valora ANNUAL REPORT 2015

Compact spaces and a broad offering. Widely available and well connected. Rapid service, close to its customers. Fresh and appetising. If you are really hungry or just want a snack. Providing early-morning and late-evening inspiration. And making things easier, every day.

Valora

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Dear shareholders,

For Valora, 2015 marked the last major milestone in its path towards focussing on Retail. Over the last three years, we have taken one successful step after another: the acquisition of Ditsch/Brezelkönig, the sale of the Services division, the takeover of Naville and then last year, the sale of the Trade division. We are proud that Valora is now able to definitively enter a new era.

In addition, our operating performance and therefore our results were also noteworthy in 2015: despite the continuing difficult market conditions we faced, we set ourselves ambitious goals, which we managed to achieve and, in some cases, exceed. We were also able to substantially improve our margins and increase Group-level EBIT above expectations. This was all achieved despite the management and numerous teams having to spend a great deal of time focussing on the disposal of the goods logistics and Trade division as well as the integration of Naville.

Nevertheless, our work is far from done. We do not expect Valora's market environment to become any easier in the near future. The only way to excel in our industry is to be agile and to continually innovate. Thanks to our real success in reorganising Valora in 2015, we are now a significantly more agile company; this is a trend that we intend to – and indeed have to – continue!

The transformation in recent years, our change in strategic focus and the internal changes have been – and continue to be – challenging. We have been exceptionally pleased to see how our employees have tackled these challenges each and every day, and with such levels of commitment. The Board of Directors as well as the Executive Management would like to thank them enormously for this.

Having successfully developed our shop concept and modernised the k kiosks in Switzerland, we are now enjoying successes in developing the Food area. In particular with regard to coffee, cold drinks and baked goods, there is more potential that we intend to tap into going forward. The foundations have also been laid for effective promotions. In the near future, we will therefore be further strengthening our coffee offering in Switzerland and Germany, including the roll-out of Spettacolo and Starbucks offerings across more than 700 outlets.

This network of top locations remains one of Valora's real strengths, as is the large number of client contacts – an average of 1.6 million every day. We intend to successfully consolidate this going forward, as we are certain that clever customer loyalty measures and electronic services will become considerably more important in future. A key step we took in 2015 was therefore the foundation of the Valora Lab, which develops digital products and services, while accelerating the implementation of new ideas.

After all, Valora's future growth strategy is based on innovation in its products and service offerings. Our strategic focus is consciously based on growth – not least the international expansion of Brezelkönig and the continual development of our Ditsch pretzel and lye-bread production business. To do any of this, we need a highly motivated team.

The Board of Directors and the Executive Management would also like to take this opportunity to thank Valora's customers and business partners. We are working as hard as we can to be a dynamic, customer-focussed company for all of them.

We would also like to thank all of our shareholders for the trust they place in us and are pleased to propose an unchanged dividend of CHF 12.50 at the next Annual General Meeting.

Kind regards

Rolando Benedick
Chairman of the Board of Directors

Michael Mueller
CEO

Key financial data

		31.12.2015	31.12.2014	Change
External sales [1]	CHF million	**2 550.2**	**2 459.4**	+ 3.7 %
Net revenues [1]	CHF million	**2 077.4**	**1 932.6**	+ 7.5 %
EBITDA [1]	CHF million	**117.6**	**109.3**	+ 7.6 %
in % of net revenues	%	5.7	5.7	
Operating profit (EBIT) [1]	CHF million	**55.1**	**30.5**	+ 81.0 %
in % of net revenues	%	2.7	1.6	
Net profit [1]	CHF million	**46.8**	**15.4**	+ 203.7 %
in % of net revenues	%	2.3	0.8	
in % of equity	%	9.2	2.4	
Net cash provided by (used in) [1]				
Operating activities	CHF million	125.5	91.9	+ 36.5 %
Ordinary investment activities	CHF million	– 43.2	– 57.9	+ 25.3 %
Free cash flow [1]	CHF million	**82.3**	**34.0**	+ 141.8 %
Company acquisitions (and long-term financial investments)	CHF million	– 88.1	51.3	n.a.
Financing activities	CHF million	– 60.2	– 67.4	+ 10.6 %
Earnings per share [1]	CHF	**12.51**	**3.13**	+ 299.7 %
Free cash flow per share [1]	CHF	**24.52**	**10.05**	+ 144.0 %
Share price at December 31	CHF	**209.00**	**228.40**	– 8.5 %
Market capitalisation at December 31	CHF million	**694**	**771**	– 10.0 %
Cash and cash equivalents	CHF million	**117.0**	**201.1**	– 41.8 %
Interest-bearing debt	CHF million	**368.1**	**383.0**	– 3.9 %
Equity	CHF million	**506.0**	**630.6**	– 19.8 %
Total liabilities and equity	CHF million	**1 220.2**	**1 434.3**	– 14.9 %
Number of employees at December 31 [1]	FTE	**4 349**	**4 435**	– 1.9 %
Net revenues per employee [1]	CHF 000	**478**	**436**	+ 9.6 %
Number of outlets operated by Valora		**1 838**	**1 647**	+ 11.6 %
thereof agencies		990	702	+ 41.0 %
Number of franchise outlets		**471**	**459**	+ 2.6 %
Net revenues per outlet	CHF 000	1 130	1 173	– 3.6 %

All totals and percentages are based on unrounded figures from the consolidated financial statements

[1] From continuing operations

Key financial data

EBITDA

in CHF million

2014
109.3
2015
117.6

Free cash flow

in CHF million

2014
34.0
2015
82.3

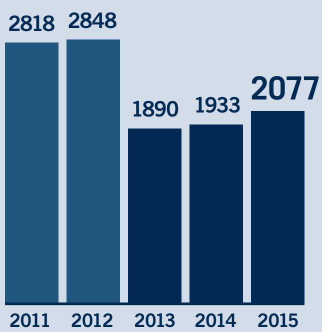
EPS

in CHF (from continuing operations)

2014
3.13
2015
12.51

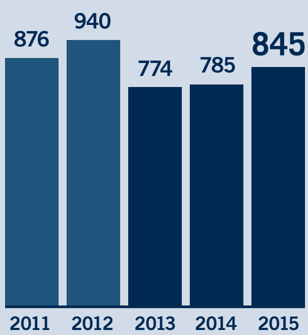
Net revenues

in CHF million



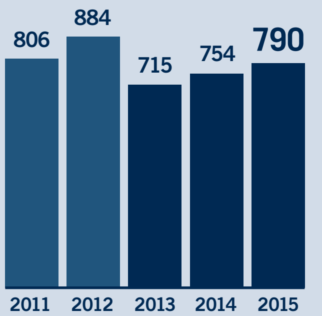
Gross profit

in CHF million



Operating expense (net)

in CHF million

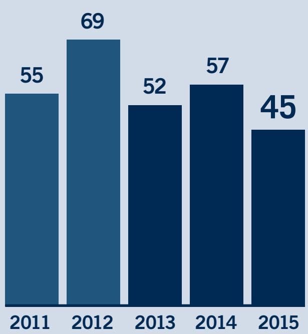


EBIT

in CHF million

Investments

in CHF million



Employees

number of employees (FTE)

The results for 2011–2012 include those for the Services division, which has been sold, and the Trade division, now classified as held for sale.

Management

From left to right: Adriano Margiotta, Jean-Yves Leroux, Hilmar Scheel, Tobias Knechtle *,
Michael Mueller *, Thomas Eisele *, Peter Obeldobel, Jonathan Bodmer and Roberto Fedele
* Group Executive Management


Michael Mueller
CEO Valora
"We will continue to focus on strengthening our food and service offerings and improving customer service."

Michael Mueller, what were the highlights for Valora in 2015?

Over the last twelve months, we have achieved a number of key strategic milestones, while also managing to improve operational efficiency throughout the entire company. I was particularly pleased that we were able to complete the sale of our Trade division and outsource our logistics activities in Switzerland; these marked the last major steps of our strategy focus. This means Valora can now concentrate on its Convenience & Food Service business, with its strong foothold in the production of lye-bread products. With Naville, we have also been able to successfully expand our already strong Swiss network in Western Switzerland.

In integrating Naville, we were also able to improve operational efficiency throughout all of our core processes in the Retail Switzerland unit and in Group Management. Our organisation is now leaner and more agile. At the same time, we have also managed to strengthen our organisation in the Retail Germany unit and pave the way for future growth. The foundation of FinTech company bob finance AG also marked a key milestone. bob finance AG is also part of the newly created Valora Lab, which develops digital products and services – for example our Spettacolo coffee app. As previously announced, we have also taken the first key steps in digitalizing our business. And it goes without saying that I am happy we were actually able to exceed the Group's financial goals despite the extremely challenging market conditions.

Let us move onto the challenges in the Retail area. There is still a particular focus on developing the shop concepts. What has been achieved in this respect?

In the Swiss kiosk business, we have now strengthen our position of the kiosk business. However, we have also continued to make progress in other markets as regards expanding with a range of food products. We successfully introduced ok.– products in 2015 at Naville locations and in Germany, while Spettacolo and Starbucks modules have been integrated into other shop concepts. In Germany we launched a new convenience format and our product range now includes many more products to be consumed on the move. We are making good progress as regards the optimisation of our product range – particularly with a focus on food products – and we are continuing this approach across a number of formats.

So what is next? How will Valora grow?

We will continue to focus on strengthening our food and service offerings and improving customer service. The convenience and food service/takeaway market continues to represent a growing fundamental need, as the lifestyles of an increasing number of people are changing. Despite intensive levels of competition, I am optimistic that we will be able to further expand our offering. In Germany, in particular, the market is far less developed and is not as saturated as in Switzerland. The Valora Group already generates a gross margin of around 50% in the Food area and has great expertise in the areas of coffee and baked goods. Together with our strong portfolio of heavily frequented locations, well-known own brands and our unique position in the areas of tobacco and press/books, we have the solid foundation required for growth. In future, we will concentrate on developing our existing formats, opening new locations with a focus on food, and expanding our Brezelkönig branch concept internationally, which will also involve the continued international development of our Ditsch pretzel and dough production business.

What is the situation as regards control over the entire value chain, an issue that has often been emphasised in the past?

In our food shop concepts, we benefit from a high level of vertical integration – from production right through to sales. We can make use of this expertise in the Food area to differentiate ourselves at our specialised Ditsch, Brezelkönig and Spettacolo outlets, and increasingly throughout our entire Convenience network, as well. In addition to cold drinks, baked goods and coffee represent a key part of our food offering.

How important is it for Valora that Ditsch produces lye-bread products?

We are one of the leading producers in the world when it comes to pretzel-dough products. Each year, we produce more than 500 million baked goods in our highly automated production facilities in Germany and Switzerland, and we distribute our products across the globe. We are known for our exceptional quality standards and high level of flexibility. Over the next few years, it will be extremely important for us to be able to continually expand our production capacities and develop new customer relationships in both existing and new markets.

Which strategy are you pursuing when it comes to the international expansion of Brezelkönig?

As previously announced, we are pushing forward with this initiative. In the first six months, we opened a branch in Vienna – since then, we have increased our presence to three locations – and we then launched two outlets in Paris at the end of 2015. Over the next three to four years, we are aiming to open over 100 outlets in new markets together with franchise partners.

"We rely on committed, entrepreneurial and innovative employees. People who love selling products and talking to a wide variety of customers. People who contribute their own ideas and have fun implementing them."

ok.– is a key own brand. What is next for it?

With ok.–, we have succeeded in establishing an own brand in Switzerland, which has a reputation for offering high-quality products in the entry-level price segment. The products are available exclusively in our outlets. We will now position the brand more strongly in Germany and continue to expand the product range.

What is the situation as regards Valora's plans for its digital strategy?

In the Convenience area, we are – and will remain – the experts for everyday products, whether in the area of press, tobacco, lottery games or services – and of course food and drink for consumption on the move. This has enabled us to become trusted points of contact for our customers, with over 1.6 million visiting us each day on average. Linking customer visits to our outlets with options for digital communication provides us with a range of new opportunities. We are already making good use of these with our offering in the area of payment and financial services (Visa / MasterCard prepaid cards, iTunes, Starticket pay@kiosk etc.), mobile prepaid as well as package services (pick-up / drop-off). In future, we intend to expand the ways in which we directly contact our most loyal customers via digital channels, all of which will further improve their shopping experience. It will also become more important to make use of digital opportunities and analyse customer behaviour so that we can better target our products in line with customers' needs.

What role will the newly founded Valora Lab play in all this?

We want to make use of the digital opportunities we identify. That is why we founded the Valora Lab: the team is tasked with identifying digital trends, promoting digital innovation and accelerating the implementation of new ideas. By tapping into today's technological possibilities and the corresponding interfaces, we are striving to develop diverse, innovative and attractive customer solutions.

Has Valora already launched a tangible product in this area?

We have introduced two new, attractive products: bob money for private loans in cooperation with the Glarner Kantonalbank and ok.– cash, which can be used to load credit onto ok.– prepaid cards at k kiosks and Press & Book shops. Importantly, this means we have expanded our existing offering with financial services. We have also launched the Spettacolo coffee app, which allows customers to order their coffee in advance and benefit from discounts. We are currently working on developing similar solutions for all channels. Here I see real potential for increasing customers' loyalty to Valora and developing personalised offerings.

Let us change the subject now: where is the journey with your suppliers heading?

One thing is clear: Valora intends to be an important and attractive "bridge builder" between suppliers and consumers. We want to establish our POS network as a key marketing and promotional channel. Our numerous outlets offer a unique platform for promoting our suppliers' offerings. We want to place an increased emphasis on this USP. Our POS promotions reach a great many people. The top locations and the rapidly progressing development of our digital components will help us evaluate the potential for each individual customer contact and further develop existing customer relationships.

You mentioned the acquisition of Naville in Switzerland as being another highlight. Did the integration of Naville go well?

Absolutely. Our teams did an excellent job in this regard. Naville already contributes CHF 240 million – or more than 10 percent – to the Group's sales, and accounts for almost 20 percent of operating profit. By integrating Naville, we have been able to bring together our expertise and establish a new, agile organisation for our Swiss retail business. To do so, we adopted a "best of both worlds" approach. This enabled us to significantly strengthen our market position in Switzerland, which has also resulted in increased profitability.

What has happened in general as regards increasing efficiency? The organisation previously announced that work still had to be done in this regard.

In 2015, we were able to significantly increase operational efficiency throughout the entire retail organisation – both in Switzerland and Germany. We are experiencing a fundamental shift in the retail business and are operating in a challenging, fast-moving market. An agile organisation is of vital importance in this respect. An important factor here is not just reducing the cost base, but also increasing the speed at which we adapt our concepts and innovations. This has allowed us to lay the organisational foundation for implementing our growth plans. In our business, it is people who make the difference. We rely on committed, entrepreneurial and innovative employees. People who love selling products and talking to a wide variety of customers. People who contribute their own ideas and have fun implementing them.

Will this transformation also result in a cultural shift?

To a certain extent, that will of course be the case. Our focussed strategy should also be reflected in the way we act in relation to each other: we want flatter hierarchies, we want to promote a sense of individual responsibility, we want to be more agile in general. And we want to accept mistakes throughout all of this.

"We will continue to tap into the real potential for international expansion offered in the area of our successful B2C / B2B concepts with Ditsch/ Brezelkönig. We will, however, definitely push forward with new ideas into new markets where we identify opportunities."

Are you experiencing any difficulties in this regard?

It is indeed challenging, and therefore deserves real recognition. I would like to take this opportunity to personally thank all our employees on behalf of the entire management team for having shown so much commitment in helping to shape the transformation that Valora is undergoing – indeed has to undergo. It never fails to impress me when I see how the team works hard from early in the morning until late at night, all the while demonstrating such a will to change and shape the company.

Let us discuss the figures briefly. How do you view 2015 on this basis?

We achieved all the goals we set ourselves. Indeed, Naville actually exceeded its goals. Furthermore, the Swiss business performed very well compared to the market and we were able to substantially improve margins. Germany is progressing well and has real momentum. And Ditsch/Brezelkönig achieved good results despite the intensive competition and challenging conditions it faced. The production / B2B area again performed extremely well, in particular.

During 2015, we managed to increase EBIT at Group level from CHF 30 million to CHF 55.1 million, which exceeded expectations. This performance is pleasing even when taking into account last year's extraordinary writedowns. And we managed all of this against the backdrop of the strong franc, shopping tourism, the rail strike in Germany and the nationwide introduction of the minimum wage. I was particularly pleased with our home Swiss market, which is a key element in the Group's profitability. Here we were able to significantly increase our margin to 2.0% after adjustments for

"And it goes without saying that I am happy we were actually able to exceed the Group's financial goals despite the extremely challenging market conditions."

one-time effects. Overall, we generated earnings per share of CHF 12.51 from ongoing activities, which corresponds with the amount of the dividend.

Return on capital employed and free cashflow are significant KPIs in your business. How satisfied are you in this regard?

At Group level, we were able to significantly improve our ROCE in 2015, to 6.9% on an adjusted basis and we are confident that we will be able to achieve our target ROCE of over 8% in 2016/2017. Thanks to the considerable improvement in the Retail area by 3% to 10% (excluding liquid assets), this goal is now well within reach. Free cash flow from continuing operations was especially pleasing, at CHF 82 million – or CHF 24.5 per share. Averaged over the last three years, we have generated a free cash flow of CHF 16 per share, which is clearly above the dividend of CHF 12.50. This has enabled us to reduce our leverage ratio for continuing operations to 2.1x. We therefore have a solid balance sheet as the basis for financing future investments, maintaining and developing our network and growing the Group as a whole.

Are there any specific aspects in the figures you would like to highlight?

Following the sale of the Trade division, there have been significant non-cash effects, which have an impact on profit. However, there will not be any further one-time special effects. In general, the time of numerous one-time effects resulting from the Group's repositioning is over.

Earlier you mentioned Valora's change in strategic focus. Has this process now been fully completed?

There are still a few, small puzzle pieces to slot into place, and then our shift to focussing on convenience-retail and immediate-consumption goods in highly frequented locations will be complete. Valora is starting 2016 with a clear position as well as strong, attractive brands and shop concepts in five countries. Our focus is now on developing this concept and on growth.

What specifically must still be done before the repositioning is complete?

In 2015, we reduced complexity within the Group, even aside from the disposal of the Trade division. Following the previous sale of our press wholesale operations and press logistics activities to 7Days Media Services, last year we were able to outsource our goods logistics from Retail Switzerland to this partner, as well. We are now looking at selling the Naville Distribution logistics platform, but this is still in the evaluation phase. The Naville transaction also involved the acquisition of real estate at an attractive location in Geneva, which we also intend to sell.

What are your future ambitions as regards customer focus, now that the Group's transformation is behind you?

Our ambitions mainly centre around our top network as well as strengthening vertical and digital integration. We are close to our customers, and we want to make use of the opportunities this brings. At all times, we have to focus our activities on well informed customers who are looking for high-quality products. We want our offerings and services to cater to the increasingly digital lifestyles our customers lead. We all have to be innovative, agile and dynamic.

As a brief summary, what will be happening in 2016?

The focus is now on developing our existing business. We are in an excellent position to do just this: we currently operate in Switzerland, Germany, Luxembourg, Austria and France. More specifically, we will focus on the continued development of our Retail and Food concepts in Switzerland and Germany in particular. And we will continue to tap into the real potential for international expansion offered in the area of our successful B2C / B2B concepts with Ditsch/Brezelkönig. We will, however, definitely push forward with new ideas into new markets where we identify opportunities. The digital expansion of our offering will also provide us with opportunities to position ourselves as a multichannel retailer able to link the digital world with our points of sale.

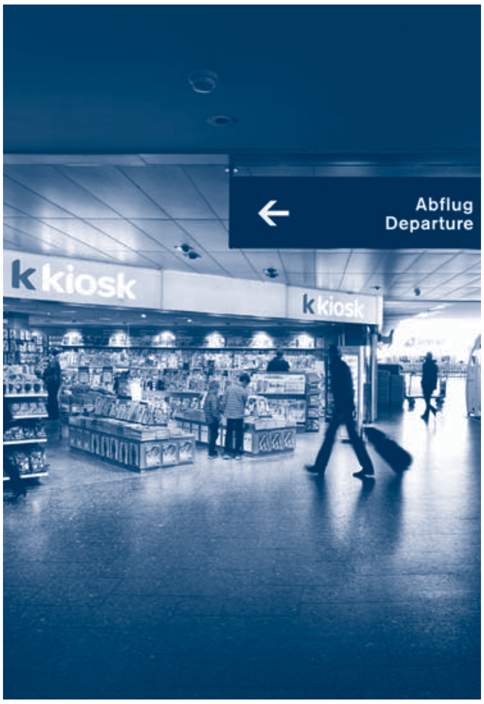
The most important thing to note, however, is that 2016 will clearly show that it was the right decision to focus on the Retail business. Our team has a real thirst for action and is full of good ideas!

NEW EVERYDAY CUSTOMER NEEDS: IMMEDIACY AND CONVENIENCE

When it comes to daily consumer staples and refreshment on the move, we are the experts. Today, and in the future. In a fast-paced, mobile world increasingly characterised by smart digital technologies, more and more consumers are eating while on the move and often have little time for their daily shopping needs.

We aim to offer our customers top-quality products and services that are both relevant to their needs and readily available. A million times a day, from early in the morning till late at night, our outlets provide our customers with familiar surroundings where they can quickly find the things they need and enjoy. We listen to our customers, responding quickly and flexibly to their needs.

SMALL OUTLETS WITH A MAJOR MARKET PRESENCE: COMPREHENSIVE NETWORK – APPEALING BRANDS – CUSTOMER CONTACTS BY THE MILLION



We are the leading small-outlet retailer in German-speaking Europe. Our competitive, comprehensive network with its attractive brands and store concepts is systematically focused on heavily-frequented locations, keeping us in close contact with our large and loyal customer base.

Our popular brand portfolio and successful retail formats, already operating in Switzerland, Germany, Luxembourg, Austria and France, with other openings planned in new international markets.

Thanks to our network we can respond rapidly and flexibly to the entire spectrum of our customers' needs. The large number of customers it serves every day and its comprehensive outlet network also make Valora a key business partner for the industries whose products it sells.

FRESH FOOD ON THE MOVE: FROM PRODUCTION TO SALE

We aim to capitalise on the growth potential for fresh, high-quality food. To that end, we are expanding our food-and-beverage offering and increasing the degree of vertical integration within our retail formats, for everything from morning coffee to evening snacks.

We produce our own lye-bread and other bakery items in house, both for our own outlets and major third-party customers. This not only gives us a significant competitive advantage, it also provides us with substantial scope for international expansion.

DIGITAL: INNOVATIVE – TIME AND SPACE INDEPENDENT – METROPOLITAN – IN TOUCH

Thanks to its network of prime outlet sites and the speed with which it is developing its digital expertise, Valora is able not only to make the most of its 1.6 million daily contacts with its customers but also to increase the depth of relationships with its existing customer base.

Valora's numerous outlets provide a unique marketing platform for digital offerings. A key objective for Valora is to leverage the potential for expanding the volume of business it does with impulse-driven, digitally adept customers living and working in urban areas.

valora, a customer company

Valora makes life easier for its customers, by offering them a wide range of daily shopping and refreshment options, which is always close to hand, even when they are out and about.
Valora has a clear focus on the convenience and immediate-consumption retail sectors. It also has an attractive outlet network.
Thanks to their modular conception, its retail formats can be deployed with great flexibility. Valora outlets generate significant footfall and add genuine value to the locations in which they operate.
Valora's network of prime, heavily frequented outlet sites, its popular range of private-label products and its unique position as a tobacco, press and books retailer provide a good basis for growth.
For people on the move, be they commuters, tourists or travellers, early birds or night owls, Valora is the obvious destination for practical food and beverage options, with fresh take-away products always on sale.
Valora provides its digitally adept customers with a range of new services to make their lives easier. Additional online offerings not only attract new customers, they also strengthen Valora's relationships with its existing customer base.
In addition, the company's strong brands, successful operating models and systematic control over its entire food-product value chain not only represent a competitive advantage for Valora but also provide it with significant potential for national and international expansion.

OUTLET NETWORK

FORMAT	OUTLETS	
k kiosk	1134	KIOSK & CONVENIENCE
cigo & sub-formats / partners	450	
P & B	209	
Naville	178	
avec.	128	
SSDB / U-Store	151	
Ditsch	213	FOOD SERVICE
Brezelkönig	45	
Brezelkönig International	5	
Spettacolo	36	
TOTAL	2549	

OUTLET NETWORK BY COUNTRY AND OPERATING MODEL

	FORMAT	VALORA-OPERATED	AGENCY	FRANCHISE*	TOTAL
GERMANY	cigo & subformats / Partner	54		396	450
	Ditsch		213		213
	P & B	165			165
	k kiosk	98		160	258
	SSDB / U-Store	63		88	151
	TOTAL	380	213	644	1237
SWITZERLAND	k kiosk	329	482		811
	Naville	9	169		178
	avec.	61		67	128
	Brezelkönig	3	42		45
	P & B	15	19		34
	Spettacolo	36			36
	TOTAL	453	712	67	1232
LUXEMBOURG	k kiosk		65		65
	TOTAL		65		65
AUSTRIA	P & B	10			10
	Brezelkönig International	3			3
	TOTAL	13			13
FRANCE	Brezelkönig International	2			2
	TOTAL	2			2
TOTAL		848	990	711	2549

*including 240 independent partners at Retail Germany

*Coffee that is only
a click away*

Latte macchiato nocciola, click! Cornetto marmellata, click! At Spettacolo, customers can now begin their coffee experience on their smartphones. Valora has developed an app which allows them to pre-order and pay for their favourite coffee and other treats online, and specify the precise time they will collect their order in any one of Spettacolo's 36 outlets.

At 6.25 in the morning, Felicitas Suter leaves her flat in Basel. At 6.33 she catches the tram, which drops her at the station at 6.54. At 7.00 she is sitting in the train to Zurich, holding a hot, fresh coffee with cream in her hand. How on earth did she manage that, with only 6 minutes to spare, at the peak of the rush hour? Thanks to Spettacolo! The whole thing took 20 seconds. She went in, straight past the queue, grabbed her coffee and left.

Over a quarter of a million commuters travel by train in Switzerland, nearly all of them at the same time. That means full trains, full stations and full Spettacolo coffee bars. Even though, like all Valora Group brands, the largest Swiss coffee-bar chain specialises in operating at heavily frequented locations, peak rush-hour times are still a challenge. No matter how pressed for time its commuter customers may be, they still want quality. They expect their coffee to be made from expertly roasted beans, preferably organic and fair trade, and freshly ground to order. They also expect to be offered options such as soya milk and high-quality syrup.

The question of how customers can be served top-quality coffee in as short a time as possible is one to which Felicitas Suter has devoted a lot of thought. She is the Business Development Manager at the Valora Lab, which is based in Zurich and employs a technology and trend scout in Silicon Valley. The Valora Lab evaluates future shopping trends and develops technology solutions to make them reality. Never before have customer needs been more closely linked to technology than today. Because today's customers are al-

ways online via their smartphones, an ever-increasing portion of retailers' dealings with their customers are now taking place in the digital arena. For centuries, retailers' relationships with their customers were focused on the physical sales outlet. Since the digital revolution, that relationship has become continuous, in both space and time. To be close to your customer nowadays, you have to extend your offering into the limitless realms of the digital world.

In March 2015, the Valora Lab began developing an app which would bridge the gap between the digital world and the 36 Spettacolo outlets. Developing a pre-ordering function seemed an obvious choice, as this would disconnect the link between the purchasing process and the point of sale, both in terms of time and space. After all, most rail commuters surf the internet on their way to the station anyway. On November 8, 2015, only seven months later, Valora was able to present its new Spettacolo app with its click & pick function to the public. Ever since, in only a few clicks on their smartphones, customers on the move can place a precisely scheduled order not only for their favourite coffee, but for other beverages, bakery products and combo offerings too. Orders are automatically charged to customers' credit balances, so all they have to do is turn up at the click & pick counter at the specified time. And that is not the only payment innovation at Spettacolo. Thanks to Bluetooth beacons installed at each Spettacolo outlet, customers can also use their phones to pay for the ordinary purchases at the coffee bar, since mobile payment is another megatrend this new app supports. And as if all that did not make the app appealing enough, every time they top up their credit balance, customers receive an additional bonus credit on the amount they have paid in.

The popularity of this new app is hardly surprising, as it is the first of its kind in Switzerland. It is now being actively used by the customers who have downloaded in its first four months of operation. For Valora, this is more than just a success in its own right, it is also an incentive to develop further offerings and applications. The app has an open-architecture design, so that it can be used and developed for many other Valora Group formats. The Spettacolo app is just one milestone on Valora's digital journey. The internet has opened up many different growth opportunities, and Valora intends to make the most of them. Being able to capitalise on opportunities and develop new ideas for winning additional customers and strengthening existing customer relationships is critical to success in this market. A further benefit of extending and linking different sales channels is that it generates interesting data on consumers' spending patterns, which can be classified and interpreted. This provides Valora with an opportunity of enhancing the profile of its own products and services, making them more personalised and developing loyalty programmes to strengthen its ties to its customer base.

And Felicitas Suter? She is already on her way back from the Valora Lab to Basel. What has she ordered on her Spettacolo app this time? Nothing. She has switched off her phone and is reading. ●

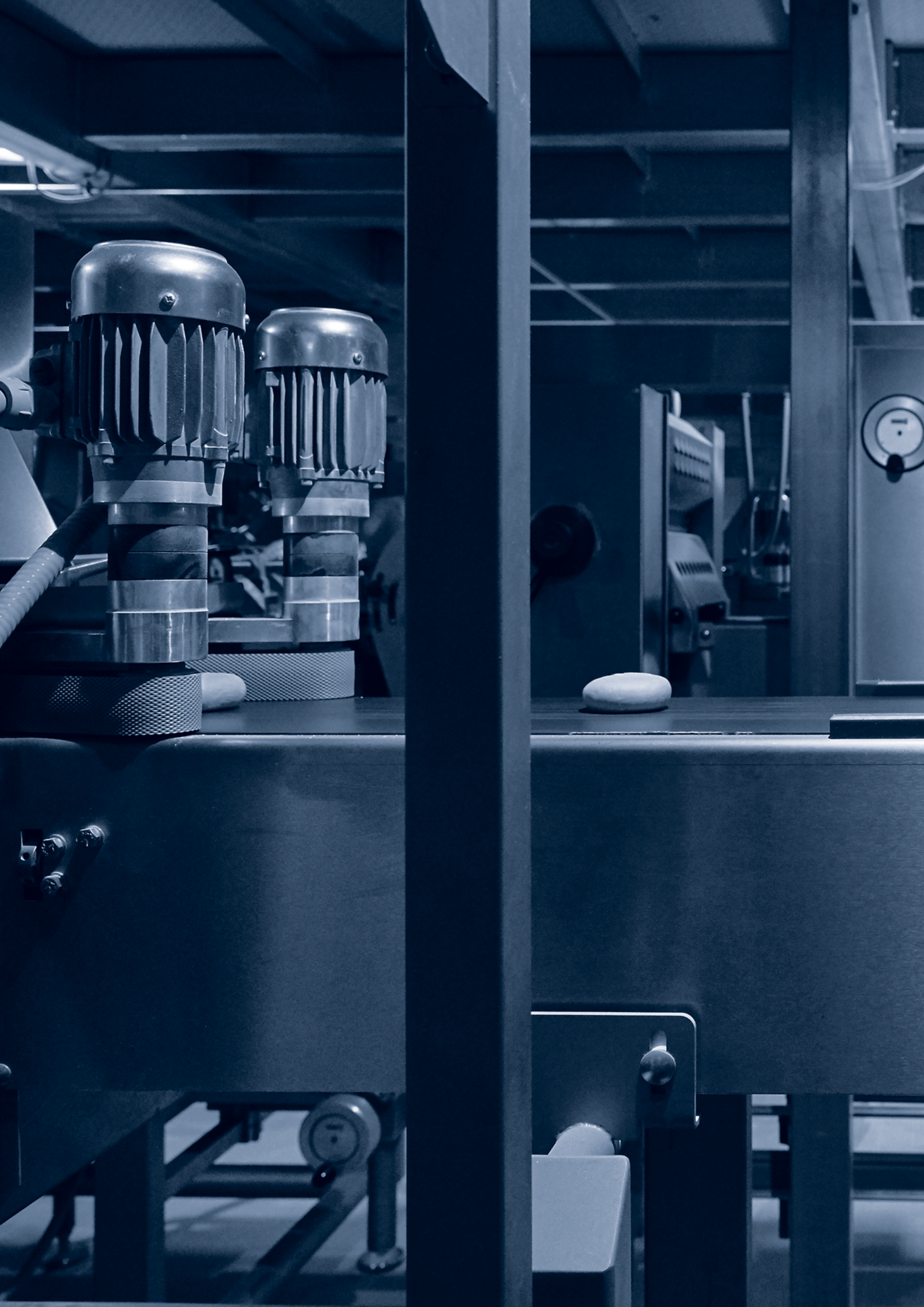
VALORA LAB, AN INCUBATOR FOR INNOVATIVE DIGITAL IDEAS

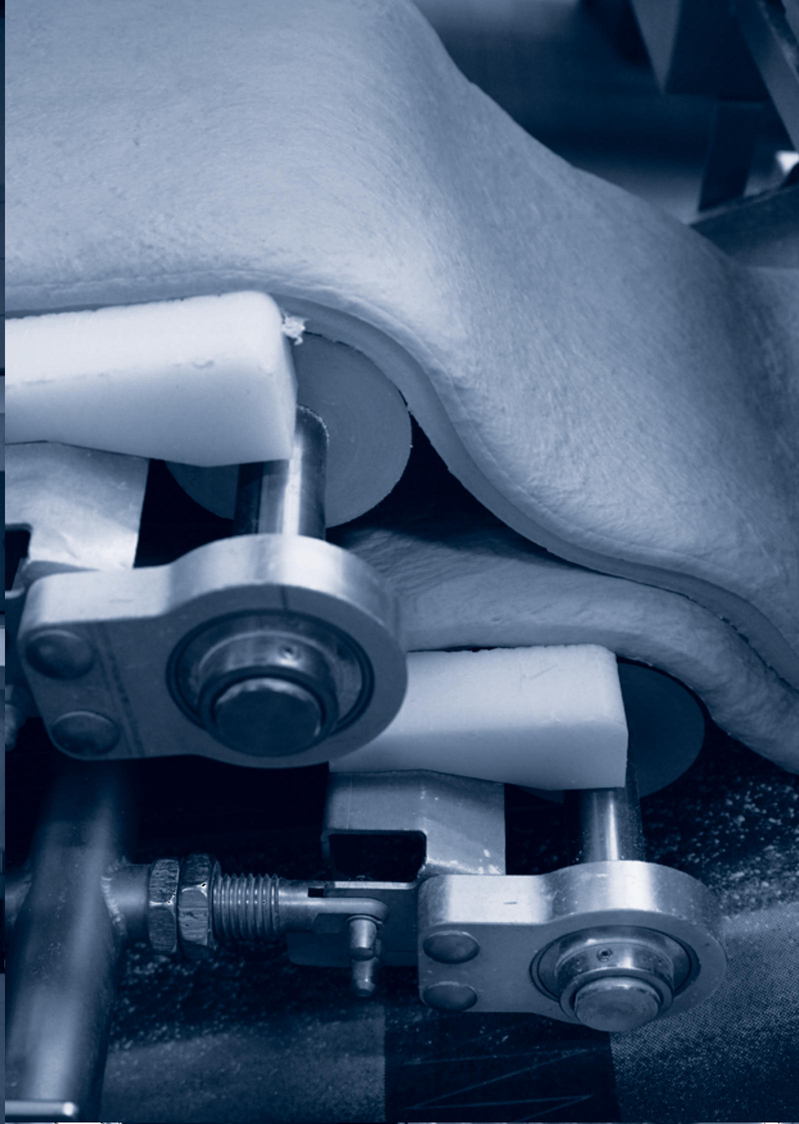
As a modern retailer, Valora is determined to make the most of new technologies and innovative services. The Valora Lab is an integral part of the Group's innovation strategy. Established in 2015, it is tasked with rapidly identifying new digital trends, so that it can build on these to develop value-added products and services for Valora's customers. In addition to the Spettacolo app, the Valora Lab has also developed bob money, its first innovative user-friendly online financial product, which was soon followed by a second product, ok.– cash.

The Valora Lab has recently retained a representative in San Francisco, the worldwide hub for innovation and entrepreneurship. Given its proximity to Silicon Valley, San Francisco is home to a host of talented software engineers engaged in developing technologies and products that are relevant to Valora. That is why, over the last few years, major US retailers such as Walmart, Target, Amazon and Westfield have all established labs in the city. San Francisco also benefits from a huge influx of companies launching new technologies and products which will play a significant part in shaping our future purchasing patterns. The offices of Valora's representative are located in the Bespoke Co-Working Space, a well-known retail hub. This provides Valora with excellent access to other retailers and startups, as well as enabling it to take part in relevant industry events and to test prototypes where they are being developed.

DITSCH PRODUCTION PLANTS

Ditsch now operates two production plants in Germany and one in Switzerland. Their staff of over 500 produce more than 500 million lye-bread items each year. Only a small proportion these are served, freshly baked, to customers at the company's own outlets. The lion's is shipped to markets across the globe, from the US to Japan, from Norway to South Africa. The excellent quality of these products is appreciated by wholesalers and their customers the world over, giving Ditsch a truly international following.



DB35
DB45


The irresistible aroma of success

Ditsch/Brezelkönig

Not many people can just walk past. The aroma from those fresh Ditsch and Brezelkönig pretzels is just too enticing. By combining a traditional emphasis on quality with innovative baking techniques, the company has established itself as the leading pretzel baker in Germany and Switzerland.

For nearly 100 years now, the aroma of Ditsch's freshly baked pretzels has cast its spell on anyone who gets close enough to them. It is thus no surprise that from their birthplace in the historic centre of Mainz, they have gone on to conquer entire national markets. In Germany and Switzerland, these pretzels are now sale in practically every railway station, pedestrian precinct and shopping centre, though perhaps under a different name. In Switzerland, Ditsch is known as Brezelkönig. And, when you get to the head of the queue, you will really be spoilt for choice. Nowadays, the classical pretzel is complemented by a whole range of other lye-bread products – sticks, croissants, sandwiches, hoops and – an irresistible, if somewhat incongruous option – pizza wraps.

The irresistible aroma

The magical attraction of the pretzels' aroma is no accident, but a deliberately chosen attribute of the Ditsch brand. Rather than baking the pretzels at a plant and delivering them stone cold to the sales stands, back in the 1980s Ditsch decided to turn the process on its head. Back then, it was the first pretzel bakery to equip all its outlets with their own baking ovens. Ever since, the pretzels have been baked in front of the customers and served to them warm, crispy and fragrant straight from the oven. This not only made a lasting impression on Ditsch's customers, it also secured the company's long-term success. The on-site ovens rapidly boosted the family-owned company's sales, first regionally and soon nationwide. More pretzels were needed, a lot more.

Pretzels at record speed

Ditsch proved equal to the task, thanks to a second major coup – in its production processes. By then, no one was twisting their pretzels by hand any more. That task was left to machines. A conventional machine could produce 900 pretzels an hour. Ditsch needed more, so they designed their own exclusive new machine, with nearly double that output. In just a few seconds, the mighty new robots can turn out a perfectly formed pretzel. Today, the Ditsch plants in Mainz and Oranienbaum produce well over 500 million items every year.

The fully automated production lines at the Ditsch plants operate around the clock. Under constant expert supervision, and in strictly controlled hygienic conditions, each item goes through a series of processes – dough preparation, twisting and shaping, cooling and lye application – before the final freezing and packing stages. Sophisticated pipelines criss-cross the plants, delivering the key ingredients – flour, water, oil and yeast. And the human element? That is represented by the production supervisor. He is kept on his toes, constantly patrolling the various production stages (sometimes on two levels, each with 200 square metres of floorspace), checking the warning lights, making sure there are always sufficient supplies of ingredients such as salt, removing pretzels that have gone astray or got caught in the machinery and, above all, ensuring that the quantities of flour, the key ingredient, are always correctly calibrated, right down to the last gramme.

