



VALORA GROUP

HALF-YEAR RESULTS 2017 PRESENTATION

26 JULY 2017



AGENDA

1. Half-Year 2017 Results
2. Strategy Update



KEY HIGHLIGHTS – H1 2017



GROUP

Strong increase of EBIT (34.7 mCHF) and EBIT margin (3.5%)

Strong EBIT performance drive ROCE to 9.0%

Various efficiency initiatives under way to reach mid-term guidance

RETAIL

Improvement of gross profit margin and cost ratio in Retail Switzerland

Successful conclusion of Naville integration including sale of building

Lean and agile organisation with positive impact on cost ratio

FOOD SERVICE

Positive same store development in B2C and further growth in B2B

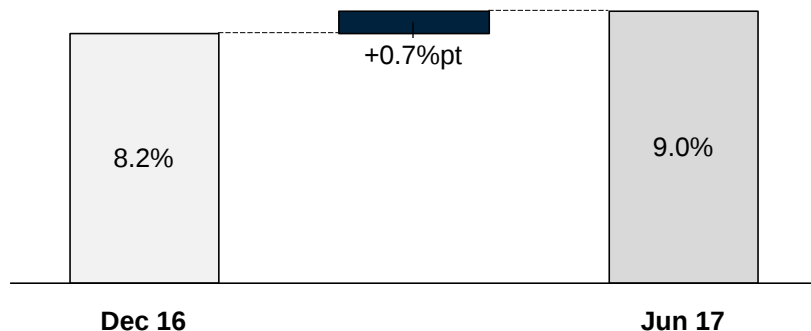
Acquisition and integration of Pretzel Baron (US)

Successful technical implementation of new line in Oranienbaum (DE)

ROCE for the Group of 9.0%

Strong increase of EBIT drives ROCE improvement

VALORA GROUP

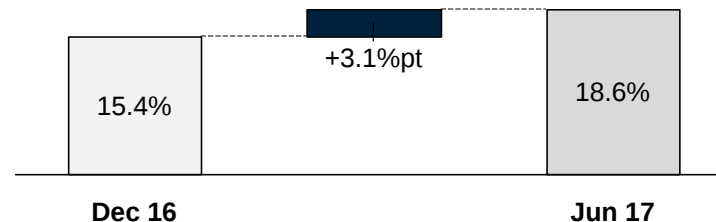


Valora Group: Increase of ROCE by +0.7%pt from 8.2% (Dec 2016) to 9.0% as of June 2017. On an adjusted basis*, ROCE increased from 8.1% to 8.7% (+0.6%pt), mainly driven by strong EBIT increase of Retail Switzerland.

* Adjusted basis: Adjusted for divestment of Naville Distribution and La Praille building

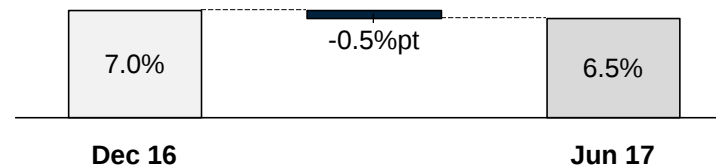
ROCE calculation basis: EBIT for the last 12 months / average capital employed over the last 13 months; operational cash allocated to Group only (not divisions)

RETAIL



Retail: Strong increase of ROCE by +3.1%pt to 18.6%. Retail CH/AT increased ROCE by +6.3%pt to 23.8%. Retail DE/LU decreased ROCE by -0.4%pt to 11.1%.

FOOD SERVICE



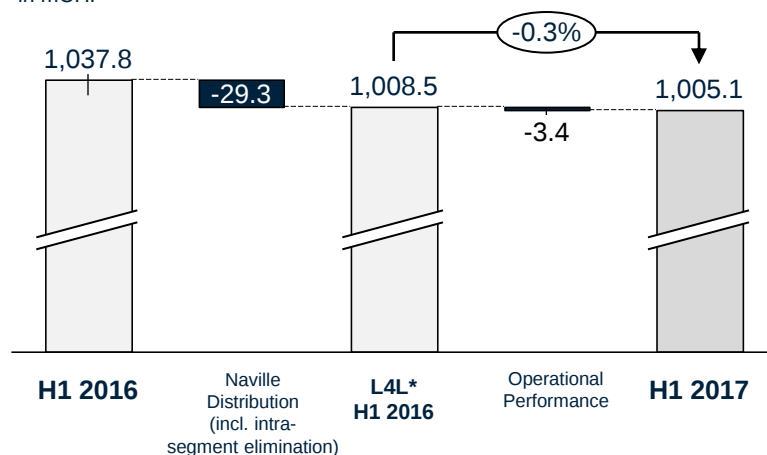
Food Service: ROCE decreased by -0.5%pt to 6.5% as a result of lower EBIT. ROCE without Goodwill at 16.4%.

