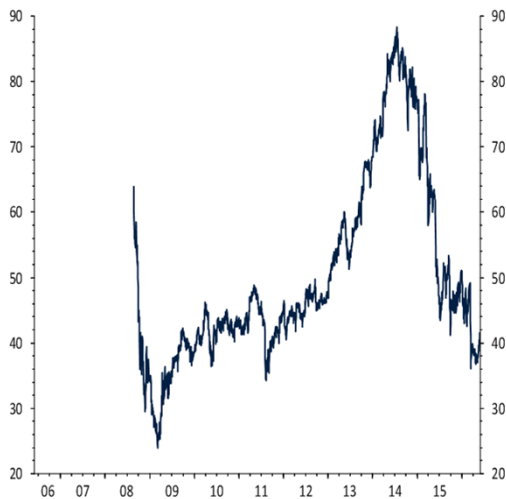


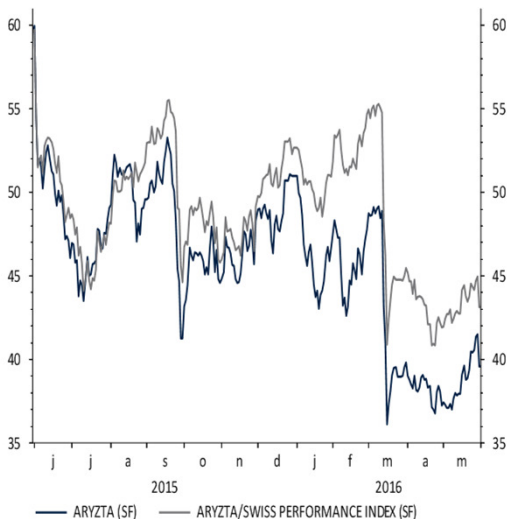
Stock information

Price	31.05.2016	CHF	39.56
Capitalisation		CHF (mn)	3'632
Average volume (000/day)			517
52 weeks High / Low			59.95 / 36.12
ISIN			CH0043238366
Bloomberg Code			ARYN SE

10 years performance



1 year relative performance



Relative and absolute performances

In %	Absolute	Relative *
1 month	6.2	2.5
3 months	-17.2	-24.9
YTD	-21.3	-19.1
2015	-33.0	-35.7
2014	13.6	0.6

*compared to the Swiss Performance Index (SPI)

Description

The Swiss industrial bakery Hiestand was taken over in 2008 by the Irish agro group IAWS to form Aryzta. The company specialized in par-baked frozen products which have essentially 3 advantages: they are sold freshly cooked to the end customer; the required equipment does not take much space on the point of sale; losses from unsold products are minimal as items are cooked in small batches all day long. Aryzta was hit hard during the 2008/2009 crisis because of its exposure to countries such as Ireland and the United Kingdom and because of the high proportion of its sales to restaurants, hotels and convenience stores which all suffered steep decreases of activity. The management reacted by a stream of acquisitions aimed at improving the geographical and segment footprints. The firm reinforced its presence in the USA, the emerging countries and Germany. Moreover, It has become a large supplier of bread and bakery to fast food chains and supermarkets, two less cyclical segments. In 2015, Aryzta sold its 69% stake in Origin, a diversified agro group listed in Ireland.

Investment case

The management has been remarkably stable and had a good track record until 2014-2015. The investor community has become uncomfortable with the management because of the lack of organic growth and a frenzy of acquisitions, which have not been properly explained or, which have not been communicated at all. The company strategy has become unclear.

A participation of 49% was acquired in 2015 in Picard, a French deepfrozen food retailer. Picard has no obvious synergy with the bakery business. According to the management, the firm is transforming itself from an industrial international bakery into a speciality food company.

Data per share (EUR, except dividend in CHF)

	2013	2014	2015	2016e	2017e
Earnings	1.24	1.18	5.57	2.15	2.36
Variation	-17.5%	-4.2%	371.1%	-61.5%	9.8%
Earnings (IBES)	1.24	1.18	5.57	3.49	3.69
P/E	34.0	49.7	11.1	16.7	15.2
P/B	1.4	1.9	1.7	1.1	1.1
P/FCF	18.7	20.8	-82.4	14.0	11.1
Dividend	0.67	0.76	0.66	0.71	0.78
Pay-out ratio	28%	31%	7%	30%	30%
Dividend yield	1.3%	1.1%	0.9%	1.8%	2.0%

Strengths

- Leader in its markets; consolidator in a fragmented industry.
- Strong cash flow generation (quite low investments needs).

Weaknesses

- Sensitivity to raw material prices.
- Weak corporate governance

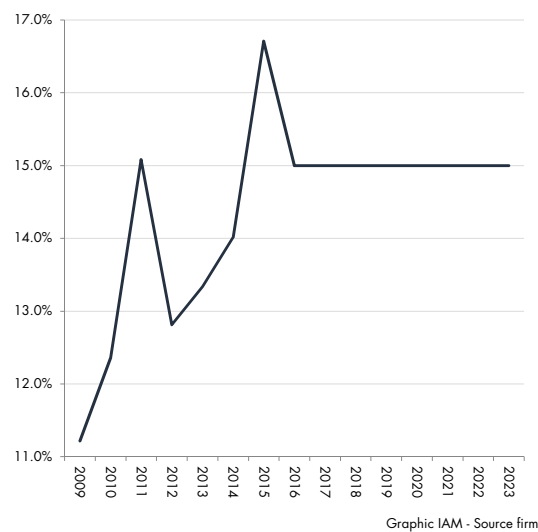
Opportunities

- Global trend of eating more outside of home (sandwiches) and of eating more bread in countries which do not have a bread culture.
- Appeal of the par-baked technique.