Every flour is different

The Oranienbaum and Mainz plants process dozens of tonnes of flour every day. As experienced bakers, Ditsch know that no two flours are the same. The quality and processing characteristics of wheat vary by growing region and rainfall density. Once a silo is empty, new flour is used for production. For the supervisor, this means recalibrating the dough composition. Every few minutes, he checks the consistency, moistness and composition of the dough shapes, always ready to intervene if anything is not quite right. Very high or very low outside temperatures are a particular challenge, as they can upset the constant 21 degree temperature maintained in the plants. This may result in condensation, making the dough sticky. If the air is too dry, the dough becomes brittle. By acting swiftly, the supervisor can avoid having to halt production.

Highly qualified staff with plenty of expertise and a passion for top product quality, coupled with state-of-the-art technology and automation. That is the recipe on which Ditsch's exquisite products and its business success both depend. They are also critical to the company's ongoing expansion into new markets. In 2000, Ditsch acquired Switzerland's Brezelkönig, which it has systematically expanded. In 2012, Peter Ditsch sold his parents' business to the Valora Group. With 263 outlets and a staff of more than 500, what was once a small family business in Mainz is now a company operating on an international scale. The latest chapter in its history has just been written, with Ditsch pretzels now on sale in Austria and France – attention, la baguette! ●

DITSCH/BREZELKÖNIG NETWORKS

From a small-scale family business back in 1985, Ditsch has gone on to build a network of some 250 outlets. Every day, some 120 000 customers (not only in Ditsch's German home market, but in Switzerland as well) enjoy the company's fresh pretzels, lye-bread sticks, sandwiches, hot dogs and pizza wraps. The networks are expanding apace. Recent new openings in Vienna and Paris will be followed by outlets in other large cities. Brezelkönig is making its mark on the world.


innocent
Smoothie - Obst zum Trinken
Unser Grüner
Kiwi, Apfel & Limette
Brombeere, Erdbeere & Johannisbeere
Orange, Karotte & Mango
Smoothie
Erdbeere & Banane
limited edition
perfectly pink
INNOCENT MANGO MARACUJA
CHF 4.75
INNOCENT ORANGE KAROTTE
CHF 4.75
INNOCENT ERDBEERE BANANE
CHF 3.75
INNOCENT "PERFECTLY PINK
CHF 4.75
CAPRI-SONNE 3.3DL MULT
granini
orange juice
ok.-
330ml
ok.- ORANGENSAFT 33 CL P
CHF 1.50
GRANINI FRUCHTCOCKTAIL 3
CHF 2.95

valora, a customer company

avec. – enjoyment to take away

Simple enjoyment – a range of fresh choices for a contemporary, fast-paced, health-conscious lifestyle. How, why and where people do their shopping is increasingly difficult to categorise. While the major weekly shop still has its place, more and more people also shop several times a week, if not daily. For today's urban, mobile consumers buying what you need for the day on your way to work or picking up a ready-made dinner on your way home is commonplace. avec. not only offers a range of fresh choices suited to its customers' contemporary, fast-paced and health-conscious lifestyles, it also provides spontaneous moments of enjoyment throughout the day. Customers also know that avec. always provides top quality, no matter when they shop or how little time they have.

With its wide choice of take-away options, including coffee to go, home-made sandwiches, hot and cold snacks and a plentiful bakery range, not to mention salads, fruit and dairy products, avec. offers a broad selection of fresh produce to suit many different tastes. In a word, convenience.

CONVENIENCE AT VALORA

In Switzerland, Valora operates 128 avec. shops at railway and petrol stations. avec. is well established in the franchising market, offering its partners a system with good future prospects. More than 67 avec. outlets in Switzerland are now operated by franchisees.
Valora has two convenience formats in Germany, ServiceStore DB and U-Store. The network of 151 outlets is constantly being modernised and expanded, with new store layouts and a wider range of fresh produce.

valora, a customer company

Naville has been part of the Valora Group since spring 2015.

The Naville acquisition underscores Valora's strategic focus on small-outlet retail. It has also enabled Valora to create a unique network of outlets at heavily frequented locations right across Switzerland.

The Naville outlets are operated by established local agents with an excellent understanding of the specific needs of the customers in their region. As agency partners, they enjoy the benefits of an attractive location, a well-known brand and a proven range of products and services. The Valora agency model provides new entrepreneurs with a unique opportunity of running their own business with a strong partner at their side. ●

PROVEN AGENCY MODEL

The Naville outlet network is run by 169 agency partners. Their agency contracts are based on a tried and tested business model which has been operating successfully since 2005.
In Switzerland, a total of 712 agency partners now manage k kiosk, P&B, Naville and Brezelkönig outlets. In Luxembourg all 65 k kiosk and in Germany 213 Ditsch branches are operated on an agency basis.

Getränke & Snacks
SPETTACOLO
P&B
E-Reader
Press P&B Books
Glacé

Contemporary retail concept offers customers a wealth of reading – and fresh coffee.

In February 2015, Valora opened its new-look P&B Christoffel flagship store in Bern.

Increasing numbers of customers are looking for a pleasant and relaxing shopping experience which showcases a contemporary and constantly evolving product range. The shop's broad and appealing selection of book and press titles is constantly being enhanced by an appealing range of contemporary items. Thanks to its regular display changes, new P&B store is able to present the latest products from a number of fashionable brands.

The new store is the ideal place for customers to relax and be inspired by exciting new ideas, thus ensuring that they always have something new to come and see.

VALORA IN 2015

JANUARY

EURO FLOOR EXCHANGE RATE DISCONTINUED

On January 15, 2015, the Swiss National Bank abandoned its euro minimum target exchange rate of CHF 1.20. After temporarily falling to below CHF 1.00, Europe's single currency recovered somewhat from mid-year onwards, closing 2015 at CHF 1.08. This significantly impacted retail volumes in Switzerland, as increased cross-border shopping cut overall Swiss consumer spending by several billion francs over the course of the year.

FEBRUARY

SHARING KNOWLEDGE

Valora hosts regular events where outlet staff, suppliers and management meet to share knowledge and experience. The convenience-store and kiosk conferences each attracted over 1000 outlet managers, franchisees, agency partners and suppliers. The franchise meeting hosted by Valora Retail Germany in May enabled some 150 participants to find out more about current industry topics.

TWO NEW ok.– MOBILE APPS

ok.– mobile is the prepaid mobile service offered by Valora's popular ok.– brand. Valora added two new apps to the existing offering during 2015, both available on Google Play and from Apple's App Store. The ok.– mobile Prepaid Charger shows registered ok.– mobile users their current credit balance and also has a Valora store locator feature. The new ok.– mobile TV app offers its users a choice of 50 TV stations to watch.

MARCH

NAVILLE ACQUISITION

The Valora Group acquired Naville with effect from March 2015. In addition to its network of more than 178 outlets, the Geneva-based company also operates one of the largest distribution platforms in French-speaking Switzerland. The acquisition has significantly enhanced Valora's presence in the Swiss market, providing it with a nationwide network of convenience stores in a variety of formats. By year end, the integration of the Naville outlets into Valora's operations had been successfully completed. The Naville acquisition is a major step for Valora, underscoring its strategic retail focus.

NEW CONVENIENCE STORE CONCEPT

With its rebuild completed, the U-Store at the Lattenkamp metro station in Hamburg reopened with a new design and an expanded product range. Valora Retail Germany is using this location as a pilot outlet for the future design of its convenience stores. Besides its appealing, modern look, this new concept places greater emphasis on food freshly prepared on site. First entered for the POS Marketing Awards in 2015, Valora Germany's new U-Store concept won no fewer than three awards, with bronze medals in the Retail, Creative Artwork and Budget categories.

SHAREHOLDERS APPROVE BOARD RECOMMENDATIONS

The 2015 General Meeting of Shareholders voted in favour of all agenda items proposed by the Board of Directors. Besides approving the 2014 financial statements, shareholders also endorsed the proposed dividend totalling CHF 12.50 per share and the 2014 remuneration report. All Board members were re-elected for a further year (till the 2016 AGM), as was Rolando Benedick as Board Chairman.

APRIL

NEW MARKETS FOR BREZELKÖNIG

Brezelkönig opened a new outlet in Vienna's landmark Donauzentrum shopping complex in late April, its first in Austria. The new shop represents the first step in Brezelkönigs's international expansion strategy. While some modifications were made to suit Austrian tastes, the range of pretzels on offer in Vienna is based on the formula Brezelkönig successfully developed for the Swiss market. Two additional outlets were opened in Vienna during the year, first in Vösendorf, then in Meidling. The successful Vienna outlets are providing valuable insights for Brezelkönig's expansion plans, which continued with the opening of its first two shops in Paris in mid-December.

MAY

ok.– EXPANDS AND LAUNCHES NEW PRODUCTS

Having rolled out its popular ok.– private-label range to Germany in 2012, Valora introduced some 20 ok.– products to its Naville stores in French-speaking Switzerland in May 2015. Naville now sells everything from ok.– energy and energy cola drinks to ok.– umbrellas, and plans to expand its ok.– range substantially in 2016. In Switzerland, Valora not only sold over 23 million cans of its ok.– energy drink in 2015, but also launched 10 new ok.– products. In Germany, ok.– energy drink is now an official partner of the St. Pauli football club and has been added to the drinks on sale at its Millerntor stadium.

GROUP REORGANISATION GETS UNDER WAY

Valora is optimising its structures to meet the demands of a changing retail market. The objective is to create a Group structure which is agile, competent and execution-focused. One key element in this strategy is the Naville integration. Smart user-friendly apps are another, with staff at the newly created Valora Lab now working on developing new digital solutions to accelerate the expansion of Valora's services offering. Valora also plans to adopt a more supranational approach to its internal services in areas such as information technology and finance.

JUNE

LOYALTY PROGRAMMES BRING CUSTOMERS CLOSER

During the summer, Valora ran a new loyalty programme offering its customers Spiegelau crystal glasses at bargain prices. A total of 120 000 sets of glasses were sold during the campaign, which generated revenues of about CHF 1 million. Autumn saw the launch of a new Monster Deals campaign, following on the success of the initial promotion in 2014. Customers were able to participate in the prize game both offline and online, with a chance to win prizes either by collecting traditional stickers for their Monster Deal albums or using the Monster Deal mobile app.

DITSCH OPENS 22 NEW OUTLETS

Ditsch opened a total of 22 new shops in 2015, increasing the size of its nationwide German network to 213 outlets. New openings in Rosenheim and Regensburg further raised the company's profile in Southern Germany. More than 40 % of the new outlets are at railway stations, which remain central to the network strategy. Station outlets make the most of Ditsch's expertise with compact premises, as notably demonstrated by the shops at the Alexanderplatz station in Berlin and at the main station in Regensburg, both of which occupy some 10 square metres of floorspace. Ditsch is now using more twin-storey chilled display cabinets, which ideally complement the proven heated displays as a means of presenting the optimised product range to best advantage. The new Ditsch store design was extended to eight existing outlets, thus also streamlining their use of energy.

VALORA LAUNCHES BOB MONEY, ITS FIRST ONLINE FINANCIAL PRODUCT

The Valora Lab is where the Group evaluates ideas for new digital products and services. Shortly after bob Finance AG was established in mid-June, the development team presented its first product, bob money. The Cantonal Bank of Glarus finances the bob Money loans, which are advertised on posters at Valora outlets. All advisory and applications-processing services are carried out online or by telephone.

JULY

GOODS LOGISTICS UNIT SOLD

One year after the sale of its press wholesaling and press logistics operations in July 2014, Valora sold its goods logistics unit to 7Days Media Services. By spinning off its internal warehousing and transport services unit, Valora was able to streamline its organisational structure.

AUGUST

NEW iTUNES PASS SERVICE

Since August, customers have been able to add credit directly to their iTunes accounts by visiting any k kiosk or Press & Books outlet. As the largest Swiss reseller of iTunes cards, Valora is the first retailer in Switzerland, other than Apple Stores, to offer this service at its outlets.

SEPTEMBER

EXPANDED COFFEE OFFERING

As part of its strategy of focusing on convenience retail and responding to current consumer trends such as the preference for freshness, Valora is constantly adapting its offering to meet the needs of its urban, mobile clientele. Thanks to its comprehensive Swiss outlet network, Valora is already the preferred coffee destination for some 900 000 customers every day. By late 2016, new Starbucks modules will be installed in up to 100 Valora outlets, offering a wider coffee range and appealing to new customer groups. The popular Spettacolo modules will be rolled out to a further 600 outlets. Selecta, the leading coffee services provider, has been awarded an exclusive contract for the construction and maintenance of the new modules.

NOVEMBER

SWITZERLAND'S FIRST COFFEE ORDERING APP

Since Spettacolo launched its new coffee-ordering app in November, the first of its kind in Switzerland, queuing up for that morning coffee has become a thing of the past. With the app, customers can specify exactly when they will collect their order, which they can place in just a few simple clicks. The entire standard Spettacolo range, from croissant to focaccia to capuccino can be pre-ordered, as can the coffee roast – light, medium or dark. Payment is made via the app when the order is placed, so customers can collect their order as soon as they arrive at their chosen Spettacolo bar. Customers can also use the app to pay for any ordinary purchases they make while at Spettacolo.

OKTOBER

HACKZURICH

Valora was the only retailer to sponsor a workshop at the 2015 HackZurich event. These so-called hackathons provide a platform for developers, startup companies and international firms to link up with each other and work on solving real-life problems arising in a number of different industries. The goal for the Valora workshop teams was to develop functioning mobile-app prototypes designed to enhance the kiosk shopping experience. In the space of 40 hours, 11 teams developed 12 new apps between them. The winning entry was a product-bingo app which generates a discount voucher for every successfully completed virtual bingo session. The combination of gaming, format-transcending cross selling and the coupon extension option proved very appealing to Valora and its customers.

DECEMBER

OK.– CASH, VALORA'S SECOND FINANCIAL PRODUCT

Following the introduction of bob money in June, Valora's bob Finance subsidiary launched ok.– cash, its second product, in December. ok.– cash provides loans of between CHF 1000 and CHF 3000 for a maximum of three months. Credit applications are made online, simply and discreetly. Funds are then credited to an ok.– prepaid VISA or MasterCard at any k kiosk or Press & Books outlet in Switzerland. Questions about loan applications are answered online or by phone. By using technology to dispense with a visit to a bank, ok.– cash represents a milestone in the development of credit products in Switzerland. It provides customers with a transparent, simple and discreet way of taking out small loans to meet their short-term borrowing needs. Loans are granted only to customers whose financial situation permits such borrowing. ok.– cash applies high standards to determine in advance whether a loan is compatible with a borrower's financial situation. By requiring a minimum borrower age of 25, ok.– cash has also addressed the issue of potential excessive borrowing by young adults.

TRADE DIVESTMENT

At year end, Valora sold its Trade division, which specialises in the distribution of fast-moving consumer goods. Valora's partner in this transaction is Aurelius, a group specialising in corporate acquisitions and restructuring. Aurelius has a successful track record as a long-term investor and already has a number of other investments in Switzerland.

SOCIAL, ECONOMIC AND ENVIRONMENTAL SUSTAINABILITY AT VALORA

This report provides an account of what Valora has done in 2015 to ensure it operates sustainably. In the area of social sustainability, we focus on developing our employees' skills and nurturing our relationships with customers and business partners. Our initiatives to maintain economic sustainability emphasise the importance of ethical behaviour, be it through adherence to the Valora Code of Conduct, observance of the laws protecting minors or strict compliance with hygiene standards. Appropriate use of resources and respect for the environment are equally important to us, in everything from anti-litter projects to the way we renovate our infrastructure. All our sustainability initiatives address current and future needs.

SOCIAL SUSTAINABILITY

THINKING AHEAD AND TRAINING FOR THE FUTURE

Internal training enhances the skills of our employees. For that reason Valora offers its staff a broad range of courses to prepare them for tomorrow's challenges. "Learning is a lifelong task, nowhere more so than in the workplace. Those who are always thinking ahead and constantly enhancing their own skills will be able to motivate others and get things moving. That certainly applies to us at Valora, because qualified employees provide us with a competitive advantage" says Peter Obeldobel, Chief Executive of Valora Retail Germany. That is why Valora has significantly expanded the training curriculum it offers in Germany. "In establishing the valoraCampus, we have created an environment devoted to the professional training of our employees, thus enabling them to progress further in their specific disciplines, in managing themselves and in leading others", he explains.

A key training initiative in Switzerland in 2015 was the four-day "Advising entrepreneurs" programme, a development course for sales managers focusing on the skills required for their multifaceted roles in working with Valora employees, agency partners and franchisees. A total of 25 sales managers from Switzerland, Germany and Luxembourg attended the course, which also helped participants to identify synergies and develop new cross-border networks. "Besides maintaining our tried and tested Leading@Valora modules and our Leadership Days for our managers, we also initiated a new personal-development course entitled "Unleash your inner potential", explains Christa Heinke, Head of HR Development at Valora Switzerland.

E-learning courses using the Avendoo Learning Management System are another important element in Valora's training strategy. To prepare for the launch of ok.– cash, for example, Valora developed a new e-learning module which ensured that all outlet sales staff received the necessary product-knowledge training in a uniform and timely fashion. Other e-learning modules are used to ensure compliance with the standards required for money-transfer operations and compliance with anti-money-laundering laws. All staff, wherever they work and whatever their working hours, can easily access these e-learning modules. Valora intends to make even greater use of them in future.

Since 2010, Valora has also been operating the Retail Lab Certificate Programme in partnership with the University of St. Gallen. To date, 22 Valora employees have attended modules in St. Gallen, Oxford and Barcelona, enabling them to put innovative ideas into practice. A further two Valora emplowyees will participate in the programme in 2016. For Valora, the Retail Lab Research Workshops provide another excellent opportunity of presenting itself as an attractive employer.

YOUNG TALENT IS THE KEY TO FUTURE SUCCESS

"For the last 15 years, we have been committed to developing entry-level staff in the retail kiosk sector", says Monika Oppliger, Head of Vocational Training. 43 apprentices are currently carrying out their fundamental training in Switzerland. Of these, 33 are working towards their Federal certifications as retail assistants or as kiosk, food, beverage and tobacco retail professionals. Of the remaining ten, one is training as a system catering professional and nine are engaged in commercial apprenticeships. With Valora's business partners also investing heavily in training their young employees, the total number of apprentices working for or with Valora is now around 90. "Our new approach will enable us and our partners to build on the success we have already achieved in fundamental vocational training, so that we can continue to offer appealing career opportunities to young adults", Monika Oppliger confirms. Valora Retail Germany is similarly committed to developing its entry-level staff. Two apprentices are training as booksellers and a further seven as press retail specialists. After completing these apprenticeships, they will then be eligible for a further year of training to attain their retail sales diplomas.

Valora also continued to pursue its successful one-year graduate trainee programme in 2015, with two new management trainees hired in Switzerland and one currently studying for a dual degree in Business Administration in Germany. Once they have completed the programme, trainees take up attractive positions in corporate management or as junior sales managers. "We will continue to recruit trainees through this programme in the years ahead", Christa Heinke confirms.

SOCIAL PARTNERSHIP IN PRACTICE

Since 2009, Valora has operated a collective employment contract whose purpose is to foster and maintain harmonious relations with its employees by offering them conditions in line with current market practice. The agreement covers such topics as working time, wages, sickness and pension benefits. Valora's current partner for this agreement is the Syna trade union. "Valora is committed to the social partnership and maintains a regular face-to-face dialogue with employees' representatives through its participation in the bipartite commission", explains Jonathan Bodmer, Valora's Head of Human Resources. Valora's Spettacolo employees are covered by the collective employment agreement for the Swiss catering industry.

In determining the restructuring measures which became necessary following Valora's purchase of Naville, partnership-focused cooperation also provided the basis for the social plans voluntarily agreed with the Unia trade union for Naville staff and with Syna for Valora staff. The integration of Naville was a multi-faceted undertaking, requiring new structures which redefined established processes at both Valora and Naville. Cultural and linguistic differences also had to be taken into account. "By actively involving the employees concerned, we were able to define a new structure in which staff from both firms had their place. The cooperation of the employees' representatives was a significant factor in the successful implementation of the integration project", as Jonathan Bodmer explains.

Just under

6000

Valora employees receive training each year in topics such as:

PROTECTION OF MINORS, ANTI-MONEY LAUNDERING LAWS AND STAFF LEADERSHIP.

PROMOTING A HEALTHY WORKPLACE

Workplace health and safety are important concerns for Valora. Valora Retail Germany, for example, regularly organises inspections of its working premises by safety-at-work experts, company doctors and occupational physicians. Individual workplaces are assessed, requirements with regard to factors such as ergonomics and lighting are recorded and the necessary modifications made where possible.

LONG-TERM PARTNERSHIPS

Long-term collaboration is critical to Valora's B2B strategy. For decades, Valora has working with Swiss Federal Railways, Swisslos and the Loterie Romande, Switzerland's two main lottery operators, and with Selecta, Europe's leading vending-machine company.

"Valora and its forebears have already been working with Swiss Federal Railways for over 100 years. Today, Valora operates some 300 outlets in various formats at Swiss railway stations. Our long-standing partnership is based on a professional and collegial collaboration which goes beyond the usual ties linking landlord and tenant.

While our day-to-day dealings with Valora focus on expansion and contract administration, our shared and overarching goal is to meet our customers' needs. The combination of Valora's retail know-how with our expertise in station management generates genuine added value for the customers we both serve. Our shared focus on the interplay between retail premises and marketing helps us to ensure that our offerings remain demand oriented", explains André Bagioli, Head of Premises Management and Development.

"The close and successful partnership between Valora and Swisslos began back in 1937, when our company was founded. Our relationship has always been characterised by professionalism, trust and mutual respect", explains Luc Iseli, head of Retail Services at the Swisslos Intercantonal National Lottery. Thanks to its nationwide outlet network, Valora makes a significant contribution to Swisslos's overall sales. The net profit generated by the Swisslos Federation flows back to the cantonal lottery and sports funds, enabling them to support some 12000 projects in the fields of sport, culture, the environment and social welfare. By distributing lottery tickets through its 929 outlets in Switzerland, Valora plays its part in these efforts.

Valora has also been working with the Loterie Romande for over 30 years. With the enhanced presence in French-speaking Switzerland resulting from Valora's acquisition of Naville, that partnership has been significantly intensified, particularly since the two companies share similar values and objectives. "Valora and the Loterie Romande are both dynamic, forward-looking companies. Both are using digital technologies to respond to a changing market and evolving customer needs. The two companies' numerous joint lottery projects are testimony to the long-term, innovative vision they both share", as the Loterie Romande explains.

Selecta is Valora's chosen coffee partner for all its Swiss retail formats. While the collaboration between the two companies is the result of their shared history, Selecta's partnership with the Retail and Trade divisions was further enhanced following the Selecta IPO in 1997. A key reason for this enduring collaboration is that both place a strong emphasis on their daily contact with large numbers of customers. "This relationship is based on the great respect we have for each other's core expertise and our open and direct lines of communication, which ensure we meet our shared objectives sustainably. Moreover, the success of our jointly developed coffee offering is mainly due to the excellence of Valora's outlets and their highly motivated staff", says Thomas Nussbaumer, the Selecta Group's Central Region Managing Director.

AGENTS AND FRANCHISEES

Valora maintains a harmonious partnership with its 990 agency outlets and 711 franchise operations. In Switzerland, a total of 14 committees and working groups have been established to ensure the requisite uniformity and coordination. Working in close collaboration with its partners, Valora also organised 20 training days covering employment law, business administration and pension-fund arrangements. Dialogue is also fostered by annual meetings with agency and franchise partners. While these events were held separately in 2015, the first joint annual meeting, with both agency and franchise partners, will be held in 2016.

VALORA'S SOCIAL COMMITMENT

Valora's support for projects outside the company is also making a difference. Spettacolo continued to contribute to water projects in Africa during 2015. Having collected CHF 30400 for rainwater tanks in Tanzania in 2014, Spettacolo began contributing to a new project in Mali in September 2015, under which World Vision Switzerland will build 3 water fountains worth a total of CHF 24000 in the Neguela region of southwestern Mali. In addition to the direct contributions made by Spettacolo customers to the collection tins at the coffee bars, Spettacolo also donated CHF 0.50 for each caffè grande ordered in September, thus enabling Valora to contribute CHF 28566.85 to this World Vision project.

Simple ideas can also make a big difference, as Valora staff demonstrated by organising two charity flea markets at company headquarters in Muttenz. The proceeds were donated to the Herzensache and Glückskette charities and to Syrian refugees. Valora Retail Germany made a contribution by donating ok.– bottled water to refugees arriving in Germany. Just before Christmas each year, Ditsch makes a donation to cancer research.

ECONOMIC SUSTAINABILITY

QUALITY ALWAYS PAYS OFF

Valora is constantly reviewing its processes for quality assurance, crisis management and product recall. The focus here is on verifying the manufacturers' own quality-assurance procedures, ensuring that product information and the products themselves comply with the law and checking delivery conditions. "Large manufacturers and suppliers operating on an industrial scale must have certification from either the BRC, the IFS or the ISO, and preferably from more than one of these. Their HAACCP self-monitoring procedures must also have be no more than two years old", explains Michel Vaucher, the project manager at Valora Retail Switzerland. Smaller-scale regional suppliers and manufacturers must also comply with these same HACCP standards, which require a risk analysis, the definition of critical monitoring points, a defined range of acceptable values for risk monitoring results and a defined set of risk controls. Specific corrective actions and working instructions for adherence to good manufacturing practice also form an integral part of the HACCP concept.

> *"For a company producing and distributing bakery products, this certification guarantees that its processes are sound and reliable".*
>
> Michel Gruber,
> Managing Director, Brezelkönig

Suppliers are required to provide product specifications for every item in the Valora product range. Swiss food producers must provide written confirmation that their products meet Swiss food-law requirements. Foreign food producers must submit a certificate of conformity issued by a specialised laboratory in Switzerland. Swiss package-labelling requirements, on matters such as such as sell-by dates, apply to both food and non-food articles. Sell-by dates and storage requirements must also be adhered to while goods are in transit.

Valora's private-label ok.– brand products also adhere to strict quality requirements. Every new ok.– product is tested for its conformity with all applicable regulations, with further tests being conducted for every packaging change. Suppliers are also required to carry out regular laboratory tests. "At least once a year, every energy drink is also subjected to both internal and external testing in a certified laboratory", adds Philipp Brühlmann, Valora's Head of Brand Management.

In October 2015, Brezelkönig once again successfully obtained ISO certification, this time for the new ISO 9001:2015 standard. "For a company producing and distributing bakery products, this certification guarantees that its processes are sound and reliable", Michel Gruber, Brezelkönig's Managing Director, confirms. Furthermore, both the production plants in Germany have been awarded IFS (Higher Level) and BRC (A-Grade) certification. In addition to their annual scheduled re-certification inspections, these conformity-monitoring schemes also conduct unannounced audits. These audits carry out food-safety and hygiene checks at less than one hour's notice.

Brezelkönig has also substantially increased the number of internal audits it conducts at its outlets. Any shortcomings are recorded as required improvements which must then be systematically implemented.

Furthermore, Brezelkönig introduced a new, optimised cleaning concept for its production facilities and outlets in 2015. This involved checking the suitability of a whole range of cleaning products with regard to their cleansing properties and their use near food. The new concepts have been introduced throughout Brezelkönig in a roll-out process which included half-day workshops on hygiene and HACCP standards for agency partners and staff.

PROTECTION OF MINORS

TOBACCO AND ALCOHOL SALES

Valora takes its duty to protect minors very seriously. Staff receive regular training to ensure they are aware of the issues involved. An e-learnin g programme is carried out each year to train and test employees on topics such as the sale of alcohol and tobacco or the display of erotic publications. Sales managers also hold meetings with their staff to discuss the importance of these rules and Valora's legal obligation to adhere to them. Participation at these meetings is recorded in signed documents.

Valora's new GK till systems also help to ensure compliance by displaying a "check purchaser's age" reminder whenever alcohol, tobacco or erotic publications are scanned into the system. In addition, notices are displayed behind each counter in Germany and Switzerland to remind staff of the local rules. Management, sales managers and outlet staff are all aware of the importance of these checks and it is in their interest to ensure adherence to the law by further improving the protection of minors.

RESPONSIBILITY AND SECURITY IN FINANCIAL SERVICES

Like any other organisation that lends money, bob Finance is assuming a substantial responsibility towards its borrowers. bob Finance's services are designed for digitally adept customers looking for an efficient, online loan application process. By drawing on information from the Centre for Credit Information (in German "Zentralstelle für

> *"bob finance acts responsibly towards society, business and government, thus protecting our customers and our company."*
>
> Hilmar Scheel,
> Managing Director, bob Finance

Kreditinformation" or ZEK) and the Consumer Credit Information Service (in German "Informationsstelle für Konsumkredit" or IKO), bob Finance is able to ensure that its loans do not cause borrowers to fall into financial difficulties and that the amount of their borrowing is in line with the affordability parameters defined by Swiss consumer-finance legislation. With regard to the financial-markets legislation governing the prevention of money-laundering and terrorism, bob Finance is directly regulated by FINMA, the Swiss financial-market supervisory authority.

In the case of its ok.– cash product, Valora has deliberately and voluntarily chosen to require a minimum age of 25. Here too, the approval process involves information being obtained from a number of database sources. In addition to excellent creditworthiness, applicants must also be resident in Switzerland and have a mobile phone number.
Because security is of paramount importance to Valora, all data is protected by the most up-to-date security software. The data-transmission processes comply with a variety of certification standards, including EV SSL, the most stringent bank standard for the transmission of encrypted data.

INTEGRITY

The Valora Code of Conduct sets out the standards of behaviour which the company expects from its employees and other stakeholders. Through its eleven principles, the Code defines the high standards of moral conduct and pesonal integrity which Valora expects all its partners to observe. Valora also publishes a compliance handbook for its employees, to provide guidance on how to conduct themselves correctly. Valora staff also have access to an ethics hotline, which provides them with anonymous access to the compliance manager to report any irregularities or criminal activities and to lodge complaints.

ENVIRONMENTAL SUSTAINABILITY

USING RESOURCES RESPONSIBLY

In 2015, Valora continued to emphasise the important environmental contribution made by PET recycling. Having already installed collection containers at all outlets with no collection facilities in their immediate proximity in 2014, Valora focused on raising staff awareness in 2015, both through training sessions and internal communication initiatives. Mystery shopping exercises were also carried out over several weeks to ensure compliance.

Wherever possible, Valora's German outlets refrain from using disposable packaging. Drinks, for example, are sold in bottles requiring a deposit, thus incentivising recycling. Under the nationwide DPG deposit scheme, these bottles can be returned to any retail outlet in Germany, which then collects them for recycling. The same applies to scrap paper.

For some years now, Valora has participated in the Basel anti-littering working group, where representatives of business and local government jointly develop initiatives aimed at preventing littering. The "rubbish bag to keep things clean" campaign will be carried out for the third time in 2016. Instead of receiving their purchases in an ordinary plastic bag, customers are given a rubbish bag. The campaign is being promoted by posters on rubbish containers, refuse collection vehicles, advertising boards and on one entire tram to encourage passers by to dispose of their litter properly. In the 2015 campaign, a total of 500000 rubbish bags were distributed in this way, substantially raising public awareness of the littering issue.

EFFICIENT USE OF ENERGY

Ditsch was awarded ISO 50001 certification in 2015. The process involved the audited implementation of a new energy-management system over a three-year period. The first step, in 2013, was to document overall electricity and gas use. Additional data on the energy use of individual items of plant and equipment was then collected in order to identify which were the most energy intensive. Final implementation took place in 2015. Energy teams calculated appropriate energy metrics for the various business areas based on consumption, output and sales data for the years from 2012 to 2014. "This provided management with a basis for setting new energy-use targets and defining operational and strategic energy objectives", explains Nicole von der Weiden, who is responsible for energy management at Brezelkönig/Ditsch. From 2016 onwards, all electricity will be sourced only from power stations which demonstrably derive 100% of their energy from renewable sources. An energy-saving action plan has also been put into effect. Measures here include timing systems which automatically switch off individual machines at the outlets at specific times overnight. Since 2009, the production facility at Oranienbaum has been equipped with a heat pump which recycles calorific energy back to its heating installations.

A Group-wide inventory of all lighting installations is currently being carried, out with LED lighting being installed whenever outlets or other facilities are rebuilt. In Germany, LED illumination is being installed for all external advertising, thus reducing both energy usage and maintenance costs. Every outlet that is rebuilt is also being equipped with energy-efficient class A+ cooling cabinets, coffee machines and ovens. Because these generate less heat, food and beverages do not require as much cooling.

> *"From 2016 onwards, all electricity will be sourced only from power stations which demonstrably derive 100% of their energy from renewable sources."*
>
> Nicole von der Weiden, Head of Energy Management at Brezelkönig/Ditsch

Group structure

BOARD OF DIRECTORS

Rolando Benedick
Chairman
Markus Fiechter
Vice-Chairman
Franz Julen
Bernhard Heusler
Peter Ditsch
Cornelia Ritz Bossicard

AUDIT COMMITTEE

Cornelia Ritz Bossicard
Chairman
Bernhard Heusler
Rolando Benedick

NOMINATION/ COMPENSATION COMMITTEE

Franz Julen
Chairman
Markus Fiechter
Peter Ditsch

GROUP EXECUTIVE MANAGEMENT

Michael Mueller
CEO
Tobias Knechtle
CFO
Thomas Eisele
Ditsch/Brezelkönig/ Food Service

EXTENDED GROUP EXECUTIVE MANAGEMENT AND CORPORATE FUNCTIONS

Peter Obeldobel*
Retail Deutschland/Luxembourg
Jean-Yves Leroux*
Naville
Hilmar Scheel*
Valora Lab/Bob Finance
Roberto Fedele*
Corporate Information Services
Adriano Margiotta*
Corporate Legal Services/ General Counsel
Jonathan Bodmer*
Corporate Human Resources
Stefania Misteli
Corporate Communications & Strategic Branding
Markus Nadig
Corporate Group Controlling

*Extended Group Executive Management

MARKET AREAS

RETAIL/CONVENIENCE

SWITZERLAND/AUSTRIA

Michael Mueller
Head of the Executive Board
Marco Hocke
Member of the Executive Board/ Concepts & Category Management
Jean-Christophe Faré
Member of the Executive Board/ Sales & Expansion

GERMANY/LUXEMBOURG

Peter Obeldobel
Head of the Executive Board
Lars Bauer
Managing Director, Distribution
Michael Paulsen
Managing Director, Finance

DITSCH/BREZELKÖNIG/ FOOD SERVICE

SWITZERLAND

Michel Gruber
Managing Director, Brezelkönig Switzerland
Pascal Le Pellec
Food Service

GERMANY

Thomas Eisele
Managing Director, Ditsch
Andreas Klensch
Head of Outlet Operations
Björn Tiemann
Head of Wholesale Operations
Klaus Westerwelle
Head of Production, Engineering and Logistics
Marc Kranz
Head of Finance Division

Status at 8.3.2016

Corporate Governance


Hot
in here
Kof-fein
kiosk
ok.– cash
ok.–
ok.–
ok.–

From left to right:
Bernhard Heusler, Markus Fiechter, Rolando Benedick, Ernst Peter Ditsch, Cornelia Ritz Bossicard und Franz Julen

REPORT ON CORPORATE GOVERNANCE

Valora is fully committed to meeting all its corporate governance obligations. Our objective is to attain the highest levels of transparency commensurate with best practice standards. We believe that this applies particularly to the structure of our organisation and of the control and management infrastructure we have in place. This transparency should protect shareholders' interests and create value for all other stakeholders.

The principles and rules relating to Valora's corporate governance are most notably promulgated in the company's articles of incorporation, its bylaws and the regulations governing the Board committees, all of which are subject to regular review and updated where appropriate. Furthermore, the Board of Directors approved the Valora Code of Conduct. The scope of this Code, which sets out the types of conduct Valora expects from its employees, goes beyond the simple adherence to applicable laws and directives.

The corporate governance report follows the structure set out in the applicable SIX Swiss Exchange guidelines:

1 GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

Valora Holding AG, the Group's parent company, is a limited company established under Swiss law. Either directly or indirectly, it holds stakes in 24 significant unlisted companies, all of which are fully consolidated. The Group's operational structure is set out on page 44.

1.1.1 LISTED COMPANIES

The only listed company in the Valora Group is Valora Holding AG, which is domiciled in Muttenz. The company is listed on the main section of SIX Swiss Exchange and on the BX Berne eXchange (Swiss securities number 208897, Telekurs VALN, Reuters VALN.S, Bloomberg VALN.SW, ISIN number CH0002088976). The company itself holds 3.4 % of the total of 3 435 599 issued shares. At December 31, 2015, the market capitalisation of Valora Holding AG amounted to CHF 694 million. The company's market capitalisation over the last 5 years is shown on page 179.

1.1.2 CONSOLIDATED COMPANIES

The significant companies within the Group are shown in the notes to the consolidated financial statements on pages 161 to 162, which list the name, domicile, listing, total share capital and percentage of share capital held by Valora Holding AG.

1.2 SIGNIFICANT SHAREHOLDERS

The following shareholders or groups of shareholders have reported holdings of Valora Holding AG shares in excess of the reporting thresholds defined by law:

Shareholders	Receipt of report	Holdings
Ditsch Ernst Peter	09.11.2012	>15 %
Dimensional Fund Advisors	17.04.2015	>3 %

Detailed information regarding changes in shareholdings are set out in the separate section below. The shareholders are listed in alphabetical order.

The following significant shareholders have disclosed shareholdings to Valora Holding AG in accordance with article 20 of the Swiss Federal Stock Exchange Act (in German, "Börsengesetz" or "BEHG"):

Credit Suisse Funds AG: On January 27, 2015 Credit Suisse Funds AG, Uetlibergstrasse 231, 8045 Zurich, Switzerland reported that as a result of share disposals its holdings of registered shares of Valora Holding AG as of January 21, 2015 had been reduced to below 3 % of the company's issued share capital.

On January 22, 2015 Credit Suisse Funds AG, Uetlibergstrasse 231, 8045 Zurich, Switzerland reported that as a result of share purchases its holdings of registered shares of Valora Holding AG as of January 16, 2015 had increased to 103 702 registered shares (equivalent to 3.02 % of the company's issued share capital).

On January 22, 2015 Credit Suisse Funds AG, Uetlibergstrasse 231, 8045 Zurich, Switzerland reported that as a result of share disposals its holdings of registered shares of Valora Holding AG as of January 15, 2015 had been reduced to 102 702 registered shares (equivalent to 2.99 % of the company's issued share capital).

On September 10, 2014 Credit Suisse Funds AG, Uetlibergstrasse 231, 8045 Zurich, Switzerland reported that its holdings of registered shares of Valora Holding AG as of June 13, 2014 amounted to 142 709 registered shares (equivalent to 4.15 % of the company's issued share capital). This report was filed following a change in company address.

Dimensional Fund Advisors LP: On April 17, 2015, Dimensional Fund Advisors LP, 6300 Bee Cavo Road, TX 78746, Austin, USA reported that as a result of share purchases its holdings of registered shares of Valora Holding AG as of April 10, 2015, had been increased to 103 128 registered shares (equivalent to 3.0 % of the company's issued share capital).

Ditsch Ernst Peter: No reports were received from this shareholder during 2015.

On November 9, 2012, Ernst Peter Ditsch, 55131 Mainz, Germany reported that, as a result of Valora Holding AG's capital increase, the 635 599 registered shares he held on November 9 2012 were equivalent to 18.50 % of the company's issued share capital.

Ethenea Independent Investors S.A.: On March 11, 2015, Ethenea Independent Investors S.A., rue Gabriel Lippmann, 5365 Munsbach, Luxembourg, reported that as a result of share disposals its holdings of registered shares of Valora Holding AG as of March 6, 2015 had been reduced to 99 000 registered shares (equivalent to 2.88 % of the company's issued share capital).

On February 14, 2015, Ethenea Independent Investors S.A., rue Gabriel Lippmann, 5365 Munsbach, Luxembourg, reported that as a result of share disposals its holdings of registered shares of Valora Holding AG as of February 12, 2015 had been reduced to 170 000 registered shares (equivalent to 4.95 % of the company's issued share capital).

On February 11, 2014, Ethenea Independent S.A., rue Gabriel Lippmann, 5365 Munsbach, Luxembourg, reported that as a result of share purchases its holdings of registered shares of Valora Holding AG as of February 5, 2014 had increased to 172 200 registered shares (equivalent to 5.01 % of the company's issued share capital).

