



ARYZTA AG

# Q3 Trading Update FY 2010 and Acquisitions Announcement

8 June 2010

# 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.

- About ARYZTA
- Q3 Trading Update
- Financing
- New Acquisitions
  - > What are we buying?
  - > How much will it cost?
  - > What are we getting for our money?
- ARYZTA Positioning
- Summary
- Outlook

- Zurich based Swiss AG
  - > Operations in Europe, North America, South East Asia and Australia – pre-acquisitions
- 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 ESM in Dublin (ESM; OIZ)

### ARYZTA AG

Shareholder 71.4%


#### Food Europe

-  – Coup de Pates
-  – Cuisine de France
-  – Delice de France
-  – Hiestand

#### Food North America

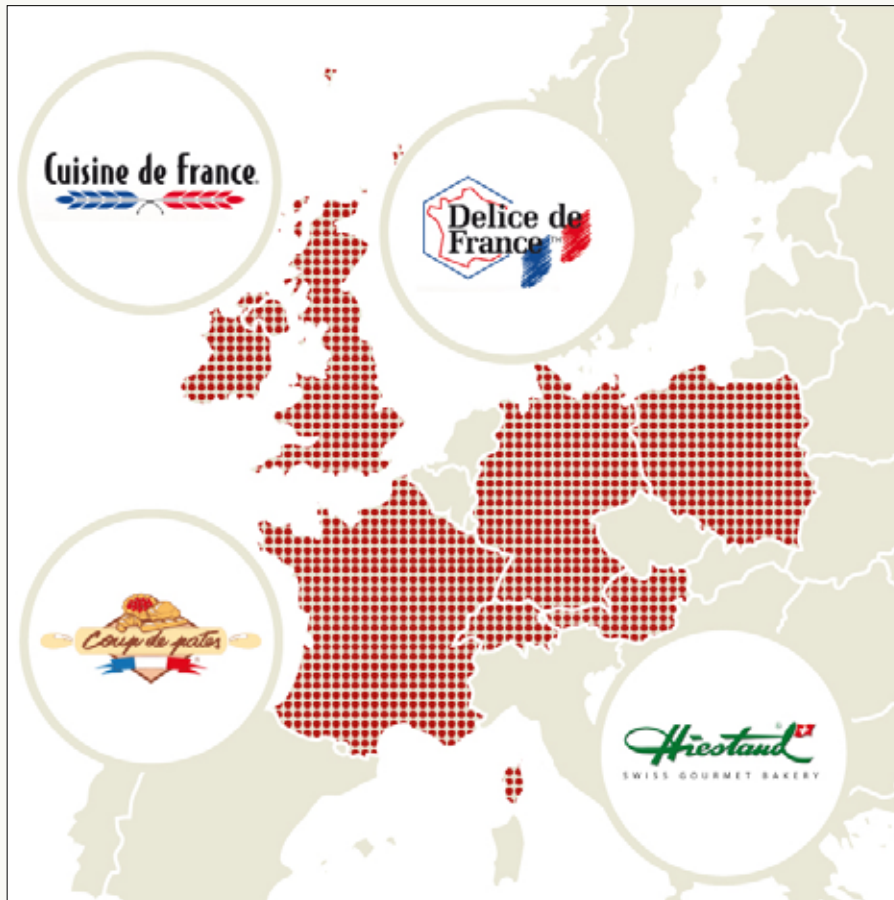
-  – La Brea Bakery
-  – Otis Spunkmeyer

#### Food Developing Markets

-  – Hiestand

#### Origin

-  – Origin



## 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.

\*pre-aquisitions



## 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.

\*pre-aquisitions



## Food Developing Markets\*

ARYZTA has embryonic businesses in Japan, Malaysia and Australia. This gives ARYZTA an excellent opportunity to understand the customer diversity and opportunity in this vast market.

\*pre-aquisitions





## Origin

ARYZTA AG is the majority shareholder (71.4%) in Origin Enterprises plc, which has a listing on the AIM in London and the ESM in Dublin (AIM:OGN,ESM: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.

Announcing two strategic acquisitions of the following bakery businesses:

- Fresh Start Bakeries (incorporating Pennant Foods and Sweet Life)
  - > Fresh Start Bakeries was signed yesterday evening 7 June, to close within 30 days (subject only to anti-trust clearance)
- Great Kitchens
  - > Great Kitchens signed and closed yesterday evening 7 June
- Milestone acquisitions to deliver on ARYZTA objectives

# Q3 Trading Update

## Financial Impact of Acquisitions

## Financing

# H1 Recap

## ARYZTA AG Income Statement – H1 2010



in Euro `000	January 2010	January 2009	%
Group revenue	1,394,053	1,571,169	(11.3)%
Group operating profit <sup>1</sup>	114,013	126,450	(9.8)%
Share of associates and JVs <sup>2</sup>	13,635	7,837	
Operating profit incl. associates and JVs <sup>1</sup>	127,648	134,287	(4.9)%
Finance cost, net	(23,723)	(24,405)	
Pre-tax profits <sup>1</sup>	103,925	109,882	
Income tax <sup>1</sup>	(16,965)	(19,675)	
Minority interest <sup>3</sup>	(4,430)	(6,233)	
Underlying fully diluted net profit	82,530	83,974	(1.7)%
Underlying fully diluted EPS (cent)	104.5c <sup>4</sup>	107.7c <sup>4</sup>	(3.0)%

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.

4 January 2010 underlying fully diluted EPS calculated using weighted average number of shares in issue of 78,946,101 (January 2009: 77,999,274).

