

# ARYZTA AG

## News Release

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Schlieren/Switzerland, 18 December 2020 - Strategic Update

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ARYZTA is pleased to update the market about the next steps of its strategic plan.

The Board would like to thank shareholders for the overwhelming support at the AGM held on 15 December. Shareholders elected a strong, unified new board with robust bakery, financial, governance, and turnaround expertise. The Board looks forward to implementing the new strategic plan and creating sustainable value for all shareholders and stakeholders.

The Board collectively believes that ARYZTA is a fundamentally solid business with dedicated employees, well-invested assets, and leading market positions, serving the world's most successful retailers, QSR, and food service companies. Our plan focuses on reshaping our core business and core markets to "best-in-class" performance for the bakery sector, our food quality, and our customer experiences and relationships.

ARYZTA has had a tumultuous few years. It is clear from the feedback from all our stakeholders (shareholders, customers, suppliers, lenders, and employees) that it has been a painful, uncertain and destructive period for all. The newly formed Board is committed to bringing this chapter in ARYZTA's history to a close.

The last three months have confirmed shareholders' desire to get ARYZTA finally back on track and our two-part plan is already in the process of being executed. First, the preparation for the disposal of selective businesses to reduce the company's indebtedness is in progress. Secondly, we have taken the first steps to improve the remaining business's performance to at least peer-equivalent operational and financial metrics.

Concerning the disposal of selected businesses, financial advisers were appointed in November to assist in this process. Furthermore, ARYZTA has received a high number of expressions of interest for various other parts of its portfolio.

The Board now confirms that our strategy is to focus on our Europe and APAC markets and to dispose of our businesses in both North America and Latin America. Our engagement with interested parties for these businesses is progressing well and we have already communicated this to our key customers in these regions. As outlined previously, we expect to secure sufficient proceeds to significantly reduce debt levels over the next six to nine months. We will also ensure that we have a smooth transition plan in place in North America and Latin America to safeguard the interests of our customers and employees, our service levels as well as, our product standards. We will update the market on progress in due course.

Regarding our plans to improve the operational performance of the remaining Europe and APAC businesses, the preparations for implementation are well-advanced. By the end of 2021, we expect to secure at least a 25% reduction in central overhead costs as we move to a multi-local, lean, and more agile business model. The process to remove central costs has already started as we simplify operations and make local and country management responsible for all their costs and profit delivery targets.

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This will also result in improvements in our customer engagement experience through faster decision-making, shorter new product innovation lead times, improved customer service, and enhanced quality control responses.

ARYZTA's FY 2019 EBITDA margin of 9% was the lowest among its European peer group - with the best performance some 60% higher at 16.5% (Company-sourced analysis of European peers). ARYZTA has scale and capability advantages that support our minimum target to improve our EBITDA margin run rate to the peer median level (c.12.5%) by simplifying our business and moving to a multi-local model. We expect that this will be achieved within the next two years.

ARYZTA operates in growing markets and many of its European competitors are mid-sized privately owned businesses with succession issues. Once we have improved our performance and reduced our debt levels, ARYZTA will have the potential to actively participate in this likely market consolidation process.

We also envisage a return to sustainable organic growth over the next two to three years as our locally empowered business model improves its innovation power and new contract win rate. The imminent rollout of COVID-19 vaccines significantly improves the FY 2021 prospects for a strong recovery in our foodservice financial performance, which has been severely negatively impacted by the ongoing range of government restrictions across all our markets.

The Board remains confident that our strategy of simple, practical, and prudent measures will enhance value for all of ARYZTA's stakeholders.

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### 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 Euronext Dublin (ISE) (SIX: ARYN, ISE: YZA).

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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.

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### **Investor Enquiries:**

Paul Meade, Head of Communications, ARYZTA AG  
M: +353 87 065 5368  
paul.meade@aryzta.com

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### **Media Enquiries:**

Philippe Blangey, Dynamics Group  
Tel: +41 43 268 32 35; M: +41 79 785 46 32  
prb@dynamicsgroup.ch

Douglas Keatinge, Murray Group  
Tel: +353 1 498 0300; M: +353 86 0374163  
dkeatinge@murraygroup.ie