
Full Year Result

for the year ended 31 July 2014

Zurich/Switzerland, 29 September 2014 – ARYZTA AG announces results for the financial year ended 31 July 2014

Key Performance Highlights

Food Group

- Revenue increase of 10.0 % to €3.394 bn.
 - Food Europe increased by 14.0 % to €1,586m.
 - Food North America increased by 8.7 % to €1,587m.
 - Food Rest of World declined by (5.7) % to €221m.
- EBITA increase of 19.6 % to €486m.
 - Food Europe increased by 23.8 % to €230m.
 - Food North America increased by 21.0 % to €230m.
 - Food Rest of World declined by (15.7) % to €26m.
- EBITA margin increased by 110bps to 14.3 %
- Net Debt: EBITDA ratio of 2.45x.

Origin

- Revenue declined by (0.2)% to €1.415 bn.
- Origin Enterprises underlying fully diluted EPS increased by 10.4 % to 57.51 cent.
- Origin dividend increased by 15.9 % to 20.00cent – a payout ratio of 35 %.
- Returned €100m to shareholders via tender offer.
- Net Debt: EBITDA ratio of 0.14x.

Group

- Group revenue increased by 6.8 % to €4.809 bn.
- Group EBITA increased by 19.0 % to €566m.
- Underlying fully diluted net profit increased by 18.3 % to €378m.
- Underlying fully diluted EPS increased by 17.2 % to 422.2 cent.

Commenting on the results, ARYZTA AG Chief Executive Officer Owen Killian said:

“ARYZTA has delivered a strong performance for FY 2014, with an increase of 17.2% in underlying fully diluted EPS in the final year of our three year transformation. Food Group revenue increased by 10.0%, despite an adverse currency movement of (3.7)%. Underlying revenue increased by 2.1% and acquired businesses contributed an excellent 11.6% increase in revenue during the period.

Our alignment with the requirements of major food corporations will facilitate long-term growth, while the creation of ARYZTA Food Solutions will bring value and differentiation to independent customers.

ARYZTA remains financially disciplined and very cash generative, which will support continued investment and sector consolidation.”

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The ARYZTA full year results for the year ended 31 July 2014 are available for download from the ARYZTA website and at the following link:
<http://www.aryzta.com/2014-FullYear-Results>

About ARYZTA

ARYZTA AG ('ARYZTA') is a global food business with a leadership position in speciality bakery. ARYZTA is based in Zurich, 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 the ISE Irish Exchange (SIX: ARYN, ISE: YZA).

ARYZTA is the majority shareholder (68.1 %) in Origin Enterprises plc, which has a listing on the AIM in London and the ESM in Dublin (AIM: OGN, ESM: OIZ).

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Analyst conference call

An analyst call will take place today at 09:00 CET (08:00 BST).

Dial in numbers are: Switzerland: 022 595 4764, Ireland: 01 526 9481,
UK: 0871 700 0331, USA: 1 646 741 2123, International: +44 1452 580733.

Please provide the following code: 95863316 to access the call.

A printable version of the slides will be available to download from the ARYZTA website www.aryzta.com 15 minutes before the call.

A conference call webcast replay will be available from the ARYZTA website www.aryzta.com

Forward looking statement

This document contains forward looking statements which reflect management's 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 and regulatory developments.

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1 ARYZTA Group – Income Statement

in EUR '000	July 2014	July 2013	% Change
Group revenue	4,809,022	4,503,690	6.8%
EBITA	565,807	475,584	19.0%
EBITA margin	11.8%	10.6%	–
Associates and JVs, net	13,392	22,057	–
EBITA incl. associates and JVs	579,199	497,641	16.4%
Finance cost, net	(68,138)	(63,904)	–
Hybrid instrument accrued dividend	(29,548)	(19,898)	–
Pre-tax profits	481,513	413,839	–
Income tax	(78,180)	(69,689)	–
Non-controlling interests	(25,855)	(25,041)	–
Underlying fully diluted net profit	377,478	319,109	18.3%
Underlying fully diluted EPS (cent)	422.2¹	360.3¹	17.2%

¹ The 31 July 2014 weighted average number of ordinary shares used to calculate diluted earnings per share is 89,407,313 (2013: 88,559,475).

² See glossary in section 20 for definitions of financial terms and references used in the financial and business review.

2 ARYZTA Group – Underlying revenue growth

in EUR million	Food Europe	Food North America	Food Rest of World	Total Food Group	Origin	Total Group
Group revenue	1,586.3	1,586.6	220.9	3,393.8	1,415.2	4,809.0
Underlying growth	2.1%	1.3%	7.9%	2.1%	(3.3)%	0.5%
Acquisitions	12.0%	13.0%	–	11.6%	3.1%	8.9%
Currency	(0.1)%	(5.6)%	(13.6)%	(3.7)%	–	(2.6)%
Revenue Growth	14.0%	8.7%	(5.7)%	10.0%	(0.2)%	6.8%

3 ARYZTA Group – Segmental EBITA

in EUR '000	July 2014	July 2013	% Change
Food Group			
Food Europe	230,334	185,990	23.8%
Food North America	230,313	190,286	21.0%
Food Rest of World	25,647	30,419	(15.7)%
Total Food Group	486,294	406,695	19.6%
Origin	79,513	68,889	15.4%
Total Group EBITA	565,807	475,584	19.0%
Associates & JVs, net			
Food JV	–	201	(100.0)%
Origin associates & JVs	13,392	21,856	(38.7)%
Total associates & JVs, net	13,392	22,057	(39.3)%
Total EBITA incl. associates and JVs	579,199	497,641	16.4%

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4 Food Group – Income Statement

in EUR '000	July 2014	July 2013	% Change
Revenue	3,393,783	3,085,517	10.0 %
EBITA	486,294	406,695	19.6 %
EBITA margin	14.3 %	13.2 %	–
JV, net	–	201	–
EBITA incl. JV	486,294	406,896	19.5 %
Finance cost, net	(62,604)	(57,761)	–
Hybrid instrument accrued dividend	(29,548)	(19,898)	–
Pre-tax profits	394,142	329,237	–
Income tax	(65,754)	(57,261)	–
Non-controlling interests	(3,800)	(3,619)	–
Underlying net profit	324,588	268,357	21.0 %

5 Food Group business

ARYZTA's Food Group business is primarily focused on speciality baking, a niche segment of the overall bakery market. Speciality bakery consists of freshly prepared food giving the best value, variety, taste and convenience to consumers at the point of sale. ARYZTA's customer channels consist of a mix of large retail, convenience and independent retail, Quick Serve Restaurants ('QSR') and other foodservice categories.

Total Food Group revenue grew by 10.0 % to €3.4 bn. Underlying revenue growth was 2.1 %, acquisitions added 11.6 % and currency continued to have a negative (3.7 %) impact compared to prior year. Food EBITA increased 19.6 % to €486.3 m, as a result of the improved efficiencies being derived through the ARYZTA Transformation Initiative ('ATI'), which drove business consolidation and increased operating leverage, thereby expanding overall Food Group margins for the year by 110 bps to 14.3 %.

6 Food Europe

Food Europe has leading market positions in the European speciality bakery market. It has a diversified customer base including convenience retail, gas stations, multiple retail, restaurants, catering, hotels, leisure and QSR.

Food Europe revenue grew by 14.0 % to €1.6 bn. Underlying revenues grew 2.1 % during the year, showing strong continued growth in the In Store Bake-off ('ISB') market, as a result of further synergies following the prior year acquisition of Klemme, which was the primary driver of the 12.0 % acquisition-related revenue growth. The impact from currency movements were negligible within the region during the year. Food Europe EBITA increased by 23.8 % to €230.3 m, while EBITA margins expanded by 110 bps to 14.5 %.

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This improved performance reflects the benefits from the reorganisation of the European business into ARYZTA Food Solutions and ARYZTA Bakeries and the benefits derived from the now substantially completed ATI programme. As part of the ATI programme, during the year Food Europe incurred cash non-recurring costs of €40.7 m, with an additional €88.4 m invested in the continued roll-out of the ERP system and other optimisation-related capital projects. A further €100.0 m was invested in a variety of bakery expansion-related capital projects. As a result of these investments, €51.7 m of non-cash asset write-downs were recorded throughout the European business for obsolete distribution, manufacturing and administration assets, due to the closure and/or reduction in activities related to those assets.

7 Food North America

Food North America is a leading player in the speciality bakery market. It has a diversified customer base, including multiple retail, restaurants, catering, hotels, leisure, hospitals, military, fundraising and QSR. ARYZTA is the leader in high-value artisan bakery via La Brea Bakery, which focuses on the premium branded bakery segment. ARYZTA's well-established partnerships with key global QSR customers, which dominate the North American convenience food landscape, provide the Group with a solid customer base from which to further grow market share.