# H1 Recap

## ARYZTA AG – Underlying Revenue Growth H1 2010



in Euro million	Food Europe	Food N. America	Food Developing Markets	Total Food Group	Origin <sup>3</sup>	Total
Group revenue	533.6	254.7	12.6	800.9	593.1	1,394.0
Underlying growth	(10.1)%	(2.7)%	3.4%	(7.6)%	(11.9)%	(9.5)%
Acquisitions and disposals	3.4% <sup>1</sup>	–	–	2.3%	(0.8)% <sup>4</sup>	0.9%
Transfers within segments	(0.2)% <sup>2</sup>	–	18.2% <sup>2</sup>	–	–	–
Currency	(0.8)%	(5.2)%	4.7%	(2.1)%	(3.3)%	(2.7)%
<b>Revenue Growth</b>	<b>(7.7)%</b>	<b>(7.9)%</b>	<b>26.3%</b>	<b>(7.4)%</b>	<b>(16.0)%</b>	<b>(11.3)%</b>

1 Reflects the contribution of French bolt on acquisition in February 2009 not included in the prior year comparative.

2 Reflects the transfer of business activity from Food Europe to Food Developing Markets due to operational change.

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

4 In the case of Origin this reflects the impact of the disposal of its marine protein and oils business in February 2009 which is now included in the share of profit from associates & JV line. It also reflects the contribution from the acquisitions of CSC Crop Protection Ltd. and GB Seeds Ltd. which are not included in the prior year comparative.

# Q3 Trading Update

## ARYZTA AG – Underlying Revenue Growth for 9 Months ended 30 April 2010



in Euro million	Food Europe	Food N. America	Food Developing Markets	Total Food Group	Origin <sup>3</sup>	Total
Group revenue	794.4	390.3	20.4	1,205.1	1,011.8	2,216.9
Underlying growth	(8.6)%	(3.7)%	10.7%	(6.7)%	(10.2)%	(8.4)%
Acquisitions and disposals	2.5% <sup>1</sup>	–	–	1.7%	0.2% <sup>4</sup>	1.0%
Transfers within segments	(0.2)% <sup>2</sup>	–	17.8% <sup>2</sup>	–	–	–
Currency	(0.1)%	(4.7)%	6.1%	(1.6)%	(1.5)%	(1.5)%
<b>Revenue Growth</b>	<b>(6.4)%</b>	<b>(8.4)%</b>	<b>34.6%</b>	<b>(6.6)%</b>	<b>(11.5)%</b>	<b>(8.9)%</b>

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# Q3 Trading Update

## ARYZTA AG – Q3 FY 2010 Results 13 Weeks ended 30 April 2010



in Euro million	Food Europe	Food N. America	Food Developing Markets	Total Food Group	Origin <sup>2</sup>	Total
Group revenue	260.8	135.6	7.8	404.2	418.7	822.9
Underlying Growth	(4.6)%	(5.4)%	24.8%	(4.6)%	(7.6)%	(6.1)%
Acquisitions and disposals	–	–	–	–	1.8% <sup>3</sup>	1.0%
Transfers within segments	(0.3)% <sup>1</sup>	–	17.2% <sup>1</sup>	–	–	–
Currency	1.3%	(3.9)%	8.7%	(0.4)%	1.5%	0.5%
<b>Revenue Growth</b>	<b>(3.6)%</b>	<b>(9.3)%</b>	<b>50.7%</b>	<b>(5.0)%</b>	<b>(4.3)%</b>	<b>(4.6)%</b>

1 Reflects the transfer of business activity from Food Europe to Food Developing Markets due to operational change.

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3 In the case of Origin this reflects the impact of the disposal of its marine protein and oils business in February 2009 which is now included in the share of profit from associates & JV line. It also reflects the contribution from the acquisitions of CSC Crop Protection Ltd. and GB Seeds Ltd. which are not included in the prior year comparative.

- Underlying revenue decline 8.6% YTD / decline of 4.6% in Q3
- UK and Ireland
  - > Economic conditions remain challenging
  - > Supporting customers to reposition food service within c-stores
  - > Value proposition with freshly prepared convenience offerings drives footfall
- Continental Europe
  - > Continued investment in new field sales staff
  - > Growth in new customers offsetting declines in existing customers



- Underlying revenue decline 3.7% YTD / decline of 5.4% in Q3
- Revenue decline off high comparator in 2009
- Economic conditions remain weak for consumers
- Value proposition is driving consumer footfall
- Implementation of SAP ERP in Otis Spunkmeyer progressing to plan and initiative now extended to La Brea Bakery

# Q3 Trading Update

## Origin



- Releasing Q3 Trading Update at 07.00 GMT this morning available on [www.originenterprises.com](http://www.originenterprises.com)
- Performing to expectation
- Agri input volumes ahead of the corresponding period last year
- On track to deliver consensus estimates

# 2010 Financial Outlook

- Improved year end outlook
- EPS growth for 31 July 2010
- Improved performance driven by:
  - > Underlying business
  - > Transaction impacts
  - > Foreign exchange

# Q3 Trading Update

## Food Group Recent Funding



- Syndicated bank loan of CHF 600 million maturing in December 2014
  - > Credit Suisse and Zürcher Kantonalbank (ZKB) acted together with Bank of America, BNP Paribas, Rabobank and UBS as mandated lead arrangers
  - > Ten Swiss Cantonal banks also participated in the syndicated bank facility\*
- Private placement funding of USD 420 million and EUR 25 million
  - > average maturity 9.2 years
- These funding initiatives replace previous banking facility due to expire in June 2013
- Operating flexibility achieved from replacing previous banking facility

