Geschäfts-
bericht
2019

valora

Wir bringen unseren Kunden das kleine Glück. Überall da, wo Menschen unterwegs sind.

INHALT

Brief an die Aktionäre

Sehr geehrte Aktionärinnen, Sehr geehrte Aktionäre

Hinter uns liegt ein ausgezeichnetes Geschäftsjahr, konnten wir doch einen EBIT von CHF 91.5 Mio. erreichen und damit die kommunizierten Ziele übertreffen. Die EBIT-Marge lag dabei bei 4.5%. Besonders gut gegenüber Vorjahr hat sich unser Retailgeschäft in Deutschland, Österreich und Luxemburg mit einem soliden Wachstum auf gleicher Fläche entwickelt. Gleiches gilt für unsere Division Food Service, wo wir Rekord-Umsätze im B2B-Handel mit Laugenbackwaren erzielten. Dank dem Beitrag dieser Einheiten konnten wir die Herausforderungen im Schweizer Retailgeschäft kompensieren, welches unter anderem von buchhalterischen Effekten und Projektkosten im Zusammenhang mit der gewonnenen SBB-Ausschreibung beeinflusst wurde.

Der Aussenumsatz der Gruppe zeigte sich stabil bei CHF 2.7 Mrd. Insbesondere freut uns, dass sich unsere Strategie der konsequenten Ausrichtung auf Foodvenience positiv im Gesamtergebnis widerspiegelt. So erzielten wir in den Foodvenience-Kategorien – Food, Non-Food and Services – ein Wachstum beim Aussenumsatz von +2.2%, wobei der Haupttreiber die steigenden Food-Verkäufe waren. Diese Verschiebungen im Produktmix hin zum margenstärkeren Food führten auch zu einer höheren Bruttogewinnmarge (+1%-Punkte auf 45.2%).

Neben der guten Geschäftsentwicklung war das Jahr 2019 geprägt durch die SBB-Ausschreibung von 262 Kiosk- und Convenience-Flächen an attraktivsten Hochfrequenzlagen, die sich Valora allesamt bis ins Jahr 2030 sichern konnte. Dabei überzeugten wir vor allem mit unseren modernisierten Konzepten für avec und k kiosk sowie unserer Innovationskraft mit diversen neuen Angeboten. Für Valora war diese Ausschreibung von hoher strategischer Bedeutung. Wir konnten uns als die führende Kioskbetreiberin der Schweiz behaupten und werden den Convenience-Anteil am Gesamtgeschäft weiter ausbauen.

Ein weiteres Highlight war die Lancierung der avec box, dem ersten kassenlosen Convenience Store der Schweiz. Nach einem ersten Test im Hauptbahnhof Zürich sammeln wir mit der avec box seit September 2019 weitere Erfahrungen an der ETH Zürich. Dieses Konzept ist ein erster Schritt hin zu autonomen Läden, die Kunden noch flexibleres Einkaufen ermöglichen. Es zeigt zudem unsere Innovationskraft und wie wir die Digitalisierung im Detailhandel nutzen und erlebbar machen.

Valora hat sich über die letzten Jahre erfolgreich zu einer auf Foodvenience fokussierten Einzelhändlerin an Hochfrequenzlagen entwickelt. Im Frühling 2019 fand diese Phase mit der gewonnen SBB-Ausschreibung ihren Abschluss. In der Folge haben Verwaltungsrat und Konzernleitung die Strategie 2025 verabschiedet. Diese basiert auf drei Macrotrends: die zunehmende Mobilität, sich wandelnde Lebensgewohnheiten hin zu mehr Ausser-Haus-Konsum und Impulskäufen sowie der rasant wachsende Einfluss der Digitalisierung auf den Alltag. Dank unserem fokussierten Geschäftsmodell sind wir bestens gerüstet, um das Potenzial dieser Trends voll auszuschöpfen.

Für das Geschäftsjahr 2020 sind wir zuversichtlich und setzen unsere Wachstumsstrategie um. Die weitere Erhöhung des Food-Anteils steht dabei im Zentrum. Vor allem der Umbau der SBB-Verkaufsstellen mit der zusätzlichen Ausweitung des Food-Angebots und der Ausbau des B2B-Geschäfts mit Laugenbackwaren spielen eine wesentliche Rolle. Entsprechend investieren wir viel in die SBB-Standorte und in die Erweiterung der Produktionskapazitäten.

Valora hat sich als Gruppe in den vergangenen Jahren hervorragend aufgestellt und sieht einer guten Weiterentwicklung entgegen. Dazu tragen rund 15000 Mitarbeitende in unserem Netzwerk bei, die sich täglich für den Erfolg von Valora engagieren. Dafür möchten wir ihnen ein grosses Dankeschön aussprechen. Ebenfalls können wir uns auf viele langjährige und vertrauensvolle Partner und Lieferanten verlassen. Auch ihnen gebührt unser Dank. Schliesslich bedanken wir uns bei Ihnen, geschätzte Aktionärinnen und Aktionäre. Mit Ihrer Unterstützung und Ihrem Vertrauen ermöglichen Sie es uns, die Entwicklung von Valora so erfolgreich voranzutreiben. Wir beantragen an der kommenden Generalversammlung vom 24. März 2020 eine unveränderte Dividende von brutto CHF 12.50. Die Ausschüttung erfolgt je zur Hälfte aus dem Bilanzgewinn und aus der Reserve aus Kapitaleinlagen. Wir setzen alles daran, für Sie auch in Zukunft eine verlässliche Dividendenzahlerin zu sein.

Mit den besten Grüssen

Franz Julen
Präsident des Verwaltungsrats

Michael Mueller
CEO

Wir bieten beste Food- und Convenience-Konzepte basierend auf: umfassendem Kunden- und Formatverständnis, operationaler Exzellenz, konstanter Innovation und Agilität sowie optimaler Wertschöpfung.


k kiosk
ServiceStore DB
Press P&B Books
cigo
bob
avec
ok.–
CAFFÈ SPETTACOLO
SUPER GUUD
Ditsch
back WERK
BREZELKÖNIG

Brands

Formate

avec — Modernes Convenience-Format für Hochfrequenzlagen wie Bahnhöfe oder Tankstellen mit grossem Food- und Frischeangebot sowie regionalen Produkten.

BackWerk — Deutschlands grösste Selbstbedienungsbäckerei mit einem breiten und flexiblen Snacking-Sortiment und «Feel Good Food».

Brezelkönig — Verkauf von hochwertigen Laugenprodukten wie Brezeln, Baguettes, Croissants, Hot Dogs oder ausgewählte Sandwich-Kreationen für den Snack zwischendurch. Internationales Franchising-System.

Caffè Spettacolo — Kaffeebarkonzept mit italienischem Flair an eigenen Standorten sowie integriertes Kaffeemodulkonzept für weitere Valora Formate.

cigo — Spezialgeschäft für Tabak ergänzt um Presse sowie weitere bedarfsgerechte Dienstleistungen.

Ditsch — Führende Produzentin und Anbieterin von Laugengebäck sowie Sofortverzehr-Produkten für den Retail- und den Grosshandelsmarkt mit eigenem Filialnetz.

k kiosk — Marktführerschaft im Kioskgeschäft mit den Kernsortimenten Tabak, Presse, Lotto. Wachsender Food- und Frischeanteil sowie ein stetig wachsendes Angebot an digitalen Services.

Press & Books — Spezialist für gelesene Vielfalt. Breites Presse- und ausgewähltes Buchangebot sowie bedarfsgerechte Dienstleistungen.

ServiceStore DB/U-Store — Convenience-Format in Liegenschaften der Deutschen Bahn bzw. der Hamburger Hochbahn für den Alltagsbedarf von Pendlern.

SuperGuud — Kleines, trendsetzendes Snacking-Konzept. Das etwas andere Valora Format für die urbanen, experimentierfreudigen Pendler.

Eigenmarken

bob Finance — Der bankenunabhängige Finanzdienstleister bietet praktische, konsequent auf moderne und digitale Bedürfnisse ausgerichtete Finanzdienstleistungen zu fairen Konditionen.

ok.– — Die Eigenmarke mit bestem Preis-Leistungsverhältnis ist die trendige Begleiterin junger, mobiler Menschen und steht für einen dynamischen, urbanen Lebensstil.

Food-venience

Convenience beim Einkauf und im Sortiment kombiniert mit immer mehr frischem Food – das versteht Valora unter Foodvenience.

[Food + Convenience]

Positives Marktumfeld

Dass Konsumenten Foodvenience nachfragen, zeigen die jüngsten Entwicklungen. Convenience sorgte 2018 in der Schweiz für Umsätze von EUR 4.5 Mrd. und in Deutschland von EUR 13.2 Mrd. Die jeweiligen Märkte sind zwischen 2013 und 2018 jährlich im Durchschnitt um +3.7 % bzw. +1.6 % gewachsen.* Dieser Trend korrespondiert mit dem Wachstum der Valora Gruppe von jährlich +3.5 % in den Foodvenience-Kategorien Food, Non-Food (ohne Presse, Bücher, Tabak) und Services. Die Food-Kategorie entwickelte sich in diesem Zeitraum mit +3 % pro Jahr (exklusive BackWerk Akquisition in 2017); sie machte 2019 mit 83 % den grössten Anteil am Foodvenience-Aussenumsatz aus.

Neben stark frequentierten Lagen in Innenstädten und in der Agglomeration sowie in Einkaufszentren und an Tankstellen eignen sich insbesondere Verkehrsknotenpunkte für das Foodvenience-Geschäft. Valora Verkaufsstellen an letzteren Standorten werden täglich von mehr als einer halben Million Kunden besucht und führen zu rund der Hälfte des Valora Aussenumsatzes.

Angesichts der Attraktivität drängen immer mehr Supermarkt-Betreiber und andere Anbieter an diese Lagen. Valora behauptet sich jedoch in ihrem Kerngeschäft dank der Kompetenz und der Erfahrung, die auf ihre ersten Kioske an SBB-Bahnhöfen vor über 100 Jahren zurückgehen.

*Quelle: AlixPartners, 2019

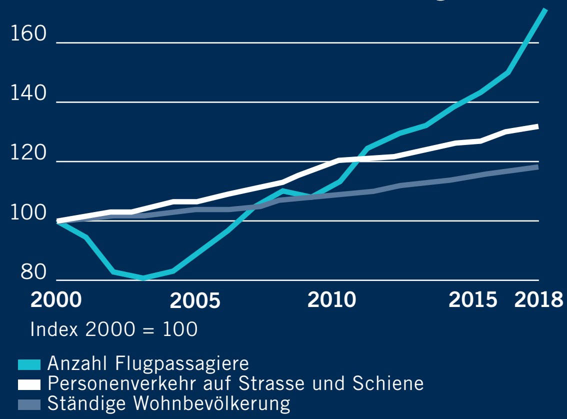
Trends

Drei gesellschaftliche Macrotrends bestimmen die Bedürfnisse der Valora Kunden: Die zunehmende Mobilität, die sich wandelnden Lebensgewohnheiten und der rasant wachsende Einfluss der Digitalisierung auf den Alltag. Als klar fokussierte Foodvenience-Anbieterin richtet Valora ihr gesamtes Geschäft und ihr Angebot konsequent auf diese Trends und die daraus entstehenden Kundenbedürfnisse aus. Valora ist da, wo der Kunde ist, mit einem Angebot, das dieser nachfragt, egal wann.

Mobilität

Die Gesellschaft erlebt heute eine nie dagewesene Mobilität. Die Menschen sind permanent unterwegs – auf Strasse, Schiene oder im Flugzeug. Klare Grenzen zwischen Privat- und Berufsleben verwischen ebenso wie jene zwischen Stadt und Land. Die täglichen Bedürfnisse aber bleiben und wollen auch unterwegs befriedigt werden.

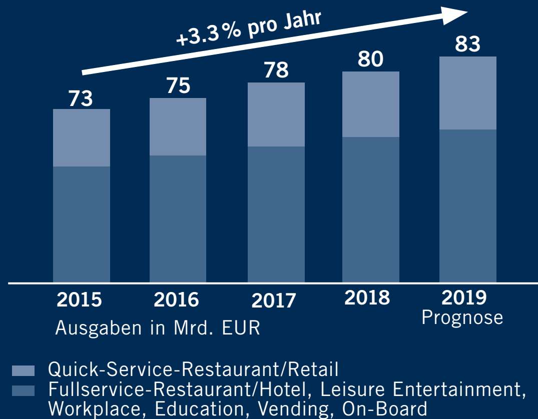
Der Schweizer Personenverkehr wächst schneller als die Bevölkerung [1]



Lifestyle

Die Lebensgewohnheiten der Menschen haben sich stark verändert. Immer mehr Personen leben in kleineren Haushalten oder allein. Die Menschen gestalten ihren Alltag flexibler und verpflegen sich immer häufiger ausser Haus, über den Tag verteilt, auf die Schnelle und mit kleineren Mahlzeiten oder Snacks.

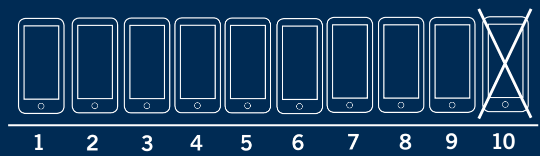
Ausser-Haus-Markt in Deutschland [2]



Digitalisierung

Die Digitalisierung durchdringt mittlerweile alle Lebensbereiche. Seit der Lancierung des Smartphones ist der moderne Mensch immer und überall vernetzt. Die Möglichkeiten neuer Technologien eröffnen neuen Handlungsspielraum und definieren damit die Beziehung mit dem Kunden und dessen Einkaufserlebnis grundlegend neu.

Neun von zehn Erwachsenen in der Schweiz und in Deutschland besitzen heute ein Smartphone [3]



Quellen: 1) Bundesamt für Statistik, 2019
2) npdgroup Deutschland, 2019
3) Deloitte, Global Mobile Consumer Survey, 2018

Strategie

Tagtäglich engagieren sich rund 15 000 Mitarbeitende im Netzwerk von Valora, um den Menschen unterwegs mit einem umfassenden Foodvenience-Angebot das kleine Glück zu bringen – nah, schnell, praktisch und frisch. Valora verfolgt dabei eine Multiformatstrategie mit elf Verkaufsformaten und über 2 700 Verkaufsstellen an Hochfrequenzlagen in der Schweiz, Deutschland, Österreich, Luxemburg und den Niederlanden. Dabei setzt sie auf engagierte Unternehmer als Geschäftsführer ihrer Verkaufsstellen, baut auf starke Eigenmarken und profitiert als eine weltweit führende Produzentin von Laugenbackwaren von einer vertikal integrierten Wertschöpfungskette.

Fünf strategische Pfeiler

Um sich ihrer Vision von besten Food- und Convenience-Konzepten konsequent zu nähern, hat Valora für die gesamte Gruppe und ihre Divisionen Retail und Food Service die Strategie 2025 festgelegt. Diese basiert auf fünf Pfeilern:

Wachstum, Effizienz, Innovation, leistungsorientierte Kultur, Nachhaltigkeit.

Wachstum

● Ausbau des Verkaufsstellen-Netzwerks

Valora will organisch weiterwachsen und setzt dabei unter anderem auf den Ausbau des bestehenden Verkaufsstellen-Netzwerks.

Dabei stehen im Retail-Bereich insbesondere die Convenience-Formate wie avec und ServiceStore DB im Fokus. Aber auch für das k kiosk Format sowie für die Tabakspezialistin cigo sieht Valora weiterhin Wachstumspotenzial.

Im Food-Service-Geschäft heisst der Wachstumsträger BackWerk. Das Wachstum wird hier in Zukunft vermehrt durch neue Standorte insbesondere in den Niederlanden und Österreich sowie durch Shop-in-Shop-Auftritte erzielt.

Für die weiteren Formate ist von einem selektiven Ausbau auszugehen.

Neben dem Ausbau der bestehenden Formate steht Valora auch das Foodvenience-Kerngeschäft ergänzenden Akquisitionen offen gegenüber. Dabei ist ein Markteintritt in neue Geografien möglich.

● Ausbau der Produktionskapazitäten bei Laugenprodukten

Durch die integrierte Wertschöpfungskette in der Produktion von Laugenbackwaren eröffnen sich der Division Food Service Chancen für die Erweiterung ihrer Rolle als Anbieterin von Laugenbackwaren für Handelspartner. Ihre starke Marktposition im B2B-Geschäft will Valora über hohe Produktqualität, ausreichend Produktionskapazitäten und ein starkes Vertriebs- und Marketing-Team weiter ausbauen. Im Zentrum stehen dabei vor allem die beiden weltweit grössten Märkte für Laugenbackwaren, Deutschland und die USA. Gerade in den USA ist die Durchdringung mit Laugenbackwaren noch verhältnismässig tief. Insgesamt rechnet Valora im B2B-Kanal bis 2025 mit Wachstumsraten von bis zu +10 % jährlich.

● Steigerung der Angebotsattraktivität

Valora will nicht nur die Zahl der Verkaufsstellen und die Produktionskapazitäten für Laugenprodukte erhöhen, sondern gerade im B2C-Bereich auch eine solide Umsatzentwicklung auf gleicher Fläche (Samestore) erzielen. Dabei will sie jährlich um rund +0.5 % wachsen. Deshalb legt sie auch künftig einen Fokus auf die Optimierung des bestehenden Sortiments. Dabei kommt dem weiteren Ausbau der margenkräftigeren Food-Kategorie, vor allem der Einführung neuer Frischeprodukte, besonders viel Gewicht zu. Gleichzeitig bleibt Tabak bis auf weiteres ein Gewinntreiber, wobei alternative, potenziell Risiko-reduzierte Produkte interessante Chancen bieten, da zum einen eine zunehmende Nachfrage danach verzeichnet wird und sich damit zum anderen höhere Margen erzielen lassen. Zusätzlich ist Valora dank des dichten Verkaufsstellennetzes an attraktiven Lagen in Kombination mit den Möglichkeiten der Digitalisierung in der Lage, Service-Angebote wie Pick-up- und Drop-off-Dienstleistungen oder Ausleihmodelle weiterzuentwickeln und neue Dienstleistungen anzubieten.

Auch mit ihrer Konsumkredit-Anbieterin bob Finance will Valora weiter zulegen und neue B2C- wie auch B2B-Partner für sich gewinnen. Sie setzt hierfür auf Kundenbindungsmassnahmen und neue digitale Finanzdienstleistungen.

● Stärkere Position als Promotionsplattform

Neben der Weiterentwicklung der eigenen Produktsortimente legt Valora auch grossen Wert darauf, ihre Position als bevorzugte Vermarktungsplattform weiter zu festigen. Markenpartner können über den unmittelbaren Kontakt zu einer breiten Kundenbasis den Markenwert ihrer Produkte stärken. Besonders interessant sind in diesem Zusammenhang Promotionen für Produkte, bei denen Valora über einen bedeutenden Marktanteil verfügt, beispielsweise Tabakwaren, Presseartikel und Lottoscheine.

Effizienz

● Stärkung der vertikalen Integration

In der vertikalen Integration liegt für Valora ein weiterer entscheidender Wettbewerbsvorteil. Über Eigenmarken wie ok.– und Caffè Spettacolo sowie die hauseigene Produktion von Laugenbackwaren lassen sich die interne Wertschöpfung und das Gewinnpotenzial der Valora Gruppe steigern. Gleichzeitig sind die Eigenmarken ein Alleinstellungsmerkmal, erlauben eine Abgrenzung von der Konkurrenz und bieten eine Alternative zu klassischen Markenprodukten. Entsprechend will Valora diese Stärken künftig noch mehr ausspielen und den Anteil der Eigenmarken am Gesamtmix erhöhen. Dabei strebt sie bei der Vermarktung der Eigenmarken eine noch klarere Positionierung an.

● Mehr Effizienz für eine bessere Profitabilität

Nicht nur Wachstum, sondern auch Profitabilität ist für Valora essenziell, um eine nachhaltige Finanzierung der Investitionen in die Expansion sowie für Innovationen sicherzustellen. In diesem Sinne setzt Valora alles daran, die Effizienz mittels folgender Stossrichtungen zu erhöhen:

Prozesse werden durch Automatisierung, Retail Analytics und effiziente Arbeitsabläufe verbessert und die verstärkte Zusammenarbeit innerhalb der Gruppe erlaubt den Know-how-Transfer über die verschiedenen Länder, Formate und Themen hinweg. Gleichzeitig werden zusätzliche Synergien realisiert und die Einkaufskonditionen verbessert. Schliesslich wird die Zusammenarbeit mit reinen, vom Grosshandel unabhängigen Logistikpartnern gefördert oder dort, wo sinnvoll, die eigene Logistik optimiert. Insbesondere die Frische-Logistik ist in Zukunft von grosser Bedeutung. Denn aufgrund der Zunahme des Food- und Frischeanteils steigt auch die erforderliche Lieferfrequenz der Waren. Dabei sind Valora und ihre Partner spezialisiert auf den Umgang mit einer grossen Zahl an Lieferorten, kleinen Mengen abzuladender Güter und teils schwer zugänglichen Verkaufsstellen.

Innovation

● Neue Food- und Technologie-Konzepte

Um wettbewerbsfähig zu bleiben, muss Valora über Innovationen neue Ertragsquellen erschliessen. Ziel ist es deshalb, frische Food- sowie weitere neue Konzepte und Produkte zu lancieren. Neue Technologien sollen zudem dazu eingesetzt werden, software-basierte Lösungen für Kunden, den Betrieb und die eigene Organi sation zu entwickeln. Diese sollen in einem ersten Schritt das bestehende Geschäft unterstützen, die Produktivität und die Geschwindigkeit steigern, die Reichweite der Geschäftsmodelle erhöhen und den Kundennutzen vergrössern. In einem zweiten Schritt sollen die Lösungen auch Dritten zur Verfügung gestellt werden. Den Kunden will Valora nicht nur bei den Produkten, sondern auch beim Einkaufserlebnis Convenience bieten. Hierfür ist es wichtig, die Kunden bei neuen Lösungsansätzen schon früh miteinzubinden, um das Angebot auf Basis ihrer Rückmeldung zu verbessern.

Im Rahmen ihrer Innovationsbestrebungen hat sich Valora der kontinuierlichen Erneuerung verpflichtet. Dies erfordert neben dem Mut, Neues zu wagen, vor allem Schnelligkeit und Agilität. Sie setzt hierfür auf interne Expertise und baut die eigenen Kompetenzen in der Food- und Tech-Entwicklung weiter aus. Sie ist aber auch offen für die Innovationen der Industriepartner, bietet diesen mit ihrem Verkaufsstellen-Netzwerk eine Plattform und will sich gemeinsam mit ihnen als Vorreiterin für neue Modelle im Foodvenience-Markt positionieren.

Leistungsorientierte Kultur

● Mehr Unternehmertum, Kundenfokus und Arbeitgeber-Attraktivität

Um ihre Strategie umsetzen zu können, ist Valora auf unternehmerisch handelnde Betreiber angewiesen. Aus diesem Grund sollen bis 2025 mindestens 90 % der Verkaufsstellen im Agentur- oder Franchisemodell geführt werden. Damit der Anspruch an das Unternehmertum, der Kundenfokus und Innovationsbestrebungen gewährleistet werden können, ist eine agile Organisation notwendig. Valora wird deshalb in Zukunft ein noch stärkeres Augenmerk darauf legen.

Den Mitarbeitenden will Valora ein offenes, dynamisches Arbeitsumfeld bieten, in dem sie sich anhand zukunftsgerichteter Kompetenzen weiterentwickeln können – dies nicht nur vertikal, sondern auch horizontal. Das Kompetenzmodell von Valora schafft dabei Klarheit darüber, was von den Mitarbeitenden erwartet wird und welchen Beitrag sie selbst zur erfolgreichen Umsetzung der Unternehmensstrategie leisten können. Ziel ist es, die Mitarbeitenden gemäss ihren Stärken einzusetzen, Talente zu fördern sowie sie dazu zu befähigen, selbstständig Initiative zu ergreifen und Ideen tatkräftig umzusetzen. Das nötige Rüstzeug dafür erhalten sie zum einen on-the-job, zum anderen durch gezielte Weiterbildungen.

Valora will auf diese Weise ihre Attraktivität als Arbeitgeberin stärken und damit die aussichtsreichsten Talente für sich gewinnen und langfristig halten. Gerade um Letzteres zu gewährleisten, achtet Valora bereits bei der Rekrutierung darauf, dass die künftigen Mitarbeitenden nicht nur über das nötige Fachwissen verfügen, sondern auch zur Kultur von Valora passen.

Nachhaltigkeit

Für Mensch und Umwelt

Die Stakeholder von Valora erwarten zu Recht, dass sie als verantwortungsbewusstes Unternehmen ihren Beitrag zu einer nachhaltigen Entwicklung leistet. Entsprechend ist es das erklärte Ziel von Valora, profitables Wachstum mit nachhaltigem Wachstum in Einklang zu bringen, indem Betriebsabläufe, Prozesse und Produkte gezielt auf die sich verändernden Anforderungen ausgerichtet werden. Valora verfügt über einen umfassenden Nachhaltigkeitsansatz – basierend auf den drei Handlungsfeldern People, Planet und Products – und will mit ihren Ressourcen umsichtig umgehen. Priorität haben dabei faire Arbeitsbedingungen für alle Mitarbeitenden im Netzwerk und die Förderung von Talenten und Karrieren. Zudem will Valora ihren Einfluss auf die Umwelt reduzieren und setzt Massnahmen zur Vermeidung von Food Waste, zur Reduktion des Energieverbrauchs und zum Klimaschutz um. Schliesslich will sie umweltschonende und faire Produkte sowie gesunde Alternativen bieten und ein Augenmerk auf nachhaltige Verpackungen legen.

Operative Finanzziele 2025

Valora verfolgt ambitionierte, aber realistische operative Ziele bis ins Jahr 2025:

- **Aussenumsatz:** +2 – 3 % pro Jahr
- **Bruttogewinnmarge:** im Durchschnitt +0.5 %-Punkte pro Jahr
- **EBIT-Marge:** im Durchschnitt +0.2 %-Punkte pro Jahr
- **Gewinn je Aktie*:** im Durchschnitt +7 % pro Jahr

Mittelfristig geht Valora von einem Anstieg der EBIT-Marge auf etwa 5 % im Jahr 2022 aus, wenn die Umwandlung von 262 SBB-Verkaufsflächen abgeschlossen sein wird, die sich Valora im Rahmen einer Ausschreibung erfolgreich bis ins Jahr 2030 gesichert hat. Dies entspricht den langfristigen operativen Zielen bis 2025.

* Ohne ausserordentliche Effekte.

Aussenumsatz in Mio. CHF

2 681

EBIT in Mio. CHF

91.5

Verkaufsstellen

2 733

Anzahl Mitarbeitende im Netzwerk

~15 000

Stück Produktion Backwaren pro Jahr

~700 Mio.

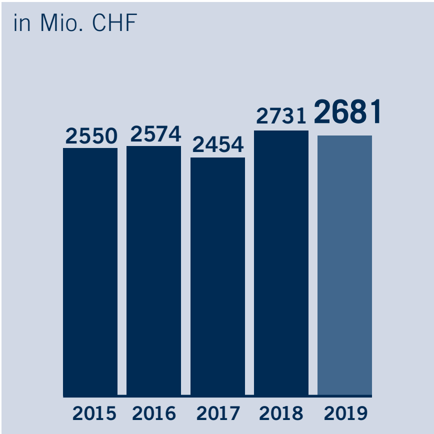
Kennzahlen

		31.12.2019	31.12.2018	Veränderung
Aussenumsatz [1] [2]	**Mio. CHF**	**2 680.6**	**2 731.0**	– 1.8 %
Nettoumsatzerlös [1]	**Mio. CHF**	**2 029.7**	**2 074.9**	– 2.2 %
EBITDA [2]	**Mio. CHF**	**157.4**	**156.0**	+ 0.9 %
in % des Nettoumsatzerlöses	%	7.8	7.5	
Betriebsergebnis (EBIT)	**Mio. CHF**	**91.5**	**89.8**	+ 1.8 %
in % des Nettoumsatzerlöses	%	4.5	4.3	
Reingewinn aus fortgeführten Geschäftsbereichen	**Mio. CHF**	**73.6**	**64.1**	+ 14.8 %
in % des Nettoumsatzerlöses	%	3.6	3.1	
in % des Eigenkapitals	%	11.8	10.4	
Netto-Einnahmen (Netto-Ausgaben) [3]				
aus operativer Tätigkeit	Mio. CHF	290.3	116.0	+ 150.2 %
Leasingzahlungen, netto	Mio. CHF	– 128.2	n.a.	n.a.
aus gewöhnlicher Investitionstätigkeit	Mio. CHF	– 86.1	– 67.0	+ 28.5 %
Free Cashflow [2] [3]	**Mio. CHF**	**76.0**	**49.0**	+ 55.1 %
Gewinn je Aktie [3]	**CHF**	**18.68**	**15.28**	+ 22.3 %
Free Cashflow je Aktie [2] [3]	**CHF**	**19.30**	**12.47**	+ 54.8 %
Anzahl eigene Verkaufsstellen		**1 796**	**1 868**	– 3.9 %
davon Agenturen		1 133	1 105	+ 2.5 %
Anzahl Franchise-Verkaufsstellen		**929**	**881**	+ 5.4 %
Nettoumsatzerlös pro Verkaufsstelle [1]	CHF 000	1 130	1 111	+ 1.7 %
Aktienkurs	**CHF**	**270.00**	**215.00**	+ 25.6 %
Börsenkapitalisierung	**Mio. CHF**	**1 064**	**846**	+ 25.8 %
Flüssige Mittel	**Mio. CHF**	**122.7**	**104.8**	+ 17.1 %
Verzinsliches Fremdkapital	**Mio. CHF**	**1 491.8**	**463.4**	+ 222.0 %
Eigenkapital	**Mio. CHF**	**626.1**	**613.8**	+ 2.0 %
Bilanzsumme	**Mio. CHF**	**2 392.8**	**1 326.2**	+ 80.4 %
Anzahl Mitarbeitende	**FTE**	**3 906**	**4 230**	– 7.7 %
Nettoumsatzerlös pro Mitarbeitende [3]	CHF 000	520	490	+ 5.9 %

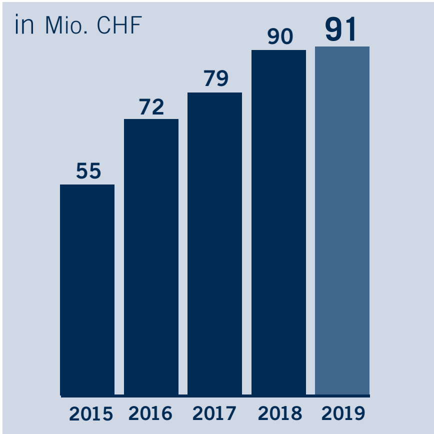
Prozentzahlen und Summen basieren auf den ungerundeten Zahlen der Konzernrechnung
[1] 2018 angepasst aufgrund IFRS 15
[2] Definition der alternativen Performancekennzahlen auf Seite 197
[3] Aus fortgeführten Geschäftsbereichen

Kennzahlen

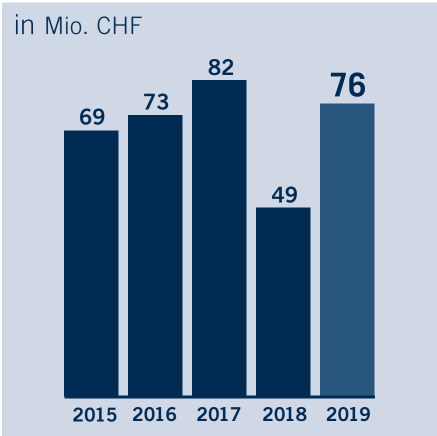
Aussenumsatz



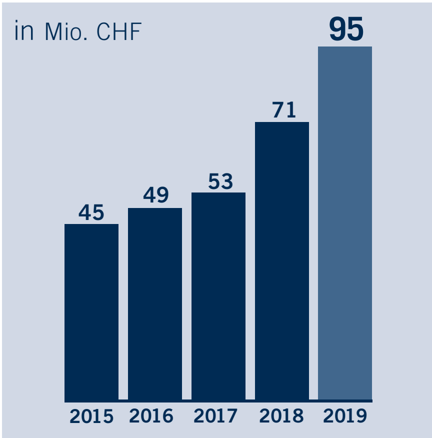
EBIT



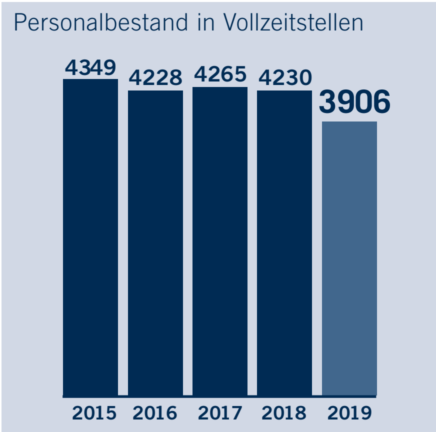
Free Cashflow



Investitionen



Mitarbeitende



Verkaufsstellen

«Wir verfolgen eine Wachstumsstrategie mit Food als Haupttreiber.»

Michael Mueller
CEO Valora

Herr Mueller, wie ist das Geschäftsjahr 2019 für Valora verlaufen?

Valora hat sich mit einem operativen Gewinn von CHF 91.5 Mio. und einer EBIT-Marge von 4.5 % besser entwickelt, als ursprünglich in Aussicht gestellt. Der Aussenumsatz hat sich dabei stabil gehalten. Wir sind aber in den Foodvenience-Kategorien – also ohne Presse, Bücher und Tabak – vor allem aufgrund der Food-Verkäufe um +2.2 % gewachsen. Das ist ein sehr erfreuliches, strategiekonformes Ergebnis.

Sie haben mit der Lancierung der kassenlosen avec box im Frühling 2019 für viel Aufsehen gesorgt.

Wir haben den modernsten Convenience Store der Schweiz vorgestellt. Für uns war das ein erster Schritt hin zu Verkaufsstellen, die autonomes Einkaufen ermöglichen und unsere bisherigen Formate an ausgewählten Standorten ergänzen sollen. Nach dem ersten Test im Zürcher Hauptbahnhof sammeln wir seit September mit der avec box an der ETH Zürich weitere Erfahrungen. Diese Tests zeigen auf, wie wir die Digitalisierung im Detailhandel für die Kunden nutzbar machen und Innovation angehen.

Wie lautet Ihr bisheriges Fazit?

Wir haben sehr positiven, wertvollen Input erhalten. Vor allem die Produktauswahl und der einfache, schnelle Einkauf insbesondere ausserhalb von üblichen Öffnungszeiten kamen sehr gut an. Auf Basis des Kundenfeedbacks haben wir die App und die Systeme im Hintergrund weiter optimiert. Die Entwicklung ist sicher noch nicht abgeschlossen. Parallel arbeiten wir an weiteren Schritten hin zu Auto-Checkout-Konzepten für noch mehr Convenience im Einkaufserlebnis.

Was waren sonst die Highlights im Jahr 2019?

Das dominante Thema war die Ausschreibung der SBB. Von den 262 zu vergebenden Kiosk- und Convenience-Flächen sicherten wir uns nicht nur die 231 von uns bereits betriebenen Standorte, sondern gewannen gar 31 neue hinzu. Dabei konnten wir uns gegen namhafte nationale und internationale Konkurrenten durchsetzen und unsere Stärken ausspielen: die einzigartige Erfahrung im kleinflächigen Retail an Hochfrequenzlagen und die Food-Kompetenz kombiniert mit unserer Innovationskraft und unserem Gespür für Markttrends.

Welche Bedeutung hatte diese Ausschreibung für Valora?

Diese wichtigen Standorte sind nun bis 2030 gesichert. Dadurch bleiben wir die führende Kioskbetreiberin des Landes, können gleichzeitig den Convenience-Anteil am Gesamtgeschäft signifikant ausbauen und den Bekanntheitsgrad der Marke avec stärken. Die Anzahl avec Stores an SBB-Standorten steigt durch die Umwandlung von k kiosk Verkaufsstellen und durch die neuen Standorte von heute 32 auf rund 140 bis ins Jahr 2021. Zusätzlich werden die verbleibenden k kiosk Verkaufsstellen an SBB Standorten komplett modernisiert. Wir planen, über die nächsten zwei Jahre insgesamt rund CHF 70 Mio. in die Modernisierung und den Umbau zu investieren. Es ist vorgesehen, bis 2021 alle Standorte umgebaut zu haben.

Die Mietkosten für Valora steigen signifikant.

Die neuen Mietpreise für die Convenience-Flächen sind vergleichbar mit anderen neueren Mietverträgen dieser Art; bei den Kioskflächen kommt es zu einer deutlichen Steigerung. Wir wandeln aber einen grossen Teil der Kioske in Convenience Stores mit höherem Food-Anteil um und auch bei k kiosk werden wir mehr Food führen. Das angepasste Sortiment wird einen positiven Einfluss auf die Bruttogewinnmarge haben. Zudem ist die Kundenfrequenz an den SBB-Bahnhöfen über die letzten vier Jahre jährlich um durchschnittlich +1.5% gewachsen – mit weiter steigender Tendenz. Das ist ein wichtiger Impuls für unser Umsatzwachstum.

«An den 262 bis ins Jahr 2030 gesicherten SBB-Standorten wandeln wir einen grossen Teil der Kioske in Convenience Stores mit höherem Food-Anteil um und auch bei k kiosk werden wir mehr Food führen.»

Weshalb sind Sie so zuversichtlich?

Macrotrends wie der gesellschaftliche Wandel hin zu kleineren Haushalten, mehr Mobilität und der damit verbundene Ausser-Haus-Verzehr spielen uns in die Hände. Mit unserem dichten Verkaufsstellen-Netzwerk an Hochfrequenzlagen sind wir am Puls der Gesellschaft, also dort, wo der Kunde is(s)t. Mit unseren Foodvenience-Angeboten begegnen wir der steigenden Nachfrage nach schnellen, frischen Mahlzeiten und Snacks. Darauf baut auch unsere neue Strategie 2025, die wir nach der erfolgreichen SBB-Ausschreibung verabschiedet und kommuniziert haben. Nach der Fokussierung auf unser Kerngeschäft folgt nun eine neue, auf Wachstum ausgerichtete Phase mit Food als Erfolgsfaktor.

Ist die Bedeutung von Food schon heute in den Zahlen sichtbar?

Die Kategorie Food wuchs zwischen 2013 und 2019 jährlich um rund +3% und das margenstärkere Food-Geschäft ist mittlerweile zum grössten Bruttogewinn-Treiber von Valora geworden. Es trug 2019 insgesamt mit 37% zum Aussenumsatz bei, machte gleichzeitig aber 53% des Bruttogewinns aus. Diese Entwicklung wollen wir weiterführen. So haben wir in den letzten Jahren sämtliche Formate erneuert, das Sortiment durch einen höheren Food-Anteil optimiert und die Expertise in der Food-Produktion gestärkt. Auch der Ausbau der Laugenbackwaren-Produktion für Handelspartner (B2B) spielt eine grosse Rolle.

Valora investiert viel in die Produktion von Laugenbackwaren. Wo stehen Sie da?

Wir investieren rund EUR 50 Mio. in den Kapazitätsausbau in Deutschland und den USA, den weltweit grössten Absatzmärkten für Laugenbackwaren. Seit Oktober 2019 ist eine neue Produktionslinie in Oranienbaum in Betrieb und läuft bereits mit hoher Leistung und guter Auslastung. Gleichzeitig konnten wir die Effizienz in den bestehenden Anlagen erhöhen. In den USA ist die neue Linie seit Ende 2019 am Netz, im Frühjahr 2020 folgt eine weitere Produktionslinie in Oranienbaum. Der Kapazitätsausbau um 20% in Deutschland ist aufgrund der hohen Marktnachfrage nötig. Mit der Fertigstellung betreibt Ditsch 15 moderne Produktionslinien für Laugenbackwaren mit über 800 Produktionsmitarbeitern. Wir erwarten 2020 daher eine deutliche Zunahme der Verkaufsmengen im B2B-Geschäft.

«Mit unserem dichten Verkaufsstellen-Netzwerk an Hochfrequenzlagen sind wir am Puls der Gesellschaft, also dort, wo der Kunde is(s)t.»

Wie kommt es zu dieser hohen Nachfrage?

Sie hängt direkt mit dem zunehmenden Ausser-Haus-Verzehr zusammen. Brezel sind konveniente Backwaren zum Genuss unterwegs. Ebenso eröffnen sich neue Absatzkanäle, da Lauge bekannter wird, gerade auch in den USA. Als Nische im Backwaren-Markt wird die Laugen-Produktion zudem oft ausgelagert. Ditsch Brezel sind beliebt, das zeigt nicht nur das 100-Jahr-Jubiläum, das wir 2019 feiern durften. Zwischen 2012 und 2018 stieg der Laugenausstoss in Deutschland im Durchschnitt jährlich um +3%, während Ditsch dort das Volumen zwischen 2012 und 2019 um durchschnittlich +10% pro Jahr steigern konnte. Unsere B2B-Kunden attestierten uns in der jährlichen Umfrage einmal mehr hohe Produktqualität, Innovationskraft und Beratungskompetenz.

«Mit dem Ausbau der Laugenbackwaren-Produktion erwarten wir 2020 eine deutliche Zunahme der Verkaufsmengen im B2B-Geschäft.»

Und wie profitieren die Valora Formate vom Produktionsausbau?

2019 gingen über 10% der gut 700 Millionen produzierten Stück Laugenbackwaren an Valora Formate. Künftig wollen wir noch mehr eigene Produkte in unseren Formaten verkaufen und unsere Innovationen einbringen. Das entspricht unserem Bestreben nach mehr vertikaler Integration in der Wertschöpfungskette. Gleiches gilt auch für die Eigenmarke ok.–. Ebenso wollen wir unser Frische-Know-how von BackWerk in andere Formate stärker einfliessen lassen.

Das Ditsch B2C-Format haben Sie 2019 mit BackWerk organisatorisch zusammengelegt. Wie hat sich das ausgewirkt?

Wir haben das B2C-Format Ditsch organisatorisch von der Produktion und dem B2B-Geschäft entkoppelt und mit BackWerk in die neue, aus Essen geführte Business Unit Food Service Deutschland integriert. Die Fusion haben wir erfolgreich abgeschlossen, die Fähigkeiten gebündelt und eine Plattform geschaffen, die weiteres Wachstum erleichtert. Auch die daraus entstandenen Synergien im B2C-Bereich nutzen wir immer besser. So haben wir bereits eine kombinierte Logistikplattform initialisiert, um Kosten zu reduzieren und Einkaufskonditionen zu optimieren. Eine eingespielte Logistikkette bringt nicht nur Effizienz, sondern hilft uns grundsätzlich beim Wachstum. Auch bei Food Service Schweiz haben wir die Supply-Chain-Kapazität erhöht und die Logistik neu über alle Formate hinweg integriert, um die Margen zu verbessern.

Wie hat sich das Food-Service-Geschäft 2019 insgesamt entwickelt?

Die Division Food Service hatte ein erfolgreiches Jahr. Die B2B/Produktions-Einheit weist Rekordverkäufe bei einem Wachstum von +15.5% aus und gewann wichtige Marktanteile dazu. Die B2C-Einheiten, insbesondere Food Service Schweiz, sind auf gleicher Fläche ansehnlich gewachsen. Food Service Deutschland hat zudem von ersten Synergien aus der Fusion profitiert und gleichzeitig das Verkaufsnetzwerk weiter optimiert.

Und wie hat sich die Division Retail behauptet?

Bei Retail Schweiz beeinträchtigten buchhalterische Effekte (IFRS 16) und Projektkosten aus der SBB-Ausschreibung die Profitabilität. Hinzu kamen nach einem herausragenden Geschäftsjahr 2018 tiefere Samestore-Verkäufe, vor allem bei Presse und Tabak, sowie höhere Kosten im Zusammenhang mit den neuen Convenience- und Kiosk-Konzepten. Retail Deutschland inklusive Luxemburg und Österreich konnte sich hingegen über solides Wachstum auf gleicher Fläche freuen. Auch wenn die Presse in Deutschland nach wie vor unter Druck steht, zeigte sich deren Rückgang 2019 weniger stark. Zudem trug das Kostenprogramm Früchte und die Einheit kam mit der Umwandlung von Eigenstellen in Franchise-Betriebe gut voran.

Demnach ist das Geschäftsjahr trotz Retail Schweiz gut verlaufen?

Bemerkenswert ist, dass wir die Herausforderungen von Retail Schweiz dank der positiven Entwicklung von Retail Deutschland und von Food Service kompensieren konnten.

Neben der Presse steht auch Tabak unter Druck. Womit ist hier zu rechnen?

Auch wenn die Menschen heute deutlich weniger Zigaretten rauchen, erwarten wir, dass der Gewinnbeitrag der Kategorie über die nächsten Jahre stabil bleibt. Tabak bringt nach wie vor hohe Frequenz und Umsatz in unsere Läden. Zudem ist unser dichtes Netz von Retail-Formaten an Hochfrequenzlagen eine beliebte Promotionsplattform. So zum Beispiel für den Verkauf von den vermehrt nachgefragten Alternativen wie Heat-not-Burn oder E-Smoke-Produkte. Mit diesen sind wir 2019 so stark gewachsen wie noch nie, sie sind aber mit einem Umsatzanteil von rund 5% innerhalb der Kategorie Tabak noch eine Nische.

Haben Sie 2019 auch bei Retail die Effizienz verbessert?

Wir haben die Division Retail agiler gemacht, indem wir die Führungsorganisation neu organisiert haben. Die marktübergreifenden Aufgaben wurden zusammengefasst und so wichtige Kompetenzen im Category und im Supply Chain Management, im Einkauf und im Markting gebündelt. Darüber hinaus bedeutet auch die Ausweitung des Agenturmodells in der Schweiz und der Franchisebetriebe in Deutschland mehr Effizienz.

Gab es im Jahr 2019 weitere organisatorische Veränderungen?

Wir haben die erweiterte Konzernleitung mit Monika Zander verstärkt, die für die Business Unit Food Service Schweiz verantwortlich ist. Ende November hat der CFO Valora aus persönlichen Gründen verlassen. Den Verwal-

VERKAUFSSTELLEN-NETZWERK

31.12.2019

	Format	Schweiz	Deutschland	Luxemburg	Österreich	Niederlande	TOTAL
RETAIL	k kiosk	911	216	66			1 193
	cigo & Subformate / Partner		411				411
	Press & Books	31	154	5	10		200
	avec	148	4				152
	ServiceStore DB / U-Store		126				126
FOOD SERVICE	BackWerk	1	295		25	31	352
	Ditsch		200				200
	Brezelkönig	61			3		64
	Caffè Spettacolo	31		1			32
	SuperGuud	3					3
TOTAL		1 186	1 406	72	38	31	2 733

tungsrat haben wir mit zwei Personen verstärkt: mit der Food-Retail- und Franchising-Spezialistin Insa Klasing und mit dem Retail- und Supply-Chain-Experten Sascha Zahnd, Teil des Leadership Teams von Tesla. An der Generalversammlung 2020 stellen sich zudem mobilezone CEO Markus Bernhard, eBay Top-Managerin Karin Schwab und Suzanne Thoma, CEO der BKW AG, zur Wahl. Gleichzeitig ziehen sich die langjährigen Verwaltungsräte Peter Ditsch, Markus Fiechter und Cornelia Ritz Bossicard nach der abgeschlossenen Strategieperiode zurück.

Seit 2019 sind Sie direkt verantwortlich für den Bereich Digital. Wie läuft es da?

Im Frühsommer haben wir die Einheit Digital Product Development gegründet. Damit bauen wir unsere Technologiekompetenz weiter aus und entwickeln neue Lösungen für Kunden, Betrieb und Organisation. Obwohl wir damit schon vorher begonnen haben, sind die autonomen Ladenmodelle ein zentrales Thema. Zudem hat das Team bereits die k kiosk Loyalty App neu aufgesetzt, in die sich künftig weitere Marken integrieren lassen. In unserer Planung sind über die nächsten drei Jahre Investitions- und Betriebsausgaben von total rund CHF 20 bis 25 Mio. für Digitalprojekte berücksichtigt. Das unterstreicht deren Bedeutung für Valora.

Und wie steht es um bob Finance?

bob Finance entwickelt sich gut. Für den weiteren Erfolg sind auch neue digitale Produktideen wichtig wie der Ende 2019 lancierte Online-Shop www.zer000.ch für iPhones und Apple-Zubehör. Damit konnte Valora als «Authorized Reseller» zudem ihre exklusive Partnerschaft mit Apple weiter ausbauen.

