Media and investors' presentation

First-half 2012 results

Muttenz, August 23, 2012

Agenda

1	**First-half 2012: strategic overview and market analysis**
2	Valora‘s first-half 2012 performance
3	Valora Retail status report
4	Summary & Outlook

Strategic overview

Valora for a fast moving world – striding forward with energy and confidence

First-half 2012 | Divestments

Valora Retail status report

Summary and Outlook

Retail markets in 2012

Valora outperforms major local markets

YTD indices to June 2012 vs prior year

Valora index: 98.8
Swiss retail mkt: 97.5

Valora index: 103.0**
German retail mkt: 102.8

Valora index: 105.4**
Lux: retail mkt: 105.9

Comments on market performance*

- Valora Retail's external sales about **1% better than** overall Swiss retail market
- Good performance achieved in **food/convenience**
- **Shopping tourism by Swiss consumers** very noticeable

- **Strong starting position, integration on track at** Convenience Concept
- Valora Germany **up on year**
- **Press sales (P&B)** remain steady

- Valora Luxembourg generating **good growth** following restructuring
- Generally **strong overall markets** despite European crisis

* Sources: Swiss market data – Nielsen | German market data – Federal Statistical Office | Luxembourg - Eurostat ** same store

How Valora is addressing current market challenges

Swiss retail market, declining overall press market and shopping tourism

valora

Swiss retail market

Measures by Valora

- ➢ Promoting innovation at kiosks (launching Kiosk 3.0)
- ➢ Enhancing product ranges, promoting entrepreneurship and streamlining organisational structures
- ➢ Focus on formats with strong growth (further acquisitions)

Decline in press market

Measures by Valora

- ➢ Sale of Services Austria (since entire value chain not covered)
- ➢ Reducing dependence on press (best-in-class systems support consolidation of leading market position)
- ➢ Adapting product mix

Shopping tourism

Measures by Valora

- ➢ Active focus on highly profitable categories (food)

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First-half 2012 – key financial metrics

Stable year-on-year sales performance despite challenging markets

in CHF million		*△ vs 2011*
External sales	**1 568.8**	***+ 6.5%***
Net revenues	**1 387.2**	***- 0.7%***
Gross profit	**441.7**	***+2.8%***
Operating costs (net)	**-419.3**	***+5.8%***
EBIT *adjusted**	**22.4** *20.5*	***-32.9%***
EBIT margin	**1.6%**	***-0.8%P***

