

THREE MONTHS REPORT 2015

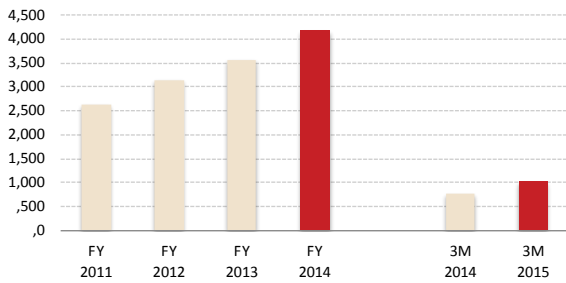


DUFRY

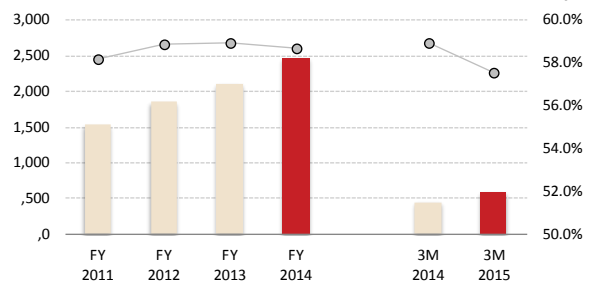


Key figures

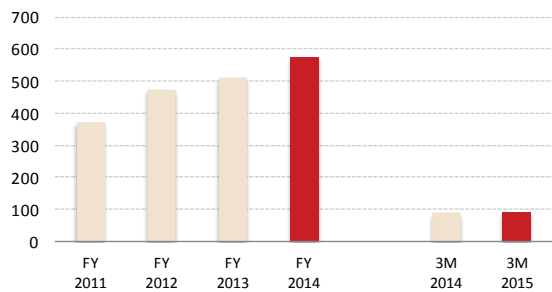
Turnover
IN MILLIONS OF CHF



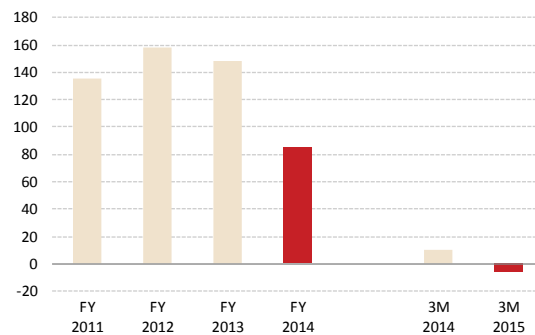
Gross profit
IN MILLIONS IN CHF



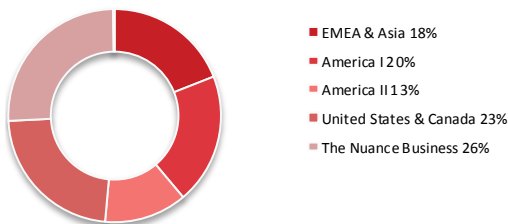
EBITDA
IN MILLIONS OF CHF



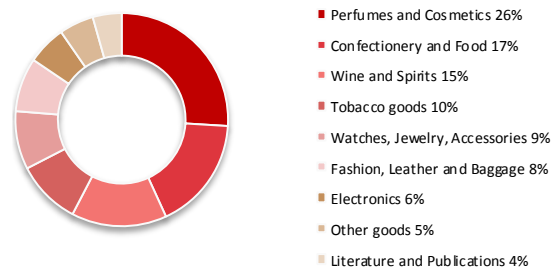
Net earnings / (loss)
IN MILLIONS OF CHF



