



# Investors' presentation



Private Banking  
Investment Banking  
Asset Management

## Summer Conference 2013

Interlaken, June 11, 2013 | Michael Mueller (CFO) & Mladen Tomic (IR)

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Valora at a glance

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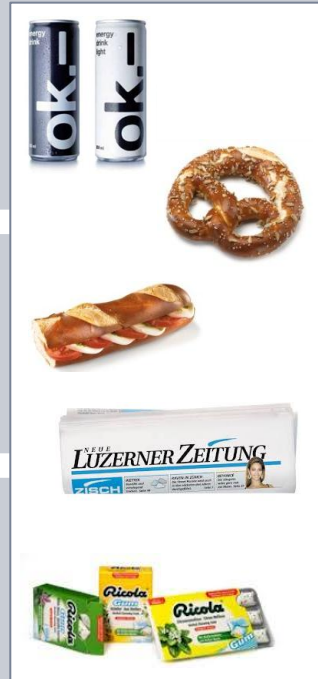
Divisions' strategic initiatives

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Projections for 2013 | 2015

# Overview business units

*Capable and focused European micro-retailer*



## Retail: the experts in small-outlet retail

- Five clearly defined formats (Kiosk, Convenience, Press&Books, Gastronomy, Food)
- > 3 000 outlets, of which 1 000 in travel-related locations
- Present in four national markets (Switzerland, Germany, Luxembourg, Austria)

## Services: a professional service provider with high competence in press

- State-of-the-art processes
- Over 15 000 customers
- Present in Switzerland and Luxembourg

## Trade: Europe's largest and most professional distributor for FMCG products

- Strong position in food, non-food, confectionery, beverages, and cosmetics
- 350 principals
- Present in seven national markets (Switzerland, Germany, Austria, Denmark, Norway, Sweden, Finland)

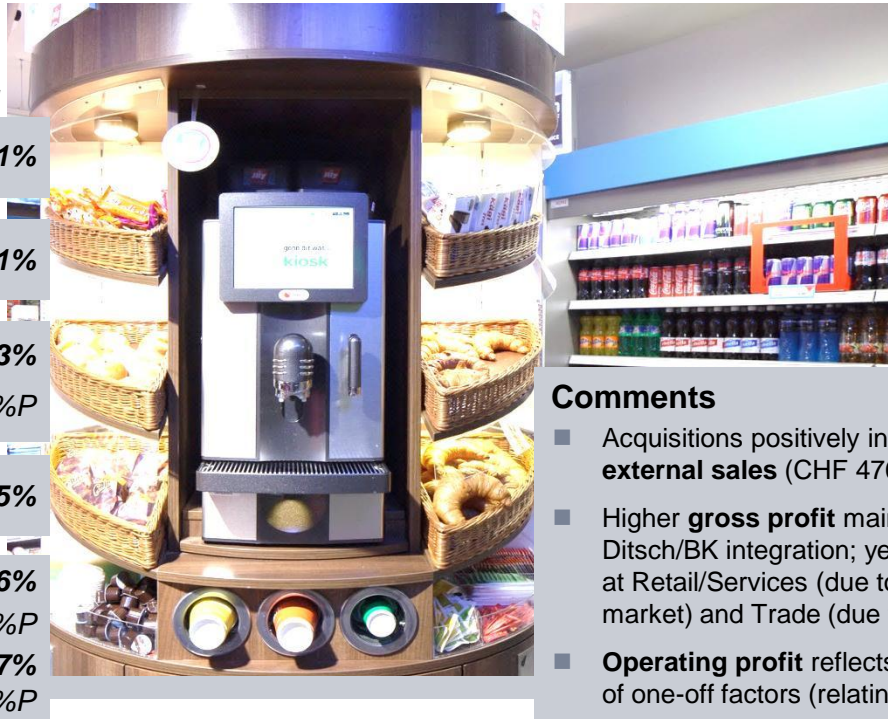
# Key financial metrics for 2012

Acquisitions enhance top-line results | special factors substantially impact bottom line

in CHF million

△ versus 2011

<b>External sales</b>	<b>3 320.2</b>	<b>→</b>	<b>+12.1%</b>
<b>Net revenues</b>	<b>2 847.9</b>	<b>→</b>	<b>+1.1%</b>
<b>Gross profit</b>	<b>940.3</b>	<b>→</b>	<b>+7.3%</b>
<i>Gross-profit margin</i>	<i>33.0%</i>	<b>→</b>	<i>+1.9%P</i>
<b>Operating costs (net)</b>	<b>-874.6</b>	<b>→</b>	<b>+8.5%</b>
<b>EBITDA</b>	<b>121.2</b>	<b>→</b>	<b>+3.6%</b>
EBITDA margin	4.3%	<b>→</b>	+0.1%P
<b>EBIT</b>	<b>65.8</b>	<b>→</b>	<b>-6.7%</b>
EBIT margin	2.3%	<b>→</b>	-0.2%P



