

A woman in a light-colored sweater and dark pants is running on a wooden pier. She is holding a white paper airplane aloft. The pier is crowded with seagulls, many of which are in flight, creating a sense of movement and energy. In the background, a body of water is visible with a small boat and distant hills under a clear sky.

# Valora magazine

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Press P&B Books

## Dear Reader

Each day, over 1.5 million customers buy something from one of Valora's small, heavily frequented locations. No matter whether a pretzel, a coffee, money transfers, iTunes cards or an energy drink, Valora has its finger on the pulse of its customers in its approximately 2600 outlets.

This requires us to continuously change and adapt in line with their needs. Previously, our outlets focused on newspapers, lottery tickets or tobacco products, whereas nowadays they sell an ever increasing amount of ok.-products, prepaid cards and sandwiches. Valora meets the needs of its customers and offers more "services". Initially this included telephone cards, then gift cards, and nowadays our service offering also comprises the ok.-prepaid Visa and MasterCard. Money transfers, a parcel service and immediate-consumption food and drink for on the go – the offering is based on mobile customers.

The Valora Group is changing across a number of different levels and dimensions. In 2014, we sold our press wholesale operations. By acquiring small-space retailer Naville, we strengthened our position in the convenience area and expanded our network of outlets. We are set to build on the success story of Ditsch and Brezelkönig internationally. This spring, the first Brezelkönig has opened in Austria. We already offer our customers a wide range of services at our outlets that connect the digital and physical sales environments. By connecting the offline and online sales environments and by providing attractive, digital customer loyalty offers, we will be able to increase customer frequency at our outlets.

This issue contains an interview in which we outline our focus. Key features of the previous year provide an overview of the financial year. It is not only our business environment that is dynamic – our employees do not work to a set routine either. Approaching things from a different angle, the magazine features a visual representation of what Valora stands for: speed, happiness, and impulses – always where people are.

This is symbolic of our approach to business: we must become more agile, faster and more creative. React more quickly to our customers' needs. We have to ensure that new, technical foundations are established. Tap into new lines of business more efficiently.

The aim is for Valora to become an innovative company, which continually surprises its customers with new products and services. This will allow us to add value for our customers, partners, investors and not least, our employees.

I hope you enjoy reading this issue

**Michael Mueller**  
CEO

# Interview with Michael Mueller CEO Valora





Michael Mueller, who has been CEO of the Valora Group for a year, comments on the results from 2014 and indicates the path he is intending to take with Valora.

**Mr Mueller, what is your assessment of the group's business performance in 2014?**

Valora is undergoing a profound transformation, from a broadly diversified, wholesale-focused firm to a company specialising in retail and immediate-consumption food at heavily frequented locations. In particular, the acquisition of Ditsch/Brezelkönig in 2012 has paved the way for this transformation, which we began with the formats Spettacolo in the area of immediate-consumption food and avec. in the convenience and food area. Over the last twelve months, the acquisitions and disposals we have made have allowed us to further sharpen our focus on our core business of retail and immediate-consumption goods and to further restructure our ongoing activities. In light of this, we can look back on a successful financial year – we are making good progress in implementing our strategy. We have also managed to increase our operating profit adjusted for special effects in all our ongoing business areas, even in the Retail division, which is still facing considerable structural challenges. Particular operational highlights certainly include the Ditsch/Brezelkönig and Retail Switzerland/Austria areas. Another positive aspect is our cash flow from operating activities, which has

also increased. As such, despite making significantly higher investments than in the previous year, we were able to generate a free cash flow of CHF 34 million, which – together with the proceeds from the sale of the Services division – we will use to pay our shareholder dividend. The Retail Germany/Luxembourg area performed less well, however; here we are somewhat behind our original schedule in implementing operational improvements and repositioning our outlets. Thus, this area is more negatively impacted by the decline in revenues from press products. What's more, last year we were again faced with higher integration costs. And it goes without saying that we are not yet satisfied with the margins we have generated in our retail business in Switzerland and Austria, although we are making solid improvements in this respect.

**You are placing great emphasis on free cash flow. Why is this so important for the company?**

We use our free cash flow to finance the dividend paid to our shareholders and it also provides us with financial leeway as regards repaying debts and future investments. In the retail area, we have a short investment cycle – the success of a given investment can be gauged within just one to two years. This is especially the case for investments in maintenance: if we renovate our outlets, this has to have a direct positive impact on our bottom line. But this is also true for growth investments in new outlets or service offerings. The development of our free cash flow is therefore also a useful indicator of the success of our transformation, because it takes into account how much capital we have tied up in our business – an aspect that is often overlooked. That is not to say that we focus only on short-term improvements; quite the opposite – we are committed to generate sustainable, attractive returns for our investors.