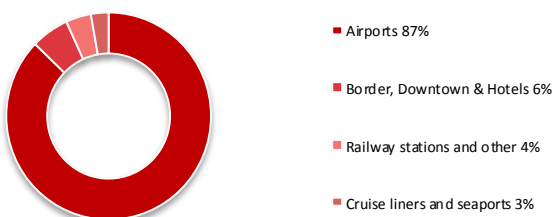
Net sales by region



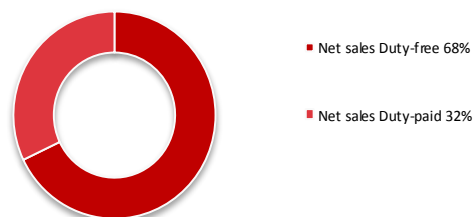
Net sales by product categories



Net sales by channel



Net sales by market sector





Interim Consolidated Income Statement

IN MILLIONS OF CHF	Note	Unaudited 3M 2015	Unaudited 3M 2014
Continuing operations			
Net sales		983.1	748.3
Advertising income		35.8	26.7
Turnover		1'018.9	775.0
Cost of sales		(432.6)	(318.2)
Gross profit		586.3	456.8
Selling expenses		(264.3)	(187.2)
Personnel expenses		(166.0)	(127.8)
General expenses		(64.8)	(52.7)
Share of result of associates		0.8	-
EBITDA¹		92.0	89.1
Depreciation, amortization and impairment		(83.8)	(50.2)
Other operational result		(3.6)	(3.8)
Earnings before interest and taxes (EBIT)		4.6	35.1
Interest expenses		(34.3)	(24.5)
Interest income		3.8	1.1
Foreign exchange gain / (loss)		19.1	0.1
Earnings before taxes (EBT)		(6.8)	11.8
Income tax	6	1.0	(1.9)
Net earnings / (loss) from continuing operations		(5.8)	9.9
Discontinued operations			
Net loss from discontinued operations		(0.1)	-
Net earnings / (loss)		(5.9)	9.9
Attributable to:			
Equity holders of the parent		(9.0)	2.8
Non-controlling interests		3.1	7.1
Earnings per share attributable to equity holders of the parent			
Basic earnings per share		(0.25)	0.09
Diluted earnings per share		(0.25)	0.09
Weighted average number of outstanding shares in thousands		35'811	30'901
Earnings per share for continuing operations			
Basic earnings per share attributable to equity holders of the parent		(0.25)	0.09
Diluted earnings per share attributable to equity holders of the parent		(0.25)	0.09

¹ EBITDA before other operational result

Interim Consolidated Statement of Comprehensive Income

IN MILLIONS OF CHF	Note	Unaudited 3M 2015	Unaudited 3M 2014
Net earnings / (loss)		(5.9)	9.9
Other comprehensive income			
Actuarial gains / (losses) on defined benefit plans		1.7	0.5
Income tax		(0.2)	-
Items not being reclassified to net income in subsequent periods, net of tax		1.5	0.5
Exchange differences on translating foreign operations		(138.8)	(11.3)
Net gain / (loss) on hedge of net investment in foreign operations		10.8	4.1
Items to be reclassified to net income in subsequent periods, net of tax		(128.0)	(7.2)
Total other comprehensive income / (loss), net of tax		(126.5)	(6.7)
Total comprehensive income / (loss), net of tax		(132.4)	3.2
Attributable to:			
Equity holders of the parent		(128.1)	(2.5)
Non-controlling interests		(4.3)	5.7
Total comprehensive income / (loss) attributable to equity holders of the parent		(128.1)	(2.5)
Attributable to:			
Continuing operations		(127.9)	(2.5)
Discontinued operations		(0.2)	-



Interim Consolidated Statement of Financial Position

IN MILLIONS OF CHF	Note	Unaudited 31.03.2015	Audited 31.12.2014
ASSETS			
Property, plant and equipment		412.8	435.4
Intangible assets		4'389.0	4'723.4
Investments in associates	8	40.8	72.9
Deferred tax assets		195.2	195.9
Other non-current assets		83.2	106.6
Non-current assets		5'121.0	5'534.2
Inventories		693.3	741.2
Trade and credit card receivables		71.6	118.7
Other accounts receivable		230.6	227.2
Income tax receivables		9.8	11.0
Cash and cash equivalents		443.6	513.0
Current assets		1'448.9	1'611.1
Assets of discontinued operations held for sale		-	1.8
Total assets		6'569.9	7'147.1
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent		2'165.8	2'292.8
Non-controlling interests		156.9	165.8
Total equity		2'322.7	2'458.6
Financial debt		2'764.1	2'821.8
Deferred tax liabilities		380.9	416.4
Provisions		91.3	96.6
Post-employment benefit obligations		34.5	37.7
Other non-current liabilities		2.7	3.3
Non-current liabilities		3'273.5	3'375.8
Trade payables		332.9	418.3
Financial debt		47.4	45.6
Income tax payables		28.8	33.8
Provisions		53.3	54.8
Other liabilities	9	511.3	760.2
Current liabilities		973.7	1'312.7
Total liabilities		4'247.2	4'688.5
Total liabilities and shareholders' equity		6'569.9	7'147.1

