

Muttenz, 28 February 2018

## Press release

### Valora: Successful financial year and important investments in the future

- **Good 2017 financial result confirms the communicated expectations, 2018 medium-term objectives met ahead of schedule**
- **Higher EBIT of CHF 79.0 million (+9.3%) with an increased EBIT margin of 3.8% (+0.4 percentage points); higher gross profit margin of 42.0% (+0.5 percentage points)**
- **Acquisition of BackWerk strengthens international market position and makes Valora one of the leading vertically integrated food service providers in Germany**
- **Expansion of production capacities in Germany and the US continued**
- **Long-term financing strategy in implementation: successful capital increase completed and Schuldschein issue placed**
- **EBIT of CHF 90 million (+/- CHF 3 million) expected for 2018, medium-term objective of 5% EBIT margin and 45% gross profit margin by 2020 at the earliest**
- **Proposal of a dividend of CHF 12.50 from capital reserves for 2017**

The Valora Group confirmed its communicated expectations and increased the EBIT during the 2017 financial year by +9.3% to CHF 79.0 million. The EBIT margin increased by +0.4 percentage points to 3.8%. Valora's gross profit margin improved by +0.5 percentage points to 42.0%, meaning it has achieved its medium-term goal for 2018 ahead of schedule. Adjusted for acquisition costs and the EBIT contribution from BackWerk, the results are at the upper end of the communicated expectations and the EBIT margin goal of 4.0% has likewise already been achieved in 2017.

External sales remained stable at CHF 2.6 billion (-0.5%). At CHF 2,075.3 million, the Group's net revenues were slightly lower than the previous year (-0.9%) due to the deconsolidation of Naville Distribution as of August 2016 (+0.9% adjusted for Naville Distribution). The growth in the Food Service division (+10.5%) and at Retail Germany / Luxembourg (+7.0%) more than offset lower revenues at Retail Switzerland / Austria (-3.4%). However, thanks to the optimisation of product ranges, improvement of processes, network adjustments and selective expansion, Retail Switzerland / Austria, in particular, increased profitability further; in contrast, profitability at Retail Germany / Luxembourg and in the Food Service division temporarily remained under pressure.

Overall, these developments led to Group net profit of CHF 57.1 million. This was lower than the previous year's figure (CHF 63.4 million) because of non-recurring positive effects from deferred taxes in 2016. In terms of the return on capital employed (ROCE), profitability improved by +0.3 percentage points to 8.6% well above the cost of capital. The free cash flow increased as well, rising by 13% to CHF 82.0 million.

Michael Mueller, CEO of Valora, says: "The 2017 financial year generated a good result and saw important groundwork laid for our future growth with the acquisitions of BackWerk and Pretzel Baron as well as the investments in our production capacities and the implementation of our long-term financing strategy. All of this is putting excellent foundations in place for our further development with the strengthening of our core business and for our international expansion".

### **International expansion continues – prudent financing strategy**

During the past year, Valora established the basis for the expansion of its market position as a globally leading producer of pretzels with the acquisition of the promising pretzel producer Pretzel Baron in the US as well as the replacement of a production line at Brezelbäckerei Ditsch in Germany. Further capacity expansions in Germany and the US have been initiated for the next few years due to the strong level of demand. The acquisition of the BackWerk franchise business, which was first consolidated in November 2017, makes Valora one of the leading vertically integrated food service providers in Germany and strengthens the Group's international presence with its market entry in the Netherlands.

Valora took two important steps towards achieving its announced financing strategy: Following the successful capital increase of CHF 166 million, a five-year Schuldschein issue for EUR 170 million was placed on the capital market in January 2018. The generated funds are being used, among others, to refinance the acquisition of BackWerk, to finance the planned expansion of production capacities for pretzel production in Germany and the US and to refinance the capital market instruments that will fall due in 2018. The Schuldschein issue has allowed Valora to take advantage of the current attractive market conditions as well as of high investor interest and enabled it to refinance the credit instruments falling due in 2018 at significantly better conditions.

As a result of the capital increase, the equity ratio rose by +6.9 percentage points to 52.4%. Net debt amounted to CHF 246.1 million, while the debt ratio of 1.7x EBITDA was almost the same as last year (1.6x EBITDA). If the hybrid bond booked to equity, which will be repaid in October 2018, is counted towards net debt, the net debt ratio would be 2.5x EBITDA.

### **Outlook: 2018 objectives and new medium-term objectives**

The ongoing strengthening of its management team ensures that the Valora Group will be able to take even better advantage of future market opportunities. Such opportunities mainly involve the ongoing trend towards “foodvenience” (ready-to-eat food, out-of-home consumption), increased footfall at high-frequency locations, individual offerings and the merging of digital and physical offerings. However, challenges will continue to be presented by the accelerated decline of print media in Germany, historically high prices of raw materials for dairy products and greater competitive pressure in locations with high footfall.

