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VALORA GROUP PRESENTATION

January, 2017

Geldtransfer weltweit
in weniger Minuten



Valora at a glance



STRONG CONVENIENCE PLAYER

FOCUSED AND LEADING CONVENIENCE PLAYER

SIGNIFICANT MARKET SHARE

MARKET LEADER IN GERMAN SPEAKING EUROPE IN HIGH FREQUENCY LOCATIONS

STRONG BRANDS

PORTFOLIO OF STRONG AND ICONIC BRANDS WHICH CONTRIBUTE TO HIGHER CUSTOMER AWARENESS

VERTICAL INTEGRATION

VALUE CHAIN OWNERSHIP & VERTICAL INTEGRATION OF PRODUCTION CAPABILITIES AT DITSCH/BREZELKÖNIG

Strategy

GROWTH



EFFICIENCY



PERFORMANCE ORIENTED CULTURE



INNOVATION



EXPAND IN EXISTING
MARKETS AND ON
INTERNATIONAL SCALE
WITH SUCCESSFUL
FORMATS AND DITSCH
B2B BUSINESS

FURTHER IMPROVE
PROCESSES AND
PLATFORM,
FOCUS ON FREE CASH
FLOW AND ROCE

LEAN, AGILE AND
ENTREPRENEURIAL
ORGANIZATION

DIGITAL
OPPORTUNITIES,
FRESH CONCEPTS AND
NEW OFFERINGS

Key investment highlights



FOCUS

RESTRUCTURING COMPLETED. COMPANY TURNED FROM A DIVERSIFIED TO A FOCUSED RETAIL/CONVENIENCE PLAYER

RESILIENCE

DEFENSIVE SECTOR WITHIN RETAIL WITH RESILIENT MARKET DEMAND

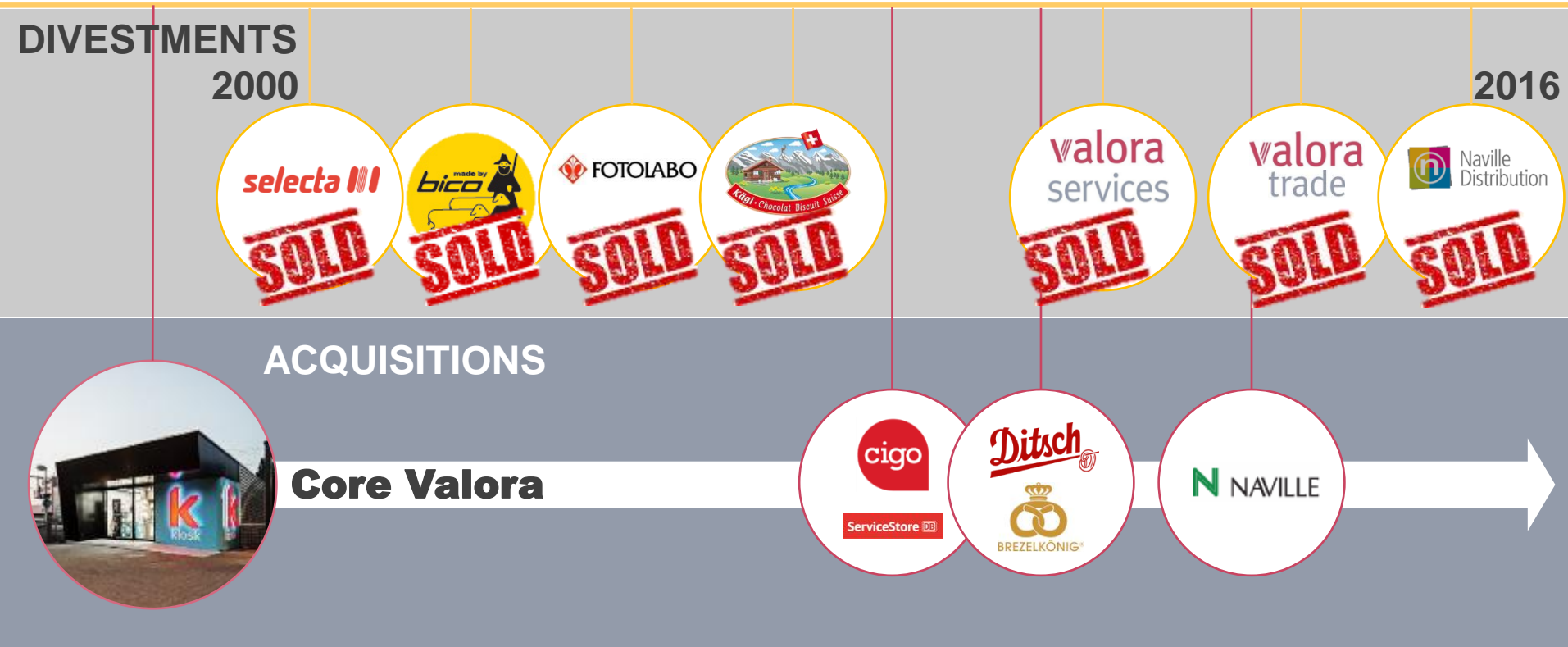
AMBITIOUS BUT REALISTIC GOALS

STEADILY IMPROVING MARGIN TOWARDS AN EBIT MARGIN TARGET OF 4% IN 2018 EARLIEST

HIGH DIVIDEND

