



# ARYZTA AG H1 2010 Results

15 March 2010

# Forward Looking Statement



This presentation contains forward looking statements which reflect management's current views and estimates.

The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

## **Balance Sheet strengthened**

- Net Debt reduced by €137.6m to €487.9m (H1 2009: €625.5m)
- Net Debt : EBITDA 1.69x (H1 2009: 2.32x)
- €27.9m dividend payment to equity shareholders in December 2009, represents payment of CHF 0.5324 per share
- 10.7% return on investment, growth of 70 bps (H1 2009: 10.0%)
- Tenure of debt maturity extended to c. 7.4 years

## **Income Statement stable**

- Revenue declined 7.4% to €800.9m
- Operating profit (incl. joint venture) remained constant at €106.5m
- Underlying net profit growth of 1.1% to €73.8m

# ARYZTA AG **Our Business**

- Zurich based Swiss AG
  - > Operations in Europe, North America, South East Asia and Australia
- Created in 2008 – merger of Hiestand and IAWS August 2008
- Primary listing in Zurich (SIX; ARYN) and secondary listing in Dublin (ISE; YZA)
- Holds 71.4% of Origin Enterprises plc (Origin), an agri-nutrition business
  - > Origin listed on the AIM in London (AIM; OGN) and IEX in Dublin (IEX; OIZ)

