REVIEW OF GROUP RESULTS

Despite a demanding economic environment, Valora can look back on 2009 as a successful financial year. Challenging intitial milestones in the strategy programme launched in 2008 were achieved and the Valora Group generated operating earnings of CHF 68.1 million. This result surpassed the 2008 figure by CHF 30.5 million, or CHF 5.4 million before restructuring costs. Special factors brought about a 1.2% fall in net revenues, which totalled CHF 2 897 million. After adjusting for currency fluctuations, the EURO 08 soccer championship and acquisitions, Valora's turnover increased by CHF 45.5 million, a 1.6% increase on 2008. This encouraging performance was driven by the Retail and Trade divisions. Although Valora Media succeeded in turning its sales around in the second six months of the year, its overall 2009 net revenues were below those for 2008. The Group's net earnings from continuing operations rose by CHF 28.4 million to reach CHF 53.0 million, a 115% year-on-year increase. Net profits including discontinued operations were CHF 54.9 million. Thanks to the additional CHF 19.6 million in operating cash flow generated from continuing operations during 2009, the Group succeeded in closing the year with no net debt. Shareholders' equity amounts to 41.3% of total assets, underscoring the very sound financial ratios Valora continues to enjoy.

A VALORA GROUP

Net revenues in CHF million	**2009**	**2009 share in %**	2008	2008 share in %	Change in %
Valora Retail	1 592.1	55.0%	1 569.5	53.5%	1.4%
Valora Media	712.9	24.6%	766.0	26.1%	– 6.9%
Valora Trade	777.6	26.8%	788.0	26.9%	– 1.3%
Other	10.7	0.4%	14.3	0.5%	
Intersegment elimination	– 196.3		– 206.7		
Group total	**2 897.0**	**100.0%**	**2 931.1**	**100.0%**	– 1.2%
Switzerland	1 740.6	60.1%	1 770.8	60.4%	– 1.7%
Elsewhere	1 156.4	39.9%	1 160.3	39.6%	– 0.3%

After adjusting for one-off factors, Valora's net sales rose CHF 45.5 million or 1.6%. Inclusion of these factors – EURO 08 (CHF -46.1 million), currencies (CHF -77.4 million) and acquisitions (CHF +43.9 million – reduced the Group's net sales by CHF 34.1 million to CHF 2 897 million.

In the face of difficult economic circumstances, with Europe's economies mired in recession, Valora Trade made the greatest contribution to the Group's increased turnover, boosting its net sales by CHF 41.4 million, a 5.3% increase. In the first half of 2009, Valora Media was severely affected by the general economic torpor, with adjusted net sales down 4.6% on the same period of 2008. A number of measures helped sales to recover in the final half of the year, matching second-half 2008 levels. Overall, the Media division's 2009 adjusted net sales for 2009 fell CHF 10.7 million, or 1.5%. At Valora Retail, the restructuring measures initiated in 2008 created the platform needed for future success. Adjusted for one-off factors, the division's sales rose 0.6% (+1.4% including special factors), in line with expectations for this pivotal year. The other net revenues line represents logistics services provided to third party customers, which fell CHF 3.6 million after adjusting for one-off factors.

Although the ratio between net revenues generated in Switzerland and elsewhere experienced no significant change, it should be remembered that adverse exchange rate effects reduced 2009 net sales by CHF 77.4 million. Thanks to acquisitions made by the Retail division and organic growth, Germany was the country which saw the greatest increase in adjusted net sales, with an increase of CHF 54.7 million.

in CHF million	2009	2009 share in %	2008	2008 share in %
Net revenues	**2 897.0**	**100.0%**	**2 931.1**	**100.0%**
Gross profit	**867.6**	**29.9%**	**892.7**	**30.5%**
– Operating costs, net	– 799.5	– 27.5%	– 855.1	– 29.2%
Operating profit (EBIT)	**68.1**	**2.4%**	**37.6**	**1.3%**
+ Restructuring costs	0.0	0.0%	25.1	0.8%
Operating profit before restructuring costs	**68.1**	**2.4%**	**62.7**	**2.1%**

