valora

HALF-YEAR 2019 RESULTS

Presentation

19 July 2019

AGENDA

Content **Page**

Half-Year 2019 Results

STRONG SET OF H1 2019 FIGURES

valora

EBIT	42.8 mCHF	+8.6%*
EBIT Margin	4.3%	+0.3%pt*
GP Margin	44.9%	+0.7%pt*
ROCE	9.2%	+0.3%pt vs FY 2018
External Sales	1,324 mCHF	-0.0%*
Leverage Ratio	2.3x	+0.1x vs FY 2018

* For reasons of comparability, H1 2018 figures are pro-forma adjusted at constant currency and for IFRS 16 impact as well as corresponding reclassification of sublease revenues induced by IFRS 16
See Appendix for more details

HIGHLIGHTS H1 2019

Retail

- Successful conclusion of competitive SBB tender with 262 convenience and kiosk locations (including 31 new locations)
- Opening of avec box (first cashier-free convenience store in Switzerland) and future store avec X
- Retail Germany benefitting from positive GP contribution; cost measures paying off

Food Service

- Strong top line growth in B2B (+20%) driven by higher efficiency and enlarged capacity
- Positive same-store growth in B2C (+1.8%)
- Line expansion in Oranienbaum/DE and in Cincinnati/US to be completed soon

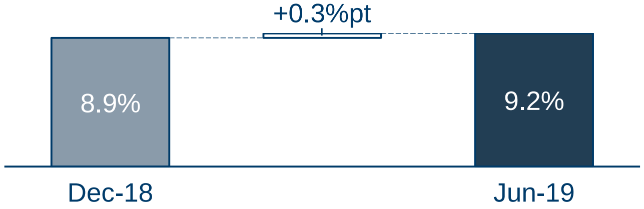
Group

- H1 2019 EBIT at 42.8 mCHF, +8.6% higher on comparable H1 2018
- New organisation to further leverage know-how and synergies

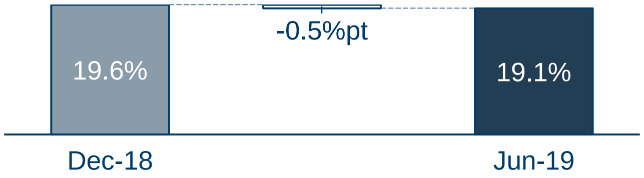
ROCE

ROCE INCREASED ABOVE 9%

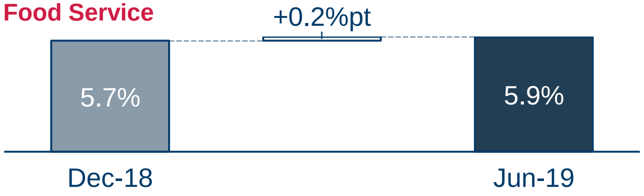
Valora Group



Retail



Food Service



Valora Group

- ROCE increase by +0.3%pt to 9.2%, thanks to higher EBIT
- ROCE without goodwill at 18.3% (+0.4%pt)
- Average capital employed stable at 1,097 mCHF (-0.2%)

Retail

- Retail CH: At attractive level of 28.1% but lower by -2.4%pt due to lower EBIT
- Retail DE/LU/AT: ROCE increase by +1.1%pt to 9.4% thanks to higher EBIT
- Retail ROCE without goodwill at 32.0% (-1.2%pt)

Food Service

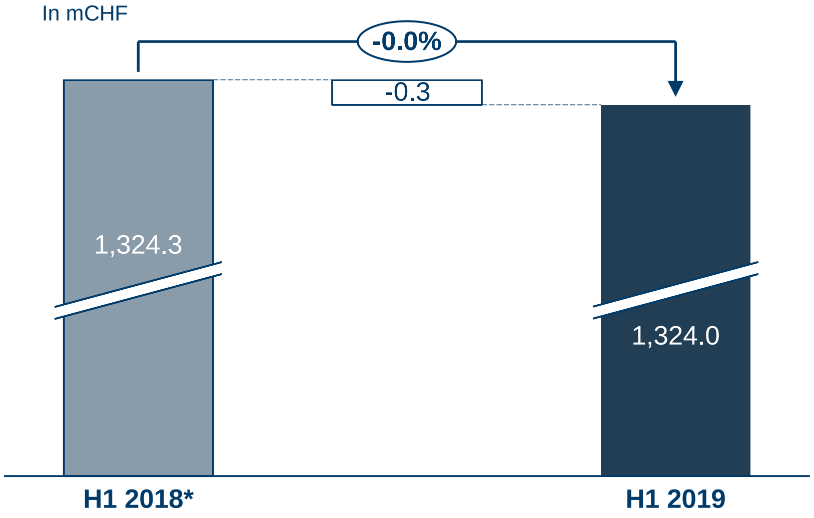
- ROCE increase driven by strong EBIT in B2B and B2C, despite investments in capacity expansion
- ROCE without goodwill at 15.4% (+0.1%pt)
- ROCE over the coming years to enhance, also driven by the new production capacity being put into operation

ROCE calculation basis: EBIT for the last 12 months / average capital employed (including goodwill) over the last 13 months; operational cash allocated to Group only (not divisions)

