

Muttenz, 19 July 2019

Media release

Valora posts a significant increase in operating profit and higher earnings per share in the first half of 2019

- Earnings per share (EPS) rose by +46.9% or +66.4% on a pro-forma adjusted basis from 2018 regarding changed accounting standards (IFRS 16), free cash flow increased by +56.7% to CHF 15.7 million
- Group net profit rose by +30.4% or +45.5% on a pro-forma adjusted basis
- EBIT increased by 18.8% to CHF 42.8 million or +8.6% on a pro-forma adjusted basis and at constant currency, while the EBIT margin improved by +0.3 percentage points to 4.3%
- Net revenues of convenience core categories up by +3.2%, particularly thanks to higher food sales; overall net revenues of CHF 1,005 million on a par with the previous year's figures on a pro-forma adjusted basis and at constant currency
- Major milestone achievements were the successful SBB tender, the launch of Switzerland's first cashier-free convenience store and progress in the pretzel production capacity expansion, which is now almost complete
- Firmly on track to achieve 2019 profit targets

Where not mentioned differently, for reasons of comparability, H1 2018 figures are referred to on a pro-forma basis in the following, adjusted for changed accounting standards (IFRS 16) and, for revenue, gross profit and EBIT, at constant currency.

The Valora Group performed strongly in the first six months of 2019. The foodvenience provider's external sales of CHF 1,324 million and net revenues of CHF 1,005 million were on a par with the previous year's figures. Net revenues of the convenience core categories (Group sales excluding print media, books and tobacco) grew by +3.2%, particularly thanks to higher food sales. These favourable changes in the product mix were the main driver of the +1.4% increase in gross profit to CHF 451 million as the margin improved by +0.7 percentage points to 44.9%.

In the first half of 2019, Valora increased EBIT by +18.8% to CHF 42.8 million, also due to accounting changes resulting from IFRS 16. On a pro-forma adjusted basis allowing for IFRS 16 and at constant currency rates, the Group achieved +8.6% EBIT growth, improving the EBIT margin by +0.3 percentage points to 4.3%.

Positive same-store development in Retail DE/LU/AT and Food Service – strong momentum in B2B

While Retail CH showed positive same-store-sales development in the first quarter of 2019, the second quarter remained below the previous year's sales levels, particularly due to lower temperatures during spring compared to the record levels in 2018. On top of that, expenses related to the new avec and k kiosk concepts and the SBB tender impacted profitability. Retail DE/LU/AT successfully completed the implementation of its cost initiatives, which have already begun to pay off. In addition, the unit recorded a solid increase in same-store sales with a lower than expected press decline. Food Service saw an overall positive sales development with attractive same-store growth and strong momentum in the B2B pretzel business; most production line capacities were fully utilised.

Higher net profit and free cash flow

Net profit from continuing operations increased by +21.4% to CHF 27.4 million (+10.7% vs. 2018 reported figures). The rise in profitability is attributable to the positive EBIT development and lower financing costs. Group net profit growth came in at a higher rate of +45.5% (+30.4% vs. 2018 reported figures) due to a value adjustment for discontinued operations in 2018. This corresponds to an earnings per share (EPS) increase of +66.4% to CHF 6.95 for the first half of 2019 (+46.9% vs. 2018 reported figures), also benefitting from the hybrid bond replacement in 2018. Free cash flow increased by +56.7% to CHF 15.7 million, thanks in particular to lower cash outflows from net working capital.

Innovative store concepts, successful SBB tender and B2B capacity expansion on track

In the first half of 2019, Valora achieved major milestones in the execution of its strategy. At the beginning of April, Valora opened its first cashier-free convenience store avec box and the future store avec X at Zurich main station. While the latter is already permanently installed, Valora plans to launch its first permanent avec box in the second half of 2019. Valora was also awarded all 262 kiosk and convenience locations of the SBB tender in April, and thus secured these attractive locations until 2030. Valora thereby successfully underscored its position as the leading kiosk operator in Switzerland, while at the same time significantly expanding the convenience share of its total business. The ongoing pretzel production capacity expansion in the USA and Germany is at an advanced stage and due for completion in 2019 and in the first quarter of 2020 respectively.

Outlook: well positioned to deliver on full-year targets

Valora is well positioned to deliver on the EBIT expectations of around CHF 90 million communicated in June 2019 as well as on the further profit targets for the current year. Michael Mueller, CEO of Valora Group, says: "Valora had a good start into 2019 and we are confident that we will meet our targets for the year. Over the next months, we will push ahead with the modernisation of the secured kiosk locations at SBB railway stations, while at the same time driving the food share in the Group's product mix."

Valora Group	2019		2018*		Change	2018 revised pro Memoria
in CHF million		%		%		
External Sales	1'324.0	131.8%	1'324.3	131.6%	-0.0%	1'347.2
Net revenues	1'004.8	100.0%	1'006.2	100.0%	-0.1%	1'019.2
Gross profit	451.0	44.9%	444.6	44.2%	+1.4%	450.6
- Operating costs, net	-408.2	-40.6%	-405.2	-40.3%	+0.7%	-414.6
Operating profit (EBIT)	42.8	4.3%	39.4	3.9%	+8.6%	36.0
Net profit from continuing operations	27.4	2.7%	22.6	2.2%	+21.4%	24.7
Group net profit	27.4	2.7%	18.8	1.9%	+45.5%	21.0

* Pro-forma adjusted according to IFRS16 and at constant currency exchange rates.

The documents are available online at www.valora.com/newsroom.

- [Media release](#)
- [Presentation on the Half-Year Results 2019](#)
- [Half-Year Report 2019](#)

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 more than 2,700 small-scale points of sale of Valora are located at highly frequented sites in Switzerland, Germany, Austria, Luxembourg and the Netherlands. The company includes, among others, 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 over CHF 2.7 billion. The Group's registered office is in Muttenz, Switzerland. The registered shares of Valora Holding AG (VALN) are traded on SIX Swiss Exchange AG.

More information is available at www.valora.com.

**Call and audio webcast for investors, analysts and media
 Valora financial half-year results 2019**

Date: Friday, 19 July 2019
Time: 10:00 am (CET)

Speakers: Michael Mueller, CEO
 Tobias Knechtle, CFO

Audio webcast: [Open webcast](#)

Dial-in number for phone conference:
 Switzerland / Europe: +41 (0) 58 310 50 00
 United Kingdom: +44 (0) 207 107 0613
 United States: +1 (1) 631 570 56 13

Other international numbers available [here](#)

Language: English

The recorded webcast will be available by 04:00 pm (CET) latest on www.valora.com.

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