First-half 2011

Muttenz, August 25, 2011

Agenda

1	**Group performance in 1st half 2011**
2	Income statement and balance sheet
3	„Valora 4 Growth“ – strategy status report
4	Outlook for 2nd half 2011 | 2012

First-half 2011 – an overview

On track to achieve the objectives set

1 Good results in an adverse environment

- Operating profit of CHF 33.4 million pleasing in aggregate
- Retail performing well, adverse impact from press and FX rates

2 „Valora 4 Growth“ implementation progressing as planned

- Salty Snacks and Scandinavian Cosmetics acquired during H1 2011
- Two companies acquired in 2010 now successfully integrated

3 Expectations for 2011 | 2012 unchanged

- Outlook remains confident and unchanged, despite numerous challenges
- Implementation of „Valora 4 Growth“ is the top priority

Key financial metrics for first-half 2011

Adjusted operating profit margin improved by a substantial 24%

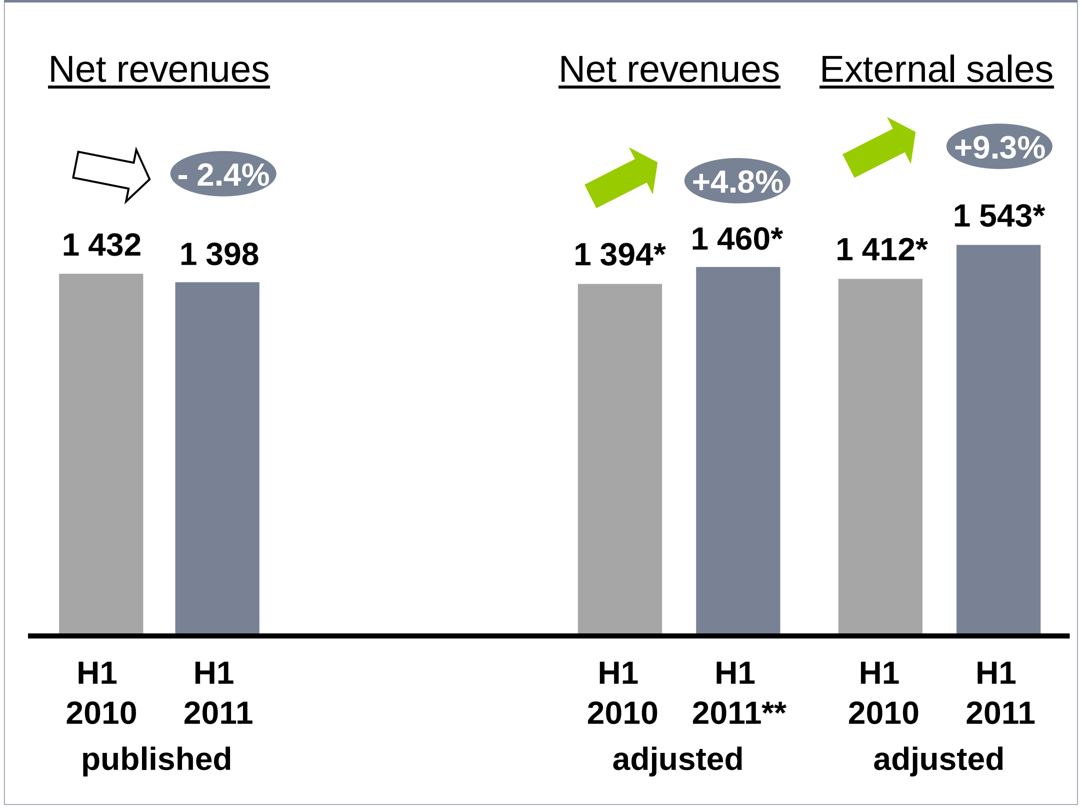
in CHF million		△ *vs 2010*
External sales (incl. franchisee sales)	**1 473.0**	**+1.6%**
*Adjusted external sales**	*1 542.6*	*+ 9.3%*
Net revenues	**1 397.6**	**- 2.4%**
*Adjusted net revenues**	*1 459.9*	*+ 4.8%*
EBIT	**33.4**	**- 6.4%**
*Adjusted EBIT**	*36.5*	*+ 24.0%*
EBIT margin	**2.4%**	**- 0.1pP**
Net profit	**26.3**	**+ 1.4%**

** adjusted for football picture cards and currency effects*

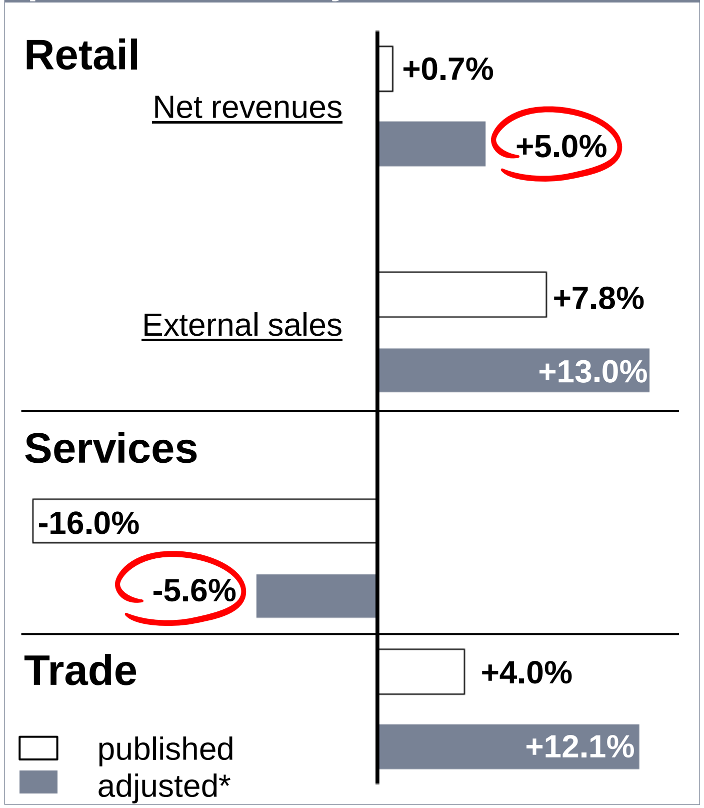
H1 2010 – 2011 net revenues and external sales comparison

