



"Valora 4 Success"
Media and Investors' Day

Muttenz, September 24, 2008

Agenda



1. Welcome address and introduction	R. Benedick
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2. Valora – analysis after 1st 100 days	T. Vollmoeller
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3. The "Valora 4 Success" strategy programme	T. Vollmoeller
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4. Focus on: Kiosk Switzerland	K. Niklaus
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5. Focus on: the avec. concept	K. Niklaus
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6. Focus on: transforming Valora's logistics	T. Vollmoeller
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7. Summary and outlook	R. Benedick
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The worst is behind us

VALORA OVERVIEW



Troubled past

- No value generation



- A critical acquisition history, including:
 - Bico beds (1990/2000)
 - Selecta (1997)
 - Fotolabo (1999/2006)

Positive present, promising future

- Re-focusing on three strong business areas now complete

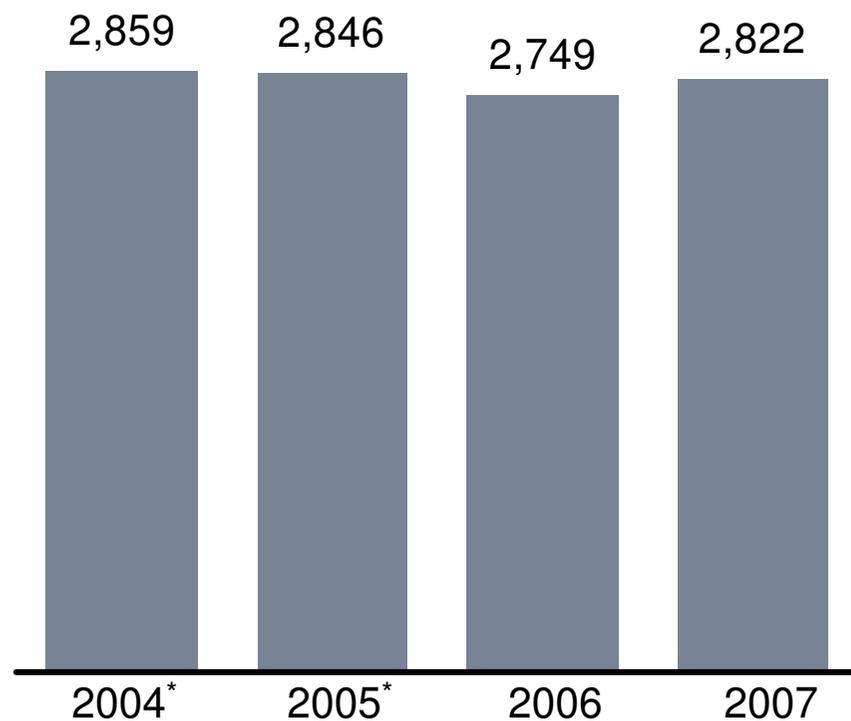
valora retail
valora media
valora trade

- New management team on board
- Good prospects for growth and increased profitability

Sales stable, EBIT inadequate



Sales in CHF mm



* incl. Own Brands

2007/2008 key financial data

<i>in CHF mm</i>	2007	2008 (H1)	vs 2007 (H1)
Sales	2,822	1,468	1,378
EBIT	56	29	12
EBIT margin	2.0%	2.0%	0.9%
Net income	43	21	8
Equity/total assets	45%	46%	41%
Free Cash flow	71	73	10
Net debt	46	9	74

Board supports new direction



Board members

**Rolando
Benedick
(Chairman)**



**Conrad
Löffel**



**Markus
Fiechter**



**Franz
Julen**



**Bernhard
Heusler**



Statements

- *„Success requires a good management team!“*
(R. Benedick)
- *„Our objective is reliability, in every respect!“*
(C. Löffel)
- *„We intend to advance rapidly to leadership in our core markets!“* (M. Fiechter)
- *„The strategy is set. Now we need to implement it, with determination and thoroughness!“* (F. Julen)
- *„Transparency fosters acceptance. It makes actions predictable and understandable!“* (B. Heusler)

Strong new members complete management team



New members of GEM

Thomas Vollmoeller
(CEO)



Kaspar Niklaus
(Retail)



New members of Extended GEM

Stefan Gächter
(Logistik)



Markus Guggenbühler
(IT)



Statements

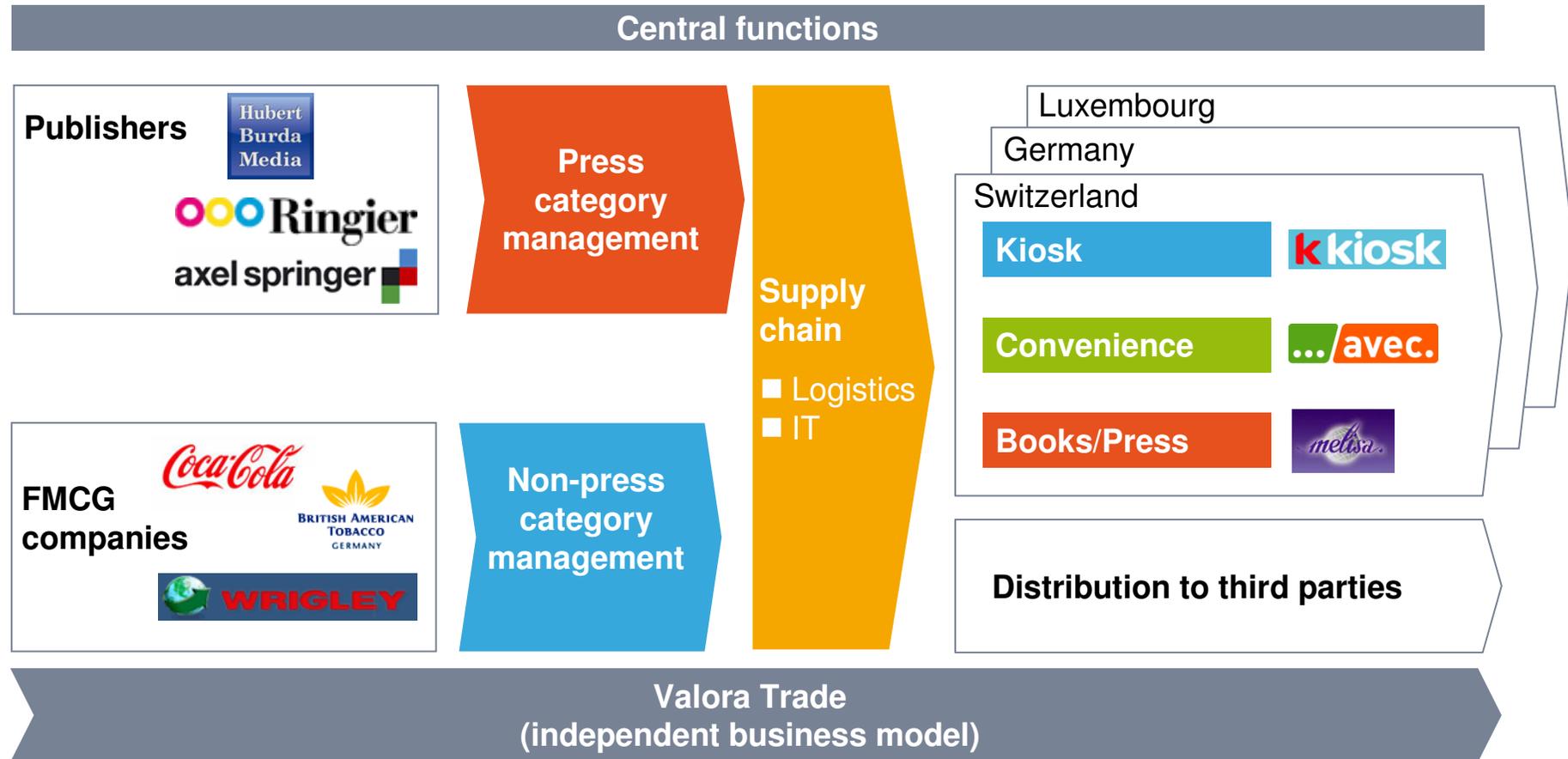
- *„Valora has excellent potential, which there is still plenty of scope to exploit!“*
(T. Vollmoeller)
- *„Our initiatives in Retail will lend lasting strength to Valora!“* (K. Niklaus)
- *„The move to Egerkingen will boost efficiency and streamline our logistics processes!“* (S. Gächter)
- *„Our IT initiatives will give Valora a state of the art systems environment!“* (M. Guggenbühler)

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Business model – Valora is (primarily) a retail trading company



Valora Retail – fundamentally well positioned ...

valora retail

- Valora has a strong market position
 - Small and very small outlet formats
 - Excellent locations
 - CH: ~ 60% of the kiosk market*
 - DE: ~ 30% of the travel bookstore market**
 - LU: ~ 50% of the kiosk market***
- Positive market trends
 - Growth in public transport passenger volumes
 - Micro retailing
 - Shopping and consumer behaviour



