Full Year Result
for the year ended 31 July 2017

Zurich/Switzerland, 25 September 2017 – ARYZTA AG announces results for the financial year ended 31 July 2017

Key Developments

- Significant Board refreshment and renewal achieved
- New CEO in place and new CFO appointed
- Strategic direction is defined
- Refocusing on core B2B Frozen Bakery and European Food Solutions businesses
- Five-year €1.8 billion refinancing completed
- New Net Debt: EBITDA bank covenant ceiling of 4.75x agreed
- Continued strong cash generation in FY17 of €196 million
- Commitment to generating cash of €1.0 billion over the next four years, inclusive of asset realisations
- Non-cash impairment charge of €860 million relating to goodwill, intangibles and fixed assets
- Scrip dividend proposed
- Deferral of hybrid dividend
- Best current estimate for FY18 EBITDA is to be broadly in-line with FY17 given the range of internal and external challenges

Financial Summary

- Revenue decrease of (2.1)% to €3.80bn; (2.1)% organic decline
  - ARYZTA Europe revenues decreased by (0.5)% to €1.74bn; +1.4% organic growth
  - ARYZTA North America revenues decreased by (5.7)% to €1.80bn; (6.3)% organic decline
  - ARYZTA Rest of World revenues increased by 15.8% to €259m; +7.2% organic growth
- EBITDA declined by (31.1)% to €420.3m
- EBITDA margin decreased by (460) bps to 11.1%
- Joint ventures performed well, contributing €21.3m, net of interest and tax, +35.7%
- Net Debt: EBITDA (Syndicated Bank RCF) of 4.15x
- Underlying net profit decreased by (42.5)% to €179.0m
- Underlying fully diluted EPS decreased by (42.4)% to 201.6 cent

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Full year results

The ARYZTA full year results for the year ended 31 July 2017 are available for download from the ARYZTA website and at the following link:
http://www.aryzta.com/2017-FullYear-Results

Results conference call

A results call will take place today at 09:00 CET.

Dial in numbers are: Switzerland: 056 580 0007; Ireland: 01 431 9648;
USA: 1 631 510 7498; UK: 0844 493 3800; International: +44 (0) 1452 555566.

Please provide the following code: 84566144 to access the call.

A printable pdf version of slides will be available to download from the ARYZTA website **www.aryzta.com** before the call.

About ARYZTA

ARYZTA AG ('ARYZTA') is a global food business with a leadership position in speciality bakery. ARYZTA is based in Zurich, Switzerland, with operations in North America, South America, Europe, Asia, Australia and New Zealand. ARYZTA has a primary listing on the SIX Swiss Exchange and a secondary listing on the ISE Irish Exchange (SIX: ARYN, ISE: YZA).

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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.

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1 Underlying Income Statement

in EUR `000	July 2017	July 2016	% Change
Group revenue	3,796,770	3,878,871	(2.1)%
EBITDA[1]	420,307	609,640	(31.1)%
EBITDA margin	11.1%	15.7%	(460) bps
Depreciation	(142,997)	(124,773)	(14.6)%
EBITA[1]	277,310	484,867	(42.8)%
EBITA margin	7.3%	12.5%	(520) bps
Joint ventures, net of interest and tax	21,281	15,682	35.7%
EBITA including joint ventures	298,591	500,549	(40.3)%
Finance cost, net	(58,451)	(103,180)	43.4%
Hybrid instrument accrued dividend	(32,099)	(31,882)	(0.7)%
Pre-tax profits	208,041	365,487	(43.1)%
Income tax	(27,380)	(51,169)	46.5%
Non-controlling interests	(1,635)	(2,776)	41.1%
Underlying net profit[1]	**179,026**	**311,542**	**(42.5)%**
Underlying fully diluted EPS (cent)[2]	**201.6**	**350.3**	**(42.4)%**

1 See glossary in section 21 for definitions of financial terms and references used in the financial and business review. See bridge from underlying net profit to reported net profit, as included on page 16.

2 The 31 July 2017 weighted average number of ordinary shares used to calculate underlying earnings per share is 88,788,494 (2016: 88,929,096).

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2 Organic revenue

in EUR million	ARYZTA Europe	ARYZTA North America	ARYZTA Rest of World	ARYZTA Group
Group revenue	1,738.6	1,799.1	259.1	3,796.8
Organic growth	1.4%	(6.3)%	7.2%	(2.1)%
Acquisitions/(disposals), net	(0.9)%	(0.9)%	–	(0.8)%
Currency	(1.0)%	1.5%	8.6%	0.8%
Revenue Growth	**(0.5)%**	**(5.7)%**	**15.8%**	**(2.1)%**

Quarterly organic revenue

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017
ARYZTA Europe					
Volume %	1.8%	(0.1)%	1.3%	(4.7)%	(0.6)%
Price/Mix %	(0.4)%	0.7%	3.0%	4.0%	2.0%
Organic growth %	**1.4%**	**0.6%**	**4.3%**	**(0.7)%**	**1.4%**
ARYZTA North America					
Volume %	(5.7)%	(5.5)%	(6.7)%	(16.1)%	(8.5)%
Price/Mix %	1.0%	(0.3)%	2.4%	5.5%	2.2%
Organic growth %	**(4.7)%**	**(5.8)%**	**(4.3)%**	**(10.6)%**	**(6.3)%**
ARYZTA Rest of World					
Volume %	4.9%	7.6%	0.7%	7.7%	4.7%
Price/Mix %	4.8%	1.7%	3.0%	(1.3)%	2.5%
Organic growth %	**9.7%**	**9.3%**	**3.7%**	**6.4%**	**7.2%**
ARYZTA Group					
Volume %	(1.7)%	(2.3)%	(2.7)%	(9.4)%	(4.2)%
Price/Mix %	0.5%	0.3%	2.7%	4.4%	2.1%
Organic growth %	**(1.2)%**	**(2.0)%**	**0.0%**	**(5.0)%**	**(2.1)%**

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3 Segmental EBITDA

in EUR `000	July 2017	July 2016	% Change	EBITDA Margin 2017	EBITDA Margin 2016	Change
ARYZTA Europe	211,128	275,099	(23.3)%	12.1%	15.7%	(360) bps
ARYZTA North America	170,096	300,132	(43.3)%	9.5%	15.7%	(620) bps
ARYZTA Rest of World	39,083	34,409	13.6%	15.1%	15.4%	(30) bps
ARYZTA Group EBITDA	**420,307**	**609,640**	**(31.1)%**	**11.1%**	**15.7%**	**(460) bps**

4 Segmental EBITA

in EUR `000	July 2017	July 2016	% Change	EBITA Margin 2017	EBITA Margin 2016	Change
ARYZTA Europe	147,164	215,777	(31.8)%	8.5%	12.4%	(390) bps
ARYZTA North America	100,453	243,292	(58.7)%	5.6%	12.8%	(720) bps
ARYZTA Rest of World	29,693	25,798	15.1%	11.5%	11.5%	0 bps
ARYZTA Group EBITA	**277,310**	**484,867**	**(42.8)%**	**7.3%**	**12.5%**	**(520) bps**

5 Our business

ARYZTA's business is speciality food, with a primary focus on speciality baking, a niche segment of the overall bakery market. Speciality bakery consists of freshly prepared food, giving the best value, variety, taste and convenience to consumers at the point of sale. ARYZTA's customer channels consist of a mix of large retail, convenience and independent retail, Quick Service Restaurants ('QSR') and other foodservice categories.

Total revenue decreased by (2.1)% to €3.8bn during the year ended 31 July 2017, due to an organic decline of (2.1%), consisting of volume losses of (4.2)%, partially offset by a positive price/mix impact of 2.1%. Prior year disposals, net of acquisitions, reduced revenue by (0.8)%, while there was a positive currency impact of 0.8%.

Overall organic revenues decreased during the year by (2.1)%, primarily related to an organic revenue decline of (6.3)% in ARYZTA North America, significantly related to volume declines with contract renewal customers and earlier than anticipated in-sourcing by co-pack customers. This decline in ARYZTA North America was partially offset by 1.4% organic revenue growth in ARYZTA Europe and strong organic growth of 7.2% in ARYZTA Rest of World.

Group EBITDA decreased by (31.1)% to €420.3m, while EBITDA margins declined (460) bps to 11.1%. Within ARYZTA Europe, the margin decline was primarily due to the ramp-up of new bakery capacity in Germany, as well as the currency impact of Brexit on cross-border revenues and input costs in the UK. Significant butter price inflation also impacted results during the second half of the year. Within ARYZTA North America, margins were affected by reduced operating leverage, combined with increasing labour input costs and increased spend on branding and marketing costs.

In what has been a year of significant change, ARYZTA has made considerable progress in putting the core elements of the new leadership team in place. Kevin Toland has commenced in his role of Group CEO in September 2017. ARYZTA also recently

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announced the appointment of Frederic Pflanz as Group CFO, who will join in January 2018. Kevin and Frederic bring extensive expertise in global food and consumer goods industries, as well as a proven track record of managing businesses undergoing significant transformation.

ARYZTA is committed to improving revenue growth by refocusing on its core strengths as a global leader in B2B Frozen Bakery and European Food Solutions, while continuing to deliver best-in-class customer service, support and food safety to our customers. This revenue focus, when combined with bakery cost alignment, will support the financial aim of restoring operating leverage, improving EBITDA margins and enhancing cash generation.

6 ARYZTA Europe

ARYZTA Europe has leading market positions in the speciality bakery markets in Germany, Switzerland, France, Ireland, the UK, the Netherlands, Hungary, Poland, Denmark, Spain, Sweden, Romania, Czechia and other European countries.

ARYZTA Europe revenue decreased by (0.5)% to €1,738.6m during the year ended 31 July 2017. Organic revenue growth of 1.4% was a result of a (0.6)% decrease in volumes offset by a 2.0% benefit from improved price/mix. Unfavourable currency movements also impacted revenues by (1.0)% and the prior year disposal of a business in France resulted in a (0.9)% decline in year over year revenues. Excluding the previously highlighted impact of in-sourcing by a large customer in Switzerland, volume growth in the segment would have been positive during the year.

ARYZTA Europe EBITDA decreased by (23.3)% to €211.1m and EBITDA margins decreased by (360) bps to 12.1%. ARYZTA Europe has experienced considerable challenges in transferring 225 SKUs in Germany from the Fricopan facility to the new bakery capacity in Eisleben and in optimising the operations around this additional bakery capacity. There was also commodity price inflation during the year, in particular significant butter price increases in the second half of the year, which have not been fully mitigated to date. UK margins were also impacted by the increased cost of products supplied from the Eurozone, as a result of weakening Sterling.

