

Profile 20 20



valora

We brighten up
our customers' day.
Wherever people
are on the move.

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MICHAEL MUELLER
CEO VALORA

“Given our dense outlet network at highly frequented locations, we are at the heartbeat of society, i.e. where the customers want us to be.”

“We are following a growth strategy with food as the main driver.”

“At the 262 SBB sites secured until 2030, we will convert a lot of the kiosks into convenience stores with a higher food component and we will also have more food at k kiosk.”



“With the capacity expansion of our pretzel production we expect a big increase in B2B sales volumes for 2020.”

“We want to provide our employees with a platform for continual learning and further development.”



























We offer the best food and convenience concepts based on: an in-depth understanding of customers and formats, operational excellence, ongoing innovation and agility as well as optimal value creation.



Food- venience



Convenience as the shopping experience and as a product range combined with an ever growing fresh food selection – that is foodvenience at Valora.

Positive market environment

Recent developments show that consumers are demanding foodvenience. Convenience sales in 2018 reached a market volume of EUR 4.5 billion in Switzerland and EUR 13.2 billion in Germany. The markets grew on average by +3.7% and +1.6% per year respectively between 2013 and 2018.* This trend corresponds to Valora Group's annual growth of +3.5% in the foodvenience categories food, non-food (excluding press, books, tobacco) and services. The food category performed at +3% (excluding the BackWerk acquisition in 2017) and it accounted for the biggest share (83%) of foodvenience external sales in 2019.

Besides highly frequented locations in the inner city and agglomerations, shopping centres and service stations, transport hubs are particularly ideal foodvenience locations. More than half a million customers visit Valora's sales outlets at these locations daily and they account for approximately half of Valora's external sales.

As a result, a growing number of supermarket operators and other providers are targeting these sites. However, Valora's success in its core business stems from its competence and experience, which date back to its first kiosks at SBB stations over 100 years ago.

*Source: AlixPartners, 2019

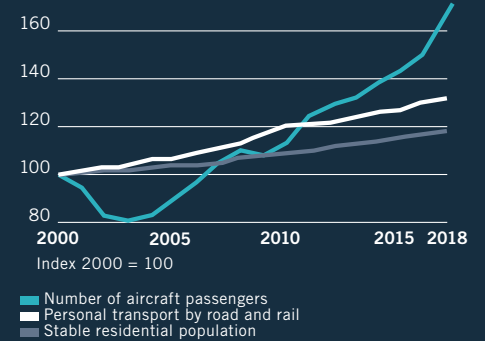
Trends

Three social macrotrends determine what Valora customers need: Mobility, the changing lifestyles and rapid growth of digitalisation in everyday life. As a clearly positioned foodvenience provider, Valora systematically aligns its business and offering with these trends and their resulting customer needs. Valora is where its customers want it to be, providing them with what they want whenever they want it.

Mobility

Society is becoming ever more mobile. People are permanently on the move – by road, rail or air. The boundary between private life and work, city and countryside is becoming blurred. However, daily needs are constant and must be met, even when on the move.

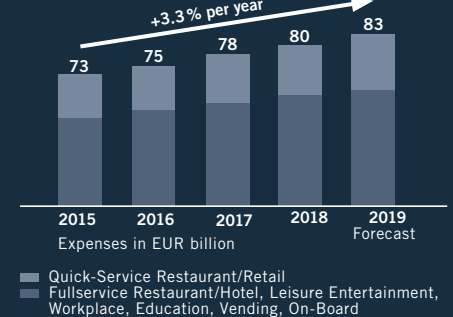
The growth of passenger transport in Switzerland exceeds population growth ¹⁾



Lifestyle

Lifestyles have shifted. A growing number of people live in smaller households or alone. People are more flexible with their daily routine and are more likely to eat outside the home, at different times of day, quickly consuming smaller meals or snacks.

