

Muttenz, 26 July 2017

## Press release

### Valora: Good half-year result and further operational progress

- **Pleasing performance in the first half of 2017:**
  - o **Stable net revenues of slightly more than CHF 1 billion in operational terms**
  - o **Higher profitability, Group net profit raised by +35.3% to CHF 24.1 million, EBIT increased by +14.1% to CHF 34.7 million and EBIT margin improved by +0.5 percentage points to 3.5%**
  - o **Increase in return on capital employed (ROCE) of +0.7 percentage points to 9.0% reflects positive EBIT development**
  - o **At CHF 8.9 million, free cash flow is below the previous year (CHF 17.6 million) because of business-related fluctuations in net working capital and higher investments in expansion**
- **Expansion of capacity and international market position in pretzel production**
- **Confirmation of objectives for 2017 as well as of mid-term guidance**

The Valora Group had a successful first half of 2017 and made further operational progress. In the past few years, the Group has shifted its focus to small-outlet convenience and food-service retail units at heavily frequented sites as well as the pretzel production. This focusing on its core business activities was concluded with the sale of the Naville property in Geneva in February 2017. In addition, Valora further improved its profitability in the first half of 2017 through process improvements, network streamlining and selective expansion. In doing so, the Group held its own in a persistently challenging market environment characterised by the strong decline in the press market in Germany, historically high prices for dairy raw materials and a decline in the frequency of visits to shopping centres as well as increased competitive pressure in Switzerland.

### Improved profitability as well as better operating and Group net profit

Valora posted net revenues in the first half of 2017 of CHF 1 005.1 million, compared to CHF 1 037.8 million in the previous year. This slight contraction is explained by the deconsolidation of Naville Distribution, whose revenues were included in the prior-year figures; adjusted for the divested Naville Distribution, revenues remained stable (+0.2% in currency-adjusted terms). Gross profit was therefore down to CHF 416.4 million from CHF 429.1 million in the first half of 2016; adjusted for Naville Distribution, gross profit increased by +1.9% or CHF +7.7 million in currency-adjusted terms. This was driven by the growth posted by Retail Germany/Luxembourg and Food Service. The adjusted gross profit margin improved by +0.6 percentage points to 41.4%.

Valora raised its operating profit (EBIT) by CHF +4.3 million or +14.1% to CHF 34.7 million in the first half of 2017. This improvement is largely due to improvements in efficiency realised by Retail Switzerland/Austria. The EBIT earned in the previous year by the divested Naville Distribution is compensated in the first half of 2017 by the book profit on the sale of the Geneva property. The EBIT margin improved by +0.5 percentage points to 3.5%. Valora raised its Group net profit in the first half of 2017 from CHF 17.8 million to CHF 24.1 million (+35.3%), thanks to positive EBIT growth and lower financing costs.

At CHF 8.9 million, Valora's free cash flow was below the previous year (CHF 17.6 million) because of business-related fluctuations in net working capital and higher investments in expansion. The equity ratio increased from 45.5% at the beginning of the year to 46.6%. The debt ratio improved from 2.2x EBITDA on 30 June 2016 to 1.9x EBITDA. The Group's return on capital employed (ROCE) reflects the positive EBIT development and rose from 8.2% to 9.0%.

### Expansion in pretzel production

In the first half of the year, Valora expanded its capacity for pretzel production by successfully replacing a production line at the Ditsch pretzel bakery in Germany. Valora also laid the foundation for further international growth and the expansion of its market position as one of the leading pretzel producers with the acquisition of the US company Pretzel Baron at the end of January 2017.

### Outlook: Objectives for 2017 confirmed

Michael Mueller, CEO of Valora, says: "Given our operational progress, we can look forward to the second half of the year with optimism. We are in a good position to invest further in our business model and our communicated growth strategy in Switzerland as well as internationally."

Valora therefore confirms the communicated guidance figures for 2017 with an operating profit of CHF 79 million (+/- CHF 3 million). Valora is still aiming to grow its gross profit by an average of +1% to +3% per year. Valora is also on the right track with regard to its medium-term guidance figures of generating a gross profit margin of 42% and an EBIT margin of 4% by 2018 at the earliest.

