H1 2018 Results

12 March 2018

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.

H1 2018 – Financial Overview

- **H1 EBITDA of €161 million**
- **EBITDA margin decline of 200bps excl. Cloverhill (300bps incl. Cloverhill)**
  > Decline due to previously disclosed issues
  > Butter pricing and insourcing in Europe
  > Labour and distribution inflation in US
- **Disposals on track to exceed €450 million**
- **Cloverhill disposed, €201m restructuring related costs largely connected to it**
- **Phase 1 of strategy underway:**
  > Strategic refocus on core frozen bakery B2B business
  > Further cost efficiency improvements ongoing in US from 1 March 2018
- **Refinancing completed; FY 2018 hybrid bond will not be called**
- **Focused on delivery of 2018 EBITDA**

Key Developments

- **Committed to deliver four-year deleveraging target of c. €1 billion**
  > Asset disposal programme on track
  > Reduced capex in FY 2018
  > Scrip dividend alternative chosen for FY 2017
  > Generating operating cash flow
- **Identified strategic, financial and operating issues and actions**
- **Senior management team now in place to address those issues**
- **Continuing to develop the strategic plan**

Disposals on Track to exceed €450m

> Circa €140m realised to date, proceeds to be applied to debt reduction

> La Rousse Foods completed in January 2018

> Cloverhill completed in February 2018

> Signature Foods Joint Venture sale agreed in March 2018

> Further disposals underway

Business Refocus Underway

- **Focus on core B2B, customer service and innovation**
  > Exited loss making businesses (Cloverhill, LA DSD)
  > Focus on B2B frozen bakery
  > Focus on utilization including line optimisation and manufacturing footprint
  > Asset disposal programme

- **Strengthening the team and evolving the culture**
  > New leadership team
  > Flatter commercial structure
  > Foster a strong culture of customer engagement and performance orientation
  > Step up in commitment to innovation with cross region and Group leadership co-ordination

Addressing the Operational Issues

Operating Issue	Action Underway
Input Costs	Pricing & re-formulation
Insourcing in Europe	Capacity reduction in Switzerland/Market diversification in Germany
German Capacity	Ramp up Volume/Quality/ Service
SG&A/Labour issues	Headcount reduction/Possible automation/ Pricing Further cost reduction and improvement programme in US now underway
Storage/transport/distribution	Pricing & efficiencies
Marketing	Phased elimination of US Centre Aisle Marketing

Maximise Cash Generation

- Disposals target to exceed €450m by end of FY 2018
- Target of €1 billion deleveraging over four years
- Combination of operating cash flow and disposals
- Strong capital discipline including capex optimisation

- Scrip dividend in FY 2017
- FY 2018 hybrid bond will not be called
- Interest deferred on all Hybrids

Financial Review

ARYZTA Group – Underlying Income Statement

in EUR '000	January 2018	January 2017	%
Group revenue	**1,786,549**	**1,906,036**	**(6.3)%**
EBITDA[1]	**161,284**	**229,017**	**(29.6)%**
EBITDA margin	9.0%	12.0%	(300)bps
Depreciation	(67,977)	(70,484)	3.6%
Joint ventures, net of interest and tax	15,928	16,710	(4.7)%
Finance cost, net	(36,290)	(29,622)	(22.5)%
Hybrid instrument accrued dividend	(15,344)	(16,022)	4.2%
Pre-tax profits	**57,601**	**129,599**	**(55.6)%**
Income tax	(6,668)	(18,534)	64.0%
Non-controlling interests	–	(1,635)	100.0%
Underlying net profit[1]	**50,933**	**109,430**	**(53.5)%**
Underlying fully diluted EPS (cent)[2]	57.1	123.2	(53.7)%

