



# Q1 2016 Results

Strong start in 2016

May 3, 2016

 DUFRY

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# AGENDA

## 1. Q1 2016 Results

- Highlights Q1 2016
- Turnover growth
- Update on World Duty Free Integration

## 2. Financials Q1 2016

## 3. Conclusion & Outlook 2016

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# Q1 2016 Results

A strong start in 2016 with continuation  
of organic growth improvement

Accentuated seasonality for margin and  
cash generation

Strong cash generation in Q1, and  
covenant level clearly within threshold

# Highlights Q1 2016

Strong turnover  
growth of 60.0%

Pro forma  
organic growth  
improves by  
2.4%

Seasonality to be  
more accentuated  
due to WDF  
consolidation

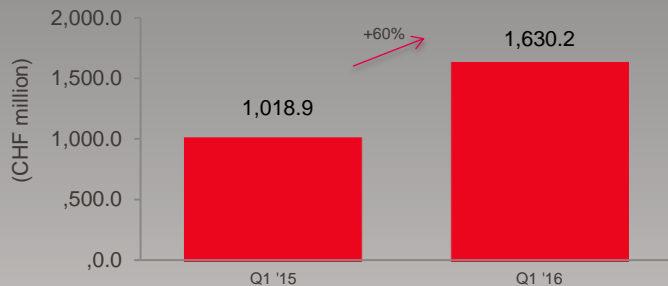
- Turnover of CHF 1,630 million; growth of 60.0%
  - Pro-forma organic growth including WDF improved by 2.4 percentage points in Q1 to 0.1% from Q4 2015
  - Q1 Organic growth excluding WDF improved to -5.2% from -6.5% in Q4 2015
- Gross profit margin considerably improved to 58.6%
- Acquisitions of Nuance and WDF accentuate seasonality of the business, specially on margins and cash generation
  - EBITDA margin at 9.0%; EBITDA in absolute terms grows by 59.2% reaching CHF 146.5 million
  - Free cash flow of CHF 78.8 million in Q1 2016 versus CHF 19.0 million in Q1 2015
- World Duty Free integration proceeding according to plan
- Trading update

# Turnover analysis: Organic growth continues to improve

Positive growth performance in most divisions

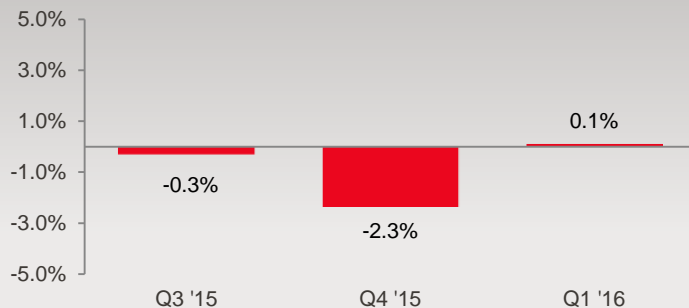
Ongoing progress in organic growth improvement

## Turnover Evolution



- Impact of Russians and Brazilians gradually reduced
- Reported turnover growth of 60.0%, reaching CHF 1,630.2 million in the least important quarter of the year
- Southern Europe expected to have very strong busy season
  - High booking levels

## Pro-Forma Organic Growth (incl. WDF)



# Organic growth: Passenger growth

Healthy international PAX growth

Expectations continue strong with growth of 5-6% p.a.

## International PAX Forecast

	2016	2017	2018
Europe	3.9%	3.7%	3.9%
Africa	-5.5%	2.2%	2.2%
Asia/Pacific	10.1%	8.4%	7.5%
Middle East	8.1%	7.4%	7.0%
LatAm/Caribbean	9.3%	7.2%	6.8%
North America	4.8%	3.6%	3.6%
<b>World in total</b>	<b>5.8%</b>	<b>5.4%</b>	<b>5.2%</b>

Source: Air4casts (30/04/2016)