* CHF 1.7 bn market

** CHF 0.6 bn market

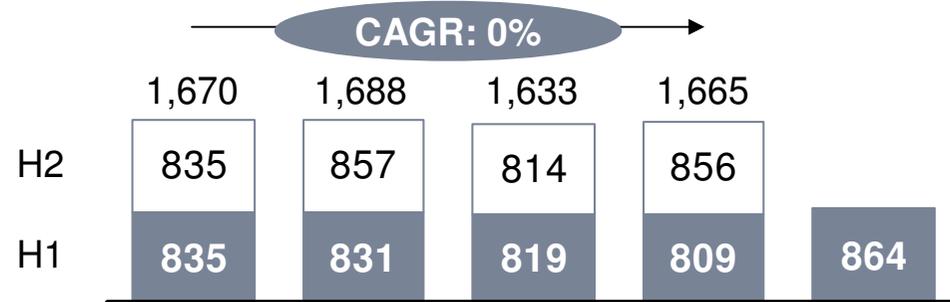
*** CHF 0.2 bn market

... but achieving unsatisfactory results
(figures below re-stated)

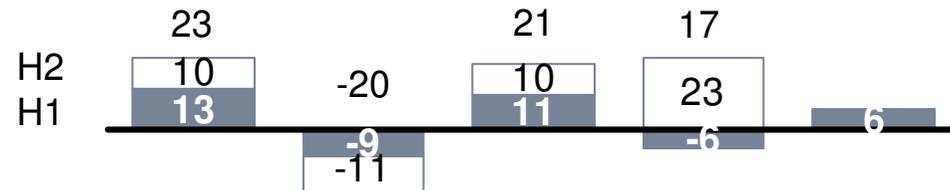
- 2004 - 2008 (H1) performance
 - Weak sales growth
 - Net income unsatisfactory
 - No delivery on 3-4% EBIT margin "promise"

- H1 2008 performance
 - Barely broke even (ex Euro 08)
 - Profits remain unsatisfactory

Sales in CHF mm



EBIT in CHF mm



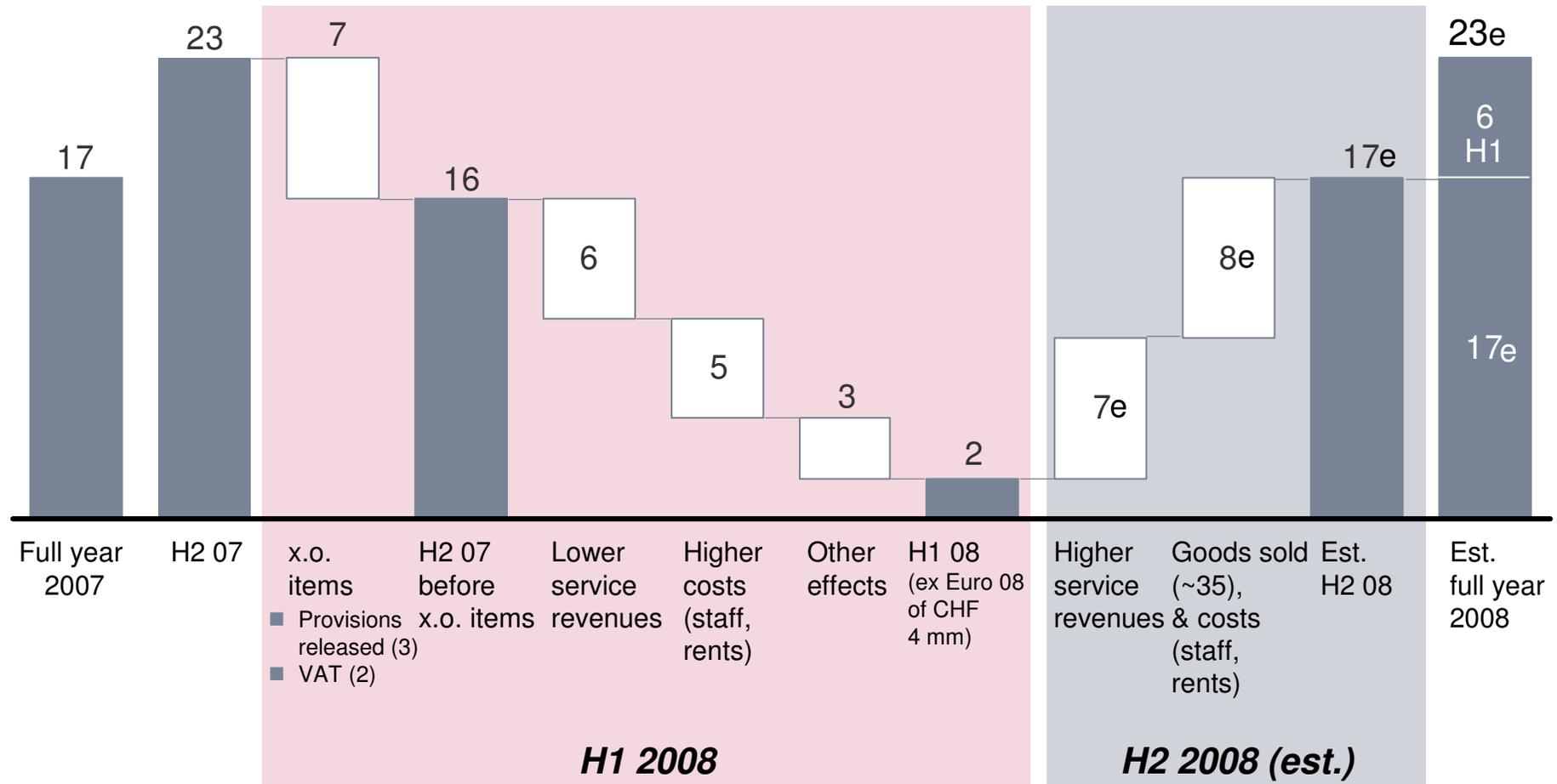
EBIT margin in %*



* 2004-2007 FY / 2008 H1

Results from H2 2007 to H1 2008

EBIT Retail in CHF mm



Valora Media in good competitive position

valora media

- Valora enjoys a strong market position
 - Strong press distribution
 - High market shares in CH, LU and AT
- Market trends are mixed
 - Newspapers declining marginally (free sheets, internet)
 - Magazines/books stable, increasing in some market segments

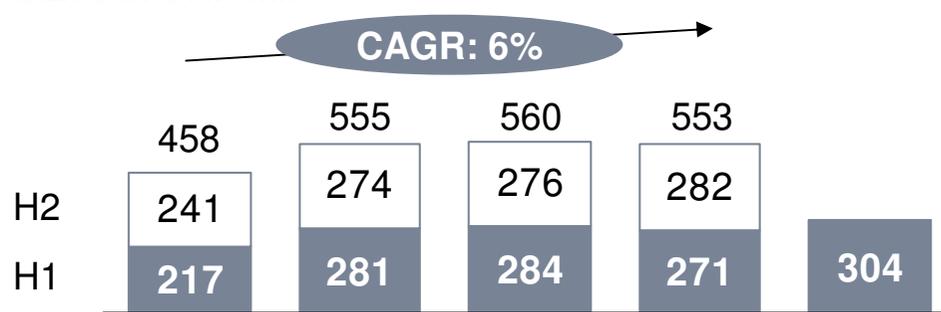


Media generating stable and satisfactory results (figures below re-stated)

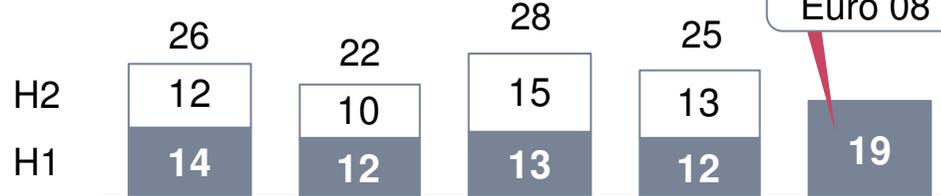
- 2004 - 2008 (H1) performance
 - Sales stable
 - Good, stable results

- H1 2008 performance
 - Exceptional results in Austria due to EURO 2008
 - Customer numbers also growing in Austria

Sales in CHF mm



EBIT in CHF mm



EBIT margin in %*



* 2004-2007 FY / 2008 H1

Valora Trade clear leadership in Europe

valora trade

- Market position
 - FMCG distribution and marketing
 - Present in 7 countries
 - European market leader
 - Well-positioned after "Own Brands" spin off
- Major market trends
 - Concentration in European food retail
 - FMCG firms exerting pressure on costs (trend towards outsourced distribution)

