

k kiosk Bern HB Welle



INVESTORS' PRESENTATION

18th November, 2016

Agenda



Agenda

1
**VALORA AT A
GLANCE**

2
**RECENT RESULTS
AND GUIDANCE**

3
**FUTURE
STRATEGIC
AREAS AND Q&A**



VALORA AT A GLANCE

- STARBUCKS
On the go
- Caffè Latte
 - Cappuccino
 - Caffè Macchiato
 - Hot Chocolate
 - Caffè Crema
 - Chai Tea Latte

From conglomerate to an international convenience and foodservice player

Overview history

DIVESTMENTS

2000



2015

ACQUISITIONS



Core Valora



Valora at a glance

Key metrics

BUSINESSES



RETAIL



Clear positioned network with highly attractive formats in four countries

- A market leader in small outlet retail, selling convenience products through a network of standard format sales points, located at heavily frequented sites.



FOOD SERVICE



1st class lye-bread products through own and high efficient production

- Market leader with focus on one product category, three highly efficient production facilities, modern outlet networks and a substantial geographical coverage.

KEY METRICS 2015

RETAIL
2 250



2 550
POS

FOOD SERVICE
300



CHF 2.1 bn
sales



CHF 55 m
EBIT



CHF 82m
FCF

Gross profit margin
40.7%

EBIT margin
2.7%



5% dividend yield

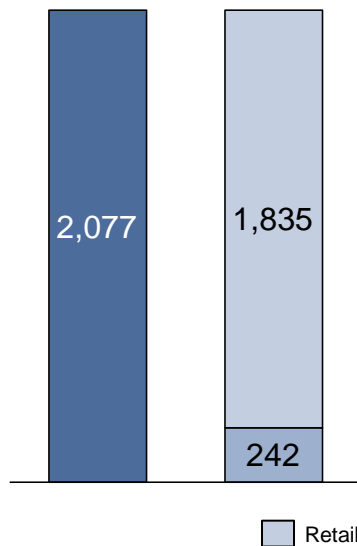
Valora at a glance

Facts & Figures

FACTS & FIGURES 2015

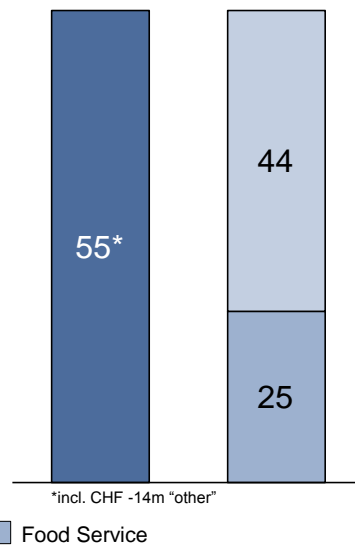
Net revenues

in CHF million



EBIT

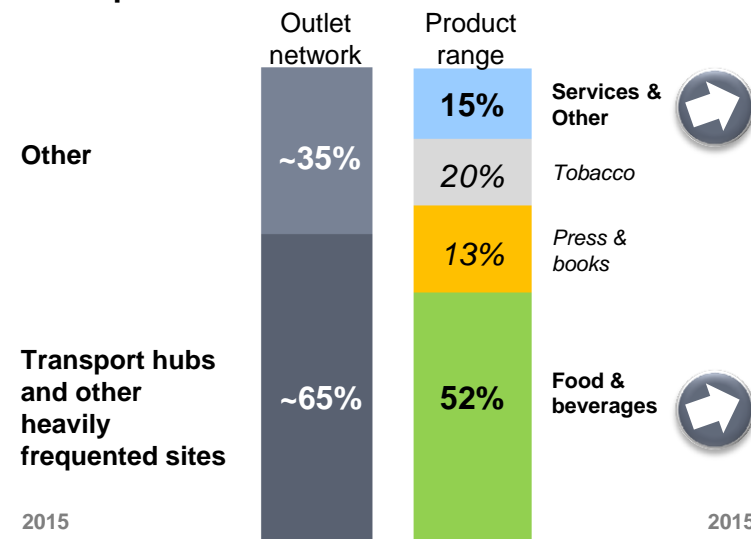
in CHF million



Retail
 Food Service

ASSORTMENTS

Gross profit (by site cluster and by product line, Retail & Food Service)



