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Valora Group reports improved profitability and further successes from its „Valora 4 Success“ strategy

- **Sales grow by 1.2%**
- **Group operating profit up 55% - EBIT margin rises from 1.6% to 2.5%**
- **Net income advances more than 40% to CHF 26.0 million**
- **„Valora 4 Success“ strategy on track**
 - Valora Retail's trajectory to higher profitability confirmed
 - Valora Services rekindles its success
 - Valora Trade: growth potential with new principals
- **Outlook: from turnaround to growth phase**

Sales grow by 1.2%

Valora today reported consolidated net revenues of CHF 1 431.9 million for the first six months of 2010, up CHF 17.3 million (+1.2%) on the same period of 2009. After adjusting for the special factors arising from the sale and distribution of World Cup collectible football picture cards (CHF +38.3 million) and currency fluctuations (CHF -16.4 million), the Group's net revenues declined by CHF 4.7 million on first-half 2009 levels.

The **Retail** division generated first-half 2010 net revenues of CHF 792.0 million, 1.8% up on the CHF 778.1 million achieved a year earlier. CHF 9.3 million of this increase was attributable to sales of World Cup picture cards, which was however almost entirely cancelled out by the effect of adverse exchange rate fluctuations amounting to CHF 9.1 million, so that the improvement in net revenues remains 1.8% after adjusting for these two factors. With the exception of its gastronomy unit, all the division's businesses contributed to this improved performance.

Valora **Services'** net revenues for the first six months of 2010 were CHF 375.1 million, an 8.7% improvement on the CHF 345.1 million achieved in first-half 2009. Distribution and sales of World Cup picture cards contributed CHF 29.0 million to net revenues, while adverse exchange rate movements shaved CHF 4.8 million off this same figure. Adjusting for these factors, the division achieved net revenue growth of 1.7%. Most of this improvement came from tobacco wholesale activities in Switzerland and press wholesaling in Austria.

In the face of tough market conditions, Valora **Trade** generated net revenues of CHF 348.8 million, 8.5% lower than in the same period of 2009. After adjusting for adverse currency effects (CHF -3.1 million), this division's first-half 2010 net revenues declined 7.7% on the level achieved a year earlier. Expiration of existing distribution agreements was a major factor impacting Valora Trade's sales in the period, particularly in Germany, where the division's turnover fell 45%.

Group operating profit up 55% - EBIT margin rises from 1.6% to 2.5%

The Valora Group completed the first six months of 2010 with a 55% improvement in its operating profit (EBIT), which reached CHF 35.7 million compared to CHF 23.0 million a year ago. As a result, Valora's EBIT margin for first-half 2010 was 2.5% (vs 1.6% in first-half 2009). Rigorous cost management, enhanced efficiency levels – particularly in logistics – and measures to streamline retail outlet shift rota planning all helped to cut operating costs by CHF 6.5 million. In first-half 2010, operating costs accounted for 28.1 % of net revenues. Overall, the distribution and sale of World Cup picture cards added CHF 6.3 million to operating profit. After stripping out this effect, and the CHF 0.8 million of adverse foreign exchange movements, the Group's adjusted operating profit rose 31.3% on first-half 2009 levels, while its adjusted EBIT margin improved by 0.5 percentage points to 2.1%.

Including the special factors of World Cup picture cards and currency fluctuations, **Valora Retail** improved its operating profit by CHF 3.6 million to CHF 13.7 million and raised its EBIT margin to 1.7% (vs 1.3% in first-half 2009).

Valora Services achieved a first-half 2010 operating profit of CHF 20.4 million, an increase of CHF 13.3 million on first-half 2009. The division's EBIT margin rose to an impressive 5.4%, of which 1.1% are attributable to the distribution and sale of World Cup picture cards.

Valora Trade reported operating profit of CHF 5.1 million, down from CHF 7.4 million in the same period of 2009. Although the division achieved considerable cost efficiency savings, these were not sufficient to compensate fully for the decline in net revenues. Valora Trade's first-half 2010 EBIT margin was 1.5% (after 1.9% in first-half 2009).

Net income advances more than 40% to CHF 26.0 million

During the first six months of 2010, the Valora Group increased its net income by 43.8% to CHF 26.0 million. The proportion of total assets represented by shareholders' equity rose by 1.1 percentage points to 42.4%.

Despite the increased dividend the Group paid out in respect of 2009, the Valora Group was virtually free of net debt at June 30, 2010.

„Valora 4 Success“ strategy on track

The new corporate strategy initiated in 2008 continues to bear fruit and will be 80% complete by the end of 2010. The programme's various initiatives have already generated positive results in the Group's individual divisions and will exert an increasingly beneficial effect in the years to come.

Valora Retail's trajectory to higher profitability confirmed

Valora Retail Switzerland's results showed a pleasing improvement in the first six months of 2010. The division's product ranges continue to be extended, particularly in services (money transfer, insurance, travel) and the expansion of the successful P&B format is progressing according to plan. Although the network of convenience- and filling station stores developed less quickly than anticipated, the sales per outlet nevertheless rose as expected.

A new co-operation agreement signed with the filling-station operator Tamoil will mean that expansion of the convenience format network can be accelerated. New types of distribution arrangement (agency and franchising models) will also help the division to achieve its growth targets.

As a result of its acquisition of tabacon Franchise GmbH & Co. KG, Valora Retail Germany will nearly double the size of its outlet network and advance to become the second-largest small-outlet retailer in the German market.

