

Muttenz, 26 March 2020

Media release

Corona crisis impacts revenue at Valora, the Board of Directors and management initiate comprehensive measures

Official orders to curb the spread of the coronavirus (COVID-19) and the resulting drop in foot traffic and sales outlet closures are having a major impact on revenue at the Valora Group. Valora has introduced measures to reduce its cost base and suspended major investment projects for the time being. The company is also introducing short-time working, but it will make up the salary differential for affected employees, initially until the end of April. The Board of Directors also proposes to the Annual General Meeting a one-time waiver of the dividend for the 2019 financial year.

The dynamics of the developments associated with the spread of the coronavirus (COVID-19) are extremely high and it has also significantly affected business performance at Valora Group. In spite of official orders issued to contain the virus, the foodvenience provider can initially keep over 80% of its sales outlets open for basic supplies and maintain their operation in all its markets with the exception of Austria and the Netherlands. However, further closures and reduced opening times are to be expected over the coming weeks due to official restrictions and the resulting drop in foot traffic plus employee absences due to illness. The B2B business with pretzel products has not yet experienced any significant impact.

Significant falls in revenue, particularly in the food service B2C business

These developments are also reflected in the revenue. Since the corona crisis broke at the start of March 2020, the retail network in the affected markets has posted a fall in same-store revenue for this month of around 10% over the previous year; the decline in the food service network stands at about 30%. The B2B business has held up well with revenue just slightly under that of the previous year, but is dependent on how the out-of-home business develops. The increased official orders of the past few days further exacerbated the loss of revenue of the sales outlets that are still open, affecting Food Service in particular. Valora expects further significant revenue losses across the entire network over the next few weeks.

Focus on reducing the cost base and investments, deferral of rental payments and application for support for short-term working and SME owners, one-time waiver of the dividend

It is still too early to make reliable predictions about revenue development going forward, given the highly dynamic nature of the corona crisis. As a result, the Valora Group Executive Management has thus far prioritised measures to reduce its cost base and investments. All investments in expansion and conversions are suspended for the time being. That also applies to the conversion of the sales outlets secured in the SBB tender. At the same time, a deferral of rental payments has been agreed with the key lessors. Valora also plans to access all the government financial support available to the Group and employees. Nonetheless, despite a good start to the year up to the end of February, Valora expects a pronounced negative effect on EBIT and net profit both for the half-year and full-year 2020. In free cash flow, the negative effects can be partially offset by investment stops, so that only a slight increase in net debt is expected. The Board of Directors has also decided to propose to the 2020 Annual General Meeting a one-time waiver of the dividend for the 2019 financial year.

Salary compensation initially until the end of April for Valora employees on short-time work, support for the franchise and agency operations

With effect from 1 April 2020, Valora will apply for short-time working for those employees affected by closures and reduced opening times and for a significant proportion of those employees working in administration as well as for employees in production and logistics. Valora will pay all its staff in full for March, regardless of whether they are already working short-time hours, as a support measure for employees and to ensure economic viability. In addition, for the time being, the company will cover in full any salary shortfalls incurred by employees in April due to short-time working. Furthermore, Valora is pursuing solutions with its agency and franchise partners to secure economic viability for these self-employed entrepreneurs and their staff. This means, for example, that in Switzerland all retail agency employees in short-time work are guaranteed full salary compensation for March and April. In so doing, Valora intends additionally to secure the commercial scope and stability of its network for the time after the corona crisis ends.

Long-term planning and investments in preserving the network

Michael Mueller, CEO of the Valora Group, says: "The high level of uncertainty and drastic changes in our life circumstances are stretching us to the limit. All employees of the Valora network are showing considerable commitment during this difficult time both to the company and to society by ensuring the provision of basic supplies. As a company, we will do our utmost to protect and support them to the best of our ability. We want to make our contribution to our customers, employees and partners as far as possible and, in doing so, preserve our financial stability so we can cope well with the crisis and then regain our old strength together."

Looking to the future, Michael Mueller adds: "We are adjusting to a process that will test us not only over the coming weeks but for the entire year 2020. We are accordingly planning all our measures on a long-term basis and investing in our sales network and our partnerships. We thank all the staff for their tireless commitment in the sales outlets, in production, logistics and administration."

This media release is available online at www.valora.com/newsroom.

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About Valora

Each and every day, around 15,000 employees in the Valora network work to brighten up their customers' journey with a comprehensive foodvenience offering – nearby, quick, convenient and fresh. The more than 2,700 small-scale points of sale of Valora are located at highly frequented locations in Switzerland, Germany, Austria, Luxembourg and the Netherlands. The company includes, among others, k kiosk, Brezelkönig, BackWerk, Ditsch, Press & Books, avec, Caffè Spettacolo and the popular own brand ok.– as well as a continuously growing range of digital services. Valora is also one of the world's leading producers of pretzels and benefits from a well-integrated value chain in the area of baked goods. Valora generates annual external sales of CHF 2.7 billion. The Group's registered office is in Muttenz, Switzerland. The registered shares of Valora Holding AG (VALN) are traded on SIX Swiss Exchange AG.

More information is available at www.valora.com.

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