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GROUP RESULTS 2010

Zurich, March 25, 2011

Agenda

1	**Welcome address and introduction**	**R. Benedick**
2	Valora‘s performance in 2010	Th. Vollmoeller
3	Income statement and balance sheet	L. Trezzini
4	„Valora 4 Growth“ – outlook for the growth strategy in 2011 and beyond	Th. Vollmoeller
5	2010 summary | Board recommendations to AGM	R. Benedick

2010 at Valora in retrospect

Ready for growth!

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In retrospect	
	■ Objectives for 2010 largely accomplished ■ Good performance based on consistent implementation of basic strategy ■ Substantial efficiency gains and cost savings achieved ■ Retail division's profitability significantly raised ■ Margins at Valora Services back in target range ■ Challenging year for Valora Trade ■ Significant increase in net income ■ Group's finances sound ■ Growth strategy with ambitious targets initiated ■ First strategic acquisitions in Germany (Retail) and Norway (Trade) completed

BOTTOM LINE	
	■ **Valora has done its homework in 2010, creating a platform for further growth in Europe**

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2010 overview

With its strength now consolidated, Valora is looking to grow

1 Profitability significantly enhanced

- Gross profit (EBIT) up nearly 20 percent in 2010
- Retail and Services divisions perform well

2 Turnaround nearly complete

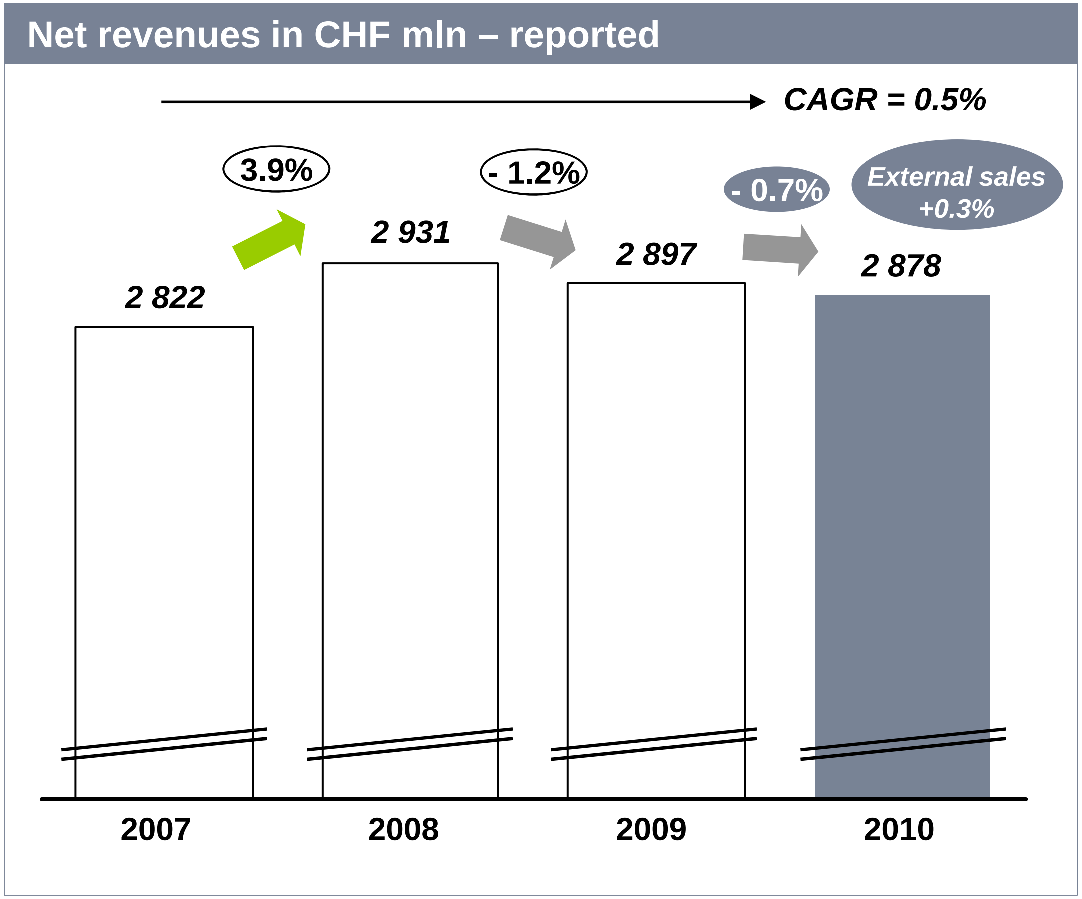
- 80 percent of „Valora 4 Success“ basic strategy now accomplished
- Target profitability of 3 – 4 percent within reach

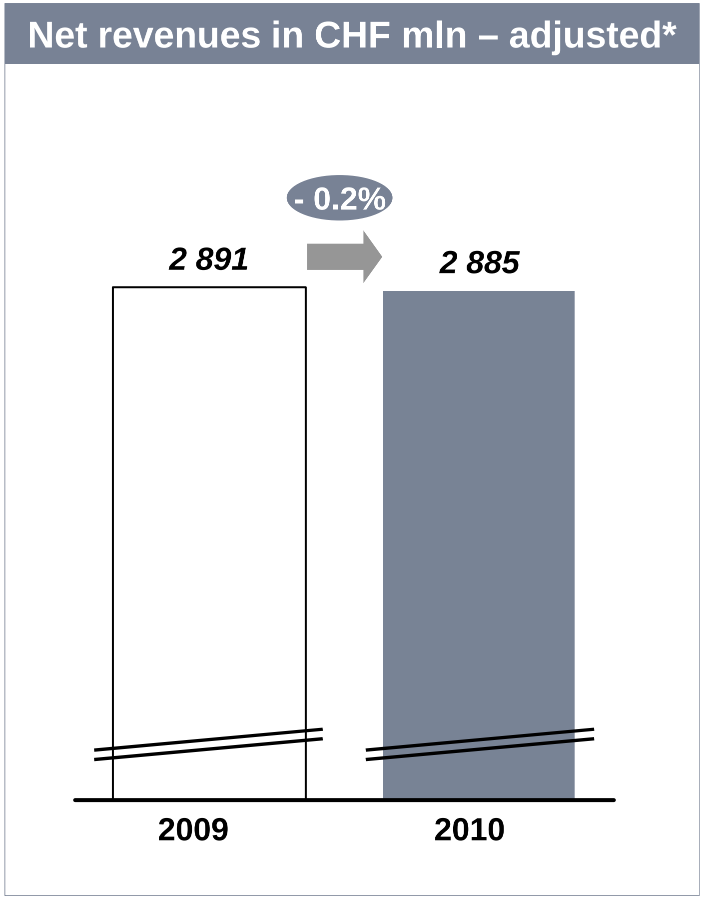
3 „Valora 4 Growth“ opens up new perspectives

