valora Half-year Report

2012

valora

KEY FIGURES

		30.06.2012	30.06.2011	30.06.2010
External salses	**CHF million**	**1 568.8**	**1 473.0**	**1 450.0**
Change	%	+6.5	+1.6	
Net revenues	**CHF million**	**1 387.2**	**1 397.6**	**1 431.9**
Change	%	–0.7	–2.4	+1.2
Operating profit (EBIT)	**CHF million**	**22.4**	**33.4**	**35.7**
Change	%	–32.9	–6.4	+55.0
in % of net revenues		1.6	2.4	2.5
Net profit	**CHF million**	**15.1**	**26.3**	**26.0**
Change	%	–42.8	+1.4	+43.8
in % of net revenues		1.1	1.9	1.8
in % of shareholders' equity [1]		6.8	11.1	11.7
Net cash provided by (used in)				
operating activities	CHF million	–20.7	–9.9	30.8
investing activities	CHF million	–124.2	–25.4	–16.6
Earnings per share	**CHF**	**5.34**	**9.34**	**9.47**
Change	%	–42.8	–1.4	+47.7
Number of outlets operated by Valora		**1 370**	**1 379**	**1 412**
of which agencies		219	40	2
Net sales per outlet [2]	CHF 000	589	578	561
Number of franchise outlets		**1 021**	**165**	**28**

		30.06.2012	31.12.2011	31.12.2010
Share price	**CHF**	**176.30**	**196.50**	**326.25**
Market capitalisation	**CHF million**	**484**	**546**	**898**
Cash and cash equivalents	**CHF million**	**122.3**	**109.6**	**130.5**
Interest-bearing debt	**CHF million**	**341.1**	**141.5**	**144.6**
Shareholders' equity	**CHF million**	**423.1**	**462.3**	**478.1**
Balance sheet total	**CHF million**	**1 225.3**	**1 103.1**	**1 096.1**
Number of employees	**FTE**	**5 623**	**5 801**	**6 455**
Change	%	–3.1	–10.1	–1.0

All totals and percentages are based on unrounded figures from the consolidated financial statements
[1] Net profit in % of period-related equity
[2] Net sales of Valora Retail only

GROUP PERFORMANCE

The Valora Group's successful acquisition of Convenience Concept GmbH with its retail network of more than 1200 outlets in early April 2012 was a major milestone in the implementation of its Valora 4 Growth strategy. Integration is progressing according to plan and the first outlets should have adopted the established k kiosk format by late 2012.

Despite challenging market conditions, the Valora Group expanded its external sales by + 6.5 % during the first six months of 2012, or + 9.1 % in local currency terms, compared to the same period of 2011. Reported net revenues amounted to CHF 1387.2 million, 0.7 % lower than in first-half 2011, principally as a result of the continuing contraction of the press market, as reflected in the 9.1 % decline in the Group's Swiss press sales between the two periods. Valora's Retail and Trade divisions, conversely, increased their net revenues by CHF + 10.0 million and CHF + 22.2 million, respectively.

Valora's reported operating profit for the first six months of 2012 was CHF 22.4 million, compared to CHF 33.4 million a year earlier. Operating profit from the distribution and sale of Euro 2012 football picture cards amounted to CHF + 3.2 million, while adverse exchange-rate effects shaved CHF – 1.2 million from the Group's operating profit.

The Valora Group generated a net profit of CHF 15.1 million in the first six months of 2012. The financing requirements arising from the acquisition of Convenience Concept GmbH, in line with the Valora 4 Growth strategy, resulted in an increase in the Group's net debt compared to its level at year-end 2011. Consolidated net debt amounted to CHF 219 million at June 30, 2012, while ratio of shareholders' equity to total assets declined to 34.5 %.

A VALORA GROUP

in CHF million	**30.06.2012**	**2012 share in %**	30.06.2011	2011 share in %	Change in %
External sales					
Group total	**1 568.8**		**1 473.0**		6.5 %
Net revenues					
Valora Retail	807.4	58.2 %	797.4	57.1 %	1.3 %
Valora Services	258.8	18.7 %	310.3	22.2 %	– 16.6 %
Valora Trade	385.1	27.8 %	362.8	26.0 %	6.1 %
Other	6.3	0.4 %	4.8	0.3 %	32.5 %
Intersegment elimination	– 70.4	– 5.1 %	– 77.7	– 5.6 %	
Group total	**1 387.2**	**100.0 %**	**1 397.6**	**100.0 %**	– 0.7 %
Switzerland	808.9	58.3 %	862.6	61.7 %	– 6.2 %
Elsewhere	578.3	41.7 %	535.0	38.3 %	8.1 %

Valora's external sales represent the sum of the Group's net revenues plus the sales generated by its contracted outlets. Goods supplied to these contracted outlets, and the revenues generated from the contracts concerned, are not included in the external sales figure. The external sales metric thus ensures that sales performance between reporting periods can be directly compared, despite changes in the mix of distribution models used.

Compared to the same period of 2011, the first six months of 2012 saw Valora raise its external sales by + 6.5 %, or + 9.1 % in local currency terms. The main factor accounting for this increase is that Convenience Concept GmbH was first consolidated into the Group's results during first-half 2012. With a total of more than 1200 retail units (of which some 850 are either franchisee units or units under contract and whose results are thus also included in Valora's external sales figures), this made for a significant increase in the Group's overall external sales compared to their first-half 2011 levels. At Valora's Retail division the consolidation of Convenience Concept boosted external sales by +13.3% compared to their level a year earlier. Tobacco was the product category generating the greatest growth, with external sales increasing in nearly all formats and national markets.

