HY 2016 Results

Strong financial performance, while renewing important concessions

July 29, 2016

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AGENDA

1. HY 2016 Results
   - Highlights HY 2016
   - Turnover growth
   - Update on World Duty Free Integration
2. Financials HY 2016
3. Conclusion & Outlook 2016

1 HY 2016 Results

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Strong financial performance despite challenging environment

Free cash flow grows significantly by 66% in H1 to CHF 200.3 million

Renewal of several contracts in e.g. Brazil, Mexico, UK and Switzerland, secure business and allow for further development and growth

World Duty Free integration proceeding according to plan – EUR 100 million synergies confirmed

Highlights HY 2016

Strong turnover growth of 62%

Cash EPS in Q2 of CHF 1.74 doubled from CHF 0.87 in Q2 2015

Free cash flow grows by 66% to CHF 200 million in H1 2016

- Turnover of CHF 3,610.9 million; growth of 62.0%
  - Pro-forma organic growth including WDF of -1.6%
- Gross profit margin improved to 58.4% in H1 2016 from 57.9% in H1 2015
- EBITDA margin at 10.6%; EBITDA in absolute terms grew by 61.1% reaching CHF 381.3 million
- Free cash flow growths significantly by 66.1% to CHF 200.3 million in HY 2016 versus CHF 120.6 million in HY 2015
  - Net debt reduced by CHF 82.9 million in H1 2016, now amounting to CHF 3,788.2 million at the end of June
- Cash EPS in Q2 reaches CHF 1.74, doubling the amount of Q2 2015
- World Duty Free integration proceeding according to plan
  - Synergies of CHF 105 million confirmed
  - New organization structure completed
- Trading update

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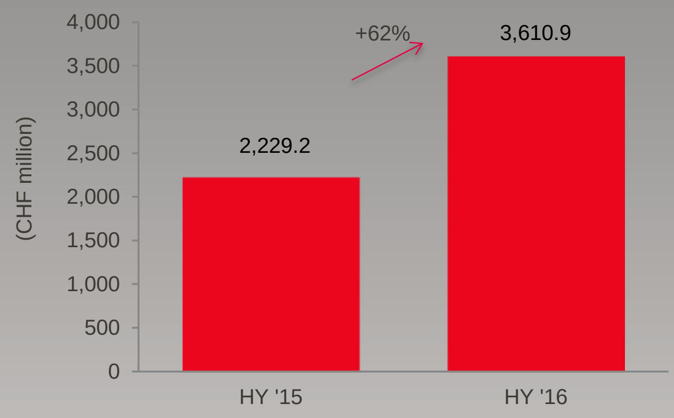
Turnover analysis

Turnover growths by 62%

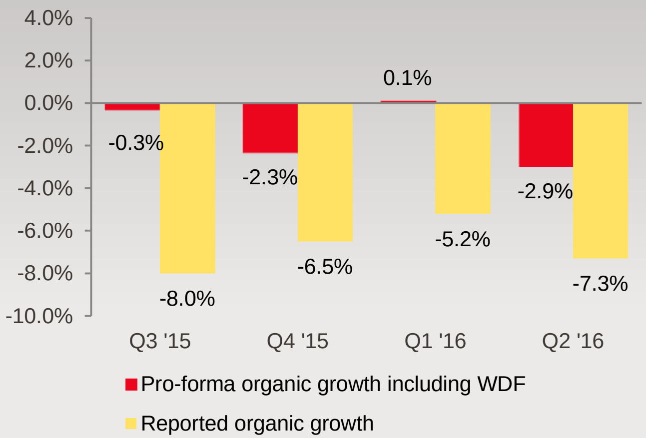
Organic growth underperformed due to Russians

Most markets in line with expectations

Turnover Evolution



Organic Growth by Quarter



- Turnover grows by 62%
- First semester accounts for around 45% of turnover
- Deterioration of performance by Russians and in Turkey
- Strong performance in Spain continued
- Recovery in Brazil and Argentina as expected
- First weeks of July show good start into the third quarter

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Organic growth initiatives

Several initiatives launched to improve organic growth

Initiatives to take effect gradually in the next quarters

- Refurbishment program of 60,000 m^2
- New openings contribute of 15,800m^2
- Increased activity in promotions (brand plan)
- Strong novelties program (brand plan)
- Active pricing policies
- Specific action plan per country
- Strong implementation of VIP vouchers
- Implementation of incentive plans to drive sales, shifts efficiencies to increase productivity

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Organic growth: Positive forecasts for ongoing passenger growth

Healthy international PAX growth

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

International PAX Forecast

	2016	2017	2018
Europe	3.4%	3.4%	3.9%
Africa	-4.1%	1.1%	1.9%
Asia/Pacific	10.2%	8.5%	7.6%
Middle East	10.0%	9.0%	8.1%
LatAm/Caribbean	8.6%	6.5%	6.3%
North America	4.7%	3.4%	3.3%
World in total	**5.7%**	**5.3%**	**5.3%**

Source: Air4casts (30/06/2016)

- 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

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Travel Industry Forecasts – Trends expect positive growth going forward

