

Muttenz, 19 February 2020

Media release

Valora successfully concluded 2019 above guidance and is further expanding its foodvenience business

- EBIT of CHF 91.5 million in 2019, above guidance and with strong contribution from Retail DE/LU/AT and Food Service; EBIT margin at 4.5%
- Group net profit grew by +35.0% to CHF 73.7 million supported by extraordinary tax effects and a value adjustment for discontinued operations in 2018
- Earnings per share (EPS) increased by +45.3%, also benefitting from the hybrid bond replacement in 2018
- Free cash flow rose by +55.1% to CHF 76.0 million despite increased investment activities
- External sales of CHF 2,681 million and net revenues of CHF 2,030 million remained stable, with higher food share in the product mix
- Major milestones achieved with the successful award of the SBB tender and the launch of Switzerland's first cashier-free convenience store, pretzel production expansion completed with full capacity as of the second quarter 2020
- Confident for the 2020 financial year, mid- and long-term operational targets confirmed
- Proposed dividend of CHF 12.50 gross for 2019

Unless mentioned differently, for reasons of comparability, 2018 figures are referred to on a pro-forma basis, adjusted for changed accounting standards (IFRS 16) and at constant currency.

The Valora Group performed strongly in 2019 and successfully concluded the first transition year after the award of the SBB tender in which the foodvenience provider secured 262 attractive locations until 2030. EBIT amounted to CHF 91.5 million versus CHF 96.3 million in 2018 but was above guidance expectations of around CHF 90 million. Adjusted for special costs at Retail CH of CHF -9.0 million related to the SBB project, EBIT growth would be +4.4% with a strong contribution coming from Retail DE/LU/AT with +32.5% and Food Service with +18.0% compared to 2018 which compensated for the challenging 2019 financial year experienced by Retail CH. The Group's EBIT margin came to 4.5% (2018: 4.7%).

Higher share of food sales drives gross profit margin

Overall, external sales of CHF 2,680.6 million (-0.0%) and net revenues of CHF 2,029.7 million (-0.8%) remained stable, while the foodvenience categories (Group sales excluding press, books and tobacco) grew by +2.2% and +2.9% respectively, mainly driven by higher food sales. These improvements in the product mix were the main contributor to the increase in gross profit of +1.3% to CHF 917.2 million and the gross profit margin of +1.0 percentage points to 45.2%.

Strong development in Retail DE/LU/AT, attractive same-store growth in Food Service and record B2B sales

At Retail CH, IFRS 16 effects and project costs related to the SBB tender impacted the unit's profitability. In addition, lower same-store sales, particularly in press and tobacco, and increased expenses related to new concepts burdened performance after an outstanding 2018 financial year. Retail DE/LU/AT on the other hand achieved strong development through sound same-store growth with lower press decline than in recent years, savings from the unit's cost initiatives and divisional synergies. Moreover, Retail DE made good progress in the conversion of its own stores to franchise outlets. Food Service had an entirely successful year with attractive same-store growth, especially at Food Service CH, and record B2B sales as most pretzel production lines were fully utilised.

Increase of net profit and free cash flow

Group net profit grew by +35.0% to CHF 73.7 million on a 2018 pro-forma adjusted basis allowing for IFRS 16 (+25.0% vs. 2018 revised figures), supported by extraordinary tax effects and a value adjustment for discontinued operations in 2018. This corresponds to an earnings per share (EPS) increase of +45.3% (+33.8% vs. 2018 revised figures) to CHF 18.70 also benefitting from the hybrid bond replacement in 2018. Free cash flow rose by +55.1% to CHF 76.0 million with improved net working capital more than compensating for increased investment activities. Return on capital employed (ROCE) amounted to 8.4% as a result of the EBIT development (2018: 8.9%).

Successful SBB tender, innovative store concepts, Food Service DE established and B2B production capacity expansion completed

In 2019, Valora achieved a major success with Retail CH being awarded all locations put out to tender by the SBB. This underscored Valora's position as the leading kiosk operator in Switzerland while at the same time significantly expanding the convenience share of its total business in the coming years. The Group also achieved a milestone in the execution of its digital strategy with the launch of the first cashier-free convenience store avec box and the avec X future store in April 2019 at Zurich main station. In addition, the integration of the Ditsch B2C sales format and BackWerk under the umbrella of the new Food Service DE business unit was completed including the first synergy effects from the combined platform. The pretzel production capacity expansion is successfully completed: two of three new production lines were put into operation in the USA and in Germany in the fourth quarter 2019 and the third line is expected to follow at the beginning of the second quarter 2020 in Germany.

Confident for the 2020 financial year, mid- and long-term operational targets confirmed

The focus on its foodvenience core business at high-frequency locations peaked with the successful SBB tender. Subsequently, Valora developed the strategy 2025 and presented it to the capital market in June 2019. Michael Mueller, CEO of Valora Group, says: "The implementation of the strategy 2025 marks a new, growth-oriented phase with food as the main driver. With our business model we are well positioned to benefit from increasing mobility, more out-of-home consumption and impulse purchases as well as from the rising impact of digitalisation on everyday life. The main lines of action for the current year are the refurbishment of the sales outlets at SBB locations with more convenience focus, the expansion of the B2B pretzel business thanks to the increased production capacity as well as generally higher food sales in all of our formats. We are confident of reaching our targets for 2020."

