

# valora

## Helvea Swiss Equities Conference 2010 Presentation



Bad Ragaz, January 14, 2010

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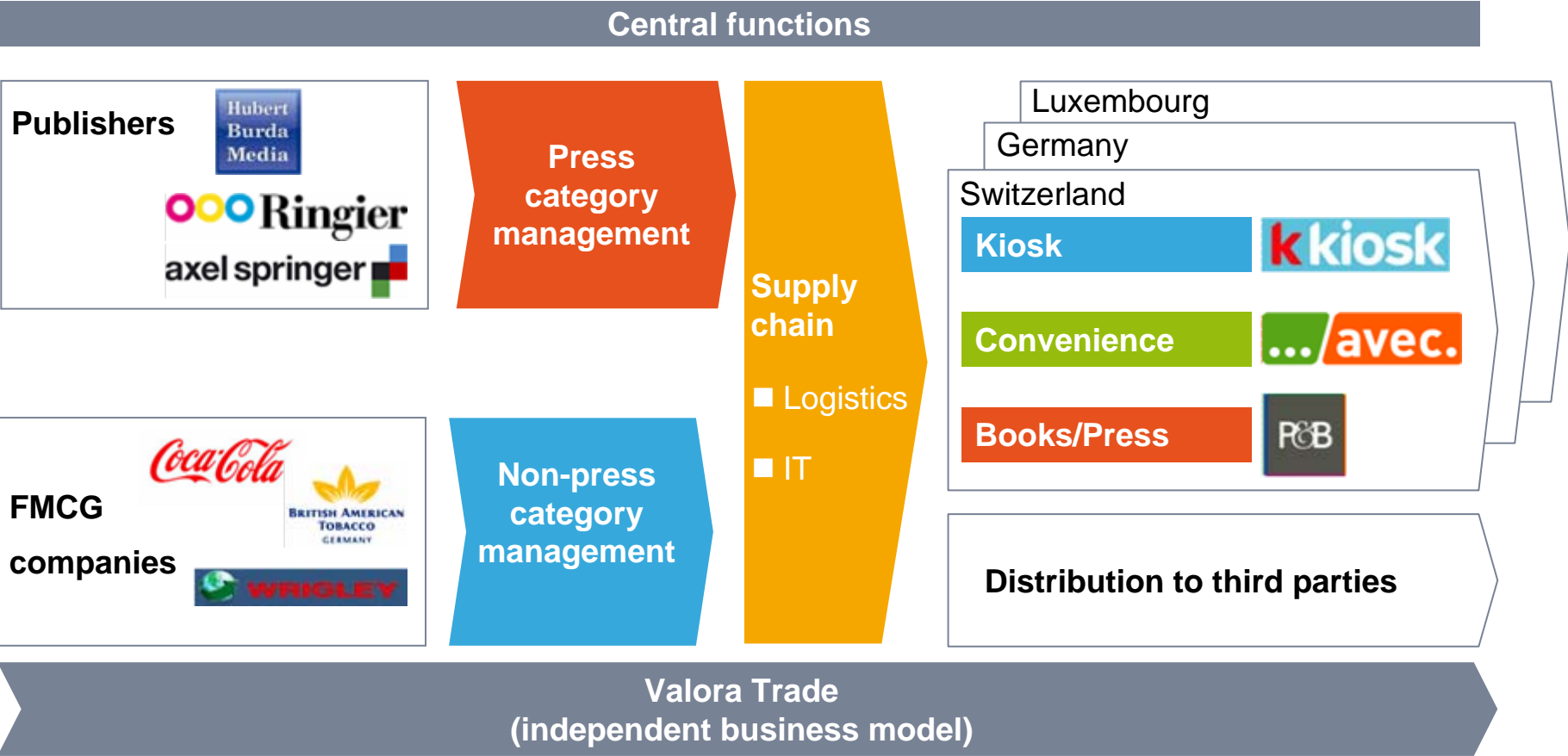
## 1. Overview Valora's business portfolio

## 2. Valora 4 Success Strategy

## 3. Outlook

## 4. Questions & Answers

# Business model – Valora is (primarily) a retail trading company



# Valora Retail – fundamentally well positioned



## ■ Valora has a strong market position

- Small and very small outlet formats
- Excellent locations
- CH: ~ 60% of the kiosk market\*
- DE: ~ 30% of the travel bookstore market\*\*
- LU: ~ 50% of the kiosk market\*\*\*

## ■ Positive market trends

- Growth in public transport passenger volumes
- Micro retailing
- Shopping and consumer behaviour



\* CHF 1.7 bn market

\*\* CHF 0.6 bn market

\*\*\* CHF 0.2 bn market

# Valora Media – in good competitive position



## ■ Valora enjoys a strong market position

- Strong press distribution
- High market shares in CH, LU and AT

## ■ Market trends are mixed

- Newspapers declining marginally (free sheets, internet)
- Magazines/books stable, increasing in some market segments until 2008 (HY 2009 adverse trend)





