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Media and Investors’ Presentation – H1 2014

Muttenz, August 28, 2014

Agenda

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H1 2014 - Executive Summary

Group results stable after adjusting for one-off factors | Good performance in core business

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H1 2014 results show contrasting trends

- Group results in line with H1 2013 after adjusting for one-off factors
- Retail Switzerland and Ditsch/Brezelkönig achieved good performance
- Despite facing challenges, Retail Germany maintained stable profitability
- Trade division executing comprehensive transformation process

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Focusing strategy

- Focus on small-outlet retail at heavily frequented locations and expansion of high-margin product lines are key success factors
- Successful Valora Services divestment marks major milestone
  - book gain CHF 34 million (in H2 2014)
  - cash inflow CHF 63 million (in H2 2014)

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1	Executive Summary
2	**H1 2014 results**
3	Valora Group‘s strategic focus
4	Outlook
5	Appendix

Core business doing well | Trade executing transformation

Advances achieved in core business offset adverse results at Trade

Retail Strategic progress at Retail division

- New product lines and modernised Swiss kiosk network offset reduced press sales and effect of implementing retail-margin model
- Profitability stable despite need for further development of Convenience Concept network

Ditsch/Brezelkönig Ambitious and profitable growth in line with plan

- Network growth and expansion on track
- Strong wholesale growth and good retail-network performance

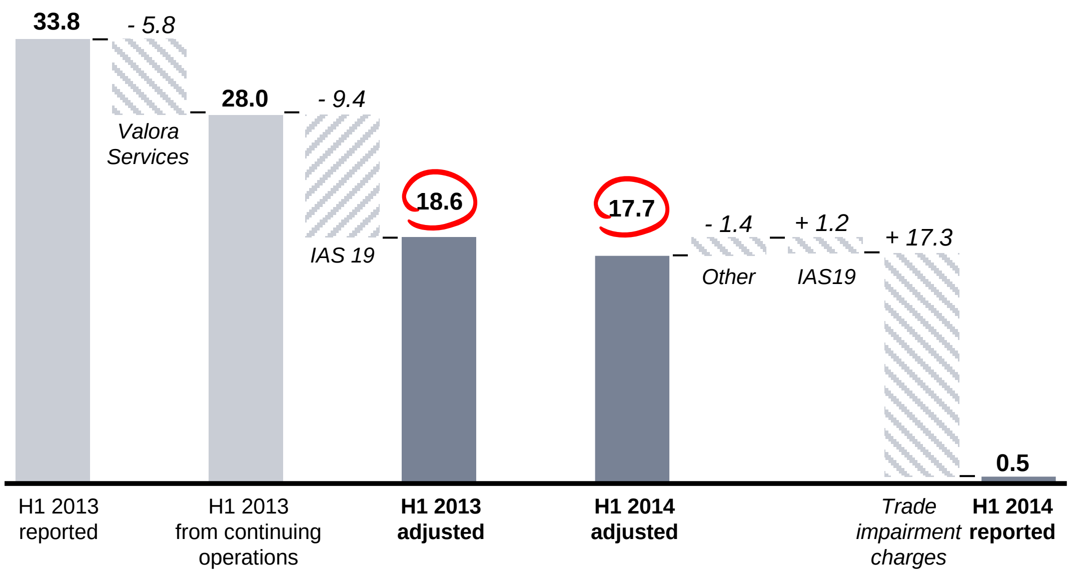
Trade Comprehensive transformation process

- Impairment charges to goodwill and intangible assets (CHF -17 million)
- Cosmetics achieving stable profitability
- Classics‘ turnaround progress varies by market, with stabilisation now foreseeable in individual territories

EBIT comparison between H1 2013 and H1 2014

Operating profit stable between periods after adjusting for one-off factors

One-off factors affecting H1 2013 and 2014 EBIT (in CHF million)



Comments

- Group EBIT stable between H1 2013 and H1 2014 after adjusting for one-off factors
- Greatest impact from impairment charges at Trade division

Key financial metrics for H1 2014

EBITDA stable (excl. IAS 19 in 2013)

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in CHF million and △ versus 2013 from continuing operations

External sales	**1 541.4**	***-3.4%***
Net revenues	**1 248.9**	***-4.9%***
Gross profit	**458.9**	***-0.6%***
Gross-profit margin	*36.7%*	*+1.6 pct pts*
Operating costs, net	**-458.4**	***+5.8%***
EBITDA	**49.4**	***-14.8%***
EBITDA margin	4.0%	*-0.4% pct pts*
EBIT*	**0.5**	***-98.1%***

