ad hoc

valora

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Ad-hoc announcement pursuant to article 53 LR

Valora Group reports positive EBIT in the first half of 2021, confirms expectation to return to operational pre-crisis profitability and doubles its Swiss service station business

- **Valora confirms its expectation to return to pre-crisis profitability with its operating units within the next 6 to 9 months. For 2021, Valora expects EBIT of CHF 25 to 35 million and for 2022 of CHF 70 million (+/- ~10%). It also confirms its long-term guidance, which it expects to reach with a COVID-19 related delay of 18 to 24 months.**
- **The Group anticipates that the limited impact of continued working from home on footfall and sales will be offset by sustainable cost improvements and a favourable category mix with more food as well as, in the medium term, by an increase in total public transport commuters.**
- **In the first half of 2021, Valora generated positive EBIT of CHF 7.4 million (HY 2020: CHF -1.9 million); Group net profit came to CHF -3.8 million (HY 2020: CHF -8.4 million).**
- **Due again to the strong impact of governmental COVID-19 restrictions, net revenue was still substantially below its pre-crisis 2019 level (-19.0%), but almost stable at -0.2% compared to the first half of 2020, when January and February were not affected by COVID-19; recovery increasingly gained traction in March to June 2021.**
- **The balance sheet remained strong with an improved equity ratio before lease liabilities of 50.9% (31 December 2020: 47.3%); stable leverage ratio at 2.4x EBITDA (FY 2020: 2.5x).**
- **The resilience of Valora's business model and the stability of its partner network were again confirmed, even during the prolonged and more severe than expected crisis in the first half of 2021.**
- **Investments continued along all strategic initiatives with major progress in the SBB rollout, the development of digital convenience solutions and the network expansion including acquisitions to strengthen the foodvenience core business.**
- **Thanks to the new cooperation with Moveri, Valora doubles its Swiss service station business and strengthens its service station footprint in the German-speaking part of Switzerland.**

The Valora Group confirms its expectation to return to pre-crisis profitability with its operating units within the next 6 to 9 months. For 2021, Valora expects EBIT of CHF 25 to 35 million and for 2022 of CHF 70 million (+/- ~10%). This estimate anticipates that the COVID-19 vaccination programmes continue to prove their effectiveness, that governmental restrictions will be eased considerably with the concomitant recovery in footfall and sales, and that no significant restrictions to contain possible future virus waves are necessary. Also included is a stronger catch-up effect in the food category with a positive influence on foodvenience turnover and thus on the gross profit margin. The operating leverage of the recovery will thereby be the strongest in Food Service, which suffered the most during the crisis. The flexibility in the Group's cost base serves as an additional key driver.

"We strongly believe in the value creation potential of our established foodvenience strategy and also confirm our long-term guidance presented in 2019," says Michael Mueller, CEO of Valora Group. "However, we expect an 18 to 24 month delay in achieving our ultimate targets due to the COVID-19 crisis per se as well as uncertainties in the timing of the air travel and public transport recovery."

Valora anticipates that the number of people continuing to work from home or who work part-time more often will only have a limited impact of ~-5% on footfall at public transportation hubs in the mid-term. Before the crisis, Valora generated about half of its external sales at these locations. This impact will be mitigated by the Group’s sustainable cost improvements achieved during the crisis as well as by the favourable category mix. Moreover, it is also expected to be compensated by the increase in total public transport commuters in the medium term. This is further supported by the planned expansion of public rail transport infrastructure. Lastly, local sales outlets, e.g. in the agglomerations or nearby shopping centres, have become more popular.

Positive EBIT in the first half of 2021
Looking back, Valora concluded the first half of 2021 with a year-on-year EBIT increase of CHF +9.2 million to CHF 7.4 million. The Group resumed EBIT growth from March to June 2021 – the comparable period as it was impacted by the COVID-19 crisis in both years – with an increase of CHF +29.5 million. Operating business contributed CHF +16.4 million to EBIT growth in that period and the funds received under the German governmental COVID-19 support programme “Überbrückungshilfe III” of CHF +13.1 million. The two additional COVID-19-affected months of January and February, which had contributed strongly to the Group’s results in the previous year, had an adverse effect in 2021 of CHF -20.3 million compared to the prior-year period.

