

# valora

## Credit Suisse Pan European Small & Mid Cap Conference

**Thomas Vollmoeller, CEO Valora**  
London, June 10, 2009



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# Agenda



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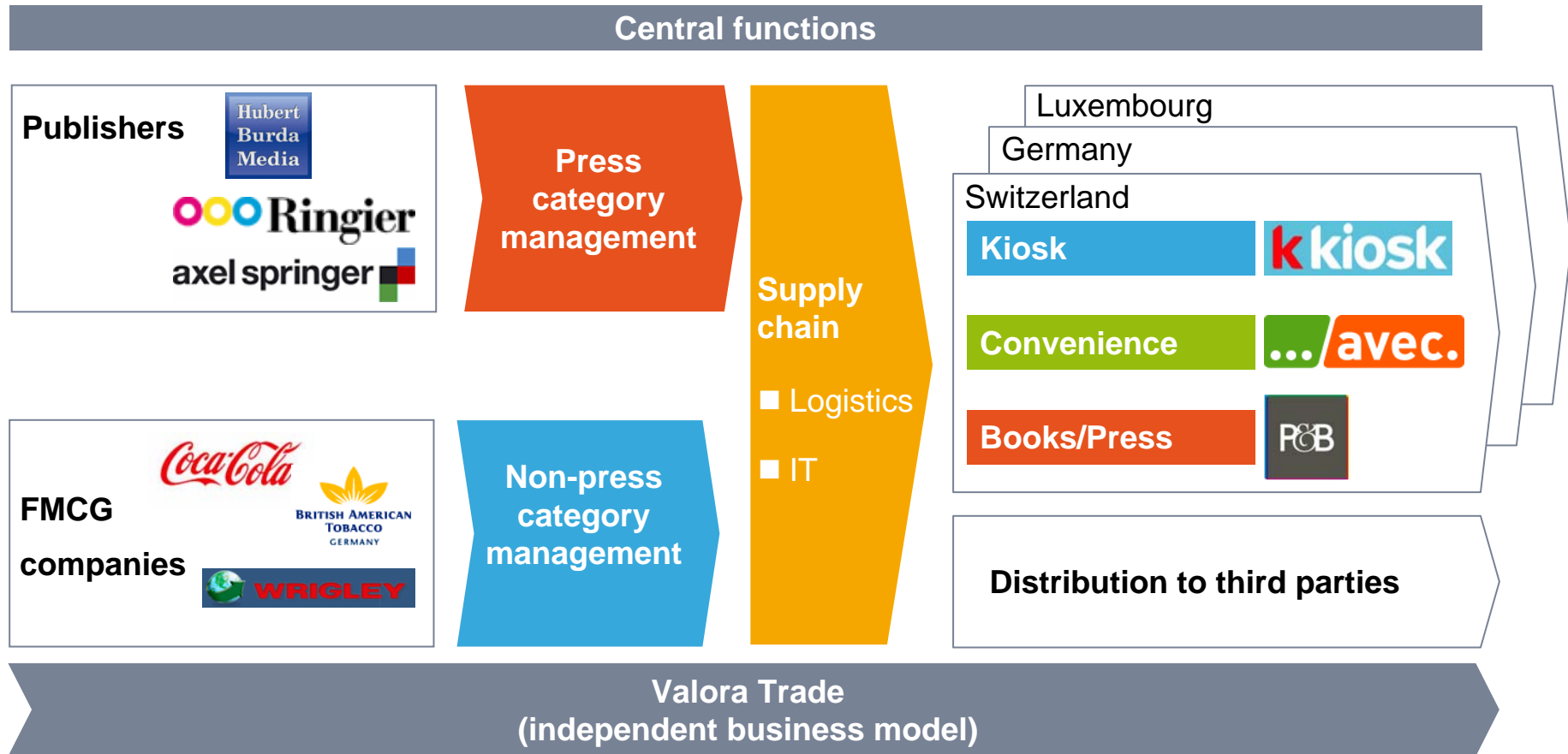
## 1. Overview Valora's business portfolio

## 2. Valora 4 Success Strategy

## 3. Outlook

## 4. Questions & Answers

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



## 2008 results at a glance



### Key metrics

in millions

<b>Net revenues</b>	CHF 2 931.7		+3.9%
<b>EBIT</b> (before restructuring costs)	CHF 63.2		+6.9%
<b>EBIT</b>	CHF 38.1		
<b>EBIT margin</b> (before restructuring costs)	2.2%		+10 bp
<b>EBIT margin</b>	1.3%		
<b>Net income</b> (before restructuring costs)*	CHF 65.0		+17.2%
<b>Net income</b>	CHF 39.9		
<b>Equity cover</b>	45.1%		
<b>Net liquidity</b>	CHF 6.0		CHF +52.0

