



# ARYZTA AG FY 2009 Results

28 September 2009

# Forward Looking Statement

This presentation 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.

- First annual results for ARYZTA AG
- Merger of Hiestand and IAWS Group August 2008
- Underlying EPS growth of 16.0% to 234.7 cent
- Proposed dividend payout of 35.2 cent per share based on a payout ratio of 15.0% of underlying fully diluted EPS
- Origin Enterprises underlying earnings growth of 6.0%
- Strong cash flow, 115.9% conversion of underlying Food Group profits
- Food Group closing net debt: EBITDA of 1.77x
- Implemented Swiss ICS (Internal Control Systems)

# ARYZTA AG **Our Business**

- Zurich based Swiss AG
  - > Operations in Europe, North America, South East Asia and Australia
- Created in 2008 – merger of Hiestand and IAWS August 2008
- Primary listing in Zurich (SIX; ARYN), and secondary listing in Dublin (ISE; YZA)
- Holds 71.4% of Origin Enterprises plc (Origin); an agri-nutrition business
  - > Origin listed on the AIM in London (AIM; OGN) and IEX in Dublin (IEX; OIZ)

# Corporate Structure ARYZTA AG

## ARYZTA AG

Shareholder 71.4%

### Food Europe



– Coupe de Pâtes



– Cuisine de France



– Delice de France



– Hiestand



– Origin

### Food North America



– La Brea Bakery

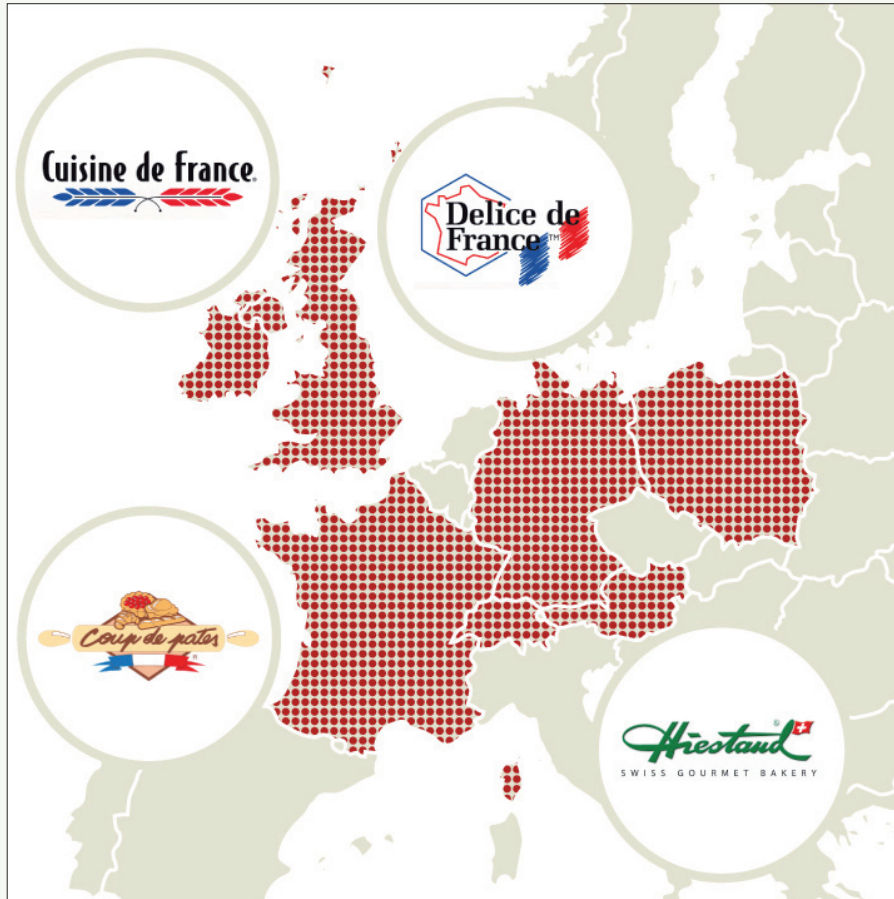


– Otis Spunkmeyer

### Food Developing Markets



– Hiestand



## Food Europe

Food Europe has leading market positions in the speciality bakery market in Switzerland, Germany, Poland, the UK, Ireland and France. In Europe, ARYZTA has a mixture of business to business and consumer brands, including Hiestand, Cuisine de France, Delice de France and Coup de Pates.



