

valora

First-half results

2010 financial year



Presentation, conference call, August 26, 2010

1. First-half 2010 Group performance

Thomas Vollmoeller

2. Income statement & balance sheet

Lorenzo Trezzini

3. „Valora 4 Success“ strategy status report

Thomas Vollmoeller

4. Summary and outlook

Thomas Vollmoeller

First-half 2010 overview

Sound basis for 2010 full-year results

1

First-half 2010 on track

- Net revenues up 1.2% on same period of 2009
- Adjusted net revenues stable (excl. World Cup picture cards and FX)
- Operating profit up 55% | EBIT margin raised to 2.5%
- Group profitability improved

2

Platform for future growth now in place

- Acquisition of tabacon network in Germany
- Partnership with Tamoil and expansion of avec. network
- MoneyGram co-operation heralds broader services offering

3

Outlook promising

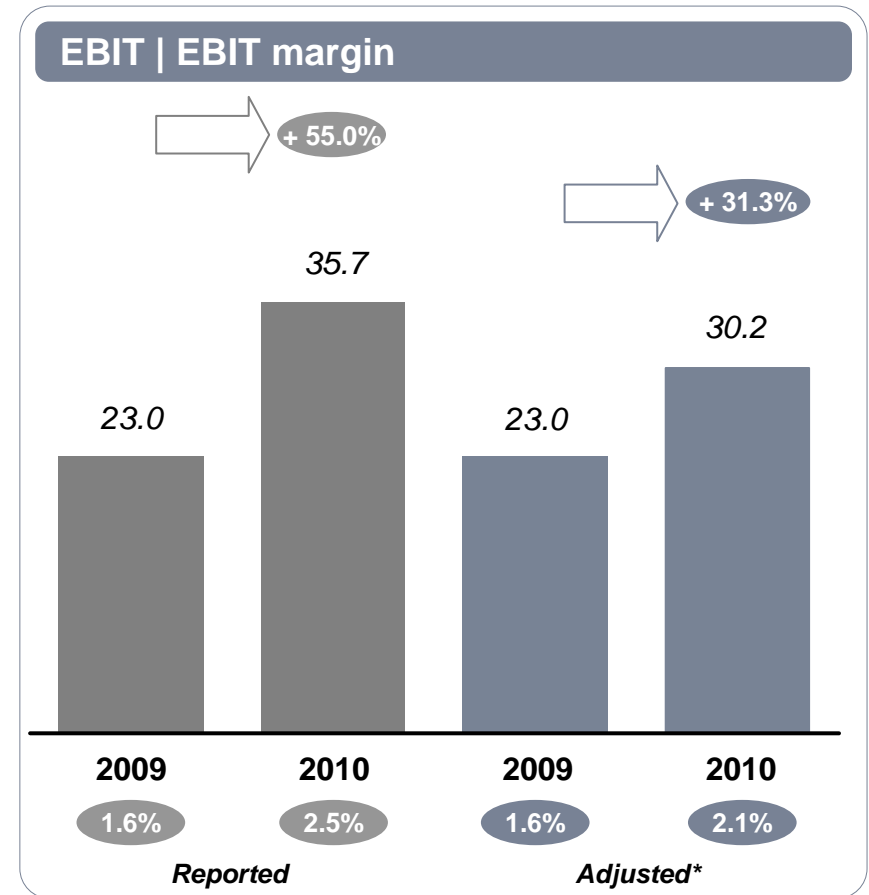
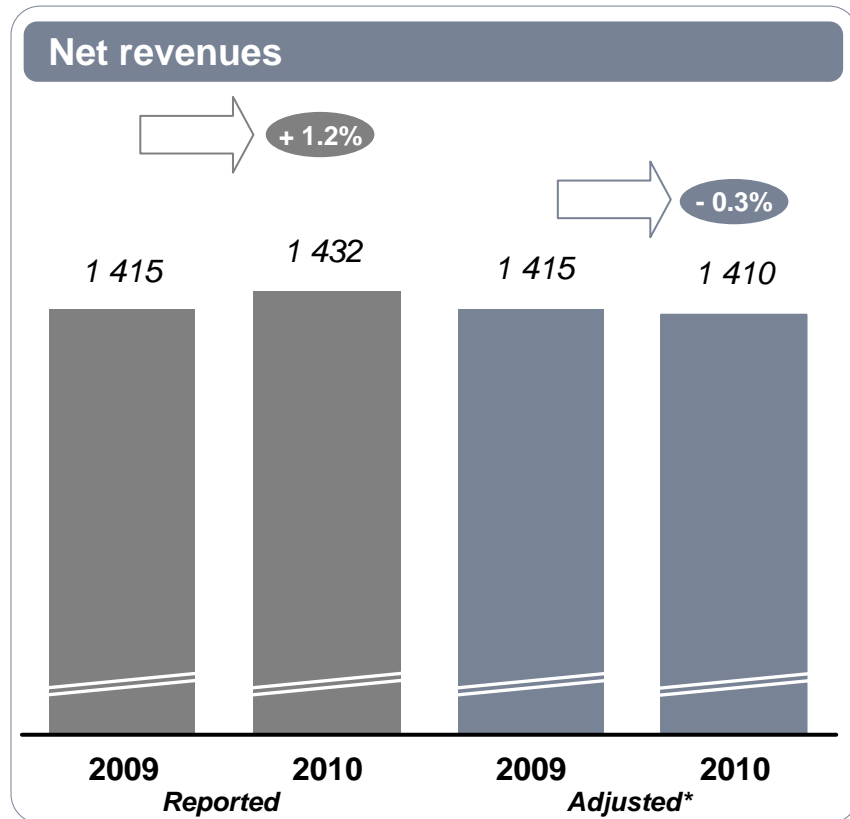
- First-half performance provides sound basis for full-year results
- Strategy update at Investors' Day in late autumn 2010

