REVIEW OF GROUP RESULTS

In 2014, the Valora Group increased its net revenues by +2.3%, to CHF 1932.6 million. Operating profit was CHF 30.5 million, compared to CHF 59.1 million in 2013. After adjusting for one-off factors, the operating profit achieved of CHF 50.7 million in 2014 was CHF +8.9 million higher than in the previous year, principally thanks to higher operating profits at Retail Switzerland/Austria (CHF +6.3 million) and Ditsch/Brezelkönig (CHF +4.9 million), while operating profit at Retail Germany/Luxembourg was lower than in 2013. Reported EBITDA for 2014 came in at CHF 109.3 million, compared to CHF 114.7 million a year earlier. After adjusting for one-off factors, EBITDA improved by CHF +14.4 million between 2013 and 2014. The profit on the sale of Valora Services and the results, including fair-value adjustments, generated by the Valora Trade division, now classified as held for sale, totalled CHF –9.1 million and are reported as results from discontinued operations. Group net profit for 2014 was CHF 6.3 million, compared to CHF 54.1 million in 2013. Cash flow from operations amounted to CHF 91.9 million, CHF +2.1 million ahead of the 2013 figure. Shareholders' equity at year-end 2014 accounted for 44.0% of total assets. The sale of the Services division and the classification of the Trade division as a disposal group has enabled Valora to make further progress in focusing on its core business. The Group's acquisition of Naville, the leading small-outlet retailer in French-speaking Switzerland (which was consolidated with effect from March 1, 2015), has strengthened Valora's market position and opened up new opportunities for expansion. Given projected special costs and assuming €/CHF parity, Valora expects to generate an operating profit of CHF 45–50 million from its continuing operations in 2015.

A NET REVENUES

Net revenues (NR) from continuing operations in CHF million	**2014**	**2014 share in %**	2013 [1]	2013 share in %	Change
Retail Switzerland/Austria	1 232.5	63.8%	1 225.6	64.8%	0.6%
Retail Germany/Luxembourg	479.6	24.8%	466.5	24.7%	2.8%
Valora Retail	1 712.1	88.6%	1 692.1	89.5%	1.2%
Ditsch/Brezelkönig	220.5	11.4%	197.6	10.5%	11.5%
Other	0.0	0.0%	0.1	0.0%	n.a.
Total Group	**1 932.6**	**100.0%**	**1 889.8**	**100.0%**	**2.3%**
Switzerland	1 272.3	65.8%	1 261.5	66.8%	0.9%
Elsewhere	660.3	34.2%	628.3	33.2%	5.1%

[1] Adjusted following the sale of the Services division and the classification of the Trade division as a disposal group

The Valora Group achieved pleasing growth in net revenues, which advanced +2.3% to CHF 1932.6 million. Revenues in all business areas increased, with particularly impressive performance by Ditsch/Brezelkönig, which expanded its net revenues by 11.5%.

At Group level, net revenues advanced CHF +42.8 million to CHF 1932.6 million. The Retail division increased its net revenues by CHF +20.0 million, of which CHF +6.9 million was achieved by the Swiss and Austrian units despite the continuing decline in press sales, which were down CHF –10.9 million, or –7.1%, on their 2013 levels. This growth is mainly due to increased sales of tobacco, non-food items and services. In aggregate, the net revenues generated by non-press categories rose CHF +15.6 million in 2014, of which CHF +5.2 million was attributable to sales of Panini collectible picture cards for the football World Cup. Franchise fees were CHF +2.2 million up on 2013, largely reflecting the greater number of franchisees. Food sales at k kiosk increased, despite the closure of 44 outlets, while at Spettacolo they were adversely affected by individual closures.

Retail Germany / Luxembourg increased its net revenues by CHF + 13.1 million in 2014, with particularly strong sales growth in tobacco, food and non-food lines. The contraction of the overall press market reduced net revenues from press sales by CHF – 9.8 million in these two markets. Sales of Panini World Cup picture cards contributed CHF 2.3 million to net revenues at Retail Germany / Luxembourg in 2014.