HIGH AND CONTINUED DIVIDEND PAYOUT WITH A DIVIDEND YIELD OF >4%

Valora evolved from a conglomerate to an international convenience and food service player



Valora's present: Two divisions and two major pillars

Convenience & Food Service Network

Value Chain Ownership & Vertical Integration

RETAIL



- Market leader in small retail outlets, selling convenience products through a network of standard format sales points, located at heavily frequented sites

- Own brands and retail services



FOOD SERVICE



- Market leader with focus on one product category each, modern outlet networks and a broad geographical coverage

- Three highly efficient production facilities and distribution

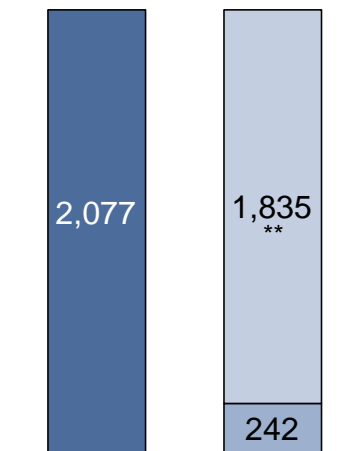


Facts & Figures

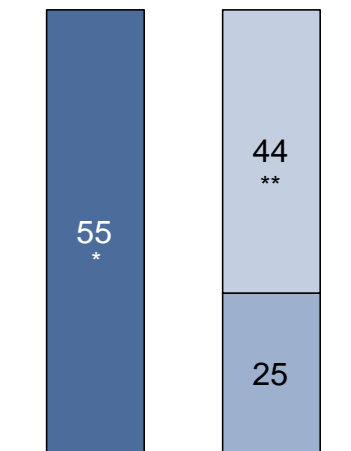
FACTS & FIGURES 2015

(in CHFm)

Net revenues



EBIT

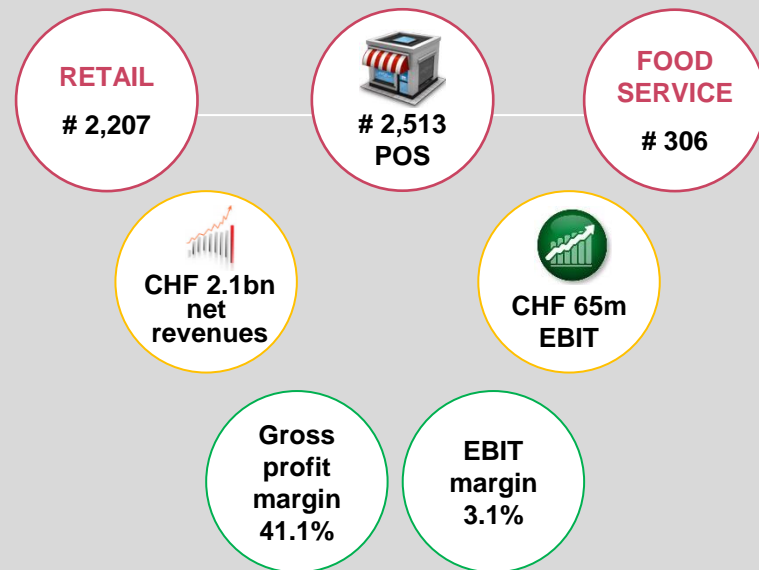


* incl. CHF -14m corporate cost and "other"
 ** incl. Naville Distribution

Retail
 Food Service

LATEST KEY METRICS

(June 2016; LTM)



Retail & Food Service network

	Format	# Outlets 30/6/2016	
	k kiosk	1,261	Retail
	cigo	300	
	P&B	207	
	Naville	169	
	avec	128	
	SSDB	142	
	Ditsch	213	Food Service
	Brezelkönig	50	
	Brezelkönig Internat.	6	
	Spettacolo	37	
	Total	2,513	