Net revenues and EBIT in first-half 2010



Profitability improved

in CHF million



* 2010 figures adjusted for World Cup picture cards and FX effects

Key metrics for first-half 2010



Operating profit up 55%

in CHF million

△ vs 2009

Net revenues	1 431.9		+ 1.2%
<i>Adjusted net revenues*</i>	1 409.9		- 0.3%
EBIT	35.7		+ 55.0%
<i>Adjusted EBIT*</i>	30.2		+ 31.3%
EBIT margin	2.5%		+ 0.9pP
Net income	26.0		+ 43.8%
Equity cover	42.4%		+ 1.1pP
Net debt	0.9		CHF + 16.7

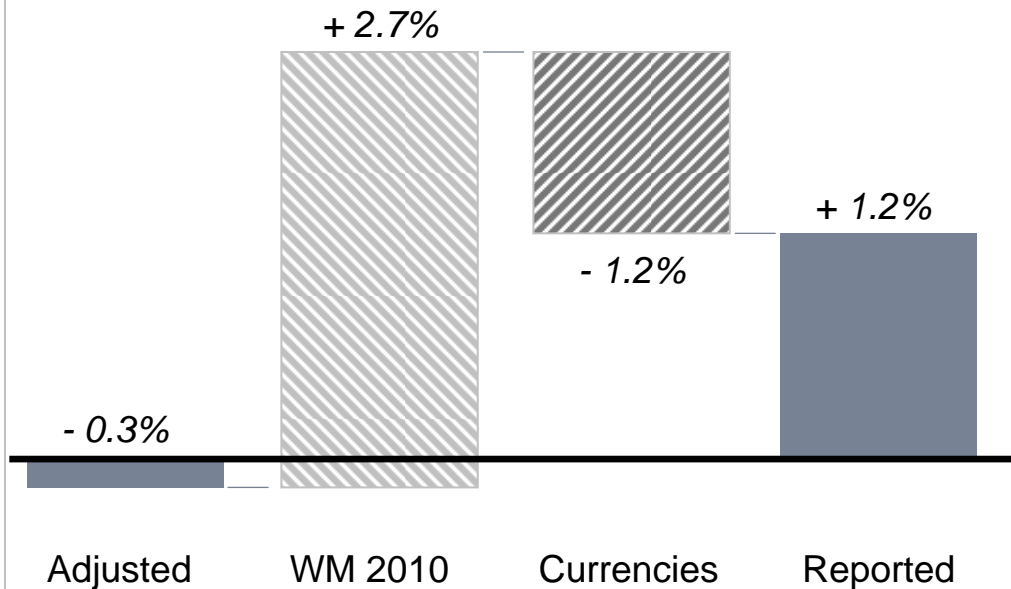
* 2010 figures adjusted for World Cup picture cards and FX effects