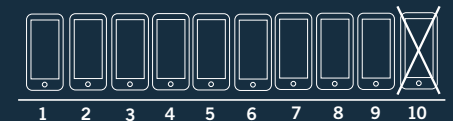
Out-of-home market in Germany ²⁾



Digitalisation

Meanwhile digitalisation has touched all areas of life. People are always connected through their smartphones wherever they may be. The opportunities presented by new technologies fundamentally redefine the customer relationship and shopping experience by opening up new options.

Nine out of ten adults in Switzerland and Germany own a smartphone today ³⁾



Sources: 1) Federal Statistical Office, 2019
 2) npdgroup Germany, 2019
 3) Deloitte, Global Mobile Consumer Survey, 2018

Strategy

Five strategic pillars

Each and every day, around 15 000 employees in the Valora network work to brighten up their customers' journey with a comprehensive foodvenience offering – nearby, quick, convenient and fresh. Valora applies a multiformat strategy with eleven sales formats and more than 2 700 outlets at highly frequented locations in Switzerland, Germany, Austria, Luxembourg and the Netherlands. The company recruits committed entrepreneurs to manage its outlets, builds on strong own brands and benefits from a vertically integrated value chain as one of the world's leading pretzel producers.

Valora has communicated its strategy until 2025 for the entire Group and its Retail and Food Service divisions in order to move closer to its vision of having the best food and convenience concepts. The strategy is based on five strategic pillars:

**Growth,
Efficiency,
Innovation,
Performance-
oriented Culture,
Sustainability.**

Growth

● Expansion of the sales outlet network

Valora wants to further expand its network of sales outlets. The main focus in Retail will be on the convenience formats such as avec and ServiceStore DB, as well as kiosk and cigo where Valora also sees growth potential. Growth in Food Service will be principally through BackWerk, especially with new locations in the Netherlands and Austria plus shop-in-shop presence. Selective expansion is planned for the other formats. In addition, Valora is open to suitable acquisition opportunities in its core business of foodvenience.

● Expansion of pretzel production capacity

In its B2B business, Valora aims to exploit the integrated value chain for pretzel production and build on its strong market position. The Food Service division's main expansion focus is predominantly on the two biggest global pretzel markets, i.e. Germany and the US. Valora is aiming for annual growth in its B2B channel of up to +10% per year by 2025.

● Increasing the offering's attractiveness

Valora wants to achieve solid same-store revenue growth in the B2C area and grow by about +0.5% per year. The expansion of the higher-margin food category, especially fresh products, will play a major part in optimising the current range. In addition, Valora aims to further expand its offering of digital and other services. Tobacco is still a profit contributor, whereby alternative products are also promising.

● Stronger position as a promotion platform

In addition to expanding its own product range, Valora aims to further consolidate its position as a preferred marketing platform. The direct customer contact in the Valora formats allows partner companies to present their products and strengthen their brand value, notable examples being promotions for tobacco products, press articles or lottery tickets.

Efficiency

● Strengthening vertical integration

Own brands such as ok.– or Caffè Spettacolo plus Valora's in-house pretzel production are a key competitive advantage in terms of vertical integration. Valora wants to exploit these strengths even more and to increase the proportion of own brands in its overall product mix. At the same time, Valora aims to establish an even clearer positioning when marketing its own brands.

● More efficiency to improve profitability

Valora does not rely solely on growth, profitability is also essential to ensure sustainable financing of investments. Processes are improved through automation, retail analytics and efficient working procedures. Enhanced cooperation within the Group enables know-how transfer across borders, formats and topics.

Innovation

● New food and technology concepts

Valora is committed to consistent renewal in order to stay competitive. The Group's objective is to launch fresh food and further new concepts and products. Valora also uses new technologies to develop software-based solutions for customers and to develop its operations and organisation. It takes more than courage to pursue this innovative course, speed and agility are also very important. Valora relies on internal expertise and is developing its in-house skill set for food and technological development. It also welcomes innovation from industrial partners and offers them, through its sales outlet network, a platform so it can work with them to pioneer new foodvenience market models.

