valora

RESULTS 2015

MARCH 8, 2016

Agenda

Agenda

1
EXECUTIVE SUMMARY

Results in a nutshell

2
FULL YEAR 2015

In-depth review of income statement, balance sheet, cash flow and results

3
OUTLOOK AGM 2016

Medium-term guidance and key AGM agenda items proposed by the Board of Directors

Measures taken have improved Valora's performance, agility and resilience

FY 2015 executive summary

FINANCIALS

DEFINED TARGETS ACHIEVED

STRATEGY

INITIATIVES WELL ON TRACK

OPERATIONS

SWITZERLAND, GERMANY NAVILLE AND DITSCH ALL PERFORMING WELL

FOCUS

PLANNED DIVESTMENTS ALMOST COMPLETE

Agenda

Agenda

1
EXECUTIVE SUMMARY

Results in a nutshell

2
FULL YEAR 2015

In-depth review of income statement, balance sheet, cash flow and results

3
OUTLOOK AGM 2016

Medium-term guidance and key AGM agenda items proposed by the Board of Directors

Key metrics underscore strong performance

FY 2015 highlights

FCF CHF 24.5

per share

EBIT* +27%

ROCE Δ1% pt

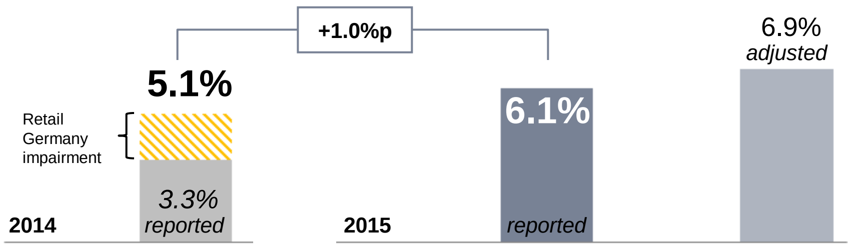
EPS CHF 12.51**

** 2014 adj. for impairment Germany and FX*
*** from continuous operations*

ROCE moving towards 8% goal at Group level and above current WACC

ROCE FY 2015

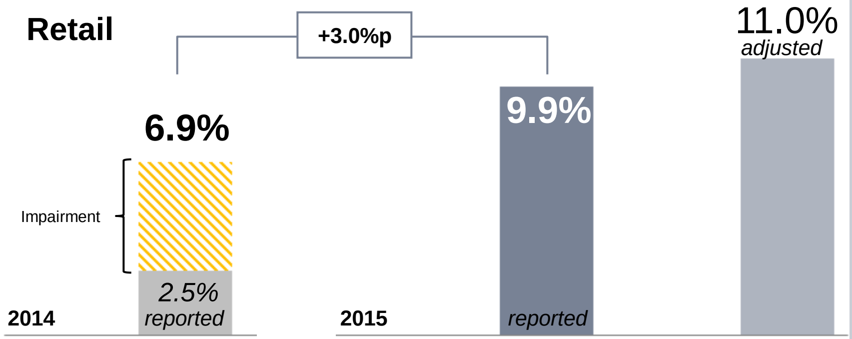
Valora Group



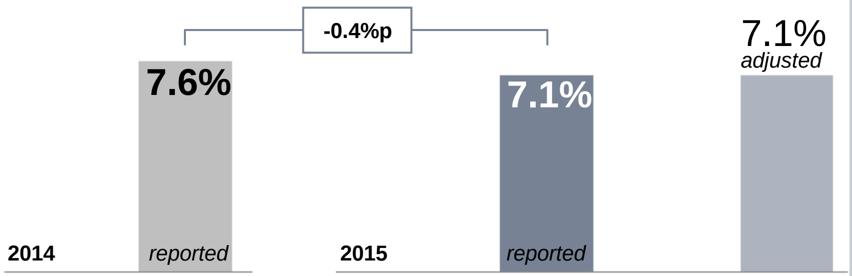
- Marked +1.0%-point increase in ROCE even after adjusting for 2014 impairment at Retail Germany
- Retail Switzerland/Germany ROCE up more than +2%-points
- Naville generated solid 11.8% ROCE
- Ditsch/Brezelkönig slightly below 2014 due to lower EBIT

