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2014 results presentation for media and investors

Zurich, March 26, 2015

Agenda

1	**Introduction and executive summary**
2	2014 results
3	A multi-dimensional transformation
4	Outlook

Valora is moving in the right direction

Introduction by the Chairman Rolando Benedick

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1

Strong management and team

- First full year under new executive management with significant progress
- Ambitious year well managed with motivated and high-performing employees throughout the Group

2

Transformation of the Group

- Strategic objective substantially achieved – «from wholesale to retail»
- Sharpening Group focus through investments in core business and acquisition of Naville
- Divestment of press wholesale and logistics and planned divestment of Trade

3

Outlook Annual General Meeting 2015

- Proposed dividend of CHF 12.50 (from reserves)
- New remuneration report and shareholder vote on total compensation (VegüV)
- Re-election of all current members of the Board of Directors

Transformation progressing well

2014 executive summary

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1

2014 financial year

- Sales index of 102.3
- Adjusted operating profit of CHF 51 million (CHF +9 million compared to 2013)
- Strong performance by Ditsch|Brezelkönig and Retail Switzerland
- Retail Germany achieved adjusted for one-offs good profitability

2

Strategic objective substantially achieved – «from wholesale to retail»

- **Core business** Food and services lines expanded
  Ditsch|Brezelkönig expansion fully in line with plan
  Naville acquisition to strengthen business
  Network focus on heavily frequented sites
- **Valora Services** Press wholesale distribution and logistics business successfully sold
- **Valora Trade** Divestment planned

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Introduction to FY 2014 results

Transformation process with considerable influence on set of figures

Structural transformation

1 **Divestment of Valora Services**

2 **Reclassification of Valora Trade as «held for sale»**

Separation in continuing and discontinued operations in P&L and balance sheet

- Profit & Loss: up to EBIT all figures 2014 and 2013 show continued operations only
- Balance Sheet: 2013 adjusted where indicated

Further influence factors on results

Extraordinary charges and one-offs

- CHF -10.3 million — «IAS 19» pension fund conversion rate changes (2013)
- CHF -7.0 million — Press margin effect through sale of services (2013)
- CHF -19.1 million — Retail Germany reassessment intangible assets and other one-offs (2014)
- CHF -3.9 million — Acquisition Naville and investments in new services (2014)
- CHF +2.8 million — Panini (2014)

Effect on reported figures

Recently acquired Naville consolidated as of March 2015

Core business achieves good results

Key developments in individual business areas

Retail Switzerland | Austria

- Refurbished outlets performing well
- Weaker press margins/volumes offset with other categories

Retail Germany | Luxembourg

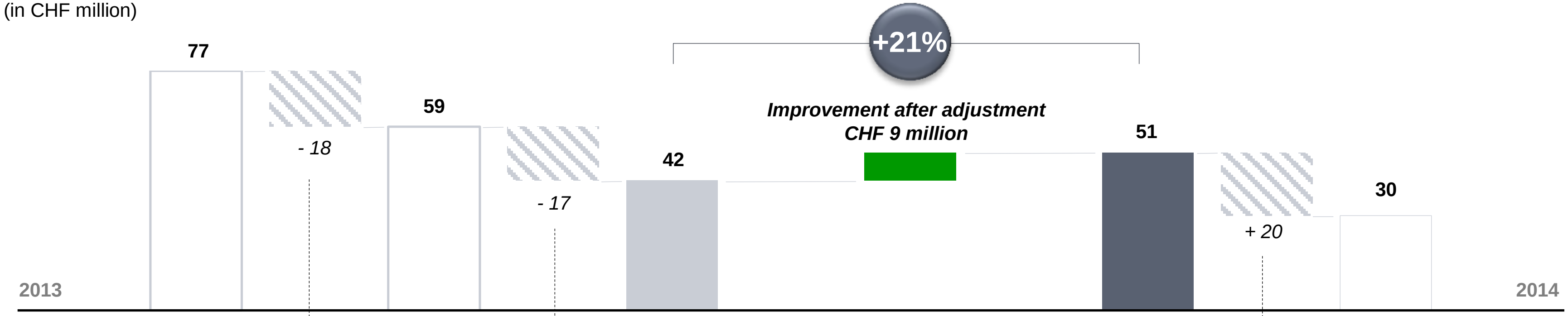
- A profitable network in transition
- Impairment charges on intangibles

Ditsch | Brezelkönig

- Network expansion in line with expectations
- Total of 12 new stores despite streamlining
- Excellent results from B2B business
- Very strong profitability through highly efficient network and economies of scale

Strong adjusted performance in core business

Group EBIT for 2014 compared to 2013



Discontinued operations
- ➢ CHF -7 million at Trade
- ➢ CHF -11 million at Services

One-off effects in 2013
- ➢ CHF -10.3 million from IAS 19
- ➢ CHF -7.0 million from press margin

