ARYZTA AG

Ad Hoc announcement pursuant to article 53 LR

Profitability continues to improve; €2.1b revenue, 12.8% EBITDA margin and €112m of profit for the period; ROIC of 10.2% back in value creation territory

Key Highlights

– Revenue increased 20.9% to €2,123.2m
– Organic growth 21.6%
– EBITDA increased 57.8% to €271.3m (from €171.9m)
– EBITDA margin expanded to 12.8%
– Profit for the period increased to €112.0m (from €0.9m)
– Free cash flow reached €109.1m
– Reiteration of mid-term targets 2025

ARYZTA AG Chairman and interim CEO Urs Jordi commented:

"Our strong organic growth performance of 21.6% underpinned the delivery of a much improved profit of €112m. This was achieved in a period of challenging trading, with persistent inflation, cost of living increases, supply chain and energy costs concerns. Volume growth was supported with a doubling of the share of innovation to 11% of revenue. This ensures our products remain aligned with customers' needs and consumer trends. Our strategy remains focused on organic growth, operating efficiencies and strict cost discipline. This will generate free cash flow to deleverage total net debt below 3x by 2025. We remain on track to deliver further improvements across all key metrics in line with our guidance for the remainder of 2023 and reiterate our mid-term 2025 targets. Achievement of total net debt leverage of less than 3x will open up attractive refinancing options."

Outlook

Further improvements in all key metrics are expected in 2023 with mid to high teen organic growth driven by volume and price. EBITDA margin expansion is expected to remain supported by growth, efficiencies and cost discipline. The Group continues to generate free cash flow and the focus remains on improving ROIC. The 2025 midterm targets remain valid.

Organic growth increased and revenue exceeded €2.1 billion

Organic growth increased from 17.9% to 21.6%, mainly driven by strong pricing of 18.2% and resilient volume growth of 3.5% supported by solid market momentum for bake-off products. In total, revenue reached €2,123.2m, up by 20.9% compared to the previous period (FY 22: €1,756.1m). ARYZTA Europe accounted for 88% of Group revenue and Rest of the World had a share of 12%.

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EBITDA margin expanded to 12.8%

	July 2023 €m	July 2022 €m	% Change
Revenue	**2,123.2**	1,756.1	20.9%
Organic growth[1]	**21.6%**	17.9%	
EBITDA[1]	**271.3**	171.9	57.8%
EBITDA margin	**12.8%**	9.8%	300 bps
Profit for the period	**112.0**	0.9	
Free cash flow[1]	**109.1**	44.0	148.0%
ROIC[1]	**10.2%**	6.7%	350 bps
Net Debt[1]	**394.1**	290.0	
Hybrid instrument funding[1]	**622.4**	814.1	
Combined net debt and hybrid funding	**1,016.5**	1,104.1	

1 See Alternative Performance Measures on pages 15-19 of the Interim Report July 2023 for definitions and reconciliation

Positive profitability improvement achieved

Gross margin decreased to 31.1% due to significant inflation and input headwinds and is still below pre COVID levels (input costs are at index 150 compared to 2020). EBITDA amounted to €271.3m, increasing the EBITDA margin to 12.8%. This positive development was possible because of operational efficiency, strict cost discipline and correct pricing. Profit for the period increased substantially and amounted to €112.0m compared to €0.9m during the prior period. This improvement is driven by strong organic growth and cost controls, as well as the effect of the €42.0m prior period loss on disposal of the Brazil business.

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Strong channel growth achieved

In relation to channel development, Retail represented 53%, Foodservice 28% and QSR 19% of total revenue. All channels performed well with substantial organic growth of 19.1% in Retail, 25.9% in QSR and 23.5% in Foodservice. ARYZTA's Retail business continued to increase its market share, QSR growth benefited from restaurant growth and innovation. In Foodservice, growth was supported by continued strong out of home consumption. Volume growth in Q4 was flat reflecting strong comparable growth, coupled with some portfolio optimization to focus on more profitable volume, timing of customer promotional activities and one off QSR contingency supply changes in Europe. Volume outlook for the remainder of 2023 remains positive.

