



DUFRY

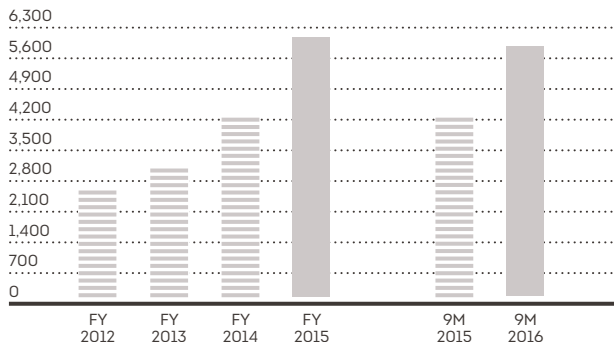
WorldClass.WorldWide.

NINE MONTHS REPORT
2016

DUFRY AT A GLANCE

TURNOVER

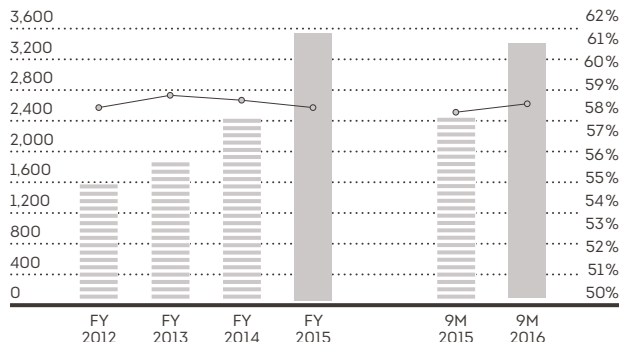
IN MILLIONS OF CHF



GROSS PROFIT

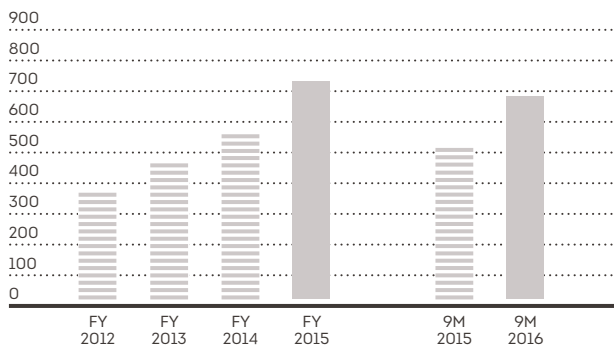
IN MILLIONS OF CHF

MARGIN



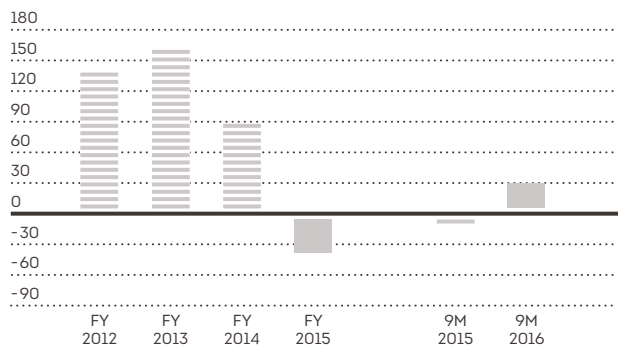
EBITDA¹

IN MILLIONS OF CHF



NET EARNINGS / (LOSS)

