

# Letter to shareholders

## *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