VALORA
ANNUAL REPORT

2013

valora

Key financial data

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		31.12.2013	31.12.2012 Restated	31.12.2011
External sales	CHF million	**3 403.4**	**3 320.2**	**2 961.9**
Change	%	2.5%	12.1%	0.5%
Net revenues	CHF million	**2 859.0**	**2 847.9**	**2 817.9**
Change	%	+ 0.4	+ 1.1	– 2.1
Operating profit (EBIT)	CHF million	**77.0**	**56.7**	**70.5**
in % of net revenues	%	2.7	2.0	2.5
Net profit [1]	CHF million	**49.1**	**38.5**	**57.0**
Change	%	+ 27.8	– 32.6	– 7.5
in % of net revenues	%	1.7	1.4	2.0
in % of equity	%	6.7	6.7	12.3
Net cash provided by (used in)				
Operating activities	CHF million	129.3	54.5	97.0
Ordniary investment activities [2]	CHF million	– 43.8	– 12.3	– 45.4
Free cash flow (used in)	CHF million	**85.5**	**42.2**	**51.6**
Company acquisitions (and long-term financial investments)	CHF million	– 4.3	– 288.0	– 40.1
Financing activities	CHF million	– 51.1	282.5	– 31.1
Earnings per share [1]	CHF	**13.46**	**13.09**	**20.24**
Change	%	+ 2.8	– 35.3	– 9.4
Free cash flow per share	CHF	**25.25**	**14.50**	**18.64**
Change	%	+ 74.1	– 22.2	+ 25.8
Share price at December 31	CHF	**248.70**	**185.10**	**196.50**
Market capitalisation at December 31	CHF million	**846**	**626**	**546**
Cash and cash equivalents	CHF million	**175.0**	**147.2**	**109.6**
Interest-bearing debt	CHF million	**394.2**	**508.8**	**141.5**
Equity	CHF million	**730.3**	**577.8**	**462.3**
Total liabilities and equity	CHF million	**1 630.9**	**1 610.0**	**1 103.1**
Number of employees at December 31	FTE	**5 750**	**5 962**	**5 801**
Change	%	– 3.6	+ 2.8	– 10.1
Net revenues per employee	CHF 000	**497**	**478**	**486**
Change	%	+ 4.1	– 1.7	+ 9.0
Number of outlets operated by Valora [3]		**1 690**	**1 606**	**1 364**
thereof agencies		649	598	231
Number of franchise outlets		**919**	**999**	**166**
External Sales per outlet [4]	CHF 000	935	901	1 151

All totals and percentages are based on unrounded figures from the consolidated financial statements

[1] From continuing operations

[2] 2012: Including real-estate disposal (CHF 60 million)

[3] Additional contract to supply a further ~ 400 outlets

[4] Valora Retail and Ditsch/Brezelkönig (as of 2013)

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Letter to shareholders

Dear Shareholder

While in 2012 the key drivers of growth for Valora were mainly its acquisitions, in 2013 it was paramount to consolidate and integrate the new companies. The integration of Ditsch/Brezelkönig was completed successfully, a new impulse was given and the business as a whole was developed further. The integration process of Convenience Concept in Germany proved more demanding, mainly due to the significant growth experienced by the German Retail organisation. For Valora Retail, overall market conditions remained challenging due to the continuing decline of the press market. The further expansion of the food product range was a key initiative to address this issue and has already shown increasingly positive effects. While shrinking press volumes continue to weigh on Valora Services, the success of its third-party logistics business enabled the division to stabilise results for the first time. Valora Trade came under substantial pricing pressure in its core markets and will need to continue working on securing its margins.

Valora also laid a new foundation at the personnel level. In nominating Michael Mueller as the Group's new CEO and Tobias Knechtle as its new CFO, Valora has not only added to the strength and expertise of its management team, but has also ensured continuity. Rolando Benedick steps down from his dual mandate as Board Chairman and CEO and will devote his full attention to his role as Chair of Valora's Board of Directors.

Over the last two years, Valora has made a number of strategically important decisions and taken major steps to consolidate its leading position in small-outlet retail at heavily frequented locations in German-speaking Europe. Thanks to its acquisition of Ditsch/Brezelkönig, the Group has been able to establish a foothold in the market for food and beverages for immediate consumption. It is this business area that will be Valora's key growth driver in the years ahead. At Valora Retail Switzerland, the extended food range at the 111 remodelled, respectively newly built kiosks achieves first successes in compensating the continuing decline in press margins. This approach will be continued, pointing the way forward not only for k kiosk in Switzerland, but also for the Convenience Concept integration in Germany and the development of the other German outlets. Valora Services is about to embark on a significant reorganisation. It is the Group's objective to relinquish control of the division in 2014. The preparatory work for the divestment has been completed and intensive negotiations are currently under way. Valora Trade has initiated the streamlining of its business portfolio and made appro-

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priate changes to its organisational structure with a view to enhancing its profitability. The division's strategic review of its individual business areas is not yet complete, however.

Valora Group

In summary, the Valora Group achieved good results in 2013, mainly thanks to Retail Switzerland's substantial improvement in earnings, the successful integration of Ditsch/Brezelkönig and the stabilisation in Services and Trade. External sales increased by 2.5 percent. Particularly pleasing is the improvement in the Group's reported operating profit of nearly 36 percent. This includes CHF +9.1 million in positive effects, principally due to IAS 19 adjustments, as well as CHF –4.7 million in negative non-recurrent charges. These were attributable to the reorganisation of Trade, the integration of Convenience Concept and the preparations for the handover of control of the Services division. The Group's net profit increased CHF +15.7 million to CHF 54.1 million.

Valora's ability to generate cash is a particularly positive aspect of 2013. Operating cash flow increased, not least due to the significantly lower capital commitment in net current operating assets, in part as a result of portfolio adjustment effects and the optimisation of the Trade division's net working capital. The Group's free cash flow was doubled to CHF 86 million.

Valora's long-term financing strategy aims at securing liquidity, optimising funding costs, and diversifying the range of financial instruments, investor base and the maturity profile of its liabilities. Valora applied those policies in 2013, when it executed two funding operations to carry out a partial refinancing of its CHF 400 million Ditsch/Brezelkönig acquisition. The first step was the successful placement of a CHF 120 million perpetual hybrid bond issue, followed by the successful placement of a EUR 150 million bonded-loan placement. With this, Valora ensures a sound mix of financing instruments and investors, a balanced maturity profile and optimised financing costs. Thanks to the results achieved in 2013 and the IFRS requirement to allocate the hybrid bond's proceeds to equity, the Group could significantly strengthen the equity ratio (+8.9 percent), now nearly 45 percent, while the Group's net debt was improved to 1.6 x EBITDA.

Valora Retail

At the divisional level, Valora Retail increased its net revenues by +1.9 percent. The investments in the Swiss kiosk network and the effect of the acquisitions over the full-year had positive impacts. The most significant progress in 2013 was made by Retail Switzerland. The new k kiosk concept is ideally suited to react to new customer needs. Focus on food and services led to increased gross profits and thus the profitability of the Swiss business, partly offsetting the effects of the delay in integrating Convenience Concept and the related negative one-time effects incurred in Germany. Valora Retail's operating profit margin for 2013 is around 2 percent, a stable development compared to the 2012 performance adjusted for the book-value loss on the HHM sale.

Ditsch/Brezelkönig

Ditsch/Brezelkönig's retail sales were up +3 percent on the same floor space, and the divisions generated revenues of nearly CHF 200 million in its first full year with the Valora Group. Ditsch opened its first store featuring the new, modernised layout design in Mainz, and a number of planned outlet closures were carried out. In March 2014, Ditsch celebrated the opening of its 200th outlet in Berlin, and is successfully en route with its new concept. In Switzerland, Brezelkönig opened four new branches in 2013, with further openings planned for this financial year, notably in regions such as French-speaking Switzerland. Overall wholesale revenues increased by more than 5 percent, especially with the export business doing well. The operating profit margin is over 13 percent, and is higher in the final quarter of the year than in the previous year. The strong position in the growing market for food and beverages for immediate consumption will be further consolidated, and potential synergies with other retail formats exploited.

Valora Services

The effects of the contraction of the press market were less pronounced in 2013 than in recent years. In Switzerland, revenues declined by 6 percent, in Luxembourg by about 2 percent in local currency. For the first time, results do not include revenues from Services Austria and Sales & Services Switzerland, sold in 2012 and January 2013 respectively. The logistics business for third-party customers performed well, benefiting from substantial growth. Mainly reflecting the sale of low-margin areas and the success in third-party logistics, the division increased its operating profit margin to nearly 4 percent.

Valora Trade

Valora Trade generated slightly higher revenues in 2013 than in 2012. This enabled the division to maintain its advantageous position in the distribution of fast-moving consumer goods and cosmetics, despite a very demanding market environment. Finland has won new Brand Owners and thus reported strong growth revenues. In Switzerland, the measures initiated already in 2012 to reposition the portfolio towards higher-

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margin niche markets are beginning to bear fruit. Parallel imports and shopping tourism continue to show negative effects. In Denmark and Sweden, the principal focus is on restructuring and repositioning the portfolio. The smaller country units in Germany, Austria and Norway are implementing a comprehensive set of measures to raise their profitability.

The division's operating profit margin is in line with the previous year, remaining below the division's medium-term objectives. Due to the initiatives taken to streamline the business portfolio and organisational structures, the division could already reduce operating costs. Their full effect, however, will not materialise until 2014 and 2015. The division expects that, in the years ahead, this should have a positive impact on profitability once margins stabilise.

Staff and corporate governance

Valora's management showed, again, a strong performance in 2013, even if faced with a demanding environment. Equal recognition is also due to our staff in all our national markets and business areas for the unflagging commitment they have demonstrated every day – the Board's thanks and recognition go to them all. We would also like to express our gratitude to our customers and business partners for the constructive manner in which they have worked with us.

Valora can only be successful if the company conducts itself as a trustworthy, cooperative and transparent business partner. To ensure this, we rely on our Code of Conduct and make certain we are oriented towards leading industry standards. Since 1 January 2014, the Swiss Federal Ordinance against Excessive Compensation at Listed Companies has been in force. Valora already meets a substantial part of these requirements and has decided to recommend that the 2014 Ordinary General Meeting of Shareholders already approve further necessary changes to Valora's articles of incorporation. The proposals include provisions for shareholders to vote in advance on the maximum remuneration paid to the Board of Directors and to Group Executive Management. If these proposed changes are accepted, the 2015 Ordinary General Meeting will provide shareholders with their first opportunity to cast a prospective vote on the overall remuneration paid to the Board between then and the 2016 Ordinary General Meeting, and a binding vote on the remuneration paid to Group Executive Management in the 2016 financial year. Shareholders' annual approval of Group Executive Management's overall remuneration will encompass both fixed remuneration and the maximum variable short-term and long-term remuneration paid out under the relevant incentive schemes, if the Group's performance in a given year is particularly successful. Actual disbursements will then depend on the extent to which Group Executive Management meets its objectives, and can thus ultimately be lower than what was previously approved by shareholders.

Further proposed changes to the articles of incorporation in connection with this ordinance relate to the new role of the Ordinary General Meeting and the direct, additional election of the Chairman of the Board of Directors, the members of the Nomination and Compensation Committee and the independent shareholders' representative. There are also proposals on tasks and competencies of the Nomination and Compensation Committee and the number of mandates which Board members and members of Group Executive Management may hold outside Valora, as well as on the principles governing performance-related pay for members of Group Executive Management.

The dual mandate for Board Chairman and CEO has been suspended with effect from 1 March 2014, and both functions are now once again separate. The remuneration system for the Board of Directors has been adjusted and a new remuneration system for Group Executive Management is also planned. The current remuneration system for Group Executive Management rewards both short-term successes as well as long-term performance and sustainable value generation for our customers, business partners and shareholders. The long-term component comprises Valora shares, so as to ensure that management's interests are as closely aligned as possible with those of our shareholders. The new Group Executive Management remuneration model will also continue to reflect Valora's existing performance-based remuneration policies, designed to motivate employees and reward them for outstanding performance, loyalty to Valora and identification with the Group (Pay for Performance). This performance-based remuneration policy is designed, as before, to strengthen Valora's competitiveness in the interests of the company and of our customers, employees and shareholders. At the same time, it aims at aligning the interests of our Management and our shareholders. From 2016, a new long-term performance-related remuneration will replace the current Long Term Plan, which will end in October 2015. It will be based on criteria such as Group or business-area results, the attainment of strategic goals and / or goals relating to the overall market, other companies or other applicable metrics, the creation of long-term, sustainable value, the performance of individual members of Group Executive Management, and Valora's absolute and relative share-price performance.

With effect from the 2014 Ordinary General Meeting, Board members' remuneration will consist solely of a fixed annual fee and a fee for their Board com-

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mittee mandates. They will also be required to take a part of their fixed fee in Valora shares.

At the forthcoming Ordinary General Meeting, we will have the opportunity of expressing our thanks to Conrad Loeffel, who, after six years of valued service to Valora, will not be standing for reelection to the Board. All the other Board members will be standing for reelection for one-year terms, in accordance with the practice introduced some years ago. We will recommend that Mrs. Cornelia Ritz Bossicard be elected as a new Board member, to succeed Conrad Loeffel.

Outlook

Valora's strategic positioning and the performance of all our staff give us confidence for the medium and the long term. Following the encouraging initial results of our Swiss retail business last year, we are motivated to continue with the modernisation of our kiosk network in 2014 and to invest in the development of our retail service offering. It remains our objective to continue to strengthen our leading position in small-outlet retail. By introducing innovative services and new, high-margin product ranges, we will be able to raise our profitability and make more lucrative use of the press space which is now being freed up. Our excellent network of outlets at heavily frequented locations will remain a significant advantage also in the age of online shopping, offering new scope, for instance as drop-off and collection points for packages. Given the complexities of the integration process involved, the transformation of the Convenience Concept network in Germany will need to proceed at a somewhat slower pace. The growth prospects for Ditsch/Brezelkönig are very substantial. Both Ditsch and Brezelkönig hold unique positions in the immediate consumption market. As the industry leader in lye-bread products, Ditsch enjoys increasing demand. Thanks to its ultra-modern production facilities, it is able to focus on product innovation for its wholesale customers, thus making the most of attractive growth opportunities in and outside Germany. Valora Services' negotiations are well advanced, both on the future of individual businesses and its overall portfolio, reflecting the keen interest shown by various potential partners. Valora intends to complete the handover of control in 2014. Valora Trade addresses ongoing competitive pressures by systematically pursuing profitability-boosting initiatives. These include further cost cutting, a reduction in the capital its activities require and a strategic review of all business areas.

Efficient and sustainable capital allocation in our core business will remain a key strategic priority for Valora, and we intend to ensure that we continue to optimise our free cash flow. Besides investing in the sustainable maintenance of our infrastructure, we intend to continue making significant growth investments in the transformation of our retail businesses in Switzerland and Germany, and in the expansion of our Ditsch and Brezelkönig outlet networks. Further streamlining of our net working capital requirements and optimisation of our financing costs will also have a positive impact.

We would like to take this opportunity of expressing our gratitude to you, our shareholders, for the confidence you have shown in Valora – we will do our utmost to justify that confidence. We look forward to recommending the approval of a dividend of CHF 12.50 per share, which equates to a payout ratio of 84 percent, at the forthcoming Ordinary General Meeting. This year's dividend payment will be entirely financed from reserves and will thus not be subject to withholding tax. We are confident that in the medium term, we will be able to adopt a dividend policy based on payout ratios of up to 80 percent of net profit, so that this year's dividend can be regarded as a lower boundary to that range.

Yours sincerely

Rolando Benedick
Chairman of the Board of Directors

Michael Mueller
CEO

VALORA 2013 – PLEASING RESULTS – MEASURES SHOW FIRST SUCCESS – BRIGHT PROSPECTS FOR FURTHER DEVELOPMENT

2013 was a year in which Valora made several key strategic decisions which will strengthen the Group. Net revenues for 2013 were CHF 2859.0 million, 0.4 percent up on 2012. The two acquisitions made in 2012 – Convenience Concept (acquired in April) and Ditsch/Brezelkönig (acquired in October) – were fully consolidated into the Group's annual results for the first time in 2013. At division level, Valora Retail raised its sales by 1.9 percent to CHF 1694.5 million thanks to the expanded scale of its activities. Ditsch/Brezelkönig generated net revenues of CHF 197.6 million in 2013. Net revenues at Valora Services were CHF 294.7 million, 38.4 percent lower than a year earlier. After adjusting for the divestment of the division's goods wholesaling business in the first quarter of 2013, the year-on-year decline amounted to some 5 percent. Net revenues at Valora's Trade division were CHF 798.2 million in 2013, 0.7 percent ahead of their 2012 levels.

Valora's 2013 operating profit, or EBIT, amounted to CHF 77.0 million, a 35.9 percent improvement on 2012. The 2013 EBIT figure includes CHF 9.1 million in positive effects, mostly resulting from the revised IAS 19 accounting standard. Conversely, non-recurring expenditure items reduced the Group's 2013 EBIT by CHF 4.7 million. These arose from specific measures required for the integration of the Convenience Concept outlet network in Germany, the costly auction process at Valora Services and portfolio-streamlining and organisational-adjustment initiatives at Valora Trade. Stripping out all these one-off factors, the Valora Group's adjusted operating profit for 2013 was CHF 72.6 million. Valora's operating profit margin for 2013 was 2.7 percent, a 0.7 percentage-point improvement on the previous year. Group net profit was CHF 54.1 million in 2013, CHF 15.7 million, or 41 percent, up on the comparable figure for 2012. Successful refinancing of its previous syndicated-loan facility with funds from two new capital-market transactions enabled Valora to reduce its net debt to 1.6 X EBITDA. Shareholders' equity at December 31, 2013 accounts for 44.8 of total assets.

> 2013 was a year in which Valora made several key strategic decisions which will strengthen the Group.

Focus on small-outlet retail, Valora's core business

During 2013, a particular focus for the business areas which had acquired new units the previous year was on integrating these into their existing operations. Ditsch/Brezelkönig's operations were successfully integrated into the Valora Group's existing processes, both in Switzerland and Germany, and a high level of management continuity was also achieved. Conversely, integration of the Convenience Concept kiosks and convenience-store network into Valora's operations in Germany proved a substantial challenge, requiring additional measures to be implemented. These initiatives will continue to have a significant impact on Valora's German retail business in 2014 and beyond. In 2013, Valora clearly articulated its intention of concentrating its activities on its core retail business. The Group's focused positioning of its five modular formats, all deployable with great flexibility, is essential to that strategy. As Valora also communicated at the time, its objective for its non-core businesses is to evaluate possible options for their future. At Valora Services, the Group is now preparing to relinquish control. At Valora Trade, strategic initiatives in the division's individual business areas are currently being evaluated.

Valora Retail – kiosk integration in Germany, product-range adjustment in Switzerland

Valora's Retail division generated net revenues of CHF 1694.5 million in 2013, 1.9 percent up on their 2012 level. This increase is due to the contribution from Convenience Concept, whose full-year results were consolidated for the first time in 2013. Valora Retail's EBIT

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Rolando Benedick Chairman · Alexander Theobald CEO Valora Services · Andreas Berger CEO Valora Retail · Alex Minder CEO Valora Trade · Markus Guggenbühler CIO · Michael Mueller CEO · Thomas Eisele CEO Ditsch/Brezelkönig · Tobias Knechtle CFO · Adriano Margiotta General Counsel for 2013 was CHF 38.1 million, reflecting one-off effects both positive (CHF 5.5 million arising from the application of IAS 19) and negative (CHF 1.0 million in integration costs at Convenience Concept).

Valora Retail Germany increased its sales by 10.9 percent on their 2012 levels, helped in no small measure by the more than 150 new, modern k kiosk outlets now in place in Germany. The 170 or so centrally located P&B stores Valora operates at German railway stations and airports also performed well. The integration of the Convenience Concept network into the division's German operations, and the resulting re-design schedule for its 1300 outlets, were revised during 2013. New key objectives were defined and a detailed investment plan was drawn up. Over the next three years, Valora Retail Germany will reconfigure the layout, product range and franchise model at selected Convenience Concept outlets. The first pilot sites have been opened at k kiosk and ServiceStore DB (the convenience-store format) locations in Berlin and Delmenhorst. The extended ranges of food, beverages, press products and services now on offer at these sites are proving successful, confirming the benefits of further makeovers of this kind. Valora was also able to intensify and optimise its supply partnership with Lekkerland.

In Switzerland, transformation of the k kiosk network is advancing well. Valora's objective is to have transformed roughly one third of its network of 900-plus k kiosks by late 2015. 111 k kiosks had been modernised by late 2013, beating the year-end target. A further 200 units will be modernised over the next two years. The key feature of the re-designed outlets is their clear focus on food and beverages for immediate consumption. The product range at the new outlets has also been enhanced by attractive new service offerings. The overall increase in sales achieved from the same floorspace across all categories with especially encouraging sales growth in food items, proves that Valora is on the right way. The number of kiosks operated on an agency basis was increased to more than 350 during 2013. The other formats – avec., Spettacolo and Press&Books – all performed well, increasing their revenues. The sites for the various formats were optimised and units in some locations were expanded. New avec. stores were opened at heavily frequented locations in Basel and Zurich. These new stores are in prime central sites and have layouts which are very easy for customers to navigate. They also carry an extensive range of takeaway snacks. At Zurich airport, Valora's Press&Books and the NZZ newspaper-publishing group now jointly operate an exclusive and very appealing outlet. The Spettacolo format has been extended to include a new Spettacolino counter-based outlet design.

Valora's key operational and strategic priority for 2014 is the re-design and modernisation of its kiosk networks in Switzerland and Germany.

Valora Retail Luxembourg significantly contributed to the division's results, with CHF 90.5 million in net revenues, 1.0 percent more than in 2012. In Austria, the division's network of 10 Press&Books outlets performed positively, generating net revenues of CHF 17.2 million.

Ditsch / Brezelkönig expands and reconfigures the layout of its outlets

The market for immediate-consumption food, and lye-bread products especially, has been growing for years. Ditsch and Brezelkönig are both benefiting from this trend. These businesses' aggregate net revenues in Germany and Switzerland reached CHF 197.6 million in 2013, a like-for-like increase of 3 percent on 2012. The number of sales outlets was raised to 236 in 2013 and the quality of the site portfolio was significantly enhanced. Sales growth at these outlets is expected to accelerate in the next few years. Initial synergies from the collaboration between Ditsch and the other Valora formats and businesses are developing, as evidenced by the way in which various product groups have been adapted to specific formats, with pretzels now sold at k kiosks, pizza snacks on sale at avec. outlets and Valora's own-label ok.– drinks available to Ditsch customers. Implementation of the growth strategy Valora communicated is thus progressing as planned.

In its German domestic market, Ditsch has streamlined and enhanced its outlet network, opening its 199th branch in late 2013. Ditsch will focus on network expansion. Its new outlet layout will be a significant factor in driving this forward. The modern image the new outlets project and the clear structure of their various components are proving noticeably beneficial to sales and customer satisfaction. Despite a challenging second quarter, wholesale revenues rose + 5 percent. Ditsch has a diversified and attractive wholesale portfolio. Thanks to its strong wholesale-market position as a specialist lye-bread producer, and the flexibility of its production facilities, Ditsch is well placed to make the most of wholesale growth opportunities in and outside Germany.

In Switzerland Valora strengthened its close partnerships with its landlords.

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In Zurich and the surrounding conurbation, the Group opened several major new outlets. In Winterthur, a new compact Brezelkönig outlet was opened right on the station platform, as part of a joint pilot project by Valora and Swiss Federal Railways. During 2013, Brezelkönig was also able to expand its network to encompass French-speaking Switzerland. All the new Brezelkönig outlets are generating footfall and revenue as planned. The Ditsch/Brezelkönig network generated an excellent operating profit before depreciation and amortisation of CHF 39 million, which equates to a margin of 19.7 percent. EBIT for 2013 was CHF 26.3 million, equivalent to an operating-profit margin of 13.3 percent.

Valora Services expands its logistics unit and prepares to cede control

Valora's Services division generated net revenues of CHF 294.7 million in 2013, –38.4 percent less than a year earlier. Most of this shortfall is due to the division's disposal of its press-wholesaling business in Austria (with CHF 93 million in non-recurring revenues) and its goods-wholesaling interests in Switzerland (CHF 79.3 million). The year-on-year decline in the remaining core business, encompassing press wholesaling in Switzerland and Luxembourg, was around 5 percent, slightly less than generally anticipated. The division was able to increase the revenues it generated from its logistics services unit by over a third, to more than CHF 17 million. Despite the non-recurrence of earnings from the businesses it sold, Valora Services was able to achieve an operating profit of CHF 10.8 million, which puts its 2013 EBIT margin at 3.7 percent. This includes various positive one-off elements, notably CHF 1.2 million relating to new IAS 19 rules, as well as several non-recurring costs, principally arising from the Group's planned relinquishment of control over the division, for which expenditure of CHF 2.8 million was incurred. The results generated by the division's logistics services for third parties contributed to the stable profitability achieved in 2013. These continued to attract significant customer interest in 2013 and their importance to the division as a whole has increased.

The process of ceding control of the Services division to a single business partner is progressing. The detailed and costly work required to define the sustainable value drivers which will support the future business model for the division as a whole and its individual business areas is now complete. Since then, Valora has held numerous discussions and workshops with various interested parties.

Valora Trade taking action to raise profitability

The Trade division achieved net revenues of CHF 798.2 million in 2013, 0.7 percent higher than a year earlier. This increase mainly reflects new business generated in Denmark and Finland. In Switzerland, the continued strength of the Swiss franc and the volume of parallel imports arising because of this had an adverse effect on the division's performance. Valora Trade's 2013 EBIT of CHF 7.1 million was essentially in line with 2012. The 2013 results were positively affected by one-off factors totalling CHF 0.5 million, largely resulting from the new IAS 19 standard. Conversely, the division also incurred CHF 0.9 million in non-recurring expenditure, mainly due to internal restructuring costs.

Business conditions in Valora Trade's traditional business distributing food, non-food and beverage products remain challenging, while the performance of its new categories, particularly cosmetics, is very promising. In order to raise the profitability of its traditional categories, Valora Trade analysed each individual contract based on the results generated and the capital required. During 2013, this resulted in a rapid succession of discussions with brand owners. This culminated in insufficiently profitable contracts either being superseded by new agreements on better terms or simply not renewed. Over the medium term, this will benefit the division's profitability and capital utilisation. Valora Trade expects to achieve further improvements thanks to its focus on smaller and medium-sized brand owners and the various organisational changes it is making at country-unit level.

Outlook

Valora's key operational and strategic priority for 2014 is the re-design and modernisation of its kiosk networks in Switzerland and Germany. The expansion of the Ditsch and Brezelkönig formats already announced will be pursued as planned in both countries. A major milestone for Valora will be the relinquishment of control of its Services division, which is expected to occur during 2014. Relinquishing control of the Services division will lend the Group increased strategic flexibility. Valora expects that its efforts to raise the profitability of its Trade division will achieve their first successes during 2014. Management is confident that disciplined focus on the Group's core business and its inherent growth opportunities will enable them to shape a positive future for Valora.

CLOSE, SIMPLE, IMMEDIATE

Valora is a small-outlet retailer operating a range of modular, flexibly configurable store formats at heavily frequented locations. Its outlets' product range focuses on impulse purchases and convenience store items. In a number of European markets, Valora is also a wholesaler of press products, as well as a distributor of consumer goods. The Group is soundly financed, has a broad investor base and maintains an active dialogue with all its stakeholders.

fast
convenient
central

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VALORA RETAIL

SMALL-SCALE OUTLETS

At the core of Valora's retail activities is the kiosk format, focusing on the traditional product ranges of tobacco, press and lottery ticket categories. Key attributes of Valora's Retail division are product simplicity and rapid service. From its original base in Switzerland, the network has expanded over the decades both organically and through acquisitions to circa 3000 outlets. Valora Retail currently operates four distinct outlet formats (kiosks, convenience stores, press / bookshops and coffee bars) in Switzerland, Germany, Luxembourg and Austria.

HEAVILY FREQUENTED SITES

Most of Valora's small-scale outlets are located at heavily frequented sites, such as public-transport hubs, town-centre locations and supermarket checkout areas, complemented by selected regional and city-centre venues. In its domestic market, Valora has 650000 daily customer contacts; an advantage and opportunity to be systematically leveraged and used.

CAPTIVATING FORMATS

A further significant factor accounting for Valora Retail's success is its distinctly autonomous range of formats. Depending on location, outlet size and customer needs, these formats can be modularly configured for each specific site. Valora's most important format is its k kiosk. This concept, which has been in operation for over 80 years, is constantly being adapted to meet the evolving consumer society's needs. The ongoing development of its kiosk format and the extension of its format portfolio to convenience stores (avec.), press and book shops (P&B) coffee bars (Spettacolo) as well as the immediate consumption goods formats Ditsch and Brezelkönig, have enabled Valora to rely on well-known small-outlet brands and an optimal market position.

EXPANDED MARKET PRESENCE IN GERMANY

Valora Retail has achieved significant growth by means of substantial acquisitions in Germany. In 2009, tabacon, the fourth largest network of some 180 outlets was purchased, modernised and rebranded as k kiosks. In 2012, this was followed up on by acquiring the market leader in German small-outlet retailing, Convenience Concept. Its circa 1200 well located units complement Valora Retail Germany's existing outlets. The shops are run exclusively by independent business partners or franchisees. The further development of the Convenience Concept outlets is a key strategic initiative.

SIGNIFICANT PARTNERSHIPS

The collaboration with landlords such as Swiss Federal Railways and Deutsche Bahn is a major priority. As passenger volumes on public-transport networks increase, these partnerships will become increasingly important

NEW PRODUCT RANGES AND MODERNISED STORE LAYOUTS

The kiosks' product range is currently in the next phase of its evolution. In Switzerland, customers' changing reading habits are taken into account through the expansion of the range of hot and cold beverages, bakery items and service offerings. In Germany, the aim is to develop what is currently a network of tobacco outlets into small-scale impulse-purchase outlets offering a traditional kiosk product range. The product lines on offer are being adjusted accordingly, and the outlets themselves are being adapted in response to changing consumer preferences.

FORWARD-LOOKING BUSINESS MODELS

By introducing an agency business model in Switzerland, Valora is actively fostering entrepreneurship. Agency and franchise-based business models have been successfully established for several outlet formats and are now generally regarded as a type of business with significant potential for the future. In Germany, outlets are being reconfigured as k kiosks, thus adopting a franchising business model combined with a strong brand. In Luxembourg, all outlets already operate on an agency basis. The objective is to promote sales growth and increase efficiency levels.

fresh
traditional
unique

2

DITSCH/ BREZELKÖNIG

A TRIED AND TESTED TRADITION

The foundations on which Ditsch built its remarkable rise to become the industry leader in lye-bread products were established already 95 years ago, in Mainz. What had begun as a family-owned bakery has developed, three generations later, in 2012, into a highly successful enterprise with more than 200 outlets, three production facilities and geographical coverage of Germany and Switzerland.

UNIQUE EXPERTISE, STRONG BRAND

Part of the Valora Group since autumn 2012, Ditsch (Germany) and Brezelkönig (Switzerland) focus on lye-bread products and snacks. The fresh products are produced at the firm's own plants to the highest standards, and distributed through its own outlet network and wholesalers in Germany and abroad. The vertical integration is the foundation of the company's success. The freshness of the products, their high quality and the focused assortment stand for the brand Ditsch/Brezelkönig. Final baking of the products takes place on site, appealing to the modern zeitgeist of consumers to eat while out and about. All Ditsch/Brezelkönig outlets occupy selected, heavily frequented locations at railway stations, shopping centres or pedestrian zones.

SYNERGIES AND GROWTH

Ditsch/Brezelkönig's retail concept with its focus on immediate consumption goods and its above-average revenue margin ideally complements Valora's existing format portfolio. Being part of the same organisation as Valora provides Ditsch/Brezelkönig with a variety of opportunities for synergies and growth. Some initial product-range adaptations have already been carried out (pretzels at k kiosk, ok.– at Ditsch). There is also scope for developing strategic partnerships with landlords, opening up interesting potentials in both Switzerland and Germany. By re-allocating or downsizing existing Valora formats, opportunities for Ditsch/Brezelkönig are created. Expanding the network into new regions (e.g. French-speaking Switzerland) will also be a priority in the years ahead, lending additional momentum to the pursued growth.

competent
nimble
flexible

3

VALORA SERVICES

Valora Services is a press distributor, delivering freshly printed magazines and newspapers to their retail destinations under its "nilo" brand. Its tightly-knit distribution network to supply the Group's own retail outlets and several thousand third-party press customers (other kiosks, hotels, restaurants, hospitals etc.) is an important source of revenue within the Valora Group.

SPECIALISED LOGISTICS

The increasing popularity of digital media has reduced demand for printed press products, particularly since 2010. The challenge has been to compensate for the decline in press distribution volumes, and to make the highly specialised logistics services available for other business areas. nilo leverages its deliveries to more than 1000 own outlets across Switzerland, to offer its services to third-party customers at low marginal cost and without significantly prolonging its delivery cycles. Today, thousands of opticians, telecom service providers and booksellers, which, just like Valora's kiosks, all operate at heavily frequented sites and have limited storage space, are supplied by nilo on a daily basis, or just-in-time.

ADDITIONAL SERVICES FOR NEW CUSTOMERS

The density of its geographically comprehensive, daily press distribution activities has, very successfully, enabled Valora Services to market its logistics services to third-party customers on competitive terms under the nilo brand. As it develops its closely-knit logistics network further, nilo is proving its worth as a specialist service provider in an exciting market. Rapid growth in online retail volumes is making this market even more attractive. By offering pick-up and drop-off services, nilo has been able to increase the frequency with which it supplies outlets. Expanding its business model in this way has enabled Valora Services to compensate for some of the decline in its press-wholesaling volumes and revenues.

European
brand-focused
service-oriented

4

VALORA TRADE

Valora Trade specialises in the distribution of branded food, non-food and confectionery items. Since 2010, the division has also been a distributor of high-value cosmetics products in Norway and Sweden. Operating in seven national markets across Europe, Valora Trade is the major consumer-goods distributor, providing international manufacturers of branded products with vital market access. The division provides important services to market products in various retail markets.

DISTRIBUTION EXPERTISE

Valora Trade has a unique European network at its disposal. With its own distribution companies and pronounced experience in the most relevant distribution channels in seven European countries, the division enables access to over 130 million consumers. Specialised services and tailor-made solutions ensure that brand promises are transformed into consumer preferences, generating significant added value for retailers and brand owners. Professional marketing and category-management teams have a wealth of knowledge of international and local markets and in-depth experience of current trends across product categories, retail sectors and consumer groups. Their strong, well-established relationships with local retailers and their broad coverage of individual national markets complement this division's other areas of expertise.

CLASSIC

For decades, Valora Trade has been supplying retailers with fast-moving consumer goods; in the confectionery, food, beverage, non-food and near-food categories through its Scandinavian distribution organisations in Denmark, Sweden, Norway and Finland, and through its Central European network in Switzerland, Austria and Germany. The division's objective is to enable its manufacturing and retail business partners to tap into growth opportunities and to provide them with tailor-made solutions which generate added value for the brands and product ranges it represents.

COSMETICS

Valora Trade has access to the growing market for cosmetics and personal-care products since 2010. Through its acquisitions of EMH in Norway in 2010, and of Scan-Co in Sweden in 2011, Valora Trade has been able to expand into a growing product category with an above-average profitability. The "Cosmetics" portfolio now comprises over 50 internationally renowned brands, such as Calvin Klein, Chanel, Clarins, Dolce&Gabbana, Guerlain, Hugo Boss, IsaDora, La Prairie, Max Factor, Paco Rabanne, Shiseido and Versace, which are distributed to specialist retailers and exclusive perfumeries and drugstores.

sound
diversified
long-term

5

FINANCING STRATEGY

Valora is a trading company with a sound balance sheet and substantial shareholders' equity. The Group's financing strategy aims to achieve balanced, long-term liability funding based on a range of financial instruments, while ensuring that its equity capital is efficiently allocated across its various business areas.

LIABILITIES FUNDED BY A RANGE OF FINANCIAL INSTRUMENTS

The Group deploys a balanced mix of financing instruments to fund its liabilities. Currently, these comprise a syndicated-loan facility, a bond issue, a hybrid-bond issue and a bonded-loan placement. Valora's long-term financing strategy aims at securing liquidity, optimising liability funding costs, and diversifying the range of financial instruments, the investor base and the maturity profile of its liabilities. The Group's target debt level for the medium and long term is a net debt equal to roughly 2.0 x EBITDA. In 2013, Valora's pursuit of these objectives and the attractive market conditions prevailing at the time enabled the partial redemption of the CHF 400 million Ditsch/Brezelkönig acquisition through the successful placement of a CHF 120 million perpetual hybrid bond issue and a EUR 150 million bonded-loan. Both issues met with a very positive market reception, enabling Valora to secure funding on internationally competitive terms. They also helped Valora to raise its capital-market profile and to strengthen its balance sheet structure, since IFRS rules require the proceeds of the hybrid bond issue to be fully allocated to equity.

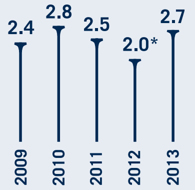
SOLID EQUITY COVER AND AN ATTRACTIVE DIVIDEND POLICY

With total assets covered by total equity amounting to some 45 percent at 31.12.2013, Valora is solidly capitalised. The Group's objective is to distribute a significant proportion of its net profit to its shareholders while simultaneously achieving a moderate reduction in its debt levels. Over the medium term, we are confident of being able to distribute up to 80 percent of net profit to our shareholders in the form of dividends, so that the current payout ratio can be regarded as a lower boundary.

Key group data

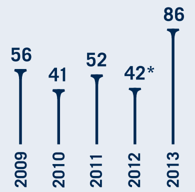
Group

EBIT-MARGIN
Operating profit in % of net revenues



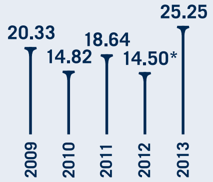
** Restated*

FREE CASH FLOW
Net cash generated by operations minus net cash used in investing activities, in CHF million



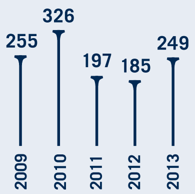
** Restated*

FREE CASH FLOW
per share in CHF

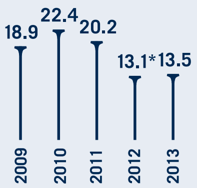


** Restated*

SHARE PRICE PERFORMANCE
Year-end Price in CHF

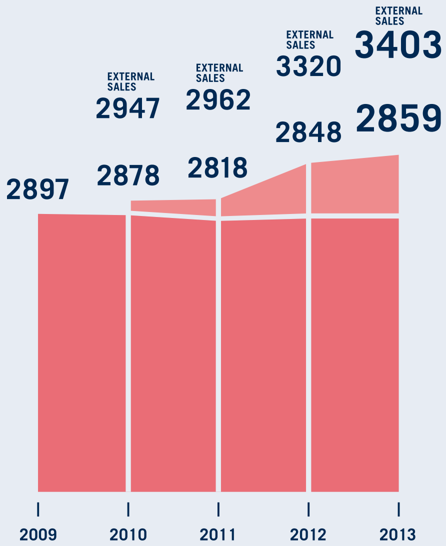


EPS
Earnings per share, undiluted, in CHF

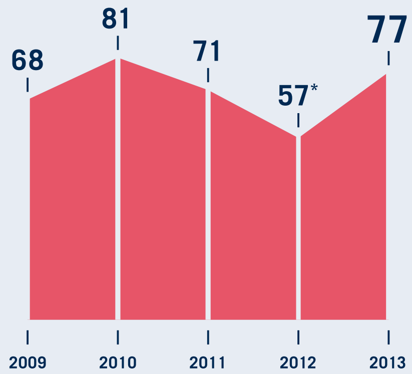


** Restated*

NET REVENUES
in CHF million

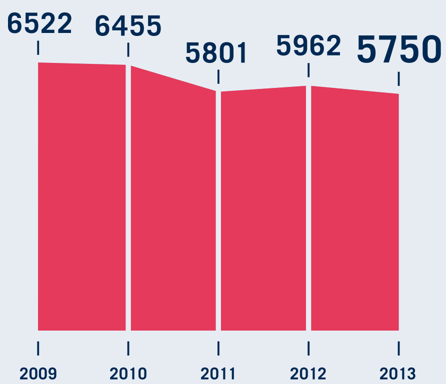


OPERATING PROFIT
Earnings before interest and taxes in CHF million

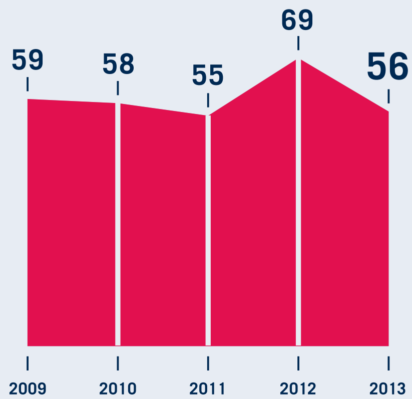


** Restated*

EMPLOYEES
Number of employees (FTE) at December 31



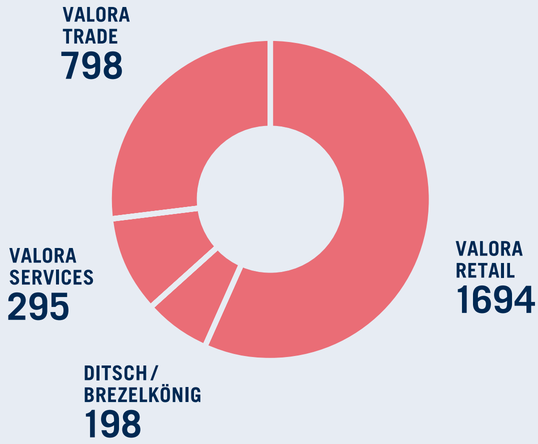
INVESTMENTS
in CHF million



Key division data

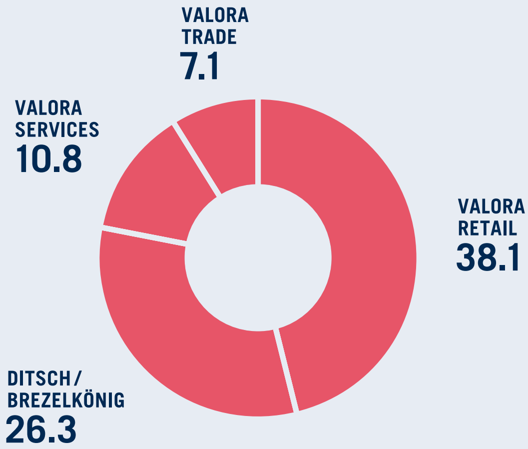
Divisions

NET REVENUES
in CHF million



	2013	2012
VALORA RETAIL	1694	1664
DITSCH/BREZELKÖNIG	198	50
VALORA SERVICES	295	478
VALORA TRADE	798	793
OTHER		

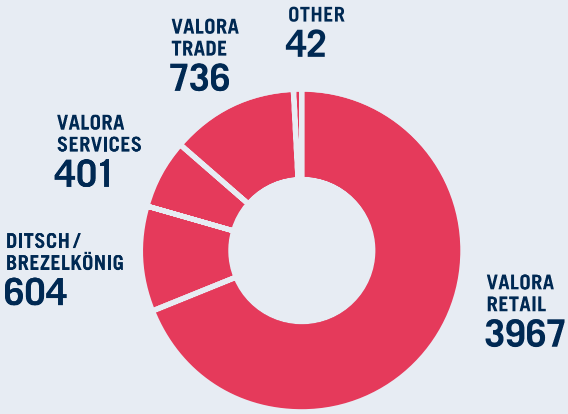
OPERATING PROFIT (EBIT)
in CHF million



	2013	2012*
VALORA RETAIL	38.1	19.1**
DITSCH/BREZELKÖNIG	26.3	7.1
VALORA SERVICES	10.8	11.7
VALORA TRADE	7.1	7.5
OTHER	–5.3	11.3

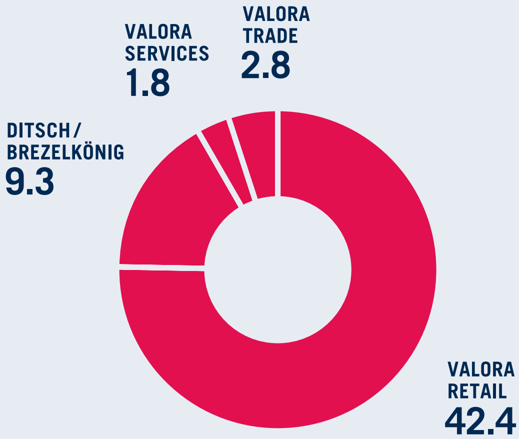
* *Restated*
** *Incl. real-estate book loss (CHF 14.2 million)*

EMPLOYEES
Number of employees (FTE) at December 31



	2013	2012
VALORA RETAIL	3967	4126
DITSCH/BREZELKÖNIG	604	575
VALORA SERVICES	401	411
VALORA TRADE	736	779
OTHER	42	71

INVESTMENTS
in CHF million



	2013	2012
VALORA RETAIL	42.4	55.0
DITSCH/BREZELKÖNIG	9.3	3.7
VALORA SERVICES	1.8	4.0
VALORA TRADE	2.8	5.9
OTHER		0.1

valoraretail

The micro-retailing experts in Germany, Luxembourg, Austria and Switzerland

Nearby, convenient, immediate: attributes that fittingly describe all Valora Retail's brands and formats. Thousands of outlets, only a stone's throw away from their customers. Convenient services, rapidly delivered every time. This is where customers find little moments of happiness to brighten their everyday lives, and can be sure of getting them straight away.