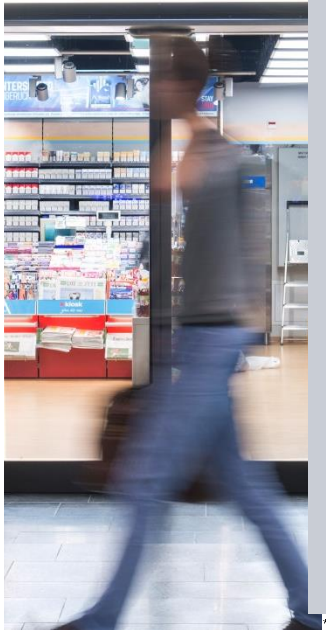
Adjusted 2014 performance

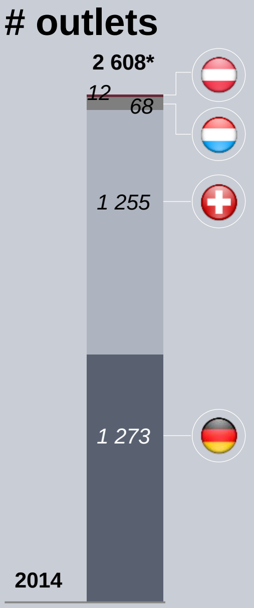
- Retail Switzerland | Austria: improved adjusted result by significant CHF 6.3 million
- Retail Germany | Luxemburg: CHF 11.1 million EBIT on adjusted basis, however lower press volumes not fully compensated
- Ditsch | Brezelkönig: increase by CHF 4.8 million due to strong performance at outlets and, particularly, in B2B

One-off effects in 2014
- ➢ CHF +19.1 million for Retail Germany
- ➢ CHF -2.8 million for Panini
- ➢ CHF +3.9 million for Naville and new services

Strong network and multifaceted format portfolio

Valora Group net revenues 1/3





Format	Own	Agency	Franchise	Partner***
P&B	12	-	-	-
k kiosk	-	68	-	-
k kiosk	465	374	-	-
avec.	69	-	61	-
P&B	20	13	-	-
	37	-	-	-
Naville	-	175**	-	-
Brezelkönig	1	40	-	-
CIGO	34	-	133	160
k kiosk	88	-	165	164
ServiceStore DB	54	-	100	3
P&B	165	-	-	-
Ditsch	-	207	-	-
Total	**945**	**877**	**459**	**327**

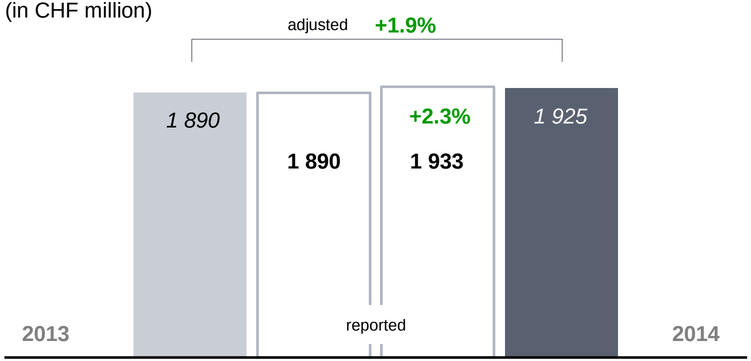
* excl. wholesale only clients | ** Naville from March 1, 2015 only | *** Valora controlled

Comments

- Geographical split of network
  49% Switzerland | Austria
  51% Germany | Luxemburg
- Allocation of operating model
  36% own stores
  34% agencies
  18% franchise
  12% partners
- Attractive opportunities in Switzerland now that Naville provides nationwide market coverage

Balanced growth in Retail and Ditsch

Valora Group net revenues 2/3



Net revenues

- Group: reported growth well balanced within Retail CHF +20 million and Ditsch/BK CHF +23 million
- Retail CH|AT: compensating decline in press volumes despite more focused network (adj. for Panini)
- Retail DE|LUX: increasing revenues from tobacco and own operated outlets (adj. for Panini)
- Ditsch: growing network and strong B2B revenues
- Brezelkönig: growing outlet network

Division | Country *in CHF million*	FY 2013	FY 2014	Δ in %
Retail	**1 692.1**	**1 712.1**	**1.2**
CH | AT	*1 225.6*	*1 232.5*	*0.6*
DE | Lux	*466.5*	*479.6*	*2.8*
Ditsch | Brezelkönig	**197.6**	**220.5**	**11.5**
Ditsch	*144.6*	*163.7*	*13.2*
Brezelkönig	*53.0*	*56.7*	*7.0*
Valora Group	**1 889.8**	**1 932.6**	**2.3**
Switzerland	*1 261.5*	*1 272.3*	*0.9*
Europe	*628.3*	*660.3*	*5.1*

Net revenues by format and country

Valora Group net revenues 3/3

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Format | Country *in CHF million*	**FY 2013**	**FY 2014**	**Δ in %**
k kiosk	**1 065.9**	**1 085.2**	**1.8**
Switzerland	*871.7*	*874.9*	*0.4*
Germany & CIGO	*103.7*	*120.3*	*16.1*
Luxembourg	*90.5*	*90.0*	*-0.6*
P&B	**327.7**	**320.5**	**-2.2**
Switzerland	*76.7*	*80.5*	*5.0*
Germany	*233.8*	*223.2*	*-4.6*
Austria	*17.2*	*16.9*	*-2.0*
avec.	**224.1**	**227.7**	**1.6**
ServiceStore DB	**38.5**	**46.2**	**19.9**
	35.8	**32.5**	**-9.2**
Ditsch	**144.6**	**163.7**	**13.2**
BREZELKÖNIG	**53.0**	**56.7**	**7.0**