## Food North America

Food North America has leading market positions in freshly baked cookies and freshly baked artisan bread. The business has two iconic brands which evoke emotional appeal with the US consumer, namely Otis Spunkmeyer and La Brea Bakery.



# Our Markets



## Food Developing Markets

ARYZTA has embryonic businesses in Japan, Malaysia and Australia.



## Coup de Pates

Coup de Pates is the principal brand of Groupe Hubert, a leading developer and distributor of bakery products to the bakery, craft and foodservice sectors in France. Groupe Hubert offers its customers bread, viennoiserie, patisserie, traiteur and reception products.



## Cuisine de France

Cuisine de France offers the consumer traditional French breads, pastries and also a wide range of continental-style breads, confectionery and hot savoury items. Cuisine de France provides a complete bake-off solution primarily to the retail industry, as well as staff training and category management to enable the timely delivery of ready-to-bake products.



## Delice de France

Delice de France supplies high quality continental breads, viennoiserie, savoury and confectionery products, including hospitality goods, primarily to the foodservice and catering industry. The business offers premium solutions tailored to meet future customer and consumer needs. It is the UK's leading provider of innovative and authentic continental bakery products to the foodservice trade.





## Hiestand

Hiestand offers a broad range of innovative bakery products (croissants, bread, rolls, pastries, snacks, pretzels) and the comprehensive services to actively promote sales. Hiestand provides added value for business-to-business customers. Through the close-knit logistical and distribution network, assurance is given that products sold to customers are consistently 'fresher than fresh'.



## La Brea Bakery

La Brea Bakery is widely credited as the pioneer and leader of the artisan bread movement in America. La Brea Bakery offers a wide assortment of rustic breads ranging from baguettes and loaves to sandwich and dinner rolls.



## Otis Spunkmeyer

Otis Spunkmeyer is a leading, premium fresh baked goods brand in its US market categories. An iconic brand, it has strong recognition and awareness across a national customer base in the foodservice and retail channels.



## Origin

ARYZTA AG is the majority shareholder (71.4%) in Origin Enterprises plc, which has a listing on the AIM in London and the IEX in Dublin (AIM:OGN, IEX:OIZ). Origin is a leading player in the agri-nutrition sector in Ireland, the UK, Poland and Norway and has a leading ambient food and cereal milling business in Ireland.



# ARYZTA AG **Financial Review**

# ARYZTA AG Income Statement



in Euro `000	July 2009	Proforma July 2008 <sup>6</sup>	%
Group revenue	3,212,270	3,134,201	2.5
Group operating profit <sup>1</sup>	280,409	245,017	14.4
Share of associates and JVs <sup>2</sup>	17,525	17,455	
Operating profit incl. associates and JVs <sup>1</sup>	297,934	262,472	13.5
Finance cost, net	(50,652)	(44,446)	
Pre tax profits <sup>1</sup>	247,282	218,026	
Income tax <sup>1</sup>	(45,085)	(42,907)	
Minority interest <sup>3</sup>	(17,649)	(15,476)	
Underlying fully diluted net profit	184,548	159,643	15.5
Underlying fully diluted EPS (cent)	234.7c <sup>5</sup>	202.2c <sup>4</sup>	16.0

1 Before impact of intangible amortisation, non-recurring items and related tax credits.

2 Associates & JVs profit net of tax and interest.

3 Presented after dilutive impact of Origin management incentives and investment property write down.

4 Proforma 2008 underlying fully diluted EPS calculated using 78,940,460 shares issued during IPO in August 2008.

5 Actual 2009 underlying fully diluted EPS calculated using weighted average number of shares in issue of 78,626,718.

6 Prepared on a proforma basis including Hiestand Holding AG in prior year comparative as disclosed in the ARYZTA Results Announcement published in September 2008.

