

# ARYZTA AG – 17-month results to December 2023

March 4, 2024



# 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, or war 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 law.

# Strategic overview



## Strategy delivering

- Strategy delivering goals and performance
- Bake-off business attractive, creating sustainable value
- ARYZTA on track to deliver mid-term 2025 targets



## Key highlights 17-month results to December 2023

- Revenue €3,046.0m
- Organic growth 17.3%<sup>1.)</sup>
- EBITDA €400.8m
- EBITDA margin 13.2%
- Free cash flow €139.6m
- Profit for the period €160.5m



1.) Represents the organic growth comparing the 17-month financial period ended December 2023 to the 17-month prior period ended December 2022

## Key highlights 12-month results to December 2023

- Revenue €2,192.7m
- Organic growth 14.7%
- EBITDA €304.5m
- EBITDA margin 13.9%
- Free cash flow €132.4m
- Profit for the period €125.7m



## Organic growth strategy working

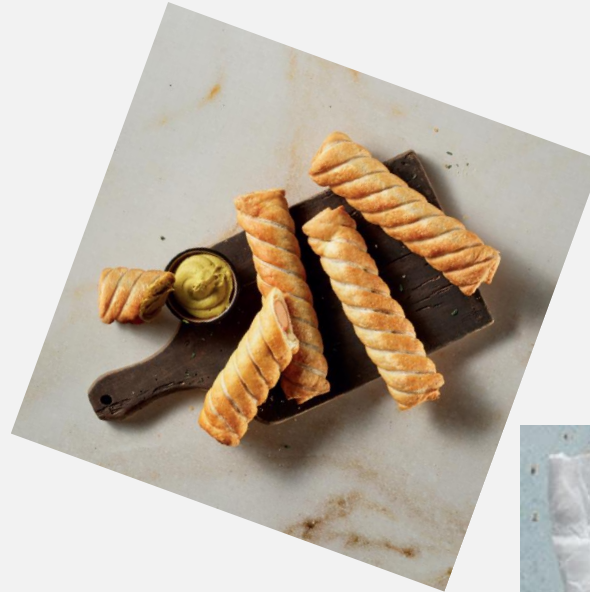
- Core categories
  - Innovations impact on revenue almost doubles<sup>1.)</sup>
  - Market share gain
- Core Channels
  - QSR, Other Foodservice, Retail
  - Significant improvement in customer feedback rating
- Core regions
  - Both regions performed well
  - Several growth initiatives underway



1.) Refers to the pro forma 12-month period to December 2023 compared to the pro forma 12-month period to December 2022

# Operational improvements on all levels despite challenging environment

- Significant labour inflation
- Supply chain disruptions
- Commodities largely remain stable but elevated
- Increasing regulatory complexity and costs
- Pricing effect flattish but not deflating





## Governance update

- Board composition proposal to be listed in AGM invitation
- New permanent Group CEO – January 2025 onwards
- Smooth and orderly transition from dual role
- Strong oversight and support from Chairman and Board



## Guidance 2024

### Further improvements in all key metrics expected in 2024

- Organic growth to normalize in the low to mid-single digit range, driven mainly by volume/mix
- EBITDA margin expansion to normalize, supported by growth, efficiencies and cost discipline
- Further improvement in free cash flow and total net debt leverage
- Sequential improvement in ROIC



## On track to deliver mid-term targets FY 2025

Organic growth (CAGR)

**4.5%–5.5%**

EBITDA Margin

**≥14.5%**

ROIC

**≥11.0%**

Revenue (€)

**>2bn**

CAPEX as % of revenue

**3.5%–4.0%**

Total net debt leverage (incl. hybrids)

**<3x**

# ESG strategy based on three pillars and supported by 13 goals

## Environmental Efficiency

Using resources more efficiently, protecting the environment and creating bottom line benefits



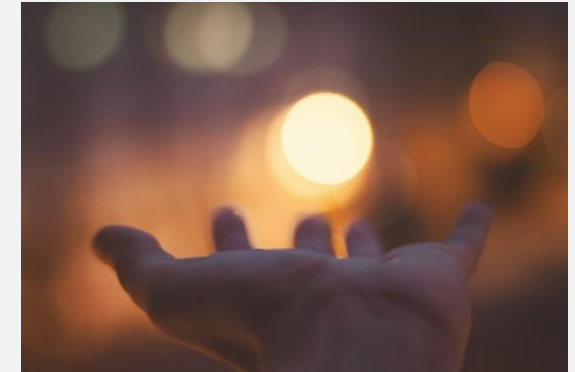
## Inspiring Innovation

Focusing on innovation in our supply chain and in our product portfolio



## Our People and Communities

Attracting, retaining, developing & giving purpose to our employees



### Supported by 13 Goals addressing:

GHG & Water Footprint improvement – Enhanced Sustainable sourcing — Our People and communities – Health & Nutrition

# Key ESG targets for 2028

## Environmental Efficiency



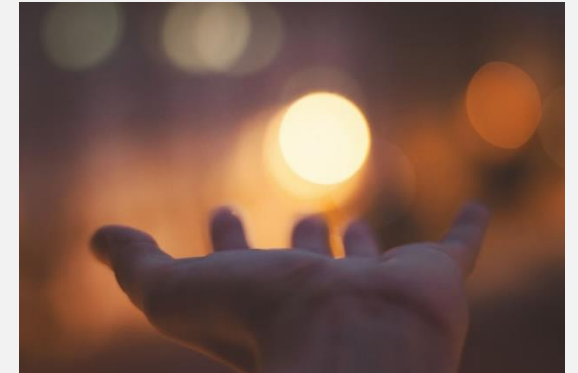
- **GHG 34% reduction** of Scope 1 & 2 emissions from a 2022 baseline
- **Food waste 20% reduction** from a 2022 baseline
- **Water<sup>1.)</sup> 10% reduction** from a 2023 baseline

## Inspiring Innovation



- **25% share of regenerative wheat** on a mass-balance basis
- **30% virgin plastic reduction** from a 2023 baseline
- **40% share of new products<sup>2.)</sup>** aligned with “ARYZTA Better For you”