Ditsch/Brezelkönig expanded its net revenues by CHF + 22.8 million in 2014, an increase of + 11.5 %. Sales at retail outlets, which account for 70 % of the division's total net revenues, rose + 3.3 %. While 13 new outlets were opened in Germany and 7 in Switzerland, 5 less profitable branches were closed in Germany and 3 were closed in Switzerland. The division's wholesaling / business-to-business operation did particularly well, with net revenues up + 29.0 %.

B GROSS PROFIT

Gross profit from continuing operations in CHF million	**2014**	**2014 share in %**	**2014 % of NR**	2013 [1]	2013 share in %	2013 % of NR	Change
Retail Switzerland / Austria	446.3	56.9 %	36.2 %	448.4	57.9 %	36.6 %	– 0.5 %
Retail Germany / Luxembourg	174.3	22.2 %	36.3 %	176.5	22.8 %	37.8 %	– 1.3 %
Valora Retail	620.6	79.1 %	36.2 %	624.9	80.7 %	36.9 %	– 0.7 %
Ditsch/Brezelkönig	164.0	20.9 %	74.4 %	149.5	19.3 %	75.6 %	9.7 %
Other	0.0	0.0 %	n.a.	0.1	0.0 %	n.a.	n.a.
Total Group	**784.6**	**100.0 %**	**40.6 %**	**774.5**	**100.0 %**	**41.0 %**	**1.3 %**

[1] Adjusted following the sale of the Services division and the classification of the Trade division as a disposal group

Valora expanded its gross profit by CHF + 10.1 million in 2014, despite a net CHF – 6.5 million change in one-off factors. After adjusting for one-off factors, the Retail division increased its gross profit by CHF + 2.2 million, while gross profits at Ditsch/Brezelkönig advanced CHF + 14.5 million.

The Valora Group's gross profit for 2014 amounted to CHF 784.6 million, versus CHF 774.5 in 2013.

Due to one-off factors, Valora Retail's 2014 gross profit was CHF – 4.4 million lower than in 2013. At Retail Switzerland / Austria, the one-off factors impacting gross profit were increased sales of World Cup picture cards (CHF + 1.8 million) and the lower press margins resulting from the implementation of the retail margin model with Valora's former Services division (approx. CHF – 7.0 million). On an adjusted basis, gross profit at Retail Switzerland / Austria was up CHF + 3.1 million, despite the CHF – 2.1 million impact of reduced press sales in a declining overall press market and the fact that the network was reduced by 34 outlets. This improved gross-profit performance was mainly driven by increased franchise revenues and higher sales of services and tobacco. Promotion revenues from tobacco were significantly enhanced thanks to the network's comprehensive roll out of digital signage, which allows advertising space to be sold on LCD displays at the outlets.

Gross profit at Retail Germany / Luxembourg includes a contribution from World Cup picture card sales of CHF + 1.0 million and charges of CHF – 2.3 million resulting from the harmonisation of inventory valuation at certain outlets. Adjusting for these factors, gross profit was essentially in line with its 2013 levels. As a result, Retail Germany was able to offset nearly all the CHF – 6.0 million impact on gross profit from market-related declines in press sales with increased revenue in other categories.

Ditsch/Brezelkönig increased its gross profit by CHF + 14.5 million in 2014, a year-on-year rise of + 9.7 %. Gross profits at Brezelkönig in Switzerland were up + 7.5 %, while at Ditsch in Germany they advanced + 10.6 %. Sales growth at both the retail and B2B businesses contributed to this performance.

C OPERATING COSTS, NET

Net operating costs from continuing operations in CHF million	2014	2014 share in %	2014 % of NR	2013 [1]	2013 share in %	2013 % of NR	Change
Retail Switzerland / Austria	– 429.3	56.9 %	– 34.8 %	– 424.6	59.4 %	– 34.6 %	1.1 %
Retail Germany / Luxembourg	– 181.3	24.1 %	– 37.8 %	– 162.3	22.6 %	– 34.8 %	11.7 %
Valora Retail	– 610.6	81.0 %	– 35.7 %	– 586.9	82.0 %	– 34.7 %	4.0 %
Ditsch/Brezelkönig	– 132.8	17.6 %	– 60.3 %	– 123.2	17.2 %	– 62.3 %	7.8 %
Other	– 10.7	1.4 %	n.a.	– 5.3	0.8 %	n.a.	102.9
Total Group	**– 754.1**	**100.0 %**	**– 39.0 %**	**– 715.4**	**100.0 %**	**– 37.9 %**	5.4 %

[1] Adjusted following the sale of the Services division and the classification of the Trade division as a disposal group

Due to one-off factors totalling CHF – 31.0 million in both years and the higher levels of capacity utilisation at Ditsch/Brezelkönig resulting from increased sales, the Group's net operating costs were CHF – 38.7 million above their 2013 levels. After adjusting for one-off factors, the operating-cost ratio improved by + 0.3 percentage points.