Operating profit before restructuring costs improved by CHF 5.4 million to CHF 68.1 million. After adjusting for the one-off effects of currency fluctuations (CHF -2.2 million), EURO 08 (CHF -9.0 million) and acquisitions (CHF +0.7 million), operating profit was increased by CHF 16.0 million, a 30% improvement. This is largely the result of increased cost efficiency throughout the Group. Net operating costs as a percentage of net revenues were cut by 1.7 percentage points. After adjusting for one-off factors, this improvement amounted to 1.4 percentage points. Net operating costs include earnings from investment properties, which are roughly equivalent in amount to the restructuring costs incurred in Luxembourg in 2009. Valora Retail made the largest contribution to the Group's improved operating profit, increasing its EBIT by CHF 10.9 million. Operating profit at Valora Trade reached CHF 22.3 million, a new record. Valora Media was the only division with lower operating earnings, falling short of 2008 levels by CHF 8.9 million.

The Group's 2009 operating profit reflects the fall in value, in Swiss franc terms, of Valora's earnings in other currencies, which depressed earnings by CHF 19.8 million. Results were also adversely affected by the economic slump, which prompted the Retail and Media divisions' customers to favour lower-margin products. These shifts in the mix of products sold reduced gross profit margins from 30.5% to 29.9%. Valora has taken a number of initiatives in its service offerings (through PaySafe cards, for example), in product range configuration and in sales promotion (e.g. by introducing a new top 50 product range) which aim to halt this trend in 2010 and increase margins again.

Valora's operating margin for 2009 was 2.4%. This is 1.1 percentage points better than the year before, or 0.3 percentage points better before restructuring costs. After adjusting for the one-off effects of currency fluctuations, EURO 08 and acquisitions, the Group's operating margin was up 0.5 percentage points on the year. Valora maintains its objective of raising its EBIT margin to 3-4% by 2012.

B VALORA RETAIL

in CHF million	2009	2009 share in %	2008	2008 share in %
Net revenues	**1 592.1**	**100.0%**	**1 569.5**	**100.0%**
Gross profit	**554.7**	**34.8%**	**552.1**	**35.2%**
– Operating costs, net	– 526.4	– 33.0%	– 544.1	– 34.7%
Operating profit (EBIT)	**28.3**	**1.8%**	**8.0**	**0.5%**
+ Restructuring costs	0.0	0.0%	13.0	0.8%
Operating profit before restructuring costs	**28.3**	**1.8%**	**21.0**	**1.3%**

Restructuring at Valora's Retail division was driven forward enthusiastically during 2009, and these efforts bore fruit both externally and internally. A year marked by innovation saw Valora Retail increase its net revenues by CHF 22.6 million or 1.4% to reach CHF 1 592 million. After adjusting for the one-off effects of currency fluctuations (CHF -20.4 million), EURO 08 (CHF -10.6 million) and acquisitions (CHF +43.9 million), the division's net sales advanced CHF 9.8 million or 0.6% on the year. After adjusting for the EURO 08 effect, the Swiss kiosks maintained their net sales at 2008 levels (+0.0%), making up for declining turnover in the first half of the year with increased sales in the final six months of 2009. Kiosk Switzerland's net revenues include those generated by the new Press and Books format, which has been operating as an independent business unit from the beginning of 2010. The highest rate of sales growth was achieved by Retail Germany, whose same store net revenues rose 5.2%, with a further CHF 40.5 million being contributed by new acquisitions. The acquisitions were Konrad Wittwer GmbH Bahnhofsbuchhandlungen in Stuttgart (from January 1, 2009) and Media Center GmbH in Berlin (from December 1, 2008). Between them, these operate a total of 26 outlets. Convenience store and filling station sales also did well, rising by 1.1% on a same store basis. Sales in this business unit were further increased by the acquisition of avec. franchisee operations in 2008, which was recorded as a separate item. The avec. network, with its planned expansion to some 100 shops in 2010, is expected to deliver turnover growth. Sales in the gastronomy unit, conversely, fell 9.2%, as a result of 6 units being closed and the introduction of smoking bans in a number of cantons.

The Retail division's CHF 9.8 increase in adjusted net revenues was driven by increased sales of tobacco products (+3.6%) and food (+2.5%). These higher food sales were mainly the result of the very successful launch of Valora Retail's new ok. product line. Falling net sales were mainly experienced in press products (-3.8%) and non-food (-7.7%). In line with the overall market, press sales were adversely affected by the depth of the recession, particularly in the first half of the year.