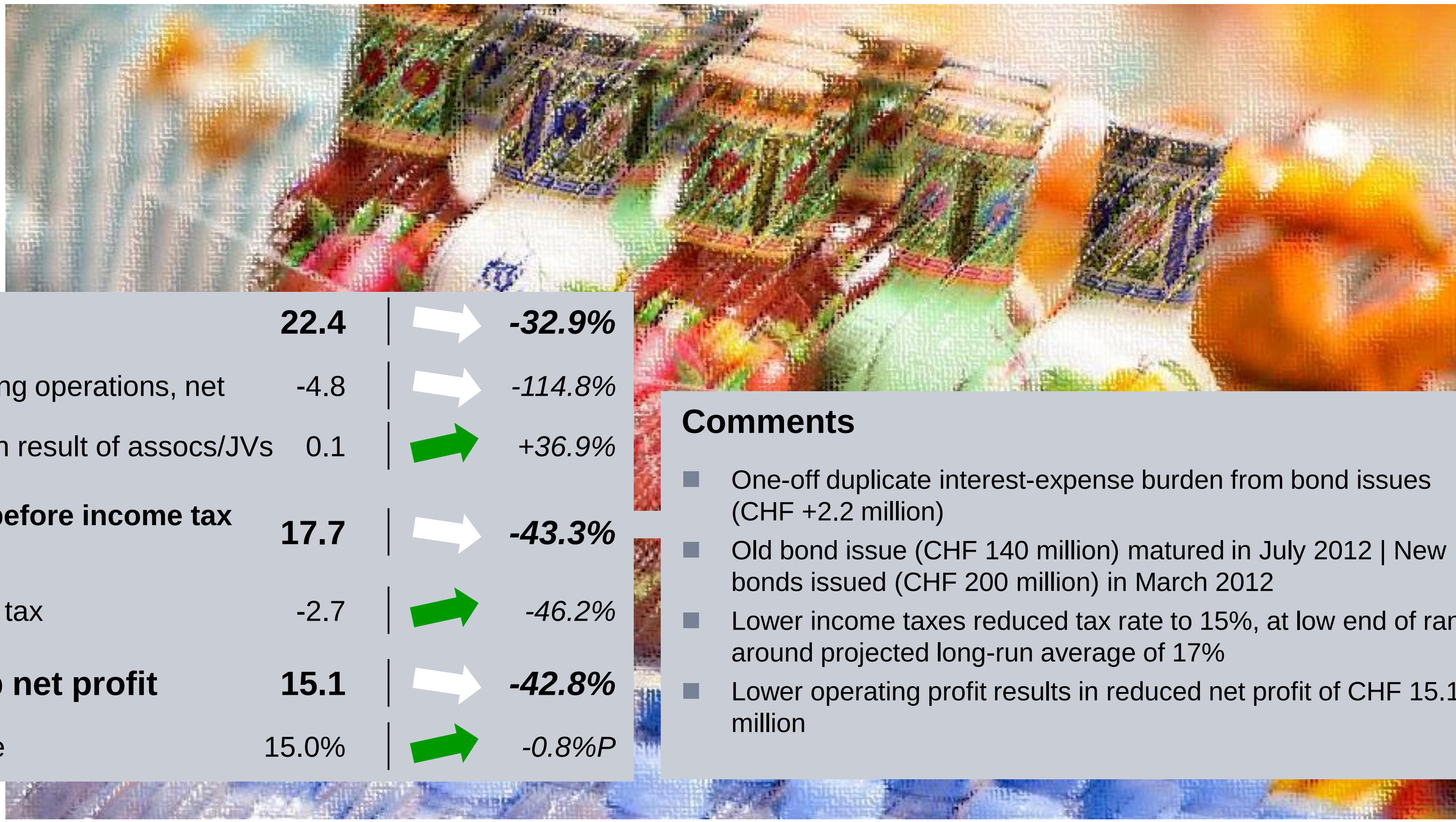
Comments

- External sales increased by +6.5%, despite demanding market conditions
- Successful acquisitions contributed positively to external sales and net revenues
- Net revenues adversely affected by continuing weakness of press market (CHF -20 million) and contract termination by a customer in the low-margin wholesale business (CHF -40 million)
- Gross profits up CHF +12.1 million thanks to successful acquisitions at Retail and Trade
- Operating costs increased due to integration of acquisitions and extraordinary expenses for IT outsourcing, logistics development and the growth strategy
- H1 2012 operating profit down CHF 11 million year-on-year due to lower press sales, challenging market conditions and higher Corporate costs
- Euro 2012 picture cards contributed CHF +3.2 million to operating profit, while adverse exchange-rate effects reduced result by CHF -1.2 million

** Adjusted for football picture cards and exchange-rate effects*

Net profit in first-half 2012

Higher interest costs weigh on earnings



EBIT	**22.4**	***-32.9%***
Financing operations, net	-4.8	*-114.8%*
Share in result of assocs/JVs	0.1	*+36.9%*
Profit before income tax	**17.7**	***-43.3%***
Income tax	-2.7	*-46.2%*
Group net profit	**15.1**	***-42.8%***
Tax rate	15.0%	*-0.8%P*

Comments

- One-off duplicate interest-expense burden from bond issues (CHF +2.2 million)
- Old bond issue (CHF 140 million) matured in July 2012 | New bonds issued (CHF 200 million) in March 2012
- Lower income taxes reduced tax rate to 15%, at low end of range around projected long-run average of 17%
- Lower operating profit results in reduced net profit of CHF 15.1 million

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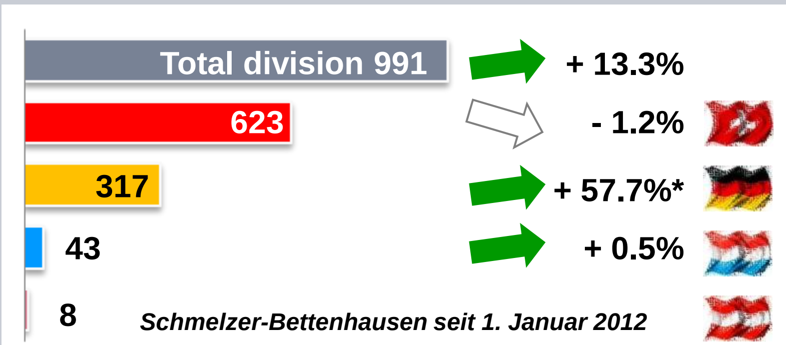
Performance at Valora Retail (1/2)

Good overall results | Swiss unit facing challenges

valora

Retail division‘s external sales (in CHF million)



Additional metrics for division (in CHF million)

Net revenues	**807.4**	***+1.3%***
Operating profit	**288.1**	***+2.4%***
Operating costs (net)	**-274.5**	***+4.8%***
EBIT	**13.5**	***-29.4%***
*adjusted**	*13.6*	
EBIT margin	**1.7%**	***-0.7 %P***

Comments

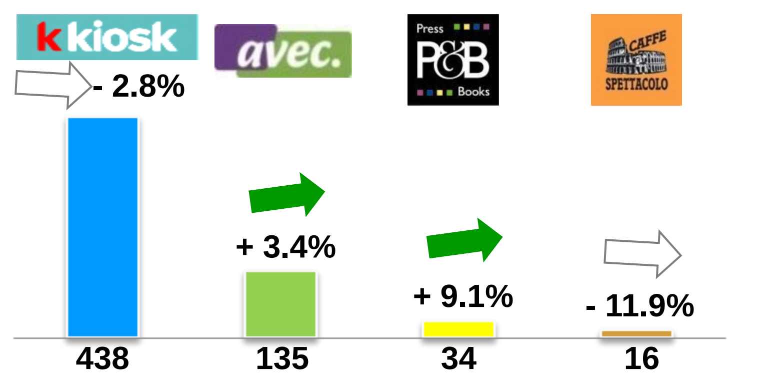
- Strong growth in external sales (+13.3%) thanks to successful acquisitions
- Convenience Concept and Schmelzer made combined contribution of some CHF 130 million to external sales
- Lower external sales in Switzerland attributable to kiosks (press / consumer reticence) and gastronomy unit
- Gross margin improved by +0.4%P thanks to systematic expansion of franchising and agency business models
- Operating costs rose due to acquisition integration | continuous expansion of agency business model raises efficiency levels
- Operating profit adversely affected by challenging market conditions and transitional costs occasioned by IT outsourcing and growth strategy

