

## BALANCE SHEET

### ASSETS

	Note	2016	2015
<b>at December 31, in CHF 000</b>			
<i>Current assets</i>			
Cash and cash equivalents		78 516	965
Securities		18	18
Other current receivables			
from third parties		158	165
from Group companies	2.2	21 535	1 353
Accruals			
from third parties		144	136
<b>Total current assets</b>		<b>100 371</b>	<b>2 637</b>
<i>Non-current assets</i>			
Loans and receivables from Group companies		675 685	156 975
Investments	2.1	224 882	979 555
Discounts and capitalised issuance cost on bond/ syndicated loan		1 221	1 763
<b>Total non-current assets</b>		<b>901 788</b>	<b>1 138 293</b>
<b>Total assets</b>		<b>1 002 159</b>	<b>1 140 930</b>

**LIABILITIES AND EQUITY**

	Note	2016	2015
<b>at December 31, in CHF 000</b>			
<i>Liabilities</i>			
Other current liabilities			
towards third parties		627	377
towards Group companies	2.2	108 940	237 840
Accruals			
towards third parties		6 988	6 267
<b>Total current liabilities</b>		<b>116 555</b>	<b>244 484</b>
Non-current interest-bearing liabilities			
bond	2.3	320 000	320 000
bonded loan	2.4	171 277	180 450
Provisions		50 000	64 000
<b>Total non-current liabilities</b>		<b>541 277</b>	<b>564 450</b>
<b>Total liabilities</b>		<b>657 832</b>	<b>808 934</b>
<i>Equity</i>			
Share capital	2.5	3 436	3 436
Legal capital reserves			
General legal reserves		687	687
Reserve from capital contributions	2.6	527	14 683
Unrestricted reserves		204 379	203 302
Profit available for distribution			
Profit carried forward		109 257	105 297
Net profit for the year		44 386	31 440
Treasury stock	2.7	-18 345	-26 849
<b>Total equity</b>		<b>344 327</b>	<b>331 996</b>
<b>Total liabilities and equity</b>		<b>1 002 159</b>	<b>1 140 930</b>

## INCOME STATEMENT

	Note	2016	2015
<b>January 1 to December 31, in CHF 000</b>			
<i>Income</i>			
Dividend income	2.8	20 475	50 100
Financial income	2.9	13 311	4 358
Other income	2.10	34 000	–
<b>Total income</b>		<b>67 786</b>	<b>54 458</b>
<i>Expense</i>			
Financial expenses	2.11	– 18 782	– 18 750
Personnel expenses		– 1 434	– 1 427
Other operating expenses	2.12	– 3 016	– 2 675
Direct taxes		– 168	– 166
<b>Total expense</b>		<b>– 23 400</b>	<b>– 23 018</b>
<b>Net profit for the year</b>		<b>44 386</b>	<b>31 440</b>

## NOTES TO THE FINANCIAL STATEMENTS OF VALORA HOLDING AG

### 1. BASIS OF PRESENTATION

**1.1 GENERAL.** The annual financial statements of Valora Holding AG, whose registered offices are in Muttenz, have been prepared in accordance with current Swiss legislation on commercial accounting and financial reporting (as set out in Title 32 of the Swiss Code of Obligations). The key valuation principles applied in these statements which are not specifically required by law are described below.

**1.2 NON-INCLUSION OF CASH-FLOW STATEMENT AND OTHER DATA IN THE NOTES.** Valora Holding AG prepares a consolidated set of financial statements in accordance with IFRS standards. For that reason, these statements do not include a cash flow statement or appendices on interest-bearing liabilities and audit fees.

**1.3 LOANS TO GROUP COMPANIES.** Loans granted in foreign currencies are valued at the exchange rate applicable on the balance-sheet date. Unrealised losses on such loans are recognised in the income statement, while unrealised gains are not (in accordance with the imparity principle).

**1.4 TREASURY STOCK.** Shares of treasury stock are recognised, at acquisition cost, as negative-value entries against shareholders' equity and their valuations remain unchanged thereafter. Upon resale, the resulting gain or loss is booked directly to unrestricted reserves.

**1.5 SHARE-BASED REMUNERATION.** Where treasury shares are used for the share-based remuneration granted to members of the Board of Directors, the market value of the shares at the time of the share grant is recognised as a personnel expense.

