

SIX MONTHS REPORT 2014

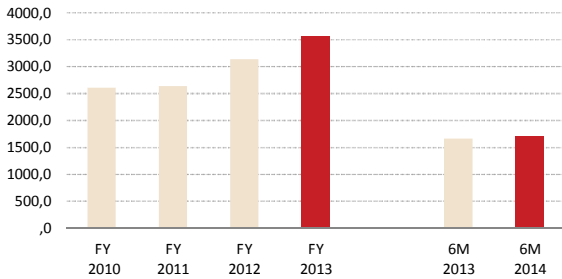


DUFRY

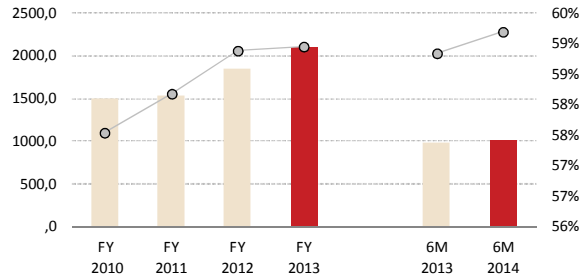


Key figures

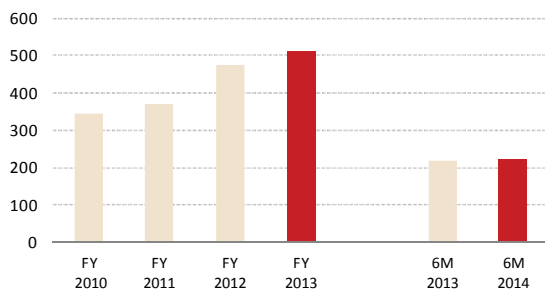
Turnover
IN MILLIONS OF CHF



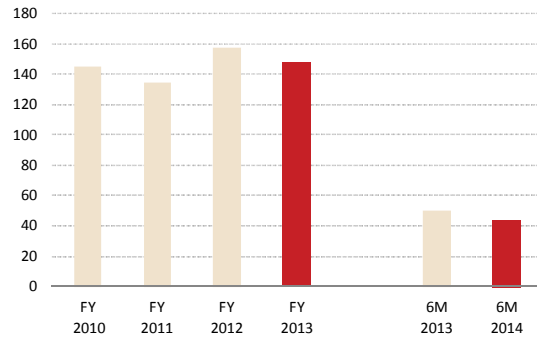
Gross profit
IN MILLIONS IN CHF



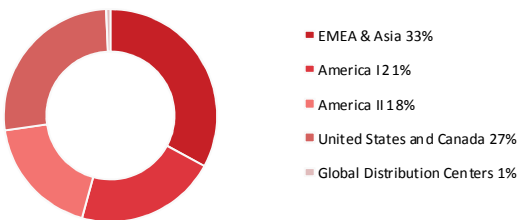
EBITDA
IN MILLIONS OF CHF



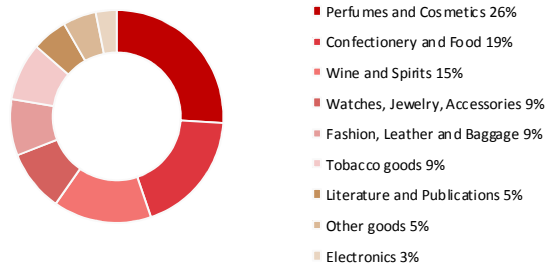
Net earnings
IN MILLIONS OF CHF



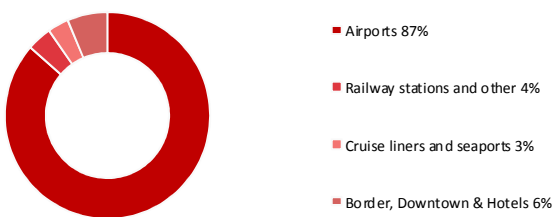
Net sales by region



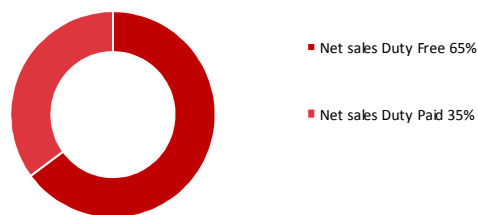
Net sales by product categories



Net sales by channel



Net sales by market sector



Interim Consolidated Income Statement

IN MILLIONS OF CHF	Note	Unaudited 6M 2014	Unaudited 6M 2013	Unaudited Q2 2014	Unaudited Q2 2013
Net sales		1.653,7	1.616,3	905,4	902,0
Advertising income		54,2	51,1	27,5	29,0
Turnover		1.707,9	1.667,4	932,9	931,0
Cost of sales		(696,8)	(686,4)	(378,6)	(382,7)
Gross profit		1.011,1	981,0	554,3	548,3
Selling expenses		(402,6)	(392,3)	(215,4)	(214,6)
Personnel expenses		(274,1)	(256,7)	(146,3)	(140,8)
General expenses		(113,0)	(113,9)	(60,3)	(60,1)
EBITDA¹		221,4	218,1	132,3	132,8
Depreciation, amortization and impairment		(101,3)	(89,2)	(51,1)	(47,7)
Other operational result		(17,0)	(23,3)	(13,2)	(17,3)
Earnings before interest and taxes (EBIT)		103,1	105,6	68,0	67,8
Interest expenses		(55,6)	(43,6)	(31,1)	(25,1)
Interest income		2,5	1,2	1,4	0,6
Foreign exchange gain / (loss)		0,8	(2,1)	0,7	(1,0)
Earnings before taxes (EBT)		50,8	61,1	39,0	42,3
Income taxes	8	(6,7)	(10,7)	(4,8)	(7,3)
Net earnings		44,1	50,4	34,2	35,0
Attributable to:					
Equity holders of the parent		27,5	28,9	24,7	20,1
Non-controlling interests		16,6	21,5	9,5	14,9
Earnings per share attributable to equity holders of the parent					
Basic earnings per share in CHF		0,89	0,97	0,80	0,68
Diluted earnings per share in CHF		0,88	0,97	0,79	0,68
Weighted average number of outstanding shares in thousands		30.901	29.669	30.902	29.671

¹ EBITDA before other operational result

Interim Consolidated Statement of Comprehensive Income