2015

2015

Focused retailer with two major pillars

Valora's present

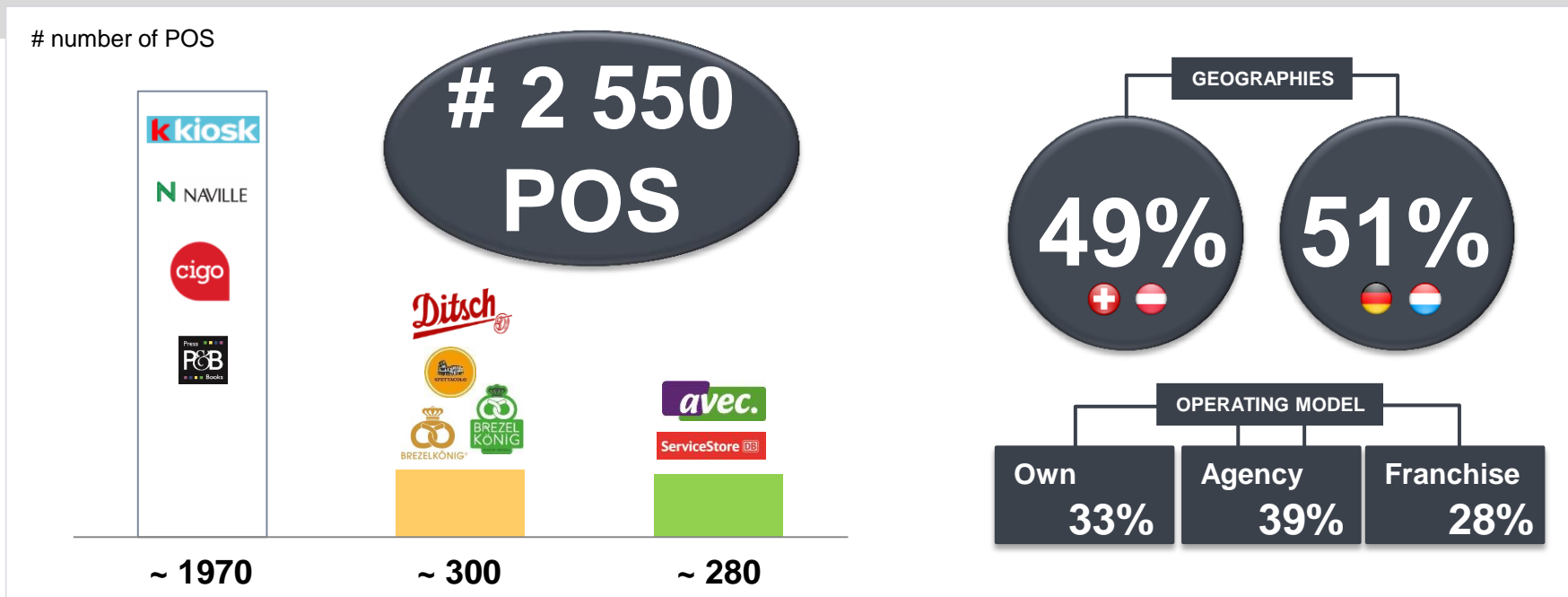


1

Unique convenience and food service network

Valora's present

STRONG NETWORK AND MULTIFACED PORTFOLIO



2

Value chain ownership | vertical integration

Valora's present



DITSCH PRODUCTION AND DISTRIBUTION

OWN BRANDS AND RETAIL SERVICES

- > Pretzel niche leader
- > ~600 million pieces p.a.
- > Worldwide distribution
- > 90% B2B

USP

MARGIN



- > Unique service offerings
- > Well established brands
- > 40m ok.- cans
- > Strong service growth

Strategic positioning of Valora Group

Valora's present

KIOSK & CONVENIENCE

> Leading kiosk/convenience operator in CH & DE with positive growth momentum

Market leader in tobacco, print and lottery products

Well established food take-away destination at high frequency locations

Fast growing service offering

PRETZEL & COFFEE

> Leading pretzel/take-away concept in CH & DE and strong position in coffee (CH)

Further potential in existing markets

Opportunity for international expansion

Coffee, bakery product modules to be integrated in kiosk/convenience POS

PRODUCTION & DISTRIBUTION

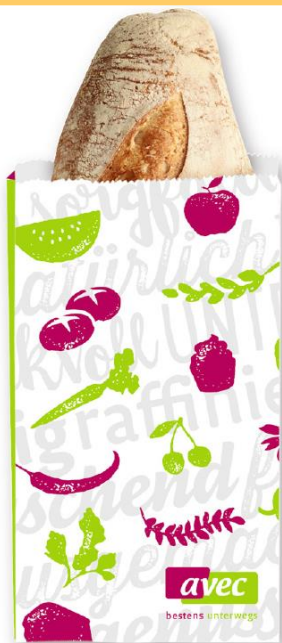
> One of worldwide leading B2B lye bread and convenience bakery products specialist

State-of-the-art manufacturing plants

Output of around 600m pretzel products per year with global distribution

Positive market dynamics and strong competitive position

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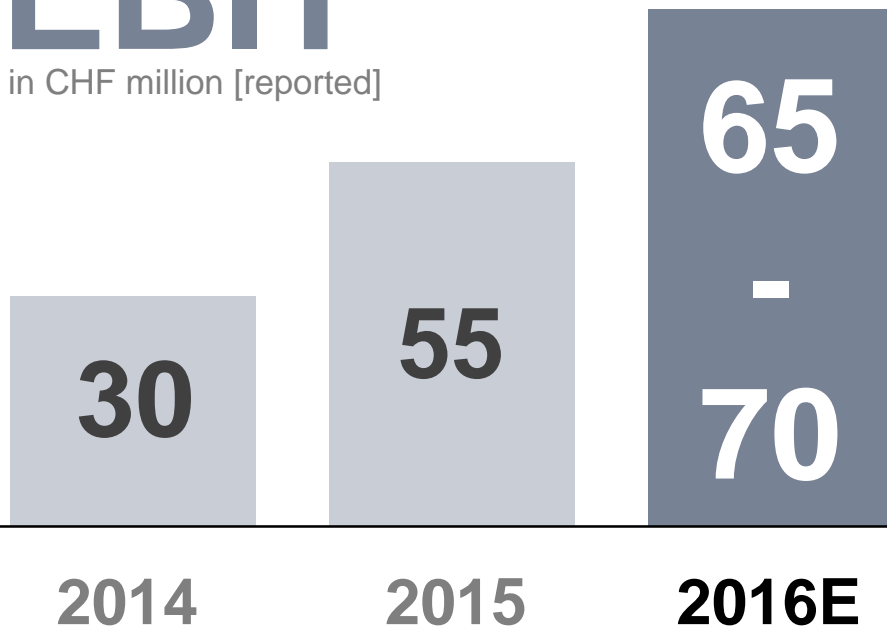
RECENT RESULTS AND GUIDANCE

Profitability

Confirmation of EBIT guidance for 2016

EBIT

in CHF million [reported]



Remarks

Guidance takes full account of:

- General consumer sentiment in Switzerland
- Expected deconsolidation of Naville distribution
- Higher end expected



Progress in medium-term guidance

Valora Group guidance

MEDIUM TERM GUIDANCE PROGRESS (% in local currency)

GROSS PROFIT

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

EBIT

- **4.0% EBIT MARGIN EARLIEST 2018**

- 6.0% Excluding Naville 2.9%
- 2.6% Excluding Naville -1.4%
- 8.5% Excellent performance due to top-line increase
- 7.2% Same-store growth and expansion in retail as well as wholesale portfolio optimisations
- 41.4% Development fully on track +0.7 pct pts vs. FY 2015, +0.9 pct pts vs. H1 2015, gross-profit margin excl. Naville Distribution = 40.8%
- 2.9% Increase from 2.7% in FY 2015 and from 2.1% in H1 2015, EBIT margin 2.7% excl. Naville Distribution