Food North America revenue grew by 8.7% to €1.6 bn. Underlying revenues grew 1.3% during the year, with improved momentum reflecting increased customer volumes during the second half of the year, following particularly challenging trading conditions during the first half of the financial year. The 13.0% acquisition-related revenue contribution is primarily related to the acquisition of both Pineridge Bakery and Cloverhill Bakery during the second half of the year. Pineridge is a top-tier speciality bakery in Canada, while Cloverhill Bakery is a leading manufacturer of individually wrapped Ready-To-Eat ('RTE') snacks in the United States. These acquisitions significantly enlarged ARYZTA's manufacturing footprint in North America, extended its customer access in Canada and its product portfolio in the United States while providing an attractive entry point into the high growth North American snacking market. Unfavourable currency movements also impacted the reported performance by (5.6)% in the region during the year. Food North America EBITA grew by 21.0% to €230.3 m, due to positive underlying revenue growth and a further 150bps margin expansion during the year to 14.5%.

In North America, the cash costs for non-recurring items were €42.7 m, related primarily to severance and staff-related costs, advisory or other acquisition and integration-related costs. An additional €28.0 m was invested in implementing the ERP system within recently acquired businesses and expanding the related system functionality, as well as other bakery network optimisation-related investments. An additional €46.6 m was invested in a variety of bakery footprint expansion initiatives. As a result of these investments, €32.7 m of non-cash asset write-downs were recorded in North America for obsolete distribution, manufacturing and administration assets, due to the closure and/or reduction in activities related to those assets.

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8 Food Rest of World

ARYZTA's operations in the Rest of World include businesses in Australia, Asia, New Zealand and South America. While accounting for less than 10% of the Food Group business, these locations provide attractive future growth opportunities.

Food Rest of World revenues declined by (5.7)% to €220.9m, despite solid underlying revenue growth of 7.9%, as unfavourable currency movements of (13.6)% continue to negatively impact the region. Food Rest of World EBITA declined by (15.7)% to €25.6m and EBITA margins declined by (140)bps to 11.6%, also as the result of unfavourable currency impacts on the cost of finished food products imported from outside the region to service the growing high-end food service channel.

Despite commissioning new bakery capacity during the year and total expansion-related capital investments of €13.8m, the business in the region remains capacity constrained and will continue to require capital allocation to remove capacity bottlenecks and facilitate new revenue growth opportunities. Once commissioned, additional local production capacities will also support reversal of these currency-related margin impacts.

9 ARYZTA Transformation Initiative

In September 2011, the Group announced the ATI programme, a three year plan focused on supply chain optimisation and ERP implementation with the goal of becoming a leading international bakery company, by leveraging ARYZTA's people, capabilities, partnerships and brands.

Prior to embarking on the ATI programme, the ARYZTA Food Group functioned as over 30 independent bakeries and kitchens, serving specific markets or customer segments, with individual marketing approaches, pricing policies and product portfolios.

Progress has continued on ATI during the year and as of 31 July 2014, the ATI programme has been substantially completed. As a result, there is now a single go-to-market sales strategy with an aligned product listing and full visibility of bakery production capacities and customer delivery channels. These changes have been enabled through dedicated management teams and leveraging the capabilities of the single instance ERP platform.

In addition to the ATI programme, following the acquisitions of Pineridge and Cloverhill, the Food Group has also begun to integrate the ERP systems and operational processes of those recently acquired businesses into the existing Food North America network.

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During the three years since the ATI programme announcement, the Food Group has incurred the following amounts:

in EUR '000		ARYZTA Transformation Initiative			
Acquisition, disposal and restructuring-related costs	Cash		Total ATI	Non-cash	Total
Year ended 31 July 2014	83,354	–	83,354	87,357	170,711
Year ended 31 July 2013	82,459	–	82,459	37,355	119,814
Year ended 31 July 2012	77,144	–	77,144	6,333	83,477
Investment capital expenditure		Optimisation-related & ERP	Total ATI	Expansion-related	Total
Year ended 31 July 2014	–	116,452	116,452	160,391	276,843
Year ended 31 July 2013	–	61,462	61,462	111,044	172,506
Year ended 31 July 2012	–	46,643	46,643	42,758	89,401
Investment to date	242,957	224,557	467,514		
Estimated overall ATI investment			460,000		
Estimated Pineridge and Cloverhill integration/investment			70,000		

The financial goal of the ATI investments is to improve the ARYZTA Food Group Underlying ROIC related to the FY 2011 food assets to 15 % by FY 2015. As a result of the successful efforts to date, the improved efficiencies derived from these investments have expanded the overall Food Group margin and positioned the Group well for the continued underlying revenue growth and margin expansion necessary to achieve this measure.

in EUR million	2011	2012	2013	2014
Underlying ROIC				
Underlying net assets	3,004	2,901	2,797	2,915
EBITA & associates/JVs cont.	332	353	364	416
Underlying ROIC	11.1 %	12.2 %	13.0 %	14.2 %
Reported ROIC				
Reported net assets	3,004	3,315	3,447	4,357
EBITA & associates/JVs cont.	332	376	426	524
Reported ROIC	11.1 %	11.3 %	12.4 %	12.0 %

As of 31 July 2014, and for the comparative periods shown, the definition of 'Net Assets' has been refined to be presented net of non-cash deferred tax liabilities on intangible assets from acquisitions (FY14:€247 m, FY11:€252 m). These deferred tax liabilities represent a notional non-cash tax impact, which in turn gave rise to a related increase in goodwill upon acquisition. Therefore, inclusion of these deferred tax liabilities within net assets allows for a direct offsetting of these impacts, so that the net assets used for return on investment calculations more closely approximates the consideration transferred.

This refinement had no impact on the UROIC incremental movements since FY 2011 or on the associated management compensation calculations.

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10 Financial position

ARYZTA's 68.1 % subsidiary and separately listed company, Origin, has separate funding structures, which are financed without recourse to ARYZTA. Origin's net debt amounted to € 11.9m at 31 July 2014 (2013: €29.6m).

As of 31 July 2014, the Food Group's financing facilities, related capitalised upfront borrowing costs, overdrafts and cash balances outstanding were as follows:

Debt Funding	Principal	Maturity	Outstanding in EUR '000
Feb 2014 – Syndicated Bank Loan	CHF 1,977 m	Feb 2019	(748,932)
Feb 2014 – US Private Placement	USD 490 m/EUR 25 m	Feb 2020–Feb 2024	(389,854)
May 2010 – US Private Placement	USD 350 m/EUR 25 m	May 2016–May 2022	(285,610)
Dec 2009 – US Private Placement	USD 200 m	Dec 2021–Dec 2029	(148,920)
Nov 2009 – Swiss Bond	CHF 200 m	Mar 2015	(164,356)
Jun 2007 – US Private Placement	USD 300 m	Jun 2017–Jun 2019	(223,380)
Food Group gross term debt			(1,961,052)
Food Group upfront borrowing costs			15,070
Food Group term debt, net of upfront borrowing costs			(1,945,982)
Food Group finance leases			(268)
Food Group bank overdraft			(251,091)
Food Group cash at bank and in hand			555,262
Food Group net debt			(1,642,079)

Hybrid Funding			
Oct 2010 – Perpetual callable subordinated instrument ¹	CHF 400 m	To be called Oct 2014	(285,004)
April 2014 – Perpetual callable subordinated instrument ¹	CHF 400 m	No maturity – First call date April 2018	(319,442)
Hybrid funding at historical cost, net of associated costs			(604,446)
Hybrid funding fair value adjustment to year-end exchange rates			(52,978)
Hybrid funding			(657,424)

¹ Traded on SIX Swiss exchange. Treated as 100% equity for IFRS and bank covenant purposes and 25% equity for US PP covenant purposes.

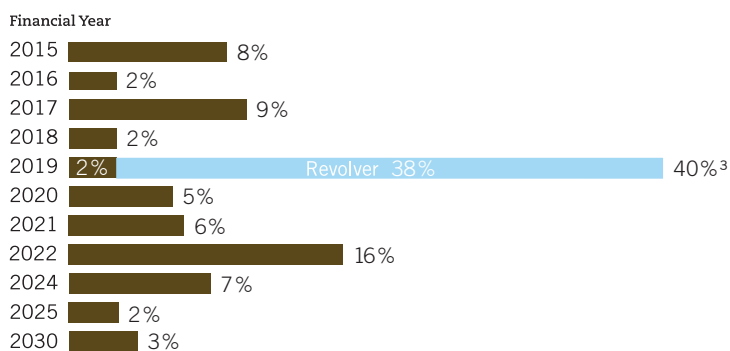
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As of 31 July 2014, the Food Group interest cover was 10.72x (excluding hybrid interest). The weighted average maturity of the Food Group gross term debt was 5.43 years. The weighted average interest cost of Food Group debt financing facilities (including overdrafts) was 3.63%. ARYZTA intends to maintain an investment grade position in the range of 2x – 3x net debt to EBITDA. The Food Group's key financial ratios were as follows:

Net Debt: EBITDA	July 2014	July 2013
Net Debt: EBITDA ¹ (hybrid as equity)	2.45 x	1.57 x
Net Debt: EBITDA ¹ (hybrid as debt)	3.43 x	2.77 x

Food Group Gross Term Debt Maturity Profile (excluding hybrid)²



1 Calculated based on the Food Group EBITDA, including dividend received from Origin, adjusted for the pro forma full-year contribution of Food Group acquisitions.