IN MILLIONS OF CHF	Unaudited 6M 2014	Unaudited 6M 2013	Unaudited Q2 2014	Unaudited Q2 2013
Net earnings	44,1	50,4	34,2	35,0
OTHER COMPREHENSIVE INCOME:				
Actuarial gains / (losses) on defined benefit plans	0,5	0,4	-	(0,6)
Income tax	(0,1)	-	(0,1)	-
Items not being reclassified to net income in subsequent periods, net of tax	0,4	0,4	(0,1)	(0,6)
Exchange differences on translating foreign operations	(8,1)	65,4	3,2	(2,4)
Net gain / (loss) on hedge of net investment in foreign operations	1,4	(29,2)	(2,7)	2,7
Income tax on above positions	-	3,5	-	(0,3)
Items to be reclassified to net income in subsequent periods, net of tax	(6,7)	39,7	0,5	-
Total other comprehensive income for the period, net of tax	(6,3)	40,1	0,4	(0,6)
Total comprehensive income for the period, net of tax	37,8	90,5	34,6	34,4
Attributable to:				
Equity holders of the parent	22,8	65,0	25,3	18,8
Non-controlling interests	15,0	25,5	9,3	15,6

Interim Consolidated Statement of Financial Position

IN MILLIONS OF CHF	Note	Unaudited 30.06.2014	Audited 31.12.2013
ASSETS			
Property, plant and equipment		342,1	313,9
Intangible assets		2.686,4	2.734,0
Deferred tax assets		151,4	154,9
Other non-current assets		65,7	62,1
Non-current assets		3.245,6	3.264,9
Inventories		553,8	524,7
Trade and credit card receivables		57,6	42,8
Other accounts receivable	7	216,7	149,7
Income tax receivables		12,0	9,9
Cash and cash equivalents		511,5	246,4
Current assets		1.351,6	973,5
Total assets		4.597,2	4.238,4
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	10, 11	1.420,7	1.137,5
Non-controlling interests		168,4	129,9
Total equity		1.589,1	1.267,4
Financial debt		1.624,5	1.693,6
Deferred tax liabilities		245,0	261,7
Provisions		52,0	51,3
Post-employment benefit obligations		10,7	11,5
Other non-current liabilities		4,3	5,1
Non-current liabilities		1.936,5	2.023,2
Trade payables		283,7	277,9
Financial debt		374,0	306,2
Income tax payables		34,4	30,5
Provisions		10,2	10,1
Other liabilities	10	369,3	323,1
Current liabilities		1.071,6	947,8
Total liabilities		3.008,1	2.971,0
Total liabilities and shareholders' equity		4.597,2	4.238,4