Calculation basis *Average capital employed over last 13 months | EBIT for last 12 months | cash allocated to Group, not divisions | adjusted figures net of one-off items*

Retail



Ditsch|Brezelkönig

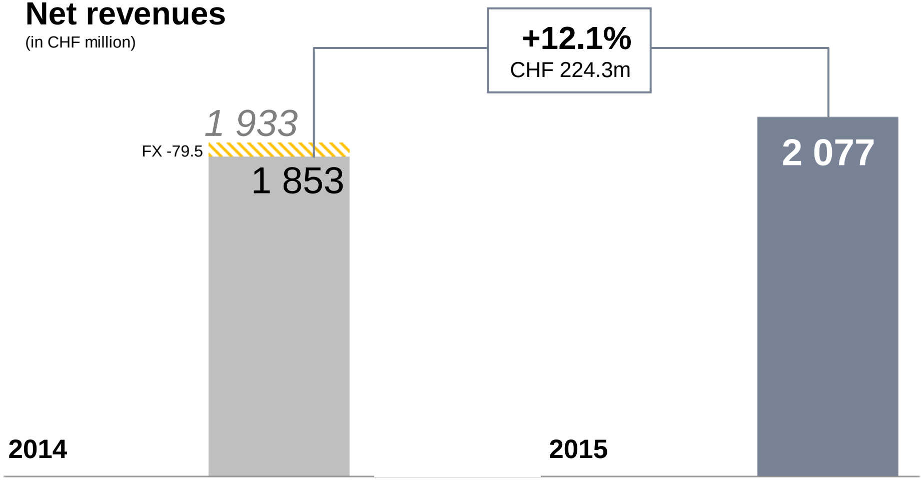


Net revenues up by +12.1% in local currency

Valora Group net revenues

Net revenues

(in CHF million)

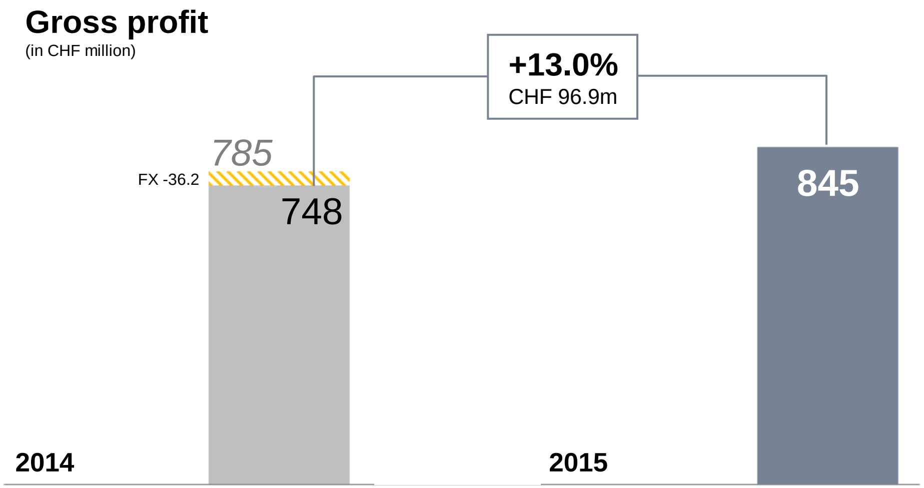


- Switzerland: store closures (-31 outlets), significant tobacco price reductions, same-store press revenues down -9.6%
- Germany: strong same store-growth, more Valora-operated stores
- Ditsch distribution: another record year (+18%)
  Ditsch retail: more outlets, same-store NRs stable despite strike impact
- Brezelkönig: dampened consumer sentiment and increased competition

