



 EUROPASTRY®

Your business, in the best hands

Annual report
2014

“Our strength lies in teamwork, making wise decisions and sharing responsibility”

Pere Gallés
Founder of Europastry

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Building Europastry together

In 2014 we laid the foundations for what we want to become in the next few years. We have substantially increased our investments in order to continue reinventing our product portfolio and our presence in new markets. Over the last year we have opened our plant in Istanbul and started work on our new plants in Oldenzaal (the Netherlands) and New Brunswick (United States). Once finished, the three factories together will equate to an investment of 64 million Euros. We hope to generate a total of 350 new jobs after one year in operation, for a total production capacity of 46,000 tonnes/year. Taken together, these figures demonstrate the true dimensions of the changes we are implementing.

In the context of a market characterised by the concentration of operators, competitive pressure is increasing all the time. At Europastry we have decided to follow the path of innovation as our primary strategy. We have improved our product portfolio by understanding what our customers want and removing anything that does not add value, while replicating and taking inspiration from new product trends that we see in other markets, and working openly with our suppliers and customers. In addition, we have created flexible structures to be able to rapidly respond to gaps in the market and we have taken advantage, in an original way, of the opportunities offered by this supplier-and-customer ecosystem.

Innovation is not only the key to product development. It also forms part of the services we offer to our customers, as well as the processes that they include (production, administration, logistics...). In 2014 we also continued to advance in these areas, especially those connected with new technologies. Is there a reason why the digital revolution has not yet reached the bread-making industry?

It is also our obligation to ensure that Europastry continues to advance its business commitments to be able to contribute to improving the wealth of the society that welcomes us and to maintaining a sustainable balance in our environment. In this sense, in 2014 we generated activity to a value of 331 million in taxes, purchases from suppliers and Social Security contributions.

At Europastry we are proud to be the first company in the sector to remain in the hands of its founding family. Our passion - the energy that motivates our team - is to continue transforming the bread-making industry. On this basis, our objectives for 2015 are even more ambitious. Our commitment is to continue our daily efforts in the search for business excellence.

Many thanks to you all.

Jordi Gallés
Executive President



“At Europastry we have decided to follow the path of innovation as our primary strategy.”

Europastry, leading manufacturer of frozen bakery



Mission and values

Europastry's mission is to lead the transformation of the bread-making industry, based on the use of refrigeration technologies.

Our strategy is directed towards long-term objectives. Our team has outstanding industry experience, and they are passionate about being a part of one of the leading firms in the frozen bakery industry.

Innovation

Innovation is what we like best. It's in our DNA. Since the beginning, the company has pioneered the market launch of ranges such as part-baked bread, pre-proofed pastries, baked and frozen pastries.

Service + Ease

We provide a wide range of solutions that simplify the work of our customers. This ease of operations, as well as being the ultimate result of excellent service, is also the unique advantage of our products.

Health + Commitment

People who put their trust in our products every day are motivated by their awareness of a healthy diet, so we pay close attention to this during the development stage of any new type of product.

Our business areas (by value)