Network

c. #2,500 POS



Customers

c. #1,500,000 a day



Markets | Formats

#5 Markets | #7+ Formats



Valoras' different retail and food service formats

RETAIL



- Leading kiosk & convenience operator at heavily frequented sites in Switzerland, Germany and Luxembourg
- Market leader in tobacco, print and lottery products with increased take-away and food offering



- Focus on press and books, complemented by relevant services



- Focus on convenience, significant increase in fresh and local products



- Convenience store within facilities of Deutsche Bahn for the daily needs of commuting customers



- Strong focus on tobacco and press, complemented by relevant services

FOOD SERVICE



- Leading manufacturer of pretzel specialties and fast food snacks in Germany for the B2B and B2C channels



- Sale of qualitative outstanding pretzel products at Brezelkönig stores in Switzerland



- Franchise format for the international expansion

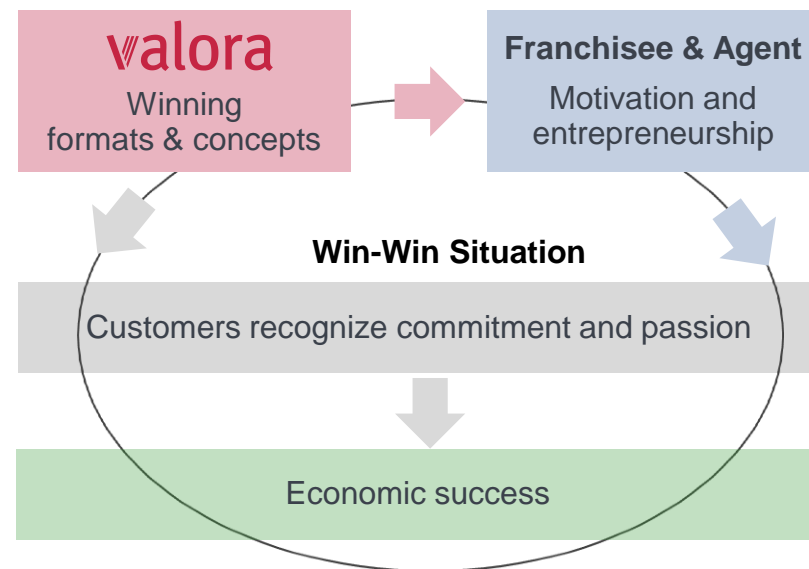


- Coffee concept with own stores (B2C) and own products (coffee beans) for the B2B sales channel

Business partner models

	Personnel	Inventory	Rent* & Capex	Fee
Own stores	Valora	Valora	Valora	none
Agency	Agent	Valora	Valora	Valora pays commission to agent
Franchise light	Franchisee	Franchisee	Valora	Valora receives franchise fee
Franchise	Franchisee	Franchisee	Franchisee	Valora receives franchise fee

* Rent contracts on Valora account thanks to excellent relationship to lessors



k kiosk Bern HB Welle



RETAIL

Retail

Strategic positioning: Our recipe for success



Assortment

- Assortment is continually being adjusted to the evolution of customer needs
 - Product innovations
 - Enlargement beverages including own brands
 - Coffee roll-out Starbucks / Spettacolo
 - Fresh (house-made) sandwiches at k kiosk
- Retail Analytics
 - Analysis of out-of-stock / order proposal
 - Systematic assortment analysis per POS and product line
 - Flexibilization of opening hours

POS Network

- Significant investment in store network for our customers and landlords
 - Continuous investment in the network (focus Germany)
 - New concept pilots for P&B and avec
- Bolt-on acquisitions

Operational excellence

- Focus on entrepreneurship and standardized tools
 - Partner relations in CH: New website & recruiting campaign for new agents
 - Improved processes and tools e.g. order proposal and workflows
- Successful integration of Naville

Customer

- Customer loyalty programs
 - TUI, Monster Deals, Frontenac, Geschenk, k kiosk app to come
- New services
 - Apple Pay (the first provider in Switzerland), Air Prishtina, etc.