With the exception of the challenges in Germany and the UK, most geographies in Europe performed well, with the impact of in-sourcing by a large customer in Switzerland somewhat mitigated by that transition occurring more slowly than initially anticipated.

As detailed in Section 10, during the year ARYZTA Europe recorded a goodwill impairment charge of €103.0m relating to the Germany business. In addition, ARYZTA Europe incurred €1.3m of non-cash asset write downs and €11.7m of other restructuring-related costs, primarily related to severance and staff-related costs incurred as a direct result of bakery rationalisation in Germany and consolidation of management functions across the region.

7 ARYZTA North America

ARYZTA North America is a leading player in the speciality bakery markets in the United States and Canada. It has a diversified customer base, including multiple retail, restaurants, catering, hotels, leisure, hospitals, military, fundraising and QSR. ARYZTA is a leader in high-value artisan bakery via La Brea Bakery, which focuses on the premium branded bakery segment.

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ARYZTA North America revenues declined by (5.7)% to €1,799.1m during the year ended 31 July 2017. Organic revenue declined by (6.3)%, due to volume declines of (8.5)% partially offset by positive price/mix of 2.2%. The disposal of a non-core, fillings and mixes business in the prior year impacted year over year revenues by (0.9)%, while currency movements supported revenues by 1.5%.

As previously announced, the decline in ARYZTA North America organic revenues during the year was initially driven by declines with contract renewal customers and was further compounded by co-pack customers in-sourcing volumes earlier than anticipated.

ARYZTA North America EBITDA declined by (43.3)% to €170.1m, while EBITDA margins declined (620) bps to 9.5%. These very significant declines are the result of negative operating leverage following an overall reduction in volume and are further impacted by increased labour input costs and additional brand marketing investment behind the business-to-consumer ('B2C') centre aisle food offering, which has not been successful and has now been stopped.

As detailed in Section 10, following the significant reduction in overall profitability during the year, and related reductions in future cash flow projections, ARYZTA North America recorded impairment charges totalling €756.9m in respect of goodwill, intangibles and fixed assets. In addition, ARYZTA North America incurred €37.6m of restructuring-related costs, including costs associated with business interruption challenges at the Cloverhill bakeries acquired in FY 2014, severance and staff-related costs, onerous leases, advisory and other restructuring-related costs.

8 ARYZTA Rest of World

ARYZTA's operations in the Rest of World primarily includes businesses in Brazil, Australia, New Zealand, Japan, Malaysia, Singapore and Taiwan. While representing only 7% of total Group revenue and 9% of total Group EBITDA, these locations provide attractive future growth opportunities and have importance as suppliers to our global QSR customers.

ARYZTA Rest of World revenues increased by 15.8% to €259.1m during the year ended 31 July 2017. Organic revenue increased 7.2%, as a result of 4.7% volume growth across the region, combined with additional price/mix growth of 2.5%. Favourable currency movements also supported revenues by 8.6%.

ARYZTA Rest of World EBITDA increased by 13.6% to €39.1m, while EBITDA margins declined by (30) bps to 15.1%. The continued growth in this segment relates to the ongoing support of our internal customer partnerships, as well as an expansion of the food offering within the convenience and retail channels.

9 Joint ventures

During August 2015, the Group invested €450.7m in a 49% interest in Picard, which operates an asset-light B2C platform focused on premium speciality food. Picard is located primarily in France, is separately managed and has separately funded debt structures, which are non-recourse to ARYZTA.

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While Picard is not considered part of ARYZTA's long-term strategy, disposal of the Group's investment is currently only possible with agreement of both joint venture partners. Therefore, as it is the Group's intention to achieve a fair market return only once all shareholders are aligned in pursuit of an exit, the Group's investment continues to be accounted on a historical cost basis using the equity method of accounting, rather than at fair value as an asset held-for-sale.

The Group also owns a 50% interest in Signature Flatbreads, a pioneering flatbread producer in the UK and India, producing an innovative range of authentic Indian breads, as well as high-quality international flatbreads, tortillas, pizza bases and pitas.

Joint ventures had combined revenues of €1,515.8m during the ARYZTA year ended 31 July 2017 and delivered an underlying contribution to ARYZTA, after interest and tax, of €21.3m. Both joint ventures performed well, growing revenues, expanding margins, and generating strong internal cash flows.

in EUR `000	Picard	Signature	July 2017	July 2016
Revenue	1,398,030	117,819	**1,515,849**	1,402,987
EBITDA	203,117	15,902	**219,019**	197,851
EBITDA margin	14.5%	13.5%	**14.4%**	14.1%
Depreciation	(29,580)	(6,397)	**(35,977)**	(32,210)
EBITA	173,537	9,505	**183,042**	165,641
EBITA margin	12.4%	8.1%	**12.1%**	11.8%
Finance cost, net	(95,012)	(922)	**(95,934)**	(89,915)
Pre-tax profit	78,525	8,583	**87,108**	75,726
Income tax	(41,305)	(2,250)	**(43,555)**	(43,616)
Joint venture underlying net profit	37,220	6,333	**43,553**	32,110
ARYZTA's share of JV underlying net profit	**18,115**	**3,166**	**21,281**	**15,682**

10 Impairment, acquisition, disposal and restructuring

During the year ended 31 July 2017, the Group incurred the following amounts related to impairment, integration, rationalisation and restructuring:

in EUR `000	Non-cash 2017	Cash 2017	Total 2017	Total 2016
Net gain on disposal of businesses	–	–	**–**	993
Impairment of goodwill	(594,872)	–	**(594,872)**	–
Impairment of intangibles	(138,642)	–	**(138,642)**	–
Impairment and disposal of fixed assets	(126,202)	–	**(126,202)**	(14,787)
Acquisition-related costs	–	–	**–**	(2,330)
Labour-related business interruption	–	(16,349)	**(16,349)**	–
Severance and other staff-related costs	–	(21,367)	**(21,367)**	(65,447)
Contractual obligations	–	(7,295)	**(7,295)**	(6,738)
Advisory and other costs	–	(5,463)	**(5,463)**	(8,805)
Impairment, acquisition, disposal and restructuring-related costs	**(859,716)**	**(50,474)**	**(910,190)**	**(97,114)**

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Non-cash impairment and disposal-related costs

Impairment of goodwill
Following significant reductions in profitability in Germany and North America during the year ended 31 July 2017, the Group recorded goodwill impairment charges of €103.0m in Germany and €491.9m in North America.

Current year profitability associated with these locations has been significantly impacted, either by the consolidation of 225 SKUs into the new German bakery capacity in Eisleben and the ongoing commissioning and optimisation of that facility, or by the significant volume declines and increased labour costs in North America.

While profitability in each of these locations is expected to improve in the future, after considering goodwill and other assets within these locations, as well as the respective future cash flow projections, management determined it was appropriate to record these goodwill impairment charges during the current year.

Despite these impairments, the bakeries remain world-class production facilities and are expected to make significant future contributions to the group, once spare capacity across the network is optimised and other operational challenges are addressed.

Further detail on these goodwill impairments is included in note 6 of the extract from the IFRS financial statements on page 39.

Impairment of intangibles
As outlined above, during the year ended 31 July 2017, ARYZTA North America experienced a significant reduction in volumes, as a result of earlier than anticipated in-sourcing by co-pack customers.

As these customers and the related volumes were primarily associated with the Group's Cloverhill acquisition completed during FY 2014, the Group reviewed the remaining customer relationship and brand-related intangible assets obtained as part of that acquisition and, based on the associated future cash flows, recorded a €138.6m impairment of those intangible assets.

Impairment and disposal of fixed assets
During the year, the Group incurred €126.2m of asset write-downs and impairments, primarily related to assets in ARYZTA North America, including:

- €56.6m in relation to additional production capacity not yet fully completed or in service, which without further investment is expected to remain idle;
- €69.8m in relation to other North American facilities, which have either lost significant activity during the year or which are not projected to achieve sufficient future profitability to recover their carrying value.

Separately, an impairment loss of €1.3m was recorded in Europe primarily related to obsolete production equipment in Switzerland, while a gain of €1.5m was recorded in the Rest of World segment, primarily arising from the sale of land.

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Cash acquisition and restructuring-related costs

Labour-related business interruption costs

During the year, the Group encountered a significant labour-related business disruption at its Cloverhill facilities.

A substantial number of the legacy labour force at these facilities was supplied through a third-party staffing agency. A federal audit of this third-party agency revealed inadequate documentation, resulting in circa 800 experienced workers leaving the business in Q4-2017 and being progressively replaced with new hires. By merit of these employees being agency workers, ARYZTA did not have the ability to verify documentation of these workers, and the immediacy and extent of the risk that existed was not known to the board.

As these individuals had significant knowledge and experience of the baking process and represented over one-third of the workforce at these facilities, there has been a significant decrease in the labour efficiency and production volumes, as well as an impact on increased waste levels at these facilities, as a result of this disruption.

While the Cloverhill business had been profitable every month since its acquisition, following this disruption these locations incurred €16.3m of losses during June and July 2017, which is expected to continue to impact the business during FY18.

Severance and other staff-related costs

The Group provided for a total of €21.4m in severance and other staff-related costs during the year ended 31 July 2017. Of this amount €10.4m has been recognised in relation to the remaining contractual employment period and the 12-month post-contractual term non-compete agreements with four former members of Executive Management, who left the business during the year.

The remaining €11.0m of costs recognised during the year represent severance costs arising from a number of production, distribution and administrative rationalisations, as well as amounts in respect of key employee retention agreements implemented following the Executive Management departures during the year.

During financial year 2016, the Group incurred €65.4m related to costs associated with employees whose service was discontinued following certain rationalisation decisions across the various business locations of the Group, primarily in Europe.

Contractual obligations

The operational decisions made as a result of the Group's integration and rationalisation projects resulted in certain long-term operational contracts becoming onerous. During the year ended 31 July 2017, the Group incurred total costs of €7.3m (2016: €6.7m) to provide for certain long-term contracts determined to be surplus to the Group's operating requirements. The associated provision amounts have been calculated on the basis of the remaining period of the relevant lease, or an estimate to the earliest date at which the lease could be terminated or sublet, if shorter.

