valora

FULL-YEAR RESULTS 2017 PRESENTATION

28 February, 2018

Franz Julen, Chairman
Michael Mueller, CEO
Tobias Knechtle, CFO

AGENDA

Content **Page**

KEY HIGHLIGHTS 2017

GROUP

- EBIT of 79 mCHF, in line with guidance
- EBIT adjusted for BackWerk acquisition cost at upper end of guidance
- Medium term profitability goals achieved one year ahead of guidance

FOOD SERVICE

- Strong topline growth in B2B and B2C
- Acquisition of BackWerk and Pretzel Baron as key milestones
- New production line installed, further capacity expansion in Germany and the US announced

RETAIL

- Strong increase in profitability, especially in Switzerland, in absolute and relative terms and also in ROCE
- Various efficiency initiatives bearing fruit
- New concept developments well advanced

KEY FIGURES 2017

EBIT
79.0 mCHF
+6.8 mCHF

EBIT Margin
3.8%
+0.4%pt

GP Margin
42.0%
+0.5%pt

ROCE
8.6%
+0.3%pt

FCF
82.0 mCHF
+9.5 mCHF

Leverage Ratio
1.7x
+0.1x

Financial Review 2017

KEY FINANCIALS 2017

valora

Figures in mCHF

RETAIL	GROUP*	FOOD SERVICE
2,242	External Sales: 2,562	316
1,785	Net Revenues: 2,075	287
647	Gross Profit 872	222
36.2%	GP Margin** 42.0%	77.4%
70	EBIT 79	26
3.9%	EBIT Margin** 3.8%	9.1%
31	Capex 53	20
19.8% 33.3% w/o Goodwill	ROCE 8.6% 15.5% w/o Goodwill	5.9% 14.7% w/o Goodwill

* Including other for corporate
** Margins in % of net revenues

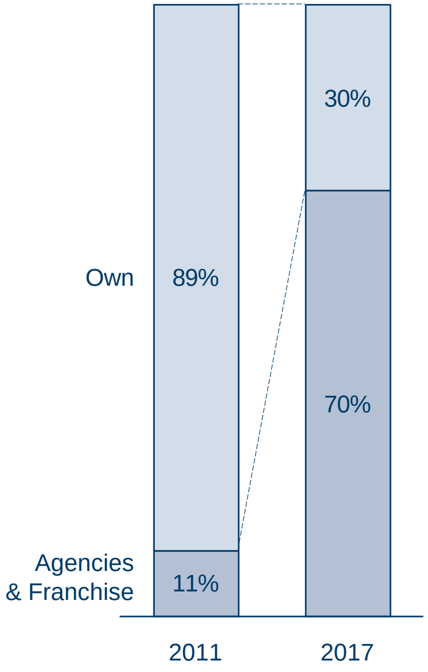
Note: BackWerk, included only for two months in Group and Food Service segment

STRONG FORMATS AND ENTREPRENEURIAL BUSINESS MODELS

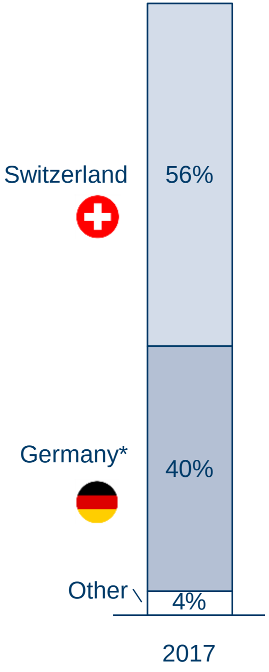
valora

	Format and number of stores	Dec. 2016	Dec. 2017	Change
RETAIL	k kiosk	1,273	**1,228**	-45
	Press & Books	210	**213**	+3
	cigo & subformats	427	**439**	+12
	avec	130	**140**	+10
	SSDB	115	**94**	-21
	U-Store	25	**24**	-1
FOOD SERVICE	Ditsch	218	**220**	+2
	Brezelkönig CH	56	**56**	0
	Brezelkönig International	6	**7**	+1
	Caffè Spettacolo	38	**35**	-3
	BackWerk	n/a	**345**	+345
	Total	2,498	**2,801**	+303

Development of business models



External sales split 2017 by country

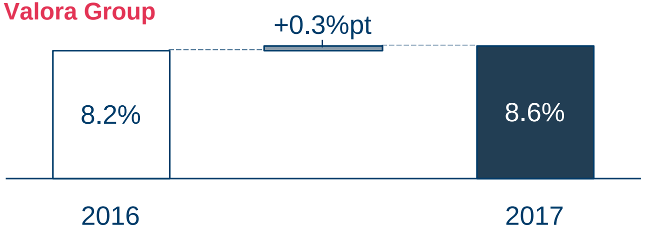


* Including B2B business; BackWerk included only for two months

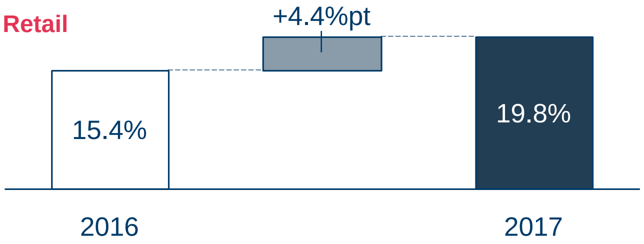
ROCE

INCREASE OF ROCE TO 8.6% DRIVEN BY STRONG EBIT INCREASE

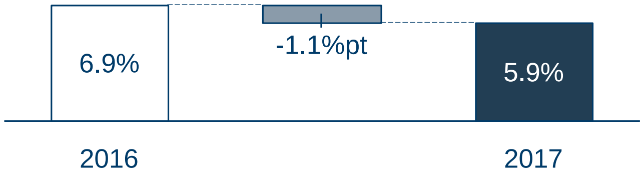
Valora Group



Retail



Food Service



Valora Group

- ROCE increase of +0.3%pt to 8.6%, thanks to strong EBIT development
- ROCE at 9.0%, adjusted for sold Naville building and BackWerk (including acquisition cost)
- ROCE without goodwill at 15.5%
- Capital employed slightly higher at 922 mCHF (+5.1%)

Retail

- Retail CH/AT: ROCE improvement of +10.0%pt to 27.5%. Adjusted for book gain of sold Naville building, ROCE at 26.4%
- Retail DE/LU: ROCE decrease by -1.2%pt to 10.4% mainly due to higher capital employed (higher capex and NWC)

Food Service

- ROCE decrease by -1.1%pt to 5.9% driven by investments in production capacities
- ROCE without goodwill at 14.7%

ROCE calculation basis: EBIT for the last 12 months / average capital employed over the last 13 months; operational cash allocated to Group only (not divisions)

