

# ARYZTA AG
# H1 Results, FY 2017

13 March 2017







# 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 and regulatory developments.

# Key Developments

- Continued strong cash generation of €99m
- Financing costs reduced by €26m
- Weighted average interest cost reduced to 1.62%
- Increased Syndicated Bank RCF covenant to 4.0x Net Debt: EBITDA
- Extended €614m term loan maturity to February 2019
- Strategic review of Joint Ventures investment strategy underway
- Interim CFO appointed
- Management transition accelerated
- In these circumstances, the Board is not in a position to provide guidance
- Free cash flow is key near-term performance measure

# ARYZTA Group – Underlying Income Statement
## Six month period ended 31 January 2017

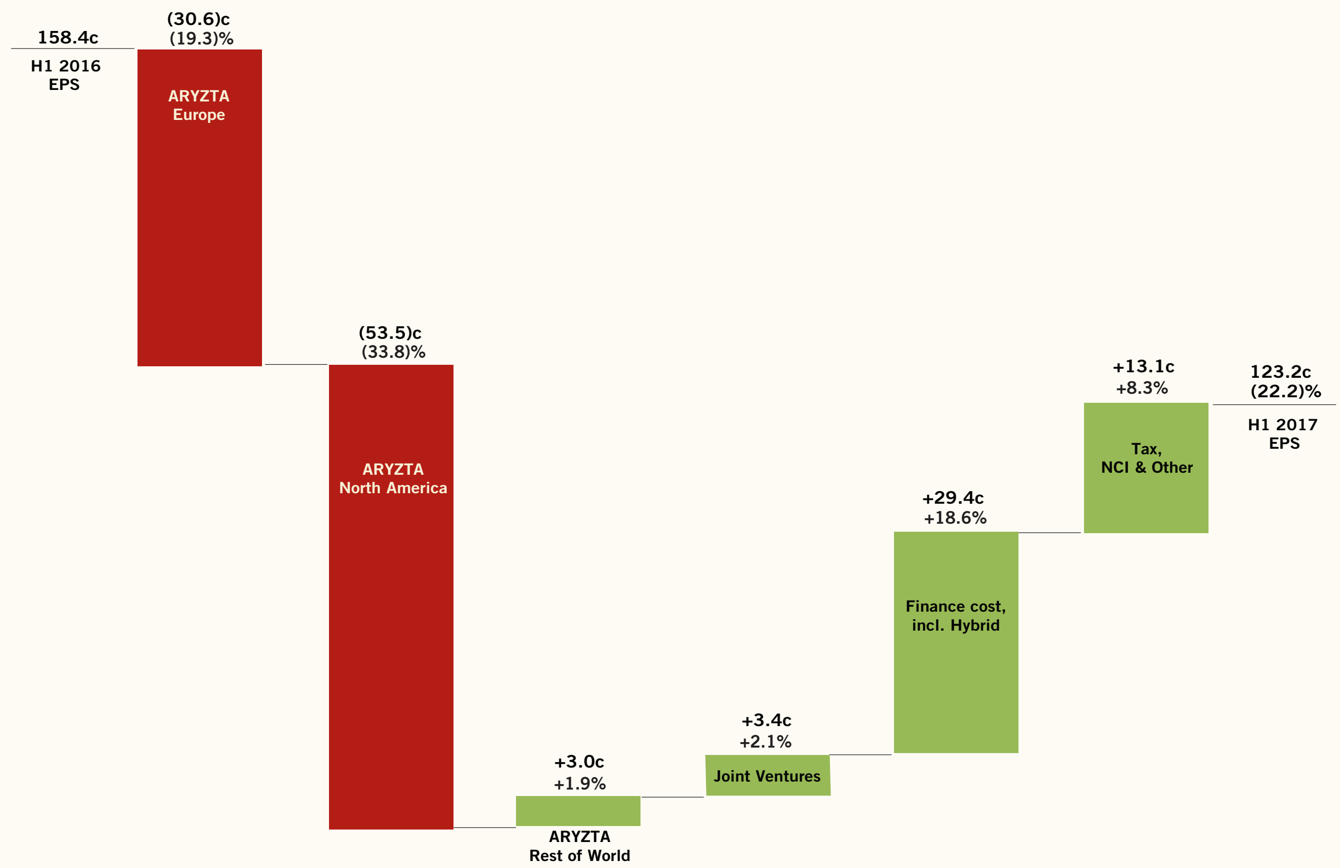
| in EUR '000 | January 2017 | January 2016 | % |
|---|---|---|---|
| Group revenue | 1,906,036 | 1,960,014 | (2.8)% |
| EBITA[1] | 158,533 | 230,832 | (31.3)% |
| EBITA margin | 8.3% | 11.8% | (350) bps |
| Joint ventures, net of interest and tax | 16,710 | 13,699 | 22.0% |
| EBITA including joint ventures | 175,243 | 244,531 | (28.3%) |
| Finance cost, net | (29,622) | (55,940) | 47.0% |
| Hybrid instrument accrued dividend | (16,022) | (15,876) | (0.9%) |
| Pre-tax profits | 129,599 | 172,715 | (25.0%) |
| Income tax | (18,534) | (29,348) | 36.8% |
| Non-controlling interests | (1,635) | (2,293) | 28.7% |
| **Underlying net profit[2]** | **109,430** | **141,074** | **(22.4)%** |
| **Underlying fully diluted EPS (cent)[3]** | **123.2** | **158.4** | **(22.2)%** |

1 See glossary on slide 36 for definitions of financial terms and references used in the presentation.

2 See bridge from underlying net profit to reported net profit, as included on slide 11.

3 The 31 January 2017 weighted average number of ordinary shares used to calculate underlying fully diluted earnings per share is 88,846,838 (H1 2016: 89,039,290).

