



September 2018





## Today's presenters



**Kevin Toland**

CEO

- Joined ARYZTA as CEO in September 2017
- Previous positions
  - 2013-2017: CEO of Daa plc (operator of Dublin and Cork airports), ARI (a global retailer in travel retail) and Daa International
  - 1999-2012: CEO and President of Glanbia USA & Global Nutritionals, a division of Glanbia plc, based in Chicago, Illinois



**Frederic Pflanz**

CFO

- Joined ARYZTA as CFO in January 2018
- Previous positions
  - 2015-2017: Board Member Maxingvest & Supervisory Board Member Beiersdorf
  - 2010-2014: Rémy Cointreau: Group CFO and COO
  - 1992-2010: l'Oreal Group, last position held: CFO Consumer Products Division



# Why we are here today

1

## Update on strategy

- **Clear turnaround strategy** focused on
  - Increase volumes and prices
  - Return to a **customer centric, innovative B2B frozen bakery business**
  - Execute **Project Renew**
  - Disposal of **non-core businesses**
  - **Planned capital increase**

2

## Project Renew

- Comprehensive set of initiatives focusing on sequential **operational improvement**
- Target to deliver **run-rate savings of c.€90m by FY2021**
  - **Cumulative savings of c.€200m** targeted over the next three years
- **Non-recurring expenses of c.€150m** over the next three years associated with planned savings

3

## Capital structure and deleveraging

- Confirmation of **compliance with covenants** in FY2018
- **Seek amendment** to the term of the Term Loan and Revolving Credit Facility
- Committed to **€1bn deleveraging plan** over four years
  - At least **€450m of asset disposals** and balance from **cash flow generation** targeted
- Equity capital increase of **up to €800m** intended to **strengthen capital structure** and to provide **strategic and financial flexibility** to implement strategy including Project Renew



