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# Annual Report and Accounts 2009

## Letter to Shareholders

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The 2009 financial year has been a significant one for ARYZTA AG ('ARYZTA') representing, as it did, the Group's maiden financial year. ARYZTA commenced trading in August 2008 following the acquisition of IAWS Group plc ('IAWS') and the merger with Hiestand Holding AG ('Hiestand'). IAWS had been a listed company on the Dublin and London Stock Exchanges since 1988 while Hiestand had been listed on the Swiss Stock Exchange since 1997. Therefore, while ARYZTA is only one year old, it already has a proud heritage building on the success of two very entrepreneurial businesses.

ARYZTA now operates from Zurich where its corporate and group finance functions are located. The Group has implemented Swiss Internal Control System ('ICS'), as required by Swiss regulations and is audited by Swiss auditors. In support of clarity in its regulatory regime, the Company changed the status of the listing of its registered shares on the Irish Stock Exchange ('ISE') from primary to secondary effective, 10 March 2009. The primary listing of ARYZTA shares is now on the SIX Swiss Exchange.

ARYZTA is a Swiss AG with assets invested in its food businesses across four continents from Europe to North America through South East Asia to Australia. The Group holds 71.4% of Origin Enterprises plc ('Origin'), an agri-nutrition business listed on the AIM in London and the IEX in Dublin

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### Results

ARYZTA operates in the food business and is particularly fortunate to be in the bakery business. Bakery is everyday food. It is basic and sustainable. The creativity and culinary capabilities of bakery are enormous. It can satisfy basic needs and it can also indulge and delight with affordable luxuries. The aroma of a fresh bakery is comforting and evokes a consumer response everyday. Speciality Bakery is one of the most exciting food categories and for over 10 years these heritage businesses, as listed companies, reported double digit growth each year.

ARYZTA's first year was a particularly challenging one. It was not business as usual. The world economy suffered a major slowdown. Credit from banks became very restricted. Consumer spending slowed as consumers reacted to the unfolding financial crisis. What started as a banking problem quickly became a consumer problem and has evolved into a consumer led recession in most of the markets in which ARYZTA operates. Lower consumer spending impacted many customers during the year. This, combined with the reduced availability of capital, has forced customers to reduce costs and postpone expansion plans. This impacted on revenue growth in ARYZTA which declined progressively in each quarter.

Against the backdrop of a deteriorating macro-economic environment the Group posted a resilient performance for the financial year 2009, increasing underlying fully diluted earnings per share by 16.0% to 234.7 cent\* which represents an underlying net profit of EUR 184.5m\* in the period.

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### Dividend

The Board recommends a final dividend of CHF 0.5324\*\* per share to be paid on 10 December 2009 if approved at the General Meeting on 3 December 2009.

## Letter to Shareholders (continued)

### Development activity

The Grangecastle bakery, distribution and R & D centre was fully commissioned during the year and contributed to the Group's increased operating margin. The project was delivered on budget and on plan. The facility provides the Group with the opportunity to develop the business into new channels in the UK and Ireland.

As part of the ARYZTA Technology Initiative ('ATI'), the Group will be implementing a global Enterprise Resource Planning System ('ERP') to be rolled out over the coming three years. The key objective of this initiative is the delivery of a group wide platform that will enable all of our businesses to operate shared common 'best in class' processes and procedures, the effective implementation of which will improve internal business efficiencies.

### Board changes

On 31 October 2008, Mr. Lyndon Lea resigned from his position on the Board. Mr. Wolfgang Werle stepped down from his position as Vice Chairman and resigned from the Board of Directors on 29 December 2008. On 28 July 2009, Mr. Paul Wilkinson and Ms. Beatrice Dardis resigned from the Board. On behalf of the Board, we would like to thank Lyndon, Wolfgang, Paul and Beatrice for their considerable contribution to the creation and development of ARYZTA.

The Board now consists of 11 directors (3 executive directors and 8 non-executive directors). This reduced number is in keeping with the intention to reduce the size of the Board as outlined in the Company Prospectus.

### Acknowledgement

On behalf of the Board, we 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. We would also like to thank our customers for their support and loyalty and our suppliers for their reliability at all times.

Finally we would like to acknowledge the support of our bankers and finance providers in making ARYZTA AG a reality despite the difficult banking climate.

We believe ARYZTA AG is well positioned to deliver long term sustainable growth.



**Denis Lucey**  
Chairman, Board of Directors



**Owen Killian**  
CEO, Member of the Board  
of Directors

24 September 2009

\* Underlying fully diluted EPS and underlying net profit, are stated here before intangible amortisation and impact of non-recurring items.

\*\* Based on EUR 0.3520 per share converted at the foreign exchange rate of one Euro to CHF 1.5124 on 24 September 2009, the date of approval of the ARYZTA financial statements.