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# First Quarter 2015 Results

# Legal disclaimer

Information in this presentation may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this release are based on information available to Dufry AG (the “Company”) as of the date of this release, and we assume no duty to update any such forward-looking statements. Factors that could affect the Company’s forward-looking statements include, among other things: global GDP trends, competition in the markets in which the Company operates, unfavorable changes in airline passenger traffic, unfavorable changes in taxation and restrictions on the duty-free sale in countries where the company operates.

# Agenda

Highlights

Financials

Conclusion



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# Highlights Q1 2015



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**CHF 1,018.9  
million**  
Turnover in Q1 2015

**Q1 normally less  
important for turnover**

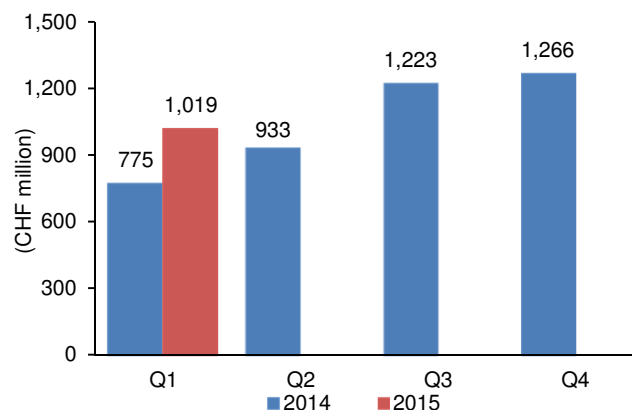
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## Solid operational performance despite volatility in currencies

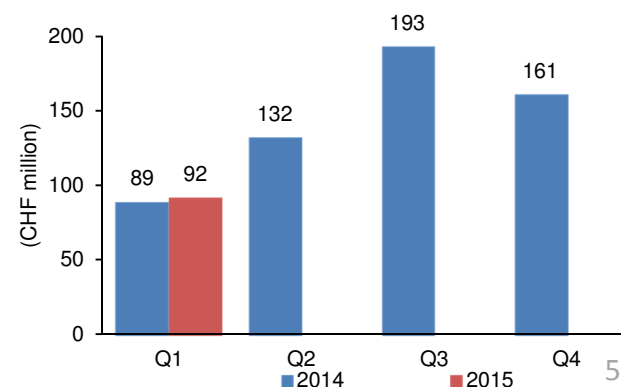
- Turnover of CHF 1,018.9 million; growth of 31.5%
  - Organic growth\* of -4.7%
    - Like-for-Like of -2.1%
    - New concession, net of -2.6%
- Gross profit increases to CHF 586.3 million with a margin of 57.5%
  - Gross profit margin improvement of 30 basis points, excl. Nuance
- EBITDA reaches CHF 92.0 million
  - EBITDA margin reported 9.0%
- Cash EPS of CHF 1.09, 21% higher than in Q1 2014

\* New calculation excludes divestments in Egypt, Spain, The Netherlands and Tunisia; organic growth on new calculation was -0.9%

### Turnover by Quarter



### EBITDA by Quarter





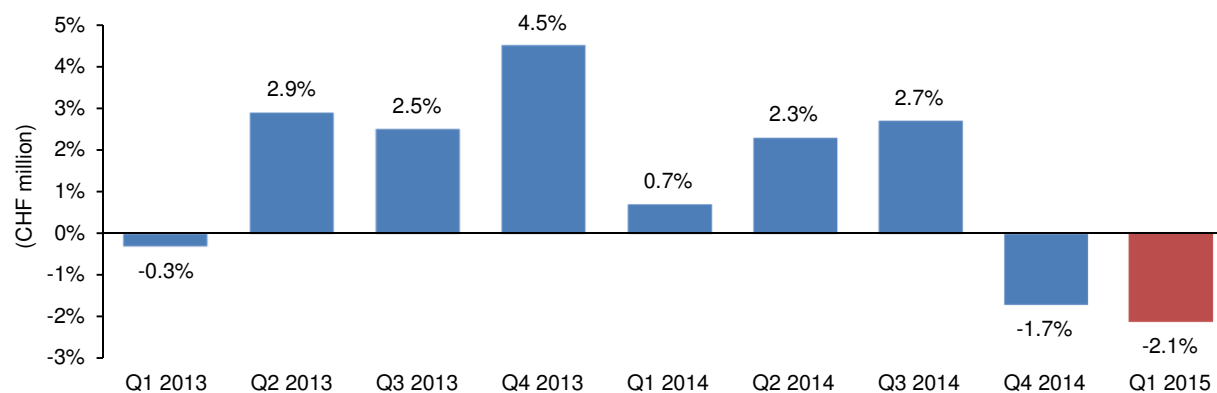
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Like-for-Like has been impacted by the devaluation of emerging markets currencies

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## Like-for-Like / Organic Growth

### Like-for-like evolution



- Going forward, organic growth to exclude divestments in full locations
- Acquisitions of Nuance and WDF and adjustments in existing portfolio increasingly distort the analysis of organic growth
- In Q1 2015, the following locations have been re-classified to change in scope: Egypt, Spain, The Netherlands and Tunisia
- Organic Growth on a comparable basis to previous communications was -4.7%. The related like-for-like performance amounted to -2.1%, while net new openings amounted to -2.6%.



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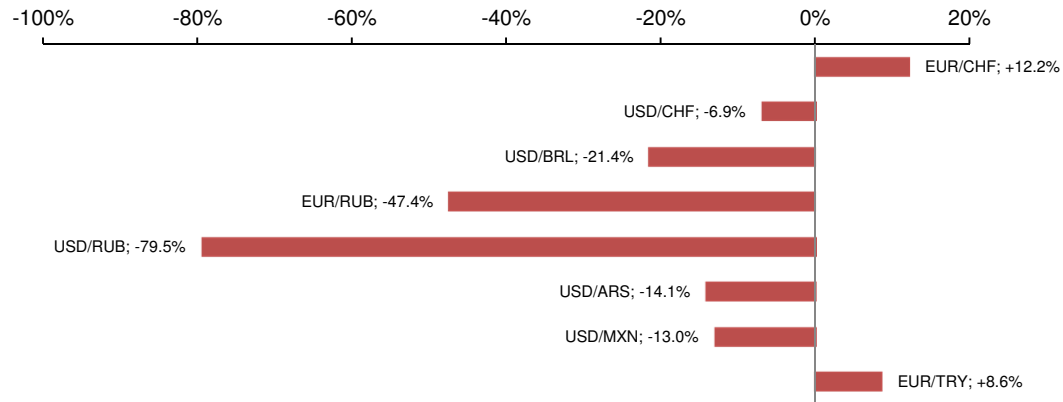
Devaluation of local currencies impacts purchasing power of selected nationalities

Sales to Russians and Mexicans increased on a global level in local currencies

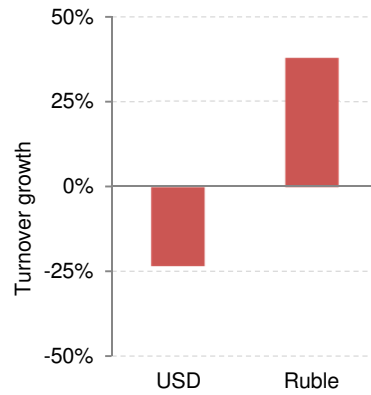
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# Sales impact of spent by selected nationalities at global level

