



2006 first-half results

August 24, 2006

Peter Wüst, CEO
Markus Voegeli, CFO

Agenda

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- **Introductory remarks**
- **2006 first-half results**
- **Outlook**

Peter Wüst

Markus Voegeli

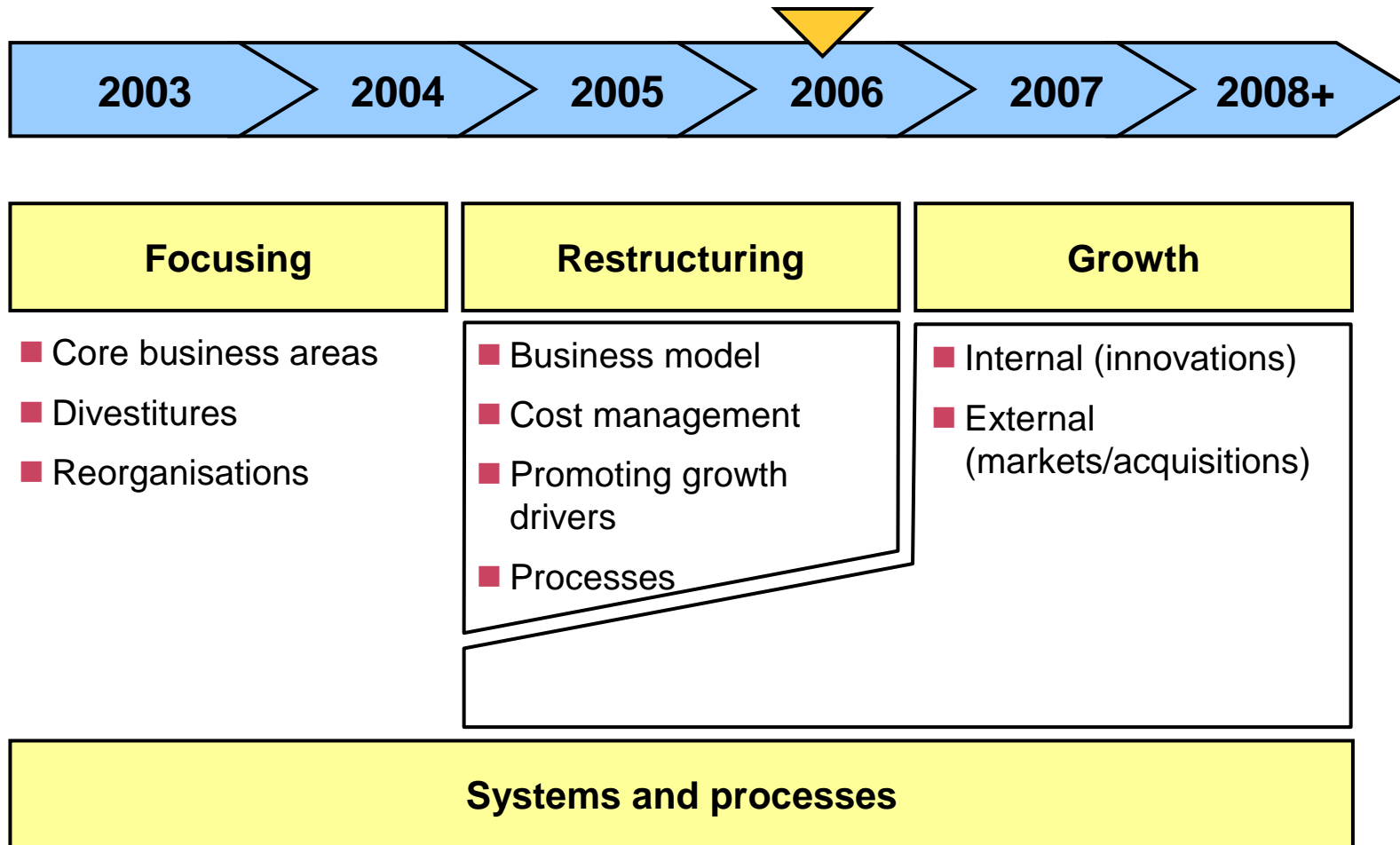
Peter Wüst



Introductory remarks

Peter Wüst, CEO

Starting points and overview



First-half business trends in 2006

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Introductory remarks

- Turnaround confirmed
- Group Executive Management complete