Group performance in line with plans

H1 2016 executive summary



CUSTOMERS

- Highly satisfactory same-store results at Retail Germany and Ditsch
- Swiss retail sales remain weak
- Brezelkönig resumes growth



STRATEGY

- Naville synergies largely realised
- Implementation of strategic initiatives mostly on track



FOCUS

- Successful divestment of Naville Distribution
- Building disposal to follow

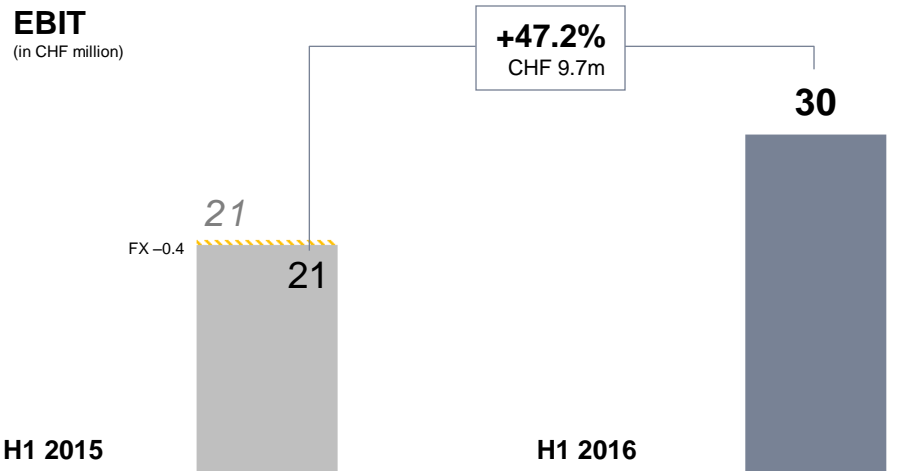


FINANCIALS

- + 47% EBIT growth in H1 2016
- FY 2016 expectations confirmed at higher end of guidance range

Retail drives marked increase in Group profitability

Valora Group earnings before interest and taxes

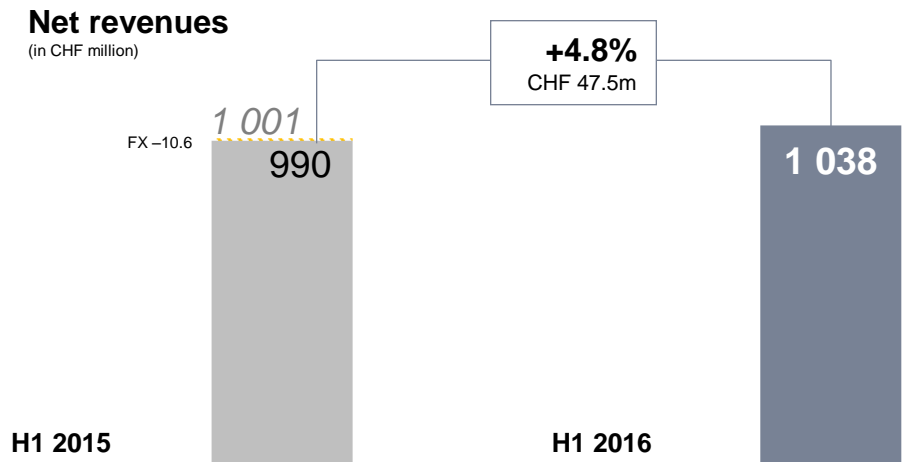


- **Group:** strong result overall, increase of +47% versus previous year results in 2.9% EBIT margin (+0.8 pct pts)
- **Switzerland:** realisation of projected cost improvements and synergies, higher promotions and Naville (January/February)
- **Germany:** strong top line has direct positive impact on EBIT
- **Food Service:** resuming growth despite margin dilution of -0.4 pct pts

Division Country <i>in CHF million</i>	H1 2015	H1 2016	Δ in %	Δ in % (local currency)	EBIT margin in %	Δ in %p
Valora Group	20.6	30.4	47.2	44.4	2.9	0.8
Retail	14.6	23.5	61.0	59.4	2.6	0.9
<i>CH AT</i>	9.0	13.6	52.0	52.3	2.1	0.7
<i>Naville Distribution</i>	2.8	2.9	2.8	2.8	5.9	-2.3
<i>DE Lux</i>	2.8	7.0	147.5	134.4	2.9	1.6
Food Service	11.3	11.7	3.7	1.5	9.4	-0.4
Other	-5.2	-4.8	-8.0	-8.0		

Positive momentum at Retail Germany | Ditsch wholesale with further growth

Valora Group net revenues



- **Group:** growth of CHF +47 million
- **Switzerland:** Naville full-year effect overcompensates for market challenges and network optimisations (-25 outlets)
- **Germany:** same-store growth (drivers: own brands, food, cigarettes), more Valora operated outlets, network optimisation (net -48 stores)
- **Ditsch:** growth in retail and wholesale (on strong H1 2015)
- **Brezelkönig:** expanding (8 outlets) and resuming same-store growth

Division Country <i>in CHF million</i>	H1 2015	H1 2016	Δ in %	Δ in % (local currency)	Same store index
Valora Group	990.3	1 037.8	4.8	3.7	
<i>Switzerland</i>	697.0	714.4	2.5	2.5	
<i>Europe</i>	293.3	323.4	10.2	6.4	
Retail	874.9	912.9	4.3	3.4	
<i>CH AT</i>	640.0	645.6	0.9	0.8	97.0
<i>Naville Distribution*</i>	33.8	48.5	43.2	43.2	
<i>DE Lux</i>	212.5	238.1	12.0	8.1	104.7
Food Service	115.4	124.3	7.7	5.3	
<i>Ditsch</i>	73.4	77.7	5.9	2.2	102.0
<i>Other formats**</i>	42.1	46.7	10.9	10.9	100.9

