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Valora Group reports marked improvement in operating earnings, net profit and free cash flow in first six months of 2013.

- **Higher sales, operating earnings and net profit**
- **Free cash flow increases by CHF 54 million**
- **Equity cover raised to 44% (+8 percentage points up on 31.12.2012)**
- **Projected operating profit of some CHF 75 million confirmed for full-year 2013**

In order to reflect the changes in the accounting treatment required for pensions under IAS 19, Valora has restated its 2012 accounts. This has retroactively reduced the Group's first-half 2012 net profit by CHF -4.4 million. All the figures for first-half 2012 presented here are based on these restated accounts.

The Valora Group performed well during the first six months of 2013, generating external sales of CHF 1 691.3 million, +7.8% higher than in the same period of 2012 and +6.5% higher in local-currency terms. Valora's reported net revenues for first-half 2013 were CHF 1 412.1 million, +1.8% up on the first six months of 2012 (+0.6% in local-currency terms). While the print-media turnover generated by the Group's Services division continued to diminish (by - 4.4%), the rate of decline was lower than anticipated and less than in first-half 2012, when print-media sales shrank by - 10.7%. This revenue shortfall was almost entirely compensated for by the positive performance of Valora's recently acquired Ditsch/Brezelkönig unit, which generated net revenues of CHF 93.3 million during the first six months of 2013.

Valora expanded its gross-profit margin to 35.7%, a +3.9 percentage-point increase on its first-half 2012 result. This improvement is principally attributable to the margins earned by the Group's Convenience Concept and Ditsch/Brezelkönig acquisitions and to Valora Services' discontinuation of its goods wholesaling activities and its expansion of its logistics services activities.

Net operating costs for the first six months of 2013 were CHF 470.3 million, CHF 46.6 million higher than in the same period of 2012. This increase is essentially due to the Convenience Concept and Ditsch/Brezelkönig acquisitions. It should be noted in this connection that Convenience Concept has been consolidated from April 1, 2012 and Ditsch/Brezelkönig only from October 1, 2012. Operating costs at Valora Services declined by CHF 20.4 million, largely as a result of this division's sale of its Services Austria unit in the second half of 2012 and of its goods wholesaling operations in January 2013.

The Valora Group's operating profit for first six months of 2013 came in at CHF 33.8 million, +88.1% up on the CHF 18 million generated in the same period of 2012. This includes a CHF 9.7 million decline in pension costs, principally due to a reduction in the annuity conversion ratio resulting from IAS 19. Stripping out this IAS 19 effect, the Group's first-half 2013 EBIT was +34.4% up on its level in the first six months of 2012. Valora's EBIT margin also improved, rising to 2.4%. This compares to 1.3% in first-half 2012. The Valora Group's net profit for the first six months of 2013 was CHF 25.8 million, an increase of CHF 14.3 million, or +124.5%, on the same period of 2012.

Valora also achieved significant improvements in its key cash-flow metrics. First-half 2013 operating cash flow came in at CHF 17 million, a CHF +37 million advance on first-half 2012. This is due both to the cash-generative improvement in the Group's operating profit and to the streamlining of net working capital achieved through enhancements to liabilities management. Improved investment targeting enabled Valora to shave CHF 17 million from cash used in investing activities. Free cash flow increased by CHF 54 million to CHF -2 million.

Valora Holding AG's balance sheet at June 30, 2013 shows shareholders' equity equal to 44.0% of total assets. Equity cover is thus 8.2 percentage points higher than at year-end 2012. A key factor in this improvement was the Group's issuance of hybrid bonds and the associated partial redemption of its syndicated-loan facility. As a result, Valora was also able to reduce its net debt from CHF 362 million at year-end 2012 to CHF 284 million, or 1.9 times EBITDA, at June 30, 2013.

Valora Retail increases its external sales but faces considerable challenges in Germany

Valora Retail generated external sales of CHF 1 105.2 million in the first six months of 2013, an +11.5% increase on the same period of 2012. Net revenues rose by CHF +16.4 million to CHF 824.0, a +2.0% increase. Retail Germany achieved the highest rate of sales growth, with an increase of +16.1%. This expansion essentially reflects the acquisition of Convenience Concept, whose results were consolidated for only three months of first-half 2012. The Austria and Luxembourg country units also did well, increasing their turnover by +4% and +2.4% respectively. Sales at the division's Swiss kiosks were -2.7% lower than in first-half 2012, principally as a result of the adverse weather conditions during the first six months of 2013 and the continuing contraction of the press market. Overall, Valora Retail increased its operating profit to CHF 15.8 million, up +53.8%, while its EBIT margin improved to 1.9%, compared to 1.3% a year earlier.