2 The Food Group term debt maturity profile is set out as at 31 July 2014. Food Group gross term debt at 31 July 2014 is €1.961 bn. Food Group net debt at 31 July 2014 is €1,642.1 m, which also includes overdrafts and finance leases, and is net of cash and related capitalised upfront borrowing costs.

3 Incorporating the drawn amount on the Revolving Credit Facility of €748.9m as at 31 July 2014, which represents 38% of the Food Group gross term debt.

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Food Group cash generation

in EUR '000	July 2014	July 2013
EBIT	362,532	300,053
Amortisation	123,762	106,642
EBITA	486,294	406,695
Depreciation	102,879	93,690
EBITDA	589,173	500,385
Working capital movement	12,372	(3,287)
Working capital movement from debtor securitisation	34,224	(7,911)
Maintenance capital expenditure	(59,970)	(43,675)
Dividends received from Origin	16,388	14,250
Hybrid dividend paid ¹	(29,388)	(16,561)
Interest and income tax paid ¹	(103,375)	(90,954)
Other non-cash (income)/charges	(2,941)	573
Cash flow generated from activities	456,483	352,820
Investment capital expenditure ²	(276,843)	(172,506)
Cash flows generated from activities after investment capital expenditure	179,640	180,314
Underlying net profit	324,588	268,357

Food Group net debt and investment activity

in EUR '000	FY 2014	FY 2013
Food Group opening net debt as at 1 August	(849,228)	(976,283)
Cash flows generated from activities	456,483	352,820
Hybrid instrument proceeds	–	319,442
Origin tender offer proceeds	71,789	–
Net debt cost of acquisitions	(862,792)	(311,609)
Acquisition and restructuring-related cash flows	(105,561)	(86,497)
Investment capital expenditure ²	(276,843)	(172,506)
Dividends paid	(51,146)	(45,999)
Foreign exchange movement ³	(22,682)	62,024
Other ⁴	(2,099)	9,380
Food Group closing net debt as at 31 July	(1,642,079)	(849,228)

1 Hybrid dividends paid have been reclassified and included within Cash generated from activities. This reclassification was made to apply consistent treatment between these cash payments and the associated Hybrid instrument accrued dividend, which is included as an expense within the Group and Food Group underlying income statements.

2 Includes expenditure on intangible assets.

3 Foreign exchange movement for the year ended 31 July 2014 primarily attributable to the fluctuation in the GBP and CAD to Euro rates between July 2013 or the drawdown date and July 2014.

4 Other comprises primarily proceeds from disposal of property, plant and equipment, net of payments for contingent consideration and amortisation of financing costs.

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11 Return on invested capital

in EUR million	Food Europe	Food North America	Food Rest of World	Total Food Group	Origin ²	Total ²
2014						
Group share net assets ¹	1,811	2,303	243	4,357	432	4,789
EBITA & associates/JVs cont. ¹	237	261	26	524	93	617
ROIC	13.1 %	11.3 %	10.6 %	12.0 %	21.5 %	12.9 %
2013						
Group share net assets ¹	1,652	1,556	239	3,447	467	3,914
EBITA & associates/JVs cont. ¹	205	191	30	426	91	517
ROIC	12.4 %	12.2 %	12.7 %	12.4 %	19.4 %	13.2 %

1 See glossary in section 20 for definitions of financial terms and references used.

2 Origin net assets adjusted for the put option liability and fluctuation in average working capital by €171.8m (2013: €144.5m).

3 The Food Group WACC on a pre-tax basis is currently 7.0% (2013: 7.7%).

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12 Net assets, goodwill and intangibles

Group Balance Sheet in EUR '000	Total Group 2014	Total Group 2013
Property, plant and equipment	1,374,010	1,141,847
Investment properties	30,716	22,984
Goodwill and intangible assets	3,690,597	2,905,242
Deferred tax on acquired intangibles	(255,639)	(248,577)
Associates and joint ventures	54,911	45,235
Other financial assets	42,586	39,433
Working capital	(197,394)	(27,656)
Other segmental liabilities	(122,708)	(108,560)
Segmental net assets	4,617,079	3,769,948
Net debt	(1,653,991)	(878,787)
Deferred tax, net	(105,799)	(82,293)
Income tax	(60,152)	(46,570)
Derivative financial instruments	(5,680)	(1,669)
Net assets	2,791,457	2,760,629

Food Group Balance Sheet in EUR '000	Food Group 2014	Food Group 2013
Property, plant and equipment	1,283,584	1,061,200
Investment properties	23,141	15,409
Goodwill and intangible assets	3,539,225	2,775,430
Deferred tax on acquired intangibles	(246,717)	(240,554)
Working capital	(149,277)	(71,589)
Other segmental liabilities	(93,481)	(92,626)
Segmental net assets	4,356,475	3,447,270
Investment in and receivable from Origin	46,515	51,924
Net debt	(1,642,079)	(849,228)
Deferred tax, net	(102,102)	(79,582)
Income tax	(41,019)	(33,342)
Derivative financial instruments	(4,465)	46
Net assets	2,613,325	2,537,088

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13 Proposed dividend

At the Annual General Meeting on 2 December 2014, shareholders will be invited to approve a proposed dividend of CHF 0.7646 (€0.6333) per share. If approved, the dividend will be paid to shareholders on 2 February 2015. A dividend of CHF 0.6652 per share was paid during the year, as approved by shareholders at the Annual General Meeting on 10 December 2013.

14 Origin

Origin is a leading agri-services group focused on integrated agronomy and agri-inputs in the UK, Ireland, Poland and Ukraine.

During September 2013, Origin announced its intention to return up to €100m of capital to shareholders by way of a tender offer. Following approval from shareholders at Origin's extraordinary general meeting on 18 November 2013, Origin completed the Tender Offer in December 2013. ARYZTA participated in this offer by successfully tendering 9.7 million shares in exchange for €71.8m, net of related costs, thereby reducing ARYZTA's shareholding in Origin to 85.3 million shares. As not all Origin shareholders elected to participate in full, this reduced ARYZTA's shareholding in Origin from 68.6% to 68.1%.

Origin reported financial and operating results in line with expectations for the year. The Origin Board has proposed a dividend per ordinary share of €0.20 cent for the year ended 31 July 2014, reflecting a payout ratio of 35%.

Origin's separately published results, which were released on 24 September 2014, are available at www.originenterprises.com.

15 Subsequent Event

Subsequent to year end, during September 2014, the Group announced its intention to repay the CHF 400,000,000 Perpetual callable subordinated instrument funded in October 2010. This repayment is expected to occur in October 2014, in line with the first call date associated with that instrument.

16 Track Record

ARYZTA's market valuation has increased by €4.1 bn over the past five years and has delivered 12.5% CAGR in Underlying fully diluted EPS. In September 2014, ARYZTA was added to the Swiss Leader Index, which comprises the 30 largest and most liquid securities in the Swiss equity market.

In FY 2009, ARYZTA AG acquired IAWS Group Plc (which was listed in FY 1989). Over the 25 years reporting as a publically listed entity, the market capitalisation has increased by €5.9 bn and Underlying fully diluted EPS CAGR of 13.8% (14.8% including dividends) was achieved.

17 Outlook

ARYZTA's medium term outlook is to target underlying revenue growth of 2%–4% per annum, which is expected to convert to underlying fully diluted EPS growth of 4%–6% per annum. Invested capital is expected to further enhance underlying fully diluted EPS by 3%–6% per annum.

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18 Principal risks and uncertainties

The Board and senior management have invested significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Board considers the risks and uncertainties disclosed on page 17 to continue to reflect the principal risks and uncertainties of the Group.

19 Forward looking statement

This report contains forward looking statements, which reflect management's 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 and regulatory developments.

20 Glossary of financial terms and references

'Associates and JVs, net' – presented as profit from associates and JVs, net of taxes and interest, before non-ERP amortisation and the impact of associated non-recurring items.