The Valora Group's reported net revenues, which were CHF –10.4 million lower than in the same period of 2011, were adversely affected by a CHF –20.0 million decline in press sales. While a decline in wholesale activities for third-party customers cut the Valora Services division's net revenues by CHF 40.3 million, the Group as a whole was able to generate CHF +18.6 million in additional net revenues from the distribution and sale of Euro 2012 collectible picture cards. Valora Trade expanded its net revenues by +6.1%, largely thanks to the contribution made by the cosmetics distributor ScanCo, which Valora acquired in August 2011. Stripping out the effects of Euro 2012 products and exchange-rate fluctuations, the Valora Group's first-half 2012 net revenues were in line with their levels a year earlier.

Valora succeeded in reducing its dependence on the Swiss market, which, at 58.3%, accounts for the majority of its net revenues, by –3.4 percentage points compared to first-half 2011. Germany (+1.1 percentage points at 12.7%) and Sweden (+1.6 percentage points at 6.4%) saw the most notable increases in their share of total net revenues, reflecting Valora's acquisitions in those markets.

in CHF million	**30.06.2012**	**2012 share in %**	30.06.2011	2011 share in %
Net revenues	**1 387.2**	**100.0%**	**1 397.6**	**100.0%**
Gross profit	**441.7**	**31.8%**	**429.6**	**30.7%**
– Operating costs, net	–419.3	–30.2%	–396.2	–28.3%
Operating profit (EBIT)	**22.4**	**1.6%**	**33.4**	**2.4%**

Valora raised its gross profit margin by +1.1 percentage points to 31.8%. The increasing importance of the Group's franchising business contributed to this improvement, notably thanks to the Convenience Concept acquisition. The ScanCo acquisition and the reduced volume of third-party wholesale business generated by Valora's Services division also helped to increase margins, as did improved purchasing and sales prices, particularly in the Retail division's food business. As a result, the Valora Group was able to raise its reported gross profit by CHF +12.1 million to CHF 441.7 million, despite a decline in overall net revenues.

The Group's reported operating costs rose CHF 23.1 million to CHF 419.3 million, largely reflecting the effect of acquisitions. Continuing implementation of the agency business model had a positive impact on costs, enabling Valora Retail to achieve further savings in its staff expenditure. Valora Services reduced its net operating costs by CHF 1.9 million, while those incurred by Valora Trade increased, principally as a result of its acquisition of ScanCo. The Corporate division saw its operating costs rise, reflecting the transition phase of the IT outsourcing project and the costs associated with integrating new logistics customers, the latter also resulting in a +33.4% increase in third-party customer sales compared to their level a year earlier.

Overall, the Valora Group generated a reported operating profit of CHF 22.4 million in first-half 2012, compared to CHF 33.4 million in the same period of 2011. Distribution and sale of Euro 2012 picture cards contributed CHF +3.2 million to this result, while adverse exchange-rate movements had the opposite effect, reducing operating profit by CHF –1.2 million. Valora's reported first-half 2012 operating margin was 1.6%.

B VALORA RETAIL

in CHF million	30.06.2012	2012 share in %	30.06.2011	2011 share in %
Net revenues	**807.4**	**100.0%**	**797.4**	**100.0%**
Gross profit	**288.1**	**35.7%**	**281.2**	**35.3%**
– Operating costs, net	–274.6	–34.0%	–262.0	–32.9%
Operating profit (EBIT)	**13.5**	**1.7%**	**19.2**	**2.4%**

In a demanding environment, Valora Retail, the leading specialist in small-outlet retail at heavily frequented locations in German-speaking Europe, succeeded in outperforming its market peers in the first six months of 2012. The division increased its external sales by +13.3% on their first-half 2011 level, to reach CHF 991.0 million. The main driver here was Valora's successful acquisition, in April 2012, of Convenience Concept GmbH, which added more than 1200 units to the division's outlet network, substantially increasing its share of the German market. Integration of the new company into the division's existing organisational structure was largely implemented during the three months following the transaction's completion.

Thanks to its acquisitions in Germany and Austria, Valora Retail was able to increase its net revenues on their first-half 2011 levels. The division also outperformed the overall retail market. Reported net revenues rose to CHF 807.4 million, a CHF +10.0 million improvement on the same period of 2011. CHF +11.6 million of this increase was achieved in Germany, where sales advanced +8.0%. Austria was consolidated into the division's results for the first time, adding CHF 7.9 million to net revenues. The first Austrian P&B outlets were opened, at prime sites in Salzburg and Vienna, extending a format which has already achieved substantial success in Switzerland and Germany. Valora Retail Luxembourg also improved its net revenue performance compared to first-half 2011, with an increase of +0.5% (+6.0% in local currency terms).

The division's Swiss unit completed the first six months of 2012 with net revenues down –1.6% compared to their level a year earlier. Expansion of the attractive food range, the opening of additional outlets and the successful re-branding of the avec. concept with greater focus on its bistro activities resulted in the division increasing its convenience store net revenues by +2.1%. Net revenues at P&B rose +9.1%, reflecting the format's expansion and the addition of four new shops since first-half 2011. The pressbooks.ch online shop is also doing well. Since autumn 2011, customers have been able to use this new service to order books which they can then collect at the Valora outlet of their choice. The decline in the division's overall net revenues is due to lower sales at the kiosk outlets. First-half net revenues here fell –2.8% as a result of pronounced weakness in April, which saw net revenues down –7.5%. Food was the worst-affected product category, with beverage sales experiencing a particularly marked decline compared to first-half 2011, due to the extremely poor weather. The closure of unprofitable locations resulted in an –11.9% decline in net revenues at Caffè Spettacolo.

Valora Retail increased its gross profit margin to 35.7%, a +0.4 percentage point increase on the same period of 2011. Purchasing terms were improved, particularly for food products. The greater proportion of overall sales generated by franchisees also contributed to this better margin.

