



FY 2017 Results

Delivering
organic growth

March 15, 2018

 **DUFRY**

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AGENDA

1. FY 2017 Results

2. Financials FY 2017

3. Conclusion

1

Full Year Results 2017

Strong organic growth of 7.4%

+80 bps gross profit margin

CHF 125 million WDF synergies fully reflected in FY financials

EBITDA exceeds CHF 1 billion

Free cash flow of CHF 467 million

Highlights FY 2017

Strong organic growth of 7.4% despite higher comparables in the second half

EBITDA grows by 7.7%

Ongoing strong free cash flow generation

Concession portfolio further strengthened

- Strong organic growth of +7.4% in the 2017
 - Turnover increased by 7.0% and reached CHF 8,377.4 million in the full year 2017
 - Organic growth in Q4 2017 of +5.7%, despite higher comparables
 - Close to 30,000 m² of retail space opened across 170 shops, through new openings and expansions
 - Over 32,000 m² of commercial area refurbished in 76 shops
 - Contracts signed that will add 15,500 m² to the portfolio in the remainder of 2018 and 2019
- Gross profit margin expands by 80 bps to 59.4% from 58.6% in 2016
- EBITDA grows by 7.7% and reaches CHF 1,007.1 million
 - EBITDA margin expands to 12.0%
- Cash EPS in the FY 2017 grows by 14.0% to CHF 6.84 from CHF 6.00 in 2016
- Free cash flow increases by +18% versus 2016 and reaches CHF 571 million, excluding one-offs
 - Reported Free Cash accounting for extraordinary projects amounted to CHF 467 million

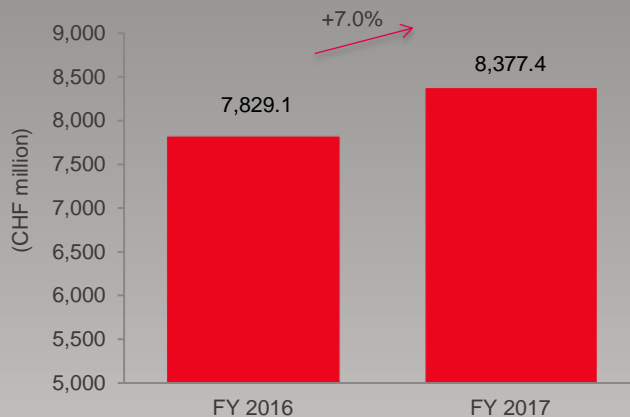
Turnover analysis

Turnover grows by 7.0%

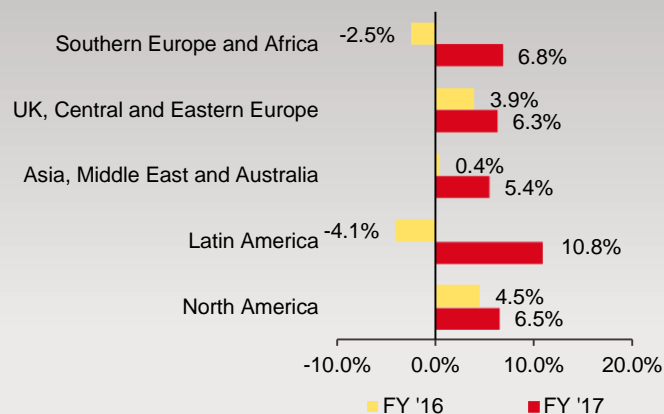
All divisions with positive organic growth in 2017

