

valora



Muttenz, August 27, 2015

First-half 2015 results presentation for media and investors

Agenda



| | |
|---|------------------------------------|
| 1 | Introduction and executive summary |
| 2 | First-half 2015 results |
| 3 | Strategic update |
| 4 | Outlook |

Good 1st half 2015 results and progress on strategic initiatives



HY 2015 executive summary

Strategic Update HY 2015

- **Retail Switzerland:** ongoing optimizations show further positive results | new agile organisation in place
- **Naville:** integration fully on track | potential confirmed
- **bob Finance:** successful launch of digital services offering (consumer credit)
- **International expansion:** Brezelkönig's 1st store opened in Vienna

Financial Results HY 2015

- **EBIT +47% above last year** on adjusted basis (excl. one-offs and FX-effects)
- Noticeable impact of **strong CHF** on translation effect and footfall
- **Naville** as a highly accretive acquisition
- **Full-year 2015 expectations confirmed**
- **Net profit** impacted by Valora Trade impairment charges (CHF -33 million)

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Outlook

Fully on track to achieve targets | Group performance +47% (adj.*)

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Key developments in individual business areas



Retail and Naville

- Profitability of Swiss business continues to progress strongly
- Naville with a very good result and smooth integration process
- German network achieves anticipated stabilisation after adjusting for one-off effects and FX
- Swiss retail market experienced a general decline due to changes in consumer-spending patterns



Ditsch and Brezelkönig

- Ditsch|Brezelkönig with strong topline results after adjusting for FX
- Strikes/minimum wage impact Ditsch retail result
- Ditsch wholesale with ongoing strong topline growth
- Brezelkönig sees some consumers' reservation
- International expansion with first POS in Vienna (more to follow)

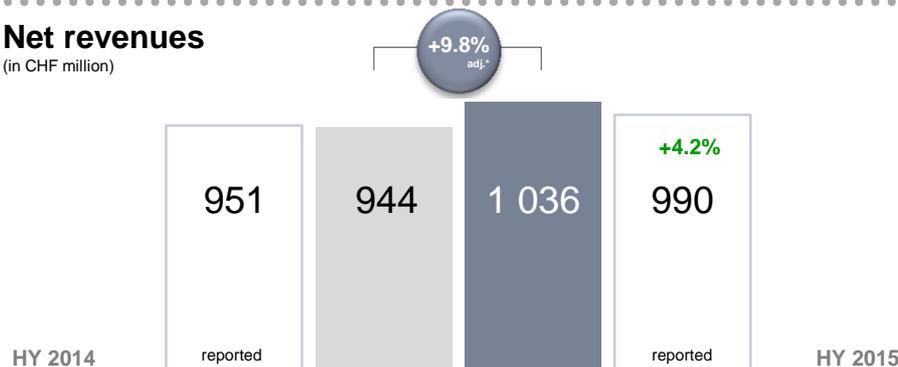
*adjustments for FX, Panini and other one-offs (see page 10)

Integration of Naville drives growth | Expected currency impact

Valora Group net revenues

Net revenues

(in CHF million)



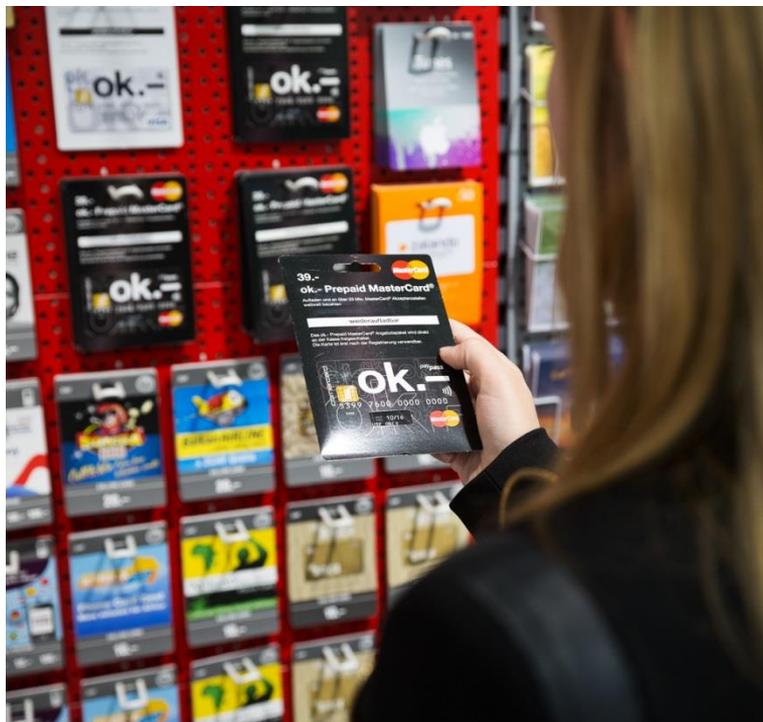
- Growth of +9.8% in local currency and adjusted for one-offs
- Adjustments of CHF -45 million (FX) and CHF -7 million (Panini)
- Naville: contributes CHF 96 million in first 4 months
- Retail CH|AT: trimmed due to network streamlining (~50 POS) in Switzerland (index same store: 96.7%)
- Retail DE|LUX: positive sales of +5% on adjusted basis (ss: 101.2%)
- Ditsch: +10% growth in local currency (strong B2B)
- Brezelkönig: dampened consumer sentiment and opposite weather conditions compared to previous year (ss: 94.5%)