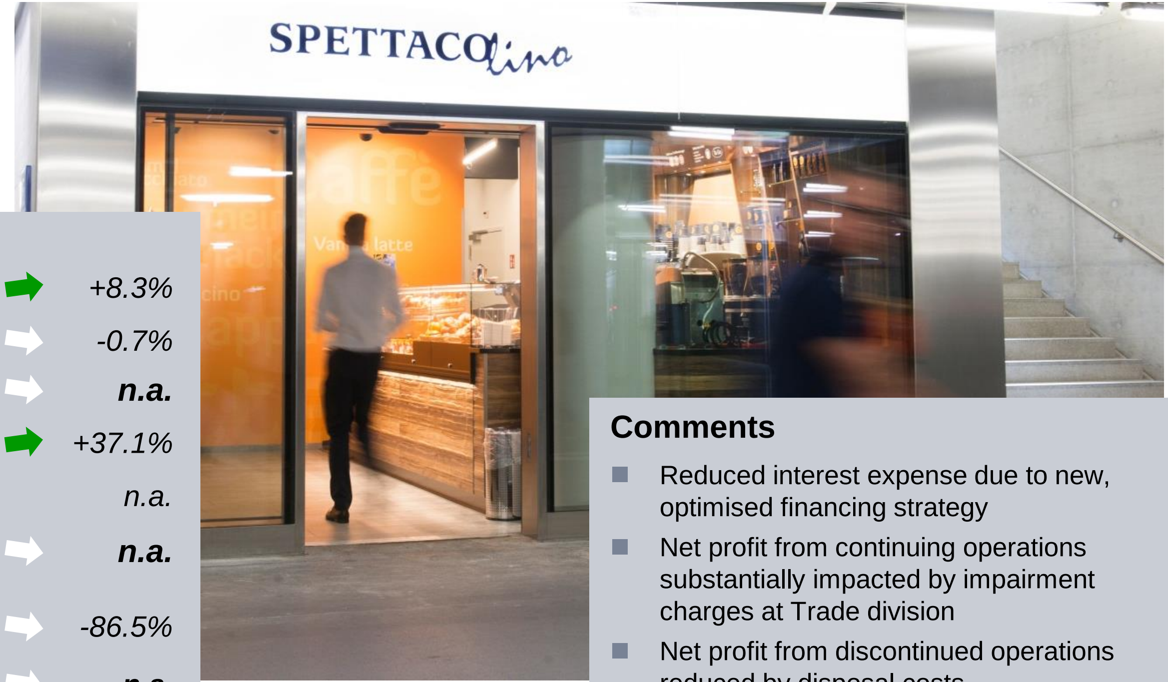
Comments

- Lower external sales/net revenues due to adoption of new distribution model and portfolio streamlining at Trade
- Increased gross profits in core business | Lower volumes at Trade impact Group results
- Ditsch/Brezelkönig and greater volume of commission-based business at Trade raised gross-profit margin
- Higher operating costs due to impairment in Trade and IAS 19 effect (2013)
- EBIT and EBITDA in line with H1 2013 after adjusting for one-off factors (impairment charges/IAS 19/other)

* *incl. impairment charges to Valora Trade goodwill and intangible assets of CHF -17.3 million*

H1 2014 net profit

New financing strategy beginning to generate positive effects



in CHF million and △ versus 2013

EBIT	**0.5**	
Financing activities, net	-8.7	*+8.3%*
Share of associates' / JV results	0.1	*-0.7%*
Earnings before taxes	**-8.1**	***n.a.***
Income taxes	-2.3	*+37.1%*
Tax rate	*n.a.*	*n.a.*
Net profit from continuing operations	**-10.4**	***n.a.***
Net profit from discontinued operations	*1.5*	*-86.5%*
Group net result	**-8.9**	***n.a.***