## Comments

- Acquisitions positively influenced **growth in external sales** (CHF 470 million)
- Higher **gross profit** mainly thanks to Ditsch/BK integration; year-on-year decline at Retail/Services (due to weak press market) and Trade (due to margin pressure)
- **Operating profit** reflects substantial impact of one-off factors (relating to divestments)

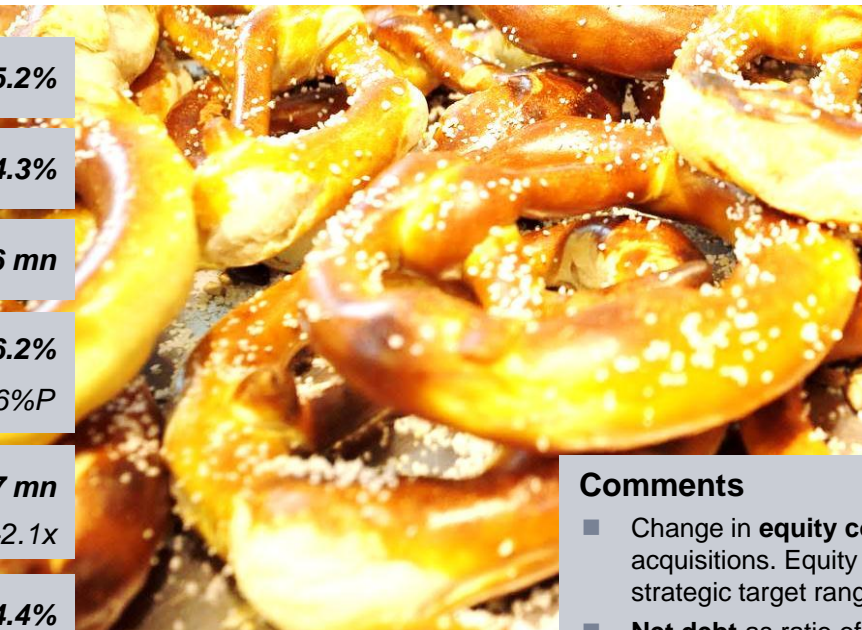
# Key balance-sheet metrics

Convenience Concept and Ditsch/BK acquisitions raise balance-sheet total

in CHF million

△ versus 2011

<b>Balance-sheet total</b>	1 602.1	➔	<b>+45.2%</b>
<b>Cash / cash-equivalents</b>	147.2	➔	<b>+34.3%</b>
<b>Goodwill</b>	469.6		<b>+316 mn</b>
<b>Net working capital</b>	136.3	➔	<b>+16.2%</b>
<i>NWC in % of net revenues</i>	4.8%	➔	<b>+0.6%P</b>
<b>Net debt</b>	361.6	➔	<b>+329.7 mn</b>
<i>Leverage ratio*</i>	2.4x	➔	<b>+2.1x</b>
<b>Shareholders' equity</b>	575.3	➔	<b>+24.4%</b>
<i>Equity cover</i>	35.9%	➔	<b>-6.0%P</b>



## Comments

- Change in **equity cover** reflects 2012 acquisitions. Equity cover remains within strategic target range
- **Net debt** as ratio of EBITDA\* (leverage ratio) now 2.4x

\* based on annualised EBITDA for Ditsch/Brezelkönig

# Valora Retail

## Most important formats



*„Treat yourself“*

The Place for that  
daily indulgence

**k kiosk**

**CiGO**



*„C'est la vie“*

Switzerland's most  
refreshing  
convenience  
retailer


**avec.**

**ServiceStore DB**



*„Thought for  
the journey“*

For a wealth of  
enjoyable reading

Press   
**P&B**  
Books 



*„Caffè e Passione“*

Typical Italian  
coffee bar flair



*„Always crisp –  
always fresh –  
always Ditsch“*

Passionate about  
pretzel

**Ditsch**

  
BREZELKÖNIG®

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Introduction

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**Divisions' strategic initiatives**