NET REVENUES

Half-year net revenues relatively stable versus last year

NET REVENUES

in mCHF



Division Country in mCHF	H1 2016	H1 2017	Δ in %	Δ % in LC	Δ Same Store in %
Retail	912.9	873.3	-4.3%	-3.9%	-
Retail w/o Naville Distribution	883.7	873.3	-1.2%	-0.7%	-
CH/AT	645.6	629.1	-2.6%	-2.5%	-1.4%
Naville Distribution*	48.5	0.0	-100.0%	-100.0%	-
DE/LU	238.1	244.2	+2.6%	+4.5%	-0.3%
Intrasegment elimination	-19.2	0.0	n.a.	n.a.	-
Food Service	124.3	130.4	+4.9%	+6.1%	+1.6%
Ditsch**	77.7	82.2	+5.9%	+7.8%	+1.1%
Food Service Switzerland***	46.6	48.2	+3.3%	+3.3%	+1.9%
Other	0.6	1.4	n.a.	n.a.	-
Valora Group	1'037.8	1'005.1	-3.2%	-2.6%	-
Valora Group w/o Naville Distribution	1'008.5	1'005.1	-0.3%	+0.2%	-

* Naville Distribution deconsolidated in August 2016

** Including Pretzel Baron

*** Including Brezelkönig Switzerland, Brezelkönig International and Caffè Spettacolo

Retail CH/AT: Net revenues down by -2.5% in LC (Local Currency) due to store closures (-25# net), continuing challenging Swiss retail market and less frequency in shopping malls (same store development of -1.4%).

Retail DE/LU: Positive development of net revenues by +4.5% in LC thanks to increased number of own outlets (+37#). Positive development in Food and Tobacco nearly compensate challenges in Press/Book with an overall same store development of -0.3%.

Food Service: Positive same store development with Ditsch B2C (+1.1%) and Food Service Switzerland (+1.9%). Ditsch B2B with strong revenue growth of +5.6% in LC despite production challenges due to replacement of one production line with higher capacity.

STABLE STORE NETWORK

With 63% operated by Agencies or Franchisees

	Format	Dec 16	Jun 17
RETAIL	 k kiosk	1'111	1'092
	 Naville *	162	159
	 Press & Books	210	212
	 cigo & subformats	427	425
	 avec	129	130
FOOD SERVICE	 SSDB / U-Store	141	139
	 Ditsch	218	222
	 Brezelkönig	56	55
	 Brezelkönig International	6	7
	 Caffè Spettacolo	38	38
	TOTAL	2'498	2'479

* Rebranding of Naville stores to be completed by end of 2017

Jun 2017 vs. Dec 2016	Own stores	Agency	Franchise	Partner	TOTAL
Retail CH/AT net (openings - closures)	360 -14	687 +7	67 -1	-	1'114 -8
Retail DE/LU net (openings - closures)	450 +16	69 +1	465 -10	61 -22	1'045 -15
Food Service net (openings - closures)	48 -2	272 +6	-	-	320 +4
Total net (openings - closures)	858 0	1'028 +14	532 -11	61 -22	2'479 -19

Retail CH/AT: Network optimisations with closures of unprofitable POS with a net effect of -8# vs. Dec 2016 and with -25# vs. Jun 2016.

Retail DE/LU: Continued transformation of partner models into own stores.

