Valora Half-year Report
2003

		30.06.03	30.06.02	30.06.01
Net revenues	**CHFm**	**1 472.3**	**1 509.2**	**1 217.4**
Change	%	- 2.4	+ 24.0	+ 1.0
Depreciation of operating assets	**CHFm**	**28.8**	**31.5**	**30.7**
Change	%	- 8.5	+ 2.7	– 2.0
as % of net revenues	%	2.0	2.1	2.5
EBITA	**CHFm**	**59.6**	**81.4**	**76.7**
Change	%	- 26.8	+ 6.2	+ 9.8
as % of net revenues	%	4.1	5.4	6.3
Net income	**CHFm**	**31.3**	**47.4**	**45.8**
Change	%	- 34.0	+ 3.4	+ 33.7
as % of net revenues	%	2.1	3.1	3.8
as % of shareholders' equity	%	3.3	5.2	5.3
Earnings per share				
Net basic earnings per share	CHF	**7.97**	**11.91**	**11.20**
Change	%	- 33.1	+ 6.3	+ 33.7
Net diluted earnings per share	CHF	7.30	11.05	10.69
Change	%	- 34.0	+ 3.4	+ 33.7
Net cash provided by (used in):				
operating activities	CHFm	69.6	64.9	96.8
investment activities	CHFm	- 29.4	– 45.5	– 39.7
Cash and cash equivalents	**CHFm**	**227.2**	**185.0**	**254.7**
Shareholders' equity	**CHFm**	**946.4**	**911.5**	**857.3**
Equity ratio	%	49.3	48.3	47.5
Number of employees		**9 197**	**9 452**	**8 798**
Change	%	- 2.7	+ 7.4	+ 5.7
Net revenue per employee	**CHF 000**	**160**	**160**	**138**
Change	%	+ 0.3	+ 15.9	– 4.8
Number of sales outlets		**1 640**	**1 660**	**1 631**
Turnover per sales outlet	CHF 000	446	447	n.a.

Valora looks back on an eventful first half in 2003. Since 1 January 2003 the Group has been operating with the new Valora 200X structure which entailed a separation between retail and wholesale activities. The half-year results were adversely affected by special factors in the Valora Retail and Valora Imaging divisions. On June 11, Valora terminated the services of its previous CEO, Reto Hartmann, with immediate effect.

On the same date, the Board of Directors appointed Peter Wüst, Head of the Valora Sourcing & Marketing Division since 1 March 2003, to succeed him. The board of executives made an analysis of the existing portfolio. This serves as a basis for the focusing strategy with which Valora is responding to the difficult economic situation and the challenges presented by the market.

HALF-YEAR RESULTS 2003. The sluggish state of business reported since autumn 2002 continued in the new year. In comparison to the previous year, sales have gone down by 37 million CHF or 2.4% while the EBITA has fallen from 81.4 million CHF to 59.6 million CHF, equivalent to 26.8%. The corporate net profit has dropped from 47.4 million CHF to 31.3 million francs, 34.0% less than in the previous year.

This result was decisively influenced by exceptional events:

- 10 million CHF: An IT problem in the Valora Retail Division resulted in a creeping deterioration of the margin over a period of several years. The error has now been corrected; the necessary adjustments have been made and appropriate programmes to safeguard margins have been put in place.
- 5 million CHF: Irregularities which had been continuing for several years have been discovered in June 2003 in the retail bookselling trade in German railway stations. The extent of the overall damage known at this stage amounts to 5 million francs. Legal proceedings have been initiated.
- 2 million CHF: Non-recurring inventory correction (on stock of goods) for petrol stations.
- 4 million CHF: The cessation of Fotolabo activities in the USA, the Netherlands and the Baltic countries in November 2002 resulted in a reduction of sales by 14 million francs and of the EBITA by 4 million francs.

Excluding special factors, the EBITA amounts to 76.6 million CHF compared to 77.4 million CHF in the previous year and corresponds to 5.2% of the net proceeds, 5.2% in the previous year.

VALORA RETAIL DIVISION. Net revenue stands at an index of 98.5 in comparison with the previous year. Basically, the margin in the operative retail business (excluding special factors) decreased by approximately 4 million CHF due to an altered product mix. This effect could be compensated by higher purchasing margins and lower costs. Excluding special factors, the EBITA-margin could pick up slightly by 0.1% to 3.1%.

Restructuring in Germany is progressing well – apart from the case of irregularities referred to earlier. Initial measurable successes are visible. Business at the kiosks and in the wholesale press trade in Luxembourg is progressing well again this year.