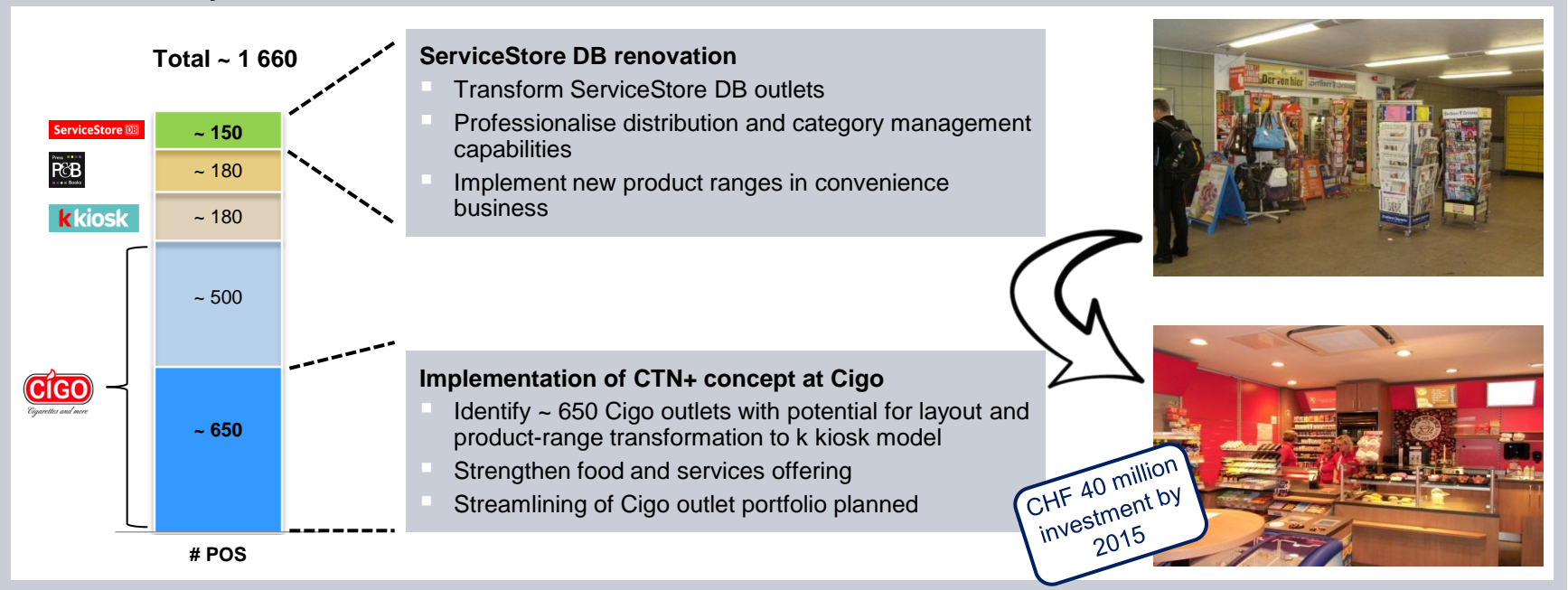
3

Projections for 2013 | 2015

# Strategic initiatives at Valora Retail (1/2)

Retail Germany focusing on outlet network and product ranges

## Retail Germany

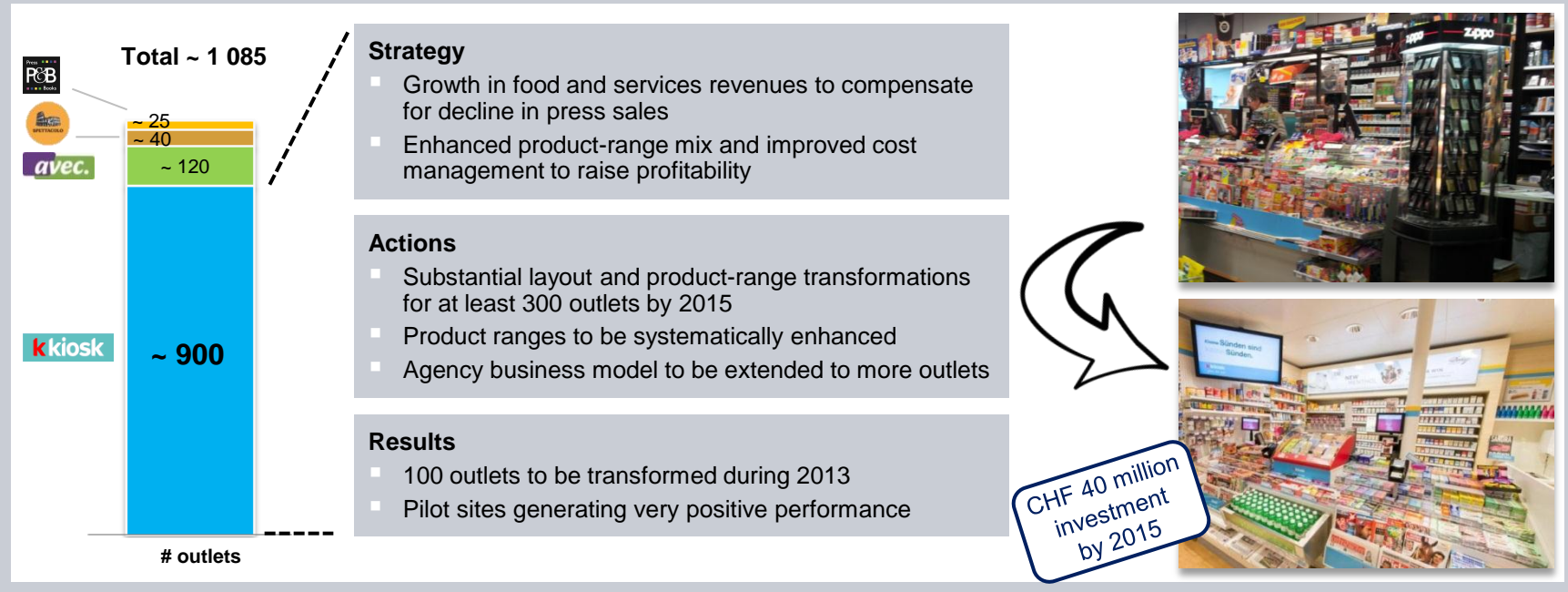




# Strategic initiatives at Valora Retail (2/2)

Retail Switzerland focusing on product ranges and cost management

## Retail Switzerland



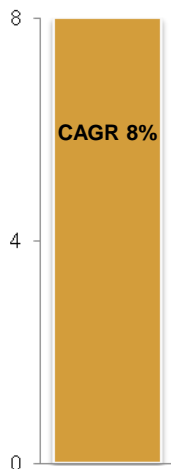
# Strategic initiatives at Ditsch/Brezelkönig (1/2)

Format on sustainable growth trajectory

## Ditsch/Brezelkönig growth trajectory

### 2012 – 2017 sales growth

(in %)



#### Retail

→ 10% p.a.



#### Wholesale

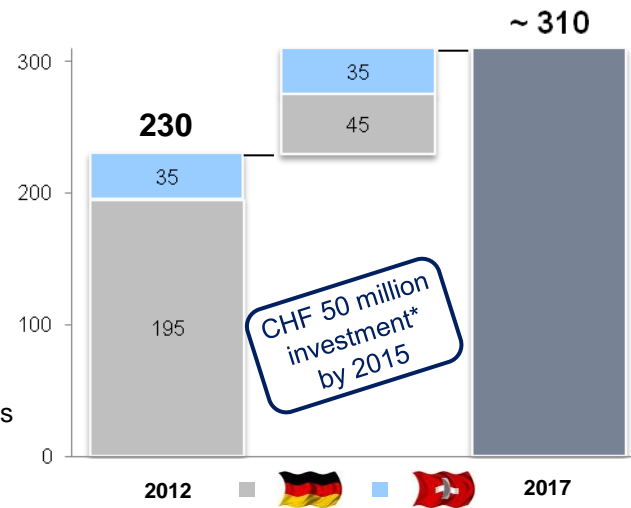
→ 4% p.a.



### Comments

- Given plant locations, requisite volumes will be largely produced in Germany
- **Retail growth of ~10% p.a.**
  - 3% organic
  - 7% from new outlets
- Both country units to expand their networks
  - Switzerland +100%
  - Germany + 25%
- **Switzerland**
  - 50% new sites
  - 50% transformed Valora sites
- **Germany**
  - 100% new sites