* *incl. CC acquisition CC (from April 2, 2012)*

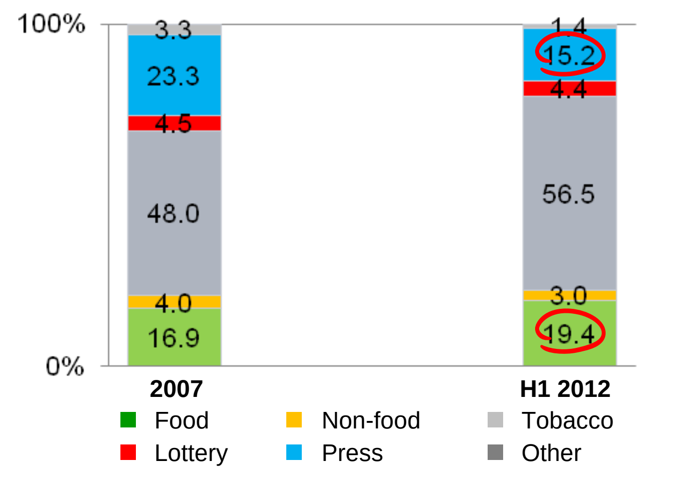
Performance at Valora Retail (2/2)

avec. and P&B formats doing well | product-mix enhancements at Swiss kiosks

Swiss external sales by format (in CHF million)



Product sales mix at Swiss kiosks

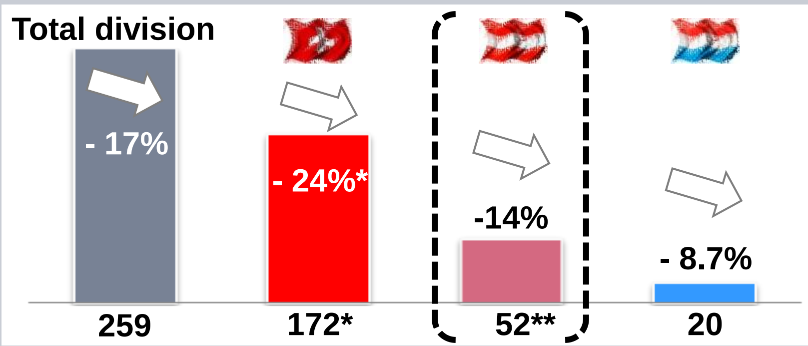


- **Food** sales rose > 5% p.a. across all outlets
- **Shift in product-mix composition (press product share** down significantly, with further reduction planned in favour of food products)
- **Tobacco sales stable** thanks to gains in market share | increase in share of overall product mix

Performance at Valora Services

Declining press sales and pressure on margins

Services H1 2012 net revenues (in CHF million)



Additional metrics for division (in CHF million)

Gross profit	**58.5**	***-6.9%***
Operating costs (net)	**-51.0**	***-3.6%***
EBIT	**7.5**	***-24.8%***
*adjusted**	*5.2*	
EBIT margin	**2.9%**	***-0.3%P***

Comments

- Net revenues declined on continuing deterioration of press markets served by all country units
- Contraction of low-margin wholesaling activities cut net revenues by CHF -40 million, but had positive effect on gross profit margin
- Operating costs down CHF -1.9 million thanks to cost-structure streamlining (outsourcing back office / reducing scale of distribution organisation)
- Volume-induced impact on EBIT (CHF -2.5 million) not fully offset by efficiency gains

** incl. CHF 54 million in net revenues from wholesale, Swiss press net revenues = -10.1% | ** excl. CHF 13.8 million in picture-card sales*

Sale of Valora Services Austria (1/2)

