

A white delivery van with "VOM FEINSTEIN" written on its side is driving on a snowy road. The road is flanked by snow-covered hills and mountains under a clear blue sky. The van is moving towards the right side of the frame.

valora

# SWISS EQUITIES CONFERENCE

12<sup>th</sup> JANUARY 2018, Bad Ragaz

Tobias Knechtle (CFO)

# Valora: Highlights 2017



- Well on track to achieve mid-term profitability targets
- Acquisition and integration of Pretzel Baron (US)
- Successful installation and ramp-up of new production line; further expansions planned in DE and US
- Acquisition of BackWerk – entering The Netherlands
- Successful conclusion of Naville integration – including sale of building
- Successful completion of capital increase with net proceeds of 166 mCHF
- Refinancing of existing capital market instruments well on track

# Valora: Leveraging global convenience trend



- Clear strategy: Focused convenience and food service player
- Focus on global mega trends: Convenience and out-of-home consumption
- >2,800 point of sales mainly at high traffic locations and transportation hubs
- A portfolio of strong brands and formats including own brands
- Significant market presence in German-speaking Europe
- One of the worldwide leading pretzel manufacturers



Headquarter:  
Muttensz, Switzerland

People working in  
network: > 15,000

Swiss Stock Exchange

# Valora value proposition along two axes

## Convenience & Food Service Network

### VALORA RETAIL

Small retail outlets, selling convenience products through a network of standard format sales points, located at high traffic locations and transportation hubs



### FOOD SERVICE

Focused on out-of-home food consumption offering, modern outlet networks and a broad customer base



## Value Chain Ownership & Vertical Integration

Own brands as well as financial services



Focused on production and sales of pretzel products with approx. 600 million products produced per year on four state of the art production facilities



# Valora strategy

## GROWTH



Expand in existing markets and internationally

Successful formats and Ditsch B2B

## EFFICIENCY



Improve processes and platform

Focus on free cash flow and ROCE

## INNOVATION



Digital opportunities

Fresh concepts and new offerings

## PERFORMANCE CULTURE



Lean, agile organisation

Entrepreneurial focus



# Buy-and-build strategy in Food Service

2000



One of the leading coffee concepts in Switzerland



2012



Leading manufacturer and retailer of pretzels



2017



US-based pretzel producer



2017



Leading self-service snacking concept



Value creation

# Landmark acquisition in out-of-home snacking

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back  
WERK

BACKWERK – FEEL GOOD FOOD



Strengthening  
Food Service  
competence with a  
complementary  
food concept



Well-known and  
highly attractive  
franchise concept



Established  
franchise platform  
for international  
expansion



A synergistic deal:  
Providing scale,  
complementary of  
assortment and  
geographic presence

# Food Service as growth and profitability driver



- Leading food service player with focus on out-of-home consumption
- Leveraging global megatrends convenience and out-of-home consumption
- Vertically integrated value chain for own B2C and B2B channel
- Brezelkönig and BackWerk with international proof-of-concept for further expansion
- One of the leading pretzel manufacturers for B2C and B2B channels with four production facilities in Germany (Ditsch), Switzerland (Brezelkönig) and the US (Pretzel Baron)





FIRST LOOK 2017



**POS Network:** 940 44 thereof 10 in AT 130  
(as per 30 June 2017)

## Key Financials (CH&AT) 2016:

External sales: 1,384.1 mCHF; Net revenues: 1,309.3 mCHF  
Gross Profit : 473.5mCHF; GP Margin: 36.2%  
EBIT: 39.4mCHF; EBIT Margin: 3.0%

Note: Without Naville Distribution

## FIRST LOOK 2017

- Low single digit decrease of same-store sales throughout all formats in Switzerland. Impact of increased FX EUR/CHF rate in H2 2017, not yet fully recognizable in consumer habits / spending
- Continued network optimizations: Closure of unprofitable POS and initiatives to promote agency model and comprehensive optimizations of opening hours, assortment and various KPIs
- Efficiency initiatives: Roll-out of new communication platform in POS network to support operational excellence
- Positive impact of coffee sales thanks to successful roll-out of coffee modules in 2016
- Successful launch of k kiosk app as loyalty program (enhance promotions)