First-half 2010 net revenues – Valora Group



1.2% growth after adjustment for FX fluctuations

Net revenue change in percent vs H1 2009



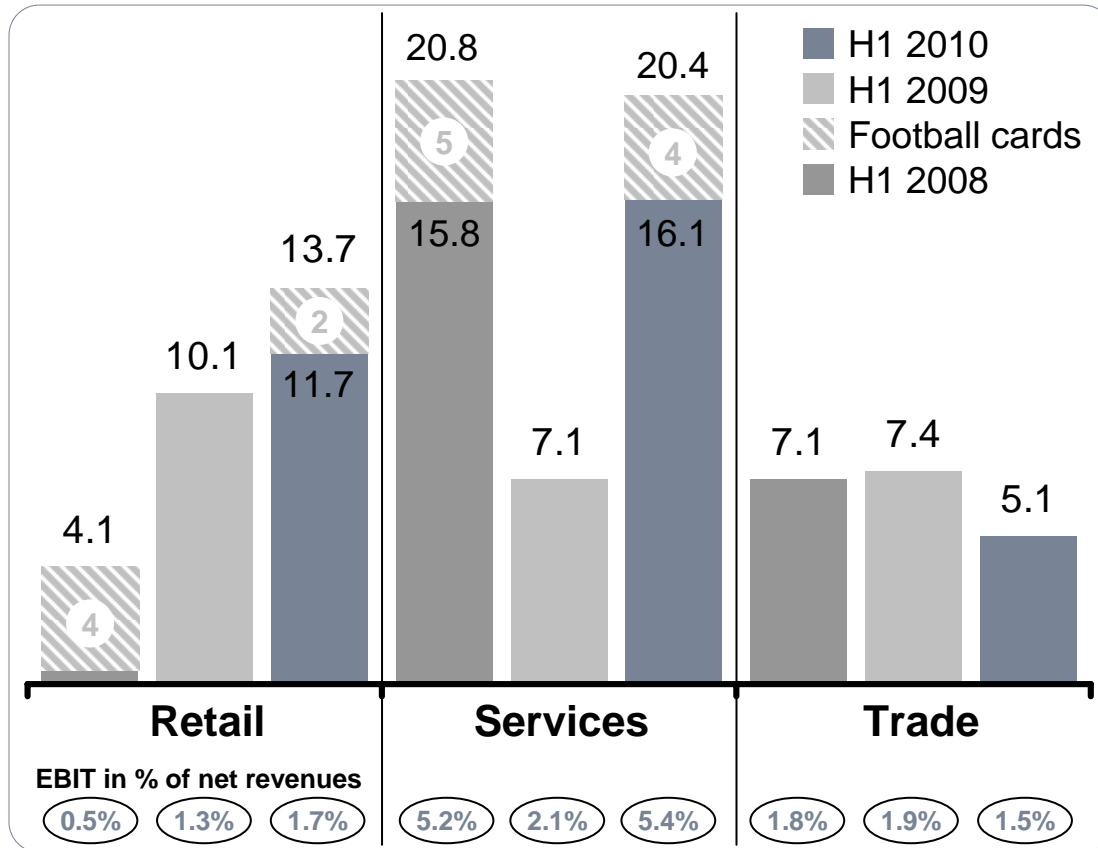
Key messages

- Adjusted net revenues stable
- World Cup picture cards generated CHF 38 million of net revenues
- Retail division achieved good sales growth on adjusted basis (+1.8%)
- Services achieved good adjusted results, staging strong recovery (+1.7%)
- Valora Trade's net revenues declined (- 8.5%) due to:
 - ① Expiring distribution contracts
 - ② Higher commission-based transactions (Nordics)