Valora's net operating costs for 2014 were CHF – 754.1 million, compared to CHF – 715.4 million in 2013. At Retail Switzerland, net operating costs were up CHF – 4.7 million on the year, though it should be noted that this includes a one-off reduction in personnel costs in 2013 of CHF – 8.0 million resulting from the adjustment of pension-fund annuity conversion rates. After adjusting for this one-off effect, 2014 net operating costs at Retail Switzerland were CHF + 3.3 million lower than in 2013. This improvement principally reflects reduced spending on advertising and the lower personnel costs resulting from improved shift planning and the optimisation of the outlet network.

Net operating costs at Retail Germany / Luxembourg amounted to CHF – 181.3 million in 2014, CHF – 19.0 million higher than a year earlier. This increase is largely attributable to impairment charges on intangible assets (CHF – 16.7 million), individual impairment charges on fixed assets and accounts receivable (CHF – 7.2 million) and the reappraisal of contingent considerations (CHF + 7.1 million). After adjusting for these factors, net operating costs at Retail Germany / Luxembourg were CHF – 2.2 million higher than in 2013, largely due to the higher average number of Valora-operated outlets and increased charges for communications, IT and depreciation. Operating costs as a proportion of net revenues showed a + 0.3 percentage-point improvement on their 2013 levels.

When compared to the revenue growth the division achieved, net operating costs at Ditsch/Brezelkönig showed a comparatively modest increase of CHF –9.6 million. As a result, operating costs as a proportion of net revenues showed a +2.1 percentage-point improvement in 2014. The increased level of operating costs mainly reflects the expansion of the outlet network and higher expenditure on staff, freight and depreciation due to the division's increased output and logistics volumes as well as an increased number of outlets.

Net operating costs in the Other category were CHF –5.4 million higher in 2014 than a year earlier. CHF –2.3 million of this increase reflects the one-off effect of the reduction in the pension-fund annuity conversion rate in 2013, while CHF –2.7 million is due to costs associated with the Naville acquisition and a further CHF –1.2 million represents development costs for the new financial-services business area. After adjusting for these factors, net operating costs in this category were CHF +0.8 million lower than in 2013.

D OPERATING PROFIT (EBIT)

Operating profit from continuing operations in CHF million	**2014**	**2014 share in %**	**2014 % of NR**	2013 [1]	2013 share in %	2013 % of NR	Change
Retail Switzerland / Austria	17.0	55.7 %	1.4 %	23.8	40.3 %	1.9 %	– 28.8 %
Retail Germany / Luxembourg	– 7.0	– 23.0 %	– 1.5 %	14.2	24.0 %	3.0 %	– 149.3 %
Valora Retail	10.0	32.7 %	0.6 %	38.0	64.3 %	2.2 %	– 73.8 %
Ditsch/Brezelkönig	31.2	102.3 %	14.1 %	26.3	44.5 %	13.3 %	18.6 %
Other	– 10.7	– 35.0 %	n.a.	– 5.2	– 8.8 %	n.a.	105.0 %
Total Group	**30.5**	**100.0 %**	**1.6 %**	**59.1**	**100.0 %**	**3.1 %**	**– 48.5 %**

[1] Adjusted following the sale of the Services division and the classification of the Trade division as a disposal group

Valora's operating profit at the EBIT level came in at CHF 30.5 million in 2014 versus CHF 59.1 million a year earlier. After adjusting for one-off factors, Group EBIT increased by CHF +8.9 million, to CHF 50.7 million, raising the adjusted EBIT margin by +0.4 percentage points.