Extract from 2017 Annual Report

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Advisory and other costs
During the year ended 31 July 2017, the Group incurred €5.5m in advisory and other professional services costs, directly arising from the strategic and business review activities following the changes in Executive Management.

During the year ended 31 July 2016, the Group incurred €8.8m in advisory and other costs related directly to the rationalisation of certain bakery assets, integration of the supply chain and distribution functions of recently acquired businesses into the Group's network and costs associated with centralisation of certain administrative functions.

11 Cash generation

in EUR `000	July 2017	July 2016
EBITA	277,310	484,867
Depreciation	142,997	124,773
EBITDA	420,307	609,640
Working capital movement	5,613	40,586
Working capital movement from debtor securitisation[1]	16,766	54,258
Capital expenditure	(102,577)	(213,935)
Proceeds from sale of fixed assets and investment property	36,218	1,030
Acquisition and restructuring-related cash flows	(63,451)	(81,702)
Segmental operating free cash generation	**312,876**	**409,877**
Hybrid dividend	(32,115)	(31,788)
Interest and income tax	(74,628)	(113,972)
Grants received, net of deferred income recognition	(5,665)	6,947
Other	(4,315)	(4,332)
Cash flow generated from activities	**196,153**	**266,732**

1 Total debtor balances securitised as of 31 July 2017 is €219m (2016: €208m).

12 Net debt and investment activity

in EUR `000	FY 2017	FY 2016
Opening net debt as at 1 August	**(1,719,617)**	**(1,725,103)**
Cash flow generated from activities	196,153	266,732
Disposal of businesses, net of cash and finance leases	–	42,060
Proceeds from disposal of Origin, net of cash disposed	–	225,101
Investment in joint venture	–	(450,732)
Net debt cost of acquisitions	–	(26,917)
Purchase of non-controlling interests	(14,485)	–
Collection of receivables from joint ventures	3,277	21,509
Contingent consideration	(896)	(46,916)
Private placement early redemption and related costs	(182,513)	–
Dividends paid	(50,945)	(57,313)
Foreign exchange movement[1]	38,952	36,038
Other[2]	(3,796)	(4,076)
Closing net debt as at 31 July	**(1,733,870)**	**(1,719,617)**

1 Foreign exchange movement for the year ended 31 July 2017 primarily attributable to the fluctuation in the USD to euro rate from July 2016 (1.1162) to July 2017 (1.1756). Foreign exchange movement for the year ended 31 July 2016 primarily attributable to the fluctuation in the GBP to euro rate from July 2015 (0.7091) to July 2016 (0.8399).

2 Other comprises primarily amortisation of upfront financing costs.

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During September 2016, the Group utilised its available financing facilities and existing cash resources to redeem all of its outstanding Private Placements, which totalled €1,209.5m at the time of redemption. In connection with this early redemption the Group incurred €182.5m of costs, including a make-whole costs of €169.4m, other redemption-related cash costs of €6.2m and also wrote-off €6.9m of existing private placement capitalised borrowing costs.

During December 2016, the Group issued a number of Schuldschein tranches totalling €386m, which have maturities between three and seven years. These proceeds were used to reduce the amount outstanding on the Group's term loan facility.

As of 31 July 2017, the Group's financing facilities, related capitalised upfront borrowing costs, finance leases, overdrafts and cash balances outstanding were as follows:

in EUR `000	31 July 2017
Syndicated Bank RCF	(1,193,912)
Term loan facility	(590,000)
Schuldschein	(384,289)
Gross term debt	**(2,168,201)**
Upfront borrowing costs	13,916
Term debt, net of upfront borrowing costs	**(2,154,285)**
Finance leases	(1,525)
Cash and cash equivalents, net of overdrafts	421,940
Net debt	**(1,733,870)**

As of 31 July 2017, the weighted average interest cost of the Group debt financing facilities was 2.2% (2016: 4.5%). The Group's interest cover including hybrid interest was 4.64x (2016: 4.50x).

The Group's key financial ratio was as follows:

	July 2017	July 2016
Net Debt: EBITDA (Syndicated Bank RCF)	4.15x	2.90x

During July 2017, the Group agreed to the terms of a new five-year unsecured €1,800m refinancing of its Syndicated Bank RCF and term loan facility comprising a €1,000m amortising term loan and a €800m revolving credit facility.

The new financing was utilised on 22 September 2017 to repay in full the revolving credit and term loan facilities put in place last year.

The refinancing is underwritten by four of the Group's key relationship banks, with general syndication to take place over the next two months.

In order to provide enhanced financial flexibility, the Group has increased the covenant to a maximum 4.75x Net Debt: EBITDA at 31 July 2017 and 31 January 2018, reducing to a maximum of 4.00x at 31 July 2018 and a maximum of 3.50x from 31 July 2019. The Group has also reduced the interest cover covenant to 3.0x EBITDA: Interest. The new facility extends the maturity profile of the Group's debt to just over 4 years.

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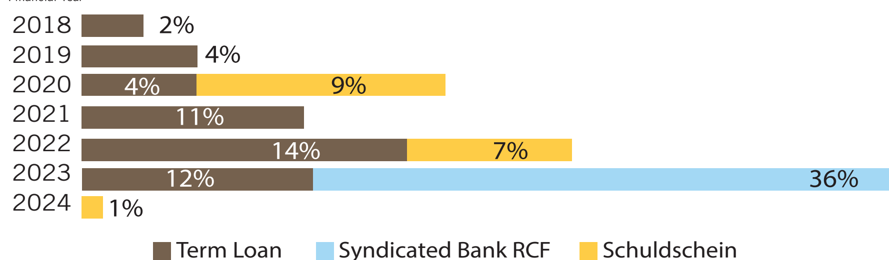
Gross Term Debt Maturity Profile
September 2017 (pro forma)



13 Hybrid funding

As of 31 July 2017, the Group has €770m of Hybrid funding outstanding, which is accounted for as equity under IFRS, as the instruments have no maturity date and repayment is at the option of ARYZTA. In the event repayment not made at the first-call dates, the instruments include a provision for a coupon step-up as included below.

Perpetual Callable Subordinated Instruments		Coupon	Step-up if not called	in EUR `000
First call April 2018	CHF 400m	4.0%	6.045% +3 Month Swiss Libor	(352,740)
First call March 2019	EUR 250m	4.5%	6.77% +5 Year Euro Swap Rate	(250,000)
First call April 2020	CHF 190m	3.5%	4.213% +3 Month Swiss Libor	(167,551)
Hybrid funding at 31 July 2017 exchange rates				**(770,291)**

14 Foreign currency

The principal euro foreign exchange currency rates used by the Group for the preparation of these Financial Statements are as follows:

Currency	Average 2017	Average 2016	% Change	Closing 2017	Closing 2016	% Change
CHF	1.0818	1.0905	0.8%	1.1340	1.0855	(4.5)%
USD	1.0938	1.1106	1.5%	1.1756	1.1162	(5.3)%
CAD	1.4483	1.4748	1.8%	1.4674	1.4562	(0.8)%
GBP	0.8633	0.7602	(13.6)%	0.8933	0.8399	(6.4)%

Extract from 2017 Annual Report

Full Year Result
for the year ended 31 July 2017

15 Return on invested capital

in EUR million	ARYZTA Europe	ARYZTA North America	ARYZTA Rest of World	ARYZTA Group
2017				
Segmental net assets	1,676	1,710	194	3,580
TTM EBITA	147	100	30	277
ROIC[1]	8.8%	5.9%	15.3%	7.7%
2016				
Segmental net assets	1,903	2,488	198	4,589
TTM EBITA	215	243	26	484
ROIC[1]	11.3%	9.8%	13.0%	10.5%

1 See glossary in section 21 for definitions of financial terms and references used.

2 Group WACC on a pre-tax basis is currently 8.1% (2016: 8.0%).

16 Net assets, goodwill and intangibles

in EUR `000	July 2017	July 2016
Property, plant and equipment	1,386,294	1,594,885
Investment properties	19,952	24,787
Goodwill and intangible assets	2,651,937	3,617,194
Deferred tax on goodwill and intangibles	(82,534)	(210,635)
Working capital	(334,078)	(361,307)
Other segmental liabilities	(61,202)	(76,109)
Segmental net assets	3,580,369	4,588,815
Joint ventures and related receivables	528,188	495,402
Net debt	(1,733,870)	(1,719,617)
Deferred tax, net	(111,863)	(113,823)
Income tax	(63,283)	(49,118)
Derivative financial instruments	2,111	(13,888)
Net assets	**2,201,652**	**3,187,771**

17 Dividend

At the Annual General Meeting on 7 December 2017, shareholders will be invited to approve a proposed dividend of CHF 0.3489 (€0.3024) per share, to be settled as a scrip dividend via newly issued share capital. If approved, the dividend will be issued to shareholders on 1 February 2018. A dividend of CHF 0.5731 per share was paid during the year, as approved by shareholders at the Annual General Meeting on 13 December 2016.

18 Subsequent Events

During July 2017, the Group agreed to the terms of a new five-year unsecured €1,800m refinancing of its Syndicated Bank RCF and term loan facility comprising a €1,000m amortising term loan and a €800m revolving credit facility.

The new financing was utilised on 22 September 2017 to repay in full the revolving credit and term loan facilities put in place last year.

Full Year Result
for the year ended 31 July 2017

19 Principal risks and uncertainties

The Board and senior management have invested significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Board considers the risks and uncertainties disclosed on page 17 to continue to reflect the principal risks and uncertainties of the Group.

20 Forward looking statement

This report 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.

21 Glossary of financial terms and references

'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 impairment, acquisition, disposal and restructuring-related costs and related tax credits.

'EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation; before impairment, acquisition, 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, 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 impairment, 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.