## Interview

### What have been the highlights of the past financial year?

In 2014, we made major progress as regards the transformation process at Valora. Having acquired small-space retailer Naville in November, we now have a nationwide distribution network in Switzerland. The outlets we have acquired are concentrated in heavily frequented locations and shopping centres and are comparable to our outlets as regards positioning and the state of development in many areas. In the Swiss kiosk business – still the area that generates the greatest revenues, but traditionally where margins are low – the implementation of the new shop concept, which focuses on expanding our offering in the area of food and services in the renovated outlets, is generating the higher level of profitability required – this is also helped by the increased revenues generated by promotions. Ditsch/Brezelkönig, which we acquired in 2012, continued to demonstrate positive growth momentum in both its branch network business and deliveries to third-party customers in particular. Having sold the Services division in summer, we discontinued our wholesale and logistics activities in the press area in Switzerland and Luxembourg as part of our strategy focus. In recent years, press volumes have changed so markedly that we would have had to significantly expand our services for third-party customers in order for the business to remain successful. This was never an option for us, as such an expansion would not have made any direct contribution to our core Retail business.

**This “focussing” process does yet not appear to be over, as we can see with the company decision on the Trade division.**

That's correct. After studying the available options in depth and in order to consistently implement our strategy, we decided that we would no longer develop

### RESULTS

Retail Switzerland and Ditsch/Brezelkönig both performed well in 2014, fully meeting the expectations placed on them. After adjusting for all one-off factors, the results generated by these two core Valora businesses are appealing.

KEY METRIC	2013	2014	Δ
Net revenues	1890	1933	+ 2.3 %
Gross profit	774	785	+ 1.3 %
Operating costs	715	754	+ 5.4 %
adjusted	726	733	+ 1.1 %
EBITDA	115	109	- 4.7 %
adjusted	97	112	+ 14.8 %
EBIT	59	30	- 48.5 %
adjusted	42	51	+ 21.3 %

our Trade business – that is to say our distribution services for food and non-food branded products to the retail sector – within the group and are consequently looking for a buyer.

### Following the acquisition of Naville, Valora is again pursuing activities in the press wholesale space. How do you see the future in this area?

Given our consistent disposals in the wholesale and logistics area for press products in Austria, Switzerland and Luxembourg, the question has rightly been raised as to how we plan to integrate the corresponding activities that we took over from Naville in Western Switzerland. The operational situation and competitive position is not 100 percent comparable with our previous logistics activities. As such, we will take our time to carefully address this question and weigh up our options. A major advantage we have in this regard is that we recently subjected our own activities to exactly this type of in-depth analysis, meaning we are extremely familiar with the current competitive environment.

**The fact that Valora is focussing its activities and re-outlining its core business is one thing. The issue of how these core business areas will be developed going forward, however, is also important. Where will this journey take you?**

We are changing from a kiosk business, which depends heavily on selling low-margin press and tobacco products – the sales of which are both in decline – to the market leader in small-space retailing in heavily frequented locations and specialists in immediate-consumption goods.

This is a fundamental, multi-dimensional change. It is complex and will take time. Nevertheless, we have one major strength we can build on: our unique

## Interview

*«We are already generating more than 50 percent of our gross margins from food and drink, with Ditsch/Brezelkönig accounting for a large share of this.»*



distribution network in heavily frequented locations, which we are continually maintaining, adapting and expanding. Each day in Switzerland alone, we welcome over 900 000 customers at our outlets – many of whom are regular customers. Increasingly our customers visit our kiosks not only for their newspapers and tobacco, but also for our ok.– energy drinks, coffee and ok.– debit card offers. Our goal is to offer our customers even more each day, and to inspire them with simple, attractive offers: convenient, nearby, fast.

In the future, the group will attach greater importance to the areas of immediate-consumption goods and services. In our kiosks and P&B branches, press and tobacco products will continue to play an important role going forward and will make up a significant part of the market positioning for this shop format. The focus here will be on increasing the value added throughout all the areas of our product range.

The acquisition of Ditsch/Brezelkönig has provided us with a solid foothold in the food area, with proven expertise in the area of immediate-consumption goods and production. And we intend to build on this foothold, tapping into new markets in particular. In our kiosks and convenience formats, we are expanding our product range with new food offerings – a very successful example of this is our ok.– range. And we are also adding services such as PUDO (“pick up/drop off”) and financial services.

Our efforts in this regard are reflected in our figures. We are already generating more than 50 percent of our gross margins from food and drink, with Ditsch/Brezelkönig accounting for a large share of this.

**The transformation of Valora will reduce the company to two divisions – Retail and Ditsch/Brezelkönig. Where do you see further potential for increasing cost efficiency in the core business?**

Following the sale of the Services division and upcoming sale of the Trade division, we will have simplified the structure of Valora, reduced the complexity of its organisational structure, made management more aware of the potential for growth and generated more transparency. We believe there to be substantial savings potential in IT costs, in harmonizing and integrating processes across the group and formats, as well as in adapting the group structure in line with the focused retail and immediate-consumption strategy.