Valora Retail is one of the leading micro retailers in Switzerland, Germany, Luxembourg and Austria. In aggregate, it operates some 3000 small-outlet retail, all located at heavily frequented sites. Every day, the division's sales staff greet more than a million customers. Through its five clearly positioned formats – k kiosk / CIGO, avec. / Service-Store DB, Press&Books, Spettacolo and Ditsch/Brezelkönig – Valora Retail offers its customers everything they need for instant enjoyment – from magazines, to mineral water, to iTunes gift cards. As a marketing and distribution organisation with a geographically comprehensive presence, Valora Retail is a key business partner to consumer-goods manufacturers.

NET REVENUES BY BUSINESS AREA

in CHF million	2013	2012
Kiosk Switzerland	872	888
P&B Switzerland	77	72
Gastronomy and Spettacolo	34	33
Convenience and Tamoil	226	225
Retail Germany	376	339
Retail Luxembourg	91	90
Retail Austria	17	16
Other	1	1
Total Valora Retail	1 694	1 664

OUTLETS BY COUNTRY

	2013	2012
Total Valora Retail	2 373	2 376
Switzerland	1 075	1 093
Germany	1 221	1 203
Luxembourg	67	70
Austria	10	10

PRESS&BOOKS SWITZERLAND

NEW FLAGSHIP STORE AT ZURICH AIRPORT

In July 2013, Valora Retail and its business partners inaugurated a new retail space devoted to books and gastronomy. This large-scale, single unit provides its customers with an inspiring choice of books, press products, food and drink.

Press&Books and the NZZ Café invite travellers at Zurich Airport to experience a new world of reading and gastronomy. The space, which covers more than 400 square metres and was exquisitely conceived by a team led by the architect Roger J. Copeland, has a modern, inviting design to welcome its customers, which has been acclaimed by Monocle, the authoritative style magazine. The Press&Books product range has been configured with the travelling public in mind and features a wide range of books in numerous languages and a range of quality magazines.

VALORA RETAIL LUXEMBOURG

A SUCCESSFUL 2013

New counters for tobacco products have significantly enhanced the goods on display at Valora Luxembourg's k kiosks, lending a welcome boost to the bottom line. Sales of Valora's popular ok.– product range continue to turn in good results. The new k kiosk design is also helping to strengthen the brand's overall market presence in Luxembourg.

IMPULSE RATES VALORA'S FRANCHISE SYSTEM THIRD BEST IN GERMAN RETAIL SECTOR

K KIOSK SWITZERLAND

FRESH FOR YOU

Traditionally known for its range of press, tobacco and lottery products, k kiosk began to change in 2013, with greater emphasis on food and beverages, exemplified by the new k kiosk sandwich line. With exclusive recipes, monthly specials and seasonally themed offerings, the new sandwiches are bringing fresh produce to Valora's stores. Bakery products are also finished on the premises, ideally complementing the sandwiches.

k kiosk

39%

PROPORTION OF SWISS K KIOSKS RUN BY AGENT-MANAGERS (+ 9 PERCENTAGE POINTS ON 2012)

VALORA RETAIL GERMANY
KEY DEVELOPMENTS IN GERMANY

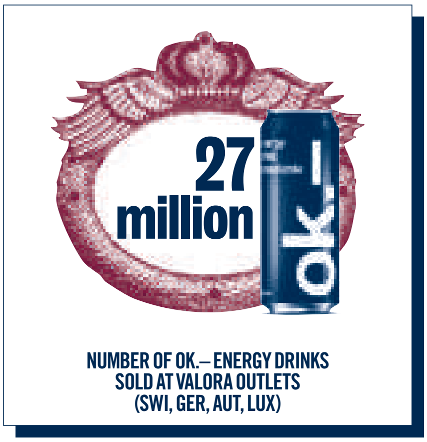
Valora Retail Germany's development work is currently focused on two major projects. Valora is developing – in collaboration with Deutsche Bahn – a new convenience-store concept and is also rolling out the k kiosk brand nationwide.

In 2013, Valora Retail Germany's convenience-store team was busy working on a new generation of convenience stores. The new units enable customers to find everything they are looking for, quickly and easily, be it fresh bakery products, snacks, coffee specialities, cold beverages or tobacco products. At the same time, the German team is also gradually converting a large number of the former Convenience Concept outlets, which Valora acquired in 2012, to one new, uniform format. This will involve the k kiosk brand, already very well known in Switzerland, also becoming a nationwide icon for Valora Retail's kiosks throughout Germany.

SPETTACOLO
FIRST SPETTACOLINO OPENS ITS DOORS

Valora's Spettacolo coffee-bar chain opened its first Spettacolino unit during 2013. The Spettacolino format enables customers to be served quickly and easily at the counter.

Spettacolino and Spettacolo are both committed to providing coffee enjoyment in an Italian-themed setting. Their target audience encompasses anyone looking for a brief coffee break while they are out and about. While the two formats' product offerings are very similar, Spettacolino is focused on a compact store format, which can also be configured flexibly. Spettacolino serves its customers at the counter, thus ensuring even more rapid service.



K KIOSK SWITZERLAND
111 K KIOSK OUTLETS RE-DESIGNED

Valora Retail modernised 111 of its Swiss k kiosks in 2013, surpassing its target of 100 transformations. These re-designed units are turning in an extremely positive performance.

One of the last k kiosk transformations scheduled for 2013 took place in St. Moritz, towards the end of the year. Valora's 2013 target was 100 transformations. Given the success achieved by the first new units, the project was accelerated and the target was exceeded by 11 percent. The new k kiosk concept, with its new product range and modernised layout, reflects society's changing needs. Innovations include a greater range of non-alcoholic cold beverages and a line of fine coffees encompassing several specialities. The range of food on offer has also been expanded, notably including the new k kiosk sandwich line and the daily choice of freshly baked goods, from croissants and bread rolls to sweet pastries.

All the major services available – be it package drop off and collection, the ok.– prepaid MasterCard or the new Zalando gift card – are prominently displayed. The range of smokers' accessories has also been extended. The new layout has a fresh, streamlined appearance. Customers and Valora staff alike are enthusiastic about the new design, as the sales figures demonstrate. The success story continues.

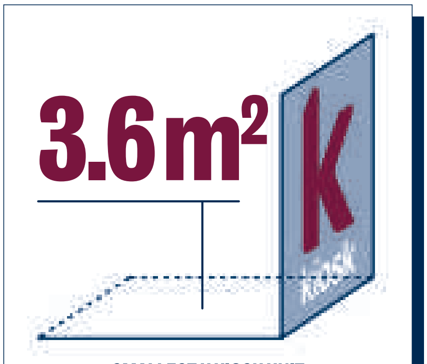
OK.–

A FULL PRODUCT LINE IN 2013

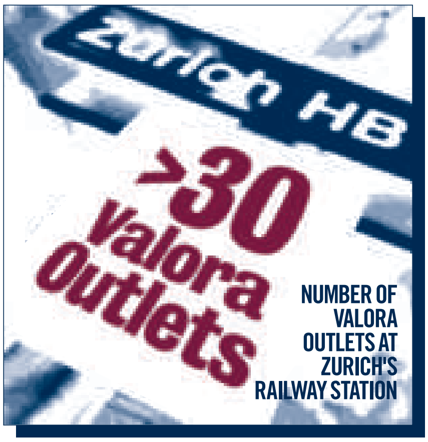
“green apple”, “pink grapefruit”, “winter-dream”: those are just three of the 14 new ok.– products launched in 2013. Valora’s popular ok.– energy drinks were especially well received

Good product quality, competitive prices and a sleek, elegant design. Those are the attributes that make the ok.– range different. In 2013, the ok.– range was extended to include a number of successful new products, including the new “pink grapefruit” and “green apple” fruit flavours. In mid-year, ok.– launched its resealable energy drinks, the first canned drink to offer a seal that can be closed again, and a genuine innovation in its own right. The “winter-dream” ok.– energy drink, launched at the end of the year, was the first spiced-flavour energy drink to go on sale in Switzerland.

Besides its ok.– energy-drinks range, Valora also launched an ok.– green tea with honey as a new iced tea. Since 2013, ok.– mineral water has been sold in bottles with a sports cap. New ok.– non-food products – coloured umbrellas, mobile-phone holders, flip flops and rucksacks – were also brought to market. The ok.– prepaid MasterCard has also been doing extremely well ever since its initial launch. Valora’s ok.– products also proved successful in Germany. The range of ok.– products on sale at Valora’s German outlets was increased from 2 to 7 during 2013. In all, more than 500 Valora outlets in Germany now sell ok.– products. All this made 2013 an innovative and successful year for Valora’s private-label brand.



SMALLEST K KIOSK UNIT IN SWITZERLAND



NUMBER OF VALORA OUTLETS AT ZURICH'S RAILWAY STATION

AVEC.

EXPANSION CONTINUES

In Switzerland, the division’s Convenience unit opened three new avec. shops during 2013. An avec. bistro has also opened at the new Messe Basel centre, providing a new and convenient option for trade-fair visitors. In autumn 2013, avec. set up a new shop at Zurich’s main station, offering a range of essentials for customers on the move. Since late 2013, there is also a new avec. at Münsingen station in the Swiss canton of Bern.

SALES GROWTH AT PRESS&BOOKS SWITZERLAND

OUTLET TRANSFORMATIONS AND NEW BUILDS

OK.– PREPAID MASTERCARD SUCCESSFULLY LAUNCHED

The lye-bread specialist

Ditsch and Brezelkönig have been part of Valora since October 1, 2012. Both specialise in lye-bread products, Ditsch in Germany and Brezelkönig in Switzerland. In 2013, they made a substantial contribution to Valora's overall results.

Ditsch has been baking and selling lye bread since 1919. In 2000, the firm acquired Brezelkönig, a Swiss company, which it then systematically developed. Ditsch's head office is in Mainz, Brezelkönig is headquartered in Emmenbrücke. Production facilities are located in Mainz, Oranienbaum and Emmenbrücke. With some 240 outlets in Germany and Switzerland, Ditsch/Brezelkönig has a strong market presence. This is complemented by a substantial wholesaling business in and outside Germany.

NET REVENUES BY NATIONAL MARKET

in CHF million	2013	2012
Switzerland	53.0	13.9
Germany	144.6	36.2

OUTLETS BY COUNTRY

	2013	2012
Switzerland	37	35
Germany	199	195

DITSCH

DITSCH OUTLETS ADOPT A MODERN DESIGN

Ditsch began introducing a new design to its network in 2013. The outlets' new, modern design underscores Ditsch's objective of expanding its network and generating organic growth.

The new-look outlets are characterised by modern design and clear lines. Pale wood and a new lighting concept create a warm atmosphere. A modular concept ensures outlets of various sizes can easily be configured, thus enhancing flexibility at each location. Initial results have been extremely positive. The newly designed outlets are achieving encouraging sales growth, as well as proving very popular with customers and landlords. 16 additional outlets were opened in 2013, with more to follow shortly. Fresh and crunchy, that is the guiding principle that has kept Ditsch successful since 1919.

BREZELKÖNIG

EXPANSION IN SWITZERLAND

The pretzel king is expanding its market coverage in German-speaking Switzerland, with new outlets in Baden and Zurich. Brezelkönig is also opening a further branch in Lausanne, to meet increasing demand for its products in Switzerland.

In Winterthur, Brezelkönig now operates its first outlet on a Swiss railway platform – testimony both to the landlord's confidence in its tenant and to Brezelkönig's flair for innovation. To the delight of all concerned, this unit's sales are progressing well. At Zurich's main station, Brezelkönig is demonstrating its skill in operating within a limited space. From an area of only about 10 square metres, this Brezelkönig outlet, located between a k kiosk and a Spettacolo, is offering its popular products to the travelling public. Further new openings are planned for 2014, in German-speaking, French-speaking and Italian-speaking Switzerland.

NUMBER OF COUNTRIES SUPPLIED BY WHOLESALING UNIT

16x Ditsch

NEW DITSCH OUTLETS OPENED IN 2013

valoraservices

Press wholesaler and logistics specialist

Valora Services is the leading press wholesaler in Switzerland and Luxembourg. Valora Logistics is noteworthy for offering Switzerland's fastest throughput times to 14 000 delivery points.

As the market leader in Switzerland and Luxembourg, Valora Services has a unique level of press expertise. In Switzerland, its vehicles cover some 30 000 kilometres daily, delivering about a million newspapers and magazines. Under the nilo banner, Valora has over the last few years also offered its logistics expertise to third-party customers – on time, reliably and around the clock, seven days a week.

NET REVENUES BY NATIONAL MARKET

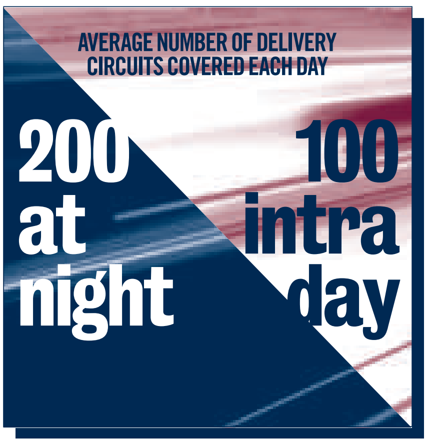
in CHF million	2013	2012
Services Switzerland	257	346
Services Austria	0	93
Services Luxembourg	38	39
Total Valora Services	295	478

VALORA LOGISTICS

A QUARTER OF A MILLION PACKAGES DISPATCHED

Use Päckli Punkt (in English, "Package Point") and save money. More and more consumers are taking that offer up. In 2013, nilo returned more than 250 000 packages from Valora outlets to their online retailers.

E-commerce is expanding inexorably, and orders are increasing. Return rates in this market remain high, so that the volume of goods which need to be returned, for a variety of different reasons, continues to grow. To meet that need, Valora developed its Päckli Punkt service. The system is simple, efficient, competitively priced and increasingly popular. In 2013, more than a quarter of a million packages were brought to the 800-odd outlets in Valora's Päckli Punkt network, before being returned to more than 30 participating online retailers.



VALORA LOGISTICS

NILO CONTINUES TO GROW

With new customers boosting capacity utilisation, nilo Night Logistics is growing. The successes achieved in 2013 support a confident outlook for the future.

nilo is Valora Switzerland's logistics unit. Specialising in overnight and intra-day logistics services, nilo provides its customers with a rapid and competitively priced offering, which is generating significant demand. Established and new customers alike appreciate nilo's streamlined business structure. Since 2013, for example, nilo has been the new logistics partner for Weltbild, the Olten-based publishers, providing them with cross-docking and transport services throughout Switzerland. nilo ensures that all dispatched items reach Weltbild's branches within 10 hours, thus enhancing instore product availability.

VALORA SERVICES

CLOSER TO THE CUSTOMER

Valora Services optimised the balance between its distribution and sales activities in 2013, an initiative from which publishers and retailers benefited in equal measure.

Harmonising its distribution and sales businesses was a major objective for Valora Services in 2013. By introducing a clear press-wholesaling structure, based on central sales and distribution functions and flat hierarchies, Valora Services was able to sharpen its focus on its publishing and retailing customer base, thanks to clear and direct lines of communication. Tightly meshed organisational and process-related linkages and the onshoring of core functions back to Switzerland has many advantages. The division is closer to its customers, is more receptive to its retailers' needs and can adopt a regional approach to its markets.

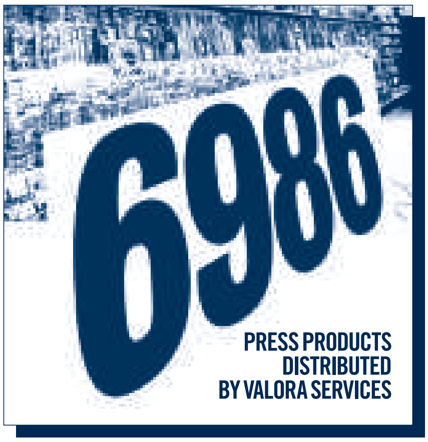
These changes resulted in processes being adapted to the new organisational structure and a uniform software platform being adopted for internal and external sales staff. Now that the new software and its ticket-tracking system have been rolled out, Valora Services can, for the first time, track all processes and quality-assurance mechanisms in one uniform environment. The new software is the central work-flow-management tool both for the entire division and for its interfaces to other Valora units and its external business partners.

Valora Services has also achieved some noteworthy successes in re-configuring its product range. On the one hand, the division's teams have introduced greater seasonal fine-tuning to optimise their product-range composition. On the other hand, greater attention is being paid to considering individual outlets on the ground. The key change supporting this is that the geographical regions covered by the division's external sales reps have now been harmonised. All these initiatives share two common objectives: to get closer to the customer and to generate added value.

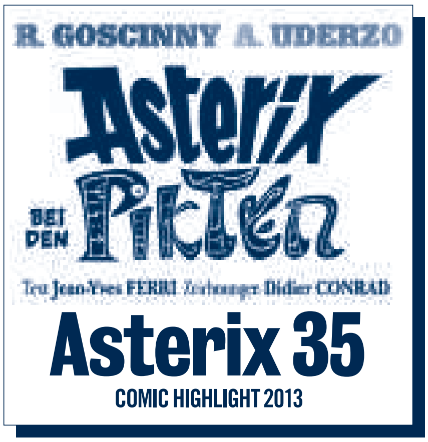
VALORA SERVICES SWITZERLAND

DISPOSAL OF GOODS-WHOLESALING UNIT

In early 2013, Valora Services sold its Sales & Services Switzerland business unit, a goods wholesaler, to Lekkerland Schweiz AG. This unit provided classical distribution services to third-party customers, supplying some 650 retail outlets with tobacco products, food, beverages and non-food items. The disposal enables Valora's Services division to increase its focus on press wholesaling.



PRESS PRODUCTS DISTRIBUTED BY VALORA SERVICES



Asterix 35
COMIC HIGHLIGHT 2013

valoratrade

Tailor-made solutions for distributing consumer goods

Fast-moving consumer-goods brands in the cosmetics, confectionery, snacks, food and non-food categories, that is Valora Trade's world. Broad market access to millions of consumers in seven national markets is what Valora Trade offers its business partners. Tailored solutions, developed by highly qualified staff, are what gives Valora Trade the edge in its day-to-day work.

Valora Trade has a unique distribution network at its disposal. The division operates distribution companies of its own in seven European national markets and has comprehensive expertise in all relevant distribution channels. For many international manufacturers of renowned branded products, Valora Trade guarantees access to more than 130 million consumers. Valora Trade is also a key business partner to the retail industry. Working closely with manufacturers and retailers alike, Valora Trade develops a range of specialised services, tailor-made distribution solutions and results-oriented growth initiatives.

NET REVENUES BY BUSINESS AREA

in CHF million	2013	2012
Trade Switzerland	165	181
Trade Central Europe	53	67
Trade Nordic	580	545
Total Valora Trade	798	793

VALORA TRADE SWITZERLAND

INTEGRATING A GROWTH BRAND

Two brands, Kellogg's and Pringles, will now be marketed by one single distribution partner in Switzerland. From January 2014, Valora Trade Switzerland, whose professional services helped secure the new mandate, has added the growing Pringles brand to the existing range of Kellogg's products it already represents. The Valora country unit has also been able to extend its successful collaboration with Ferrero and Capri Sun.

SCANCO

TAPPING INTO NEW CHANNELS

In signing up Kronans Apotek in 2013, Scandinavian Cosmetics (ScanCo) was able to gain access to a new distribution channel with substantial future potential. Declining sales for individual brands were compensated for by new accounts. These new signings – which include Filorga, Kneipp, Alessandro, Stella McCartney and Riemann / P20 – are turning in a promising performance.

A NEW BRAND OWNER FOR VALORA TRADE FINLAND

EMH

NORWEGIAN SUCCESS STORY

Engelshiøn Marwell Hauge (EMH) has a broad cosmetics portfolio with a good mix of well-known brands. Last year, the firm was able to build further on the strong market position it holds, increasing both revenues and margins. The firm's e-commerce business is also gaining in importance. This virtual market is growing rapidly and offers promising prospects to EMH.

ACROSS ALL VALORA TRADE COMPANIES

A NEW BUSINESS PARTNER FOR VALORA TRADE NORWAY

VALORA TRADE AUSTRIA

SUCCESS WITH RICOLA AND ARIZONA

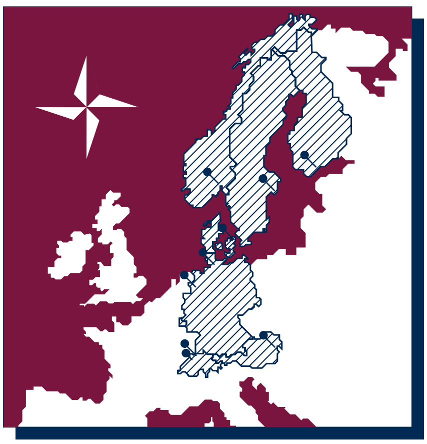
Successful promotions, new floor displays and the launch of the new "Chrüterchraft" (in English, "herb power") slogan are all proving a big hit with customers. Ricola further consolidated its leading position in Austria, raising its market share from 16.0 to 17.1 percent. The AriZona Ice Tea success story continues apace, with two products now among the top 5 most popular ice tea choices with Austrian consumers.

NORDICS CLASSIC

NEW COUNTRY ORGANISATION

Closer to the market, focused on customers, streamlined structures and results-driven teams. Those words describe the organisational structure Valora Trade adopted for its Nordic country units in 2013. They promise growth in the years ahead.

In May 2013, the previous category-based structure was replaced by a streamlined country framework, while maintaining the advantages achieved by the category structure established over the last few years; e.g. efficient back-office processes and centralised IT. The new country framework enables Valora Trade to gain a keener understanding of the needs of specific national markets. Contact people in each country, better deployment of country-specific knowhow and streamlined decision-making structures are some of the benefits. Leaner organisations and direct reporting lines to division management are fostering entrepreneurial responsibility.



VALORA TRADE GERMANY

FORWARD-LOOKING STRATEGY INITIATED

Valora Trade Germany did well on the acquisitions front in 2013. Fazer, Ethical Coffee Company, Nutisal, HLEKS, Kidsmania and Fun Time Candy are all brands that opted for the services provided by Valora Trade Germany during 2013. The management team was expanded according to plan and additional distribution staff were hired in the areas of key account management and trade marketing.

Formats

Treat yourself

Instant satisfaction

k kiosk / CIGO

Valora's k kiosk and CIGO formats are the leading kiosk concepts in Germany, Luxembourg and Switzerland. k kiosk and CIGO are never far from their customers. Food, press products, tobacco, services and books. That is what has characterised k kiosks in Switzerland for the last 80 years. CIGO, whose outlets are sited in the check-out areas of German supermarkets and selected specialised retailers, focuses on press and tobacco products.

Thought for the journey

Reading enjoyment

Press&Books

Press&Books and k Presse + Buch are Valora's multi-faceted specialist press and book shops, providing access to current infotainment and a wealth of reading inspiration. These shops are the ideal source of educational, entertaining, practical, playful or simply enjoyable publications. A comprehensive range of press titles and a well-chosen book list are ideally complemented by a selection of typical kiosk products. Outlets are located at railway stations, shopping centres and airports in Germany, Austria and Switzerland.

365 days a year, from early till late

Shopping enjoyment

avec. / ServiceStore DB

avec. offers its customers an exciting convenience-store experience, with fresh items on sale every day of the year. The shops' uncluttered design enables customers to find what they want easily. A short trip to avec. and the shopping is done. ServiceStore DB convenience stores are located at small and medium-sized railway stations across Germany. Their comprehensive product range, long opening hours and excellent customer service appeal to commuters, travellers, students, schoolchildren and people living near railway stations.

Caffè e passione

SPETTACOLO
caffè e passione

Coffee to enjoy

Spettacolo

Spettacolo invites its customers to experience Italian coffee culture in a stylish and distinctive setting. This interpretation of la dolce vita is unmistakably Italian in its inspiration. The central feature is the bar itself, whose unusually designed coffee machine really catches the eye. With a choice of three different coffee roastings served by its enthusiastic hosts, Spettacolo has a coffee experience to suit every taste.

In pretzel territory

Ditsch

BREZELKÖNIG®

A gourmet experience

Brezelkönig/Ditsch

Ditsch has been making lye bread for 95 years, revolutionising the industry and making a lasting contribution to the way it works today. Inspired by that tradition, Ditsch has created a product portfolio that sets new standards in snacks. Ditsch pretzels are always fresh and crunchy. With its innovative lye-bread products, Brezelkönig is a recognised leader in its field in Switzerland. Ditsch/Brezelkönig outlets offer a take-away service at heavily frequented locations.

Products and services

Young and trendy

Attractive

ok.–

Deals that really save time and money

Coupons

deals@kkiosk

Simple, low-cost, reliable

Pick-Up & Drop-Off

Relais Colis Punto Pacco
Päckli Punkt

Fast, nimble package logistics

Overnight and intra-day logistics

nilo
DER FLINKE PAKETSERVICE

SOCIAL, ECONOMIC AND ENVIRONMENTAL SUSTAINABILITY

Managing a company without paying heed to sustainability is unthinkable. Valora's policies and initiatives in this area are based on a 3-column model, encompassing social, economic and environmental sustainability. Our social sustainability policies are focused on our employees, our customers and society at large. Environmental sustainability encompasses environmental protection and careful husbanding of resources. Compliance, anti-money-laundering policies and certification are the key elements in the third pillar, economic sustainability. This report documents Valora's main initiatives in managing its business sustainably.

EMPLOYEES ARE CRITICAL TO VALORA'S SUCCESS

Our employees are what makes us stand out. It is through them that Valora interacts with its customers and it is they who lend identity to Valora. Valora expects a lot of its employees, but it also fosters their development. Competent and committed staff are critical to Valora's success.

A human-resources function that takes its work seriously needs to work for the long term. The objective is to achieve a harmonious alignment between staff-management goals, employees' needs and the economic framework within which Valora operates. In Switzerland, Valora has put in place a general employment contract for its staff. In Germany, Valora voluntarily introduced a minimum wage in 2013. Qualifications and motivation determine our choice of staff. Nationality, religion, gender, age, invalidity and sexual orientation should not influence employee selection. The integration of employees from multiple cultural backgrounds is something Valora puts into practice. In Switzerland alone, Valora hired employees from 72 different nations during 2013.

BASIC TRAINING

Apprenticeships are a tried and tested way of entering the world of work. They provide young people with a wide range of career opportunities. Last year, Valora trained 177 apprentices at the outlets it and its business partners operate in Switzerland, Germany and Luxembourg. In Switzerland, 69 school leavers received retail training from Valora in 2013. In Germany, the figure was 11. At present, there are five logistics apprentices at work at Valora Trade and nilo. 10 young people are engaged in completing commercial apprenticeships in Switzerland, with a further one each in Luxembourg and Germany. Beyond this, Ditsch is training more than 40 young apprentices at its Mainz and Oranienbaum sites. Their training is preparing them for careers as industrial clerical officers, food-science specialists, mechanical engineers, office-communication specialists, machine and plant managers or warehouse logistics professionals.

CONTINUING EDUCATION

Valora organises continuing-education programmes to train its staff for managerial and executive duties. In 2013, the Group held 11 training courses on appreciation-based employee management, attended by 191 members of staff. The range of courses on offer in 2014 will be extended to include modules focusing on bookkeeping. E-learning courses make it possible to reach a very broad spectrum of employees, with a total of 5900 modules on processes, products and services being completed in 2013.

Valora's internal People Development Programme provides staff with an opportunity to prepare for management roles. 64 employees attended a leadership course during 2013, while a further 35 worked on developing a variety of specific skills.

TRAINEE PROGRAMME

Valora provides attractive entry-level opportunities to university graduates, either as management trainees or trainee sales managers. Five young graduates began one-year traineeships at Valora during 2013. The programme aims to prepare graduates for a future career at Valora. Since 2008, 15 trainees have taken part in the programme, 14 of whom subsequently joined Valora as full-time employees.

PROMOTING WOMEN

Roughly 80 percent of Valora's employees are women, a valuable resource that the Group is keen to deploy effectively. In 2011, the Board of Directors and Group Executive Management set an objective of having one in four management positions held by a woman by 2015. Valora has pursued this goal systematically. At the end of 2013, 25.1 percent of its management positions in Switzerland were held by women.

CUSTOMERS AND PARTNERS

Valora is customer-oriented in its actions, as internal and external surveys attest. In Germany, Ditsch won first prize in the chain bakeries section. The firm was also named service champion for 2013. The survey, which covered some one million respondents, showed that customers found the service they received very good.

In order to improve the service it provides to customers, Valora analyses feedback from them. The number of responses the Group receives from k kiosk and P&B customers is constantly rising. Among these, while the number of calls and e-mails registering complaints has remained constant, the number of positive responses has doubled. Furthermore, the number of customer enquiries and orders – for special promotions, such as the marble campaign or special newspaper editions, has risen by one third.

QUALITY ASSURANCE

Valora uses a series of structured processes, carried out by internal and external specialists, to evaluate the operational excellence, hygiene, product safety and quality of its outlets and own-label products. In addition to the visits carried out by cantonal food-safety inspectors, Valora also takes initiatives of its own, including hygiene inspections and mystery-shopping checks. At k kiosk and P&B, for example, 2500 mystery shopping checks are carried out each year. The effectiveness of the follow-up measures initiated as a result are continuously monitored by sales managers. Periodic training provided to distribution and sales staff ensures that defined standards are met. As product ranges have been extended to include more fresh produce, greater care and other appropriate measures are essential. That is why Valora is currently developing a new e-learning application which employees can use to further their training autonomously and at the time of their choosing. Ditsch's two production facilities, which both carry BRC and IFS certifications, bake more than 400 individual items for sale in and outside Germany.

CERTIFYING BUSINESS PARTNERS

Valora believes in a free market economy shaped by competition. The Group strives to establish and maintain long-term collaborations with its suppliers and manufacturers, based on partnership principles. Product safety and low environmental impact are the top priority at all times. Valora also pays particular attention to ensuring its products carry DIN EN ISO 9001 certification (for quality) and DIN EN ISO 14001 (for environmental impact and sustainability).

AGENCIES

Through its agency and franchise system, Valora helps to foster entrepreneurship. Since 2010, the Group has enabled many motivated k kiosk sales employees to set up businesses of their own. In 2013, 352 Valora outlets were being run by 161 agent managers. Over the last two years, external candidates wishing to set up in business as agent managers have also been able to do so with Valora's help. Today, 30 Valora outlets are operated by independent agent managers who had not previously been employed at Valora.

FRANCHISEES

Valora Retail Germany's franchise system again received a positive rating from impulse, the German business magazine. In 2013, Valora Retail Germany was rated 7th among Germany's best franchise systems, having been 17th a year earlier. In the retail category, Valora Retail Germany came third. The Valora model was awarded particularly high marks for the stability of its system and of the earnings it generates.

ETHICAL CONDUCT

Valora's Code of Coduct sets out the types of behaviour the Group expects from its employees and stakeholders. The Code's 10 principles provide guidelines for day-to-work at Valora, as well as advice on how to adhere to them. Furthermore, the Code goes beyond merely requiring compliance with laws and regulations. It also expects all its staff to practise high standards of moral behaviour and personal integrity.

VALORA'S LEADERSHIP PRINCIPLES

Valora strives to maintain a working environment which supports staff in feeling satisfied with their work and fosters their ongoing development. The leadership principles the Group has set out serve as guidelines to staff in their day-to-day work. Valora is customer-oriented in its actions. That approach means that changes are necessary from time to time, and it is important that staff are flexible, open and courageous in recognising the need for such changes and that they be evaluated and put into effect in the same manner. Goals and priorities are promulgated in accordance with the SMART principle, which accords priority to important tasks critical to the long-term success of the Group. Managers take care to make decisions and delegate tasks competently and systematically. Responsible, entrepreneurially minded employees who show initiative, commitment and reliability in carrying out their work are supported and encouraged. Valora relies on mutual trust. This requires communication to be open and respectful. Conflicts are addressed promptly, with a view to finding an appropriate solution. Error rates are kept to a minimum by ensuring that errors which do occur are discussed constructively.

COMPLIANCE HANDBOOK AND TRAINING

Valora's new Compliance Handbook provides staff with a rapid overview of the key rules governing expected behaviour at Valora. Besides summarising the key compliance topics, the handbook also contains useful information on employee's ancillary activities and on data storage, discrimination and measures to prevent money laundering.

In accordance with Swiss anti-money-laundering legislation, Valora employees handling money transfers have received appropriate training since 2011. Last year, 2900 Valora staff attended initial basic training in this area or took part in a refresher course.

ETHICS HOTLINE

The ethics hotline is available to all Valora employees, enabling them to report inappropriate conduct anonymously at any time. Around the clock and seven days a week, employees can contact the hotline if they believe such conduct may be occurring. This would be the case, for example, if they were confronted by fraud or other criminal activity, or if their colleagues infringed the code of conduct.

SAFETY AT WORK AND HEALTH PROTECTION AT VALORA

Working with an external specialist team, Valora has developed a special concept for the workplace safety and protection of its employees in Switzerland. Protection objectives were defined, as were appropriate approaches and methods for meeting the requirements of the law. The purpose of this initiative is the prevention and avoidance of accidents, both work-related and non-work-related, of work-related illness and of other health problems associated with the workplace. As part of these measures, methods have also been defined for the prevention of fire and explosions. Internal specialist staff support and monitor their implementation. An annual risk assessment of each outlet at Valora Switzerland AG is carried out once, allowing any identified inadequacies to be addressed in a timely fashion.

PROTECTION OF MINORS

The prevention of tobacco and alcohol sales to minors is important to Valora, which regularly raises awareness of the issues involved among its retail staff and provides them with appropriate training. In Germany and in Switzerland, posters are on display at sales counters, reminding staff of the regulations in force in the relevant jurisdiction. Because lottery ticket sales are not subject to any age restrictions under Swiss law, Valora adheres to the guidelines issued by Swisslos, Switzerland's lottery operator. In Germany, Valora sells lottery products to adults only.

CHARITY DONATIONS

Valora firmly believes that commitment counts, and it applies this principle to its charitable commitments. In 2013, Valora's chain of Spettacolo coffee bars took part in the "Jeder Rappen zählt" (in English, "Every centime counts") campaign. For every large-sized coffee sold, Spettacolo donated 50 centimes to this campaign. Valora also supported the Swisscom Mobile Aid campaign in favour of the SOS children villages. All k kiosks accepted delivery of old or superfluous mobile phones in 2013, as did Valora's offices. Valora's nilo logistics unit then organised the transport of the phones donated. Across Switzerland, Valora collected more than 55000 mobile phones in this way. On the day of national solidarity for the victims of typhoon Haiyan, Valora donated 10 centimes for every ok.– energy drink it sold. Valora's management then more than doubled the amount raised. Shortly before Christmas each year, Ditsch makes a charitable contribution in support of cancer research.

SOLIDARITY

In June 2013, the region around Valora's Oranienbaum facility in Germany was affected by flooding. In addition to distributing free pretzels to the relief helpers, team members and managers at Valora's Ditsch pretzel bakery supported the voluntary interventions undertaken by many staff in the fire brigade, the German Red Cross and Germany's Federal Agency for Technical Relief. These volunteers, who were working flat out during the emergency, were able to rely on the help, flexibility and understanding of their team colleagues at Ditsch.

SAVING ELECTRICITY FOR THE ENVIRONMENT

Valora has energy-saving lighting at its offices and retail outlets. It uses light-emitting diodes, or LEDs, which last longer, contain no mercury and can be mounted in special lamps which are easier to dismantle and recycle. This enables Valora to achieve significant electricity savings at its offices and shops. Valora's newly re-designed outlets are reducing their electricity and energy costs by up to 25 percent. These outlets also have programmable time switches, enabling lighting to be reduced or switched off completely after closing time.

That is also the philosophy behind the "Licht aus" (in English, "lights out") project Valora is supporting in Basel. Under this scheme, retail businesses commit to switching off the lights at their premises at night. As there are few people out and about at night, the lighting would otherwise use energy to no useful purpose. Participating Valora outlets have agreed to switch off their lighting at night, thus significantly reducing their energy consumption.

Lighting is not the only area where electricity can be saved. Valora's newly re-designed outlets also use energy-efficient coolers, coffee machines and ovens, all carrying A+ efficiency ratings. Like LED lighting, this equipment generates less heat, with the advantage that the outlets themselves, and thus the food and drink they sell, requires less cooling to be sold and stored at the ideal temperature.

RECYCLING & LITTERING

Valora also disposes of waste in an environmentally friendly way at its offices and shops. Head-office employees can collect waste paper at their desks, and there are central collection points for glass, batteries and PET bottles. Valora's Egerkingen logistics centre is responsible for disposing of all waste material generated at all Valora's Swiss retail outlets. Scrap paper is transported by rail, with 60 to 70 tonnes of paper being collected each day, amounting to 195 000 tonnes for 2013 as a whole. Valora also recycled 1200 tonnes of cardboard and 55 tonnes of PET bottles in 2013. Collection facilities for PET bottles are also being significantly expanded at Valora's Swiss retail outlets. Most k kiosks have a PET collection container. Ashtrays are also being installed, to combat litter from cigarette ends.

Valora Luxembourg remains a member of the „Superdreckskescht" scheme, which evaluates recycling procedures and provides certification. In 2013, Valora Luxembourg correctly disposed of 2500 tonnes of scrap paper, 60 tonnes of cardboard and 10 tonnes of plastic waste.

Valora is a member of the Swiss Retail Industry Group (in German "Interessengemeinschaft Detailhandel Schweiz", or "IG DHS"), whose objectives include the responsible use of natural resources. The Group is committed to initiatives at all levels to avoid waste generation, to streamline packaging and to recycle valuable used materials.