Interim Consolidated Statement of Changes in Equity

Unaudited 3M 2015

Attributable to equity holders of the parent

IN MILLIONS OF CHF	Note	Share capital	Share premium	Treasury shares	Capital reserve for mandatory convertible notes	Employee benefit reserve	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2015		179.5	1'964.7	(14.3)	262.8	(32.9)	(112.3)	45.3	2'292.8	165.8	2'458.6
Net earnings / (loss)		-	-	-	-	-	-	(9.0)	(9.0)	3.1	(5.9)
Other comprehensive income / (loss)		-	-	-	-	1.5	(120.6)	-	(119.1)	(7.4)	(126.5)
Total comprehensive income / (loss) for the period		-	-	-	-	1.5	(120.6)	(9.0)	(128.1)	(4.3)	(132.4)
Transactions with or distributions to shareholders:											
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(5.1)	(5.1)
Share-based payment		-	-	-	-	-	-	1.1	1.1	-	1.1
Total transactions with or distributions to owners		-	-	-	-	-	-	1.1	1.1	(5.1)	(4.0)
Changes in ownership interests in subsidiaries:											
Changes in participation of non-controlling interests		-	-	-	-	-	-	-	-	0.5	0.5
Balance at March 31, 2015		179.5	1'964.7	(14.3)	262.8	(31.4)	(232.9)	37.4	2'165.8	156.9	2'322.7

Unaudited 3M 2014

Attributable to equity holders of the parent

IN MILLIONS OF CHF	Note	Share capital	Share premium	Treasury shares	Capital reserve for mandatory convertible notes	Employee benefit reserve	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
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		-	-	-	-	-	-	2.8	2.8	7.1	9.9
Other comprehensive income / (loss)		-	-	-	-	0.5	(5.8)	-	(5.3)	(1.4)	(6.7)
Total comprehensive income for the period		-	-	-	-	0.5	(5.8)	2.8	(2.5)	5.7	3.2
Transactions with or distributions to shareholders:											
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(3.2)	(3.2)
Assignment of treasury shares		-	-	17.6	-	-	-	(17.6)	-	-	-
Share-based payment		-	-	-	-	-	-	0.6	0.6	-	0.6
Total transactions with or distributions to owners		-	-	17.6	-	-	-	(17.0)	0.6	(3.2)	(2.6)
Changes in ownership interests in subsidiaries:											
Changes in participation of non-controlling interests		-	-	-	-	-	-	-	-	40.1	40.1
Balance at March 31, 2014		154.5	1'207.0	(0.5)	-	0.8	(230.3)	4.1	1'135.6	172.5	1'308.1