Adjusted net revenues grew by a pleasing 4.8%

Valora Group net revenues and external sales in CHF million



H1 2011 development per division, published and adjusted

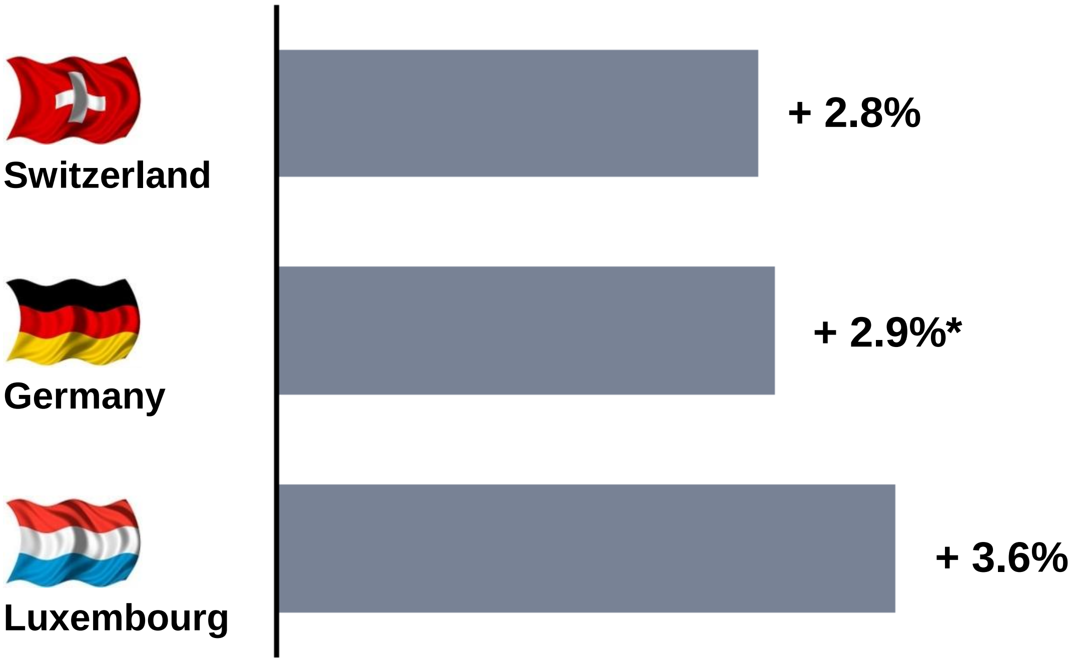


** adjusted for football picture cards and currency effects* ** * of which apx. CHF 62 million from acquisitions*

Retail division 1/2: sales in local currencies

Retail division performed positively in all its national markets

Country **Change vs H1 2010** **(adjusted for football picture cards)**



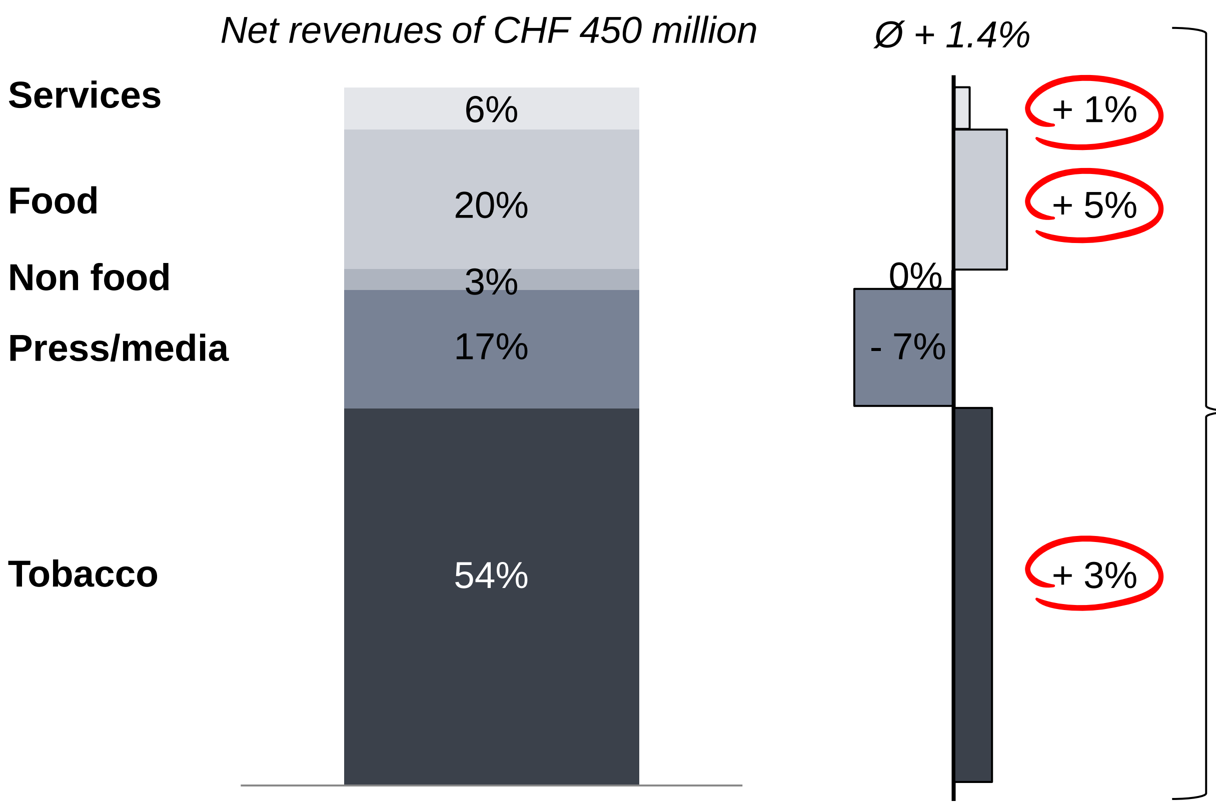
- **All national market units generated positive like-for-like growth**
- **Overall Swiss retail market declined by 2%** in H1 2011**