Haben Sie auch an der Leistungskultur gearbeitet?

Wir treiben das Unternehmertum in den Verkaufsstellen voran. Heute werden 76 % von Agentur- oder Franchisepartnern betrieben. Intern haben wir mit Valora Dialog einen kontinuierlichen, digital unterstützten Feedbackprozess eingeführt. Ebenso haben wir ein Kompetenzmodell erarbeitet, um Klarheit zu schaffen, was von wem gefordert wird. Dieses wird in 2020 in die Rekrutierungs- und Entwicklungsprozesse einfliessen. Damit wollen wir den Mitarbeitenden eine Grundlage bieten, auf der sie kontinuierlich lernen und sich weiterentwickeln können – im rasanten Wandel von heute wichtiger denn je.

Sie hatten angekündigt, Valora nachhaltiger aufzustellen. Wo stehen Sie da?

2019 haben wir ein Nachhaltigkeitsteam aufgebaut, die Erwartungen unserer Stakeholder abgeholt und die für unser Umfeld und uns wesentlichen Themen extrahiert und Massnahmen definiert, die wir künftig fokussiert bearbeiten. Die Schwerpunkte People, Planet, Products stehen im Einklang mit unserer Unternehmensstrategie und bieten gleichzeitig Differenzierungsmöglichkeiten.

«Valora will auch in Zukunft eine verlässliche Dividendenzahlerin sein.»

Wie gestaltet sich der Netzwerk-Ausbau von Valora?

Neben der Sicherung der SBB-Standorte bis 2030 konnten wir den Vertrag mit Tamoil um zehn Jahre verlängern, womit wir uns über 50 avec Verkaufsstellen an Tankstellen sichern. Überhaupt ist das Convenience- und das Tankstellengeschäft für uns interessant und bietet Expansionsmöglichkeiten. Generell achten wir auf einen nachhaltig profitablen Netzausbau, das gilt insbesondere auch für Food Service Deutschland. Neu führen wir dort unter anderem einen Pilot

«Wir wollen den Mitarbeitenden eine Grundlage bieten, auf der sie sich kontinuierlich weiterentwickeln können.»

zusammen mit Eurogarage durch und testen an vier Tankstellen Store-in-Store-Modelle mit BackWerk und Ditsch. Weiter kommt unsere Expansion mit BackWerk in Holland und Österreich gut voran und wir haben in der Schweiz das Food-Service-Format SuperGuud mit drei Verkaufsstellen erworben.

Was sind derzeit die wichtigsten Wachstumshebel?

Wir verfolgen eine Wachstumsstrategie mit Food als Haupttreiber. Die wichtigsten Wachstumshebel sind momentan die Umwandlung der SBB-Verkaufsstellen, der Ausbau des B2B-Geschäfts mit Lauge sowie generell höhere Food-Verkäufe. Daneben wollen wir aber den Gewinnbeitrag aus der Kategorie Tabak halten. Auch die Kategorie Services hat Wachstumspotenzial, jedoch auf erheblich tieferem Niveau.

Und wie viel werden Sie investieren?

Wir befinden uns in einem grösseren, auf Wachstum ausgerichteten Investitionszyklus. 2019 haben wir gesamthaft CHF 95 Mio. investiert, für 2020 erwarten wir Investitionen von rund CHF 110 Mio. Diese stehen mehrheitlich im Zusammenhang mit dem Umbau der SBB-Verkaufsstellen.

Sind Akquisitionen ein Thema?

Wir sind bestrebt, die Verschuldungsquote unter 2.5x EBITDA zu halten, um strategisch flexibel zu bleiben. Für weiteres Wachstum sind wir solide finanziert. Aus den bestehenden Kreditlinien sind kleine, ergänzende Akquisitionen möglich. Wir sind in allen Bereichen bereit, solche einfach und schnell zu integrieren.

Wie sehen die Finanzziele aus für die kommenden Jahre?

Für das Geschäftsjahr 2020 erwarten wir eine flache Entwicklung mit einem EBIT von CHF 85 bis 91 Mio. Mittelfristig – das heisst, mit dem für 2022 vorgesehenen Abschluss der SBB-Umbauarbeiten – ist mit einer Verbesserung der EBIT-Marge auf ungefähr 5% zu rechnen. Dies steht im Einklang mit unseren Finanzzielen bis 2025.

Was dürfen die Investoren von Valora erwarten?

Valora will auch in Zukunft eine verlässliche Dividendenzahlerin sein. Der Dividendenvorschlag bleibt für das Jahr 2019 unverändert bei brutto CHF 12.50 und unser Plan ist, dieses Dividendenniveau auch in den kommenden Jahren aufrechtzuerhalten.

Verwaltungsrat

Franz Julen
Präsident

Markus Fiechter
Vizepräsident

Ernst Peter Ditsch

Insa Klasing

Michael Kliger

Cornelia Ritz Bossicard

Sascha Zahnd

Konzernleitung

Michael Mueller
CEO & CFO a.i.

Tobias Knechtle
CFO (bis 11.2019)

Thomas Eisele
CEO Food Service

Roger Vogt
CEO Retail

Erweiterte Konzernleitung & Stabsfunktionen

DIVISION RETAIL

Roger Vogt
Retail Schweiz
(inkl. Luxemburg)

Roger Vogt
Retail Deutschland
(inkl. Österreich)

DIVISION FOOD SERVICE

Monika Zander
Food Service Schweiz

Karl Brauckmann
Food Service Deutschland
(inkl. Niederlande / Österreich)

Seb Gooding
Ditsch Produktion / B2B

SHARED SERVICES

Philipp Angehrn
Transformation & Project Management

Barbara Becker
Group Human Resources

Roberto Fedele
Corporate Information Services

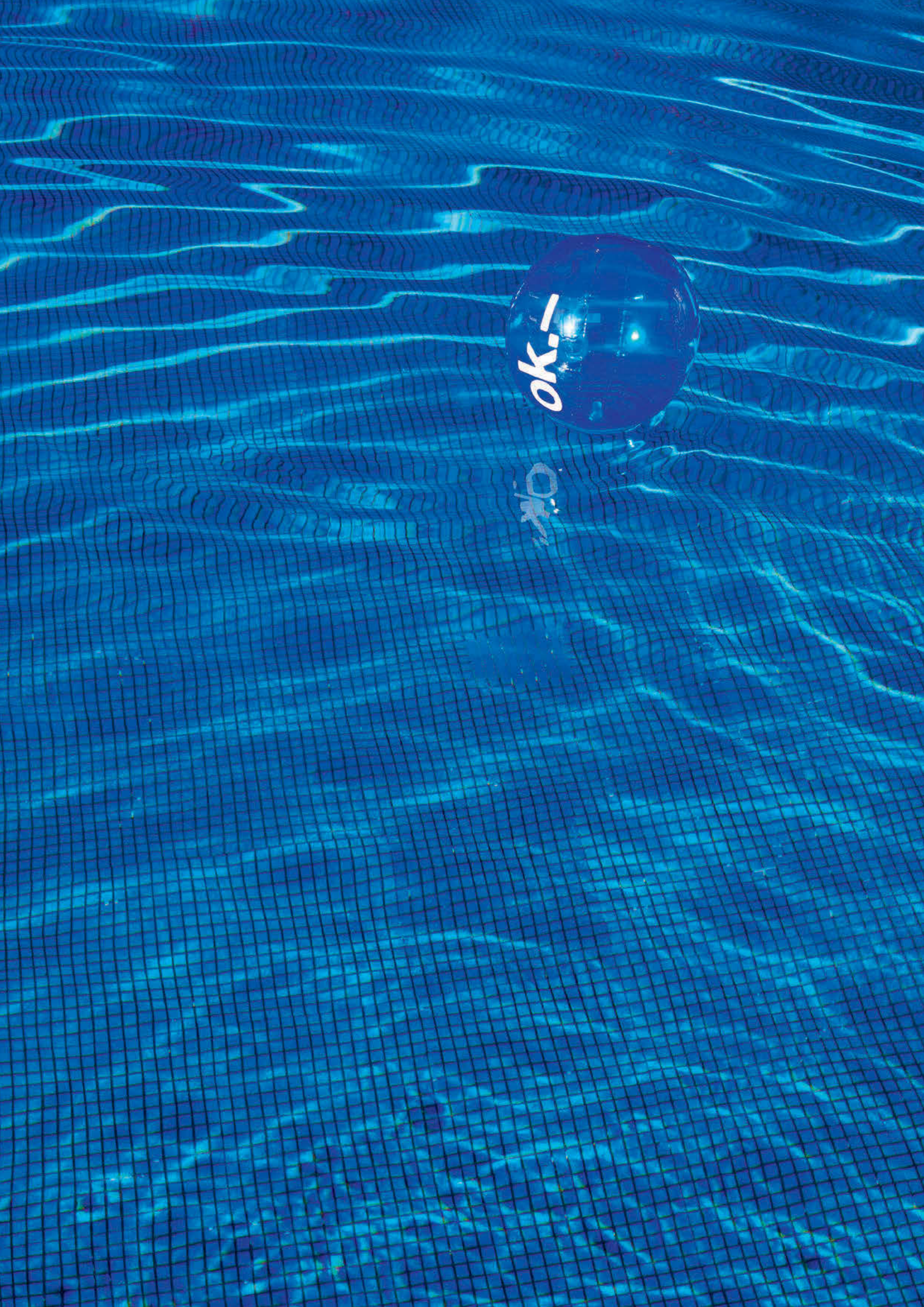
Adriano Margiotta
Corporate Legal Services / General Counsel & Sustainability

Hilmar Scheel
bob Finance

Christina Wahlstrand*
Corporate Communications & Strategic Branding

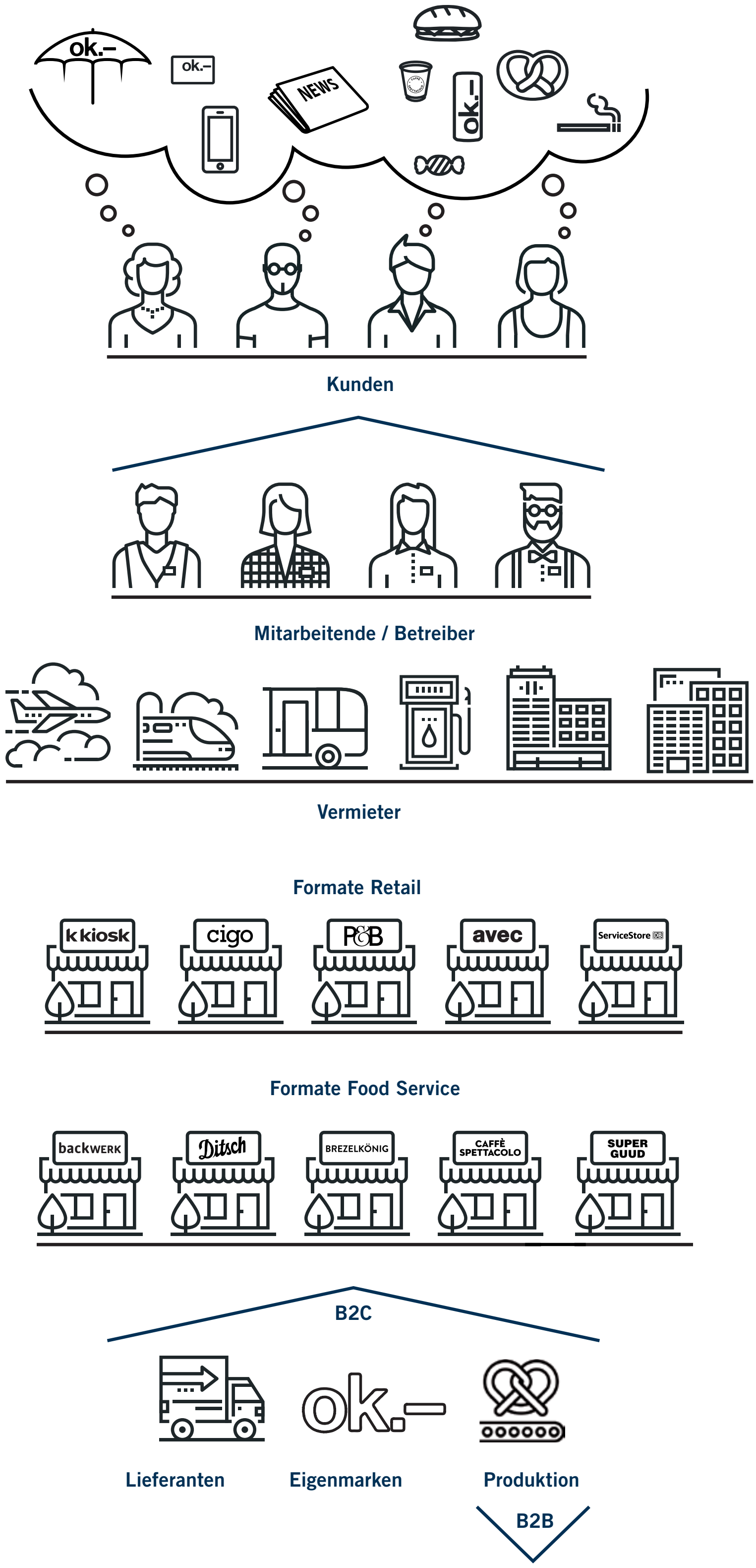
Michael Wirth*
Digital Product Development

* Stabsfunktion
Stand 19.02.2020



Nachhaltigkeit

WERTSCHÖPFUNGSKETTE



Durch den Wandel zur fokussierten Foodvenience-Anbieterin ist die Wertschöpfungskette von Valora einfacher geworden. Produkte von Lieferanten, Eigenmarken und aus der eigenen Laugenbackwaren-Produktion werden an Konsumenten (B2C) verkauft und letztere auch an andere Unternehmen (B2B). Der Verkauf an die B2C-Kunden erfolgt über verschiedene Formate, wobei die Verkaufsstellen sowohl von Valora Mitarbeitenden als auch Franchise- und Agenturpartnern und deren Mitarbeitenden betrieben werden. Sie bringen den Kunden das kleine Glück, vorwiegend an Verkehrsknotenpunkten und zentralen Lagen in der Stadt.

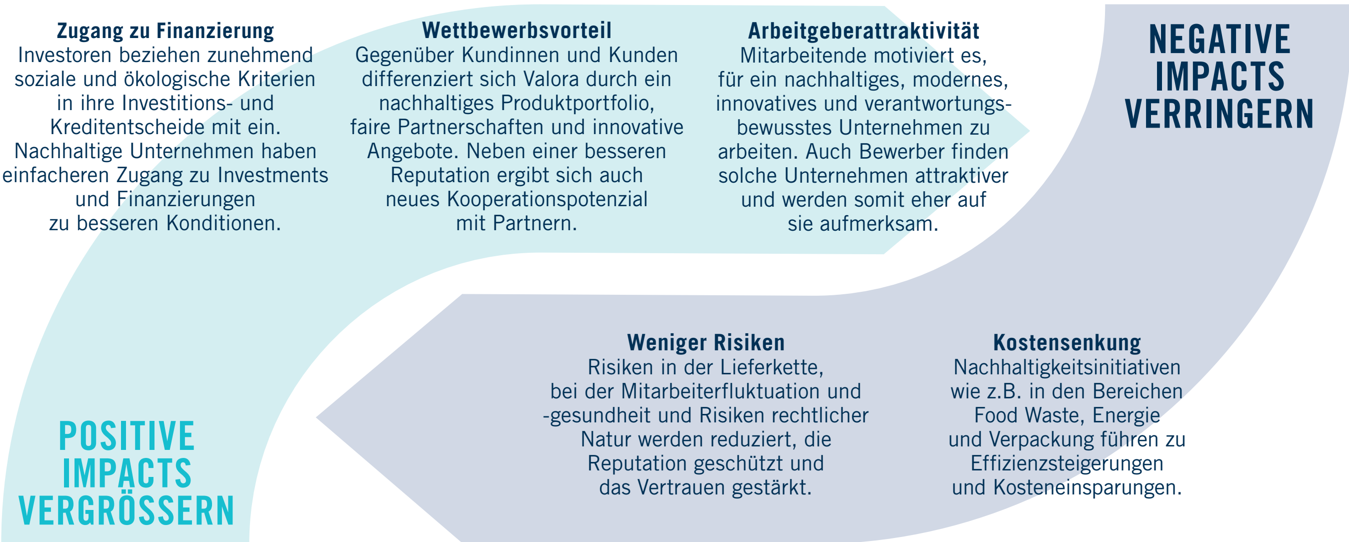
VALORA NACHHALTIGKEITS-STRATEGIE

«Ein umsichtiges und im weitesten Sinne nachhaltiges Wirtschaften ist heute ein absolutes Muss für jedes verantwortungsvolle Unternehmen. Bei allen internen und externen Anspruchsgruppen wächst das Bewusstsein für gute Arbeitsbedingungen hinter den Produkten und für die ökologischen und sozialen Herausforderungen. Diesen stellen wir uns und wollen mit einer konsistenten Nachhaltigkeitsstrategie unseren Beitrag leisten. Wir befinden uns zwar noch am Anfang dieses Weges, machen jedoch kontinuierlich Fortschritte und haben uns für das Jahr 2020 viel vorgenommen. Nachhaltiges Verhalten soll so schrittweise Teil unseres täglichen Handels werden», erklärt Franz Julen, Präsident des Valora Verwaltungsrats.

NACHHALTIGKEITSANSATZ

GRÜNDE FÜR NACHHALTIGKEIT

Die wachsende Weltbevölkerung, eine immer grössere globale Mittelklasse, die Urbanisierung, der Klimawandel und die beschleunigende Wirkung der Digitalisierung: Diese Entwicklungen betreffen Valora, deren Kundinnen und Kunden, deren Mitarbeiterinnen und Mitarbeiter sowie die gesamte Wertschöpfungskette. Sie bringen Chancen und Herausforderungen mit sich und erhöhen die Dringlichkeit für Valora, die Nachhaltigkeitsbestrebungen zu intensivieren. Gesetzliche Vorschriften sollen dabei nur das Minimum darstellen. Ein verantwortungsbewusstes Unternehmen sorgt für seine Mitarbeitenden, schützt die Umwelt, stellt hervorragende Produkte her, welche die Erwartungen seiner Kundinnen und Kunden übertreffen, und erwirtschaftet so eine attraktive Rendite. Valora nimmt diese Verantwortung wahr und stellt sich den Herausforderungen im Bereich Nachhaltigkeit.



WESENTLICHKEITSANALYSE

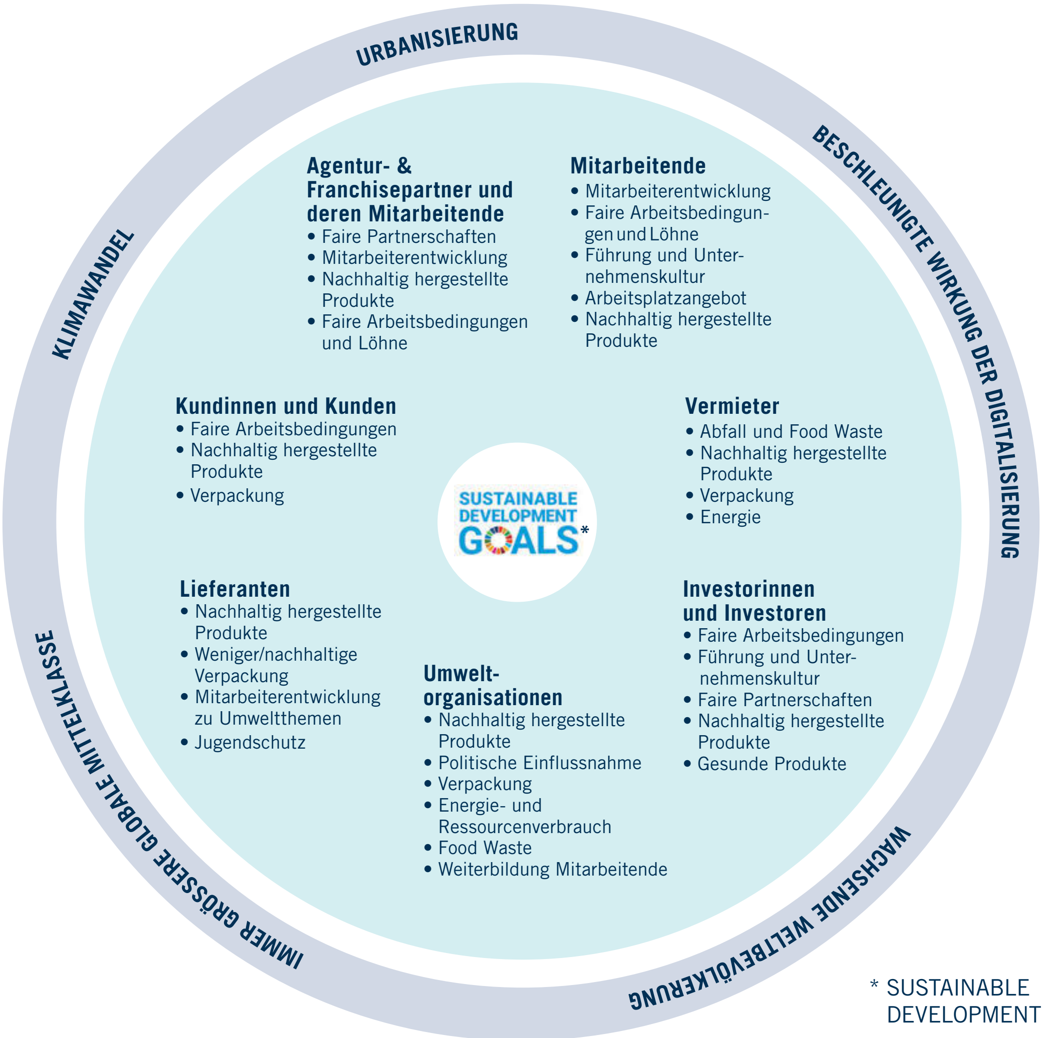
Um die Grundlage für die Weiterentwicklung der Nachhaltigkeitsstrategie von Valora zu schaffen, hat das Unternehmen im Jahr 2019 eine Wesentlichkeitsanalyse durchgeführt. In einem mehrstufigen Prozess konnten so die relevanten Nachhaltigkeitsthemen identifiziert und daraus wichtige Handlungsfelder abgeleitet werden. Zentrale Elemente waren dabei die Impact-Analyse und das Stakeholder-Engagement. Das Vorgehen besteht aus fünf Schritten:

1. **Identifikation potenziell relevanter Themen**
   Umfeldanalyse unter Berücksichtigung von Umfrageergebnissen und Standards wie Global Reporting Initiative, Sustainability Accounting Standards Board, UN Global Compact und den Sustainable Development Goals (SDG)
2. **Priorisierung der Themen**
   Stakeholder-Engagement und Durchführung einer Impact-Analyse, um Themen auf einer Wesentlichkeitsmatrix darzustellen
3. **Validierung der Themen**
   Abgleich mit Unternehmensstrategie und interne Workshops mit Management und Verwaltungsrat
4. **Weiterentwicklung der Nachhaltigkeitsstrategie**
   Ausarbeitung von Massnahmen, Definition von KPI und die daraus folgende Zielsetzung ist für 2020 geplant
5. **Umsetzung**
   Neu definierte Massnahmen werden 2020 initiiert

IMPACT-ANALYSE

Um die Nachhaltigkeitsrelevanz der Themen entlang der Wertschöpfungskette genauer zu verstehen, haben Experten eine Bewertung vorgenommen, welche die Auswirkungen von Valora auf eine nachhaltige Entwicklung beurteilt. Dazu wurde die Wertschöpfungskette in drei Abschnitte unterteilt. Der vorgelagerte Abschnitt umfasst die Herstellung der Rohstoffe, die landwirtschaftlichen Prozesse und die Produktion bei Lieferanten. Im mittleren Abschnitt wurden die Produktion, die Logistik und der Verkauf berücksichtigt. Nachgelagert standen die Auswirkungen des Konsums bei den Kundinnen und Kunden inklusive der Entsorgungsthematik im Vordergrund. Die Analyse hat ergeben, dass die grössten Auswirkungen in der vorgelagerten Wertschöpfungsstufen anfallen. Die detaillierten Erkenntnisse dieser Impact-Analyse flossen in die Wesentlichkeitsmatrix ein.

ERWARTUNGEN DER WICHTIGSTEN ANSPRUCHSGRUPPEN UND MEGATRENDS



* SUSTAINABLE DEVELOPMENT GOALS = SDG

STAKEHOLDER-ENGAGEMENT

Um die Erwartungen der verschiedenen Stakeholder besser zu verstehen und neue Entwicklungen zu erkennen, haben im Rahmen der Wesentlichkeitsanalyse Direktkontakte mit internen und externen Anspruchsgruppen stattgefunden.

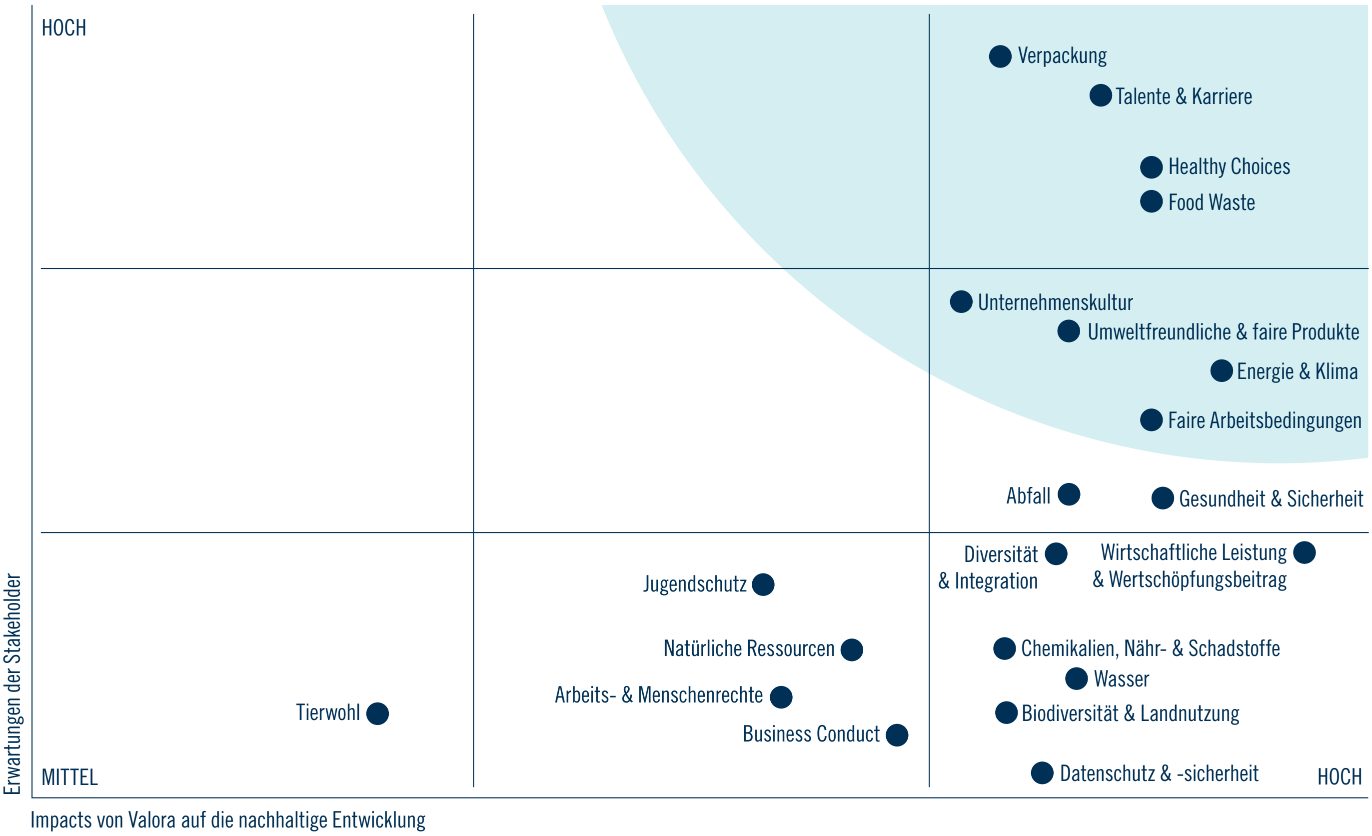
Die Anspruchsgruppen wurden anhand eines Stakeholder-Mappings identifiziert und priorisiert. Die Auswahlkriterien waren die individuelle Betroffenheit und der Einfluss der jeweiligen Anspruchsgruppe auf das Unternehmen. Zu den internen Zielgruppen gehörten der Verwaltungsrat, das Management und Mitarbeitende. Extern wurden Agentur- und Franchisepartner, Investoren, Stimmrechtsvertreter, Lieferanten, Umweltorganisationen, Vermieter sowie Kundinnen und Kunden berücksichtigt.

Mit mehr als zwanzig Vertreterinnen und Vertretern dieser Anspruchsgruppen führte das Projektteam Einzelinterviews. Bei grösseren Stakeholdergruppen wurden zusätzlich Berichte und Umfragen (zum Beispiel die Mitarbeiterzufriedenheitsumfrage) als Quellen genutzt. Valora erhielt dadurch ein klares Bild der bisherigen Nachhaltigkeitsleistung. Darüber hinaus konnten Erwartungen und neu aufkommende Themen identifiziert werden. Die Ergebnisse wurden qualitativ ausgewertet und als Teil der Wesentlichkeitsanalyse in der Strategieentwicklung verwendet. Die Grafik oben stellt die wichtigsten Themen der einzelnen Gruppen dar.

WESENTLICHKEITSMATRIX UND STRATEGIE

Die Resultate der Impact-Analyse und des Stakeholder-Engagements wurden in einer Wesentlichkeitsmatrix zusammengeführt. Auf der vertikalen Achse sind die Erwartungen der Stakeholder an Valora abgebildet. Die horizontale Achse stellt die Grösse der Impacts von Valora auf die nachhaltige Entwicklung dar. Die acht farblich hervorgehobenen Themen oben rechts wurden als wesentlich eingestuft. Eine folgende Evaluation der Themen bezüglich Geschäftsrelevanz hat ergeben, dass die wesentlichsten Themen gleichzeitig auch Differenzierungspotenzial bieten und die grösste Übereinstimmung mit den fünf Stossrichtungen der Valora Strategie 2025 aufweisen. Nachfolgend wurden die wesentlichen Themen den drei Handlungsfeldern People, Planet und Products zugeordnet, welche den Kern der Nachhaltigkeitsstrategie von Valora bilden. Darauf basierend validierten der Verwaltungsrat und das Management die Ergebnisse und entwickelten die Nachhaltigkeitsstrategie weiter. Zu sieben Themen wurden Massnahmenpläne ausgearbeitet, welche auf den Folgeseiten vorgestellt werden. Das wesentliche Thema kultureller Wandel wird wie Stakeholder-Engagement und Innovation als Grundlage gemanagt und bildet einen zentralen Enabler für die Umsetzung der Nachhaltigkeitsstrategie.

Die nachfolgende Berichtsstruktur orientiert sich ebenfalls an den drei Handlungsfeldern: People, Planet und Products.



NACHHALTIGKEIT – DREI HANDLUNGSFELDER

PEOPLE

Ein grossartiger Arbeitsplatz für alle werden

Prioritäten:
- Faire Arbeitsbedingungen
- Talente & Karriere

PLANET

Unsere eigenen Impacts auf die Umwelt verringern

Prioritäten:
- Food Waste
- Energie & Klima

PRODUCTS

Der Ort für nachhaltige Foodvenience werden

Prioritäten:
- Umweltfreundliche & faire Produkte
- Healthy Choices
- Verpackung

NACHHALTIGKEIT

ENABLERS

Innovation

Stakeholder-Engagement

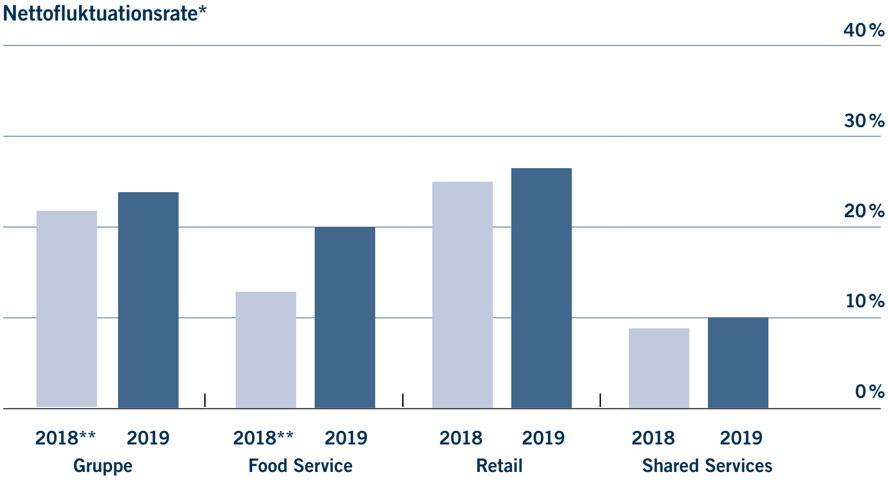
Kultureller Wandel

PEOPLE

8 DECENT WORK AND ECONOMIC GROWTH
1 NO POVERTY
SDG

FAIRE ARBEITSBEDINGUNGEN

Die Mitarbeitenden, die Franchise- und Agenturpartner sowie deren Mitarbeitende sind das wichtigste Kapital von Valora. Sie repräsentieren das Unternehmen nach aussen und sorgen bei den Kundinnen und Kunden für kleine Glücksmomente im Alltag. Das tun sie besonders gut, wenn sie zufrieden mit ihrem Arbeitsplatz und motiviert sind. Dabei spielen viele Aspekte eine Rolle wie Arbeitszeiten, Pausenregelungen, Sozialleistungen, Arbeitsplatzsicherheit, Gesundheitsförderung, Diversität, Gleichstellung und Löhne. Viele dieser Themen werden von den Geschäftsbereichen und durch die HR-Abteilung bearbeitet. Letztlich bleiben faire Arbeitsbedingungen aber ein bereichsübergreifendes Thema und Aufgabe aller Führungskräfte.



* Die Nettofluktuationsrate berechnet sich aus der Anzahl Austritte nach Kündigung durch Arbeitnehmende im Verhältnis zum Personalstand am Ende des Jahres.
** 2018 noch ohne Ditsch USA.

AUSGEWÄHLTE MASSNAHMEN	Status	Fortschritt 2019	Plan 2020
Sozialer Dialog – Gespräche, Konsultationen und Verhandlungen mit Vertretern der Arbeitnehmenden.	●●●●○	Fortführung der kontinuierlichen Treffen	Vertiefung des sozialen Dialogs
Umfragen – Erhebung von Zufriedenheit und Verbesserungsbedarf bei Mitarbeitenden und Geschäftspartnern.	●●●●○	Definition und Implementierung der Massnahmen pro Abteilung nach der Mitarbeiterumfrage 2018	Durchführung einer konzernweiten Mitarbeiterumfrage
Valora Integrity Line – Möglichkeit für alle Mitarbeitende im Netzwerk, Partner und Kunden, online anonym auf Missstände hinzuweisen; Bearbeitung der Meldungen durch die Compliance-Verantwortliche des Unternehmens.	●●●●○	Vollständiger Abschluss des Rollouts in der Schweiz und teilweiser Abschluss des Rollouts in Deutschland Meldung von 43 Fällen, Abschluss von 39 davon per 31.12.2019 und 42 per 31.01.2020	Abschluss des konzernweiten Rollouts
Business Partner Code of Conduct – Aufnahme des Verhaltenskodex in die Verträge mit den Agentur- und Franchisepartnern.	●●●○○	Aufnahme in Neuverträgen und schrittweise Aktualisierung aller bestehenden Verträge. Ende 2019 beinhalten 45 % der Partnerverträge den Business Partner Code of Conduct	Aufnahme in alle Partnerverträge bis Ende 2020
Agency Support – Unterstützung und Begleitung der Agenturpartner in das erfolgreiche Unternehmertum.	●○○○○	Weiterführung des Konzepts bei BackWerk; Planung und Konzeption bei Retail Schweiz	Rollout bei Retail Schweiz
Lohngleichheitsanalyse – Analyse der Lohngleichheit abhängig vom Geschlecht, wie in der Schweiz ab 2021 gesetzlich vorgeschrieben.	●○○○○	Planung	Datenerhebung und Analyse in der Schweiz

BEWERTUNG UND AUSBLICK

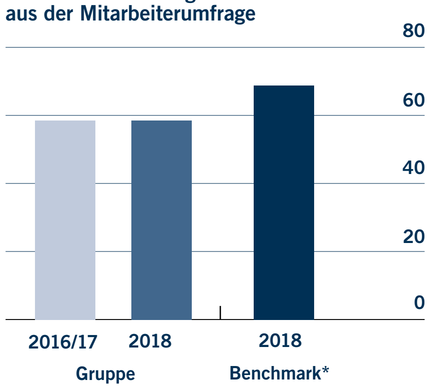
Eine grosse Herausforderung für Valora ist und bleibt die vergleichsweise hohe Fluktuationsrate, besonders die Frühfluktuation in den ersten Monaten nach Einstieg. Dieser Umstand wurde vertieft analysiert. In der Folge wurde ein systematischer Onboarding-Prozess definiert, welcher 2020 über Online-Schulungen und Workshops etabliert wird. Zukünftig soll auch eine Analyse an den Verkaufsstellen erfolgen. Dazu werden die Bedürfnisse der Mitarbeitenden an den Verkaufsstellen erhoben, um Massnahmen zur Verbesserung der Arbeitsbedingungen einleiten zu können.

SDG

TALENTE UND KARRIERE

Beim Thema Talente und Karriere geht es Valora darum, den Mitarbeitenden attraktive Perspektiven und ein Umfeld zu bieten, in dem sie sich anhand zukunftsgerichteter Kompetenzen weiterentwickeln können. Ein neu definiertes Kompetenzmodell soll Klarheit darüber schaffen, was von den Mitarbeitenden erwartet wird und welchen Beitrag sie selber zur erfolgreichen Umsetzung der Unternehmensstrategie und zu ihrer persönlichen Weiterentwicklung leisten können. Das gilt für alle Mitarbeitenden von Valora, die Agentur- und Franchisepartnerinnen und -partner sowie deren Mitarbeitende. Wissen, Fähigkeiten und zusätzliche Diplome bereiten die Mitarbeitenden nicht nur für den permanenten Wandel vor, sondern verbessern auch ihre Leistung im Beruf, ihre Motivation und ihre Arbeitsmarktfähigkeit.

Mitarbeiterförderungsscore aus der Mitarbeiterumfrage



Grafiklegende: Skala 1–100
bis 55: geringe bis keine Zustimmung
56 bis 85: mittlere Zustimmung
ab 86: volle Zustimmung

* Branchenspezifischer Swiss Employer Award 2018 für den Detailhandel.

AUSGEWÄHLTE MASSNAHMEN	Status	Fortschritt 2019	Plan 2020
Interner Job-Markt – Veröffentlichung von Stellenangeboten zuerst intern zur Förderung der Transparenz und der Visibilität von internen Weiterentwicklungsmöglichkeiten für Talente.	●●●○○	Abschluss der technischen Entwicklung der Plattform	Launch der Plattform für alle Jobs in der Verwaltung
Ausbildung der Betreiberpartner – Formatspezifische, mehrtägige Ausbildung für neue Franchise- und Agenturpartner.	●●●●○	Durchführung diverser Tagungen und Workshops	Weiterführung der Tagungen, Aufnahme von Nachhaltigkeitsthemen
Valora Dialog – Ermöglichung eines kontinuierlichen Feedback- und Leistungsevaluationsprozesses durch ein Online-Tool.	●●●●○	Rollout und aktive Nutzung in den meisten Business Units	Abschluss des gruppenweiten Rollouts
Valora Kompetenzmodell – Beschreibung der für den Erfolg der Mitarbeitenden notwendigen Kompetenzen und Fähigkeiten als Grundlage für den Valora Dialog, die Beschreibungen der zentralen Rollen, die Rekrutierung und die Entwicklung.	●●●○○	Kollaborative Entwicklung des Modells in zahlreichen Workshops	Rollout und Integration
Onboarding-Prozess – Einführung neuer Mitarbeitender als essenzielle Basis für deren Erfolg und Verständnis von Kultur und Werten.	●●○○○	Best-Practice-Austausch über die Gruppe hinweg, Identifizierung und Definition von Verbesserungsmassnahmen	Trainings und Workshops mit Führungspersonen
E-Learning-Platform – Online-Angebot an Trainings und Pflichtschulungen für alle Mitarbeitenden im Netzwerk.	●●●●○	Über 65 000 absolvierte E-Learning-Schulungen	Weiterführung und Vorbereitung einer neuen Plattform

BEWERTUNG UND AUSBLICK

Pflichtschulungen für alle Mitarbeitenden im verzweigten Netzwerk von Valora können durch die Nutzung der E-Learning-Plattform effizient abgewickelt werden, zum Beispiel zum Thema Jugendschutz. Zahlreiche physische Schulungen und Programme wie die Progresso-Ausbildung in der Gastronomie ergänzen dieses Angebot. Insbesondere die Agentur- und Franchisepartner profitieren von formatspezifischen Einführungsprogrammen, die sie für ihre Aufgaben als selbständige Unternehmerinnen und Unternehmer vorbereiten. Dennoch fühlen sich die Mitarbeitenden laut Umfrage nicht ausreichend gefördert, weshalb es mehr Unterstützung bedarf. In Zukunft sollen Mitarbeitende in den Verkaufsstellen stärker einbezogen und mittels interner Weiterentwicklungsprogramme stärker gefördert werden. Mit dem neuen Kompetenzmodell wurde die Grundlage für ein systematischeres und dynamisches Talentmanagement gelegt, welches es nun auszuarbeiten gilt.

Ab 2020 werden zudem auch Nachhaltigkeitsthemen ins Weiterbildungsangebot aufgenommen.

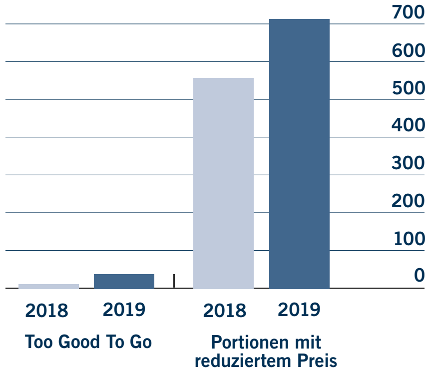
PLANET

SDG

FOOD WASTE

Etwa ein Drittel der produzierten Lebensmittel geht laut des Vereins foodwaste.ch global auf dem Weg zwischen Feld und Teller verloren. Dies ist sowohl ökonomisch als auch ökologisch problematisch, insbesondere unter Berücksichtigung der gesamten Wertschöpfungskette. Als Händlerin fällt bei Valora zwar im Vergleich zu Anbau und Konsum nur ein kleiner Teil des Food Wastes an. Absolut sind die Mengen aber dennoch sehr relevant, insbesondere bei frischen Produkten und Sandwiches. Neben den Verkaufsstellen ist auch die eigene Produktion, wo Backwaren hergestellt werden, von der Problematik betroffen. Um Food Waste zu vermeiden, gehen die Bestrebungen von Valora zunächst dahin, ein Überangebot mittels besserer Volumenplanung präventiv zu vermeiden. In einem zweiten Schritt geht es darum, nicht verkaufte Ware vergünstigt abzugeben oder anderweitig zu verwenden, zum Beispiel zur Herstellung von Biogas.

Vermiedene Portionen Food Waste* in Tsd.



*Nur Schweiz.

AUSGEWÄHLTE MASSNAHMEN	Status	Fortschritt 2019	Plan 2020
Food-Waste-Ausschuss – Kontinuierliches Verbesserungsmanagement zur Reduktion des Ausschusses in der Produktion.	●●●●●	Inbetriebnahme und Optimierung neuer Produktionslinien, Senkung der Ausschussrate von 7 % auf 5.8 %	Weitere Optimierung der neuen Produktionslinien
Abschriften-Cockpit – Ermöglichung des Controllings für die Verkaufsleiter pro Filiale durch eine übersichtliche und dynamische Darstellung der Abschriften. Dies ermöglicht die Ergreifung fokussierter Massnahmen mit den Filialleitenden.	●○○○○	Vorbereitung und Planung des Cockpits für Retail Schweiz	Rollout bei Retail Schweiz
Too Good To Go – Anbieter eigener, reduzierter Food Bags in der «Too Good To Go»-App, einer europaweiten Bewegung zur Reduktion von Food Waste. Abholung des Essens in der Verkaufsstelle durch Kundinnen und Kunden.	●●○○○	Rollout bei Caffè Spettacolo und SuperGuud, Piloten bei einzelnen BackWerken und avec, technische Vorbereitungen der Kassensysteme	Rollout bei Brezelkönig, weiteres Pilotprojekt bei avec und Entscheid über weiteren Rollout
Standardisierte Preisreduktion vor Ladenschluss – Publikation von standardisierten Regeln für die Reduktion der Produktpreise in den Verkaufsstellen zur Vermittlung des Wissens um Kundinnen und Kunden zu informieren.	●○○○○	Pilotprojekt, Ausarbeitung von praktikablen Regelungen und Berücksichtigung in Kassensystemen	Rollout in allen Schweizer avec Stores, Entscheid über weiteren Rollout

BEWERTUNG UND AUSBLICK

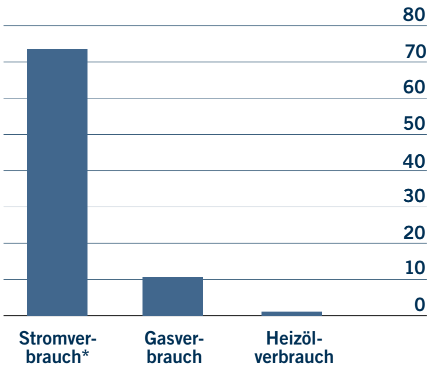
Die Food-Service-Formate von Valora stellen Lebensmittel vor Ort und nach Bedarf her. Dadurch entsteht im Vergleich zu anderen Anbietern relativ wenig Food Waste. In den Retail-Formaten fallen vorwiegend bei frischen Produkten und im Rahmen von Promotionen Überschüsse an. Mit den initiierten Massnahmen will Valora eine führende Position bei der Vermeidung von Food Waste einnehmen, wobei sich die konkrete Umsetzbarkeit erst im Jahr 2020 klären wird. Eine Herausforderung besteht darin, dass häufig kleinste Mengen pro Standort anfallen, was eine Verwendung, zum Beispiel durch Spenden an Hilfseinrichtungen, logistisch erschwert. Mit der präventiven Massnahme «Abschriften-Cockpit» sowie den absatzfördernden Massnahmen «Too Good To Go» und «Preisreduktionen» wurde jedoch ein Massnahmenmix gefunden, der nun umgesetzt wird.

SDG

ENERGIE & KLIMA

Energie kostet Geld und die verursachten Treibhausgase tragen zur Klimaerwärmung bei. Beides sind gute Gründe, den Energieverbrauch in der Laugenbackwaren-Produktion, den Verkaufsstellen und der Logistik zu minimieren und vermehrt erneuerbare Energieträger einzusetzen. Die Klimaauswirkungen in der Lieferkette werden durch Massnahmen in der Säule «Products» der Nachhaltigkeitsstrategie behandelt. Die Kühlgeräte sowie teilweise Backöfen und Klimaanlagen sind die Hauptverbraucher in den Verkaufsstellen. Valora realisiert zunächst die grössten Einsparpotenziale bei den Kühlgeräten und plant die Ausweitung der Datenerhebung, um weitere Hebel zu identifizieren. Beim Ausbau der Produktion und beim Umbau von Verkaufsstellen werden neue Geräte eingesetzt, die die Energieeffizienz deutlich verbessern.

Energieverbrauch in MWh in Tsd.



* Die Stromwerte umfassen alle Produktionsstätten und 1 452 von 2 733 Verkaufsstellen. Gas und Öl bezieht sich auf alle Produktionsstätten und 974 Verkaufsstellen.