Bridge to Group Consolidated Income Statement
for the financial year ended 31 July 2017

in EUR `000	**ARYZTA Group July 2017**	ARYZTA Group July 2016
Underlying net profit - continuing operations	**179,026**	311,542
Intangible amortisation	**(174,640)**	(176,241)
Tax on amortisation	**32,997**	36,715
Share of JV intangible amortisation and restructuring costs, net of tax	**17,099**	(3,966)
Hybrid instrument accrued dividend	**32,099**	31,882
Private placement early redemption	**(182,513)**	–
Impairment of goodwill	**(594,872)**	–
Impairment of intangibles	**(138,642)**	–
Impairment and disposal of fixed assets	**(126,202)**	(13,794)
Acquisition and restructuring-related costs	**(50,474)**	(83,320)
Tax on impairment, acquisition, disposal and restructuring	**98,349**	9,911
Reported net (loss)/profit - continuing operations	**(907,773)**	112,729
Underlying net profit - discontinued operations	**–**	–
Underlying contribution associate held-for-sale	**–**	48
Profit for the year - discontinued operations	**–**	48
Loss on disposal of associate held-for-sale	**–**	(45,769)
Reported net loss - discontinued operations	**–**	(45,721)
Reported net (loss)/profit attributable to equity shareholders	**(907,773)**	67,008

Extract from 2017 Annual Report

Group Risk Statement
Principal Risks and Uncertainties

The Board and senior management continue to invest significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Group has formal risk assessment processes in place through which risks are identified and associated mitigating controls are evaluated. These processes are driven by local management, who are best placed to identify the significant ongoing and emerging risks facing the business. The outputs of these risk assessment processes are subject to various levels of review by Group management and Internal Audit, and a consolidated Risk Map denoting the potential frequency, severity and velocity of identified risks is reviewed by the Board of Directors on at least an annual basis. Risks identified, and associated mitigating controls, are also subject to audit as part of various operational, financial, health and safety audit programmes.

The key risks facing the Group include the following: [1]

- As an international group with substantial operations and interests outside the Eurozone, ARYZTA is subject to the risk of adverse movements in foreign currency exchange rates.
- The Group faces business risks associated with cash, receivables and other financial instruments.
- Operational risks facing the Group include product contamination and general food scares, which could impact relevant products or production and distribution processes.
- Changing dietary trends and the increased emphasis on health and wellness among consumers present both opportunities and risks for the Group.
- The Group faces increasing compliance requirements in areas such as employment, health and safety, emissions and effluent control.
- The loss of a significant manufacturing / operational site through natural catastrophe or act of vandalism could have a material impact on the Group.
- A significant failure in the accounting, planning or internal financial controls and related systems could result in a material error or fraud.
- A significant IT or security system failure could adversely impact operations.
- Fluctuations in energy, commodities and other production inputs could materially impact the profitability of the Group.
- The Group faces the risk of a decrease in consumer spending.
- The Group faces the risk of impairment of its goodwill, brands and intangibles.
- Having grown both organically and through acquisitions, the Group faces risks and challenges associated with managing growth and ensuring that processes around acquiring and integrating new businesses are robust.
- The Group faces risks associated with the potential loss of key management personnel.
- Were the Group to breach a financing covenant, it may be required to renegotiate its financing facilities at less favourable terms resulting in higher financing costs, and / or be unable to finance operations.
- The loss of a significant supplier could adversely impact ongoing operations.
- As the Group operates in a competitive industry, it is subject to the risk of the loss of a significant customer.
- The implementation of a Group-wide ERP system requires substantial investment and ongoing monitoring.

1 These risks are not listed in order of importance.

Statement of Directors' Responsibilities
for the year ended 31 July 2017

Company law requires the directors to prepare Group consolidated and Company financial statements for each financial year. The directors are required to prepare the Group consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS') and the requirements of Swiss law and to prepare the Company financial statements in accordance with Swiss law and the Company's Articles of Association.

This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of the Group consolidated and Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing each of the Group consolidated and Company financial statements, the directors are required to:

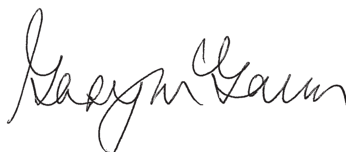
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping proper books of account that present, with reasonable accuracy at any time, the financial position of the Group and Company and enable them to ensure that its financial statements comply with IFRS, the requirements of Swiss law and the Company's Articles of Association.

They are also responsible for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

On behalf of the Board



Gary McGann
Chairman, Board of Directors

Annette Flynn
Chair, Audit Committee
Member of the Board of Directors

21 September 2017

Group Consolidated Income Statement
for the year ended 31 July 2017

in EUR `000	Notes	2017	2016
Continuing Operations			
Revenue	2	**3,796,770**	3,878,871
Cost of sales		**(2,766,136)**	(2,654,228)
Distribution expenses		**(411,702)**	(414,410)
Gross profit		**618,932**	810,233
Selling expenses		**(202,747)**	(188,656)
Administration expenses		**(628,833)**	(410,065)
Impairment of goodwill	6	**(594,872)**	–
Operating (loss)/profit	2	**(807,520)**	211,512
Share of profit after interest and tax of joint ventures		**38,380**	11,716
(Loss)/profit before financing income, financing costs and income tax	3	**(769,140)**	223,228
Financing income		**3,821**	3,526
Financing costs		**(62,272)**	(106,706)
Private placement early redemption	7	**(182,513)**	–
(Loss)/profit before income tax		**(1,010,104)**	120,048
Income tax		**103,966**	(4,543)
(Loss)/profit for the year from continuing operations		**(906,138)**	115,505
Discontinued operations			
Loss for the year from discontinued operations		**–**	(45,721)
(Loss)/profit for the year		**(906,138)**	69,784
Attributable as follows:			
Equity shareholders - continuing operations		**(907,773)**	112,729
Equity shareholders - discontinued operations		**–**	(45,721)
Equity shareholders - total		**(907,773)**	67,008
Non-controlling interests - continuing operations		**1,635**	2,776
(Loss)/profit for the year		**(906,138)**	69,784

Basic (loss)/earnings per share	Notes	**2017 euro cent**	2016 euro cent
From continuing operations	5	**(1,058.9)**	91.1
From discontinued operations	5	**–**	(51.5)
	5	**(1,058.9)**	39.6

Diluted (loss)/earnings per share	Notes	**2017 euro cent**	2016 euro cent
From continuing operations	5	**(1,058.9)**	90.9
From discontinued operations	5	**–**	(51.4)
	5	**(1,058.9)**	39.5

Group Consolidated Statement of Comprehensive Income
for the year ended 31 July 2017

in EUR `000	Notes	2017	2016
(Loss)/profit for the year		**(906,138)**	69,784
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation effects			
– Foreign currency net investments		**(76,617)**	(49,548)
– Foreign currency borrowings	7	**59,716**	36,027
– Taxation effect of foreign exchange translation movements		**(1,532)**	198
Cash flow hedges			
– Effective portion of changes in fair value of cash flow hedges		**9,036**	5,747
– Fair value of cash flow hedges transferred to income statement		**6,991**	(7,380)
– Deferred tax effect of cash flow hedges		**(1,647)**	376
Share of joint ventures' other comprehensive income		**180**	304
Total of items that may be reclassified subsequently to profit or loss		**(3,873)**	(14,276)
Items that will not be reclassified to profit or loss:			
Defined benefit plans			
– Actuarial gain/(loss) on Group defined benefit pension plans		**6,135**	(462)
– Deferred tax effect of actuarial (gain)/loss		**(1,204)**	(23)
Total of items that will not be reclassified to profit or loss		**4,931**	(485)
Total other comprehensive income/(loss)		**1,058**	(14,761)
Total comprehensive (loss)/income for the year		**(905,080)**	55,023
Attributable as follows:			
Equity shareholders		**(907,313)**	53,757
Non-controlling interests		**2,233**	1,266
Total comprehensive (loss)/income for the year		**(905,080)**	55,023

Group Consolidated Balance Sheet
as at 31 July 2017

in EUR `000	Notes	2017	2016
Assets			
Non-current assets			
Property, plant and equipment		**1,386,294**	1,594,885
Investment properties		**19,952**	24,787
Goodwill and intangible assets	6	**2,651,937**	3,617,194
Investments in joint ventures		**528,188**	491,446
Receivables from joint ventures		**–**	3,956
Deferred income tax assets		**158,767**	133,176
Total non-current assets		**4,745,138**	5,865,444
Current assets			
Inventory		**252,162**	248,719
Trade and other receivables		**164,271**	168,595
Derivative financial instruments		**4,311**	669
Cash and cash equivalents	7	**535,570**	647,724
Total current assets		**956,314**	1,065,707
Total assets		**5,701,452**	6,931,151

Group Consolidated Balance Sheet (continued) as at 31 July 2017

in EUR `000	Notes	2017	2016
Equity			
Called up share capital		**1,172**	1,172
Share premium		**774,040**	774,040
Retained earnings and other reserves		**1,426,440**	2,397,460
Total equity attributable to equity shareholders		**2,201,652**	3,172,672
Non-controlling interests		**–**	15,099
Total equity		**2,201,652**	3,187,771
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	7	**383,242**	1,963,709
Employee benefits		**6,644**	13,470
Deferred income from government grants		**18,280**	23,945
Other payables		**36,278**	37,678
Deferred income tax liabilities		**353,164**	457,634
Derivative financial instruments		**704**	4,618
Total non-current liabilities		**798,312**	2,501,054
Current liabilities			
Interest-bearing loans and borrowings	7	**1,886,198**	403,632
Trade and other payables		**750,511**	778,621
Income tax payable		**63,283**	49,118
Derivative financial instruments		**1,496**	9,939
Contingent consideration		**–**	1,016
Total current liabilities		**2,701,488**	1,242,326
Total liabilities		**3,499,800**	3,743,380
Total equity and liabilities		**5,701,452**	6,931,151

Group Consolidated Statement of Changes in Equity

for the year ended 31 July 2017

31 July 2017 in EUR `000	Share capital	Share premium	Treasury shares	Other equity reserve	Cash flow hedge reserve	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total shareholders equity	Non-controlling interests	Total
At 1 August 2016	**1,172**	**774,040**	**(47)**	**720,456**	**(11,521)**	**–**	**(18,114)**	**1,706,686**	**3,172,672**	**15,099**	**3,187,771**
Loss for the year	–	–	–	–	–	–	–	(907,773)	(907,773)	1,635	(906,138)
Other comprehensive income/(loss)	–	–	–	–	14,380	–	(18,503)	4,583	460	598	1,058
Total comprehensive income/(loss)	**–**	**–**	**–**	**–**	**14,380**	**–**	**(18,503)**	**(903,190)**	**(907,313)**	**2,233**	**(905,080)**
Share-based payments	–	–	–	–	–	2,005	–	–	2,005	–	2,005
Equity dividends (note 4)	–	–	–	–	–	–	–	(47,595)	(47,595)	–	(47,595)
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	(3,350)	(3,350)
Dividends on perpetual callable subordinated instruments	–	–	–	–	–	–	–	(32,099)	(32,099)	–	(32,099)
Total contributions by and distributions to owners	**–**	**–**	**–**	**–**	**–**	**2,005**	**–**	**(79,694)**	**(77,689)**	**(3,350)**	**(81,039)**
Acquisition of non-controlling interests	–	–	–	–	–	–	–	13,982	13,982	(13,982)	–
Total transactions with owners recognised directly in equity	**–**	**–**	**–**	**–**	**–**	**2,005**	**–**	**(65,712)**	**(63,707)**	**(17,332)**	**(81,039)**
At 31 July 2017	**1,172**	**774,040**	**(47)**	**720,456**	**2,859**	**2,005**	**(36,617)**	**737,784**	**2,201,652**	**–**	**2,201,652**

