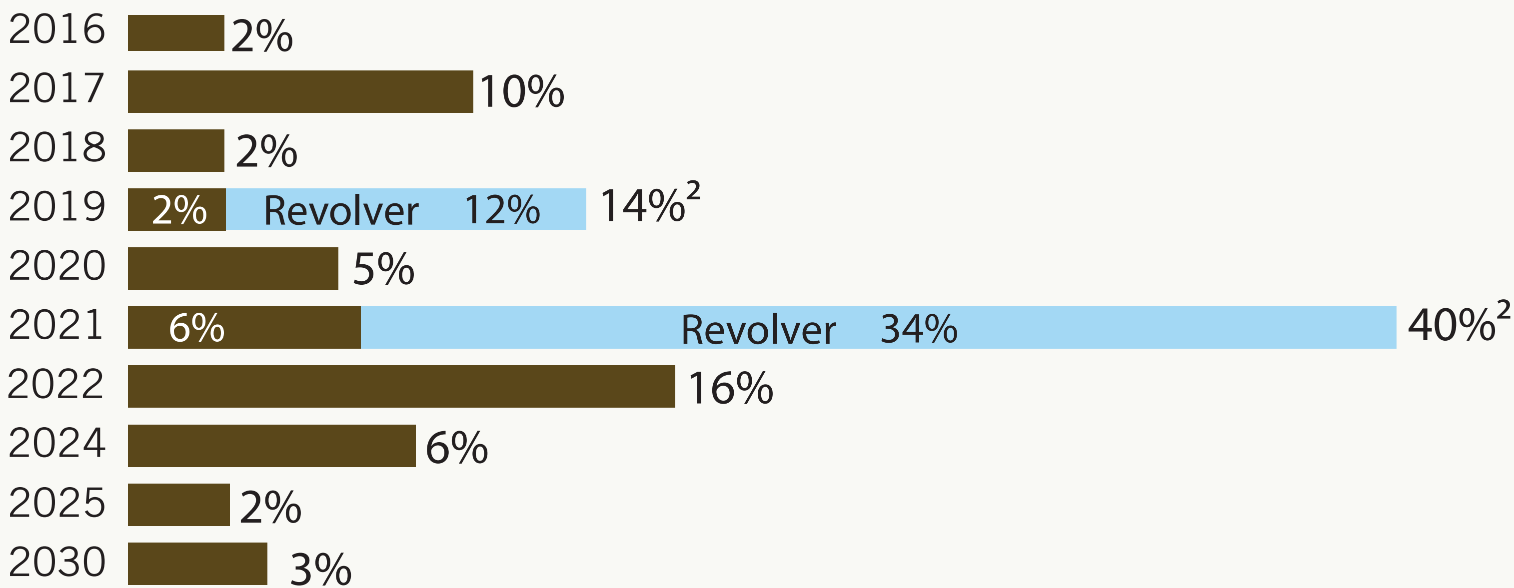
| Debt Funding as at January 2016 | Principal | Outstanding in EUR `000 |
|---|---|---|
| Syndicated Bank Loan | EUR 190m | (190,000) |
| Syndicated Bank Loan | USD 550m | (503,894) |
| Syndicated Bank Loan | CAD 80m | (52,209) |
| Syndicated Bank Loan | GBP 100m | (131,657) |
| Syndicated Bank Loan | CHF 230m | (207,413) |
| Private Placements | USD 1,340m | (1,227,668) |
| Private Placements | EUR 50m | (50,000) |
| **Gross term debt** | | **(2,362,841)** |
| Upfront borrowing costs | | 15,741 |
| **Term debt, net of upfront borrowing costs** | | **(2,347,100)** |
| Finance leases | | (2,089) |
| Cash and cash equivalents, net of overdrafts | | 525,643 |
| **Net debt** | | **(1,823,546)** |

| Perpetual Callable Subordinated Instruments as at January 2016 | | |
|---|---|---|
| Hybrid funding - first call date April 2018 | CHF 400m | (319,442) |
| Hybrid funding - first call date March 2019 | EUR 250m | (245,335) |
| Hybrid funding - first call date April 2020 | CHF 190m | (155,679) |
| **Hybrid funding at historical cost, net of associated costs** | | **(720,456)** |
| Hybrid funding fair value adjustment to period-end exchange rates | | (61,603) |
| **Hybrid funding at 31 January 2016 exchange rates** | | **(782,059)** |