EXTERNAL SALES / NET REVENUES

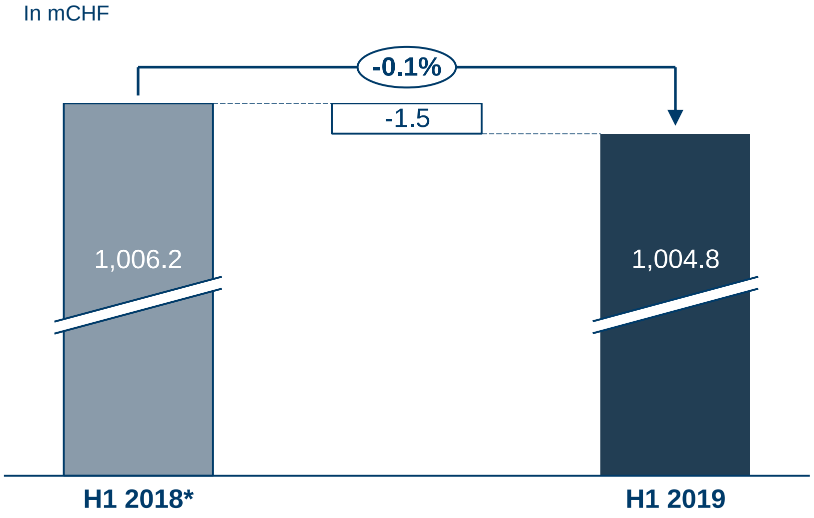
External Sales

- Stable external sales
- Convenience core categories** grew by +2.2%



Net Revenues

- Net revenues on previous year's level
- Convenience core categories** grew by +3.2%



* 2018 pro-forma adjusted according to IFRS 16 and at constant currency FX rates – see Appendix for more details
** Convenience core categories exclude print media & books and tobacco from Group external sales / net revenues

NET REVENUE

POSITIVE NET REVENUE DEVELOPMENT IN FOOD SERVICE

Division | Country in mCHF	H1 2018*	H1 2019	∆ in %	∆ Same Store in %
Retail	**845.2**	**828.9**	**-1.9%**	**-0.5%**
CH	585.4	572.0	-2.3%	-1.7%
DE/LU/AT	259.8	256.9	-1.1%	+1.2%
Food Service	**158.5**	**172.3**	**+8.8%**	**+1.8%**
Food Service CH	49.7	53.9	+8.4%	+3.1%
Food Service DE	58.5	58.1	-0.6%	+1.4%
Ditsch B2B / Production	50.2	60.3	+20.0%	-
Other	2.5	3.5	37.8%	-
Valora Group	**1,006.2**	**1,004.8**	**-0.1%**	**-0.1%**

* 2018 pro-forma adjusted according to IFRS 16 and at constant currency FX rates

Retail CH

- Same-store index below last year's level (index: 98.3):
  - Lower temperatures during spring 2019 compared to record levels in 2018
  - Lower non-food due to Panini sales in H1 2018
- Net revenue decline (-2.3%) also affected by phasing effect of openings / closures

Retail DE/LU/AT

- Solid same-store index (101.2), driven by strong sales in tobacco, book and services
- Lower net revenues as result of transfers from own stores to franchise and closures of own stores

Food Service

- Positive same-store indices, especially in Switzerland
- Consolidation of the 3 SuperGuud locations
- B2B sales development of +20.0%, driven by strong market momentum, higher capacity and efficiency gains

Other

- Positive net revenue development thanks to bob Finance

GROSS PROFIT

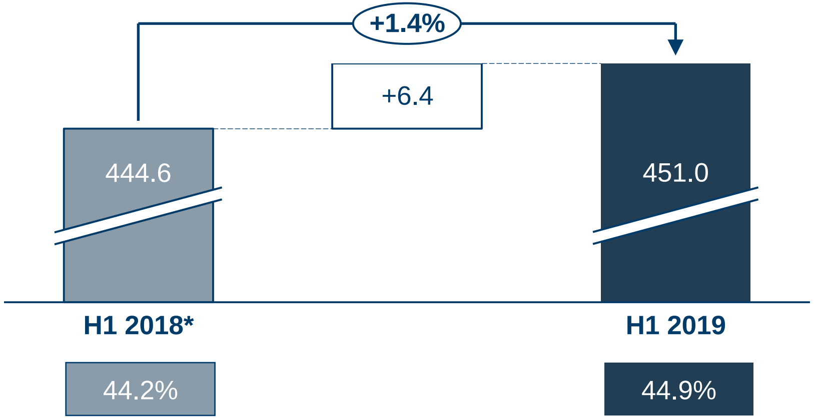
INCREASE IN GROSS PROFIT DRIVEN BY OPERATING PERFORMANCE OF B2B BUSINESS

* 2018 pro-forma adjusted according to IFRS 16 and at constant currency FX rates

Valora Group

- Gross profit increase of +1.4% vs. H1 2018 despite stable sales driven by improved gross profit margin
- Gross profit margin increase of +0.7%pt to 44.9% thanks to favourable product mix changes (higher food sales)

In mCHF; GP margin in %



GROSS PROFIT

OPERATING PERFORMANCE AND ATTRACTIVE MARGIN OF FOOD DRIVE GP MARGIN

Division | Country in mCHF	H1 2018*	H1 2019	Δ in %	Gross Profit Margin	Δ GP Margin
Retail	**315.2**	**312.5**	**-0.8%**	**37.7%**	**+0.4%pt**
CH	229.8	226.3	-1.5%	39.6%	+0.3%pt
DE/LU/AT	85.4	86.2	+0.9%	33.5%	+0.7%pt
Food Service	**126.9**	**135.0**	**+6.4%**	**78.3%**	**-1.8%pt**
Other	2.5	3.5	+38.6%	99.9%	n.a.
Valora Group	**444.6**	**451.0**	**+1.4%**	**44.9%**	**+0.7%pt**

* 2018 pro-forma adjusted according to IFRS 16 and at constant currency FX rates

Retail CH

- GP slightly below H1 2018 (-1.5%) due to lower sales
- Increase of GP margin by +0.3%pt to 39.6%, thanks to better purchasing conditions and higher promotional income

