

NINE MONTHS REPORT 2014

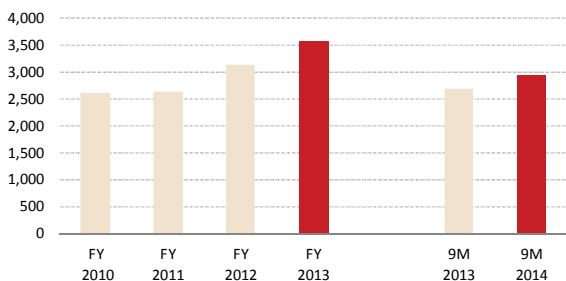


DUFRY

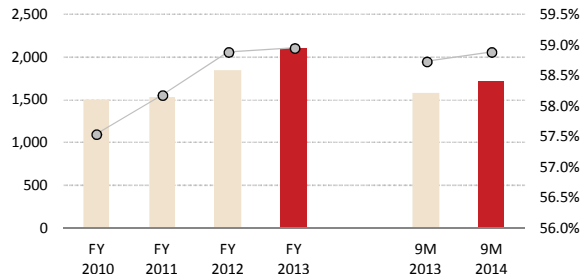


Key figures

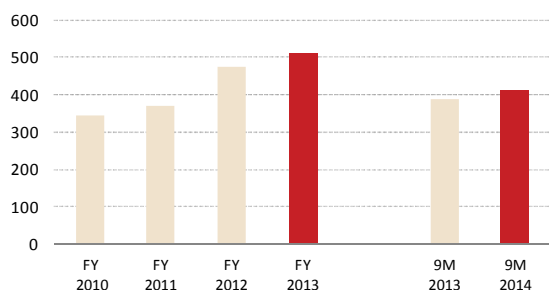
Turnover
IN MILLIONS OF CHF



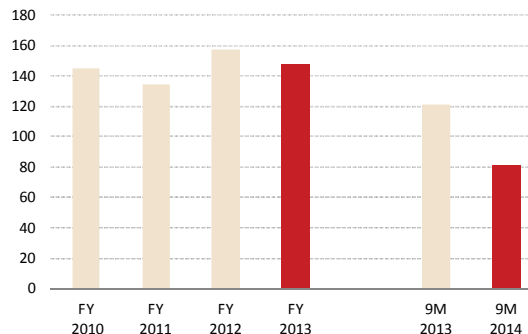
Gross profit
IN MILLIONS IN CHF



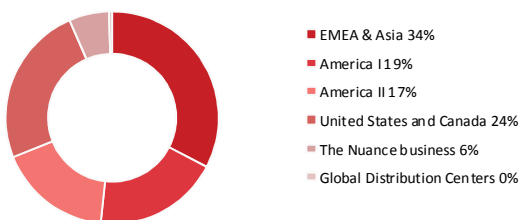
EBITDA
IN MILLIONS OF CHF



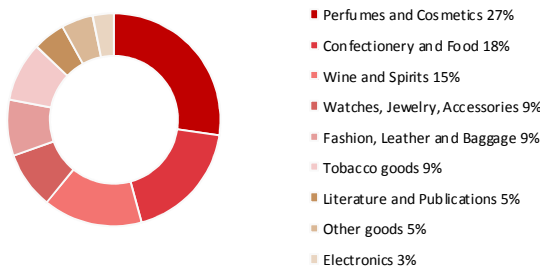
Net earnings
IN MILLIONS OF CHF



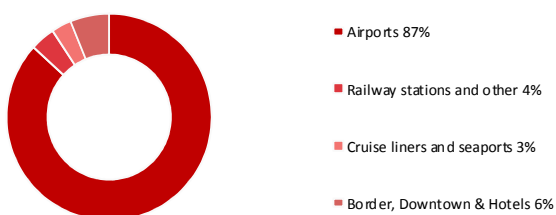
Net sales by region



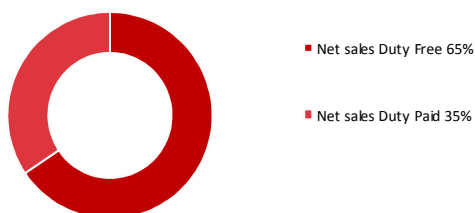
Net sales by product categories



Net sales by channel



Net sales by market sector



Interim Consolidated Income Statement

IN MILLIONS OF CHF	Note	Unaudited 9M 2014	Unaudited 9M 2013	Unaudited Q3 2014	Unaudited Q3 2013
Continuing operations					
Net sales		2,843.0	2,610.4	1,189.3	994.1
Advertising income		87.9	78.3	33.7	27.2
Turnover		2,930.9	2,688.7	1,223.0	1,021.3
Cost of sales		(1,205.1)	(1,109.6)	(508.3)	(423.2)
Gross profit		1,725.8	1,579.1	714.7	598.1
Selling expenses		(703.1)	(619.4)	(300.5)	(227.1)
Personnel expenses		(427.0)	(399.5)	(152.9)	(142.8)
General expenses		(182.1)	(174.2)	(69.1)	(60.3)
Share of result of associates		0.8	-	0.8	-
EBITDA¹		414.4	386.0	193.0	167.9
Depreciation, amortization and impairment		(166.2)	(139.3)	(64.9)	(50.1)
Other operational result		(39.7)	(28.3)	(22.7)	(5.0)
Earnings before interest and taxes (EBIT)		208.5	218.4	105.4	112.8
Interest expenses		(102.3)	(68.8)	(46.7)	(25.2)
Interest income		3.5	2.0	1.0	0.8
Foreign exchange gain / (loss)		(5.1)	(2.8)	(5.9)	(0.7)
Earnings before taxes (EBT)		104.6	148.8	53.8	87.7
Income taxes	9	(23.7)	(27.3)	(17.0)	(16.6)
Net earnings for the period from continuing operations		80.9	121.5	36.8	71.1
Discontinued operations					
Net earnings for the period from discontinued operations	11	0.1	-	0.1	-
Net earnings		81.0	121.5	36.9	71.1
Attributable to:					
