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Valora Group reports good results in a difficult market

- **Adjusted external sales and net revenues advance 9.3% and 4.8% respectively versus H1 2010**
- **Adjusted operating profit margin raised by +24.0%**
- **Net earnings improve by +1.4%**
- **Implementation of growth strategy progressing successfully**
  - Organic margin and sales growth at Retail division
  - Acquisition-led expansion at Valora Trade with further potential for H2 2011
- **Outlook: previously announced objectives confirmed**

Adjusted external sales and net revenues advance 9.3% and 4.8% respectively versus H1 2010

Valora closed the first six months of 2011 with consolidated external sales (including franchisee revenues) totalling CHF 1,473 million, an increase of 1.6% on the same period of last year. After adjusting for the effects of non-recurring revenues from football picture cards and exchange-rate fluctuations, the Group's external sales rose an impressive 9.3%. Valora's published first-half net revenues came in at CHF 1,397.6 million, -2.4% below the CHF 1,431.9 million generated last time. After adjusting for football card and exchange-rate factors, net revenues amounted to CHF 1,459.9 million, 4.8% up on their level a year earlier.

The Group's **Retail** division performed well in the first half of the year, increasing its external sales by CHF 63 million, or some 8%, to CHF 874.6 million. Tabacon Franchise GmbH, acquired in 2010, made a positive contribution to this result. Published net revenues for the first six months of 2011 rose 0.7% to CHF 797.4 million. When comparing this with the division's first-half 2010 result, it should be remembered that the figures for the 2010 figure included sales of football picture cards. In addition, Valora Retail's first-half 2011 sales were significantly reduced by the rapid and substantial appreciation of the Swiss franc during that period. Stripping out the effect of these two factors, the division's net revenues for the first six months of 2011 rose 5% to CHF 822.0 million. Retail Germany, avec. and kiosk Switzerland were the business units principally driving the encouraging performance the division achieved in the face of generally difficult retail market conditions.

Valora **Services** generated net revenues of CHF 310.3 million, down from CHF 369.4 million in the same period of 2010. Adjusting for football card and exchange-rate effects reduces this decline to -5.6%. This downtrend in sales had already begun to manifest itself in the closing months of 2010 and continued unabated throughout the first six months of this year.

In an intensely competitive market, Valora **Trade** posted good results for the first six months of 2011, raising its published net revenues by 4% to CHF 362.8 million. In local currency terms, net revenues advanced by 12.1% on their first-half 2010 levels. The division's two acquisitions, the cosmetics distributor EMH (purchased in autumn 2010) and Salty Snacks in Germany (purchased in spring 2011) were successfully integrated and, as anticipated, are both making very positive contributions to the division's turnover. While sales at the division's units in Switzerland (-8.4%) and Austria (-7.3%) declined, Valora Trade Denmark increased turnover by 5.6% and Valora Trade Finland by 12.6%.

Adjusted operating profit margin raised by +24.0%
During the first six months of 2011, the Valora Group raised its consolidated gross profit margin from 30.3% to 30.7%. This improvement is principally due to enhancements made to product ranges and changes in the sales channel mix as the number of franchisee outlets increased. At the operating profit level, the Group's published EBIT for first-half 2011 amounted to CHF 33.4 million, putting the consolidated EBIT margin at 2.4%. After stripping out the adverse impact of exchange rate moves (CHF 3 million) and non-recurring football card profits (CHF 6.3 million), Valora raised its operating profit by +24% and its adjusted EBIT margin to 2.5%, versus 2.1% a year earlier. This equates to a 0.4 percentage point increase in the Group's sustainable profitability.