- Sale of Valora Imaging concluded; no further losses expected
- Substantial progress with k kiosk, convenience wholesale, gastronomy concepts (Spettacolo) and Valora Retail Germany
- Intensive adoption of category management measures
- New k kiosk test stores opened in Olten and Brugg
- Closure of unprofitable kiosks concluded
- Tailwind from soccer world cup

New appointees to Group Executive Management

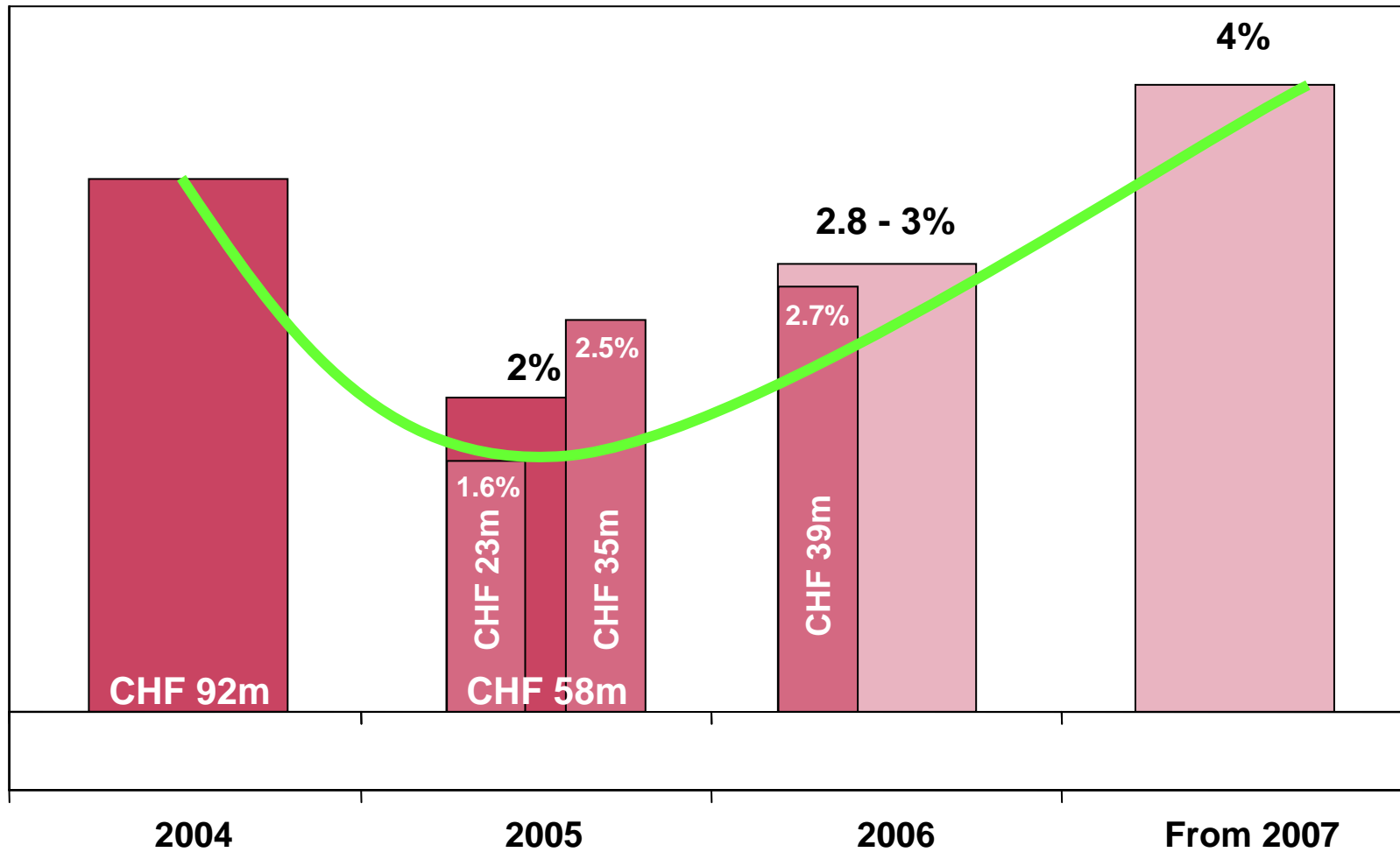
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Introductory remarks

