

# Valora



**Investors presentation – Berenberg Bank Conference London**  
**Michael Müller | CFO Valora Holding AG**

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# Agenda

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**1** Valora at a glance

**2** Overview Divisions

**3** Acquisition Ditsch/Brezelkönig

**4** Q & A

# «Valora for a fast moving world»

*Lean, agile retailer with an outstanding outlet network!*



## 2009 – H1 2012

1

**Successful acquisition record over last 24 months**

2

**Foundation for successful sales growth at outlets now in place**



## H2 2012 onwards

- **Strengthening Retail activities**
- **Using successful format portfolio to leverage excellent potential**
- **Repositioning Valora Services to reduce Group's dependence on press products**
- **Continuing to pursue Valora Trade activities with focus on categories with above-average growth**



# Successful acquisitions in 2010 - 2012

Foundations for further growth now in place

## Retail

Country	Germany
# outlets	~ 180
Sales*	€ ~ 130 million
Rationale	Strong franchise concept

Country	Germany
# outlets	~ 1,300
Sales*	€ ~ 450 million
Rationale	Germany's largest kiosk network

Country	Austria
# outlets	10
Sales*	€ ~ 10 million
Rationale	Beachhead in Austrian market

## Trade

Country	Germany
Sales	€ ~ 12 million
Rationale	Rapid growth in savoury baked goods

Country	Norway
Sales	€ ~ 70 million
Rationale	Access to rapidly growing categories

Country	Sweden
Sales	€ ~ 70 million
Rationale	Strengthening cosmetics market position

\* External sales

# Valora business model

Three divisions with substantial European footprint



## Valora Retail & Services

**Publishing companies**



**FMCG companies**



**Ditsch & Brezelkönig**



**Production**  
Mainz, Oranienbaum (Germany) and Emmenbrücke (Switzerland)

**Retail**  
230 outlets in Germany and Switzerland

Third party distribution

Category Management Press

Category Management Non-Press

Supply chain

### Retail formats and countries

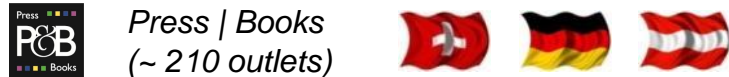
Kiosk (~ 2 350 outlets)



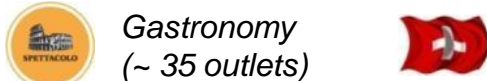
Convenience (~ 250 outlets)



Press | Books (~ 210 outlets)



Gastronomy (~ 35 outlets)



## Valora Trade

**Principals**



**Distribution to regional retailers**



Central functions

# Key figures Valora group 2011\*

Growing external sales despite challenging environment



in CHF million

Δ vs 2010

External sales 2 961.9 +0.5%

Net revenues 2 817.9 -2.1%

Gross profit 876.4 +0.1%

Operating costs (net) -805.9 +0.1%

EBIT 70.5 -13.3%  
adjusted\*\* 75.8

EBIT margin 2.5% -0.3%P



\* without Convenience Concept and Ditsch/Brezelkönig – partly consolidated in 2012 | \*\* adjusted for football picture cards and exchange-rate effects

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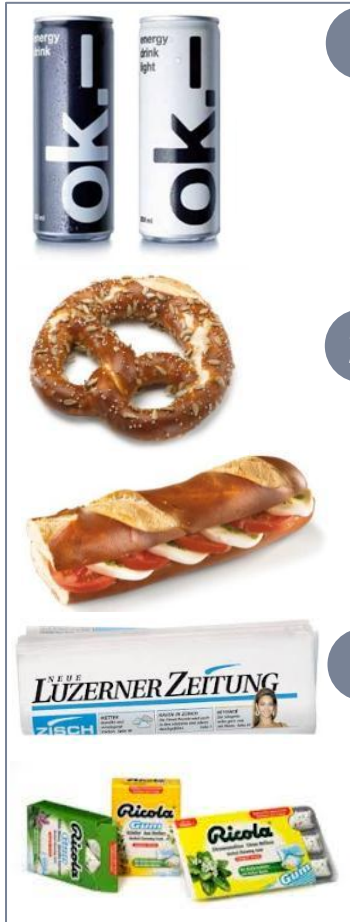
**2** Overview Divisions

