

The background features a stylized illustration of a city skyline with buildings of varying heights and widths, rendered in a line-art style. The buildings are arranged in a perspective view, receding into the distance. The sky is filled with horizontal lines, and there are dashed lines suggesting a path or a network. The overall aesthetic is clean and modern.

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2006 Group Results

Agenda

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- Introduction Peter Wüst
- 2006 full-year results Markus Voegeli
- Valora strategy Peter Wüst
- Q&A Peter Wüst, Markus Voegeli



Introduction

Peter Wüst
CEO

2006 Group Results

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Introduction

- **Successfully back on track**
- **Restructuring completed**

2006 Group Results

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Introduction

Group

- Modest turnover growth despite outlet closures
 - EBIT targets met
 - Financial expense significantly cut
 - Net income up substantially
 - ROIC more than doubled
-
- ▶ On our way to generate growth again
 - ▶ Group strategy decided

2006 Group Results

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Introduction

Divisions

■ Valora Retail

- k kiosk Switzerland
 - Downtrend in like-for-like sales halted
 - Profitability improved
- Retail Germany
 - Growth accelerated,
 - Profitability raised

■ Valora Press&Books

- EBIT growth to 5%

■ Valora Trade

- Strong sales growth
- Stable margins

Valora Road Map

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Introduction



- Core activity fields
- Divestments
- Realignment

- Cost management
- Promoting growth drivers
- Process optimisation

- organically
- through acquisition





2006 Financial Results

Markus Voegeli
CFO

EBIT

2006 consolidated results



2006 consolidated results

in CHFm	2006	2005
Net revenues	2 863	2 846
Gross profit	954	942
Gross profit margin	33.3%	33.1%
Total operating expenses	- 891	- 915
Other income, net	19	-
Operating profit (EBIT)	82	27
EBIT margin	2.9%	0.9%

- **Modest turnover growth**
- **EBIT targets met**

Net profit

2006 consolidated results



2006 consolidated results

in CHFm	2006	2005
Operating profit (EBIT)	82	27
Financial income, net	- 6	- 16
Share of result from associates and joint ventures	0.2	-0.3
Earnings before taxes	76	11
Income taxes	- 10	- 6
Tax ratio	12.5%	57.4%
Result from continuing operations	66	5
Result from Consumer Imaging	-0.6	- 61
Net profit / (loss)	66	-56
Attributable to shareholders of Valora	65	- 57
Attributable to minority interests	0.7	1.0

- **Financial expense significantly cut**
- **Net income up substantially**
- **Low tax ratio**

Key Indicators

2006 consolidated results



2006 consolidated results

in CHFm	2006	2005
Cash and cash equivalents	222	220
Equity	561	513
Equity ratio	42.3%	37.8%
Return on invested capital (ROIC)	10.6%	3.8%
Net debt	61	113
Net working capital (NWC)	140	126
NWC in % of net revenues	4.9%	4.4%
Earnings per share in CHF *)	20.58	1.17

*) from continuing operations

Cash Flow

2006 consolidated results

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2006 consolidated results

in CHFm	2006	2005
Net cash provided by operating activities	108	96
Net cash used in investing activities	- 26	- 41
Free Cash Flow	82	55
Net cash used in financing activities	- 83	- 124
Net decrease in cash and cash equivalents	- 1	- 69
Translation adjustments on cash and cash equivalents	3	-
Changes in cash and cash equivalents	2	- 69

- **Strong increase in Free Cash Flow**
- **Free Cash used for reducing debt**

Segment reporting

2006 consolidated results

2006 consolidated results

in CHFm	Valora Retail	Valora Press & Books	Valora Trade	Corporate	Intersegment elimination	Total Group
Net revenues 2006						
from third parties	1 633	360	855	15		2 863
from other divisions		200	7		- 207	
Total net revenues	1 633	560	862	15	- 207	2 863
Operating profit (EBIT)	21	28	32	1		82
in % of net revenues	1.3%	5.0%	3.7%			2.9%
Net revenues 2005						
from third parties	1 688	345	798	15		2 846
from other divisions		210	8		- 218	
Total net revenues	1 688	555	806	15	- 218	2 846
Operating profit (EBIT) ¹⁾	7	24	30	- 3		58
in % of net revenues	0.4%	4.3%	3.7%			2.0%

¹⁾ Operating profit 2005 before focus strategy and restructuring

in CHFm	2006	2005
Net revenues	1 633	1 688
Gross profit	540	546
Gross profit margin	33.1%	32.4%
Total costs	- 519	- 539
Operating profit (EBIT)	21	7
EBIT margin	1.3%	0.4%

2005: before restructuring costs

- **Profitability improved**

Valora Retail Highlights

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2006 consolidated results



■ k kiosk Switzerland

- Earnings stabilised
- Over 100 unprofitable outlets closed
- 5% cost reduction
- First successes in management of product range



■ Turnaround in **Convenience wholesale**

■ **Caffè Spettacolo** on a growth trajectory

■ **Valora Retail Germany**

- Turnaround confirmed
- Growth initiated



First successes in Category Management

- Expansion in **Food**
 - Broader range of drinks
 - 100 take a break modules
- Gain of **tobacco** market share
 - Trade brands
 - Consumer habits shifting
- **Non Food**
 - Soccer World Cup cards spur growth
- **Press**
 - Continuing contraction