- Operating profit to double by 2015
- First important acquisitions (EMH, tabacon) successful

Net revenue performance, 2007 – 2010

Net revenue growth flat in a competitive retail market

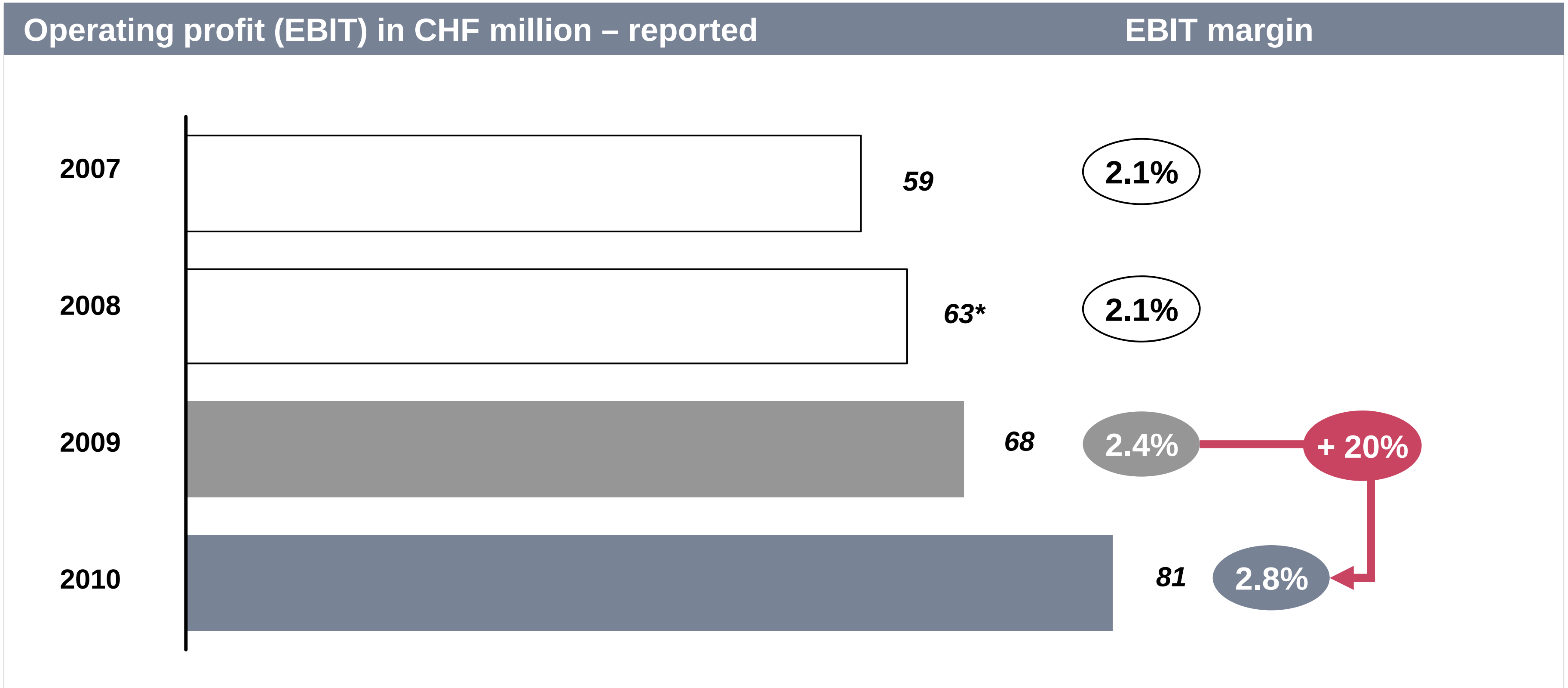




** adjusted for picture cards, acquisitions and currency fluctuations*

Operating profit performance 2007 – 2010

„Valora 4 Success“ raised profitability by nearly 20 percent in 2010



Adverse FX impact on 2010 versus 2008: approx. CHF 8 million

** before restructuring costs*

Key performance metrics for 2010