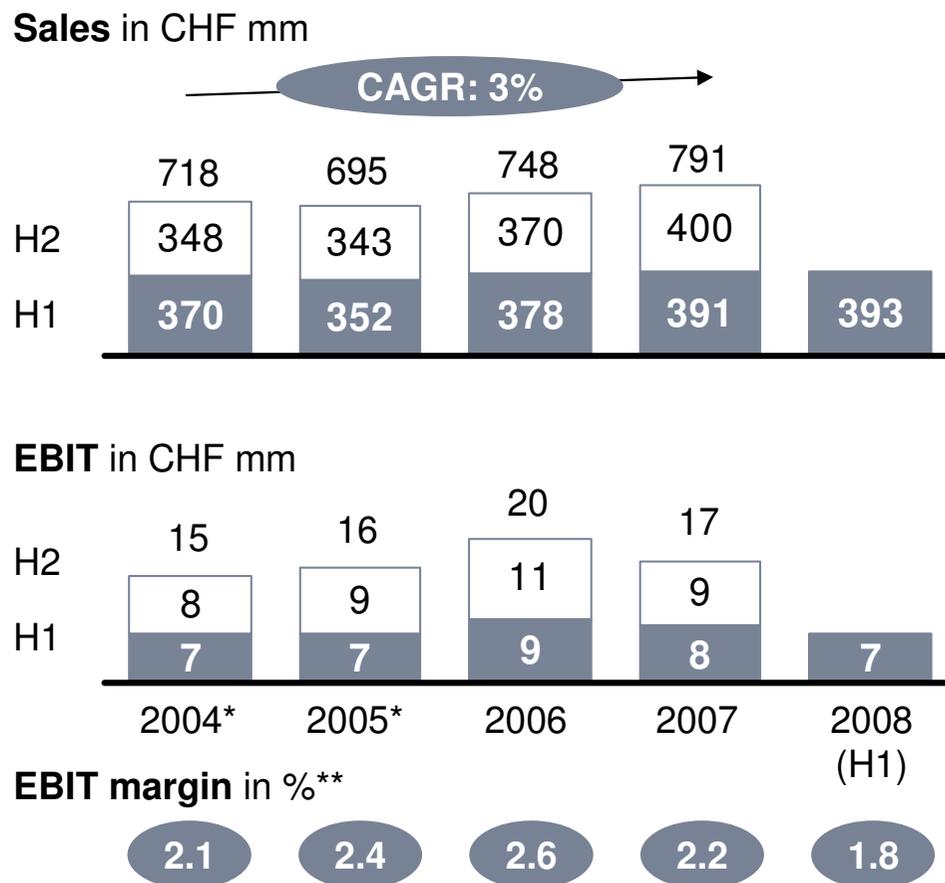


Valora Trade – stable results with low margins (figures below re-stated)



- 2004 - 2008 (H1) performance
 - Sales stable
 - Low margins in line with sector

- 2008 (H1) performance
 - Challenging environment (higher raw material prices)
 - Compensation for loss of principals (principal growth in H2 2008)



* excl. "Own Brands"
 ** 2004-2007 FY / 2008 H1

CEO's conclusion after 1st 100 days: baseline situation better than widely thought



Strengths	Weaknesses
<ul style="list-style-type: none"> ■ Three strong core businesses, all well-positioned ■ Focusing process completed ■ Nearly half of sales and a large share of current net income is stable (Media and Trade) 	<ul style="list-style-type: none"> ■ Retail margins weak and retail mentality insufficient ■ Considerable internal complexities and inefficient processes ■ Staff insecure
<ul style="list-style-type: none"> ■ Growth potential in all areas (nationally, internationally) due to changing customer behaviour ■ "New dawn" mentality ■ Potential for increased efficiency 	<ul style="list-style-type: none"> ■ Risks arising from re-organisation ■ Risks from economic climate (though less than in other retail sectors)
Opportunities	Risks

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New strategy programme developed to realise full potential

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H1 2008 ACTIVITIES

Developing and communicating fundamental Valora strategy

- Focus on Retail and Media core businesses; continuation of Trade strategy
- Profitable growth thanks to focused energies and simplified structures
- Sustainability

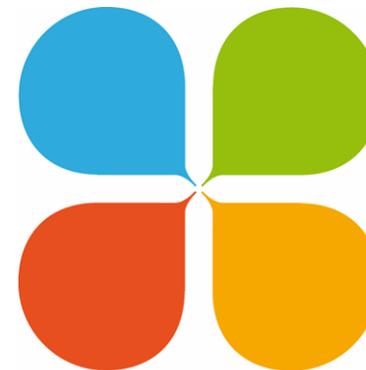


Initiating "quick win" actions, e.g.

- Consolidating locations
- Pushing ahead with "Own Brands" sale
- Dissolving Cevanova joint venture

H2 2008 ACTIVITIES

Detailed promulgation of fundamental strategy, with new strategic programme to accelerate its implementation



Valora 4 Success

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Valora 4 Success strategy programme has 4 objectives

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- Sales growth of 3 - 5% p.a.
 - EBIT margin of 3 - 4% by 2012
 - Significant gains in effectiveness and efficiency
 - Satisfying our customers, business partners, shareholders, employees

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Valora 4 Success comprises 4 elements

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Light blue for expanding and sourcing
**core businesses/
core expertise**



Green for **growth**

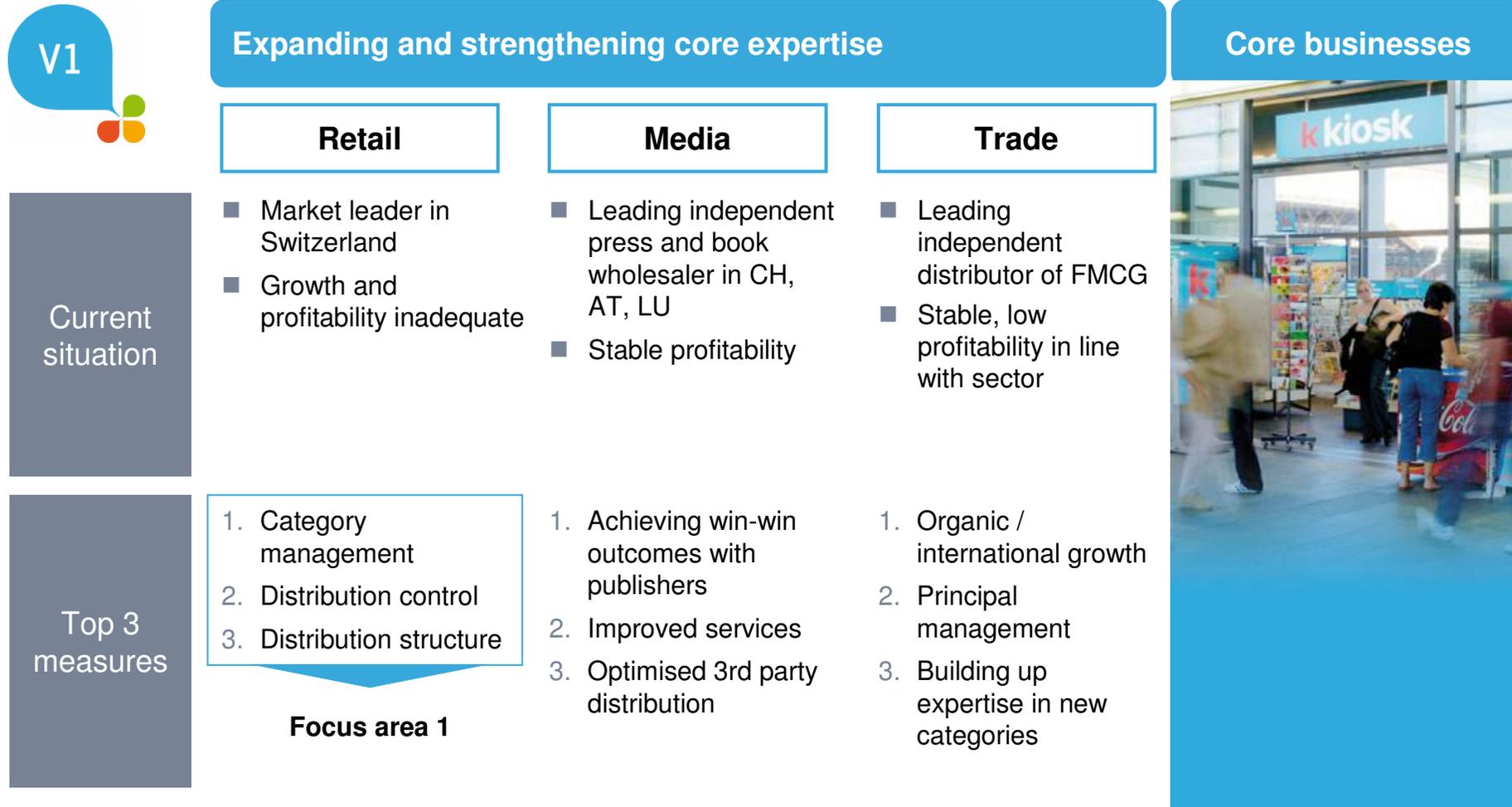
Red for our employees' lifeblood and a
strengthened corporate culture