# Corporate Structure ARYZTA AG

## ARYZTA AG

Shareholder 71.4%

### Food Europe



– Coup de Pâtes



– Cuisine de France



– Delice de France



– Hiestand



– Origin

### Food North America



– La Brea Bakery



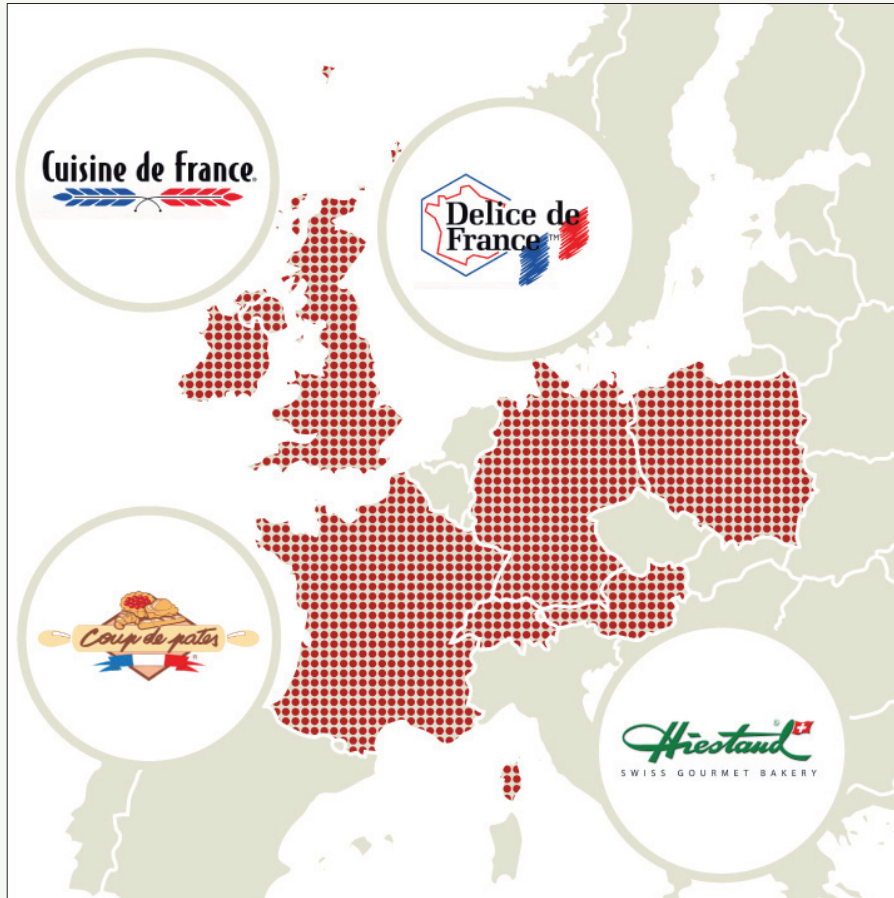
– Otis Spunkmeyer

### Food Developing Markets



– Hiestand

# Our Markets



## Food Europe

Food Europe has leading market positions in the speciality bakery market in Switzerland, Germany, Poland, the UK, Ireland and France. In Europe, ARYZTA has a mixture of business to business and consumer brands, including Hiestand, Cuisine de France, Delice de France and Coup de Pates.



## Food North America

Food North America has leading market positions in freshly baked cookies and freshly baked artisan breads. The business has two iconic brands which evoke emotional appeal with the US consumer, namely Otis Spunkmeyer and La Brea Bakery.





## Food Developing Markets

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

# ARYZTA AG **Financial Review**

# ARYZTA AG Income Statement

## period ended 31 January 2010



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

1 Before impact of intangible amortisation, non-recurring items and related tax credits.

2 Associates & JVs profit net of tax and interest.

3 Presented after dilutive impact of Origin management incentives.

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

# ARYZTA AG - Underlying Revenue Growth period ended 31 January 2010



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

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

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

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

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

# ARYZTA AG Segmental Profit period ended 31 January 2010



in Euro `000	January 2010	January 2009	%
<b>Food Group<sup>1</sup></b>			
Food Europe	60,736	64,001	(5.1)%
Food North America	35,271	34,294	2.8%
Food Developing Markets	2,073	917	126.0%
Total Food Group	98,080	99,212	(1.1)%
Origin	15,933	27,238	(41.5)%
<b>Total Group</b>	<b>114,013</b>	<b>126,450</b>	<b>(9.8)%</b>
 <b>Associates &amp; JVs<sup>2</sup></b>			
Food North America	8,468	7,275	16.4%
Origin	5,167	562	819.4%
<b>Total associates &amp; JVs</b>	<b>13,635</b>	<b>7,837</b>	<b>74.0%</b>
<b>Total operating profit</b>	<b>127,648</b>	<b>134,287</b>	<b>(4.9)%</b>

1 Before impact of intangible amortisation and non-recurring items.

2 Associates & JVs profit net of tax and interest.

# Food Group Income Statement

## period ended 31 January 2010

in Euro `000	January 2010	January 2009	%
Group revenue	800,921	865,078	(7.4)%
Group operating profit <sup>1</sup>	98,080	99,212	(1.1)%
Operating margin	12.2%	11.5%	
Share of JV <sup>2</sup>	8,468	7,275	
Operating profit incl. JV <sup>1</sup>	106,548	106,487	0.1%
Financing costs, net	(15,961)	(15,184)	
Pre-tax profits <sup>1</sup>	90,587	91,303	
Income tax <sup>1</sup>	(15,576)	(16,580)	
Minority interest	(1,257)	(1,741)	
Underlying net profit	73,754	72,982	1.1%

1 Before impact of intangible amortisation, non-recurring items and related tax credits.

2 Share of profits of joint venture is presented net of interest and tax.

# Food Group Cash Generation - H1 2010



in Euro `000	January 2010
EBIT	76,331
Amortisation	21,749
EBITA	98,080
Depreciation	28,044
EBITDA	126,124
Working capital movement	(9,968)
Dividends received	7,740
Maintenance capital expenditure	(6,683)
Interest & tax	(25,363)
Other	(475)
<b>Cash flow generated from activities</b>	<b>91,375</b>
Underlying net profit <sup>1</sup>	73,754
Depreciation	28,044
	101,798
<b>Net underlying cash earnings conversion %</b>	<b>90%</b>

<sup>1</sup> Underlying net profit before impact of non-recurring items and intangible amortisation.