3 percent operating profit margin now within reach

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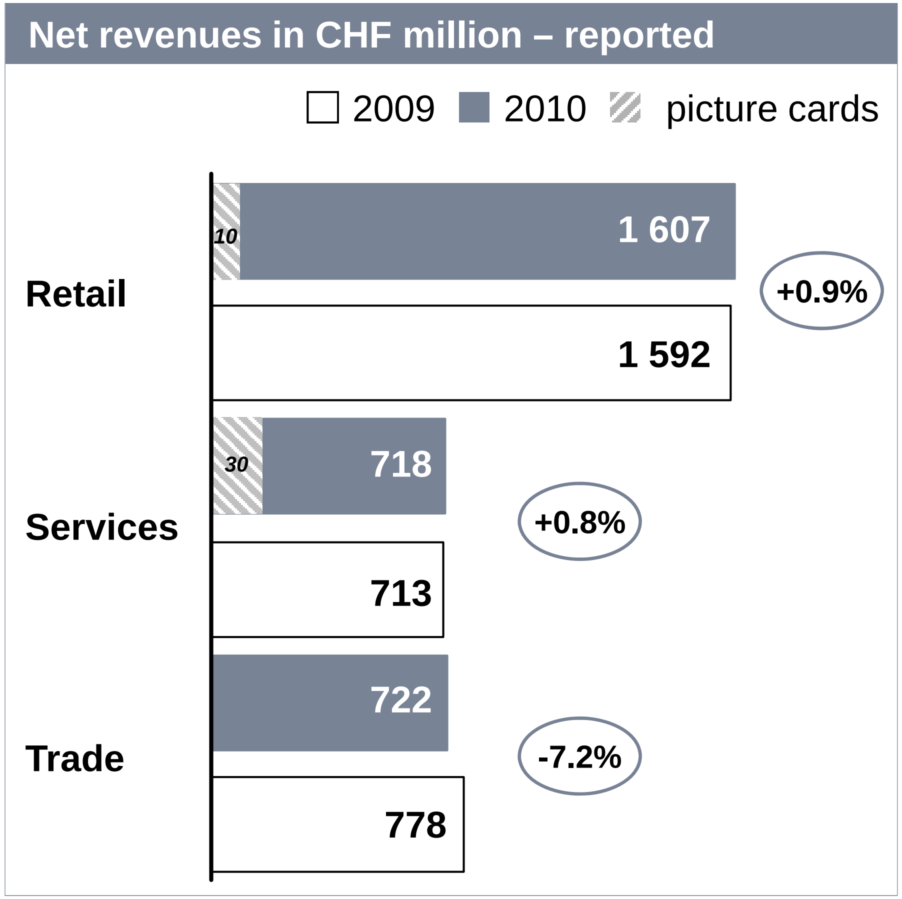
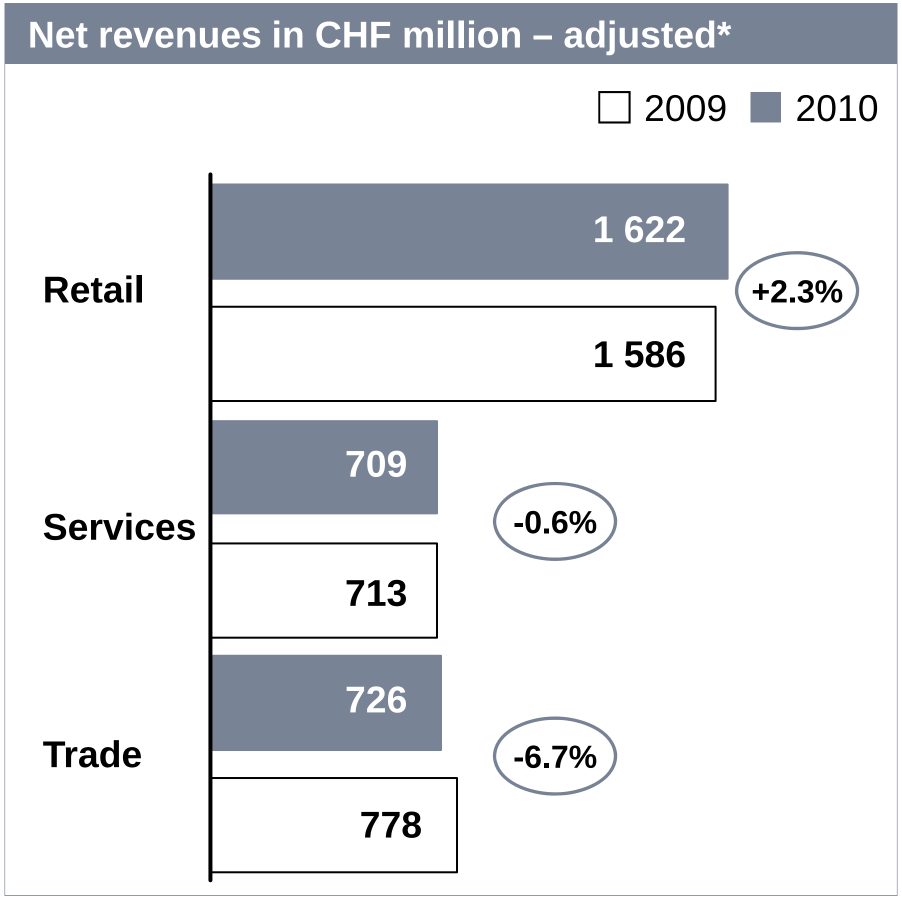
in CHF million		△ *vs 2009*
External sales (incl. franchisee sales)	**2 946.5**	**+ 0.3%**
Net revenues	**2 877.7**	**- 0.7%**
*Adjusted net revenues**	*2 884.7*	*- 0.2%*
EBIT	**81.3**	**+ 19.3%**
*Adjusted EBIT**	*77.4*	*+ 12.9%*
EBIT margin	**2.8%**	**+ 0.4pP**
Net income	**63.6**	**+ 15.9%**