Interim Consolidated Statement of Changes in Equity

Unaudited 6M 2014

IN MILLIONS OF CHF	Note	Attributable to equity holders of the parent									Total equity
		Share capital	Share premium	Treasury shares	Capital reserve for mandatory convertible notes	Employee benefit reserve	Translation reserves	Retained earnings	Total	Non-controlling interests	
Balance at January 1, 2014		154,5	1.207,0	(18,1)	-	0,3	(224,5)	18,3	1.137,5	129,9	1.267,4
Net earnings		-	-	-	-	-	-	27,5	27,5	16,6	44,1
Other comprehensive income (loss)		-	-	-	-	0,5	(5,2)	-	(4,7)	(1,6)	(6,3)
Total comprehensive income for the period		-	-	-	-	0,5	(5,2)	27,5	22,8	15,0	37,8
Transactions with or distributions to shareholders:											
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(20,2)	(20,2)
Issuance of mandatory convertible notes	10	-	-	-	269,6	-	-	-	269,6	-	269,6
Transactions costs mandatory convertible notes	10	-	-	-	(6,6)	-	-	-	(6,6)	-	(6,6)
Assignment of treasury shares		-	-	17,6	-	-	-	(17,6)	-	-	-
Share-based payment		-	-	-	-	-	-	1,1	1,1	-	1,1
Total transactions with or distributions to owners		-	-	17,6	263,0	-	-	(16,5)	264,1	(20,2)	243,9
Changes in ownership interests in subsidiaries:											
Changes in participation of non-controlling interests	7	-	-	-	-	-	-	(3,7)	(3,7)	43,7	40,0
Balance at June 30, 2014		154,5	1.207,0	(0,5)	263,0	0,8	(229,7)	25,6	1.420,7	168,4	1.589,1

IN MILLIONS OF CHF	Note	Attributable to equity holders of the parent									Total equity
		Share capital	Share premium	Treasury shares	Capital reserve for mandatory convertible notes	Employee benefit reserve	Translation reserves	Retained earnings	Total	Non-controlling interests	
Balance at January 1, 2013		148,4	1.207,0	(41,6)	-	-	(199,9)	124,9	1.238,8	128,4	1.367,2
Restatement		-	-	-	-	(15,8)	-	0,1	(15,7)	-	(15,7)
Balance at January 1, 2013 (restated *)		148,4	1.207,0	(41,6)	-	(15,8)	(199,9)	125,0	1.223,1	128,4	1.351,5
Net earnings		-	-	-	-	-	-	28,9	28,9	21,5	50,4
Other comprehensive income (loss)		-	-	-	-	0,4	35,7	-	36,1	4,0	40,1
Total comprehensive income for the period		-	-	-	-	0,4	35,7	28,9	65,0	25,5	90,5
Transactions with or distributions to shareholders:											
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(19,1)	(19,1)
Assignment of treasury shares		-	-	41,2	-	-	-	(41,2)	-	-	-
Total transactions with or distributions to owners		-	-	41,2	-	-	-	(41,2)	-	(19,1)	(19,1)
Changes in ownership interests in subsidiaries:											
Changes in participation of non-controlling interests		-	-	-	-	-	-	-	-	24,6	24,6
Balance at June 30, 2013		148,4	1.207,0	(0,4)	-	(15,4)	(164,2)	112,7	1.288,1	159,4	1.447,5

* Certain amounts shown here do not correspond to the 6M 2013 financial statements and reflect the IAS 19R adjustments made as detailed in the annual report 2013.