Group structure 2014

VALORA RETAIL DIVISION

Andreas Berger .... CEO

Andreas Berger .... Retail Switzerland
Lars Bauer / Thomas Weber* .... Retail Germany
* since Jan. 2014
Lars Bauer .... Retail Luxembourg
Michel Gruber .... Retail Austria

Outlet formats
Michel Gruber / Marco Hocke .... k kiosk / P&B CH / AT
Pascal Le Pellec .... avec. / Spettacolo
Michael Lambert .... k kiosk Germany
Lars Bauer .... P&B Germany
Roger Knill .... ServiceStore DB / U-Store Germany
Myriam Filali .... k kiosk Luxembourg

DITSCH / BREZELKÖNIG

Thomas Eisele .... CEO

Brezelkönig Switzerland
Lydia Muff .... Outlets
Uwe Löwigt .... Production / Technology / Logistics
Priska Wiederkehr .... Commercial Director, Deputy MD
Klaus Stahl .... Corporate Development Switzerland / Germany

Ditsch Germany
Andreas Klensch .... Outlets
Björn Tiemann .... Wholesale
Klaus Westerwelle .... Production / Technology / Logistics
Marc Kranz .... Commercial Director

VALORA SERVICES DIVISION

Alexander Theobald .... CEO

Nicole Mrotzek .... Services Switzerland
Peter Härdi .... nilo – Valora Logistics Switzerland
Nico Brauer .... MPK Luxembourg

VALORA TRADE DIVISION

Alex Minder .... CEO

Peter Gmünder .... Trade Switzerland
Carsten Ørnbo .... Trade Denmark, till 31.8.2013
Thomas Pavstrup .... Trade Denmark, from 1.1.2014
Mats Liedholm .... Trade Sweden
Joakim Johnsson .... Scandinavian Cosmetics AB (Scanco)
Dan Kongsted .... Trade Norway
Peder Madsen .... Engelschiøn Marwell Hauge AS (EMH)
Riku Lahdensuo .... Trade Finland
Claus Holzleitner .... Trade Austria
Heiner Kuroczik .... Trade Germany till 31.3.2014
Carsten Schulte .... Trade Germany from 1.4.2014

GROUP EXECUTIVE MANAGEMENT

Rolando Benedick .... CEO till 28.2.2014
Michael Mueller .... CEO from 1.3.2014
Michael Mueller .... CFO till 28.2.2014
Tobias Knechtle .... CFO from 1.3.2014
Andreas Berger
Alexander Theobald
Alex Minder
Thomas Eisele .... from 1.4.2014

EXTENDED GROUP EXECUTIVE MANAGEMENT

Adriano Margiotta .... General Counsel / Corporate Legal Services
Markus Guggenbühler ... CIO

CORPORATE FUNCTIONS

CORPORATE COMMUNICATIONS & STRATEGIC BRANDING

Stefania Misteli .... CCO

CORPORATE LEGAL SERVICES / GENERAL COUNSEL

Adriano Margiotta .... General Counsel / Corporate Legal Services

CORPORATE INFORMATION SERVICES

Markus Guggenbühler ... CIO

CORPORATE HUMAN RESOURCES

Susanne Berger .... Head, CHR till 28.2.2014

BOARD OF DIRECTORS

Rolando Benedick .... Chairman
Markus Fiechter .... Vice-Chairman, Lead Director till 28.2.2014
Franz Julen
Conrad Loeffel
Bernhard Heusler
Ernst Peter Ditsch

Audit Committee
Conrad Loeffel .... Chairman
Bernhard Heusler
Rolando Benedick

Nomination / Compensation Committee
Franz Julen .... Chairman
Markus Fiechter
Ernst Peter Ditsch

Status at 3.4.2014

Financial Report

CONSOLIDATED INCOME STATEMENT
CONSOLIDATED BALANCE SHEET

CONSOLIDATED INCOME STATEMENT

January 1 to December 31, in CHF 000 (except per-share amounts)	Page	Note	2013	2012 Restated
Net revenues	69	8	**2 858 989**	**2 847 910**
Cost of goods and materials			– 1 820 799	– 1 907 566
Personnel expense	72	9	– 379 610	– 394 640
Other operating expenses	73	10	– 523 283	– 448 677
Depreciation and impairments	80	20, 21, 22	– 64 287	– 55 450
Other revenues	73	11	7 867	30 165
Other expenses	73	11	– 1 885	– 15 079
Operating profit (EBIT)	69	8	**76 992**	**56 663**
Financial expense	74	12	– 22 851	– 14 426
Financial income	74	13	2 774	1 802
Share of result from associates and joint ventures	87	25	533	469
Earnings before taxes			**57 448**	**44 508**
Income taxes	74	14	– 8 310	– 6 054
Net profit from continuing operations			**49 138**	**38 454**
Net profit from discontinued operations	68	7	5 000	0
Net Group profit			**54 138**	**38 454**
Attributable to shareholders of Valora Holding AG			50 605	38 153
Attributable to providers of hybrid capital			3 200	–
Attributable to providers of Valora Holding AG equity			**53 805**	**38 153**
Attributable to non-controlling interests			**333**	**301**
Earnings per share				
from continuing operations, diluted and undiluted (in CHF)	77	15	13.46	13.09
from discontinued operations, diluted and undiluted (in CHF)	68	7	1.48	0.00
from continued and discontinued operations, diluted and undiluted (in CHF)	77	15	**14.94**	**13.09**

CONSOLIDATED BALANCE SHEET

ASSETS

in CHF 000	Page	Note	31.12.2013	31.12.2012 Restated	01.01.2012 Restated
Current assets					
Cash and cash equivalents	77	16	174 973	147 153	109 562
Derivative financial assets	99	33	246	7	166
Trade accounts receivable	77	17	153 486	169 292	174 042
Inventories	79	18	219 461	233 136	236 299
Current income tax receivables			537	914	4 453
Other current receivables	79	19	86 144	86 476	66 597
Total current assets			**634 847**	**636 978**	**591 119**
Non-current assets					
Property, plant and equipment	80	20	236 174	228 935	219 302
Goodwill, software and other intangible assets	82	22	648 073	660 064	232 788
Investment property	81	21	3 647	5 645	5 752
Investment in associates and joint ventures	87	25	5 099	4 554	4 291
Financial assets	87	24	20 093	22 647	8 881
Net pension asset	91	30	56 425	24 303	16 523
Deferred income tax assets	74	14	26 541	26 884	27 570
Total non-current assets			**996 052**	**973 032**	**515 107**
Total assets			**1 630 899**	**1 610 010**	**1 106 226**

LIABILITIES AND EQUITY

in CHF 000	Page	Note	31.12.2013	31.12.2012 Restated	01.01.2012 Restated
Current liabilities					
Short-term financial debt	88	26	1 278	16 187	141 869
Derivative financial liabilities	99	33	292	2 820	9 056
Trade accounts payable	89	27	268 940	266 145	293 056
Current income tax liabilities			16 837	36 597	12 565
Other current liabilities	90	28	155 031	154 213	144 846
Current provisions	90	29	0	5 481	0
Total current liabilities			**442 378**	**481 443**	**601 392**
Non-current liabilities					
Other non-current liabilities	88	26	396 538	495 521	3 644
Long-term accrued pension cost	91	30	12 978	12 358	15 026
Long-term provisions	90	29	406	400	6 121
Deferred income tax liabilities	74	14	48 333	42 534	15 226
Total non-current liabilities			**458 255**	**550 813**	**40 017**
Total liabilities			**900 633**	**1 032 256**	**641 409**
Equity					
Share capital	109	37	3 436	3 436	2 800
Treasury stock			– 8 015	– 12 350	– 5 185
Hybrid capital			119 098	–	–
Mark-to-market, financial instruments			– 7 222	– 11 335	– 8 788
Retained earnings			660 530	633 781	513 070
Cumulative translation adjustments			– 39 738	– 40 842	– 41 738
Equity of Valora Holding AG			**728 089**	**572 690**	**460 159**
Non-controlling interests			2 177	5 064	4 658
Total equity			**730 266**	**577 754**	**464 817**
Total liabilities and equity			**1 630 899**	**1 610 010**	**1 106 226**

VALORA FINANCIAL REPORT 2013

REVIEW OF GROUP RESULTS

The Valora Group increased its external sales to CHF 3403.4 million in 2013, +2.5% higher than a year earlier, while net revenues for 2013 came in at CHF 2859.0 million, +0.4% ahead of their 2012 levels. Valora's reported operating profit for 2013 amounted to CHF 77.0 million, up from CHF 56.7 million in the previous year. This CHF +20.3 million year-on-year improvement reflects a total of CHF 9.1 million in positive effects from the IAS 19 accounting standard (which further reduced the Group's 2013 pension costs) and from realised book-value gains on the sale of Sales & Services Switzerland, as well as the adverse effect of CHF –4.7 million in one-off costs. The Valora Group's net profit increased by CHF +15.7 million from its 2012 level, to reach CHF 54.1 million, CHF +5.0 million of which relates to net profit from discontinued businesses. The Group generated CHF 85.5 million in free cash flow during 2013, CHF +43.3 million up on a year earlier.

Valora has taken a number of important initiatives to strengthen its leadership in small-outlet retail in Europe's German-speaking markets. With the integration of Ditsch/Brezelkönig now complete, Valora is focusing its attention on the collaboration between this recently acquired company, previously owned by one family, and the other businesses in the Valora Group. In Germany, implementation of the multi-faceted integration of the Convenience Concept kiosk network, which Valora acquired in April 2012, continues. In Switzerland, Valora successfully completed the modernisation of 111 k kiosk outlets, which now benefit from a streamlined layout and a significantly expanded food offering. The strategic redirection of the Group's Services division continues apace, and Valora expects to relinquish control of this division in the course of 2014. Management's objective is to focus the Group's activities on small-outlet retail and immediate-consumption food and beverages sold at heavily frequented locations, while simultaneously reducing its dependence on the press market. Valora Trade has initiated a reconfiguration of its business portfolio and is adjusting its organisational structure accordingly, with the objective of increasing profitability.

Valora has retroactively restated its 2012 accounts to reflect changes in the accounting rules governing the balance-sheet treatment of pensions. Under the new approach, the projected income generated by the pension-plan assets will be discounted using the same rate as that applied in the calculation of the net present value of the plans' projected defined-benefit obligations. The effect of this accounting-standard change has been a retroactive reduction in the Group's overall 2012 operating profit by CHF –9.1 million. Valora has also reorganised its central corporate functions, whose results are now allocated directly to the divisions. The figures presented in this report are based on Valora's restated 2012 results.

The Group's consolidated 2013 net revenues increased +0.4% on their 2012 levels, to CHF 2859.0 million, while external sales rose +2.5% to CHF 3403.4 million, reflecting the expansion of the number of franchisees. The higher rate of year-on-year increase in external sales is mainly due to the fact that 2013 was the first financial year in which the results generated by Convenience Concept and Ditsch/Brezelkönig were consolidated into Valora's overall results for the entire period. At the divisional level, Valora Retail and Valora Trade both increased their net revenues in 2013, while these declined on their 2012 levels at Valora Services, as a result of the non recurrence of revenues at the Services Austria and Sales & Services Switzerland units, which have both been sold, and the continuing contraction of the overall press market. These shortfalls were partly offset by the division's further expansion of its logistics business.

Reported operating profit for 2013 came in at CHF 77.0 million, +35.9% higher than in 2012. This result reflects both a CHF 7.8 million decline in pension costs, largely as a result of changes to the annuity conversion rate, and a book-value gain on the sale of the Sales & Services Switzerland unit. Conversely, the Group's 2013 operating costs also included one-off expenditure totalling CHF –4.7 million. This relates to the reorganisation at Valora Trade mentioned above, the integration of Convenience Concept and the preparatory work carried out ahead of the planned handover of control of the Services Division.

The Valora Group's net profit for 2013 was CHF 54.1 million, which is CHF +15.7 million or +40.8% higher than a year earlier. Consolidated net debt was cut by −39.4%, to CHF 219 million. This improvement reflects both the additional cash generated by the Group during 2013 and its successful placement of a CHF 120 million perpetual hybrid bond issue in April 2013 with a first call date on 30.10.18 to refinance existing liabilities. Under IFRS rules, the principal amount of the perpetual hybrid bond issue is recognised as equity. In October 2013, Valora also placed a EUR 150 million 5½ year bonded-loan issue. Both these transactions enabled the Group to secure attractive conditions at the lower end of their planned marketing ranges. The entire proceeds of both issues were directed towards the partial redemption of the CHF 400 million syndicated-loan facility taken out to finance the Ditsch/Brezelkönig acquisition. They also had the effect of increasing the Group's equity cover by +8.9 percentage points, to 44.8% of total assets. Free cash flow doubled, to reach CHF 85.5 million, principally due to a targeted reduction in net working capital and the cash-generative increase in the Group's operating profit.

A VALORA GROUP

in CHF million	**2013**	**2013 share in %**	2012 Restated	2012 share in %	Change
External sales [1]					
Group total	**3 403.4**		**3 320.2**		2.5%
Net revenues					
Valora Retail	1 694.5	59.3%	1 663.6	58.4%	1.9%
Ditsch/Brezelkönig	197.6	6.9%	50.1	1.8%	n.a.
Valora Services	294.7	10.3%	478.3	16.8%	– 38.4%
Valora Trade	798.2	27.9%	792.5	27.8%	0.7%
Other	0.1	0.0%	0.1	0.0%	n.a.
Intersegment elimination	– 126.1	– 4.4%	– 136.7	– 4.8%	
Group total	**2 859.0**	**100.0%**	**2 847.9**	**100.0%**	0.4%
Switzerland	1 581.1	55.3%	1 646.1	57.8%	– 3.9%
Elsewhere	1 277.9	44.7%	1 201.8	42.2%	6.3%

[1] External sales represent Valora's net revenues plus the turnover generated by outlets operated by third parties under contract to Valora. External sales do not, however, include revenues from deliveries by Valora to these outlets or the revenues Valora receives from the contracts binding these outlets to the Group. The external sales metric ensures that Valora Retail's sales data from different accounting periods are comparable, despite changes in the mix of distribution models being used.

Group external sales rose by +2.5% year-on-year in 2013, or +1.5% in local currency terms. This increase is principally attributable to the contributions made to the 2013 full-year results by Ditsch/Brezelkönig and Convenience Concept, which were first consolidated in October 2012 and April 2012, respectively.

The Valora Group's reported net revenues were CHF 2859.0 million in 2013, +0.4% up on their 2012 levels. Year-on-year growth in net revenues was lower than that in external sales, because the Group had more franchisees in 2013 than in 2012. This improved net-revenue performance reflects a CHF +30.9 million increase in 2013 net revenues at Valora Retail and a CHF +5.6 million advance at Valora Trade. The net revenues contributed by Ditsch/Brezelkönig, whose full-year results were consolidated for the first time in 2013, were also CHF +147.6 million up on the previous year. Net revenues at Valora Services declined between 2012 and 2013, reflecting the non recurrence of revenues from business units which have been sold (CHF −172.3 million) and a market-induced CHF −13.6 million shortfall in net press revenues from their 2012 levels. It is encouraging that Valora Services again substantially increased its logistics-services revenues in 2013, by +29.8% on 2012.

In national-market terms, Switzerland continues to generate the lion's share of the Group's net revenues, at 55.3%. The contribution made by Germany increased by +4.5 percentage points in 2013, to reach 19.0%, thanks to the additional revenues from Ditsch and Convenience Concept. Following Valora's sale of its Austrian press distribution business, the proportion of Group net revenues generated in Austria fell to 1.7% in 2013, compared to 4.8% a year earlier.

in CHF million	2013	2013 share in %	2012 Restated	2012 share in %
Net revenues	**2 859.0**	**100.0%**	**2 847.9**	**100.0%**
Gross profit	**1 038.2**	**36.3%**	**940.3**	**33.0%**
– Operating costs, net	– 961.2	– 33.6%	– 883.6	– 31.0%
Operating profit (EBIT)	**77.0**	**2.7%**	**56.7**	**2.0%**

The Valora Group improved its gross-profit margin by +3.3 percentage points in 2013, to 36.3%. This reflects a CHF 97.9 million increase in gross profit to CHF 1038.2 million. This positive performance is mainly attributable to the effect of Ditsch/Brezelkönig's results being consolidated for the entire year in 2013 and to the shift in product-category revenues towards food items. The improvement is also due to the greater proportion of franchisee outlets in the wake of the Convenience Concept acquisition and increasing franchising volumes in Switzerland. Valora's disposal of its low-margin goods-wholesaling business in Switzerland also had a positive effect.

Net operating costs amounted to CHF –961.2 million in 2013, CHF 77.6 million higher than a year earlier. Stripping out operating costs relating to acquisitions, disposals and one-off effects, the Group's 2013 net operating costs were in line with those incurred in 2012. The Ditsch/Brezelkönig acquisition, which was only partially included in Valora's 2012 results, resulted in higher operating costs in 2013. Convenience Concept, which was also included for the full year for the first time in 2013, also added to net operating costs, as did its costly and complex integration into Valora Retail Germany's operations. Net operating costs for 2013 declined, conversely, as a result of the Group's disposals of its Services Austria and Sales & Services Switzerland units, by CHF +26.6 million and CHF +6.0 million respectively. Valora's 2012 net operating costs included the loss on the sale of the Muttenz facility, though this was more than offset by the realised book-value gain on the Services Austria sale. Net operating costs for 2013 were reduced by CHF 7.8 million due to the IAS 19 accounting standard.

Valora generated a reported operating profit of CHF 77.0 million in 2013, +35.9% ahead of the CHF 56.7 million achieved a year earlier. The 2013 result benefited from a CHF 7.8 million decline in reported pension-fund costs, principally as a result of adjustments to the annuity conversion rate. The Group's reported operating margin for 2013 was 2.7%, +0.7 percentage points better than a year earlier.

B VALORA RETAIL

in CHF million	2013	2013 share in %	2012 Restated	2012 share in %
External sales	**2 242.9**		**2 139.7**	
Net revenues	**1 694.5**	**100.0 %**	**1 663.6**	**100.0 %**
Gross profit	**624.9**	**36.9 %**	**606.3**	**36.4 %**
– Operating costs, net	– 586.8	– 34.7 %	– 587.2	– 35.3 %
Operating profit (EBIT)	**38.1**	**2.2 %**	**19.1** [1]	**1.1 %**

[1] The 2012 operating profit includes the CHF 14.2 million loss incurred on the sale of the Muttenz facility.

Valora Retail, the leading small-outlet retailer in German-speaking Europe, increased its external sales by + 4.8 % in 2013, to CHF 2242.9 million. The division's reported 2013 net revenues came in at CHF 1694.5 million, + 1.9 % up on a year earlier.

Valora Retail's Swiss kiosk network generated – 1.8 % less in net revenues than in 2012, – 1.4 % of the decline being attributable to lower press sales in a contracting overall press market. Valora Retail also streamlined its Swiss kiosk portfolio in 2013, and thus had fewer outlets than in 2012. Individual kiosk sites were also transformed into other Valora formats. Despite these changes, food sales at Swiss kiosks achieved an encouraging + 0.7 % increase on their 2012 levels. Through its modernisation of 111 k kiosks in 2013 and its extension of the range of food and beverage items sold for immediate consumption, Valora Retail Switzerland aims to develop its food expertise further. P&B continued to extend its Swiss outlet network during 2013, raising its sales by + 6.5 % year-on-year. The Swiss convenience-store business, comprising the avec. and Tamoil formats, increased its 2013 external sales by + 3.6 %, while net revenues at Spettacolo were + 4.8 % ahead of their 2012 levels despite the number of outlets remaining unchanged. External sales at Valora Retail Germany advanced + 13.0 % thanks to the acquisition of Convenience Concept. Sales at the Luxembourg unit rose + 1.0 % in 2013, as declining press volumes were more than offset by sales growth in tobacco, food and non-food items. Valora Retail Austria increased the net revenues generated by its P&B format by + 4.8 % on their 2012 levels, thus further strengthening its Austrian market presence following the local P&B launch in 2012.

The division's gross profit for 2013 amounted to CHF 624.9 million, up CHF + 18.6 million in 2012. This reflects the division's success in offsetting lower earnings from the contracting press-product category with higher gross profits on its food range. Valora Retail achieved a gross-profit margin of 36.9 % in 2013, + 0.5 percentage points up on the previous year. This improvement reflects structural changes in the mix of products distributed, mainly as a result of the increase in the number of franchisee-operated outlets, as well as ongoing enhancement of the division's purchasing terms.

Net operating costs were CHF – 586.8 million in 2013, – 0.1 % lower than in 2012. One positive factor here is the non recurrence of the CHF 14.2 million book-value loss on the sale of the Muttenz facility in 2012. Higher operating costs were incurred for Convenience Concept GmbH in 2013, as this unit's 2012 results were consolidated from April 2012 only the year before. Significant one-off integration costs also arose for Convenience Concept in 2013. The total proportion of the division's net revenues absorbed by personnel costs, including agency fees, was reduced by + 0.5 percentage points compared to its 2012 level.

Valora Retail's reported operating profit for 2013 amounted to CHF 38.1 million, up from CHF 19.1 million a year earlier. Stripping out the effects of the book-value loss realised on the sale of the Muttenz facility in 2012 and the positive impact of IAS 19 on the division's 2013 results, operating profit remained stable between 2012 and 2013. The division's 2013 operating profit also reflects the benefits Valora Retail Switzerland derived from the various operational improvements made that year, thus demonstrating that the new k kiosk concept, in particular, is proving worthwhile. These advances enabled the division to offset the adverse effects of the delays to the Convenience Concept integration into its German operations and the one-off costs associated therewith. Valora Retail's operating-profit margin for 2013 was 2.2 %, + 1.1 percentage points ahead of its level in 2012.

C DITSCH/BREZELKÖNIG

in CHF million	**2013**	**2013 share in %**	2012	2012 share in %
Net revenues	**197.6**	**100.0 %**	**50.1**	**100.0 %**
Gross profit	**149.5**	**75.6 %**	**38.4**	**76.6 %**
– Operating costs, net	– 123.2	– 62.3 %	– 31.3	– 62.4 %
Operating profit (EBIT)	**26.3**	**13.3 %**	**7.1**	**14.2 %**

The contribution to the Valora Group's results made by the Ditsch and Brezelkönig business units was first consolidated in October 2012. As Europe's leading producer of lye-bread products with a fully integrated value chain, Ditsch/Brezelkönig provides its retail customers with a range of top-quality products through its network of outlets located at public-transport nodes with strong revenue-generating capacity, as well as supplying the wholesale trade.

In 2013, Ditsch/Brezelkönig generated net revenues of CHF 197.6 million. Like-for-like sales in 2013 were + 3.0 % up on their 2012 levels. In order to foster the development of new products and to develop new markets, Ditsch inaugurated an additional production line at its production facility in Oranienbaum in the first half of 2013. The outlet network was expanded by + 2.2 % in 2013 and a new, modernised shop design was also introduced. As part of this network re-configuration, 15 outlets were closed and 20 new ones opened.

Ditsch/Brezelkönig generated gross profits of CHF 149.5 million in 2013, which equates to a gross-profit margin of 75.6 %.

Net operating costs for 2013 came in at CHF – 123.2 million, which represents a + 0.1 percentage-point decrease in net operating costs as a proportion of net revenues compared to the fourth quarter of 2012.

Ditsch/Brezelkönig's reported operating profit for 2013 was CHF 26.3 million, in line with the Group's expansion plans. The unit's operating-profit margin was 13.3 % in the fourth quarter of 2013, which puts it ahead of the level achieved in the same period of 2012.

D VALORA SERVICES

in CHF million	2013	2013 share in %	2012 Restated	2012 share in %
Net revenues	**294.7**	**100.0%**	**478.3**	**100.0%**
Gross profit	**85.6**	**29.0%**	**116.9**	**24.4%**
– Operating costs, net	– 74.8	– 25.3%	– 105.2	– 21.9%
Operating profit (EBIT)	**10.8**	**3.7%**	**11.7**	**2.5%**

Valora's preparations for relinquishing control of its Services division are running at full tilt, and the Group expects to complete this process during 2014.

Valora Services generated reported net revenues of CHF 294.7 million in 2013, compared to CHF 478.3 million a year earlier. This CHF –183.6 million year-on-year decline principally reflects the non recurrence of sales from Services Austria (CHF –93.0 million) and Sales & Services Switzerland (CHF –79.3 million), which have both been sold. The division's net revenues from press distribution also declined by CHF –13.6 million from their 2012 levels, reflecting the contraction of the overall press market. The decrease in press volumes was less marked than in earlier years, however, with press turnover falling by –6.0% in Switzerland and by –1.9% in local currency terms in Luxembourg. Valora Services' third-party logistics business performed well, further expanding its operations and increasing its net revenues by CHF 4.0 million year-on-year, a +29.8% advance on 2012.

Valora Services achieved a gross-profit margin of 29.0% in 2013, a +4.6 percentage-point improvement on 2012. This enhanced performance is largely the result of the shift in the product mix following the division's disposal of its low-margin wholesaling business in Switzerland and the expansion of its logistics activities. Gross profit for 2013 amounted to CHF 85.6 million, which is CHF –31.3 million lower than in 2012, reflecting both disposals and market conditions. The lower gross profits generated by Valora Services' press sales in Switzerland were more than offset by higher gross profits from its logistics activities.

Net operating costs were reduced by CHF +30.4 million from their 2012 levels, largely thanks to the non recurrence of costs from the business units the division has sold. The book-value gain the division realised on its sale of Sales & Services Switzerland was CHF 1.3 million, which helped to reduce its 2013 net operating costs. Conversely, one-off costs of CHF –2.8 million were incurred in connection with the preparations for relinquishing control of the division.

Valora Services closed 2013 with a reported operating profit of CHF 10.8 million. This equates to an operating-profit margin of 3.7%, +1.2 percentage points ahead of its 2012 result.

E VALORA TRADE

in CHF million	2013	2013 share in %	2012 Restated	2012 share in %
Net revenues	**798.2**	**100.0%**	**792.5**	**100.0%**
Gross profit	**178.2**	**22.3%**	**178.8**	**22.6%**
– Operating costs, net	– 171.1	– 21.4%	– 171.3	– 21.7%
Operating profit (EBIT)	**7.1**	**0.9%**	**7.5**	**0.9%**

Valora Trade, the Group's distributor of fast-moving consumer goods and cosmetics, increased its 2013 net revenues by CHF +5.6 million on 2012, a +0.7% increase. This reflects the division's success in holding its own in a highly competitive and structurally challenging market.

At the national-market level, the fastest rate of growth was achieved by Valora Trade Finland, which increased its net revenues by +40.1%, largely thanks to its success in signing up new principals. Valora Trade Austria raised its net revenues by a noteworthy 8.9%. Net revenues at Trade Denmark and Trade Norway also progressed well, while declining at Trade Germany, which shifted its focus towards higher-margin lines. In Switzerland, shopping tourism and parallel imports continued to weigh on performance.

Valora Trade generated an operating profit of CHF 178.2 million in 2013. This result, only a marginal –0.3% below the level achieved in 2012, reflects challenging trading conditions in a market in which both manufacturers and retailers are pressing on margins. The gross-profit margin for 2013 as a whole was 22.3%, in line with the division's performance in the first six months of the year. Valora Trade's reconfiguration of its principal portfolio towards higher-margin niche markets, initiated in 2012, already began to bear fruit in 2013. Pleasing results in this regard were achieved at Valora Trade Norway, which raised its gross-profit margin by +6.6 percentage points due to its success in signing up new principals on good margins. Thanks to an improved product mix, Engelschiøn Marwell Hauge (EMH), Valora's Norwegian cosmetics specialist, was able to improve its gross-profit margins by +2.1 percentage points on their 2012 levels. Valora Trade Germany and Valora Trade Switzerland also improved their gross margins, by +0.8 and +0.3 percentage points respectively.

Net operating costs for 2013 amounted to CHF –171.1 million, 0.3 percentage points lower than in 2012. The most notable progress in cutting costs was achieved at Valora Trade Germany, which cut operating expenditure by 30.5%. This improvement reflects both a volume-related decline in variable costs and the lower personnel costs resulting from organisational changes. Valora Trade's net operating costs for 2013 include a number of one-off expenditures in connection with its reconfiguration of its principal portfolio and the organisational changes this required.

Valora Trade's reported operating profit for 2013 was CHF 7.1 million. This equates to an operating-profit margin of 0.9%, which is in line with its 2012 performance. Margins at this level are below the division's expectations for the medium term. The measures Valora initiated in 2012 to streamline its business portfolio and its organisational structure are already beginning to produce positive results, and these are expected to have an increasingly beneficial effect on Valora Trade's profitability in 2014 and beyond.

F CORPORATE

Valora reorganised its Corporate division in 2013, directly assigning a number of functions to the market divisions. The Corporate division continues to encompass the Group's centralised functions in the fields of Finance, Business Development, Legal Services and Communications.

The Corporate division's net operating costs were CHF –14.0 million lower in 2013 than a year earlier, principally as a result of the CHF 22.9 million book-value gain realised from the sale of the press distribution business in Austria in October 2012. After stripping out the effects of that transaction, the main reason for the overall decrease in net operating costs in 2013 is the fact that other one-off effects were less pronounced in 2013 than they were in 2012.

Valora has a policy of charging the net operating costs of the Corporate division to its market divisions. Revenue and expense which is unrelated to the market divisions is reported under Other.

G FINANCIAL RESULT AND TAXES

The Valora Group achieved a net result from its financing operations of CHF –20.1 million in 2013, compared to CHF –12.6 million a year earlier. This year-on-year change is largely due to CHF –8.8 million in additional interest costs incurred in 2013, due to the fact that the liabilities assumed for the acquisitions made in 2012 were in place for the entire period, and to one-off transaction costs. The net result generated by the Group's other financing operations, including currency translation effects, improved by CHF +1.3 million compared to 2012.

The Group's overall tax rate came in at –14.5%, which is lower than the projected long-run rate of 17%. The reported overall tax rate for 2012 was –13.6%. Valora's consolidated tax expense for 2013 was CHF –8.3 million, comprising CHF –5.7 million in current income taxes and CHF –2.6 million in deferred tax provisions.

The Valora Group generated a net profit of CHF 54.1 million in 2013, compared to CHF 38.5 million a year earlier. The 2013 net profit includes CHF 5.0 million in net profit attributable to discontinued operations.

H LIQUIDITY, CASH FLOW AND KEY FINANCIAL DATA

Key financial data in CHF million	**2013**	2012 Restated
EBITDA	**141.3**	**112.1**
Cash and cash equivalents	175.0	147.2
Free cash flow	**85.5**	**42.2**
Total equity	730.3	577.8
Total equity in % of total assets	**44.8%**	**35.9%**
Group net profit [1]	49.1	38.5
Net debt	219.2	361.6
Net working capital	104.0	136.3
Net working capital in % of net revenues	3.6%	4.8%
Earnings per share [1]	**13.46**	**13.09**

[1] from continuing operations

Valora generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of CHF 141.3 million in 2013, which is CHF +29.2 million more than in 2012. Cash flow from operations increased by CHF +74.7 million, to CHF 129.3 million. This improvement partly reflects the cash-generative increase in the Group's operating profit and is also partly due to the significant reduction achieved in capital utilisation, particularly as a result of the measures to reduce the net-working-capital required by Valora Trade's business operations. Net investment spending in 2013 was CHF 31.5 million higher than in 2012, principally due to the non recurrence of the proceeds from the sale of the Muttenz facility in 2012. The aggregate effect of these various factors was to increase the Group's free cash flow from CHF 42.2 million in 2012 to CHF 85.5 million in 2013, a rise of +102%.

The Valora Group reduced its net debt by –39.4% during 2013, to CHF 219 million. This was achieved largely thanks to the additional cash generated by the Group's businesses and the CHF 120 million perpetual hybrid bond issue Valora successfully placed in April 2013, whose proceeds are allocated to equity under current IFRS rules. In October 2013, the Group also successfully placed a EUR 150 million 5½ year bonded-loan issue on attractive terms at the lower end of its projected marketing range. The entire proceeds of both these issues were directed towards the partial redemption of the CHF 400 million syndicated loan facility Valora had taken out to finance the Ditsch/Brezelkönig acquisition. The proportion of the Group's total assets covered by total equity at December 31, 2013 was 44.8%, up from 35.9% a year earlier.

I VALORA VALUE ADDED

Valora Value Added in CHF million	**2013**	2012 Restated
Operating profit (EBIT)	77.0	56.7
Average invested capital (incl. goodwill)	1 176.7	818.3
WACC	8.0 %	8.0 %
Capital costs	94.1	65.5
Valora Value Added	**– 17.1**	**– 8.8**

In order to measure the sustained return it earns over and above its cost of capital, the Valora Group introduced the concept of Valora Value Added (VVA) in 2008. VVA is based on the classical definition of economic value added. In order to ensure comparability between reporting periods, Valora Value Added is calculated on the basis of operating profit minus the Group's weighted average cost of capital (WACC), the weighted average of its equity and debt financing costs. The current calculations, which are based on industry comparisons and expected interest-rate levels, put pre-tax WACC at 8%. Valora regularly reviews its WACC assumptions, adjusting the WACC figure if it moves outside a defined range.

In 2013, the Valora Group generated VVA of CHF –17.1 million, which represents a decline of CHF – 8.3 million compared to 2012. This result principally reflects the Group's higher cost of capital in 2013, arising from the higher average rates of invested capital recorded in 2013. The 2013 VVA result includes the two acquisitions made during 2012 for the entire period. While EBIT increased in 2013, this was insufficient to cover the costs associated with the increase in invested capital resulting from the larger amount of goodwill carried on the balance sheet, so that the 2013 VVA outcome was lower than in 2012. Management's focus for 2014 will be on increasing the VVA generated by the Group, so as to achieve a sustainable increase in the value of the company.

J OUTLOOK

The Valora Group completed its 2013 financial year with a pleasing set of results and confident prospects for the years ahead. A number of key decisions were made in 2013, and implementation of the measures associated with them is on track.

Valora Retail has already transformed 111 k kiosk units, equipping them with a modernised layout and an extended range of food and beverage items. Initial analysis demonstrates that the newly designed outlets are on average achieving higher rates of net-revenue growth than the other k kiosk units. The increase in food sales at these re-designed outlets has been particularly noteworthy, and this has had a positive impact on operating-profit margins. Valora plans to transform more outlets to this new layout concept during 2014. From January 1, 2014, Valora has also been implementing its general press retail margin model inside the Group, as agreed with Switzerland's competition regulator. The effect of this will be to reduce the gross-profit margin at Valora Retail Switzerland, cutting its EBIT result by some CHF –5 million in subsequent years. Valora's objective is for the additional profitable food sales it is now generating to offset the market-induced decline in its press revenues. In Germany, the initiative to achieve the complete integration of Convenience Concept GmbH, which Valora acquired in April 2012, will continue. This is an extremely challenging and multi-faceted process, particularly given the large number of outlets which, having already adopted a franchise business model, now have to be modified to comply with Valora's uniform format design. Thorough implementation of this project is however essential in order to create a sustainable basis for future profitable growth.

The Ditsch/Brezelkönig unit is growing according to plan. In order to enable it to expand into new markets and to develop innovative new offerings, Ditsch/Brezelkönig opened a new, high-performance production line in 2013. Valora also plans to make greater use of the synergies between Ditsch/Brezelkönig and its other Group companies in the years ahead.

Intensive and detailed work is now under way to prepare to hand over control of the Services division. Initial negotiations have already commenced and a conclusive transaction is expected in 2014.

The various initiatives under way at Valora Trade to raise profitability levels and decrease capital utilisation are already beginning to yield positive results in specific areas. These initiatives will be pursued systematically so as to ensure that the positive effects of streamlining the principal portfolio and adapting organisational structures accordingly can be fully realised in 2014 and thereafter.

Valora's Board of Directors and Group Executive Management are convinced that the Group is advantageously positioned to face the future thanks to its market leadership and expertise in small-outlet retail in German-speaking Europe, its strong capabilities in food and beverages for immediate consumption and its excellent outlet network. The operational measures the Group has now initiated have enabled Valora to adapt successfully to a changing market environment. Management's clear focus on the profitable deployment of capital within the Group's individual business areas also provides a reliable foundation for further sustainable expansion.

CONSOLIDATED INCOME STATEMENT

January 1 to December 31, in CHF 000 (except per-share amounts)	Note	2013	%	2012 Restated	%
Net revenues	8	**2 858 989**	**100.0**	**2 847 910**	**100.0**
Cost of goods and materials		– 1 820 799	– 63.7	– 1 907 566	– 67.0
Personnel expense	9	– 379 610	– 13.3	– 394 640	– 13.9
Other operating expenses	10	– 523 283	– 18.3	– 448 677	– 15.8
Depreciation and impairments	20, 21, 22	– 64 287	– 2.2	– 55 450	– 1.9
Other revenues	11	7 867	0.3	30 165	1.1
Other expenses	11	– 1 885	– 0.1	– 15 079	– 0.5
Operating profit (EBIT)	8	**76 992**	**2.7**	**56 663**	**2.0**
Financial expense	12	– 22 851	– 0.8	– 14 426	– 0.5
Financial income	13	2 774	0.1	1 802	0.1
Share of result from associates and joint ventures	25	533	0.0	469	0.0
Earnings before taxes		**57 448**	**2.0**	**44 508**	**1.6**
Income taxes	14	– 8 310	– 0.3	– 6 054	– 0.2
Net profit from continuing operations		**49 138**	**1.7**	**38 454**	**1.4**
Net profit from discontinued operations	7	5 000	0.2	0	0.0
Net Group profit		**54 138**	**1.9**	**38 454**	**1.4**
Attributable to shareholders of Valora Holding AG		50 605	1.8	38 153	1.4
Attributable to providers of hybrid capital		3 200	0.1	–	–
Attributable to providers of Valora Holding AG equity		**53 805**	**1.9**	**38 153**	**1.4**
Attributable to non-controlling interests		**333**	**0.0**	**301**	**0.0**
Earnings per share					
from continuing operations, diluted and undiluted (in CHF)	15	13.46		13.09	
from discontinued operations, diluted and undiluted (in CHF)	7	1.48		0	
from continued and discontinued operations, diluted and undiluted (in CHF)	15	**14.94**		**13.09**	

The accompanying notes from page 53 to page 112 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 to December 31, in CHF 000	**Note**	**2013**	2012 Restated
Net Group profit		**54 138**	**38 454**
Actuarial gains / (losses) before income taxes	30	23 599	9 374
Income taxes	30	– 4 751	– 1 874
Positions not subject to reclassification affecting the income statement		**18 848**	**7 500**
Cash flow hedge		4 113	– 2 499
Currency translation adjustments		818	1 001
Valuation gains / (losses) on financial investments available for sale before income taxes		0	– 64
Income taxes		0	16
Positions whose reclassification potentially affects the income statement		**4 931**	**– 1 546**
Total other comprehensive income		**23 779**	**5 954**
Total comprehensive income		**77 917**	**44 408**
Attributable to shareholders of Valora Holding AG		74 670	44 002
Attributable to providers of hybrid capital		3 200	–
Attributable to providers of Valora Holding AG equity		**77 870**	**44 002**
Attributable to non-controlling interests		**47**	**406**

The accompanying notes from page 53 to page 112 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

ASSETS

in CHF 000	Note	**31.12.2013**	**%**	31.12.2012 Restated	%	01.01.2012 Restated	%
Current assets							
Cash and cash equivalents	16	174 973		147 153		109 562	
Derivative financial assets	33	246		7		166	
Trade accounts receivable	17	153 486		169 292		174 042	
Inventories	18	219 461		233 136		236 299	
Current income tax receivables		537		914		4 453	
Other current receivables	19	86 144		86 476		66 597	
Total current assets		**634 847**	**38.9 %**	**636 978**	**39.6 %**	**591 119**	**53.4 %**
Non-current assets							
Property, plant and equipment	20	236 174		228 935		219 302	
Goodwill, software and other intangible assets	22	648 073		660 064		232 788	
Investment property	21	3 647		5 645		5 752	
Investment in associates and joint ventures	25	5 099		4 554		4 291	
Financial assets	24	20 093		22 647		8 881	
Net pension asset	30	56 425		24 303		16 523	
Deferred income tax assets	14	26 541		26 884		27 570	
Total non-current assets		**996 052**	**61.1 %**	**973 032**	**60.4 %**	**515 107**	**46.6 %**
Total assets		**1 630 899**	**100.0 %**	**1 610 010**	**100.0 %**	**1 106 226**	**100.0 %**

LIABILITIES AND EQUITY

in CHF 000	Note	31.12.2013	%	31.12.2012 Restated	%	01.01.2012 Restated	%
Current liabilities							
Short-term financial debt	26	1 278		16 187		141 869	
Derivative financial liabilities	33	292		2 820		9 056	
Trade accounts payable	27	268 940		266 145		293 056	
Current income tax liabilities		16 837		36 597		12 565	
Other current liabilities	28	155 031		154 213		144 846	
Current provisions	29	0		5 481		0	
Total current liabilities		**442 378**	**27.1 %**	**481 443**	**29.9 %**	**601 392**	**54.4 %**
Non-current liabilities							
Other non-current liabilities	26	396 538		495 521		3 644	
Long-term accrued pension cost	30	12 978		12 358		15 026	
Long-term provisions	29	406		400		6 121	
Deferred income tax liabilities	14	48 333		42 534		15 226	
Total non-current liabilities		**458 255**	**28.1 %**	**550 813**	**34.2 %**	**40 017**	**3.6 %**
Total liabilities		**900 633**	**55.2 %**	**1 032 256**	**64.1 %**	**641 409**	**58.0 %**
Equity							
Share capital	37	3 436		3 436		2 800	
Treasury stock		– 8 015		– 12 350		– 5 185	
Hybrid capital		119 098		–		–	
Mark-to-market, financial instruments		– 7 222		– 11 335		– 8 788	
Retained earnings		660 530		633 781		513 070	
Cumulative translation adjustments		– 39 738		– 40 842		– 41 738	
Equity of Valora Holding AG		**728 089**	**44.6 %**	**572 690**	**35.6 %**	**460 159**	**41.6 %**
Non-controlling interests		2 177		5 064		4 658	
Total equity		**730 266**	**44.8 %**	**577 754**	**35.9 %**	**464 817**	**42.0 %**
Total liabilities and equity		**1 630 899**	**100.0 %**	**1 610 010**	**100.0 %**	**1 106 226**	**100.0 %**

The accompanying notes from page 53 to page 112 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

January 1 to December 31, in CHF 000	**Note**	**2013**	2012 Restated
Operating profit (EBIT)		**76 992**	**56 663**
Elimination of non-cash transactions in operating profit (EBIT)			
Depreciation and impairments on property, plant, equipment and investment properties	20, 21	39 770	33 283
Amortisation of intangible assets	22	24 517	22 167
(Gains) / losses on sales of fixed assets, net	11	– 20	12 255
Book-value gain on sale of subsidiaries, net	6	0	– 22 900
Share-based remuneration	31	489	642
(Decrease) / increase in accrued pension cost		– 7 755	1 531
Increase / (decrease) in other non-current liabilities		3 116	– 630
Changes in net working capital, net of acquisitions and disposals of business units			
Decrease in trade accounts receivable		15 286	6 010
Decrease in inventories		13 656	6 436
Decrease in other current assets		4 756	633
Increase / (decrease) in trade accounts payable		2 865	– 14 490
Provisions assigned	29	0	– 753
Decrease in other liabilities		– 25 272	– 26 132
Net cash provided by operating activities		**148 400**	**74 715**
Interest paid		– 16 458	– 19 139
Income taxes paid		– 4 616	– 2 332
Interest received		1 884	1 085
Dividends received		56	194
Total net cash provided by operating activities		**129 266**	**54 523**

January 1 to December 31, in CHF 000	Note	2013	2012 Restated
Cash flow from investing activities			
Investment in property, plant and equipment	20	– 40 282	– 50 530
Investment grants received	20	2 067	12
Proceeds from sale of property, plant and equipment	20	2 043	59 828
Investment property purchases	21	0	– 36
Proceeds from sale of investment property	21	1 942	17
Acquisition of subsidiaries, net of cash acquired	6	– 11 779	– 318 614
Disposal of subsidiaries, net of cash sold	6	7 005	28 335
Change in equity by associates		61	0
Sale of joint venture		0	934
Sales of financial investments		400	1 277
Purchases of other intangible assets	22	– 9 548	– 21 702
Proceeds from sale of other intangible assets	22	38	137
Net cash used in investing activities		**– 48 053**	**– 300 342**
Cash flow from financing activities			
Payment of short-term financial liabilities		– 17 501	– 17 271
Increase of long-term financial liabilities	26	183 883	283 035
Payment of long-term financial liabilities	26	– 291 343	0
Issuance of bonds		0	199 652
Redemption of bonds		0	– 140 000
Acquisition of non-controlling interests		– 3 820	0
Issuance of hybrid capital	37	119 098	–
Treasury stock purchased		– 947	– 20 744
Treasury stock sold		4 197	11 634
Distributions to providers of hybrid capital		– 2 400	–
Dividends paid to Valora Holding AG shareholders		– 42 307	– 31 888
Expenses arising from Valora Holding AG share-capital increase		0	– 1 949
Net (expenses)/revenues from financing activities		**– 51 140**	**282 469**
Net increase in cash and cash equivalents		**30 073**	**36 650**
Translation adjustments on cash and cash equivalents		– 2 253	941
Cash and cash equivalents at beginning of year		147 153	109 562
Cash and cash equivalents at year end	16	**174 973**	**147 153**

The accompanying notes from page 53 to page 112 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity

in CHF 000	Equity of Valora Holding AG								
	Share capital	Treasury stock	Hybrid capital	Mark-to-market, financial instruments	Retained earnings	Cumulative translation adjustments	Total equity of Valora Holding AG	Non-controlling interests	Total equity
Balance at December 31, 2011	**2 800**	**– 5 185**	**–**	**– 8 788**	**510 585**	**– 41 738**	**457 674**	**4 658**	**462 332**
Restatement IAS 19					2 485		2 485		2 485
Balance at January 1, 2012	**2 800**	**– 5 185**	**–**	**– 8 788**	**513 070**	**– 41 738**	**460 159**	**4 658**	**464 817**
Net Group profit[1]					38 153		38 153	301	38 454
Total other comprehensive income[1]				– 2 547	7 500	896	5 849	105	5 954
Total comprehensive income[1]				– 2 547	45 653	896	44 002	406	44 408
Share-based payments					203		203		203
Dividend paid					– 31 888		– 31 888		– 31 888
Increase in treasury stock		– 20 744					– 20 744		– 20 744
Decrease in treasury stock		13 579			– 1 457		12 122		12 122
Share-capital increase	636				108 200		108 836		108 836
Balance at December 31, 2012[1]	**3 436**	**– 12 350**	**–**	**– 11 335**	**633 781**	**– 40 842**	**572 690**	**5 064**	**577 754**
Net Group profit					53 805		53 805	333	54 138
Total other comprehensive income				4 113	18 848	1 104	24 065	– 286	23 779
Total comprehensive income				4 113	72 653	1 104	77 870	47	77 917
Share-based payments					567		567		567
Dividend paid to shareholders					– 42 307		– 42 307		– 42 307
Increase in treasury stock		– 947					– 947		– 947
Decrease in treasury stock		5 282			– 878		4 404		4 404
Issuance of hybrid capital			119 098				119 098		119 098
Distributions to providers of hybrid capital					– 2 400		– 2 400		– 2 400
Acquisition of non-controlling interests					– 886		– 886	– 2 934	– 3 820
Balance at December 31, 2013	**3 436**	**– 8 015**	**119 098**	**– 7 222**	**660 530**	**– 39 738**	**728 089**	**2 177**	**730 266**

[1] restated

The accompanying notes from page 53 to page 112 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 INFORMATION REGARDING THE GROUP

Valora is a trading group operating on a Europe-wide scale. Valora Holding AG, the firm's parent company, is incorporated in Muttenz, Switzerland and its shares are listed on SIX Swiss Exchange. Valora's consolidated financial statements for the 2013 financial year were approved by the Board of Directors on March 31, 2014. These consolidated financial statements are subject to approval by the General Meeting of Shareholders to be held on May 7, 2014.