VALORA WHOLESALE DIVISION. Press sales of this division have decreased by 8.0%. The EBITA-margin is 0.2% points down on the previous year, not at last because of the constant pressure on the margin in the press distribution sector. The measures of cost reduction prove effective. The wholesale and logistics business areas were integrated into this division in the framework of the new organization.

VALORA TRADE DIVISION. Sales have been maintained at last year's level with a value of 444 million francs. The EBITA could be held at the same figure as last year. The Consiva Group in Scandinavia has achieved its turnaround and is reporting satisfactory development. The coffee business and trading activity in Central Europe continue to show a satisfactory level of profitability.

The bakery products segment has achieved good overall results, but exports by Canismag France to the USA collapsed.

Valora Imaging Division. Having settled the effect of the withdrawal of Fotolabo from the USA, the Netherlands and the Baltic countries, the EBITA-margin could be increased by 0.9 percentage points to 17.4% in 2003. The digital segment in which substantial investments are now bearing fruit is showing an encouraging trend.

Sourcing & Marketing. The development of this new unit has been under way since March 2003. Its primary task is the purchasing of food, non-food and tobacco products for the Valora Retail and Valora Wholesale Divisions as well as strategic purchasing for all divisions. It also manages the group's strategic brands and is responsible for the further expansion of services which generate a substantial share of the result in the Retail and Wholesale Divisions. Initial margin improvements were already achieved in the first six months of the current year.

Financial result. At 14 million francs, financial expenditure is within the scope of last year, while financial revenue has risen by 2.4 million francs. This is attributable to gains on currency conversion and rates following the higher exchange value of the Euro.

Focussing strategy. In the conducted portfolio analysis the board of executives has defined the requirement criteria for Valora's core business. In the current portfolio diverse business units have been identified which do not fulfill these requirements on a long-term basis and therefore will be sold within the next 12-24 months. This concerns following business units:

- Merkur Confectionary
- Galerina Confectionary
- Dolmetsch
- Gastronomy concepts (Merkur Espresso, Buffet Espresso, Le Café)
- Book Rack Jobbing (Switzerland)
- Coffee production plants (Switzerland and Germany)
- Production plants Nuxo (Switzerland) and Again (Sweden)
- Professional Imaging

In addition, the realization of the focusing strategy forsees an increase of profitability and a corresponding cost reduction programme. The time frame for the realization of the strategy will probably be between two and three years. The divestments will proceed according to following principals:

- Buyers who continue with the business fields are preferred (strategic fit)
- No closures of outlets or dismissals are planned.
- Proceeds will primarily be reinvested in the core business, secondarily repaid to the shareholder.

Staff matters. The investment and divestment projects related to the focussing strategy will be isolated from the routine business and implemented separately. Urs Meier, the previous CFO, will take over the lead of the divestment tasks. He will continue to report to the CEO, Peter Wüst. Dr Martin Ramsler who will be joining Valora as a new member of the board of executives on the 1 October 2003, will be Urs Meier's successor as CFO.

Share-buyback program. On 21 August 2003, the Board of Directors of Valora Holding AG decided to buy back own registered shares to the extent of up to 15% of the outstanding share capital in order to destroy and reduce capital via a second trading line on the SWX Swiss Exchange as of 29 August 2003. This operation is to be completed in time for the ordinary general meeting in 2005 at the latest. At an extraordinary general meeting of 26 November 2003, a proposal will be put to the shareholders for the destruction of the shares bought back by that date with an accompanying reduction of capital. In addition, Valora Holding AG will be seeking the adoption of a resolution authorizing the buyback of up to 630,000 shares for destruction and capital reduction, i.e. in excess of the present 10% limit.

Prospects for 2003. Considering the special influences in the first half of 2003 and the change in the product mix, we assume that the annual result will be reduced by these factors. Measures taken in the areas of margin improvement and cost management will most likely offset the negative effect to some extent. The focusing strategy may result in goodwill impairment write-downs. In the absence of fundamental changes in the market situation, excluding possible impairments of goodwill, we estimate the group result to be in the range of 75 to 80 million francs.