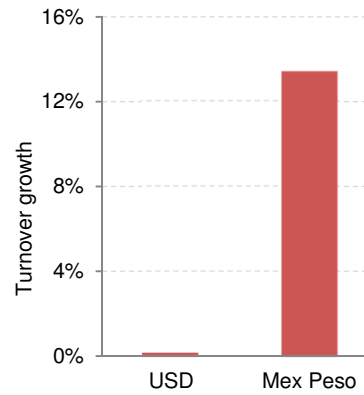
## Currency performance in Q1 2015



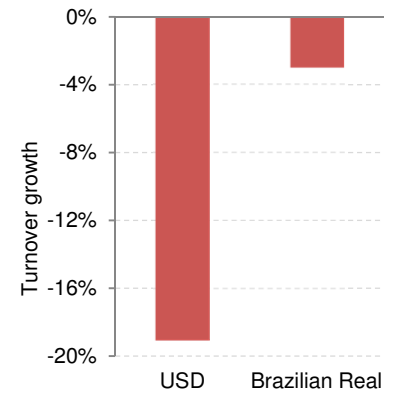
### Russians



### Mexicans



### Brazilians





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Double-digit growth  
in US & Canada

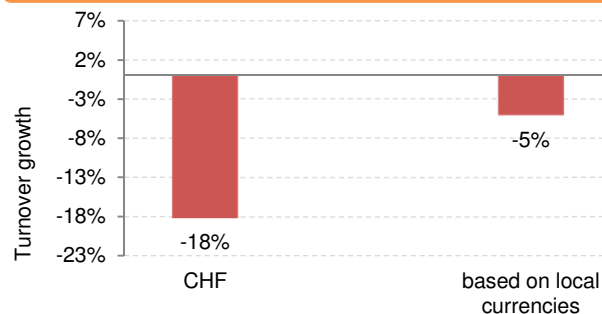
Strong performances  
in Central & Latin  
America when  
measured in local  
currencies

High volatility of BRL  
and RUR likely to  
continue in 2015

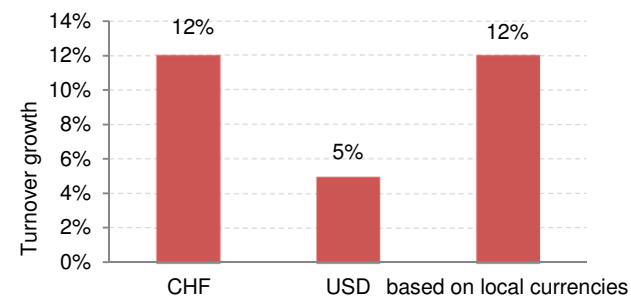
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## Turnover performance by region

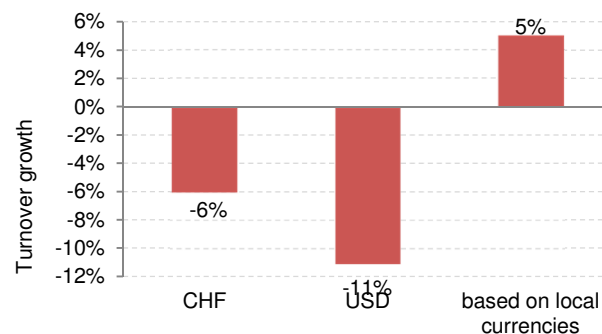
### EMEA & Asia



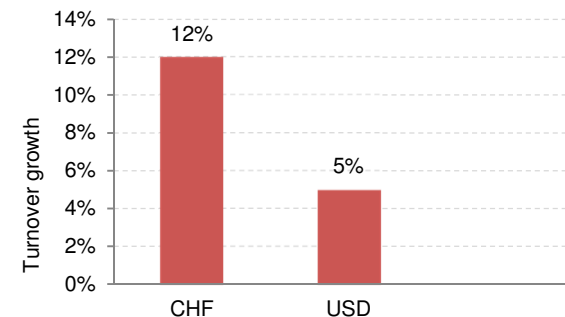
### America I



### America II



### US & Canada



- Trading update





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Well balanced geographic diversification

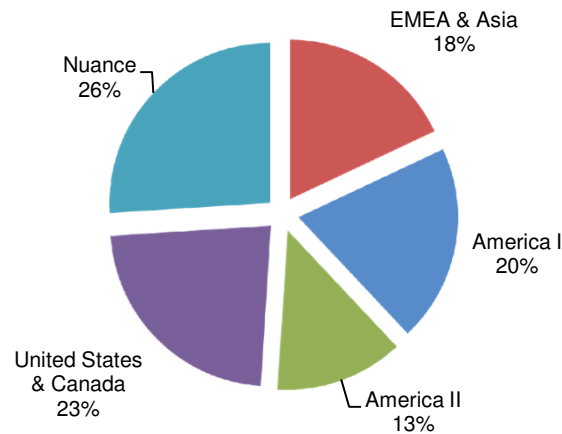
Airports remain major channel

Additional growth potential identified in duty-paid sector

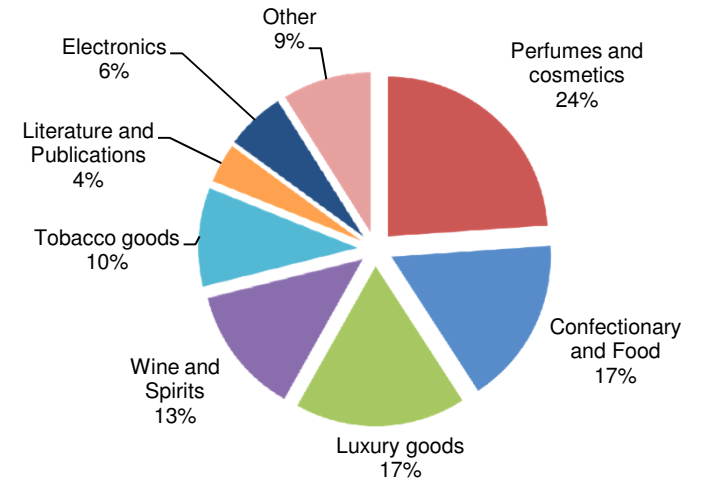
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# Dufry's segmentation