The division's net operating costs, at CHF 274.6 million, were higher than in first-half 2011, largely due to acquisitions. Personnel costs in Switzerland, conversely, were significantly reduced, thanks to the extension of the agency business model to 220 outlets as well as further streamlining of staff roster planning. Since spring 2012, the outlets switching to the agency business model have also included units assigned to agent managers who had not previously worked for Valora.

In aggregate, Valora Retail generated a reported operating profit of CHF 13.5 million. This represents a CHF- 5.6 million decline on the result achieved in the same period of 2011, and equates to an operating profit margin of 1.7%.

C VALORA SERVICES

in CHF million	30.06.2012	2012 share in %	30.06.2011	2011 share in %
Net revenues	**258.8**	**100.0%**	**310.3**	**100.0%**
Gross profit	**58.5**	**22.6%**	**62.9**	**20.3%**
– Operating costs, net	–51.0	–19.7%	–52.9	–17.1%
Operating profit (EBIT)	**7.5**	**2.9%**	**10.0**	**3.2%**

Valora's Services division continues to be adversely affected by the persistent deterioration of the press market in Switzerland, Austria and Luxembourg. In local currency terms, the division's overall net revenues were –9.6% lower in first-half 2012 than in the same period of 2011. Valora Services nevertheless succeeded in generating additional sales from Euro 2012 collectible football picture cards and from incremental logistics business.

The division's reported net revenues for the first six months of 2012 came in at CHF 258.8 million, CHF –51.5 million lower than in the same period of 2011. Stripping out the effects of distribution and sales revenues from Euro 2012 picture cards (CHF +14.9 million) and currency fluctuations (CHF –4.7 million), the decline in net revenues amounted to CHF 61.6 million. Besides lower press sales (CHF - 20.1 million), this net revenue contraction is essentially attributable to the CHF –40.3 million decrease in wholesale revenues resulting from Valora Services' increased focus on more profitable activities.

Thanks to the discontinuation of low-margin wholesale business and the expansion of its logistics services in Austria, Valora Services was able to raise its reported operating profit margin by +2.3 percentage points, to 22.6%. Despite lower press sales, Euro 2012 turnover and increased logistics revenues enabled Valora Services' Austrian unit to increase its contribution to the division's overall reported operating profit. The other country units saw their reported operating profit decline, reflecting weaker market conditions.

Valora Services achieved a further 3.6% reduction in its net operating costs, compared to their first-half 2011 levels. The key drivers here were the outsourcing of back office functions, initiated in 2011, and streamlining of the division's third-party distribution structures. Looking to the future, the division is assessing the viability of co-operating with other firms in order to achieve further cost reductions, and on developing the logistics services it carries out for third-party customers. By establishing its own “nilo” brand, Valora Services has been able to raise its profile in the Swiss logistics market, where it has won a number of new customers.

First-half 2012 operating profit at Valora Services was CHF 7.5 million, which includes CHF 2.7 million generated from the distribution and sale of Euro 2012 collectible picture cards. The division's operating profit margin was 2.9%, 0.3 percentage points down on the same period of 2011. Stripping out the effects of Euro 2012 and currency fluctuations, Valora Services' first-half 2012 operating profit was CHF –4.8 million lower than in the first six months of 2011.

D VALORA TRADE

in CHF million	30.06.2012	2012 share in %	30.06.2011	2011 share in %
Net revenues	**385.1**	**100.0%**	**362.8**	**100.0%**
Gross profit	**88.8**	**23.1%**	**80.6**	**22.2%**
– Operating costs, net	–84.5	–22.0%	–73.6	–20.3%
Operating profit (EBIT)	**4.3**	**1.1%**	**7.0**	**1.9%**

Valora's Trade division, which specialises in the distribution of fast-moving consumer goods, achieved net revenues of CHF 385.1 million in the first six months of 2012, a CHF 22.3 million increase on first-half 2011. In local currency terms, the division's net revenues advanced +9.8%. Valora Trade Sweden saw its net revenues rise +37.8%, reflecting the contribution made by ScanCo, the country's leading cosmetics distributor, acquired in 2011. Notably positive performances were also achieved at Valora Trade Germany (+24.1%) and Valora Trade Austria (+6.7%), thanks to new principals being signed up. In Germany, the acquisition of Delvita (which markets the Salty Snacks product range), enabled the division to open up new distribution channels, thus generating additional sales revenue.

Despite the adverse effects of parallel imports and shopping tourism, Valora Trade Switzerland managed to increase its net revenues slightly on their first-half 2011 levels. Food and food services net revenues declined in the Nordic markets, reflecting contract terminations by some principals. Despite this, all the division's Nordic country units also succeeded in increasing their net revenues in local currency terms, largely thanks to new cosmetics business in the wake of the ScanCo acquisition and organic growth in cosmetics sales at EMH. Confectionery and non-food sales were also increased.

The division raised its gross profit margin to 23.1%, a 0.9 percentage-point increase on its level in first-half 2011. The cosmetics business, which now accounts for 17.0% of overall sales, made a significant contribution to this improvement, while Valora Trade Finland also raised its margins. Gross profit margins in Switzerland, conversely, declined, reflecting the strength of the Swiss franc and the resulting pressure on prices, so that Valora Trade's gross profits in Switzerland declined by –13.4%, despite increased sales.

Net operating costs were CHF 10.8 million higher than in the same period of 2011, due to the ScanCo acquisition in Sweden. Operating costs as a percentage of gross profits rose by 1.6 percentage points, essentially as a result of the higher levels of advertising and promotions spending in the cosmetics business.

