ARYZTA AG - H1 2023 results

6 March 2023

Forward Looking Statement

This document contains forward looking statements which reflect the Board of Directors' 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, the effects of a pandemic or epidemic or a natural disaster, or war and regulatory developments.

You are cautioned not to place undue reliance on any forward-looking statements. These forward-looking statements are made as of the date of this document. The Company expressly disclaims any obligation or undertaking to publicly update or revise any forward-looking statements other than as required by applicable law.

Performance H1 2023

- Revenue €1,037.1m
- Organic revenue growth 25.4%
- EBITDA increased to €129.1m
- EBITDA margin at 12.5%
- Operating free cash flow increased strongly to €76m
- IFRS Profit €51.7m

- Redemption of €200m Euro hybrid by 28th of March 2023

Business Performance Accelerates

- Strategy delivering to expectations
- Market momentum & innovation supports volume
- All markets & channels performing strongly
- Continue to outpace European retail market
- Customers & service portfolio driving Foodservice growth
- Innovation & momentum as key enablers of QSR performance

Challenges remain

- Inflationary environment continues across all costs
- Input prices remain significantly above historic levels
- Labour availability & costs elevated

- Consumer consumption trends unchanged
- Bakery products have competitive calorific proposition

Important reporting and management changes

- Reporting simplification - Unadjusted profitability figures
- Alignment of financial year with calendar year
- Appointment of COO – strengthening executive management

Mid-term targets FY 2023f – FY 2025f reiterated

Organic growth (CAGR)

4.5%–5.5%

(constant pricing FY22[1])

EBITDA Margin

≥14.5%

ROIC

≥11.0%

Revenue (EUR)

>2bn

(constant currency and pricing FY22)

CAPEX as % of revenue

3.5%–4.0%

Total net debt leverage (incl. hybrids)

c.3x

(driven by operational results)

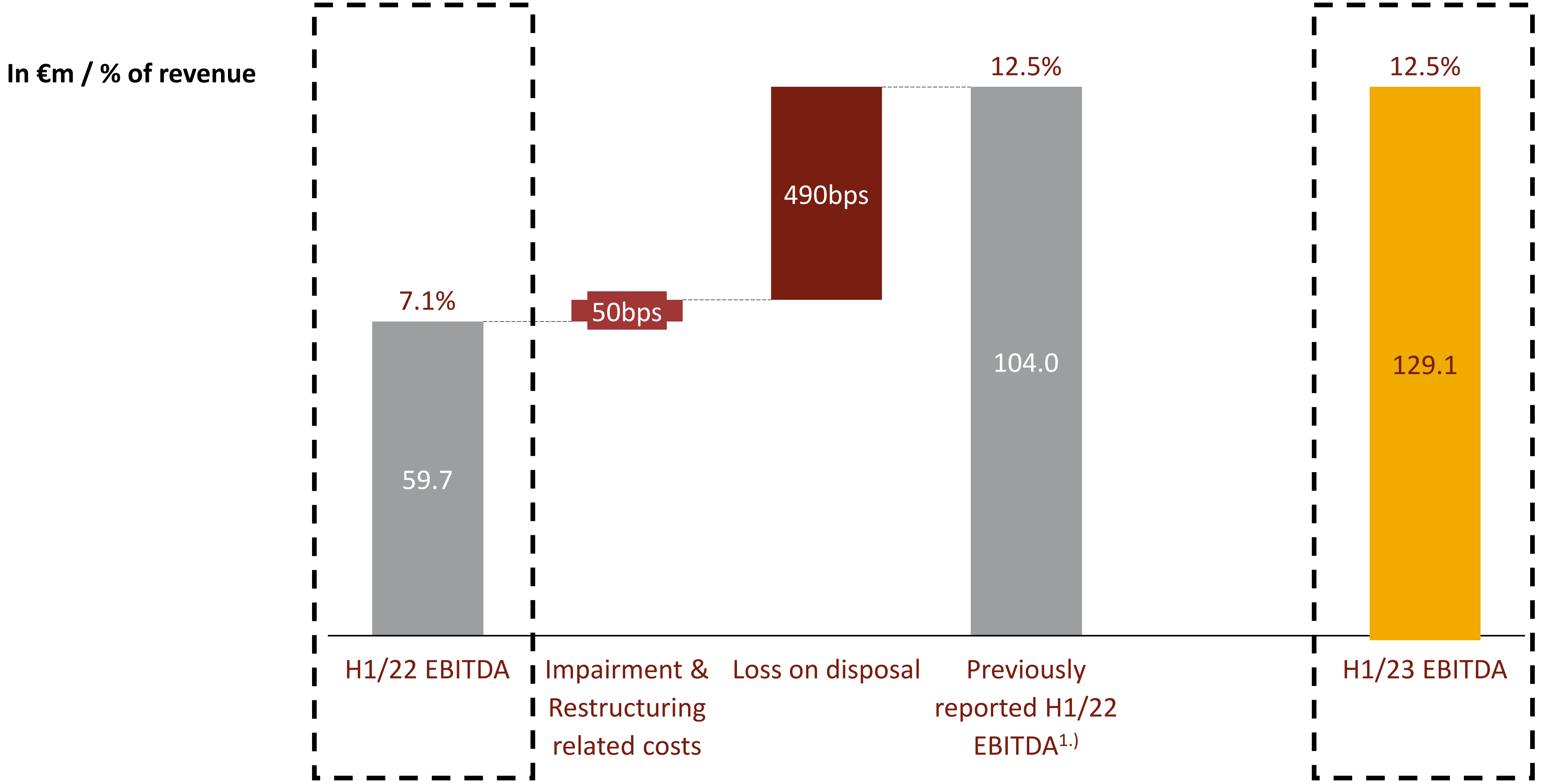
[1] Excludes compensation of inflation by pricing

Guidance FY 2023

- Current trading and consumer trends remain unchanged
- Inflationary environment continues
- Pricing volatility remains elevated
- Further improvements in all key metrics expected in FY 2023
  - Organic growth supported by volume and price
  - EBITDA supported by pricing, efficiencies and cost control
  - Improvement in cash generation
  - Improvement in ROIC
- Reiterate delivery of mid-term targets FY 2025

Financial review

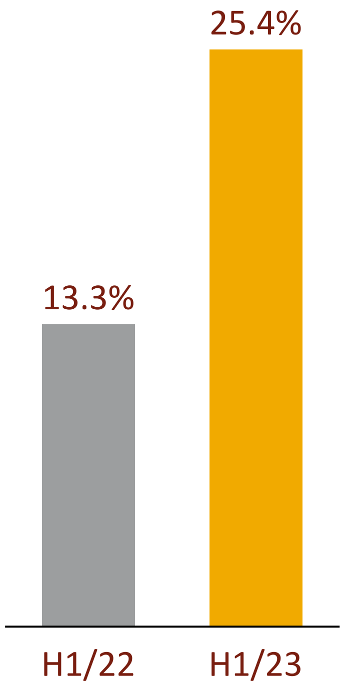
Simplification of external reporting – discontinuing of underlying EBITDA



1.) H1 FY2022 EBITDA corresponds to the previously reported Underlying EBITDA. Refer to table on slide 28 for reconciliation to EBITDA as presented in H1-23 Interim Report.