 - ③ Exchange rate effects

EBIT performance by division 2008 - 2010

Retail and Services performed well | room for improvement at Trade

in CHF million



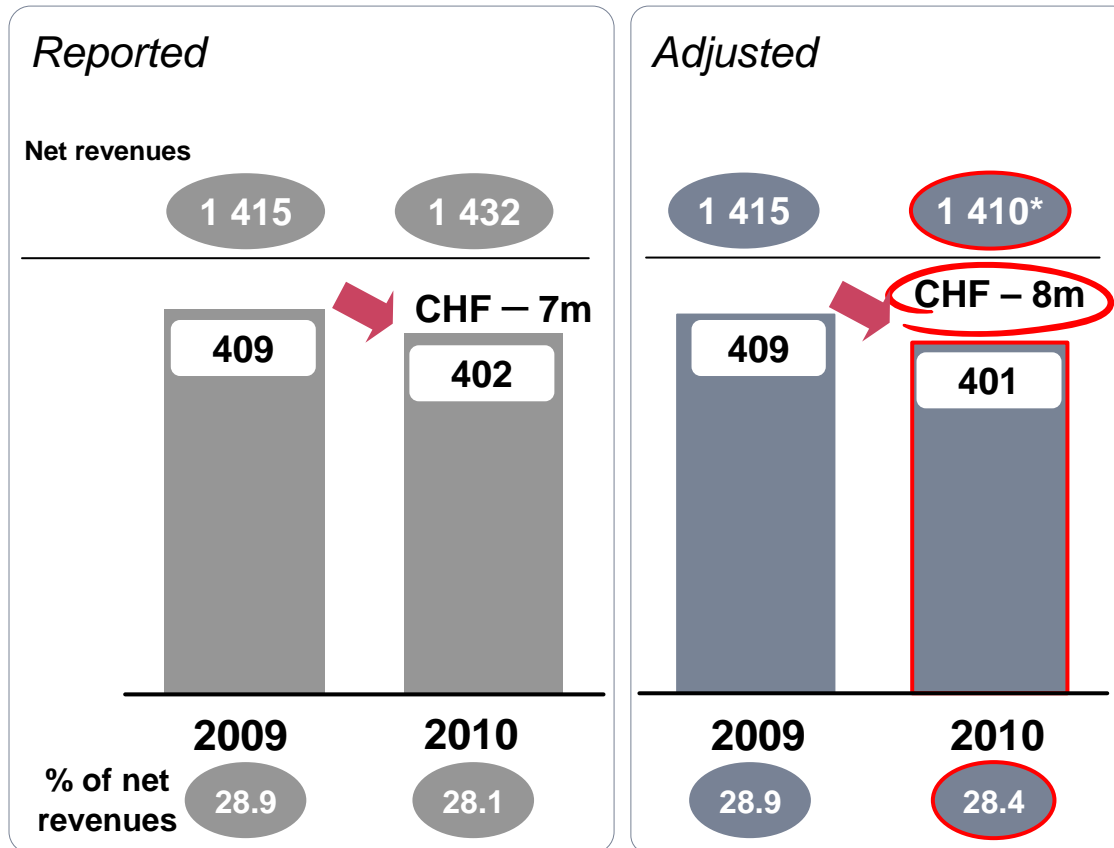
Key messages

- Retail division continued to improve its EBIT margin
- Services division achieves impressive rebound on improved cost efficiency
- Trade division's margins narrow as predictable consequence of expiring distribution contracts and exchange rate effects
- World Cup picture cards contribute aggregate CHF 6.3 million to Group EBIT