\* pro forma

# Valora Retail – fundamentally well positioned...



## ■ Valora has a strong market position

- Small and very small outlet formats
- Excellent locations
- CH: ~ 60% of the kiosk market\*
- DE: ~ 30% of the travel bookstore market\*\*
- LU: ~ 50% of the kiosk market\*\*\*

## ■ Positive market trends

- Growth in public transport passenger volumes
- Micro retailing
- Shopping and consumer behaviour

\* CHF 1.7 bn market

\*\* CHF 0.6 bn market

\*\*\* CHF 0.2 bn market



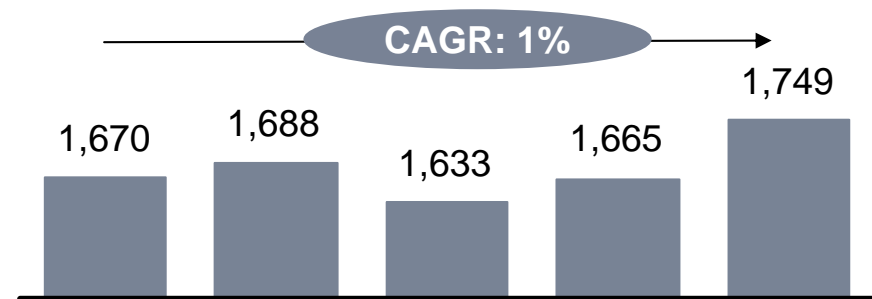
... but achieving unsatisfactory results (figures below re-stated)



■ **2004 - 2007 performance**

- Weak sales growth
- Net income unsatisfactory
- No delivery on 3-4% EBIT margin "promise"

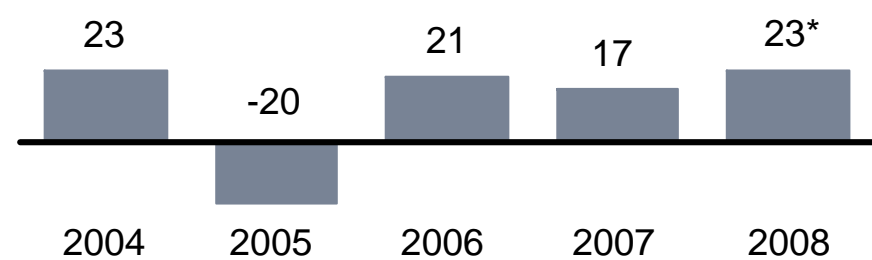
Sales in CHF mm



■ **2008 performance**

- Growth at „Kiosk Switzerland“ due to EURO 2008
- Sound growth in Germany
- Still a lot to do...

EBIT in CHF mm



EBIT margin in %



\* before restructuring costs

## Valora Media in good competitive position



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



# Media generating stable and satisfactory results



(figures below re-stated)

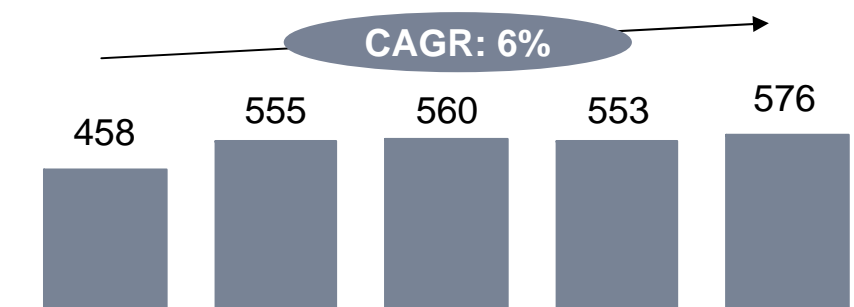
## ■ 2004 - 2007 performance

- Sales stable
- Good, stable results

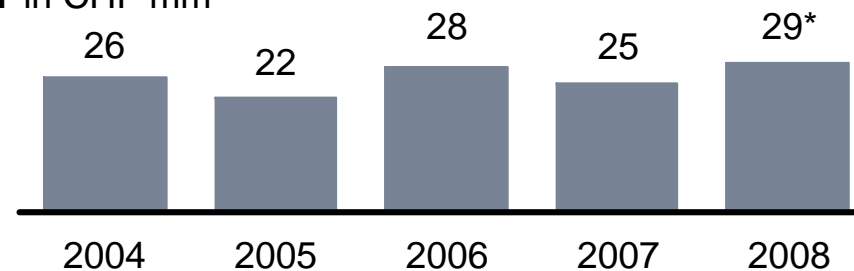
## ■ 2008 performance

- EURO 2008 products boost net sales in a declining overall market
- Media Austria benefits from gaining new publishers

