

MEDIA RELEASE

7 April 2020

Group Financial Statements 2019 of Valartis Group – Business Development and Economic Situation

The course of business in the year 2019 was more pleasing than 2018. Furthermore, the business restructuring measures in the Group had a positive effect. According to International Financial Reporting Standards (IFRS), Valartis Group reports a net profit for 2019 of CHF 2.4 million (previous year: net loss of CHF 6.9 million). Operational business developed in line with expectations for 2019.

Consolidated Financial Statements

The income from Management Services increased to CHF 4.1 million in 2019 versus CHF 2.7 million in the previous year. Income from investment property 2019 – CHF 4.0 million – closes in line with last year's result (previous year: CHF 4.1 million). Share of results of associated companies is down from CHF 3.0 million as of 31 December 2018 and amounts to a loss of CHF 0.3 million at year-end 2019; this is largely due to Valartis holding a stake of 25 per cent in Norinvest Holding SA, the parent company of Banque Cramer Cie SA. Banque Cramer divested its subsidiary bank, Private Investment Bank Ltd., Bahamas, during 2018 with a significant profit. The value increase due to this sale is the main effect in the previous year's position.

Operating expenses fell by 7 per cent to CHF 10.5 million (31.12.2018: CHF 11.3 million) due to the resizing of the organisation and further cost-cutting measures and the reduction of consulting costs from previous years. This decrease comes despite a general increase in operational activities and the opening of new offices in Germany. General and administrative expenses were reduced to CHF 5.0 million (31.12.2018: CHF 6.1 million).

Consolidated equity at the end of 2019 stands unchanged compared to the previous year at CHF 124 million (31.12.2018: CHF 124 million) despite the share buyback program of CHF 5.4 million. Other material movements within the individual equity positions: increase due to the annual profit (CHF +2.4 million), increase due to a value increase of a financial assets through OCI (CHF +2.4 million), increase in CTA (currency translation adjustments; CHF +1.3 million) besides other smaller decreases. Overall, this corresponds to an equity ratio (i.e. total equity in per cent of balance sheet total) of 73.4 per cent (previous year 75.6 per cent) due to a slightly lower balance sheet total.

Activities 2019

ENR Russia Invest SA (ENR), a Group company, acquired in 2019 a 50 per cent interest in a 27.4-hectare greenhouse and engineering facility for flower growing in the Kaluga Oblast in Russia ("Flower Growing Facility"). ENR teamed-up with a Russia based investment group, who owns the remaining 50 per cent interest. The purchase price and initial investment for capital and operational expenses amounted to RUB 742 million (CHF 11.5 million). ENR's 50 per cent contribution was RUB 371 million (CHF 5.75 million). Together with further investments, it is anticipated that the Investors could ultimately invest a total of about CHF 25 million. Investor contributions will be made via a combination of equity and shareholder loans.

It is an objective to become the leading grower and seller of quality roses and seasonal flowers in Russia. In Russia, demand for flowers remains strong and 80 per cent of cut flowers are imported. Russian grown flowers will be a substitute for imported flowers and the Flower Growing Facility (located some 135 km from Moscow, Russia's largest flower customer market) will have a shorter and less expensive route to market compared to imported flowers and also compete on quality and have longer shelf lives. The focus will be on strong cash-flows generation within a reasonable time period, to introduce operational efficiencies, to improve profit margins and returns for the Investors. Strong corporate governance and financial reporting control structures and processes will be put into place.

At the end of 2019, Valartis Group employed a total of 66 people (65.5 Full Time Equivalents, FTE) in the Swiss front and service organisation, in Russian real estate management (marketing, leasing and maintenance) as well as the new offices in Germany, also active in Real Estate management – previous year: 56 employees (56.0 FTE).

Following the share buyback program authorized in 2018, the share capital was reduced accordingly in September 2019 from CHF 5,000,000 to CHF 4,769,295 after the amendment of the Articles of Association (reduction of share capital) was approved by the Annual General Meeting 2019. The 2019 Annual General Meeting of 14 May 2019 authorised further the repurchase of up to a maximum of 470,000 shares of Valartis Group's own shares prior to the 2020 Annual General Meeting by way of a public share buyback programme for cancellation purposes. The amendment of the Articles of Association in respect of the actual number of shares repurchased will be submitted to the Annual General Meeting 2020 for approval. By 31 December 2019, a total volume of 359,000 shares had been repurchased in a share buyback at a fixed price for CHF 3.7 million at a purchase price of CHF 10.30 per share (1st stage), and 111,000 shares had been purchased for CHF 1.1 million at a purchase price of CHF 10.00 per share (2nd stage). This corresponds to a total number of shares bought back of 470,000 shares.

As of 1 April 2020, Fariborz Ehtesham, former Head Group Accounting & Reporting, assumed the function of Group CFO/CRO from George M. Isliker who left Valartis Group after having served for 9 years.

A pdf version of the 2019 Annual Report is available in English at:
www.valartisgroup.ch/en/#geschaeftsberichte.

Key Figures at a Glance

To be found on the last page.

Agenda

Closing date of the Shareholders' Register	30 April 2020
Annual General Meeting 2020	19 May 2020
Half-year results 2020	27 August 2020

For further information, please contact:

Corporate Communications & Marketing, Valartis Group AG
Tel. +41 44 503 54 10, corporate.communications@valartis.ch

Valartis Group

Valartis Group is an international finance group with offices in Geneva, Fribourg, Zurich, Luxembourg, Frankfurt am Main, Hamburg, Stuttgart, as well as Moscow and St. Petersburg. Valartis Group AG (Fribourg, Switzerland) is listed on the Swiss stock exchange, SIX Swiss Exchange. Business operations encompass the fields of Financial Services, Real Estate Project Management and Participations.

www.valartisgroup.ch

KEY FIGURES AT GLANCE

Key Figures

in CHF 1,000	1.1.–31.12.2019	1.1.–31.12.2018
Total operating income	8,186	10,928
Income from management services	4,140	2,714
Income from investment property	4,043	4,139
Share of results of associated companies	-344	3,002
Other income	347	1,073
Administrative expense	-10,526	-11,344
Personnel expense	-5,487	-5,231
General expense	-5,039	-6,113
Earnings before depreciation, valuation adjustments, provisions, interest and taxes	-2,340	-416
Depreciation, valuation adjustments and provisions	1,215	467
Earnings before interest and taxes (EBIT)	-1,125	51
Finance result, net (financial income, financial expense, market value adjustment)	5,170	-8,138
Net result from continued operations before taxes	4,045	-8,087
Income taxes	-905	1,189
Net result from continued operations	3,140	-6,898
Net result from discontinued operations	-718	-46
Net result	2,422	-6,944
attributable to shareholders of Valartis Group AG	448	-5,026
attributable to non-controlling interests	1,974	-1,918
in CHF million	31.12.2019	31.12.2018
Total assets	168,570	163,978
Current assets	60,319	69,487
Non-current assets	106,310	91,831
Non-current assets classified as held for sale	1,941	2,660
Total liabilities	44,879	39,984
Current liabilities	26,637	22,970
Non-current liabilities	18,242	17,014
Total shareholders' equity (including non-controlling interests)	123,691	123,994
Equity capital quota, in per cent	73.4	75.6
Staff (full-time equivalents, FTE)	65.5	56.0
Closing price of VLRT share, in CHF	10.20	10.30
Equity of Shareholders per share, in CHF	27.52	24.84