For the 2018 financial year, Valora expects to generate an operating profit of CHF 90 million (+/- CHF 3 million). Following the early achievement of the 2018 medium-term objectives, Valora is now targeting figures of 5% and 45% in the medium term for EBIT margin and gross profit margin, respectively. Both targets are expected to be achieved by 2020 at the earliest.

### **Dividend proposal to the General Meeting**

At the ordinary Annual General Meeting on 13 April 2018, the Board of Directors will propose to shareholders an unchanged dividend of CHF 12.50 per dividend-bearing share. The dividend will be distributed fully from capital reserves. If the proposal is approved, the dividend is expected to be paid out on 19 April 2018.

Valora Group	2017		2016		Change	
	in CHF million	%		%		in local currency
External Sales	2'561.6	123.4%	2'573.6	122.8%	-0.5%	-1.3%
Net revenues	2'075.3	100.0%	2'095.0	100.0%	-0.9%	-1.6%
<b>Gross profit</b>	<b>872.2</b>	<b>42.0%</b>	<b>869.7</b>	<b>41.5%</b>	<b>+0.3%</b>	<b>-0.4%</b>
- Operating costs, net	-793.2	-38.2%	-797.4	-38.1%	-0.5%	-1.2%
<b>Operating profit (EBIT)</b>	<b>79.0</b>	<b>3.8%</b>	<b>72.3</b>	<b>3.4%</b>	<b>+9.3%</b>	<b>+8.3%</b>
EBITDA	133.7	6.4%	127.6	6.1%	+4.8%	+3.9%
Net Profit	57.1	2.8%	63.4	3.0%	-9.9%	n.a.

All documents are available at [www.valora.com/annualreport](http://www.valora.com/annualreport).

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

**Presentation on 2017 annual result:**

[www.valora.com/media/investors/documents/en/presentations/2017/2017\\_valora\\_gb\\_presentation\\_en.pdf](http://www.valora.com/media/investors/documents/en/presentations/2017/2017_valora_gb_presentation_en.pdf)

**Online 2017 Annual Report:** [www.valora.com/annualreport](http://www.valora.com/annualreport)

**Valora stories – the Annual Report selection:** [stories.valora.com](http://stories.valora.com)

**If you have any questions, please do not hesitate to contact:**

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**About Valora**

Each and every day, around 15,000 employees in the Valora network work to brighten up their customers' journey with a comprehensive convenience and food offering – nearby, quick, convenient and fresh. The over 2,800 small-scale outlets of Valora are located at highly frequented sites in Switzerland, Germany, Austria, Luxembourg, the Netherlands and France. The company includes, among others, the formats k kiosk, Brezelkönig, BackWerk, Ditsch, Press & Books, avec, Caffè Spettacolo and the popular own brand ok.– as well as a continuously growing range of digital services. Valora is also one of the world's leading producers of pretzels and benefits from a well-integrated value chain in the area of baked goods. Valora generates annual external sales of CHF 2.6 billion. The Group is headquartered in Muttenz, Switzerland. The registered shares of Valora Holding AG (VALN) are traded on the SIX Swiss Exchange.

Further information can be found at [www.valora.com](http://www.valora.com).

**Medienfrühstück:  
Valora Jahresergebnis 2017**

**Mittwoch, 28. Februar 2018, 09:00 Uhr**

**Ort**

SMITH and de LUMA, Grubenstrasse 27, 8045 Zürich, Schweiz

[Karte](#)

**Agenda**

- Einleitung Michael Mueller, CEO
- Jahresergebnis 2017 Tobias Knechtle, CFO
- Strategische Initiativen Michael Mueller, CEO
- Fragen & Antworten Alle

**Sprache:** Deutsch

**Analysts' Conference (incl. Audio Webcast):  
Valora Financial Results 2017**

**Wednesday, 28 February 2018, 11:00 am (CET)**

**Location**

SMITH and de LUMA, Grubenstrasse 27, 8045 Zurich, Switzerland

[Map](#)

**Audio Webcast**

Link: <https://78449.choruscall.com/dataconf/productusers/valora/mediaframe/23083/indexr.html>

Dial-in numbers for the phone conference (dial in 10 to 15 minutes prior to the conference):

Switzerland / Europe: +41 (0) 58 310 50 00  
 United Kingdom: +44 (0) 207 107 06 13  
 United States: +1 (1) 631 570 56 13

The recorded webcast will be available by 04:00 pm (CET) latest on the following website:

<https://www.valora.com/en/investors/documents/multimedia/>

**Agenda**

- Introduction Franz Julen, Chairman of the Board of Directs
- Full-Year Results 2017 Tobias Knechtle, CFO
- Strategic Initiatives Michael Mueller, CEO
- Questions & Answers All
- Lunch

**Language:** English

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