** excluding tabacon; incl. tabacon >14%*
*** Source: Nielsen (Market incl. Manor, Migros, Coop, Denner, Spar und Volg until calender week 28)*

Retail division 2/2: sales by category at kiosk Switzerland

k kiosk sales growing despite non-recurring football picture card business

Category sales in H1 2011 | **Change versus prior period***



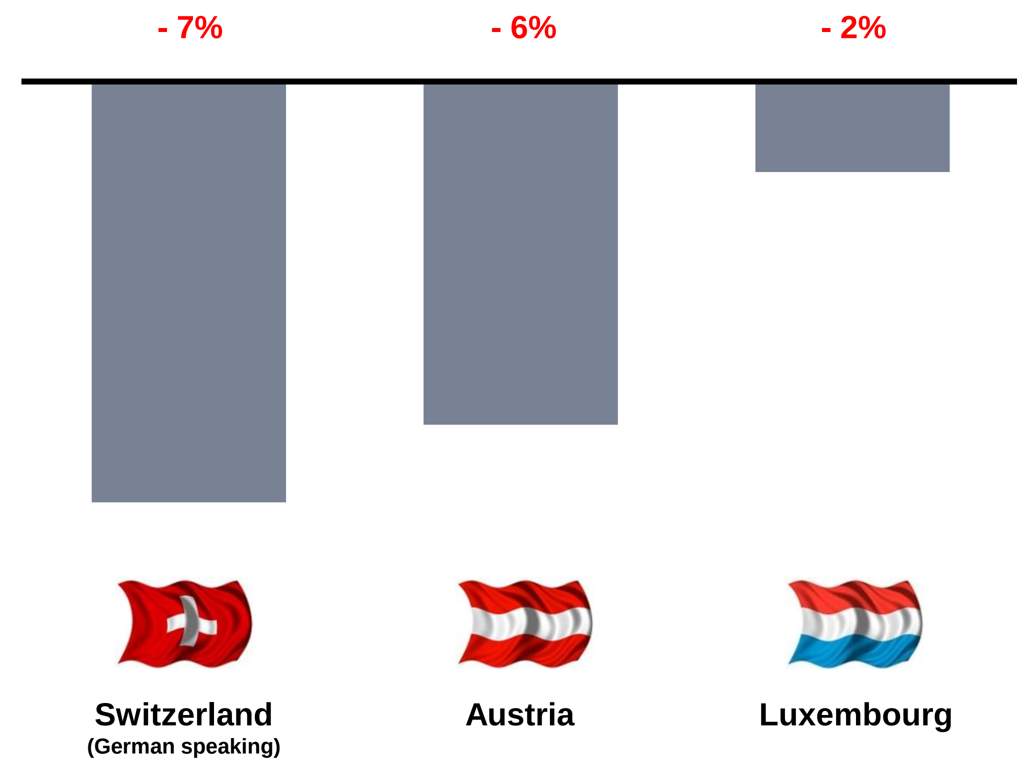
Positive sales performance driven by services, food and tobacco categories

** adjusted for football picture cards*

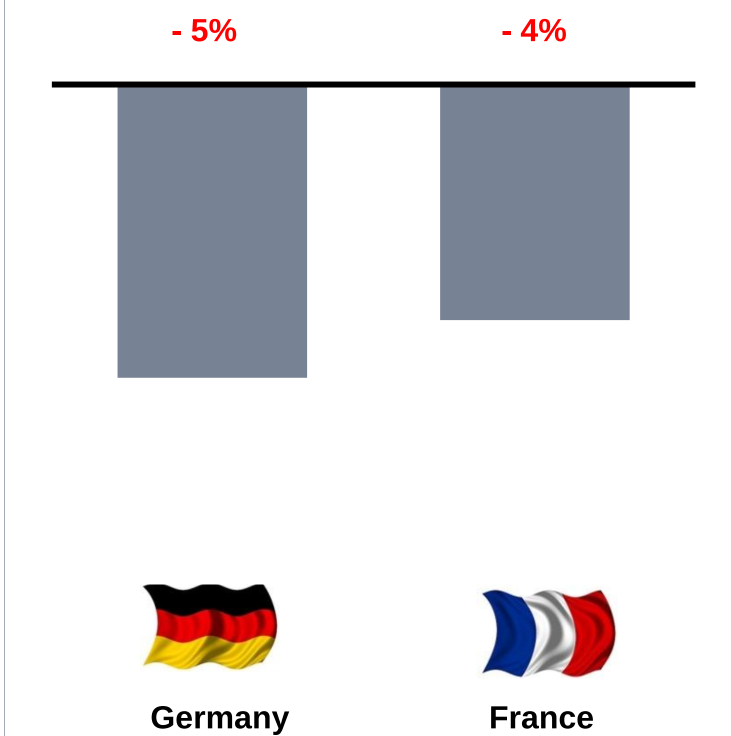
Services: overall market trends in different countries