# Food Group Net Debt and Investment Activity - H1 2010



in Euro `000	Food Group
Food Group opening net debt as at 31 July 2009	<b>(505,504)</b>
Cash flow generated from activities	91,375
Investment capital expenditure	(22,591)
Dividends paid	(30,603)
Deferred consideration and acquisition costs	(2,128)
Foreign exchange movement <sup>1</sup>	(16,727)
Other	(1,679)
<b>Food Group closing net debt 31 January 2010</b>	<b>(487,857)</b>
Net debt to EBITDA <sup>2</sup>	1.69x

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

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

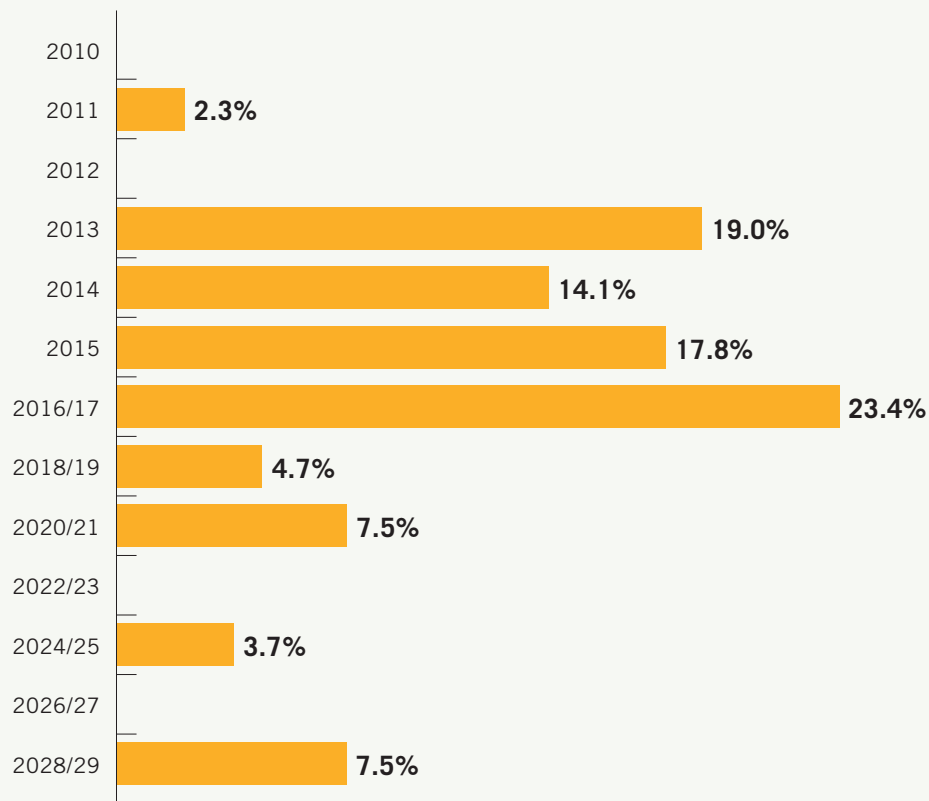


- Origin debt facilities are standalone and non-recourse to ARYZTA AG
- EUR 795m revolving credit facility – matures 20 June 2013
- USD 450m private placement – matures between 13 June 2014 – 13 June 2019
- CHF 200m Swiss bond – matures on 18 March 2015
- USD 200m private placement – matures between 2021 – 2029
- Banking covenants as follows:

	Covenants	H1 10 Actual
Net debt: EBITDA (not greater than)	<b>3.5</b> times	<b>1.69</b> times
Interest cover (not less than)	<b>4.0</b> times	<b>8.45</b> times

# Food Group Debt Maturity Profile of Gross Debt\*

- weighted average maturity c. 7.4 years



\* Food Group gross debt at 31 January 2010 of EUR 757.5m. Food Group net debt at 31 January 2010 of EUR 487.9m.