Comments

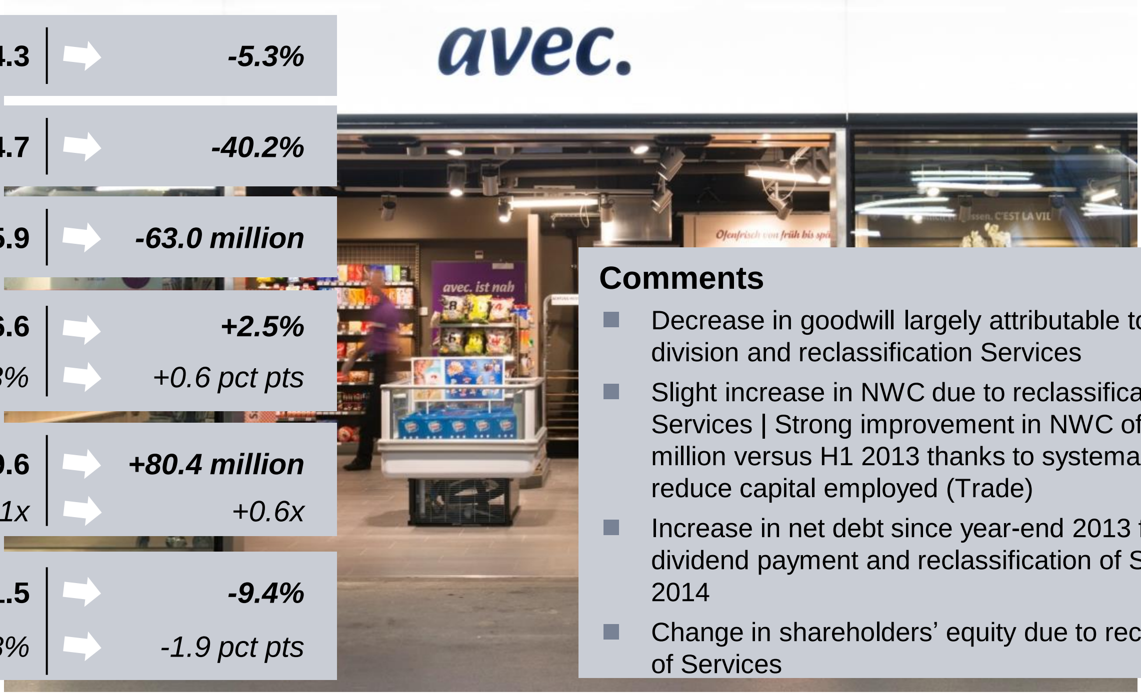
- Reduced interest expense due to new, optimised financing strategy
- Net profit from continuing operations substantially impacted by impairment charges at Trade division
- Net profit from discontinued operations reduced by disposal costs

Key Balance-sheet metrics

Sound balance sheet with equity cover of 42.8%

in CHF million and
△ versus 31.12.2013

Total assets	**1 544.3**	***-5.3%***
Cash & cash equivalents	**104.7**	***-40.2%***
Goodwill	**415.9**	***-63.0 million***
Net working capital	**106.6**	***+2.5%***
NWC in % net revenues	*4.3%*	*+0.6 pct pts*
Net debt	**299.6**	***+80.4 million***
Leverage ratio	*2.1x*	*+0.6x*
Shareholders' equity	**661.5**	***-9.4%***
Equity cover	*42.8%*	*-1.9 pct pts*



Comments

- Decrease in goodwill largely attributable to Trade division and reclassification Services
- Slight increase in NWC due to reclassification Services | Strong improvement in NWC of CHF -56 million versus H1 2013 thanks to systematic efforts to reduce capital employed (Trade)
- Increase in net debt since year-end 2013 following dividend payment and reclassification of Services in H1 2014
- Change in shareholders' equity due to reclassification of Services

Cash flow

Reduction in capital employed generates further positive effects

Half-year* (in CHF million)	**2013**	**2014**
EBIT	28.0	0.5
Depreciation and amortisation	30.0	48.9
EBITDA	**58.0**	**49.4**
Elimination of non-cash items	-8.6	-0.1
NWC and current assets	-19.7	-13.5
Interest and taxes (net)	-18.2	-9.3
Cash flow from operations	**11.5**	**26.5**
Capital expenditure	-19.6	-29.4
Proceeds from asset disposals	2.7	1.2
Cash flow from ordinary investing activities	**-16.9**	**-28.2**
Free cash flow	**-5.4**	**-1.7**

Comments

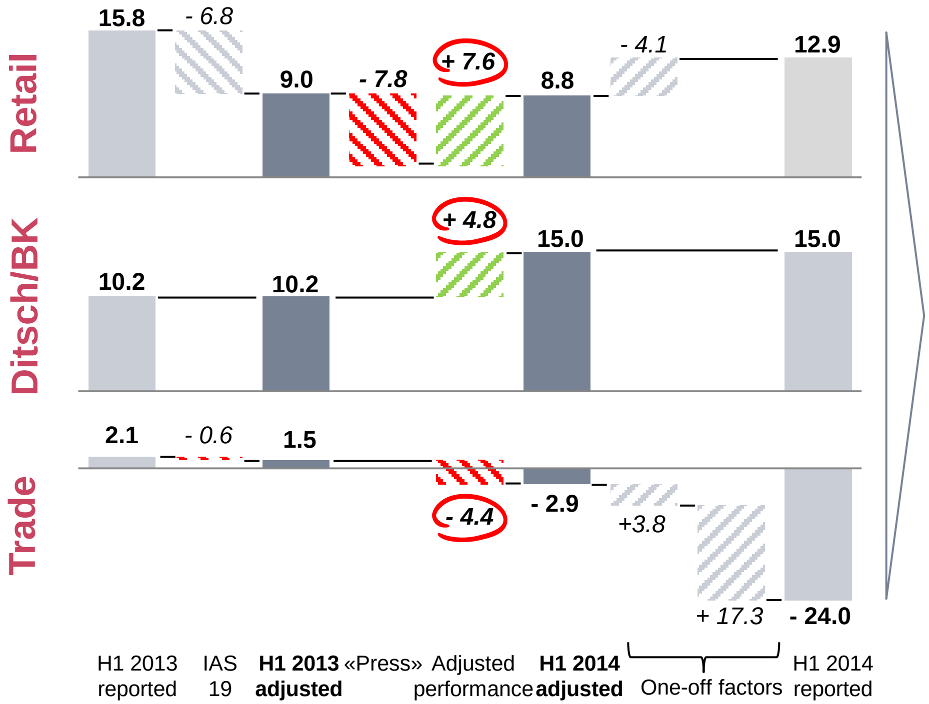
- Sound cash-flow from operations
- Reduction in capital employed (especially at Trade) and lower interest expense due to new financing strategy both have positive impact on results
- Higher capital expenditure due to carry overs from 2013