Contracting press market is a Europe-wide problem

Valora* YTD till June 2011



Market YTD till June 2011

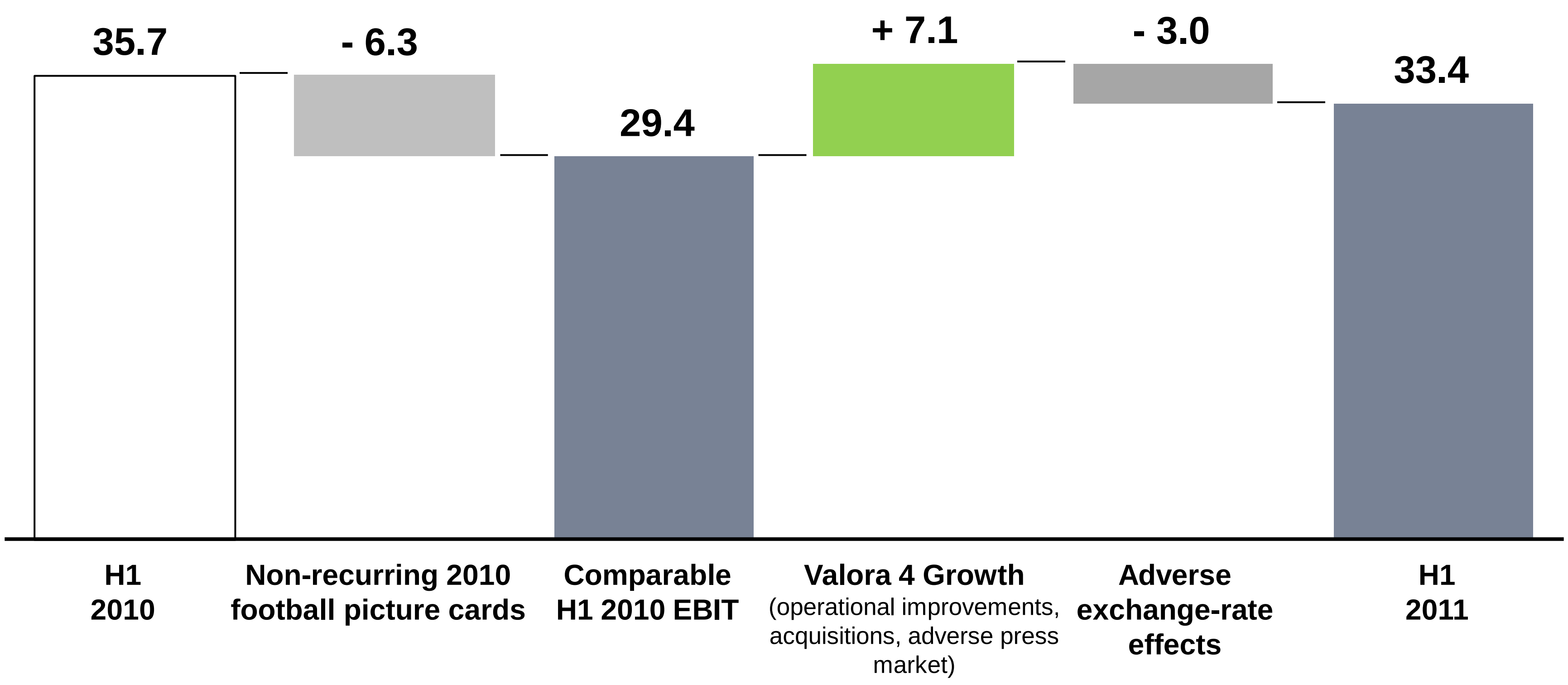


** adjusted for World Cup picture cards and currency effects*

Valora Group EBIT comparison H1 2010 vs H1 2011

Substantially improved operational results compensated for World Cup and FX effects