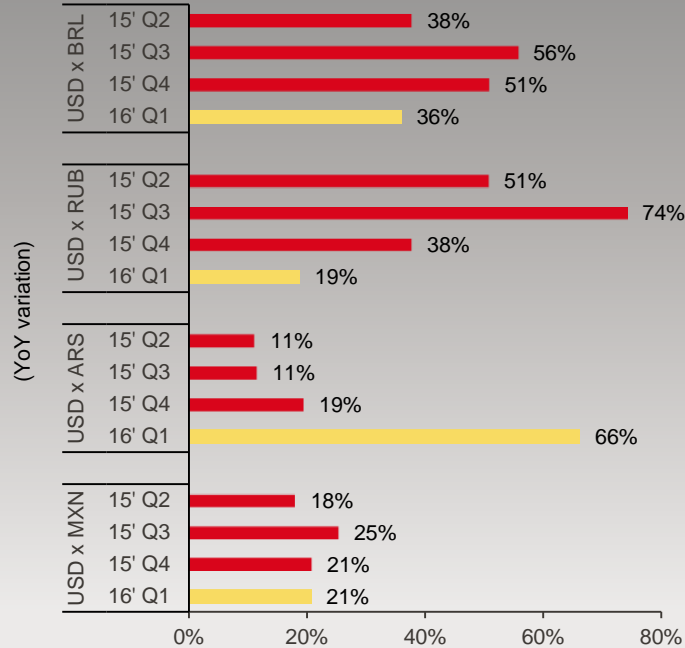
- PAX expectations for next years show strong, continued growth in all regions
- PAX growth to continue to be the most important component of organic growth



# Organic growth: Spend per passenger impact

Reduced volatility in Q1 2016

## Local currencies evolution



- Currency volatility slightly improved and showing stabilizing trends

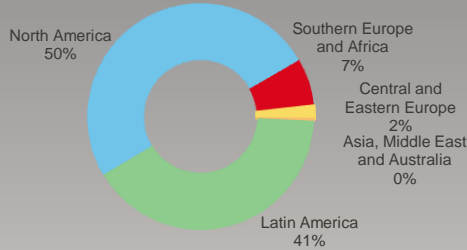
# Dufry opens 4,500 m<sup>2</sup> in Q1; additional 25,000m<sup>2</sup> in signed projects

4,500 m<sup>2</sup>  
of gross retail  
space opened  
in Q1 2016

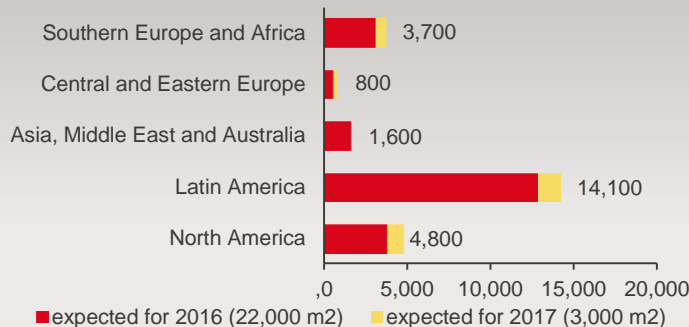
25,000 m<sup>2</sup>  
additional retail  
space already  
signed for 2016/17

Strong pipeline  
of potential new  
projects

## Openings Q1 2016

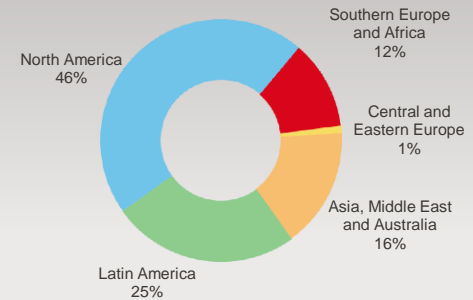


## 25,000 m<sup>2</sup> signed space



- Dufry opened a total of 39 new shops in Q1 2016
- Openings represent over 1% of total retail space

## Project Pipeline: 36,000 m<sup>2</sup>



# World Duty Free integration proceeding according to plan

Integration plan completed and execution started

WDF synergy potential of EUR 100 million confirmed

- New group-wide organization including WDF operations launched early February for all Group functions
  - Further fine-tuning of organization ongoing
- Execution of integration started in all work-streams; expected to be completed by mid-2017
- Synergy potential in the magnitude of EUR 100 million confirmed
  - First synergies to be expected in second half of 2016
  - CHF 50-60 million cost synergies, CHF 40-50 million gross margin synergies
- Implementation of new Business Operating Model started