Specifically, I believe the challenges we face lie in the following four areas: (1) Improving our operating performance and cost efficiency – in particular by realising the available synergies with Naville in Switzerland. (2) Continuing to expand our range of immediate-consumption goods in the kiosk/P&B and convenience areas – particularly in Germany, as well. (3) Tapping into new markets with new or adapted concepts in the area of immediate-consumption goods while increasing the added value we can generate here and strengthening our vertical integration – this will also include the international expansion of Ditsch/Brezelkönig. (4) Making use of our high levels of customer traffic to develop new offerings for our industry partners in terms of product promotions and providing attractive offers to increase customer loyalty. In this regard, I see particular potential in the area of digital-based solutions as here we will be able to benefit from our strengths in distribution.

**But has the digital trend not hurt Valora if anything?**

We view things differently: the digital world represents a major challenge for Valora, but it also presents considerable opportunities. eCommerce cannot fundamentally harm us as our revenues are driven largely through impulse buying and immediate-consumption goods. If anything, it has even presented us

with a new line of business – the “pick up / drop off” service we offer at our outlets. This enables us to participate in the ever growing eCommerce market, while we also benefit from increased customer traffic at our outlets. Furthermore, we have already proven that we are able to provide our customers and partners with attractive cross-channel offers in the promotions area, in particular. An example of this is the “Monster Deal” campaign, which we carried out together with the Zurich-based start-up Dealini. Based on these positive experiences and with a view to a long-term strategic partnership, we have even acquired a stake in Dealini. Viewed in this light, we are certain that there is still a great deal of untapped potential in the area of digitalisation.

By contrast, one of the major challenges faced by Valora is the trend towards digital media use. Due to the declining market for press products, this has cost us a great deal in recent years. The gross profits for press products in Retail Switzerland – together with tobacco, traditionally our largest product category – fell by 40 percent between 2010 and 2014 alone. Aside from the rapidly declining margins – for example, in the Services area we sold – this trend also has the potential to reduce the number of customers visiting our outlets. However, here we have shown that with our new offerings we are able to reverse this trend, with press now accounting for only 11.2 percent of our entire gross profits.

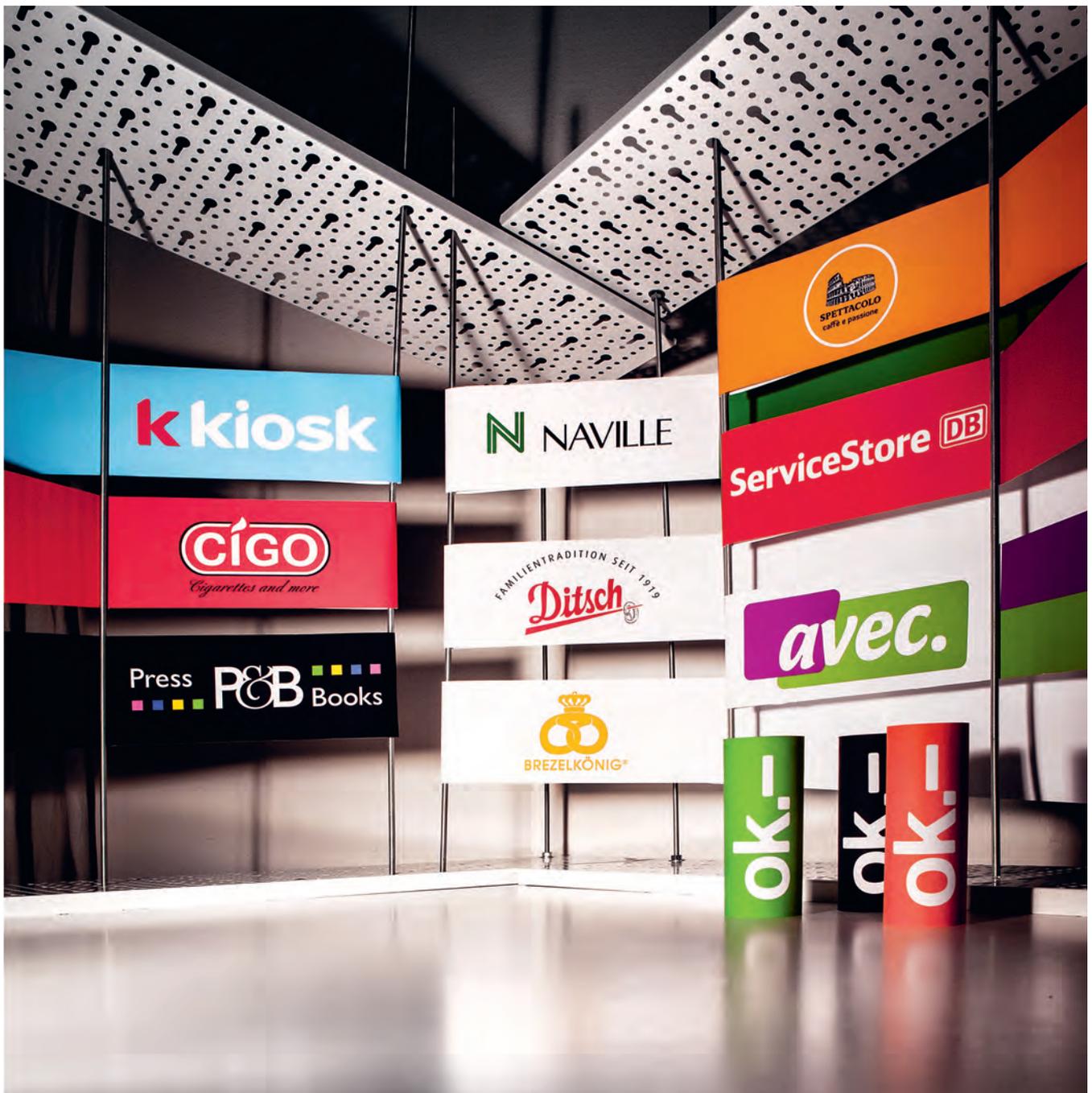
**So you believe services to be key when it comes to the digital transformation of the markets? What is Valora's position in this area at the moment? And to what extent do digital activities figure in discussions regarding growth?**