'EBITA' – presented as earnings before interest, taxation, non-ERP related intangible amortisation; before net acquisition, disposal and restructuring-related costs and fair value adjustments and related tax credits.

'EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation; before net acquisitions, disposal and restructuring-related costs and fair value adjustments and related tax credits.

'ERP' – Enterprise Resource Planning intangible assets include the Food Group SAP and Origin Microsoft Dynamics AX software systems.

'Hybrid instrument' – presented as Perpetual Callable Subordinated Instrument in the Financial Statements.

'Net Assets' – Based on segmental net assets, which excludes all bank debt, cash and cash equivalents and tax balances, with the exception of deferred tax liabilities associated with intangible assets, as those deferred tax liabilities represent a notional non-cash tax impact directly linked to segmental intangible assets recorded as part of a business combination, rather than an actual cash tax obligation.

'Non-controlling interests' – always presented after the dilutive impact of related subsidiaries' management incentives.

'Reported ROIC' – Return On Invested Capital is calculated using pro-forma trailing twelve months segmental EBITA and Profit from associates and JVs ('TTM EBITA') reflecting the full twelve months contribution from acquisitions, divided by the respective Net Assets.

Full Year Result

for the year ended 31 July 2014

‘Underlying earnings’ – presented as reported net profit, adjusted to include the Hybrid instrument accrued dividend as finance cost; before non-ERP related intangible amortisation; before net acquisition, disposal and restructuring-related costs and fair value adjustments and before any non-controlling interest allocation of those adjustments, net of related tax impacts.

The Group utilises the Underlying earnings measure to enable comparability of the results from period to period, without the impact of transactions that do not relate to the underlying business. It is also the Group’s policy to declare dividends based on underlying fully diluted earnings per share, as this provides a more consistent basis for returning dividends to shareholders.

‘Underlying ROIC’ – Underlying Return On Invested Capital is calculated based on the Net Assets of the Food Group business that existed as of 31 July 2011, using currency rates consistent with 2011, excluding net assets and historical EBITA levels of acquisitions completed after 1 August 2011 and adding back asset impairments (unless recovered once the assets are disposed).

Bridge to Group Income Statement for the financial year ended 31 July 2014

in EUR '000	Food Group 2014	Origin 2014	Origin non-controlling interests	ARYZTA Group 2014	ARYZTA Group 2013
Group revenue	3,393,783	1,415,239	–	4,809,022	4,503,690
EBITA	486,294	79,513	–	565,807	475,584
Associates and JVs, net	–	13,392	–	13,392	22,057
EBITA incl. associates and JVs	486,294	92,905	–	579,199	497,641
Finance cost, net	(62,604)	(5,534)	–	(68,138)	(63,904)
Hybrid instrument accrued dividend	(29,548)	–	–	(29,548)	(19,898)
Pre-tax profits	394,142	87,371	–	481,513	413,839
Income tax	(65,754)	(12,426)	–	(78,180)	(69,689)
Non-controlling interests	(3,800)	–	(22,055)	(25,855)	(25,041)
Underlying fully diluted net profit	324,588	74,945	(22,055)	377,478	319,109
Underlying fully diluted EPS (cent)	–	57.51 c ¹		422.2 c ²	360.3 c ²

Underlying net profit reconciliation

in EUR '000	Food Group 2014	Origin 2014	Origin non-controlling interests	ARYZTA Group 2014	ARYZTA Group 2013
Reported net profit³	92,252	63,487	(20,226)	135,513	129,415
Intangible amortisation	123,762	6,277	–	130,039	112,331
Tax on amortisation	(28,710)	(1,438)	–	(30,148)	(31,833)
Share of associate intangible amortisation, net of tax	–	1,548	–	1,548	–
Hybrid instrument accrued dividend	(29,548)	–	–	(29,548)	(19,898)
Net acquisition, disposal and restructuring-related costs and fair value adjustments	170,711	5,649	–	176,360	117,356
Tax on asset write-down and costs arising on integration	(3,879)	(578)	–	(4,457)	10,402
Non-controlling interest portion of acquisition, disposal and restructuring-related costs and fair value adjustments	–	–	(1,616)	(1,616)	1,450
Underlying net profit	324,588	74,945	(21,842)	377,691	319,223
Dilutive impact of Origin management incentives	–	–	(213)	(213)	(114)
Underlying fully diluted net profit	324,588	74,945	(22,055)	377,478	319,109
Underlying fully diluted EPS (cent)	–	57.51 c ¹		422.2 c ²	360.3 c ²

1 Origin FY 2014 underlying fully diluted EPS is calculated using the weighted average number of shares in issue of 130,316,835 (FY 2013: 138,499,155).

2 The 31 July 2014 weighted average number of ordinary shares used to calculate diluted earnings per share is 89,407,313 (2013: 88,559,475).

3 Food Group reported net profit excludes dividend income of €16,388,000 (2013: €14,250,000) from Origin and the gain on Origin tender offer share buyback of €66,568,000.

Group Risk Statement

Principal Risks and Uncertainties

The Board and senior management continue to invest significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Group has formal risk assessment processes in place through which risks and mitigating controls are evaluated. These processes are driven by local management, who are best placed to identify the significant ongoing and emerging risks facing the business. The outputs of these risk assessment processes are subject to various levels of review by Group management and Internal Audit, and a consolidated Risk Map denoting potential frequency, severity and velocity of identified risks, is reviewed by the ARYZTA Board of Directors on an annual basis. Risks identified and associated mitigating controls are also subject to audit as part of operational, financial and health and safety audit programmes.

The key risks facing the Group include the following:¹

- As an international group with substantial operations and interests outside the euro-zone, ARYZTA is subject to the risk of adverse movements in foreign currency exchange rates.
- The Group faces business risks associated with cash and collectables given the current curtailment of credit for all businesses.
- Operational risks facing the Group include issues associated with product contamination and general food scares affecting relevant products.
- Changing dietary trends and the increased emphasis on health and wellness among consumers present both opportunities and risks for the Group.
- A further risk to the Group, in common with most companies, is the risk of failure to address increasing compliance requirements in areas such as health and safety, emissions and effluent control.
- The loss of a significant manufacturing/operational site through natural catastrophe or act of vandalism represents a risk that could, potentially, have a material impact on the Group.
- A significant failure in the accounting, planning or internal financial controls and related systems could result in a material error or fraud.
- Similarly, a significant IT or security system failure could adversely impact on operations.
- The Group faces the challenge of fluctuations in commodity and energy costs.
- The Group faces the risk of a decrease in consumer spending in the current economic climate.
- The Group faces the risk of impairment of its goodwill, brands and intangibles.
- Having grown both organically and through acquisitions, the Group faces risks and challenges associated with managing growth, and ensuring that processes around acquiring and integrating new businesses are robust.
- The Group faces risks associated with the potential loss of key management personnel.
- In the event that the Group breaches a financing covenant it may have to renegotiate its facilities resulting in a higher cost of funds for the Group.
- The loss of a significant supplier as a result of the current economic environment could adversely impact ongoing operations of the business.
- As the Group operates in a competitive industry, it is subject to the risk of the loss of a significant customer.
- The implementation of a Group-wide ERP system requires substantial investment and monitoring of implementation, and would result in significant costs in the event of a failed implementation.

¹ These risks are not listed in order of importance.

Statement of Directors' Responsibilities for the year ended 31 July 2014

The directors are responsible for preparing the Annual Report and the Group consolidated and Company financial statements, in accordance with Swiss law and regulations.

Company law requires the directors to prepare Group consolidated and Company financial statements for each financial year. Under that law, the directors are required to prepare the Group consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS') and the requirements of Swiss law and to prepare the Company financial statements in accordance with Swiss law and the Company's Articles of Association.

This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of the Group consolidated and Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing each of the Group consolidated and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with IFRS, the requirements of Swiss law and the Company's Articles of Association.