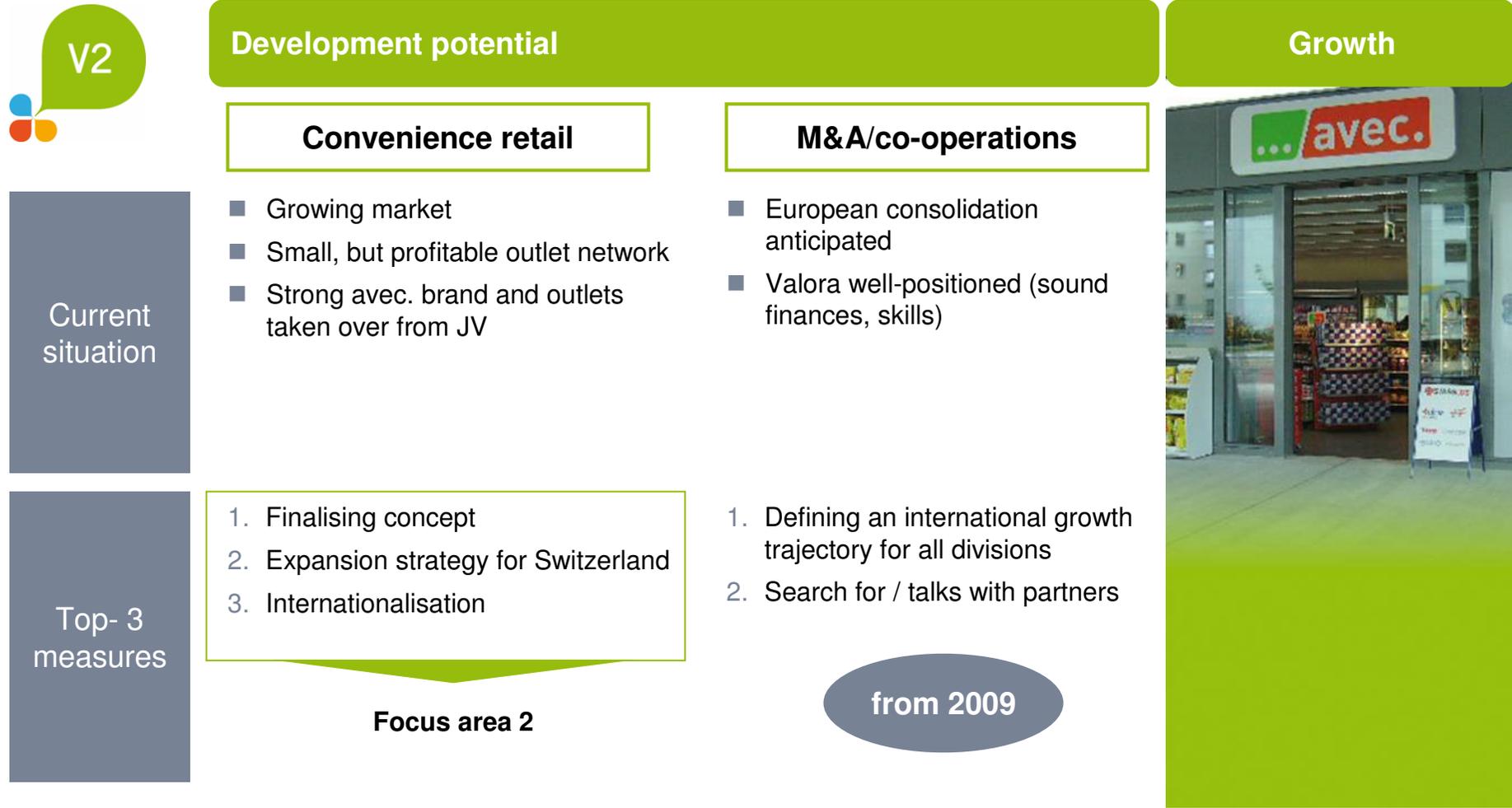
Orange for increased
efficiency and effectiveness

Valora 4 Success

V1 – Core business initiatives



V2 – Growth initiatives



V3 – Initiatives for efficiency / effectiveness



Optimising profitability and quality in all areas

Efficiency & effectiveness

Current situation

Logistics

- Performance and costs sub-optimal
- Constraints on growth

IT

- Fragmented systems landscape
- High IT costs
- Lack of IT support

Back office

- Complex
- Inefficiency

Top 3 measures

1. Transforming Valora's logistics
2. Ordering processes
3. Organisation

Focus area 3

1. Streamlining corporate functions
2. Improving internal skills
3. Standardisation

1. Establishing shared services
2. Concentrating on core activities
3. Increasing process efficiency



V3 – Potential for cost savings



Optimising profitability and quality in all areas

Efficiency & effectiveness

In CHF mm		Key measures	Cost reductions by 2012	of which effective in 2009	of which effective in 2010
Finance/ HR/other*	approx. 175	<ul style="list-style-type: none"> Process re-engineering Reorganisation 	~ 6 (incl. divisions)	~ 6	~ 6
	approx. 40				
IT	approx. 50	<ul style="list-style-type: none"> Centralisation Consolidating IT systems Adopting uniform approach 	~ 8 (~ 15%)	~ 3	~ 5
Logistics*	approx. 85	<ul style="list-style-type: none"> Relocation Process re-engineering System replacements Optimising requirements 	~ 13 (~ 15%)**	~ 0**	~ 11**
		<ul style="list-style-type: none"> Centralised purchasing (effective in all areas) 	~ 2	~ 1	~ 1
Costs 2008 E			~ 30	~ 10	~ 23

Focus area 3

* CH only (excl. Trade)

** vs expected 2008 costs (volume adjusted)

V3 – Overview of IT strategy



Optimising profitability and quality in all areas

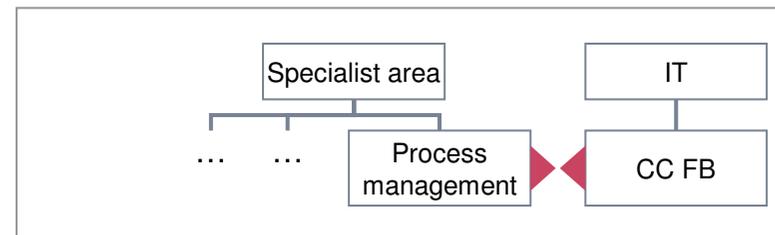
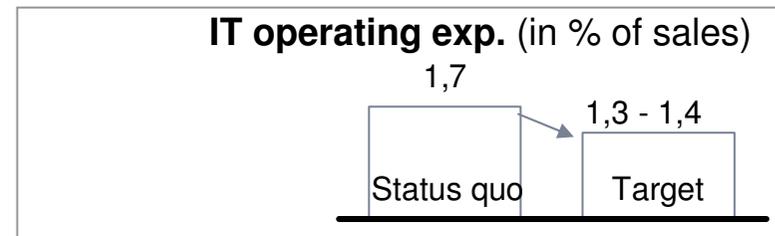
Efficiency & effectiveness

Current situation

- Heterogeneous IT systems (especially ERP)
- High OPEX-level (CHF 51 mm, ~ 150 employees)
- Insufficient IT support for business processes (incl. absence of closed loop inventory management system)

Strategy

- Platform concept
- Cut IT costs by ~ 15% (mainly by concentrating on core areas)
- Establish internal process management



V4 – People core initiative



Creating a new and strong corporate culture

People

■ Promoting closeness to the customer

1. Upgrading organisational structures
2. Being there where it counts

Example: establishing market research



■ Improving leadership

3. Promoting entrepreneurship
4. Optimising process management
5. Up-to-date incentives structure

Example: all corporate functions in one location



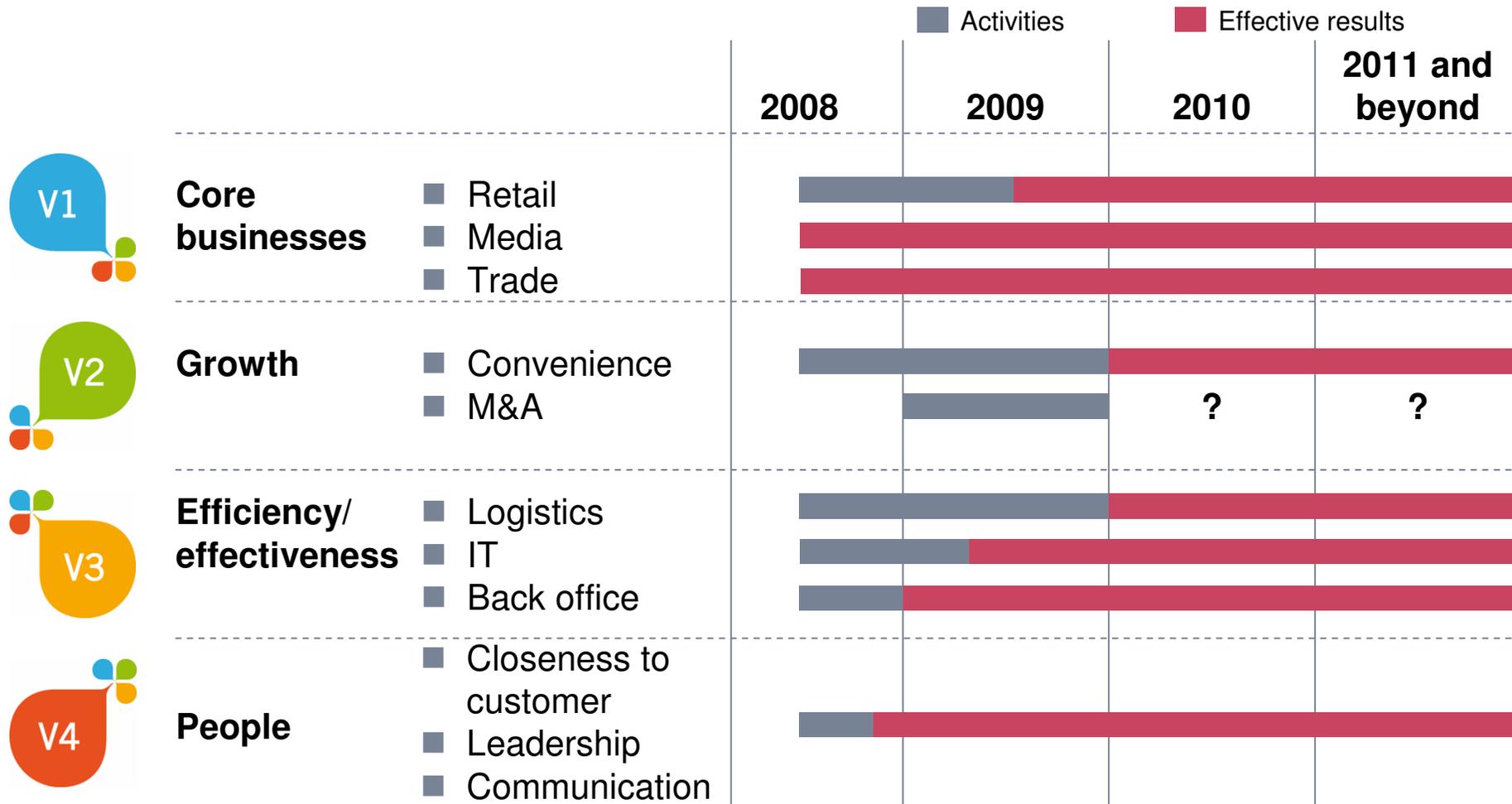
■ Enhancing communication

6. Platform for internal / external stakeholders
7. Immediate and transparent channels/forms of communication

Example: monthly GEM/staff meetings



Majority of results to take effect from 2010



Sales and EBIT – ongoing growth expected till 2012



SUMMARY "VALORA STRATEGY"