Strong set of figures on all key metrics

Organic Growth %

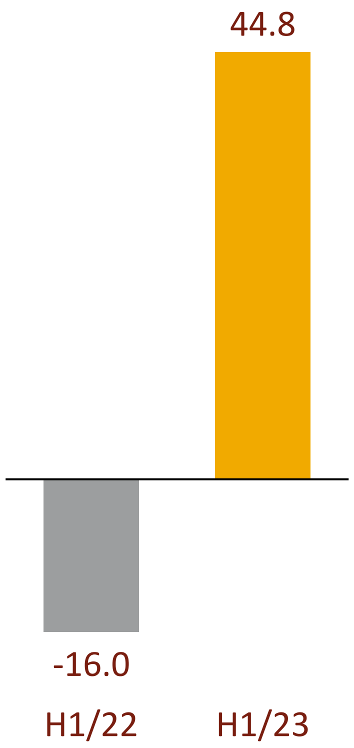


€835.3m €1,037.1m

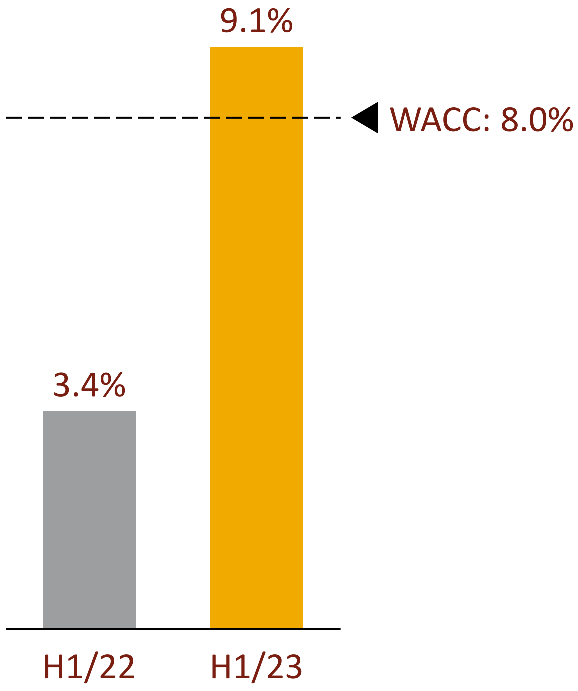
EBITDA[1.)] %

€104.0m €129.1m

Cash Flow from Activities (m€)



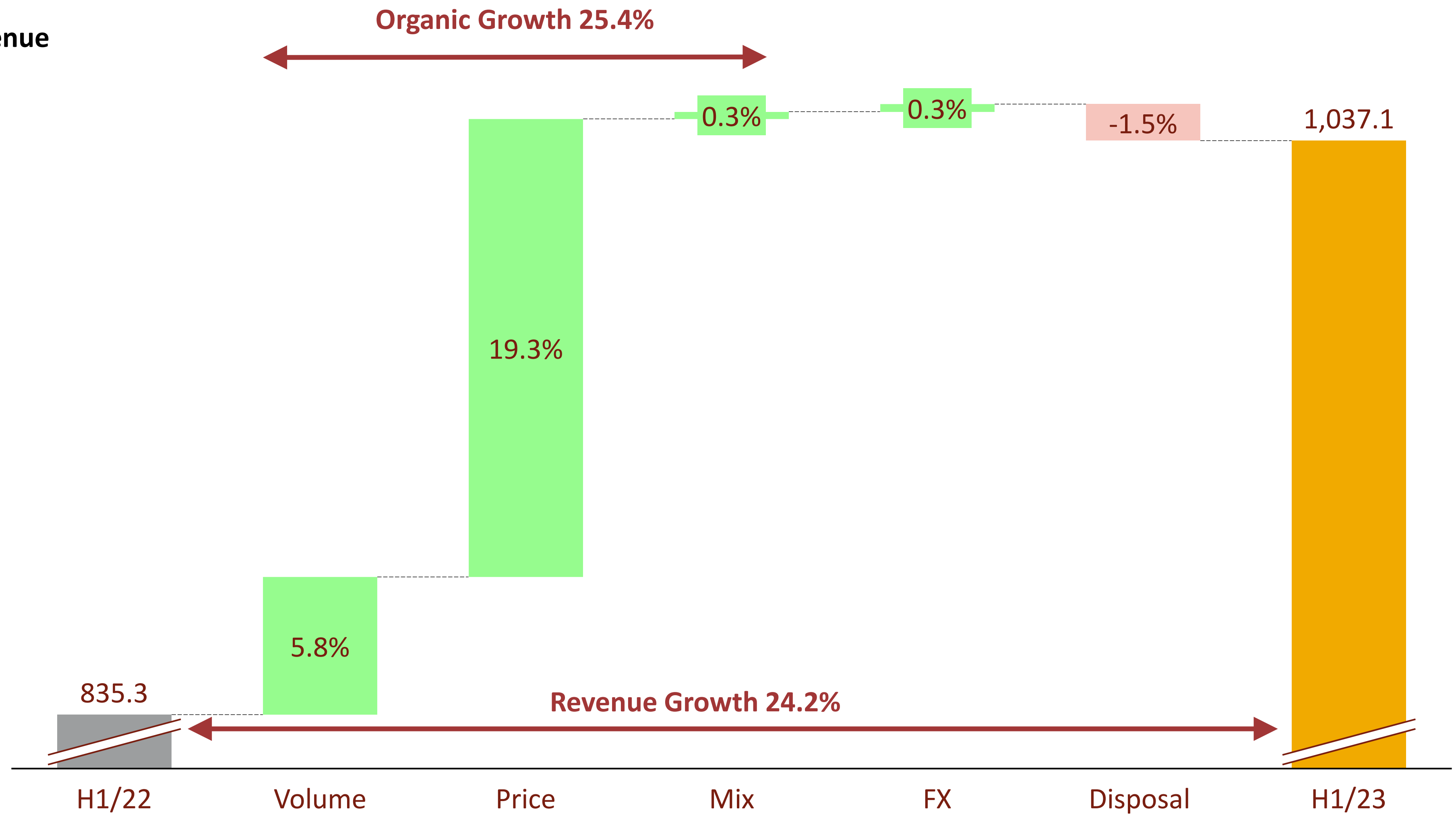
ROIC %



1.) H1 FY2022 EBITDA corresponds to the previously reported Underlying EBITDA. Refer to table on slide 28 for reconciliation to EBITDA as presented in H1-23 Interim Report.

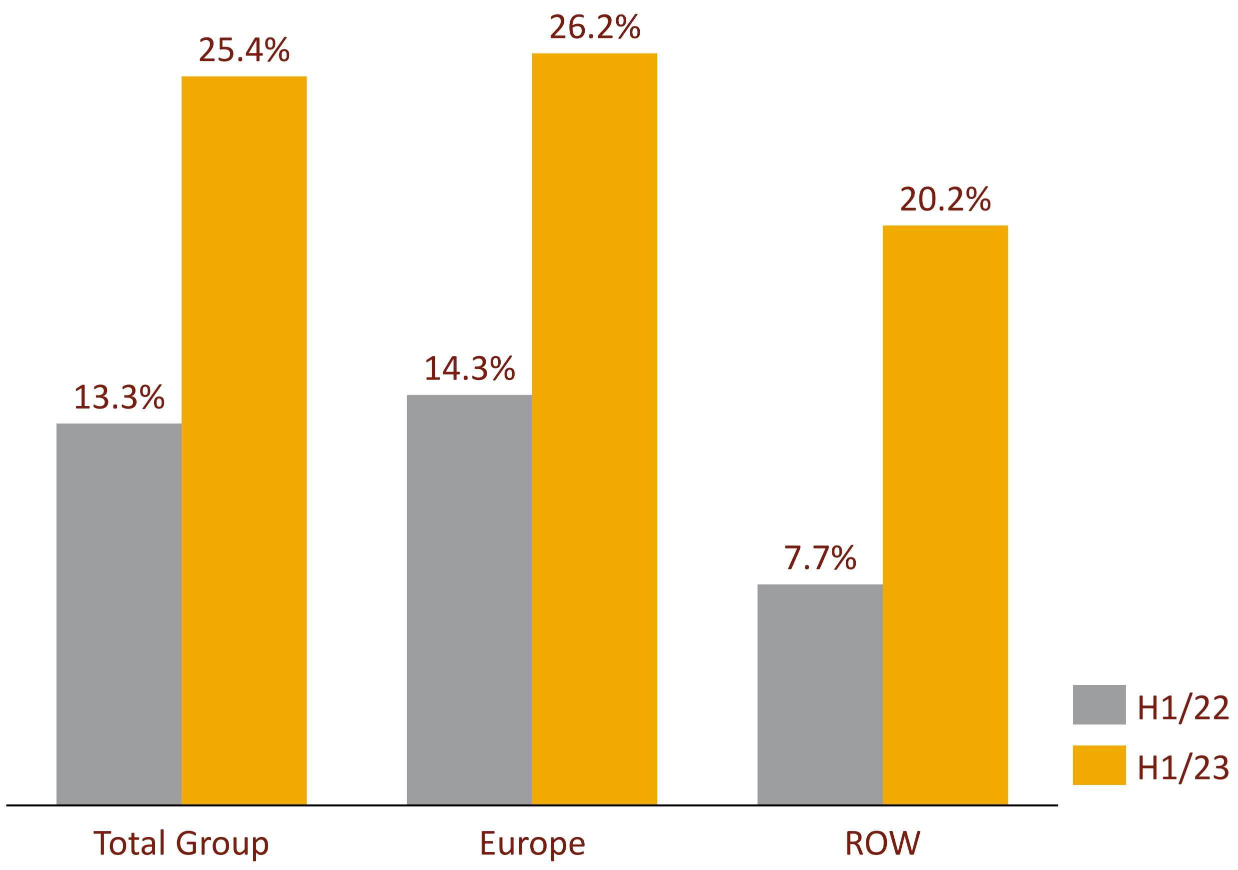
Organic growth acceleration supported by pricing and resilient volume