Brazilian and Russian travellers impacting organic growth positively

Turnover evolution



Organic growth by division 2017



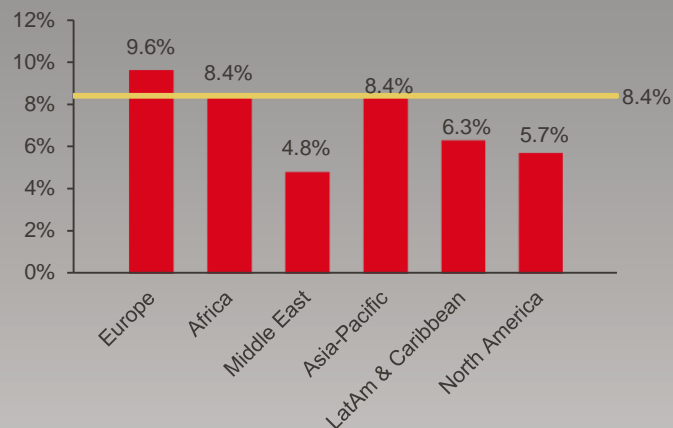
- Strong organic growth in 2017 at +7.4%
- Turkey grew strongly, due to the return of Russian tourists. Good performance in Greece, Italy, Malta and Spain. Double digit growth in African countries
- Ongoing strong performance in the UK, despite higher comparables, as well as in Russia, Eastern Europe and Finland
- Positive development in the Middle East in Sharjah, Kuwait and Jordan. Strong return of Hong Kong and Macao. Good performance in Bali, Cambodia and as of second half also Australia
- Double digit growth in Latin America, in particular Brazil, Peru, Chile, Uruguay and the Caribbean. Division also positively impacted by cruise channel
- 6.5% growth in North America with both duty-paid and duty-free operations contributing
- Trading Update
 - Positive trends in most operations continue
 - Higher comparison base in 2018

Resilient passenger traffic

Healthy international PAX growth

Forecast continue strongly

International PAX growth – 2017



Source: ACI

International PAX growth forecast

	2018	2019	2020
Europe	7.4%	5.5%	5.3%
Africa	7.7%	3.5%	3.4%
Asia/Pacific	9.1%	7.8%	7.2%
Middle East	4.2%	5.5%	5.2%
LatAm/Caribbean	6.7%	6.4%	6.0%
North America	4.7%	4.6%	4.4%
World in total	7.3%	6.0%	5.7%

Source: Air4casts (01/03/2018)

- Strong passenger growth in 2017
- 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

PAX = Passengers

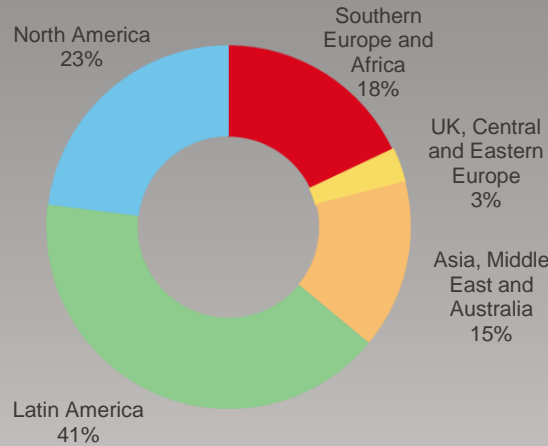
Dufry has opened close to 30,000 m² of gross retail space in 2017

Nearly 30,000 m² of gross retail space opened in 2017

Over 32,000 m² of retail space refurbished in the 2017

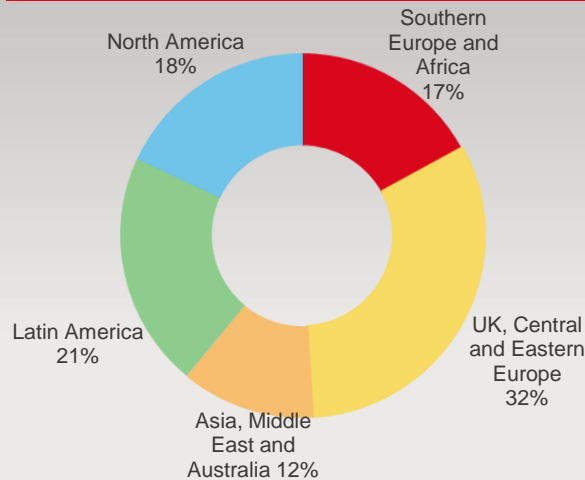
437,000 m² of retail space operated in total

