

FRIDAY  
29 MARCH 2019  
9:30 A.M.

*Invitation  
to the Annual General Meeting  
of Valora Holding AG*

MESSE BASEL  
CONGRESS CENTER, ROOM SAN FRANCISCO  
MESSEPLATZ, BASEL  
Doors open at 8:30 a.m.



## *Dear shareholders,*

With EBIT of CHF 89.8 million and an EBIT margin of 4.2 %, we once again met the communicated expectations in 2018. This result was mainly supported by the encouraging operating performance of Retail and Food Service in Switzerland and the solid performance of the Food Service division as a whole – in spite of the accelerated decline in the print media business in Germany and high project costs.

Apart from the excellent operating performance, 2018 was dominated by the consistent alignment of various sales formats to the latest customer needs. Within just a short space of time, the new management team in Switzerland modernised all retail formats in Switzerland. The new avec concept has already been rolled out successfully, with the focus falling on the most modern foodvenience.

The figures for the first time include a full year's contribution by BackWerk, the food service format acquired in 2017 which we continued to expand further. We also posted strong same-store growth for our Food Service sales formats. Retail CH developed well as regards same-store business and in the second half managed to keep the number of sales outlets stable for the first time in a while. Our pretzel production facilities were working at full capacity and we are progressing well with the required expansion of our production capacity.

With the new organisational structure which entered into force on 1 January 2019, Valora is even better prepared for the future. The organisation is structured into the two market and customer-focused Retail and Food Service divisions and Group-wide Shared Services. The new structure allows us to better capture synergies and ensures that expertise is spread throughout the Group. This includes the area of digital innovation, which is now the direct responsibility of the CEO.

Valora has made further progress with digitalisation and innovation, both of which are permanent tasks. We offer

novel digital services and make use of the latest new technologies to create unique shopping experiences. In spring 2019, Valora will launch the new avec box, a cashier-free convenience store that can be operated around the clock, as well as avec X in Zurich main station. The latter will serve as our test lab for developing the shopping experience of the future.

Valora is also intensifying its focus on sustainability. The Board of Directors expects sustainability to become an integral part of Valora's business activities. In doing so we focus on our role as employer, our impact on the planet and healthy and sustainable food products. Valora is not yet where it wants to be in every aspect, but we are constantly making progress. And we are doing everything in our power to meet our aspirations for ourselves. We owe this to our stakeholders and the environment.

Valora has also taken important steps in 2018 to optimise its long-term financing structure. We took advantage of the attractive market conditions to place two Schuldschein issues and to redeem existing bonds. These measures will have a positive effect on the earnings per share in future.

We are optimistic about the 2019 financial year and are well-positioned to achieve further growth with our clearly defined strategic focus on the convenience and food service segments. We are already the leading operator of kiosks and convenience stores in Switzerland, one of the biggest snack food providers in Germany, and a global leader in the production of pretzels. We will continue to develop our business on this basis.

The around 15 000 employees in our network make a decisive contribution to Valora's success and brighten up our customers' journey every single day. We owe them a big thank you. We would also like to thank all our business partners and suppliers for the trust-based working relationship.

You, our valued shareholders, also deserve great thanks for the trust you have placed in us, without which we cannot successfully implement Valora's growth strategy. We are delighted to propose an unchanged dividend of CHF 12.50 at the upcoming General Meeting on 29 March 2019. The dividend will be distributed fully from capital reserves.

Best regards



**Franz Julen**  
Chairman of the Board of Directors



**Michael Mueller**  
CEO





Good Food

FRUCHTSÄFTE

MILCHDRINKS

Snacks

CHARCUTERIE

APÉRO

CHIPS



Drin

LIMONADE

2.95

2.45







*“Right now our focus is on renewing and further developing existing concepts: forward-looking, convenient and fresh.”*

*Michael Mueller  
CEO Valora*



**Michael Mueller, how did Valora develop in 2018?**

We have been pursuing our strategy consistently for years, and we made great progress once again last year. At the beginning of this strategy cycle, the aim was to focus on and consolidate our core business. Since 2015/2016, Valora has seen more growth initiatives, including acquisitions. Right now our focus is on renewing and further developing existing concepts: forward-looking, convenient and fresh.

**What specifically did you do last year?**

I am particularly proud of the complete revamp of our avec convenience format. The new management team in Switzerland managed to accomplish this in just five months, and we have already applied the new concept to nine sales outlets since July. The concept focuses strictly on the latest foodvenience and ultra-fresh products, which are clearly marked with the new label “Handmade with Love”. We now also carry a regional product line – a novelty in small-scale retailing in Switzerland.

**And k kiosk, Valora’s most well-known format, stayed the same?**

No. We also completely overhauled the k kiosk concept and will be opening the first new sales outlets in the spring of this year. We followed the same approach here as with avec: more food and more freshness. We have also updated the design, added more regional products, and simplified the sales processes. Plus the first Press & Books with a new, modern look has just recently been opened at the Zurich Airport.