# Valora Trade – clear leadership in Europe



## ■ Market position

- FMCG distribution and marketing
- Present in 7 countries
- European market leader
- Well-positioned after "Own Brands" spin off

## ■ Major market trends

- Concentration in European food retail
- FMCG firms exerting pressure on costs (trend towards outsourced distribution)



# 1st Half-Year 2009



*A positive performance despite demanding conditions*

## External factors

- ⊗ Financial crisis
- ⊗ Declining press market (now also affecting magazines)
- ⊗ Exchange rate volatility
- ⊗ ...



- ✓ Adjusted growth steady
- ✓ Adjusted margins improving
- ✓ Cost/income ratio improved
- ✓ Strategy being successfully implemented
- ✓ Convincing outlook

## Internal factors

- ➔ Management changes
- ➔ Numerous projects
- ➔ Inadequate IT landscape
- ➔ ...










# Overview 1st Half-Year 2009



## Key metrics

in CHF million

△ vs 2008

<b>Adjusted net revenues</b>	<b>CHF 1 442.3</b>		<b>+ 1.4%</b>
<b>Net revenues</b> (including EURO 08, currency, acquisition effects)	<b>CHF 1 414.6</b>		<b>- 3.7%</b>
<b>Adjusted EBIT</b>	<b>CHF 23.6</b>		<b>+ 20.0%</b>
<b>EBIT</b> (including EURO 08, currency, acquisition effects)	<b>CHF 23.0</b>		<b>- 19.6%</b>
<b>Adjusted EBIT margin</b>	<b>1.6%</b>		<b>+0.2pP</b>
<b>EBIT margin</b> (including EURO 08, currency, acquisition effects)	<b>1.6%</b>		<b>- 0.4pP</b>
<b>Net income</b> (from continuing operations)	<b>CHF 18.1</b>		<b>- 14.6%</b>
<b>Equity cover</b>	<b>43.4%</b>		<b>- 1.7pP</b>
<b>Net debt</b>	<b>CHF 37.6</b>		<b>-43.6</b>



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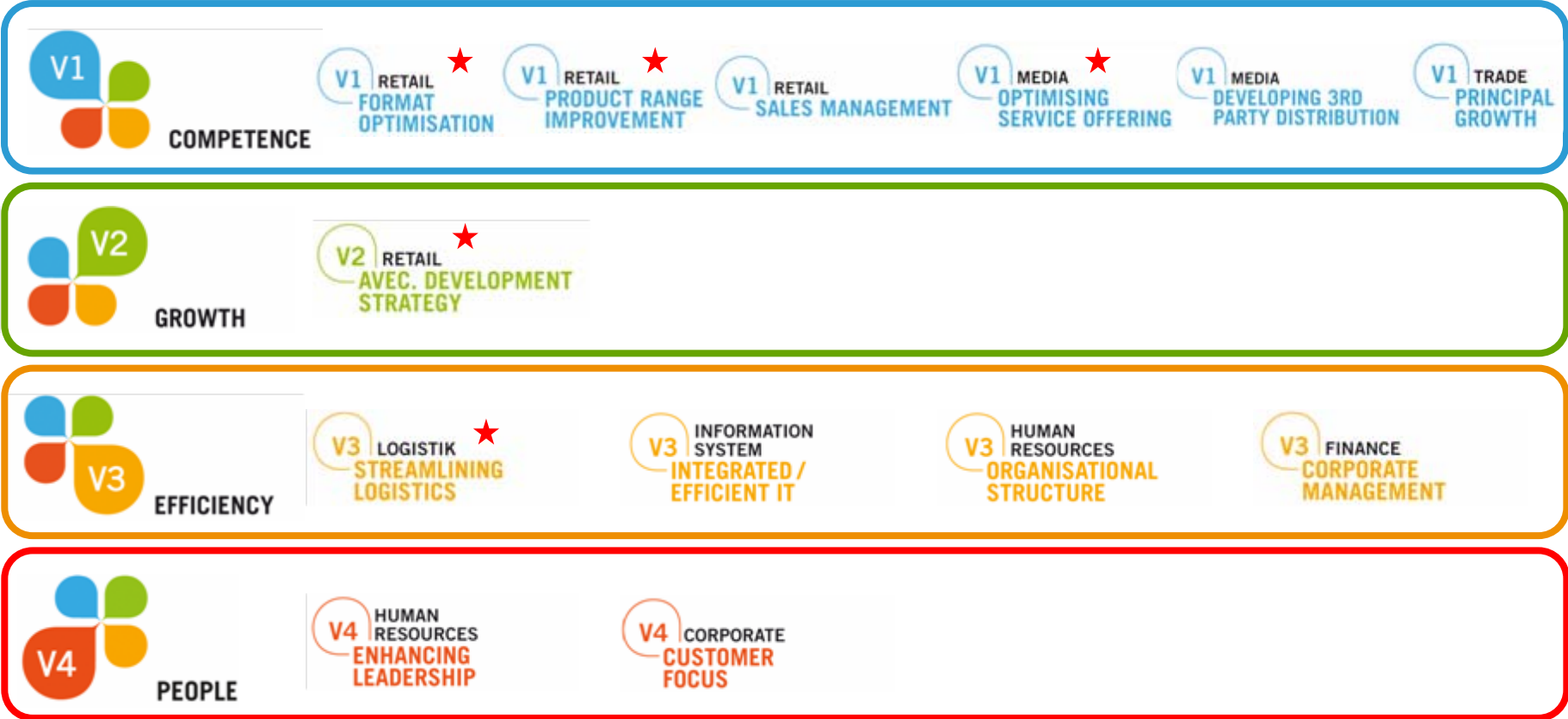
3. Outlook