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# Overview business units

Capable and focused European micro-retailer



## 1 Retail: the experts in small-outlet retail

- > 3 000 outlets, 5 clear defined formats, 1 000 POS in travel-related locations
- Successful private label product range (e.g. ok.- energy drink)
- Present in four national markets (Switzerland, Germany, Luxembourg, Austria)

## 2 Services: a professional service provider with high competence in press

- Leading services provider with state-of-the-art processes
- Over 15 000 customers
- Present in Switzerland and Luxembourg

## 3 Trade: Europe's largest and most professional distributor for FMCG products

- Strong position in food, non-food, confectionery, beverages, and cosmetics
- 350 principals
- Present in 7 national markets (Switzerland, Germany, Austria, Denmark, Norway, Sweden, Finland)



# 1 Valora Retail

## Key Figures\*

Market leader in small/micro-space retail shops, in high footfall locations, with standardised formats.



- 4 countries
- > 3 000 outlets
- More than one million customers daily

In CHF million	2011	2010	Delta
<b>External sales</b>	<b>1 760.8</b>	<b>1 678.8</b>	<b>+4.9%</b>
<i>Adjusted* external sales</i>	<i>1 819.0</i>	<i>1 669.1</i>	<i>+9.0%</i>
<b>Net revenues</b>	<b>1 613.2</b>	<b>1 606.5</b>	<b>+0.4%</b>
<i>Adjusted* net revenues</i>	<i>1 658.3</i>	<i>1 596.9</i>	<i>+3.8%</i>
<b>Gross profit</b>	<b>570.5</b>	<b>566.1</b>	<b>+0.8%</b>
<i>Gross profit margin</i>	<i>35.4%</i>	<i>35.2%</i>	<i>+0.2pP</i>
<b>Operating costs, net</b>	<b>-528.7</b>	<b>-524.4</b>	<b>+0.8%</b>
<b>EBIT</b>	<b>41.8</b>	<b>41.7</b>	<b>+0.2%</b>
<i>Adjusted* EBIT</i>	<i>44.1</i>	<i>39.7</i>	<i>+11.1%</i>
<b>EBIT margin</b>	<b>2.6%</b>	<b>2.6%</b>	<b>+0.0pP</b>
<i>Adjusted* EBIT margin</i>	<i>2.7%</i>	<i>2.5%</i>	<i>+0.2pP</i>

\* without Convenience Concept and Ditsch/Brezelkönig – partly consolidated in 2012 | \*\* adjusted for football picture cards and exchange-rate effects

**1 Valora Retail**  
*Most important formats*



*„Treat yourself“*

The place for that daily indulgence



*„C’est la vie“*

The most refreshing convenience retailer



*„Thought for the journey“*

For a wealth of enjoyable reading



*„Il vero espresso“*

Typical Italian coffee bar flair



*„Immer knusprig - Immer frisch - Immer Ditsch“*

Passion for lye-bread products





# 1 Profile k kiosk

*The micro-retailer in Switzerland, Germany and Luxembourg*





**1 Profile avec.**  
*The fresh convenience store concept in Switzerland*





1

# Profile Press&Books

*The specialist for press products in Switzerland, Germany and Austria*





**1 Profile Caffè Spettacolo**  
*The «Italian-style» coffee bar chain in Switzerland*



## 2 Valora Services

### Key Figures\*

Market leader in distribution of press products to own retail outlets and third party customers in Switzerland, Austria\* and Luxembourg. Additionally in Switzerland distribution of Food and Non-food articles to third party customers.



In CHF million	2011	2010	Delta
<b>Net revenues</b>	599.7	705.1	-14.9%
<i>Adjusted** net revenues</i>	618.9	677.5	-8.6%
<b>Operating profit</b>	122.7	144.6	-15.2%
<i>Operating profit margin</i>	20.4%	20.5%	-0.1pP
<b>Operating costs, net</b>	-102.7	-116.3	-11.7%
<b>EBIT</b>	20.0	28.3	-29.6%
<i>Adjusted** EBIT</i>	21.4	24.5	-12.4%
<b>EBIT margin</b>	3.3%	4.0%	-0.7pP
<i>Adjusted** EBIT margin</i>	3.5%	3.6%	-0.1pP

\* sale of Valora Services Austria in 4th quarter 2012 | \*\* adjusted for football picture cards and exchange-rate effects



3

## Valora Trade

### Key Figures

Valora Trade is a leading distributor and marketer offering a comprehensive range of services and delivering more than 300 strong national and international brands to 130 million European consumers.