Lombard Odier Asset Management (Switzerland) SA (formely Lombard Odier Darier Hentsch Fund Managers SA): On June 17, 2015, Lombard Odier Darier Hentsch Fund Managers SA (LODHFM), Avenue des Morgines 2, 1213 Petit-Lancy, Switzerland reported that as of June 11, 2015, the registered shares of Valora Holding AG held by investment funds under its control were as follows:
IF IST2 Actions Suisses Val. Compl. (52 000 shares / 1.51 %), LOF (CH) Swiss Cap Ex SMI (47 000 / 1.31 %) and VF (CH) Valiant Actions Suisse de petites et moyennes capitalisations (1 920 / 0.06 %). In aggregate these holdings amounted to 100 920 registered shares of Valora Holding AG, which is equivalent to 2.94 % of the company's issued share capital.

Norges Bank (the Central Bank of Norway): On December 18, 2015, Norges Bank (the Central Bank of Norway), Bankplassen 2, P. O. Box 1179 Sentrum, 0107 Oslo, Norway reported that as a result of share disposals its holdings of registered shares of Valora Holding AG as of December 15, 2015 had been reduced to below 2.99 % (102 580 registered shares) of the company's issued share capital.

UBS Fund Management (Switzerland) AG: No reports were received from this shareholder during 2015. On June 5, 2014, UBS Fund Management (Switzerland) AG, P.O. Box, 4002 Basel, Switzerland reported that as a result of share disposals its holdings of registered shares of Valora Holding AG as of May 28, 2014 had been reduced to below 3 % of the company's issued share capital.

Valora Holding AG: On November 6, 2015, Valora Holding AG reported that it held preferential purchasing rights covering 635 599 of its own registered shares, which is equivalent to 18.50 % of the company's issued share capital (see the report of September 27, 2012 below). In addition, Valora Holding AG held a further 116 586 of its own registered shares as treasury stock (equivalent to 3.39 % of the company's issued share capital). In aggregate, these holdings were equivalent to 21.89 % of the company's issued share capital (3.39 % in shares of treasury stock and 18.50 % in the form of preferential purchasing rights).

On August 19, 2014, Valora Holding AG reported that it held preferential purchasing rights covering 635 599 of its own registered shares, which is equivalent to 18.50 % of the company's issued share capital (see the report of September 27, 2012 below). In addition, Valora Holding AG held a further 61 941 of its own registered shares as treasury stock (equivalent to 1.80 % of the company's issued share capital). In aggregate, these holdings were equivalent to 20.3 % of the company's issued share capital (1.80 % in shares of treasury stock and 18.50 % in the form of preferential purchasing rights). On April 25, 2013, Valora Holding AG reported that, following the end of the lock-up period to which the relevant shares are subject, it held preferential purchasing rights covering 635 599 of its own registered shares, which is equivalent to 18.50% of the company's issued share capital (see the report of September 27, 2012 below). In addition, Valora Holding AG held a further 51 011 of its own registered shares as treasury stock (equivalent to 1.48 % of the company's issued share capital).
In aggregate, these holdings were equivalent to 19.98 % of the company's issued share capital (1.48 % in shares of treasury stock and 18.50 % in the form of preferential purchasing rights).

On September 27, 2012, Valora Holding AG, Hofackerstrasse 40, 4132 Muttenz, Switzerland reported that, under the terms of a contractual provision applicable in the event of the shares held by Ernst Peter Ditsch being offered for sale after the end of the lock-up period to which they are subject, it held preferential purchasing rights covering 635 599 of its own registered shares (equivalent to 22.70 % of the company's issued share capital). As of September 27, 2012, Valora Holding AG held a further 53 130 of its own registered shares as treasury stock (equivalent to 1.90 % of the company's issued share capital). In aggregate, these holdings were equivalent to 24.60 % of the company's issued share capital (1.90 % in shares of treasury stock and 22.70 % in the form of preferential purchasing rights).

1.3 CROSS SHAREHOLDINGS
There are no reportable cross shareholdings between Valora Holding AG and its subsidiaries and other companies.

2 CAPITAL STRUCTURE

2.1 CAPITAL STRUCTURE AT DECEMBER 31, 2015

The ordinary share capital of Valora Holding AG as of December 31, 2015 amounted to CHF 3 435 599, comprising 3 435 599 single-class registered shares of CHF 1.00 nominal value each, each entitled to dividends and votes. All Valora Holding AG ordinary registered shares are fully paid up and listed on the main section of the SIX Swiss Exchange and BX Berne eXchange. Valora Holding AG has conditional capital of CHF 84 000, comprising 84 000 registered shares of CHF 1.00 nominal value each.

2.2 CONDITIONAL AND AUTHORISED CAPITAL

Conditional capital amounting to a maximum of CHF 84 000, comprising 84 000 registered shares of CHF 1.00 nominal value each, was approved by the Annual General Meeting of May 11, 2000. These shares can be used at any time by the Board of Directors to cover the exercising of options granted to employees of the company or Group companies within the overall framework laid down by the Board of Directors. Existing shareholders have no subscription rights for such shares. No time limits apply. None of this conditional capital had been issued at December 31, 2015. The conditional capital of CHF 84 000 remains unchanged.

At their Ordinary General Meeting held on April 19, 2013, Valora Holding AG shareholders granted the Board of Directors authority to raise CHF 250 000 of additional share capital through the issue of 250 000 shares of CHF 1.00 nominal value each at any time until April 18, 2015. The Board of Directors was authorised to determine the amount of share capital to be issued, the form of payment required for subscription, the date of issue, the conditions governing the exercise of subscription rights and the commencement of dividend entitlement. The Board was also authorised to restrict or prohibit trading in the subscription rights. The details and conditions relating to this share-capital authorisation were set out in Article 3b of the company's Articles of Incorporation. No shares were issued on or before April 18, 2015.

2.3 SHARES, PARTICIPATION CERTIFICATES AND DIVIDEND-RIGHT CERTIFICATES

All 3 435 599 registered shares each have a nominal value of CHF 1.00 and are fully paid up. Each share entitles its holder to a dividend, except the shares held in treasury by Valora Holding AG. There are no preferential shares. Valora holding AG has not issued any participation certificates or dividend right-certificates.

2.4 CONVERTIBLE BONDS AND OPTIONS

At December 31, 2015, Valora Holding AG had no convertible bonds or options outstanding.

2.5 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

Details of limitations on transferability and nominee registrations are shown in section 6.1 of this corporate governance report.

3 BOARD OF DIRECTORS

3.1 BOARD OF DIRECTORS

At December 31, 2015, the Board of Directors of Valora Holding AG comprised the following six members:

Rolando Benedick, 1946, Swiss citizen, Chairman
Previous activities: CEO of Innovazione, CEO of the Manor Group, Board Chairman of the Manor Group, Member of the Board of Directors of Jacobs Holding AG, Member of the Board of Barry Callebaut AG.
Current activities: Board Chairman of Manor Sud (since 1999), Vice-Chairman of the Board of Directors of MCH Group AG (since 2004) and member of the Board of Directors of Galfa Group Paris (since 2009), member of the Supervisory Board and the Board Committee of the Chamber of Commerce of Basel-Stadt and Basel-Land.

Markus Fiechter, 1956, Swiss citizen, Vice-Chairman
Master's degrees in Chemical Engineering from the Swiss Federal Institute of Technology and in Economics from the University of St. Gallen.
Previous activities: Manager, Mettler Toledo AG, Manager, Boston Consulting Group, CEO, Minibar Group, CEO, Jacobs Holding AG, Member of the Board of Directors of Barry Callebaut AG, Member of the Board of Directors of W. Schmid AG.
Current activities: Member of the Board of Directors of Minibar AG (since 2005).

Bernhard Heusler, 1963, Swiss citizen
Attorney-at-law, doctorate and master's degree in Law from the University of Basle and postgraduate studies at the University of California, Davis.
Previous activities: Partner at Wenger, Plattner, Attorneys-at-law in Basle, Berne, Zurich, temporary associate at Davis Polk & Wardwell, New York.
Current activities: Legal adviser at Walder Wyss Attorneys-at-law, Chairman (since 2012) and Board Delegate (since 2009) of the FC Basel 1893 AG football club.

Franz Julen, 1958, Swiss citizen
Diploma in hotel and restaurant management from the Swiss Hotel Management School, Lucerne.
Previous activities: Deputy Managing Director, Marc Biver Development Sportmarketing, Chairman of the Management Committee, Völkl International AG, COO, INTERSPORT International Corporation.
Current activities: CEO, INTERSPORT International Corporation (since 2000).

Ernst Peter Ditsch, 1956, German citizen
Qualified German insurance agent.
Previous activities: owner and Managing Director of Brezelbäckerei Ditsch GmbH and Brezelkönig GmbH & Co. KG, member of the Supervisory Board of Mainzer Volksbank, a registered cooperative under German law.
Current activities: partner and Managing Director of DV Verwaltungs GmbH.

Cornelia Ritz Bossicard, 1972, Swiss citizen
Swiss Certified Accountant, Certified Public Accountant (CPA), Master of Science in Business Administration, HEC Lausanne.
Previous activities: Audit Director at PricewaterhouseCoopers AG, Zurich and Lausanne and at PricewaterhouseCoopers LLP, San Jose (USA).
Current activities: Member of the Board of Directors of Wolseley Finance (Switzerland) AG.

With the exception of Rolando Benedick, who held the position of CEO from May 2012 until February 2014, no members of the Board of Directors had any operational management duties within the Valora Group. The following Board members maintain respectively maintained business relationships with the Valora Group: Following the acquisition of the Division Ditsch/Brezelkönig Ernst Peter Ditsch concluded a consultancy agreement with Valora for a period commencing on November 1, 2012 and ending no later than October 31, 2014. His annual remuneration under this agreement amounted to EUR 400 thousand. Under a non-compete agreement applicable after the conclusion of this contract Ernst Peter Ditsch received compensation totalling EUR 200 thousand, payable in monthly instalments over a period ending no later than October 31, 2015.

3.2 OTHER ACTIVITIES AND VESTED INTERESTS

Some Board members engage in other business activities with major companies.

3.2.1 SUPERVISORY BOARD ACTIVITIES

- Rolando Benedick: Board Chairman of Manor Sud, Vice-Chairman of the Board of Directors of MCH Group AG and member of the Board of Directors of Galfa Group, Paris, President of the Supervisory Board of the Volunteers Museum Association, Basle, President of the Leopard Club, Locarno, President of the Board of Valora's pension fund and Valora's foundation-sponsored financing fund, both with registered offices in Muttenz, member of the Supervisory Board and the Board Committee of the Chamber of Commerce of Basel-Stadt and Basel-Land
- Bernhard Heusler: Chairman of the Foundation for Sick Children in Basle.
- Markus Fiechter: member of the Boards of Directors of Minibar AG. Member of the Supervisory Board of the Swiss Federal Foundation for the Furtherance of the Swiss Economy through Scientific Research (in German, "Eidgenössische Stiftung zur Förderung schweizerischer Volkswirtschaft durch wissenschaftliche Forschung"), Zurich
- Franz Julen: Vice-Chairman of the Supervisory Board of the Union of Groups of Independent Retailers of Europe (UGAL), an international non-profit organisation in Brussels
- Cornelia Ritz Bossicard: Member of the Supervisory Board of the Swiss-American Society, Zurich and member of the Board of Directors of Wolseley Finance (Switzerland) AG.

3.2.2 MEMBERSHIP OF EXECUTIVE COMMITTEES

- Bernhard Heusler: Chairman and Board Delegate of the FC Basel 1893 AG football club
- Franz Julen: CEO of INTERSPORT International Corporation, Berne

3.3 ARTICLES OF INCORPORATION PROVISIONS ON THE NUMBER OF PERMISSIBLE ACTIVITIES

As required by Article 12, paragraph 1, section 1 of the Ordinance against Excessive Compensation, the Articles of Incorporation of Valora Holding AG state that members of the Board of Directors may not simultaneously hold more than ten mandates on the highest management or supervisory bodies of legal entities outside the Valora Group which are required to be registered in the Swiss commercial register or a similar register in another country. No more than four such mandates may be carried out for exchange-listed legal entities.

3.4 ELECTIONS AND TERMS OF OFFICE

The Board of Directors comprises at least three members. The Chairman and the other Board members are each elected individually by the General Meeting of shareholders for a term of office of one year – one year being the period from one Ordinary General Meeting to the next. Expiring mandates of the Board members may be prolonged.

Subject to the requirements placed upon it by law and the Articles of Incorporation, the Board of Directors is self-constituting. The Board names a Chairman, a Deputy Chairman and a Secretary. The Secretary need not be a Board member. Should the office of Board Chairman become vacant, the Board will appoint one of its members for the remaining duration of the Chairman's term of office as Interim Chairman. With the exception of Franz Julen (first elected in 2007), Ernst Peter Ditsch (first elected in 2013) and Cornelia Ritz Bossicard (first elected in 2014), all Board members were first elected in 2008.

3.5 INTERNAL ORGANISATIONAL STRUCTURE AND COMMITTEES

The Board of Directors assume the responsibilities required of it by law (article 716a of the Swiss Code of Obligations). The Board has supreme managerial responsibility for the company and the supervision of its conduct of business. It is charged with the outward representation of the company and attends to all matters which the law, the company's Articles of Incorporation or the company's bylaws have not assigned to another executive body of the company. The Board of Directors may delegate powers and the management of the company or individual parts thereof to one or more persons, to members of the Board or to third parties who need not be shareholders, provided such affairs are not inalienably assigned to it by law or the articles of incorporation. The Board issues the company's bylaws and regulates the contractual relationships relating to them.

There is no explicit allocation of responsibilities among Board members other than that arising from Board committee memberships. Board members are, however, selected as to ensure that the Board as a whole has specific expertise in the fields of finance, retail, franchising, trade, IT and law.

Minutes are kept of Board meetings.

The composition of the Board committees is as follows:
- Audit Committee: Cornelia Ritz Bossicard (Chairwoman), Rolando Benedick, Bernhard Heusler.
- Nomination and Compensation Committee: Franz Julen (Chairman), Markus Fiechter, Ernst Peter Ditsch.

The Board of Directors held 10 meetings in 2015, conducted 2 conference calls. Resolutions by circular have not been made in 2015. Apart from two half-day meetings, the other meetings all lasted one full day. The Audit Committee held 3 half-day meetings, while the Nomination and Compensation Committee held 5 half-day meetings and conducted 4 conference calls. The Board of Directors and its committees may invite other persons – in particular members of management and representatives of the internal and external audit functions – to attend their meetings. The CEO and CFO attended all meetings of the Board of Directors and its Committees. The heads of Valora's divisions presented their divisions' results at Board meetings. Representatives of the internal and external audit functions attended all Audit Committee meetings.

3.5.1 AUDIT COMMITTEE DUTIES

a) To assess accounting practices and principles, financial reporting and other financial information and to report on these to the Board of Directors.
b) To assess the financial reporting for the annual and half-yearly reports and make appropriate recommendations to the Board of Directors.
c) To assess other financial information which is published or submitted to third parties.
d) To monitor and discuss possible financial risks.
e) To assess risk management principles and activities with regard to financial risk.
f) To formulate and, where appropriate, modify the strategy and concept for ICS (internal control system) processes within the company and to assess their functional viability.
g) To assess and finalise the internal audit function's audit plan, advisory activities and budget.
h) To assess the performance and independence of the internal audit function.
i) To appoint and dismiss the internal auditors.
j) To assess the audit plan, performance and independence of the external auditors and the fees paid to them, and to propose nominations for the external audit function (for the financial statements of Valora Holding AG and the Valora Group) to the Board of Directors.
k) To assess audit findings in the internal and external auditors' reports and to monitor the implementation of measures recommended therein.
l) To assess the collaboration between the internal and external auditors.
m) To commission additional and follow-up audits with regard to specific issues or problems as needed.
n) To assess financing and treasury policy.
o) To assess the legal department's annual report on major, potential, pending and resolved legal issues whose financial consequences are significant and to assess the Group's compliance with required standards.
p) To assess tax planning, tax management and tax audits and their outcomes.

q) To assess the evolution of corporate governance and to formulate appropriate recommendations to the Board of Directors.
r) To carry out other tasks and projects as instructed by the Board of Directors.

For the duties specified in a), b), c), d), e), f), h), j), k), l), n), o), p), q and r) above, the Audit Committee exercises a preparatory function. For the duties specified in g), i), and m) it exercises a decision-making function.

3.5.2 NOMINATION AND COMPENSATION COMMITTEE DUTIES

In accordance with the requirements placed on it by the law and the Articles of Incorporation, the Nomination and Compensation Committee primarily carries out the following duties to prepare the decision-making process by the Board of Directors and the decisions it ultimately makes:
(a) To support the Board in determining and assessing the remuneration strategy and guidelines.
(b) To support the Board in determining and assessing the qualitative and quantitative criteria applied to remuneration.
(c) To support the Board in the preparation of recommendations to the General Meeting of shareholders regarding the remuneration of the Board and of Group Executive Management.
(d) To formulate and submit recommendations to the Board regarding the remuneration of the Board Chairman and the other Board members.
(e) To submit proposals to the Board regarding the remuneration and other terms of employment (employment contracts) of the CEO and the other members of Group Executive Management.
(f) To assess and determine the extent to which the qualitative and quantitative performance criteria set by the Board for determining the variable short-term and long-term remuneration paid to Group Executive Management have been met.
(g) To assess general annual salary increases proposed by the CEO and to make recommendations on these to the Board.
(h) To assess share, share-option and profit-sharing programmes for the Board, Group Executive Management, managers and employees and to make recommendations on these to the Board.
(i) To monitor compliance with the remuneration principles set out in the law, the Articles of Incorporation and company regulations and with the resolutions on remuneration approved by the General Meeting of shareholders.
(j) To submit an appraisal of the remuneration report to the Board and to submit recommendations regarding the report to the Board.
(k) To prepare proposals for new candidate Board members for submission to the Board.
(l) To prepare proposals for submission to the Board on the appointment or dismissal of the CEO and other Group level executives (CFO, members of Group Executive Management).
(m) To remain informed of and monitor succession planning for the top two tiers of management.
(n) To discuss the performance appraisals of the CEO and the other members of Group Executive Management.
(o) To monitor the implementation of Board decisions within the scope of the Nomination and Compensation Committee's remit.
(p) To carry out other tasks and projects as instructed by the Board of Directors.

The duties carried out by the Nomination and Compensation Committee regarding the Board of Directors' remuneration guidelines and the financial remuneration paid to the Board are of a preparatory nature.

3.6 DEFINITION OF AREAS OF RESPONSIBILITY

The Board of Directors meets as frequently as business demands, holding a minimum of four meetings each year. Board meetings are convened by the Chairman or, in his absence, by the Deputy Chairman or another Board member. The Chairman is also required to call a Board meeting within 30 days of receiving a written request to do so from any of its members. The Board is quorate if a majority of its members are present. No quorum is required for the Board to approve reports on capital increases or on the subsequent paying in of shares not fully paid up, or for any resolutions which require notarisation. Board resolutions are passed and elections decided by a simple majority of the votes cast. In the event of a tie, the Chairman has the casting vote. Voting and elections are normally conducted by a show of hands, unless a Board member requests a secret ballot. Board resolutions on proposals submitted to the Board may also be made by video or telephone conference or in writing by circular, provided that a majority of Board members vote in favour of the proposal, that all members had the opportunity of casting their votes and that no member requested that a meeting be held to discuss the proposal. All Board resolutions must be recorded in a set of minutes, which the Chairman and the Secretary must jointly sign. Every Board member is entitled to information and access to documents, within the overall provisions of the law.

The Board of Directors has ultimate responsibility for the management of the Group, in particular determining the key attributes of the company's activities, maintaining an appropriate balance between entrepreneurial objectives and financial resources and promulgating such directives as this requires. The Board is also responsible for approving corporate strategy and specifying organisational structure, as well as defining the strategy and concept governing the internal control system and risk assessment and risk management activities. The Board also bears ultimate responsibility for personnel matters and determines the fundamental principles of the company's staff and salary policies. It is responsible for the appointment, dismissal and supervision of those charged with the management of the company, the Group and the individual divisions – in particular the CEO, CFO and divisional heads – and for defining their deputising arrangements and signatory powers. The Board also establishes the guidelines for financial and investment policy, and approves medium-term planning, annual budgets and investment schedules.

The Board of Directors delegates the entire management of ongoing operations and the representation of the company to Group Executive Management under the leadership of the CEO, to the extent that the law or the company's Articles of Incorporation or bylaws do not stipulate otherwise. Group Executive Management has the authority to decide on all matters relating to the business entrusted to it. Decisions on matters which are beyond the scope of regular business operations or which exceed the thresholds specified in the company's terms of reference (ToR) require approval by the Board of Directors.

In essence, this applies to:
- the commencement of new business activities or the cessation of existing ones.
- the execution of significant contracts relating to areas outside the scope of Valora's normal business activities and the execution of consultancy contracts whose costs (either aggregate or annual) exceed CHF 2 million.
- the issuance of marketable debt securities or the contracting of long-term borrowing in amounts in excess of CHF 30 million.
- the granting of loans to third parties whose amount exceeds CHF 10 million.
- carrying out investments covered by the investment plan for amounts of more than CHF 5 million or carrying out non-budgeted investments for amounts of more than CHF 2 million.
- the granting of sureties or guarantees for amounts in excess of CHF 10 million.
- the acquisition or disposal of equity participations.
- the purchase or sale of real-estate properties for amounts in excess of CHF 5 million.
- the initiation or termination of legal disputes, including the agreement to court-ordered or out-of-court settlements for amounts in excess of CHF 2 million.

3.7 INFORMATION AND CONTROL INSTRUMENTS AVAILABLE TO THE BOARD OF DIRECTORS

The CEO keeps the Chairman of the Board informed about the business performance of the company and the Group. At Board meetings, the CEO informs the Board about the business performance of the company, the Group and the individual divisions and also reports on all major business events. The CEO notifies the Board immediately of any extraordinary events whose implications are substantial.

In addition, the Management Information System provides the Board of Directors with the following on a regular basis: monthly sales figures and monthly divisional and Group reporting based on the budget approved by the Board versus current and prior year's actual figures, information regarding major business events, data on the shareholder structure and the extent to which resolutions approved by the General Meeting or the Board of Directors have been implemented.

The Chairman of the Board of Directors is provided with copies of the minutes of all Group Executive Management meetings. Any member of the Board of Directors may demand information from management about the course of business and operations and, with the approval of the Chairman of the Board, on specific business transactions. Any Board member may also demand that company books and files be made available for their inspection.

3.7.1 RISK MANAGEMENT

The Board of Directors and Group Executive Management carry out a risk assessment once a year. The objective is to make the principal risks to which Valora is exposed more transparent, to improve the quality of risk dialogue and to define practical measures for addressing key risks to Valora. The results are reviewed at a joint meeting held with the Board of Directors at which a plan for implementing appropriate measures is approved.

The risk assessment is initiated by the head of internal audit and is then carried out jointly, with external assistance, by Group Executive Management and the Chairman of the Board. The risk assessment process comprises three phases. In phase 1, the catalogue of risks and the methodological parameters are defined, and structured interviews are held with the individual members of Group Executive Management. This phase also involves some 10 key Valora employees being questioned by internal audit about their assessment of the risk situation. In phase 2, the results of these interviews are discussed with Group Executive Management, the key risks are identified and measures for addressing them are defined, with responsibility for their execution being assigned to specific members of Group Executive Management. The implementation status of measures decided upon the previous year is also reviewed. The final phase involves documenting the key findings and potential consequences of each of the key risks identified, as well as the measures adopted to address them, in a risk report which is submitted to the Board of Directors for approval.

3.7.2 INTERNAL AUDIT

Internal audit supports the Board of Directors, the Audit Committee and Group Executive Management in carrying out their oversight and controlling duties. The internal audit function's activities encompass the entire Valora Group and all its subsidiaries in Switzerland and abroad. Internal audit provides independent, objective audit and advisory services which are designed to generate added value and to improve business processes. The internal audit function supports the Valora Group in achieving its objectives by applying a systematic and targeted approach to evaluating the effectiveness and efficiency of risk management, internal controls, management processes and monitoring processes and by helping to improve them.

Internal audit is independent. It assumes no management responsibilities and makes no management decisions. On all audit matters it reports directly to the Audit Committee. Administratively, it reports to the Chief Financial Officer of the Valora Group.

Every year, internal audit develops a risk-based audit plan which it submits to the Audit Committee as a basis for determining the key areas of audit examination for the year. The annual audit plan is coordinated with the external auditors. It is adopted by the Audit Committee and communicated to Group Executive Management. In addition, the Chairman of the Board, the Audit Committee or its Chairman can instruct internal audit to carry out special assignments. Internal audit reports its planned audit activities to the Audit Committee and also prepares an annual report documenting its activities during the year.

Internal audit prepares a written report at the end of each audit and each assignment. In addition to its own audit findings and recommendations, these reports also contain a statement from management, which lists the measures planned and states the time which will be required for their implementation. Implementation of these measures is then verified by internal audit in a timely fashion. The Chairman of the Board, the members of the Audit Committee, the CEO, the CFO and the external auditors each receive a copy of these reports. Internal audit carried out 10 audits during 2015.

4 GROUP EXECUTIVE MANAGEMENT

4.1 MEMBERS OF GROUP EXECUTIVE MANAGEMENT

The CEO is responsible for managing the Group. He coordinates the activities of the individual divisions and chairs the Group Executive Management committee. The other members of Group Executive Management report to the CEO. The division heads run their divisions with a view to achieving sustainably profitable performance. They define the specific management tools their divisions require in addition to the Group-wide guidelines which are in place.

Michael Mueller, 1972, Swiss citizen
Master's degree in Law (lic. iur. HSG) from the Universities of St. Gallen and Lausanne.
Previous activities: CFO of Valora Holding AG, Managing Director of Rubus Capital Management AG, CEO, Board Delegate and Member of the Board of Directors of Jelmoli Holding AG, CEO of GVO Asset Management AG, merger and acquisitions advisor at Goldman Sachs, management consultant at Bain & Company advising on strategic transformation and restructuring programmes. CEO of Valora since March 1, 2014.

Tobias Knechtle, 1972, Swiss citizen,
Master's degree in Economics (lic. rer. pol.) from the University of Berne.
Previous activities: Senior Vice President, Finance at Kudelski Group, Principal and Managing Director at Cinven Private Equity, various consultancy positions at The Boston Consulting Group, Corporate Internal Auditor at Nestlé Group. CFO of Valora since March 1, 2014.

Thomas Eisele, 1974, Swiss citizen
Master's degree in Economics (lic. rer. pol.) from the University of Basel.
Previous activities: Managing Director Ditsch & Brezelkönig / Head of Business Development / M & A at Valora Group, Assistant Executive Chairman of Valora Holding AG, Assistant Executive Chairman of Manor Group, CFO / COO itheca Group, management consultant at MCS.
Head of Ditsch/Brezelkönig division since April 1, 2014.

Group Executive Management changes.
Andreas Berger left the Valora Group on June 30, 2015. Until that date, he had managed the Valora Retail division.

Following completion of the sale of the Valora Trade division, Alex Minder left the Valora Group on December 31, 2015.

4.2 FURTHER SIGNIFICANT ACTIVITIES AND VESTED INTERESTS

No member of Group Executive Management currently engages in any other activities in the management or supervisory boards of any listed companies in Switzerland or elsewhere. With the exception of the duties listed below, no member of Group Executive Management engages in any ongoing management or consultancy activities for companies outside the Valora Group, nor does any such member hold any public or political office.

Tobias Knechtle a member of the supervisory board of SwissHoldings, whose registered offices are in Berne. He is also a member of the supervisory boards and investment committees of the Valora pension fund and the Valora employer's foundation, both with registered offices in Muttenz.

4.3 ARTICLES OF INCORPORATION PROVISIONS ON THE NUMBER OF PERMISSIBLE ACTIVITIES

As required by Article 12, paragraph 1, section 1 of the Ordinance against Excessive Compensation, the Articles of Incorporation of Valora Holding AG state that members of Group Executive Management may not simultaneously hold more than four mandates on the highest management or supervisory bodies of legal entities outside the Valora Group which are required to be registered in the Swiss commercial register or a similar register in another country. No more than one such mandate may be carried out for an exchange-listed legal entity.

Mandates within the same corporate group and mandates closely linked to the same group (such as pension funds, joint ventures and significant participations) are considered as one mandate. All mandates require prior approval by the Board of Directors.

4.4 MANAGEMENT CONTRACTS

There are no management contracts between Valora Holding AG and any companies or individuals outside the Valora Group.

5 REMUNERATION, SHARE HOLDINGS AND LOANS

Full details of all remuneration, share holdings and loans (content of remuneration and share programmes, process for determining remuneration under those programmes, general remuneration components (and their weightings) for members of the Board of Directors and Group Executive Management) are set out in the separate remuneration report on pages 67 to 81, in Notes 36 "Transactions and balances outstanding with related parties" to the consolidated financial statements of the Valora Group (page 157 and 158) and in Note 3.4 "Shareholdings" to the financial statements of Valora Holding AG (page 172 and 173).

6 SHAREHOLDERS' PARTICIPATION RIGHTS

6.1 VOTING RIGHT AND REPRESENTATION RESTRICTIONS

Each share entitles its holder to one vote at the General Meeting. Voting is limited to those individuals who are entered as shareholders with voting rights in the Share Register.

The Board of Directors may refuse acknowledgement and entry in the Share Register as a shareholder with voting rights of any shareholder who fail to confirm expressly, on request, that they have acquired the shares concerned in their own name and for their own account. The Board of Directors may also cancel – with retroactive effect to the date of original entry – the entry in the Share Register as a shareholder with voting rights of any shareholder who, on subsequent inquiry, is found to have had the voting rights concerned registered by making a false declaration, and may have them entered instead as shares without voting rights. Any such cancellation must be communicated immediately to the shareholder concerned.

To enhance the tradability of Valora shares on the stock exchange, the Board of Directors may devise regulations or agreements which approve the fiduciary entry of registered shares with voting rights over and above the limits set out in the Articles of Incorporation for trustees who disclose the nature of their trusteeship (nominees, ADR banks). However, such trustees must be overseen by banking or financial market regulators or must otherwise provide the necessary guarantees that they are acting on behalf of one or several persons who are not linked to each other in any way, and must be able to provide the names, addresses and shareholdings of the beneficial owners of the shares concerned.

A shareholder may be represented at a General Meeting only by their legal representative, by another shareholder attending the General Meeting whose name is entered in the Share Register, by a proxy for deposited shares, by an executive body of the company or by the independent shareholders' representative. The Board of Directors will ensure that shareholders can also send electronic proxy votes and voting instructions to the independent shareholders' representative, who can determine the specific arrangements required for this. Recognition of powers of attorney will be at the discretion of the Board members attending the General Meeting.

6.2 STATUTORY QUORUMS

Unless the law or the Articles of Incorporation require otherwise, the General Meeting passes its resolutions and conducts its elections by a simple majority of the share votes cast, irrespective of the number of shareholders attending or the number of shares represented. Voting abstention and invalid votes are considered as not submitted. In the event of a tied vote, the Chairman of the Board of Directors holds the casting vote.

Under Article 13 of the Articles of Incorporation, the following resolutions require a majority of two thirds of the votes represented and an absolute majority of the nominal value of the votes represented:
- changing the object of the company;
- introducing shares with privileged voting rights;
- limiting or facilitating the transferability of registered shares;
- increases in authorised or conditional capital;
- capital increases from shareholders' equity, against contributions in kind or for acquisition purposes, and the granting of special benefits;
- limiting or suspending subscription rights;
- relocating the company's registered office;
- dissolving the company

6.3 CONVOCATION OF THE GENERAL MEETING

Ordinary or Extraordinary General Meetings are formally called at least 20 days in advance by publication in the "Schweizerisches Handelsamtsblatt" (Swiss Official Gazette of Commerce). The holders of registered shares shown in the Share Register may also be invited by letter. Such publication and letters of invitation must indicate the venue, date and time of the meeting, the items on the agenda and the wording of any motions proposed by the Board of Directors or by shareholders who have requested the convening of a General Meeting or the inclusion of an item on the meeting's agenda.

The notice of an Ordinary General Meeting must also indicate that the Annual Report and the Report of the Auditors will be available for inspection at the company's registered office at least 20 days in advance of the meeting, and that any shareholder will immediately be sent a copy of these documents on request.

No resolution may be passed on any matters that are not announced in the way described above, except on a motion to convene an Extraordinary General Meeting or to conduct a special audit.

The Articles of Incorporation stipulate that the convening of a General Meeting may also be requested by one or more shareholders who together represent at least 10% of the company's share capital.

6.4 ADDITIONAL AGENDA ITEMS

Shareholders who together represent at least 3% of the company's share capital or shares with a total nominal value of at least CHF 1 million may request that an item be place on the agenda of a General Meeting, provided they submit details thereof to the company in writing at least 50 days in advance of the General Meeting concerned.

6.5 REGISTRATIONS IN THE SHARE REGISTER

To attend the 2015 Annual General Meeting, a shareholder must submit their request for registration in the Share Register to the company no later than 4 p.m. on April 5, 2016.

7 CHANGES OF CONTROL AND DEFENCE MEASURES

7.1 DUTY TO MAKE AN OFFER

The company has no "opting out" or "opting up" clauses in its Articles of Incorporation.

7.2 CLAUSES ON CHANGE OF CONTROL

There are no change of control clauses in favour of any members of the Board of Directors, Group Executive Management or other members of management.

8 AUDITORS

The consolidated financial statements and the financial statements of Valora Holding AG and its subsidiaries are audited by Ernst & Young AG. The General Meeting appoints an individual or corporate body that satisfies the relevant legal requirements to act as Statutory Auditors, with the rights and obligations prescribed by the law. The Statutory Auditors are elected for a one-year term of office.

8.1 DURATION OF THE MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR

The audit mandate was first entrusted to Ernst & Young AG at the 2009 General Meeting. Ernst & Young AG were appointed as auditors for a further year from 2010 until 2015 General Meeting. The lead auditor, Martin Gröli, first took on the mandate in 2009. Regulations on auditor rotation limit the terms which may be served by the same lead auditor to a maximum of seven years.

8.2 AUDIT FEES

The total cost to Valora Holding AG and its subsidiaries of the auditing conducted by Ernst & Young AG in 2015 in respect of the consolidated financial statements, the financial statements of Valora Holding AG and of its subsidiaries was CHF 1.0 million (CHF 1.3 million in 2014).

8.3 ADDITIONAL FEES

In addition, Ernst & Young AG invoiced the Valora Group for a further CHF 0.1 million (CHF 0.1 million in 2014) for tax advisory services.

8.4 INFORMATION INSTRUMENTS AVAILABLE TO THE EXTERNAL AND INTERNAL AUDITORS

The Board of Directors' Audit Committee defines the audit mandates of the statutory auditors and has the responsibility of ensuring appropriate controls are carried out.

Internal auditing was carried out by an external audit company in 2015. Both internal and external auditors attended all Audit Committee meetings. The Audit Committee meetings at which the interim and full-year financial results are reviewed are always attended by all members of the Board of Directors. Assessment of the external auditors takes account of a number of criteria, principal among which are deadline discipline, reporting quality, provision of additional information, availability of designated contacts and cost effectiveness. The external auditors submit to the Audit Committee both their report on the financial statements for the year just completed as well as their audit plan for the current financial year. The internal auditors submit their audit plan for the current year to the Audit Committee and also provide it with a separate report on each audit they carry out.

9 INFORMATION POLICY

Valora Holding AG meets all legal requirements and strives to meet best practice standards. Valora Holding AG uses all appropriate communication channels to maintain contact with the financial community and the general public. The firm reports on important news items concerning it on an ad hoc basis. In addition, the Valora website provides comprehensive information on a range of topics, as well as publishing details of all matters whose disclosure is required by law.

The Investor Relations unit is responsible for managing all contacts with investors and financial analysts. Regular conferences covering important company topics are held for the media, institutional investors and analysts. Shareholders and other interested parties may dial into these events by telephone or log on via the Valora Holding AG website.

Valora Holding AG is committed to treating all interested parties equally. The Group ensures that information is not disclosed selectively by adhering to the relevant directives on ad hoc publicity and on blackout periods ahead of the publication of interim and full-year results. These blackout periods commence on dates before the official publication of results which are set in advance and end when the results are published. No meetings with financial analysts or investors take place during the blackout periods.

Every spring, the company holds a results press conference for the media and financial analysts. The invitation to the General Meeting sent to all shareholders includes a summary of the key figures in the full-year financial statements.

At August of each year, the company publishes consolidated interim results for the first six months of the year and sends these to all shareholders entered in the Share Register (these results are unaudited).

The Investors section of the Valora website displays a variety of information, including the corporate governance report, the company’s Articles of Incorporation, a calendar of events, information on the General Meeting and on Valora shares as well as other key metrics. Ad hoc news and reports on potentially price-sensitive matters can be obtained rapidly and free of charge by e-mail by registering on the Valora e-mail distribution list (http://www.valora.com/en/investors).

Ongoing sources of information:
- The www.valora.com company website
- Group interim and annual reports
- Media releases

Media relations: *Stefania Misteli*
Investor relations: *Mladen Tomic*

Remuneration report

REMUNERATION POLICY

1 INTRODUCTION

The Valora Holding AG Remuneration Report has been prepared in accordance with the disclosure requirements set out in the Ordinance against Excessive Compensation (hereinafter "the Ordinance") and with the SIX Guidelines on Corporate Governance.

As required by the modified Articles of Incorporation which came into effect on May 7, 2014, the 2015 Remuneration Report will be submitted to the Ordinary General Meeting for approval in a consultative vote. The 2014 Remuneration Report was approved at the Ordinary General Meeting held on April 22, 2015. Starting in 2015, and in each year thereafter, the Ordinary General Meeting will have a binding vote on the maximum amount of fixed remuneration paid to the members of the Board of Directors for their term of office until the next Ordinary General Meeting and on the maximum amount of fixed and variable remuneration paid to the members of Group Executive Management for the following financial year.

Details of the General Meeting's vote on remuneration and the Remuneration Report are set out in Article 27 of the Articles of Incorporation and can be accessed via this link:
http://www.valora.com/media/group/documents/en/documents/2014/20140507_statuten_valora_en.pdf

2 COMPENSATION GOVERNANCE

The Nomination and Compensation Committee (hereinafter "the NCC") is a permanent Committee of the Board of Directors (hereinafter "the Board") of Valora Holding AG. It deals with those matters relating to the financial remuneration of members of the Board, the CEO and Group Executive Management and to personnel planning at the Board and Group Executive Management level which have been assigned to it by law, the Articles of Incorporation and current regulations. The NCC comprises at least three members of the Board who have no management duties in the company and have no material conflicts of interest which would prevent them from exercising their duties with the requisite independence. The members of the NCC are elected by the Ordinary General Meeting for a one-year term of office, ending at the next Ordinary General Meeting. Members of the NCC may be re-elected by the General Meeting. The Board appoints one of the members of the NCC as its Chairman. In 2014, the NCC comprised Franz Julen (Chairman), Markus Fiechter and Ernst Peter Ditsch.

In accordance with the requirements placed on it by the law and the Articles of Incorporation, the NCC primarily carries out the following duties to prepare the decision-making process by the Board of Directors and the decisions it ultimately makes:

a) To support the Board in determining and assessing the remuneration strategy and guidelines.
b) To support the Board in determining and assessing the qualitative and quantitative criteria applied to remuneration.
c) To support the Board in the preparation of recommendations to the General Meeting of shareholders regarding the remuneration of the Board and of Group Executive Management.
d) To formulate and submit recommendations to the Board regarding the remuneration of the Board Chairman and the other Board members.
e) To submit proposals to the Board regarding the remuneration and other terms of employment (employment contracts) of the CEO and the other members of Group Executive Management.
f) To assess and determine the extent to which the qualitative and quantitative performance criteria set by the Board for determining the variable short-term and long-term remuneration to Group Executive Management have been met.
g) To assess general annual salary increases proposed by the CEO and to make recommendations on these to the Board.
h) To assess share, share-option and profit-sharing programmes for the Board, Group Executive Management, managers and employees and to make recommendations on these to the Board.

i) To monitor compliance with the remuneration principles set out in the law, the Articles of Incorporation and company regulations and with the resolutions on remuneration approved by the General Meeting of shareholders.
j) To submit an appraisal of the remuneration report to the Board and to submit recommendations regarding the report to the Board.
k) To prepare proposals for new candidate Board members for submission to the Board.
l) To prepare proposals for submission to the Board on the appointment or dismissal of the CEO and other Group level executives (CFO, members of Group Executive Management).
m) To remain informed of and monitor succession planning for the top two tiers of management.
n) To discuss the performance appraisals of the CEO and the other members of Group Executive Management.
o) To monitor the implementation of Board decisions within the scope of the Nomination and Compensation Committee's remit.
p) To carry out other tasks and projects as instructed by the Board of Directors

The duties carried out by the NCC regarding the Board of Directors' remuneration guidelines and the financial remuneration paid to the Board are of a preparatory nature.