Retail DE/LU/AT

- GP increase of +0.9%: Margin improvement more than offsets the slight sales decrease
- GP margin increase (+0.7%pt) to 33.5% driven by product mix

Food Service

- Gross profit increase of +6.4% to 135.0 mCHF, mainly driven by B2B business and Food Service Switzerland
- GP margin decreases by -1.8%pt to 78.3% impacted by headwinds from raw material prices (especially wheat)

Other

- Gross profit in other increased by +1.0 mCHF thanks to higher income from bob Finance

OPERATING COSTS (NET)

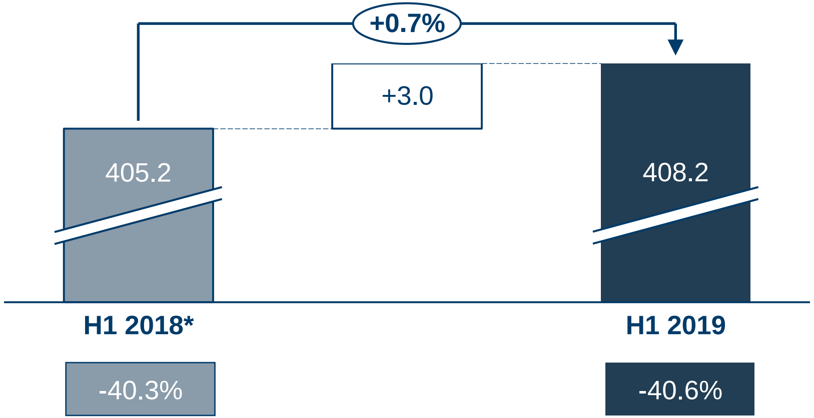
STABLE COST BASE DESPITE HIGHER PRODUCTION VOLUME RELATED COSTS

* 2018 pro-forma adjusted according to IFRS 16 and at constant currency FX rates

Valora Group

- Cost increase of +0.7% driven by higher pretzel production volumes but partially mitigated by cost measures taken in Retail Germany
- Cost ratio increase of -0.4%pt to -40.6% caused by higher project costs (digital projects and SBB tender)

In mCHF; Cost ratio in %



OPERATING COSTS (NET)

HIGHER COSTS IN FOOD SERVICE BECAUSE OF HIGHER PRODUCTION VOLUMES

Division | Country in mCHF	H1 2018*	H1 2019	Δ in %	Cost Ratio	Δ Cost Ratio
Retail	**-286.1**	**-284.5**	**-0.6%**	**-34.3%**	**-0.5%pt**
CH	-205.3	-204.8	-0.2%	-35.8%	-0.7%pt
DE/LU/AT	-80.9	-79.7	-1.4%	-31.0%	+0.1%pt
Food Service	**-110.7**	**-117.1**	**+5.7%**	**-67.9%**	**+1.9%pt**
Corporate / Other	**-8.4**	**-6.6**	**-20.8%**	n.a.	n.a.
Valora Group	**-405.2**	**-408.2**	**+0.7%**	**-40.6%**	**-0.4%pt**

* 2018 pro-forma adjusted according to IFRS 16 and at constant currency FX rates

Retail CH

- Stable cost base (-0.2%): Higher project expenses for digital innovations (avec box and avec X), refreshed concepts and the SBB tender offer partially offset by overhead savings
- Cost ratio increased by -0.7%pt resulting from stable costs and lower net revenues

Retail DE/LU/AT

- Decreased cost base by -1.4% whereby process improvements and initiated cost measures began to pay off

Food Service

- Higher costs of +5.7% resulting from higher sales and production volumes in B2B
- Cost ratio decreased by +1.9%pt thanks to economies of scale and efficiency gains

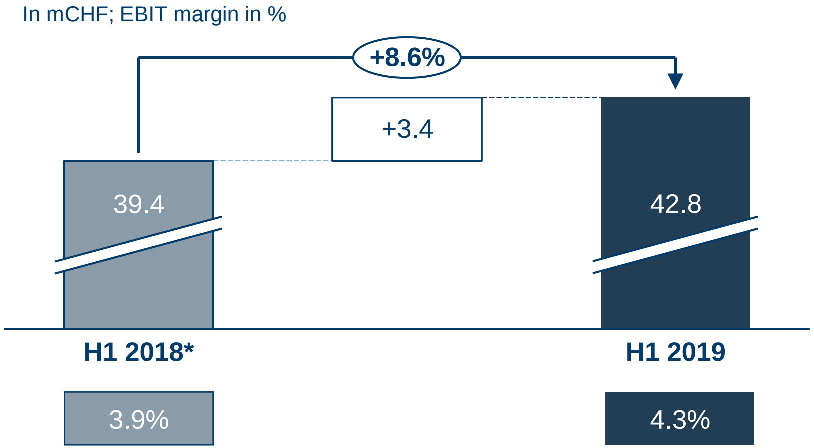
EBIT

STRONG EBIT AND MARGIN INCREASE

* 2018 pro-forma adjusted according to IFRS 16 and at constant currency FX rates

Valora Group

- EBIT reaches 42.8 mCHF (+8.6%) driven by organic development especially in Food Service, better performance of Retail Germany and positive development of bob Finance
- EBIT margin increases by +0.3%pt to 4.3% thanks to favourable product mix changes (higher food sales)



EBIT

EBIT MARGIN INCREASE IN RETAIL GERMANY AND FOOD SERVICE AS A RESULT OF OPERATING PERFORMANCE

Division | Country in mCHF	**H1 2018***	**H1 2019**	**Δ in %**	**EBIT Margin**	**Δ EBIT Margin**
Retail	**29.1**	**28.0**	**-3.7%**	**3.4%**	**-0.1%pt**
CH	24.6	21.6	-12.3%	3.8%	-0.4%pt
DE/LU/AT	4.5	6.5	+42.8%	2.5%	+0.8%pt
Food Service	**16.2**	**17.9**	**+10.7%**	**10.4%**	**+0.2%pt**
Corporate / Other	**-5.9**	**-3.1**	n.a.	n.a.	n.a.
Valora Group	**39.4**	**42.8**	**+8.6%**	**4.3%**	**+0.3%pt**