30,000 m² of gross retail space opened in 2017



Division	Selected Locations
Southern Europe and Africa	Cairo, Barcelona, Athens
UK, Central and Eastern Europe	Astana
Asia, Middle East and Australia	Macau, Chengdu, Fuzhou
Latin America	Cancun, Rio de Janeiro, Mexico City, Bogota, Barbados
North America	Minneapolis, Ft. Lauderdale, Tucson, Las Vegas, Calgary

Over 32,000 m² of shops refurbished in 2017



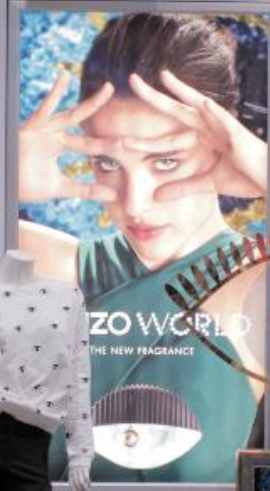
Division	Selected Locations
Southern Europe and Africa	Madrid, Athens, Guadeloupe
UK, Central and Eastern Europe	Gatwick, Bristol, Heathrow
Asia, Middle East and Australia	Melbourne, Sharjah
Latin America	Barbados, Buenos Aires
North America	Vancouver, Toronto, Las Vegas, Los Angeles