- Marginal incremental cost of debt giving increased financial security from longer term funding
- Intend to maintain investment grade credit position
- Optimum leverage position in the range of 2x - 3x Net Debt to EBITDA
- Extended maturity of debt during period
- Complementary capital sources between bank, debt capital and equity markets

# Return on Investment

in Euro million	Food Europe & Developing Markets	Food N. America	Total Food Group	Origin	Total
<b>2010</b>					
Group share net assets <sup>1</sup>	1,346	676	2,022	413	2,435
EBITA & JVs/associates cont. <sup>3</sup>	131	85	216	73	289
ROI	9.7%	12.6%	10.7%	17.6%	11.9%
<b>2009</b>					
Group share net assets	1,295	733	2,028	389	2,417
EBITA & JVs/associates cont. <sup>3</sup>	129	73	202	80	282
ROI	9.9%	10.0%	10.0%	20.5%	11.7%

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

2 Food Group net assets includes previously written off goodwill of EUR 51.8 million. Origin net assets includes previously written off goodwill of EUR 59.4 million.

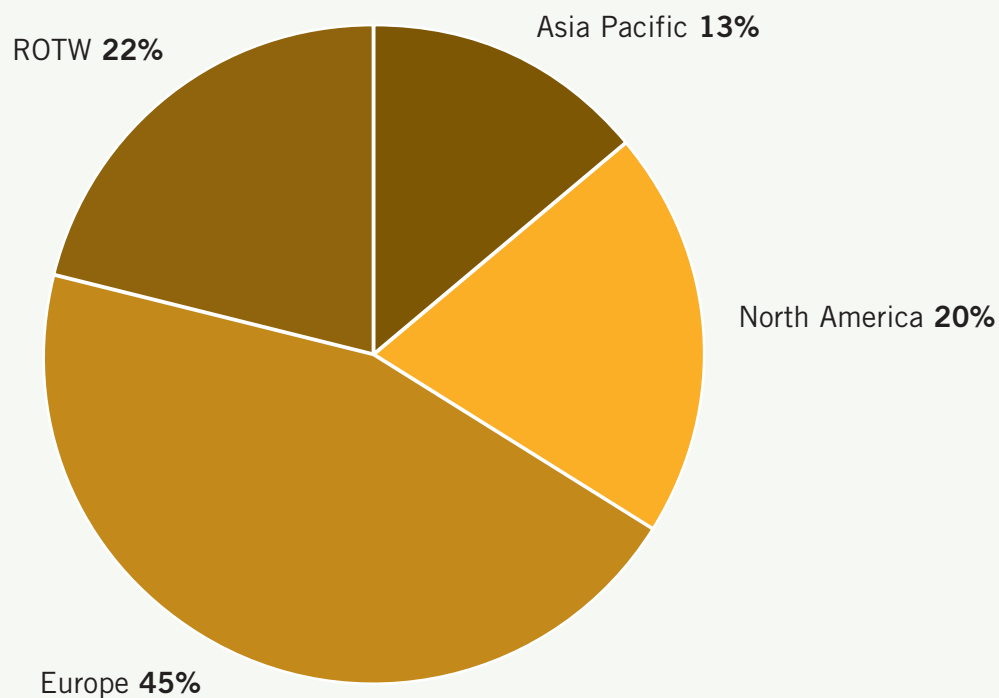
3 Earnings before interest tax and amortisation (EBITA) is presented before the impact of non-recurring items. The contribution from associates and JVs is net profit (i.e. presented after interest and tax).