## INITIATIVES & STRATEGY 2018

- New Retail Switzerland CEO Roger Vogt started
- «Frische-Logistik»: Introduce central logistic platform as basis for growth and innovation in fresh foods
- Further develop fresh food competence across all brands
- Continuous optimization of footfall and assortment (e.g. improve consumer price perception and further strengthen own brands)



**POS Network:** 311 thereof 64 in Lux 168 thereof 3 in Lux  
(as per 30 June 2017)

425 111 26 2

## Key Financials (DE&LU) 2016:

External sales: 890.3 mCHF; Net revenues: 486.4 mCHF  
Gross Profit : 171.3mCHF; GP Margin: 35.2%  
EBIT: 16.4mCHF; EBIT Margin: 3.4%

## FIRST LOOK 2017

- Positive same-store sales development, especially tobacco and food and non-food performed well, however print market negative
- Successful POS network optimizations and expansion (more own stores)
- Strengthening cigo as specialized tobacco and e-cigarettes retailer with successful start of e-smoke roll-out
- Higher investments for store expansion and upgrades (reduction of capex backlog)

## INITIATIVES & STRATEGY 2018

- Continued focus on positioning as leading convenience player
- Continue roll-out of e-smoke with increased competence and assortment
- Further strengthen own cigarette brand cigo with new name «Spencer & Lewis»
- Integrate Grauert acquisition (2 locations at Düsseldorfer main station to be included as of April 2018) in Press&Books
- Introduce & finalize SAP implementation in Luxembourg and start SAP implementation in Retail Germany
- Further strengthen and promote own branded products e.g. Caffè Spettacolo, ok.- , avec (sandwiches)





**POS Network:**  
(as per 30 June 2017;  
BackWerk as per  
31 August 2017)



55 plus 7 International  
38 thereof 2 in Lux

## Key Financials 2016:

External sales: 259.4 mCHF; Net revenues: 259.4 mCHF  
Gross Profit : 199.8 mCHF; GP Margin: 77.0%  
EBIT : 26.9 mCHF; EBIT Margin: 10.4%

## FIRST LOOK 2017

- Brezelkönig Switzerland and Ditsch B2C with positive same-store sales development
- Prices for dairy raw materials at record high, particularly butter & cheese weighing on profitability of B2B
- Positive revenue growth in Ditsch B2B despite major line replacement
- Successful integration of Pretzel Baron into Valora with confirmed investment case
- Extra costs for the set-up of US organisation (Pretzel Baron) and special charges for the replacement of the new production line in Germany
- Successful acquisition of BackWerk concluded in October 2017

## INITIATIVES & STRATEGY 2018

- Introduce price increases in B2C and B2B for 2018 to mitigate raw material price increases
- Expedite international franchise expansion of Brezelkönig with partner
- Integrate BackWerk, expand network in existing countries and spur expansion / introduction of BackWerk in Switzerland
- Prepare capacity expansion in Oranienbaum (Ditsch) and in Cincinati / US (Pretzel Baron)

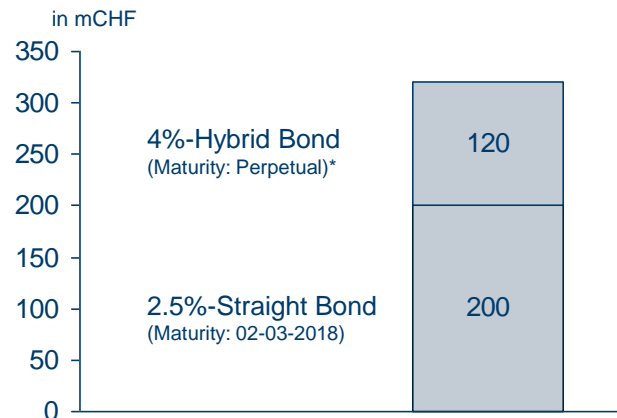


# FINANCING



# Refinancing of capital market instruments

## CAPITAL MARKET REFINANCING REQUIREMENTS UNTIL YE2018



\* First call date per 30-10-2018 (thereafter 500bps step-up)