We already offer our customers a wide range of services at our outlets that connect the digital and physical sales environments: customers, for example,

OUTLET NETWORK					
	FORMAT	OUTLETS			
	k kiosk	1160	<p style="text-align: center;"><b>IMPULSE PURCHASES</b></p> <hr/> <p style="text-align: center;"><b>CONVENIENCE STORES</b></p>		
	cigo & sub-formats/ partners	494			
	Naville	175			
	P&B	210			
	Ditsch	207			
	SSDB	154			
	avec.	130			
	Brezelkönig	41			
	Spettacolo	37			
	<b>TOTAL</b>	<b>2608</b>			
OUTLET NETWORK BY COUNTRY AND OPERATING MODEL					
	FORMAT	VALORA-OPERATED	AGENCY	FRANCHISE	TOTAL
<b>GERMANY</b>	cigo & sub-formats/ partners	34		133	494*
	Ditsch		207		207
	P&B	165			165
	k kiosk	88		165	253
	SSDB	54		100	154
	<b>Total</b>	<b>341</b>	<b>207</b>	<b>398</b>	<b>1273*</b>
<b>SWITZERLAND</b>	k kiosk	465	374		839
	Naville		175		175
	avec.	69		61	130
	Brezelkönig	1	40		41
	P&B	20	13		33
	Spettacolo	37			37
	<b>Total</b>	<b>592</b>	<b>602</b>	<b>61</b>	<b>1255</b>
<b>LUXEMBOURG</b>	k kiosk		68		68
	<b>Total</b>		<b>68</b>		<b>68</b>
<b>AUSTRIA</b>	P&B	12			12
	<b>Total</b>	<b>12</b>			<b>12</b>
<b>TOTAL</b>		<b>945</b>	<b>877</b>	<b>459</b>	<b>2608*</b>

\*incl. 327 partners

# Interview





Services are an important part of Valora's business. This began with the sale of phone cards, which was then followed by top ups for the prepaid mobile-phone services operated by a wide range of providers. Be it gift cards, Paysafe cards or the ok.- prepaid Visa and MasterCard offerings, services are very much in demand at our Valora outlets.

## Interview

*«We are certain that by connecting the physical and digital sales environments, we will be able to increase customer frequency at our outlets.»*



can visit our kiosks to pick up books they have ordered online, top up mobile phones or iTunes cards, transfer money abroad or buy paysafe cards for secure online shopping. We also offer a prepaid Visa and MasterCard. As I mentioned, we are certain that by connecting the physical and digital sales environments and by providing attractive, digital customer loyalty offers, we will be able to increase customer frequency at our outlets. We will consistently expand our activities in this area – in 2015, for example, we will launch new financial services at our outlets.

### **What makes Valora ready for the digital transformation?**

We are close to our customers and enjoy a high level of acceptance for our broad range of offerings and services – this is backed up by the initial success we have enjoyed with the financial services we offer. We have also made significant investments over the last years in the necessary IT infrastructure and IT applications. By introducing new check-out systems in our outlets and implementing centralised transaction and analysis systems, we are extremely well positioned to deal with the ongoing digital transformation. The digital business models and digitally optimised business processes also have an impact on Valora's internal process landscape; here we must make the most of these opportunities and continue to use the trend towards digitalisation to improve operating efficiency.

### **Where do you see growth potential for Ditsch/Brezelkönig?**

As an immediate-consumption concept, Ditsch/Brezelkönig holds an internationally unique position with significant growth potential. As a product, pretzel dough and, in turn, pretzels are seen as being very international and the trend for consuming them immediately

### **PRODUCTION FACILITY DITSCH**



Ditsch and Brezelkönig have their own fully integrated production infrastructure, which provides them with an extremely successful, self-contained value chain. The highly efficient manufacturing plants delivered more than 500 million product items in 2014. A small fraction of this output is sold directly to consumers at the Ditsch and Brezelkönig outlets. However, the lion's share is sold to trade customers in dozens of countries. These include suppliers for the hotel, restaurant and catering industries, large-scale bakeries and general food retailers. The growing worldwide appetite for pretzel products gave a big boost to Ditsch, which increased its wholesale turnover by nearly 30% in 2014. While the German plants in Mainz and Oranienbaum achieved very good levels of capacity utilisation in 2014, they still have further potential for sustained and profitable growth.

