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Bern, April 5, 2006

Medienmitteilung - Communiqué de presse - Media release

Valora reports favourable results for 2005 despite ongoing restructuring

Impairment to Fotolabo lowers net result for the year

Valora, the Swiss-based international distribution and trading group, remains in the midst of an intensive corporate restructuring which will continue well into 2006. Despite this, the company reports operating profit (EBIT) before restructuring costs for the 2005 business year which were above expectations at CHF 58 million, generated on net revenues that remained steady at CHF 2.8 billion. With the sale of the Fotolabo Group, Valora will remove a further shareholding which is not part of its core competencies from its holdings portfolio. The associated impairment did, however, reduce the net result for the year, which amounted to a loss of CHF 56.3 million. In spite of this, and in view of the operating result achieved, the Board of Directors will recommend to the upcoming Annual General Meeting of Shareholders that an unchanged dividend of CHF 9.00 per share be distributed for the 2005 business year.

The Valora Group generated net revenues from continuing operations of CHF 2.8 billion for 2005, a slight 0.4% decline from the prior year. Gross profit margin slipped one percentage point to 33.1%. The CHF 64.2 million impairment effected in respect of Valora Imaging includes a full writedown of the remaining CHF 22.7 million goodwill for Fotolabo. In view of this impairment, Valora sustained a CHF 56.3 million net loss for the year (which compares to a CHF 34.6 million net profit for 2004). Operating profit (EBIT) from continuing operations amounted to CHF 58 million before restructuring costs, a result which exceeded expectations. Against this, the restructuring costs of CHF 31 million were slightly higher than predicted. Of this restructuring amount, CHF 26.2 million was incurred for the Valora Retail division, CHF 1.9 million for Valora Press & Books and CHF 3.1 million for service functions.

“With the impairments that have again been required, our net result falls short of our expectations,” concedes Peter Wüst, CEO of the Valora Group. “But our improved operating result clearly underlines that we are well on track in our endeavours to transform Valora into a focused and internationally-active distribution and trading group.” Free cash flow for the year was also positive, despite the ongoing restructuring. With an equity ratio of 37.8%, Valora can draw further strength from a substantial risk tolerance, along with an intact balance-sheet structure. “But we still have a steep road ahead of us,” Peter Wüst continues. The current restructuring will remain a major feature of developments in 2006; but with the divestiture of the Fotolabo Group, attention can be focused in earnest on the Group’s core business activities.

The divisions

Valora Retail, the largest division within the Valora Group in sales terms, reported net revenues for 2005 of CHF 1 688 million, virtually unchanged from the CHF 1 683 million of the prior year. The division thus offset the sales lost through the disposal of the Merkur confectionery business through revenue gains elsewhere. Divisional operating profit (EBIT) before restructuring costs amounted to CHF 6.6 million. The new visual identity for the “k kiosk” brand – which will have been adopted at all the division’s kiosks by early summer 2006 – forms the cornerstone of a comprehensive repositioning of these sales outlets in the retail landscape. Valora Retail’s German rail station bookstores reported highly encouraging results, with business for the year returning to profit. The division’s Luxembourg-based activities also saw further success.

The **Valora Press & Books** division, which was newly created in 2005, has allowed business energies to be fully concentrated on the Group's key press wholesale activities in Switzerland, Austria and Luxembourg. The division operates in close collaboration with its publisher partners to distribute a wide range of publications and ensure that all its products are delivered to the right outlets at the right time and in the right volumes. Net revenues for the division rose CHF 86.9 million to CHF 555.3 million, largely because of the first-time consolidation of results from its PGV Salzburg operation for the full 12 months. Excluding this effect, net revenues for 2005 were 2.8% down on the previous year. Operating profit (EBIT) margin declined from 6.4% to 4.3%, owing largely to the delay in adjusting costs to the falling revenues from the Swiss press business.

Valora Trade, the Group's production and trading division, reported net revenues for the year which, at CHF 805.7 million, were CHF 92.1 million down on 2004. The decline was due mainly to the divestitures effected in the course of 2004. Operating profit (EBIT) for the division amounted to CHF 29.6 million – a result which, excluding the effect of the divestitures mentioned, is 15.2% below its prior-year equivalent.

The division's new standardised market identity for its Scandinavian operations has provided unique access to 24 million consumers in Denmark, Sweden, Finland and Norway. Valora Trade's clear positioning as a byword for reliability in distributing and marketing strong brands has already generated new business for the division, with further principals already acquired and market share gained by the end of 2005. The division's Swiss, German and Austrian-based companies adopted a similar common Valora Trade brand identity in January 2006.

The division's production companies continue to concentrate on product and packaging innovations. They also enhanced their market positions in 2005 through efficient market leadership and by embarking on additional activities in new markets.

Business at **Valora Imaging** developed less favourably than had been expected. The rapid changes in the photographic technology field reduced profitability, and this in turn had a sizeable adverse effect on the efforts to dispose of these activities.

Outlook
Based on first-quarter trends and developments, Valora expects to report net revenues of around CHF 2.8 billion and an operating profit (EBIT) margin of between 2.8% and 3% for 2006. With its major divestitures completed, Valora can now concentrate its efforts and energies on its key plans and projects in the small-retail-outlet field, the press wholesale sector and the marketing and distribution of branded fast-moving consumer goods. In doing so, Valora will be putting a particular emphasis on our kiosk business and the press wholesale activities in Switzerland.
But Valora Trade remains a vital pillar of the Group that generates sound and stable earnings.

Growth will also be a key element in the Group's future work – "especially in those core business areas where we are most credible and have the greatest competencies," as CEO Peter Wüst emphasises. Prime among these will be the small-retail-outlet sector, though any expansion plans will be limited to Europe.

Change in the Board of Directors
The mandate of Board member Hanne de Mora expires on the date of the 2006 Annual General Meeting of Shareholders. For personal reasons, Ms. de Mora will not be standing for re-election. The Board of Directors will recommend to the Meeting that Dr. Felix Weber be newly elected to its ranks.

Information on April 5, 2006:	Questions about this media release cannot be answered before the media conference and the analysts' conference on Wednesday, April 5.

The 2005 Annual Report and the presentation from the media/analysts' conference are also available on the www.valora.com website.

Telephone conference on Valora's 2005 annual results
Wednesday, April 5, 2006 starting at 17:00 CET

Peter Wuest, CEO of Valora Holding AG, and Markus Voegeli, CFO, will provide information about the Valora Annual report 2005 during a telephone conference. The Dial-In Conference Call will be held in **English.**

To participate in the **conference**: call the following number (please call 5 to 10 minutes before the hour):

Dial-In numbers:	**+41 (0)91 610 5600**	(Europe and ROW)
	+1 (1)866 291 4166	(USA Toll Free)
	+44 (0)20 7107 0611	(UK)

To hear a **playback** of the conference, call the following number from Wednesday, 5 April 2006, 19:00 CET, until Thursday, 6 April.

Playback will be available one hour after the conference call for **24 hours**
Participants requesting the Digital Playback will be dialing:

+41 91 612 4330	(in Europe)
+1 (1) 866 416 2558	(in USA)
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and will be asked to enter, **for the Conference ID 190** followed by the **#** sign

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