Sales improvement and increased gross profit from March to June 2021
Since Valora’s business was again strongly impacted by governmental restrictions to contain the virus in all geographies, the Group was forced to maintain reduced opening hours and keep some of its outlets closed. On average, 8% of the Group’s points of sale were closed throughout the first half of 2021 and 34% had reduced opening hours. As a result, net revenue for the first half of 2021 remained almost stable at -0.2% compared to the first half of 2020, still substantially below its pre-crisis 2019 level (-19.0%). In March to June 2021, the recovery increasingly gained traction thanks to the easing of governmental orders and vaccination progress, as the sales decline compared to 2019 was less pronounced than in January and February (-15.7% vs. -26.2%).

In the first half of 2021, Valora generated net revenue of CHF 814.1 million (HY 2020: CHF 815.6 million) and external sales amounted to CHF 1,030.4 million (HY 2020: CHF 1,085.2 million). For the first half of 2021 as a whole, the two additional COVID-19-affected months of January and February led to sales slightly below their levels in the prior-year period (-0.2% and -5.1%, respectively). For the period of March to June 2021, however, year-on-year growth was +13.8% and +8.5%, respectively. Food sales even showed an accelerated year-on-year increase during that recovery period of +30% and +19%, respectively.

Thanks to a small margin improvement from 43.6% in the prior-year period to 43.8% in the first half of 2021, gross profit remained stable at CHF 356.5 million (HY 2020: CHF 355.3 million). For the months of March to June 2021, this corresponds to year-on-year growth of +19.5%.

Disciplined cost and cash management continued
Valora continued to pursue its highly disciplined cost management across all units, while cost reductions were partly offset by lower rent concessions, rent increases related to the new SBB contract and higher expenses related to digital innovations and merger & acquisition projects. Besides the governmental short-time working programmes, the Group also made use of “Überbrückungshilfe III”. At the same time, Valora continued to support its partners in securing their economic viability. Net operating costs amounted to CHF -349.2 million and remained -2.2% below the CHF -357.2 million in the prior-year period. Compared to pre-crisis levels in the first half of 2019, costs remained lower by CHF 59.1 million or -14.5%.

As a result, Group EBIT for the first half of 2021 amounted to CHF 7.4 million (HY 2020: CHF -1.9 million). Group net profit came to CHF -3.8 million compared to CHF -8.4 million in the prior-year period. Thanks not least to solid net working capital management, free cash flow was CHF -0.1 million (FY 2020: CHF 11.5 million). Basically, the cash inflow from operating activities thus financed the Group’s cash outflow from investing activities.

Strong balance sheet with improved equity ratio and stable net debt – solid leverage ratio
The Group confirmed its strong balance sheet with an improved equity ratio before lease liabilities of 50.9% (31 December 2020: 47.3%). Net debt amounted to CHF 218.0 million (31 December 2020: CHF 211.8 million). Besides the neutral free cash flow, the relatively stable net debt was also supported by the waiver of the dividend for the 2020 financial year. As a result, the leverage ratio was 2.4x EBITDA (FY 2020: 2.5x) and remained well below the covenant ceiling. The Schuldscheindarlehen II in the amount of EUR 72 million was fully repaid in April 2021 as scheduled, while the incremental capacity from the Group's CHF 70 million capital increase in November 2020 remains fully available for strategic projects.

Resilient business model and stable partner network proven again
The resilience of Valora's business model and the stability of its partner network were again confirmed even during the prolonged and more severe than expected crisis in the first half-year 2021. In addition to the highly disciplined cost management across all business areas, Valora continued to support its franchise and agency partners financially, resulting in a churn rate remaining at the pre-crisis level. Thanks to short-time working, Valora avoided significant lay-offs and is well positioned for the expected further recovery in the coming months.