Division | Country *in CHF million*	**FY 2014**	**FY 2015**	Δ in %	Δ in % (local currency)	Same store index
Retail	**1 712.1**	**1 865.7**	**9.0**	**12.9**	
CH | AT	*1 232.5*	*1 173.3*	*-4.8*	*-4.6*	*96.4*
Naville	*n.a.*	*240.0*	*n.a.*	*n.a.*	*97.1*
DE | Lux	*479.6*	*452.4*	*-5.7*	*7.2*	*102.8*
Ditsch | BK	**220.5**	**211.6**	**-4.0**	**5.4**	**98.1**
Ditsch	*163.7*	*156.4*	*-4.5*	*8.6*	*99.6*
Brezelkönig	*56.7*	*55.0*	*-3.1*	*-3.1*	*93.9*
Valora Group	**1 932.6**	**2 077.4**	**7.5**	**12.1**	
Switzerland	*1 272.3*	*1 452.9*	*14.2*	*14.2*	
Europe	*660.3*	*624.5*	*-5.4*	*7.5*	

Increased gross profit thanks to German business and Naville integration

Valora Group gross profit



- Switzerland: improved gross profit margin thanks to promotions and reduced waste/shrinkage | absolute figure declined due to fewer outlets
- Naville: margin mix benefited from distribution business
- Germany: revenues and promotions driving local-currency growth
- Ditsch/Brezelkönig: strong growth in local currency due to significant expansion of distribution business and production mix

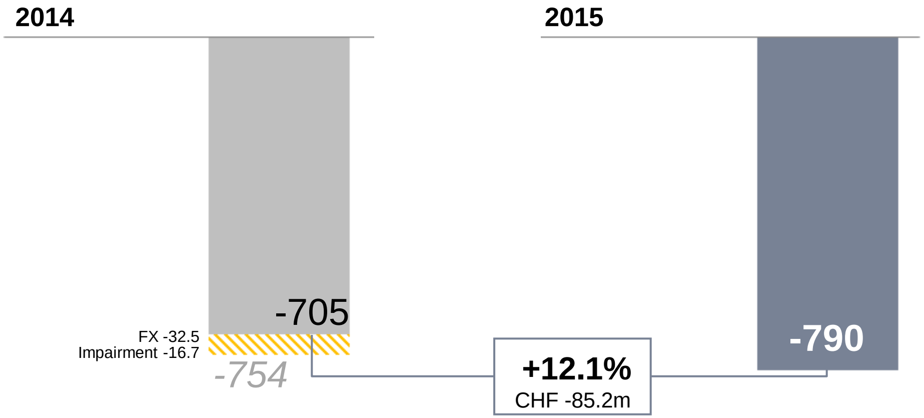
Division | Country *in CHF million*	FY 2014	FY 2015	Δ in %	Δ in % (local currency)	Gross margin (in % of sales)
Retail	**620.6**	**685.5**	**10.5**	**14.5**	***36.7***
CH | AT	*446.3*	*433.9*	*-2.7*	*-2.6*	*37.0*
Naville	*n.a.*	*94.7*	*n.a.*	*n.a.*	*39.4*
DE | Lux	*174.3*	*156.9*	*-10.0*	*2.5*	*34.7*
Ditsch | Brezelkönig	**164.0**	**159.7**	**-2.6**	**6.7**	**75.5**
Valora Group	**784.6**	**845.3**	**7.7**	**13.0**	**40.7**

Costs up in absolute terms following Naville consolidation

Valora Group operating costs

Operating costs

(in CHF million)