| Division Country in CHF million | HY 2014 | HY 2015 | Δ in % | Δ in % (adjusted) |
|--------------------------------------|--------------|--------------|-------------|----------------------|
| Retail | 845.4 | 890.0 | 5.3 | 10.3 |
| CH AT | 609.5 | 581.4 | -4.6 | -3.6 |
| Naville | n.a. | 96.1 | n.a. | n.a. |
| DE Lux | 235.9 | 212.5 | -9.9 | 5.0 |
| Ditsch Brezelkönig | 105.4 | 100.3 | -4.8 | 6.0 |
| Ditsch | 77.4 | 73.4 | -5.1 | +9.5 |
| Brezelkönig | 28.0 | 26.9 | -3.9 | -3.9 |
| Valora Group | 950.8 | 990.3 | 4.2 | 9.8 |
| Switzerland | 629.5 | 697.0 | 10.7 | 11.6 |
| Europe | 321.3 | 293.3 | -8.7 | 6.1 |

Net revenues and outlet network by format and country

Valora Group

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*Naville from March 1, 2015 only

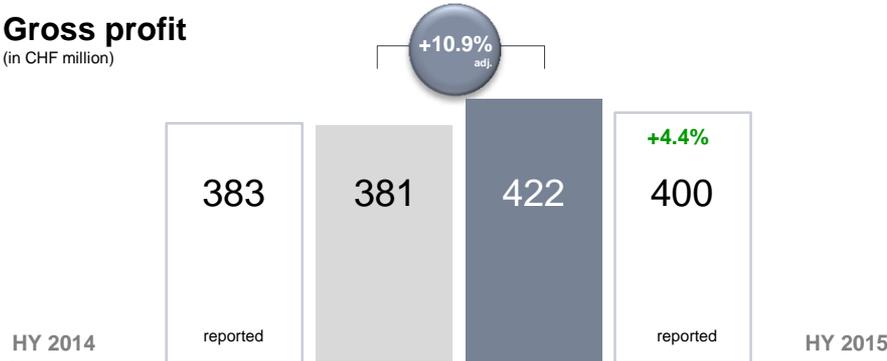
| Format Country <i>in CHF million</i> | HY 2014 | HY 2015 | Δ in % | Δ in % (adj.) | POS FY 2014 | POS HY 2015 | Δ POS |
|--|-------------|---------|-------------|---------------|-------------|-------------|-------|
| kiosk | 537.5 | 507.7 | -5.5 | -1.8 | 1651 | 1615 | -36 |
| Switzerland | 433.6 | 411.7 | -5.1 | -4.1 | 839 | 819 | -20 |
| Germany & ciGo | 59.2 | 58.1 | -1.8 | 13.9 | 744 | 728 | -16 |
| Luxembourg | 44.7 | 37.9 | -15.2 | -0.7 | 68 | 68 | 0 |
| N NAVILLE hubiz RELAY | <i>n.a.</i> | 96.1 | <i>n.a.</i> | <i>n.a.</i> | 175* | 180 | 5 |
| R&B | 157.1 | 142.7 | -9.1 | 2.0 | 210 | 210 | 0 |
| Switzerland | 39.4 | 38.6 | -2.1 | -1.4 | 33 | 34 | 1 |
| Germany | 109.6 | 96.7 | -11.8 | 2.9 | 165 | 166 | 1 |
| Austria | 8.0 | 7.5 | -7.4 | 6.9 | 12 | 10 | -2 |
| avec. | 112.5 | 108.5 | -3.6 | -3.1 | 130 | 126 | -4 |
| ServiceStore DS | 22.4 | 19.8 | -11.5 | 2.8 | 157 | 155 | -2 |
| acc | 16.0 | 15.1 | -5.6 | -5.6 | 37 | 38 | 1 |
| Ditsch | 77.4 | 73.4 | -5.1 | 9.5 | 207 | 210 | 3 |
| BRILLIANT (incl. 1 POS in AT) | 28.0 | 26.9 | -3.9 | -3.9 | 41 | 43 | 2 |
| Total | 950.8 | 990.3 | 4.2 | 9.8 | 2608 | 2577 | -31 |