Retail Switzerland

Network, key financials, first look 2016 and initiatives 2017

POS Network (by 30th June 2016)

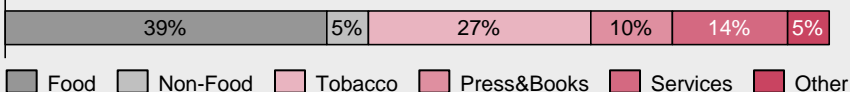
Format	Own	Agency	Franchise*	Total
<small>N/VILLE</small>	302	666	-	968
	11	23	-	34
	60	-	68	128
P&B Austria	9	-	-	9
Total	382	689	68	1,139
In %	34%	60%	6%	100%

* Franchise light

Key Financials 2015 (CH & AT)

- Net revenues: CHF 1,328m
- Gross profit margin: 35.6%
- EBIT: CHF 28m
- EBIT margin: 2.1%

GP category split



First look 2016

- Low single digit decrease of samestore sales throughout all formats due to challenging retail market in Switzerland
- Positive impact of Naville synergies (higher promotions and cost reductions)
- Closure of unprofitable POS at peripheral locations
- Successful roll-out of coffee modules at >700 POS (>600 Spettacolo and <100 Starbucks modules)
- Introduction of new retail services: Air Prishtina, Apple Pay, Batterie 2.0, iTunes Pass, ok.- chatbot
- Avec re-refresh pilot store opened in Ziegelbrücke in December 2016

Initiatives & Strategy 2017

- Optimization of footfall and assortment in existing network (retail analytics)
- Strengthening and developing take-away and food offerings
- Performance improvement in core categories tobacco, print, lottery

Retail Germany

Network, key financials, first look 2016 and initiatives 2017

POS Network (by 30th June 2016)

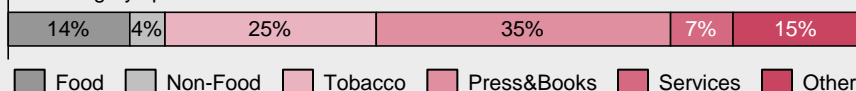
Format	Own	Agency	Franchise*	Partner**	Total
kiosk	112	-	222	61	395
cigo	71	-	146	83	300
ServiceStore avec	66	-	74	2	142
Press & Books	164	-	-	-	164
k kiosk Lux	-	67	-	-	67
Total	413	67	442	146	1,068
In %	39%	6%	41%	14%	100%

* Franchise light; ** Partner: Business model without 100% purchase obligations; orders on one's own account

Key Financials 2015 (DE & LUX)

- Net revenues: CHF 452m
- Gross profit margin: 34.7%
- EBIT: CHF 12m
- EBIT margin: 2.6%

GP category split



First look 2016

- Positive samestore sales development especially in tobacco (favorable product mix and consolidation in the market) and in food category (introduction of ok.- energy drinks), print market more resilient than in Switzerland
- Successful promotion of ok.- energy drinks (sale of #6m cans in first year)
- Successful POS network optimizations (more franchise and less partner business model) and expansion of own stores
- Concepts / brands clearly repositioned (avec, cigo)

Initiatives & Strategy 2017

- Expansion of all formats with strong focus on convenience & cigo
- Further growth and development of own brands (ok.-)
- Rollout of coffee modules (Spettacolo) and other food offerings
- Further POS network optimization (enhance franchise business model) and modernization



FOOD SERVICE

Food Service

Network, key financials, first look 2016 and initiatives 2017

POS Network (by 30th June 2016)

Format	Own	Agency	Franchise	Total
	-	213	-	213
	6	44	-	50
	6	-		6
	37	-	-	37
Total	49	257	-	306
In %	16%	84%	-	100%

Key Financials 2015 (DE & CH)

- Net revenues: CHF 242m
- EBIT: CHF 25m
- Gross profit margin: 76.4%
- EBIT margin: 10.4%