The NCC meets as often as business requires, but at least three times each year. Meetings are called by the NCC Chairman or at the request of an NCC member. In special cases, they may also be called by Board resolution. In 2015, the NCC held five meetings and conducted four conference calls. NCC meetings are generally attended, in an advisory capacity and without voting rights, by the CEO and the CFO and by the Board Secretary, who also takes minutes of the meetings. The CEO and CFO are not present when their own performance is being assessed and their remuneration is being discussed. During the meetings, each Board member refrains from voting on decisions on his own remuneration.

Minutes of the meetings are taken. At Board meetings, the NCC Chairman reports on the activities of the NCC and informs the Board of the NCC's views and recommendations on substantive matters requiring a Board decision. Every Board member receives a copy of the minutes of NCC meetings.

Subject to the binding authority vested in the General Meeting of Shareholders, the aggregate remuneration awarded to each individual member of the Board of Directors and of Group Executive Management is determined each year by the entire Board of Directors.

3 REMUNERATION PRINCIPLES

Valora pays overall remuneration which is commensurate with performance. The remuneration system is designed in a way which ensures that the interests of management coincide with the interests of the Valora Group and its shareholders.

The amount of the fixed remuneration determined by the Board for members of Group Executive Management is based on the market value of the position concerned, its responsibilities and the effective scope of the activities it requires. The remuneration system is not linked to external benchmarks, nor is it based on a uniform job-evaluation process. The overall remuneration paid to members of Group Executive Management comprises a fixed salary, a variable Short Term Bonus and a share-based Long Term Plan. Like other Valora employees, members of Group Executive Management are covered by the Valora pension fund.

Board members receive a fixed fee. The Board members chairing the two Board committees (the Audit Committee and the Nomination and Compensation Committee) receive additional remuneration. No pension-fund contributions are paid for members of the Board.

Article 27 (4) of the Articles of Incorporation states that where new members of Group Executive Management are appointed subsequently to the General Meeting granting approval of the remuneration for members of Group Executive Management, the additional amount available for each new member of Group Executive Management shall be 120% of the highest remuneration paid to a member of Group Executive Management in the financial year preceding the last Ordinary General Meeting. The approval of the General Meeting for this additional remuner-

ation is not required. The rules in the Articles of Incorporation governing these additional amounts can be accessed via this link:
http://www.valora.com/media/group/documents/en/documents/2014/20140507_statuten_valora_en.pdf

Details of the specific remuneration paid to members of the Board and Group Executive Management are disclosed in sections 8.2 and 6.5.

4 BOARD MANDATES AND EMPLOYMENT CONTRACTS

Valora's Board mandates and Group Executive Management employment contracts comply with the requirements of the Ordinance. The contracts with the members of the Board of Directors, on which the remuneration paid to the members concerned is based, and the employment contracts with the members of Group Executive Management can be established for either fixed or indefinite terms. The maximum duration of the fixed-term contracts is one year. While fixed-term contracts can be renewed, in the case of a Board member this requires the member to have been re-elected by the General Meeting. The maximum notice period applicable to indefinite contracts is one year. The employment contracts with the members of Group Executive Management have a notice period of 12 months, during which non-compete stipulations apply. No severance pay is granted. The provisions governing these arrangements are set out in Article 19 of the Articles of Incorporation, which can be accessed via this link:
http://www.valora.com/media/group/documents/en/documents/2014/20140507_statuten_valora_en.pdf

Thomas Eisele has two employment contracts. One is with Valora Management AG and relates to his duties as a member of Group Executive Management and as Managing Director of Brezelkönig AG, Emmen. A second contract relates to the "operational management of the Brezelbäckerei Ditsch GmbH, Mainz" (BBD) and has been directly concluded between Thomas Eisele and BBD. Thomas Eisele remains fully insured by the Valora pension fund under Swiss occupational-pensions legislation. His insured salary comprises the remuneration he receives from his employment contract with BBD and his employment contract with Valora Management AG.

5 CHANGES IN 2015

In the case of Group Executive Management, the Board of Directors decided to phase out the previous Long Term Plan (LTP) on October 31, 2015 and to replace it with a new share-based management remuneration plan, the Share Participation Program (SPP). All allocations to participants in the LTP were terminated on October 31, 2015 and the shares already allocated were repurchased.

Details of the new remuneration model are set out in section 6 below.

REMUNERATION STRUCTURE

6 GROUP EXECUTIVE MANAGEMENT REMUNERATION STRUCTURE IN 2015

The remuneration paid to members of Group Executive Management in 2015 comprises a fixed base remuneration element, a variable Short Term Bonus and a share-based management remuneration plan, the Share Participation Program (SPP). The Long Term Plan (LTP) was terminated on October 31, 2015.

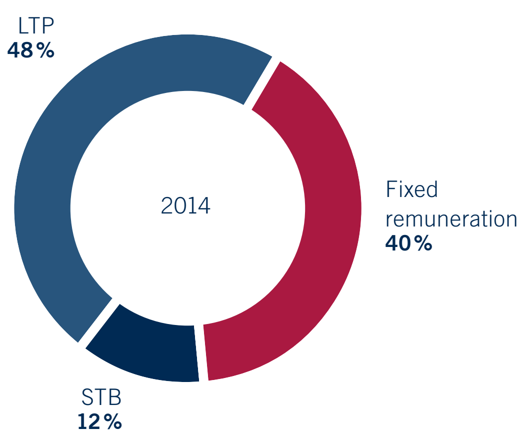
The fixed base remuneration comprises a fixed salary, a car allowance or company car (which can also be used privately) and the employer's social-security and pension-fund contributions required by law. The individual fixed salary is based on the area of responsibility of each member of the Group Executive Management. Like other Valora employees, members of Group Executive Management participate in the Valora pension fund plan.

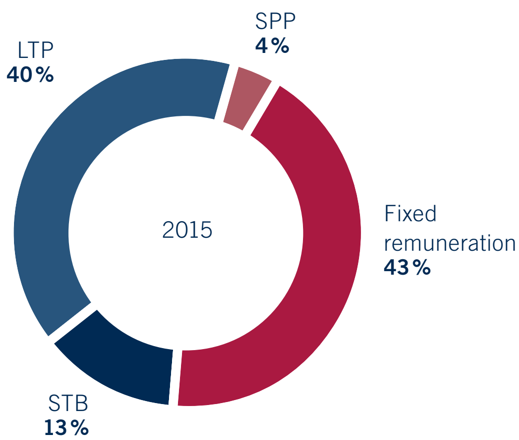
The variable remuneration comprises a Short Term Bonus (STB). The Articles of Incorporation state that variable remuneration shall not exceed 200% of fixed base remuneration at the time it is granted and that it shall be determined in accordance with performance criteria set by the Board. The previous Long Term Plan (LTP) was terminated on October 31, 2015 and replaced by the Share Participation Program (SPP).

The provisions governing these arrangements are set out in Article 25 of the Articles of Incorporation, which can be accessed via this link:
http://www.valora.com/media/group/documents/en/documents/2014/20140507_statuten_valora_en.pdf

The composition of the overall remuneration paid to the Group Executive Management (incl. CEO) as a whole in 2015 is set out below. Under this system, a 100% achievement of all performance targets results in variable remuneration equal to 35% of fixed remuneration for the CEO and an average variable remuneration equal to 29% of fixed remuneration for the other members of Group Executive Management.

GROUP EXECUTIVE MANAGEMENT REMUNERATION





No fees were paid to external advisors for developing the remuneration system.

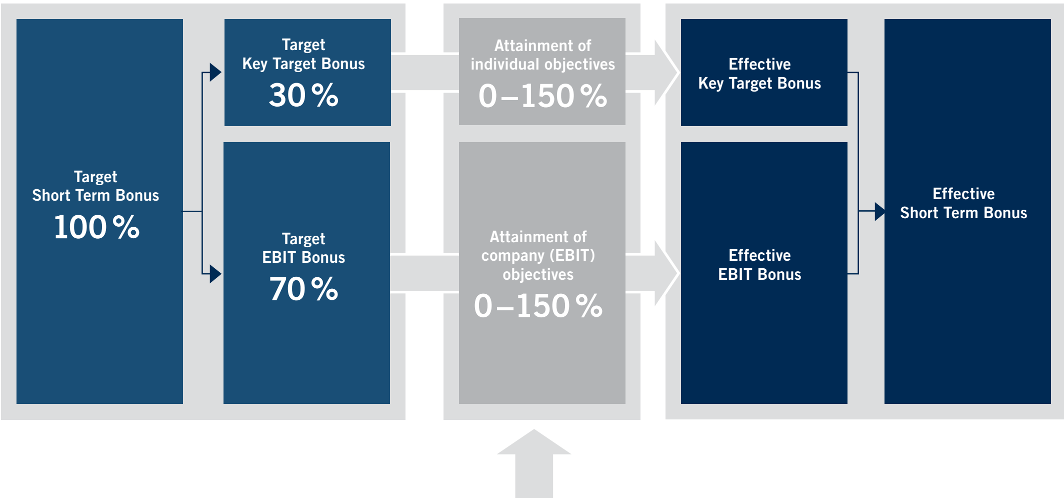
6.1 SHORT TERM BONUS (STB)

The Short Term Bonus (STB) provides members of Group Executive Management with a remuneration component which reflects Valora's short-term performance and the achievement of their own individual performance goals. In determining the STB, Valora's financial performance (as measured by its earnings before interest and taxes, or EBIT) has a weighting of 70%, while the achievement of individual performance objectives has a weighting of 30%.

EBIT is used to measure the Group's financial performance. The target EBIT is fixed in each year's budget, with actual EBIT performance being reported monthly. Actual EBIT performance is calculated by dividing actual EBIT by target EBIT. The target EBIT is determined and approved by the Board. Actual EBIT performance for a completed bonus-measurement year is calculated by Corporate Group Controlling and submitted to the NCC for approval. For this purpose, actual EBIT performance can range between a minimum of 0% and a maximum of 150%. For the CEO and CFO, actual EBIT performance is based on the EBIT of the Valora Group. For the other members of Group Executive Management, the EBIT of the unit for which they are responsible is taken into account subject to the 0–150% range defined above. In special cases, the NCC has the option of deviating from this procedure and instituting a special solution, such as determining a target bonus which is independent of the EBIT of the unit concerned and its defined 0–150% range. When EBIT targets are 100% met, they will account for 70% of the overall target STB bonus. In 2015, actual EBIT performance was equivalent to 150% of the EBIT target for the CEO and 88%, on average, for the other members of Group Executive Management. The extent to which individual members of Group Executive Management reached their EBIT targets varied due to the differing EBIT performance of the various units concerned.

Performance is measured on the basis of annual personal objectives, which the individual participants are expected to meet during the relevant bonus-measurement year. Each year, these are defined and weighted at the sole discretion of the NCC, which also determines the extent to which each member of Group Executive Management has met his individual goals, based on a minimum of 0% and a maximum of 150%. When an individual's personal objectives have been 100% met, they will account for 30% of the overall target STB bonus. In 2015, the extent to which these individual personal objectives were met was 125% in the case of the CEO and 109%, on average, for the other members of Group Executive Management.

In determining the effective Short Term Bonus, achievement of the EBIT target has a weighting of 70 % and achievement of Key Targets has a weighting of 30 %, as shown in the diagram below:



KEY TARGETS	
Attainment rate per Key Target	Effective attainment of objectives
< 50 %	0 %
50 – 99 %	50 %
100 – 149 %	100 %
> 150 %	150 %

+

EBIT	
Attainment rate	Effective attainment of objectives [1]
< 85 %	0 %
85 – 90 %	50 %
90 – 95 %	75 %
> 95 – 150 %	Linear, max. 150 %

[1] From 2016 onwards, the effective attainment rate for EBIT targets will be calculated on a linear basis starting at 50 % (for an attainment rate of 85 %, as before).

Depending on the extent to which defined objectives are achieved, the effective STB can vary between a minimum of 0 % and a maximum of 52 % of fixed salary. Based on 100 % effective achievement of all performance objectives, the Short Term Bonus would, on average, be equal to 31 % of the fixed salary paid to members of Group Executive Management. In 2015, the Short Term Bonus paid to the CEO was 49 % of fixed salary and 29 % on average for the remaining members of Group Executive Management.

The effective Short Term Bonus is paid cash in April of the year following the bonus-measurement year, once the Group results, division results and the results of the country units are available and the NCC has approved the bonus payments.

New members of Group Executive Management who take up their posts during a bonus-measurement year can receive a pro rata Short Term Bonus payment provided that they have an indefinite employment contract which has not been terminated and have achieved appropriate performance.

6.2 LONG TERM PLAN (LTP)

In the case of Group Executive Management, the Board has decided to phase out the previous LTP for all participants on October 31, 2015.

6.3 LONG TERM PLAN FOR DITSCH/BREZELKÖNIG DIVISION

The Ditsch/Brezelkönig Long Term Plan was prematurely terminated on October 31, 2015, thus coinciding with the termination of the Group LTP. By virtue of his Group Executive Management function, Thomas Eisele is a participant in the Share Participation Program (SPP). A pro rata payment was made to Thomas Eisele in respect of the Ditsch/Brezelkönig LTP.

6.4 SHARE PARTICIPATION PROGRAM (SPP)

A new share-based management incentive plan, the Share Participation Program (SPP), came into effect on November 1, 2015.

Under the SPP, participants receive part of their contractual remuneration in the form of Valora Holding AG shares. Accordingly, they are not required to make any payment, in cash or other assets, for the shares thus allocated to them. While SPP participants are granted all the ownership rights associated with these shares, they are subject to certain restrictions during a specified lock-up period.

50 % of the shares allocated to SPP participants as part of their remuneration in each calendar year are granted on March 31 of that year, with the remaining 50 % being granted on September 30.

The Swiss franc value of the shares to be granted to the individual participants is specified in their employment contracts. The number of shares ultimately allocated is determined on the basis of the volume-weighted average trading price of the shares during a specified reference period (the reference-period ØVWAP) minus a discount of 16.038 %, to compensate for the three-year-lock-up period. The reference period comprises the 10 consecutive trading days ending on March 31 of the year in which the allocations are made. Where necessary, the resulting number of shares is rounded up to the next whole share.

$$\text{Number of shares} = \frac{\text{Value in CHF}}{0.83962 \times \text{reference-period ØVWAP}}$$

Participants joining the SPP during a calendar year receive a pro rata allocation for that year based on the duration of their participation in that year.

Participants leaving Valora during a calendar year generally receive a pro rata share grant corresponding to the duration of their employment during that year. This means that participants leaving Valora in a given year will either receive a pro rata allocation or have a pro rata portion of their allocated shares clawed back (in cases where too many shares have been allocated).

An exception to this rule applies in cases where a participant’s employment is terminated for cause under the terms of Article 337 of the Swiss Code of Obligations by Valora. In such cases, the shares granted during the year in which the participant left Valora – whether as a result of immediate or regular termination or as a consequence of his employment contract being rescinded – revert to Valora. The participant is thus required to return these shares to Valora free of charge. Any shares not yet granted during that year are withheld.

Shares allocated under the SPP are subject to a lock-period of three years from the grant date. During this time, participants are prohibited from selling, pledging or otherwise transferring the shares. Both before and during the lock-up period, participants are also prohibited from hedging the price risk on the shares, be it by buying put options, writing call options or by other means. During the lock-up period, the shares are lodged in a custody account maintained in the name, and for the account, of the participant, in whose name the shares are also recorded in the company share register. At the end of the lock-up period the shares become freely available to the participants and are no longer subject to any selling restrictions.

When a participant's employment with Valora ends, the NCC has full discretion to curtail or waive the lock-up period. In such cases, participants are generally entitled to have the duration of any remaining lock-up periods reduced to one year.

In the event of a change of control (including the announcement of a public purchase offer), a delisting of the shares or any similar such occurrence, any lock-up periods still in force at that time will be lifted immediately.

The Share Participation Program is administered by the NCC. All allocations and grants of shares under the SPP are made by the NCC. The value of any shares granted under the NCC must be within the maximum remuneration ceilings approved by the Ordinary General Meeting of Shareholders.

6.5 REMUNERATION IN 2015

Table 1
Group Executive Management 2015

In CHF thousand	Fixed base salary	Short Term Bonus (STB) [1]	Long Term Plan (LTP) [2]	Share Participation Program (SPP) [3]	Other fixed remuneration [4]	Total 2015
Michael Mueller CEO and highest-paid member of Group Executive Management	796.7	408.5	239.5	128.4	229.8	1 802.9
Total Group Executive Management remuneration [5]	**2 334.4**	**880.3**	**1 566.2**	**213.0**	**985.5**	**5 979.4**

[1] These figures represent the effective costs for the bonuses granted in respect of 2015, which will be paid in April 2016.
[2] The LTP for Group Executive Management was closed on October 31, 2015. The LTP remuneration shown here comprises the interest costs of financing the plan and the costs of the one-off tax settlement arising from its termination.
[3] The SPP for Group Executive Management came into force on November 1, 2015. Participants were allocated pro rata share grants for November and December. These shares are subject to a lock-up period of three years. These grants are reported here at the taxable value of the shares concerned.
[4] Other fixed remuneration comprises payments the employer is required to make by law, a contractually agreed car allowance or company car and other individual contractually agreed benefits.
[5] Inclusive former members of Group Executive Management.

Table 2
Group Executive Management 2014

In CHF thousand	Fixed base salary	Short Term Bonus (STB) 1)	Long Term Plan (LTP) 2)	Other fixed remuneration 3)	Total 2014
Michael Mueller 4) CEO and highest-paid member of Group Executive Management (since March 2014)	750.0	178.8	72.3	170.0	1 171.1
Total Group Executive Management remuneration	**2 577.3**	**960.0**	**766.7**	**768.1**	**5 072.1**

1) These figures represent the effective costs for the bonuses granted in respect of 2014, which were paid in April 2015.
2) The total number of shares covered by the LTP is 68212. The costs of the LTP comprise interest costs for financing the share plan and the difference between the market price paid for purchasing the shares on the allocation date and the average closing price of the shares over the last twenty trading days preceding commencement of the LTP.
3) Other fixed remuneration comprises payments the employer is required to make by law, a contractually agreed car allowance or company car and other individual contractually agreed benefits.
4) For 2014, Michael Mueller received the following pro rata STB award:
- For 2 months of 2014 (January, February) STB based on his previous employment contract (as CFO)
- For 10 months of 2014 (March–December) STB based on his new employment contract (as CEO)
In addition, Michael Mueller was granted the right, in addition to the 12000 shares he had already been granted as CFO, to purchase a further 12000 shares of Valora Holding AG under the terms of the 2011 LTP at the average price over the twenty trading days preceding the date of this new grant. The grant date for the additional shares was determined to be October 16, 2013. The lock-up period for the additional shares will run from October 16, 2013 till October 31, 2015. A pro rata waiting period till February 28, 2014 applied.

The total remuneration paid to members of Group Executive Management in 2015 was some CHF 1050 thousand higher than in 2014. This increase is due to the one-off tax settlement awarded to LTP participants in connection with the discontinuation of that plan. This settlement was activated by a guarantee under which a compensatory monetary benefit was awarded to the LTP participants.

The aggregate maximum remuneration payable to members of Group Executive Management in respect of 2016 was fixed at CHF 7.4 million by the Ordinary General Meeting of Shareholders held in 2015.

7 REMUNERATION STRUCTURE FOR GROUP EXECUTIVE MANAGEMENT FROM 2016

During 2015, a new Group Executive Management remuneration concept was formulated which came into effect on November 1, 2015. As before, the overall remuneration paid to members of Group Executive Management comprises three elements – a fixed base salary, a Short Term Bonus (STB), payable in cash or shares, and a share-based Share Participation Program (SPP).

The fixed base salary paid to the CEO represents 55% of his aggregate remuneration. That paid to the other members of Group Executive Management amounts to 60–65% of their respective aggregate remuneration.

The Short Term Bonus (STB) for the CEO amounts to 10% of aggregate remuneration, versus 10–15% for the other members of Group Executive Management. As before, these bonuses are dependent on the attainment of a combination of qualitative and quantitative objectives, the latter being based on financial metrics, which Valora plans to define as profit targets, such as EBIT or EBITDA. Individual performance is measured against a set of defined personal objectives, which the relevant member of Group Executive Management is expected to attain during the bonus-measurement year. The definition and weighting of these objectives is at the sole discretion of the NCC, which also assesses the extent to which the objectives have been reached. This process is carried out for each member of Group Executive Management individually.

Under the terms of their employment contract, individual members of Group Executive Management can choose, once only, whether they wish to receive their Short Term Bonus entirely in cash, or (partially or entirely) in blocked shares. The shares are allocated on March 31 of the year following the bonus-measurement year (i.e. the financial year in respect of which the bonus is awarded) and lodged in a custody account in the name, and for the account, of the plan participant, in whose name the shares are also recorded in the company share register. The STB bonuses awarded to the CEO and CFO are entirely in the form of blocked shares, those awarded to other members of Group Executive Management are paid in cash.

The amount of each STB bonus award is determined by the NCC in accordance with the Short Term Bonus Plan rules. Where an STB award is made in the form of shares, the number of shares is determined by the same process as used for the SPP. Where a participant leaves during a calendar year, any STB award is paid entirely in cash.

The NCC has formal responsibility for defining, granting and allocating shares under the Short Term Bonus Plan. Section 6.1 above provides further details of the STB regulations.

The Share Participation Program (SPP) amounts to 35% of the aggregate remuneration paid to the CEO, versus 20 – 30% for the other members of Group Executive Management. All SPP awards are made entirely in the form of blocked shares, which are subject to a lock-up period of three years. Within the above parameters, each member of Group Executive Management receives an SPP award with a defined monetary value in Swiss francs. In defining this remuneration structure, the NCC based its calculations on a projected total shareholder return (TSR) of 8% per annum. Section 6.4 provides further details of the SPP regulations.

8 REMUNERATION STRUCTURE FOR THE BOARD OF DIRECTORS IN 2015

Members of the Board of Directors receive a fixed fee based on their Board function (Chairman, Vice-Chairman, Board member). Since the remuneration was modified with effect from May 8, 2014, 80% of this fee is paid cash and 20% in shares. The Board members chairing the two Board committees (the Audit Committee and the Nomination and Compensation Committee) receive additional remuneration. Apart from the social-security contributions required by law, no other welfare benefits are paid. This practice complies with the new remuneration model whose regulations came into effect on May 8, 2014.

Fees are paid each quarter, with the fees paid in the quarter following the General Meeting being largely in the form of shares, since the entire 20% share portion is paid in that quarter. Furthermore, since the 2014 General Meeting of shareholders, Board members no longer participate in the Long Term Plan.

8.1 REGULATIONS GOVERNING THE PORTION OF FEES PAID IN SHARES

Under the remuneration regulations for the Board of Directors, as a rule 20% of the overall remuneration paid to individual Board members is in the form of blocked registered shares. Where appropriate, the Board may decide to increase or decrease the proportion of overall remuneration Board members receive as blocked shares. The shares are subject to a general lock-up period of three years. The date on which the lock-up period begins is not affected by any transfer of shares which may subsequently occur at the General Meeting which marks the beginning of the term of office for which the remuneration is awarded. During the lock-up period, the shares remain in a Valora custody account. During this time, Board members are not permitted to sell, pledge or otherwise transfer their shares. Once the lock-up period has ended, Board members have free access to their shares.

The proportion of the fees paid in the form of shares is calculated on the basis of the volume-weighted average price (VWAP) of Valora shares during a period of twenty trading days beginning on the trading day following the Ordinary General Meeting. This figure is then reduced by 20%, to compensate for the lock-up period.

The number of shares paid to each Board member is then determined by dividing 20% of the Board member's overall remuneration for the relevant term of office by the figure described in the paragraph above.

$$\text{Number of shares} = \frac{\text{Overall remuneration (CHF)}}{5} \Big/ \frac{\text{VWAP (CHF) x 4}}{5}$$

Based on the requirements of the law, the Articles of Incorporation and Valora Holding AG's organisational regulations, the Board then decides how and on what terms the required shares will be acquired.

If a member of the Board of Directors of Valora Holding AG retires, does not stand for re-election or is not re-elected despite having stood for re-election, any lock-up period of more than one year's duration then applicable are generally reduced to one year. This remaining one-year period will begin on the last day of the Board member's last term of office. If a Board member leaves the Board as a result of death, invalidity or comparable circumstances, any lock-up period then in force will come to an end immediately.

In the event of a change of control, of Valora shares being delisted or of any similar occurrence, any lock-up period then in force will be lifted immediately.

In 2014, an allocation amounting to 20% of overall remuneration was granted to all Board members in the quarter following the General Meeting.

8.2 REMUNERATION IN 2015

Table 3
Board of Directors 2015

In CHF thousand	Fixed fee (cash)	Committee fee	Portion paid in blocked shares [1]	Consultancy fee	Other remuneration [2]	Total 2015
Rolando Benedick Chairman	397.0	15.0	114.3	–	65.8	592.1
Markus Fiechter Vice-Chairman	157.0	15.0	47.9	–	31.1	251.0
Bernhard Heusler Board member	109.0	15.0	34.5	–	5.1	163.6
Franz Julen Chairman of Nomination and Compensation Committee	106.0	30.0	37.8	–	24.9	198.7
Ernst Peter Ditsch [3] Board member	–	–	–	178.3	–	178.3
Cornelia Ritz Bossicard Chairwoman of Audit Committee	106.0	30.0	37.8	–	25.1	198.9
Total remuneration paid to Board of Directors	**875.0**	**105.0**	**272.3**	**178.3**	**152.0**	**1 582.6**

[1] The members of the Board of Directors received 20% of their aggregate remuneration in blocked shares. These shares are subject to a 3-year lock-up period. The amounts shown here are based on the taxable value of the shares.
[2] These amounts include employer contributions required by law.
[3] Under the terms of a non-competition agreement, Ernst Peter Ditsch received a total of EUR 200 thousand, payable in monthly instalments during a period commencing on November 1 2014 and ending no later than October 31, 2015. He waived his Board Director's fee in 2015.

Table 4
Board of Directors 2014

In CHF thousand	Fixed fee (cash)	Committee fee	Long Term Plan (LTP) [1]	Portion paid in blocked shares [2]	Consultancy fee	Other remuneration [3]	Total 2014
Rolando Benedick [4] Chairman	276.5	11.3	445.6	113.6		99.1	946.1
Markus Fiechter Vice-Chairman	164.5	11.3	158.3	47.4		31.9	413.4
Bernhard Heusler Board member	101.5	11.3	108.8	34.3		21.5	277.4
Franz Julen Chairman of Nomination and Compensation Committee	101.0	22.5	118.7	37.7		23.4	303.3
Ernst Peter Ditsch [5] Board member					448.5		448.5
Cornelia Ritz Bossicard Chairwoman of Audit Committee (since May 2014)	71.0	22.5		37.7		18.6	149.8
Total remuneration paid to Board members in office on 31.12.2014	**714.5**	**78.9**	**831.4**	**270.7**	**448.5**	**194.5**	**2 538.5**
Conrad Löffel Chairman of Audit Committee (until April 2014)	42.2		46.6			9.7	98.5
Total remuneration paid to Board of Directors	**756.7**	**78.9**	**878.0**	**270.7**	**448.5**	**204.2**	**2 637.0**

1) The LTP was terminated for the Board of Directors at the 2014 General Meeting. The remuneration shown here includes a one-off tax payment for the discontinuation of the LTP.
2) Shares were granted under the new share-based plan. In 2014, Board members received 20 % of their overall remuneration in blocked shares. These shares are subject to a lock-up period of 3 years.
3) These amounts include employer contributions required by law.
4) Rolando Benedick relinquished the office of CEO to Michael Mueller with effect from 31.03.2014. The remuneration shown here relates to his activity as Chairman of the Board of Directors.
5) Ernst Peter Ditsch entered into a consultancy contract with Valora from November 1, 2012 until no later than October 31, 2014 under which he received annual remuneration of EUR 400 thousand. Under a post-contractual non-compete agreement Ernst Peter Ditsch received a total payment of EUR 200 thousand, payable in monthly instalments for a period ending no later than October 31, 2015. He waived his Board Director's fee in 2014.

The aggregate remuneration paid to the Board of Directors in 2015 was CHF 1054 thousand lower than in 2014. This decrease is principally attributable to the discontinuation of the LTP plan, the tax settlement payment made in connection therewith in 2014 and the retirement of Conrad Löffel from the Board.

The aggregate maximum remuneration to Board members approved by shareholders for the period from the 2015 Ordinary General Meeting to the 2016 Ordinary General Meeting has been fixed at CHF 1.6 million.

9 LOANS AND CREDITS

No loans or credits to Board members or parties related to them were outstanding at December 31, 2015 or December 31, 2014.

Valora Holding AG does not grant any loans or other credits and does not therefore have any statutory regulations on such matters.

10 SHAREHOLDINGS

At December 31, 2015 and 2014, individual members of the Board and Group Executive Management (including parties related to them) held the following numbers of shares of Valora Holding AG:

Table 5	**2015** Number of shares	**2015** Share of total voting rights in %	**2015** of which subject to a lock-up period	2014 Number of shares	2014 Share of total voting rights in %	2014 of which subject to a lock-up period
Board of Directors						
Rolando Benedick Chairman	16 939	0.49	537 (06.05.2017) 614 (21.04.2018)	16 325	0.48	537 (06.05.2017)
Markus Fiechter Vice-Chairman	3 981	0.12	224 (06.05.2017) 257 (21.04.2018)	3 724	0.11	224 (06.05.2017)
Bernhard Heusler Board member	347	0.01	162 (06.05.2017) 185 (21.04.2018)	162	0.00	162 (06.05.2017)
Franz Julen Chairman of NCC	831	0.02	178 (06.05.2017) 203 (21.04.2018)	628	0.02	178 (06.05.2017)
Ernst Peter Ditsch Board member	635 599	18.50	none	635 599	18.50	none
Cornelia Ritz Bossicard Chairwoman of Audit Committee	381	0.01	178 (06.05.2017) 203 (21.04.2018)	178	0.00	178 (06.05.2017)
Total shares held by Board	**658 078**	**19.15**		**656 616**	**19.11**	
Group Executive Management						
Michael Mueller CEO	798	0.02	798 (30.11.2018)	24 000	0.70	18 000 (31.10.2015)
Tobias Knechtle CFO	335	0.01	335 (30.11.2018)	8 000	0.23	8 000 (31.10.2015)
Andreas Berger Head, Valora Retail division (until 30.06.2015)	–	–	–	12 145	0.35	6 072 (30.10.2015)
Thomas Eisele Head Ditsch/Brezelkönig division	245	0.01	191 (30.11.2018)	2 301	0.07	1 123 (31.10.2015)
Alex Minder Head, Valora Trade division (until 31.12.2015)	2 113	0.06	none	11 618	0.34	4 795 (31.10.2015)
Total shares held by Group Executive Management	**3 491**	**0.10**		**58 064**	**1.69**	
Total shares held by Board and Group Executive Management	**661 569**	**19.25**		**714 680**	**20.80**	

REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT OF VALORA HOLDING AG, MUTTENZ

REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT

We have audited the remuneration report dated 3 March 2016 (tables 1 – 4 and section 9 on page 75 to 79), of Valora Holding AG for the year ended 31 December 2015.

Responsibility of the Board of Directors. The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility. Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion. In our opinion, the remuneration report for the year ended 31 December 2015 of Valora Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Martin Gröli
Licensed audit expert
(Auditor in charge)

Daniel Maiwald
Licensed audit expert

Basle, 3 March 2016

Financial Report

CONSOLIDATED INCOME STATEMENT
CONSOLIDATED BALANCE SHEET

CONSOLIDATED INCOME STATEMENT

January 1 to December 31, in CHF 000 (except per-share amounts)	Page	Note	2015	2014
Net revenues	119	8	**2 077 425**	**1 932 571**
Cost of goods and materials			–1 232 146	–1 148 000
Personnel expenses	122	9	–277 061	–277 411
Other operating expenses	123	10	–457 553	–407 872
Depreciation, amortisation and impairments	130	20, 21, 22	–62 468	–78 834
Other income	123	11	8 176	15 986
Other expenses	123	11	–1 259	–5 987
Operating profit (EBIT)	119	8	**55 114**	**30 453**
Financial expenses	124	12	–18 853	–17 581
Financial income	124	13	1 619	464
Earnings before taxes			**37 880**	**13 336**
Income taxes	124	14	8 922	2 074
Net profit from continuing operations			**46 802**	**15 410**
Net loss from discontinued operations	112	7	–75 597	–9 110
Net (loss)/profit			**–28 795**	**6 300**
Attributable to shareholders of Valora Holding AG			–34 394	2 269
Attributable to providers of hybrid capital			4 800	4 800
Attributable to providers of Valora Holding AG equity			**–29 594**	**7 069**
Attributable to non-controlling interests			**799**	**–769**
Earnings per share				
from continuing operations, basic and diluted (in CHF)	127	15	12.51	3.13
from discontinued operations, basic and diluted (in CHF)	127	15	–22.75	–2.46
from continuing and discontinued operations, basic and diluted (in CHF)	127	15	**–10.24**	**0.67**

CONSOLIDATED BALANCE SHEET

ASSETS

in CHF 000

	Page	Note	31.12.2015	31.12.2014
Current assets				
Cash and cash equivalents	127	16	116 308	129 047
Derivative financial assets	148	33	61	883
Trade accounts receivable	127	17	56 278	33 738
Inventories	129	18	147 772	142 376
Current income tax receivables			1 718	8
Other current receivables	129	19	48 420	52 375
Current assets			**370 557**	**358 427**
Assets held for sale (disposal group)	112	7	5 655	303 682
Total current assets			**376 212**	**662 109**
Non-current assets				
Property, plant and equipment	130	20	233 373	224 262
Goodwill, software and other intangible assets	132	22	513 172	471 755
Investment property	131	21	622	3 580
Investment in associates and joint ventures	137	25	50	50
Financial assets	136	24	42 259	18 075
Pension asset	140	30	13 633	30 099
Deferred income tax assets	124	14	40 855	24 336
Total non-current assets			**843 964**	**772 157**
Total assets			**1 220 176**	**1 434 266**

LIABILITIES AND EQUITY

in CHF 000	Page	Note	31.12.2015	31.12.2014
Current liabilities				
Short-term financial debt	137	26	1 651	1 413
Derivative financial liabilities	148	33	3 394	4 065
Trade accounts payable	138	27	143 962	126 832
Current income tax liabilities			10 532	8 978
Other current liabilities	139	28	116 189	71 218
Current liabilities			**275 728**	**212 506**
Liabilities held for sale (disposal group)	112	7	5 603	172 809
Total current liabilities			**281 331**	**385 315**
Non-current liabilities				
Other non-current liabilities	137	26	368 992	384 430
Pension liabilities	140	30	18 288	1 135
Long-term provisions	139	29	11 412	398
Deferred income tax liabilities	124	14	34 138	32 387
Total non-current liabilities			**432 830**	**418 350**
Total liabilities			**714 161**	**803 665**
Equity				
Share capital	159	37	3 436	3 436
Treasury stock			–26 849	–15 701
Hybrid capital			119 098	119 098
Fair value changes on financial instruments			–7 083	–9 339
Retained earnings			503 745	599 272
Cumulative translation adjustments			–86 359	–67 176
Equity of Valora Holding AG			**505 988**	**629 590**
Non-controlling interests			27	1 011
Total equity			**506 015**	**630 601**
Total liabilities and equity			**1 220 176**	**1 434 266**

VALORA FINANCIAL REPORT 2015

REVIEW OF GROUP RESULTS

The Valora Group completed its 2015 financial year with an EBIT of CHF 55.1 million, in excess of its previously announced guidance. After adjusting for exchange-rate effects and the impairment charges recorded in 2014, the Group's EBIT was CHF +11.7 million, or +27.0%, higher than in the previous year, while its EBIT margin improved by +0.3 percentage points, to +2.7%. The Group has thus made substantial progress towards achieving its medium-term objectives. After adjusting for one-off effects, the Group's EBIT amounted to CHF 62.2 million. Net revenues rose by +7.5%, to CHF 2077.4 million. In local-currency terms, they advanced by +12.1%.

Retail Switzerland/Austria achieved an excellent set of operating results, despite a challenging macro-economic environment. The improvements carried out at Retail Germany/Luxembourg enabled the unit to resume growth in 2015. Ditsch/Brezelkönig substantially expanded its business-to-business (B2B) operations in 2015, while the outlet network held its own overall, with turnover recovering during the second half of the year. 2015 saw Brezelkönig initiate its international expansion strategy, with a total of five new outlets opened in Vienna and Paris by year end.

Naville has proven a profitable and successful acquisition, living up to the high expectations placed on it. Integration is progressing according to plan. The synergy benefits from this will become apparent in the first-half 2016 results and will be fully effective from 2017. The potential sale of Naville Distribution (press/goods wholesaler and logistic services provider) and of the Naville building in Geneva was initiated and Valora expects to complete these transactions during 2016.

With the sale of its Trade division on 31.12.2015, Valora has now largely completed its strategic initiative to focus on its core retail business. The Group is now clearly positioned as a retail enterprise with a range of attractive store formats, an outlet network covering 5 national markets and a well-structured value chain encompassing state-of-the-art lyebread baking plants and a range of private-label brands and services.

Results from discontinued operations, under which the sale of the Trade division is classified, amounted to CHF –75.6 million. This led to a net result, at Group level, of CHF –28.8 million in 2015, compared to CHF 6.3 million in 2014.

The Group's cash-flow and key balance-sheet metrics also showed significant improvements. In 2015, Valora generated an aggregate free cash flow of CHF 82.3 million, CHF +48.3 million up on the figure for 2014, principally by raising its EBITDA, by adopting a more selective investment approach and by reducing its net-working-capital commitment. Return on capital employed (ROCE) for 2015 came in at 6.1%. After adjusting for the 2014 impairment charges at Retail Germany/Luxembourg, this represents a +1.0 percentage-point improvement on the previous year's performance. When the one-off factors affecting the 2015 result are taken into account, the Group's 2015 ROCE amounted to 6.9%. Net debt as a multiple of EBITDA declined to 2.1x at year-end 2015.

A NET REVENUES

Net revenues (NR) from continuing operations in CHF million	**2015**	**2015 share in %**	2014	2014 share in %	Change	Change in local currency
Retail Switzerland / Austria	1 173.3	56.5 %	1 232.5	63.8 %	–4.8 %	–4.6 %
Retail Germany / Luxembourg	452.4	21.8 %	479.6	24.8 %	–5.7 %	+7.2 %
Naville	240.0	11.6 %	n.a.	n.a.	n.a.	n.a.
Valora Retail	1 865.7	89.8 %	1 712.1	88.6 %	+9.0 %	+12.9 %
Ditsch/Brezelkönig	211.6	10.2 %	220.5	11.4 %	–4.0 %	+5.4 %
Other	0.1	0.0 %	0.0	0.0 %	n.a.	n.a.
Total Group	**2 077.4**	**100.0 %**	**1 932.6**	**100.0 %**	**+7.5 %**	**+12.1 %**
Switzerland	1 452.9	69.9 %	1 272.3	65.8 %	+14.2 %	+14.2 %
Elsewhere	624.5	30.1 %	660.3	34.2 %	–5.4 %	+7.5 %

The Valora Group's net revenues from continuing operations amounted to CHF 2077.4 million in 2015. In local-currency terms, this represents an increase of +12.1 % on the figure for 2014. This increase reflects the initial consolidation of Naville into the Group's results from March 2015 onwards and the strong performance at Retail Germany / Luxembourg and in Ditsch/Brezelkönig's B2B operations. Year-on-year organic net-revenue growth in local currency amounted to –0.9 % in 2015.

The Retail division generated net revenues of CHF 1865.7 million in 2015, a +12.9 % improvement on its 2014 performance in local-currency terms.

The largest share of this is attributable to Retail Switzerland / Austria, with CHF 1173.3 million, versus CHF 1232.5 million in 2014. In local-currency terms, this equates to a year-on-year decline of –4.6 % and essentially reflects the closure of net 31 outlets in 2015, mostly kiosks in peripheral locations. 2015 same-store net revenues in Switzerland, where consumer spending was weak, declined –3.6 % year-on-year, principally as a result of lower press and tobacco sales, down –9.6 % and –2.8 % respectively, both on a same-store basis.

