

# ARYZTA AG

## H1 Results, FY 2014

10 March 2014

# 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.

# Agenda

- **Group Profile.....Owen Killian (CEO)**
- **Financial & Business Review.....Patrick McEniff (CFO & COO)**

- International leader in speciality bakery
- Primary listing in Zurich (SIX: ARYN), and secondary listing in Dublin (ISE: YZA)

## Reporting Segments

### ARYZTA AG



1 See slide 46 for glossary definition of financial terms used in presentation.

2 All years shown in the presentation refer to financial years.

# Origin Enterprises plc – 68.1% Holding

	January 2014 (EUR m)		Change
Revenue	517.6	↓	(8.8)%
Underlying fully diluted EPS	5.93 <sup>1</sup>	↓	(21.9)%
Market Cap <sup>2</sup>	945		
Market Value of ARYZTA holding <sup>2</sup>	644		

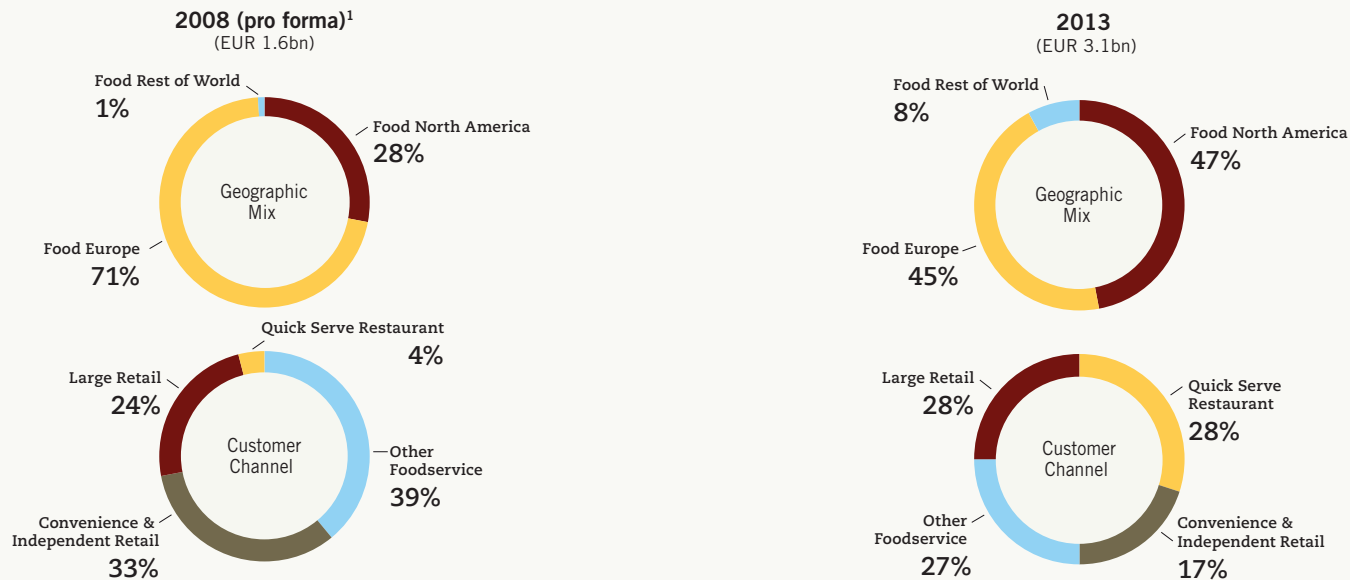
- Performance to expectation in seasonally weakest period (over 90% of profit earned in H2)
- Seasonality increased post disposal of marine proteins and oils in FY 2013
- EUR 100m share repurchase from monetised non core assets
- Excluding currency movements, JV disposal and tender offer, underlying EPS increased 12.1%
- Well-positioned to utilise strong cashflow and balance sheet to fund growth and development



1 Origin January 2014 underlying fully diluted earnings per share is calculated using a weighted average number of diluted shares of 134,296,257 (January 2013: 138,499,155).

2 Based on a price of €7.55 per share as of the close on March 7.

# Food Group – Repositioning



Origin  
created

EUR 2.6 bn investment (c. 22.7% organic)  
in growing the Food business over five years

Transforming into a single  
customer centric business

**2008**

ARYZTA AG  
created (merger  
of IAWS plc. and  
Hiestand AG)

**2010**

Acquisition of:  
Great Kitchens,  
FSB, Pennant  
Sweet Life

**2011**

Acquisition of  
Maidstone  
Bakeries

**2012**

Acquisition of  
Honeytop

**2013**

Acquisition of  
Klemme

<sup>1</sup> Pro forma numbers presented including Hiestand Holding AG in the 2008 comparative.

- Creating an integrated customer centric business focused on growth
- Rolling out a single instance global ERP
- Establishing ARYZTA Business Services (ABS) shared centres of excellence to support customer centric strategy
- Investing EUR 460m over three years (FY 2012 - FY 2014)
- Objective to achieve 15% ROIC on FY 2011 underlying Food assets (EUR 3.2bn) by FY 2015

- Complete ATI programme in Europe
- Unlock revenue growth
  - > Customer centric teams leveraging bakery infrastructure
- Strategic acquisitions to add capability, customer access and geographic reach
  - > H1 invested EUR 83.7m in Pita Pan in US and Rina in Europe
  - > H2 investments - EUR 730m (conditionally agreed)
    - » Pineridge Bakery in Canada
    - » Cloverhill Bakery in the US
  - > Related integration CapEx and cash non-recurring costs of EUR 70m



- Double digit EPS accretion in fiscal 2015
- Customer centric strategy will unlock benefits of scale
- Excellent skill base with combination of flexible and automated manufacturing assets
- Enhanced consumer access through convenience channels
- Leverage leadership in Ready-To-Eat (RTE) individually wrapped baked snacks
- Enhanced relevance in attractive Canadian market