* *from continuing operations*

Adjusted EBIT results by division

Performance achieved by Ditsch/Brezelkönig and Retail Switzerland offsets Trade and press effects

(in CHF million)



- 2014 one-off factors: IAS 19 CHF +1.0 million, release of provisions CHF -2.5 million, Panini CHF -2.6 million
- Adjusted performance offsets effect of lower press volumes (CHF -4.4 million) and lower press margins (CHF -3.5 million)
- **Strong adjusted performance at Retail Switzerland**

- Increased profitability thanks to strong sales performance in Germany and Switzerland
- **Rapid growth, especially in wholesale activities**

- 2014 one-off factors: impairment charges (CHF -17.3 million), restructuring costs (CHF -3.7 million) and IAS 19 (CHF 0.1 million)
- **Adverse adjusted performance due to volume effects, portfolio streamlining and market factors**

Valora Retail results (1/2)

Kiosk-network modernisation and product-line adjustments generate strong performance

Key division metrics (in CHF million versus 2013)

External sales	**1 138.4**	***+3.0%***
Net revenues	**846.0**	***+2.7%***
Gross profit	**303.7**	***+0.6%***
Gross-profit margin	*35.9%*	*-0.6 pct pts*
Operating costs, net	**-290.8**	***+1.7%***
EBITDA	**35.6**	***-3.0%***
EBITDA margin	4.2%	*-0.2 pct pts*
EBIT*	**12.9**	***-18.8%****

Comments

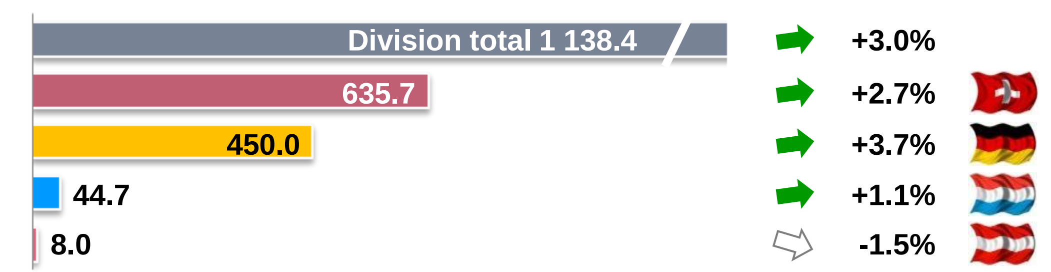
- Nearly all country units achieved positive sales growth
- Kiosk-network modernisation and product-line adjustments in Germany and Switzerland offset the adverse impact on net revenues from lower press volumes
- New, more profitable product lines enabled Valora Retail to raise its gross profit despite marked decline in press volumes and adverse effect of new retail-margin model for press products
- Operating costs rose in H1 2014 due to positive IAS 19 effects in H1 2013
- **EBIT stable after adjusting for one-off factors (CHF 6.8 million in IAS 19 cost savings) in H1 2013**

* *IAS 19 resulted in cost savings of CHF 6.8 million in H1 2013*

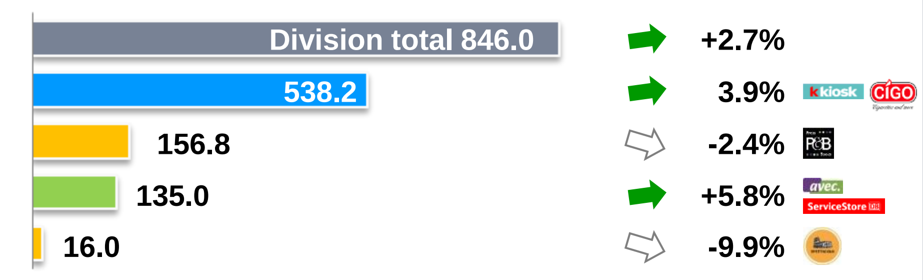
Valora Retail results (2/2)