## Interview

on the go from outlets remains unbroken. The branch business is benefiting from this, as is the third-party customer business – net revenues rose by more than 11 percent across the division as a whole in 2014. With an EBIT margin of 14 percent, the division is very profitable, which is why we are naturally paying close attention to growth in this area. Ditsch/Brezelkönig produces its baked goods – in particular pretzel dough products – not only for its own branches, growing the business rapidly in the process, but it also produces goods at our own production facilities for the expanding business with third-party customers in the DACH region, Europe, the US and Asia. This business accounts for around 41 percent of the division's net revenues. With approximately half a billion units produced in 2014, we are one of the world's largest producers of pretzel dough products. Using our expertise in frozen pretzel dough products, we are tapping into a new international market with considerable potential for growth! We are also looking at product development in our immediate-consumption goods business – new innovations will help us defend and expand upon our market position. One example of this is the development of a new chocolate pretzel roll for our Brezelkönig branches. It goes without saying that we are still working to expand the branch network in Germany and Switzerland, where 59 percent of the area's net revenues are generated. Furthermore, we will press ahead with our internationalisation strategy; in the second quarter of 2015, we will open our first Brezelkönig pilot branch in Vienna.

**In summary, what are the cornerstones of the Valora Group's realignment?**

I would say that overall, we want to be a company that operates small outlets on a modular and highly efficient basis – with a focus on our existing core ranges

of tobacco, press, food and services, with the integration of the value chain – in particular for food and services – playing a key role in this. We must be able to create "innovation" so that we can stand out in the market. The aim is for Valora to become an innovative company, which continually surprises its customers with new products and services. This will allow us to add value for our customers, partners and investors, with our operational excellence and competitive cost structure forming the basis for this.

**What demands will such a radical change place on the way Valora operates its businesses?**

Shifting the focus of Valora's business activities from the wholesale to the retail business, together with the demands of adapting to the digital world, will require a cultural change in our company. Customers must be at the centre of our considerations and actions. We must be more flexible, faster, more innovative. We have to ensure that new, technical foundations are established.

**So you will be introducing new values for Valora's employees?**

That's correct. In future, we want there to be a greater emphasis on agility and entrepreneurship. By agility, I mean that we want to become faster, react more quickly to our customers' needs, tap into new lines of business more efficiently. But we also want to encourage entrepreneurship. We have excellent staff at Valora; we want them to take every opportunity to put their own ideas into practice and help shape Valora's future.

They deserve my sincere thanks and my great appreciation: they actively contribute to the significantly increased pace of change and are willing to work hard day by day. ●



# Value proposition

FOOD



## MORE FOOD

People are eating out more. While travelling, commuting or between appointments. Valora is responding to this trend. First, by expanding the range its network of outlets offering food and beverages for instant consumption (Ditsch and Brezelkönig). Second, by systematically modernising its traditional retail formats such as kiosk and adding new food, beverage and service lines to the range of products they offer. These initiatives have been very much welcomed by our customers.

SERVICES



## MORE CONVENIENCE

Life has become busier. Time is in short supply. That is why it is useful to have services that make day-to-day living easier, adding a little convenience. Simple, easy solutions that we can quickly access wherever we are. Valora has been successful in offering an ever-expanding range of such services at its outlets. Examples include MoneyGram funds transfer and a pick-up/drop-off package service. These will soon be complemented by new payment and financial services. Services are in demand and will become increasingly important in the years ahead.

CUSTOMER FOOTFALL



## MORE CUSTOMERS

Physical locations are not the only places where customers come across brands. Shopping sprees nowadays are not limited to bricks-and-mortar outlets. Often, they take place online and at any hour of the day or night. That is where the future potential for the classical retail sector lies. Valora intends to make more of that potential, by increasing the number of relevant touch-points. In future, more customers should be engaged online and then served in a shop. Valora wants to generate greater customer footfall from this increased online traffic. Even greater attention will be paid to the importance of the internet and social networks. This may also extend to offers that are available only online.

INTEGRATED VALUE CHAIN



## MORE VALUE

Retail is a competitive market. Achieving a strong competitive position is thus a key objective for every retailer. Agility, innovation and a comprehensive market presence are critical. Thanks to Ditsch and Brezelkönig, Valora has at its centre a business model which combines an integrated value chain with global activities encompassing nearly 30 countries. The excellent and consistent quality of Ditsch and Brezelkönig's products speaks for itself, as do their regular innovations, continuous improvements and remarkable popularity. All this has helped to ensure that they have rapidly become a decisive factor in Valora's business success.