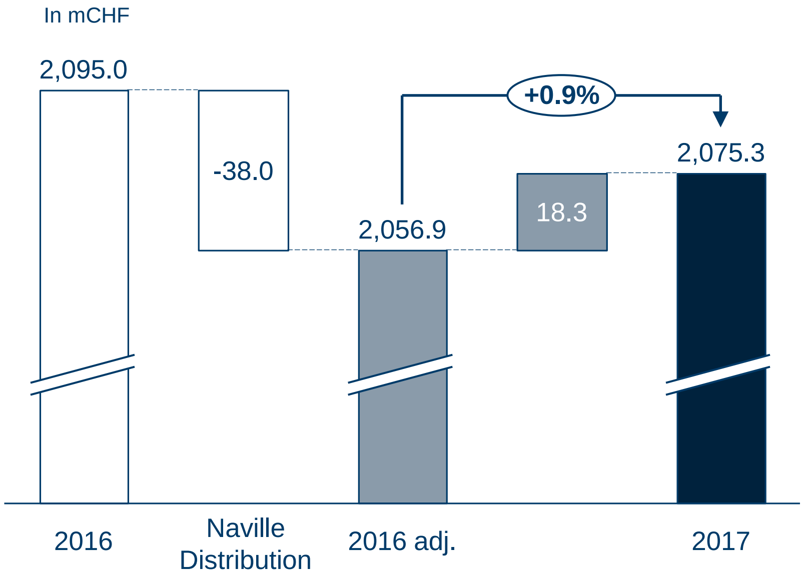
NET REVENUES

NET REVENUE INCREASE BY +0.9%* VERSUS LAST YEAR

* Adjusted for sold Naville Distribution

Valora Group

- Net revenue increase of +0.9%* versus last year
- Net revenue increase driven by Food Service and Retail DE/LU compensating decline in Retail CH/AT



NET REVENUES

STRONG INCREASE IN FOOD SERVICE AND RETAIL DE/LU OVERCOMPENSATING DECLINE IN RETAIL CH/AT

Division | Country in mCHF	FY 2016	FY 2017	Δ in %	Δ % in LC	Δ Same Store in %
Retail	**1,833.8**	**1,785.1**	**-2.7%**	**-3.2%**	-
Retail w/o Naville Distribution	**1,795.7**	**1,785.1**	**-0.6%**	**-1.1%**	-
CH/AT	1,309.3	1,264.5	-3.4%	-3.4%	-2.2%
Naville Distribution*	63.2	0.0	-100.0%	-100.0%	-
DE/LU	486.4	520.7	+7.0%	+5.0%	+0.1%
Intrasegment elimination	-25.2	0.0	n.a.	n.a.	-
Food Service	**259.4**	**286.7**	**+10.5%**	**+9.2%**	**+2.3%**
Ditsch**	162.8	176.9	+8.7%	+6.6%	+1.5%
Food Service Switzerland***	96.5	98.8	+2.3%	+2.3%	+2.9%
BackWerk	0.0	11.0	n.a.	n.a.	n.a.
Other	1.9	3.4	n.a.	n.a.	-
Valora Group	**2,095.0**	**2,075.3**	**-0.9%**	**-1.6%**	-
Valora Group w/o Naville Distribution	2,056.9	2,075.3	+0.9%	+0.3%	-

* Naville Distribution deconsolidated in August 2016

** Including Pretzel Baron

*** Including Brezelkönig Switzerland, Brezelkönig International and Caffè Spettacolo

SST = Same Store; LC = Local Currency

Retail CH/AT

- Net revenue decline (-3.4%) resulting from closure of net 21 POS and SST-Index of -2.2%

Retail DE/LU

- Net revenue increase (+5.0% in LC) attributable to more own stores
- SST sales comparable to last year with +0.1%
- SST development in food (+10.6%), non-food (+7.1%) and tobacco (+2.8%) overcompensating declining press sales (-5.6%)

Food Service

- Net revenues increase (+9.2% in LC) driven by:
  - Positive SST-Index in Food Service Switzerland (+2.9%)
  - Positive SST-Index with Ditsch / B2C in Germany (+1.5%)
  - Strong growth with Ditsch / B2B (+3.7%), despite exchange of production line
  - BackWerk contributing 2 months in 2017

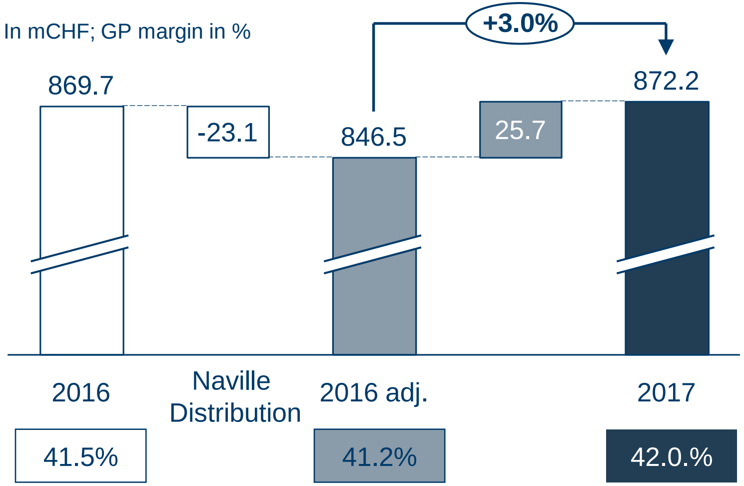
GROSS PROFIT

GROSS PROFIT MARGIN INCREASE OF +0.5%pt TO 42.0%

* Adjusted for sold Naville Distribution

Valora Group

- Gross profit increase of +3.0%* versus last year
- Gross profit margin increase to 42.0%, already meeting gross profit margin target for 2018



GROSS PROFIT

GROWTH OF GROSS PROFIT MARGIN IN FOOD SERVICE AND RETAIL

Division | Country in mCHF	FY 2016	FY 2017	Δ in %	Δ % in LC	Gross Profit Margin	Δ GP Margin
Retail	**667.9**	**646.8**	**-3.2%**	**-3.7%**	**36.2%**	**-0.2%pt**
Retail w/o Naville Distribution	**644.8**	**646.8**	**+0.3%**	**-0.2%**	**36.2%**	**+0.3%pt**
CH/AT	473.5	463.9	-2.0%	-2.1%	36.7%	+0.5%pt
Naville Distribution*	23.1	0.0	-100.0%	-100.0%	n.a.	n.a.
DE/LU	171.3	182.9	+6.8%	+4.7%	35.1%	-0.1%pt
Food Service	**199.8**	**222.0**	**+11.1%**	**+9.8%**	**77.4%**	**+0.4%pt**
Other	1.9	3.4	n.a.	n.a.	n.a.	n.a.
Valora Group	**869.7**	**872.2**	**+0.3%**	**-0.4%**	**42.0%**	**+0.5%pt**
Valora Group w/o Naville Distribution	846.5	872.2	+3.0%	+2.3%	42.0%	+0.9%pt

* Naville Distribution deconsolidated in August 2016

GP = Gross Profit; LC = Local Currency

Retail CH/AT

- Increase of GP margin by +0.5%pt to 36.7%, driven by higher promotion and better purchasing conditions