First look 2016

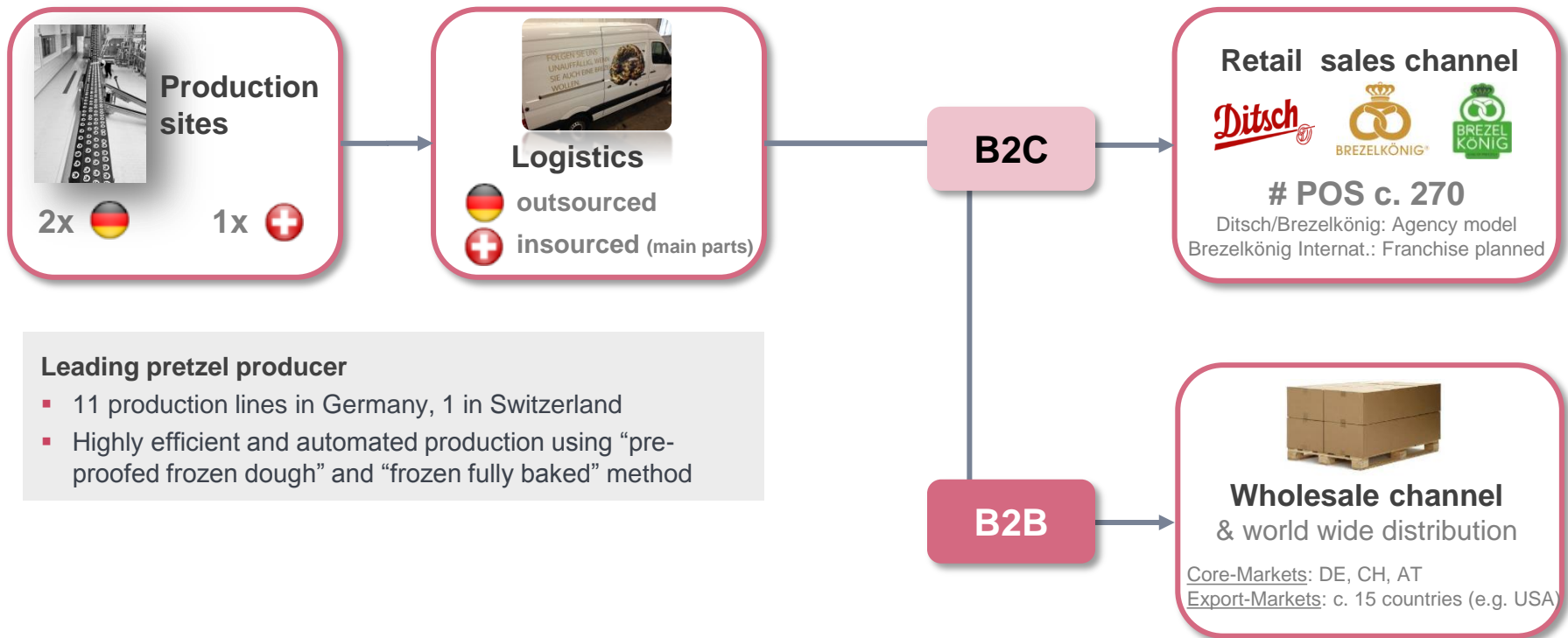
- Expansion of Brezelkönig International: Proof of concept and set-up of franchise organization for expansion
- Brezelkönig Switzerland like-for-like growth positive and increase of network by 20% vs. last year
- Production expansion at Ditsch: Preparation for production line replacement with increased capacity
- Ditsch B2C: Flat samestore sales growth
- Ditsch B2B: Slight growth vs. last year

Initiatives & Strategy 2017

- Brezelkönig Switzerland: Expansion of network up to 60 stores; product innovation
- Ditsch B2C: Further expansion of network in Germany up to 230 stores; development of new products
- Ditsch B2B: Expansion of production with smooth installation of new line and preparation for further production expansion
- Caffe Spettacolo: Expansion and optimization of POS network
- Brezelkönig International: Initiate franchise partnerships

Value chain ownership & vertical integration

Highly focused business model of Ditsch / Brezelkönig



Leading pretzel producer

- 11 production lines in Germany, 1 in Switzerland
- Highly efficient and automated production using “pre-proofed frozen dough” and “frozen fully baked” method

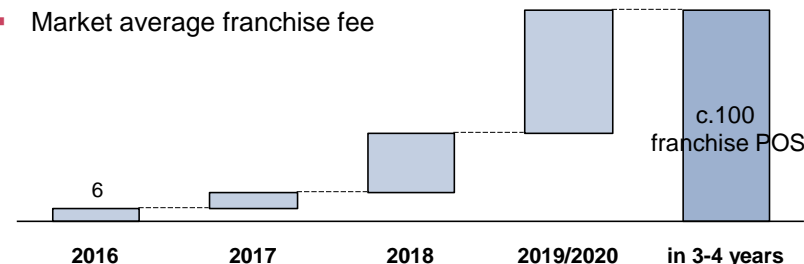
Expansion Brezelkönig International

Proof of concept

- First results on 2 core markets (France and Austria) are promising, however turnover with further room for improvement
 - Improve assortment to customer needs (include warm snacks)
 - Adjust prices to market level and competition situation
 - Improve store layout for favorable atmosphere (light, etc.)
- Franchise concept is most successful on public high-frequency locations (less in malls and city locations)
- Single-product shops are attractive for customers and landlords

International rollout of franchise

- Up to 100 POS within 3-4 years
- Focus on nearby markets
- Market average franchise fee



Start franchise organization

- Set-up franchise organization and start franchise logic with 3 alternative approaches:



Joint Ventures



Institutions



Single / Multi-Operator
(Focus QSR)