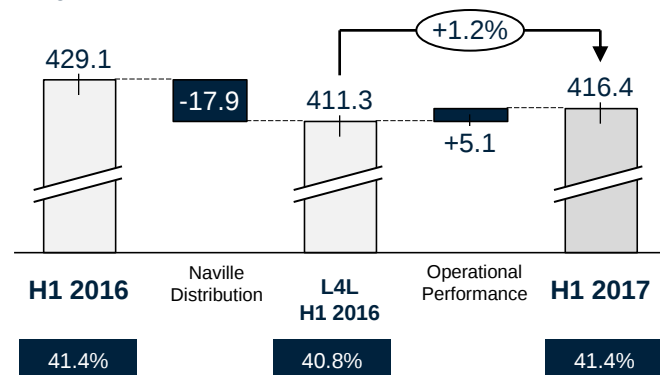
Food Service: Store openings on track to reach target of 50 new outlet openings for Ditsch and Brezelkönig Switzerland by 2018 (since beginning of 2016: +32#, net +19#).

GROSS PROFIT

Gross profit margin increase L4L by +0.6%pt to 41.4%

GROSS PROFIT / MARGIN

in mCHF



Division Country in mCHF	H1 2016	H1 2017	Δ in %	Δ % in LC	Gross Profit Margin	Δ GP Margin
Retail	331.9	314.4	-5.3%	-4.8%	36.0%	-0.3%pt
Retail w/o Naville Distribution	314.0	314.4	+0.1%	+0.6%	36.0%	+0.5%pt
CH/AT	230.8	228.7	-0.9%	-0.9%	36.3%	+0.6%pt
Naville Distribution*	17.9	0.0	-100.0%	-100.0%	n.a.	n.a.
DE/LU	83.2	85.7	+3.1%	+4.9%	35.1%	+0.2%pt
Food Service	96.7	100.6	+4.0%	+5.2%	77.1%	-0.7%pt
Other	0.6	1.4	n.a.	n.a.	n.a.	n.a.
Valora Group	429.1	416.4	-3.0%	-2.4%	41.4%	+0.1%pt
Valora Group w/o Naville Distribution	411.3	416.4	+1.2%	+1.9%	41.4%	+0.6%pt

* Naville Distribution deconsolidated in August 2016

Retail CH/AT: Improved gross profit margin by +0.6%pt thanks to higher promotions and improvements in shrinkage.

Retail DE/LU: More own stores and better category mix drive gross profit (+2.5 mCHF; GP margin +0.2%pt).

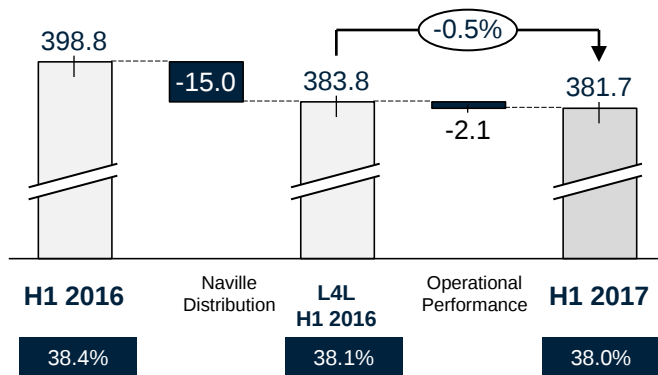
Food Service: Gross profit increase of +3.9 mCHF thanks to positive net revenue development (also because of price increases). However, price increase of dairy raw materials, particularly butter & cheese (impact of -1.0 mCHF), affected GP margin (-0.7%pt). Increased dairy raw material prices will also influence H2 2017.

OPERATING COSTS (NET)

Cost decrease driven by efficiency improvements

OPERATING COSTS / COST RATIO

in mCHF



Division Country in mCHF	H1 2016	H1 2017	Δ in %	Δ % in LC	Cost Ratio	Δ Cost Ratio
Retail	-308.4	-284.4	-7.8%	-7.4%	-32.6%	+1.2%pt
Retail w/o Naville Distribution	-293.4	-284.4	-3.1%	-2.6%	-32.6%	+0.6%pt
CH/AT	-217.2	-205.7	-5.3%	-5.3%	-32.7%	+0.9%pt
Naville Distribution*	-15.0	0.0	-100.0%	-100.0%	n.a.	n.a.
DE/LU	-76.2	-78.8	+3.3%	+5.1%	-32.2%	-0.2%pt
Food Service	-85.0	-90.1	+6.1%	+7.2%	-69.1%	-0.7%pt
Corporate / Other	-5.4	-7.2	+31.6%	+31.7%	n.a.	n.a.
Valora Group	-398.8	-381.7	-4.3%	-3.7%	-38.0%	+0.4%pt
Valora Group w/o Naville Distribution	-383.8	-381.7	-0.5%	+0.1%	-38.0%	+0.1%pt

* Naville Distribution deconsolidated in August 2016

Retail CH/AT: Improvement of cost ratio by +0.9%pt to 32.7%, thanks to efficiency and process improvements as well as lower personnel and operating expenses due to store closures (collectively operational impact of +8.6 mCHF) and book gain of sold La Praille building in Geneva (+2.9 mCHF).