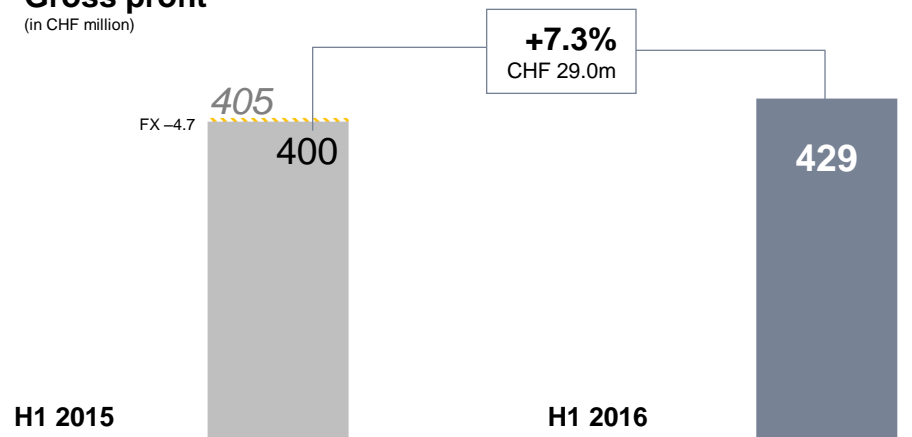
* incl. Intercompany revenues | **incl. Brezelkönig Switzerland, Brezelkönig International, Subway and Spettacolo

Gross margin heading towards mid-term target of 42%

Valora Group gross profit

Gross profit

(in CHF million)



- **Group:** gross profit margin increase of +0.9 percentage points
- **Switzerland:** promotions and optimised sourcing support increase in profitability
- **Germany:** net revenue driven gross profit growth plus slightly increased margin
- **Food Service:** gross margin improved by +1.3 percentage points thanks to better wholesale mix

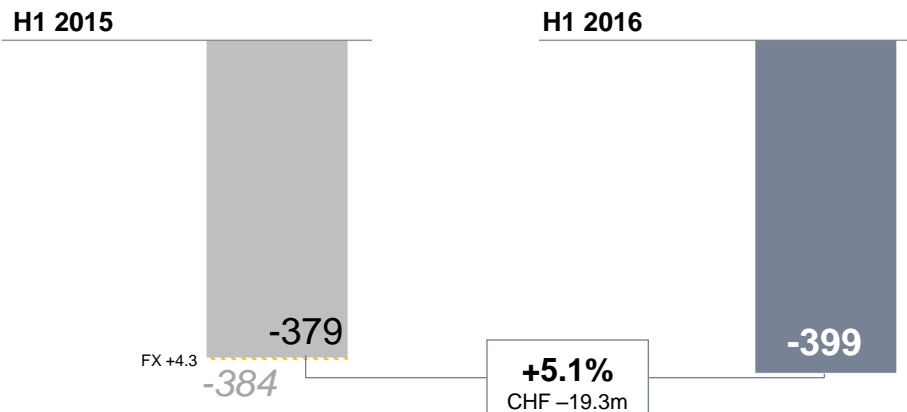
Division Country <i>in CHF million</i>	H1 2015	H1 2016	Δ in %	Δ in % (local currency)	Gross margin (in % of NR)	Δ in %p
Valora Group	400.1	429.1	7.3	6.0	41.4	0.9
Retail	311.8	331.9	6.4	5.5	36.4	0.7
<i>CH AT</i>	<i>225.0</i>	<i>230.8</i>	<i>2.6</i>	<i>2.6</i>	<i>35.8</i>	<i>0.6</i>
<i>Naville Distribution</i>	<i>12.8</i>	<i>17.9</i>	<i>39.1</i>	<i>39.1</i>	<i>36.8</i>	<i>-1.1</i>
<i>DE Lux</i>	<i>74.0</i>	<i>83.2</i>	<i>12.4</i>	<i>8.5</i>	<i>35.0</i>	<i>0.1</i>
Food Service	88.3	96.7	9.5	7.2	77.8	1.3

Cost savings in Switzerland already largely realised

Valora Group operating costs

Operating costs

(in CHF million)

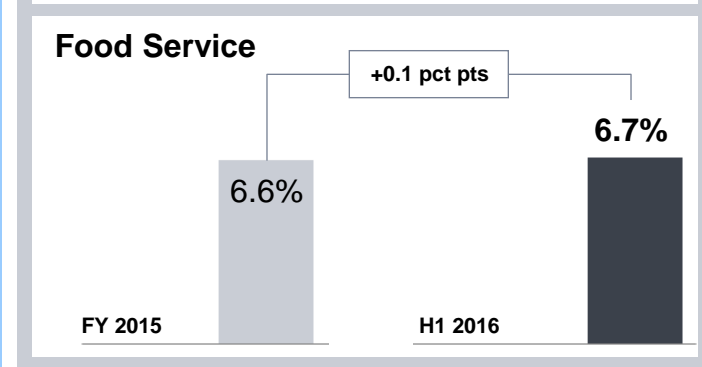
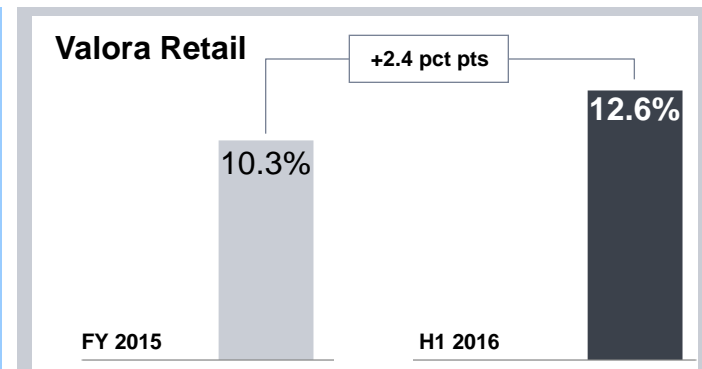
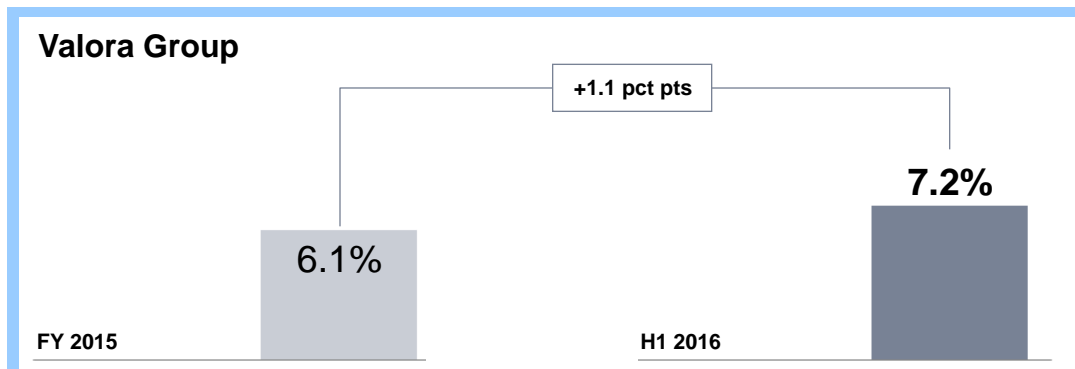