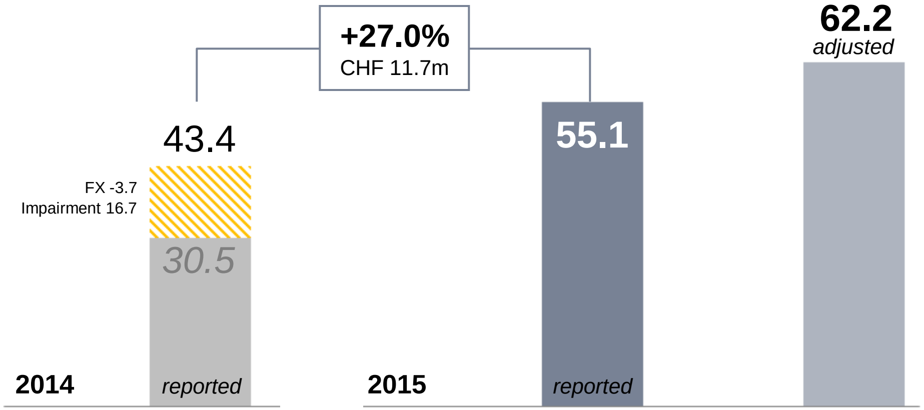
- Switzerland: significantly lower costs thanks to network optimisation (-31 outlets) and efficiency measures
- Naville: burdened by restructuring and group costs
- Germany: stable despite NR growth, min. wage and more own stores
- Ditsch/Brezelkönig: increase due to volume growth and min. wage
- Other: investment in new business areas, incentive-plan termination

Division | Country *in CHF million*	FY 2014	FY 2015	Δ in %	Δ in % (local curr. & excl. 2014 impairment in Germany)	Cost ratio (in % of NR)
Retail	**-610.6**	**-642.5**	**5.2**	**12.1**	**-34.4**
CH | AT	*-429.3*	*-413.4*	*-3.7*	*-3.5*	*-35.2*
Naville	*n.a.*	*-84.1*	*n.a.*	*n.a.*	*-35.0*
DE | Lux	*-181.3*	*-145.1*	*-20.0*	*0.1*	*-32.1*
Ditsch | Brezelkönig	**-132.8**	**-132.7**	**-0.1**	**9.8**	**-62.7**
Other	**-10.7**	**-14.9**	**39.6**	**38.8**	
Valora Group	**-754.1**	**-790.2**	**4.8**	**12.1**	**-38.0**

Strong CHF 55 million EBIT in FY 2015 | Adjusted EBIT of CHF 62 million

Valora Group earnings before interest and taxes

EBIT
(in CHF million)



- Switzerland: improved margin, cost management, network optimisation
- Naville: above expectations incl. restructuring and group cost charges
- Germany: increase driven by gross profit growth
- Ditsch/Brezelkönig: minimum wage and strikes in Germany, weaker retail demand in Switzerland, start-up costs for Brezelkönig international
- Adjusted for one-offs* 2015 EBIT = CHF 62.2 million, EBIT margin 3.0%

Division | Country *in CHF million*	FY 2014	FY 2015	Δ in %	Δ in % (local curr. & excl. 2014 impairment in Germany)	EBIT margin in %
Retail	**10.0**	**43.0**	**331.9**	**70.3**	**2.3**
CH | AT	*17.0*	*20.5*	*21.1*	*20.7*	*1.7*
Naville	*n.a.*	*10.6*	*n.a.*	*n.a.*	*4.4*
DE | Lux	*-7.0*	*11.8*	*n.a.*	*45.1*	*2.6*
Ditsch | Brezelkönig	**31.2**	**26.9**	**-13.5**	**-6.4**	**12.7**
Other	**-10.7**	**-14.8**	**39.0**	**40.1**	
Valora Group	**30.5**	**55.1**	**81.0**	**27.0**	**2.7**

*one-offs 2015: Retail and Naville CHF 4.8m (impairment in Austria, restructuring in Switzerland, inventories in Germany, other revenues at Naville) and Corporate CHF 2.3m (bob Finance set-up costs, incentive-plan termination)