Key success factors

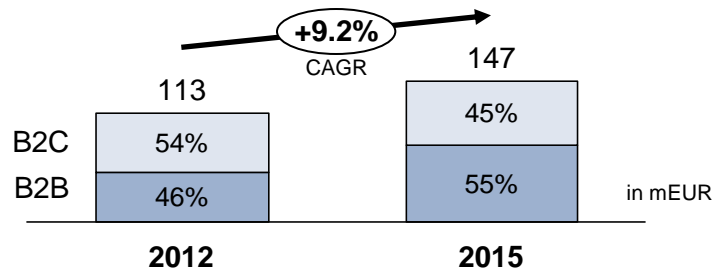
- Pretzel category is a growing niche
- Profit contribution for partners (incentive for expansion) and franchisee satisfaction
- Frozen goods logistics (costs and quality)



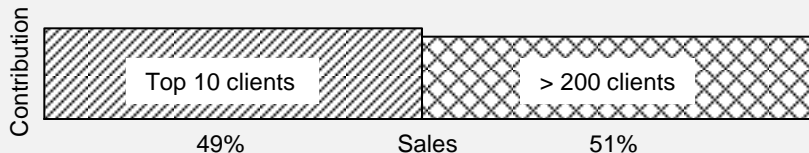
Strong development of B2B sales channel

B2B – Strong outperformance

Net revenues, Brezelbäckerei Ditsch (**B2C & B2B**)

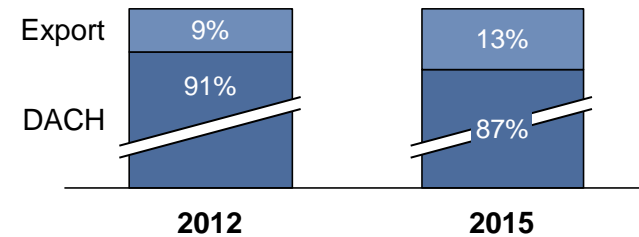


- Balanced B2B client portfolio: top 10 clients contribute 49% to sales with the remaining >200 51% to sales



International markets

Net revenues split by geographies, Brezelbäckerei Ditsch (**B2B**)



DACH (DE, AT, CH)

- Further growth through strategic partners in home markets
- New products in existing assortment and penetration of new segments
- 12 own sales personnel

Export

- Pretzel products as worldwide food trend with positive momentum
- Expand market leadership
- Collaboration with selective distributor network

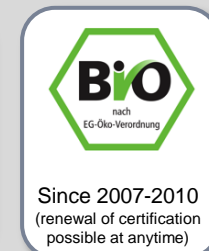
Highly specialized and automated in 3 production

Details on production plants

	Production facilities	Size	No. of lines	pre-proofed dough (FTO)	Fully baked
Oranienbaum, DE 	Oranienbaum, DE  In operation since 1999	<ul style="list-style-type: none"> Site area: c. 40'000m² Production area: c. 10'000m² 	8	✓	✓
Mainz, DE 	Mainz, DE  In operation since 1990	<ul style="list-style-type: none"> Site area: c. 10'000m² Production area: c. 2'500m² 	3	✓	
Emmenbrücke, CH 	Emmenbrücke, CH  In operation since 2000	<ul style="list-style-type: none"> Site area: c. 7'000m² Production area: c. 500m² 	1	✓	