Cost trends - 2009 vs 2010

Cost efficiency levels raised as planned

in CHF million



Key messages

- Planned cost savings of CHF 13 million for full-year 2010 will be achieved
- Efficiency levels raised in all areas of Group
- After adjusting for special factors (FX rates and World Cup picture cards) Valora achieved markedly better operating profit margins – up 0.5 percentage points

* 2010 figures adjusted for World Cup picture cards and FX effects

Partnerships and transactions in 2010



Detailed information

1

Partnerships

■ Tamoil

15 – 20 Tamoil stores will become avec. units by year end

Re-branding will be financed by Tamoil, with 20% in additional turnover expected

No effect on 2010 guidance figures, given rebuilding workload



■ MoneyGram

On offer at as many kiosk/avec./ P&B units as possible by mid 2012 (~ 1,200 PoS)

Expected franchise commission of CHF > 2 million



2

Acquisition of tabacon Franchise GmbH & Co. KG

■ Financed by cash from operations

■ Expected commission of CHF > 2 Million

→ corresponds to non consolidated external sales per PoS
approx. EUR > 0.6 million | Total EUR > 100 million*



* Basis 2009

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Valora Group's first-half 2010 operating results



Cost efficiency levels raised significantly throughout the Group

in CHF million	H1 2010	H1 2009	Delta
Net revenues	1 431.9	1 414.6	+1.2%
<i>Adjusted net revenues*</i>	1 409.9	1 414.6	-0.3%
Gross profit	433.7	428.3	+1.3%
Gross profit margin	30.3%	30.3%	0.0pP
Operating expense	-402.4	-408.8	-1.6%
Operating exp. in % of net revenues	28.1%	28.9%	-0.8pP
Other revenue, net	4.3	3.5	+21.5%
EBIT	35.7	23.0	+55.0%
<i>Adjusted EBIT*</i>	30.2	23.0	+31.3%
EBIT margin	2.5%	1.6%	+0.9pP
<i>Adjusted EBIT margin*</i>	2.1%	1.6%	+0.5pP

Key messages

- Net revenues up 1.2% despite significant adverse FX effects (-1.2%)
- World Cup picture cards contributed CHF 38.3 million to net revenues
- Adjusted net revenues at first-half 2009 levels
- Cost/income ratio improved by significant 0.8 percentage points vs first-half 2009
- Other revenue up slightly due to sale of non-essential real estate
- EBIT up CHF 12.7 million (+55.0%)
- World Cup picture cards contributed CHF 6.3 million to EBIT

* 2010 figures adjusted for World Cup picture cards and FX effects

Valora Retail – first-half 2010 in focus



EBIT margin improved on H1 2009 levels

in CHF million	H1 2010	H1 2009	Delta
Net revenues	792.0	778.1	+1.8%
<i>Adjusted net revenues*</i>	<i>791.7</i>	778.1	<i>+1.8%</i>
Gross profit	277.7	274.0	+1.3%
Gross profit margin	35.0%	35.2%	-0.2pP
Operating expense	-264.0	-263.9	0.0%
EBIT	13.7	10.1	+35.4%
<i>Adjusted EBIT*</i>	<i>12.0</i>	10.1	<i>+18.2%</i>
EBIT margin	1.7%	1.3%	+0.4pP
<i>Adjusted EBIT margin*</i>	<i>1.5%</i>	1.3%	<i>+0.2pP</i>

Key messages

- Sales growth satisfactory (+1.8%) in all national markets
- World Cup picture card contribution to net revenues (CHF 9.3 million) eliminated by FX effects
- Adjusted net revenues progressing well at Swiss kiosks (+1.2%) thanks to food and tobacco
- Very good adjusted sales performance in Germany (+2.9%) and Luxembourg (+4.8%)
- Higher profitability, driven by improved efficiency levels, raises adjusted EBIT by CHF 1.9 million
- World Cup picture cards contribute CHF 2.0 million to EBIT

