

Outlook

Valora is a company which has a portfolio of economically viable businesses. Although the point we are starting from is very favourable, it is too early to make detailed financial forecasts at this stage. At the earliest, this will be possible in August 2008. We believe, however, that over the next three years the Valora Group will be able to achieve annual sales growth of 3–5 % while increasing its EBIT by some 10–15 % per year. This projection does not take account of potential cost savings which have yet to be examined.

Our objective for 2008 is to continue unrelentingly along the course we have set ourselves. Focusing our energies and speeding up the pace of execution are both crucial. The recently signed agreement for the sale of three of our production companies means that we have succeeded – despite difficult market conditions – in putting another major step on this journey behind us. Negotiations covering the sale of the two remaining production companies are in progress.

We will direct our attention towards reducing current levels of corporate complexity. We need to define simple and efficient structures as a matter of urgency. The merging of our current three corporate locations at our existing Muttentz site shows the direction in which we intend to continue in this regard.

Valora has got off to a good start in the first two months of 2008, paving the way for a successful full year and spurring us on towards ambitious longer-term goals. While the Media and Trade divisions are already generating margins which are good for their respective industries, profitability still needs to be improved substantially in the Retail division.

We are confident that the changes which have been initiated will play a significant part in continuously enhancing Valora's value.

As you can see, there is much which your Board intends to achieve. There is plenty of work to be done and we are all firmly committed to taking on the challenges ahead with all the energy and enthusiasm we have. To achieve these objectives we are, however, dependent on your full support and confidence.

On behalf of the entire Board, I would like to express the hope that we can count on this at the forthcoming General Meeting.



Rolando Benedick

Chairman of the Board of Directors

valora

Letter to Valora
Shareholders

2007 RESULTS

Second half turnaround
opens up encouraging
prospects for the future.

Bern, April 20, 2008

Introduction

Dear Shareholders,

With our Annual General Meeting due to be held soon, I would like to make some additional remarks about your company and the goals which the Board has set for the next two years. As shareholders, it is your right to know what you can expect.

Valora is going through a phase of fundamental transformation. Major changes will take place in its management and its culture. It is essential that strategy be implemented faster and in a more focused and effective manner. Current organisational structures are too complex and are not conducive to agility. We therefore intend to adopt a simpler and more efficient corporate framework.

The Retail, Media and Trade divisions need to be more attuned to the markets in which they operate and to sharpen their competitive edge:

- For Retail, the key task will be to concentrate on building on its leading position in small-outlet retail in Switzerland and Europe, focusing on its kiosk business, its station bookstores and its convenience retail network.
- Media needs to pay greater heed to the informational needs of its customers, further expanding the leadership it has attained in a number of national press wholesaling markets in Europe.
- Trade must consolidate its position in fast-moving consumer goods distribution on a pan-European scale.

One common objective which all three divisions must pursue is to place customers and their needs right at the centre of everything they do. Success in retail means concentrating on the detail. It is detail that distinguishes successful companies from those that are merely mediocre. We also need to instil a focus on service, service and service in all our employees. We want to move from being a lumbering conglomerate to a firm which is fleet of foot and rapid in the implementation of its business ideas.

Transformation

Imbuing the Group with this spirit is the Board's primary objective – a Board which has not only been renewed, but will also be reduced in size. Reflecting the values of current good corporate governance practice, all Board members will in future stand for re-election at annual intervals.

The following candidates have been nominated for election to the Board at this year's Annual General Meeting:

Name	Expertise
Rolando Benedick	Retail
Markus Fiechter	IT, Processes , Strategy
Franz Julen	Retail, Franchising
Conrad Löffel	Finance
Bernhard Heusler	Legal, M&A

The skills and many years of professional experience which these candidates bring with them ideally match the profile which Valora needs for its Board of Directors. By proposing Bernhard Heusler as a new Director, we intend to strengthen the Board's expertise in the fields of business law and M&A.

As already announced, Peter Wüst has expressed the wish to relinquish his current position as CEO. During a transitional phase, he will continue to lend Valora his full and active support.

With immediate effect, I have taken on the duties of Executive Chairman, a role in which I will drive our current strategy forward. The search for a new CEO has been initiated.

We have also commenced a search for a new head of the Retail division. It is the Board's intention to bring its new and united strengths to bear in the drive towards sustainable revenue growth coupled with higher levels of operating efficiency, the latter principally being achieved through the introduction of competitive cost structures. I would emphasise that the primary emphasis is on the profitability of future growth, "margins before growth" being the watchword.

Capital Structure & Corporate Governance

With its economically sound and future-oriented portfolio of businesses and the enduring solidity of its balance sheet, Valora is exceedingly well placed to develop its operations independently.

At this year's Annual General Meeting, the Board of Directors will propose that an unchanged dividend of CHF 9.– per share be distributed. The Board will also propose that it be authorised to buy back a maximum of 500 000 shares of a nominal CHF 1.– each through a second SWX trading line and that the shares so purchased be destroyed so as to reduce the company's outstanding share capital. This will fulfil our earlier promise of returning excess free funds to shareholders. Given the Group's comfortable equity cushion of 45% of total assets and the substantial cash flow it generates, this will not impinge on Valora's plans for future growth. No major acquisitions are planned at the present time.

Shareholders will also be asked to approve a number of additional changes to the company's articles of incorporation, some of which are of an editorial nature only. Full details of the proposed changes can be found in the invitation to the General Meeting which you received already.

Value-Oriented Management

Valora's future management should also be in tune with contemporary practice. Value-oriented management is the foundation on which sustainable and profitable growth is built. Valora has recognised this by adopting a management system based on the concept of economic value added (EVA). This will mean that capital deployment in all Valora's business areas will be subjected to systematic analysis and evaluation. Entrepreneurial success will also be a major factor in determining the variable compensation paid to the Group's managers. A fair and transparent compensation scheme of this kind will enable us to turn employees into shareholders and align their long-term interests with those of the company.