Retail DE/LU

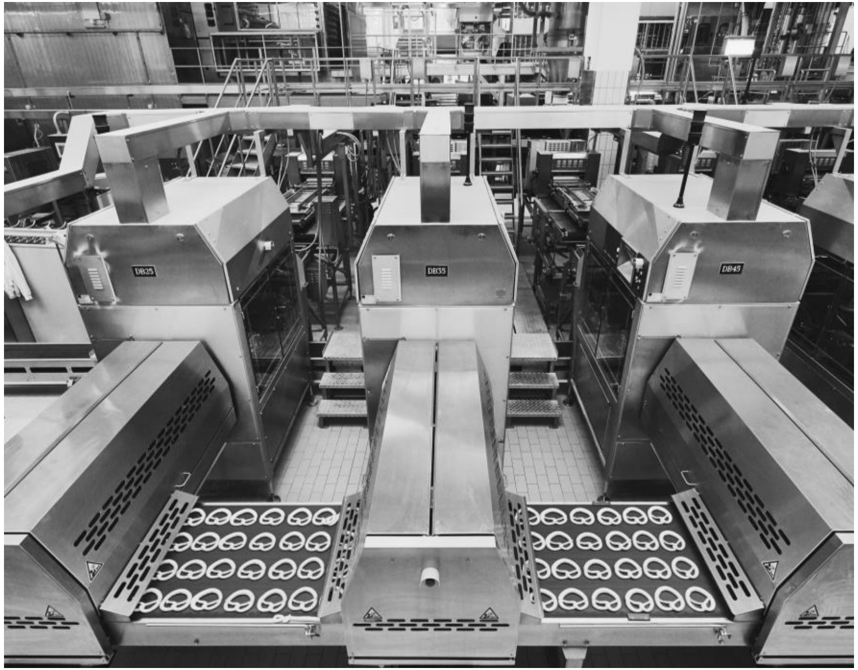
- Positive revenue development drive gross profit (+4.7% in LC)
- GP margin stays stable at 35.1% (-0.1%pt)

Food Service

- Gross profit increase of +9.8% in LC to 222.0 mCHF, driven by net revenues increase and BackWerk contribution
- Butter & cheese raw material prices at historical record high in 2017 compared to low levels in 2016 impacting GP (-3.0 mCHF)
- GP margin increase of +0.4%pt to 77.4% thanks to attractive margin profile of BackWerk

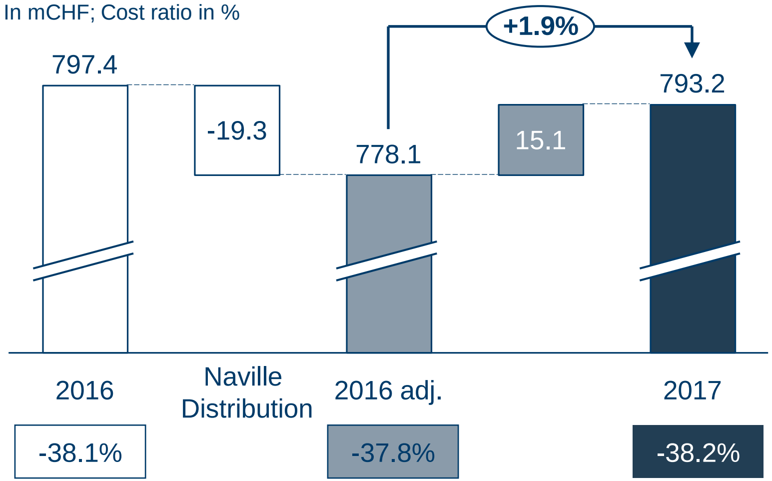
OPERATING COSTS

COST INCREASE OF 1.9%* DRIVEN BY EXPANSION ACTIVITIES IN FOOD SERVICE



Valora Group

- Cost increase of +1.9%* as a consequence of higher food production in Food Service and BackWerk
- Cost ratio increase of -0.4%pt* to -38.2% mainly driven by BackWerk



* Adjusted for sold Naville Distribution

OPERATING COSTS

LOWER COSTS IN RETAIL CH/AT COMPENSATE HIGHER COSTS IN FOOD SERVICE AND RETAIL DE/LU

Division | Country in mCHF	FY 2016	FY 2017	Δ in %	Δ % in LC	Cost Ratio	Δ Cost Ratio
Retail	**-608.3**	**-576.7**	**-5.2%**	**-5.7%**	**-32.3%**	**+0.9%pt**
Retail w/o Naville Distribution	**-589.0**	**-576.7**	**-2.1%**	**-2.6%**	**-32.3%**	**+0.5%pt**
CH/AT	-434.0	-410.2	-5.5%	-5.5%	-32.4%	+0.7%pt
Naville Distribution*	-19.3	0.0	-100.0%	-100.0%	n.a.	n.a.
DE/LU	-154.9	-166.4	+7.4%	+5.4%	-32.0%	-0.1%pt
Food Service	**-173.0**	**-195.8**	**+13.2%**	**+11.8%**	**-68.3%**	**-1.6%pt**
Corporate / Other	**-16.2**	**-20.7**	**+28.1%**	**+28.0%**	n.a.	n.a.
Valora Group	**-797.4**	**-793.2**	**-0.5%**	**-1.2%**	**-38.2%**	**-0.2%pt**
Valora Group w/o Naville Distribution	-778.1	-793.2	+1.9%	+1.3%	-38.2%	-0.4%pt

* Naville Distribution deconsolidated in August 2016

LC = Local Currency

Retail CH/AT

- Decrease of costs by +23.8 mCHF to a cost ratio of -32.4% (+0.7%pt)
- Improved efficiency initiatives and processes and lower number of stores (personnel & op. expenses)
- Book gain of sold Naville building of +2.9 mCHF

Retail DE/LU

- Higher costs of -11.5 mCHF (+5.4% in LC) mainly as result of higher number of own stores and increase of minimum wages in Germany
- However, cost ratio stable at -32.0% (-0.1%pt)

Food Service

- Higher costs of -22.8 mCHF or +11.8% in LC, mainly as a consequence of higher production volumes and two months of BackWerk
- Special charges for replacement of production line (-1.0 mCHF)
- Integration costs of Pretzel Baron (-0.5 mCHF)
- Increase of cost ratio by -1.6%pt to -68.3% mainly driven by BackWerk

Corporate / Other

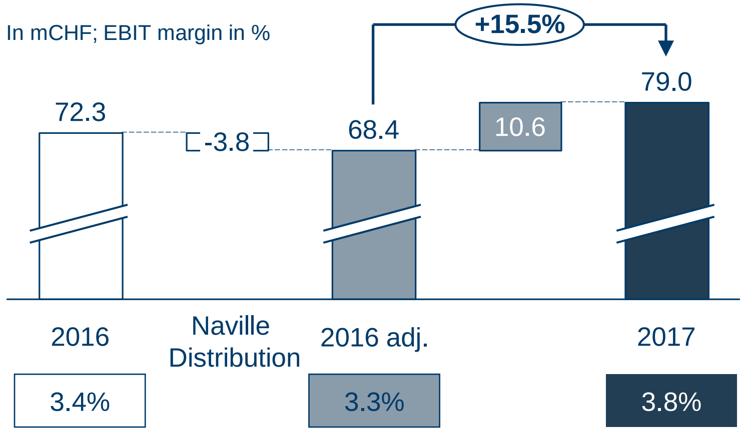
- Other operating expenses higher with -4.5 mCHF, mainly due to project costs for the acquisition of BackWerk