YVES SAINT LAURENT

YVES SAINT LAURENT

YVES SAINT LAURENT

Kohl's



KENZO WORLD
THE NEW FRAGRANCE

GIORGIO ARMANI

GIVENCHY

GIVENCHY

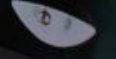
CLARINS

CLARINS

CLARINS



KENZO WORLD





CHANEL

ESTÉE LAUDER

LANCÔME

LANCÔME

YVES SAINT LAURENT

GUCCI NEW

VERSACE

JIMMY CHOO

MONTE BLANC

BVL

HER

TOM F

DKNY

Ermengildo Zegna

EMPORIO ARMANI
TOGETHER WE BREATHE THE SKY

GIORGIO ARMANI

YOU

YOU

YOU

TEQUILERIA

Brands and exclusive products only available in

TEQUILERIA



Time to treat yourself
Discover great exclusives
Not available downtown

EXCLUSIVE

Tequila

There is Great Tequila!
Discover great exclusives
Not available downtown

EXCLUSIVE

Tequila

1921



RIO DE JANEIRO DUFRY SHOPPING

↑  Todos os portões
All gates



LANCÔME

DUFRY SHOPPING

AQUI VOCÊ PODE COMPRAR SEMPRE

✓ Pagamento em Real em até 10x sem juros*



sunglass hut



LANCÔME

CHANEL

Dior

GIVENCHY

SHISEIDO

CAIXAS

LANCÔME

LANCÔME

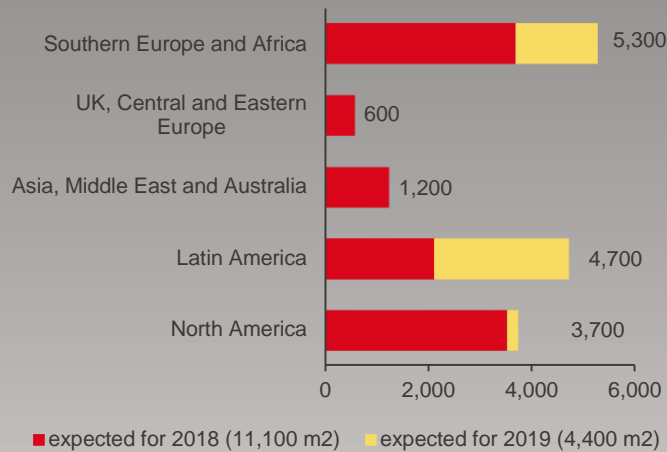


15,500 m² additional retail space signed for 18/19

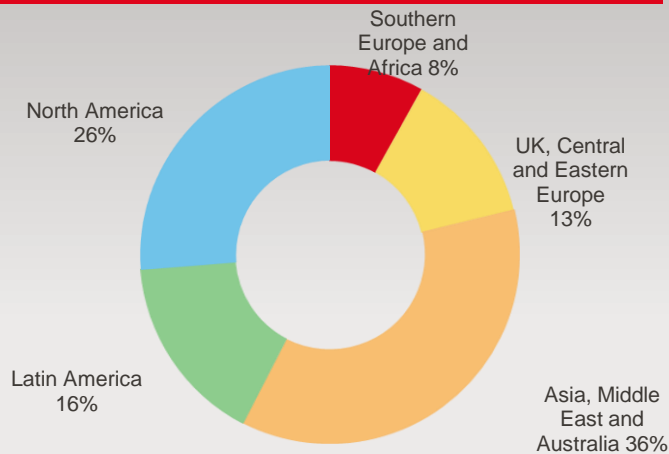
15,500 m² of additional retail space signed for 18/19

Strong pipeline of potential new projects

15,500 m² signed space



Project Pipeline: 34,200 m²



- Contract renewals and pursue of new concession is an important part of our activities
- 15,500 m² of new contracts signed to be opened in 2018 and 2019
- North America as well as Middle East and Australia with currently highest space contribution in 2018
- Pipeline covers all channels