# Underlying Revenue Growth 2009

## – ARYZTA AG



in Euro million	Food Europe <sup>1</sup>	Food N. America	Food Developing Markets <sup>1</sup>	Total Food Group	Origin <sup>2</sup>	Total
Group revenue	1,137.2	555.1	20.4	1,712.7	1,499.6	3,212.3
Underlying growth	(2.2)%	12.5%	1.5%	1.9%	(8.4)%	(3.0)%
Acquisitions	2.2%	–	–	1.6%	16.1%	8.5%
Currency	(2.4)%	10.0%	15.3%	1.2%	(7.6)%	(3.0)%
<b>Revenue increase</b>	<b>(2.4)%</b>	<b>22.5%</b>	<b>16.8%</b>	<b>4.7%</b>	<b>0.1%</b>	<b>2.5%</b>

1 Prepared on a proforma basis including Hiestand Holding AG in prior year comparative as disclosed in the ARYZTA Results Announcement published in September 2008.

2 Origin revenue is presented after deducting intra group sales between Origin and Food Group.

# ARYZTA AG Segmental Profit



in Euro `000	July 2009	Proforma July 2008 <sup>3</sup>	%
<b>Food Group<sup>1</sup></b>			
Food Europe	135,103	121,298	11.4
Food North America	67,481	51,865	30.1
Food Developing Markets	2,123	928	129.0
Total Food Group	204,707	174,091	17.6
Origin	75,702	70,926	6.7
<b>Total Group</b>	<b>280,409</b>	<b>245,017</b>	<b>14.4</b>
 <b>Associates &amp; JVs<sup>2</sup></b>			
Food North America	13,808	15,203	(9.2)
Origin	3,717	2,252	65.1
<b>Total associates</b>	<b>17,525</b>	<b>17,455</b>	<b>0.4</b>
<b>Total operating profit</b>	<b>297,934</b>	<b>262,472</b>	<b>13.5</b>

1 Before impact of intangible amortisation and non-recurring items.

2 Associates & JVs profit net of tax and interest.

3 Prepared on a proforma basis including Hiestand Holding AG in prior year comparative as disclosed in the ARYZTA Results Announcement published in September 2008.

# Non-Recurring Items

- EUR 96.5m net of minorities and taxes
- Non-cash impact
- Relates to:
  - > 70% write down of Origin investment property
  - > Merger costs

- Dividend payout based on underlying profit excluding non-recurring items and amortisation
- Proposed dividend
  - > 15.0% of underlying fully diluted EPS
  - >  $234.7 \text{ cent} \times 15\% = 35.2 \text{ cent}$
- Timetable for dividend
  - > Shareholder approval 3 December 2009 (General assembly)
  - > Anticipated ex-date 7 December 2009
  - > Payment date 10 December 2009

# Food Group Income Statement



in Euro `000	July 2009	Proforma July 2008 <sup>3</sup>	%
Group revenue	1,712,754	1,635,362	4.7
Group operating profit <sup>1</sup>	204,707	174,091	17.6
Operating margin	12.0%	10.6%	
Share of JV <sup>2</sup>	13,808	15,203	
Operating profit incl. JV <sup>1</sup>	218,515	189,294	15.4
Financing costs, net	(33,299)	(29,874)	
Pre tax profits <sup>1</sup>	185,216	159,420	
Income tax <sup>1</sup>	(32,845)	(30,933)	
Minority interest	(3,035)	(1,813)	
Underlying net profit	149,336	126,674	18.0

1 Before impact of intangible amortisation, non-recurring items and related tax credits.

2 Share of profits of joint venture is presented above after interest and tax.

3 Prepared on a proforma basis including Hiestand Holding AG in prior year comparative as disclosed, in the ARYZTA Results Announcement published in September 2008.