# Gross Term Debt Maturity Profile

## Gross Term Debt Maturity Profile (excluding hybrid)[1]

Financial Year




1 The Group term debt maturity profile is set out as at 31 January 2016, adjusted for the terms of the new revolving credit facility. Gross term debt at 31 January 2016 is €2,362.8m. Group net debt at 31 January 2016 is €1,823.5m, which also includes overdrafts and finance leases, and is net of cash and related capitalised upfront borrowing costs.

2 Incorporating the drawn amount on the Revolving Credit Facility of €1,085.2m as at 31 January 2016, which represents 46% of the Group gross term debt.

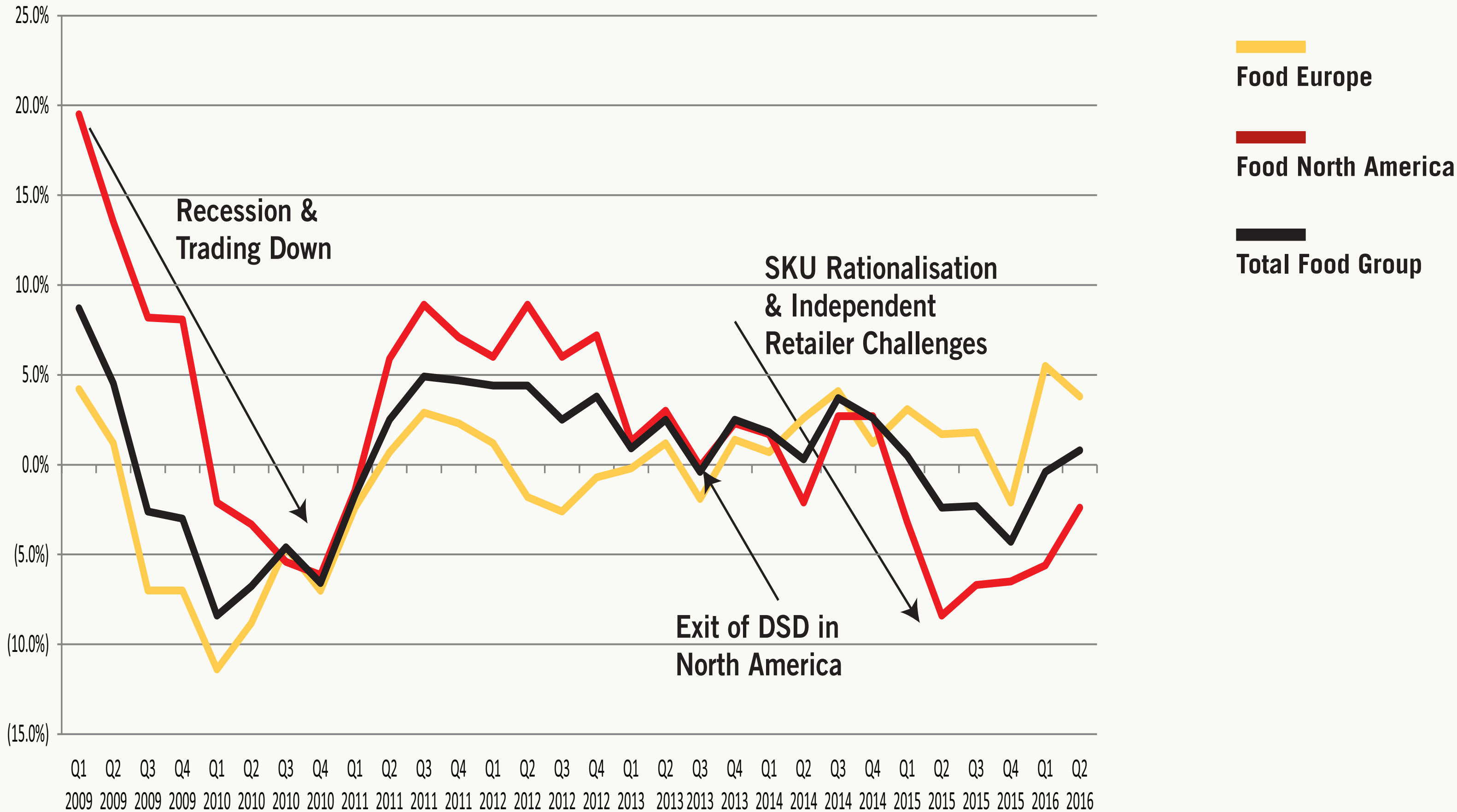
# Return on Invested Capital – Continuing Operations