«*We don't have a set routine.*»

Trainee, Controller, Category Manager: Behind the scenes, staff in various positions ensure that innovation and growth succeed.

What does a Category Manager do? They design and optimise the product range in Valora's shops. Depending on the area of responsibility, the work varies from day to day. "In Category Management for tobacco, we manage the entire value chain. We are the link between the retailer and the industry. We also focus closely on our customers. We must be quick to identify their changing needs, for example e-cigarettes or chewing tobacco," explains Patrick Fischer, Category Manager for tobacco. He has been with Valora for eight years. He started in project and process management, before becoming a Supply Chain Manager and now, a Category Manager.

Oliver Kneier is a Category Manager for the "New Services" area. "The job isn't for creatures of routine. In nine years, no two days have been the same. That's how I like it," he comments. In the final phase of projects, he has noticed that sleep becomes an increasingly rare commodity. "Within just seven months we launched the ok.- prepaid MasterCard. We were proud when we sold the first card at 5 o'clock in the morning at the k kiosk in Liestal," he fondly remembers.

#### *Valora's future*

At the new Valora LAB, Hilmar Scheel and his team are busy developing Valora's own digital products and financial services. So what will we be selling in k kiosks in the year 2025? From payment methods to customer loyalty programmes and cross-selling offers, plans for the products and services of tomorrow are forged in the "lab".

Looking to the future is also something that Gernot Falk must do. As the Head of International Expansion, he is responsible for the internationalisation of the Brezelkönig brand. This, for example, includes establishing international business relationships, negotiating framework agreements and creating an international franchise concept. "Protecting trademarks, defining processes as well as negotiating with service providers and lessors – building up a brand internationally is a diverse process and is something I enjoy a lot," he explains.

Annette Martin has worked in Corporate Business Development for two years. Her activities include implementing all acquisition and disposal projects within the Group and managing internal strategic projects. Annette also supports the Board of Directors, CEO and CFO in developing, planning and implementing strategic goals and directions. "We work closely with strategic issues and are able to help shape these. A particular challenge was the disposal of Valora Services and the acquisition of Naville, which have now enabled Valora to focus more on its core business. The overall picture for the Group and its fu-

ture prospects have changed considerably over the years," explains Annette Martin.

As a Management Trainee, Katrin Stutz is completing a one-year graduate entry programme. She is currently working in the Category Management Food department: "As a passionate cook, I particularly like working in Category Management Food. Whether negotiating with suppliers, working on our range or developing layouts, the changes are implemented in the shops and my ideas are encouraged," she explains.

Numbers feature heavily in Tanja Böni's day-to-day work. She has worked as Controller in the company for two years. The main focus is on analysing and planning revenues and gross profit in the areas of food, tobacco, press, services, non-food and books as well as investments. "I like the wide variety of activities I am responsible for." The dynamic working environment allows me to build up a wide range of specialist knowledge," she says.

The range of work carried out at Valora is extremely diverse. No matter what the job, there is never a dull moment, routine is unheard of and the working environment is dynamic. Innovative personalities who want to incorporate and implement their own ideas have come to the right place at Valora.



VALORA MAGAZINE 2015

# At a glance



## Where people are

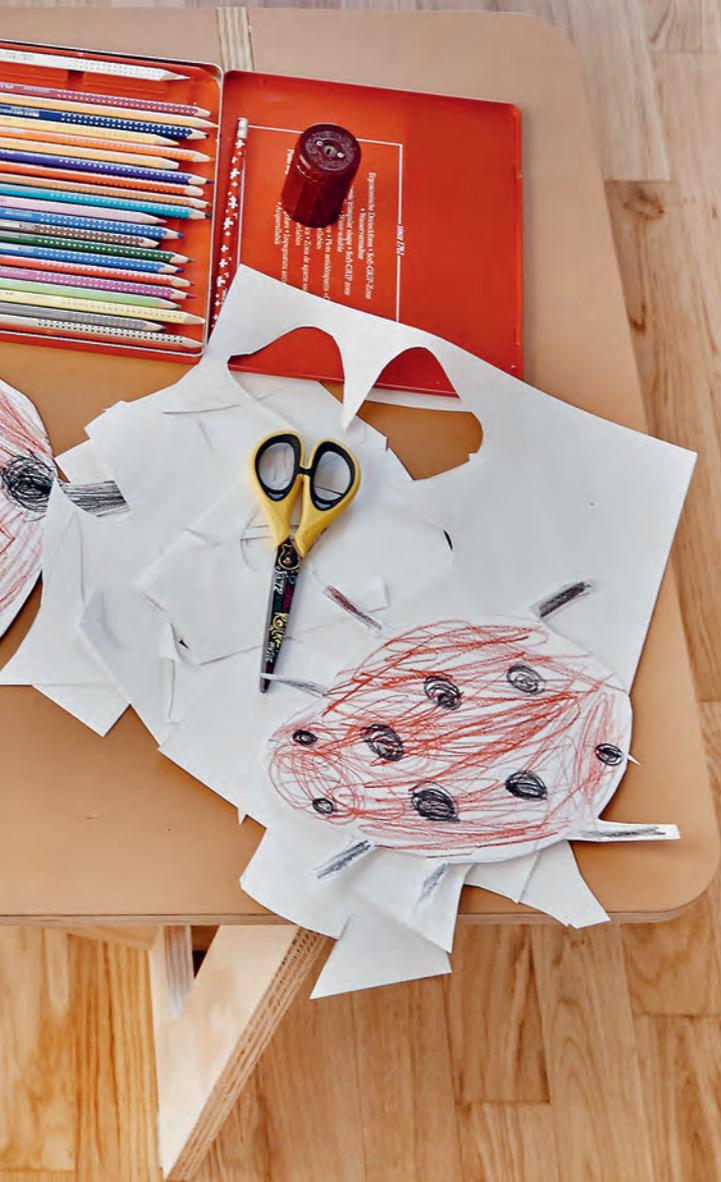
Valora's mission is to be at the centre of things and close to its customers. Valora's outlets and brands are found wherever there are large numbers of people – at railway stations, airports, shopping centres and in city centres. And of course online, where more and more people are coming together.

