

valora

VALORA GROUP PRESENTATION
Vontobel Summer Conference

June 8th, 2017



CAFFÈ SPETTACOLO
LAUSANNE



AGENDA

1. OVERVIEW VALORA
2. HIGHLIGHTS 2016 / YTD 2017
3. STRATEGY & INITIATIVES



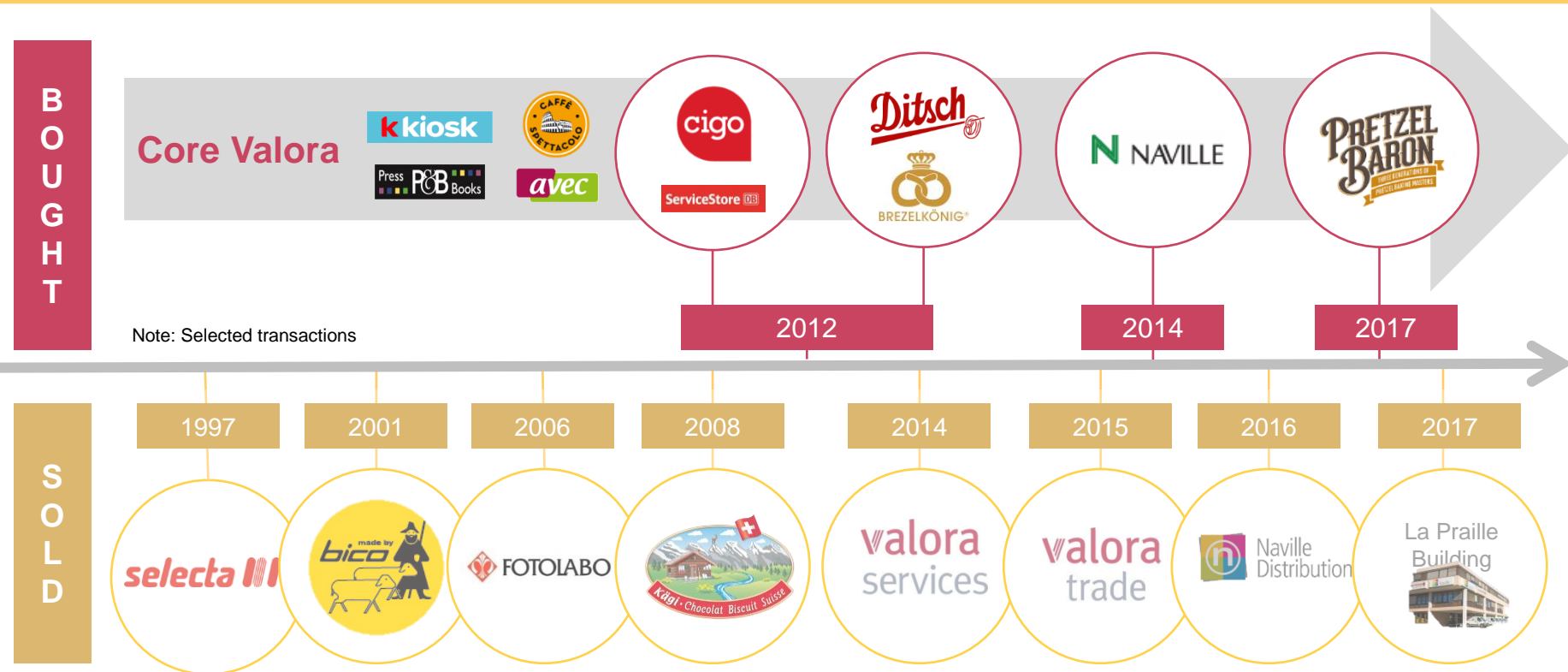
Leading player in convenience retailing and food service



- 1 Focused and leading convenience player in German-speaking Europe
- 2 A portfolio of strong and iconic brands and formats at ~ 2,500 point of sales at high frequency locations
- 3 Worldwide leading pretzel manufacturer (~ 600 million pieces p.a.)
- 4 Strong financial profile with improving margins and meaningful upsides
- 5 High and continued dividend (yield ~4%)
- 6 Experienced and successful management team



Valora evolved from a conglomerate to a focused convenience and food service provider



Valora's present: Two divisions along two major pillars

Convenience & Food Service Network

Value Chain Ownership & Vertical Integration

RETAIL



- Market leader in small retail outlets, selling convenience products through a network of standard format sales points, located at heavily frequented sites