- Manfred Zipp, CEO of Valora Retail since June 1, 2006
 - Wöhrl AG
 - Nordsee GmbH
 - Harrods
 - Breuninger GmbH

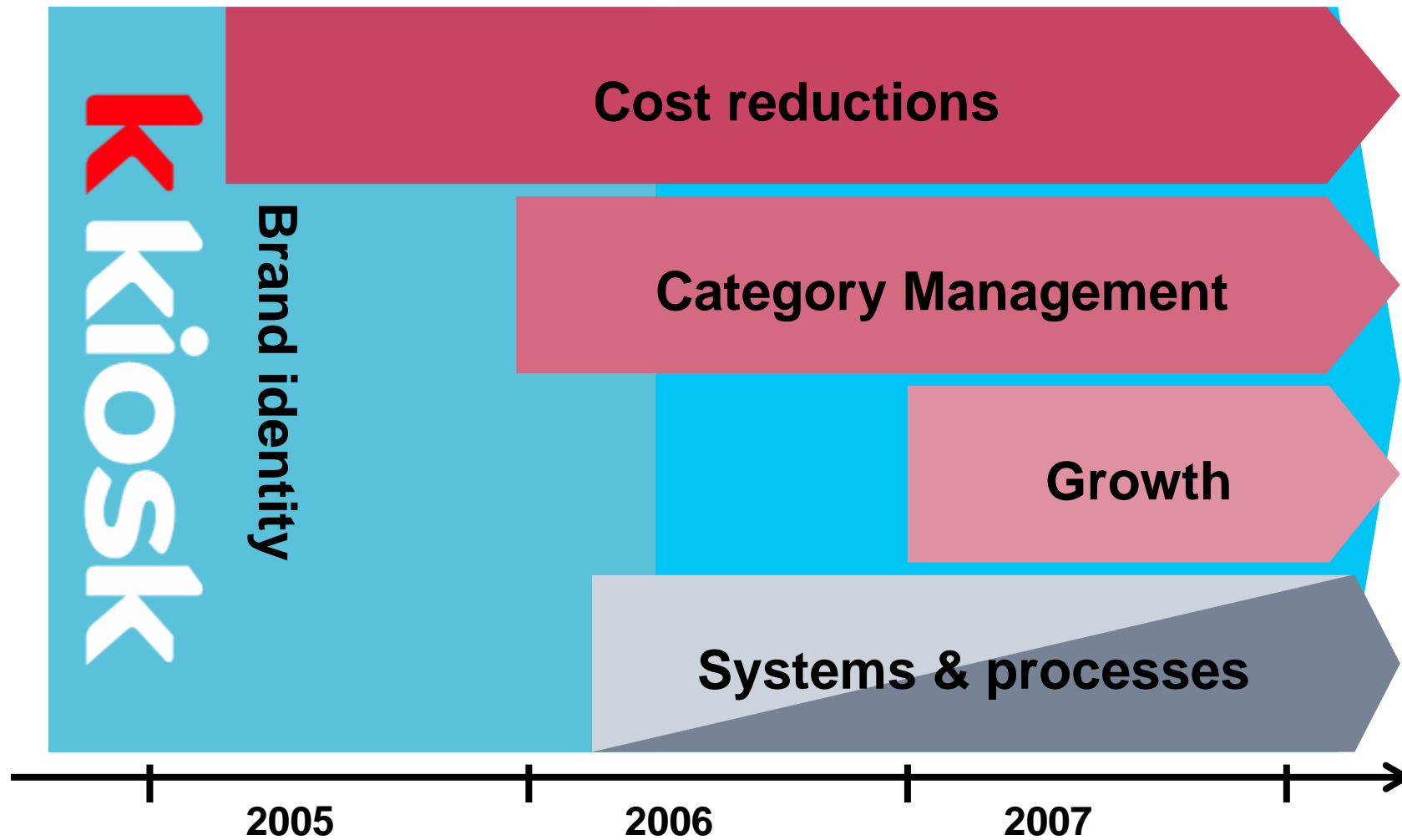
- Christian Schock, CEO of Valora Press & Books since July 1, 2006
 - Messageries Paul Kraus (MPK) in Luxembourg
 - SES Multimedia S.A
 - Reuters Ltd. Luxembourg