AUSGEWÄHLTE MASSNAHMEN	Status	Fortschritt 2019	Plan 2020
Energiemanagementsystem – Einsatz eines ISO 50001-zertifizierten Energiemanagementsystems in den grössten Produktionsbetrieben Mainz und Oranienbaum. Kontinuierliche Erhebung von Daten, Identifizierung von Verbesserungsmassnahmen, Umsetzung dieser Massnahmen und Erfolgskontrolle.	●●●●●	Kontinuierliche Verbesserung im Ausbau der Produktionskapazitäten mit energieeffizienten Anlagen	Fortführung und Intensivierung der Effizienzmassnahmen, Optimierung der neuen Anlagen
Modernisierung der Kühlanlagen – Kontinuierliche Erneuerung der Kühlanlagen in den Verkaufsstellen mit effizienteren Modellen. Verwendung von Türen an Kühlgeräten bei gekühlten Frische- und Convenience-Produkten sowie in bedienten Konzepten.	●○○○○	Lancierung der Datenerhebung, kontinuierlicher Ersatz von Kühlgeräten	Beschleunigte Erneuerung mit effizienteren Kühlaggregaten und Türen
Energieeffizientes Verhalten – Optimierung des standortspezifischen Energieverbrauchs und Einbezug des Verkaufspersonals durch gemeinsame Ausarbeitung von Massnahmen.	●○○○○	Identifizierung der Hebel	Organisatorisches Setup, Ausbildung der Verkaufsleitenden, Initiierung des Programms
Datenerhebung – Ermöglichung einer Erfolgskontrolle bei überschaubarem Aufwand durch eine effiziente Energiedatenerhebung.	●●○○○	Erhebung von Strom für 1 452 von 2 733 Verkaufsstellen, Programmierung eines Datenhubs	Ausbau der Datenerhebung, Modellierung der restlichen Verkaufsstellen
Erneuerbare Energien – Einsatz von erneuerbaren Energien, zur Minimierung der negativen Auswirkungen des Energieverbrauchs auf das Klima.	●○○○○	Vereinzelte Nutzung von erneuerbaren Energien	Kostenschätzung und Prüfung der Möglichkeiten zur Sicherstellung der Erzeugung zusätzlicher erneuerbarer Energie (Additionalität)

BEWERTUNG UND AUSBLICK

Die zertifizierten Energiemanagementsysteme in der Laugenbackwaren-Produktion führen zuverlässig zu kontinuierlichen und kosteneffizienten Verbesserungen. In den Verkaufsstellen ist das Energiemanagement jedoch herausfordernder, weshalb im Jahr 2020 mit effizienteren Kühlanlagen zunächst nur der erste Hebel genutzt wird. Parallel dazu wird eine Datenerhebung aufgebaut. Weitere Aspekte mit Optimierungspotenzial werden in einem nächsten Schritt auf Basis dieser Daten konkretisiert.

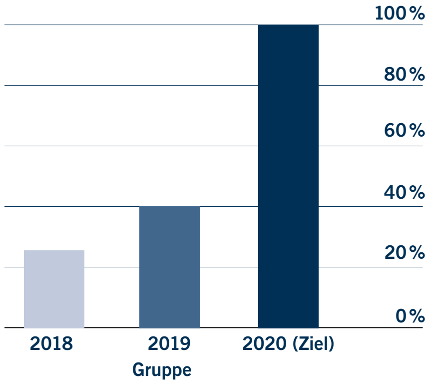
8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
SDG

PRODUCTS

ÖKOLOGISCHE & FAIRE PRODUKTE

Zum kleinen Glück unterwegs gehört auch die Möglichkeit, ökologisch und fair hergestellte Produkte kaufen zu können. Besonders bei Nahrungsmitteln gilt es, die grossen Auswirkungen der landwirtschaftlichen Prozesse in der vorgelagerten Wertschöpfungskette zu reduzieren. Valora will ihren Kunden attraktive, nachhaltige Produkte schmackhaft machen, ohne sie dabei zu bevormunden. Über ein attraktives veganes und vegetarisches Angebot kann der ökologische Fussabdruck der Wertschöpfungskette mit am stärksten reduziert werden. Und auch die sozialen Auswirkungen sind enorm: Von der für 2020 geplanten Umstellung auf Fairtrade-Kaffee werden etwa 2000 Kaffeebäuerinnen und -bauern profitieren. Über die Nahrungsmittel hinaus achtet Valora auch bei der Herstellung der Non-Food-Produkte vermehrt auf Nachhaltigkeit und der Ausbau von Sharing-Modellen führt zu einer effizienteren Mehrfachnutzung des selben Produkts. Die grösste Einflussmöglichkeit hat Valora dabei bei den Eigenmarken und bei selbst hergestellten Produkten, weshalb sie sich in erster Linie darauf konzentriert.

Anteil Fairtrade-Kaffeetassen am Gesamtabsatz mit Eigenmarkenkaffee



AUSGEWÄHLTE MASSNAHMEN	Status	Fortschritt 2019	Plan 2020
Fairtrade-Kaffee – Schutz der Kleinbauernkooperativen vor den starken Preisschwankungen auf dem Weltmarkt durch einen festgelegten Mindestpreis und Sicherstellung menschenwürdiger Arbeitsbedingungen.	●●●●●	Vorbereitung des vollständigen Wechsels auf Fairtrade-Kaffee, Test und Einkauf der neuen Kaffeebohnen	Wechsel auf 100 % Fairtrade-Kaffee bei allen Eigenmarken, was fast den gesamten Kaffeeabsatz ausmacht*
Eier aus Boden- oder Freilandhaltung – Valora bietet bis spätestens Ende 2020 nur noch Produkte mit Eiern ausschliesslich aus Boden- oder Freilandhaltung an. Dies ist eine Vereinbarung mit der Organisation The Humane League.	●●●●○	Auslistung einzelner Produkte und Umstellung bei allen Eigenprodukte	Letzte Sortimentsbereinigungen und Sicherstellung in Einkaufsprozessen
Sharing-Modelle – Gebührenpflichtiger Verleih von Produkten über eine Plattform. Möglichkeit der Retournierung der Produkte in einer anderen Verkaufsstelle.	●●●●○	Fertigstellung der Plattform, Vermietung von Chimpy-Powerbanks zum Aufladen von Handys	Identifikation und Einführung neuer Produkte für den Verleih
Wasser-Dispenser – Entwicklung eines Wasser-Dispensers, zur Abgabe individualisierbarer Erfrischungsgetränke in Mehrwegflaschen.	●●○○○	Vorstellung eines ersten Prototyps im Future Store avec X	Zweiter Prototyp und Pilotphase in der Schweiz
Valora Business Partner Code of Conduct – Schriftliche Verankerung der Menschenrechte und des Umweltschutzes in der Beziehung zu den wichtigen Lieferanten durch deren Integration in grosse Lieferantenverträge.	●●○○○	Aufnahme in grössere Neuverträge	Aufnahme in bestehende grössere Verträge
Sortimentsanalyse – Grobes Screening und detaillierte Analyse der wichtigsten Produktegruppen zur Identifikation der grössten ökologischen und sozialen Auswirkungen. Darauf basierende Erabeitung weiterer Massnahmen, einer Label-Strategie und Nachhaltigkeitskriterien für Ausschreibungen.	●○○○○	Erstes Nachhaltigkeits-Screening bei der Eigenmarke ok.–, Entwicklung einer Methode für die Sortimentsanalyse	Durchführung der Analyse, Entwicklung von Label-Strategie und Nachhaltigkeitskriterien für identifizierte Produktgruppen

* Starbucks verwendet eigene Standards für die Sicherstellungen sozialer Arbeitsbedingungen. Die Starbucks-Kaffeestationen in manchen Retail-Verkaufsstellen verfügen daher über kein Fairtrade-Label.

BEWERTUNG UND AUSBLICK

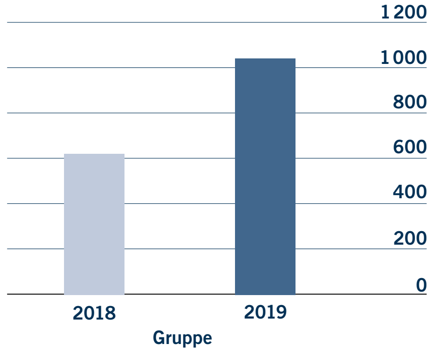
Ein grosser Schritt ist die vollständige Umstellung auf Fairtrade-Kaffee bei allen Eigenmarkenkaffees. Mit einem Wasser-Dispenser und der geplanten Sharing-Plattform befinden sich darüber hinaus Produkte mit klaren ökologischen Vorteilen in der Pipeline. Das nachhaltige Sortiment umfasst vereinzelt Bio- und Fairtrade-gelabelte Produkte sowie vegane und vegetarische Alternativen. Teilweise werden auch Nachhaltigkeitskriterien in Ausschreibungen angewendet. Um in Zukunft systematischer vorgehen zu können und den Fokus auf die grössten Hebel zu legen, wird eine Analyse basierend auf anerkannten wissenschaftlichen Methoden durchgeführt. Auf dieser Basis werden danach entsprechende Massnahmen erarbeitet.

SDG

HEALTHY CHOICES

Ein weiterer zentraler Aspekt des kleinen Glücks unterwegs ist der Konsum von gesunden Produkten. Auch wenn Valora weiterhin sehr viel Umsatz mit Tabak und zuckerhaltigen Getränken macht, will das Unternehmen den Kundinnen und Kunden gesunde Alternativen anbieten. Sie sollen die Wahl haben, das jeweilige Bedürfnis auf gesündere Art und Weise zu befriedigen. Während Valora im Food-Service-Bereich die Rezepte selber bestimmen und Produkte unter Berücksichtigung einer gesunden Ernährung entwickeln kann, liegt der Einfluss im Convenience-Geschäft vor allem bei der Auswahl der Produkte. In der Laugenbackwaren-Produktion ist neben der Produktentwicklung auch das Qualitätsmanagement zentral.

Verkaufsstellen mit einem dedizierten «gesunde Snacks»- oder «gesunde Riegel»-Abschnitt*



* Ohne Retail Deutschland, insgesamt 1 822 (2018) bzw. 1 823 (2019) Verkaufsstellen.

AUSGEWÄHLTE MASSNAHMEN	Status	Fortschritt 2019	Plan 2020
Angebotsanpassungen – Kontinuierliche Überprüfung des Produktangebots und der Kundenakzeptanz von gesünderen Alternativen. Im Food-Service-Bereich zudem Ausrichtung des Augenmerks auf die angebotenen Portionsgrössen.	●●●○○	Ausbau des gesunden Riegelangebots	Kontinuierliche Überprüfung weiterer gesunder Alternativen

BEWERTUNG UND AUSBLICK

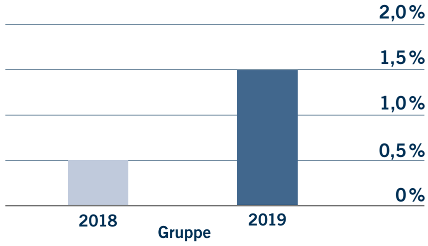
Insbesondere die Food-Service-Formate setzen sich intensiv mit gesunden Produkten auseinander und prüfen Verbesserungen bei der Produktentwicklung. Die Ansätze sind dabei noch formatspezifisch und auch von Einzelpersonen abhängig. Im Convenience-Geschäft wird insbesondere bei Snacks und Getränken die Kundenakzeptanz gesunder Alternativen getestet. Mittelfristig wird der gruppenweite Wandel zu einem gesünderen Produktangebot verstärkt und übergreifende Empfehlungen für den Umgang mit Zusatzstoffen, Zucker, Fett und Salz werden entwickelt.

SDG

VERPACKUNG

Verpackungen sind Fluch und Segen zugleich. Einerseits schützen sie die Produkte und sind wichtig, um Food Waste zu vermeiden. Andererseits sind sie nur kurz von Nutzen, bevor sie zu Abfall werden. Die Entsorgung ist meist aufwändig und kann zu einer Belastung für die Umwelt werden. Wenn man darüber hinaus noch den Ressourcenverbrauch für die Herstellung berücksichtigt, ist klar: Vermeiden, Reduzieren, Wiederverwenden. Der Einsatz nachhaltiger Materialien und das Recyceln von Verpackung sind wichtige Ansätze. Verpackungen werden in der Produktion, in der Logistik, beim Verkauf und während des Konsums eingesetzt. Auch hier hat Valora Prioritäten gesetzt und stellt aktuell die Vermeidung von mitgegebenen Verpackungen wie Plastiktüten und Kaffeebechern ins Zentrum ihrer Bestrebungen.

Anteil Mehrwegbecher-Nutzung an allen ausgeschenkten Warmgetränken zum Mitnehmen (To Go)



AUSGEWÄHLTE MASSNAHMEN	Status	Fortschritt 2019	Plan 2020
Plastiktaschen – Erhebung einer Gebühr für Plastiktaschen in den Verkaufsstellen. Zusätzlich Umstellung auf Plastiktaschen aus rezykliertem Material und Ermutigung der Kunden zur mehrfachen Benutzung der Taschen.	●●●○○	Gruppenweite Erhebung der Gebühr	Anschaffung und Wechsel auf Taschen aus rezykliertem Material
Kaffee-Condimente – Umstellung auf ökologisch optimierte Einwegbecher, Rührstäbchen, Geschirr, Einwegbesteck und dergleichen in den Verkaufsstellen.	●●○○○	Gruppenweite Umstellung auf Single-Wall-Einwegbecher* aus PEFC-zertifizierten Rohstoffen, Umstellung auf Rührstäbchen aus Holz	Analyse im Hinblick auf zukünftige EU-Regulierung und Ersatz weiterer Condimente
Mehrwegbecher – Schaffung eines Nutzungsanreizes für Kunden durch einen Rabatt bzw. ein kostenloses Upgrade bei Verwendung eines Mehrwegbechers. Zusätzlich Verkauf von Mehrwegbechern an den Kaffeeverkaufspunkten.	●●●○○	Rollout von Rabatten in der gesamten Schweiz	Einführung Mehrwegbecherverkauf bei BackWerk in Deutschland
Mehrwegbechersystem mit Rücknahme – Partnersuche zur Entwicklung eines Rücknahmesystems in der Schweiz.	●○○○○	Führen erster Gespräche mit Partnern	Begleitung von Prototypen- und Systementwicklung
Kampagne zum Overshoot Day – Der Tag, an dem in einem Land die verfügbaren Ressourcen für das gesamte Jahr aufgebraucht sind. Planung einer breit angelegten Kampagne mit Partnern in Deutschland und der Schweiz, was schon im Mai der Fall ist.	●○○○○	Partnersuche abgeschlossen	Erstmalige Durchführung in der Schweiz und Deutschland

* Mit Ausnahme von ServiceStore DB, da Valora hier nicht selbst auswählen kann.

BEWERTUNG UND AUSBLICK

In den Bereichen Plastiktaschen und Mehrwegbecher geht Valora mit ihren Massnahmen schon weit. Die weitestgehende Massnahme, die Einführung eines Mehrwegbechersystems mit Partnern, beansprucht aber noch Zeit. In Bezug auf die Verpackungen im Sortiment sind einzelne Verbesserungen bei der Eigenmarke ok.– geplant. Noch ist damit aber die Breite des Sortiments nicht abgedeckt und vertiefte Gespräche mit den Lieferanten sind notwendig. Mit allgemeinen Richtlinien für nachhaltigere Verpackungen wird Valora im Jahr 2020 intern einen ersten Schritt in die Breite machen. Der Anteil der Mehrwegbechernutzung sollte im kommenden Jahr durch vermehrte Rabatte, grösseres Angebot und Aufmerksamkeitskampagnen vom heute niedrigen Niveau ansteigen.

ENABLERS

KULTURELLER WANDEL

Das Ziel von Valora ist, dass Nachhaltigkeit Teil der Firmen-DNA wird. Das ist heute noch nicht der Fall. Valora befindet sich aber auf dem Weg dorthin und weitere Informationen und Überzeugungsarbeit an mehr als 2700 Standorten sind geplant. Neben den Trainings zum Code of Conduct wurde ein Teil der Mitarbeitenden 2019 in die Entwicklung der Nachhaltigkeitsstrategie einbezogen. Daraus entstand eine Gruppe sogenannter Sustainability Champions, die im Unternehmen eine Multiplikatoren- und Expertenrolle einnehmen werden. Das neue soziale Intranet Valora Connect erleichtert die Kommunikation mit den Sustainability Champions und soll in Zukunft auch zur breiteren Kommunikation des Nachhaltigkeitsthemas genutzt werden. Mittels einer eigenen Kampagne wird die weiterentwickelte Nachhaltigkeitsstrategie 2020 intern kommuniziert. Schritt für Schritt soll Nachhaltigkeit auch in Rekrutierungsprozesse integriert werden. So wurden 2019 schon verschiedenen Kandidaten Nachhaltigkeits-Cases vorgelegt. 2020 wird Nachhaltigkeit auch Teil des Onboardings neuer Mitarbeitenden.

INNOVATION

Um neue Produkte auf den Markt zu bringen, die über inkrementelle Verbesserungen hinausgehen, sind neue Ideen und Mut gefragt. Im Kontakt mit Universitäten und Studierenden will Valora solche Ideen entwickeln. 2019 hat eine Gruppe Studierender eine Woche lang an einer von Valora gestellten Aufgabe gearbeitet. Im Jahr 2020 ist zudem ein Hackathon zusammen mit einem Lieferanten geplant, bei dem es auch um eine nachhaltige Verpackung gehen wird. Weitere Gespräche und Projekte mit Lieferanten und Partnern sind geplant, um gemeinsam nachhaltige Innovationen umzusetzen.

STAKEHOLDER-ENGAGEMENT

Das Stakeholder-Engagement im Rahmen der Wesentlichkeitsanalyse (siehe Seite 34) soll in Zukunft verstetigt werden. Der vorliegende Nachhaltigkeitsbericht wird jährlich ausgebaut, mit zusätzlichen Kennzahlen versehen und den Stakeholdern zur Verfügung gestellt. Direkte Gespräche mit den Stakeholdern sollen auch in Zukunft stattfinden und Nachhaltigkeitsthemen werden in Kunden- und Mitarbeiterbefragungen aufgenommen. Zudem werden themenspezifische Kundenanfragen systematisch erfasst und ausgewertet. Weitere Engagement-Formate werden derzeit geprüft.

KENNZAHLENTABELLE

MITARBEITENDE

	Gruppe				Food Service				Retail				Shared Services			
	2019		2018		2019		2018		2019		2018		2019		2018	
	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%
Mitarbeitende																
Headcount	4955	100	5304	100	1425	29	1291	24	3340	67	3837	72	190	4	176	3
Vollzeitäquivalente (FTE)	3906	100	4230	100	1244	32	1150	27	2486	64	2916	69	176	5	164	4
Mitarbeitende nach Alter																
Gesamt	4955	100	5304	100	1425	100	1291	100	3340	100	3837	100	190	100	176	100
Bis 30 Jahre	1278	26	1428	27	411	29	373	29	846	25	1031	27	21	11	24	14
Zwischen 31 und 40 Jahre	1146	23	1224	23	396	28	384	30	697	21	788	21	53	28	52	30
Zwischen 41 und 50 Jahre	998	20	1055	20	298	21	251	19	649	19	757	20	51	27	47	27
Über 51 Jahre	1533	31	1597	30	320	22	283	22	1148	34	1261	33	65	34	53	30
Mitarbeitende nach Geschlecht und Beschäftigungsgrad																
Gesamt	4955	100	5304	100	1425	100	1291	100	3340	100	3837	100	190	100	176	100
0–49 % Anstellung	874	18	985	19	130	9	135	10	742	22	848	22	2	1	2	1
50–79 % Anstellung	1312	26	1503	28	150	11	106	8	1143	34	1386	36	19	10	11	6
Zwischen 80–99 % Anstellung	691	14	575	11	279	20	93	7	399	12	465	12	13	7	17	10
100 % Anstellung	2078	42	2241	42	866	61	957	74	1056	32	1138	30	156	82	146	83
Frauen	3365	100	3687	100	788	100	719	100	2515	100	2913	100	62	100	55	100
0–49 % Anstellung	731	22	821	22	99	13	105	15	630	25	714	25	2	3	2	4
50–79 % Anstellung	1042	31	1228	33	110	14	89	12	918	37	1129	39	14	23	10	18
Zwischen 80–99% Anstellung	479	14	450	12	158	20	71	10	317	13	370	13	4	6	9	16
100 % Anstellung	1113	33	1188	32	421	53	454	63	650	26	700	24	42	68	34	62
Männer	1590	100	1617	100	637	100	572	100	825	100	924	100	128	100	121	100
0–49 % Anstellung	143	9	164	10	31	5	30	5	112	14	134	15	0	0	0	0
50–79 % Anstellung	270	17	275	17	40	6	17	3	225	27	257	28	5	4	1	1
Zwischen 80–99 % Anstellung	212	13	125	8	121	19	22	4	82	10	95	10	9	7	8	7
100 % Anstellung	965	61	1053	65	445	70	503	88	406	49	438	47	114	89	112	93

FAIRE ARBEITSBEDINGUNGEN UND TALENTE & KARRIERE

	Gruppe				Food Service				Retail				Shared Services			
	2019		2018*		2019		2018*		2019		2018		2019		2018	
	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%
Mitarbeiterfluktuation																
Gesamt Mitarbeitende*	4955	100	5244	100	1425	100	1231	100	3340	100	3837	100	190	100	176	100
Austritte nach Kündigung durch Arbeitnehmende, Nettofluktuationsrate	1200	24	1138**	22	283	20	167	14	898	27	957	25	19	10	14	8

* 2018 noch ohne Ditsch USA.
** Die Austritte 2018 wurden leicht bereinigt, um Austrittsgründe genauer voneinander abzugrenzen.

Betriebsunfälle																
Gesamt	170	–	158	–	55	–	50	–	115	–	108	–	0	–	0	–

Ergebnisse der Mitarbeiterumfrage (0–100)

	Gruppe		Benchmark**
	2018	2016/17*	2018
Engagement	78	79	84
Zufriedenheit	66	68	74
Attraktiver Arbeitgeber	65	66	72
Mitarbeiterförderung	59	59	67

bis 50: geringe bis keine Zustimmung
56–85: mittlere Zustimmung
ab 86: volle Zustimmung

* Vergleichbarkeit ist eingeschränkt, da 2018 mehr Mitarbeitende befragt wurden.
** Branchenspezifischer Swiss Employer Award 2018 für den Detailhandel.

FOOD WASTE

	Gruppe			
	2019		2018	
	Abs.	%	Abs.	%
Vermiedener Food Waste*				
Gesamt Portionen	734 019	100	554 227	100
Too Good To Go	27 407	4	200	0.04
Portionen mit reduziertem Preis	706 612	96	554 027	100

* Nur Schweiz.

	Food Service Produktion*	
	2019	2018
Ausschussrate		
Ausschuss als Anteil produzierter Ware (nach Gewicht)	5.8 %	7.0 %

* Die Produktion umfasst die Werke in Emmenbrücke, Oranienbaum, Mainz und Cincinnati.

ENERGIE

	Gruppe	
	2019	
	Abs.	
Energieverbrauch in MWh		
Energieverbrauch gesamt	84 312	100
Stromverbrauch*	74 040	88
Gasverbrauch	10 168	12
Heizölverbrauch	104	0.1

* Die Stromwerte umfassen die Produktionsstätten (ohne USA) und 1452 von 2733 Verkaufsstellen. Gas und Öl bezieht sich auf die Produktionsstätten und 974 Verkaufsstellen.

	Food Service Produktion*	
	2019	2018
Energieintensität		
Energie pro Tonne produzierte Ware in MWh	0.417	0.422

* Die Produktion umfasst die Werke in Emmenbrücke, Oranienbaum, Mainz und Cincinnati.

ÖKOLOGISCHE & FAIRE PRODUKTE

	Gruppe	
	2019	2018
Fairtrade-Kaffee		
Anteil Fairtrade-Kaffeetassen am Eigenmarkenabsatz (Ziel für 2020: 100 %)	40 %	26 %

HEALTHY CHOICES

	Gruppe			
	2019		2018	
	Abs.	%	Abs.	%
Verkauf gesunder Produkte				
Gesamt erhobene Verkaufsstellen	1 823	100	1 822	100
Verkaufsstellen mit einem dedizierten gesunden Angebot*	1 026	56	609	33

* Food-Service-Verkaufsstellen mit gesunden Angeboten und Retail-Verkaufsstellen mit «gesunden Snacks» oder «gesunde Riegel»-Abschnitt.

VERPACKUNGEN

	Gruppe	
	2019	2018
Mehrwegbecher-Nutzung*		
Anteil Mehrwegbecher-Nutzung an allen ausgeschenkten Warmgetränken zum Mitnehmen (To Go)	1.5 %	0.5 %

* Diese Kennzahl deckt etwa 85 % des gruppenweiten Kaffeeabsatzes ab.

ÜBER DIESEN BERICHT

Dieser Bericht wurde in Anlehnung an die GRI Standards: Option «Kern» erstellt. Er umfasst die Aktivitäten der Valora Gruppe mit einem Fokus auf die grössten Geschäftsbereiche in Deutschland und der Schweiz. Sämtliche Personalkennzahlen umfassen die gesamte Gruppe.

Für Fragen zur Nachhaltigkeit bei Valora oder zum vorliegenden Bericht können Sie mit Yannic Steffan, Sustainability Manager, Kontakt aufnehmen:

Valora Management AG
Hofackerstrasse 40
4132 Muttenz
Schweiz

Telefon: +41 61 467 24 09
E-Mail: yannic.steffan@valora.com

Corporate Governance

REPORT ON CORPORATE GOVERNANCE

Valora is fully committed to meeting all its corporate governance obligations. Our objective is to attain the highest levels of transparency commensurate with best practice standards for all stakeholders. We believe that this applies particularly to the structure of our organisation and of the control and management infrastructure we have in place. This transparency should protect shareholder interests and create value for all other stakeholders.

The principles and rules relating to Valora's corporate governance are most notably promulgated in the company's articles of incorporation, its bylaws and the regulations governing the Board committees, all of which are subject to regular review and updated where appropriate. Furthermore, the Board of Directors has approved the Valora Code of Conduct. The scope of this Code, which sets out the types of conduct Valora expects from its employees, goes beyond the simple adherence to applicable laws and directives.

The corporate governance report follows the structure set out in the applicable SIX Swiss Exchange guidelines:

1 GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

Valora Holding AG, the Group's parent company, is a limited company established under Swiss law. Either directly or indirectly, it holds stakes in 24 significant unlisted companies, all of which are fully consolidated. The Group's operational structure is set out on page 29.

1.1.1 LISTED COMPANIES

The only listed company in the Valora Group is Valora Holding AG, which is domiciled in Muttenz. The company is listed in the main segment of SIX Swiss Exchange (Swiss securities number 208897, Telekurs VALN, Reuters VALN.S, Bloomberg VALN.SW, ISIN number CH0002088976). The company itself holds 1.2 % of the total of 3 990 000 issued shares. At 31 December 2019, the market capitalisation of Valora Holding AG amounted to CHF 1.077 million. The company's market capitalisation over the last five years is shown on page 196.

1.1.2 CONSOLIDATED COMPANIES

The significant companies within the Group are shown in the notes to the consolidated financial statements on pages 175 to 176, which list the name, domicile, total share capital, listing and percentage of share capital held by Valora Holding AG.

1.2 SIGNIFICANT SHAREHOLDERS

The following shareholders or groups of shareholders have reported holdings of Valora Holding AG shares in excess of the reporting thresholds defined by law:

Significant shareholders	Receipt of report	Holding
Ditsch Ernst Peter [1]	24.11.2018	15.93 %
Credit Suisse Funds AG	25.04.2019	5.08 %
Norges Bank (the Central Bank of Norway), Oslo, Norway	04.01.2018	4.62 %

[1] On 29 November 2017, Valora Holding AG reported, that it held preferential purchasing rights on the shares of Ernst Peter Ditsch covering 15.93 % or 635,599 of own registered shares. On 24 November 2018 it was reported that Ernst Peter Ditsch holds his shares indirectly through DV Beta GmbH & Co. KGaA.

The shareholdings were disclosed in accordance with Article 20 of the Swiss Federal Stock Exchange Act (in German "Börsengesetz" or "BEHG"). Further details are available on the web page of SIX Exchange:
https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

1.3 CROSS SHAREHOLDINGS

There are no reportable cross shareholdings between Valora Holding AG or its subsidiaries and other companies.

2 CAPITAL STRUCTURE

2.1 CAPITAL STRUCTURE AT 31 DECEMBER 2019

The ordinary share capital of Valora Holding AG as of 31 December 2019 amounted to CHF 3 990 000, comprising 3 990 000 single-class registered shares with a nominal value of CHF 1.00 each, each entitled to dividends and votes. All ordinary registered shares of Valora Holding AG are fully paid up and listed in the main segment of the SIX Swiss Exchange.

2.2 CONDITIONAL AND AUTHORISED CAPITAL

At their Ordinary General Meeting held on 13 April 2018, Valora Holding AG shareholders approved the creation of a maximum of CHF 400 000 of share capital through the issue of a maximum of 400 000 registered shares with a nominal value of CHF 1.00 by 13 April 2020 at the latest. The Board of Directors is authorised to determine the amount of share capital to be issued, the form of payment required for subscription, the date of issue, the conditions governing the exercise of subscription rights and the commencement of dividend entitlement. The Board is also authorised to restrict or prohibit the trading of subscription rights.

The Board of Directors can issue new shares by means of a firm underwriting by a bank or another third party and a subsequent offer to the current shareholders.

The details and conditions are set out in Article 3b of the company's Articles of Incorporation. No shares were issued prior to 31 December 2019.

Conditional capital amounting to a maximum of CHF 84 000, comprising 84 000 registered shares with a nominal value of CHF 1.00 each, was approved by the Annual General Meeting of 11 May 2000. These shares can be used at any time by the Board of Directors to cover the exercising of options granted to employees of the company or Group companies within the overall framework laid down by the Board of Directors. Existing shareholders have no subscription rights for such shares. No time limits apply. None of this conditional capital had been issued at 31 December 2019. The conditional capital of CHF 84 000 remains unchanged.

2.3 CHANGES IN SHARE CAPITAL

At the Extraordinary General Meeting held on 8 November 2017, Valora Holding AG shareholders approved a capital increase of CHF 554 401 through the issue of 554 401 registered shares with a nominal value of CHF 1.00. The capital increase was carried out by means of a subscription rights issue at market price.

2.4 SHARES, PARTICIPATION CERTIFICATES AND DIVIDEND RIGHT CERTIFICATES

All 3 990 000 single-class registered shares each have a nominal value of CHF 1.00 and are fully paid up. Each share entitles its holder to a dividend, except the shares held in treasury by Valora Holding AG. There are no preferential shares. Valora Holding AG has not issued any participation certificates or dividend right certificates.

2.5 CONVERTIBLE BONDS AND OPTIONS

On December 31, 2019 Valora Holding AG had issued neither convertible bonds nor options.

2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

Details of limitations on transferability and nominee registrations are shown in section 6.1 of this corporate governance report.

3 BOARD OF DIRECTORS

3.1 MEMBERS OF THE BOARD OF DIRECTORS

At 31 December 2019, the Board of Directors of Valora Holding AG consists of the following seven members:

Franz Julen, 1958, Swiss citizen, Chairman
Other main activities in 2019: Member of the Advisory Board of the ALDI Süd Group of Companies, President of the Board of Directors of Zermatt Bergbahnen AG.
Career highlights: Since 2017, Franz Julen has been the Chairman of Valora's Board of Directors which he joined in 2007. Furthermore, he has been the President of the Board of Directors of Zermatt Bergbahnen AG since 2018 and member of the Advisory Board of the ALDI Süd Group of Companies since 2016. Between 2000 and 2016, he was the CEO of INTERSPORT International Corporation. Under his leadership, INTERSPORT became the world's number 1 and largest sports retailer with activities in 65 countries on all 5 continents and retail sales of EUR 11.5 billion. During his CEO time, retail sales more than doubled and country presence quadrupled. Previously, from 1998 – 2000 he was COO of INTERSPORT International Corporation and from 1993 – 1998 CEO of Völkl International AG. In 1987 and until 1992 he joined Marc Biver Development, a sports marketing company that marketed athletes and sporting events worldwide, as Deputy Managing Director.
Qualifications: Diploma in hotel and restaurant management from the Swiss Hotel Management School, Lucerne.
Key attributes for the Board: Franz Julen has extensive expertise in the retail sector, in franchising systems, private label business and in international POS network expansion. He also contributes his broad experience gained over more than two decades as a CEO of internationally active companies.

Markus Fiechter, 1956, Swiss citizen, Vice-Chairman
Other main activities in 2019: President of the Board of Directors of Fresh & Frozen Food AG, member of the Board of Directors of Porterhouse Group AG, member of the Board of Directors of Minibar AG.
Career highlights: Markus Fiechter has been acting as President of the Board of Directors of Fresh & Frozen Food AG, Wohlen, for the last two years. Between 2004 and 2012, he was CEO of Jacobs Foundation's investment firm Jacobs Holding AG. Previously, Markus Fiechter was CEO of the Minibar Group for 10 years. He also worked as a consultant for the Boston Consulting Group between 1991 and 1999, a role in which he led restructuring projects at an Austrian food retail company and a Swiss shoemaking group. Before this position, he was SBU manager at Mettler Toledo AG from 1984. Besides his operative activities, he was a member of the Board of Directors of Barry Callebaut AG and a member of the Board of Directors of W. Schmid AG.
Qualifications: Master's degrees in Chemical Engineering from the Swiss Federal Institute of Technology Zurich and in Economics from the University of St. Gallen.
Key attributes for the Board: In addition to his wide-ranging international experience in business consultancy, industry and the food sector, Markus Fiechter contributes in-depth know-how in the fields of strategy, process management and IT management.

Ernst Peter Ditsch, 1956, German citizen
Other main activities in 2019: Partner and Managing Director of DV Verwaltungs GmbH.
Career highlights: Ernst Peter Ditsch has been Partner and Managing Director of DV Verwaltungs GmbH, Mainz, since 2014. In 1978, he took over the Brezelbäckerei Ditsch GmbH from his parents. Running the company founded in 1919 in the third generation, he developed it to become Germany's largest pretzel bakery. With around 200 outlets, Ditsch has established comprehensive geographical coverage of the German market. It has also become the largest supplier of lye-bread products to the wholesale sector. In 2000, Ernst Peter Ditsch acquired the Swiss company Brezelkönig. After four decades of professional activity, and having successfully developed his family business, Ernst Peter Ditsch sold the company to Valora Group in 2012. Besides his activities at Brezelbäckerei Ditsch, Ernst Peter Ditsch acted as member of the Supervisory Board of Mainzer Volksbank eG between 2010 and 2014.
Qualifications: Qualified German insurance agent.
Key attributes for the Board: Ernst Peter Ditsch brings in profound knowledge and experience in pretzel production as well as in the retail and B2B business and contributes with his knowhow in the integrated value chain.

Cornelia Ritz Bossicard, 1972, Swiss citizen
Other main activities in 2019: Managing Partner and member of the Board of Directors of 2bridge AG, member of the Board of Directors of Ferguson Finance (Switzerland) AG, member of the Board of Directors of Confiseur Läderach Holding AG and of Läderach (Switzerland) AG.
Career highlights: Cornelia Ritz Bossicard is Managing Partner as well as member of the Board of Directors of 2bridge AG, Uster, which she founded in 2016. The company supports medium to large listed and family-owned companies to tailor their organisations' corporate governance to the changing environment. Previously, Cornelia Ritz Bossicard was Audit Director and looks on a career of over 18 years with PricewaterhouseCoopers in Zurich, San José, USA, and Lausanne. Her primary responsibilities included auditing and serving as a trusted advisor to companies and their Boards of Directors.
Qualifications: Swiss Certified Accountant; Certified Public Accountant (CPA); Master of Science in Business Administration, HEC Lausanne.
Key attributes for the Board: Cornelia Ritz Bossicard shares her expertise in accounting, tax, internal controls, capital market transactions, compliance, risk management and corporate governance in the sectors of retail sales and consumer goods, technology as well as industrial products.

Michael Kliger, 1967, German citizen
Other main activities in 2019: President and CEO of Mytheresa.
Career highlights: Since 2015, Michael Kliger has been President and CEO of the luxury online women's fashion retailer Mytheresa with its flagship store in Munich. Previously, he was Vice President Europe and APAC at eBay Enterprise (formerly called GSI Commerce) where he managed all commercial and marketing activities in Europe & APAC since 2013. Between 2010 and 2012 he was Executive Director at Accenture specialising in the areas of consulting, systems integration and outsourcing. In 2005 he joined Real Holding AG as Chief Operating Officer and managed the company's hypermarket store operations across Europe. Between 1992 and 2004 he worked at McKinsey where he became a Partner and acted as the leader of the German retail sector.
Qualifications: Degree in business administration from TU Berlin, MBA from Northwestern University (Kellogg School of Management).
Key attributes for the Board: Thanks to a broad range of professional activities, Michael Kliger brings substantial expertise in digitalisation and the retail industry to the Board.

Sascha Zahnd, 1975, Swiss citizen
Other main activities in 2019: Vice President Tesla EMEA.
Career highlights: Sascha Zahnd has been Vice President Tesla EMEA since 2019. In 2016, he joined Tesla's senior management team in Palo Alto, California, as Vice President Global Supply Chain. He is actively involved in helping to develop future global topics such as mobility, energy, artificial intelligence and Industry 4.0. Previously, Sascha Zahnd worked for six years at ETA SA / Swatch Group, where as a member of the Executive Board he was responsible for the global supply chain and the component production plants. In this role, he completely repositioned the entire purchasing and logistics organisation and significantly increased production flexibility. Between 2001 and 2010, he worked for IKEA, initially in Switzerland and then in Sweden, Mexico, the US and China. He started his career at the retail company as Regional Logistics Manager and went on to hold various roles including Sales Manager and Deputy to the General Manager of IKEA Retail in New York and finally Head Supply Division Asia Pacific in Shanghai.
Key attributes for the Board: Sascha Zahnd boasts a strong track record in the fields of retail, production and supply chain at globally leading companies. He also embodies the digital pioneer, innovation and transformation spirit that is synonymous with Silicon Valley.

Insa Klasing, 1979, German citizen
Other main activities in 2019: Co-Founder and CEO of TheNextWe (Uniq Coaching GmbH), member of the Board of Directors of SV Group AG, member of the Supervisory Board of Sausalitos, member of the Senior Advisory Committee of Ergon Capital, author at Campus Verlag.
Career highlights: Since 2017, Insa Klasing has served as CEO of the Berlin-based start-up TheNextWe, a company that she co-founded and which provides support in changing digital mindsets within companies. She is an expert on the future of leadership and her book on the subject, "The two-hour boss", was published in 2019. In 2017, the World Economic Forum named her a Young Global Leader. Insa Klasing held the position of CEO of Kentucky Fried Chicken (KFC) in the DACH region and Denmark for five years after having worked as Supply Chain and Equipment Director and Company Operations Director for KFC UK. Between 2006 and 2009, she was responsible in her role as Country Manager for the launch of the British brand "innocent smoothies" in Germany, which developed into the market leader. She started her career in 2004 as a strategy consultant at Bain & Company in London. Prior to this, she took on a role for the NGO Action Aid! in New Delhi immediately after completing her studies in 2003.
Qualifications: B.A. in Politics, Philosophy and Economics (PPE) from University of Oxford, M.A. in South Asian Area Studies from University of London.
Key attributes for the Board: Insa Klasing contributes her far-reaching international retail experience in the strategically important food, franchising and digital areas.

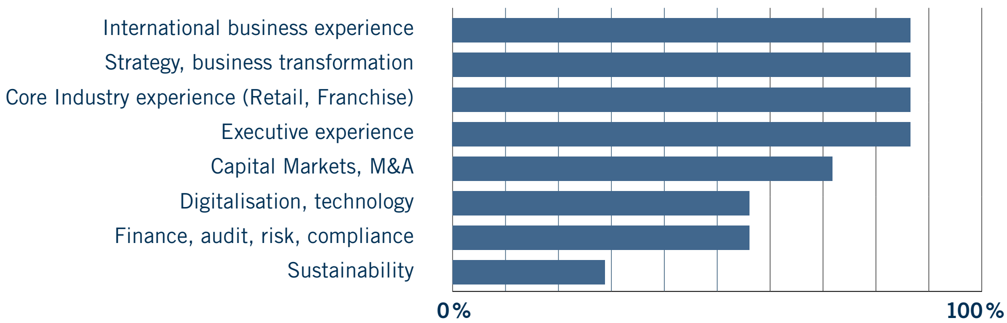
No members of the Board of Directors have any operational management duties within the Valora Group.

Board Changes
At the 2020 Annual General Meeting Peter Ditsch, Markus Fiechter and Cornelia Ritz Bossicard will not stand for a further term. Mobilezone CEO Markus Bernhard, eBay executive and e-commerce specialist Karin Schwab and BKW CEO Suzanne Thoma will be proposed for election as new members to the Board of Directors.

Board composition and succession planning
The Nomination and Compensation Committee (NCC) regularly considers the composition of the Board as a whole and in light of staffing requirements for the committees. The NCC recruits and evaluates candidates for Board membership. The NCC may retain outside consultants with respect to the identification and recruitment of potential new Board members. In assessing candidates, the NCC considers the requisite skills and characteristics of Board members as well as the composition of the Board as a whole. Among other considerations, the NCC takes into account skills, management experience, independence and diversity in the context of the needs of the Board to fulfil its responsibilities. The NCC also considers other activities and commitments of an individual in order to be satisfied that a proposed member of the Board can devote enough time to a Board position at the Group.

Board Member experience and expertise

The background, skills and experience of our Board members are diverse and broad and include holding or having held top management positions at retailers and other companies in Switzerland and abroad, as well as leading positions in international organizations. The Board is composed of individuals with wide-ranging professional expertise in key areas including strategy and business information, capital markets, M&A, and retail and franchising, finance and risk management, audit and compliance, innovation, technology and digitalisation, and sustainability. The collective experience and expertise of our Board members as of the end of 2019 across those key areas considered particularly relevant for the Group is illustrated in the following chart.



3.2 OTHER ACTIVITIES AND VESTED INTERESTS

Some Board members engage in other business activities with companies.

3.2.1 SUPERVISORY BOARD ACTIVITIES

Board member	Commercial Companies	Other entities / Charities	Location	Function
Franz Julen	Zermatt Bergbahnen AG		Zermatt	Chairman
	ALDI Süd Group of Companies		Germany	Advisory Board Member
Markus Fiechter	Fresh & Frozen Food AG		Wohlen	Chairman
	Porterhouse Group AG		Luzern	Board Member
	Minibar AG		Baar	Board Member
		Swiss Federal Foundation for Promotion of the National Economy through Scientific Research	Zurich	Board Member
		Manres AG	Zollikon	Advisory Board Member
Cornelia Ritz Bossicard	Ferguson Finance (Switzerland) AG		Zug	Board Member
	Confiseur Läderach Holding AG		Ennenda	Board Member
	Läderach (Switzerland) AG		Ennenda	Board Member
	2bridge AG		Uster	Board Member
		swissVR	Rotkreuz	President of the Supervisory Board
		Swiss-American Society	Zurich	President of the Supervisory Board
		Cäsar Ritz Foundation Niederwald	Goms	President of the Foundation Board
Insa Klasing	SV Group AG		Dübendorf	Board Member
	Sausalitos Holding GmbH		München	Supervisory Board Member
	Ergon Capital		Brussels	Senior Advisory Committee Member

3.2.2 MEMBERSHIP OF EXECUTIVE COMMITTEES

- Ernst Peter Ditsch: Partner and Managing Director of DV Verwaltungs GmbH.
- Cornelia Ritz Bossicard: Managing Partner of 2bridge AG, Uster.
- Michael Kliger: President and CEO of Mytheresa, Munich.
- Insa Klasing, CEO of TheNextWe

3.3 ARTICLES OF INCORPORATION PROVISIONS ON THE NUMBER OF PERMISSIBLE ACTIVITIES

As required by Article 12, paragraph 1, section 1 of the Ordinance against Excessive Remuneration, the Articles of Incorporation of Valora Holding AG state that members of the Board of Directors may not simultaneously hold more than ten mandates on the highest management or supervisory bodies of legal entities outside the Valora Group which are required to be registered in the Swiss commercial register or a similar register in another country. No more than four such mandates may be exercised for listed legal entities.

3.4 ELECTION AND TERM OF OFFICE

The Board of Directors consists of at least three members. The Chairman and the other Board members are each elected individually by the General Meeting for a term of office of one year until the next Ordinary General Meeting. Re-election is permissible.

Subject to the requirements placed upon it by law and the Articles of Incorporation, the Board of Directors is self-constituting. The Board elects from among its members a Vice-Chairman and appoints a Secretary who need not be a Board member. Should the office of Chairman become vacant, the Board shall appoint one of its members for the remaining duration of the Chairman's term of office as Interim Chairman.

3.5 INTERNAL ORGANISATIONAL STRUCTURE AND COMMITTEES

The Board of Directors assumes the responsibilities required of it by law (Article 716a of the Swiss Code of Obligations). It has supreme managerial responsibility for the company and the supervision of its business administration activities. It is charged with the outward representation of the company and attends to all matters which the law, the company's Articles of Incorporation or the company's bylaws have not assigned to another executive body of the company. The Board of Directors may delegate powers and the management of the company or individual parts thereof to one or more persons, members of the Board or third parties who need not be shareholders, provided such affairs are not inalienably assigned to it by law or the Articles of Incorporation. The Board issues the company's bylaws and regulates the contractual relationships relating to them.

An overview of the Board and the committee membership is shown in the following table.

Board member	Year of first election	Nomination and Compensation Committee	Audit Committee
Franz Julen	2007		
Markus Fiechter	2008	Chair	
Ernst Peter Ditsch	2013		Member
Cornelia Ritz Bossicard	2014		Chair
Michael Kliger	2017	Member	
Sascha Zahnd	2019		Member
Insa Klasing	2019	Member	

The Board of Directors held 8 meetings in 2019 and conducted 4 conference calls. Of the 8 meetings, 5 lasted an entire day and 3 half a day. The Audit Committee convened for 3 half-day meetings and the Nomination and Compensation Committee for 3 half-day meetings and conducted 3 conference calls.

Board and Committee attendance	Board	Nomination and Compensation Committee	Audit Committee	Total 2019
Franz Julen	12/12	6/6	3/3	21/21
Markus Fiechter	11/12	6/6		17/18
Ernst Peter Ditsch	11/12		3/3	14/15
Cornelia Ritz Bossicard	12/12		3/3	15/15
Michael Kliger	10/12	6/6		16/18
Sascha Zahnd [1]	9/10		2/2	11/12
Insa Klasing [1]	8/10	3/4		11/14

[1] Board members as of the 2019 AGM.

The Board of Directors and its committees may invite other persons, in particular members of management and representatives of the internal and external auditors, to attend their meetings. The CEO and (former) CFO attended all meetings of the Board of Directors and its committees. The external auditors attended all Audit Committee meetings.

Minutes are kept of Board and Board committees meetings.

3.5.1 AUDIT COMMITTEE DUTIES

a) To assess accounting practices and principles, financial reporting and other financial information and to report on these to the Board of Directors.
b) To assess the financial reporting for the annual and half-yearly reports and make appropriate recommendations to the Board of Directors.
c) To assess other financial information which is published or submitted to third parties.
d) To monitor and discuss possible financial risks.
e) To assess risk management principles and activities with regard to financial risk.
f) To formulate and, where appropriate, modify the strategy and concept for ICS (internal control system) processes within the company and to assess their functional viability.
g) To assess and finalise the internal audit function's audit plan, advisory activities and budget.
h) To assess the performance and independence of the internal audit function.
i) To appoint and dismiss the internal auditors.
j) To assess the audit plan, performance and independence of the external auditors and the fees paid to them.
k) To propose nominations for the external audit function (for the financial statements of Valora Holding AG and the Valora Group) to the Board of Directors.
l) To assess audit findings in the internal and external auditors' reports and to monitor the implementation of measures recommended therein.
m) To assess the collaboration between the internal and external auditors.
n) To commission additional and follow-up audits with regard to specific issues or problems as needed.
o) To assess financing and treasury policy.
p) To assess the legal department's annual report on major, potential, pending and resolved legal issues, the financial consequences of which are significant, and to assess the Group's compliance with required standards.
q) To assess tax planning, tax management and tax audits and their outcomes.
r) To assess the evolution of corporate governance and to formulate appropriate recommendations to the Board of Directors.
s) To carry out other tasks and projects as instructed by the Board of Directors.

For the duties specified in a), b), c), d), e), f), h), k), l), m), o), p), q) r) and s) above, the Audit Committee exercises a preparatory function. For the duties specified in g), i), j) and n), it exercises a decision-making function.

