valora

Investors‘ presentation

Swiss Equities Conference

HELVEA
Baader Bank Group

Bad Ragaz, January 16, 2014 | Michael Mueller (CFO) & Mladen Tomic (IR)

Agenda

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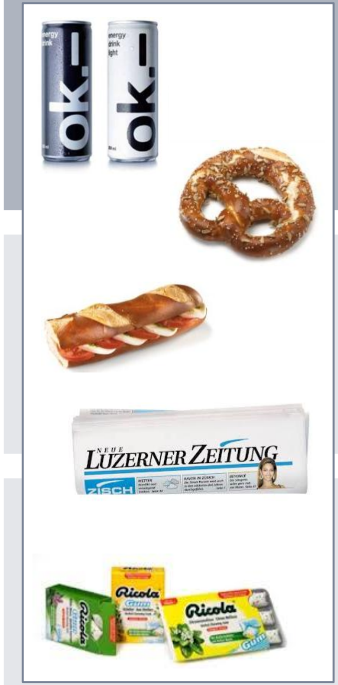
1	**Valora at a glance**
2	Divisions‘ strategic initiatives
3	Projections for 2013

Overview business units

Capable and focused European micro-retailer



Retail: the experts in small-outlet retail

- Five clearly defined formats (Kiosk, Convenience, Press&Books, Gastronomy, Food)
- > 3 000 outlets, of which 1 000 in travel-related locations
- Present in four national markets (Switzerland, Germany, Luxembourg, Austria)

Services: a professional service provider with high competence in press

- State-of-the-art processes
- Over 6 000 customers
- Present in Switzerland and Luxembourg

Trade: Europe‘s largest and most professional distributor for FMCG products

- Strong position in food, non-food, confectionery, beverages, and cosmetics
- 350 principals
- Present in seven national markets (Switzerland, Germany, Austria, Denmark, Norway, Sweden, Finland)

Valora Retail

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Most important formats

„Treat yourself“

The Place for that daily indulgence

k kiosk

CIGO

„C‘est la vie“

Switzerland’s most refreshing convenience retailer

avec.

ServiceStore DB

„Thought for the journey“

For a wealth of enjoyable reading

Press P&B Books

„Caffè e Passione“

Typical Italian coffee bar flair

SPETTACOLO caffè e passione

„Always crisp – always fresh – always Ditsch“

Passionate about pretzel

Ditsch

BREZELKÖNIG

H1 2013 key financial metrics

Newly integrated businesses provide strong boost to revenues and profits

in CHF million,
△ versus 2012

External sales	**1 691.3**	***+7.8%***
Net revenues	**1 412.1**	***+1.8%***
Gross profit	**504.1**	***+14.1%***
Gross-profit margin	*35.7%*	*+3.9 pct pts*
Operating costs (net)	**-470.3**	***+11.0%***
EBITDA	**66.0**	***+52.8%***
EBITDA margin	4.7%	*+1.6 pct pts*
EBIT	**33.8**	***+88.1%***
EBIT margin	2.4%	*+1.1pct pts*

Comments

- Net revenues increased by 1.8%
- First full integration of Ditsch/Brezelkönig and Convenience Concept result in significant improvement in gross-profit margin
- Operating profit includes effect of CHF 9.7 million due to IAS 19 (like-for-like operating profits +34%)

Key balance-sheet metrics

Financing initiatives significantly enhance balance sheet

in CHF million,
△ versus 2012

Balance sheet total	**1 609.8**	→	***-0.4%***
Cash/cash equivalents	**109.9**	→	***-25.3%***
Goodwill	**484.6**	→	***+3.9 m***
Net working capital	**166.3**	→	***+22.1%***
NWC in % of net revenues	*5.9%*	→	*+1.1 pct pts*
Net debt	**283.6**	→	***-78.0 m***
Leverage ratio	*1.9x*	→	*-0.5x*
Shareholders' equity	**707.9**	→	***+22.5%***
Equity cover	*44.0%*	→	*+8.2 pct pts*