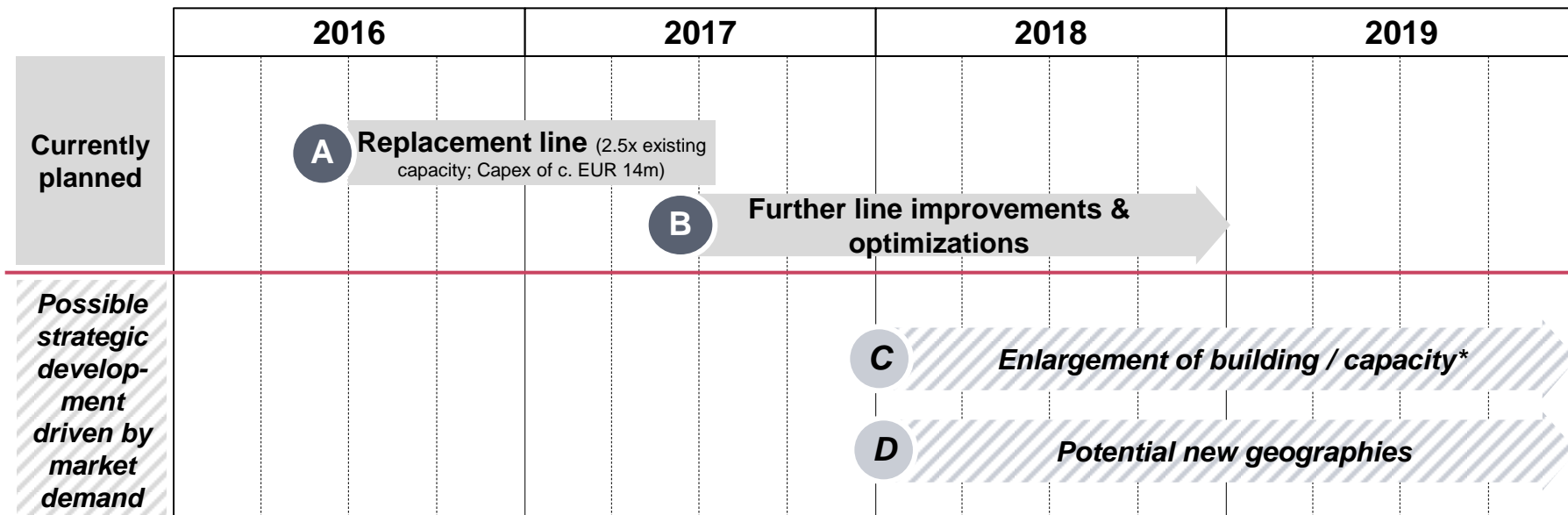
Source picture: Google maps

Qualifications



Continued investments into capacity

Line replacement in 2017



*1st module (for two lines): building (for two lines) & 1 production line (Capex indication: EUR 25m; highly depending on line configuration)

We will continuously invest into line improvements and extensions in order to match market demand



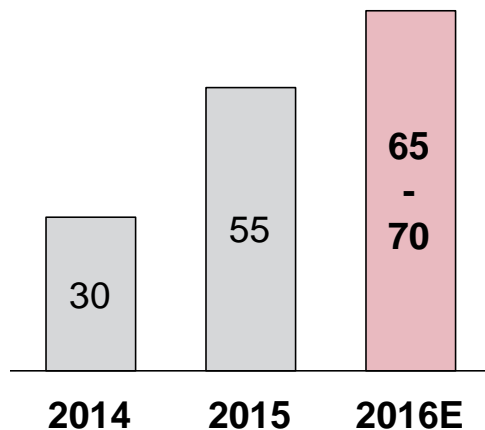
GUIDANCE

Profitability

FY 2016 expectations confirmed at higher end of guidance range

EBIT

in CHF million [reported]



- Remarks: Guidance takes full account of
- General consumer sentiment in Switzerland
 - Deconsolidation of Naville distribution

MEDIUM TERM GUIDANCE

Gross Profit

- 1.0 – 3.0% growth p.a.
 - Retail CH/AT: -1 to +1%
 - Retail DE/LU: +2 to +4%
 - Food Service: +5 to +7%
- 42% gross profit margin earliest 2018