# Food Group Cash Generation

in Euro `000	July 2009
EBIT	161,724
Amortisation	42,983
EBITA	204,707
Depreciation	54,628
EBITDA	259,335
Working capital movement	24,675
Dividends received	18,830
Ongoing capital expenditure	(15,047)
Interest & tax	(53,562)
Other	2,126
<b>Cash flow generated from activities</b>	<b>236,357</b>
Underlying net profit <sup>1</sup>	149,336
Depreciation	54,628
	203,964
<b>Net underlying cash earnings conversion %</b>	<b>115.9%</b>

<sup>1</sup> Underlying net profit before impact of non-recurring items and amortisation.



# Food Group Net Debt and Investment Activity



in Euro `000

	Food Group
Food Group proforma opening net debt as at 31 July 2008	<b>(552,562)</b>
Cash flow generated from activities	236,357
Investment capital expenditure	(63,006)
Deferred consideration and acquisition costs	(76,497)
Foreign exchange movement	(42,203) <sup>2</sup>
Other	(7,593)
<b>Food Group closing net debt 31 July 2009</b>	<b>(505,504)</b>
Net debt to EBITDA	1.77x <sup>1</sup>

1 Food Group net debt to EBITDA ratio based on bank covenant definition. EBITDA includes proforma contribution from the Canadian JV and the French acquisition during the year. It also is adjusted for the non cash share based payments charge.

2 Foreign exchange movement is primarily attributable to the fluctuation in the US Dollar between July 2008 (1.5729) and July 2009 (1.4252).

- Origin debt facilities are standalone and non-recourse to ARYZTA AG
- ARYZTA AG – excellent committed banking facilities totalling EUR 1.16bn
- EUR 795m revolving credit facility – matures 20 June 2013
- USD 450m private placement – matures between 13 June 2014 – 13 June 2019
- Revolving facilities c. 23.9% net drawn down at 31 July 2009
- Banking covenants as follows:

	Covenants	FY09 Actual
Net debt: EBITDA (not greater than)	<b>3.5</b> times	<b>1.77</b> times
Interest cover (not less than)	<b>4.0</b> times	<b>8.55</b> times

# Maturity Profile of Food Group Net Debt

in Euro `000

July 09

Cash	(204,586)
Within 1 year	15,663
Between 1 and 2 years	848
Between 2 and 5 years	483,083
Greater than 5 years	210,497
<b>Total net debt</b>	<b>505,504</b>
Weighted average debt maturity in years	5.35 yrs

# Return on Investment

in Euro million	Food Europe <sup>1</sup>	Food N. America	Total Food Group <sup>5</sup>	Origin	Total
<b>2009</b>					
Group share net assets <sup>2</sup>	1,344	638	1,986	382	2,368
EBITA & JVs/associates cont. <sup>4</sup>	135	81	219	79	298
ROI	10.0%	12.7%	11.0%	20.7%	12.6%
<b>2008</b>					
Group share net assets	1,222	592	1,815	366	2,181
EBITA & JVs/associates cont. <sup>4</sup>	119	67	189	73	262
ROI	9.7%	11.3%	10.4%	20.0%	12.0%

1 Food Europe and Developing Markets 2008 net assets and operating profit presented on a proforma basis including Hiestand Holding AG intangibles and net assets as disclosed in the ARYZTA Results Announcement published in September 2008.

2 Net assets exclude all bank debt, cash, cash equivalents and tax related balances. Details of this calculation for Food Group and Origin net assets are set out as part of ARYZTA AG's News Release.

3 Food Group net assets includes previously written off goodwill of EUR 51.8 million. Origin net assets includes previously written off goodwill of EUR 59.4 million.

4 Earnings before interest tax and amortisation (EBITA) is presented before the impact of non-recurring items. The contribution from associates and JVs is net profit (i.e. presented after interest and tax).