Retail DE/LU: Higher cost ratio mainly driven by higher number of own stores and increase of minimum wages in Germany.

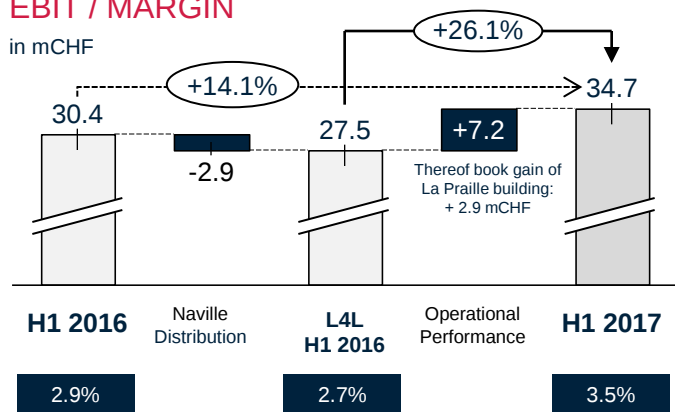
Food Service: Increase of costs mainly driven by higher production volumes as well as set-up costs for US organisation (-0.5 mCHF) and special charges for the replacement of a production line (-0.5 mCHF) as part of normal run up.

Corporate: Cost increase of -1.7 mCHF influenced by digitalisation projects (launch of k kiosk app and retail analytics) as well as bob Finance.

Increase by +14% driven especially by Retail Switzerland – EBIT margin at 3.5%

EBIT / MARGIN

in mCHF



Division Country in mCHF	H1 2016	H1 2017	Δ in %	Δ % in LC	EBIT Margin	Δ EBIT Margin
Retail	23.5	30.0	+27.7%	+28.5%	3.4%	+0.9%pt
Retail w/o Naville Distribution	20.6	30.0	+45.5%	+46.5%	3.4%	+1.1%pt
CH/AT	13.6	23.0	+68.6%	+68.5%	3.7%	+1.5%pt
Naville Distribution*	2.9	0.0	-100.0%	-100.0%	n.a.	n.a.
DE/LU	7.0	7.0	+0.3%	+2.6%	2.9%	-0.1%pt
Food Service	11.7	10.5	-10.7%	-9.8%	8.0%	-1.4%pt
Corporate / Other	-4.8	-5.8	n.a.	n.a.	n.a.	n.a.
Valora Group	30.4	34.7	+14.1%	+15.1%	3.5%	+0.5%pt
Valora Group w/o Distribution	27.5	34.7	+26.1%	+27.3%	3.5%	+0.7%pt

* Naville Distribution deconsolidated in August 2016

Retail CH/AT: Growth in EBIT of 9.4 mCHF resulting from improvement in gross profit margin and cost ratio (efficiency and process improvements) and book gain of 2.9 mCHF of sold La Praille building. EBIT margin improved by +1.5%pt to 3.7%.

Retail DE/LU: Stable EBIT of CHF 7.0 mCHF (+0.3%). Higher net revenue and gross profit respectively from increased number of own stores compensate higher operating and personnel costs (increase of minimum wages in Germany).

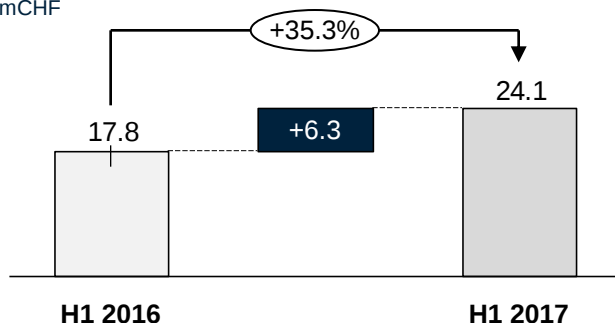
Food Service: Decrease of EBIT by -1.3 mCHF due to set-up of US organisation (Pretzel Baron), costs related to the replacement of one production line as well as higher costs for dairy raw materials. Those cost effects could not be compensated by the operational EBIT improvement of +0.7 mCHF resulting from the net revenue growth in B2C (+6.4% in LC vs. H1 2016) and B2B (+5.6% in LC vs. H1 2016).