Interim Consolidated Statement of Cash Flows

IN MILLIONS OF CHF	Note	Unaudited 6M 2014	Unaudited 6M 2013	Unaudited Q2 2014	Unaudited Q2 2013
Cash flows from operating activities					
Earnings before taxes (EBT)		50,8	61,1	39,0	42,3
Adjustments for:					
Depreciation, amortization and impairment		101,3	89,2	51,1	47,7
Increase/(decrease) in allowances and provisions		7,7	(0,4)	0,5	(1,5)
Loss/(gain) on unrealized foreign exchange differences		(1,8)	2,4	(2,2)	0,7
Other non-cash items		1,1	-	0,5	-
Interest expense		55,6	43,6	31,1	25,1
Interest income		(2,5)	(1,2)	(1,4)	(0,6)
Cash flow before working capital changes		212,2	194,7	118,6	113,7
Decrease/(increase) in trade and other accounts receivable		(58,3)	(28,1)	(28,7)	(10,7)
Decrease/(increase) in inventories		(37,2)	(25,8)	(4,1)	(18,2)
Increase/(decrease) in trade and other accounts payable		54,9	114,9	10,8	70,9
Cash generated from operations		171,6	255,7	96,6	155,7
Income taxes paid		(16,6)	(11,7)	(11,4)	(6,2)
Net cash flows from operating activities		155,0	244,0	85,2	149,5
Cash flow from investing activities					
Purchase of property, plant and equipment		(78,7)	(49,0)	(47,2)	(29,5)
Purchase of intangible assets		(23,0)	(47,9)	(5,1)	(45,0)
Proceeds from sale of property, plant and equipment		1,0	1,1	0,9	0,1
Interest received		2,1	0,9	1,2	0,5
Business combinations, net of cash		(6,0)	(244,0)	(5,1)	(243,1)
Proceed from sale of interest in subsidiaries, net of cash		0,2	0,9	-	-
Net cash flows used in investing activities		(104,4)	(338,0)	(55,3)	(317,0)
Cash flow from financing activities					
Proceeds from mandatory convertible notes	10	275,0	-	275,0	-
Mandatory convertible notes transaction costs paid	10	(6,7)	-	(6,7)	-
Proceeds from bank loans		37,7	62,8	-	60,6
Repayment of bank loans		(28,8)	(12,8)	(28,8)	(6,2)
Repayment of 3rd party loans		(4,4)	(1,6)	(2,6)	(0,3)
Dividends paid to non-controlling interest		(20,2)	(19,1)	(17,0)	(15,9)
Net contributions from / (purchase of) non-controlling interests		14,0	-	(4,1)	-
Share issuance costs paid		(0,1)	-	-	-
Arrangement fees paid		(5,5)	(11,9)	(5,1)	(7,6)
Interest paid		(46,9)	(45,5)	(30,6)	(25,9)
Net cash flows (used in) / from financing activities		214,1	(28,1)	180,1	4,7
Currency translation on cash		0,4	10,3	0,6	(2,2)
(Decrease) / Increase in cash and cash equivalents		265,1	(111,8)	210,6	(165,0)
Cash and cash equivalents at the					
- beginning of the period		246,4	434,0	300,9	487,2
- end of the period		511,5	322,2	511,5	322,2



Notes to the Interim Consolidated Financial Statements

1. Corporate information

Dufry AG ('Dufry' or 'the Company') is a publicly listed company with headquarters in Basel, Switzerland. The Company is the world's leading travel retail company. It operates over 1'400 shops worldwide. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zürich and its Brazilian Depository Receipts on the BM&FBOVESPA in Sao Paulo.

The interim consolidated financial statements of Dufry AG and its subsidiaries ('the Group') for the period ended June 30, 2014 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated July 29, 2014.

2. Basis of preparation and changes to the accounting policies

Basis of preparation

The interim consolidated financial statements for the six months ended June 30, 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of December 31, 2013.

New standards, interpretations and amendments adopted

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2013, except for the new or revised Standards and Interpretations (effective January 1, 2014) adopted in these financial statements. Their adoption did not have a significant impact on the amounts reported in these financial statements or disclosures therein.

- **IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32**

These amendments should clarify the meaning of "currently

has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. The Group did not identify any additional disclosure obligation.

- **IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39**

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group did not designate any derivatives as hedging instruments during the current period.

3. Principal foreign exchange rates applied for valuation and translation

	Average rates		Closing rates	
	6M 2014	Q2 2014	30.06.14	
1 USD	0,8908	0,8891	0,8871	
1 EUR	1,2211	1,2191	1,2144	
	6M 2013	Q2 2013	30.06.13	31.12.13
1 USD	0,9363	0,9425	0,9461	0,8886
1 EUR	1,2295	1,2308	1,2305	1,2250

4. Seasonality

Dufry does not have distinctive sales seasonality as the combined effect of the different regions is well balanced, but in terms of EBITDA the last two quarters are normally the strongest.