The division's country units in Germany, Denmark and Sweden increased their operating profit compared to first-half 2011. In Germany this was achieved through increased sales volumes, while in Sweden it was driven by the ScanCo acquisition. The most notable declines in operating profit were recorded in Switzerland and in food and non-food operations in the Nordic countries, where the proportion of total sales accounted for by lower-margin products increased. In Switzerland, the cost savings the division achieved were not sufficient to offset the adverse effects of parallel imports and the pressure on margins which these caused. Valora Trade's aggregate reported operating profit for the first six months of 2012 came in at CHF 4.3 million. This represents a CHF 2.7 million decline on the same period of 2011, and includes adverse exchange-rate effects of CHF 0.3 million. The division's reported operating profit margin declined by 0.8 percentage points, to 1.1%.

E CORPORATE

The Corporate division, which comprises the Group's Swiss logistics operations, its Corporate Information Services and its various corporate support functions – Finance, HR, Business Development, Legal Services and Communications – raised its net revenues by CHF +1.5 million, or 32.5%, compared to their first-half 2011 levels. This increase essentially reflects the successful expansion of the division's logistics services, largely driven by higher daytime and overnight logistics volumes and the introduction of a mail-order returns service. This new facility, which is operated in conjunction with Valora Retail, enables customers to drop off returned packages at more than 700 Valora outlets, from where they are then transported to the central depot.

The first six months of 2012 saw the Corporate division's direct costs increase by CHF 5.2 million on their first-half 2011 levels. This reflects a combination of higher IT costs – resulting from the transition phase of the IT outsourcing project – and increased logistics costs, occasioned by the initial set-up arrangements for new logistics customers. Further automation of logistics processes and the transfer of IT staff to Valora's outsourcing partner enabled the division to reduce its personnel costs.

Valora has a policy of charging the net costs of the Corporate division – i.e. its operating costs minus the logistics revenues generated from third parties – to the individual divisions on the basis of the use they make of them. Revenue and expense which is unrelated to the market divisions is reported under "Other".

F FINANCIAL RESULT AND TAXES

Valora completed the first six months of 2012 with a net result from its financial operations of CHF –4.8 million, a decline of CHF –2.6 million compared to the same period of 2011. This was mainly due to a CHF 2.2 million increase in bond interest payments, resulting from the issuance of an additional CHF 200 million of new bonds in February 2012. The new issue served to replace the Group's existing bonds, which matured in July 2012. Whereas exchange rates continued to exhibit substantial volatility during first-half 2011, they were largely stable during the first six months of 2012, particularly as far as the Swiss franc / euro rate was concerned. This enabled the Group to generate an additional CHF +0.5 million from its net FX operations.

At 15.0%, the Group's overall net tax rate came in 0.8 percentage points below its first-half 2011 level, which is lower than its projected long-run rate of 17%. Total tax expense for the first six months of 2012 was CHF 2.7 million, comprising CHF 4.5 million in current income taxes and deferred income tax expense of CHF –1.8 million.

G LIQUIDITY, CASH FLOW AND KEY FINANCIAL DATA

The Valora Group's total investment spending in the first six months of 2012 amounted to CHF 124.2 million, CHF 98.8 million higher than in the same period of 2011. This increase is essentially attributable to the purchase prices paid for the two acquisitions Valora made in first-half 2012, Convenience Concept GmbH and K. Schmelzer-J. Bettenhausen GmbH & Co KG. Both represent major milestones in the implementation of the Group's "Valora 4 Growth" strategy. Cash flow from regular operations came in at CHF –10.7 million, roughly in line with the CHF –9.9 million seen in first-half 2011. Reported cash flow from operations for first-half 2012 was however increased by a one-off expense of CHF 10 million, representing an interest-rate hedge on the new bond issue.

After disbursement of the 2011 dividend and receipt of the proceeds of the new bond issue, liquidity at June 30, 2012 was CHF +13 million higher than it had been a year earlier. The new bonds serve to replace an earlier issue maturing in July 2012, as well as contributing to securing the Group's financing needs for its expansion strategy.

The proportion of the Group's total assets covered by shareholders' equity declined by –7.4 percentage points, to 34.5% at June 30, 2012. This decline in equity cover is essentially due to the Convenience Concept GmbH acquisition and the additional bond issue. The CHF –39 million decrease in shareholders' equity reflects the dividend payout and actuarial losses. The effect of currency translation differences was CHF –1.2 million.

H VALORA VALUE ADDED

Valora Value Added in CHF million	**30.06.2012**	30.06.2011
Operating profit (EBIT)	22.4	33.4
Average invested capital	710.5	655.6
WACC	9.0%	9.0%
Capital costs	32.0	29.5
Valora Value Added	**–9.6**	**3.9**

In order to measure the sustained return it earns over and above its cost of capital, the Valora Group introduced the concept of Valora Value Added (VVA) in 2008. VVA is based on the classical definition of economic value added. In order to ensure comparability between reporting periods, Valora Value Added is calculated on the basis of operating profit minus the Group's weighted average cost of capital (WACC), the weighted average of its equity and debt financing costs. The current calculations, which are based on industry comparisons and expected interest rate levels, put WACC at 9%. Valora regularly reviews its WACC assumptions, adjusting the WACC figure if it moves outside a defined range. Management's focus is on achieving a sustainable increase in VVA, consistent with an enduring enhancement to the value of the company.

In the first six months of 2012, the Valora Group generated VVA of CHF –9.6 million, CHF 13.5 million less than in the same period of 2011. This difference reflects the lower operating profit generated in first-half 2012 and the higher level of average invested capital, the rise in the latter being primarily due to the acquisitions the Group made in first-half 2012.

I OUTLOOK

Valora essentially completed the integration of Convenience Concept GmbH, which the Group acquired in early April 2012, within the first 100 days of assuming ownership of the company. Attention will now be focused on streamlining the acquired company's outlet network and product range. Initiatives are also under way gradually to extend the agency business model and to link Valora's outlets to a new till system which will both increase efficiency levels and pave the way for the planned increase in revenues.