5 Total Food Group includes the net assets and EBITA for Food Developing Markets which are not separately shown.

6 The Group WACC is currently 7.6%.

# ARYZTA AG **Business Review**

- Q1 – Global financial crisis
- Recession spread and deepened throughout the year
- Substantial financial stimulus
- Credit severely restricted
- Reduced consumer spending
- Banking crisis became consumer crisis

- Reduced spending + restricted credit
- Increased credit risk



- Impact on customers:
  - > Reducing costs
  - > Reducing investment
  - > Delaying decisions

- Bakery everyday food
- Basic and sustainable
- Indulgent and affordable
- Challenge to deliver everyday consumer experience
- Consistent high quality baked goods
- Consistent availability through dayparts



- Revenue growth declined each quarter
- Ireland and UK most impacted
  - > Reduced cost base
  - > Grange castle enhanced efficiency
- Continental Europe proved resilient
  - > Expanding channel penetration
  - > Utilising logistics capability
- Unlocked merger benefits

- Revenue growth declined each quarter
- Consumer seeking value – conserving \$
- Most channels show declining revenues
- Consumer slowdown continuing
- La Brea Bakery proved resilient
- Otis Spunkmeyer growth driver

- Satisfactory performance in volatile market
- 6.0% underlying earnings growth
- Masstock well positioned – real growth driver
- Marine proteins in strategic joint venture
- Investment properties written down
- Facing challenges in 2010
  - > Irish farming impacted by volatility and reduced credit
  - > Dairy particularly impacted
- Long-term outlook, excellent

- Well invested bakeries
- Passionate motivated people
- Customer partnership model
- Food business is defensive
- Bakery is a value proposition for customers without compromise
- Investing in process – ARYZTA Technology Initiative (ATI)
  - > Response time
  - > Shorter pipeline/lead time
  - > Efficiency – reduced cost to serve

- Efficient and well invested business model
- Cash remains a priority over revenue
- Customers and consumers in survival mode
- September 2008; did not predict severity of recession
- September 2009; cannot predict recovery
- Double digit revenue growth to declining revenue growth (12 months)
- 2010 starting weaker than 2009
- Consensus estimate\* for 2010 underlying EPS appears reasonable

\* See Slide 48 for 2010 mean underlying EPS consensus estimate

# ARYZTA AG

## **Appendix 1 – Origin Financials**

# Origin Income Statement

in Euro `000	July 2009	July 2008	%
Group revenue <sup>1</sup>	1,499,516	1,498,839	0.1
Group operating profit <sup>2</sup>	75,702	70,926	6.7
Operating margin <sup>3</sup>	5.0%	4.7%	
Share of associates and JV <sup>4</sup>	3,717	2,252	
Operating profit incl. associates and JV <sup>2</sup>	79,419	73,178	8.5
Financing costs, net	(17,353)	(14,572)	
Pre tax profits <sup>2</sup>	62,066	58,606	
Income tax <sup>2</sup>	(12,240)	(11,974)	
Minority interest	(134)	239	
Underlying net profit	49,692	46,871	6.0
Adjusted fully diluted EPS (cent)	36.16c	34.05c	6.2

1 Origin revenue is presented after deducting intra group sales between Origin and Food Group.

2 Before impact of intangible amortisation, non-recurring items and related tax credits.

3 Origin operating margin based on full revenue including intra-group sales between Origin and Food Group.

4 Associate & JV profit net of tax and interest.

# Origin Underlying Net Profit Reconciliation



in Euro `000	July 2009
Reported net (loss)	(56,825)
Amortisation of intangible assets	3,294
Tax on amortisation	(380)
Property write down	134,543
Tax on write down	(30,940)
<b>Underlying net profit</b>	<b>49,692</b>
<b>Underlying fully diluted EPS<sup>1</sup></b>	<b>36.16</b>

<sup>1</sup> The share denominator for the year ended 31 July 2009 is 137,417,000.