REVENUE H1 2018

1,787

in EURm

EBITDA H1 2018

161.3

in EURm

PRE-TAX PROFITS H1 2018

57.6

in EURm

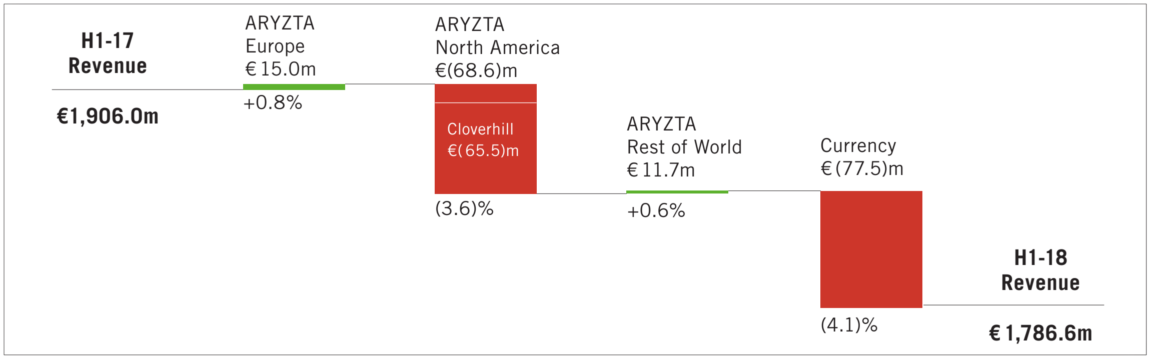
[1] See glossary on page 38 for definitions of financial terms and references used in the presentation.

[2] The 31 January 2018 weighted average number of ordinary shares used to calculate underlying earnings per share is 89,224,630 (January 2017: 88,846,838)

ARYZTA Group: Revenue Evolution

in EURm	ARYZTA Europe	ARYZTA North America	ARYZTA Rest of World	ARYZTA Group
Group Revenue	868.3	786.4	131.9	1,786.6
Organic growth	1.7%	(7.5)%	9.1%	(2.2)%
Acquisitions/(disposals), net	–	–	–	–
Currency	(1.0)%	(6.6)%	(6.9)%	(4.1)%
Revenue Growth	**0.7%**	**(14.1)%**	**2.2%**	**(6.3)%**

Organic growth excluding Cloverhill	**1.7%**	**(0.4)%**	**9.1%**	**1.3%**
Currency excluding Cloverhill	*(1.0)%*	*(7.0)%*	*(6.9)%*	*(4.1)%*
Revenue Growth excluding Cloverhill	***0.7%***	***(7.4)%***	***2.2%***	***(2.7)%***