Interim Consolidated Statement of Cash Flows

IN MILLIONS OF CHF	Note	Unaudited 3M 2015	Unaudited 3M 2014
Cash flows from operating activities			
Earnings before taxes (EBT)		(6.8)	11.8
Net loss from discontinued operations		(0.1)	-
Total earnings before taxes (EBT)		(6.9)	11.8
Adjustments for:			
Depreciation, amortization and impairment		83.8	50.2
Loss / (gain) on sale of non-current assets		0.2	0.1
Increase / (decrease) in allowances and provisions		6.6	7.2
Loss / (gain) on unrealized foreign exchange differences		(11.2)	0.3
Other non-cash items		1.1	0.6
Share of result of associates		(0.3)	-
Interest expense		34.3	24.5
Interest income		(3.8)	(1.1)
Cash flow before working capital changes		103.8	93.6
Decrease / (increase) in trade and other accounts receivable		31.7	(29.6)
Decrease / (increase) in inventories		8.0	(33.1)
Increase / (decrease) in trade and other accounts payable		(123.7)	44.1
Dividends received from associates		0.8	-
Cash generated from operations		20.6	75.0
Income taxes paid		(9.3)	(5.2)
Net cash flows from operating activities		11.3	69.8
Cash flow from investing activities			
Purchase of property, plant and equipment		(26.0)	(31.5)
Purchase of intangible assets	9	(151.4)	(17.9)
Proceeds from sale of property, plant and equipment		3.4	0.1
Interest received		2.0	0.9
Business combinations, net of cash		-	(0.9)
Proceeds from sale of interests in subsidiaries and associates	8	28.1	0.2
Net cash flows used in investing activities		(143.9)	(49.1)
Cash flow from financing activities			
Transaction costs paid for issuance of financial instruments		(0.1)	(0.5)
Proceeds from bank loans		114.2	37.7
Repayment of bank loans		(58.6)	-
Proceeds from / (repayment of) 3rd party loans		1.9	(1.8)
Dividends paid to non-controlling interest		(5.1)	(3.2)
Net contributions from / (purchase of) non-controlling interests		-	18.1
Interest paid		(26.2)	(16.3)
Net cash flows (used in) / from financing activities		26.1	34.0
Currency translation on cash		37.1	(0.2)
(Decrease) / increase in cash and cash equivalents		(69.4)	54.5
Cash and cash equivalents at the			
- beginning of the period		513.0	246.4
- end of the period		443.6	300.9



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 1.650 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 March 31, 2015 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated April 29, 2015.

2. Basis of preparation and changes to the accounting policies

Basis of preparation

The interim consolidated financial statements for the period ended March 31, 2015 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, 2014.

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, 2014, except for the new or revised Standards and Interpretations (effective January 1, 2015) adopted in these financial statements. Their adoption did not have a significant impact on the amounts reported in these financial statements or disclosures therein.

Annual improvements 2010-2012 – issued December 2013

- **IFRS 2 Share-based payment**
Definition of vesting condition by separately defining a 'performance condition' and a 'service condition'.
- **IFRS 3 Business combinations**
Accounting for contingent consideration in a business combination that is a financial asset or financial liability can only be measured at fair value, with changes in fair value being presented in either profit or loss or other comprehensive income.
- **IFRS 8 Operating segments**
Aggregation of operating segments requires the disclosure of those factors that are used to identify the entity's reportable segments.

- **IAS 24 Related party disclosures**

An entity providing key management personnel services to the reporting entity is a related party of the reporting entity.

3. Principal foreign exchange rates applied for valuation and translation

	Average rates		Closing rates	
	3M 2015	31.03.2015	31.03.2014	31.12.2014
1 USD	0.9528	0.9728		
1 EUR	1.0728	1.0437		
			3M 2014	31.03.2014
1 USD			0.8925	0.8842
1 EUR			1.2231	1.2177
				31.12.2014
				0.9939
				1.2027

4. Seasonality

Dufrey has its strongest month of turnover and EBITDA between July and September corresponding to the summer time in the northern hemisphere, whereas the first quarter is the weakest. These seasonality effects are stronger on results than in turnover.

5. Segment information

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

Notes to the Interim Consolidated Financial Statements

5. Segment information (continued)

Segment information 3M

3M 2015	Turnover			EBITDA ¹
	with external customers	with other segments	Total	
IN MILLIONS OF CHF				
EMEA & Asia	190.0	-	190.0	12.7
America I	196.2	-	196.2	13.6
America II	130.8	-	130.8	2.4
United States & Canada	230.1	-	230.1	20.6
The Nuance Business	259.7	-	259.7	11.3
Distribution Centers	12.1	186.6	198.7	31.4
Total segments	1'018.9	186.6	1'205.5	92.0
Eliminations	-	(186.6)	(186.6)	-
Dufry Group	1'018.9	-	1'018.9	92.0
3M 2014	Turnover			
IN MILLIONS OF CHF	with external customers	with other segments	Total	EBITDA ¹
EMEA & Asia	239.8	-	239.8	22.4
America I	174.7	-	174.7	13.4
America II	138.4	-	138.4	5.7
United States & Canada	205.0	-	205.0	17.7
The Nuance Business	-	-	-	-
Distribution Centers	17.1	213.5	230.6	29.9
Total segments	775.0	213.5	988.5	89.1
Eliminations	-	(213.5)	(213.5)	-
Dufry Group	775.0	-	775.0	89.1