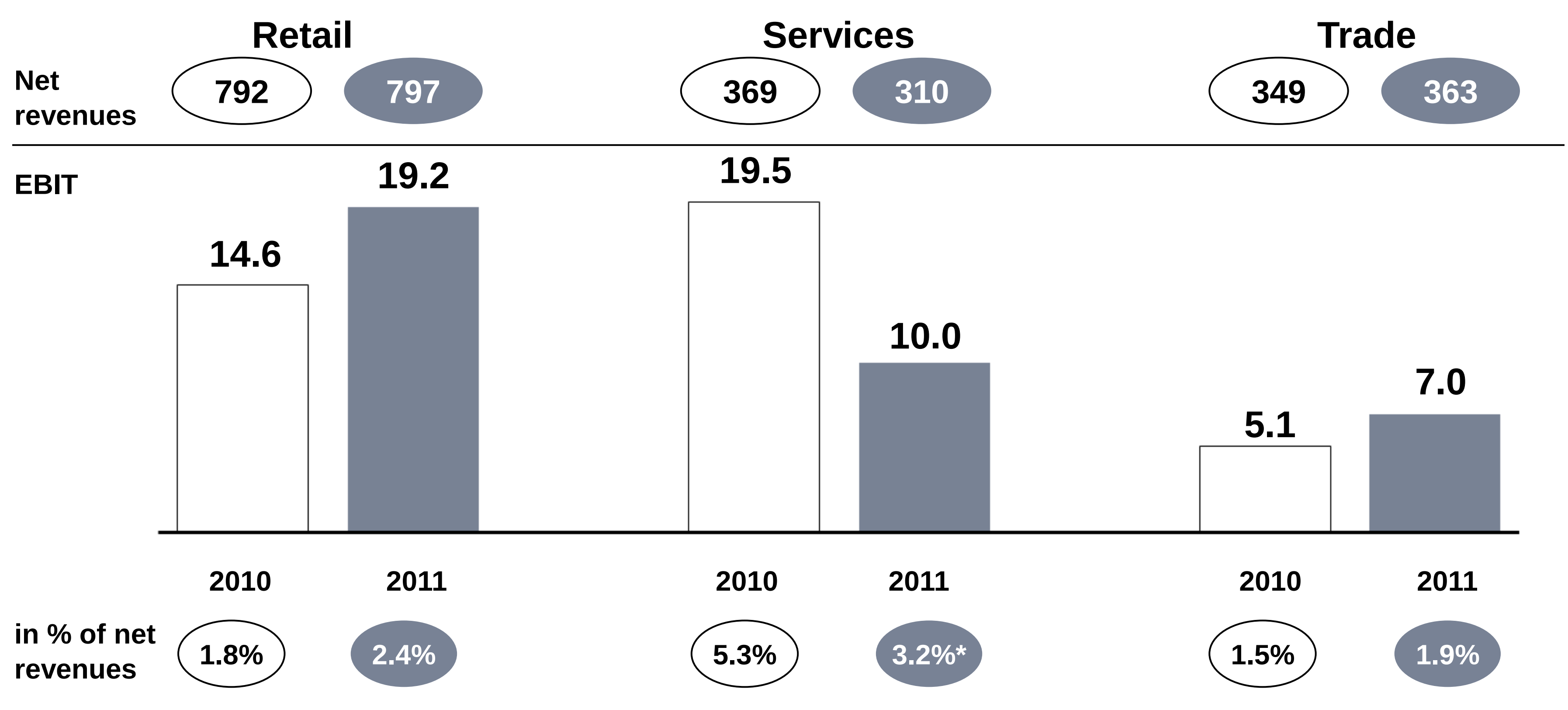
Key EBIT components in H1 2010 vs H1 2011 (in CHF million)



Operating profit overview by division

Retail and Trade performing positively

H1 2010 vs H1 2011 (in CHF million)



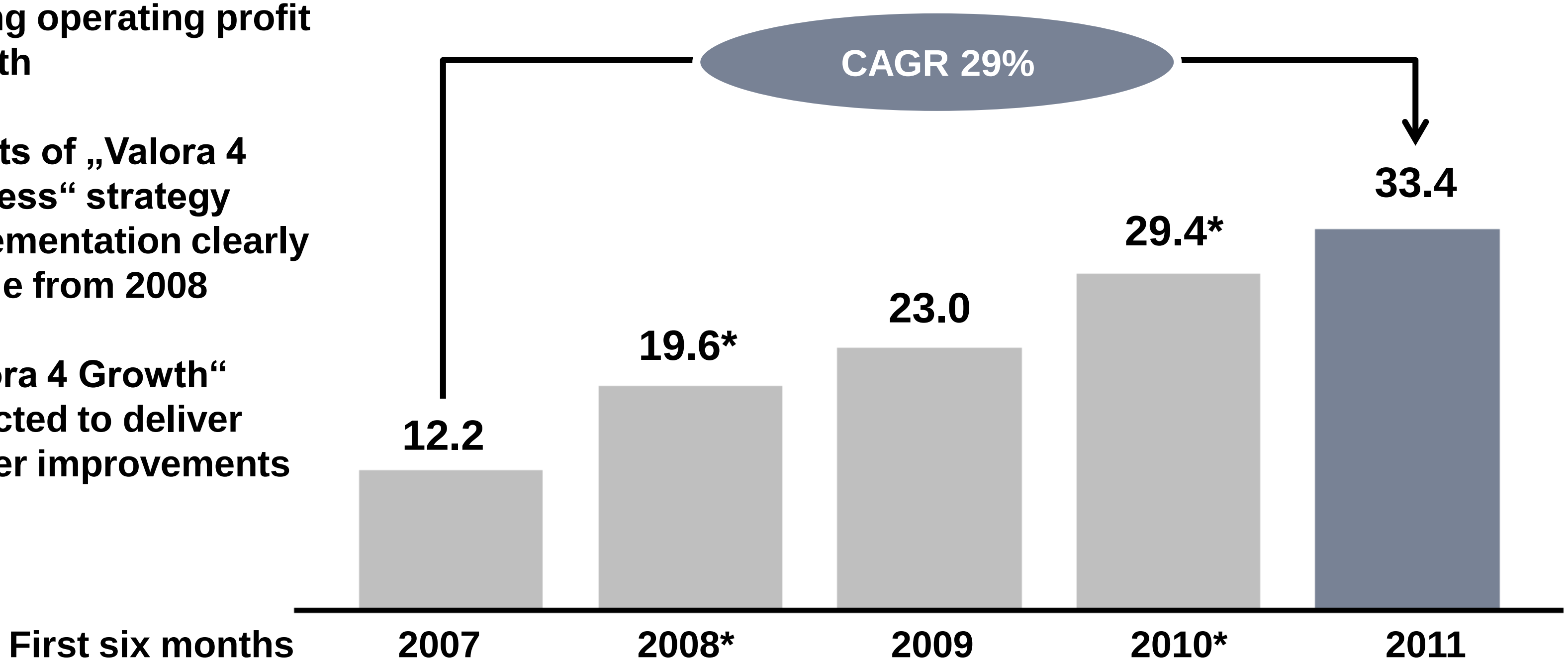
* *adverse impacts: football picture cards, exchange rates, overall press market*