Equity holders of the parent		55.5	73.0	28.0	44.1
Non-controlling interests		25.5	48.5	8.9	27.0
Earnings per share					
Basic earnings per share attributable to equity holders of the parent, in CHF		1.71	2.46	0.79	1.49
Diluted earnings per share attributable to equity holders of the parent, in CHF		1.67	2.45	0.75	1.48
Weighted average number of outstanding shares in thousands		32,438	29,669	35,461	29,671
Earnings per share for continuing operations					
Basic earnings per share attributable to equity holders of the parent, in CHF		1.71	2.46	0.79	1.49
Diluted earnings per share attributable to equity holders of the parent, in CHF		1.67	2.45	0.75	1.48

¹ EBITDA before other operational result

Interim Consolidated Statement of Comprehensive Income

IN MILLIONS OF CHF	Unaudited 9M 2014	Unaudited 9M 2013	Unaudited Q3 2014	Unaudited Q3 2013
Net earnings	81.0	121.5	36.9	71.1
OTHER COMPREHENSIVE INCOME:				
Actuarial gains / (losses) on defined benefit plans	1.3	1.1	0.8	0.7
Income tax	(0.1)	(0.1)	-	(0.1)
Items not being reclassified to net income in subsequent periods, net of tax	1.2	1.0	0.8	0.6
Exchange differences on translating foreign operations	128.0	(18.2)	136.1	(83.6)
Net gain / (loss) on hedge of net investment in foreign operations	(63.6)	9.5	(65.0)	38.7
Income tax on above positions	-	-	-	(3.5)
Items to be reclassified to net income in subsequent periods, net of tax	64.4	(8.7)	71.1	(48.4)
Total other comprehensive income for the period, net of tax	65.6	(7.7)	71.9	(47.8)
Total comprehensive income for the period, net of tax	146.6	113.8	108.8	23.3
Attributable to:				
Equity holders of the parent	114.3	65.3	91.5	0.3
Non-controlling interests	32.3	48.5	17.3	23.0
Total comprehensive income attributable to equity shareholders arises from	114.3	65.3	91.5	0.3
Attributable to:				
Continuing operations	115.5	65.3	92.7	0.3
Discontinued operations	(1.2)	-	(1.2)	-