# 2

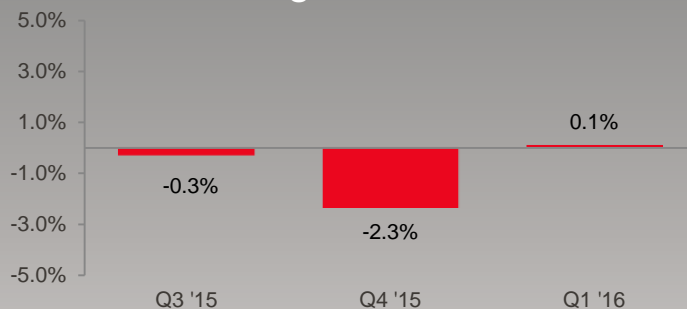
## FINANCIALS FIRST QUARTER 2016

# Organic growth analysis

Organic growth with continuous improvement

Positive perspectives going forward

## Pro-Forma Organic Growth (incl. WDF)



## Reported Organic Growth (excl. WDF)

	Q3 '15	Q4 '15	Q1 '16
Like for Like	-8.4%	-6.4%	-6.2%
New concessions, net	0.8%	0.6%	1.3%
Wholesale	-0.4%	-0.7%	-0.3%
<b>Organic growth</b>	<b>-8.0%</b>	<b>-6.5%</b>	<b>-5.2%</b>
Changes in scope	71.2%	60.2%	63.0%
<b>Growth in constant FX</b>	<b>63.2%</b>	<b>53.7%</b>	<b>57.8%</b>
FX impact	-0.7%	-1.8%	2.2%
<b>Reported Growth</b>	<b>62.5%</b>	<b>51.9%</b>	<b>60.0%</b>

- Trend shows continuous improvement in organic growth
  - Positive contribution from new concessions
- Refurbishments and expansions accelerated organic growth

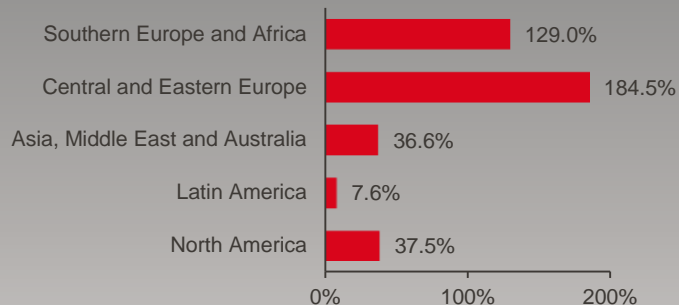
# Growth performance by division

Europe with overall strong performance

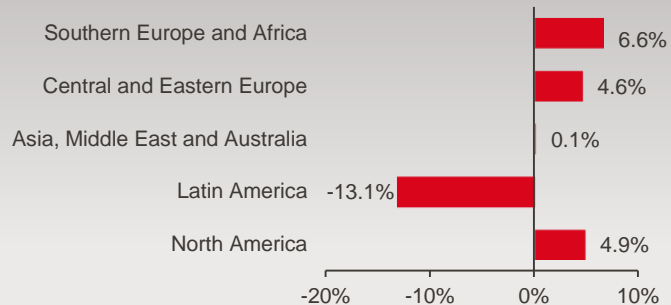
Gradual improvements in certain emerging markets

Good performance in Central America

## Reported Growth Q1'16



## Underlying Growth Q1'16

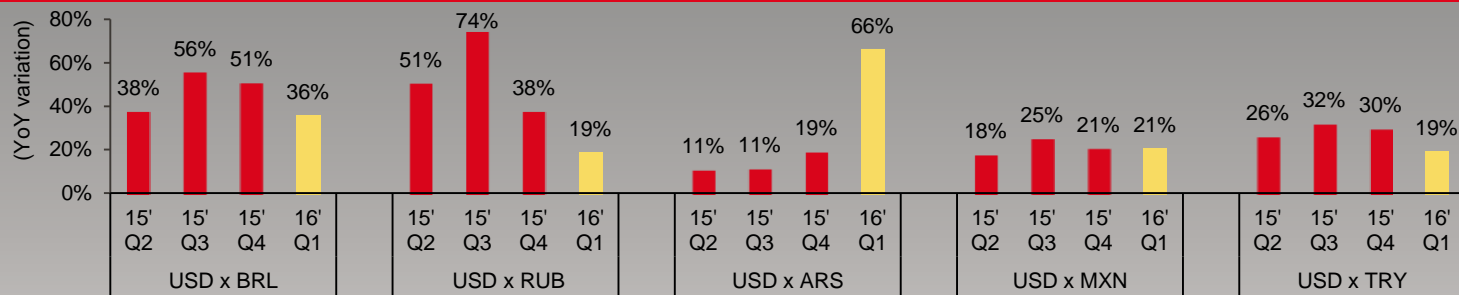


- All divisions report positive growth
  - European operations overall with strong performances (except for those impacted by Russian customers)
- Africa with positive performance
- Strong organic growth in Southern European operations (Spain, Italy, France, Portugal, Malta)
- Middle East doing well, mixed developments in Asia-Pacific
- Latin America still impacted by Brazilians and recent devaluation of the Argentinian Peso
- North America with solid sustainable growth performance