3.5.2 NOMINATION AND COMPENSATION COMMITTEE DUTIES

In accordance with the requirements placed on it by the law and the Articles of Incorporation, the Nomination and Compensation Committee primarily carries out the following duties to prepare the decision-making process by the Board of Directors and the decisions it ultimately makes:

(a) To support the Board in determining and assessing the remuneration strategy and guidelines.
(b) To support the Board in determining and assessing the qualitative and quantitative criteria applied to remuneration.
(c) To support the Board in the preparation of recommendations to the General Meeting regarding the remuneration of the Board and of Group Executive Management.
(d) To formulate and submit recommendations to the Board regarding the remuneration of the Board Chairman and the other Board members.
(e) To submit proposals to the Board regarding the remuneration and other terms of employment (employment contracts) of the CEO and the other members of Group Executive Management.
(f) To assess and determine the extent to which the qualitative and quantitative performance criteria set by the Board for determining the variable (short-term and long-term) remuneration paid to Group Executive Management have been met.
(g) To assess general annual salary increases proposed by the CEO and to make recommendations on these to the Board.
(h) To assess share, share option and profit-sharing programmes for the Board, Group Executive Management, managers and employees and to make recommendations on these to the Board.
(i) To monitor compliance with the remuneration principles set out in the law, the Articles of Incorporation and company regulations and with the resolutions on remuneration approved by the General Meeting.
(j) To submit an appraisal of the remuneration report to the Board and to submit recommendations regarding the report to the Board.
(k) To prepare proposals for new Board member candidates for submission to the Board.
(l) To prepare proposals for submission to the Board on the appointment or dismissal of the CEO and all other Group-level executives (CFO, members of Group Executive Management).
(m) To remain informed of and monitor succession planning for the top two tiers of management.
(n) To discuss the performance appraisals of the CEO and the other members of Group Executive Management.
(o) To monitor the implementation of Board decisions within the scope of the Nomination and Compensation Committee's remit.
(p) To carry out other tasks and projects as instructed by the Board of Directors.

The duties carried out by the Nomination and Compensation Committee regarding the Board of Directors' remuneration guidelines and the financial remuneration paid to the Board are of a preparatory nature.

3.6 DEFINITION OF AREAS OF RESPONSIBILITY

The Board of Directors meets as frequently as business demands but at least four times per year. Board meetings are convened by the Chairman or, in his absence, by the Vice-Chairman or another Board member. The Chairman is also required to call a Board meeting within 30 days of receiving a written request to do so from any of the Board's members. The Board is quorate if a majority of its members are present. No quorum is required for the Board to approve reports on capital increases or on the subsequent paying in of shares not fully paid up, or for any resolutions which require notarisation. Board resolutions are passed and elections decided by a simple majority of the votes cast. In the event of a tie, the Chairman has the casting vote. Voting and elections are normally conducted by a show of hands, unless a Board member requests a secret ballot. Board resolutions on proposals submitted to the Board can also be passed by video or telephone conference or in writing by circular letter, provided that a majority of Board members vote in favour of the proposal, all members had the opportunity of casting their votes and no member requested that a meeting be held to discuss the proposal. All Board resolutions must be recorded in a set of minutes which the Chairman and Secretary must sign. Each Board member is entitled to information and access to documents within the overall provisions of the law.

The Board of Directors has ultimate responsibility for the management of the Group, in particular determining the key attributes of the company's activities, maintaining an appropriate balance between entrepreneurial objectives and financial resources, and promulgating such directives as this requires. The Board is also responsible for approving corporate strategy and specifying organisational structure, as well as defining the strategy and concept governing the internal control system and for risk assessment and risk management activities. The Board also bears ultimate responsibility for personnel matters and determines the fundamental principles of the company's HR and salary policies. It is responsible for the appointment, dismissal and supervision of those persons charged with the management of the company, the Group and the individual divisions – in particular the CEO, CFO and divisional heads – and for defining their deputising arrangements and signatory powers. The Board also establishes the guidelines for financial and investment policy and approves medium-term planning, annual budgets and investment schedules.

The Board of Directors delegates the entire management of ongoing operations and representation of the company to Group Executive Management under the leadership of the CEO to the extent that the law or the company's Articles of Incorporation or bylaws do not stipulate otherwise. Group Executive Management has the authority to decide on matters relating to the business entrusted to it. Decisions on matters which are beyond the scope of regular business operations or which exceed the thresholds specified in the company's terms of reference (ToR) require approval by the Board of Directors.

In essence, this applies to:
- the commencement of new business activities or the cessation of existing ones.
- the execution of significant contracts relating to areas outside the scope of the Valora Group's normal business activities and the execution of consultancy contracts the costs of which (either aggregate or annual) exceed CHF 2 million.
- the issuance of marketable debt securities or the contracting of long-term borrowing in amounts in excess of CHF 30 million.
- the granting of loans to third parties in excess of CHF 10 million.
- carrying out investments covered by the investment plan for amounts of more than CHF 5 million or carrying out non-budgeted investments for amounts of more than CHF 2 million.
- the granting of sureties or guarantees for amounts in excess of CHF 10 million.
- the acquisition or disposal of equity participations.
- the purchase or sale of real estate properties for amounts in excess of CHF 5 million.
- the initiation or termination of legal disputes, including the agreement to court-ordered or out-of-court settlements for amounts in excess of CHF 2 million.

3.7 INFORMATION AND CONTROL INSTRUMENTS AVAILABLE TO THE BOARD OF DIRECTORS

The CEO keeps the Chairman of the Board informed about the business performance of the company and the Group. At Board meetings, the CEO informs the Board about the business performance of the company, the Group and the individual divisions and also reports on all major business events. The CEO notifies the Board immediately of any extraordinary events with substantial implications. In addition, the Management Information System provides the Board of Directors with the following information a regular basis: monthly sales figures and monthly divisional and Group reporting based on the budget approved by the Board compared with the current and prior-year figures, information regarding major business events, information on the shareholder structure and the extent to which resolutions approved by the General Meeting or the Board of Directors have been implemented.

The Chairman of the Board of Directors is provided with copies of the minutes of all Group Executive Management meetings.

Each member of the Board of Directors can request information from the management about the course of business and operations and, with the authorisation of the Chairman of the Board, on specific business transactions. Each member may also request that company books and files be made available for said member's inspection.

3.7.1 RISK MANAGEMENT

The Board of Directors and Group Executive Management carry out a risk assessment once a year. The objective is to make the principal risks to which Valora is exposed more transparent, to improve the quality of risk dialogue and to define practical measures for addressing Valora's key risks. The results are reviewed at a joint meeting held with the Board of Directors at which a plan for implementing appropriate measures is approved.

The risk assessment is initiated by the Head of Internal Audit and carried out in collaboration with Group Executive Management and the Chairman of the Board. The process comprises three phases. In phase 1, the catalogue of risks and the methodological parameters are defined and structured interviews are conducted with the individual members of Group Executive Management. Some key Valora employees are also questioned by Internal Audit about their assessment of the risk situation. In phase 2, the results of these interviews are discussed with Group Executive Management, the key risks are identified and measures for addressing them are defined, with responsibility for their execution assigned to specific members of Group Executive Management. The implementation status of measures defined in the previous year is also reviewed. The final phase involves documenting the key findings and potential consequences for each of the key risks identified as well as the measures adopted to address them in a risk report which is submitted to the Board of Directors for approval.

3.7.2 INTERNAL AUDIT

Internal Audit supports the Board of Directors, the Audit Committee and Group Executive Management in carrying out their oversight and controlling duties. The internal audit function's activities encompass the entire Valora Group and all its subsidiaries in Switzerland and abroad. Internal Audit provides independent and objective audit and advisory services which are designed to generate added value and improve business processes. It supports the Valora Group in achieving its objectives by applying a systematic and targeted approach to evaluating the effectiveness and efficiency of risk management, internal controls, management and monitoring processes and helping to improve them. Internal Audit is independent. It assumes no managerial responsibilities and makes no management decisions. It reports functionally to the Audit Committee and administratively to the Chief Financial Officer of the Valora Group.

Every year, Internal Audit draws up a risk-based annual plan which it submits to the Audit Committee as the basis for determining the key areas of audit examination. The annual audit plan is coordinated with the external auditors. It is adopted by the Audit Committee and communicated to Group Executive Management. In addition, the Chairman of the Board, the Audit Committee or its Chairman can instruct Internal Audit to carry out special assignments. Internal Audit reports its planned audit activities to the Audit Committee and also prepares an annual report documenting its activities during the year.

Internal Audit prepares a written report at the end of each audit and assignment. In addition to its own audit findings and recommendations, this also contains a statement from the management setting out the measures planned and the time required for their implementation. Implementation of these measures is then verified by Internal Audit in a timely fashion. The Chairman of the Board, the members of the Audit Committee, the CEO, the CFO and the external auditors each receive a copy of these reports.

Internal Audit carried out 6 audits in 2019.

4 GROUP EXECUTIVE MANAGEMENT

4.1 MEMBERS OF GROUP EXECUTIVE MANAGEMENT

The CEO is responsible for managing the Group. He coordinates the activities of the individual divisions and chairs the Group Executive Management Committee. The other members of Group Executive Management report to the CEO. The division heads manage their divisions with a view to achieving sustainably profitable performance. They define the specific management tools their divisions require in addition to the Group-wide guidelines in place.

Michael Mueller, 1972, Swiss citizen
CEO and CFO ad interim of Valora
Career highlights: Michael Mueller joined Valora on 1 November 2012, initially as CFO of Valora Holding AG and since 1 March 2014 he has been the CEO. In his previous roles, he was the Owner & Managing Director of Rubus Capital Management Ltd. between 2010 and 2012, CEO / Delegate and Member of the Board of Directors of Jelmoli Holding AG between 2007 and 2010 as well as CEO of GVO Asset Management Ltd. between 2007 and 2009. Before this, he was a merger & acquisitions advisor in investment banking at Goldman Sachs and he worked for Bain & Company as a strategy consultant in strategic transformation and restructuring programmes between 2001 and 2005.
Qualifications: Master's degree in Law (lic. iur. HSG) from the University of St. Gallen.

Thomas Eisele, 1974, Swiss citizen
CEO of the Food Service division
Career highlights: Thomas Eisele has been CEO of Valora's Food Service division and member of the Group Executive Management since 1 April 2014. He joined Valora in 2008 as Assistant to the Executive Chairman of Valora Holding AG and became Head M&A / Corporate Business Development in 2009. After the acquisition of Ditsch / Brezelkönig in 2012, he was Managing Director of Brezelkönig until 2014 and of Ditsch until 1 January 2019. Previously, he spent two years as the Assistant of the Executive Chairman at Manor Group. In further positions, he was the CFO / COO of itheca Group and worked for Buck Brunner Partner and MCS as a consultant.
Qualifications: Master's degree in Economics (lic. rer. pol.) from the University of Basel.

Roger Vogt, 1977, Swiss citizen
CEO of the Retail division
Career highlights: Roger Vogt joined Valora on 1 January 2018 as CEO Retail Switzerland and member of the extended Group Executive Management. Since 1 January 2019, he has been CEO of the Retail division and member of the Group Executive Management. From 2014, Roger Vogt was Head of Sales Region Northwestern Switzerland, Central Switzerland and Zurich at Coop. He previously managed the Central Switzerland and Zurich sales region for around four years. Before this, he had started out at Coop in 1996 as a butcher. He went on to manage various Coop sales outlets, before assuming the role of sales manager and ultimately heading up the sales area.
Qualifications: Executive MBA at the University of Applied Sciences in Zurich (HWZ).

Changes in the Group Executive Management:
Tobias Knechtle, CFO, has left the company at the end of November 2019.

4.2 FURTHER SIGNIFICANT ACTIVITIES AND VESTED INTERESTS

No member of Group Executive Management currently engages in any other activities on the management or supervisory boards of any listed companies in Switzerland or abroad. With the exception of the duties listed below, no member of Group Executive Management engages in any ongoing management or consultancy activities for companies outside the Valora Group, nor does any such member hold any public or political office.

4.3 ARTICLES OF INCORPORATION PROVISIONS ON THE NUMBER OF PERMISSIBLE ACTIVITIES

As required by Article 12, paragraph 1, section 1 of the Ordinance against Excessive Remuneration, the Articles of Incorporation of Valora Holding AG state that members of Group Executive Management may not simultaneously hold more than four mandates on the highest management or supervisory bodies of legal entities outside the Valora Group which are required to be registered in the Swiss commercial register or a similar register in another country. No more than one such mandate may be carried out for a listed legal entity. Mandates within the same corporate group and mandates closely linked to the same group (such as pension funds, joint ventures and significant participations) are considered as one mandate. All mandates require prior approval by the Board of Directors.

4.4 MANAGEMENT CONTRACTS

There are no management contracts between Valora Holding AG and any companies or individuals outside the Valora Group.

5 REMUNERATION, SHAREHOLDINGS AND LOANS

Full details of all remuneration, shareholdings and loans (content of remuneration and share programmes, process for determining remuneration under these programmes, general remuneration components and their weightings for members of the Board of Directors and Group Executive Management) are set out in the separate remuneration report on pages 73 to 97 and in the financial report in Note 34 "Transactions and balances outstanding with related parties" to the consolidated financial statements of the Valora Group (pages 171 and 172) and in Note 3.4 "Participations" to the financial statements of Valora Holding AG (page 188).

6 SHAREHOLDERS' PARTICIPATION RIGHTS

6.1 VOTING RIGHT AND REPRESENTATION RESTRICTIONS

Each share entitles its holder to one vote at the General Meeting. Voting is limited to those individuals entered as shareholders with voting rights in the share register.

The Board of Directors may refuse acknowledgement and entry in the share register as a shareholder with voting rights to shareholders who fail to confirm expressly on request that they have acquired the shares in their own name and for their account. The Board of Directors may also delete – with retroactive effect to the date of original entry – the entry in the share register as a shareholder with voting rights of shareholders who, on subsequent inquiry, are found to have had the voting rights concerned registered by making a false declaration, and have them entered instead as shareholders without voting rights. Any such deletion must be communicated immediately to the shareholder concerned.

To enhance the tradability of Valora shares on the stock exchange, the Board of Directors may devise regulations or agreements which permit the fiduciary entry of registered shares with voting rights over and above the limits set out in this article for trustees who disclose the nature of their trusteeship (nominees, ADR banks). However, such trustees must be overseen by banking or financial market regulators or otherwise provide the necessary guarantees that they are acting on behalf of one or several persons who are not linked to each other in any way, and must be able to provide the names, addresses and shareholdings of the beneficial owners of the shares concerned.

A shareholder may be represented at a General Meeting only by their legal representative, by another shareholder attending the General Meeting whose name is entered in the share register or by the independent shareholders' representative. The Board of Directors will ensure that shareholders can also grant powers of attorney and issue instructions electronically to the independent shareholders' representative, who can determine the specific arrangements required for this.

Recognition of powers of attorney will be at the discretion of the Board members attending the General Meeting.

6.2 STATUTORY QUORUMS

Unless the law or the Articles of Incorporation stipulate otherwise, the General Meeting passes its resolutions and conducts its elections by a simple majority of the share votes cast, irrespective of the number of shareholders attending or the number of shares represented. Voting abstentions and invalid votes are considered as not submitted. In the event of a tied vote, the Chairman of the Board of Directors has the casting vote.

Under Article 13 of the Articles of Incorporation, the following resolutions require a majority of two thirds of the votes represented and an absolute majority of the nominal value of the shares represented:
- changing the purpose of the company;
- introducing shares with privileged voting rights;
- limiting or facilitating the transferability of registered shares;
- increases in authorised or conditional capital;
- capital increases from shareholders' equity, against contributions in kind or for acquisition purposes, and the granting of special benefits;
- limiting or suspending subscription rights;
- relocating the company's registered office;
- dissolving the company.

6.3 CONVOCATION OF THE GENERAL MEETING

Ordinary or Extraordinary General Meetings are formally called at least 20 days in advance by publication in the Swiss Official Gazette of Commerce.

The holders of registered shares entered in the share register may also be invited by letter. Such publication and letters of invitation must indicate the venue, date and time of the meeting, the items on the agenda and the wording of any motions proposed by the Board of Directors or by shareholders who have requested the convening of a General Meeting or the inclusion of an item on the meeting's agenda.

The notice of an Ordinary General Meeting must also indicate that the Annual Report and the Report of the Auditors will be available for inspection at the company's registered office at least 20 days in advance of the meeting, and that any shareholder will immediately be sent a copy of these documents on request.

No resolution may be passed on any matters that are not announced in the way described above, except for a motion to convene an Extraordinary General Meeting or to conduct a special audit.
The Articles of Incorporation stipulate that the convening of a General Meeting may also be requested by one or more shareholders who together represent at least 10% of the company's share capital.

6.4 ADDITIONAL AGENDA ITEMS

Shareholders who together represent at least 3% of the company's share capital or shares with a total nominal value of at least CHF 1 million may request that an item be placed on the agenda of a General Meeting provided they submit details thereof to the company in writing at least 50 days in advance of said General Meeting.

6.5 ENTRY IN THE SHARE REGISTER

To attend the 2020 Annual General Meeting, shareholders must submit their requests for entry in the share register to the company no later than 13 March 2020.

7 CHANGES OF CONTROL AND DEFENCE MEASURES

7.1 DUTY TO MAKE AN OFFER

The company has no "opting out" or "opting up" clauses in its Articles of Incorporation.

7.2 CLAUSES ON CHANGE OF CONTROL

There are no change of control clauses in favour of any members of the Board of Directors, Group Executive Management or other members of management.

8 AUDITORS

The consolidated and annual financial statements of Valora Holding AG and its subsidiaries are audited by Ernst & Young AG. The General Meeting appoints an individual or corporate body satisfying the relevant legal requirements to act as statutory auditor for a period of one year with the rights and obligations prescribed by law.

8.1 DURATION OF THE MANDATE AND TERM OF OFFICE

The audit mandate was first entrusted to Ernst & Young AG at the 2009 General Meeting. Ernst & Young AG were reappointed as auditors for a further year at the General Meetings from 2010 until 2019. The lead auditor, André Schaub, took on the mandate in 2016. Regulations on auditor rotation limit the terms which may be served by the same lead auditor to a maximum of seven years.

8.2 AUDIT FEE AND ADDITIONAL FEES

Type of Services (in CHF million)	2019	2018
Audit Services [1]	1.0	0.9
Total audit and audit related services	**1.0**	**0.9**
Other services [2]	0.1	0.1
TOTAL	**1.1**	**1.0**

[1] This amount includes the fees for the individual audits of Group companies carried out by Ernst & Young as well as their fees for auditing the Group financial statements.
[2] Other services include mainly cyber security tests and consulting.

8.3 INFORMATION INSTRUMENTS AVAILABLE TO THE EXTERNAL AND INTERNAL AUDITORS

The Board of Directors' Audit Committee defines the audit mandates of the statutory auditors and is responsible for ensuring appropriate controls are carried out.

Internal auditing was carried out by an external audit company in the reporting year. The external and internal auditors attended all Audit Committee meetings. All members of the Board of Directors were invited to the Audit Committee meetings held during the financial year, at which the interim and full-year financial results were reviewed. The assessment of the external auditors takes account of a number of important criteria including deadline discipline, reporting quality, provision of additional information, availability of designated contacts and cost effectiveness. The external auditors submit to the Audit Committee both their report on the financial statements for the year just ended and their audit plan for the current financial year. The internal auditors submit their audit plan for the current year to the Audit Committee and provide it with a separate report on each audit carried out.

9 INFORMATION POLICY

Valora Holding AG meets all legal requirements and strives to meet best practice standards. Valora Holding AG uses all appropriate communication channels to maintain close contact with the financial community and the general public. Important news items concerning the company are reported on an ad-hoc basis. In addition, the Valora website provides comprehensive information on a range of topics as well as all matters subject to statutory disclosure.

Investor Relations is responsible for managing all contacts with investors and financial analysts. Regular conferences covering important company topics are held for the media, institutional investors and analysts. Shareholders and other interested parties may dial into these events by telephone or log in via the Valora Holding AG website.

Valora Holding AG is committed to treating all interested parties equally. The Group ensures that information is not disclosed selectively by observing the relevant directives on ad-hoc publicity and on blackout periods ahead of the publication of interim and full-year results. Blackout dates commence on predefined dates prior to the official publication of results and end when the results are published. No meetings with financial analysts or investors take place during the blackout periods.

Every spring, the company holds a results press conference for the media and financial analysts. The invitation to the General Meeting sent to all shareholders includes a summary of the key figures of the annual report.

In July the company publishes an unaudited interim report for the first six months of the year on the Valora Group website.

The Investors section of the Valora website contains a variety of information including the corporate governance report, the Articles of Incorporation, a calendar of events, information on General Meetings and on the share and further key figures. Media releases, ad-hoc news and reports on potentially price-sensitive matters can be obtained in a timely manner free of charge by registering on the Valora e-mail distribution list:
http://www.valora.com/en/investors

Ongoing sources of information:
- The www.valora.com company website
- Group interim and annual reports
- Media releases

Media Relations: *Christina Wahlstrand*
Investor Relations: *Annette Martin*

Remuneration Report

INTRODUCTION BY THE CHAIR OF THE NOMINATION AND COMPENSATION COMMITTEE

Dear Shareholders

On behalf of the Board of Directors (the "Board") and the Nomination and Compensation Committee (the "NCC"), I am pleased to present the Remuneration Report for 2019.

The Valora Group performed strongly in 2019 and successfully concluded the first transition year after the award of the SBB tender in which the foodvenience provider secured 262 attractive locations until 2030.

The Remuneration Report outlines how this performance impacted the variable incentive payments made to the members of Group Executive Management under the different remuneration plans.

Last year, the NCC engaged with shareholders and analysed remuneration best practices. Based on these insights, the NCC conducted a thorough review of the remuneration programs applicable to the Board and Group Executive Management, on the basis of which several changes have been implemented in the reporting year, as already communicated in last year's Remuneration Report:

- **Remuneration reporting:** The disclosure in the Remuneration Report was substantially improved last year. In this report, we continue to enhance the information provided on the remuneration plans, including the key performance indicators, their weightings and the payout mechanism. Further, the level of performance achievement is disclosed retrospectively at the end of the relevant performance period for both the short- and long-term incentives.

- **Board remuneration:** The 20% discount of the share price used for the share-based remuneration has been discontinued, this further aligns the board remuneration system with market practice and reduces the overall value of the share-based remuneration relative to previous year.

- **Group Executive Management remuneration:**
  - **Short-term variable remuneration (STB):** The STB key performance indicators are entirely quantitative. In addition to Earnings Before Interest and Tax (EBIT), Net Working Capital (NWC) has been introduced as a key performance indicator to reward the efficient utilisation of the company's capital.
  - **Long-term variable remuneration (LTIP):** The former Share Participation Programme (SPP) has been replaced by a three-year performance-based Long-Term Incentive Plan (LTIP). Under the LTIP, performance share units (PSUs) are granted and are subject to a three-year vesting period based on the performance achievement of two group level indicators:
    Return On Capital Employed (ROCE) and Earnings Per Share (EPS) both weighted equally (50%). Those indicators have been chosen as they balance the capital management and profitability of the company. The vested shares are subject to a subsequent blocking period of two years. The new LTIP rewards the executive for long-term company performance and therefore reinforces their interests with those of the company and those of the shareholders.
  - **Share ownership guidelines:** A share ownership guideline was introduced for members of Group Executive Management, who must hold shares in value of at least one annual fixed salary after five years following their appointment.

In the reporting year, the NCC also performed its regular duties, such as the succession planning for the positions on the Board and Group Executive Management, the performance goal setting at the beginning of the year and the performance assessment of Group Executive Management at year end, the determination of the remuneration of the members of Group Executive Management and of the Board, as well as the preparation of the Remuneration Report and of the say-on-pay vote at the Ordinary General Meeting.

The Board is confident that the revised remuneration system implemented in 2019 meets the relevant international best practice. The increase in performance-based remuneration and the introduction of the LTIP ensures a strong alignment of the interests of the management and the company, respectively its shareholders.

Looking ahead to 2020, the Board of Directors has decided to reduce Board remuneration amounts in order to accommodate a new composition of the Board while maintaining the current level of aggregate remuneration from the prior period. All other elements of the Board and Group Executive Management remuneration programs remain unchanged. In the future, we will continue to assess our remuneration system to ensure that it is appropriate in the evolving context in which the company operates. We will also continue to intensively engage in an open dialogue with our shareholders and their representatives.

As in previous years, shareholders can express their views on the remuneration system by participating in the consultative vote on the 2019 Remuneration Report at the forthcoming Ordinary General Meeting. At that meeting, your approval will also be sought for the proposed maximum overall remuneration for the Board during the period from the 2020 Ordinary General Meeting to the 2021 Ordinary General Meeting and for Group Executive Management for 2020 („Say-on-Pay“).

Yours sincerely

Markus Fiechter
Chair of the NCC

REMUNERATION AT A GLANCE

Summary of the current remuneration structure for the Board of Directors (AGM 2019 – AGM 2020)
In order to ensure the independence in exercising their supervisory function, Board members receive a fixed remuneration in the form of cash and shares blocked for a period of three years. The remuneration system for the Board does not contain any performance-related components.

Annual remuneration	in CHF	Form of payment
Chairman	500 000	80 % in cash and 20 % in blocked shares
Vice-Chairman	200 000	
Board member	140 000	
Chairman of NCC / Audit Committee	30 000	
NCC / Audit Committee	15 000	

Summary of the current remuneration structure for the Group Executive Management in 2019

The remuneration of Group Executive Management consists of fixed and variable elements.
– Base salary and benefits form the fixed remuneration.
– Variable remuneration drives and rewards best-in-class performance based on ambitious and stretched targets. It consists of a short-term and a long-term incentive:

Base salary	To attract and retain highly qualified talents
Benefits	To provide for the risks of old age, death and invalidity, to attract and retain
STB	To reward for the annual financial performance of the business
LTIP	To align with shareholder interests and to promote sustainable company performance

Remuneration in 2019
Board of Directors
The remuneration awarded to the Board in financial year 2019 is within the limits approved by the shareholders at the Ordinary General Meetings:

Remuneration period	Authorised amount (CHF)	Effective amount (CHF)
AGM 2018 – AGM 2019	CHF 1.4 million	CHF 1.3 million
AGM 2019 – AGM 2020	CHF 1.7 million	CHF 1.6 million*

* The remuneration level 2020 is not expected to exceed CHF 1.6 million. The effective amount will be disclosed in the Remuneration Report for financial year 2020

Remuneration in 2019
Group Executive Management*

The remuneration awarded to Group Executive Management in fiscal year 2019 is within the limits approved by the shareholders at the Ordinary General Meeting:

Remuneration period	Authorised amount (CHF)	Effective amount (CHF)
Financial year 2019	CHF 6.9 million	CHF 6.2 million

Performance in 2019
EBIT amounted to CHF 91.5 million in 2019, and was above guidance expectations; the EBIT margin came to at 4.5 %. The payout level for the Short Term Bonus (Group) is at 100 % achievement. Considering that the performance-based LTIP has been introduced in 2019, the first performance-based vesting will take place at the beginning of 2022 and will be disclosed in the Remuneration Report 2022.

* Version corrected on 21 February 2020 from previous version published on 19 February 2020: adjustment of the payment factor for the CEO from 116 % to 104.8 % and adjustment of the average payment factor for the other members of Group Executive Management from 97 % to 99.0 %. Sums and figures updated accordingly.

Remuneration policy and principles
The philosophy behind the remuneration programme is based on corporate governance best-practice and three main principles which have the interests of the company and our shareholders at the forefront:

- **Fair and Transparent** – The company aims to ensure an internal and external balance with regard to remuneration. Disclosure of remuneration follows governance good practice and rules.
- **Performance Driven** – The variable remuneration is based on the achievement of business goals and the value of the LTIP realised depends on the share price performance during the three-year vesting period and the two-year holding period. Caps and thresholds are applied to the variable remuneration.
- **Competitive** – The remuneration system allows the company to attract and retain the talent needed to support its strategy.

Remuneration governance

- The authority for decisions related to remuneration is governed by the Articles of Incorporation of Valora Holding AG.
- The maximum aggregate amounts of remuneration of the members of the Board and of Group Executive Management are subject to a binding shareholders' vote at the Ordinary General Meeting.
- The Remuneration Report for the preceding financial year is subject to a consultative vote at the Ordinary General Meeting.
- The Board is supported by the NCC in preparing all remuneration-related decisions regarding the Board and Group Executive Management.

CONTENTS

The Remuneration Report provides information about the Remuneration policy, the Remuneration programs and the process of determination of Remuneration applicable to the Board and to the Group Executive Management of Valora. It also includes details on the Remuneration payments related to the 2019 financial year.

The Valora Holding AG Remuneration Report has been prepared in accordance with the Ordinance against Excessive Compensation in stock exchange listed companies (OaEC), the SIX Directive on Corporate Governance (DCG) as well as the principles of the Swiss Code of Best Practice for Corporate Governance of Economiesuisse.

The Remuneration Report is structured as follows:

REMUNERATION GOVERNANCE

1 RULES RELATING TO REMUNERATION IN THE ARTICLES OF INCORPORATION

The Articles of Incorporation of Valora contain provisions regarding the remuneration principles applicable to the Board and to Group Executive Management. Those provisions can be found on Valora's website (https://www.valora.com/media/investors/documents/de/documents/statuten_valora_en.pdf) and include:

	Article
EXTERNAL MANDATES: provisions regarding the maximum permissible number of external mandates for members of the Board (maximum 10 mandates, out of which four in a listed company) and for members of Group Executive Management (maximum four mandates, out of which one in a listed company).	18
EMPLOYMENT AND AGENCY AGREEMENTS: provisions governing agreements with Board members and employment contracts of members of Group Executive Management.	19
REMUNERATION COMMITTEE: definition and responsibilities.	20
PRINCIPLES OF REMUNERATION APPLICABLE TO THE BOARD OF DIRECTORS: Board members receive a fixed remuneration in cash and/or in blocked shares.	24
PRINCIPLES OF REMUNERATION APPLICABLE TO GROUP EXECUTIVE MANAGEMENT: Group Executive Management members receive a fixed annual base and variable remuneration. The variable remuneration is based on performance and generally includes a short-term and a long-term component. The variable remuneration at grant may not exceed 200 % of the fixed annual base remuneration. The Board of Directors may determine that the variable remuneration is to be paid in full or in part in cash, in the form of restricted shares or of reversionary subscription rights to shares.	25
GENERAL PRINCIPLES OF REMUNERATION: provisions on the valuation of equity-based remuneration, payments to Board members or members of Group Executive Management in exchange for services provided to legal entities of Valora, and the indemnification of Board and Group Executive Management.	26
BINDING VOTE BY THE ORDINARY GENERAL MEETING: The Ordinary General Meeting annually approves the maximum amount of fixed remuneration for the Board for the period until the next Ordinary General Meeting and the maximum amount of total fixed and variable remuneration for members of Group Executive Management for the following financial year. The additional amount for each new member of Group Executive Management appointed subsequently to the Ordinary General Meeting's approval amounts to 120 % of the highest remuneration paid to a member of Group Executive Management in the financial year preceding the last Ordinary General Meeting. Further, the Remuneration Report is presented to the Ordinary General Meeting for a consultative vote.	27

2 NOMINATION AND COMPENSATION COMMITTEE

2.1 RESPONSIBILITIES

The NCC is a permanent committee of the Board of Valora Holding AG. It deals with those matters relating to the remuneration of members of the Board, the CEO and Group Executive Management and to personnel planning at the Board and Group Executive Management level which have been assigned to it by law, the Articles of Incorporation and the current regulations.

The NCC comprises at least three members of the Board who have no management duties in the company and have no material conflicts of interest which would prevent them from exercising their duties with the requisite independence. The members of the NCC are elected by the Ordinary General Meeting for a one-year term of office, ending at the next Ordinary General Meeting. Members of the NCC may be re-elected by the General Meeting. The Board appoints one of the members of the NCC as its Chair. In 2019, the NCC comprised Markus Fiechter (Chair), Michael Kliger and Insa Klasing.

The NCC primarily assists in preparing the decision-making process by the Board and the decisions it ultimately makes. In accordance with the requirements imposed on them by law and the Articles of Incorporation, the NCC and the Board carry out the following duties concerning remuneration issues:

	Proposal	Recommen-dation	Approval
Determining and assessing the remuneration strategy and guidelines		NCC	Board
Determining and assessing the qualitative and quantitative criteria applied to remuneration		NCC	Board
Maximum remuneration for Group Executive Management	NCC	Board	AGM
Remuneration of the CEO and the other members of Group Executive Management		NCC	Board
Assessing the extent to which the quantitative performance criteria for determining the variable remuneration of Group Executive Management have been met			NCC
Performance appraisals of the CEO and the other members of Group Executive Management		NCC	Board
Maximum remuneration for the Board of Directors	NCC	Board	AGM
Remuneration of the Board Chairman and the other Board members		NCC	Board
Remuneration Report		NCC	Board
Remuneration recommendations of the Board of Directors and Group Executive Management to the General Meeting		NCC	Board

The NCC meets as often as business requires, but at least three times a year. Meetings are convened by the NCC Chair or at the request of an NCC member. In exceptional cases, they may also be convened by Board resolution. NCC meetings are generally attended, in an advisory capacity and without voting rights, by the CEO and the CFO and by the Board Secretary, who also takes minutes of the meetings. The CEO and CFO are not present when their own performance is being assessed and their remuneration is being discussed. During the meetings, each Board member refrains from voting on decisions on his own remuneration.

Minutes of the meetings are taken. At Board meetings, the NCC Chair reports on the activities of the NCC and informs the Board of the NCC's views and recommendations on substantive matters requiring a Board decision. Every Board member receives a copy of the minutes of NCC meetings.

The NCC held six meetings in 2019. Two members attended all meetings, while one member was excused for one meeting. This corresponds to an attendance rate of 94%.

2.2 BENCHMARKS AND EXTERNAL ADVISORS

The NCC may call-in external remuneration specialists to obtain independent advice and/or to get benchmarking remuneration data. In the year under review, external remuneration specialists provided advice on executive remuneration matters. These companies have no other mandates with Valora.

While the remuneration structure and levels of the Board and Group Executive Management are reviewed annually, the benchmark analyses are conducted periodically (e.g. every two to three years) and are tailored to the relevant sectors and labour markets in which Valora competes for talents. For the purpose of comparison, the NCC relies on remuneration surveys published by independent consulting firms and on publicly available information such as the remuneration disclosures of comparable companies. Comparable companies are defined as companies with a comparable size and structure, a comparable mix of business activities, business model and geographical structure or companies of a comparable business complexity and similar size with regard to market capitalisation, sales revenue, or number of employees.

The last review of the remuneration packages of the members of Group Executive Management took place in 2017 based on an executive study carried out in cooperation with an external consulting firm, Mercer. The study showed that the total target and maximum remuneration is competitive, and that Group Executive Management receives remuneration that is in line with the market median if performance objectives are met (100% performance achievement). For the benchmark analysis two sets of data were used:

a) Data for relevant positions of comparable size from selected companies[1] in the retail and consumer goods sector in Western Europe that are relevant/comparable to Valora, and
b) Data for relevant positions of comparable size from Swiss companies (excluding financial services) in Mercer's general industry executive remuneration survey.

The structure and level of the Board remuneration was reviewed in 2019 based on a study completed in cooperation with an external consultant, Agnès Blust Consulting. The benchmarking analysis was based on a peer group of Swiss listed companies of similar size (market capitalisation, revenue, headcount), excluding financial services:

Arbonia	DKSH	Implenia
Aryzta	Dufry	Metall Zug
Autoneum	Galenica	ORIOR
Barry Callebaut	Geberit	Rieter
Bell	Georg Fischer	Sonova
Bossard	Givaudan	Zur Rose

The benchmarking analysis showed that both the remuneration system and the remuneration levels are aligned with the market.

[1] ADEO, Amplifon, Autogrill, Axfood, Booker, Bugaboo International, Bunzl, CIE Financiere Richemont, Circle K, Compass, Coop, Debenhams, Deckers Outdoor Corporation, Diploma, Dixons Carphone, Dufry, Fossil, Greggs, Groupe Casino, ICA Gruppen, IKEA Services, J Sainsbury, Kingfisher, Koninklijke Ahold Delhaize, LVMH, Marks & Spencer, Next, Ocado, Pandora, Pendragon, QVC, Scotch & Soda, Sligro Food Group, Starbucks Corporation, Swatch, Tesco, Travis Perkins, WBA-Global Brands, WM Morrison, and Wolseley

REMUNERATION SYSTEM

3 REMUNERATION PRINCIPLES

Board remuneration: in order to strengthen their independence in exercising their supervisory duties toward Group Executive Management, Board members receive a fixed remuneration only, which is delivered in cash and in shares subject to a three-year blocking period.
Group Executive Management remuneration: the remuneration system is designed to ensure alignment with the corporate strategy, the long-term interests of the shareholders and the sustainable success of the company. It is based on the three following main principles:

Fair and Transparent	The company aims to ensure internal and external balance with regard to remuneration. Disclosure of remuneration follows governance good practice and rules.
Performance Driven	Variable remuneration is based on the achievement of business goals and the value of the LTIP realised depends on the share price performance during the three-year vesting period and the two-year holding period. Caps and thresholds are applied to the variable remuneration.
Competitive	The remuneration system allows the company to attract and retain the talent needed to support its strategy.

The remuneration system includes key features that align the interests of executives with those of the company and its shareholders and are in line with good practice in corporate governance:

	WHAT WE DO		WHAT WE DON'T DO
✓	Conduct annual reviews of the remuneration strategy and programs	X	Provide guaranteed or discretionary remuneration payments
✓	Maintain remuneration plans designed to align executive remuneration with long-term company and shareholder interests	X	Reward inappropriate or excessive risk taking or short-term profit maximisation at the expense of the long-term health of the company («pay for failure»)
✓	Maintain remuneration plans with a strong link between pay and performance (short-term performance and long-term success). The remuneration system allows the company to attract and retain the talent needed to support its strategy	X	Duplicate performance indicators in the short-term bonus and the long-term incentive plans
✓	Conduct a rigorous performance management based on clearly defined, measurable and challenging performance metrics	X	Have prearranged individual severance agreements or special change-in-control remuneration agreements
✓	Apply an upper limit on the variable remuneration		
✓	Require that the CEO and the other members of Group Management own a minimum number of Valora shares in percentage of their annual base salary		

4 REMUNERATION SYSTEM OF THE BOARD OF DIRECTORS

The Board remuneration is reviewed every two to three years based on competitive market practice. The last benchmarking analysis was conducted in 2019 (as mentioned under paragraph 2.2). The result of this analysis showed that the structure and level of the Board remuneration are aligned with market practice. Notwithstanding, for the period from the 2020 Ordinary General Meeting to the 2021 Ordinary General Meeting, the Board of Directors has decided to reduce overall annual remuneration amounts to offset expected changes to the composition of the Board and to maintain the same level of aggregate compensation as in the prior period.

4.1 OVERVIEW OF THE REMUNERATION SYSTEM FOR THE BOARD OF DIRECTORS

In order to guarantee the independence of the Board members in executing their supervisory duties, their remuneration is fixed and does not contain any performance-related component. The annual remuneration for each Board member depends on the responsibilities carried out in the year under review and consists of a fixed director fee and additional committee fees paid in cash (80%) and in shares blocked three years (20%).

For the period from the 2019 Ordinary General Meeting to the 2020 Ordinary General Meeting the structure of the annual remuneration paid to Board members remained unchanged compared to the previous term of office:

Annual remuneration in CHF	AGM 2019 – 2020	AGM 2020 – 2021	Form of payment
Chairman	500 000	490 000	80 % in cash and 20 % in blocked shares
Vice-Chairman	200 000	160 000	
Board member	140 000	140 000	
Chairman of NCC / Audit Committee	30 000	25 000	
Member of NCC / Audit Committee	15 000	12 500	

While fees are paid quarterly, the share portion of remuneration is fully paid in the quarter following the Ordinary General Meeting. The Board remuneration is subject to regular statutory social security contributions; Board members may ask to be granted access in the collective occupational pension plan in order to be insured against risks however, the company does not pay any contributions for them. Concretely, this means that the Board members pay for the totality of the contributions (employee and employer portion). In 2019, two Board members asked for receiving access to the collective occupational pension plan.

4.2 REGULATIONS GOVERNING THE REMUNERATION PORTION PAID IN SHARES

20% of the total remuneration of the Board members is paid out in blocked registered shares. In justified cases, the Board may decide to pay a higher or lower percentage of the total remuneration in shares. The shares are subject to a blocking period of three years. Regardless of any subsequent transfer of shares, the blocking period commences on the date of the Ordinary General Meeting which marks the beginning of the term of office for which the remuneration is awarded. The shares remain in a Valora custody account during the blocking period. Board members are prohibited from selling, pledging or otherwise transferring the shares. After the end of the blocking period, members may dispose of the shares freely.

The number of shares paid to each Board member is determined by dividing 20% of the Board member's overall remuneration for the relevant term of office by the volume-weighted average price (VWAP) of Valora registered shares during a period of 20 trading days beginning on the trading day following the Ordinary General Meeting.

$$\text{Number of shares} = \frac{\text{Overall remuneration (CHF)} * 20\%}{\text{VWAP (CHF)}}$$

Based on the requirements of the law, the Articles of Incorporation and the organisational regulations of Valora Holding AG, the Board decides how and on what terms the required shares will be acquired.

If a Board member resigns, does not stand for re-election or is not re-elected despite having stood for re-election, any pending blocking periods of more than one year's duration are generally reduced to one year. This remaining one-year period begins on the last day of the Board member's term of office. If a Board member leaves the Board because of death, invalidity or comparable circumstances, any blocking periods still in force lapse immediately. In the event of a change of control, a delisting of Valora registered shares or any similar such occurrence, any blocking periods still in force lapse immediately.

In 2019, all Board members received 20% of their total remuneration in shares in the quarter following the Ordinary General Meeting.

5 REMUNERATION SYSTEM OF GROUP EXECUTIVE MANAGEMENT

5.1 NEW REMUNERATION SYSTEM IN 2019 – OVERVIEW OF THE CHANGES

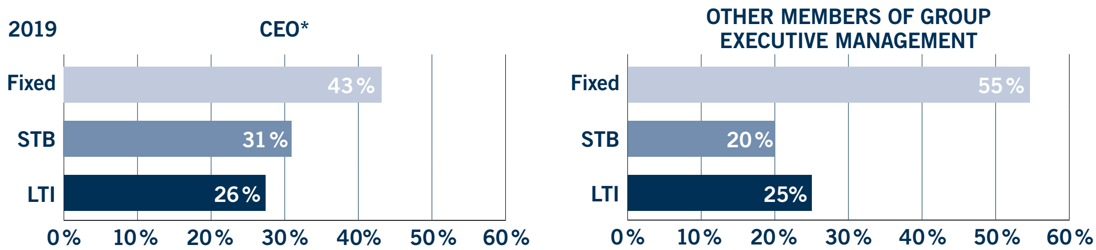
A new remuneration system for the Group Executive Management was implemented in 2019. The remuneration of Group Executive Management comprises a fixed component, a performance-based Short-Term Bonus (STB) and a performance-based Long-Term Incentive Plan (LTIP). The variable short and long-term remuneration is based entirely on quantitative targets and takes equal account of performance-based and capital-based components. The revisions to the variable remuneration structure are as follows:

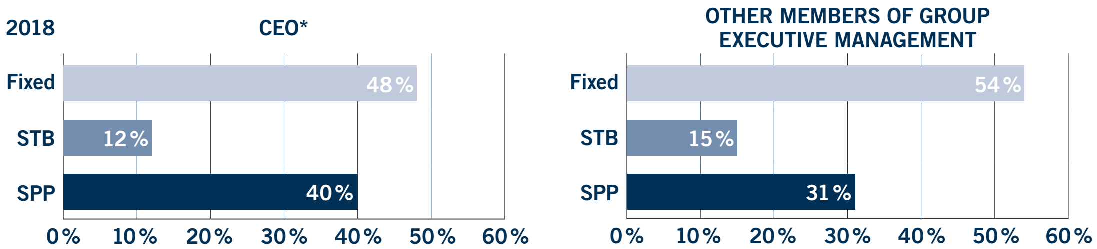
Short-term bonus (STB)
The STB key performance indicators are fully financial. Consistent with the 2018 STB, EBIT (earnings before taxes and interest) continues to be an important key performance indicator as it reflects short-term profitability. For 2019, NWC (net working capital) has been introduced as a capital-based component that takes account of operational capital efficiency. The other features of the STB remained unchanged, as described further below.

Long-term variable remuneration (LTIP)
The former SPP has been replaced by a three-year performance based LTIP. The LTIP consists of a PSU plan. Plan participants are awarded PSUs at the beginning of a three-year vesting period. This is a prospective share award. PSUs entitle the holder to receive shares at the end of the vesting period, provided that the required performance objectives have been reached. The performance objectives are set by the Board at the beginning of the vesting period and comprise two indicators weighted equally: ROCE and EPS. The PSUs are converted into shares at the end of the three-year vesting period after the annual results and performance achievement have been determined. The shares are subject to a subsequent blocking period of two years. No discount is granted to compensate for the blocking period.

Share ownership guidelines
The members of Group Executive Management are now required to hold at least the amount of one fixed annual salary in Valora shares within five years of their appointment.

Overall effect on remuneration levels
The following charts show the new remuneration mix for the CEO and the other members of Group Executive Management for the 2019 financial year compared to the mix in the previous year, assuming 100% performance achievement. Overall, the realignment of the remuneration system does not introduce any changes to the total remuneration paid to the same number of members of Group Executive Management.





* The CEO took a two-month unpaid sabbatical in 2019. However the graphs above reflect his target remuneration on a full-year basis for comparability.

Total individual target remuneration, assuming 100% performance achievement, remained the same compared to previous year. The fixed portion of total remuneration was reduced by 5% to the benefit of the variable remuneration, resulting in a modest upside opportunity of 18% and a downside risk of 44%. Overall, the restructuring of the remuneration system did not affect the target total remuneration that could be potentially paid to the same number of members of Group Executive Management. The following table shows the remuneration structure for Group Executive Management for target, maximum and minimum level for the 2019 financial year compared to the structure for the 2018 financial year (not including newly appointed members of the GEM in 2019). It represents an average for all members of Group Executive management including CEO.

	2018 in TCHF				2019 in TCHF				% Variance			
Fixed:	2 389				2 259				– 5 %			
Variable:	Target	Maximum	Thres-hold	Minimum	Target	Maximum	Thres-hold [1]	Minimum	Target	Maximum	Thres-hold	Minimum
STB	622	933	311	–	1 207	1 811	604	–	+ 94 %	+ 94 %	+ 94 %	+ 0 %
LTPI	1 662	1 662	1 662	1 662	1 207	1 811	604	–	– 27 %	+ 9 %	– 64 %	– 100 %
Total pay [2]	**4 673**	**4 984**	**4 362**	**4 051**	**4 673**	**5 881**	**3 467**	**2 259**	**+ 0 %**	**+ 18 %**	**– 21 %**	**– 44 %**

[1] For comparability, figures do not include remuneration for a member of the Group Executive Management who was appointed in January 2019
[2] The CEO took a two-month unpaid sabbatical in 2019. However, the graphs above reflect his target remuneration on a full-year basis for comparability.
[3] Threshold means key performance indicators reach at least 85 % target achievement.
[4] Not including other fixed remuneration such as payments the employer is required to make by law, a contractually agreed car allowance and other individual contractually agreed benefits.

The reason for the increase in maximum potential pay-out in 2019 compared to 2018 is that a higher share of the total remuneration is performance-based. While slightly increasing the maximum that can be earned, this stronger performance orientation clearly puts a larger portion of total remuneration at risk and hence it is not guaranteed.

Both the variable short-term and the long-term remuneration components have a defined upper limit for challenging and measurable performance criteria. In addition, the total variable remuneration may still not exceed 200 % of the fixed basic annual salary at the time it is granted.

5.2 OVERVIEW OF CURRENT REMUNERATION SYSTEM FOR GROUP EXECUTIVE MANAGEMENT

The table below shows the percentages of the overall remuneration paid to Group Executive Management attributable to its individual component elements assuming 100 % performance achievement:

Component	Plan	Percentage		Purpose	Form of payment	Performance measures
		CEO	Other GEM			
Fixed remuneration	Annual salary	43 %	50 – 60 %	To attract and retain highly qualified staff	Monthly cash payment	
Short-term bonus	STB	31 %	16 – 24 %	Reward the annual financial performance of the business	Annual choice between cash or shares	EBIT (75 %) NWC (25 %)
Long-term variable remuneration	LTIP	26 %	24 – 27 %	Alignment with share-holder interests, rewards the sustainable company performance	PSU award with three-year vesting period	ROCE (50 %) EPS (50 %)
Retirement provision	Pension fund			To provide for the risks of old age, survivorship and invalidity	Contributions as per pension fund regulations, statutory social security contributions	
Additional benefits	Company car, expense allowance			Reimbursement of expenses	Defined in company-car regulations and expense guidelines	

5.3 FIXED REMUNERATION

The fixed remuneration comprises a fixed salary, a car allowance or company car (which can also be used privately) and the employer's social security and pension fund contributions required by law. The individual fixed salary is established on the basis of the following factors:

– Scope, size, and responsibilities of the role, skills required to perform the role;
– External market value of the role;
– Skills, experience, and performance of the individual in the role.