**You made headlines at the end of 2018 by announcing the first cashier-free store in Switzerland.**

avec box is a unique concept that aims to make avec's foodvenience and fresh product range available 24/7, a development made possible thanks to our efforts in the area of digitalisation. With this format, you access the store using an app, scan the products you want and pay for them directly. Customers can do their shopping any time, and at their own pace. This makes us a leader in innovation in Switzerland.

We are developing a similar concept for k kiosk, but aim to take it a step further: thanks to our cooperation with the Silicon Valley start-up AiFi and its auto-checkout technology, the products do not even have to be scanned. Customers simply walk into the k kiosk box, take what they need and leave again.

**This has also earned some criticism.**

Yes, and we take that seriously. Among other things, we are being accused of cutting jobs and making working conditions worse for staff.

**Well?**

We already have around 2800 sales outlets in the European market and are pursuing a growth strategy. New technologies and concepts like the avec box are helping us to further expand the offering and provide even greater convenience – in the shopping experience too. We simply want to offer people more shopping options and better meet customers' growing need for flexibility. At the same time, it allows us to access new sites with less footfall. Once we have opened the first avec box in spring 2019, we will have to gain some experience before we roll it out any further.

There is a shift in the focus of staff activities in the avec box. When they're on duty in the store they will no longer

have to be at the checkout, but will have more time for the customers – helping out with the app, the purchasing process or the assortment, for example. At the same time, they take care of the shop.

*“New technologies are helping us to further extend the offering and provide even greater convenience – in the shopping experience too.”*

**In 2017 you bought the German food service bakery BackWerk. How is that going?**

The acquisition of BackWerk made us one of the leading snack food providers in Germany. By now, BackWerk has become a permanent part of Valora. We are on track with the opening of new stores, while also eliminating the less lucrative locations from the network. In Frankfurt we opened the first BackWerk at an airport; the first BackWerk in Switzerland under the new concept opened in Winterthur; and we are now offering BackWerk products at ServiceStore DB. At the same time we are also selling our own pretzels and ok.–products through BackWerk. This is a great example of how we are capturing synergies and benefiting from our integrated value chain.

**You also mentioned your own pretzels.**

Today, we are one of the world's leading pretzel producers and make about 650 million bakery products a year – for our own sales outlets and primarily for third-party customers (B2B). In 2018, the B2B business posted a strong growth of +5.9% in local currency and our production plants are running at full capacity. This backs up our decision to expand. We already doubled our production capacity at Ditsch USA in 2018. We are on track with building another production line in

the US and two new additional lines in Germany and we will be able to start production in the fourth quarter of 2019.

EBIT in CHF million

2017  
79  
2018  
90

**Are you equally satisfied with the B2C business in food service?**

Our same-store revenues were up at both Ditsch (+1.4%) and Food Service Switzerland (+2.7%). The latter was certainly helped by the revamp of the Brezelkönig concept in 2018 as well as the further development of our products. We also made considerable progress with the streamlining of the Ditsch store network. Food Service performed well overall, as you can see from the +26.6% rise in net revenues. This increase reflects both the consolidation of BackWerk for a full year and also organic same-store growth. These two effects drove EBIT by +30.1%.

**How did the operating business perform overall in 2018?**

In the past few years we have always announced ambitious and realistic goals and stuck to them. This is also true for 2018. EBIT rose by +13.7% to CHF 89.8 million. The EBIT margin was +0.3 percentage points higher year-on-year at 4.2%. The gross profit margin improved

by +1.9 percentage points to 45.5%. Net revenue increased by +6.0%. Including the sales revenues of our franchise partners, external sales increased by +11.3% to CHF 2731 million. And in spite of substantial investments in our production sites, free cash flow per share is at the level of the amount of the attractive dividend.

#### **What specifically drove the sales growth?**

BackWerk, which was only consolidated for the last two months of 2017, made a major contribution to sales growth in 2018. In addition, there were positive currency effects and higher sales in the other Food Service areas. Retail DE/LU/AT also posted an increase in external sales of +5.2%, mainly due to currency effects. External sales at Retail CH were slightly down by -0.3% compared to the previous year. What I would like to highlight particularly is that Retail CH posted same-store growth of +0.4%. Also, the number of sales outlets was stable in the second half-year for the first time in quite a while. This is a clear affirmation that we are on the right track with the transformation of our kiosk business.

#### **What does the cost situation look like?**

Costs rose by +10.4% versus last year – partly due to the full-year consolidation of BackWerk and partly due to higher production volumes. EBIT at Group level improved thanks to BackWerk and the growth in Food Service as well as in Retail CH. This resulted in an increase in operating profitability – absolutely, and in terms of margin.

#### **Talking of profitability, is Retail CH still as profitable?**

We were able to keep profitability in this market segment at the high level seen the previous year. Do not forget that the 2017 figures included a book gain

from the sale of the building in Geneva following the acquisition of Naville. Operating EBIT rose by +4.6%.