Higher net sales enabled Valora Retail to raise its operating profit by CHF 2.5 million to CHF 554.7 million. This lower EBIT margin is mainly due to the general mix of products sold, with lower-margin items being in greater demand at times of economic weakness.

Net operating costs for 2009 came in at CHF 526.4 million, CHF 17.7 million lower than in 2008. Expressed as a percentage of net sales, net operating expense (before restructuring costs) was 0.8 percentage points lower in 2009 than in 2008. This was principally due to lower staff and administrative costs.

Valora Retail's operating profit for 2009 was CHF 28.3 million, a CHF 7.3 million improvement on the 2008 figure before restructuring costs are taken into account. After adjusting for the one-off effects of currency fluctuations, EURO 08 and acquisitions, Valora Retail's operating profit rose CHF 10.9 million or 65.4% in 2009. The division's operating profit margin, at 1.8%, is thus 0.5 percentage points higher than in 2008, reflecting the initial benefits from the strategy programme. In 2010, Valora Retail will continue to concentrate on the systematic implementation of the various initiatives which are now under way, including developing the convenience store format, product range optimisation and floorspace expansion in Switzerland and Germany. In so doing, the division will be pursuing its objective of further growth and improved profitability.

C VALORA MEDIA

in CHF million	2009	2009 share in %	2008	2008 share in %
Net revenues	**712.9**	**100.0%**	**766.0**	**100.0%**
Gross profit	**146.8**	**20.6%**	**168.4**	**22.0%**
– Operating costs, net	– 130.6	– 18.3%	– 137.9	– 18.0%
Operating profit (EBIT)	**16.2**	**2.3%**	**30.5**	**4.0%**
+ Restructuring costs	0.0	0.0%	0.3	0.0%
Operating profit before restructuring costs	**16.2**	**2.3%**	**30.8**	**4.0%**

Valora Media was markedly affected by the recession in all its national markets during the first six months of 2009. Thanks to improving conditions in the press products market in the second half of the year, Valora Media's net sales for the whole of 2009, adjusted for one-off factors, fell by a relatively moderate CHF 10.7 million or 1.5% from 2008 levels. The unadjusted headline figure for net sales of CHF 712.9 million, a CHF 53.1 million decline on 2008, includes a CHF 31.4 million decrease for EURO 08 sales not repeated in 2009 and a CHF 11 million decrease due to lower exchange rates.

The largest decline in adjusted net sales occurred at Media Switzerland, where net revenues were down CHF 12.0 million or 3.9%. Largely due to a weak first six months, this unit's press and book sales for the entire year were both down on 2008. In the second half of 2009, an expanded service offering and a variety of product range and sales promotion initiatives helped to break the downtrend, and net sales for that period were CHF 0.4 million up on second-half 2008 levels. Media Austria and Media Luxembourg presented a similar picture, though, here too, the improvement in the second half of the year did not fully compensate for the fall in sales in the first six months. Adjusted net sales for the year as a whole were down 1.4% at Media Austria and 6.6% at Media Luxembourg. Third party distribution in Switzerland (excluding the Retail division's wholesaling operations) boosted its net sales by 4.5% on 2008 levels, largely thanks to increased turnover from tobacco products (CHF +7.3 million).

At CHF 146.8 million, Valora Media's gross profit was CHF 21.6 million lower than 2008. This 1.4% decline in gross profit margin is principally due to lower revenue from scrap paper, the higher portion of sales represented by lower-margin items (e.g. tobacco products) and the non-recurrence of EURO 08 related sales.

A disciplined approach to cost management enabled the division to cut its net operating costs by CHF 7.3 million or 5.3% from 2008 levels, mainly through reductions in staff costs. These savings compensated only partially for the effects of lower volumes and margins, so that adjusted gross profit fell by CHF 8.9 million relative to 2008. Operating profit before restructuring costs, the headline figure, was CHF 16.2 million in 2009 and thus CHF 14.3 million lower than the corresponding figure for 2008. This includes the effect of non-recurring EURO 08 sales (CHF -5.0 million) and currency fluctuations (CHF -0.8 million).