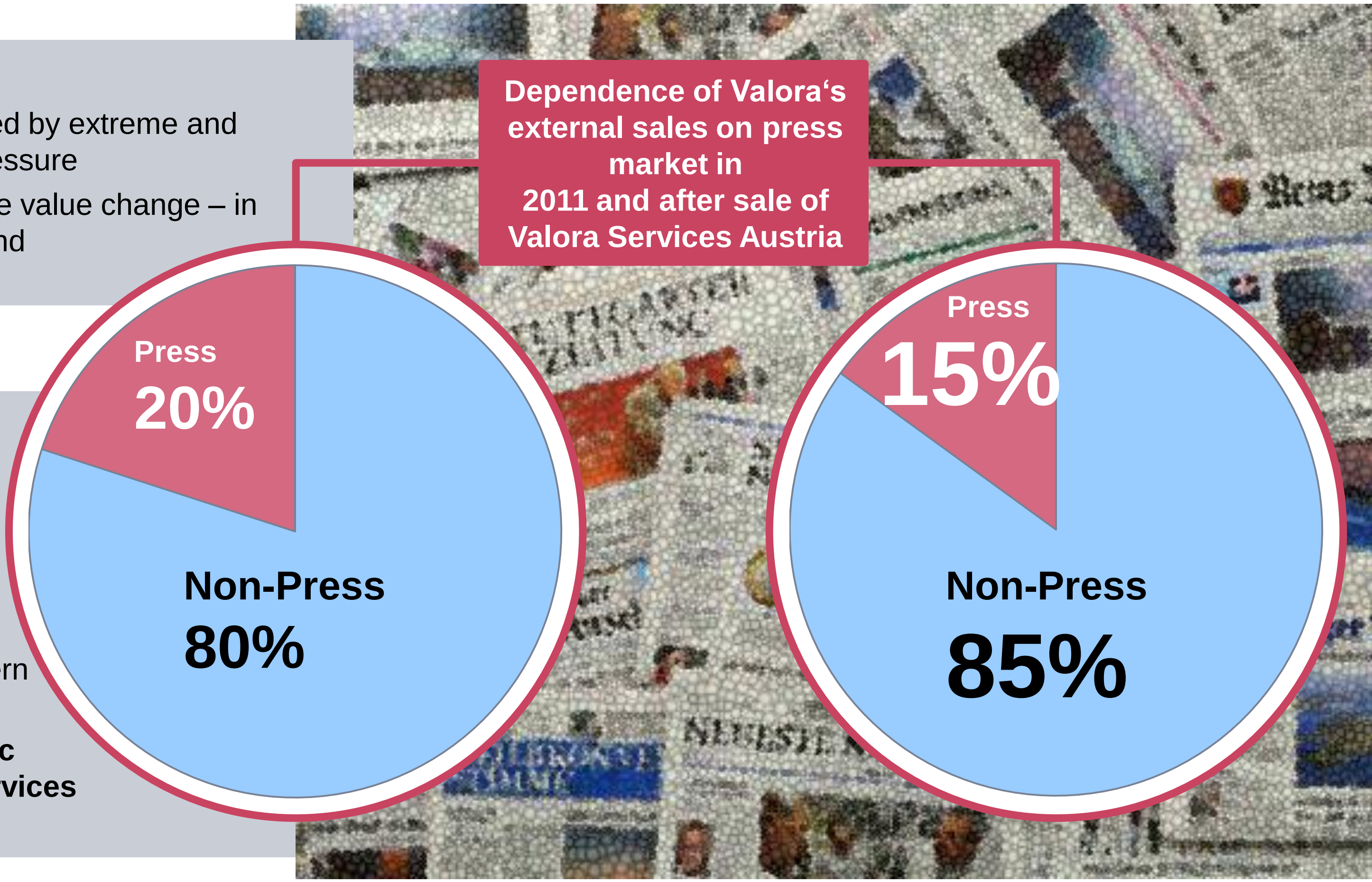
reducing Group dependence on press market

Rationale for sale

- Duopoly characterised by extreme and persistent margin pressure
- Failure to cover entire value change – in contrast to Switzerland and Luxembourg

Effects of sale

- Press dependence reduced
- Unit sold to **strong partner** with existing press distribution in Southern Germany
- **Continuing strategic development of Services Austria** ensured



Sale of Valora Services Austria (2/2)

Perfect future partner for Valora Services Austria

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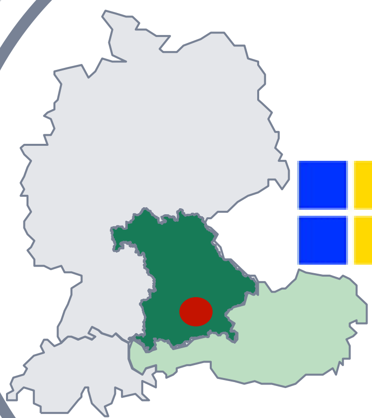
Geography

- HQ in Munich-Freimann
- Branch office in Börwang (Allgäu)
- Distribution covers Munich area, southern Upper Bavaria/Swabia admin. region

Rationale for transaction

- Access to neighbouring German-speaking markets
- Boost to international expansion strategy in neighbouring national markets
- Stronger negotiating stance vis-à-vis publishers
- Leverages good industry contacts



TRUNK
Presse Distribution

Trunk GmbH business model and management

- Among Germany's 10 largest press distributors
- Provides services in newspaper/magazine logistics, marketing and distribution for retail and airlines
  - Managing Partner: Dr. Holger Bingmann
- Managing Director: Werner Zirlik
- Trunk family = private partners

Contract details

- Subject to competition authority approval in Germany and Austria
- Transaction price to remain undisclosed

Performance at Valora Trade

Growth achieved in new categories

Trade H1 2012 net revenues (in CHF million)

	Net revenues	Change
Total division	385	+6.1%
Finland, Denmark, Norway, Sweden	264	+7.5%
Germany, Austria	32	+10.4%
Switzerland	89	+0.5%

Nordic countries: Classic Trade -6.0%; New categories* +44.8%

Germany/Austria: Salty Snacks +24.8%

Switzerland: Shopping tourism -3.0%; Parallel imports -0.5%

Additional metrics for Trade division (in CHF million)