# At a glance



## Happiness

Happiness is a state of mind combining complete satisfaction, joy and well-being. Making moments of happiness instantly available is Valora's core business. Eating, drinking, reading, smoking, winning. All these activities generate moments of happiness. Thousands of times every day.



## Speed

Speed measures the time taken to travel a given distance. High levels of speed are critical to Valora, because decisions at its small-scale outlets are made rapidly. Things need to be done simply, efficiently and fast.









MARCH 2014

## PRESS &amp; BOOKS

### NEW FLAGSHIP STORE OPENS AT ZURICH AIRPORT

March sees the opening of a shining new Press & Books store at Zurich airport. The store's 100m<sup>2</sup> of floorspace offers newspapers and magazines, business publications, best-selling books and first-class entertainment for young and old alike. Including this new flagship venue, the Valora Group now operates four Press & Books stores, fourteen k kiosks, one Spettacolo and one Brezelkönig outlet at Zurich airport. This is a major step for the largest small-outlet retailer in German-speaking Europe, and by no means the last store opening for 2014.

MARCH 2014

## DITSCH/BREZELKÖNIG

### NEW STORE DESIGN ENTHUSIASTICALLY WELCOMED BY CUSTOMERS

On March 6, 2014, the Ditsch team have a new milestone in their history to celebrate, as the company opens its 200<sup>th</sup> branch – at Berlin's Ostbahnhof railway station. To meet growing competition in the snack market, Ditsch has introduced a new store design. Key features of this Ditsch store of the future include a menu board, improved product presentation, and an inviting, well contrasted choice of colours and materials. The new store design attracts very positive customer reactions.

APRIL 2014

## VALORA

### CHANGES IN THE TOP ECHELONS OF THE COMPANY

Michael Mueller (CEO) and Tobias Knechtle (CFO) take up their new positions at Valora in early 2104. In April, Thomas Eisele, the Managing Director of Ditsch/Brezelkönig, is nominated as a member of Group Executive Management. In late 2014, Roberto Fedele is named Valora's new Chief Information Officer (CIO), with responsibility for all Group IT matters. After six years in office, Conrad Löffel decides not to stand for re-election to Valora's Board of Directors at the 2014 General Meeting of Shareholders. Cornelia Ritz Bossicard is elected to take his place on the Board.

APRIL 2014

## DITSCH/BREZELKÖNIG

### BREZELBÄCKEREI DITSCH RECEIVES DLG AWARD FOR LONGSTANDING PRODUCT QUALITY

Germany's Deutsche Landwirtschafts-Gesellschaft (DLG) (in English, "German Agricultural Society") grants Ditsch its longstanding product-quality award. This is the 14<sup>th</sup> time Ditsch's products have been recognised in this way. That is a clear indication of their excellent quality, which is now appreciated around the world. In addition to selling its products at its own outlets in Switzerland and Germany, the Ditsch/Brezelkönig group also exports them to around 30 countries, including the United States.

# Timeline



JUNE 2014

K KIOSK

## VALORA UNVEILS SWITZERLAND'S LARGEST DIGITAL SIGNAGE NETWORK

During the first six months of 2014, nearly 900 kiosk outlets are equipped with new electronic screens, thus creating the largest digital signage network in Switzerland. These screens will serve as modern advertising platforms. They make product advertising at the point of sale highly efficient.

JULY 2014

VALORA

## VALORA GERMANY WELCOMES ITS 300<sup>TH</sup> FRANCHISEE

Valora actively promotes partnership-based business models at its retail outlets in all the countries where it operates. Both agency and franchise models are used. In either case, the focus is on working together to develop the formats. This a popular approach, as the constantly growing network of agency and franchise outlets demonstrates. In Germany, July sees the 300<sup>th</sup> franchisee embark on a career alongside Valora. By year-end 2014, 390 k kiosks in Switzerland were managed by 168 agent partners. Currently, just over 1600 retail outlets are operated on an agency or franchise basis.