1 Contribution to Group revenue growth

Volume & Price / Mix Trend

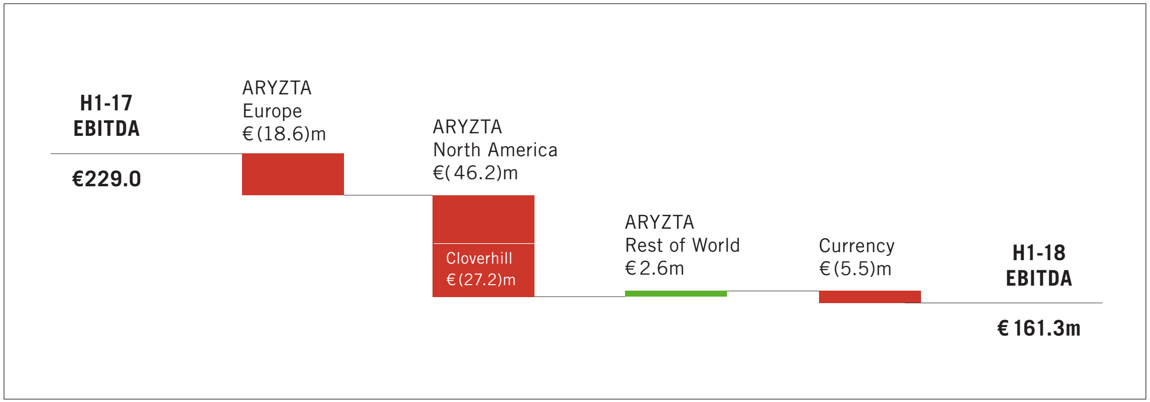
	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	H1 2018
ARYZTA Europe							
Volume %	1.8%	(0.1)%	1.3%	(4.7)%	(0.7)%	(1.3)%	(1.0)%
Price/Mix %	(0.4)%	0.7%	3.0%	4.0%	1.3%	4.2%	2.7%
Organic growth %	**1.4%**	**0.6%**	**4.3%**	**(0.7)%**	**0.6%**	**2.9%**	**1.7%**
ARYZTA North America							
Volume %	(5.7)%	(5.5)%	(6.7)%	(16.1)%	(7.1)%	(8.6)%	(7.8)%
Price/Mix %	1.0%	(0.3)%	2.4%	5.5%	0.1%	0.6%	0.3%
Organic growth %	**(4.7)%**	**(5.8)%**	**(4.3)%**	**(10.6)%**	**(7.0)%**	**(8.0)%**	**(7.5)%**
Organic growth % excluding Cloverhill	**(2.5)%**	**(2.9)%**	**(3.0)%**	**(4.7)%**	**1.0%**	**(1.8)%**	**(0.4)%**
ARYZTA Rest of World							
Volume %	4.9%	7.6%	0.7%	7.7%	2.7%	7.9%	5.9%
Price/Mix %	4.8%	1.7%	3.0%	(1.3)%	5.1%	2.3%	3.2%
Organic growth %	**9.7%**	**9.3%**	**3.7%**	**6.4%**	**7.8%**	**10.2%**	**9.1%**
ARYZTA Group							
Volume %	(1.7)%	(2.3)%	(2.7)%	(9.4)%	(3.6)%	(4.2)%	(3.8)%
Price/Mix %	0.5%	0.3%	2.7%	4.4%	1.0%	2.4%	1.6%
Organic growth %	**(1.2)%**	**(2.0)%**	**0.0%**	**(5.0)%**	**(2.6)%**	**(1.8)%**	**(2.2)%**
Organic growth % excluding Cloverhill	**0.1%**	**(0.4)%**	**1.0%**	**(2.0)%**	**1.3%**	**1.4%**	**1.3%**[1]

1 The Group 1.3% organic revenue growth, excluding Cloverhill (Chicago/Cicero), is the result of a (0.4)% volume decline offset by positive price/mix of 1.7%

Segmental EBITDA

in EUR `000	January 2018	January 2017	% Change	EBITDA Margin 2018	EBITDA Margin 2017	% Change
ARYZTA Europe	90,740	110,283	(17.7)%	10.5%	12.8%	(230) bps
ARYZTA North America	49,962	99,119	(49.6)%	6.4%	10.8%	(440) bps
ARYZTA Rest of World	20,582	19,615	4.9%	15.6%	15.2%	40 bps
ARYZTA Group EBITDA	**161,284**	**229,017**	**(29.6)%**	**9.0%**	**12.0%**	**(300) bps**
ARYZTA Group EBITDA excluding Cloverhill	**161,284**	**201,855**	**(20.1)%**	**9.4%**	**11.4%**	**(200) bps**

1 Cloverhill EBITDA H1-17: €27m



ARYZTA Europe

	H1 2018	H1 2017
Revenue	€ 868.3 m	€ 861.8 m
EBITDA	€ 90.7 m	€ 110.3 m
EBITDA Margin	10.5 %	12.8 %

Revenue	↑	0.7%
Organic revenue	↑	1.7%
EBITDA	↓	(17.7)%
EBITDA margin	↓	(230) bps

- Volume decline of (1.0)%
- Positive Price/Mix impact of +2.7%
- Negative currency impact of (1.0)%