Net result impacted by Trade divestment

Valora Group net profit

Net profit (in CHF million)	**FY 2014**	**FY 2015**
EBIT	**30.5**	**55.1**
Financing activities, net	-17.1	-17.2
Earnings before taxes	**13.3**	**37.9**
Income taxes	2.1	8.9
Net profit from continuing operations	**15.4**	**46.8**
Net result from discontinued operations	-9.1	-75.6
Group net result	**6.3**	**-28.8**

- Net financial result in line with last year despite impact from exchange-rate losses triggered by CHF strengthening vs EUR
- Higher tax gains due to deferred tax asset recognition based on expected improved future operating results
- Result from discontinued operations and Group driven by Trade division goodwill impairment and deconsolidation
- Net result from continuing operations tripled

Balance sheet affected by Trade divestment, FX and Naville acquisition

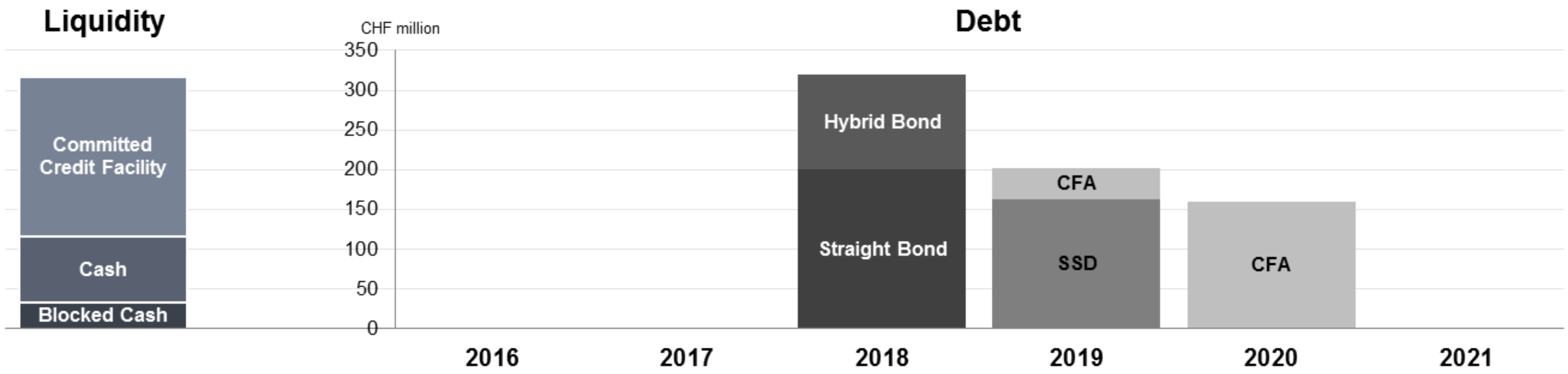
Valora Group balance sheet

Balance sheet (in CHF million)	**FY 2014**	**FY 2015**
Total assets	**1 434.3**	**1 220.2**
Cash, cash equivalents	**129.0**	**116.3**
Goodwill	**362.6**	**417.1**
Net working capital *NWC in % of net revenues*	**49.2** *2.5%*	**60.0** *2.9%*
Net debt (incl. discontinued operations) *Leverage ratio*	181.9 *1.6x*	251.1 *2.1x*
Shareholders' equity *Equity cover*	**630.6** *44.0%*	**506.0** *41.5%*
Capital employed (average)	**929.2**	**903.1**

- Total assets decreased due to Trade deconsolidation
- Goodwill, net working capital and net debt increase due to acquisition of Naville
- Leverage ratio improvement versus H1 2015 (2.1x at year-end 2015, 2.6x at 30.6.2015)

Well diversified debt instruments and maturities

Valora Group balance sheet



Liquidity Reserve per 31.12.15 (in tCHF)