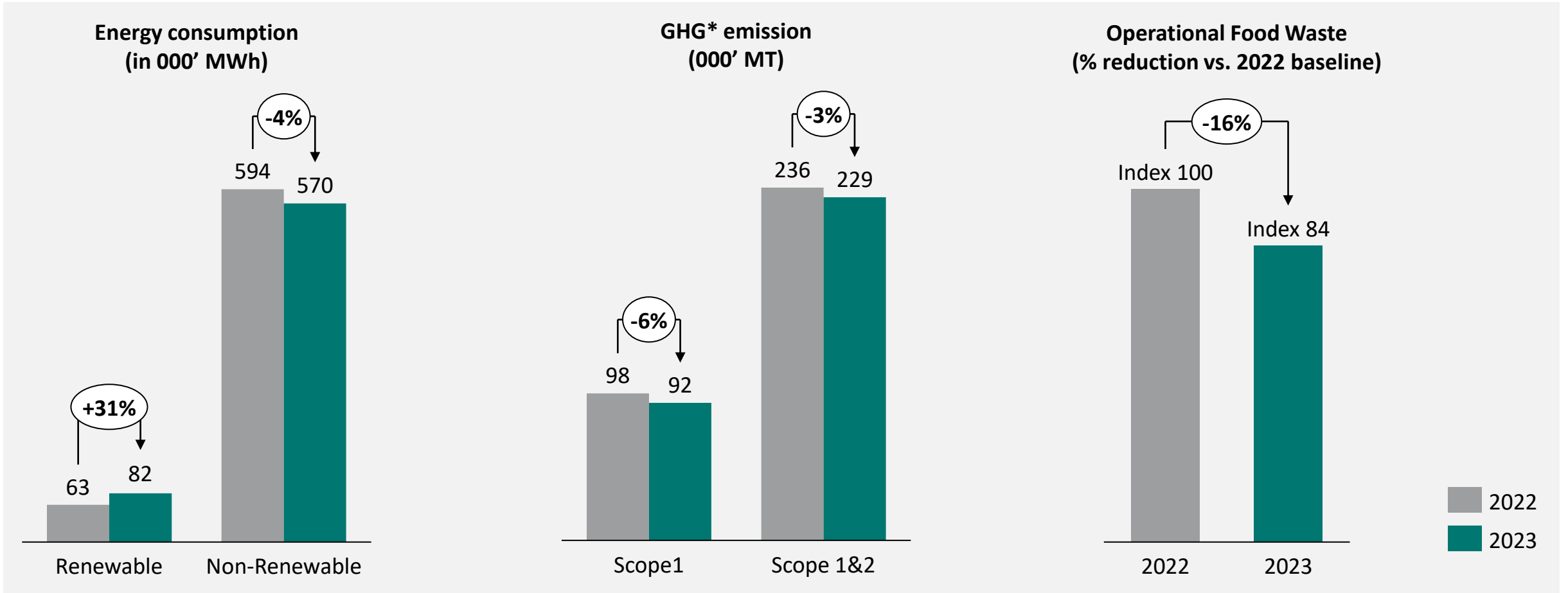
## Our People and Communities



- **Work related incidents<sup>3.)</sup> 50% reduction** from 2023 baseline
- **Supply chain due diligence** – each of our sites reporting through SEDEX<sup>4.)</sup> to achieve an average score of at least 3.5 out of 5

1.) Non-Product related water  
2.) New Product Development  
3.) Total Reportable Incident Rate  
4.) SEDEX is a 3rd Party Supply Chain Management Platform

# Improvement in energy mix, GHG\* emissions and food waste



\* Greenhouse Gas

# Financial review



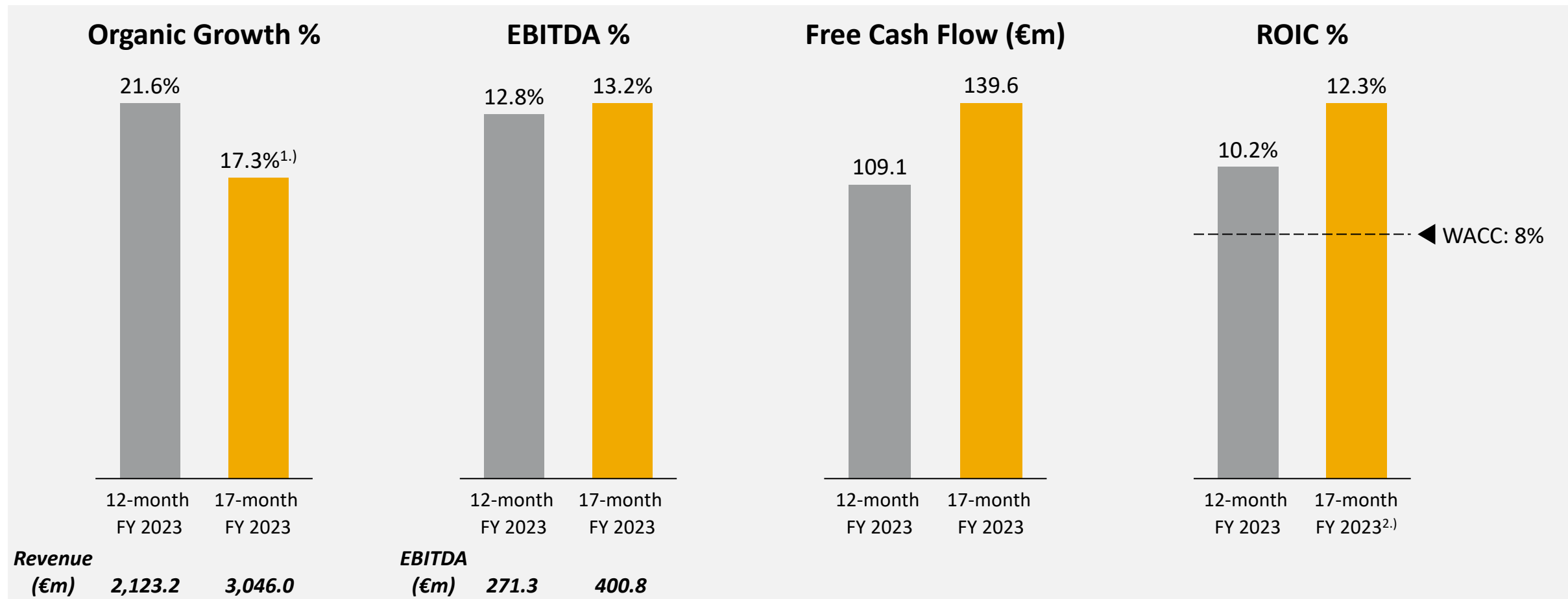
## Key financial highlights

- Strong improvement in profitability
- Acceleration of cash generation
- Capital efficiency ahead of mid-term targets





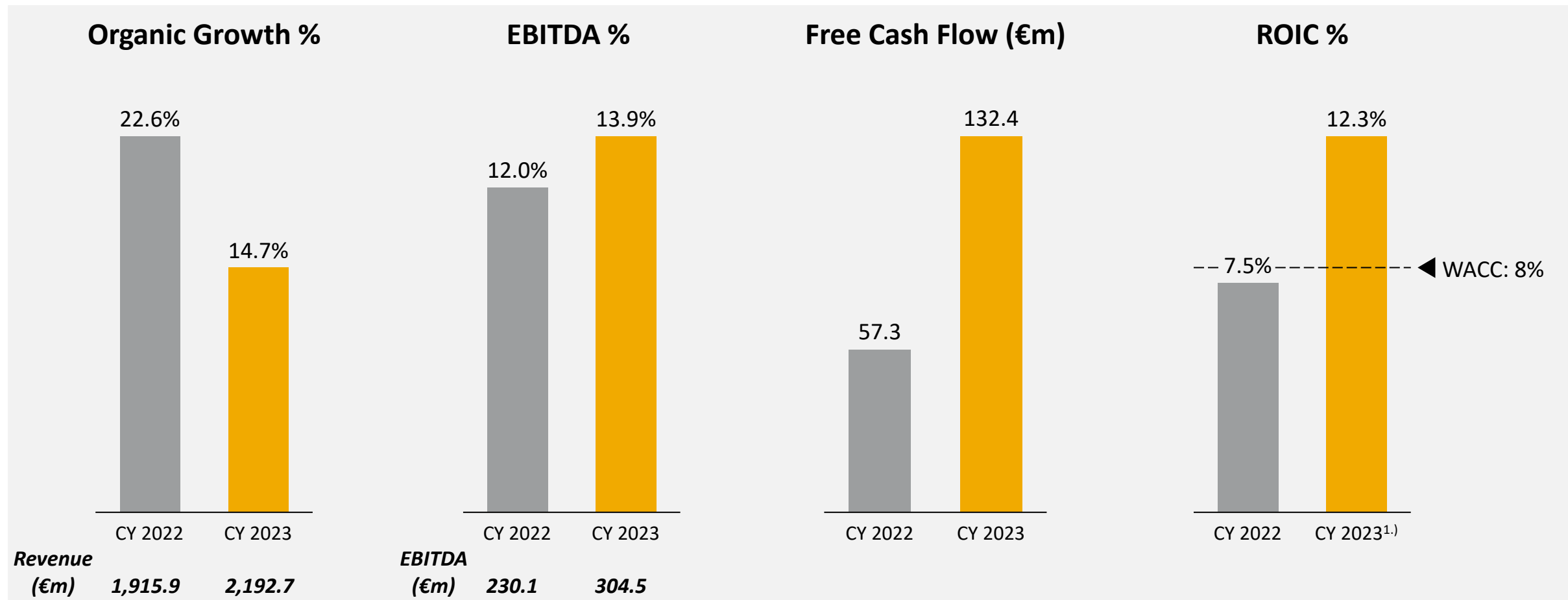
# 17-month results, strong growth with accelerating EBITDA margin and ROIC