IN MILLIONS OF CHF

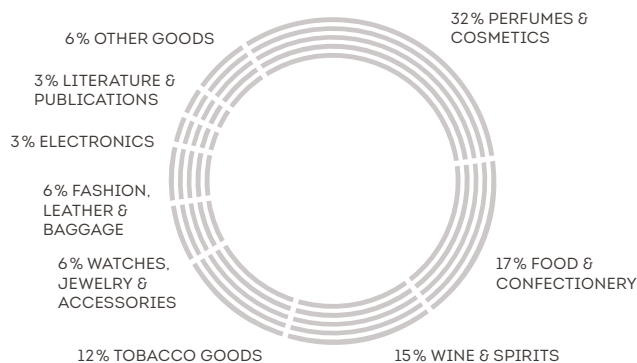


¹ EBITDA before other operational result and linearization

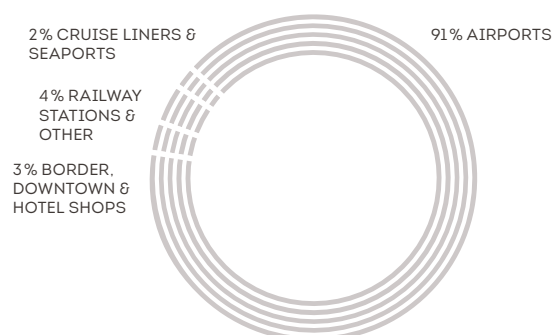
NET SALES BY DIVISION



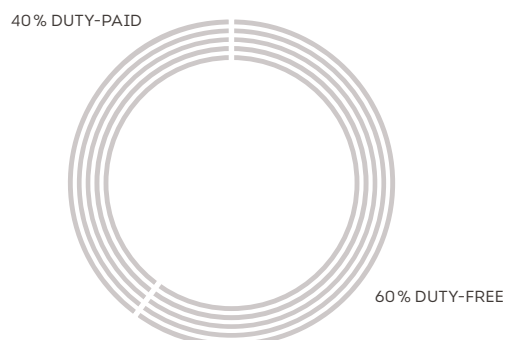
NET SALES BY PRODUCT CATEGORIES



NET SALES BY CHANNEL



NET SALES BY MARKET SECTOR



INTERIM CONSOLIDATED INCOME STATEMENT

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 2016

IN MILLIONS OF CHF	NOTE	Unaudited 9M 2016	Unaudited 9M 2015	Unaudited Q3 2016	Unaudited Q3 2015
CONTINUING OPERATIONS					
Net sales		5,725.8	4,092.9	2,211.5	1,936.9
Advertising income		151.4	123.4	54.8	50.2
Turnover		5,877.2	4,216.3	2,266.3	1,987.1
Cost of sales		(2,442.5)	(1,766.8)	(939.4)	(828.6)
Gross profit		3,434.7	2,449.5	1,326.9	1,158.5
Selling expenses		(1,685.6)	(1,144.8)	(659.3)	(559.0)
Personnel expenses		(792.8)	(585.9)	(273.8)	(242.8)
General expenses		(273.6)	(215.2)	(91.1)	(87.4)
Share of result of associates		2.7	4.4	1.4	2.0
EBITDA¹		685.4	508.0	304.1	271.3
Depreciation, amortization and impairment		(403.6)	(304.9)	(129.2)	(134.9)
Linearization		(45.3)	9.1	7.5	9.1
Other operational result		(42.9)	(78.0)	(20.5)	(57.0)
Earnings before interest and taxes (EBIT)		193.6	134.2	161.9	88.5
Gain / (loss) financial instruments at fair value through profit and loss		-	2.2	-	2.8
Interest expenses		(166.9)	(140.3)	(60.0)	(55.4)
Interest income		19.3	10.4	7.6	4.2
Foreign exchange gain / (loss)		(4.0)	10.3	(0.7)	(5.7)
Earnings before taxes (EBT)		42.0	16.8	108.8	34.4
Income tax	4	(12.1)	(26.0)	(20.4)	(29.4)
Net earnings from continuing operations		29.9	(9.2)	88.4	5.0
DISCONTINUED OPERATIONS					
Net earnings / (loss) from discontinued operations		-	0.1	-	-
Net earnings		29.9	(9.1)	88.4	5.0
ATTRIBUTABLE TO					
Equity holders of the parent		0.2	(37.3)	75.2	(12.3)
Non-controlling interests		29.7	28.2	13.2	17.3
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
Basic earnings / (loss) per share		-	(0.86)	1.40	(0.23)
Diluted earnings / (loss) per share		-	(0.86)	1.40	(0.23)
Weighted average number of outstanding shares in thousands		53,776	43,124	53,772	53,778
EARNINGS PER SHARE FOR CONTINUING OPERATIONS					
Basic earnings / (loss) per share attributable to equity holders of the parent		-	(0.87)	1.40	(0.23)
Diluted earnings / (loss) per share attributable to equity holders of the parent		-	(0.87)	1.40	(0.23)