| in EUR million | Food Europe | Food North America | Food Rest of World | Total Group |
|---|---|---|---|---|
| **31 January 2016** | | | | |
| Group share net assets | 1,874 | 2,528 | 189 | 4,591 |
| EBITA | 220 | 274 | 26 | 520 |
| ROIC[1] | 11.7% | 10.8% | 13.7% | 11.3% |
| **31 July 2015** | | | | |
| Group share net assets | 1,963 | 2,602 | 204 | 4,769 |
| EBITA | 220 | 275 | 27 | 522 |
| ROIC[1] | 11.2% | 10.6% | 13.2% | 10.9% |

1 See glossary on slide 49 for further definitions of financial terms and references used.
2 The Food Group WACC on a pre-tax basis is currently 7.8 % (2015: 7.4%).

# Food Group – Underlying Revenue Growth

ARYZTA
Passion for good food



# Food Group – Five Year KPIs

ARYZTA
Passion for good food

| In EUR million | July 2011 | July 2012 | July 2013 | July 2014 | July 2015 | Total/CAGR[1] |
|---|---|---|---|---|---|---|
| Revenue | 2,577.4 | 2,867.6 | 3,085.5 | 3,393.8 | **3,820.2** | **17.9%** |
| EBITDA | 408.8 | 465.2 | 500.4 | 589.2 | **638.3** | **18.9%** |
| Underlying Net Profit – continuing operations | 218.1 | 246.6 | 268.4 | 324.6 | **330.0** | **15.9%** |
| ARYZTA AG underlying fully diluted EPS (cent)[1] | 310.1 | 337.5 | 360.3 | 422.2 | **402.2** | **10.5%** |
| ARYZTA AG underlying fully diluted EPS (cent)[1] – continuing operations | 260.0 | 286.0 | 303.0 | 363.0 | **368.9** | **13.2%** |
| Segmental operating free cash generation | 356.5 | 399.7 | 445.5 | 575.8 | **598.3** | **2,375.8** |
| Investment capital expenditure | (51.5) | (89.4) | (172.5) | (276.8) | **(329.4)** | **(919.6)** |
| Acquisition and restructuring-related cash flows | (31.8) | (88.6) | (86.5) | (105.6) | **(101.3)** | **(413.8)** |
| Segmental operating free cash generation, after investment capital expenditure and integration costs | 273.2 | 221.7 | 186.5 | 193.4 | **167.6** | **1,042.4** |
| Investment cost of acquisitions | (317.7) | (101.0) | (311.6) | (862.8) | **(149.8)** | **(1,742.9)** |
| Net debt as at 31 July | (955.5) | (976.3) | (849.2) | (1,642.1) | **(1,725.1)** | |
| Hybrid funding as at 31 July[2] | (348.9) | (333.0) | (648.4) | (657.4) | **(804.8)** | |
| Total Net Debt and Hybrid as at 31 July | (1,304.4) | (1,309.3) | (1,497.6) | (2,299.5) | **(2,529.9)** | |