5. Segment information

The group's risks and returns are predominantly affected by the fact that it operates in different countries. Therefore, the Group presents the segment information as it does internally to the Group Executive Committee, using 4 geographical areas and the distribution centers as separate segments.

Notes to the Interim Consolidated Financial Statements

5. Segment information (continued)

Segment information 6M

6M 2014

IN MILLIONS OF CHF	Turnover			EBITDA ¹
	with external customers	with other segments	Total	
EMEA & Asia	552,1	-	552,1	69,0
America I	357,3	-	357,3	22,8
America II	318,4	-	318,4	17,1
United States & Canada	451,1	-	451,1	51,4
Global Distribution Centers	29,0	423,2	452,2	61,1
Total segments	1.707,9	423,2	2.131,1	221,4
Eliminations	-	(423,2)	(423,2)	-
Dufry Group	1.707,9	-	1.707,9	221,4

6M 2013

IN MILLIONS OF CHF	Turnover			EBITDA ¹
	with external customers	with other segments	Total	
EMEA & Asia	498,8	-	498,8	61,9
America I	376,5	-	376,5	16,8
America II	342,6	-	342,6	26,9
United States & Canada	420,1	-	420,1	49,1
Global Distribution Centers	29,4	419,7	449,1	63,4
Total segments	1.667,4	419,7	2.087,1	218,1
Eliminations	-	(419,7)	(419,7)	-
Dufry Group	1.667,4	-	1.667,4	218,1

Segment information Q2

Q2 2014

IN MILLIONS OF CHF	Turnover			EBITDA ¹
	with external customers	with other segments	Total	
EMEA & Asia	312,3	-	312,3	46,6
America I	182,6	-	182,6	9,4
America II	180,0	-	180,0	11,4
United States & Canada	246,1	-	246,1	33,7
Global Distribution Centers	11,9	209,7	221,6	31,2
Total segments	932,9	209,7	1.142,6	132,3
Eliminations	-	(209,7)	(209,7)	-
Dufry Group	932,9	-	932,9	132,3

¹ EBITDA before other operational result

Notes to the Interim Consolidated Financial Statements

5. Segment information (continued)

Segment information Q2 (continued)

Q2 2013	Turnover			EBITDA ¹
	with external customers	with other segments	Total	
IN MILLIONS OF CHF				
EMEA & Asia	316,3	-	316,3	47,3
America I	186,0	-	186,0	5,7
America II	184,0	-	184,0	13,6
United States & Canada	230,3	-	230,3	31,6
Global Distribution Centers	14,4	203,8	218,2	34,6
Total segments	931,0	203,8	1.134,8	132,8
Eliminations	-	(203,8)	(203,8)	-
Dufrey Group	931,0	-	931,0	132,8

¹ EBITDA before other operational result

Segment assets and liabilities

IN MILLIONS OF CHF	30.06.2014		31.12.2013	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
EMEA & Asia	1.450,0	416,2	1.435,1	386,8
America I	1.218,7	173,5	1.228,2	184,6
America II	402,4	130,4	361,0	106,1
United States & Canada	673,4	125,3	576,5	109,4
Global Distribution Centers	352,5	149,4	246,8	177,9
Total segments	4.097,0	994,8	3.847,6	964,8
Unallocated positions	500,2	2.013,3	390,8	2.006,2
Dufrey Group	4.597,2	3.008,1	4.238,4	2.971,0

6. Acquisition of Hellenic Duty Free Shops, Greece in 2013

The fair value of the identifiable assets and liabilities at the date of the acquisition are considered to be final and unchanged from the disclosure in the Group's annual financial statements as of December 31, 2013.

7. Agreement with a local partner to operate in Brazil

Through its new subsidiary Dufrey Lojas Francas Ltd, Dufrey will operate the new and renewed concessions in Brazil jointly with its new local partner. The local partner will hold 40% of the equity, which will be injected as cash contribution in several payments. Up to June 2014, the local partner made a first contribution of CHF 16.8 million to their equity. The remaining cash contributions will be made during the next quarters in line with the implementation plan.

Notes to the Interim Consolidated Financial Statements

8. Income taxes

IN MILLIONS OF CHF	Unaudited 6M 2014	Unaudited 6M 2013	Unaudited Q2 2014	Unaudited Q2 2013
Current income tax	(18,7)	(18,3)	(12,6)	(12,3)
Deferred income tax	12,0	7,6	7,8	5,0
TOTAL INCOME TAXES	(6,7)	(10,7)	(4,8)	(7,3)

9. Important transaction

Dufrey announced on June 4, 2014 the signing of an agreement to acquire 100% of The Nuance Group ("TNG") for a consideration of CHF 1'550.0 million on a debt-free, cash-free basis. The closing date of the transaction is expected to be during Q3.