Adjusted gross profit up thanks to Ditsch|Brezelkönig and Retail

Valora Group gross profit

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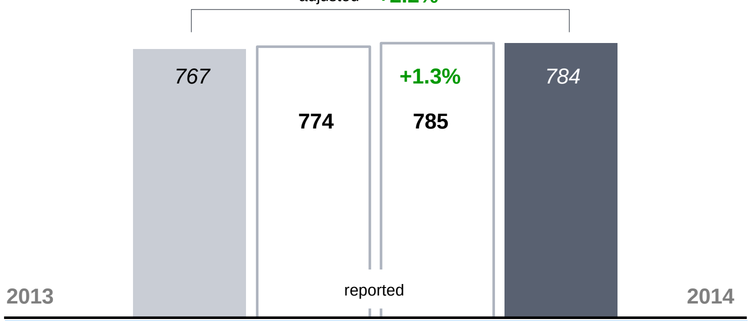
(in CHF million)



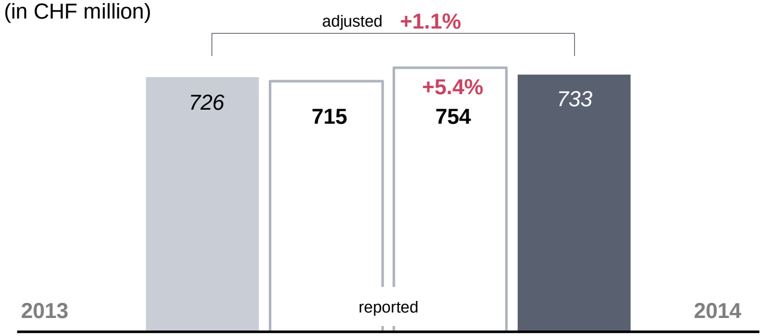
Gross profit

- Group: up by CHF 10 million despite negative one-offs (CHF -6.5 million) in both years
- Retail CH|AT: good results despite negative press volumes, focus on network and after adjustment for lower press margin and Panini (CHF +3.1 million)
- Retail DE|LUX: manage to compensate for decline in press volumes (adj. for CHF 2.3 million one-offs)
- Ditsch|Brezelkönig: strong growth (CHF +15 million) largely due to strong B2B performance

Division | Country *in CHF million*	FY 2013	FY 2014	Δ in %
Retail	**624.9**	**620.6**	**-0.7**
CH | AT	*448.4*	*446.3*	*-0.5*
DE | Lux	*176.5*	*174.3*	*-1.3*
Ditsch | Brezelkönig	**149.5**	**164.0**	**9.7**
Valora Group	**774.5**	**784.6**	**1.3**

Good levels of cost efficiency after adjusting for one-offs

Valora Group operating costs



Division | Country *in CHF million*	FY 2013	FY 2014	∆ in %
Retail	**-586.9**	**-610.6**	**4.0**
CH | AT	*-424.6*	*-429.3*	*1.1*
DE | Lux	*-162.3*	*-181.3*	*11.7*
Ditsch | Brezelkönig	**-123.2**	**-132.8**	**7.8**
Other	**-5.3**	**-10.7**	**102.9**
Valora Group	**-715.4**	**-754.1**	**5.4**

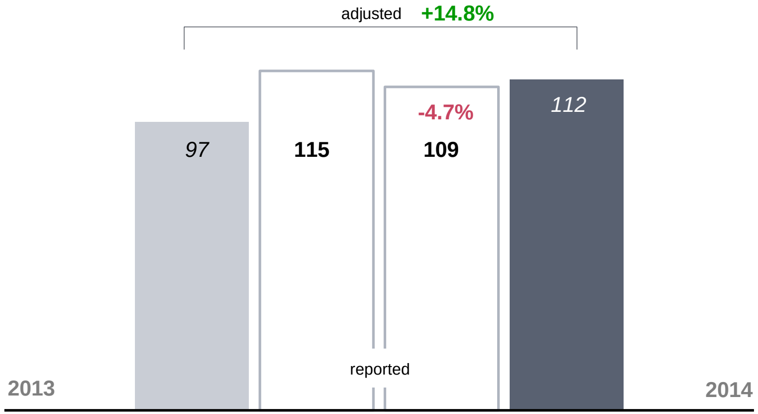
Operating costs (net of «Other income»)

- Group: after adjusting for CHF 31 million in one-offs (IAS 19 in CH, Retail Germany revaluation, project costs) improved cost ratio (+0.3pP)
- Ditsch|Brezelkönig: production volumes increase lead to improved cost ratio
- Retail CH|AT: lower adj. operating costs by CHF 3.3 million thanks to reduced spending on advertising and optimised personnel cost
- Retail DE|LUX: adj. increase by CHF 2.2 million as bearing greater share of Group internal IT-costs and increased number of POS operated by Valora

Core business raises EBIT by some 21%

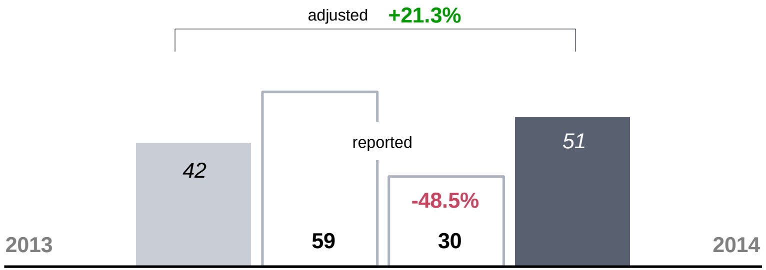
Valora Group profitability 1/2

(in CHF million)



EBITDA

- Improved EBITDA after adjusting for one-offs
- Retail CH|AT and Ditsch|Brezelkönig most significantly contributed to adjusted result