1 CAGR is calculated for the five-year period from FY 2010.
2 Hybrid funding is shown based on 31 July spot rates.

# Food Group – Five Year Cash Generation

ARYZTA
Passion for good food

| In EUR million | July 2011 | July 2012 | July 2013 | July 2014 | July 2015 | Five Year Total |
|---|---|---|---|---|---|---|
| EBIT | 235.8 | 275.0 | 300.1 | 362.5 | 346.0 | **1,519.4** |
| Amortisation | 86.5 | 99.8 | 106.6 | 123.8 | 168.0 | **584.7** |
| EBITA | 322.3 | 374.8 | 406.7 | 486.3 | 514.0 | **2,104.1** |
| Depreciation | 86.5 | 90.4 | 93.7 | 102.9 | 124.3 | **497.8** |
| EBITDA | 408.8 | 465.2 | 500.4 | 589.2 | 638.3 | **2,601.9** |
| Working capital movement | (13.0) | (19.3) | (11.2) | 46.6 | 40.7 | **43.8** |
| Maintenance capital expenditure | (39.3) | (46.2) | (43.7) | (60.0) | (80.7) | **(269.9)** |
| **Segmental operating free cash generation** | **356.5** | **399.7** | **445.5** | **575.8** | **598.3** | **2,375.8** |
| Investment capital expenditure | (51.5) | (89.4) | (172.5) | (276.8) | (329.4) | **(919.6)** |
| Acquisition and restructuring-related cash flows | (31.8) | (88.6) | (86.5) | (105.6) | (101.3) | **(413.8)** |
| **Segmental operating free cash generation, after investment capital expenditure and integration costs** | **273.2** | **221.7** | **186.5** | **193.4** | **167.6** | **1,042.4** |
| Dividends received from discontinued operations | 13.1 | 11.2 | 14.3 | 16.4 | 17.1 | **72.1** |
| Hybrid dividend | – | (16.3) | (16.6) | (29.4) | (39.1) | **(101.4)** |
| Interest and income tax | (101.9) | (97.7) | (91.0) | (103.4) | (118.0) | **(512.0)** |
| Other non-cash charges / (income) | 4.2 | 1.7 | 0.6 | (2.9) | (6.2) | **(2.6)** |
| **Cash flow generated from activities** | **188.6** | **120.6** | **93.8** | **74.1** | **21.4** | **498.5** |

# Food Group – Five Year Net Debt

| In EUR million | July 2011 | July 2012 | July 2013 | July 2014 | July 2015 |
|---|---|---|---|---|---|
| Opening net debt as at 1 August | (1,115.6) | (955.5) | (976.3) | (849.2) | (1,642.1) |
| Cash flows generated from activities | 188.6 | 120.6 | 93.8 | 74.1 | 21.4 |
| Disposal of businesses, net of cash | – | – | – | – | 22.7 |
| Proceeds from disposal of Origin, net of cash disposed | – | – | – | 71.8 | 398.1 |
| Cost of acquisitions | (317.7) | (101.0) | (311.6) | (862.8) | (149.8) |
| Contingent acquisition consideration | (12.9) | (7.2) | (0.2) | (4.2) | (9.2) |
| Hybrid instrument proceeds | 285.0 | – | 319.4 | – | 69.3 |
| Share placement | – | 140.9 | – | – | – |
| Dividends paid | (32.9) | (43.7) | (46.0) | (51.2) | (69.4) |
| Foreign exchange movement | 51.1 | (139.2) | 62.0 | (22.7) | (363.8) |
| Other | (1.1) | 8.8 | 9.7 | 2.1 | (2.3) |
| **Closing net debt as at 31 July** | **(955.5)** | **(976.3)** | **(849.2)** | **(1,642.1)** | **(1,725.1)** |
| **Net Debt: EBITDA[1] calculations as at 31 July** | | | | | |
| TTM EBITDA | 418.0 | 465.2 | 527.0 | 654.9 | 640.4 |
| Dividends from Origin – discontinued operations | 8.6 | 10.4 | 14.3 | 16.4 | 17.1 |
| EBITDA for covenant purposes | **426.6** | **475.6** | **541.3** | **671.3** | **657.5** |

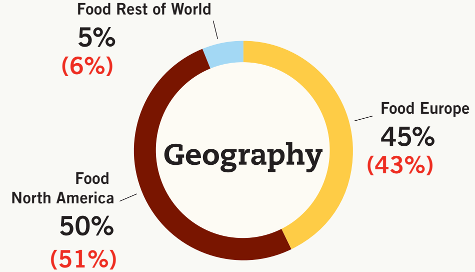
[1] Calculated based on Food Group EBITDA for the 12 month period, including any dividends received, adjusted for the pro-forma full-year impact of completed acquisitions and disposals, as well as other adjustments in-line with the specific terms of the Group Syndicated Bank Loan Revolving Credit Facility.

