

ARYZTA AG

News Release

ARYZTA AG announces FY 2019 financial results; Group Underlying EBITDA stabilised

Schlieren/Switzerland, 08 October 2019

Highlights

- Key measures of Group profitability improved
- Underlying EBITDA growth of +1.9% and margin growth of +30bps achieved
- Project Renew realised €26m benefits, €40m run-rate savings achieved
- Group organic revenue flat; total revenue declined (1.5)% to €3,383m
- In North America, underlying EBITDA stabilised and improved but revenue challenges remain
- Early October binding offer to sell the majority of the interest in Picard received
- Upon completion; ARYZTA would realise 85% of the net proceeds of its non-core asset disposal objective
- Net Debt: EBITDA ratio¹ of 2.43x with significant covenant headroom

FY 2019 Financial Summary

- Group organic revenue flat; total revenue declined (1.5)% to €3,383m
 - » Europe organic revenue growth of +1.9%
 - » North America organic revenue decline of (3.8)%, after a difficult Q4
 - » Rest of World organic revenue growth of +8.9%
- Underlying EBITDA +1.9% to €308m
- Underlying EBITDA margin of 9.1%, a +30 bps increase
- Underlying net profit of €74m, increased by 50%
- Operating free cash generation of €144m is 33% above prior year, while cash flow generated from activities reaches €53m
- IFRS operating profit of €5m; IFRS operating loss of (€423)m in FY 2018
- IFRS loss for the year of (€29)m; IFRS loss of (€470)m in FY 2018
- IFRS fully diluted loss per share reaches (8.3) cents versus (121.0) cents in prior year

Commenting on the FY 2019 results, ARYZTA AG Chief Executive Officer Kevin Toland said:

“The steps we have taken in FY19, have established foundations on our path towards stability, performance and growth. This is reflected in the delivery of Group level underlying EBITDA stability. We are realistic about and resolved to address the clear revenue challenges presented by our North American business. We will see a further period of negative organic growth in H1 in the North American market with positive evolution expected in H2 as new contract volumes are realised. We expect to see an improved underlying EBITDA performance in the North American region in FY20.”

We expect further underlying EBITDA growth at a Group level for FY20 as the benefits of the second year of Project Renew are being realised.”

1. Calculated as per Syndicated Bank Facilities agreement.

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Group Revenue

in EUR million	ARYZTA Europe	ARYZTA North America	ARYZTA Rest of World	ARYZTA Group
Revenue	1,713.3	1,397.9	272.2	3,383.4
Organic movement	1.9%	(3.8)%	8.9%	0.0%
Disposals movement	(1.8)%	(4.8)%	–	(2.9)%
Currency movement	0.1%	3.8%	(2.9)%	1.4%
Total revenue movement	0.2%	(4.8)%	6.0%	(1.5)%

Underlying EBITDA Evolution

in EUR '000	FY 2019	FY 2018	% Change	Underlying EBITDA Margin FY 2019	Underlying EBITDA Margin FY 2018	Change
ARYZTA Europe	167,705	171,977	(2.5)%	9.8%	10.1%	(30) bps
ARYZTA North America	97,993	89,902	9.0%	7.0%	6.1%	90 bps
ARYZTA Rest of World	41,810	39,943	4.7%	15.4%	15.6%	(20) bps
ARYZTA Underlying EBITDA	307,508	301,822	1.9%	9.1%	8.8%	30 bps

Project Renew

Project Renew is progressing well and delivered €26m savings in FY19, which equates to annualised run-rate savings of €40m. Savings in Europe amounted to €11m, primarily from headcount reductions, manufacturing efficiency including automation projects and supply chain optimisation. North America delivered €15m savings primarily from a significant management delayering, procurement and manufacturing efficiency gains in bakeries. We expect to see a step-up in manufacturing savings in FY20 as we expect a full year of savings impact from initiatives started in FY19 as well as from remaining projects in the automation programme which will start to benefit in FY20.

Guidance

ARYZTA expects to see underlying EBITDA growth for FY20 as the benefits of the second year of Project Renew are being realised

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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.

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 laws.

2019 Annual Report

The ARYZTA 2019 Report and Accounts for the year ended 31 July 2019 are available for download from the ARYZTA website and at the following link:

ARYZTA 2019 Annual Report

FY 2019 Results Presentation

A printable pdf version of the ARYZTA FY 19 presentation slides will be available to download from the ARYZTA website:

ARYZTA FY19 Results Presentation

Results conference call today at 08:30 CET

Dial in numbers are: Switzerland: 031 580 0059; Ireland: 01 431 9615; USA: 1 631 510 7495; UK: 0844 571 8892; International: +44 (0) 2071 928000. Please provide the following code: **9367166** to access the call.

About ARYZTA

ARYZTA AG ('ARYZTA') is a global food business with a leadership position in speciality bakery. ARYZTA is based in Schlieren, 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 Euronext Dublin (ISE) (SIX: ARYN, ISE: YZA).

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Glossary

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

‘Underlying EBITDA’ – presented as earnings before interest, taxation, depreciation and amortisation; before impairment, disposal and restructuring-related costs.

‘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’.

‘Underlying net profit’ – presented as reported net profit, adjusted to include the Hybrid instrument dividend as a finance cost; before non-ERP related intangible amortisation; before RCF termination costs and before impairment, 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.

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