### Planned outlet expansion in Germany / Switzerland



\* incl. production facilities and maintenance

# Strategic initiatives at Ditsch/Brezelkönig (2/2)

Substantial potential synergies identified at outlet and product-range level

## Potential outlet synergies in Switzerland

### Requirements for a Brezelkönig outlet

#### 1 High volumes

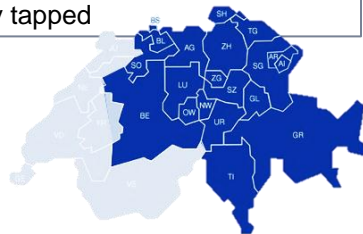
- Rapid inventory rotation
- Maximum product freshness
- High degree of specialisation (focus on lye-bread products)
- 3 peak sales periods

#### 2 Prime small-outlet sites

- Optimal product presentation
- Appropriate construction (ventilation)
- High visibility
- Take-away sales

#### 3 Strong spending power effectively tapped

→ Synergy effect on EBIT approx. CHF 4 – 5 million by 2017



## Product synergy examples

Krasse Kombi – voll ok!



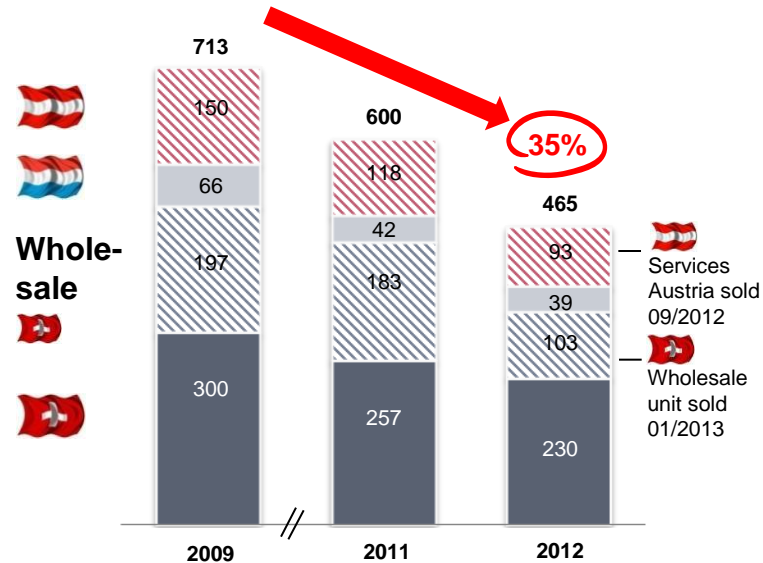
- **k kiosk** product ranges to be enhanced with (packaged) lye-bread offering
  - **avec./SSDB** to offer lye-bread/pizza/snack products
  - **Ditsch** product ranges to be enhanced with ok.- drinks
- Synergy effect on EBIT approx. CHF 2 – 3 million by 2017