BREAD
53%



PASTRIES
45%



PATISSERIE
1%



READY MEALS
1%

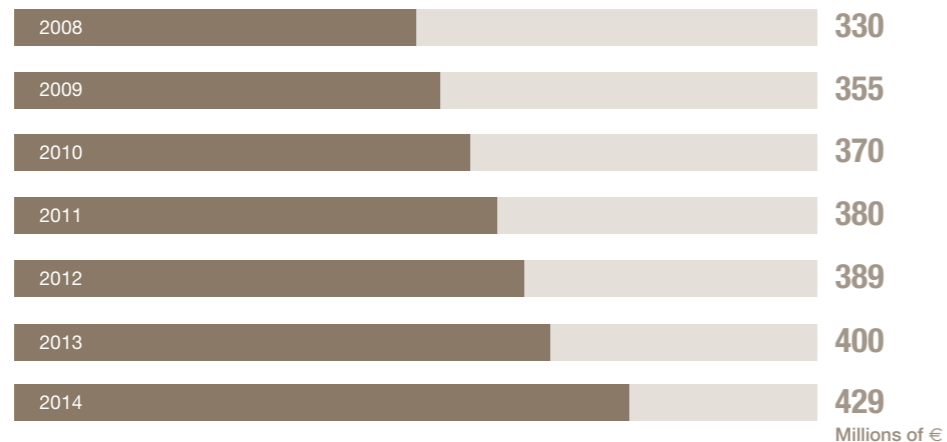
2014 data - Europastry Total



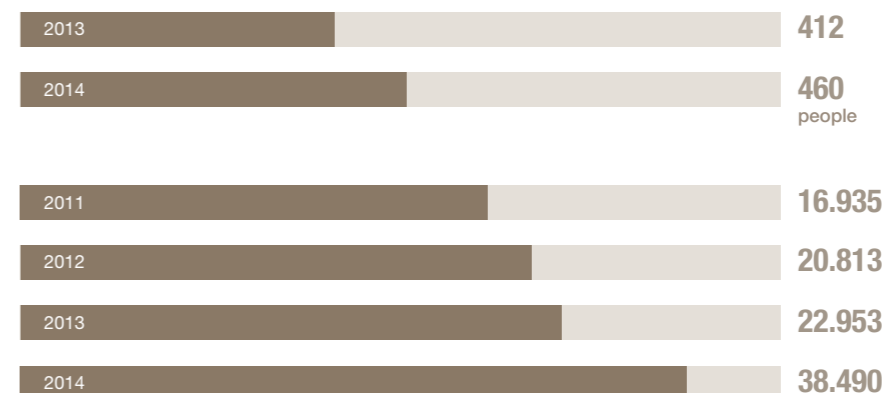
Sustained growth over the years



Net sales



Millions of €



Evolution of recruitment

Evolution of investment

Millions of €

Europastry, a global company



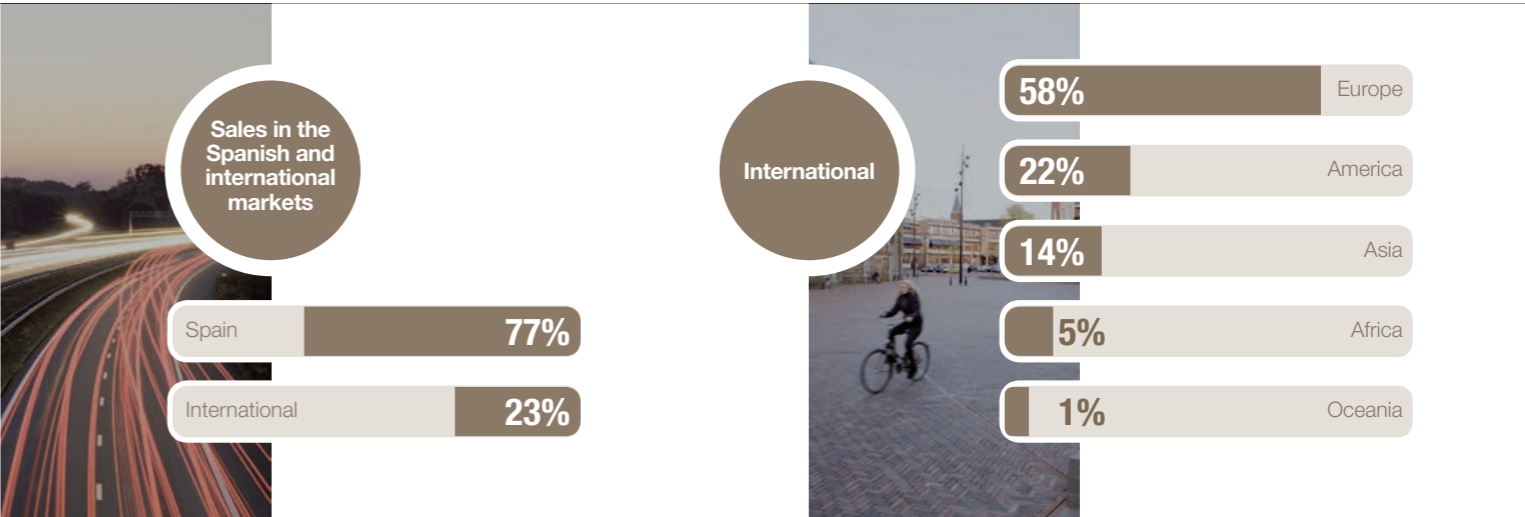
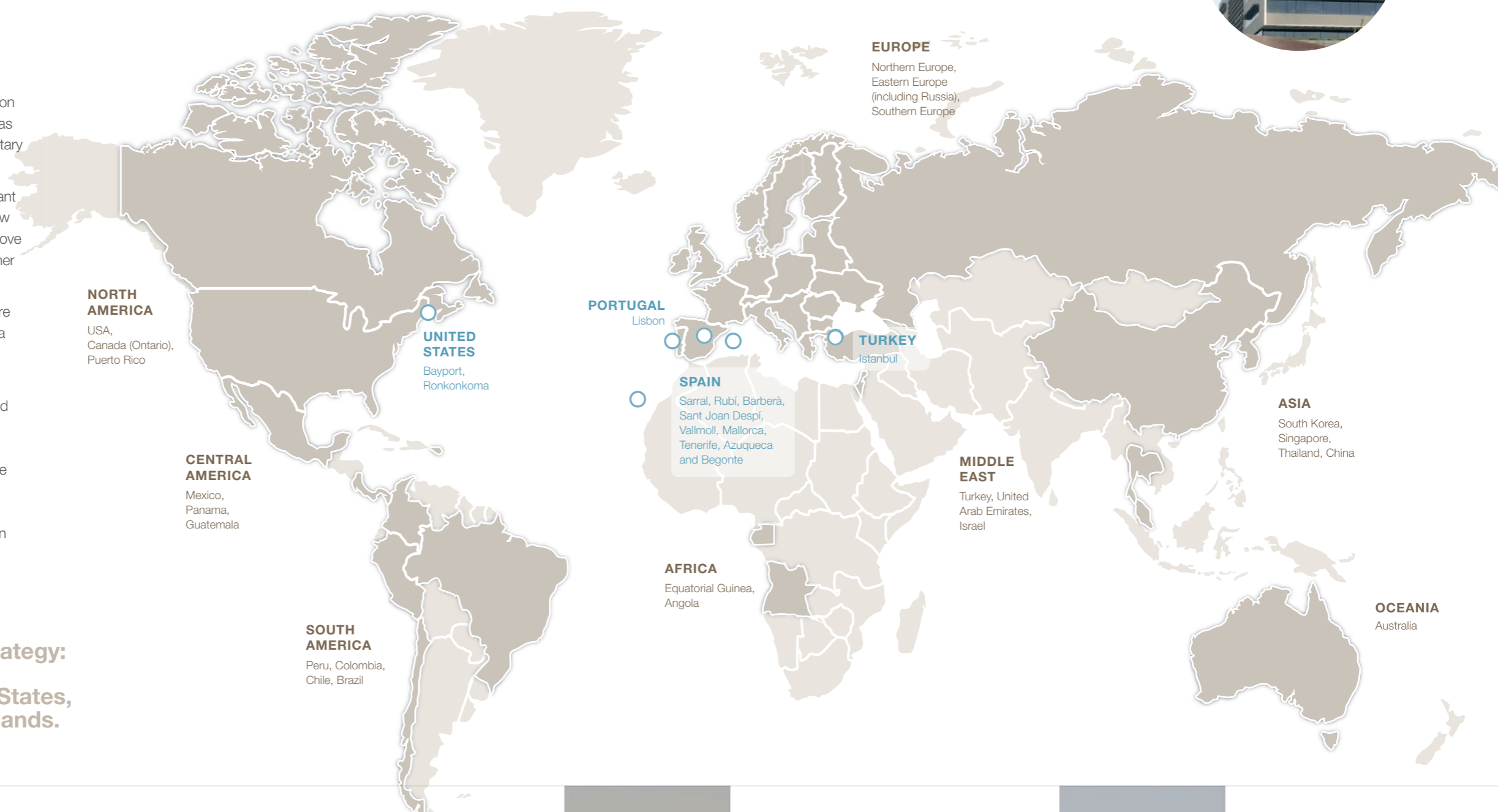
The business began its internationalisation process more than 15 years ago, and has developed to the point of having proprietary production facilities in different markets.

In 2014 construction began at a new plant in New Brunswick (New Jersey). The new centre will allow us to increase and improve the current production capacity of Wenner Bakery for part-baked bread.

New ranges of pastries and breads were launched in Turkey in September, with a total capacity of 17 tonnes.

As for the development of the central European market, Europastry has started work on a new plant in Oldenzaal (the Netherlands). Logistically speaking, it is an optimum location, given that there are more than 150 million people living less than 500 km away and it is less than 2 hours from Rotterdam, the largest port in Europe.