In €m / % of revenue



Broad based organic growth across the Group

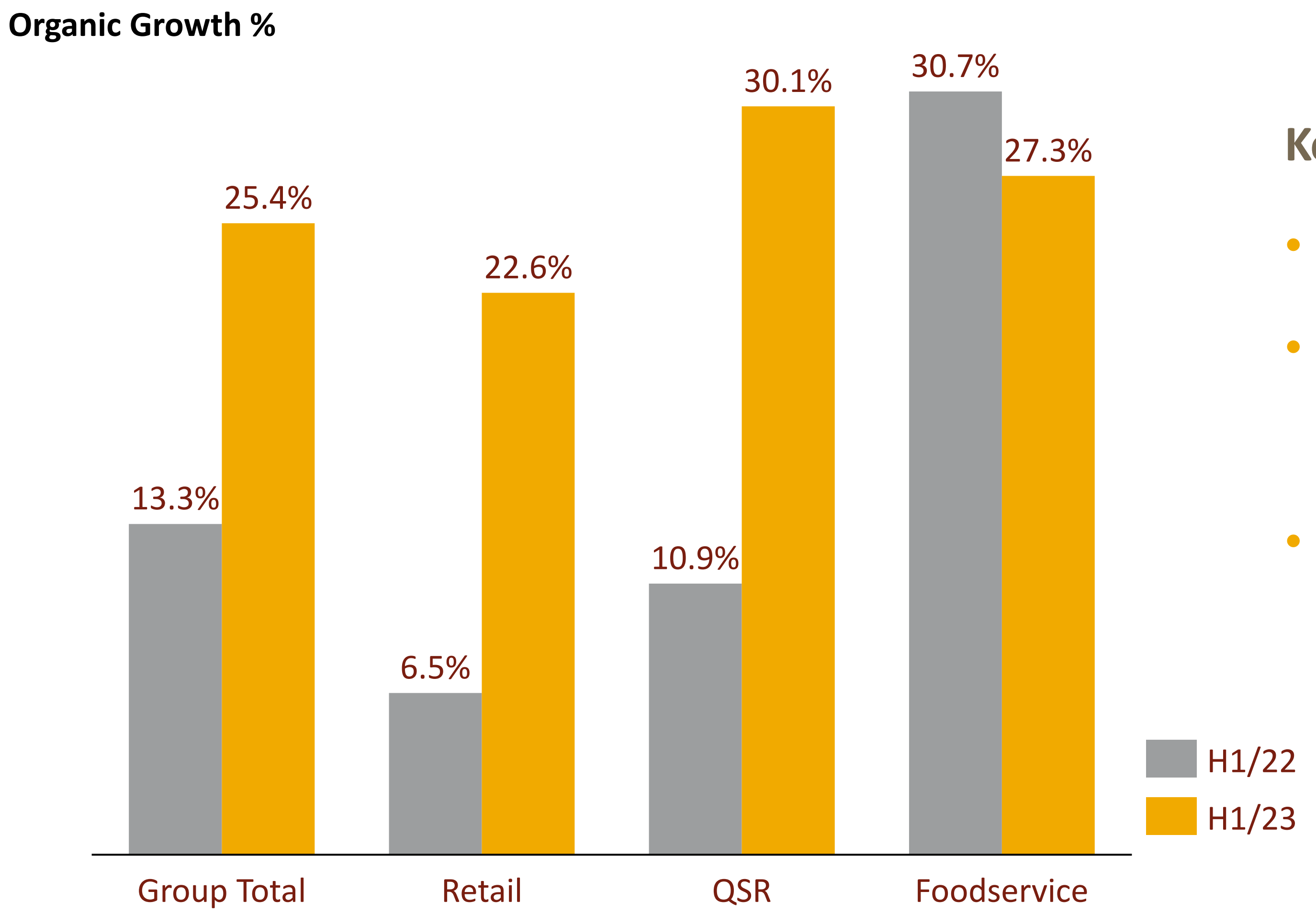
Organic Growth %



Key Highlights:

- Resilient volume growth in Europe combined with pricing
- ROW with strong QSR volume growth, Foodservice driven by pricing
- Revenue now ahead of pre-COVID levels