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# Core strategic initiatives, an overview



Thirteen core initiatives identified, projects defined for each



★ focus areas

# 2009 strategic initiatives in focus

Status of the major core initiatives currently under way

## Initiatives

## Main objectives

**V1** COMPETENCE

**V1** RETAIL FORMAT OPTIMISATION

**V1** RETAIL PRODUCT RANGE IMPROVEMENT



- Introduce new product ranges
- Enhance floorspace utilisation
- Sharpen contours of the 4 formats
- Continue store layout development

**V1** COMPETENCE

**V1** MEDIA OPTIMISING SERVICE OFFERING



- Achieve turnaround in press sales
- Make press offering more attractive
- Expand services to third parties

**V2** GROWTH

**V2** RETAIL AVEC. DEVELOPMENT STRATEGY



- Establish 100-outlet network
- Reconfigure product range
- Enhance store layout

**V3** EFFICIENCY

**V3** LOGISTIK STREAMLINING LOGISTICS



- Move logistics
- New IT infrastructure
- Optimise press pick, sort & pack routines

# Strategic core initiatives

## V1 Retail competence



### GOALS

- Establish four clearly defined and distinct outlet formats
- Enhance floorspace utilisation

#### Examples of initiatives to date:

- P&B outlets opened in Bern and Basel
- avec. pilot sites: Kloten and Richterswil, Gelsenkirchen (Germany) and 3 Tamoil filling stations
- First excess floorspace allocated to 3rd party users (20 outlets)
- Long-term lease signed with SBB (Swiss railways)
- Proliferation of „k kiosk“ brand now halted, with isolated exceptions



# Strategic core initiatives

## V1 Retail competence



### GOALS

- Optimise product range
- Enhance product presentation
- Continue store layout development

#### Examples of initiatives to date:

- Launch of competitively priced „ok.-“ line (8 – 10 products)
- Testing location-specific price models since early July 2009, initial results positive
- New, professionalised store layout concept in place since April 2009 (with initial positive results now noticeable)
- Portfolio of service offerings defined and ready for testing





