

ARYZTA AG

News Release

Strategic & Financial Progress - Europe, ROW on track, North America behind plan

Schlieren/Switzerland, 10 March 2020

Highlights – Strategic Progress

- Portfolio refocus into frozen B2B bakery business achieved
- Europe and Rest of World regions performing well
- ARYZTA North America underlying EBITDA outcome significantly behind
- Net debt further reduced post Picard disposal; Net Debt: EBITDA of 1.96x
- €(898)m non-cash impairment; €(461)m on strategic disposals / disposal groups held-for-sale; €(437)m on North America goodwill write down
- Near to medium term, North America underlying EBITDA margin expectation revised to high-single digits
- Project Renew gathering momentum; cumulative savings of €57.4m since launch; on track to reach €70m run rate savings

H1 2020 Financial Summary

- Group organic revenue declined (2.5)%; total revenue declined (3.2)% to €1,656m
 - » Europe organic revenue decline of (2.0)%
 - » North America organic revenue decline of (5.3)%
 - » Rest of World organic revenue growth of +8.6%
- Underlying EBITDA¹ of €169.8m, +12%; like-for-like (6.3)% before IFRS 16
 - » Europe underlying EBITDA¹ of €100.7m; like-for-like +2.8% before IFRS 16
 - » North America underlying EBITDA¹ of €46.5m; like-for-like (22.8)% before IFRS 16
 - » Rest of World underlying EBITDA¹ of €22.7m; like-for-like (3.5)% before IFRS 16
- Group underlying EBITDA¹ margin of 10.3%; like-for-like 8.6% before IFRS 16; down 30 bps before IFRS 16
- Underlying net profit of €34.4m
- Operating free cash generation of €55.7m; Cash flow generated from activities of €23.2m
- IFRS operating loss of €(597.2)m
- IFRS loss for the period of €(899.2)m; non-cash impairment charges and losses on disposal of €(898)m
- IFRS fully diluted loss per share of (93.0) cents

Commenting on the H1 2020 results, ARYZTA AG CEO Kevin Toland said

“Europe has delivered EBITDA and margin growth consistent with its focus on profitable volume and increased operating efficiency. North America, while reporting sequentially improved revenue, is behind in terms of its EBITDA outcome. Factors impacting North America profitability are being addressed and we expect an improved performance in H2.

ARYZTA continues to make strategic and financial progress with our portfolio refocus to a frozen B2B business now complete. Our net debt is at its lowest level since 2013 with a leverage ratio below 2x. We continue to expect to deliver underlying EBITDA growth for FY20, excluding effects of IFRS 16, as the overall business stabilises and the benefits of Project Renew are further realised.”

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Group Revenue

in EUR million	ARYZTA Europe	ARYZTA North America	ARYZTA Rest of World	ARYZTA Group
Group revenue	807.3	704.0	144.9	1,656.2
Organic movement	(2.0)%	(5.3)%	8.6%	(2.5)%
Disposals movement	(4.5)%	-	-	(2.3)%
Currency movement	0.4%	3.4%	0.3%	1.6%
Total revenue movement	(6.1)%	(1.9)%	8.9%	(3.2)%

Underlying EBITDA & EBITDA Margin

Six months ended				
Underlying EBITDA in EUR '000	January 2020	January 2019	% Change	% Change before effects of IFRS 16
ARYZTA Europe	100,654	82,199	22.5%	2.8%
ARYZTA North America	46,514	48,671	(4.4)%	(22.8)%
ARYZTA Rest of World	22,662	20,759	9.2%	(3.5)%
ARYZTA Underlying EBITDA	169,830	151,629	12.0%	(6.3)%
Six months ended				
EBITDA margin	January 2020	January 2019	% Change	% Change before effects of IFRS 16
ARYZTA Europe	12.5%	9.6%	290 bps	90 bps
ARYZTA North America	6.6%	6.8%	(20) bps	(150) bps
ARYZTA Rest of World	15.6%	15.6%	0 bps	(180) bps
ARYZTA Underlying EBITDA margin	10.3%	8.9%	140 bps	(30) bps

Outlook

- Group underlying EBITDA expected to improve in FY 2020, excluding the effects of IFRS 16, assuming no material or prolonged impact from COVID-19.

1. The current financial period includes the impact of the adoption of IFRS 16 – Leases. Comparatives have not been re-stated in accordance with transitional guidelines. To enable analysis against the prior period, the H1-20 figures are presented before and after the impact of IFRS 16. See glossary on page 4 for definitions of financial terms and references used in the financial and business review, including a reconciliation of Underlying EBITDA movements by segment before and after the impact from adoption of IFRS 16. Further detail on the adoption of IFRS 16 is presented in note 8 of the 2020 Interim Report.

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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, the effects of a pandemic or epidemic or a natural disaster, 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.

2020 Interim Report

The ARYZTA 2020 Interim Report is available for download from the ARYZTA website and at the following link:

ARYZTA 2020 Interim Report

H1 2020 Results Presentation

A printable pdf version of the ARYZTA H1 2020 Interim presentation slides will be available to download from the ARYZTA website:

ARYZTA H1 2020 Interim 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: **7794006** 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.

Underlying EBITDA in EUR '000	As reported	IFRS 16	Before			% Change	% Change
	January 2020	January 2020	IFRS 16 January 2020	January 2019			before effects of IFRS 16
ARYZTA Europe	100,654	16,165	84,489	82,199		22.5%	2.8%
ARYZTA North America	46,514	8,925	37,589	48,671		(4.4%)	(22.8%)
ARYZTA Rest of World	22,662	2,627	20,035	20,759		9.2%	(3.5%)
ARYZTA Group	169,830	27,717	142,113	151,629		12.0%	(6.3%)

Underlying EBITDA margin

ARYZTA Europe	12.5%		10.5%	9.6%	290 bps	90 bps
ARYZTA North America	6.6%		5.3%	6.8%	(20) bps	(150) bps
ARYZTA Rest of World	15.6%		13.8%	15.6%	0 bps	(180) bps
ARYZTA Group	10.3%		8.6%	8.9%	140 bps	(30) bps

'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; 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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