To ensure market competitiveness, base salaries of the members of Group Executive Management are reviewed every year, taking into consideration market benchmark information, market movement, economic environment and individual performance.

Members of Group Executive Management also participate in benefit programs that are generally available to all Valora employees. Benefits consist mainly of retirement, insurance and healthcare plans that are designed to provide a reasonable level of protection for the executives and their dependents in respect to the risk of retirement, disability, death, and illness. All members of Group Executive Management have a Swiss employment contract and participate in the Valora Pension Fund offered to employees in Switzerland, in which base salaries and short-term bonuses are insured up to the maximum amount allowed by law.

5.4 SHORT-TERM BONUS (STB)

The STB is designed to reward the annual financial performance of the company and its businesses.

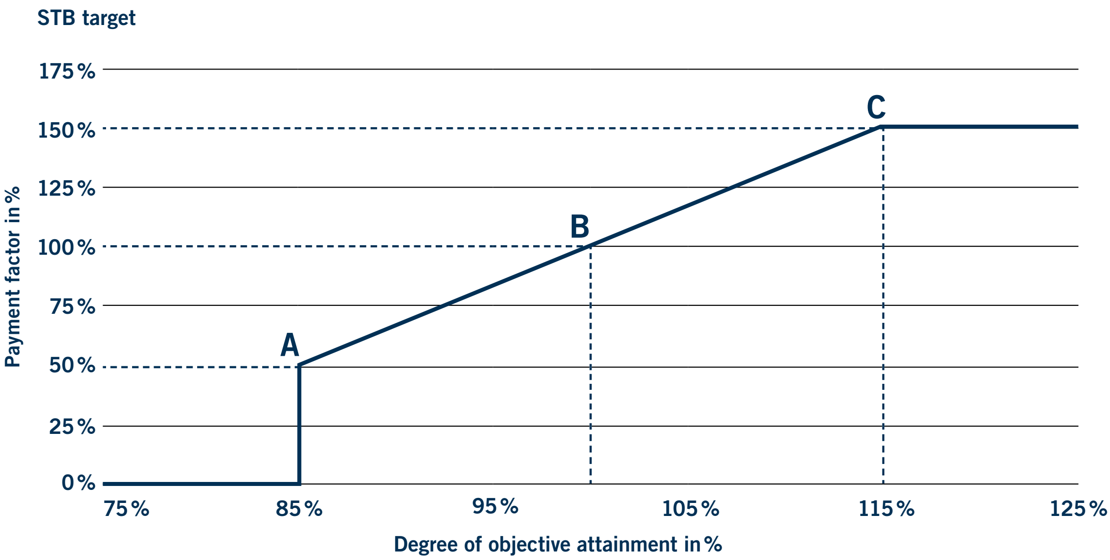
The target STB (i.e. bonus at 100% performance achievement) is expressed as a percentage of base salary and applies to the CEO and members of Group Executive Management as follows:

2019 short-term bonus as % of fixed annual salary	Target	Maximum
CEO*	70 %	105 %
Other Group Executive Management	27 % – 47 %	41 – 71 %

*Full-time basis

The performance indicators for the STB consists of EBIT with a 75% weight and NWC with a 25% weight. For Valora, EBIT is the most important key performance indicator as it reflects short-term profitability. NWC introduces a capital-based component which takes account of operational capital efficiency. For the CEO and the CFO, the relevant performance is that of Valora Group. For the other Group Executive Management members, it is that of the unit they are responsible for. The targets for the two performance indicators are determined by the Board upon recommendation of the NCC at the beginning of the relevant year and are based on the budget for that year. The actual degree of performance achievement for each indicator is calculated at the end of the year by Corporate Group Controlling and submitted to the NCC for approval. The effective payment factor ranges from 0% to a maximum of 150% of the target STB. For each indicator, if the performance achievement is below 85% of the target, the payment factor is 0%, if performance reaches the 85% threshold, the payment factor is 50%, and if performance exceeds the target by at least 15%, the payment factor is 150%. The amount that is paid out is interpolated on a straight-line basis between 85 and 115%.

The weighted average of the payment factor of both performance indicators provide for the overall payment factor:



A
Entry threshold

B
Expected figure (100 % objective attainment)

C
CAP (maximun possible objective attainment)

EBIT		Weighting		NWC		Weighting		Payment Factor
Achieved / Target	X	.75	+	Achieved / Target	X	.25	=	Payment

The members of Group Executive Management are free to choose the form of payment of the STB – fully or partially as blocked or freely tradable shares or in cash – every year. If the right to choose is not or cannot be exercised (e.g. because the participant qualifies as an insider), the STB is paid out in cash latest in March of the year following the bonus year (i.e. the year to which the bonus relates).

Shares are allocated latest in March of the year following the bonus year and placed in a custody portfolio which is maintained in the Valora share register in the name and for the executive concerned. The number of shares allocated is determined based on the arithmetic average of the daily volume-weighted average prices of the Shares during the ten trading days ending on the grant date, without discount.

For members of Group Executive Management who join or leave the company during a calendar year, the STB is paid out in cash and pro rata based on the period of employment in the relevant financial year.

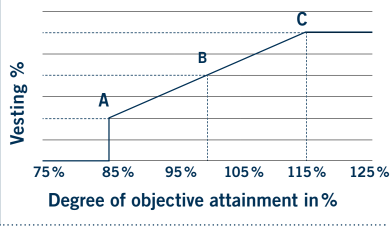
5.5 LONG-TERM VARIABLE REMUNERATION

The LTIP was introduced in 2019 and replaced the former SPP that was in effect from 2015 through 2018 (for further details on the SPP, please refer to the 2018 Remuneration Report. https://www.valora.com/media/investors/publications/en/reports/2018/2018_valora_gb_remuneration_en.pdf

The purpose of the LTIP is to reward for the long-term performance of the company and to align the interests of Group Executive Management to those of the shareholders.

The LTIP is a PSU plan. At the beginning of the vesting period, members of Group Executive Management receive a PSU grant. A PSU is a contingent right to receive Valora shares in the future, subject to employment and performance conditions throughout a three-year vesting period.

The LTIP target amount is pre-determined in individual contractual agreements. For the CEO, it amounts to 60 % of annual fixed salary and for other members of Group Executive Management, it ranges from 40 % to 48 % of annual fixed salary. The number of PSUs awarded every year equals the LTIP target amount divided by the fair value of the PSU on the grant date. The fair value on the grant date is the volume weighted average trading price of the Valora registered shares during a period of 10 consecutive trading days up to and including the grant date. The PSUs are subject to a vesting period of three years, after which they are converted into shares subject to a subsequent blocking period of two years. The vesting multiple (ratio of conversion of PSU into shares) depends on the achievement of two performance conditions, ROCE and EPS, each equally weighted. The maximum vesting multiple is 150 %, i.e. no more than 1.5 shares per PSU may be delivered. At the beginning of the vesting period, the NCC determines the targets for ROCE and EPS based on the mid-term plan. Targets will be disclosed retrospectively at the end of the vesting period.

Performance measures (2019 – 2021)	ROCE	EPS
Weighting	50 % of the PSU grant	50 % of the PSU grant
Calculation	Average of ROCE in year 1, 2 and 3	Average of EPS in year 1, 2 and 3
Rationale	Measures the company's ability to generate returns from the capital employed. Both the threshold and target level for ROCE are challenging to achieve, depend on value creation and are therefore usually above the weighted average cost of capital	Measures the company's profitability to investors
Maximum vesting multiple	150 %	150 %
Vesting schedule (applies to both measures independently)	– Below threshold = 0 % vesting – A. Threshold: 85 % of target = 50 % vesting – B. Target: 100 % of target = 100 % vesting – C. Cap: 115 % of target = 150 % vesting – Linear interpolation between those points	

After the end of the vesting period, the Board determines whether, and to which extent, the pre-set ROCE and EPS targets were achieved. Given the ambitious targets set by Valora, the expected objective attainment of 100 % can only be reached if significant progress is made and can only be exceeded with extraordinary performance. The NCC decides at its discretion to what extent non-budgeted acquisitions, divestments or other unplanned, extraordinary or unforeseen events will be considered when determining the actual degree of attainment of the performance targets.

The average of the ROCE vesting multiple and the EPS vesting multiple provides for the overall vesting multiple, which in turn determines the number of Valora shares delivered to participants:

Number of PSUs originally granted	X	Overall vesting multiple	=	Number of Valora shares delivered upon vesting

Dividend equivalents will be accumulated over the vesting period and paid out at vesting, subject to the applicable vesting multiple (dividend equivalents are paid out for vested shares only). Shares delivered to participants upon vesting are subject to an additional blocking period of two years. During this post-vesting restriction period, participants have all shareholder rights, but may not sell or otherwise dispose of the shares. After the two-year blocking period, the shares are free of any restriction.

Members who leave or join Group Executive Management during a calendar year receive PSU on a pro rata basis according to the duration of their employment in the year in question. All PSUs are usually cancelled in full for bad leavers, the leaver provisions are summarised as follows: Members who leave or join Group Executive Management during a calendar year receive PSUs on a pro rata basis according to the duration of their employment in the year in question. All PSUs are usually cancelled in full for bad leavers. The NCC may at its discretion deviate from the rule in specific cases.

The vesting of PSUs may be accelerated in the following cases:

- Termination due to death or disability: PSUs vest at the termination date based on a performance assessment by the NCC. Shares are delivered immediately and no further blocking period will apply. Existing blocking periods on shares delivered from earlier vestings will be lifted early.
- Change of control: PSUs granted in the year of the change of control vest immediately on a pro rata basis, whereas all PSUs granted in earlier years vest fully and immediately. The vesting multiple for the oldest PSU tranche shall be calculated based on actual ROCE and EPS figures to the extent available for any part of the vesting period already lapsed, and the vesting multiple so calculated shall also apply for all other PSU tranches. Shares will be delivered immediately, and no further blocking period will apply. Existing blocking periods on shares delivered from earlier vestings will be lifted early.

5.6 SHARE OWNERSHIP GUIDELINES

A shareholding ownership guideline was implemented in 2019. The members of Group Executive Management are required to hold at least the amount of one fixed annual salary in Valora shares within five years of their appointment to Group Executive Management or within five years of the implementation of the guidelines.

In the event of a substantial increase or decrease in the share price, the Board may amend that time period accordingly. To calculate whether the minimum holding requirement is met, all vested shares are considered regardless of whether they are blocked or not. However, unvested PSUs are excluded. The NCC reviews compliance with the share ownership guideline on an annual basis.

5.7 EMPLOYMENT CONTRACTS OF GROUP EXECUTIVE MANAGEMENT

Employment contracts of Group Executive Management comply with the provisions of the OaEC and can be for a fixed or indefinite term. The maximum duration of a fixed-term contract is one year. The employment contracts for Group Executive Management stipulate a 12-month notice period and a non-competition provision which applies throughout the notice period.
No severance pay may be awarded.

REMUNERATION IN 2019

6 REMUNERATION FOR THE BOARD OF DIRECTORS

This section is audited according to Article 17 of the OaEC.

The remuneration paid to the Board of Directors for the year 2019 amounts to TCHF 1 476 (previous year TCHF 1 330), of which TCHF 1 022 were paid in cash (previous year TCHF 903), TCHF 274 in shares (previous year TCHF 272) and TCHF 180 in form of social security contributions (previous year TCHF 155). Board remuneration was higher than previous year. The increase is due to the fact that two additional Board members were elected at the AGM 2019. As of the Ordinary General Meeting 2019, the discount on the share price has been discontinued to further align the system with market practice. Otherwise, the remuneration system for the Board of Directors remained unchanged since 2014.

At the 2018 Ordinary General Meeting, shareholders approved a maximum overall remuneration amount of TCHF 1 400 for the Board for the remuneration period from the 2018 Ordinary General Meeting until the 2019 Ordinary General Meeting. For this period, the effective remuneration amounted to CHF 1.3 million and is thus within the approved limits.

At the 2019 Ordinary General Meeting, shareholders approved a maximum aggregate remuneration amount of TCHF 1 700 for the Board for the remuneration period from the 2019 Ordinary General Meeting until the 2020 Ordinary General Meeting. This remuneration period is not yet completed but aggregate remuneration is not yet expected to exceed CHF 1.6 million, a conclusive assessment will be provided in the 2020 Remuneration Report. In the reporting year, no further remuneration was paid to members of the Board of Directors and no remuneration was paid to parties closely related to members of the Board.

Table 1
Board of Directors 2019

in CHF thousand	Fixed fee (cash)	Committee fee	Portion paid in blocked shares [1]	Other remuneration [2]	Total 2019
Franz Julen Chairman	400.0	3.8	107.4	68.1	579.3
Markus Fiechter Vice-Chairman and Chairman of Nomination and Compensation Committee	146.5	41.3	50.0	32.6	270.4
Ernst Peter Ditsch [3] Member	–	–	–	–	–
Cornelia Ritz Bossicard Chair of Audit Committee	106.0	30.0	36.2	24.3	196.5
Michael Kliger Member	109.0	15.0	33.1	22.3	179.4
Sascha Zahnd Member	74.0	11.3	23.4	16.6	125.3
Insa Klasing Member	74.0	11.3	23.4	16.6	125.3
Total remuneration paid to Board of Directors	**909.5**	**112.7**	**273.5**	**180.5**	**1 476.2**

[1] In 2019, Board members received 20 % of their overall remuneration in blocked shares, subject to a three-year blocking period. These have been valued at the VWAP applicable when the shares were allocated.
[2] These amounts include employer contributions required by law.
[3] Ernst Peter Ditsch waived his Board Director's fee in 2019.

Table 2
Board of Directors 2018

in CHF thousand	Fixed fee (cash)	Committee fee	Portion paid in blocked shares [1]	Other remuneration [2]	Total 2018
Franz Julen Chairman	397.0	15.0	128.9	71.9	612.8
Markus Fiechter Vice-Chairman and Chairman of Nomination and Compensation Committee	151.0	41.3	61.4	34.7	288.4
Bernhard Heusler Member (until March 2018)	35.0	3.8	–	–	38.8
Ernst Peter Ditsch [3] Member	–	–	–	–	–
Cornelia Ritz Bossicard Chair of Audit Committee	106.0	30.0	42.8	25.0	203.8
Michael Kliger Member	109.0	15.0	38.8	23.0	185.8
Total remuneration paid to Board of Directors	**798.0**	**105.1**	**271.9**	**154.6**	**1 329.6**

[1] In 2018, Board members received 20 % of their overall remuneration in blocked shares, subject to a three-year blocking period. These have been valued at the VWAP applicable when the shares were allocated.
[2] These amounts include employer contributions required by law.
[3] Ernst Peter Ditsch waived his Board Director's fee in 2018.

7 REMUNERATION FOR GROUP EXECUTIVE MANAGEMENT*

This section is audited according to Article 17 of the OaEC.

The remuneration paid to Group Executive Management for the year 2019 amounts to TCHF 6 167 (previous year TCHF 5 476), of which TCHF 2 578 were paid as fixed salary (previous year TCHF 2 389), TCHF 1 257 as STB (previous year TCHF 641), TCHF 1 407 as share-based remuneration (previous year TCHF 1 663) and TCHF 925 in form of other remuneration (previous year TCHF 783). The maximum overall remuneration for members of Group Executive Management in financial year 2019 approved by shareholders at the 2018 Ordinary General Meeting was CHF 6.9 million. The overall remuneration effectively paid to members of Group Executive Management in 2019 amounted to TCHF 6 167 and is therefore within the approved limits.

* Version corrected on 21 February 2020 from previous version published on 19 February 2020: adjustment of the payment factor for the CEO from 116 % to 104.8 % and adjustment of the average payment factor for the other members of Group Executive Management from 97 % to 99.0 %. Sums and figures updated accordingly.

Table 3
Group Executive Management 2019

in CHF thousand	Fixed basic salary	Short Term Bonus (STB) [1]	Long-term variable remuneration (LTIP) [2]	Other fixed remuneration [3]	Total 2019
Michael Mueller CEO and highest-paid member	867.2	640.2	633.0	317.4	2 457.8
Other members [4] [5] [6]	1 711.3	616.4	774.0	607.3	3 709.0
Total Group Executive Management remuneration	**2 578.5**	**1 256.6**	**1 407.0**	**924.7**	**6 166.8**

[1] These figures relate to the effective cost of the bonuses granted in respect of financial year 2019, which will be paid out in 2020.
[2] The performance vesting period for the PSUs allocated under the LTIP plan in 2019 is three years. Their valuation complies with IFRS rules.
[3] Other fixed remuneration comprises payments the employer is required to make by law, a contractually agreed car allowance or company car and other individual contractually agreed benefits.
[4] Thomas Eisele had two employment contracts until the end of January 2019. The first, with Valora Management AG, relates to his function as a member of Group Executive Management and as Managing Director of Brezelkönig AG, Emmen. The second employment contract related to his function as Operating Managing Director of Brezelbäckerei Ditsch GmbH, Mainz (BBD) and has been concluded directly between BBD and Thomas Eisele. This contract was terminated as of end of January 2019. Thomas Eisele remains fully covered by the Valora Pension Fund, where his insured salary comprised his remuneration from his employment contracts with BBD and Valora Management AG
[5] Includes 2019 compensation paid to Tobias Knechtle, who was no longer a member of Group Executive Management as of 30 November 2019 but continues to receive compensation during his notice period.
[6] Figures include 2019 compensation paid to Roger Vogt, who joined Group Executive Management as of 01 January 2019

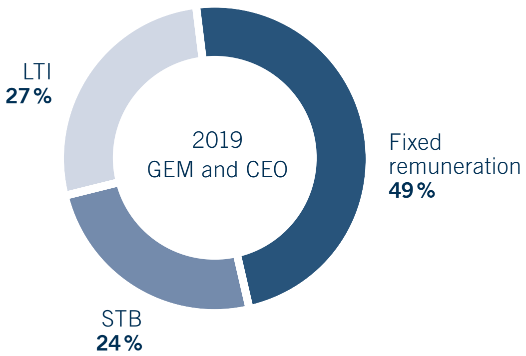
Table 4
Group Executive Management 2018

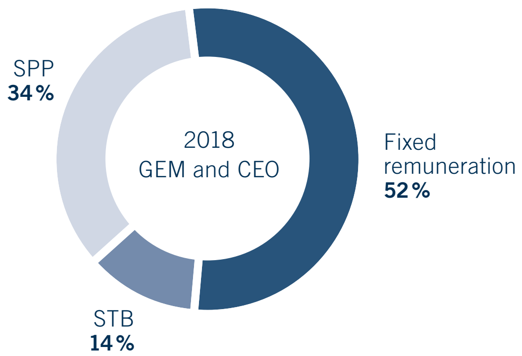
in CHF thousand	Fixed basic salary	Short Term Bonus (STB) [1]	Share Participation Program (SPP) [2]	Other fixed remuneration [3]	Total 2018
Michael Mueller CEO and highest-paid member	1 180.0	311.0	956.5	305.1	2 752.6
Other members [4]	1 209.3	329.8	706.6	477.4	2 723.1
Total Group Executive Management remuneration	**2 389.3**	**640.8**	**1 663.1**	**782.5**	**5 475.7**

[1] These figures relate to the effective cost of the bonuses granted in respect of financial year 2018, which will be paid out in 2019. The STB bonuses for the CEO and CFO with an aggregate value of TCHF 490 are converted into shares at the VWAP of CHF 332.47 applying on 31 March 2018 in accordance with the formula described above.
[2] The blocking period for the shares allocated in 2018 is three years. Their valuation complies with IFRS rules.
[3] Other fixed remuneration comprises payments the employer is required to make by law, a contractually agreed car allowance or company car and other individual contractually agreed benefits.
[4] Thomas Eisele has two employment contracts. The first, with Valora Management AG, relates to his function as a member of Group Executive Management and as Managing Director of Brezelkönig AG, Emmen. The second employment contract relates to his function as Operating Managing Director of Brezelbäckerei Ditsch GmbH, Mainz (BBD) and has been concluded directly between BBD and Thomas Eisele. Thomas Eisele remains fully covered by the Valora Pension Fund, where his insured salary comprises his remuneration from his employment contracts with BBD and Valora Management AG.

Explanatory comments to the remuneration table:

- The fixed base salaries have increased by 8 % compared to the previous year. This is mainly due to the fact that there is an additional member of Group Executive Management in 2019 compared to 2018. For the CEO, the fixed base salary has decreased by 27 % compared to the previous year. This is due to the redesign of the remuneration system with a stronger focus on the variable remuneration and a decrease in the fixed base salary, as described in section 5.1., as well as to an unpaid sabbatical during 2019.
- The “other” fixed remuneration payments have increased by 18 % compared to the previous year. This is mainly due to the social security contributions on a higher STB payout and an additional member in the Group Executive Management in 2019 (see below).
- The performance achievement under the STB was lower in 2019 than in 2018. Further details are provided below.
- The grant value of the LTIP has decreased by 15 % compared to the grant of SPP shares in previous year. This is because of the change in the remuneration system of Group Management described in section 5.1. and to the additional member of Group Executive Management in 2019.
- The ratio of the fixed versus variable remuneration amounts to 40 % (fixed) versus 60 % (variable) for the CEO and to 55 % (fixed) versus 45 % (variable) for the other members of Group Executive Management on average.





7.1 PERFORMANCE IN 2019

The Valora Group performed strongly in 2019. EBIT amounted to CHF 91.5 million versus CHF 96.3 million in 2018 but was above guidance expectations of around CHF 90 million. The Group’s EBIT margin came to 4.5 % (2018: 4.7 %).

Overall, external sales of CHF 2,680.6 million (–0.0 %) and net revenues of CHF 2,029.7 million (–0.8 %) remained stable, while the foodvenience categories (Group sales excluding press, books and tobacco) grew by +2.2 % and +2.7 % respectively, mainly driven by higher food sales. These improvements in the product mix were the main contributor to the increase in gross profit of +1.3 % to CHF 917.2 million and the gross profit margin of +1.0 percentage points to 45.2 %.

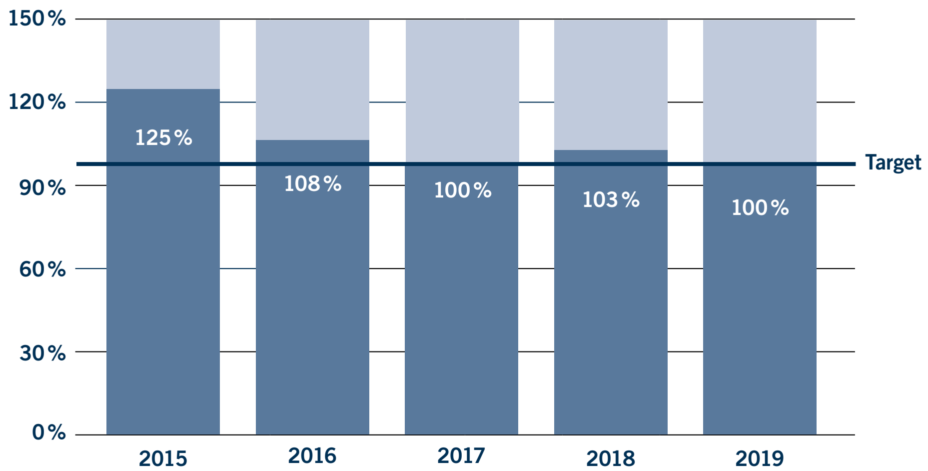
Group net profit grew by +35.0 % to CHF 73.7 million on a 2018 pro-forma adjusted basis allowing for IFRS 16 (+25.0 % vs. 2018 revised figures), supported by extraordinary tax effects and a value adjustment for discontinued operations in 2018. This corresponds to an earnings per share (EPS) increase of +45.3 % (+33.8 % vs. 2018 revised figures) to CHF 18.70 also benefitting from the hybrid bond replacement in 2018. Free cash flow rose by +55.1 % to CHF 76.0 million with improved net working capital more than compensating for increased investment activities. Return on capital employed (ROCE) amounted to 8.4 % as a result of the EBIT development (2018: 8.9 %).

STB Plan achievement for 2019 and previous years
Based on the company's financial performance for 2019, the actual attainment of the EBIT and NWC targets for the members of Group Executive Management in 2019 was as follows:

Plan	Entry Threshold	Target STB in TCH	EBIT achievement	NWC achievement	Payment Factor	STB Payout in TCHF
STB 2019						
CEO	85 %	611	99,4 %	121.1 %	104.8 %	640
Other GEM	85 %	612	104.0 %	88.7 %	99.0 %	616
STB 2018						
CEO	85 %	280	102.0 %	NA	111.1 %	311
Other GEM	85 %	342	98.6 %	NA	96.5 %	330

For the 2018 financial year, actual attainment of the profit target was 111.1 % for the CEO and 96.5 % on average for all the other members of Group Executive Management. The extent to which individual members of Group Executive Management reached their EBIT targets varied due to the differing EBIT performance of the various units concerned.

The historical actual attainment of the profit target for the members of Group Executive Management for the past five years is illustrated below:



The illustration shows that the design of the STB is structured effectively: In line with Valora's ambitious target-setting, substantial progress needs to be made to reach the target (100 %). It is also clear that the expected performance achievement of 100 % can only be exceeded with extraordinary performance.

LTIP Plan achievement for 2019
There was no LTIP vesting in 2019 considering that the first PSUs under the LTIP were granted in 2019 and will vest at the beginning of 2022. The vesting level of the PSU plan will be disclosed retroactively, starting with the Remuneration Report 2022.

The shares allocated under the Share Participation Program (SPP) in 2018 immediately vested in 2018 with no unvested shares from this plan outstanding.

In total as of December 31, 2019, the equity overhang, defined as the total number of share units (PSU) and blocked shares outstanding divided by the total number of outstanding shares (3 936 385 registered shares) amounts to [19 856] units, [0.50 %].

8 LOANS AND CREDITS

As of 31 December 2019 and 2018, there were no outstanding loans or credits to members of the Board of Directors or Group Executive Management or to related parties. Valora Holding AG does not grant any loans or credits and therefore does not have any regulations in its Articles of Incorporation on such matters.

9 SHAREHOLDINGS

As of 31 December 2019 and 2018, the individual members of the Board of Directors and Group Executive Management (including related parties) held the following number of shares of Valora Holding AG:

Valora carefully monitors the dilution of the share capital. As of 31 December 2019, the company's «burn rate», defined as the number of shares (657,358) and share units (4,815) granted in 2019 divided by the total number of shares outstanding was 16.80 %.

As of 31 December 2019, the members of the Board of Directors and Group Executive Management held a total of 657,358 registered shares (previous year 665,723) of Valora Holding AG, which equals 16.48 % (previous year 16.68 %) of the share capital:

Table 5

	2019 Number of shares	**2019 Share of total voting rights in %**	**2019 of which subject to a blocking period**	2018 Number of shares	2018 Share of total voting rights in %	2018 of which subject to a blocking period
Board of Directors						
Franz Julen Chairman	3 462	0.09	1 172	3 067	0.08	958
Markus Fiechter Vice-Chairman and Chairman of Nomination and Compensation Committee	2 500	0.06	541	3 290	0.08	587
Ernst Peter Ditsch Member	635 599	15.93	none	635 599	15.93	none
Cornelia Ritz Bossicard Chair of Audit Committee	1 090	0.03	391	956	0.02	438
Michael Kliger Member	380	0.01	357	257	0.01	234
Sascha Zahnd Member	123	0.00	123	0	–	0
Insa Klasing Member	123	0.00	123	0	–	0
Total Board of Directors	**643 277**	**16.12**		**643 169**	**16.12**	
Group Executive Management						
Michael Mueller CEO	11 826	0.30	8 872	13 028	0.33	11 930
Tobias Knechtle CFO until November 2019				6 821	0.17	5 256
Thomas Eisele Head Food Service	1 570	0.04	1 456	2 705	0.07	2 400
Roger Vogt Head Retail from January 2019	685	0.02	685	0	–	0
Total Group Executive Management	**14 081**	**0.36**		**22 554**	**0.57**	
Total shares held by Board and GEM	**657 358**	**16.48**		**665 723**	**16.68**	

REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT OF VALORA HOLDING AG, MUTTENZ

REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT

We have audited the remuneration report of Valora Holding AG for the year ended 31 December 2019. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables 1 – 4 and section 8 on pages 91, 92, 93 and 96 of the remuneration report.

Board of Directors' responsibility. The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility. Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance. An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance.The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion. In our opinion, the remuneration report for the year ended 31 December 2019 of Valora Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

André Schaub Licensed audit expert (Auditor in charge)	Ina Braun Licensed audit expert

Basel, 18 February 2020

Financial Report

VALORA FINANCIAL REPORT 2019

REVIEW OF GROUP RESULTS

For reasons of comparability, 2018 figures in this report are referred to on a pro-forma adjusted basis, allowing for IFRS 16 and at constant currency rates, unless otherwise stated. See section H for details.

Valora achieved EBIT above its communicated guidance for the 2019 financial year, at CHF 91.5 million and 4.5 % margin, driven by the stronger than expected development of Retail DE / LU / AT and Food Service as well as phasing effects from the rollout of the Retail CH SBB project. The Group thus successfully concluded its first transition year after the award of the SBB tender. Group net profit grew by +35.0 % to CHF 73.7 million (+25.0 % vs. 2018 revised figures), supported by extraordinary positive tax effects in 2019 and a value adjustment for discontinued operations in 2018. This corresponds to an EPS increase of +45.3 % to CHF 18.70 (+33.8 % vs. 2018 revised figures) also benefitting from the hybrid bond replacement in 2018. Free cash flow rose by +55.1 % to CHF 76.0 million with improved net working capital more than compensating for increased investment activities, while the increase in cash flow from operating activities vs. 2018 revised figures from CHF 116.1 million to CHF 290.4 million is largely affected by accounting changes related to IFRS 16 and thus only limited comparable.

Overall, external sales of CHF 2,680.6 million (–0.0 %) and net revenues of CHF 2,029.7 million (–0.8 %) remained stable, while foodvenience categories – i.e. Group sales excluding press, books and tobacco – grew by +2.2 % and +2.9 % respectively, mainly driven by higher food sales. These improvements in the product mix were the main contributor to the increase in gross profit of +1.3 % to CHF 917.2 million and gross profit margin of +1.0 percentage point to 45.2 %. EBIT amounted to CHF 91.5 million versus CHF 96.3 million in 2018. Adjusted for special costs related to the SBB project of CHF –9.0 million, EBIT growth would be +4.4 % with a strong contribution from Retail DE / LU / AT (+32.5 %) and Food Service (+18.0 %). Return on capital employed (ROCE) amounted to 8.4 % as a result of the EBIT development (2018: 8.9 %).

In 2019, Valora achieved a major success with Retail CH being awarded all the locations put out to tender by the SBB. This underscored Valora's position as the leading kiosk operator in Switzerland while at the same time significantly expanding the convenience share of its total business. The Group also achieved a milestone in the execution of its digital strategy with the opening of the first cashier-free convenience stores avec box and the avec X future store in April 2019 at Zurich main station.

Financially, the Retail division had a mixed 2019. At Retail CH, IFRS 16 effects and project costs related to the SBB tender impacted the unit's profitability. In addition, lower same-store sales and increased expenses related to new concepts burdened performance after an outstanding 2018 financial year. Retail DE / LU / AT on the other hand achieved strong development through sound same-store growth with lower press decline than in recent years and savings from the unit's cost initiatives and divisional synergies. Moreover, Retail DE made good progress in the conversion of its own stores to franchise outlets.

Food Service had an entirely successful year with attractive same-store growth, especially at Food Service CH, and record B2B sales. The integration of Ditsch B2C and BackWerk under the Food Service DE umbrella was completed including the first synergy effects from the combined platform. In addition, Food Service DE continued its strategy of network optimisation focusing on sustainably profitable locations. The B2B business achieved record sales as most production lines were fully utilised. The unit's pretzel production capacity expansion was successfully completed: Two of three new production lines were put into operation in the USA and in Germany in the fourth quarter 2019 and the third line is expected to follow at the beginning of the second quarter 2020 in Germany.

A NET REVENUES

Net revenues (NR) in CHF million	**2019**	**2019 share in %**	2018 [1]	2018 share in %	Change	2018 revised[2] pro Memoria
Valora Retail CH	1 160.9	57.2 %	1 187.1	58.0 %	–2.2 %	1 187.1
Valora Retail DE / LU / AT	508.2	25.0 %	525.3	25.7 %	–3.3 %	545.2
Valora Retail	1 669.1	82.2 %	1 712.5	83.7 %	–2.5 %	1 732.4
Food Service	353.2	17.4 %	328.3	16.0 %	+7.6 %	336.5
Other	7.4	0.4 %	6.0	0.3 %	+21.9 %	6.0
Total Group	**2 029.7**	**100.0 %**	**2 046.8**	**100.0 %**	**–0.8 %**	**2 074.9**
Switzerland	1 277.0	62.9 %	1 293.3	63.2 %	–1.3 %	1 293.3
Elsewhere	752.7	37.1 %	753.5	36.8 %	–0.1 %	781.6

[1] Pro-forma adjusted according to IFRS16 and at constant currency exchange rates.
[2] See note 3 and 11 in the financial report.

In the 2019 financial year, Valora achieved net revenues of CHF 2,029.7 million compared to CHF 2,046.8 million in the previous year. Foodvenience categories (Group sales excluding press, books and tobacco) grew by +2.9 %, particularly thanks to higher food sales (+4.2 %), while the conversion of own stores to the franchise operating model reduced net revenue.

Retail CH recorded net revenues of CHF 1,160.9 million compared to CHF 1,187.1 million in the previous year. As the store network showed an increase of a net +8 points of sale since year-end 2018, same-store sales remained below their previous year's levels (–1.8 %), particularly due to lower press and tobacco sales. In addition, the sales development was negatively impacted by the closure times of the first SBB refurbishments and the figures for 2018 included sales of Panini collectibles related to the FIFA World Cup.

Retail DE / LU / AT reported net revenues of CHF 508.2 million compared to CHF 525.3 million in the prior year. Same-store sales grew by +2.0 % showing lower press decline than in previous years and growth in all other categories, not least due to the continuous migration to increased food offerings. A higher number of franchise outlets (+56) and a reduced number of own stores (–83) led to a contraction in net revenues.

Net revenues for **Food Service** grew by +7.6 % to CHF 353.2 million. Ditsch B2B achieved a significant sales increase of +15.5 % thanks to accelerated market growth and market share gains. Both Food Service CH and Food Service DE recorded considerable same-store growth of +3.0 % and +1.6 % respectively, driven by high-traffic locations.

Net revenues in the **Other** segment increased by +21.9 % thanks to bob Finance.

B GROSS PROFIT

Gross profit in CHF million	**2019**	**2019 share in %**	**2019 % of NR**	2018 [1]	2018 share in %	2018 % of NR [1]	Change	2018 revised [2] pro Memoria
Valora Retail CH	460.7	50.2 %	39.7 %	465.6	51.4 %	39.2 %	– 1.0 %	465.6
Valora Retail DE / LU / AT	171.0	18.6 %	33.7 %	173.3	19.1 %	33.0 %	– 1.3 %	179.9
Valora Retail	631.7	68.9 %	37.8 %	638.9	70.6 %	37.3 %	– 1.1 %	645.5
Food Service	278.1	30.3 %	78.7 %	260.3	28.8 %	79.3 %	+ 6.8 %	266.7
Other	7.4	0.8 %	100.0 %	6.0	0.7 %	99.6 %	+ 22.3 %	6.0
Total Group	**917.2**	**100.0 %**	**45.2 %**	**905.2**	**100.0 %**	**44.2 %**	**+ 1.3 %**	**918.2**

[1] Pro-forma adjusted according to IFRS16 and at constant currency exchange rates.
[2] See note 3 and 11 in the financial report.

Gross profit grew by +1.3 % to CHF 917.2 million driven by Food Service, mainly B2B. The gross profit margin rose by +1.0 percentage point to 45.2 %, particularly due to a higher share of food sales.

Retail CH earned gross profit of CHF 460.7 million, remaining slightly below its 2018 figure (CHF 465.6 million) as a result of lower sales. Margin improvements of +0.5 percentage points to 39.7 % thanks to higher promotional income and favourable product-mix effects from a higher food share had a mitigating effect.

Retail DE / LU / AT recorded gross profit of CHF 171.0 million compared to CHF 173.3 million in the previous year. The slight decrease results from the reduced number of own stores while the margin improved by +0.7 percentage points to 33.7 % thanks to higher volume-related compensation and promotional income as well as a higher share of franchise fees.

Food Service realised gross profit growth of +6.8 % to CHF 278.1 million driven by the strong sales development. The margin amounted to 78.7 %, slightly below the previous year's figure due to portfolio-mix effects within the division, particularly the higher share of B2B sales.

Gross profit in the **Other** segment increased by +22.3 % to CHF 7.4 million thanks to higher income from bob Finance.

C OPERATING COSTS, NET

Net operating costs in CHF million	**2019**	**2019 share in %**	**2019 % of NR**	2018 [1]	2018 share in %	2018 % of NR[1]	Change	2018 revised[2] pro Memoria
Valora Retail CH	–425.0	51.5%	–36.6%	–409.7	50.6%	–34.5%	+3.7%	–411.6
Valora Retail DE/LU/AT	–152.6	18.5%	–30.0%	–159.5	19.7%	–30.4%	–4.3%	–168.2
Valora Retail	–577.6	70.0%	–34.6%	–569.2	70.4%	–33.2%	+1.5%	–579.8
Food Service	–235.0	28.5%	–66.5%	–223.8	27.7%	–68.2%	+5.0%	–232.5
Other	–13.1	1.6%	n.a.	–16.0	2.0%	n.a.	–18.3%	–16.0
Total Group	**–825.7**	**100.0%**	**–40.7%**	**–808.9**	**100.0%**	**–39.5%**	**+2.1%**	**–828.3**

[1] Pro-forma adjusted according to IFRS16 and at constant currency exchange rates.
[2] See note 3 and 11 in the financial report.

Net operating costs came to CHF –825.7 million in the 2019 financial year compared to CHF –808.9 million in the previous year. The increase of +2.1% is largely attributable to volume-related higher expenses in production and special costs related to the SBB project (CHF –9 million). Adjusted for the SBB project costs, the increase would be +1.0% and thus proportionally lower than the Group's growth in gross profit (+1.3%).

Retail CH recorded net operating costs of CHF –425.0 million compared to CHF –409.7 million in the previous year. The increased cost level is due in particular to IFRS 16 effects and other costs related to the SBB project of CHF –9 million. In addition, concept development activities and the higher number of stores led to increased costs. The cost ratio in net revenue amounted to –36.6%.

Retail DE/LU/AT reduced costs by –4.3% to CHF –152.6 million as a result of cost initiatives and process improvements as well as a decreased number of own stores. The cost ratio improved by +0.3 percentage points to –30.0%.

Food Service reported net operating costs of CHF –235.0 million, with higher sales and production volumes leading to a cost increase of +5.0%, proportionally lower than the corresponding gross profit growth (+6.8%). The division's cost ratio improved by +1.7 percentage points to –66.5% thanks to economies of scale, the realisation of synergies at Food Service DE and efficiency gains overcompensating for additional costs after the production capacity extension.

Decreased expenses led to a reduced cost base in the **Other** segment (–18.3%).

D OPERATING PROFIT (EBIT)

Operating profit (EBIT) in CHF million	**2019**	**2019 share in %**	**2019 % of NR**	2018 [1]	2018 share in %	2018 % of NR[1]	Change	2018 revised[2] pro Memoria
Valora Retail CH	35.7	39.0 %	3.1 %	55.9	58.0 %	4.7 %	–36.1 %	54.0
Valora Retail DE / LU / AT	18.4	20.1 %	3.6 %	13.9	14.4 %	2.6 %	+32.5 %	11.7
Valora Retail	54.1	59.1 %	3.2 %	69.7	72.4 %	4.1 %	–22.4 %	65.7
Food Service	43.1	47.1 %	12.2 %	36.5	37.9 %	11.1 %	+18.0 %	34.1
Other	–5.7	–6.2 %	n.a.	–10.0	–10.3 %	n.a.	n.a.	–10.0
Total Group	**91.5**	**100.0 %**	**4.5 %**	**96.3**	**100.0 %**	**4.7 %**	**–5.0 %**	**89.8**

[1] Pro-forma adjusted according to IFRS16 and at constant currency exchange rates.
[2] See note 3 and 11 in the financial report.

EBIT amounted to CHF 91.5 million compared to CHF 96.3 million in the 2018 financial year. Adjusted for special costs related to the SBB project, EBIT growth would be +4.4% as the positive development of Retail DE / LU / AT, Food Service and bob Finance compensated for the challenging financial year at Retail CH. The Group's EBIT margin came to 4.5 %.

Retail CH earned EBIT of CHF 35.7 million compared to CHF 55.9 million in the previous year. Besides special costs related to the SBB tender, the unit's result was impacted after an outstanding 2018 financial year by lower same-store sales, a reduced contribution from Zurich airport locations as a result of a tender process and expenses related to new concepts. The EBIT margin amounted to 3.1 %.

Retail DE / LU / AT increased EBIT remarkably by +32.5 % benefitting from both positive same-store development and cost reductions. As a result, the EBIT margin improved by +1.0 percentage point to 3.6 %.

The EBIT of the **Food Service** division grew by +18.0 % to CHF 43.1 million thanks to a strong performance in the B2B business and notable same-store growth in B2C. The EBIT margin increased by +1.1 percentage points to 12.2 %, driven by efficiency gains and the realisation of synergies at Food Service DE.

Other business increased EBIT by CHF +4.3 million to CHF –5.7 million, mainly due to the positive development of bob Finance and decreased expenses in corporate functions.

E FINANCIAL RESULT, TAXES AND NET RESULT

Net profit from continuing operations increased by +23.2 % to CHF 73.6 million, supported by extraordinary tax effects. Group net profit growth came in at a higher rate of +35.0 % to CHF 73.7 million due to a value adjustment for discontinued operations in 2018. EPS increased by +45.3 % to CHF 18.70.

The **net financial result** improved by CHF +1.0 million to CHF –21.3 million. Improved financing terms after the 2018 refinancing activities, a reduced syndicated loan notional amount and lower exchange rate losses arising from a decrease in average EUR exposure were the main drivers for the positive development. Due to extraordinary effects, **tax** income of CHF 3.4 million arose for the 2019 financial year compared to tax expenses of CHF –15.9 million in the previous year. These effects plus the EBIT development outlined above, led to an increase in **net profit from continuing operations** of +23.2 % to CHF 73.6 million.

Growth in **Group net profit** came in at a higher rate of +35.0 % to CHF 73.7 million due to – in addition – a value adjustment for discontinued operations in the previous year. In 2018, the result from discontinued operations contained a value adjustment of CHF –5.1 million for the earn-out components related to the sale of the former Trade division. This corresponds to an EPS increase of +45.3 % to CHF 18.70 for the 2019 financial year, also due to the hybrid bond replacement in 2018.

F LIQUIDITY, CASH FLOW AND KEY FINANCIAL DATA

Key financial data in CHF million	**2019**	2018 [1]	Change	2018 revised [2] pro Memoria
EBITDA	**157.4**	**164.1**	**–4.0%**	**156.0**
Free cash flow before purchase/sale of subsidiaries	**76.0**	**49.0**	**+55.1%**	**49.0**
Free cash flow per share in CHF	19.30	12.47	+54.8%	12.47
Group net profit	**73.7**	**54.6**	**+35.0%**	**59.0**
Earnings per share in CHF	18.70	12.87	+45.3%	13.98
Shareholder's equity	626.1	607.7	+3.0%	613.8
Equity Ratio [3]	46.0%	45.8%	+0.2%pts	46.3%
Net debt	320.9	358.6	–10.5%	358.6

[1] Pro-forma adjusted according to IFRS16.
[2] See note 3 and 11 in the financial report.
[3] Definition of alternative performance measures on page 197.

Free cash flow increased by +55.1% to CHF 76.0 million thanks in particular to reduced net working capital. The equity ratio before lease liabilities was 46.0% compared to 45.8% at year-end 2018.

Free cash flow increased by +55.1% or CHF +27.0 million to CHF 76.0 million. EBITDA – defined as earnings before interest, taxes, depreciation (but including depreciation of the right of use) and amortisation – amounted to CHF 157.4 million and remained below its previous year's level (CHF 164.1 million) as a result of exchange-rate effects and special costs related to the SBB project. The main driver for the increase in free cash flow was a reduction in net working capital in 2019 compared to corresponding cash outflows in 2018. This improvement is due in particular to both continuous process improvements and normal business fluctuations. On the other hand, net investment expenditure was higher than in 2018, mainly due to the expansion of pretzel production capacity and initial SBB refurbishments.

At CHF 320.9 million, **net debt** as at 31 December 2019 decreased compared to its level as at 31 December 2018 (CHF 358.6 million). The leverage ratio improved slightly to 2.0x EBITDA (2018: 2.2x EBITDA). Including lease liabilities, net debt amounted to CHF 1,369.1 million compared to CHF 960 million at year-end 2018. The increase is due in particular to the renewal of the SBB lease agreements related to the tender project in 2019.

The **equity ratio** before lease liabilities as at 31 December 2019 increased to 46.0% (45.8% as at 31 December 2018). Including lease liabilities, the equity ratio amounted to 26.2% (31.6% as at 31 December 2018).

G RETURN ON CAPITAL EMPLOYED

ROCE [1] in %	2019	2019 without Goodwill	2018 [3]	2018 revised [4] pro Memoria
Valora Retail CH	19.3 %	27.3 %	30.5 %	29.5 %
Valora Retail DE / LU / AT	11.0 %	23.7 %	8.3 %	6.7 %
Valora Retail	15.4 %	25.9 %	19.6 %	18.3 %
Food Service	6.5 %	16.3 %	5.7 %	5.2 %
Total Group [2]	**8.4 %**	**16.5 %**	**8.9 %**	**8.2 %**

[1] Capital employed is the average measured over the preceding 13 months. EBIT is the aggregate operating profit for the preceding 12 months.
[2] Consolidated EBIT includes Corporate costs and consolidated capital employed includes operating cash and cash equivalents relating to continuing operations.
[3] Pro-forma adjusted according to IFRS16.
[4] See note 3 and 11 in the financial report.

Return on capital employed (ROCE) amounted to 8.4 % as a result of the EBIT development (2018: 8.9 %).

Return on capital employed (ROCE) is the ratio of the EBIT generated over the past 12 months to the average capital invested including goodwill. The Group’s ROCE amounted to 8.4 % as of 31 December 2019 compared to 8.9 % in the previous year as a result of the EBIT development. After adjusting for the special costs related to the SBB project, ROCE for the Group would be 9.2 %.

Retail CH recorded ROCE of 19.3 %. The profitability ratio remained at a highly competitive level although it was down on the previous year (30.5 %) due to the decline in EBIT. After adjusting for the mostly non-cash special costs related to the SBB project, ROCE including goodwill would be 24.2 %.

ROCE for **Retail DE / LU / AT** increased by +2.7 percentage points to 11.0 % as a result of both lower capital employed and the higher EBIT.

Food Service improved ROCE by +0.8 percentage points to 6.5 % as of 31 December 2019 despite the investments in capacity expansion. Over the coming years, the potential of the unit’s ROCE will be exploited further through the ongoing realisation of the BackWerk synergies, further expansion and the operation of the expanded production capacities. Excluding goodwill, ROCE amounted to 16.3 %.

H PRO-FORMA ADJUSTMENT 2018

Pro-forma adjustment of 2018 figures | EBIT in CHF million	2018 reported (1)	Reclassification (2)	2018 revised [1] (1+2)	IFRS 16 effect (3)	2018 pro-forma adjusted (1+2+3)	Currency effects (4)	**2018 pro-forma adj. at CC [2]** (1+2+3+4)	**2019**
External Sales	2 731		2 731		2 731	–49	2 682	2 681
Net Revenue	2 122	–47	2 075		2 075	–28	2 047	2 030
Gross Profit	965	–47	918		918	–13	905	917
Net operating costs	–876	47	–828	8	–820	11	–809	–826
thereof affected by IFRS 16:								
Rental expense	–232		–232	170	–62	1	–61	–67
Other revenue / income	5	47	52	–23	28	–1	27	30
Depreciation and Amortisation	–66		–66	–139	–205	3	–202	–207
Operating profit (EBIT)	**90**	**0**	**90**	**8**	**98**	**–2**	**96**	**91**

[1] See note 3 and 11 in the financial report.
[2] Pro-forma adjusted at constant currency.