Management projections assume that the decline in the overall press market will continue and that it can be counteracted only through sales generated by other product ranges. Ongoing exchange-rate difficulties indicate that parallel imports will continue to weigh on Valora Trade's Swiss operations and that its margins will thus remain under pressure.

In order to meet the challenges presented by the market and successfully to complete its integration of the companies it has recently acquired, Valora will institute a range of measures aimed at raising the efficiency and cost-effectiveness of its operations, particularly in its core business. Management believes that additional cost savings can be achieved through further process streamlining. The main focus here will be on organisational changes across formats and national markets. Initiatives will also include the further extension of the agency business model at k kiosk and P&B outlets in Switzerland, which will allow support resources to be allocated more effectively. On the market front, tests are now being carried out with the new kiosk 3.0 format to find appropriate ways of reducing Valora's dependence on press products by extending its product range and increasing the emphasis placed on the food category. Once these tests have been successfully completed, the concept will be extended across the outlet network. Valora's success in developing its logistics services for third-party customers is also helping to increase sales, thus also contributing to reducing the firm's dependence on the press market.

Valora's Board of Directors and Group Executive Management are confident that process streamlining and continuing focus on its core processes and competences will enable the Group to achieve sustained improvements in profitability in the second half of 2012.

Valora Holding AG

Rolando Benedick
Chairman of the Board of Directors and interim CEO.

VALORA HALF-YEAR FINANCIAL STATEMENTS 2012

CONSOLIDATED INCOME STATEMENT

January 1 to June 30, in CHF 000 (except per-share amounts)	**2012**	**%**	2011	%
Net revenues	**1 387 151**	**100.0**	**1 397 591**	**100.0**
Cost of goods	– 945 430	– 68.2	– 968 024	– 69.3
Gross profit	**441 721**	**31.8**	**429 567**	**30.7**
Personnel expense	– 194 744	– 14.0	– 211 664	– 15.1
Other operating expenses	– 203 747	– 14.7	– 167 130	– 12.0
Depreciation and impairments	– 25 196	– 1.8	– 22 471	– 1.6
Other income, net	4 396	0.3	5 111	0.4
Operating profit (EBIT)	**22 430**	**1.6**	**33 413**	**2.4**
Financial expense	– 5 231	– 0.3	– 3 548	– 0.3
Financial income	405	0.0	1 301	0.1
Share of result from associates and joint ventures	111	0.0	81	0.0
Earnings before taxes	**17 715**	**1.3**	**31 247**	**2.2**
Income taxes	– 2 653	– 0.2	– 4 932	– 0.3
Net Group profit	**15 062**	**1.1**	**26 315**	**1.9**
Attributable to shareholders of Valora Holding AG	14 783	1.1	25 746	1.9
Attributable to non-controlling interests	279	0.0	569	0.0
Earnings per share				
diluted and undiluted (in CHF)	5.34		9.34	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 to June 30, in CHF 000	**2012**	2011
Net Group profit	**15 062**	**26 315**
Actuarial gains/(losses) before deferred income taxes	– 15 184	– 3 299
Deferred income taxes	3 037	660
Actuarial gains/(losses) after deferred income taxes	**– 12 147**	**– 2 639**
Cash flow hedge	**– 807**	**– 2 468**
Currency translation adjustments	**– 1 216**	**– 5 343**
Total other comprehensive income	**– 14 170**	**– 10 450**
Total comprehensive income	**892**	**15 865**
Attributable to shareholders of Valora Holding AG	600	15 424
Attributable to non-controlling interests	292	441

CONSOLIDATED BALANCE SHEET

ASSETS

in CHF 000	30.06.2012	%	31.12.2011 audited	%
Current assets				
Cash and cash equivalents	122 314		109 562	
Derivative financial assets	245		166	
Trade accounts receivable	169 391		174 042	
Inventories	231 058		236 299	
Current income tax receivables	2 437		4 453	
Other current receivables	76 689		66 597	
Total current assets	**602 134**	**49.1 %**	**591 119**	**53.6 %**
Non-current assets				
Property, plant and equipment	237 680		219 302	
Goodwill, software and other intangible assets	334 675		232 788	
Investment property	5 664		5 752	
Investment in associates and joint ventures	4 297		4 291	
Financial assets	8 284		8 881	
Net pension asset	2 290		13 417	
Deferred income tax assets	30 238		27 570	
Total non-current assets	**623 128**	**50.9 %**	**512 001**	**46.4 %**
Total assets	**1 225 262**	**100.0 %**	**1 103 120**	**100.0%**

LIABILITIES AND EQUITY

in CHF 000	30.06.2012	%	31.12.2011 audited	%
Current liabilities				
Short-term financial debt	141 826		141 869	
Derivative financial liabilities	302		9 056	
Trade accounts payable	241 732		293 056	
Current income tax liabilities	13 083		12 565	
Other current liabilities	159 745		144 846	
Current provisions	5 424		0	
Total current liabilities	**562 112**	**45.9 %**	**601 392**	**54.5 %**
Non-current liabilities				
Other non-current liabilities	203 120		3 644	
Long-term accrued pension cost	15 631		15 026	
Long-term provisions	753		6 121	
Deferred income tax liabilities	20 553		14 605	
Total non-current liabilities	**240 057**	**19.6 %**	**39 396**	**3.6 %**
Total liabilities	**802 169**	**65.5 %**	**640 788**	**58.1 %**
Equity				
Share capital	2 800		2 800	
Treasury stock	– 12 571		– 5 185	
Mark-to-market, financial instruments	– 9 595		– 8 788	
Retained earnings	480 476		510 585	
Cumulative translation adjustments	– 42 967		– 41 738	
Equity of Valora Holding AG shareholders	**418 143**	**34.1 %**	**457 674**	**41.5%**
Non-controlling interests in shareholders' equity	4 950		4 658	
Total equity	**423 093**	**34.5 %**	**462 332**	**41.9 %**
Total liabilities and equity	**1 225 262**	**100.0 %**	**1 103 120**	**100.0%**