Group Consolidated Statement of Changes in Equity (continued)
for the year ended 31 July 2017

31 July 2016 in EUR `000	Share capital	Share premium	Treasury shares	Other equity reserve	Cash flow hedge reserve	Share-based payment reserve	Foreign currency trans-lation reserve	Retained earnings	Total share-holders equity	Non-controlling interests	Total
At 1 August 2015	1,172	774,040	(47)	720,456	(10,264)	–	(5,153)	1,723,303	3,203,507	18,436	3,221,943
Profit for the year	–	–	–	–	–	–	–	67,008	67,008	2,776	69,784
Other comprehensive (loss)/income	–	–	–	–	(1,257)	–	(12,961)	967	(13,251)	(1,510)	(14,761)
Total comprehensive (loss)/ income	**–**	**–**	**–**	**–**	**(1,257)**	**–**	**(12,961)**	**67,975**	**53,757**	**1,266**	**55,023**
Equity dividends	–	–	–	–	–	–	–	(52,710)	(52,710)	–	(52,710)
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	(4,603)	(4,603)
Dividends on perpetual callable subordinated instruments	–	–	–	–	–	–	–	(31,882)	(31,882)	–	(31,882)
Total transactions with owners recognised directly in equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(84,592)**	**(84,592)**	**(4,603)**	**(89,195)**
At 31 July 2016	**1,172**	**774,040**	**(47)**	**720,456**	**(11,521)**	**–**	**(18,114)**	**1,706,686**	**3,172,672**	**15,099**	**3,187,771**

Group Consolidated Cash Flow Statement
for the year ended 31 July 2017

in EUR `000	Notes	2017	2016
Cash flows from operating activities			
(Loss)/profit for the year from continuing operations		**(906,138)**	115,505
Income tax (credit)/expense		**(103,966)**	4,543
Financing income		**(3,821)**	(3,526)
Financing costs		**62,272**	106,706
Private placement early redemption	7	**182,513**	–
Share of profit after interest and tax of joint ventures		**(38,380)**	(11,716)
Asset disposals and impairments	3	**859,716**	13,794
Other restructuring-related payments (in excess of) / less than current year costs		**(14,982)**	1,618
Depreciation of property, plant and equipment	2	**126,308**	112,030
Amortisation of intangible assets	2	**191,329**	188,984
Recognition of deferred income from government grants		**(5,665)**	(3,098)
Share-based payments		**2,005**	–
Other		**(4,315)**	(4,332)
Cash flows from operating activities before changes in working capital		**346,876**	520,508
Increase in inventory		**(18,038)**	(16,223)
Decrease in trade and other receivables		**2,172**	80,902
Increase in trade and other payables		**38,245**	30,165
Cash generated from operating activities		**369,255**	615,352
Income tax paid		**(13,381)**	(18,369)
Net cash flows from operating activities		**355,874**	596,983

Group Consolidated Cash Flow Statement
(continued)
for the year ended 31 July 2017

in EUR `000	Notes	2017	2016
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**21,696**	1,030
Proceeds from sale of investment property		**14,522**	–
Purchase of property, plant and equipment		**(91,552)**	(184,019)
Grants received		**–**	10,045
Investment in joint venture		**–**	(450,732)
Acquisitions of businesses, net of cash acquired		**–**	(26,447)
Proceeds from disposal of Origin, net of cash disposed		**–**	225,101
Disposal of businesses, net of cash disposed	3	**–**	42,060
Purchase of intangible assets		**(11,025)**	(29,916)
Net receipts from joint ventures		**3,277**	21,509
Contingent consideration paid		**(896)**	(46,916)
Net cash flows from investing activities		**(63,978)**	(438,285)
Cash flows from financing activities			
Gross drawdown of loan capital	7	**1,226,778**	290,887
Gross repayment of loan capital	7	**(1,209,472)**	(43,903)
Private placement early redemption and related cash costs	7	**(175,647)**	–
Interest paid		**(65,635)**	(98,934)
Interest received		**4,388**	3,331
Capital element of finance lease liabilities	7	**(1,022)**	(26)
Purchase of non-controlling interests		**(14,485)**	–
Dividends paid to non-controlling interests		**(3,350)**	(4,603)
Dividends paid on perpetual callable subordinated instruments		**(32,115)**	(31,788)
Dividends paid to equity shareholders		**(47,595)**	(52,710)
Net cash flows from financing activities		**(318,155)**	62,254
Net (decrease)/increase in cash and cash equivalents	7	**(26,259)**	220,952
Translation adjustment	7	**(20,774)**	(12)
Net cash and cash equivalents at start of year	7	**468,973**	248,033
Net cash and cash equivalents at end of year	7	**421,940**	468,973

Notes to the Group Consolidated Financial Statements
for the year ended 31 July 2017

1 Basis of preparation

ARYZTA AG (the 'Company') is domiciled and incorporated in Zurich, Switzerland. The consolidated financial statements for the year ended 31 July 2017 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as the 'Group'), and show the Group's interest in joint ventures using the equity method of accounting.

The Group consolidated financial statements are presented in euro, rounded to the nearest thousand, unless otherwise stated.

The financial information included on pages 19 to 43 of this News Release has been extracted from the ARYZTA Group consolidated financial statements for the year ended 31 July 2017, which are subject to approval by the shareholders at the Annual General Meeting on 7 December 2017.

The Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'). These policies have been consistently applied to all years presented, unless otherwise stated.

In the preparation of these Group consolidated financial statements, the Group has applied all standards that were required for accounting periods beginning on or before 1 August 2016. The following standards and interpretations, issued by the International Accounting Standards Board ('IASB') and the IFRS Interpretations Committee, are effective for the first time in the current financial year and have been adopted by the Group:

- Amendments to IFRS 10 – Consolidated financial statements
- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 1 – Disclosure initiative
- Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 28 – Investments in associates and joint ventures
- Improvements to IFRSs (2012-2014)

While the above standards and interpretations adopted by the Group modify certain presentation and disclosure requirements, these requirements are not significantly different than information presented as part of the 31 July 2016 year-end financial statements and have no material impact on the consolidated results or financial position of the Group. The Group has not applied early adoption of any standards which are not yet effective.

Going concern
As of 31 July 2017, all outstanding amounts on the Group's Syndicated Bank RCF and Term Loan borrowings have been presented as current liabilities within the Group Consolidated Balance Sheet, reflecting the Group's obligation to repay those facilities within the next 12 months.

While this results in total current liabilities of €2,701,488,000 being greater than total current assets of €956,314,000 as of 31 July 2017, during September 2017 the Group

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2017

utilised its new five-year unsecured €1,800,000,000 banking agreement to settle all amounts outstanding on the Group's previous Syndicated Bank RCF and Term Loan, resulting in current liabilities decreasing to less than current assets. Therefore, the Group's 31 July 2017 financial statements have continued to be prepared on a going concern basis.

Income statement presentation
In accordance with IAS 1, 'Presentation of Financial Statements', the Group Consolidated Income Statement is presented by function of expense, with the exception of impairment of goodwill. In accordance with IAS 1.85, impairment of goodwill has been presented separately on the basis of materiality and to distinguish it from other elements of financial performance.

Management has also identified certain impairment, acquisition, disposal and restructuring-related costs within each functional area that do not relate to the underlying business of the Group. Due to the relative size or nature of these items, in order to enable comparability of the Group's underlying results from period to period, these items have been presented as separate components of EBITDA as defined in note 2, and have been excluded from the calculation of underlying net profit in note 5.

Reclassifications and adjustments
The Group has historically recorded net interest cash flows within 'Net cash flows from operating activities' on the Group Consolidated Cash Flow Statement. During the current year, the Group has reviewed this accounting policy to ensure it best represents the function of interest cost within the entity and that the Group's accounting policies are aligned with companies within its peer group. As a result, the Group believes net interest cash flows more appropriately represent the cost of obtaining financial resources utilised within the business and therefore, in accordance with IAS 7, Statement of Cash Flows, has elected to report net interest cash flows within 'Net cash flows from financing activities'.

As the change in accounting policy must be reported retrospectively, the Group has adjusted all prior year comparative amounts impacted by this change in accounting policy and a comparison of the impact of this change is summarised as follows:

in EUR `000	After accounting policy change 2016	Before accounting policy change 2016
Net cash flows from operating activities	596,983	501,380
Net cash flows from investing activities	(438,285)	(438,285)
Net cash flows from financing activities	62,254	157,857
Net increase in cash and cash equivalents	**220,952**	**220,952**
Translation adjustment	(12)	(12)
Net cash and cash equivalents at start of year	248,033	248,033
Net cash and cash equivalents at end of year	**468,973**	**468,973**

Certain other amounts in the 31 July 2016 Group consolidated financial statement figures and related notes have been reclassified or adjusted to conform to the 31 July 2017 presentation. These other reclassifications or adjustments were made for presentation purposes to better align the Group's financial statement presentation to a more commonly used approach and have no effect on total revenues, expenses, profit/(loss) for the year, total assets, total liabilities, total equity or total cash flow classifications as previously reported.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2017