Interim Consolidated Statement of Financial Position

IN MILLIONS OF CHF	Note	Unaudited 30.09.2014	Audited 31.12.2013
ASSETS			
Property, plant and equipment		414.8	313.9
Intangible assets		4,642.1	2,734.0
Investments in associates		8.4	-
Deferred tax assets		165.2	154.9
Other non-current assets		96.0	62.1
Non-current assets		5,326.5	3,264.9
Inventories		721.2	524.7
Trade and credit card receivables		95.1	42.8
Other accounts receivable	6.4	260.3	149.7
Income tax receivables		14.2	9.9
Cash and cash equivalents		798.0	246.4
Current assets		1,888.8	973.5
Assets of discontinued operations held for sale	11	48.9	-
Total assets		7,264.2	4,238.4
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	7	2,293.5	1,137.5
Non-controlling interests		165.7	129.8
Total equity		2,459.2	1,267.3
Financial debt	8	2,929.5	1,693.6
Deferred tax liabilities		442.7	261.7
Provisions		136.3	51.3
Post-employment benefit obligations		8.2	11.5
Other non-current liabilities		3.8	5.1
Non-current liabilities		3,520.5	2,023.2
Trade payables		448.0	278.0
Financial debt	8	49.7	306.2
Income tax payables		51.1	30.5
Provisions		26.6	10.1
Other liabilities		677.5	323.1
Current liabilities		1,252.9	947.9
Liabilities directly associated with discontinued operations held for sale	11	31.6	-
Total liabilities		4,805.0	2,971.1
Total liabilities and shareholders' equity		7,264.2	4,238.4

Interim Consolidated Statement of Changes in Equity

UNAUDITED 9M 2014		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	
IN MILLIONS OF CHF	Note										
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		-	-	-	-	-	-	55.5	55.5	25.5	81.0
Other comprehensive income (loss)		-	-	-	-	1.3	57.5	-	58.8	6.8	65.6
Total comprehensive income for the period		-	-	-	-	1.3	57.5	55.5	114.3	32.3	146.6
Transactions with or distributions to shareholders:											
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(27.0)	(27.0)
Issuance of equity instruments	7	25.0	785.0	-	269.6	-	-	-	1,079.6	-	1,079.6
Transactions costs for equity instruments	7	-	(29.3)	-	(6.6)	-	-	-	(35.9)	-	(35.9)
Assignment of treasury shares		-	-	17.6	-	-	-	(17.6)	-	-	-
Share-based payment		-	-	-	-	-	-	1.7	1.7	-	1.7
Total transactions with or distributions to owners		25.0	755.7	17.6	263.0	-	-	(15.9)	1,045.4	(27.0)	1,018.4
Changes in ownership interests in subsidiaries:											
Acquisitions	6.1	-	-	-	-	-	-	-	-	(14.1)	(14.1)
Several minor Hudson subsidiaries		-	-	-	-	-	-	-	-	7.3	7.3
Other changes in participation of non-controlling interests		-	-	-	-	-	-	(3.7)	(3.7)	37.3	33.6
Balance at September 30, 2014		179.5	1,962.7	(0.5)	263.0	1.6	(167.0)	54.2	2,293.5	165.7	2,459.2

UNAUDITED 9M 2013		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	
IN MILLIONS OF CHF	Note										
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		-	-	-	-	-	-	73.0	73.0	48.5	121.5
Other comprehensive income (loss)		-	-	-	-	1.0	(8.7)	-	(7.7)	-	(7.7)
Total comprehensive income for the period		-	-	-	-	1.0	(8.7)	73.0	65.3	48.5	113.8
Transactions with or distributions to shareholders:											
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(28.9)	(28.9)
Assignment of treasury shares		-	-	41.2	-	-	-	(41.2)	-	-	-
Share-based payment		-	-	-	-	-	-	4.1	4.1	-	4.1
Total transactions with or distributions to owners		-	-	41.2	-	-	-	(37.1)	4.1	(28.9)	(24.8)
Changes in ownership interests in subsidiaries:											
Acquisitions		-	-	-	-	-	-	-	-	17.7	17.7
Several minor subsidiaries		-	-	-	-	-	-	-	-	11.1	11.1
Balance at September 30, 2013		148.4	1,207.0	(0.4)	-	(14.8)	(208.6)	160.9	1,292.5	176.8	1,469.3