Valora Holding AG

Peter Küpfer	Peter Wüst
Chairman of the Board of Directors	Chairman of the Board of Executives

Consolidated income statement

1 January to 30 June

CHF 000, except where per share	2003 not audited	%	2002 not audited	%
Net revenues	**1 472 284**	**100.0**	**1 509 223**	**100.0**
Cost of goods	– 911 243	– 61.9	– 913 824	– 60.5
Gross margin	**561 041**	**38.1**	**595 399**	**39.5**
Personnel expenses	– 272 868	– 18.5	– 276 010	– 18.3
Other operating expenses	– 212 671	– 14.4	– 215 591	– 14.3
Depreciation of operating assets	– 28 848	– 2.0	– 31 533	– 2.1
Other income, net	12 966	0.9	9 146	0.6
EBITA	**59 620**	**4.1**	**81 411**	**5.4**
Amortization of goodwill	– 14 384	– 1.0	– 14 784	– 1.0
EBIT	**45 236**	**3.1**	**66 627**	**4.4**
Financial expenses	– 13 988	– 1.0	– 14 178	– 0.9
Financial income	7 230	0.5	4 813	0.3
Income before taxes and minority interests	**38 478**	**2.6**	57 262	3.8
Income taxes	– 7 399	– 0.5	– 9 469	– 0.6
Minority interests	187	0.0	– 441	0.0
Net income	**31 266**	**2.1**	**47 352**	**3.1**
Average number of shares outstanding	3 922 218		3 974 821	
Earnings per share				
Basic earnings per share (CHF)	7.97		11.91	
Diluted earnings per share (CHF)	7.30		11.05	

Consolidated balance sheet

CHF 000

Assets	30.06.2003 not audited	%	31.12.2002	%
Current assets				
Cash and cash equivalents	227 222		239 010	
Securities available for sale	2 954		2 655	
Trade accounts receivable	206 414		203 453	
Inventories	275 140		268 004	
Current income tax receivable	4 747		7 778	
Other current assets	114 178		70 827	
Total current assets	**830 655**	**43.2**	**791 727**	**41.9**
Non-current assets				
Property, plant and equipment	520 914		517 602	
Goodwill, software and other intangible assets	471 713		487 012	
Other long-term assets	73 040		67 651	
Deferred income tax assets	25 121		26 160	
Total non-current assets	**1 090 788**	**56.8**	**1 098 425**	**58.1**
Total assets	**1 921 443**	**100.0**	**1 890 152**	**100.0**

CHF 000

Liabilities and equity	30.06.2003	%	31.12.2002	%
Current liabilities				
Short-term bank debt	31 989		22 870	
Current bonds repayable	99 966		99 860	
Trade accounts payable	236 938		223 455	
Current income tax liabilities	17 277		18 707	
Other current liabilities	191 807		145 094	
Provisions	9 000		14 170	
Total current liabilities	**586 977**	**30.5**	**524 156**	**27.7**
Long-term liabilities				
Long-term debt	118 455		135 114	
Bonds payable	218 603		218 304	
Long-term accrued pension cost	7 179		7 308	
Deferred income tax liabilities	41 615		48 762	
Total long-term liabilities	**385 852**	**20.1**	**409 488**	**21.7**
Total liabilities	**972 829**	**50.6**	**933 644**	**49.4**
Minority interests	**2 215**	**0.1**	**3 257**	**0.2**
Shareholders' equity				
Share capital	42 000		42 000	
Additional paid-in capital	126 451		126 451	
Retained earnings	843 872		848 143	
Treasury stock	– 69 639		– 57 994	
Cumulative translation adjustment	3 715		– 5 349	
Total shareholders' equity	**946 399**	**49.3**	**953 251**	**50.4**
Total liabilities and shareholders' equity	**1 921 443**	**100.0**	**1 890 152**	**100.0**

Consolidated cash flow statement

1 January to 30 June

in CHF 000	2003 not audited	2002 not audited
Cash and cash equivalents at beginning of period	239 010	227 172
Net cash provided by operating activities	**69 599**	**64 891**
Net cash used in (provided by) investment activities	**– 29 426**	**– 45 508**
Net cash used in financing activities	**– 57 086**	**– 61 363**
Subtotal: Net decrease (increase) in cash and cash equivalents	**– 16 913**	**– 41 980**
Translation adjustments on cash and cash equivalents	5 125	– 144
Cash and cash equivalents at end of period	227 222	185 048