Retail Switzerland / Austria generated EBIT of CHF 17.0 million, CHF –6.9 million lower than in 2013. This decline includes one-off effects resulting from implementation of the retail margin model (approx. CHF –7.0 million), the IAS19 impact of adjusting the annuity conversion ratio (CHF –8.0 million) and sales of World Cup picture cards (CHF +1.8 million). After adjusting for these factors, the 2014 EBIT generated by these two units was CHF +6.3 million higher than in 2013. This positive performance is attributable in equal measure to increased gross profits and to cost savings. As a result, Retail Switzerland / Austria was able to raise its adjusted EBIT margin by +0.5 percentage points in 2014.

Taking all one-off factors into account, Retail Germany / Luxembourg's EBIT for 2014 was CHF –7.0 million. Stripping out the effects of impairment charges on intangible assets (CHF –16.7 million), harmonisation of inventory valuations at certain outlets (CHF –2.3 million), the revaluation of both fixed assets and accounts receivable (CHF –7.2 million) and contingent considerations (CHF +7.1 million) as well as revenues from the sale of World Cup picture cards (CHF +1.0 million), these two units generated an adjusted EBIT of CHF 11.1 million in 2014, compared to CHF 14.2 million in 2013. This decline essentially reflects the effect of the contracting press market.

Ditsch/Brezelkönig increased its EBIT by CHF +4.9 million to CHF 31.2 million in 2014, a rise of +18.6%. This pleasing performance is attributable to the remarkable expansion the division achieved in its business-to-business sales and to growth in its retail volumes, the latter being constrained by a series of public-transport strikes in Germany. Thanks to efficient cost management, Ditsch/Brezelkönig was able to improve its EBIT margin by 0.8 percentage points in 2014.

2014 EBIT classified under Other was CHF –5.5 million lower than in 2013. This decline includes CHF –2.3 million from the one-off reduction in 2013 of staff costs resulting from the adjustment of the annuity conversion rate, CHF –2.7 million of costs for the Naville acquisition and CHF –1.2 million in development costs for the new financial-services business area. Adjusting for these factors, EBIT for this segment was CHF +0.8 million ahead of its 2013 level.

E RESULT FROM DISCONTINUED OPERATIONS

Fair-value recognition of the Trade division, which is classified as held for sale, and the profit realised on the sale of Valora Services made for a result from discontinued operations of CHF –9.1 million in 2014, compared to CHF 24.9 million in 2013.

The result from discontinued operations encompasses the Trade division and the former Services division. In 2013, this result had also included earnings of CHF 5.0 million from provisions released following the expiration of guarantees issued in connection with the Fotolabo and Own Brands sales. Under IFRS rules, classification of Valora Trade as a disposal group requires that the business be recognised at fair value. This is reflected in the division's 2014 result of CHF –46.6 million (which includes CHF –52.4 million in impairment charges and extraordinary costs), compared to CHF +8.5 million in 2013. The 2014 result generated by the former Services division, which was sold as of July 31, 2014, amounted to CHF 37.4 million. This includes a profit of CHF 32.4 million realised on the sale. In 2013, Valora Services had achieved a result of CHF 11.4 million. In aggregate, the Group result from discontinued operations amounted to CHF –9.1 million in 2014, compared to CHF 24.9 million in 2013.

F FINANCIAL RESULT AND TAXES

Lower interest costs enabled Valora to improve the net result from its financing operations by CHF +3.9 million in 2014. Consolidated tax expense was CHF +10.9 million lower than in 2013.

Valora's net financing result from continuing operations came in at CHF –17.1 million in 2014, a CHF +3.9 million improvement on its 2013 performance. This essentially reflects the Group's successful refinancing of the Ditsch/Brezelkönig acquisition, which helped to optimise its net interest costs. The results attributable to currency translation and other financing operations were less favourable than in 2013, however.

In 2014, the Valora Group generated consolidated tax revenues of CHF +2.1 million, comprising CHF –4.4 million in current income taxes and CHF 6.5 million in deferred tax income.

The Group's net profit for 2014 amounted to CHF 6.3 million, compared to CHF 54.1 million a year earlier.