Press&Books and Spettacolo increased their net revenues by +2.7% and +4.1% respectively. The division's convenience-store business - encompassing the avec. format, the Tamoil filling-station shops and the ServiceStore DB outlets - increased its external sales by +32.4%. Modernisation of the k kiosks, incorporating an extended range of food products, is progressing according to plan and is beginning to bear fruit. Valora expects to complete its planned roll out of the new k kiosk concept to more than 100 sites in Switzerland by year end. The popularity of the new service offering - comprising Moneygram, iTunes and the ok.- prepaid MasterCard facility - is also encouraging. In Germany, the transformation of the disparate network of Convenience Concept outlets into one uniform format is proving a greater challenge than initially assumed, and will therefore take until 2015 to complete. However, once the integration and transformation process has been carried out, the potential for growth over the medium and longer term is attractive.

Ditsch/Brezelkönig makes a significant contribution to Group results

Ditsch/Brezelkönig, which Valora has owned since October 1, 2012, generated net revenues of CHF 93.3 million in the first six months of 2013. The unit's operating profit for the period, at CHF 10.2 million, was a significant component of the Group's overall first-half 2013 result. Ditsch/Brezelkönig's 11.0% EBIT margin for the period was in line with seasonal trends.

Further growth will be achieved by expanding the Ditsch/Brezelkönig outlet network and by exploiting the potential synergies between this unit and the other Valora formats. Product innovations should also make it possible to expand into new markets.

Valora Services initiates substantive negotiations with potential purchasers and business partners

During the first six months of 2013, Valora Services generated net revenues of CHF 161.7 million (CHF 264.9 million in first-half 2012). This contraction is principally due to the division's disposal of its Services Austria unit and its Swiss goods wholesaling operations, whose combined non-recurring revenues amounted to CHF 98.2 million. While the press market continued to contract, the rate of decline was slower than expected (-5.5% in Switzerland and +0.6%, in local-currency terms, in Luxembourg). Valora Services' third-party logistics services in Switzerland grew their net revenues by +35.3% and are regularly gaining new customers.

Valora Services generated a first-half 2013 operating profit of CHF 5.8 million, improving its EBIT margin to 3.6% (2.8% in first-half 2012).

Valora Services is currently evaluating all strategic options for repositioning its press business in Switzerland and Luxembourg. Over the next few weeks, substantive discussions have been scheduled with potential purchasers and business partners. Valora's objective is to hand over control of its entire Services division. Sales generated by the division's third-party logistics service are expanding. Given the rapid pace at which the online retail sector is growing, there is further scope for this business to achieve profitable growth.

Further efforts required to reposition Valora Trade

Valora Trade's net revenues for the first six months of 2013 were CHF 398.3 million, a +3.4% increase on first-half 2012. Nearly all the division's country units contributed to this advance, with Finland, Austria and Sweden achieving notable progress by signing up new principals. The only national markets in which Valora Trade's net revenues declined from their first-half 2012 levels were Germany and Switzerland, the latter being adversely affected by parallel imports and shopping tourism.

Valora Trade's first-half 2013 operating profit was CHF 2.1 million, which equates to an EBIT margin of 0.5% (1.0% in first-half 2012).

Intense competition means that the market environment in which the division operates remains very challenging. Valora Trade has already initiated targeted measures to improve its profitability by optimising cost structures and streamlining the principal portfolio. Further efforts will however be required to achieve the desired efficiency levels. Their projected benefits will become apparent during 2014.