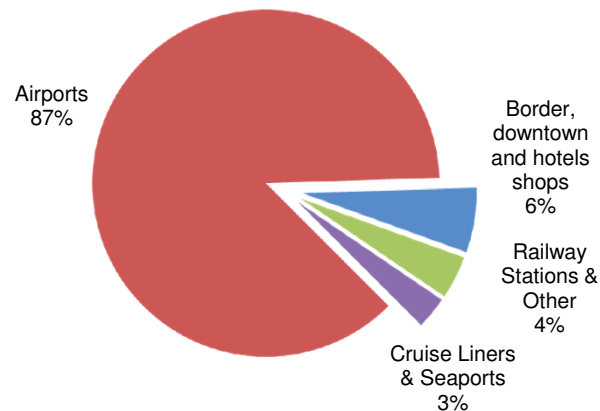
### Dufry by Region Q1 2015



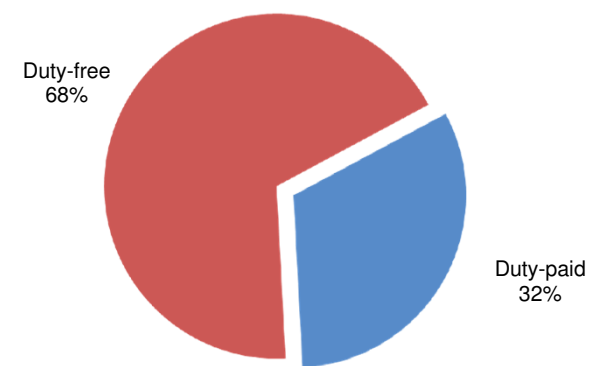
### Dufry by Category Q1 2015



### Dufry by Channel Q1 2015



### Dufry by Sector Q1 2015





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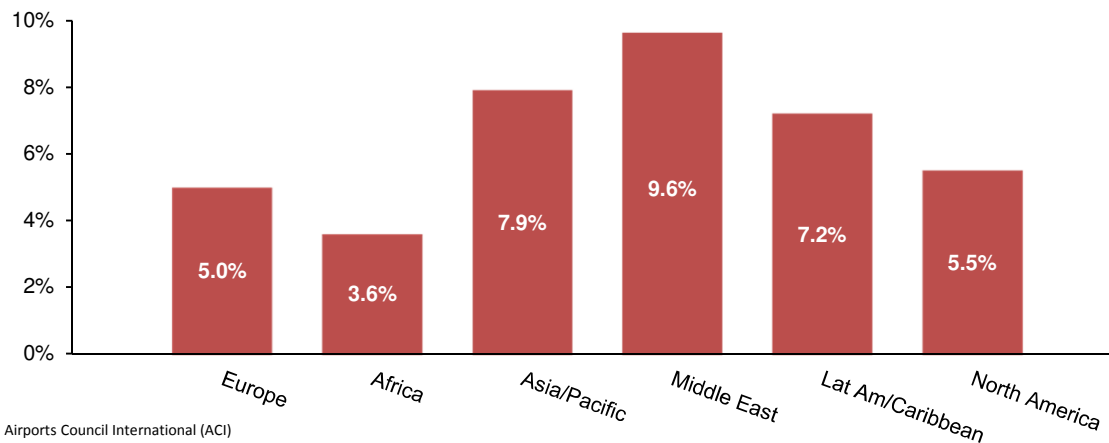
**4.4%**

**Average global passenger growth p.a. in the next 3 years with regional differences**

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## Good prospects for PAX growth in the next 3 years

### Global International PAX Growth in Q1 2015\*



Source: Airports Council International (ACI)  
\* Until February

### Evolution of the International PAX Forecasts

	2015	2016	2017
Europe	3.6%	3.5%	3.4%
Africa	2.4%	2.3%	2.3%
Asia/Pacific	5.2%	4.9%	4.9%
Middle East	8.1%	7.5%	6.8%
LatAm/Caribbean	5.5%	5.2%	5.0%
North America	3.3%	3.2%	3.1%
<b>World</b>	<b>4.5%</b>	<b>4.4%</b>	<b>4.2%</b>

Source: Air4casts (29/03/2015)



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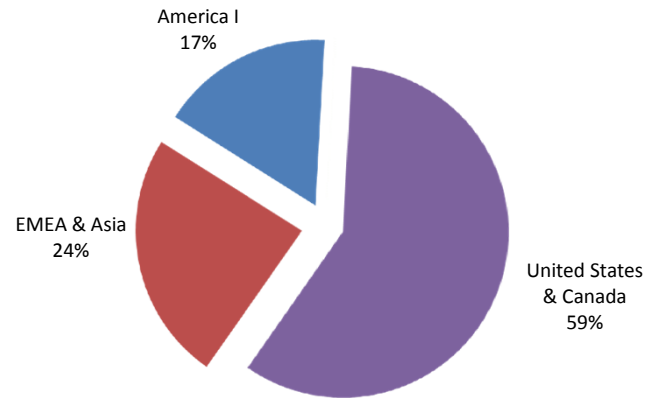
**1,800 m<sup>2</sup>**  
of additional retail  
space opened  
in Q1 2015

**5%**  
average space  
contribution from  
net openings from  
2009 to 2014

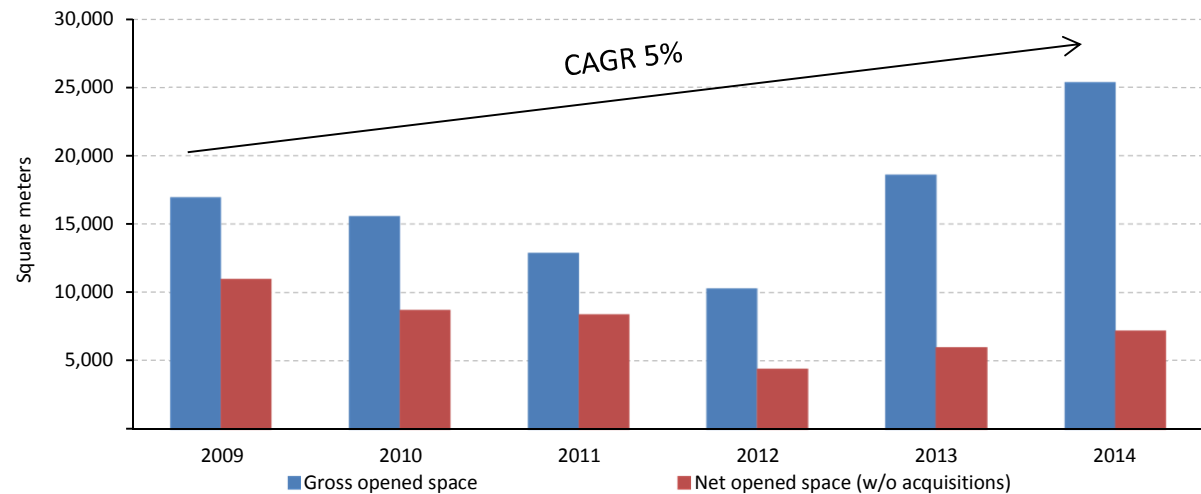
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## Opening of new retail space

### Openings Q1 2015



### Evolution New Retail Space





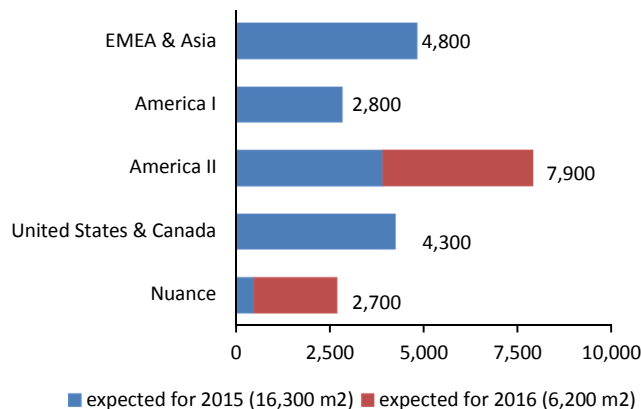
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**22,500 m<sup>2</sup>**  
additional retail  
space already signed  
for opening

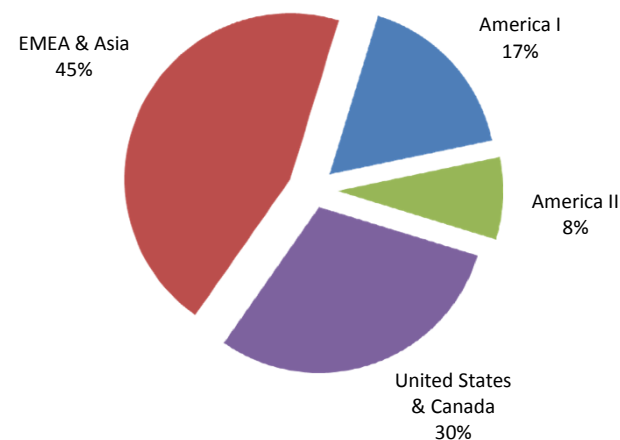
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## Strong project pipeline

**22,500 m<sup>2</sup> Signed Space**



**Project Pipeline: 45,000 m<sup>2</sup>**



- Selected contracts include:
  - Several locations in EMEA and Asia
  - Rio de Janeiro and Viracopos airports in Brazil
  - Hudson stores and brand boutiques in the US
- Strong pipeline of potential new projects
  - Average execution time of 12-18 month