** adjusted for picture cards, acquisitions and currency fluctuations*

Net revenues by division, 2009 and 2010

Retail and Services performed well | Trade faced demanding markets in 2010



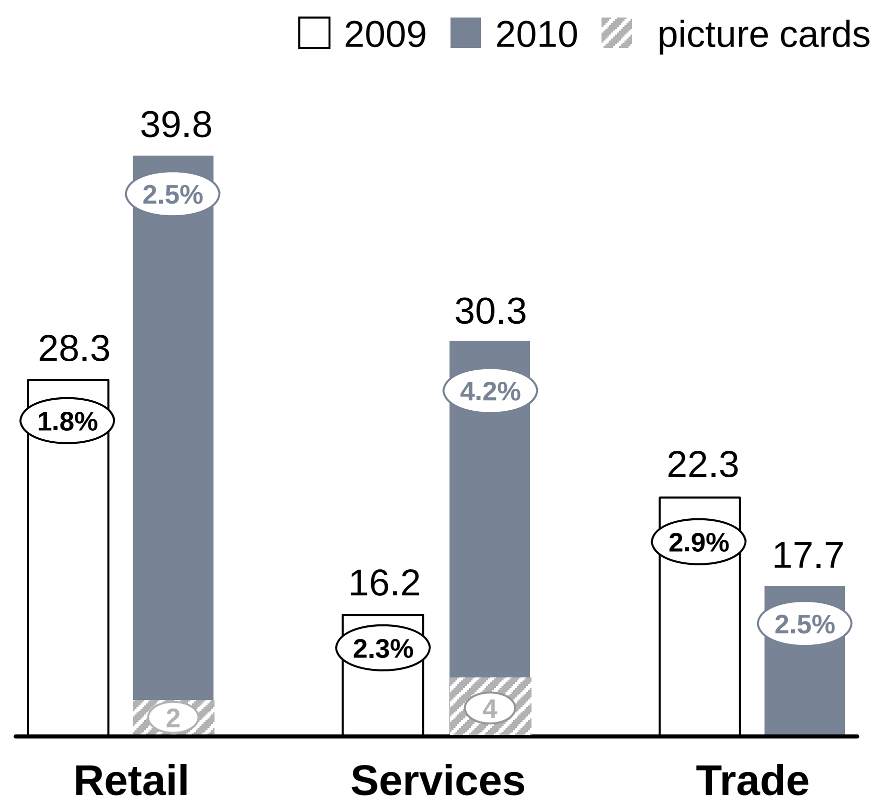


** adjusted for picture cards, acquisitions and currency fluctuations*

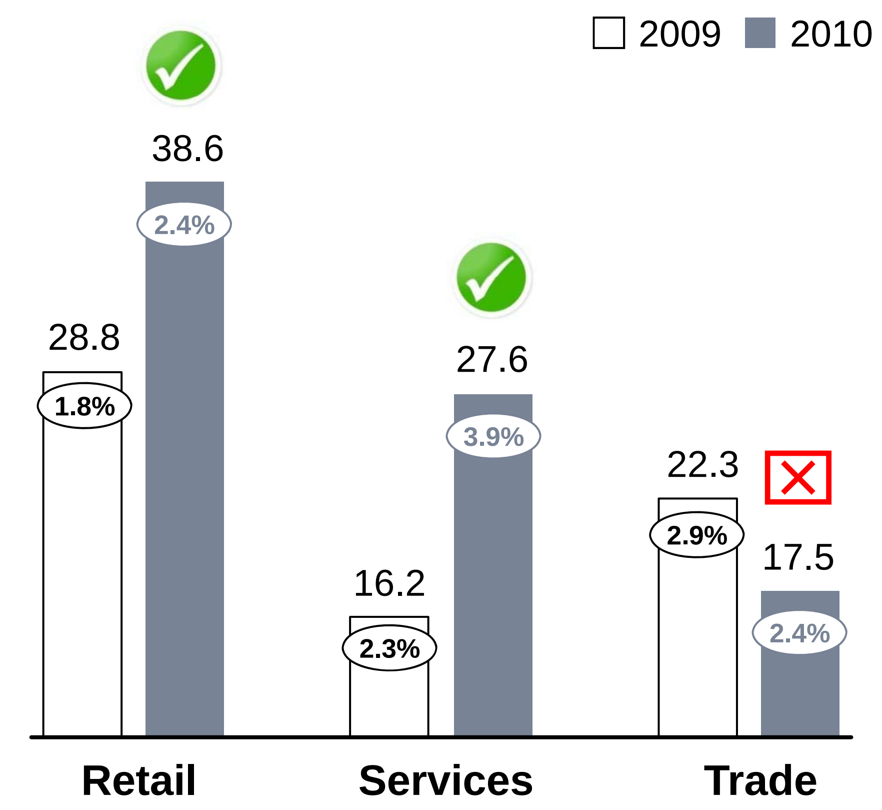
EBIT comparison by division, 2009 vs 2010