CONSOLIDATED CASH FLOW STATEMENT (CONDENSED)

January 1 to June 30, in CHF 000	2012	2011
Operating profit (EBIT)	22 430	33 413
Elimination of non-cash transactions	19 248	13 252
Cash flow before changes in net working capital	**41 678**	**46 665**
Changes in net working capital	– 49 716	– 52 689
Net cash (used in)/provided by operating activities	**– 8 038**	**– 6 024**
Interest and taxes paid/received	– 12 709	– 3 909
Total net cash (used in)/provided by operating activities	**– 20 747**	**– 9 933**
Investment in non-current assets	– 132 911	– 26 958
Proceeds from sales	8 727	1 552
Net cash (used in)/provided by investing activities	**– 124 184**	**– 25 406**
Increase in financial liabilities	199 652	20 502
Repayment of financial liabilities	– 1 334	– 5 211
Treasury stock purchased/sold and dividends paid	– 40 452	– 27 009
Net cash (used in)/provided by financing activities	**157 866**	**– 11 718**
Net (decrease)/increase in cash and cash equivalents	**12 935**	**– 47 057**
Translation adjustments on cash and cash equivalents	– 183	– 847
Cash and cash equivalents at January 1	109 562	130 461
Cash and cash equivalents at June 30	**122 314**	**82 557**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity

	Equity of Valora Holding AG							
in CHF 000	Share capital	Treasury stock	Mark-to-market, financial instruments	Retained earnings	Cumulative translation adjustments	Total equity of Valora Holding AG shareholders	Non-controlling interests	Total equity
Balance at December 31, 2010	**2 800**	**– 9 484**	**– 4**	**521 275**	**– 40 601**	**473 986**	**4 156**	**478 142**
Net Group profit				25 746		25 746	569	26 315
Total other comprehensive income			– 2 468	– 2 639	– 5 215	– 10 322	– 128	– 10 450
Total comprehensive income			– 2 468	23 107	– 5 215	15 424	441	15 865
Share-based payments				– 282		– 282		– 282
Dividend paid				– 31 893		– 31 893		– 31 893
Treasury stock purchased		– 10 383				– 10 383		– 10 383
Decrease in treasury stock		14 682		1 156		15 838		15 838
Balance at June 30, 2011	**2 800**	**– 5 185**	**– 2 472**	**513 363**	**– 45 816**	**462 690**	**4 597**	**467 287**
Net Group profit				30 582		30 582	460	31 042
Total other comprehensive income			– 6 316	– 33 395	4 078	– 35 633	14	– 35 619
Total comprehensive income			– 6 316	– 2 813	4 078	– 5 051	474	– 4 577
Share-based payments				35		35		35
Dividend paid							– 413	– 413
Treasury stock purchased								
Decrease in treasury stock								
Balance at December 31, 2011	**2 800**	**– 5 185**	**– 8 788**	**510 585**	**– 41 738**	**457 674**	**4 658**	**462 332**
Net Group profit				14 783		14 783	279	15 062
Total other comprehensive income			– 807	– 12 147	– 1 229	– 14 183	13	– 14 170
Total comprehensive income			– 807	2 636	– 1 229	600	292	892
Share-based payments				31		31		31
Dividend paid				– 31 888		– 31 888		– 31 888
Treasury stock purchased		– 18 098				– 18 098		– 18 098
Decrease in treasury stock		10 712		– 888		9 824		9 824
Balance at June 30, 2012	**2 800**	**– 12 571**	**– 9 595**	**480 476**	**– 42 967**	**418 143**	**4 950**	**423 093**

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

1 INFORMATION REGARDING THE GROUP

Valora is a Swiss trading group operating on a Europe-wide basis. Valora's parent company, Valora Holding AG, is listed on the SIX Swiss Exchange. Through its three divisions, the Valora Group operates in the business areas of small-outlet retail at heavily frequented locations (Valora Retail), press-product distribution and wholesaling activities (Valora Services) and distribution of branded food and non-food products (Valora Trade).

2 SIGNIFICANT ACCOUNTING POLICIES

These half-year financial statements comprise the consolidated financial statements of Valora Holding AG and its subsidiaries for the first six months of 2012. The statements are based on the set of uniformly prepared individual financial statements of the Valora Group companies. With the exception of the changes to International Financial Reporting Standards (IFRS) and their interpretation detailed in Note 3 below, these statements have been prepared according to the same accounting policies and valuation principles as those used for the Group's 2011 annual report. The reporting currency is the Swiss franc (CHF). These half-year financial statements have been compiled in accordance with Swiss Exchange (SIX) requirements in line with International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". These statements do not contain all the information contained in the consolidated annual report for 2011 and should therefore be read in conjunction with that document.

Consolidation principles. In addition to the accounts of Valora Holding AG, Muttenz, Switzerland, the Valora Group's half-year financial statements also encompass those of its subsidiaries and participations as follows:

Consolidated companies. Group companies which Valora Holding AG directly or indirectly controls are fully consolidated. In determining whether such control exists, any potential voting rights arising from shares which could currently be acquired through exercise or conversion are also taken into account. Group companies acquired are consolidated from the day Valora assumes control over them and deconsolidated from the day Valora ceases to exercise such control.