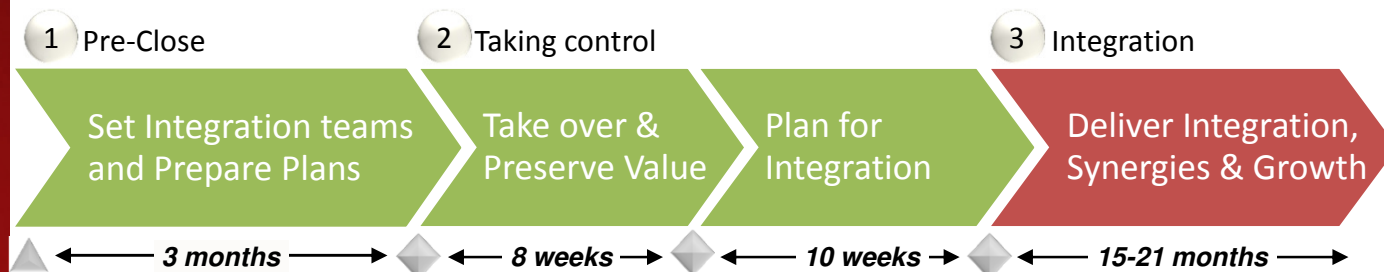
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**CHF 70 million  
of synergies confirmed**

**Implementation  
completed by end  
2015; full impact of  
synergies as of  
FY 2016**

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## 2015: The year of Nuance integration



- Achievements
  - ✓ HQ Organization completed and rolled out
  - ✓ Definition of country organizations completed; implementation currently being executed
- Steps being currently executed
  - Integration of operational processes, procurement and logistics ongoing
  - Integration of IT applications started
  - Integration of supplier management and alignment of sourcing started
  - Alignment of training for sales employees started



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## Capital increase

approved by Dufry  
shareholders

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# Update on World Duty Free acquisition

- ✓ At the Ordinary General Meeting of 29<sup>th</sup> April, Dufry shareholders have accepted capital increase for the acquisition of WDF announced on 30<sup>th</sup> March 2015
- Rights issue at market expected to be launched in June
- Clearance process with anti-trust authorities in preparation
- Closing of acquisition (50.1% stake of Edizione) expected for Q3 2015
- Mandatory tender offer to be launched upon closing



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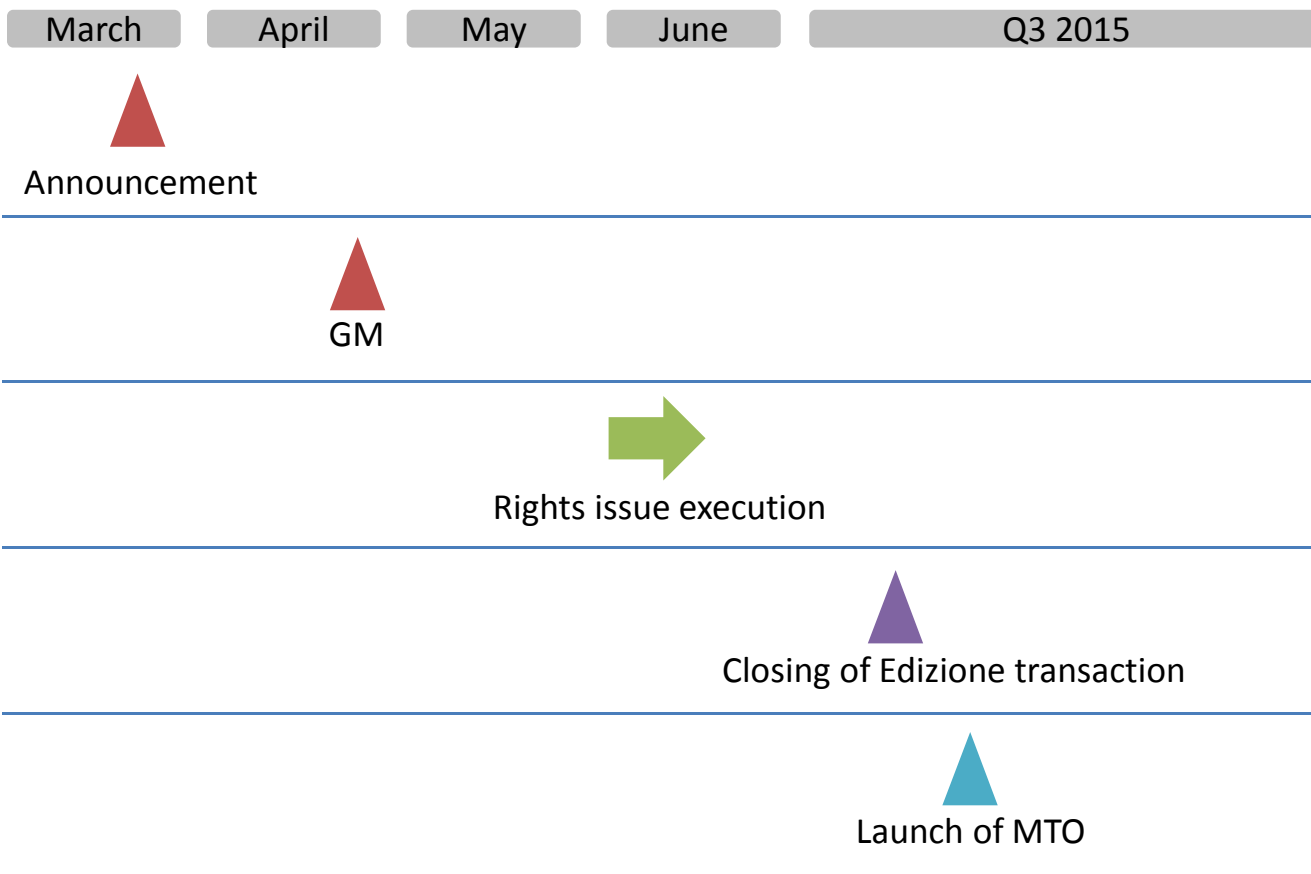
**Rights issue**  
expected to be  
executed in June