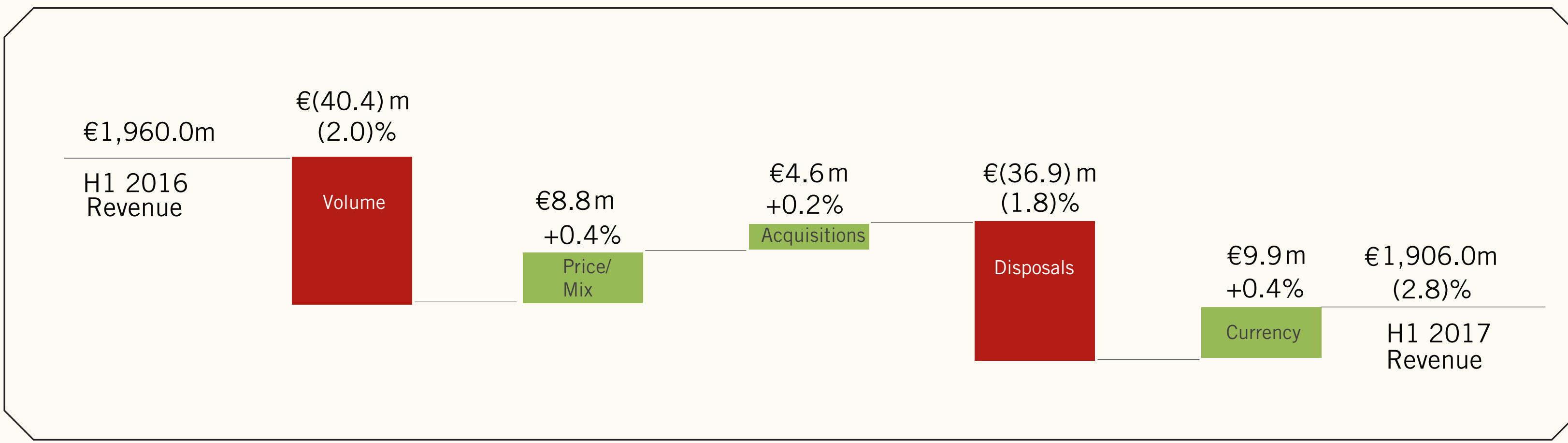
# H1 2017 Underlying EPS Bridge



# ARYZTA Group Underlying Revenue
## Six month period ended 31 January 2017

| in EUR million | Europe | North America | Rest of World | Total Group |
|---|---|---|---|---|
| Group revenue | 861.8 | 915.2 | 129.0 | 1,906.0 |
| Underlying growth | 1.0% | (5.2)% | 9.5% | (1.6)% |
| Acquisitions/(disposals), net | (1.8)% | (1.7)% | – | (1.6)% |
| Currency | (1.5)% | 1.1% | 10.8% | 0.4% |
| **Revenue growth** | **(2.3)%** | **(5.8)%** | **20.3%** | **(2.8)%** |



# ARYZTA Group – Quarterly Underlying Revenue

| | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | Q1 2017 | Q2 2017 | H1 2017 |
|---|---|---|---|---|---|---|---|
| **ARYZTA Europe** | | | | | | | |
| Volume % | 2.1% | 2.7% | 3.3% | 3.1% | 1.8% | (0.1)% | 0.8% |
| Price/Mix % | 3.4% | 1.1% | 0.6% | (0.1)% | (0.4)% | 0.7% | 0.2% |
| **Underlying growth %** | **5.5%** | **3.8%** | **3.9%** | **3.0%** | **1.4%** | **0.6%** | **1.0%** |
| **ARYZTA North America** | | | | | | | |
| Volume % | (9.4)% | (6.5)% | (4.2)% | (1.2)% | (5.7)% | (5.5)% | (5.6)% |
| Price/Mix % | 3.8% | 4.1% | 1.9% | (0.9)% | 1.0% | (0.3)% | 0.4% |
| **Underlying growth %** | **(5.6)%** | **(2.4)%** | **(2.3)%** | **(2.1)%** | **(4.7)%** | **(5.8)%** | **(5.2)%** |
| **ARYZTA Rest of World** | | | | | | | |
| Volume % | (3.7)% | (0.8)% | 3.7% | 0.1% | 4.9% | 7.6% | 6.4% |
| Price/Mix % | 5.9% | 6.5% | 3.8% | 9.3% | 4.8% | 1.7% | 3.1% |
| **Underlying growth %** | **2.2%** | **5.7%** | **7.5%** | **9.4%** | **9.7%** | **9.3%** | **9.5%** |
| **ARYZTA Group** | | | | | | | |
| Volume % | (4.0)% | (2.1)% | (0.3)% | 0.8% | (1.7)% | (2.3)% | (2.0)% |
| Price/Mix % | 3.6% | 2.9% | 1.2% | 0.0% | 0.5% | 0.3% | 0.4% |
| **Underlying growth %** | **(0.4)%** | **0.8%** | **0.9%** | **0.8%** | **(1.2)%** | **(2.0)%** | **(1.6)%** |

# ARYZTA Group – Segmental EBITA
## Six month period ended 31 January 2017

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| in EUR '000 | January 2017 | January 2016 | % |
|---|---|---|---|
| ARYZTA Europe | 78,085 | 105,370 | (25.9)% |
| ARYZTA North America | 65,471 | 113,129 | (42.1)% |
| ARYZTA Rest of World | 14,977 | 12,333 | 21.4% |
| **ARYZTA Group EBITA** | **158,533** | **230,832** | **(31.3)%** |

| EBITA Margin | January 2017 | January 2016 | bps |
|---|---|---|---|
| ARYZTA Europe | 9.1% | 12.0% | (290) bps |
| ARYZTA North America | 7.2% | 11.7% | (450) bps |
| ARYZTA Rest of World | 11.6% | 11.5% | 10 bps |
| **ARYZTA Group EBITA Margin** | **8.3%** | **11.8%** | **(350) bps** |