EBIT

EBIT AT 79 CHF MILLION AND EBIT MARGIN OF 3.8%

Valora Group

- EBIT reaches 79 mCHF with an increase of +15.5%* or +10.6* mCHF mainly driven by Retail CH/AT
- EBIT margin at 3.8%
- Book gain of sold Naville building (+2.9 mCHF) nearly compensates BackWerk EBIT contribution including acquisition costs (-3.2 mCHF)
- EBIT w/o net effect of BackWerk acquisition (-3.2 mCHF) at the upper end of communicated expectations and EBIT margin at 4.0%



* Adjusted for sold Naville Distribution

EBIT

STRONG EBIT AND MARGIN INCREASE

Division | Country in mCHF	FY 2016	FY 2017	Δ in %	Δ % in LC	EBIT Margin	Δ EBIT margin
Retail	**59.6**	**70.1**	**+17.5%**	**+16.8%**	**3.9%**	**+0.7%pt**
Retail w/o Naville Distribution	**55.8**	**70.1**	**+25.6%**	**+24.8%**	**3.9%**	**+0.8%pt**
CH/AT	39.4	53.6	+36.0%	+36.0%	4.2%	+1.2%pt
Naville Distribution*	3.8	0.0	-100.0%	-100.0%	n.a.	n.a.
DE/LU	16.4	16.5	+0.7%	-1.7%	3.2%	-0.2%pt
Food Service	**26.9**	**26.2**	**-2.5%**	**-3.6%**	**9.1%**	**-1.2%pt**
Corporate / Other	**-14.2**	**-17.3**	n.a.	n.a.	n.a.	n.a.
Valora Group	**72.3**	**79.0**	**+9.3%**	**+8.3%**	**3.8%**	**+0.4%pt**
Valora Group w/o Distribution	68.4	79.0	+15.5%	+14.3%	3.8%	+0.5%pt

* Naville Distribution deconsolidated in August 2016

Retail CH/AT

- Strong EBIT increase of +14.2 mCHF or +36.0% to 53.6 mCHF including book gain of sold Naville building of +2.9 mCHF
- Cost efficiency initiatives and improved processes as main driver
- EBIT margin increase of +1.2%pt to 4.2%; w/o book gain at 4.0%

Retail DE/LU

- EBIT stable at 16.5 mCHF (+0.7%)
- EBIT margin at 3.2% slightly lower than last year (-0.2%pt) mainly due to higher costs (increase of min. wages in Germany & more own stores)

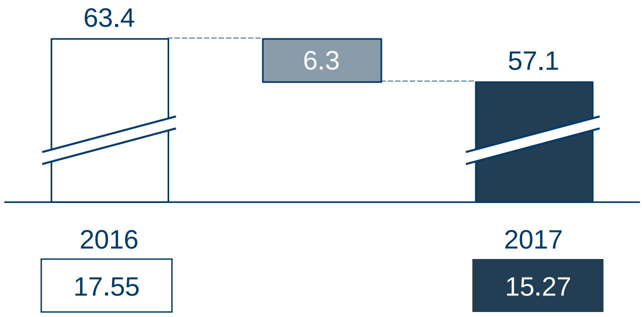
Food Service

- EBIT at 26.2 mCHF, lower than last year by -0.7 mCHF as a result of:
  - One-off cost reimbursement last year (change of -1.0 mCHF)
  - Record-high prices for butter & cheese (-3.0 mCHF)
  - Special charges for line replacement (-1.0 mCHF)
  - Integration costs Pretzel Baron (-0.5 mCHF)
- Without above mentioned special items, EBIT increase by +4.8 mCHF, supported by strong revenue development and BackWerk consolidation since November 2017

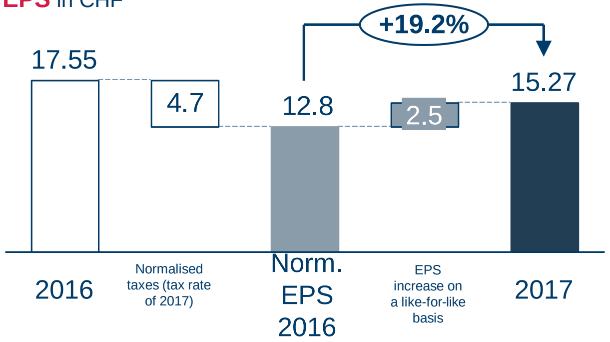
NET PROFIT / EPS

DECLINE OF NET PROFIT DUE TO CHANGE IN TAX EFFECT

Net Profit in mCHF; EPS in CHF



EPS in CHF



Net Profit

- Group net profit decrease of -6.3 mCHF to 57.1 mCHF
- Higher EBIT (+6.8 mCHF) and lower financial expenses (+4.7 mCHF) not compensating for higher taxes as a consequence of reversal of tax effect
- Better business prospects in Germany result in depreciation of activated loss carryforwards compared to activation last year:
  - Income tax in 2017, -11.3 mCHF
    - Thereof deferred taxes (-8.5 mCHF) and tax expense of -2.9 mCHF
  - Income tax in 2016, +5.4 mCHF
    - Thereof mostly activation of loss carryforwards (+7.6 mCHF) and tax expense of -2.2 mCHF

EPS

- EPS decrease from 17.55 CHF in 2016 to 15.27 CHF in 2017
- EPS fully covering the proposed dividend of 12.50 CHF
- Applying a normalized tax rate, EPS increases by +19.2%
  - Increase despite capital increase of November 2017
  - Increase of +25.2% when adjusting for BackWerk including acquisition costs

NET PROFIT / EPS

HIGHER TAX EXPENSES AS A RESULT OF REVERSAL OF TAX EFFECT

Net Profit / EPS in mCHF		FY 2016	FY 2017	Δ in %
EBIT		**72.3**	**79.0**	**+9.3%**
Financing activities, net		-15.2	-10.6	-30.7%
Earnings before taxes		**57.0**	**68.5**	**+20.0%**
Income taxes		5.4	-11.3	n.a.
Net profit from continuing operations		**62.5**	**57.1**	**-8.6%**
Net result from discontinued operations		0.9	0.0	n.a.
Group net profit		**63.4**	**57.1**	**-9.9%**
EPS Group	in CHF	**17.55**	**15.27**	**-13.0%**

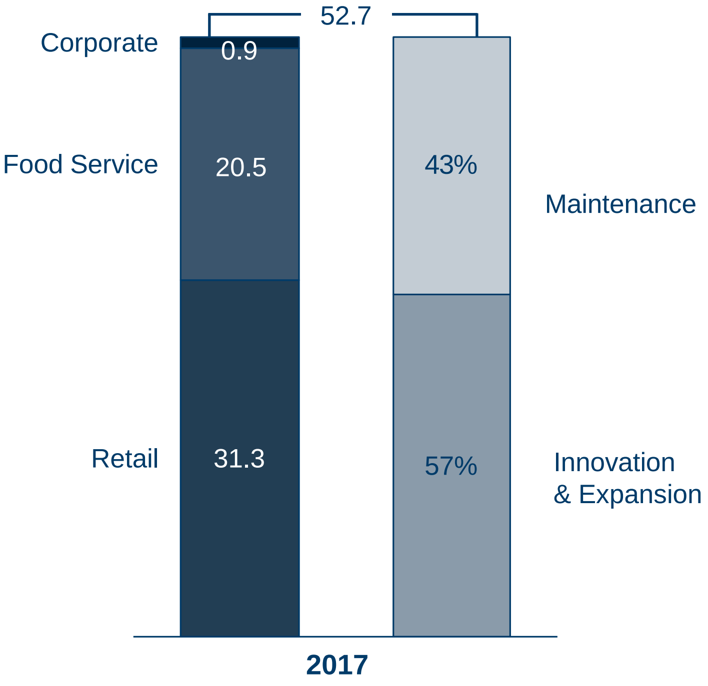
Net Profit

- Net financial results improved by +4.7 mCHF due to refinancing effects in 2016
- In 2017, net income tax of -11.3 mCHF representing tax expenses of -2.9 mCHF and deferred taxes of -8.5 mCHF
- In 2016, activation of loss carryforwards resulted in net income tax of +5.4 mCHF
- Tax rate in 2017 at 16.6%
- Going forward: Tax rate of 18-20%