NET PROFIT

Strong increase of net profit by +35%

NET PROFIT

in mCHF



Net profit / EPS in mCHF	H1 2016	H1 2017	Δ in %
EBIT	30.4	34.7	+14.1%
Financing activities, net	-9.7	-4.7	-51.4%
Earnings before taxes	20.7	30.0	+44.7%
Income taxes	-3.1	-6.1	+94.8%
Net profit from continuing operations	17.6	23.9	+35.8%
Net result from discontinued operations	0.2	0.1	-17.2%
Group net profit	17.8	24.1	+35.3%
EPS Group in CHF	4.6	6.4	+39.2%

Net financial results improved by +5.0 mCHF as a result of the lower interest rate of the partially refinanced bonded loan (“Schuldscheindarlehen”) in April 2016 which was accompanied in H1 2016 with exceptional costs related to the close-out of the interest rate swap of -3.5 mCHF.

Net income tax of -6.1 mCHF higher than last half-year (change of -2.9 mCHF), because of higher deferred income taxes (change of -5.5 mCHF; mostly depreciation of activated loss carryforwards) and lower income tax expense (change of +2.6 mCHF); going forward a tax rate of 20% is expected with gradually increasing tax expenses and reducing tax asset depreciation.

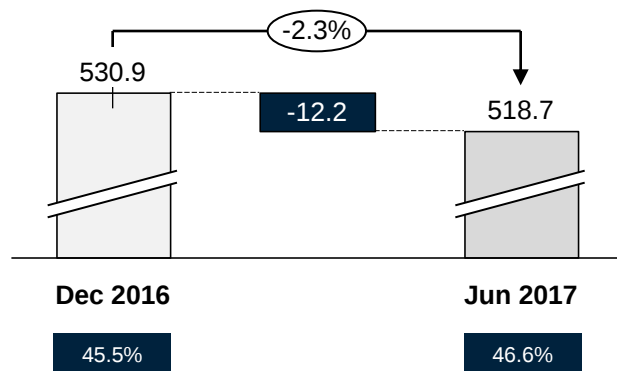
Group net profit increased by +6.3 mCHF driven by better continuing operations results and lower financing activities.

BALANCE SHEET

Strengthening of all balance sheet ratios

EQUITY / EQUITY RATIO

in mCHF



Balance Sheet in mCHF	Jun 16	Dec 2016	Jun 17
Total assets	1'162.3	1'166.7	1'112.8
Cash, cash equivalents	84.0	159.4	120.1
Goodwill and intangible assets	511.0	469.0	474.7
Net debt (from continuing operations)	286.4	202.0	250.4
Leverage ratio* (excl. Hybrid Bond)	** 2.2x	1.6x	1.9x
Shareholders' equity (incl. Hybrid Bond)	476.9	530.9	518.7
Equity ratio	41.0%	45.5%	46.6%
Capital employed (average)*	894.7	876.8	854.6
ROCE*	7.2%	8.2%	9.0%

* Leverage Ratio, ROCE and Capital Employed based on LTM for Jun and Dec

** Trade not included

Equity ratio increased by +1.1%pt to 46.6% compared to Dec 2016.

Net debt increase by +48.4 mCHF to 250.4 mCHF vs. Dec 2016 due to cash disbursements for dividend payment and acquisition of Pretzel Baron, partially offset by cash in from sold La Praille building in Geneva in Feb 2017.