- ARYZTA Europe margin decline primarily due to:
  - Ongoing commissioning of new bakery capacity in Germany at initial lower margins
  - Brexit impacting cross-border revenues and input costs
- ARYZTA North America margin decline primarily due to:
  - Increased labour rates and employee costs across North America
  - Negative operating leverage from underlying volume declines
  - Continuing investment in brand strategy

# Joint Venture Underlying Income Statement
## Six month period ended 31 January 2017

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| in EUR '000 | Picard January 2017 | Signature January 2017 | **Total January 2017** | Total January 2016 |
|---|---|---|---|---|
| Revenue | 787,738 | 55,614 | **843,352** | 734,984 |
| EBITDA | 126,967 | 6,475 | **133,442** | 118,008 |
| Depreciation | (14,792) | (2,667) | **(17,459)** | (16,231) |
| EBITA | 112,175 | 3,808 | **115,983** | 101,777 |
| EBITA margin | 14.2% | 6.8% | **13.8%** | 13.8% |
| Finance cost, net | (47,584) | (630) | **(48,214)** | (40,193) |
| Pre-tax profit | 64,591 | 3,178 | **67,769** | 61,584 |
| Income tax | (33,092) | (420) | **(33,512)** | (33,925) |
| Joint venture underlying net profit | 31,499 | 2,758 | **34,257** | 27,659 |
| **ARYZTA's share of JV underlying net profit** | **15,331** | **1,379** | **16,710** | **13,699** |

- ARYZTA's share of JV underlying net profit increased by 22% to €17m
- Picard (49% interest)
  - H1 2017 EBITDA of €127m
  - H1 2016 figures reflect only five months of results, following investment in August 2015
  - TTM EBITDA of €204m
- Signature Flatbreads (50% interest)
  - H1 2017 EBITDA of €6m
  - TTM EBITDA of €13m
- Strategic review of Joint Ventures investment strategy underway
- The carrying value of joint ventures and related receivables as of 31 January 2017 is €509m

# Integration and Rationalisation Activities
## Six month period ended 31 January 2017

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| in EUR '000 | Non-cash January 2017 | Cash January 2017 | **Total January 2017** | Total January 2016 |
|---|---|---|---|---|
| Net gain/(loss) on disposal of businesses | – | – | **–** | 2,395 |
| Asset write-downs | (2,347) | – | **(2,347)** | (7,379) |
| Acquisition-related costs | – | – | **–** | (965) |
| Severance and other staff-related costs | – | (4,190) | **(4,190)** | (7,714) |
| Contractual obligations | – | (4,126) | **(4,126)** | (5,774) |
| Advisory and other costs | – | (2,496) | **(2,496)** | (320) |
| **Net acquisition, disposal and restructuring-related costs** | **(2,347)** | **(10,812)** | **(13,159)** | (19,757) |

– Integration and rationalisation-related costs continued to decline during H1 2017

– €2m non-cash costs

  » Largely related to finalisation of Germany bakery transition and site closure

– €11m cash costs

  » Severance and other staff-related costs relate to various rationalisation decisions across the Group

  » Contractual obligations primarily relate to idle facilities closed in prior years

# Underlying Net Profit Reconciliation
## Six month period ended 31 January 2017

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| in EUR '000 | January 2017 | January 2016 |
|---|---|---|
| **Underlying net profit – continuing operations** | 109,430 | 141,074 |
| Intangible amortisation | (87,460) | (86,370) |
| Tax on amortisation | 16,072 | 17,817 |
| Share of joint venture intangible amortisation and restructuring related costs, net of tax | (2,229) | (1,873) |
| Hybrid instrument accrued dividend | 16,022 | 15,876 |
| Private placement early redemption | (182,513) | – |
| Net acquisition, disposal and restructuring-related costs | (13,159) | (19,757) |
| Tax on net acquisition, disposal and restructuring-related costs | 2,804 | 3,512 |
| **Reported net (loss)/profit – continuing operations** | (141,033) | 70,279 |
| | | |
| **Underlying net profit – discontinued operations** | – | – |
| Underlying contribution associate held-for-sale | – | 48 |
| **Profit for the period – discontinued operations** | – | 48 |
| Loss on disposal of discontinued operations | – | (45,769) |
| **Reported net loss – discontinued operations** | – | (45,721) |
| | | |
| **Reported net (loss)/profit attributable to equity shareholders** | (141,033) | 24,558 |

# Cash Generation
## Six month period ended 31 January 2017

| in EUR '000 | January 2017 | January 2016 |
|---|---|---|
| EBIT | 71,073 | 144,462 |
| Amortisation | 87,460 | 86,370 |
| EBITA | 158,533 | 230,832 |
| Depreciation | 70,484 | 69,025 |
| EBITDA | 229,017 | 299,857 |
| Working capital movement | (17,551) | 26,707 |
| Working capital movement from debtor securitisation[1] | 25,252 | 39,984 |
| Capital expenditure, net | (47,003) | (108,392) |
| Acquisition and restructuring-related cash flows | (28,323) | (26,971) |
| **Segmental operating free cash generation** | **161,392** | **231,185** |
| | | |
| Interest and income tax | (55,675) | (53,456) |
| Other[2] | (6,305) | (4,688) |
| **Cash flow generated from activities** | **99,412** | **173,041** |

1 Total debtor balances securitised as of 31 January 2017 is €239m.

2 Other is comprised primarily of non-cash amortisation of deferred income from government grants.

 

# Net Debt and Investment Activity
## Six month period ended 31 January 2017

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| in EUR '000 | January 2017 | January 2016 |
|---|---|---|
| **Opening net debt as at 1 August** | **(1,719,617)** | **(1,725,103)** |
| Cash flow generated from activities | 99,412 | 173,041 |
| Disposal of businesses, net of cash and finance leases | – | 35,992 |
| Proceeds from disposal of Origin, net of cash disposed | – | 225,101 |
| Investment in joint venture | – | (450,732) |
| Net debt cost of acquisitions | – | (26,917) |
| Contingent consideration paid | (896) | (42,118) |
| Dividends paid | (3,350) | (4,603) |
| Private Placement early redemption and related costs | (182,513) | – |
| Foreign exchange movement[1] | (42,856) | (5,566) |
| Other[2] | (1,677) | (2,641) |
| **Closing net debt as at 31 January** | **(1,851,497)** | **(1,823,546)** |

1 Foreign exchange movement for the period ended 31 January 2017 is primarily attributable to the fluctuation in the US Dollar to euro rate from July 2016 (1.1162) to January 2017 (1.0674). Foreign exchange movement for the period ended 31 January 2016 was primarily attributable to the fluctuation in the US Dollar to euro rate from July 2015 (1.1109) to January 2016 (1.0915).