*“In the past few years we have always announced ambitious and realistic goals and stuck to them.”*

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#### **The position does not seem as rosy in the German retail business.**

Retail DE/AT/LU had a challenging year: EBIT fell by -25.1%. However, we were able to more than make up for this thanks to Food Service and Retail CH.

#### **So was the print media business in Germany still under heavy pressure in the second half of 2018?**

Yes, Retail Germany is experiencing an intensified, market-driven decline in high-margin print media with a certain delay to Switzerland. We are taking measures to counteract this, cutting costs and driving the expansion of e-smoke, for example. It will take some time for the measures to have their full effect. In the second half of the year, we were already able to mostly soften the print media effect. Tobacco, food, non-food and services did well, and same-store sales of Retail DE/AT/LU were down by only -0.2%.

#### **Alternative nicotine products seem to be experiencing a boom.**

They are fashionable and we are one of the first providers with nationwide coverage. In Germany we are more advanced with e-smoke than in Switzerland. Even though these are still niche products, demand for e-cigarettes and for “heat not burn” alternatives is steadily rising. Protecting young

people is very important for us. That is why Valora applies a minimum age of 18 in Switzerland too for all e-smoke and tobacco products, even though the law does not yet require this everywhere.

#### **What happened in 2018 with the various services mentioned before?**

Services are becoming increasingly important and are helping us to compensate the decline in print media. This is made possible by innovative digital solutions with third-party companies and our dense network of sales outlets. Our network is highly attractive, especially for new payment or pick-up/drop-off options. We were able to expand the Swisscom easy point offering launched at the start of 2018 over the course of the year. We now also have the Sonect app, which allows customers to withdraw cash in Swiss kiosks. In Germany we offer the new “amazon top up in store”. These are just some of the examples that show how the shopping of tomorrow is bringing the online world and physical sales outlets together again.

#### **bob Finance is mainly involved in online business. How are you getting on?**

bob Finance had a profitable second half-year and we now wish to invest more in this business. In 2018, the offering was expanded with new digital payment and financing products for the B2B2C area. Partners benefit from rising sales, while customers enjoy more convenience. Consequently, the products meet with high interest from online as well as stationary retailers. The first partnerships were launched successfully.















*“The shopping of tomorrow is bringing the online world and physical sales outlets together again.”*

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## OUTLET NETWORK

31.12.2018

	Format	 Switzerland	 Germany	 Luxembourg	 Austria	 Netherlands	TOTAL
RETAIL	 k kiosk	912	225	66			1 203
	 cigo & subformats/ partners		421				421
	 Press & Books	29	159	6	10		204
	 avec	141	5				146
	 ServiceStore DB/ U-Store		128				128
FOOD SERVICE	 BackWerk	2	304		25*	22	353
	 Ditsch		210				210
	 Brezelkönig	61			3		64
	 Caffè Spettacolo	30		2			32
TOTAL		1 175	1 452	74	38	22	2 761

\* incl. 3 outlets in Slovenia

### The Future Store is also meant to be something new. What can we expect there?

The Future Store in Zurich main station is scheduled to open in April 2019. It will be called avec X and will mainly be a test lab for Valora to try out newly developed digital aspects of the shopping experience like checkout processes and personalised shopping, along with other forward-looking themes in the convenience segment.

### And what is the long-term destination for Valora itself?

Valora offers the best food and convenience concepts. That is our vision.

To achieve this, we strive for operational excellence, ongoing innovation and agility, and optimum value creation. This is based on the underlying premise of a comprehensive understanding of the customers and formats.

### What strategic levers do you have available to help you achieve this vision?

We have further sharpened our corporate strategy. We want to extend the foodvenience locations in transport hubs and inner cities. We will do this together with our agency and franchise partners. We also want to further promote our internal product competence through our own production and own brands such as ok.-. At the same time we are continuing

to develop the international B2B distribution and production business for our pretzel products. All this will be done using simplified processes and the latest technology for a delightful customer experience. We also attach more importance to sustainability.

### Has sustainability not been an issue for Valora before?

Of course it has. But to date sustainability has not been embedded in our strategy systematically enough. We are changing this now. Our stakeholders rightly expect Valora, as a responsible company, to make its contribution to sustainable development for people and the environment.

**Valora has reorganised itself in response to the strategy. Why was that necessary?**

We want to be closer to the customers, integrate new businesses more easily, exploit synergies and profit more from the wealth of know-how available in the company. So we have grouped together the things that belong together and made the structure consistent. There are now two divisions with a market and customer focus, Retail and Food Service, and Group-wide Shared Services. Among others, we have combined the B2C formats BackWerk and Ditsch in Germany and placed Digital Innovation directly under the CEO. The new structure will make us stronger.