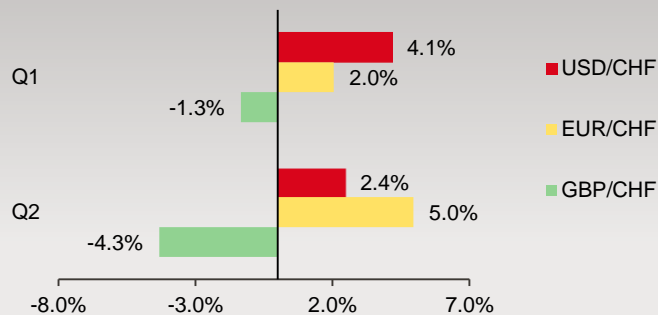
# Aggregated FX development

Currency volatility stabilizing in most emerging markets

## Performance of local currencies

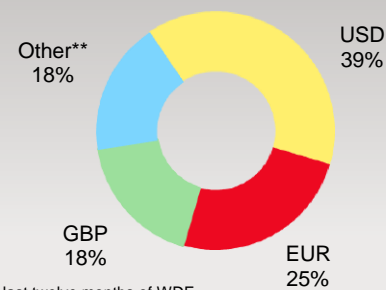


## Main Currencies Development



Note: Q2 until 29/April

## Turnover by currency\*



\* Pro-forma including last twelve months of WDF

\*\* Other includes CHF, CAD, AUD, HKD, etc.

# Income statement

Nuance and WDF consolidation impacting all elements of P&L

Income statement				
(CHF million)	Q1 '16	%	Q1 '15	%
<b>Turnover</b>	<b>1,630.2</b>	100.0%	<b>1,018.9</b>	100.0%
<b>Gross profit</b>	<b>954.5</b>	58.6%	<b>586.3</b>	57.5%
Concession fees	(430.7)	-26.4%	(245.9)	-24.1%
Personnel expenses	(258.6)	-15.9%	(166.0)	-16.3%
Other expenses	(118.5)	-7.3%	(83.2)	-8.2%
Share of result of associates	(0.2)	0.0%	0.8	0.1%
<b>EBITDA<sup>(1)</sup></b>	<b>146.5</b>	9.0%	<b>92.0</b>	9.0%
Depreciation	(40.8)	-2.5%	(26.6)	-2.6%
Amortization	(96.7)	-5.9%	(57.2)	-5.6%
Linearization	(43.1)	-2.6%	-	-
Other operational result	(5.4)	-0.3%	(3.6)	-0.4%
<b>EBIT</b>	<b>(39.5)</b>	-2.4%	<b>4.6</b>	0.5%
Financial result	(50.4)	-3.1%	(11.4)	-1.1%
<b>EBT</b>	<b>(89.9)</b>	-5.5%	<b>(6.8)</b>	-0.7%
Income tax	9.9		1.0	0.1%
<b>Net Earnings from continuing operations</b>	<b>(80.0)</b>	-4.9%	<b>(5.8)</b>	-0.6%
Net Earnings from discontinued operations	-		(0.1)	
<b>Net Earnings</b>	<b>(80.0)</b>	-4.9%	<b>(5.9)</b>	-0.6%
Non-controlling interests	(5.6)	-0.3%	(3.1)	-0.3%
<b>Net Earnings to equity holders</b>	<b>(85.6)</b>	-5.3%	<b>(9.0)</b>	-0.9%
<b>Cash Earnings</b>	<b>(2.7)</b>	-0.2%	<b>39.0</b>	3.8%