Local-currency net revenues at Retail Germany / Luxembourg advanced +7.2 % on their 2014 levels. The main drivers here were a +2.8 % increase in same-store revenues and the greater number of Valora-operated outlets. Particularly strong growth was achieved in the tobacco, services and food categories. The higher food sales were mainly due to product-range enhancements and intensive promotion of Valora's private-label ok.– brand in Germany. Retail Germany / Luxembourg generated net revenues of CHF 452.4 million in 2015, which, due to the weaker EUR / CHF exchange rate, equates to a –5.7 % year-on-year decline in Swiss franc terms.

The Naville acquisition, whose results were first consolidated in March 2015, contributed a total of CHF 240.0 million to Group net revenues in 2015, of which CHF 185.6 million were generated by the Naville retail outlets while the remaining CHF 54.4 million came from third-party distribution activities. While same-store net revenues for the final six months of the year recovered, Switzerland's challenging retail environment resulted in a –2.9 % decline in overall 2015 same-store sales compared to their levels a year earlier.

Ditsch/Brezelkönig achieved net revenues of CHF 211.6 million in 2015, +5.4 % up on their 2014 levels in local-currency terms. These increased sales were driven by the substantial growth in B2B turnover and the expansion of the retail network, with +6 net new outlets in Germany, +4 in Switzerland and the 5 new openings resulting from the expansion to Austria and France.

In Germany, same-store net revenues recovered noticeably in the final six months of 2015 (up +1.5% on the same period of 2014). For 2015 as a whole, Germany held its own at –0.4% (+0.5% after adjusting for the effects of railway strikes), while same-store net revenues in Switzerland declined –6.1% compared to 2014, reflecting the strength of the Swiss franc and the changes in spending patterns.

B GROSS PROFIT

Gross profit from continuing operations in CHF million	**2015**	**2015 share in %**	**2015 % of NR**	2014	2014 share in %	2014 % of NR	Change	Change in local currency
Retail Switzerland / Austria	433.9	51.3%	37.0%	446.3	56.9%	36.2%	–2.7%	–2.6%
Retail Germany / Luxembourg	156.9	18.6%	34.7%	174.3	22.2%	36.3%	–10.0%	+2.5%
Naville	94.7	11.2%	39.4%	n.a.	n.a.	n.a.	n.a.	n.a.
Valora Retail	685.5	81.1%	36.7%	620.6	79.1%	36.2%	+10.5%	+14.5%
Ditsch/Brezelkönig	159.7	18.9%	75.5%	164.0	20.9%	74.4%	–2.6%	+6.7%
Other	0.1	0.0%	n.a.	0.0	0.0%	n.a.	n.a.	n.a.
Total Group	**845.3**	**100.0%**	**40.7%**	**784.6**	**100.0%**	**40.6%**	**+7.7%**	**+13.0%**

The Group's gross profit for 2015 came in at CHF 845.3 million, which equates to a gross profit margin of 40.7%. In local-currency terms, gross profit was +13.0% higher than in 2014, thanks to increased sales at Retail Germany / Luxembourg and Ditsch/Brezelkönig, a +0.8 percentage-point improvement in gross profit margin at Retail Switzerland / Austria and the initial consolidation of Naville.

The Retail division's gross profit rose +14.5% in local-currency terms, to CHF 685.5 million, while its gross profit margin of 36.7% was up +0.5 percentage points on 2014.

Retail Switzerland / Austria generated a gross profit of CHF 433.9 million versus CHF 446.3 million a year earlier. While volumes at this unit declined, largely due to outlet closures, increased promotions revenue and tighter inventory management enabled it to boost its gross profit margin by +0.8 percentage points, to 37.0%.

Retail Germany / Luxembourg achieved a gross profit of CHF 156.9 million and a gross profit margin of 34.7%. In local-currency terms, gross profit was up CHF +3.8 million, or +2.5%, reflecting increased sales and higher promotion revenues. These results include the one-off effects of press inventory adjustments already reported in first-half 2015.

Between March and December 2015, Naville earned a gross profit of CHF 94.7 million and a gross profit margin of 39.4%. This includes CHF 1.0 million in one-off revenues already reported in first-half 2015.

Gross profit at Ditsch/Brezelkönig was CHF 159.7 million in 2015. In local-currency terms, this amounts to a +6.7% improvement on its 2014 results, driven by the aforementioned higher sales and by improvements in its gross profit margin, which increased by +0.9 percentage points to 75.5%, largely thanks to portfolio optimisation in its B2B operations.

C OPERATING COSTS, NET

Net operating costs from continuing operations in CHF million	2015	2015 share in %	2015 % of NR	2014	2014 share in %	2014 % of NR	Change	Change adjusted [1]
Retail Switzerland / Austria	–413.4	52.3 %	–35.2 %	–429.3	56.9 %	–34.8 %	–3.7 %	–3.5 %
Retail Germany / Luxembourg	–145.1	18.4 %	–32.1 %	–181.3	24.1 %	–37.8 %	–20.0 %	+0.1 %
Naville	–84.1	10.6 %	–35.0 %	n.a.	n.a.	n.a.	n.a.	n.a.
Valora Retail	–642.5	81.3 %	–34.4 %	–610.6	81.0 %	–35.7 %	+5.2 %	+12.1 %
Ditsch/Brezelkönig	–132.7	16.8 %	–62.7 %	–132.8	17.6 %	–60.3 %	–0.1 %	+9.8 %
Other	–14.9	1.9 %	n.a.	–10.7	1.4 %	n.a.	+39.6 %	+38.8 %
Total Group	**–790.2**	**100.0 %**	**–38.0 %**	**–754.1**	**100.0 %**	**–39.0 %**	**+4.8 %**	**+12.1 %**

[1] adjusted for exchange-rate effects and 2014 impairment charges at Retail Germany / Luxembourg

The Group had total net operating costs of CHF –790.2 million in 2015. After adjusting for exchange-rate effects and 2014 impairment charges at Retail Germany / Luxembourg, this equates to a year-on-year increase of CHF –85.2 million, which is essentially attributable to the initial consolidation of Naville in 2015.

The Retail division's net operating costs for 2015 amounted to –642.5 million, compared to CHF –610.6 million a year earlier.

Retail Switzerland / Austria cut its net operating costs by CHF +15.8 million, of which CHF +0.9 million is due to changes in the EUR / CHF exchange rate. The lion's share of this improvement was achieved through efficiency savings and the lower costs resulting from outlet closures. The 2015 figure also includes CHF –1.8 million of one-off costs for restructuring and a CHF –1.2 million impairment charge in Austria.

2015 net operating costs at Retail Germany / Luxembourg were CHF –145.1 million, CHF +36.2 million lower than in 2014. After adjusting for exchange-rate effects and the 2014 impairment charge, this unit managed to maintain these costs at their 2014 levels despite higher sales, the introduction of a statutory minimum wage in Germany and an increased number of Valora-operated outlets. Net operating costs as a percentage of net revenues were thus reduced by +2.3 percentage points in 2015.

Net operating costs at Naville amounted to CHF –84.1 million, or –35.0 % of net revenues. This includes corporate allocations and restructuring costs.

Ditsch/Brezelkönig incurred net operating costs of CHF –132.7 million, in line with the previous year. In local-currency terms this equates to an increase of CHF –11.8 million, which is principally due to the expansion of B2B volumes, higher retail costs following the introduction of a minimum wage in Germany and the upfront costs of the international expansion strategy.

Other net operating costs rose CHF –4.1 million. This increase is partly due to the costs arising from the successful launch of the new financial-services unit (bob Finance AG) and its subsequent operating costs in the second half of 2015. It also reflects the tax expense relating to the discontinuation of the Long-Term Incentive Plan for Group Executive Management.

D OPERATING PROFIT (EBIT)

Operating profit from continuing operations in CHF million	**2015**	**2015 share in %**	**2015 % of NR**	2014	2014 share in %	2014 % of NR	Change	Change adjusted [1]
Retail Switzerland / Austria	20.5	37.3 %	1.7 %	17.0	55.7 %	1.4 %	+21.1 %	+20.7 %
Retail Germany / Luxembourg	11.8	21.5 %	2.6 %	–7.0	–23.0 %	–1.5 %	n.a.	+45.1 %
Naville	10.6	19.2 %	4.4 %	n.a.	n.a.	n.a.	n.a.	n.a.
Valora Retail	43.0	78.0 %	2.3 %	10.0	32.7 %	0.6 %	+331.9 %	+70.3 %
Ditsch/Brezelkönig	26.9	48.9 %	12.7 %	31.2	102.3 %	14.1 %	–13.5 %	–6.4 %
Other	–14.8	–26.9 %	n.a.	–10.7	–35.0 %	n.a.	+39.0 %	+40.1 %
Total Group	**55.1**	**100.0 %**	**2.7 %**	**30.5**	**100.0 %**	**1.6 %**	**+81.0 %**	**+27.0 %**

[1] adjusted for exchange-rate effects and 2014 impairment charges at Retail Germany / Luxembourg

The Valora Group's reported 2015 EBIT amounted to CHF 55.1 million, which equates to an EBIT margin of 2.7 %. After adjusting for exchange-rate effects and the 2014 impairment charges, the year-on-year increase amounts to CHF +11.7 million, or +27.0 %. The reported EBIT for 2015 also includes CHF –7.1 million in one-off items. After adjusting for these, Group EBIT for 2015 amounted to CHF 62.2 million.

The Retail division generated an EBIT result of CHF 43.0 million in 2015, up from CHF 10.0 million a year earlier. The 2015 result includes the contribution from Naville, first consolidated in March 2015, whereas the 2014 EBIT figure incorporates a CHF –16.7 million impairment charge at Retail Germany / Luxembourg.

Retail Switzerland / Austria increased its 2015 EBIT by CHF +3.6 million, or +21.1 %, to CHF 20.5 million. This improvement is largely due to margin-enhancement initiatives, systematic cost management and portfolio streamlining. The 2015 figure includes one-off restructuring costs and an impairment charge in Austria. Stripping these out results in an adjusted 2015 EBIT of CHF 23.5 million and an EBIT margin of 2.0 %.

In 2015, Retail Germany / Luxembourg generated an EBIT result of CHF 11.8 million, compared to CHF –7.0 million a year earlier. In local-currency terms and after adjusting for the impairment charges incurred in 2014, this equates to a year-on-year improvement of CHF +3.7 million, which is attributable to gross profit growth. The 2015 EBIT figure includes the one-off press-inventory costs already reported in first-half 2015. Stripping these out results in an adjusted 2015 EBIT of CHF 14.6 million and an EBIT margin of 3.2 %.

Naville, whose activities encompass retail and distribution operations, was consolidated for the first time in March 2015, contributing CHF 10.6 million to Group EBIT on a margin of 4.4 %. This includes the aforementioned one-off revenues in first-half 2015. Stripping these out, Naville's EBIT amounted to CHF 9.6 million, which represents an EBIT margin of 4.0 %. This includes corporate allocations and restructuring charges.

Ditsch/Brezelkönig generated EBIT of CHF 26.9 million in 2015, equivalent to an EBIT margin of 12.7 %, compared to CHF 31.2 million a year earlier. In local-currency terms, this division's 2015 EBIT result was CHF –1.9 million lower than in 2014, a decline principally attributable to the challenging Swiss retail environment, the introduction of a minimum wage and the rail strikes in Germany, and the initial costs of the international expansion strategy. For the second six months of 2015, EBIT was CHF +0.7 million ahead of the result for the same period of 2014, thus partially compensating for the decline in first-half 2015.

Other EBIT, essentially comprising bob Finance and Corporate activities, amounted to CHF –14.8 million in 2015, CHF –4.2 million lower than in 2014. This figure includes the one-off costs arising from the successful launch of the financial-services operations carried out by the new bob Finance AG entity and the tax costs arising from closing the Long-Term Incentive Plan for Group Executive Management. After adjusting for these items, EBIT in the Other category amounted to CHF –12.5 million in 2015.

E RESULT FROM DISCONTINUED OPERATIONS

Discontinued operations turned in a result of CHF –75.6 million in 2015, compared to CHF –9.1 million a year earlier. The 2015 result includes the book-value loss arising from the sale of the Trade division.

The Trade division was sold to the Munich-based Aurelius Group on 31.12.2015 for an enterprise value of CHF 45 million, which includes an earn-out element of CHF 20 million. Principally as a result of the realisation of currency-translation differences and the closing out of intercompany loans, the Trade division closed its 2015 financial year with a net loss of CHF –76.5 million. Of this, CHF –31.8 million was attributable to the former division's going-concern results, which were significantly impacted by impairment charges to goodwill positions and intangible assets. The sale generated a book-value loss of CHF –44.7 million.

The 2015 result from discontinued operations also includes the CHF 0.9 million profit generated by Valora's former logistics operations.

F FINANCIAL RESULT, TAXES AND NET RESULT

The loss arising from the sale of the Trade division resulted in a net result for the Group of CHF –28.8 million, compared to CHF 6.3 million in 2014.

Valora's net financing result from continuing operations came in at CHF –17.2 million, in line with 2014. The benefits arising from lower net interest costs offset the adverse effect on Group cash balances arising from the Swiss National Bank's decision to abandon its target EUR / CHF floor.

In 2015, the Valora Group generated consolidated net tax revenues of CHF 8.9 million, comprising CHF –4.9 million in current income taxes and CHF 13.8 million in deferred tax income. The Group thus generated a net result of CHF –28.8 million in 2015, compared to CHF 6.3 million in 2014.

G LIQUIDITY, CASH FLOW AND KEY FINANCIAL DATA

Key financial data

in CHF million	2015	2014
EBITDA [1]	**117.6**	**109.3**
Cash flow from operations [1]	125.5	91.9
Free cash flow before purchase / sale of subsidiaries [1]	**82.3**	**34.0**
Shareholders' equity	506.0	630.6
Total equity in % of total assets	**41.5%**	**44.0%**
Group net result	–28.8	6.3
Net debt	251.1	181.9
Net working capital [1]	60.0	49.2
Earnings per share in CHF [1]	**12.51**	**3.13**
Free cash flow per share in CHF [1]	**24.52**	**10.05**

[1] from continuing operations

In 2015, the Valora Group increased its free cash flow to CHF 82.3 million, an advance of +141.8% on the 2014 figure. Shareholders' equity at year-end 2015 was equivalent to 41.5% of total assets and consolidated net debt amounted to CHF 251.1 million.

Valora increased its free cash flow by CHF +48.3 million in 2015, to CHF 82.3 million. Its earnings before interest, taxes, depreciation and amortisation (EBITDA) rose CHF +8.3 million to CHF 117.6 million. In local-currency terms, the year-on-year increase in EBITDA amounted to CHF +13.9 million. Lower spending on operational investment and the one-off cash benefits arising from the reduction in net working capital including other current assets were the two other main factors accounting for this improvement in free cash flow.

The initial consolidation of Naville during 2015 resulted in a CHF +10.8 million increase in the Group's net working capital, without any impact on free cash flow. Shareholders' equity at year-end 2015 amounted to a solid 41.5% of total assets (44.0% at 31.12.2014). In absolute terms, net debt increased from CHF 181.9 million at year-end 2014 to CHF 251.1 million at year-end 2015, principally as a result of the acquisition of Naville. In the final six months of 2015, consolidated net debt fell from 2.6x EBITDA at 30.6.2015 to 2.1x EBITDA at 31.12.2015.

H RETURN ON CAPITAL EMPLOYED

ROCE [1] from continuing operations in %	**2015**	2014	Percentage-point change	Percentage-point change adjusted [3]
Retail Switzerland / Austria	10.2 %	8.1 %	+2.1 %	+2.1 %
Retail Germany / Luxembourg	8.2 %	−3.8 %	+12.0 %	+2.9 %
Naville	11.8 %	n.a.	n.a.	n.a.
Valora Retail	9.9 %	2.5 %	+7.4 %	+3.0 %
Ditsch/Brezelkönig	7.1 %	7.6 %	−0.4 %	−0.4 %
Total Group [2]	**6.1 %**	**3.3 %**	**+2.8 %**	**+1.0 %**

[1] Capital employed calculated as the average for the preceding 13 months. EBIT calculated at as the sum over the preceding 12 months
[2] Group EBIT includes corporate costs, while Group capital employed includes cash and cash equivalents from continuing operations.
[3] Adjusted for the impairment charges at Retail Germany / Luxembourg in 2014

Return on capital employed amounted to 6.1 % in 2015. After stripping out the effects of the 2014 impairment charge at Retail Germany / Luxembourg, this represents a + 1.0 percentage point improvement on the 2014 figure. Net of one-off factors in 2015, Valora's 2015 ROCE was 6.9 %.

ROCE, the ratio of EBIT to average invested capital, is the key internal profitability metric used by Valora. In 2015, the Group's ROCE from its continuing operations was 6.1 %. After adjusting for 2014 impairment charges, this represents a + 1.0 percentage-point improvement compared to 2014, principally as a result of organic EBIT growth in 2015 and the initial consolidation of the profitable Naville unit. After adjusting for the 2015 one-off effects detailed in section D above, Valora's ROCE for 2015 amounted to 6.9 %.

CONSOLIDATED INCOME STATEMENT

January 1 to December 31, in CHF 000 (except per-share amounts)	**Note**	**2015**	**%**	2014	%
Net revenues	8	**2 077 425**	**100.0**	**1 932 571**	**100.0**
Cost of goods and materials		–1 232 146	–59.3	–1 148 000	–59.4
Personnel expenses	9	–277 061	–13.3	–277 411	–14.3
Other operating expenses	10	–457 553	–22.0	–407 872	–21.1
Depreciation, amortisation and impairments	20, 21, 22	–62 468	–3.0	–78 834	–4.1
Other income	11	8 176	0.4	15 986	0.8
Other expenses	11	–1 259	–0.1	–5 987	–0.3
Operating profit (EBIT)	8	**55 114**	**2.7**	**30 453**	**1.6**
Financial expenses	12	–18 853	–0.9	–17 581	–0.9
Financial income	13	1 619	0.1	464	0.0
Earnings before taxes		**37 880**	**1.9**	**13 336**	**0.7**
Income taxes	14	8 922	0.4	2 074	0.1
Net profit from continuing operations		**46 802**	**2.3**	**15 410**	**0.8**
Net loss from discontinued operations	7	–75 597	–3.7	–9 110	–0.5
Net (loss)/profit		**–28 795**	**–1.4**	**6 300**	**0.3**
Attributable to shareholders of Valora Holding AG		–34 394	–1.6	2 269	0.1
Attributable to providers of hybrid capital		4 800	0.2	4 800	0.2
Attributable to providers of Valora Holding AG equity		**–29 594**	**–1.4**	**7 069**	**0.3**
Attributable to non-controlling interests		**799**	**0.0**	**–769**	**0.0**
Earnings per share					
from continuing operations, basic and diluted (in CHF)	15	12.51		3.13	
from discontinued operations, basic and diluted (in CHF)	15	–22.75		–2.46	
from continuing and discontinued operations, basic and diluted (in CHF)	15	**–10.24**		**0.67**	

The accompanying notes from page 101 to page 162 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 to December 31, in CHF 000	Note	2015	2014
Net (loss)/profit		**–28 795**	**6 300**
Actuarial losses before income taxes	30	–21 125	–25 504
Income taxes	30	4 232	5 159
Items not subject to reclassification affecting the income statement		**–16 893**	**–20 345**
Cash flow hedge		2 261	–2 123
Currency translation adjustments		–19 297	–27 470
Fair value changes on available for sale investments before income taxes		–7	8
Income taxes		2	–2
Items whose reclassification potentially affect the income statement		**–17 041**	**–29 587**
Other comprehensive income		**–33 934**	**–49 932**
Total comprehensive income		**–62 729**	**–43 632**
Attributable to shareholders of Valora Holding AG		–68 214	–47 631
Attributable to providers of hybrid capital		4 800	4 800
Attributable to providers of Valora Holding AG equity		**–63 414**	**–42 831**
Attributable to non-controlling interests		**685**	**–801**

The total comprehensive income attributable to shareholders of Valora Holding AG comprises the following elements:

Attributable to shareholders of Valora Holding AG from continuing operations	–7 098	–38 020
Attributable to shareholders of Valora Holding AG from discontinued operations	–61 116	–9 611
Attributable to shareholders of Valora Holding AG	**–68 214**	**–47 631**

The accompanying notes from page 101 to page 162 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

ASSETS

in CHF 000	Note	31.12.2015	%	31.12.2014	%
Current assets					
Cash and cash equivalents	16	116 308		129 047	
Derivative financial assets	33	61		883	
Trade accounts receivable	17	56 278		33 738	
Inventories	18	147 772		142 376	
Current income tax receivables		1 718		8	
Other current receivables	19	48 420		52 375	
Current assets		**370 557**	**30.4 %**	**358 427**	**25.0 %**
Assets held for sale (disposal group)	7	5 655		303 682	
Total current assets		**376 212**	**30.8 %**	**662 109**	**46.2 %**
Non-current assets					
Property, plant and equipment	20	233 373		224 262	
Goodwill, software and other intangible assets	22	513 172		471 755	
Investment property	21	622		3 580	
Investment in associates and joint ventures	25	50		50	
Financial assets	24	42 259		18 075	
Pension asset	30	13 633		30 099	
Deferred income tax assets	14	40 855		24 336	
Total non-current assets		**843 964**	**69.2 %**	**772 157**	**53.8 %**
Total assets		**1 220 176**	**100.0 %**	**1 434 266**	**100.0 %**

LIABILITIES AND EQUITY

in CHF 000	Note	31.12.2015	%	31.12.2014	%
Current liabilities					
Short-term financial debt	26	1 651		1 413	
Derivative financial liabilities	33	3 394		4 065	
Trade accounts payable	27	143 962		126 832	
Current income tax liabilities		10 532		8 978	
Other current liabilities	28	116 189		71 218	
Current liabilities		**275 728**	**22.6 %**	**212 506**	**14.8 %**
Liabilities held for sale (disposal group)	7	5 603		172 809	
Total current liabilities		**281 331**	**23.0 %**	**385 315**	**26.8 %**
Non-current liabilities					
Other non-current liabilities	26	368 992		384 430	
Pension liabilities	30	18 288		1 135	
Long-term provisions	29	11 412		398	
Deferred income tax liabilities	14	34 138		32 387	
Total non-current liabilities		**432 830**	**35.5 %**	**418 350**	**29.2 %**
Total liabilities		**714 161**	**58.5 %**	**803 665**	**56.0 %**
Equity					
Share capital	37	3 436		3 436	
Treasury stock		–26 849		–15 701	
Hybrid capital		119 098		119 098	
Fair value changes on financial instruments		–7 083		–9 339	
Retained earnings		503 745		599 272	
Cumulative translation adjustments		–86 359		–67 176	
Equity of Valora Holding AG		**505 988**	**41.5 %**	**629 590**	**43.9 %**
Non-controlling interests		27		1 011	
Total equity		**506 015**	**41.5 %**	**630 601**	**44.0 %**
Total liabilities and equity		**1 220 176**	**100.0 %**	**1 434 266**	**100.0 %**

The accompanying notes from page 101 to page 162 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

January 1 to December 31, in CHF 000	Note	2015	2014
Operating profit (EBIT)		**55 114**	**30 453**
Elimination of non-cash transactions in operating profit (EBIT)			
Depreciation and impairments on property, plant, equipment and investment properties	20, 21	45 428	44 808
Amortisation of intangible assets	22	17 040	34 026
Losses on sales of fixed assets, net	11	961	2 919
Share-based remuneration	31	883	575
Increase in pension liability		2 221	1 839
Other non-cash transactions		1 953	–4 970
(Decrease)/increase in other non-current liabilities		–289	183
Changes in net working capital, without the effects arising from acquisitions and disposals of business units			
(Increase)/decrease in trade accounts receivable		–7 457	1 308
Decrease in inventories		7 324	1 448
Decrease in other current assets		10 919	21 296
Decrease in trade accounts payable		–3 597	–4 345
Increase/(decrease) in other liabilities		13 297	–20 492
Net cash provided by operating activities		**143 797**	**109 048**
Interest paid		–14 903	–13 303
Income taxes paid		–4 126	–4 667
Interest received		673	813
Dividends received		33	30
Total net cash provided by operating activities from continuing operations		**125 474**	**91 921**
Total net cash (used in)/provided by operating activities from discontinued operations		–4 369	15 629
Total net cash provided by operating activities		**121 105**	**107 550**
Cash flow from investing activities			
Investment in property, plant and equipment	20	–40 339	–52 901
Proceeds from sale of property, plant and equipment	20	2 224	687
Proceeds from sale of investment property	21	2 963	0
Acquisition of subsidiaries, net of cash acquired	6	–86 020	–839
Proceeds from subsidiaries, net of cash disposed	7	–3 616	52 385
Sales/(purchases) of financial investments		1 498	–258
Purchases of other intangible assets	22	–8 171	–5 855
Proceeds from sale of other intangible assets	22	193	196
Net cash used in investing activities from continuing operations		**–131 268**	**–6 585**
Net cash used in investing activities from discontinued operations		–384	–3 199
Net cash used in investing activities		**–131 652**	**–9 784**

January 1 to December 31, in CHF 000	Note	2015	2014
Cash flow from financing activities			
Change in short-term financial liabilities, net		582	–7 338
Proceeds from long-term financial liabilities	26	274	115
Repayment of long-term financial liabilities	26	–326	–4 829
Purchase of treasury stock		–23 202	–11 370
Proceeds from sale of treasury stock		9 449	3 439
Distributions to providers of hybrid capital		–4 800	–4 800
Dividends paid to Valora Holding AG shareholders		–42 184	–42 633
Net cash used in financing activities from continuing operations		**–60 207**	**–67 416**
Net cash (used in)/provided by financing activities from discontinued operations		–4 599	1 681
Net cash used in financing activities		**–64 806**	**–65 735**
Net (decrease)/increase in cash and cash equivalents		**–75 353**	**32 031**
Exchange differences on cash and cash equivalents		–8 766	–5 900
Cash and cash equivalents at beginning of year		201 104	174 973
Cash and cash equivalents at year end per balance sheet	16	116 308	
Cash and cash equivalents at year end included in disposal group	7	677	
Cash and cash equivalents at year end		**116 985**	201 104

The accompanying notes from page 101 to page 162 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity

	Equity of Valora Holding AG								
in CHF 000	Share capital	Treasury stock	Hybrid capital	Fair value changes on financial instruments	Retained earnings	Cumulative translation adjustments	Total equity of Valora Holding AG	Non-controlling interests	Total equity
Balance at December 31, 2013	**3 436**	**–8 015**	**119 098**	**–7 222**	**660 530**	**–39 738**	**728 089**	**2 177**	**730 266**
Net profit					7 069		7 069	–769	6 300
Other comprehensive income				–2 117	–20 345	–27 438	–49 900	–32	–49 932
Total comprehensive income				–2 117	–13 276	–27 438	–42 831	–801	–43 632
Share-based remuneration					575		575		575
Dividend paid to shareholders					–42 633		–42 633	–365	–42 998
Purchase of treasury stock		–11 370					–11 370		–11 370
Sale of treasury stock		3 684			–1 124		2 560		2 560
Distributions to providers of hybrid capital					–4 800		–4 800		–4 800
Balance at December 31, 2014	**3 436**	**–15 701**	**119 098**	**–9 339**	**599 272**	**–67 176**	**629 590**	**1 011**	**630 601**
Net loss					–29 594		–29 594	799	–28 795
Other comprehensive income				2 256	–16 893	–19 183	–33 820	–114	–33 934
Total comprehensive income				2 256	–46 487	–19 183	–63 414	685	–62 729
Share-based remuneration					883		883		883
Dividend paid to shareholders					–42 184		–42 184	–529	–42 713
Purchase of treasury stock		–23 202					–23 202		–23 202
Sale of treasury stock		12 054			–2 939		9 115		9 115
Distributions to providers of hybrid capital					–4 800		–4 800		–4 800
Disposal of non-controlling interests								–1 140	–1 140
Balance at December 31, 2015	**3 436**	**–26 849**	**119 098**	**–7 083**	**503 745**	**–86 359**	**505 988**	**27**	**506 015**

The accompanying notes from page 101 to page 162 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 INFORMATION REGARDING THE GROUP

Valora is a retail group operating on a Europe-wide scale. Valora Holding AG is incorporated in Muttenz, Switzerland and its shares are listed on SIX Swiss Exchange. Valora's consolidated financial statements for the 2015 financial year were approved by the Board of Directors on March 3, 2016. These consolidated financial statements are subject to approval by the General Meeting of Shareholders to be held on April 14, 2016.

2 ACCOUNTING POLICIES

Basis of preparation. In preparing its consolidated financial statements Valora generally applies the historical cost principle. The exceptions to this are derivative financial instruments and financial assets available for sale, both of which measured at fair value. Consolidation is based on the individual group companies' financial statements, which are prepared according to a uniform set of accounting principles. The Group presents its accounts in Swiss francs (CHF). Unless otherwise stated, all values are stated in thousand Swiss Francs.

Compliance with IFRS, the Swiss Code of Obligations and Swiss Stock Exchange listing rules. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the legal provisions of the Swiss Code of Obligations. They also meet all the listing regulations promulgated by the SIX Swiss Exchange.

Key accounting principles. In addition to the accounts of Valora Holding AG, Muttenz, Switzerland, the Valora Group's financial statements also comprise those of its subsidiaries and non-consolidated investments as follows:

Consolidated companies. Subsidiaries controlled by Valora Holding AG are fully consolidated. In determining whether control exists, the contractual provisions governing Valora's interest in such companies are considered as are Valora's other rights. Subsidiaries acquired are consolidated from the day Valora assumes control and deconsolidated from the day Valora ceases to exercise such control.

Consolidation method. All intra-Group assets, liabilities, income and expenses, and all unrealised gains or losses in intra-Group transactions, are fully eliminated. Whenever companies are acquired, all identifiable assets, liabilities and contingent liabilities of the acquired entity are recognised at fair value at the acquisition date, and the difference between the purchase price paid and the fair value of the company's net assets at the time of the acquisition is recognised as goodwill. Non-controlling interests are defined as that part of the equity of a subsidiary which is not directly or indirectly attributable to the shareholders of Valora Holding AG. Non-controlling interests are presented separately in the consolidated income statement, consolidated statement of comprehensive income and the balance sheet. In the Group balance sheet, non-controlling interests are shown in the equity section, but are reported separately from the equity attributable to shareholders of Valora Holding AG. Acquisitions of non-controlling interests are treated as equity transactions, with the difference between the consideration paid and the carrying amount of the net assets acquired being allocated to the equity attributable to the shareholders of Valora Holding AG.

Non-consolidated investments (associated companies and joint ventures). Associated companies and joint ventures are accounted using the equity method. Associated companies are companies over which Valora has significant influence, but does not control. Significant influence is assumed to exist when Valora holds between 20% and 50% of the voting shares. Joint ventures are based on joint arrangements between the parties concerned, each of which has rights to the net assets of the joint-venture entity. Investments in associates and joint ventures are initially recognised at cost and adjusted thereafter for the Group's share of past acquisition income, other income and other changes in equity. Dividends received are recorded against the investment's carrying amount.

Scope of consolidation. Note 39 provides an overview of the Valora Group's significant subsidiaries.

Changes in consolidation scope. On February 27, 2015, Valora acquired 100 % of the shares of the small-outlet retailer Naville (LS Distributions Suisse SA), which operates in the French-speaking part of Switzerland and had its registered offices in Geneva. Further details of this transaction are set out in Note 6.

Valora sold its goods logistics unit (Valora Warenlogistik AG) to 7Days Media Services GmbH on May 30, 2015.

On December 31, 2015, Valora completed the sale of its Trade division to the Aurelius Group comprising all Valora Trade companies in Switzerland, Austria, Denmark, Sweden, Norway and Finland. Note 7 provides further details.

On July 31, 2014, Valora sold its Services division to Thomas Kirschner, the majority shareholder in PVG, the leading German press wholesaler, whose registered offices are in Frankfurt am Main. Full details of the transaction are set out in Note 7.

3 CHANGES TO ACCOUNTING POLICIES

Implementation of new International Financial Reporting Standards (IFRS) and Interpretations thereof. The adoption of the changes to International Financial Reporting Standards (IFRS) and interpretations for the first time required for the 2015 accounts did not materially affect the Valora Group's financial statements.

Future implementation of International Financial Reporting Standards (IFRS) and Interpretations thereof. The Annual Improvements 2012–14 Cycle (annual improvement process) will become applicable with effect from January 1, 2016. This will not have any material effect on the financial statements of the Valora Group.

With effect from January 1, 2018, the Valora Group will be required to apply the revised IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments) standards. These have not yet been adopted and their impact is currently being evaluated. IFRS 16 replaces IAS 17 and sets out the principles applying to the recognition, measurement, presentation and disclosure of lease contracts. For Valora, the main impact of IFRS 16 is that it requires the lessee to recognise the liabilities and assets arising from practically all its lease contracts. This will increase Valora's overall assets and liabilities. Valora is currently evaluating the precise effects of this new standard, whose implementation will first be required for the reporting period commencing on January 1, 2019.

4 GENERAL ACCOUNTING POLICIES

Translation of foreign currencies. Transactions in foreign currencies are converted into Swiss francs at the exchange rate applicable on the transaction date. At the balance sheet date, amounts receivable and payable in foreign currencies are converted into Swiss francs at the exchange rate applicable on that date, and any exchange rate differences are recorded in the income statement.

Upon consolidation, the assets and liabilities of subsidiaries whose functional currency is not the Swiss franc are converted into Swiss francs at the exchange rate prevailing on the balance sheet date. Income statement, cash flow statement and other movement items are converted into Swiss francs at average exchange rates for the period, provided they approximate the figures which would result from the application of transaction date rates. If not, transactions are converted at effective transaction rates. Exchange gains and losses arising from the translation of foreign operations are recognised in other comprehensive income and reported separately as currency translation adjustments.

Exchange rates applied to key foreign currencies

	Average rate for 2015	**Rate at December 31, 2015**	Average rate for 2014	Rate at December 31, 2014
Euro, 1 EUR	1.068	1.084	1.215	1.203
Swedish krona, 100 SEK	11.42	11.79	13.36	12.74
Danish krone, 100 DKK	14.32	14.52	16.29	16.15
Norwegian krone, 100 NOK	11.95	11.28	14.54	13.34

Net revenues and revenue recognition. Net revenues include proceeds from the sale of goods, services and products manufactured by Valora itself, net of any deductions including rebates, discounts and other agreed concessions. Retail sales by the Valora Retail division are recognised upon sale to the customer. Payment is made in cash or by credit card. The sales value recorded is the amount received net of credit card fees. Wholesale revenues are recognised when the goods have been delivered, the customer has accepted them and there is sufficient certainty of the amount being received. Goods sold in the wholesale business may be sold on a return basis. In this case, net revenues will be reduced by estimated return rates based on experience and other appropriate assumptions. The commission Valora received from the sale to third parties is recognised in net revenues.

Share-based remuneration. The Valora Group pays some of the remuneration it grants in the form of Valora shares. The expense from this is recorded in the income statement and is calculated by multiplying the number of shares granted by the market price prevailing on the grant date (minus any amount payable by the recipients). The expense arising from schemes which will definitely be paid out in shares (equity settled schemes) is accrued against equity. The expense from schemes where payment in shares is not foreseen is accrued as a liability. If the conditions for the allocation of shares extend over several years, the relevant expenses are accrued in appropriate proportions to the years concerned, based on the degree to which the targets are expected to be achieved. Equity settled share-based remunerations are credited to retained earnings. For cash-settled share-based payments a liability is recognised and remeasured at fair value at each reporting date until settlement.

Net financial results. Net gains and losses on the valuation of financial instruments at balance sheet dates which are credited or debited to the income statement do not include any dividend or interest payments. Dividend and interest income is reported separately (see note 13).

Income tax. Income tax is calculated based on the tax laws of each applicable jurisdiction and is charged to the income statement for the accounting period in which the net income arises. The applicable effective tax rates are applied to net income.

Deferred taxes which arise as a result of temporary differences between the values of assets and liabilities reported on the balance sheet and their applicable tax values are shown as deferred tax assets or deferred tax liabilities. Deferred tax assets are recognised when it is probable that future taxable income will be available to offset against them. Deferred income taxes are calculated based on the tax rates which are expected to apply in the period in which the deferred tax asset or liability is expected to be realised or settled. Deferred tax liabilities on temporary differences are generally recorded. Taxes receivable are offset against taxes payable if they relate to the same taxable entity and there is an enforceable legal basis for them to be offset against each other. Changes to deferred tax liabilities or assets are reported as tax expense or income in the income statement. This does not apply to deferred taxes relating to positions which are either shown under other comprehensive income or are accrued directly to equity.

Disposals of business units. When control over business units included in continuing operations ceases because they are sold, the operating results until that date are included under the appropriate line items in the income statement and cash flow statement.

Net profit / loss from discontinued operations. When business segments or significant business areas are sold, all the income statement items relating to these units are aggregated and shown in a separate income statement line as results from discontinued operations. The cash flow statement shows detailed cash flows from continuing operations only. The net cash flows from discontinued operations generated by operating, investing and financing activities are disclosed separately in one line each.

Earnings per share. Earnings per share are calculated by dividing the net profit (or loss) of Valora Holding AG attributable to its shareholders (which, in this report, have been subdivided into the portions attributable to continuing and discontinued operations as required by IAS 33) by the average number of outstanding shares of the Valora Holding AG parent company. Diluted earnings per share take account of the dilutive effects of potential changes to the number of outstanding shares and adjust earnings per share accordingly.

Cash and cash equivalents. Cash and cash equivalents comprise cash balances, demand deposits with banks and short-term money market investments with a maturity not exceeding 3 months.

Trade accounts receivable. Trade accounts receivable are recorded at amortised costs minus any necessary adjustments for doubtful accounts. Adjustments are made if there is objective evidence that the amount may not be received in full.

Inventory. Inventory is carried at the lower of purchase or manufacturing cost and their net realisable value. For Valora's Retail division, inventory is valued at average purchase cost, based on a moving average method. Ditsch/Brezelkönig values both its finished and unfinished products at their production cost, while all other inventory items are valued at average purchase cost based on a moving average method. Slow-moving or obsolete inventory items are valued according to standard business practices, with the items in question being partially or wholly written off.

Non-current assets held for sale. Non-current assets are classified as held for sale and valued at the lower of carrying amount or fair value less costs to sell, if their carrying amount is expected to be realised principally from sale rather than from their continued use. The assets in question must be immediately saleable and there must be a high probability that their sale will occur within one year from classification as held for sale. If entire business units are held for sale, all their assets and all their directly attributable liabilities are recorded in the balance sheet separately as assets or liabilities held in disposal groups.

Property, plant and equipment. Property plant and equipment is recorded at cost minus accumulated depreciation. Subsequent expenditure for renovation is capitalised only if the costs can be reliably determined and an economic benefit results from them. If these conditions are met, the renovation costs so capitalised are depreciated over the useful life of the property. All other repair and maintenance costs are expensed directly to the income statement. Capitalised extensions and installations in rented premises are depreciated over their estimated economically useful life or the remaining rental lease term, if this is shorter. The interest costs relating to facilities which have been under construction for longer periods of time are capitalised.

Depreciation is charged on a linear basis over the estimated useful life as follows:

	Years
Land for operational use	no depreciation
Buildings and building components, operational	15–40
Machinery, equipment, fixtures and fittings	6–10
Vehicles	5
IT hardware	3–5

Investment property. Investment property is recorded at purchase or construction cost less accumulated depreciation. The fair values reported in these notes are based on current estimates of their income-generating capacity. Subsequent expenditure for renovation is capitalised only if the costs can be reliably determined and an economic benefit results from them. If these conditions are met, the renovation costs so capitalised are depreciated over their useful economic life. All other repair and maintenance costs are expensed directly to the income statement.

Depreciation is calculated and charged on a linear basis over the estimated useful life as follows:

	Years
Land	no depreciation
Buildings	20–60

Impairments of property, plant and equipment. The carrying amount of property, plant and equipment are reviewed whenever changing circumstances or specific events suggest that their carrying amounts might be too high. If the carrying amount of an asset exceeds its recoverable fair value, which is defined as the higher of fair value less costs of disposal and value in use, the asset will be written down to its recoverable value. An impairment may be reversed only if the assumptions previously used in determining the recoverable value of the asset concerned have been subject to change. If such a change has occurred, the carrying amount of the asset in question will be raised to its current recoverable value. This new recoverable value may not, however, exceed the value at which the asset would have been carried if no previous impairments had occurred and it had simply been subject to regular straight-line depreciation. Any increase in value resulting from such a reversal is recorded in the income statement immediately.

