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Valora Holding AG
Hofackerstrasse 40
4132 Muttenz
Switzerland

Phone +41 58 789 11 11
Fax +41 58 789 11 12

info@valora.com
www.valora.com

valora

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Valora Group achieves encouraging results in 2009, outlook for 2010 positive.

- **Sales grew 1.6% on an adjusted basis**
- **Increased EBIT of CHF 68.1 million raises EBIT margin to 2.4%**
- **Net income up some 40% to CHF 54.9 million**
- **Net liquidity increased, balance sheet remains sound**
- **Important projects realised in „Valora 4 Success“ strategy programme**
- **Positive trend clearly visible at Valora Retail**
- **Board’s recommendations to AGM:**
    - **Abolition of 5% limit on total proportion of voting shares one shareholder can register**
    - **Increased dividend of CHF 10 per share**
    - **Consultative vote on remuneration report**

Valora Group

Higher revenues and increased EBIT

Implementation of the „Valora 4 Success“ strategy programme is producing tangible and successful results. Despite the weakness of the overall economy and a downturn in its press business, the Valora group achieved good results in 2009. After adjusting for one-off factors (currency fluctuations, acquisitions and the non-recurrence of collectible soccer picture card sales), Valora’s net revenues rose 1.6%, or CHF 45.5 million, in 2009.
Net revenues on an unadjusted basis fell 1.2% to CHF 2 897 million.
The Group’s operating profit or EBIT for 2009, at CHF 68.1 million, was CHF 30.5 million higher than in 2008 (when restructuring charges totalling CHF 25.1 million were incurred), an improvement of 81.1%. The 2009 EBIT figure includes revenues from the sale of real estate, though these were roughly offset by one-off charges at Valora’s Luxembourg unit. Valora’s EBIT margin increased to 2.4% in 2009. A number of ambitious initial milestones in the „Valora 4 Success“ strategy programme launched in 2008 were achieved. Valora’s Retail and Trade divisions were the key drivers of this positive result, confirming that the strategic direction the Group has adopted is well-chosen. Valora Media, which has now been renamed Valora Services, was visibly affected by the economic downturn. Although this division did achieve a turnaround in the second six months of 2009 after a weak first half, its full-year results are lower than those for 2008.

Net income up some 40%

Valora’s 2009 net income was CHF 54.9 million, a CHF 15.5 million improvement on the CHF 39.4 million achieved in 2008. Thanks to higher net income from continuing operations and a smaller number of shares in issue (following the share buy-back programme and share capital reduction in 2009), earnings per share rose 145% to CHF 18.94.

Net liquidity increased, balance sheet sound

A CHF 19.6 million increase in cash generated by continuing operations enabled Valora again to complete the financial year with no net debt. Initiatives to optimise payables and receivables management meant that net working capital was substantially reduced. With shareholders’ equity accounting for 41.3% of total assets, the Valora Group continues to maintain a very sound balance sheet structure.

Divisions

Valora Retail

Net revenues were raised CHF 22.6 million, or 1.4%, to CHF 1 592 million. The introduction of new product ranges and enhancement of the outlet network helped to foster this positive trend. Germany was the market in which Valora Retail achieved the strongest increase in sales, partly as a result of acquisitions and partly thanks to organic growth. Tobacco and food were the product categories showing the fastest revenue growth, with higher food sales largely accounted for by the extremely successful launch of Valora's own-label ok.- range. Operating profit improved CHF 20.3 million, to reach CHF 28.3 million. The division's 2009 EBIT margin of 1.8% (after 0.5% in 2008) demonstrates both the marked improvement achieved in profitability and the initial benefits derived from implementation of the strategy programme.

Valora Media / Services

Valora Media, now Valora Services, was clearly affected by the recession in all its national markets in the first half of 2009. In the final six months of the year, improving consumer sentiment and a number of targeted initiatives, particularly expansion of its range of services and reconfiguration of the product range, enabled the division to reverse the decline in its press sales. This did not fully compensate for the decline in sales suffered in the first six months of the year, however, and full-year net revenues came in at CHF 712.9 million, CHF 53.1 million lower than the year before. CHF 31.4 million of this shortfall is due to the non-recurrence of EURO 08 collectible picture card sales. The division's operating profit declined CHF 14.3 million to CHF 16.2 million. The EBIT margin fell from 4.0% in 2008 to 2.3% in 2009.

Valora Trade

This division achieved exceptionally good performance in challenging economic conditions. Net revenues for 2009 came in at CHF 777.6 million, a CHF 10.4 million, or 1.3%, decline on 2008. After adjusting for currency fluctuations and non-recurring EURO 08 revenues, this division's net revenues advanced 5.3%. Valora Trade's operating profit rose CHF 4.3 million to CHF 22.3 million and its EBIT margin was raised 0.6 percentage points to 2.9%. The division's positive performance is mainly attributable to its excellent product range and the high quality of its portfolio of principals, to which it was able to make a number of significant additions during 2009.