Solid gross profit with strong contribution from Naville

Valora Group gross profit

Gross profit

(in CHF million)



- Group gross profit up CHF 42 million (+11%) on adjusted basis
- Adjustments of CHF -20 million (FX) and CHF -4 million (one-offs)
- Naville: attractive business containing Retail and Distribution with high margin of 38.9% on adjusted basis
- Retail CH|AT: sound development due to improved purchasing terms and optimized goods management, gross margin +1.1%p
- Retail DE|LUX: slight increase of CHF +1.0 million after adjustment for one-offs (Panini, press inventories) and FX
- Ditsch|Brezelkönig: advances CHF +4.6 million in local currency

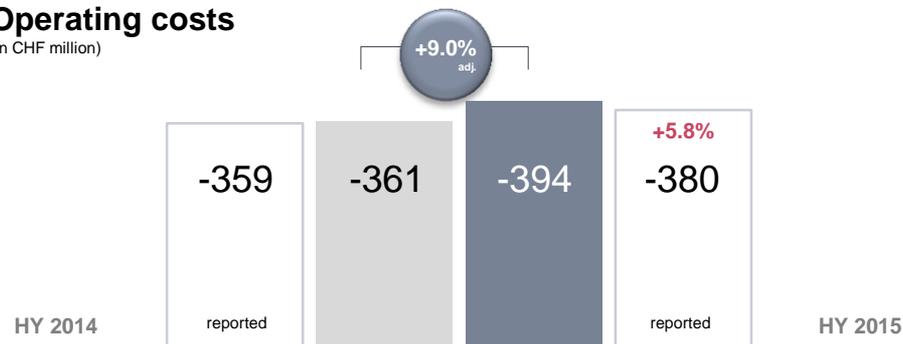
| Division Country <i>in CHF million</i> | HY 2014 | HY 2015 | Δ in % |
|---|--------------|--------------|-------------|
| Retail | 303.6 | 324.3 | 6.8 |
| CH AT | 215.4 | 211.7 | -1.7 |
| Naville | n.a. | 38.6 | n.a. |
| DE Lux | 88.2 | 74.0 | -16.1 |
| Ditsch Brezelkönig | 79.6 | 75.8 | -4.7 |
| Valora Group | 383.2 | 400.1 | 4.4 |

Declining cost base | Improvements fully attributable to Naville

Valora Group operating costs

Operating costs

(in CHF million)