1.) Represents the organic growth comparing the 17-month financial period ended December 2023 to the 17-month prior period ended December 2022

2.) FY 2023 ROIC is calculated as per the definition outlined in glossary on slide 47 and is based on trailing twelve months NOPAT to December 2023

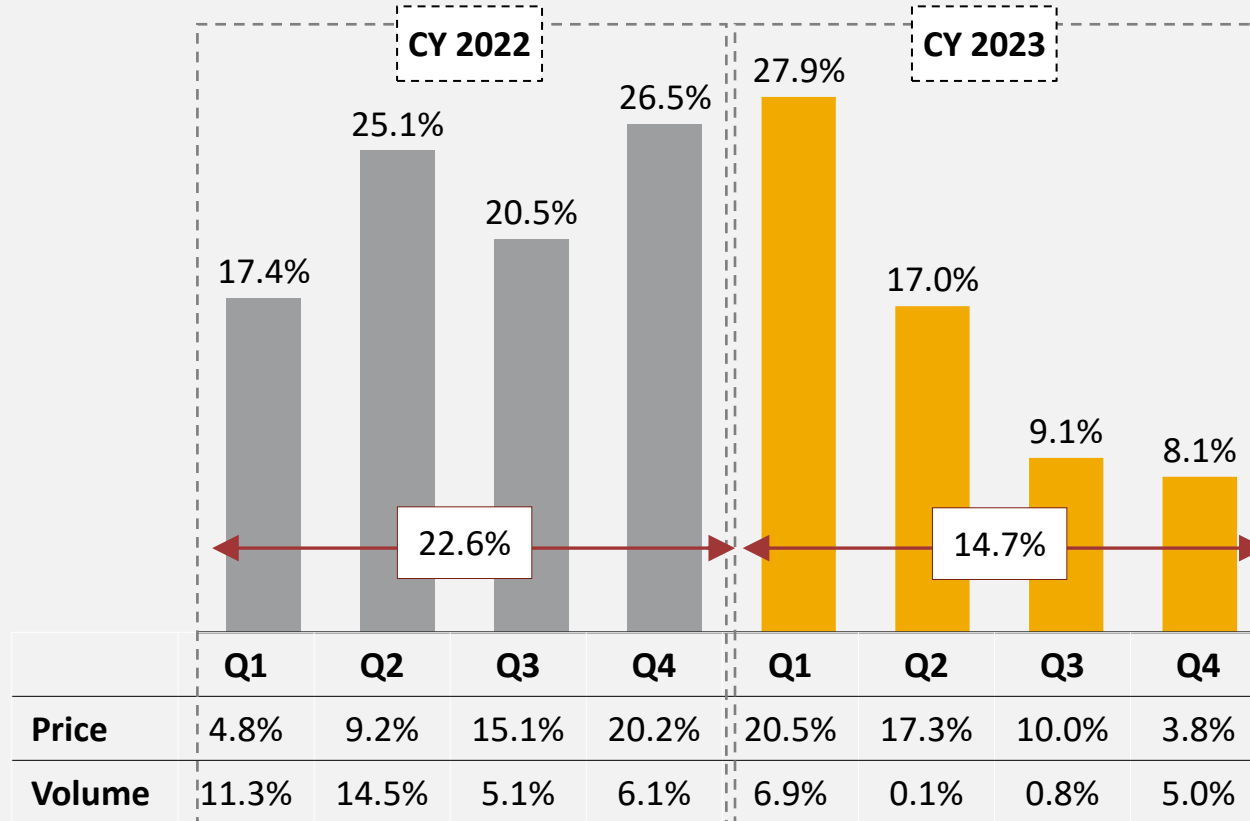
# Consolidation of turnaround plan in calendar year 2023



1.) CY 2023 ROIC is calculated as per the definition outlined in glossary on slide 47 and is based on trailing twelve months NOPAT to December 2023

# Double-digit organic growth, normalizing contribution from pricing

Organic Growth %<sup>1.)</sup>



## Key Highlights:

- Pricing normalizing quarter by quarter
- Portfolio management impacting volume and supporting margins
- New launches accelerating innovation from c. 8% to 15% of revenue
- Low to mid-single digit OG in CY 2024

1.) Refer to slide 41 & 42 for additional detail of Volume, Price and Mix

## Europe with broad-based margin improvement



	CY 2023	CY 2022	Var. vs. PY
Organic Growth	15.2%	23.8%	<b>(860)bps</b>
EBITDA %	13.0%	11.0%	<b>+200bps</b>

- Revenue growth:
  - Poland, France, QSR and Germany as stand-outs
  - Retail channels outperforming market
  - Strong innovation acceleration from 7.7% to 14.3% of revenue
- Margin expansion:
  - Broad-based margin improvement
  - Contribution from active Portfolio management