## **Financial and Business Review**

# ARYZTA Group Financial Highlights

	Food Group	Origin	ARYZTA Group
Revenue	↑ 5.7%	↓ (8.8)%	↑ 1.7%
EBITA	↑ 5.6%	↑ 68.1%	↑ 6.4%
Underlying fully diluted net profit	↑ 6.5%	↓ (24.2)%	↑ 4.7%

- ARYZTA Group underlying fully diluted net profit increased by 4.7% to EUR 135.6m
- ARYZTA Group underlying fully diluted EPS increased by 4.1% to 152.4c
- Food Group invested EUR 240m in the period in acquisitions, capital investment and restructuring
- Food Group received EUR 72m from Origin tender offer
- Food Group Net Debt: EBITDA (hybrid as equity) 1.58x



# ARYZTA Group – Income Statement

Six month period ended 31 January 2014

Includes Origin 100% as prescribed by IFRS (68.1% ARYZTA owned)



in Euro '000	January 2014	January 2013	% Change
Group revenue	2,102,800	2,067,994	1.7%
EBITA	198,254	186,311	6.4%
EBITA margin	9.4%	9.0%	
Associates and JVs, net	6,693	11,069	
EBITA incl. associates and JVs	204,947	197,380	3.8%
Finance cost, net	(26,005)	(33,367)	
Hybrid instrument accrued dividend	(14,258)	(8,234)	
Pre-tax profits	164,684	155,779	
Income tax expense	(25,193)	(21,696)	
Non-controlling interests	(3,913)	(4,652)	
Underlying fully diluted net profit	135,578	129,431	4.7%
Underlying fully diluted EPS (cent) <sup>1</sup>	152.4c <sup>1</sup>	146.4c <sup>1</sup>	4.1%

<sup>1</sup> ARYZTA January 2014 underlying fully diluted earnings per share is calculated using a weighted average number of diluted shares of 88,951,383 (January 2013: 88,395,981).

# ARYZTA Group – Underlying Revenue Growth

Six month period ended 31 January 2014



in Euro million	Food Europe	Food North America	Food Rest of World	Total Food Group	Origin	ARYZTA Group
Group revenue	764.0	714.7	106.5	1,585.2	517.6	2,102.8
Underlying growth	1.7%	(0.2)% <sup>1</sup>	5.9%	1.1%	(5.4)%	(0.7)%
Acquisitions	18.6%	1.9%	–	8.9%	–	6.5%
Currency	(1.2)%	(5.2)%	(15.8)%	(4.3)%	(3.4)%	(4.1)%
<b>Revenue Growth</b>	<b>19.1%</b>	<b>(3.5)%</b>	<b>(9.9)%</b>	<b>5.7%</b>	<b>(8.8)%</b>	<b>1.7%</b>

<sup>1</sup> Excluding the transition of the DSD business to third parties, underlying revenue growth in Food North America would have been approximately 2.0% higher during the period.

# ARYZTA Group – Segmental EBITA

Six month period ended 31 January 2014



in Euro '000	January 2014	January 2013	% Change
<b>Food Group</b>			
Food Europe	92,097	77,611	18.7%
Food North America	89,899	90,738	(0.9)%
Food Rest of World	12,246	15,576	(21.4)%
Total Food Group	194,242	183,925	5.6%
Origin	4,012	2,386	68.1%
<b>Total Group EBITA</b>	<b>198,254</b>	<b>186,311</b>	<b>6.4%</b>
<b>Associates &amp; JVs, net</b>			
Food JVs	–	203	(100.0)%
Origin associates & JVs	6,693	10,866	(38.4)%
<b>Total associates &amp; JVs, net</b>	<b>6,693</b>	<b>11,069</b>	<b>(39.5)%</b>
<b>Total EBITA incl. associates and JVs</b>	<b>204,947</b>	<b>197,380</b>	<b>3.8%</b>

# Food Group – Income Statement

Six month period ended 31 January 2014



in Euro '000	January 2014	January 2013	% Change
Group revenue	1,585,194	1,500,314	5.7%
EBITA	194,242	183,925	5.6%
EBITA margin	12.3%	12.3%	–
JVs, net	–	203	–
EBITA incl. JVs	194,242	184,128	5.5%
Finance costs, net	(23,631)	(30,333)	–
Hybrid instrument accrued dividend	(14,258)	(8,234)	–
Pre-tax profits	156,353	145,561	–
Income tax expense	(24,824)	(21,986)	–
Non-controlling interests	(2,125)	(2,073)	–
Underlying net profit	129,404	121,502	6.5%

# Food Group – Cash Generation

## Six month period ended 31 January 2014



in Euro '000	January 2014	January 2013
EBIT	134,701	135,188
Amortisation	59,541	48,737
EBITA	194,242	183,925
Depreciation & ERP amortisation	46,422	46,252
EBITDA	240,664	230,177
Working capital movement	(12,262)	(14,987)
Maintenance capital expenditure	(22,867)	(20,104)
Dividends received from Origin	16,388	14,250
Interest and income tax	(41,436)	(38,078)
Other non-cash income	(386)	(302)
<b>Cash flows generated from activities</b>	<b>180,101</b>	<b>170,956</b>
Investment capital expenditure <sup>1</sup>	(122,892)	(66,527)
<b>Cash flows generated from activities after investment capital expenditure</b>	<b>57,209</b>	<b>104,429</b>
<b>Underlying net profit</b>	<b>129,404</b>	<b>121,502</b>

<sup>1</sup> Includes expenditure on intangible assets.