2 Other is comprised primarily of non-cash amortisation of upfront borrowing costs.

# ARYZTA Group Financing

- Debt Financing
  - Net debt of €1,851m
  - Weighted average interest cost of 1.62%
  - Interest cover of 4.95x (hybrid as debt)
  - Syndicated Bank RCF covenant increased to 4.0x Net Debt: EBITDA for the three tests at 31 July 2017, 31 January 2018 and 31 July 2018
  - Extended €614m term loan maturity to February 2019
  - Weighted average maturity extended to 3.17 years
- Hybrid Financing
  - Total hybrid outstanding of €802m

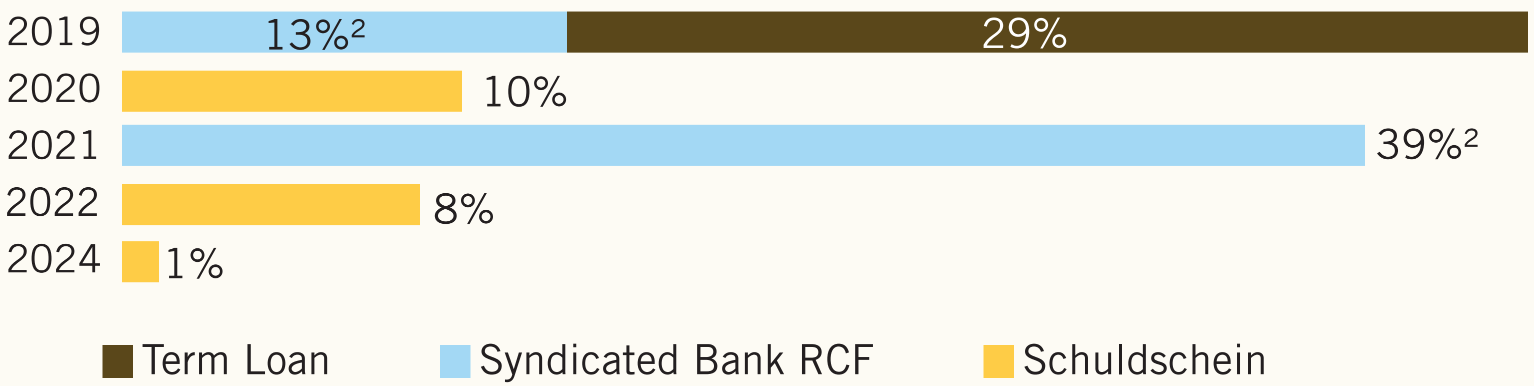
| | January 2017 | July 2016 |
|---|---|---|
| Net Debt: EBITDA[1] (Syndicated Bank RCF) | 3.41x | 2.90x |

1 Calculated based on the terms of the Syndicated Bank RCF.

# Gross Term Debt Maturity Profile

## Gross Term Debt Maturity Profile[1]

Financial Year




1 The term debt maturity profile is set out as at 31 January 2017, adjusted for the term loan maturity extension. Gross term debt at 31 January 2017 is €2,076.7m. Net debt at 31 January 2017 is €1,851.5m, which also includes overdrafts and finance leases, and is net of cash and related capitalised upfront borrowing costs.

2 Incorporating the drawn amount on the Syndicated Bank RCF of €1,076.5m as at 31 January 2017, which represents 52% of the gross term debt.

# ARYZTA Europe
## Six month period ended 31 January 2017

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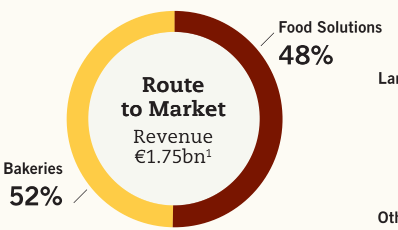
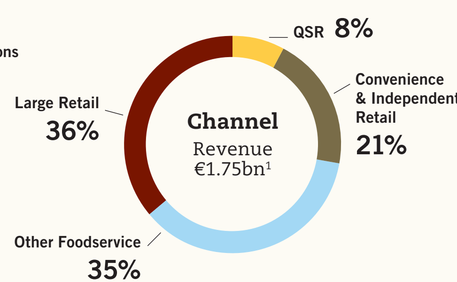
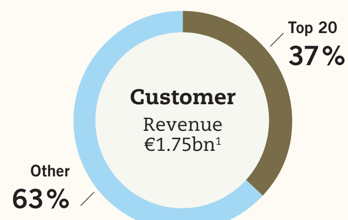
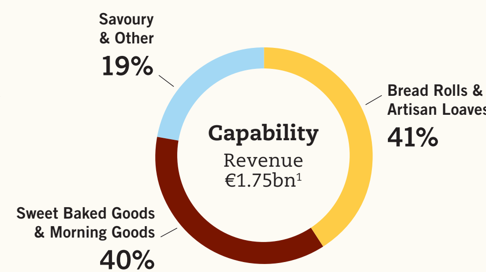
| ARYZTA Europe H1 2017 Financial Metrics | | |
|---|---|---|
| Revenue | ↓ | (2.3)% |
| Underlying revenue | ↑ | 1.0% |
| Acquisitions/(disposals), net | ↓ | (1.8)% |
| Currency | ↓ | (1.5)% |
| EBITA | ↓ | (25.9)% |
| EBITA margin | ↓ | (290) bps |