A new stage in our internationalisation strategy: proprietary production facilities in the United States, Turkey and the Netherlands.



Food safety



JOAN QUÍLEZ
Director of Technology



Our commitment to quality and our policy on ingredients

Europastry's production plants are certified in food safety according to the British Retail Consortium (BRC) standard, which ensures not only compliance with legal regulations (APPCC, traceability and food hygiene), but also with other standards that go beyond the minimal legal requirements. As such, we have adapted to the specific and rigorous food safety requirements requested by our customers, and we have even been certified by their own quality systems.

In 2014 we obtained the "7th NAOS [[Nutrición, Actividad Física y Prevención de la Obesidad (Nutrition, Physical Activity and the Prevention of Obesity)] Strategy Prize for Best Business Initiative" awarded by the Agency for Consumption, Food Safety and Nutrition, a subsidiary body of the Ministry of Health, Social Services and Equality. This award recognises the positive impact on public health of our "Low-salt, potassium-enriched breads" project.



Every plant has a five-stage management system in place, which aims to create consistently better-organised work spaces that are tidier and cleaner. Among other objectives, this aims to guarantee the integrity of the product. We also have an exhaustive microbiological control plan for raw materials and end products, in order to guarantee both compliance with legal standards, as well as our customers' own specific standards. Our internal microbiology laboratory is certified by ENAC [Entidad Nacional de Acreditación (National Accreditation Entity)] with accreditation no. 842/LE1751. We likewise follow a waste and contaminants control plan.

A strict quality control protocol

We periodically carry out risk evaluations of our suppliers. Different parameters are evaluated according to a plan managed by our own team of auditors who demand continuous improvement in our production system. In line with our meticulous quality control system through every phase of the production process, we have implemented a new database system (SAIGOL), capable of managing the technical specifications of the raw materials for correct traceability management and to comply with legal specifications and those of our customers.

Maximum food safety guarantee

We have placed particular emphasis on risk management regarding the presence of allergens because of the strict requirements of some customers and based on our willingness to adapt to the strict regulations of the United States Food and Drug Administration (FDA).



All of these activities are complemented by a continuous training plan for our workforce, since we understand that the preparation and involvement of people is key to the concept of food safety.

Food safety, above all



All our plants are BRC certified.

The facility in Rubí has the following certifications:
- IFS Food Safety Certificate.
- ISO 14001:2004 Quality Management Certificate.
- OHSAS 18001:2007 Environment.
- Halal for Dots, doughnuts and muffins.

FACE certification for gluten-free products.

Bio Certified (organic products) of some items made in Palma de Mallorca.

Kosher certification for the Caprice Viennoiserie line.

Our internal testing laboratory is accredited by ENAC with accreditation no. 842/LE1751.

Supporting energy efficiency

(First four months of 2014 compared with the first four months of 2013)



Savings in kWh **1.138.818**

Ratio kg CO₂/kWh **0,33**

Savings in kg CO₂ **375.810**

Trends in bread



Bread only contains flour, water, salt and yeast. They are simple ingredients that, nevertheless, retain huge subtleties of flavour. Europastry has taken on the eternal challenge of extracting the full potential of wheat, seeking artisan methods to discover everything this cereal can achieve through its development process and long fermentation, achieving intense aromas and flavours, with a light and fluffy crumb and a thin, crisp crust that form part of our daily lives. It is impossible to do without a flavour that appears so simple, and yet has such nuanced complexity.

The future of bread lies in its past

The growth experienced by artisan bread has meant that it is no longer a trend, but a reality and above all, a necessity. The growing demand for breads with the characteristic flavour, scent and aroma of traditional bread has challenged the industry, which has been obliged to create operations that enable us to work with very moist doughs that require long fermentation.

The increased demand for artisan bread has led to an evolution in working practices.

Initially, the focus was on how to make the baker's work easier, and how to make their working schedule more flexible. From there, fast bread-making processes were devised, along with frozen doughs, which allowed large quantities of bread to be made in the shortest time possible, and/or at any time of day. What they were forgetting was that the consumer does not mind what time of day bread is made or whether production is labour-intensive, but that the bread that they are going to eat should awaken their appetite with its intense aroma and encourage them to eat more because of its irresistible flavour.