# Food Group – Net Debt and Investment Activity

Six month period ended 31 January 2014



in Euro '000	January 2014	January 2013
<b>Food Group opening net debt as at 1 August</b>	<b>(849,228)</b>	<b>(976,283)</b>
Cash flows generated from activities	180,101	170,956
Origin tender offer proceeds	71,789	–
Net debt cost of acquisitions	(83,712)	(28,031)
Acquisition and restructuring-related cash flows	(33,388)	(46,948)
Investment capital expenditure <sup>1</sup>	(122,892)	(66,527)
Proceeds from disposal of joint venture	–	1,941
Contingent consideration	(777)	(268)
Dividends paid	(3,248)	(2,482)
Hybrid dividend	(16,221)	(16,561)
Foreign exchange movement <sup>2</sup>	15,766	79,981
Other <sup>3</sup>	1,472	141
<b>Food Group closing net debt as at 31 January</b>	<b>(840,338)</b>	<b>(884,081)</b>

1 Includes expenditure on intangible assets.

2 Foreign exchange movement for the period ended 31 January 2014 primarily attributable to the fluctuation in the US Dollar to euro rate from July 2013 (1.3280) to January 2014 (1.3682) and from July 2012 (1.2370) to January 2013 (1.3450) for the period ended 31 January 2013.

3 Other comprises primarily proceeds on disposal of fixed assets and amortisation of financing costs.

# Food Group – Financing as at 31 January 2014

## Excluding Origin – non-recourse financing facilities



### Debt Financing

- Net Debt of EUR 840.3m
- Weighted average maturity of 4.51 years<sup>1</sup>
- Weighted average interest cost of 4.43%<sup>1</sup>
- Interest cover of 10.43x (hybrid as equity)
- Intend to maintain investment grade credit position
- Optimum leverage position in the range of 2x-3x Net Debt:EBITDA

### Hybrid Financing

- Total hybrid instruments outstanding of CHF 800m (EUR 650m)
- Interest cover of 6.92x (hybrid as debt)

Net Debt: EBITDA <sup>2</sup>	January 2014	July 2013	January 2013
Net Debt: EBITDA <sup>2</sup> (hybrid as equity)	1.58x	1.57x	1.79x
Net Debt: EBITDA <sup>2</sup> (hybrid as debt)	2.80x	2.77x	2.44x

<sup>1</sup> Incorporating the drawn amount on Revolving Credit Facility of €256.7m and excluding the hybrid instrument.

<sup>2</sup> Calculated based on the Food Group EBITDA for the 12 month period, including dividend received from Origin, adjusted for the pro forma full-year contribution of Food Group acquisitions.

# ARYZTA Transformation Initiative Update



in Euro '000

## ARYZTA Transformation Initiative

<b>Acquisition, disposal and restructuring-related costs</b>	<b>Cash</b>		<b>Total ATI</b>	<b>Non-cash</b>	<b>Total</b>
Period ended 31 January 2014	18,176	—	18,176	49,918	68,094
Year ended 31 July 2013	82,459	—	82,459	37,355	119,814
Year ended 31 July 2012	77,144	—	77,144	6,333	83,477
<b>Investment capital expenditure</b>		<b>Optimisation-related &amp; ERP</b>	<b>Total ATI</b>	<b>Expansion-related</b>	<b>Total</b>
Period ended 31 January 2014	—	50,434	50,434	72,458	122,892
Year ended 31 July 2013	—	61,462	61,462	111,044	172,506
Year ended 31 July 2012	—	46,643	46,643	42,758	89,401
ATI investment to date	<b>177,779</b>	<b>158,539</b>	<b>336,318</b>		
Estimated overall ATI investment			<b>460,000</b>		
Remaining available for ATI investment			<b>123,682</b>		

- EUR 124m remaining available for ATI investment, final year largely capital investment focused
- EUR 460m investment programme remains on track to be substantially completed during 2014
- Non-cash write-downs as ATI investments have replaced obsolete existing infrastructure

# ARYTZA Transformation Initiative Update

## Food Group acquisition, disposal and restructuring-related costs

in Euro '000	Cash	Non-cash	Total
Acquisition-related costs	2,180	—	2,180
Asset write-downs and fair value adjustments	—	49,918	49,918
Severance and other staff related costs	7,184	—	7,184
Other costs arising on integration	8,812	—	8,812
<b>Period ended 31 January 2014</b>	<b>18,176</b>	<b>49,918</b>	<b>68,094</b>
<b>Year ended 31 July 2013</b>	<b>82,459</b>		
<b>Year ended 31 July 2012</b>	<b>77,144</b>		
<b>Food Group ATI acquisition, disposal and restructuring-related costs to date</b>	<b>177,779</b>		

# Food Europe

Six month period ended 31 January 2014



● 19 Bakeries & Kitchens  
● 12 Countries

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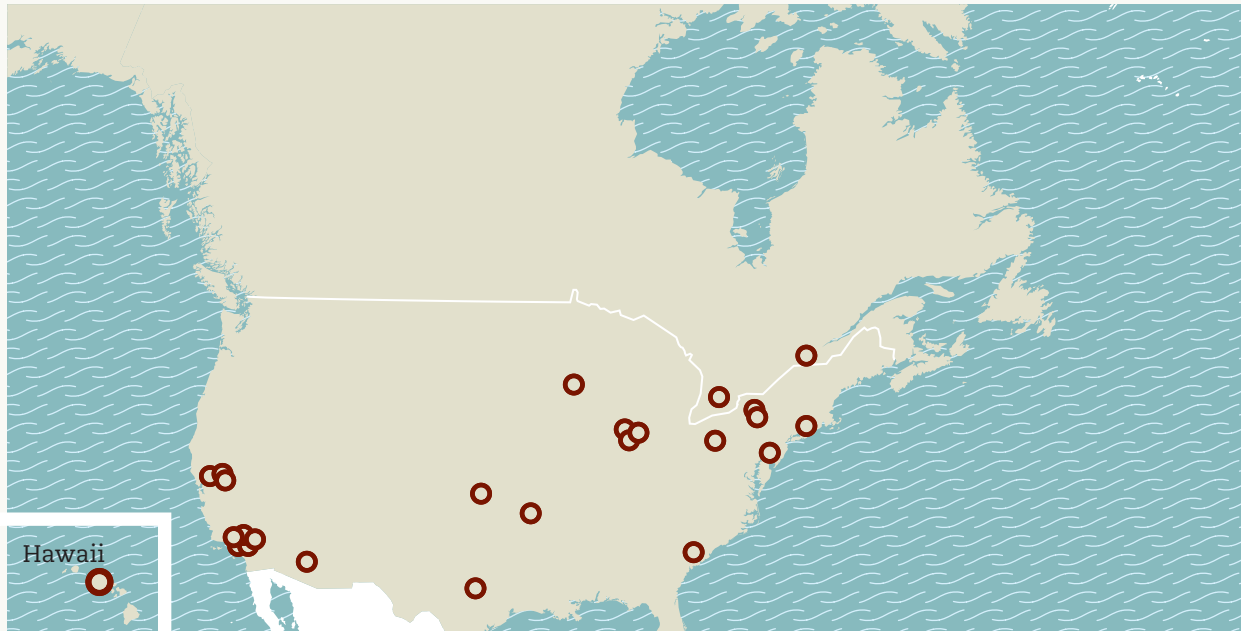
Revenue €764.0m, +19.1%  
Underlying revenue +1.7%  
Acquisitions +18.6%  
Currency (1.2)%  
EBITA €92.1m, +18.7%  
EBITA margin unchanged at 12.1%