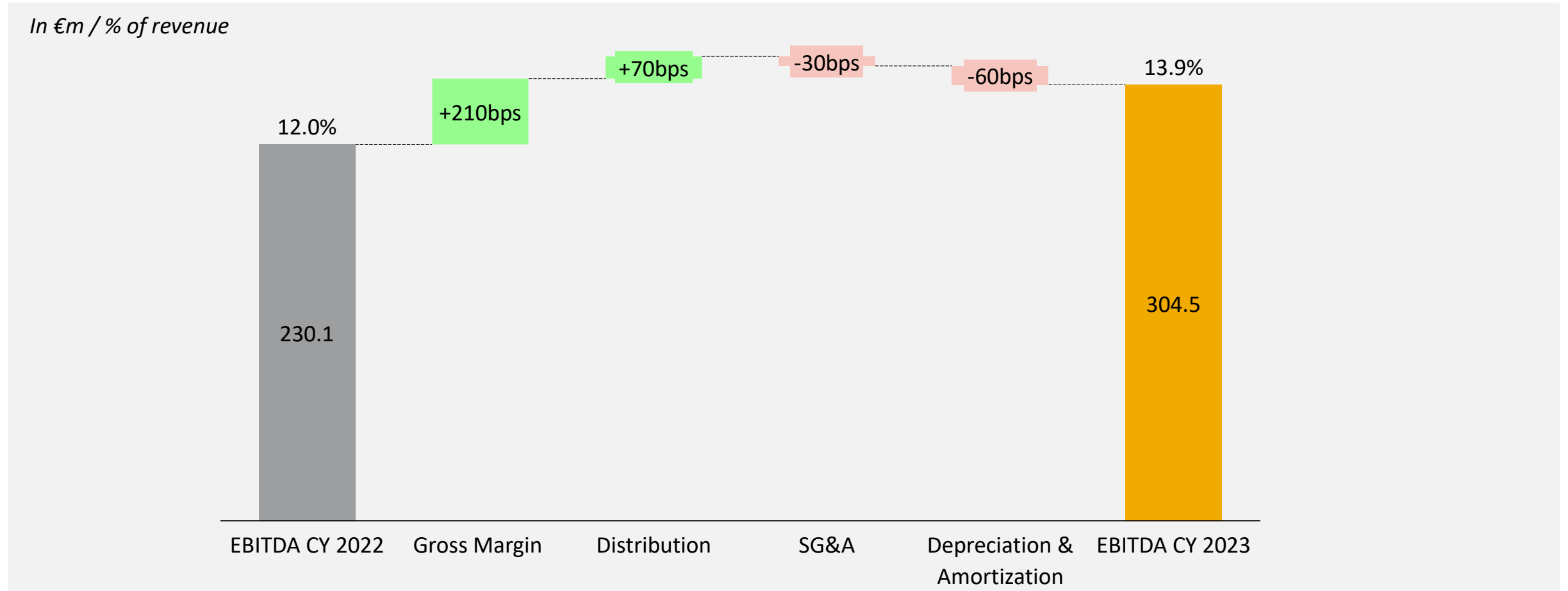
## Foodservice supporting margin expansion in ROW



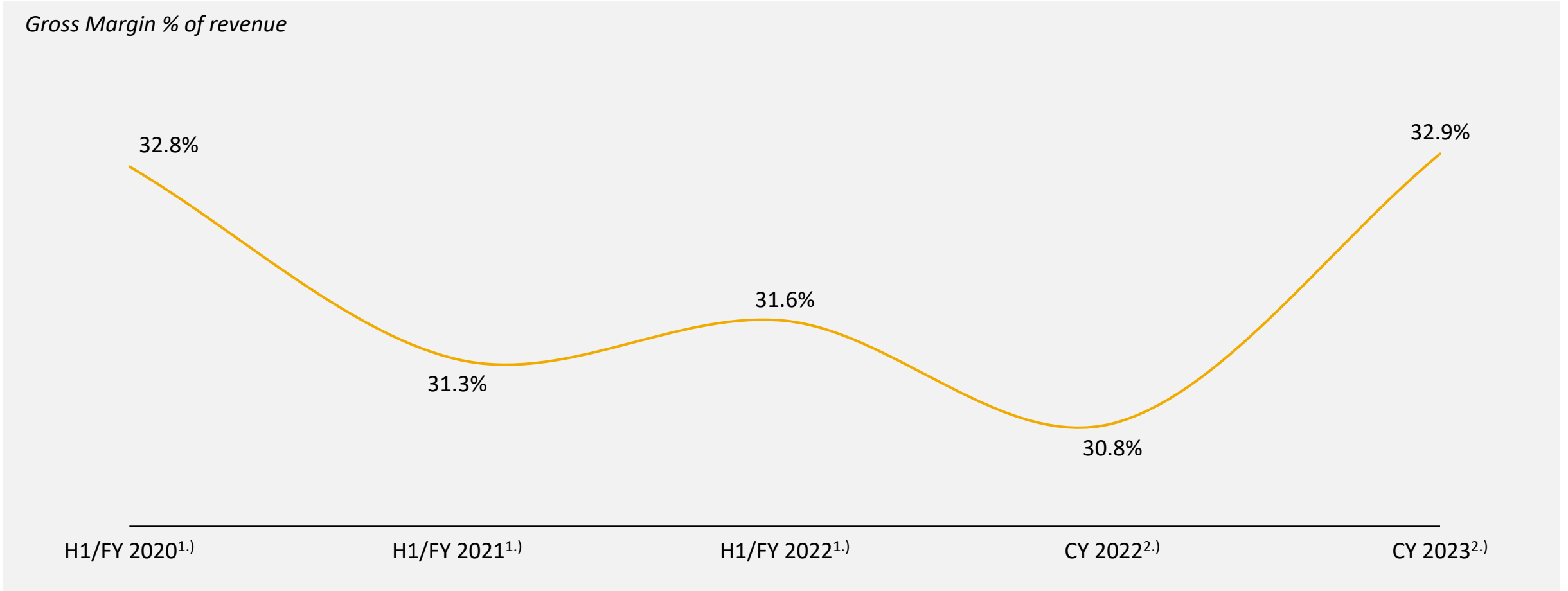
	CY 2023	CY 2022	Var. vs. PY
Organic Growth	11.2%	15.9%	<b>(470)bps</b>
EBITDA %	20.6%	19.1%	<b>+150bps</b>

- Revenue growth:
  - Innovation and correct pricing supporting OG
  - QSR – restaurant openings, promotional activities and innovation
  - FS – resilient growth with strong core channel results
- Margin progression:
  - FS – driven by efficiencies, portfolio optimization and pricing
  - QSR – innovation and cost management as key contributors

# Innovation, portfolio optimization & costs initiatives as key margin drivers



# Progress of gross margin recovery



1.) Gross Margin before Distribution corresponds to the previously reported underlying results. Refer to table on slide 43 for reconciliation to Gross Margin before Distribution

2.) CY pro forma 12-month period ending December

## Cost discipline and efficiency initiatives largely on track

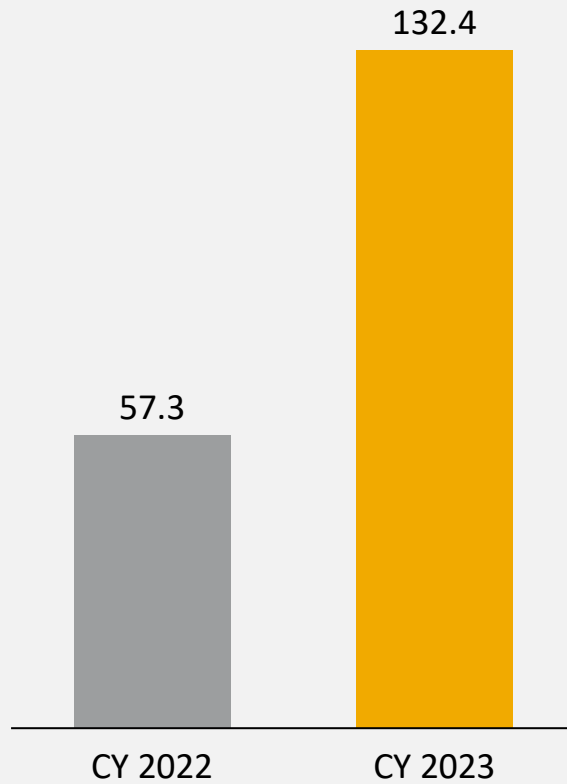
Levers	Mid-Term Targets 2023-25	CY 2023 Results
Manufacturing continuous improvement program	2-3% cost <sup>1.)</sup> efficiency YoY	<ul style="list-style-type: none"> <li>Manufacturing efficiency: <b>on track</b></li> </ul>
SIMPLEX – recipe standardization & Procurement leverage	€26-36m costs optimization	<ul style="list-style-type: none"> <li>Costs optimization: <b>&gt; €18m</b></li> </ul>
E2E processes optimization	Fixed costs growth @ 30-40% of organic growth	<ul style="list-style-type: none"> <li>Fixed cost growth: <b>slightly above</b></li> </ul>