Performance-oriented culture

● More entrepreneurship, customer focus and employer appeal

Valora relies on entrepreneurial operators and motivated staff to implement its strategy. That is why it is Valora's ambition that at least 90% of the sales outlets are managed by franchisees or agents by 2025. Valora wants to offer its staff an open and dynamic working environment in which they can progress consistently. Valora's objective is to exploit employees' strengths, nurture their talent and enable them to take the initiative and implement ideas with vigour. Valora will not just recruit people with the necessary professional skills, but also those who are compatible with the company's culture. As a result, Valora will sustainably enhance its appeal as an employer.

Sustainability

● For people and the environment

Stakeholders rightly expect Valora to contribute to sustainable development as a responsible company. Valora pursues a comprehensive approach to sustainability – based on the three action areas of People, Planet and Products – and is careful with its resources. The priority is fair employment conditions for all employees in the network and the promotion of talent and careers. Valora also implements measures to avoid food waste, reduce energy consumption and protect the climate. Finally, Valora aspires to offer environmentally friendly, fair products and healthy alternatives while also paying attention to the issue of sustainable packaging.

Operational financial targets for 2025

Valora has set itself ambitious but realistic operational targets for the period up to 2025:

- External sales: +2 – 3 % per year
- Gross profit margin: on average +0.5 percentage points per year
- EBIT margin: on average +0.2 percentage points per year
- Earnings per share*: on average +7 % per year

In the medium term, Valora expects the EBIT margin to grow to approximately 5% in 2022. By then, the conversion of 262 SBB locations, which were successfully secured until 2030 in a tender, will be concluded. This target is in line with the long-term operational targets.

* Without extraordinary effects.

Formats



avec — Modern convenience format at highly frequented locations, for example train stations or service stations, with an extensive offering of fresh food, other comestibles and regional products.

avec



kiosk — Market leader in the kiosk business, mainly supplying tobacco, press and lottery products. A growing share of food as well as fresh products and expanding digital services offering.

kiosk



cigo — Tobacco retailer also offering press products and a range of services for people on the move.

cigo



Press & Books — Specialist in delivering a wealth of reading material. Extensive press offering complemented by selected book titles and a range of services for people on the move.



ServiceStore DB/U-Store — Convenience format in Deutsche Bahn or Hamburger Hochbahn locations for commuters' everyday needs.



BackWerk — Germany's largest self-service bakery with a broad and flexible range of snacks and feel-good food.





Ditsch — Leading producer and provider of pretzels and products for immediate consumption for the retail and wholesale market with its own branch network.



Caffè Spettacolo — Italian-themed coffee bar concept with its own locations and an integrated coffee module concept for other Valora formats.



Brezelkönig — Sale of high-end lye bread products, such as pretzels, baguettes, croissants, hot dogs or selected sandwich snacks when on the move. International franchise system.


















SuperGuud — Small, trendsetting snacking concept. The Valora format with a difference for the adventurous, urban commuter.



~ 2 700 sales outlets
 ~ 1/4 own outlets
 ~ 3/4 agency and franchise stores

OUTLET NETWORK

31.12.2019

Format		Switzerland 	Germany 	Luxembourg 	Austria 	Netherlands 	TOTAL
RETAIL	 kiosk	911	216	66			1 193
	 cigo & subformats/ partner		411				411
	 Press & Books	31	154	5	10		200
	 avec	148	4				152
	 ServiceStore DB / U-Store			126			
FOOD SERVICE	 BackWerk	1	295		25	31	352
	 Ditsch		200				200
	 Brezelkönig	61			3		64
	 Caffè Spettacolo	31		1			32
	 SuperGuud	3					
TOTAL		1 186	1 406	72	38	31	2 733

Production

*700 million
bakery products
for the world*

Valora is one of the world's leading producers of pretzels and benefits from a well-integrated bakery products value chain. Every year, Valora produces around 700 million baked items through Brezelbäckerei Ditsch and Brezelkönig, which currently operate 15 production lines in Germany (Mainz and Oranienbaum), the US (Cincinnati, Ohio) and Switzerland (Emmenbrücke). In addition to the 200 Ditsch sales outlets in Germany, Brezelkönig

shops in Switzerland and other Valora formats, deliveries are also made to a growing number of major clients in 30 countries, including Japan, China, Israel, Canada and Australia. There is growth potential especially in the core pretzel markets of Germany and the US, where Valora is further expanding its production capacity.