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- Cash non-recurring costs of EUR 12m
- ERP and optimisation-related capital investment of EUR 33m
- Expansion-related capital investment of EUR 47m
- Positive underlying growth, capitalising on rebalanced business and In Store Bakery (ISB) expansion
- Capability building bolt-on acquisitions completed - Rina being the most significant

# Food North America

Six month period ended 31 January 2014



● 25 Bakeries & Kitchens

● 2 Countries

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Revenue €714.7m, (3.5)%

Underlying revenue was flat

Acquisitions +1.9%

Currency (5.2)%

EBITA €89.9m, (0.9)%

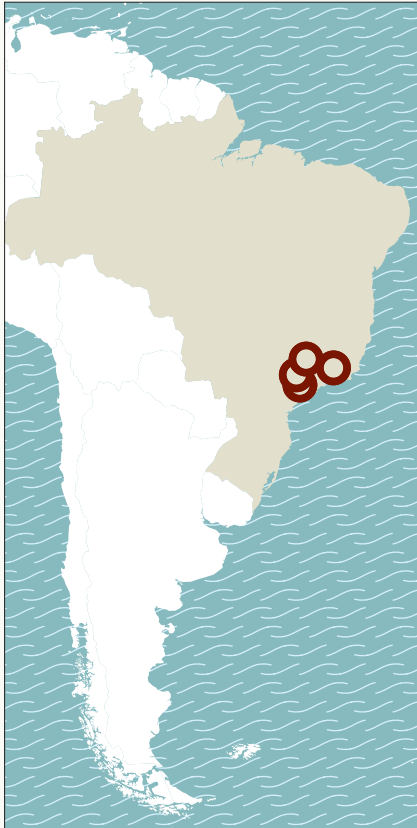
Positive EBITA margin expansion  
of 30 bps to 12.6%

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- Cash non-recurring costs of EUR 6m
- ERP and optimisation-related capital investment of EUR 17m
- Expansion-related capital investment of EUR 15m
- Positive underlying growth trends
- Excluding transitioned DSD business, underlying revenue growth approximately 2% higher
- Capacity and capability building Pita Pan bolt-on acquisition completed

# Food Rest of World

Six month period ended 31 January 2014



● 11 Bakeries & Kitchens

● 9 Countries

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Revenue €106.5m, (9.9)%

Underlying revenue +5.9%

Currency (15.8)%

EBITA €12.2m, (21.4)%

EBITA margin 11.5%, a decline  
of (170)bps

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- Total capital investment of EUR 10m
- Currency impact - translational and transactional
- Region remains capacity constrained
- Transactional currency risk being reduced through expansion of local manufacturing capacity

# Food Group – Underlying Revenue Growth

## Quarterly Underlying Revenue Growth



	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
Food Europe	(2.6)%	(0.7)%	(0.2)%	1.2%	(1.9)%	1.4%	0.7%	2.6%
Food North America	6.0%	7.2%	1.3%	3.0%	(0.1)% <sup>1</sup>	2.3% <sup>1</sup>	1.7% <sup>1</sup>	(2.1)% <sup>1</sup>
Food Rest of World	11.8%	11.4%	4.8%	6.4%	5.7%	9.5%	8.9%	2.9%
<b>Total Food Group</b>	<b>2.5%</b>	<b>3.8%</b>	<b>0.9%</b>	<b>2.5%</b>	<b>(0.4)%</b>	<b>2.5%</b>	<b>1.8%</b>	<b>0.3%</b>

<sup>1</sup> Excluding the transition of the DSD business to third parties, underlying revenue growth in Food North America would have been approximately 2.0% higher during these quarters.



## February 2014 – US Private Placement

- Additional funding of USD 490m and EUR 25m
- Weighted average maturity of 8.40 years
- Weighted average interest cost of 3.93%

## February 2014 – Revolving Credit Facility Amendment

- Increased facility from CHF 970m to CHF 1,977m
- Extended maturity to February 2019

## Financial Position

- Extended debt financing weighted average maturity from 4.51 years to 5.80 years<sup>1</sup>
- Reduced debt financing weighted average interest cost from 4.43% to 4.30%<sup>1</sup>

<sup>1</sup> Incorporating the drawn amount on Revolving Credit Facility of €256.7m and excluding the hybrid instrument.

