

valora



Investors' presentation

European Conference 2013

London, December 2, 2013 | Michael Mueller (CFO) & Mladen Tomic (IR)



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Valora at a glance

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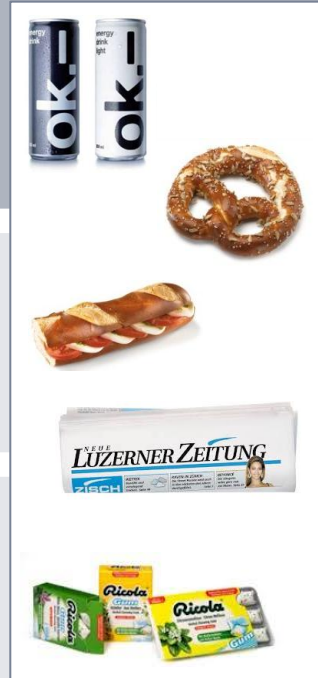
Divisions' strategic initiatives

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Projection 2013

Overview business units

Capable and focused European micro-retailer



Retail: the experts in small-outlet retail

- Five clearly defined formats (Kiosk, Convenience, Press&Books, Gastronomy, Food)
- > 3 000 outlets, of which 1 000 in travel-related locations
- Present in four national markets (Switzerland, Germany, Luxembourg, Austria)

Services: a professional service provider with high competence in press

- State-of-the-art processes
- Over 6 000 customers
- Present in Switzerland and Luxembourg

Trade: Europe's largest and most professional distributor for FMCG products

- Strong position in food, non-food, confectionery, beverages, and cosmetics
- 350 principals
- Present in seven national markets (Switzerland, Germany, Austria, Denmark, Norway, Sweden, Finland)

Valora Retail

Most important formats



„Treat yourself“

The Place for that
daily indulgence

k kiosk

CIGO



„C'est la vie“

Switzerland's most
refreshing
convenience
retailer

avec.

ServiceStore DB



*„Thought for
the journey“*

For a wealth of
enjoyable reading

Press
P&B
Books



„Caffè e Passione“

Typical Italian
coffee bar flair



*„Always crisp –
always fresh –
always Ditsch“*

Passionate about
pretzel

Ditsch

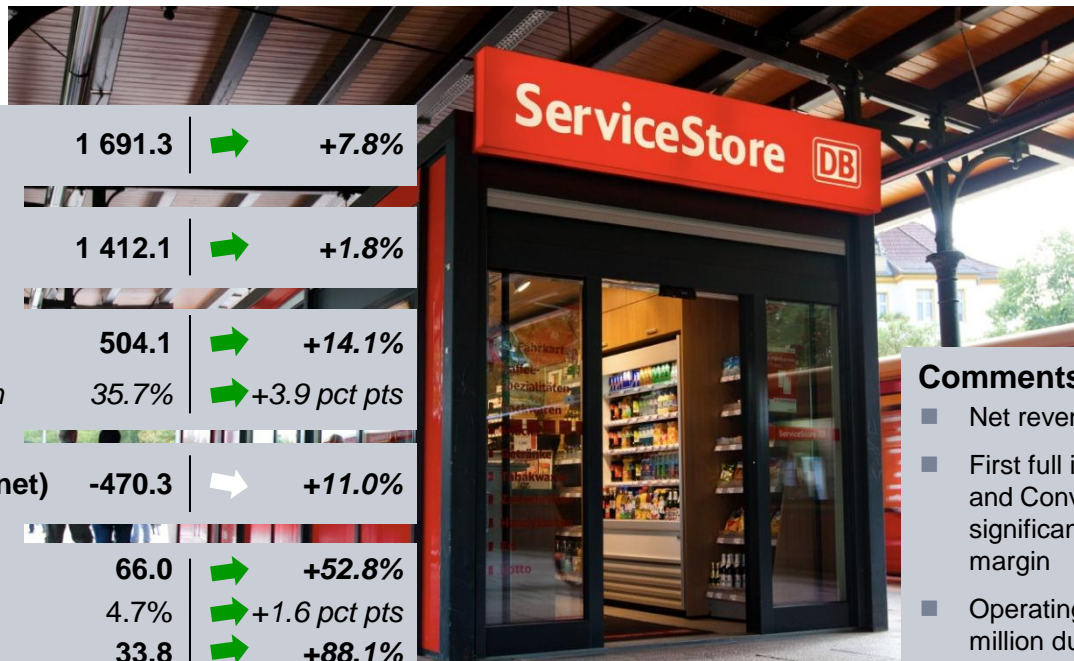
BREZELKÖNIG®

H1 2013 key financial metrics

Newly integrated businesses provide strong boost to revenues and profits

in CHF million,
△ versus 2012

External sales	1 691.3	➔	+7.8%
Net revenues	1 412.1	➔	+1.8%
Gross profit	504.1	➔	+14.1%
<i>Gross-profit margin</i>	35.7%	➔	+3.9 pct pts
Operating costs (net)	-470.3	➡	+11.0%
EBITDA	66.0	➔	+52.8%
EBITDA margin	4.7%	➔	+1.6 pct pts
EBIT	33.8	➔	+88.1%
EBIT margin	2.4%	➔	+1.1 pct pts