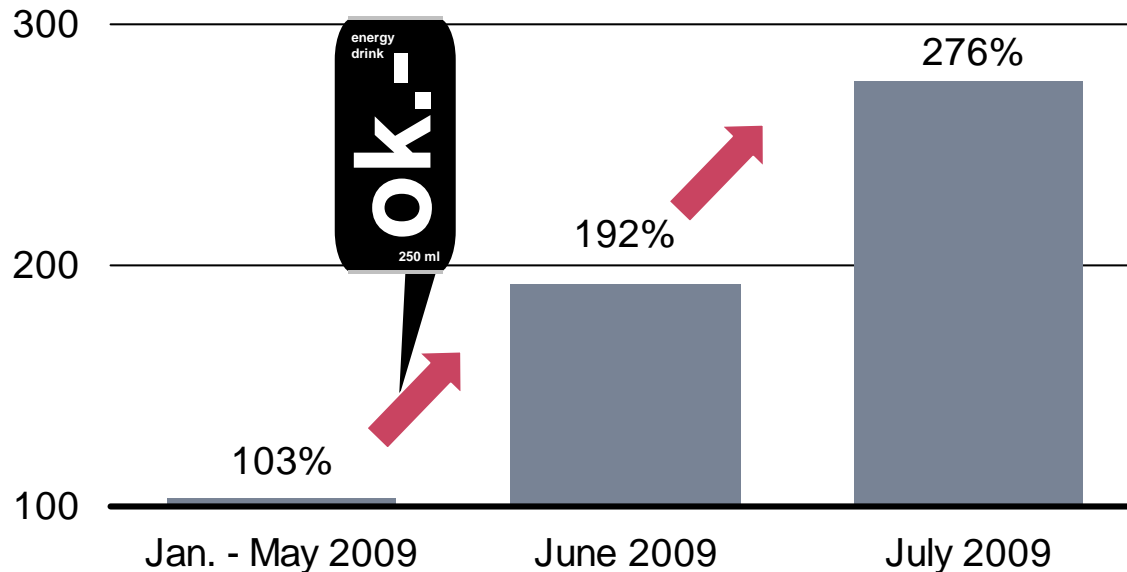
# Strategic core initiatives

## V1 Retail competence – energy drinks index



### Example: develop low price product line

Energy drinks sales volume index in % of 2008 levels



#### Key statements

- Energy drink sales up by roughly 100% since „ok.“ product launch
- Clear increase in gross margin
- More products in pipeline for weeks and months ahead (goal for kiosk: 20 products)
- Potential for additional products identified

# k kiosk service offerings

## V1 Retail competence



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V1 RETAIL  
PRODUCT RANGE  
IMPROVEMENT

## GOALS

- Raise customer frequency
- Create customer loyalty
- Generate additional revenues



...for...

...powered by...

## Kick off

⇒ September 2009

## Pilot

⇒ 55 outlets in German-speaking Switzerland

### 1 Travel experience

Partner



### 2 Security service

Partner



### 3 Telecom service

Partner



# Strategic core initiatives

## V1 Media competence



## GOALS

- Achieve turnaround in press sales
- Make press offering more attractive
- Expand services to third parties

### Examples of initiatives to date:

- Enhanced presentation of top 50 press titles at kiosk
- Various joint promotions with publishers (e. g. „Blick Seller“ books)
- Wider range of services to third parties in preparation

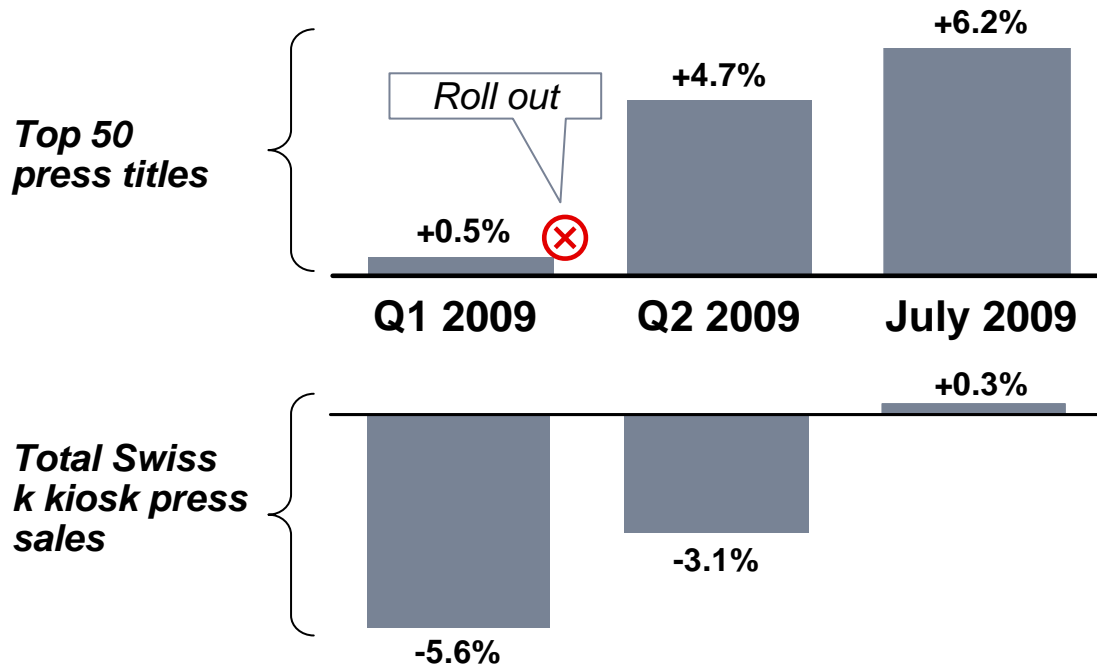


V1 Media competence – first signs of a turnaround



Example: New top 50 press presentation

kiosk press sales index in % of 2008 levels



# Strategic core initiatives

## V2 Growth



### GOALS

- Establish 100-outlet network
- Reconfigure product range
- Enhance store layout

#### Examples of initiatives to date:

- New concept tested, with new CI/CD, layout and product range at 2 outlets (Kloten and Richterswil)
- 56th store opened in December 2009
- Tests now running at 3 Tamoil filling stations
- 1st avec. shop opened in Germany
- High proportion of low-cost items replaced by ok.-articles
- New franchisee contract in place