* Certain amounts shown here do not correspond to the 9M 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 9M 2014	Unaudited 9M 2013	Unaudited Q3 2014	Unaudited Q3 2013
Cash flows from operating activities					
Earnings before taxes (EBT)		104.6	148.8	53.8	87.7
Net earnings from discontinued operations		0.1	-	0.1	-
Adjustments for:					
Depreciation, amortization and impairment		166.2	139.3	64.9	50.1
Increase/(decrease) in allowances and provisions		2.5	6.0	(5.2)	6.4
Loss/(gain) on unrealized foreign exchange differences		5.8	2.8	7.6	0.4
Other non-cash items		1.7	4.1	0.6	4.1
Share of result of associates		(0.8)	-	(0.8)	-
Interest expense		102.3	68.8	46.7	25.2
Interest income		(3.5)	(2.0)	(1.0)	(0.8)
Cash flow before working capital changes		378.9	367.8	166.7	173.1
Decrease/(increase) in trade and other accounts receivable		(40.4)	(37.4)	17.9	(9.3)
Decrease/(increase) in inventories		10.1	(30.9)	47.3	(5.1)
Increase/(decrease) in trade and other accounts payable		96.2	65.6	41.3	(49.3)
Cash generated from operations		444.8	365.1	273.2	109.4
Income taxes paid		(38.1)	(18.5)	(21.5)	(6.8)
Net cash flows from operating activities		406.7	346.6	251.7	102.6
Cash flow from investing activities					
Purchase of property, plant and equipment		(107.9)	(83.6)	(29.2)	(34.6)
Purchase of intangible assets		(26.6)	(66.8)	(3.6)	(18.9)
Proceeds from sale of property, plant and equipment		1.6	2.3	0.6	1.2
Interest received		2.9	1.6	0.8	0.7
Business combinations, net of cash	6.3	(1,132.9)	(244.0)	(1,126.9)	-
Proceed from sale of interest in subsidiaries, net of cash		0.2	0.9	-	-
Net cash flows used in investing activities		(1,262.7)	(389.6)	(1,158.3)	(51.6)
Cash flow from financing activities					
Proceeds from issue of new shares	7	810.0	-	810.0	-
Share issuance costs paid	7	(26.0)	-	(25.9)	-
Proceeds from mandatory convertible notes	7	275.0	-	-	-
Mandatory convertible notes transaction costs paid	7	(6.7)	-	-	-
Proceeds from bank loans		2,096.4	62.8	2,058.7	-
Repayment of bank loans		(1,580.1)	(65.9)	(1,551.3)	(53.1)
Repayment of 3rd party loans		(5.3)	(5.4)	(0.9)	(3.8)
Dividends paid to non-controlling interest		(27.0)	(28.9)	(6.8)	(9.8)
Net contributions from / (purchase of) non-controlling interests		14.0	-	-	-
Arrangement fees paid		(43.6)	(15.0)	(38.1)	(3.1)
Interest paid		(72.4)	(61.2)	(25.5)	(15.7)
Net cash flows (used in) / from financing activities		1,434.3	(113.6)	1,220.2	(85.5)
Currency translation on cash		(26.7)	(6.6)	(27.1)	(16.9)
(Decrease) / Increase in cash and cash equivalents		551.6	(163.2)	286.5	(51.4)
Cash and cash equivalents at the					
- beginning of the period		246.4	434.0	511.5	322.2
- end of the period		798.0	270.8	798.0	270.8

Notes to the Interim Consolidated Financial Statements

1. Corporate information

Dufrey AG ('Dufrey' 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 1.700 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 Dufrey AG and its subsidiaries ('the Group') for the period ended September 30, 2014 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated October 29, 2014.

2. Basis of preparation and changes to the accounting policies

Basis of preparation

The interim consolidated financial statements for the period ended September 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	Aquisition rates
	9M 2014	Q3 2014	30.09.14	09.09.14
1 USD	0.8988	0.9146	0.9547	0.9342
1 EUR	1.2178	1.2114	1.2056	1.2067
	9M 2013	Q3 2013	30.09.13	31.12.13
1 USD	0.9348	0.9314	0.9044	0.8886
1 EUR	1.2310	1.2338	1.2238	1.2250

4. Seasonality

Dufrey 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. The Nuance business is presented ad interim as a separate segment.

Notes to the Interim Consolidated Financial Statements

5. Segment information (continued)

Segment information 9M

9M 2014

IN MILLIONS OF CHF	Turnover			EBITDA ¹
	with external customers	with other segments	Total	
EMEA & Asia	941.2	-	941.2	146.8
America I	546.2	-	546.2	36.7
America II	511.3	-	511.3	27.3
United States & Canada	713.6	-	713.6	92.4
Nuance business	177.7	-	177.7	15.4
Global Distribution Centers	40.9	650.3	691.2	95.8
Total segments	2,930.9	650.3	3,581.2	414.4
Eliminations	-	(650.3)	(650.3)	-
Dufry Group	2,930.9	-	2,930.9	414.4

9M 2013

IN MILLIONS OF CHF	Turnover			EBITDA ¹
	with external customers	with other segments	Total	
EMEA & Asia	894.9	-	894.9	141.1
America I	569.6	-	569.6	26.0
America II	519.8	-	519.8	41.7
United States & Canada	659.0	-	659.0	81.4
Nuance business	-	-	-	-
Global Distribution Centers	45.4	639.9	685.3	95.8
Total segments	2,688.7	639.9	3,328.6	386.0
Eliminations	-	(639.9)	(639.9)	-
Dufry Group	2,688.7	-	2,688.7	386.0