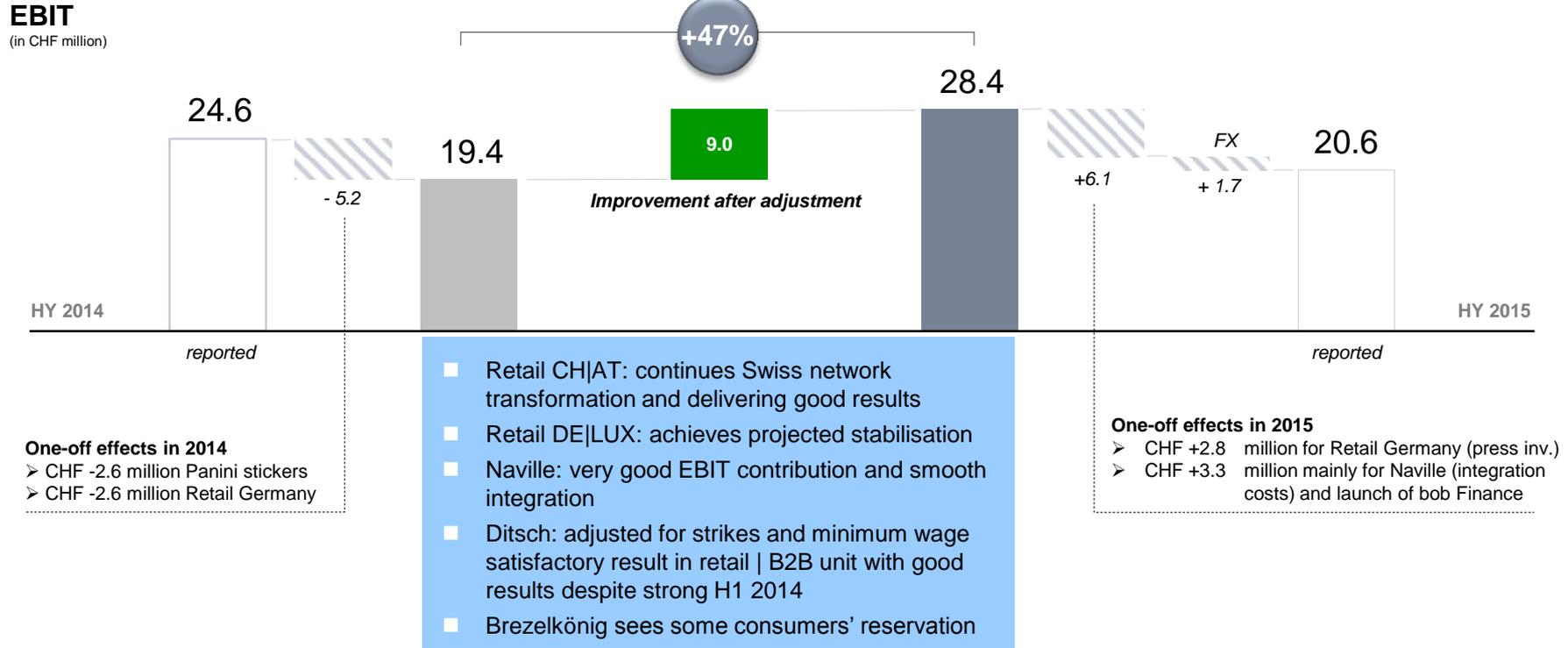


- Group: costs up +9 percent on adj. basis mainly due to Naville
- Adjustments of CHF +19 million (FX) and CHF -7 million (one-offs)
- Naville: attractive cost quota of -33.2%
- Retail CH|AT: efficiency savings and network optimization as drivers
- Retail DE|LUX: stable cost basis after adjusting for FX and one-offs
- Ditsch|Brezelkönig: FX compensated nearly fully the increase in minimum wage in Germany, higher B2B volumes and expansion
- Other costs declined mainly due to efficiency gains in IT and after adjusting for one-offs

| Division Country <i>in CHF million</i> | HY 2014 | HY 2015 | Δ in % |
|---|---------------|---------------|-------------|
| Retail | -290.5 | -309.7 | 6.6 |
| CH AT | -211.8 | -206.6 | -2.5 |
| Naville | n.a. | -32.0 | n.a. |
| DE Lux | -78.6 | -71.1 | -9.6 |
| Ditsch Brezelkönig | -64.5 | -64.4 | -0.1 |
| Other | -3.7 | -5.4 | 47.1 |
| Valora Group | -358.6 | -379.5 | 5.8 |