1 Allocations based on revenue for the year ended July 2016.

# ARYZTA Europe Revenue Analysis

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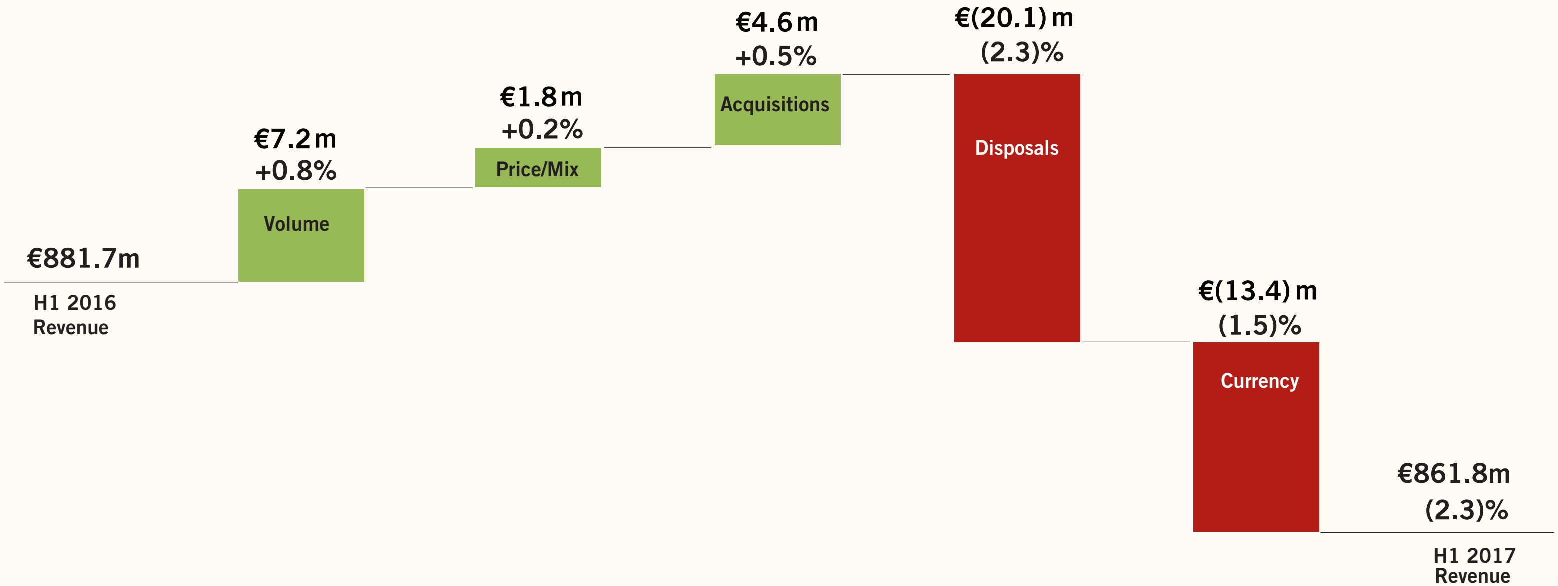


 

# ARYZTA Europe

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– Slower than expected ramp-up of new bakery capacity in Germany
– Brexit impacting H1 2017 margins; however, pricing recovery expected in H2 2017
– Swiss customer insourcing of c.€80m of revenue has started, but at a lower than expected pace
– Robust revenue performance across European bakeries including CEE and the Netherlands
– Discounter channel continues to take share, disrupting both large and small retail
– Continuing to grow and develop exports out of Europe
– Innovation-driven Food Solutions proposition continues to align with market trends
  » Health & Wellness
  » Indulgence
  » Portability & Convenience
  » Value

# ARYZTA North America
## Six month period ended 31 January 2017

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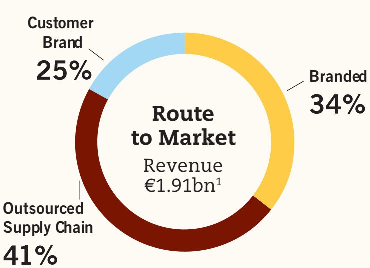
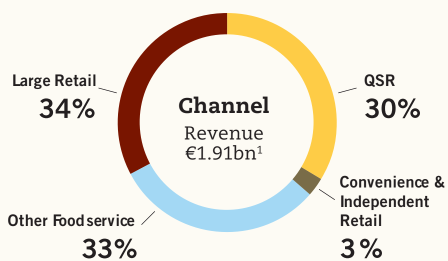
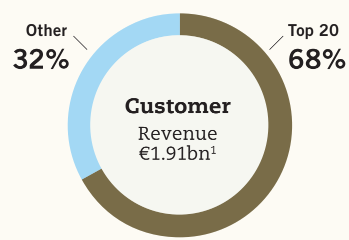
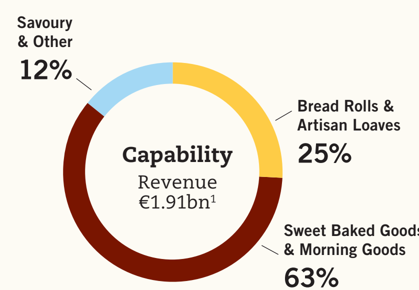
| ARYZTA North America H1 2017 Financial Metrics | | |
|---|---|---|
| Revenue | ↓ | (5.8)% |
| Underlying revenue | ↓ | (5.2)% |
| Acquisitions/(disposals), net | ↓ | (1.7)% |
| Currency | ↑ | 1.1% |
| EBITA | ↓ | (42.1)% |
| EBITA margin | ↓ | (450) bps |