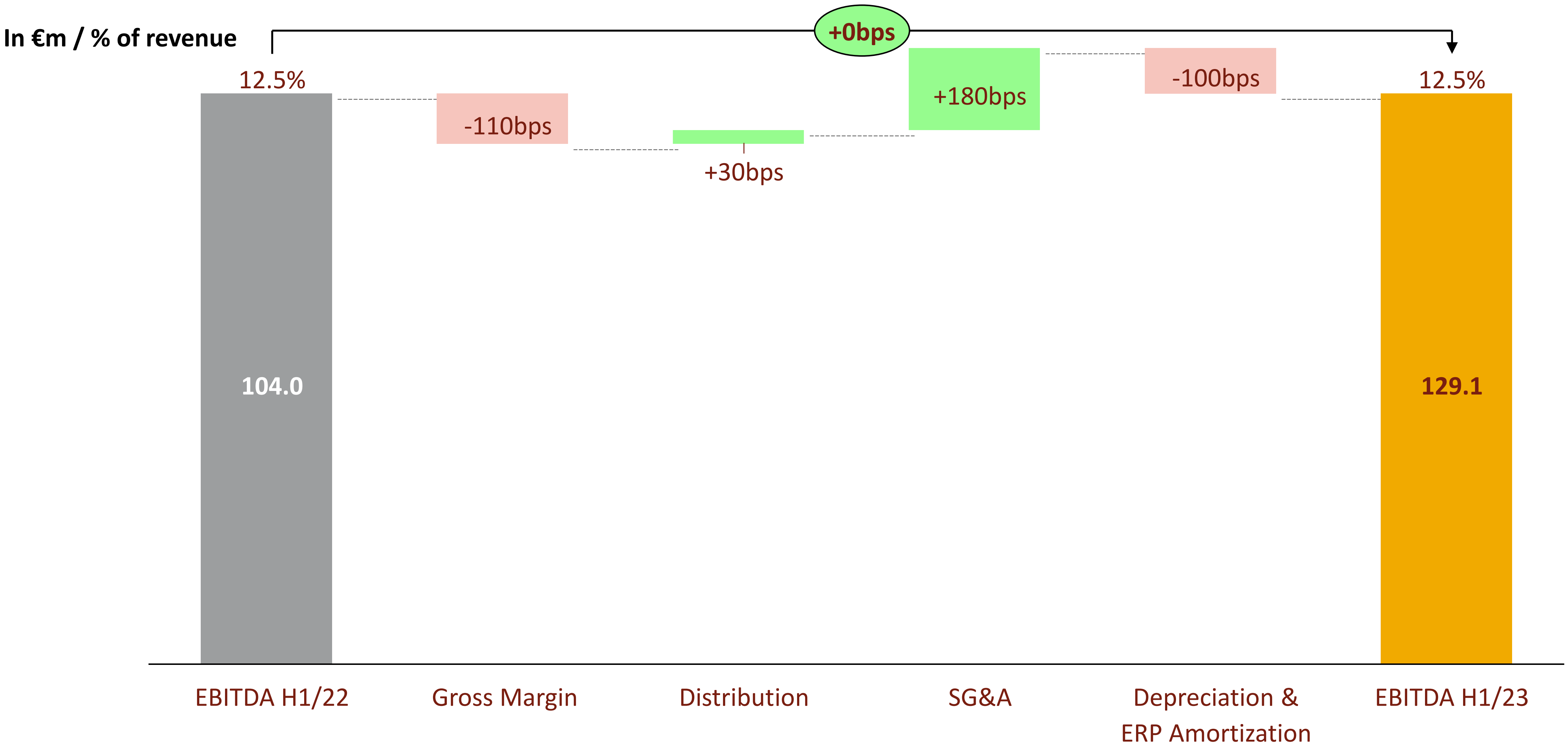
All channels with strong revenue growth



Key Highlights:

- Ahead of European retail-market in volume & value
- New customers and service offering driving Foodservice
- Guest count and restaurant openings in a few markets driving QSR

Costs discipline and operational leverage compensating input costs headwinds



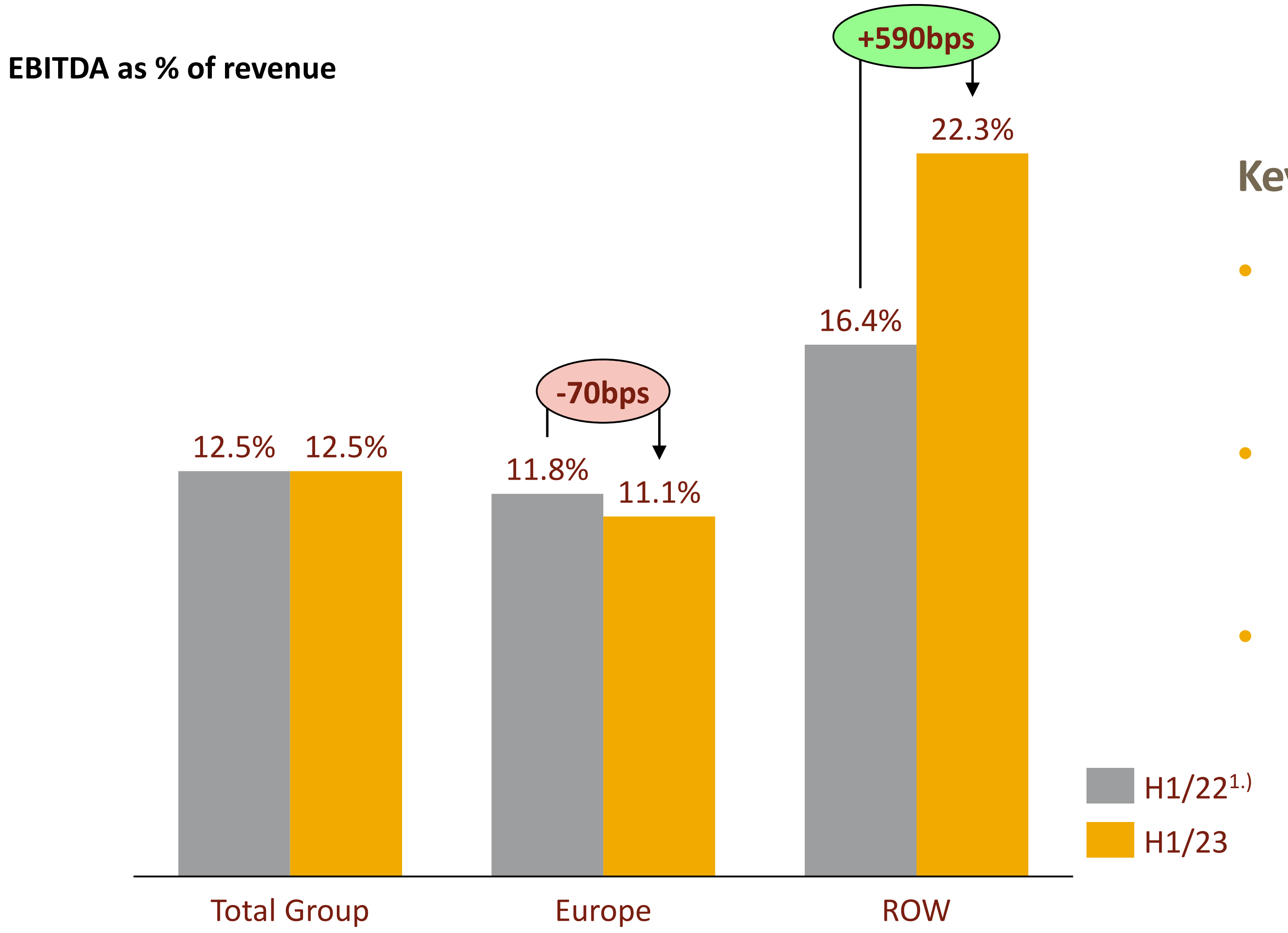
1.) H1 FY2022 EBITDA corresponds to the previously reported Underlying EBITDA. Refer to table on slide 28 for reconciliation to EBITDA as presented in H1-23 Interim Report.

Disciplined costs management supported by key efficiency programs

Levers	Mid-Term Targets 2023-25	H1 Results	
Manufacturing continuous improvement program	2-3% cost[1] efficiency YoY	• Manufacturing efficiency:	c. 2%
SIMPLEX – recipe standardization & Procurement leverage	€26-36m costs optimization	• Costs optimization	>€5m
E2E processes optimization	Fixed costs growth @ 30-40% of organic growth	• Fixed cost growth:	<30% of Organic Growth

