ARYZTA AG

Ad Hoc announcement pursuant to article 53 LR

Organic revenue growth accelerates to 13.3%
EBITDA margin increases to 12.5%

Schlieren/Switzerland, 7 March 2022

Key Highlights H1 2022

- Strong double digit organic revenue growth of 13.3%, ahead of expectations
- Organic growth driven by strong volume growth of 11.3% and a contribution of 2.0% from Price/Mix (1.6% is pricing, 0.4% is mix)
- Continuing operations Underlying EBITDA increased by 36.7% to €104.0m.
- Underlying EBITDA acceleration of 240bps to 12.5% supported by disciplined cost management as simplification of business improved operating performance
- Underlying net profit from continuing operations increased to €9.6m versus a loss of €(30.8)m in the comparable period
- All hybrid dividend payments up to date
- Brazil disposal completed
- New Malaysian facility to drive regional organic growth
- The expectation for full year 2022 is for organic revenue growth in a range of 12% to 14% and we reiterate the underlying EBITDA margin guidance

ARYZTA AG Chairman and interim CEO Urs Jordi commented:

"*Organic growth accelerated due to strong volume growth and further positive pricing to support a double digit revenue growth performance.*

Profitability also improved reflecting the benefits of our simplified structure, disciplined cost management and strong organic growth, despite supply chain volatility and significantly higher input costs.

Management is focused on sustaining the improved business momentum as well as its financial performance to further build a sustainable organic growth driven business."

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Financial Performance improves on EBITDA acceleration

ARYZTA delivered a strong financial performance in the six month period to January 2022. This was driven by very strong volume growth of 11.3% as society normalization took hold. Positive price/mix of 2% further supported the delivery of an overall organic growth in revenue of 13.3%. Pricing impact accelerated in Q2 and this trend is expected to accelerate further in H2 to recover costs. Disposals reduced revenue by (2.7)%, primarily related to the disposal of the Brazil business in Q1, with currency impacting by 0.4%. Total revenue from continuing operations increased by 11.0% to €835.3m in the period.

Foodservice witnessed the greatest recovery as the impact of COVID-19 waned and society re-opened and normalized. Foodservice organic growth was 30.7%, QSR achieved organic growth of 10.9% and Retail improved its organic growth by 6.5%.

Regionally, Europe performed very strongly achieving an organic growth of 14.3% as restrictions eased across many of ARYZTA's markets. Rest of World delivered a resilient organic growth of 7.7% impacted negatively by longer COVID-19 restrictions in Australia and New Zealand.

A very strong volume driven growth boosted financial performance in the period. This, combined with the completion of the disposal of Brazil, facilitated the payment of all deferred and actual hybrid dividends. The closing net financial position and closing net debt were also supported by disciplined cost management of the business. These improvements were achieved despite additional investments in working capital to support growth and de-risk supply chain.

The H1 performance reflects stronger customer engagement across all markets and channels and the success of the simplified structure and agile decision making process. Product innovation and renovation also increased as customers looked for more customised products. This helped deepen customer engagement leading to beneficial mix changes.

Underlying EBITDA in the period increased to €104m, reflecting growth of 36.7% and underlying EBITDA margin acceleration of 240bps to 12.5%. These improvements reflect the combination of an acceleration of organic growth, business simplification, cost reductions and disciplined costs management as well as good gross margin protection.

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ARYZTA's operating free cash flow amounted to €11.0m, representing a reduction of €16.5m in the cash flow of continuing operations versus the prior period. The main driver of this was an investment in working capital to support growth and the resilience of our supply chain. It was also impacted by one-off effects including calendar timing, temporary COVID restrictions and the disposal of Brazil. Capital expenditure increased by €5.7m to support additional growth driving investments. These effects were partially offset by higher EBITDA and reduced non-recurring expenses.

Total restructuring costs for continuing operations were €(3.9)m, a significant decline from the €(39.7)m incurred in the comparable period for continuing operations.

ARYZTA's net debt increased to €299.6m due to the €182.9m of hybrid dividend payments net of the disposal proceeds received mainly for Brazil of €110.9m. The net debt to EBITDA ratio closed at the end of H1 at 1.15x[1].

Interest costs reduced to €9.1m from €16.6m in the comparable period. The Group's interest cover ratio at H1 was 2.44x[1].

ARYZTA is actively managing all business risks on a daily basis

Inflation across all input costs from labour, raw materials, logistics and particularly energy continue their upward trend, with prices and availability of these key inputs remaining very volatile.

ARYZTA's existing contracts are largely covered and new tenders are being priced at spot prices. ARYZTA has a well-established professional procurement team overseeing all its key inputs. The governance around tender process and pricing has been strengthened significantly in light of market volatility and supply chain disruptions. This has resulted in increased contract renewal and customer pricing discussions. In addition, product innovation, renovation and customization are all playing a part in managing the inflation trend. Management are also focusing on operational efficiencies, disciplined cost management and automation measures to support performance.

While the price effect increased from Q1 to Q2, the expectation is for further significant price effect in H2 to deal with the upward inflation trends across all inputs.