- H2 acquiring Pineridge Bakery and Cloverhill Bakery
- Consideration EUR 730m
- Post-acquisition capital investments and non-recurring cash costs of EUR 70m to support strong growth pipeline and integration
- Combined revenue of EUR 400m in calendar year 2013 with double digit growth
- Margins comparable to existing Food Group business
- Modest EPS contribution in current year, dependent on regulatory clearance
- Double digit EPS accretion in fiscal 2015

# Food Group – Pineridge and Cloverhill Bakery Investments



- Agreed to acquire 100% of both Pineridge Bakery and Cloverhill Bakery, subject to regulatory approvals
- Pineridge is a top tier Canadian speciality bakery
- Cloverhill is a leading manufacturer of Ready to Eat (RTE) individually wrapped baked snacks
- Well established customer partnership model increases relevance to key customers
- Extends product portfolio in the US and customer access in Canada
- Provides attractive entry point into the high-growth North American snacking market

- Customer centric model well established with responsibility centre management
- ATI and acquisitions rebalanced business and increased relevance to customers
- ATI investment programme on track to be substantially completed during 2014
- Well positioned to grow market share through continued investment opportunities
- Guidance for FY 2014 is for double digit growth in fully diluted underlying EPS

## **Appendix 1 – Origin Financials**

# Origin – Income Statement

Six month period ended 31 January 2014



in Euro '000	January 2014	January 2013	% Change
Group revenue	517,606	567,680	(8.8)%
EBITA	4,012	2,386	68.1%
EBITA margin	0.8%	0.4%	
Associates and JVs, net	6,693	10,866	(38.4)%
EBITA incl. associates and JVs	10,705	13,252	(19.2)%
Finance costs, net	(2,374)	(3,034)	
Pre-tax profits	8,331	10,218	
Income tax expense	(369)	290	
Underlying net profit	7,962	10,508	(24.2)%
Underlying fully diluted EPS (cent) <sup>1</sup>	5.93c	7.59c	(21.9)%

1 Origin January 2014 underlying fully diluted earnings per share is calculated using a weighted average number of diluted shares of 134,296,257 (January 2013: 138,499,155).

# Origin – Underlying Net Profit Rec.

Six month period ended 31 January 2014



in Euro '000	January 2014	January 2013
Reported net profit	3,353	6,701
Intangible amortisation	2,859	2,901
Tax on amortisation	(509)	(586)
Net acquisition, disposal and restructuring related costs	2,409	1,791
Tax on net acquisition, disposal and restructuring related costs	(150)	(299)
<b>Underlying net profit</b>	<b>7,962</b>	<b>10,508</b>
<b>Underlying fully diluted EPS<sup>1</sup></b>	<b>5.93c</b>	<b>7.59c</b>

1 Origin January 2014 underlying fully diluted earnings per share is calculated using a weighted average number of diluted shares of 134,296,257 (January 2013: 138,499,155).

## **Appendix 2 – Other Financial Information and Presentation Glossary**



# ARYZTA Group – Underlying Net Profit Rec.

Six month period ended 31 January 2014



in Euro '000	January 2014	January 2013
Reported net profit	40,582	62,051
Intangible amortisation	62,400	51,638
Tax on amortisation	(14,537)	(13,158)
Hybrid instrument accrued dividend	(14,258)	(8,234)
Net acquisition, disposal and restructuring related costs	70,503	44,501
Tax on net acquisition, disposal and restructuring related costs	(8,392)	(6,877)
Non-controlling interest portion of acquisition, disposal and restructuring related costs, net of tax	(720)	(465)
<b>Underlying net profit</b>	<b>135,578</b>	<b>129,456</b>
Dilutive impact of Origin management incentives	–	(25)
<b>Underlying fully diluted net profit</b>	<b>135,578</b>	<b>129,431</b>
<b>Underlying fully diluted EPS<sup>1</sup></b>	<b>152.4c</b>	<b>146.4c</b>

1 ARYZTA January 2014 underlying fully diluted earnings per share is calculated using a weighted average number of diluted shares of 88,951,383 (January 2013: 88,395,981).

# Food Group – Underlying Net Profit Rec.

Six month period ended 31 January 2014



in Euro '000	January 2014	January 2013
Reported net profit <sup>1</sup>	38,297	57,439
Intangible amortisation	59,541	48,737
Tax on amortisation	(14,028)	(12,572)
Hybrid instrument accrued dividend	(14,258)	(8,234)
Net acquisition, disposal and restructuring related costs	68,094	42,710
Tax on net acquisition, disposal and restructuring related costs	(8,242)	(6,578)
<b>Underlying net profit</b>	<b>129,404</b>	<b>121,502</b>

1 Food Group reported net profit excludes dividend income of €16,388,000 (January 2013: €14,250,000) from Origin.

# ARYZTA Group – Balance Sheet

as at 31 January 2014



in Euro '000	As at January 2014	As at July 2013
Property, plant and equipment	1,173,427	1,141,847
Investment properties	23,007	22,984
Goodwill and intangible assets	2,892,480	2,905,242
Associates and joint ventures	50,721	45,235
Other receivables	40,452	39,433
Working capital	(53,601)	(27,656)
Other segmental liabilities	(117,750)	(108,560)
Segmental net assets	4,008,736	4,018,525
Net debt	(1,003,888)	(878,787)
Deferred income tax, net	(310,522)	(330,870)
Income tax payable	(47,158)	(46,570)
Derivative financial instruments, net	(5,890)	(1,669)
<b>Net assets</b>	<b>2,641,278</b>	<b>2,760,629</b>

# Food Group – Balance Sheet

as at 31 January 2014



in Euro '000	As at January 2014	As at July 2013
Property, plant and equipment	1,087,415	1,061,200
Investment properties	15,432	15,409
Goodwill and intangible assets	2,743,009	2,775,430
Investment in Origin	45,824	51,045
Working capital	(101,682)	(70,710)
Other segmental liabilities	(88,311)	(92,626)
Segmental net assets	3,701,687	3,739,748
Net debt	(840,338)	(849,228)
Deferred income tax, net	(297,703)	(320,136)
Income tax payable	(35,684)	(33,342)
Derivative financial instruments, net	(3,395)	46
<b>Net assets</b>	<b>2,524,567</b>	<b>2,537,088</b>