Gross profit	**88.8**	***+10.1%***
Operating costs (net)	**-84.4**	***+14.7%***
EBIT	**4.3**	***-38.2%***
*adjusted***	*4.7*	
EBIT margin	**1.1%**	***-0.8%P***

Comments

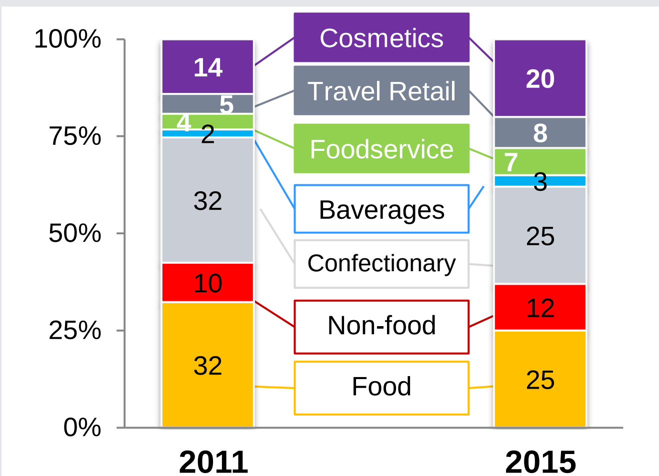
- Net revenues increased at all country units | ScanCo acquired in Sweden
- Acquisition of new, highly profitable (cosmetics) categories raises gross profit margin despite significant margin and exchange-rate pressure on Trade‘s classic lines (food)
- Operating costs up due to integration of ScanCo, additional advertising presence in Nordic markets and development of German/Austrian/Swiss IT platform
- Higher operating costs weigh on EBIT

* *Travel Retail, foodservices, cosmetics* | ** *adjusted for exchange-rate fluctuations*

Adjustments at Valora Trade

Classic Trade ranges (food and confectionery) declining | focus shifts to highly profitable categories

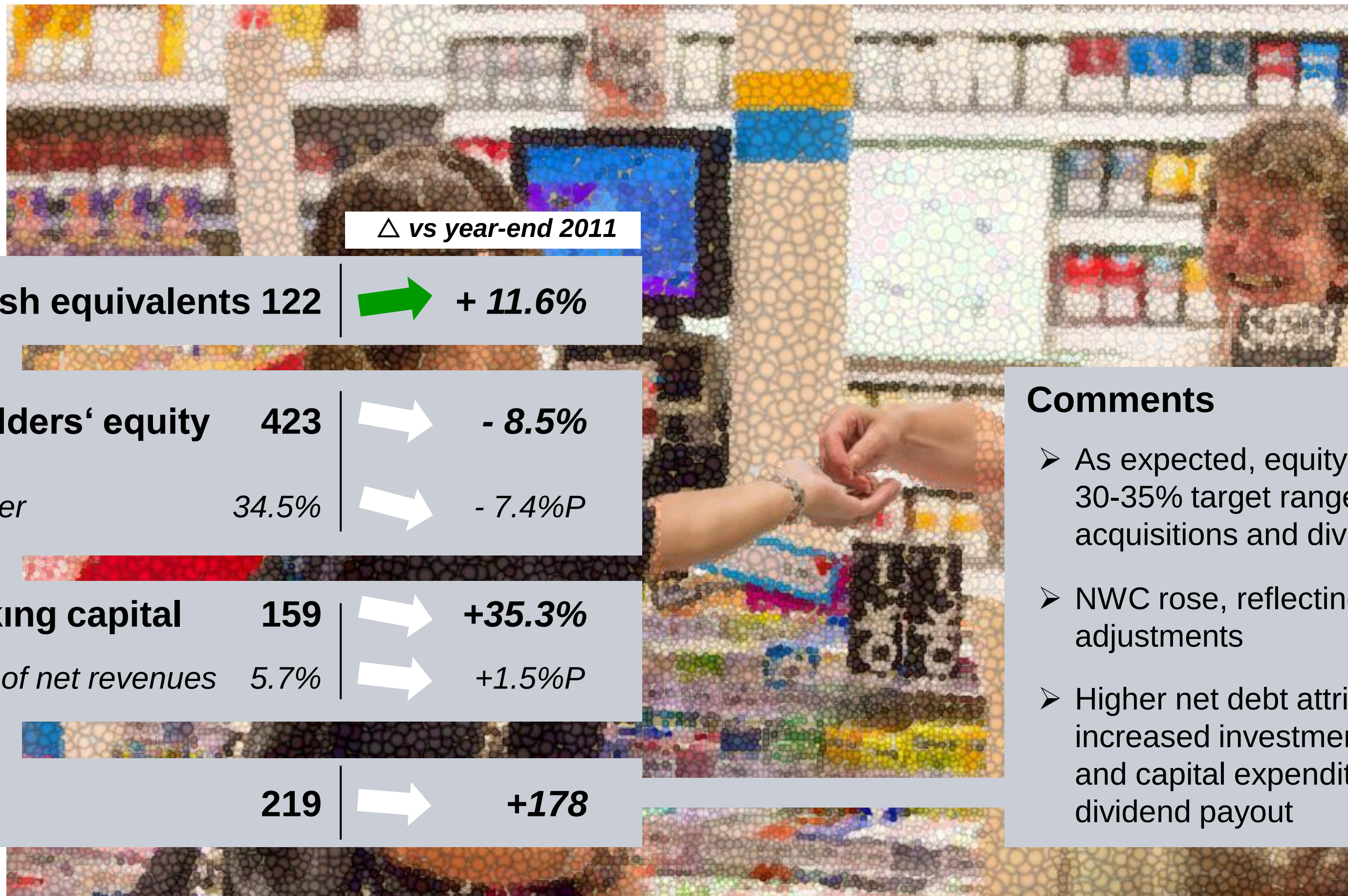
Trade portfolio composition (in % of sales)