At the divisional level, **Valora Retail** increased its published EBIT to CHF 19.2 million and improved its EBIT margin to 2.4%. After stripping out picture card and exchange-rate effects, the division boosted its adjusted operating profit by some 65%, to CHF 20.6 million, which equates to an adjusted EBIT margin of 2.5%. **Valora Services** generated a published operating profit of CHF 10.0 million, versus CHF 19.5 million in the first six months of 2010. This decline is principally the result of non-recurring football card revenues, adverse exchange-rate effects and the sharp contraction of the overall press market. After adjusting for football card and exchange-rate factors, Valora Services' EBIT margin in first-half 2011 was 3.4%. Despite the significant reduction the division achieved in its staff costs, this result is unsatisfactory and below the target range of 4-5%. Further increases in efficiency levels and additional revenues from new services should enable the division to get its operating results back on target. **Valora Trade** raised its published operating profit by CHF 1.9 million, or 38.6%, to CHF 7.0 million, while improving its EBIT margin to 1.9%. After adjusting for the adverse impact of exchange rate movements, the division's operating profit rose by 54.2%, thus raising its adjusted EBIT margin to 2.0%. This improved operating profit result is particularly gratifying, since recent acquisitions have also increased the division's operating costs.

Net earnings improve by +1.4%
Valora's net profit for the first six months of 2011 totalled CHF 26.3 million, compared to CHF 26 million in the same period of last year. In spite of the higher dividend pay-out, equity covered increased by 0.5 percentage points to reach 44.1% of total assets. Due to deadline-related investments in net working capital, Valora's net debt at June 30, 2011 was CHF 76.9 million, CHF 62.8 million higher than at year-end 2010.

Implementation of growth strategy progressing successfully
In November 2010, the Valora Group presented its „Valora 4 Growth" expansion strategy. The overall objective of the strategy's four growth initiatives is to enhance operational excellence and to achieve sustained organic and acquisition-led sales and margin growth during the period to 2015.

Organic margin and sales growth despite difficult market conditions
During the first six months of 2011, the Valora Group achieved both organic growth in its external sales and an initial and significant improvement in margins. This improvement is mainly the result of product range adjustments, further streamlining of the cost base, enhanced gross profit margins and the emphasis placed on developing agency and franchise business models. Organic growth in external sales (excluding the effects of exchange rates, football picture cards and acquisitions) was close to 1%.

Acquisition-led expansion at Valora Trade with further potential for H2 2011
Valora's purchases of Salty Snacks in Germany in March 2011 and of Scandinavian Cosmetics in Sweden in July 2011 have enabled the Group to acquire two highly successful distribution companies. Valora currently estimates these companies' contribution to annual net revenues to be of the order of CHF 85 million. This is congruent with the Trade division's objective of expanding its operations as largest pan-European distributor by 2015. In Valora's Retail/Services business area, whose acquisition-related focus is on profitable growth in Germany (through kiosks) and new European formats, a number of promising negotiations are currently under way. Management is confident of achieving the objectives it has set for 2011.

Outlook: previously announced objectives confirmed
The results achieved in 2011 to date and the progress made in implementing the Group's strategy provide a sound basis for achieving the defined "Valora 4 Growth" objectives.

Despite the steep decline of the overall press market and the present currency configuration, which has also been an adverse factor for Valora, management remains confident that the Group will achieve the objectives it has set for 2011, absent a further deterioration in exchange rates or consumer sentiment or a sharper-than-expected decline in the overall press market. Valora's management also reconfirms its goal, initially formulated in November 2010, of raising the Group's operating profit margin to 3.0% to 3.5% in 2012. This is based on projected 2012 EBIT of CHF 110-130 million and external sales of some CHF 3.7 billion, calculated on the basis of the anticipated EUR/CHF exchange rate of 1.35 budgeted for at that time. As Thomas Vollmoeller, Valora Holding AG's CEO, puts it, "Despite adverse market conditions we have achieved good results in the first six months of 2011. We will remain focused on implementing our strategy and are convinced that Valora continues to offer sound value to its stakeholders, even in these turbulent times".