1 Calculated as per the Syndicated Revolving Credit Facilities Agreement terms at January 2022

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New Malaysian facility to drive regional organic growth

In February 2022, ARYZTA more than doubled its manufacturing capacity in Malaysia by exercising its option to acquire the bakery, equipment and the corresponding land of our co-manufacturer De-Luxe Food Services from ENVICTUS International Holding Limited. The option to acquire the assets was part of the original co-operation agreement with ENVICTUS. This new facility will significantly boost the organic growth potential across the South East Asian region. The transaction will expand ARYZTA's Asian product capability in breads, buns and pastries including new product filling capacity, which will greatly enhance the pace of new product development and innovation. South East Asia is a fast growing market for bakery which is forecasted to grow by c. 7-8% CAGR out to 2026. The transaction significantly improves the resilience of ARYZTA's supply chain in the region with the direct ownership of this new modern facility.

Outlook

The expectation for full year 2022 is for organic revenue growth in a range of 12% to 14% and we reiterate the underlying EBITDA margin guidance.

ARYZTA's strategic growth plan and mid-term guidance is expected to be finalised and communicated in the next quarter (Q3) along with the Group's ESG roadmap.

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	January H1 22 €m	January H1 21 €m	% Change
Continuing Operations			
Revenue	835.3	752.5	11.0%
Underlying EBITDA[1]	104.0	76.1	36.7%
Underlying EBITDA margin	12.5%	10.1%	240 bps
Underlying net profit/(loss)- continuing operations	**9.6**	(30.8)	
Underlying net profit - discontinued operations	–	14.4	(100.0%)
Underlying net profit/(loss) - total	**9.6**	(16.4)	
Underlying diluted EPS (cent) - continuing operations[2]	**1.0**	(3.1)	
Underlying diluted EPS (cent) - total[2]	**1.0**	(1.7)	
IFRS EBITDA - continuing operations	59.7	32.5	83.7%
IFRS EBITDA - discontinued operations	1.5	(17.1)	
IFRS EBITDA - total	61.2	15.4	397.4%
IFRS loss for the period from continuing operations[4]	**(40.7)**	(48.8)	16.6%
IFRS profit/(loss) for the period from discontinued operations	1.5	(76.6)	
IFRS loss for the period	**(39.2)**	(125.4)	69.2%
IFRS diluted loss per share (cent) - continuing operations[3]	**(6.4) cent**	(7.2) cent	11.1%
IFRS diluted loss per share (cent)[3]	**(6.2) cent**	(15.0) cent	58.7%

1 Certain financial alternative performance measures, that are not defined by IFRS, are used by management to assess the financial and operational performance of ARYZTA. See glossary on page 19 in the Interim Report.

2 The 29 January 2022 weighted average number of ordinary shares used to calculate underlying earnings per share is 991,928,700 (H1 2021: 991,206,398).

3 The 29 January 2022 weighted average number of ordinary shares used to calculate IFRS diluted loss per share is 991,830,010 (H1 2021: 991,206,398).

4 During the period ended 29 January 2022, the Group successfully concluded the disposal of its Brazil business to Grupo Bimbo SAB de CV. As the €110.0m proceeds received, net of associated transaction costs, were in excess of the €64.9m carrying value of the net assets disposed, combined with a €85.4m cumulative foreign currency translation loss since the initial investment, a loss on disposal before tax of €40.3m was recognised in the income statement.

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2022 Interim Report

The ARYZTA 2022 Interim Report and Accounts are available for download from the ARYZTA website and at the following link: ***ARYZTA 2022 Interim Report***

2022 Interim Results Presentation

A printable pdf version of the ARYZTA H1 2022 presentation slides is available to download from the ARYZTA website: ***ARYZTA H1 2022 Results Presentation***

Results conference call today at 08:30 CET

Dial in numbers are: Switzerland: 044 580 6085; USA: 1 917 720 0181;
UK: 0844 8228 9022; International: 44 (0) 2071 928501.
Please provide the following code: **6747396** to access the call.

A conference call webcast will be available on the ARYZTA website:
https://www.aryzta.com/investor-centre/announcements-and-presentations/

A replay of the call will be available from today at 14:30 CET until 07 May 2022.
Dial in numbers are: International: +44 (0) 3333009785; UK: 08445718951;
USA: 1 (917) 677-7532

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Glossary

'Underlying EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation; before impairment, disposal, restructuring and COVID-19 related costs.

'IFRS EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation.

'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/(loss)' – presented as reported net profit/(loss), adjusted to include the Hybrid instrument dividend as a finance cost; before non-ERP related intangible amortisation; before RCF termination costs, impairment, disposal, restructuring and COVID-19 related costs, net of related income tax impacts. The Group utilises the underlying net profit/(loss) measure to enable comparability of the results from period to period, without the impact of transactions that do not relate to the underlying business.

Forward looking statement

About ARYZTA

ARYZTA AG ('ARYZTA') is an international bakery company with a leadership position in convenience bakery. ARYZTA is based in Schlieren, Switzerland, with operations in Europe, Asia, Australia and New Zealand. ARYZTA is listed on the SIX Swiss Exchange (SIX: ARYN).

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