2 ACCOUNTING POLICIES

Basis of financial statement presentation. In preparing its consolidated financial statements Valora generally applies the historical cost principle. The exceptions to this are derivative financial instruments and financial assets available for sale, both of which are stated at fair value. Consolidation is based on the individual group companies' financial statements, which are prepared according to a uniform set of accounting principles. The Group consolidates its accounts in Swiss francs (CHF). Unless otherwise stated, all values stated in money terms have been rounded to the nearest thousand Swiss francs.

Compliance with IFRS, the Swiss Code of Obligations and Swiss Stock Exchange listing rules. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the legal provisions of the Swiss Code of Obligations. They also meet all the listing regulations promulgated by the SIX Swiss Exchange.

Key accounting principles.

Consolidation. In addition to the accounts of Valora Holding AG, Muttenz, Switzerland, the Valora Group's financial statements also encompass those of its subsidiaries and participations as follows:

Consolidated companies. Group companies controlled by Valora Holding AG are fully consolidated. In determining whether such control exists, the contractual provisions governing Valora's interest in such companies are considered as are Valora's other rights. Group companies acquired are consolidated from the day Valora assumes control over them and deconsolidated from the day Valora ceases to exercise such control.

Consolidation method. All intra-Group assets, liabilities, revenues and expenditures, and all unrealised gains or losses in intra-Group transactions, are fully eliminated. Whenever companies are acquired, all identifiable assets, liabilities and contingent liabilities of the acquired entity are valued at the fair value prevailing at the time of the acquisition, and the difference between the purchase price paid and the fair value of the company's net assets at the time of the acquisition is recognised as goodwill. Non-controlling interests are defined as that part of the equity of a subsidiary which are is directly or indirectly attributable to the shareholders of Valora Holding AG. These non-controlling interests are disclosed separately in the consolidated income statement, consolidated statement of comprehensive income and the balance sheet. In the Group balance sheet, non-controlling interests are shown in the equity section, but are reported separately from the equity attributable to shareholders of Valora Holding AG. Acquisitions of non-controlling interests are treated as equity transactions, with the difference between the purchase price paid and the book value of the net assets acquired being allocated to the equity attributable to the shareholders of Valora Holding AG.

Non-consolidated participations (associated companies and joint ventures). Associated companies and joint ventures are treated according to the equity method. Associated companies are companies over which Valora exerts significant influence, but does not control. Significant influence is assumed to be exerted on companies in which Valora holds between 20 % and 50 % of the voting shares. Joint ventures are based on joint arrangements between the parties concerned, each of which has rights to the net assets of the joint-venture entity. Joint operations, conversely, confer direct rights and obligations to the assets and liabilities of the arrangement, who recognise these in their financial statements in the specified proportion of the parties' ownership interest. Participations treated under the equity method are recorded on the balance sheet at purchase cost and reported under "Investment in associates and joint ventures". In the reporting periods following acquisition, the value of this item is adjusted to reflect Valora's share of the changes in the equity of the associated companies and joint ventures. Any valuation gains or losses not affecting the net income of associated companies and joint ventures are credited or debited directly to Valora's other comprehensive income. Dividends received by Valora reduce the value of its investment.

Scope of consolidation. Note 39 provides an overview of the Valora Group's significant subsidiaries.

Changes in consolidation scope. No changes in consolidation scope occurred during 2013. As of January 1, 2012, the Valora Group acquired 78% of Karl Schmelzer-J.Bettenhausen GmbH & Co. KG and of its limited-liability partner, both with registered offices in Vienna, Austria. As of April 2, 2012, the Valora Group acquired 100% of Convenience Concept GmbH with registered offices in Ratingen, Germany. As of October 10, 2012, the Valora Group acquired 100% of Brezelbäckerei Ditsch GmbH, Prisma Backwaren GmbH and Brezelkönig GmbH & Co. KG, all three with registered offices in Mainz, Germany. As of October 17, 2012, the operations of Valora Services Austria GmbH, whose registered offices are in Anif, Austria were sold in their entirety.

Additional information on these transactions is presented in note 6 below.

Consolidation period. The consolidation period applied to all Group companies is the calendar year. The financial statements are presented as of December 31.

3 CHANGES TO ACCOUNTING POLICIES

Implementation of new International Financial Reporting Standards (IFRS) and interpretations thereof. Adoption of the following changes to International Financial Reporting Standards (IFRS) and interpretations thereof was first required for the Group's 2013 accounts:

IAS 1 (revised) "Presentation of Financial Statements"
Those components of other comprehensive income which, under certain circumstances, are reclassified in such a way as to impact future income statements are reported separately from those which are not so reclassified. This change has no financial effect on the results shown here, since it relates solely to the presentation of other comprehensive income.

IAS 19 (revised) "Employee Benefits"
The effects of this change on the Valora Group's financial statements are set out in the explanatory table relating to the restatement (note 3).

IFRS 7 (revised) "Financial Instruments: Disclosures"
Financial assets and liabilities may be offset against each other only to the extent that enforceable netting rights exist as of the relevant balance sheet date and that the assets and liabilities can be netted against each other. This change has no effect on the financial statements of the Valora Group.

IFRS 10 "Consolidated Financial Statements"
This new standard replaces IAS 27 and SIC 12. In this context, the new standard redefines the concept of control. Under the new definition, control is deemed to exist when an entity can exert power over an investee, when the entity is exposed to variable returns from its investment and when it has the ability to affect the level of those returns through its power over the investee. This new standard does not affect any of the entities in the Valora Group's consolidation scope.

IFRS 11 "Joint Arrangements"
This new standard replaces IAS 31 and parts of IAS 28. The distinction as to whether a participation constitutes a joint operation or a joint venture determines the consolidation method. The option of applying pro-rata consolidation is no longer permitted and joint ventures must now be reported under the equity method. This new standard does not affect the financial statements of the Valora Group.

IFRS 12 "Disclosure of Interests in Other Entities"
The new requirements applicable under IFRS 12 affect extended disclosure requirements only (see note 25 and 39).

IFRS 13 "Fair Value Measurement"
The definition of «fair value» has been harmonised and is now defined as the price that would be realised in an orderly transaction between market participants at the measurement date for the sale of an asset or the transfer of a liability (see note 35).

Changes to IAS 36 "Impairment of Assets"
Because Valora has elected to apply these changes in 2013, and thus ahead of their required implementation date, it is not required to disclose the recoverable amount of cash-generating units as part of its goodwill testing.

Future implementation of International Financial Reporting Standards (IFRS) and interpretations thereof. These consolidated financial statements have not yet adopted the following new standards or modifications to existing standards and their interpretation, all of which the Valora Group will be required to apply in its accounts for 2014 or thereafter:

The following new standards and future changes to existing IFRS standards are currently being analysed: With effect from January 1, 2015, the Annual Improvements 2010–12 Cycle and 2011–13 Cycle (annual modification process) and IFRS 9 (revised) «Financial Instruments» will become applicable. It is not currently anticipated that these changes will have any material effect on the Group's financial statements.

Restatement of Group financial statements. A new version of IAS 19 "Employee Benefits" was published in June 2011. The revised standard must be applied to all reporting periods commencing on or after January 1, 2013. The new standard no longer permits actuarial gains and losses on defined-benefit employee schemes to be reported under the corridor method. The Valora Group does not avail itself of this method, reporting such gains and losses under total other comprehensive income instead. Since the approach that the revised standard requires in this matter is already used by the Valora Group, these changes do not have any effect on its consolidated accounts. The revised standard also requires that the current method of basing expected returns from plan assets on an expected net return be replaced by a method which applies the discount rate used to calculate the net present value of defined-benefit plans' projected benefit obligation. There is also a requirement that past service costs are immediately recognised in the income statement at the time they occur and the distribution of risks between employee and employer changes.

The revised standard has been applied retroactively as of January 1, 2012. This results in an increase in the net pension asset amounting to CHF 3106 thousand. The opening balance for retained earnings has been raised accordingly, subject to an adjustment of CHF – 621 thousand for deferred income tax liabilities.

The tables below show the effect of this restatement:

Consolidated Balance Sheet at 01.01.2012

in CHF 000	01.01.2012 before restatement	Change	01.01.2012 Restated
Net pension asset	13 417	3 106	16 523
Deferred income tax liabilities	14 605	621	15 226
Retained earnings	510 585	2 485	513 070

Consolidated Balance Sheet at 31.12.2012

in CHF 000	31.12.2012 before restatement	Change	31.12.2012 Restated
Net pension asset	21 255	3 048	24 303
Deferred income tax liabilities[1]	51 231	610	51 841
Retained earnings	631 343	2 438	633 781

Consolidated Income Statement January 1 to December 31, 2012

in CHF 000	01.01.–31.12.2012 before restatement	Change	01.01.–31.12.2012 Restated
Personnel expense	–385 528	–9 112	–394 640
Operating profit (EBIT)	65 775	–9 112	56 663
Income taxes	–7 876	1 822	–6 054
Net Group profit	45 744	–7 290	38 454
Earnings per share, diluted and undiluted (in CHF)	15.60	–2.51	13.09

Consolidated Statement of Comprehensive Income January 1 to December 31, 2012

in CHF 000	01.01.–31.12.2012 before restatement	Change	01.01.–31.12.2012 Restated
Net Group profit	45 744	–7 290	38 454
Actuarial gains/(losses) before income tax	320	9 054	9 374
Income taxes	–63	–1 811	–1 874
Total other comprehensive income	–1 289	7 243	5 954
Total comprehensive income	44 455	–47	44 408

[1] Before adjustment to Ditsch/Brezelkönig purchase price

4 GENERAL ACCOUNTING POLICIES

Conversion of foreign currencies. Transactions in foreign currencies are converted into Swiss francs at the exchange rate applicable on the transaction date. At the balance sheet date, amounts receivable and payable in foreign currencies are converted into Swiss francs at the exchange rate applicable on that date, and any exchange rate differences so arising are booked to the income statement.

Upon consolidation, the assets and liabilities of subsidiaries whose operating currency is not the Swiss franc are converted into Swiss francs at the exchange rate prevailing on the balance sheet date. Income statement, cash flow statement and other movement items are converted into Swiss francs at average exchange rates for the period, provided such presentation sufficiently approximates the figures which would result from the application of transaction date rates. If not, movement items are converted at effective transaction rates. Exchange rate gains and losses arising from the translation of annual financial statements of non-Swiss-franc subsidiaries are booked to other comprehensive income and reported separately as currency translation adjustments.

Exchange rates applied to key foreign currencies

	Average rate for 2013	**Rate at December 31, 2013**	Average rate for 2012	Rate at December 31, 2012
Euro, 1 EUR	1.231	1.227	1.205	1.208
Swedish krona, 100 SEK	14.23	13.87	13.86	14.07
Danish krone, 100 DKK	16.50	16.45	16.19	16.19
Norwegian krone, 100 NOK	15.79	14.71	16.12	16.45

Net revenues and revenue recognition. Net revenues include all proceeds from the sale of goods, services and products manufactured by Valora itself, net of any deductions including rebates, discounts and other agreed concessions. Retail sales by the Valora Retail division are recognised upon sale to the customer. Payment is made in cash or by credit card. The sales value recorded is the amount received net of credit card fees. Wholesale revenues are recognised when the goods have been delivered, the customer has accepted them and there is sufficient certainty of the amount being received. Goods sold wholesale may be supplied on a sale-or-return basis. Where this applies, net revenues will be reduced by estimated return rates based on experience and other appropriate assumptions. In the case of sales for third parties, the commission due to Valora is recognised in net revenues.

Equity-based remuneration. The Valora Group pays some of the remuneration it grants in the form of Valora shares. The expense from this recorded in the income statement is calculated by multiplying the number of shares granted by the market price prevailing on the grant date (minus any amount payable by the recipients). The expense arising from schemes which will definitely be paid out in shares (equity settled schemes) is accrued against equity. The expense from schemes where payment in shares is not certain is accrued as a liability. If the conditions for the allocation of shares extend over several years, the relevant expenses are accrued in appropriate proportions to the years concerned, based on the degree to which the targets are expected to be achieved. The current value of all cash-settled equity-based remuneration arrangements is revaluated at every balance-sheet date until disbursement occurs.

Net financial results. Net gains and losses on the valuation of financial instruments at balance sheet dates which are credited or debited to the income statement do not include any dividend or interest payments. Dividend and interest income is reported separately (see note 13).

Income tax. Income tax is calculated based on the tax laws of each applicable sovereign jurisdiction and is charged to the income statement for the accounting period in which the net income in question arose. The applicable effective tax rates are applied to net income.

Deferred taxes which arise as a result of timing differences between the values of assets and liabilities reported on the balance sheet and their applicable tax values are shown as deferred tax assets or deferred tax liabilities. Deferred tax assets are recognised when there is a probability that sufficient taxable income will be available to offset against them. Deferred income taxes are calculated based on the rates of tax which are expected to apply in the tax period in which the deferred tax asset or liability concerned will be realised or settled. Deferred tax liabilities on temporary differences are generally recorded. Deferred tax assets are recognised only when there is a probability that there will be sufficient taxable income available to offset against them. Taxes receivable are offset against taxes payable if they relate to the same taxable entity and there is an enforceable legal basis for them to be offset against each other. Changes to deferred tax liabilities or assets are reported as tax expense or income in the income statement. This does not apply to deferred taxes relating to positions which are either shown under other comprehensive income or are accrued directly to equity.

Disposals of business units. When business units which are not classified as discontinued operations are sold, their operating results until the date of their sale are included under the appropriate line items in the income statement and cash flow statement.

Net profit/loss from discontinued operations. When business segments or significant business areas are sold, all the income statement items relating to these units are aggregated and shown in a separate income statement line as results from discontinued operations. The cash flow statement shows detailed cash flows from continuing operations only. The net cash flows from discontinued operations generated by operating, investing and financing activities are disclosed in one line each.

Earnings per share. Earnings per share are calculated by dividing the net profit from continuing operations attributable to shareholders of Valora Holding AG by the average number of shares of the Valora Holding AG parent company outstanding. Diluted earnings per share take account of the dilutive effects of potential changes to the number of outstanding shares and adjust earnings per share accordingly.

Cash and cash equivalents. Cash and cash equivalents comprise cash balances, sight deposits with banks and short-term money market investments with a maturity not exceeding 3 months.

Trade accounts receivable. Trade accounts receivable are recorded at amortised costs minus any necessary adjustments for doubtful accounts. Adjustments are made if there is objective evidence that the amount may not be received in full.

Inventory. Inventory items are carried at the lower of either their purchase or manufacturing cost or their net realisable value. For Valora's Retail division, inventory is valued at average purchase cost, based on a moving average method. The Valora Services and Valora Trade divisions use the first-in, first-out method (FiFo). Ditsch/Brezelkönig values both its finished and unfinished products at their production cost, while all other inventory items are valued at average purchase cost based on a moving average method. Slow-moving or obsolete inventory items are valued according to standard business practices, with the items in question being partially or wholly written off.

Non-current assets held for sale. Non-current assets are classified as held for sale and valued at the lower of book value or fair value minus costs of disposal, if their book value is expected to be realised principally from their sale rather than from their continued operational use. The assets in question must be immediately saleable and there must be a high probability that their sale will occur. If entire business units are held for sale, all their assets and all their directly attributable liabilities are recorded in the balance sheet separately as assets or liabilities held in disposal groups.

Property, plant and equipment. Property plant and equipment is recorded at cost minus accumulated depreciation. Subsequent expenditure for renovation is capitalised only if the costs can be reliably determined and an economic benefit results from them. If these conditions are met, the renovation costs so capitalised are depreciated over the economically useful life of the property. All other renovation and maintenance costs are expensed directly to the income statement. Capitalised extensions and installations in rented premises are depreciated over their estimated economically useful life or the remaining term of the rental lease, if this is shorter. The interest costs relating to facilities which have been under construction for longer periods of time are capitalised.

Depreciation is charged according to the linear method, based on the estimated economically useful life of the item concerned:

	Years
Land for operational use	no depreciation
Buildings and building components, operational	15 – 40
Machinery, equipment, fixtures and fittings	6 – 10
Vehicles	5
IT hardware	3 – 5

Investment property. Investment property is recorded at purchase or construction cost minus accumulated depreciation. The fair values reported in these notes are based on current estimates of their income-generating capacity. Subsequent expenditure for renovation is capitalised only if the costs can be reliably determined and an economic benefit results from them. If these conditions are met, the renovation costs so capitalised are depreciated over their useful economic life. All other renovation and maintenance costs are expensed directly to the income statement.

The depreciation method is straight line, based on the following estimates of economically useful life:

	Years
Land	no depreciation
Buildings	20 – 60

Impairments to property, plant and equipment. The current values of property, plant and equipment are reviewed whenever changing circumstances or specific events suggest that their current book values might be too high. If the current book value of an asset exceeds its realisable value, which is defined as the higher of its current fair value minus costs of disposal or its value in use, the asset will be written down to its realisable value. Once made, an impairment may be reversed only if the assumptions previously used in determining the realisable value of the asset concerned have been subject to change. If such a change has occurred, the book value of the asset in question will be raised to its current realisable value. This new realisable value may not, however, exceed the value at which the asset would have been carried if no previous impairments had occurred and it had simply been subject to regular straight-line depreciation. Any increase in value resulting from such a reversal is recorded in the income statement immediately.

Government grants. Government grants are recognised at their fair value provided the Group meets the requisite conditions for receiving them. Grants which do not relate to investments are recognised in the income statement under Other income in the period in which the expense to which the grant relates was incurred. Investment grants are recognised as reductions in the purchase or production cost of the asset concerned and result in a corresponding reduction of the scheduled depreciation charges applied to it in subsequent periods.

Leases. Assets acquired under leasing agreements which transfer the benefits and risk of ownership from the lessor to the lessee are classified as non-current assets of the relevant category. Assets acquired under finance leases are initially capitalised at the lower of their market value or the net present value of all binding future leasing payments contracted at the beginning of the lease. On the liabilities side this same amount is recognised as a finance lease liability. Leased assets are amortised over their anticipated economically useful lives or the life of the lease if this is shorter and transfer of ownership at the end of the lease is not certain.

Similarly, fixed assets leased to third parties under agreements transferring substantially all the benefits and risks of ownership to the lessee are classified not as property, plant and equipment but as financial assets, recorded at the present value of the future leasing payments receivable. Expense and income arising from operating leases is recognised in the income statement in a linear fashion over the life of the leases.

Intangible assets, excluding goodwill. Intangible assets are classified into one of the following three categories: software, intangible assets with finite useful life or intangible assets with indefinite useful life. All intangible assets, excluding goodwill, are carried at historical purchase or production costs minus accumulated depreciation. Depreciation is applied using the straight line method over the estimated economically useful life of the intangible asset concerned.

Software. The purchase or production costs of software are recognised on the balance sheet if Valora expects to derive future economic benefit from the software concerned.

Intangible assets of indefinite useful life. Intangible assets with indefinite useful life are not subject to scheduled amortisation charges. They are subjected to an impairment test at least once a year, with impairment charges being recorded against them as required.

Amortisation is carried out based on the following estimates of economically useful life:

	Years
Software	3–5
Intangible assets with finite useful life	3–20
Intangible assets with indefinite useful life	no amortisation

Impairments to intangible assets. The current values of intangible assets excluding goodwill are reviewed whenever changing circumstances or specific events suggest that their current book values might be too high. If the current book value of an asset exceeds its realisable value, which is defined as the higher of its current fair value minus costs of disposal or its value in use, the asset will be written down to its realisable value. Once made, an impairment (other than one made to goodwill) may be reversed only if the assumptions previously used in determining the realisable value of the asset concerned have been subject to change. If such a change has occurred, the book value of the asset in question will be raised to its current realisable value. This new realisable value may not, however, exceed the value at which the asset would have been carried after regular amortisation and if no previous impairments had accrued. Any increase in value resulting from such a reversal is recorded in the income statement immediately.

Goodwill. Goodwill is the amount paid by the Group when acquiring a company which exceeds the fair value of that company's net assets at the time of purchase. Goodwill is recognised on the balance sheet in accordance with IFRS 3, and is attributed to the appropriate cash generating unit (CGU). The CGU is then subjected to an impairment test, which is carried out at least once a year, and more frequently should there be evidence suggesting possible impairment. This involves comparing the book value of the CGU to which the goodwill was assigned with the CGU's current realisable value. This realisable value is defined as the higher of the fair value of the CGU minus costs of disposal and its value in use. Fair value minus costs of disposal is the price which would be received from the sale of an asset in an orderly transaction between market participants at the measurement date or which would be payable when a liability is transferred. If the book value of the cash-generating unit exceeds this fair value, an impairment to goodwill will be recorded. No increases in the carrying value of goodwill are permitted.

Financial assets. Financial assets are classified according to one of the following categories:
- at fair value through profit or loss
- loans and receivables
- held to maturity
- available for sale

Classification depends on the purpose for which the financial assets were acquired and is determined when the assets are first recognised.

Financial assets at fair value through profit or loss. These include financial assets and derivative financial instruments held for trading purposes, as well as other assets assigned to this category on initial recognition. Financial assets are assigned to this category if they are acquired with a view to short-term sale. Financial assets in this category are either held for trading purposes or sold within 12 months of purchase.

Loans and receivables. Loans and receivables are financial assets whose payment dates and amounts are either fixed or can be determined and which are not traded in a market. They include the trade accounts receivable and other receivables which are shown separately on the balance sheet. They are classified as current assets unless their maturity is more than 12 months after the balance sheet date.

Financial assets available for sale. This category covers non-controlling interests (i.e. shareholdings of less than 20 %) and financial assets not assigned to any other category. Financial assets available for sale are classified as non-current assets unless they are intended to be sold within 12 months.

All purchases and sales of financial assets are recorded on the trade date. Financial assets, except those held at fair value through profit and loss, are initially recorded at fair value plus transaction costs. Financial assets held for trading purpose are initially recorded at market value excluding transaction costs and thereafter, like all other "at fair value through profit or loss" assets, at their market value. Loans and receivables are recorded at their amortised value calculated by the effective interest rate method. Financial assets available for sale are carried at fair value, using market prices where available or model-based valuations where no market exists. Equity participations which are not traded in a market and for which insufficient data is available to perform a valuation are carried at cost (minus any impairments). Unrealised gains and losses are credited or debited to other comprehensive income. Enduring or significant impairments are recorded and charged to the income statement. When an available for sale financial asset is sold, the valuation adjustments which have been accumulated against equity in respect of it are passed to the income statement.

Interest-bearing debt. Interest-bearing liabilities are valued at their amortised cost, any differences between such cost and the amounts repayable at maturity being recognised as financial expense over the lifetime of the liability according to the effective interest method.

Provisions. Provisions are recorded when, as a result of a past event, a liability has arisen whose amount can be reliably estimated and for whose settlement an outflow of cash is probable. Provisions are recorded at the net present value, as of the balance-sheet date, of the estimated future cash outflow.

Liabilities from employee pension schemes. Valora pays employer contributions to various pension schemes established according to local legislation. For defined benefit schemes, the present value of the benefit obligation is determined by an annual actuarial assessment under the projected unit credit method. These assessments take account of the contribution years accumulated by employees at the assessment date as well as the expected evolution of their future remuneration. The pension cost to the employer and the net interest cost or net interest income relating to the net pension liability or net pension asset will be recognised in the income statement in the period in which it occurs. Actuarial gains and losses and the effect of any ceiling applied to the net pension fund assets are accumulated under other comprehensive income.

Expenses for defined contribution pension schemes are charged to the income statement in the period in which they are incurred.

Accounting for derivative financial instruments and hedging transactions. Positions in derivative financial instruments are recorded at their value when established and adjusted thereafter to reflect changes in fair value. Recognition methods for gains or losses depend on whether the instrument was used to hedge an identifiable risk and whether the conditions for hedge accounting are met. The objective of recognising a transaction as a hedge is to ensure that changes in the value of the item being hedged and those in the hedging instrument cancel each other out during the time the hedge is in place. If a derivative financial instrument is not designated as a hedge or if it does not meet hedge accounting criteria, gains and losses arising from changes in its fair value are recognised in the income statement. To qualify for hedge accounting treatment, a hedging transaction must meet a number of strict criteria relating to transaction documentation, probability, hedge effectiveness and valuation reliability. When engaging in a hedging transaction, the Group documents the relationship between the hedging instrument and the hedged item and the purpose and strategy of the hedge. This process also requires that all derivatives used for hedging purposes be linked to specific assets or liabilities, or to firm commitments and expected future transactions. Both when a hedge is set up and during its life the Group documents the extent to which changes in the fair value of the derivative financial instrument offset changes in the value of the item it hedges.

When the contract governing it is concluded, any derivative financial instrument which qualifies as a hedging transaction will be classified either as a) hedging the fair value of a specific asset or liability (a fair value hedge), b) hedging future cash flows arising from an expected future transaction or a firm commitment (a cash flow hedge), or c) hedging a net investment in a foreign subsidiary.

Any gains or losses from hedging instruments which effectively offset changes in the value of future cash flows, and thus qualify as cash flow hedges, are booked to other comprehensive income. Gains or losses which do not meet this effectiveness requirement are immediately recorded in the income statement. The amounts recorded under other comprehensive income are then transferred to the income statement when the cash flows they hedge are booked.

If the requirements for hedge accounting treatment are no longer met, any gains and losses accumulated under other comprehensive income will remain in equity until the underlying transaction for which the hedge was established has occurred. If the underlying transaction is no longer expected to occur, these accumulated gains and losses will immediately be passed to the income statement.

5 MANAGEMENT'S ESTIMATIONS, ASSUMPTIONS AND EXERCISE OF DISCRETION

Significant assumptions in the application of accounting principles. The application of accounting principles to the Group requires assessments by management which – while no estimates are used to this end – may have a significant influence on the figures reported in the consolidated financial statements. Management assessments are needed in the analysis of the substance of complex transactions. In the opinion of management, these financial statements do not contain any assumptions regarding the application of accounting principles which have a material effect on the figures reported.

Significant estimations. Preparation of the consolidated financial statements under IFRS requires the use of estimations regarding the future and may have an influence on the amount of certain items reported in the income statement, the statement of comprehensive income, the balance sheet and their explanatory notes. Any estimations underlying the figures reported in the consolidated financial statements are based on experience and the information available at the time the statements were prepared. Estimations and assumptions are reviewed regularly and adapted where necessary. Nevertheless, subsequent actual outcomes may diverge from earlier estimations. Any changes resulting from modifications of estimated values are recognised in the consolidated financial statements in the year in which such modifications are made. Estimations and assumptions bearing significant risks of substantial future changes to book values are listed below:

Property, plant and equipment. The useful life of property, plant and equipment is determined based on experience and the current technical characteristics of the assets concerned. The actual useful life of a specific asset may deviate from that initially determined due to changes in technology and market conditions. In the event of such a deviation, the remaining useful life of the asset concerned is adjusted. The value of fixed assets is always re-assessed whenever changes in circumstances indicate that their current book value may exceed their fair value. Fair value is determined on the basis of estimates and management's assumptions about the economic utility of the assets concerned. Values subsequently realised can deviate from these estimates (see note 20).

Goodwill and brand rights. The consolidated balance sheet carries goodwill from continuing operations at CHF 478.8 million (see note 22). This goodwill is subjected to an impairment whenever there are indications that its realisable value may have diminished and in any event at least once annually.

The impairment tests are based on estimated future free cash flows, using discounted cash flow analysis, for each of the cash generating units concerned. The principal factors affecting these valuations are the estimated net revenues, estimated operating margins and the discount rate applied.

Net pension asset. The Group maintains occupational pension schemes of its own which are classified as defined benefit schemes for IFRS purposes. IFRS requires an annual comparison of the pension plans' assets with the dynamically calculated net present value of their benefit obligations. These valuations showed a pension plan surplus for the Swiss schemes which is capitalised in the consolidated balance sheet and which corresponds to that portion of the surplus which the Group is entitled to offset against its benefit obligations under the plans concerned. These valuations are based on a number of assumptions, principal among which are the discount rate applied to future benefits and the expected future salaries of the plan participants (see note 30). Actual outcomes may diverge considerably from the assumptions made.

Deferred income tax assets. Under IFRS rules, that portion of any tax loss carry forwards which can be expected to result in future tax savings should be recognised as a deferred tax asset (see note 14). The amount of tax savings which are then actually achieved will depend on the level of income generated before the tax loss carry forwards expire. This means that future net income may be impacted by impairments on deferred tax assets if the profits the Group generates during the relevant period are below initial expectations. Conversely, additional net income may be recognised if the profits the Group generates exceed expectations and previously unrecognised tax loss carry forwards can be drawn on.

Provisions. Provisions are established for liabilities whose amount and / or due date cannot be determined with certainty and a future disbursement in respect of the matter in question is probable. A further prerequisite for the creation of such provisions is that the amount of the potential loss can be reliably estimated. In assessing whether a provision is appropriate and what its amount should be, the best available estimates and assumptions are made with regard to the situation as of the balance sheet date. Since new evidence and unfolding events can have a significant effect on subsequent outcomes, earlier estimates and assumptions may be revised in the light of later evidence and events, if their effect on these estimates and assumptions is substantial (see note 29).

6 ACQUISITIONS AND DISPOSALS OF BUSINESS UNITS, ACQUISITION OF NON-CONTROLLING INTERESTS

Transactions completed in 2013.

Acquisition of a non-controlling interest in EMH. On December 30, 2013, the Valora Group purchased the remaining 20 % of the voting shares in Engelschiøn Marwell Hauge AS, Oslo, Norway (EMH). The cash payment made to the owner of this non-controlling interest amounted to CHF 3.8 million. The book value of the net assets attributable to these shares was CHF 2.9 million. The amount booked to retained earnings was CHF –0.9 million.

Transactions completed in 2012.

Sale of Services Austria. The operations of Valora Services Austria GmbH, whose registered offices are in Anif, Austria, were sold in their entirety as of October 17, 2012. The book value gain realised on this transaction is recognised under Other income. The sale price of CHF 7005 thousand for Valora Services Austria GmbH which was outstanding on December 31, 2012 has been paid in full by the purchaser.

Net assets sold, net sale price, net cash generated

in CHF 000	Book values
Current assets	20 923
Non-current assets	20 857
Current liabilities	– 22 105
Non-current liabilities	– 5 743
= Net assets sold	**13 932**
Gain on sale of subsidiary	22 900
Reclassification of currency-translation differences	– 1 381
Reclassification of valuation gains on financial assets available for sale	– 64
= Net sale price	**35 387**
Outstanding net sale price	– 7 005
Cash and cash equivalents sold	– 47
= Net cash from sales of subsidiaries	**28 335**

Acquisitions

Net assets purchased, purchase price, net cash used

in CHF 000	Ditsch/Brezelkönig fair value	Convenience Concept fair value	Schmelzer-Bettenhausen fair value
Current assets	46 149	13 714	1 163
Intangible assets	87 585	23 624	108
Other non-current assets	78 374	15 039	856
Current liabilities	– 57 242	– 27 291	– 1 289
Deferred income tax liabilities	– 23 232	– 7 848	– 6
Other non-current liabilities	– 1 082	0	– 341
= Net assets acquired	**130 552**	**17 238**	**491**
Previously held interest	0	0	– 108
Goodwill from acquisition	251 550	72 459	1 332
= Purchase price	**382 102**	**89 697**	**1 715**
Outstanding consideration	– 1 909	– 6 737	0
Consideration paid by cancellation of offsetting items	– 20 472	0	0
Consideration paid through issuance of new shares	– 110 785	0	0
= Consideration paid in cash and cash equivalents	248 936	82 960	1 715
Cash and cash equivalents acquired	– 3 119	– 17	– 82
= Cash used in acquisition of subsidiaries	**245 817**	**82 943**	**1 633**

Acquisition of Ditsch/Brezelkönig. As of October 10, 2012, the Valora Group acquired 100% of Brezelbäckerei Ditsch GmbH, Prisma Backwaren GmbH and Brezelkönig GmbH & Co. KG, all three having their registered offices in Mainz, Germany. Brezelkönig GmbH & Co. KG operates in Switzerland, while Brezelbäckerei Ditsch GmbH and Prisma Backwaren GmbH operate in Germany. These companies produce bakery products which they distribute through retail and wholesale channels. The companies' 230 outlets in Germany and Switzerland operate on an agency basis. These acquisitions have enabled Valora to enter the rapidly growing market for food and beverages destined for immediate consumption. Given the nature of its business and its organisational structure, separate internal reporting and monitoring arrangements have been established for Ditsch/Brezelkönig, which constitutes a separate reporting segment in its own right.

The capitalised goodwill of CHF 251.6 million represents the portions of the purchase price which were not recognisable. These relate to the benefits to Valora of the growth and synergy potential arising from this acquisition. Valora expects a proportion of this goodwill to be tax-deductible.

The purchase-price consideration for these acquisitions amounted to CHF 382.1 million, of which CHF 248.9 million was paid in cash, CHF 110.8 million was paid through the issuance of new Valora shares and CHF 20.5 million was paid by receivable offset. CHF 1.9 million remained outstanding as of December 31, 2013.

The net assets recorded in the Group financial statements for the year to December 31, 2012 were based on a preliminary fair-value assessment, since not all the information necessary for a definitive evaluation was available at that time. When the final purchase price was determined, the 2012 figures were adjusted. This resulted in a CHF 13.7 million increase in the purchase price, a CHF 7.0 million increase in the goodwill position and a CHF 6.7 million increase in net assets.

Following its acquisition by Valora, Ditsch/Brezelkönig contributed CHF 50.1 million to Group 2012 net revenues and CHF 4.7 million to Group 2012 net income. Had the acquisition been made on January 1, 2012, the contribution to Group 2012 net revenues would have been CHF 185.4 million and the net income contribution CHF 19.7 million.

Acquisition of Convenience Concept. As of April 2, 2012, the Valora Group acquired 100 % of Convenience Concept GmbH, a German company with registered offices in Ratingen. The company operates a number of retail concepts through its network of more than 1200 outlets, all of which are managed by independent business partners or franchisees. This acquisition has enabled Valora to strengthen its position in small-outlet retail at heavily frequented sites throughout Germany. The results generated by Convenience Concept are included in Valora's segment reporting for its Retail division.

The capitalised goodwill of CHF 72.5 million represents the portions of the purchase price which were not recognisable, relating to the benefits to Valora of the growth and synergy potential arising from this acquisition. These relate to synergies arising from the acquisition and to the strengthening of Valora's position towards wholesale suppliers. Valora does not expect the capitalised goodwill to be tax-deductible.

The purchase-price consideration amounted to CHF 89.7 million, of which CHF 83.0 million was paid on the acquisition date and CHF 6.7 million was recorded as a liability as of that date. The purchase agreement includes a contingent consideration arrangement under which a further consideration will become payable in 2015 provided an agreed sales metric has been reached. The undiscounted value of the payment potentially falling due in 2015 is either CHF 7.4 million, if the agreed sales metric is reached, or zero, if it is not. Since there is every probability that the agreed metric will be reached, the net present value of the contingent consideration, amounting to CHF 7.2 million at December 31, 2013, has been recognised as a liability.

Current assets comprised accounts receivable with a market value of CHF 13.7 million. The gross amount of all accounts receivable is CHF 15.0 million, to which impairments of CHF 1.3 million were applied at the time of the acquisition.

Following its acquisition by Valora, Convenience Concept GmbH contributed CHF 38.2 million to Group 2012 net revenues and CHF 3.0 million to Group 2012 net income. Had the acquisition been made on January 1, 2012, the contribution to Group 2012 net revenues would have been CHF 50.7 million and the net income contribution CHF 4.0 million.

Acquisition of Schmelzer-Bettenhausen. As of January 1, 2012, the Valora Group acquired 78 % of both Karl Schmelzer-J.Bettenhausen GmbH & Co. KG and its limited-liability partner, both having their registered offices in Vienna, Austria. Including the 22 % stake it already held at the time, Valora thus acquired all the shares in these companies as of January 1, 2012.

The company operates a total of 10 bookshops at Austrian railway stations and at Vienna airport. Schmelzer-Bettenhausen has been renamed Valora Retail Austria and its results are included in Valora's segment reporting for its Retail division.

The capitalised goodwill of CHF 1.3 million represents the portions of the purchase price which were not recognisable, relating to the benefits to Valora of establishing an Austrian retail market presence to its opportunities for future expansion in that market and to anticipated synergies with its P&B retail format. Valora does not expect the capitalised goodwill to be tax-deductible.

The purchase price amounted to CHF 1.7 million, which has been paid in full.

The fair value of the stake Valora held in Schmelzer-Bettenhausen at the time of the acquisition was carried at CHF 0.1 million. The gain arising from the revaluation of this position was CHF 0.1 million. This was reported in the income statement under share of result from associates and joint ventures.

The company's current assets comprise receivables with a market value of CHF 0.2 million. No impairments have been recorded against these and their full contractual value was expected to be realisable.

Following its acquisition by Valora, Schmelzer-Bettenhausen contributed CHF 16.5 million to Group 2012 net revenues. It made a negative contribution of CHF – 0.8 million to the Group's 2012 net income.

Transaction costs. The total transaction costs attributable to these acquisitions amounted to CHF 5.4 million, of which CHF 3.8 million relate to Ditsch/Brezelkönigand CHF 1.5 million to Convenience Concept. These costs, CHF 1.7 million of which were incurred in 2011, are included in the income statement under "Other operating expenses".

7 DISCONTINUED OPERATIONS

The net profit from discontinued operations reported for 2013, amounting to CHF 5.0 million, represents the release of provisions established in connection with Valora's sales of Fotolabo and Own Brands (see note 29) following the expiration of the guarantees to which those provisions relate. No such releases were made to the income statement in 2012.