Operating profit development: 2005 turnaround confirmed



k kiosk restructuring

Introductory remarks



Developments at Retail Switzerland



Introductory remarks

Unit	Net revenues (excluding closures)	Remarks
k kiosk	- 7 CHFm	Net revenue decline ■ largely in press products Product-mix: ■ non-food increase (Panini stickers) ■ press decline (market-related) ■ food/tobacco/services unchanged EBIT quadrupled
Convenience	+ 4 CHFm	AVEC with Migros range Positive business progress
Gastronomy	- 1 CHFm	Spettacolo Expansion according to plan Merkur gastronomy decline Positive business progress
Convenience wholesale	- 6 CHFm	Profitability drive Loss substantially reduced

Systems and processes

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Introductory remarks



- Aim:
 - Clear and up-to-date management information
 - Efficient internal control system
 - Category management
- Actions:
 - Electronic cash registers area-wide
 - Closed goods management system
- Current status:
 - Cash register rollout to be completed by mid-2007
 - ICT Strategy defined
 - ERP system project work launched



2006 first-half results

Markus Voegeli, CFO

Comments on the 2006 first-half results

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2006 first-half results

Positive

- Operating profit doubled
- Net profit tripled
- Costs reduced by CHF 12 million
- Return on equity annualised 10.4%
- Valora Press & Books almost achieved 5% EBIT-margin

Negative

- k kiosk growth
- Increase in net working capital

Group operating result (EBIT)

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2006 first-half results

in CHFm	2006	2005	variance	variance
	30.06.	30.06.	abs.	in %
Net revenues	1 432	1 412	20	1.5%
Gross profit	473	467	6	1.1%
Gross profit margin	33.0%	33.1%	-0.1	
Total operating expenses	- 439	- 450	11	2.4%
Other income, net	5	3	2	55.6%
Operating result (EBIT)	39	20	19	99.8%
EBIT margin	2.7%	1.4%		

Year 2005: incl. restructuring costs 3.3 CHFm

Group net profit

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2006 first-half results

in CHFm	2006	2005	variance abs.	variance in %
	30.06.	30.06.		
Operating result (EBIT)	39	20	19	99.8%
Financial income, net *)	- 5	- 8	3	36.8%
Share of (loss)/profit from associates	- 0	- 0	0	
Earnings before taxes	34	12	22	196.1%
Income taxes	- 7	- 4	- 3	- 65.9%
Tax ratio	20.7%	36.9%	-16.2	
Result from continuing operations	27	7	20	272.0%
Result from Consumer Imaging	-0.6	1	- 2	
Net profit	27	8	19	217.5%
Attributable to shareholders of Valora	26	8		
Attributable to minority interests	0.5	0.5		