Valora Group till 2012

Objectives	top line	bottom line
 <p>V1 Core businesses (especially k kiosk) to increase competitiveness</p>	+4% p.a.	~ + 0.5 %P
 <p>V2 Expand convenience store business and grow abroad</p>		
 <p>V3 Improve service quality, cut costs by CHF 30 mm</p>	n.a.	~ + 0.8 %P
 <p>V4 Foster pioneering spirit among Valora staff</p>	Essential prerequisite	

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k kiosk current situation unsatisfactory

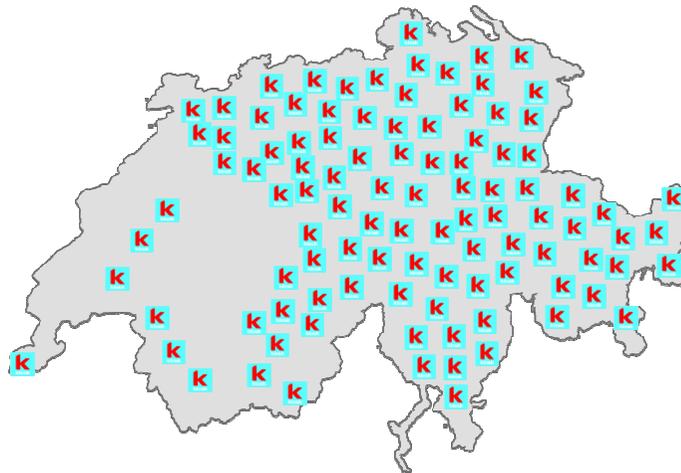


Well-positioned....

- ~1,000 locations in Switzerland
- Most outlets on well-frequented sites
- Well-established retail brand
- Relatively stable range of products
- Most rents are variable

...poor results

- Not market-driven
- Causes generally internal, e.g.
 - proliferation of sub-brands
 - lack of operational excellence
 - inappropriate expansion strategy



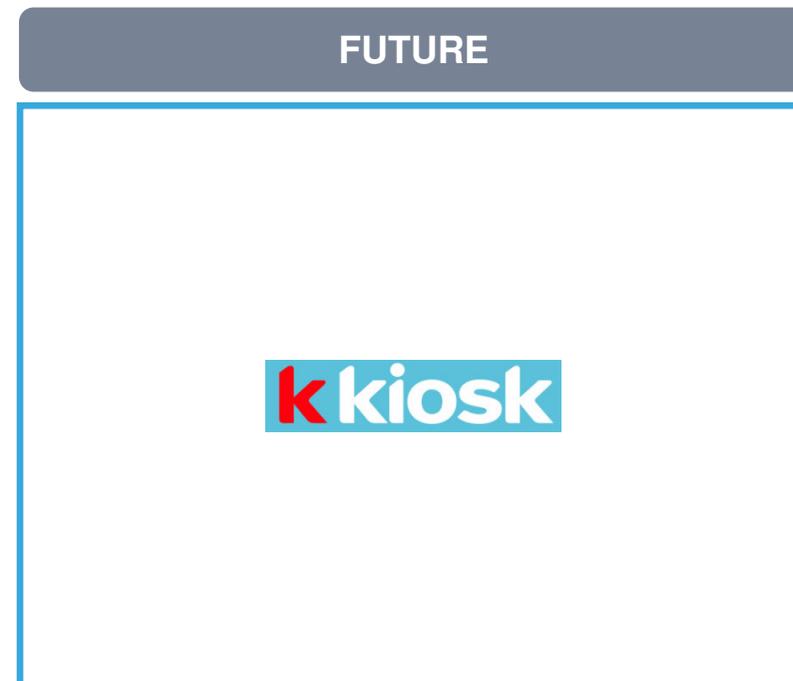
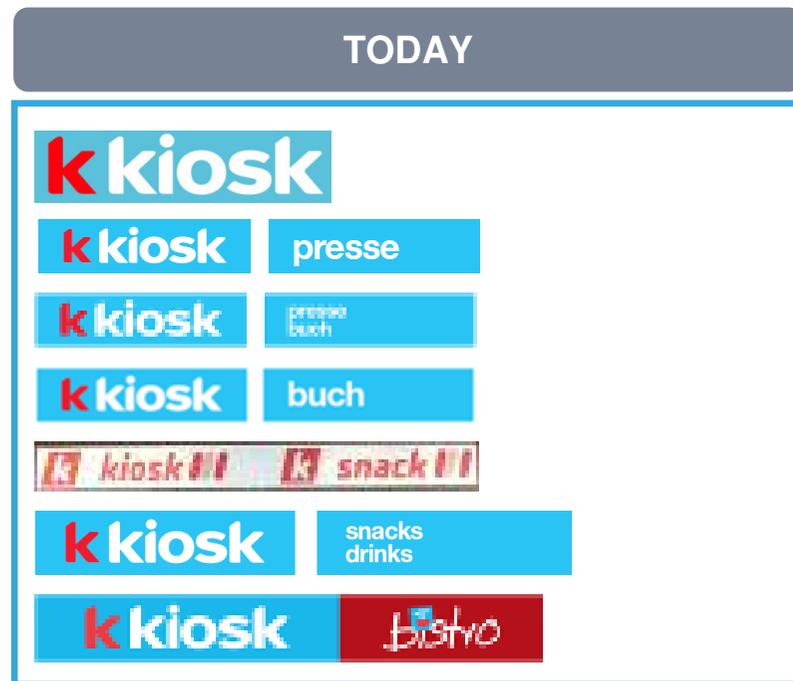
Market trends not critical



	Share of 2007 sales	Ø-margin	Anticipated market trend	Valora's strategic response
Services	8%	100%	➔ Positive market trend	Increase emphasis
Non-food	4%	> 50%	➔ Market saturation	Reduce/replace
Food	17%	> 50%	➔ Convenience growing	Focus on impulse/ready to eat
Press/ books	23%	~ 30%	➔ Newspapers declining, magazines stable to growing	Focus on magazines and "paid for" newspapers
Tobacco	48%	~ 15%	➔ Overall market declining, single-packet share increasing	Focus on raising market share

Key causes of underperformance

1 Sub-brand proliferation in Switzerland



Key causes of underperformance
2 Lack of operational excellence



TODAY



FUTURE



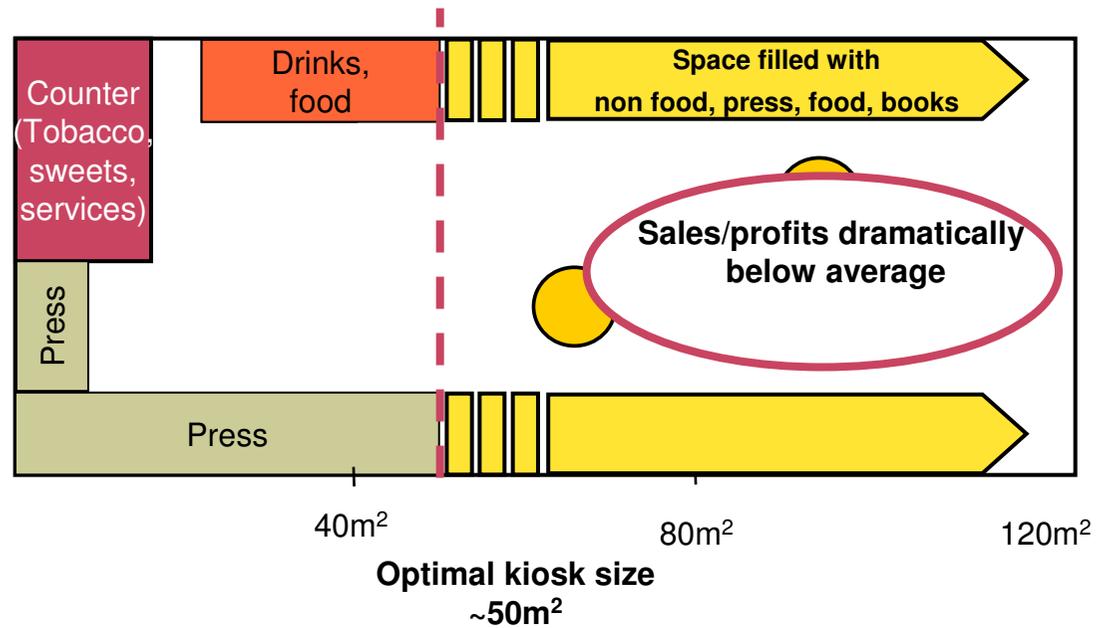
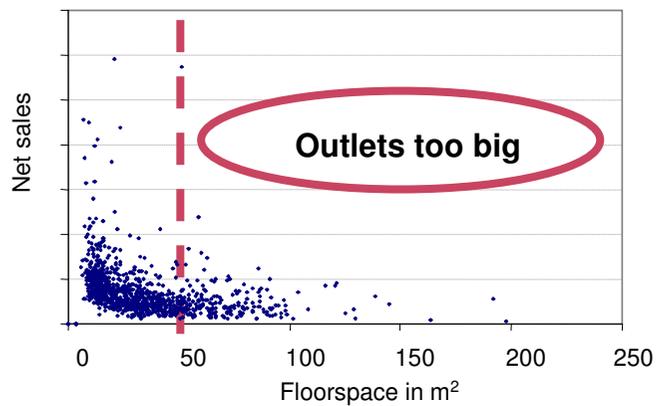
Key causes of underperformance