## VALORA'S FINANCING STRATEGY

### Financial covenants

- Leverage ratio: Target of <2.5x EBITDA
  - Maintain strategic flexibility
  - Account for seasonality and NWC fluctuations
- Equity ratio: Target > 30%

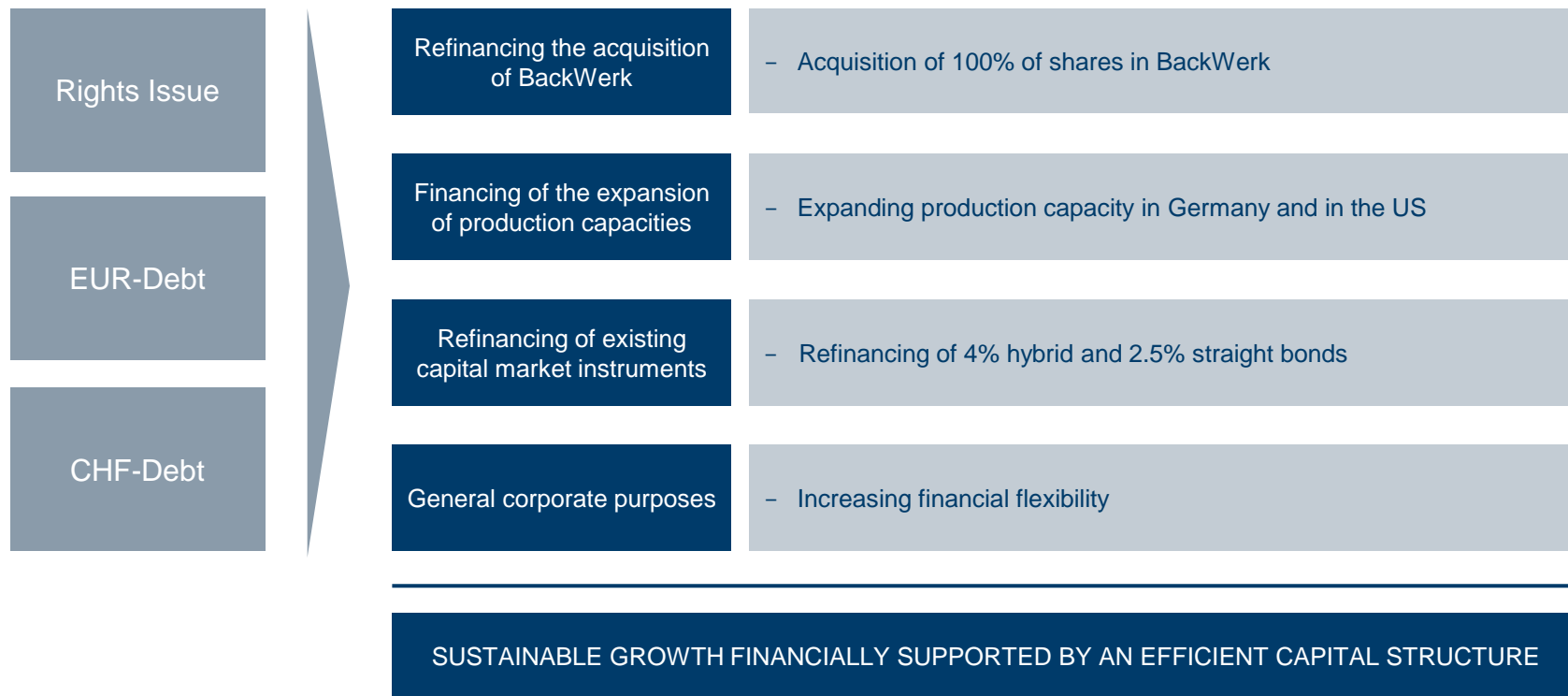
### Diversification of debt instruments

- Type of instruments
- Maturities
- Currencies
- Investors

### Financial risk management

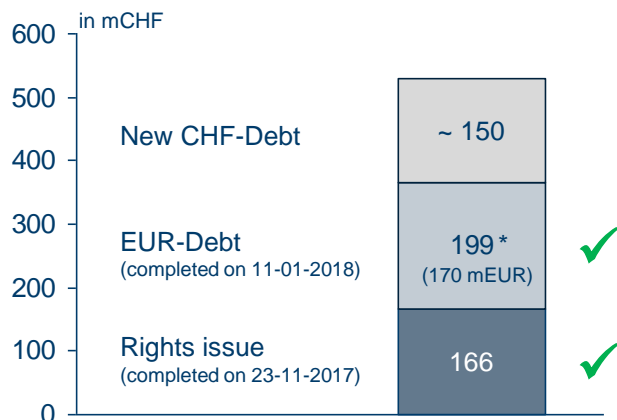
- Risk-averse approach
- Ensure natural currency hedges
- Sound liquidity reserve

# Refinancing strategy and use of proceeds



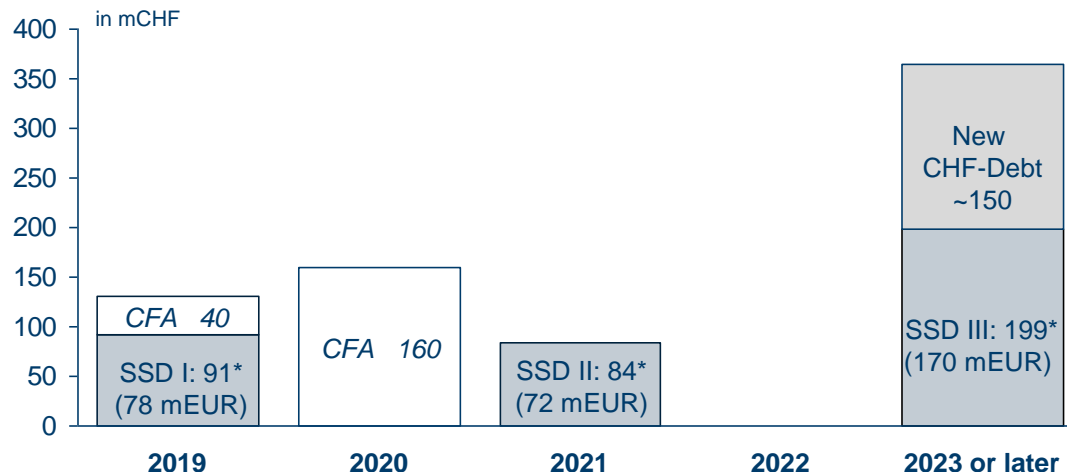
# Full refinancing until year end 2018

## SOURCES OF FINANCING



- Rights issue successfully completed
- New EUR-Debt «Schuldscheindarlehen» (SSD) of 170 mEUR just completed with a maturity of 5 years and attractive interest rates
- New CHF-Debt instrument of ~150 mCHF, potentially conventional bond, planned for Q2/Q3 2018
- Liquidity reserve ensured: unused 200 mCHF syndicated loan (CFA)

## DEBT MATURITY PROFILE AFTER REFINANCING



CHF	Maturity
Bond: 200	02-03-2018
CFA I: 40 (unused)	27-06-2019
CFA II: 160 (unused)	29-06-2020