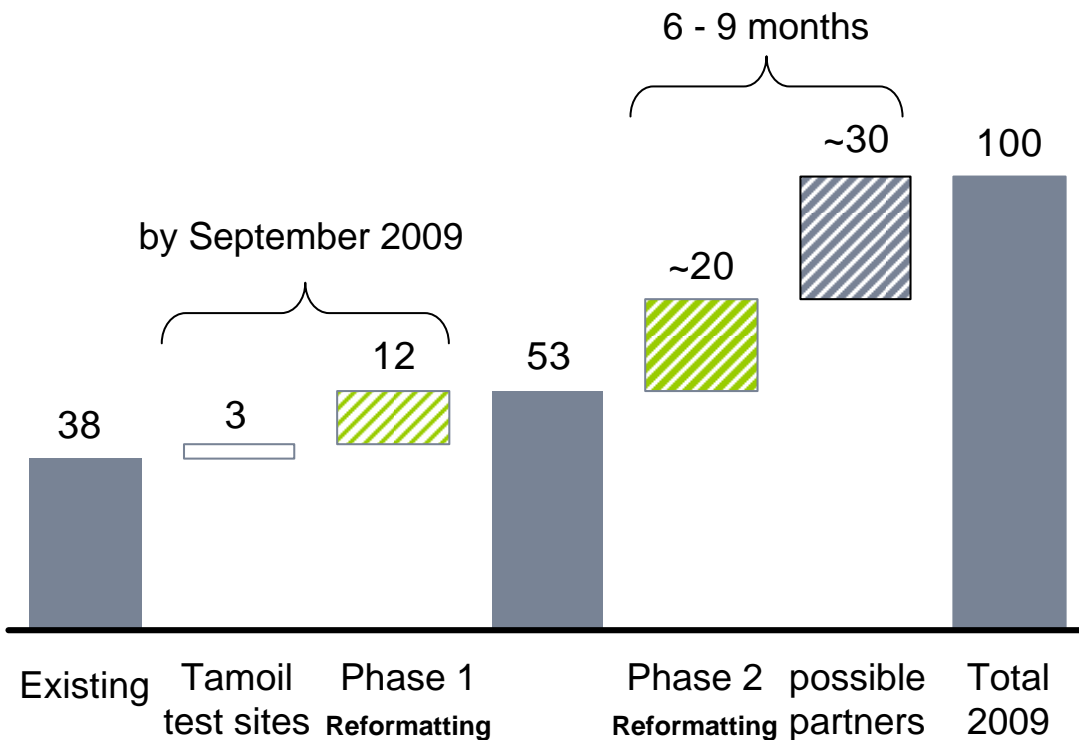


# Strategic core initiatives

## V2 Growth



Plan: establish avec.-outlet network



### Key statements

- Tamoil test phase running at 3 locations
- Phase 1 of reconfiguration running, to be completed by late September
- Identification of additional sites in progress for phase 2
- Negotiations with potential partners under way

# Strategic core initiatives

## V3 Efficiency



### GOALS

- Move logistics
- New IT Infrastructure
- Optimise press pick, sort and pack routines

#### Examples of initiatives to date:

- Relocation to the new logistics facility in Egerkingen will be fully completed by year-end 2009
- New WAMAS software successfully introduced
- Roll out of new press logistics successfully started (decentralised pick, sort & pack routine)
- Cost reduction for 2010: CHF 11 million on track, as planned