- 7 countries
- over 350 Principals
- Access to 130 million consumers

In CHF million	2011	2010	Delta
<b>Net revenues</b>	<b>744.5</b>	<b>721.8</b>	<b>+3.1%</b>
<i>Adjusted* net revenues</i>	801.2	721.8	+11.0%
<b>Gross profit</b>	<b>172.2</b>	<b>154.7</b>	<b>+11.3%</b>
<i>Gross profit margin</i>	23.1%	21.5%	+1.6pP
<b>Operating costs, net</b>	<b>-155.9</b>	<b>-137.0</b>	<b>+13.8%</b>
<b>EBIT</b>	<b>16.3</b>	<b>17.7</b>	<b>-7.9%</b>
<i>Adjusted* EBIT</i>	17.9	17.7	+1.1%
<b>EBIT margin</b>	<b>2.2%</b>	<b>2.5%</b>	<b>-0.3pP</b>
<i>Adjusted* EBIT margin</i>	2.2%	2.5%	-0.3pP

\* adjusted for exchange-rate effects



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# Profile Ditsch/Brezelkönig

*The popular specialist for lye-bread products in Switzerland and Germany*





WENN SIE SCHON  
GRATISZEITUNGEN  
LESEN, ESSEN SIE  
WENIGSTENS WAS  
ANSTÄNDIGES.