CAPEX

CAPITAL EXPENDITURES DIRECTED TOWARDS GROWTH AND EXPANSION

Capex in mCHF



Valora Group

- Capex of 52.7 mCHF higher than previous year (49.0 mCHF)

Innovation & Expansion

- Investments in innovation and expansion of 29.9 mCHF (57% of total capex)
- Increase of capex by -4.4 mCHF compared to last year (25.5 mCHF) driven by replacement of one production line in Food Service

Maintenance

- Maintenance capex of 22.9 mCHF (43% of total capex)
- Decrease in capex by +0.6mCHF due to lower number of stores in Retail Switzerland (-21)

FREE CASH FLOW

STRONG FREE CASH FLOW GENERATION

Free Cash Flow (from continuing business) in mCHF		FY 2016	FY 2017	Δ in %
EBIT		**72.3**	**79.0**	**+9.3%**
D&A		55.4	54.7	-1.2%
EBITDA		**127.6**	**133.7**	**+4.8%**
Elimination of other non-cash items		7.4	0.8	n.a.
NWC and current assets & liabilities		-6.5	-8.4	+30.6%
Interest, tax expense (net)		-15.6	-11.9	-23.8%
CF from operating activities		**113.0**	**114.2**	**+1.1%**
CF from investing activities (net)		**-40.4**	**-32.1**	**-20.4%**
Capex		-46.8	-53.5	+14.3%
Asset disposal		6.4	21.3	n.a.
Free Cash Flow (before M&A)		**72.6**	**82.0**	**+13.0%**
Free Cash Flow per share	in CHF	**21.74**	**23.93**	**+10.1%**

Free Cash Flow

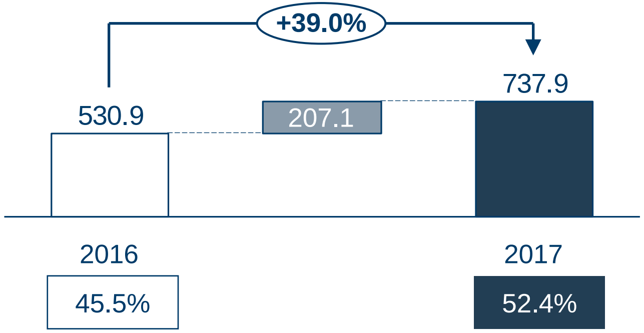
- Cash flow increase of +13.0% to 82.0 mCHF supported by EBITDA increase (+6.1 mCHF)
- Higher capex overcompensated by sale of Naville building (20.0 mCHF)
- Change in NWC slightly higher than last year because of expansion activities
- Free cash flow next two years impacted by higher capital expenditures in Food Service

Financial Structure

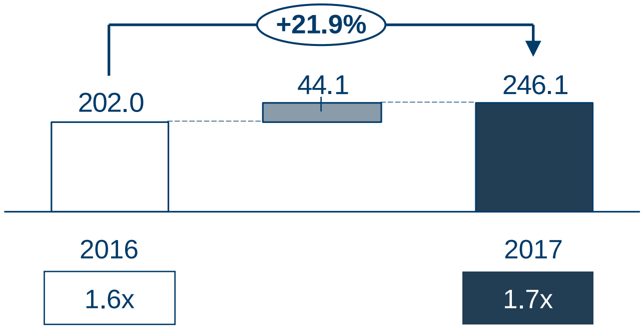
BALANCE SHEET

STRONG EQUITY RATIO AND STABLE NET DEBT DESPITE BACKWERK ACQUISITION

Shareholder's equity in mCHF; Equity ratio in %



Net debt in mCHF; Leverage ratio in x
(Leverage ratio: EBITDA contribution for BackWerk in 2017 annualised)



Shareholder's equity

- Shareholder's equity increase of +207.1 mCHF, driven by rights issue (+166 mCHF) in November 2017
- Equity ratio increase to 52.4% well above minimum target of 30%
- Hybrid bond, as part of equity, to be redeemed in October 2018
- Equity ratio at 43.9% w/o hybrid bond

Net debt

- Net debt increase by +44.1 mCHF as a result of the BackWerk acquisition and due to currency effects on the Schuldschein issues
- Interest-bearing debt at 398.6 mCHF
- Leverage ratio at 1.7x
- Leverage ratio with hybrid bond treated as debt at 2.5x
- With IFRS 16 (effective as from 2019), net debt increases:
  - Lease obligations to be treated as liability
  - Right of use to be activated on balance sheet
  - Banks adjust the covenants for leverage and equity ratio accordingly

BALANCE SHEET

STRENGTHENING OF ALL BALANCE SHEET RATIOS

Balance Sheet in mCHF	FY 2016	FY 2017	Δ in %
Total assets	**1,167.2**	**1,408.9**	**+20.7%**
Cash, cash equivalents	159.4	152.5	-4.3%
Goodwill and intangible assets	469.0	707.8	+50.9%
Net debt (from continuing operations)	**202.0**	**246.1**	+21.9%
Leverage ratio* (excl. Hybrid Bond)	**1.6x**	**1.7x**	**+0.1x**
Shareholders' equity (incl. Hybrid Bond)	530.9	737.9	+39.0%
Equity ratio	**45.5%**	**52.4%**	**+6.9%pt**
Capital employed (average)	876.8	921.7	+5.1%
ROCE	**8.2%**	**8.6%**	**+0.3%pt**

* EBITDA contribution for BackWerk in 2017 annulised

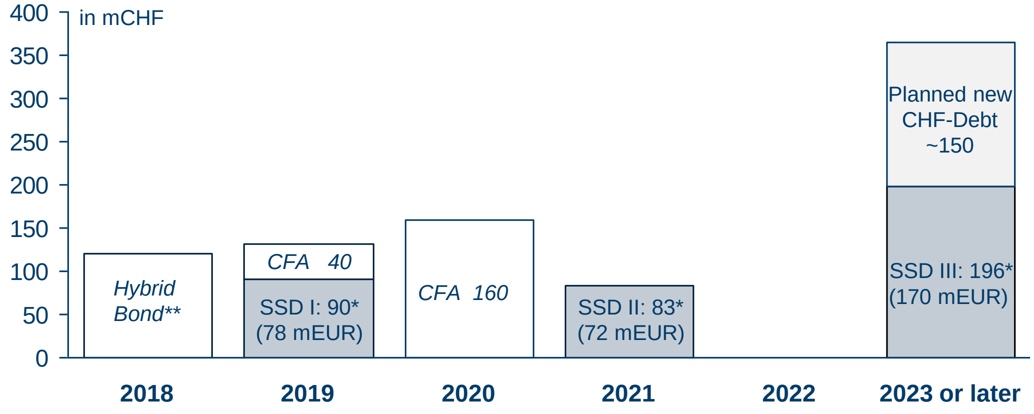
Balance sheet impacts of the BackWerk acquisition