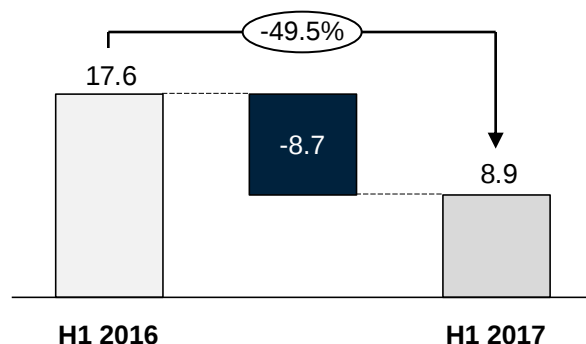
Leverage ratio improved from 2.2x (Jun 2016) by -0.3x to 1.9x. However, compared to Dec 2016 (1.6x) leverage ratio increased because of dividend payment.

FREE CASH FLOW

Free Cash Flow impacted by higher capex and NWC changes

FREE CASH FLOW

in mCHF



Free Cash Flow in mCHF	H1 2016	H1 2017	Δ in %
EBIT	30.4	34.7	+14.1%
EBITDA	57.8	60.6	+4.9%
Elimination of other non-cash items	4.2	-0.3	n.a.
NWC and current assets & liabilities	-16.9	-41.6	+146.6%
Interest, tax expense (net)	-13.4	-7.1	-47.1%
CF from operating activities	31.7	11.6	-63.5%
CF from investing activities (net)	-14.2	-2.7	-80.8%
Capex	-15.6	-23.7	+51.2%
Asset disposal	1.5	20.9	n.a.
Free Cash Flow (before M&A)	17.6	8.9	-49.5%
Free Cash Flow per share	5.3	2.6	-49.9%

Free Cash Flow (before M&A) of 8.9 mCHF below H1 2016, because of higher capex and mostly impacted by business-related fluctuations of NWC.

Capital expenditures higher than previous year, mainly driven by Food Service division for the production expansion (line replacement with 2.5x capacity) in Oranienbaum. 39% of capex for maintenance and 61% for innovation & expansion.

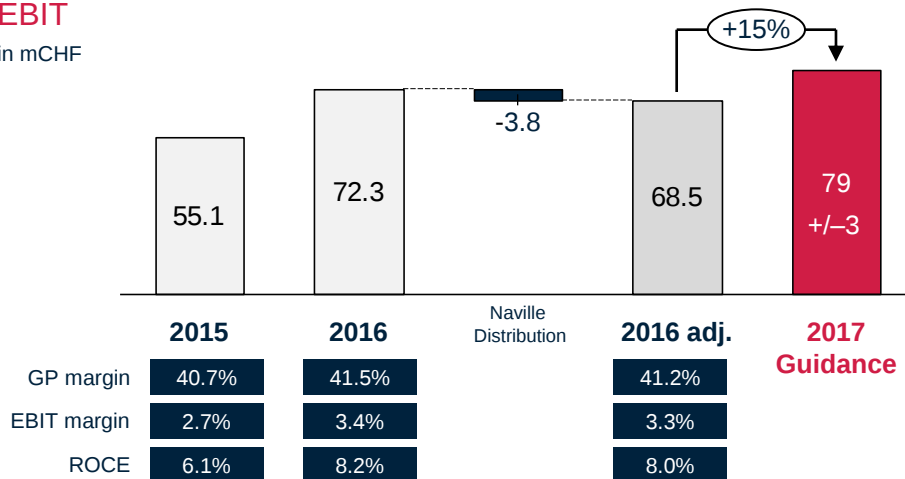
Asset disposal driven by sale of La Praille building in Geneva in February 2017.

CONFIRMATION OF 2017 AND MEDIUM-TERM GUIDANCE

15% EBIT increase for 2017

EBIT

in mCHF



MEDIUM-TERM GUIDANCE

GROSS
PROFIT

+1.0 to +3.0% growth p.a.

- Retail CH/AT: -1 to +1%
- Retail DE/LU: +2 to +4%
- Food Service: +5 to +7%

42% gross profit margin earliest 2018

EBIT

4.0% EBIT margin earliest 2018

- Adjustment of EBIT 2016 for Naville Distribution to set basis for 2017 guidance of 79 mCHF +/-3 mCHF @ current FX
- Expected EBIT growth of +15%
- Progress towards medium-term goals, however gross profit growth in Switzerland as a challenge