ARYZTA Europe

- **Switzerland impacted by insourcing**
- **UK impacted by Brexit related pricing challenges**
- **Germany: good progress on volumes but cost inflation not yet fully recovered**
  > Improved volumes, improved quality and improved efficiencies in-line with planned expectations
  > Insourcing an issue
  > Still significant growth capacity to be unlocked
- **Very significant butter price increase**
  > Pricing and reformulation changes

ARYZTA North America - (excluding Cloverhill)

	H1 2018	H1 2017
Revenue	€ 724.2 m	€ 782.1 m
EBITDA	€ 50.0 m	€ 72.0 m
EBITDA Margin	6.9 %	9.2 %

Revenue	↓	(7.4)%
Organic revenue	↓	(0.4)%
EBITDA	↓	(30.6)%
EBITDA margin	↓	(230) bps

- Volume decline of (0.8)%
- Positive Price/Mix impact of +0.4%
- Negative currency impact of (7.0)%

ARYZTA North America

- **Increased labour costs**
- **Industry wide increased transport and distribution costs**
- **Negative operating leverage from cumulative volume losses and insufficient cost realignment**
- **Actions to address these issues**

> New North America CEO in place with reinforced management team

> Price discussions and increases underway with customers in relation to transport and distribution increases

> Further programme of cost reduction started March 2018

> Examining all costs and automation to improve labour efficiencies

ARYZTA Rest of World

	H1 2018	H1 2017
Revenue	€ 131.9 m	€ 129.1 m
EBITDA	€ 20.6 m	€ 19.6 m
EBITDA Margin	15.6 %	15.2 %

Revenue	↑	2.2%
Organic revenue	↑	9.1%
EBITDA	↑	4.9%
EBITDA margin	↑	40 bps

- Volume growth of +5.9%
- Positive Price/Mix impact of +3.2%
- Negative currency impact of (6.9)%
- Strong revenue and EBITDA growth in the period, which is expected to continue
- Region has solid long-term growth and investment opportunities

Cash generation

in EUR `000	January 2018	January 2017
EBITDA	161,284	229,017
Working capital movement	(32,594)	(17,551)
Working capital movement from debtor securitisation[1]	10,315	25,252
Capital expenditure	(41,959)	(62,751)
Proceeds from sale of fixed assets and investment property	772	15,748
Restructuring-related cash flows	(54,129)	(28,323)
Segmental operating free cash generation	**43,689**	**161,392**
Dividends received	53,540	–
Interest and income tax	(52,490)	(55,675)
Recognition of deferred income from government grants	(1,936)	(2,864)
Other	(3,048)	(3,441)
Cash flow generated from activities	**39,755**	**99,412**

[1] Total debtor balances securitised as of 31 January 2018 is €224m (31 July 2017: €219m).

Impairment, disposal and restructuring

in EUR `000	Non-cash 2018	Cash 2018	**Total 2018**	Total 2017
Net loss on disposal of business/ group held-for-sale	(149,336)	–	**(149,336)**	–
Impairment and disposal of fixed assets	–	–	**–**	(2,347)
Labour-related business interruption	–	(38,730)	**(38,730)**	–
Severance and other staff-related costs	–	(6,695)	**(6,695)**	(4,190)
Contractual obligations	–	–	**–**	(4,126)
Advisory and other costs	–	(6,391)	**(6,391)**	(2,496)
Net impairment, disposal and restructuring-related costs	(149,336)	(51,816)	**(201,152)**	(13,159)

- **Total of €190m of non-recurring losses were incurred due to Cloverhill (€39m related to labour disruption)**
- **Disposal of Cloverhill stopped losses**
- **Combined proceeds of €57m**

Group Financing
Six month period ending 31 January 2018

Syndicated Bank RCF & Term Loan	January 2018	July 2017
Net Debt: EBITDA	4.21x	4.15x
Interest Cover (including Hybrid interest)	4.16x	4.64x