Positive prospects for the travel industry

Euro monitor

- Travel and tourism demand is expected to grow **4%** by **2020**
- Spain, Portugal and Croatia benefited from the shift of tourists flow from Middle East and Africa to the Mediterranean
- EU markets such as Ireland, Germany and Spain, along with the US, will experience the sharpest forecast change in volume
- Outbound flows from China will continue to be towards Asia Pacific

M1nd-set Generation

- Duty free industry to double until 2025 (~US$62 bn in 2015), **CAGR of 6.8%**
  - An acceleration in the growth of travelers from emerging countries and in international travel generally;
  - innovation from within the industry;
  - and improved marketing and premiumisation of the offer.
- Border, port and cruise ship outlets and downtown shops will see the fastest growth

IATA

- Annual traffic forecasts to grow at **CAGR 5.3%** during **2015-2019**
- RPKs are forecast to slow in **2016** but remain above-trend at **6.2%**, even though a sluggish world economy

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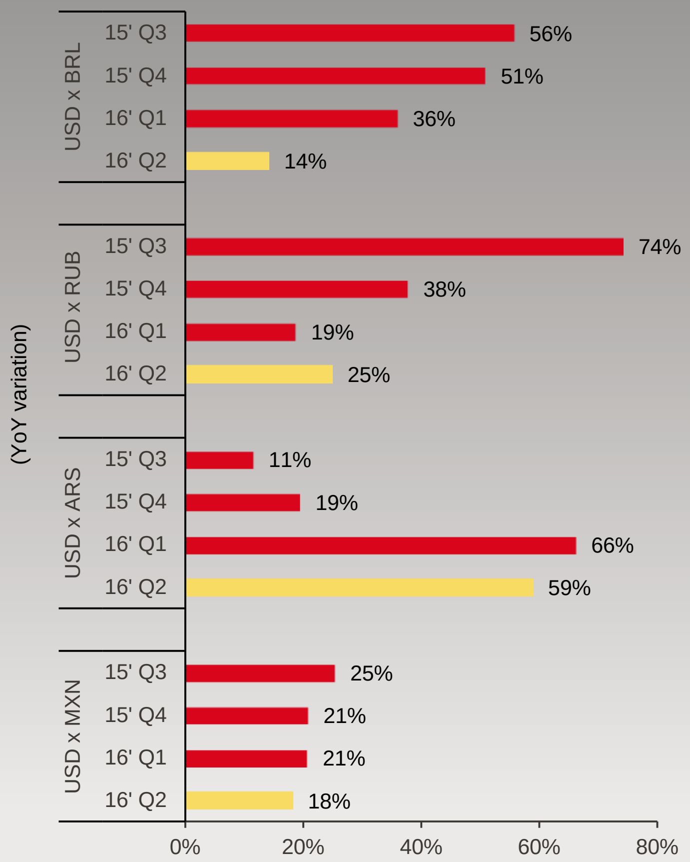
Organic growth: Spend per passenger impact

Reduced volatility in 2016

Local currencies evolution



- Currency volatility slightly improved and showing stabilizing trends
- Brazilian Real and Russian Ruble devaluation to annualize in Q3
- Negative impact on the Argentinean Peso to continue until Q4

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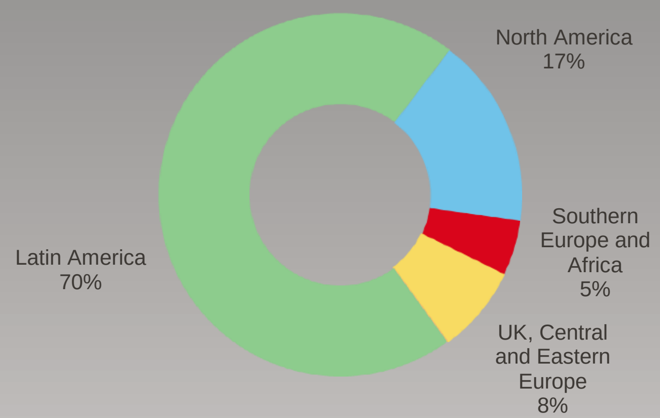
Dufry opens 15,800 m² in HY; additional 14,500 m² in signed projects

15,800 m²
of gross retail space opened in HY 2016

14,500 m²
additional retail space already signed for 2016/17

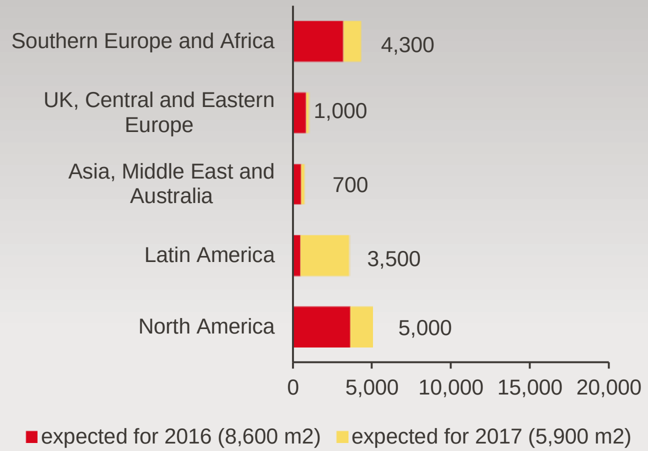
Strong pipeline of potential new projects