TNG is one of the top global travel retailers and in 2013 generated turnover of CHF 2'094.9 million, of which 93% at airports. The Nuance Group operates 75'000 square meters of retail space across 19 countries in Europe, Asia and North America, and employs more than 4'800 persons.

The Group headquartered in Switzerland, complements Dufrey's business in EMEA & Asia, the Mediterranean and Central Europe as well as US and Canada.

Dufrey expects to generate significant costs synergies through the integration of TNG into its supply chain and logistics platforms as well as through the combination of the global and regional organizations and support functions.

The acquisition will be financed through the issue of the following instruments (gross proceeds):

- Mandatory convertible notes of CHF 275.0 million on June 18, 2014 (see note 10)
- Share capital of CHF 810.0 million on July 8, 2014 (see note 11 and 12)
- Senior Notes of CHF 607.5 million on July 17, 2014 (see note 12)

10. Mandatory convertible notes

Dufrey issued CHF 275.0 million Mandatory Convertible Notes ("MCN") due June 18, 2015 convertible into ordinary registered shares of Dufrey. The notes were issued by Dufrey Financial Services B.V. Dufrey will issue the shares out of the existing conditional share capital.

The Mandatory Convertible Notes were issued at 100% of the principal amount in denominations of CHF 200'000 per note. The MCN will be convertible into fully paid ordinary shares of Dufrey at maturity unless earlier converted at the option of the MCN holders or the issuer or upon the occurrence of specified special events in accordance with the terms and conditions of

the MCN. The MCN pay a coupon of 2.0% per annum and the conversion price is set at CHF 152, corresponding to 1'809'210 shares.

The net proceeds from the issue amounted to CHF 268.3 million after deducting transaction expenses of CHF 6.7 million.

The transaction is presented as follows in the statement of financial position at the reporting date:

- the discounted interest payments are included in the line "Other liabilities" amounting to CHF 5.3 million, after set-off of transaction expenses of CHF 0.1 million. The transaction costs are amortized over 12 months and included in the line "Interest expenses".
- The remaining part of the net proceeds are disclosed in Equity in the column "MCN" amounting to CHF 263.0 million, after set-off of transaction expenses of CHF 6.6 million.

11. Share capital increase

The Extraordinary General Meeting held on June 26, 2014, approved the increase of the share capital of Dufrey from currently CHF 154'525'280 by up to CHF 27'269'160 to a maximum amount of up to CHF 181'794'440 through the issuance of fully paid-in new registered shares with a par value of CHF 5 each.

12. Events after reporting date

SHARE CAPITAL

On July 8, 2014, Dufrey AG issued 5'000'000 new registered shares representing 14% additional shares. After this share issuance, the share capital of the company amounts to CHF 179'525'280 million. The offer price for the rights offering as well as the public offering was set at CHF 162.00 per new share. In the rights offering, 3'623'976 new shares were subscribed for by existing shareholders, while 1'376'024 new shares were purchased by investors in the international offering, resulting in gross proceeds of CHF 810.0 million. The trading of the offered shares on the SIX Swiss Exchange commenced on July 9, 2014. The share issuance costs related with this transaction have been estimated at CHF 16.7 million and will be presented in equity.

SENIOR NOTES

On July 17, 2014, Dufrey placed EUR 500.0 million (CHF 607.5 million) Senior Notes denominated in EUR with a maturity up to July 2022 with qualified institutional investors in Switzerland and abroad. The notes are listed at ISE Irish Stock Exchange. The Senior Notes carry a coupon of 4.5% per year which will be payable semi-annually in arrears.

**To the Board of Directors of
Dufry AG, Basel**

Basel, 29 July 2014

Report on the review of interim condensed consolidated financial statements

Introduction

We have reviewed the interim condensed consolidated financial statements of Dufry AG as of 30 June 2014, comprising of the interim consolidated statement of financial position as of 30 June 2014 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six- and the three-month period then ended and explanatory notes (Pages 3 to 11). The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

Ernst & Young Ltd



Patrick Fawer
Licensed audit expert
(Auditor in charge)



Olaf Reich
Licensed audit expert