- Own brands and retail services



FOOD SERVICE

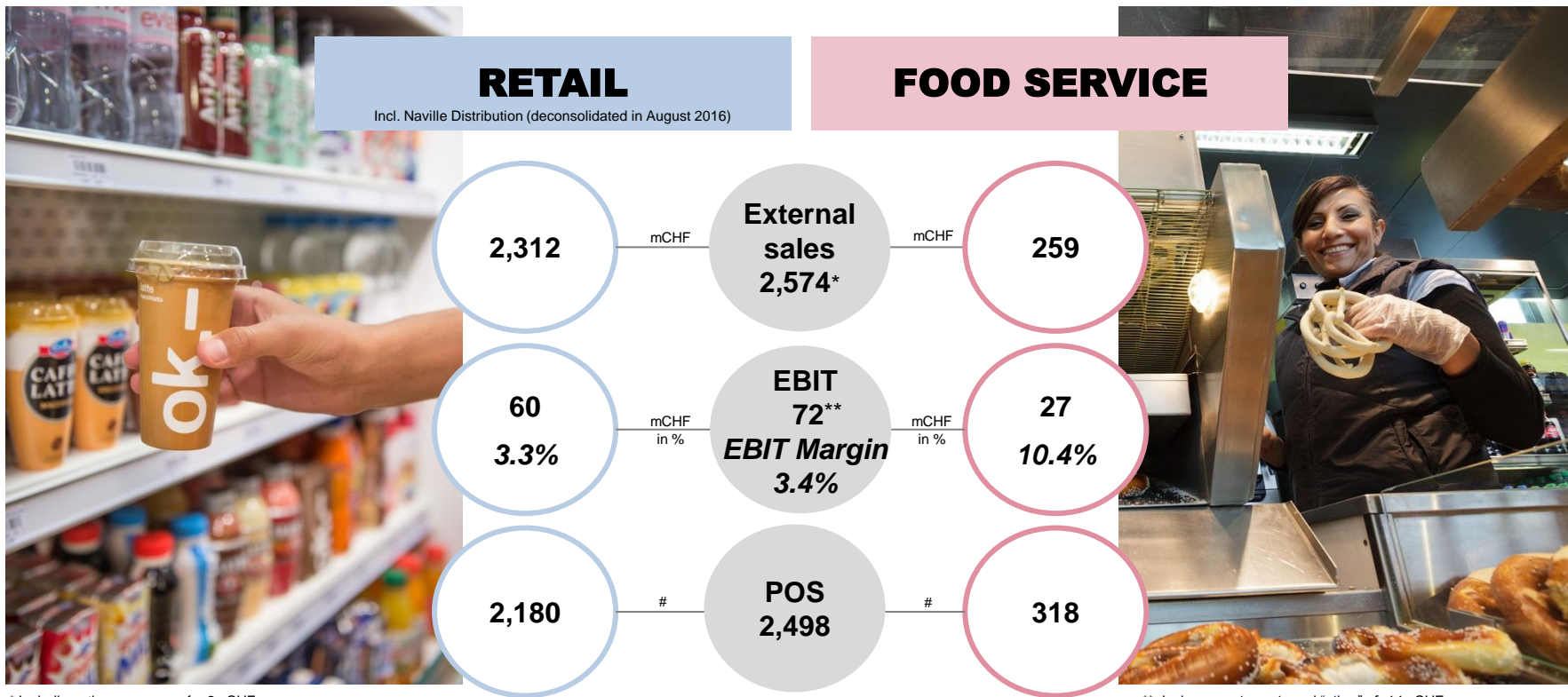


- Market leader with focus on one product category each, modern outlet networks and a broad geographical coverage

- Four highly efficient production facilities and distribution



Key Financials 2016



* Including other revenues of +2mCHF

** Incl. corporate costs and "other" of -14mCHF

Strong presence in German-speaking Europe

NETWORK

Format	Outlets	
kiosk	1'111	KIOSK & CONVENIENCE
cigo & subformats	427	
P&B	210	
Naville	162	
avec	129	
SSDB / U-Store	141	FOOD SERVICE
Ditsch	218	
Brezelkönig	56	
Brezelkönig International	6	
Caffè Spettacolo	38	
TOTAL	2'498	