Openings HY 2016

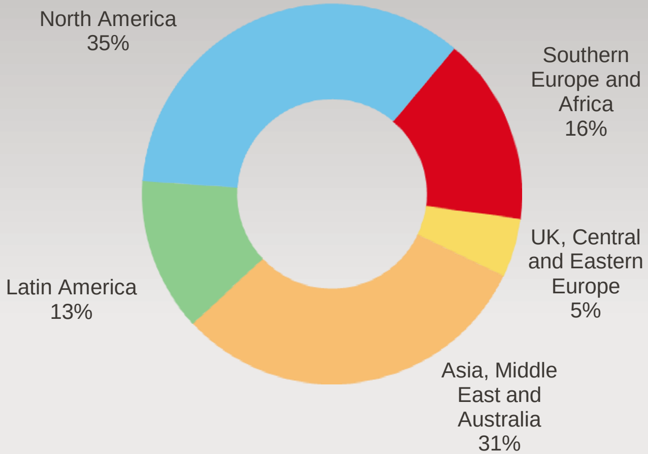


- Dufry opened a total of 88 new shops in HY 2016
  - Openings represent close to 4% of total retail space

14,500 m² signed space



Project Pipeline: 42,000 m²



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World Duty Free integration proceeding according to plan

Integration of World Duty Free ongoing and advancing according to plan

WDF synergy potential of EUR 100 million confirmed

- New group-wide organization launched in February, has been further detailed from global and divisional functions down to country levels
- Integration started in all work-streams; execution advancing at individual pace according to plans and 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

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Potential BREXIT impact

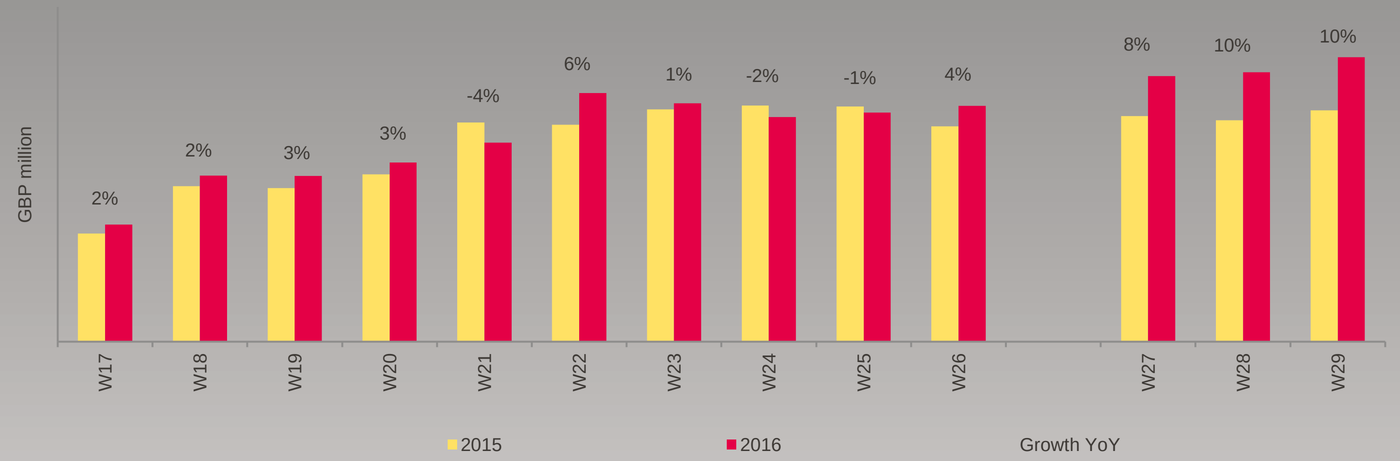
BREXIT – Short-term analysis (UK)

First data shows accelerated sales growth

SPP seen higher post Brexit

Industry information points out to increase in tourism flow into the UK

UK weekly sales evolution



- Sales growth in the UK at higher level post-Brexit
- Increase in Spend Per Passenger is the reason for sales growth
- Industry news points out to increased interest for holidays in the UK
  - Flight bookings to Britain since the referendum are already up 10% vs. the same period last year, according to travel data specialist Forward Keys
  - China's biggest tour operator has had a 200% increase in searches for UK holidays while BA.com reports a third more Americans looking for flights to the UK