**1.6 NON-CURRENT INTEREST-BEARING LIABILITIES.** Interest-bearing liabilities are recognised at their nominal value. Discounts and capitalised issuance costs for bond issues are recognised as assets and amortised linearly over the term of the bond. Premiums (minus capitalised issuance costs) are recognised as accrued liabilities and amortised linearly over the term of the bond. Interest-bearing liabilities in foreign currencies are recognised at the exchange rate applicable on the balance-sheet date. Unrealised losses on such liabilities are recognised, whereas unrealised gains are not.

**2. INFORMATION ON INCOME-STATEMENT AND BALANCE-SHEET POSITIONS**

**2.1 SUBSIDIARIES**

	Currency	31.12.2016 Capital in CHF 000	31.12.2016 Holding in %	31.12.2015 Capital in CHF 000	31.12.2015 Holding in %
<i>Switzerland</i>					
Valora International AG, MuttENZ	CHF	20 000	100.0	20 000	100.0
Valora Management AG, MuttENZ	CHF	500	100.0	500	100.0
Brezelkönig AG, Emmen	CHF	1 000	100.0	1 000	100.0
Alimarca AG, MuttENZ	CHF	100	100.0	100	100.0
k Kiosk AG, MuttENZ	CHF	50	100.0	50	100.0
Valora Lab AG, MuttENZ	CHF	100	100.0	-	-
<i>Germany</i>					
Valora Holding Germany GmbH, Hamburg	EUR	400	5.1	400	5.1
<i>Luxembourg</i>					
Valora Europe Holding S.A., Luxembourg	EUR	31	100.0	31 000	100.0
<i>Guernsey</i>					
Valora Holding Finance Ltd., Guernsey	CHF	285	100.0	911 400	100.0

The significant direct and indirect subsidiaries of Valora Holding AG are listed in note 38 of the consolidated financial statements. The percentage holding in the table also corresponds to Valora Holding AG's voting shares in those companies.

**2.2 OTHER CURRENT RECEIVABLES AND LIABILITIES.** Other current receivables and liabilities in respect of Group companies essentially relate to receivables and liabilities of the Valora Holding AG cash pool attributable to participating subsidiaries. Valora Holding AG took over the management of all cash pool activities in 2016.

**2.3 BONDS OUTSTANDING**

	Coupon	Maturity	31.12.2016	31.12.2015
in CHF 000				
Bond 2012–2018	2.50%	02.03.2018	200 000	200 000
Perpetual hybrid bond issue	4.00%	30.10.2018 <sup>1)</sup>	120 000	120 000

<sup>1)</sup> While the perpetual hybrid bond issue has no fixed maturity, it cannot be called by the issuer prior to October 30, 2018.

## 2.4 BONDED LOAN

	Coupon	Maturity	31.12.2016	31.12.2015
in CHF 000				
EUR 72 million. <sup>1)</sup>	fixed/floating rate	29.04.2021	79 200	86 616
EUR 78 million	fixed rate	30.04.2019	92 077	93 834

<sup>1)</sup> On April 29, 2016, Valora Holding AG prematurely renewed the floating-rate tranche of its existing EUR 72 million bonded loan.

**2.5 SHARE CAPITAL.** The company's issued share capital amounts to CHF 3436 thousand, comprising 3435599 registered shares of CHF 1.00 nominal value each.

Conditional share capital: At their Ordinary General Meeting held on May 11, 2000, Valora Holding AG shareholders authorised the creation of conditional share capital amounting to CHF 84000. None of these shares had been issued at December 31, 2016.

Authorised share capital: At the General Meeting held on April 14, 2016, Valora Holding AG shareholders authorised the creation of up to CHF 250000 of additional share capital through the issuance of up to 250000 registered shares with a nominal value of CHF 1.00 each at any time on or before April 14, 2018. None of these shares had been issued at December 31, 2016.

**2.6 CAPITAL CONTRIBUTION.** This includes the premiums generated on the share-capital increases carried out since January 1, 2000 minus dividend distributions effected to date.

## 2.7 TREASURY STOCK HELD BY THE COMPANY AND ITS SUBSIDIARIES

	2016 Number of shares	2016 Net book value	2015 Number of shares	2015 Net book value
in CHF 000				
<b>Opening balance (at January 1)</b>	<b>115 915</b>	<b>26 849</b>	<b>61 869</b>	<b>13 795</b>
Revaluation of treasury stock	–	–	–	1 906
Sales	–78 569	–18 133	–49 234	–12 054
Purchases	39 732	9 629	103 280	23 202
<b>Closing balance (at December 31)</b>	<b>77 078</b>	<b>18 345</b>	<b>115 915</b>	<b>26 849</b>

From January 1, 2015, the carrying value of treasury stock positions was adjusted to reflect their purchase cost. This resulted in a one-off revaluation gain of CHF 1.9 million.