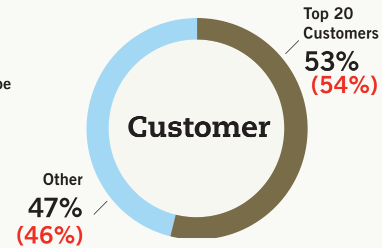
# EUR Closing and Average FX Rates

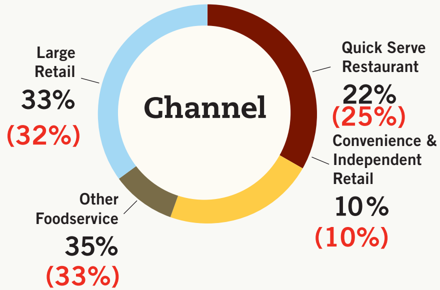
| Closing Rates | H1 2016 | FY 2015 | % Change |
|---|---|---|---|
| Swiss Franc | 1.1089 | 1.0635 | (4.3)% |
| US Dollar | 1.0915 | 1.1109 | 1.7% |
| Canadian Dollar | 1.5323 | 1.4446 | (6.1)% |
| Sterling | 0.7596 | 0.7091 | (7.1)% |

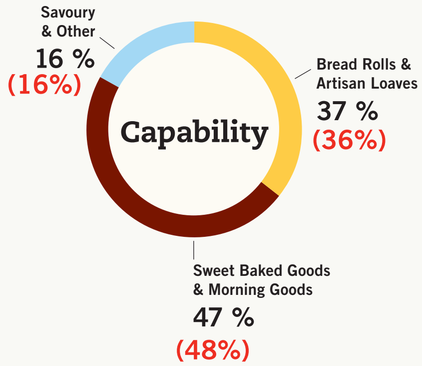
| Average Rates | H1 2016 | H1 2015 | % Change |
|---|---|---|---|
| Swiss Franc | 1.0862 | 1.1894 | 8.7% |
| US Dollar | 1.1020 | 1.2548 | 12.2% |
| Canadian Dollar | 1.4806 | 1.4226 | (4.1)% |
| Sterling | 0.7276 | 0.7872 | 7.6% |

# ARYZTA Group – International Footprint


2015 revenue split

# Presentation Glossary

- ‘Associate and JVs, net’ – presented as profit from associate and JVs, net of taxes and interest, before non-ERP amortisation and the impact of associated non-recurring items.
- ’EBITA’ – presented as earnings before interest, taxation, non-ERP related intangible amortisation; before net acquisition, disposal and restructuring-related costs and related tax credits.
- ’EBITDA’ – presented as earnings before interest, taxation, depreciation and amortisation; before net acquisition, disposal and restructuring-related costs and related tax credits.
- ’ERP’ – Enterprise Resource Planning intangible assets include the Group SAP system.
- ’Hybrid instrument’ – presented as Perpetual Callable Subordinated Instrument in the Financial Statements.
- ‘Segmental Net Assets’ – Based on segmental net assets, which excludes associate and JVs, bank debt, cash and cash equivalents and tax balances, with the exception of deferred tax liabilities associated with non-ERP intangible assets, as those deferred tax liabilities represent a notional non-cash tax impact directly linked to segmental intangible assets recorded as part of a business combination, rather than an actual cash tax obligation.
- ‘ROIC’ – is calculated using a pro-forma trailing twelve months segmental EBITA (‘TTM EBITA’) reflecting the full twelve months contribution from acquisitions and full twelve months deductions from disposals, divided by the Segmental Net Assets, as of the end of each respective period.
- ’Underlying earnings’ – presented as reported net profit, adjusted to include the Hybrid instrument accrued dividend as finance cost; before non-ERP related intangible amortisation; before net acquisition, disposal and restructuring-related costs and before any non-controlling interest allocation of those adjustments, net of related income tax impacts.

  The Group utilises the Underlying earnings measure to enable comparability of the results from period to period, without the impact of transactions that do not relate to the underlying business. It is also the Group’s policy to declare dividends based on underlying fully diluted earnings per share, as this provides a more consistent basis for returning dividends to shareholders.