

Letter to shareholders

Dear shareholders,

Following the sale of the Naville building in February, we have fully completed our transformation process during 2017 and, with the acquisitions of BackWerk and Pretzel Baron, concentrated on strengthening our positioning as a focused food and convenience provider. At the same time, we have announced a further important step with the planned investments in the expansion of our production capacities, which will allow us to continue with our growth strategy. We also generated a good financial result and in doing so confirmed the communicated expectations.

The acquisition of BackWerk made Valora one of the leading vertically integrated food service providers in Germany. In addition to our already strong presence at transport hubs, we are now also considerably better represented in city centres with BackWerk. At the same time, the established franchise business has allowed us to enter the Dutch and to expand in the Austrian market. In the B2B business, we have also taken important steps with the takeover of the ambitious pretzel producer Pretzel Baron in the US as well as with the replacement of a production line at Ditsch in Germany. Furthermore, thanks to the high level of demand, we have initiated the planning of the further expansion of our production capacities in the US and Germany.

All of this would not have been possible without you, our valued shareholders, and the trust you place in us. Over the past years, you have always believed in our strategy. We are doing everything in our power to continually live up to this trust. This is also expressed by the fact that, in addition to our various growth and investment activities, we have demonstrated with our operating business that our business model is successful.

Among other things, this is reflected in the increased EBIT. Excluding the acquisition costs and EBIT contribution from BackWerk, we succeeded in already reaching the medium-term goal for

2018 with an increase of the EBIT margin to 4.0%. We are also one year ahead of schedule with the achievement of the gross profit margin of 42.0%. External sales remained stable during 2017. Net revenues, excluding the sold Naville Distribution, slightly increased.

Valora is also making further progress in the area of digitalisation. In addition to new digital services, including pick-up/drop-off services, digitalisation is allowing us to increase overall customer loyalty. The new kiosk app, which we introduced in Switzerland in March 2017, is geared towards this goal. Last year, we also simplified our distribution processes with sales staff by building an easily scalable and well-structured communication and collaboration platform on Google Cloud. This has already allowed us to replace seven existing applications and will enable us to make new offers available at our points of sale more quickly.

We are also on course with the implementation of our long-term financing strategy: following the capital increase of CHF 166 million, which was successfully concluded in autumn 2017, a Schuldschein issue for EUR 170 million was placed on the market at attractive conditions in January 2018 and met great investor interest. From the generated funds, Valora can, among other things, refinance the credit instruments falling due in 2018 at significantly better conditions.

As we look back on the past financial year, we would like to express our thanks to our customers, who make purchases at our points of sale on a daily basis. We would also like to thank all of our business partners and suppliers for their cooperation and the trust-based relationship we enjoy with them. And, in particular, we extend our thanks to the approximately 15 000 employees within our network, who brighten up our customers' journey with their hard work and great commitment embodying our new values: nearby, quick, convenient and fresh.

You, our valued shareholders, also deserve great thanks for the trust that you have placed in us. We are thus delighted to propose an unchanged dividend of CHF 12.50 at the upcoming General Meeting on 13 April 2018. The dividend will be distributed fully from capital reserves.

We would like to take this opportunity to also inform you about an upcoming change in the Valora Board of Directors. After eight years as a member of the Board of Directors of Valora, Bernhard Heusler has decided not to stand for re-election at the General Meeting. We would like to cordially thank him for his commitment and his contribution to the transformation of Valora.

Best regards,



Franz Julien
Chairman of the Board of Directors



Michael Mueller
CEO