Sales in CHF mm



EBIT in CHF mm



EBIT margin in %



\* before restructuring costs



# Valora Trade clear leadership in Europe



## ■ Market position

- FMCG distribution and marketing
- Present in 7 countries
- European market leader
- Well-positioned after "Own Brands" spin off

## ■ Major market trends

- Concentration in European food retail
- FMCG firms exerting pressure on costs (trend towards outsourced distribution)



# Valora Trade – stable results with low margins



(figures below re-stated)

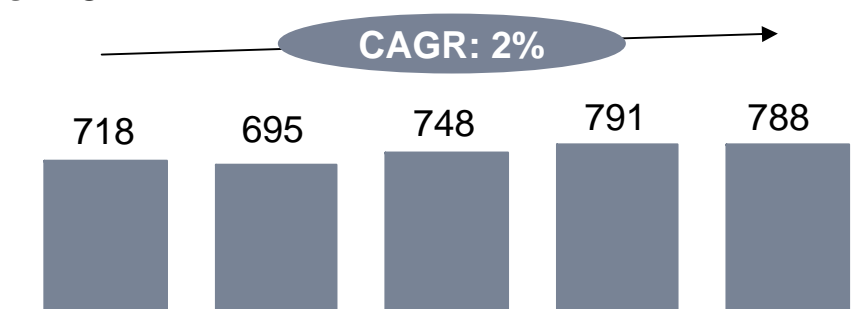
## 2004 - 2007 performance

- Sales stable
- Low margins in line with sector

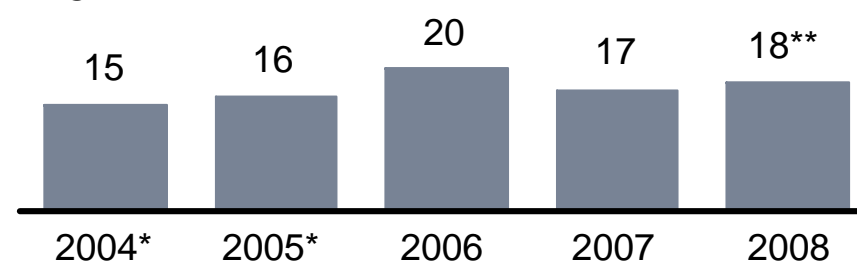
## 2008 performance

- Raw material costs make for difficult market conditions
- Solid growth at constant FX
- Improved margins and product mixes, plus higher prices, boosted operating results

Sales in CHF mm



EBIT in CHF mm



EBIT margin in %



\* excl. "Own Brands"

\*\* before restructuring costs

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# Valora 4 Success strategy programme has 4 objectives



## Summary of VALORA STRATEGY

### Strategic objectives

- V1** Competence: sharpen competitive edge
- V2** Growth: focus on convenience stores
- V3** Efficiency: cut recurring costs by CHF 30 mln
- V4** People: customer focus, leadership

Goals until 2012		Achieved in 2008	
Sales + 3 - 5% p.a.	EBIT margin 3 - 4%	Sales + 3.9% (+5.7%)*	EBIT margin 2.2%**

\* at constant exchange rates

\*\*before restructuring costs

# Overview of strategic core initiatives



*Thirteen initiatives identified. Implementation projects running*



# Strategic core initiatives



## V1 Competence



### GOALS

- Establish clearly defined profiles for the 4 sales formats
- Optimise use of floorspace

#### ACHIEVEMENTS TO DATE (examples)

- 4 formats defined
- Development of book format (P&B) completed
- Two P&B pilot sites running in Berne and Basle since March 27, 2009
- Discussions regarding the use of excess space at specific outlets are currently under way
- Focus of k kiosk profile gradually being sharpened





## Outlet design





## Outlet design









# Outlet design

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# Strategic core initiatives



## V1 Competence



V1 RETAIL  
PRODUCT RANGE  
IMPROVEMENT

### GOALS

- Optimise product ranges
- Enhance product presentation
- Continue refitting shops