\* Canton banks – Aargauische Kantonalbank, Banque Cantonale Vaudoise, Bank Coop AG, Basler Kantonalbank, Basellandschaftliche Kantonalbank, Schaffhauser Kantonalbank, Luzerner Kantonalbank AG, Raiffeisen Schweiz Genossenschaft, Banca dello Stato del Cantone Ticino, Thurgauer Kantonalbank

# Q3 Trading Update

## Food Group Financing Facilities



Description	Principal <sup>1</sup>	Maturity <sup>2</sup>
May 2010 – Syndicated Bank Loan	CHF 600m	Dec 2014
May 2010 – US Private Placement	USD 420m/EUR 25m	May 2013–May 2022
Dec 2009 – US Private Placement	USD 200m	Dec 2021–Dec 2029
Nov 2009 – Swiss Bond	CHF 200m	March 2015
Jun 2007 – US Private Placement	USD 450m	June 2014–June 2019

1 Average Interest cost c. 4.6%

2 Current weighted average maturity c. 8 years

### Key Covenant

Net debt: EBITDA (not greater than)	<b>3.5 times</b>
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- Origin debt facilities are standalone and non-recourse to ARYZTA AG

# H1 Recap

## Food Group Net Debt and Investment Activity – H1 2010



in Euro `000

	Food Group
Food Group opening net debt as at 31 July 2009	<b>(505,504)</b>
Cash flow generated from activities	91,375
Investment capital expenditure	(22,591)
Dividends paid	(30,603)
Deferred consideration and acquisition costs	(2,128)
Foreign exchange movement <sup>1</sup>	(16,727)
Other	(1,679)
<b>Food Group closing net debt 31 January 2010</b>	<b>(487,857)</b>
Net debt to EBITDA <sup>2</sup>	1.69x

1 Foreign exchange movement is primarily attributable to the fluctuation in the US Dollar to Euro rate between July 2009 (1.4252) and January 2010 (1.3985) on the US\$ 650m private placement.

2 Food Group net debt to EBITDA ratio based on bank covenant definition. EBITDA includes contribution from the Canadian JV. It also is adjusted for the non-cash share based payments charge.

## Consideration of USD 1.08bn

- Fresh Start Bakeries
  - > USD 760m debt financed
  - > USD 140m equity financed
- Great Kitchens
  - > USD 180m debt financed

# Acquisitions

## Financial Overview



- Revenue acquired of USD 1.03bn\*
- Average EBITDA margin acquired c. 13%
- EBITDA acquired of USD 133m\*
- Both acquisitions have a track record of organic growth
- Average EBITDA multiple paid 8.1x
- Incremental financing cost on acquisitions of c. 3.4%
- Incremental tax cost on acquisitions of c. 16%–18%

\* Based on proforma TTM to May 2010



# Acquisitions

## Financial Overview



- 12 month EPS accretion in excess of c. 45 cents (c. 20% uplift)
- Maintenance Capex required c. USD 25m
- Depreciation charge c. USD 25m
- ROI\* on acquisition c. 10%
- Transaction costs c. 1.5% of consideration
  - > Once-off expense to the Income Statement in July 2010 under new accounting rules (IFRS 3 Revised)

\* ROI calculation based on EBITA before the impact of non-recurring items and including contribution from associates and JVs (after interest and tax), as a percentage of net assets (excluding all bank debt, cash, cash equivalents and tax related balances).

# Acquisitions

## Financing of Acquisitions



- Financed through existing bank facilities, cash raised from debt capital markets, cash on hand and ARYZTA shares
- Forecasted Net Debt: EBITDA in July 2010 c. 3x
- Underlying Net Debt: EBITDA in July 2010 excluding currency headwind c. 2.80x
- Intend to maintain investment grade position
- Optimal leverage of 2x–3x Net Debt: EBITDA supported by strong cash flow generation
- Acquisitions increase defensive characteristics of business

# ARYZTA Repositioned

- Geographic expansion in Europe
- Product expansion in North America
- Increase channel access into retail and QSR
- Build capabilities in developing markets

- Transactions targeted by ARYZTA – off-market
- Excellent track record and reputation
- Well positioned in defensive channels
- Focused experienced executive leaders
- Well invested and highly cash generative

→ *"Great Strategic Fit"*

# Acquisitions

## Business Profile of Acquisitions



Fresh Start Bakeries (incorporating Pennant Foods and Sweet Life) is a global supplier of speciality bakery products with a leading position in the Quick Service Restaurant (QSR) segment.



Pennant Foods is a leading provider of speciality bakery products and solutions to the North American QSR, foodservice and retail in-store-bakery channels.



Sweet Life is a leading innovator and manufacturer of sweet baked goods servicing the North American and Asian QSR channel.



Great Kitchens is a leading supplier of pizza and appetisers with a focus on the deli segment of the North American retail grocery channel.