* 2018 pro-forma adjusted according to IFRS 16 and at constant currency FX rates

Retail CH

- EBIT at 21.6 mCHF (-3.0 mCHF), as a result of lower sales and expenses related to digital innovations, refreshed concepts and the SBB tender offer

Retail DE/LU/AT

- EBIT increase of +1.9 mCHF to 6.5 mCHF driven by positive same-store index, higher gross profit margin and initiated cost measures paying off

Food Service

- EBIT +10.7% higher at 17.9 mCHF, driven by strong momentum of B2B business and Food Service Switzerland
- EBIT margin increased slightly by +0.2%pt to 10.4% with efficiency gains offsetting increased raw material prices

Other

- Positive development of other business by +2.7 mCHF, driven bob Finance and decreased expenses compared to H1 2018

NET PROFIT / EPS

EPS GROUP INCREASES BY +66%

Net Profit / EPS in mCHF		H1 2018*	H1 2019	Δ in %
EBIT @ constant FX rates		**39.4**	**42.8**	**+8.6%**
FX		0.6	0.0	n/a
EBIT		**40.0**	**42.8**	**+6.9%**
Financing activities, net		-11.3	-9.0	-21.0%
Earnings before taxes		**28.7**	**33.8**	**+17.9%**
Income taxes		-6.1	-6.4	+5.2%
Net profit from continuing operations		**22.6**	**27.4**	**+21.4%**
Net result from discontinued operations		-3.7	0.0	-100.0%
Group net profit		**18.8**	**27.4**	**+45.5%**
EPS (from continuing operations)	in CHF	**5.13**	**6.95**	**+35.5%**
EPS Group	in CHF	**4.18**	**6.95**	**+66.4%**
Average number of outstanding shares	in # (thousand)	3,931	3,940	+0.2%

* 2018 pro-forma adjusted according to IFRS 16

Net Profit

- Group net profit (including discontinued operations) increases by +45.5% due to a value adjustment of -3.7 mCHF for discontinued operations (impairment of earn-out component of sold Trade division) in H1 2018
- EPS for the Group at CHF 6.95 (+66.4%) as a result of the hybrid coupon and the impairment affecting EPS in H1 2018
- Net financing activities +2.4 mCHF lower at -9.0 mCHF, thanks to improved financing conditions of the 2018 & 2019 refinancing activities
- Tax expenses stable at -6.4 mCHF with tax rate at 19.0%

BALANCE SHEET

STRONG EQUITY RATIO OF 45.4%

Balance Sheet in mCHF	FY 2018*	H1 2019	Δ in %
Total assets	**1,921.5**	**1,907.6**	**-0.7%**
thereof right-of-use asset & sublease net investment	*595.3*	*603.2*	*+1.3%*
Cash, cash equivalents	104.8	87.5	-16.5%
Goodwill and intangible assets	681.5	671.9	-1.4%
Net debt	**358.6**	**388.3**	+8.3%
Net debt incl. lease liability	960.0	996.0	+3.7%
Leverage ratio	**2.2x**	**2.3x**	**+0.1x**
Leverage ratio incl. lease liability	3.2x	3.3x	+0.1x
Shareholders' equity	607.7	587.6	-3.3%
Equity ratio	**46.3%**	**45.4%**	**-0.9%pt**
Equity ratio incl. lease liability	31.6%	30.8%	-0.8%pt
Capital employed (average)	1,098.8	1,096.7	-0.2%
ROCE	**8.9%**	**9.2%**	**+0.3%pt**

* 2018 pro-forma adjusted according to IFRS 16

New KPI definition – post IFRS 16

- Leverage ratio
  - EBITDA: EBIT + depreciation & amortisation (excluding depreciation of right-of-use asset)
  - Net debt: Interest bearing debt (excluding lease liability) minus cash & cash equivalents
- Equity ratio
  - Equity: Excluding IFRS 16 effect
  - Assets: Assets excluding RoU asset & sublease net invest.
- ROCE:
  - EBIT: According to new IFRS 16 standard
  - Capital employed: Capital employed excl. RoU asset & sublease net investment

Net Debt

- Interest-bearing debt at 475.8 mCHF (without lease liability) +12.4 mCHF or +2.7% vs. Dec. 2018 due to the refinancing activities
- Net debt in June 2019 +29.7 mCHF higher at 388.3 mCHF because of the payout of the dividend for the 2018 financial year
- Leverage ratio at 2.3x on comparable level to Dec. 2018 (at 2.2x)

Shareholder's Equity

- Equity ratio slightly decreases to 45.4% (-0.9%pt vs. Dec. 2018)

FREE CASH FLOW

FREE CASH FLOW INCREASES BY +57%

Free Cash Flow in mCHF	H1 2018*	H1 2019	Δ in %
EBIT @ constant FX rates	**39.4**	**42.8**	**+8.6%**
FX	0.6	0.0	n/a
EBIT	**40.0**	**42.8**	**+6.9%**
D&A (excluding depreciation of right-of-use asset)	31.6	31.7	+0.2%
EBITDA	**71.7**	**74.5**	**+3.9%**
Depreciation of RoU - IFRS 16 effect	69.7	65.7	-5.8%
Payments rents / leasing (net) - IFRS 16 effect	-67.5	-64.2	-5.0%
Elimination of other non-cash items	3.7	3.0	-18.8%
NWC and current assets & liabilities	-29.3	-12.5	-57.4%
Interest, tax expense (net)	-8.2	-5.4	-34.2%
Interest - IFRS 16 effect	-6.2	-4.8	-22.6%
CF from operating activities	**33.9**	**56.3**	**+66.4%**
CF from investing activities (net)	**-23.8**	**-40.7**	**+70.8%**
Capex	-25.1	-41.2	+63.8%
Asset disposal	1.3	0.5	n.a.
Free Cash Flow (before M&A)	**10.0**	**15.7**	**+56.7%**