AGENDA

1. Half-Year 2017 Results
2. Strategy Update



MACRO TRENDS DRIVE TOP RETAIL TOPICS

MARKET DYNAMICS

CHANGING CUSTOMER BEHAVIOUR



Traditional tobacco and press markets will decline further



Regulation of labour market



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



Digital will continue to grow in size and importance



Convenience and impulse will become bigger drivers of food shopping



Mobility / Surface travel will evolve



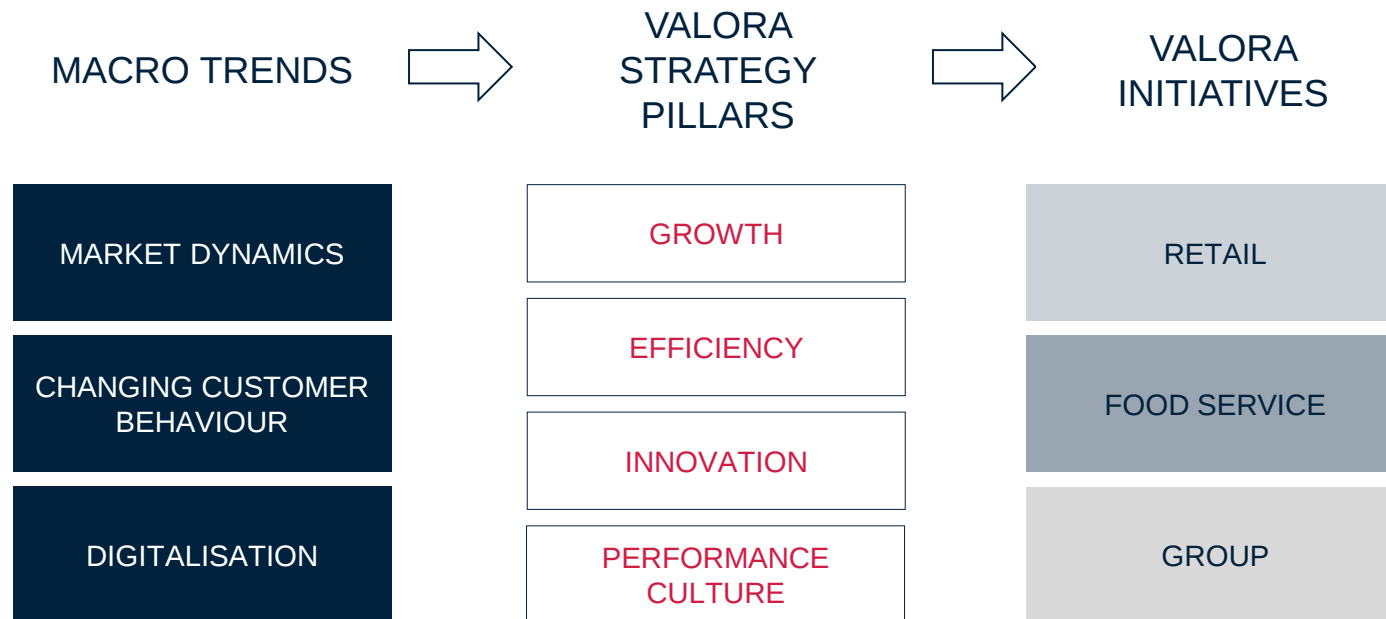
Competition & consolidation will increase