Government grants. Government grants are recognised at their fair value provided the Group meets the conditions for receiving them. Grants which do not relate to investments are recognised in the income statement under other income in the period in which the expense to which the grant relates was incurred. Investment grants are recognised as reductions in the purchase or production cost of the asset concerned and result in a corresponding reduction of the scheduled depreciation charges applied to it in subsequent periods.

Leases. Assets acquired under lease agreements which substantially transfer the benefits and risk of ownership from the lessor to the lessee are classified as non-current assets of the relevant category. Assets acquired under finance leases are initially capitalised at the lower of fair value or the net present value of all binding future lease payments contracted at the beginning of the lease. On the liabilities side this same amount is recognised as a finance lease liability. Leased assets are depreciated over their anticipated economically useful lives or the life of the lease if this is shorter and transfer of ownership at the end of the lease is not certain.

Similarly, non-current assets leased to third parties under agreements transferring substantially all the benefits and risks of ownership to the lessee are classified not as property, plant and equipment but as financial assets, recorded at the present value of the future lease payments to be received. Expense and income arising from operating leases is recognised in the income statement in a linear fashion over the life of the leases.

Intangible assets, excluding goodwill. Intangible assets are classified into one of the following three categories: software, intangible assets with finite useful life or intangible assets with indefinite useful life. All intangible assets, excluding goodwill, are carried at historical costs less accumulated amortisation. Amortisation is applied using the straight line method over the estimated useful life of the intangible asset concerned.

Software. The purchase or production costs of software are recognised on the balance sheet if Valora expects to derive future economic benefit from the software concerned.

Intangible assets with indefinite useful life. Intangible assets with indefinite useful life are not subject to scheduled amortisation charges. They are subject to an impairment test at least once a year, with impairment charges being recorded against them as required.

Amortisation is charged on a linear basis over the estimated useful life as follows:

	Years
Software	3–5
Intangible assets with finite useful life	3–20
Intangible assets with indefinite useful life	no amortisation

Impairments to intangible assets. The carrying amounts of intangible assets excluding goodwill are reviewed whenever changing circumstances or specific events suggest that their carrying amounts might be too high. If the current carrying amount of an asset exceeds its recoverable value, which is defined as the higher of its current fair value minus costs of disposal or its value in use, the asset will be written down to its recoverable value. An impairment (other than one made to goodwill) may be reversed only if the assumptions previously used in determining the recoverable value of the asset concerned have been subject to change. If such a change has occurred, the carrying amount of the asset in question will be raised to its current recoverable value. This new recoverable value may not, however, exceed the value at which the asset would have been carried after regular amortisation and if no previous impairments had occurred. Any increase in value resulting from such a reversal is recorded in the income statement immediately.

Goodwill. Goodwill is the amount paid by the Group when acquiring a company which exceeds the fair value of that company's net assets at the time of purchase. Goodwill is recognised on the balance sheet in accordance with IFRS 3, and is attributed to the appropriate cash generating unit (CGU). The CGU is then subjected to an impairment test, which is carried out at least once a year, and more frequently should there be evidence suggesting possible impairment. This involves comparing the carrying amount of the CGU to which the goodwill was assigned with the CGU's current recoverable value. This recoverable value is defined as the higher of the fair value of the CGU less costs of disposal and its value in use. Fair value less costs of disposal is the price which would be received from the sale of an asset in an orderly transaction between market participants at the measurement date or which would be payable when a liability is transferred. If the carrying amount of the cash-generating unit exceeds this recoverable amount, an impairment of the goodwill will be recorded. Goodwill impairments cannot be reversed.

Financial assets. Financial assets are classified according to one of the following categories:
- at fair value through profit or loss
- loans and receivables
- available for sale

Classification depends on the purpose for which the financial assets were acquired and is determined when the assets are first recognised.

Financial assets at fair value through profit or loss. These include financial assets and derivative financial instruments held for trading purposes, as well as other assets designated to this category on initial recognition. Financial assets are designated to this category if they are acquired with a view to short-term sale. Financial assets in this category are either held for trading purposes or sold within 12 months of purchase.

Loans and receivables. Loans and receivables are financial assets whose payment dates and amounts are either fixed or can be determined and which are not traded in a market. They include the trade accounts receivable and other receivables which are shown separately on the balance sheet. They are classified as current assets unless their maturity is more than 12 months after the balance sheet date.

One Valora Group company sells its loan receivables to a bank. Since these sales transfer the principal risks associated with these loans to the bank, these positions have been derecognised of the balance sheet. Under certain contractually defined circumstances, which would arise in the event of a non-conforming loan agreement been signed with the borrower, the bank is entitled to reverse the sale of the loan concerned. The risk in such an event is limited to the value of the loan receivable.

Financial assets available for sale. This category covers investments in equity securities of less than 20% and financial assets not assigned to any other category. Financial assets available for sale are classified as non-current assets unless they are intended to be sold within 12 months.

All purchases and sales of financial assets are recorded on the trade date. Financial assets, except those held at fair value through profit and loss, are initially recorded at fair value plus transaction costs. Financial assets held for trading purposes are initially recorded at fair value excluding transaction costs and thereafter, like all other "at fair value through profit or loss" assets, at their fair value. Loans and receivables are recorded at amortised costs calculated by the effective interest rate method. Financial assets available for sale are carried at fair value, using market prices where available or model-based valuations where no market exists. Investments in unquoted equity securities which are not traded in a market and for which insufficient data is available to perform a valuation are carried at cost (minus any impairments). Unrealised gains and losses of available for sale instruments are credited or debited to other comprehensive income. A significant or prolonged decrease in fair value below costs represents an impairment loss and is charged to the income statement. When an available for sale financial asset is sold, the valuation adjustments which have been accumulated against equity in respect of it are passed on to the income statement.

Interest-bearing debt. Interest-bearing liabilities are valued at amortised costs, any differences between such cost and the amounts repayable at maturity are recognised as financial expense over the lifetime of the liability according to the effective interest method.

Accounting for derivative financial instruments and hedging transactions. Positions in derivative financial instruments are recorded at their value when established and adjusted thereafter to reflect changes in fair value. Recognition methods for gains or losses depend on whether the instrument was used to hedge an identifiable risk and whether the conditions for hedge accounting are met. The objective of recognising a transaction as a hedge is to ensure that changes in the value of the item being hedged and those in the hedging instrument offset each other during the time the hedge is in place. If a derivative financial instrument is not designated as a hedge or if it does not meet hedge accounting criteria, gains and losses arising from changes in its fair value are recognised in the income statement. To qualify for hedge accounting, a hedging transaction must meet a number of strict criteria relating to transaction documentation, probability, hedge effectiveness and valuation reliability. When engaging in a hedging transaction, the Group documents the relationship between the hedging instrument and the hedged item and the purpose and strategy of the hedge. This process also requires that all derivatives used for hedging purposes be linked to specific assets or liabilities, or to firm commitments and expected future transactions. Both when a hedge is set up and during its life the Group documents the extent to which changes in the fair value of the derivative financial instrument offset changes in the value of the item it hedges.

When the contract governing it is concluded, any derivative financial instrument which qualifies as a hedging transaction will be classified either as a) hedging the fair value of a specific asset or liability (a fair value hedge), b) hedging future cash flows arising from an expected future transaction or a firm commitment (a cash flow hedge), or c) hedging a net investment in a foreign subsidiary.

Any gains or losses from hedging instruments which effectively offset changes in the value of future cash flows, and thus qualify as cash flow hedges, are booked to other comprehensive income. Gains or losses which do not meet this effectiveness requirement are immediately recorded in the income statement. The amounts recorded under other comprehensive income are then transferred to the income statement when the underlying transaction affects profit or loss.

If the requirements for hedge accounting treatment are no longer met, any gains and losses accumulated under other comprehensive income will remain in equity until the underlying transaction for which the hedge was established has occurred. If the underlying transaction is no longer expected to occur, these accumulated gains and losses will immediately be passed to the income statement.

Provisions. Provisions are recorded when, as a result of a past event, an obligation has arisen whose amount can be reliably estimated and for whose settlement an outflow of cash is probable. Provisions are recorded at the net present value, as of the balance-sheet date, of the estimated future cash outflow.

Liabilities from employee pension schemes. Valora pays employer contributions to various pension schemes established according to local legislation. For defined benefit schemes, the present value of the benefit obligation is determined by an annual actuarial assessment under the projected unit credit method. These assessments take account of the contribution years accumulated by employees at the assessment date as well as the expected evolution of their future remuneration. The pension cost to the employer and the net interest cost or net interest income relating to the net pension liability or net pension asset will be recognised in the income statement in the period in which it occurs. Actuarial gains and losses and the effect of any ceiling applied to the net pension fund assets (IFRIC 14) are accumulated under other comprehensive income.

Expenses for defined contribution pension schemes are charged to the income statement in the period in which they are incurred.

5 MANAGEMENT'S ESTIMATIONS, ASSUMPTIONS AND EXERCISE OF DISCRETION

Significant judgements in the application of accounting principles. The application of accounting principles requires judgement by management which – while no estimates are used to this end – may have a significant influence on the figures reported in the consolidated financial statements. Management assessments are needed in the analysis of the substance of complex transactions.
Significant estimations. Preparation of the consolidated financial statements under IFRS requires the use of estimations regarding the future and may have an influence on the amount of certain items reported in the income statement, the statement of comprehensive income, the balance sheet and their explanatory notes. Any estimations underlying the figures reported in the consolidated financial statements are based on experience and the information available at the time the statements were prepared. Estimations and assumptions are reviewed regularly and adapted where necessary. Nevertheless, subsequent actual outcomes may differ from earlier estimations. Any changes resulting from revisions of estimated values are recognised in the consolidated financial statements in the year in which such revisions are made. Estimations and assumptions bearing significant risks of substantial future changes to carrying amounts are listed below:

Property, plant and equipment. The useful life of property, plant and equipment is determined based on experience and the current technical characteristics of the assets concerned. The actual useful life of a specific asset may deviate from that initially determined due to changes in technology and market conditions. In the event of such a deviation, the remaining useful life of the asset concerned is adjusted. The value of non-current assets is always re-assessed whenever changes in circumstances indicate that their current carrying amount may exceed their fair value. Fair value is determined on the basis of estimates and management's assumptions about the economic utility of the assets concerned. Values subsequently realised can deviate from these estimates (see note 20).

Goodwill and brand rights. The consolidated balance sheet carries goodwill from continuing operations at CHF 417.1 million (see note 22). This goodwill is subjected to an impairment test whenever there are indications that the recoverable amount of the cash generating unit to which it has been allocated may have diminished and in any event at least once annually.
The impairment tests are based on estimated future free cash flows, using discounted cash flow analysis, for each of the cash generating units concerned. The principal factors affecting these valuations are the estimated net revenues, estimated operating margins and the discount rate applied.

Net pension asset and liability. The Group maintains occupational pension schemes of its own which are classified as defined benefit schemes for IFRS purposes. IFRS requires an annual comparison of the pension plans' assets and liabilities with the dynamically calculated net present value of their benefit obligations. These valuations showed a pension plan surplus for the Swiss schemes which is capitalised in the consolidated balance sheet and which corresponds to that portion of the surplus / deficit which the Group is entitled to offset against its benefit obligations under the plans concerned. These valuations are based on a number of assumptions, most important are the discount rate applied to future benefits and the expected future salaries of the plan participants (see note 30). Actual outcomes may diverge considerably from the assumptions made.

Deferred income tax assets. Under IFRS rules, that portion of any tax loss carry forwards which can be expected to result in future tax savings should be recognised as a deferred tax asset (see note 14). The amount of tax savings which are then actually achieved will depend on the level of income generated before the tax loss carry forwards expire. This means that future net income may be impacted by impairments on deferred tax assets if the taxable income the Group generates during the relevant period are below initial expectations. Conversely, additional net income may be recognised if the profits the Group generates exceed expectations and previously unrecognised tax loss carry forwards can be used.

Provisions. Provisions are established for obligations whose amount and / or due date cannot be determined with certainty and a future cash flow is probable. A further prerequisite for the creation of such provisions is that the amount of the potential loss can be reliably estimated. In assessing whether a provision is appropriate and what its amount should be, the best available estimates and assumptions are made with regard to the situation as of the balance sheet date. Since new evidence and unfolding events can have a significant effect on subsequent outcomes, earlier estimates and assumptions may be revised in the light of later evidence and events, if their effect on these estimates and assumptions is substantial (see note 29).

6 ACQUISITIONS OF BUSINESS UNITS

Acquisition Naville. On February 27, 2015, Valora acquired 100 % of the shares of Naville (LS Distribution Suisse SA), a leading small-outlet retailer in French-speaking Switzerland, from Lagardère Services and Tamedia Publications Romandes. Naville, whose registered offices are in Geneva, operates a network of more than 175 outlets. It also has one of the most important logistics platforms in French-speaking Switzerland. Naville is being integrated into the Retail division.

Net assets purchased, purchase price, net cash used

in CHF 000	Naville Fair Value
Current assets	69 297
Non-current assets	38 913
Deferred income tax assets	4 820
Current liabilities	– 52 071
Deferred income tax liabilities	– 7 758
Other non-current liabilities	– 19 838
= Net assets acquired	**33 363**
Goodwill from acquisition	78 518
= Purchase price	**111 881**
Cash and cash equivalents acquired	– 25 861
= Cash used in acquisition of subsidiaries	**86 020**

The goodwill of CHF 78.5 million reflects the synergies the acquisition is expected to generate. Goodwill is not tax deductible.

Current assets include accounts receivable valued at CHF 15.8 million. No allowance has been recorded against this position and the entire contractually agreed amount is expected to be recoverable.

From the time of its acquisition by Valora till December 31, 2015, Naville contributed CHF 240.0 million to Group net revenues and CHF 10.7 million to Group net profit. If the acquisition had taken place on January 1, 2015, Naville's net-revenue contribution would have been CHF 296.3 million and its contribution to Group net profits would have been CHF 11.6 million.

The goodwill position was fully attributed to the Retail segment.

The total transaction costs directly attributable to the acquisition amount to CHF 3.3 million.

7 DISCONTINUED OPERATIONS

Transactions completed in 2015.

Valora Warenlogistik AG. Valora sold its goods logistics unit (Valora Warenlogistik AG) to 7Days Media Services GmbH on May 30, 2015. The two companies signed a number of contracts in connection with this transaction governing the transfer of warehousing and transport services for Valora Retail to 7Days Media Services GmbH and the sale of the operational infrastructure on which those services are based.

Disposal of net assets of Valora Warenlogistik AG

in CHF 000	30.05.2015
Cash and cash equivalents	2 003
Other current assets	2 784
Intangible assets	144
Other non-current assets	3 301
Total assets	**8 232**
Trade accounts payable	1 212
Other current liabilities	796
Other non-current liabilities	100
Total liabilities	**2 108**
Total net assets	**6 124**

Loss from disposal of Valora Warenlogistik AG

in CHF 000	2015
Consideration received	6 166
Disposal of net assets	– 6 124
Transaction costs	– 237
Loss from disposal	**– 195**

Cash and cash equivalents generated from disposal of Valora Warenlogistik AG

in CHF 000	2015
Cash and cash equivalents received	5 929
Cash and cash equivalents disposed	– 2 003
Net cash inflow from disposal	**3 926**

Valora Trade. On December 31, 2015, Valora completed the sale of its Trade division to the Aurelius Group. Aurelius is an exchange-listed group, specialising in the acquisition and strategic realignment of companies. The purchase agreement encompasses all Valora Trade companies in Switzerland, Austria, Germany, Denmark, Sweden, Norway and Finland. The sale of Trade Germany was expected to be completed during January 2016.

Disposal of net liabilities of Valora Trade

in CHF 000	31.12.2015
Cash and cash equivalents	4 502
Other current assets	135 456
Intangible assets	2 090
Other non-current assets	9 413
Total assets	**151 461**
Trade accounts payable	81 554
Other current liabilities	30 732
Other non-current liabilities	57 712
Total liabilities	**169 998**
Total net liabilities	**–18 537**

Loss from disposal of Valora Trade

in CHF 000	2015
Consideration received	20 881
Disposal of net liabilities	18 537
Derecognition of loans, cash pool, receivables and other positions	–59 145
Derecognition of non-controlling interests	1 140
Provision for guarantees	–4 000
Transaction costs	–3 574
Recycling of cumulative translation adjustment	–18 532
Loss from disposal	**–44 693**

Cash and cash equivalents generated from disposal of Valora Trade

in CHF 000	2015
Cash and cash equivalents received	534
Transaction costs	–3 574
Cash and cash equivalents disposed	–4 502
Net cash outflow from disposal	**–7 542**

Result from discontinued operations 2015

January 1 to December 31, in CHF 000	**2015 Trade**	**2015 Warenlogistik (01.01.–30.05.)**	**2015 Total**
Net revenues	463 949	0	463 949
Expenses [1]	–464 035	930	–463 105
Other income	248	378	626
Operating profit (EBIT)	**162**	**1 308**	**1 470**
Financial result	–1 143	0	–1 143
Share of result from associates and joint ventures	604	0	604
Earnings before taxes	**–377**	**1 308**	**931**
Income taxes	1 785	–294	1 491
Net profit from operating activities	**1 408**	**1 014**	**2 422**
Loss from disposal	–44 693	–143	–44 836
Loss on remeasurement to fair value less transaction costs	–33 183	0	–33 183
Net (loss)/profit from discontinued operations	**–76 468**	**871**	**–75 597**
Attributable to shareholders of Valora Holding AG	–77 267	871	–76 396
Attributable to non-controlling interests	799	0	799

[1] The expenses of Valora Warenlogistik AG include a profit arising from plan changes under IAS 19 of CHF 1472 thousand.

Net assets of disposal group at 31.12.2015

in CHF 000	Trade Germany
Cash and cash equivalents	677
Other current assets	4 866
Goodwill, software and other intangible assets	25
Other non-current assets	87
Total assets in disposal group	**5 655**
Accounts payable	1 157
Other current liabilities	4 446
Total liabilities in disposal group	**5 603**
Net assets from disposal group	**52**

Cumulative other comprehensive income, after tax, attributable to the disposal group amounted to CHF 1922 thousand at December 31, 2015 (CHF 1031 thousand in 2014).

Transactions completed in 2014.

Valora Services. On May 7, 2014, Valora signed an agreement for the sale of its Services division with Thomas Kirschner, the majority shareholder of PVG, the leading German press wholesaler. Under the agreement, Thomas Kirschner acquired Valora's press wholesaling business in Switzerland and Luxembourg and its third-party logistics business in Switzerland. The transaction was completed on July 31, 2014.

Disposal of net assets of Valora Services

in CHF 000	31.07.2014
Cash and cash equivalents	16 455
Other current assets	38 200
Intangible assets	47 331
Other non-current assets	5 211
Total assets	**107 197**
Trade accounts payable	19 045
Other current liabilities	36 672
Other long term liabilities	310
Total liabilities	**56 027**
Total net assets	**51 170**

Gain from disposal of Valora Services

in CHF 000	2014
Consideration received	72 785
Disposal of net assets	–51 170
Transaction costs	–3 945
Recycling of cumulative translation adjustment	14 731
Loss from disposal	**32 401**

Cash and cash equivalents generated from disposal of Valora Services

in CHF 000	2014
Cash and cash equivalents received	68 840
Cash and cash equivalents disposed	–16 455
Net cash inflow from disposal	**52 385**

Result from discontinued operations 2014

January 1 to December 31, in CHF 000	**2014 Trade**	**2014 Services (01.01.–31.07.)**	**2014 Warenlogistik**	**2014 Total**
Net revenues	616 556	82 976	0	699 532
Expenses [1)]	–635 525	–77 652	–747	–713 924
Other income	109	74	764	947
Operating profit (EBIT)	**–18 860**	**5 398**	**17**	**–13 445**
Financial result	752	303	–2	1 053
Share of result from associates and joint ventures	497	0	0	497
Earnings before taxes	**–17 611**	**5 701**	**15**	**–11 895**
Income taxes	2 007	–673	–3	1 331
Net (loss)/profit from operating activities	**–15 604**	**5 028**	**12**	**–10 564**
Gain from disposal	0	32 401	0	32 401
Loss on remeasurement to fair value less transaction costs	–30 947	0	0	–30 947
Net (loss)/profit from discontinued operations	**–46 551**	**37 429**	**12**	**–9 110**
Attributable to shareholders of Valora Holding AG	–45 782	37 429	12	–8 341
Attributable to non-controlling interests	–769	0	0	–769

1) This comprises impairment charges to goodwill and intangible assets amounting to CHF 17 259 thousand. Had these not occurred, EBIT would have been CHF –1601 thousand.

8 SEGMENT REPORTING

The Valora Group is a retail company operating on a Europe-wide scale, with business activities carried out in the following reportable business segments:

Valora Retail: Valora Retail operates small retail outlets at heavily frequented locations in Switzerland, Germany, Luxembourg and Austria. The division operates country-wide marketing and distribution systems for press, tobacco and consumer products for daily use and the impulse buyer's market. Valora Retail's market presence comprises the k kiosk, k presse + buch, avec., P&B, Naville, tabacon, ServiceStore DB, CIGO and Caffè Spettacolo formats.

Ditsch/Brezelkönig: Ditsch/Brezelkönig produces lye-bread and other bakery products in Germany and Switzerland. These are distributed both to its Ditsch/Brezelkönig outlets and to the wholesale sector.

Other: The Group support functions in the areas of Finance, Human Resources, Business Development, Legal Services and Communications as well as bob Finance are reported under "Other". The assets attributable to these support functions represent principally loans to Group companies, cash and cash equivalents, and short-term receivables. The liabilities attributable to this segment essentially relate to the financing instruments listed in note 26.

At Valora, these segments comprise a variety of retail formats and geographical regions. The net revenues generated by these segments mainly relate to the sale of goods. Their non-current assets comprise property, plant and equipment, investment property and intangible assets (additions to which are shown without changes in consolidation scope). Valora's internal reporting is based on the same valuation principles as its external reporting.

Segment data by division

2015

in CHF 000	Valora Retail	Ditsch/ Brezelkönig	Other	Elimination	Total Group continuing operations
Net revenues					
Total	**1 865 721**	**211 593**	**111**	**0**	**2 077 425**
From third parties	1 865 721	211 593	111	0	2 077 425
Operating profit (EBIT)					
Total	**42 977**	**26 941**	**– 14 804**	**0**	**55 114**
Depreciation, amortisation and impairment charges	40 690	13 011	8 767	0	62 468
Additions to long-term assets					
Total	**25 559**	**12 827**	**7 044**	**0**	**45 430**
Segment assets					
Total	**804 698**	**441 435**	**494 381**	**– 525 993**	**1 214 521**
Investment in associates and joint ventures	50	0	0	0	50
Segment liabilities					
Total	**552 344**	**186 587**	**495 620**	**– 525 993**	**708 558**

Net revenues from third parties comprise CHF 1757 million for goods sold, CHF 119 million for services provided and CHF 201 million for the sale of goods produced by Valora itself. Impairments amounted to CHF 5808 thousand for Valora Retail.

2014

in CHF 000	Valora Retail	Ditsch/ Brezelkönig	Other	Elimination	Total Group continuing operations
Net revenues					
Total	**1 712 127**	**220 444**	**0**	**0**	**1 932 571**
From third parties	1 712 127	220 444	0	0	1 932 571
Operating profit (EBIT)					
Total	**9 952**	**31 164**	**–10 663**	**0**	**30 453**
Depreciation, amortisation and impairment charges	64 638	14 119	77	0	78 834
Additions to long-term assets					
Total	**45 523**	**10 644**	**851**	**0**	**57 018**
Segment assets					
Total	**649 252**	**464 979**	**527 710**	**–511 357**	**1 130 584**
Investment in associates and joint ventures	50	0	0	0	50
Segment liabilities					
Total	**524 515**	**191 009**	**426 689**	**–511 357**	**630 856**

Net revenues from third parties comprise CHF 1615 million for goods sold, CHF 110 million for services provided and CHF 208 million for the sale of goods produced by Valora itself. Impairments amounted to CHF 23 197 thousand for Valora Retail.

Segment data by region

2015

in CHF 000	Switzerland	Germany	Other Europe	Total Group
Net revenues from third parties	1 452 860	529 002	95 563	2 077 425
Long-term assets	396 837	345 699	4 631	747 167

2014

in CHF 000	Switzerland	Germany	Other Europe	Total Group
Net revenues from third parties	1 272 281	553 437	106 853	1 932 571
Long-term assets	307 493	386 929	5 175	699 597

The information shown regarding revenues and non-current assets (property, plant and equipment, investment property and intangible assets) is based on the location of the subsidiaries concerned. No single customer accounts for more than 10% of net revenues from third parties.

9 PERSONNEL EXPENSES

in CHF 000	**2015**	2014
Salaries and wages	222 923	225 811
Social security expenses	39 774	38 644
Share-based remuneration	883	514
Other personnel expenses	13 481	12 442
Total personnel expenses	**277 061**	**277 411**
Number of employees (full-time equivalent basis) at December 31	4 349	4 435

Social security expenses include CHF 457 thousand (CHF 413 thousand in 2014) in respect of defined contribution pension plans. Other personnel expenses essentially comprise remuneration for temporary staff paid to employment agencies, staff training costs and personnel recruitment costs. Despite the Naville acquisition, total staff numbers declined in 2015, principally as a result of the expansion of the agency network.

10 OTHER OPERATING EXPENSES

in CHF 000	2015	2014
Rental expenses	165 138	162 939
Real-estate expenses	7 625	7 205
Ancillary rental expenses	27 628	25 391
Agency fees	133 193	97 490
Insurance	1 216	1 412
Communications and IT	25 209	23 897
Advertising and sales	13 296	10 942
Shipping and freight	24 299	20 947
General administration	26 200	25 242
Capital and other taxes	1 229	913
Other operating leases	3 100	2 334
Other operating expenses	29 420	29 160
Total other operating expenses	**457 553**	**407 872**

The increase in other operating expenses in 2015 is essentially due to the Naville acquisition.

11 OTHER INCOME AND OTHER EXPENSES

in CHF 000	2015	2014
Rental income	713	1 289
Gains from disposal of non-current assets	161	945
Other income	7 302	13 752
Total other income	**8 176**	**15 986**

Other income for 2015 includes service income of CHF 3967 thousand generated by Valora for the ongoing provision of administrative services to the successor organisation of its former Services division. The remainder of the other income reported for 2015 essentially comprises the derecognition of long-term liabilities, payments received from insurers and reimbursements.

Other income for 2014 includes service income of CHF 2980 thousand in 2014 which was generated after the sale of the Services division for the ongoing provision of various administrative functions. In addition, contingent considerations amounting to CHF 7640 thousand relating to the acquisition of Convenience Concepts and Delvita Salty Snacks were released to the income statement in 2014.

in CHF 000	2015	2014
Losses from disposal of non-current assets	–1 122	–3 879
Other expenses	–137	–2 108
Total other expenses	**–1 259**	**–5 987**

12 FINANCIAL EXPENSES

in CHF 000	2015	2014
Cost of bank loans and liabilities	6 752	8 636
Interest on bonds issued	6 779	6 779
Interest on finance leases	84	159
Foreign exchange losses, net	5 238	2 007
Total financial expense	**18 853**	**17 581**

13 FINANCIAL INCOME

in CHF 000	2015	2014
Interest earned on cash, cash equivalents, loans and receivables	189	148
Interest income from finance leases	249	274
Net gains from derivative financial instruments	1 148	12
Dividend income from financial investments available for sale	33	30
Total financial income	**1 619**	**464**

14 INCOME TAXES

Income tax expenses were as follows:

in CHF 000	2015	2014
Current income tax expenses	4 904	4 454
Deferred income tax income	–13 826	–6 528
Total income tax	**–8 922**	**–2 074**

The differences between reported Group income tax expense and the expected tax expenses of the individual Group companies based on their applicable tax rates can be reconciled as follows:

in CHF 000	**2015**	2014
Profit before income taxes	37 880	13 336
Expected average Group tax rate	13.5 %	13.6 %
Income taxes at expected Group tax rate	**5 115**	**1 807**
Expenses not recognised for tax purposes / non-taxable revenues	3 044	– 2 546
Use of previously unrecognised tax loss carry forwards	– 19 791	– 534
Effects on current income taxes for prior periods	440	57
Increase of allowances on deferred tax assets	7 509	1 172
Release of previous allowances against deferred income tax assets	– 2 851	– 3 419
Changes in tax rates	– 588	16
Other effects	– 1 800	1 373
Total reported income taxes	**– 8 922**	**– 2 074**
Effective tax rate	– 23.6 %	– 15.5 %

Expected average Group tax rates take account of the tax rates applying to individual entities on a weighted basis. The expected average Group tax rate for 2015 was virtually unchanged on its level for 2014.

Changes to deferred income taxes were as follows:

Changes to deferred tax assets and liabilities in CHF 000	**Deferred tax assets**	**Deferred tax liabilities**	**Net assets (+) / Net liabilities (–)**
Balance at December 31, 2013	**26 541**	**– 48 333**	**– 21 792**
Deferred taxes recorded in the income statement	– 4 384	10 912	6 528
Deferred taxes recorded in other comprehensive income	4 563	0	4 563
Changes in consolidation scope	0	1 571	1 571
Reclassification to disposal group	– 2 077	3 989	1 912
Currency translation differences	– 307	– 526	– 833
Balance at December 31, 2014	**24 336**	**– 32 387**	**– 8 051**
Deferred taxes recorded in the income statement	13 207	619	13 826
Deferred taxes recorded in other comprehensive income	0	3 262	3 262
Changes in consolidation scope	4 820	– 7 758	– 2 938
Currency translation differences	– 1 508	2 126	618
Balance at December 31, 2015	**40 855**	**– 34 138**	**6 717**

The deferred taxes recorded in other comprehensive income relate to continuing operations.

The composition of deferred income tax assets and liabilities is as follows:

Deferred tax assets by source of difference in CHF 000	**2015**	2014
Current assets	153	401
Property, plant and equipment	1 356	471
Goodwill, software and other intangible assets	18 165	7 383
Pension liabilities	4 195	0
Liabilities and provisions	737	1 721
Tax loss carry forwards	16 752	14 360
Total	**41 358**	**24 336**
Deferred tax liabilities by source of difference		
Current assets	–1 556	–160
Property, plant and equipment	–8 805	–4 987
Goodwill, software and other intangible assets	–19 304	–20 053
Pension asset	–2 762	–6 739
Liabilities and provisions	–2 214	–448
Total	**–34 641**	**–32 387**
Reported in the balance sheet		
Deferred income tax assets	40 855	24 336
Deferred income tax liabilities	–34 138	–32 387
Total deferred income tax liabilities, net	**6 717**	**–8 051**

Tax loss carry forwards amounted to CHF 247.0 million in 2015, excluding the disposal group (CHF 177.6 million in 2014). In 2015, CHF 53.9 million deferred tax assets on tax loss carry forwards of CHF 188.4 million were not recognized, since it was not probable that they could be utilised. In 2014, CHF 40.8 million of the CHF 132.8 million tax loss carry forwards were not recognised as a deferred tax asset for the same reason. These tax loss carry forwards either cannot expire or have expiration dates more than 5 years in the future.

There are temporary differences amounting to CHF 95.4 million excluding the disposal group (CHF 202.4 million in 2014) for which no deferred tax assets were capitalised.

15 EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit attributable to shareholders of Valora Holding AG by the weighted average number of shares outstanding.

in CHF 000	2015	2014
Net profit from continuing operations	46 802	15 410
Interest attributable to perpetual hybrid bond holders	–4 800	–4 800
Net profit from continuing operations attributable to Valora Holding AG shareholders	42 002	10 610
Net loss from discontinued operations	–76 396	–8 341
(Net loss)/net profit from continuing and discontinued operations attributable to Valora Holding AG shareholders	**–34 394**	**2 269**
Average number of shares outstanding	3 358 171	3 388 061
Earnings per share from continuing operations (in CHF)	12.51	3.13
Earnings per share from continuing and discontinued operations (in CHF)	**–10.24**	**0.67**

There were no dilutive effects in 2015 or 2014.

16 CASH AND CASH EQUIVALENTS

in CHF 000	2015	2014
Petty cash and on demand deposits	116 308	129 047
Total cash and cash equivalents	**116 308**	**129 047**
thereof restricted cash	3 009	3 341

17 TRADE ACCOUNTS RECEIVABLE

in CHF 000	2015	2014
Trade accounts receivable, gross	61 934	40 843
Allowance for bad and doubtful debts	–5 656	–7 105
Total trade accounts receivable, net	**56 278**	**33 738**

Allowances for trade accounts receivable are shown in the table below:

in CHF 000	2015	2014
Position at January 1	**7 105**	**5 233**
Consolidation scope disposals	0	–172
Increase in allowance charged to income statement	2 581	2 708
Release of allowances credited to income statement	–2 863	–240
Reclass to disposal group	0	–261
Allowances used	–778	–128
Foreign exchange differences	–389	–35
Position at December 31	**5 656**	**7 105**

The year-end composition, by age, of overdue trade accounts receivable which have not been subjected to allowance is as follows:

in CHF 000	2015	2014
Up to 10 days overdue	2 362	2 125
More than 10 days, but less than one month overdue	1 066	1 087
More than one month, but less than two months overdue	60	1 430
More than two months, but less than four months overdue	131	114
More than four months overdue	671	198

The breakdown of trade accounts receivable by currency is as follows:

in CHF 000	2015	2014
CHF	45 224	22 341
EUR	11 054	11 397
Total trade accounts receivable, net	**56 278**	**33 738**

18 INVENTORIES

in CHF 000	**2015**	2014
Merchandise	142 666	136 257
Finished and semi-finished goods	2 916	3 210
Other inventories	2 190	2 909
Total inventories	**147 772**	**142 376**

In 2015, write-downs of CHF 6.2 million were charged to cost of goods (CHF 6.2 million in 2014).

19 OTHER CURRENT RECEIVABLES

in CHF 000	**2015**	2014
Value-added tax and other taxes	2 843	2 924
Prepaid expenses and accrued income	17 935	16 867
Short-term receivables from finance leases	621	621
Miscellaneous receivables	27 021	31 963
Total other current receivables	**48 420**	**52 375**

The miscellaneous receivables above comprise mainly cost reimbursement receivables and payments receivable from social security agencies and insurers. Additional information relating to short-term receivables from finance leases can be found in note 23.

20 PROPERTY, PLANT AND EQUIPMENT

in CHF 000	Land	Buildings	Machinery and equipment	Projects in progress	Total
At cost					
Balance at December 31, 2013	**7 105**	**30 872**	**450 007**	**11 549**	**499 533**
Consolidation scope disposals [1]	0	0	–13 522	–1 991	–15 513
Additions	258	153	39 073	9 862	49 346
Disposals	0	0	–51 026	–14	–51 040
Transfers	0	764	11 853	–12 617	0
Transfers to disposal group [1]	–18	–105	–17 598	–1	–17 722
Foreign exchange differences	–53	–286	–2 641	–37	–3 017
Balance at December 31, 2014	**7 292**	**31 398**	**416 146**	**6 751**	**461 587**
Consolidation scope additions	0	18 007	12 586	0	30 593
Additions	12	240	27 323	9 512	37 087
Disposals	0	–1 389	–22 318	0	–23 707
Transfers	0	1 401	7 484	–8 885	0
Foreign exchange differences	–273	–1 401	–12 704	–272	–14 650
Balance at December 31, 2015	**7 031**	**48 256**	**428 517**	**7 106**	**490 910**
Accumulated depreciation / impairment					
Balance at December 31, 2013	**0**	**–3 474**	**–259 885**	**0**	**–263 359**
Consolidation scope disposals [1]	0	0	9 650	0	9 650
Additions	0	–1 547	–36 994	0	–38 541
Impairment	0	–257	–5 943	0	–6 200
Disposals	0	0	47 944	0	47 944
Transfers to disposal group [1]	0	21	12 255	0	12 276
Foreign exchange differences	0	22	883	0	905
Balance at December 31, 2014	**0**	**–5 235**	**–232 090**	**0**	**–237 325**
Additions	0	–2 066	–38 461	0	–40 527
Impairment	0	0	–4 864	0	–4 864
Disposals	0	266	20 227	0	20 493
Foreign exchange differences	0	137	4 549	0	4 686
Balance at December 31, 2015	**0**	**–6 898**	**–250 639**	**0**	**–257 537**
Net carrying amount					
at December 31, 2014	7 292	26 163	184 056	6 751	224 262
at December 31, 2015	**7 031**	**41 358**	**177 878**	**7 106**	**233 373**

[1] The values shown in the lines consolidation scope disposals and transfers to disposal group are those applicable at January 1, 2014. Accordingly, all the other changes shown for 2014 and 2015 in the table above relate to continuing operations.

Property, plant and equipment includes machinery and equipment held on finance leases with a carrying amount of CHF 1.0 million (CHF 1.6 million in 2014). The impairments recorded against machinery and equipment predominantly relate in both years to outlet infrastructure.

21 INVESTMENT PROPERTY

The acquisition costs and carrying amounts for the investment property portfolio were as follows:

Investment property in CHF 000	2015	2014
At cost		
Balance at January 1	**4 156**	**4 156**
Additions	0	0
Disposals	–3 333	0
Foreign exchange differences	0	0
Balance at December 31	**823**	**4 156**
Accumulated depreciation		
Balance at January 1	**–576**	**–509**
Additions	–37	–67
Disposals	412	0
Foreign exchange differences	0	0
Balance at December 31	**–201**	**–576**
Total net carrying amount	**622**	**3 580**

On July 1, 2015, an investment property in Interlaken was sold for CHF 2963 thousand, generating a book gain of CHF 42 thousand.

The estimated fair value of the investment properties is based on revenue-value calculations (see note 35) and amounts to CHF 0.6 million (CHF 3.8 million in 2014). The rental income from the investment properties was CHF 0.2 million (CHF 0.3 million in 2014) and the associated maintenance and operational costs were CHF 0.1 million (CHF 0.1 million in 2014).

22 GOODWILL, SOFTWARE AND OTHER INTANGIBLE ASSETS

in CHF 000	Goodwill	Intangible assets with indefinite useful life	Software and intangible assets with finite useful life	Projects in progress	Total
At cost					
Balance at December 31, 2013	**478 843**	**49 157**	**213 580**	**10 001**	**751 581**
Consolidation scope disposals [1]	–43 342	0	–12 346	–140	–55 828
Additions	0	0	4 926	2 745	7 671
Disposals	0	0	–6 685	– 551	–7 236
Transfers to disposal group [1]	–68 304	0	–45 228	–2 710	–116 242
Transfers	0	0	450	–450	0
Foreign exchange differences	–4 643	–500	–1 535	–6	–6 684
Balance at December 31, 2014	**362 554**	**48 657**	**153 162**	**8 889**	**573 262**
Consolidation scope additions	78 517	0	824	5	79 346
Additions	0	0	5 718	2 625	8 343
Disposals	0	0	–4 516	0	–4 516
Transfers	0	0	8 033	–8 033	0
Foreign exchange differences	–22 741	–2 450	–7 421	2	–32 610
Balance at December 31, 2015	**418 330**	**46 207**	**155 800**	**3 488**	**623 825**
Accumulated amortisation / impairment					
Balance at December 31, 2013	**0**	**0**	**–103 508**	**0**	**–103 508**
Consolidation scope disposals [1]	0	0	7 515	0	7 515
Additions	0	0	–16 268	0	–16 268
Impairment	0	0	–17 758	0	–17 758
Disposals	0	0	6 489	0	6 489
Transfers to disposal group [1]	0	0	21 505	0	21 505
Foreign exchange differences	0	0	518	0	518
Balance at December 31, 2014	**0**	**0**	**–101 507**	**0**	**–101 507**
Additions	0	0	–14 737	0	–14 737
Impairment	–1 173	0	–1 130	0	–2 303
Disposals	0	0	4 309	0	4 309
Foreign exchange differences	–16	0	3 601	0	3 585
Balance at December 31, 2015	**–1 189**	**0**	**–109 464**	**0**	**–110 653**
Net carrying amount					
at December 31, 2014	362 554	48 657	51 655	8 889	471 755
at December 31, 2015	**417 141**	**46 207**	**46 336**	**3 488**	**513 172**

[1] The values shown in the lines consolidation scope disposals and transfers to disposal group are those applicable at January 1, 2014. Accordingly, all other changes shown for 2014 and 2015 in the table above relate to continuing operations.

CHF 16 662 thousand of the impairment charges for 2014 relate to acquired supply rights to Valora Retail.