Pro-forma adjustment of 2018 figures | Group Net Profit in CHF million	2018 reported (1)	Reclassification (2)	2018 revised [1] (1+2)	IFRS 16 effect (3)	2018 pro-forma adjusted (1+2+3)	Currency effects (4)	**2018 pro-forma adj. at CC [2]** (1+2+3+4)	**2019**
Operating profit (EBIT)	90		90	8	98			91
Financial expenses	–11		–11	–14	–25			–24
Financial income	1		1	2	3			2
Tax expenses	–16		–16	0	–16			3
Profit from continuing operations	**64**	**0**	**64**	**–4**	**60**	**n/a**	**n/a**	**74**
Result from discontinued operations	–5		–5	0	–5			0
Group Net Profit	**59**	**0**	**59**	**–4**	**55**	**n/a**	**n/a**	**74**

[1] See note 3 and 11 in the financial report.
[2] Pro-forma adjusted at constant currency.

Pro-forma adjustment of 2018 figures | Balance Sheet as at 31.12. in CHF million	2018 reported (1)	Reclassi-fication (2)	2018 revised[1] (1+2)	IFRS 16 effect (3)	2018 pro-forma adjusted (1+2+3)	Currency effects (4)	**2018 pro-forma adj. at CC[3]** (1+2+3+4)	**2019**
Right-of-use asset	0		0	518	518			939
Sublease net investment	0		0	78	78			92
Other assets	1 326		1 326	0	1 326			1 362
Assets	**1 326**	**0**	**1 326**	**595**	**1 922**	**n/a**	**n/a**	**2 393**
			0					
Lease liabilities	0		0	601	601			1 048
Other liabilities	712		712	0	712			718
Equity	614		614	–6[2]	608			626
Liabilities and Equity	**1 326**	**0**	**1 326**	**595**	**1 922**	**n/a**	**n/a**	**2 393**

[1] See note 3 and 11 in the financial report.
[2] Including CHF –2 million cumulative effect of the initial application of IFRS 16 from the initial recognition of sublease arrangements.
[3] Pro-forma adjusted at constant currency.

CONSOLIDATED INCOME STATEMENT

1 January to 31 December, in CHF 000 (except per-share amounts)	Notes	2019	%	2018 revised [1]	%
Net revenues	8	**2 029 668**	**100.0**	**2 074 889**	**100.0**
Cost of goods and materials		–1 112 467	–54.8	–1 156 725	–55.7
Personnel expenses	9	–245 850	–12.1	–264 620	–12.8
Other operating expenses	10	–402 834	–19.8	–549 865	–26.5
Depreciation, amortisation and impairments	20, 21, 23	–207 161	–10.2	–66 222	–3.2
Other income	11	32 759	1.6	54 536	2.6
Other expenses	11	–2 659	–0.1	–2 176	–0.1
Operating profit (EBIT)	7	**91 458**	**4.5**	**89 818**	**4.3**
Financial expenses	12	–23 205	–1.1	–10 416	–0.5
Financial income	13	1 908	0.1	598	0.0
Earnings before income taxes		**70 161**	**3.5**	**80 000**	**3.9**
Tax income/(expense)	14	3 440	0.2	–15 901	–0.8
Net profit from continuing operations		**73 601**	**3.6**	**64 099**	**3.1**
Net profit/(loss) from discontinued operations		100	0.0	–5 120	–0.2
Net profit		**73 701**	**3.6**	**58 979**	**2.8**
Attributable to shareholders of Valora Holding AG		73 701	3.6	54 979	2.6
Attributable to providers of hybrid capital		0	0.0	4 000	0.2
Attributable to providers of Valora Holding AG equity		**73 701**	**3.6**	**58 979**	**2.8**
Earnings per share					
from continuing operations, diluted and undiluted (in CHF)	15	18.68		15.28	
from discontinued operations, diluted and undiluted (in CHF)	15	0.02		–1.30	
from continuing and discontinued operations, diluted and undiluted (in CHF)	**15**	**18.70**		**13.98**	

[1] See Note 3 and 11 for change in presentation related to lease income

The accompanying notes from page 119 to page 176 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 January to 31 December, in CHF 000	Notes	2019	2018
Net profit		**73 701**	**58 979**
Remeasurement losses	28	–2 006	–1 067
Income taxes	28	401	213
Items that will not be reclassified to profit or loss		**–1 605**	**–854**
Cash flow hedge		0	288
Currency translation adjustments		–10 360	–11 265
Items that may be reclassified to profit or loss		**–10 360**	**–10 976**
Other comprehensive income		**–11 965**	**–11 830**
Total comprehensive income		**61 735**	**47 149**
Attributable to shareholders of Valora Holding AG		61 735	43 149
Attributable to providers of hybrid capital		0	4 000
Attributable to providers of Valora Holding AG equity		**61 735**	**47 149**

The total comprehensive income attributable to shareholders of Valora Holding AG is divided as follows:

Attributable to shareholders of Valora Holding AG from continuing operations	61 635	48 269
Attributable to shareholders of Valora Holding AG from discontinued operations	100	–5 120
Attributable to shareholders of Valora Holding AG	**61 735**	**43 149**

The accompanying notes from page 119 to page 176 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

ASSETS

in CHF 000	Notes	31.12.2019	%	31.12.2018	%
Current assets					
Cash and cash equivalents	16	122 651		104 776	
Trade accounts receivable	17	77 080		80 235	
Inventories	18	143 393		145 585	
Current income tax receivables		288		1 720	
Current finance lease receivables	22	23 407		0	
Other current receivables	19	65 635		55 938	
Total current assets		**432 455**	**18.1 %**	**388 253**	**29.3 %**
Non-current assets					
Property, plant and equipment	20	267 924		235 398	
Right-of-use assets	21	938 997		0	
Goodwill, software and other intangible assets	23	657 162		681 544	
Investment in associates and joint ventures		25		50	
Financial assets	24	10 229		10 773	
Non-current finance lease receivables	22	68 207		0	
Deferred tax assets	14	17 838		10 212	
Total non-current assets		**1 960 382**	**81.9 %**	**937 976**	**70.7 %**
Total assets		**2 392 837**	**100.0 %**	**1 326 229**	**100.0 %**

LIABILITIES AND EQUITY

in CHF 000	Notes	31.12.2019	%	31.12.2018	%
Current liabilities					
Current financial liabilities	25	153		185 133	
Current lease liabilities	21	160 749		0	
Trade accounts payable	26	145 387		136 546	
Current income tax liabilities		9 997		7 000	
Other current liabilities	27	104 469		84 599	
Total current liabilities		**420 755**	**17.6 %**	**413 278**	**31.2 %**
Non-current liabilities					
Other non-current liabilities	25	447 207		284 402	
Non-current lease liabilities	21	887 491		0	
Non-current pension obligations	28	215		274	
Deferred tax liabilities	14	11 049		14 495	
Total non-current liabilities		**1 345 962**	**56.2 %**	**299 171**	**22.6 %**
Total liabilities		**1 766 718**	**73.8 %**	**712 449**	**53.7 %**
Equity					
Share capital	35	3 990		3 990	
Treasury shares		– 12 849		– 15 108	
Retained earnings		722 300		701 860	
Cumulative translation adjustments		– 87 322		– 76 962	
Equity of Valora Holding AG		**626 119**	**26.2 %**	**613 781**	**46.3 %**
Total equity		**626 119**	**26.2 %**	**613 781**	**46.3 %**
Total liabilities and equity		**2 392 837**	**100.0 %**	**1 326 229**	**100.0 %**

The accompanying notes from page 119 to page 176 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

1 January to 31 December, in CHF 000	Notes	2019	2018
Operating profit (EBIT)		**91 458**	**89 818**
Elimination of non-cash transactions in operating profit (EBIT)			
Depreciation and impairments of property, plant, equipment	20	48 330	48 178
Depreciation and impairments of right-of-use assets	21	141 183	0
Amortisation and impairment of intangible assets	23	17 647	18 044
Loss on sales of fixed assets, net	11	939	539
Share-based remuneration	29	2 664	3 187
Release of provisions		0	35
Other non-cash transactions		– 1 335	1 112
Decrease in other non-current liabilities		– 525	– 442
Change in net working capital, excluding the effects of the purchase and sale of business units			
Decrease / (increase) in trade accounts receivable		1 652	– 2 936
Decrease in inventories		374	7 214
Increase in other current assets		– 10 199	– 2 600
Increase / (decrease) in trade accounts payable		10 419	– 5 144
Increase / (decrease) in other liabilities		10 483	– 25 982
Cash flows from operating activities before interest and tax		**313 090**	**131 023**
Interest paid on financial liabilities		– 7 916	– 11 776
Interest paid on lease liabilities	21	– 15 107	0
Income taxes paid		– 2 107	– 3 680
Interest received from lease receivables	22	1 685	0
Other interest received		588	298
Dividends received		35	143
Cash flows from operating activities from continuing operations		**290 267**	**116 008**
Cash flows from operating activities from discontinued operations		100	104
Cash flows from operating activities		**290 367**	**116 112**
Cash flow from investing activities			
Investment in property, plant and equipment	20	– 81 044	– 62 141
Proceeds from the sale of property, plant and equipment	20	700	2 709
Acquisition of subsidiaries, net of cash and cash equivalents acquired	6	– 4 030	– 5 948
Investment in financial assets		– 7 321	– 5 163
Proceeds from the sale of financial assets		7 349	5 073
Lease payments received from finance leases	22	14 524	0
Acquisition of other intangible assets	23	– 5 828	– 7 904
Proceeds from the sale of other intangible assets	23	105	351
Cash flows used in investing activities from continuing operations		**– 75 545**	**– 73 024**
Cash flows from investing activities from discontinued operations		0	2 822
Cash flows used in investing activities		**– 75 545**	**– 70 202**

1 January to 31 December, in CHF 000	**Notes**	**2019**	2018
Cash flow from financing activities			
Proceeds from current financial liabilities	25	0	77 709
Repayment of current financial liabilities	25	–184 694	–200 000
Proceeds from non-current financial liabilities	25	179 793	201 263
Repayment of non-current financial liabilities	25	–725	–268
Repayment of lease liabilities	21	–142 688	0
Purchase of treasury shares		–15 007	–15 822
Sale of treasury shares		16 818	18 502
Distributions to providers of hybrid capital		0	–4 800
Repayment of hybrid capital		0	–120 000
Dividends paid to Valora Holding AG shareholders		–49 257	–49 167
Cash flows used in financing activities		**–195 760**	**–92 585**
Net increase / (decrease) in cash and cash equivalents		**19 063**	**–46 675**
Exchange rate effect on cash and cash equivalents		–1 186	–1 064
Cash and cash equivalents at the beginning of year		104 776	152 515
Cash and cash equivalents at year-end	**16**	**122 651**	**104 776**

The accompanying notes from page 119 to page 176 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity

in CHF 000	Share capital	Treasury shares	Hybrid capital	Hedge Reserve	Retained earnings	Cumulative translation differences	Total equity
Balance on 31 December 2017	**3 990**	**–17 110**	**119 098**	**–288**	**697 932**	**–65 698**	**737 924**
Net profit					58 979		58 979
Other comprehensive income				288	–854	–11 265	–11 830
Total comprehensive income				**288**	**58 125**	**–11 265**	**47 149**
Share-based remuneration					3 187		3 187
Dividend paid to shareholders					–49 167		–49 167
Purchase of treasury shares		–15 822					–15 822
Sale of treasury shares		17 824			–2 514		15 310
Distributions to providers of hybrid capital					–4 800		–4 800
Repayment hybrid capital			–119 098		–902		–120 000
Increase of share capital							
Balance on 31 December 2018	**3 990**	**–15 108**	**0**	**0**	**701 860**	**–76 962**	**613 781**
Effect of initial application of IFRS 16 [1]					–1 979		–1 979
Balance on 1 January 2019	**3 990**	**–15 108**	**0**	**0**	**699 882**	**–76 962**	**611 802**
Net profit					73 701		73 701
Other comprehensive income					–1 605	–10 360	–11 965
Total comprehensive income					**72 096**	**–10 360**	**61 735**
Share-based remuneration					2 664		2 664
Dividends paid to shareholders					–49 257		–49 257
Purchase of treasury shares		–15 007					–15 007
Sale of treasury shares		17 266			–3 084		14 182
Balance on 31 December 2019	**3 990**	**–12 849**	**0**	**0**	**722 300**	**–87 322**	**626 119**

[1] see note 3.

The accompanying notes from page 119 to page 176 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 INFORMATION ABOUT THE GROUP

Valora Holding AG is a publicly listed company with headquarters in Muttenz, Switzerland. Valora is a leading small-scale retailer in the convenience and food service sector. The Retail business segment of Valora operates small-outlet convenience retail units in heavily frequented locations. Its Food Service segment maintains an integrated value chain covering all phases from lye bread production to wholesaling (B2B) and the operation of takeaway concepts (B2C).

The consolidated financial statements for Valora for the 2019 financial year were approved by the Board of Directors on 18 February 2020. They are subject to approval by the Ordinary General Meeting on 24 March 2020.

2 ACCOUNTING POLICIES

Basis of preparation. The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments, equity instruments measured at fair value and contingent considerations. Consolidation is based on the individual Group companies' financial statements, which are prepared according to a uniform set of accounting principles. The Group presents its accounts in Swiss francs (CHF). Unless otherwise stated, all values are stated in thousands of Swiss francs (CHF 000).

Compliance with IFRS, the Swiss Code of Obligations. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the legal provisions of the Swiss Code of Obligations.

Significant accounting policies. In addition to the accounts of Valora Holding AG, Muttenz, Switzerland, the Valora Group's financial statements also comprise those of its Group companies as follows:

Consolidated companies. Group companies controlled by Valora Holding AG are fully consolidated. In determining whether control exists, Valora also considers contractual agreements and other rights it may have. Group companies acquired are consolidated from the date Valora obtains control and deconsolidated on the date control is lost.

Consolidation method. All intra-Group assets, liabilities, income and expenses, and all unrealised gains or losses from intra-Group transactions, are fully eliminated. When companies are acquired, all identifiable assets, liabilities and contingent liabilities of the acquired entity are recognised at fair value at the acquisition date, and the difference between the consideration paid and the fair value of the company's net assets at the time of the acquisition is recognised as goodwill.

Associated companies and joint ventures. Associates and joint ventures are accounted for using the equity method. Associates are companies over which Valora has significant influence, but that it does not control. Significant influence is assumed to exist when Valora holds between 20% and 50% of the voting shares. A joint venture is an entity over which Valora has joint control.

Scope of consolidation. Note 37 provides an overview of Valora's significant Group companies.

Changes in consolidation scope. On 31 January 2019 Valora acquired Super Guud, based in Zurich, in an asset deal.

On 1 April 2018 Valora acquired Presse + Buch Grauert based in Düsseldorf, Germany in an asset deal.

3 CHANGES TO ACCOUNTING POLICIES

Implementation of new International Financial Reporting Standards (IFRS) and Interpretations thereof.

IFRS 16. Valora has applied IFRS 16 Leases with effect from 1 January 2019. The modified retrospective method was used for initial application. The prior year figures were not restated.

The new standard replaces IAS 17 leases and sets out the principles for the recognition, measurement, presentation and disclosure of lease arrangements. IFRS 16 introduces a single lessee accounting model with a requirement to recognise the majority of leases on the balance sheet in the form of a right-of-use asset and a corresponding lease liability.

As at 1 January 2019 right-of-use assets were capitalised at a value equivalent to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Extension and termination options were reflected in the calculation of the lease term when their exercise was reasonably certain at transition date. The right-of-use assets are depreciated over their useful life, leases with a remaining life of less than 12 months, or leases of low-value assets were not capitalised at 1 January 2019.

The lease liability represents the present value of fixed or in-substance fixed lease payments over the lease term. Depreciation of the right-of-use assets and interest expense on the lease liabilities as well as expenses related to variable lease payments and leases of low-value assets and short term leases are recognised in the income statement instead of rental expense.

Lessor accounting continues to be accounted for differently for operating and finance leases. Where Valora acts as an intermediate lessor, i.e. enters into a head lease and subleases the right-of-use asset to a third party, the sublease is classified as either a finance or operating lease. The classification is primarily based on whether the sublease term covers the majority of the remaining useful life of the right-of-use asset under the head lease as at the transition date and therefore Valora has transferred substantially all of the risk and rewards of the right-of-use assets. As a lessee, Valora holds around 2 800 lease contracts, mainly for sales outlets, comprising both fixed and variable sales-based lease payments. As an intermediate lessor, Valora subleases around 900 sales outlets to franchisees. For those subleases qualifying as a finance lease, the right-of-use asset from the head lease is derecognised and a lease receivable is recognised. For subleases classified as an operating lease rental income is recognised in the income statement, generally on a straight line basis.

As at transition, practical expedients were applied as follows:

- Lease contracts formerly classified as operating leases in accordance with IAS 17 Leases were not reassessed to see whether they also meet the definition of a lease in IFRS 16.
- Initial direct costs were not included in the measurement of the right-of-use asset.
- The right-of-use asset at the initial date of application was adjusted by the amount of the provisions for onerous contracts (CHF 2.1 million) recognised in the balance sheet under other non-current liabilities at 31 December 2018.
- Hindsight was used in determining the lease term if the contracts contain options to extend or terminate the lease.

As of the date of initial application of IFRS 16, lease liabilities, right-of-use assets and lease receivables from subleases (for those subleases classified as finance leases) were recognised in separate line items on the balance sheet. The depreciation charge for right-of-use assets is presented within depreciation, amortisation and impairments. The application of IFRS 16 has resulted in a reduction of rental expenses presented in other operating expenses, an increase in interest expenses and interest income from lease receivables.

Lease payments are presented as financing cash flows, and interest paid on lease liabilities as operating cash outflows. Lease payments received from finance leases are reported as investing cash flows and interest payments received as operating cash flows. The cumulative effect of the initial application of IFRS 16 as at 1 January 2019 resulting from valuation losses from the initial recognition of sublease arrangements was recognised in retained earnings.

The impact of the initial application of IFRS 16 on the balance sheet as at 1 January 2019 was as follows:

in CHF million	1 January 2019
Assets	
Right-of-use assets	542 777
Finance lease receivables	71 598
Deferred tax assets	895
Total	615 270
Liabilities and equity	
Lease liabilities	619 406
Other reclassifications	–2 157
Equity	–1 979
Total	615 270

The reconciliation from the off-balance sheet lease obligation pursuant to IAS 17 as of 31 December 2018 and the lease liability recognised on the balance sheet pursuant to IFRS 16 as of 1 January 2019 is as follows:

in CHF 000	1 January 2019
Obligations from operating leases as at 31.12.2018	**716 284**
Recognition exemption for short term leases	–46 400
Recognition exemption for low value leases	–2 409
Variable lease payments not included in the lease liability	–2 706
Additional termination options recognised	–3 388
Gross obligations from leases as at 31.12.2018	**661 381**
Currency translation difference	–8 278
Effect of discounting	–33 697
Lease liability as at 01.01.2019	**619 406**

The lease liability was discounted using a weighted average incremental borrowing rate of 1.8 % as at 1 January 2019.

IAS 19. Since 1 January 2019 if a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

Change in presentation. Since 1 January 2019 Valora presents rental income from franchisees (e. g. rental income from operating leases under IFRS 16) within other income, the comparative period has been revised accordingly, and rental income determined in accordance with IAS 17 of CHF 47.2 million has been reclassified from net revenues to other income, refer to note 11. Until 31 December 2018 rental income from franchise contracts was reported as part of revenue.

Other standards and interpretations (IFRIC 23, Annual Improvements 2015 – 2017 Cycle). Effective 1 January 2019, Valora adopted IFRIC Interpretation 23, Uncertainty over Income Tax Treatments (IFRIC 23), which addresses recognition and measurement of uncertain income tax positions. Valora reassessed the tax provision for income taxes attributable to periods, which have not yet been finally assessed by the local tax authorities. The adoption of IFRIC 23 and other changes in IFRS adopted on 1 January 2019 had no material impact on these financial statements.

Future implementation of International Financial Reporting Standards (IFRS) The Annual Improvements 2018-2020 and other changes in IFRS will become effective in future accounting periods. These amendments are not expected to have a material effect on the Group's financial statements.

In December 2019 the IFRS Interpretations Committee issued an agenda decision related to "Lease term and useful life of leasehold improvements". Due to the timing of this decision and the large number of leases, the Group has not finally assessed the impact, if any, on its lease portfolio at the time these financial statements are issued.

4 GENERAL ACCOUNTING POLICIES

Translation of foreign currencies. Transactions in foreign currencies are translated into the functional currency at the prevailing exchange rate on the date of the transaction. On the balance sheet date, assets and liabilities in foreign currencies are translated using the exchange rates at the balance sheet date and the resulting exchange differences are recognised in profit or loss. The assets and liabilities of Group companies whose functional currency is not the Swiss franc are translated into Swiss francs on the balance sheet date. The income statement, cash flow statement and items of other comprehensive income are translated using the average exchange rate for the reporting period, provided this results in a reasonable approximation of the results that would be obtained when applying the transaction rates. Otherwise the items are translated using the transaction rates. Translation differences resulting from the translation of the financial statements of Group companies are recognised in the statement of comprehensive income (other comprehensive income) and reported separately.

Translation rates used for Valora's major foreign currencies

	Average rate for 2019	**Closing rate on 31.12.2019**	Average rate for 2018	Closing rate on 31.12.2018
Euro, EUR 1	1.113	1.086	1.155	1.126
US dollar, USD 1	0.994	0.967	0.978	0.982

Rounding. Due to rounding, this report may contain minor discrepancies between totals and percentages and their component elements.

Net revenues and revenue recognition. Valora sells goods and services in sales outlets, operates franchise concepts and produces goods for wholesale customers. Net revenue presented in the income statement comprises both revenue from contracts with customers (IFRS 15) and other sources of revenue.

Net revenues from contracts with customers (IFRS 15) include all proceeds from the sale of goods (including goods produced by Valora) and services, net of any deductions.

Revenue from products and services sold in sales outlets represents the cash payments received and is recognised when the payment is made in cash or charged to a credit card. Customer loyalty programmes are estimated on the basis of empirical values.

Revenue from goods produced and sold by Valora is recognised when the goods are transferred to the customer according to the terms of the contract. The revenue that is recognised is the consideration that Valora expects to be entitled to in exchange for these goods and falls within the scope of IFRS 15.

Valora provides franchisees with access to the Valora network including access to the relevant formats and brands and know-how. Valora recognises the related franchise fees over time as the franchisees receive the benefits of the services performed. Franchisees generally purchase goods on their own behalf and these are therefore not reported within revenues and costs of goods and materials of Valora. In cases franchisees purchase goods via Valora those are reported within revenues and cost of goods and materials. Revenue is recognised when franchisees obtain control of the goods at the sales outlet. Franchise fees are recognised as revenues and qualify as net revenues according to IFRS 15.

Commissions that Valora receives from its suppliers when acting as an agent are also reported as net revenue, as is income from the rendering of services from franchise outlets. These do not, however, fall within the scope of IFRS 15 Revenue from Contracts with Customers.

Cost of goods and materials. The cost of goods and materials includes the acquisition or production costs of the goods and the materials. It includes valuation allowances for non or slow moving goods, but also reimbursements from suppliers for the achievement of certain purchase quantities or reference values, which are recognised as a reduction in expenses. Payments received from suppliers for advertising services and promotional activities that do not qualify as distinct services under IFRS 15 are recognised as a reduction of the cost of goods and materials.

Share-based remuneration. The Valora Group settles part of its employee remuneration in Valora shares. The expense recognised in the income statement as a result of share-based remuneration is calculated by multiplying the number of shares expected to vest by the grant date fair value of the Valora equity instruments granted (net of any amounts to be paid by the recipients of the equity instruments). The expense for plans that are settled in shares (equity settled) is recognised in equity; the expense for cash-settled plans is recognised as liability. If the vesting conditions extend over several periods, the expense is spread over the vesting period taking into account the expected achievement of targets. Share-based remuneration that is settled in cash is remeasured at each balance sheet date until settlement.

Financial result. Net gains and losses on financial instruments at fair value through profit or loss do not include any dividend or interest payments. Dividend and interest income is reported separately (see Note 13).

Income taxes. Income tax is calculated on the basis of the applicable tax laws in each tax jurisdiction and charged to the income statement for the accounting period in which the net income is recognised. The effective tax rate is applied to the annual profit.
Deferred income taxes that arise as a result of temporary differences between the values of assets and liabilities reported in the consolidated balance sheet and their tax values are recognised as deferred tax assets or deferred tax liabilities. Deferred tax assets are capitalised when it is probable that there will be sufficient taxable income against which the deductible differences can be utilised. The assessment relates to the period for which planning data is available.

Deferred income taxes are calculated on the basis of the tax rates that are expected to apply during the period when the deferred tax asset is realised or the liability is settled. Deferred tax liabilities for temporary differences are generally recognised. Tax receivables and tax liabilities are offset against one another if they are for the same taxable entity and there is an enforceable right to offset them. Changes to deferred tax assets and deferred tax liabilities are recognised as a tax expense / income in the income statement, except when the underlying transaction is recognised outside profit or loss in other comprehensive income or directly in equity.

Net profit / loss from discontinued operations. On disposal of a segment or separate major line of business the related income is reported separately as net income / loss from discontinued operations. In the cash flow statement, only continuing operations are presented in detail and the operating, investing and financing cash flows from discontinued operations are aggregated in one line.

Earnings per share. Earnings per share are calculated by dividing the net profit / loss attributable to Valora Holding AG shareholders by the average number of outstanding shares of Valora Holding AG. For diluted earnings per share, any potentially dilutive effects on the number of outstanding shares are taken into account and the net profit is adjusted, if necessary.

Financial Assets. Financial assets are classified at initial recognition at amortised cost or fair value through profit and loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Valora's business model for managing them. With the exception of trade receivables Valora measures a financial asset at its fair value and, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15. In order

for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. Purchases or sales on financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.
For subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost (debt instruments) They are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Valora's financial assets at amortised cost include cash and cash equivalents, trade accounts receivable, receivables from finance leases and other financial receivables.
- Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value such as contingent consideration arrangements entered into as part of business combinations. Financial assets are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Valora's financial assets at fair value through profit or loss include from time to time receivables from contingent consideration arrangements, derivatives and equity investments (unlisted equity interests with a shareholding of less than 20%).

Financial assets are classified as current unless the due date is more than 12 months after the balance sheet date.

Valora uses the simplified approach when measuring the expected credit loss allowance of trade accounts receivable that do not contain any significant financing components. Under this approach, an impairment loss is recognised at each balance sheet date in the amount of the expected credit losses over the entire term (lifetime expected loss), rather than the change in the default risk. The impairment is determined by using historically observable data as well as forward-looking information. Depending on the credit rating of the customer cluster, the ageing structure of the receivables and historic default rates the expected credit losses are determined.

For lease receivables the expected credit loss allowance is determined by using the general approach so that the 12 month expected credit loss will be recognised, unless a significant change is observable which requires the recognition of the lifetime expected credit loss allowance.

For all other financial assets measured at amortised costs impairments on expected losses are determined according to the general approach.

Cash and cash equivalents. Cash and cash equivalents include cash on hand, demand deposits with banks and short-term money market investments with a maximum term of three months from their date of acquisition which are readily convertible to cash and cash equivalents and are subject to insignificant fluctuations in value.

Trade accounts receivable. Trade accounts receivable are largely attributable to the franchise business, the wholesale business and other deliveries of goods, as well as the provision of services.

Loans, receivables from finance leases and other receivables. Loans, receivables from finance leases and other receivables are classified as current unless the due date is more than 12 months after the balance sheet date.

One Valora Group company sells its accounts receivables to a bank. As all material risks from the receivables are transferred to the bank upon sale, the corresponding assets and liabilities are derecognised. In certain defined cases – if non-compliant loan agreements were entered into with borrowers – the bank would be entitled to reverse the transaction. In this case, the risk is limited to the value of the receivable.

Accounting of derivative financial instruments and hedging transactions. Derivative financial instruments are recognised in the balance sheet at fair value and adjusted for changes in fair value. How the gain or loss is recognised depends on whether the instrument serves to hedge a specific risk and if the conditions for hedge accounting have been met. The purpose of hedge accounting is to offset the change in fair value of the hedged item and the hedging instrument over the term of the hedge. If a derivative financial instrument is not designated as a hedging transaction or the conditions for recognising it as a hedging transaction have not been met, the gains and losses from changes in the fair value of derivatives are recognised in the income statement. To qualify for hedge accounting, a hedge must meet strict conditions related to documentation, the likelihood of occurrence, the effectiveness of the hedging instrument and the reliability of measurement. When entering into a hedging transaction, the Group documents the relationship between hedging instruments and the hedged items as well as the purpose and strategy of the hedge. The Group has entered from time to time into cash flow hedges such as interest swaps.

Gains and losses from hedging instruments that are attributable to the effective portion of the change in the fair value of derivative financial instruments designated as cash flow hedges are recognised in other comprehensive income. The gain or loss attributable to the ineffective portion is recognised immediately in profit or loss. If the underlying transaction is no longer expected to take place, the cumulative gains and losses are immediately transferred to the income statement.

Financial liabilities. Financial liabilities are classified, at initial recognition, as subsequently measured at amortised cost or fair value through profit and loss.

Financial liabilities at amortised costs are initially measured at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest rate method. Valora’s financial liabilities at amortised cost include current financial liabilities, trade accounts payable, other financial payables and interest bearing debt (non-current financial liabilities). Valora classifies financial liabilities as non-current if it has the unconditional right at the balance sheet date to defer their repayment until at least twelve months after the balance sheet date.

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition at fair value through profit or loss, or financial liabilities mandatorily required to be measured at fair value. Derivatives fall under this category unless they are designated as effective hedging instruments. Valora’s financial liabilities at fair value through profit or loss include financial liabilities from contingent consideration arrangements agreed as part of business combination and derivatives with a negative fair value.

Inventories. Inventories are measured at the lower of acquisition/production cost and net realisable value. At Ditsch/Brezelkönig, semi-finished and finished goods are initially valued at production cost. The other inventories of Ditsch/Brezelkönig and the inventories of all other business units are initially measured at weighted average cost. Inventories that cannot be sold or that have a low turnover are partially or fully written off.

Property, plant and equipment. Property, plant and equipment is recognised at cost, less accumulated depreciation. Subsequent expenditure for refurbishments is capitalised only if the costs can be determined reliably and the work results in an increase of the value of the asset. Other repair and maintenance expense is charged directly to the income statement.

Capitalised leasehold improvements of rented premises are depreciated over their estimated useful lives or shorter lease term.

Depreciation is calculated using the straight-line method based on the estimated useful lives:

	Years
Land	no depreciation
Buildings and building components	20–40
Machines, equipment, installations and furniture	6–10
Production facilities	15–20
Vehicles	5
IT hardware	3–5

Leases – Valora as a lessee. Valora assesses whether a contract is or contains a lease at inception of the contract.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, except for short-term leases up to 12 months or leases of low value assets, which are expensed in the income statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted by using the incremental borrowing rate specific to the country, term and currency of the contract. The Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. Lease payments include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date and extension option payments, if the Group is reasonably certain to exercise. The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured with a corresponding adjustment to the related right-of-use asset when there is a change in future lease payments in the event of renegotiation, changes of an index or rate or in the event of reassessment of options (lease modification relating to an existing rental area).

At inception, the right-of-use asset comprises the initial lease liability and initial direct costs, less any incentives granted by the lessors. The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the underlying asset.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense when incurred and are included in ‘other operating expenses’ (see note 10) in the income statement.

Leases – Valora as a lessor. Where Valora acts as an intermediate lessor, i.e. enters into a head lease and subleases the right-of-use asset to a third party, the sublease is classified as either a finance or operating lease. A finance lease transfers substantially all the risks and rewards of the right-of-use asset to the sub-lessee, which is deemed to be the case when the lease term and present value of the lease payments are substantially the same as those of the head lease agreement. For those subleases qualifying as a finance lease, the right-of-use asset from the head lease is derecognised and a lease receivable is recognised. A difference between the carrying amount of the right-of-use assets and the lease receivable is shown as other income or other expense. As required by IFRS 9, an expected credit loss allowance for lease receivables is recognised. For those subleases classified as operating leases the rental income is recognised in other income.

Intangible assets (excluding goodwill). Intangible assets are classified as software, intangible assets with finite useful lives and intangible assets with indefinite useful lives.

Software and intangible assets with finite useful lives are recognised at acquisition or production cost, less accumulated amortisation. Amortisation is calculated using the straight-line method over the estimated useful lives of the assets.

Intangible assets with indefinite useful lives. Intangible assets with indefinite useful lives are not amortised on a systematic basis, instead they are tested for impairment at least once a year.

Amortisation is calculated using the straight-line method based on the following estimated useful lives:

	Years
Software	3 – 5
Intangible assets with finite useful lives	3 – 20
Intangible assets with indefinite useful lives	No amortisation

Goodwill. Goodwill is the amount the Group pays in excess of the fair value of the identifiable net assets of an acquired business. Goodwill is capitalised and allocated to the cash-generating unit ("CGU") that it expects to benefit from the business combination. Goodwill is subject to an annual impairment test, or whenever there are indications of a possible impairment. For this purpose, the carrying amount of the cash-generating unit to which the goodwill was allocated is compared to its recoverable amount. The recoverable amount represents the higher of the fair value, less costs of disposal, of the cash-generating unit and its value in use. The fair value less costs of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as at the measurement date. If the carrying amount of the cash-generating unit exceeds the recoverable amount, an impairment loss is recognised. Reversals of goodwill impairment are prohibited.

Impairment of property, plant and equiptment, right-of-use assets and intangibles with finite lives. The recoverability of property, plant and equipment, right-of-use assets and intangible assets with finite lives is reviewed whenever there are indications that the carrying amounts may be overstated. The impairment test is carried out at the level of the cash generating unit to which the asset belongs. If the carrying amount exceeds the recoverable amount, which is the higher of fair value less costs of disposal and value in use, the carrying amount is reduced to the recoverable amount. A previously recognised impairment is reversed only if there has been a change in the estimates used to determine the recoverable amount since the recognition of the last impairment. In this case, the carrying amount of the asset is increased to its recoverable amount. However, this amount may not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in previous years. A reversal is immediately recognised through profit or loss.

Valora's impairment losses largely relate to equipment (and right-of-use assets) for its sales outlets. The earnings situation of sales outlets is analysed as part of the multi-year planning process. In the case of sales outlets that continue to generate negative results, property, plant and equipment and right-of-use assets, if any, are impaired.

Provisions. Provisions are set up if – as a result of past events – an obligation has been incurred, the amount of which can be reliably estimated and for which it is probable that there will be an outflow of embodying economic benefits. Provisions are recognised at the present value of the estimated cash outflows as of the balance sheet date.

Pension obligations. Valora pays its pension contributions to various pension schemes established in accordance with local regulations. For defined benefit pension plans, the present value of the defined benefit obligation is determined on the basis of annual actuarial reports using the "projected unit credit" method. This takes account of the years of service, benefits that accrue to employees at the balance sheet date as well as expected future changes in salary. The employer's pension expenses and the net interest expense or income for the net pension liability or asset are recognised in the income statement during the period in which they occur. The actuarial gains and losses as well as the effect of any limit on the pension assets (IFRIC 14) are recognised in other comprehensive income. The expense for defined contribution plans is recognised in the income statement on an accrual basis.

5 MANAGEMENT ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Key judgements when applying accounting principles. The application of accounting policies for the Group requires the exercise of significant judgements by management that can have a material impact on the amounts reported in the consolidated financial statements. Estimates by management are necessary when assessing the substance of complex transactions.

Significant estimates. The preparation of the consolidated financial statements in accordance with IFRS requires the use of estimates that relate to the future and affect the presentation of certain items in the income statement, statement of comprehensive income, balance sheet, cash flow statement and related notes. The estimates underlying the values in the consolidated financial statements are based on experience and the information available at the time of preparation. Estimates and assumptions are reviewed regularly and adjusted if necessary. However, actual outcomes may deviate from the estimates. Changes in estimates are included in the consolidated financial statements in the year when the adjustment is made. Estimates and assumptions that involve a significant risk regarding future material adjustments to carrying amounts are explained below:

Property, plant and equipment. The useful lives of property, plant and equipment are determined on historical evidence, taking account of current technical conditions. The actual useful lives may differ from the originally determined useful lives as a result of technological changes and changed market conditions. In the event of such deviations, the remaining useful lives are adjusted. The recoverability of property, plant and equipment is always reviewed if it seems possible that the carrying amounts have been overstated due to changed circumstances. Recoverability is determined on the basis of management's estimates and assumptions regarding the economic benefits of these assets. The actual values obtained in the future may differ from these estimates (see Note 20).

Goodwill, trademark rights and other intangible assets (Franchises). Intangible assets with infinite useful lives like goodwill and trademark rights are tested for impairment if there are indications of a lower recoverable amount or at least annually.

The recoverable amount is based on the estimated future free cash flows (DCF valuation method) of the respective units (CGUs). The recoverable amount is mainly affected by estimated net revenues, the estimated operating profit margin and the applied discount rate.

Intangible assets with infinite useful lives are tested for impairment when there are indications for impairment.

Pension assets and long-term pension obligations. The Group has pension schemes whose benefits are considered defined benefits under IFRS. As a result, the fair value of plan assets is compared annually with the dynamically calculated present value of the benefit obligations. The resulting net pension asset (in case of a surplus that is available to the Group) is capitalised or the net pension liability (in case of a plan deficit) is recognised in the consolidated balance sheet. These calculations depend on different assumptions. The most important are the discount rate used to discount future benefits and the changes in the salaries of the beneficiaries (see Note 28). The actual change may differ significantly from the assumptions.

Deferred tax assets. Under IFRS, deferred tax assets are recognised for tax loss carryforwards in an amount equal to the amount of expected future tax savings (see Note 14). The amount of future tax benefits depends on the amount of future profits earned within the period until expiry of the tax loss carryforwards. Accordingly, future results may be adversely affected by write-offs on tax assets if future results are below expectation or may be positively impacted if unrecognised losses of prior periods can be utilised.

Leases. The application of IFRS 16 requires the Group to make judgments that affect the valuation of the right-of-use assets and the lease liabilities. These include determining contracts in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

The Group has a large number of lease contracts that include extension and termination options. Evaluating at commencement date whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease requires a certain degree of judgement.

6 ACQUISITIONS AND DISPOSAL OF BUSINESS UNITS

Transactions in 2019.

Acquisition of SuperGuud. Valora acquired SuperGuud, based in Zurich, in an asset deal on 31 January 2019. The acquisition was conducted by BackWerk Switzerland AG and comprised three sales outlets.

Acquired net assets, payment of the purchase price, cash outflow

The purchase price amounted to CHF 3.7 million and was paid in cash. The consideration was paid for the acquired retail equipment, inventory and goodwill of CHF 2.7 million. At the acquisition date the right-of-use asset and the lease liability amounted to CHF 1.2 million.

From the acquisition date, SuperGuud contributed net revenues of CHF 3.7 million with an immaterial impact on net profit. If the acquisition had been made on 1 January 2019 net revenues for the financial year 2019 would have been CHF 4.1 million with an immaterial impact on net profit.

Transactions in 2018.

Acquisition of Presse + Buch Grauert. Valora acquired Presse + Buch Grauert based in Düsseldorf, Germany, in the context of an asset deal on 1 April 2018. The acquisition was conducted by Retail Germany and comprised two sales outlets.

Acquired net assets, payment of the purchase price, cash outflow

The purchase price was CHF 4.4 million, of which CHF 4.0 million was paid in cash in 2018 and CHF 0.4 million was outstanding under a contingent consideration arrangement. This contingent consideration was due and paid in March 2019.

7 SEGMENT REPORTING

The Valora Group is an international retail group whose business activities are divided into the following reportable segments:

Valora Retail: Valora Retail operates small sales outlets at heavily frequented locations in Switzerland, Germany, Luxembourg and Austria. The division operates country-wide marketing and distribution systems for press products, tobacco and consumer products for everyday needs as well as impulse purchases. Valora Retail's brands include the k kiosk, k presse + buch, avec, P&B, ServiceStore DB and CIGO formats, among other brands.

Food Service: Food Service has an integrated value chain covering all phases from the production of lye bread to sales to wholesalers (B2B) and the operation of takeaway concepts (B2C). Lye pretzels and other bakery goods are produced by Ditsch / Brezelkönig in Germany and Switzerland as well as by Pretzel Baron in the USA (Ditsch USA). They are sold both at the Ditsch, Brezelkönig and Backwerk's own sales outlets and via the wholesale distribution channel. The segment also includes Caffè Spettacolo, one of Switzerland's leading coffee-bar chains.

Other: The Group support functions Finance, Human Resources, Business Development, Digital Product Development, Legal Services and Communications as well as bob Finance are combined in "Other". The assets mainly include loans to Group companies, cash and cash equivalents and short-term receivables. The segment liabilities comprise the financial instruments listed in note 25.

The reportable segments include various formats and geographic regions. The net revenues for the reportable segments mainly relate to the sale of goods. Non-current assets comprise property, plant and equipment, right-of-use assets, lease receivables and intangible assets (additions without changes to the scope of consolidation). The internal and external reporting is based on the same measurement principles.

Segment data

2019 in CHF 000	Valora Retail	Food Service	Other	Elimination	Group total
Net revenues					
Total	**1 669 097**	**353 214**	**7 357**	**0**	**2 029 668**
From third parties	1 669 097	353 214	7 357	0	2 029 668
Operating profit (EBIT)					
Total	**54 094**	**43 068**	**–5 704**	**0**	**91 458**
Depreciation, amortisation and impairments	147 684	56 553	2 923	0	207 161
thereof right-of-use assets	110 361	30 514	309	0	141 183
Additions to non-current assets					
Total	**592 399**	**118 460**	**4 321**	**0**	**715 180**
thereof right-of-use assets	557 661	62 763	215	0	620 638
thereof lease receivables	20 898	35 780	0	0	56 678
Segment assets					
Total	**1 471 247**	**964 393**	**541 396**	**–584 197**	**2 392 837**
Segment liabilities					
Total	**1 019 327**	**586 938**	**744 649**	**–584 197**	**1 766 718**
thereof lease liabilities	841 909	205 278	1 053	0	1 048 240

Due to the initial application of IFRS 16 assets, liabilities and depreciation increased significantly. The segments are affected differently due to the respective business models.

Depreciation, amortisation and impairments include impairments of CHF 3.0 million in the Valora Retail segment and impairments in the segment Food Service of CHF 0.4 million and represent mainly impairments on point-of-sale equipment. Impairment on the right-of-use assets amounts to CHF 0.4 million.

2018

in CHF 000	Valora Retail	Food Service	Others	Elimination	Group total
Net revenues (revised)					
Total	**1 732 351**	**336 503**	**6 035**	**0**	**2 074 889**
From third parties	1 732 351	336 503	6 035	0	2 074 889
Operating profit (EBIT)					
Total	**65 703**	**34 123**	**– 10 007**	**0**	**89 818**
Depreciation, amortisation and impairments	36 317	26 994	2 911	0	66 222
Additions to non-current assets					
Total	**33 949**	**34 968**	**1 920**	**0**	**70 838**
Segment assets					
Total	**611 775**	**729 020**	**514 848**	**– 529 413**	**1 326 229**
Segment liabilities					
Total	**178 179**	**347 725**	**715 957**	**– 529 413**	**712 449**

Depreciation, amortisation and impairments include impairments of CHF 2.2 million in the Valora Retail segment and impairments in the segment Food Service of CHF 1.9 million and represent mainly impairments on point-of-sale equipment.

Segment information by countries

2019

in CHF 000	Switzerland	Germany	Other countries	Group total
Total revenue from contracts with customers (according to IFRS 15)	1 277 004	586 353	122 447	1 985 804
Other revenues	0	41 681	2 184	43 865
Net revenues from third parties	**1 277 004**	**628 034**	**124 631**	**2 029 668**
Non-current assets	1 002 167	791 197	70 719	1 864 083

2018 (revised)

in CHF 000	Switzerland	Germany	Other countries	Group total
Total revenue from contracts with customers (according to IFRS 15)	1 293 318	619 953	119 092	2 032 363
Other revenues	18	40 738	1 770	42 526
Net revenues from third parties	**1 293 336**	**660 691**	**120 862**	**2 074 889**
Non-current assets	304 798	592 627	19 517	916 942

Information about revenues and non-current assets (property, plant and equipment, intangible assets and right-of-use assets) is based on the location of the Group company. No external customer accounts for more than 10% of net revenues from third parties.

8 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of sales

2019

in CHF 000	Valora Retail	Food Service	Others	Group total
Revenue from sale of goods [1)]	1 529 553	318 926	5	1 848 484
Income from services	114 149	15 818	7 353	137 320
Total revenue from contracts with customers (according to IFRS 15)	**1 643 702**	**334 744**	**7 357**	**1 985 804**
Commission income and franchise fees	25 395	18 470	0	43 865
Total net revenues	**1 669 097**	**353 214**	**7 357**	**2 029 668**

[1)] Includes wholesale revenues of CHF 133.2 million, which can be attributed to the segment Food Service.

2018 (revised)

in CHF 000	Valora Retail	Food Service	Others	Group total
Revenue from sale of goods [1]	1 596 841	297 610	2	1 894 453
Income from services	111 831	20 046	6 033	137 910
Total revenue from contracts with customers (according to IFRS 15)	**1 708 672**	**317 656**	**6 035**	**2 032 363**
Commission income and franchise fees	23 679	18 848	0	42 526
Total net revenues [2]	**1 732 351**	**336 503**	**6 035**	**2 074 889**

[1] Includes wholesale revenues of CHF 112.7 million, which can be attributed to the segment Food Service.
[2] Rental income in the amount of CHF 47.2 million was reclassified to other income.

9 PERSONNEL EXPENSES

in CHF 000	**2019**	2018
Wages and salaries	198 302	212 453
Social security expenses	33 622	35 814
Share-based remuneration	2 664	3 187
Other personnel expenses	11 262	13 165
Total personnel expenses	**245 850**	**264 620**
Headcount in full-time equivalents as at 31 December	3 906	4 230

Social security expenses include expenses for defined contribution plans of TCHF 131 (2018: TCHF 170). Other personnel expenses include, in particular, compensation paid to recruiters or temporary staff and expenses for training and staff recruitment.

10 OTHER OPERATING EXPENSES

in CHF 000	2019	2018
Agency fees	181 335	163 521
Lease expenses IAS 17	0	204 354
Lease expenses IFRS 16	37 675	0
Ancillary rental costs and property expenses	38 605	39 806
Shipping	40 460	37 592
Management and administration	28 975	29 848
Communication and IT	25 017	24 180
Advertising and sales	16 435	17 172
Impairment losses on accounts receivables	2 737	959
Other operating expenses	31 595	32 432
Total other operating expenses	**402 834**	**549 865**

The decrease in lease expenses is due to the application of IFRS 16 (see note 3). Lease expense includes other operating leases of CHF 1.8 million (2018: CHF 3.4 million). Agency fees have increased as a result of the expansion of the agency network.

11 OTHER INCOME AND OTHER EXPENSES

in CHF 000	2019	2018
Lease income	27 442	47 204
Gain on derecognition of right-of-use asset subject to finance lease	434	0
Gain from disposal of non-current assets	279	962
Other income	4 605	6 371
Total other income	**32 759**	**54 536**

Lease income from franchisees, previously reported in revenue is now presented as other income. Lease income in the prior period of CHF 47.2 million was reclassified accordingly. The reduction in lease income is due to the classification of subleases as finance leases under IFRS 16 on 1 January 2019 (see note 3 and 22).