Earnings per share from discontinued operations amounted to CHF 1.48 in 2013 (CHF 0.00 in 2012). There were no dilutive effects in 2013 and 2012.

8 SEGMENT REPORTING

The Valora Group is a trading company operating on a Europe-wide scale, with business activities carried out in the following reportable business segments:

Valora Retail: Valora Retail operates small retail outlets at heavily frequented locations in Switzerland, Germany, Luxembourg and Austria. The division operates country-wide marketing and distribution systems for press, tobacco and consumer products for daily use and the impulse buyer's market. Valora Retail's market presence comprises the k kiosk, k presse + buch, avec., P&B, tabacon, ServiceStore DB, CIGO and Caffè Spettacolo formats.

Ditsch/Brezelkönig: Ditsch/Brezelkönig produces lye-bread and other bakery products in Germany and Switzerland. These are distributed both to its Ditsch/Brezelkönig outlets and to the wholesale sector. Ditsch/Brezelkönig was established as a new reporting segment in the Group's accounts as of October 10, 2012 (see note 6).

Valora Services: Valora Services distributes press products to Valora-operated outlets and third-party retailers in Switzerland and Luxembourg. It is a market leader in both traditional physical press distribution and in other services. In Switzerland, Valora Services also distributes food and non-food articles.

Valora Trade: Valora Trade deploys a range of customer-specific distribution and marketing solutions to supply branded fast-moving consumer goods and cosmetics to the organised retail sector and to independent retailers in seven European national markets.

Other: The Group support functions in the areas of Finance, Human Resources, Business Development, Legal Services and Communications are reported under "Other". The assets attributable to this segment principally represent loans to Group companies, cash and cash equivalents, and short-term receivables. The liabilities attributable to this segment essentially relate to the financing instruments listed in note 26.

Reportable segments are identified on the basis of the type of products each segment deals in and the way in which these are distributed. At Valora, these segments comprise a variety of retail formats and geographical regions. The net revenues generated by these segments relate to the sale of goods. Their non-current assets comprise property, plant and equipment, investment property and intangible assets (additions to which are shown without changes in consolidation scope). Valora's internal reporting is based on the same valuation principles as its external reporting.

Segment data by division

2013

in CHF 000	Valora Retail	Ditsch/ Brezelkönig	Valora Services	Valora Trade	Other	Intersegment elimination	Total Group
Net revenues							
Total	**1 694 493**	**197 642**	**294 745**	**798 182**	**60**	**– 126 133**	**2 858 989**
From third parties	1 692 089	197 642	174 665	794 533	60	0	2 858 989
From other divisions	2 404	0	120 080	3 649	0	– 126 133	0
Operating profit (EBIT)							
Total	**38 050**	**26 279**	**10 812**	**7 148**	**– 5 297**	**0**	**76 992**
Depreciation and impairment charges	42 755	12 740	4 503	4 182	107	0	64 287
Additions to long-term assets							
Total	**42 369**	**9 316**	**1 819**	**2 752**	**0**	**0**	**56 256**
Segment assets							
Total	**744 737**	**461 991**	**125 932**	**376 975**	**514 976**	**– 593 712**	**1 630 899**
Investment in associates and joint ventures	50	0	0	5 049	0	0	5 099
Segment liabilities							
Total	**629 335**	**53 262**	**60 633**	**206 589**	**544 526**	**– 593 712**	**900 633**

Net revenues from third parties comprise CHF 2575 million for goods sold, CHF 102 million for services provided and CHF 182 million for sales of goods produced by Valora itself. The depreciation and impairment charges include impairments of CHF 1390 thousand for Valora Retail and impairments of CHF 72 thousand for Valora Services.

2012
Restated

in CHF 000	Valora Retail	Ditsch/ Brezelkönig	Valora Services	Valora Trade	Other	Intersegment elimination	Total Group
Net revenues							
Total	**1 663 633**	**50 085**	**478 325**	**792 537**	**6**	**– 136 676**	**2 847 910**
From third parties	1 661 210	50 085	348 589	788 020	6	0	2 847 910
From other divisions	2 423	0	129 736	4 517	0	– 136 676	0
Operating profit (EBIT)							
Total	[1] **19 055**	**7 135**	**11 732**	**7 482**	**11 259**	**0**	**56 663**
Depreciation and impairment charges	41 916	3 441	6 592	3 332	169	0	55 450
Additions to long-term assets							
Total	**55 093**	**3 674**	**3 990**	**5 895**	**88**	**0**	**68 740**
Segment assets							
Total	**684 345**	**460 206**	**177 509**	**376 736**	**423 739**	**– 512 525**	**1 610 010**
Investment in associates and joint ventures	0	0	0	4 554	0	0	4 554
Segment liabilities							
Total	**595 697**	**79 919**	**93 028**	**212 967**	**563 170**	**– 512 525**	**1 032 256**

[1] The Retail division's operating profit includes the CHF 14.2 million loss incurred on the sale of the Muttenz facility.

Net revenues from third parties comprise CHF 2712 million for goods sold, CHF 95 million for services provided and CHF 41 million for sales of goods produced by Valora itself. The depreciation and impairment charges include impairments of CHF 1059 thousand for Valora Retail and impairments of CHF 83 thousand for Valora Services.

As a result of internal organisational changes, the composition of the reportable segments was modified with effect from January 1, 2013. The segment reporting information for 2012 has also been modified to reflect these changes. The adjustments are the result of the reassignment of the logistics business in Switzerland from Other to Valora Services. These adjustments have led to Valora Retail's net revenues from third parties increasing by CHF +258 thousand, while Valora Services' net revenues from third parties have increased by CHF +13 348 thousand and the net revenues from third parties recorded for Other have decreased by CHF –13 606 thousand.

The revisions to the IAS 19 accounting standard resulted in modifications being made to the segment information reported for 2012. As a result of these changes, the operating profit for Valora Retail decreased by CHF –6290 thousand, while that for Valora Services and Valora Trade decreased by CHF –247 thousand and CHF –624 thousand respectively and that for Other decreased by CHF –1951 thousand.

Segment data by region

2013

in CHF 000	Switzerland	Germany	Other Europe	Total Group
Net revenues from third parties	1 581 103	542 333	735 553	2 858 989
Long-term assets	318 660	429 983	139 251	887 894

2012
Restated

in CHF 000	Switzerland	Germany	Other Europe	Total Group
Net revenues from third parties	1 646 079	412 693	789 138	2 847 910
Long-term assets	321 776	428 471	144 397	894 644

The information shown regarding revenues and non-current assets (property, plant and equipment, investment property and intangible assets) is based on the location of the subsidiaries concerned. No single customer accounts for more than 10% of net revenues from third parties.

9 PERSONNEL EXPENSES

in CHF 000	**2013**	2012 Restated
Salaries and wages	319 723	321 580
Social security expenses	46 614	57 525
Share-based payments	971	642
Other personnel expenses	12 302	14 893
Total personnel expenses	**379 610**	**394 640**
Number of employees (full-time equivalent basis) at December 31	5 750	5 962

Social security payments include CHF 4753 thousand (CHF 4233 thousand in 2012) in respect of defined contribution pension plans. Other personnel expenses essentially comprise remuneration for temporary staff paid to employment agencies, staff training costs and personnel recruitment costs. The reduction in the number of employees is essentially attributable to the expansion of the agency network.

10 OTHER OPERATING EXPENSES

in CHF 000	**2013**	2012
Rent	177 229	152 291
Real-estate expenses	7 508	8 057
Ancillary rental expenses	28 704	25 371
Insurance	2 012	1 874
Communications and IT	28 870	28 625
Advertising and sales	71 502	69 429
Shipping and dispatch	57 709	61 737
General administration	29 199	30 478
Capital and other taxes	1 076	987
Agency fees	89 260	51 575
Operating leases	5 511	5 420
Other operating expenses	24 703	12 833
Total other operating expenses	**523 283**	**448 677**

11 OTHER REVENUES AND OTHER EXPENSES

in CHF 000	**2013**	2012
Rental income	3 375	3 114
Gains from disposal of non-current assets	1 525	2 392
Gain on sale of subsidiary (see note 6)	0	22 900
Other revenues	2 967	1 759
Total other revenues	**7 867**	**30 165**

The gains from disposal of non-current assets in 2012 and 2013 principally relate to property sales.

in CHF 000	**2013**	2012
Losses from disposal of non-current assets	– 1 202	– 14 647
Other expenses	– 683	– 432
Total other expenses	**– 1 885**	**– 15 079**

The losses from disposal of non-current assets in 2012 principally relate to the sale of the Muttenz facility.

12 FINANCIAL EXPENSE

in CHF 000	2013	2012
Cost of bank loans and liabilities	15 709	6 106
Interest on bonds issued	6 779	7 958
Interest on finance leases	77	89
Interest-expense effect of provisions (see note 29)	– 481	113
Net losses from derivative financial instruments	0	160
Currency translation losses, net	767	0
Total financial expense	**22 851**	**14 426**

13 FINANCIAL INCOME

in CHF 000	2013	2012
Interest earned on cash, cash equivalents, loans and receivables	331	695
Interest income from finance leases	296	318
Write-down reversals, net	1 235	598
Net gains from derivative financial instruments	856	0
Dividend income from financial investments available for sale	56	85
Currency translation gains, net	0	106
Total financial income	**2 774**	**1 802**

14 INCOME TAXES

Income tax expense was as follows:

in CHF 000	2013	2012 Restated
Expense on current income taxes	5 671	9 854
Expense/(income) from deferred income taxes	2 639	– 3 800
Total income tax	**8 310**	**6 054**

No current tax benefits were directly allocated to equity in 2013 (CHF 198 thousand in 2012). The differences between reported Group income tax expense and the expected tax expenses of the individual Group companies based on their applicable tax rates can be reconciled as follows:

in CHF 000	**2013**	2012 Restated
Profit before income taxes	57 448	44 508
Expected average Group tax rate	18.80 %	16.81 %
Income taxes at expected Group tax rate	**10 798**	**7 484**
Expenses not recognised for tax purposes / non-taxable revenues	3 008	2 637
Utilisation of previously unrecognised loss carry forwards	– 5 594	– 2 067
Out-of-period effects on current income taxes	24	– 706
Impairments recognised against deferred income tax assets	1 189	7 763
Release of previous impairments against deferred income tax assets	– 1 964	– 8 001
Changes in tax rates	– 167	– 344
Other effects	1 016	– 712
Total reported income taxes	**8 310**	**6 054**
Effective tax rate	14.5 %	13.6 %

Expected average Group tax rates take account of the tax rates applying to individual entities on a weighted basis. The projected average Group tax rate is higher for 2013 than 2012, because Group companies in jurisdictions with higher tax rates accounted for a larger proportion of total Group pre-tax profit in 2013 than in 2012.

Changes to deferred income taxes were as follows:

Changes to deferred tax assets and liabilities Restated in CHF 000	**Deferred tax assets**	**Deferred tax liabilities**	**Net assets (+)/ Net liabilities (–)**
Balance at December 31, 2011	**27 570**	**– 14 605**	**12 965**
Restatement of IAS 19	0	– 621	– 621
Balance at January 1, 2012	**27 570**	**– 15 226**	**12 344**
Deferred taxes recorded in the income statement	– 698	4 498	3 800
Deferred taxes recorded in other comprehensive income	13	– 1 871	– 1 858
Additions to consolidation scope	0	– 31 044	– 31 044
Removals from consolidation scope	0	1 303	1 303
Currency translation differences	– 1	– 194	– 195
Balance at December 31, 2012	**26 884**	**– 42 534**	**– 15 650**
Deferred taxes recorded in the income statement	– 617	– 2 022	– 2 639
Deferred taxes recorded in other comprehensive income	24	– 4 775	– 4 751
Currency translation differences	250	998	1 248
Balance at December 31, 2013	**26 541**	**– 48 333**	**– 21 792**

The composition of the capitalised deferred income tax assets and liabilities is as follows:

Deferred tax assets by source of difference in CHF 000	**2013**	2012 Restated
Current assets	1 169	486
Property, plant and equipment	489	768
Goodwill, software and other intangible assets	9 801	10 253
Liabilities and provisions	4 053	1 423
Tax loss carry forwards	15 603	15 458
Total	**31 115**	**28 388**
Deferred tax liabilities by source of difference		
Current assets	– 1 863	– 340
Property, plant and equipment	– 6 292	– 10 826
Goodwill, software and other intangible assets	– 29 535	– 26 894
Net pension asset	– 11 285	– 4 796
Other non-current assets	0	– 1 165
Liabilities and provisions	– 3 932	– 17
Total	**– 52 907**	**– 44 038**
Reported in the balance sheet		
Deferred income tax assets	26 541	26 884
Deferred income tax liabilities	– 48 333	– 42 534
Total deferred income tax liabilities, net	**– 21 792**	**– 15 650**

Tax loss carry forwards amounted to CHF 195.7 million in 2013 (CHF 209.2 million in 2012). In 2013, CHF 42.8 million of the CHF 146.2 million available was not recognised as a deferred tax asset, since it is unlikely that this will be realised. In 2012, CHF 48.1 million of the CHF 160.7 million available was not recognised as a deferred tax asset for the same reason. These tax loss carry forwards either cannot expire or have expiration dates more than 5 years in the future.

There are temporary differences amounting to CHF 247.4 million (CHF 261.0 million in 2012) for which no deferred tax assets were capitalised.

15 EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit attributable to shareholders of Valora Holding AG by the weighted average number of shares outstanding.

in CHF 000	**2013**	2012 Restated
Net profit from continuing operations	49 138	38 454
Net profit attributable to non-controlling interests	– 333	– 301
Coupon attributable to perpetual hybrid bond holders	– 3 200	0
Net profit from continuing operations attributable to Valora Holding AG shareholders	45 605	38 153
Net profit from discontinued operations	5 000	0
Net profit from continuing and discontinued operations attributable to Valora Holding AG shareholders	**50 605**	**38 153**
Average number of shares outstanding	3 387 163	2 913 674
Earnings per share from continuing operations (in CHF)	13.46	13.09
Earnings per share from continued and discontinued operations (in CHF)	**14.94**	**13.09**

There were no dilutive effects in 2013 or 2012.

16 CASH AND CASH EQUIVALENTS

in CHF 000	**2013**	2012
Petty cash and bank sight deposits	174 737	146 745
Bank term deposits and money market investments < 3 months	236	408
Total cash and cash equivalents	**174 973**	**147 153**
of which pledged	4 219	6 341

17 TRADE ACCOUNTS RECEIVABLE

in CHF 000	**2013**	2012
Trade accounts receivable, gross	158 719	173 622
Allowance for bad and doubtful debts	– 5 233	– 4 330
Total trade accounts receivable, net	**153 486**	**169 292**

Allowances for trade accounts receivable are shown in the table below:

in CHF 000	**2013**	2012
Position at January 1	**4 330**	**3 769**
Removal from consolidation scope	0	– 33
Allowance creation charged to income	3 104	2 543
Allowances released to income	– 707	– 386
Allowances utilised	– 1 502	– 1 570
Currency translation differences	8	7
Position at December 31	**5 233**	**4 330**

The year-end composition, by vintage, of overdue trade accounts receivable which have not been subjected to allowance is as follows:

in CHF 000	**2013**	2012
Up to 10 days overdue	13 110	6 247
More than 10 days, but less than one month overdue	10 087	15 107
More than one month, but less than two months overdue	2 629	1 434
More than two months, but less than four months overdue	1 258	538
More than four months overdue	1 771	253

The breakdown of trade accounts receivable by currency is as follows:

in CHF 000	**2013**	2012
CHF	57 325	67 397
DKK	24 959	30 225
EUR	37 084	36 340
NOK	11 996	10 573
SEK	22 093	24 748
Others	29	9
Total trade accounts receivable, net	**153 486**	**169 292**

18 INVENTORIES

in CHF 000	2013	2012
Merchandise	214 552	228 644
Finished and semi-finished goods	2 711	2 594
Other inventories	2 198	1 898
Total inventories	**219 461**	**233 136**

In 2013, write-downs of CHF 7.4 million were charged to cost of goods (CHF 6.0 million in 2012).

19 OTHER CURRENT RECEIVABLES

in CHF 000	2013	2012
Value-added tax, withholding tax and other taxes recoverable	3 405	4 350
Prepaid expenses and accrued income	36 856	20 977
Short-term receivables from finance leases	620	620
Miscellaneous receivables	45 263	60 529
Total other current receivables	**86 144**	**86 476**

The miscellaneous receivables above principally comprise cost reimbursement receivables and payments receivable from social security agencies and insurers. Additional information relating to short-term receivables from finance leases can be found in note 23.

20 PROPERTY, PLANT AND EQUIPMENT

in CHF 000	Land	Buildings	Machinery and equipment	Projects in progress	Total
At cost					
Balance at December 31, 2011	**16 218**	**139 445**	**361 134**	**16 578**	**533 375**
Consolidation scope additions	6 427	15 351	64 223	7 972	93 973
Consolidation scope removals	– 5 996	– 8 378	– 7 868	0	– 22 242
Additions	0	8 687	39 302	1 405	49 394
Disposals	– 9 676	– 131 451	– 32 544	0	– 173 671
Transfers	0	6 659	15 187	– 21 829	17
Translation adjustments	– 31	– 85	– 201	– 22	– 339
Balance at December 31, 2012	**6 942**	**30 228**	**439 233**	**4 104**	**480 507**
Additions	124	396	37 351	9 323	47 194
Disposals	0	0	– 30 132	– 320	– 30 452
Transfers	0	24	1 555	– 1 579	0
Translation adjustments	39	224	2 000	21	2 284
Balance at December 31, 2013	**7 105**	**30 872**	**450 007**	**11 549**	**499 533**
Accumulated depreciation / impairments					
Balance at December 31, 2011	**0**	**– 59 381**	**– 254 692**	**0**	**– 314 073**
Consolidation scope removals	0	5 330	6 103	0	11 433
Additions	0	– 2 546	– 29 662	0	– 32 208
Impairment	0	0	– 959	0	– 959
Disposals	0	54 771	29 293	0	84 064
Transfers	0	0	0	0	0
Translation adjustments	0	36	135	0	171
Balance at December 31, 2012	**0**	**– 1 790**	**– 249 782**	**0**	**– 251 572**
Additions	0	– 1 683	– 36 539	0	– 38 222
Impairment	0	0	– 1 455	0	– 1 455
Disposals	0	0	28 436	0	28 436
Transfers	0	0	0	0	0
Translation adjustments	0	– 1	– 545	0	– 546
Balance at December 31, 2013	**0**	**– 3 474**	**– 259 885**	**0**	**– 263 359**
Net book value					
at December 31, 2012	6 942	28 438	189 451	4 104	228 935
at December 31, 2013	**7 105**	**27 398**	**190 122**	**11 549**	**236 174**

Property, plant and equipment includes machinery and equipment held on finance leases whose book value amounts to CHF 3.0 million (CHF 2.8 million in 2012). The impairments recorded against machinery and equipment predominantly relate to outlet infrastructure.

Fire insurance values of property, plant and equipment in CHF 000	**2013**	2012
Property (including investment property)	70 004	78 362
Plant and equipment	447 262	456 329
Total	**517 266**	**534 691**

21 INVESTMENT PROPERTY

The acquisition costs and book values for the investment property portfolio were as follows:

Investment property in CHF 000	**2013**	2012
At cost		
Balance at January 1	**9 940**	**10 146**
Additions	0	36
Disposals	– 5 895	– 213
Translation adjustments	111	– 29
Balance at December 31	**4 156**	**9 940**
Cumulative depreciation		
Balance at January 1	**– 4 295**	**– 4 394**
Additions	– 93	– 116
Disposals	3 953	196
Translation adjustments	– 74	19
Balance at December 31	**– 509**	**– 4 295**
Total net book value	**3 647**	**5 645**

The estimated fair value of the investment properties is based on revenue-value calculations (see note 35) and amounts to CHF 3.9 million (CHF 6.5 million in 2012). The rental income from the investment properties was CHF 0.6 million (CHF 1.2 million in 2012) and the associated maintenance and operational costs were CHF 0.4 million (CHF 0.4 million in 2012).

22 GOODWILL, SOFTWARE AND OTHER INTANGIBLE ASSETS

in CHF 000	Goodwill from acquisitions	Intangible assets with indefinite useful life	Software and intangible assets with finite useful life	Projects in progress	Total
At cost					
Balance at December 31, 2011	**153 635**	**0**	**146 463**	**11 768**	**311 866**
Consolidation scope additions	325 341	48 753	62 562	2	436 658
Consolidation scope removals	– 3 831	0	– 22 716	0	– 26 547
Additions	0	0	14 382	4 928	19 310
Disposals	0	0	– 2 040	0	– 2 040
Transfers	0	0	5 336	– 5 353	– 17
Translation adjustments	1 466	0	402	– 28	1 840
Balance at December 31, 2012	**476 611**	**48 753**	**204 389**	**11 317**	**741 070**
Additions	0	0	5 281	3 781	9 062
Disposals	0	0	– 2 223	0	– 2 223
Transfers	0	0	5 139	– 5 139	0
Translation adjustments	2 232	404	994	42	3 672
Balance at December 31, 2013	**478 843**	**49 157**	**213 580**	**10 001**	**751 581**
Accumulated amortisation / impairments					
Balance at December 31, 2011	**0**	**0**	**– 79 078**	**0**	**– 79 078**
Consolidation scope removals	0	0	18 227	0	18 227
Additions	0	0	– 21 984	0	– 21 984
Impairment	0	0	– 183	0	– 183
Disposals	0	0	1 904	0	1 904
Transfers	0	0	0	0	0
Translation adjustments	0	0	108	0	108
Balance at December 31, 2012	**0**	**0**	**– 81 006**	**0**	**– 81 006**
Additions	0	0	– 24 510	0	– 24 510
Impairment	0	0	– 7	0	– 7
Disposals	0	0	2 178	0	2 178
Transfers	0	0	0	0	0
Translation adjustments	0	0	– 163	0	– 163
Balance at December 31, 2013	**0**	**0**	**– 103 508**	**0**	**– 103 508**
Book value					
at December 31, 2012	476 611	48 753	123 383	11 317	660 064
at December 31, 2013	**478 843**	**49 157**	**110 072**	**10 001**	**648 073**

Intangible assets with indefinite useful life. The intangible assets with indefinite useful life are the Ditsch brand (CHF 25.2 million) and the Brezelkönig brand (CHF 23.9 million). Valora's brand rights were verified as part of the goodwill impairment tests.

Software and intangible assets with finite useful life. Software and intangible assets with finite useful life include CHF 27.4 million (CHF 34.5 million in 2012) for software and CHF 82.7 million (CHF 88.9 million in 2012) for intangible assets with finite useful life, of which CHF 18.7 million (CHF 20.0 million in 2012) relate to supply contracts held by Convenience Concept and CHF 34.2 million (CHF 38.1 million in 2012) relate to relationships of Ditsch/Brezelkönig with their customers (see note 6).

Goodwill impairment test. Goodwill is assigned to the Group's cash-generating units. It is initially allocated to business segments and then, within these, to geographically related markets. The composition of the goodwill positions is as follows:

in CHF 000	Segment	Year acquired	2013	2012 restated
Valora Trade Nordics Denmark	Trade	2001	14 028	14 028
Valora Trade Nordics Sweden	Trade	2001	2 294	2 294
Scandinavian Cosmetics	Trade	2011	29 217	29 647
EMH Norway	Trade	2010	9 362	10 470
Valora Trade Austria	Trade	1995	9 312	9 312
Valora Trade Germany	Trade	1997 / 2011	4 091	4 069
Valora Services Luxembourg (MPK)	Services	2000	43 342	43 342
Valora Retail Switzerland	Retail	2002	12 774	12 774
Valora Retail Kiosk Germany	Retail	2008 / 2010	18 146	17 855
Konrad Wittwer Germany	Retail	2009	7 385	7 267
Convenience Concept Germany	Retail	2012	73 861	72 676
Valora Retail Austria (Schmelzer-Bettenhausen)	Retail	2012	1 348	1 326
Ditsch Germany and Brezelkönig Switzerland	Ditsch/Brezelk.	2012	253 683	251 551
Total book value at December 31			**478 843**	**476 611**

Impairment tests are carried out at least once a year or in case of evidence of possible impairment. Each unit's recoverable amount is determined on the basis of its value in use and then compared to its book value. An impairment adjustment will be made only if the book value of the cash-generating unit exceeds its value in use. Valuation is carried out on the basis of projected future free cash flows from cash-generating units to which goodwill has been allocated, using the discounted cash flow (DCF) method. These projected cash flows are discounted at a rate equal to the pre-tax weighted average cost of capital.

These projected future cash flows are taken from the business plans of the companies concerned for the next three years based on management projections. The following key assumptions are applied:

Valora Trade Nordics, Scandinavian Cosmetics, EMH Norway. Average sales variance for the next three planning years is expected to be between – 10 % and slightly more than 3 % and margins are expected to remain constant or improve slightly.

Valora Trade Austria. Average sales growth for the next three planning years is expected to be slightly more than 5 % and margins are expected to improve.

Valora Trade Germany. Average sales growth for the next three planning years is expected to be slightly more than 3% and margins are expected to improve.

Valora Services Luxembourg (MPK). Sales are expected to remain stable over the next three planning years and margins are expected to narrow slightly.

Valora Retail Switzerland. Sales and margins are expected to remain stable over the next three planning years.

Valora Retail Kiosk Germany. Average sales growth for the next three planning years is expected to be just under 14 % and margins are expected to improve.

Konrad Wittwer. Sales and margins are expected to decline slightly over the next three planning years.

Convenience Concept. Average sales growth for the next three planning years is expected to be around 10% and margins are expected to improve slightly.

Valora Retail Austria (Schmelzer-Bettenhausen). Average sales growth for the next three planning years is expected to be slightly more than 2 % and margins are expected to improve.

Ditsch/Brezelkönig. Average sales growth for the next three planning years is expected to be just under 7 % and margins are expected to remain stable.

Cash flows after this three-year period are modelled by using a residual value based on projections for the third planning year and assume zero growth thereafter, except in the case of Ditsch/ Brezelkönig, whose subsequent growth rates are assumed to be 1.5 %. The discount rates applied are based on data observed in Swiss financial markets which is then adjusted to reflect currency and country-specific risks. The discount rates used (pre tax) are as follows:

in CHF 000	Currency	2013	2012
Valora Trade Nordics Denmark	DKK	7.7 %	8.1 %
Valora Trade Nordics Sweden	SEK	7.1 %	7.3 %
Scandinavian Cosmetics	SEK	8.2 %	8.1 %
EMH Norway	NOK	8.5 %	9.0 %
Valora Trade Austria	EUR	7.8 %	8.3 %
Valora Trade Germany	EUR	7.4 %	7.7 %
Valora Services Luxembourg (MPK)	EUR	8.7 %	8.6 %
Valora Retail Switzerland	CHF	6.1 %	6.4 %
Valora Retail Kiosk Germany	EUR	7.5 %	7.8 %
Konrad Wittwer Germany	EUR	7.4 %	7.5 %
Convenience Concept Germany	EUR	7.5 %	7.8 %
Valora Retail Austria (Schmelzer-Bettenhausen)	EUR	7.7 %	8.4 %
Ditsch Germany and Brezelkönig Switzerland	EUR / CHF	7.0 %	8.4 %

No impairments to goodwill were charged to the income statements for 2013 or 2012.

Sensitivities. In the case of the cash-generating units listed below, possible changes to the key assumptions underlying these calculations (increases in the discount rate applied and sales growth rates of zero) could result in the book value of the units concerned exceeding their value in use.

The impairment tests carried out on the goodwill positions showed that the value in use of these cash-generating units exceeds their book value. However, in the event of the discount rate increasing by the number of percentage points shown in the "WACC threshold" column below, the book value of the cash-generating unit concerned would, were all other assumptions to remain unchanged, result in the book value being exactly matched by the value in use. The 2013 and 2012 impairment tests carried out for all the other cash-generating units showed that even in the event of a possible increase in the discount rate by 1.5 percentage points, all book values of all the units concerned would remain below their relevant value in use.

In the event of the discount rate increasing by 1.5 percentage points and sales growth rates being zero, impairment requirements equal to the amounts shown in the "Combined" column below would arise.

	Value in use > book value in CHF million	**WACC threshold**	**Combined** in CHF million
Valora Trade Nordics Denmark	10.1	1.2 %	n.a.
Valora Trade Austria	1.0	0.3 %	– 5.9
Valora Services Luxembourg (MPK)	4.2	0.4 %	– 9.2
Valora Retail Austria (Schmelzer-Bettenhausen)	0.7	0.8 %	– 0.9

23 RECEIVABLES FROM RENTAL LEASES AND LEASING AGREEMENTS

Receivables from rental leases in CHF 000	**2013**	2012
Rental payments received during period	15 436	18 853
Future rental receivables		
Within one year	17 493	15 488
Within 1 – 2 years	13 901	13 475
Within 2 – 3 years	11 523	11 174
Within 3 – 4 years	8 169	9 091
Within 4 – 5 years	5 462	6 296
After more than 5 years	7 249	8 750
Total future receivables from current rental leases	**63 797**	**64 274**

Receivables from other operating leases	**2013**	2012
in CHF 000		
Payments received during period	3 356	3 666
Future rental receivables		
Within one year	3 002	3 293
Within 1 – 2 years	2 652	2 945
Within 2 – 3 years	2 310	2 602
Within 3 – 4 years	2 055	2 266
Within 4 – 5 years	1 143	2 016
After more than 5 years	1 134	2 232
Total future receivables from other operating leases	**12 296**	**15 354**

Other operating leases concern retail shop equipment rented to franchisees in Germany.

Receivables from finance leases	**2013**	2012
in CHF 000		
Payments received during period	642	642
Maturity of receivables		
Within one year	643	643
Within 1 – 2 years	643	643
Within 2 – 3 years	643	643
Within 3 – 4 years	643	643
Within 4 – 5 years	643	643
After more than 5 years	2 691	3 332
Total future receivables from finance leases	**5 906**	**6 547**
Less future interest charges	– 1 487	– 1 783
Total future receivables from finance leases (present value)	**4 419**	**4 764**
Less current portion (see note 19)	– 620	– 620
Non-current receivables from finance leases (see note 24)	**3 799**	**4 144**

Present value of minimum future finance lease revenues	**2013**	2012
in CHF 000		
Within one year	620	620
Within 1 – 2 years	582	582
Within 2 – 3 years	546	546
Within 3 – 4 years	512	512
Within 4 – 5 years	480	480
After more than 5 years	1 679	2 024
Total present value of future minimum finance lease revenues	**4 419**	**4 764**

The finance leases cover extensions to the former headquarters in Bern made during Valora's tenancy, which the new tenant is using.

24 FINANCIAL ASSETS

in CHF 000	2013	2012
Loans	123	149
Receivables from finance leases	3 799	4 144
Other long-term receivables	15 366	17 525
Financial assets available for sale	805	829
Total financial assets	**20 093**	**22 647**

Note 23 provides further information on receivables from finance leases.

The financial assets available for sale include CHF 644 thousand (CHF 649 thousand in 2012) of unlisted securities for which there is no active market and about which insufficient information is available to form the basis for a valuation. These items are therefore carried at cost minus an impairment for enduring loss in value.

Other long-term receivables relate to the outstanding balance of the purchase price due to Valora from its sale of the Muttenz facility in 2012. These have been offset against the amounts payable by Valora over the next nine years to 2022 under the usufruct agreement which grants Valora occupancy of the facility during that period. That agreement is secured by a lien on the property.

25 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Investments in associates comprise Valora's 45 % stake in Borup Kemi Holding A/S, Denmark (held by Valora Trade). The book value of this investment amounts to CHF 5049 thousand (CHF 4554 thousand in 2012) and the profit from continuing operations amounts to CHF 533 thousand (CHF 413 thousand in 2012). The other comprehensive income amounts to CHF +73 thousand (CHF –38 thousand in 2012), so that the total comprehensive income amounts to CHF +606 thousand (CHF +375 thousand in 2012). In 2012, a profit of CHF 56 thousand was also reported arising from the revaluation of the shares in Schmelzer-Bettenhausen GmbH & Co. KG which Valora already owned at the time it purchased the remaining shares in the company.

Investments in joint ventures comprise Valora's 50 % stake in Emere AG. The book value of these shares amounts to CHF 50 thousand (zero in 2012). There is no impact on the income statement or the statement of comprehensive income.

26 SHORT-TERM FINANCIAL DEBT AND OTHER LONG-TERM LIABILITIES

Short-term financial debt in CHF 000	**2013**	2012
Current bank debt	248	15 340
Current portion of finance lease obligations	1 030	847
Total short-term financial debt	**1 278**	**16 187**

Other non-current liabilities in CHF 000	**2013**	2012
Bank loans	– 1 657	283 069
Bonded-loan issue	183 375	–
Bonds	199 758	199 700
Long-term finance lease obligations	1 663	1 906
Other long-term liabilities	13 399	10 846
Total other non-current liabilities	**396 538**	**495 521**

Note 32 provides further information on liabilities arising from finance leases.

Bank loans relate to the new syndicated loan facility taken out by Valora Holding AG in September 2012, which comprised a CHF 100 million tranche and a EUR 250 million tranche. The subsequent issue of CHF 120 million of perpetual subordinated hybrid bond in April 2013 and the EUR 150 million bonded-loan placement on October 30, 2013 enabled Valora to effect an early redemption of EUR tranche of the syndicated loan. The transaction costs relating to the redeemed tranche of the syndicated loan have been charged to 2013 financial expense. The remaining CHF 100 million tranche of the syndicated loan facility currently remains untapped. The remaining transaction costs associated with the syndicated loan will be amortised over its remaining 4-year life. Under the syndicated loan agreement, the Valora Group has covenanted to maintain its equity ratio and indebtedness within certain parameters during the life of the facility.

The transaction costs relating to the bonded-loan issue will be amortised over its 5½ year life.

The other long-term liabilities consist of financial debt amounting to CHF 9792 thousand (CHF 7897 thousand in 2012) and other liabilities of CHF 3607 thousand (CHF 2949 thousand in 2012).

Bonds in CHF 000	**Nominal value**	**2013 Book value**	2012 Book value
2.50% bond 2012–2018	200 000	199 758	199 700

The effective interest rate on the 2.5% bond is 3.4%.

Maturities at year end are as follows	**2013**	2012
in CHF 000		
Within one year	1 278	16 187
Within 1 – 2 years	8 876	31 744
Within 2 – 3 years	– 27	24 301
Within 3 – 4 years	– 392	24 036
Within 4 – 5 years	199 852	211 964
After more than 5 years	184 622	200 527
Total financial debt	**394 209**	**508 759**
Current portion of long-term financial debt	– 1 278	– 16 187
Total long-term financial debt	**392 931**	**492 572**

The negative values in 2013 shown for some of the maturity bands are attributable to the effect of the capitalised transaction costs of the syndicated loan facility.

The interest rates paid ranged between 2.5 % and 4.4 % (vs 2.6% and 4.4 % in 2012). The weighted average interest rate on Valora's financial debt was 3.9 % (3.7% in 2012). The currency composition of the Group's long-term financial debt is as follows:

	2013	2012
in CHF 000		
CHF	200 086	201 624
DKK	590	581
EUR	192 255	290 367
Total long-term financial debt	**392 931**	**492 572**
Other long-term liabilities	3 607	2 949
Total other non-current liabilities	**396 538**	**495 521**

27 TRADE ACCOUNTS PAYABLE

The currency composition of the Group's trade accounts payable is as follows:

	2013	2012
in CHF 000		
CHF	140 912	152 118
DKK	26 769	22 092
EUR	73 224	60 519
NOK	5 825	6 019
SEK	20 335	24 856
Other	1 875	541
Total trade accounts payable	**268 940**	**266 145**

28 OTHER CURRENT LIABILITIES

in CHF 000	2013	2012
Value-added tax and other taxes owed	12 822	13 390
Social security contributions payable	2 481	1 539
Accruals for overtime, unused vacation and variable elements of remuneration	17 226	15 444
Pension cost payable	2 540	2 858
Accrued expenses	73 171	63 926
Other current liabilities	46 791	57 056
Total other current liabilities	**155 031**	**154 213**

Accrued expenses essentially comprise press-expense accruals and interest expense accruals. Other current liabilities principally relate to liabilities for rental and rental-related costs and liabilities arising from investments in fixed assets and intangible assets.

29 PROVISIONS

in CHF 000	Guarantees	Litigation	Total
Balance at December 31, 2011	**5 368**	**753**	**6 121**
Consolidation scope additions	0	400	400
Created	0	0	0
Utilised	0	– 753	– 753
Amounts released to income	0	0	0
Interest effect	113	0	113
Currency translation differences	0	0	0
Balance at December 31, 2012	**5 481**	**400**	**5 881**
Consolidation scope additions	0	0	0
Created	0	0	0
Utilised	0	0	0
Amounts released to income	– 5 000	0	– 5 000
Interest effect	– 481	0	– 481
Currency translation differences	0	6	6
Balance at December 31, 2013	**0**	**406**	**406**
Current provisions	0	0	0
Long-term provisions	0	406	406
Total provisions	**0**	**406**	**406**

Guarantees. The changes occurring in 2013 relate to the final expiration of the guarantees issued by Valora in connection with its sales of its Fotolabo and its Own Brands businesses. Since these guarantees finally expired in 2013, it was possible to release the entirety of these provisions, amounting to CHF 5.5 million, to the income statement.

Litigation. Changes in 2012: the CHF 0.8 million provision established in 2011 for a litigation case in Switzerland was fully utilised in 2012. The change in consolidation scope relates to a litigation case in Germany.

30 RETIREMENT BENEFIT LIABILITIES

Current legislation requires most employees to be covered by pension schemes financed by contributions from the Valora Group and its employees. These schemes take the form of state and employer-sponsored plans, contracts with private insurers and independent foundations or welfare plans. While the benefits paid by these schemes vary according to the legislative provisions and economic circumstances of the countries in which they are established, they are generally based on years of service and average remuneration of the employees and cover the risks of old age, death and disability in accordance with applicable local occupational pension plan law.

The majority of Valora employees in Switzerland are covered by Valora's independent pension fund against the risks associated with old age, death and disability. The regular contributions paid into this fund by the employer include age-based risk premiums of 1.0 – 3.0% of insured salary and savings contributions of 4.0 – 11.0% of insured salary. These amounts are credited to the individual employee's retirement savings. The benefits payable by the Valora pension fund are governed by its rules and regulations, with certain minimum benefits being required by law. The regular retirement age is 65 for men and 64 for women. On or after their 58th birthday, Valora employees are entitled to take early retirement. For those electing to do this, the annuity rate applied to their accumulated retirement savings is reduced to reflect the anticipated increase in the period during which they will draw a pension. The amount of the pension paid to each retired employee is based on the annuity rate applied to his or her individual accumulated retirement savings. For male employees retiring at 65 and female employees retiring at 64, this annuity rate is currently set at 6.80%. Between now and 2020 this annuity rate will be reduced by 0.10% per annum, to reach 6.20% in 2020. An employee's accumulated retirement savings comprise the savings contributions made by the employer and the employee and the interest payments made in respect thereof. The interest rate is fixed by the supervisory board of the Valora pension fund each year. The Valora pension fund has the legal status of a foundation. Management of the foundation is the responsibility of a supervisory board comprising equal numbers of representatives of both the employer and the employees. The duties of the supervisory board are laid down by the Swiss Federal Law on Occupational Old-age, Survivors' and Invalidity Insurance and the rules and regulations of the Valora pension fund. Temporary shortfalls in the pension fund's assets versus its projected obligations are permitted under Swiss Federal law. In order to restore any such shortfall within a reasonable period of time, the supervisory board is required to put recovery measures into effect. In the event of a significant shortfall, additional contributions by the employer and the employees could be required under Swiss Federal law.

The day-to-day business of the pension fund is carried out by the management unit under the supervision of the supervisory board. The management unit provides the supervisory board with periodic reports on the course of business. All actuarial risks associated with pension fund are borne by the foundation. These risks comprise both demographic elements (particularly relating to changes in life expectancy) and financial elements (particularly relating to changes in the discount rate, salary progression and the returns generated by the plan assets). The supervisory board reviews these risks on a regular basis. To that end, an actuarial assessment is carried out once a year in accordance with the requirements of the relevant Swiss Federal law. This assessment is not carried out according to the projected-unit-credit method. The supervisory board is responsible for the asset position of the fund. Where necessary, the supervisory board revises the investment strategy, particularly in the event of significant changes in market conditions or the age structure of the plan participants. The investment strategy takes account of the foundation's risk-bearing capacity and its benefit obligations under the plan. The investment strategy is formulated as an asset structure which the foundation aims to achieve over the long term. The objective is to achieve congruence between the plan's assets and its projected obligations over the medium and long term.

Other employees in Switzerland, Germany, Austria, Norway and Sweden are also covered by a number of smaller pension plans.

The most recent actuarial assessment of these schemes was conducted as of December 31, 2013.

The assumptions used were based on the economic circumstances prevailing in the countries in which the plans operate. The plans' assets are invested according to the guidelines laid down by local legislation. Valora pays its contributions in accordance with the various plans' rules.

Plan liabilities and assets in CHF 000	2013	2012 Restated
Present value of benefit obligation at January 1	580 440	592 066
Current service cost to employer	13 758	15 075
Contributions by plan participants	7 066	7 887
Interest cost	10 288	13 262
Plan curtailments, settlements and modifications	– 19 128	– 22 414
Benefits paid	– 33 178	– 48 803
Business combinations	0	2 687
Consolidation scope removals	0	– 3 879
Actuarial loss on benefit obligation	1 737	24 251
Exchange rate (gains)/losses	– 147	308
Present value of benefit obligation at December 31	**560 836**	**580 440**
Plan assets at fair value at January 1	592 385	593 563
Interest income	10 229	13 046
Employer contributions	10 040	11 335
Contributions by plan participants	7 066	7 887
Plan curtailments, settlements and modifications	– 7 264	– 19 551
Benefits paid	– 32 774	– 48 270
Business combinations	0	1 735
Actuarial gain on plan assets	25 336	33 625
Exchange rate gains/(losses)	0	0
Other plan costs	– 735	– 985
Plan assets at fair value at December 31	**604 283**	**592 385**

In 2013, changes to demographic-evolution assumptions resulted in an actuarial loss on the plan's projected obligations. The actuarial gain on plan assets resulted from investment returns which were higher than anticipated.