# Acquisitions

## World Class Bakery Products

Bread and Rolls



Pizza and  
Appetizers

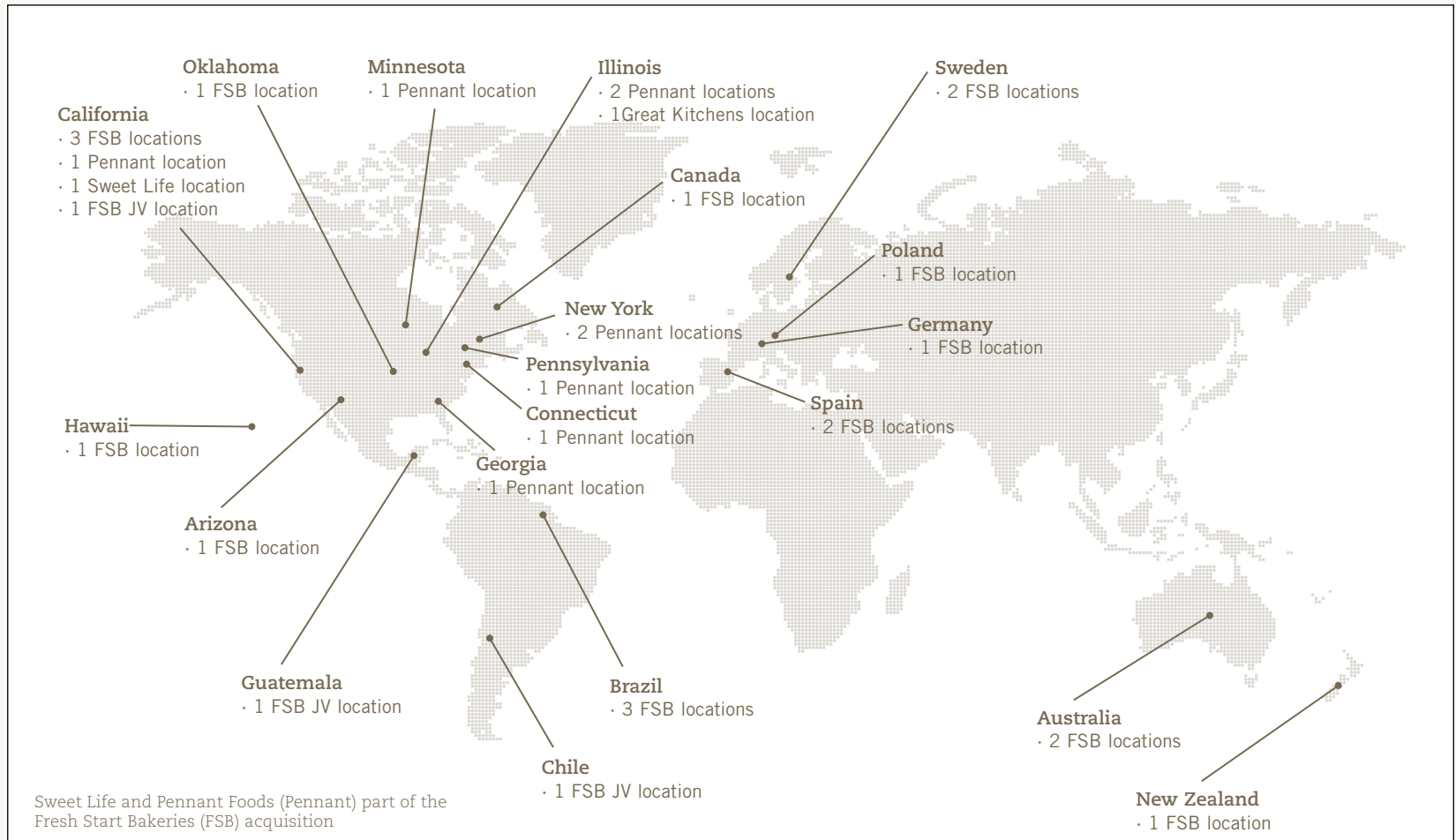


Sweet Baked  
Goods



# Acquisitions

## Acquisition of 30 Speciality Bakeries in 9 Countries\*



\* wholly owned manufacturing locations excluding JV locations



# Acquisitions

## Corporate Structure ARYZTA AG post-Acquisitions

### ARYZTA AG

Shareholder 71.4%



#### Food Europe

-  – Coup de Pates
-  – Cuisine de France
-  – Delice de France
-  – Hiestand
-  – Fresh Start Bakeries

#### Food North America

-  – La Brea Bakery
-  – Otis Spunkmeyer
-  – Fresh Start Bakeries
-  – Pennant
-  – Sweet Life
-  – Great Kitchens