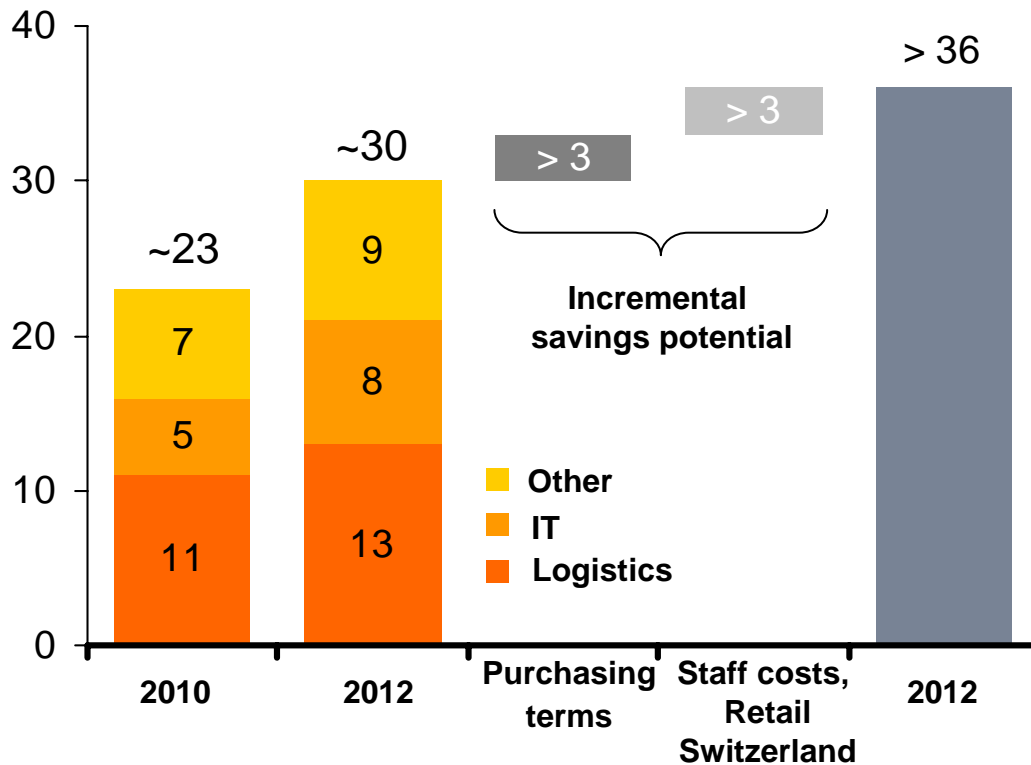


# Strategic core initiatives

## V3 Efficiency – lowering costs



in CHF million



### Key statements

- Cost-savings initiatives for 2010 and 2012 on track
- Incremental savings potential identified in purchasing and staff costs
- Additional annual savings potential of at least CHF 6 million
- Evaluation and implementation planning in H2 2009

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# Financial outlook

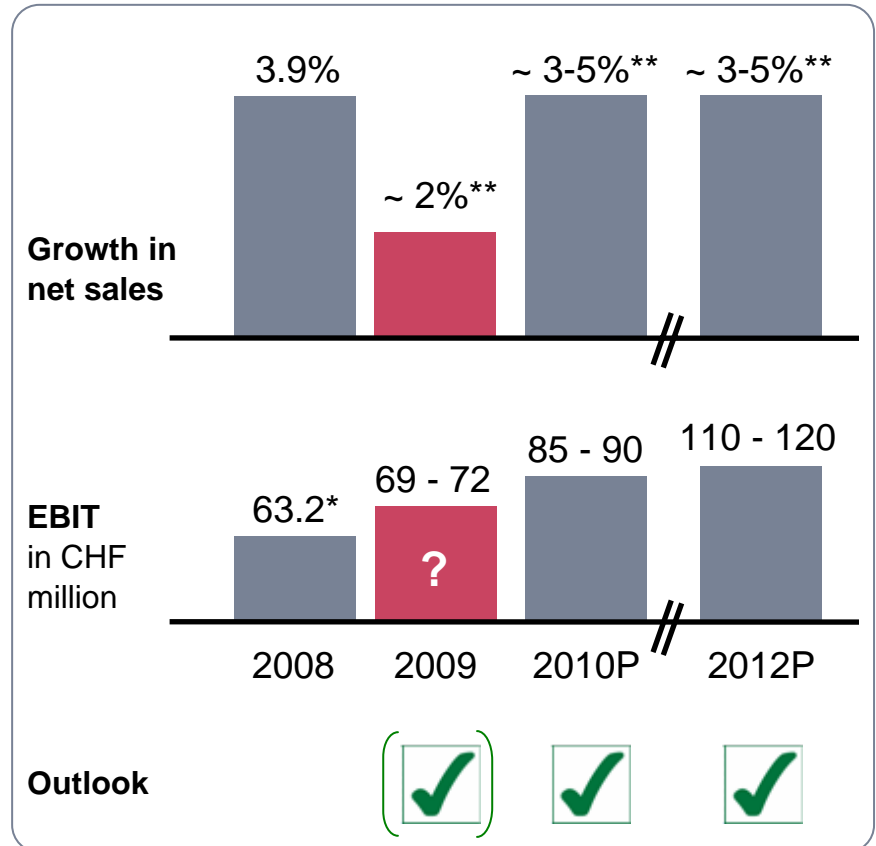
## Long-term outlook unchanged

### Expectations for 2009

- **Economic conditions:** continuing deep recession with significant currency volatility
- **Net revenues:** adjusted sales growth of ~2% currently seems achievable (nominally -1% to -2%)
- **EBIT:** Improvement vs 2008, CHF 69 – 72m remains objective

### 2010/2012 full potential to be realised

- From 2010 marked top and bottom line improvements from „Valora 4 Success“ (incl. additional annual cost savings of CHF >6m)
- By 2012: „Growth“ initiative to boost sales
- 2012: Targeted EBIT of 3 - 4% achieved



\* before restructuring costs

\*\* at constant FX rates (in 2009 YTD: FX effect -3.5% / nominal net sales -1% to -2% at FX rates -3.5%)