They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

On behalf of the Board



Denis Lucey
Chairman, Board of Directors



Owen Killian
CEO, Member of the Board
of Directors

25 September 2014

Group Consolidated Income Statement for the year ended 31 July 2014

in EUR '000	Notes	2014	2013
Revenue	2	4,809,022	4,503,690
Cost of sales		(3,472,022)	(3,279,291)
Gross profit		1,337,000	1,224,399
Distribution expenses		(573,267)	(564,458)
Administration expenses		(327,965)	(296,688)
Operating profit before net acquisition, disposal and restructuring-related costs and fair value adjustments		435,768	363,253
Net acquisition, disposal and restructuring-related costs and fair value adjustments	3	(176,360)	(117,356)
Operating profit		259,408	245,897
Share of profit after tax of associates and joint ventures		11,844	22,057
Profit before financing income, financing costs and income tax expense		271,252	267,954
Financing income		5,233	4,739
Financing costs		(73,371)	(68,643)
Profit before income tax expense		203,114	204,050
Income tax expense		(43,575)	(48,258)
Profit for the year		159,539	155,792
Attributable as follows:			
Equity shareholders		135,513	129,415
Non-controlling interests		24,026	26,377
Profit for the year		159,539	155,792
Earnings per share for the year			
	Notes	2014 euro cent	2013 euro cent
Basic earnings per share	4	120.2	124.3
Diluted earnings per share	4	118.3	123.5

Group Consolidated Statement of Comprehensive Income

for the year ended 31 July 2014

in EUR '000	Notes	2014	2013
Profit for the year		159,539	155,792
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation effects			
– Foreign currency net investments		12,544	(237,352)
– Foreign currency borrowings	6	(28,792)	91,854
– Recycle of foreign exchange gain on settlement of quasi-equity loans		(1,488)	–
– Recycle on disposal of joint venture		–	(3,653)
– Taxation effect of foreign exchange translation movements		(916)	(1,630)
– Share of joint ventures and associates' foreign exchange translation adjustment		–	(2,035)
Cash flow hedges			
– Effective portion of changes in fair value of cash flow hedges		(1,826)	4,941
– Fair value of cash flow hedges transferred to income statement		(2,388)	(1,588)
– Deferred tax effect of cash flow hedges		465	(817)
– Share of joint ventures and associates' gains on cash flow hedges, net of deferred tax		565	339
Total of items that may be reclassified subsequently to profit or loss		(21,836)	(149,941)
Items that will not be reclassified to profit or loss:			
Defined benefit plans			
– Actuarial loss on Group defined benefit pension plans		(1,852)	(3,840)
– Deferred tax effect of actuarial loss		221	356
– Share of associates' actuarial gain/(loss) on defined benefit plans, net of deferred tax		1,959	(4,552)
Deferred tax effect of change in tax rates		(1,415)	(462)
Total of items that will not be reclassified to profit or loss		(1,087)	(8,498)
Total other comprehensive loss		(22,923)	(158,439)
Total comprehensive income/(loss) for the year		136,616	(2,647)
Attributable as follows:			
Equity shareholders of the Company		109,440	(21,913)
Non-controlling interests		27,176	19,266
Total comprehensive income/(loss) for the year		136,616	(2,647)

Group Consolidated Balance Sheet as at 31 July 2014

in EUR '000	Notes	2014	2013
Assets			
Non-current assets			
Property, plant and equipment		1,374,010	1,141,847
Investment properties		30,716	22,984
Goodwill and intangible assets		3,690,597	2,905,242
Investments in associates and joint ventures		54,911	45,235
Other receivables		42,586	39,433
Deferred income tax assets		72,748	71,146
Derivative financial instruments		342	–
Total non-current assets		5,265,910	4,225,887
Current assets			
Inventory		362,469	297,641
Trade and other receivables		614,326	678,845
Derivative financial instruments		1,077	1,821
Cash and cash equivalents	6	694,838	626,922
Total current assets		1,672,710	1,605,229
Total assets		6,938,620	5,831,116

Group Consolidated Balance Sheet (continued)

as at 31 July 2014

in EUR '000	Notes	2014	2013
Equity			
Called up share capital		1,172	1,172
Share premium		773,735	773,735
Retained earnings and other reserves		1,928,798	1,888,112
Total equity attributable to equity shareholders		2,703,705	2,663,019
Non-controlling interests		87,752	97,610
Total equity		2,791,457	2,760,629
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	6	1,898,435	1,157,435
Employee benefits		12,451	22,339
Deferred income from government grants		21,261	25,251
Other payables		73,742	48,190
Deferred income tax liabilities		434,186	402,016
Derivative financial instruments		3,445	2,136
Contingent consideration		7,100	8,570
Total non-current liabilities		2,450,620	1,665,937
Current liabilities			
Interest-bearing loans and borrowings	6	450,394	348,274
Trade and other payables		1,174,189	1,004,142
Income tax payable		60,152	46,570
Derivative financial instruments		3,654	1,354
Contingent consideration		8,154	4,210
Total current liabilities		1,696,543	1,404,550
Total liabilities		4,147,163	3,070,487
Total equity and liabilities		6,938,620	5,831,116

Group Consolidated Statement of Changes in Equity

for the year ended 31 July 2014

31 July 2014 in EUR '000	Share capital	Share premium	Treasury shares	Other equity reserve	Cash flow hedge reserve	Revalua- tion reserve	Share- based payment reserve	Foreign currency trans- lation reserve	Retained earnings	Total share- holders equity	Non controlling interests	Total
At 1 August 2013	1,172	773,735	(56)	604,446	(106)	13,380	8,862	(7,726)	1,269,312	2,663,019	97,610	2,760,629
Profit for the year	-	-	-	-	-	-	-	-	135,513	135,513	24,026	159,539
Other comprehensive (loss)/income	-	-	-	-	(3,523)	-	-	(21,419)	(1,131)	(26,073)	3,150	(22,923)
Total comprehensive (loss)/income	-	-	-	-	(3,523)	-	-	(21,419)	134,382	109,440	27,176	136,616
Release of treasury shares due to exercise of LTIP	-	-	1	-	-	-	-	-	-	1	-	1
Share-based payments	-	-	-	-	-	-	10,597	-	-	10,597	243	10,840
Equity dividends	-	-	-	-	-	-	-	-	(47,898)	(47,898)	-	(47,898)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(10,751)	(10,751)
Dividend accrued on perpetual callable subordinated instrument	-	-	-	-	-	-	-	-	(29,548)	(29,548)	-	(29,548)
Total contributions by and distributions to owners	-	-	1	-	-	-	10,597	-	(77,446)	(66,848)	(10,508)	(77,356)
Origin tender offer share buyback and dilution	-	-	-	-	13	(58)	(5)	100	(1,956)	(1,906)	(26,526)	(28,432)
Total transactions with owners recognised directly in equity	-	-	1	-	13	(58)	10,592	100	(79,402)	(68,754)	(37,034)	(105,788)
At 31 July 2014	1,172	773,735	(55)	604,446	(3,616)	13,322	19,454	(29,045)	1,324,292	2,703,705	87,752	2,791,457

Group Consolidated Statement of Changes in Equity (continued) for the year ended 31 July 2014

31 July 2013 in EUR '000	Share capital	Share premium	Treasury shares	Other equity reserve	Cash flow hedge reserve	Revalua- tion reserve	Share- based payment reserve	Foreign currency trans- lation reserve	Retained earnings	Total share- holders equity	Non controlling interests	Total
At 1 August 2012	1,172	773,735	(57)	285,004	(2,381)	15,403	10,148	140,298	1,199,808	2,423,130	86,225	2,509,355
Profit for the year	-	-	-	-	-	-	-	-	129,415	129,415	26,377	155,792
Other comprehensive (loss)/income	-	-	-	-	2,268	-	-	(148,078)	(5,518)	(151,328)	(7,111)	(158,439)
Total comprehensive (loss)/income	-	-	-	-	2,268	-	-	(148,078)	123,897	(21,913)	19,266	(2,647)
Issue of perpetual callable subordinated instrument	-	-	-	319,442	-	-	-	-	-	319,442	-	319,442
Transfer of share-based payment reserve to retained earnings	-	-	-	-	-	-	(8,699)	-	8,699	-	-	-
Release of treasury shares due to exercise of LTIP	-	-	1	-	-	-	-	-	-	1	-	1
Share-based payments	-	-	-	-	-	-	7,416	-	-	7,416	395	7,811
Equity dividends	-	-	-	-	-	-	-	-	(43,517)	(43,517)	-	(43,517)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,935)	(8,935)
Transfer of revaluation reserve to retained earnings	-	-	-	-	-	(1,993)	-	-	1,993	-	-	-
Dividend accrued on perpetual callable subordinated instrument	-	-	-	-	-	-	-	-	(19,898)	(19,898)	-	(19,898)
Total contributions by and distributions to owners	-	-	1	319,442	-	(1,993)	(1,283)	-	(52,723)	263,444	(8,540)	254,904
Dilution due to vesting of Origin management equity entitlements	-	-	-	-	7	(30)	(3)	54	(687)	(659)	659	-
Non-controlling interest forward contract	-	-	-	-	-	-	-	-	(983)	(983)	-	(983)
Total transactions with owners recognised directly in equity	-	-	1	319,442	7	(2,023)	(1,286)	54	(54,393)	261,802	(7,881)	253,921
At 31 July 2013	1,172	773,735	(56)	604,446	(106)	13,380	8,862	(7,726)	1,269,312	2,663,019	97,610	2,760,629

