ARYZTA AG

News Release

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# €800 million capital raise in the best interest of all ARYZTA stakeholders

## ARYZTA reaffirms capital raise plan and recommends shareholders vote in favour of all resolutions at AGM on 1 November 2018

**Zurich/Switzerland, 11 October 2018**

ARYZTA AG ("ARYZTA" or the "Group") has today published, on its website, the invitation and agenda for its forthcoming Annual General Meeting (AGM) to be held on 1 November 2018. In addition, ARYZTA reaffirms its intention to raise €800m of equity capital to reduce excessive debt levels, strengthen its balance sheet and provide the required liquidity and working capital funding to deliver on its multi-year turnaround plan.

The Board of Directors unanimously believes that the capital raise is in the best interest of all stakeholders and is the financing option and transaction which has the highest probability of success for ARYZTA and its shareholders. The Board's proposed capital raise is fully underwritten which significantly reduces execution risk and, subject to shareholder approval and satisfaction of the other conditions to the underwriting as previously disclosed, can be completed within the shortest possible timeframe; approximately three weeks from the date of the AGM.

The Board of Directors unanimously recommends that shareholders vote in favour of the capital increase resolution at the AGM in addition to all other resolutions being proposed as they intend to do in respect of their own shareholdings.

Shareholders who wish to vote at the Group's AGM can only do so if they are a registered shareholder as of 18 October 2018. We urge all shareholders to register in time to ensure they are allowed to vote. Registration details are set out in the AGM invitation available on the ARYZTA website at: https://www.ARYZTA.com/investor-centre/annual-general-meeting/

The final amount of the capital increase to be proposed at the AGM, the exact number of the shares to be issued and the final offer price to be proposed to the shareholders for their approval at the meeting will be determined by the Board of Directors no later than on the day prior to the AGM, and will be communicated no later than on the morning of 1 November 2018.

### Capital Raise I Background & Context

The planned capital raise follows a detailed review of ARYZTA's capital structure, with the assistance of independent financial advisors, and took into consideration the following:

**High Leverage**: As at 31 July 2018, the end of the FY2018 financial year, the Group was highly leveraged at a senior debt level with a ratio of Net Debt to Underlying EBITDA of over five times[1]. Total capital structure leverage, which includes the Group's hybrid instruments, is significantly higher at over seven times[2].

**Liquidity Needs:** ARYZTA requires additional capital to address the medium-term liquidity needs of the business including: funding upcoming debt maturities; addressing the significant net working capital volatility within the business; and the implementation of Project Renew.

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## Unanimous Support of Board

The Board of Directors are unanimous in their view that a capital raise of €800 million is required to deliver on the turnaround recovery plan; and is in the best interests of all ARYZTA stakeholders. The proceeds of the capital raise will, specifically, be used to re-pay debt of approximately €500 million; provide additional working capital funding; and provide the necessary €150 million funding to execute Project Renew.

Following the €800 million capital raise, total capital structure leverage would remain above five times[3] but the Board of Directors believes that a strengthened balance sheet with a better debt maturity profile; and additional liquidity and working capital funding, provides the Group with the time and financial flexibility to deliver on its multi-year turnaround plan; and, will enable ARYZTA to maximise the value of its non-core asset disposals for further net leverage reduction.

## Capital Raise to Mitigate Risk

In the absence of a successful capital raise, ARYZTA is subject to significant commercial, operating and financial risk; and, inter alia, may be unable to implement its Project Renew efficiency programme as planned; may have insufficient liquidity and working capital to sustain its business in the medium-term; and may face difficulties in meeting applicable covenants as soon as 31 October 2019, the additional test date agreed with the senior banks under the amendment agreement as communicated in our press release dated 11 September 2018.

## Gary McGann, ARYZTA Chairman, commented:

"The Board has put forward a detailed, multi-year turnaround plan which is in the best interest of all ARYZTA stakeholders. The Group has an unsustainable capital structure and, in the absence of an €800 million capital raise, ARYZTA will be unable to fully implement this plan, put the business back on a profitable growth path and rebuild value for all shareholders.

We are resolute in our belief that an adequately capitalised and properly positioned ARYZTA will, in time, be a successful and sustainable business with attractive prospects."

1. Senior net leverage ratio of 5.1x: Gross Term Debt of €1,875m net of Cash of €342m, divided by Underlying EBITDA of €302m. Covenant-based Net Debt to EBITDA ratio as at 31 July 2018 was 3.83x.

2. Total capital structure leverage ratio of 7.7x: Gross Term Debt of €1,875m plus Hybrid Instruments of €801m net of Cash of €342m, divided by Underlying EBITDA of €302m.

3. Total capital structure leverage ratio of 5.1x: Gross Term Debt of €1,875m plus Hybrid Instruments of €801m net of Cash of €342m and net proceeds of the €800m capital raise, divided by Underlying EBITDA of €302m.

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## AGM Information

Details of the 2018 ARYZTA AGM are available on our website:
https://www.ARYZTA.com/investor-centre/annual-general-meeting/.

## Annual Report

The ARYZTA 2018 Report and Accounts for the financial year ended 31 July 2018 are available for download from the ARYZTA website and at the following link:
https://www.aryzta.com/investor-centre/results-and-reports/.

## Media Enquiries:

Jonathan Neilan/Melanie Farrell, FTI Consulting
Tel: +353 1 765 0886/0883
aryzta@fticonsulting.com

Yves Boeni, Hirzel.Neef.Schmid.Counselors AG
Tel: +41 43 344 42 42
yves.boeni@konsulenten.ch

## 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 main securities market of The Irish Stock Exchange plc, trading as Euronext Dublin (SIX: ARYN, ISE: YZA).

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In member states of the European Economic Area ("**EEA**") (each, a "**Relevant Member State**"), this announcement and any offer if made subsequently is directed only at persons who are "qualified investors" within the meaning of the Prospectus Directive ("**Qualified Investors**"). For these purposes, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in a Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

The distribution of this announcement may be restricted by law in certain other jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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This announcement may include statements that are, or may be deemed to be, "forward- looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's business, results of operations, financial position, liquidity, prospects, growth or strategies. Forward-looking statements speak only as of the date they are made. Each of the Company, Merrill Lynch International, UBS AG, Credit Suisse AG, J.P. Morgan Securities plc, HSBC Bank plc, Mizuho International plc, Coöperatieve Rabobank U.A., Crédit Agricole Corporate and Investment Bank, N M Rothschild & Sons Limited, Goodbody and Davy expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statement contained in this announcement whether as a result of new information, future developments or otherwise.

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Rothschild & Co. has been appointed independent financial adviser to provide financial advice to the Company.

Goodbody Stockbrokers UC ("Goodbody") acts as Irish sponsor and broker to the Company and has been appointed as financial adviser to provide financial advice to the Company in relation to certain matters.

J&E Davy ("Davy") has been appointed as financial adviser to provide financial advice to the Company in relation to certain matters.

Goodbody, which is regulated in Ireland by the Central Bank, is acting exclusively for the Company and for no-one else in connection with the matters referred to in this announcement and will not be responsible to any person other than the Company for providing the protections afforded to clients of Goodbody, nor for providing advice in relation to the matters referred to herein. Neither Goodbody nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Goodbody in connection with the matters referred to in this announcement, or otherwise.

Davy, which is regulated in Ireland by the Central Bank, is acting exclusively for the Company and for no-one else in connection with the matters referred to in this announcement and will not be responsible to any person other than the Company for providing the protections afforded to clients of Davy, nor for providing advice in relation to the matters referred to herein. Neither Davy nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Davy in connection with the matters referred to in this announcement, or otherwise.