The intangible assets include software operated under a finance lease contract with a carrying amount of CHF 0.5 million (CHF 1.5 million in 2014).

Intangible assets with indefinite useful life. The intangible assets with indefinite useful life are the Ditsch brand (CHF 22.3 million) and the Brezelkönig brand (CHF 23.9 million). Valora's brand rights were tested as part of the impairment tests for the cash generating units Ditsch and Brezelkönig. These are based on the revenues projected in the relevant three-year business plans. Thereafter an annual revenue growth of 1.0 % (1.0 % in 2014) has been assumed. The pre-tax discount rates applied are 7.7 % for Ditsch and 5.6 % for Brezelkönig (6.7 % and 5.5 %, respectively, in 2014).

Software and intangible assets with finite useful life. Software and intangible assets with finite useful life include CHF 15.1 million (CHF 12.2 million in 2014) for software and CHF 31.2 million (CHF 39.4 million in 2014) for intangible assets with finite useful life, of which CHF 23.3 million (CHF 29.5 million in 2014) relate to customer relationships of Ditsch/Brezelkönig.

Goodwill impairment test. Goodwill is assigned to the Group's cash-generating units. It is initially allocated to business segments and then, within these, to geographically related markets. The composition of the goodwill positions is as follows:

in CHF 000	Segment	Year acquired	2015	2014
Valora Retail Switzerland	Retail	2002 – 2015	91 292	12 774
Valora Retail Germany	Retail	2008 – 2012	87 740	97 417
Valora Retail Austria (Schmelzer-Bettenhausen)	Retail	2012	0	1 321
Ditsch Germany and Brezelkönig Switzerland	Ditsch/ Brezelkönig	2012	238 109	251 042
Total carrying amount at December 31			**417 141**	**362 554**

Impairment tests are carried out at least once a year or in case of evidence of a possible impairment. Each unit's recoverable amount is determined on the basis of its value in use and then compared to its carrying amount. An impairment adjustment will be made only if the carrying amount of the cash-generating unit exceeds its value in use. Valuation is carried out on the basis of projected future free cash flows from cash-generating units to which goodwill has been allocated, using the discounted cash flow (DCF) method. These projected cash flows are discounted at a rate equal to the pre-tax weighted average cost of capital.

These projected future cash flows are taken from the business plans of the companies concerned for the next three years based on management projections. The following key assumptions are applied:

Valora Retail Switzerland. For the three years covered by the business plan, revenues are expected to remain stable and margins are expected to increase slightly.

Valora Retail Germany. Revenue growth over the planning period is expected to average a good 3.0 % and margins are expected to increase.

Ditsch/Brezelkönig. Revenue growth over the planning period is expected to average a good 5.0 % and margins are expected to remain stable.

Cash flows after this three-year period are modelled by using a residual value based on projections for the third planning year and assume zero growth thereafter, except in the case of Ditsch/Brezelkönig, whose subsequent growth rates are assumed to be 1.0 % (1.0 % in 2014). The discount rates applied are based on data observed in Swiss financial markets which are then adjusted to reflect currency and country-specific risks.

The discount rates used (pre tax) are as follows:

	Currency	2015	2014
Valora Retail Switzerland	CHF	5.5 %	5.9 %
Valora Retail Germany	EUR	7.2 %	6.7 %
Valora Retail Austria	EUR	7.6 %	6.9 %
Ditsch/Brezelkönig (Germany/Switzerland)	EUR	5.9 %	6.7 %

In 2015, because the sales and revenues projected for Valora Retail Austria failed to meet their expected targets, the goodwill for this business area was written down to zero, resulting in an impairment charge of CHF 1189 thousand.

No impairment charges relating to continuing operations were recorded in 2014.

Sensitivities. For all Goodwill positions, the impairment tests for 2015 showed that even in the event of a possible increase in the discount rate by 1.5 percentage points or sales growth rates being zero, all values in use would exceed the relevant carrying amounts.

23 RECEIVABLES FROM RENTAL LEASES AND LEASE AGREEMENTS

Receivables from rental leases in CHF 000	**2015**	2014
Rental payments received during period	18 437	22 163
Future rental receivables		
Within one year	14 891	16 696
Within 1 – 2 years	11 110	14 026
Within 2 – 3 years	8 192	11 131
Within 3 – 4 years	5 719	7 773
Within 4 – 5 years	4 256	5 101
After more than 5 years	4 705	8 255
Total future receivables from current rental leases	**48 873**	**62 982**

Receivables from other operating leases in CHF 000	**2015**	2014
Payments received during period	4 067	4 204
Future rental receivables		
Within one year	2 023	3 149
Within 1 – 2 years	1 544	2 307
Within 2 – 3 years	1 149	1 866
Within 3 – 4 years	860	1 383
Within 4 – 5 years	730	917
After more than 5 years	926	1 150
Total future receivables from other operating leases	**7 232**	**10 772**

Other operating leases concern retail shop equipment rented to franchisees in Germany.

Receivables from finance leases in CHF 000	**2015**	2014
Payments received during period	643	642
Maturity of receivables		
Within one year	643	643
Within 1 – 2 years	642	643
Within 2 – 3 years	625	643
Within 3 – 4 years	571	643
Within 4 – 5 years	570	643
After more than 5 years	1 569	2 048
Total future receivables from finance leases	**4 620**	**5 263**
Less future interest charges	– 964	– 1 213
Total future receivables from finance leases (present value)	**3 656**	**4 050**
Less current portion (see note 19)	– 621	– 621
Non-current receivables from finance leases (see note 24)	**3 035**	**3 429**

Present value of minimum future finance lease revenues in CHF 000	**2015**	2014
Within one year	621	621
Within 1 – 2 years	582	582
Within 2 – 3 years	531	546
Within 3 – 4 years	455	512
Within 4 – 5 years	426	480
After more than 5 years	1 041	1 309
Total present value of future minimum finance lease revenues	**3 656**	**4 050**

The finance leases cover extensions to the former headquarters in Bern made during Valora's tenancy, which the new tenant is using.

24 FINANCIAL ASSETS

in CHF 000	**2015**	2014
Loans	5 812	740
Receivables from finance leases	3 035	3 429
Other long-term receivables	32 739	13 239
Financial assets available for sale	673	667
Total financial assets	**42 259**	**18 075**

The increase in loans is essentially attributable to the Naville acquisition. Other long-term receivables include the contingent consideration and the warranty receivable arising from the sale of the Trade division.

Note 23 provides further information on receivables from finance leases.

The financial assets available for sale include CHF 673 thousand (CHF 638 thousand in 2014) of unlisted securities for which there is no active market and about which insufficient information is available to determine a fair value. These items are therefore carried at cost less impairment, if there were any.

Other long-term receivables relate to the earn-out provisions of the Trade division sale agreement, Valora's contingent guarantee entitlement associated therewith and the outstanding balance of the purchase price due to Valora from its sale of the Muttenz facility in 2012, which has been offset against the amounts payable by Valora over the next seven years to 2022 under the usufruct agreement which grants Valora occupancy of the facility during that period and is secured by a lien on the property.

25 INVESTMENT IN JOINT VENTURES

Investments in joint ventures comprise Valora's 50% stake in Emere AG. The carrying amount of these shares amounts to CHF 50 thousand (CHF 50 thousand in 2014). There is no impact on the income statement or the statement of comprehensive income.

26 SHORT-TERM FINANCIAL DEBT AND OTHER LONG-TERM LIABILITIES

Short-term financial debt in CHF 000	**2015**	2014
Current bank debt	226	37
Current portion of finance lease obligations	1 425	1 376
Total short-term financial debt	**1 651**	**1 413**

Other non-current liabilities in CHF 000	**2015**	2014
Bank loans	–697	–896
Bonded-loan issue	162 050	179 832
Bonds	199 874	199 816
Long-term finance lease obligations	689	1 836
Other long-term liabilities	7 076	3 842
Total other non-current liabilities	**368 992**	**384 430**

Note 32 provides further information on commitments arising from finance leases.

The CHF 200 million syndicated loan facility is not currently being utilised. The change in carrying amount of the bonded-loan issue is essentially due to the foreign-exchange gain of CHF 17 925 resulting from the conversion of its EUR value into CHF.

The other long-term liabilities consist of financial debt amounting to CHF 4492 thousand (CHF 673 thousand in 2014) and other liabilities of CHF 2584 thousand (CHF 31 3169 thousand in 2014).

Bonds in CHF 000	**Nominal value**	**2015 Carrying amount**	2014 Carrying amount
2.50 % bond 2012 – 2018	200 000	199 874	199 816

Maturities at year end are as follows in CHF 000	**2015**	2014
Within one year	1 651	1 413
Within 1 – 2 years	– 110	346
Within 2 – 3 years	199 648	291
Within 3 – 4 years	162 378	199 648
Within 4 – 5 years	0	180 303
After more than 5 years	4 492	673
Total financial debt	**368 059**	**382 674**
Current portion of long-term financial debt	– 1 651	– 1 413
Total long-term financial debt	**366 408**	**381 261**

The interest rates paid ranged between 1.0 % and 4.0 % (vs 2.5% and 4.0 % in 2014). The weighted average interest rate on Valora's financial debt was 3.3 % (3.6% in 2014). The currency composition of the Group's long-term financial debt is as follows:

in CHF 000	**2015**	2014
CHF	204 358	201 386
EUR	162 050	179 875
Total long-term financial debt	**366 408**	**381 261**
Other long-term liabilities	2 584	3 169
Total other non-current liabilities	**368 992**	**384 430**

27 TRADE ACCOUNTS PAYABLE

The currency composition of the Group's trade accounts payable is as follows:

in CHF 000	**2015**	2014
CHF	109 434	91 189
EUR	34 425	35 594
SEK	53	0
Other	50	49
Total trade accounts payable	**143 962**	**126 832**

28 OTHER CURRENT LIABILITIES

in CHF 000	2015	2014
Value-added tax and other taxes	3 680	1 345
Social security contributions payable	1 065	1 939
Accruals for overtime, unused vacation and variable elements of remuneration	10 586	7 577
Pension cost payable	1 735	2 046
Accrued expenses	61 480	28 400
Other current liabilities	37 643	29 911
Total other current liabilities	**116 189**	**71 218**

The increase in accrued expenses is due to the Naville acquisition. Accrued expenses essentially comprise press-expense accruals and interest expense accruals. Other current liabilities principally relate to liabilities for rental and rental-related costs and liabilities arising from investments in non-current assets and intangible assets.

29 PROVISIONS

in CHF 000	Guarantees	Litigation	Total
Balance at December 31, 2013	**0**	**406**	**406**
Foreign exchange differences	0	–8	–8
Balance at December 31, 2014	**0**	**398**	**398**
Reclassifications	7 053	0	7 053
Creations	4 000	0	4 000
Foreign exchange differences	0	–39	–39
Balance at December 31, 2015	**11 053**	**359**	**11 412**
Current provisions	0	0	0
Long-term provisions	11 053	359	11 412
Total provisions	**11 053**	**359**	**11 412**

Guarantees: The provision of CHF 11 053 thousand was established in connection with the contractual arrangements for the sale of the Trade division (CHF 0 thousand in 2014).

Litigation: Provisions for pending litigation amounted to CHF 359 thousand at December 31, 2015 (CHF 398 thousand in 2014).

30 RETIREMENT BENEFIT LIABILITIES

Current legislation requires most employees to be covered by pension schemes financed by contributions from the Valora Group and its employees. These schemes take the form of state and employer-sponsored plans, contracts with private insurers and independent foundations or welfare plans. While the benefits paid by these schemes vary according to the legislative provisions and economic circumstances of the countries in which they are established, they are generally based on years of service and average remuneration of the employees and cover the risks of old age, death and disability in accordance with applicable local occupational pension plan law.

The majority of Valora employees in Switzerland are covered by Valora's independent pension fund against the risks associated with old age, death and disability. The regular contributions paid into this fund by the employer include age-based risk premiums of 1.0 – 3.0 % of insured salary and savings contributions of 4.0 – 11.0 % of insured salary. These amounts are credited to the individual employee's retirement savings. The benefits payable by the Valora pension fund are governed by its rules and regulations, with certain minimum benefits being required by law. The regular retirement age is 65 for men and 64 for women. On or after their 58th birthday, Valora employees are entitled to take early retirement. For those electing to do this, the annuity rate applied to their accumulated retirement savings is reduced to reflect the anticipated increase in the period during which they will draw a pension. The amount of the pension paid to each retired employee is based on the annuity rate applied to his or her individual accumulated retirement savings. For male employees retiring at 65 and female employees retiring at 64, this annuity rate is currently set at 6.60 % (6.70 % in 2014). Between now and 2020 this annuity rate will be reduced by 0.10 % per annum, to reach 6.20 % in 2020. An employee's accumulated retirement savings comprise the savings contributions made by the employer and the employee and the interest payments made in respect thereof. The interest rate is fixed by the board of trustees of the Valora pension fund each year. The Valora pension fund has the legal status of a foundation. Management of the foundation is the responsibility of a board of trustees comprising equal numbers of representatives of both the employer and the employees. The duties of the board of trustees are laid down by the Swiss Federal Law on Occupational Old-age, Survivors' and Invalidity Insurance and the rules and regulations of the Valora pension fund. Temporary shortfalls in the pension fund's assets versus its projected obligations are permitted under Swiss law. In order to restore any such shortfall within a reasonable period of time, the board of trustees is required to put recovery measures into effect. In the event of a significant shortfall, additional contributions by the employer and the employees could be required under Swiss law.

The day-to-day business of the pension fund is carried out by the management unit under the supervision of the board of trustees. The management unit provides the board of trustees with periodic reports on the course of business. All actuarial risks associated with pension fund are borne by the foundation. These risks comprise both demographic elements (particularly relating to changes in life expectancy) and financial elements (particularly relating to changes in the discount rate, salary progression and the returns generated by the plan assets). The supervisory board reviews these risks on a regular basis. To that end, an actuarial assessment is carried out once a year in accordance with the requirements of the relevant Swiss law. This assessment is not carried out according to the projected-unit-credit method. The board of trustees is responsible for the asset allocation of the fund. Where necessary, the board of trustees revises the investment strategy, particularly in the event of significant changes in market conditions or the age structure of the plan participants. The investment strategy takes account of the foundation's risk-bearing capacity and its benefit obligations under the plan. The investment strategy is formulated as an asset structure which the foundation aims to achieve over the long term. The objective is to achieve congruence between the plan's assets and its projected obligations over the medium and long term.

The most recent actuarial calculation was obtained of December 31, 2015. The assumptions used were based on the economic circumstances prevailing in the countries in which the plans operate (currently only Switzerland). The plans' assets are invested according to the guidelines laid down by local legislation. Valora pays its contributions in accordance with the various plans' rules.

Other employees in Germany and Austria are also covered by a number of smaller, unfunded pension plans.

Plan liabilities and assets in CHF 000	**2015**	2014
Present value of benefit obligation at January 1	551 337	560 836
Current service cost	13 008	13 099
Contributions by plan participants	6 161	6 626
Interest cost	5 707	11 534
Plan curtailments, settlements and amendments	–18 123	–5 963
Consolidation scope disposals	0	–29 941
Consolidation scope additions	73 019	0
Benefits paid	–39 313	–6 041
Transfers to disposal group	0	–53 880
Actuarial loss on benefit obligation	8 963	56 039
Exchange rate gains	–38	–972
Present value of benefit obligation at December 31	**600 721**	**551 337**
Plan assets at fair value at January 1	580 301	604 283
Interest income	5 897	12 190
Employer contributions	8 771	9 401
Contributions by plan participants	6 161	6 626
Plan curtailments, settlements and amendments	–15 526	–5 305
Consolidation scope disposals	0	–26 746
Consolidation scope additions	61 817	0
Benefits paid	–39 261	–5 509
Transfers to disposal group	0	–44 352
Actuarial (loss)/gain on plan assets	–11 271	30 483
Other plan costs	–823	–770
Plan assets at fair value at December 31	**596 066**	**580 301**

In 2015, changes to financial assumptions resulted in an actuarial loss on the plan's projected obligations. The actuarial loss on plan assets resulted from investment returns which were lower than interest income credited.

The Group expects to make employer's contributions of CHF 8.3 million to its funded plans in 2016.

The surplus on funded plans fell by CHF 33.7 million in 2015 (after decreasing by CHF 26.0 million in 2014) and resulted in a net pension liability of CHF 4655 thousand, principally as a result of a reduction in the discount rate.

Balance sheet data in CHF 000	2015	2014
Present value of funded benefit obligations	– 600 367	– 550 937
Plan assets at fair value	596 066	580 301
(Deficit) / surplus on funded plans	**– 4 301**	**29 364**
Present value of unfunded pension liabilities	– 354	– 400
Total net pension position	**– 4 655**	**28 964**
of which capitalised as net pension asset	13 633	30 099
of which capitalised as long-term pension	– 18 288	– 1 135

The weighted average duration of the present value of the pension plan's liabilities is 14.1 years (14.5 years in 2014).

The net pension asset evolved as follows:

in CHF 000	2015	2014
January 1	28 964	43 447
Transfers to disposal group	0	9 528
Consolidation scope disposals	0	3 195
Consolidation scope additions	– 11 202	0
Net pension expense	– 11 044	– 12 555
Employer contributions	8 824	9 933
Actuarial losses	– 20 235	– 25 556
Exchange rate gains	38	972
December 31	**– 4 655**	**28 964**

Income statement in CHF 000	2015	2014
Current service cost to employer	– 13 008	– 13 099
Interest cost	– 5 707	– 11 534
Plan curtailments, settlements and amendments	2 597	658
Interest income	5 897	12 190
Other pension costs	– 823	– 770
Net pension cost for period	**– 11 044**	**– 12 555**

The 2015 income from plan curtailments of CHF 2597 thousand is attributable to the transfer of Valora-operated outlets to agent managers (CHF 658 thousand in 2014).

Actuarial gains / losses in CHF 000	2015	2014
Changes to financial assumptions	–21 156	–66 297
Experience-based adjustment to pension obligations	12 192	10 258
(Loss) / gain on plan assets (excluding interest income based on discount rate)	–11 271	30 483
Actuarial losses	**–20 235**	**–25 556**

Actuarial gains / losses recorded in other comprehensive income in CHF 000	2015	2014
January 1	–71 562	–51 217
Actuarial losses	–21 125	–25 504
Deferred taxes	4 232	5 159
December 31	**–88 455**	**–71 562**

Key actuarial assumptions	2015	2014
Discount rate (Switzerland only)	0.70 %	1.00 %
Expected rate of increase in future salary levels (Switzerland only)	1.00 %	1.00 %

The calculations for Switzerland were based on the BVG 2010 (generation table).

Sensitivity analysis	2015	2014
Discount rate (+0.25 %)	–19 000	–17 566
Discount rate (–0.25 %)	17 960	18 582
Salary progression (+0.50 %)	1 491	1 814
Salary progression (–0.50 %)	–1 581	–1 714

Only one assumption is changed in each analysis, with the others remaining unchanged.

Asset allocation	**2015**	2014
Cash and cash equivalents	4.80 %	6.80 %
Fixed income	31.40 %	32.50 %
Equity	30.60 %	27.20 %
Real estate	30.80 %	31.20 %
Other	2.40 %	2.30 %
Total	**100.00 %**	**100.00 %**

With the exception of the real-estate assets, all assets are quoted.

The amount of the effective return from plan assets was CHF –6.2 million (CHF 41.9 million in 2014). The effective return generated in 2015 was –1.1 % (6.9% in 2014). The pension plans hold no securities issued by Valora Holding AG and do not let any significant portion of their real estate to the Valora Group.

31 SHARE-BASED PAYMENTS

Valora operates the following share-based remuneration plans for its Board of Directors, management and staff:

LTP share-based programme for the Board of Directors and Group Executive Management. The Board of Directors has decided to discontinue the current Long Term Plan (LTP) applicable to members of the Board and Group Executive Management. For Board members, the LTP was terminated at the 2014 General Meeting.

In the case of Group Executive Management, the Board decided to phase out the existing LTP on October 31, 2015 and to replace it with a new share-based management programme, the Share Participation Programme (SPP). All LTP grants outstanding on October 31, 2015 were terminated and the shares were repurchased.

Share-based programme for the Board of Directors. Under the remuneration regulations for the Board of Directors, 20% of the overall remuneration paid to individual Board members is in the form of blocked registered shares. Where appropriate, the Board may decide to increase or decrease the proportion of overall remuneration Board members receive as blocked shares. The shares are subject to a general lock-up period of three years. During the lock-up period, the shares remain in a Valora custody account. During this time, Board members are not permitted to sell, pledge or otherwise transfer their shares. Once the lock-up period has ended, Board members have free access to their shares.

In 2015, an allocation amounting to 20% of total remuneration was granted to the members of the Board of Directors in the quarter following the General Meeting.

SPP share-based programme for Group Executive Management. For the members of Group Executive Management, a new share-based management incentive plan, the Share Participation Program (SPP), came into effect on November 1, 2015. Under the SPP, participants receive part of their contractual remuneration in the form of Valora Holding AG shares. Accordingly, they are not required to make any payment, in cash or other assets, for the shares allocated to them. While SPP participants are granted all the ownership rights associated with these shares, they are subject to certain restrictions during a specified lock-up period. 50% of the shares allocated to SPP participants as part of their remuneration in each calendar year are granted on March 31 of that year, with the remaining 50% being granted on September 30. The Swiss franc value of the shares to be granted to the individual participants is specified in their employment contracts. The number of shares ultimately allocated is determined on the basis of the volume-weighted average trading price of the shares during a specified reference period, minus a discount to compensate for the lock-up period. The reference period comprises the 10 consecutive trading days ending on March 31 of the year in which the allocations are made. The shares granted under the SPP are blocked for a period of three years commencing on the grant date, but are not subject to any other performance hurdles. The current market value of the shares on the grant date is charged to the income statement as a personnel expense.

ISPP share programme for specific executive-level employees. In 2012, an equity settled programme was established under which certain executive-level employees (other than members of Group Executive Management) can receive a portion of their total remuneration in the form of Valora shares. On April 1, 2012 shares were allocated under this International Share Participation Programme (ISPP). They were either subject to a first vesting period until March 31, 2014 (for the first retention period) or a second vesting period until March 31, 2016 (for the second retention period), after which ownership is transferred to the plan participants. The personnel expenses relating to the ISPP are recognised over the length of the vesting periods. In 2015, it amounted to CHF 0.1 million (CHF 0.1 million in 2014).

Employee share ownership plan. Provided specific criteria are fulfilled and based on their function or management position, employees in Switzerland (other than members of Group Executive Management) are entitled to acquire shares of Valora Holding AG at the beginning of each year on preferential terms. Shares may be purchased at 60 % of the average market price for the shares during the previous November. Shares so acquired enjoy all usual shareholder rights, but may not be sold during the 3 years immediately following purchase. The proceeds of these share sales to employees are credited directly to equity.

Personnel costs for share-based remuneration plans for employees and the members of the Board of Directors in CHF 000	**2015**	2014
Expenses related to Valora Group share-based plans for employees and management (equity settled)	883	575
Expenses related to Valora Group share-based plans for employees and management (cash settled)	0	–61
Total share-based plan expenses charged to income	**883**	**514**

32 CONTINGENT LIABILITIES, COMMITMENTS FROM LEASE AND OTHER CONTRACTS

Contingent liabilities in CHF 000	**2015**	2014
Other contingent liabilities	3 929	8 000

Unrecognised commitments from operating leases and other contracts in CHF 000	**2015**	2014
Long-term rental commitments	693 824	639 925
Other operating lease commitments	4 465	2 892
Future commitments from other contracts	57 580	74 336
Total commitments	**755 869**	**717 153**

Long-term rental commitments in CHF 000	**2015**	2014
Minimum rental expense in period	127 860	132 920
Contingent rent expense in period	37 278	30 019
Total rental expense in period	**165 138**	**162 939**
Leases maturity		
Within one year	142 423	126 954
Within 1 – 2 years	130 654	117 105
Within 2 – 3 years	119 334	102 623
Within 3 – 4 years	103 987	91 789
Within 4 – 5 years	86 868	77 461
After more than 5 years	110 558	123 993
Total long-term rental commitments	**693 824**	**639 925**

The majority of the long-term rental agreements serve to secure kiosk sites for the long term. Some of the rents under these agreements are linked to turnover.

Other operating leases in CHF 000	**2015**	2014
Total expenses for other operating leases in period	3 100	2 334
Leases maturity		
Within one year	2 155	1 363
Within 1 – 2 years	1 549	919
Within 2 – 3 years	604	533
Within 3 – 4 years	147	77
Within 4 – 5 years	10	0
Total unrecognised commitments from other operating leases	**4 465**	**2 892**

The other unrecognised operating lease commitments principally relate to leased vehicles.

Other contracts in CHF 000	2015	2014
Leases maturity		
Within one year	26 366	30 189
Within 1 – 2 years	11 656	12 121
Within 2 – 3 years	11 135	11 834
Within 3 – 4 years	8 221	11 618
Within 4 – 5 years	202	8 574
Total unrecognised commitments from other contracts	**57 580**	**74 336**

The Group's unrecognised commitments from other contracts mostly relate to IT outsourcing agreements.

Finance lease commitments in CHF 000	2015	2014
Total payments (interest and amortisation) during reporting period	1 555	1 621
Leases maturity		
Within one year	1 461	1 449
Within 1 – 2 years	698	1 177
Within 2 – 3 years	0	698
Total finance lease commitments	**2 159**	**3 324**
Less future interest charges	– 45	– 112
Total finance lease obligation (present value)	**2 114**	**3 212**
Less current portion of finance lease obligation (see note 26)	– 1 425	– 1 376
Long-term finance lease obligation (see note 26)	**689**	**1 836**

Present value of future minimum lease payments in CHF 000	2015	2014
Within one year	1 425	1 376
Within 1 – 2 years	689	1 145
Within 2 – 3 years	0	691
Total present value of future minimum finance lease payments	**2 114**	**3 212**

The finance lease obligations relate both to leased retail shop equipment, computer hardware and software.

33 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The international scale of its business operations and its financing structure both expose the Valora Group to a variety of financial risks. These not only include market risks such as foreign exchange and interest rate risk, but also encompass liquidity and credit risks. Valora's financial risk management activities aim to limit these risks. Valora's fundamental financial policies are set by Group Executive Management and overseen by the Board of Directors. Responsibility for implementing Group financial policy and for financial risk management lies with the central Corporate Treasury.

In order to visualise market risks, sensitivity analyses are conducted which show the effects which hypothetical changes in relevant risk variables would have on pre-tax net income and other comprehensive income. These potential effects are determined by applying the assumed changes in risk variables to the valuation of the Group's positions in financial instruments. The interest rate scenarios used show differences between the current level of interest rates at balance sheet date and those assumed to prevail at the end of the following year. The hypothetical changes in exchange rates are based on 1-year volatility levels prevailing at the balance sheet date.

Exchange rate risks. Transaction risks represent the risk that the recognised assets and liabilities completed in foreign currencies will fluctuate as a result of changes in the exchange rate. For Valora, transaction risks arise as a result of its purchasing goods and services from suppliers abroad and on intra-Group transactions. Most Group companies transact the majority of their business in their functional currency. In order to limit transaction risks, currency derivatives are used from time to time. Currency translation risks, on the other hand, arise when the balance sheets of subsidiaries outside Switzerland are converted into Swiss francs for consolidation.

The table below shows the main effects on pre-tax earnings and other comprehensive income which would result from hypothetical changes in key exchange rates.

FX rate sensitivity in CHF 000	**Hypothetical change (in percent) 2015**	**Impact on 2015 pre-tax earnings**	**Impact on 2015 other comprehensive income**	Hypothetical change (in percent) 2014	Impact on 2014 pre-tax earnings	Impact on 2014 other comprehensive income
CHF/DKK	+/–20.0%	+/–0	+/–0	+/–2.0%	+/–292	+/–0
CHF/EUR	+/–20.0%	+/–8 592	+/–33 263	+/–2.0%	+/–261	+/–3 789
CHF/NOK	+/–20.0%	+/–0	+/–0	+/–8.0%	+/–1 054	+/–0
CHF/SEK	+/–20.0%	+/–13	+/–0	+/–6.6%	+/–4 997	+/–0

Net investments in subsidiaries outside Switzerland are also analysed periodically and the risks are assessed in the light of the volatility of the currencies concerned. These analyses show that the currency translation risk is modest compared to available equity. Translation risks are not hedged.

Interest rate risks. Cash and cash equivalents are the Group's principal interest-bearing assets. Since the interest rates applicable to these assets are variable, the interest income derived from them are directly affected by market interest rates. Under normal circumstances, the Group's principal interest rate risk relates to the interest paid on its financial liabilities. Floating-rate financial liabilities expose the Group to interest-rate cash-flow risks. Financial liabilities with fixed interest rates, on the other hand, expose the Group to the risk of shifts in the fair value of its liabilities. In order to achieve the target mix between fixed and floating interest rate exposure, interest rate hedging transactions are entered into where necessary. Interest-bearing liabilities essentially comprise the bond issued and the bonded-loan (see note 26).

In the sensitivity analysis of the interest rate risk, impacts arise only on positions with variable interest rates. The table below shows the principal changes in pre-tax earnings which would result from hypothetical shifts in the level of interest rates in the main currencies in which Valora operates.

Interest rate sensitivity

in CHF 000	**Hypothetical change (in basis points) 2015**	**Impact on 2015 pre-tax earnings**	Hypothetical change (in basis points) 2014	Impact on 2014 pre-tax earnings
CHF	+/–5	+/–26	+/–5	+/–26
EUR	+/–4	+/–13	+/–3	+/–15

Neither the table for 2015 nor the table for 2014 does include data for the interest rate swap position established to hedge the interest-rate risk on the bonded-loan (see Tools for hedging and risk management/applying of Hedge Accounting). Assuming a hypothetical change to the swap rate of the same maturity of +/–94 basis points, the change in the value of this hedge, at December 31, 2015, would have impacted other comprehensive income by +/– CHF 2.3 million, whereas a hypothetical change to the swap rate of the same maturity of +/–78 basis points, the change in the value of this hedge, at December 31, 2014, would have impacted other comprehensive income by +/– CHF 2.8 million.

Liquidity risks. Liquidity risk management aims to ensure that the Group is always able to meet its payment obligations in full and on time. The Valora Group continually monitors its liquidity position and uses cash pool structures to optimise it. Additional liquidity reserves in the form of credit lines and cash ensure that the Group remains both solvent and financially flexible.

The table below shows the nominal interest and principal repayments arising from the Group's financial obligations. It takes account of all instruments in which the Group held positions at December 31 of the two years shown (with the exception of the disposal group). Interest amounts payable on floating rate instruments have been determined based on conditions existing at year end.

in CHF 000	up to 1 month	from 1 to 3 months	from 3 months to 1 year	from 1 to 5 years	more than 5 years
At December 31, 2015					
Short-term financial liabilities	306	30	1 351	0	0
Derivative financial liabilities	0	0	3 394	0	0
Trade accounts payable	129 135	14 363	463	0	0
Other short-term financial liabilities (financial instruments only)	57 280	15 988	15 306	0	0
Long-term financial liabilities	0	5 020	5 059	385 910	4 492
Total	**186 721**	**35 401**	**25 573**	**385 910**	**4 492**
At December 31, 2014					
Short-term financial liabilities	150	37	1 282	0	0
Derivative financial liabilities	34	8	4 023	0	0
Trade accounts payable	34 210	91 976	646	0	0
Other short-term financial liabilities (financial instruments only)	8 577	16 791	24 292	0	0
Long-term financial liabilities	0	5 020	5 300	414 475	673
Total	**42 971**	**113 832**	**35 543**	**414 475**	**673**

In order to manage its liquidity in an optimal way, the Valora Group has various credit facilities in place, both at fixed and floating rates of interests, which have not been fully drawn down.

Credit risks. Credit risks arise when a counterparty is not in a position to meet its obligations as agreed. Valora constantly reviews its accounts receivable and manages them so as to avoid significant credit or concentration risks. At year end 2015 and year end 2014, the Valora Group had no accounts receivable from individual customers which accounted for more than 7% of its total accounts receivable.

The Valora Group conducts its financial transactions with a selected number of first-class financial institutions. Specific situations may require subsidiaries to transact business with other banks. The establishment and discontinuation of banking relationships is subject to approval by the Group's corporate treasury, which regularly reviews all banking relationships on the basis of external ratings and sets exposure limits for all counterparties. The maximum default risk of CHF 259 million on the Group's financial assets (CHF 228 million in 2014) is equal to the carrying amount of these instruments (see note 34).

The table below shows the Group's demand deposits and fixed term deposits with maturities of 3 months or less by rating of the banking counterparties with whom they are placed. The table uses Standard & Poor's ratings.

Sight deposits and fixed maturity deposits maturing in < 3 months placed with banks in CHF 000	**2015**	2014
AAA and / or state guarantee (AAA states)	39	2 014
AA	6 064	670
A	53 875	81 051
BBB	24 602	19 370
No Rating	1 846	755
Total sight deposits and fixed maturity deposits maturing in < 3 months placed with banks [1]	**86 426**	**103 860**

[1] The remainder of the cash and cash equivalents position shown in the balance sheet relates to cash in hand (including cash in transit).

Tools for hedging and risk management. The Valora Group uses FX forward contracts to mitigate its foreign exchange risk. Interest rate swaps are also used to hedge interest rate risks. Exposure arising from existing asset and liability items, as well as that arising from future commitments, is centrally managed.

In order to hedge a substantial part of the purchase price of its acquisition of Naville (see Note 6), Valora entered into a rollover currency swap as per end of 2014 which qualified as a cash flow hedge. The hedge was executed with a negative replacement value of CHF 9.4 million. On February 27, 2015, the acquisition date, this was offset against the purchase price paid.

In order to hedge the interest payments on its bonded loan, which has a nominal value of EUR 72 million, Valora entered into an interest rate swap on October 30, 2013 which qualified as a cash flow hedge. The fair value of the swap on December 31, 2015 was CHF 3.4 million (CHF 4.0 million in 2014), which offsets the negative replacement value of the bonded loan and its change of fair value was allocated to other comprehensive income. The cash flows hedged by the swap will occur in the years from 2013 to 2019, during which time they will have an income- statement impact.

In order to hedge 50 % of the interest expense on the bonds issued on February 1, 2012 (see note 26) Valora entered into a forward-starting interest rate swap in the first half of 2011. This swap has been designated as a cash flow hedge for the interest payments on the bond. This position was closed on February 1, 2012, with a negative replacement value of CHF 10.4 million. In 2015, CHF 1.7 million was reclassified from equity to financing expense (CHF 1.7 million in 2014). The cash flows hedged by this swap will occur in the years from 2012 to 2018, during which time they will have an income statement impact.

The table below shows both the notional amounts of the Group's positions in derivative financial instruments as well as their aggregate replacement values. The information, which is presented by instrument type, relates to valuations at balance sheet dates.

Notional amounts show the volume of the underlying transactions at the balance sheet dates. They do not contain any information about the market risk these positions involve. The replacement value of these positions has been determined by valuations provided by the counterparty, market prices at December 31, 2014 and 2015 or through standard pricing model valuations using market data.

Derivative financial instruments in CHF 000	**2015 Contract value**	2014 Contract value	**2015 Replacement value**	2014 Replacement value
Currency instruments				
Forward contracts/ Derivative financial assets	26 004	14 009	61	883
Forward contracts/ Derivative financial liabilities	0	106 847	0	60
Interest instruments				
Interest rate swap/ Derivative financial liabilities	78 012	86 616	3 394	4 005
Total derivative financial assets	**26 004**	**14 009**	**61**	**883**
Total derivative financial liabilities	**78 012**	**193 463**	**3 394**	**4 065**

Notional amounts of derivative financial instruments by maturity band in CHF 000	**2015**	2014
Within one year	26 004	120 856
Within 1–2 years	0	0
Within 2–3 years	0	0
Within 3–4 years	78 012	0
Within 4–5 years	0	86 616
After more than 5 years	0	0
Total contract value of derivative financial instruments	**104 016**	**207 472**

Capital management. The overarching objective of the Valora Group's capital management is to achieve a strong credit rating and a good level of equity cover. Achieving those goals helps to support the Group's business activities and to maximise its value to its shareholders.

The Valora Group manages its capital structure and modifies it in response to changes in economic circumstances. In order to maintain or adapt its capital structure, the Valora Group can elect to implement a number of measures, such as modifying the amount of dividends paid to shareholders, capital repayments to shareholders or the issuance of new shares.

The Group monitors its capital position by reference to its equity cover, which is calculated on the basis of the percentage of total assets represented by equity (including non-controlling interests). The Group's capital and equity cover are shown in the table below:

in CHF 000	**2015**	2014
Equity attributable to Valora Holding AG	505 988	629 590
Equity attributable to non-controlling interests	27	1 011
Total equity	**506 015**	**630 601**
Equity ratio	**41.5%**	**44.0%**

The Valora Group is not subject to any regulatory capital requirements of the type prevalent in the financial services industry. The Group's required minimum equity cover is stipulated in the financial covenants governing its bank lending agreements (see note 26).

34 FINANCIAL INSTRUMENTS

Carrying amounts, fair values and valuation categories in CHF 000	Valuation category	**Carrying amount 2015**	Carrying amount 2014	**Fair Value 2015**	Fair Value 2014
Assets					
Cash and cash equivalents	LaR	116 308	129 047	116 308	129 047
Derivative financial assets (hierarchy level 2)	FAHfT	61	883	61	883
Trade accounts receivable	LaR	56 278	33 738	56 278	33 738
Other current receivables (financial instruments only)	LaR	44 071	46 275	44 071	46 275
Long-term interest-bearing investments	LaR	8 847	4 169	8 847	4 169
Other long-term receivables	LaR	32 739	13 239	32 739	13 239
Financial assets available for sale valued at cost	AfS	673	638	n/a	n/a
Financial assets available for sale at fair value (hierarchy level 1)	AfS	0	29	0	29
Liabilities					
Short-term financial liabilities	FLAC	1 651	1 413	1 651	1 413
Derivative financial liabilities (hierarchy level 2)	FLHfT	3 394	4 065	3 394	4 065
Trade accounts payable	FLAC	143 962	126 832	143 962	126 832
Other financial liabilities (financial instruments only)	FLAC	88 575	49 660	88 575	49 660
Long-term financial liabilities	FLAC	366 408	381 261	371 834	390 045
Classified by category					
Loans and receivables	LaR	258 243	226 468	258 243	226 468
Financial assets held for trading	FAHfT	61	883	61	883
Financial assets available for sale	AfS	673	667	n/a	n/a
Financial liabilities at amortised cost	FLAC	600 596	559 166	606 022	567 950
Financial liabilities held for trading	FLHfT	3 394	4 065	3 394	4 065

The carrying amounts of all short-term financial instruments represent reasonable approximations of their fair value. Any discounting effects are immaterial. The fair value of the bond issue is equal to its nominal value multiplied by its market price on the balance sheet date. Details of the valuations applied to derivative financial instruments and financial assets available for sale are contained in notes 4, 24 and 33. The fair values of the other long-term interest-bearing financial instruments were determined by discounting their expected future cash flows using market interest rates.

35 FAIR VALUES

Hierarchy levels applied to fair values. All the fair values shown below are allocated to one of the following three hierarchy levels:

- Level 1: Prices are based on quotes in active markets for identical assets and liabilities;
- Level 2: Fair values are calculated on the basis of observable market parameters. For these purposes either quoted prices in non-active markets or unquoted prices are used. These fair values can also be derived indirectly from other prices;
- Level 3: Fair values are calculated on the basis of significant unobservable parameters and are thus based on estimates.

The tables below show the fair value of assets and liabilities by hierarchy level:

2015 in CHF 000	Level 1	Level 2	Level 3	Total
Measured at fair value				
Assets				
Derivative financial assets	0	61	0	61
Contingent consideration	0	0	16 295	16 295
Assets from disposal group	0	0	5 655	5 655
Liabilities				
Derivative financial liabilities	0	3 394	0	3 394
Liabilities from disposal group	0	0	5 603	5 603
Disclosed at fair value				
Assets				
Investment property	0	0	505	505
Liabilities				
Bonds	205 300	0	0	205 300

2014 in CHF 000	Level 1	Level 2	Level 3	Total
Measured at fair value				
Assets				
Derivative financial assets	0	883	0	883
Financial assets available for sale	29	0	0	29
Assets from disposal group	0	0	303 682	303 682
Liabilities				
Derivative financial liabilities	0	4 065	0	4 065
Liabilities from disposal group	0	0	172 809	172 809
Disclosed at fair value				
Assets				
Investment property	0	0	3 767	3 767
Liabilities				
Bonds	208 600	0	0	208 600

The fair values reported at hierarchy level 2 are calculated using valuation models based on observable market parameters such as interest rates, yield curves and foreign-exchange rates on the valuation date.