# Strategic initiatives at Valora Services (1/2)

Sharp market contraction since 2009 | schedule for repositioning Services division

## Decline in Services revenues 2009 – 2012

in CHF million



## Services repositioning to date, possible future options

- **Q1 2012** 3rd-party logistics business launched under new „nilo“ brand
  - **Q2 2012** Sustainable repositioning process commenced
  - **Q3 2012** Valora Services Austria sold
  - **Q4 2012** Announcement divestiture Swiss goods wholesaling unit
  - **Q1 2013** Analysis of logistics services commenced (goods and press products within Valora Switzerland)
  - **Q2 2013** Evaluation of specific partnership options
  - **Q3 2013** Decision on possible options
    - ① Joint ventures
    - ② Co-operations
    - ③ Partnerships
    - ④ Disposal of (sub)areas of business
- FOCUS**

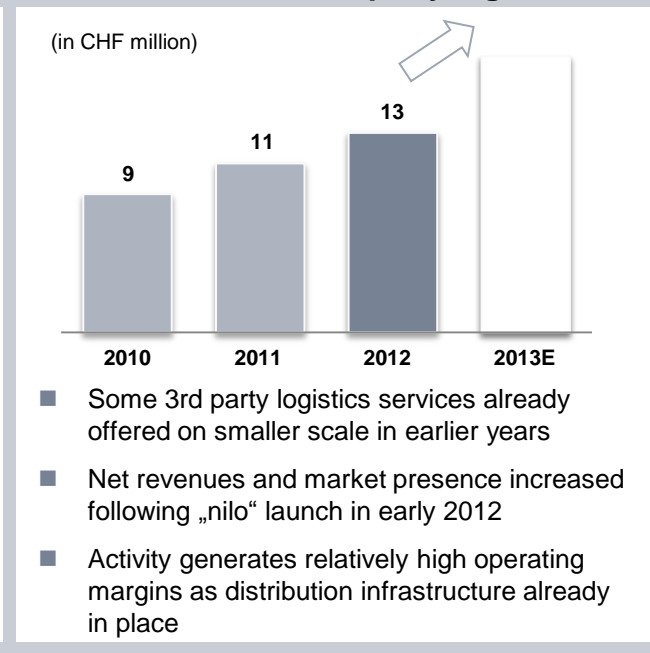
# Strategic initiatives at Valora Services (2/2)

Substantial potential to leverage logistics infrastructure

## Overview of Valora Services intra-day/overnight logistics



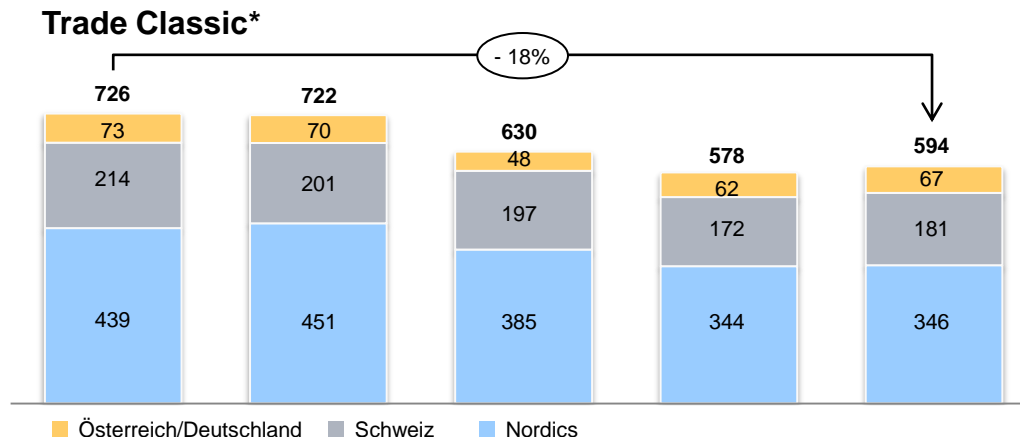
## Net revenues from 3rd party logistics



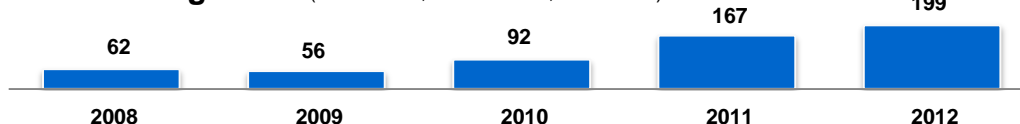
# Strategic initiatives at Valora Trade (1/2)