* 2018 pro-forma adjusted according to IFRS 16

New Free Cash Flow same as previous Free Cash Flow

- EBITDA:
  + EBIT (according to new IFRS 16 standard)
  + Depreciation (excluding depreciation of right-of-use asset)
  + Amortisation
- Free Cash Flow:
  + EBITDA
  + Non-cash items
  +/- NWC
  - Interest and taxes
  Eliminating IFRS 16 effect in cash flow:
  + Depreciation of RoU
  - Payments rent / leasing (net)
  - Interest effect

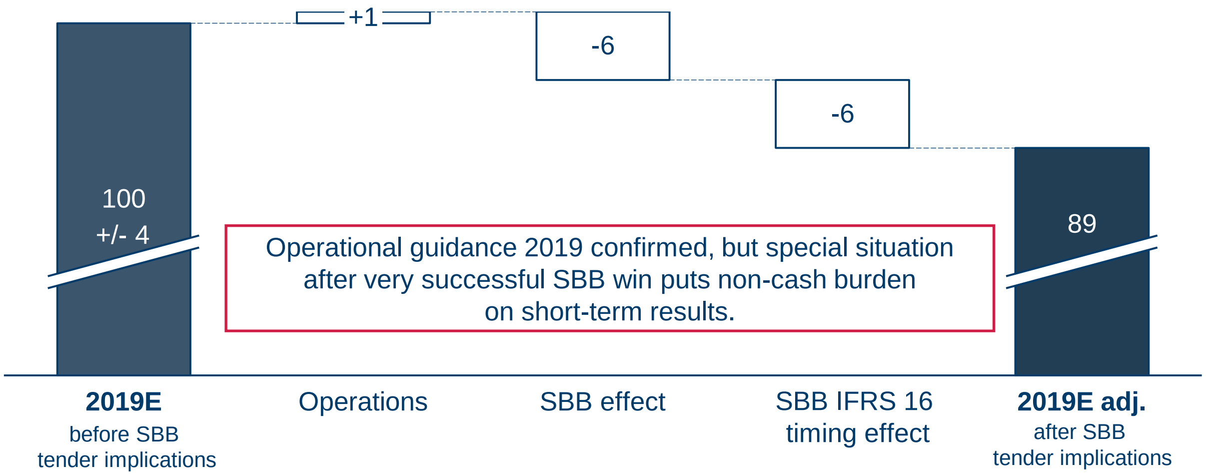
Free Cash Flow

- Free Cash Flow increases (+56.7%) to 15.7 mCHF despite higher capex, mainly supported by lower net working capital outflow (+16.8 mCHF) and higher EBITDA (+2.8 mCHF) compared to H1 2018

Guidance

EBIT GUIDANCE FOR 2019 ADJUSTED FOR SBB TENDER: AROUND CHF 90 MILLION

EBIT
in mCHF

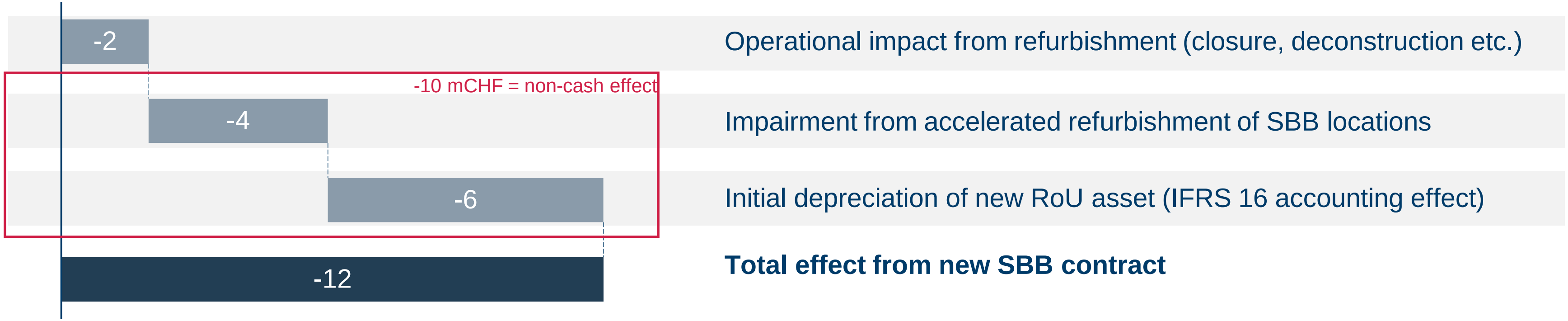


	2019E	2019E adj.
GP margin	> 45%	> 45%
EBIT margin	~ 5%	~ 4.3%

6 mCHF IFRS 16 impact from SBB contract is merely a shift in period – future years will be relieved accordingly.
Cash flow 2019 unchanged in order of magnitude of the dividend, despite significant extraordinary investments.