<sup>1</sup> Before other operational results

<sup>2</sup> Excludes transaction costs of WDF acquisition



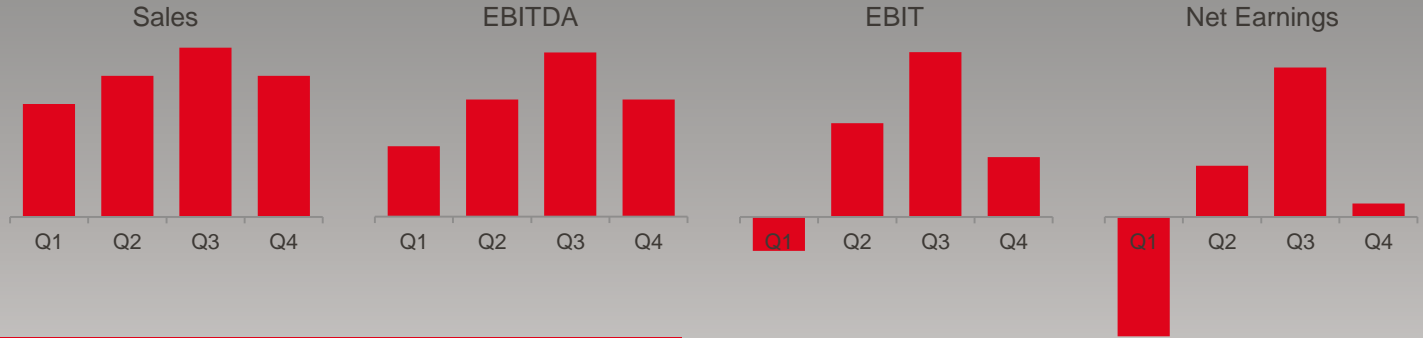
# Pronounced seasonality by quarter going forward

Business has become more seasonal post acquisitions

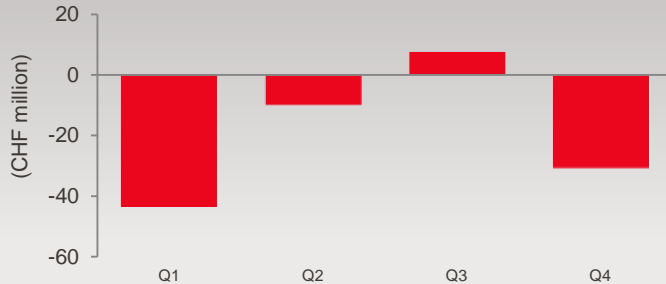
Seasonality even stronger in earnings and cash generation

Linearization further accentuates seasonality

## Seasonality in the main P&L KPIs



## Linearization by quarter in 2016



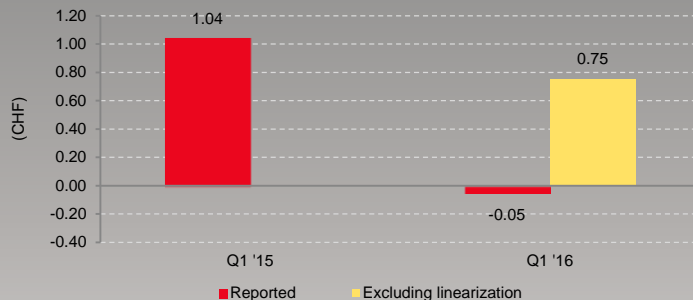
- Seasonality of the business increased further after the recent acquisitions
  - Q1 least important on EBITDA
  - Over-proportional impact of several linear expenses, e.g. D&A, interest costs, etc.
- Linearization also seasonal, penalizing Q1 and Q4

# Cash earnings – seasonality to increase going forward

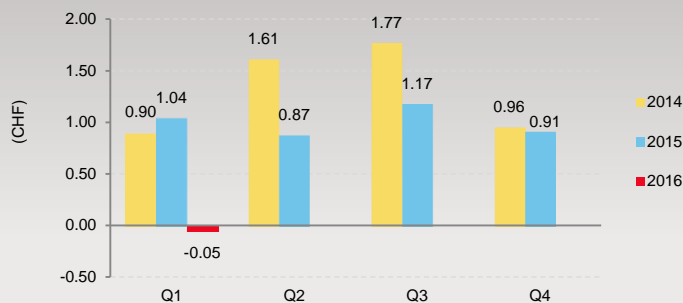
Q1 the least important quarter

Pronounced seasonality going forward

## Cash Earnings Per Share



## Seasonality of Cash EPS



## Cash EPS analysis

	Q1 '16	Q1 '15
<b>Cash EPS</b>	<b>-0.05</b>	<b>1.04</b>
Deferred taxes on acquisition-related amortization	-0.35	-0.17
Linearization	0.80	-