4 The Group WACC is currently 7.6%.

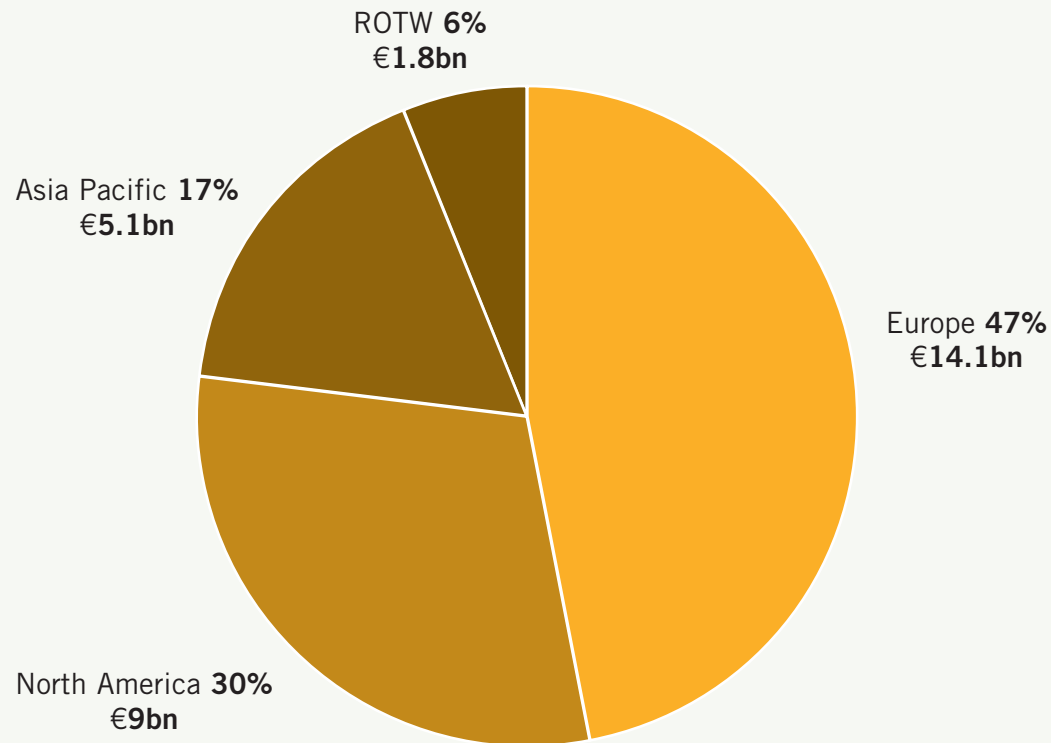
# ARYZTA AG **Business Review**

- Bakery everyday food
  - > Basic and sustainable
  - > Indulgent and affordable
- Challenge to deliver everyday consumer experience
- Investment required for:
  - > Freshly baked goods at point of sale
  - > Varied assortment throughout the day
  - > Consumer appealing concepts
  - > Relevant value proposition
- It is all about the consumer experience