KIOSK & CONVENIENCE

87%

FOOD SERVICE

13%

62% of POS operated as agencies or by franchisees

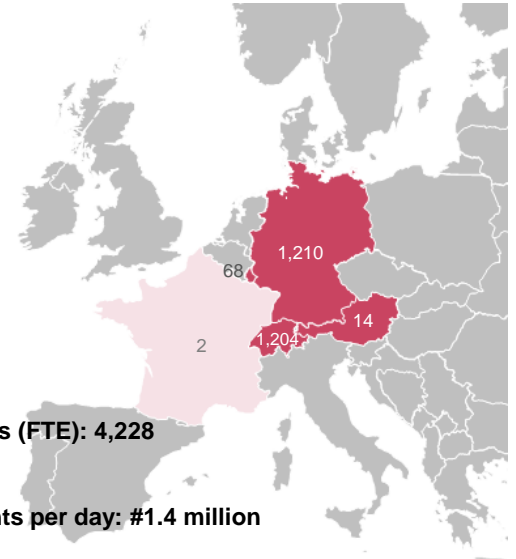
GEOGRAPHY

Revenues by region:

- Switzerland: 68%
- Germany: 27%
- Other: 5%

POS by region:

- Switzerland: 48%
- Germany: 48%
- Luxembourg: 3%
- Other: <1%



Number of employees (FTE): 4,228

Customer touch points per day: #1.4 million

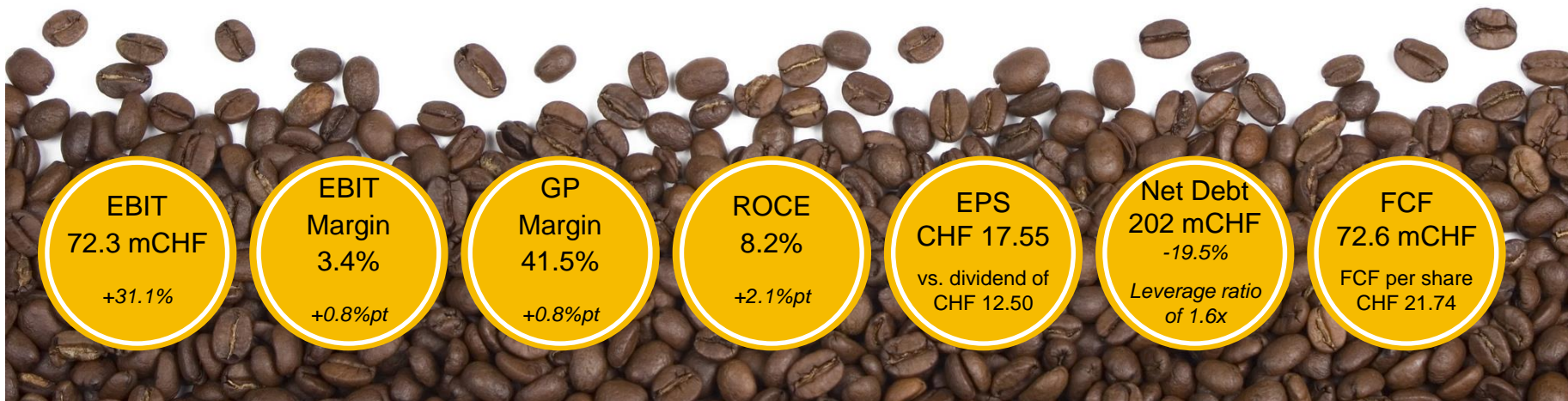
In map: Number of POS per country in Europe

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Financial Highlights 2016



Development of Key Financials

VALORA Group Financials in mCHF	FY 2014	FY 2015	FY 2016	CAGR 2014-2016 Δ		
Net Revenues **	1'933	2'077	2'095	+4.1%	Net revenues	<ul style="list-style-type: none"> ▪ Retail: Naville integration in 2015; ongoing challenging Swiss market ▪ Food Service: Positive development of B2C and B2B in 2016
Retail	1'679	1'835	1'834	+4.5%		
Food Service	253	242	259	+1.3%		
Gross Profit	785	845	870	+5.3%	GP	<ul style="list-style-type: none"> ▪ Improved gross profit margin thanks to higher promotions and better purchasing conditions (effect from Naville integration) ▪ Shift from classical categories to new categories (F&B, new services)
Gross Profit Margin	40.6%	40.7%	41.5%	+0.9%pt		
Retail - GP Margin	35.4%	36.0%	36.4%	+1.1%pt		
Food Service - GP Margin	75.3%	76.4%	77.0%	+1.7%pt		
EBITDA	109	118	128	+8.1%	EBIT	<ul style="list-style-type: none"> ▪ Increase of EBIT 2015/2016 by 31.1% driven by all division ▪ Positive impact of Naville synergies in 2015 and 2016 ▪ Improved operational performance of Retail Germany in 2015+2016
EBITDA Margin	5.7%	5.7%	6.1%	+0.4%pt		
EBIT	30	55	72	+54.0%		
EBIT Margin	1.6%	2.7%	3.4%	+1.9%pt		
Retail - EBIT Margin	0.6%	2.4%	3.3%	+2.6%pt		
Food Service - EBIT Margin	11.9%	10.4%	10.4%	-1.6%pt		
Capex	57	45	49	-7.3%	CAPEX	<ul style="list-style-type: none"> ▪ 2016: 52% of Capex for innovation&expansion, 48% for maintenance
ROCE	3.3%	6.1%	8.2%	+5.0%pt	ROCE	<ul style="list-style-type: none"> ▪ Retail ROCE: 15.4%; Food Service ROCE: 6.9% (excl. Goodwill: 18.2%)
Free Cash Flow (before M&A)	34	82	73	+46.0%		
EPS (from continuing operations (in CHF))	3.13	12.5	17.3	+134.9%	EPS	<ul style="list-style-type: none"> ▪ EPS of CHF 17.27 fully covering dividend of CHF 12.50
Number of employees (FTE)	4'435	4'349	4'228	-2.4%		