Other income essentially relates to the derecognition of other non-current liabilities, reimbursements and payments received from insurance companies.

in CHF 000	2019	2018
Loss on finance lease	– 193	0
Selling loss from the disposal of non-current assets	– 1 218	– 1 501
Other expenses	– 1 248	– 675
Total other expenses	**– 2 659**	**– 2 176**

12 FINANCIAL EXPENSE

in CHF 000	2019	2018
Interest expenses on bank loans and liabilities	6 919	7 639
Interest on bond	0	1 146
Interest expense on lease liabilities	15 107	0
Foreign exchange losses, net	1 178	1 630
Total financial expense	**23 205**	**10 416**

13 FINANCIAL INCOME

in CHF 000	2019	2018
Interest income from cash and cash equivalents, loans and receivables	187	329
Interest income from lease receivables	1 685	0
Interest income from financial leases (IAS 17)	0	127
Dividend income from other non-current financial assets	35	142
Total financial income	**1 908**	**598**

14 INCOME TAXES

Income tax is broken down as follows:

in CHF 000	2019	2018
Current income tax	6 629	3 388
Deferred income tax	– 10 068	12 513
Total tax (income) / expenses	**– 3 440**	**15 901**

The reconciliation of income taxes at the expected Group tax rate with the reported income tax can be reconciled as follows:

in CHF 000	**2019**	2018
Earnings before income taxes	70 161	80 000
Expected average Group tax rate	20.2%	18.8%
Income taxes at the expected Group tax rate	**14 151**	**15 040**
Expenses not recognised for tax purposes / non-taxable income	3 039	2 201
Utilisation of previously unrecognised tax loss carryforwards	–3 553	–2 701
Effects on current income taxes from prior periods	–2 350	–163
Recognition of valuation allowances for deferred tax assets	2 616	2 232
Reversal of valuation allowances for deferred tax assets	–286	–1 273
Intragroup transfer of assets	–17 382	0
Changes in tax rates	–571	115
Other effects	896	450
Total reported income taxes	**–3 440**	**15 901**
Effective tax rate	–4.9%	19.9%

In calculating the expected Group tax rate, the individual tax rates for the taxable entities are taken into account on a weighted basis. Compared to the previous year, the expected average Group tax rate increased due to the changed composition of the earnings before income tax of the operational companies.

The effective tax rate decreased significantly due to a one-time effect from an intragroup transfer of assets, which resulted in a change in tax base.

The change in deferred income taxes is as follows:

Change in deferred tax assets / liabilities

in CHF 000	**Deferred tax assets**	**Deferred tax liabilities**	**Net assets / (net liabilities)**
Balance on 31 December 2017	**15 474**	**–7 166**	**8 309**
Deferred taxes recognised in the income statement	–7 042	–5 471	–12 513
Deferred taxes recognised in other comprehensive income	0	213	213
Currency translation differences	–858	567	–291
Offsetting	2 637	–2 637	0
Balance on 31 December 2018	**10 212**	**–14 495**	**–4 282**
Effect of initial application of IFRS 16	895	0	895
Balance on 1 January 2019	**11 106**	**–14 495**	**–3 387**
Deferred taxes recognised in the income statement	4 348	5 641	9 989
Deferred taxes recognised in other comprehensive income	0	401	401
Currency translation differences	–645	433	–212
Offsetting	3 029	–3 029	0
Balance on 31 December 2019	**17 838**	**–11 049**	**6 791**

The deferred tax assets and liabilities recognised in the balance sheet are as follows:

Deferred tax assets by origin of the difference	**2019**	2018
in CHF 000		
Current assets	922	1 180
Property, plant and equipment	1 078	422
Goodwill, software and other intangible assets	11 122	4 573
Non-current lease receivables	89	0
Current lease liabilities	28 332	0
Non-current lease liabilities	203 371	0
Other liabilities	1 576	1 635
Tax loss carryforwards	14 639	17 411
Total	**261 130**	**25 221**
Deferred tax liabilities by origin of the difference		
Current assets	–5 208	–5 239
Current lease receivables	–3 332	0
Property, plant and equipment	–34 393	–2 858
Right-of-use assets	–168 009	0
Goodwill, software and other intangible assets	–18 930	–20 215
Non-current lease receivables	–8 611	0
Other liabilities	–15 856	–1 192
Total	**–254 340**	**–29 504**
Reported in the balance sheet		
Deferred tax assets	17 838	10 212
Deferred tax liabilities	–11 049	–14 495
Total deferred tax assets, net	**6 791**	**–4 282**

Tax loss carryforwards total to an amount of CHF 388.8 million (2018: CHF 431.0 million). Utilisation of CHF 304.3 million (2018: CHF 313.1 million) of these tax losses is not considered probable and therefore no deferred taxes have been recognised. The predominant part of these tax loss carryforwards does not expire or has its expiration date in more than 5 years.

Deferred tax liabilities are not recognised to the extent that, Valora Holding AG as the parent company, is able to control the timing of the reversal of temporary differences and it is not probable that these differences will reverse in the foreseeable future (e.g. through the sale of the investment). Since a reversal is not expected at present, no deferred tax liabilities are recognised for the outside basis difference.

15 EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit attributable to the shareholders of Valora Holding AG by the weighted average number of outstanding shares.

in CHF 000	**2019**	2018
Net profit from continuing operations	73 601	64 099
Coupon attributable to providers of hybrid capital	0	–4 000
Net profit from continuing operations attributable to Valora Holding AG shareholders	73 601	60 099
Net profit/(loss) from discontinued operations	100	–5 120
Net profit from continuing and discontinued operations attributable to Valora Holding AG shareholders	**73 701**	**54 979**
Average number of outstanding shares	3 940 440	3 932 706
Earnings per share from continuing operations (in CHF)	18.68	15.28
Earnings per share from continuing operations and discontinued operations (in CHF)	**18.70**	**13.98**

In 2019 and 2018 there were no dilutive effects.

16 CASH AND CASH EQUIVALENTS

in CHF 000	**2019**	2018
Cash on hand and sight deposits	122 651	104 776
Total cash and cash equivalents	**122 651**	**104 776**
of which restricted cash	6 060	2 616

Valora places significant sight deposits with banks that have a good credit rating (Standard & Poor's rating of A and higher) or with banks that are considered system-relevant. Under IFRS 9, demand deposits are measured at amortised cost.

17 TRADE ACCOUNTS RECEIVABLE

in CHF 000	**2019**	2018
Trade accounts receivable, gross	81 189	83 542
Allowance for expected credit loss	–4 109	–3 308
Total trade accounts receivable, net	**77 080**	**80 235**

Trade receivables are non-interest bearing.

The following table shows the change in loss allowances for trade accounts receivable:

in CHF 000	**2019**	2018
Balance on 1 January	**3 308**	**2 964**
Recognition of loss allowances through profit or loss	2 596	2 339
Reversal of loss allowances through profit or loss	– 692	– 1 410
Utilisation of loss allowances	– 762	– 125
Currency translation differences	– 341	– 460
Balance on 31 December	**4 109**	**3 308**

The trade receivables have been impaired by using a provision matrix. The calculation of the expected credit loss allowance is based on the amount of overdue trade receivables and the relevant percentages for the respective category.

Total impairments (including reversals of impairment losses) determined in accordance with IFRS 9 amounted to CHF 2.7 million. Impairment losses were charged to trade accounts receivables and other current receivables.

As of the balance sheet date, the ageing structure of trade accounts receivable is as follows:

in CHF 000	**2019**	2018
Not yet due	63 855	68 573
Less than one month overdue	9 644	8 059
More than one month, but less than two months overdue	1 260	1 422
More than two months, but less than four months overdue	1 150	695
More than four months overdue	1 172	1 485
Total trade accounts receivable, net	**77 080**	**80 235**

The payment terms for trade receivables are 30 to 90 days. The underlying contracts have no significant financing components and the amount of the consideration is essentially not determined on the basis of variable external factors. No significant components are based on estimates.

The Group considers trade accounts receivable in default when internal or external information indicates that it is unlikely to receive the outstanding contractual amount in full. The impairment loss is recognised taking into account any existing collaterals for this contractual amount.

Under IFRS 9 trade accounts receivable were allocated to different clusters. The expected credit losses on trade accounts receivable not yet due and less than one month overdue were derived from the credit rating of these clusters (0.3 % to 1.3 % of the relevant outstanding amount). Additional expected credit losses were recognised depending on the expected default rate of the ageing bucket of the outstanding amount (more than one month but less than two months overdue: 1.3 % to 2.3 %; more than two months but less than four months overdue: 33 %; more than four months overdue: 66 %). All rates are unchanged to the prior period.

The trade accounts receivable, net, are in the following currencies:

in CHF 000	**2019**	2018
CHF	33 627	42 082
EUR	41 985	37 172
USD	1 468	982
Total trade accounts receivable, net	**77 080**	**80 235**

18 INVENTORIES

in CHF 000	**2019**	2018
Merchandise	134 178	137 252
Semi-finished and finished products	6 169	5 305
Other inventories	3 046	3 028
Total inventories	**143 393**	**145 585**

During the financial year, write-downs on inventories of CHF 9.2 million (2018: CHF 6.5 million) were charged to the cost of goods and materials.

19 OTHER CURRENT RECEIVABLES

in CHF 000	**2019**	2018
Value-added taxes and withholding tax receivables	1 001	1 195
Prepaid expenses and accrued income	35 751	30 804
Other receivables	28 883	23 939
Total other current receivables	**65 635**	**55 938**

In particular, other receivables include claims for reimbursement of costs as well as receivables due from social security and insurance companies.

All other receivables measured at amortised cost had good credit ratings (stage 1). The default risk, which in this case is derived from the credit rating, is not material.

20 PROPERTY, PLANT AND EQUIPMENT

in CHF 000	Land	Building	Machinery and equipment	Projects in progress	Total
Acquisition costs					
Balance on 31 December 2017	**8 514**	**35 297**	**463 135**	**8 433**	**515 379**
Consolidation scope additions	0	0	474	0	474
Additions	239	1 811	26 757	34 627	63 434
Disposals	0	0	–20 077	–416	–20 493
Reclassifications	0	131	19 634	–19 766	–0
Currency translation differences	–152	–628	–7 238	–533	–8 551
Balance on 31 December 2018	**8 601**	**36 612**	**482 684**	**22 345**	**550 242**
Consolidation scope additions	0	0	658	0	658
Additions	0	19 969	49 439	18 079	87 487
Disposals	0	0	–21 934	–92	–22 027
Reclassifications	0	1 675	12 146	–13 820	0
Currency translation differences	–150	–1 125	–7 524	–704	–9 504
Balance on 31 December 2019	**8 451**	**57 129**	**515 468**	**25 808**	**606 857**
Accumulated depreciation / impairments					
Balance on 31 December 2017	**0**	**–9 689**	**–277 796**	**0**	**–287 485**
Additions	0	–1 751	–42 739	0	–44 490
Impairments	0	0	–3 688	0	–3 688
Disposals	0	0	17 300	0	17 300
Currency translation differences	0	137	3 381	0	3 519
Balance on 31 December 2018	**0**	**–11 303**	**–303 541**	**0**	**–314 844**
Additions	0	–2 029	–42 896	0	–44 925
Impairments	0	0	–3 405	0	–3 405
Disposals	0	0	20 470	0	20 470
Currency translation differences	0	156	3 616	0	3 772
Balance on 31 December 2019	**0**	**–13 175**	**–325 757**	**0**	**–338 932**
Carrying amount					
On 31 December 2018	8 601	25 309	179 143	22 345	235 398
On 31 December 2019	**8 451**	**43 954**	**189 711**	**25 808**	**267 924**

Impairments on machinery and equipment mainly relate to point-of-sale equipment in both years.

A small portion of machinery and equipment is subject to operating leasing.

21 VALORA AS A LESSEE

A) LEASE ACTIVITIES

Sales outlets. Valora holds around 2 800 lease contracts, mainly for sales outlets, comprising both fixed and variable sales-based lease payments. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are typically made for a fixed period of 5–10 years and may include extension and termination options which provide operational flexibility.

Vehicles leases. The Group leases cars for management and sales functions. The average lease term is 3–4 years.

Other leases. The Group does not lease machinery and equipment, furniture or other equipment that combined are significant to the total leased asset portfolio.

B) RIGHT-OF-USE ASSETS

in CHF 000	Right-of-use assets sales outlets	Right-of-use assets vehicles	Total right-of-use assets
At cost			
Balance on 1 January 2019	**541 053**	**1 724**	**542 777**
Additions	619 073	1 565	620 638
Disposals and derecognitions	–75 923	–160	–76 083
Currency translation differences	–12 415	–61	–12 477
Balance on 31 December 2019	**1 071 788**	**3 068**	**1 074 856**
Accumulated depreciation / impairment			
Balance on 31 December 2018	**0**	**0**	**0**
Additions	–139 642	–1 117	–140 759
Impairments	–424	0	–424
Disposals	4 041	15	4 056
Currency translation differences	1 251	18	1 269
Balance on 31 December 2019	**–134 774**	**–1 084**	**–135 858**
Carrying amount			
Balance on 31 December 2019	**937 014**	**1 984**	**938 997**

The significant increase in the right-of-use assets is mainly attributable to the renewal of 231 existing and the conclusion of 31 new rental agreements with the Swiss Federal Railways. The lease term for the sales outlets is 10 years.

C) LEASE LIABILITIES

in CHF 000	2019
Balance on 1 January 2019	**619 406**
Additions	602 781
Interest on lease liabilities	15 107
Lease payments (including interest payments)	– 157 795
Early termination of contracts	– 16 533
Currency translation differences	– 14 727
Balance on 31 December 2019	**1 048 240**
Thereof current portion	160 749
Thereof non-current portion	887 491

Maturity analysis - contractual undiscounted cash flows

in CHF 000	2019
Within one year	179 292
Within 1 – 5 years	568 233
More than 5 years	384 893
Total undiscounted lease liabilities	**1 132 418**
Effect of discounting	– 84 178
Total lease liabilities included in the balance sheet	**1 048 240**

Variable lease payments based on sales. Some leases of sales outlets contain variable lease payments that are based on sales generated from the store. Variable payment terms are used to link rental payments to store cash flows and minimise fixed costs. Fixed and variable lease payments by segment for the period ended 31 December 2019 are summarised below.

Segment	No. of Leases	Fixed lease payments	Variable lease payments	Total	Estimated impact on total rent of a 3% increase in sales
Retail	2 222	119 599	13 731	133 330	6 446
Food Service	652	50 772	9 651	60 423	1 469
Other	2	2 704	0	2 704	0
Total	**2 876**	**173 075**	**23 382**	**196 457**	**7 915**

The Group expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

A 3% increase in sales across all stores in the Group would be expected to increase total lease payments by approximately CHF 7.9 million.

Extension options. Some leases of sales outlets contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, Valora seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by Valora and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options.

The impact of exercised extension options in 2019 amounted to CHF 22.6 million. The table below shows the potential future lease payments due to exercised extension options.

Segment	Number of leases with options due to excercise in the current year	Total lease liability due to extension options in the current year	Number of extention options recognised in the current year	Total lease liability recognised due to extension options in the current year (NPV)	Number of leases with extension options due in future periods	Total lease liability due to extension options in future periods (NPV)
Retail	104	17031	54	10803	385	83094
Food Service	57	20036	32	11846	430	142595
Other	0	0	0	0	1	22621
Total	**161**	**37067**	**86**	**22649**	**816**	**248310**

If Valora exercised all extension options not currently included in the lease liabilities, the additional payments would amount to CHF 248.3 million at 31 December 2019.

D) OTHER DISCLOSURES

Lease expenses not included in lease liabilities:

in CHF 000	**2019**
Variable lease payments	23382
Lease expenses short term leases	13738
Lease expenses low value assets	555
Total lease expenses presented within operating expenses	**37675**

in CHF million	**2019**
Interest expense on lease liabilities	15107
Total cash outflow for leases	195470
Lease commitment for short-term leases	6696

The lease commitments for leases not commenced at year-end amount to CHF 95 million and relate to concluded contracts for new rental spaces with Swiss Federal Railways.

22 VALORA AS A LESSOR

A) LEASE RECEIVABLES

in CHF 000	2019
Balance on 1 January 2019	**71 598**
Additions	56 678
Interest on lease receivables	1 685
Repayments (including interest payments)	–16 209
Impairment charge	0
Early termination of contracts	–18 795
Currency translation differences	–3 343
Balance on 31 December 2019	**91 613**
Thereof current portion	23 407
Thereof non-current portion	68 207

Additions and early termination of contracts are mainly due to changes from own outlets to franchisees during the year. The increase in lease receivables is the result of the increased number of franchisees.

Maturity analysis of lease payment receivable

in CHF 000	2019
Within one year	25 024
Within 1–2 years	20 781
Within 2–3 years	17 502
Within 3–4 years	13 579
Within 4–5 years	9 583
After more than 5 years	10 154
Total undiscounted lease payments to be received	**96 624**
Unearned finance income	–5 011
Total lease receivables	**91 613**

B) OPERATING LEASES

Subleases not qualifying as finance lease. Subleases are classified as operating lease when not substantially all of the risks and rewards of ownership are transferred.

The following table shows the future minimum lease payments under non-cancellable operating subleases as at 31 December:

Payments from operating subleases in CHF 000	**2019**
Income from subleases recognised during the reporting period	16 858
Due dates of future payments	
Within one year	6 539
Within 1 – 2 years	4 349
Within 2 – 3 years	3 137
Within 3 – 4 years	2 387
Within 4 – 5 years	1 141
After more than 5 years	1 128
Total undiscounted payments to be received	**18 682**

Other operating leases. The Group leases out some facilities, machinery and equipment to franchisees predominantly in Germany. These leases have been classified as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table shows the undiscounted lease payments to be received after the reporting date.

Payments from other operating leases in CHF 000	**2019**	2018
Income recognised during the reporting period	10 584	6 376
Due dates of future payments		
Within one year	8 274	4 810
Within 1 – 2 years	6 638	3 865
Within 2 – 3 years	5 781	3 177
Within 3 – 4 years	4 887	2 600
Within 4 – 5 years	3 829	2 027
After more than 5 years	5 158	3 114
Total undiscounted future payments from other operating leases	**34 567**	**19 593**

C) OTHER DISCLOSURES

The Group has a finance income on lease receivables of CHF 1.7 million.
Selling profit or loss resulting from sublease arrangements is disclosed in other income or expense.

23 GOODWILL, SOFTWARE AND OTHER INTANGIBLE ASSETS

in CHF 000	Goodwill	Intangible assets with indefinite useful lives	Software and intangible assets with finite useful lives	Projects in progress	Total
Acquisition costs					
Balance on 31 December 2017	**560 824**	**47 986**	**209 666**	**4 744**	**823 220**
Additions to the scope of consolidation	0	0	3 349	0	3 349
Additions	0	0	2 433	4 972	7 404
Disposals	0	0	– 1 253	– 5	– 1 258
Reclassifications	0	0	4 028	– 4 028	0
Currency translation differences	– 14 619	– 918	– 4 473	– 126	– 20 135
Balance on 31 December 2018	**546 205**	**47 068**	**213 750**	**5 557**	**812 580**
Additions to the scope of consolidation	2 677	0	0	0	2 677
Additions	0	0	2 997	4 058	7 054
Disposals	0	0	– 405	– 7	– 412
Reclassifications	0	0	1 910	– 1 910	0
Currency translation differences	– 13 121	– 819	– 4 083	– 138	– 18 162
Balance on 31 December 2019	**535 761**	**46 249**	**214 169**	**7 560**	**803 738**
Accumulated amortisation / impairments					
Balance on 31 December 2017	**– 1 285**	**0**	**– 114 086**	**0**	**– 115 371**
Additions	0	0	– 17 607	0	– 17 607
Impairments	0	0	– 437	0	– 437
Disposals	0	0	852	0	852
Currency translation differences	49	0	1 478	0	1 527
Balance on 31 December 2018	**– 1 236**	**0**	**– 129 800**	**0**	**– 131 036**
Additions	0	0	– 17 595	0	– 17 595
Impairments	0	0	– 52	0	– 52
Disposals	0	0	306	0	306
Currency translation differences	44	0	1 756	0	1 800
Balance on 31 December 2019	**– 1 192**	**0**	**– 145 385**	**0**	**– 146 577**
Carrying amount					
On 31 December 2018	544 969	47 068	83 950	5 557	681 544
On 31 December 2019	**534 569**	**46 249**	**68 784**	**7 560**	**657 162**

Intangible assets with indefinite useful lives. The intangible assets with indefinite useful lives include the brands Ditsch (CHF 22.2 million) and Brezelkönig (CHF 24.0 million). The trademarks were tested for impairment by calculating the value in use of the cash-generating unit Food Service Europe. The revenues used in this calculation are based on three-year business plans. A long term growth rate of 0.2% was assumed (2018: 1.0%). The pre-tax discount rates applied are 7.4% for Ditsch and 5.7% for Brezelkönig (2018: 6.7% and 5.2% respectively).

Software and intangible assets with finite useful lives. Software and intangible assets with finite useful lives include CHF 9.7 million (2018: CHF 11.8 million) for software and CHF 59.1 million (2018: CHF 72.2 million) for intangible assets with finite useful lives, of which CHF 9.6 million (2018: CHF 13.6 million) relate to Ditsch / Brezelkönig customer relationships and CHF 43.1 million (2018: CHF 49.6 million) to BackWerk franchise contracts.

Goodwill impairment test. Goodwill is allocated to the following cash-generating units:

Cash-generating units in CHF 000	**2019**	2018
Valora Retail Switzerland	53 730	53 730
Valora Retail Germany	87 909	91 143
Food Service Europe	389 620	396 733
Ditsch USA	3 311	3 364
Total carrying amount as at 31 December	**534 569**	**544 969**

Goodwill is tested for impairment based on the estimated future free cash flows (DCF method) taken from the respective business plan of the cash-generating units. These business plans were approved by the Board of Directors and reflect the management's assumptions. For cash flows arising after this period a terminal value derived from the third planning year is used. The following key assumptions were used:

Cash-generating units in CHF 000	Planning horizon [1]	long-term growth rate 2019[2]	long-term growth rate 2018[2]	Net revenues	Margin trend
Valora Retail Switzerland	3 years	0%	0%	rising slightly	falling slightly
Valora Retail Germany	3 years	0%	0%	falling	rising
Food Service Europe	3 years	0.35%	1%	rising	rising
Ditsch USA	3 years	2%	2%	rising	stable

[1] Except for Ditsch USA with a planing horizon of 3 years (prior period 5 years), planning horizon is unchanged.
[2] Beyond the planning horizon

The discount rates are set based on the Group's weighted cost of capital, reflecting country and currency-specific risks affecting the cash flows.

The following (pre-tax) discount rates were used:

in CHF 000	Currency	2019	2018
Valora Retail Switzerland	CHF	6.0 %	5.7 %
Valora Retail Germany	EUR	7.6 %	7.0 %
Food Service Europe	EUR	6.7 %	6.1 %
Ditsch USA	USD	10.4 %	11.0 %

No impairments were charged to the income statement in 2019 and 2018.

Sensitivities. For all goodwill items, the impairment tests for 2019 show that even in the event of an increase in the discount rate of 1.5 percentage points, which is considered to be reasonably possible, or assuming revenues are 5 % lower, all resulting values in use exceed the carrying amounts.

24 FINANCIAL ASSETS

in CHF 000	2019	2018
Loans	4 112	5 080
Other non-current receivables	5 468	5 044
Other non-current financial assets	649	649
Total financial assets	**10 229**	**10 773**

The comparative period included in other non-current receivables a usage right from the sale of the property in Muttenz in the year 2012, which was sold in 2019. Other non-current financial assets comprise unlisted equity securities measured at fair value through profit or loss.

25 CURRENT FINANCIAL LIABILITIES AND OTHER NON-CURRENT LIABILITIES

Current financial liabilities in CHF 000	**2019**	2018
Current bank debt and current portion of long-term debt	153	185 133
Total current financial liabilities	**153**	**185 133**

Other non-current liabilities in CHF 000	**2019**	2018
Promissory notes	433 644	271 976
Other non-current liabilities	13 563	12 426
Total other non-current liabilities	**447 207**	**284 402**

The syndicated loan facility of CHF 50 million is currently not being utilised.

On 11 January 2019 Valora refinanced a maturing EUR promissory note and the CHF hybrid bond with a five-year term EUR 100 million promissory note and an additional tranche of CHF 63 million.

Other non-current liabilities include financial liabilities (mainly deposits) in the amount of TCHF 9 733 (2018: TCHF 6 245) and other liabilities (jubilee benefits and others) in the amount of TCHF 3 830 (2018: TCHF 6 181). As at the initial application of IFRS 16, a provision for onerous contracts presented under other non-current liabilities in the amount of CHF 2.1 million was offset against right-of-use assets (Note 3).

Maturities at year end are as follows in CHF 000	**2019**	2018
Within one year	153	185 133
Within 1 – 2 years	78 147	1 398
Within 2 – 3 years	1 121	82 345
Within 3 – 4 years	185 680	1 172
Within 4 – 5 years	172 429	192 128
After more than 5 years	6 000	1 178
Total financial liabilities	**443 530**	**463 354**
Current portion of financial liabilities	– 153	– 185 133
Total non-current portion of financial liabilities	**443 377**	**278 221**

The interest rates on financial liabilities ranged between 0.0 % and 3.0 % (2018: between 0.1 % and 3.0 %). The weighted average interest rate on financial liabilities was 1.4 % (2018: 1.9 %). Non-current financial liabilities are denominated in the following currencies:

in CHF 000	**2019**	2018
CHF	63 698	691
EUR	375 874	277 530
USD	3 806	0
Total non-current financial liabilities	**443 377**	**278 221**
Other non-current liabilities	3 830	6 181
Total other non-current liabilities	**447 207**	**284 402**

Financing activities in CHF 000	Current bank debt	Current portion of long-term debt	Current bonds	Current portion of lease liabilities	**Total current financial liabilities**	Promissory notes	Other non-current financial liabilities	Non-current portion of lease liabilities	**Total non-current financial liabilities**
Balance on 31 December 2017	**15 769**	**901**	**199 990**	**0**	**216 660**	**175 421**	**6 550**	**0**	**181 971**
Financing cash inflow	77 709	0	0	0	77 709	201 078	185	0	201 263
Financing cash outflow	0	0	–200 000	0	–200 000	0	–268	0	–268
Reclass	0	87 667	0	0	87 667	–87 766	0	0	–87 766
Non-cash transactions	0	–503	10	0	–493	221	0	0	221
Currency translation differences	3 615	–26	0	0	3 589	–16 978	–222	0	–17 200
Balance on 31 December 2018	**97 093**	**88 040**	**0**	**0**	**185 133**	**271 976**	**6 245**	**0**	**278 221**
Effect of initial application of IFRS 16	0	0	0	0	0	0	0	619 406	619 406
IFRS 16 additions					0			617 888	617 888
Financing cash inflow	0	0	0	0	0	175 279	4 514	0	179 793
Financing cash outflow	–94 439	–90 255	0	–157 795	–342 490	0	–725	0	–725
Reclass	0	0	0	320 363	320 363	0	0	–320 363	–320 363
Non-cash transactions	0	124	0	0	124	240	0	–16 533	–16 293
Currency translation differences	–2 501	2 092	0	–1 818	–2 227	–13 851	–301	–12 909	–27 061
Balance on 31 December 2019	**153**	**0**	**0**	**160 749**	**160 903**	**433 644**	**9 733**	**887 491**	**1 330 868**

26 TRADE ACCOUNTS PAYABLE

Trade accounts payable are denominated in the following currencies:

in CHF 000	**2019**	2018
CHF	99 872	92 398
EUR	43 771	43 786
Other	1 744	362
Total trade accounts payable	**145 387**	**136 546**

27 OTHER CURRENT LIABILITIES

in CHF 000	**2019**	2018
Value-added tax and other taxes	3 852	3 985
Personnel and social security	1 892	1 302
Accruals for overtime, vacation and variable salary components	7 838	6 162
Liabilities to pension funds	1 021	1 021
Accrued expenses and prepaid income	49 288	44 748
Liabilities for investments in property, plant and equipment	13 815	5 860
Other current liabilities	26 762	21 521
Total other current liabilities	**104 469**	**84 599**

Accrued expenses primarily include accruals for agency fees, goods and services purchased as well as accrued interest. Other current liabilities mainly comprise liabilities in regard to variable lease payments and ancillary lease costs.

28 PENSION OBLIGATIONS

In line with statutory requirements, most employees are insured by pension schemes that are funded by the Valora Group and its employees. These institutions include state or self-funded insurance, private insurance companies, independent foundations and pension funds. The benefits provided by these institutions vary according to the legal and economic conditions in each country, but they are mainly based on length of service and the employee's average salary and they generally cover the risks of old age, death and disability in line with statutory provisions on occupational benefits.

Most Valora employees in Switzerland are insured by the autonomous Valora pension fund against the risks of old age, death and disability. Ordinary employer contributions include age-related risk premiums of 1.0–3.0% as well as savings contributions of 4.0–12.0% of the insured salary in credits to individual saving accounts. Benefits are defined in the pension fund regulations of the Valora Pension Fund, with minimum benefits defined by law. The ordinary retirement age is 65 for men and 64 for women. After they turn 58, Valora employees have the right to early retirement, with the conversion rate being reduced in line with the longer expected pension period. The amount of the pension that is paid out is based on the conversion rate applied to the individual beneficiary's accumulated saving accounts when they retire. For ordinary retirement after reaching age 65 or 64, the conversion rate is currently 6.00% (2018: 6.20%). The conversion rate will be reduced by 0.30% to 5.70% in 2020. The accumulated saving accounts are made up of savings contributions from employers and employees as well as interest credited to the saving accounts. The interest rate is set annually by the Board of Trustees of the Valora Pension Fund. The legal form of the Valora Pension Fund is a foundation. The Board of Trustees, which is comprised of an equal number of employer and employee representatives, is responsible for managing the foundation. The duties of the Board of Trustees are defined in the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (BVG) and the pension fund regulations of the Valora Pension Fund. A temporary shortfall is permitted under the BVG. In order to remedy a shortfall within a reasonable period of time, the Board of Trustees is obliged to initiate remedial measures. If there is a significant shortfall, additional employer and employee contributions may be imposed under the BVG.

Day-to-day business is managed by the plan administrator under the supervision of the Board of Trustees. The plan administrator periodically informs the Board of Trustees about developments. The foundation bears all actuarial risks. These are divided into demographic (in particular, changes in mortality) and financial risks (in particular, changes to the discount rate, changes to wages and the return on plan assets). The Board of Trustees assesses the risks on a regular basis. To this end, an actuarial report is prepared once a year in accordance with the provisions of the BVG. This report is not prepared using the projected unit credit method. The Board of Trustees is responsible for investments. If necessary, it redefines the investment strategy, particularly in the event of significant changes on the market or to the structure of plan participants. The investment strategy takes account of the foundation's risk capacity as well as the plan's benefit obligations and is set out in the form of a target long-term asset structure (investment policy). The aim is to achieve a medium- and long-term balance of plan assets and obligations under the pension plan.

The last actuarial evaluation was prepared as at 31 December 2019. The assets of the pension schemes are invested in accordance with local investment regulations. Valora pays its contributions to pension schemes on the basis of the rules specified by the pension scheme.

Other employees in Germany and Austria are also insured by various, smaller unfunded pension plans.

Change in liabilities and assets in CHF 000	**2019**	2018
Present value of defined benefit obligation at the beginning of the year	487 870	516 717
Service cost	6 463	6 738
Employee contributions	4 680	4 903
Interest costs	2 559	2 799
Plan amendments, curtailments, settlements	–9 998	–8 839
Additions to the scope of consolidation	2 136	4 236
Benefits paid	–31 590	–29 029
Actuarial losses / (gains) from obligations	30 214	–9 644
Currency translation differences	–8	–11
Present value of defined benefit obligation at year-end	**492 325**	**487 870**
Market value of pension assets at the beginning of the year	558 878	577 568
Interest income	2 929	3 130
Employer contributions	6 363	6 963
Employee contributions	4 680	4 903
Plan amendments, curtailments, settlements	–7 177	–7 210
Additions to the scope of consolidation	2 060	4 141
Benefits paid	–31 538	–29 001
Actuarial (losses) / gains from assets	37 477	–828
Other pension costs	–715	–788
Market value of pension assets at year-end	**572 957**	**558 878**

The pension assets calculated at fair value all relate to the Swiss pension schemes. The Group expects to pay employer contributions of CHF 6.9 million in 2020.

Balance sheet values in CHF 000	**2019**	2018
Present value of funded pension obligations	–492 110	–487 596
Fair value of pension assets	572 957	558 878
Excess/(shortfall) of fund-financed plans	**80 847**	**71 282**
Asset ceiling effect	–80 847	–71 282
Present value of unfunded pension obligations	–215	–274
Total net pension obligation	**–215**	**–274**

The weighted average duration of the defined benefit obligation is 12.7 years (2018: 12.4 years).

The net pension obligation developed as follows:

in CHF 000	**2019**	2018
1 January	–274	–307
Additions to the scope of consolidation	–76	–95
Pension expense, net in profit or loss	–4 359	–5 902
Employer contributions	6 415	6 991
Actuarial losses in other comprehensive income	–1 930	–972
Currency translation differences	8	11
31 December	**–215**	**–274**

Income statement in CHF 000	**2019**	2018
Service cost	–6 463	–6 738
Interest costs	–2 559	–2 799
Plan amendments, curtailments, settlements	2 821	1 629
Interest on effect of asset ceiling	–372	–336
Interest income	2 929	3 130
Other pension costs	–715	–788
Actuarial net pension expense	**–4 359**	**–5 902**

Income from plan amendments in the amount of CHF 2.8 million are primarily due to the reduction in the conversion rate.

Actuarial gains / losses in CHF 000	**2019**	2018
Changes in financial assumptions	–30 033	16 463
Experience adjustment on defined benefit obligation	–257	–6 914
Gain on pension assets (excluding interest based on the discount rate)	37 477	–828
Asset ceiling effect	–9 193	–9 788
Actuarial losses of the period	**–2 006**	**–1 067**

Total actuarial gains / losses recognised in other comprehensive income in CHF 000	**2019**	2018
1 January	–91 758	–90 904
Actuarial losses	–2 006	–1 067
Deferred taxes	401	213
31 December	**–93 363**	**–91 758**

Significant actuarial assumptions in CHF 000	**2019**	2018
Discount rate (Switzerland only)	0.20 %	0.75 %
Future salary increases (Switzerland only)	1.00 %	1.00 %

Calculations in Switzerland were carried out using the BVG 2015 mortality table (generation table).

Sensitivity analysis in CHF 000	**2019**	2018
Discount rate (+0.25 %)	–15 027	–13 622
Discount rate (–0.25 %)	13 954	12 915
Change in salaries (+0.50 %)	648	631
Change in salaries (–0.50 %)	–674	–630

Only one of the assumptions is adjusted in the analysis while all other parameters remain unchanged.

Asset allocation in CHF 000	**2019**	2018
Cash and cash equivalents	5.30 %	5.70 %
Bonds	31.80 %	32.90 %
Equities	29.00 %	27.10 %
Real estate	30.50 %	31.30 %
Other	3.40 %	3.00 %
Total	**100.00 %**	**100.00 %**

With the exception of real estate and cash and cash equivalents, all assets have quoted prices in active markets.

The effective income from plan assets is CHF 39.7 million (2018: CHF 1.5 million). The effective return for 2019 was 7.1 % (2018: 0.3 %). The pension schemes do not hold any Valora Holding AG securities and do not let significant portions of their real estate to the Valora Group.

29 SHARE-BASED REMUNERATION

The following share-based remuneration programmes are available for the Board of Directors, management and employees:

Share participation programme for the Board of Directors. Generally, 20 % of the individual total compensation of members of the Board of Directors is paid out in blocked registered shares. In justified cases, the Board of Directors may decide to pay a higher or lower percentage of the total compensation in shares. The shares are generally subject to a blocking period of three years. The shares remain in a Valora securities account during the blocking period. Board members are prohibited from selling, pledging or otherwise transferring the shares. After the end of the blocking period, members can freely dispose of the shares.

During the reporting year, the members of the Board of Directors received 20 % of their total compensation in shares in the quarter following the Ordinary General Meeting.

Share participation programme (SPP) for Group Executive Management. The share participation programme (SPP) for members of Group Executive Management and selected members of Extended Group Executive Management ended on 31 December 2018.

Under the SPP, shares were granted as a component of compensation in accordance with the relevant employment contract. Participants received shares of Valora Holding AG with all shareholder rights but subject to a three-year lock-up period (post-vesting transfer restriction). The allocation of shares was not subject to any service conditions. The fair value of the compensation was the share price on the grant date multiplied by the number of allocated shares.

An amount of CHF 2.1 million was recognised as expense in the prior year.

Long term incentive plan (LTIP) for Group Executive Management. With effect from 1 January 2019 a long-term incentive plan was introduced which is a performance share unit plan. PSUs granted in 2019 were subject to a service period ending on 31 December 2019 and are converted into Valora shares after a two year period ending 2021, which is then followed by a further two year blocking period during which transfer restrictions apply. The number of shares that the plan participants will eventually receive is determined by multiplying the PSUs that vested on 31 December 2019 with a conversion multiple. This multiple is based on the achievement of performance targets related to the Group's return on capital employed ("ROCE") and earnings per Share ("EPS"), equally weighted at 50%, over the performance period 2019 to 2021. The fair value per PSU reflects Valora's share price at the grant date and the probability of goal achievement. In the current year for the Group Executive Management 4,815 PSUs were granted at a fair value of CHF 270.45. In 2019, CHF 1.4 million personnel expense was recognised in the income statement.

Share participation programme for employees. Employees in Switzerland (members of Group Executive Management are excluded from the programme) are entitled to acquire shares of Valora Holding AG at a preferential price at the beginning of the following year based on certain criteria and function / management level. The price is 60% of the average market price in November of the previous year. The shares are acquired with all rights, but subject to a blocking period of three years.

The proceeds of these sales to employees are credited directly to equity.

Recognised personnel expense for share-based remuneration for personnel and the Board of Directors in CHF 000	**2019**	2018
Expenses for Valora Group employees and management share participation plans (equity settled)	2 664	3 187
Total expense recognised for share-based remuneration	**2 664**	**3 187**

30 CONTINGENT LIABILITIES AND OTHER OBLIGATIONS

Contingent liabilities in CHF 000	**2019**	2018
Guarantees	4 786	6 255
Total contingent liabilities	**4 786**	**6 255**

Future obligations from other agreements

in CHF 000	**2019**	2018
Due dates of future obligations from other agreements		
Within one year	34 033	23 780
Within 1 – 2 years	5 313	7 374
Within 2 – 3 years	4 769	5 608
Within 3 – 4 years	3 596	5 350
Within 4 – 5 years	2 700	4 428
After more than 5 years	984	3 321
Total future obligations from other agreements	**51 395**	**49 861**

The future obligations from other agreements relate to commodity contracts and IT outsourcing agreements.

31 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

By virtue of the nature of its business operations and its financing structure, the Valora Group is exposed to financial risks. These not only include market risks such as foreign exchange and interest rate risks, but also liquidity and credit risks. Valora's financial risk management activities aim to limit these risks. The financial risk policy is determined by Group Executive Management and monitored by the Board of Directors. Responsibility for implementation of the financial policy as well as for financial risk management rests with the central Corporate Treasury.

Sensitivity analyses that show the effects of hypothetical changes in relevant risk variables on earnings before income taxes and other comprehensive income are used to present market risks. These effects are determined by assuming hypothetical changes in the risk variables and assessing their impact on their financial instruments. The hypothetical changes in interest rates relate to the differences between the expected interest rates at the end of the following year and the current values on the balance sheet date. The hypothetical changes in currencies correspond to the one-year volatility as at the balance sheet date.

Foreign currency risks. Transaction risks arise when the value of foreign currency transactions fluctuates as a result of changes in the exchange rate of the functional currency. For Valora, transaction risks arise when it obtains goods and services in a currency other than the functional currency and as a result of intra-group transactions. Most Group companies mainly carry out the transactions in their functional currency. According to IFRS currency risks do not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency. In order to limit the transaction risks, currency derivatives are used selectively.

Translation risks arise when translating the balance sheets and income of foreign Group companies as part of consolidation and the resulting change in equity.

Net investments in foreign Group companies are from time to time analysed and the risks are measured using the volatilities of the corresponding currencies. These analyses show that the translation risks are acceptable compared to consolidated equity. The translation risks are not hedged and are not included in the currency sensitivities presented below.

The following table shows the material effects on earnings before income taxes and other comprehensive income as a result of hypothetical changes to the relevant foreign exchange rates of the financial instruments.

Currency sensitivity analysis in CHF 000	**Hypothetical change (percent) 2019**	**Impact on earnings before income tax 2019**	**Impact on other comprehensive income 2019**	Hypothetical change (percent) 2018	Impact on earnings before income tax 2018	Impact on other comprehensive income 2018
CHF / EUR	+/– 4.0%	+/– 1 815	+/– 7 603	+/– 5.1%	+/– 1 347	+/– 9 549

Interest rate risks. The Group's interest-bearing assets mainly comprise cash and cash equivalents. Due to the variable interest rate on cash and cash equivalents, the amount of income is influenced by the development of market interest rates. The Group's interest rate risk normally arises in connection with financial liabilities. Financial liabilities with variable interest rates result in a cash flow interest rate risk for the Group. In order to achieve the desired balance of fixed and variable interest rates, the Group enters from time to time into interest rate hedges where needed. Interest-bearing liabilities consist mainly of a promissory note (see Note 25).

The sensitivity analysis of the interest rate risk only includes items with variable interest rates. The following table shows the material effects on earnings before income taxes as a result of hypothetical changes to the relevant market interest rates.

Interest rate sensitivity analysis in CHF 000	**Hypothetical change (basis points) 2019**	**Impact on earnings before income tax 2019**	Hypothetical change (basis points) 2018	Impact on earnings before income tax 2018
CHF	+/– 6	+/– 417	+/– 27	+/– 86
EUR	+/– 6	+/– 194	+/– 21	+/– 132

Liquidity risks. Liquidity risk management refers to the Group's ability to meet its payment obligations in full and in a timely manner at all times. Valora's Group liquidity is monitored on an ongoing basis and optimised through cash pool arrangements. Liquidity reserves in the form of credit limits and cash are designed to ensure constant solvency and financial flexibility.

The following table shows the undiscounted interest and principal payments of the Group's non-derivate financial liabilities. All instruments in the portfolio at the end of the year are included. The closing interest rates are used to calculate variable interest payments.

in CHF 000	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years
As at 31 December 2019					
Current financial liabilities	150	0	0	0	0
Current lease liabilities	11 741	44 155	123 395	0	0
Trade accounts payable	138 639	3 113	3 635	0	0
Other current liabilities (financial instruments only)	33 690	30 442	17 985	0	0
Non-current lease liabilities	0	0	0	568 233	384 893
Non-current financial liabilities	2 868	0	1 605	446 250	9 406
Total	**187 088**	**77 710**	**146 620**	**1 014 483**	**394 299**
As at 31 December 2018					
Current financial liabilities	97 494	0	88 966	0	0
Trade accounts payable	129 560	6 947	38	0	0
Other current liabilities (financial instruments only)	43 600	8 828	9 793	0	0
Non-current financial liabilities	1 778	0	1 276	282 270	5 906
Total	**272 432**	**15 775**	**100 073**	**282 270**	**5 906**

In order to optimise its ability to manage liquidity, the Valora Group has several different credit facilities in place, both at fixed and floating rates of interests, which have not been fully drawn.

Credit risks. Credit risks arise when contractual parties are unable to fulfil their obligations as agreed. Valora's receivables are reviewed on an ongoing basis and managed so that no significant credit and concentration risks arise. As at the end of 2019 and 2018, the Valora Group had no receivables from individual customers representing more than 6 % of total trade accounts receivable.

The Group works with a selected number of reputable banking institutions. Specific situations may require subsidiaries to transact business with other banks. New banking relationships are established and existing ones terminated in consultation with Corporate Treasury. Corporate Treasury reviews the banking relationships on a regular basis using external ratings and defines credit limits for all counterparties.

The maximum default risk of the financial assets of CHF 353 million (2018: CHF 241 million) corresponds to the carrying amounts (see Note 32).

In addition, there is a default risk in connection with accounts receivables sold to a bank (Note 4), the maximum default risk corresponds to the entire amount derecognized.

The following table shows the Group's demand deposits and fixed term deposits with maturities of 3 months or less by bank counterparty rating. The table uses Standard & Poor's rating codes.

Demand deposits and fixed term deposits with maturities of less than three months in CHF 000	**2019**	2018
AAA and / or state guarantee (AAA countries)	137	54
AA	3 349	4 372
A	78 816	56 033
BBB	5 571	3 750
No Rating	2 703	1 952
Total demand deposits and fixed term deposits with maturities of less than three months [1)]	**90 576**	**66 161**

[1)] The other components of the balance sheet item cash and cash equivalents is comprised of cash holdings (including cash in transit).

Risk management instruments (hedging). The Valora Group uses forward contracts to mitigate foreign currency risks. In addition, interest rate swaps are used to hedge interest rate risks. Exposure arising from existing asset and liability items, as well as from future commitments, is managed centrally.

As at 31 December 2019 and 2018 no derivative financial instruments were held.

Capital management. The primary goal of capital management at the Valora Group is to achieve a high credit rating and a good equity ratio. This serves to support the Group's business activities and maximise shareholder value.

The Valora Group manages its capital structure and makes adjustments in response to changes in the economic circumstances. The Valora Group can undertake various measures to maintain or adjust its capital structure, such as modifying dividend payments to shareholders, repaying capital to shareholders or issuing new shares.
Capital is monitored with the help of the equity ratio, which is calculated as the percentage of equity to total assets. The Group's capital and equity ratio are listed in the following table:

in CHF 000	**2019**	2018
Total assets	2 392 837	1 326 229
Total equity	**626 119**	**613 781**
Equity ratio	**26.2 %**	**46.3 %**

With the exception of bob Finance AG, Zurich, the Valora Group is not subject to external capital requirements, such as those that apply in the financial services sector. The minimum equity ratio requirements are based on the financial covenants in the bank loan agreements.

bob Finance AG is subject to the shareholders' equity requirements set out in Art. 5 of Switzerland's Ordinance relative to the Federal Law on Consumer Credit (VKKG). The equity of bob Finance AG must amount to at least CHF 250 000 or 8 % of outstanding consumer loans.

32 FINANCIAL INSTRUMENTS

Carrying amounts, fair value and measurement categories under IFRS 9 in CHF 000	Measurement category IFRS 9	**Carrying amount 2019**	**Fair Value 2019**	Carrying amount 2018	Fair Value 2018
Assets					
Cash and cash equivalents	At amortised cost	122 651	122 651	104 776	104 776
Trade accounts receivable	At amortised cost	77 080	77 080	80 235	80 235
Current lease receivables	At amortised cost	23 407	n.a.	0	0
Other current receivables (financial instruments only)	At amortised cost	51 852	51 852	44 947	44 947
Non-current lease receivables	At amortised cost	68 207	n.a.	0	0
Non-current interest-bearing financial assets	At amortised cost	4 112	4 112	5 080	5 080
Other non-current receivables	At amortised cost	5 468	5 468	5 044	5 044
Total at amortised cost		**352 777**	**n.a.**	**240 081**	**240 081**
Other non-current financial assets (hierarchy level 3)	**At fair value through profit or loss**	**649**	**649**	**649**	**649**
Liabilities					
Current financial liabilities	At amortised cost	153	153	185 133	185 133
Current lease liabilities	At amortised cost	160 749	n.a.	0	0
Trade accounts payable	At amortised cost	145 387	145 387	136 546	136 546
Other current liabilities (financial instruments only)	At amortised cost	82 097	82 097	61 822	61 822
Non-current financial liabilities	At amortised cost	443 377	443 377	278 221	278 221
Non-current lease liabilities	At amortised cost	887 491	n.a.	0	0
Total at amortised cost		**1 719 256**	**n.a.**	**661 722**	**661 722**
Other current liabilities (financial instruments only)	**At fair value through profit or loss**	**0**	**0**	**382**	**382**

For all current financial instruments measured at amortised cost, the carrying amounts represent a reasonable approximation of their fair value. Any discounting effects are immaterial. The bond of CHF 200.0 million was repaid in March 2018. Information on the measurement of other non-current financial assets can be found in Notes 4, 24 and 33. The fair values of other non-current fixed-income financial instruments were determined by discounting the expected future cash flows using standard market interest rates.

33 FAIR VALUES

Hierarchy levels applied to fair values. Fair values are allocated to one of the following three hierarchy levels:

- Level 1: Price quotations on active markets for identical assets and liabilities;
- Level 2: Fair values determined on the basis of observable market data. For this purpose, either quoted prices on non-active markets or unquoted prices are used. These fair values can also be derived indirectly from prices;
- Level 3: Fair values determined on the basis of unobservable inputs and thus based on estimates.

Level 3. Other non-current financial assets as per 31 December 2019 were CHF 649 thousand (2018: CHF 649 thousand).