2 Segment information

2.1 Analysis by business segment

I) Segment revenue and result	ARYZTA Europe		ARYZTA North America		ARYZTA Rest of World		ARYZTA Group	
in EUR `000	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Segment revenue[1]	**1,738,593**	1,747,045	**1,799,059**	1,908,147	**259,118**	223,679	**3,796,770**	3,878,871
EBITDA[2]	**211,128**	275,099	**170,096**	300,132	**39,083**	34,409	**420,307**	609,640
Depreciation	**(54,009)**	(50,143)	**(62,909)**	(53,276)	**(9,390)**	(8,611)	**(126,308)**	(112,030)
ERP Amortisation	**(9,955)**	(9,179)	**(6,734)**	(3,564)	**–**	–	**(16,689)**	(12,743)
EBITA	**147,164**	215,777	**100,453**	243,292	**29,693**	25,798	**277,310**	484,867
Amortisation of other intangible assets	**(57,816)**	(78,192)	**(108,765)**	(90,114)	**(8,059)**	(7,935)	**(174,640)**	(176,241)
Gain/(loss) on disposal of businesses	**–**	(4,987)	**–**	5,980	**–**	–	**–**	993
Impairment of goodwill	**(103,000)**	–	**(491,872)**	–	**–**	–	**(594,872)**	–
Impairment of intangible assets	**–**	–	**(138,642)**	–	**–**	–	**(138,642)**	–
Impairment and disposal of fixed assets	**(1,320)**	(5,040)	**(126,414)**	(9,747)	**1,532**	–	**(126,202)**	(14,787)
Acquisition and restructuring costs	**(11,682)**	(57,115)	**(37,639)**	(24,457)	**(1,153)**	(1,748)	**(50,474)**	(83,320)
Operating (loss)/profit[3]	**(26,654)**	70,443	**(802,879)**	124,954	**22,013**	16,115	**(807,520)**	211,512
Share of profit after interest and tax of joint ventures[4]							**38,380**	11,716
Financing income[4]							**3,821**	3,526
Financing costs[4]							**(62,272)**	(106,706)
Private placement early redemption[4]							**(182,513)**	–
(Loss)/profit before income tax as reported in Group Consolidated Income Statement							**(1,010,104)**	120,048

1 Revenues from external customers attributed to the Group's country of domicile, Switzerland, are 6.7% (2016: 7.0%) of total Group revenues. Revenues from external customers attributed to material foreign countries are United States 38.6% (2016: 40.0%), Germany 15.5% (2016: 15.0%) and Canada 8.8% (2016: 9.2%). For the purposes of this analysis, customer revenues are allocated based on geographic location of vendor. As is common in this industry, the Group has a large number of customers, of which one customer accounted for 10% of total Group revenues across all ARYZTA operating segments during the year ended 31 July 2017.

2 'EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation; before impairment, acquisition, disposal and restructuring-related costs and related tax credits.

3 Certain central executive and support costs have been allocated against the operating results of each business segment.

4 Joint ventures, finance income/(costs) and income tax are managed on a centralised basis. Therefore, these items are not allocated between business segments for the purposes of presenting information to the Chief Operating Decision Maker.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2017

II) Segment assets	ARYZTA Europe		ARYZTA North America		ARYZTA Rest of World		ARYZTA Group	
in EUR `000	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Segment assets	**2,172,161**	2,411,081	**2,125,089**	2,967,117	**266,088**	275,982	**4,563,338**	5,654,180

Reconciliation to total assets as reported in the Group Consolidated Balance Sheet	2017	2016
Investments in joint ventures and related financial assets	**528,188**	495,402
Derivative financial instruments	**4,311**	669
Cash and cash equivalents	**535,570**	647,724
Deferred income tax assets	**70,045**	133,176
Total assets as reported in Group Consolidated Balance Sheet	**5,701,452**	6,931,151

III) Segment liabilities	ARYZTA Europe		ARYZTA North America		ARYZTA Rest of World		ARYZTA Group	
in EUR `000	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Segment liabilities	**495,550**	508,256	**415,041**	479,005	**72,378**	78,104	**982,969**	1,065,365

Reconciliation to total liabilities as reported in Group Consolidated Balance Sheet	2017	2016
Interest-bearing loans and borrowings	**2,269,440**	2,367,341
Derivative financial instruments	**2,200**	14,557
Current and deferred income tax liabilities	**245,191**	296,117
Total liabilities as reported in Group Consolidated Balance Sheet	**3,499,800**	3,743,380

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2017

IV) Other segment information	ARYZTA Europe		ARYZTA North America		ARYZTA Rest of World		ARYZTA Group	
in EUR `000	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Capital expenditure								
– Property, plant and equipment	**49,352**	108,420	**33,253**	64,976	**10,348**	10,916	**92,953**	184,312
– Intangibles	**4,417**	14,273	**3,180**	16,364	**730**	65	**8,327**	30,702
Total capital expenditure	**53,769**	122,693	**36,433**	81,340	**11,078**	10,981	**101,280**	215,014

2.2 Segmental non-current assets

	ARYZTA Europe		ARYZTA North America		ARYZTA Rest of World		ARYZTA Group	
in EUR `000	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
IFRS 8 non-current assets[1]	**2,505,768**	2,750,410	**1,851,671**	2,737,659	**228,932**	244,199	**4,586,371**	5,732,268

1 Non-current assets as reported under IFRS 8, Operating Segments, include all non-current assets as presented in the Group Consolidated Balance Sheet, with the exception of deferred taxes and derivative financial instruments. Non-current assets attributed to the Group's country of domicile, Switzerland, are 6.4% of total Group non-current assets (2016: 5.9%). Non-current assets attributed to material foreign countries are: United States 25.7% (2016: 35.9%), Germany 15.8% (2016: 13.9%) and Canada 14.7% (2016: 11.8%).

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2017

3 Impairment, acquisition, disposal and restructuring- related costs

In accordance with IAS 1, 'Presentation of Financial Statements', the Group Consolidated Income Statement is presented by function of expense.

Management has also identified certain impairment, acquisition, disposal and restructuring-related costs within each functional area, which are presented separately within the Financial Business Review. In order to enable comparability of the Group's underlying results and performance from period to period, the following reconciliation between the IFRS income statement and the amounts presented within the Financial Business Review is provided.

in EUR `000	IFRS Income Statement 2017	Impairment, acquisition, disposal and restructuring-related costs 2017	Intangible amortisation 2017	Financial Business Review 2017	IFRS Income Statement 2016	Impairment, acquisition, disposal and restructuring-related costs 2016	Intangible amortisation 2016	Financial Business Review 2016
Revenue	**3,796,770**	–	–	**3,796,770**	**3,878,871**	–	–	**3,878,871**
Cost of sales	**(2,766,136)**	71,391	–	**(2,694,745)**	**(2,654,228)**	32,484	–	**(2,621,744)**
Distribution expenses	**(411,702)**	18	–	**(411,684)**	**(414,410)**	3,983	–	**(410,427)**
Gross profit	**618,932**	71,409	–	**690,341**	**810,233**	36,467	–	**846,700**
Selling expenses	**(202,747)**	1,336	–	**(201,411)**	**(188,656)**	5,040	–	**(183,616)**
Administration expenses	**(628,833)**	242,573	174,640	**(211,620)**	**(410,065)**	55,607	176,241	**(178,217)**
Impairment of goodwill (note 6)	**(594,872)**	594,872	–	**–**	**–**	–	–	**–**
Operating (loss)/profit / EBITA as per Financial Business Review	**(807,520)**	**910,190**	**174,640**	**277,310**	**211,512**	**97,114**	**176,241**	**484,867**
Joint Ventures	**38,380**	(20,660)	3,561	**21,281**	**11,716**	804	3,162	**15,682**
(Loss)/profit before financing income, financing costs and income tax	**(769,140)**	**889,530**	**178,201**	**298,591**	**223,228**	**97,918**	**179,403**	**500,549**

During the year ended 31 July 2017, the Group incurred the following impairment, acquisition, disposal and restructuring-related costs, which are presented separately when providing information to the Chief Operating Decision Maker, as reflected within the presentation of segmental EBITDA within note 2. Furthermore, this metric forms the basis for Trailing Twelve Month EBITDA utilised in calculating the Net Debt: EBITDA ratio for banking covenant compliance.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2017

in EUR `000	Notes	ARYZTA Europe 2017	ARYZTA Europe 2016	ARYZTA North America 2017	ARYZTA North America 2016	ARYZTA Rest of World 2017	ARYZTA Rest of World 2016	ARYZTA Group 2017	ARYZTA Group 2016
Net gain/(loss) on disposal of businesses	3.1	–	(4,987)	–	5,980	–	–	–	993
Impairment of goodwill (note 6)	3.2	**(103,000)**	–	**(491,872)**	–	–	–	**(594,872)**	–
Impairment of intangibles	3.3	–	–	**(138,642)**	–	–	–	**(138,642)**	–
Impairment and disposal of fixed assets	3.4	**(1,320)**	(5,040)	**(126,414)**	(9,747)	**1,532**	–	**(126,202)**	(14,787)
Total net gain/(loss) on disposal of businesses and asset write-downs		**(104,320)**	**(10,027)**	**(756,928)**	**(3,767)**	**1,532**	**–**	**(859,716)**	**(13,794)**
Acquisition-related costs		–	(2,330)	–	–	–	–	–	(2,330)
Labour-related business interruption		–	–	**(16,349)**		–	–	**(16,349)**	–
Severance and other staff-related costs		**(9,423)**	(48,314)	**(10,791)**	(15,614)	**(1,153)**	(1,519)	**(21,367)**	(65,447)
Contractual obligations		**(762)**	(1,402)	**(6,533)**	(5,305)	–	(31)	**(7,295)**	(6,738)
Advisory and other costs		**(1,497)**	(5,069)	**(3,966)**	(3,538)	–	(198)	**(5,463)**	(8,805)
Total acquisition and restructuring-related costs	**3.5**	**(11,682)**	**(57,115)**	**(37,639)**	**(24,457)**	**(1,153)**	**(1,748)**	**(50,474)**	**(83,320)**
Total impairment, acquisition, disposal and restructuring-related costs		**(116,002)**	**(67,142)**	**(794,567)**	**(28,224)**	**379**	**(1,748)**	**(910,190)**	**(97,114)**

3.1 Net gain / (loss) on disposal of businesses

During the year ended 31 July 2016, the Group disposed of two businesses, which historically generated approximately €100,000,000 in total annual revenues. As the €42,060,000 proceeds received, net of associated transaction costs, exceeded the €41,067,000 carrying value of the net assets disposed (including €20,573,000 of goodwill), a net gain on disposal of €993,000 was reflected in the financial statements.

3.2 Impairment of goodwill

Following significant reductions in profitability in Germany and North America during the year ended 31 July 2017, the Group recorded goodwill impairment charges of €103,000,000 in Germany and €491,872,000 in North America.

Current year profitability associated with these locations has been significantly impacted, either by the consolidation of 225 SKUs into the new German bakery capacity in Eisleben and the ongoing commissioning and optimisation of that facility, or by the significant volume declines and increased labour costs in North America.