- **Group:** costs raised by Naville full-year effect, invest into FS network, more own operated units in DE and Naville Distribution project costs
- **Switzerland:** cost savings through Naville synergies and reorganisation already mostly realised, network optimisation, full-year effect Naville
- **Germany:** significant +1.5 percentage point improvement in cost ratio
- **Food Service:** costs raised by general network expansion, higher production volume and Brezelkönig Int. expansion

Division Country <i>in CHF million</i>	H1 2015	H1 2016	Δ in %	Δ in % (local currency)	Cost ratio (in % of NR)	Δ in %p
Valora Group	-379.5	-398.8	5.1	3.9	-38.4	-0.1
Retail	-297.2	-308.4	3.7	2.8	-33.8	0.2
<i>CH AT</i>	<i>-216.0</i>	<i>-217.2</i>	<i>0.5</i>	<i>0.5</i>	<i>-33.6</i>	<i>0.1</i>
<i>Naville Distribution</i>	<i>-10.0</i>	<i>-15.0</i>	<i>49.2</i>	<i>49.2</i>	<i>-30.9</i>	<i>-1.2</i>
<i>DE Lux</i>	<i>-71.2</i>	<i>-76.2</i>	<i>7.0</i>	<i>3.4</i>	<i>-32.0</i>	<i>1.5</i>
Food Service	-77.0	-85.0	10.4	8.0	-68.4	-1.7
Other/Corporate	-5.3	-5.4	3.3	3.3		

ROCE for the Group heading to medium-term target of 8%

ROCE for 12 months to 30.6.2015 vs. 12 months to 30.06.2016



- **Group:** Significantly improved profitability (EBIT) and stable capital employed increased ROCE by +1.1 percentage points
- **Retail:** all units above 10%, Retail CH/AT (including Naville Retail) leap-frogging to almost 14%
- **Food Service:** slight increase by +0.1 percentage points to 6.7%

Calculation basis Average capital employed over last 13 months incl. goodwill | EBIT for last 12 months | cash allocated to Group, not divisions

Net profit significantly increased

Valora Group net profit

Net profit (in CHF million)	H1 2015	H1 2016
EBIT	20.6	30.4
Financing activities, net	-10.5	-9.7
Earnings before taxes	10.1	20.7
Income taxes	-1.4	-3.1
Net profit from continuing operations	8.7	17.6
Net result from discontinued operations	-34.9	0.2
Group net result	-26.3	17.8

- Net financial result in line with expectations
 - Includes CHF -3.5 million exceptional costs due to close out of interest rate swap (EUR 72 million) linked to refinancing of Schuldschein issue
 - Offset by lower FX losses than in H1 2015 (CHF +3.8 million)
- Tax rate of 15% in line with medium-term projections

Year-on-year improvement in balance sheet metrics

Valora Group balance sheet

Balance sheet (in CHF million)	H1 2015	FY 2015	H1 2016
Total assets	1 313.9	1 220.2	1 162.3
Cash, cash equivalents	67.1	116.3	84.0
Goodwill	507.4	513.2	511.0
Net working capital	28.1	1.2	25.3
<i>NWC in % of net revenues</i>	<i>1.4%</i>	<i>0.1%</i>	<i>1.2%</i>
Net debt (incl. discontinued operations)	314.4	251.1	286.4
<i>Leverage ratio</i>	<i>2.59</i>	<i>2.10</i>	<i>2.24*</i>
Shareholders' equity	489.2	506.0	476.9
<i>Equity cover</i>	<i>37.2%</i>	<i>41.5%</i>	<i>41.0%</i>
Capital employed (average)	965.2	903.1	894.7

- Total assets lower due to cash disbursement for dividends in H1 2016 and lower investments in tangible assets
- Leverage ratio significantly improved vs H1 2015, only slightly higher than year-end 2015 due to dividend payment
- Comfortable equity cover, +3.8 percentage points higher versus H1 2015

* Trade not included

Solid free cash flow in line with expectations

Valora Group cash flow statement

Cash flow (in CHF million, excluding discontinued operations)	H1 2015	H1 2016
EBIT	20.6	30.4
Depreciation and amortisation	27.1	27.4
EBITDA	47.7	57.8
Elimination of non-cash items	3.2	4.2
NWC and current assets	- 0.2	- 16.9
Interest, tax expense (net)	- 12.3	- 13.4
Cash flow from operations	38.4	31.7
Capital expenditure	- 23.9	- 15.6
Asset disposals	0.9	1.5
Cash flow from regular investment activities	- 23.1	- 14.2
Free cash flow	15.3	17.6

- Net working capital changes primarily driven by strong improvements in 2015 and phasing effects in 2016
- Lower capital expenditure thanks to selective investment process and backend loaded expansion of store network and production facility at Ditsch Germany

Main initiatives with tangible targets and progress YTD (Q3 2016)

2016 and beyond

FOOD

➤ COFFEE MODULES: AT ~800 POS

➤ 43% of rollout in Switzerland completed (85 POS with Starbucks and >230 POS with Spettacolo modules); rollout in Germany just started

➤ DITSCH: EXPANSION OF PRODUCTION

➤ Preparation work done, in progress for H2 2016 | H1 2017

➤ OK.- ENERGY DRINKS IN DE (>10 M CANS)