+47% performance increase on adjusted basis

EBIT (from continued operations) first-half 2015 versus first-half 2014

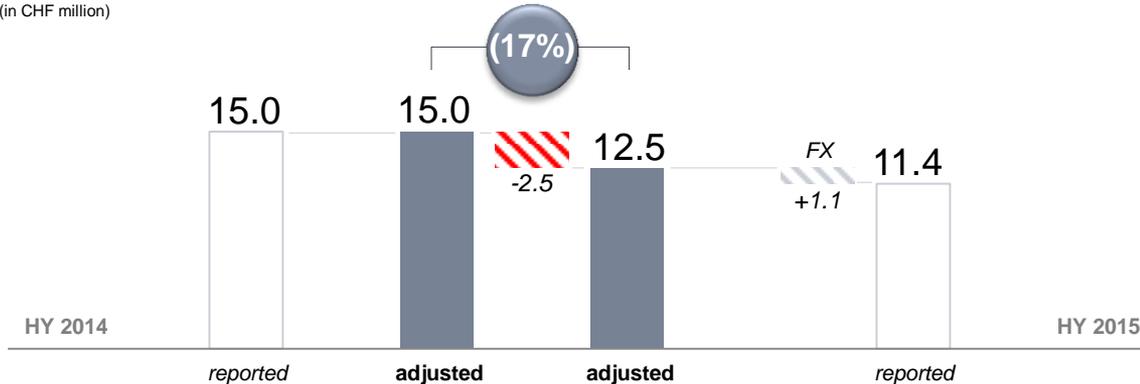


Ditsch|Brezelkönig with satisfactory results

Ditsch|Brezelkönig profitability

EBIT

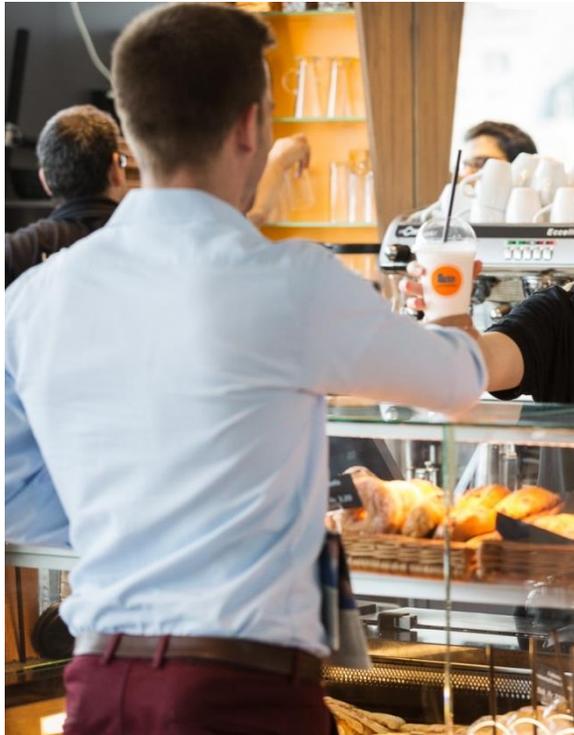
(in CHF million)



- Ditsch: in general satisfactory results across retail and B2B
 - Retail: Deutsche Bahn train drivers' strikes as well as recently introduced minimum wage adversely impacting profitability
 - B2B: positive growth momentum and further potential on international scale
- Brezelkönig: Swiss retail with general footfall contraction due to currency decision by the Swiss National Bank causing some headwinds
- Complete opposite weather conditions in H1 2015 compared to H1 2014
- Very promising international expansion beginning in Austria with some start-up costs

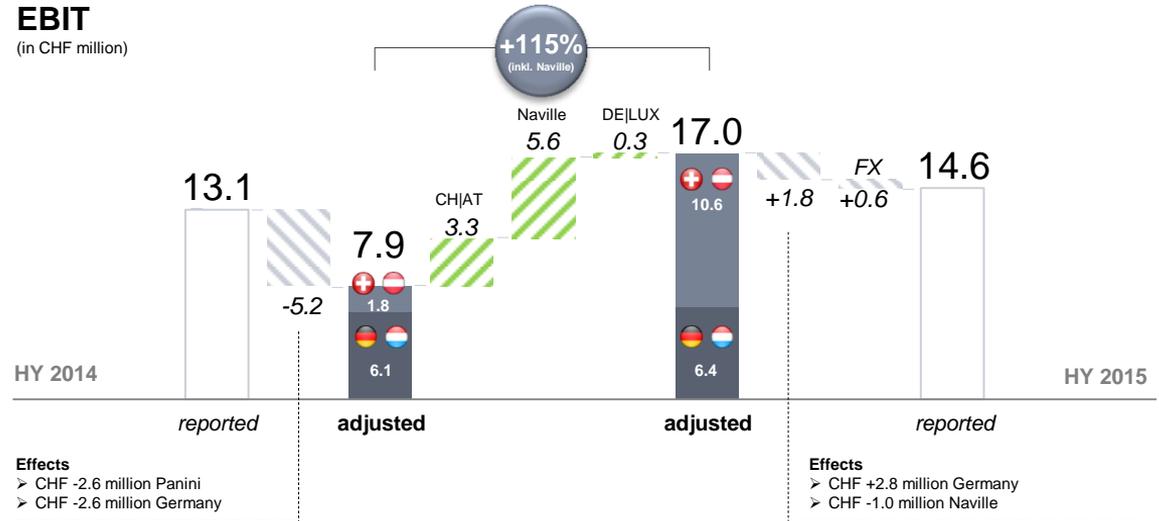
Switzerland improves further | Naville very good | Germany stabilized **valora**