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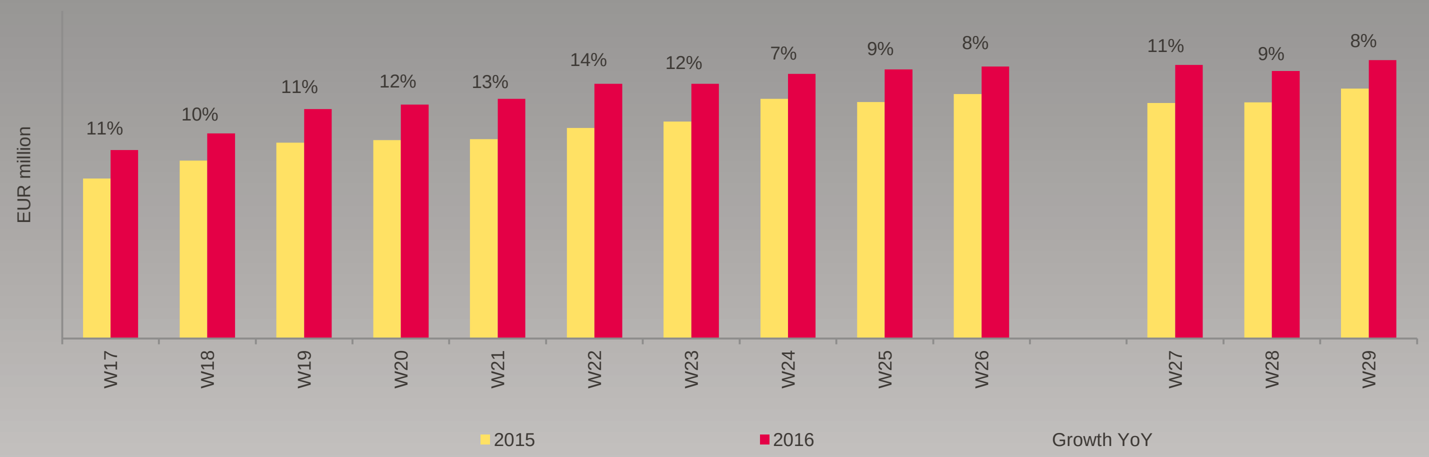
BREXIT – Short-term analysis (Spain)

Spain has highest exposure to UK travellers outside UK

Growth in Spain continues to be positive

No slowdown on sales in Spain seen so far

Spain weekly sales evolution



- So far, Spain hasn't seen any change in trends after the Brexit
- Spain is the country with the highest exposure to UK travellers outside the UK, with an exposure of around 30% to sales contribution
- Overall growth in Spain is still very positive

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BREXIT – Short-term analysis: Conclusion

Neutral or positive impact on organic growth

Translation effect upon conversion to Swiss Franc

No material impact on covenants

- First data suggests that GBP devaluation is at least neutral or even positive for organic growth
- Net negative translation effect when converting into Swiss Francs
- No transaction impact as natural hedging works well
- No material impact on covenants

BREXIT – Medium-/Long-term impact

Final impact for Dufry depending on political scenario

- Base case of Brexit discussion will mean re-introduction of a separate market
  - All sales will become duty-free
- Lower GBP to drive more tourists into the UK
- Potential lower spend by UK passengers due to lower economic growth will be more than mitigated by increase of international passengers in the UK

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2 FINANCIALS HY 2016

Organic growth analysis

Like-for-like growth slower than expected mainly due to Russians in Q2

Solid contribution from WDF acquisition

Growth components

	Q1 '16	Q2 '16	HY '16
Like for Like	-6.2%	-7.7%	-7.0%
New concessions, net	1.3%	0.5%	0.9%
Wholesale	-0.3%	-0.1%	-0.2%
Organic growth	**-5.2%**	**-7.3%**	**-6.3%**
Changes in scope	63.0%	68.5%	65.9%
Growth in constant FX	**57.8%**	**61.2%**	**59.6%**
FX impact	2.2%	2.5%	2.4%
Reported Growth	**60.0%**	**63.7%**	**62.0%**
Pro-forma organic growth including WDF	**0.1%**	**-2.9%**	**-1.6%**

- The deterioration of Russian passenger numbers and spending, coupled with the weak performance of Turkey were the key drivers for the underperformance in organic growth
    - WDF acquisition with good performance

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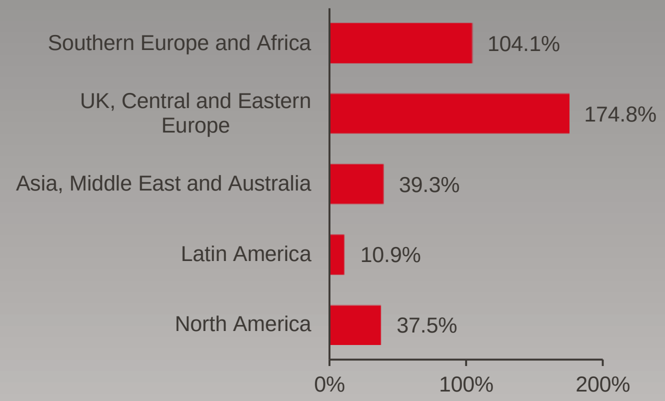
Growth performance by division

Europe performing well except for Russians

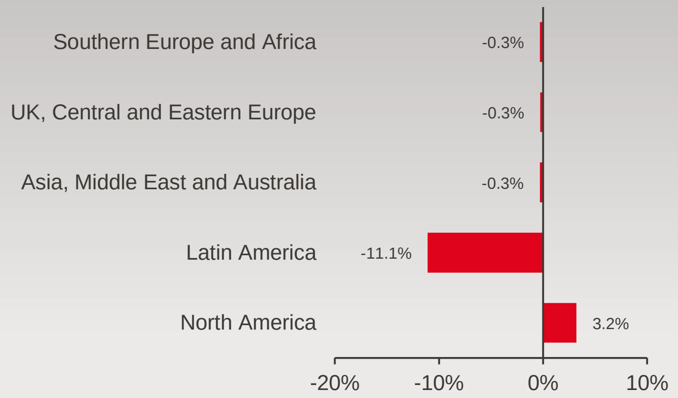
Gradual improvements in South America

Good performance in Central America and North America

Reported Growth HY’16



Underlying Growth HY 2016



- Europe generally positive excluding the negative impact from Russians
  - Spain with strong growth
- Sharp decline of passenger numbers in Antalya, Turkey
- Lower spend per passenger by Chinese consumers
- Middle East and Asia with mixed performance; South Korea with high double digits growth
- North and Central America keep solid performance
- South America continues ongoing improvement