#### ACHIEVEMENTS TO DATE (examples)

- Notable product range adjustments (press and non food; further tests being prepared)
- New entry level price line ready for roll out
- Location-specific pricing models being tested
- Further shop design concepts (tests to start in April 2009)
- New services (e.g. public transport ticketing in Zurich)



# Strategic core initiatives

## V2 Growth



V2 RETAIL  
AVEC. DEVELOPMENT  
STRATEGY

### GOALS

- Grow network to 100 outlets
- Re-work product ranges
- Optimise shop design

### ACHIEVEMENTS TO DATE (examples)

- New concept being tested – with new CI/CD, layout and product ranges at 2 sites
- 21 operational avec. units taken over from joint venture
- Some 30 additional units identified/secured for re-formatting
- Talks with potential partners at advanced stage
- Tests in Germany from May 2009



# Strategic core initiatives

## V3 Efficiency



**V3** LOGISTIK  
STREAMLINING  
LOGISTICS

### GOALS

- Raise service levels
- Speed up throughput times
- Lower logistics costs

#### ACHIEVEMENTS TO DATE (examples)

- New Egerkingen logistics facility up and running
- Beverage and tobacco operations already relocated
- New logistics system goes live from April 2009
- New press logistics tests to commence in April 2009



# Strategic core initiatives



## V4 People



**V4** HUMAN  
RESOURCES  
ENHANCING  
LEADERSHIP

### GOALS

- New leadership culture
- Get closer to the customer
- Establish a retail mentality

#### ACHIEVEMENTS TO DATE (examples)

- Consolidation of headquarters
- General employment contract signed with Syna union (February 2009)
- Code of conduct and leadership principles developed
- New retail team
- Introduction of long-term incentive programme
- Simplification bonus system structure for all management levels



# Expected sales and EBIT growth till 2012



## Projections till 2012

**Sales growth**

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

**Sales** → **Total +4% p.a.**

**Gross margin growth**

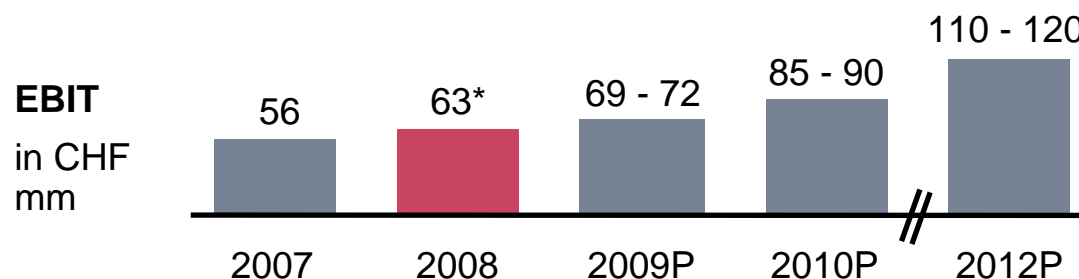
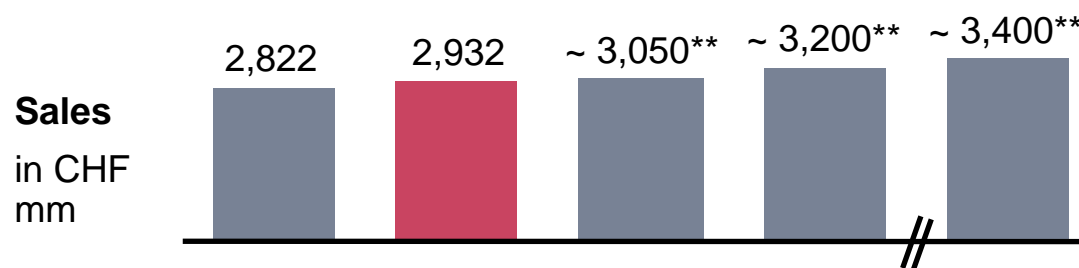
- Retail ~ +1%
- Media/Trade unchanged