¹ EBITDA before other operational result and linearization

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 2016

IN MILLIONS OF CHF	NOTE	Unaudited 9M 2016	Unaudited 9M 2015	Unaudited Q3 2016	Unaudited Q3 2015
Net earnings / (loss)		29.9	(9.1)	88.4	5.0
OTHER COMPREHENSIVE INCOME					
Actuarial gains / (losses) on defined benefit plans		(4.6)	(3.4)	0.3	(1.2)
Income tax		0.5	0.5	-	0.2
Items not being reclassified to net income in subsequent periods, net of tax		(4.1)	(2.9)	0.3	(1.0)
Exchange differences on translating foreign operations		(248.0)	(33.3)	(70.1)	225.2
Net gain / (loss) on hedge of net investment in foreign operations		80.5	19.7	18.7	(23.6)
Changes in the fair value of forward exchange contracts held as cash flow hedges		1.2	0.2	0.1	1.3
Share of other comprehensive income of associates		(0.2)	-	-	-
Income tax on above positions		(0.3)	(0.2)	(0.3)	(0.2)
Items to be reclassified to net income in subsequent periods, net of tax		(166.8)	(13.6)	(51.6)	202.7
Total other comprehensive income / (loss), net of tax		(170.9)	(16.5)	(51.3)	201.7
Total comprehensive income / (loss), net of tax		(141.0)	(25.6)	37.1	206.7
ATTRIBUTABLE TO					
Equity holders of the parent		(168.9)	(49.2)	23.6	177.4
Non-controlling interests		27.9	23.6	13.5	29.3
Total comprehensive income / (loss) attributable to equity holders of the parent		(168.9)	(49.2)	23.6	177.4
ATTRIBUTABLE TO					
Continuing operations		(168.9)	(49.2)	23.6	177.4
Discontinued operations		-	-	-	-

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT SEPTEMBER 30, 2016

IN MILLIONS OF CHF	NOTE	Unaudited 30.09.2016	Restated* 31.12.2015
ASSETS			
Property, plant and equipment		598.6	604.7
Intangible assets		6,785.8	7,294.2
Investments in associates		38.3	41.4
Deferred tax assets		186.5	203.9
Other non-current assets		319.6	347.4
Non-current assets		7,928.8	8,491.6
Inventories		888.1	905.3
Trade and credit card receivables		138.9	132.2
Other accounts receivable	5	445.8	333.5
Income tax receivables		24.2	27.8
Financial instruments at fair value through profit and loss		-	17.7
Cash and cash equivalents		816.6	434.4
Current assets		2,313.6	1,850.9
Total assets		10,242.4	10,342.5
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent		2,964.6	3,154.7
Non-controlling interests		197.6	184.1
Total equity		3,162.2	3,338.8
Financial debt		4,263.7	4,313.0
Deferred tax liabilities		554.9	672.1
Provisions		164.2	183.9
Post-employment benefit obligations		52.3	55.3
Other non-current liabilities		80.5	65.0
Non-current liabilities		5,115.6	5,289.3
Trade payables		701.2	547.4
Financial debt		119.0	77.3
Income tax payables		55.7	44.1
Provisions		168.3	149.3
Other liabilities		920.4	896.3
Current liabilities		1,964.6	1,714.4
Total liabilities		7,080.2	7,003.7
Total liabilities and shareholders' equity		10,242.4	10,342.5

* Based on the final assessment of the Purchase Price Allocation related to World Duty Free Group (WDF), certain amounts presented in the annual report 2015 have been restated (see note 9)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 2016

2016 IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									TOTAL	NON-CON- TROLLING INTERESTS	TOTAL EQUITY
	NOTE	Share capital	Share premium	Treasury shares	Capital reserve for mandatory convertible notes	Employee benefit reserve	Hedging & revalu- ation reserves	Trans- lation reserves	Retained earnings			
Restated*												
Balance at January 1		269.4	4,259.3	(14.3)	-	(21.3)	0.7	(185.8)	(1,153.3)	3,154.7	184.1	3,338.8
Net earnings / (loss)		-	-	-	-	-	-	-	0.2	0.2	29.7	29.9
Other comprehensive income / (loss)		-	-	-	-	(4.1)	0.9	(165.9)	-	(169.1)	(1.8)	(170.9)
Total comprehensive income / (loss) for the period		-	-	-	-	(4.1)	0.9	(165.9)	0.2	(168.9)	27.9	(141.0)
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS												
Dividends to												
non-controlling interests		-	-	-	-	-	-	-	-	-	(39.5)	(39.5)
Net purchase of treasury shares		-	-	(0.7)	-	-	-	-	-	(0.7)	-	(0.7)
Share-based payment		-	-	-	-	-	-	-	(1.1)	(1.1)	-	(1.1)
Tax effect on equity transactions		-	-	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Total transactions with or distributions to owners		-	-	(0.7)	-	-	-	-	(1.2)	(1.9)	(39.5)	(41.4)
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES												
Changes in participation of non-controlling interests	6	-	-	-	-	-	-	-	(19.3)	(19.3)	25.1	5.8
Balance at September 30		269.4	4,259.3	(15.0)	-	(25.4)	1.6	(351.7)	(1,173.6)	2,964.6	197.6	3,162.2