- Assets increase of +242.2 mCHF, driven by:
  - Goodwill: +160.2 mCHF
  - Intangibles assets: +58.1 mCHF (purchase price allocation of franchise agreements) resulting in additional amortisation of 5.8 mCHF p.a.
- Increase of interest bearing debt to partially finance BackWerk acquisition
- Equity increase of +207.1 mCHF driven by rights issue in November 2017 (+166 mCHF)

CURRENT FINANCIAL STRUCTURE

valora

Debt maturity profile after 2018 refinancing



CHF		Maturity
CFA I:	*40 (unused)*	*27-06-2019*
CFA II:	*160 (unused)*	*29-06-2020*
CHF-Debt: ~150		2023 +

EUR		Maturity
SSD I:	78	30-04-2019
SSD II:	72	29-04-2021
SSD III:	170	11-01-2023

* At current FX (27/02/2018): 1 EUR = 1.15 CHF
** First call date per 30-10-2018 (thereafter 500bps step-up)

SSD = Schuldschein issue; CFA = Credit Facility Agreement

Financing strategy

- Well diversified set of debt instruments in terms of maturities, currencies and investors
- New EUR-Debt «Schuldscheindarlehen» (SSD) of 170 mEUR completed in January 2018 with a maturity of 5 years and attractive interest rates
- Straight bond of 200 mCHF due in March 2018 refinanced by rights issue and newly issued SSD III
- New to-be-issued CHF-Debt of ~150 mCHF (planned for Q2/Q3 2018) to refinance hybrid bond due in October 2018
- Target to stay < 2.5x EBITDA leverage ratio
  – Maintain strategic flexibility
  – Account for seasonality and NWC fluctuations
- Further acquisition financing secured by undrawn syndicated loan (CFA) and cash on balance sheet

LEASE AGREEMENTS

Lease committments in mCHF	FY 2016	FY 2017	Δ in %
Within one year	149.0	171.1	+14.8%
Within 1-2 years	137.8	154.7	+12.2%
Within 2-3 years	124.0	135.9	+9.6%
Within 3-4 years	109.5	89.9	-17.9%
Within 4-5 years	67.5	66.3	-1.7%
After more than 5 years	137.5	128.4	-6.6%
Total long-term committmens	**725.3**	**746.3**	**+2.9%**

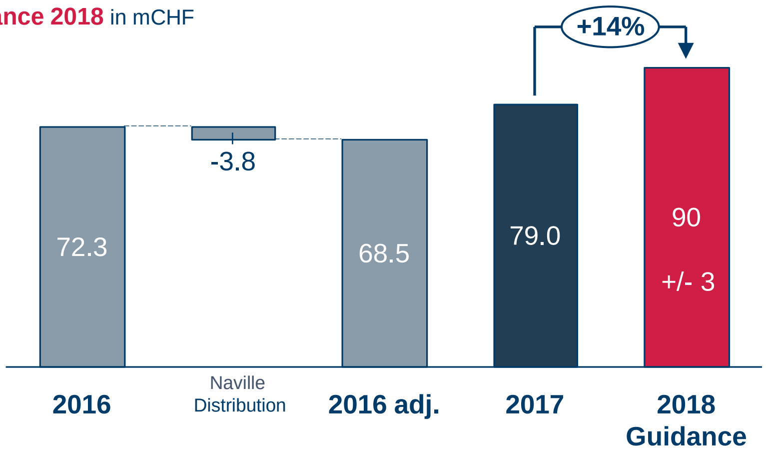
Lease commitments

- With IFRS 16 (effective as from 2019), lease agreements need to be activated on balance sheet
  - Lessee activates right of use and treats lease obligations as liability (only minimum / fix rent)
  - No rent expenses in P&L (except for variable portion) but depreciation of right of use over lease term
  - EBITDA to increase significantly; leverage ratio to be adjusted
  - Currently 2/3 of lease commitments are with top 5 landlords; this includes a framework agreement with the Swiss railway operator, coming up for renewal in 2020

Guidance

GUIDANCE 2018 AND BEYOND

EBIT Guidance 2018 in mCHF



	2016	2016 adj.	2017
GP margin	41.5%	41.2%	42.0%
EBIT margin	3.4%	3.3%	3.8%
ROCE	8.2%	8.0%	8.6%

Outlook 2020

External Sales	• Group: 2-3% growth p.a.
GP Growth	• +2 to +4% growth p.a. ✓ Retail CH/AT: –1 to +1% ✓ Retail DE/LU: +2 to +4% ✓ Food Service: +7 to +9% • GP Margin 45% (earliest 2020)
EBIT Margin	• 5% EBIT margin (earliest 2020)

Strategic Initiatives

OUR GOALS TO ACHIEVE THE GUIDANCE

valora

GP Growth & Margin	Same-store increase (ticket size & footfall)	• Further grow share of food, beverages and services • Refresh concepts / develop «store of the future»
	Organic growth	• POS expansion – especially with BackWerk & R DE • Accelerate commercial and digital initiatives
	Integrate & leverage	• Integrate BackWerk & Pretzel Baron on Valora platform, leverage know-how & realize synergies
	Protect	• Protect existing Valora retail space
EBIT Margin	Efficiency initiatives	• Improve processes, leverage scale • Create culture of operational excellence
EPS	Efficient capital structure	• Refinancing of hybrid bond with lower interest cost
	EPS predictability	• Stable tax rate going forward
Free Cash Flow	Invest in future growth	• Capex spending in production expansion with impact on free cash next two years
	NWC	• Higher NWC expected due to growth initiatves

VALORA BENEFITS FROM POSITIVE MACRO-TRENDS

valora

MARKET DYNAMICS

CHANGING CUSTOMER BEHAVIOUR

DIGITALISATION

Mobility

- **Increasing commuting:** Work-related travel with public transport stimulates consumption at high-traffic locations
- **Transport hubs as convenience destinations:** Increased importance of transport hubs for daily convenience shopping

Convenience

- **Economic development:** More people with need and willingness to pay for convenience
- **Out-of-home consumption:** Urbanisation with more people living in vicinity of snacking and food «on-the-go» offering
- **Single households:** Increased number of single-households with more out-of-home consumption
- **Consumer lifestyle:** Changing consumer lifestyle, people more «on-the-move»

Digitalisation

- **Digitalisation in retail:** Several opportunities to use technology to improve customer experience
- **New services:** Opportunities to introduce new services at the POS
- **Loyalty:** Traditional customer loyalty moves online
- **Retail analytics:** IT-based automatisation of processes (shelf and inventory monitoring / management)

VALORA STRATEGY

valora

GROWTH

Same-store growth	Ticket size
	Footfall
	Pricing
Expand	Existing geographies
	New geographies