Major challenges in classic categories | successful start in cosmetics

## Net revenues 2008 – 2012 (in CHF million)



### «New Categories» (travel retail, food service, cosmetics)



## Comments

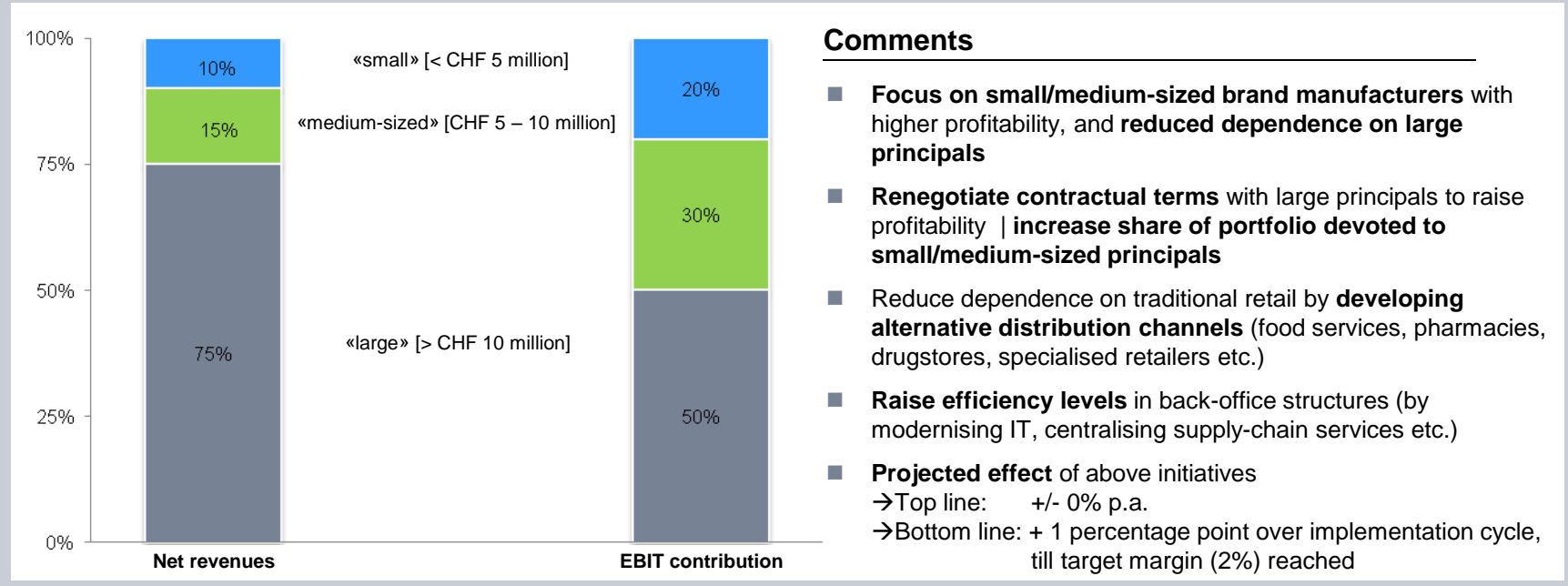
- **Market consolidation** in traditional categories since 2008 among principals and brands (Kraft/Cadbury, Wrigley/Mars, Norges-Gruppen/SuperCrossDK etc.)
- Decline in net revenues (-18%) due to **exchange-rate effects, parallel imports, market concentration and private-label brands**
- Division **successfully enters** new cosmetics category (with above-average profitability) in 2010
- Organic growth within the new categories (cosmetics achieving 2% p.a.)

\* excluding travel retail, food services, cosmetics

# Strategic initiatives at Valora Trade (2/2)

*Focusing on small/medium-sized principals | reducing dependence on large scale partners in retail*

## Analysis of principal portfolio by principal size



### Comments

- **Focus on small/medium-sized brand manufacturers** with higher profitability, and **reduced dependence on large principals**
- **Renegotiate contractual terms** with large principals to raise profitability | **increase share of portfolio devoted to small/medium-sized principals**
- Reduce dependence on traditional retail by **developing alternative distribution channels** (food services, pharmacies, drugstores, specialised retailers etc.)
- **Raise efficiency levels** in back-office structures (by modernising IT, centralising supply-chain services etc.)
- **Projected effect** of above initiatives
  - Top line: +/- 0% p.a.
  - Bottom line: + 1 percentage point over implementation cycle, till target margin (2%) reached

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# Agenda

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Divisions' strategic initiatives