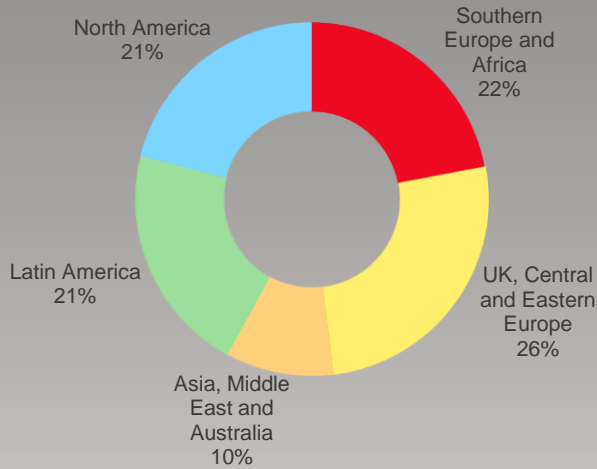
Dufry's Segmentation

Balanced concession portfolio across divisions

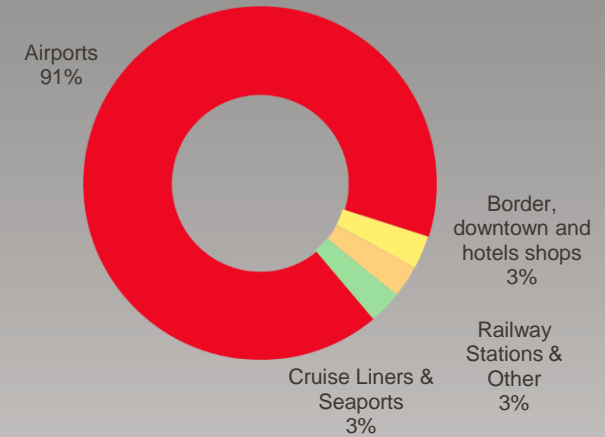
Airport is the most important channel

Further opportunities in duty-free and duty-paid

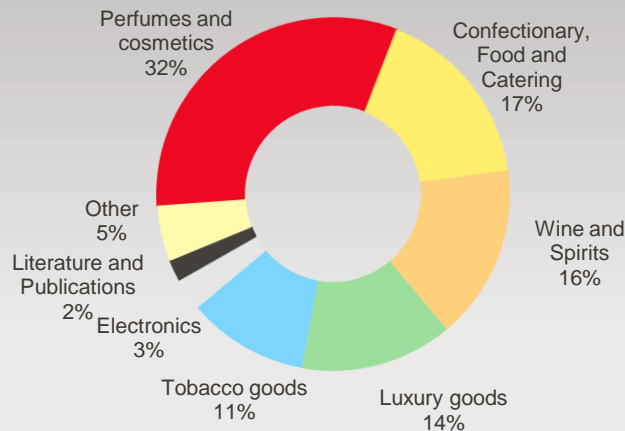
Dufry by Division 2017



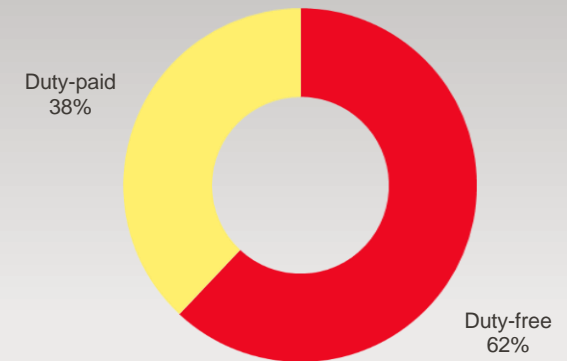
Dufry by Channel 2017



Dufry by Category 2017



Dufry by Sector 2017



Note: Based on net sales

Hudson IPO

IPO of Hudson Ltd. successfully concluded

Dufry continues to fully consolidate the business

IPO mainly to impact Dufry's minorities interest line

- IPO of Hudson Ltd. successfully concluded – first trading day on Feb 1st, 2018
 - Dufry priced Hudson Ltd. shares on February 1st, 2018 @ USD 19.00
 - Net proceeds of USD 714 million
 - Free float of 43%
- Implications for Dufry
 - Dufry continues to fully consolidate the business
 - North American business will remain highly integrated, thus sustaining the efficiencies in place for both units
 - The IPO will mainly impact Dufry's minorities interest line

Priorities for 2018 (1)

New organization implemented in early 2018

BOM implementation accelerated

New strategic initiatives launched

- **New organization implemented to facilitate acceleration of growth and digital transformation**
 - Simplified structure will further improve speed of decision making
 - Global Executive Committee with new appointments and roles focusing on Group development
 - New Divisional Executive Committee with new appointments and roles focusing on business growth
- **Business operating model (BOM) to be fully implemented by end of 2018**
 - BOM implementation already launched in 19 countries, of which 10 (Mexico, Switzerland, African countries, Australia) already passed internal certification
 - Further acceleration to achieve full scope of implementation in 2018
 - Currently being implemented in Europe, Middle East, South America and Canada
- **New strategic initiatives to expand the business**
 - Multiple sectors (duty-free; duty-paid, downtown)
 - Multiple channels (cruise lines; border shops; as well as F&B and master concessions in the US)
 - Increase footprint in Asia

Priorities for 2018 (2)

Customer
focused, digital
driven

Continue to drive
organic growth

Cash generation
and deleveraging
remain priorities

- **Customer focused and digital driven to better engage with customers and drive sales**
 - Accelerate digitalization of sales representatives
 - Customer Research (CRM database)
 - Omni-channel strategy
 - Four New Generation Stores already opened; additional 2 to come in 2018
 - Further expand global deployment of RED by Dufry loyalty program, currently available in over 100 locations
 - Reserve & Collect active in 47 airports across the globe; further enhance offer by catalogue refinement
 - Further expand social media presence
 - New products and services
- **Continue to drive organic growth by winning new concessions, expand existing locations and increase spend-per-passenger**
- **Focus on cash generation continues, with further deleveraging as primary goal**
- **Returning cash to shareholders; proposal to be submitted to AGM of 3 May 2018**