* Based on the final assessment of the Purchase Price Allocation related to World Duty Free Group (WDF), certain amounts presented in the annual report 2015 have been restated (see note 9)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 2016

2015 IN MILLIONS OF CHF	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT								TOTAL	NON-CON- TROLLING INTERESTS	TOTAL EQUITY
		Share capital	Share premium	Treasury shares	Capital reserve for mandatory convertible notes	Employee benefit reserve	Hedging & revalu- ation reserves	Trans- lation reserves	Retained earnings			
Restated*												
Balance at January 1		179.5	1,964.7	(14.3)	262.8	(32.9)	-	(112.2)	46.0	2,293.6	159.5	2,453.1
Net earnings / (loss)		-	-	-	-	-	-	-	(37.3)	(37.3)	28.2	(9.1)
Other comprehensive income / (loss)		-	-	-	-	(2.8)	0.1	(9.1)	(0.1)	(11.9)	(4.6)	(16.5)
Total comprehensive income for the period		-	-	-	-	(2.8)	0.1	(9.1)	(37.4)	(49.2)	23.6	(25.6)
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS												
Dividends to												
non-controlling interests		-	-	-	-	-	-	-	-	-	(33.4)	(33.4)
Rights issue		80.8	2,119.2	-	-	-	-	-	-	2,200.0	-	2,200.0
Conversion of mandatory convertible notes		9.1	253.7	-	(262.8)	-	-	-	-	-	-	-
Transaction costs for equity instruments		-	(80.2)	-	-	-	-	-	-	(80.2)	-	(80.2)
Share-based payment		-	-	-	-	-	-	-	2.1	2.1	-	2.1
Tax effect on equity transactions		-	-	-	-	-	-	-	-	-	-	-
Total transactions with or distributions to owners		89.9	2,292.7	-	(262.8)	-	-	-	2.1	2,121.9	(33.4)	2,088.5
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES												
Changes in participation of non-controlling interests	6	-	-	-	-	-	-	-	(1,364.3)	(1,364.3)	148.6	(1,215.7)
Restated**												
Balance at September 30		269.4	4,257.4	(14.3)	-	(35.7)	0.1	(121.3)	(1,353.6)	3,002.0	298.3	3,300.3

* Based on the final assessment of the Purchase Price Allocation related to the Nuance Group, certain amounts presented in the annual report 2014 have been restated (see note 39 in the annual report)

** Based on the final assessment of the Purchase Price Allocation related to World Duty Free Group (WDF), certain amounts presented in the annual report 2015 have been restated (see note 9)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 2016