3 Inappropriate expansion strategy



TODAY

Floorspace vs net sales per m²



FUTURE: REFORMATTING

Numerous improvement initiatives identified

OVERVIEW OF IMPROVEMENT INITIATIVES



	Examples	Effect expected by 2012
Strengthen Retail brand	<ul style="list-style-type: none">■ Eliminate sub-brands■ Claim ("Treat yourself")	} n.a.
Boost sales	<ul style="list-style-type: none">■ Goods presence■ Re-formatting■ Ties to customer■ "fast" product ranges	} Sales + 3 - 5% p.a.
Improve margins	<ul style="list-style-type: none">■ Micro pricing■ Higher-margin ranges	} Gross margin + 0.7 – 1.0% points

.....

Third format now in development

COLOUR-BASED CONCEPT

.....



Current situation

- Some kiosk units are too large



- "Presse + Buch" format successful in Germany with 170 outlets



- Bookstores in Ticino and Luxembourg



Idea

Develop a

- European
- young/modern
- inspiring

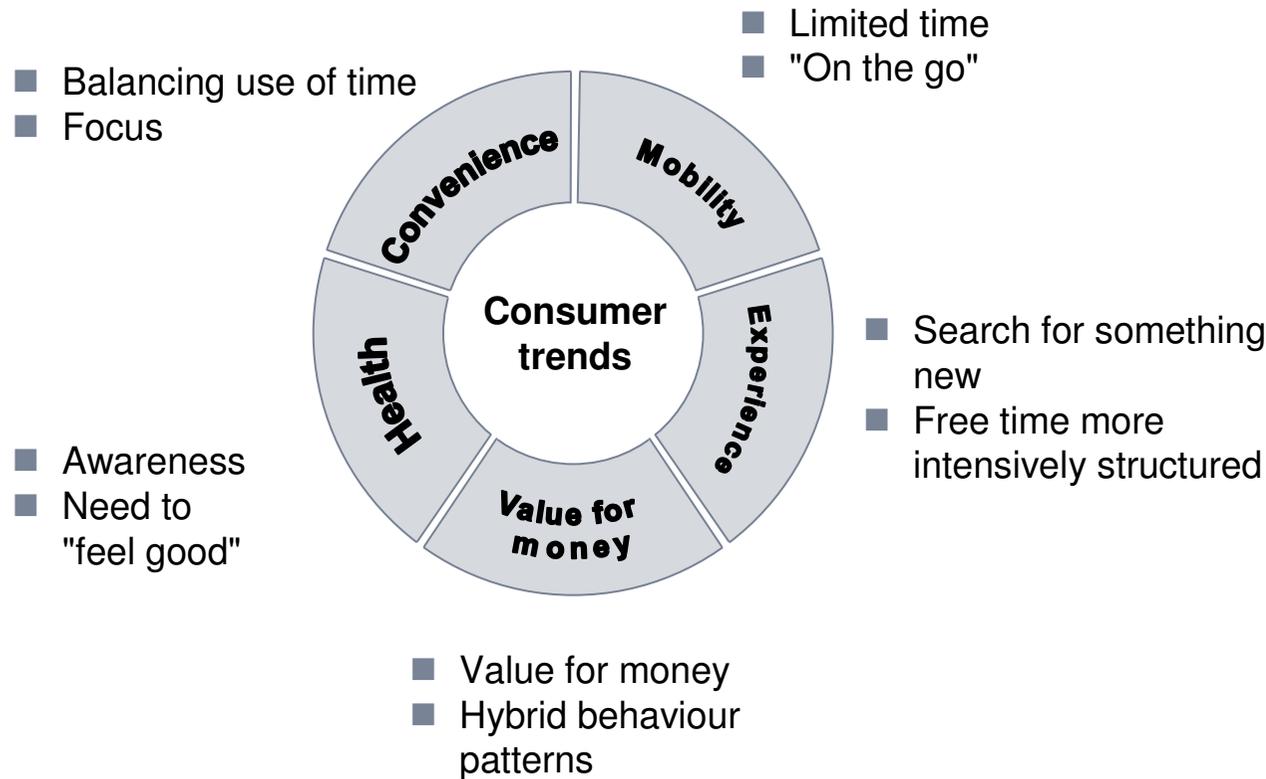
retail concept based on magazines (full product range) and books (rapidly changing partial range)

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Convenience is a megatrend



- Convenience retail addresses 4 out of 5 consumer trends
- Convenience retail is growing some 10% p.a. (2/3 petrol stations, 1/3 others)
- avec. will play an important role in this market

avec. is already a prime Valora brand ...



- Strong, well-established avec. brand owned by Valora since 7/2008

- 35 high frequency locations (13 from Valora and some 22 from Migros JV)
- Outlets mainly at public transport hubs

- Well-rounded range
- Branded goods complemented by some Migros products

- Builds on Migros/Valora processes
- Valora-owned and franchise sites



... which will gain in strength



- Freshness, quality
- Modern, "healthy" presentation

- 100 outlets by late 2009
- Focus on CH, possible test in DE
- Site focus on local public transport, petrol stations, city centres

- Focus on fresh and "Ready to eat/Ready to heat"
- Branded products
- Press items
- Prices directed towards premium over market levels

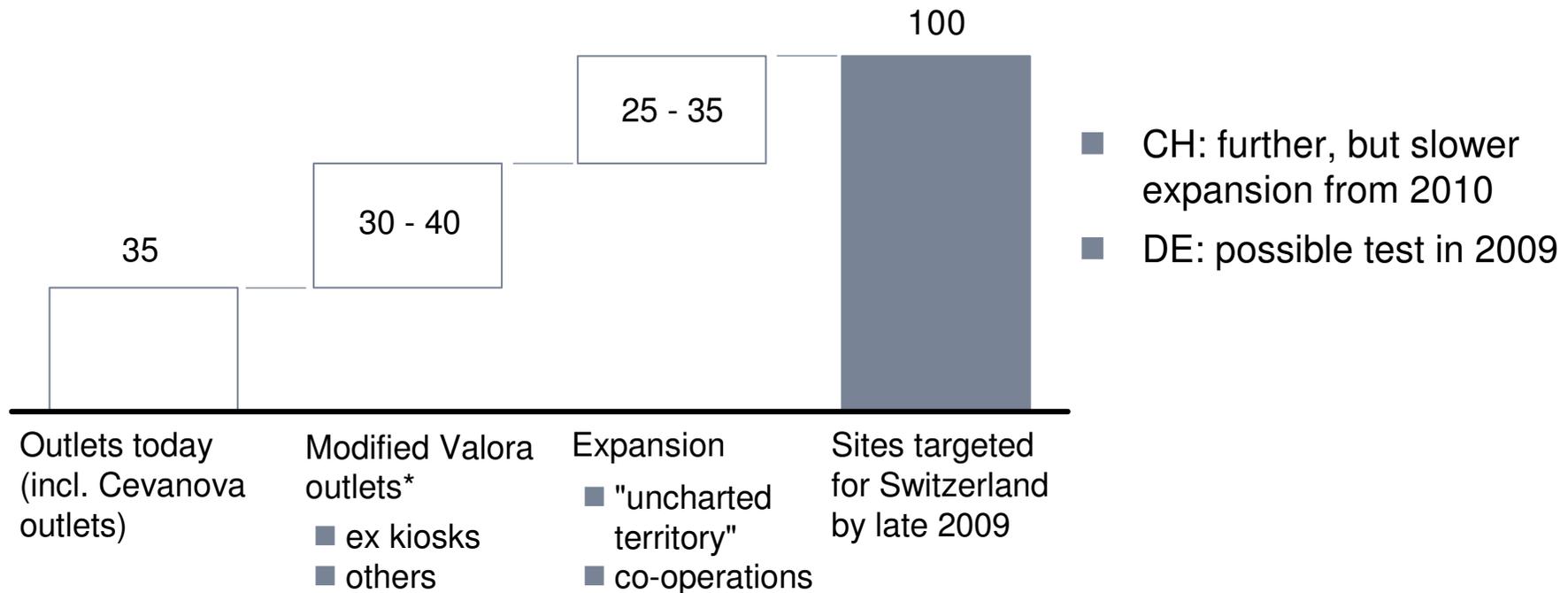
- Fresh produce logistics outsourced, rest with Valora Logistics
- Franchise model dominates