# Food Group – Financing

## Excluding Origin – non-recourse financing facilities



Debt Funding	Principal	Maturity
Feb 2014 – Syndicated Bank Loan	CHF 1,977m	Feb 2019
Feb 2014 – US Private Placement	USD 490m/EUR 25m	May 2020–May 2024
May 2010 – US Private Placement	USD 350m/EUR 25m	May 2016–May 2022
Dec 2009 – US Private Placement	USD 200m	Dec 2021–Dec 2029
Nov 2009 – Swiss Bond	CHF 200m	Mar 2015
Jun 2007 – US Private Placement	USD 450m	Jun 2014–Jun 2019

### Hybrid Funding

CHF 400m Hybrid funded October 2010 - 5% coupon until October 2014, thereafter 905bps plus 3-month CHF LIBOR

CHF 400m Hybrid funded April 2013 - 4% coupon until April 2018, thereafter 605bps plus 3-month CHF LIBOR

Traded on SIX Swiss exchange

Treated as 100% equity for bank covenant purposes

Treated as 25% equity for US PP covenant purposes

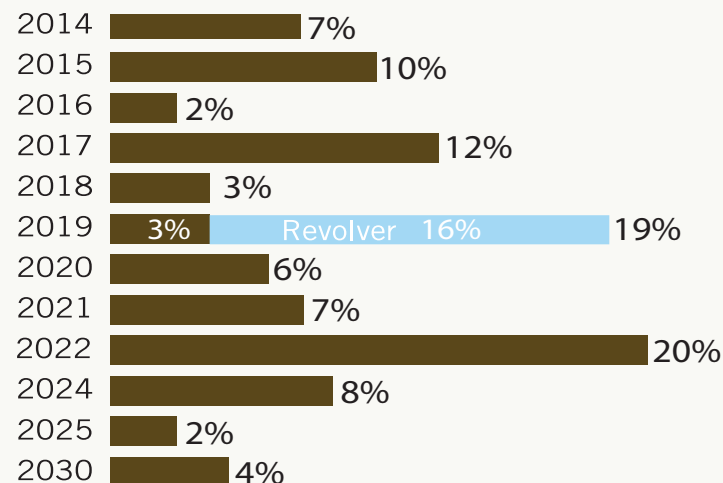
Net Debt: EBITDA <sup>1</sup>	January 2014	July 2013	January 2013
Net Debt: EBITDA <sup>1</sup> (hybrid as equity)	1.58x	1.57x	1.79x
Net Debt: EBITDA <sup>1</sup> (hybrid as debt)	2.80x	2.77x	2.44x

1 Calculated based on the Food Group EBITDA for the 12 month period, including dividend received from Origin, adjusted for the pro forma full-year contribution of Food Group acquisitions.

# Food Group – Gross Term Debt Maturity Profile

## Gross Term Debt Maturity Profile (excluding hybrid)<sup>1</sup>

Financial Year



<sup>1</sup> Food Group gross term debt at 31 January 2014 was €1,175m, incorporating the drawn amount on the Revolving Credit Facility of €257m and excluding the hybrid instrument. The additional private placement funding in February 2014 increased the Food Group gross term debt by €383m to €1,558m. Food Group net debt amounted to €840.3m, including overdrafts and finance leases and net of cash and related capitalised upfront borrowing costs.

# ARYZTA Group – Return on Invested Capital



in Euro million	Food Europe	Food North America	Food Rest of World	Total Food Group	Origin <sup>3</sup>	ARYZTA Group <sup>3</sup>
<b>31 January 2014</b>						
Group share net assets <sup>1</sup>	1,811	1,600	244	3,655	416	4,071
EBITA incl. associates and JVs <sup>2</sup>	203	189	27	419	84	503
ROIC	11.2%	11.8%	11.1%	11.5%	20.1%	12.4%
<b>31 July 2013</b>						
Group share net assets <sup>1</sup>	1,738	1,684	266	3,688	475	4,163
EBITA incl. associates and JVs <sup>2</sup>	205	191	30	426	91	517
ROIC	11.8%	11.3%	11.4%	11.6%	19.1%	12.4%