* 2010 figures adjusted for World Cup picture cards and FX effects

Valora Services – first-half 2010 in focus



EBIT margin raised to over 5%

in CHF million	H1 2010	H1 2009	Delta
Net revenues	375.1	345.1	+8.7%
<i>Adjusted net revenues*</i>	<i>351.0</i>	345.1	<i>+1.7%</i>
Gross profit	79.5	72.2	+10.2%
Gross profit margin	21.2%	20.9%	+0.3pP
Operating expense	-59.1	-65.1	-9.0%
EBIT	20.4	7.1	+185.6%
<i>Adjusted EBIT*</i>	<i>16.5</i>	7.1	<i>+131.5%</i>
EBIT margin	5.4%	2.1%	+3.3pP
<i>Adjusted EBIT margin*</i>	<i>4.7%</i>	2.1%	<i>+2.6pP</i>

Key messages

- **Strong (+8.7%) net revenue performance due to World Cup picture cards (CHF +29.0 million)**
- **Adjusted net revenues advanced well thanks to press wholesaling in Austria (+6.9%)**
- **Services Switzerland (+1.8%) grew sales thanks to tobacco wholesaling**
- **Overall Swiss press product market decline continues**
- **Markedly lower operating expense due to efficiency gains in Swiss logistics and lower freight costs in Austria**
- **Adjusted EBIT doubled to CHF 16.5 million (+131.5%)**
- **World Cup picture cards contributed CHF 4.3 million to EBIT**

* 2010 figures adjusted for World Cup picture cards and FX effects

Valora Trade – first-half 2010 in focus



Improved cost efficiency in face of challenging conditions

in CHF million	H1 2010	H1 2009	Delta
Net revenues	348.8	381.2	-8.5%
<i>Adjusted net revenues*</i>	<i>351.9</i>	381.2	<i>-7.7%</i>
Gross profit	71.7	76.7	-6.6%
Gross profit margin	20.6%	20.1%	+0.5pP
Operating expense	-66.6	-69.3	-3.9%
EBIT	5.1	7.4	-31.5%
<i>Adjusted EBIT*</i>	<i>5.2</i>	7.4	<i>-29.6%</i>
EBIT margin	1.5%	1.9%	-0.4pP
<i>Adjusted EBIT margin*</i>	<i>1.5%</i>	1.9%	<i>-0.4pP</i>

Key messages

- **Adjusted net revenues down (-7.7%) due to Own Brands sale and resulting expiration of distribution contracts**
- **Adjusting for discontinued Soerlandschips and Gille (Own Brands) sales, net revenues declined 2.2%**
- **Gross profit margin raised due to higher proportion of commission-based transactions in Nordic markets**
- **Efficient cost management cut operating expense (-3.9%)**
- **Despite efficiency gains, top line effects not fully compensated for at EBIT level (CHF -2.3 million)**
- **CH, DK and FI up on year**

* 2010 figures adjusted for FX effects

First-half 2010 net income



Net income up more than 40%

in CHF million	H1 2010	H1 2009	Delta
EBIT	35.7	23.0	+55.0%
<i>Adjusted EBIT*</i>	30.2	23.0	+31.3%
Net financial result	-4.4	-1.4	+223.6%
Share of results from assoc. and JVs	0.1	0.2	-50.7%
Earnings before taxes	31.4	21.8	+43.6%
Income taxes	-5.4	-3.8	+42.5%
Net income	26.0	18.1	+43.8%
Effective tax rate	17.2%	17.3%	-0.1pP

Key messages

- Net financial result impacted by lower EUR and DKK, lower interest earnings
- Net income substantially higher (+43.8%)
- First-half 2010 effective tax rate stable, slightly below 18% expected