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# Appendix

**Important slides from prior presentations**

# Market trends not critical

(Investors' Day 2008)



	Share of 2007 sales	Ø-margin	Anticipated market trend	Valora's strategic response
Services	8%	100%	➔ Positive market trend	Increase emphasis
Non-food	4%	> 50%	➔ Market saturation	Reduce/replace
Food	17%	> 50%	➔ Convenience growing	Focus on impulse/ready to eat
Press/ books	23%	~ 30%	➔ Newspapers declining, magazines stable to growing	Focus on magazines and "paid for" newspapers
Tobacco	48%	~ 15%	➔ Overall market declining, single-packet share increasing	Focus on raising market share

# V3 – Potential for cost savings

(Investors' Day 2008)



## Optimising profitability and quality in all areas

## Efficiency & effectiveness

In CHF mm		Key measures	Cost reductions by 2012	of which effective in 2009	of which effective in 2010
Finance/ HR/other*	approx. 175	<ul style="list-style-type: none"> <li>Process re-engineering</li> <li>Reorganisation</li> </ul>	~ 6 (incl. divisions)	~ 6	~ 6
	approx. 40				
IT	approx. 50	<ul style="list-style-type: none"> <li>Centralisation</li> <li>Consolidating IT systems</li> <li>Adopting uniform approach</li> </ul>	~ 8 (~ 15%)	~ 3	~ 5
Logistics*	approx. 85	<ul style="list-style-type: none"> <li>Relocation</li> <li>Process re-engineering</li> <li>System replacements</li> <li>Optimising requirements</li> </ul>	~ 13 (~ 15%)**	~ 0**	~ 11**
Costs 2008 E		<ul style="list-style-type: none"> <li>Centralised purchasing (effective in all areas)</li> </ul>	~ 2	~ 1	~ 1
			<b>~ 30</b>	<b>~ 10</b>	<b>~ 23</b>

Focus area 3

\* CH only (excl. Trade)

\*\* vs expected 2008 costs (volume adjusted)