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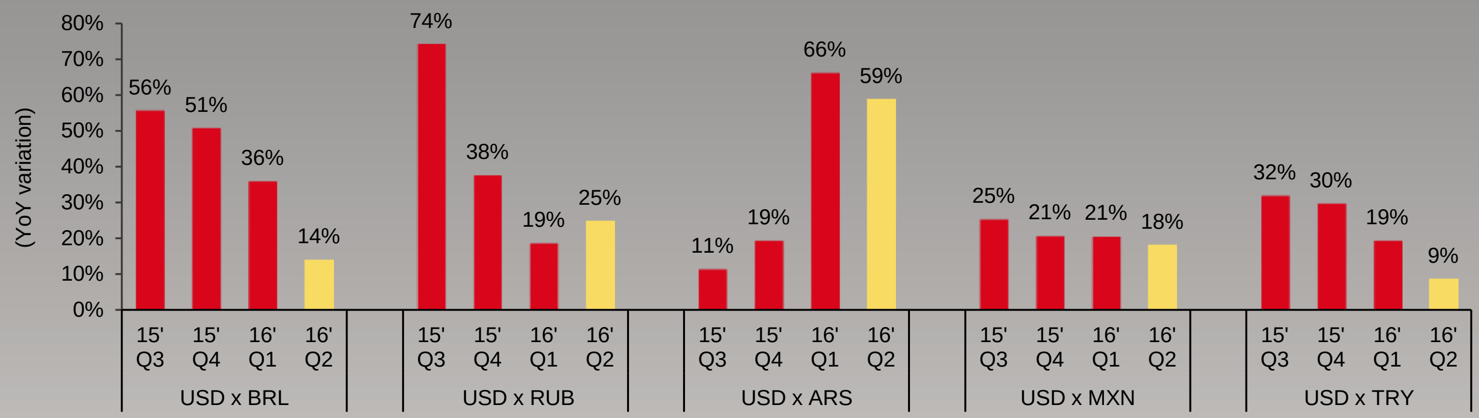
Aggregated FX development

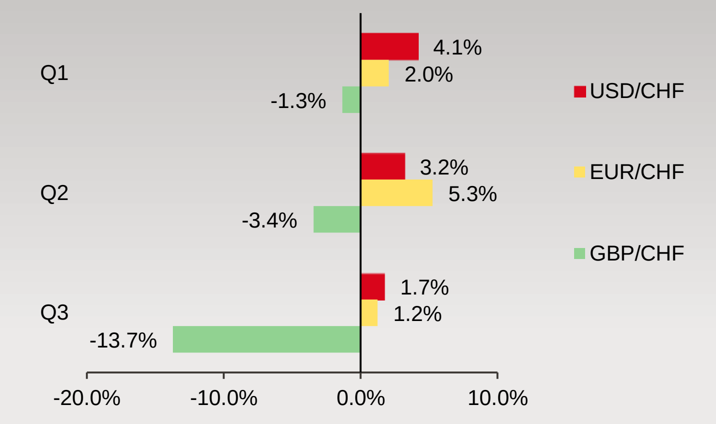
Currency volatility stabilizing in most emerging markets

GBP devaluation will generate translational effect going forward

Performance of local currencies

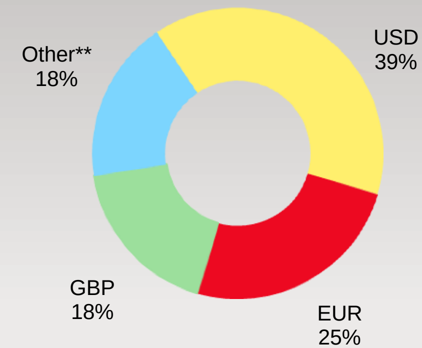


Main Currencies Development



Note: Q3 until 22/Jul

Turnover by currency*



* Pro-forma including last twelve months of WDF
** Other includes CHF, CAD, AUD, HKD, etc.

