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Valora 4 Growth programme to develop Valora into a leading pan-European trading company

- **Valora 4 Success objectives largely achieved – EBIT increased some 40% since 2007**
- **Valora 4 Growth is next step towards sustainable incremental value generation**
- **Growth objective is to double operating profits by 2015:**
 - External sales to reach some CHF 4 800 million
 - EBIT to reach CHF 160 – 180 million
- **New strategy to be financed without issuing additional equity**

Valora 4 Success objectives largely achieved - EBIT increased some 40% since 2007

Since 2008, Valora's operations have become significantly more efficient and professional. The Group as a whole and its individual divisions have raised their profiles and gained momentum. Ongoing implementation of the Valora 4 Success strategy programme has now essentially completed the Group's turnaround. The four core initiatives – Core Business, Growth, Efficiency and People – have been successfully implemented in the face of very challenging market conditions, and they have achieved notable results:

- *Core business*
Retail's market presence is now projected by four clearly-positioned sales formats. New and successful product range modules, such as the ok.- range and additional service offerings, have been introduced. Meanwhile, the Services division has initiated a major strategy shift in order to counteract the effects of the decline in the overall press market.
- *Growth*
By the end of 2010, the successful avec. concept will have been rolled out to nearly 100 outlets, thus establishing avec. as Switzerland's third-largest convenience store brand. A number of add-on acquisitions have been successfully carried out in Germany. The P&B press and book shop concept has been introduced to the Swiss market, where it is achieving promising growth.
- *Efficiency*
Logistics operations in Switzerland and Luxembourg have been completely re-configured and uniform IT platforms have been set up. Both these initiatives have enabled Valora to achieve significant and sustainable cost savings. Staff numbers have been reduced over the last two years.
- *People*
This initiative has made it possible for the Group to achieve the change in leadership culture it had planned. Improved, modern employment conditions have been introduced for sales staff. Greater customer focus has been actively

promoted and both the quality of Valora's market research and its understanding of its markets have been improved.

The Valora Group has worked consistently and successfully on implementing its Valora 4 Success strategy programme, thus significantly raising its profitability. In the face of challenging economic conditions, the EBIT will rise from CHF 59 million in 2007 to a guidance range of CHF 81 – 86 million in 2010 (with full-year 2010 EBIT expected to be at the lower end of this range). This implies an improvement of some 40 percent.

Valora 4 Growth is next step towards sustainable incremental value generation

Implementation of the Valora 4 Success programme has enabled the Valora Group to achieve noteworthy performance. During 2011, the Group will target the programme's remaining objectives, with a view to achieving all its goals by 2012, in line with the announcements made when the programme was launched in the autumn of 2008. Projects now under way in the Efficiency and People initiatives will be completed. Functions which are not essential to the Group's core business will be outsourced and entrepreneurship will be encouraged.

In the markets in which Valora currently operates, the scope for generating incremental value from purely organic growth is limited, however. Additional, external growth offers new opportunities for Valora to advance over time to become a leading pan-European trading company, with net revenues in the CHF 4.5 billion to CHF 5.0 billion range. Building on the achievements of its Valora 4 Success programme, the Group will now extend the implementation of its strategy to the next level with its Valora 4 Growth programme.

Planned growth based on four initiatives

Valora 4 Growth will build on organic and external growth. The programme comprises the following four initiatives:

- **G1 – organic margin growth** generating 0.2 percentage points of additional EBIT margin annually. Kiosk Switzerland will further improve its profitability levels, while the Services division will streamline its cost base.
- **G2 – organic revenue growth** of 2 percent per year, based on the expansion of the Group's current activities. Initiatives here include extending the product ranges offered by the Retail and Services divisions and expanding the current outlet network. The avec. and P&B formats will be fine-tuned where necessary and expanded. Increased professionalism will enable the Trade division to strengthen its position with its current principals.
- **G3 – external growth at Retail/Services** with the objective of becoming one of Europe's leading micro-retailer. Expansion will concentrate primarily on the highly fragmented German kiosk market. By acquiring further smaller-sized chains and individual outlets, Valora intends to expand its German network to some 1,000 outlets. The recently acquired tabacon network with its successful and professional franchise model will provide an ideal platform from which to

execute the acquisitions planned in this area. Valora also believes that adding one or two new retail concepts in the rapidly growing travel retail market – to complement its existing and successful portfolio – will provide additional growth opportunities. The focus here will be formats which can be integrated into the existing outlet network, thus increasing potential synergies.