* Divisions adjusted to 2016 reporting structure

** Including other revenues of +2mCHF in 2016

Retail: Key Highlights 2016 and beyond

HIGHLIGHTS RETAIL

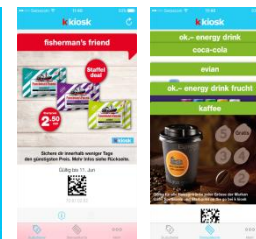
- Sale of Naville Distribution and La Praille building - Focussing process completed
- Naville successfully integrated with favorable impact on EBIT margin in Retail Switzerland
- Successful roll-out of >700 coffee modules
- Strong same store sales development & advanced POS network optimization of Retail Germany



New avec-refresh concept



Roll-out of c. 740 coffee modules in CH



Launch of k kiosk App

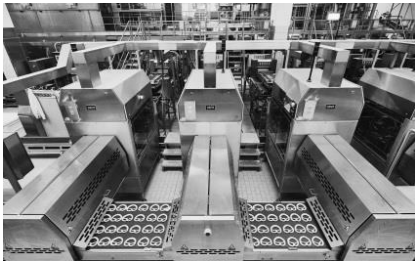


airprishtina flight tickets
pay@POS or with bob pay

Food Service: Key Highlights 2016 and beyond

HIGHLIGHTS FOOD SERVICE

- Acquisition of Pretzel Baron to establish local US production footprint
- Expansion of production capacity: Replacing one production line with 2.5x capacity
- Strong same store sales development & increased number of POS with Brezelkönig Switzerland
- Proof of concept for roll-out of Brezelkönig International concept



Expansion of production



Acquisition of Pretzel Baron



Spettacolo App



New look & feel at Spettacolo

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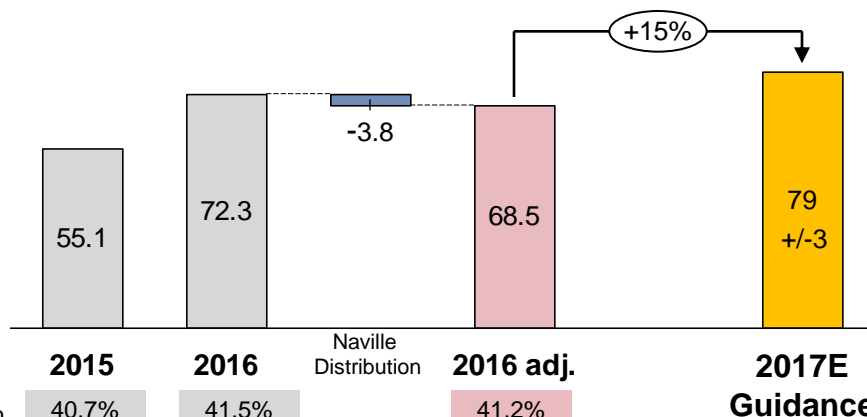


Guidance: 2017 and medium term

15% EBIT increase for 2017 – Medium term guidance confirmed

EBIT

in mCHF



	2015	2016	2016 adj.
GP margin	40.7%	41.5%	41.2%
EBIT margin	2.7%	3.4%	3.3%
ROCE	6.1%	8.2%	8.0%

MEDIUM TERM GUIDANCE

Gross Profit

- 1.0 – 3.0% growth p.a.
 - Retail CH/AT: -1 to +1%
 - Retail DE/LU: +2 to +4%
 - Food Service: +5 to +7%
- 42% gross profit margin earliest 2018