Group Cash	116'308
- "Blocked" Cash[1]	32'891
Available Cash	83'417
Committed Credit Facility	200'000
Liquidity Reserve[2]	283'417

[1] Cash on hand, cash in transit and restricted cash (CHF 3m)
[2] Also includes a number of unused credit lines

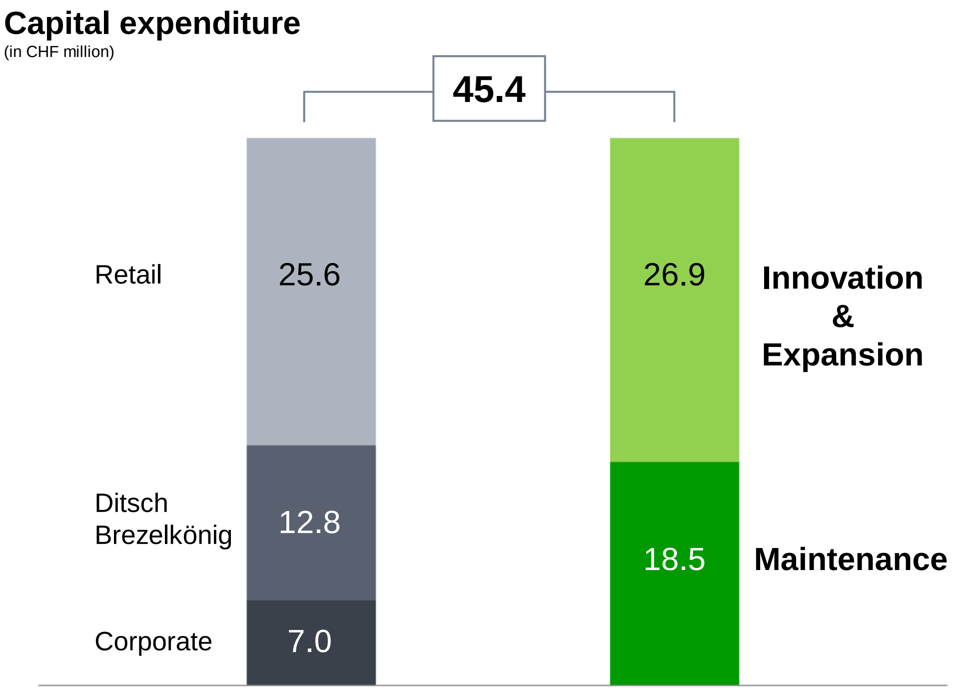
Terms Debt Instruments

	Straight Bond	Hybrid Bond	SSD		CFA
Maturity	02.03.2018	perpetual*	30.04.2019		27.06.2019 (40m) 29.06.2020 (160m)
Nominal	CHF 200m	CHF 120m	EUR 78m fix	EUR 72m floating	CHF 200m currently unused

* first call date per 30.10.18 (thereafter 500bps step-up)

Strong capital expenditure directed to growth

Capex 2015



- Selective investment process leading to lower capital expenditure
  - CHF 11.6 million below previous year
  - Positive impact on FCF and ROCE
- Maintenance capital expenditure at very low levels
  - CHF 25-30 million p.a. expected over cycle
- Investment in innovation and expansion accounts for 60% of total capital expenditure in 2015
  - Investment in new sites, new products and new ventures (e.g. bob Finance), expanded production capacity and turnover-enhancing refurbishments
  - Innovation and expansion expected to stay above 50% of total capital expenditure over cycle
- Attractive Box Economics
  - Store contribution over store invest (infrastructure, NWC, cash) excl. IT, HQ-expenses
  - Payback of current network ~3 years for Retail, ~2 years for Food Service