ARYZTA Group organic growth	Q1 2023	Q2 2023	Q3 2023	Q4 2023	July 2023 12 Months
Volume %	4.1%	7.6%	3.0%	-	3.5%
Price %	18.1%	20.5%	19.9%	14.9%	18.2%
Mix %	(0.2)%	0.8%	0.8%	(1.5)%	(0.1)%
Organic growth %	**22.0%**	**28.9%**	**23.7%**	**13.4%**	**21.6%**

Strong free cash flow and ROIC improvements

Free cash flow more than doubled from €44.0m to €109.1m, driven by operating profit growth and higher capital efficiency. The return on invested capital ('ROIC') amounted to 10.2% compared to 6.7% a year ago, enabled by strong organic growth, margin expansion and a solid improvement in working capital. With these improvements, ROIC is above ARYZTA's WACC and is creating shareholder value and on track to achieve our mid-term target.

Deleveraging continued

The group continued to reduce total leverage and net debt which was supported by the strong free cash flow results. Further progress was made simplifying the financing structure following the repayment of the Euro hybrid in the amount of €200m in March 2023. Combined Net debt (including lease liabilities) and hybrid funding at current exchange rates decreased from €1,104.1m at July 2022 to €1,016.5m at July 2023. As of 29 July 2023, the weighted average interest cost of the Group debt financing facilities is 4.1% (2022: 1.8%) and the weighted average maturity of the Group gross term debt is 3.1 years. The Group has actively managed its financing costs in the first 12 months of FY23 through the redemption of the EUR Hybrid and the implementation of interest rate hedging.

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Executive Committee Appointment

ARYZTA announces the appointment of Christophe Toitot to its Executive Committee (EXCO) commencing 2nd October 2023. Christophe has extensive experience in the bakery industry, of which seventeen years have been with ARYZTA. Christophe's current role as Chief Procurement Officer (CPO) has been instrumental in ARYZTA's ability to navigate and manage the risks relating to the significant commodity cost inflation witnessed across the industry over the past two years. Christophe's appointment further strengthens the senior executive management team at ARYZTA and its capabilities to deliver improvement in its business performance.

Sustainability

The aim of ARYZTA's ESG strategy is to be a socially responsible organization leveraging its resources to improve our environmental footprint. ESG has a Board sponsor, who alongside the Nomination and Audit Committees, provides oversight and governance. In addition, dedicated management resources are in place to deliver the Company's sustainability strategy. This strategy has three value creation levers: Our People and Communities, Inspiring Innovation and Environmental Efficiency. ARYZTA aims to bake sustainability into all its products; creating nutritionally improved products from responsibly sourced ingredients whilst significantly reducing its climate impact. This is governed by our established sustainability strategy, which is now incorporated into all business decisions along the value chain.

ARYZTA has formally committed to the Science Based Targets initiative (SBTi) and will publish detailed targets together with our sustainability report as part of our 17-month (extended fiscal year 2022/2023) annual report in March 2024.

Change to fiscal year

ARYZTA is extending the current financial year 2023 to December 2023 to align with calendar year reporting. As a result the annual report for FY 2023 will cover the extended 17 month period to December 2023 when published in March 2024.

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2023 July Interim Report

The ARYZTA 2023 Interim Report and Accounts are available for download from the ARYZTA website https://www.aryzta.com/investor-center/reporting/

2023 July Interim Results Presentation

A printable pdf version of the ARYZTA 2023 interim presentation slides is available to download from the ARYZTA website: https://www.aryzta.com/investor-center/reporting/

Results conference call today at 08:30 CET

Dial in numbers are: Switzerland: 043 456 9986; USA: 1 786 697 3501;
UK: 44 (0) 33 0551 0200; Ireland: 353 1 436 0959
Please quote **ARYZTA** when prompted by the operator.

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

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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, war 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.

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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