INNOVATION

Digital opportunities	Loyalty app
	Retail analytics
	Digital signage
New concepts	Introduce new services
	Develop new concepts

EFFICIENCY

Increase profitability	Process improvements
	Leverage international platform
	Realize cost synergies
	Purchasing conditions & promotions

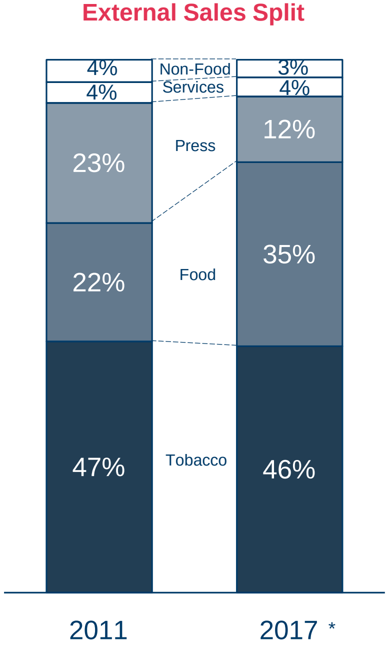
PERFORMANCE CULTURE

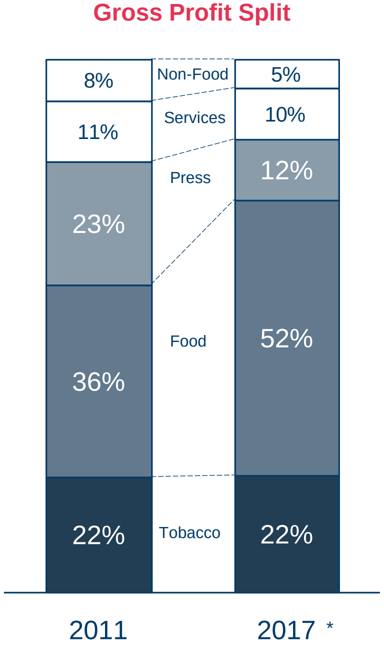
Enter-preneurial spirit	Agency & franchise business model
	Joint values and vision
Organi-sation	Development of employees
	Lean & agile organisation

ENLARGED «FOOD» AS NEW DRIVER

MAINTAINING PROFIT-CONTRIBUTION FROM TOBACCO

valora





* BackWerk in 2017 annualized

Note: Only Retail Core (Retail CH/AT and Retail DE/LU) and Food Service (as of 2012) included, no Trade or Services division included

Food Service as growth and profitability driver

- Value chain ownership of vertical integrated pretzel production and B2C network
- Invest in capacity expansion to meet strong B2B growth
- Expand in existing and new geographies with proven franchise model (higher «foodprint»)
- Leverage on mega-trends of convenience and of out-of-home consumption with a large array of concepts

Retail with strong backbone of POS network at high-frequency locations

- Expand food & beverage offering to compensate for declining press
- Increase share of fresh food offerings
- Change of product mix within categories to improve margins
- Tobacco still a strong and profit-contributing category; strengthen competence and partnership with industry to introduce new products
- Leverage network of attractive locations with new services and cross-selling

KEY INVESTMENT HIGHLIGHTS & OUTLOOK

valora

Attractive financials

- Growing topline / gross profit while improving margins
- Well on track to achieve ambitious mid-term targets – with meaningful upsides
- Attractive cash generation and improving return on capital
- Constant and high dividend payments (yield ~4%)

Clear strategic positioning

- Focused and leading convenience player in German-speaking Europe
- Portfolio of strong brands and formats including own brands
- Resilient portfolio of products and offerings

Implementation of initiatives

- Prepare capacity expansion in Oranienbaum (Ditsch) and the US (Pretzel Baron)
- Expansion of franchise network in existing and new geographies
- Increase customer benefits
- Concepts refresh


Ausgang Süd
Ausgang Nord
Fußweg Messe
Wächtersbach
Ditsch

Next Events

NEXT EVENTS

Annual General Meeting 2018

Date	• Friday, 13 April 2018, Basel Congress Center
Dividend	• 12.50 CHF per share (from capital reserves)
Board	• Bernhard Heusler withdrawing from Valora Board • All other Board members standing for re-election
Authorised Capital	• Creation of authorised capital: 10% / 400’000 CHF

Half-Year Results 2018

Date	• Wednesday, 25 July 2018

Q&A

APPENDIX - DETAILS DIVISIONS

RETAIL SWITZERLAND

valora

Key Financials

Retail CH/AT in mCHF	FY 2016	FY 2017	Δ in %
External sales	1,384.1	1,340.6	-3.1%
Net revenues	1,309.3	1,264.5	-3.4%
Gross Profit	473.5	463.9	-2.0%
Gross Profit Margin (in %)	36.2%	36.7%	+0.5%pt
EBIT	39.4	53.6	+36.0%
EBIT Margin (in %)	3.0%	4.2%	+1.2%pt
ROCE (in %)	17.5%	27.5%	10.0%

CH = Switzerland; AT = Austria

Initiatives 2018

Growth
- Further strengthen own brands
- avec refresh roll-out
- Improve price perception to influence customer frequency and overall satisfaction

Efficiency
- Introduce central logistic platform as basis for growth and innovation in fresh foods
- Increase efficiency with digitalisation of processes and tools

Innovation
- Innovation and testing of new concepts and modules
- Further develop competence for fresh food across all brands

Culture
- New CEO Retail CH/AT Roger Vogt started in January 2018
- Implement and live corporate values within organisation and towards customers

Network (as per Dec. 2017)

Format	Own	Agency	Franchise	Total
k kiosk	264	660	-	**924**
Press & Books	7	24	-	**31**
avec	62	-	74	**136**
Press & Books AT	10	-	-	**10**
Total (vs. 2016)	**343** (-31)	**684** (+4)	**74** (+6)	**1,101** (-21)

RETAIL GERMANY

valora

Key Financials

Retail DE&LU in mCHF	FY 2016	FY 2017	Δ in %
External sales	890.3	901.3	+1.2%
Net revenues	486.4	520.7	+7.0%
Gross Profit	171.3	182.9	+6.8%
Gross Profit Margin (in %)	35.2%	35.1%	-0.1%pt
EBIT	16.4	16.5	+0.7%
EBIT Margin (in %)	3.4%	3.2%	-0.2%pt
ROCE (in %)	11.5%	10.4%	-1.2%pt

DE = Germany; LU = Luxembourg

Initiatives 2018

Growth
- Increase same-store growth with tobacco, food and services as main driver to compensate declining market development in press
- Focus on roll-out of avec to strengthen competence as convenience player
- Continue to transfer partner* business model into own or franchise stores

Efficiency
- Different cost efficiency initiatives introduced and planned
- Introduce & finalise SAP implementation in LU and start SAP implementation in Retail DE

Innovation
- Further strengthen and promote own branded products e.g. Caffè Spettacolo, ok.-, avec
- Continue roll-out of e-smoke with increased competence and assortment

Culture
- Further develop (sales) management
- Implement and live corporate values within organisation and towards customers

Network (as per Dec. 2017)