*) Year 2005: restatement due to IAS 21

Financial income, net:

- Variance mainly due to refinancing of bond CHFm 220 in 2nd halfyear 2005

Group Key figures

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2006 first-half results

in CHFm	2006 30.06.	2005 31.12.	variance abs.	2005 30.06.
Equity	515	514	1	605
Equity ratio	40.1%	37.8%	2.3	41.4%
Net profit / Net loss	27	- 56	83	8
Return on equity (net profit/equity)	5.2%	n/a		1.4%
Net debt	147	113	34	145
Gearing (net debt/equity)	0.3	0.2	0.1	0.2
Net working capital (NWC)	176	126	50	182
NWC in % of net revenues (annualised)	6.1%	4.4%	1.7	6.4%

Return on equity annualised 10.4%

Group Cash Flow

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2006 first-half results

in CHFm	2006 30.06.	2005 30.06.
Operating result (EBIT)	39	20
Elimination of non-cash transactions	21	25
Changes in net working capital	- 62	- 27
Interests and taxes paid / Interests received	- 6	- 7
Net cash provided by operating activities	- 8	11
Net cash used in investing activities	0	- 25
Free Cash Flow	- 8	- 14
Net cash used in financing activities	- 46	- 31
Net decrease in cash and cash equivalents	- 54	- 45

Changes in net working capital 2006:

- Changes NWC (trade acc. receivable, inventories, trade acc. payable) CHFm – 50
- Provisions assigned CHFm – 7
- Decrease in other liabilities CHFm – 5

Segment reporting

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2006 first-half results

in CHFm	Valora Retail	Valora Press & Books	Valora Trade	Corporate	Intersegment elimination	Total Group
30.6.2006 Net revenues						
from third parties	819	182	423	7		1 432
from other divisions	0	102	4	0	- 106	0
Total net revenues	819	284	427	7	- 106	1 432
Operating result (EBIT)	11	14	13	2		39
in % of net revenues	1.3%	4.8%	3.1%			2.7%
30.6.2005 Net revenues						
from third parties	831	175	399	8		1 412
from other divisions	0	106	4	0	- 110	0
Total net revenues	831	281	402	8	- 110	1 412
Operating result (EBIT)	- 9	12	13	3		20
in % of net revenues	n/a	4.3%	3.2%			1.4%

Assessment of Valora Retail

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2006 first-half results

Positive

- Net revenues stable
- Costs reduced
- EBIT improved from – 9 CHFm to +11 CHFm
 - k kiosk CH, Germany and gastronomy profitable
 - Substantial progress in wholesale activities
- New test stores opened in Olten and Brugg
- Panini Football stickers

Negative

- k kiosk growth

Assessment of Valora Press & Books

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2006 first-half results

Positive

- Net revenues stable
- 11% EBIT growth
- Management complete
- Press management software successfully introduced in Switzerland

Negative

- Market decline in Switzerland

Assessment of Valora Trade

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2006 first-half results

Positive

- 6% net revenue growth
 - New principals successfully integrated
 - Product and packaging innovations
 - Listing of new products

Negative

- Slight EBIT margin decline
 - Confectionery market trends
 - Costs increased due to new products and principals
 - Pressure on margins in the private label field
- Increase in net working capital