In addition, during 2016, Valora Holding AG purchased a total of 39732 shares at an average price of CHF 242.35 and sold a total of 78569 shares at an average price of CHF 230.79.

At December 31, 2016, treasury shares held by Valora Holding AG represented 2.2% of the company's issued share capital (3.4% at year-end 2015).

## 2.8 DIVIDEND INCOME

	2016	2015
January 1 to December 31, in CHF 000		
Valora International AG	15 000	50 000
Valora Management AG	100	100
Valora Holding Finance Ltd.	5 375	–
<b>Total dividend income</b>	<b>20 475</b>	<b>50 100</b>

## 2.9 FINANCIAL INCOME

	2016	2015
<i>January 1 to December 31, in CHF 000</i>		
Interest income on loans to Group companies	3 012	2 258
Other interest income	415	1
Revaluation of treasury stock	–	1 906
Realized currency translation gains	9 884	193
<b>Total financial income</b>	<b>13 311</b>	<b>4 358</b>

## 2.10 OTHER INCOME

	2016	2015
<i>January 1 to December 31, in CHF 000</i>		
Adjustment to impairment charge on loans	20 000	–
Adjustment to impairment charge on equity participation	14 000	–
<b>Total other income</b>	<b>34 000</b>	<b>–</b>

## 2.11 FINANCIAL EXPENSES

	2016	2015
<i>January 1 to December 31, in CHF 000</i>		
Interest on bonds and syndicated loan	13 372	13 984
Discount (on bond, hybrid bond and syndicated loan)	751	564
Interest and fees paid to banks	1 125	981
Interest expense on loans to Group companies	1 235	1 551
Currency translation losses	2 299	1 670
<b>Total financial expenses</b>	<b>18 782</b>	<b>18 750</b>

## 2.12 OTHER OPERATING EXPENSES

	2016	2015
<i>January 1 to December 31, in CHF 000</i>		
Audit costs	137	249
Other advisory costs	214	209
Management fees	1 000	1 000
Other administrative costs	1 665	1 217
<b>Total other operating expenses</b>	<b>3 016</b>	<b>2 675</b>

### 3. ADDITIONAL INFORMATION

**3.1 FULL-TIME POSTS.** Valora Holding AG does not employ any staff.

**3.2 SURETIES GRANTED IN RESPECT OF THIRD-PARTY LIABILITIES.** At December 31, 2016 the Group's contingent liabilities in favour of subsidiaries – consisting of sureties, subordination, keep-well agreements, guarantees and other contingencies – totalled CHF 138.1 million (CHF 170.9 million in 2015). At December 31, 2016, the Group had no contingent liabilities in favour of third parties (none in 2015).

**3.3 MAJOR SHAREHOLDERS.** The Ordinary General Meeting of shareholders held in 2010 removed the statutory restriction (in German: "Vinkulierung") which prevented any shareholder from having voting rights recognised in respect of more than 5% of the share capital issued. At December 31, 2016 this 5% threshold was equivalent to 171 780 shares.

The share register shows that at December 31, 2016 Ernst Peter Ditsch held 635 599 registered shares, which is equivalent to 18.5% (18.5% in 2015) of the share capital issued.

**3.4 SHAREHOLDINGS** At December 31, 2016 and 2015, individual members of the Board and Group Executive Management (including persons associated with them) held the following numbers of shares of Valora Holding AG:



	2016 Number of shares	2016 Share of total voting rights in %	2016 of which subject of a lock-up period	2015 Number of shares	2015 Share of total voting rights in %	2015 of which subject of a lock-up period
<b>Board of Directors</b>						
Rolando Benedick Chairman	17 485	0.51	1 697	16 939	0.49	1 151
Markus Fiechter Vice-Chairman	2 800	0.08	709	3 981	0.12	481
Bernhard Heusler Board member	512	0.01	512	347	0.01	347
Franz Julen Chairman of Nomination and Compensation Committee	1 012	0.03	562	831	0.02	381
Ernst Peter Ditsch Board member	635 599	18.50	none	635 599	18.50	none
Cornelia Ritz Bossicard Chairwoman of Audit Committee	562	0.02	562	381	0.01	381
<b>Total Board of Directors</b>	<b>657 970</b>	<b>19.15</b>		<b>658 078</b>	<b>19.15</b>	
<b>Group Executive Management</b>						
Michael Mueller CEO	4 754	0.14	4 754	798	0.02	798
Tobias Knechtle CFO	1 993	0.06	1 993	335	0.01	335
Andreas Berger Head Valora Retail (until 30 June 2015)	n.a.	–	none	–	–	none
Thomas Eisele Head Food Service	1 189	0.03	1 135	245	0.01	191
Alex Minder Head Valora Trade (until 31 December 2015)	n.a.	–	none	2 113	0.06	none
<b>Total Group Executive Management</b>	<b>7 936</b>	<b>0.23</b>		<b>3 491</b>	<b>0.10</b>	
<b>Total shares held by Board and GEM</b>	<b>7 955</b>	<b>19.38</b>		<b>661 569</b>	<b>19.25</b>	