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JORDI CABALLERO
R&D Bread

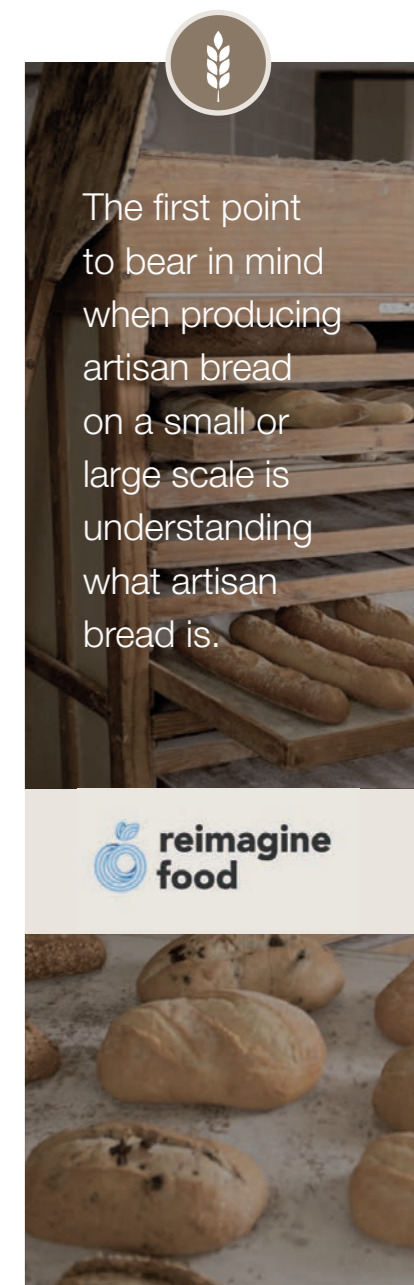


The first point to bear in mind when producing artisan bread on a small or large scale is understanding what artisan bread is.

Due to previous bread production processes, the term "artisan" is associated with manual work, in small quantities, forgetting that in Ancient Greece there were already large-scale communal ovens. In this respect, when talking about artisan bread, we are referring to the characteristics and integrity of the bread, as well as the use of natural ingredients and long fermentation times.

On the clear understanding that the concept of artisan bread is not connected with manual work, but with how to develop each stage of the process, we can start to look at how to mechanise the production of artisan bread. This mechanisation process started many years ago with the invention of the kneading machine and particularly with kneading methods, which must respect the characteristics of the dough. In this sense, **Bread-Making Best Practice [Buenas Prácticas de Panificación, BPP] seeks to preserve the integrity of the flour and to promote the benefits of fermentation at each stage of the process.**

In 2014 Europastry became part of Reimagine Food, a project that is founded on the innovation, industry and new technologies capable of turning Barcelona into the Silicon Valley of food. To date, Reimagine Food has signed up 49 of the 100 best start-ups related to food and technology on a global scale. This collaboration will allow us to be associated with the best industry experts so we can continue to be innovators and pioneers. **We want to provide our customers with added value, with innovative recipes for sandwiches that provide nutritional value according to the type of diet, from athletes, coeliacs or diabetics, through to vegetarians or paleo.**



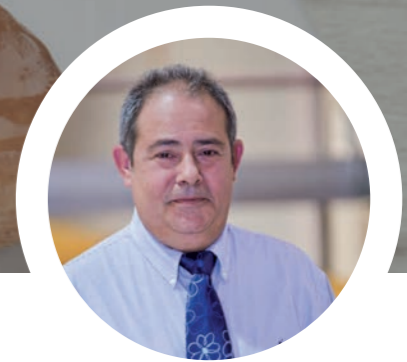
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 **reimagine food**

Trends in pastries



ALBERTO ALONSO
R&D Pastries



Constantly adapting to new products and new formats.

Since we are increasingly open to the international market, we receive information from many markets and this helps us to remain up-to-date. One of Europastry's key strengths is our ability to react to new trends: our R&D team works hard to achieve the best results in the shortest time possible.

As well as meeting the strictest quality standards, our customers are demanding more and more of us. Some of our plants, such as the production line that we launched in 2013 in Sarral (Tarragona), are Kosher-certified, and many of our products are Halal.



Cronuts are a clear example of this. We identified the trend in 2014 and immediately set to work to create a product that could be made with a 100% traditional process, on a production line, without losing quality, and we finally achieved this.
We were pioneers in the production of the frozen cronut on an industrial scale.