<i>Valora Group</i>	2017		2016		Change	
in CHF million		%		%		in local currency
External sales	1 224.7	121.9%	1 278.1	127.2%	-4.2%	-3.5%
Net revenues	1 005.1	100.0%	1 037.8	100.0%	-3.2%	-2.6%
<b>Gross profit</b>	<b>416.4</b>	<b>41.4%</b>	<b>429.1</b>	<b>41.4%</b>	<b>-3.0%</b>	<b>-2.4%</b>
- Operating costs, net	-381.7	-38.0%	-398.8	-38.4%	-4.3%	-3.7%
<b>Operating profit (EBIT)</b>	<b>34.7</b>	<b>3.5%</b>	<b>30.4</b>	<b>2.9%</b>	<b>+14.1%</b>	<b>+15.1%</b>
EBITDA	60.6	6.0%	57.8	5.6%	+4.9%	+5.7%
Net profit	24.1	2.4%	17.8	1.7%	+35.3%	n.a.

All documents are available for download from our **Newsroom** on [www.valora.com/newsroom](http://www.valora.com/newsroom).

#### Press release

[www.valora.com/newsroom](http://www.valora.com/newsroom)

#### Presentation on 2017 half-year results

[https://www.valora.com/media/investors/documents/en/presentations/2017/2017\\_halfjahresabschluss\\_presentation\\_en.pdf](https://www.valora.com/media/investors/documents/en/presentations/2017/2017_halfjahresabschluss_presentation_en.pdf)

#### Half-Year Report 2017

[https://www.valora.com/media/investors/documents/en/reports/2017/2017\\_halfjahresbericht\\_en.pdf](https://www.valora.com/media/investors/documents/en/reports/2017/2017_halfjahresbericht_en.pdf)

**For questions, please contact:****Investor Relations**

Annette Martin  
Phone +41 61 467 21 23  
[annette.martin@valora.com](mailto:annette.martin@valora.com)

**Media Relations**

Christina Wahlstrand  
Phone +41 61 467 36 31  
[media@valora.com](mailto:media@valora.com)

**Valora Audio Webcast – Analysts’ and Media Conference  
Half-Year Results 2017 Presentation****Wednesday, 26 July 2017, 10:00am CET****Michael Mueller, CEO, and Tobias Knechtle, CFO, are presenting the half-year results 2017.**

Link to audio webcast:

<https://78449.choruscall.com/dataconf/productusers/valora/mediaframe/20263/index1.html>

To participate in the conference over the telephone, please call the following number  
(please dial in 10 to 15 minutes before the hour):

Switzerland / Europe: +41 (0) 58 310 50 00  
United Kingdom: +44 (0) 203 059 58 62  
United States: +1 (1) 631 570 56 13

The recorded audio webcast will be available one hour after the conference on the following  
website: <https://www.valora.com/en/investors/documents/multimedia/>.

**About Valora**

Valora runs a retail network of approx. 2 500 convenience and food-service outlets at heavily frequented sites in Switzerland, Germany, Austria, Luxembourg and France. Every day more than one million customers visit these small and well-positioned sales outlets and make use of our well-known brands. Among others, the Group owns brands such as k kiosk, Brezelkönig, Ditsch, Press & Books, avec, Caffè Spettacolo and ok.-. Valora is also a world leader in pretzel production and operates a highly integrated bakery-products value chain. Valora generates external sales in excess of CHF 2.5 billion per year and has more than 4 000 employees. The Group is headquartered in Muttenz, Switzerland. The registered shares of Valora Holding AG (VALN) are traded on the SIX Swiss Exchange.

More information is available at [www.valora.com](http://www.valora.com).

**Disclaimer**

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO THE UNITED STATES.

THIS DOCUMENT IS NOT BEING ISSUED IN THE UNITED STATES OF AMERICA AND SHOULD NOT BE DISTRIBUTED TO U.S. PERSONS OR PUBLICATIONS WITH A GENERAL CIRCULATION IN THE UNITED STATES. THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES. IN

ADDITION, THE SECURITIES OF VALORA HOLDING AG HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO U.S. PERSONS ABSENT REGISTRATION UNDER OR AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE UNITED STATES SECURITIES LAWS.

This document contains forward-looking statements about Valora which may incorporate an element of uncertainty and risk. The reader should therefore be aware that such statements may diverge from actual future events. These forward-looking statements are projections relating to future possible developments. All the forward-looking statements contained in this document are based on data available to Valora at the time this document was prepared. Valora makes no commitment whatsoever to update forward-looking statements in this document at a later date, or to adapt them to reflect new information, future events or the like.