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# Annual Report and Accounts 2013

## Letter to Shareholders

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In the five years since ARYZTA was listed, Food EBITA has increased by 134%, Food revenue by 89% and consolidated underlying fully diluted EPS increased by 78%.

The Food Group is substantially repositioned and is geographically and strategically much more balanced. Operationally, it bears little resemblance to the business it was in 2008, due to the three-year ARYZTA Transformation Initiative programme ('ATI') announced in September 2011.

The Group has made excellent progress on creating a customer centric business in North America and has commenced the same programme in Europe where the new Group Enterprise Resource Planning ('ERP') platform will continue to be rolled out during FY 2014.

Revenue growth in FY 2013 was satisfactory in the Food Group, growing 7.6% to a record €3.1bn. EBITA margin expanded by 10bps during the period despite input cost volatility and the Food Group delivered EBITA of €407m. Underlying ROIC expanded from 11.3% to 12.1%, due to the ATI programme, while reported ROIC also expanded from 10.5% to 11.6%. This is encouraging progress in delivering shareholder value.

In addition to the ongoing ATI programme, ARYZTA completed investments in new bakery capacity in Malaysia, which was fully operational during the period, and in Poland, which is being commissioned. ARYZTA also completed the acquisition of Klemme bakery in April 2013. This enhances ARYZTA's capability, capacity and relevance to large customers in Europe and addresses the underrepresentation of the group in this channel. Further capacity expansion was announced in Klemme as part of the strategy to develop this fast growing segment of speciality bakery.

Origin Enterprises recorded an impressive 15% increase in underlying fully diluted EPS despite a challenging year on farm. Origin disposed of its fish protein joint venture and its investment in farming in the Ukraine, thereby releasing more capital than it raised in its IPO in 2007. Origin has announced a €100m capital return to shareholders by way of a tender offer.

Underlying fully diluted EPS increased by 6.8% to 360.3 cent and ARYZTA finished the year conservatively geared and in excellent condition for future growth, both organic and by acquisition.

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### Dividend

The Board recommends a final dividend of CHF 0.6652<sup>1</sup> per share, to be paid on 3 February 2014, if approved at the Annual General Meeting on 10 December 2013.

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### Board membership

At the 2012 AGM, held on 10 December 2012, shareholders confirmed the re-election of Mr. Denis Lucey to the Board of Directors for a further three-year term.

In addition, Mr. Wolfgang Werlé was elected as a new member of the Board of Directors for a three-year term. The biographies of individual Board members are available on pages 30 to 33 in the Corporate Governance report.

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## Letter to Shareholders (continued)

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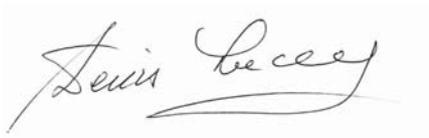
Mr. Hans Sigrist and Mr. William G. Murphy, whose terms of office expired at the 2012 AGM, did not stand for re-election. We would like to take the opportunity to thank them and pay tribute to their service to ARYZTA as members of the Board of Directors.

The Board of ARYZTA AG now consists of two executive directors and seven non-executive directors.

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### Acknowledgement

On behalf of the Board, I would like to acknowledge the talent, hard work and commitment of ARYZTA's management and staff. This is an everyday business and our people are the inspiration to excellence every day. I would also like to thank our customers for their support and loyalty, and our suppliers for their reliability at all times. I believe ARYZTA AG is well positioned to deliver long-term sustainable growth.



**Denis Lucey**  
Chairman, Board of Directors

26 September 2013

<sup>1</sup> Based on EUR 54.05 cent per share converted at the foreign exchange rate of one euro to CHF 1.2308 on 26 September 2013, the date of approval of the ARYZTA financial statements.