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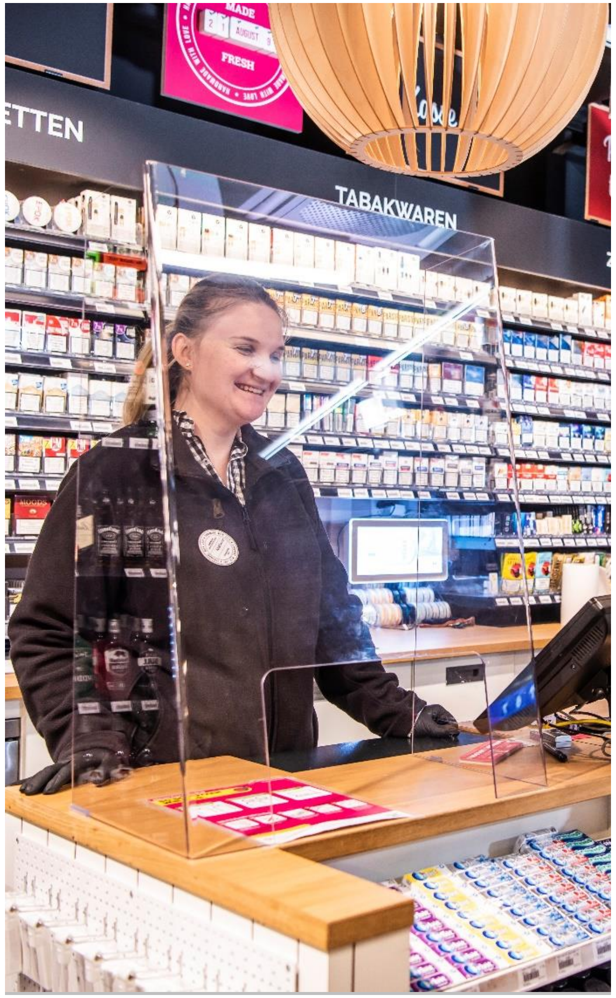
TRADING UPDATE Q3 2020

9 November 2020

Michael Mueller, CEO
Beat Fellmann, CFO

TRADING UPDATE – Q3 2020



Sales

- Q3 sales index improved compared to Half-Year 2020 (HY)
- Q3 2020 external sales on Group level at -13.1% (vs. HY at -18.0%)
  - Retail: -10.5% (vs. HY at -13.5%)
  - Food Service: -24.0% (vs. HY at -36.5%)
- YTD September external sales on Group level at -16.3%

EBIT

- Continuous cost control with ~50% of gross profit reduction mitigated by lower cost: central cost reductions, operating leverage, optimised openings hours, short-time working while temporarily supporting partners
- Positive EBIT contribution in Q3 of 8.5 mCHF
- YTD September EBIT at 6.6 mCHF based on restated HY*

Free Cash Flow

- EBIT recovery and extraordinarily strict net working capital management more than offset capex and repayment of rent deferrals
- Q3 2020 free cash flow at 1.5 mCHF
- YTD September free cash flow at 13.1 mCHF (vs. HY at 11.5 mCHF)
- Cash and net debt (314 mCHF) almost unchanged since Half-Year

* The result includes a positive special effect from the full booking of COVID-19-related rent concessions. This was retroactively amended in the half-year 2020 results in accordance with the new IFRS 16 reporting standards (see page 3 for details).

EBIT OF CHF 10-15 MILLION EXPECTED FOR 2020

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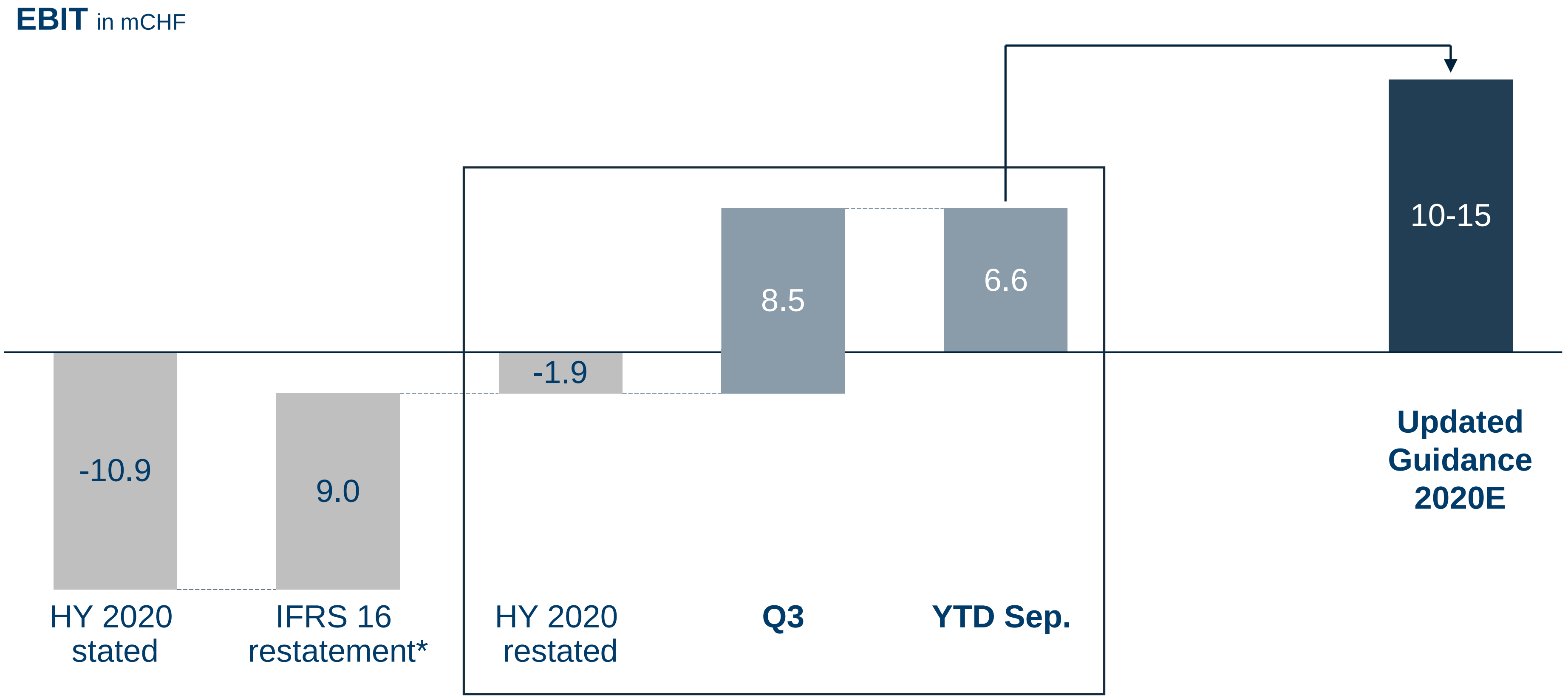