**MTO**  
expected to be  
closed in Q3 2015

Acquisition of WDF  
30 March 2015

## Transaction timetable

### Expected transaction timeline









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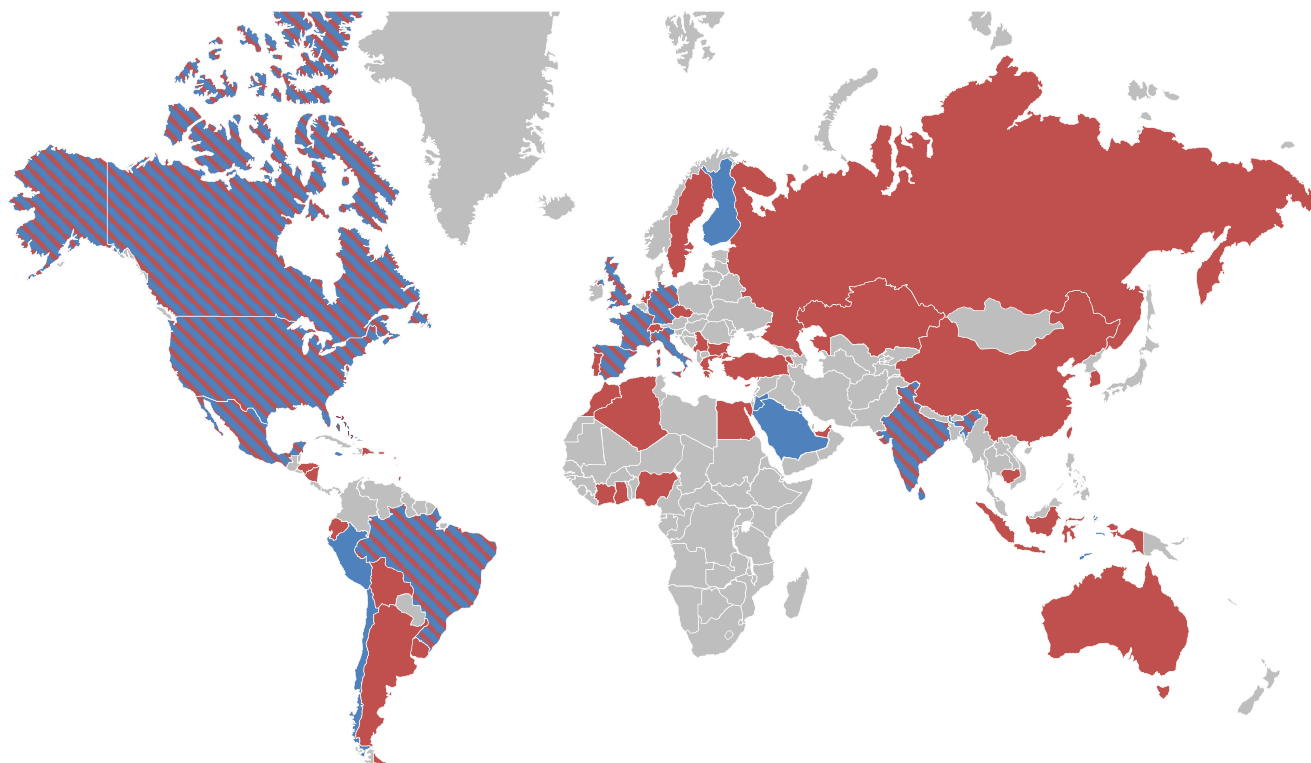
**Excellent  
balance**


**between emerging  
and developed  
markets**


Acquisition of WDF  
30 March 2015


## Complementary footprint of Dufry and WDF

Global presence of Dufry and WDF



 Presence of Dufry (incl. Nuance)

 Presence of WDF

 Pro forma presence of Dufry (incl. Nuance) and WDF

Source: Company filings, WDF

Financials  
Q1 2015



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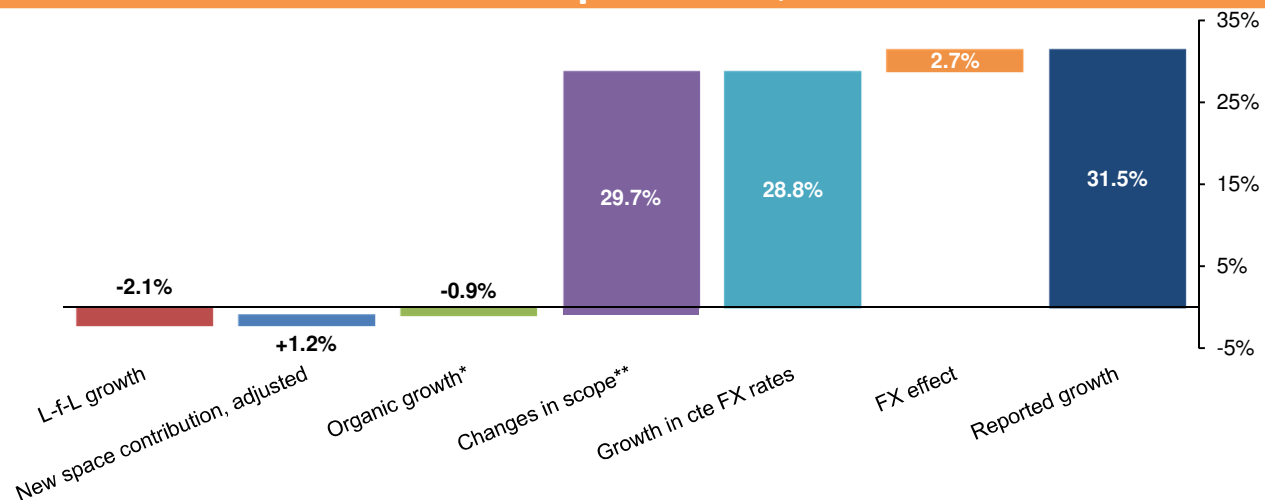
31.5%

Turnover growth

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# Analysis of turnover growth

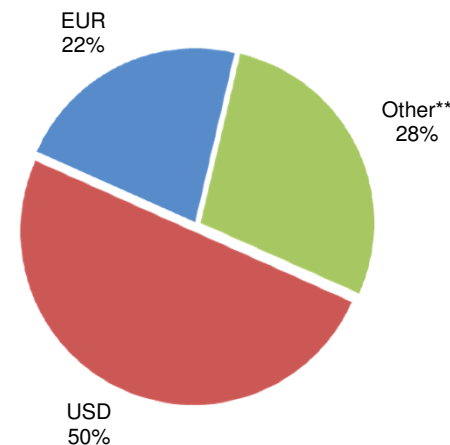
## Growth Components Q1 2015



\* Organic growth excludes discontinued operations  
 \*\* Changes in scope include acquisitions plus discontinued operation

- Going forward, organic growth to exclude divestments in full locations
- In Q1 2015, the following locations have been re-classified to change in scope: Egypt, Spain, The Netherlands and Tunisia
- Organic growth on a comparable basis to previous communications was -4.7%

## Turnover by Currency\*



\* Pro-forma including Nuance LTM  
 \*\* Other includes CHF, SGD and other currencies



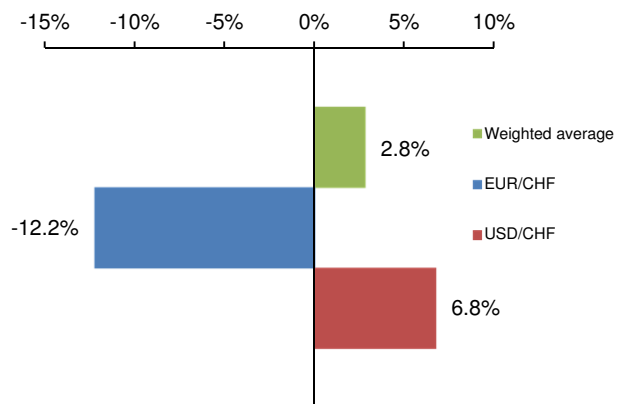
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Dufry generates most of its sales and costs in matching foreign currencies, and thus benefits from a natural hedge that protects profitability and the respective margins

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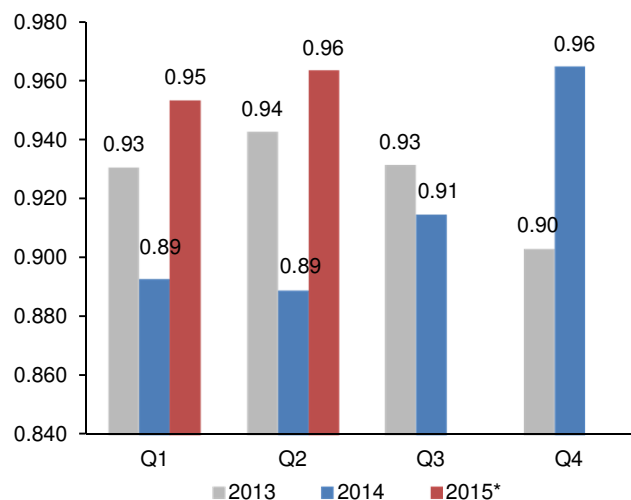
# Aggregated FX development