Group Consolidated Cash Flow Statement for the year ended 31 July 2014

in EUR '000	Notes	2014	2013
Cash flows from operating activities			
Profit for the year		159,539	155,792
Income tax expense		43,575	48,258
Financing income		(5,233)	(4,739)
Financing costs		73,371	68,643
Share of profit after tax of associates and joint ventures		(11,844)	(22,057)
Net gain on acquisitions, disposals and dilution	3	–	(20,249)
Asset write-downs and fair value adjustments	3	87,357	51,595
Other restructuring-related payments in excess of current-year costs		(21,996)	(7,804)
Depreciation of property, plant and equipment	2	99,595	92,852
Amortisation of intangible assets	2	141,110	120,215
Recognition of deferred income from government grants		(4,249)	(2,644)
Share-based payments		9,017	7,344
Special pension contribution on wind-up		(6,500)	–
Other		(7,437)	(2,527)
Cash flows from operating activities before changes in working capital		556,305	484,679
Increase in inventory		(45,679)	(27,167)
Decrease/(increase) in trade and other receivables		22,873	(23,071)
Increase in trade and other payables		80,932	35,562
Cash generated from operating activities		614,431	470,003
Interest paid		(68,766)	(70,544)
Interest received		1,688	2,530
Income tax paid		(48,124)	(40,014)
Net cash flows from operating activities		499,229	361,975

Group Consolidated Cash Flow Statement (continued) for the year ended 31 July 2014

in EUR '000	Notes	2014	2013
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		4,863	10,230
Purchase of property, plant and equipment			
– maintenance capital expenditure		(72,042)	(51,568)
– investment capital expenditure		(174,271)	(112,195)
Grants received		214	79
Acquisitions of subsidiaries and businesses, net of cash acquired	5	(875,784)	(311,609)
Disposal of joint ventures and associates	3	94,002	18,260
Purchase of intangible assets		(105,541)	(66,432)
Dividends received		2,278	6,908
Net receipts from/(contributions to) associates and joint ventures		(423)	21
Contingent consideration paid		(4,190)	(9,114)
Net cash flows from investing activities		(1,130,894)	(515,420)
Cash flows from financing activities			
Net proceeds from issue of perpetual callable subordinated instrument		–	319,442
Gross drawdown of loan capital	6	915,004	27,405
Gross repayment of loan capital	6	(124,761)	(53,950)
Capital element of finance lease liabilities	6	(836)	(2,177)
Dividend paid on perpetual callable subordinated instrument		(29,388)	(16,561)
Origin tender offer paid to non-controlling interest and related costs		(28,432)	–
Dividends paid to non-controlling interests		(10,751)	(8,935)
Dividends paid to equity shareholders		(47,898)	(43,517)
Net cash flows from financing activities		672,938	221,707
Net increase in cash and cash equivalents		41,273	68,262
Translation adjustment		5,058	(20,875)
Net cash and cash equivalents at start of year		392,476	345,089
Net cash and cash equivalents at end of year	6	438,807	392,476

Notes to the Group Consolidated Financial Statements

for the year ended 31 July 2014

1 Basis of preparation

ARYZTA AG (the 'Company') is domiciled and incorporated in Zurich, Switzerland. The consolidated financial statements for the year ended 31 July 2014 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as the 'Group'), and show the Group's interest in associates and joint ventures using the equity method of accounting.

The financial information included on pages 19 to 38 of this News Release has been extracted from the ARYZTA Group financial statements for the year ended 31 July 2014, which are subject to approval by the shareholders at the General Meeting on 02 December 2014.

The Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'). These policies have been consistently applied to all years presented, unless otherwise stated. In the preparation of these Group consolidated financial statements, the Group has applied all standards that were effective for accounting periods beginning on or before 1 August 2013. The following standards and interpretations, issued by the International Accounting Standards Board ('IASB') and the IFRS Interpretations Committee, are effective for the first time in the current financial year and have been adopted by the Group:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 (Revised) – Separate Financial Statements
- IAS 28 (Revised) – Investments in Associates and Joint Ventures
- Amendment to IFRS 7 – Disclosures – offsetting financial assets and financial liabilities
- Amendment to IAS 19 – Employee benefits
- Improvements to IFRSs (2011)

While the above standards and interpretations adopted by the Group modify certain presentation and disclosure requirements, these requirements are not significantly different than information presented as part of the 31 July 2013 year-end financial statements and have no material impact on the consolidated results or financial position of the Group.

The consolidated financial information is presented in Euro, rounded to the nearest thousand, unless otherwise stated.

The principal euro foreign exchange currency rates used by the Group for the preparation of these consolidated financial statements are as follows:

Currency	Average 2014	Closing 2014	Average 2013	Closing 2013
CHF	1.2250	1.2169	1.2204	1.2339
USD	1.3601	1.3430	1.2996	1.3280
CAD	1.4590	1.4611	1.3080	1.3644
GBP	0.8291	0.7933	0.8303	0.8630

Notes to the Group Consolidated Financial Statements (continued)

for the year ended 31 July 2014

2 Segment information

2.1 Analysis by business segment

l) Segment revenue and result in EUR '000	Food Europe		Food North America		Food Rest of World		Total Food Group		Origin		Total Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Segment revenue¹	1,586,275	1,391,525	1,586,560	1,459,805	220,948	234,187	3,393,783	3,085,517	1,415,239	1,418,173	4,809,022	4,503,690
Operating profit before net acquisition, disposal and restructuring related costs and fair value adjustments²	167,067	135,483	176,031	141,287	19,434	23,283	362,532	300,053	73,236	63,200	435,768	363,253
Net acquisition, disposal and restructuring related costs and fair value adjustments ² (note 3)	(92,441)	(68,019)	(75,330)	(51,795)	(2,940)	-	(170,711)	(119,814)	(5,649)	2,458	(176,360)	(117,356)
Operating profit	74,626	67,464	100,701	89,492	16,494	23,283	191,821	180,239	67,587	65,658	259,408	245,897
Share of profit after tax of associates and joint ventures	-	-	-	201	-	-	-	201	11,844	21,856	11,844	22,057
Profit before financing income, financing cost and income tax expense	74,626	67,464	100,701	89,693	16,494	23,283	191,821	180,440	79,431	87,514	271,252	267,954
Financing income ³							2,762	2,040	2,471	2,699	5,233	4,739
Financing costs ³							(65,366)	(59,801)	(8,005)	(8,842)	(73,371)	(68,643)
Profit before income tax expense as reported in Group Consolidated Income Statement							129,217	122,679	73,897	81,371	203,114	204,050

1 There were no significant intercompany revenues between business segments.

2 Certain central executive and support costs have been allocated against the operating profits of each business segment.

3 Finance income/(costs) and income tax expense are managed on a centralised basis for the Food Group and separately for Origin. Therefore, these items are not allocated between business segments for the purposes of presenting information to the Chief Operating Decision Maker.

Notes to the Group Consolidated Financial Statements (continued)

for the year ended 31 July 2014

II) Segment assets in EUR '000	Food Europe		Food North America		Food Rest of World		Total Food Group		Origin		Total Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Segment assets excluding investments in associates and joint ventures	2,315,520	2,162,369	2,770,263	1,894,380	310,814	307,428	5,396,597	4,364,177	675,521	682,382	6,072,118	5,046,559
Investments in associates and joint ventures and related financial assets	-	-	-	-	-	-	-	-	97,497	84,668	97,497	84,668
Segment assets	2,315,520	2,162,369	2,770,263	1,894,380	310,814	307,428	5,396,597	4,364,177	773,018	767,050	6,169,615	5,131,227

Reconciliation to total assets as reported in the Group Consolidated Balance Sheet

Derivative financial instruments							847	1,329	572	492	1,419	1,821
Cash and cash equivalents							555,262	501,438	139,576	125,484	694,838	626,922
Deferred income tax assets							68,938	66,642	3,810	4,504	72,748	71,146
Total assets as reported in Group Consolidated Balance Sheet							6,021,644	4,933,586	916,976	897,530	6,938,620	5,831,116

III) Segment liabilities in EUR '000	Food Europe		Food North America		Food Rest of World		Total Food Group		Origin		Total Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Segment liabilities	504,389	510,371	467,559	338,119	68,174	68,417	1,040,122	916,907	512,414	444,372	1,552,536	1,361,279

Reconciliation to total liabilities as reported in Group Consolidated Balance Sheet

Interest-bearing loans and borrowings							2,197,341	1,350,666	151,488	155,043	2,348,829	1,505,709
Derivative financial instruments							5,312	1,283	1,787	2,207	7,099	3,490
Current and deferred income tax liabilities							212,059	179,566	26,640	20,443	238,699	200,009
Total liabilities as reported in Group Consolidated Balance Sheet							3,454,834	2,448,422	692,329	622,065	4,147,163	3,070,487