#### Food Rest of World

-  – Hiestand
-  – Fresh Start Bakeries

#### Origin

-  – Origin

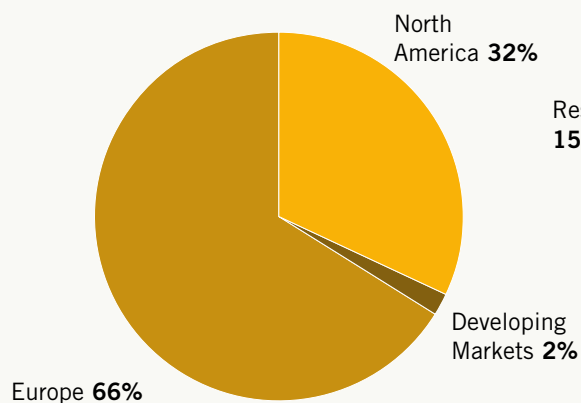
# Acquisitions

## Segmental Revenue Analysis

### Expanded global reach in speciality bakery

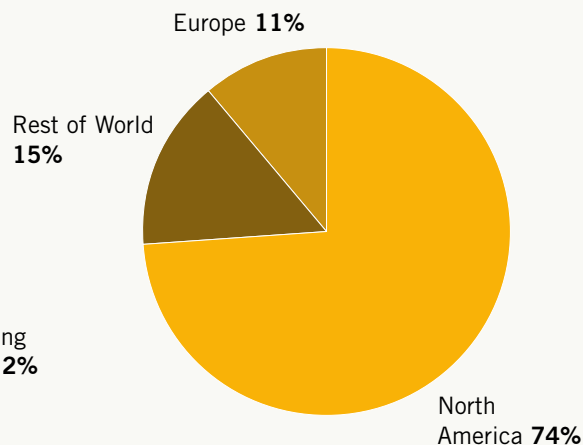
#### Pre-acquisition

EUR 1.6 Bn



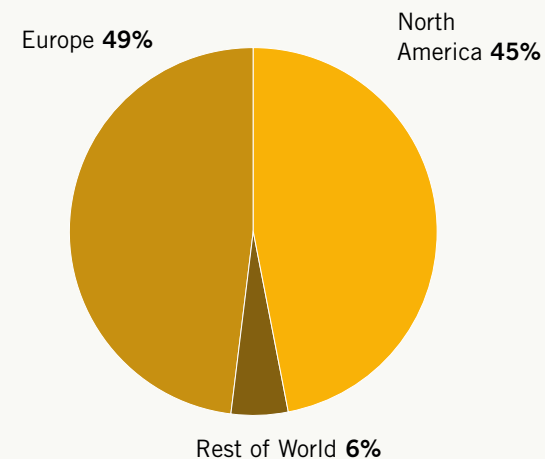
#### Acquisition

EUR 0.8 Bn



#### Post-acquisition\*

EUR 2.4 Bn



\* Acquisition pro forma TTM revenue excluding JVs to May 2010 (translated at USD-EUR rate of 1.41, based on average TTM to April 2010, as Food Group revenue is included above for TTM April 2010).

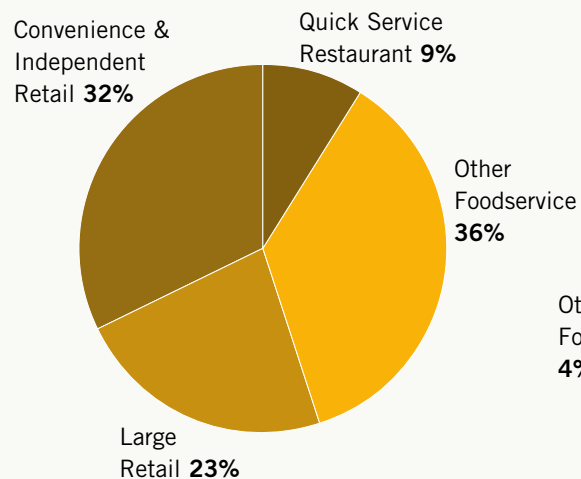
# Acquisitions

## Further Customer Channel Diversification

### Increasingly diversified customer mix in speciality bakery

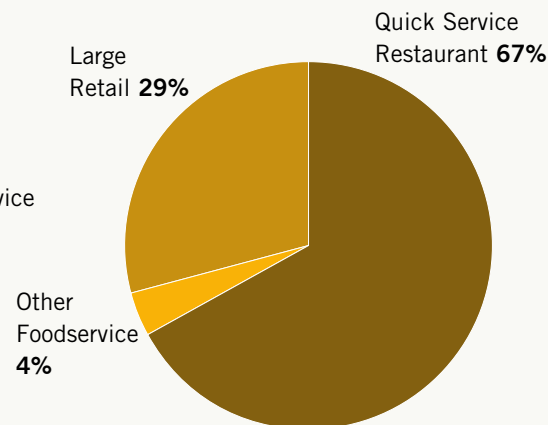
#### Pre-acquisition

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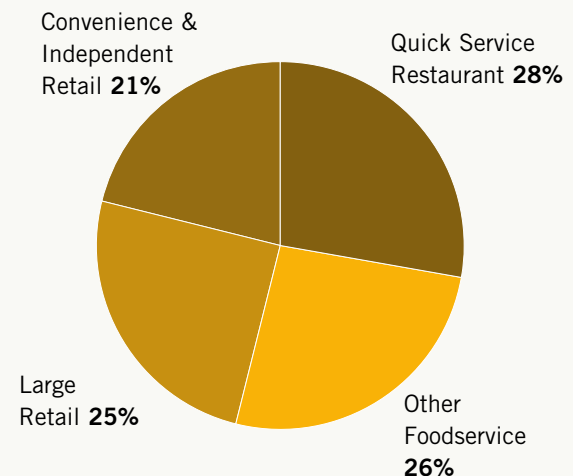
#### Acquisition

EUR 0.8 Bn



#### Post-acquisition\*

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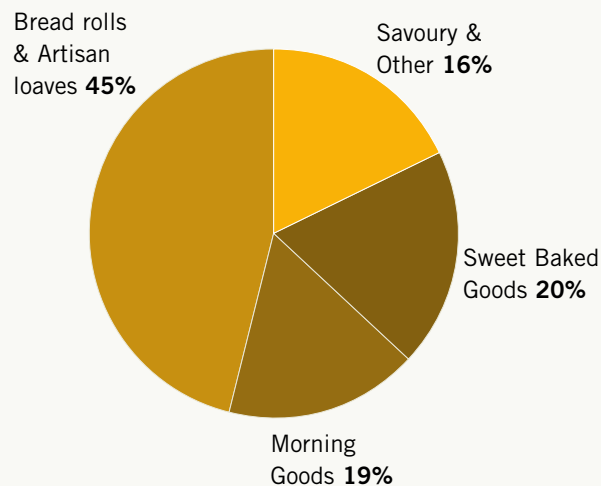
# Acquisitions