# Agenda

1 ARYZTA at a glance

2 Corporate strategy



## **ARYZTA AT A GLANCE**



# Fundamental business strengths

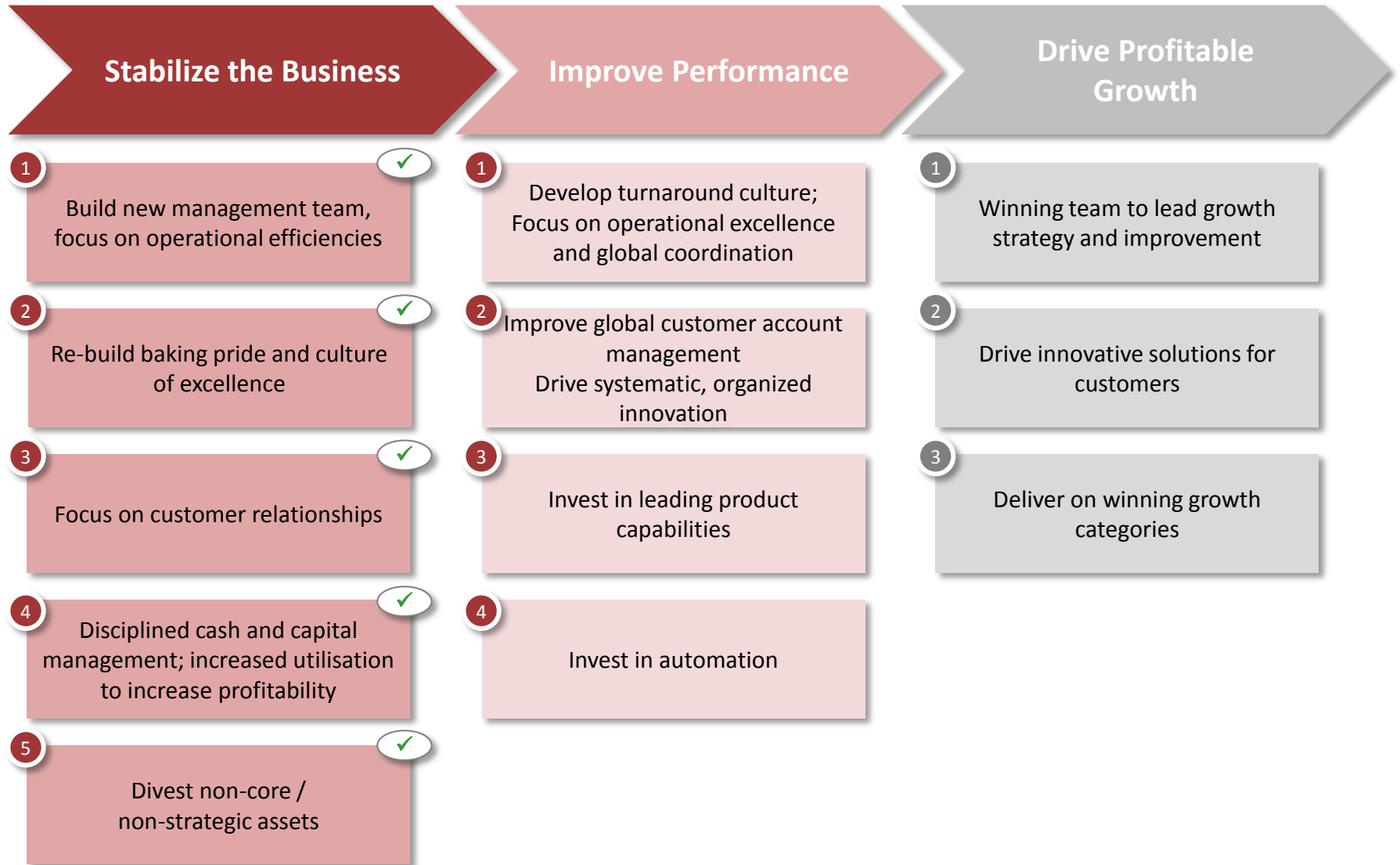
## Core Strengths

- **Strategy** focused on B2B customers and great customer service
- **Well-invested bakeries** and asset base
- **Global footprint and leader in the global frozen B2B bakery sector**, with global platform as core supplier and driver of innovation
- **International leadership position in Core Categories** of buns, cookies, donuts, laminated dough and artisan bread
- **Serving global QSRs** and partner to large foodservice and retail operators

*Strategic plan to leverage ARYZTA key strengths, improve business performance and address challenges*



# Strategy implementation and next steps





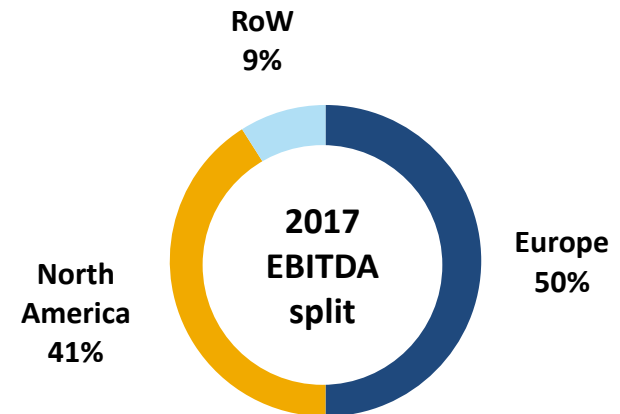
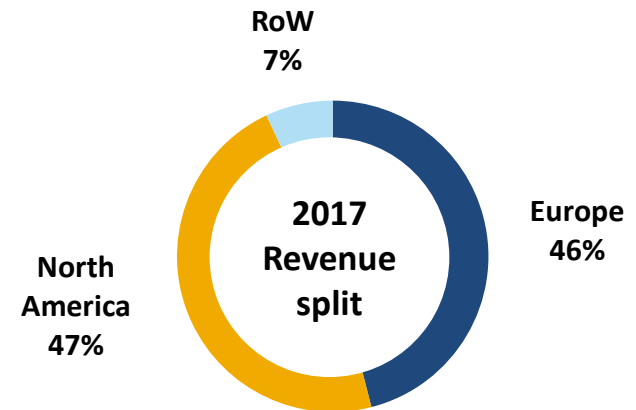
# ARYZTA overview

## Company overview

- A global leader in frozen B2B bakery and supplier to the food service, retail and QSR sectors
- Depth of product offering across many categories, including: **Breads, Cookies, Donuts, Cakes, Laminated dough**
- Present with well-invested bakeries in over 30 countries across Europe, North America, South America, Asia, Australia and New Zealand



## Historic Revenue and EBITDA split by geography







# Market fundamentals are strong

Large and growing frozen bakery market underpinned by specific growth themes...