Valora Group H1 EBIT comparison, 2007 – 2011

Operating profit nearly tripled in 4 years

Compound annual growth rate calculation

- **Strong operating profit growth**
- **Effects of „Valora 4 Success“ strategy implementation clearly visible from 2008**
- **„Valora 4 Growth“ expected to deliver further improvements**



Additional: **strong devaluation of Euro vs CHF since 2007**
effect of CHF -6.7 Mio. → adjusted CAGR 2007 to 2011: 35%

** Football picture card adjustments: 2008 = CHF 9.0 million | 2010 = CHF 6.3 million*

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Valora Group 1st half 2011 results

Adjusted net revenues increase despite challenging conditions

in CHF million	H1 2011	H1 2010	Delta
External sales	**1 473.0**	**1 450.0**	**+1.6%**
*Adjusted external sales**	**1 542.6**	**1 411.7**	**+9.3%**
Net revenues	**1 397.6**	**1 431.9**	**-2.4%**
*Adjusted net revenues**	*1 459.9*	*1 393.5*	*+4.8%*
Gross profit	**429.6**	**433.7**	**-1.0%**
Gross profit margin	*30.7%*	*30.3%*	*+0.4pP*
Operating costs	**-401.3**	**-402.4**	**-0.3%**
Op. costs in % of net revenues	*28.7%*	*28.1%*	*+0.6pP*
Other income	5.1	4.3	+18.6%
EBIT	**33.4**	**35.7**	**-6.4%**
*Ajdusted EBIT**	*36.5*	*29.4*	*+24.0%*
EBIT margin	**2.4%**	**2.5%**	**-0.1pP**
*Adjusted EBIT margin**	*2.5%*	*2.1%*	*+0.4pP*

** adjusted for football picture cards and currency effects*

Key messages

- **Adjusted external sales rose +9.3% versus H1 2010**
- **Good growth in adjusted net revenues despite contracting press market**
- **Strong Swiss franc cut published net revenues by CHF 62.3 million**
- **Trade division‘s extension of its product range drove 0.4 percentage point increase in Group‘s gross profit margin**
- **Operating expenditure reduced despite additional acquisition-related costs**
- **Adjusted operating profit increased by +24.0%**
- **Sustainable 0.4 percentage point increase in adjusted profitability**

Valora Retail in H1 2011

Division achieves significant growth in generally weak markets

in CHF million	H1 2011	H1 2010	Delta
External sales	**874.6**	**811.6**	**+7.8%**
*Adjusted external sales**	**906.5**	**802.3**	**+13.0%**
Net revenues	**797.4**	**792.0**	**+0.7%**
*Adjusted net revenues**	*822.0*	*782.6*	*+5.0%*
Gross profit	**281.2**	**279.4**	**+0.7%**
Gross profit margin	*35.3%*	*35.3%*	*0.0pP*
Operating costs, net	**-262.0**	**-264.8**	**-1.1%**
EBIT	**19.2**	**14.6**	**+31.4%**
*Adjusted EBIT**	*20.6*	*12.6*	*+64.5%*
EBIT margin	**2.4%**	**1.8%**	**+0.6pP**
*Adjusted EBIT margin**	*2.5%*	*1.6%*	*+0.9pP*

** adjusted for football picture cards and currency effects*

Key messages

- **Positive sales performance thanks to tobacco (+8.3%) and food (+5.9%)**
- **Adjusted net revenues increased at all national market subsidiaries and all formats (except Caffè Spettacolo, given impact of outlet closures)**
- **Gross profit margin held at a steady 35.3%**
- **Cost efficiency improved by calibrating staff roster planning to customer footfall patterns more precisely**
- **Published and adjusted operating profits both up**
- **Adjusted EBIT margin raise 0.9 percentage points to 2.5%**

Valora Services in H1 2011

Press markets across Europe contract

in CHF million	H1 2011	H1 2010	Delta
Net revenues	**310.3**	**369.4**	**-16.0%**
*Adjusted net revenues**	*321.2*	*340.4*	*-5.6%*
Gross profit	**62.9**	**77.8**	**-19.2%**
Gross profit margin	*20.3%*	*21.1%*	*-0.8pP*
Operating costs, net	**-52.9**	**-58.3**	**-9.3%**
EBIT	**10.0**	**19.5**	**-48.8%**
*Adjusted EBIT **	*10.8*	*15.3*	*-29.5%*
EBIT margin	**3.2%**	**5.3%**	**-2.1pP**
*Adjusted EBIT**	*3.4%*	*4.5%*	*-1.1pP*

Key messages

- **Net revenues fell due to decreased press and wholesale turnover**
- **Operating costs successfully reduced to counteract market contraction**
- **Lower operating profit reflects reduced sales and non-recurrence of World Cup picture card profits**
- **Adjusted EBIT margin of 3.4% is unsatisfactory, as below 4-5% target range**
- **Development of additional business activities planned**