## Increased Product Capability

### Continued focus on speciality bakery

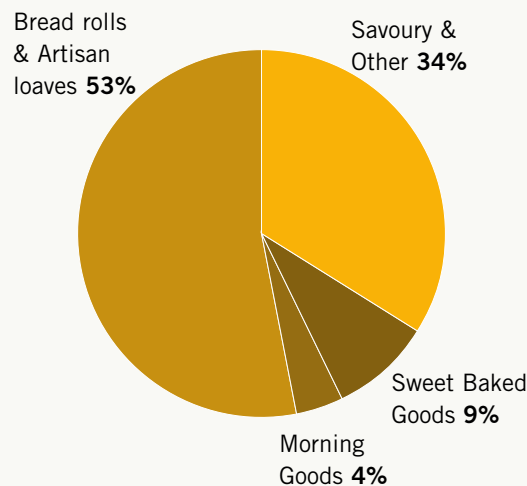
#### Pre-acquisition

EUR 1.6 Bn



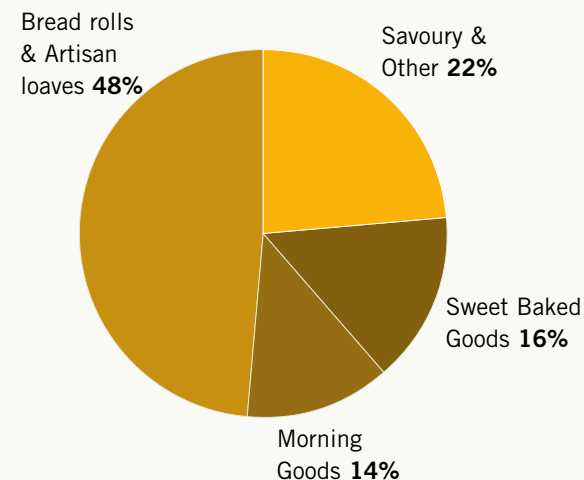
#### Acquisition

EUR 0.8 Bn



#### Post-acquisition\*

EUR 2.4 Bn



\* Acquisition pro forma TTM revenue excluding JVs to May 2010 (translated at USD-EUR rate of 1.41, based on average TTM to April 2010, as Food Group revenue is included above for TTM April 2010).

# ARYZTA Positioning

ARYZTA benefiting from long-term food industry trends




## ARYZTA is benefiting from three long-term trends

Declining in-home food preparation

Shortage of skilled labor

Increasing demand for consistent quality at moderate costs

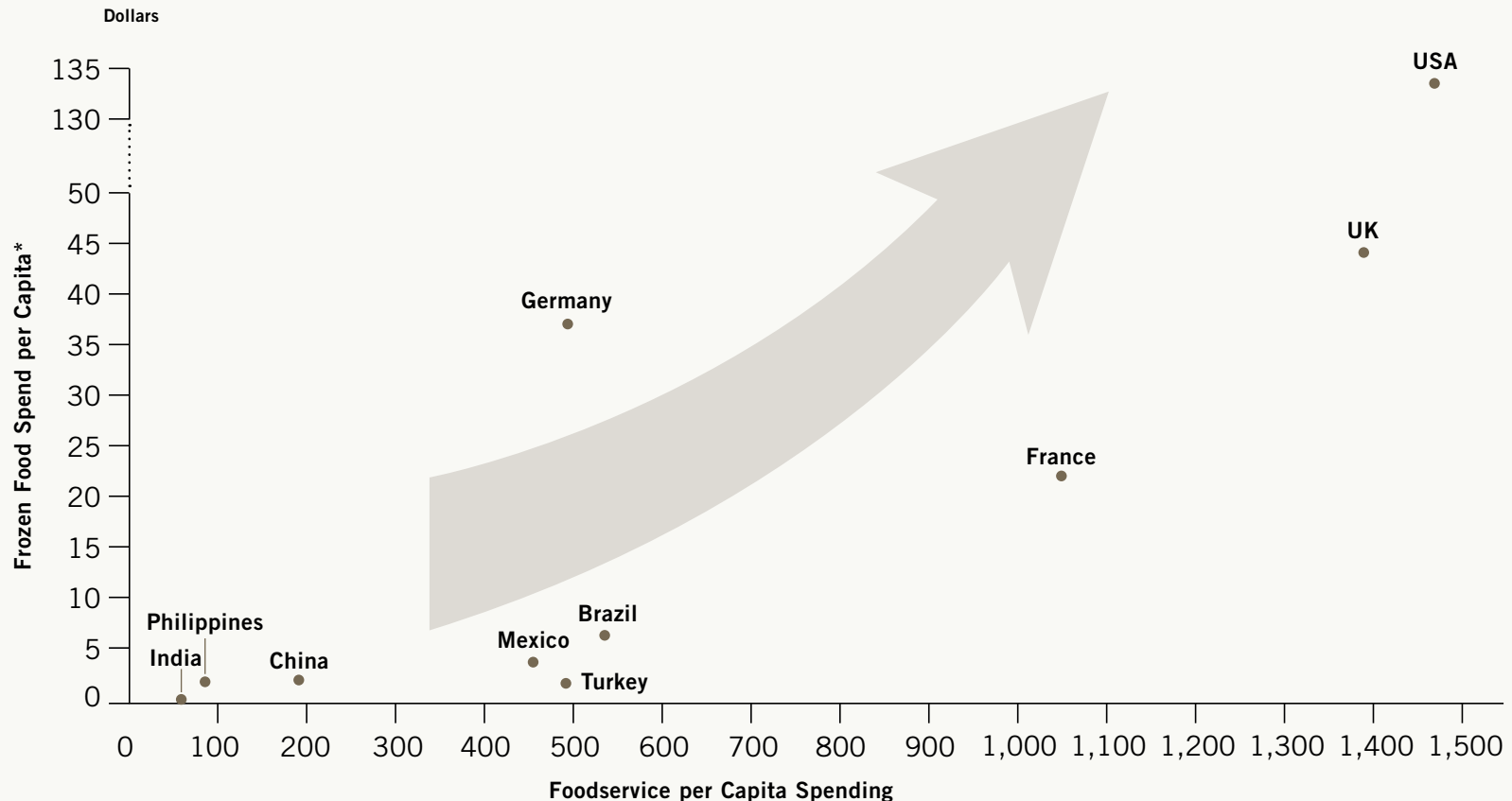
- 
- Shift from ambient to frozen foods
  - Increased food away from home
  - QSR's gaining share