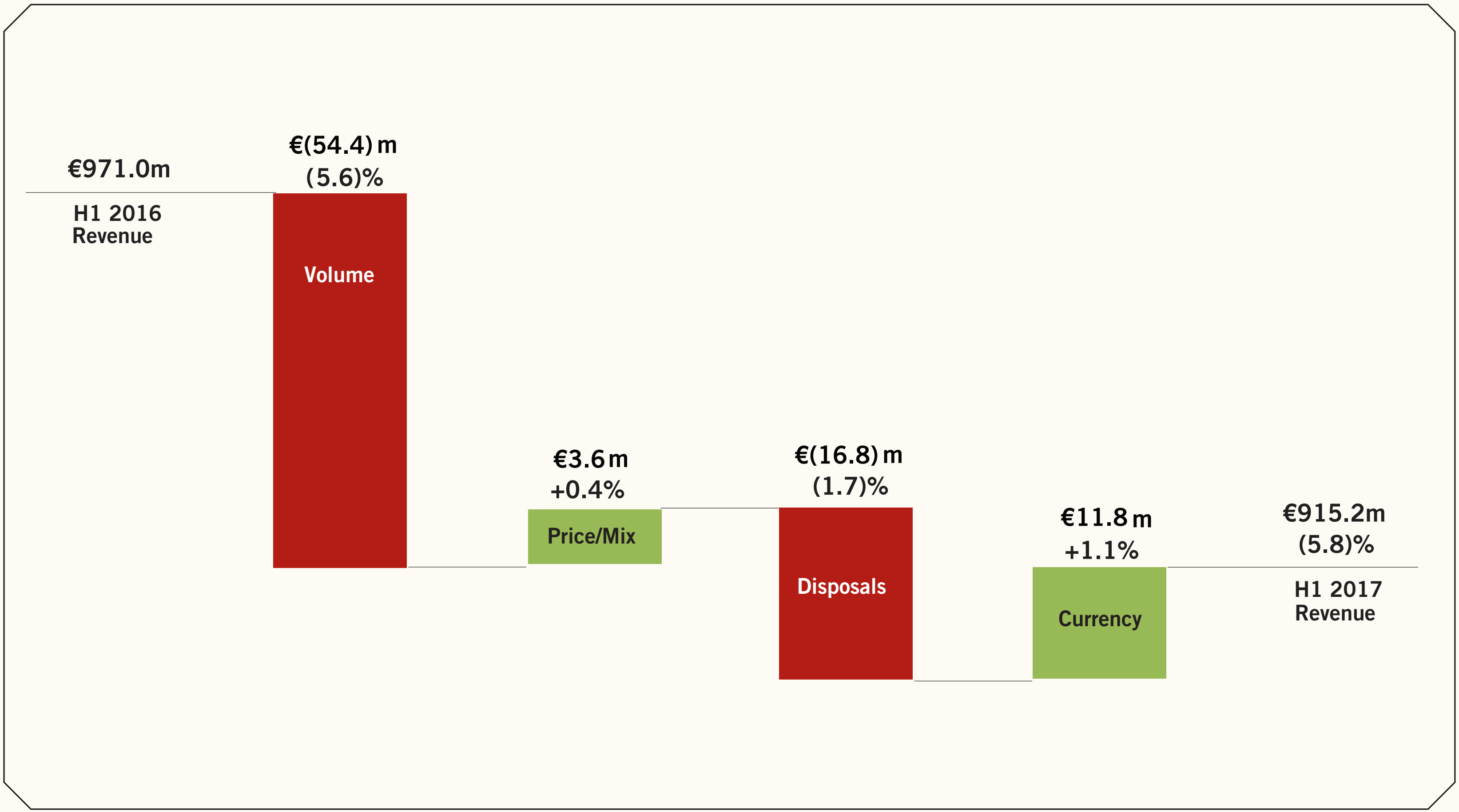




1 Allocations based on revenue for the year ended July 2016.

# ARYZTA North America Revenue Analysis

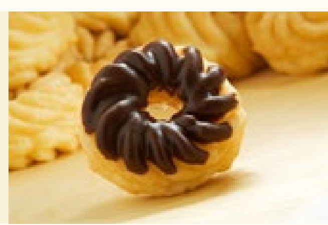


# ARYZTA North America

- Labour cost increases impacting performance
- Previously announced contract renewals resulting in volume reductions and negative operating leverage
- Co-pack revenue losses impacting earlier than anticipated
- Enacting efficiency improvement programmes and price increases
- Continued investment in North America branded strategy - Otis Spunkmeyer snack cake range

Otis Spunkmeyer



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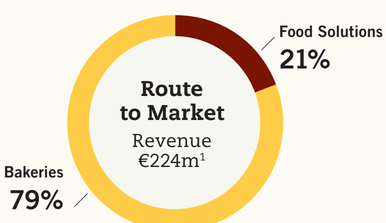
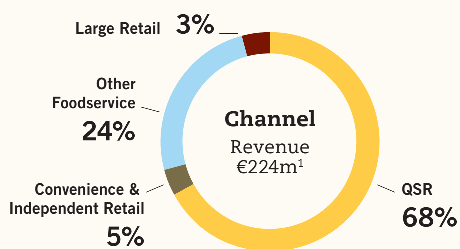
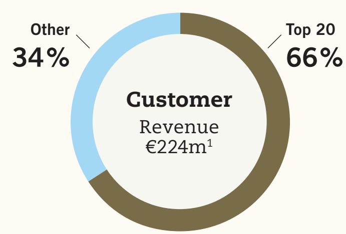
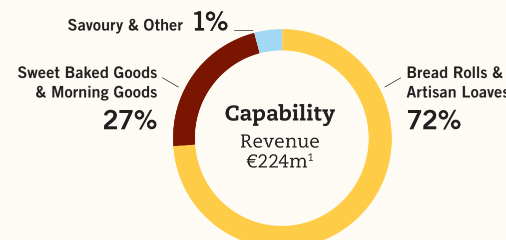
# ARYZTA Rest of World
## Six month period ended 31 January 2017


| ARYZTA Rest of World H1 2017 Financial Metrics | | |
|---|---|---|
| Revenue | ↑ | 20.3% |
| Underlying revenue | ↑ | 9.5% |
| Currency | ↑ | 10.8 % |
| EBITA | ↑ | 21.4% |
| EBITA margin | ↑ | 10 bps |