** adjusted for football picture cards and currency effects*

Valora Trade in H1 2011

Acquisitions in Norway and Germany generate positive effects

in CHF million	H1 2011	H1 2010	Delta
Net revenues	**362.8**	**348.8**	**+4.0%**
*Adjusted net revenues**	*391.1*	*348.8*	*+12.1%*
Gross profit	**80.6**	**71.7**	**+12.5%**
Gross profit margin	*22.2%*	*20.5%*	*+1.7pP*
Operating costs, net	**-73.6**	**-66.6**	**+10.5%**
EBIT	**7.0**	**5.1**	**+38.6%**
*Adjusted EBIT**	*7.8*	*5.1*	*+54.2%*
EBIT margin	**1.9%**	**1.5%**	**+0.4pP**
*Adjusted EBIT margin**	*2.0%*	*1.5%*	*+0.5pP*

Key messages

- **Acquisition-led growth in Norway and Germany raised net revenues**
- **New cosmetics category significantly increased gross profit margin**
- **Operating costs rose following EMH (Norway) and Salty Snacks (Germany) acquisitions**
- **Operating profit raised CHF 1.9 million despite adverse exchange-rate impact**
- **More profitable product mix boosted adjusted EBIT margin by 0.5 percentage points**

** adjusted for exchange-rate effects*

H1 2011 net profit

Net profit stable

in CHF million	H1 2011	H1 2010	Delta
EBIT	**33.4**	**35.7**	**-6.4%**
*Adjusted EBIT**	*36.5*	*29.4*	*+24.0%*
Financing operations, net	-2.2	-4.4	+49.3%
Associates '/JVs' share of result	0.1	0.1	-11.7%
Pre-tax profit	**31.2**	**31.4**	**-0.3%**
Income taxes	-4.9	-5.4	+8.5%
Group net profit	**26.3**	**26.0**	**+1.4%**
Tax rate	15.8%	17.2%	-1.4pP

Key messages

- **Net result of financing operations improved by CHF 2.2 million thanks to early hedging of currency risks**
- **Tax rate of 15.8% below projected long-run rate of 17%**
- **Group net profit rose to CHF 26.3 million**

** adjusted for football picture cards and currency effects*

Key balance sheet metrics at June 30, 2011

Sound balance sheet structure and increased equity cover

in CHF million	H1 2011	FY 2010	Delta
Cash and cash equivalents	**82.6**	**130.5**	**-47.9**
Shareholders‘ equity	**467.3**	**478.1**	**-10.9**
Equity cover	*44.1%*	*43.6%*	*+0.5pP*
Net debt	**76.9**	**14.1**	**62.8**
Net working capital	**86.5**	**28.4**	**58.1**
NWC in % of net revenues	*6.2%*	*1.0%*	*+5.2pP*

Key messages

- **Cash and cash equivalents reduced thanks to further enhancements to liquidity management**
- **Sound balance sheet with shareholders‘ equity covering 44.1% of total assets**
- **Higher net debt due to increased dividend pay-out and deadline-related net working capital investments**

Agenda

„Valora 4 Growth“ strategy

Majority of growth objectives met

Growth initiatives and objectives to 2015	Achieved in H1 2011	Anticipated achievement in 2011
G1 **Organic margin growth** *Improvement by 0.2 percent each year*	**+ 0.1 pct pts**	✓
G2 **Organic (external) sales growth** *2 percent per year through expansion of current activities*	**+ 0.6%**	✓ ?
G3 **Acquisition-led growth at Retail/Services** *Expansion as European micro retailer with a total of 5 to 6 formats*	**–**	?
G4 **Acquisition-led growth at Trade** *Expanding the largest pan-European distributor*	**+ CHF 85 million*** **(ScanCo | Salty Snacks)**	✓

** projected*

Examples of „Valora 4 Growth“ initiatives

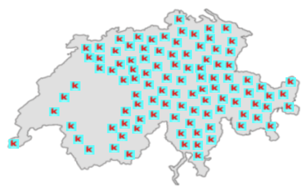
„Valora 4 Growth“ strategy

Growth initiatives in H1 2011

G1

Organic margin growth

Expand number of agencies (Retail)



Streamline purchasing (Retail)

G2

Organic (external) sales growth

Push services (Retail)

Logistics (Retail)

G3 G4

Acquisition-led growth at Retail/Services and Trade

Scandinavian Cosmetics

Salty Snacks

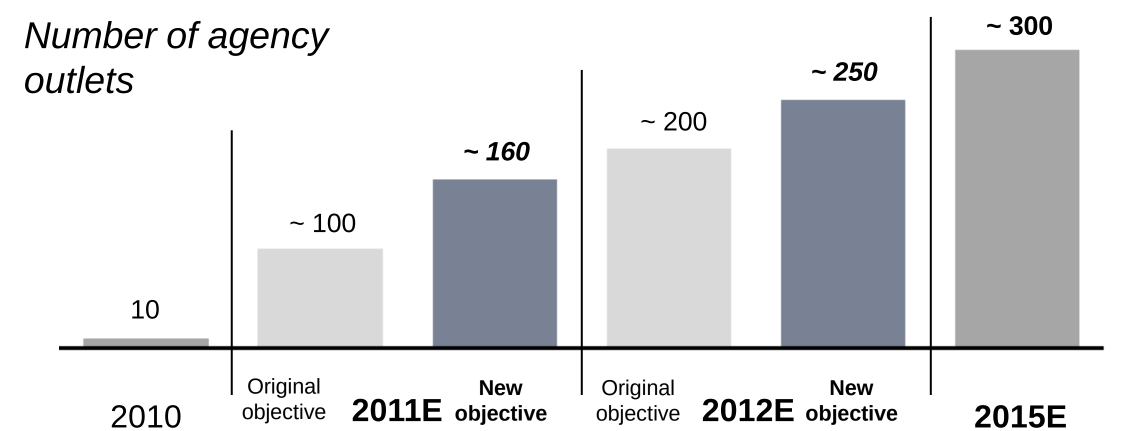
Growth inititiative G1 – the agency system example