Good results at Retail and Services | Trade with potential

Operating profit in CHF million – reported



Operating profit in CHF million – adjusted*

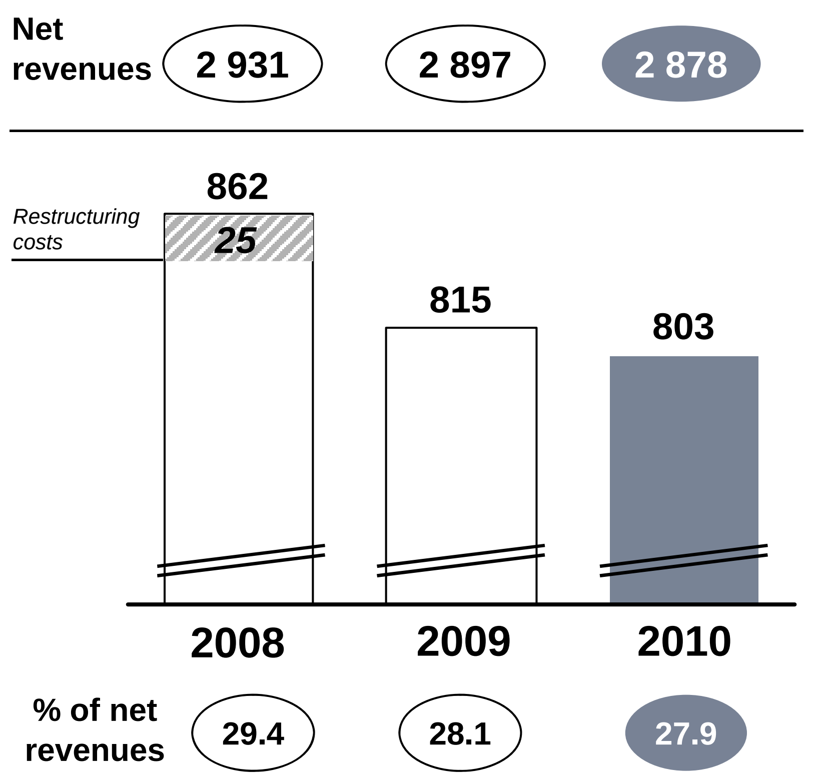


** adjusted for picture cards, acquisitions and currency fluctuations*

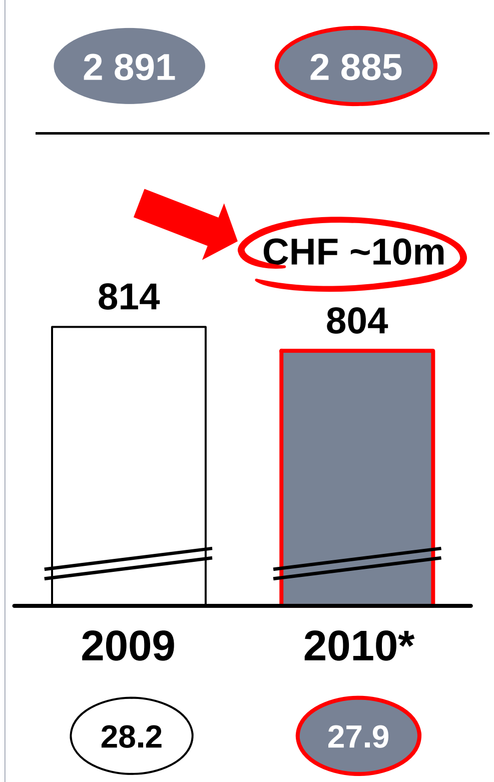
Cost trends

Annual costs cut by CHF 27 million since 2008

Net revenues | costs (reported) in CHF mln



Net revenues | costs (adjusted) in CHF mln



„Valora 4 Success“ 2012 target CHF – 36 million

* 2010: adjusted for picture cards, currency fluctuations and acquisitions

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Valora Group in 2010

EBIT margin of 3% within reach

in CHF million	2010	2009	Delta
External sales	**2 946.5**	**2 937.9**	**+0.3%**
Net revenues	**2 877.7**	**2 897.0**	**-0.7%**
*Adjusted net revenues**	*2 884.7*	*2 891.0*	*-0.2%*
Operating profit	**875.2**	**867.6**	**+0.9%**
Operating profit margin	*30.4%*	*29.9%*	*+0.5pP*
Operating costs	**-802.6**	**-815.5**	**-1.6%**
Operating costs in % of net revenues	*27.9%*	*28.1%*	*-0.2pP*
Other income	8.7	16.0	-45.4%
EBIT	**81.3**	**68.1**	**+19.3%**
*Adjusted EBIT**	*77.4*	*68.6*	*+12.9%*
EBIT margin	**2.8%**	**2.4%**	**+0.4pP**
*Adjusted EBIT margin**	*2.7%*	*2.4%*	*+0.3pP*

Key messages

- **External sales growth attributable to higher franchisee sales**
- **Adjusted net revenues stable year-on-year**
- **Higher operating profit thanks to growth in high-margin food category**
- **Strict cost discipline and logistics efficiency gains reduced operating costs**
- **Lower net revenues were expected, given lower real estate revenues**
- **Operating profit improved by nearly 20%**
- **EBIT margin of 2.8% is on target**

* *2010: adjusted for picture cards, currency fluctuations and acquisitions*

Valora Retail 2010

Robust increase in EBIT margin to 2.5 percent

in CHF million	2010	2009	Delta
Net revenues	**1 606.5**	**1 592.1**	**+0.9%**
*Adjusted net revenues**	*1 622.2*	*1 586.1*	*+2.3%*
Operating profit	**562.4**	**554.7**	**+1.4%**
Operating profit margin	*35.0%*	*34.8%*	*+0.2pP*
Operating costs, net	**-522.6**	**-526.4**	**-0.7%**
EBIT	**39.8**	**28.3**	**+40.3%**
*Ajusted EBIT**	*38.6*	*28.8*	*+34.2%*
EBIT margin	**2.5%**	**1.8%**	**+0.7pP**
*Adjusted EBIT margin**	*2.4%*	*1.8%*	*+0.6pP*

Key messages

- **Positive sales performance despite adverse currency effects**
- **Marked growth in sales of food (+7.2%) and tobacco (+4.3%)**
- **All national subsidiaries and formats (except Caffè Spettacolo) increased their net revenues and operating profits**
- **Streamlined logistics costs and staff rota planning made for lower operating costs**
- **Substantial improvement in operating profit – to some CHF 40 million**
- **EBIT margin enhanced by 0.7 percentage points to 2.5%**

* *2010: adjusted for picture cards, currency fluctuations and acquisitions*

Valora Services 2010

Margin back in target range

in CHF million	2010	2009	Delta
Net revenues	**718.4**	**712.9**	**+0.8%**
*Adjusted net revenues**	*708.5*	*712.9*	*-0.6%*
Operating profit	**148.2**	**146.8**	**+1.0%**
Operating profit margin	*20.6%*	*20.6%*	*0.0pP*
Operating costs, net	**-117.9**	**-130.6**	**-9.7%**
EBIT	**30.3**	**16.2**	**+86.4%**
*Adjusted EBIT**	*27.6*	*16.2*	*+69.7%*
EBIT margin	**4.2%**	**2.3%**	**+1.9pP**
*Adjusted EBIT margin**	*3.9%*	*2.3%*	*+1.6pP*