## Market Value €260bn at RSP

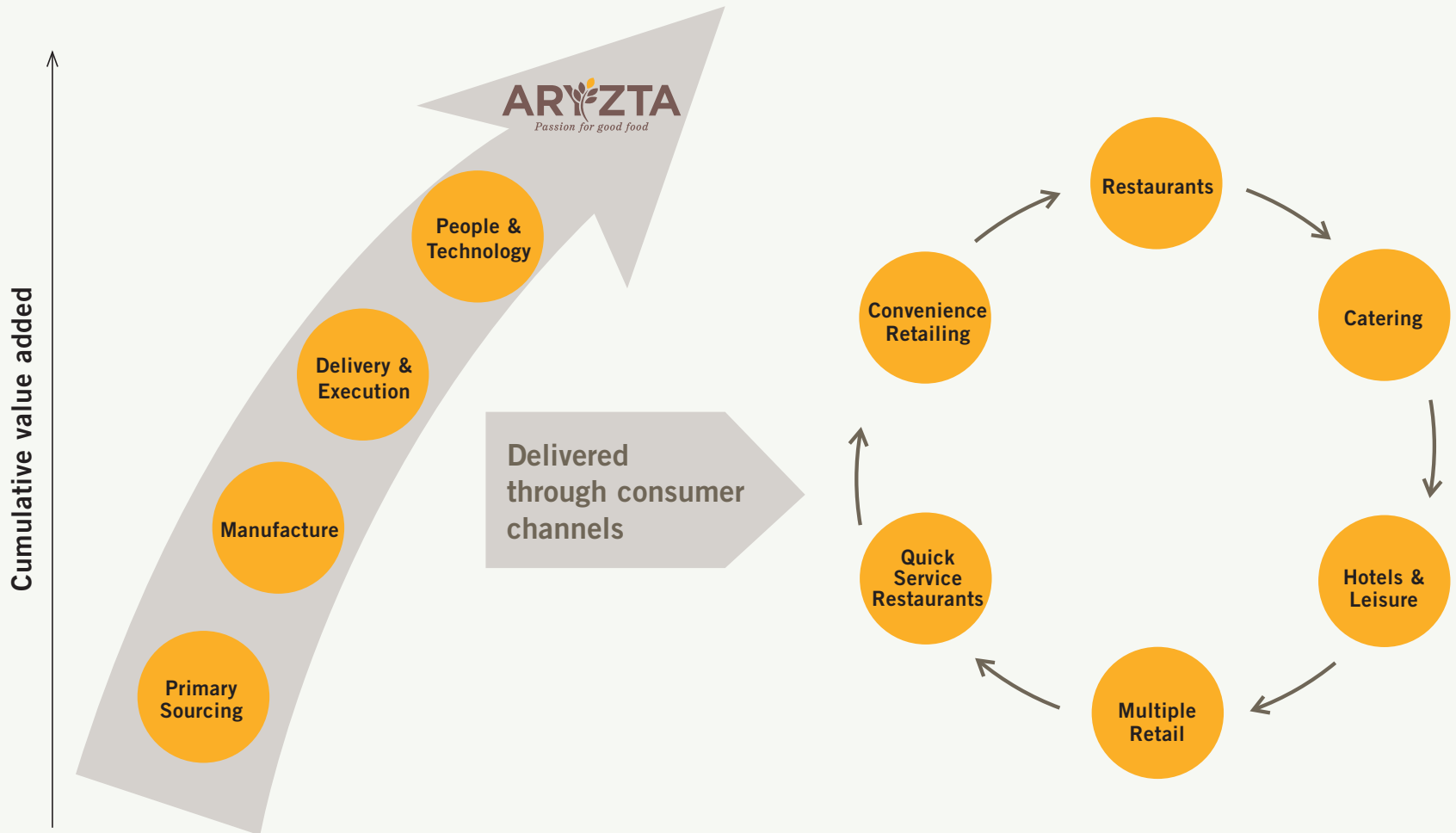


## Speciality Bakery Market – €30bn at RSP





# Value Added Business Model



- Underlying revenue decline of 10.1% in the period
- UK and Ireland
  - > Extremely tough trading conditions
  - > Economic downturn continues
  - > Credit concerns still impacting revenues
- Continental Europe
  - > Revenue growth from new customers
  - > Investment in additional field sales staff
  - > Compensation for reduced revenues

- Underlying revenue declined by 2.7% in the period
  - > High comparator of 16.6% in H1 2009
- Revenue weakness across most business channels
- Consumer continues to conserve their dollar
  - > As a result customers not making decisions required to stimulate revenue growth
- Otis Spunkmeyer ERP implementation on plan and progressing well

- Released H1 results on Thursday 11th March
  - > Available on [www.originenterprises.com](http://www.originenterprises.com)
- Origin has performed well in H1 against difficult trading background
  - > Masstock delivered a strong performance in particular
- Year-on-year comparisons are impacted by increased seasonality in agricultural activity
- Customers deferring buying decisions until closer to main application periods
- Recent uplift in primary output markets has yet to positively impact farm incomes
- Origin on track to deliver consensus expectations for full year

- Tough economic conditions throughout the period
- Positive signals about economic recovery - yet to reach consumer
- Consumer switching channels - food service more impacted than retail
- Reduced consumer spend impacts customer
- Lack of credit impacts customer
- It is all about the consumer experience

- FY2010 guidance for underlying EPS of 224 cent remains unchanged
- Focus on operating efficiency (ARYZTA Technology Initiative) with well invested bakery assets
- Excellent cash generation and balance sheet strength
- Fragmented bakery market offers opportunities for disciplined strategic expansion