1.) Costs baseline: Conversion Costs (indirect variable & fixed manufacturing costs incl. Deprecation) + Waste



## Free cash flow more than doubled

Free cash flow evolution (in €m)

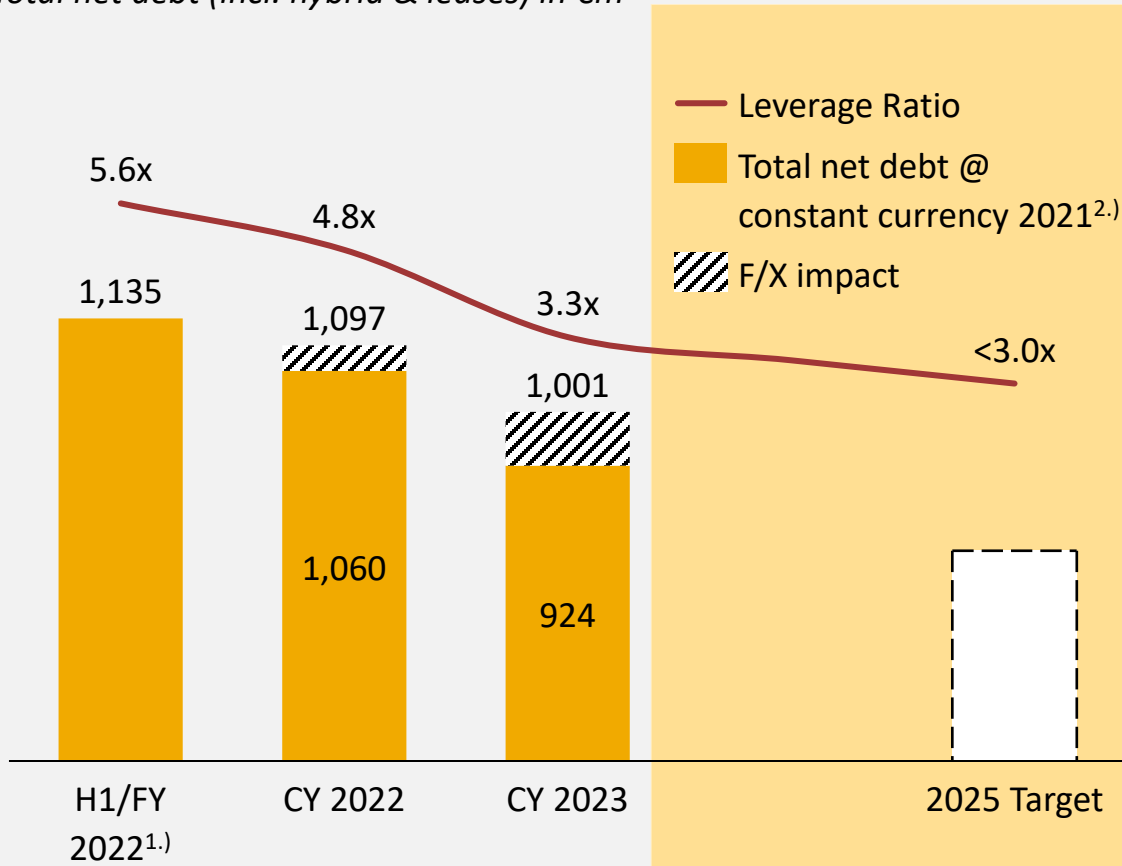


### Key Highlights:

- Operating performance as key driver
  - EBITDA expansion
  - Working capital net of securitization
  - Prudent CAPEX management
- Higher financing costs and tax charge more than offset

# Total net debt leverage approaching mid-term target

Total net debt (incl. hybrid & leases) in €m



**Key Highlights:**

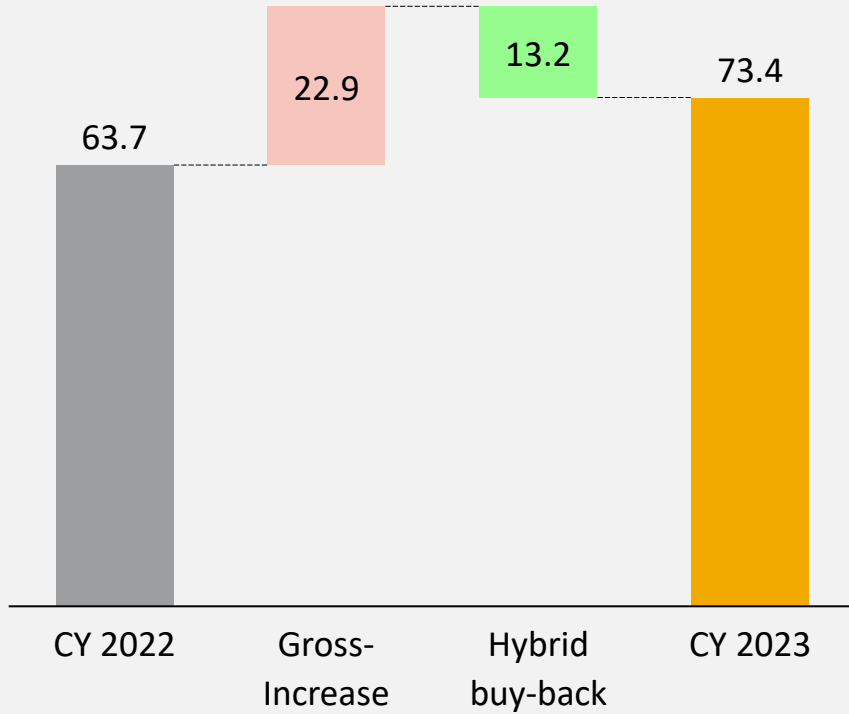
- Cash flow supports further balance sheet optimization
- Hybrid Bond buy-back of €376m in last two years
- On track to deliver mid-term targets

1) Leverage ratio is calculated based on previously reported Underlying EBITDA for TTM H1/FY 2022

