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Media release - Medienmitteilung - Communiqué de presse

Valora: Improvement in Swiss kiosk business delayed – Trade and Media divisions and other activities on track

Valora, the international trading group, generated operating earnings of CHF 16.7 million and a net profit of CHF 11.9 million in the first six months of 2007. Higher food sales made up for the current downtrend in turnover from tobacco and press products, thus confirming that the current product range strategy optimisation is well founded. This was not sufficient to offset the decline in non food revenue and the unexpected fall in service activity proceeds, however. The ongoing initiatives to boost earnings at Kiosk Switzerland will have to be further intensified.

Operating cash flow was raised markedly compared to the same period of 2006, and the Valora Group maintains a sound balance sheet.

Group sales were unchanged on those achieved in the same period of 2006, but operating income was unsatisfactory. While most business activities performed positively, this was not sufficient to offset the substantial fall in earnings in the Swiss kiosk business. The corresponding CHF 4.2 million decline in gross earnings coincided with a CHF 18.4 million, or 4.2%, increase in net operating costs, resulting in Group operating profit of CHF 16.7 million. The higher operating costs are principally due to growth at Valora Trade and Valora Retail Germany, as well the costs arising from the introduction of the new systems environment.

Thanks to strict management of net working capital, cash flow from operations was increased by CHF 47.3 million to CHF 39.9 million. Low net indebtedness of CHF 77 million and shareholders' equity equivalent to 41.5% of total assets are testimony to the Group's robust balance sheet.

„The measures we have taken to optimise our core Swiss kiosk business are right. However, given the challenging market climate, they will need to be intensified further and will take longer than initially anticipated.” said CEO Peter Wüst. “We are therefore focusing on a determined ongoing pursuit of our initiatives to boost profitability, as well as on adjustments to our product range, our outlet network and our organisational structure. We maintain our emphasis on technological improvements and the systematic improvements in efficiency they should bring. A key initiative over the next one and a half years will be the roll out of the successful “k growth” concept of food and drink for immediate consumption to some 120 outlets.”

Divisions

Valora Retail

Its 20-odd new sales outlets enabled Retail Germany to notch up growth in excess of 10%. The Caffè Spettacolo and convenience areas are both making visible progress. Wholesaling reached breakeven, ending several years of substantial losses. Valora Retail's principal challenge remains with its kiosk operations in Switzerland. Valora Retail sales were CHF 809.1 million compared with CHF 819.4 million in the same period of 2006.

At Kiosk Switzerland, impressive gains in food sales made up for the current downtrend in turnover from tobacco and press products. This was not, however, sufficient to compensate for lower revenues from sales of collectible picture cards and the unexpected fall in service activity proceeds from lotteries and other games of chance resulting from the meagre jackpots on offer. Meanwhile, the current projects to streamline systems and processes are continuing apace. In this initial phase, the infrastructure projects were the main component of the increase in net costs, and it has become apparent that complete systems modernisation will take longer than originally anticipated. The result is a marked decline in operating earnings at Kiosk Switzerland.

Valora Media

The division held its own impressively in markets which continue to stagnate. Sales in Switzerland were down 4%, slightly less than the overall market, and the Swiss operations in fact managed to raise their overall profitability thanks to increased logistics efficiency, despite the lower turnover they generated. Overall division sales were CHF 270.9 million, versus CHF 283.6 million in the same period of 2006. The slight fall in overall operating earnings to CHF 12.5 million is due to performance in Austria, where sales of collectible picture cards were noticeably lower.

Valora Trade

With net sales of CHF 446.2 million, the Trade division achieved encouraging growth in both its activity areas, further spurred on by positive currency trends. Distribution is growing in most of its markets and raised its operating profit slightly. Massive increases in raw material costs in the second quarter meant that Own Brands was not able to translate its strong sales growth into higher gross profits. Operating profit for the division as a whole thus declined by CHF 2.4 million to CHF 10.7 million, equating to an EBIT margin of 2.4%.

CEO Peter Wüst to assume management of Valora Retail Switzerland.

With immediate effect, Peter Wüst will assume management responsibility for Valora Retail Switzerland, in addition to his other Group executive duties. He has made management of this area his principal task, following the poor results it generated in the first half of 2007. Manfred Zipp, CEO of Valora Retail, who had previously managed the business, will leave the Valora Group by mutual agreement.

Outlook for 2007 as a whole

With the exception of Kiosk Switzerland, all other business areas are on track for the current year. Product categories with declining sales and increasing regulatory restrictions will continue to exert pressure on Kiosk Switzerland.

Although we will not be able to make good the fall in first half earnings during the second six months of 2007, we do expect to raise operating profits.

Enclosure:

Information on the **Valora analysts', media and telephone conferences** of Tuesday, August 28

**Half-year Report
PowerPoint presentation**

The 2007 half-year report and the accompanying PowerPoint presentation are available on the www.valora.com website.

Inquiries:

Questions relating to this media release will be answered during the media and analysts' conferences on August 28, 2007

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Media and analysts' conferences - Analysts' conference call Tuesday, 28 August 2007
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On August 28, 2007, Valora will hold a media conference and an analysts' conference to present its 2007 first half results.

Media conference (in German):

Date: August 28, 2007
Time: 09.00 – 10.30
Venue: SWX Swiss Exchange, ConventionPoint, Auditorium,
Selnaustrasse 30, CH-8021 Zürich

Analysts' conference (in German):

Date: August 28, 2007
Time: 12.00 – 13.30
Venue: SWX Swiss Exchange, ConventionPoint, Auditorium,
Selnaustrasse 30, CH-8021 Zürich

Analysts' conference call (in English):

Date: August 28, 2007
Time: 16.00 – 17.00 (CET)
Dial-in numbers: To participate in the **conference**: call the following number
(please call 5 to 10 minutes before the hour):
+41 (0) 91 610 56 00 (Europe)
+1 (1) 866 291 4166 (USA)
+44 (0) 207 107 0611 (UK)

A playback (audio web cast) of the conference will be available on the www.valora.com website two hours after the conference finished.