## Cost savings

- Allows retailers and foodservice operators to deliver the benefits of fresh without incremental labour, waste and space costs

## Improving quality

- Enables the delivery of quality and consistency at scale
- Allows customers to deliver fresh-baked taste to consumers

## Emerging markets

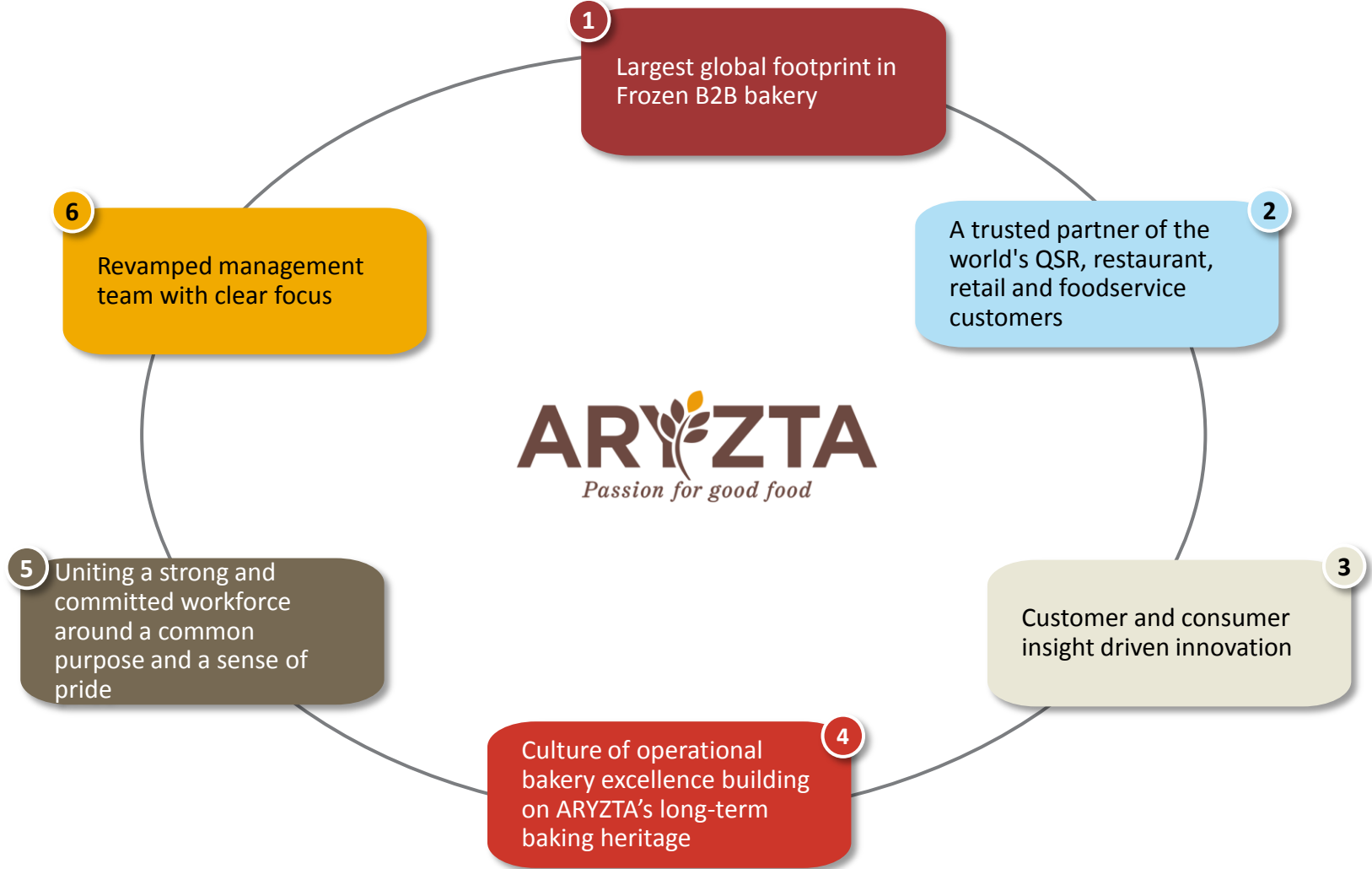
- Development of emerging markets is driving demand for Western baked goods as well as increasing scale and quality of infrastructure for frozen products

## Favourable food trends

- On the go snacking
- Better for you indulgence
- Healthier eating
- Clean label
- Broader flavour profiles



## ARYZTA – Who we are



***"Leading B2B frozen bakery provider to the world's restaurant, retail and foodservice providers, at scale, low cost and great customer service"***



# Largest global footprint in frozen B2B bakery

- 50+ **bakeries** situated in **20** countries over **4** continents
- **Market leader** in global B2B frozen bakery<sup>1</sup>
- **Global platform** with **comprehensive product offering** for customers as a one-stop-shop option for customer's bakery requirements