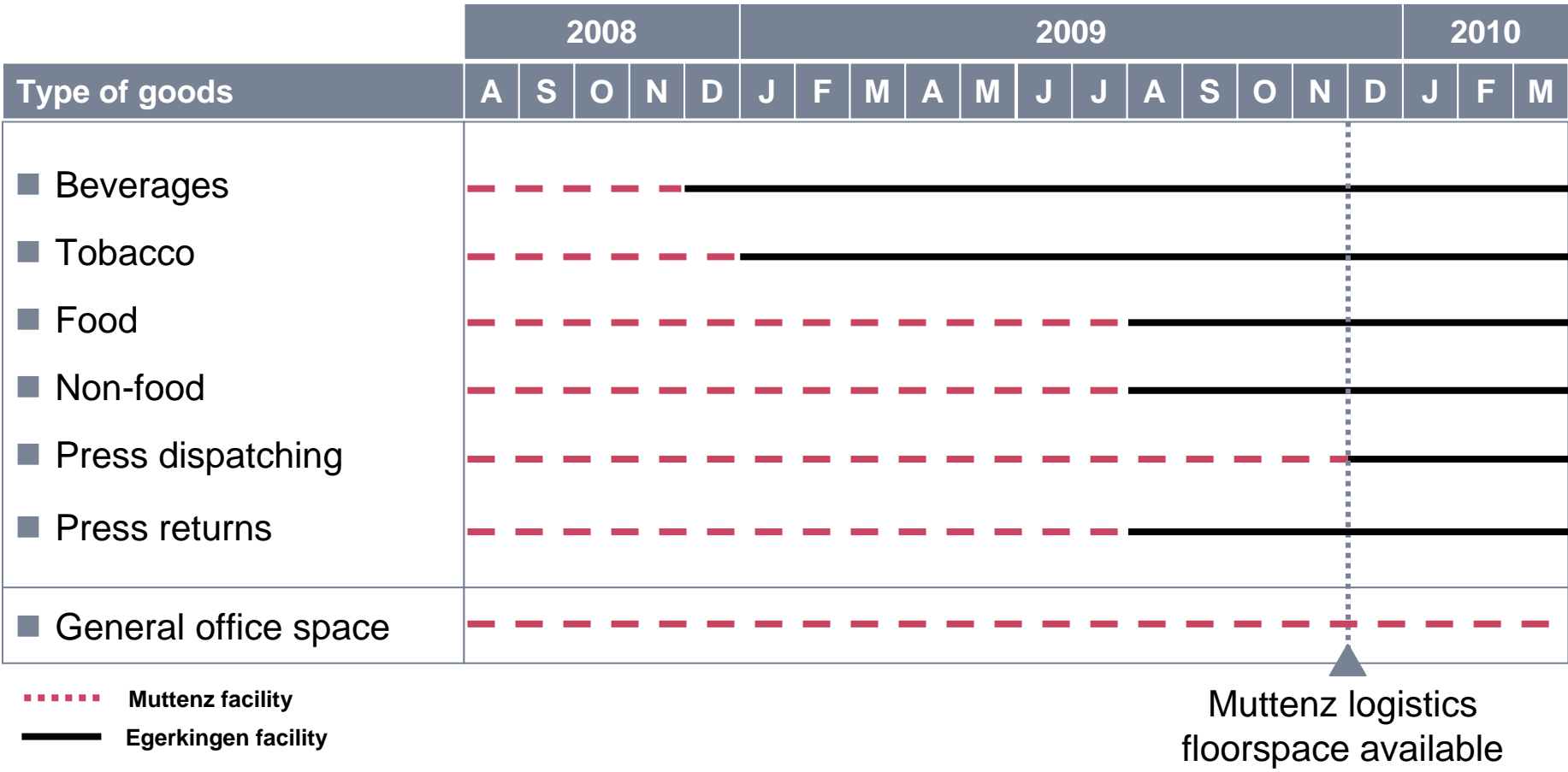


# Logistics – Project to be implemented rapidly

(Investors' Day 2008)



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# Expected sales and EBIT growth till 2012



(Investors' Day 2008 - original)

## Projections till 2012

### Sales growth

- Retail +5% p.a.
- Media/Trade +3% p.a.

Sales

Total +4% p.a.

### Gross margin growth

- Retail ~ +1%
- Media/Trade unchanged

EBIT

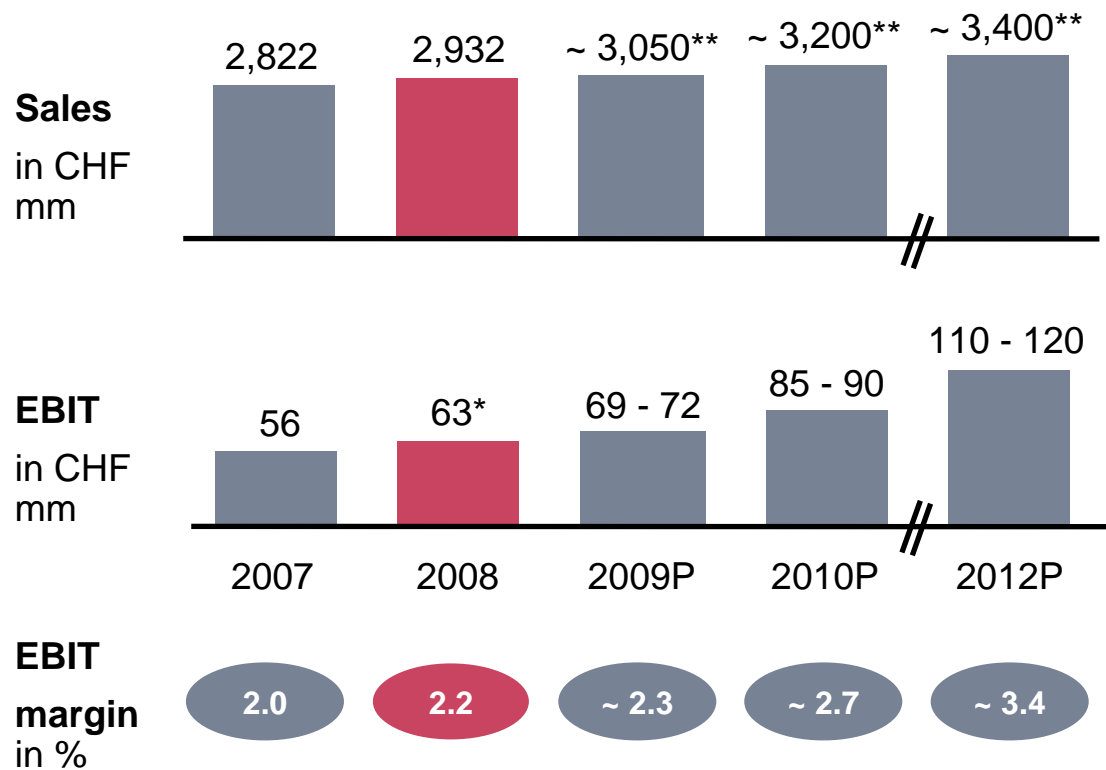
Total +0.5%P

### Costs

- reduced by CHF ~30 mm by 2012 from 2008 levels

EBIT

Total +0.8%P



\* before restructuring costs  
 \*\* at constant exchange rates

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# Contact details

## Corporate calendar

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### Contact details

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### Corporate calendar

Publication 2009 results	March 31, 2010
Annual General Meeting 2010	April 22, 2010
1st Half-Year 2010	August 26, 2010

Please visit our website for more information regarding **VALORA**  
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