Consolidation method. All intra-Group assets, liabilities, revenues and expenditures, and all unrealised gains or losses on intra-Group transactions, are fully eliminated. Whenever companies are acquired, all identifiable assets, liabilities and contingent liabilities of the acquired entity are valued at the fair value prevailing at the time of the acquisition, and the difference between the purchase price paid and the fair value of the company's net assets at the time of the acquisition is recognised as goodwill. Non-controlling interests are defined as that part of the shareholders' equity of a subsidiary which is not directly or indirectly attributable to the shareholders of Valora Holding AG. These non-controlling interests are disclosed separately in the consolidated income statement, consolidated statement of comprehensive income and the balance sheet. In the Group balance sheet, non-controlling interests are shown in the shareholders' equity section, but are reported separately from the equity attributable to shareholders of Valora Holding AG. Purchases of non-controlling interests are treated as equity transactions, with the difference between the purchase price paid and the book value of the net assets acquired being allocated to the equity attributable to the shareholders of Valora Holding AG.

Non-consolidated participations (associated companies and joint ventures). Associated companies and joint ventures are treated according to the equity method. Associated companies are companies over which Valora exerts significant influence, but does not control. Significant influence is assumed to be exerted on companies in which Valora holds between 20 % and 50 % of the voting shares. Joint ventures are defined as joint undertakings which are managed with one partner under a contractual agreement. Participations treated under the equity method are recorded on the balance sheet at purchase cost and reported under "Investment in associates and joint ventures". In the reporting periods following acquisition, the value of this item is adjusted to reflect Valora's share of the changes in shareholders' equity of the associated companies and joint ventures. Any valuation gains or losses not affecting the net income of associated companies and joint ventures are credited or debited directly to Valora's other comprehensive income. Dividends received by Valora reduce the value of its investment.

Changes in consolidation scope. As of January 1, 2012, the Valora Group acquired the bookseller Karl Schmelzer-J.Bettenhausen GmbH & Co. KG along with its limited-liability general partner. As of April 2, 2012, the Valora Group acquired Convenience Concept GmbH. Further information regarding these acquisitions is provided in Note 5 below. No further changes in consolidation scope took place during the period under review.

Consolidation period. These half-year financial statements cover the period from January 1 to June 30.

3 CHANGES TO ACCOUNTING POLICIES

Implementation of new International Financial Reporting Standards (IFRS). The effects arising from the implementation of changes to International Financial Reporting Standards (IFRS) and interpretations thereof which was required with effect from January 1, 2012 are explained below:

IAS 12 (revised) "Recovery of Underlying Assets"
The changes to IAS 12 do not affect the Valora Group's consolidated accounts.

IFRS 7 (revised) "Transfers of Financial Assets"
The changes to IFRS 7 will affect disclosures made in the Notes to the consolidated financial statements only. They do not have any financial effects on the Valora Group.

4 GENERAL ACCOUNTING POLICIES

Conversion of foreign currencies. Transactions in foreign currencies are converted into Swiss francs at the exchange rate applicable on the transaction date. At the balance sheet date, amounts receivable and payable in foreign currencies are converted into Swiss francs at the exchange rate applicable on that date, and any exchange rate differences so arising are booked to the income statement. Upon consolidation, the assets and liabilities of subsidiaries whose operating currency is not the Swiss franc are converted into Swiss francs at the exchange rate prevailing on the balance sheet date. Income statement, cash flow statement and other movement items are converted into Swiss francs at average exchange rates for the period, provided such presentation sufficiently approximates the figures which would result from the application of transaction date rates. If not, movement items are converted at effective transaction rates. Exchange-rate gains and losses arising from the translation of annual financial statements of non-Swiss-franc subsidiaries are recognised in other comprehensive income and reported separately as currency-translation adjustments.

Exchange rates applied for key foreign currencies

	Average rate for 6 months to 30.06.2012	**Rate at 30.06.2012**	Average rate for 6 months to 30.06.2011	Rate at 30.06.2011
Euro, 1 EUR	1.205	1.202	1.271	1.219
Swedish krona, 100 SEK	13.59	13.71	14.21	13.29
Danish krone, 100 DKK	16.20	16.16	17.04	16.35
Norwegian krone, 100 NOK	15.91	15.93	16.23	15.59

Net revenues and revenue recognition. Net revenues include all proceeds from the sale of goods and services, net of any deductions including rebates, discounts and other agreed concessions. Retail sales by the Valora Retail division are recognised upon sale to the customer. Payment is made in cash or by credit card. The sales value recorded is the amount received net of credit card fees. Wholesale revenues are recognised when the goods have been delivered, the customer has accepted them and there is sufficient certainty of the amount being received. Goods sold wholesale may be supplied on a sale-or-return basis. Where this applies, net revenues will be reduced by estimated return rates based on experience and other appropriate assumptions. In the case of sales for third parties, the commission due to Valora is recognised as net revenues.

5 ACQUISITIONS OF BUSINESS UNITS

Acquisitions

Net assets purchased, purchase price paid, net cash used

in CHF 000	Convenience Concept at fair value (preliminary)	Schmelzer-Bettenhausen at fair value
Current assets	13 611	1 163
Intangible assets	23 595	108
Other non-current assets	15 087	856
Current liabilities	– 27 298	– 1 289
Deferred income tax liabilities	– 7 980	– 6
Other non-current liabilities	0	– 341
= Net assets acquired	**17 015**	**491**
Interest previously held	0	– 108
Goodwill from acquisition	73 154	1 332
= Purchase price	**90 169**	**1 715**
Purchase price outstanding	– 2 506	0
= Purchase price paid	87 663	1 715
Cash and cash equivalents acquired	– 7	– 82
= Cash used in acquisition of subsidiaries	**87 656**	**1 633**

Acquisition of Convenience Concept. As of April 2, 2012, the Valora Group acquired 100 % of Convenience Concept GmbH, a German company with registered offices in Ratingen. The company operates a number of retail concepts in a network comprising more than 1200 outlets. All Convenience Concept outlets are operated either by independent business partners or by franchisees. This acquisition has enabled Valora to strengthen its position in small-outlet retail at heavily frequented sites in Germany. In Valora's financial statements, Convenience Concept is included as part of the Group's Retail segment. Since not all the information required for a definitive determination of the company's net assets and Valora's final purchase price were available at the time of writing, the figures relating to assets, liabilities and purchase price are preliminary.