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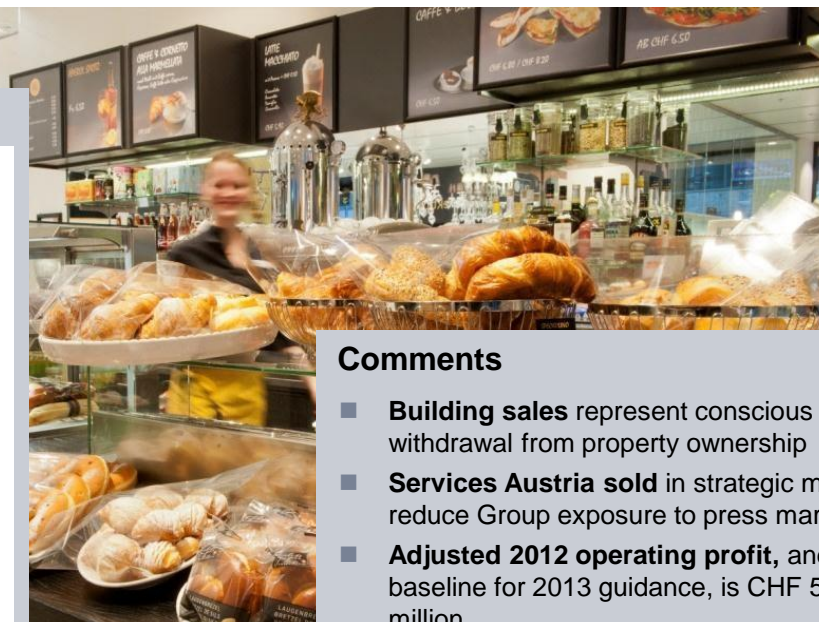
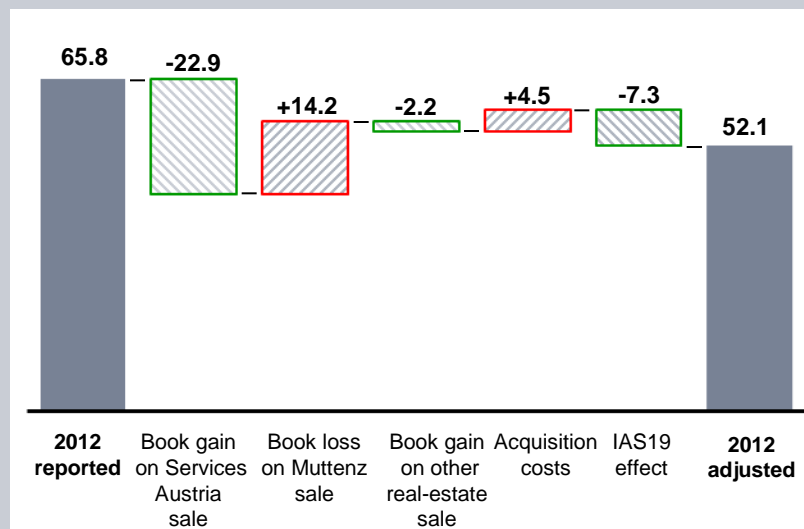
Projections for 2013 | 2015



# Baseline for projected 2013 performance

One-off factors significantly impacted 2012 results

One-off effects on 2012 results (in CHF million)



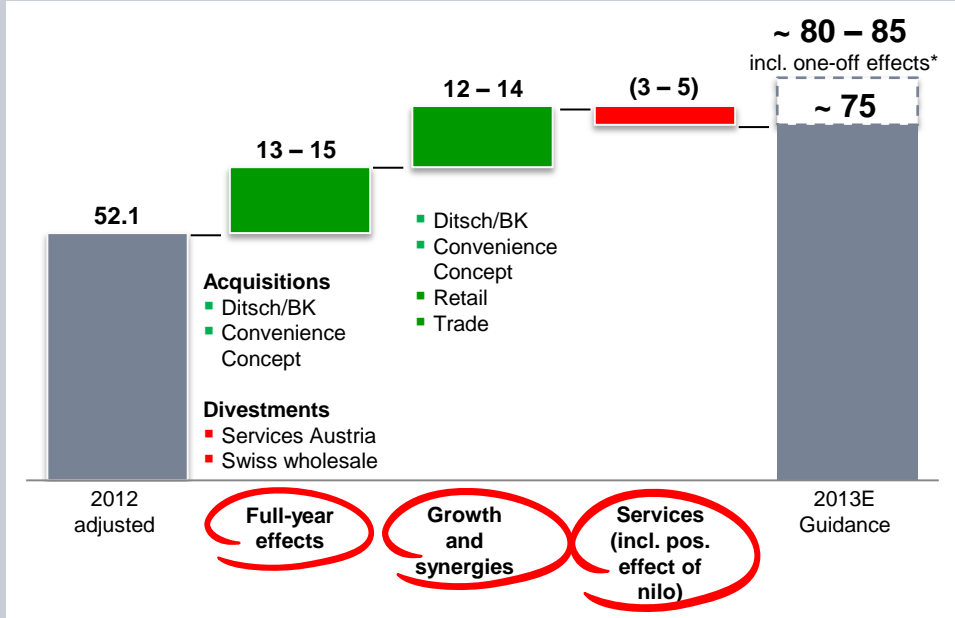
## Comments

- **Building sales** represent conscious withdrawal from property ownership
- **Services Austria sold** in strategic move to reduce Group exposure to press market
- **Adjusted 2012 operating profit**, and baseline for 2013 guidance, is CHF 52.1 million