* In the first half-year 2020, there was an option or lack of clarity pertaining to the booking of COVID-19-related rent concessions. For the first half-year, Valora recorded the rent concessions linearly over the duration of the reduction and reported them proportionally in the published 2020 half-year results. In Q3 2020, the IFRS standard was specified so the previously negotiated COVID-19 rent concessions have to be booked fully at the time at which the contract was concluded. Accordingly, the first half-year 2020 has been adjusted retrospectively.

OUTLOOK FOR 2021

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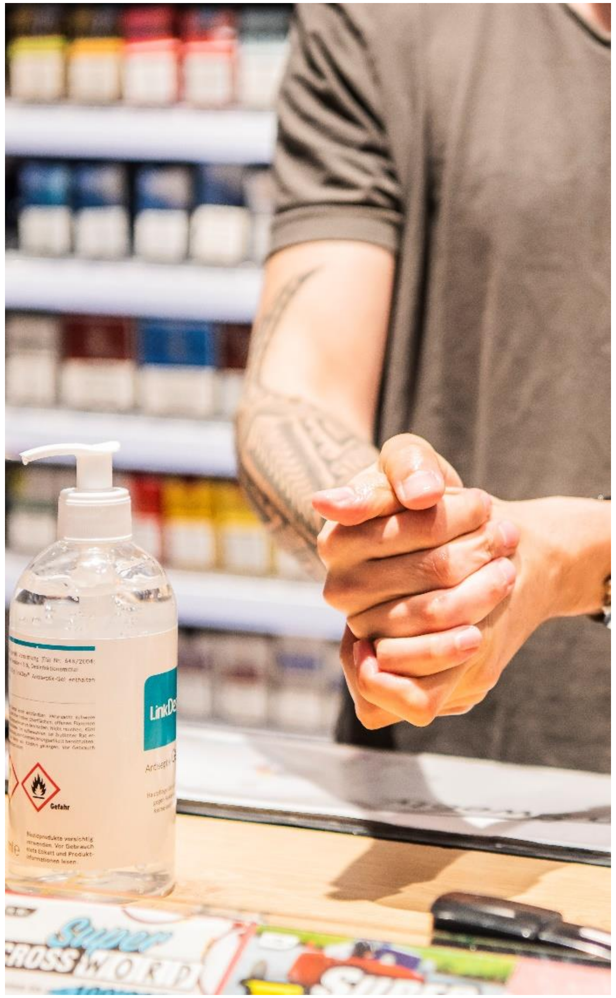

Sales

- Sales 2021 expected to be at FY 2020 level: -10% to -15% vs. FY 2019 (pre-crises level)
- Continued faster sales recovery expected for Retail than for Food Service, as the demand for food-to-go is anticipated to catch up more slowly

EBIT

- Significant increase in EBIT expected as a result of full-year effect of sustained cost measures initiated in FY 2020 and favourable gross margin development (mix effect)
- No material rent reductions included in guidance 2021

Solid financing structure

- Stable net debt / cash position as basis on which to invest further in core business
- Evaluating all options to increase financing flexibility in order to protect against planning uncertainty and to profit from potential opportunities to strengthen market position

KEY TAKEAWAYS

- **Sales recovery since gradual lifting of lockdown** resulting in a **positive YTD EBIT of 6.6 mCHF by end of September 2020,** however results significantly below YTD Q3 2019
  - Q3 2020 external sales -13.1% vs. Q3 2019
  - Q3 2020 EBIT at 8.5 mCHF
- In spite of modest sales expectations, **significant increase in EBIT 2021 expected** thanks to full-year effect of sustained cost reductions and favourable gross margin development (mix effects)
- **Continuous investment along strategic priorities** with main focus on the conversion of the secured SBB sites and the development of digital convenience solutions
- **Solid financing structure** as basis to further invest in core business
- Evaluating all options to **increase financing flexibility** in order to protect against planning uncertainty and to profit from potential opportunities to strengthen market position
- **Well positioned** to overcome the COVID-19 crisis successfully and to further grow in the **attractive foodvenience market**

CONTACTS & CALENDAR

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EVENT CALENDAR

Full-Year Results 2020	February 24, 2021
Annual General Meeting	March 31, 2021

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

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