*“To date sustainability has not been embedded in our strategy systematically enough. We are changing this now.”*

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**How do you drive the growth going forward?**

We specifically align our formats to the latest customer needs and have strong brands that still have great growth potential. With the renewed formats Valora is ideally positioned to profit from the global growth trends in convenience and on-the-go consumption. We will in future also offer more unique snacking experiences at an attractive price and expand our range of services for people on the move. Our investments in the production facilities will also pay off from 2020 onwards. We see further opportunities for growth with BackWerk in the Netherlands and Austria, and using international franchise partners for Brezelkönig. Finally, our capital base allows us to make acquisitions that

add to our formats and/or expertise – we look at opportunities on a regular basis.

**How do you see your capital strength and long-term financing?**

Our reliability and credibility have allowed us to further optimise our capital structure in the past year. We placed a Schuldschein issue of EUR 170 million at the beginning of the year. This was followed by a Schuldschein issue for another EUR 100 million and CHF 63 million in December 2018, which was used to refinance an expiring EUR Schuldschein issue and part of a CHF hybrid bond. The Swiss franc tranche was an innovation in the market. Demand was strong, well above our expectations. This allowed us to benefit from the attractive market conditions and further cut our financing costs.

**Might the possible loss of rental space as a result of the current SBB tender be a stumbling block?**

We have made an excellent submission and are convinced that our new and refreshed formats meet the needs of train travellers precisely. We are therefore optimistic that we will be able to successfully continue the strong and long-standing partnership with the SBB. Our unique expertise in small-scale retailing at heavily frequented sites and the strong offering of unique products and innovative services will be powerful arguments for awarding the sites to Valora again.

*“Valora is ideally positioned to profit from the global growth trends in convenience and on-the-go consumption.”*

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**So you are optimistic for 2019?**

Yes. We will benefit from the advantages of the new organisational structure, and also the additional synergy effects between the formats and markets. Many of the measures taken in 2018 will have a greater impact in the new year. These include not least the continued rollout of the new avec concept and the launch of the revised k kiosk concept. The higher food share will help us in terms of both customer frequency and margins. In recent years we have demonstrated that our business model is very resilient and that we are able to deliver on our promises.



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VALORA 2019 ANNUAL GENERAL MEETING  
INVITATION TO THE ANNUAL GENERAL MEETING  
OF VALORA HOLDING AG

## AGENDA ITEM 1

*Approval of the Annual Report, the 2018 Financial Statements of Valora Holding AG and the 2018 Consolidated Financial Statements of the Valora Group*

The Board of Directors proposes the approval of the Annual Report, the 2018 Financial Statements of Valora Holding AG and the 2018 Consolidated Financial Statements of the Valora Group.

## AGENDA ITEM 2

*Consultative vote on the 2018 Remuneration Report*

The Board of Directors proposes the approval of the Remuneration Report contained in the Annual Report in a consultative vote.

## AGENDA ITEM 3

*Resolution on the appropriation of available earnings and the reserve from capital contributions*

The Board of Directors proposes the following appropriation of available earnings as well as the distribution of a dividend of CHF 12.50 per registered share from the reserve from capital contributions:

### *3.1 Appropriation of available earnings*

Net profit to be carried forward to the next year:

	2018
in CHF thousand	
2018 net profit	48 165
+ balance carried forward from the previous year	160 984
<b>Earnings available for disposal by the Annual General Meeting</b>	<b>209 149</b>
<b>Balance to be carried forward</b>	<b>209 149</b>

### *3.2 Withholding tax-exempt distribution from the reserve from capital contributions*

Distribution of a dividend of CHF 12.50 per share from the reserve from capital contributions (following the reclassification of the necessary amount to free reserves):

	2018
in CHF thousand	
Reserve from capital contributions (before distribution)	117 980
Distribution	-49 875
<b>Reserve from capital contributions (after distribution)</b>	<b>68 105</b>

If the proposal is approved, the dividend will amount to CHF 12.50, gross per dividend-bearing registered share with a par value of CHF 1 and will be paid on 4 April 2019.



VALORA 2019 ANNUAL GENERAL MEETING  
INVITATION TO THE ANNUAL GENERAL MEETING  
OF VALORA HOLDING AG

## AGENDA ITEM 4

### *Discharge of the members of the Board of Directors and Group Executive Management*

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The Board of Directors proposes to grant discharge to the members of the Board of Directors and Group Executive Management for the 2018 financial year.

## AGENDA ITEM 5

### *Approval of the remuneration of the members of the Board of Directors and Group Executive Management*

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Based on Art. 27 of the Articles of Incorporation, the Board of Directors proposes the approval of the remuneration of the Board of Directors and Group Executive Management as follows:

#### *5.1 Approval of the maximum total remuneration of the members of the Board of Directors from the 2019 Annual General Meeting until the 2020 Annual General Meeting*

The Board of Directors requests the approval of the total amount of fixed remuneration of the Board of Directors of a maximum of CHF 1 700 000 until the 2020 Annual General Meeting (including all social security contributions).

**Explanation:** The Board of Directors will be expanded by two new members and consist of seven members for the remuneration period. This leads to an increase in the requested maximum amount compared to the amount approved by the 2018 AGM. Further details about the remuneration of the members of the Board of Directors can be found in the Remuneration Report in section 7.2 on page 81 et seq. as well as in the annex to the AGM invitation.