2) Constant currency FX rates are based on closing FX rates for CY 2021

## Hybrid buy-back mitigating financing costs increase

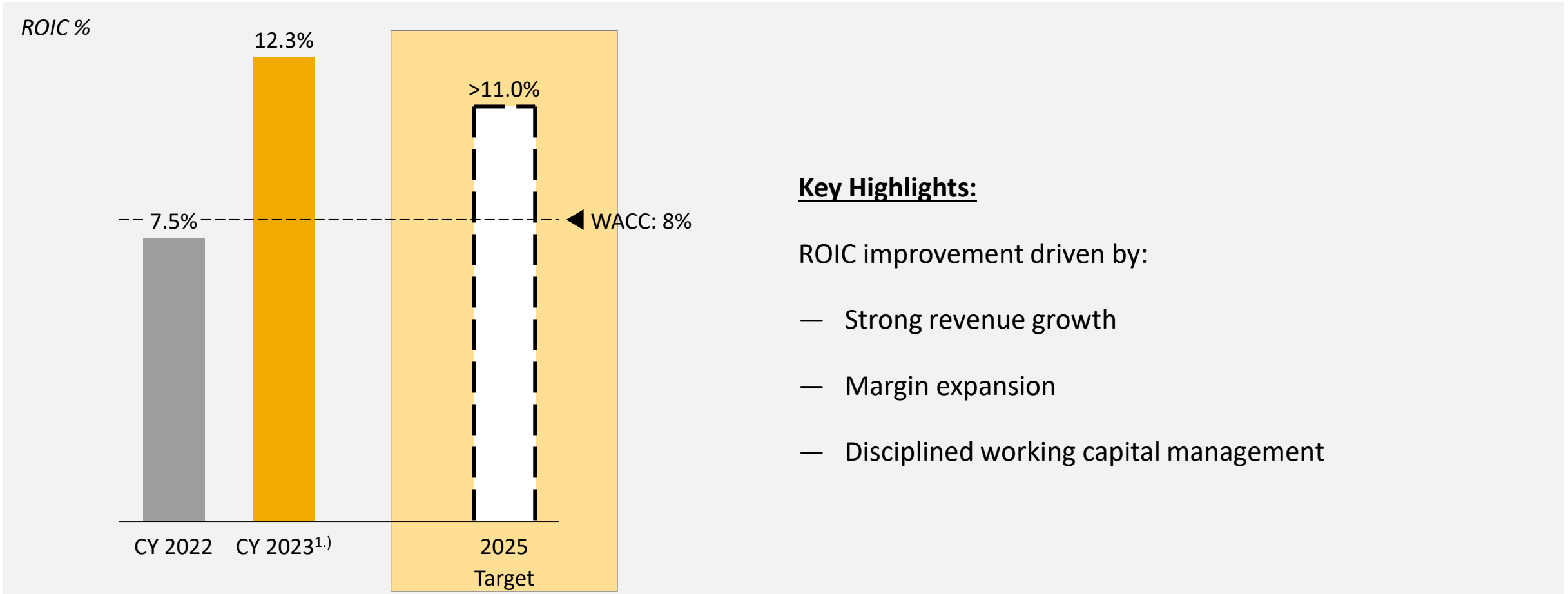
Financing costs incl. lease interest (in €m)



### Key Highlights:

- Net increase of €9.7m due to higher interest rates
- Hybrid buy-back offset €13.2m of gross-increase  
→ *full effect will materialize in CY 2024*
- Over 40% of bank debt interest exposure hedged

# ROIC exceeding mid-term target



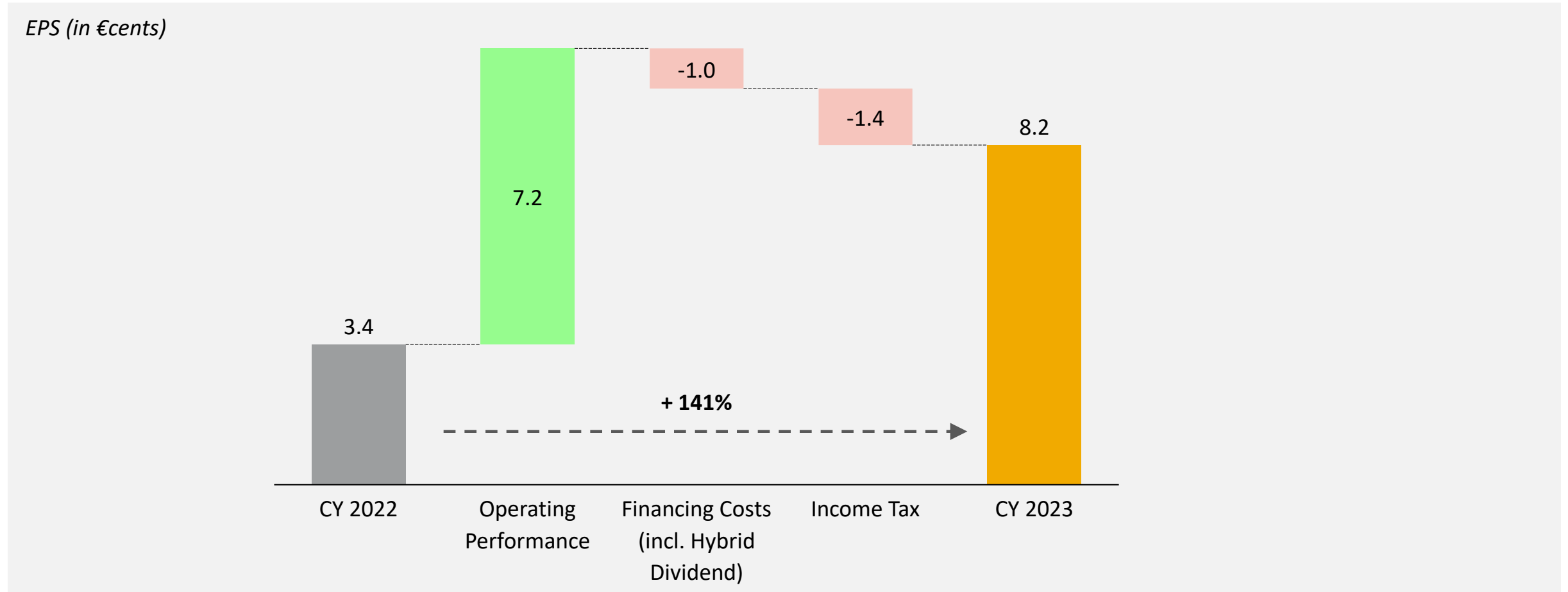
### Key Highlights:

ROIC improvement driven by:

- Strong revenue growth
- Margin expansion
- Disciplined working capital management

1.) CY 2023 ROIC is calculated as per the definition outlined in glossary on slide 47 and is based on trailing twelve months NOPAT to December 2023

# Operating performance driving EPS expansion



## Successful strategy driving investment case

- Business is attractive and creating real value for shareholders
- Strategy delivering
- On track to deliver mid-term 2025 targets



Thank you



# Appendix





# Summary Results

## For the 17-month period ended 31 December 2023

	December 2023 17-month €m	July 2023 12-month €m
Revenue	3,046.0	2,123.2
Cost of sales	(2,069.4)	(1,462.9)
Distribution expenses	(383.1)	(268.0)
<b>Gross profit</b>	<b>593.5</b>	<b>392.3</b>
Selling expenses	(128.9)	(90.1)
Administration expenses	(244.8)	(158.4)
<b>Operating profit</b>	<b>219.8</b>	<b>143.8</b>
Financing costs, net	(35.9)	(22.4)
<b>Profit before income tax</b>	<b>183.9</b>	<b>121.4</b>
Income tax expense	(23.4)	(9.4)
<b>Profit for the period</b>	<b>160.5</b>	<b>112.0</b>
Hybrid dividend	(64.4)	(47.3)
<b>Profit used to determine EPS</b>	<b>96.1</b>	<b>64.7</b>