- Cash EPS impacted by heavy Linearization charge in Q1
- Seasonality of earnings to remain more pronounced going forward due to WDF consolidation

# Cash flow statement

Strong free cash flow generation increasing by 59.0%

Q1 typically cash neutral or negative

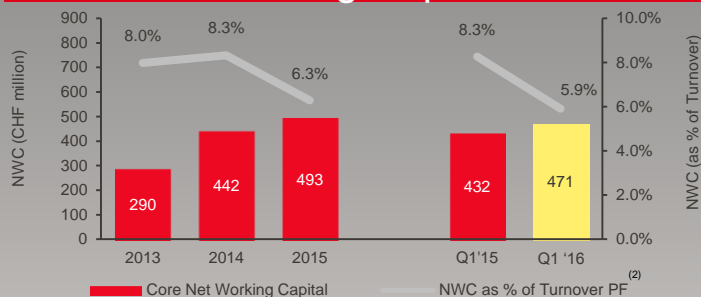
Cash flow statement			
(CHF million)	Q1 2016	Q1 2015	
<b>EBITDA before other operational result</b>	<b>146.5</b>	<b>92.0</b>	
Changes in net working capital	(26.6)	(51.0)	
Taxes paid	(13.3)	(9.3)	
Other operational items	12.4	12.1	
<b>Net cash flow from operating activities</b>	<b>119.0</b>	<b>43.8</b>	
Capex	(44.4)	(26.8)	
Interest received	4.2	2.0	
<b>Free cash flow</b>	<b>78.8</b>	<b>19.0</b>	
Restructuring and transaction costs of operations	(2.4)	(33.0)	
Proceeds from sale of interests / (investments) in subsidiaries and associates	21.3	(118.6)	
<b>Cash flow after investing activities</b>	<b>97.7</b>	<b>(132.6)</b>	
Interest paid	(61.8)	(26.2)	
Arrangement fees, share issuance costs and other financing related costs	(1.3)	1.6	
Cash flows related to minorities	(6.7)	(5.1)	
<b>Cash flow used for financing</b>	<b>(69.8)</b>	<b>(29.7)</b>	
<b>Change in Net Debt, before currency translation</b>	<b>27.9</b>	<b>(162.2)</b>	
Currency translation	58.9	148.8	
<b>Net debt</b>			
– at the beginning of the period	3,957.9	2,354.5	
– at the end of the period	3,871.1	2,367.9	

# Capex & Net Working Capital

Core Net Working Capital clearly reduced

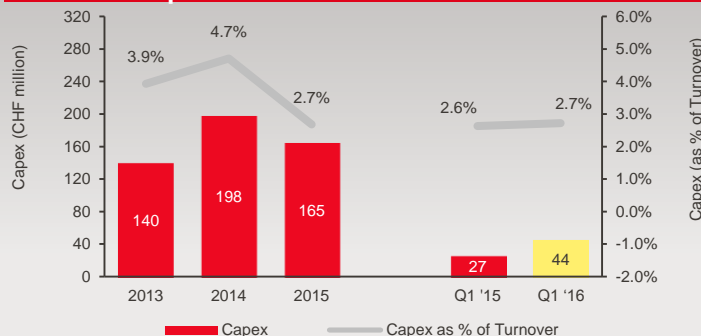
Capex in line with target

## Core Net Working Capital Evolution



<sup>(1)</sup> Inventories + Trade and credit card receivables - Trade payables <sup>(2)</sup> Adds LTM Turnover of acquisitions

## Capex Evolution Q1 2016



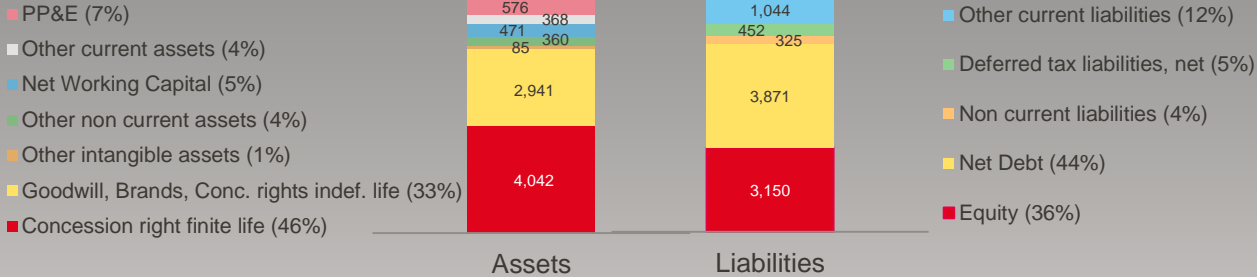
- Core net working capital improved from Q1 2015