Valora Retail and Naville profitability



EBIT

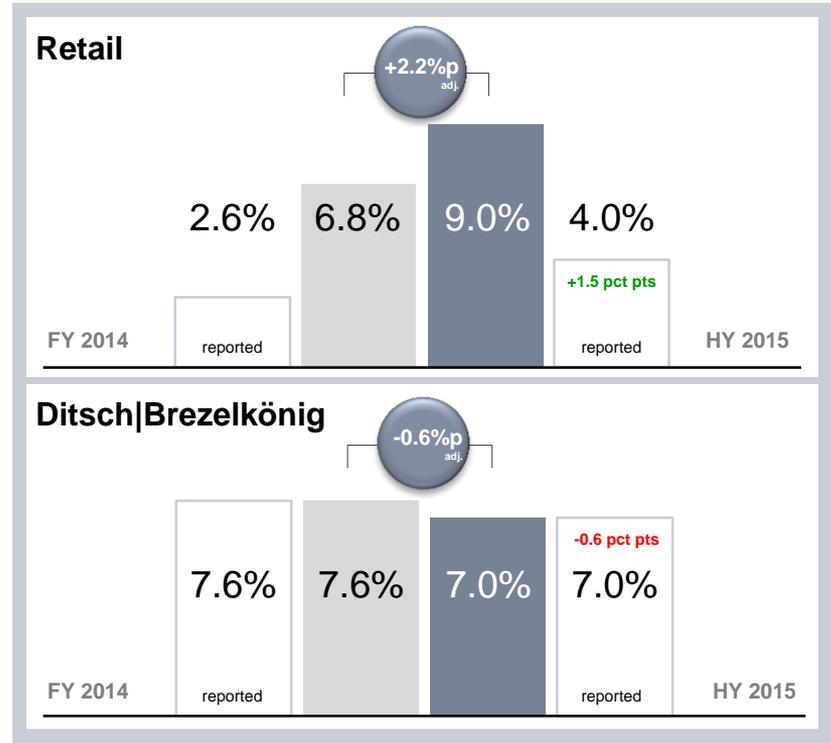
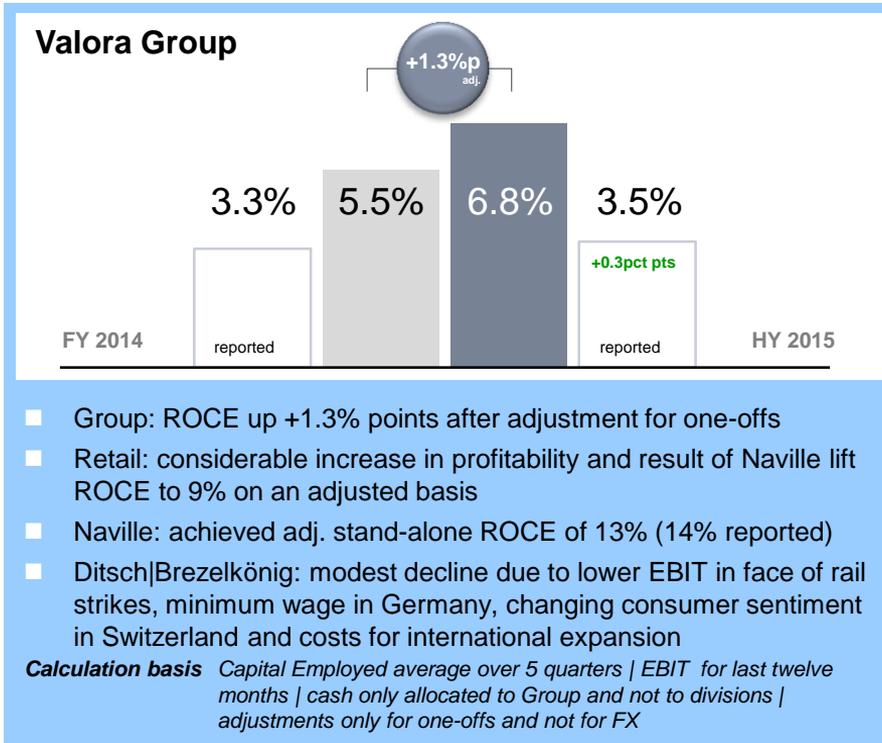
(in CHF million)



- Retail CH|AT: new product offerings, services, refurbishing program, tight cost control and network optimisations further significantly improved results
- Naville fully met expectations and contributed a very good result to Valora Group
- Retail DE|LUX: slight profitability improvement on adjusted basis despite strikes and recently introduced minimum wage