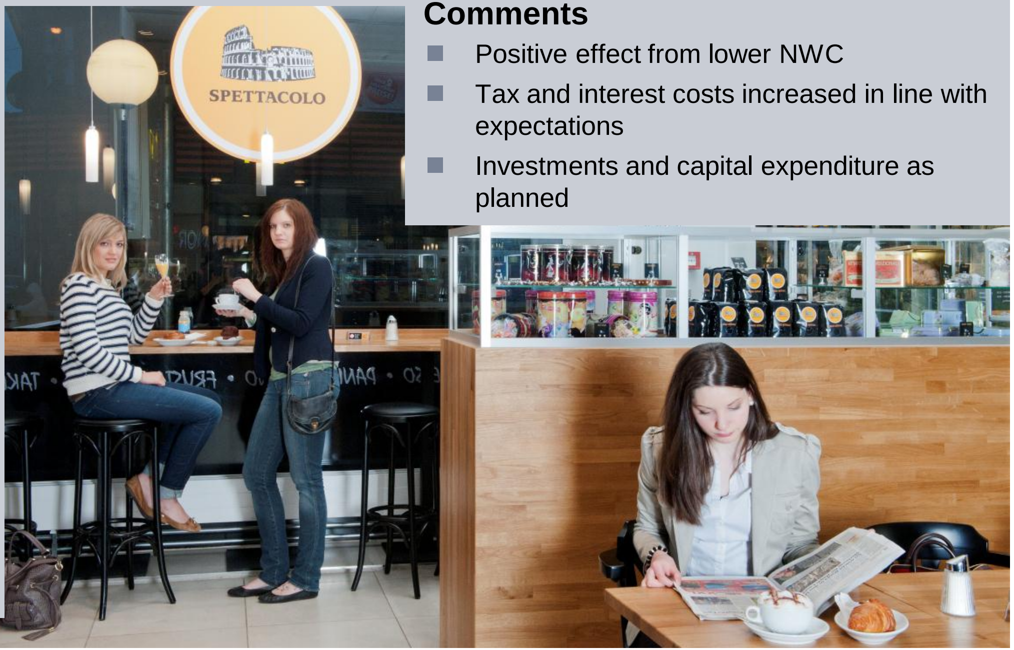
Comments

- CC and Ditsch/BK integration increased goodwill and NWC
- Leverage ratio significantly reduced – to 1.9x EBITDA (medium/long-term target)

Cash flow

Significant improvements in key components of cash flow

First-half (in CHF million)	**2013**	**2012**
EBIT	33.8	18.0
Depreciation and amortisation	32.1	25.2
EBITDA	**66.0**	**43.2**
Elimination of non-cash items	-8.8	-1.5
NWC and other working capital	-22.5	-49.7
Interest, taxes (net)	-18.0	-12.7
Cash flow from operations	**16.6**	**-20.7**
Capital expenditure	-20.8	-43.6
Asset disposals	2.7	8.7
Cash flow from regular investment activities	**-18.1**	**-34.8**
Free cash flow	**-1.5**	**-55.6**



Comments

- Positive effect from lower NWC
- Tax and interest costs increased in line with expectations
- Investments and capital expenditure as planned

Agenda

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Valora Retail Germany

Convenience Concept integration requiring considerable effort | Network objectives for 2015 adjusted

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2013	2014	2015

Convenience

ServiceStore DB

Concept phase I
H1 concept dev.

Concept phase II
H2 kick-off with 3 test sites

Intermediate phase

- Evaluations with Deutsche Bahn
- Product-range adjustments
- Rollout decision

Rollout phase

- ~20 new openings annually (rebuilds and new locations)
- Focus on snacks and convenience food (bakery products, sandwiches, cold drinks, coffee)
- New product range improves gross margins
- Further network enhancements after 2015

Kiosk

CIGO Cigarettes and more

k kiosk

Pilot phase
H1, 5 reference stores

Rollout phase I
H2, 50 k kiosk units

Intermediate phase

- Analyse positive sales growth at reference stores (+14%) vs rollout I
- Rollout decision

Rollout phase

- ~100 new openings annually (rebuilds and new locations)
- Product-range adjustments in food, non-food, services and beverage categories
- Implementation of new franchise model in network
- Increased exploitation of network scale (e.g. promotions etc.)