## Main Currencies Development – Q1 2015

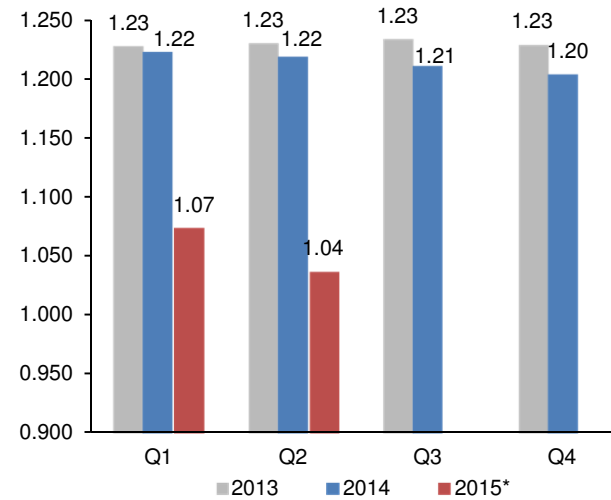


- Q1 was characterized by high volatilities in certain key currencies
  - Appreciation of Swiss Franc
  - Devaluation of Brazilian Real and Russian Ruble

## CHF/USD Development



## CHF/EUR Development



\* 2015 until 17/04/2015



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Nuance consolidation  
impacting all  
elements of P&L

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# Income statement

## Income Statement Q1 2015

(CHF million)	Q1 2015	%	Q1 2014	%
<b>Turnover</b>	<b>1,018.9</b>	<b>100.0%</b>	<b>775.0</b>	<b>100.0%</b>
<b>Gross profit</b>	<b>586.3</b>	<b>57.5%</b>	<b>456.8</b>	<b>58.9%</b>
Concession fees	(245.9)	24.1%	(174.9)	22.6%
Personnel expenses	(166.0)	16.3%	(127.8)	16.5%
Other expenses	(83.2)	8.2%	(65.0)	8.4%
Share of result of associates	0.8			
<b>EBITDA<sup>(1)</sup></b>	<b>92.0</b>	<b>9.0%</b>	<b>89.1</b>	<b>11.5%</b>
Depreciation	(26.6)	2.6%	(18.3)	2.4%
Amortization	(57.2)	5.6%	(31.9)	4.1%
Other operational result	(3.6)		(3.8)	
<b>EBIT</b>	<b>4.6</b>	<b>0.5%</b>	<b>35.1</b>	<b>4.5%</b>
Financial result	(11.4)		(23.3)	
<b>EBT</b>	<b>(6.8)</b>	<b>-0.7%</b>	<b>11.8</b>	<b>1.5%</b>
Income tax	1.0		(1.9)	
As % of EBT	14.7%		16.1%	
<b>Net Earnings from continuing operations</b>	<b>(5.8)</b>	<b>-0.6%</b>	<b>9.9</b>	<b>1.3%</b>
Net Earnings from discontinued operations	-0.1			
<b>Net Earnings</b>	<b>(5.9)</b>	<b>-0.6%</b>	<b>9.9</b>	<b>1.3%</b>
Non-controlling interests	(3.1)		(7.1)	
<b>Equity holders of the parent</b>	<b>(9.0)</b>	<b>-0.9%</b>	<b>2.8</b>	<b>0.4%</b>

(1) EBITDA before other operational result



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## WDF financing and consolidation impacts

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# WDF acquisition: Financing and impacts in the income statement

- Rights issue at market expected to be launched in June
  - Pre-emptive rights granted to shareholders
  - Remaining rights not signed by shareholders will undergo preference allocation to investors (GIC, QIA, Temasek) for up to CHF 450 million each
  - Eventual remaining rights to undergo a book building process
- Non-recurring transaction costs charged to the income statement of CHF 75-90 million mainly in Q2 and Q3 2015
  - To be included in other operational result and financial result
- Restructuring costs of CHF 40-60 million to be included in income statement from closing onwards Q3/Q4 2015
- Amortization: Preliminary indication of additional CHF 150-200 million per annum
  - PPA analysis just started; final amount to be confirmed
- Additional financial expenses of CHF 50-70 million per annum expected
- Full integration of WDF expected to be completed by 2017 with full synergies of EUR 100 million



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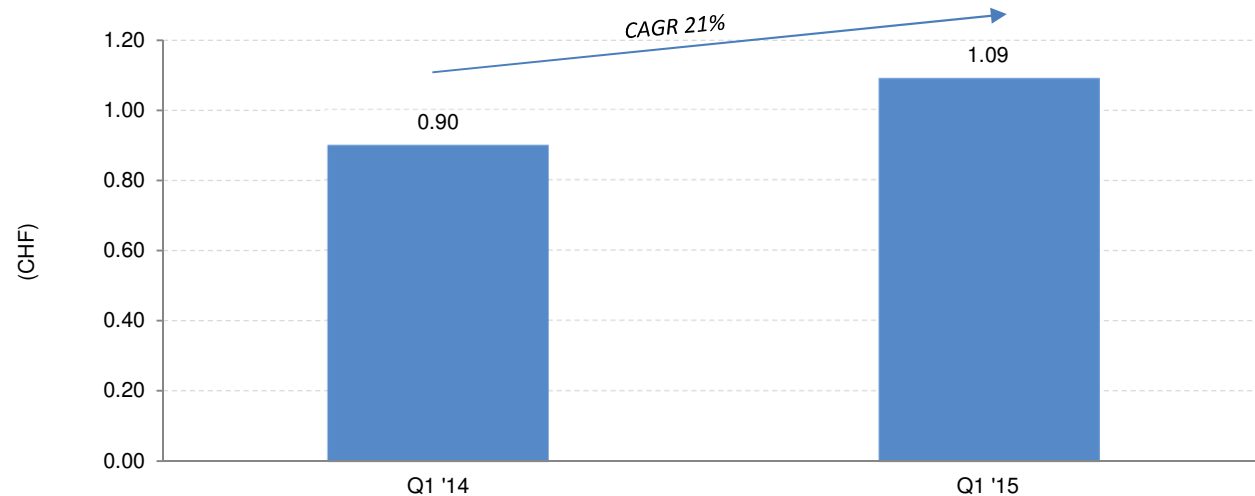
Cash EPS with  
growth of 21 %

Pro-forma Cash EPS  
is adjusted for one-  
offs from acquisition  
activities, thus  
providing a better  
base for comparison

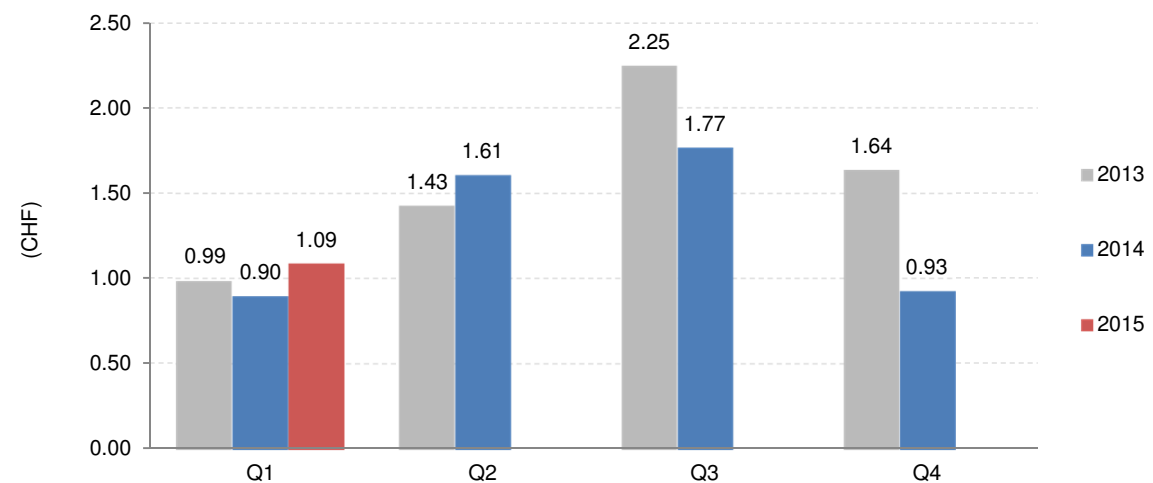
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## Cash earnings per share