Solid growth in external sales at kiosks and convenience stores in Germany and Switzerland

Retail division external sales* (in CHF million versus 2013)



Retail division net revenues (in CHF million versus 2013)



* External sales comprise Valora net revenues plus revenues generated by outlets contractually bound to Valora

Ditsch/Brezelkönig results

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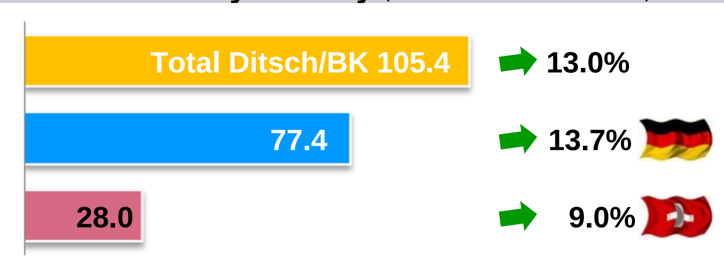
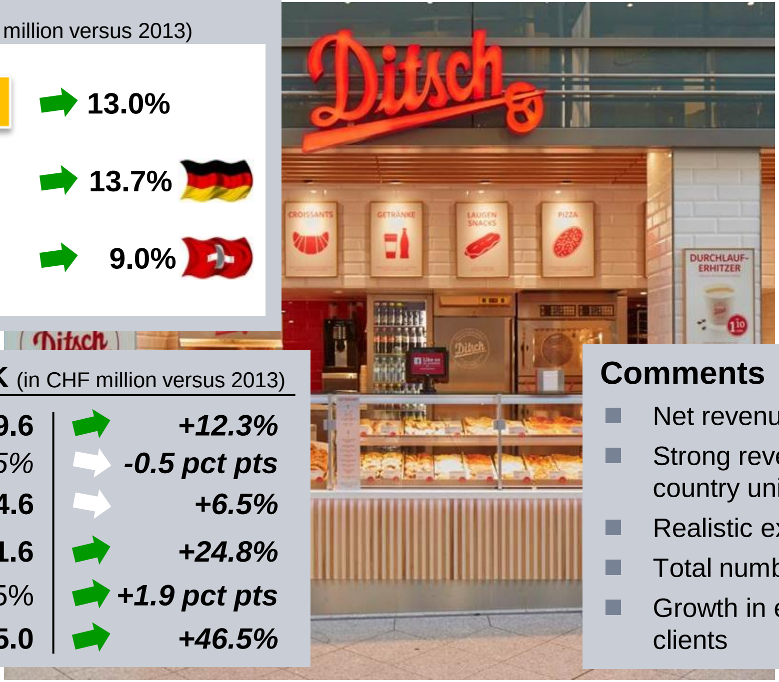
Expanded outlet network and strong wholesale performance make for outstanding results

Net revenues by country (in CHF million versus 2013)





Further key metrics for Ditsch/BK (in CHF million versus 2013)

Gross profit	**79.6**	***+12.3%***
Gross-profit margin	*75.5%*	***-0.5 pct pts***
Operating costs, net	**-64.6**	***+6.5%***
EBITDA	**21.6**	***+24.8%***
EBITDA margin	20.5%	***+1.9 pct pts***
EBIT	**15.0**	***+46.5%***

Comments

- Net revenues rise above CHF 100 million mark
- Strong revenue and profitability growth at both country units
- Realistic expansion and growth plans
- Total number of outlets: 237 (6 openings)
- Growth in existing and through new wholesale clients

Valora Trade results

Comprehensive transformation process impacts performance

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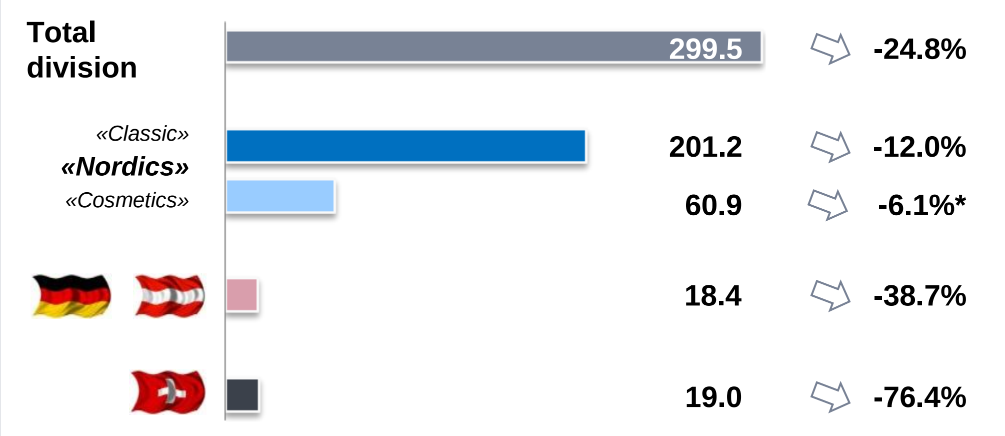
Trade division H1 2014 net revenues (in CHF million versus 2013)