Income statement

Stable EBITDA margin compared to last year

Synergies at gross margin and operating cost level mitigate concession fee increase

WDF consolidation effect to annualize in Q3 2016 (August)

Income statement

(CHF million)	HY '16	%	HY '15	%
Turnover	**3,610.9**	*100.0%*	**2,229.2**	*100.0%*
Gross profit	**2,107.8**	*58.4%*	**1,291.0**	*57.9%*
Concession fees	(972.2)	*-26.9%*	(544.4)	*-24.4%*
Personnel expenses	(519.0)	*-14.4%*	(343.1)	*-15.4%*
Other expenses	(236.6)	*-6.6%*	(169.2)	*-7.6%*
Share of result of associates	1.3	*0.0%*	2.4	*0.1%*
EBITDA(1)	**381.3**	*10.6%*	**236.7**	*10.6%*
Depreciation	(81.0)	*-2.2%*	(53.9)	*-2.4%*
Amortization	(193.4)	*-5.4%*	(116.1)	*-5.2%*
Linearization	(52.8)	*-1.5%*	-	
Other operational result	(22.4)	*-0.6%*	(21.0)	*-0.9%*
EBIT	**31.7**	*0.9%*	**45.7**	*2.1%*
Financial result	(98.5)	*-2.7%*	(63.3)	*-2.8%*
EBT	**(66.8)**	*-1.8%*	**(17.6)**	*-0.8%*
Income tax	8.3	*0.2%*	3.4	*0.2%*
Net Earnings from continuing operations	**(58.5)**	*-1.6%*	**(14.2)**	*-0.6%*
Net Earnings from discontinued operations	-		0.1	
Net Earnings	**(58.5)**	*-1.6%*	**(14.1)**	*-0.6%*
Non-controlling interests	(16.5)	*-0.5%*	(10.9)	*-0.5%*
Net Earnings to equity holders	**(75.0)**	*-2.1%*	**(25.0)**	*-1.1%*
Cash Earnings	**90.9**	*2.5%*	**72.1**	*3.2%*

1 Before other operational results

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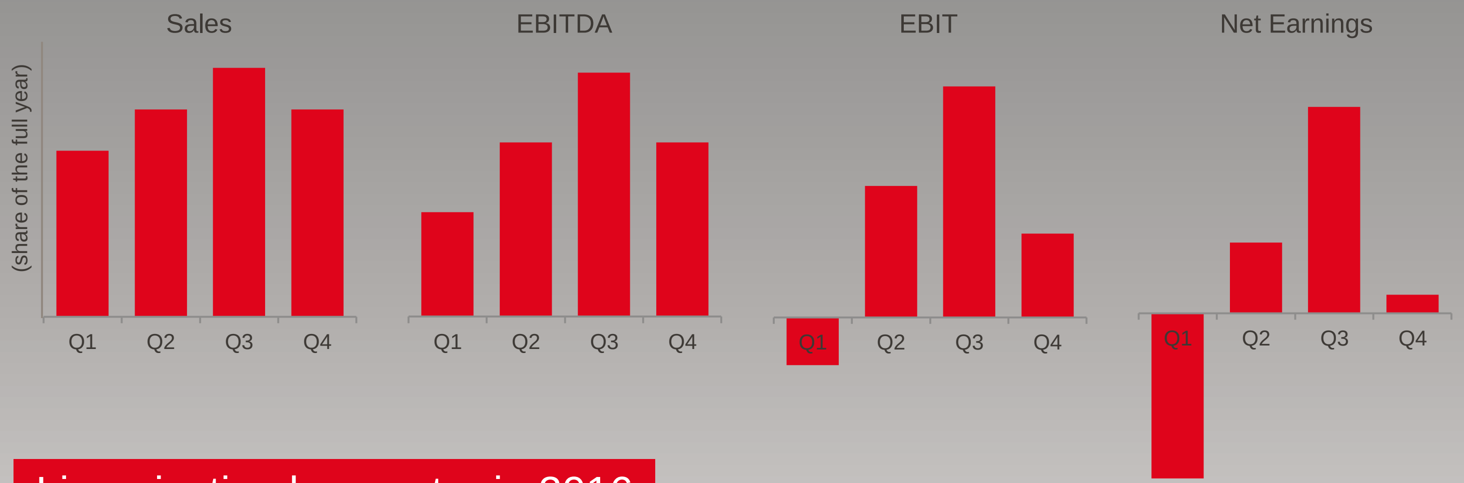
Pronounced seasonality by quarter going forward

Business has become more seasonal post acquisitions

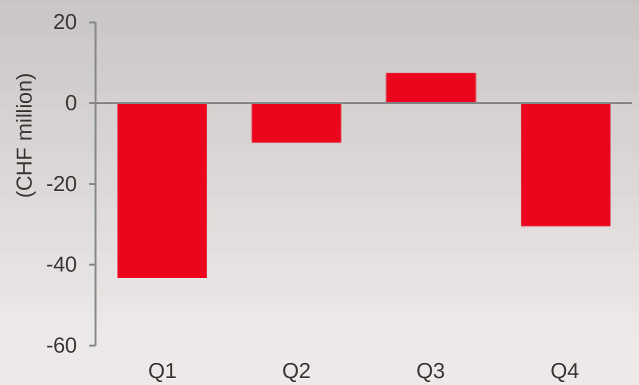
Seasonality even stronger in earnings and cash generation