### Cash Earnings per Share



### Seasonality of Cash EPS





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Assets are mainly related to Intangible assets generated by acquisitions

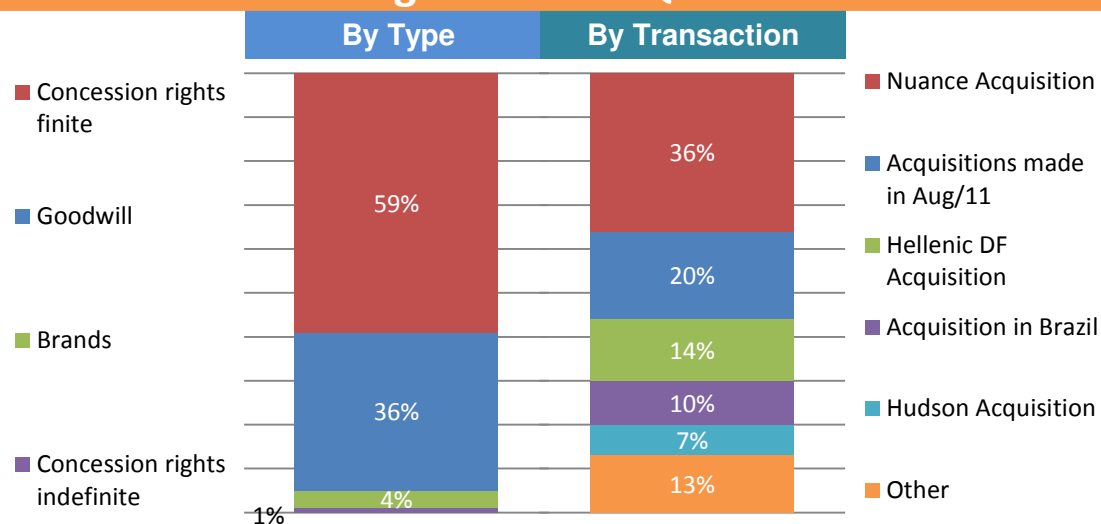
Liabilities are mainly a combination of Equity and Debt, which financed acquisitions

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## Balance sheet

Balance Sheet			
(CHF million)	31.03.2015	31.12.2014	Variation
PP&E	413	435	-23
Intangible assets	4,389	4,724	-335
Other non current assets	124	107	17
Net Working Capital	432	442	-10
Other current assets	240	238	2
Equity	2,323	2,459	-136
Net Debt	2,368	2,355	13
Non current liabilities	129	138	-9
Deferred tax liabilities, net	186	221	-35
Other current liabilities	593	849	-255

### Intangible Assets Q1 2015







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**Q1 is the least important quarter of the year, due to seasonality**

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# Cash flow statement

## Cash Flow Statement

(CHF million)	Q1 2015	Q1 2014
<b>EBITDA before other operational result</b>	<b>92.0</b>	<b>89.1</b>
Other operational items	11.8	4.5
<b>Cash flow before working capital changes</b>	<b>103.8</b>	<b>93.6</b>
Changes in CORE net working capital	(19.9)	(19.3)
Changes in other net working capital items	(31.1)	0.7
Restructuring related charges	(33.0)	-
Taxes paid, dividends from associates	(8.5)	(5.2)
<b>Net Cash Flow from operating activities</b>	<b>11.3</b>	<b>69.8</b>
Capex	(26.8)	(49.3)
<b>Free Cash Flow</b>	<b>(15.5)</b>	<b>20.5</b>
Business combinations, acquisition / sale of participation in subsidiaries	(119.1)	(0.7)
Interest paid, net	(24.2)	(15.4)
Dividends paid to minorities	(5.1)	(3.2)
Arrangement fees paid and other	1.7	(1.8)
Contributions from / (repayment of) non-controlling interest holders	-	18.1
<b>Cash Flow used for financing</b>	<b>(27.6)</b>	<b>(2.3)</b>
<b>Change in Net Debt</b>	<b>(162.2)</b>	<b>17.5</b>
Currency translation	148.9	9.3
<b>Increase in cash and cash equivalents</b>	<b>(13.3)</b>	<b>26.8</b>
<b>Net Debt</b>		
– at the beginning of the period	2,354.5	1,753.3
– at the end of the period	2,367.8	1,726.5



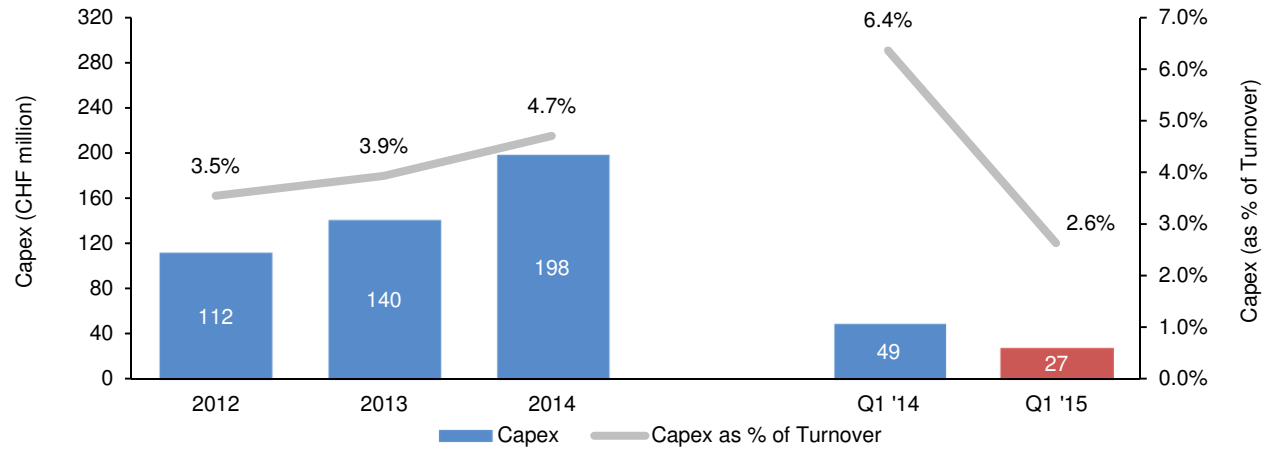
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Capex returning to historical levels after expansion plan executed in 2014