Own Brands

Unique selling point with profit potential

Valora sees vertical integration as a unique competitive advantage in the emerging foodvenience market. Own brands are a big part of that. The cult brand ok.– or Caffè Spettacolo are not only a distinguishing feature in their segment, they also increase internal value added and earnings potential. In addition, Valora has its own corporate venture for financial services in bob Finance, which supports convenience by providing digital payment and financing options.



Highlights



The app as a shop key

In April 2019, Valora launched avec box and the Future Store avec X, the first cashier-free convenience stores in Switzerland. Access, purchase and payment is via the avec app, which also serves as the customer's personal key to the shop. Convenience refers not only to the product range, but the entire shopping experience. Shopping can be done

even more comfortably and outside of normal business hours. Since September 2019, avec box is being tested at the ETH Zurich Hönggerberg campus. As digital as avec box and avec X are: cashier-free stores don't work without people.

> Further information is available at stories.valora.com

Roll-out of the new k kiosk

At the end of April 2019, Valora won an SBB tender for 262 kiosk and convenience stores and expanded its network by 31 outlets. This underscores Valora's position as a leading kiosk operator in Switzerland and, at the same time, significantly expands the convenience part of its overall business. Valora is proud to have secured these prominent locations for a ten-year period until 2030, as they are important for its core business. With the successful tender Valora also continues its longstanding partnership with the SBB. Valora will make the stations still more attractive with its unrivalled expertise of small retail spaces at transport hubs and its ability to scale its offering precisely to the needs of such venues.

The modernised avec shops and new k kiosk concept will be rolled out at these sites by 2021.

In autumn 2019, Valora started converting the k kiosk sales outlets. It is currently renovating several shops every week. The new k kiosk has a brighter and more modern appearance with an enhanced range of healthy and fresh products including more drinks. At the same time, the growth of food and fresh products does not change the k kiosk DNA: tobacco, magazines and sweets are still there for the traditional clientèle.

> Further information is available at stories.valora.com





Celebrating strong brands

The year 2019 marked a number of anniversaries for Valora. Brezelbäckerei Ditsch has been synonymous with pretzels for 100 years. It is now one of the leading pretzel producers and exports them to 30 countries. For 85 years, people in Switzerland have recognised the red k in k kiosk as a way to brighten

up their journey. Caffè Spettacolo has been spreading its Italian style and coffee-induced pleasure for 20 years. Then there is the cult Valora brand ok.– that customers have been enjoying for ten years.

> Further information is available at stories.valora.com

Continuous learning

Valora wants to offer its staff an open, dynamic working environment where they can continuously develop – for their entire lives. The objective is to leverage employees' strengths, nurture their talent and enable them to take the initiative and implement ideas with vigour. This includes the option of developing further by taking on new job opportunities within the company – throughout the Group and across national borders. If, for example, an employee moves from a sales outlet

position to an administrative role, this entails a significant transfer of know-how. In this way, Valora can ensure valuable expertise stays within the company and strengthen its appeal as an employer.

> Further information is available at stories.valora.com



Organisation

Board of Directors

Franz Julen
Chairman

Markus Fiechter
Vice-Chairman

Ernst Peter Ditsch

Insa Klasing

Michael Kliger

Cornelia Ritz Bossicard

Sascha Zahnd

Group Executive Management

Michael Mueller
CEO, CFO a.i.