- Target range of 3.0% - 3.5% of turnover remains valid

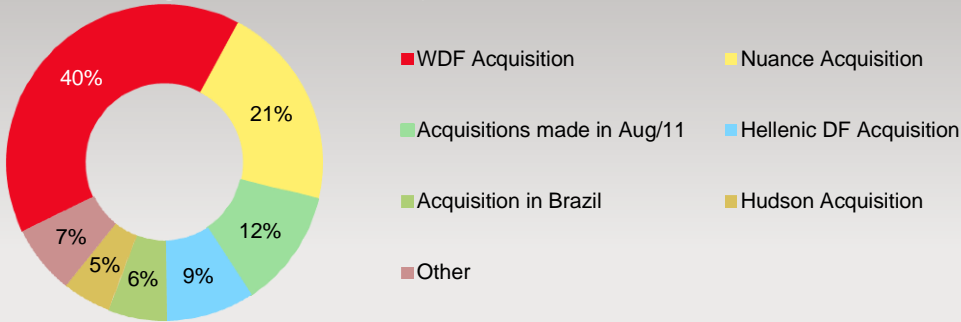
# Balance sheet

Intangible assets mainly generated by acquisitions

## Balance sheet



## Intangible assets by transaction

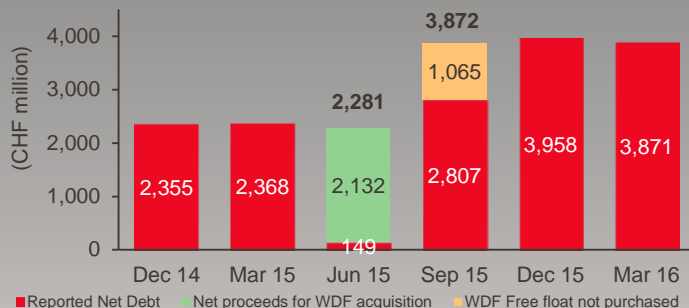


# Financing & Covenants

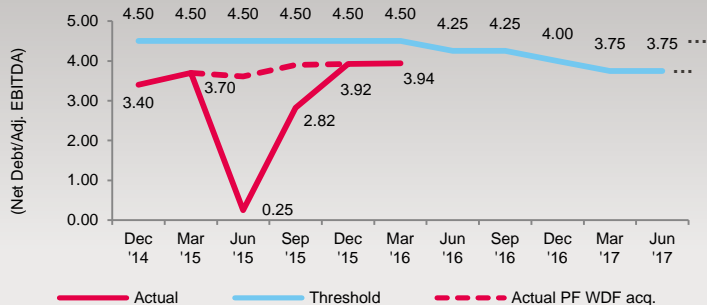
Deleveraging on track

Strong cash generation in Q1

## Net Debt Evolution



## Covenants evolution



- Net Debt reduced by CHF 87 million in Q1
- Q1 is typically a quarter with flat to negative cash flow
- Covenants practically unchanged compared to Q4 2015
- Deleveraging profile progressing according to plan

# 3

## CONCLUSION & OUTLOOK 2016

# Conclusion

World Duty Free  
integration and  
synergy  
implementation

Drive cash  
generation and  
deleveraging

Accelerate  
organic growth  
and Asia  
expansion

- Q1 shows continuation of organic growth improvement
  - Positive performance in almost all regions
  - Negative impact from Brazil / Russia to reduce in next quarters
- Seasonality of the business accentuated going forward
  - Q1 and Q4 to continue to be less important
  - Q2 and Q3 to concentrate margins, cash generation and earnings
- Focus for 2016 remains unchanged
  - World Duty Free integration
    - Execute integration plan
    - Implement synergies of EUR 100 million
  - Accelerate organic growth
    - Drive sales
    - New concessions
    - Increase retail space
  - Focus on cash generation and deleveraging



Thank you

 DUFRY