

Muttenz, 20 February 2018

Media release

Valora increases sales and profit in 2018

- **11.3% growth in external sales to CHF 2,731.0 million in 2018**
- **Strong business performance in line with expectations announced: EBIT CHF 89.8 million (+13.7%) and EBIT margin up to 4.2% (+0.3 percentage points)**
- **Swiss retail business highly profitable at the previous year's high level; sales formats fully modernised**
- **Operating profit contributions from Food Service and Retail CH more than make up for challenging financial year at Retail DE/LU/AT**
- **BackWerk fully integrated, pleasing same-store growth in Food Service Switzerland, major progress in increasing production of pretzels**
- **Optimistic outlook for 2019 thanks to good positioning and improved long-term financing structure**
- **Dividend of CHF 12.50 from capital reserves proposed for 2018**

The Valora Group performed strongly in 2018. Features of the year included a systematic focusing of sales formats on the latest customer needs, the full-year effect of the BackWerk food service format acquired in autumn 2017, a decline in print media in Germany and full utilisation of the pretzel manufacturing facilities.

Valora once again met the expectations communicated, with an EBIT of CHF 89.8 million. The convenience and food service provider's EBIT increased by +13.7% year-on-year and the EBIT margin improved by +0.3 percentage points to 4.2%. Owing to the profit contribution by BackWerk, organic growth and positive currency effects, EBITDA improved by +16.7% or CHF +22.3 million to CHF 156.0 million.

External sales rose by +11.3% to CHF 2,731.0 million, while net revenues were up +6.0% to CHF 2,122.1 million which corresponds to +4.6% in local currency. This performance was largely driven by the contribution from BackWerk and growth in the other Food Service areas; overall, net revenues at Food Service increased by +23.5% in local currency. At Retail DE/LU/AT they increased by +4.4% in local currency thanks to a larger number of own outlets; at Retail CH they were stable (-0.2%). Gross profit increased by +10.7% to CHF 965.4 million. The increase of +9.1% in local currency is explained by BackWerk's contribution and the growth posted for all operational areas. The gross profit margin improved by +1.9 percentage points to 45.5%.

Net profit from continuing operations improved by +12.2% to CHF 64.1 million and Group net profit grew by 3.2% to CHF 59.0 million. At CHF 49.0 million, the Group's free cash flow was down on the previous year, mainly due to increased investment activity and the one-off proceeds posted in 2017 on the sale of the property in Geneva that was taken over as part of the Naville acquisition. The Group's return on capital employed (ROCE) improved by +0.5 percentage points on the first half of 2018 to 8.2%.

Retail CH maintains high profitability and renews all sales formats

Retail CH maintained profitability at the previous year's high level, with operational improvements making up for the book gain posted in 2017 from the sale of the Naville property. In 2018, under the new management team, the business unit came up with innovative concepts and completely modernised all sales formats: avec, k kiosk and Press & Books. With the avec concept, developed in

only five months and focusing on the latest foodvenience, Valora is now present at nine locations in Switzerland. Retail CH also expanded its product range in 2018 with forward-looking ultra-fresh food offers, regional products, alternative nicotine products and services.

Operating profit contributions from Food Service and Retail CH more than make up for challenging year at Retail DE/LU/AT

Retail DE/LU/AT had a challenging financial year 2018 with an ongoing market-driven decline in high-margin print media. This was more than made up for in the overall results thanks to the EBIT contribution from BackWerk and operating growth at Food Service and Retail CH. Cost initiatives and projects such as the further promotion of alternative nicotine products (e.g. e-smoke) were vigorously pursued and already helped to improve the EBIT margin at Retail DE/LU/AT in the second half of 2018, even though these initiatives are still in the start-up phase.

BackWerk fully integrated, pleasing same-store growth at Food Service Switzerland, progress in expanding production capacity

In the Food Service division, the gross expansion of BackWerk is progressing as planned. The BackWerk network was streamlined by closing down less lucrative locations and franchisee efficiency was enhanced further. The Food Service formats in Switzerland are posting considerable same-store growth. Focusing on sustainability and profitability, Ditsch made considerable progress in optimising its network. The expansion of capacity for pretzel production for the B2B business and own formats is also progressing well: after doubling the capacity of the current line at Ditsch USA in 2018, the intention in 2019 is to expand production capacity in the US by another line and to add two more production lines in Germany.

Long-term financing structure optimised and organisation further strengthened

Valora has also taken important steps to optimise its long-term financing structure. It took advantage of the attractive market conditions to place two Schuldschein issues in 2018; the second transaction closed on 11 January 2019. In October 2018, the hybrid bond was redeemed and partly refinanced with the second Schuldschein issue. The latter for the first time contained a CHF tranche – a novelty on the market.

With the new organisational structure announced which entered into force in January 2019, Valora is even better prepared for the future. The Group is structured into the two market and customer-focused Retail and Food Service divisions with decentralised sales formats and Group-wide Shared Services. The new structure supports the capture of synergies and ensures that expertise is shared throughout the Group.