- **Debt Financing**
  - > Net Debt of €1,623m
  - > Weighted average maturity of 3.65 years
  - > Weighted average interest cost of 3.2%
- **Hybrid Financing**
  - > Total hybrid instruments outstanding of CHF590m and €250m (total €755m)

Joint Ventures

in EUR `000	Picard January 2018	Signature January 2018	**Total January 2018**	Total January 2017
Revenue	**810,337**	**60,402**	**870,739**	**843,352**
EBITDA	**130,766**	**8,343**	**139,109**	**133,442**
EBITDA margin	16.1%	13.8%	**16.0%**	15.8%
Depreciation	(14,980)	(2,401)	**(17,381)**	(17,459)
Finance cost, net	(42,186)	(203)	**(42,389)**	(48,214)
Pre-tax profit	**73,600**	**5,739**	**79,339**	**67,769**
Income tax	(45,546)	(1,190)	**(46,736)**	(33,512)
Joint venture underlying net profit	**28,054**	**4,549**	**32,603**	**34,257**
ARYZTA's share of JV underlying net profit	**13,654**	**2,274**	**15,928**	**16,710**

- **Joint Ventures continue to perform well**
- **Signature Foods sale agreed in March 2018**
- **Dividend of €53.5m received from Picard**
- **Picard sale process underway**

Summary

ARYZTA - Roadmap

STABILITY	PERFORMANCE	GROWTH
1 Build new management team and increased focus on operational efficiencies	1 Turnaround culture & execute on 'people plan' Focus on operational excellence and global coordination	1 Winning team to lead growth strategy and improvement
2 Re-build baking pride and culture of excellence	2 Improve global customer account management (QSR and other global) Drive systematic, organized innovation across the business	2 Drive innovative solutions for key customer partners
3 Focus on customer relationships	3 Invest in leading product capabilities and develop winning growth	3 Deliver on winning growth categories supported by best in store products
4 Disciplined cash and capital management; increased utilisation to increase profitability	4 Invest in automation to reduce cost	4 Investment in automation to drive efficiencies and accelerate growth
5 Divest non-core/non-strategic assets and right size the business		

Summary

- Addressing fundamental trading and operational challenges in the US
- Good progress but a long way to go in optimising German plant
- Core leadership team rebuilt and in place
- Refocusing on customer service, innovation and efficiency in core B2B frozen bakery
- Good progress to date on strategic disposals with additional work underway
- Development and execution of efficiency and cost saving programmes across the Group
- Finalising strategy but short term focus has been on operations and customers
- Focused on disciplined cash and debt management

Thank You

Appendix

Group Underlying Net Profit Reconciliation

in EUR `000	**January 2018**	January 2017
Underlying net profit	**50,933**	109,430
Amortisation of non-ERP intangible assets	**(86,186)**	(87,460)
Tax on amortisation of non-ERP intangible assets	**41,548**	16,072
Share of JV intangible amortisation and restructuring costs, net of tax	**(5,058)**	(2,229)
Hybrid instrument accrued dividend	**15,344**	16,022
Private Placement and RCF early redemption costs	**(12,415)**	(182,513)
Loss on disposal group held-for-sale	**(151,042)**	–
Net gain on disposal of business	**1,706**	–
Impairment and disposal of fixed assets	**–**	(2,347)
Restructuring-related costs	**(51,816)**	(10,812)
Tax on net impairment, disposal and restructuring-related costs	**37**	2,804
Reported net loss attributable to equity shareholders	**(196,949)**	(141,033)

Return on Invested Capital

in EUR million	ARYZTA Europe	ARYZTA North America	ARYZTA Rest of World	ARYZTA Group
31 January 2018				
Segmental net assets[1]	1,618	1,377	190	3,185
TTM EBITA[1]	122	50	30	202
ROIC[1]	7.5%	3.6%	15.8%	6.3%
31 July 2017				
Segmental net assets[1]	1,676	1,710	194	3,580
TTM EBITA[1]	147	100	30	277
ROIC[1]	8.8%	5.9%	15.3%	7.7%

[1] See glossary on slide 38 for definitions of financial terms used in the presentation

[2] Group WACC on a pre-tax basis is currently 8.0% (2017: 8.1%).