# Projected 2013 performance

Operating profit to be raised in 2013

## 2013 operating profit guidance (in CHF million)



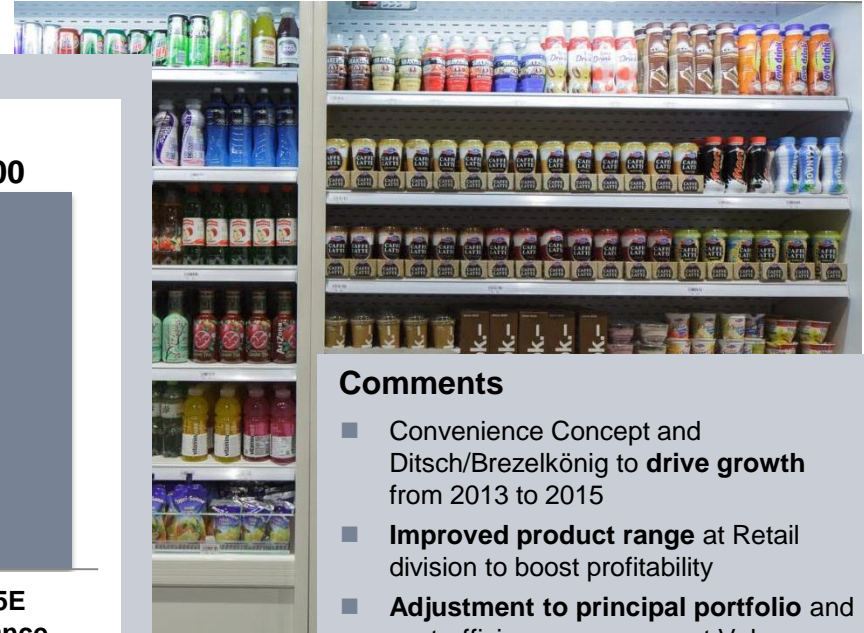
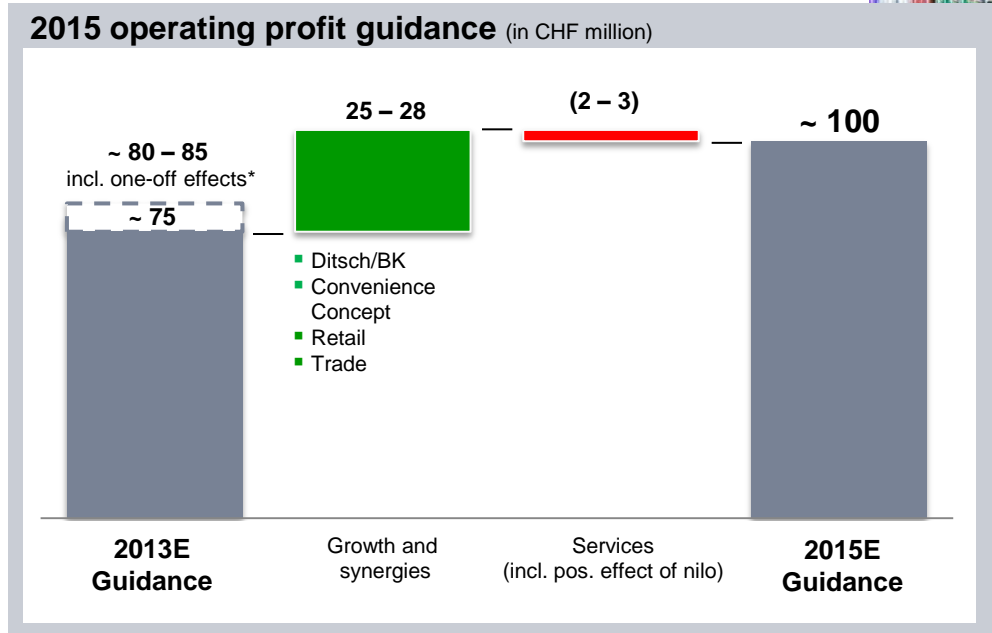
### Comments

- Full-year effects will show **marked positive influence of Ditsch/Brezelkönig and Convenience Concept** (effect of divestments will be negative)
- Manageable **impact of declining press distribution** thanks to positive effect of nilo 3rd party logistics

\* particularly positive effect from IAS 19 (adjustment to annuity rates)

# Projected performance for 2013 – 2015

Operating profit 2013 to be significantly increase till 2015 through growth and synergies



### Comments

- Convenience Concept and Ditsch/Brezelkönig to **drive growth** from 2013 to 2015
- **Improved product range** at Retail division to boost profitability
- **Adjustment to principal portfolio** and cost-efficiency measures at Valora Trade

\* particularly positive effect from IAS 19 (adjustment to annuity rates)

ASK  
valora

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# Contacts



## Corporate calendar

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### Corporate calendar

2013 half-year results presentation

August 29, 2013

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