Initial roll out phase very successful – objectives raised

Experience of phase 1 of roll out

- **Agent managers report positive experience**
- **Growing interest shown by outlet managers**
- **Increased sales and reduced costs in line with plan**

Expected agency growth



Growth initiative G2 – the new services example

Enhanced utilisation of professional logistics

Co-operation with OPTICS association

- OPTICS, the suppliers‘ association for spectacles and contact lenses, covers some 80% of the Swiss market
- Ideal location network and delivery structure
- Co-operation commenced August 1, 2011
- 3 000 – 5 500 packages per day projected
- ➲ Additional sales of apx. CHF 3 million p.a.

Co-operation with mail order houses

- Package drop off service at Valora k kiosks
- Already working with La Redoute → further expansion planned
- Service to be rolled out to 400 outlets in August/September 2011
- Service to be extended to package collection by late 2011

Growth initiative G4 – the Scandinavian Cosmetics example

Excellent product portfolio and high level of profitability → Closing as per August 23, 2011

Scandinavian Cosmetics

Rationale

- Biggest independent distributor in Scandinavia's largest cosmetics market
- Extends Valora's portfolio
- Scope for further expansion

Key data

- CHF ~ 75 million in sales, EBIT margin > 4%
- 23% share of Swedish market
- Purchase price in target range (6-9x EBIT)

Swedish cosmetics market - individual distributors' shares

- Swedish cosmetics market shows strong growth (2010: SEK 2,500 million | +7%)
- Attractive product range, distribution services and cosmetic platform support enhanced growth by ScanCo

Tied distributors	Independent distributors
L'Oreal 29%	ScanCo (23%)
Lauder 7%	Saether (5%)
Invima 7%	
Andere 16%	Others (13%)
Total 59%	Total 41%

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Outlook for 2011 and 2012

Projections unchanged for full year 2011

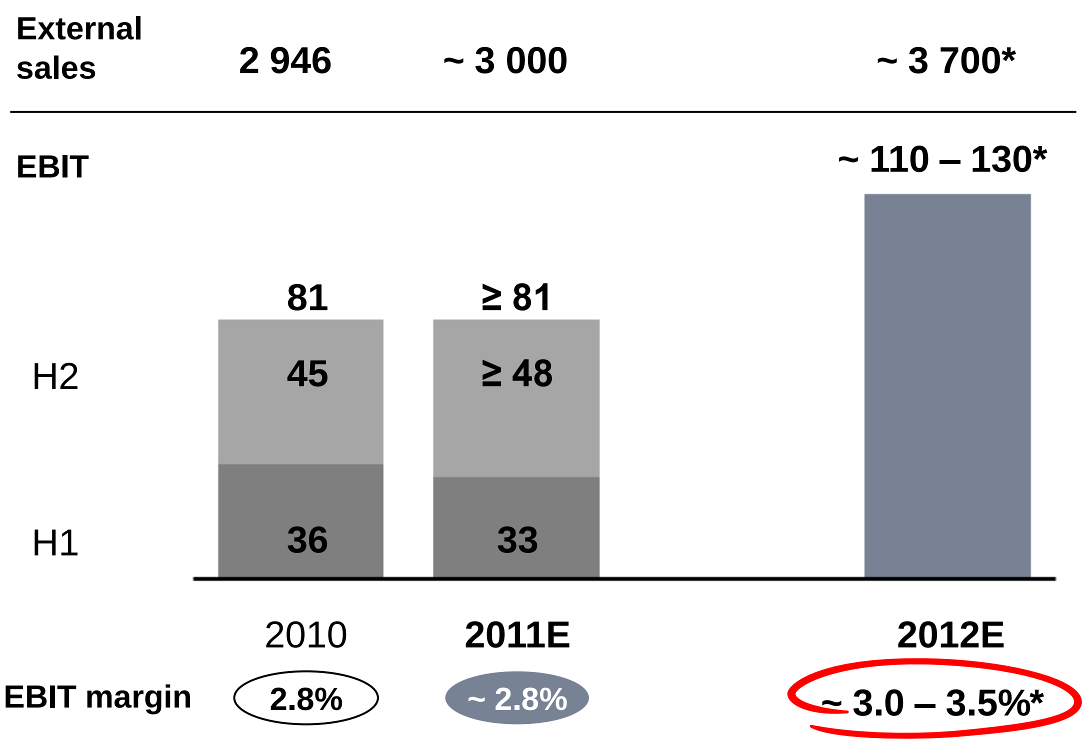
valora

Projections/market conditions in H2 2011

1 **Macro factors unchanged**
- Press market to continue weak (~ - 5%)
- Swiss franc to remain strong vs euro
- Public transport still growing

2 **Ramp up effects from**
- Acquisitions
- Operational initiatives, incl. agency system, OPTICS contract

Projected external sales and (EBIT) in CHF million



** at Ø FX-Rates CHF/EUR 1.35 (as per „Valora 4 Growth" November 2010 projections)*

H1 2011 summary

Valora provides sound anchor for turbulent times

1	**Profitability stabilised despite adverse press and foreign exchange markets**
2	**„Valora 4 Growth“ progressing as planned**
3	**Projections for 2011 and subsequent years confirmed**

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Corporate calendar

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Corporate calendar

Publication of 2011 results	March 28, 2012
2011 General meeting of shareholders	April 19, 2012

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