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FINANCIALS FY 2017

Turnover growth

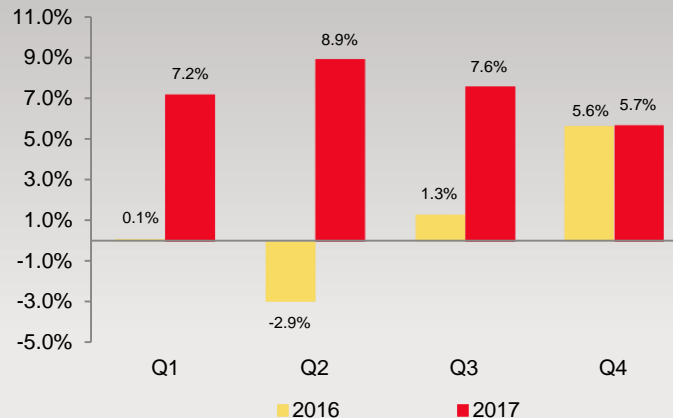
Strong organic growth in Q4 2017, despite higher comparables

All divisions with solid growth in 2017

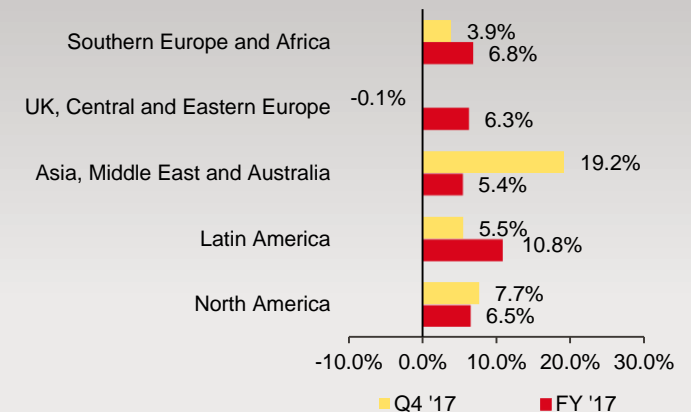
Growth components

	Q1 '17	Q2 '17	Q3 '17	Q4 '17	FY '16	FY '17
Like for Like	7.2%	8.7%	6.4%	5.5%	-1.2%	6.9%
New concessions, net	0.0%	0.2%	1.2%	0.2%	0.7%	0.5%
Organic growth	7.2%	8.9%	7.6%	5.7%	-0.5%	7.4%
Changes in scope	-0.6%	-0.5%	0.0%	0.0%	28.6%	-0.3%
Growth in constant FX	6.6%	8.4%	7.6%	5.7%	28.1%	7.1%
FX impact	-1.9%	-1.6%	0.5%	2.3%	-0.6%	-0.1%
Reported Growth	4.7%	6.8%	8.1%	7.9%	27.5%	7.0%
Organic growth including WDF	7.2%	8.9%	7.6%	5.7%	1.0%	7.4%