The Group expects to make employer's contributions of CHF 9.5 million to its funded plans in 2014.

The surplus on fund-based plans increased by CHF 31.7 million (2012: increase of CHF 10.2 million). This essentially reflects returns on pension-fund assets which exceeded expectations.

Balance sheet data in CHF 000	2013	2012 Restated
Present value of funded benefit obligations	– 548 954	– 568 781
Plan assets at fair value	604 283	592 385
Surplus on fund-based plans	**55 329**	**23 604**
Present value of unfunded pension liabilities	– 11 882	– 11 659
Total net pension position	**43 447**	**11 945**
of which capitalised as net pension asset	56 425	24 303
of which capitalised as long-term accrued pension cost	– 12 978	– 12 358

The long-term pension-fund liabilities relate to unfunded benefit obligations of CHF 11.9 million (CHF 11.7 million in 2012). Long-term pension-fund liabilities on funded plans amounted to CHF 1.1 million (CHF 0.7 million in 2012). The weighted average maturity of the present value of the pension plan's liabilities is 11.7 years.

The net pension asset evolved as follows:

in CHF 000	**2013**	2012 Restated
January 1	11 945	– 1 609
Changes in consolidation scope	0	6 031
Net pension expense	– 2 688	– 13 413
Employer contributions	10 444	11 870
Actuarial gains	23 599	9 374
Currency gains/(losses)	147	– 308
December 31	**43 447**	**11 945**

Income statement

in CHF 000	**2013**	2012 Restated
Current service cost to employer	– 13 758	– 15 075
Interest cost	– 10 288	– 13 262
Plan curtailments, settlements and modifications	11 864	2 863
Interest income	10 229	13 046
Past service cost recognised in period	0	0
Other pension costs	– 735	– 985
Net pension cost for period	**– 2 688**	**– 13 413**

Actuarial gains / losses

in CHF 000	**2013**	2012 Restated
Changes to demographic assumptions	– 24 683	0
Changes to financial assumptions	16 402	– 28 517
Experience-based adjustment to pension obligations	6 544	4 266
Income generated by plan assets (excluding interest income based on discount rate)	25 336	33 625
Actuarial gains / (losses)	**23 599**	**9 374**

Actuarial gains / losses recorded in other comprehensive income in CHF 000	**2013**	2012 Restated
January 1	– 70 065	– 77 565
Actuarial gains / (losses)	23 599	9 374
Deferred taxes	– 4 751	– 1 874
December 31	**– 51 217**	**– 70 065**

Key actuarial assumptions	**2013**	2012
Discount rate	2.00 %	1.75 %
Expected rate of increase in future salary levels	1.00 %	1.00 %

The calculations for Switzerland were based on the BVG 2010 mortality table.

Sensitivity analysis	Increase in assumed rate	Decrease in assumed rate
Discount rate (+/– 0.25 %)	– 15 131	16 023
Salary progression (+/– 0.50 %)	1 930	– 1 852

The sensitivity analysis examines the changes which would occur if the actuarial assumptions were changed by a quarter of one percentage point and a half of one percentage point. Only one assumption is changed in each analysis, with the others remaining unchanged.

Asset allocation	**2013**	2012
Cash and cash equivalents	6.30 %	6.70 %
Fixed income	31.80 %	30.30 %
Equity	27.60 %	25.90 %
Real estate	32.20 %	32.70 %
Other	2.10 %	4.40 %
Total	**100.00 %**	**100.00 %**

With the exception of the real-estate holdings, all assets are exchange-listed.

The amount of the effective net return from plan assets was CHF 34.8 million (CHF 45.7 million in 2012). The effective total return generated in 2013 was 5.9 % (7.7 % in 2012). The pension plans hold no securities issued by Valora Holding AG and do not let any significant portion of their real estate to the Valora Group.

31 SHARE-BASED PAYMENTS

Valora operates the following share-based remuneration plans for its Board of Directors, management and staff:

LTP share-based programme for the Board of Directors and Group Executive Management. Since January 2009, the overall remuneration paid to the Board of Directors and Group Executive Management has included a share-based, long-term oriented remuneration plan, the Long Term Plan or LTP. This plan forms an integral part of the overall remuneration of the Board of Directors and Group Executive Management.

The purpose of the LTP is to enable its participants to buy a fixed number of shares, which is determined for each individual participant by the Nomination and Compensation Committee. Under the plan, each participant may purchase two tranches of shares, each tranche having a lock-up period which begins and ends on a different date. The duration of the lock-up period ranges from 24 to 45 months.

The purchase price for the shares in the plan is the average closing price recorded on SIX Swiss Exchange over the 20 trading days preceding the commencement of the LTP. Each participant finances his or her own purchase of shares through a bank loan guaranteed by Valora. The shares are pledged as collateral to the bank providing the loan.

On the last day of each lock-up period, Valora will offer to buy back the shares in the relevant tranche from the plan participants at that day's SIX Swiss Exchange closing price. Participants wishing to avail themselves of this offer must advise Valora on the last day of the lock-up period how many of their shares they wish to sell back in this way. Once the lock-up period is over, participants have free access to any shares they elect not to sell. Should the price at which Valora buys back the shares tendered to it by the plan participants on the last day of the lock-up period (i.e. the closing price on that day) be lower than the purchase price fixed at the start of the LTP period, Valora undertakes to the lending bank and the plan participants that it will reimburse any difference between these prices, and that it will reimburse the plan participants for any tax disadvantage arising. Valora's share price guarantee to the bank will expire no later than the final day of the second lock-up period. The financing costs incurred by Valora are limited to the interest it pays on the loans. In the event of a plan participant's employment being terminated by Valora before the end of either the first or the second lock-up period, the participant is required to sell a pro rata portion of the shares back to Valora at the original purchase price and the bank loan must be repaid in full. Should a plan participant resign from Valora, all the shares in any tranche whose lock-up period has not expired must be sold back to Valora at the original purchase price, and the participant has no pro rata entitlement to any shares in the plan. For Board members, stepping down from the Board or not standing for re-election to the Board is regarded as tantamount to resignation.

The Board of Directors has granted cash-exercised options instead of shares[1)] to Conrad Löffel. Otherwise, his participation is subject to all the other terms and conditions of the plan. The total costs of the LTP programme for 2013 amounted to CHF 376 thousand (CHF 953 thousand in 2012).

[1)] The exercise price of the options was CHF 199.85 for the second tranche of the 2011 LTP and CHF 301.75 for the first tranche of the 2011 LTP, which is the average trading price of the shares during the twenty trading days prior to the commencement of the LTP. The market price at the time the options were awarded was CHF 219.20 for the second tranche of the 2011 LTP and CHF 291.00 for the first tranche of the 2011 LTP. The fair value of the options determined using the Black Scholes model was based on the following key parameters:

Plan	2nd Tranche LTP	1st Tranche LTP
Number of options	1883	1850
Earliest exercise date	30.10.2015	30.10.2013
Implied volatility	35 %	35 %
Risk-free rate of interest	0.523 %	0.523 %
Fair Value per option	CHF 71.82	CHF 0.00

The book value of the liability arising from the cash exercise options was CHF 135 thousand at 31.12.2013 (31.12.2012: CHF 76 thousand).

ISPP share programme for specific executive-level employees. In 2012, a new voluntary individual equity settled programme was established under which certain executive-level employees (other than members of Group Executive Management) can receive a portion of their total remuneration in the form of Valora shares. On April 1, 2012 shares were allocated under this International Share Participation Programme (ISPP). They were either subject to a first vesting period until March 31, 2014 (for the first retention period) or a second vesting period until March 31, 2016 (for the second retention period), after which ownership is transferred to the plan participants. The personnel expenses relating to the ISPP are recognised over the length of the vesting periods. In 2013, it amounted to CHF 0.5 million (CHF 0.3 million in 2012).

Employee share ownership plan. Provided specific criteria are fulfilled and based on their function or management position, employees in Switzerland (other than members of Group Executive Management) are entitled to acquire shares of Valora Holding AG at the beginning of each year on preferential terms. Shares may be purchased at 60 % of the average market price for the shares during the previous November. Shares so acquired enjoy all usual shareholder rights, but may not be sold during the 3 years immediately following purchase. The proceeds of these share sales to employees are credited directly to equity.

Personnel costs for share-based remuneration plans in CHF 000	**2013**	2012
Expenses related to Valora Group share-based plans for employees and management (equity settled)	905	569
Expenses related to Valora Group share-based plans for employees and management (cash settled)	66	73
Total share-based plan expenses charged to income	**971**	**642**

32 CONTINGENT LIABILITIES, COMMITMENTS FROM LEASING AND OTHER CONTRACTS

Contingent liabilities in CHF 000	**2013**	2012
Sureties	143	162
Other contingent liabilities	5 980	12 668
Total contingent liabilities	**6 123**	**12 830**

Future commitments from operating leases and other contracts in CHF 000	**2013**	2012
Long-term rental commitments	607 905	525 536
Other operating lease commitments	6 468	8 416
Future commitments from other contracts	88 066	82 506
Total commitments	**702 439**	**616 458**

Long-term rental commitments	**2013**	2012
in CHF 000		
Minimum rental expense in period	139 385	115 631
Conditional rental expense in period	37 843	36 660
Total rental expense in period	**177 228**	**152 291**
Leases maturing		
Within one year	130 224	122 217
Within 1 – 2 years	113 469	107 606
Within 2 – 3 years	95 512	84 737
Within 3 – 4 years	83 582	70 468
Within 4 – 5 years	72 490	55 807
After more than 5 years	112 628	84 701
Total long-term rental commitments	**607 905**	**525 536**

The majority of the long-term rental agreements serve to secure kiosk sites for the long term. Some of the rents under these agreements are linked to turnover.

Other operating leases	**2013**	2012
in CHF 000		
Total expenses for other operating leases in period	5 511	5 420
Leases maturing		
Within one year	3 599	4 239
Within 1 – 2 years	2 023	2 754
Within 2 – 3 years	734	1 192
Within 3 – 4 years	104	219
Within 4 – 5 years	8	12
After more than 5 years	0	0
Total future commitments from other operating leases	**6 468**	**8 416**

The other future operating lease commitments principally relate to leased vehicles.

Other contracts	2013	2012
in CHF 000		
Total expenditure on other contracts during reporting period	14 249	13 793
Leases maturing		
Within one year	24 181	12 945
Within 1–2 years	13 436	12 330
Within 2–3 years	13 117	11 992
Within 3–4 years	12 822	11 677
Within 4–5 years	12 607	11 390
After more than 5 years	11 903	22 172
Total future commitments from other contracts	**88 066**	**82 506**

The Group's future commitments from other contracts mostly relate to IT outsourcing agreements.

Finance lease commitments	2013	2012
in CHF 000		
Total payments (interest and amortisation) during reporting period	1 137	667
Leases maturing		
Within one year	1 070	959
Within 1–2 years	952	852
Within 2–3 years	660	729
Within 3–4 years	188	437
Within 4–5 years	0	0
After more than 5 years	0	0
Total finance lease commitments	**2 870**	**2 977**
Less future interest charges	– 177	– 224
Total finance lease obligation (present value)	**2 693**	**2 753**
Less current portion of finance lease obligation (see note 26)	– 1 030	– 847
Long-term finance lease obligation (see note 26)	**1 663**	**1 906**

Present value of future minimum payments under finance leases	2013	2012
in CHF 000		
Within one year	1 030	847
Within 1–2 years	897	783
Within 2–3 years	601	694
Within 3–4 years	165	429
Within 4–5 years	0	0
After more than 5 years	0	0
Total present value of future minimum finance lease payments	**2 693**	**2 753**

The finance leasing obligations relate both to leased retail shop equipment and computer hardware.

33 RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS

The international scale of its business operations and its financing structure both expose the Valora Group to a variety of financial risks. These not only include market risks such as foreign exchange and interest rate risk, but also encompass liquidity and credit risks. Valora's financial risk management activities aim to limit these risks. Valora's fundamental financial policies are promulgated by Group Executive Management and overseen by the Board of Directors. Responsibility for implementing Group financial policy and for financial risk management lies with the central Corporate Treasury.

In order to visualise market risks, sensitivity analyses are conducted which show the effects which hypothetical changes in relevant risk variables would have on pre-tax net income and other comprehensive income. These potential effects are determined by applying the assumed changes in risk variables to the valuation of the Group's positions in financial instruments. The interest rate scenarios used show differences between the current level of interest rates and those assumed to prevail at the end of the following year. The hypothetical changes in currencies are based on 1-year volatility levels prevailing at the balance sheet date.

Exchange rate risks. Transaction risks represent the risk that the value of transactions completed in foreign currencies will fluctuate as a result of changes in the exchange rate. For Valora, transaction risks arise as a result of its purchasing goods and services from suppliers abroad and on intra-Group transactions. Most Group companies transact the majority of their business in their local currency. In order to limit transaction risk, currency derivatives are used from time to time. Currency translation risks, on the other hand, arise when the balance sheets of subsidiaries outside Switzerland are converted into Swiss francs for consolidation.

The table below shows the main effects on pre-tax earnings and other comprehensive income which would result from hypothetical changes in key exchange rates.

FX rate sensitivity in CHF 000	**Hypothetical change (in percent) 2013**	**Impact on 2013 pre-tax earnings**	**Impact on 2013 other comprehensive income**	Hypothetical change (in percent) 2012	Impact on 2012 pre-tax earnings	Impact on 2012 other comprehensive income
CHF/DKK	+/– 4.5 %	+/– 795	+/– 0	+/– 1.7 %	+/– 328	+/– 0
CHF/EUR	+/– 4.4 %	+/– 879	+/– 9 919	+/– 1.7 %	+/– 505	+/– 1 690
CHF/NOK	+/– 9.6 %	+/– 1 268	+/– 0	+/– 5.8 %	+/– 339	+/– 767
CHF/SEK	+/– 8.1 %	+/– 1 429	+/– 5 267	+/– 7.0 %	+/– 896	+/– 4 566
DKK/NOK	+/– 8.4 %	+/– 68	+/– 0	+/– 5.9 %	+/– 244	+/– 0
EUR/SEK	+/– 7.2 %	+/– 201	+/– 0	+/– 6.8 %	+/– 15	+/– 0

Net investments in subsidiaries outside Switzerland are also analysed periodically and the risks are assessed in the light of the volatility of the currencies concerned. These analyses show that the currency translation risk is modest compared to available equity. Translation risks are not hedged.

Interest rate risks. Cash and cash equivalents are the Group's principal interest-bearing assets. Since the interest rates applicable to these assets are floating, the interest earnings derived from them are directly affected by market interest rates. Under normal circumstances, the Group's principal interest rate risk relates to the interest paid on its financial liabilities. Floating-rate financial liabilities expose the Group to cash-flow-relevant interest-rate risks. Financial liabilities with fixed interest rates, on the other hand, expose the Group to the risk of shifts in the current market value of its liabilities. In order to achieve the target mix between fixed and floating interest rate exposure, interest rate hedging transactions are entered into where necessary. Interest-bearing liabilities essentially comprise the bond issue, the bonded-loan issue and the syndicated loan facility (see note 26).

In the sensitivity analysis of the interest rate risk, impacts arise only on positions with variable interest rates. The table below shows the principal changes in pre-tax earnings which would result from hypothetical shifts in the level of interest rates in the main currencies in which Valora operates.

Interest rate sensitivity

in CHF 000	**Hypothetical change (in basis points) 2013**	**Impact on 2013 pre-tax earnings**	Hypothetical change (in basis points) 2012	Impact on 2012 pre-tax earnings
CHF	+/– 10	+/– 32	+/– 3	+/– 6
DKK	+/– 25	+/– 47	+/– 3	+/– 1
EUR	+/– 22	+/– 135	+/– 10	+/– 60
NOK	+/– 20	+/– 15	+/– 9	+/– 8
SEK	+/– 51	+/– 112	+/– 4	+/– 5

The table for 2013 does not include data for the interest rate swap position established to hedge the interest-rate risk on the bonded-loan issue (see Tools for hedging and risk management). Assuming a hypothetical change to the swap rate of the same maturity of +/– 193 basis points, the change in the value of this hedge, at December 31, 2013, would have impacted other comprehensive income by +/– CHF 9.3 million.

In the table above, the 2012 column does not include data for the interest-rate-swap position established to hedge the interest-rate risk on the syndicated-loan facility (see Tools for hedging and risk management). Assuming a hypothetical change in the 5-year swap rate of +/–167 basis points, the change in the value of this hedge, at December 31, 2012, would have impacted other comprehensive income by +/– CHF 17.2 million.

Liquidity risks. Liquidity risk management aims to ensure the Group is always able to meet its payment obligations in full and on time. The Valora Group continually monitors its liquidity position and uses cash pool structures to optimise it. Additional liquidity reserves in the form of credit lines and cash ensure that the Group remains both solvent and financially flexible.

The table below shows the nominal interest and redemption payments arising from the Group's financial obligations. It takes account of all instruments in which the Group held positions at December 31 of the two years shown. Interest amounts payable on floating rate instruments have been determined based on the most recent fixing preceding year end.

in CHF 000	up to 1 month	from 1 to 3 months	from 3 months to 1 year	from 1 to 5 years	more than 5 years
At December 31, 2013					
Short-term financial liabilities	532	1	765	0	0
Derivative financial liabilities	1	10	146	0	0
Trade accounts payable	232 466	35 442	1 032	0	0
Other short-term financial liabilities (financial instruments portion)	78 561	21 941	9 132	0	0
Long-term financial liabilities	0	5 020	5 408	254 216	186 957
Total	**311 560**	**62 414**	**16 483**	**254 216**	**186 957**
At December 31, 2012					
Short-term financial liabilities	407	2 768	13 471	0	0
Derivative financial liabilities	54	90	2 599	0	0
Trade accounts payable	239 767	26 354	24	0	0
Other short-term financial liabilities (financial instruments portion)	72 034	9 445	27 804	0	0
Long-term financial liabilities	95	7 231	6 836	346 398	205 479
Total	**312 357**	**45 888**	**50 734**	**346 398**	**205 479**

To enable it to manage its liquidity in an optimal way, the Valora Group has various credit facilities in place, both at fixed and floating rates of interests, which have not been fully drawn down.

Credit risks. Credit risks arise when a contractual partner is not in a position to meet its obligations as agreed. Valora constantly reviews its accounts receivable and manages them so as to avoid the formation of significant credit or concentration risks. At year end 2013 and year end 2012, the Valora Group had no accounts receivable from individual customers which accounted for more than 7 % of its total accounts receivable.

The Valora Group conducts its financial transactions with a selected number of first-class financial institutions. Specific situations may require subsidiaries to transact business with other banks. The establishment and discontinuation of banking relationships is subject to approval by the Group's corporate treasury, which regularly reviews all banking relationships on the basis of external ratings and sets exposure limits for all counterparties. The maximum default risk of CHF 420 million on the Group's financial assets (CHF 413 million in 2012) is equal to the book value of these instruments (see note 34).

The table below shows the Group's sight deposits and fixed maturity deposits with maturities of 3 months or less by rating of the banking counterparties with whom they are placed. The table uses Standard & Poor's ratings.

Sight deposits and fixed maturity deposits maturing in < 3 months placed with banks in CHF 000	**2013**	2012
AAA and / or state guarantee (AAA states)	1 898	10 069
AA	65 469	42 647
A	74 653	56 776
No Rating	2 412	2 185
Total sight deposits and fixed maturity deposits maturing in < 3 months placed with banks [1]	**144 432**	**111 677**

[1] The remainder of the cash and cash equivalents position shown in the balance sheet relates to cash (including cash in transit).

Tools for hedging and risk management. The Valora Group uses FX forward contracts to mitigate its foreign exchange risk. Interest-rate swaps are also used to hedge interest rate risks. Exposure arising from existing asset and liability items, as well as those arising from future commitments, is centrally managed.

In order to hedge the interest payments on its bonded-loan, which has a nominal value of EUR 72 million, Valora entered into an interest-rate swap on October 30, 2013 which qualifies as a cash flow hedge. The fair value of the swap on December 31, 2013 was CHF 0.1 million, which offsets the negative replacement value of the bonded-loan issue, was allocated to other comprehensive income. The cash flows hedged by the swap will occur in the years from 2013 to 2019, during which time they will have an income statement impact.

Hedging for the interest payments on the syndicated loan facility was carried out by means of two interest-rate swaps on October 31, 2012. As of December 31, 2012, the negative replacement value of these swaps amounted to CFH 2.5 million and had been recognised under other comprehensive income. When the syndicated loan facility was redeemed, the interest-rate swap which had been established as a cash flow hedge against it was unwound, and its replacement value of CHF 1.4 million was reclassified in 2013 from other comprehensive income to financing expense.

In order to hedge 50% of the interest expense on the bonds issued on February 1, 2012 (see note 26) Valora entered into a forward-starting interest-rate swap in the first half of 2011. This swap has been designated as a cash flow hedge for the interest payments on the bond issue. This position was closed on February 1, 2012, with a negative replacement value of CHF 10.4 million. CHF 1.4 million of the change in the negative replacement value of this position in 2012 was recognised in other comprehensive income and CHF 0.2 million was allocated to financing expense. In 2013, CHF 1.7 million was reclassified from equity to financing expense (CHF 1.4 million in 2012). The cash flows hedged by this swap will occur in the years from 2012 to 2018, during which time they will have an income statement impact.

The table below shows both the contract values, or nominal underlying amounts, of the Group's positions in derivative financial instruments as well as their aggregate replacement values. The information, which is presented by instrument type, relates to valuations at balance sheet dates.

Contract values or underlying nominal amounts show the volume of the underlying transactions at the balance sheet dates. They do not contain any information about the market risk these positions involve. The replacement value of these positions has been determined by valuations provided by the counterparty, market prices at December 31, 2012 and 2013 or through standard pricing model valuations using market data.

Derivative financial instruments in CHF 000	**2013 Contract value**	2012 Contract value	**2013 Replacement value**	2012 Replacement value
Currency instruments				
Forward contracts/ Derivative financial assets	11 719	4 239	246	7
Forward contracts/ Derivative financial liabilities	2 186	13 051	27	201
Interest instruments				
Interest rate swap/ Derivative financial liabilities	88 373	301 925	130	2 542
Total derivative financial assets	**11 719**	**4 239**	**246**	**7**
Total derivative financial liabilities	**90 559**	**314 976**	**157**	**2 743**

Notional contract values of derivative financial instruments by maturity band in CHF 000	**2013**	2012
Within one year	13 905	29 971
Within 1–2 years	0	25 362
Within 2–3 years	0	25 362
Within 3–4 years	0	25 362
Within 4–5 years	0	213 158
After more than 5 years	88 373	0
Total notional value of derivative financial instruments	**102 278**	**319 215**

Capital management. The overarching objective of the Valora Group's capital management is to achieve a strong credit rating and a good level of equity cover. Achieving those goals helps to support the Group's business activities and to maximise its value to its shareholders.

The Valora Group manages its capital structure and modifies it in response to changes in economic circumstances. In order to maintain or adapt its capital structure, the Valora Group can elect to implement a number of measures, such as modifying the amount of dividends paid to shareholders, capital repayments to shareholders or the issuance of new shares.

The Group monitors its capital position by reference to its equity cover, which is calculated on the basis of the percentage of total assets represented by equity (including non-controlling interests). The Group's capital and equity cover are shown in the table below:

in CHF 000	**2013**	2012 Restated
Equity attributable to Valora Holding AG	728 089	572 690
Equity attributable to non-controlling interests	2 177	5 064
Total equity	**730 266**	**577 754**
Equity cover	**44.8%**	**35.9%**

The Valora Group is not subject to any regulatory capital requirements of the type prevalent in the financial services industry. The Group's required minimum equity cover is stipulated in the financial covenants governing its bank lending agreements (see note 26).

Risk assessment stipulated by Swiss Code of Obligations. Between October and December 2013, the Valora Group's Board of Directors and Group Executive Management carried out a risk assessment. In 2012, they carried out this work in October and November. The objective of these assessments is to make the main risks to which Valora is exposed more transparent, to improve the quality of risk dialogue, and to define practical steps for addressing the key risks which Valora faces. The results of these assessments were reviewed at meetings with the Board of Directors and sets of planned measures were decided upon. Additional information regarding the risk assessment process and the risks identified can be found in section 3.6.1 of the corporate governance report.

34 FINANCIAL INSTRUMENTS

Book values, fair values and valuation categories in CHF 000	Valuation category	**Book value 2013**	Book value 2012	**Fair Value 2013**	Fair Value 2012
Assets					
Cash and cash equivalents	LaR	174 973	147 153	174 973	147 153
Derivative financial assets (hierarchy level 2)	FAHfT	246	7	246	7
Trade accounts receivable	LaR	153 486	169 292	153 486	169 292
Other short-term receivables (financial instruments portion)	LaR	71 541	73 486	71 541	73 486
Long-term interest-bearing investments	LaR	3 922	4 293	3 922	4 293
Other long-term receivables	LaR	15 366	17 525	15 366	17 525
Financial assets available for sale valued at cost	AfS	644	649	n/a	n/a
Financial assets available for sale at fair value (hierarchy level 1)	AfS	161	180	161	180
Liabilities					
Short-term financial liabilities	FLAC	1 278	16 187	1 278	16 187
Derivative financial liabilities (hierarchy level 2)	FLHfT	157	2 743	157	2 743
Trade accounts payable	FLAC	268 940	266 145	268 940	266 145
Other financial liabilities (financial instruments portion)	FLAC	109 086	108 741	109 086	108 741
Short-term financial liabilities (hierarchy level 3)	FLtPL	550	541	550	541
Long-term financial liabilities	FLAC	385 761	485 815	393 503	495 415
Long-term financial liabilities (hierarchy level 3)	FLtPL	7 170	6 757	7 170	6 757
Classified by category					
Loans and receivables	LaR	419 288	411 749	419 288	411 749
Financial assets held for trading	FAHfT	246	7	246	7
Financial assets available for sale	AfS	805	829	n/a	n/a
Financial liabilities at amortised cost	FLAC	765 065	876 888	772 807	886 488
Financial liabilities held for trading	FLHfT	157	2 743	157	2 743
Financial liabilities at fair value	FLtPL	7 720	7 298	7 720	7 298

The book values of all short-term financial instruments represent reasonable approximations of their fair value. Any discounting effects are immaterial. The fair value of the bond issue is equal to its nominal value multiplied by its market price on the balance sheet date. Details of the valuations applied to derivative financial instruments and financial assets available for sale are contained in notes 4, 24 and 33. The fair values of the other long-term interest-bearing financial instruments were determined by discounting their expected future cash flows using market interest rates.

35 FAIR VALUES

Hierarchy levels applied to fair values. All the fair values shown below are allocated to one of the following three hierarchy levels:

- Level 1: Prices are based on quotes in active markets for identical assets and liabilities;
- Level 2: Fair values are calculated on the basis of observable market parameters. For these purposes either quoted prices in non-active markets or unquoted prices are used. These fair values can also be derived indirectly from other prices;
- Level 3: Fair values are calculated on the basis of non-observable parameters and are thus based on estimates.

The table below shows the fair value of assets and liabilities by hierarchy level at December 31, 2013:

in CHF 000	Level 1	Level 2	Level 3	Total
Assets valued at fair value				
Derivative financial assets	0	246	0	246
Financial assets available for sale	161	0	0	161
Total	**161**	**246**	**0**	**407**
Assets disclosed at fair value				
Investment property	0	0	3 862	3 862
Total	**0**	**0**	**3 862**	**3 862**

in CHF 000	Level 1	Level 2	Level 3	Total
Liabilities valued at fair value				
Derivative financial liabilities	0	157	0	157
Contingent consideration	0	0	7 720	7 720
Total	**0**	**157**	**7 720**	**7 877**
Liabilities disclosed at fair value				
Bonds	207 500	0	0	207 500
Total	**207 500**	**0**	**0**	**207 500**

The fair values reported at hierarchy level 2 are calculated using valuation models based on observable market parameters such as interest rates, yield curves and foreign-exchange rates on the valuation date.

No assets or liabilities were transferred between hierarchy levels 1 and 2 in 2013.

Hierarchy level 3 fair values. The table below shows the changes which occurred between the opening and closing balances for fair values at hierarchy level 3:

in CHF 000	2013
Balance on January 1	**7 298**
Changes to fair value allocated to financing expense	303
Currency translation adjustments	119
Balance on December 31	**7 720**

Contingent consideration arrangements. The contingent consideration arrangements reported at hierarchy level 3 relate to Valora's acquisitions of Convenience Concept and Delvita / Salty Snacks.

The fair value of the contingent consideration relating to the Convenience Concept acquisition is determined by the present value of the projected cash outflow. The key non-observable parameters involved are projected sales revenues and the discount rate. Depending on the projected sales revenues, the cash outflow will be either zero or CHF 7.4 million. Since Valora believes that there is every probability that the relevant sales metric will be reached, the net present value of this contingent consideration, amounting to CHF 7.2 million at December 31, 2013, has been recognised as a liability (see note 6).

The fair value of the contingent consideration relating to the Delvita / Salty Snacks acquisition is determined by the projected undiscounted cash outflow. Depending on whether certain specific performance-related milestones are reached, the cash outflow will be either zero or CHF 0.5 million. Since Valora believes that there is every probability that these milestones will be reached, the full amount of the contingent consideration has been recognised as a liability.

36 TRANSACTIONS AND BALANCES OUTSTANDING WITH RELATED PARTIES

The consolidated financial statements encompass Valora Holding AG as the ultimate parent company along with all subsidiaries it directly or indirectly controls, as set out in note 39.

Transactions. Business was transacted with related individuals and companies as follows:

Goods and services sold to related parties in CHF 000	**2013**	2012
Goods sold to		
Other related parties	3 596	1 082
Services to		
Associates	277	272
Other related parties	149	161
Total goods and services sold	**4 022**	**1 515**

Goods and services purchased from related parties in CHF 000	**2013**	2012
Goods purchased from		
Other related parties	4 023	2 590
Services purchased from		
Other related parties	220	677
Total goods and services purchased	**4 243**	**3 267**

Management and Board remuneration. Remuneration paid to management and the Board of Directors includes all expenses shown in the consolidated financial statements directly relating to members of the Group Executive Committee and the Board of Directors.

Management and Board remuneration in CHF 000	**2013**	2012
Salaries and other short-term benefits [1]	4 890	4 251
Post-employment benefits	249	299
Share-based payments	376	953
Total Management and Board remuneration [2]	**5 515**	**5 503**

[1] Includes vehicle costs reimbursed by the employer and consultancy fees paid to two Board members.
[2] Remuneration totalling CHF 414 thousand was paid to a former member of Group Executive Management in 2013 (2012: CHF 37 thousand).

Details of the remuneration paid to the Board of Directors and Group Executive Management, as well as details of their holdings of Valora Holding AG shares and of the shares held by significant shareholders (as required by Articles 663bbis and 663c of the Swiss Code of Obligations), can be found in notes 5 and 6 to the financial statements of Valora Holding AG.

Receivables and liabilities. The terms and conditions governing receivables and liabilities are those commonly used by the relevant companies. The Valora Group has neither received any sureties for receivables nor has it issued any guarantees for liabilities.

Receivables from related parties in CHF 000	**2013**	2012
Receivables from other related parties	221	323
Total receivables	**221**	**323**

Liabilities towards related parties in CHF 000	**2013**	2012
Liabilities towards related parties	211	5 387
Total liabilities	**211**	**5 387**

Contingent liabilities and guarantees. Apart from the guarantee issued in connection with the LTP share purchase programme, which is described in note 31, the Valora Group has entered into no other guarantees or contingent liabilities towards related parties or companies.

37 EQUITY

Shares outstanding in number of shares	**2013**	2012
Total registered shares	3 435 599	3 435 599
of which treasury stock		
Position at January 1	51 702	19 920
Additions to treasury stock	4 687	90 397
Decreases in treasury stock	– 22 375	– 58 615
Total treasury stock at December 31	**34 014**	**51 702**
Total shares outstanding (after deduction of treasury stock) at December 31	**3 401 585**	**3 383 897**
Average number of shares outstanding (after deduction of treasury stock)	**3 387 163**	**2 913 674**

A dividend of CHF 12.50 per share was paid in 2013 relating to the year 2012 (CHF 11.50 per share was paid in 2012 relating to the year 2011). Dividend distributions are based on net income for the year and earnings carried forward by the Valora Holding AG parent company.

The company's issued share capital comprises 3 435 599 shares of CHF 1.00 nominal value each. A conditional share capital of 84 000 shares exists which the Board of Directors may use for existing or future management share plans. None of these shares had been issued at December 31, 2013.

At their Ordinary General Meeting held on April 18, 2013, Valora Holding AG shareholders granted the Board of Directors authority to raise up to CHF 250 000 of additional share capital through the issue of up to 250 000 shares of CHF 1.00 nominal value each at any time until April 18, 2015.

At their Ordinary General Meeting held on April 15, 2011, Valora Holding AG shareholders granted the Board of Directors authority to raise up to CHF 840 000 of additional share capital through the issue of up to 840 000 shares of CHF 1.00 nominal value each at any time until April 15, 2013. On November 6, 2012, 635 599 shares of this authorised share capital were issued in order to complete the Ditsch/Brezelkönig acquisition (see note 6). The remainder of this authorised share capital was not utilised.

The transaction costs relating to the share-capital increase carried out in 2012, which were charged to equity, amount to CHF 1.9 million.

On April 9, 2013, Valora Holding AG issued CHF 120 million of perpetual, subordinated hybrid bonds. The first date at which the issuer may call these bonds for redemption is October 30, 2018. Until October 30, 2018, the annual coupon will be 4 %. For subsequent five-year periods, the coupon will be determined on the basis of the mid-market rate for 5-year interest-rate swaps, plus a 500 basis-point spread, plus the original credit margin. The issuer's obligation to pay coupons on the bonds essentially depends on the dividend resolutions passed by the Ordinary General Meeting of Shareholders. The proceeds of the bond issue, minus CHF 902 thousand in transaction costs, qualify as equity. The proceeds have been used for refinancing purposes, i.e. for the partial redemption of the syndicated-loan facility.

The portion of the coupon to holders of the hybrid bond which was not recognised on the balance sheet at December 31, 2013 amounts to CHF 0.8 million.

38 SUBSEQUENT EVENTS

These consolidated financial statements were approved by the Board of Directors of Valora Holding AG on March 31, 2014. The Board of Directors recommends that the Ordinary General Meeting of Shareholders to be held on May 7, 2014 approve these financial statements.

39 SIGNIFICANT SUBSIDIARIES OF THE VALORA GROUP

	Currency	Nominal capital in million	Share-holding in %	Corporate	Valora Retail	Ditsch/ Brezelkönig	Valora Services	Valora Trade
Switzerland								
Valora Management AG, Muttenz	CHF	0.5	100.0	•				
Valora International AG, Muttenz	CHF	20.0	100.0	•	•			
Valora Schweiz AG, Muttenz	CHF	5.2	100.0	•	•		•	•
Brezelkönig AG, Emmen	CHF	1.0	100.0			•		
Alimarca AG, Muttenz	CHF	0.1	100.0			•		
Valora Warenlogistik AG, Muttenz	CHF	0.1	100.0				•	
Valora Mediaservices AG, Muttenz	CHF	0.1	100.0				•	
Germany								
Valora Holding Germany GmbH, Hamburg	EUR	0.4	100.0	•				
Stilke Buch & Zeitschriftenhandels GmbH, Hamburg	EUR	3.8	100.0		•			
BHG Bahnhofs-Handels-Vertriebs GmbH, Hamburg	EUR	0.5	100.0		•			
Delvita GmbH, Mülheim a.d. Ruhr	EUR	0.1	100.0					•
Valora Retail Services GmbH, Hamburg	EUR	0.1	100.0		•			
Konrad Wittwer GmbH Bahnhofsbuchhandlungen, Hamburg	EUR	0.3	100.0		•			
Valora Retail Kiosk GmbH, Hamburg	EUR	0.1	100.0	•	•			
Valora Trade Germany GmbH, Mülheim a.d. Ruhr	EUR	0.2	68.0					•
Convenience Concept GmbH, Hamburg	EUR	0.1	100.0		•			
Brezelbäckerei Ditsch GmbH, Mainz	EUR	0.1	100.0			•		
Luxembourg								
Valora Europe Holding S.A., Luxembourg	EUR	0.1	100.0	•				
Valora Luxembourg S.à r.l., Luxembourg	EUR	7.0	100.0		•		•	
MPK Luxembourg S.à r.l., Luxembourg	EUR	1.5	100.0		•			

	Currency	Nominal capital in million	Share-holding in %	Corporate	Valora Retail	Ditsch/ Brezelkönig	Valora Services	Valora Trade
United Kingdom								
Valora Holding Finance Ltd., Guernsey	CHF	821.4	100.0	•				
Austria								
Valora Holding Austria AG, Neunkirchen	EUR	1.1	100.0	•				
Valora Trade Austria GmbH + Co. KG, Neunkirchen	EUR	3.6	100.0					•
Plagemann Lebensmittelhandels GmbH + Co. KG, Neunkirchen	EUR	0.1	100.0					•
Valora Retail Austria GmbH + Co. KG, Vienna	EUR	0.1	100.0		•			
Sweden								
Valora Holding Sweden AB, Stockholm	SEK	0.5	100.0	•				
Valora Trade Sweden AB, Stockholm	SEK	12.0	100.0					•
Scandinavian Cosmetics AB, Malmö	SEK	0.5	100.0					•
Norway								
Valora Holding Norway AS, Røyken	NOK	12.0	100.0	•				
Valora Trade Norway AS, Røyken	NOK	5.9	100.0					•
Engelschiøn Marwell Hauge AS, Oslo	NOK	2.7	100.0					•
Denmark								
Valora Trade Denmark A / S, Herlev	DKK	43.0	100.0					•
Valora Trade Denmark Beverages A / S, Herlev	DKK	2.0	75.0					•
Finland								
Oy Valora Trade Finland AB, Helsinki	EUR	0.1	100.0					•

The non-controlling interests in the Valora Group are immaterial.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF VALORA HOLDING AG, MUTTENZ

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the consolidated financial statements of Valora Holding AG, which comprise the income statement, comprehensive income statement, balance sheet, cash flow statement, statement of changes in equity and notes (pages 46 to 112), for the year ended 31 December 2013.

Board of Directors' responsibility. The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Over-sight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young AG

Martin Gröli Licensed audit expert (Auditor in charge)	Stefanie Walter Licensed audit expert

Zurich, 31 March 2014

INCOME STATEMENT

January 1 to December 31, in CHF 000	**2013**	2012
Income		
Dividend income	40 100	22 100
Adjustment to impairment charge on investments	14 000	14 300
Interest income	694	1 735
Foreign exchange gains	2 571	635
Income from securities	1 644	43
Total income	**59 009**	**38 813**
Expense		
Interest expense	– 18 060	– 10 491
Foreign exchange losses	– 3 255	– 582
Losses on securities	– 59	– 2 973
General administration expense	– 4 135	– 9 094
Total expense	**– 25 509**	**– 23 140**
Net profit for the year	**33 500**	**15 673**

BALANCE SHEET BEFORE APPROPRIATION OF AVAILABLE EARNINGS

ASSETS

at December 31, in CHF 000		**2013**	2012
Current assets			
Cash and cash equivalents		141	505
Securities		7 774	9 588
Prepayments	from third parties	179	307
Short-term receivables	from third parties	175	396
	from Group companies	1 975	1 456
Total current assets		**10 244**	**12 252**
Non-current assets			
Investments		1 028 699	745 331
Loans and receivables from Group companies		15 383	16 755
Discounts and capitalised issuance cost on bond/syndicated loan		3 427	6 475
Total non-current assets		**1 047 509**	**768 561**
Total assets		**1 057 753**	**780 813**

LIABILITIES AND EQUITY

at December 31, in CHF 000		2013	2012
Liabilities			
Current liabilities	towards third parties	468	498
	towards Group companies	99 547	83 110
Accrued expenses	towards third parties	6 536	5 074
Syndicated loan		0	36 231
Bond payable		320 000	200 000
Bonded-loan issue		184 110	0
Provisions		64 000	64 000
Total liabilities		**674 661**	**388 913**
Equity			
Share capital		3 436	3 436
General legal reserves		687	560
Reserve for treasury stock		8 015	12 350
Capital contribution		99 502	119 299
Unrestricted reserves		197 280	192 948
Profit available for distribution	Profit carried forward	40 672	47 634
	Net profit for the year	33 500	15 673
Total equity		**383 092**	**391 900**
Total liabilities and equity		**1 057 753**	**780 813**

NOTES TO THE FINANCIAL STATEMENTS OF VALORA HOLDING AG

A BASIS OF PRESENTATION

Valora Holding AG's annual accounts are drawn up in accordance with the provisions of Swiss company law (Swiss Code of Obligations).

B NOTES

1 CONTINGENT LIABILITIES. At December 31, 2013 the Group's contingent liabilities in favour of subsidiaries – consisting of sureties, subordination, keep well agreements, guarantees and other contingencies – totalled CHF 271.2 million (2012: CHF 241.8 million) with a further CHF 1.0 million in favour of third parties (2012: CHF 1.0 million).

2 BOND OUTSTANDING

in CHF 000	Coupon	Maturity	31.12.2013	31.12.2012
Bond 2012 – 2018	2.50%	02.03.2018	200 000	200 000
Perpetual hybrid bond issue	4.00%	30.10.2018 [1]	120 000	–

[1] While the perpetual hybrid bond issue has no fixed maturity, it cannot be called by the issuer prior to October 30, 2018.

3 TREASURY STOCK HELD BY THE COMPANY AND ITS SUBSIDIARIES

in CHF 000	2013 Number of shares	2013 Net book value	2012 Number of shares	2012 Net book value
Opening balance (at January 1)	**51 702**	**9 570**	**19 920**	**3 722**
Sales	– 22 375	– 4 404	– 58 615	– 11 996
Purchases	4 687	947	90 397	20 744
Value adjustments	–	1 643	–	– 2 900
Closing balance (at December 31)	**34 014**	**7 756**	**51 702**	**9 570**

The share purchases in 2013 were made at market prices ranging from CHF 176.00 to CHF 202.05.

In addition, during 2013, Valora Holding AG purchased a total of 4 687 shares at an average price of CHF 202.03 and sold a total of 22 375 shares at an average price of CHF 196.83.

