

MEDIA RELEASE

10 April 2018

Group Financial Statements 2017 of Valartis Group – Business Development and Economic Situation

The development of business in 2017 was generally pleasing, and the cost cutting measures within the Group had a positive impact. Nevertheless, according to International Financial Reporting Standards (IFRS), an annual loss for continuing and discontinued operations of CHF 1.8 million (previous year: annual loss of CHF 38.1 million) was incurred. The Consolidated Equity increased to CHF 135 million (up from CHF 131 million in 2016). A positive effect in the annual results is the reversal of impairment losses on various long-term investment assets. Furthermore, the cost savings in operating expenses of around 39 percent compared with the previous year had a positive influence.

All payments 2017 from escrow accounts from the 2016 sales transactions were made in whole and without restrictions. On the other hand, existing receivables were partially impaired as there are indications that the contractually owed amounts may not be recovered in full. In addition, fair value adjustments due to currency effects (USD) negatively impacted the annual result.

Consolidated Financial Statements 2017

The loss is also a consequence of a reclassification of a currency translation adjustment (CTA), which had previously only been recognised in equity. Due to the sale of Valartis Group shares in the Algerian Société des Centres Commerciaux d'Algérie SPA in 2017, the currency losses of CHF 3.5 million already recognised in equity in recent years for this subgroup, which was held in Algerian dinars and EUR respectively, had to be affected to the income statement of 2017 in accordance with IFRS. However, this effect has no influence on the consolidated equity of Valartis Group and thus also not on the net asset value of the Valartis Group share.

The increase in Valartis Group's equity is pleasing. Consolidated equity at the end of 2017 was CHF 135 million (31.12.2016: CHF 131 million). This increase of approximately CHF 4 million is mainly due to the increase in value of financial assets held for sale compared to the previous year.

Income from management services fell from CHF 5.1 million in the previous year to CHF 3.7 million due to the termination of a service agreement (end of project). Net income from investment property 2017 – CHF 5.0 million – was lower than last year's result (previous year: CHF 6.8 million) due to the rouble and USD valuations of the investment property Petrovsky Fort of ENR Russia Invest SA. However, rental income from real estate increased compared to the previous year due to a lower vacancy rate. Furthermore, value reversals of USD 3.6 million on the long-term investments in Russia mitigated the negative effect of the USD exchange rate effect to a certain extent.

Operating expenses fell by 39 percent to CHF 12.0 million (previous year: CHF 19.6 million) due to the resizing of the organisation and cost-cutting measures introduced in 2016 and further reduction of consulting costs compared with prior years.

Activities 2017

Valartis Group has sold its stake in a shopping, leisure and business centre in Algeria to another existing investor under a share purchase agreement (SPA). The closing was completed at the end of September 2017 with the transfer of the purchase price. Valartis Group held a minority stake in Société des Centres Commerciaux d'Algérie SPA (SCCA) in Algeria.

Valartis Group sold its remaining 49.9 percent stake in the associated company of the building at Rathausstrasse 20 in Vienna, Austria. The closing took place at the beginning of 2017.

ENR Russia Invest SA, a Valartis Group company, has successfully acquired 50 percent of a parking garage located very centrally on Turgenevskaya Square in Moscow (Russia). The underground car park offers space for 290 cars on 6 underground floors.

Valartis Group also acquired a smaller stake in a Fintech start-up: Whitebox Services AG. Whitebox Services AG is the parent company of Whitebox GmbH which offers one of the first online asset management services on the German market.

Valartis Group continues to hold its nominal stake of 25 percent in Norinvest Holding SA, the parent company of Banque Cramer & Cie SA.

At the end of 2017, Valartis Group employed a total of 54 people in the Swiss front and service organisation and in the Russian real estate management in Moscow and St. Petersburg (marketing, leasing and maintenance) – previous year: 59 employees.

Dividend 2017

With its overall good financial position, Valartis Group remains in a comfortable position, which should also be reflected in its dividend policy. The Board of Directors will propose a dividend of CHF 0.20 per registered share entitled to dividend (previous year: CHF 0.20 per bearer share entitled to dividend) to the Annual General Meeting on 15 May 2018. This corresponds to a total distribution of CHF 0.940 million (previous year: CHF 0.947 million). The Board of Directors thus expresses its appreciation to the shareholders and thanks them for the trust they have placed in us.

Today's and tomorrow's priorities

The 2018 financial year will continue to present challenges. A key success factor in our front units Private Equity, Real Estate Project Management, Financial and Management Services continues to be the rapid and successful development of new profitable activities and the further development of existing projects. In the area of our own investments, we are currently looking for new or additional investments in our main sectors of financial services and real estate projects, but also, if possible, in other sectors.

A pdf version of the 2017 Annual Report is available in German at:
www.valartisgroup.ch/#geschaeftsberichte

The English version of the Valartis Annual Report 2017 will be available shortly.

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Key Figures at a Glance:

Can be found on the following page.

Agenda

Closing date of the Shareholders' Register	27 April 2018
Annual General Meeting 2018	15 May 2018
Half-year Report 2018	28 August 2018

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Valartis Group

Valartis Group is an internationally active financial group with locations in Switzerland, Luxembourg and Russia. Valartis Group AG (Baar, Switzerland) is listed on the SIX Swiss Exchange. The business activities comprise the areas of financial services, real estate project management and financial participations.

www.valartisgroup.ch

KEY FIGURES AT GLANCE

Key Figures – for continued and discontinued operations

in CHF million	1.1.-31.12.2017	1.1.-31.12.2016
Total operating income	10.2	14.8
Income from management services	3.7	5.1
Income from investment property, net	5.0	6.8
Share of results of associated companies	0.3	0.7
Other income	1.2	2.3
Administrative expense	-12.0	-19.6
Personnel expense	-6.1	-9.0
General expense	-5.9	-10.7
Earnings before depreciation, valuation adjustments, provisions, interest and taxes	-1.8	-4.8
Depreciation, valuation adjustments and provisions	-1.8	-6.2
Earnings before interest income and taxes (EBIT)	-3.6	-10.9
Finance result, net	1.1	1.7
Net loss from continued operations before taxes	-2.5	-9.2
Income taxes	-0.3	-2.8
Net loss from continued operations	-2.7	-12.0
Net result from discontinued operations	1.0	-26.1
Net loss	-1.8	-38.1
attributable to shareholders of Valartis Group	-2.4	-43.2
attributable to non-controlling interests	0.6	5.1
in CHF million	31.12.2017	31.12.2016
Total assets	177	189
Current assets	83	88
Non-current assets	92	89
Total liabilities	42	58
Current liabilities	38	52
Non-current liabilities	4	6
Total shareholders' equity (including non-controlling interests)	135	131
Equity capital quota, in percent	76.2	69.4
Closing price of VLRT registered shares (previous year: VLRT bearer shares), in CHF	9.56	6.80
Shareholders' equity per share, in CHF	24.82	23.73
Dividend per share, in CHF	0.20	0.20
Dividend yield, in percent	2.1	2.9