1 Costs baseline: Conversion Costs (indirect variable & fixed manufacturing costs incl. Deprecation) + Waste

EBITDA margin maintained with strong ROW performance



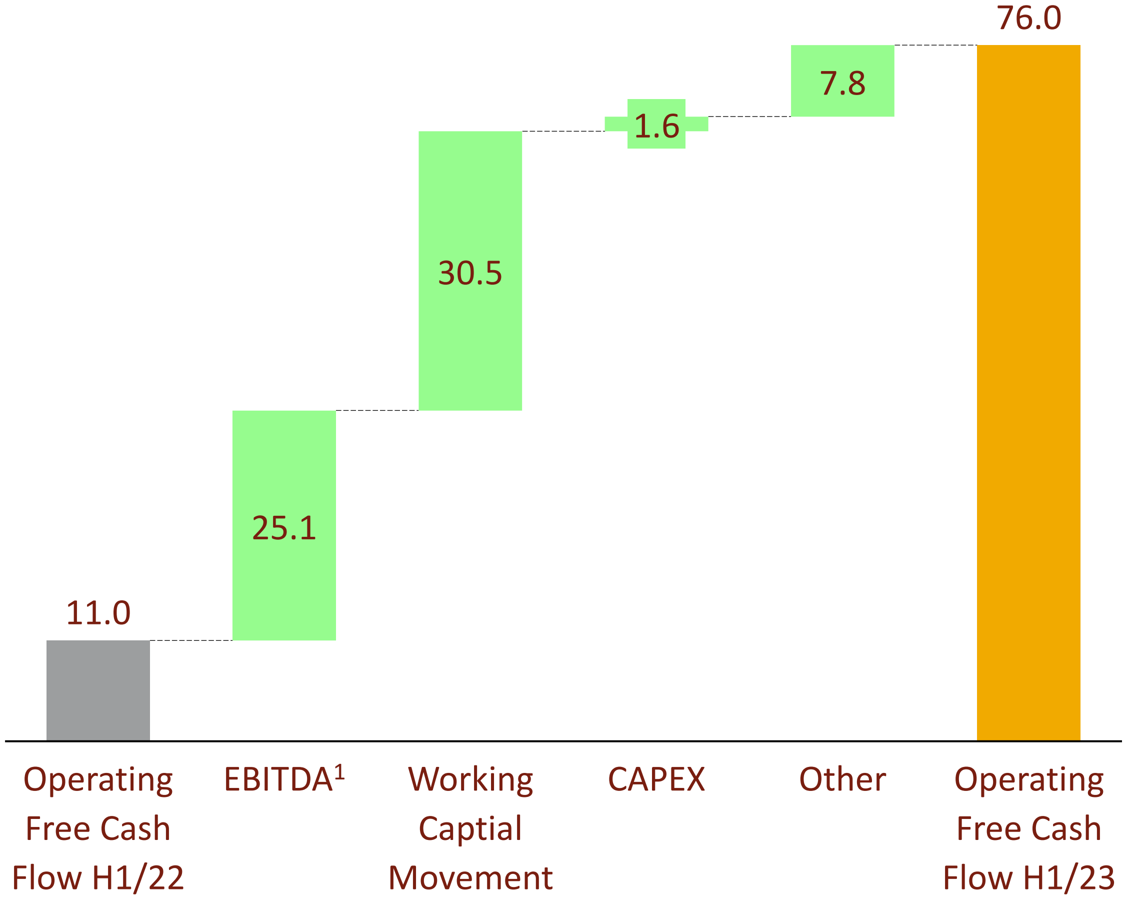
Key Highlights:

- Procurement risk management ensuring cost visibility
- Pricing & efficiencies in Europe recovering input costs in absolute
- Foodservice business in APAC driving margin in ROW

1.) H1 FY2022 EBITDA corresponds to the previously reported Underlying EBITDA. Refer to table on slide 28 for reconciliation to EBITDA as presented in H1-23 Interim Report.

Strong earnings and improved working capital accelerate cash flow

In €m

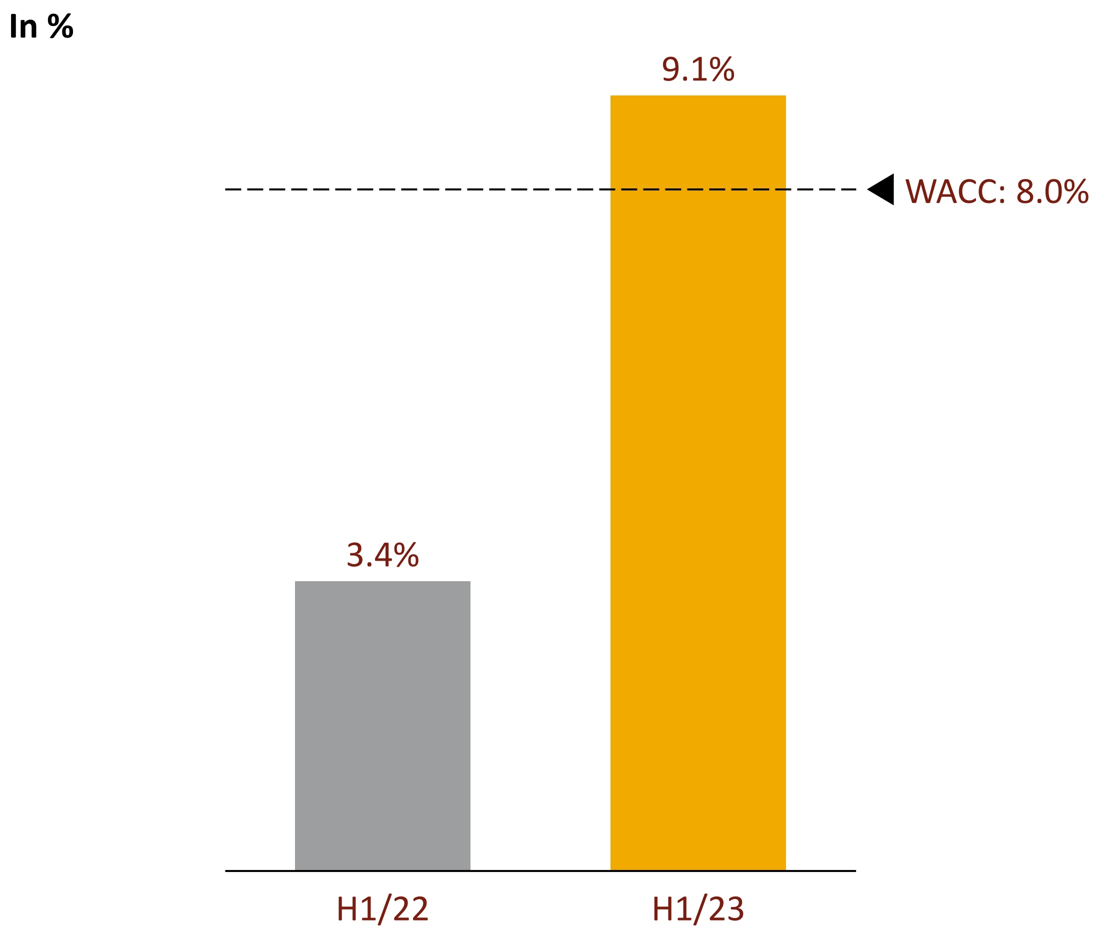


Key Highlights:

- Working capital and securitization supporting cash flow
- Significantly reduced restructuring related cash flow
- Cash flow from Activities improved to €44.8m

1.) H1 FY2022 EBITDA corresponds to the previously reported Underlying EBITDA. Refer to table on slide 28 for reconciliation to EBITDA as presented in H1-23 Interim Report.