1 Allocations based on revenue for the year ended July 2016.

# ARYZTA Rest of World Revenue Analysis

# ARYZTA Rest of World

- Underlying growth momentum from:
  - Increasing global approach and support of international customer partnerships
  - Expansion of offer to convenience and retail channels
  - Organic growth in foodservice through innovative premium food exports from Europe
  - Changing dietary patterns and rising medium income levels continue to sustain growth
  - Increased penetration into emerging markets

# Focus

- Continuing to focus on customer service, support and food safety
- Increased focus on cost alignment and efficiency initiatives
- Improving revenue growth and operating leverage of well-invested asset base
- Peak capital expenditure cycle completed
- Increased focus on cash generation
- Strengthening the balance sheet
  - Amended and extended financing agreements provides headroom
  - Strategic review of Joint Ventures investment strategy underway
- Potential to reduce leverage by more than €1 billion within four years

# Thank you

# Appendix

# ARYZTA Group Balance Sheet
## as at 31 January 2017

| in EUR '000 | As at January 2017 | As at July 2016 |
|---|---|---|
| Property, plant and equipment | 1,610,739 | 1,594,885 |
| Investment properties | 20,771 | 24,787 |
| Goodwill and intangible assets | 3,624,696 | 3,617,194 |
| Deferred tax on acquired intangibles | (201,166) | (210,635) |
| Working capital | (408,348) | (361,307) |
| Other segmental liabilities | (67,833) | (76,109) |
| Segmental net assets | 4,578,859 | 4,588,815 |
| Joint ventures and related receivables | 509,159 | 495,402 |
| Net debt | (1,851,497) | (1,719,617) |
| Deferred tax, net | (119,160) | (113,823) |
| Income tax | (57,280) | (49,118) |
| Derivative financial instruments | (2,494) | (13,888) |
| **Net assets** | **3,057,587** | **3,187,771** |

# Net Debt
## as at 31 January 2017

| Debt Funding as at 31 January 2017 | Principal | Outstanding in EUR `000 |
|---|---|---|
| Syndicated Bank RCF | USD 870m | (815,065) |
| Syndicated Bank RCF | CAD 45m | (32,155) |
| Syndicated Bank RCF | CHF 245m | (229,300) |
| Term loan facility | EUR 614m | (614,000) |
| Schuldschein | EUR 366m | (366,000) |
| Schuldschein | USD 22m | (20,142) |
| **Gross term debt** | | **(2,076,662)** |
| Upfront borrowing costs | | 14,250 |
| **Term debt, net of upfront borrowing costs** | | **(2,062,412)** |
| Finance leases | | (1,918) |
| Cash and cash equivalents, net of overdrafts | | 212,833 |
| **Net debt** | | **(1,851,497)** |

# Hybrid Funding
## as at 31 January 2017

| Hybrid Funding as at 31 January 2017 | Principal | Outstanding in EUR `000 |
|---|---|---|
| Hybrid funding – first call date April 2018 | CHF 400m | (374,367) |
| Hybrid funding – first call date March 2019 | EUR 250m | (250,000) |
| Hybrid funding – first call date April 2020 | CHF 190m | (177,824) |
| **Hybrid funding at 31 January 2017 exchange rates** | | **(802,191)** |

# ARYZTA Group – Return on Invested Capital

| in EUR million | Europe | North America | Rest of World | Total Group |
|---|---|---|---|---|
| **31 January 2017** | | | | |
| Group share net assets | 1,837 | 2,524 | 218 | 4,579 |
| TTM EBITA | 189 | 196 | 28 | 413 |
| ROIC[1] | 10.3% | 7.8% | 13.1% | 9.0% |
| **31 July 2016** | | | | |
| Group share 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 on slide 36 for definitions of financial terms and references used.

2 Group WACC on a pre-tax basis is currently 7.5% (2016: 8.0%).

# Continuing Operations – Five Year KPIs

| In EUR million | July 2012 | July 2013 | July 2014 | July 2015 | **July 2016** | **Total/CAGR[1]** |
|---|---|---|---|---|---|---|
| Revenue | 2,867.6 | 3,085.5 | 3,393.8 | 3,820.2 | **3,878.9** | **8.5%** |
| EBITDA | 465.2 | 500.4 | 589.2 | 638.3 | **609.6** | **8.3%** |
| Underlying net profit – continuing operations | 246.6 | 268.4 | 324.6 | 330.0 | **311.5** | **7.4%** |
| ARYZTA AG underlying fully diluted EPS (cent)[1] | 337.5 | 360.3 | 422.2 | 402.2 | **350.3** | **2.5%** |
| ARYZTA AG underlying fully diluted EPS (cent)[1] – continuing operations | 286.0 | 303.0 | 363.0 | 368.9 | **350.3** | **6.1%** |
| Net debt as at 31 July | (976.3) | (849.2) | (1,642.1) | (1,725.1) | **(1,719.6)** | |
| Hybrid funding as at 31 July[2] | (333.0) | (648.4) | (657.4) | (804.8) | **(793.5)** | |
| Total Net Debt and Hybrid as at 31 July | (1,309.3) | (1,497.6) | (2,299.5) | (2,529.9) | **(2,513.1)** | |