Further key metrics for Trade

in CHF million versus 2013

Gross profit	**75.6**	***-14.7%***
Gross-profit margin	*25.3%*	*+3.0 pct pts*
Operating costs, net	**-99.6**	***-5.0%***
EBITDA	**-4.5**	***n.a.***
EBITDA margin	-1.5%	*n.a.*
EBIT	**-24.0**	***n.a.***

Comments

- Change of business model in Switzerland had no impact on gross profit, but substantially reduced net working capital
- Cosmetics revenues up +1.9% in local currencies
- Targeted initiatives have reduced cost base
- Write down on goodwill and intangible assets substantially impacted results

* *substantial impact from exchange rates – net revenues grew +1.9% in local-currency terms*

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Strategic focus on Valora‘s core business

Lean, agile small-outlet retailer operating at heavily frequented locations

- **Strengthening product range** with food, beverage and service lines

- **Leveraging excellent international outlet network and strong location footfall** through successful formats

- **Building on market leadership** in lye-bread products through expansion

- **Optimising processes and raising efficiency levels** across the Group

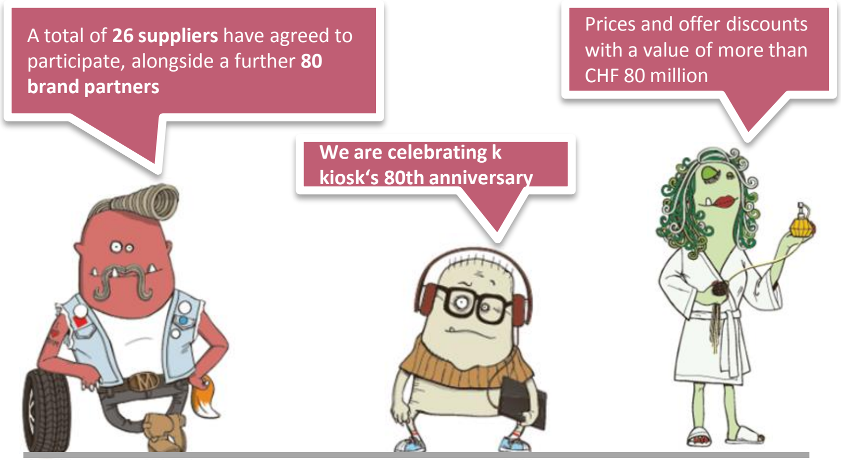
Examples: enhancing product lines, leveraging outlet network

Strong customer footfall and product lines provide basis for success

Product lines

- Investment in product lines significantly raises turnover and increases customer footfall
- Resulting improvement in gross-profit margins offsets effects of structural contraction of press sales

Outlet network



- Attractive partner for innovative social-commerce platform
- Playful and appealing links to the online and offline world
- Leveraging substantial, as yet untapped market potential

Special focus on Valora Trade (1/3): market dynamics and challenges

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Increasing pressure on margins

Market dynamics and measures to address them

Market consolidation and margin pressure

- Compensate by winning new business and adapting structures
- Greater focus on smaller and medium-sized brand owners
- Reduce dependence on traditional retail
- Increased transparency, more accurate profitability measurement

Capital costs

- Enhance understanding of NWC
- Improve contract terms (inventories, payment terms)

Parallel imports | e-commerce | private-label brands

- Focus on euro pricing and supply-chain efficiency
- Product and packaging innovations, pricing policies
- Position Valora Trade as an e-commerce supplier

Internal challenges and measures to address them

Portfolio

- Consequent tracking of complexity
- Focus on balanced portfolio structure in order to avoid bulk risks

Brand owners

- Further reduction of brand owners with insufficient profitability
- Systematic category approach and focus on category deepness as objective
- Increase focus on brand owners which enable the exploration of alternative trade channels

Processes

- Optimize effectiveness of IT platforms
- Improve efficiency in «route-to-market»
- Share of best practice (market oriented / back office)