- Marked **increase** of **«new categories»** (cosmetics, travel retail, foodservice)
- Major acquisitions will be limited to **cosmetics, health food and pet food** categories
- **Small-scale acquisitions** (e.g. Salty Snacks) continue to be of interest

Key balance-sheet metrics

at June 30, 2012



in CHF million

		Δ vs year-end 2011
Cash, cash equivalents	**122**	**+ 11.6%**
Shareholders' equity	**423**	**- 8.5%**
Equity cover	*34.5%*	*- 7.4%P*
Net working capital	**159**	**+35.3%**
NWC in % of net revenues	*5.7%*	*+1.5%P*
Net debt	**219**	**+178**

Comments

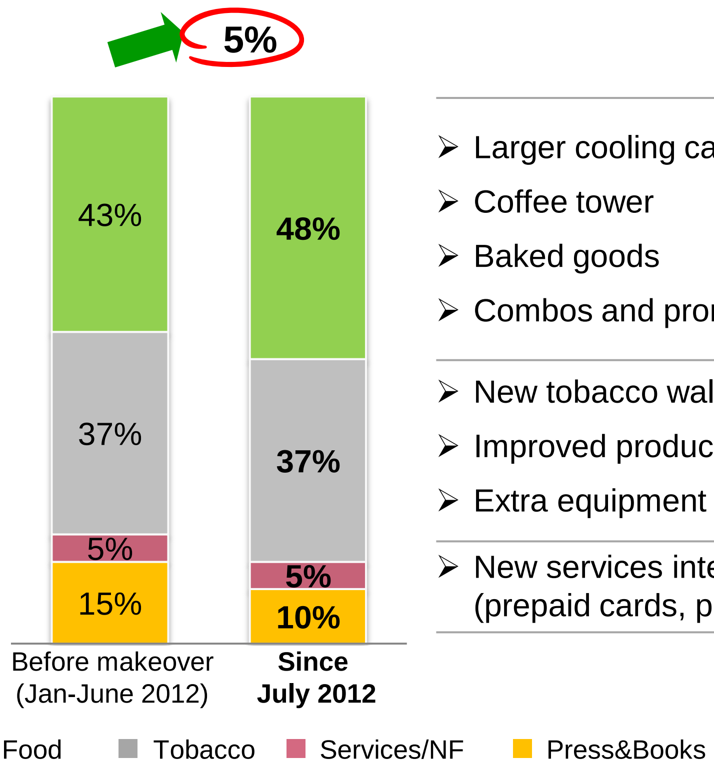
- As expected, equity cover inside 30-35% target range, following acquisitions and dividend payout
- NWC rose, reflecting year-end 2011 adjustments
- Higher net debt attributable to increased investments (acquisitions and capital expenditure) plus dividend payout

Agenda

Valora Retail – product ranges and innovation

New k kiosk concept drives marked rise in sales

Sales mix, sales growth at Olten outlet



- Larger cooling cabinet
- Coffee tower
- Baked goods
- Combos and promotions

- New tobacco wall
- Improved product push
- Extra equipment

- New services integrated> (prepaid cards, post etc.)

Collectible football picture cards (Panini)

Sales clearly suffer when no Swiss team competing

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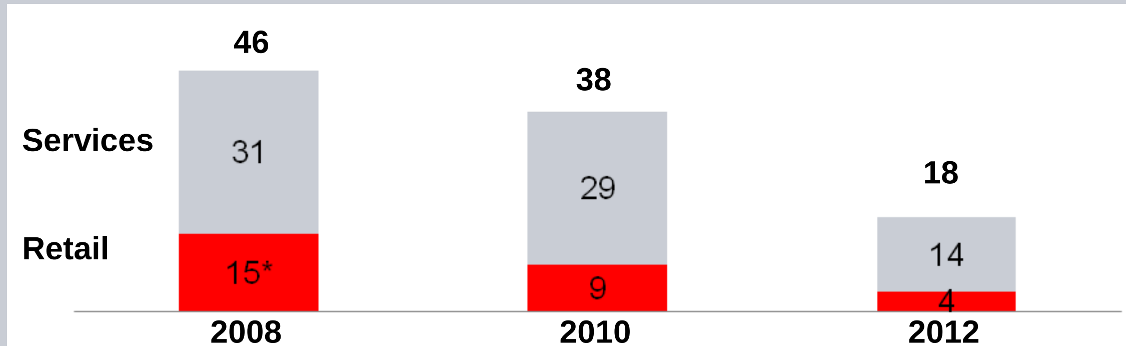
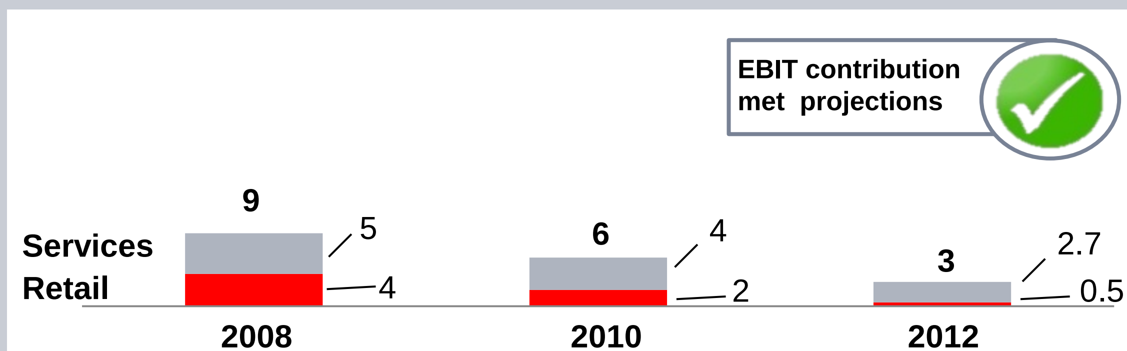
Picture card sales (in CHF million)