At December 31, 2013, treasury shares held by Valora Holding AG represented 1.0 % of the company's issued share capital (1.5 % at year-end 2012).

4 NET RELEASE OF HIDDEN RESERVES. Hidden reserves of CHF 14.0 million were released in 2013 (CHF 14.3 million in 2012).

5 REMUNERATION AND SHAREHOLDINGS

Remuneration 2013

in CHF 000	Director's fee / base salary	Short Term Plan (STP)[1]	Long Term Plan (LTP)[2]	Emolument in kind	Consultancy fee[4]	Other remuneration[5]	Total 2013
Board of Directors							
Rolando Benedick[6] Chairman	–	–	–	–	–	–	–
Markus Fiechter Vice-Chairman and Lead Director	160.0	–	23.8	–	49.5	16.4	249.7
Bernhard Heusler Board member	110.0	–	16.3	–	–	8.8	135.1
Franz Julen Chairman of Nomination and Compensation Committee	120.0	–	17.8	–	–	9.7	147.5
Ernst Peter Ditsch Board member (since April 2013)	–	–	–	–	496.3	5.1	501.4
Conrad Löffel[3] Chairman of Audit Committee	120.0	–	112.8	–	–	9.6	242.4
Total remuneration to Board members	**510.0**	**–**	**170.7**	**–**	**545.8**	**49.6**	**1 276.1**
Group Executive Management							
Rolando Benedick[6] CEO	850.0	300.0	66.8	–	–	57.9	1 274.7
Total remuneration to current members of Group Executive Management	**2 395.0**	**658.7**	**199.5**	**60.0**	**–**	**414.6**	**3 727.8**
Total remuneration to former members of Group Executive Management	268.2	80.0	13.4	10.0	–	69.8	441.4
Total remuneration to Group Executive Management (GEM)	**2 663.2**	**738.7**	**212.9**	**70.0**	**–**	**484.4**	**4 169.2**

No severance payments were made in 2013.

1) These are the effective costs of the bonuses granted in respect of 2013, which will be paid out in April 2014.
2) The total number of shares covered by the LTP is 84 098. The costs of running the LTP comprise interest payments to finance the LTP share purchases for members of the Board of Directors and Group Executive Management and the difference between the market price of the shares on the date they were allocated and their average closing price over the twenty trading days preceding the commencement of the LTP programme.
3) Remuneration paid in respect of the 3733 options in the option programme amounted to CHF 113 thousand. The exercise price of the options was CHF 301.75 for the first tranche and CHF 199.85 for the second tranche of the LTP 2011, which corresponds to the shares' average closing prices over the twenty days preceding the commencement of these two tranches. The market price at the time the options were awarded was CHF 291.00 for the first tranche and CHF 219.20 for the second tranche of the LTP 2011. The value of the options determined using the Black Scholes model was based on the following key parameters:

Plan	2nd Tranche LTP	1st Tranche LTP
Number of options	1883	1850
Earliest exercise date	30.10.2015	30.10.2013
Implied volatility	35%	35%
Risk-free rate of interest	0.523%	0.523%
Fair value per option	CHF 71.82	CHF 0.00

4) Ernst Peter Ditsch has concluded a consultancy agreement with Valora for a period commencing on November 1, 2012 and ending no later than October 31, 2014. His annual remuneration under this agreement amounts to EUR 400 thousand. Expenses incurred by Markus Fiechter in connection with Valora Trade's new strategic direction were reimbursed separately. This mandate expired in 2013.
5) These amounts include payments to pension plans and other benefit schemes.
6) The CEO's remuneration also includes the remuneration paid to him as Chairman of the Board of Directors.

Remuneration 2012

in CHF 000	Director's fee / base salary	Short Term Plan (STP)[1]	Long Term Plan (LTP)[2]	Emolument in kind	Termination payments	Other remuneration[4]	Total 2012
Board of Directors							
Rolando Benedick Chairman and CEO	716.7	–	64.2	–	–	48.8	829.7
Markus Fiechter Vice-Chairman and Lead Director	160.0	–	22.6	–	–	16.0	198.6
Bernhard Heusler Board member	110.0	–	15.5	–	–	8.8	134.3
Franz Julen Chairman of Nomination and Compensation Committee	120.0	–	16.9	–	–	9.7	146.6
Conrad Löffel[3] Chairman of Audit Committee	120.0	–	115.5	–	–	15.3	250.8
Total remuneration to Board members	**1 226.7**	**–**	**234.7**	**–**	**–**	**98.6**	**1 560.0**
Group Executive Management							
Lorenzo Trezzini CFO	400.1	102.9	633.5	15.0	–	198.7	1 350.2
Total remuneration to current members of Group Executive Management	**2 089.7**	**402.4**	**717.9**	**82.5**	**–**	**613.8**	**3 906.3**
Total remuneration to former members of Group Executive Management	16.7	4.2	–	7.2	–	8.8	36.9
Total remuneration to Group Executive Management (GEM)	**2 106.4**	**406.6**	**717.9**	**89.7**	**–**	**622.6**	**3 943.2**

1) These are the effective costs of the bonuses granted in respect of 2012, which will be paid out in April 2013.
2) The total number of shares covered by the LTP is 67 098. The costs of running the LTP comprise interest payments to finance the LTP share purchases for members of the Board of Directors and Group Executive Management and the difference between the market price of the shares on the date they were allocated and their average closing price over the twenty trading days preceding the commencement of the LTP programme.
3) Remuneration paid in respect of the 3733 options in the option programme amounted to CHF 115.5 thousand. The exercise price of the options was CHF 301.75 for the first tranche and CHF 199.85 for the second tranche of the LTP 2011, which corresponds to the shares' average closing prices over the twenty days preceding the commencement of these two tranches. The market price at the time the options were awarded was CHF 291.00 for the first tranche and CHF 219.20 for the second tranche of the LTP 2011. The value of the options determined using the Black Scholes model was based on the following key parameters:

Plan	2nd Tranche LTP	1st Tranche LTP
Number of options	1883	1850
Earliest exercise date	30.10.2015	30.10.2013
Implied volatility	35%	35%
Risk-free rate of interest	0.523%	0.523%
Fair value per option	CHF 38.56	CHF 2.09

4) These amounts include payments to pension plans and other benefit schemes.

No payments were made to persons closely associated with current or former members of the Board of Directors or Group Executive Management which were not commensurate with market practice.

Remuneration paid to Board members is directly charged to Valora Holding AG. Remuneration paid to members of Group Executive Management is paid by their employer, Valora Management AG.

Loans and advances. At December 31, 2013 und 2012 there were no loans or advances outstanding to members of the Board or of Group Executive Management or to persons associated with them.

Shareholdings. At December 31, 2013 und 2012, individual members of the Board and Group Executive Management (including persons associated with them) held the following numbers of shares of Valora Holding AG:

	2013 Number of shares	**2013** Share of total voting rights in %	**2013** of which subject to a lock-up period	2012 Number of shares	2012 Share of total voting rights in %	2012 of which subject to a lock-up period
Board of Directors						
Rolando Benedick Chairman and CEO	29 772	0.87	7 063: 31.10.2015	29 772	0.87	6 937: 31.10.2013 7 063: 31.10.2015
Markus Fiechter Vice-Chairman and Lead Director	9 578	0.28	2 511: 31.10.2015	8 344	0.24	2 467: 31.10.2013 2 511: 31.10.2015
Bernhard Heusler Board member	3 422	0.10	1 726: 31.10.2015	4 544	0.13	1 696: 31.10.2013 1 726: 31.10.2015
Franz Julen Chairman of Nomination and Compensation Committee	4 183	0.12	1 883: 31.10.2015	6 876	0.20	1 850: 31.10.2013 1 883: 31.10.2015
Ernst Peter Ditsch Board member (since April 2013)	635 599	18.50	none	–	–	–
Conrad Löffel[1)] Chairman of Audit Committee	0	0.00	none	0	0.00	none

[1)] The Long Term Plan for Conrad Löffel is option-based.

	2013 Number of shares	2013 Share of total voting rights in %	2013 of which subject to a lock-up period	2012 Number of shares	2012 Share of total voting rights in %	2012 of which subject to a lock-up period
Group Executive Management						
Michael Mueller[1] CFO	24 000	0.70	6 000: 31.10.2015 12 000: 31.10.2015	12 000	0.35	6 000: 31.10.2013 6 000: 31.10.2015
Andreas Berger Head, Valora Retail division	12 145	0.35	6 072: 30.04.2015	12 145	0.35	6 073: 30.04.2013 6 072: 30.04.2015
Alexander Theobald Head, Valora Services division	12 315	0.36	5 000: 31.10.2015 3 657: 31.10.2015	7 315	0.21	3 657: 30.04.2013
Alex Minder Head, Valora Trade division	11 618	0.34	709: 02.04.2014 4 795: 31.10.2015	11 618	0.34	207: 03.04.2013 96: 22.04.2013 4 710: 31.10.2013 709: 02.04.2014 4 795: 31.10.2015
Total shares held by Board and GEM	**742 632**	**21.62**		**92 614**	**2.69**	

[1] In addition, Michael Mueller holds a further 57 5000 OTC call options (not written by Valora). The exercise price of these options is CHF 200, with 100 options exercising into 1 Valora registered share. The options expire on December 19, 2014 and they are subject to an extraordinary lock-up period (i.e. cannot be sold) until April 30, 2014.

6 MAJOR SHAREHOLDERS. The Ordinary General Meeting of shareholders held in 2010 removed the statutory restriction (in German: “Vinkulierung”) which prevented any shareholder from having voting rights recognised in respect of more than 5 % of the share capital issued. At December 31, 2013 this 5 % threshold was equivalent to 171 780 shares.

As of December 31, 2013, Credit Suisse Funds AG (formerly Credit Suisse Asset Management Funds AG), Zurich held 175 168 registered shares, which represents 5.10 % of the company’s issued share capital (4.40 % in 2012).

As of December 31, 2013, Ernst Peter Ditsch held 635 599 registered shares, which represents 18.50 % of the company’s issued share capital (18.50 % in 2012).

As of December 31, 2013, UBS Fund Management (Switzerland) AG held 87 581 registered shares, which represents 2.55 % of the company’s issued share capital (5.56 % in 2012).

7 SIGNIFICANT SUBSIDIARIES OF VALORA HOLDING AG

	31.12.2013 Holding in %	31.12.2012 Holding in %
Switzerland		
Valora International AG, Muttenz	100.0	100.0
Valora Management AG, Muttenz	100.0	100.0
Brezelkönig AG, Emmen	100.0	0.0
Germany		
Valora Holding Germany GmbH, Hamburg	5.1	5.1
Brezelkönig GmbH & Co. KG, Mainz	100.0	100.0
United Kingdom		
Valora Holding Finance Ltd, Guernsey	100.0	100.0

8 CURRENT LIABILITIES. Valora Holding AG's current liabilities towards Group companies include Valora Holding AG's portion of the Group's cash pool.

9 APPROVED AND CONDITIONAL SHARE CAPITAL. The Annual General Meeting held on 11 May, 2000 approved the creation of additional conditional share capital of a nominal CHF 84 000. At December 31, 2013, none of these shares had been issued.

At their Ordinary General Meeting on April 15, 2011, Valora shareholders granted the Board of Directors authority to increase the company's share capital, at any time until April 15, 2013, by up to CHF 840 000 through the issue of up to 840 000 fully paid up new shares of CHF 1.00 nominal each. On November 6, 2012, 635 599 of these authorised shares, each with a nominal value of CHF 1.00, were issued in order to enable Valora to complete its acquisition of the Ditsch/Brezelkönig group of companies (see Note 6 to the Group's financial statements). The remainder of this authorised share capital was not used.

At their Ordinary General Meeting on April 18, 2013, Valora shareholders granted the Board of Directors authority to increase the company's share capital, at any time until April 18, 2015, by up to CHF 250 000 through the issue of up to 250 000 fully paid up new shares of CHF 1.00 nominal each.

10 RISK ASSESSMENT. Each year, the Valora Group carries out a risk assessment during October and December with the Board of Directors and Group Executive Management. The objective is to make the main risks to which Valora is exposed more transparent, to improve the quality of risk dialogue, and to define practical steps for addressing the key risks which Valora faces. The process begins with a series of structured interviews with individual members of Group Executive Management. A Group Executive Management workshop is then held which discusses the results, identifies the main risks, analyses and evaluates them, and plans appropriate action. The workshop results are then discussed with the Board of Directors and a set of planned measures is decided upon.

PROPOSED APPROPRIATION OF EARNINGS AVAILABLE FOR DISTRIBUTION AND DISBURSEMENT FROM CAPITAL CONTRIBUTION

Proposal for the appropriation of earnings available for distribution

in CHF 000	**2013**	2012
Net profit for the year	**33 500**	**15 673**
+ Profit carried forward[1]	40 672	47 634
Earnings available for distribution	**74 172**	**63 307**
The Board of Directors proposes		
Transfer to general legal reserves	0	– 127
Dividend	0	– 22 847
Balance to be carried forward	**74 172**	**40 333**
Proposed disbursement from capital contribution		
Capital contribution (before disbursement)	99 502	119 299
Distribution (following prior reclassification as free reserves)	– 42 945	– 20 098
Capital contribution (after distribution)	**56 557**	**99 201**
Dividend distribution (in CHF)		
Disbursement from free reserves (exempt from withholding tax)	12.50	5.85
Gross dividend per share	0.00	6.65
– 35 % withholding tax	0.00	– 2.33
Net dividend per share (in CHF)	**12.50**	**10.17**

[1] For the 51011 shares held by the company itself at the distribution date no dividend was paid, thus increasing the earnings carried forward by CHF 339 thousand.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF VALORA HOLDING AG, MUTTENZ

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Valora Holding AG, Muttenz, which comprise the income statement, balance sheet and notes (pages 115 to 123) , for the year ended 31 December 2013.

Board of Directors' Responsibility. The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the financial statements for the year ended 31 December 2013 comply with Swiss law and the company's articles of incorporation.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Over-sight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young AG

Martin Gröli Licensed audit expert (Auditor in charge)	Stefanie Walter Licensed audit expert

Zurich, 31 March 2014

REPORT ON CORPORATE GOVERNANCE AND REMUNERATION

Valora is fully committed to meeting all its corporate governance obligations. Our objective is to attain the highest levels of transparency commensurate with best practice standards. We believe that this applies particularly to the structure of our organisation and of the control and management infrastructure we have in place. This transparency should protect shareholders' interests and create value for all other stakeholders.

The principles and rules relating to Valora's corporate governance are most notably promulgated in the company's articles of incorporation, its bylaws and the regulations governing the Board committees, all of which are subject to regular review and updated where appropriate. Furthermore, the Board of Directors approved the Valora Code of Conduct. The scope of this Code, which sets out the types of conduct Valora expects from its employees, goes beyond the simple adherence to applicable laws and directives.

The corporate governance and remuneration section of this annual report follows the structure set out in the applicable SIX Swiss Exchange guidelines:

1 GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE. Valora Holding AG, the Group's parent company, is a limited company established under Swiss law. Either directly or indirectly, it holds stakes in 34 significant unlisted companies, all of which are fully consolidated. The Group's operational structure is set out on page 30.

1.1.1 LISTED COMPANIES. The only listed company in the Valora Group is Valora Holding AG, which is domiciled in Muttenz. The company is listed on the main section of SIX Swiss Exchange and on the BX Berne eXchange (Swiss securities number 208897, Telekurs VALN, Reuters VALN.S, Bloomberg VALN.SW, ISIN number CH0002088976). The company itself holds 1.0% of the total of 3 435 599 issued shares. At December 31, 2013, the market capitalisation of Valora Holding AG amounted to CHF 846 million. The company's market capitalisation over the last 5 years is shown on page 148.

1.1.2 CONSOLIDATED COMPANIES. The significant companies within the Group are shown in the notes to the consolidated financial statements on pages 111 to 112, which list the name, domicile, listing, total share capital and percentage of share capital held by Valora Holding AG.

1.2 SIGNIFICANT SHAREHOLDERS. The following shareholders or groups of shareholders have reported holdings of Valora Holding AG shares in excess of the reporting thresholds defined by law:

Shareholders	Receipt of report	Holdings
Credit Suisse Funds AG	13.11.2012	> 3 %
Ditsch Ernst Peter	09.11.2012	> 15 %
Ethenea Independent Investors S.A.	11.02.2014	> 5 %
Lombard Odier Asset Management (Switzerland) SA	01.04.2010	> 3 %
Norges Bank (the Central Bank of Norway)	04.04.2013	> 3 %
UBS Fund Management (Switzerland) AG	29.06.2013	> 3 %

Detailed information regarding changes in shareholdings are set out in the separate section below. The shareholders are listed in alphabetical order.
The following significant shareholders have disclosed shareholdings to Valora Holding AG in accordance with article 20 of the Swiss Federal Stock Exchange Act (in German, "Börsengesetz" or "BEHG"):

Credit Suisse Funds AG: On November 13, 2012, Credit Suisse Funds AG, Kalandergasse 4, 8045 Zurich, Switzerland reported that, as a result of Valora Holding AG's share-capital increase, the 143 763 registered shares it held on November 9, 2012 were equivalent to 4.1845 % of the company's issued share capital.

On September 24, 2012, Credit Suisse Funds AG, Kalandergasse 4, 8045 Zurich, Switzerland reported that as a result of share purchases its holdings of registered shares of Valora Holding AG as of September 19, 2012 had increased to 140 269 registered shares (equivalent to 5.0096 % of the company's issued share capital).

On August 14, 2012, Credit Suisse Funds AG, Kalandergasse 4, 8045 Zurich, Switzerland reported that as a result of share disposals its holdings of registered shares of Valora Holding AG as of August 8, 2012 had been reduced to 137 757 registered shares (equivalent to 4.9199 % of the company's issued share capital).

On May 2, 2012, Credit Suisse Funds AG, Kalandergasse 4, 8045 Zurich, Switzerland reported that as a result of share purchases its holdings of registered shares of Valora Holding AG as of April 25, 2012 had increased to 140 888 registered shares (equivalent to 5.0317 % of the company's issued share capital).

On January 31, 2012, Credit Suisse Funds AG (formerly Credit Suisse Asset Management Funds AG), Kalandergasse 4, 8045 Zurich, Switzerland reported that as a result of share disposals its holdings of registered shares of Valora Holding AG as of January 25, 2012 had been reduced to 139 029 registered shares (equivalent to 4.965 % of the company's issued share capital).

Ditsch Ernst Peter: On November 9, 2012, Ernst Peter Ditsch, 55131 Mainz, Germany reported that, as a result of Valora Holding AG's capital increase, the 635 599 registered shares he held on November 9 2012 were equivalent to 18.50 % of the company's issued share capital.

On September 27, 2012, Ernst Peter Ditsch, 55131 Mainz, Germany reported that in part payment for his sale to Valora Holding AG of his two companies Brezelkönig GmbH & Co. KG and its limited-liability partner Zweite Brezelkönig Verwaltungs GmbH, both with registered offices in Mainz, his holdings of registered shares of Valora Holding AG as of September 24, 2012 amounted to 635 599 registered shares (equivalent to 22.70 % of the company's issued share capital).

Ethenea Independent Investors S.A.: On February 11, 2014, Ethenea Independent S.A., rue Gabriel Lippmann, 5365 Munsbach, Luxembourg reported that as a result of share purchases its holdings of registered shares of Valora Holding AG as of February 5, 2014 had increased to 172 200 registered shares (equivalent to 5.01 % of the company's issued share capital).

On August 14, 2013, Ethenea Independent S.A., rue Gabriel Lippmann, 5365 Munsbach, Luxembourg reported that as a result of share purchases its holdings of registered shares of Valora Holding AG as of August 5, 2013 amounted to 106 431 registered shares (equivalent to 3.09 % of the company's issued share capital).

Lombard Odier Asset Management (Switzerland) SA (formely Lombard Odier Darier Hentsch Fund Managers SA): No reports were received from this shareholder during 2012 and 2013.

On April 1, 2010, Lombard Odier Darier Hentsch Fund Managers SA (LODHFM), Avenue des Morgines 2, 1213 Petit-Lancy, Switzerland reported that as of March 31, 2010, the registered shares of Valora Holding AG held by investment funds under its control were as follows: LODH Swiss Cap (ex-SMI) (40 220 shares / 1.44% of the company's issued share capital), IF IST2 Actions Suisses Valeurs Complémentaires (42 462 shares / 1.52%), IS Valiant Swiss Equities SPI Index + (750 shares /0.03%), IF IST2 Actions Suisses SPI Plus (683 shares / 0.02%) and IF IST2 European Small Mid Cap (1135 shares / 0.04%). In aggregate, these holdings amounted to 85 250 registered shares of Valora Holding AG, which is equivalent to 3.04% of the company's issued share capital.

Norges Bank (the Central Bank of Norway): On April 4, 2013, Norges Bank (the Central Bank of Norway), Bankplassen 2, P. O. Box 1179 Sentrum, 0107 Oslo, Norway reported that as a result of share purchases its holdings of registered shares of Valora Holding AG as of March 27, 2013 amounted to 120 471 registered shares, which is equivalent to 3.51% of the company's issued share capital.

Pictet Funds S.A.: On August 23, 2012, Pictet Funds S.A., Route des Acacias 60, 1211 Geneva, Switzerland reported that as a result of share disposals the registered shares of Valora Holding AG held by investment funds under its control on August 22, 2012 were as follows: Pictet (CH) Swiss Mid Small Cap (2.24%), Pictet (CH) Enhanced Swiss Equities (0.21%), Pictet Institutional Swiss Equities Tracker (0.18%), Pictet (CH) Swiss Market Tracker (0.14%), Ethos – Equities CH Indexed Corporate Governance (0.10%), Pictet-Ethos (CH) Swiss Sustainable Equities (0.03%), Raiffeisen Index Fonds (0.02%), Pictet (CH) Swiss Equities (0.02 %), Subvenimus Institutional Fund (0.01%). In aggregate, these holdings amounted to 82 205 registered shares of Valora Holding AG, which is equivalent to 2.94% of the company's issued share capital.

On May 18, 2012, Pictet Funds S.A., Route des Acacias 60, 1211 Geneva, Switzerland reported that as a result of share disposals the registered shares of Valora Holding AG held by investment funds under its control on May 15, 2012 were as follows: Pictet (CH) Swiss Mid Small Cap (2.63%), Pictet Institutional – Swiss Equities Segment (0.6%), Pictet (CH) Solutions – Swiss Equities (0.51%), Ethos – Equities CH Mid & Small (0.25%), Pictet (CH) Enhanced – Swiss Equities 130 / 30 (0.20%), Pictet Institutional – Swiss Equities Tracker (0.18%), Pictet (CH) – Swiss Market Tracker (0.16%), Pictet (CH) Swiss Equities (0.15%), Ethos – Equities CH Indexed Corporate Governance (0.10%), Pictet-Ethos (CH) – Swiss Sustainable Equities (0.03%), Raiffeisen Index Fonds SPI (0.02%), Subvenimus Institutional Fund (0.01%). In aggregate, these holdings amounted to 135 539 registered shares of Valora Holding AG, which is equivalent to 4.84% of the company's issued share capital.

UBS Fund Management (Switzerland) AG: On June 29, 2013, UBS Fund Management (Switzerland) AG, P.O. Box, 4002 Basel, Switzerland reported that as a result of share disposals its holdings of registered shares of Valora Holding AG as of June 24, 2013 had been reduced to 170 937 registered shares, which is equivalent to 4.98% of the company's issued share capital.

Valora Holding AG: On April 25, 2013, Valora Holding AG reported that, following the expiration of the lock-up period affecting the shares concerned, it holds preferential purchasing rights covering 635 599 of its own shares (equivalent to 18.50% of the company's issued share capital) in accordance with the announcement made on September 27, 2012, details of which are set out below. As of April 25, 2013, Valora Holding AG held a further 51 011 of its own registered shares as treasury stock (equivalent to 1.48% of the company's issued share capital). In aggregate, these holdings were therefore equivalent to 19.98% of the company's issued share capital (1.48% in shares of treasury stock and 18.50% in the form of preferential purchasing rights).

On September 27, 2012, Valora Holding AG, Hofackerstrasse 40, 4132 Muttenz, Switzerland reported that, under the terms of a contractual provision applicable in the event of the shares held by Ernst Peter Ditsch being offered for sale after the end of the lock-up period to which they are subject, it holds preferential purchasing rights covering 635 599 of its own registered shares (equivalent to 22.70 % of the company's issued share capital). As September 27, 2012, Valora Holding AG held a further 53 130 of its own registered shares as treasury stock (equivalent to 1.90 % of the company's issued share capital). In aggregate, these holdings were equivalent to 24.60 % of the company's issued share capital (1.90 % in shares of treasury stock and 22.70 % in the form of preferential purchasing rights).

1.3 CROSS SHAREHOLDINGS. There are no reportable cross shareholdings between Valora Holding AG and its subsidiaries and other companies.

2 CAPITAL STRUCTURE

2.1 CAPITAL STRUCTURE AT DECEMBER 31, 2013. The ordinary share capital of Valora Holding AG as of December 31, 2013 amounted to CHF 3 435 599, comprising 3 435 599 single-class registered shares of CHF 1.00 nominal value each, each entitled to dividends and votes. All Valora Holding AG ordinary registered shares are fully paid up and listed on the main section of the SIX Swiss Exchange and BX Berne eXchange. Valora Holding AG has conditional capital of CHF 84 000, comprising 84 000 registered shares of CHF 1.00 nominal value each.

2.2 CONDITIONAL AND AUTHORISED CAPITAL. Conditional capital amounting to a maximum of CHF 84 000, comprising 84 000 registered shares of CHF 1.00 nominal value each, was approved by the Annual General Meeting of May 11, 2000. These shares can be used at any time by the Board of Directors to cover the exercising of options granted to employees of the company or Group companies within the overall framework laid down by the Board of Directors. Existing shareholders have no subscription rights for such shares. No time limits apply. None of this conditional capital had been issued at December 31, 2013. The conditional capital of CHF 84 000 remains unchanged.

At their Ordinary General Meeting held on April 15, 2011, Valora Holding AG shareholders granted the Board of Directors authority to increase the company's share capital, at any time until April 15, 2013, by up to CHF 840 000 through the issue of up to 840 000 fully paid up new shares of CHF 1.00 nominal each. On November 6, 2012, in connection with its acquisition of the Ditsch/ Brezelkönig group of companies, Valora increased its share capital by issuing 635 599 new registered shares with a nominal value of CHF 1.00 each.

At their Ordinary General Meeting held on April 18, 2013, the shareholders of Valora Holding AG approved the creation of additional authorised capital of up CHF 250 000 consisting of up to 250 000 registered shares with a nominal value of CHF 1.00 each, which may be issued at any time until April 18, 2015. The Board of Directors has full discretion to determine the amount of share capital to be issued, the form of payment required for subscription, the date of issue, the conditions governing the exercise of subscription rights and the commencement of dividend entitlement. The Board of Directors is authorised to restrict or prohibit trading in the subscription rights to these shares. The detailed regulations governing these shares are set out in Article 3b of the company's Articles of Incorporation.

2.3 CHANGES IN CAPITAL STRUCTURE. At their Ordinary General Meeting held on April 15, 2011, Valora Holding AG shareholders authorised the Board of Directors to reduce the company's issued share capital by repurchasing up to 280 000 registered shares. The Board of Directors is empowered to determine the modalities of the repurchase programme at its sole discretion.
In connection with the completion of its acquisition of the Ditsch/Brezelkönig group of companies, Valora increased its share capital by CHF 635 599 on November 6, 2012 – from CHF 2 800 000 to CHF 3 435 599 – by issuing 635 599 new registered shares with a nominal value of CHF 1 each. Existing shareholders were granted no subscription rights to these new shares, which have been transferred to Ernst Peter Ditsch in consideration of his transfer to Valora of all the outstanding

shares of Brezelkönig GmbH & Co. KG and of Zweite Brezelkönig Verwaltungs GmbH, both of which have their registered offices in Mainz, Germany. The new shares represent a portion of the agreed purchase price for this acquisition paid by Valora.

Changes in the reserves and overall shareholders' equity of Valora Holding AG are shown in the balance sheet (page 117) and in the notes to the financial statements of Valora Holding AG (page 118).

2.4 SHARES, PARTICIPATION CERTIFICATES AND DIVIDEND-RIGHT CERTIFICATES. All 3 435 599 registered shares each have a nominal value of CHF 1.00 and are fully paid up. Each share entitles its holder to a dividend, except the shares held in treasury by Valora Holding AG. There are no preferential shares. Valora holding AG has not issued any participation certificates or dividend right-certificates.

2.5 CONVERTIBLE BONDS AND OPTIONS. At December 31, 2013, Valora Holding AG had no convertible bonds or options outstanding.

2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS. Details of limitations on transferability and nominee registrations are shown in section 6.1 of this corporate governance report.

3 BOARD OF DIRECTORS

3.1 BOARD OF DIRECTORS. At December 31, 2013, the Board of Directors of Valora Holding AG comprised the following six members:

Rolando Benedick, 1946, Swiss citizen, Chairman and CEO (since May 2012)
Previous activities: CEO of Innovazione, CEO of the Manor Group, Board Chairman of the Manor Group, Member of the Board of Directors of Jacobs Holding AG, Member of the Board of Barry Callebaut AG.
Current activities: Board Chairman of Manor Sud (since 1999), Vice-Chairman of the Board of Directors of MCH Group AG (since 2004) and member of the Board of Directors of Galfa Group Paris (since 2009), member of the Supervisory Board and the Board Committee of the Chamber of Commerce of Basel-Stadt and Basel-Land.

Markus Fiechter, 1956, Swiss citizen, Vice-Chairman
Master's degrees in Chemical Engineering from the Swiss Federal Institute of Technology and in Economics from the University of St. Gallen.
Previous activities: Manager, Mettler Toledo AG, Manager, Boston Consulting Group, CEO, Minibar Group, CEO, Jacobs Holding AG, Member of the Boards of Directors of Barry Callebaut AG.
Current activities: Member of the Boards of Directors of Minibar AG (since 2005) and W. Schmid AG (since 2012).

Bernhard Heusler, 1963, Swiss citizen
Attorney-at-law, doctorate and master's degree in Law from the University of Basel and postgraduate studies at the University of California, Davis. Previous activities: temporary associate at Davis Polk & Wardwell, New York, associate at Wenger Plattner, Attorneys-at-law in Basel, Bern and Zurich. Current activities: Partner at Wenger, Plattner, Attorneys-at-law (leaving with effect from July 31, 2014), Chairman (since 2012) and Board Delegate (since 2009) of the FC Basel 1893 AG football club.

Franz Julen, 1958, Swiss citizen
Diploma in hotel and restaurant management from the Swiss Hotel Management School, Lucerne.
Previous activities: Deputy Managing Director, Marc Biver Development Sportmarketing, Chairman of the Management Committee, Völkl International AG, COO, INTERSPORT International Corporation.
Current activities: CEO, INTERSPORT International Corporation (since 2000).

Conrad Löffel, 1946, Swiss citizen
Federally qualified Swiss chartered accountant.
Previous activities: CFO, Intercontainer, CFO, Kuoni, CFO, Danzas and partner and Board director of Ernst & Young AG, Basel.
Current activities: Member of the Board of Directors of Adimmo AG (since 2006) and Member of the Board of Directors of Swiss Federal Railways (since 2008).

Ernst Peter Ditsch, 1956, German citizen
Qualified German insurance agent.
Previous activities: owner and Managing Director of Brezelbäckerei Ditsch GmbH and Brezelkönig GmbH & Co. KG.
Current activities: partner and Managing Director of DV Verwaltungs GmbH, member of the Supervisory Board of Mainzer Volksbank, a registered cooperative under German law.

With the exception of Rolando Benedick, who held the position of CEO from May 2012 until February 2014, no members of the Board of Directors have any operational management duties within the Valora Group. The following Board members maintain business relationships with the Valora Group: Bernhard Heusler will be a partner at Wenger, Plattner, Attorneys-at-law with offices in Basel, Bern and Zurich, until July 31, 2014. In 2013, one member of Wenger Plattner staff worked on an IT case which remained pending. This person had been engaged on this case since its commencement. Most of the CHF 196 thousand fee paid by Valora relates to this matter. Bernhard Heusler was not involved in providing Valora with any legal advice. Ernst Peter Ditsch has concluded a consultancy agreement with Valora for a period commencing on November 1, 2012 and ending no later than October 31, 2014. His annual remuneration under this agreement amounts to EUR 400 thousand. Expenses incurred by Markus Fiechter in connection with Valora Trade's new strategic direction were reimbursed separately. This mandate expired in 2013.

Board changes. Having served on the Board for six years, Conrad Löffel has decided not to stand for re-election. The Board will recommend that Mrs. Cornelia Ritz Bossicard be elected as his successor on the Board of Directors.

3.2 OTHER ACTIVITIES AND VESTED INTERESTS. Some Board members engage in other business activities with major companies.

3.2.1 SUPERVISORY BOARD ACTIVITIES.

- Rolando Benedick: Board Chairman of Manor Sud, Vice-Chairman of the Board of Directors of MCH Group AG and member of the Board of Directors of Galfa Group, Paris, member of the Supervisory Board and the Board Committee of the Chamber of Commerce of Basel-Stadt and Basel-Land
- Markus Fiechter: member of the Boards of Directors of Minibar AG and W. Schmid AG. Member of the Supervisory Board of the Swiss Federal Foundation for the Furtherance of the Swiss Economy through Scientific Research (in German, "Eidgenössische Stiftung zur Förderung schweizerischer Volkswirtschaft durch wissenschaftliche Forschung"), Zurich

- Franz Julen: Vice-Chairman of the Supervisory Board of the Union of Groups of Independent Retailers of Europe (UGAL), a non-profit international organisation
- Conrad Löffel: member of the Boards of Directors of Adimmo AG and Swiss Federal Railways
- Ernst Peter Ditsch: member of the Supervisory Board of Mainzer Volksbank, a registered cooperative under German law

3.2.2 MEMBERSHIP OF EXECUTIVE COMMITTEES.
- Bernhard Heusler: Partner with Wenger Plattner, Attorneys-at-law, Basel, until July 31, 2014, Chairman and Board Delegate of the FC Basel 1893 AG football club
- Franz Julen: CEO of INTERSPORT International Corporation, Bern

3.3 ELECTIONS AND TERMS OF OFFICE. The Board of Directors comprises at least three members who are elected by the General Meeting of Shareholders for a term of one year – one year being the period from one Ordinary General Meeting to the next. Each Board member is elected individually. Outgoing Board members may be re-elected. Members retire permanently from the Board on the date of the Ordinary General Meeting following their 70th birthday. Any exceptions to these rules must be recommended by the Board of Directors to the General Meeting and approved by the latter.

The Board of Directors is self-constituting. The Board names a Chairman and a Deputy Chairman and a Secretary. The Secretary need not be a Board member. With the exception of Franz Julen, who was first elected in 2007, and Ernst Peter Ditsch, who was first elected in 2013, all other Board members were first elected in 2008.

3.4 INTERNAL ORGANISATIONAL STRUCTURE AND COMMITTEES. The Board of Directors discharges the duties required of it by law (article 716a of the Swiss Code of Obligations). The Board has supreme managerial responsibility for the company and the supervision of its conduct of business. It is charged with the outward representation of the company and attends to all matters which the law, the company's Articles of Incorporation or the company's bylaws have not assigned to another executive body of the company. The Board of Directors may delegate powers and the management of the company or individual parts thereof to one or more persons, to members of the Board or to third parties who need not be shareholders, provided such affairs are not inalienably assigned to it by law or the articles of incorporation. The Board issues the company's bylaws and regulates the contractual relationships relating to them.

There is no explicit allocation of responsibilities among Board members other than that arising from Board committee memberships. Board members are, however, selected as to ensure that the Board as a whole has specific expertise in the fields of finance, retail, franchising, trade, IT and law.

Minutes are kept of Board meetings.

The composition of the Board committees is as follows:
- Audit Committee: Conrad Löffel (Chairman), Rolando Benedick, Bernhard Heusler.
- Nomination and Compensation Committee: Franz Julen (Chairman), Markus Fiechter, Ernst Peter Ditsch.

The Board of Directors held 7 meetings in 2013 and conducted 5 conference calls. The meetings generally lasted all day. The Audit Committee held 3 half-day meetings and made 1 resolution by circular, while the Nomination and Compensation Committee held 6 half-day meetings and conducted 3 conference calls. The Board of Directors and its committees may invite other persons – in particular members of management and representatives of the internal and external audit functions – to attend their meetings. The CEO and CFO attended all meetings of the Board of Directors and its Committees. The heads of Valora's divisions presented their divisions' results at Board meetings. Representatives of the internal and external audit functions attended all Audit Committee meetings.

3.4.1 AUDIT COMMITTEE DUTIES.

a) To assess accounting practices and principles, financial reporting and other financial information and to report on these to the Board of Directors.
b) To assess other financial information which is published or submitted to third parties.
c) To assess the financial reporting for the annual and half-yearly reports and make appropriate recommendations to the Board of Directors.
d) To monitor and discuss possible financial risks.
e) To assess risk management principles and activities with regard to financial risk.
f) To assess the quality of ICS (internal control system) processes within the company.
g) To assess the Group's risk situation and report on it to the Board of Directors.
h) To assess and finalise the internal audit function's budget, organisation and multi-year planning.
i) To assess and finalise the internal audit function's annual audit plan.
j) To decide on the appointment and dismissal of the head of internal audit.
k) To assess the audit scope, performance and independence of the external auditors and the fees paid to them, and to propose nominations for the external audit function (for the financial statements of Valora Holding AG and the Valora Group) to the Board of Directors.
l) To assess audit findings in the internal and external auditors' reports.
m) To commission additional and follow-up audits with regard to specific issues or problems as needed.
n) To assess the implementation of measures recommended in audit reports.
o) To assess the collaboration between internal and external auditors.
p) To assess financing and treasury policy.
q) To assess the legal department's annual report on major, potential, pending and resolved legal issues whose financial consequences are significant.
r) To assess tax planning, tax management and tax audits and their outcomes.
s) To assess the evolution of corporate governance and to formulate appropriate recommendations to the Board of Directors.
t) To carry out other tasks and projects as instructed by the Board of Directors.

For the duties specified in a), b), c), d), e), f), g) k), l), n), o), p), q), r), s) and t) above, the Audit Committee exercises a preparatory function. For the duties specified in h), i), j) and m) the Audit Committee exercises a decision-making function.

3.4.2 NOMINATION AND COMPENSATION COMMITTEE DUTIES.

a) To prepare proposals on the remuneration of the Chairman of the Board and the other Board members and submit these to the Board.
b) To determine the salaries and other terms and conditions of employment for the CEO and the other members of Group Executive Management.
c) To assess general annual salary increases proposed by the CEO and to make recommendations on these to the Board.
d) To review share programmes for management and employees and share option and profit-sharing programmes for the Board and Group Executive Management and to make recommendations on these to the Board.
e) To approve general salary increases.
f) To approve share, share option and profit-sharing programmes for management and employees.
g) To prepare proposals for new candidate Board members for submission to the Board.
h) To prepare proposals for submission to the Board on the appointment or dismissal of the CEO and other Group level executives (CFO, members of Group Executive Management).
i) To approve the conditions of employment of the CEO and the other members of Group Executive Management.

j) To remain informed of and monitor succession planning for the top two tiers of management.
k) To discuss the performance appraisals of the CEO and the other members of Group Executive Management.
l) To monitor the implementation of Board decisions within the scope of the Nomination and Compensation Committee's remit.
m) To approve the principles governing the company's pension funds and to appoint the employer's representatives to serve on their supervisory boards.
n) To resolve matters of principle relating to the company's dealings with trade unions.
o) To carry out other tasks and projects as instructed by the Board of Directors.

For the duties specified in a), c), d), e), f), g), h), i), j), k), l), m), n) and o) above, the Nomination and Compensation Committee exercises a preparatory function. For the duties specified in b) above, the Nomination and Compensation Committee exercises a decision-making function.

3.5 DEFINITION OF AREAS OF RESPONSIBILITY. The Board of Directors meets as frequently as business demands, holding a minimum of four meetings each year. Board meetings are convened by the Chairman or, in his absence, by the Deputy Chairman or another Board member. The Chairman is also required to call a Board meeting within 30 days of receiving a written request to do so from any of its members. The Board is quorate if a majority of its members are present. No quorum is required for the Board to approve reports on capital increases or on the subsequent paying in of shares not fully paid up, or for any resolutions which require notarisation. Board resolutions are passed and elections decided by a simple majority of the votes cast. In the event of a tie, the Chairman has the casting vote. Voting and elections are normally conducted by a show of hands, unless a Board member requests a secret ballot. Board resolutions on proposals submitted to it may also be passed by majority written approval (by letter, telegram or fax or in other written form), provided all Board members have been invited to vote and no member has requested that the issue concerned be discussed verbally. All Board resolutions must be recorded in a set of minutes, which the Chairman and the Secretary must jointly sign. Every Board member is entitled to information and access to documents, within the overall provisions of the law.

The Board of Directors has ultimate responsibility for the management of the Group, in particular determining the key attributes of the company's activities, maintaining an appropriate balance between entrepreneurial objectives and financial resources and promulgating such directives as this requires. The Board is also responsible for approving corporate strategy and specifying organisational structure, as well as defining the strategy and concept governing the internal control system and risk assessment and risk management activities. The Board also bears ultimate responsibility for personnel matters and determines the fundamental principles of the company's staff and salary policies. It is responsible for the appointment, dismissal and supervision of those charged with the management of the company, the Group and the individual divisions – in particular the CEO, CFO and divisional heads – and for defining their deputising arrangements and signatory powers. The Board also establishes the guidelines for financial and investment policy, and approves medium-term planning, annual budgets and investment schedules.

The Board of Directors delegates the entire management of ongoing operations and the representation of the company to Group Executive Management under the leadership of the CEO, to the extent that the law or the company's Articles of Incorporation or bylaws do not stipulate otherwise. Group Executive Management has the authority to decide on all matters relating to the business entrusted to it. Decisions on matters which are beyond the scope of regular business operations or which exceed the thresholds specified in the company's terms of reference (ToR) require approval by the Board of Directors. In essence, this applies to:

- the commencement of new business activities or the cessation of existing ones.
- the execution of significant contracts relating to areas outside the scope of Valora's normal business activities and the execution of consultancy contracts whose costs (either aggregate or annual) exceed CHF 2 million.