NEW SBB CONTRACTS PUT NON-CASH STRAIN ON 2019 RESULT DRIVEN BY IFRS 16

EBIT effect from new SBB contract on Guidance 2019
in mCHF



Special impact on D&A from accelerated refurbishment of SBB locations (~-4 mCHF)

- SBB roll-out / refurbishment planned ahead of end of old rental framework agreement with SBB (ending 12/2020)
- Accelerated refurbishment shortens depreciation periods and results in higher non-cash costs (impairment) in 2019 and 2020

Treatment of new SBB contracts under IFRS 16

- Contrary to our assessment in April 2019, auditors now classify contracts as modification and not as new contracts
- New information on accounting:
  - Depreciation of new right-of-use (RoU) asset impacting already 2019, although new rental terms only apply from 2020 onwards, depending on finalisation of refurbishment of lots
  - Merely shift in periods – earlier depreciation of RoU will ease burden as of 2021 by ~1 mCHF p.a.
  - Cash impact only as of effective termination of refurbishments

OPERATIONAL TARGETS 2025

AMBITIOUS BUT REALISTIC MID TERM TARGETS TO BE ACHIEVED ON AVERAGE IN COMING YEARS*

External sales growth	+2-3% p.a.	▪ Same-store growth of ~+0.5% – Retail CH expected to contribute positively – Retail DE holds back in first years, driven by press decline – Food Service on very high level of sales per stores and expecting positive same-store ▪ Group-wide network expansion of net ~50 shops p.a. – Retail CH network with slight growth driven by avec – Retail DE development offering mid-term potential – Food Service with growth potential esp. in AT and NL ▪ B2B / Production driven by capacity expansion
GP margin increase	on average +0.5%pt p.a.	▪ Positive product category shift and assortment development ▪ Increase from transformation of business mix
EBIT margin	on average +0.2%pt p.a.	▪ Supported by GP margin improvement ▪ Cost ratio to worsen driven by franchise growth and investments
EPS	on average +7% p.a.	▪ Will not be achieved in 2019-2020 due to early impact of SBB renewal ▪ Stronger growth in later years

* Margin/profit targets will not be achieved in 2019/2020 but remain valid in average until 2025

KEY INVESTMENT HIGHLIGHTS

valora

FOODVENIENCE FOCUS

Most promising retail cluster

- Positive macro trends: mobility and on-the-go shopping/snacking
- Dense network at high-frequency locations
- Preferred partner of landlords and preferred destination of customers through attractive brands, innovations & own brands

PREDICTABILITY

High reliability of planned development

- High resilience to economic cycles, low disintermediation risks (especially from e-commerce)
- Long term contracts (especially through win of SBB tender)

GROWTH

Potential in top- and bottom-line

- Core business initiatives with over proportional bottom line effect
- Various promising growth initiatives expanding core business

Attractive dividend ensured through resilience, reliability, steady growth and sound balance sheet

Q&A

Impact of IFRS 16 on Financial Results

IFRS 16: NEW ACCOUNTING STANDARD ON LEASES

IFRS 16 BECAME EFFECTIVE AS OF 1 JANUARY 2019

IFRS 16 to change the accounting…

- Minimum or fixed lease payments need to be recognised on the balance sheet
  - Valora holds more than 2,800 lease contracts, mainly for sales outlets
- Companies appear to be more asset-rich but also more heavily indebted
  - By recognising the value of the leased assets, the balance sheet will inflate and be more volatile
- Change in presentation
  - Valora subleases c. 1/3 of its POS related lease contracts to its franchisees and recognised the sublease rental income as revenue
  - Since 1 January 2019, Valora presents rental income from franchisees within other income
- IFRS 16 became effective as of 1 January 2019; prior year figures not restated
  - For reasons of comparability, 2018 figures are pro-forma adjusted in this presentation at constant currency and for the IFRS 16 effect as well as for corresponding reclassification of sublease rental income induced by IFRS 16
- Key figures and performance indicators face major changes
  - Valora defined key KPIs new to reverse the IFRS 16 effect

…. but business remains the same

- Capitalisation of leases does not say anything about the quality or profitability of the lease contract
- Neither the operating business nor the profitability and net cash flow will change

H1 2018: P&L TRANSITION (1/2)

valora

H1 2018 REPORTED FIGURES PRO-FORMA ADJUSTED FOR IFRS 16 EFFECT AND FX

YTD June, in mCHF	H1 2018 reported (1)	Reclassi-fication (2)	H1 2018 revised* (1+2)	IFRS 16 effect (3+4)	Headlease (financial lease) (3)	Sublease (financial lease) (4)
External Sales	**1,347**		**1,347**			
Net Revenue	**1,043**	-23	**1,019**			
Gross Profit	**474**	-23	**451**			
Net operating costs	**-438**	23	**-415**	**4**	**5**	**-1**
thereof affected by IFRS 16:						
Rental expense	-116		-116	85	98	-13
Other revenue / income	2	23	25	-12	-12	0
Depreciation & Amortisation	-32		-32	-70	-81	11
Operating profit (EBIT)	**36**	0	**36**	**4**	**5**	**-1**

1) Reported in Valora Half-Year Financial Statements 2018; 2) Reclassification of sublease rental income induced by IFRS 16

* According to Valora Half-Year Financial Statements 2019

Basis for comparison in financial report & results presentation

YTD June, in mCHF	H1 2018 pro-forma adj. (1+2+3+4)	FX	H1 2018 pro-forma adj. @const. FX	H1 2019	Δ in %
External Sales	**1,347**	**-23**	**1,324**	**1,324**	**0.0%**
Net Revenue	**1,019**	**-13**	**1,006**	**1,005**	**-0.1%**
Gross Profit	**451**	**-6**	**445**	**451**	**+1.4%**
Net operating costs	**-411**	**5**	**-405**	**-408**	**+0.7%**
thereof affected by IFRS 16:					
Rental expense	-30	1	-30	-36	+20.1%
Other revenue / income	13	-1	12	15	+24.5%
Depreciation & Amortisation	-101	2	-100	-97	-2.4%
Operating profit (EBIT)	**40**	**-1**	**39**	**43**	**+8.6%**

Note: For explanation of IFRS 16 translation effect, please refer to pages 29-31.