Balance Sheet

in EUR `000	**January 2018**	**July 2017**
Property, plant and equipment	1,287,091	1,386,294
Investment properties	20,249	19,952
Goodwill and intangible assets	2,301,445	2,651,937
Deferred tax on goodwill and intangibles	(40,778)	(82,534)
Working capital	(327,199)	(334,078)
Other segmental liabilities	(55,719)	(61,202)
Segmental net assets	3,185,089	3,580,369
Investments in joint ventures	485,695	528,188
Disposal group held-for-sale	57,220	–
Net debt	(1,623,065)	(1,733,870)
Deferred tax, net	(105,945)	(111,863)
Income tax	(58,701)	(63,283)
Derivative financial instruments	(1,191)	2,111
Net assets	**1,939,102**	**2,201,652**

Net Debt & Investment Activity

in EUR `000	January 2018	January 2017
Opening net debt as at 1 August	**(1,733,870)**	**(1,719,617)**
Cash flow generated from activities	39,755	99,412
Disposal of businesses, net	46,781	–
Contingent consideration paid	–	(896)
Private Placement and RCF early redemption costs	(12,415)	(182,513)
Dividends paid to non-controlling interests	–	(3,350)
Foreign exchange movement[1]	39,524	(42,856)
Other[2]	(2,840)	(1,677)
Closing net debt as at 31 January	**(1,623,065)**	**(1,851,497)**

1 Foreign exchange movement for the period ended 31 January 2018 is primarily attributable to the fluctuation in the US Dollar to euro closing rate from July 2017 (1.1756) to January 2018 (1.2425). Foreign exchange movement for the period ended 31 January 2017 was primarily attributable to the fluctuation in the US Dollar to euro closing rate from July 2016 (1.1162) to January 2017 (1.0674).

2 Other is comprised primarily of non-cash amortisation of upfront borrowing costs.

Debt Financing

in EUR `000	31 January 2018
Syndicated Bank RCF	(686,951)
Syndicated Bank Term loan	(983,662)
Schuldschein	(383,304)
Gross term debt	**(2,053,917)**
Upfront borrowing costs	26,394
Term debt, net of upfront borrowing costs	**(2,027,523)**
Finance leases	(977)
Cash and cash equivalents, net of overdrafts	405,435
Net debt	**(1,623,065)**

Hybrid Funding

First call date	Coupon	Step-up if not called	Principal	in EUR `000
April 2018	4.0%	6.045% +3 Month Swiss Libor	CHF 400m	(342,654)
March 2019	4.5%	6.77% +5 Year Euro Swap Rate	EUR 250m	(250,000)
April 2020	3.5%	4.213% +3 Month Swiss Libor	CHF 190m	(162,760)
Hybrid funding at 31 January 2018 exchange rates				**(755,414)**

EUR Closing and Average Rates

Currency	Average H1 2018	Average H1 2017	% Change	Closing H1 2018	Closing FY 2017	% Change
CHF	1.1573	1.0820	(7.0)%	1.1674	1.1340	(2.9)%
USD	1.1862	1.0910	(8.7)%	1.2425	1.1756	(5.7)%
CAD	1.4923	1.4422	(3.5)%	1.5350	1.4674	(4.6)%
GBP	0.8923	0.8625	(3.5)%	0.8760	0.8933	1.9%

Major F&B trends in 2017

The major F&B trends in 2017 are expected to provide a mix of headwinds and tailwinds for the baked goods industry