D VALORA TRADE

in CHF million	**2009**	**2009 share in %**	2008	2008 share in %
Net revenues	**777.6**	**100.0%**	**788.0**	**100.0%**
Gross profit	**155.4**	**20.0%**	**157.8**	**20.0%**
– Operating costs, net	– 133.1	– 17.1%	– 139.8	– 17.7%
Operating profit (EBIT)	**22.3**	**2.9%**	**18.0**	**2.3%**
+ Restructuring costs	0.0	0.0%	0.1	0.0%
Operating profit before restructuring costs	**22.3**	**2.9%**	**18.1**	**2.3%**

Valora Trade's main business, the distribution of branded consumer goods, performed extremely well in 2009, despite the economic challenges the division faced. After adjusting for currency fluctuations (CHF -47.8 million) and EURO 08 effects (CHF -4.0 million) the division raised its net revenues by CHF 41.4 million or 5.3%. Without these adjustments, net sales came in at CHF 777.6 million, a CHF 10.4 million decline on 2008. This increase in net revenues in local currency terms was mainly achieved in the Nordic markets, where the division continued to expand its business with new principals, raising net sales by 10.1%. The acquisition of new principals such as Estrella, Storck and McNeil enabled Valora Trade to boost its net sales in Finland (+84.2%), Norway (+45.4%) and Denmark (+3.3%). Valora Trade Sweden was unable to compensate fully for the defection of some important principals, and its net revenues declined by 8.5%. In Central Europe, Valora Trade's Swiss operations beat expectations, making up for more than 50% of revenues lost through the defection of Roland Murten. Trade Austria's net revenues declined 1.2%, while those at Trade Germany rose 1.8%.

Gross profit came in at CHF 155.4, a CHF 2.4 million decline on 2008, but a CHF 7.7 million increase at constant exchange rates. The division's gross profit margin, at 20.0%, was maintained at a high level.

Valora Trade's systematic control of its operating costs meant that the proportion of net sales they represent was cut 0.6 percentage points to 17.1%. The fact that operating costs at constant exchange rates rose by a net CHF 2.6 million is mainly due to the expansion of Valora Trade's Nordic businesses and the resulting organisational changes, plus the development of a new IT platform. Units reporting lower sales growth, such as Switzerland, achieved efficiency savings mainly in the areas of staff and transport costs.

Operating profit for 2009 was CHF 22.3 million, a CHF 4.3 million improvement on 2008 levels after adjusting for restructuring costs in that year. After adjusting for currency fluctuations, this represents a CHF 5.5 million or 30.1% increase on 2008. All national market units generated higher operating profits in local currency terms. The division's gross profit margin of 2.9% in 2009 was 0.6 percentage points higher than in 2008.

E CORPORATE

The Corporate area, comprising the logistics organisation in Switzerland, Corporate Information Services and Group corporate functions such as finance, human resources, business development, legal services and communications, saw its net sales from logistics services provided to third party customers decline by CHF 3.6 million or 25.3% to CHF 10.7 million.

Adjusted direct costs for Group corporate functions were cut by CHF 3.9 million, despite the fact that the restructuring process has not yet been entirely completed. Major restructuring milestones have however already been successfully completed, and greater cost savings can therefore be expected in 2010.

Valora's general policy is to charge the net costs of the Corporate division – i.e. its operating costs minus the logistics revenues generated with third parties – to the individual divisions on the basis of the use they make of them. Revenue and expense which is unrelated to the market divisions is reported under «other».

F FINANCIAL RESULT AND TAXES

Following the turbulence experienced on financial markets, interest rates declined further during the year and foreign currencies consolidated at low levels against the Swiss franc. Against this backdrop, the Valora Group succeeded in improving the net result from its financing activities by CHF 2.3 million. This improvement is solely due to improved net results from foreign currency transactions (CHF +5.0 million), which had suffered losses in 2008, largely due to translation adjustments on intra-Group loans. Conversely, the lower interest rates paid on short-term deposits meant that net interest earnings did not improve further, despite the fact that average borrowings over the year were lower than in 2008. In making its short-term placements, Valora has a policy of dealing mainly with counterparties with an S&P rating of at least A.

The Valora Group's overall tax rate declined by 4.4 percentage points to 16.4%, resulting in income tax expense of CHF 10.4 million. Current income tax costs were reduced by CHF 1.6 million, while deferred tax expense increased by CHF 5.5 million.