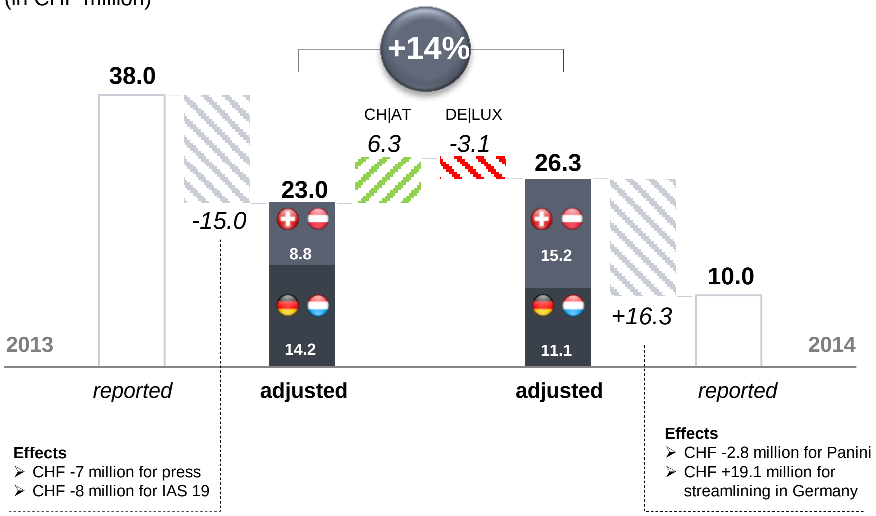
EBIT

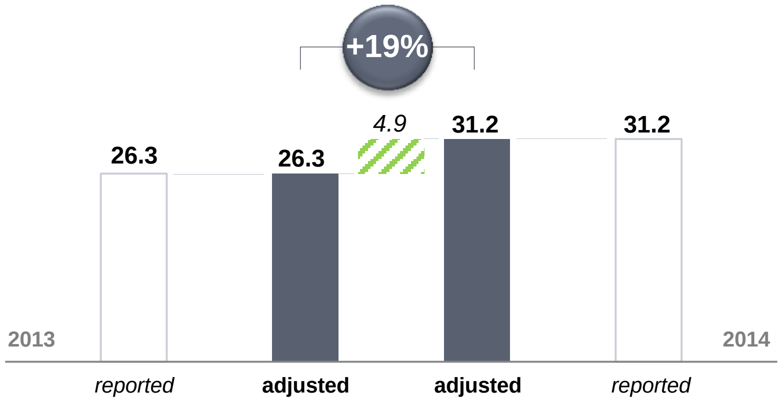
- Retail DE|LUX: contributing CHF 11.1 million in EBIT after adjusting for one-offs (CHF 19.1 million)
- Retail CH|AT with CHF +6.3 million and Ditsch| Brezelkönig with CHF +4.9 million achieved strong growth

Retail Switzerland and Ditsch|Brezelkönig post strong results

Valora Group profitability 2/2

(in CHF million)





Adjusted performance Retail

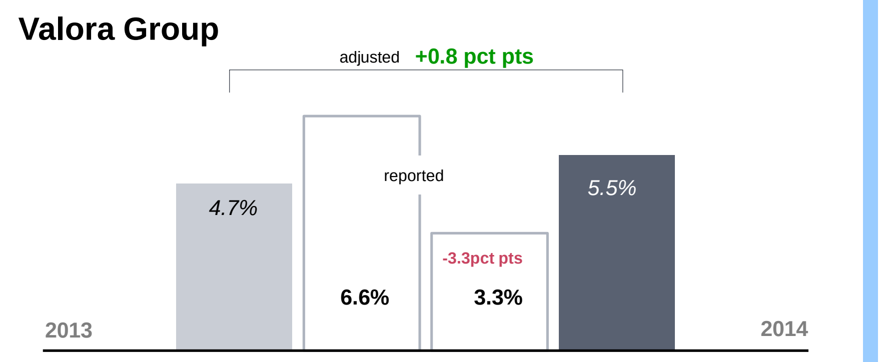
- Retail Switzerland: new product ranges, services and tobacco offset contraction in press volumes
- Retail Germany: lower due to press, public-transport strikes

Adjusted performance Ditsch|Brezelkönig

- Strong growth at Ditsch thanks to B2B (with higher volumes) and retail through new locations
- German outlets impacted by public-transport strike

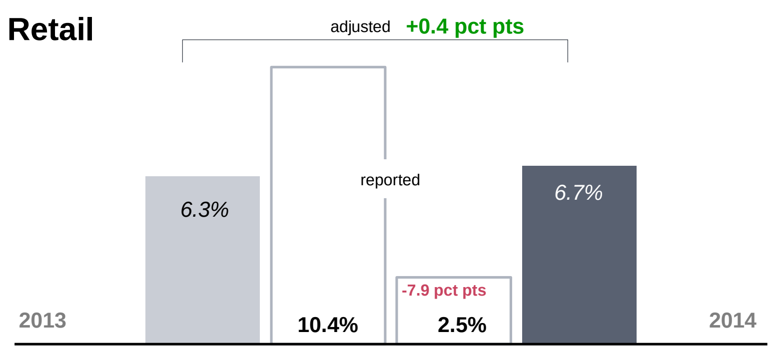
ROCE (adj.) encouraging at divisional level | positive momentum