H1 2018: P&L TRANSITION (2/2)

H1 2018 REPORTED FIGURES PRO-FORMA ADJUSTED FOR IFRS 16 EFFECT

YTD June, in mCHF	H1 2018 reported (1)	IFRS 16 effect	H1 2018 pro-forma adj.	H1 2019	Δ in %
Operating profit (EBIT)	**36**	**4**	**40**	**43**	**+6.9%**
Financial expenses	-6	-7	-13	-10	-20.8%
Financial income	1	1	2	1	-13.5%
Tax expenses	-6	0	-6	-6	+5.2%
Profit from continuing operations	**25**	**-2**	**23**	**27**	**+21.4%**
Result from discontinued operations	-4	0	-4	0	-100.0%
Profit for the period	**21**	**-2**	**19**	**27**	**+45.5%**

1) Reported in Valora Half-Year Financial Statements 2018

Note: For explanation of IFRS 16 translation effect, please refer to pages 29-31.

H1 2018: BALANCE SHEET TRANSITION

H1 2018 REPORTED FIGURES PRO-FORMA ADJUSTED FOR IFRS 16 EFFECT

YTD June, in mCHF	H1 2018 reported (1)	IFRS 16 effect	H1 2018 pro-forma adj.	H1 2019	Δ in %
Assets	**1,336**	**667**	**2,004**	**1,908**	**-4.8%**
thereof right-of-use asset		580	580	517	-10.8%
thereof sublease net investment		87	87	86	-1.5%
Liabilities	**630**	**671**	**1,301**	**1,320**	**+1.4%**
thereof lease liability		671	671	608	-9.5%
Equity	**706**	* **-4**	**702**	**588**	**-16.4%**
Liabilities and Equity	**1,336**	**667**	**2,004**	**1,908**	**-4.8%**

1) Reported in Valora Half-Year Financial Statements 2018

* Including -2 mCHF cumulative effect of the initial application of IFRS 16 from the initial recognition of sublease arrangements.

Note: For explanation of IFRS 16 translation effect, please refer to pages 29-31.

FY 2018: P&L TRANSITION (1/2)

valora

FY 2018 REPORTED FIGURES PRO-FORMA ADJUSTED FOR IFRS 16 EFFECT AND FX

in mCHF	2018 reported (1)	Reclassi-fication (2)	2018 pro-forma revised (1+2)	IFRS 16 effect (3+4)	Headlease (financial lease) (3)	Sublease (financial lease) (4)	2018 pro-forma adj. (1+2+3+4)	FX*	2018 pro-forma adj. @const. FX*
External Sales	**2,731**		**2,731**				**2,731**	**-30**	**2,701**
Net Revenue	**2,122**	-47	**2,075**				**2,075**	**-17**	**2,058**
Gross Profit	**965**	-47	**918**				**918**	**-8**	**910**
Net operating costs	**-876**	47	**-828**	**8**	**10**	**-2**	**-820**	**7**	**-813**
thereof affected by IFRS 16:									
Rental expense	-232		-232	170	1 195	-25	-62	1	-61
Other revenue/ income	5	47	52	-23	-23		28	-1	27
Depreciation & Amortisation	-66		-66	-139	1a -162	2a 23	-205	2	-203
Operating profit (EBIT)	**90**	2 0	**90**	**8**	1b **10**	2b **-2**	**98**	**-1**	**97**

1) Reported in Valora Full-Year Financial Statements 2018; 2) Reclassification of sublease income induced by IFRS 16

* 2018 pro-forma adj. and FX may deviate as FX rate is set at year end of FY 2019

1 Fixed (or minimum) lease payments are required to be recognised on the balance sheet at present value in the form of a right-of-use asset (RoU) and a corresponding lease liability; the fixed (or minimum) lease payments will be replaced by:

- 1a Depreciation of the right-of-use asset
- 1b Interest expense relating to the lease liability: recognised in the financial result and thus increasing EBIT

2 Valora subleases part of its leases to its franchisees (c. 1/3 of its lease contracts) and used to recognize sublease income from franchisees as revenues; as induced by IFRS 16, income from subleases have been reclassified from net revenues to other income with no effect on EBIT

Sublease, which qualifies as finance lease:

- 2a Reduces the depreciation portion of the RoU from the headlease, as the corresponding portion of the sublease receivable is derecognized from the right-use asset on the balance sheet and instead capitalized as net investment
- 2b Reduces the EBIT as the interest income relating to the capitalized net investment is recognized in the financial result

FY 2018: P&L TRANSITION (2/2)

FY 2018 REPORTED FIGURES PRO-FORMA ADJUSTED FOR IFRS 16 EFFECT

in mCHF	2018 reported (1)	IFRS 16 effect	2018 pro-forma adj.
Operating profit (EBIT)	**90**	**8**	**98**
Financial expenses	-11	3a -14	-25
Financial income	1	3b 2	3
Tax expenses	-16	0	-16
Profit from continuing operations	**64**	4 **-4**	**60**
Result from discontinued operations	-5	0	-5
Profit for the period	**59**	**-4**	**55**

1) Reported in Valora Full-Year Financial Statements 2018

3a Interest expense relating to the lease liability of the headlease: recognised as financial expense

3b Interest income relating to the sublease net investment: recognised as financial income

4 Since the depreciation of the right-of-use asset is constant over the term, but the interest expense decreases due to the decreasing lease liability, the total expense is brought forward and thus the net result is lower at the beginning (front-loading effect)

FY 2018: BALANCE SHEET TRANSITION

FY 2018 REPORTED FIGURES PRO-FORMA ADJUSTED FOR IFRS 16 EFFECT

in mCHF	2018 reported (1)		IFRS 16 effect	2018 pro-forma adj.
Assets	**1,326**		**595**	**1,922**
thereof right-of-use asset		1	518	518
thereof sublease net investment		2	78	78
Liabilities	**712**		**601**	**1,314**
thereof lease liability			601	601
Equity	**614**	3 *	**-6**	**608**
Liabilities and Equity	**1,326**		**595**	**1,922**

* Including -2 mCHF cumulative effect of the initial application of IFRS 16 from the initial recognition of sublease arrangements.