At Europastry we take responsibility and we are therefore working gradually to eliminate ingredients with unfavourable connotations.
It should be noted that Europastry was a pioneer in the elimination of partially hydrogenated fats, also known as "trans fats". However, our main objective is that any nutritional improvement should allow us always to keep the same sensory properties, which is why **the development of increasingly healthy products does not detract from the organoleptic characteristics sought by our customers.**

As for the professionals that place their trust in us, pre-proofed pastries are becoming increasingly popular, because they go practically from the freezer to the oven. It is thus easier to control waste and to offer a quality product.

Europastry's customers demand more and more convenience when preparing the product, which is why we serve a finished and easily available product at the point of sale. For the end consumer, it is also important for it to be in a suitable size and shape so it can be enjoyed in any situation.



The Netherlands

In June 2014, work began on our new Dots plant, the first to be built according to BREEAM environmental certification (<http://www.breeam.es/index.php/conocenos>). We hope to be able to open the plant during the second quarter of 2015.
The new plant is located in Oldenzaal, a strategic location for operating in central and northern European markets.



Number of employees: **80**
Investment: **€ 24 million**



Turkey

Since the first launch phase, in July 2014, the R&D team has been working to ensure that our pastries production line in Turkey is operating at full capacity, where local Turkish products are produced, such as all those in the Serbest Ekmek, Pogaça or Donuk Hamur ranges.

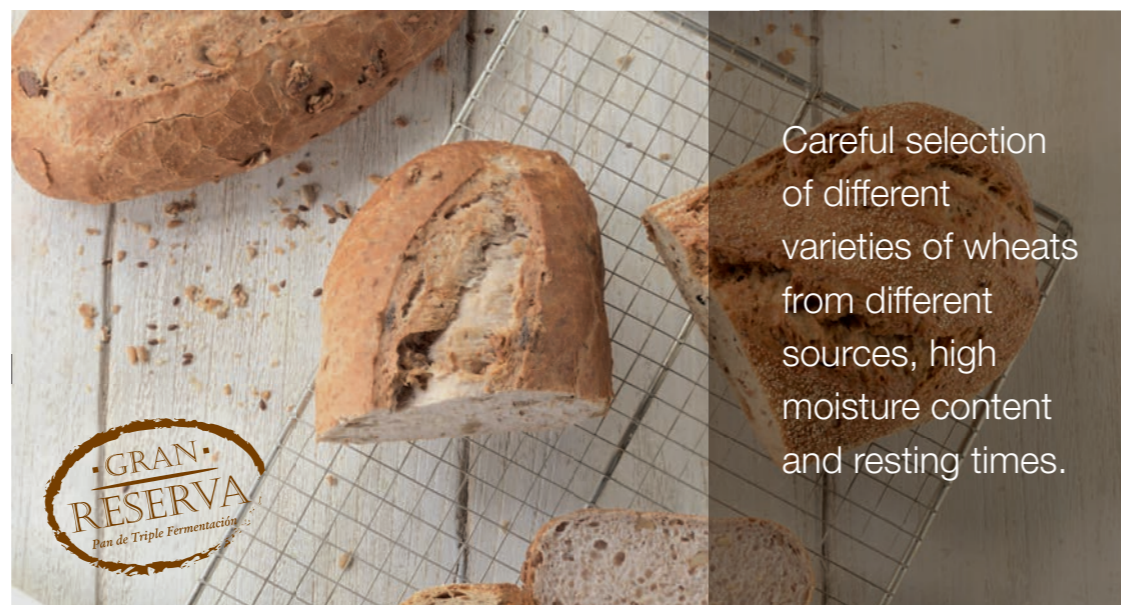
Number of employees: **50**
Investment: **€ 19 million**

The company's great achievements: our most innovative ranges



Premium breads from the Gran Reserva family

Gran Reserva bread uses the traditional triple fermentation method used by lifelong bakers, through the most innovative production techniques. This is what we call it the "Pan Gallés" Process, in honour of its creator, the president and founder of the company, Pere Gallés. The careful selection of different varieties of wheats from different sources, as well as its high moisture content and the respect given to the resting time needed for each fermentation stage to develop naturally, lend Gran Reserva breads a unique and exclusive flavour and improved durability.



Careful selection of different varieties of wheats from different sources, high moisture content and resting times.