1 Net assets exclude all bank debt, cash and cash equivalents and tax-related balances.

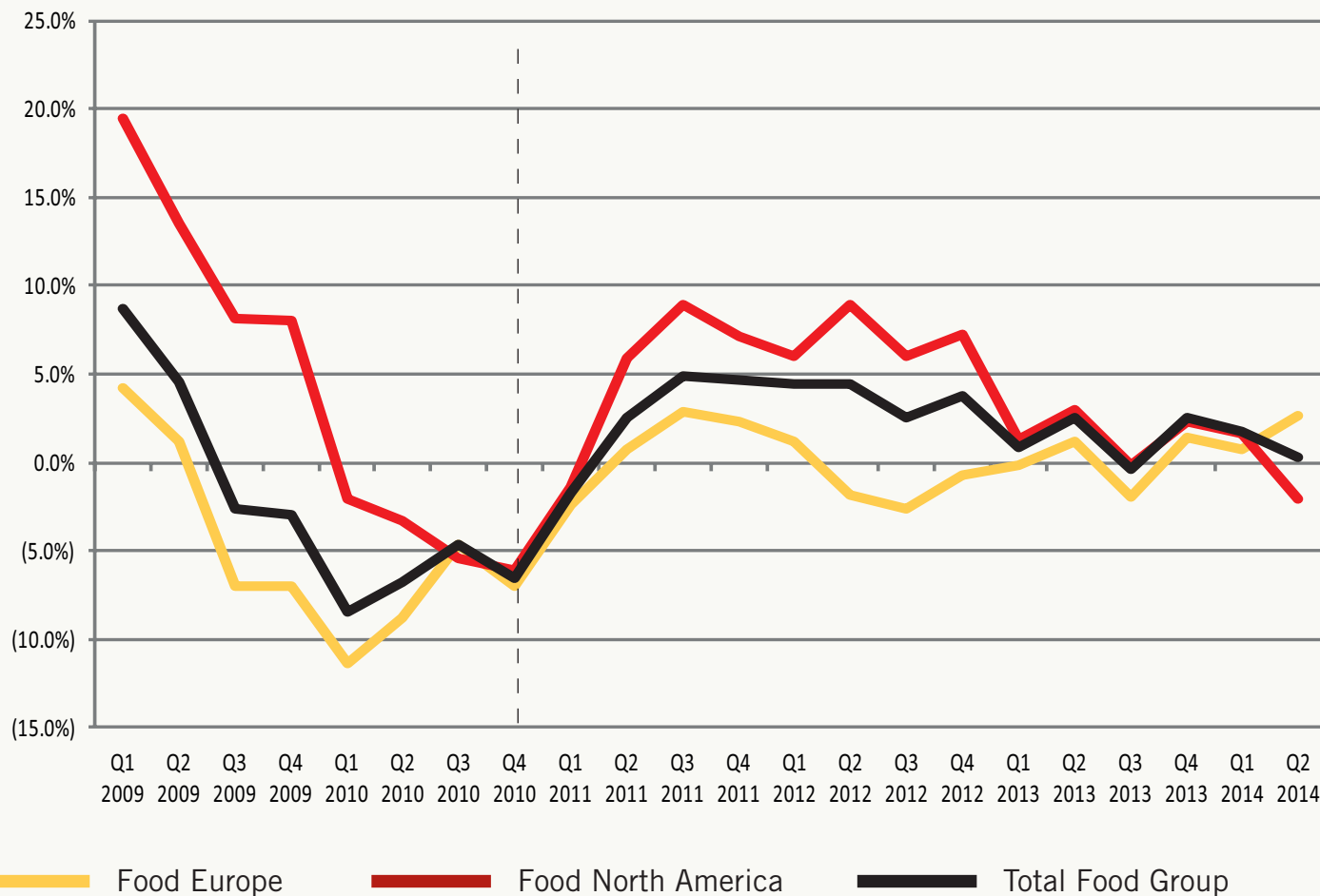
2 ROIC is calculated using pro forma trailing twelve months segmental EBITA ('TTM EBITA') reflecting disposals and the full twelve months contribution from acquisitions. EBITA is before interest, tax, non-ERP amortisation and before the impact of non-recurring items. The contribution from associates and JVs is net profit (i.e. presented after interest and tax).

3 Origin net assets adjusted for the put option liability and fluctuation in average working capital by €62,003,000 (July 2013: €144,453,000).

4 The Food Group WACC on a pre-tax basis is currently 7.2% (July 2013: 7.7%).

# Food Group – Underlying Revenue Growth

Channel and geographic rebalancing





# Food Group – Five Year KPIs

in Euro million	July 2009	July 2010	July 2011	July 2012	July 2013	Total/CAGR <sup>1</sup>
Revenue	1,712.8	1,679.4	2,577.4	2,867.6	3,085.5	<b>13.5%</b>
EBITDA	259.3	268.1	408.8	465.2	500.4	<b>17.9%</b>
Underlying Net Profit	149.3	157.7	218.1	246.6	268.4	<b>16.2%</b>
ARYZTA AG underlying fully diluted EPS (cent) <sup>1</sup>	234.7	244.0	310.1	337.5	360.3	<b>12.2%</b>
Cash generated from activities	236.4	251.0	271.9	314.9	369.4	<b>1,443.6</b>
Investment capital expenditure	(63.0)	(46.5)	(51.5)	(89.4)	(172.5)	<b>(422.9)</b>
Cash generated from activities after investment capital expenditure	173.4	204.5	220.4	225.5	196.9	<b>1,020.7</b>
Investment cost of acquisitions	(76.5)	(860.3)	(317.7)	(101.0)	(311.6)	<b>(1,667.1)</b>
Net debt as at 31 July	(505.5)	(1,115.6)	(955.5)	(976.3)	<b>(849.2)</b>	
Hybrid funding as at 31 July	–	–	(348.9)	(333.0)	<b>(648.4)</b>	
Total Net Debt and Hybrid as at 31 July	(505.5)	(1,115.6)	(1,304.4)	(1,309.3)	<b>(1,497.6)</b>	
<b>Net Debt: EBITDA<sup>2</sup> calculations as at July 31</b>						
Net Debt: EBITDA <sup>2</sup> (hybrid as equity)	1.80x	2.86x	2.24x	2.05x	<b>1.57x</b>	
Net Debt: EBITDA <sup>2</sup> (hybrid as debt)	–	–	3.06x	2.75x	<b>2.77x</b>	

1 CAGR is calculated for the five-year period from FY2008 pro forma, including Hiestand Holding AG in the 2008 comparative.

2 Food Group debt covenant EBITDA is adjusted for the pro forma full-year contribution of Food Group acquisitions and Origin and JV dividends received.

# Food Group – Five Year Cash Generation

in Euro million	July 2009	July 2010	July 2011	July 2012	July 2013	Five Year Total
EBIT	161.7	160.3	235.8	275.0	300.1	<b>1,132.9</b>
Amortisation	43.0	47.4	86.5	99.8	106.6	<b>383.3</b>
EBITA	204.7	207.7	322.3	374.8	406.7	<b>1,516.2</b>
Depreciation	54.6	60.4	86.5	90.4	93.7	<b>385.6</b>
EBITDA	259.3	268.1	408.8	465.2	500.4	<b>1,901.8</b>
Working capital movement	24.7	24.8	(13.0)	(19.3)	(11.2)	<b>6.0</b>
Dividends received	18.8	24.2	13.1	11.2	14.3	<b>81.6</b>
Maintenance capital expenditure	(15.0)	(10.3)	(39.3)	(46.2)	(43.7)	<b>(154.5)</b>
Interest and tax	(53.6)	(54.2)	(101.9)	(97.7)	(91.0)	<b>(398.4)</b>
Other non-cash (income) / charges	2.2	(1.6)	4.2	1.7	0.6	<b>7.1</b>
<b>Cash flows generated from activities</b>	<b>236.4</b>	<b>251.0</b>	<b>271.9</b>	<b>314.9</b>	<b>369.4</b>	<b>1,443.6</b>
Investment capital expenditure	(63.0)	(46.5)	(51.5)	(89.4)	(172.5)	<b>(422.9)</b>
<b>Cash flows generated from activities after investment capital expenditure</b>	<b>173.4</b>	<b>204.5</b>	<b>220.4</b>	<b>225.5</b>	<b>196.9</b>	<b>1,020.7</b>
Underlying net profit	149.3	157.7	218.1	246.6	268.4	1,040.1
Depreciation	54.6	60.4	86.5	90.4	93.7	385.6
	<b>203.9</b>	<b>218.1</b>	<b>304.6</b>	<b>337.0</b>	<b>362.1</b>	<b>1,425.7</b>
<b>Underlying net profit conversion to cash</b>	<b>115.9%</b>	<b>115.1%</b>	<b>89.3%</b>	<b>93.4%</b>	<b>102.0%</b>	<b>101.3%</b>