**EBIT** → **Total +0.5%P**

**Costs**

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

**EBIT** → **Total +0.8%P**



\* before restructuring costs  
\*\* at constant exchange rates

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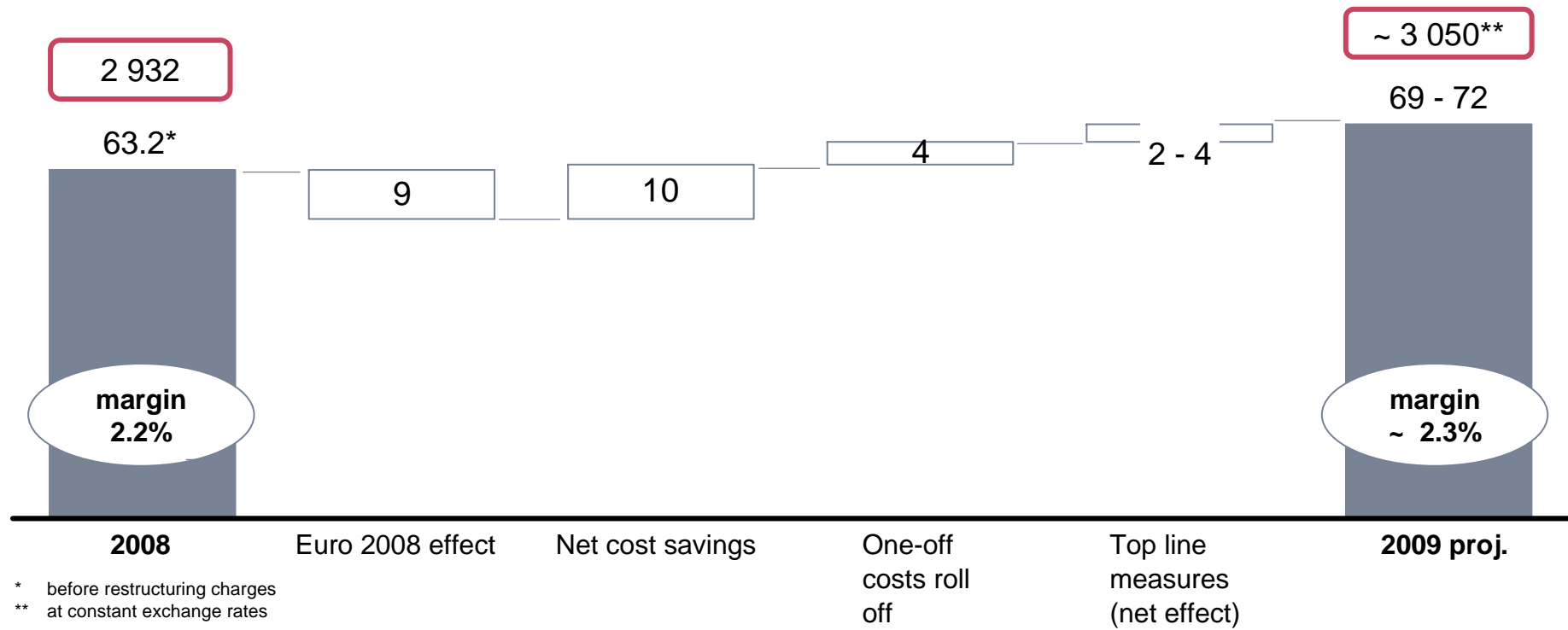
4. Questions & Answers