The 100 outlet objective is realistic



Number of outlets



* excl. petrol stations

avec. – a powerful, competitive concept which has critical mass



- 100 outlets
- avec. "same store" sales growth > 5% p.a.
- avec. shops' profitability > 4% EBIT margin

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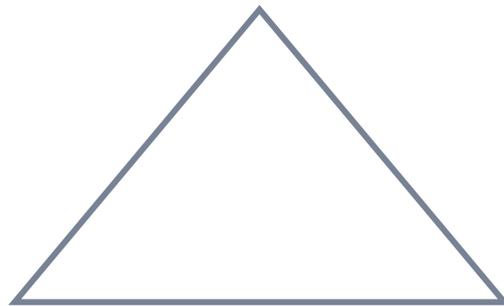
Major project to improve logistics initiated



valora

Quality

- Unacceptable error rates
- Lack of IT support
- 6 storey facility increases complexity



Costs

- CHF ~84 mm (CH only) clearly too high
- External factors
 - diesel prices
 - Muttenz location

Throughput times

- Too long, especially for publishers
- Capacity bottlenecks constrain goods flows

Major project to transform logistics

- 1 Site re-location**
from Muttenz to Egerkingen
- 2 Replacing old systems**
with standard WAMAS system
- 3 Re-engineering press picking and packing processes**

Quality and efficiency will be dramatically enhanced



valora



Results

- Remarkable improved quality
- Highly flexible press logistics
- Lower running costs: 15 % cut by 2012 (CHF ~13 mm)

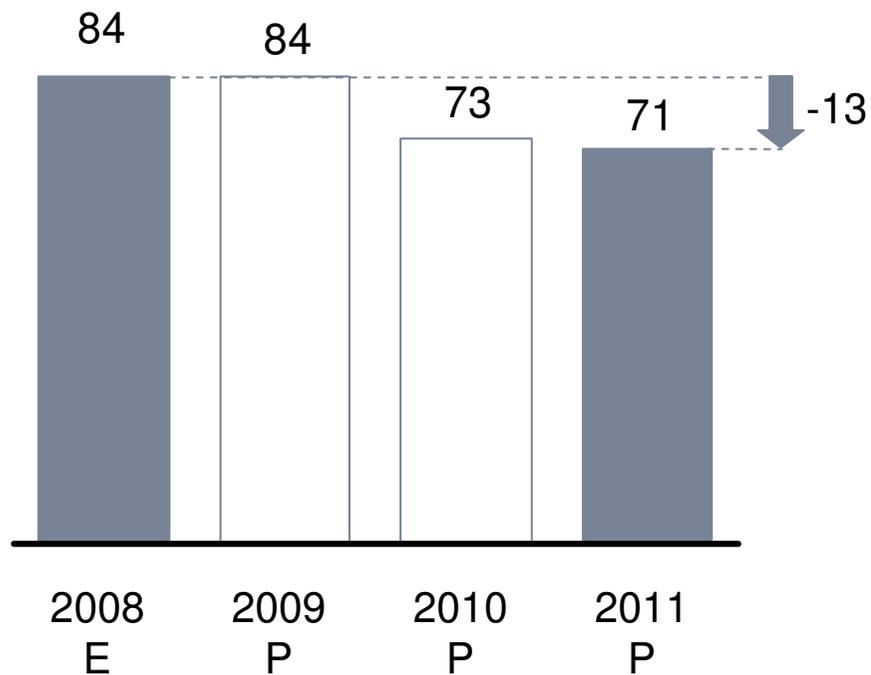
New logistics (from 2010)

- Central location
- Integrated systems landscape for non-press items
- Press/non-press separated in house (flexible solution for potential outsourcing)
- Scope for sub-letting part of premises

Pay back period about 1.5 years



Costs in CHF mm

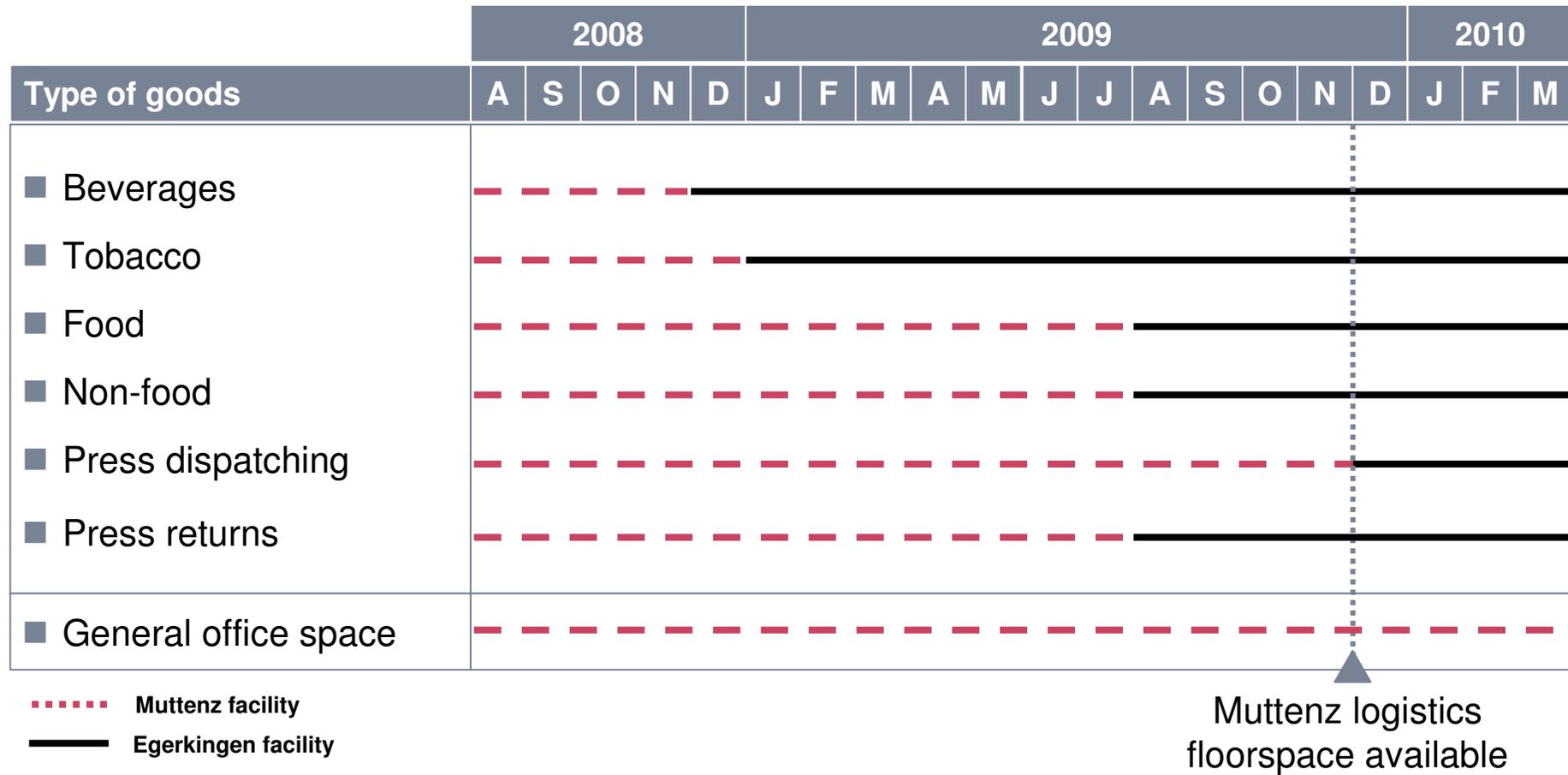


Required investment/one-off payments

	Investment	One-off payments
■ Site move / processes	8	7

Pay back on investment (excl. IT) / one-off costs = approx. 1.5 years

Logistics project to be implemented rapidly



Valora consolidates HQ



(Centralised HQ)