The contingent consideration in the amount of CHF 382 thousand reported as per 31 December 2018 related to the acquisition of Presse+Buch Grauert and was paid in March 2019:

Level 3 fair value. The following table shows the change in level 3 fair values from the opening balances to the closing balances:

in CHF 000	**2019**	2018
Contingent consideration - Asset		
Balance on 1 January	**0**	**7 608**
Fair value adjustment recorded in discontinued operations	0	– 7 608
Balance on 31 December	**0**	**0**

in CHF 000	**2019**	2018
Other non-current financial assets - Asset		
Balance on 1 January	**649**	**649**
Balance on 31 December	**649**	**649**

in CHF 000	**2019**	2018
Contingent consideration - Liability		
Balance on 1 January	**382**	**2 077**
Addition	0	382
Payments	– 382	– 2 077
Balance on 31 December	**0**	**382**

Contingent considerations. The contingent consideration in the amount of CHF 382 thousand reported as per 31 December 2018 related to the acquisition of Presse + Buch Grauert and was paid in March 2019.

34 TRANSACTIONS AND BALANCES OUTSTANDING WITH RELATED PARTIES

The consolidated financial statements comprise Valora Holding AG as the parent company and the Group companies controlled by it, either directly or indirectly, which are listed in Note 37.

Transactions. The following transactions were conducted with related parties:

Goods and services sold to related parties in CHF 000	**2019**	2018
Services sold to		
Associates and joint ventures	0	43
Other related parties	152	158
Total goods and services sold	**152**	**201**

Goods and services purchased from related parties in CHF 000	**2019**	2018
Services purchased from		
Associates and Joint Ventures	451	1 495
Other related parties	196	65
Total goods and services purchased	**647**	**1 560**

Remuneration to management and the Board of Directors. Remuneration to management and the Board of Directors includes all expenses recognised in the consolidated financial statements which are directly connected with members of Group Executive Management and the Board of Directors.

Remuneration to management and the Board of Directors in CHF 000	**2019**	2018
Salaries and other short-term benefits	5 515	4 528
Pension plans	490	342
Share participation plans	1 681	1 935
Total remuneration to management and the Board of Directors	**7 686**	**6 805**

Receivables and liabilities. The terms for receivables and liabilities are in line with the standard terms for transactions by the relevant companies. The Valora Group has not received any collateral for receivables nor has it issued any guarantees for liabilities.

Receivables from related parties in CHF 000	**2019**	2018
Receivables from associates	964	964
Receivables from other related parties	0	28
Total receivables	**964**	**992**

Liabilities to related parties in CHF 000	**2019**	2018
Liabilities towards other related parties	947	805
Total liabilities	**947**	**805**

Contingent liabilities and guarantees. There are no guarantees or other contingent liabilities to related parties.

35 EQUITY

Outstanding shares in number of shares	**2019**	2018
Total registered shares	**3 990 000**	**3 990 000**
Of which treasury shares		
Position as at 1 January	53 615	61 495
Additions	57 099	53 348
Disposals	–63 252	–61 228
Total treasury shares as at 31 December	**47 462**	**53 615**
Total outstanding shares (after deduction of treasury shares) as at 31 December	**3 942 538**	**3 936 385**
Average number of outstanding shares (after deduction of treasury shares)	**3 940 440**	**3 932 706**

In 2019, a dividend of CHF 12.50 per share was paid for the financial year 2018 (2018: CHF 12.50 per share for financial year 2017). The dividend distribution is based on the annual profit and the profit carried forward of Valora Holding AG.

The share capital comprises 3 990 000 shares with a par value of CHF 1.00 each.

At the Ordinary General Meeting of Valora Holding AG on 13 April 2018, shareholders approved the creation of authorised share capital of up to CHF 400 000 by issuing a maximum of 400 000 registered shares with a nominal value of CHF 1 by no later than 13 April 2020.

There is contingent capital of 84 000 shares that the Board of Directors may issue to secure existing and future management share participation plans. As of 31 December 2019, no corresponding shares had been issued.

36 SUBSEQUENT EVENTS

There are no subsequent events after the balance sheet date.

37 KEY COMPANIES OF THE VALORA GROUP

	Currency	Share capital in million	Share-holding in %	Corporate	Valora Retail	Food Service
Switzerland						
Valora Management AG, Muttenz	CHF	0.5	100.0	•		
Valora International AG, Muttenz	CHF	20.0	100.0	•	•	
Valora Schweiz AG, Muttenz	CHF	5.2	100.0	•	•	•
Brezelkönig AG, Emmen	CHF	1.0	100.0			•
Alimarca AG, Muttenz	CHF	0.1	100.0			•
bob Finance AG, Zürich	CHF	9.1	100.0	•		
Valora Lab AG, Muttenz	CHF	0.1	100.0	•		
Brezelkönig International AG, Muttenz	CHF	0.1	100.0			•
BackWerk CH AG, Emmen	CHF	1.0	100.0			•
Germany						
Valora Holding Germany GmbH, Hamburg	EUR	0.4	100.0	•	•	
Stilke Buch & Zeitschriftenhandels GmbH, Hamburg	EUR	3.8	100.0		•	
Convenience Concept GmbH, Hamburg	EUR	0.1	100.0		•	
Brezelbäckerei Ditsch GmbH, Mainz	EUR	0.1	100.0			•
Prisma Backwaren GmbH, Oranienbaum-Wörlitz	EUR	0.1	100.0			•
Valora Food Service Deutschland GmbH, Essen	EUR	0.1	100.0			•
Luxembourg						
Valora Europe Holding S.A., Luxembourg	EUR	0.1	100.0	•		
Valora Luxembourg S.à r.l., Luxembourg	EUR	7.0	100.0		•	

	Currency	Share capital in million	Share-holding in %	Corporate	Valora Retail	Food Service
Austria						
Valora Holding Austria AG, Linz	EUR	1.1	100.0	•		
Brezelkönig GmbH, St. Pölten	EUR	0.1	100.0			•
Valora Retail Austria GmbH + Co. KG, St. Pölten	EUR	0.1	100.0		•	
BackWerk AT GmbH, Baden	EUR	0.1	100.0			•
The Netherlands						
BackWerk NL B.V., Huizen	EUR	0.1	100.0			•
USA						
Valora Holding USA Inc., Wilmington, Delaware	USD	0.1	100.0	•		
Ditsch USA LLC, Cincinnati, Ohio	USD	–	100.0			•

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF VALORA HOLDING AG, MUTTENZ

STATUTORY AUDITOR'S REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion. We have audited the consolidated financial statements of Valora Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as of 31 December 2019 and the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements (pages 112 – 176), including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion. We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

VALUATION OF GOODWILL AND OTHER INTANGIBLES WITH INDEFINITE USEFUL LIVES

Area of focus. As of the balance sheet date, goodwill and other intangibles with indefinite useful lives represent 24 % of Valora Group's total assets and 93 % of equity.

Key assumptions for the impairment test and identified cash generating units are disclosed in the notes (notes 5 and 23). Due to the significance of the carrying amounts and the judgment involved in performing the impairment test, this matter was considered significant to our audit.

Our audit response. We examined Valora's valuation model and analyzed the underlying key assumptions, including future revenues and margins, long-term growth and discount rates. We also assessed the historical accuracy of the Group's estimates and considered its ability to produce accurate long-term forecasts. Further, we evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information, including expected inflation rates and market growth. We compared identified cash generating units to how management reviews the company's operations. Our audit procedures did not lead to any reservation concerning the valuation of goodwill and other intangibles with indefinite useful lives.

ACCOUNTING FOR LEASE CONTRACTS UNDER IFRS 16

Area of focus. As of the balance sheet date, right-of use assets, finance lease receivables (current and non-current) and lease liabilities (current and non-current) represent 39, 4 and 44 percent of Valora Group's total assets, respectively. Valora Group applies IFRS 16 leases as of 1 January 2019, implementation considerations are disclosed in the notes (note 3).

Key assumptions concerning lease accounting are disclosed in the notes (notes 5, 21 and 22). Due to the initial application as well as the significance of the amounts and judgments involved in accounting for leases, especially regarding termination and extension options, this matter was considered significant to our audit.

Our audit response. We obtained an understanding of Valora Group's accounting policies and processes for leases. We examined Valora Group's calculation methodology for right-of use assets, finance lease receivables and lease liabilities and reperformed the calculation on a sample basis. We agreed the following input parameters to supporting documents on a sample basis: monthly lease payments, lease terms, discount rates and extension or termination options. For extension or termination options, we analyzed Valora Group's exercise assessment. Procedures were carried out as of 1 January 2019 (date of initial application of IFRS 16) and for 2019 movements in the lease population. For agreements signed in 2019, we analyzed Valora Group's assessment whether these represent lease modifications or should be accounted for as separate leases. Further, we evaluated the sensitivity analysis related to extension options and increases in variable lease payments disclosed in note 21. Our audit procedures did not lead to any reservation concerning the accounting for leases under IFRS 16.

OTHER INFORMATION IN THE ANNUAL REPORT

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITY OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young AG

André Schaub Licensed audit expert (Auditor in charge)	Ina Braun Licensed audit expert

Basle, 18 February 2020

BALANCE SHEET

ASSETS

As at 31 December, in CHF 000	Note	2019	2018
Current assets			
Cash and cash equivalents		59 860	52 133
Securities		18	18
Other current receivables			
Third parties		193	289
Group companies	2.2	86 962	55 266
Accruals			
Third parties		47	19
Total current assets		**147 080**	**107 725**
Non-current assets			
Loans to Group companies		765 245	787 219
Investments	2.1	224 882	224 882
Discount / issuance costs for syndicated loans / bonds		743	642
Total non-current assets		**990 870**	**1 012 743**
Total assets		**1 137 950**	**1 120 468**

LIABILITIES AND EQUITY

As at 31 December, in CHF 000	Note	2019	2018
Liabilities			
Current interest-bearing liabilities			
Bank debts		–	96 700
Promissory notes	2.3	–	92 077
Other current liabilities			
Third parties		502	378
Group companies	2.2	154 131	101 640
Accruals			
Third parties		3 982	3 318
Total current liabilities		**158 615**	**294 113**
Non-current interest-bearing liabilities			
Promissory notes	2.3	454 182	280 277
Provisions		–	22 000
Total non-current liabilities		**454 182**	**302 277**
Total liabilities		**612 797**	**596 390**
Equity			
Share capital	2.4	3 990	3 990
Statutory capital reserves			
General statutory reserves		798	798
Reserves from capital contributions	2.5	68 723	117 980
Unrestricted reserves		206 821	207 269
Retained earnings available for distribution			
Retained earnings carried forward		209 149	160 984
Net profit for the year		48 521	48 165
Treasury shares	2.6	– 12 849	– 15 108
Total equity		**525 153**	**524 078**
Total liabilities and equity		**1 137 950**	**1 120 468**

INCOME STATEMENT

1 January to 31 December, in CHF 000	Note	2019	2018
Income			
Investment income	2.7	30 964	30 995
Financial income	2.8	18 290	21 975
Other income	2.9	22 000	15 001
Total income		**71 254**	**67 971**
Expenses			
Financial expenses	2.10	–18 544	–14 190
Remuneration of the Board of Directors		–1 484	–1 326
Other operating expenses	2.11	–2 544	–4 129
Direct taxes		–161	–161
Total expenses		**–22 733**	**–19 806**
Net profit for the year		**48 521**	**48 165**

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

1.1 GENERAL. The annual financial statements for Valora Holding AG, based in Muttenz, have been prepared in accordance with the provisions of Swiss accounting law (Title 32 of the Swiss Code of Obligations).
The material accounting principles which have been applied and which are not required by law are described below.

1.2 NON-INCLUSION OF THE CASH FLOW STATEMENT AND OTHER INFORMATION IN THE NOTES. Valora Holding AG prepares its consolidated financial statements in accordance with IFRS. For this reason, it has not included information about interest-bearing liabilities and audit fees or its cash flow statement in these annual financial statements.

1.3 LOANS TO GROUP COMPANIES. Loans granted in a foreign currency are measured at the current exchange rate on the reporting date, with unrealised losses recognised, but unrealised gains not reported (imparity principle).

1.4 TREASURY SHARES. Treasury shares are recognised at acquisition cost with no subsequent valuation. Upon resale, the profit or loss is recognised directly in the unrestricted reserves.

1.5 SHARE-BASED COMPENSATION. If treasury shares are used for share-based compensation paid to board members or the Group Executive Management, the fair value at grant date is recognised as a personnel expense.

1.6 NON-CURRENT INTEREST-BEARING LIABILITIES. Interest-bearing liabilities are recognised at their nominal value. A discount and the issuance costs of bonds are recognised under assets and amortised on a straight-line basis over the term of the bond. A premium (less issuance costs) is recognised as accrued liabilities and amortised on a straight-line basis over the term of the bond. Interest-bearing liabilities in a foreign currency are measured at the current exchange rate on the reporting date, with unrealised losses recognised, but unrealised gains not reported.

2. INFORMATION ON BALANCE SHEET AND INCOME STATEMENT POSITIONS

2.1 INVESTMENTS

	Currency	**31.12.2019 Capital in TCHF**	**31.12.2019 Holding in %**	31.12.2018 Capital in TCHF	31.12.2018 Holding in %
Switzerland					
Valora International AG, Muttenz	CHF	20 000	100.0	20 000	100.0
Valora Management AG, Muttenz	CHF	500	100.0	500	100.0
Brezelkönig AG, Emmen	CHF	1 000	100.0	1 000	100.0
Alimarca AG, Muttenz	CHF	100	100.0	100	100.0
k Kiosk AG, Muttenz	CHF	50	100.0	50	100.0
Valora Lab AG, Muttenz	CHF	100	100.0	100	100.0
Germany					
Valora Holding Germany GmbH, Hamburg	EUR	400	5.1	400	5.1
Luxembourg					
Valora Europe Holding S.A., Luxembourg	EUR	31	100.0	31	100.0

Significant direct and indirect investments in Group companies by Valora Holding AG are detailed in Note 37 of the consolidated financial statements. The participation percentage listed in the table also corresponds to the number of shares in these companies with voting rights.

2.2 OTHER CURRENT RECEIVABLES AND LIABILITIES. Other current receivables and liabilities to Group companies primarily involve receivables and liabilities to subsidiaries which are affiliated with the Valora Holding AG cash pool.

2.3 PROMISSORY NOTES

in CHF 000	Coupon	Maturity	**31.12.2019**	31.12.2018
EUR 78 million [1]	fixed	30.04.2019	0	92 077
EUR 72 million	fixed/variable	29.04.2021	79 200	81 038
EUR 170 million	fixed/variable	11.01.2023	199 238	199 238
EUR 100 million	fixed/variable	11.01.2024	112 744	0
CHF 63 million	fixed/variable	11.01.2024	63 000	0

[1] The promissory note with maturity date 30 April 2019 is reported in 2018 under current interest-bearing liabilities.

2.4 SHARE CAPITAL. The share capital of TCHF 3 990 is comprised of 3 990 000 registered shares with a par value of CHF 1.00 each.

Authorised capital: At the General Meeting held on 13 April 2018, an increase in the share capital of no more than CHF 400 000 by no later than 13 April 2020 through the issuance of 400 000 registered shares with a par value of CHF 1.00 each was approved. As of 31 December 2019, no corresponding shares had been issued.

Conditional capital: On 11 May 2000, the General Meeting approved the creation of conditional capital in the amount of CHF 84 000. As of 31 December 2019, no corresponding shares had been issued.

2.5 RESERVES FROM CAPITAL CONTRIBUTIONS. The statutory reserves from capital contributions include the premium from the capital increases since 1 January 2000, reduced by the previous dividend distributions.

2.6 TREASURY SHARES

	2019 Number of shares	**2019 Carrying amount in CHF 000**	2018 Number of shares	2018 Carrying amount in CHF 000
Opening balance (1 January)	**53 615**	**15 108**	**61 495**	**17 110**
Sales	–63 252	–17 266	–61 228	–17 824
Purchases	57 099	15 007	53 348	15 822
Closing balance (31 December)	**47 462**	**12 849**	**53 615**	**15 108**

In 2019, Valora Holding AG purchased 57 099 shares at CHF 262.82 and sold 63 252 shares at 272.97 (average prices).

As of 31 December 2019, the number of treasury shares as a percentage of total share capital was 1.2 % (2018: 1.3 %).

2.7 INVESTMENT INCOME

1 January to 31 December, in CHF 000	**2019**	2018
Valora International AG	30 000	30 000
Valora Management AG	100	100
Valora Holding Germany GmbH	864	895
Total investment income	**30 964**	**30 995**

2.8 FINANCIAL INCOME

1 January to 31 December, in CHF 000	**2019**	2018
Interest income on loans to Group companies	14 041	17 001
Other financial income	936	1 179
Currency translation gains	3 313	3 795
Total financial income	**18 290**	**21 975**

2.9 OTHER INCOME

1 January to 31 December, in CHF 000	**2019**	2018
Adjustment to impairment charge on investments	22 000	15 000
Other income	-	1
Total other income	**22 000**	**15 001**

2.10 FINANCIAL EXPENSES

1 January to 31 December, in CHF 000	**2019**	2018
Interest expense on bonds and syndicated loans	5 427	10 657
Discount (bond, hybrid, syndicated loan)	364	567
Bank interest and fees	918	1 029
Currency translation losses	11 835	1 937
Total financial expenses	**18 544**	**14 190**

2.11 OTHER OPERATING EXPENSES

1 January to 31 December, in CHF 000	**2019**	2018
Audit expenses	194	305
Other advisory fees	266	1 814
Management fees	1 000	1 000
Other administrative costs	1 085	1 010
Total other operating expenses	**2 544**	**4 129**

3. OTHER INFORMATION

3.1 FULL-TIME EQUIVALENTS. Valora Holding AG does not have any employees.

3.2 COLLATERAL PROVIDED FOR THIRD-PARTY LIABILITIES. On 31 December 2019, contingent liabilities – comprised of guarantees, letters of subordination and comfort, as well as warranty and other contingent liabilities – to subsidiaries totalled CHF 104.3 million (2018: CHF 115.2 million), with none to third parties (2018: none).

3.3 SIGNIFICANT SHAREHOLDERS. The statutory registration restriction of 5 % set out in the Articles of Incorporation (restricted transferability) was abolished at the 2010 Ordinary General Meeting.

As of 31 December 2019, 5 % of registered shares equalled 199 500 registered shares.

According to the share register, as of 31 December 2019, Ernst Peter Ditsch held 635 599 registered shares, which represented 15.93 % (2018: 15.93 %) of the shares issued.

3.4 PARTICIPATIONS. As of 31 December 2019 and 2018, the individual members of the Board of Directors and the Group Executive Management (including related parties) held the following number of shares of Valora Holding AG:

	2019 Number of shares	**2019 Share of total voting rights in %**	**2019 of which subject to a lock-up period**	2018 Number of shares	2018 Share of total voting rights in %	2018 of which subject to a lock-up period
Board of Directors						
Franz Julen Chairman	3 462	0.09	1 172	3 067	0.08	958
Markus Fiechter Vice-Chairman and Chairman of Nomination and Compensation Committee	2 500	0.06	541	3 290	0.08	587
Ernst Peter Ditsch Member	635 599	15.93	none	635 599	15.93	none
Cornelia Ritz Bossicard Chair of Audit Committee	1 090	0.03	391	956	0.02	438
Michael Kliger Member	380	0.01	357	257	0.01	234
Sascha Zahnd Member	123	0.00	123			
Insa Klasing Member	123	0.00	123			
Total Board of Directors	**643 277**	**16.12**		**643 169**	**16.12**	
Group Executive Management						
Michael Mueller CEO	11 826	0.30	8 872	13 028	0.33	11 930
Tobias Knechtle CFO until November 2019	n/a	n/a	n/a	6 821	0.17	5 256
Thomas Eisele Head Food Service	1 570	0.04	1 456	2 705	0.07	2 400
Roger Vogt Head Retail from January 2019	685	0.02	685			
Total Group Executive Management	**14 081**	**0.36**		**22 554**	**0.57**	
Total Board of Directors and Group Executive Management	**657 358**	**16.48**		**665 723**	**16.68**	

3.5 LOANS. As of 31 December 2019 and 2018, there were no loans to members of the Board of Directors or Group Executive Management or to related parties.

3.6 PARTICIPATION RIGHTS FOR MEMBERS OF THE BOARD OF DIRECTORS. 20% of the individual total compensation of the members of the Board of Directors, is generally paid out in the form of blocked registered shares. The number of registered shares allocated to the members of the Board of Directors is calculated on the basis of the volume-weighted average price of Valora registered shares for the 20 trading days prior to the allocation. No discount is granted for blocked shares.

3.7 NET RELEASE OF HIDDEN RESERVES. In financial year 2019, CHF 22.0 million in hidden reserves were released (2018: CHF 15.0 million).

3.8 SUBSEQUENT EVENTS. There are no subsequent events after the balance sheet date.

APPROPRIATION OF NET INCOME AND CAPITAL DISTRIBUTION

Proposed appropriation of net income

in CHF 000	**2019**	2018
Net profit for the year	**48 521**	**48 165**
Retained earnings carried forward from the previous year	209 149	160 984
Retained earnings available for distribution by the Annual General Meeting	**257 670**	**209 149**
The Board of Directors proposes the following appropriation		
Allocation to the general statutory reserves	–	–
Dividend payable on shares entitled to dividend	–24 938	–
Balance to be carried forward	**232 732**	**209 149**
Proposal to make a distribution out of the reserve from capital contributions		
Reserve from capital contributions (before distribution) [1]	68 723	117 980
Distribution	–24 938	–49 875
Reserve from capital contributions (after distribution)	**43 785**	**68 105**
Distribution per share (in CHF)		
Distribution out of the reserve from capital contributions (exempt from withholding tax)	6.25	12.50
Dividend (gross)	6.25	–
–35 % withholding tax	–2.19	–
Net distribution (in CHF)	**10.31**	**12.50**

[1] No dividend was paid for the 49'461 shares held by the company as of the distribution date. As a result, the amount of the reserve from capital contributions increased by TCHF 618.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF VALORA HOLDING AG, MUTTENZ

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the accompanying financial statements of Valora Holding AG, which comprise the balance sheet, income statement and notes (pages 180 to 188), for the year ended 31 December 2019.

Board of Directors' responsibility. The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the financial statements for the year ended 31 December 2018 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

VALUATION OF INVESTMENTS IN AND LOANS TO SUBSIDIARIES

Area of focus. As of 31 December 2019, investments in and loans to Group companies represented 87 % of the Company's total assets and amounted to CHF 990 million. Valora generally assesses the valuation of its investments and loans on an individual basis in accordance with the Swiss Code of Obligations. Under specific circumstances, certain investments in and loans to Group companies are combined for this assessment to the extent deemed appropriate.

Due to the significance of the carrying amount of the investments in and loans to Group companies and the judgment involved in the assessment of the valuation, this matter was considered significant to our audit.

Our audit response. We examined the Company's valuation model and analyzed the underlying key assumptions, including future revenues and margins, long-term growth and discount rates. We also assessed the historical accuracy of the Company's estimates and considered its ability to produce accurate long-term forecasts. Further, we evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information, including expected inflation rates and market growth. Our audit procedures did not lead to any reservation concerning the valuation of investments in and loans to subsidiaries.

Report on other legal requirements. We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young AG

André Schaub Licensed audit expert (Auditor in charge)	Ina Braun Licensed audit expert

Basle, 18 February 2020

VALORA SHARES

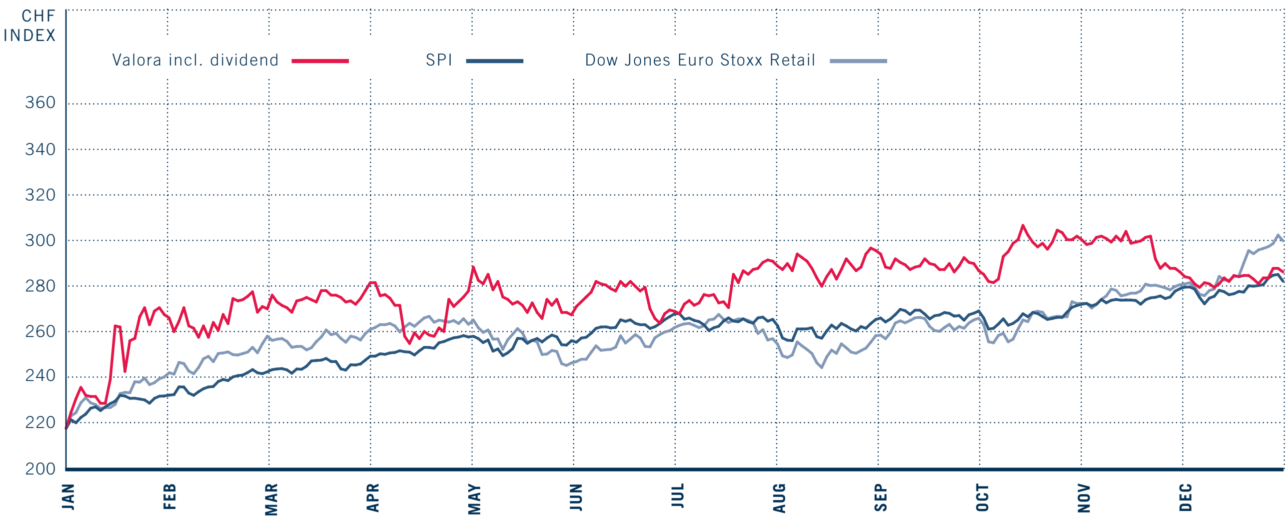
1 SHARE PRICE TRENDS

General Swiss stock market performance. 2019 was an excellent year for the stock market. After the disappointing stock market year 2018, investors around the world were able to record very positive returns in 2019. The broad-based Swiss SPI Index, recorded a total return of 30.6 % over the course of the year. The Dow Jones Euro Stoxx Retail sector index also recorded a very encouraging increase of 34.4 %. By comparison, the Euro-Stoxx-50 Index in the euro zone rose by +28.2 % and the S&P 500 Index in the USA recorded a total return of 31.5 %. In view of the trade conflict between the US and China, last year's stock market development was also liquidity-driven, due to the expansive monetary policy worldwide. A further driver for the good stock market performance in Switzerland was not only the growth in corporate profits, but also the generally good dividend yield of Swiss stocks, which supported the demand for shares. Towards the end of the year, a year-end rally could be observed, which was reinforced by a reconciliation in the trade dispute between China and the US and an upcoming end to the Brexit discussion.

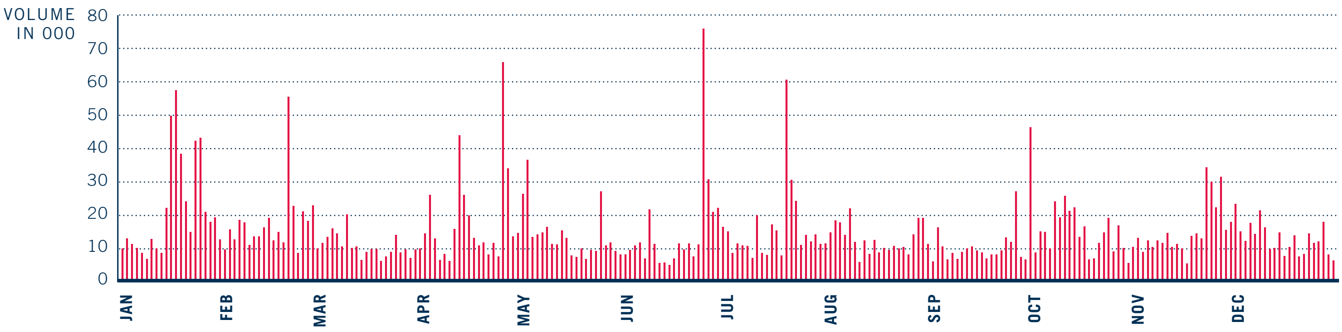
Valora share performance. After having outperformed the market as a whole in 2016 (+44.4 %) and 2017 (+16.6 %), the 2018 stock market year was generally very disappointing, not only for Valora shareholders (–31.3 %). The Valora share started the year 2019 at a low level and reached its lowest closing price of CHF 214 on January 3. After takeover rumours – which were not substantiated – the Valora share increased. On April 25, Valora's shares gained further traction on the announcement that Valora had successfully won the SBB's tender for all 262 k kiosk and convenience store locations, thus securing the network until 2030. Following the publication of its good half-year results on July 19, the Valora shares moved slightly sideways, closing at a high of CHF 289.50 on November 10. After the publication of the changes in the Group Executive Management (CFO departure) on November 19, a slight decrease of the share price was noted. The Valora share closed the year at CHF 270.

In 2019, Valora's shareholders recorded a total return of 31.5% (including dividend).

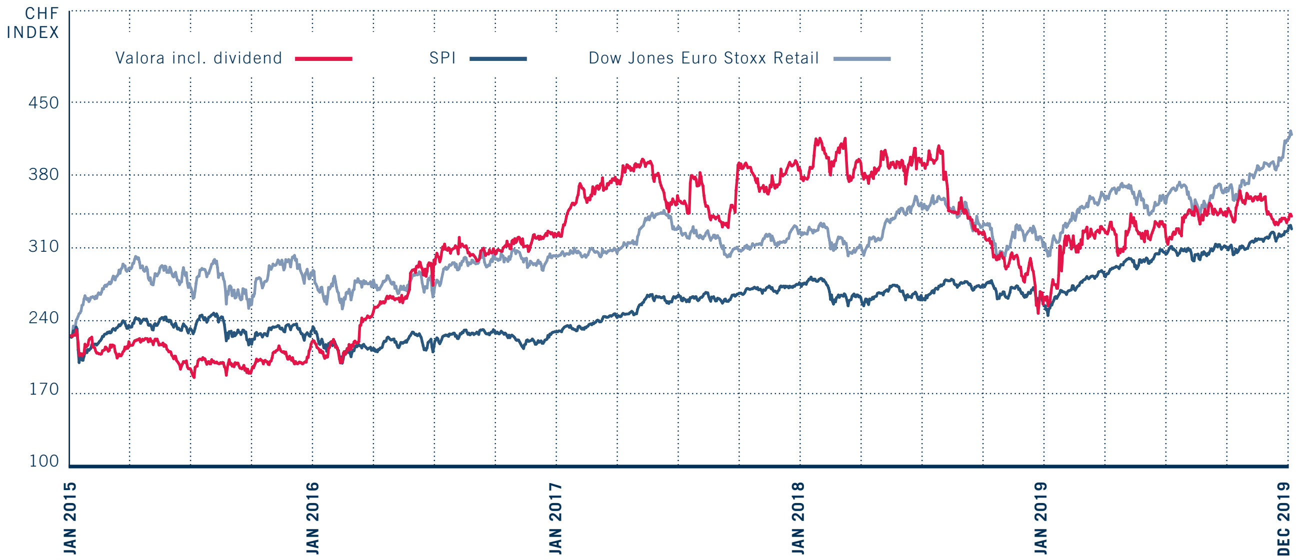
VALORA SHARE PERFORMANCE TREND 2019



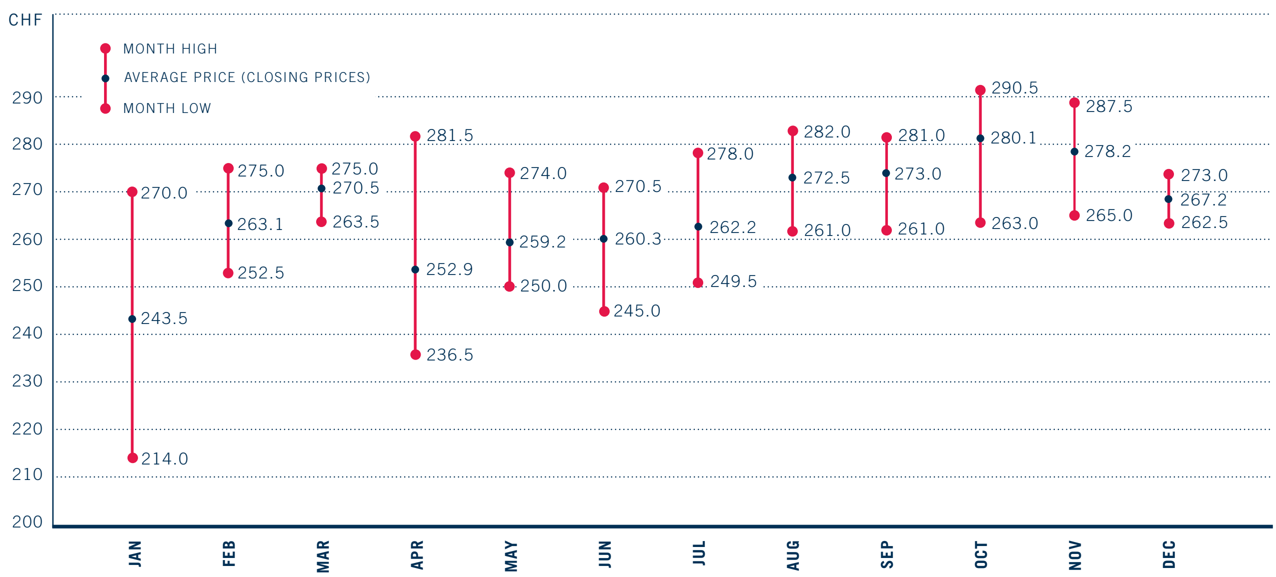
VALORA SHARE VOLUME 2019



VALORA SHARE PERFORMANCE TREND 2015–2019



MONTH HIGHS/LOWS IN 2019



2 SHAREHOLDER RETURNS

		2019	2018	2017	2016	2015
Share price						
Year-end	CHF	270.00	215.00	325.00	289.25	209.00
Distributions to shareholders						
Dividends	CHF	[1] 12.50	12.50	12.50	12.50	12.50
Dividend yield	%	4.6%	5.8%	3.8%	4.3%	6.0%
Annual return						
excluding dividend	%	25.6%	–33.8%	12.4%	38.4%	[2] –8.5%
including dividend	%	31.5%	–30.0%	16.7%	44.4%	[2] –3.0%
Average return		2019 1 year	2018–2019 2 years	2017–2019 3 years	2016–2019 4 years	[2] 2015–2019 5 years
excluding dividend	%	25.6%	–8.5%	–2.2%	7.3%	3.6%
including dividend	%	31.5%	–4.8%	2.0%	13.6%	9.9%

[1] Proposed
[2] Based on 2014 price of CHF 228.40

3 KEY SHARE DATA

		2019	2018	2017	2016	2015
Operating profit (EBIT) per share [1] [2]	CHF	23.21	22.84	23.05	21.64	16.41
Free cash flow per share [1] [2] [3]	CHF	19.30	12.47	23.93	21.74	24.52
Earnings per share [1] [2]	CHF	18.68	15.28	15.26	17.27	12.51
Equity per share [1]	CHF	158.90	156.07	215.27	158.97	150.68
P / E Ratio [1] [2]	31.12.	14.46	14.07	21.29	16.75	16.71

[1] Based on average number of shares outstanding
[2] Continuing operations
[3] Free cash flow: net cash provided by operating activities less net cash used in ordinary investing activities

4 SHAREHOLDER DATA AND CAPITAL STRUCTURE

Registered shareholder data		31.12.2019	31.12.2018
Composition	Significant shareholders > 5 – %	15.9% of shares	15.9% of shares
	10 largest shareholders	32.2% of shares	32.6% of shares
	100 largest shareholders	42.9% of shares	44.2% of shares
Origin	Switzerland	67.5% of shares	60.4% of shares
	Elsewhere	32.5% of shares	39.6% of shares

The share capital of Valora Holding AG in the amount of CHF 3.99 million is divided in the form of registered shares with a nominal value of CHF 1.00 each.

Conditional capital amounting to a maximum of CHF 84 000, comprising 84 000 registered shares with a nominal value of CHF 1.00 each, was approved by the Annual General Meeting of 11 May 2000.

The shares can be issued at any time by the Board of Directors to secure existing or future management profit-sharing plans. Existing shareholders have no subscription rights for such shares. No time limit applies. None of this conditional capital had been issued by 31 December 2019.

At the Ordinary General Meeting of Valora Holding AG on 13 April 2018, shareholders approved the creation of authorised share capital of up to CHF 400000 by issuing a maximum of 400000 registered shares with a nominal value of CHF 1 by no later than 13 April 2020.

Non-Swiss shareholders are registered in the share register in the same way as Swiss shareholders. The company has distributed dividends to its shareholders without interruption since 1920.

5 SHARE CAPITAL

		2019	2018	2017	2016	2015
Total registered shares [1]	Shares	3 990 000	3 990 000	3 990 000	3 435 599	3 435 599
Number of treasury shares [1]	Shares	47 462	53 615	61 495	77 078	115 915
Number of shares outstanding [1]	Shares	3 942 538	3 936 385	3 928 505	3 358 521	3 319 684
Market capitalisation [1] [2]	CHF million	1 064	846	1 277	972	694
Average number of shares outstanding	Shares	3 940 440	3 932 706	3 427 949	3 339 499	3 358 171
Number of registered shareholders [1]		10 551	8 713	7 470	6 990	8 695

[1] As at 31 December
[2] Based on the number of shares outstanding as at 31 December

6 TAX VALUES

	Securities no.	**As at 31.12.2019**	As at 31.12.2018	As at 31.12.2017	As at 31.12.2016	As at 31.12.2015
Registered shares of CHF 1.00	208 897	270.00	215.00	325.00	289.25	209.00
2.5 % bond 2012 – 2018	14 903 902	-	-	102.41 %	102.65 %	104.30 %
4.0 % hybrid bond	21 128 255	-	-	102.85 %	105.60 %	104.55 %

FIVE-YEAR SUMMARY

		31.12.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015
Net revenues [1] [2]	CHF million	**2 029.7**	**2 074.9**	**2 001.6**	**2 095.0**	**2 077.4**
Change	%	−2.2	+3.7	−4.5	+0.8	+7.5
EBITDA [1] [3]	CHF million	**157.4**	**156.0**	**133.7**	**127.6**	**117.6**
Change	%	+0.9	+16.7	+4.8	+8.5	+7.6
in % of net revenues	%	7.8	7.5	6.7	6.1	5.7
Operating profit (EBIT) [1]	CHF million	**91.5**	**89.8**	**79.0**	**72.3**	**55.1**
in % of net revenues	%	4.5	4.3	3.9	3.4	2.7
Change	%	+1.8	+13.7	+9.3	+31.1	+81.0
Net profit from continuing operations	CHF million	**73.6**	**64.1**	**57.1**	**62.5**	**46.8**
Change	%	+14.8	+12.2	−8.6	+33.5	+203.7
in % of net revenues	%	3.6	3.1	2.9	3.0	2.3
in % of equity	%	11.8	10.4	7.7	11.8	9.2
Net cash provided by (used in) [1]						
Operating activities	CHF million	290.3	116.0	114.2	113.0	125.5
Lease payments, net	CHF million	−128.2	n.a.	n.a.	n.a.	n.a.
Ordinary investment activities	CHF million	−86.1	−67.0	−32.1	−40.4	−43.2
Free cash flow [1] [3]	CHF million	**76.0**	**49.0**	**82.0**	**72.6**	**82.3**
Earnings per share [1]	CHF	**18.68**	**15.28**	**15.26**	**17.27**	**12.51**
Change	%	+22.3	+0.1	−11.6	+38.0	+299.7
Free cash flow per share [1] [3]	CHF	**19.30**	**12.47**	**23.93**	**21.74**	**24.52**
Change	%	+54.8	−47.9	+10.1	−11.3	+144.0
Cash and cash equivalents	CHF million	**122.7**	**104.8**	**152.5**	**159.4**	**116.3**
Equity	CHF million	**626.1**	**613.8**	**737.9**	**530.9**	**506.0**
Equity ratio	%	26.2	46.3	52.4	45.5	41.5
Number of employees at December 31	FTE	**3 906**	**4 230**	**4 265**	**4 228**	**4 349**
Change	%	−7.7	−0.8	+0.9	−2.8	−1.9
Net revenues per employee [2]	CHF 000	**520**	**490**	**469**	**495**	**478**
Change	%	+5.9	+4.5	−5.3	+3.7	+9.6
Number of outlets operated by Valora		**1 796**	**1 868**	**1 882**	**1 872**	**1 838**
of which agencies		1 133	1 105	1 031	1 014	990
Number of franchise outlets		**929**	**881**	**872**	**543**	**471**

All totals and percentages are based on unrounded figures from the consolidated financial statements.
[1] From continuing operations
[2] 2017 and 2018 revised according to IFRS 15
[3] Definition of alternative performance measures on page 197

ALTERNATIVE PERFORMANCE MEASURES

Valora's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). In addition to the information and figures required by these standards, Valora publishes alternative performance measures (APMs) that are not defined or specified in these standards and for which there are no generally accepted reporting formats. Valora determines the APMs with the aim of making it possible to compare the performance indicators over time and across sectors. This is achieved by making certain adjustments to the balance sheet, income statement and cash flow statement items prepared in accordance with the applicable accounting standards. Such adjustments may result from different calculation and valuation methods as well as special effects that affect the meaningfulness of these items. The APMs determined in this way apply to all periods and are used both internally for business management purposes and externally to assess the company's performance by analysts, investors and rating agencies.

This document has been prepared in conformity with the Directive on the Use of Alternative Performance Measures issued by SIX Exchange Regulation Ltd.
The main alternative performance measures used by the Group are explained in this document.

- External sales
- Change in sales - FX- and POS-adjusted (same store)
- Gross profit (margin)
- EBITDA
- EBIT
- Free Cash Flow
- Net financial debt
- Leverage Ratio
- Return on Capital Employed (ROCE)
- Equity ratio
- Net Working Capital

External sales [1)]

External sales are defined as Valora's net revenues plus the sales generated by its contracted sales outlets. External sales, on the other hand, do not include deliveries to these points of sale, franchise fees and other income from operating agreements. This indicator ensures that sales can be compared despite changing distribution models.

Change in net revenues – FX- and POS-adjusted (same store)

The currency-adjusted change in net revenues shows the percentage change in net revenues excluding the impact of exchange rate effects. The POS-adjusted change is calculated for the respective business unit on the basis of unchanged POS, i.e. without openings and closings.
In the case of exchange rate effects, the functional currency valid in the respective country is used for the calculation.

Gross profit (margin) [1)]

Gross profit is calculated as net revenues less cost of goods and materials.
The gross profit margin is the gross profit as a % of net revenues.

[1)] See reconciliations for calculation

EBITDA [1]

EBITDA stands for earnings before interest, taxes, depreciation and impairment of property, plant and equipment, impairment of goodwill, and amortization and impairment of other intangible assets. EBITDA is EBIT plus the amortisation of intangible assets and the depreciation of property, plant and equipment, plus impairment losses and minus impairment loss reversals, recognised in profit or loss during the reporting period. Valora uses an EBITDA not considering depreciation on right-of-use assets arising from lease agreements.

Free Cash Flow [1]

Valora uses cash flow before acquisitions and dividends as a free cash flow measure. Cash flow before acquisitions and dividends is calculated as cash flow from operating activities less net capital expenditure (investments in property, plant, equipment and intangible assets less proceeds from the sale of property, plant, equipment and intangible assets), less repayments of lease liabilities, adding lease payments received from finance leases.

Net financial debt [1]

Net financial debt is used both internally and externally in assessing Valora's liquidity, capital structure and financial flexibility. Cash, cash equivalents and derivate assets, less financial liabilities (current and non-current) and derivative liabilities.

Net debt II [1]

Net debt II additionally takes into account the current and non-current lease liabilities but does not include lease receivables.

Leverage Ratio [1]

The leverage ratio puts EBITDA in relation to net debt. This ratio indicates how many years the company needs to pay off its current net debt. Valora uses this indicator in connection with financing instruments.

Return on Capital Employed (ROCE) [1]

Valora uses ROCE as a key performance indicator. It combines the view on business profitability and capital efficiency. ROCE is the ratio of the EBIT generated by the Group over the last twelve months to its average capital employed during the same period. Capital employed is defined as non-current assets excluding right-of-use assets and lease receivables less deferred tax assets plus net working capital plus operating cash.

Equity Ratio [1]

The equity ratio shows the ratio of equity to total assets excluding right-of-use assets and lease receivables.

Net Working Capital [1]

Net working capital is capital invested in the Group's operating activities. Net working capital equals trade accounts receivable, other current receivables and inventories less trade accounts payable and other current liabilities.

[1] See reconciliations for calculation

RECONCILIATIONS

External Sales

in CHF 000	2019	2018
Net revenues [1]	2 029 668	2 074 889
Sales franchisees and other contractual bounded partners [2]	650 957	656 152
External sales	**2 680 626**	**2 731 041**

[1] 2018 revised according to IFRS 15
[2] Net of deliveries from Valora to franchise points of sale, franchise fees and other income from operating agreements

Gross profit (margin)

in CHF 000	2019	2018
Net revenues [1]	2 029 668	2 122 093
Cost of goods and materials	– 1 112 467	– 1 156 725
Gross Profit	**917 201**	**965 368**
Gross Profit Margin	**45.2%**	**45.5%**

[1] 2018 revised according to IFRS 15

EBITDA

in CHF 000	2019	2018
EBIT	**91 458**	**89 818**
Depreciation and impairment of property, plant and equipment	48 330	48 178
Amortisation and impairment of intangible assets	17 647	18 044
EBITDA	**157 435**	**156 040**

Free Cash Flow

in CHF 000	2019	2018
Cash Flow from operating activities	**290 267**	**116 008**
Investments in property, plant and equipment	– 81 044	– 62 141
Proceeds from the sale of property, plant and equipment	700	2 709
Investments in intangible assets	– 5 828	– 7 904
Proceeds from the sale of intangible assets	105	351
Repayments of lease liabilities	– 142 688	– 0
Lease payments received from finance leases	14 524	0
Free Cash Flow	**76 036**	**49 023**

Net financial debt

in CHF 000	**2019**	2018
Cash and cash equivalents	122 651	104 776
Current financial and derivative liabilities	– 153	– 185 133
Non-current financial liabilities	– 443 378	– 278 221
Net financial debt	**– 320 879**	**– 358 578**

Net debt II

in CHF 000	**2019**	2018
Net financial debt	**– 320 879**	**– 358 578**
Current lease liabilities	– 160 749	0
Non-current lease liabilities	– 887 491	0
Net debt II	**– 1 369 120**	**– 358 578**

Leverage Ratio

in CHF 000	**2019**	2018
Net financial debt	**320 879**	**358 578**
EBITDA	157 435	156 040
Normalisation for acquisitions / divestitures	0	0
Relevant EBITDA for the Group	**157 435**	**156 040**
Leverage ratio	**2.04x**	**2.30x**

Return on Capital Employed (ROCE)

in CHF 000	**2019**	2018	2017
Non-current assets	1 960 383	937 977	974 464
Right-of-use assest	– 938 997	0	0
Non-current lease receivables	– 68 207	0	0
Deferred tax assets	– 17 838	– 10 212	– 15 474
Trade accounts receivable	77 080	80 235	71 268
Inventories	143 393	145 585	154 537
Other current receivables	65 635	55 938	54 567
Trade accounts payable	– 145 387	– 136 546	– 143 339
Other current liabilities	– 104 469	– 84 599	– 101 257
Operating cash [1]	85 000	85 000	85 000
Capital Employed	**1 056 593**	**1 073 377**	**1 079 765**
Average on a monthly basis [2]	**1 093 952**	**1 098 756**	
EBIT	**91 458**	**89 818**	
ROCE	**8.4%**	**8.2%**	

1) Operating cash means the least amount of available cash to maintain in cash planning and is only considered on Group level.
2) Capital employed is the average measured over the preceding 13 months.

Equity Ratio

in CHF 000	**2019**	2018
Total Equity	626 119	613 780
Total assets excluding right-of-use assets and lease receivables	1 362 227	1 326 230
Equity Ratio	**46.0%**	**46.3%**

Net Working Capital

in CHF 000	**2019**	2018
Trade accounts receivables	77 080	80 235
Inventories	143 393	145 585
Other current receivables	65 635	55 938
Trade accounts payable	– 145 387	– 136 546
Other current liabilities	– 104 469	– 84 599
Net Working Capital	**36 253**	**60 612**

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Stand 19.2.2020

Laufende Informationen über Pressekonferenzen, Veröffentlichungen usw. finden Sie jeweils auf der Website von Valora: www.valora.com.

Redaktion / Inhalte / Text Valora Corporate Communications und Valora Corporate Finance
Konzeption / Gestaltung / Illustration hilda design matters, Zürich, www.hilda.ch
Fotografie Noë Flum, Zürich
Druck FO-Fotorotar AG, Egg/Zürich

Der Geschäftsbericht erscheint in Deutsch und Englisch. Die Originalsprache ist Englisch.
Online Version www.valora.com/geschaeftsbericht

Valora – kleines Glück unterwegs.

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