# Revenue

## For the 17-month period ended 31 December 2023

	ARYZTA Europe €m	ARYZTA Rest of World €m	Total Group €m
<b>Revenue</b>	<b>2,697.8</b>	<b>348.2</b>	<b>3,046.0</b>
Organic growth	17.7%	14.2%	17.3%
Disposals movement	–	(3.9%)	(0.5%)
Currency movement	0.6%	(4.3%)	(0.1%)
<b>Total revenue movement</b>	<b>18.3%</b>	<b>6.0%</b>	<b>16.7%</b>

All movements represent the revenue growth comparing the 17-month financial period ended December 2023 to the 17-month prior period ended December 2022

# Segmental EBITDA

For the 17-month period ended 31 December 2023

	17-month December 2023	12-month July 2023
EBITDA <sup>1</sup>	€m	€m
ARYZTA Europe	330.4	220.5
ARYZTA Rest of World	70.4	50.8
<b>Total Group</b>	<b>400.8</b>	<b>271.3</b>

	17-month December 2023	12-month July 2023	Change bps
EBITDA margin <sup>1</sup>			
ARYZTA Europe	12.2%	11.7%	50 bps
ARYZTA Rest of World	20.2%	20.6%	(40) bps
<b>Total Group</b>	<b>13.2%</b>	<b>12.8%</b>	<b>40 bps</b>

See glossary on slide 47 for definitions of financial terms and references.

# Free cash flow

For the 17-month period ended 31 December 2023

	17-month December 2023 €m	12-month July 2023 €m
<b>EBITDA</b>	<b>400.8</b>	<b>271.3</b>
Working capital movement	(16.2)	5.5
Working capital movement from debtor securitisation	24.6	19.1
Capital expenditure	(91.8)	(63.1)
Net payments on lease contracts	(50.9)	(35.9)
Proceeds from sale of fixed assets and investment property	4.5	3.8
Restructuring-related cash flows	(3.6)	(3.6)
Dividends paid on hybrid instruments - actual	(65.7)	(50.8)
Interest and income tax on operating activities paid, net	(60.0)	(31.9)
Other	(2.1)	(5.3)
<b>Free cash flow</b>	<b>139.6</b>	<b>109.1</b>

# Total net debt and hybrid funding

For the periods ended December 2023, December 2022 & H1 FY 2022

	17-month December 2023 €m	12-month December 2022 <sup>1</sup> €m	H1 FY 2022 €m
Net debt	(490.8)	(282.8)	(299.6)
Hybrid Instrument Funding	(510.0)	(813.7)	(835.7)
<b>Total net debt and hybrid funding</b>	<b>(1,000.8)</b>	<b>(1,096.5)</b>	<b>(1,135.3)</b>

<sup>1</sup> Pro forma 12-month results are unaudited

# Return on Invested Capital

For the periods ended December 2023, July 2023 & December 2022

	<b>17-month December 2023</b>	<b>12-month July 2023</b>	<b>12-month December 2022<sup>2</sup></b>
Average invested capital	1,225.3	1,223.1	1,255.7
NOPAT <sup>1</sup>	150.1	125.2	94.5
ROIC <sup>1</sup>	12.3%	10.2%	7.5%

<sup>1</sup> See glossary on slide 47 for definitions of financial terms and references.

<sup>2</sup> Pro forma 12-month results are unaudited

# Pro Forma Calendar Year – Income Statement

## For the 12-month period ended December 2023

	December 2023 €m <sup>1</sup>	December 2022 €m <sup>1</sup>	Change %
Revenue	2,192.7	1,915.9	14.4%
Cost of sales	(1,471.8)	(1,325.9)	(11.0)%
Distribution expenses	(271.3)	(251.4)	(7.9)%
<b>Gross profit</b>	<b>449.6</b>	<b>338.6</b>	<b>32.8%</b>
Selling expenses	(91.4)	(85.6)	(6.8)%
Administration expenses	(182.3)	(148.2)	(23.0)%
<b>Operating profit</b>	<b>175.9</b>	<b>104.8</b>	<b>67.9%</b>
Financing costs, net	(29.3)	(16.6)	(76.3)%
<b>Profit before income tax</b>	<b>146.6</b>	<b>88.2</b>	<b>66.3%</b>
Income tax expense	(20.9)	(7.3)	(186.3)%
<b>Profit for the period</b>	<b>125.7</b>	<b>80.9</b>	<b>55.4%</b>
Hybrid dividend	(44.1)	(47.1)	6.4%
<b>Profit used to determine EPS</b>	<b>81.6</b>	<b>33.8</b>	<b>141.4%</b>
Weighted average ordinary shares used to determine EPS (in millions)	995	994	0.2%
<b>Diluted earnings per share</b>	<b>8.2</b>	<b>3.4</b>	<b>141.0%</b>

<sup>1</sup> Pro forma 12-month results are unaudited

# Pro Forma Calendar Year – Revenue

For the 12-month period ended December 2023

	ARYZTA Europe €m	ARYZTA Rest of World €m	Total Group €m
<b>Revenue<sup>1</sup></b>	<b>1,948.0</b>	<b>244.7</b>	<b>2,192.7</b>
Organic growth	15.2%	11.2%	14.7%
Currency movement	0.7%	(7.2)%	(0.3)%
<b>Total revenue movement</b>	<b>15.9%</b>	<b>4.0%</b>	<b>14.4%</b>

1 Pro forma 12-month results are unaudited



# Pro Forma Calendar Year - Quarterly Organic Growth

## For the 12-month period ended December 2023

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	December 2023 12 Months <sup>1</sup>
<b>ARYZTA Europe</b>					
Volume %	7.9%	0.2%	0.3%	5.6%	3.4%
Price %	21.2%	17.7%	10.4%	3.6%	12.5%
Mix %	0.2%	(0.4)%	(1.7)%	(0.6)%	(0.7)%
<b>Organic growth %</b>	<b>29.3%</b>	<b>17.5%</b>	<b>9.0%</b>	<b>8.6%</b>	<b>15.2%</b>
<b>ARYZTA Rest of World</b>					
Volume %	0.0%	(0.7)%	3.8%	0.4%	0.9%
Price %	16.2%	14.6%	7.5%	5.8%	10.6%
Mix %	2.1%	(0.4)%	(1.2)%	(1.3)%	(0.3)%
<b>Organic growth %</b>	<b>18.3%</b>	<b>13.5%</b>	<b>10.1%</b>	<b>4.9%</b>	<b>11.2%</b>
<b>Total Group</b>					
Volume %	6.9%	0.1%	0.8%	5.0%	3.1%
Price %	20.5%	17.3%	10.0%	3.8%	12.2%
Mix %	0.5%	(0.4)%	(1.7)%	(0.7)%	(0.6)%
<b>Organic growth %</b>	<b>27.9%</b>	<b>17.0%</b>	<b>9.1%</b>	<b>8.1%</b>	<b>14.7%</b>