Continued investments along all strategic initiatives
Valora continues to invest along all its strategic priorities. Further investments are expected with a strong focus on the SBB refurbishment, which was delayed by roughly one year due to the COVID-19 crisis. SBB conversion work is being pushed forward and is scheduled for completion by approximately the end of 2022. In March to June 2021, the refurbished SBB stores achieved year-on-year growth of +14% in food sales, while the not yet refurbished stores recorded fairly stable sales during that period. As at the end of the first half-year 2021, in total 92 sales outlets have been refurbished or newly opened across the SBB network. Beyond the SBB network, an additional number of 17 retail outlets were refurbished or newly opened in Switzerland in the first half of 2021.

Driving more convenience in the customer experience by pushing digital solutions
Substantial progress has been made in the strengthening of Valora's in-house development capabilities for its digital solutions to drive more convenience in the customer experience and improve operations. The team has been significantly strengthened and related expenses have been increased compared to the first half-year 2020.

The automated store pilots have been successful – i.e. the cashier-free avec box at ETH Hönggerberg (now moved to Urdorf) and the avec 24/7 at Zurich Hardplatz where a conventional store was refitted to a hybrid model, operated partially by staff, partially autonomously. In addition, new locations – including for the first time in cooperation with Deutsche Bahn in Germany – are being tested. Looking ahead, the team is preparing to scale the solution and is also adding a loyalty component. Moreover, Valora plans to expand the automated store initiative in smaller formats in the form of automated shelves for, inter alia, office spaces (avec mini) as well as automated shop-in-shop concepts (avec shelf). It is also pursuing expansion in the form of conventional vending machines that can be operated at existing points of sale as well as independently.

With regard to new e-commerce solutions, the Valora digital team launched the new, in-house developed online k kiosk tobacco store tabak.kkiosk.ch during the first half of 2021. It serves as a further sales channel in the tobacco category in response to the growing popularity of online tobacco purchases. In addition, the new "Brezelkönig App" was launched to offer a more attractive loyalty scheme to the format's customers.

Driving expansion including acquisitions to strengthen the foodvenience core business
Valora is convinced that the foodvenience business will remain attractive in the future. It is therefore pushing ahead with the expansion of its network and offering. This also includes acquisitions with a focus on existing geographies to strengthen its core business. Based on its strong expertise in the foodvenience market and proven post-acquisition integration capabilities, Valora is optimistic about

creating value through acquisitions. In recent months, Valora has thus also intensified and invested in related activities.

As communicated in June 2021, Valora entered into a franchise partnership in the Netherlands with HMSHost International. By the end of 2022, 12 HMSHost International locations at the largest Dutch train stations are to be converted into BackWerk stores. This increases the number of stores in the Netherlands to around 45. Subject to approval by the Bundeskartellamt, Valora will take over five railway station bookshops in Bavaria on 1 September 2021, thereby reinforcing its leading position in the German station bookshop market with some 160 sales outlets and its partnership with Deutsche Bahn. With regard to new service offerings, Valora's fintech provider bob Finance launched an online consumer credit solution together with PostFinance in April 2021.

Valora reaches milestone in its Swiss service station business by doubling locations as well as net revenue

Valora is pleased to announce that it will take over the operation of 39 Moveri service station stores in Switzerland from 1 January 2022, and potentially further stores at a later point in time. All of the stores are secured for the long term. The stores are currently operated by shop and more AG mainly under the APERTO brand. The store employees will become part of Valora Group. Service station stores complement Valora's foodvenience business ideally. Most of the customers (~70%) shop at these stores without even buying fuel. They come by because of the stores' location and the convenience assortment.