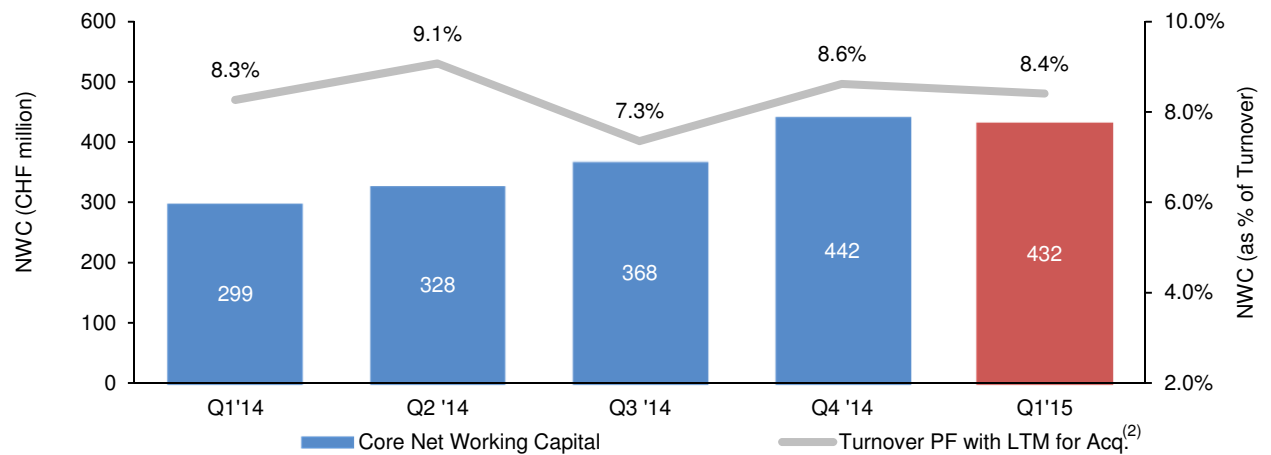
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# Capex & Net Working Capital

## Capex Evolution



## Core Net Working Capital Evolution <sup>(1)</sup>



<sup>(1)</sup> Inventories + Trade and credit card receivables - Trade payables

<sup>(2)</sup> Based on PF LTM turnover for Nuance (excluding Singapore)



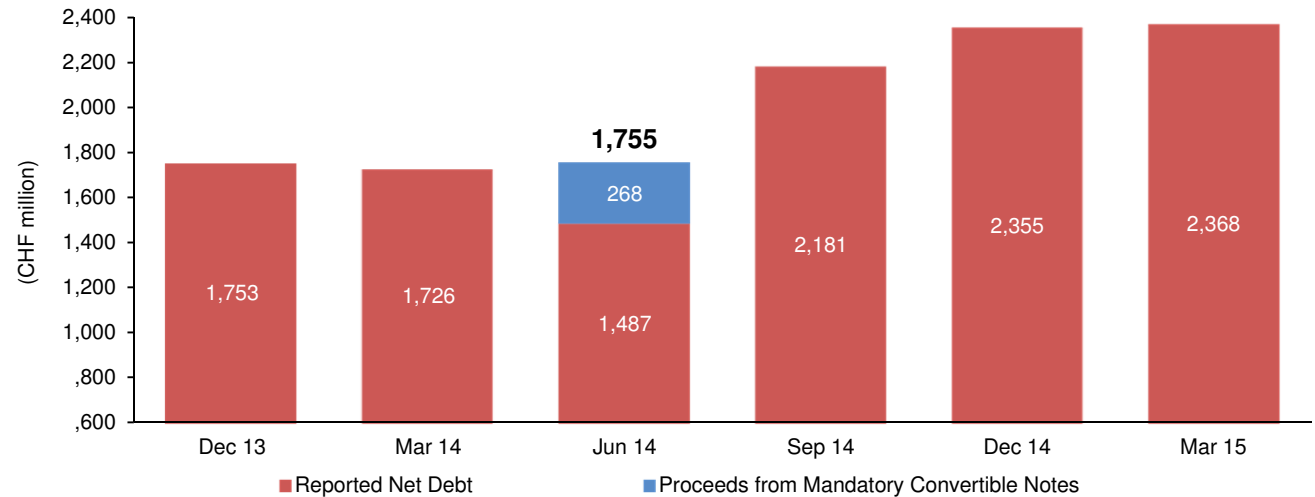
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Bank debt has been  
refinanced in 2014;  
moving all maturities  
to 2019

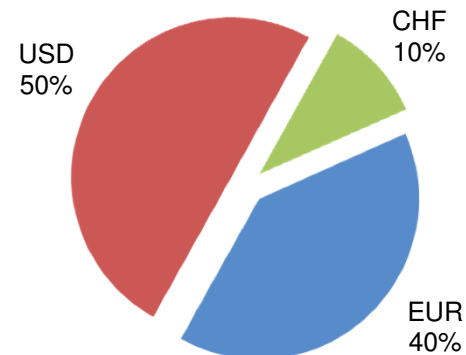
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## Financing & Covenants (1)

### Net Debt Evolution



### Net Debt by Currency





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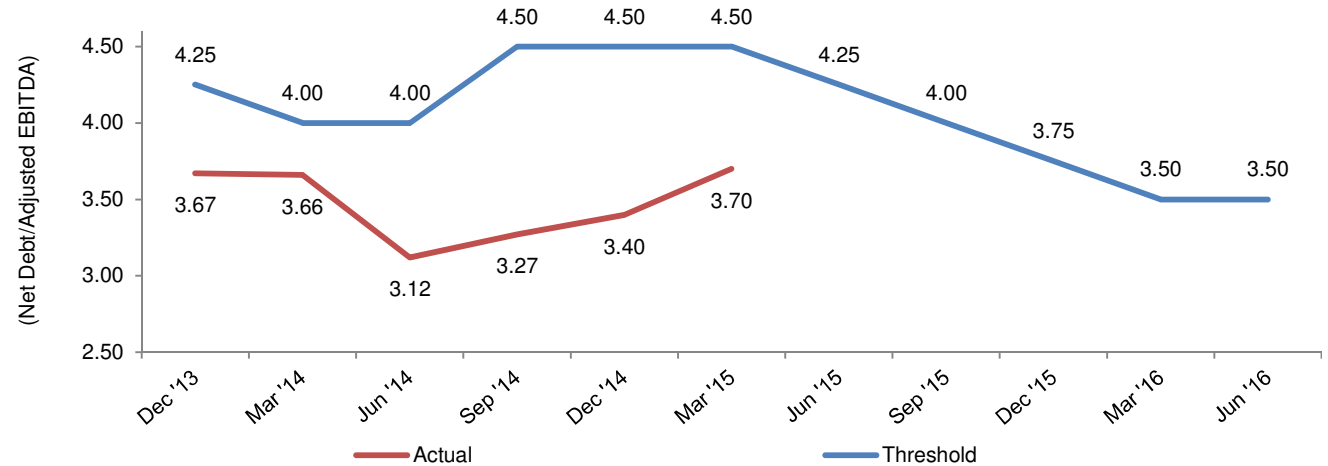
**Leverage ratio  
significantly below  
covenant levels**

**Covenants  
reset due to  
WDF acquisition**

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## Financing & Covenants (2)

### Covenants Evolution



- New set of covenants negotiated with banks due to the acquisition of WDF
- Reported Net Debt / EBITDA to go slightly beyond 4x right after the transaction; expected to be below 4x by the end of 2015

# Conclusion



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**Nuance integration  
to be completed  
by end 2015**

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**Acceleration of  
organic growth with  
several initiatives**

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## **Delivering of synergies of Nuance integration**

- Nuance integration will be the priority for 2015
  - Integration being executed at all organizational, commercial and operational levels
  - Integration to be completed as per end 2015 as planned
  - CHF 70 million synergies confirmed – full impact as of FY 2016
- Accelerate organic growth
  - Brand plan with main vendors with periodic performance review every 4 month
  - Renovation plan of 180 stores to improve revenue generation
  - New operational initiatives (store staff specialization, incentives program, visual merchandising)
- Asia and Hudson international expansion
- Closing of WDF acquisition & start of WDF integration planning

Thank you



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