Strong free cash flow of CHF 82 million

Valora Group cash flow statement

Cash flow (in CHF million, excluding discontinued operations)	FY 2014	FY 2015
EBIT	**30.5**	**55.1**
Depreciation and amortisation	*78.8*	*62.5*
EBITDA	**109.3**	**117.6**
Elimination of non-cash items	0.5	5.7
NWC and current assets	-0.8	20.5
Interest, tax expense (net)	-17.1	-18.3
Cash flow from operations	**91.9**	**125.5**
Capital expenditure	-58.8	-48.5
Asset disposals	0.9	5.4
Cash flow from regular investment activities	**-57.9**	**-43.1**
Free cash flow	**34.0**	**82.3**

- Free cash flow well supported by improved cash flow from operations
- Selective investment process has positive impact on Group capital expenditure, thus improving cash flow and ROCE
- One-time effect from net working capital improvements

Review: most transformation and operational measures well on track

Performance FY 2015 – Wrap up

SWITZERLAND

- Higher gross margin
- Strict cost management
- Network optimisation

NAVILLE

- Integration on track
- Expected synergies confirmed
- Both business units performing well

GERMANY

- Operations stabilised
- Positive L4L sales growth
- Continuing growth and bottom line momentum

DITSCH/ BREZELKÖNIG

- B2B strong
- International expansion initiated
- Retail subject to external effects

COSTS

- Agile organisation
- Reduced complexity
- Start-up costs for digital services and new businesses

ROCE | FCF

- ROCE above current WACC (+1.0 % point)
- Strong free cash flow supported by group-wide initiatives

valora

Agenda

Agenda

1
EXECUTIVE SUMMARY

Results in a nutshell

2
FULL YEAR 2015

In-depth review of income statement, balance sheet, cash flow and results

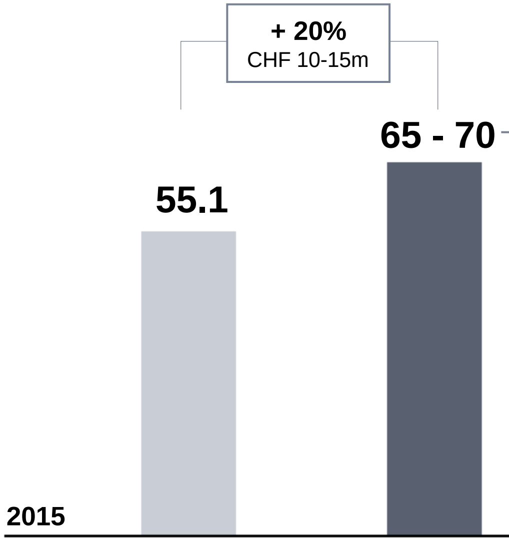
3
OUTLOOK AGM 2016

Medium-term guidance and key AGM agenda items proposed by the Board of Directors

Ambitious and realistic guidance for 2016 and beyond

Valora Group guidance

2016



Remarks

Guidance takes full account of:

- General consumer sentiment in Switzerland
- Expected deconsolidation of Naville distribution

MEDIUM-TERM GUIDANCE

GROSS PROFIT

- **1.0 – 3.0% GROWTH P.A.**
  - **R CH/AT -1 – +1%**
  - **R DE/LU +2 – 4%**
  - **Food Service +5 – 7%**
- **42% GROSS PROFIT MARGIN EARLIEST 2018**

EBIT

- **4.0% EBIT MARGIN EARLIEST 2018**

AGM 2016

Most important items

DIVIDEND	CHF 12.50 per share
CAPITAL	Authorised capital increase of 250,000 shares
ELECTIONS	All Board members standing for re-election

Contacts & Corporate calendar

Contacts

Mladen Tomic Head of Corporate Investor Relations	Phone: E-mail:	+41 61 467 36 50 mladen.tomic@valora.com
Stefania Misteli Head of Corporate Communications	Phone: E-mail:	+41 61 467 36 31 stefania.misteli@valora.com

Corporate calendar

2016 General Meeting	April 14, 2016

Please visit our website for more information regarding **VALORA**
www.valora.com

valora

DISCLAIMER

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.