Special focus on Valora Trade (2/3): example turnaround in Denmark

Securing profitability as the key objective

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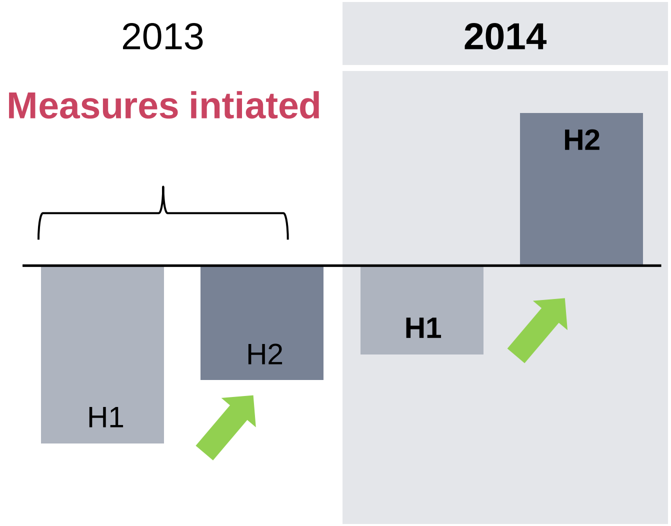
EBIT performance at Valora Trade Denmark *(for illustrative purposes, excluding one-off factors)*



Measures initiated

- Streamlining the 2015 brand-owner portfolio (from 112 to ~ 60)
- Cost savings (achieved by merging several categories)
- Category leadership as a magnet to attract further strong brands
- Bacardi-Martini and Fernet Branca will strengthen presence in beverage market (effect will be noticeable in H2 2014)
- New management team (CEO, CFO and Commercial Directors)
- Implementing a new route-to-market approach

Positive momentum despite remaining risks and opportunities

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Outlook

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- Continued kiosk-network modernisation (2015: 300 POS)
- Increased focus on services at k kiosk

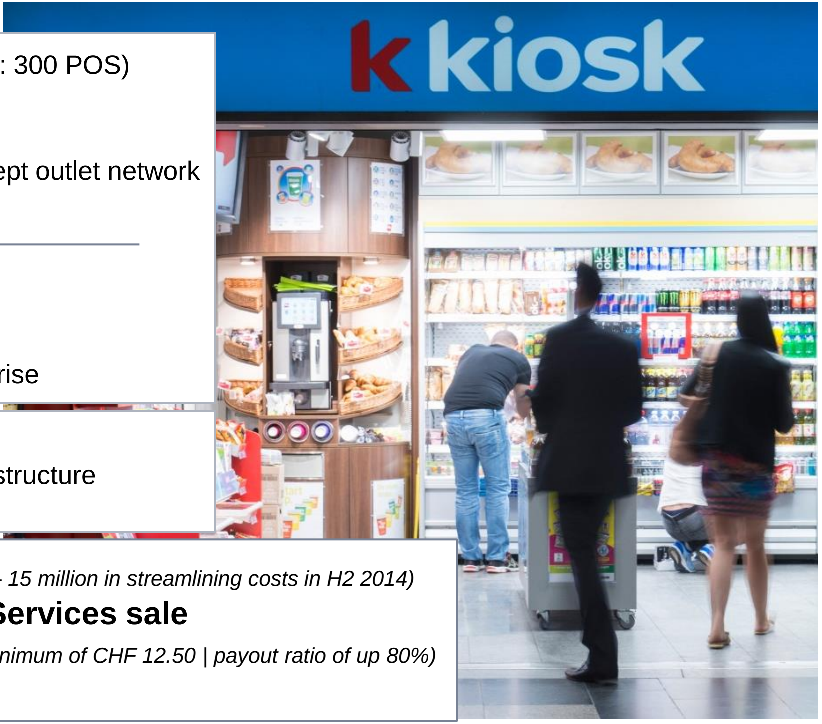
- Reconfigure and optimise Convenience Concept outlet network
- Adapt operational processes and IT systems

Ditsch BREZELKÖNIG®

- Continue outlet expansion as planned
- Enhance product range through innovation
- Expand international wholesale business
- Extend geographic network as opportunities arise

Valora Trade

- Challenging transformation process
- Streamline portfolio and adapt organisational structure
- Evaluate all options for each individual unit



Guidance

- **FY 2014: EBIT of CHF ~ 30 million** *(incl. CHF 10 – 15 million in streamlining costs in H2 2014)*
- **Full-year net profit stable following Valora Services sale**
- **Current dividend policy to be maintained** *(minimum of CHF 12.50 | payout ratio of up 80%)*
- **FY 2016: EBIT of CHF ~ 80 million**

Contacts
Corporate calendar

Contacts

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Corporate calendar

2014 results publication date	March 26, 2015
2015 Ordinary General Meeting	April 22, 2015