ROIC above WACC driven by margin progress

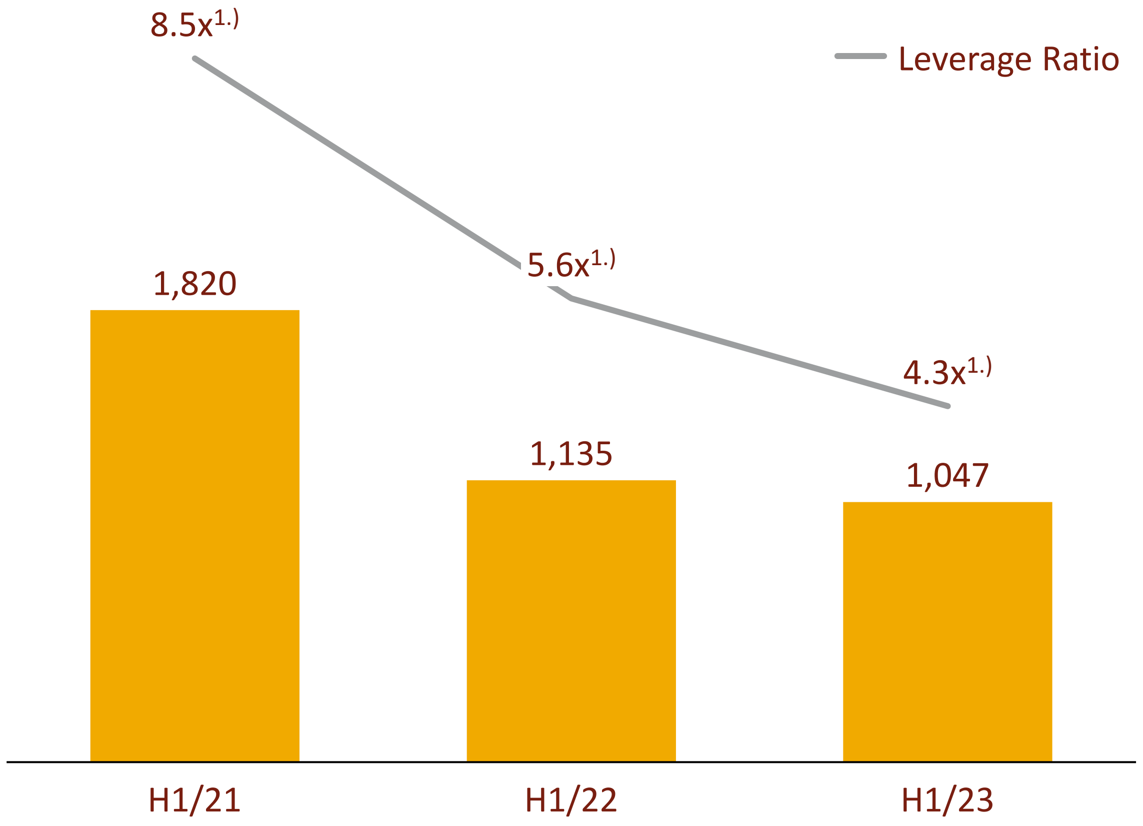


Key Highlights:

- Improved EBITDA key driver of acceleration
- Lower tax charge
- Disciplined working capital and CAPEX mgmt.

Total leverage reduction supported by business results

Total net debt (incl. hybrid & leases) in €m



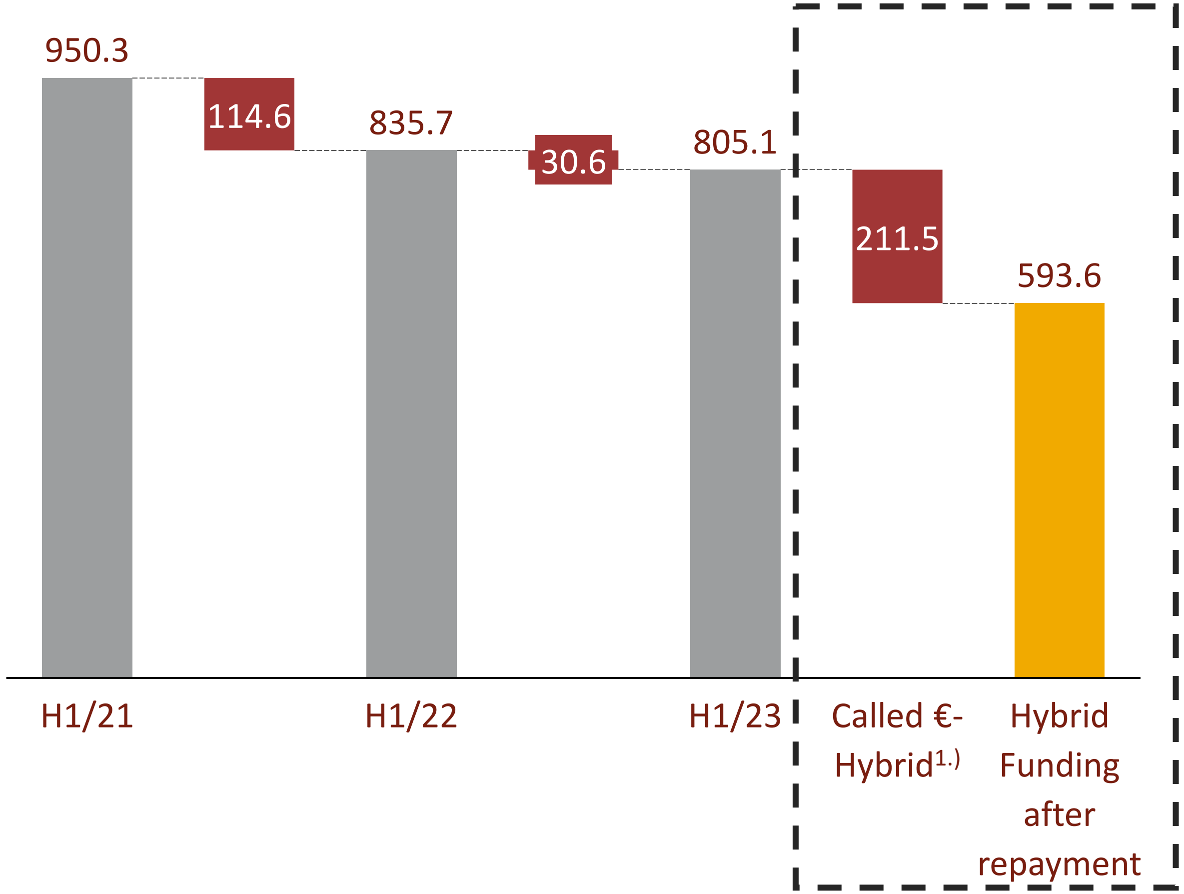
Key Highlights:

- Leverage reduction by c. 50% over two years
- Interest costs well under control
- Progress toward mid-term target

1.) Leverage Ratio calculated based on previously reported Underlying EBITDA for TTM H1 FY2021, TTM H1 FY2022 and for first half of TTM H1 FY 2023

Addressing capital structure through EUR-hybrid repayment

In €m



Key Highlights:

- Funded via cash from activities and existing resources
- Improves capital structure and reduces interest costs
- Covenant ratios remain well within defined range

1.) Comprises €200.0m of called €-Hybrid principal and €11.5m of accrued €-Hybrid interest as of H1/23.

Thank you

Appendix

Summary Income Statement

For period ended 28 January 2023

	January 2023 €m	January 2022 €m	% Change
Continuing Operations			
Revenue	1,037.1	835.3	24.2%
EBITDA[1]	129.1	59.7	116.2%
EBITDA margin	12.5%	7.1%	540 bps
Depreciation & amortisation	(63.5)	(61.4)	(3.4)%
Operating profit/(loss)	65.6	(1.7)	
Operating profit/(loss) margin	6.3%	(0.2)%	650 bps
Finance cost, net	(8.6)	(9.1)	(5.5)%
RCF termination costs	-	(7.7)	100.0%
Profit/(loss) before income tax	57.0	(18.5)	408.1%
Income tax expense	(5.3)	(22.2)	76.1%
Profit/(loss) for the period from continuing operations	51.7	(40.7)	
Profit for the period from discontinued operations	-	1.5	(100.0)%
Profit/(loss) for the period	**51.7**	**(39.2)**	
Hybrid instrument dividend	(24.5)	(22.7)	(7.9)%
Profit/(loss) used to determine EPS	**27.2**	**(61.9)**	
Diluted EPS (cent) - total[2]	**2.7**	**(6.2)**	

1 Certain financial alternative performance measures, which are not defined by IFRS, are used by management to assess the financial and operational performance of ARYZTA. See glossary on page 39 for definitions of financial terms and references used.

2 The 28 January 2023 weighted average number of ordinary shares used to calculate diluted EPS is 993,651,150 (H1 2022: 991,830,010).