# ARYZTA AG

## **Appendix 1 – Origin Financials**

# Origin Income Statement

## period ended 31 January 2010

in Euro `000	January 2010	January 2009	%
Group revenue <sup>1</sup>	593,132	706,091	(16.0)%
Group operating profit <sup>2</sup>	15,933	27,238	(41.5)%
Operating margin <sup>3</sup>	2.7%	3.8%	
Share of associates and JV <sup>4</sup>	5,167	562	
Operating profit incl. associates and JV <sup>2</sup>	21,100	27,800	(24.1)%
Financing costs, net	(7,762)	(9,221)	
Pre tax profits <sup>2</sup>	13,338	18,579	
Income tax <sup>2</sup>	(1,389)	(3,095)	
Minority interest	–	(138)	
Underlying net profit	11,949	15,346	(22.1)%
Adjusted fully diluted EPS (cent)	8.7c	11.2c	(22.3)%

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

2 Before impact of intangible amortisation, non-recurring items and related tax credits.

3 Origin operating margin based on full revenue including intra-group sales between Origin and Food Group.

4 Associate & JV profit net of tax and interest.



# Origin Underlying Net Profit Reconciliation

in Euro `000

January 2010

Reported net profit	10,228
Amortisation of intangible assets	2,002
Tax on amortisation	(281)
<b>Underlying net profit</b>	<b>11,949</b>

<b>Underlying fully diluted EPS<sup>1</sup> (cent)</b>	<b>8.7</b>
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1 The share denominator for the period ended 31 January 2010 is 137,626,000.

ARYZTA AG

## **Appendix 2 – Other Financial Information**

# ARYZTA AG Underlying Net Profit Reconciliation



in Euro `000	January 2010
Reported net profit	64,371
Amortisation of intangible assets	23,751
Tax on amortisation	(5,341)
<b>Underlying net profit</b>	<b>82,781</b>
Dilutive impact of Origin management incentives	(251)
<b>Underlying fully diluted</b>	<b>82,530</b>
<b>Underlying fully diluted EPS<sup>1</sup> (cent)</b>	<b>104.5</b>

1 The share denominator for the period ended 31 January 2010 is 78,946,101.

# Food Group Underlying Net Profit Reconciliation

in Euro `000

January 2010

Reported net profit	57,065
Amortisation of intangible assets	21,749
Tax on amortisation	(5,060)
<b>Underlying net profit</b>	<b>73,754</b>

# ARYZTA AG Balance Sheet



in Euro `000

As at January 2010

Property, plant and equipment	655,288
Investment properties	63,083
Goodwill and intangible assets	1,508,187
Associates and joint ventures	147,270
Net working capital	40,135
Other segmental liabilities	(89,563)
Segmental net assets	2,324,400
Net debt	(678,348)
Deferred tax, net	(174,644)
Income tax	(43,907)
Derivative financial instruments, net	(6,710)
<b>Net assets</b>	<b>1,420,791</b>

# Food Group Balance Sheet

in Euro `000	As at January 2010
Property, plant and equipment	570,745
Investment properties	3,869
Goodwill and intangible assets	1,395,017
Joint venture	60,118
Net working capital	(18,884)
Other segmental liabilities	(40,217)
Segmental net assets	1,970,648
Net debt	(487,857)
Deferred tax, net	(160,838)
Income tax	(42,466)
Derivative financial instruments, net	(4,176)
<b>Net assets</b>	<b>1,275,311</b>

	January 10	January 09	%
<b>Closing Rates</b>			
Sterling	0.8648	0.9397	8.0%
US Dollar	1.3985	1.2952	(8.0)%
Swiss Franc	1.4700	1.4981	1.9%
Canadian Dollar	1.4870	1.6248	8.5%
<b>Average Rates</b>			
Sterling	0.8923	0.8356	(6.8)%
US Dollar	1.4574	1.3796	(5.6)%
Swiss Franc	1.5080	1.5523	2.9%
Canadian Dollar	1.5504	1.5866	2.3%

ARYZTA AG  
**Thank you!**



## Investor Meeting Requests\*

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

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