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**Appendix 2 – Other Financial Information**

# ARYZTA AG Underlying Net Profit Reconciliation



in Euro `000	July 2009
Reported net profit	54,010
Amortisation of intangible assets	46,277
Tax on amortisation	(11,180)
Property write down	134,543
Tax on property write down	(30,940)
Minority interest impact of property write down	(29,609)
Merger costs	22,738
Tax on merger costs	(218)
Other non-recurring items net of tax	–
<b>Underlying net profit</b>	<b>185,621</b>
Dilutive impact of Origin management incentives	(1,073)
<b>Underlying fully diluted</b>	<b>184,548</b>
<b>Underlying fully diluted EPS<sup>1</sup></b>	<b>234.7</b>

1 The share denominator for the year ended 31 July 2009 is 78,626,718, as set out in the 31 July 2009 News Release.

# Food Group underlying Net Profit Reconciliation



in Euro `000	July 2009
Reported net profit	94,633
Amortisation of intangible assets	42,983
Tax on amortisation	(10,800)
Merger costs	22,738
Tax on merger costs	(218)
<b>Underlying net profit</b>	<b>149,336</b>

# ARYZTA AG Balance Sheet



in Euro `000	As at July 2009
Property, plant and equipment	664,532
Investment properties	62,975
Goodwill and intangible assets	1,498,430
Associates and joint ventures	139,351
Working capital	(14,871)
Other segmental liabilities	(93,592)
Segmental net assets	2,256,825
Net debt	(659,256)
Deferred tax, net	(176,474)
Income tax	(40,650)
Derivative financial instruments	(12,477)
<b>Net assets</b>	<b>1,367,968</b>

# Food Group Balance Sheet

in Euro `000	As at July 2009
Property, plant and equipment	577,772
Investment properties	3,761
Goodwill and intangible assets	1,382,431
Joint venture	55,720
Working capital	(28,744)
Other segmental liabilities	(55,544)
Segmental net assets	1,935,396
Net debt	(505,504)
Deferred tax, net	(162,355)
Income tax	(38,116)
Derivative financial instruments	(5,432)
<b>Net assets</b>	<b>1,223,989</b>

# FX Rates



	July 09	July 08	%
<b>Closing Rates</b>			
Sterling	0.8545	0.7911	(8.0)
US Dollar	1.4252	1.5729	9.4
Swiss Franc	1.5247	1.6247	6.2
Canadian Dollar	1.5372	1.5946	3.6
<b>Average Rates</b>			
Sterling	0.8615	0.7435	(15.9)
US Dollar	1.3643	1.4855	8.2
Swiss Franc	1.5310	1.6276	5.9
Canadian Dollar	1.5932	1.4962	(6.5)

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**Appendix 3 – Analysts' Consensus**

# ARYZTA FY 2010 Consensus Estimates\*

## September 2009



in Euro `000

mean

### Based on 14 analysts

EBITA including associates & JVs	285,202
Underlying fully diluted net profit	180,134
Underlying EPS (cent)	224.6

### Based on 6 analysts

Food Group Net Debt	(400,825)
Origin Net Debt	(109,977)

1 Net profit & EPS presented before impact of amortisation and non-recurring items.

2 EBITA presented before impact of non-recurring items.

3 Associates and JVs presented after interest and tax.

\* These estimates were collated by Temple Bar Advisory (TBA), an investor relations consultancy firm. Contributions were received from Berenberg, Credit Suisse, Davy, Goldman Sachs, Goodbody, Helvea, Kepler, Mainfirst, Merrion, NCB, Oppenheim, UBS, Vontobel and ZKB between September 14 – 21 2009. Neither TBA nor ARYZTA AG warrant the accuracy or completeness of these forecasts.



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**Thank you!**

## **Investor Meeting Requests** **[investorrelations@aryzta.com](mailto:investorrelations@aryzta.com)**

\*All enquiries regarding investor meeting requests should be sent by email.

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