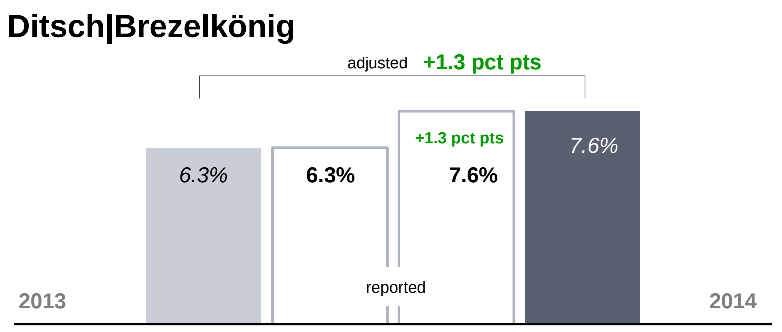
Based on 2016 guidance significant increase to ~8%



ROCE

- Group: ROCE up on 2013 after adjusting for EBIT effect of one-offs
- Group: based on 2016 guidance significant increase to ~8%
- Retail: high ROCE in 2013 due to IAS 19 and different press margins
- Retail: on adjusted basis, Retail CH|AT stand alone ROCE >7% and with potential for further improvement / DE|LUX adjusted at >6%
- Ditsch|Brezelkönig: increase thanks to improved 2014 results





Net loss in disc. operations lead to lower net profit

2014 net profit

Net profit (in CHF million)	**FY 2013**	**FY 2014**
EBIT	**59.1**	**30.5**
Financing activities, net	-21.0	-17.1
Result from associates | JVs	0.0	0.0
Earnings before taxes	**38.1**	**13.3**
Income taxes *Tax rate*	-8.8 *-23.2%*	2.1 *n.a.*
Net profit from continuing operations	**29.2**	**15.4**
Net profit from disc. operations	24.9	-9.1
Net Group profit	**54.1**	**6.3**

Comments

- Improved result from financing activities due to lower interest costs resulting from implementation of long-term financing strategy
- Net profit from discontinued operations comprised CHF -46.6 million at Trade, CHF 5 million at Services and proceeds from Services sale of CHF 32.4 million.

Valora Trade with positive adjusted EBIT of CHF 3 million

Key financial metrics for Valora Trade – Discontinued operations

Trade division key 2014 metrics (in CHF million)	**FY 2013**	**FY 2014**
Net revenues	**794.5**	**616.6**
Nordics	***579.7***	***545.3***
Classic lines	*439.7*	*415.4*
Cosmetics	*140.0*	*129.9*
Germany | Austria	***53.3***	***38.1***
Switzerland	***161.5***	***33.2***
Gross profit	**178.2**	**161.4**
Gross profit margin	*22.4%*	*26.2%*
Operating costs (net)	**-171.1**	**-180.3**
Net profit	**8.5**	**-46.6**
EBIT adjusted	**7.1**	**2.6**

Comments

- Division reclassified due to disposal plans
- Goodwill reappraisal results in total impairment and special charges of CHF 52.4 million in 2014
- Revenues downturn due to change of business model in Switzerland (commission)
- Adjusted EBIT positive at CHF 3 million
- Numerous parties interested in acquiring division

Strong equity cover of 44% | leverage ratio 1.7x

Key balance-sheet metrics for 2014

Balance sheet (in CHF million)	FY 2013[1]	FY 2014
Total assets	**1 630.9**	**1 434.3**
Cash, cash equivalents	**107.8**	**129.0**
Goodwill	**367.2**	**362.6**
Net working capital *NWC in % of net revenues*	**56.2** *3.0%*	**49.2** *2.5%*
Net debt *Leverage ratio* **Net debt incl. disc. operations** *Leverage ratio incl. disc. operations*	285.9 *2.5x* 219.2 *1.9x*	253.6 *2.3x* 181.9 *1.7x*
Shareholders' equity *Equity cover*	**730.3** *44.8%*	**630.6** *44.0%*
Capital employed[2]	**897.4**	**925.4**

Comments

- Net working capital reduced thanks to streamlined inventory management and year-end initiatives
- Net debt within long-term target corridor and compliant with current financial covenants
- Capital employed equally distributed between Retail and Ditsch|Brezelkönig
- Goodwill in core business slightly down due to currency-translation effects

[1] adjusted – continued business
[2] average over five quarters and incl. cash

Improved cash flow from operations

Cash flow performance in 2014

Cash flow (in CHF million and excl. discontinued operations)	FY 2013	FY 2014
EBIT	**59.1**	**30.5**
Depreciation and amortisation	*55.6*	*78.8*
EBITDA	**114.7**	**109.3**
Elimination of non-cash items	-2.7	0.5
NWC and current assets	-4.1	-0.8
Interest, tax expense (net)	-18.0	-17.1
Cash flow from operations	**89.9**	**91.9**
Capital expenditure	-42.7	-58.8
Asset disposals	4.0	0.9
Cash flow from regular investment activities	**-38.7**	**-57.9**
Free cash flow	**51.2**	**34.0**

Comments

- Improvement in net working capital and current assets despite of strong production and sales volume increase at Ditsch B2B business
- Improved cash flow from operations despite one-off loss of press margin (CHF 7 million) and ongoing press volumes contraction
- Higher capital expenditure due to peak in Retail Switzerland investments and carry overs from 2013