# EBIT projections for 2009



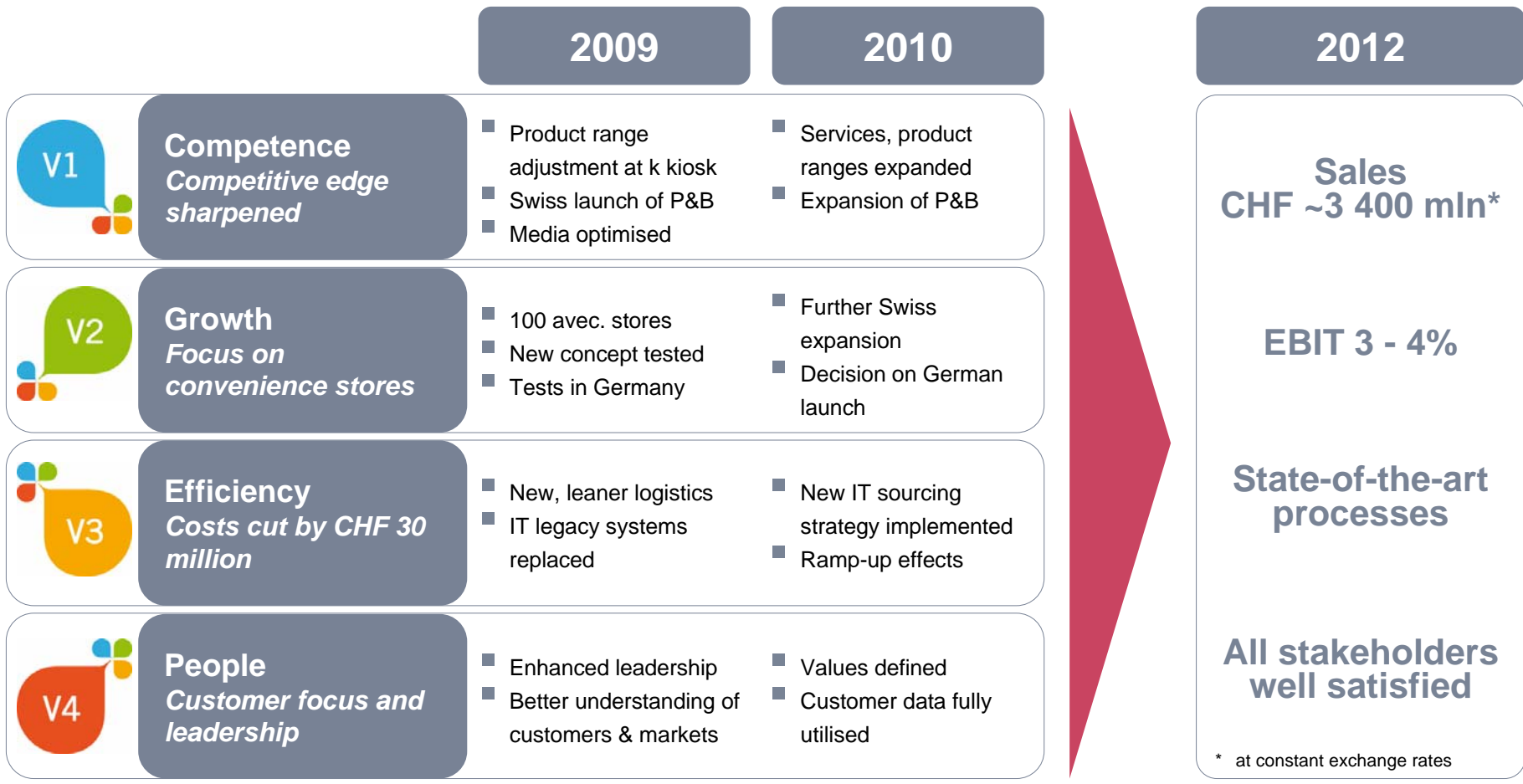
in CHF million



	Euro 2008 effect	Net cost savings	One-off costs roll off	Top line measures (net effect)
Effect on 1st Half-Year	●	◐	◐	◐
Effect on 2nd Half-Year	○	◑	◑	◑

# Strategic outlook

## Key developments in 2009 and 2010



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# Agenda



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1. Welcome address and introduction