#### *5.2 Approval of the maximum total remuneration of the members of Group Executive Management for the 2020 financial year*

The Board of Directors requests the approval of the total amount of the fixed and variable remuneration of Group Executive Management of a maximum of CHF 7 700 000 (including all social security contributions) for the 2020 financial year.

**Explanation:** Group Executive Management is expanded by one additional member and now consists of four members. This is why the requested maximum amount is CHF 800 000 more than the amount approved by the 2018 AGM for the 2019 financial year. The remuneration of Group Executive Management will consist of a fixed annual salary, a Short-Term Bonus (STB) and a Long-Term Incentive Plan (LTI) for the 2020 financial year. Further details about the specific remuneration paid to the members of Group Executive Management can be found in section 5.3 on page 76 et seq. as well as in the annex to the AGM invitation.

## AGENDA ITEM 6

### *Elections*

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#### **6.1 Re-election of the Chairman and the other members of the Board of Directors**

The Board of Directors requests the re-election of the following members of the Board of Directors, each for a term of one year, until the end of the 2020 Annual General Meeting:

##### **6.1.1 Re-election of Franz Julen as member and Chairman of the Board of Directors**

##### **6.1.2 Re-election of Markus Fiechter as member of the Board of Directors**

##### **6.1.3 Re-election of Peter Ditsch as member of the Board of Directors**

##### **6.1.4 Re-election of Michael Kliger as member of the Board of Directors**

##### **6.1.5 Re-election of Cornelia Ritz Bossicard as member of the Board of Directors**

All elections are conducted individually.

#### **6.2 Election of Insa Klasing as new member of the Board of Directors**

The Board of Directors proposes the election of Insa Klasing as a new member of the Board of Directors, for a term of one year, until the end of the 2020 Annual General Meeting.

**Explanation:** Since 2017, Insa Klasing has served as CEO of the start-up TheNextWe, a company that she co-founded and which provides support in changing digital mind-sets within companies. In 2017, the World Economic Forum nominated her as Young Global Leader for her commitment to ensuring that everyone in India receives basic education and for her position as the youngest General Manager of all time at Yum! Brands. As such, she held the position of CEO of Kentucky Fried Chicken (KFC) in the DACH region and Denmark for five years after having worked as Supply Chain and Equipment Director and Company Operations Director for KFC UK. Between 2006 and 2009, she was responsible in her role as Country Manager for the launch of the British brand “innocent smoothies” in Germany, which developed into the market leader. She started her career in 2004 as a strategy consultant at Bain & Company in London. Prior to this, she took on a role for NGO Action Aid! in New Delhi immediately after completing her studies in 2003. Insa Klasing holds a Bachelor's degree in Economics, Politics and Philosophy from the University of Oxford as well as a Master's degree in South Asian Area Studies from the University of London. She is a member of the Board of Directors of SV Group AG and sits on the Supervisory Board of Sausalitos. Insa Klasing is 39 years old and a German citizen.

#### **6.3 Election of Sascha Zahnd as new member of the Board of Directors**

The Board of Directors proposes the election of Sascha Zahnd as a new member of the Board of Directors, for a term of one year, until the end of the 2020 Annual General Meeting.

**Explanation:** Sascha Zahnd has been Vice President Global Supply Chain and part of the senior management team at Tesla Inc. in Palo Alto, California, since 2016. He is actively involved in helping to develop future global topics such as mobility, energy, artificial intelligence and Industry 4.0. Previously, he worked for six years at ETA SA/Swatch Group, where as a member of the Executive Board he was responsible for the global supply chain and the component production plants. In this role, he completely repositioned the entire purchasing and logistics organisation and significantly increased production flexibility. Between 2001 and 2010, he worked for IKEA, initially in Switzerland and then in Sweden, Mexico, the US and China. He started his career at the retail company as Regional Logistics Manager and went on to hold various roles including Sales Manager and Deputy to the General Manager of IKEA Retail in New York and finally Head Supply Division Asia Pacific in Shanghai. After completing his apprenticeship as a forwarding merchant in Basel, Switzerland, Sascha Zahnd gained a degree in Business Administration from the University of Applied Sciences in the same city. He also holds an Executive Master of Business Administration from the IMD Business School in Lausanne. Sascha Zahnd is 43 years old and a Swiss citizen.

#### **6.4 Election of the members of the Nomination and Compensation Committee**

The Board of Directors proposes the election of the following members of the Board of Directors as members of the Nomination and Compensation Committee, each for a term of one year, until the end of the 2020 Annual General Meeting:

##### **6.4.1 Re-election of Markus Fiechter**

##### **6.4.2 Re-election of Michael Kliger**

##### **6.4.3 Election of Insa Klasing**

All elections are conducted individually.