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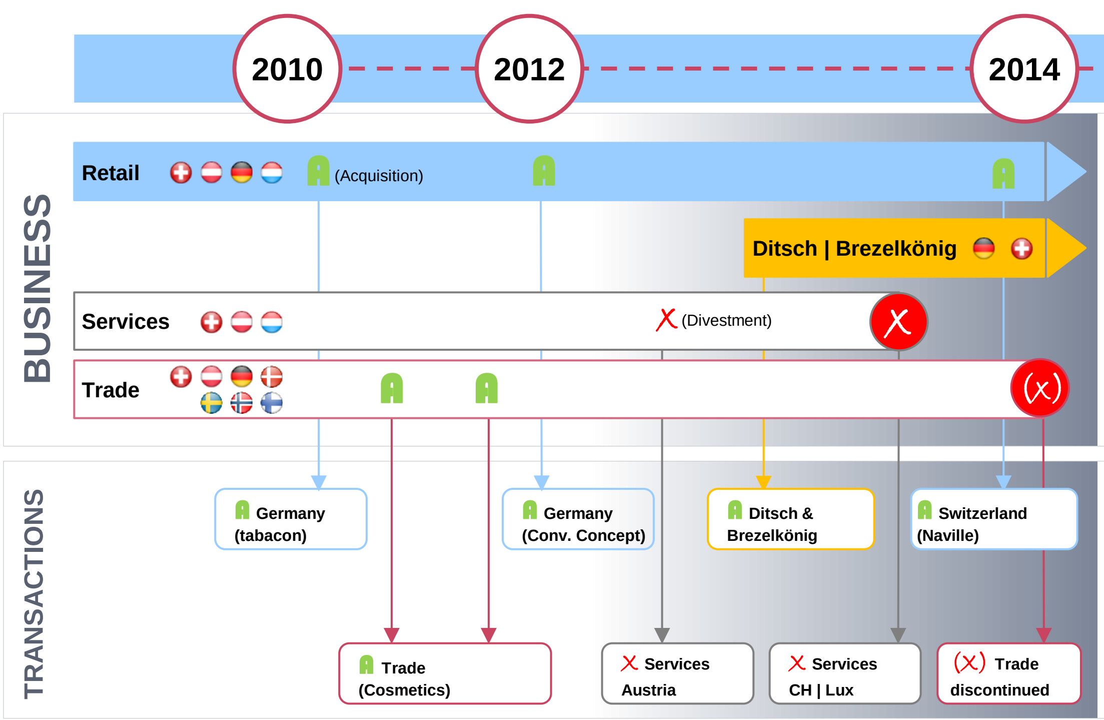
Comprehensive focusing process now almost complete

From wholesale to retail



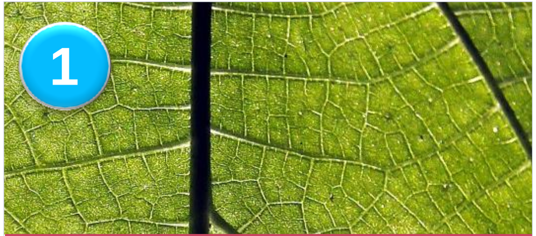
CORE BUSINESS 2015ff

- Small-outlet retailer with ~2 600 convenience and immediate consumption POS at high frequency locations
- Operating multiple store formats and brands

in four european countries

A multidimensional process

Valora's transformation «from wholesale to retail»



From wholesale to focused outlet retail/immediate consumption

- Exit wholesale activities (print wholesale/logistics CH, AT & LUX and planned divestment of Trade)
- Foothold in immediate consumption with strong vertical integration (production)
- Expansion of core business with existing and new formats (e.g. acquisition Naville)
- Improve cost efficiency and leverage synergies across group

Expand and strengthening product range/locations

- Further expansion of food/beverages offerings
- Increase unique product brands (e.g. ok.- and Ditsch|Brezelkönig)
- Focus on high frequency locations
- Leverage vertical integration
- International expansion Ditsch|Brezelkönig

Digital and services opportunities

- Focus on cross channel promotion and transaction services
  - Monster Deals
  - Pick-up / Drop-off
  - Payment and financing services as one focus area
- Further innovations to strengthen customer loyalty and value added offerings

Expansion of market leadership as a lye-bread specialist

1st dimension: strong existing foothold in immediate consumption

B2C

International expansion

- Leveraging production capacity
- Opening and testing «Brezelkönig» on an international scale (e.g. Austria)
- Focus on franchising

Concept addaptions

- Developing new locations with different footfall peaks («highstreet»)
- Pilot store in Germany
- Positive first results

B2B

Production & innovations

- Further growth through strategic partners in home markets (DACH)
- New products in existing assortment and penetration of new segments