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**5. Questions & Answers**

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# Appendix

**Important slides Investors' Day 2008**

## Market trends not critical

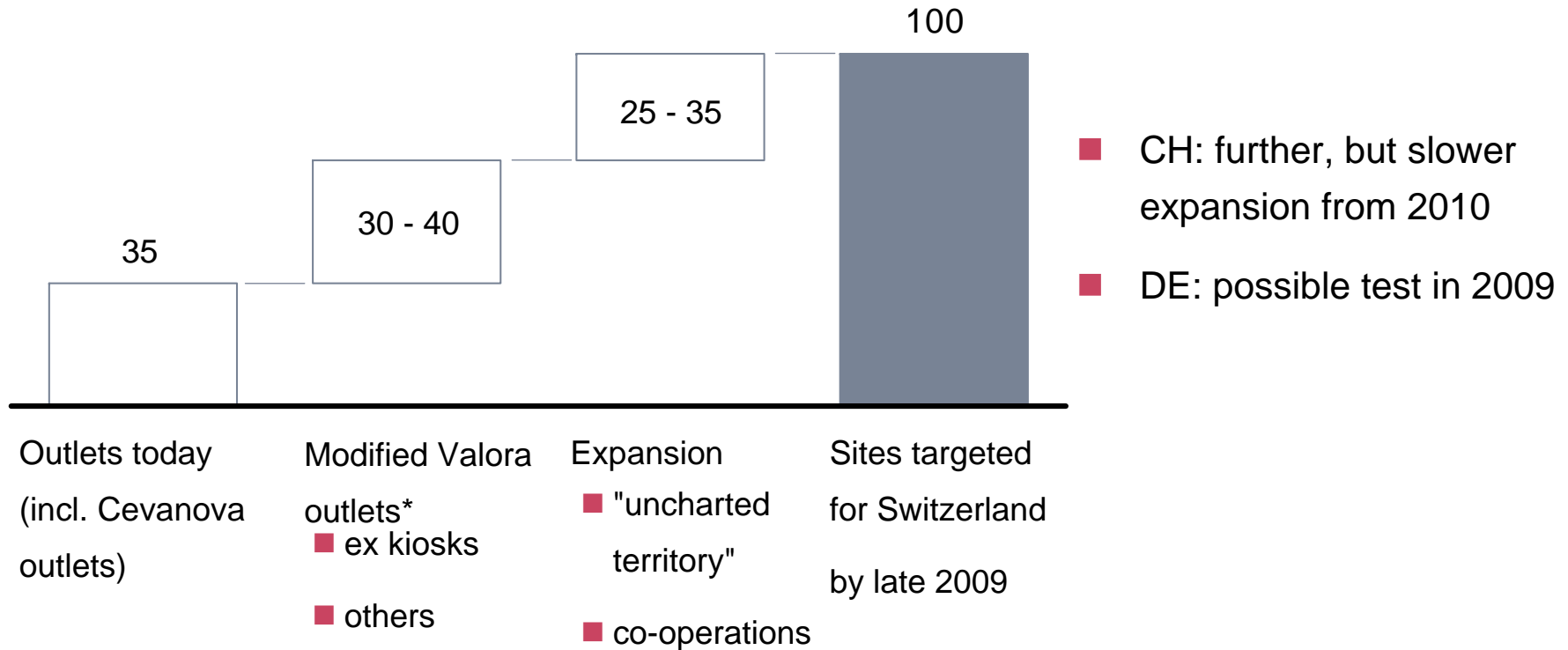


	Share of 2007 sales	Ø-margin	Anticipated market trend	Valora's strategic response
Services	8%	100%	➔ Positive market trend	Increase emphasis
Non-food	4%	> 50%	➔ Market saturation	Reduce/replace
Food	17%	> 50%	➔ Convenience growing	Focus on impulse/ready to eat
Press/ books	23%	~ 30%	➔ Newspapers declining,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

avec. – The 100 outlet objective is realistic



Number of outlets



\* excl. petrol stations



# V3 – Potential for cost savings



## Optimising profitability and quality in all areas Efficiency & effectiveness

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

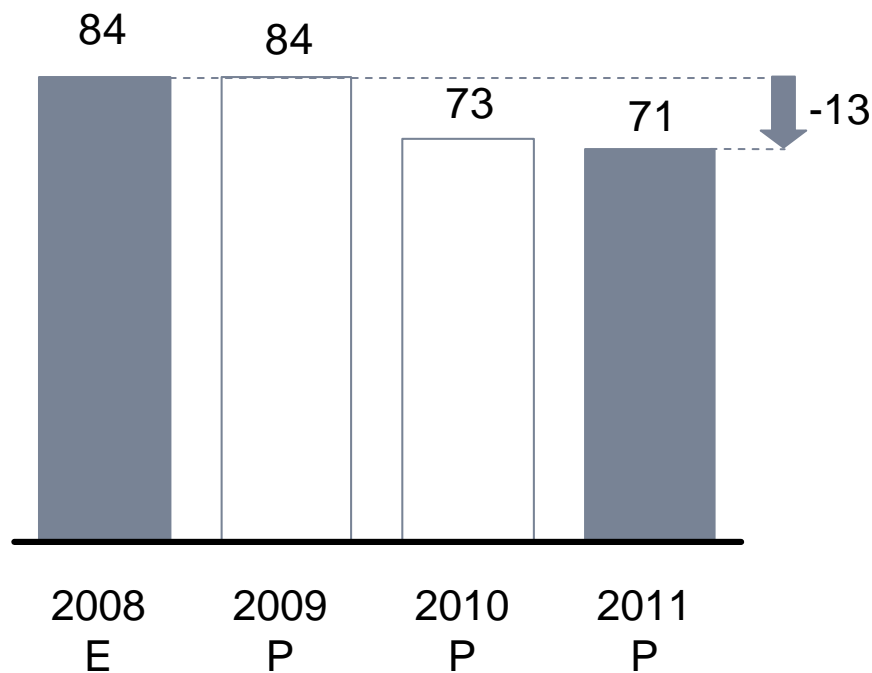
**Focus area 3**

\* CH only (excl. Trade)  
 \*\* vs expected 2008 costs (volume adjusted)