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

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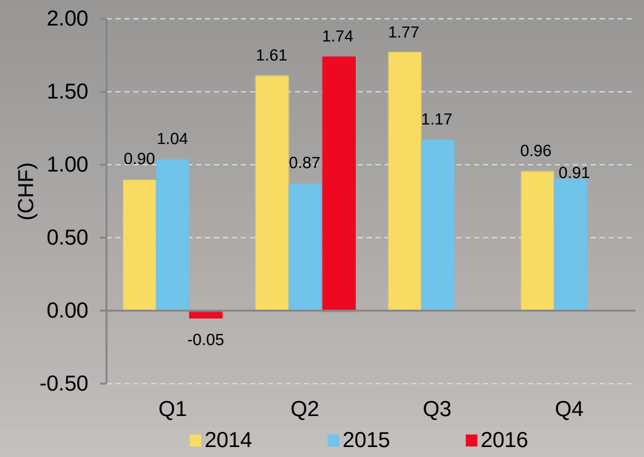
Cash earnings – seasonality to increase going forward

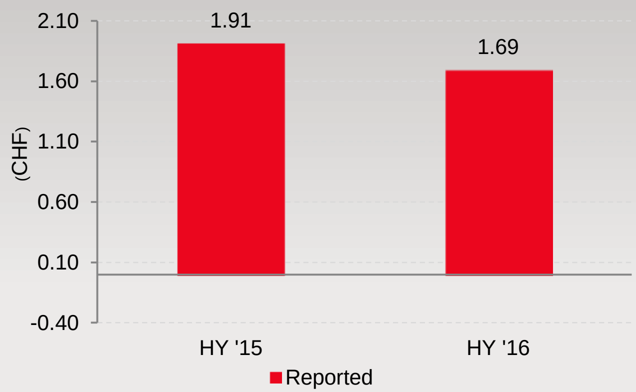
Good cash EPS in the second quarter

Q3 to be the strongest quarter

Cash EPS by quarter



Cash EPS HY



Cash EPS analysis

	HY '16	HY '15
Cash EPS	**1.69**	**1.91**
Deffered taxes on acquisition-related amortization	-0.72	-0.48
Linearization	0.98	-

- Cash EPS impacted by heavy Linearization charge in H1
- Q2 shows first quarter of positive earnings and cash EPS growth since the acquisition of WDF
- Seasonality of earnings to remain more pronounced going forward due to WDF consolidation

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Cash flow statement

Strong free cash flow generation increasing by 66%

Cash flow statement

(CHF million)	HY 2016	HY 2015
EBITDA before other operational result	**381.3**	**236.7**
Changes in net working capital	(0.7)	(32.4)
Taxes paid	(36.4)	(28.3)
Other operational items	(23.9)	(1.1)
Dividends from associates	4.9	4.5
Net cash flow from operating activities	**325.2**	**179.4**
Capex	(133.3)	(62.3)
Interest received	8.4	3.5
Free cash flow	**200.3**	**120.6**
Restructuring and transaction costs of operations	(10.2)	(36.5)
Proceeds from sale of interests / (investments) in subsidiaries and associates	21.3	(118.6)
Cash flow after investing activities	**211.4**	**(34.5)**
Interest paid	(95.9)	(50.4)
Arrangement fees, share issuance costs and other financing related costs	(1.4)	(64.3)
Purchase of financial instruments	-	(15.2)
Proceeds from issuance of new shares	-	2,200.0
Cash flows related to minorities	(26.7)	(21.0)
Cash flow used for financing	**(124.0)**	**2,049.1**
Change in Net Debt, before currency translation	**87.4**	**2,014.6**
Currency translation	82.2	191.4
Net debt		
– at the begining of the period	3,957.8	2,354.4
– at the end of the period	3,788.2	148.4

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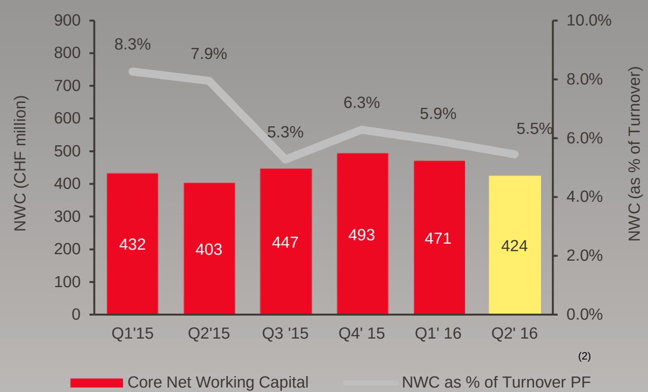
Capex & Net Working Capital

Core Net Working Capital clearly reduced

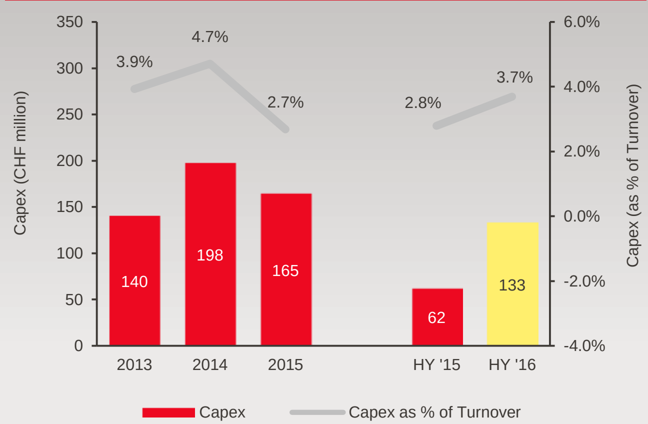
Capex in line with target

Core Net Working Capital[(1)] Evolution



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

Capex Evolution HY 2016



- Core net working capital improved from HY 2015

- Overall capex target range of 3.0% - 3.5% of turnover is confirmed.
  - The same applies for FY 2016