Picture card EBIT (in CHF million)



* Retail value: CHF 11 million, plus CHF 4 million from Trade division

«Meine Schweiz» collectible cards

Innovative new collectible card series exclusive to Valora outlets

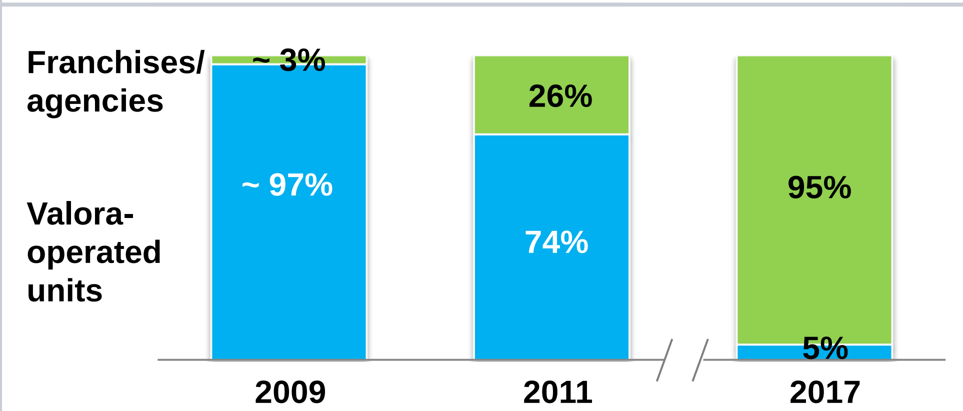
«Meine Schweiz» cards, key facts

- Innovation in Swiss market
- Started August 20, 2012 (ends November 2012)
- Subject area: «Key data» on Switzerland
- Albums: 400,000 | stickers per album: 250
- Valora expects: increased customer visits, closer ties to customers, higher sales
- Co-operation with Ringier (media partner)

Valora Retail – promoting entrepreneurship

Over 90% of outlets to be run by entrepreneurs in 2017

Evolution of entrepreneurship



Benefits

- **Higher sales**
  - promoting individual responsibility
  - specific local product ranges
  - individual/regional opening hours
- **Cost benefits**
  - repositioned support functions
  - enhanced cost control
- **Outlet growth**
  - attractive sites
  - favourable franchise terms

Valora Retail organisational chart – from autumn 2012

Streamlined structure for faster implementation

Benefits

- Decentralised support functions
- Business units strengthened | authority delegated to format units
- More direct market contact | closer to customers
- Faster implementation

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4. **Summary & Outlook**

Summary & Outlook

A lean, agile retailer with a powerful outlet network

- Outstanding potential thanks to new format portfolio (Convenience Concept)
- Reduced emphasis on structurally weak product ranges (press)

- Retail structure strengthened within Valora Group
- Lean retailer, focused on its markets and its customers

- Platform for successful 2012 results and further growth in place
- Significantly improved operating profit projected for H2 2012, confident of fulfilling expectations

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Corporate calendar

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Corporate calendar

2012 results conference	March 26, 2013
2013 Ordinary General Meeting of Shareholders	April 18, 2013

Please visit our website for more information regarding **VALORA**
www.valora.com

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APPENDIX

Valora Group in first-half 2012

Stable year-on-year sales performance despite challenging markets

valora

in CHF million	H1 2012	H1 2011	Δ
External sales	**1 568.8**	**1 473.0**	**+6.5%**
Adjusted external sales*	*1 587.8*	**1 473.0**	*+7.8%*
Net revenues	**1 387.2**	**1 397.6**	**-0.7%**
Adjusted net revenues*	*1 397.5*	*1 397.6*	*0.0%*
Gross profit	**441.7**	**429.6**	**+2.8%**
Gross profit margin	*31.8%*	*30.7%*	*+1.1%P*
Operating costs	**-423.7**	**-401.3**	**+5.6%**
Operating costs in % of net revenues	*30.5%*	*28.7%*	*+1.8%P*
Other revenues	4.4	5.1	-14.0%
EBIT	**22.4**	**33.4**	**-32.9%**
Adjusted EBIT*	*20.5*	*33.4*	*-38.6%*
EBIT margin	**1.6%**	**2.4%**	**-0.8%P**
Adjusted EBIT margin*	*1.5%*	*2.4%*	*-0.9%P*