The 2020 financial year will be impacted by the investments in renewing the locations awarded in the SBB tender. As a consequence, Valora expects flat EBIT development at CHF 85 to 91 million. In the medium term, Valora expects the EBIT margin to grow to approximately 5% in 2022 when the conversion of the SBB locations is concluded. This is in line with the confirmed long-term operational targets until 2025 with an annual increase in the EBIT margin of +0.2 percentage points on average.

Dividend proposal to the General Meeting

At the Annual General Meeting to be held on 24 March 2020 the Board of Directors will propose to shareholders an unchanged dividend of CHF 12.50 gross per dividend-bearing share. Half of the distribution is made each from available earnings and from the reserve from capital contributions, whereby the latter is withholding tax exempt. If the motion is approved the dividend is expected to be paid on 30 March 2020.

<i>Valora Group</i>	2019		2018*		Change	2018 revised** pro Memoria
in CHF million		%		%		
External sales	2'680.6	132.1%	2'681.8	131.0%	-0.0%	2'731.0
Net revenues	2'029.7	100.0%	2'046.8	100.0%	-0.8%	2'074.9
Gross profit	917.2	45.2%	905.2	44.2%	+1.3%	918.2
- Operating costs, net	-825.7	-40.7%	-808.9	-39.5%	+2.1%	-828.3
Operating profit (EBIT)	91.5	4.5%	96.3	4.7%	-5.0%	89.8
Net profit from continuing operations	73.6	3.6%	59.7	2.9%	+23.2%	64.1
Group net profit	73.7	3.6%	54.6	2.7%	+35.0%	59.0

* Pro-forma adjusted according to IFRS16 and, except from net profit from continuing operations and group net profit, at constant currency exchange rates.

** See note 3 and 11 in the financial report.

The documents are available online at www.valora.com/newsroom.

- [Media release](#)
- [Presentation on the Full-Year Results 2019](#)
- [Online Annual Report 2019](#)
- [Valora Stories – The Annual Report Selection](#)

If you have any questions, please do not hesitate to contact:

Investor Relations

Annette Martin
Fon +41 61 467 21 23
annette.martin@valora.com

Media Relations

Christina Wahlstrand
Fon +41 61 467 24 53
media@valora.com

About Valora

Each and every day, around 15,000 employees in the Valora network work to brighten up their customers' journey with a comprehensive foodvenience offering – nearby, quick, convenient and fresh. The more than 2,700 small-scale points of sale of Valora are located at highly frequented locations in Switzerland, Germany, Austria, Luxembourg and the Netherlands. The company includes, among others, k kiosk, Brezelkönig, BackWerk, Ditsch, Press & Books, avec, Caffè Spettacolo and the popular own brand ok.– as well as a continuously growing range of digital services. Valora is also one of the world's leading producers of pretzels and benefits from a well-integrated value chain in the area of baked goods. Valora generates annual external sales of CHF 2.7 billion. The Group's registered office is in Muttenz, Switzerland. The registered shares of Valora Holding AG (VALN) are traded on SIX Swiss Exchange AG.

More information is available at www.valora.com.

Disclaimer

This document contains forward-looking statements referring to topics that are not based on historical fact and cannot otherwise be proven by referring to past events. Forward-looking statements are based on our current expectations and assumptions and are subject to uncertainties as well as known and unknown risks. These uncertainties and risks, along with other factors, may mean that actual future events and developments, including Valora's results, financial position and development, significantly deviate from what was explicitly or implicitly stated or assumed in the forward-looking statements. The information, opinions and forward-looking statements contained in this document only apply at the time of publication. Valora is not obligated to review or update forward-looking statements in light of new information or future developments or for any other reasons. This media release is not intended as a recommendation to buy securities.

**Media Breakfast
Valora Financial Results 2019**

Date: Wednesday, 19 February 2020
Time: 08:30 am (CET)
Location: Papiersaal – Alte Sihlpapierfabrik, Kalanderplatz 6, 8045 Zurich, Switzerland

Program:

08:15 am	Registration	
08:30 –	Presentation of the Full-Year Results 2019	
09:45 am		
	Full-Year Results 2019	Michael Mueller, CEO & CFO a.i.
	Strategic Roadmap	Michael Mueller, CEO & CFO a.i.
	Questions & Answers	

Language: German

**Analysts' Conference (incl. Call and Audio-Webcast):
Valora Financial Results 2019**

Date: Wednesday, 19 February 2020
Time: 11:00 am (CET)
Location: Folium – Alte Sihlpapierfabrik, Kalanderplatz 6, 8045 Zurich, Switzerland

Program:

10:45 am	Registration	
11:00 am	Presentation of the Full-Year Results 2019	
	Full-Year Results 2019	Michael Mueller, CEO & CFO a.i.
	Strategic Roadmap	Michael Mueller, CEO & CFO a.i.
	Questions & Answers	
12:30 am	Lunch	

Audio-webcast: [Open webcast](#)

Dial-in number for phone conference:
 Switzerland / Europe: +41 (0) 58 310 50 00
 United Kingdom: +44 (0) 207 107 0613
 United States: +1 (1) 631 570 56 13
 Join the call via web: [HD Web Phone™](#) (HD quality)

Language: English

The recorded webcast will be available by 04:00 pm (CET) latest on www.valora.com.