Organic Revenue

For period ended 28 January 2023

	ARYZTA Europe €m	ARYZTA Rest of World €m	Total Continuing Operations €m
Revenue	910.1	127.0	**1,037.1**
Organic movement	26.2%	20.2%	25.4%
Disposals movement	–	(11.3)%	(1.5)%
Currency movement	(0.2)%	2.7%	0.3%
Total revenue movement	26.1%	11.6%	**24.2%**

Quarterly Organic Revenue

For period ended 28 January 2023

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	H1 2023
ARYZTA Europe					
Volume %	18.0%	10.1%	2.8%	8.4%	5.6%
Price %	6.6%	11.8%	19.7%	21.4%	20.5%
Mix %	1.0%	0.9%	(0.4)%	0.6%	0.1%
Organic movement %	**25.6%**	**22.8%**	**22.1%**	**30.4%**	**26.2%**
ARYZTA Rest of World					
Volume %	3.3%	11.8%	12.0%	1.8%	7.1%
Price %	3.5%	6.1%	8.7%	14.5%	11.5%
Mix %	0.4%	1.0%	0.7%	2.5%	1.6%
Organic movement %	**7.2%**	**18.9%**	**21.4%**	**18.8%**	**20.2%**
Total continuing operations					
Volume %	15.6%	10.3%	4.1%	7.6%	5.8%
Price %	6.1%	11.0%	18.1%	20.5%	19.3%
Mix %	0.9%	0.9%	(0.2)%	0.8%	0.3%
Organic movement %	**22.6%**	**22.2%**	**22.0%**	**28.9%**	**25.4%**

Segmental EBITDA

For period ended 28 January 2023

EBITDA[1]	January 2023 €m	January 2022 €m	% Change
ARYZTA Europe	100.8	81.4	23.8%
ARYZTA Rest of World	28.3	(21.7)	
Total continuing operations	**129.1**	**59.7**	**116.2%**

EBITDA margin	January 2023 €m	January 2022 €m	% Change
ARYZTA Europe	11.1%	11.3%	(20) bps
ARYZTA Rest of World	22.3%	(19.1)%	4,140 bps
Total continuing operations	**12.5%**	**7.1%**	**540 bps**

1 See glossary on page 39 for definitions of financial terms and references.

Segmental EBITDA and reconciliation to Underlying EBITDA

For prior period ended 29 January 2022

'EBITDA' is presented as earnings before interest, taxation, depreciation and amortisation. In the 2022 Annual Report and Accounts this was referred to as 'IFRS EBITDA'. As this measure more closely aligns to the Group Consolidated Income Statement, the Group no longer presents the 'Underlying EBITDA' alternative performance measure, which was presented as earnings before interest, taxation, depreciation and amortisation; before impairment, disposal, and restructuring-related costs.

A reconciliation of continuing operations Underlying EBITDA to EBITDA for the prior 26 week period ended 29 January 2022 is presented below:

	ARYZTA Europe January 2022 €m	**ARYZTA Rest of World January 2022 €m**	**Total Continuing Operations January 2022 €m**
Underlying EBITDA as previously reported	85.3	18.7	**104.0**
Impairment, disposal and restructuring-related costs	(3.9)	(40.4)	**(44.3)**
EBITDA	81.4	(21.7)	**59.7**
Underlying EBITDA margin as previously reported	11.8%	16.4%	**12.5%**
Impairment, disposal and restructuring-related margin	(0.5)%	(35.5)%	**(5.4)%**
EBITDA margin	11.3%	(19.1)%	**7.1%**

Impairment, disposal, and restructuring related costs

For period ended 28 January 2023

	Continuing Operations January 2023 €m	Continuing Operations January 2022 €m
Net loss on disposal of businesses	–	(40.2)
Net loss on fixed asset disposals and impairments	–	(0.2)
Total net loss on disposal of businesses and asset write-downs	**–**	**(40.4)**
Severance and other staff-related costs	–	(2.2)
Other costs including advisory	–	(1.7)
Total restructuring-related costs	**–**	**(3.9)**
Total impairment, disposal and restructuring-related costs	**–**	**(44.3)**

Cash Generation

For period ended 28 January 2023

	January 2023 €m	January 2022 €m
EBITDA	**129.1**	**59.7**
Impairment, disposal and restructuring-related costs	-	44.3
Working capital movement	(18.8)	(34.6)
Working capital movement from debtor securitisation[1]	12.9	(1.8)
Capital expenditure	(28.0)	(29.6)
Net payments on lease contracts	(18.1)	(16.7)
Proceeds from sale of property, plant and equipment	0.6	0.9
Restructuring related cash flows	(1.7)	(11.2)
Operating free cash generation	**76.0**	**11.0**
Dividends paid on hybrid instruments - actual	(15.6)	(10.9)
Interest and income tax on operating activities paid, net	(12.2)	(15.5)
Recognition of deferred income from government grants	(0.2)	(1.3)
Other	(3.2)	0.7
Cash flow generated from activities	**44.8**	**(16.0)**

1 Total debtor balances securitised as of 28 January 2023 is €116m (30 July 2022: €108m).

Reconciliation of IFRS cash flow from operating activities to Cash Flow generated from activiti

For period ended 28 January 2023

	January 2023 €m	January 2022 €m
Net cash flows from operating activities[1]	**104.2**	**37.9**
Purchase of property, plant and equipment	(26.1)	(26.6)
Purchase of intangible assets	(1.9)	(3.0)
Proceeds from sale of property, plant and equipment	0.6	0.9
Lease principal payments	(16.4)	(14.3)
Dividends paid on hybrid instruments - actual	(15.6)	(10.9)
Cash flow generated from activities	**44.8**	**(16.0)**

1 Net cash flows from operating activities are presented in the Group Consolidated Cash Flow Statement on page 24 of the Interim Report

Net Debt Evolution

For period ended 28 January 2023

	January 2023 €m	January 2022 €m
Opening net debt	**(290.0)**	**(220.1)**
Cash flow generated from activities	44.8	(16.0)
Net movements on lease liabilities	2.3	9.1
Disposal of businesses, net of cash and leases	(0.6)	110.9
RCF termination costs	-	(7.7)
Dividends paid on hybrid instruments - deferred and compound	-	(172.0)
Foreign exchange movement	2.1	(1.8)
Other[1]	(0.8)	(2.0)
Closing net debt[2]	**(242.2)**	**(299.6)**

1 Other comprises primarily amortisation of upfront financing costs.

2 Excluding the €122.2m lease liabilities arising from IFRS 16 at 28 January 2023 (H1 2022: €129.5m), the Group net debt would be €120.0m (H1 2022: €170.1m).

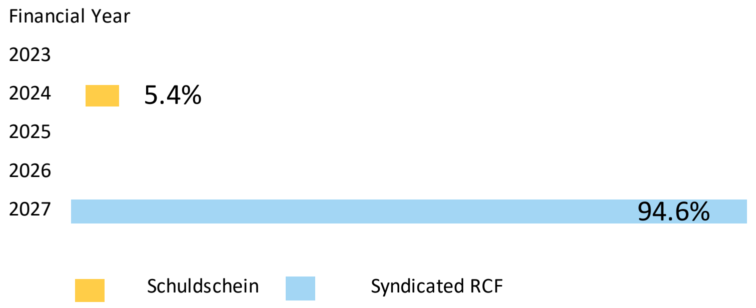
ARYZTA Group Gross Term Debt Financing Facilities and Maturities

For period ended 28 January 2023

	January 2023 €m	July 2022 €m
Syndicated Bank RCF	(294.7)	(398.5)
Schuldschein	(17.2)	(17.8)
Gross term debt	**(311.9)**	**(416.3)**
Upfront borrowing costs	6.0	6.6
Term debt, net of upfront borrowing costs	**(305.9)**	**(409.7)**
Cash and cash equivalents	185.9	245.8
Net debt excluding leases	**(120.0)**	**(163.9)**
Leases	(122.2)	(126.1)
Net debt	**(242.2)**	**(290.0)**

As of 28 January 2023, the weighted average interest cost of the Group debt financing facilities is 3.4% (30 July 2022: 1.8%) and the weighted average maturity of the Group's gross term debt is 3.5 years.