* *Adjusted for effects of football picture cards and exchange-rate fluctuations*

Comments

- **External sales increased by +6.5%, despite demanding market conditions**
- **Successful acquisitions contributed positively to external sales and net revenues**
- **Net revenues adversely affected by continuing weakness of press market (CHF -20 million) and contract termination by a customer in the low-margin wholesale business (CHF -40 million)**
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Net profit in first-half 2012

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valora

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Adjusted EBIT*	*20.5*	*33.4*	*-38.6%*
Financial operations, net	-4.8	-2.2	-114.8%
Share of result of associates/JVs	0.1	0.1	+36.9%
Earnings before income tax	**17.7**	**31.2**	**-43.3%**
Income tax	-2.7	-4.9	-46.2%
Group net profit	**15.1**	**26.3**	**-42.8%**
Tax rate	15.0%	15.8%	-0.8%P

Comment

- **One-off duplicate interest-expense burden from bond issues (CHF +2.2 million)**
- **Old bond issue (CHF 140 million) matured in July 2012 | New bonds issued (CHF 200 million) in March 2012**
- **Lower income taxes reduced tax rate to 15%, at low end of range around projected long-run average of 17%**
- **Lower operating profit results in reduced net profit of CHF 15.1 million**

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Valora Retail in first-half 2012

Good overall results | Swiss unit facing challenges

valora

in CHF million	H1 2012	H1 2011	Delta
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Net revenues	**807.4**	**797.4**	**+1.3%**
Adjusted net revenues*	*815.1*	*797.4*	*+2.2%*
Gross profit	**288.1**	**281.2**	**+2.4%**
Gross profit margin	*35.7%*	*35.3%*	*+0.4%P*
Operating costs, net	**-274.5**	**-262.0**	**+4.8%**
EBIT	**13.5**	**19.2**	**-29.4%**
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- **Convenience Concept and Schmelzer made combined contribution of some CHF 130 million to external sales**
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- **Gross margin improved by +0.4%P thanks to systematic expansion of franchising and agency business models**
- **Operating costs rose due to acquisition integration | continuous expansion of agency business model raises efficiency levels**
- **Operating profit adversely affected by challenging market conditions and transitional costs occasioned by IT outsourcing and growth strategy**

Valora Services in first-half 2012

Declining press sales and pressure on margins

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in CHF million	H1 2012	H1 2011	Delta
Net revenues	**258.8**	**310.3**	**-16.6%**
Adjusted net revenues*	*248.6*	*310.3*	*-19.9%*
Gross profit	**58.5**	**62.9**	**-6.9%**
Gross profit margin	*22.6%*	*20.3%*	*+2.3%P*
Operating costs, net	**-51.0**	**-52.9**	**-3.6%**
EBIT	**7.5**	**10.0**	**-24.8%**
Adjusted EBIT*	*5.2*	*10.0*	*-47.7%*
EBIT margin	**2.9%**	**3.2%**	**-0.3%P**
Adjusted EBIT margin*	*2.1%*	*3.2%*	*-1.1%P*

Comments

- **Net revenues declined on continuing deterioration of press markets served by all country units (CHF -20 million)**
- **Contraction of low-margin wholesaling activities cut net revenues by CHF -40 million, but had positive effect on gross profit margin**
- **Operating costs down CHF -1.9 million thanks to cost-structure streamlining (outsourcing back office / reducing scale of distribution organisation)**
- **Volume-induced impact on EBIT (CHF -2.5 million) not fully offset by efficiency gains**

* *Adjusted for effects of football picture cards and exchange-rate fluctuations*

Valora Trade in first-half 2012

Growth achieved in new categories

in CHF million	H1 2012	H1 2011	Delta
Net revenues	**385.1**	**362.9**	**+6.1%**
Adjusted net revenues*	*398.6*	*362.9*	*+9.8%*
Gross profit	**88.8**	**80.7**	**+10.1%**
Gross profit margin	*23.1%*	*22.2%*	*+0.8%P*
Operating costs, net	**-84.4**	**-73.6**	**+14.7%**
EBIT	**4.3**	**7.0**	**-38.2%**
Adjusted EBIT*	*4.7*	*7.0*	*-33.7%*
EBIT margin	**1.1%**	**1.9%**	**-0.8%P**
Adjusted EBIT margin*	*1.2%*	*1.9%*	*-0.7%P*

Comments

- **Net revenues increased at all country units | ScanCo acquired in Sweden**
- **Acquisition of new, highly profitable (cosmetics) categories raises gross profit margin despite significant margin and exchange-rate pressure on Trade‘s classic lines (food)**
- **Operating costs up due to integration of ScanCo, additional advertising presence in Nordic markets and development of German/Austrian/Swiss IT platform**
- **Higher operating costs weigh on EBIT**

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