Segment information Q3

Q3 2014

IN MILLIONS OF CHF	Turnover			EBITDA ¹
	with external customers	with other segments	Total	
EMEA & Asia	389.1	-	389.1	77.8
America I	188.9	-	188.9	13.9
America II	192.9	-	192.9	10.2
United States & Canada	262.5	-	262.5	41.0
Nuance business	177.7	-	177.7	15.4
Global Distribution Centers	11.9	227.1	239.0	34.7
Total segments	1,223.0	227.1	1,450.1	193.0
Eliminations	-	(227.1)	(227.1)	-
Dufry Group	1,223.0	-	1,223.0	193.0

¹ EBITDA before other operational result

Notes to the Interim Consolidated Financial Statements

5. Segment information (continued)

Q3 2013	Turnover			EBITDA ¹
	with external customers	with other segments	Total	
IN MILLIONS OF CHF				
EMEA & Asia	396.1	-	396.1	79.2
America I	193.1	-	193.1	9.2
America II	177.2	-	177.2	14.8
United States & Canada	238.9	-	238.9	32.3
Nuance business	-	-	-	-
Global Distribution Centers	16.0	220.2	236.2	32.4
Total segments	1,021.3	220.2	1,241.5	167.9
Eliminations	-	(220.2)	(220.2)	-
Dufry Group	1,021.3	-	1,021.3	167.9

¹ EBITDA before other operational result

Segment assets and liabilities

IN MILLIONS OF CHF	30.09.2014		31.12.2013	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
EMEA & Asia	1,476.0	432.7	1,435.1	386.8
America I	1,294.7	187.6	1,228.2	184.7
America II	414.6	121.6	361.0	106.1
United States & Canada	710.8	134.6	576.5	109.4
Nuance business*	2,457.9	967.3	-	-
Global Distribution Centers	380.3	188.6	246.8	177.9
Total segments	6,734.3	2,032.4	3,847.6	964.9
Unallocated positions	529.9	2,772.6	390.8	2,006.2
Dufry Group	7,264.2	4,805.0	4,238.4	2,971.1

* Includes the discontinued operations

Notes to the Interim Consolidated Financial Statements

6. Acquisitions of businesses and other agreements

6.1 Acquisition of The Nuance Group, Switzerland

On September 9, 2014, Dufrey acquired 100% of The Nuance Group ("TNG") for a net consideration of CHF 1'312.2 million. The acquisition has been accounted for using the purchase method. The related transaction costs of CHF 14.4 million have been accounted through profit and loss in the line other operational result.

The Nuance Group ("TNG") is one of the top global travel retailers with headquarters in Switzerland, and in 2013, reached a turnover of CHF 2'094.9 million (of which CHF 481.2 million from operations in Australia). Among the main locations operated by Nuance are airports in Toronto in Canada, Hong Kong, Stockholm in Sweden, Zürich and Geneva in Switzerland, Antalya in Turkey, Heathrow in UK and downtown stores in Macau. Overall, Nuance operates more than 270 shops in 15 countries and employs approximately 3'900 full time equivalents (FTE's).

This geographical presence of TNG complements the one of Dufrey very well. Dufrey expects to expand this business and to generate significant costs synergies through the integration of TNG into its marketing model and supply chain as well as through the combination of the global and regional organizations and support functions, which are reflected in the value of the goodwill besides other intangibles that are not recognized individually. The resulting goodwill is not amortized, is not tax deductible and will be subject to annual impairment testing.

The acquisition, together with the refinancing of TNG's debt and transaction related expenses, was financed through the issue of the following instruments (gross proceeds):

- Mandatory convertible notes of CHF 275.0 million on June 18, 2014 (see note 7.2)
- Share capital of CHF 810.0 million on July 8, 2014 (see note 7.1)
- Senior Notes of CHF 607.5 million on July 17, 2014 (see note 8)

The transaction costs in relation with the mandatory convertible notes and the share capital increase have been accounted through equity, whereas the costs related with the senior notes will be amortized over the term of the debt.