	F&B Mega Trends	Consumer and market impact
1	**Shifting consumer package size preferences**	• Consumers are increasingly seeking smaller portion sizes, particularly single-serve items
2	**Growth in specialty and 'food with a story'**	• Large F&B companies have lost share to smaller, more nimble competitors
3	**Snacking & food on-the-go**	• Bakery products are well-positioned to take advantage of the trend towards snacking and food on-the-go
4	**Protein demand**	• Consumer demand for protein has made it the hottest functional food in the U.S., potentially at the expense of bakery
5	**Health and wellness**	• Consumers are increasingly focused on reading ingredients and searching for organic/natural products
6	**Functional foods**	• Consumer interest in healthy eating and wellness has driven growth in functional foods and beverages that can claim to provide health benefits
7	**Clean labels, driven by Millennials**	• By 2020, Millennials will account for 40% of U.S. discretionary spending; they generally desire less-processed, fresh, and all-natural products
8	**Hourglass economy – premium and value**	• Macroeconomic forces have produced an "hourglass" economy, creating the need for suppliers to capitalize on value and premium offerings
9	**Expanding flavor profiles/ ethnic foods**	• Increasingly diverse consumers are interested in products that are familiar but have exotic/different flavor profiles
10	**Shifting consumer channel preferences**	• Customers are buying more products from the perimeter and the ISB, blurring the lines between retail and foodservice

ARYZTA's key channels

Channel	Retail ISB	QSR	Foodservice	Retail Center Aisle
ARYZTA capability fit	High	High	High	Low
Key trends impacting channel	1 Shifting consumer package size preferences ↗	3 Snacking & food on-the-go ↗	3 Snacking & food on-the-go ↗	1 Shifting consumer package size preferences
	2 Growth in specialty and 'food with a story' →	5 Health and wellness ↘	9 Expanding flavor profiles/ ethnic foods ↗	3 Snacking & food on-the-go
	3 Snacking & food on-the-go ↗	8 Hourglass economy – premium and value ↗		5 Health and wellness
	7 Clean labels, driven by Millennials →	9 Expanding flavor profiles / ethnic foods ↗		6 Functional foods
	10 Shifting consumer channel preferences ↗			7 Clean labels, driven by Millennials
				10 Shifting consumer channel preferences
Overall impact on channel	↗	↗	↗	↘

The channels most favorably exposed to market trends are retail ISB, QSR and Foodservice

ARYZTA's unique selling proposition

ARYZTA's unique selling proposition is as the world's leading global, frozen, B2B bakery solutions provider

Extensive product range

Leading B2B product offerings

In-store bakery and foodservice products

Large-scale capabilities

Scale to serve big customers in Large Retail, QSR, Convenience & Independent Retail, and FS customers

54 bakeries

ARYZTA
Passion for good food

Innovative B2B solutions

Experienced sales team

Innovation to meet the unique needs of foodservice operators and in-store bakeries

Global presence

Strong international presence

Presentation Glossary

- 'Joint ventures, net of interest and tax' – presented as profit from joint ventures, net of interest and tax, 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 acquisitions, 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.
- 'Segmental Net Assets' – Excludes joint ventures, all bank debt, cash and cash equivalents and tax balances, with the exception of deferred tax liabilities associated with acquired goodwill and intangible assets, as those deferred tax liabilities represent a notional non-cash tax impact directly linked to segmental goodwill and intangible assets recorded as part of a business combination, rather than an actual cash tax obligation.
- 'ROIC' – Return On Invested Capital is calculated using a pro-forma trailing twelve month segmental EBITA ('TTM EBITA') reflecting the full twelve month contribution from acquisitions and full twelve month deductions from disposals, divided by the respective Segmental Net Assets (including goodwill), as of the end of each period.
- 'Underlying net profit' – presented as reported net profit, adjusted to include the Hybrid instrument accrued dividend as a finance cost; before non-ERP related intangible amortisation; before Private Placement early redemption related costs and before net acquisition, disposal and restructuring-related costs, net of related income tax impacts.
- The Group utilises the underlying net profit 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.