Projected operating profit of some CHF 75 million confirmed for full-year 2013

Valora's recent acquisitions have enabled the Group to achieve its objective of becoming the largest micro-retailer in Germany, Austria and Switzerland. Now that Valora has a network of more than 3 000 small-outlet retail units in Switzerland, Germany, Luxembourg and Austria, its priority is to optimise the individual formats and to extend their product ranges with new offerings. Roll out of the modernised kiosk concept will continue in Switzerland. In Germany, the focus will be on integrating Convenience Concept and, in particular, on the challenging task of transforming the various retail formats its network encompasses. At Ditsch/Brezelkönig, Valora intends to expand the outlet network and to exploit the synergies between this unit and the rest of Group. At Valora Services, negotiations will be held with potential purchasers and business partners over the next few weeks with a view to handing over control of the division's activities. Valora Trade is concentrating on improving its profitability by further optimising its cost structures. The division is also working on streamlining its existing business portfolio, acquiring new principals in niche markets and developing new alternative distribution channels.

As Rolando Benedick, Valora's CEO and Board Chairman puts it, „Valora's Board and Group Executive Management are aware that the challenges the Group faces remain considerable. They are however convinced that the measures which have been put into effect will make optimal use of the strengths and synergies within the Group, thus ensuring a sustainable improvement in earnings. As previously announced, we intend to finalize our CEO succession planning within the next few months.“ Valora confirms its projection of achieving an operating profit of some CHF 75 million for 2013 as a whole, with a further CHF 5-10 million in positive one-off effects.

Valora Group key financial metrics

Income statement	H1 2013	H1 2012
in CHF million		
External sales	1 691.3	1 568.8
Net revenues	1 412.1	1 387.2
Gross profit	504.1	441.7
<i>Gross-profit margin</i>	<i>35.7%</i>	<i>31.8%</i>
Operating costs, net	-470.3	-423.7
EBITDA	66.0	43.2
Operating profit (EBIT)	33.8	18.0
EBIT margin	2.4%	1.3%
Group net profit	25.8	11.5

Liquidity, balance sheet	30.06.2013	31.12.2012
in CHF million		
Cash and cash equivalents	110	147
Shareholders' equity	708	578
<i>Equity cover</i>	<i>44.0%</i>	<i>35.8%</i>
Net debt	284	362

Key metrics for Valora divisions

Metric	Retail			Ditsch/ Brezelkönig			Services			Trade		
in CHF million	H1 2013	H1 2012	Δ	H1 2013	H1 2012	Δ	H1 2013	H1 2012	Δ	H1 2013	H1 2012	Δ
External sales	1 105.2	991.2	+11.5%									
Net revenues	824.0	807.6	+2.0%	93.3		n.a.	161.7	264.9	-38.9%	398.3	385.1	+3.4%
Gross profit	301.8	288.2	+4.7%	70.9		n.a.	42.6	64.7	-34.2%	88.7	88.8	-0.1%
Operating costs, net	-286.0	-277.9	+2.9%	-60.7		n.a.	-36.8	-57.2	-35.7%	-86.6	-84.8	2.2%
EBITDA	36.7	30.3	+21.2%	17.3		n.a.	8.0	11.1	-27.8	4.1	5.6	-26.7%
Operating profit (EBIT)	15.8	10.3	+53.8%	10.2		n.a.	5.8	7.5	-21.7%	2.1	4.0	-48.8%
EBIT margin	1.9%	1.3%	+0.6 pct pts	11.0 %		n.a.	3.6%	2.8%	+0.8 pct pts	0.5%	1.1%	-0.5 pct pts

The following documents are available for download on www.valora.com

2013 half-year report

http://www.valora.com/media/documents/english/reports/2013/halbjahresbericht_2013_en.pdf

Media release

http://www.valora.com/en/media/newsinformation/news_00549.php

Presentation on first-half 2013 results

http://www.valora.com/media/documents/english/presentations/2013/paes_halfjahresabschluss_2013_en.pdf

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Valora Telephone Conference – 2013 first-half results
Thursday, August 29 | 15:00 CET German, 16:00 CET English

Rolando Benedick, CEO of Valora Holding AG, and Michael Mueller, CFO, will provide information on Valora's first-half 2013 results during a telephone conference.

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

+41 (0) 58 310 50 00 (Europe)

+44 (0) 203 059 58 62 (UK)

+ 1 (1) 631 570 56 13 (USA)

The playback will be available one hour after the conference on the link below:

<http://www.valora.com/de/investor/documents/multimedia/index.php>

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