## Key advantages of our global platform

- ✓ Able to deliver the products to clients with consistent top quality day after day
- ✓ Facilitating our customers' international growth strategies
- ✓ Bringing the best of worldwide innovation and trends to our customers
- ✓ Nurturing a culture of bakery excellence by sharing best practices throughout our network

Note:

1

Measured on the basis of historic revenues



# A trusted partner for the QSR, retail and foodservice customers

*Track record for on time in full deliveries  
and able to find solutions for our customers'  
needs in any geography*

*Reliable food quality*

*Committed and capable to  
invest in targeted,  
customer driven  
investments*

| Region        | Channel |                      |                         |                  |             |
|---------------|---------|----------------------|-------------------------|------------------|-------------|
|               | QSR     | National foodservice | Independent foodservice | Retail multiples | Convenience |
| North America | +++     | +++                  | +++                     | ++               | +           |
| Europe        | +++     | +++                  | +++                     | ++               | ++          |
| LATAM         | +++     | +                    | +                       | +                | +           |
| APMEA         | ++      | ++                   | +                       | +                | +           |

Note: Based on own assessment of relative strength in its markets and regions  
+++ Very strong presence; ++ Strong presence; + Good presence



# Customer and consumer insight driven innovation

## Major identified consumer trends

### Mature markets (e.g., North America, Western Europe)

- 1 On the go foods & snacking
- 2 Fresh foods & store perimeter
- 3 Health & wellness
- 4 Better-for-you indulgence
- 5 Broader flavor profiles
- 6 Shrinking middle class

### Emerging markets

- 1 Demanding higher quality
- 2 Western tastes
- 3 Local specialization

## Products launched by ARYZTA



**Cruffin**



**Specialty bread**



**Cinnamon pull-aparts**



**Pizza cookie**



**Sweet buns**

## Baking & Snacking insights and expertise

- Leading innovation efforts through deep customer and consumer understanding and delivering joint collaborations on products
- Industry-leading Category Management team with unique insights, knowledge and expertise in the Baking Industry



# New, experienced management team

- Relevant expertise and experience from blue-chip international companies
- Comprehensive analysis of the business with clear controls in place
- Well defined and focused strategy for success



**Kevin Toland (Sep 17)**  
CEO

- Joined ARYZTA as CEO in May 2017
- Previously CEO at Daa Plc ("Daa"), an operating company of Dublin and Cork airports and global retail
- Prior, he was CEO and President at Glanbia USA & Intl. Nutritionals Division as well as Director of Glanbia plc (1999-2012)



**Frederic Pflanz (Jan 18)**  
CFO

- Joined ARYZTA as CFO in January 2018
- Previously at Maxinvest Group as an executive Board member
- Prior, he held a number of roles in Rémy Cointreau Group including Group CFO (2010-2014)



**Dave Johnson (Jan 18)**  
CEO North America

- Joined CEO North America in January 2018
- Previously at Barry Callebaut for 9 years as President and CEO Americas
- Prior, he worked for Kraft Foods, holding a number of senior positions, including President of Kraft North America



**Gregory Sklikas (Apr 18)**  
CEO Europe

- Joined CEO Europe in April 2018
- Previously COO for EMEA for Friesland Campina
- Prior, he spent 14 years working for Unilever



**Robert O' Boyle (2008)**  
COO AsiaPac

- Joined ARYZTA in 2008
- He held the role of European Trading Director from 2013-2015
- In 2016, he became the Group's head of APMEA activities as regional CEO



**Tony Murphy (Nov 17)**  
Chief People Officer

- Joined Arzyta in December 2017
- Prior, he held a number of senior HR roles with Diageo in UK and North America
- Also worked for Cadbury in the UK as People Capability Director and as EVP HR for North America



**Claudio Gekker (2014)**  
COO Latin America

- Joined COO of Latin America in 2014
- Previously, he led Bimbo's commercial team in Brazil
- He has also worked for Nestlé, running its biscuit business in Brazil



**John Heffernan (Feb 18)**  
Chief Strategic Officer

- Joined ARYZTA in February 2018
- Previously, he worked as Chief Development Officer for Daa Plc
- He also founded a number of businesses in the clean energy space, prior to which he worked with McKinsey & Co



**Rhona O'Brien (Sep 18)**  
General Counsel / Company Sec.

- Joining ARYZTA in September 2018
- Previously, she worked for DCC Vital Ltd
- Joined DCC Plc's Healthcare Division as senior Counsel of Legal and Compliance



# **CORPORATE STRATEGY**



# New clear turnaround and cash flow, profit growth strategy



1

## Delivery of Improved EBITDA

- Margin growth driven by increased volumes and price increases
- Innovation strategy centred on Core Categories where ARYZTA is positioned to win
- Relentless focus on customer relationships and customer-led innovation
- Renewed attention to people development and culture change to support future growth