EBIT

- 4.0% EBIT margin earliest 2018

Trends and new technologies change customer behavior

TRENDS



Digital will continue to grow in size and importance



Tobacco and press market further decline



Increased competition & consolidation



Convenience and impulse will become bigger drivers of food shopping



Commercial property market become more sophisticated
(Valora: 2/3 of lease commitments with top 5 landlords)



Regulation of labor market



Multichannel offering with increasing importance



Mobility / Surface travel will evolve

Strategy

GROWTH



**EXPAND IN EXISTING
MARKETS AND
INTERNATIONALLY**

**WITH SUCCESSFUL
FORMATS AND DITSCH
B2B BUSINESS**

EFFICIENCY



**IMPROVE PROCESSES
AND PLATFORM**

**FOCUS ON FREE CASH
FLOW AND ROCE**

INNOVATION



**DIGITAL
OPPORTUNITIES**

**FRESH CONCEPTS AND
NEW OFFERINGS**

PERFORMANCE CULTURE



**LEAN, AGILE AND
ENTREPRENEURIAL
ORGANIZATION**

Top initiatives 2017 and beyond

GROWTH

MARKET LEADERSHIP

- Expand in existing and new markets with successful formats

US EXPANSION

- Pretzel Baron: integrate & grow

FOOD & BEVERAGES

- Strengthen and grow gross profit

BREZELKÖNIG INTERNATIONAL

- Initiate international franchise growth

BOB FINANCE

- Leverage existing platform (e.g. bob pay)

INNOVATION

RETAIL ANALYTICS

- Improve experience for customers
- Enhance promotions and loyalty

LOYALTY

- k kiosk app launched
- Develop new apps and services

CONCEPT DEVELOPMENT

- Develop "Future Store 2020"
- New services and fresh products

EFFICIENCY

VALORA PLATFORM

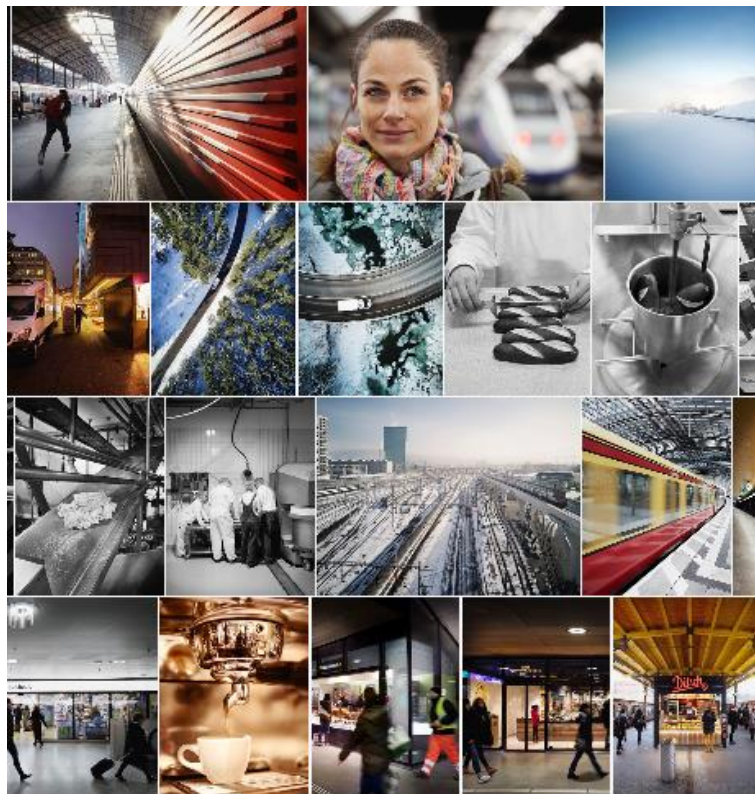
- Platform for back-office synergies
- Introduce SAP in all Group functions

PERFORMANCE CULTURE

ORGANIZATION

- Improve collaboration / best practice
- Encourage and develop employees

Wrap up – Key Investment Highlights



ATTRACTIVE FINANCIALS

- Well on track to achieve ambitious mid-term targets
- Attractive cash generation and improving returns on capital
- Constant dividend payments

CLEAR STRATEGIC POSITIONING

- Clear positioning on two pillars: (1) strong network in convenience, retail and food service (2) vertical integration
- Resilient portfolio of products and offerings

TANGIBLE INITIATIVES

- POS growth
- International expansion
- Increased efficiency
- Exploit new technologies

MOTIVATED TEAM – WINNING CULTURE

- Strong new chairman and stable and young top leadership team
- Focus on group culture and staff development



Q&A

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