G LIQUIDITY, CASH FLOW AND KEY FINANCIAL DATA

Key financial data

in CHF million	**2009**	2008
Cash and cash equivalents [1]	161.6	158.4
Free cash flow [1]	**46.0**	**176.7**
Shareholders' equity	453.7	450.4
Shareholders' equity in % of total assets	**41.3%**	**42.5%**
Group net profit	54.9	39.4
Net debt [1]	– 15.8	– 6.0
Net working capital [1]	109.3	129.7
Net working capital in % of net revenues [1]	3.8%	4.4%
Earnings per share [1]	**18.94**	**7.74**

[1] from continuing operations

Active management enabled Valora to reduce its net working capital by CHF 20.4 million to CHF 109.3 million. This improvement is partly the result of improved management of accounts payable and receivable and partly due to enhanced inventory flexibility, which made it possible to cut inventories, after adjusting for acquisitions, by CHF 2.0 million. Operating cash flow from continuing operations was raised by CHF 19.6 million.

After adjusting for cash used in investing activities, free cash flow amounted to CHF 46.0 million, CHF 130.7 million lower than in 2008. This should be viewed in the light of oneoff CHF 118.2 million of additional cash generated by the sale of Valora's Own Brands units in 2008, which was used to carry out the share repurchase programme.

The share repurchase programme was successfully completed at the end of February 2009, with 500 000 shares repurchased. The slight, 1.2% decrease to 41.3% in shareholders' equity as a percentage of total assets is due to this. Following the decision approved by the Ordinary General Meeting of shareholders on April 29, 2009 to reduce the company's issued share capital, this now amounts to CHF 2.8 million, with some 50 000 shares being held as treasury stock by Valora Holding AG. Thanks to the marked improvement in net income from continuing operations (CHF 53.0 million vs CHF 24.7 million in 2008) and the reduced number of issued shares, earnings per share increased by 145% to CHF 18.94.

H VALORA VALUE ADDED

Valora Value Added in CHF million	**2009**	2008
Operating profit (EBIT)	68.1	62.7[1)]
Average invested capital	655.3	718.9
WACC	7.0%	7.0%
Capital costs	45.9	50.3
Valora Value Added	**22.2**	**12.4**

1) before restructuring

In order to measure the sustained return it earns over and above its cost of capital, the Valora Group introduced the concept of Valora Valued Added (VVA) in 2008. VVA is based on the classical definition of economic value added. In order to ensure comparability between reporting periods, Valora Value Added is now calculated on the basis of operating profit minus the Group's weighted average cost of capital (WACC), the weighted average of its equity and debt financing costs. The current calcualtions, which are based on industry comparisons and expected interest rate levels, put WACC at 7%. Valora regularly reviews its WACC assumptions, adjusting the WACC figure if it moves outside a defined range.

In 2009, Valora generated CHF 22.2 million in VVA, a CHF 9.8 million on its performance in 2008. After adjusting for non-recurring EURO 08 effects, the Group improved its VVA by CHF 18.8 million in 2009, a result to which both improved net income and more efficient capital utilisation both contributed.

I OUTLOOK

Valora looks forward to noticeable successes in 2010. The Group aims to continue implementing the restructuring process in a consistent manner and to reap increasing benefits from the improvements it has made.

There is substantial scope for savings in logistics operations, whose transformation was successfully completed on schedule at the end of 2009 with the relocation to Egerkingen, the new IT infrastructure and the state-of-the-art press logistics system. As previously announced, annual savings in this area should total CHF 11 million in 2010 with a further CHF 2 million in 2012. This transformation is also a key prerequisite for the growth which the Retail division intends to achieve.

Growth at Valora's Retail division will be driven principally by the new avec. and P&B formats, which will be further extended in 2010. The Swiss kiosk unit will test the agency model, which has already been successfully deployed in other countries. The objective is to achieve further improvements in profitability. A promising contribution can also be expected from the soccer World Cup championships which will be held later this year in South Africa. Sales of the popular collectible picture cards should give a significant boost to both sales and earnings.

Valora's Board of Directors and its management team are convinced that 2010 will be a successful year for the Group and maintain their objective of achieving an EBIT margin of 3-4% by 2012.