AUGUST 2014

VALORA

## PRESS WHOLESALING BUSINESS SUCCESSFULLY SOLD

In August, Valora successfully completed divestment of its Services division, with the Group's press-wholesaling and logistics business being purchased by Thomas Kirschner (PVG). The transaction provides an ideal and sustainable industry solution, under which Valora's retail outlets in Switzerland and Luxembourg will in future be supplied by PVG. In addition to marking Valora's departure from its original business, this transaction is also a significant milestone in the Group's transformation into a focused retail company.

AUGUST 2014

OK.-

## AS WHITE FOLLOWS BLACK, SO VISA FOLLOWS MASTERCARD

ok.- and Cornèrcard jointly launch the ok.- prepaid Visa card. The universally accepted ok.- prepaid Visa card provides customers with a safe, simple and efficient way of paying for their purchases in shops and online. The new prepaid card, with its distinctive white design, complements the successful ok.- prepaid MasterCard, which is black. The new cards have been available at k kiosks and Press & Books stores since August and can be credited with a maximum of CHF 2500 each year. Valora will systematically expand the range of services it offers. The MoneyGram funds-transfer service is also performing well, with large numbers of customers now using it on a regular basis.







NOVEMBER 2014

## PRESS &amp; BOOKS

**PRESSBOOKS.CH NOW HAS 555 COLLECTION POINTS**

Order a book, have it delivered to a shop nearby and pay for it there. Press & Books has been offering that service through its dedicated pressbooks.ch website for years. Whereas books previously had to be collected at the 32 Press & Books stores, since late 2014 customers have been able to choose from more than 555 possible collection points, as books are now also delivered to more than 500 k kiosks. The k kiosks offering this service are located throughout Switzerland, with an emphasis on rural areas. A network this large, with 555+ possible collection points, is unique in Switzerland – and it is not limited to Press & Books book orders. Valora also works with other online retailers. In 2014, Valora outlets handled a total of 280 000 packages.

DECEMBER 2014

## DITSCH/BREZELKÖNIG

**PRETZELS REMAIN VERY MUCH IN DEMAND**

In 2014, Ditsch and Brezelkönig produced more than 500 million pretzels at their baking plants. A large proportion of these were sold in their own Ditsch and Brezelkönig outlets. At year-end 2014, the network comprised 247 outlets, 207 in Germany and 40 in Switzerland. That is eleven more than a year earlier. This success is partly due to the innovations being developed at the plants in Mainz, Oranienbaum and Emmenbrücke, which then go on to conquer customers' hearts. The latest creation is the sweet pretzel, comprising regular salty lye-bread, which is then coated in a cocoa icing with crunchy cornflakes to create the ideal combination of sweet and salty taste experiences.

DECEMBER 2014

## VALORA

**COOPERATION WITH DEALINI**

In late 2014, Valora announces that it has acquired a stake in Dealini, an innovative social-commerce agency specialising in combined online and offline marketing solutions. The scope of the transaction also encompasses a long-term strategic cooperation agreement between the two companies. The first results of this should manifest themselves in 2015. The objective is to harness growing online retail volumes and use them to generate new offerings and activities at physical retail outlets.

2015

## DITSCH/BREZELKÖNIG

**BREZELKÖNIG AUSTRIA**

Brezelkönig, the successful fresh bakery concept from Switzerland, and its German sister format Ditsch, will soon have a new Austrian sibling. In May 2015, the opening of a new Brezelkönig branch in Vienna will mark the beginning of the international expansion of this popular format and its freshly baked products. From early till late, customers will be able to enjoy fresh premium pretzels and sandwiches of the highest quality, baked and prepared on the premises. The Vienna Brezelkönig outlet will sport different colours than its two sibling formats. The logo has also been freshened up for the Austrian and international market. Brezelkönig Austria will provide a new experience for all five senses.

# Taking responsibility seriously

JTI (Japan Tobacco International) is the international tobacco division of Japan Tobacco Inc., the world's third largest manufacturer of tobacco products. JTI markets some 90 different cigarette brands in over 120 countries. With global headquarters in Geneva, the company employs 27,000 people worldwide.

## **Geared for growth in Switzerland**

Building on more than 40 years of successful operation and performance, the JTI Switzerland market organization and production plant in Dagmersellen today comprise 300 people, making the company an important employer in the canton of Lucerne.

JTI has made significant investments in the expansion of its operations in Switzerland, increasing its production capacity and creating additional jobs at its Dagmersellen facility, as well as in Geneva.

## **With size and success comes responsibility**

As the manufacturer of well-known brands, we recognize and take our responsibility towards the public very seriously. As such, we are committed to the responsible marketing of our products, and to providing solutions that promote the tolerant coexistence of non-smokers and smokers.





valora

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