2

## Execute Project Renew

- €90m annual run-rate savings targeted by 2021
- Cumulative savings of c.€200m targeted with non-recurring expenses of c.€150m over the next three years
- Over 200 initiatives identified

3

## Dispose of Non-core Businesses

- Target of €450m proceeds from disposals of which c.€140m have been realised already

4

## Capital Structure and Deleveraging

- Seek amendment to the term of the Term Loan and Revolving Credit Facility
- Committed to €1bn deleveraging plan over four years
  - At least €450m of asset disposals and balance from cash flow generation targeted
- Equity capital increase of up to €800m intended to strengthen capital structure and to provide strategic and financial flexibility to implement strategy including Project Renew





# How we will grow with our customers

- 1 Leveraging our global scale to deliver value for customers
- 2 Responsiveness and consistency of delivery to build trust
- 3 Customer focused innovation to drive growth
- 4 Top to top, multi-functional relationships – locally, regionally and /or globally, as per customer needs
- 5 Organisational changes in progress to further strengthen customer-centric focus
- 6 Unrelenting focus on service quality and food safety
- 7 Expanding our geographic footprint and product capability through customer driven investments to deliver value

*ARYZTA is a trusted partner, and category leader for QSR, retail and foodservice customers*



## Identified Initiatives

### Key Objectives

- Improve performance by creating a more streamlined and fit for purpose commercial organization

### Key Initiatives

- Operating model cost reductions
- Procurement and Supply Chain initiatives
- Automation and manufacturing initiatives

### P&L Impact

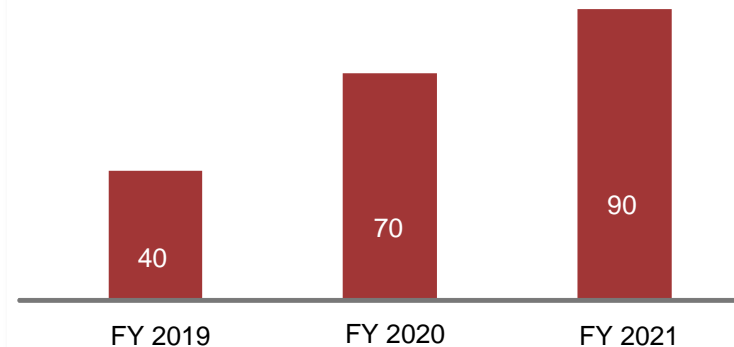
- Bottom up initiatives have been identified
- €90m run rate savings targeted by 2021, representing c.3% of the current cost base
- Cumulative savings of c.€200m targeted with non-recurring expenses of c.€150m over the next three years

### Project Rationale

- To improve focus, efficiency and flexibility in our core frozen B2B bakery market
- Enhance product quality and customer service
- Restore financial flexibility and aligning the asset and cost base with current and expected business conditions

### Targeted Annual Savings (€m), run-rate

- **Costs:** Project Renew implementation targeted to cost €150m cumulatively over three years



**Targeted on-going run-rate savings of €90m by 2021. Over 200 initiatives have been identified over 4 main cost areas: manufacturing, supply chain, procurement and operating model**



# Ongoing disposals of non-core / off-strategy businesses

Targeted disposal proceeds of at least €450m of which c.€140m have been realized already



LA ROUSSE  
FOODS

- Disposed Dec-17
- Non-core business in the foodservice sector in Ireland, easily separable
- Enables management to focus on core business



- Disposed Feb-18
- Non-core business post strategic refocus of the business on B2B
- Drag on North America growth and profitability

Signature  
FLATBREADS

- Disposed Mar-18
- Non-core business
- Not consolidated in ARYZTA financial statements, easily separable

  
picard

- Non-core business post strategic refocus of the business on B2B
- ARYZTA remains committed to the disposal of its stake in Picard
- Sale process remains ongoing
- Picard continues to deliver a strong performance
- Through the refinancing carried out since December 2017 has delivered €91m of dividends to ARYZTA



# Conclusion

- 1 ARYZTA is a **global leader** in frozen B2B bakery
- 2 **Attractive market opportunity** in a growing market
- 3 **Clear turnaround strategy** and plans in place to deliver stability, performance and growth
  - Clear strategic priorities
  - Strong management team
  - Focus on operational improvement
  - Project Renew
  - Focus on customer/market
- 4 Capital increase to provide **strategic and financial flexibility** to implement plan



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