# ARYZTA Positioning

As markets evolve, consumers spend more at foodservice establishments and increase consumption of frozen products



## Markets Evolution, Foodservice and Frozen Foods Spend per Capita



\* Excluding spend on ice cream products

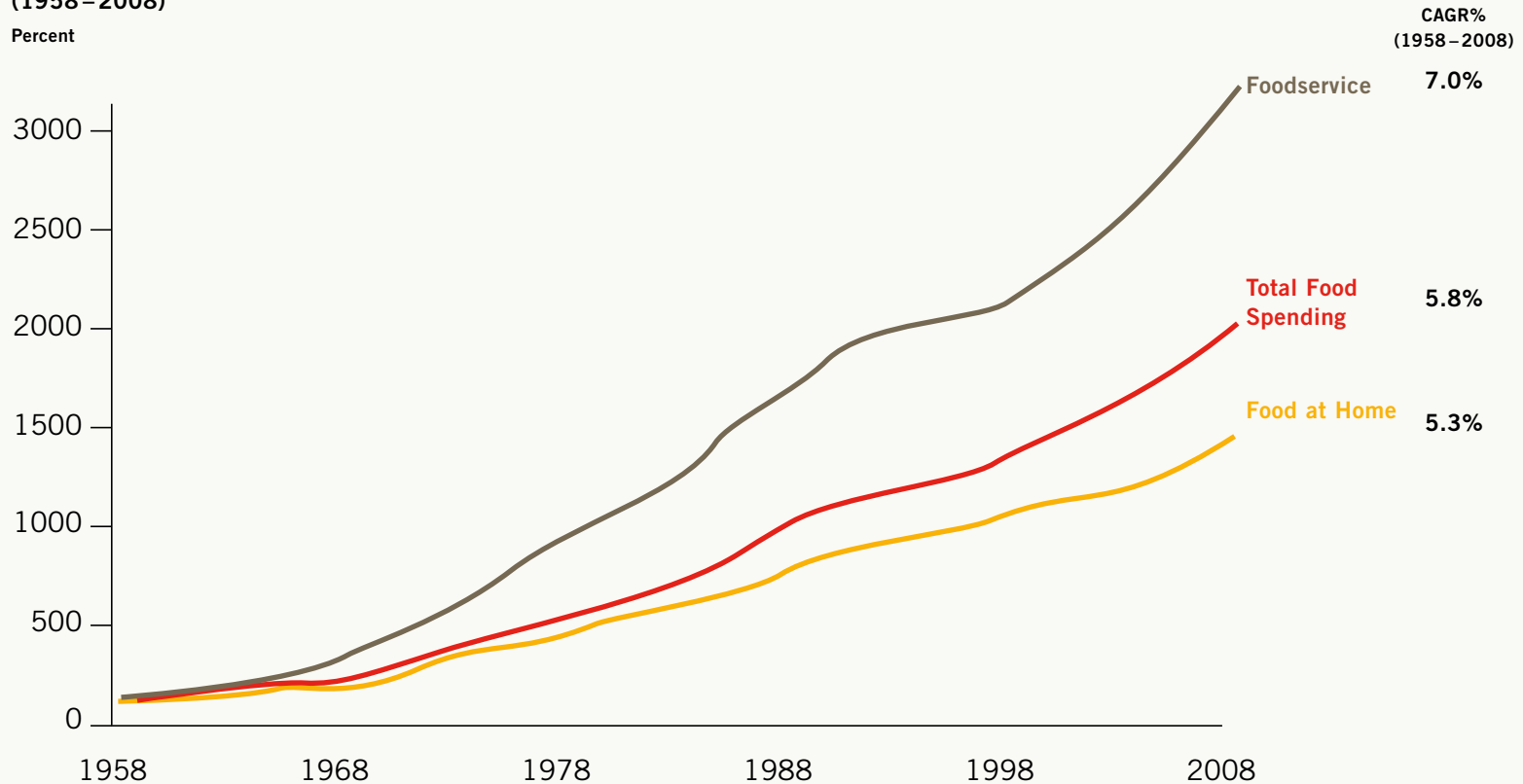
Source: EuroMonitor, World Bank, L.E.K. Consulting analysis

# ARYZTA Positioning

Spending on food away from home has consistently grown 1–2% faster than spending on food at home



Food Spending Over Time  
Indexed to 1958 Spending  
(1958–2008)