**3.5 LOANS AND ADVANCES.** At December 31, 2016 and 2015 there were no loans or advances outstanding to members of the Board or of Group Executive Management or to persons associated with them.

**3.6 SHARES GRANTED TO BOARD DIRECTORS.** 20% of the total remuneration paid to members of the Board of Directors is generally paid in the form of blocked registered shares. The proportion of total remuneration paid in the form of shares is calculated on the basis of the average volume-weighted price of Valora registered shares during the 20 trading days prior to the grant date, with a discount of 20% being applied to the resulting average share price.

**3.7 NET RELEASE OF HIDDEN RESERVES.** CHF 34.0 million of reserves were released in 2016 (none in 2015).

**3.8 SUBSEQUENT EVENTS.** No significant events occurred subsequent to the balance-sheet date.

## PROPOSED APPROPRIATION OF EARNINGS AVAILABLE FOR DISTRIBUTION AND DISBURSEMENT FROM CAPITAL CONTRIBUTION

*Proposal for the appropriation of earnings available  
 for distribution*

	2016	2015
in CHF 000		
<b>Net profit for the year</b>	<b>44 386</b>	<b>31 440</b>
+ Profit carried forward <sup>1)</sup>	109 257	105 297
<b>Earnings available for distribution</b>	<b>153 643</b>	<b>136 737</b>
<i>The Board of Directors proposes</i>		
Dividend payable on shares entitled to dividend	-42 945	-28 344
<b>Balance to be carried forward</b>	<b>110 698</b>	<b>108 393</b>
<i>Proposed distribution from the reserve from capital contributions      within the legal capital reserves</i>		
Reserve from capital contributions (before disbursement) <sup>1)</sup>	527	14 683
Distribution	-	-14 601
<b>Reserve from capital contributions (after distribution)</b>	<b>527</b>	<b>82</b>
<i>Dividend distribution (in CHF)</i>		
Distribution from reserve from capital contributions (exempt from withholding tax)	-	4.25
Dividend (gross)	12.50	8.25
- 35% withholding tax	-4.38	-2.89
<b>Net dividend per share (in CHF)</b>	<b>8.12</b>	<b>9.61</b>

<sup>1)</sup> For the 104 396 shares held by the company itself at the distribution date no dividend was paid, thus increasing the profit carried forward by CHF 864 thousand and the capital contribution carried forward by CHF 445 thousand.

## REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF VALORA HOLDING AG, MUTTENZ

### REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the accompanying financial statements of Valora Holding AG, which comprise the balance sheet, income statement and notes (pages 142 to 150), for the year ended 31 December 2016.

**Board of Directors' responsibility.** The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility.** Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion.** In our opinion, the financial statements for the year ended 31 December 2016 comply with Swiss law and the company's articles of incorporation.

**Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority.** Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### VALUATION OF INVESTMENTS IN AND LOANS TO SUBSIDIARIES

**Area of focus.** As of 31 December 2016, investments in and loans to Group companies represented 89.8% of the Company's total assets and amounted to CHF 901 million. Valora generally assesses the valuation of its investments and loans on an individual basis in accordance with the Swiss Code of Obligations. Under specific circumstances, certain investments in and loans to Group companies are combined for this assessment to the extent deemed appropriate.

Due to the significance of the carrying amount of the investments in and loans to Group companies and the judgment involved in the assessment of the valuation, this matter was considered significant to our audit.

*Our audit response.* We examined the Company's valuation model and analysed the underlying key assumptions, including future revenues and margins, long-term growth and discount rates. We also assessed the historical accuracy of the Company's estimates and considered its ability to produce accurate long-term forecasts. Further, we evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information, including expected inflation rates and market growth.

*Report on other legal requirements.* We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young AG

André Schaub  
Licensed audit expert  
(Auditor in charge)

Ina Braun  
Licensed audit expert

Basle, 27 February 2017

Enclosures

- Financial statements (balance sheet, income statement and notes)
- Proposal regarding the appropriation of available earnings