## Logistics - Pay back period about 1.5 years



Costs in CHF mm

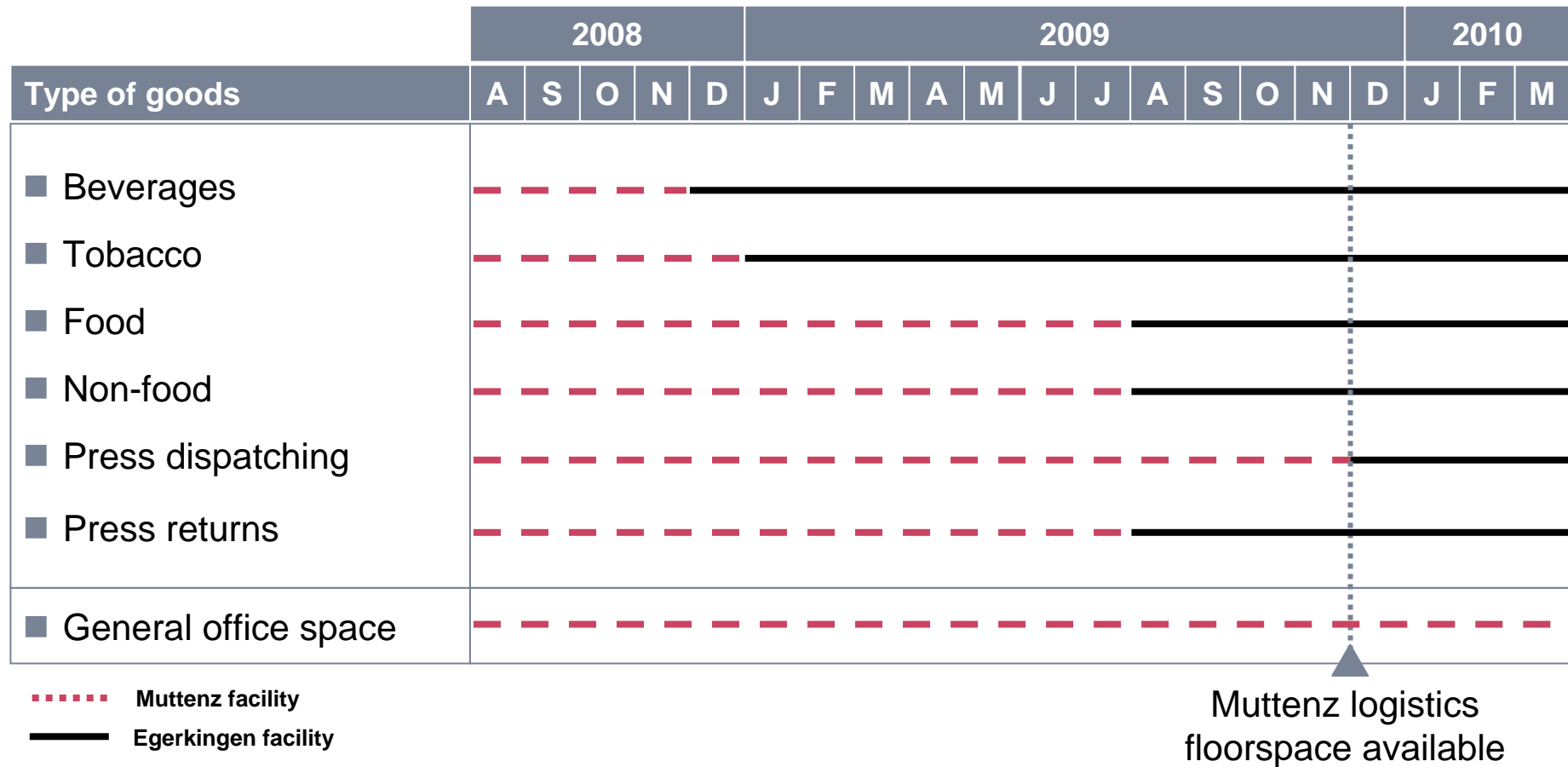


### Required investment/one-off payments

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

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

# Logistics – Project to be implemented rapidly



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## Contact details

### Corporate calendar

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#### Contact details

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#### Corporate calendar

H1 2009 results published, Investors' and Media Day 2009

August 27, 2009

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