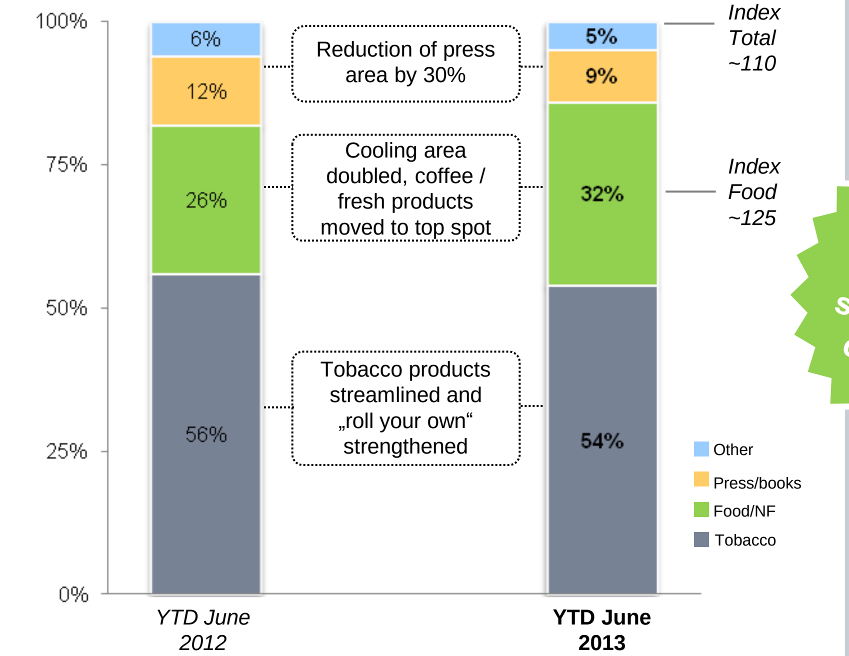
Comments

- Integration of CC / reconfiguration of CC network requires time and effort | Unit relaunches require protracted search for franchisees
- March 2013 objectives for rebuilds revised | Co-operation established with Lekkerland

Valora Retail Switzerland

Implementation of new kiosk concept, as exemplified by Stans outlet (rebuilt in February 2013)

Sales breakdown by product (in %)



Comments

- Outlet rebuild boosted sales by ~10%
- Gross profits increased ~15% thanks to new product mix
- Reduced press range cuts sales by ~15%
- Rebuild project on track – 100 outlets by year-end 2013

Ditsch/Brezelkönig

Growth objectives met as planned

Brezelkönig Switzerland

- Railway-station outlets opened in Lausanne, Zurich-Sihlpost and Baden during H1 2013
- Two further new outlets planned for Zurich and Geneva during H2 2013
- Zurich-Sihlpost outlet to serve as (space-sharing) model for further enhancements to existing Valora sites
- Successful collaboration between Brezelkönig and Valora‘s avec. and k kiosk formats (butter pretzels and pizza snacks)

Ditsch Germany

Outlet network | Synergies

- Operational expansion during 2013
- Six new sites opened
- Network optimised by closing units which failed to meet profitability targets
- 12 further new openings planned for H2 2013

Wholesale

- Valora (convenience) units to be supplied from H2 onwards
- New production line went live during H1 | Higher volumes and further quality enhancements achieved
- Domestic German market is competitive and demanding
- Good international potential being exploited by stronger export organisation

Valora Services

Substantive negotiations initiated with interested parties | Goal: to hand over control

Valora Services redirection process *(illustrative)*

Preparation «carve out»

Exploratory discussions

Evaluation and negotiation phase

Spring 2013 — *August 2013* — *Year-end 2013*

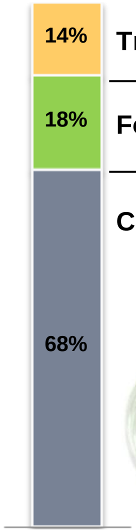
Comments

- All strategic options for a sustainable future direction for Services division to be evaluated as well as continued emphasis on expanding nilo logistics unit
- First substantive negotiations with potential partners/purchasers scheduled in next few weeks
- Objective: to hand over control of Services business area

Valora Trade

Further measures to imporove profitability required

New categories



Travel retail
- Positive revenue trends
- Offsets principal-merger effects

Food service
- Good market conditions
- New principals acquired

Cosmetics
- Generally stable performance
- Cosmetics have disproportionately high sales in Q4 (Christmas)
- New principals signed up. Integration and development work required on these

Share of revenues

Classic

Portfolio streamlining

- Transformation phase began by end of 2012
- Some contracts with selected principals successfully renegotiated
- First partnerships discontinued with manufacturers due to insufficient profitability
- Several new small and medium-sized principals acquired, such as:

Conditorei Coppenrath & Wiese | SCHWARTAU | ESPRESSO ETHICAL COFFEE COMPANY | Nutisal

Additional measures

- Further reduction of operational costs

Agenda

Outlook

Targeted adjustments to achieve sustained improvement in profitability

- **Valora Retail** – Further enhancements to core formats and product ranges in all national markets
- **Ditsch/BK** – Expansion and exploitation of synergy potential across national markets and formats

- **Valora Services** – Substantive negotiations initiated with interested parties in order to hand over control
- **Valora Trade** – Focus on profitability through portfolio streamlining and cost reductions

- **FY 2013** – <u>Operating profit of CHF 75 million projected for 2013</u>,
  + CHF 5 – 10 million from IAS 19 and
  – CHF 5 – 7 million additional restructuring measures

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Contacts
Corporate calendar

Contacts

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Corporate calendar

2013 full-year results presentation	April 3, 2014

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