#### **6.5 Re-election of the Independent Proxy**

The Board of Directors proposes the re-election of Dr. Oscar Olano, staehelin olano Advokatur und Notariat, as the Independent Proxy for a term of one year, until the end of the 2020 Annual General Meeting.

#### **6.6 Re-election of the Auditor**

The Board of Directors proposes the re-election of Ernst & Young AG as the auditor for the 2019 financial year.



## ORGANISATIONAL INFORMATION

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### *Requests to add items to the agenda*

No requests were received from shareholders to add items to the agenda before the deadline of 6 February 2019.

### *Annual Report*

The 2018 Annual Report, including the Valora Holding AG Annual Report, the 2018 Valora Holding AG Financial Statements, the 2018 Valora Group Consolidated Financial Statements, the Remuneration Report and the Auditor's reports are available for inspection beginning 20 February 2019, at the registered office of the company, Hofackerstrasse 40, 4132 Muttens, Switzerland. The Annual Report may also be accessed via the Internet, beginning 7:00 a.m., 20 February 2019, at [www.valora.com](http://www.valora.com).

### *Registration/admission card*

Shareholders recorded in the shareholder register as holding voting rights as of 20 March 2019 are entitled to attend the Annual General Meeting. The "Registration/Proxy Appointment" form must be used to register for the Annual General Meeting. Instead of using the form, you can also provide your details directly online (electronically).

Please submit your registration to the company by no later than 21 March 2019. Admission cards will be sent to shareholders after they register starting on 21 March 2019.

Due to time constraints, we will no longer be able to send admission cards by post after 28 March 2019. If you should not receive your admission card, please register with information (GM Desk) before the start of the Annual General Meeting. After you present your ID, we will give you your admission card and voting documents in person.

### *Voting*

Voting will be conducted electronically via voting machines (tele-voting).

### *Proxy appointment*

Please use the "Registration/Proxy Appointment" form to grant proxy authorisation and issue instructions to the Independent Proxy. The Independent Proxy is Dr. Oscar Olano, staehelin olano Advokatur und Notariat, Malzgasse 15, CH-4052 Basel, +41 61 206 60 60.

Shareholders can also grant authorisation and issue instructions to the Independent Proxy electronically at <https://valora.shapp.ch>. Your personal access details (identification and password) for the initial registration can be found on the "Registration/Proxy Appointment" form. You can issue instructions electronically and make changes to instructions that have been issued electronically until 27 March 2019, 11:50 p.m. CET.

### *Speakers*

Any shareholder wishing to contribute to the discussion is requested to submit his or her remarks by e-mail to [annette.martin@valora.com](mailto:annette.martin@valora.com), by 28 March 2019, with full name and address, or to submit such remarks in writing at the speakers' lectern immediately prior to commencement of the Annual General Meeting.

Muttens, 8 March 2019  
For the Board of Directors of Valora Holding AG



Franz Julen, Chairman

**Enclosures** – Registration/Proxy Appointment form  
– Postage paid envelope

## NOTES TO THE REMUNERATION VOTING

In accordance with the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (VegÜV), this year, as it did last year, the Board of Directors will submit the maximum total remuneration of the Board of Directors and Group Executive Management for a vote.

Approval of the maximum total amount of remuneration of the Board of Directors is for the remuneration period from the 2019 Annual General Meeting to the 2020 Annual General Meeting (see agenda item 5.1). Approval of the maximum total amount of remuneration of Group Executive Management is for the 2020 financial year and comprises both fixed and variable remuneration elements (see agenda item 5.2).

Following are supplemental notes to the requested maximum total amounts of remuneration for the Board of Directors and Group Executive Management.

Further information about the remuneration system and the specific remuneration for the 2018 financial year can be found in the 2018 Remuneration Report. Shareholders can also express their opinion about the Remuneration Report in a consultative vote at the Annual General Meeting.

The structure of the remuneration for the Board of Directors is unchanged from 2018.

The maximum total remuneration of the Board of Directors includes cash compensation, the market value of the blocked shares upon allocation and social security contributions.

In 2018, the remuneration programmes for Group Executive Management were comprehensively reviewed and the remuneration structure adapted with the support of an external

company specialising in corporate governance and executive remuneration. In the context of such amendments the variable component will be increased to the debit of the fixed component, in particular by adding a stronger performance component to the Long-Term Incentive Plan (LTI), which will replace the existing Share Participation Program (SPP).