Valora Retail

Convenience/ Ready to eat modules

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2006 consolidated results



- **Potential confirmed**
 - Products accepted by customers
 - 25% food share achievable
- **Test shops**
 - No effect on 2006 results
 - Supply chain and personnel costs need optimisation
 - Roll out as part of outlet modernisation programme
 - Potential or around 250 outlets

in CHFm	2006	2005
Net revenues	560	555
Gross profit	154	149
Gross profit margin	27.5%	26.9%
Total costs	- 126	- 126
Operating profit (EBIT)	28	24
EBIT margin	5.0%	4.3%

2005: before restructuring costs

Valora Press & Books Highlights

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2006 consolidated results



- Stable net revenues thanks to the distribution of additional products despite contracting markets
- Successful cost management
- EBIT growth to 5%

in CHFm	2006	2005
Net revenues	862	801
Gross profit	245	231
Gross profit margin	28.4%	28.8%
Total costs	- 213	- 201
Operating profit (EBIT)	32	30
EBIT margin	3.7%	3.7%

2005: after divestments

Valora Trade Highlights

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2006 consolidated results



■ Distribution

- Sales increased in Scandinavia and Switzerland
- Robust EBIT growth

■ Own Brands

- Strong turnover growth
 - Product innovations
 - New distribution channels
- EBIT and returns on capital maintained at high levels

- Sound current EBIT margin compared to sector
- Strong net income
- Sound balance sheet structure
- Solid cash flow trend

- ▶ Solid base for further development



Valora Strategy

„better today – bigger tomorrow“

Valora is an economically sound, independent trading company operating on a Europe-wide scale.

In selected regions of Europe we are

- The market leader in small outlet retail operating a network of standard format sales points at heavily frequented locations
- The market leader in press distribution
- The prime distribution partner for fast moving consumer goods

Valora – our mission

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Strategy

„do good work better and grow again“

- **More focused** – *on the trading business*
- **More profitable** – *through value-based management*
- **Bigger** – *through organic and external growth*

„more focussed“

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Strategy

- **Concentrating on the trading business**
 - Small outlet retail
 - Press wholesale
 - Distribution of fast moving consumer goods
- **Selling the production companies**
 - Roland Murten AG
 - Kägi Söhne AG
 - Gillebagaren AB Sweden
 - Cansimag SA France
 - Sörlandschips AB Norway

„more profitable“

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Strategy

- Disciplined practice of value-based management
 - Enduring improvement in economic value added
 - Maintaining return on invested capital above capital costs

▶ sustainable value added for all stakeholders

„bigger“

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Strategy

Sales target of CHF 4 billion by 2012



- ▶ organic growth
- ▶ acquisitions in our core activity areas
- ▶ entry into new markets

Growth at Valora Retail

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Strategy

Organic growth at existing outlets

- Area optimisation
- Product ranges emphasising
 - Food
 - Non Food
 - Services and promotions
- Concepts / Modules



Growth at Valora Retail

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Strategy

Outlet expansion

- Switzerland
 - Caffè Spettacolo
 - avec. in joint venture with Migros
- Germany
 - More station bookstore outlets
 - City centre locations (new)
- New markets with existing formats (Caffè Spettacolo, k kiosk, station bookstores)



Growth at Valora Press & Books

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Strategy

- Expanding distribution activities into new markets and regions
- Creating new forms of distribution

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Growth at Valora Trade

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Strategy

- Expanding **regional marketing platforms**
- Winning new **principals**
- Expansion into **new distribution channels, markets, regions**
 - New product categories
 - New customers in existing markets
 - Existing customers in new markets



External growth

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Strategy

- Acquisition of suitable firms in new or existing markets in our core activity fields
 - Focus on sustained increase in value generation

- Valora will take an active role in a possible European consolidation process

„do good work better and grow again “

- Focusing and restructuring phase largely completed, indicators now pointing again to growth
- Concentration on our core activities is the basis for growth
- Growth to be achieved mainly organically and through suitable acquisitions
- Active role in a European consolidation

▶ Sustainably profitable growth generates added value for all stakeholders

Impressions

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- **k kiosk bistro**

- Stäfa rail station
Opening
28.02.2007



- **k kiosk growth**

- Basel
Gundeldinger
Opening 15.03.07



- **Gate Shops**

- Zurich Airport

- Ambitious milestone reached in 2006 with a 2.9% EBIT margin
- Challenges for 2007
 - Sustained improvement in profitability at Retail Switzerland
 - Sale of Own Brands
 - IT and infrastructure projects
 - Preparing for the growth phase
- ▶ EBIT margin for 2007 of around 3%

Board changes

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Strategy

- Peter Küpfer is terminating his mandate

Proposal to Annual General Meeting:

- Enlargement of the board of directors from 6 to 7 members
 - Franz Julen, 1958, Swiss
CEO INTERSPORT International Corporation
Rich experience in retail expansion especially in Eastern Europe
 - Dr. Paul-Bernhard Kallen, 1957, German
Chairman technology and treasury with the Hubert Burda Media Group
Rich experience in developing and steering media based e-platforms

Dividend

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Strategy

- Continuation of the stable dividend policy
- Dividend of CHF 9 per share to be proposed to AGM

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Q&A

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