IN MILLIONS OF CHF	NOTE	Unaudited 9M 2016	Restated* 9M 2015	Unaudited Q3 2016	Restated* Q3 2015
CASH FLOWS FROM OPERATING ACTIVITIES					
Earnings before taxes (EBT)		42.0	16.8	108.8	34.4
Net profit / (loss) from discontinued operations		-	0.1	-	-
Total earnings before taxes (EBT)		42.0	16.9	108.8	34.4
ADJUSTMENTS FOR:					
Depreciation, amortization and impairment		403.6	304.9	129.2	134.9
Loss / (gain) on sale of non-current assets		0.4	0.7	0.2	0.2
Increase / (decrease) in allowances and provisions		13.4	11.9	2.8	(0.4)
Loss / (gain) on unrealized foreign exchange differences		3.1	(9.9)	(2.0)	(1.4)
Other non-cash items		8.9	(7.0)	(20.9)	(9.5)
Share of result of associates		(2.7)	(4.4)	(1.4)	(2.0)
Interest expense		166.9	140.3	60.0	55.4
Interest income		(19.3)	(10.4)	(7.6)	(4.2)
Cash flow before working capital changes		616.3	443.0	269.1	207.4
Decrease / (increase) in trade and other accounts receivable		(105.5)	33.5	(9.7)	(1.7)
Decrease / (increase) in inventories		(11.9)	5.9	19.0	13.7
Increase / (decrease) in trade and other accounts payable		260.6	(65.5)	134.6	30.8
Dividends received from associates		4.9	4.8	-	0.3
Cash generated from operations		764.4	421.7	413.0	250.5
Income taxes paid		(65.2)	(52.7)	(28.8)	(24.4)
Net cash flows from operating activities		699.2	369.0	384.2	226.1
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(148.1)	(96.9)	(48.7)	(40.1)
Purchase of intangible assets		(53.2)	(162.0)	(15.7)	(5.5)
Net purchase of financial assets		-	(13.9)	-	1.3
Proceeds from sale of property, plant and equipment		3.7	5.3	0.1	1.5
Interest received		18.3	6.1	9.9	2.6
Business combinations, net of cash		(0.1)	(1,364.2)	-	(1,364.2)
Proceeds from sale of interests in subsidiaries and associates		3.9	28.6	-	-
Proceeds from sale of financial assets		17.5	-	-	-
Net cash flows used in investing activities		(158.0)	(1,597.0)	(54.4)	(1,404.4)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 2016

IN MILLIONS OF CHF	NOTE	Unaudited 9M 2016	Restated* 9M 2015	Unaudited Q3 2016	Restated* Q3 2015
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issue of new shares		-	2,200.0	-	-
Transaction costs paid for issuance of financial instruments		(2.5)	(109.7)	-	(58.0)
Proceeds from bank loans		67.9	632.2	11.4	486.0
Proceeds from issuance of notes		-	734.6	-	734.6
Repayment of bank loans		(7.4)	(760.4)	-	(700.3)
Proceeds from / (repayment of) 3 rd party loans		0.7	(5.9)	0.9	(9.2)
Dividends paid to non-controlling interest		(39.3)	(33.4)	(12.6)	(11.3)
Net purchase of treasury shares		(0.7)	-	(0.7)	-
Net contributions from / (purchase of) non-controlling interests		(0.1)	(359.8)	-	(360.9)
Interest paid		(173.8)	(101.6)	(77.9)	(35.0)
Net cash flows (used in) / from financing activities		(155.2)	2,196.0	(78.9)	45.9
Currency translation on cash		(3.8)	93.0	(10.1)	98.5
(Decrease) / increase in cash and cash equivalents		382.2	1,061.0	240.8	(1,033.9)
CASH AND CASH EQUIVALENTS AT THE					
- beginning of the period		434.4	513.0	575.8	2,607.9
- end of the period		816.6	1,574.0	816.6	1,574.0

* Based on the final assessment of the Purchase Price Allocation related to World Duty Free S.p.A. (WDF), certain amounts presented in the annual report 2015 have been restated (see note 9)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 2016

1. CORPORATE INFORMATION

Dufry AG (the Company) is a publicly listed company with headquarters in Basel, Switzerland. The Company is the world's leading travel retail company. It operates around 2,200 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 São Paulo.

The interim consolidated financial statements of Dufry AG and its subsidiaries (Dufry or the group) for the period ended September 30, 2016 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated October 27, 2016.

2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim consolidated financial statements for the period ended September 30, 2016 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 Dufry's annual financial statements as of December 31, 2015.

2.2 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 Dufry's annual financial statements for the year ended December 31, 2015, except for the new or revised Standards and Interpretations adopted in these financial statements (effective January 1, 2016). Their adoption did not have a significant impact on the amounts reported in these financial statements or disclosures therein.

Annual Improvements 2012 – 2014 – issued September 2014

- IFRS 5 non-current assets held for sale and discontinued operations: Changes in methods of disposal are clarified, i.e. whether such a change in a disposal method would qualify as a change to a plan of sale. This amendment does not currently have any impact on Dufry.
- IAS 34 Interim Financial reporting: Disclosure of information “elsewhere in the interim financial report” is clarified and requires the inclusion of a cross reference from the interim financial statements to the location of this information.