Future of Muttenz facility

- HQ to stay in Basel area
- 2 options:
 - HQ stays in Muttenz, logistics/office premises sub-let
 - Muttenz sold, new HQ site of approx. 10.000 m² sought; additional savings potential

preferred solution

Agenda

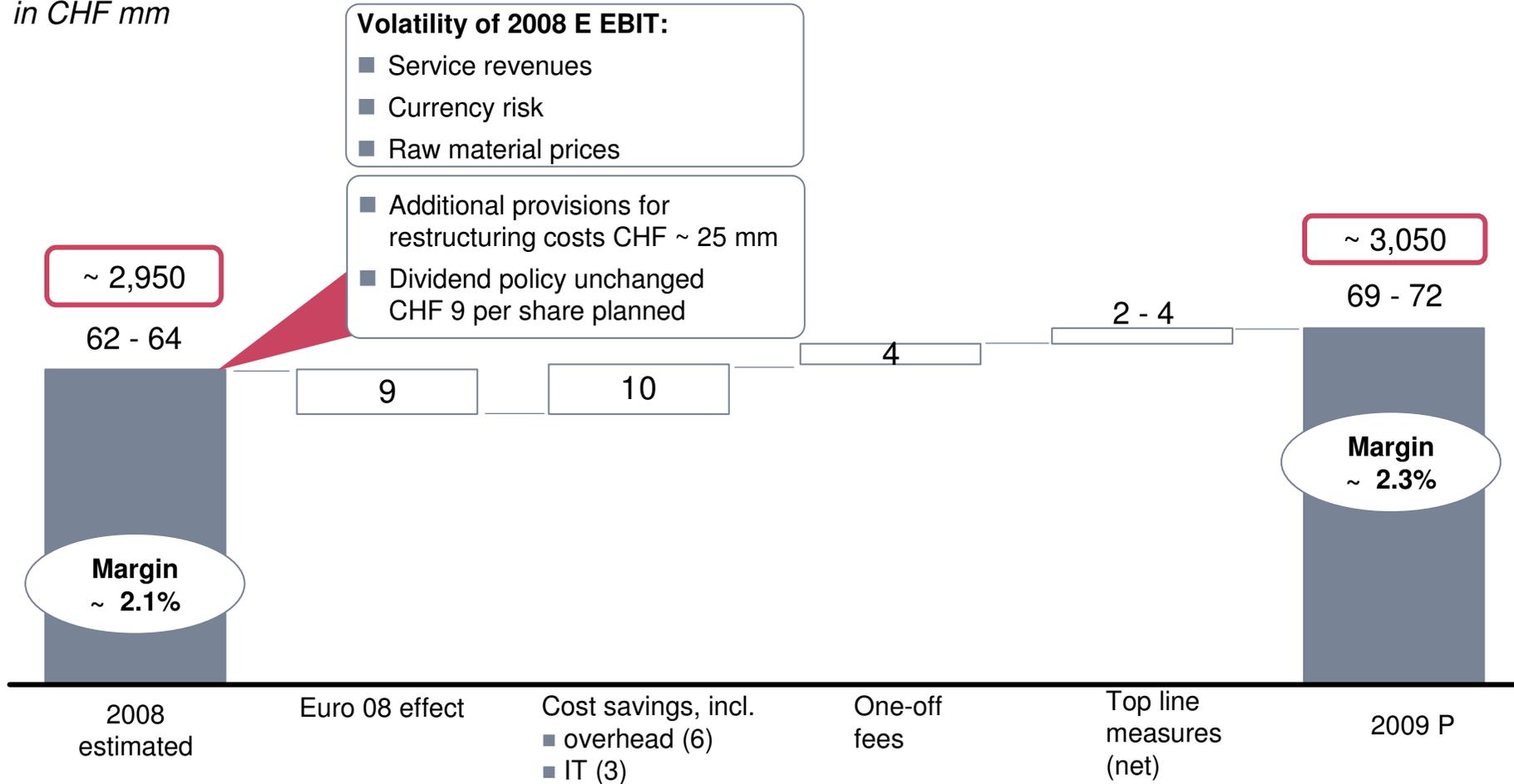


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EBIT projections for 2008 and 2009 confirmed



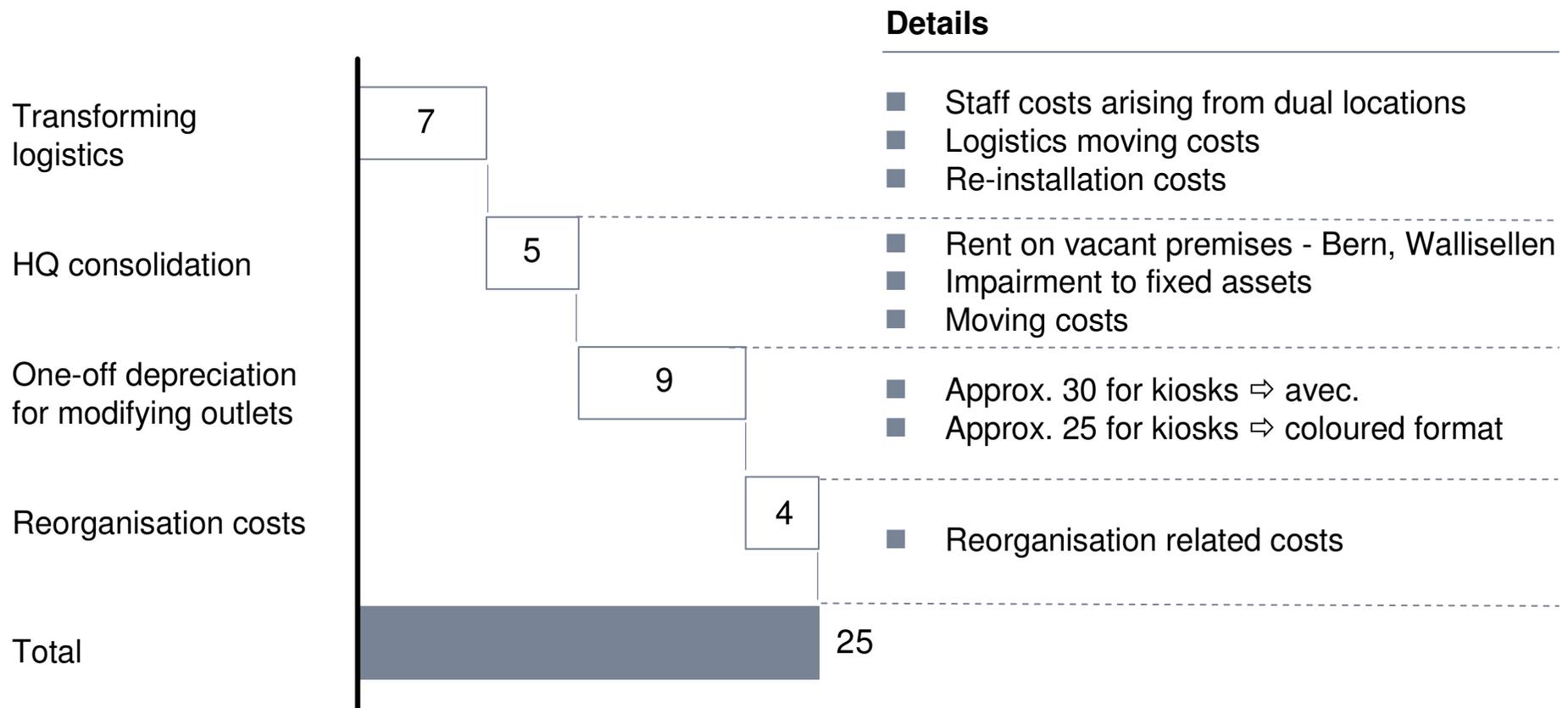
in CHF mm



Restructuring provisions of CHF 25 mm to be charged to 2008 income statement



in CHF mm



Higher projected results for 2010 till 2012



Projections till 2012

Sales growth

- Retail +5% p.a.
- Media/Trade +3% p.a.

Sales →

Total +4% p.a.

Gross margin growth

- Retail ~ +1%
- Media/Trade unchanged

EBIT →

Total +0.5%P

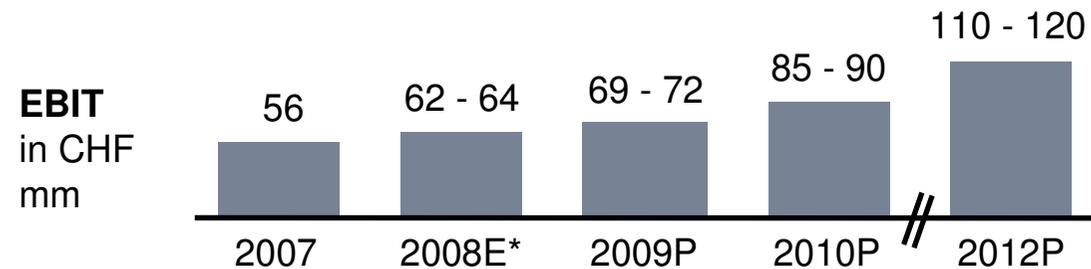
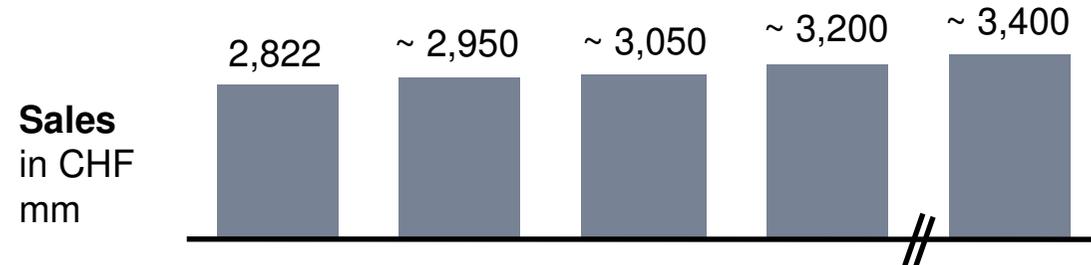
Costs

- reduced by CHF ~30 mm by 2012 from 2008 levels

EBIT →

Total +0.8%P

* before restructuring costs



"VALORA 4 SUCCESS" OUTLOOK



"Valora 4 Success" will make Valora successful thanks to

- a sharpened competitive edge
- steady growth
- sustained improvement to bottom line
- staff who are proud of their firm

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Contact & Corporate calendar



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Corporate calendar

Publication of 2008 results

April 2, 2009

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