Key messages

- **Net revenues stable despite contracting overall press market**
- **Tobacco sales volumes rose a substantial 8%**
- **Operating profit improved thanks to higher services revenues**
- **More efficient internal and external logistics (in Switzerland and Austria) reduced costs**
- **Operating cost ratio down 1.9 percentage points to 16.4%**
- **Reported and adjusted operating profits both up sharply**
- **EBIT margin of 4.2% back within target range**

* *2010: adjusted for picture cards, currency fluctuations and acquisitions*

Valora Trade 2010

Challenging markets, adverse exchange rates and Own Brands effect weigh on results

in CHF million	2010	2009	Delta
Net revenues	**721.8**	**777.6**	**-7.2%**
*Adjusted net revenues**	*725.8*	*777.6*	*-6.7%*
Operating profit	**154.7**	**155.4**	**-0.4%**
Operating profit margin	*21.5%*	*20.0%*	*+1.5pP*
Operating costs, net	**-137.0**	**-133.1**	**+2.9%**
EBIT	**17.7**	**22.3**	**-20.5%**
*Adjusted EBIT**	*17.5*	*22.3*	*-21.5%*
EBIT margin	**2.5%**	**2.9%**	**-0.4pP**
*Adjusted EBIT margin**	*2.4%*	*2.9%*	*-0.5pP*

Key messages

- **Net revenue decline due to expiring distribution contracts with former Own Brands firms and currency effects**
- **Modest, CHF -0.7 million, decline in gross profit, despite challenging markets**
- **Operating profit margin improved by 1.5 percentage points**
- **Operating costs rose due to investment in supra-national Trade platform**
- **Lower sales cut EBIT by CHF 4.6 million**

* *2010: adjusted for currency fluctuations and acquisitions*

2010 net income

Net income raised by some 16 percent

in CHF million	2010	2009	Delta
EBIT	**81.3**	**68.1**	**+19.3%**
*Adjusted EBIT**	*77.4*	*68.6*	*+12.9%*
Financing result, net	-7.9	-5.3	-48.4%
Share of associates' and JV results	0.7	0.6	+21.3%
Earnings before taxes	**74.2**	**63.4**	**+16.9%**
Income taxes	-12.5	-10.4	-19.9%
Net income, continuing operations	**61.7**	**53.0**	**+16.3%**
Net income, discontinued operations	1.9	1.9	+3.3%
Group net income	**63.6**	**54.9**	**+15.9%**
Tax rate	16.8%	16.4%	+0.4pP

Key messages

- **Volatile FX markets and marked euro depreciation reduced foreign exchange result by CHF -2.6 million**
- **Net interest costs slightly higher than last year due to historically lower interest rates**
- **Tax rate of 16.8% below expected long-term Group rate of 18%**
- **Significant improvement in Group net income, up some 16%**

* *2010: adjusted for currency fluctuations and acquisitions*

Key balance sheet data

Group solidly financed, balance sheet structure healthy

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in CHF million	2010	2009	Delta
Cash and cash equivalents	**130.5**	**161.6**	**-19.3%**
Shareholders‘ equity	**478.1**	**453.7**	**+5.4%**
Equity cover	*43.6%*	*41.3%*	*+2.3pP*
Net debt	**14.1**	**-15.8**	n.a.
Net working capital (NWC)	**125.4**	**109.3**	**+14.7%**
NWC in % of net revenues	*4.4%*	*3.8%*	*+0.6pP*

Key messages

- **Cash and cash equivalents lower due to deadline-specific investments in net working capital**
- **Investments in property, plant and equipment are related to tabacon and EMH acquisitions**
- **Equity cover raised to 43.6%, providing very sound capital basis**
- **Net debt remains at low level**

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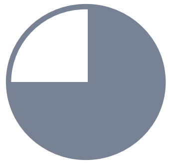
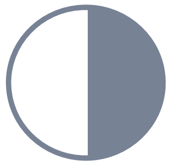
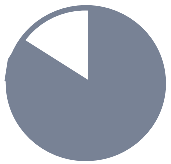
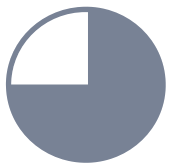
Valora 4 Success – status report

Good results achieved – 80 percent of overall objectives now accomplished

Initiatives	Goals achieved, 2008 – 2010	% achieved
V1 Core business	▪ Adapting and extending product ranges (ok.-, services) ▪ Developing and extending P&B in Switzerland ▪ Streamlining outlet design and press layouts ▪ Partnership with MoneyGram, Zurich, Kuoni ▪ Testing and rolling out agency model for k kiosk	
V2 Growth	▪ Developing new avec. concept (incl. excision Migros products) ▪ Adapting and professionalising franchise model at convenience stores ▪ Expanding avec. network to ~100 outlets ▪ 4 acquisitions (Wittwer, MCB, EMH, tabacon)	
V3 Efficiency	▪ Streamlining logistics processes ▪ Relocating logistics to Egerkingen ▪ Slimming down administration ▪ IT systems renewal	
V4 People	▪ Enhancing communication by centralising HQ sites ▪ Finalising general contract of employment ▪ Developing Code of Conduct | leadership principles ▪ Increasing focus on the customer (customer surveys)	

„Valora 4 Growth“ expansion strategy

Ambitious growth objectives set for 2015

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Growth initiatives and objectives for 2015	Achieved in 2010
G1 **Organic margin growth** *Improvement by 0.2 percent each year*	**+ 0.4 pct points**
G2 **Organic revenue growth** *2 percent each year, through expansion of current activities*	**+/- 0%**
G3 **Acquisition-led growth at Retail/Services** *Expansion as European micro retailer with a total of 5 to 6 formats*	**+ CHF 130 million** *(external sales p.a.)*
G4 **Acquisition-led growth at Trade** *Expanding the largest pan-European distributor*	**+ CHF 75 million** *(p.a.)*

Growth initiative G1 – Organic margin growth

Major drivers already initiated, and expected to be fully in effect in 2011

Initiative **G1**

Organic margin growth

Improvement by 0.2 percentage points each year

Achieved in 2008 – 2010, examples	Effect on margins
■ Relocating and re-engineering logistics ■ Streamlining staff rota planning ■ Centralising headquarters	+ 0.2 pct pts p.a.