Disclosure initiative (Amendments to IAS 1 – Presentation of Financial Statements)

- Materiality: Aggregation or disaggregation should not obscure useful information. Materiality applies to each of the primary financial statements, the notes and each specific disclosure required by IFRS.
- Line items in primary financial statements: Additional guidance for line items to be presented in primary statements and new requirements regarding the use of subtotals.
- Notes to the financial statements: Determination of the order of the notes should include consideration of understandability and comparability of financial statements.
- Equity accounted investments: An entity’s share of other comprehensive income would be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as single line items within those two groups.

3. SEGMENT INFORMATION

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

As of January 1, 2016 Dufry implemented the new management organization resulting in five geographical Divisions and one global distribution centre segment. The divisions comprise all retail operations of the former Dufry Regions, as well as, The Nuance and World Duty Free business.

We refer to pages 62/63 of the Dufry's 2015 annual report for the assignment of each of the 370 locations to the respective segments.

The comparative figures for 2015 were prepared accordingly to reflect the above-mentioned changes.

Segment information 9M

IN MILLIONS OF CHF	2016				2015 ¹			
	TURNOVER			EBITDA ²	TURNOVER			EBITDA ²
	with external customers	with other divisions	TOTAL		with external customers	with other segments	TOTAL	
Southern Europe and Africa	1,319.3	-	1,319.3	169.3	894.5	-	894.5	147.2
UK, Central and Eastern Europe	1,576.6	-	1,576.6	173.3	867.9	-	867.9	79.0
Asia, Middle East and Australia	569.4	-	569.4	45.0	439.6	-	439.6	30.4
Latin America	1,116.9	-	1,116.9	55.0	1,013.4	-	1,013.4	45.7
North America	1,245.2	-	1,245.2	142.6	968.0	-	968.0	116.4
Distribution Centers	49.8	728.6	778.4	100.2	32.9	614.9	647.8	89.3
Total divisions	5,877.2	728.6	6,605.8	685.4	4,216.3	614.9	4,831.2	508.0
Eliminations	-	(728.6)	(728.6)	-	-	(614.9)	(614.9)	-
Dufry	5,877.2	-	5,877.2	685.4	4,216.3	-	4,216.3	508.0

¹ Adjusted to reflect the new management organization

² EBITDA before linearization and other operational result

Segment information Q3

IN MILLIONS OF CHF	2016				2015 ¹			
	TURNOVER			EBITDA ²	TURNOVER			EBITDA ²
	with external customers	with other segments	TOTAL		with external customers	with other segments	TOTAL	
Southern Europe and Africa	575.1	-	575.1	83.5	529.9	-	529.9	93.5
UK, Central and Eastern Europe	612.5	-	612.5	74.3	517.1	-	517.1	57.2
Asia, Middle East and Australia	197.0	-	197.0	17.3	172.2	-	172.2	16.5
Latin America	397.0	-	397.0	21.7	364.0	-	364.0	20.6
North America	455.1	-	455.1	61.9	393.4	-	393.4	52.5
Distribution Centers	29.6	321.7	351.3	45.4	10.5	226.0	236.5	31.0
Total divisions	2,266.3	321.7	2,588.0	304.1	1,987.1	226.0	2,213.1	271.3
Eliminations	-	(321.7)	(321.7)	-	-	(226.0)	(226.0)	-
Dufry	2,266.3	-	2,266.3	304.1	1,987.1	-	1,987.1	271.3

¹ Adjusted to reflect the new management organization

² EBITDA before linearization and other operational result

Segment assets and liabilities

IN MILLIONS OF CHF	30.09.2016		Restated * 31.12.2015 ¹	
	TOTAL ASSETS	TOTAL LIABILITIES	TOTAL ASSETS	TOTAL LIABILITIES
Southern Europe and Africa	2,563.5	845.4	2,601.7	681.4
UK, Central and Eastern Europe	2,169.4	677.5	2,572.4	787.7
Asia, Middle East and Australia	551.4	278.4	615.3	288.1
Latin America	1,947.3	381.7	2,021.1	354.1
North America	1,307.1	289.2	1,314.9	278.2
Distribution Centers	740.1	253.0	668.7	152.2
Total divisions	9,278.8	2,725.2	9,794.1	2,541.7
Unallocated positions	963.6	4,355.0	548.4	4,462.0
Dufrey	10,242.4	7,080.2	10,342.5	7,003.7