Gross Term Debt Maturity profile
H1 2023



Covenants

For period ended 28 January 2023

In September 2021, ARYZTA replaced its existing Syndicated Revolving Credit Facility ('RCF') Agreement with a new five year €500m Syndicated RCF Agreement. In connection with the early repayment of the existing facility, the Group incurred €7.7m of costs during the prior financial period, due to the write off of existing RCF capitalised borrowing costs. Under the new RCF Agreement the Group's financial covenants are as follows:

Leverage Covenant (Net Debt: Covenant EBITDA):
- maximum 3.5x

Interest cover covenant (Covenant EBITDA: Net interest, including Hybrid dividend), minimum:
- >1.50x - until 31 January 2022
- >2.00x - until 31 July 2022
- >3.00x - until 31 July 2023
- >3.50x - until facility termination date in September 2026

The Group's key financial ratios were as follows:

	January 2023	FY 2022
Net Debt: Covenant EBITDA[1]	0.65x	1.01x
Covenant EBITDA: Net interest, including Hybrid dividend[1]	3.49x	3.17x

1 Calculated as per Syndicated Bank Facilities Agreement terms.

Hybrid Funding

For period ended 28 January 2023

Instrument	Coupon	Coupon rate if not called	H1 2023 €m
CHF 400m	7.0%	6.045% +SARON 3 months compound rate	(399.0)
EUR 200m	6.8%	6.77% +5 Year Euro Swap Rate	(200.0)
CHF 190m	4.9%	4.213% +SARON 3 months compound rate	(189.5)
Hybrid principal outstanding at 28 January 2023 exchange rates			**(788.5)**
Hybrid instrument accrued dividends			(16.6)
Total Hybrid funding outstanding at 28 January 2023 exchange rates			**(805.1)**

ARYZTA Group – Return on Invested Capital

For period ended 28 January 2023

	ARYZTA Europe €m	ARYZTA Rest of World €m	ARYZTA Group €m
28 January 2023			
Average segmental net assets[1]	1,150.9	102.6	1,253.5
NOPAT[1]	82.1	31.4	113.5
ROIC[1,2]	7.1%	30.6%	9.1%
30 July 2022			
Average segmental net assets[1]	1,157.9	99.9	1,257.8
NOPAT[1]	61.9	20.3	82.2
ROIC[1,2]	5.3%	20.4%	6.5%
29 January 2022			
Average segmental net assets[1]	1,169.3	98.8	1,268.1
NOPAT[1]	32.2	10.3	42.5
ROIC[1,2]	2.8%	10.4%	3.4%

[1] See glossary on page 39 for definitions of financial terms and references used.

[2] Group WACC on a post-tax basis is currently 8.0% (FY 2022: 6.9%).

Net assets, goodwill and intangibles

For period ended 28 January 2023

	January 2023 €m	FY 2022 €m
Property, plant and equipment	837.6	853.6
Goodwill and intangible assets	648.5	667.5
Working capital	(124.5)	(127.0)
Other segmental assets	3.1	4.1
Other segmental liabilities	(21.3)	(23.4)
Lease liabilities	(122.2)	(126.1)
Segmental net assets	1,221.2	1,248.7
Interest bearing loans, net of cash	(120.0)	(163.9)
Deferred tax, net	(56.6)	(61.4)
Income tax	(88.3)	(87.7)
Derivative financial instruments	(3.0)	(3.3)
Net assets	**953.3**	**932.4**

Average Closing and Average FX Rates

For period ended 28 January 2023

Currency	Average H1 2023	Average H1 2022	% Change	Closing H1 2023	Closing FY 2022	% Change
CHF	0.9794	1.0613	7.7%	1.0024	0.9730	(3.0)%
AUD	1.5238	1.5847	3.8%	1.5292	1.4570	(5.0)%
GBP	0.8681	0.8486	(2.3)%	0.8777	0.8380	(4.7)%
PLN	4.7231	4.5908	(2.9)%	4.7115	4.7641	1.1%

Presentation Glossary

'Organic revenue' – presents the revenue movement during the period, excluding impacts from acquisitions/(disposals) and foreign exchange translation.

'EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation. In the 2022 Annual Report and Accounts this was referred to as 'IFRS EBITDA'.

'Hybrid instrument' – presented as Perpetual Callable Subordinated Instruments, which have no contractual maturity date and for which the Group controls the timing of settlement; therefore, these instruments are accounted for as equity instruments in accordance with IAS 32 'Financial Instruments'.

'Cash flow generated from activities' – represents the company's ability to generate free funds from its operating activities after its investment in fixed assets and repayments of lease liabilities. It is calculated as net cash flows from operating activities per the IFRS cash flow statement, adjusted for cash flows related to the purchase of property, plant and equipment and intangible assets, proceeds from sale of property, plant and equipment, lease principal payments and dividends paid on hybrid instruments.

'Net debt' – is defined as the Group's interest bearing loans and bonds and lease liabilities, after deduction of cash and cash equivalents.

'Total net debt' – is defined as net debt plus hybrid funding outstanding.

'Segmental Net Assets' – Excludes financial assets at fair value, all bank debt, cash and cash equivalents and tax balances.

'ROIC' – Return On Invested Capital is defined as pro-forma trailing twelve month operating profit after income tax, before gains/losses on disposal of businesses excluding taxation directly attributable to disposal of businesses, reflecting the full twelve month contribution from acquisitions and full twelve month deductions from disposals; divided by average Segmental Net Assets, as at the beginning and the end of the financial period.

The ROIC profitability measure as reported at 30 July 2022 was based on profit after underlying tax. As the Group no longer reports an underlying profit alternative performance measure, the ROIC profitability definition has been amended to profit after income tax, excluding taxation directly attributable to disposal of businesses. The impact of this taxation change to the ROIC as previously reported at 30 July 2022 is as follows:

	ARYZTA Europe January 2022 €m	ARYZTA Rest of World January 2022 €m	Total Continuing Operations January 2022 €m
NOPAT as previously reported	64.4	20.7	**85.1**
Impact of change in taxation	(2.5)	(0.4)	**(2.9)**
NOPAT as revised	61.9	20.3	**82.2**
ROIC as previously reported	5.6%	20.7%	**6.8%**
Impact of change in taxation	(0.3)%	(0.3)%	**(0.3)%**
ROIC as revised	5.3%	20.4%	**6.5%**

Change of financial year to calendar year – Implication on reporting

	Annual Results	Quarterly Reporting

2023[1]	• 12-month period ended 29 July 2023
	  • comparatives: 12-month period ended 30 July 2022
	• 17-month period ended 31 December 2023
	  • comparatives: 12 month period ended 30 July 2022
		• 3-month period ended 28 October 2023
		  • comparatives: 3-month period ended 29 October 2022

2024[1]	• 12-month period ended 31 December 2024
	  • comparatives: 17 month period ended 31 December 2023
		• 3-month period ended 31 March 2024 (revenue release)
		  • comparatives: 3 months ended 25 March 2023
		• 6-month period ended 30 June 2024 (interim report)
		  • comparatives: 6 months ended 24 June 2023
		• 9-month period ended 30 Sept 2024 (revenue release)
		  • comparatives: 9 months ended 23 Sept 2023

2025	• 12-month period ended 31 December 2025 • comparatives: 12 month period ended 31 December 2024	• Quarterly reporting with comparatives based on calendar year

[1]2023/2024 Financial Business Review section of annual and interim reports will include pro-forma comparatives based on calendar year period

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