Consolidated statement of shareholders' equity

CHF 000	Share-capital	Additional paid-in capital	Retained earnings	Treasury stock	Cumulative translation adjustment	Total shareholders equity not audited
Balance at 31 December 2001	**42 000**	**126 451**	**788 097**	**– 22 876**	**– 6 073**	**927 599**
Net income			47 352			47 352
Dividend Valora Holding AG			– 35 850			– 35 850
Dividend to minorities			– 2			– 2
Treasury stock purchased				– 35 754		– 35 754
Treasury stock re-issued				8 088		8 088
Translation adjustments					56	56
Balance at 30 June 2002	**42 000**	**126 451**	**799 597**	**– 50 542**	**– 6 017**	**911 489**
Net income			48 546			48 546
Treasury stock purchased				– 7 524		– 7 524
Treasury stock re-issued				72		72
Translation adjustments					668	668
Balance at 31 December 2002	**42 000**	**126 451**	**848 143**	**– 57 994**	**– 5 349**	**953 251**
Net income			31 266			31 266
Dividend Valora Holding AG			– 35 537			– 35 537
Treasury stock purchased				– 14 248		– 14 248
Treasury stock re-issued / Options				2 603		2 603
Translation adjustments					9 064	9 064
Balance at 30 June	**42 000**	**126 451**	**843 872**	**– 69 639**	**3 715**	**946 399**

Segment report

CHF 000	Valora Retail	Valora Wholesale	Valora Trade	Valora Imaging	Corporate	Intersegment Elimination	Total Valora not audited
Net revenues							
01.01. - 30.06.2003	**731 382**	**334 784**	**443 738**	**89 949**	**399 814**	**– 527 381**	**1 472 286**
01.01. - 30.06.2002	742 794	363 912	444 218	106 579	390 107	– 538 387	1 509 223
Pro forma:							
Special effects 2002				– 14 000[1]			– 14 000
1.01.-30.06.2002 adjusted	742 794	363 912	444 218	92 579	390 107	– 538 387	1 495 223
Change (%)	– 1.5	– 8.0	– 0.1	– 2.8			– 1.5
EBITA							
01.01. - 30.06.2003	**5 717**	**16 014**	**18 797**	**15 634**	**3 458**	**0**	**59 620**
Pro forma:							
Special effects 2003	17 000[2]						17 000
EBITA adjusted	22 717	16 014	18 797	15 634	3 458	0	76 620
1.01. - 30.06.2002	22 496	18 267	19 318	19 313	2 017	0	81 411
Pro forma:							
Special effects 2002				- 4 000[3]			- 4 000
1.01.-30.06.2002 adjusted	22 496	18 267	19 318	15 313	2 017	0	77 411
Change (%)	+ 1.0	– 12.3	– 2.7	+ 2.1			- 1.0
EBITA as % of net							
01.01. - 30.06.2003	**0.8**	**4.8**	**4.2**	**17.4**		**–**	**4.1**
01.01. - 30.06.2002	3.0	5.0	4.3	18.1		–	5.4
EBIT							
01.01. - 30.06.2003	**4 556**	**14 514**	**16 399**	**6 532**	**3 235**	**0**	**45 236**
01.01. - 30.06.2002	21 381	16 728	16 960	9 767	1 791	0	66 627
Change (%)	– 78.7	– 13.2	– 3.3	– 33.1			– 32.1
EBIT as % of net							
01.01. - 30.06.2003	**0.6**	**4.3**	**3.7**	**7.3**		**–**	**3.1**
01.01. - 30.06.2002	2.9	4.6	3.8	9.2		–	4.4

[1] [3] Special effect resulting from cessation of Fotolabo activities in the USA, Netherlands and Baltic states

[2] Special effects resulting from: IT difficulties, case of fraude Kiosk activities Germany, nonrecurring inventory adjustment service stations

As announced in the annual report 2002 Valora has changed it's corporate structure with effect January 1, 2003. The figures for 2002 have been restated for comparison. The strong increase in net revenue of the segment Corporate is due to the centralization of purchasing activities at group level.

Notes to the consolidated financial statements

Basis of presentation of the consolidated financial statements. This Half-year Report has not been audited. It was produced in accordance with the principles stated in the Annual Report 2002 and complies with International Financial Reporting Standards (IFRS).

Changes to scope of consolidation.

Per January 1, 2003 all shares in Alimarca Dubai, Dubai (Valora Trade) were sold.

During the reporting period the share in Charles Pettersen AS, Norway (Valora Trade) was increased from 80 % to 90 %.

Subsequent events.

On 27 August 2003 the 4 _% bond payable 1993–2003 for CHFm 100 was repaid.

Per July 1, 2003 the outstanding minority in Stilke GmbH, Hamburg (Valora Retail) were acquired.

Berne, 28 August 2003

THE NEXT GENERAL MEETING OF VALORA HOLDING AG WILL BE HELD IN BERNE ON WEDNESDAY 28 APRIL 2004.

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