Notes to the Group Consolidated Financial Statements (continued)

for the year ended 31 July 2014

IV) Other segment information in EUR '000	Food Europe		Food North America		Food Rest of World		Total Food Group		Origin		Total Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Depreciation	49,254	43,929	35,710	34,688	9,252	8,866	94,216	87,483	5,379	5,369	99,595	92,852
ERP amortisation	4,515	2,069	4,148	4,138	–	–	8,663	6,207	2,408	1,677	11,071	7,884
Amortisation of other intangible assets	63,267	50,507	54,282	48,999	6,213	7,136	123,762	106,642	6,277	5,689	130,039	112,331
Capital expenditure												
– Property, plant and equipment	145,909	82,739	83,965	35,375	21,060	44,858	250,934	162,972	11,688	7,964	262,622	170,936
– Intangibles	71,176	46,270	27,579	14,529	433	1,781	99,188	62,580	3,018	6,121	102,206	68,701
Total capital expenditure	217,085	129,009	111,544	49,904	21,493	46,639	350,122	225,552	14,706	14,085	364,828	239,637

2.2 Analysis by geography

in EUR '000	Europe		North America		Rest of World		Total Group	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue by geography ¹	3,001,514	2,809,698	1,586,560	1,459,805	220,948	234,187	4,809,022	4,503,690
Assets by geography	3,088,538	2,929,419	2,770,263	1,894,380	310,814	307,428	6,169,615	5,131,227
IFRS 8 non-current assets ²	2,375,882	2,177,166	2,530,613	1,717,422	286,325	260,153	5,192,820	4,154,741

1 Revenues from external customers attributed to the Group's country of domicile, Switzerland, are 5.0% (2013: 4.9%) of total Group revenues. Revenues from external customers attributed to material foreign countries are United States 26.8% (2013: 29.1%), United Kingdom 24.4% (2013: 26.9%) and Germany 12.2% (2013: 9.5%). For the purposes of this analysis, customer revenues are allocated based on geographic location of vendor. As is common in this industry, the Group has a large number of customers, and there is no single customer with a share of revenue greater than 10% of total Group revenue.

2 Non-current assets as reported under IFRS 8, Operating Segments, include all non-current assets as presented in the Group Consolidated Balance Sheet, with the exception of deferred taxes and derivative financial instruments. Non-current assets attributed to the Group's country of domicile, Switzerland, are 7.4% of total Group non-current assets (2013: 8.9%). Non-current assets attributed to material foreign countries are: United States 33.8% (2013: 28.3%), Canada 13.7% (2013: 11.7%) and Germany 13.6% (2013: 16.2%).

Notes to the Group Consolidated Financial Statements (continued)

for the year ended 31 July 2014

3 Net acquisition, disposal and restructuring-related costs and fair value adjustments

in EUR '000	Notes	Food Europe		Food North America		Food Rest of World		Total Food Group		Origin		Total Group	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Acquisition-related costs	3.1	(2,566)	(3,427)	(4,668)	(2,063)	–	–	(7,234)	(5,490)	(1,124)	–	(8,358)	(5,490)
Net gain/(loss) on acquisition, disposals and dilution	3.2	–	–	–	(705)	–	–	–	(705)	–	20,954	–	20,249
Restructuring-related costs and fair value adjustments													
Asset write-downs		(51,751)	(23,228)	(32,666)	(13,149)	(2,940)	–	(87,357)	(36,377)	–	(8,612)	(87,357)	(44,989)
Fair value adjustments of investment properties		–	(273)	–	–	–	–	–	(273)	–	(6,333)	–	(6,606)
Severance and other staff-related costs		(24,369)	(23,179)	(22,801)	(15,460)	–	–	(47,170)	(38,639)	(3,065)	(3,227)	(50,235)	(41,866)
Contractual obligations		(316)	(82)	(1,229)	(5,278)	–	–	(1,545)	(5,360)	–	–	(1,545)	(5,360)
Advisory and other costs		(13,439)	(17,830)	(13,966)	(15,140)	–	–	(27,405)	(32,970)	(1,460)	(324)	(28,865)	(33,294)
Total restructuring-related costs and fair value adjustments	3.3	(89,875)	(64,592)	(70,662)	(49,027)	(2,940)	–	(163,477)	(113,619)	(4,525)	(18,496)	(168,002)	(132,115)
Total acquisition, disposal and restructuring-related costs and fair value adjustments		(92,441)	(68,019)	(75,330)	(51,795)	(2,940)	–	(170,711)	(119,814)	(5,649)	2,458	(176,360)	(117,356)

3.1 Acquisition-related costs

During the year ended 31 July 2014 the Group incurred acquisition-related costs of €8,358,000 (2013: €5,490,000). These costs primarily related to Food Group acquisition-related activities and include share purchase tax, due diligence and other professional services fees.

3.2 Gain/(loss) on disposal of interest in joint ventures and associate (financial year 2013)

During the year ended 31 July 2013, the Food Group completed the disposal of its interest in a joint venture, previously held as part of the Food North America segment. Consideration received on disposal was €1,941,000, which was less than the investment carrying value of €2,646,000 at the time, resulting in a loss of €705,000.

During financial year 2013, Origin agreed to dispose of its 50 % interest in Welcon to its joint venture partner, Austevoll Seafoods ASA, for cash consideration of NOK 740 million. As all conditions were fulfilled by 31 July 2013, the transaction, along with the consideration receivable in the amount of €94,002,000 were reflected in the financial statements for the year ended 31 July 2013. As these proceeds were in excess of the €73,873,000 carrying value of the investment, the transaction resulted in a gain on

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

disposal of €20,631,000, net of foreign exchange gains recycled from other comprehensive income of €3,653,000 and disposal-related costs of €3,151,000. The transaction was completed during August 2013 and these proceeds were received in full, as shown in the Group consolidated cash flow statement for the year ended 31 July 2014.

During financial year 2013, Continental Farmers Group was acquired by United Farmers Holding Company. As a result, Origin no longer has an investment in Continental Farmers Group. Consideration on disposal was €16,910,000, which was in excess of Origin's carrying value of the investment of €16,587,000, resulting in a gain on disposal of €323,000.

3.3 Restructuring-related costs and fair value adjustments

During financial year 2014, progress has continued on the Food Group ATI programme to integrate or rationalise existing business assets in order to enable optimised manufacturing and business support throughout the Group. As of 31 July 2014, the ATI program has been substantially completed, other than the continuing integration of acquisitions completed during the second half of the fiscal year. Origin has also continued to progress on its own separate business transformation programme during the year. As a result of these programmes the Group has recognised costs, including providing for amounts as required by IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', in the Group Consolidated Income Statement as follows:

Asset write-downs

The Group incurred €87,357,000 (2013: €44,989,000) of asset write-downs during the year. These amounts relate to the write-down of certain distribution, manufacturing and administration assets, due to the closure and/or reduction in activities related to those assets, due to those obsolete assets having been replaced as part of the Food Group integration and rationalisation programme.

Fair value adjustments

During the year ended 31 July 2013, the Group incurred €6,606,000 of fair value adjustments related primarily to the carrying value of Origin investment properties. These prior year adjustments were based on independent valuations and were the result of the Irish property market decline, lack of transactions, restricted bank financing for property-related deals, generally difficult economic environment, and in particular the indication that the value of development land in regional areas was converging to that of agricultural land. No further material fair value adjustments were incurred during the year ended 31 July 2014.

Severance and other staff-related costs

The Group incurred and provided for €50,235,000 (2013: €41,866,000) in severance and other staff-related costs during the year. These primarily related to costs associated with employees whose service was discontinued following certain rationalisation decisions throughout the Group and to the continued evaluation and optimization of the manufacturing and distribution footprint across the various Food North America and Food Europe business locations.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

Contractual obligations

The operational decisions made as a result of the Group's integration and rationalisation projects triggered early termination penalties and resulted in certain operational contracts becoming onerous. The Group incurred total costs of €1,545,000 (2013: €5,360,000) during the year to either exit or provide for such onerous contractual obligations.

Advisory costs and other costs

During the year ended 31 July 2014, the Group incurred €28,865,000 (2013: €33,294,000) in other costs related directly to the integration and rationalisation programs. These costs are composed principally of restructuring-related advisory costs, site restoration costs, costs associated with establishing shared service centres for centralisation of certain administrative functions and other incremental costs directly attributable to the integration and rationalisation programs.