No assets or liabilities were transferred between hierarchy levels 1 and 2 in 2014 and 2015.

Hierarchy level 3 fair values. The table below shows the changes which occurred between the opening and closing balances for fair values at hierarchy level 3:

in CHF 000	**2015**	2014
Balance on January 1 (Liability)	**0**	**–7 720**
Additions	16 295	0
Fair value adjustment recorded in other income	0	7 640
Foreign exchange differences	0	80
Balance on December 31 (Asset)	**16 295**	**0**

Contingent consideration arrangements. The additions to hierarchy level 3 fair values in 2015 relate to the contingent consideration which forms part of the sale price of the Trade Division.

The fair value of this contingent consideration is based on the present value of the unit's projected cash flows. The principal non-observable parameters in this calculation are the projected operating results and the discount rate applied to them. Depending on the operating results achieved, the projected cash flows are expected to range between zero and a maximum of CHF 20.0 million. In the December 31, 2015 balance sheet, the present value of these projected cash flows was recorded at CHF 16.3 million.

The contingent consideration arrangements reported as of January 1, 2014 concerning hierarchy level 3 relate to Valora's acquisitions of Convenience Concept and Delvita / Salty Snacks.

Based on a reassessment of the underlying parameters relating to projected revenues and discount rate, the liability relating to the Convenience Concept acquisition was fully derecognised during 2014.

Similarly, the fair value of the contingent consideration relating to the Delvita and Salty Snacks acquisition, which was based on projected payments by Valora which would fall due in the event of specific milestones being reached, was also reassessed and fully derecognised during 2014.

36 TRANSACTIONS AND BALANCES OUTSTANDING WITH RELATED PARTIES

The consolidated financial statements encompass Valora Holding AG as the ultimate parent company along with all subsidiaries it directly or indirectly controls, as set out in note 39.

Transactions. Business was transacted with related individuals and companies as follows:

Goods and services sold to related parties in CHF 000	**2015**	2014
Goods sold to		
Other related parties	218	3 462
Services to		
Associates	337	1 663
Other related parties	169	168
Total goods and services sold	**724**	**5 293**

Goods and services purchased from related parties in CHF 000	**2015**	2014
Goods purchased from		
Other related parties	2 993	3 354
Services purchased from		
Associates	399	1 427
Other related parties	474	493
Total goods and services purchased	**3 866**	**5 274**

Management and Board remuneration. Remuneration paid to management and the Board of Directors includes all expenses shown in the consolidated financial statements directly relating to members of the Group Executive Committee and the Board of Directors.

Management and Board remuneration in CHF 000	**2015**	2014
Salaries and other short-term benefits	5 196	5 469
Post-employment benefits	315	324
Long-term plan and share-based payments	2 051	1 916
Total Management and Board remuneration	**7 562**	**7 709**

Details of the remuneration paid to the Board of Directors and Group Executive Management, as well as details of their holdings of Valora Holding AG shares and of the shares held by significant shareholders (as required by Articles 663c of the Swiss Code of Obligations and VegüV), can be found in the financial statements of Valora Holding AG and the Remuneration Report.

Receivables and liabilities. The terms and conditions governing receivables and liabilities are those commonly used by the relevant companies. The Valora Group has neither received any collateral for receivables nor has it issued any guarantees for liabilities.

Receivables from related parties in CHF 000	**2015**	2014
Receivables from associates	635	655
Receivables from other related parties	17	303
Total receivables	**652**	**958**

Liabilities towards related parties in CHF 000	**2015**	2014
Liabilities to associates	3	2
Liabilities towards other related parties	1 595	2 204
Total liabilities	**1 598**	**2 206**

Contingent liabilities and guarantees. There are no guarantees or contingent liabilities towards related parties.

37 EQUITY

Shares outstanding in number of shares	2015	2014
Total registered shares	**3 435 599**	**3 435 599**
of which treasury stock		
Position at January 1	61 869	34 014
Increases in treasury stock	103 280	43 409
Decreases in treasury stock	–49 234	–15 554
Total treasury stock at December 31	**115 915**	**61 869**
Total shares outstanding (after deduction of treasury stock) at December 31	**3 319 684**	**3 373 730**
Average number of shares outstanding (after deduction of treasury stock)	**3 358 171**	**3 388 061**

A dividend of CHF 12.50 per share was paid in 2015 relating to the year 2014 (CHF 12.50 per share was paid in 2014 relating to the year 2013). Dividend distributions are based on net income for the year and retained earnings by the Valora Holding AG parent company.

The company's issued share capital comprises 3435599 shares of CHF 1.00 nominal value each. A conditional share capital of 84000 shares exists which the Board of Directors may use for existing or future management share plans. None of these shares had been issued at December 31, 2015.

At the Ordinary General Meeting held on April 18, 2013, Valora Holding AG shareholders granted the Board of Directors authority to raise up to CHF 250000 of additional share capital through the issue of up to 250000 shares of CHF 1.00 nominal value each at any time until April 18, 2015.

On April 9, 2013, Valora Holding AG issued CHF 120 million of perpetual, subordinated hybrid bonds. The first date at which the issuer may call these bonds for redemption is October 30, 2018. Until October 30, 2018, the annual coupon will be 4%. For subsequent five-year periods, the coupon will be determined on the basis of the mid-market rate for 5-year interest-rate swaps, plus a 500 basis-point spread, plus the original credit margin. The issuer's obligation to pay coupons on the bonds essentially depends on the dividend resolutions passed by the Ordinary General Meeting of Shareholders. The proceeds of the bond, minus CHF 902 thousand in transaction costs, qualify as equity.

38 SUBSEQUENT EVENTS

These consolidated financial statements were approved by the Board of Directors of Valora Holding AG on March 3, 2016. The Board of Directors recommends that the Ordinary General Meeting of Shareholders to be held on April 14, 2016 approve these financial statements.

39 SIGNIFICANT SUBSIDIARIES OF THE VALORA GROUP

	Currency	Nominal capital in million	Share-holding in %	Corporate	Valora Retail	Ditsch/ Brezelkönig	Discontinued operation
Switzerland							
Valora Management AG, Muttenz	CHF	0.5	100.0	•			
Valora International AG, Muttenz	CHF	20.0	100.0	•	•		
Valora Schweiz AG, Muttenz	CHF	5.2	100.0	•	•		
Brezelkönig AG, Emmen	CHF	1.0	100.0			•	
Alimarca AG, Muttenz	CHF	0.1	100.0			•	
Dynapresse Marketing SA, Lancy	CHF	0.1	100.0		•		
Presse-Import SA, Corminboeuf	CHF	1.9	100.0		•		
bob Finance AG, Zurich	CHF	9.1	100.0	•			
Germany							
Valora Holding Germany GmbH, Hamburg	EUR	0.4	100.0	•			
Stilke Buch & Zeitschriftenhandels GmbH, Hamburg	EUR	3.8	100.0		•		
BHG Bahnhofs-Handels-Vertriebs GmbH, Hamburg	EUR	0.5	100.0		•		
Delvita GmbH, Mülheim a.d. Ruhr	EUR	0.1	100.0				•
Valora Retail Kiosk GmbH, Hamburg	EUR	0.1	100.0		•		
Valora Trade Germany GmbH, Mülheim a.d. Ruhr	EUR	0.2	68.0				•
Convenience Concept GmbH, Hamburg	EUR	0.1	100.0		•		
Brezelbäckerei Ditsch GmbH, Mainz	EUR	0.1	100.0			•	
Prisma Backwaren GmbH, Oranienbaum-Wörlitz	EUR	0.1	100.0			•	
Luxembourg							
Valora Europe Holding S.A., Luxembourg	EUR	0.1	100.0	•			
Valora Luxembourg S.à r.l., Luxembourg	EUR	7.0	100.0		•		

	Currency	Nominal capital in million	Share-holding in %	Corporate	Valora Retail	Ditsch/ Brezelkönig	Discontinued operation
Guernsey							
Valora Holding Finance Ltd., Guernsey	CHF	911.4	100.0	•			
Austria							
Valora Holding Austria AG, Neunkirchen	EUR	1.1	100.0	•			
Brezelkönig GmbH, St. Pölten	EUR	0.1	100.0			•	
Valora Retail Austria GmbH + Co. KG, St. Pölten	EUR	0.1	100.0		•		
France							
Brezelkönig S.à r.l., Paris	EUR	0.1	100.0			•	

The non-controlling interests in the Valora Group are immaterial.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF VALORA HOLDING AG, MUTTENZ

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the accompanying consolidated financial statements of Valora Holding AG, which comprise the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes (pages 94 to 162), for the year ended 31 December 2015.

Board of Directors' responsibility. The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young AG

Martin Gröli	Daniel Maiwald
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Basle, 3 March 2016

INCOME STATEMENT

January 1 to December 31, in CHF 000	**Note**	**2015**	2014
Income			
Dividend income	2.1	50 100	50 148
Financial income	2.2	4 358	8 046
Total income		**54 458**	**58 194**
Expense			
Financial expenses	2.3	– 18 750	– 22 265
Personnel expenses		– 1 427	– 2 064
Other operating expenses	2.4	– 2 675	– 2 581
Direct taxes		– 166	–159
Total expense		**– 23 018**	**– 27 069**
Net profit for the year		**31 440**	**31 125**

BALANCE SHEET BEFORE APPROPRIATION OF AVAILABLE EARNINGS

ASSETS

at December 31, in CHF 000	Note	2015	2014
Current assets			
Cash and cash equivalents		965	1 860
Securities		18	18
Other current receivables			
from third parties		165	165
from Group companies		1353	1 654
Accruals			
from third parties		136	131
Total current assets		**2 637**	**3 828**
Non-current assets			
Loans and receivables from Group companies		156 975	154 577
Investments	2.5	979 555	890 555
Discounts and capitalised issuance cost on bond / syndicated loan		1 763	2 327
Total non-current assets		**1 138 293**	**1 047 459**
Total assets		**1 140 930**	**1 051 287**

LIABILITIES AND EQUITY

at December 31, in CHF 000	Note	2015	2014
Liabilities			
Other current liabilities			
towards third parties		377	296
towards Group companies	2.6	237 840	121 618
Accruals			
towards third parties		6 267	7 136
Total current liabilities		**244 484**	**129 050**
Non-current interest-bearing liabilities			
bond	2.7	320 000	320 000
bonded loan	2.8	180 450	180 450
Provisions		64 000	64 000
Total non-current liabilities		**564 450**	**564 450**
Total liabilities		**808 934**	**693 500**
Equity			
Share capital	2.9	3 436	3 436
Legal capital reserves			
General legal reserves		687	687
Reserve from capital contributions	2.10	14 683	56 867
Unrestricted reserves		203 302	205 295
Profit available for distribution			
Profit carried forward		105 297	74 172
Net profit for the year		31 440	31 125
Treasury stock	2.11	– 26 849	– 13 795
Total equity		**331 996**	**357 787**
Total liabilities and equity		**1 140 930**	**1 051 287**

NOTES TO THE FINANCIAL STATEMENTS OF VALORA HOLDING AG

1. BASIS OF PRESENTATION

1.1 GENERAL. For the first time, the financial statements of Valora Holding AG, incorporated in Muttenz, have been prepared in accordance with the requirements of the new Swiss law on commercial accounting and financial reporting (as set out in the 32nd Title of the Swiss Code of Obligations). For the sake of comparability, the structure of the balance-sheet and income-statement data reported here for the previous year has also been adapted to these new requirements. The key valuation principles not specifically stipulated by law are described below.

1.2 NON-INCLUSION OF CASH-FLOW STATEMENT AND OTHER DATA IN THE NOTES. Since Valora Holding AG publishes consolidated financial statements in accordance with a recognised accounting standard (IFRS), it has elected, in accordance with the applicable requirements, not to include a cash flow statement or details of its interest-bearing liabilities and its auditors' fees in the appendix to these financial statements.

1.3 LOANS TO GROUP COMPANIES. Loans granted in foreign currencies are valued at the exchange rate applicable on the balance-sheet date. Unrealised losses on such loans are recognised in the income statement, while unrealised gains are not (in accordance with the imparity principle).

1.4 TREASURY STOCK. From 2015 onwards, shares of treasury stock are recognised, at acquisition cost, as negative-value entries against shareholders' equity and their valuations remain unchanged thereafter. Upon resale, the resulting gain or loss is booked directly to unrestricted reserves.

1.5 SHARE-BASED REMUNERATION. Where treasury shares are used for the share-based remuneration granted to members of the Board of Directors, the market value of the shares at the time of the share grant is recognised as a personnel expense.

1.6 NON-CURRENT INTEREST-BEARING LIABILITIES. Interest-bearing liabilities are recognised at their nominal value. Discounts and capitalised issuance costs for bond issues are recognised as assets and amortised linearly over the term of the bond. Premiums (minus capitalised issuance costs) are recognised as accrued liabilities and amortised linearly over the term of the bond. Interest-bearing liabilities in foreign currencies are recognised at the exchange rate applicable on the balance-sheet date. Unrealised losses on such liabilities are recognised, whereas unrealised gains are not.

2. INFORMATION ON INCOME-STATEMENT AND BALANCE-SHEET POSITIONS

2.1 DIVIDEND INCOME

January 1 to December 31, in CHF 000	2015	2014
Valora International AG	50 000	50 000
Valora Management AG	100	100
Brezelkönig AG	0	48
Total dividend income	**50 100**	**50 148**

2.2 FINANCIAL INCOME

January 1 to December 31, in CHF 000	2015	2014
Interest income on loans to Group companies	2 258	3 997
Other interest income	1	18
Revaluation of treasury stock	1 906	–
Currency translation gains	193	4 031
Total financial income	**4 358**	**8 046**

2.3 FINANCIAL EXPENSES

January 1 to December 31, in CHF 000	2015	2014
Interest on bonds and syndicated loan	13 984	14 467
Discount (on bond, hybrid bond and syndicated loan)	564	2 121
Interest and fees paid to banks	981	822
Interest expense on loans to Group companies	1 551	2 961
Book-value loss on treasury stock	–	1 573
Currency translation losses	1 670	321
Total financial expenses	**18 750**	**22 265**

2.4 OTHER OPERATING EXPENSES

January 1 to December 31, in CHF 000	2015	2014
Audit costs	249	250
Other advisory costs	209	140
Management fees	1 000	1 235
Other administrative costs	1 217	956
Total other operating expenses	**2 675**	**2 581**

2.5 SUBSIDIARIES

	Currency	**31.12.2015 Capital in CHF 000**	**31.12.2015 Holding in %**	31.12.2014 Capital in CHF 000	31.12.2014 Holding in %
Switzerland					
Valora International AG, Muttenz	CHF	20 000	100.0	20 000	100.0
Valora Management AG, Muttenz	CHF	500	100.0	500	100.0
Brezelkönig AG, Emmen	CHF	1 000	100.0	1 000	100.0
Alimarca AG, Muttenz	CHF	100	100.0	100	100.0
k Kiosk AG, Muttenz	CHF	50	100.0	50	100.0
Almond Retail Services AG, Zurich	CHF	0	0.0	100	100.0
Germany					
Valora Holding Germany GmbH, Hamburg	EUR	400	5.1	400	5.1
United Kingdom					
Valora Holding Finance Ltd., Guernsey	CHF	911 400	100.0	821 400	100.0

The significant direct and indirect subsidiaries of Valora Holding AG are listed in note 39 of the consolidated financial statements. The percentage holding in the table also corresponds to Valora Holding AG's voting shares in those companies.

2.6 OTHER CURRENT LIABILITIES. Valora Holding AG's current liabilities towards Group companies include Valora Holding AG's portion of the Group's cash pool.

2.7 BONDS OUTSTANDING

in CHF 000	**Coupon**	**Maturity**	**31.12.2015**	31.12.2014
Bond 2012–2018	2.50%	02.03.2018	200 000	200 000
Perpetual hybrid bond issue	4.00%	30.10.2018[1]	120 000	120 000

[1] While the perpetual hybrid bond issue has no fixed maturity, it cannot be called by the issuer prior to October 30, 2018.

2.8 BONDED LOAN

in CHF 000	**Coupon**	**Maturity**	**31.12.2015**	31.12.2014
EUR 72 million	floating rate	30.04.2019	86 616	86 616
EUR 78 million	fixed rate	30.04.2019	93 834	93 834

2.9 ISSUED AND CONDITIONAL SHARE CAPITAL. The company's issued share capital amounts to CHF 3436 thousand, comprising 3 435 599 registered shares of CHF 1.00 nominal value each. At their Ordinary General Meeting held on May 11, 2000, Valora Holding AG shareholders authorised the creation of conditional share capital amounting to CHF 84 000. None of these shares had been issued at December 31, 2015.

2.10 CAPITAL CONTRIBUTION. This includes the premiums generated on the share-capital increases carried out in 2000, 2003 and 2012 minus dividend distributions effected to date.

2.11 TREASURY STOCK HELD BY THE COMPANY AND ITS SUBSIDIARIES

in CHF 000	2015 Number of shares	2015 Net book value	2014 Number of shares	2014 Net book value
Opening balance (at January 1)	**61 869**	**13 795**	**34 014**	**7 756**
Revaluation of treasury stock	–	1 906	–	–
Sales	–49 234	–12 054	–15 554	–3 758
Purchases	103 280	23 202	43 409	11 370
Value adjustments	–	–	–	–1 573
Closing balance (at December 31)	**115 915**	**26 849**	**61 869**	**13 795**

From January 1, 2015, the carrying value of treasury stock positions was adjusted to reflect their purchase cost. This resulted in a one-off revaluation gain of CHF 1.9 million.

In addition, during 2015, Valora Holding AG purchased a total of 103 280 shares at an average price of CHF 224.65 and sold a total of 49 234 shares at an average price of CHF 204.34.

At December 31, 2015, treasury shares held by Valora Holding AG represented 3.4 % of the company's issued share capital (1.8 % at year-end 2014).

3. ADDITIONAL INFORMATION

3.1 FULL-TIME POSTS. Valora Holding AG does not employ any staff.

3.2 SURETIES GRANTED IN RESPECT OF THIRD-PARTY LIABILITIES. At December 31, 2015 the Group's contingent liabilities in favour of subsidiaries – consisting of sureties, subordination, keep-well agreements, guarantees and other contingencies – totalled CHF 170.9 million (CHF 226.4 million in 2014). At December 31, 2015, the Group had no contingent liabilities in favour of third parties (none in 2014).

3.3 MAJOR SHAREHOLDERS. The Ordinary General Meeting of shareholders held in 2010 removed the statutory restriction (in German: "Vinkulierung") which prevented any shareholder from having voting rights recognised in respect of more than 5% of the share capital issued. At December 31, 2015 this 5% threshold was equivalent to 171 780 shares.

As of December 31, 2015, Ernst Peter Ditsch held 635 599 registered shares, which represents 18.50% of the company's issued share capital (18.50% in 2014).

As of December 31, 2015, Ethenea Independent Investors SA, Munsbach, Luxembourg held no registered shares (5.0% in 2014).

3.4 SHAREHOLDINGS

At December 31, 2015 and 2014, individual members of the Board and Group Executive Management (including persons associated with them) held the following numbers of shares of Valora Holding AG:

	2015 Number of shares	**2015** Share of total voting rights in %	**2015** of which subject to a lock-up period	2014 Number of shares	2014 Share of total voting rights in %	2014 of which subject to a lock-up period
Board of Directors						
Rolando Benedick Chairman	16 939	0.49	537: 06.05.2017 614: 21.04.2018	16 325	0.48	537: 06.05.2017
Markus Fiechter Vice-Chairman	3 981	0.12	224: 06.05.2017 257: 21.04.2018	3 724	0.11	224: 06.05.2017
Bernhard Heusler Board member	347	0.01	162: 06.05.2017 185: 21.04.2018	162	0.00	162: 06.05.2017
Franz Julen Chairman of Nomination and Compensation Committee	831	0.02	178: 06.05.2017 203: 21.04.2018	628	0.02	178: 06.05.2017
Ernst Peter Ditsch Board member	635 599	18.50	none	635 599	18.50	none
Cornelia Ritz Bossicard Chairwoman of Audit Committee	381	0.01	178: 06.05.2017 203: 21.04.2018	178	0.00	178: 06.05.2017
Total Board of Directors	**658 078**	**19.15**		**656 616**	**19.11**	

	2015 Number of shares	2015 Share of total voting rights in %	2015 of which subject to a lock-up period	2014 Number of shares	2014 Share of total voting rights in %	2014 of which subject to a lock-up period
Group Executive Management						
Michael Mueller CEO	798	0.02	798: 30.11.2018	24 000	0.70	18 000: 31.10.2015
Tobias Knechtle CFO	335	0.01	335: 30.11.2018	8 000	0.23	8 000: 31.10.2015
Andreas Berger Head, Valora Retail division (until 30 June 2015)	0	0.00	–	12 145	0.35	6 072: 31.10.2015
Thomas Eisele Head Ditsch/Brezelkönig division	245	0.01	191: 30.11.2018	2 301	0.07	1 123: 31.10.2015
Alex Minder Head, Valora Trade division (until 31 December 2015)	2 113	0.06	–	11 618	0.34	4 795: 31.10.2015
Total Group Executive Management	**3 491**	**0.10**		**58 064**	**1.69**	
Total shares held by Board and GEM	**661 569**	**19.25**		**714 680**	**20.80**	

3.5 LOANS AND ADVANCES. At December 31, 2015 and 2014 there were no loans or advances outstanding to members of the Board or of Group Executive Management or to persons associated with them.

3.6 SHARES GRANTED TO BOARD DIRECTORS. 20% of the total remuneration paid to members of the Board of Directors is generally paid in the form of blocked registered shares. The proportion of total remuneration paid in the form of shares is calculated on the basis of the average volume-weighted price of Valora registered shares during the 20 trading days prior to the grant date, with a discount of 20% being applied to the resulting average share price.

3.7 NET RELEASE OF HIDDEN RESERVES. No hidden reserves were released in 2015 (none in 2014).

3.8 SUBSEQUENT EVENTS. No significant events occurred subsequent to the balance-sheet date.

PROPOSED APPROPRIATION OF EARNINGS AVAILABLE FOR DISTRIBUTION AND DISBURSEMENT FROM CAPITAL CONTRIBUTION

Proposal for the appropriation of earnings available for distribution

in CHF 000	**2015**	2014
Net profit for the year	**31 440**	**31 125**
+ Profit carried forward	105 297	74 172
Earnings available for distribution	**136 737**	**105 297**
The Board of Directors proposes		
Dividend payable on shares entitled to dividend	– 28 344	0
Balance to be carried forward	**108 393**	**105 297**
Proposed distribution from the reserve from capital contributions within the legal capital reserves		
Reserve from capital contributions (before disbursement)[1]	14 683	56 867
Distribution	– 14 601	– 42 945
Reserve from capital contributions (after distribution)	**82**	**13 922**
Dividend distribution (in CHF)		
Distribution from reserve from capital contributions (exempt from withholding tax)	4.25	12.50
Dividend (gross)	8.25	0.00
– 35 % withholding tax	– 2.89	0.00
Net dividend per share (in CHF)	**9.61**	**12.50**

[1] For the 60 918 shares held by the company itself at the distribution date no dividend was paid, thus increasing the capital contribution carried forward by CHF 761 thousand.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF VALORA HOLDING AG, MUTTENZ

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the accompanying financial statements of Valora Holding AG, Muttenz, which comprise the income statement, balance sheet, and notes (pages 165 to 173), for the year ended 31 December 2015.

Board of Directors' Responsibility. The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young AG

Martin Gröli Licensed audit expert (Auditor in charge)	Daniel Maiwald Licensed audit expert

Basle, 3 March 2016

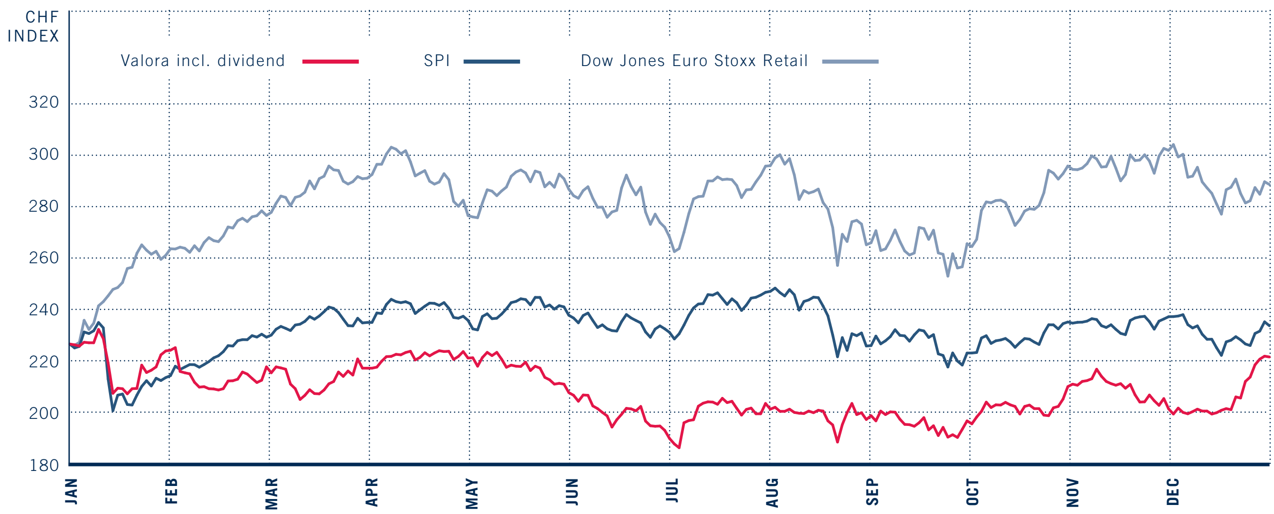
VALORA SHARES

1 SHARE PRICE TRENDS

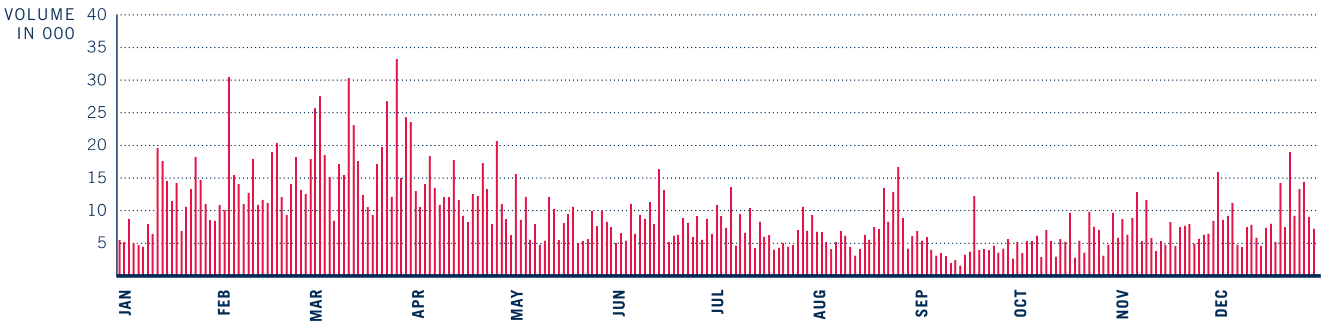
Overall Swiss equity-market performance. The Swiss equity market began the year on a positive note. On January 15, 2015, the Swiss National Bank (SNB) decided to cease defending its CHF/EUR floor exchange rate of CHF 1.20. While this resulted in a sharp and broad-based downturn in Swiss share prices over the ensuing days, the market then staged a recovery. By early March, the ground lost in the wake of the SNB decision had been regained and by mid-year the key SMI and SPI indices were some 5% ahead of their levels at the beginning of 2015. The second half of the year was characterised by uncertainties on the geopolitical and global economic stage, with the two indices closing a volatile year down –1.8% (SMI) and up +2.7% (SPI).

Valora share performance. Valora shares initially performed in line with the market, reaching a high for the year of CHF 232.10 on January 13, 2015. Following the SNB's decision, they then suffered a sharp downward correction, along with the rest of the market. The SNB's move also gave an additional boost to the already widespread practice of shopping tourism by Swiss consumers, thus further dampening consumer spending in Switzerland. On July 8, 2015, Valora shares reached their lowest level for the year, at CHF 175.60. While their performance during the relatively volatile second six months of 2015 largely mirrored that of the key indices, Valora shares rallied in December, closing 2015 at CHF 209.00, – 8.5% lower than at the beginning of year.

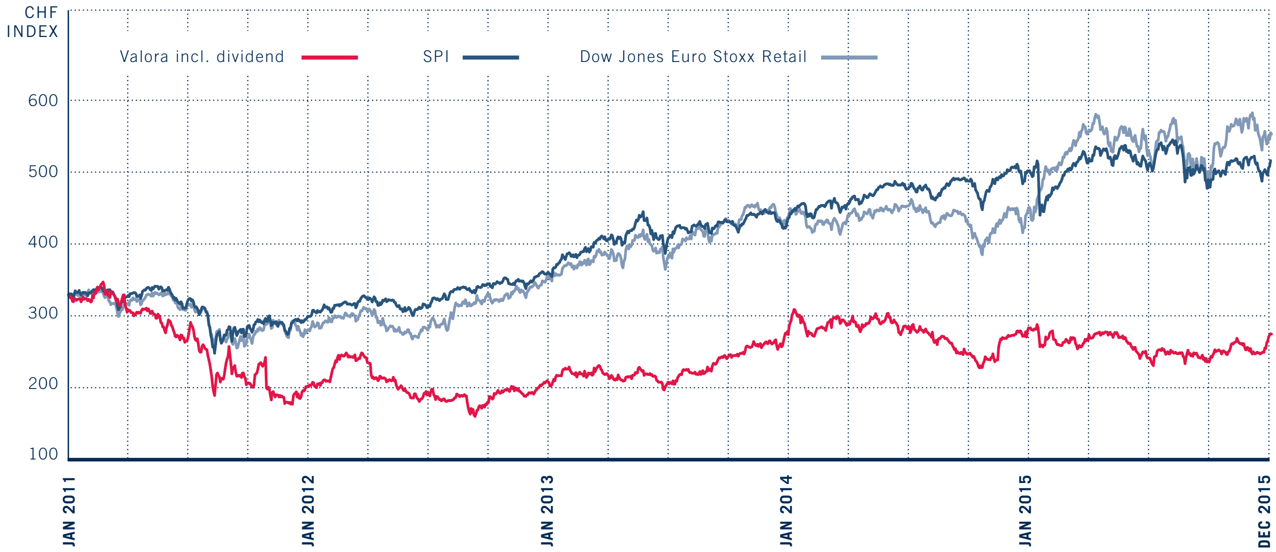
VALORA SHARE PERFORMANCE TREND 2015



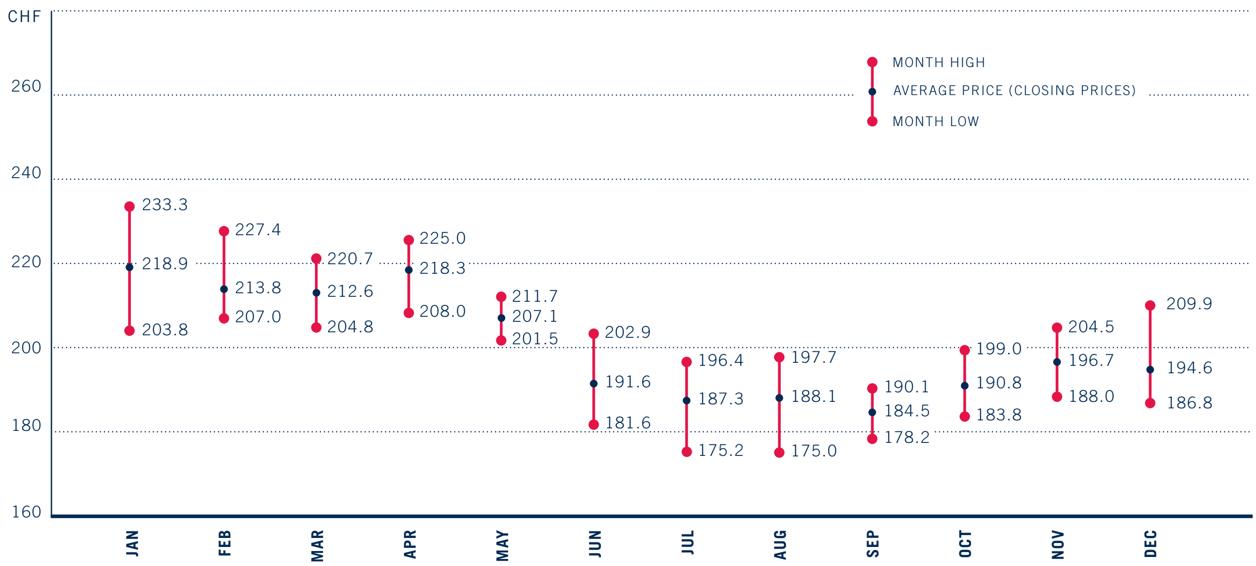
VALORA SHARE VOLUME 2015



VALORA SHARE PERFORMANCE TREND 2011–2015



MONTH HIGHS/LOWS IN 2015



2 SHAREHOLDER RETURNS

		2015	2014	2013	2012	2011
Share price						
Year-end	CHF	209.00	228.40	248.70	185.10	196.50
Distributions to shareholders						
Dividends	CHF	[1] 12.50	12.50	12.50	12.50	11.50
Dividend yield	%	6.0	5.5	5.0	6.8	5.9
Annual returns						
excluding dividends	%	–8.5	–8.2	34.4	–5.8	[2] –39.8
including dividends	%	–3.0	–3.1	41.1	0.6	[2] –36.2
Average returns		**2015 1 year**	2014–2015 2 years	2013–2015 3 years	2012–2015 4 years	[2] 2011–2015 5 years
excluding dividends	%	–8.5	–8.3	4.1	1.6	–8.5
including dividends	%	–3.0	–3.1	10.6	7.8	–4.0

[1] Proposed
[2] Based on price 2010: CHF 326.25

3 KEY SHARE DATA

		2015	2014	2013	2012	2011
Operating profit (EBIT) per share [1] [2]	CHF	16.41	8.99	17.44	19.45	25.48
Free cash flow per share [1] [2] [3]	CHF	24.52	10.05	15.10	14.50	18.64
Earnings per share [1] [2]	CHF	12.51	3.13	7.69	13.09	20.24
Equity per share [1]	CHF	150.68	186.12	215.60	198.29	167.04
P/E Ratio [1] [2]	31.12.	16.71	72.93	32.35	14.1	9.7

[1] Based on average number of shares outstanding
[2] Continuing operations
[3] Free cash flow: net cash provided by operating activities less net cash used in ordinary investing activities

4 SHAREHOLDER DATA AND CAPITAL STRUCTURE

Registered shareholder data		**31.12.2015**	31.12.2014
Composition	Significant shareholders > 5%	18.5% of shares	23.5% of shares
	10 largest shareholders	32.7% of shares	39.4% of shares
	100 largest shareholders	44.2% of shares	53.3% of shares
Origin	Switzerland	65.0% of shares	59.8% of shares
	Elsewhere	35.0% of shares	40.2% of shares

Valora Holding AG's share capital of CHF 3.4 million comprises 3.4 million registered shares with a nominal value of CHF 1.00 each.

Conditional capital amounting to a maximum of CHF 84000, comprising 84000 registered shares of CHF 1.00 nominal value each, was approved by the Ordinary General Meeting of shareholders of May 11, 2000. These shares can be used at any time by the Board of Directors to cover existing or future management profit-sharing plans. Existing shareholders have no subscription rights for such shares. No time limit applies. None of this conditional capital had been issued by December 31, 2015.

Swiss and non-Swiss shareholders are registered on the same terms in the Share Register. The company has distributed dividends to its shareholders without interruption since 1920.

5 SHARE CAPITAL

		2015	2014	2013	2012	2011
Total registered shares [1]	Shares	3 435 599	3 435 599	3 435 599	3 435 599	2 800 000
Treasury shares [1]	Shares	115 915	61 869	34 014	51 702	19 920
Number of shares outstanding [1]	Shares	3 319 684	3 373 730	3 401 585	3 383 897	2 780 080
Market capitalisation [1] [2]	CHF million	694	771	846	626	546
Average number of shares outstanding	Shares	3 358 171	3 388 061	3 387 163	2 913 674	2 767 795
Number of registered shareholders [1]		8 695	7 889	7 546	7 745	6 964

[1] At 31.12.
[2] Based on number of shares outstanding at 31.12.

6 TAX VALUES

	Securities no.	**At 31.12.2015**	At 31.12.2014	At 31.12.2013	At 31.12.2012	At 31.12.2011
Registered shares of CHF 1.00	208 897	209.00	228.40	248.70	185.10	196.50
2.875% bond 2005–2012	2 189 351	–	–	–	–	100.76%
2.5% bond 2012–2018	14 903 902	102.65%	104.30%	103.75%	104.65%	–
4.0% perpetual hybrid bond	21 128 255	105.60%	104.55%	101.05%	–	–

FIVE-YEAR SUMMARY

		2015	2014	2013	2012	2011
Net revenues [1]	**CHF million**	**2 077.4**	**1 932.6**	**1 889.8**	**2 847.9**	**2 817.9**
Change	%	+7.5	+2.3	–33.6	+1.1	–2.1
EBITDA [1]	**CHF million**	**117.6**	**109.3**	**114.7**	**112.1**	**117.0**
Change	%	+7.6	–4.7	+2.3	–4.2	–6.6
in % of net revenues	%	5.7	5.7	6.1	3.9	4.2
Operating profit (EBIT) [1]	**CHF million**	**55.1**	**30.5**	**59.1**	**56.7**	**70.5**
in % of net revenues	%	2.7	1.6	3.1	2.0	2.5
Net profit [1]	**CHF million**	**46.8**	**15.4**	**29.2**	**38.5**	**57.0**
Change	%	+203.7	–47.3	–24.0	–32.6	–7.5
in % of net revenues	%	2.3	0.8	1.5	1.4	2.0
in % of equity	%	9.2	2.4	4.0	6.7	12.3
Net cash provided by (used in) [1]						
Operating activities	CHF million	125.5	91.9	89.9	54.5	97.0
Ordinary investment activities	CHF million	–43.2	–57.9	–38.7	–12.3	–45.4
Free cash flow	**CHF million**	**82.3**	**34.0**	**51.2**	**42.2**	**51.6**
Company acquisitions (and long-term financial investments)	CHF million	–88.1	51.3	–3.1	–288.0	–40.1
Financing activities	CHF million	–60.2	–67.4	–52.4	282.5	–31.1
Earnings per share [1]	**CHF**	**12.51**	**3.13**	**7.69**	**13.09**	**20.24**
Change	%	+299.7	–59.3	–41.3	–35.3	–9.4
Free cash flow per share [1]	**CHF**	**24.52**	**10.05**	**15.10**	**14.50**	**18.64**
Change	%	+144.0	–33.4	+4.1	–22.2	+25.8
Cash and cash equivalents [1]	**CHF million**	**116.3**	**129.0**	**107.8**	**147.2**	**109.6**
Equity	**CHF million**	**506.0**	**630.6**	**730.3**	**577.8**	**462.3**
Equity ratio	%	41.5	44.0	44.8	35.9	41.9
Number of employees at December 31 [1]	**FTE**	**4 349**	**4 435**	**4 613**	**5 962**	**5 801**
Change	%	–1.9	–3.9	–22.6	+2.8	–10.1
Net revenues per employee [1]	**CHF 000**	**478**	**436**	**410**	**478**	**486**
Change	%	+9.6	+6.3	–14.2	–1.7	+9.0
Number of outlets operated by Valora		**1 838**	**1 647**	**1 690**	**1 606**	**1 364**
thereof agencies		990	702	649	598	231
Net revenues per outlet [2]	CHF 000	1 130	1 173	1 118	1 208	1 183
Number of franchise outlets [3]		**471**	**459**	**404**	**999**	**166**

All totals and percentages are based on unrounded figures from the consolidated financial statements
[1] From continuing operations, in 2011 and 2012 incl. the divisions Valora Services and Trade
[2] Valora Retail and Ditsch/Brezelkönig (as of 2013)
[3] In the 2013 annual report, the franchisee figures for Retail Germany also included partner outlets.

Current details of press conferences and publications can be found
on the Valora website: www.valora.com

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