The capitalised goodwill of CHF 73.2 million represents the portions of the purchase price which were not recognisable. These relate to synergies arising from the acquisition and the strengthening of Valora's market position vis-à-vis its wholesale partners. Valora does not expect the capitalised goodwill to be tax deductible.

The preliminary purchase price for the acquisition amounts to CHF 90.2 million, of which CHF 87.7 million has been paid and CHF 2.5 million remains outstanding. The preliminary purchase price includes a contingent consideration arrangement. Payment of this contingent consideration is dependent on the attainment of a revenue metric. If this is achieved, the consideration will fall due in 2015. The undiscounted amount of this potential payment is equal to either zero or CHF 7.2 million. Since there is every probability that the revenue target will be achieved, the net present value of the potential liability – CHF 6.7 million – has been recognised.

Current assets comprise accounts receivable with a total fair value of CHF 13.6 million. The gross amount of these receivables is CHF 14.9 million, to which an impairment charge of CHF 1.3 million was applied at the time of purchase.

Since its acquisition by Valora, Convenience Concept GmbH has generated net commission revenues of CHF 12.0 million and a net profit of CHF 1.5 million. Had the acquisition taken place with effect from January 1, 2012, net commission revenue would have amounted to CHF 24.4 million and net profit would have totalled CHF 2.8 million.

Acquisition of Schmelzer-Bettenhausen. As of January 1, 2012, the Valora Group acquired 78% of the bookseller Karl Schmelzer-J.Bettenhausen GmbH & Co. KG and of its limited-liability general partner, both Austrian entities with registered offices in Vienna. Since Valora previously owned 22% of both entities, this transaction has given it ownership of all the shares in the two entities.

The company operates a total of 10 sales outlets at Austrian railway stations and at Vienna airport. Schmelzer-Bettenhausen has been renamed Valora Retail Austria. In Valora's financial statements it is included as part of the Group's Retail segment.

The capitalised goodwill of CHF 1.3 million represents the portions of the purchase price which were not recognisable. These relate to market entry, the scope for expansion in the Austrian retail market and expected synergies with Valora's P&B retail format. Valora does not expect the capitalised goodwill to be tax deductible.

The purchase price for this acquisition amounted to CHF 1.7 million, which has been paid in full.

The fair value of Valora's prior interest in Schmelzer-Bettenhausen was CHF 0.1 million. The capital gains resulting from the revaluation of Valora's prior interest were CHF 0.1 million, which is reported under Valora's "Share of result from associates and joint ventures".

Current assets comprise accounts receivable with a total fair value of CHF 0.2 million. No impairments have been recorded against these receivables and their full contractual value is expected to be realisable.

Since its acquisition by Valora, Schmelzer-Bettenhausen has generated net revenues of CHF 7.9 million and a net loss of CHF 0.4 million.

Transaction costs. The transaction costs directly attributable to these acquisitions amount to CHF 1.5 million. These are included in the 2011 income statement under "Other operating expenses".

Changes in goodwill. These acquisitions resulted in a CHF 74.5 million increase in the book value of goodwill. After adjusting for currency translation differences of CHF –0.2 million, the book value of the Valora Group's goodwill was CHF 227.9 million as of June 30, 2012.

6 BOND ISSUE

On February 1, 2012, Valora Holding AG launched a CHF 200 million bond issue. The bonds, which carry a coupon of 2.50%, were issued on March 2, 2012 and will mature on March 2, 2018. The issue price was 100.626%. The proceeds of the transaction serve to refinance an earlier bond issue and to provide long-term financing for Valora's business activities and its growth strategy.

7 SUMMARY SEGMENT REPORTING

Segment data by division

in CHF 000	Valora Retail	Valora Services	Valora Trade	Others	Intersegment elimination	Total Group
Segment information for the six months to 30.06.2012						
Net revenues						
Total	**807 418**	**258 756**	**385 058**	**6 309**	**–70 390**	**1 387 151**
From third parties	806 472	191 590	382 780	6 309		1 387 151
From other divisions	946	67 166	2 278		–70 390	
Operating profit (EBIT)						
Total	**13 526**	**7 517**	**4 343**	**–2 956**		**22 430**
Operating profit (EBIT) in % of net revenues	1.7	2.9	1.1			1.6
Segment information for the six months to 30.06.2011						
Net revenues						
Total	**797 421**	**310 255**	**362 856**	**4 763**	**–77 704**	**1 397 591**
From third parties	796 502	236 433	359 893	4 763		1 397 591
From other divisions	919	73 822	2 963		–77 704	
Operating profit (EBIT)						
Total	**19 169**	**10 001**	**7 033**	**–2 790**		**33 413**
Operating profit (EBIT) in % of net revenues	2.4	3.2	1.9			2.4

8 SEASONAL EFFECTS

Valora's business activities are not subject to any significant seasonal or cyclical effects.

9 DIVIDENDS PAID

On April 23, 2012 a dividend of CHF 11.50 per registered share was paid in respect of 2011 (CHF 11.50 per registered share for the previous year).

10 SUBSEQUENT EVENTS

This half-year report was approved by the Board of Directors of Valora Holding AG on August 20, 2012.

Muttenz, August 20, 2012

The next Ordinary General Meeting of shareholders of Valora Holding AG will be held on April 18, 2013.

This half-year report is published in German and English. The original version is in German.

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