Thomas Eisele
CEO Food Service

Roger Vogt
CEO Retail

Extended Group Executive Management and Corporate Functions

● DIVISION RETAIL

Roger Vogt
Retail Switzerland
(incl. Luxembourg)

Roger Vogt
Retail Germany
(incl. Austria)

● DIVISION FOOD SERVICE

Monika Zander
Food Service Switzerland

Karl Brauckmann
Food Service Germany
(incl. Netherlands /
Austria)

Seb Gooding
Ditsch Production/B2B

● SHARED SERVICES

Philipp Angehrn
Transformation & Project
Management

Barbara Becker
Group Human Resources

Roberto Fedele
Corporate Information
Services

Adriano Margiotta
Corporate Legal Services /
General Counsel &
Sustainability

Hilmar Scheel
bob Finance

Christina Wahlstrand*
Corporate Communications
& Strategic Branding

Michael Wirth*
Digital Product
Development

* Corporate Function
Status 19.02.2020

Key Figures

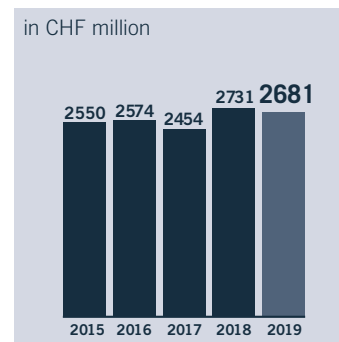
EBIT



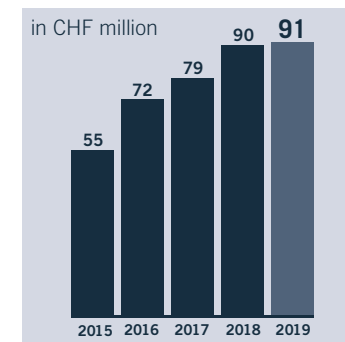
EBIT margin



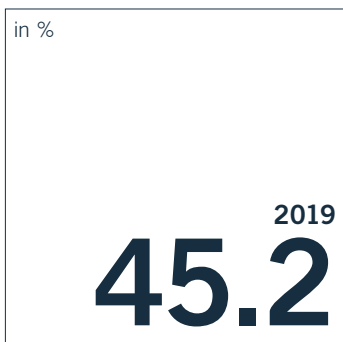
External sales



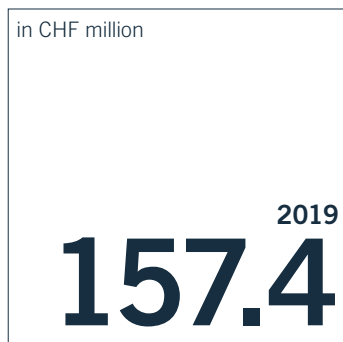
EBIT



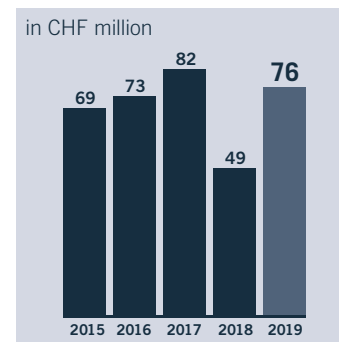
Gross profit margin



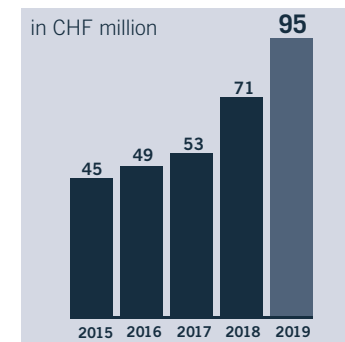
EBITDA



Free cash flow



Investments



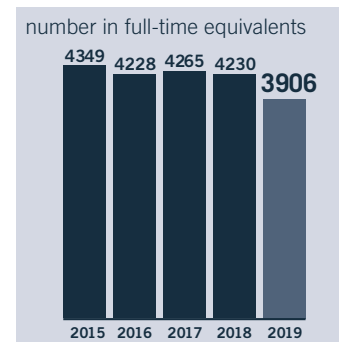
ROCE



Earnings per share



Employees



Outlets



External sales in CHF million

2 681

EBIT in CHF million

91.5

Sales outlets

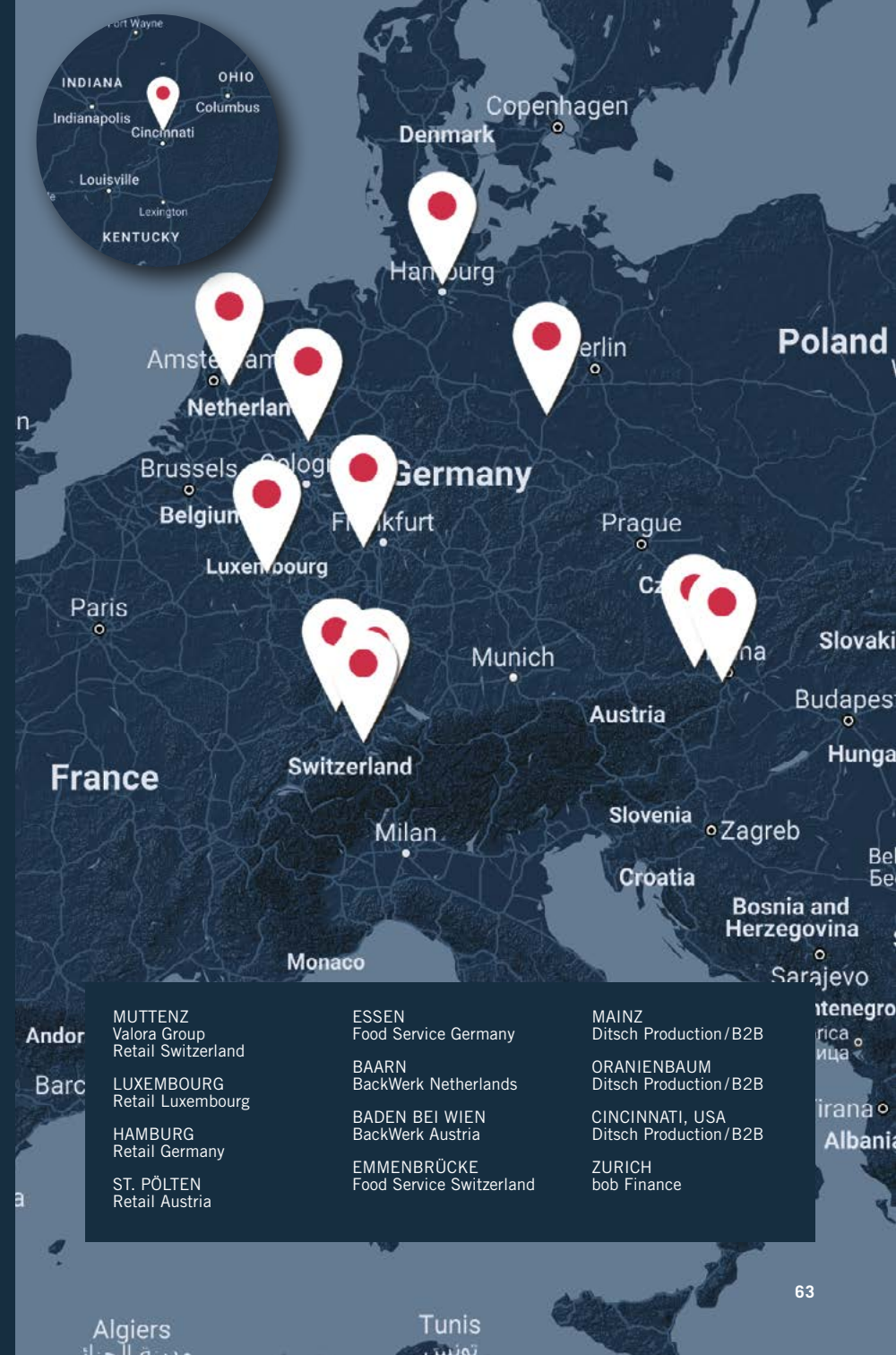
2 733

Employees in the network

~ 15 000

Bakery products per year

~ 700 million



Valora – brightens up your journey.

valora

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