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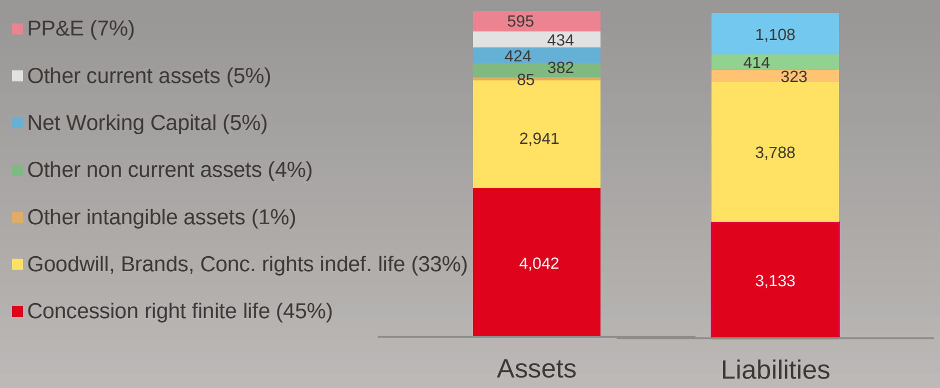
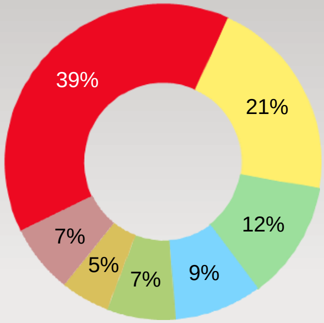
Balance sheet

Intangible assets mainly generated by acquisitions

Balance sheet as per 30.06.2016 (CHF million)



Intangible assets by transaction



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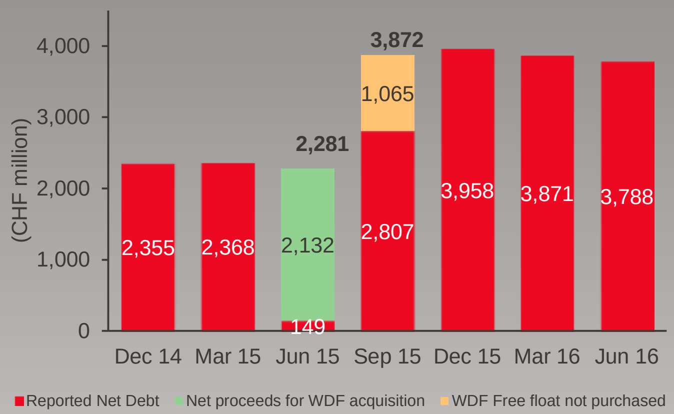
Financing & Covenants

Deleveraging on track

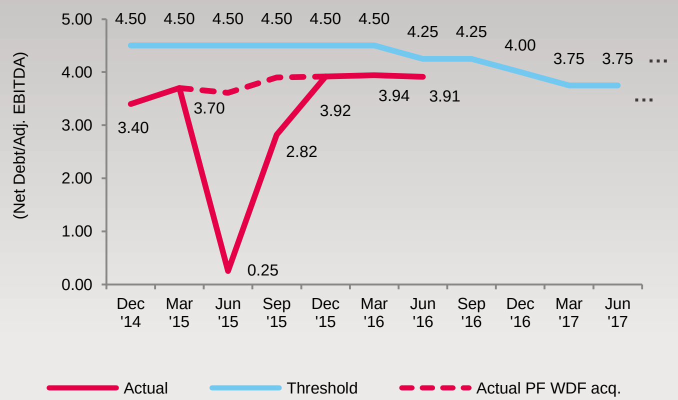
Strong cash generation in H1

Net Debt Evolution

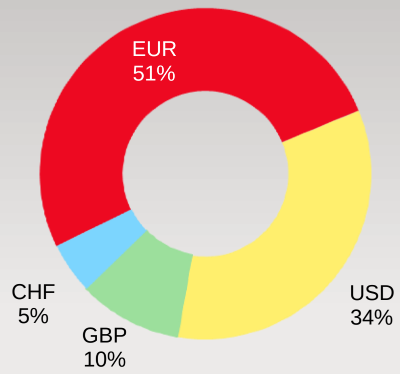


- Net Debt reduced by CHF 169 million in H1
- Further reduction of net debt expected in Q3
- Covenants practically unchanged compared to Q4 2015 and Q1 2016
- Net debt reduction according to plan

Covenants evolution



Debt by currency



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3 CONCLUSION & OUTLOOK 2016

Conclusion

Accelerate organic growth	• Accelerate organic growth by: • Driving sales • Increasing retail space • Refurbishing existing operations • Accelerating commercial initiatives
Drive cash generation and deleveraging	• Focus on cash generation and deleveraging
World Duty Free integration and synergy implementation	• World Duty Free integration • Execute integration plan • Implement synergies of EUR 100 million • 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

Thank you