The fair value of the identifiable assets and liabilities of the acquired group at the date of acquisition and the resulting goodwill were determined preliminarily as the company is in the process of verifying the valuation of these net assets identified as follows:

September 9, 2014	PRELIMINARY FAIR VALUE	
	IN MILLIONS OF CHF	
Inventories		186.8
Other current assets		330.6
Property, plant and equipment		45.1
Concession rights		1,219.8
Other intangible assets		22.1
Investments in associates		7.4
Other non current assets		101.9
Provisions		(561.6)
Deferred tax liability		(194.7)
Other liabilities		(503.6)
Identifiable net assets		653.8
Fair value of non-controlling interests (negative)		14.1
Dufrey's share in the net assets		667.9
Goodwill		644.3
Total consideration		1,312.2

6.2 Acquisition of Hellenic Duty Free Shops, Greece in 2013

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

6.3 Reconciliation of cash flows

IN MILLIONS OF CHF	Total consideration	Net cash acquired	Subtotal	Changes in accounts payable	NET CASH FLOW
The Nuance Group, Switzerland	(1,312.2)	185.3	(1,126.9)	-	(1,126.9)
HDFS Option, Greece	(5.1)	-	(5.1)	-	(5.1)
Alliance, Puerto Rico	-	-	-	(0.9)	(0.9)
TOTAL	(1,317.3)	185.3	(1,132.0)	(0.9)	(1,132.9)

6.4 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 September 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

7. Equity

7.1 Issued capital

IN MILLIONS OF CHF	Unaudited 30.09.2014	Audited 31.12.2013
Share capital	179.5	154.5
Share premium	1,962.7	1,207.0
Total	2,142.2	1,361.5

Fully paid ordinary shares

IN MILLIONS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUM
Balance at January 1, 2013	29,673,823	148.4	1,207.0
Issue of shares	1,231,233	6.1	0.0
Balance at December 31, 2013	30,905,056	154.5	1,207.0
Issue of shares	5,000,000	25.0	785.0
Share issuance costs	-	-	(29.3)
Balance at September 30, 2014	35,905,056	179.5	1,962.7

Share capital increase

The Extraordinary General Meeting held on June 26, 2014, approved the increase of the share capital of Dufry 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.

On July 8, 2014, Dufry 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 29.3 million and is presented in equity.

7.2 Mandatory convertible notes

Dufry issued CHF 275.0 million Mandatory Convertible Notes ("MCN") due June 18, 2015 convertible into ordinary registered shares of Dufry. The notes were issued by Dufry Financial Services B.V. Dufry 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 Dufry 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 5.4 million, after set-off of transaction costs 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.



Notes to the Interim Consolidated Financial Statements

8. Financial debt

Main changes compared to December 31, 2013

In relation to the acquisition of TNG, Dufry decided to renew all major credit facilities on June 3, 2014 as follows:

- A term loan of USD 1'010.0 million (CHF 896.0 million) maturing in 2019
- A term loan of EUR 500.0 million (CHF 607.5 million) maturing in 2019
- A committed 5-year revolving credit facility (RCF) of CHF 900.0 million maturing in 2019

On July 17, 2014 Dufry placed a EUR 500.0 million (CHF 607.5 million) senior notes denominated in Euros with a maturity up to July 2022 with 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 payable semi-annually in arrears.

On September 9, 2014, a group of banks granted Dufry a committed 5-year letter of credit and guarantee facility of EUR 250.0 million (CHF 301.7 million) which was used to refinance existing syndicated guarantee facilities of The Nuance Group.

9. Income taxes

IN MILLIONS OF CHF	Unaudited 9M 2014	Unaudited 9M 2013	Unaudited Q3 2014	Unaudited Q3 2013
Current income tax	[44.9]	[37.2]	[26.2]	[18.9]
Deferred income tax	21.2	9.9	9.2	2.3
TOTAL INCOME TAXES	[23.7]	[27.3]	[17.0]	[16.6]

10. Post-employment benefit obligations

On September 30, 2014 Dufry communicated to its employees in Switzerland that the existing pension plan will change as of January 1, 2015 to a contribution based pension plan. This change generates a reduction of the defined benefit obligations of CHF 8.8 million presented as personnel expenses within the consolidated income statement in this period.

11. Discontinued operations

As part of the business combination Dufry acquired several operations in Australia exclusively with a view to its subsequent disposal. This decision is based on the fact that it was not possible to renew the concessions of the main operation in Sydney up to the acquisition date.

To the Board of Directors of
Dufry AG, Basel

Basel, 29 October 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 September 2014, comprising of the interim consolidated statement of financial position as of 30 September 2014 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine- and the three-month period then ended and explanatory notes (Pages 3 to 13). 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