<sup>1</sup> Pro forma 12-month results are unaudited

# Pro Forma Calendar Year - Quarterly Organic Growth

## For the 12-month period ended December 2022

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	December 2022 12 Months <sup>1</sup>
<b>ARYZTA Europe</b>					
Volume %	12.8%	15.3%	4.0%	5.7%	9.1%
Price %	5.2%	10.0%	16.4%	21.5%	13.9%
Mix %	1.5%	1.6%	0.1%	0.2%	0.8%
<b>Organic growth %</b>	<b>19.5%</b>	<b>26.9%</b>	<b>20.5%</b>	<b>27.4%</b>	<b>23.8%</b>
<b>ARYZTA Rest of World</b>					
Volume %	3.9%	10.0%	11.7%	8.5%	8.6%
Price %	2.6%	4.7%	7.5%	11.9%	6.7%
Mix %	0.3%	0.5%	1.6%	0.0%	0.6%
<b>Organic growth %</b>	<b>6.8%</b>	<b>15.2%</b>	<b>20.8%</b>	<b>20.4%</b>	<b>15.9%</b>
<b>Total Group</b>					
Volume %	11.3%	14.5%	5.1%	6.1%	9.0%
Price %	4.8%	9.2%	15.1%	20.2%	12.8%
Mix %	1.3%	1.4%	0.3%	0.2%	0.8%
<b>Organic growth %</b>	<b>17.4%</b>	<b>25.1%</b>	<b>20.5%</b>	<b>26.5%</b>	<b>22.6%</b>

<sup>1</sup> Pro forma 12-month results are unaudited

# Pro Forma Calendar Year - Gross Margin Development

For the 12-month period ended December 2023

	H1 FY20 <sup>1</sup>	H1 FY21 <sup>1</sup>	H1 FY22 <sup>1</sup>	CY 2022	CY 2023
	€m	€m	€m	€m <sup>2</sup>	€m <sup>2</sup>
Revenue	952.2	752.5	835.3	1,915.9	2,192.7
Cost of goods sold	(639.9)	(517.2)	(571.1)	(1,325.9)	(1,471.8)
<b>Gross Margin</b>	<b>312.3</b>	<b>235.3</b>	<b>264.2</b>	<b>590.0</b>	<b>720.9</b>
<b>% Revenue</b>	<b>32.8%</b>	<b>31.3%</b>	<b>31.6%</b>	<b>30.8%</b>	<b>32.9%</b>

<sup>1</sup> Refer to Note 4 of 2022 and 2021 Interim Report for reconciliation from IFRS income statement to the Group's underlying results for the period

<sup>2</sup> Pro forma 12-month results are unaudited

# Pro Forma Calendar Year – Segmental EBITDA

## For the 12-month period ended December 2023

	December 2023	December 2022	
EBITDA <sup>1</sup>	€m <sup>2</sup>	€m <sup>2</sup>	% Change
ARYZTA Europe	254.1	185.1	37.3%
ARYZTA Rest of World	50.4	45.0	12.0%
<b>Total Group</b>	<b>304.5</b>	<b>230.1</b>	<b>32.3%</b>

	December 2023	December 2022	Change
EBITDA margin <sup>1</sup>			bps
ARYZTA Europe	13.0%	11.0%	200 bps
ARYZTA Rest of World	20.6%	19.1%	150 bps
<b>Total Group</b>	<b>13.9%</b>	<b>12.0%</b>	<b>190 bps</b>

<sup>1</sup> See glossary on slide 47 for definitions of financial terms and references.

<sup>2</sup> Pro forma 12-month results are unaudited

# Pro Forma Calendar Year – Free cash flow

## For the 12-month period ended December 2023

	December 2023	December 2022
	€m <sup>1</sup>	€m <sup>1</sup>
<b>EBITDA</b>	304.5	230.1
Working capital movement	27.4	(28.7)
Working capital movement from debtor securitisation	8.8	40.4
Capital expenditure	(69.0)	(87.6)
Net payments on lease contracts	(35.9)	(35.1)
Proceeds from sale of fixed assets and investment property	4.1	5.9
Restructuring-related cash flows	(2.9)	0.2
Dividends paid on hybrid instruments - actual	(54.6)	(47.5)
Interest and income tax on operating activities paid, net	(49.8)	(21.7)
Other	(0.2)	1.3
<b>Free cash flow</b>	<b>132.4</b>	<b>57.3</b>

<sup>1</sup> Pro forma 12-month results are unaudited

# Average and Closing FX Rates

For the period 17-month period ended 31 December 2023

<b>Currency</b>	<b>Average December 2023</b>	<b>Average July 2023</b>	<b>% Change</b>	<b>Average July 2022</b>	<b>% Change</b>
CHF	0.9732	0.9804	0.7%	1.0423	6.6%
AUD	1.5958	1.5684	(1.8%)	1.5445	(3.3%)
GBP	0.8685	0.8705	0.2%	0.8466	(2.6%)
PLN	4.5977	4.6558	1.2%	4.6333	0.8%

<b>Currency</b>	<b>Closing December 2023</b>	<b>Closing July 2023</b>	<b>% Change</b>	<b>Closing July 2022</b>	<b>% Change</b>
CHF	0.9332	0.9546	2.2%	0.9730	4.1%
AUD	1.6185	1.6437	1.5%	1.4570	(11.1%)
GBP	0.8688	0.8583	(1.2%)	0.8380	(3.7%)
PLN	4.3382	4.4241	1.9%	4.7641	8.9%

# Presentation Glossary

**‘Organic growth’** – represents the revenue growth during the period, after removing the impact of acquisitions and divestures and foreign exchange translation. This provides a “like-for-like” comparison with the previous period in constant scope and constant currency.

**‘EBITDA’** – presented as earnings before interest, taxation, depreciation and amortisation. In the 2022 Annual Report and Accounts this was referred to as ‘IFRS EBITDA’.

**‘Free cash flow’** – represents the company’s ability to generate free funds from its operating activities after its investments in fixed assets and repayments of lease liabilities. It is calculated as net cash flows from operating activities per the IFRS cash flow statement, adjusted for cash flows related to the purchase of property, plant and equipment and intangible assets, proceeds from sale of property plant and equipment, lease principal payments and dividends paid on hybrid instruments.

**‘Net debt’** – is defined as the Group’s interest bearing loans and bonds and lease liabilities, after deduction of cash and cash equivalents.

**‘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’.

**‘Net working capital’** – comprises inventory, trade and other receivables and trade and other payables.

**‘Invested capital’** – Excludes financial assets at fair value, bank debt, cash and cash equivalents and tax balances. Invested capital is a measure of the operational net assets used to generate the results of the business, excluding financing, tax and cash-management activities.

**‘NOPAT’** – Net operating profit after tax. This is operating profit after a normalised tax rate of 25%, before gains/losses on disposal of businesses excluding taxation directly attributable to disposal of businesses.

**‘ROIC’** – Return On Invested Capital is a measure of performance which integrates both measures of profitability and measures of capital efficiency. This is calculated as trailing twelve month NOPAT divided by average Invested capital, as at the beginning and the end of the financial period.

*Please refer to Alternative Performance Measures on pages 237 - 242 of the Annual Report December 2023 for definitions and reconciliation with related IFRS measures.*