EBIT

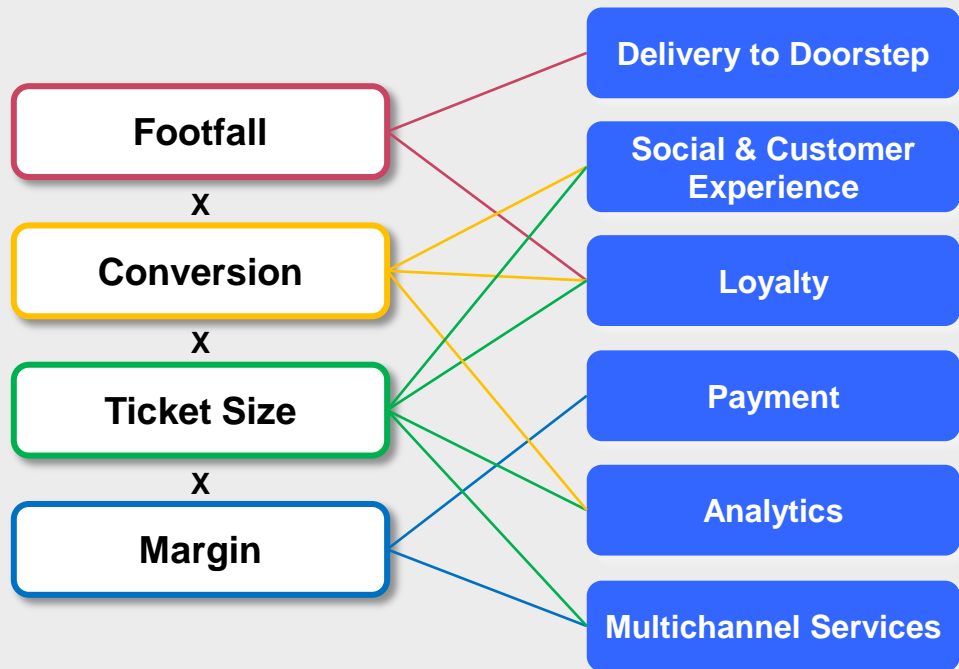
- 4.0% EBIT margin earliest 2018



Digital innovation to improve instore retail economics

Trends and new technologies change customer behavior

Retail economics



Trends / New Technologies



Robotics



Programmatic Advertising



Messenger Services & Chatbots



Mobility



Sharing Economy

Successful launch of new digital technologies

ETH zürich



MINODES



Use new touch points along the customer journey

- Development of APIs for Valora (Hackathon) with the objective to integrate 3rd party apps (SBB, DB)
- Brezelkönig: Development of webshop for pre-ordering of larger volumes of core products
- Cooperation with Minodes: Use Wifi and beacons technology to understand customer flows
- Spettacolo App: Offering prepayment and pre-order for individualized pick-up time (customer loyalty)

Footfall

Fast and more convenient transaction to improve instore customer experience

- scan&go: Pilot project for self-service at Zurich train station (objective: fast transactions, higher sales during peak hours)
- Sensape: Customer receives real-time coupon (objective: targeted marketing and cross-selling)
- Brezelkönig: New information channel for customers (objective: higher transparency, customer loyalty)

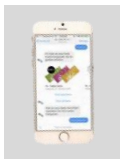
Conversion



Ticket Size

Increase cross- and up-selling through customer insights and personalized promotions

- Retail Analytics: Build up of internal Retail Analytics competence center with dedicated team, i.e. data scientists (objective: individualized promotions and better understanding of customer behavior)
- ok.- chatbot: Using Facebook Messenger for distributing coupons (objective: digitalization of couponing and loyalty cards)



ok.-

Margin

Use technology for new concepts respectively to offer new high margin products

- bob Finance: Own startup with 15 FTE; two consumer loan products for up to CHF 80k (objective: broadening offering of high margin financial services)
- Batterie: Lend out charged batteries at more than 1,000 Valora points of sale and return in any Valora location throughout Switzerland

bob
finance



bob Finance

Digital opportunities: Consumer financing



www.bobmoney.ch



www.okcash.ch



www.scoreme.ch

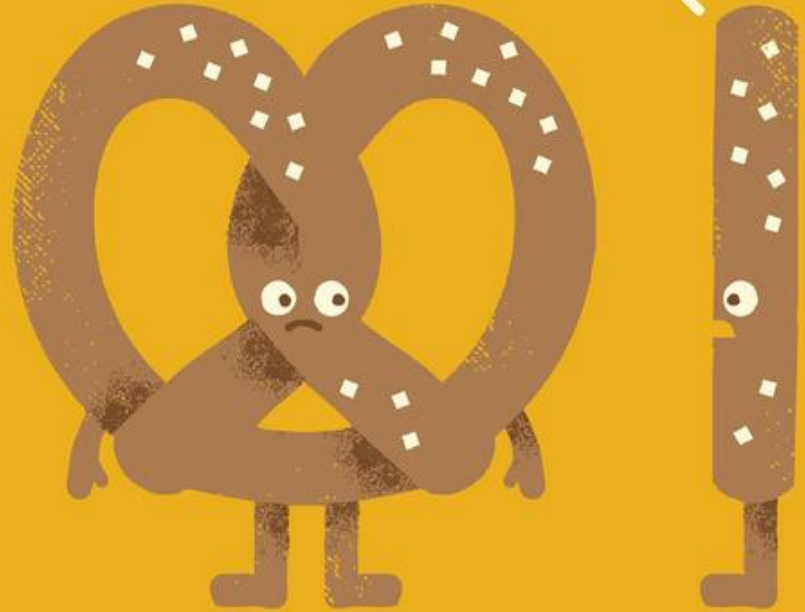


- Online financial services for everyone: convenient, transparent, fair
- Fully digital business model using latest technology and unique, FINMA approved identification process
- Startup company with team of 15 people based in Zurich
- Re-financing with Glarner Kantonalbank
- bob Finance: positive Life Time Value (LTV*) since Q2 2016
- Continuously new innovations as “responsible lender” (e.g. ScoreMe with CRIF as partner)

* LTV – Life Time Value: projected revenues from issued credits during a certain period versus actual operating costs in the same period

Q & A

WHY MUST YOU
MAKE EVERYTHING SO
COMPLICATED?



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