➤ 4.5 million cans sold YTD, successful sponsoring/promotion

NETWORK

➤ BREZELKÖNIG INTERNATIONAL: ~ 100 POS

➤ 6 POS running, 1st high-frequency outlet in Graz (Austria), operating and franchise model defined, focus on franchise

➤ GERMANY RETAIL: ~ 50 NET NEW STORES (BY 2018)

➤ Net -26 but increased number of Valora and franchise POS by +107, while reducing lower-value partner segment (-133)

➤ DITSCH/BREZELKÖNIG: ~ 50 NEW OUTLETS IN CH/DE (BY 2018)

➤ YTD: targeted 20 openings for 2016 realized (net 10 POS)

➤ NAVILLE STORE REBRANDING/INTEGRATION

➤ First Naville stores rebranded (goal: completion by 2017)

Main initiatives with tangible targets and progress YTD (Q3 2016)

2016 and beyond

SERVICES

➤ LOYALTY APP IN ALL FORMATS (END 2018)

➤ Caffé Spettacolo App established; Brezelkönig: Testing catering in Basel from October; Zurich planned for H2 2017

➤ DEVELOP PROFITABLE CONSUMER FINANCE BUSINESS

➤ bob Finance: positive Life Time Value (LTV*) since Q2 2016

ORGANISATION

➤ EFFICIENCY PROGRAM OF CHF 15-20 MILLION

➤ ~ 2/3 cost reduction realized on a full-year 2016 basis, Naville and reorganisation effects already almost fully implemented

➤ ENHANCED SOURCING, PROMOTIONS AND CATEGORY MANAGEMENT

➤ Naville with significant impact, positive promotion effects in CH | margin increases in Retail by +0.7 percentage points

* LTV – Life Time Value: projected revenues from issued credits during a certain period versus actual operating costs in the same period

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FUTURE STRATEGIC AREAS

Areas of development

Value chain at Ditsch, Brezelkönig International and digital opportunities











Value chain at Ditsch & Brezelkönig International

Highly specialized and automated in 3 production plants

Details on production plants

	Production facilities	Size	No. of lines	pre-proofed dough (FTO)	Fully baked
Oranienbaum, DE 	Oranienbaum, DE  In operation since 1999	<ul style="list-style-type: none"> Site area: c. 40'000m² Production area: c. 10'000m² 	8	✓	✓
Mainz, DE 	Mainz, DE  In operation since 1990	<ul style="list-style-type: none"> Site area: c. 10'000m² Production area: c. 2'500m² 	3	✓	
Emmenbrücke, CH 	Emmenbrücke, CH  In operation since 2000	<ul style="list-style-type: none"> Site area: c. 7'000m² Production area: c. 500m² 	1	✓	

Source picture: Google maps

Qualifications



since 2005
(«Higher Level»)



since 2007
(«Grade Level A»)



From 2016



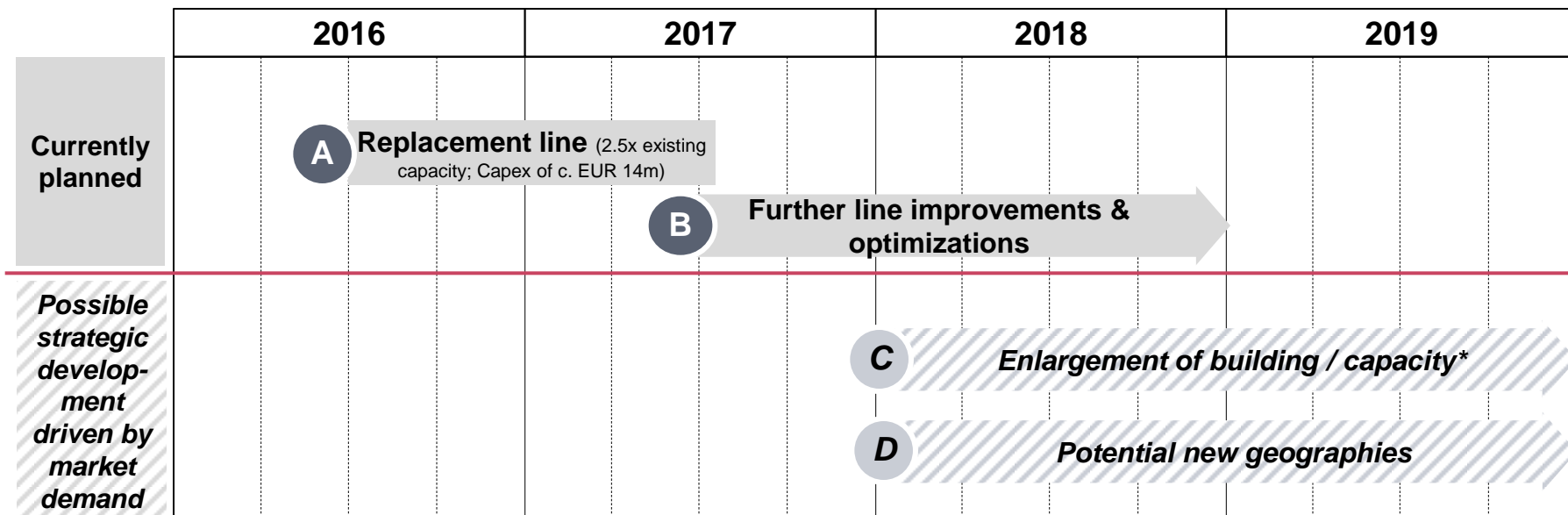
Since 2007-2010
(renewal of certification possible at anytime)



Since 2010
Golden DLG Award
(«Price for the Best»)