---

1 **Right-of-use (RoU) asset:** Fixed (or minimum) lease payments are required to be recognised on the balance sheet at present value in the form of a right-of- use asset and a corresponding lease liability; significant increase in RoU asset and lease liability expected in H2 2019 from renewed SBB rental agreements.

2 **Sublease net investment**: Sublease receivables are derecognized from the right-use-use asset on the balance sheet and will instead be capitalized as net investment.

3 **Equity**: The IFRS 16 related P&L impact on profit as well as the cumulative effect of the initial application of IFRS from the initial recognition of sublease arrangements is recognised in equity.

NEW KPI DEFINITION

Balance sheet

Net debt: Interest bearing debt (excluding lease liability) minus cash & cash equivalents

Capital employed: Capital employed excl. right-of-use asset & sublease net investment

Assets: Assets excl. right-of-use asset and sublease net investment

Equity: Excluding IFRS 16 effect

P&L

EBITDA:

+ EBIT (according to new IFRS 16 standard)
+ Depreciation (excluding depreciation of right-of-use asset)
+ Amortisation

Cash Flow

New Free Cash Flow same as previous Free Cash Flow:

Free Cash Flow:

\+ EBITDA
\+ Non-cash items
+/- NWC
\- Interest and taxes

Eliminating IFRS 16 effect in cash flow:

\+ Depreciation of right-of-use asset
\- Payments rent / leasing
\- Interest expenses

New KPIs / Ratios

ROCE: EBIT / Capital employed

Leverage Ratio: Net debt / EBITDA

Equity Ratio: Equity / Assets


Gates B|D|E
Transit Hotel|Dayrooms
Information
Restaurants
Toiletten
Toilets
Press P&B Books
Chocolate | Sweets | Souvenirs
Schokolade | Süssigkeiten
Zeitungen | Zeitschriften
BOOKS
TOBACCO

NETWORK

2,727 POS AS PER JUNE 2019

AROUND 73% OF NETWORK OPERATED AS AGENCIES OR BY FRANCHISEES

Retail Switzerland

Format	Own	Agency	Franchise	Total
k kiosk	151	758	-	**909**
Press & Books	2	27	-	**29**
avec	76	-	69	**145**
Total (vs. Dec. 2018)	**229** (-16)	**785** (+20)	**69** (-3)	**1,083** (+1)

Retail Germany / Luxembourg / Austria

Format	Own	Agency	Franchise	Total
k kiosk cigo	232	-	394	**636***
ServiceStore DB avec	56	-	73	**129**
Press & Books	158	5 (LU)	-	**163**
k kiosk Caffè Spettacolo LU	-	67 (incl. 1 Caffè Spet.)	-	**67**
Press & Books AT	10	-	-	**10**
Total (vs. Dec. 2018)	**456** (-20)	**72** (-2)	**467** (+7)	**1,005*** (-17)

Food Service

Format	Own	Agency	Franchise	Total
Ditsch	-	201	-	**201**
Brezelkönig	3	57	4 International	**64**
Caffè Spettacolo	31	-	-	**31**
back WERK SuperGuud	11 (incl. 3 SuperGuud)	-	332	**343**
Total (vs. Dec. 2018)	**45** (+3)	**258** (-8)	**336** (-13)	**639** (-18)

Valora Group

Country	Own	Agency	Franchise	Total
Switzerland	23%	71%	6%	**1,179**
Germany	32%	14%	53%	**1,415***
Luxembourg	-	100%	-	**72**
Other	22%	-	78%	**61**
Total (vs. Dec. 2018)	**730** (-33)	**1,115** (+10)	**872** (-9)	**2,727*** (-34)

* Including 10 «Partner» not shown in table (-2 vs. Dec. 2018)

CONTACTS

CONTACTS

Christina Wahlstrand Head of Corporate Communications & Branding	Phone: E-mail:	+41 61 467 24 53 media@valora.com
Annette Martin Head of Corporate Investor Relations	Phone: E-mail:	+41 61 467 21 23 annette.martin@valora.com

Please visit our website for more information regarding **Valora**
www.valora.com


Brightens up
your journey.
valora

DISCLAIMER

THIS DOCUMENT CONTAINS FORWARD-LOOKING STATEMENTS, WHICH INCLUDE MATTERS THAT ARE NOT HISTORICAL FACTS OR WHICH MAY NOT OTHERWISE BE PROVABLE BY REFERENCE TO PAST EVENTS. FORWARD-LOOKING STATEMENTS ARE BASED ON OUR CURRENT EXPECTATIONS AND ASSUMPTIONS, AND ARE SUBJECT TO SIGNIFICANT KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES. THESE UNCERTAINTIES AND RISKS, ALONG WITH OTHER FACTORS, MAY MEAN THAT ACTUAL FUTURE EVENTS AND DEVELOPMENTS, INCLUDING VALORA'S RESULTS, FINANCIAL POSITION AND DEVELOPMENT, DEVIATE MATERIALLY 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 SPEAK ONLY AS OF ITS DATE. VALORA DOES NOT UNDERTAKE ANY OBLIGATION TO REVIEW OR UPDATE ANY FORWARD-LOOKING STATEMENTS AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.