Well positioned for further growth

Michael Mueller, CEO of Valora Group, says: “We are optimistic for 2019 and see ourselves as well positioned for further growth. We are already the leading operator of kiosks and convenience stores in Switzerland, one of the biggest snack food providers in Germany, and a global leader in the production of pretzels. On this basis we are driving our business forward, continually focusing on the latest customer needs and developing innovative concepts. We are also making use of the benefits of our integrated value chain in baked products. Our long-term financing structure and our focus on sustainability and efficiency support us in our further activities.”

Valora expects an operating profit of CHF 100 million in 2019 (+/- CHF 4 million). Before the impact of IFRS 16, which comes into effect in 2019, this is equivalent to an increase of 4% over 2018. Valora is aiming for an EBIT margin of ~5% and a gross profit margin of >45%. Earnings per share (EPS) from continuing operations are to increase by ~+10%.

Dividend proposal to the General Meeting

At the Ordinary General Meeting to be held on 29 March 2019 the Board of Directors will propose to shareholders an unchanged dividend of CHF 12.50 per dividend-bearing share. The dividend will be distributed fully from capital reserves. If the motion is approved the dividend is expected to be paid on 4 April 2019.

Valora Group	2018		2017 *		Change	
	in CHF million	%	restated*	%		in local currency
External Sales	2'731.0	128.7%	2'453.7	122.6%	+11.3%	+9.4%
Net revenues	2'122.1	100.0%	2'001.6	100.0%	+6.0%	+4.6%
Gross profit	965.4	45.5%	872.2	43.6%	+10.7%	+9.1%
- Operating costs, net	-875.5	-41.3%	-793.2	-39.6%	+10.4%	+8.8%
Operating profit (EBIT)	89.8	4.2%	79.0	3.9%	+13.7%	+12.0%
EBITDA	156.0	7.4%	133.7	6.7%	+16.7%	+14.8%
Net profit from continuing operations	64.1	3.0%	57.1	2.9%	+12.2%	n.a.
Group net profit	59.0	2.8%	57.1	2.9%	+3.2%	n.a.

* restated according to IFRS15.

The documents are available online at www.valora.com/newsroom.

- [Press release](#)
- [Presentation on the Full-Year Results 2018](#)
- [Online Annual Report 2018](#)
- [Valora Stories – The Annual Report Selection](#)

If you have any questions, please do not hesitate to contact:

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About Valora

Each and every day, around 15,000 employees in the Valora network work to brighten up their customers' journey with a comprehensive convenience and food offering – nearby, quick, convenient and fresh. The around 2,800 small-scale points of sale of Valora are located at highly frequented sites in Switzerland, Germany, Austria, Luxembourg and the Netherlands. The company includes, among others, k kiosk, Brezelkönig, BackWerk, Ditsch, Press & Books, avec, Caffè Spettacolo and the popular own brand ok.– as well as a continuously growing range of digital services. Valora is also one of the world's leading producers of pretzels and benefits from a well-integrated value chain in the area of baked goods. Valora generates annual external sales of over CHF 2.7 billion. The Group's registered office is in Muttenz, Switzerland. The registered shares of Valora Holding AG (VALN) are traded on SIX Swiss Exchange AG.

More information is available at www.valora.com.

Medienfrühstück:

Valora Jahresergebnis 2018

Datum: Mittwoch, 20. Februar 2019
Zeit: 08:30 Uhr (MEZ)
Ort: Rüsterei – Alte Sihlpapierfabrik, Kalanderplatz 6, 8045 Zürich, Schweiz

Programm: Ab 08.15 Uhr Registration
 08.30 – 09.45 Uhr Präsentation des Jahresergebnisses 2018

	Einleitung	Michael Mueller, CEO
	Jahresergebnis 2018	Tobias Knechtle, CFO
	Strategische Roadmap	Michael Mueller, CEO
	Fragen & Antworten	Alle

Sprache: Deutsch

Analysts' Conference (incl. Call and Audio-Webcast):

Valora Financial Results 2018

Date: Wednesday, 20 February 2019
Time: 11:00 am (CET)
Location: Folium – Alte Sihlpapierfabrik, Kalanderplatz 6, 8045 Zurich, Switzerland

Program: 10:45 am Registration
 11:00 am Presentation of the Full-Year Results 2018

	Introduction	Michael Mueller, CEO
	Full-Year Results 2018	Tobias Knechtle, CFO
	Strategic Roadmap	Michael Mueller, CEO
	Questions & Answers	All

12:30 am Lunch

Audio-webcast: Open webcast

Dial-in number for phone conference:
 Switzerland / Europe: +41 (0) 58 310 50 00
 United Kingdom: +44 (0) 207 107 0613
 United States: +1 (1) 631 570 56 13

Language: English

The recorded webcast will be available by 04:00 pm (CET) latest on www.valora.com.

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