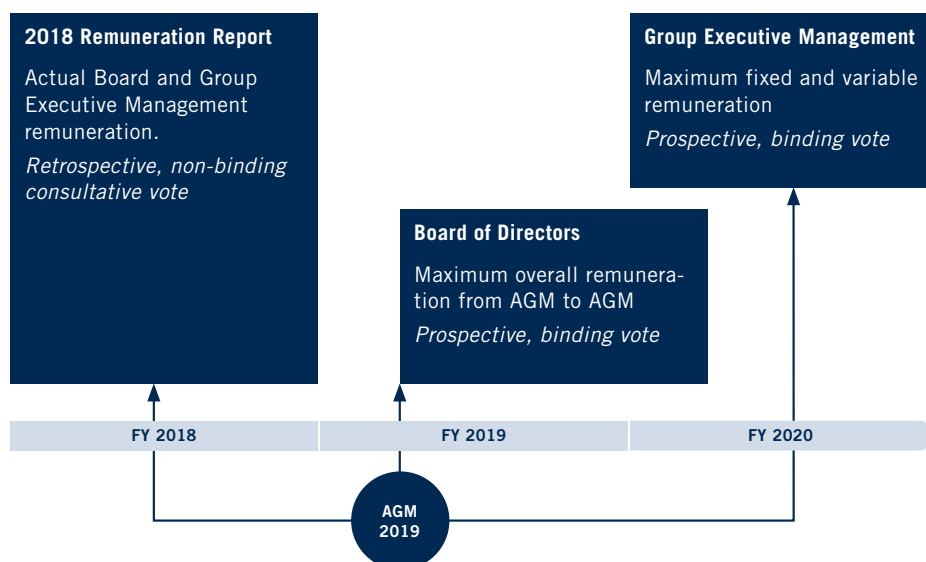
The maximum total remuneration for Group Executive Management includes the following components:

- Fixed remuneration: base salary, value of additional benefits, employer contributions to pension plans and social security contributions
- Maximum possible payout under the variable Short-Term Bonus (STB), if profit targets are reached and the contractually agreed amount is drawn in the form of shares
- Fair market value of the prospective share award under the Long-Term Incentive Plan (LTI) upon allocation

Accordingly, the amount of the maximum total remuneration that will be presented for a vote to the Annual General Meeting may, in some circumstances, be much higher than the remuneration that the members of Group Executive Management actually receive based on their performance.

The amount actually paid will be disclosed in the Remuneration Report for the relevant financial year, which will be put to a consultative vote by shareholders at the following Annual General Meeting.

The following graph shows the structure of the remuneration-related votes at the 2019 Annual General Meeting:



## VALORA 2019 ANNUAL GENERAL MEETING ANNEX TO THE AGM INVITATION

The prospective binding vote on the total remuneration in combination with a retrospective consultative vote on the Remuneration Report give shareholders a substantial say in setting the remuneration amounts.

***Agenda item 5.1 Approval of the maximum total remuneration of members of the Board of Directors from the 2019 Annual General Meeting until the 2020 Annual General Meeting***

The Board of Directors requests the approval of the total amount of fixed remuneration of the Board of Directors of a maximum of CHF 1 700 000 until the 2020 Annual General Meeting (including all social security contributions).

**Explanation:** The Board of Directors will be expanded by two new members and comprise seven members for the remuneration period. This leads to an increase in the requested maximum amount compared to the amount approved by the 2018 AGM.

The members of the Board of Directors receive a fixed fee for their activities. In general, 80% of this fee is paid in cash and 20% in the form of blocked registered shares of Valora Holding AG. In justified cases, the Board of Directors may decide to pay a higher or lower percentage of the total remuneration in shares. The share portion of the fees paid is calculated on the basis of an average price for the Valora registered share. The discount to compensate for the blocking period was cancelled and not replaced for all members of the Board of Directors.

The proposed maximum total amount of remuneration of CHF 1 700 000 includes a cash amount of CHF 1 100 000, the above-mentioned amount for the blocked shares of CHF 300 000, estimated social security contributions of CHF 200 000 and a reserve in the amount of CHF 100 000 of the total amount in order to cover any special tasks and unforeseen developments, such as share price fluctuations.

**For the period from the 2019 Annual General Meeting to the 2020 Annual General Meeting the annual remuneration paid to Board members remains unchanged:**

Annual remuneration	In CHF	Form of payment
Chairman	500 000	80 % in cash and 20 % in blocked shares
Vice-Chairman	200 000	
Board member	140 000	
Chair of NCC/Audit Committee	30 000	
Member of NCC/Audit Committee	15 000	



**Agenda item 5.2 Approval of the maximum total remuneration of the members of Group Executive Management for the 2020 financial year**

The Board of Directors requests the approval of the total amount of fixed and variable remuneration of Group Executive Management of a maximum of CHF 7 700 000 (including all social security contributions) for the 2020 financial year.

**Explanation:** Group Executive Management is expanded by one additional member and now consists of four members. This is why the requested maximum amount is CHF 800 000 more than the amount approved by the 2018 AGM for the 2019 financial year. The remuneration for the members of Group Executive Management for the 2020 financial year is composed of the annual fixed salary, a Short-Term Bonus (STB) and a Long-Term Incentive Plan (LTI).

The fixed salary will comprise a cash payment and depending on the function account for between a maximum of 45 % (CEO) and a maximum of 60 % (members of Group Executive Management) of the total remuneration of each member.

The Short-Term Bonus (STB) will correspond to a maximum of 30 % of the total remuneration for each member of Group Executive Management and will be paid upon achievement of quantitative targets. Remuneration depends on at least two predefined profit targets (e.g. EBIT, Net Working Capital). If the attainment of the performance indicator is less than 85 %, the actual objective attainment is 0 % and no STB is paid. The maximum actual objective attainment is 150 %.