¹ Adjusted to reflect the new management organization

* Based on the final assessment of the Purchase Price Allocation related to World Duty Free Group (WDF), certain amounts presented in the annual report 2015 have been restated (see note 9)

4. INCOME TAXES

IN MILLIONS OF CHF	Unaudited 9M 2016	Unaudited 9M 2015	Unaudited Q3 2016	Unaudited Q3 2015
Current income tax	(83.4)	(56.6)	(37.0)	(37.6)
Deferred income tax	71.3	30.6	16.6	8.2
Total	(12.1)	(26.0)	(20.4)	(29.4)

5. OTHER ACCOUNTS RECEIVABLE

IN MILLIONS OF CHF	Unaudited 30.09.2016	Restated * 31.12.2015
Receivables for refund from suppliers	120.3	96.7
Receivables for rental services	110.0	92.2
Sales tax and other tax credits	103.6	87.6
Prepayments	58.5	17.1
Accrued income	17.0	3.8
Receivables from subtenants and business partners	10.0	13.0
Guarantee deposits	9.8	7.7
Personnel receivables	5.4	4.2
Derivative financial assets	2.1	1.7
Loans receivable	1.6	6.2
Other	16.8	15.5
Total	455.1	345.7
Allowances	(9.3)	(12.2)
Total	445.8	333.5

* Based on the final assessment of the Purchase Price Allocation related to World Duty Free Group (WDF), certain amounts presented in the annual report 2015 have been restated (see note 9)

6. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

IN MILLIONS OF CHF	Unaudited 9M 2016	Unaudited 9M 2015	Unaudited Q3 2016	Unaudited Q3 2015
Lenrianta CSJC 20 % *	16.0	-	-	-
Nuance Group Fashion & Luxury Duty Free Pvt. Ltd 50 %	7.1	-	0.1	-
TNG Malta participation changes	(3.8)	-	(3.8)	-
Increase in Dufry's interest	19.3	-	(3.7)	-
Division North America, increase in share capital of several subsidiaries	5.8	148.5	0.7	145.7
Other	-	0.1	(0.3)	0.4
Total	25.1	148.6	(3.3)	146.1

* After its initial purchase as part of The Nuance Group, on April 26, 2016 Dufry took over the total shares of Lenrianta, i.e. the remaining 1,076 shares representing 20% of the total share capital for a total consideration of CHF 1. Lenrianta is a travel retailer operating the airport of Pulkovo at Saint Petersburg in Russia. This step up acquisition generated a change in the participation of non-controlling interests (see statement of changes in equity).

7. PRINCIPAL FOREIGN EXCHANGE RATES APPLIED FOR VALUATION AND TRANSLATION

IN CHF	AVERAGE RATE			CLOSING RATE		RATES AT ACQUISITION DATE
	9M 2016	Q3 2016	30.09.2016			
1 USD	0.9798	0.9759	0.9714			
1 EUR	1.0935	1.0890	1.0922			
1 GBP	1.3653	1.2813	1.2607			
IN CHF	9M 2015	Q3 2015	30.09.2015	31.12.2015	07.08.2015	
1 USD	0.9529	0.9646	0.9749	0.9997	0.9822	
1 EUR	1.0624	1.0729	1.0900	1.0863	1.0766	
1 GBP	1.4598	1.4942	1.4751	1.4730	1.5202	

8. SEASONALITY

Dufry has its strongest months 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 more prominent on results than in turnover.

9. ACQUISITION OF BUSINESSES AND OTHER AGREEMENTS

9.1 ACQUISITION OF WORLD DUTY FREE S.P.A.

On August 7, 2015, Dufry acquired a first stake of 50.1% in the voting equity interests in World Duty Free S.p.A. (WDF), a publicly listed company in Italy for a total consideration of CHF 1,407.1 (EUR 1,307) million equivalent to EUR 10.25 per share in cash. This initial acquisition of WDF triggered a mandatory tender offer (MTO) for the outstanding 49.9% of WDF shares. The acquisition was mainly financed through the issuance of share capital. This acquisition was accounted using the acquisition method.