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www.valora.com

APPENDIX

Discontinued operations: Valora Services

Disposal successfully completed with effect from July 31, 2014

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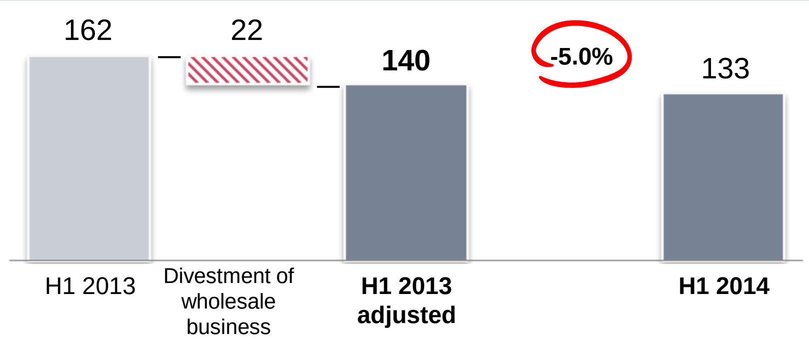
Services division H1 2014 net revenues (in CHF million)



Comments

- Continuing contraction of press market in Switzerland (-6.9%) and Luxembourg (-4.9%)
- Good growth in third-party logistics services (+9.2%)

Further key metrics for division (in CHF million versus 2013)

Gross profit	**44.5**	***+4.4%***
Gross-profit margin	*33.5%*	*+7.2 pct pts*
Operating costs, net	**-38.4**	***+4.4%***
EBITDA	**7.6**	***-4.6%***
EBITDA margin	5.8%	*+0.9 pct pts*
EBIT	**6.1**	***+4.4%***

Valora Group H1 2014 key financial metrics

in CHF million	H1 2013	H1 2014	Δ
External sales	**1 594.9**	**1 541.4**	**-3.4%**
Net revenues	**1 313.7**	**1 248.9**	**-4.9%**
Gross profit	**461.5**	**458.9**	**-0.6%**
Gross-profit margin	*35.1%*	*36.7%*	*+1.6 pct pts*
Operating costs	**-435.8**	**-463.3**	**+6.3%**
Operating costs in % of net revenues	*-33.2%*	*-37.1%*	*-3.9 pct pts*
Other revenues	2.3	4.9	+114.6%
EBITDA	**58.0**	**49.4**	**-14.8%**
EBITDA margin	**4.4%**	**4.0%**	**-0.4 pct pts**
EBIT	**28.0**	**0.5**	**-98.1%**
EBIT margin	**2.1%**	**0.0%**	**-2.1 pct pts**

H1 2014 net profit

in CHF million	H1 2013	H1 2014	Δ
EBITDA	**58.0**	**49.4**	**-14.8%**
EBIT	**28.0**	**0.5**	**-98.1%**
Financing activities, net	-9.5	-8.7	+8.3%
Share of result from associates and joint ventures	0.1	0.1	-0.7%
Earnings before taxes	**18.6**	**-8.1**	**n.a.**
Income taxes	-3.7	-2.3	+37.1%
Net profit from continuing operations	**14.9**	**-10.4**	**n.a.**
Net profit from discontinued operations	11.0	1.5	-86.5%
Group net profit	**25.8**	**-8.9**	**n.a.**
Tax rate	20.0%	n.a.	n.a.

Valora Retail H1 2014 results

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in CHF million	H1 2013	H1 2014	Δ
External sales	1 105.2	**1 138.4**	+3.0%
Net revenues	824.0	**846.0**	+2.7%
Gross profit	301.8	**303.7**	+0.6%
Gross-profit margin	*36.6%*	*35.9%*	*-0.7 pct pts*
Operating costs, net	-286.0	**-290.8**	+1.7%
EBITDA	36.7	**35.6**	-3.0%
EBITDA margin	4.4%	**4.2%**	-0.2 pct pts
EBIT	15.8	**12.9**	-18.8%
EBIT margin	1.9%	**1.5%**	-0.4 pct pts

Ditsch/Brezelkönig H1 2014 results

in CHF million	H1 2013	H1 2014	Δ
Net revenues	93.3	105.4	13.0%
Gross profit	70.9	79.6	+12.3%
Gross-profit margin	*76.0%*	*75.5%*	*-0.5 pct pts*
Operating costs, net	-60.7	-64.6	+6.5%
EBITDA	17.3	21.6	+24.8%
EBITDA margin	18.6%	20.5%	+1.9 pct pts
EBIT	10.2	15.0	+46.5%
EBIT margin	11.0%	14.3%	+3.3 pct pts

Valora Trade H1 2014 results

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in CHF million	HY 2013	HY 2014	Δ
Net revenues	**398.3**	**299.5**	**-24.8%**
Gross profit	**88.7**	**75.6**	**-14.7%**
Gross-profit margin	*22.3%*	*25.3%*	*+3.0 pct pts*
Operating costs, net	**-86.6**	**-99.6**	**+15.0%**
EBITDA	**4.1**	**-4.5**	**n.a.**
EBITDA margin	**1.0%**	**-1.5%**	**-2.5 pct pts**
EBIT	**2.1**	**-24.0**	**n.a.**
EBIT margin	**0.5%**	**-8.0%**	**-8.5 pct pts**

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