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Medienmitteilung - Communiqué de presse - Media release

Valora confirms turnaround

Substantial increases in operating profit and net profit compared to prior-year period – cost reductions starting to deliver results – challenging second half ahead.

Valora, the Swiss-based international trading group, can report further successes in its ongoing restructuring programme. Group net revenues for the first half of 2006 amounted to around CHF 1.4 billion, a slight improvement on the same period a year ago. The first-half operating profit of CHF 39.3 million was double its prior-year equivalent, while the net profit of CHF 26.6 million was triple the same result last year. The results confirm that the cost-reduction measures initiated and the restructuring of the Group's Swiss retailing activities are beginning to bear fruit.

The increase in net revenues for the first half-year is attributable primarily to the Valora Trade division. Valora Press & Books increased its net revenues by CHF 3.0 million or 1.1%, while Valora Retail sustained a CHF 11.5 million or 1.4% net revenue decline following closures of sales outlets. The encouraging CHF 19.6 million improvement in operating profit raised the operating profit margin to 2.7%.

"The success of our cost-reduction measures and our efforts to improve the performance of our kiosk business confirm that we are on the right track in restructuring our core activities," says Group CEO Peter Wüst. The actions initiated must now be vigorously pursued to achieve the Group's operating profit margin objectives. With a view to further improving business control and logistics processes, the Board of Directors has approved substantial investments into modern POS tills and ERP systems. The projects to introduce the new technology are already under way.

The divisions

First-half net revenues at **Valora Retail** showed a year-on-year decline, owing primarily to the closure of unprofitable kiosks and the reduction of the unprofitable wholesale business volume. In contrast, the acquisition of six new POS helped Valora Retail Germany achieve a CHF 7.1 million increase in its net revenues for the period. Activities in Luxembourg continued to show favourable developments. The Panini Football stickers for the 2006 World Cup Finals were a sales success exceeding expectations. The prime reason for the improved operating result, however, was the success of the division's cost-reduction programmes.

Valora Press & Books, which is active in the press wholesale business, generated net revenues of CHF 283.6 million for the first half of 2006, a CHF 3 million improvement on the prior-year period. The negative trend in the Swiss market was offset by strong results from Austria and Luxembourg; and with higher sales and parallel action to cut costs, operating profit was increased to CHF 13.5 million to produce an operating profit margin of 4.8%.

Net revenues for the **Valora Trade** division were 6.3% above their prior-year level, with strong contributions from both its distribution and its production units. Sales were boosted in particular by the acquisition of new principals in Scandinavia and new product launches at Roland and

Kägi, which all produced their first encouraging results. Operating profit has not yet emulated the net revenue growth, however. This is due partly to the costs of establishing and developing a consistent market appearance and standardised systems in the Distribution unit, and partly to non-recurring additional costs incurred through the introduction of new products and the new packaging design of the Kägi products.

Cash flow
Cash flow before changes in working capital was increased by CHF 16 million. The increase in net working capital through the expansion of Valora Trade's business activities, changed payment flows and the utilisation of restructuring provisions combined to produce a temporarily negative operating cash flow. The disposal of the Valora Imaging division, the sale of real estate formerly belonging to PGV in Austria and the disposal of sales outlet furnishings offset the cash outflow through investing activities.

Balance sheet structure
Equity remained virtually unchanged at CHF 515 million, despite a CHF 29 million dividend distribution. The balance sheet equity ratio increased from 37.8% to 40.1%.

Changes in Group Executive Management
Manfred Zipp commenced his new duties as Head of the Valora Retail division on June 1, and Christian Schock assumed overall responsibility for Valora Press & Books on July 1.

Outlook for 2006 as a whole
The improved results for the first half-year are attributable primarily to efforts made in cost-savings terms. One of the key challenges of the second six months will be to continue to pursue the restructuring actions already taken, especially on the sales and earnings fronts, in a still far-from-easy market environment. The Board of Directors and Group Executive Management expect to report an operating profit margin for the full year of between 2.8% and 3% of net revenues, and will continue to pursue their objective of achieving an operating profit margin of 4% from 2007 onwards.

Enclosure:
Information on the **Valora Telephone Conference** (in English) of Thursday, August 24, starting at 10:00.

Half-Year Report
PowerPoint presentation

The 2006 Half-Year Report and the accompanying PowerPoint presentation are available on the www.valora.com website.

Inquiries: Please note that questions regarding this media release cannot be answered before the Valora Telephone Conference of Thursday, August 24.

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Valora Telephone Conference – 2006 Half-Year Results
Thursday, August 24, 2006, starting at 10:00 (CET)

Peter Wüst, CEO of Valora Holding AG and Markus Voegeli, CFO will provide information about Valora's first-half results for 2006 in a telephone conference. The dial-in conference will be held in **English.**

To participate in the **conference**, please call the following number (5-10 minutes in advance):

Dial-in numbers:	**+41 (0)91 610 5600**	(Europe and rest of the world)
	+1 (1)866 291 4166	(USA toll-free)
	+44 (0)20 7107 0611	(UK)

A playback of the conference will be available one hour after the conference call for the following 24 hours. To listen to this **digital playback**, please dial:

+41 (0)91 612 4330	(in Europe)
+1 (1)866 416 2558	(in the USA)
+44 (0)20 7108 6233	(in the UK).

You will then be asked to enter the conference ID of **211** followed by the # sign.