- the issuance of marketable debt securities or the contracting of long-term borrowing in amounts in excess of CHF 30 million.
- the granting of loans to third parties whose amount exceeds CHF 10 million.
- carrying out investments covered by the investment plan for amounts of more than CHF 5 million or carrying out non-budgeted investments for amounts of more than CHF 2 million.
- the granting of sureties or guarantees for amounts in excess of CHF 10 million.
- the acquisition or disposal of equity participations.
- the purchase or sale of real-estate properties for amounts in excess of CHF 5 million.
- the initiation or termination of legal disputes, including the agreement to court-ordered or out-of-court settlements for amounts in excess of CHF 2 million.

3.6 INFORMATION AND CONTROL INSTRUMENTS AVAILABLE TO THE BOARD OF DIRECTORS. The CEO keeps the Chairman of the Board informed about the business performance of the company and the Group. At Board meetings, the CEO informs the Board about the business performance of the company, the Group and the individual divisions and also reports on all major business events. The CEO notifies the Board immediately of any extraordinary events whose implications are substantial.

In addition, the Management Information System provides the Board of Directors with the following on a regular basis: monthly sales figures and monthly divisional and Group reporting based on the budget approved by the Board versus current and prior year's actual figures, information regarding major business events, data on the shareholder structure and the extent to which resolutions approved by the General Meeting or the Board of Directors have been implemented.

The Chairman of the Board of Directors is provided with copies of the minutes of all Group Executive Management meetings. Any member of the Board of Directors may demand information from management about the course of business and operations and, with the approval of the Chairman of the Board, on specific business transactions. Any Board member may also demand that company books and files be made available for their inspection.

3.6.1 RISK MANAGEMENT. The Board of Directors and Group Executive Management carry out a risk assessment once a year. The objective is to make the principal risks to which Valora is exposed more transparent, to improve the quality of risk dialogue and to define practical measures for addressing key risks to Valora. The results are reviewed at a joint meeting held with the Board of Directors at which a plan for implementing appropriate measures is approved.

The risk assessment is initiated by the head of internal audit and is then carried out jointly, with external assistance, by Group Executive Management and the Chairman of the Board. The risk assessment process comprises three phases. In phase 1, the catalogue of risks and the methodological parameters are defined, and structured interviews are held with the individual members of Group Executive Management. This phase also involves some 15 key Valora employees being questioned by internal audit about their assessment of the risk situation. In phase 2, the results of these interviews are discussed in a workshop held with Group Executive Management, the key risks are identified and measures for addressing them are defined, with responsibility for their execution being assigned to specific members of Group Executive Management. The implementation status of measures decided upon the previous year is also reviewed. The final phase involves documenting the key findings and potential consequences of each of the key risks identified, as well as the measures adopted to address them, in a risk report which is submitted to the Board of Directors for approval.

The principal risks identified in 2013 relate to the positioning of alternative product-range categories introduced to offset declines in certain lines at Valora Retail, the implementation of the Valora Trade business model, the streamlining of cost structures, the integration of the Convenience Concept outlets and the capacity and quality of management in specific business areas at Valora Retail and Valora Trade.

3.6.2 INTERNAL AUDIT. Internal audit supports the Board of Directors, the Audit Committee and Group Executive Management in the execution of their supervisory and controlling duties. In order to ensure the greatest possible degree of independence, the internal audit function reports to the Chairman of the Board of Directors, with a functional reporting line to the Chairman of the Audit Committee. Internal audit's activities cover the entire Valora Group and all its subsidiaries in Switzerland and abroad. Internal audit may be tasked with examining processes and projects within the Group and provides technical support, within the Internal Control System (ICS) context, to the ICS head, obtains quarterly ICS status reports and subjects the ICS framework to an annual review.

A written report is compiled for every audit and every other mandate carried out by internal audit. These reports are discussed in detail with the organisational units which have been examined and each such unit is required to define a schedule of concrete steps for implementing the measures which have been determined. Internal audit then verifies the implementation of these measures within one year. The Chairman of the Board of Directors, the Chairman of the Audit Committee, the CEO and the CFO each receive a copy of these reports, which include the comments of those concerned. The external auditors also have free access to these reports.

By mid-March of the following year, internal audit submits an activity report for each calendar year. In addition to summarising its audit work, this report also provides details of internal audit's mission and strategy and of the extent to which its goals were achieved. Internal audit also formulates a rolling, risk-oriented multi-year plan, from which its annual audit plan is derived. The annual internal audit plan is agreed with the external auditors. It is then submitted to the Audit Committee for approval and communicated to Group Executive Management. Internal audit carried out 13 audits during 2013.

4 GROUP EXECUTIVE MANAGEMENT

4.1 MEMBERS OF GROUP EXECUTIVE MANAGEMENT. The CEO is responsible for managing the Group. He coordinates the activities of the individual divisions and chairs the Group Executive Management committee. The other members of Group Executive Management report to the CEO. The division heads run their divisions with a view to achieving sustainably profitable performance. They define the specific management tools their divisions require in addition to the Group-wide guidelines which are in place.

Rolando Benedick, 1946, Swiss citizen
Previous activities: CEO of Innovazione, CEO of the Manor Group, Board Chairman of the Manor Group, Member of the Board of Directors of Jacobs Holding AG, Member of the Board of Barry Callebaut AG.
Current activities: Board Chairman of Manor Sud (since 1999), Vice-Chairman of the Board of Directors of MCH Group AG (since 2004) and member of the Board of Directors of Galfa Group Paris (since 2009). Member of the Supervisory Board and the Board Committee of the Chamber of Commerce of Basel-Stadt and Basel-Land. Chairman and CEO of Valora (since May 2012).

Michael Mueller, 1972, Swiss citizen
Master's degree in Law from the University of St. Gallen.
Previous activities: Managing Director of Rubus Capital Management AG, CEO, Board Delegate and Member of the Board of Directors of Jelmoli Holding AG, CEO of GVO Asset Management AG, merger and acquisitions advisor at Goldman Sachs, management consultant at Bain & Company advising on strategic transformation and restructuring programmes. CFO of Valora since November 1, 2012.

Andreas Berger, 1966, German citizen
Master's degree in Economics from the University of St. Gallen.
Previous activities: director of ALDI GmbH & Co. KG Weimar, assistant to the Board of Directors and the proprietor of ALDI Nord, dealership business advisor at BMW AG Munich.
Head of Valora's Retail division since January 17, 2011.

Alexander Theobald, 1964, Swiss citizen
Master of Arts degree from the University of Zurich.
Previous activities: various publishing and marketing posts and Member of Senior Management of Tamedia AG, head of Swiss magazine division, director of publishing activities for Hungary and Romania and member of Group Executive Management of Ringier AG.
Head of Valora's Services division since May 1, 2010.

Alex Minder, 1957, Swiss citizen
Graduate in Business Administration, Executive MBA.
Previous activities: senior management positions at Bally International Ltd, client service director and executive committee member at Impuls Saatchi & Saatchi, Managing Director of Cadbury Switzerland, Board member of Cadbury Western Europe.
Head of Valora's Trade division since May 1, 2004.

Group Executive Management changes. The Board of Directors appointed Michael Mueller as Valora's new CEO with effect from March 1, 2014. He succeeds Rolando Benedick, who remains Chairman of the Board and will in future only carry out those duties. The Board of Directors also appointed Tobias Knechtle as the Valora Group's new CFO with effect from March 1, 2014. The Board of Directors appointed Thomas Eisele as a new member of Valora's Group Executive Management with effect from April 1, 2014.

4.2 FURTHER SIGNIFICANT ACTIVITIES AND VESTED INTERESTS. No member of Group Executive Management currently engages in any other activities in the management or supervisory boards of any listed companies in Switzerland or elsewhere. With the exception of the duties listed below, no member of Group Executive Management engages in any ongoing management or consultancy activities for companies outside the Valora Group, nor does any such member hold any public or political office.

The Valora Group is a founding member of the Swiss Retail Industry Group (Interessengemeinschaft Detailhandel Schweiz), where it is represented by Rolando Benedick. Michael Mueller is a member of the supervisory boards and of the investment committees of the Valora pension fund and the Valora employer's foundation, all of which have their registered offices in Muttenz.

4.3 MANAGEMENT CONTRACTS. There are no management contracts between Valora Holding AG and any companies or individuals outside the Valora Group.

5 REMUNERATION, SHAREHOLDINGS AND LOANS

5.1 COMPONENTS OF REMUNERATION AND SHAREHOLDING PROGRAMMES AND THEIR DETERMINATION.

The Board of Directors has determined a set of rules governing decision-making authority with regard to the remuneration of Board members and members of Group Executive Management. These are set out in section 3.4.2, Nomination and Compensation Committee Duties. The appropriateness of these duties is reviewed on an annual basis, with modifications being made as required.

The overall remuneration paid to each individual member of the Board of Directors and of Group Executive Management is authorised by the entire Board. Each Board member abstains from voting on his own remuneration. The Nomination and Compensation Committee exercises a preparatory function with regard to the remuneration guidelines for the Board and the remuneration paid to its members. With regard to Group Executive Management remuneration this Board Committee exercises a decision-making function.

5.1.1 GENERAL COMPONENTS OF REMUNERATION AND THEIR WEIGHTING.

Valora pays total remuneration packages which are in line with the market and individual performance. The remuneration system is designed to align management's interests with those of the Group. The fixed salaries determined by the Board of Directors for each member of Group Executive Management are based on the market value of the position concerned, the responsibilities associated with it and the effective scope of the activities it requires. The remuneration system is not linked to external benchmarks, nor is it based on a uniform job evaluation process. The overall remuneration paid to members of Valora's management comprises a fixed salary, a variable Short Term Plan and a share-based Long Term Plan. Beyond that, there are no contractual provisions for any payments extending beyond a maximum notice period of 12 months. Sections 5.1.2 and 5.1.3 provide detailed descriptions of the remuneration paid to the Board of Directors and Group Executive Management.

In 2009, the structure of the remuneration paid to the Board of Directors and Group Executive Management was modified and a share-based Long Term Plan was introduced. This plan, which forms an integral part of its participants' total remuneration, aims to align its participants' long-term interests with those of the company and to link their remuneration with its business performance.

The Board of Directors has decided to discontinue the Long Term Plan (LTP) for members of the Board and of Group Executive Management. The LTP for Board members will come to an end on the date of Valora's 2014 Ordinary General Meeting, when it will be replaced by a new remuneration model. In the case of Group Executive Management, the Board has decided to phase out the current LTP by October 31, 2015.

The LTP offers its participants the opportunity of buying a specific number of shares, which the Nomination and Compensation Committee determines for each participant individually in accordance with the procedure described below. Under the plan, each participant may purchase two tranches of shares, the tranches having lock-up periods which begin and end on different dates. As a rule, the lock-up period is between 24 and 45 months. Participants are allocated a number of shares representing a fixed percentage of their overall remuneration. For Board members this percentage is 57% and for members of Group Executive Management it is between 45% and 55%.

The purchase price for the shares in the plan is the average closing price recorded on SIX Swiss Exchange over the 20 trading days preceding the commencement of the LTP. Participants finance the purchase of their shares individually through a bank loan guaranteed by Valora, with the shares being pledged to the bank as collateral.

On the last day of each lock-up period, Valora will offer to buy back the shares in the relevant tranche from the plan participants at that day's SIX Swiss Exchange closing price. Participants wishing to avail themselves of this offer must advise Valora on the last day of the lock-up period how many of their shares they wish to sell back in this way. Once the lock-up period is over, participants have free access to any shares they elect not to sell. Should the price at which Valora buys back the shares tendered to it by the plan participants on the last day of the lock-up period (i.e. the closing price on that day) be lower than the purchase price fixed at the start of the LTP period, Valora undertakes to the lending bank and the plan participants that it will reimburse any difference between these prices, and that it will reimburse the plan participants for any tax disadvantage arising. Valora's share price guarantee to the bank will expire no later than the final day of the second lock-up period. The financing costs incurred by Valora are limited to the interest it pays on the loans.

In the event of a plan participant's employment being terminated by Valora before the end of either the first or the second lock-up period, the participant is required to sell a pro rata portion of the shares back to Valora at the original purchase price and the bank loan must be repaid in full. Should a plan participant resign from Valora, all the shares in any tranche whose lock-up period has not expired must be sold back to Valora at the original purchase price, and the participant has no pro rata entitlement to any shares in such tranches. For Board members, stepping down from the Board or not standing for re-election to the Board is regarded as tantamount to resignation.

When it initially determined the remuneration structure (for the 2011 LTP), the Nomination and Compensation Committee based its calculations on a projected average annual increase in the Valora share price of 11% and thus on a final target share price of CHF 477. The projected annual share-price increases applicable to participants who joined the plan at a later date will be revised upwards, to reflect the lower prices at which they purchased shares.

Based on these average projected increases in the price of Valora shares, the Long Term Plan is expected to account for 48% of overall projected compensation, with the Short Term Plan contributing 14% and fixed salary 38%.

A detailed statement of the number of shares held under these plans can be found in note 5 to the financial statements of Valora Holding AG on page 121.

No external consultancy fees were paid in connection with the development of this plan.

5.1.2 BOARD OF DIRECTORS. The Board of Directors determines at its own discretion the nature and amount of the remuneration paid to its members, based on proposals made by the Nomination and Compensation Committee. Members of the Board receive graduated fixed fees, whose amount is determined by their Board function (Chairman, Vice-Chairman, member). An additional emolument is paid to the Chairmen of the two Board committees (Audit Committee and Nomination and Compensation Committee). These fees are paid out in cash each quarter. No performance-based variable remuneration is paid to the Board of Directors. Board members also participate in the Long Term Plan (see 5.1.1 above). Conrad Löffel's participation in the Long Term Plan is option-based. No other modifying arrangements have been agreed. No attendance fees are paid for Board meetings, though a fixed amount of travel expenses is reimbursed.

5.1.3 GROUP EXECUTIVE MANAGEMENT. Members of Group Executive Management receive an annual salary which comprises a fixed and a variable component (the Short Term Plan). In addition, they also participate in the Long Term Plan (see 5.1.1 above).

Depending on the extent to which agreed objectives are met, the variable component (Short Term Plan) can range from 0% to a maximum of 64% of fixed base salary. On average, a member of Group Executive Management achieving 100% of his agreed objectives would qualify for a Short Term Plan payment equal to 39% of fixed base salary. 70% of the variable, performance-based component of remuneration is based on the company's business performance, which is measured on the basis of economic value added, while the remaining 30% depends on the achievement of personal objectives.

Valora uses a measure of economic value added (VVA, or Valora Value Added) which is defined as EBIT minus calculated financing costs. The VVA achieved is measured by taking the VVA for a given year minus the VVA for the previous year and dividing this by the budgeted VVA minus the VVA for the previous year.

The Board of Directors determines applicable previous year's VVA and approves the VVA budgeted for the current year. VVA calculations for the CEO and CFO are made on the basis of Group figures, while those for the division heads are based on the data for the relevant division.

Each participant's personal objectives and the extent to which these have been achieved are determined on an annual basis by the participant's superior or, in the case of members of Group Executive Management, by the Nomination and Compensation Committee. Personal objectives are defined in terms of clearly measurable key performance indicators (KPIs). All individual objectives are individually weighted and the extent to which they are deemed to have been achieved can vary from 0% to 150%. Each participant's effective bonus is calculated by assigning a 70% weighting to the achievement of the VVA objective and a 30% weighting to key personal objectives and will range from 0% to a maximum of 150% of their target bonus.

The Board's Nomination and Compensation Committee determines, at its own discretion, the amount of the overall remuneration paid to each individual member of Group Executive Management taking account of the fixed and variable elements involved as well as deciding on the amount of any performance-related remuneration paid. This Committee informs the Board of its decisions on these matters at the meeting held immediately thereafter.

Details of the remuneration paid to the Board of Directors and Group Executive Management and of the Valora shares held by their members can be found in note 5 to the financial statements of Valora Holding AG on page 119.

6 SHAREHOLDERS' PARTICIPATION RIGHTS

6.1 VOTING RIGHT AND REPRESENTATION RESTRICTIONS. Each share entitles its holder to one vote at the General Meeting. Voting is limited to those individuals who are entered as shareholders with voting rights in the Share Register.

The Board of Directors may refuse acknowledgement and entry in the Share Register as a shareholder with voting rights of any shareholder who fail to confirm expressly, on request, that they have acquired the shares concerned in their own name and for their own account. The Board of Directors may also cancel – with retroactive effect to the date of original entry – the entry in the Share Register as a shareholder with voting rights of any shareholder who, on subsequent inquiry, is found to have had the voting rights concerned registered by making a false declaration, and may have them entered instead as shares without voting rights. Any such cancellation must be communicated immediately to the shareholder concerned.

To enhance the tradability of Valora shares on the stock exchange, the Board of Directors may devise regulations or agreements which approve the fiduciary entry of registered shares with voting rights over and above the limits set out in the Articles of Incorporation for trustees who disclose the nature of their trusteeship (nominees, ADR banks). However, such trustees must be overseen by banking or financial market regulators or must otherwise provide the necessary guarantees that they are acting on behalf of one or several persons who are not linked to each other in any way, and must be able to provide the names, addresses and shareholdings of the beneficial owners of the shares concerned.

A shareholder may be represented at a General Meeting only by their legal representative, by another shareholder attending the General Meeting whose name is entered in the Share Register, by a proxy for deposited shares, by an executive body of the company or by the independent shareholders' representative.

Recognition of powers of attorney will be at the discretion of the Board members attending the General Meeting.

6.2 STATUTORY QUORUMS. Unless the law or the Articles of Incorporation require otherwise, the General Meeting passes its resolutions and conducts its elections by a simple majority of the share votes cast, irrespective of the number of shareholders attending or the number of shares represented. In the event of a tied vote, the Chairman of the Board of Directors holds the casting vote.

Under Article 12 of the Articles of Incorporation, the following resolutions require a majority of two thirds of the votes represented and an absolute majority of the nominal value of the votes represented:

- changing the object of the company;
- introducing shares with privileged voting rights;
- limiting or facilitating the transferability of registered shares;
- increases in authorised or conditional capital;
- capital increases from shareholders' equity, against contributions in kind or for acquisition purposes, and the granting of special benefits;
- limiting or suspending subscription rights;
- relocating the company's registered office;
- dissolving the company

6.3 CONVOCATION OF THE GENERAL MEETING. Ordinary or Extraordinary General Meetings are formally called at least 20 days in advance by publication in the "Schweizerisches Handelsamtsblatt" (Swiss Official Gazette of Commerce). The holders of registered shares shown in the Share Register may also be invited by letter. Such publication and letters of invitation must indicate the venue, date and time of the meeting, the items on the agenda and the wording of any motions proposed by the Board of Directors or by shareholders who have requested the convening of a General Meeting or the inclusion of an item on the meeting's agenda.

The notice of an Ordinary General Meeting must also indicate that the Annual Report and the Report of the Auditors will be available for inspection at the company's registered office at least 20 days in advance of the meeting, and that any shareholder will immediately be sent a copy of these documents on request.

No resolution may be passed on any matters that are not announced in the way described above, except on a motion to convene an Extraordinary General Meeting or to conduct a special audit.

The Articles of Incorporation stipulate that the convening of a General Meeting may also be requested by one or more shareholders who together represent at least 10% of the company's share capital.

6.4 ADDITIONAL AGENDA ITEMS. Shareholders who together represent at least 3% of the company's share capital or shares with a total nominal value of at least CHF 1 million may request that an item be placed on the agenda of a General Meeting, provided they submit details thereof to the company in writing at least 50 days in advance of the General Meeting concerned.

6.5 REGISTRATIONS IN THE SHARE REGISTER. To attend the 2014 Annual General Meeting, a shareholder must submit their request for registration in the Share Register to the company no later than 4 p.m. on April 28, 2014.

7 CHANGES OF CONTROL AND DEFENCE MEASURES

7.1 DUTY TO MAKE AN OFFER. The company has no "opting out" or "opting up" clauses in its Articles of Incorporation.

7.2 CLAUSES ON CHANGE OF CONTROL. There are no change of control clauses in favour of any members of the Board of Directors, Group Executive Management or other members of management.

8 AUDITORS

The consolidated financial statements and the financial statements of Valora Holding AG and its subsidiaries are audited by Ernst & Young AG. The General Meeting appoints an individual or corporate body that satisfies the relevant legal requirements to act as Statutory Auditors, with the rights and obligations prescribed by the law. The Statutory Auditors are elected for a one-year term of office.

8.1 DURATION OF THE MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR. The audit mandate was first entrusted to Ernst & Young AG at the 2009 General Meeting. Ernst & Young AG were appointed as auditors for a further year from 2010 until 2013 General Meeting. The lead auditor, Martin Gröli, first took on the mandate in 2009. Regulations on auditor rotation limit the terms which may be served by the same lead auditor to a maximum of seven years.

8.2 AUDIT FEES. The total cost to Valora Holding AG and its subsidiaries of the auditing conducted by Ernst & Young AG in 2013 in respect of the consolidated financial statements, the financial statements of Valora Holding AG and of its subsidiaries was CHF 1.3 million (CHF 1.3 million in 2012).

8.3 ADDITIONAL FEES. In addition, Ernst & Young AG invoiced the Valora Group for a further CHF 0.3 million (CHF 1.5 million in 2012) for other services related to tax advice and financial due diligence.

8.4 INFORMATION INSTRUMENTS AVAILABLE TO THE EXTERNAL AND INTERNAL AUDITORS. The Board of Directors' Audit Committee defines the audit mandates of the statutory auditors and has the responsibility of ensuring appropriate controls are carried out.

Internal auditing was carried out by Valora's internal audit unit in 2013. Both internal and external auditors attended all Audit Committee meetings. The Audit Committee meetings at which the interim and full-year financial results are reviewed are always attended by all members of the Board of Directors. Assessment of the external auditors takes account of a number of criteria, principal among which are deadline discipline, reporting quality, provision of additional information, availability of designated contacts and cost effectiveness. The external auditors submit to the Audit Committee both their report on the financial statements for the year just completed as well as their audit plan for the current financial year. The internal auditors submit their audit plan for the current year to the Audit Committee and also provide it with a separate report on each audit they carry out.

9 INFORMATION POLICY

Valora Holding AG meets all legal requirements and strives to meet best practice standards. Valora Holding AG uses all appropriate communication channels to maintain contact with the financial community and the general public. The firm reports on important news items concerning it on an ad hoc basis. In addition, the Valora website provides comprehensive information on a range of topics, as well as publishing details of all matters whose disclosure is required by law.

The Investor Relations unit is responsible for managing all contacts with investors and financial analysts. Regular conferences covering important company topics are held for the media, institutional investors and analysts. Shareholders and other interested parties may dial into these events by telephone or log on via the Valora Holding AG website.

Valora Holding AG is committed to treating all interested parties equally. The Group ensures that information is not disclosed selectively by adhering to the relevant directives on ad hoc publicity and on blackout periods ahead of the publication of interim and full-year results. These blackout periods commence on dates before the official publication of results which are set in advance and end when the results are published. No meetings with financial analysts or investors take place during the blackout periods.

Every spring, the company holds a results press conference for the media and financial analysts. The invitation to the General Meeting sent to all shareholders includes a summary of the key figures in the full-year financial statements.

At the end of August each year, the company publishes consolidated interim results for the first six months of the year and sends these to all shareholders entered in the Share Register (these results are unaudited).

Every autumn, the company hosts a media and investors' day, which provides detailed coverage of such matters as strategy, markets and customers.

The Investors section of the Valora website displays a variety of information, including the corporate governance report, the company's Articles of Incorporation, a calendar of events, information on the General Meeting and on Valora shares as well as other key metrics. Ad hoc news and reports on potentially price-sensitive matters can be obtained rapidly and free of charge by e-mail by registering on the Valora e-mail distribution list (http://www.valora.com/de/investors).

Ongoing sources of information:
- The www.valora.com company website
- Group interim and annual reports
- Media releases

Media relations: *Stefania Misteli*
Investor relations: *Mladen Tomic*

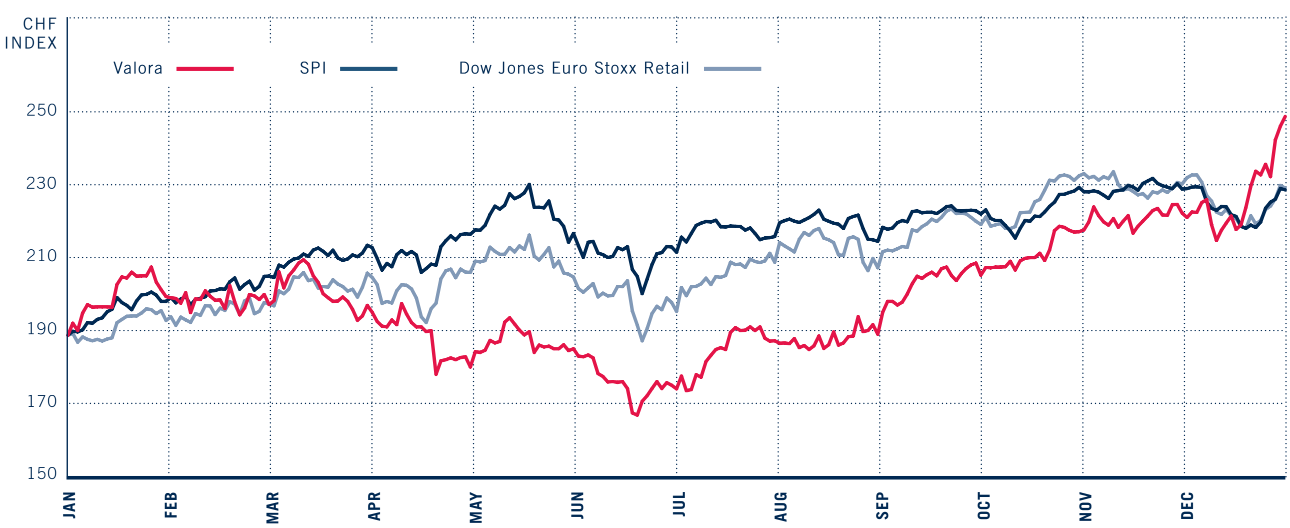
VALORA SHARES

1 SHARE PRICE TRENDS

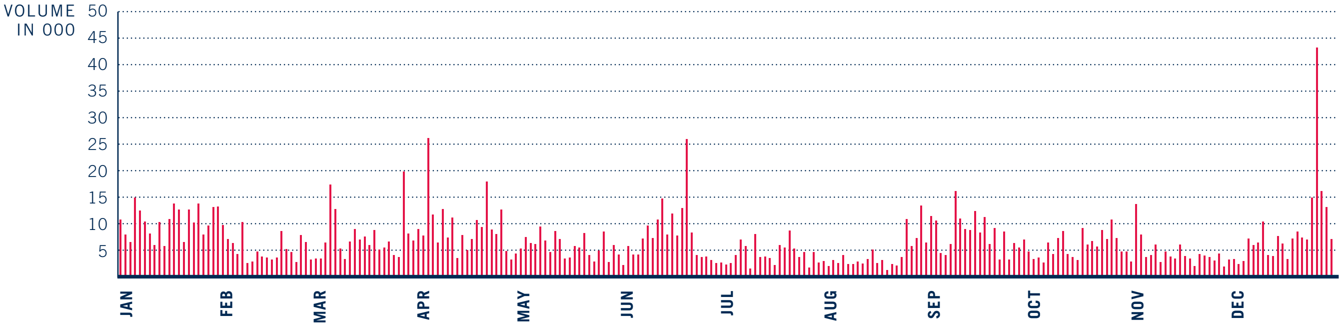
Overall Swiss equity-market performance. Swiss equities started 2013 on a positive note, completing the first quarter of the year with solid advances of + 14.5 % for the blue-chip Swiss Market Index (SMI) and + 15.1 % for the broader Swiss Performance Index (SPI). Diminishing political and financial uncertainty in Europe then helped to raise prices further, with the two main indices continuing their rally into May. A relatively sharp correction then occurred between mid-May and late June, sparked by speculation about the US Federal Reserve's future monetary policy. Swiss share prices recovered quickly from this decline, however, and equity markets then staged a broad-based advance during the third quarter of 2013, as governments in both the United States and the EU sent a clear message that the accommodative fiscal stance they had adopted hitherto would continue. By year-end 2013, the SPI had advanced + 24.6 %, while the SMI was up 20.2 %.

Valora share performance. Between early January and late February 2013, Valora Holding AG's shares moved more or less in lockstep with Switzerland's main equity-market indices. In the run-up to the publication of the Group's 2012 annual report and thereafter, Valora's share price then weakened, eventually declining to a 2013 low of CHF 166.80 on June 21. The shares' year-to-date performance till that point had been – 9 %, well below the positive returns achieved by the Swiss equity market as a whole. From July onwards, and especially after the Group released its first-half results in August, Valora registered shares then established a more positive trend. The Group's subsequent confirmation of its earlier guidance on its full-year 2013 earnings, coupled with its announcement of its intention to relinquish control over its Services division (which is engaged in press distribution, goods logistics and logistics services for third-party customers) then lent further momentum to this rally, enabling the shares to catch up with the overall market's year-to-date performance by late November. The announcement of the designation of the Group's new CEO and a variety of positive comments from analysts and in the media then helped to propel the share price higher still, enabling it to reach a 2013 high of CHF 248.70 on December 30, the final day of trading. Valora shares thus closed 2013 with an advance of 34.4 % on their level at the end of 2012.

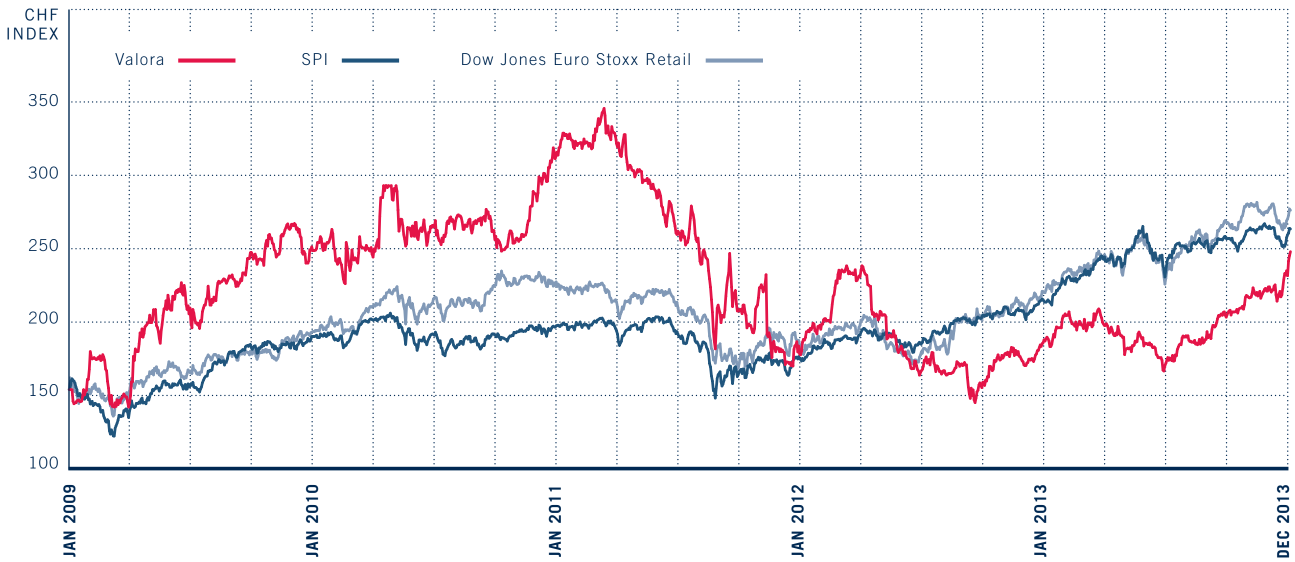
VALORA SHARE PRICE TREND 2013



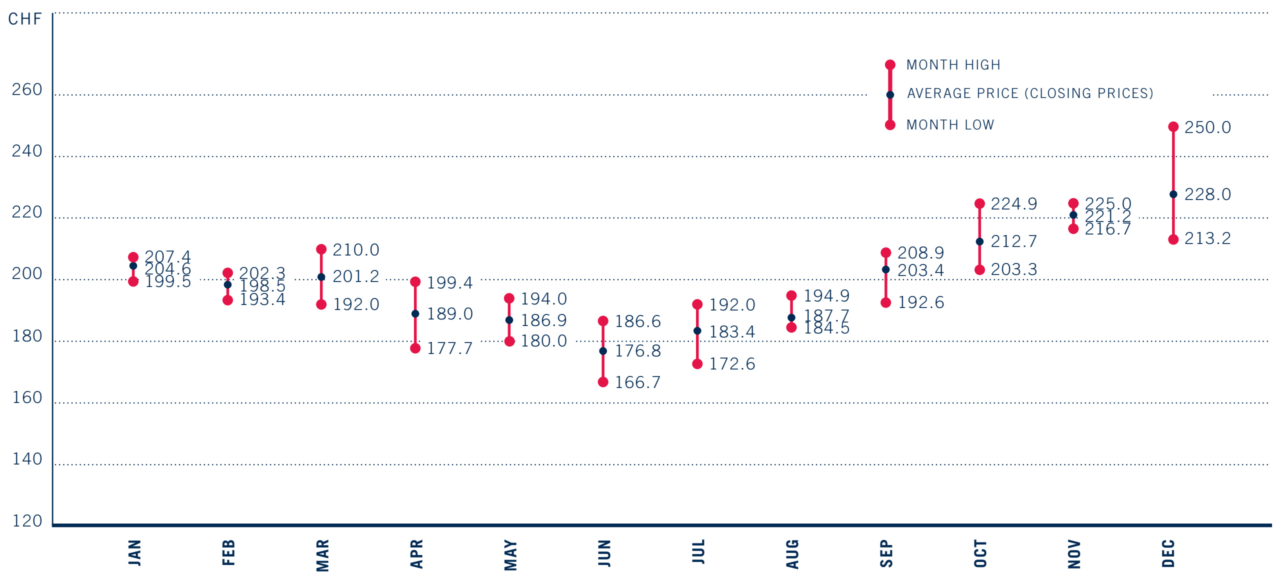
VALORA SHARE VOLUME 2013



VALORA SHARE PRICE TREND 2009–2013



MONTH HIGHS/LOWS IN 2013



2 SHAREHOLDER RETURNS

		2013	2012	2011	2010	2009
Share price						
Year end	CHF	248.70	185.10	196.50	326.25	255.00
Distributions to shareholders						
Dividends	CHF	[1] 12.50	12.50	11.50	11.50	10
Dividend yield	%	5.0	6.8	5.9	3.5	3.9
Annual returns						
excluding dividends	%	34.4	– 5.8	– 39.8	27.9	[2] 65.6
including dividends	%	41.1	0.6	– 36.2	32.5	[2] 72.1
Average returns [2]		**2009–2013 5 years**	2009–2012 4 years	2009–2011 3 years	2009–2010 2 years	2009 1 year
excluding dividends	%	10.1	4.7	8.5	45.6	65.6
including dividends	%	16.3	11.6	15.0	51.4	72.1

[1] Proposed
[2] Based on price 2008: CHF 154.00

3 KEY SHARE DATA

		2013	2012 Restated	2011	2010	2009
Operating profit (EBIT) per share [1] [2]	CHF	22.73	19.45	25.48	29.56	24.78
Free cash flow per share [1] [2] [3]	CHF	25.25	14.50	18.64	14.82	20.33
Earnings per share [1] [2]	CHF	13.46	13.09	20.24	22.35	18.94
Equity per share [1]	CHF	215.60	198.29	167.04	173.82	165.00
P/E Ratio [1] [2]	31.12	18.5	14.1	9.7	14.6	13.5

[1] Based on average number of shares outstanding
[2] Continuing operations
[3] Free cash flow: net cash provided by operating activities less net cash used in ordinary investing activities

4 SHAREHOLDER DATA AND CAPITAL STRUCTURE

		31.12.2013	31.12.2012
Registered shareholder data			
Composition	Significant shareholders > 5%	28.7% of shares	24.1% of shares
	10 largest shareholders	40.4% of shares	43.3% of shares
	100 largest shareholders	56.4% of shares	60.5% of shares
Origin	Switzerland	61.1% of shares	63.2% of shares
	Elsewhere	38.9% of shares	36.8% of shares

Valora Holding AG's share capital of CHF 3.4 million comprises 3.4 million registered shares with a nominal value of CHF 1.00 each.

Conditional capital amounting to a maximum of CHF 84 000, comprising 84 000 registered shares of CHF 1.00 nominal value each, was approved by the Ordinary General Meeting of shareholders of May 11, 2000. These shares can be used at any time by the Board of Directors to cover existing or future management profit-sharing plans. Existing shareholders have no subscription rights for such shares. No time limit applies. None of this conditional capital had been issued by December 31, 2013.

At their Ordinary General Meeting held on April 15, 2011, the shareholders of Valora Holding AG approved the creation of additional authorised capital, at any time until April 15, 2013, of up CHF 840 000 consisting of up to 840 000 registered shares with a nominal value of CHF 1.00 each. On November 6, 2012, 635 599 of these authorised shares, each with a nominal value of CHF 1.00, were issued in order to enable Valora to complete its acquisition of the Ditsch/Brezelkönig group of companies (see Note 6 to the Group's financial statements). The remainder of this authorised share capital was not used.

At their Ordinary General Meeting held on April 18, 2013, the shareholders of Valora Holding AG approved the creation of additional authorised capital, at any time until April 18, 2015, of up CHF 250 000 consisting of up to 250 000 registered shares with a nominal value of CHF 1.00 each, partial issues of this total amount being explicitly permitted. The Board of Directors has full discretion to determine the amount of share capital to be issued, the form of payment required for subscription, the date of issue, the conditions governing the exercise of subscription rights and the commencement of dividend entitlement. The Board of Directors is authorised to restrict or prohibit trading in the subscription rights to these shares. The detailed regulations governing these shares are set out in Article 3b of the company's Articles of Incorporation.

Swiss and non-Swiss shareholders are registered on the same terms in the Share Register. The company has distributed dividends to its shareholders without interruption since 1920.

5 SHARE CAPITAL

		2013	2012	2011	2010	2009
Total registered shares [1]	Shares	3 435 599	3 435 599	2 800 000	2 800 000	2 800 000
Treasury shares [1]	Shares	34 014	51 702	19 920	46 630	49 866
Number of shares outstanding [1]	Shares	3 401 585	3 383 897	2 780 080	2 753 370	2 750 134
Market capitalisation [1] [2]	CHF million	846	626	546	898	701
Average number of shares outstanding	Shares	3 387 163	2 913 674	2 767 795	2 750 735	2 749 815
Number of registered shareholders [1]		7 546	7 745	6 964	6 586	6 739

[1] At 31.12.
[2] Based on number of shares outstanding at 31.12.

6 TAX VALUES

	Securities no.	**At 31.12.2013**	At 31.12.2012	At 31.12.2011	At 31.12.2010	At 31.12.2009
Registered shares of CHF 1.00	208 897	248.70	185.10	196.50	326.25	255.00
2.875 % bond 2005 – 2012	2 189 351	–	–	100.76 %	102.25 %	102.80 %
2.5 % bond 2012 – 2018	14 903 902	103.75 %	104.65 %	–	–	–
4.0 % perpetual hybrid bond	21 128 255	101.05 %	–	–	–	–

FIVE-YEAR SUMMARY

		2013	2012 Restated	2011	2010	2009
Net revenues	**CHF million**	**2 859.0**	**2 847.9**	**2 817.9**	**2 877.7**	**2 897.0**
Change	%	+ 0.4	+ 1.1	– 2.1	– 0.7	– 1.2
Operating profit (EBIT)	**CHF million**	**77.0**	**56.7**	**70.5**	**81.3**	**68.1**
in % of net revenues	%	2.7	2.0	2.5	2.8	2.4
Net profit [1]	**CHF million**	**49.1**	**38.5**	**57.0**	**61.7**	**53.0**
Change	%	+ 27.8	– 32.6	– 7.5	+ 16.3	+ 115.0
in % of net revenues	%	1.7	1.4	2.0	2.1	1.8
in % of equity	%	6.7	6.7	12.3	12.9	11.7
Net cash provided by (used in)						
Operating activities	CHF million	129.3	54.5	97.0	78.7	106.2
Ordinary investment activities	CHF million	– 43.8	– 12.3	– 45.4	– 38.0	– 50.3
Free cash flow (used in)	**CHF million**	**85.5**	**42.2**	**51.6**	**40.7**	**55.9**
Company acquisitions (and long-term financial investments)	CHF million	– 4.3	– 288.0	– 40.1	– 32.2	– 9.9
Financing activities	CHF million	– 51.1	282.5	– 31.1	– 32.3	– 44.5
Earnings per share [1]	**CHF**	**13.46**	**13.09**	**20.24**	**22.35**	**18.94**
Change	%	+ 2.8	– 35.3	– 9.4	+ 18.0	+ 144.7
Free cash flow per share	**CHF**	**25.25**	**14.50**	**18.64**	**14.82**	**20.33**
Change	%	+ 74.1	– 22.2	+ 25.8	– 27.1	+ 44.0
Cash and cash equivalents	**CHF million**	**175.0**	**147.2**	**109.6**	**130.5**	**161.6**
Equity	**CHF million**	**730.3**	**577.8**	**462.3**	**478.1**	**453.7**
Balance sheet equity ratio	%	44.8	35.9	41.9	43.6	41.3
Number of employees at December 31	**FTE**	**5 750**	**5 962**	**5 801**	**6 455**	**6 522**
Change	%	– 3.6	+ 2.8	– 10.1	– 1.0	– 2.5
Net revenues per employee	**CHF 000**	**497**	**478**	**486**	**446**	**444**
Change	%	+ 4.1	– 1.7	+ 9.0	+ 0.4	+ 1.4
Number of outlets operated by Valora		**1 690**	**1 606**	**1 364**	**1 390**	**1 405**
Net sales per outlet [2]	CHF 000	1 165	1 208	1 183	1 156	1 133
Number of franchise outlets		**919**	**999**	**166**	**191**	**25**

All totals and percentages are based on unrounded figures from the consolidated financial statements
[1] From continuing operations
[2] Valora Retail only

Current details of press conferences and publications can be found on the Valora website: www.valora.com.

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