# Ditsch/Brezelkönig, key financial metrics

*Exceptional profitability and attractive business model for outlet operators*

  
**190**  
million in sales\*

  
**>14%**  
EBIT margin

  
**230**  
outlets

  
**~100%**  
agencies

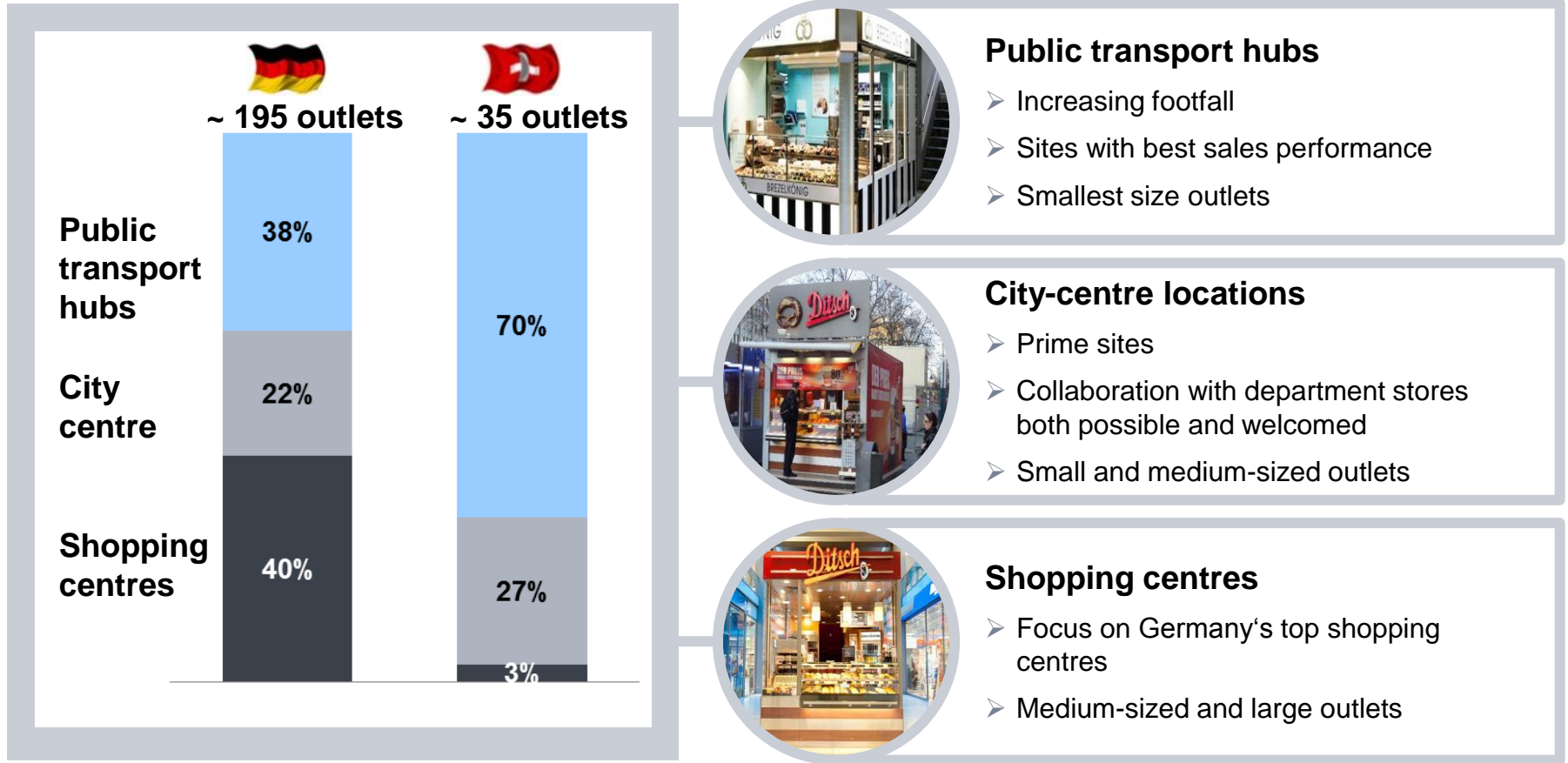
**CAGR**  
**~ 8%**  
sales till 2017

\* Expectation 2012 in Swiss Francs | Germany CHF ~ 140 Mio., Switzerland CHF ~ 50 Mio.