* 2010 figures adjusted for World Cup picture cards and FX effects

First-half 2010 – key balance sheet data



Group maintains strong liquidity and sound equity cover

in CHF million	H1 2010	FY 2009	Delta
Cash and cash equivalents	142.3	161.6	-11.9%
Shareholders' equity	436.5	453.7	-3.8%
Equity cover	42.4%	41.3%	+1.1pP
Net debt	0.9	-15.8	n.a.
Net working capital (NWC)	123.7	109.3	+13.1%
NWC in % of net revenues (annualised)	4.3%	3.8%	+0.5pP

Key messages

- **Equity cover up 1.1 percentage points despite dividend payment and currency translation differences**
- **Net debt modest despite higher dividend payout for 2009**
- **Net working capital (at 30.06.2009) cut by CHF 9 million**
- **Group maintains very sound financial footing**

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Valora 4 Success – status quo

Strategy programme to be 80% completed by year end!

	2009	2010	Still to be done...
<p>V1 Competence <i>Enhancing competitiveness</i></p>	<ul style="list-style-type: none"> ■ Better distribution control ■ Product ranges adapted ■ P&B established in CH ■ Press products optimised 	<ul style="list-style-type: none"> ■ Product ranges, services expanding ■ MoneyGram partnership ■ P&B expansion in CH 	<ul style="list-style-type: none"> ■ New product ranges, especially in services ■ k kiosk agency model
<p>V2 Growth <i>Focus on convenience</i></p>	<ul style="list-style-type: none"> ■ New avec concept tested ■ ok.- launched / avec. ranges widened ■ Tests in Germany 	<ul style="list-style-type: none"> ■ avec. network expanding to 100 PoS ■ Tamoil partnership ■ tabacon integration 	<ul style="list-style-type: none"> ■ Fine tuning avec. product ranges and locations ■ Extending franchisee network
<p>V3 Efficiency <i>Cutting costs by CHF 36 million</i></p>	<ul style="list-style-type: none"> ■ New, lean and efficient logistics processes ■ Logistics relocated ■ Old IT systems replaced 	<ul style="list-style-type: none"> ■ Luxembourg turnaround ■ New IT sourcing strategy implemented ■ HQ streamlined 	<ul style="list-style-type: none"> ■ Ramp up effects
<p>V4 People <i>Customer focus and leadership</i></p>	<ul style="list-style-type: none"> ■ Leadership streamlined ■ Customer/market awareness enhanced 	<ul style="list-style-type: none"> ■ Targeted use of customer data ■ Improved shift rota planning for staff 	<ul style="list-style-type: none"> ■ Discussion of core corporate values ■ Introduce tools to promote customer loyalty