Organic growth evolution



Organic growth by division

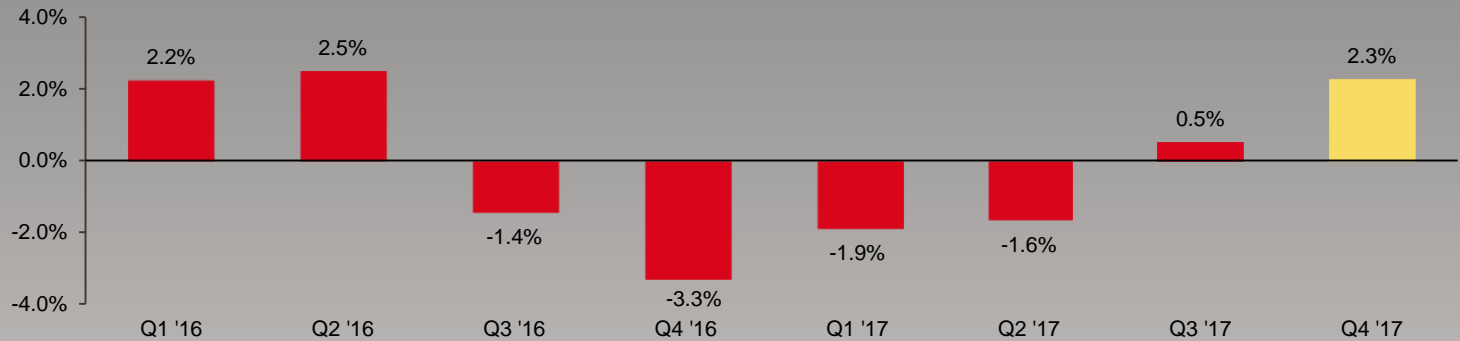


FX development

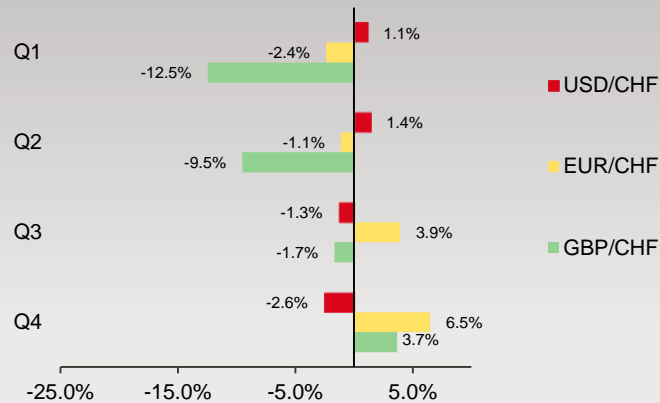
Translational FX turned positive in Q3 '17 driven by EUR appreciation

Translation effect FY 2017 of -0.1%

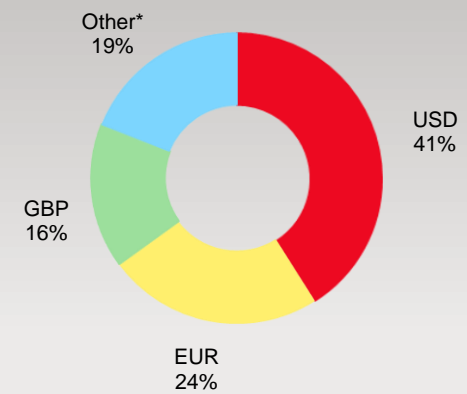
Translational FX impact



Main currencies development



Turnover by currency 2017



* Other includes CHF, CAD, AUD, HKD, etc.

Income statement FY 2017

Strong turnover growth driven by organic growth

EBITDA first time over the CHF 1.0 billion mark

Cash earnings adds back the portion of amortization related to acquisitions

Income statement FY 2017

(CHF million)	FY 2017	%	FY 2016	%
Turnover	8,377.4	100.0%	7,829.1	100.0%
Gross profit	4,978.6	59.4%	4,584.1	58.6%
Concession fees	(2,306.0)	-27.5%	(2,125.9)	-27.2%
Personnel expenses	(1,135.0)	-13.5%	(1,054.5)	-13.5%
Other expenses	(528.9)	-6.3%	(472.5)	-6.0%
Share of result of associates	(1.6)	0.0%	3.9	0.0%
EBITDA⁽¹⁾	1,007.1	12.0%	935.1	11.9%
Depreciation	(158.9)	-1.9%	(166.2)	-2.1%
Amortization	(423.9)	-5.1%	(379.2)	-4.8%
Linearization	(58.9)	-0.7%	(74.7)	-1.0%
Other operational result	53.3	0.6%	(42.4)	-0.5%
EBIT	418.7	5.0%	272.6	3.5%
Financial result	(216.8)	-2.6%	(215.5)	-2.8%
EBT	201.9	2.4%	57.1	0.7%
Income tax	(91.0)	-1.1%	(11.3)	-0.1%
Net Earnings	110.9	1.3%	45.8	0.6%
Non-controlling interests	(54.1)	-0.6%	(43.3)	-0.6%
Net Earnings to equity holders	56.8	0.7%	2.5	0.0%
Acquisition-related amortization	311.1		320.4	
Cash Net Earnings	367.9	4.4%	322.9	4.1%