# Food Group – Five Year Net Debt

in Euro million	July 2009	July 2010	July 2011	July 2012	July 2013
Food Group opening net debt as at 1 August	(552.6)	(505.5)	(1,115.6)	(955.5)	(976.3)
Cash flows generated from activities	236.4	251.0	271.9	314.9	369.4
Hybrid instrument proceeds	–	–	285.0	–	319.4
Cost of acquisitions	(76.5)	(860.3)	(317.7)	(101.0)	(311.6)
Share placement	–	115.0	–	140.9	–
Acquisition and restructuring-related cash flows	–	–	(31.8)	(88.6)	(86.5)
Investment capital expenditure	(63.0)	(46.5)	(51.5)	(89.4)	(172.5)
Proceeds from disposal of property, plant and equipment	–	–	–	6.4	9.9
Proceeds from disposal of joint venture	–	–	–	4.7	1.9
Contingent consideration	–	(2.1)	(12.9)	(7.2)	(0.2)
Dividends paid	–	(30.6)	(32.9)	(43.7)	(46.0)
Hybrid dividend	–	–	–	(16.3)	(16.6)
Foreign exchange movement	(42.2)	(33.1)	51.1	(139.2)	62.0
Other	(7.6)	(3.5)	(1.1)	(2.3)	(2.1)
<b>Food Group closing net debt as at 31 July</b>	<b>(505.5)</b>	<b>(1,115.6)</b>	<b>(955.5)</b>	<b>(976.3)</b>	<b>(849.2)</b>

## Net Debt: EBITDA<sup>1</sup> calculations as at 31 July

TTM EBITDA <sup>1</sup>	261.3	366.3	418.0	465.2	527.0
Dividends from Origin and JVs	18.9	24.2	8.6	10.4	14.3
<b>EBITDA<sup>1</sup> for covenant purposes</b>	<b>280.2</b>	<b>390.5</b>	<b>426.6</b>	<b>475.6</b>	<b>541.3</b>

<sup>1</sup> Food Group debt covenant EBITDA is adjusted for the pro forma full-year contribution of Food Group acquisitions and Origin and JV dividends received.

# EUR Closing and Average FX Rates

<b>Closing Rates</b>	January 2014	July 2013	% Change
Swiss Franc	1.2299	1.2339	0.3%
US Dollar	1.3682	1.3280	(3.0)%
Canadian Dollar	1.5196	1.3644	(11.4)%
Sterling	0.8226	0.8630	4.7%

<b>Average Rates</b>	January 2014	January 2013	% Change
Swiss Franc	1.2314	1.2095	(1.8)%
US Dollar	1.3510	1.2886	(4.8)%
Canadian Dollar	1.4191	1.2747	(11.3)%
Sterling	0.8430	0.8054	(4.7)%

# ARYZTA – Consensus Estimates<sup>1</sup>



## FY 2014

in Euro million

	Low	High	Mean
<b>Based on 11 analysts</b>			
EBITA including associates & JVs <sup>2</sup>	531	547	540
Underlying fully diluted net profit <sup>3</sup>	348	360	355
Underlying EPS (cent) <sup>3</sup>	384.0	406.1	397.7

## FY 2015

in Euro million

	Low	High	Mean
<b>Based on 11 analysts</b>			
EBITA including associates & JVs <sup>2</sup>	550	613	578
Underlying fully diluted net profit <sup>3</sup>	369	403	392
Underlying EPS (cent) <sup>3</sup>	402.0	464.0	439.6

1 Contributions for the consensus forecasts were received from Berenberg, Credit Suisse, Davy, Goodbody, Investec, Helvea, Mainfirst, Rabobank, Societe Generale, Vontobel and UBS in February 2014. ARYZTA AG does not warrant the accuracy or completeness of these forecasts.

2 EBITA presented before impact of non-recurring items. Associates and JVs presented after interest and tax.

3 Underlying fully diluted net profit & EPS presented before impact of non-ERP amortisation, non-recurring items and related tax credits.

- 'ERP' - Enterprise Resource Planning intangible assets include the Food Group SAP and Origin Microsoft Dynamics AX software systems
- 'EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation reported for the year and before non-recurring items and related deferred tax credits
- 'EBITA' – presented before non-recurring items and related deferred tax credits. ERP intangible asset amortisation is treated as depreciation
- 'Associates and JVs, net' – presented as profit from associates and joint ventures, net of income tax and interest
- 'Hybrid instrument' – presented as Perpetual Callable Subordinated Instrument in the Financial Statements
- 'Non-controlling interests' – presented after the estimated dilutive impact of related subsidiaries' management incentives
- 'CAGR' - Compound Annual Growth Rate
- 'Underlying earnings' – presented as reported net profit adjusted to include the Hybrid instrument accrued dividend as finance cost; before non-ERP related intangible amortisation; net acquisition, disposal and restructuring-related costs and fair value adjustments and before any non-controlling interest allocation of those adjustments, net of related income tax impacts.

**Thank you!**