1 CAGR is calculated for the five-year period from FY 2011.

2 Hybrid funding is shown based on 31 July spot rates and before associated issuance costs.

# Continuing Operations – Five Year Cash Generation

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| In EUR million | July 2012 | July 2013 | July 2014 | July 2015 | July 2016 | **Five Year Total** |
|---|---|---|---|---|---|---|
| EBIT | 275.0 | 300.1 | 362.5 | 346.0 | 308.6 | **1,592.2** |
| Amortisation | 99.8 | 106.6 | 123.8 | 168.0 | 176.2 | **674.4** |
| EBITA | 374.8 | 406.7 | 486.3 | 514.0 | 484.8 | **2,266.6** |
| Depreciation | 90.4 | 93.7 | 102.9 | 124.3 | 124.8 | **536.1** |
| EBITDA | 465.2 | 500.4 | 589.2 | 638.3 | 609.6 | **2,802.7** |
| Working capital movement, including securitisation | (19.3) | (11.2) | 46.6 | 40.7 | 94.9 | **151.7** |
| Capital expenditure | (135.6) | (216.2) | (336.8) | (410.1) | (212.9) | **(1,311.6)** |
| Acquisition and restructuring-related cash flows | (88.6) | (86.5) | (105.6) | (101.3) | (81.7) | **(463.7)** |
| **Segmental operating free cash generation** | **221.7** | **186.5** | **193.4** | **167.6** | **409.9** | **1,179.1** |
| Dividends received from Origin | 11.2 | 14.3 | 16.4 | 17.1 | – | **59.0** |
| Hybrid dividend | (16.3) | (16.6) | (29.4) | (39.1) | (31.8) | **(133.2)** |
| Interest and income tax | (97.7) | (91.0) | (103.4) | (118.0) | (114.0) | **(524.1)** |
| Other | 1.7 | 0.6 | (2.9) | (6.2) | 2.6 | **(4.2)** |
| **Cash flow generated from activities** | **120.6** | **93.8** | **74.1** | **21.4** | **266.7** | **576.6** |

# Continuing Operations – Five Year Net Debt

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| In EUR million | July 2012 | July 2013 | July 2014 | July 2015 | July 2016 |
|---|---|---|---|---|---|
| Opening net debt as at 1 August | (955.5) | (976.3) | (849.2) | (1,642.1) | (1,725.1) |
| Cash flow generated from activities | 120.6 | 93.8 | 74.1 | 21.4 | 266.7 |
| Disposal of businesses, net of cash and finance leases | – | – | – | 22.7 | 42.1 |
| Proceeds from disposal of Origin, net of cash disposed | – | – | 71.8 | 398.1 | 225.1 |
| Investment in joint venture | – | – | – | – | (450.7) |
| Cost of acquisitions | (101.0) | (311.6) | (862.8) | (149.8) | (26.9) |
| Collection of receivables from joint ventures | – | – | – | – | 21.5 |
| Contingent consideration paid | (7.2) | (0.2) | (4.2) | (9.2) | (46.9) |
| Hybrid instrument proceeds | – | 319.4 | – | 69.3 | – |
| Share placement | 140.9 | – | – | – | – |
| Dividends paid | (43.7) | (46.0) | (51.2) | (69.4) | (57.3) |
| Foreign exchange movement | (139.2) | 62.0 | (22.7) | (363.8) | 36.0 |
| Other | 8.8 | 9.7 | 2.1 | (2.3) | (4.1) |
| **Closing net debt as at 31 July** | **(976.3)** | **(849.2)** | **(1,642.1)** | **(1,725.1)** | **(1,719.6)** |
| **Net Debt: EBITDA[1] calculations as at 31 July** | | | | | |
| TTM EBITDA | 465.2 | 527.0 | 654.9 | 640.4 | 608.2 |
| Dividends from Origin – discontinued operations | 10.4 | 14.3 | 16.4 | 17.1 | – |
| EBITDA for covenant purposes | **475.6** | **541.3** | **671.3** | **657.5** | **608.2** |

1 Calculated based on EBITDA, including dividends received, adjusted for the pro forma full twelve month contribution from acquisitions and full twelve month deductions from disposals.

# EUR Closing and Average FX Rates

| Closing Rates | January 2017 | July 2016 | % Change |
|---|---|---|---|
| Swiss Franc | 1.0685 | 1.0855 | 1.6% |
| US Dollar | 1.0674 | 1.1162 | 4.4% |
| Canadian Dollar | 1.3995 | 1.4562 | 3.9% |
| Sterling | 0.8489 | 0.8399 | (1.1)% |

| Average Rates | January 2017 | January 2016 | % Change |
|---|---|---|---|
| Swiss Franc | 1.0820 | 1.0862 | 0.4% |
| US Dollar | 1.0910 | 1.1020 | 1.0% |
| Canadian Dollar | 1.4422 | 1.4806 | 2.6% |
| Sterling | 0.8625 | 0.7276 | (18.5)% |

# Presentation Glossary

- ‘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 net acquisition, disposal and restructuring-related costs and related tax credits.
- ‘EBITDA’ – presented as earnings before interest, taxation, depreciation and amortisation; before net acquisitions, 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 in the Financial Statements.
- ‘Segmental Net Assets’ – Based on segmental net assets, which excludes joint ventures, all bank debt, cash and cash equivalents and tax balances, with the exception of deferred tax liabilities associated with non-ERP intangible assets, as those deferred tax liabilities represent a notional non-cash tax impact directly linked to segmental intangible assets recorded as part of a business combination, rather than an actual cash tax obligation.
- ‘ROIC’ – Return On Invested Capital is calculated on a consistent basis year over year using a pro-forma trailing twelve months segmental EBITA (‘TTM EBITA’) reflecting the full twelve month contribution from acquisitions and full twelve months deductions from disposals, divided by the respective Segmental Net Assets, as of the end of each respective period.
- ‘Underlying net profit’ – presented as reported net profit, adjusted to include the Hybrid instrument accrued dividend as finance cost; before non-ERP related intangible amortisation; before Private Placement early redemption related costs and before net 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, as this provides a more consistent basis for returning dividends to shareholders.