While profitability in each of these locations is expected to improve in the future, after considering goodwill and other assets within these locations, as well as the respective future cash flow projections, management determined it was appropriate to record these goodwill impairment charges during the current year.

Despite these impairments, the bakeries remain world class production facilities and are expected to make significant future contributions to the group, once spare capacity across the network is optimised and other operational challenges are addressed.

Further detail on these goodwill impairments is included in note 6 on page 39.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2017

3.3 Impairment of intangibles
As outlined in section 3.2 above, during the year ended 31 July 2017, ARYZTA North America experienced a significant reduction in volumes, as a result of earlier than anticipated in-sourcing by co-pack customers.

As these customers and the related volumes were primarily associated with the Group's Cloverhill acquisition completed during FY 2014, the Group reviewed the remaining customer relationship and brand-related intangible assets obtained as part of that acquisition and, based on the associated future cash flows, recorded a €138,642,000 impairment of those intangible assets (see note 6) within administration expenses in the Group Consolidated Income Statement.

The value-in-use models used to determine the recoverable amounts of these intangible assets were based on management's expectations of the respective future revenues from the acquired customer relationships and brands and applied a discount rate consistent with the rate used in the North America CGU goodwill impairment testing, as disclosed in note 6.

As of 31 July 2017, the remaining net book values of these specific intangible assets are: €17,013,000 for Cloverhill customer relationships and €6,805,000 for Cloverhill brands.

3.4 Impairment and disposal of fixed assets
During the year ended 31 July 2017, the Group incurred €126,202,000 (2016: €14,787,000) on impairment and disposal of fixed assets.

These amounts primarily related to the impairment of various distribution, manufacturing, and administration assets within the ARYZTA North America segment, including:

- €56,645,000 in relation to additional production capacity not yet fully completed or in service, which without further investment is expected to remain idle;
- €69,769,000 in relation to other North American facilities, which have either lost significant activity during the year or which are not projected to achieve sufficient future profitability to recover their carrying value.

Separately, an impairment loss of €1,320,000 was recorded in Europe, primarily related to obsolete production equipment in Switzerland, while a gain of €1,532,000 was recorded in the Rest of World segment, primarily arising from the sale of land.

Of these amounts, €46,824,000 has been reflected within Cost of Sales.

3.5 Acquisition and restructuring-related costs
While there were no acquisitions during the year ended 31 July 2017, the Group underwent considerable restructuring-related activity during the year, following the significant reductions in profitability in Germany and North America and departure of four members of Group Executive management.

As a result of these activities, the Group has recognised costs, including providing for amounts as required by IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', in the Group Consolidated Income Statement as follows:

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2017

Acquisition-related costs
During the year ended 31 July 2016, the Group incurred acquisition-related costs such as share purchase tax, due diligence and other professional services fees totalling €2,330,000, primarily related to activities associated with the Group's acquisition of La Rousse Foods, a supplier of fresh, frozen and ambient goods to various restaurants, hotels and caterers in Ireland and the finalisation of the Group's joint venture investment in Picard.

Labour-related business disruption
During the year, the Group encountered a significant labour-related business disruption at its Cloverhill facilities.

A substantial number of the legacy labour force at these facilities was supplied through a third-party staffing agency. A federal audit of this third-party agency revealed inadequate documentation, resulting in circa 800 experienced workers leaving the business in Q4-2017 and being progressively replaced with new hires. By merit of these employees being agency workers, ARYZTA did not have the ability to verify documentation of these workers, and the immediacy and extent of the risk that existed was not known to the board.

As these individuals had significant knowledge and experience of the baking process and represented over one-third of the workforce at these facilities, there has been a significant decrease in the labour efficiency and production volumes, as well as an impact on increased waste levels at these facilities, as a result of this disruption.

While the Cloverhill business had been profitable every month since its acquisition, following this disruption these locations incurred €16,349,000 of losses within Cost of Sales during June and July 2017, which is also expected to continue to impact the business during FY18.

Severance and other staff-related costs
The Group provided for a total of €21,367,000 in severance and other staff- related costs during the year ended 31 July 2017. Of this amount €10,368,000 has been recognised in relation to the remaining contractual employment period and the 12-month post contractual term non-compete agreements with four former members of Executive Management, who left the business during the year.

The remaining €10,999,000 of costs recognised during the year represent severance costs arising from a number of production, distribution and administrative rationalisations, as well as amounts in respect of key employee retention agreements implemented following the Executive Management departures during the year.

During financial year 2016, the Group incurred €65,447,000 related to costs associated with employees whose service was discontinued following certain rationalisation decisions across the various business locations of the Group, primarily in Europe.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2017

Contractual obligations
The operational decisions made as a result of the Group's integration and rationalisation projects resulted in certain long-term operational contracts becoming onerous. During the year ended 31 July 2017, the Group incurred total costs of €7,295,000 (2016: €6,738,000) to provide for certain long-term contracts determined to be surplus to the Group's operating requirements. Of these amounts, €6,424,000 has been reflected within Cost of Sales. The associated provision amounts have been calculated on the basis of the remaining period of the relevant lease, or an estimate to the earliest date at which the lease could be terminated or sublet, if shorter.

Advisory costs and other costs
During the year ended 31 July 2017, the Group incurred €5,463,000 in advisory and other professional services costs, directly arising from the strategic and business review activities following the changes in Executive Management.

During the year ended 31 July 2016, the Group incurred €8,805,000 in advisory and other costs related directly to the rationalisation of certain bakery assets, integration of the supply chain and distribution functions of recently acquired businesses into the Group's network and costs associated with centralisation of certain administrative functions.

4 Proposed dividend

At the Annual General Meeting on 7 December 2017, shareholders will be invited to approve a proposed dividend of CHF 0.3489 (€0.3024) per share, to be settled as a scrip dividend via newly issued share capital. If approved, the dividend will be issued to shareholders on 1 February 2018. A dividend of CHF 0.5731 per share was paid during the year, as approved by shareholders at the Annual General Meeting on 13 December 2016.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2017

5 Earnings per share

Basic (loss)/earnings per share	2017 in EUR '000	2016 in EUR '000
(Loss)/profit attributable to equity shareholders – continuing operations	**(907,773)**	112,729
Perpetual callable subordinated instrument accrued dividend	**(32,099)**	(31,882)
(Loss)/profit used to determine basic EPS – continuing operations	**(939,872)**	80,847
Loss used to determine basic EPS – discontinued operations	**–**	(45,721)
(Loss)/profit used to determine basic EPS – total	**(939,872)**	35,126

Weighted average number of ordinary shares	'000	'000
Ordinary shares outstanding at 1 August[1]	**88,759**	88,759
Effect of exercise of equity instruments during the year	**–**	–
Weighted average ordinary shares used to determine basic EPS	**88,759**	88,759

Basic (loss)/earnings per share from continuing operations	**(1,058.9) cent**	91.1 cent
Basic loss per share from discontinued operations	**–**	(51.5) cent
Basic (loss)/earnings per share	**(1,058.9) cent**	39.6 cent

Diluted (loss)/earnings per share	2017 in EUR '000	2016 in EUR '000
(Loss)/profit used to determine basic EPS – continuing operations	**(939,872)**	80,847
Loss used to determine basic EPS – discontinued operations	**–**	(45,721)
(Loss)/profit used to determine basic EPS – total	**(939,872)**	35,126

Weighted average number of ordinary shares (diluted)	'000	'000
Weighted average ordinary shares used to determine basic EPS	**88,759**	88,759
Effect of equity-based incentives with a dilutive impact[2]	**–**	170
Weighted average ordinary shares used to determine diluted EPS	**88,759**	88,929

Diluted (loss)/earnings per share from continuing operations	**(1,058.9) cent**	90.9 cent
Diluted loss per share from discontinued operations	**–**	(51.4) cent
Diluted (loss)/earnings per share	**(1,058.9) cent**	39.5 cent

1 Issued share capital excludes treasury shares.

2 In accordance with IAS 33, potential ordinary shares are treated as dilutive only when their conversion would decrease profit per share or increase loss per share from continuing operations. As the impact related to the conversion of equity-based incentives would decrease the loss per share for the year ended 31 July 2017, no dilutive effect was given to outstanding equity based incentives during that period.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2017

In addition to the basic and diluted earnings per share measures required by IAS 33, 'Earnings Per Share', as calculated above, the Group also presents an underlying fully diluted earnings per share measure, in accordance with IAS 33 paragraph 73. This additional measure enables comparability of the Group's underlying 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.

As shown below, for purposes of calculating this measure, the Group adjusts reported net profit/(loss) by the following items and their related tax impacts:
- includes the perpetual callable subordinated instrument accrued dividend as a finance cost, as already included in the calculation of basic and diluted EPS;
- excludes intangible amortisation, except ERP intangible amortisation;
- excludes private placement early redemption costs; and
- excludes impairment, acquisition, disposal and restructuring-related costs.