Source: Bureau of Economic Analysis, L.E.K. Consulting analysis

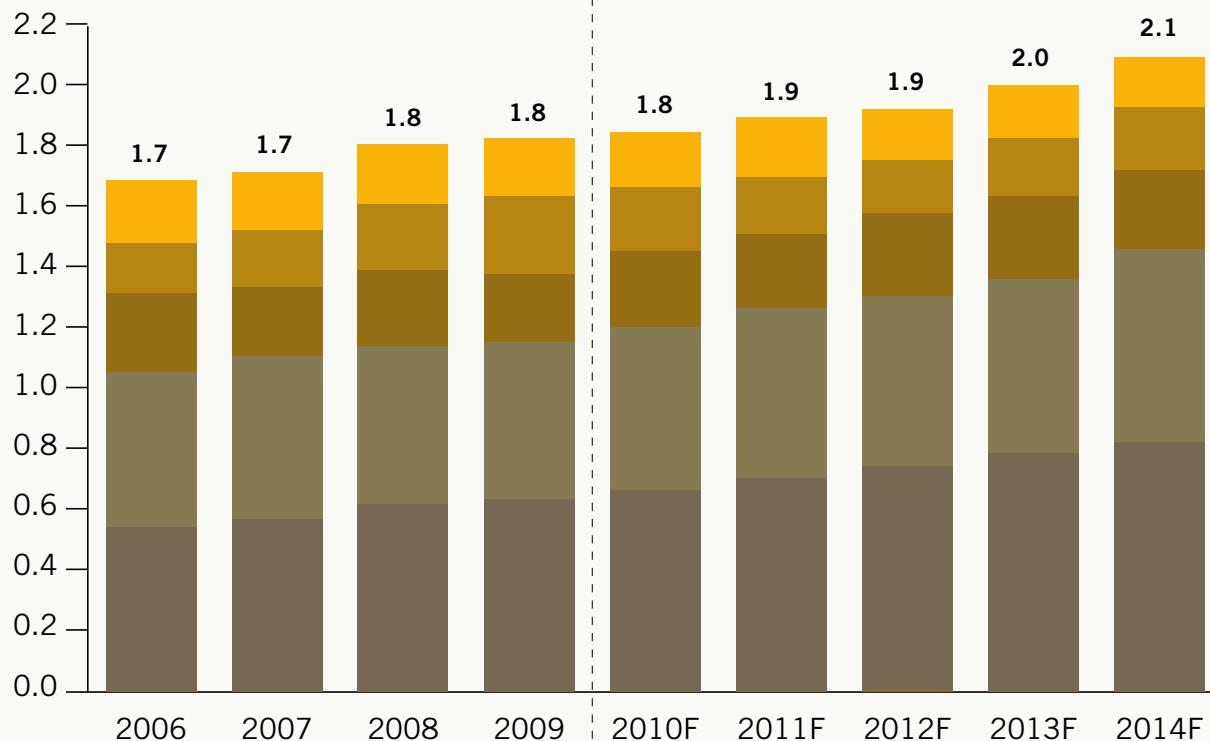
# ARYZTA Positioning

QSR's are growing 1–2% faster than other foodservice outlets



Total WW Foodservice sales by segment (2006–2014F)

Trillions of Dollars



	CAGR% (2006–2009)	CAGR% (2009–2014F)
Total	2.1	3.3
Other	1.2	2.6
Managed food services	2.2	2.0
Hotel-attached	2.2	2.9
Full service restaurants	0.4	3.2
Quick service restaurants	4.0	4.3

Source: Global Industry Analysts, Inc (GIA), L.E.K. Consulting analysis



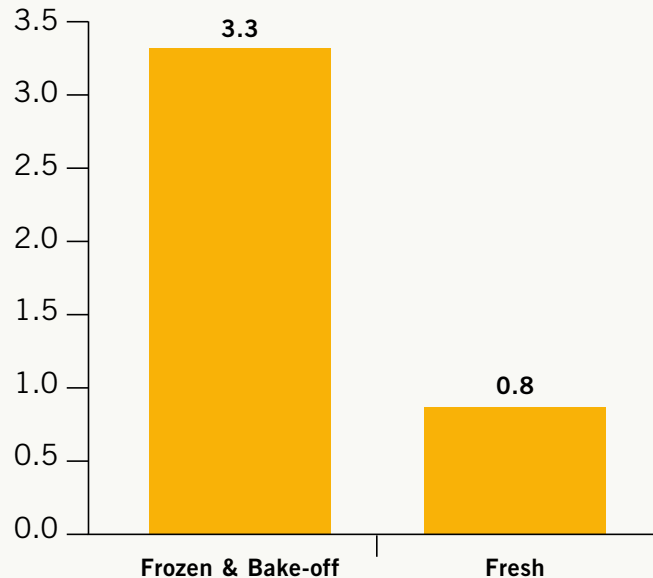
# ARYZTA Positioning

Frozen and bake-off bakery products are growing 1–2% faster than the rest of the baked goods market



U.S. Baked Goods Growth  
(2006 – 2014F)

Percent



Share of Baked Goods Market

2006	50%	50%
2014F	55%	45%

Source: Food For Thought, Technomic, Nielsen, L.E.K. Consulting analysis

# **ARYZTA Positioning**

## Market leadership in growing categories



### **How ARYZTA is positioned to benefit**

- International leadership across product categories
- Strategically aligned with key growth drivers
- Unmatched international manufacturing capabilities
- Well-balanced channel access to reach consumers
- Experienced customer-focused executive teams

# Summary

## Strategically Enhanced Profile



- Strategic Market Position
- Geographic reach
- Channel partnership model
- Product capability
- Manufacturing footprint
- Management capability
- Efficiency through ARYZTA Technology Initiative (ATI)

- Strategic acquisitions will drive growth momentum
- Refinanced for future growth
- Improved outlook for FY 2010 – EPS Growth over 2009 base\*
- Growth momentum re-established – 12 month EPS accretion in excess of c. 45 cents from acquisition (c. 20% uplift)
- Recap 9 June 2008

*"Management targets to double the earnings base within 5 years"*

\* Improvements: Underlying business, transaction related and foreign exchange

*"Developing customer partnership model with leading operators in every channel to consumers"*

## Investor Meeting Requests\*

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

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