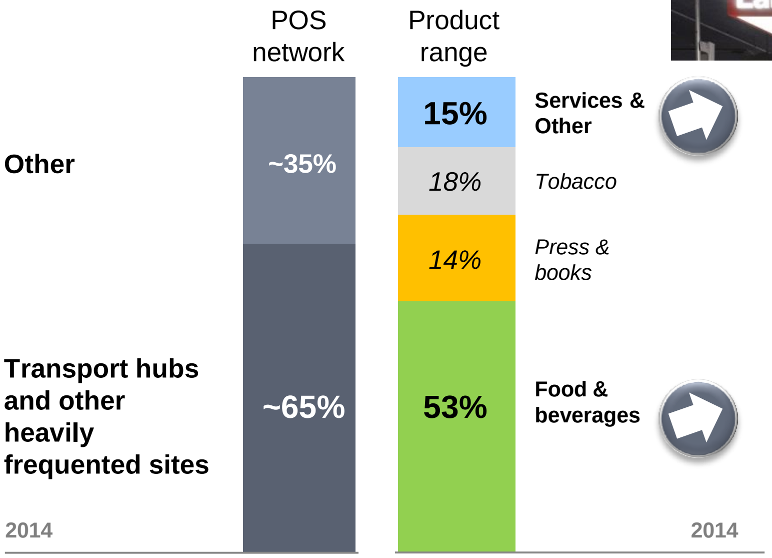
Worldwide markets

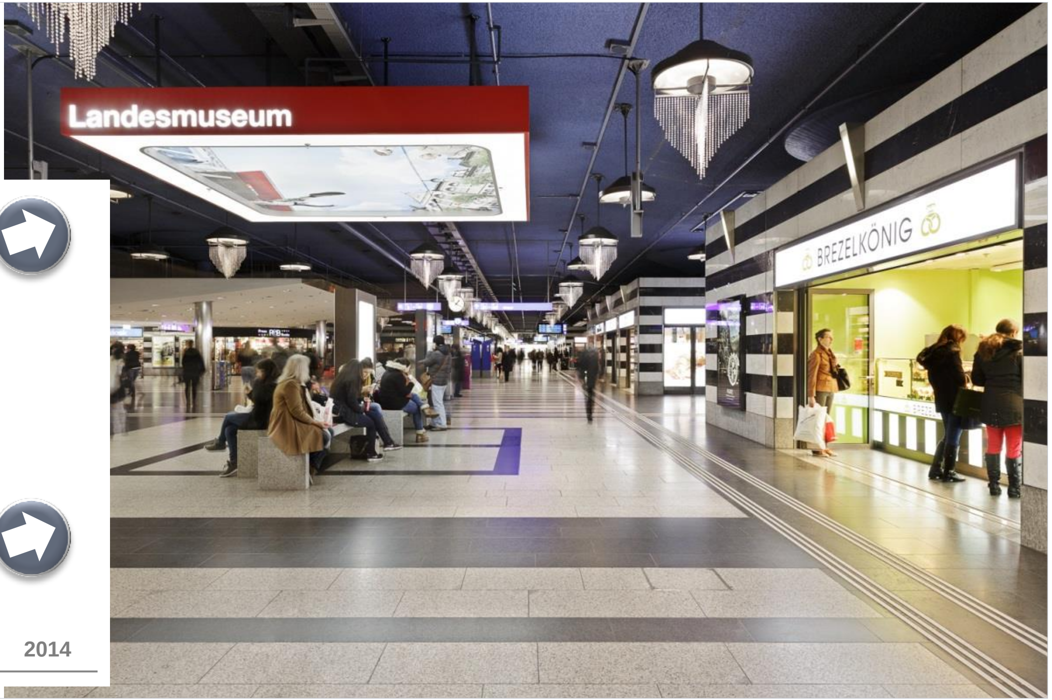
- Lye-bread as worldwide food trend
- Capture new/emerging markets
- Expand market leadership

Core business generates already ~50% of gross profit with food

2nd dimension: strengthening of immediate consumption and services ongoing

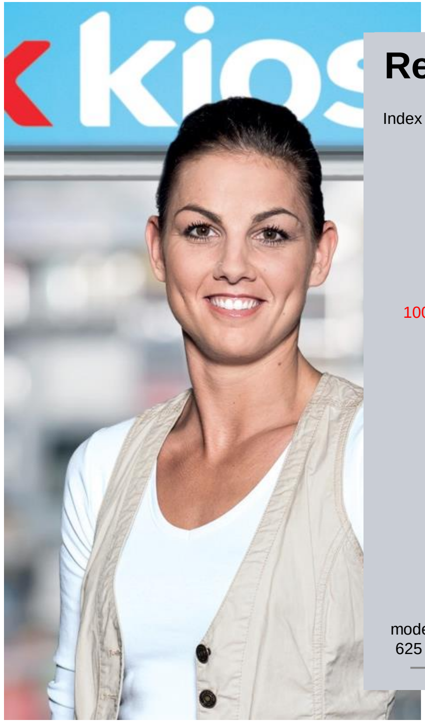
Gross profit (by site cluster and by product line Retail & Ditsch|Brezelkönig)