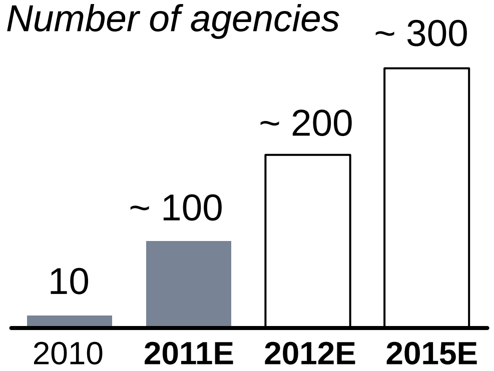
To be achieved in 2011 and beyond, examples	Exp. margin effect
■ Implementing agency model ■ Improving purchasing/promotion ■ Nearshoring/outsourcing of central functions	+ 0.2 pct pts p.a.

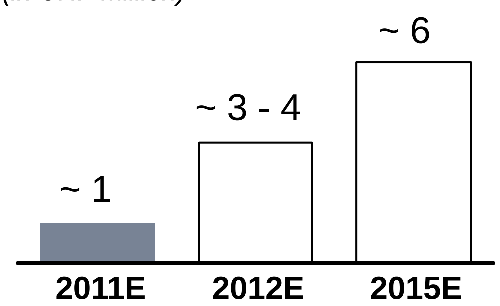
Growth initiative G1 – the agency system example (1/2)

Promising model for agency operators and Valora

Measures	Result
Fostering motivation and entrepreneurial approach	+ 5% sales
Greater staff rota planning flexibility	- 5% personnel costs
Enhancing agency profitability (win/win situation)	+ 2.5 pct pts EBIT/kiosk (Valora) ~ + 10% salary (agency operator)

Expected agency growth and its financial implications





* 2011 assumptions: Ø 55 agencies * CHF 25k additional EBIT per kiosk (Ø sales CHF 1 million | + 2.5% EBIT per kiosk)

Growth initiative G1 – the agency system example (2/2)

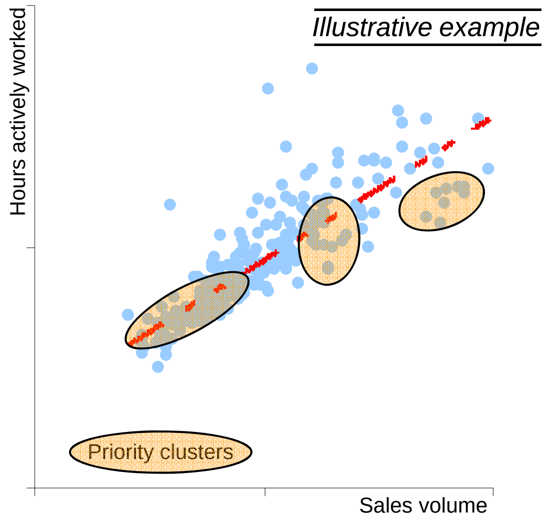
Harnessing available internal resources to promote entrepreneurship

Svetla Videnova *1st agent at k kiosk Schweiz*

Criteria

- Kiosk location
- Sales volume
- Number of staff
- Suitability for leadership
- Scope to take on multiple outlets
- ➲ **Potential for enhancing hours actively worked and revenues**

Potential matrix



Result of analysis

- **Priority 1**: approx. 100 outlets with current regional group heads and current outlet managers (2011)
- **Priority 2**: approx. 200 additional outlets with current outlet managers or external agent managers (from 2012)

Growth initiative G2 – Organic revenue growth

Services and extended principal portfolio at Trade are key drivers

Initiative **G2**

Organic revenue growth
2 percent each year, through expansion of current activities

Achieved in 2008 – 2010, examples	Effect on sales
■ Introduction of „ok.-“ private label brand	~ CHF 30 million
■ Improved food product range	~ CHF 10 million
■ Extending range of services on offer (@ k kiosk)	~ CHF 15 million*

To be achieved in 2011 and beyond, examples	exp. sales effect
■ Introducing additional services ■ avec. gastronomy module ■ Additional principals for Trade ■ New offerings at Services (e.g. start-of-day logistics)	~ CHF 60 million p.a.

* *Valora till revenues | commission income included in net revenues*

Growth initiative G3 – acquisition-led growth at Retail/Services

Initial market reconnaissance reveals good potential for acquisitions

Initiative **G3**

Acquisition-led growth at Retail/Services

Expansion as a European micro retailer with a total of 5 to 6 formats

Achieved in 2008 – 2010, examples	External sales effect
tabacon acquisition (Germany) – 2010	~ CHF 130 mln p.a.
Mediacenter Berlin acquisition (Germany) – 2009	~ CHF 10 mln p.a.

To be achieved in 2011 and beyond examples	exp. external sales effect
800 kiosks in Germany 1 – 2 travel retail formats (bakery, fashion accessories, stationery, etc…)	+ CHF 150 – 200 mln p.a.

Growth initiative G3 – the tabacon example

Strong nucleus with highly professional franchise concept

Rationale

- Nationwide footprint
- Strong presence at shopping center entrances
- Professional franchise model
- Simple integration into Valora Retail Germany organisation (complete)
- Potential for product ranges optimization

Key facts

- 184 outlets
- CHF 130 million external sales p.a.
- CHF > 2 million operating profit (EBIT) p.a.
- Rebranding of ~ 50 outlets as k kiosk in 2011

k kiosk and tabacon product ranges compared

Growth initiative G4 – acquisition-led growth at Trade

EMH get growth strategy off to a good start

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Initiative **G4**

Achieved in 2008 – 2010, examples	Effect on sales
EMH acquisition (2010)	~ CHF 75 million p.a.