Continued investments into capacities

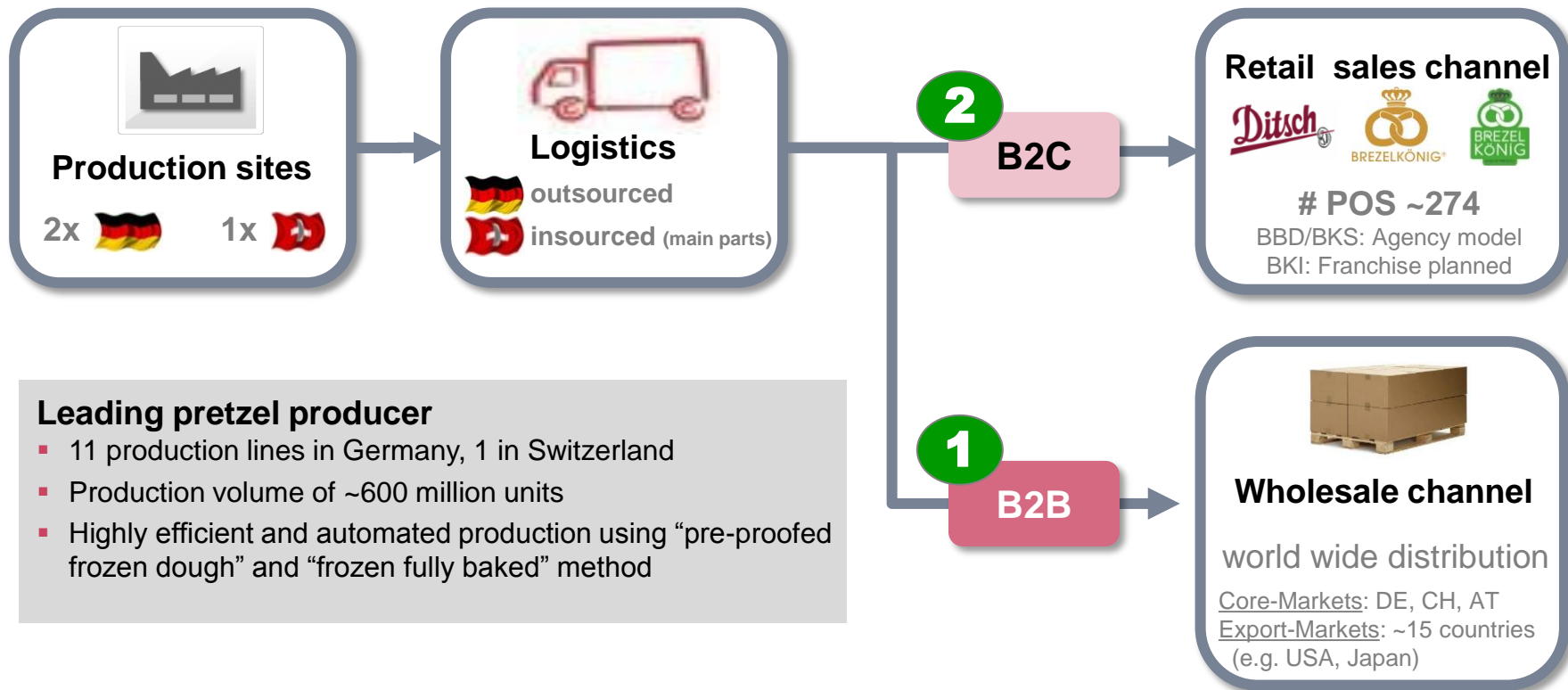
Line replacement planned in 2017



*1st module (for two lines): building (for two lines) & 1 production line (Capex indication: EUR 25m; highly depending on line configuration)

We will continuously invest into line improvements and extensions in order to match market demand

Highly focused business model of Ditsch / Brezelkönig



Leading pretzel producer

- 11 production lines in Germany, 1 in Switzerland
- Production volume of ~600 million units
- Highly efficient and automated production using “pre-proofed frozen dough” and “frozen fully baked” method

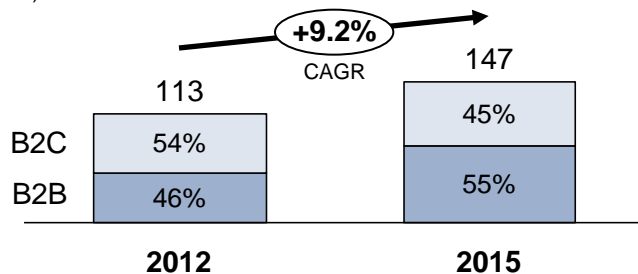
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Strong development of B2B sales channel

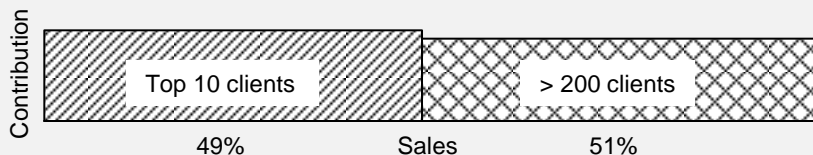
Category leadership pretzel

B2B – Strong outperformance

Net revenues, Brezelbäckerei Ditsch (**B2C & B2B**)
(in EUR million)

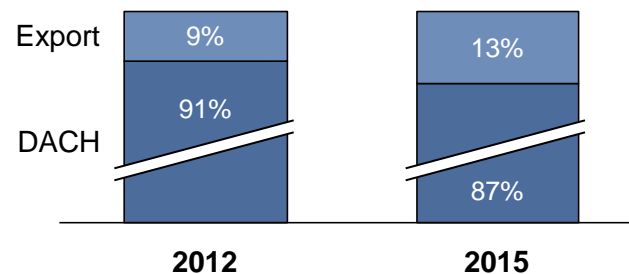


- Well balanced B2B client portfolio: top 10 clients contribute 49% to sales with the remaining >200 51% to sales



International markets

Net revenues split by geographies, Brezelbäckerei Ditsch (**B2B**)



DACH (DE, AT, CH)

- Further growth through strategic partners in home markets
- New products in existing assortment and penetration of new segments
- 12 own sales personnel

Export

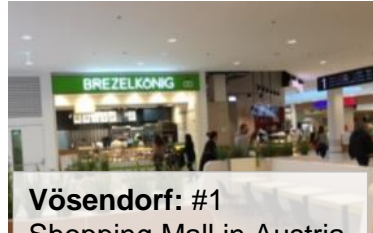
- Pretzel products as worldwide food trend
- Expand market leadership
- Collaboration with selective distributor network



Austria (Vienna)



Donau Zentrum 2015:
#2 Shopping Mall in
Austria (since May 2015)