Realisation of major projects in the „Valora 4 Success" strategy programme

The initiatives now under way and the projects decided upon were pursued with vigour, thus helping to accelerate the Valora Group's turnaround. A number of ambitious initial milestones have already been achieved. The successful relocation of Valora's logistics operations from Muttenz to Egerkingen marks a decisive step towards improved efficiency and paves the way for future growth. The switch to decentralised picking, sorting and packing has substantially reduced press logistics throughput times. Further significant progress has also been made in modernising Valora's IT infrastructure. Implementation of the closed loop inventory management system and the adoption of WAMAS logistics software mean that all essential processes at Valora now run on a modern IT platform.

Positive trend clearly visible at Valora Retail

The trend at Valora Retail is especially gratifying. Following the successful launch of its first own-label ok.- products, this line has been considerably extended and now covers some 100 different articles. Development of the new “ready?” service is progressing according to plan. With testing now successfully completed at 55 outlets, a broader roll out is planned for 2010. The avec. convenience store format was redesigned and the concept has been targeted towards growth. The new P&B format not only underscores Valora’s press expertise, but complements it with a selected range of book titles. The P&B format, the only one of its kind in Switzerland, also now offers a unique print on demand service for newspaper titles from around the world, thus meeting new customer needs. The four P&B units currently operating in Switzerland will be complemented by further such outlets during 2010. Retail Germany turned in an excellent performance in 2009, expanding its share of the railway station bookstore market to an impressive 36%. Konrad Wittwer railway station bookstores and Media Center Berlin, the division’s two recent acquisitions in Germany, were successfully integrated into the existing network. In Luxembourg, all outlets operate under a common “k kiosk” banner.

Outlook

The major changes and streamlining carried out during 2009 proved to be well-chosen and significant in their effect. Valora expects to derive further positive results from its restructuring programme in 2010. Overall, the Group’s performance so far in 2010 has been on track. As previously announced, the relocation of the logistics function should generate CHF 11 million of annual savings in 2010, with a further CHF 2 million by 2012. The expansion of the avec. network and the new P&B outlets scheduled to open should make for substantial improvements in sales and profits. Kiosk operations in Switzerland will be testing an agency business model which has already been successfully deployed in other countries. 2010 will also get a major boost from the forthcoming soccer World Cup in South Africa and the sales of collectible picture cards which that will bring. Emphasis will also be placed on extending the range of services the division offers its customers. Valora Services’ press wholesaling business will be working with its publishing partners to achieve further efficiency enhancements and develop services aimed at promoting press sales, both at Valora-operated outlets and those operated by third-party customers. Valora Trade will consolidate its significant market expertise in a supra-national structure, extending its services to new principals and additional national markets.
Thomas Vollmoeller, Valora’s CEO, sums the outlook up as follows, „The milestones we have achieved in the strategy programme provide us with a sound basis for positive performance in 2010. Valora’s Board and management maintain their objective of achieving annual sales growth of between 3 and 5% - provided there is no further downturn in the economic climate and no further currency weaknesses - and of raising Valora’s operating profit margin to between 3 and 4% by 2012.“

Board recommendations to the AGM

At this year’s Ordinary General Meeting of shareholders on April 22, the Board will recommend that the current restriction in the company’s articles of incorporation which prevents any individual shareholder being registered with more than 5% of the total voting shares in issue be abolished. The Board will also recommend that the dividend payable in respect of 2009 be raised from CHF 9 to CHF 10 per share, an 11% increase. Furthermore, the Board will for the first time submit the remuneration report to a separate consultative vote.

Valora Group key financial data

Income statement in CHF million	**2009**	**2008**** before restructuring costs	**2008**** after restructuring costs
Net revenues	2 897.0	2 931.1	2 931.1
Gross profit	867.6	892.7	892.7
in % of net revenues	*29.9%*	*30.5%*	*30.5%*
Operating profit (EBIT)	68.1	62.7	37.6
in % of net revenues	*2.4%*	*2.1%*	*1.3%*
Net income from continuing operations	53.0	n.a.	24.7
Net income from discontinued operations	1.9	14.7	14.7
Group net income	54.9	n.a.	39.4

Liquidity, cash flow and balance sheet in CHF million	**2009**	**2008****
Cash and cash equivalents*	161.6	158.4
Free cash flow*	46.0	176.7
Shareholders' equity	453.7	450.4
Equity cover	*41.3%*	*42.5%*
Net liquidity*	15.8	6.0
Net working capital*	109.3	129.7
*Net working capital in % of net revenues**	*3.8%*	*4.4%*
Earnings per share*	18.94	7.74

*from continuing operations
**restated

The complete 2009 Valora annual report can be downloaded from the www.valora.com website.

Should you require further information, please contact:

Investor Relations:
Mladen Tomic
Tel: +41 58 789 12 20
Mob: +41 79 571 10 56
E-Mail: mladen.tomic@valora.com

Media Relations:
Stefania Misteli
Tel: +41 58 789 12 01
Mob: +41 79 467 52 16
E-Mail: stefania.misteli@valora.com

Corporate calendar

2010 Ordinary General Meeting — **April 22, 2010** in Basle
2010 Half-year report — **August 26, 2010**

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