Caprice Viennoiserie, artisan pastries, 100% butter

In line with the spirit of improvement and innovation that characterises the company, Europastry has taken an important qualitative leap in its premium pastry ranges through the Caprice Viennoiserie process. The key was to take inspiration from the expertise of yesterday's artisan boulangers while using today's technologies, a philosophy that has created a production line that is unique in Europe. The Caprice Viennoiserie process ensures an excellent result thanks to the carefully selected ingredients and a process that includes ongoing work with the dough and long resting times. In this sense, our latest hit has been to achieve a status of 100% natural for our Caprice Viennoiserie croissant.



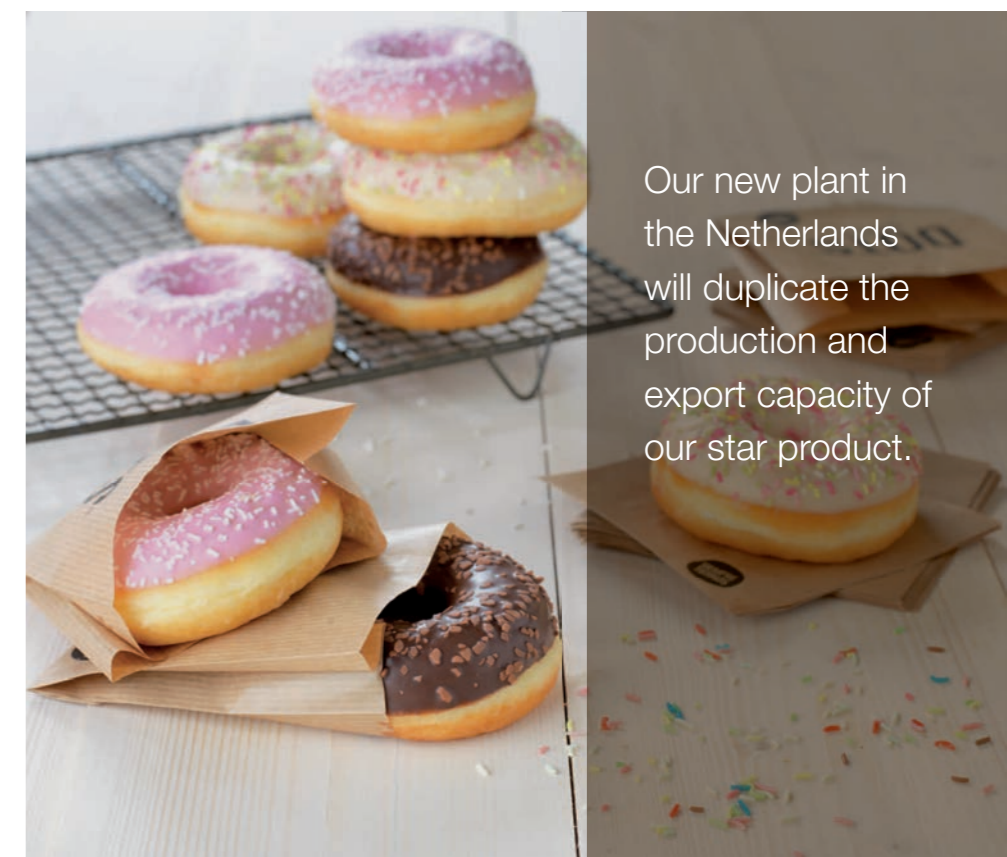
A production line that is unique in Europe.

DOTS, the formula for success

Today, Europastry is one of the largest European producers and distributors of speciality pastries, which we make without artificial colours and using sustainable palm oil. From our plant in Rubí we supply 370 million units per year, both to the domestic market and abroad, and our new plant in Oldenzaal (the Netherlands) will duplicate the production and export capacity of our star product across the length and breadth of Europe. In parallel, our Research, Development and Innovation department constantly develops new flavours, new formats and new presentations for a public that is as gourmand as it is demanding.

DOTS

ORIGINAL



Our new plant in the Netherlands will duplicate the production and export capacity of our star product.

360° Solutions



360° Solutions at every point of sale

At Europastry we have our own Visual Design team which, in line with the whole company philosophy, also focusses on growth and innovation in terms of the design of the point of sale. We know how to respond to the needs of every establishment. We stimulate, renovate and update the point of sale to encourage loyalty and attract new customers, to improve product rotation, increase sales and, of course, improve brand image.



Point of sale elements and display stands that facilitate product placement and promote impulse purchases.





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