Improved Group-ROCE on adjusted basis

Return on Capital Employed



Net profit affected by goodwill impairment of Valora Trade

Half Year 2015 net profit



| Net profit (in CHF million) | HY 2014 | HY 2015 |
|--|---------------|---------------|
| EBIT | 24.6 | 20.6 |
| Financing activities, net | -8.9 | -10.5 |
| Earnings before taxes | 15.7 | 10.1 |
| Income taxes | -2.7 | -1.4 |
| <i>Tax rate</i> | <i>-17.5%</i> | <i>-14.3%</i> |
| Net profit from continuing operations | 12.9 | 8.7 |
| Net profit from disc. operations | -21.9 | -34.9 |
| Net profit group | -8.9 | -26.3 |



- Reduced net financial result due to impact on financial assets caused by stronger Swiss currency
- Improved interest expenses despite acquisition of Naville
- Tax rate with 14.3% at lower end of projected mid-/long-term range
- Net profit from discontinued operations substantially impacted by complete goodwill and intangible-asset write offs at Trade division (CHF -33.1 million)

Valora Trade

Key financial metrics for Valora Trade – Discontinued operations

| Trade division key metrics (in CHF million) | HY 2014 | HY 2015 |
|--|--------------|--------------|
| Net revenues | 297.8 | 223.3 |
| Nordics | 262.1 | 189.6 |
| <i>Classic lines</i> | 201.2 | 139.7 |
| <i>Cosmetics</i> | 60.9 | 49.9 |
| Germany Austria | 18.4 | 17.2 |
| Switzerland | 17.4 | 16.5 |
| Gross profit | 75.6 | 63.8 |
| <i>Gross profit margin</i> | 25.4% | 28.6% |
| Operating costs (net) | -99.6 | -67.4 |
| EBIT adjusted | -3.0 | -2.0 |
| Impairments | -17.3 | -33.1 |
| Net profit | -23.4 | -34.5 |



- Division reclassified in FY 2014 due to planned disposal
- Net revenues down due to contract cancellations and currency impact in European markets
- Improved gross profit margin of +3.2 percentage points mainly results from the classic business
- Adjusted EBIT improved
- Net profit impacted by full impairment of goodwill and intangible assets

Changes due to Naville, currency effects and Trade

Valora Group balance sheet at June 30, 2015

| Balance sheet (in CHF million) | FY 2014 | HY 2015 |
|---|-----------------------|-----------------------|
| Total assets | 1 434.3 | 1 313.9 |
| Cash, cash equivalents | 129.0 | 67.1 |
| Goodwill | 362.6 | 409.7 |
| Net working capital <i>NWC in % of net revenues</i> | 49.2 2.5% | 63.5 3.2% |
| Net debt (incl. disc. operations) <i>Leverage ratio</i> | 181.9 1.6x | 314.4 2.6x |
| Shareholders' equity <i>Equity cover</i> | 630.6 44.0% | 489.2 37.2% |
| Capital employed (average) | 929.2 | 965.2 |

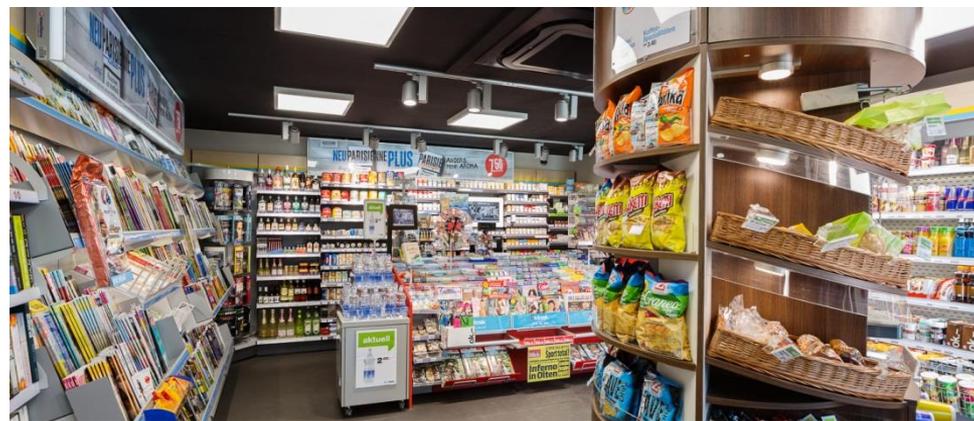


- Major effects on all lines versus full year 2014 due to
 - Naville acquisition
 - Strength of Swiss franc against euro
 - Trade impairment
 - Dividend payment in H1 2015