Valora Group key financial data

Income statement in CHF million	H1 2011	H1 2010
External sales	**1 473.0**	**1 450.0**
Adjusted external sales*	**1 542.6**	**1 411.7**
Net revenues	**1 397.6**	**1 431.9**
Adjusted net revenues*	1 459.9	1 393.5
Gross profit	**429.6**	433.7
Gross profit margin	*30.7%*	*30.3%*
Operating costs	**-401.3**	**-402.4**
Operating profit (EBIT)	**33.4**	**35.7**
*Adjusted operating profit (EBIT) **	*36.5*	*29.4*
EBIT margin	**2.4%**	**2.5%**
*Adjusted EBIT margin**	*2.5%*	*2.1%*
Consolidated net profit	**26.3**	**26.0**

* Adjusted for exchange-rate and World Cup 2010 picture card effects

Liquidity, balance sheet in CHF million	**30.06.2011**	31.12.2010
Cash and cash equivalents	82.6	130.5
Shareholders' equity	467.3	478.1
Equity cover	*44.1%*	*43.6%*
Net debt	76.9	14.1

Key financial metrics for Valora divisions

Key metrics	**Retail**			**Services**			**Trade**		
in CHF million	**H1 2011**	**H1 2010**	△	**H1 2011**	**H1 2010**	△	**H1 2011**	**H1 2010**	△
External sales	**874.6**	**811.6**	**+7.8%**						
*Adjusted external sales**	**906.5**	**802.3**	**+13.0%**						
Net revenues	**797.4**	**792.0**	**+0.7%**	**310.3**	**369.4**	**-16.0%**	**362.8**	**348.8**	**+4.0%**
*Adjusted net revenues**	*822.0*	*782.6*	*+5.0%*	*321.2*	*340.4*	*-5.6%*	*391.1*	*348.8*	*+12.1%*
Operating profit (EBIT)	**19.2**	**14.6**	**+31.4%**	**10.0**	**19.5**	**-48.8%**	**7.0**	**5.1**	**+38.6%**
*Adjusted operating profit (EBIT) **	*20.6*	*12.6*	*+64.5%*	*10.8*	*15.3*	*-29.5%*	*7.8*	*5.1*	*+54.2%*
EBIT margin	**2.4%**	**1.8%**	**+0.6pP**	**3.2%**	**5.3%**	**-2.1pP**	**1.9%**	**1.5%**	**+0.4pP**
*Adjusted EBIT margin**	*2.5%*	*1.6%*	*+0.9pP*	*3.4%*	*4.5%*	*-1.1pP*	*2.0%*	*1.5%*	*+0.5pP*

* Adjusted for exchange-rate and World Cup 2010 picture card effects

The following documentation is available for download on www.valora.com

Half-year report 2011
http://www.valora.com/media/documents/english/reports/2011/halbjahresbericht_2011_en.pdf

Media release
http://www.valora.com/en/media/newsinformation/news_00387.php

Presentation on first-half 2011 resultshttp://www.valora.com/media/documents/english/presentations/2011/praes_halbjahresabschluss_2011_en.pdf

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Valora Telephone Conference – Analysts' and Media Conference First-half 2011
Thursday, August 25, 2011 | 14.00 CET (German) | 15:00 CET (English)

Thomas Vollmoeller, CEO of Valora Holding AG, and Lorenzo Trezzini, CFO, will provide information about the Valora Group's First-half 2011 results during a telephone conference.

To participate in the **conference**: please call the following number (please call 10 to 15 minutes before the stated starting time):

+41 (0) 91 610 56 00 (Europe)
+44 (0) 203 059 58 62 (UK)
+1 (1) 866 291 41 66 (USA - toll-free)

The playback will be available one hour after the conference for 24 hours till August 26th, 2011. To access the digital playback, please dial:

+41 (0) 91 612 43 30 (Europe)
+44 (0) 207 108 62 33 (UK)
+1 (1) 866 416 25 58 (USA)

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