Comments

- Net revenues increased by 1.8%
- First full integration of Ditsch/Brezelkönig and Convenience Concept result in significant improvement in gross-profit margin
- Operating profit includes effect of CHF 9.7 million due to IAS 19 (like-for-like operating profits +34%)

Key balance-sheet metrics

Financing initiatives significantly enhance balance sheet

in CHF million,
 △ versus 2012

Balance sheet total	1 609.8	➔	-0.4%
Cash/cash equivalents	109.9	➡	-25.3%
Goodwill	484.6	➔	+3.9 m
Net working capital	166.3	➡	+22.1%
<i>NWC in % of net revenues</i>	<i>5.9%</i>	➡	+1.1 pct pts
Net debt	283.6	➔	-78.0 m
<i>Leverage ratio</i>	<i>1.9x</i>	➔	-0.5x
Shareholders' equity	707.9	➔	+22.5%
<i>Equity cover</i>	<i>44.0%</i>	➔	+8.2 pct pts

Comments

- CC and Ditsch/BK integration increased goodwill and NWC
- Leverage ratio significantly reduced – to 1.9x EBITDA (medium/long-term target)



Start up.

Cash flow

Significant improvements in key components of cash flow

First-half (in CHF million)	2013	2012
EBIT	33.8	18.0
Depreciation and amortisation	32.1	25.2
EBITDA	66.0	43.2
Elimination of non-cash items	-8.8	-1.5
NWC and other working capital	-22.5	-49.7
Interest, taxes (net)	-18.0	-12.7
Cash flow from operations	16.6	-20.7
Capital expenditure	-20.8	-43.6
Asset disposals	2.7	8.7
Cash flow from regular investment activities	-18.1	-34.8
Free cash flow	-1.5	-55.6



Comments

- Positive effect from lower NWC
- Tax and interest costs increased in line with expectations
- Investments and capital expenditure as planned



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Valora Retail Germany



Convenience Concept integration requiring considerable effort | Network objectives for 2015 adjusted

	2013		2014	2015
<p>Convenience</p>	<p>Concept phase I H1 concept dev.</p>	<p>Concept phase II H2 kick-off with 3 test sites</p>	<p>Intermediate phase</p> <ul style="list-style-type: none"> Evaluations with Deutsche Bahn Product-range adjustments Rollout decision 	<p>Rollout phase</p> <ul style="list-style-type: none"> ~20 new openings annually (rebuilt and new locations) Focus on snacks and convenience food (bakery products, sandwiches, cold drinks, coffee) New product range improves gross margins Further network enhancements after 2015
<p>Kiosk</p> <p><i>Cigarettes and more</i></p>	<p>Pilot phase H1, 5 reference stores</p>	<p>Rollout phase I H2, 50 k kiosk units</p>	<p>Intermediate phase</p> <ul style="list-style-type: none"> Analyse positive sales growth at reference stores (+14%) vs rollout I Rollout decision 	<p>Rollout phase</p> <ul style="list-style-type: none"> ~100 new openings annually (rebuilt and new locations) Product-range adjustments in food, non-food, services and beverage categories Implementation of new franchise model in network Increased exploitation of network scale (e.g. promotions etc.)