Vösendorf: #1
Shopping Mall in Austria
(since October 2015)



Meidling: Passage to
#2 Railway station in
Vienna (since Dec. 2015)



Graz: Main railway
station (since July 2016)

France (Paris)



Italie Deux
Among top ten of the malls in Paris
(since December 2015)



O'Parinor
Among top ten of the malls in Paris
(since December 2015)

H1 2017

High frequency location in Paris
SNCF
(opening in H1 2017)

2 Expansion Brezelkönig International B2C



Focus on 2 core markets

Proof of concept

- First results are promising, however turnover with further room for improvement
 - Improve assortment to customer needs (include warm snacks)
 - Adjust prices to market level and competition situation
 - Improve store layout for favorable atmosphere (light, etc.)
- Franchise concept is most successful on public high-frequency locations (less in malls and city locations)
- Single-product shops are attractive for customers and landlords

Key success factors

- Pretzel category is a (growing) niche
- Profit contribution for partners (incentive for expansion) and franchisee satisfaction
- Frozen goods logistics (costs and quality)

Start franchise logic (3 alternatives)



Joint Ventures



Potential Institutionals



Potential Single / Multi- Operator
(Focus QSR)

2

Expansion Brezelkönig International B2C



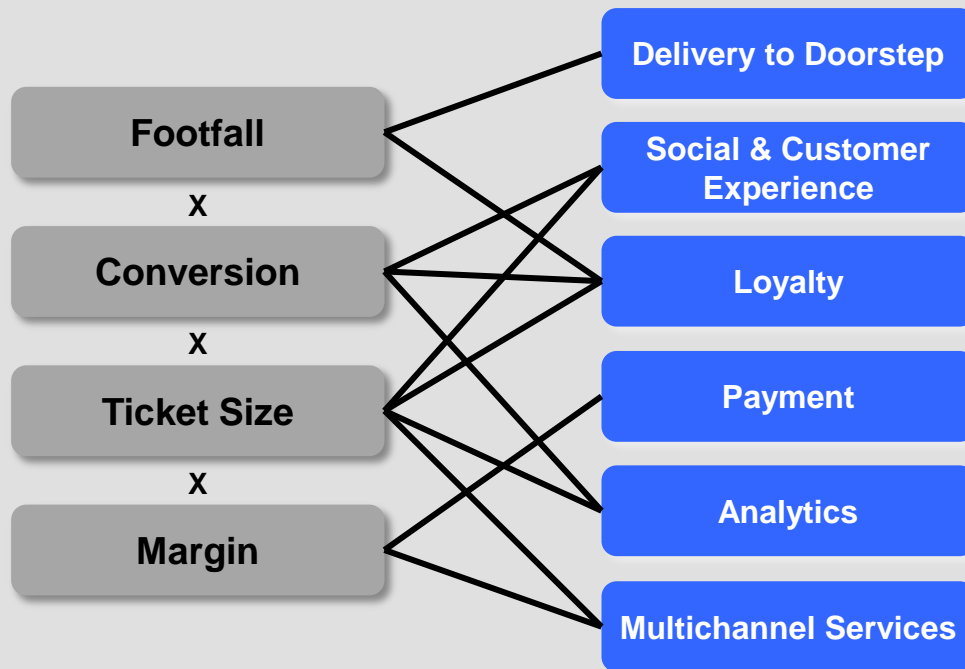


Digital opportunities

All digital innovation has to improve instore retail economics

Trends and new technologies change customer behavior

RETAIL ECONOMICS



TRENDS / NEW TECHNOLOGIES



Robotics



Programmatic Advertising



Messenger Services & Chatbots



Mobility



Sharing Economy

Transaction multi-channel services

Digital opportunities

LOYALTY & PAYMENT

Achievements

Spettacolo App



ok.- chatbot

Onwards

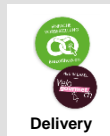
- > Introduction of digital customer/ loyalty app's for all formats
- > Integration of promotions, loyalty and payment

MULTI-CHANNEL SERVICES

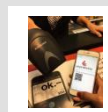
ok.- cash



Online



Delivery



Air Prishtina

- > Leverage POS network and KYC capabilities for new services
- > Enhance pick-up & drop-off services at POS

RETAIL ANALYTICS

- > Initial review of:
 - opening hours flexibilisation
 - analysis of out-of-stock / order proposal
 - pricing

- > Customer insights at POS/digital to improve product and service offering

bob money and ok.- cash – convenient, transparent and fast

Digital opportunities



www.okcash.ch

www.bobmoney.ch



- > Online financial services for everyone – convenient, transparent, fair
- > Fully digital business model using latest technology and unique, FINMA approved identification process
- > Startup company with team of about 15 people based in Zurich
- > Re-financing with Glarner Kantonalbank
- > After successful start, new products introduced (score me)

To Do's and learnings

Digital opportunities

1 Create Agile Organization

Speed of Implementation & Acceptance of Failure required to attract Talents – likely in separate Organization (ValoraLAB)

2 Deep Understanding of Technology & Systems

High Level of Customization & Fragmented Solutions require Development of Proprietary Capabilities

3 Strict Customer Focus

*Digital War for Customers attention requires strict focus on value add & ease of use to engage customers:
“BE THERE, BE USEFUL, BE QUICK”**

4 Build Network of Competence

Collaborate with industry partners, universities & digital networks to source New Capabilities

Wrap Up – Summary

**EXCELLENT
POSITION**



**RESILIENT AND HIGHLY ATTRACTIVE NETWORK WITH
VERTICAL INTEGRATION**

**CLEAR
PLAN**



**STRATEGIC BUILDING BLOCKS DEFINED ALONG **CONCEPT
DEVELOPMENT, EXPANSION AND AGILE ORGANISATION****

**STRONG
TEAM**



NEW LEADERSHIP **TEAM AND STRUCTURE IMPLEMENTED**

**AMBITIOUS
TARGETS**



**AMBITIOUS AND REALISTIC TARGETS AND GUIDANCE FOR
SHORT AND MID-TERM PERSPECTIVE**

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Q & A

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Contacts & Corporate calendar

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Corporate calendar

2016 Full-year results

February 28, 2017

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

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