Good free cash flow level

Cash flow performance in first-half 2015

| Cash flow (in CHF million and excl. discontinued operations) | HY 2014 | HY 2015 |
|--|---------------------|---------------------|
| EBIT <i>Depreciation and amortisation</i> | 24.6 28.5 | 20.6 27.1 |
| EBITDA | 53.1 | 47.7 |
| Elimination of non-cash items | -0.1 | 3.2 |
| NWC and current assets | -20.6 | -0.2 |
| Interest, tax expense (net) | -7.4 | -12.3 |
| Cash flow from operations | 25.0 | 38.4 |
| Capital expenditure | -28.3 | -23.9 |
| Asset disposals | 1.2 | 0.8 |
| Cash flow from regular investment activities | -27.1 | -23.1 |
| Free cash flow | -2.1 | 15.3 |



- EBITDA improved by CHF +9 million after adjusting for one-offs and FX
- Change of line «NWC and current assets»
 - Retail CHF 13.5 million
 - Ditsch CHF 3.3 million
 - Naville CHF 2.1 million
- Capex slightly below previous year and in line with planning

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Good progress on strategic initiatives (1/5)

HY 2015 – Major projects

1

Transformation Retail business

- Efficiency/margin increase
- Refurbishing program kiosk CH completed by end of 2015



2

Acquisition and integration Naville

- Very well managed company
- Integration progressing
- Synergies confirmed



3

Divestments of non-core businesses

- Valora own logistics divested
- Solution for Valora Trade planned in H2



Good progress on strategic initiatives (2/5)

HY 2015 – Major projects

4

Concept innovation and expansion

- Brezelkönig International 1st store opened in Vienna
- Introduced new convenience store concept in Germany



5

Expansion of digital services offerings

- Set up organisation and infrastructure
- Introduction of new financial services (bob)



6

Build an agile Valora organisation

- Definition of principles done
- New organisation in place starting September 1st



Good progress on strategic initiatives (3/5)

Selective impressions

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NAVILLE



Good progress on strategic initiatives (4/5)

Selective impressions

valora

INNOVATION & EXPANSION



Good progress on strategic initiatives (5/5)

Selective impressions

BOB FINANCE

The screenshot shows the bob money website interface. At the top, it displays 'Selbstlager Kreditbestand', 'Hotline: +41 800 345 000', and 'Verantwortungsvolle Kreditvergabe'. The bob money logo is on the left. Below it, there are navigation buttons: 'So funktioniert's', 'Tipps', 'My Cockpit', and 'DE'. The main content area features a large blue circle with a slider for 'WUNSCHKREDIT' set to '36'000 CHF' and 'LAUFZEIT' set to '72 MONATE'. Below this, it shows 'MONATLICHE RATE' of '679.45 CHF' with a note 'inkl. Nebenkosten und Versicherung'. A small cartoon character is pointing towards the offer. Text on the left says 'HALLO – ICH BIN BOB.' and 'Genauer gesagt, bin ich bob money, der Online Kredit zum fixen Jahreszins von 8,9%.' Below that, it asks 'Das Beste an mir? Sie bekommen sofort Ihren Kreditentscheid.' At the bottom, there is a green button that says 'JETZT KREDIT BEANTRAGEN >>>'. Below the screenshot, there are two bullet points: '➤ Online based credit offering for individuals' and '➤ Very promising start as of July 1st, 2015'.

Experienced Team



CEO
Hilmar Scheel



CFO
Wolfgang Gröschel



COO
Tim Ackermann

Bank Partner



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Attractive set of initiatives and improvements in H2 2015

Outlook

Valora H2 2015 highlights

- **Start implementation of efficiency and structural improvements (CHF 15-20 million) over the next two to three years**
 - Build an agile organisation
 - Improve sourcing and product range within the group
 - Building platform for IT and finance
- **Additional digital offerings will be released during H2 2015**
 - Financing products connected to POS network (CH daily #customers: 900 000)
 - Loyalty and payment services
- **Solution for Valora Trade**
- **Growth and concept development initiatives**
 - Brezelkönig international: further POS in Vienna and Paris in H2
 - Initiate development of convenience formats in Switzerland and Germany

Contacts



Corporate calendar

Contacts

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Corporate calendar

Publication of FY 2015 results

March 8, 2016

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