¹ EBITDA before other operational result

Segment assets and liabilities

IN MILLIONS OF CHF	31.03.2015		31.12.2014	
	Total assets	Total liabilities	Total assets	Total liabilities
EMEA & Asia	1'299.6	307.0	1'391.1	343.8
America I	1'385.1	186.2	1'324.1	208.1
America II ²	372.6	109.4	560.6	293.6
United States & Canada	658.2	147.0	729.5	132.8
The Nuance Business	2'023.8	495.7	2'367.7	597.7
Distribution Centers	495.1	148.5	402.4	189.4
Total segments	6'234.4	1'393.8	6'775.3	1'765.4
Unallocated positions	335.5	2'853.4	371.8	2'923.1
Dufry Group	6'569.9	4'247.2	7'147.1	4'688.5

² Mainly due to a payment of CHF 147.2 million (see note 9)

Notes to the Interim Consolidated Financial Statements

6. Income taxes

IN MILLIONS OF CHF	Unaudited 3M 2015	Unaudited 3M 2014
Current income tax	(6.7)	(6.1)
Deferred income tax	7.7	4.2
TOTAL INCOME TAXES	1.0	(1.9)

7. Acquisition of the Nuance Group in 2014

The fair value of the identifiable assets and liabilities at the date of the acquisition are still considered to be preliminary and unchanged from the disclosure in the Group's annual financial statements as of December 31, 2014.

8. Investments in associates

Dufry's interests in Nuance Group (Orlando) LLC and Broward Duty Free LLC were sold during Q1 at book value of CHF 27.4 million to a non-controlling shareholder after having purchased these investments during the Nuance transaction in September 2014.

9. Agreement with a local partner to operate in Brazil

Dufry paid CHF 147.2 (USD 163.2) million during Q1 to acquire an additional 20% of the equity of Dufry Lojas Francas Ltd (DLF). After the exercise of the option, Dufry holds 80% of DLF.

10. Important transaction

On March 30, 2015, Dufry announced the signing of an agreement to acquire 50.1% stake in World Duty Free

S.p.A. (WDF) for EUR 10.25 per share in cash. Following the completion of the transaction, Dufry will launch a mandatory tender offer for the remaining 49.9% outstanding WDF shares (EUR 10.25 per share in cash). The closing date of the transaction is expected to be during Q3.

WDF is one of the top global travel retailers and in 2014 generated turnover of EUR 2,439.6 million. WDF has operations in 20 countries through 105 locations with over 500 shops, from its heartland in Western Europe, to the Americas, the middle East and Asia and an average of about 9,400 full time equivalent.

Dufry expects to generate significant cost synergies through the integration by cost reductions and gross profit improvements. WDF will further enhance Dufry's global position in the travel retail market industry.

For the financing of the transaction and the refinancing of WDF's debt, Dufry has secured via a fully committed debt bridge facility of CHF 3,800 (EUR 3,600) million, of which about CHF 2,200 million will be refinanced through equity and up to CHF 1,600 (EUR 1,500) million through debt instruments. The capital increase is fully secured by a combination of the underwriting by a bank consortium as well as commitments by the investors Singapore's Sovereign Wealth Fund, the Qatar Investment Authority and Temasek, which have all committed to invest up to CHF 450 million each in equity.

Dufry held a General Meeting on April 29, 2015, to approve the equity financing, in form of an at market rights issue, targeting at least CHF 2,200 million from an ordinary capital increase.



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To the Board of Directors of
Dufry AG, Basel

Basel, 29 April 2015

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 31 March 2015, comprising of the interim consolidated statement of financial position as of 31 March 2015 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended and explanatory notes (Pages 3 to 10). 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



Bruno Chiomento
Licensed audit expert
(Auditor in charge)



Christian Krämer
Licensed audit expert