G LIQUIDITY, CASH FLOW AND KEY FINANCIAL DATA

Key financial data in CHF million	2014	2013
EBITDA [1]	**109.3**	**114.7**
Cash flow from operations [1]	91.9	89.9
Free cash flow before purchase/sale of subsidiaries [1]	**34.0**	**51.2**
Shareholders' equity	630.6	730.3
Total equity in % of total assets	**44.0%**	**44.8%**
Group net profit	6.3	54.1
Net debt [1) 2) 3)]	253.6	285.9
Net working capital [1) 2)]	49.2	56.2
Earnings per share in CHF [1]	**3.13**	**7.69**

1) from continuing operations
2) The financial report shows the 2013 balance sheet according to IFRS including discontinued operations, while the 2014 balance sheet relates to continuing operations.
3) Net debt including discontinued operations was CHF 181.9 million for 2014 and CHF 219.2 million for 2013.

Cash flow from operations reached CHF 91.9 million in 2014, a CHF +2.1 million increase on 2013. Equity cover at December 31, 2014 was 44.0%, –0.8 percentage points lower than a year earlier. Thanks to the proceeds generated from the sale of the former Services division, consolidated net debt diminished to CHF 253.6 million. At the General Meeting of shareholders on April 22, 2015, the Board of Directors will recommend that the dividend be maintained at CHF 12.50 per share.

In 2014, the Valora Group increased its operating cash flow by +2.3%, to CHF 91.9 million. While reported earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to CHF 109.3 million, compared to CHF 114.7 million in 2013, cash flow did benefit from a reduction in net working capital.

Cash flow from investing activities was CHF –57.9 million in 2014, compared to CHF –38.7 million the previous year. This increased outflow largely reflects the significant number of investments made in late 2013 whose payments did not impact liquidity until 2014 (CHF –11.9 million). As a result, free cash flow for 2014 was CHF 34.0 million, down from CHF 51.2 million in 2013. In addition, the proceeds from the sale of the Services division amounted to CHF 52.4 million.

The Group's equity cover at December 31, 2014 was 44.0%, compared to 44.8% at December 31, 2013. Over the same period, consolidated net debt diminished from CHF 285.9 million to CHF 253.6 million (see table above). This CHF –32.2 million improvement is principally due to the proceeds generated by the sale of the Services division.

H RETURN ON CAPITAL EMPLOYED

ROCE from continuing operations	**2014**	2013	Percentage-point change
in %			
Retail Switzerland / Austria	8.1 %	13.6 %	– 5.5 %
Retail Germany / Luxembourg	– 3.8 %	7.5 %	– 11.3 %
Valora Retail	2.5 %	10.4 %	– 7.9 %
Ditsch/Brezelkönig	7.6 %	6.3 %	1.3 %
Other [1]	n.a.	n.a.	n.a.
Total Group	**3.3 %**	**6.6 %**	**– 3.3 %**

[1] Other includes the portion of EBIT represented by Group costs and the portion of invested capital represented by cash and cash equivalents held in continuing operations.

After adjusting for one-off factors, the return on capital employed achieved from continuing operations improved by +0.8 percentage points in 2014.

Return on capital employed (ROCE) is the ratio of EBIT to average invested capital. At Group level, reported ROCE from continuing operations amounted to 3.3 % in 2014. This decline compared to the reported figure for 2013 largely reflects the lower reported EBIT generated in 2014. After adjusting for all the one-off factors mentioned in section D above, all business areas other than Retail Germany / Luxembourg increased their ROCE, raising adjusted Group ROCE from continuing operations by +0.8 percentage points to 5.5 % in 2014.

I OUTLOOK

Valora maintains its previous positive outlook for Retail Switzerland and Ditsch/Brezelkönig, whose strategic initiatives to increase profitability and expand revenues are progressing as planned. Although profitability at Retail Germany will be lower than previously expected, this unit will nevertheless make a contribution to Group operating profit in the double-digit million franc range.

In 2015, Valora expects to achieve an overall operating profit of CHF 45–50 million from its continuing operations, after taking projected one-off expenditure into account and assuming € / CHF exchange-rate parity. The impact of the € / CHF parity assumption will be to reduce operating profit by some CHF 10 million. These projections include a contribution from the recently acquired Naville, which has been consolidated in the Group's accounts since March 1, 2015. The projected one-off expenditure mentioned above amounts to some CHF 7 million. This comprises development costs for the new financial-services business area and expenditure relating to the Naville acquisition.

In 2016, the Valora Group expects to generate an operating profit of CHF 65–70 million.