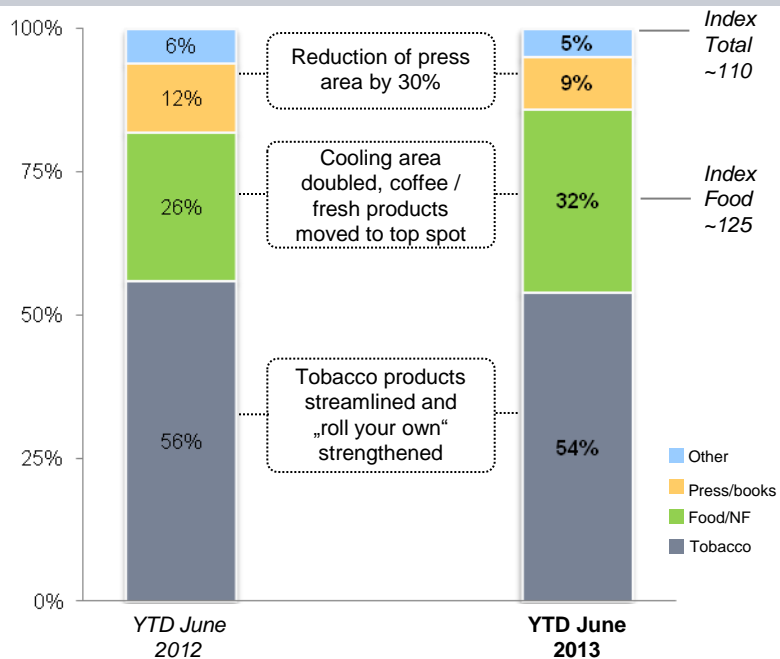
Comments

- Integration of CC / reconfiguration of CC network requires time and effort | Unit relaunches require protracted search for franchisees
- March 2013 objectives for rebuilds revised | Co-operation established with Lekkerland

Valora Retail Switzerland

Implementation of new kiosk concept, as exemplified by Stans outlet (rebuilt in February 2013)

Sales breakdown by product (in %)



Comments

- Outlet rebuild boosted sales by ~10%
- Gross profits increased ~15% thanks to new product mix
- Reduced press range cuts sales by ~15%
- Rebuild project on track – 100 outlets by year-end 2013

Ditsch/Brezelkönig

Growth objectives met as planned

Brezelkönig Switzerland

- Railway-station outlets opened in Lausanne, Zurich-Sihlpost and Baden during H1 2013
- Two further new outlets planned for Zurich and Geneva during H2 2013
- Zurich-Sihlpost outlet to serve as (space-sharing) model for further enhancements to existing Valora sites
- Successful collaboration between Brezelkönig and Valora's avec. and k kiosk formats (butter pretzels and pizza snacks)



Ditsch Germany

Outlet network | Synergies

- Operational expansion during 2013
- Six new sites opened
- Network optimised by closing units which failed to meet profitability targets
- 12 further new openings planned for H2 2013

Wholesale

- Valora (convenience) units to be supplied from H2 onwards
- New production line went live during H1 | Higher volumes and further quality enhancements achieved
- Domestic German market is competitive and demanding
- Good international potential being exploited by stronger export organisation

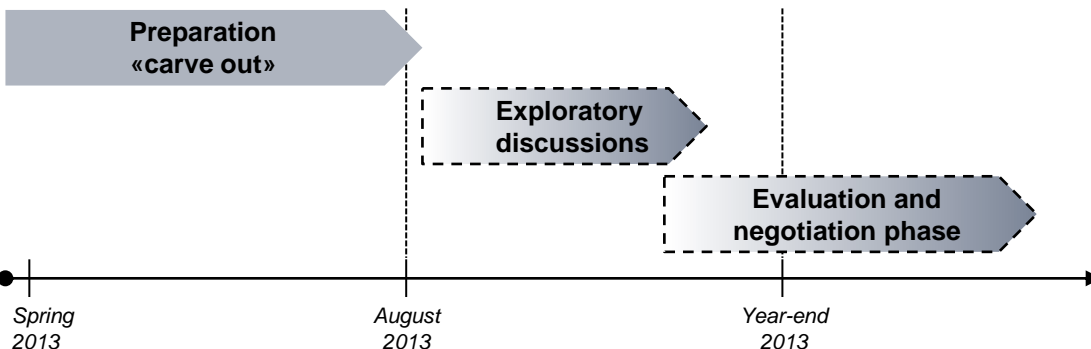


Valora Services

Substantive negotiations initiated with interested parties | Goal: to hand over control



Valora Services redirection process (illustrative)



Comments

- All strategic options for a sustainable future direction for Services division to be evaluated as well as continued emphasis on expanding nilo logistics unit
- First substantive negotiations with potential partners/purchasers scheduled in next few weeks
- Objective: to hand over control of Services business area

Valora Trade

Further measures to improve profitability required

New categories



Classic

Portfolio streamlining

- Transformation phase began by end of 2012
- Some contracts with selected principals successfully renegotiated
- First partnerships discontinued with manufacturers due to insufficient profitability
- Several new small and medium-sized principals acquired, such as:



Additional measures

- Further reduction of operational costs

Agenda

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Outlook

Targeted adjustments to achieve sustained improvement in profitability

- **Valora Retail** Further enhancements to core formats and product ranges in all national markets
- **Ditsch/BK** Expansion and exploitation of synergy potential across national markets and formats
- **Valora Services** Substantive negotiations initiated with interested parties in order to hand over control
- **Valora Trade** Focus on profitability through portfolio streamlining and cost reductions
- **FY 2013** Operating profit of CHF 75 million projected for 2013,
+ CHF 5 – 10 million from IAS 19 and
– CHF 5 – 7 million additional restructuring measures



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Contacts



Corporate calendar

Contacts

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Corporate calendar

2013 full-year results presentation

April 3, 2014

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