- G4 – external growth at Trade** thus expanding the division to become the largest pan-European distributor. Trade’s current product range categories will be extended to include new, rapidly-growing, high-margin products in its existing markets. Simultaneously, the division’s European presence will be extended through the acquisition of leading distributors in new markets. This summer’s acquisition of Engelschion Marwell Hauge (EMH), the Norwegian distributor of high-end cosmetic products, is an example of the division’s future trajectory in this area. By establishing regional distribution platforms, Valora Trade aims to strengthen both its attractiveness to potential business partners and its market position.

Growth objective is to double operating profits by 2015

The Valora 4 Growth programme aims to raise the Group’s operating profits substantially by 2015. By that year, Valora intends to generate some CHF 1,800 million in additional external sales. This equates to revenue growth of some 10 percent each year, of which 8 percent will initially be achieved through acquisition. Valora 4 Growth is projected to raise the Group’s EBIT by some CHF 85 million by 2015, or 15 percent each year. The objective is thus for Valora to generate EBIT of CHF 160 – 180 million by 2015, thus doubling its current operating profits.

Figures in CHF million (all values are indicative)

Initiative	External revenues approx.	EBIT approx.
External revenues EBIT 2010E	3 000	81 – 86
Organic margin growth	n.a.	+15
Organic revenue growth	+300	+20
External/non-organic growth Retail /Services	+900	+30
External/non-organic growth Trade	+600	+20
Total	+1 800	+85
External revenues EBIT 2015E	approx. 4 800	approx. 160 – 180
External revenues EBIT 2012E	approx. 3 700	approx. 110 – 130

Growth strategy to be financed without issuing additional equity

The Valora 4 Growth strategy, and in particular the planned acquisitions by the Retail and Trade divisions, will require additional funds of the order of CHF 200 – 400 million. Valora will be able to finance this growth strategy without issuing additional equity. Should the Group, during the implementation of its Valora 4 Growth programme, have at its disposal additional funds which it does not need to finance growth, these will be distributed to its shareholders. The Group also intends to continue with its current shareholder-oriented dividend policy.

The Valora 4 Growth strategy is the continuation of the solid work which has been carried out over the last three years. Rolando Benedick, Chairman of Valora’s Board of Directors, and Thomas Vollmoeller, the Group’s CEO, are convinced of Valora’s future prospects. “The objectives Valora has achieved so far inspire us with confidence. Today, the Group has greatly strengthened its position and has excellent prospects for the future. The time has now come to achieve profitable growth, thus creating added value for our shareholders and all our other stakeholders.”

The following documents are available on www.valora.com

Press release

http://www.valora.com/en/newsroom/newsinformation/news_00374.php

Investors’ & Media Day 2010 presentation

http://www.valora.com/media/documents/english/presentations/2010/pres_investors_day_2010_en.pdf

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Valora Telephone Conference – Investors’ & Media Day 2010

Thursday, November 25, 2010 | 15:00 CET

Thomas Vollmoeller, CEO of Valora Holding AG, and Lorenzo Trezzini, CFO, will provide information about “Valora 4 Growth” during a telephone conference.

The Dial-In Conference Call will be held in **English**.

To participate in the **conference**: call the following number (please call 10 to 15 minutes before the hour):

+41 (0) 91 610 56 00 (Europe)

+44 (0) 203 059 58 62 (UK)

+1 (1) 866 291 41 66 (USA - Toll-Free)

The playback will be available one hour after the conference for 24 hours till November 26th, 2010, inclusively. Participants requesting the Digital Playback will be dialing:

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

and will be asked to enter the Code **16939** followed by the # sign

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