Continuing with its strategy to expand its travel retail business, Dufry acquired WDF, one of the top global travel retailers, to complement the geographical presence in key markets such as the airports of Heathrow, Gatwick, Stansted, Manchester in the UK, Madrid, Barcelona, Las Palmas and Tenerife in Spain, Vancouver in Canada, 29 destinations in the USA, as well as other key locations in Jamaica, Mexico, Peru, Chile, Finland, France, Germany, Italy, Jordan, Kuwait, and Sri Lanka. With more than 500 shops located in 105 locations in 20 countries, WDF achieved a turnover of EUR 2,439.6 (CHF 2,962.8) million and employed about 9,500 people in 2014.

Dufry expects to generate significant cost and margin synergies through the integration of WDF into its common business model and supply chain as well as through the combination of the global and divisional organizations and support functions, which are reflected in the value of the goodwill. The resulting goodwill is not amortized, is not tax deductible and is subject to annual impairment testing. WDF will further enhance Dufry's global position in the travel retail market industry.

For this acquisition, Dufry incurred transaction costs of CHF 50.7 million in 2015 presented as other operational expenses and financial transaction taxes of CHF 12.3 million presented as other financial expenses in the income statement.

The fair value of the identifiable assets and liabilities at the date of acquisition are to be considered as final and change from the disclosure in Dufry's annual financial statements as of December 31, 2015 are described below:

IN MILLION OF	FAIR VALUE AT AUGUST 7, 2015			
	PRELIMINARY IN EUR	PRELIMINARY IN CHF	CHANGE	FINAL IN CHF
Trade receivables	39.9	43.3	(3.1)	40.2
Inventories	191.6	206.3	(2.0)	204.3
Other current assets	180.9	194.7	1.9	196.6
Property, plant and equipment	176.9	190.4	0.1	190.5
Concession rights	1,759.0	1,893.7	1.3	1,895.0
Other intangible assets	104.8	112.9	(9.6)	103.3
Other non-current assets	249.6	268.7	-	268.7
Trade payables	(218.8)	(235.9)	(0.5)	(236.4)
Financial debt	(956.0)	(1,029.3)	-	(1,029.3)
Provisions	(150.5)	(162.1)	4.3	(157.8)
Contingent liabilities	(6.2)	(6.7)	-	(6.7)
Other liabilities	(467.4)	(502.9)	(1.6)	(504.5)
Deferred tax liabilities	(356.4)	(383.7)	20.8	(362.9)
Fair value of non-controlling interests	(35.0)	(37.7)	(0.5)	(38.2)
Identifiable net assets	512.4	551.7	11.1	562.8
Dufry's share in the net assets (50.1%)	256.7	276.4	5.6	282.0
Goodwill	1,050.3	1,130.7	(5.6)	1,125.1
Total consideration	1,307.0	1,407.1	-	1,407.1

Dufry revised the preliminary Fair Values of the purchase price analysis as presented at December 31, 2015 mainly due to an updated brand name valuation and tax risk assessment.

9.2 CASH FLOW FROM BUSINESS COMBINATIONS,
NET OF CASH IN WORLD DUTY FREE GROUP

2015 IN MILLIONS OF CHF	TOTAL CONSIDERATION	NET CASH ACQUIRED	SUBTOTAL	CHANGES IN ACCOUNTS PAYABLE	NET CASH FLOW
Preliminary	(1,407.1)	40.4	(1,366.7)	-	(1,366.7)
Change	-	1.9	1.9	-	1.9
Final	(1,407.1)	42.3	(1,364.8)	-	(1,364.8)

9.3 TRANSACTION WITH NON-CONTROLLING INTERESTS
IN WORLD DUTY FREE GROUP

2015 IN MILLIONS OF CHF	CARRYING VALUE OF NON-CONTROLLING INTERESTS IN WDF ACQUIRED	DIFFERENCE RECOGNIZED IN RETAINED EARNINGS WITHIN EQUITY	TOTAL CONSIDERATION PAID IN CASH
Preliminary	275.3	1,137.3	1,412.6
Change	5.6	(5.6)	-
Final	280.9	1,131.7	1,412.6



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To the Board of Directors of
Dufry AG, Basel

Basel, 27 October 2016

Report on the review of interim consolidated financial statements

Introduction

We have reviewed the interim consolidated financial statements (income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes, pages 3 to 16) of Dufry AG for the period from 1 January 2016 to 30 September 2016. The Board of Directors is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim 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 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