To be achieved in 2011 and beyond, examples	exp. sales effect
New categories in existing markets	+ CHF 100 – 150 million p.a.
Acquire leading distributors in new markets	

Growth initiative G4 – the Salty Snacks example

Enhancing portfolio strategy by extending savoury products range

Rationale

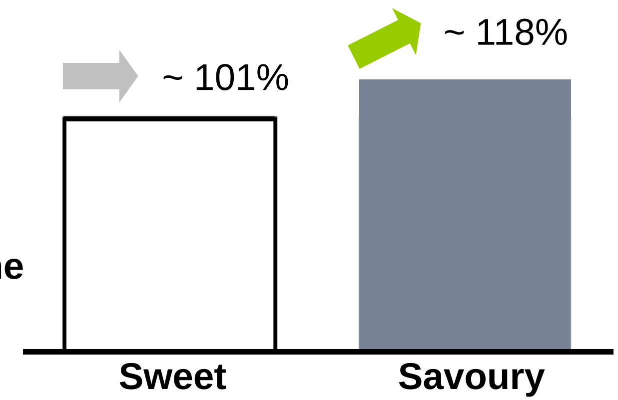
- Family-run business
- Focus on savoury baked goods
- Niche player in German market
- Strong market growth
- Synergies with existing Trade organisation in Germany

Key facts

- Sales CHF ~ 12 million
- Above average EBIT margin

Sweet and savoury snacks sales index 2007 – 2010

- Strong bias towards savoury snacks
- Confectionery under regulatory pressure in some regions



Outlook 2011

Further increases in profitability despite demanding environment

Expectations/market conditions in 2011

1 **Demanding environment, due to**
- Weaker press market
- Weak EUR/CHF relation
- Political hazards
- No football chamionship (EBIT CHF - 6 Mio.)

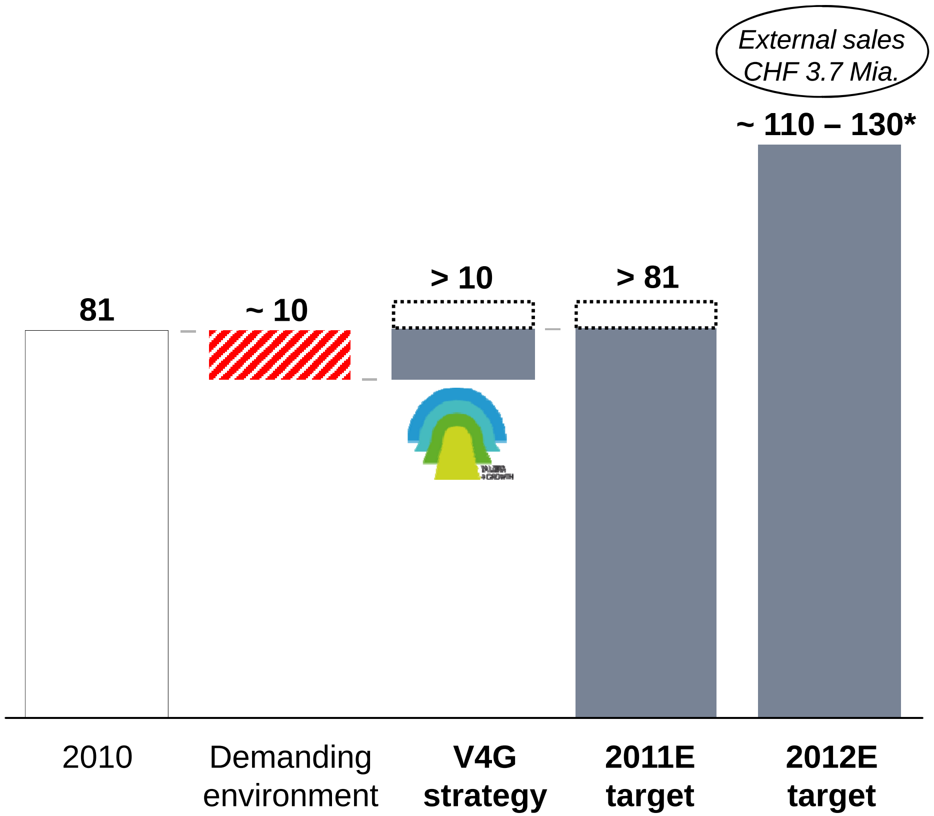
2 **Further improvement at Retail, Trade to rebound**

3 **Services to maintain profitability**

4 **1 – 2 acquisitions**

G3 G4

Projected operating profit (EBIT)



** in CHF million at 2010 exchange rates*

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2010 summary, Board recommendations to AGM

Summary

1. Valora largely met its goals in 2010 | EBITmargin of 3 – 4 percent now within reach
2. Successful implementation of fundamental „Valora 4 Success“ strategy allows shift in focus to expansion and „Valora 4 Growth“
3. First major milestones in growth strategy reached with tabacon and EMH acquisitions
4. Further expansion to be pursued with due care and only where prerequisite of added value for our shareholders is met

Board recommendations to AGM

1. 15% increase in dividend, to CHF 11.50 per share
2. Authorisation to the Board to carry out a share buy back programme covering a maximum of 280 000 shares (10% of the company’s current issued share capital - only in the event that excess liquidity accumulates which is not required for operational purposes)
3. Authorisation to the Board to carry out an approved capital increase of up to 840 000 shares (30% of the company’s current issued share capital) in order to maintain the company’s financial flexibility

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Corporate calendar

2011 General Meeting	April 15, 2011
2011 Half-year results	August 25, 2011

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