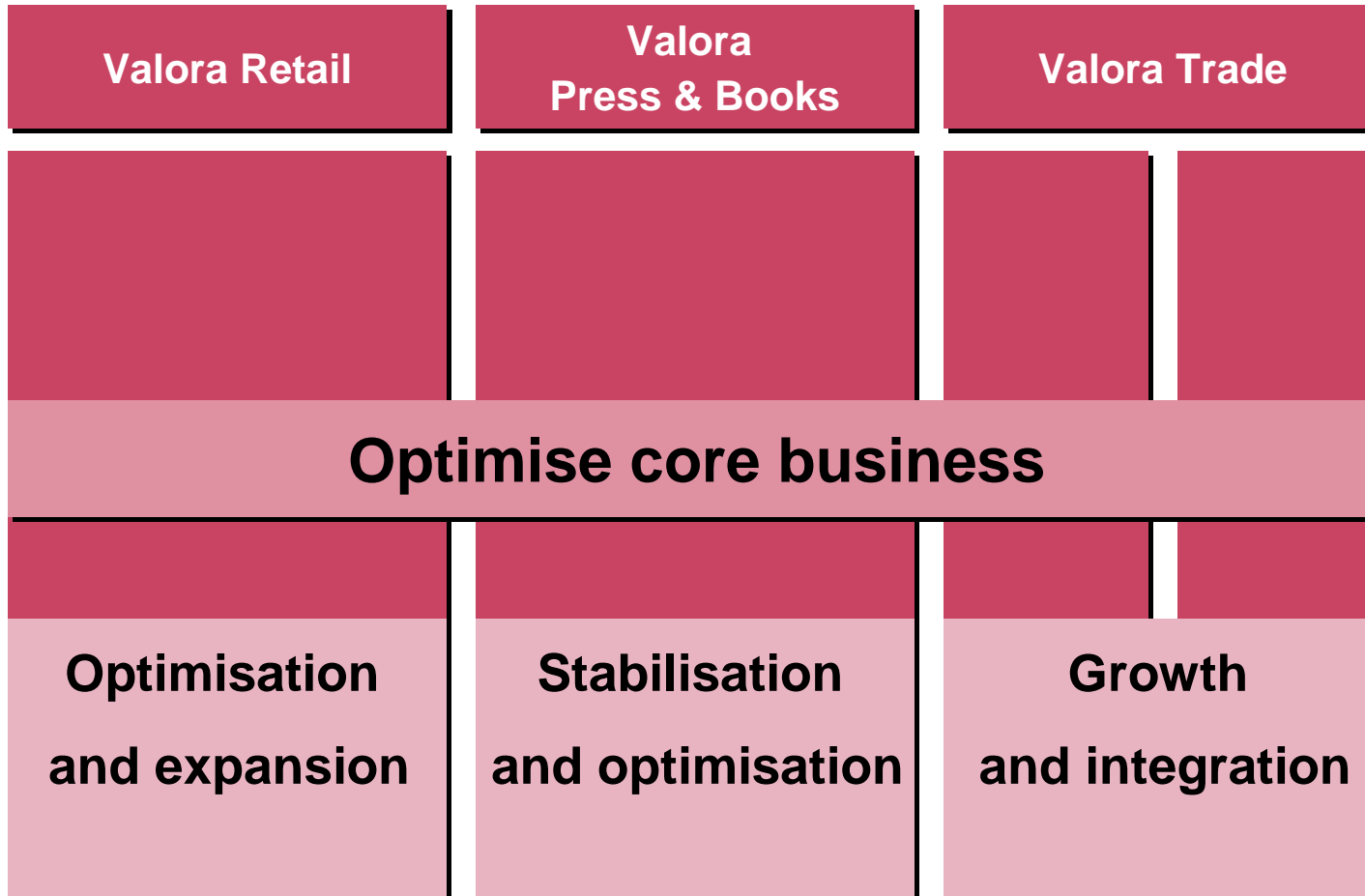
Outlook

Peter Wüst
CEO

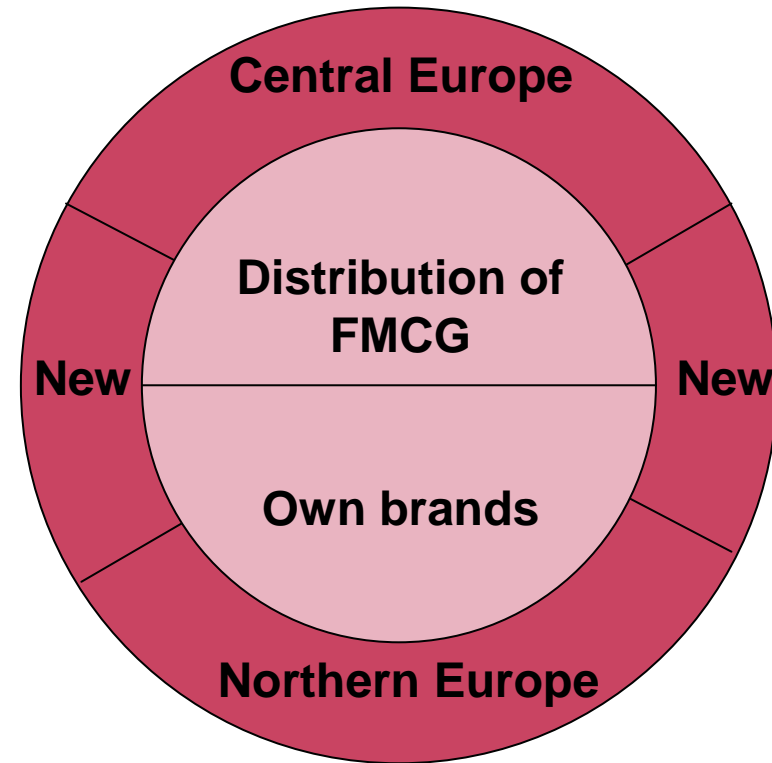
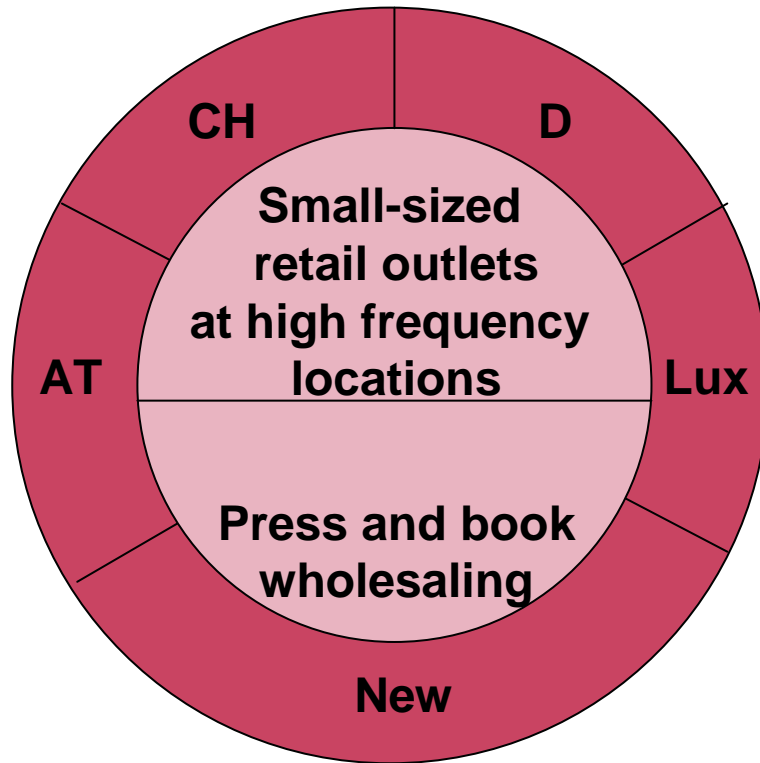
Objectives for 2006/2007



Outlook



Strategy from 2007/2008 onwards



Organic growth

Growth via collaborations and acquisitions within Europe

Outlook

Confirmation of guidance

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Outlook

- **2006**
 - Exploit prime restructuring potential
 - Raise earnings power and potential

 - Net revenues of around CHF 2.8bn
 - EBIT margin of 2.8% to 3%
 - Capital spending of CHF 60-80m

- **From 2007** - EBIT margin of 4%

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