Omnichannel offering with increasing importance

DIGITALISATION

TRENDS DRIVE VALORA STRATEGY AND INITIATIVES



VALORA STRATEGY

GROWTH



Expand in existing markets and internationally

Successful formats and Ditsch B2B

EFFICIENCY



Improve processes and platform

Focus on free cash flow and ROCE

INNOVATION



Digital opportunities

Fresh concepts and new offerings

PERFORMANCE CULTURE



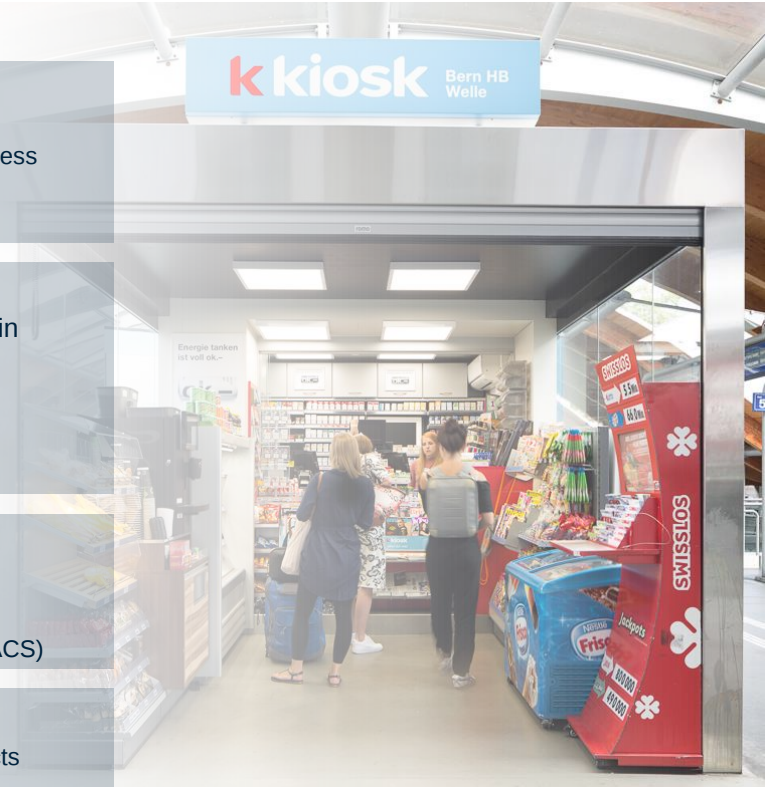
Lean, agile organisation

Entrepreneurial focus

RETAIL INITIATIVES

Improve margins by change of product mix

- Market leadership
 - Expand in existing markets with successful formats
 - Network optimisations: Focus on top locations and on agency and franchise business models
 - Develop "Future Store 2020"
- Strengthen competence in classical categories (e.g. new tobacco products)
- Focus on new categories and introduce new products / services to improve margin
- Positive momentum expected in Food & Beverages thanks to:
 - Successful roll-out of coffee modules in Switzerland: c. 740#
 - Roll-out in Germany started
 - Successful sponsoring / promotion and sale of ok.- energy drinks in Germany
- Loyalty programs and retail analytics to improve customer experience
 - Focus on digital innovation (retail analytics, digital payment and digital signage)
 - Improve order proposal and systematic assortment and enhance promotions
 - Successful launch of k kiosk app (winner of the Retail Technology Award from NACS)
- Supply chain optimisations: Standardisation and time to market
 - Planned night access in selected POS for early delivery of press and fresh products



FOOD SERVICE INITIATIVES

Expand to improve contribution to Group

- Acquisition of Pretzel Baron to establish local US production footprint
 - Post-merger integration on track
 - Set-up of organisation to expand distribution network
 - Optimise line infrastructure
- Capital expenditures for Ditsch B2B to meet strong demand
 - Successful replacement of new line with capacity expansion
 - Review of future production expansion
- Expansion of Ditsch & Brezelkönig B2C network
 - Expansion of retail network with Ditsch in Germany and Brezelkönig in Switzerland
 - Ongoing product innovation
- Continuous roll-out of successful “new concept” Caffè Spettacolo in Switzerland
- Proof of concept for roll-out of Brezelkönig International franchise concept



GROUP / OVERARCHING INITIATIVES

Platform for growth and efficiency

- Standardisation of IT platform to improve processes: Introduce SAP across the Group
 - Switzerland: by end of 2017 (Hana upgrade, new modules)
 - Luxembourg: by end of 2018
 - Germany: by end of 2019
- Lean and agile organisation
 - Improve and accelerate internal processes
- Dedicated Valora Lab team to focus on new digital opportunities
 - Consumer financing: Grow and leverage existing bob Finance platform
 - Improve retail economics and instore customer experience by introducing new services and apps (payment and loyalty)
- Encourage and develop employees & improve collaboration across the Group



WHAT WE ARE PROUD OF



Attractive financials

- Improving margins with meaningful upsides
- Well on track to achieve ambitious mid-term targets
- Attractive cash generation and improving return on capital
- Constant and high dividend payments (yield ~4%)



Clear strategic positioning

- Focused and leading convenience player in German-speaking Europe



Well on track on announced initiatives

WHAT IS ON OUR AGENDA



Growth strategy review with new chairman



Platform & efficiency initiatives



Concepts refresh & increased customer benefits





QUESTIONS & ANSWERS

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