Format	Own	Agency	Franchise	Partner*	Total
k kiosk	99	-	139	-	**238**
cigo + sub formats	133	-	267	39	**439**
ServiceStore DB, avec	64	-	58	-	**122**
Press & Books	167	5 (LU)	-	-	**172**
k kiosk LU	-	66	-	-	**66**
Total (vs. 2016)	**463** (+29)	**71**(+5)	**464** (-11)	**39** (-44)	**1,037** (-21)

* Partner: Business model without Valora branding and 100% purchase obligations; orders on one's own account

FOOD SERVICE

valora

Key Financials

Food Service in mCHF	FY 2016	FY 2017	∆ in %
External sales	259.4	316.3	+22.0%
Net revenues	259.4	286.7	+10.5%
Gross Profit	199.8	222.0	+11.1%
Gross Profit Margin (in %)	77.0%	77.4%	+0.4%pt
EBIT	26.9	26.2	-2.5%
EBIT Margin (in %)	10.4%	9.1%	-1.2%pt
ROCE (in %)	6.9%	5.9%	-1.1%pt

CH = Switzerland; DE = Germany; LU = Luxembourg

Initiatives 2018

Growth

- Focus on sustainable POS expansion in existing markets with Ditsch and Brezelkönig CH
- Prepare capacity expansion in Oranienbaum (Ditsch) and in Cincinnati/US (Pretzel Baron)
- BackWerk: Expand network in existing countries and spur expansion/introduction in CH
- Introduce & maintain price increases in B2C & B2B to mitigate raw material price increases
- Expedite international franchise expansion of Brezelkönig; first franchise store with SSP in Austria; drive further partnerships with institutional franchisees; stores in France to close

Effi-ciency

- Further optimize supply chain processes
- Build-out logistic hub Food-Service Switzerland (combined for Spettacolo and Brezelkönig)

Inno-vation

- Create strong centre of competence for coffee (cross-units/divisions)
- Further pursue digital innovation initiatives

Culture

- Further strengthen modern leadership style, along corporate values

Network (as per Dec. 2017)

Format	Own	Agency	Franchise	Total
Ditsch	-	220	-	**220**
BREZELKÖNIG	2 CH 6 International	54	1 International	**63**
CAFFÈ SPETTACOLO	33	2 (LU)*	-	**35**
back WERK	3		342	**345**
Total (vs. 2016)	**44** (-6)	**276** (+8)	**343** (+343)	**663** (+345)

* Part of Retail DE/LU reporting

GROUP / CORPORATE

valora

Key Financials

Group in mCHF	FY 2016	FY 2017	Δ in %
External sales	2,573.6	2,561.6	-0.5%
Net revenues	2,095.0	2,075.3	-0.9%
Gross Profit	869.7	872.2	+0.3%
Gross Profit Margin (in %)	41.5%	42.0%	+0.5%pt
EBIT	72.3	79.0	+9.3%
EBIT Margin (in %)	3.4%	3.8%	+0.4%pt
ROCE (in %)	8.2%	8.6%	+0.3%pt

Initiatives 2018

Growth
- Ensure platform for growth in divisions
- Growth initiatives based on increased sales & marketing and further partnerships

Efficiency
- Modernization of IT platforms: simplify landscape, automate processes
- Lean and agile organisation: Improve and accelerate internal processes

Innovation
- Dedicated Valora Lab team to focus on new (digital) opportunities

Culture
- Encourage and develop employees
- Joint values and vision across group: Nearby-Quick-Convenient-Fresh

Network (as per Dec. 2017)

Country	Own	Agency	Franchise	Partner*	Total
Switzerland	31%	62%	6%	-	1,182
Germany	31%	15%	51%	3%	1,490
Luxembourg	-	100%	-	-	73
Other	30%	-	70%	-	56
Total (vs. 2016)	851 (-7)	1,031(+17)	880 (+337)	39 (-44)	2,801

* Partner: Business model without Valora branding and 100% purchase obligations; orders on one's own account

FROM AN OWN STORES SALES NETWORK TO AN AGENCY & FRANCHISE MODEL

valora

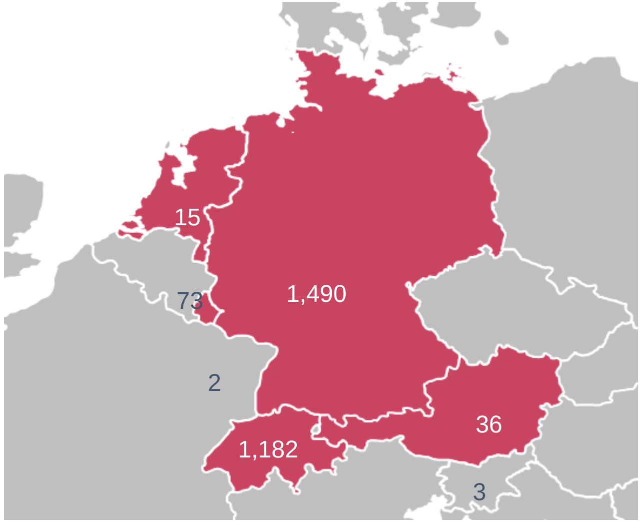
70% of network already operated as agencies or by franchisees

	Own stores	Agency	Franchise
Operations	Valora	Agent	Franchisee
Inventory	Valora	Valora	Franchisee
Lease agreement	Valora	Valora	Valora
Store investment	Valora	Valora	Valora (R DE) Franchisee (BW)
Fee	None	Valora pays commission to agent	Valora receives franchise fee
# number of stores 2017* (vs. last year)	**851** (-7); 31%	**1,031** (+17); 37%	**880** (+337); 32%

*Without partner (#39)

R = Retail; DE = Germany; BW = BackWerk

Strong presence in German-Speaking Europe



Brightens up your journey.

DISCLAIMER

valora

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO THE UNITED STATES

THIS DOCUMENT IS NOT BEING ISSUED IN THE UNITED STATES OF AMERICA AND SHOULD NOT BE DISTRIBUTED TO U.S. PERSONS OR PUBLICATIONS WITH A GENERAL CIRCULATION IN THE UNITED STATES. THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES. IN ADDITION, THE SECURITIES OF VALORA HOLDING AG HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO U.S. PERSONS ABSENT REGISTRATION UNDER OR AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE UNITED STATES SECURITIES LAWS

THIS DOCUMENT CONTAINS SPECIFIC FORWARD-LOOKING STATEMENTS, E.G. STATEMENTS INCLUDING TERMS LIKE “BELIEVE”, “EXPECT” OR SIMILAR EXPRESSIONS. SUCH FORWARD-LOOKING STATEMENTS ARE SUBJECT TO KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY RESULT IN A SUBSTANTIAL DIVERGENCE BETWEEN THE ACTUAL RESULTS, FINANCIAL SITUATION, DEVELOPMENT OR PERFORMANCE OF VALORA AND THOSE EXPLICITLY PRESUMED IN THESE STATEMENTS. AGAINST THE BACKGROUND OF THESE UNCERTAINTIES READERS SHOULD NOT RELY ON FORWARD-LOOKING STATEMENTS. VALORA ASSUMES NO RESPONSIBILITY TO UPDATE FORWARD-LOOKING STATEMENTS OR ADAPT THEM TO FUTURE EVENTS OR DEVELOPMENTS.