Thanks to the new cooperation, Valora is doubling its Swiss service station network size to around 100 stores as well as almost doubling related net revenue. In 2022, the 39 new stores are expected to generate net revenue of over CHF 60 million. Over the past approximately 20 years, Valora has been operating Tamoil stores with a strong presence in the western part of Switzerland and the greater Zurich area. With the Moveri partnership, Valora is now able to strengthen its service station footprint at highly frequented locations in the German-speaking part of the country. The stores that are today mainly operated under the APERTO brand will be converted into avec convenience stores in the future. As a consequence, the avec network as a whole will grow to around 300 outlets (after the complete SBB roll-out) and the higher-margin food share in the Group's category mix will increase further. Valora expects yearly single-digit million synergy potential coming from central operations, purchasing, promotions and supply functions.

Valora Group	**HY 2021**		HY 2020 restated		Change	
in CHF million		**%**		%		in local currency
External sales	1'030.4	126.6%	1'085.2	133.1%	-5.1%	-6.3%
Net revenue	814.1	100.0%	815.6	100.0%	-0.2%	-1.0%
Gross profit	**356.5**	**43.8%**	**355.3**	**43.6%**	**+0.3%**	**-0.5%**
- Operating costs, net	-349.2	-42.9%	-357.2	-43.8%	-2.2%	-3.1%
Operating profit/(loss) (EBIT)	**7.4**	**0.9%**	**-1.9**	**-0.2%**	**n.m.**	**n.m.**
EBITDA	39.3	4.8%	30.7	3.8%	+28.2%	+27.0%
Group net profit/(loss)	-3.8	-0.5%	-8.4	-1.0%	n.m.	n.m.

All relevant documents are available online in the document centre at www.valora.com:

- Ad-hoc announcement pursuant to article 53 LR
- Presentation of the 2021 half-year results
- Half-Year Report 2021

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 foodvenience offering – nearby, quick, convenient and fresh. The around 2,700 small-scale points of sale of Valora are located at highly frequented locations 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. In 2020, Valora generated annual external sales of CHF 2.2 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.

Disclaimer
This document contains forward-looking statements referring to topics that are not based on historical fact and cannot otherwise be proven by referring to past events. Forward-looking statements are based on our current expectations and assumptions and are subject to uncertainties as well as known and unknown risks. These uncertainties and risks, along with other factors, may mean that actual future events and developments, including Valora's results, financial position and development, significantly deviate from what was explicitly or implicitly stated or assumed in the forward-looking statements. The information, opinions and forward-looking statements contained in this document only apply at the time of publication. Valora is not obligated to review or update forward-looking statements in light of new information or future developments or for any other reasons. This media release is not intended as a recommendation to buy securities.

Media Breakfast
Valora Financial Half-Year Results 2021

Date:	Wednesday, 21 July 2021
Time:	08:30 am (CET)
Location:	Folium – Alte Sihlpapierfabrik, Kalanderplatz 6, 8045 Zurich, Switzerland
Language:	German
Speakers:	Michael Mueller, CEO Valora Group Beat Fellmann, CFO Valora Group

For participation, you are required to present a valid COVID certificate incl. QR code and photo identification (e.g. passport or ID card).

Live Conference incl. Call for Analysts & Investors
Valora Financial Half-Year Results 2021

Date:	Wednesday, 21 July 2021	
Time:	11:00 am (CET)	
Language:	English	
Programme:	10:45 am	Registration
	11:00 am	Presentation with Michael Mueller, CEO Valora Group, and Beat Fellmann, CFO Valora Group Questions & Answers
	12:15 pm	Flying Lunch
Location:	Folium – Alte Sihlpapierfabrik, Kalanderplatz 6, 8045 Zurich, Switzerland For live attendance, you are required to present a valid COVID certificate incl. QR code and photo identification (e.g. passport or ID card)	

Telephone conference:

Switzerland / Europe:	+41 (0) 58 310 50 00
United Kingdom:	+44 (0) 207 107 0613
United States:	+1 (1) 631 570 56 13

Webcast: Link (only presentation without sound; for audio, please dial in to the telephone conference)

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