Notes to the Group Consolidated Financial Statements (continued)

for the year ended 31 July 2014

4 Earnings per share

	2014	2013
	in EUR '000	in EUR '000
Basic earnings per share		
Profit attributable to equity shareholders	135,513	129,415
Perpetual callable subordinated instrument accrued dividend	(29,548)	(19,898)
Profit used to determine basic earnings per share	105,965	109,517
Weighted average number of ordinary shares	'000	'000
Ordinary shares outstanding at 1 August ¹	88,120	88,038
Effect of exercise of equity instruments during the year ²	24	67
Weighted average number of ordinary shares used to determine basic earnings per share	88,144	88,105
Basic earnings per share	120.2 cent	124.3 cent

	2014	2013
	in EUR '000	in EUR '000
Diluted earnings per share		
Profit used to determine basic earnings per share	105,965	109,517
Effect on non-controlling interests share of reported profits, due to dilutive impact of Origin management equity entitlements ³	(186)	(116)
Profit used to determine diluted earnings per share	105,779	109,401
Weighted average number of ordinary shares (diluted)	'000	'000
Weighted average number of ordinary shares used to determine basic earnings per share	88,144	88,105
Effect of equity-based incentives with a dilutive impact ²	1,263	454
Weighted average number of ordinary shares used to determine diluted earnings per share ⁴	89,407	88,559
Diluted earnings per share	118.3 cent	123.5 cent

1 Issued share capital excludes treasury shares.

2 The change in the equity instruments with a dilutive impact is due to continued vesting of management share-based incentives, offset by the impact of incentives exercised during the year, which are now included in the weighted average number of ordinary shares used to determine basic earnings per share.

3 Reflects the dilutive impact of equity entitlements granted to Origin senior management under the Origin Plan. These equity entitlements dilute the Group's share of Origin profits available as part of its diluted earnings per share calculation.

4 The 31 July 2014 weighted average number of ordinary shares used to calculate diluted earnings per share is 89,407,313 (2013: 88,559,475).

Notes to the Group Consolidated Financial Statements (continued)

for the year ended 31 July 2014

In addition to the basic and diluted earnings per share measures required by IAS 33, Earnings per Share, as calculated above, the Group also presents an underlying fully diluted earnings per share measure, in accordance with IAS 33 paragraph 73. This additional measure enables comparability of the Group's underlying results from period to period, without the impact of transactions that do not relate to the underlying business. It is also the Group's policy to declare dividends based on underlying fully diluted earnings per share, as this provides a more consistent basis for returning dividends to shareholders.

As shown below, for purposes of calculating this measure, the Group adjusts reported net profit by the following items and their related tax impacts:

- includes the perpetual callable subordinated instrument accrued dividend as a finance cost, as already included in the calculation of basic and diluted earnings per share;
- excludes intangible amortisation, except ERP intangible amortisation;
- excludes net acquisition, disposal and restructuring-related costs and fair value adjustments; and
- adjusts for the impact of dilutive instruments on non-controlling interests share of adjusted profits.

	2014	2013
	in EUR '000	in EUR '000
Underlying fully diluted earnings per share		
Profit used to determine basic earnings per share	105,965	109,517
Amortisation of non-ERP intangible assets (notes 2)	130,039	112,331
Tax on amortisation of non-ERP intangible assets	(30,148)	(31,833)
Share of associate intangible amortisation, net of tax	1,548	–
Net acquisition, disposal and restructuring-related costs and fair value adjustments (note 3)	176,360	117,356
Tax on net acquisition, disposal and restructuring-related costs and fair value adjustments	(4,457)	10,402
Non-controlling interest portion of acquisition, disposal and restructuring-related costs and fair value adjustments	(1,616)	1,450
Effect on non-controlling interests share of adjusted profits due to dilutive impact of Origin management equity entitlements ³	(213)	(114)
Underlying fully diluted net profit	377,478	319,109
Weighted average number of ordinary shares used to determine basic earnings per share	88,144	88,105
Underlying basic earnings per share	428.3 cent	362.2 cent
Weighted average number of ordinary shares used to determine diluted earnings per share	89,407	88,559
Underlying fully diluted earnings per share	422.2 cent	360.3 cent

Notes to the Group Consolidated Financial Statements (continued)

for the year ended 31 July 2014

5 Business combinations

Acquisitions in financial year 2014

During the year ended 31 July 2014, the Group completed the 100% acquisitions of Cloverhill Bakery, a leading manufacturer of individually wrapped Ready-To-Eat snacks in the United States and Pineridge Bakery, a top-tier speciality bakery in Canada, as well as multiple other smaller acquisitions, by acquiring all outstanding shares of these individual entities.

The details of the net assets acquired and goodwill arising from these business combinations are set out below. The goodwill arising on these business combinations is attributable to the skills and talent of the in-place work-force and the synergies expected to be achieved from integrating the acquired operations into the Group's existing businesses.

in EUR '000	Cloverhill	Pineridge	Other	Provisional fair values
Provisional fair value of net assets acquired:				
Property, plant and equipment	67,308	30,134	43,248	140,690
Intangible assets	223,368	87,577	60,573	371,518
Inventory	8,654	9,619	14,402	32,675
Trade and other receivables	12,406	8,147	8,937	29,490
Trade and other payables	(33,570)	(27,253)	(16,863)	(77,686)
Employee benefits	–	–	(22)	(22)
Finance leases	(24)	–	–	(24)
Deferred income tax	(9,722)	(24,580)	(9,234)	(43,536)
Income tax payable	(1,094)	(2,191)	(2,390)	(5,675)
Net assets acquired	267,326	81,453	98,651	447,430
Goodwill arising on acquisitions	245,405	136,968	68,119	450,492
Consideration	512,731	218,421	166,770	897,922
Satisfied by:				
Cash consideration	516,078	218,885	147,112	882,075
Cash acquired	(3,347)	(2,757)	(187)	(6,291)
Net cash consideration	512,731	216,128	146,925	875,784
Contingent consideration	–	2,293	4,061	6,354
Put option liability	–	–	15,784	15,784
Total consideration	512,731	218,421	166,770	897,922

The net cash outflow on these acquisitions during the year is disclosed in the Group Consolidated Cash Flow Statement as follows:

in EUR '000	Total
Cash flows from investing activities	
Cash consideration	882,075
Cash acquired	(6,291)
Net cash consideration	875,784

Costs of €8,358,000 related to the acquisitions were charged to the net acquisition, disposal, and restructuring-related costs and fair value adjustments in the Group Consolidated Income Statement during the year ended 31 July 2014.

Notes to the Group Consolidated Financial Statements (continued)

for the year ended 31 July 2014

The impact of these business combinations during the year on the Group Consolidated Income Statement is set out in the following table:

in EUR '000	Total
Revenue	256,010
Profit for the year	9,281

If these acquisitions had occurred on 1 August 2013, management estimates that the consolidated revenue would have been €5,124,807,000 and profit for the year would have been €171,321,000. In making this determination, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisitions had occurred on 1 August 2013.

For the identification and estimation of the fair value of the intangibles acquired as part of these acquisitions, ARYZTA was assisted by a non-audit independent appraisal firm. The identified intangibles acquired primarily related to customer relationships, which were valued using the income approach method.

The fair values presented in this note are based on provisional valuations, due to the complexity of the transactions.

6 Analysis of net debt

in EUR '000	1 August 2013	Cash flows	Non-cash movements	Translation adjustment	31 July 2014
Cash	626,922	61,230	–	6,686	694,838
Overdrafts	(234,446)	(19,957)	–	(1,628)	(256,031)
Cash and cash equivalents	392,476	41,273	–	5,058	438,807
Loans	(1,269,976)	(790,243)	(3,253)	(28,792)	(2,092,264)
Finance leases	(1,287)	836	(24)	(59)	(534)
Net debt	(878,787)	(748,134)	(3,277)	(23,793)	(1,653,991)
Split of net debt in EUR '000	1 August 2013	Cash flows	Non-cash movements	Translation adjustment	31 July 2014
Food Group net debt	(849,228)	(767,523)	(2,646)	(22,682)	(1,642,079)
Origin net debt	(29,559)	19,389	(631)	(1,111)	(11,912)
Net debt	(878,787)	(748,134)	(3,277)	(23,793)	(1,653,991)

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

7 Proposed dividend

At the Annual General Meeting on 2 December 2014, shareholders will be invited to approve a proposed dividend of CHF 0.7646 (€0.6333) per share. If approved, the dividend will be paid to shareholders on 2 February 2015. A dividend of CHF 0.6652 per share was paid during the year, as approved by shareholders at the Annual General Meeting on 10 December 2013.

8 Post balance sheet events – after 31 July 2014

Subsequent to year end, during September 2014, the Group announced its intention to repay the CHF 400,000,000 Perpetual callable subordinated instrument funded in October 2010. This repayment is expected to occur in October 2014, in line with the first call date associated with that instrument.

As of 25 September 2014, the date of preliminary approval of the Group consolidated financial statements by the Board of Directors, there have been no other material significant events that would require adjustment or disclosure within the Group consolidated financial statements.