EUR	Maturity
SSD I: 78	30-04-2019
SSD II: 72	29-04-2021
SSD III: 170	11-01-2023

\* At current FX (08/01/2018): 1 EUR = 1.17 CHF



# Appendix

# Key financials 2016

Figures in mCHF



RETAIL*	GROUP**	FOOD SERVICE
2,312	External sales: 2,574	259
668	Gross Profit 870	200
36.4%	GP Margin 41.5%	77.0%
60	EBIT 72	27
3.3%	EBIT Margin 3.4%	10.4%
25	Capex 49	20
15.4%	ROCE 8.2%	6.9%
		18.2% w/o Goodwill

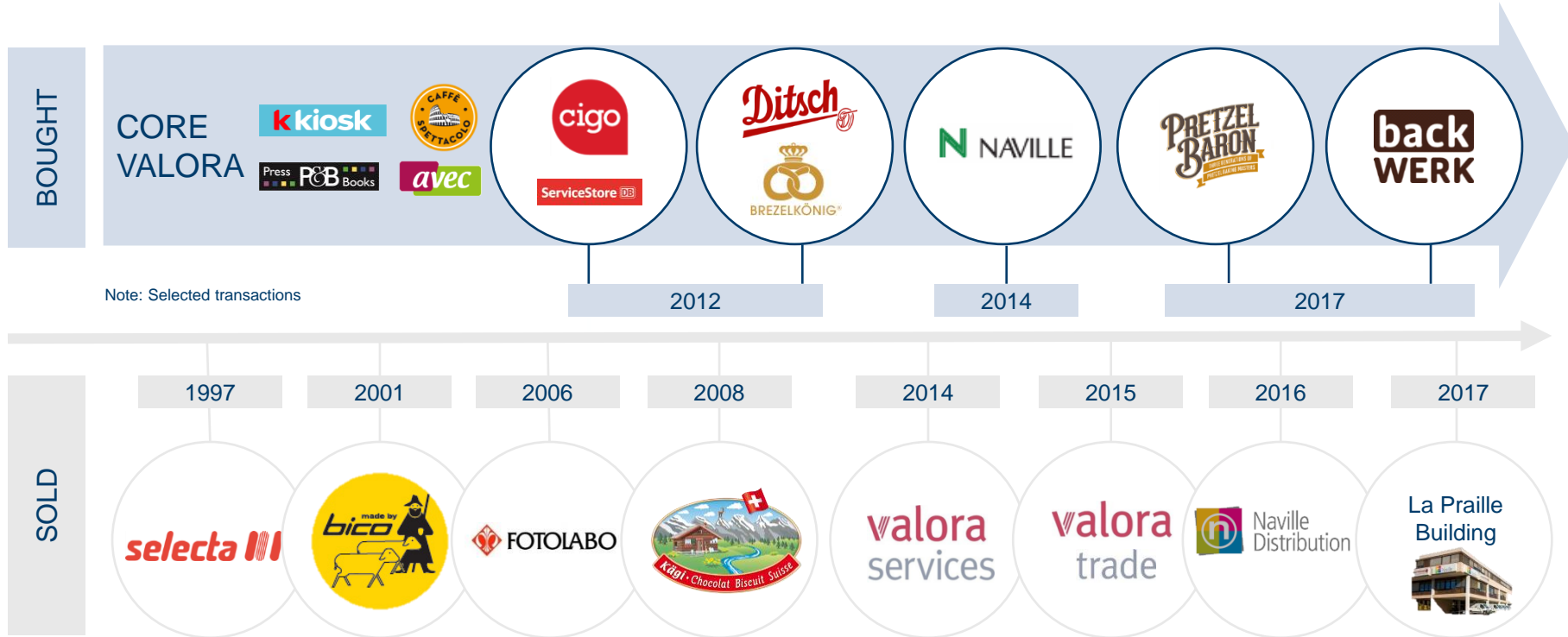


\* Incl. Naville Distribution (deconsolidated in August 2016)

\*\* Including other revenues/capex for corporate



# From a conglomerate to a focused convenience and food service player



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