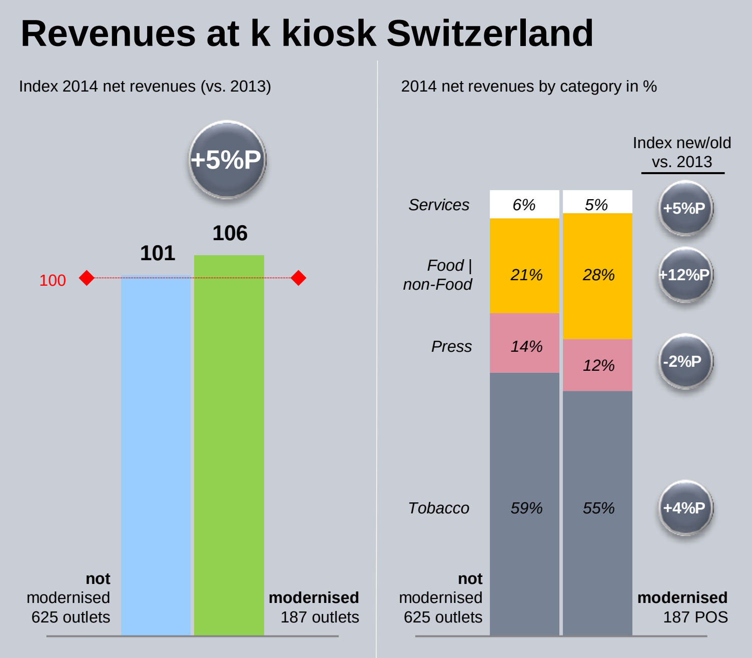




Successful k kiosk modernisation programme in Switzerland

2nd dimension: incumbent retail core with higher share of food





Comments

- In total more than 200 POS modernised and initiative full on track
- 187 POS fully comparable and indicating impressive index of 106.4
- Refurbished stores clearly offset effect of lower press sales
- Moreover, modernized stores reducing also dependence on tobacco
- Optimised product-range composition makes for intrinsic margin increase (food)
- Testing/evaluating shop-in-shop concepts (k kiosk & Starbucks | avec. & Spettacolo)
- Modernisation of further ~100 outlets planned for 2015

Growth strategy based on existing success factors and innovation

3rd dimension: introducing new services

Growth strategy

Strategic success factors	**Locations, IT-systems, opening hours**		
Competences & potential	**«Access»** ■ **Order** ■ **Collect** ■ **Customer contact**	**«Cross channel»** ■ **Identify and verify** ■ **Register and activate**	**«Transaction services»** ■ **Pay** ■ **Pay out** ■ **Load**

Comments

- Services as one of the drivers within Valoras' current transformation process
- Combination of physical network and digital services as major opportunity for sustainable increase of profitability
- Introduction of new products and services within the range of «loyalty», «payment» and further client oriented «financing services»
- Existing transaction services with impressive growth in number of transactions (+33%) and commissions (+46%) from 2013 to 2014

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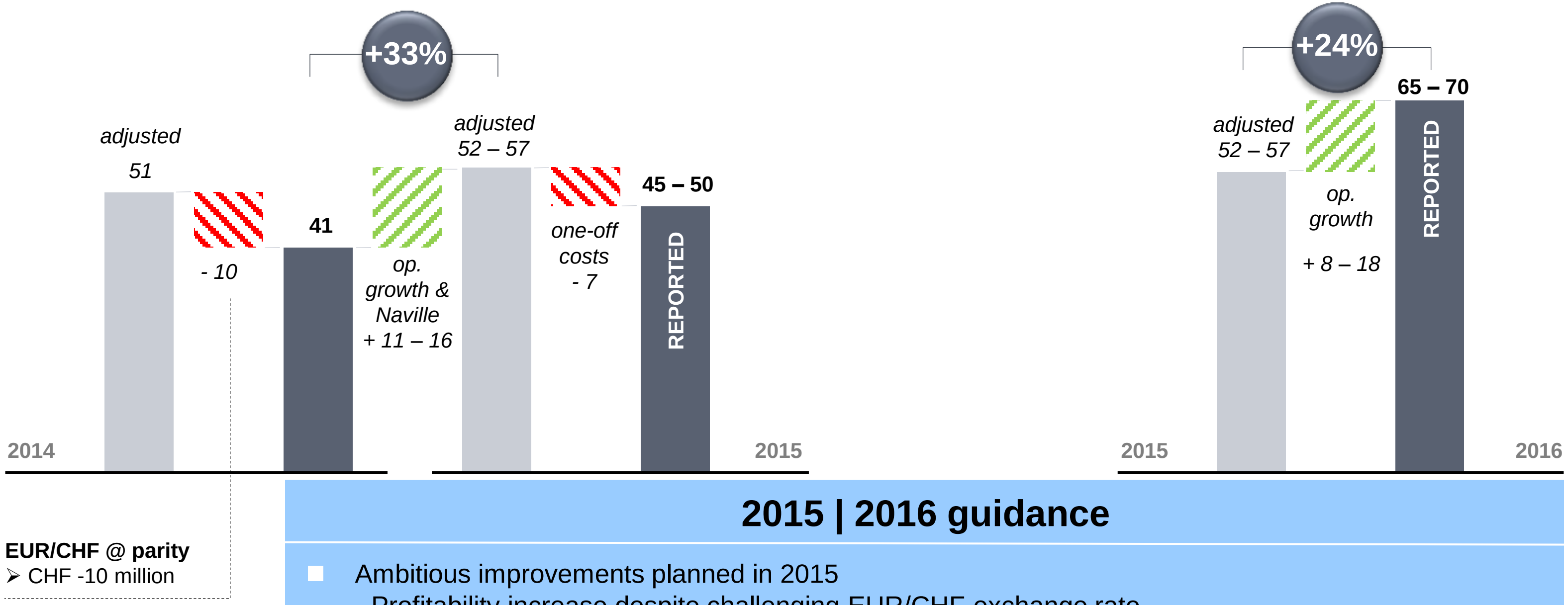
Significant increase in profitability in 2015|2016 on comparable basis

Outlook



2015 | 2016 guidance

- Ambitious improvements planned in 2015
  - Profitability increase despite challenging EUR/CHF exchange rate
  - Includes CHF 7 million one-off cost for new product line and Naville integration
- 2016 planned increasing profitability by 24%
- Appreciation driven by cost efficiency, new services and Naville results

Contacts
Corporate calendar

Contacts

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Corporate calendar

2015 General Meeting	April 22, 2015
Publication of 2015 first-half results	August 27, 2015

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