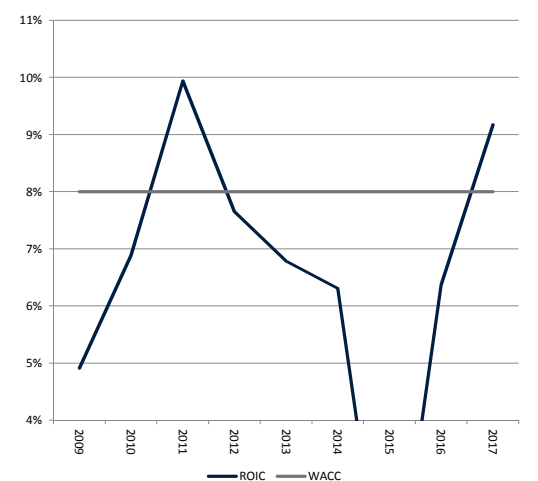
Threats

- Dependence on some large clients such as McDonalds or Aldi.
- Integration risks after a series of large acquisitions.

EBITDA margin

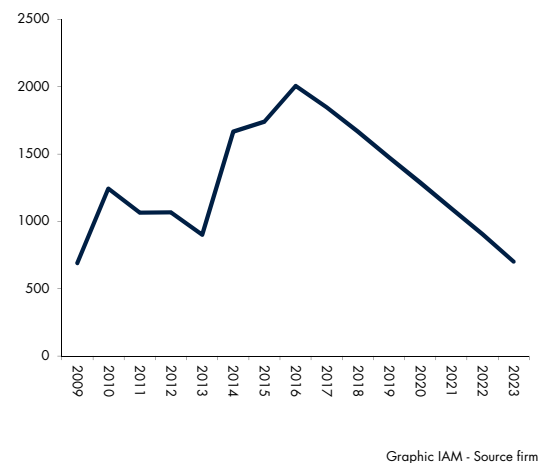


ROIC



* Emerging Markets excluding skilled occupations

Net debt (millions eur)



Key figures (mn EUR), Dec 31st

	2013	2014	2015	2016e	2017e
Earnings	4'504	4'809	3'820	3'729	3'672
variation	7.0%	6.8%	-20.6%	-2.4%	-1.5%
Direct cost of services	3'279	3'472	3'117		
Marketing and admin costs	564	573	168		
EBITDA	339	359	181	388	386
EBIT	246	259	66	250	242
Earnings before taxes	204	203	-19	147	169
Net earnings	156	160	532	193	212
Minorities	26	24	8	1	1
Shareholders earnings	129	136	525	192	211
Current assets	1'605	1'673	1'112	613	664
net fixed asset	4'226	5'266	5'533	5'748	5'623
Total assets	5'831	6'939	6'645	6'361	6'287
Equity	2'663	2'704	3'204	2'889	2'926
Working capital	201	-24	163	-319	-256
Net debt	533	1'211	1'668	1'934	1'775
Operating cash flow	362	499	283	428	447
Capex	164	246	350	199	159
Free cash flow to shareholders	198	253	-67	229	289

Performance ratio

	2013	2014	2015	2016e	2017e
Operating margin	5.5%	5.4%	1.7%	6.7%	6.6%
Net margin	0.0%	0.0%	0.0%	0.0%	0.0%
Equity yield	0.0%	0.0%	0.0%	0.0%	0.0%
NWC / Sales	4.5%	-0.5%	4.3%	-8.5%	-7.0%
Net debt / EBIT	2.2	4.7	25.3	7.8	7.3
Net debt / Equity	0.2	0.4	0.5	0.7	0.6
Depreciation / PPE	8.1%	7.2%	7.4%	8.7%	8.9%
Capex / D&A	176%	247%	306%	143%	110%
Capex / Sales	3.6%	5.1%	9.2%	5.3%	4.3%
Free cash flow / Net earnings	1.5	1.9	-0.1	1.2	1.4

Peers (in CHF)

Name	Cap.	P/E current	P/E year +1	Div Yield	Perf YTD
ARYZTA	3'632	10.3	9.7	0.0%	-21.3%
BARRY CALLEBAUT	6'449	28.1	22.9	1.2%	8.6%
TIGER BRANDS	73'658	17.0	15.2	2.8%	12.2%
GRUPO BIMBO 'A'	253'700	31.1	25.4	0.0%	18.7%

Shareholders

Free float	100.0%
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Management

Chairman: Denis Lucey
CEO: Owen Killian
CFO: Patrick McEniff

Segments contribution

	2013	2014	2015	2016e	2017e
Sales					
Food	3'086	3'394	3'820	3'729	3'672
Food Europe	1'392	1'586	1'647	1'680	1'713
Food N America	1'460	1'587	1'942	1'806	1'716
Food ROW	234	221	231	243	243
Origin	1'418	1'415	0	0	0
EBITDA					
Food	500	589	638	559	551
Food Europe	232	284	275		
Food N America	229	270	327		
Food ROW	39	35	36		
Origin	100	85	0	0	0