Valora Services rekindles its success

Valora Services achieved a further reduction in its operating costs, as most noticeably demonstrated by the benefit it derived in first-half 2010 from the improved efficiency of its logistics operations in Switzerland and its lower external logistics costs in Austria. Ongoing enhancements to its services will enable the division to stabilise its revenues and maintain profitability at the levels to which it has now raised them.

Valora Trade: growth potential with new principals

Valora Trade held up well in demanding market conditions. Although the sale of the division's production companies (Own Brands) has resulted in some distribution contracts not being renewed and this has depressed turnover, Valora Trade is confident that its new principals will enable it to resume growth in the medium term and to continue raising its efficiency levels.

Outlook: from turnaround to growth phase

The successes Valora has achieved in the first six months of this year with regard to cost efficiency and productivity not only highlight the importance of the Group's strategy programme but also provide a sound platform for future growth.

Valora will vigorously pursue its current trajectory in the second half of 2010 and the Group is confident that the objectives it has set itself can be achieved, absent the effect of currency fluctuations.

In the late autumn of 2010, the Valora Group's Board of Directors will present the medium and long-term strategy it has developed. Taking its cue from the successes already achieved by the "Valora 4 Success" programme, the medium and long-term plan will emphasise the Group's future potential for growth. As Thomas Vollmoeller, Valora's CEO puts it, "We are satisfied with the results achieved in the first half of this year. It is now time for us to shift our focus from turnaround to growth."

Valora Group key financial data

Income statement	H1 2010	H1 2009
in CHF million		
Net revenues	1431.9	1'414.6
Adjusted net revenues*	1'409.9	1'414.6
Gross profit	433.7	428.3
<i>Gross profit margin</i>	<i>30.3%</i>	<i>30.3%</i>
Operating expenses	-402.3	-408.8
Operating profit (EBIT)	35.7	23.0
<i>EBIT margin</i>	<i>2.5%</i>	<i>1.6%</i>
Adjusted operating profit (EBIT)*	30.2	23.0
<i>Adjusted EBIT margin*</i>	<i>2.1%</i>	<i>1.6%</i>
Consolidated net income	26.0	18.1

* adjusted for effects of currency fluctuations and World Cup 2010 picture cards

Liquidity, balance sheet	30.06.2010	31.12.2009
in CHF million		
Cash and cash equivalents	142.3	161.6
Shareholders' equity	436.5	453.7
<i>Equity cover</i>	<i>42.4%</i>	<i>41.3%</i>
Net debt / (net liquidity)	0.9	-15.8

Key financial metrics for Valora divisions

Key metrics	Retail			Services			Trade		
in CHF million	H1 2010	H1 2009	△	H1 2010	H1 2009	△	H1 2010	H1 2009	△
Net revenues	792.0	778.1	+1.8%	375.1	345.1	+8.7%	348.8	381.2	-8.5%
<i>Adjusted net revenues*</i>	<i>791.7</i>	<i>778.1</i>	<i>+1.8%</i>	<i>351.0</i>	<i>345.1</i>	<i>+1.7%</i>	<i>351.9</i>	<i>381.2</i>	<i>-7.7%</i>
Operating profit (EBIT)	13.7	10.1	+35.4%	20.4	7.1	+185.6%	5.1	7.4	-31.5%
<i>Adjusted operating profit (EBIT)*</i>	<i>12.0</i>	<i>10.1</i>	<i>+18.2%</i>	<i>16.5</i>	<i>7.1</i>	<i>+131.5%</i>	<i>5.2</i>	<i>7.4</i>	<i>-29.6%</i>
EBIT margin	1.7%	1.3%	+0.4pP	5.4%	2.1%	+3.3pP	1.5%	1.9%	-0.4pP
<i>Adjusted EBIT margin*</i>	<i>1.5%</i>	<i>1.3%</i>	<i>+0.2pP</i>	<i>4.7%</i>	<i>2.1%</i>	<i>+2.6pP</i>	<i>1.5%</i>	<i>1.9%</i>	<i>-0.4pP</i>

* adjusted for effects of currency fluctuations and World Cup 2010 picture cards

The following documentation is available for download on www.valora.com

Half-year report 2010

http://www.valora.com/media/documents/english/reports/2010/halbjahresbericht_2010_en.pdf

Media release

http://www.valora.com/en/newsroom/newsinformation/news_00339.php

Presentation on 2010 first-half results

http://www.valora.com/media/documents/english/presentations/2010/praes_halbjahresabschlus_s_2010.pdf

Valora Telephone Conference – Half Year Results 2010
Thursday, August 26, 13.30 CET (German) | 14.30 CET (English)

Thomas Vollmoeller, CEO of Valora Holding AG, and Lorenzo Trezzini, CFO, will provide information about the Valora Half Year Results 2010 during a telephone conference. The Dial-In Conference Call will be held in **German (13.30 CET)** and in **English (14.30 CET)**.

To participate in the **conference** please call the following number 5 to 10 minutes before the respective time:

Europe	+41 (0) 91 610 56 00
UK	+44 (0) 207 107 06 11
USA – Toll-Free	+1 (1) 866 291 41 66

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

Europe	+41 (0) 91 612 43 30
UK	+44 (0) 207 108 62 33
USA	+1 (1) 866 416 25 58

and will be asked to enter the Conference number **16421 (German)** or **19108 (English)** followed by the # sign.

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