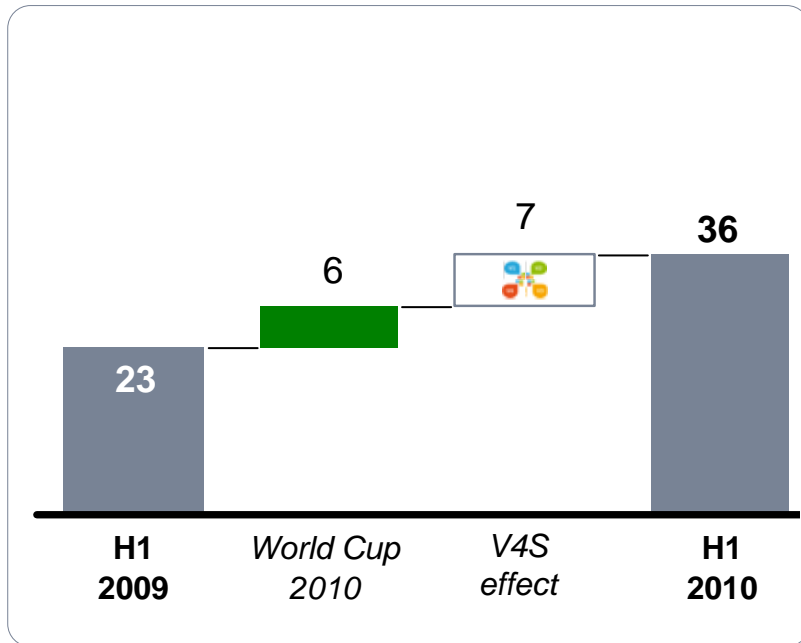
Full-year 2010 results preview

On track to achieve the goals it has set

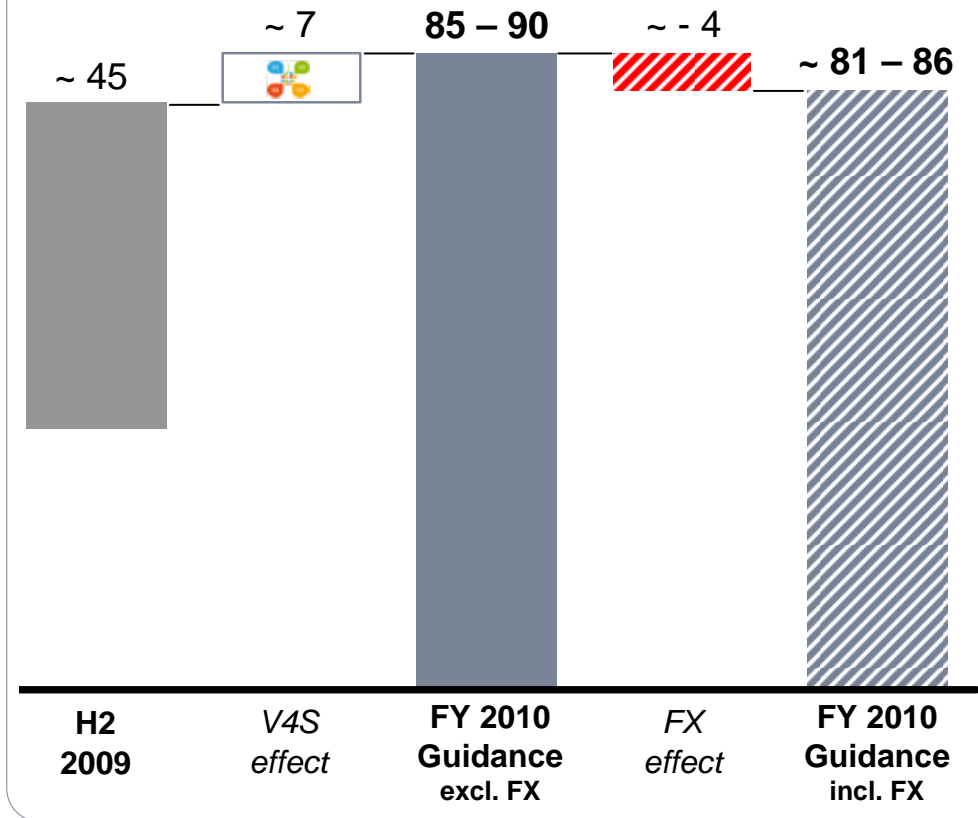


in CHF million

H1 2010 performance



H2 2010 | budgeted results



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Wrap-up: first-half 2010 and outlook

Summary

- 1 Valora is well on its way to achieve the goals it has set**
- 2 Implementation of „Valora 4 Success“ strategy progressing according to plan and delivering expected results**
- 3 Transactions, partnerships and development of services on offer all provide sound platform for further profitable growth**

Outlook

- 1 Focus to shift from turnaround to growth**
- 2 Evaluation of growth potential in all 3 divisions**
- 3 Presentation and „Valora 4 Growth“ strategy update scheduled for Investors' Day in late autumn 2010**

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Corporate calendar



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Corporate calendar

Investor's Day 2010

Late autumn 2010

2010 results announcement

March 25, 2011

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