# Ditsch/Brezelkönig outlet locations

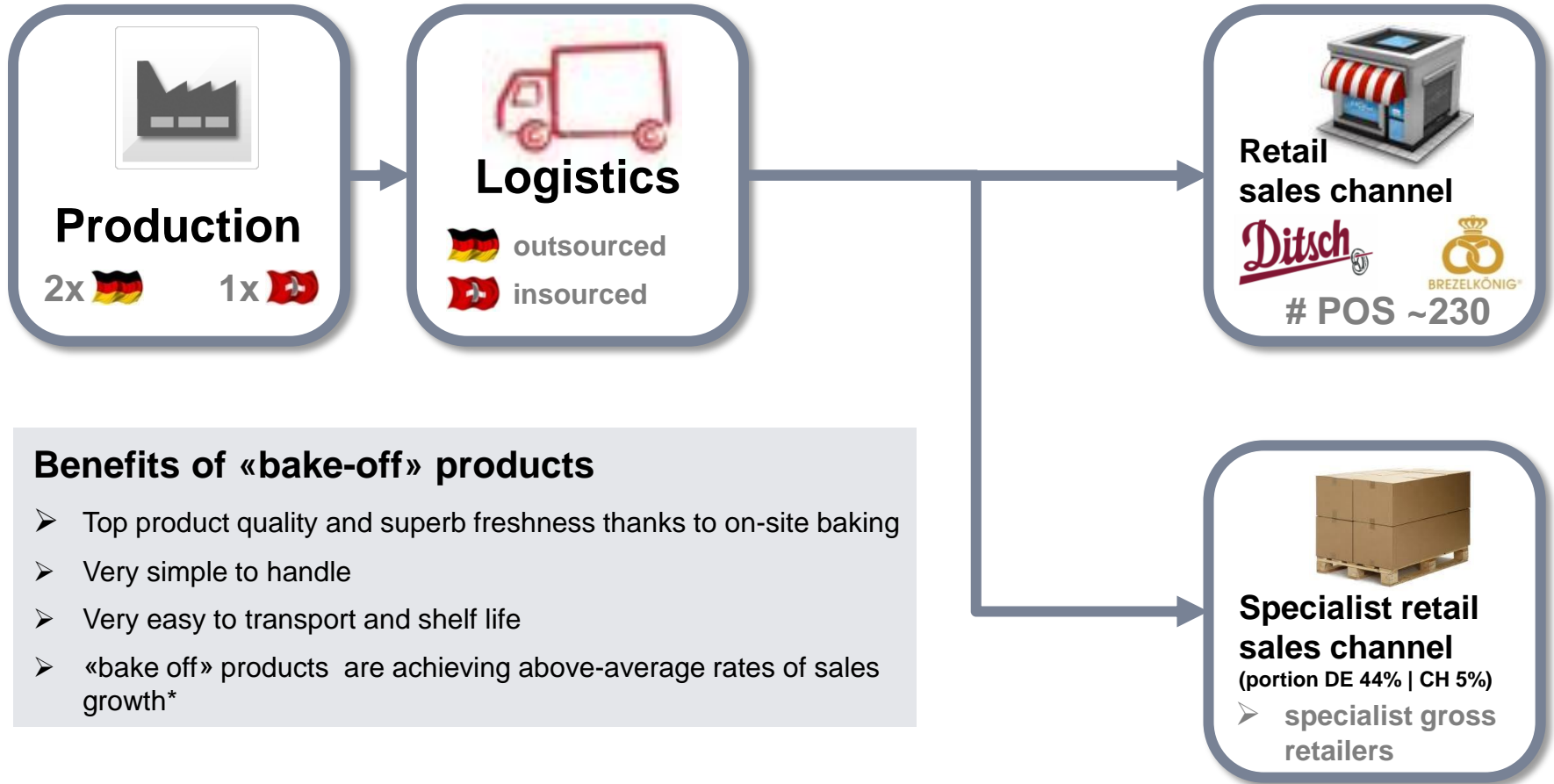
Key focus on travel retail sites





# Production and distribution «bake off» products

Simple business modell of Ditsch/Brezelkönig



## Benefits of «bake-off» products

- Top product quality and superb freshness thanks to on-site baking
- Very simple to handle
- Very easy to transport and shelf life
- «bake off» products are achieving above-average rates of sales growth\*

\* source: Gira Consultancy & Research

# Vertical integration

*Significant advantage over competition*



## Production

### Benefits of vertical integration

- 1 **Control of entire value chain**
  - enables firm to secure entire margin
  - high quality and production capabilities are all in house
- 2 **Co-ordinating production with the firm's own needs**
  - development of exclusive products for distribution by firm
  - allows great flexibility in reacting to consumer behaviour and volume requirements
- 3 **High barriers to entry for competitors**
  - Pretzel and lye-bread baking know how is protected
  - Lowest-cost producer
- 4 **Insourced production ensures high profitability levels in retail channel**
  - Retail market share in Germany 44%, Switzerland 5%
  - Profitability of sales to 3rd party specialist retail in line with firm's own retail sales



**Ditsch**



## Retail

# Success factors for Ditsch/Brezelkönig in 2013 and beyond



*Significant scope for expansion through symbiosis with Valora*

**1** Increased expansion in retail by realising current growth potential

**2** Selective outlet make-overs will leverage Valora's existing site network of about 2 800 outlets

**3** „Shop-in-shop” concepts, and introduction of selected product-range modules to existing Valora formats

**4** Development of new products for Ditsch/Brezelkönig and existing Valora formats

**5** Opportunity for internationalisation of the business model

**DE**  
+25%\*

**CH**  
+100%\*

Fr. 6.80  
Fr. 7.80  
Fr. 7.80  
Euro 6.80

Baguette  
Tomaten - Mozzarella

\* growth of number of outlets till 2017

# Financing aspects of the transaction

*Requisite funding in place*



## Transaction multiples | key metrics

➤ Sales 2012	CHF 190 million
➤ EBITDA margin	~ 20%
➤ EBITDA multiple (EV)	7 – 9x
➤ BS total 2012E	CHF 110 million

## Financing

- Valora Holding AG to increase share capital by CHF ~ 100 million <sup>1)</sup>
- Existing CHF 300 million syndicated loan replaced by new CHF 400 million facility <sup>2)</sup>
- Further financial flexibility from planned divestments (Muttentz building, Valora Services Austria)

<sup>1)</sup> About 635'599 Valora Holding AG shares of CHF 1.- nominal value each to be issued from authorised share capital under article 3b of Articles of Incorporation. Peter Ditsch will become anchor shareholder in Valora with 18.5% of total new share capital.

<sup>2)</sup> The loan covenants require adherence to certain key financial metrics. For 2013, Valora projects that its equity cover will be  $\geq 35\%$  and its leverage ratio  $\leq 3.0x$ .



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valora

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