The Long-Term Incentive Plan (LTI) equals around 25 % of total remuneration for all members of Group Executive Management and consists of a performance share unit plan. Plan participants are awarded performance share units (PSUs) at the beginning of a three-year vesting period. This is a prospective

share award. PSUs entitle the holder to receive shares at the end of the vesting period, provided that the required performance objectives have been reached. The performance objectives are set by the Board of Directors at the beginning of the vesting period and comprise two indicators: return on capital employed (ROCE) and earnings per share (EPS). These have the same weighting. If the attainment of the profit indicator is less than 85 %, the actual objective attainment is 0 %. The maximum actual objective attainment is 150 %. The PSUs are converted into shares at the end of the three-year vesting period after the annual results and objective attainment have been determined. The shares are subject to a subsequent blocking period of two years. No discount is granted to compensate for the blocking period.

The requested maximum amount was calculated on the following basis:

- The fixed salary has been reduced by 5 % compared to the previous year.
- The maximum target achievement level for the STB is 150 %.
- The prospective share award is measured at fair value upon allocation.

The target compensation is not increased under the new remuneration structure. Instead, the short- and long-term variable components have been adjusted at the expense of the fixed remuneration. The Share Participation Programme (SPP) will be replaced by the performance-based Long-Term Incentive Plan (LTI). As a result, the guaranteed remuneration is reduced and a higher portion of the total remuneration for members of Group Executive Management is performance-based, thus setting clear incentives to deliver high performance in the best interests of the company and the shareholders.

**The following table shows the development of the remuneration of Group Executive Management:**

Financial year	2017	2018	2019	2020
in CHF thousand				
Effectively paid	5 405	5 476		
Maximum approved	6 600	6 400	6 900	
Total amount of requested remuneration				7 700

VALORA 2019 ANNUAL GENERAL MEETING  
KEY FINANCIAL DATA

		31.12.2018	31.12.2017	Change
<b>External sales</b> <sup>1)</sup>	CHF million	<b>2 731.0</b>	<b>2 453.7</b>	+ 11.3 %
<b>Net revenues</b> <sup>1)</sup>	CHF million	<b>2 122.1</b>	<b>2 001.6</b>	+ 6.0 %
<b>EBITDA</b>	CHF million	<b>156.0</b>	<b>133.7</b>	+ 16.7 %
in % of net revenues	%	7.4	6.7	
<b>Operating profit (EBIT)</b>	CHF million	<b>89.8</b>	<b>79.0</b>	+ 13.7 %
in % of net revenues	%	4.2	3.9	
<b>Net profit from continuing operations</b>	CHF million	<b>64.1</b>	<b>57.1</b>	+ 12.2 %
in % of net revenues	%	3.0	2.9	
in % of equity	%	10.4	7.7	
<b>Net cash provided by (used in)</b> <sup>2)</sup>				
Operating activities	CHF million	116.0	114.2	+ 1.6 %
Ordinary investment activities	CHF million	-67.0	-32.1	+ 108.4 %
<b>Free cash flow</b> <sup>2)</sup>	CHF million	<b>49.0</b>	<b>82.0</b>	- 40.2 %
<b>Earnings per share</b> <sup>2)</sup>	CHF	<b>15.28</b>	<b>15.26</b>	+ 0.1 %
<b>Free cash flow per share</b> <sup>2)</sup>	CHF	<b>12.47</b>	<b>23.93</b>	- 47.9 %
<b>Number of outlets operated by Valora</b>		<b>1 868</b>	<b>1 882</b>	- 0.7 %
of which agencies		1 105	1 031	+ 7.2 %
<b>Number of franchise outlets</b>		<b>881</b>	<b>872</b>	+ 1.0 %
Net revenues per outlet	CHF 000	1 136	1 064	+ 6.8 %
<b>Share price</b>	CHF	<b>215.00</b>	<b>325.00</b>	- 33.8 %
<b>Market capitalisation</b>	CHF million	<b>846</b>	<b>1 277</b>	- 33.7 %
<b>Cash and cash equivalents</b>	CHF million	<b>104.8</b>	<b>152.5</b>	- 31.3 %
<b>Interest-bearing debt</b>	CHF million	<b>463.4</b>	<b>398.6</b>	+ 16.2 %
<b>Equity</b>	CHF million	<b>613.8</b>	<b>737.9</b>	- 16.8 %
<b>Total liabilities and equity</b>	CHF million	<b>1 326.2</b>	<b>1 408.9</b>	- 5.9 %
<b>Number of employees</b>	FTE	<b>4 230</b>	<b>4 265</b>	- 0.8 %
Net revenues per employee	CHF 000	502	469	+ 6.9 %

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

<sup>1)</sup> 2017 restated according to IFRS 15

<sup>2)</sup> From continuing operations

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