Underlying fully diluted earnings per share	**2017** in EUR '000	2016 in EUR '000
(Loss)/profit used to determine basic EPS - continuing operations	**(939,872)**	80,847
Amortisation of non-ERP intangible assets (note 2)	**174,640**	176,241
Tax on amortisation of non-ERP intangible assets	**(32,997)**	(36,715)
Share of JV intangible amortisation and restructuring costs, net of tax	**(17,099)**	3,966
Private placement early redemption (note 7)	**182,513**	–
Impairment of goodwill (note 3)	**594,872**	–
Impairment of intangibles (note 3)	**138,642**	–
Impairment and disposal of fixed assets (note 3)	**126,202**	13,794
Acquisition and restructuring-related costs (note 3)	**50,474**	83,320
Tax on impairment, acquisition, disposal and restructuring	**(98,349)**	(9,911)
Underlying net profit - continuing operations	**179,026**	311,542
Loss used to determine basic EPS – discontinued operations	**–**	(45,721)
Underlying contribution as associate – discontinuing operations	**–**	(48)
Loss on disposal of discontinued operations	**–**	45,769
Underlying net profit – discontinued operations	**–**	–
Underlying net profit – total	**179,026**	311,542
Weighted average ordinary shares used to determine basic EPS	**88,759**	88,759
Underlying basic earnings per share – total	**201.7 cent**	351.0 cent
Weighted average ordinary shares used to determine basic EPS	**88,759**	88,759
Effect of equity-based incentives with a dilutive impact	**29**	170
Weighted average ordinary shares used to determine underlying fully diluted EPS	**88,788**	88,929
Underlying fully diluted earnings per share – total	**201.6 cent**	350.3 cent

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2017

6 Goodwill and intangible assets

31 July 2017 in EUR '000	Goodwill	Customer Relationships	Brands	Computer-related	ERP-related intangibles	Patents and other	Total
Net Book Value At 1 August 2016	**2,403,671**	**827,196**	**147,098**	**19,124**	**186,546**	**33,559**	**3,617,194**
Additions	–	–	–	6,625	1,702	–	8,327
Impairment of goodwill (note 3)	(594,872)	–	–	–	–	–	(594,872)
Impairment of intangibles (note 3)	–	(133,221)	(5,421)	–	–	–	(138,642)
Asset write-downs / disposals	–	–	–	(2,057)	(526)	–	(2,583)
Amortisation charge for the year	–	(130,635)	(29,089)	(4,137)	(16,689)	(10,779)	(191,329)
Translation adjustments	(33,799)	(7,047)	(4,135)	(834)	(37)	(306)	(46,158)
Net Book Value At 31 July 2017	**1,775,000**	**556,293**	**108,453**	**18,721**	**170,996**	**22,474**	**2,651,937**
At 31 July 2017							
Cost	1,775,000	1,315,611	300,318	38,437	214,454	59,481	3,703,301
Accumulated amortisation	–	(759,318)	(191,865)	(19,716)	(43,458)	(37,007)	(1,051,364)
Net Book Value At 31 July 2017	**1,775,000**	**556,293**	**108,453**	**18,721**	**170,996**	**22,474**	**2,651,937**

Goodwill Impairment testing

Goodwill acquired through business combinations is allocated at acquisition to the cash-generating units ('CGUs'), or groups of CGUs, that are expected to benefit from the synergies of the business combination.

The business units shown in the following table represent the lowest level at which goodwill is monitored for internal management purposes. Accordingly, this is also the level at which the 2017 goodwill impairment testing was performed. The carrying amount of goodwill allocated to the relevant CGUs, as well as the key assumptions used in the 2017 impairment testing, are summarised as follows:

in EUR '000	Pre-tax discount rate 2017	Projection period	Terminal growth rate	Carrying Value 2017	Carrying Value 2016
UK, Ireland and Netherlands	**8.0%**	**3 years**	**1.9%**	**209,478**	211,409
Germany	**8.4%**	**3 years**	**1.9%**	**204,906**	307,906
Switzerland	**7.4%**	**3 years**	**1.0%**	**234,069**	244,529
France	**8.8%**	**3 years**	**1.8%**	**85,354**	85,354
Other Europe[1]	**8.0%**	**3 years**	**1.9%**	**62,835**	62,024
ARYZTA Europe				**796,642**	911,222
ARYZTA North America	**8.9%**	**3 years**	**2.2%**	**922,496**	1,435,709
ARYZTA Rest of World	**11.4%**	**3 years**	**3.0%**	**55,862**	56,740
				1,775,000	2,403,671

1 Other Europe comprises goodwill in a number of CGUs which are individually insignificant.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2017

The Group tests goodwill for impairment annually, during the last quarter of the financial year, or more frequently if changes in circumstances indicate a potential impairment.

The recoverable amounts of CGUs are based on value-in-use calculations. These calculations use pre-tax cash flow projections based on expected future operating results and related cash flows at the time the impairment test is performed. These projections are based on current operating results of the individual CGU and an assumption regarding future organic growth. For the purposes of the calculation of value-in-use, the cash flows are projected based on current financial budgets, with additional cash flows in subsequent years calculated using a terminal value methodology and discounted using the relevant rate, as disclosed in the table above.

As a result of significant reductions in profitability in Germany and North America during the year ended 31 July 2017, the Group recorded goodwill impairment charges of €103,000,000 in Germany, within the ARYZTA Europe operating segment, and €491,872,000 in North America. The recoverable amounts of Germany and North America goodwill after these charges are €204,906,000 and €922,496,000, respectively, as outlined in the table above.

The impairment charges are the result of current year profitability associated with these locations having been significantly impacted, either by the consolidation of 225 SKUs into the new German bakery capacity in Eisleben and the ongoing commissioning and optimisation of that facility, or by the significant volume declines and increased labour costs in North America.

While profitability in each of these locations is expected to improve in the future, after considering goodwill and other assets within these locations, as well as the respective future cash flow projections, management determined it was appropriate to record these goodwill impairment charges during the current year.

The key inputs to the value-in-use models used to determine the recoverable amounts are as disclosed in the table above, including a pre-tax discount rate of 8.4% for Germany and 8.9% for North America, as well as a terminal value growth rate beyond the initial three year projection period of 1.9% for Germany and 2.2% for North America.

The amount of these goodwill impairments were determined after taking into account the impact of the impairment of intangibles and fixed asset impairments/disposals, discussed in note 3, on the overall CGU carrying values tested.

Goodwill sensitivity analysis

A significant adverse change in the expected future operational results and cash flows may result in the value-in-use being less than the carrying amount of a CGU, which would result in an impairment. Key assumptions include management's estimates of future profitability, specifically the terminal growth rate, as well as the discount rate.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2017

The terminal growth rates used approximate relevant long-term inflation rates and industry growth trends within each CGU. The discount rates used are based on the relevant risk-free rates, adjusted to reflect the risk associated with the respective future cash flows of that CGU.

Based on the results of the impairment testing undertaken, with the exception of the North America and Germany CGUs, sufficient headroom exists for the other CGUs, such that any reasonably possible movement in any of the underlying assumptions, including a reduction in the terminal growth rate by 1%, or increasing the discount rate by 1%, would not give rise to an impairment charge.

As the goodwill in the North America and Germany CGUs was written down to recoverable value during FY 2017, the value in use of these CGUs are sensitive to changes in the key assumptions used. An illustration of the sensitivities to reasonably possible changes in key assumptions at 31 July 2017, in isolation, are as follows:

	North America		Germany	
in EUR million	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Pre-tax discount rate	(196)	265	(71)	96
Terminal growth rate	437	(286)	155	(100)

Intangible asset impairment testing
As outlined above, during the year ended 31 July 2017, ARYZTA North America experienced a significant reduction in volumes, as a result of earlier than anticipated in-sourcing by co-pack customers.

As these customers and the related volumes were primarily associated with the Group's Cloverhill acquisition completed during FY 2014, the Group reviewed the remaining customer relationship and brand-related intangible assets obtained as part of that acquisition and, based on the associated future cash flows, recorded a €138,642,000 impairment of those intangible assets within administration expenses in the Group Consolidated Income Statement.

The value-in-use models used to determine the recoverable amounts of these intangible assets were based on management's expectations of the respective future revenues from the acquired customer relationships and brands and applied a discount rate consistent with the rate used in the North America CGU goodwill impairment testing above.

As of 31 July 2017, the remaining net book value of these specific intangible assets are: €17,013,000 for the Cloverhill customer relationships and €6,805,000 for the Cloverhill brands.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2017

7 Interest-bearing loans and borrowings

Details of the Group's interest bearing loans and borrowings are outlined below.

in EUR `000	2017	2016
Included in non-current liabilities		
Loans	**382,551**	1,962,339
Finance leases	**691**	1,370
Non-current interest-bearing loans and borrowings	**383,242**	1,963,709
Included in current liabilities		
Loans	**1,771,734**	223,974
Bank overdrafts	**113,630**	178,751
Total bank loans and overdrafts	**1,885,364**	402,725
Finance leases	**834**	907
Current interest-bearing loans and borrowings	**1,886,198**	403,632
Total bank loans and overdrafts	**2,267,915**	2,365,064
Total finance leases	**1,525**	2,277
Total interest-bearing loans and borrowings	**2,269,440**	2,367,341

Analysis of net debt in EUR `000	1 August 2016	Cash flows	Non-cash movements	Translation adjustment	31 July 2017
Cash	647,724	(88,971)	–	(23,183)	535,570
Overdrafts	(178,751)	62,712	–	2,409	(113,630)
Cash and cash equivalents	**468,973**	**(26,259)**	**–**	**(20,774)**	**421,940**
Loans	(2,186,313)	(17,306)	(10,382)	59,716	(2,154,285)
Finance leases	(2,277)	1,022	(280)	10	(1,525)
Net debt	**(1,719,617)**	**(42,543)**	**(10,662)**	**38,952**	**(1,733,870)**

During August 2016, the Group exercised its option to increase its Syndicated Bank RCF by CHF 150m, to a total available capacity of CHF 1,550m.

During August 2016, the Group also signed a new €1,000m term loan facility, with substantially similar financial terms to the Syndicated Bank RCF.

During September 2016, the Group utilised the available capacity of the Syndicated Bank RCF, the term loan facility and existing cash resources to redeem all of its outstanding Private Placements, which totalled €1,209.5m at the time of redemption. In connection with this early redemption the Group incurred €182.5m of costs, including a make-whole cost of €169.4m, other redemption-related cash costs of €6.2m and also wrote-off €6.9m of existing private placement capitalised borrowing costs.

During December 2016, the Group issued a number of Schuldschein tranches totalling €386m, which have maturities between three and seven years. These proceeds were used to reduce the amount outstanding on the Group's term loan facility.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2017

As of 31 July 2017, all outstanding amounts on the Group's Syndicated Bank RCF and Term Loan borrowings have been presented as current liabilities within the Group Consolidated Balance Sheet, reflecting the Group's obligation to repay those facilities within the next 12 months.

8 Post balance sheet events – after 31 July 2017

During July 2017, the Group agreed to the terms of a new five-year unsecured €1,800m refinancing of its Syndicated Bank RCF and term loan facility comprising a €1,000m amortising term loan and a €800m revolving credit facility.

The new financing was utilised on 22 September 2017 to repay in full the revolving credit and term loan facilities put in place last year.

The refinancing is underwritten by four of the Group's key relationship banks, with general syndication to take place over the next two months.

In order to provide enhanced financial flexibility, the Group has increased the covenant to a maximum 4.75x Net Debt: EBITDA at 31 July 2017 and 31 January 2018, reducing to a maximum of 4.00x at 31 July 2018 and a maximum of 3.50x from 31 July 2019. The Group has also reduced the interest cover covenant to 3.0x EBITDA: Interest. The new facility extends the maturity profile of the Group's debt to just over 4 years.