⁽¹⁾ Before other operational results

Income statement FY 2017

Several one-offs impacts the P&L in FY 2017

Items related to the revaluation of assets from the Nuance acquisition largely offset each other

Mostly non-cash items

Income statement FY 2017

	Reported	One-offs	Normalized
EBITDA	1,007.1		1,007.1
Depreciation & impairment of PP&E	(158.9)		(158.9)
Amortization & impairment of intangibles	(423.9)	1) (64.7)	(359.2)
Linearization	(58.9)		(58.9)
Other operational result	53.3	2) 96.7	(43.4)
EBIT	418.7	32.0	386.7
Financial result	(216.8)	3) (41.6)	(175.2)
EBT	201.9	(9.6)	211.5
Income tax	(91.0)	4) (41.1)	(49.9)
Net Earnings	110.9	(50.7)	161.6
Non-controlling interests	(54.1)		(54.1)
Net Earnings to equity holders	56.8	(50.7)	107.5
Acquisition-related amortization	311.1		311.1
Cash Net Earnings	367.9	(50.7)	418.6

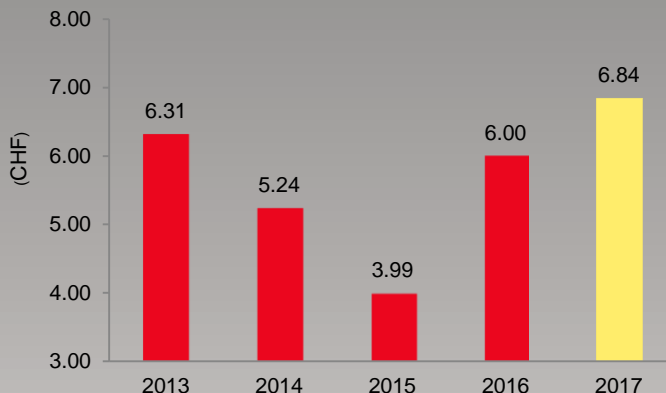
- 1) Negative CHF 64.7 million impact from impairment in contracts acquired from Nuance
- 2) Positive CHF 80.8 million impact from release of provisions in contracts acquired from Nuance; positive CHF 22.0 million from UK pension fund adaptation; negative CHF 6.1 Hudson IPO
- 3) Negative CHF 41.6 million impact from one-offs related to the debt refinancing
- 4) Negative CHF 41.1 million impact from US tax law changes

Cash earnings – ongoing positive evolution

Cash EPS improve 14% from CHF 6.00 in 2016 to CHF 6.84 in 2017

One-offs of 2017 impact Cash EPS by CHF 0.96

Cash EPS Evolution



Cash EPS analysis

(CHF million)	FY 2017	FY 2016
Net earnings to equity holders	56.8	2.50
Acquisition-related amortization	311.1	320.4
Cash net earnings	367.9	322.9
Weighted number of shares (m)	53.8	53.8
Cash EPS (CHF)	6.84	6.00
<u>Additional possible adjustments (CHF)</u>		
Deferred taxes effect on acquisition-related amortization	-1.00	-1.19
Linearization	1.10	1.39
Impairment in respect of acquisitions	1.18	-

- Cash EPS continues to grow strongly
 - Recovery of organic growth in 2016-17
 - Margin improvement due to synergies
 - 2017 has significant one-offs, with a net impact of CHF -52.7 million
- Cash EPS only adds back the portion of amortization related to acquisitions
 - Additional possible adjustments for better proxy of economic profit

Cash flow statement

Strong cash generation in the 2017

Extraordinary projects generated cash outs of CHF 104 million

Without extraordinary projects, free cash flow of CHF 571m

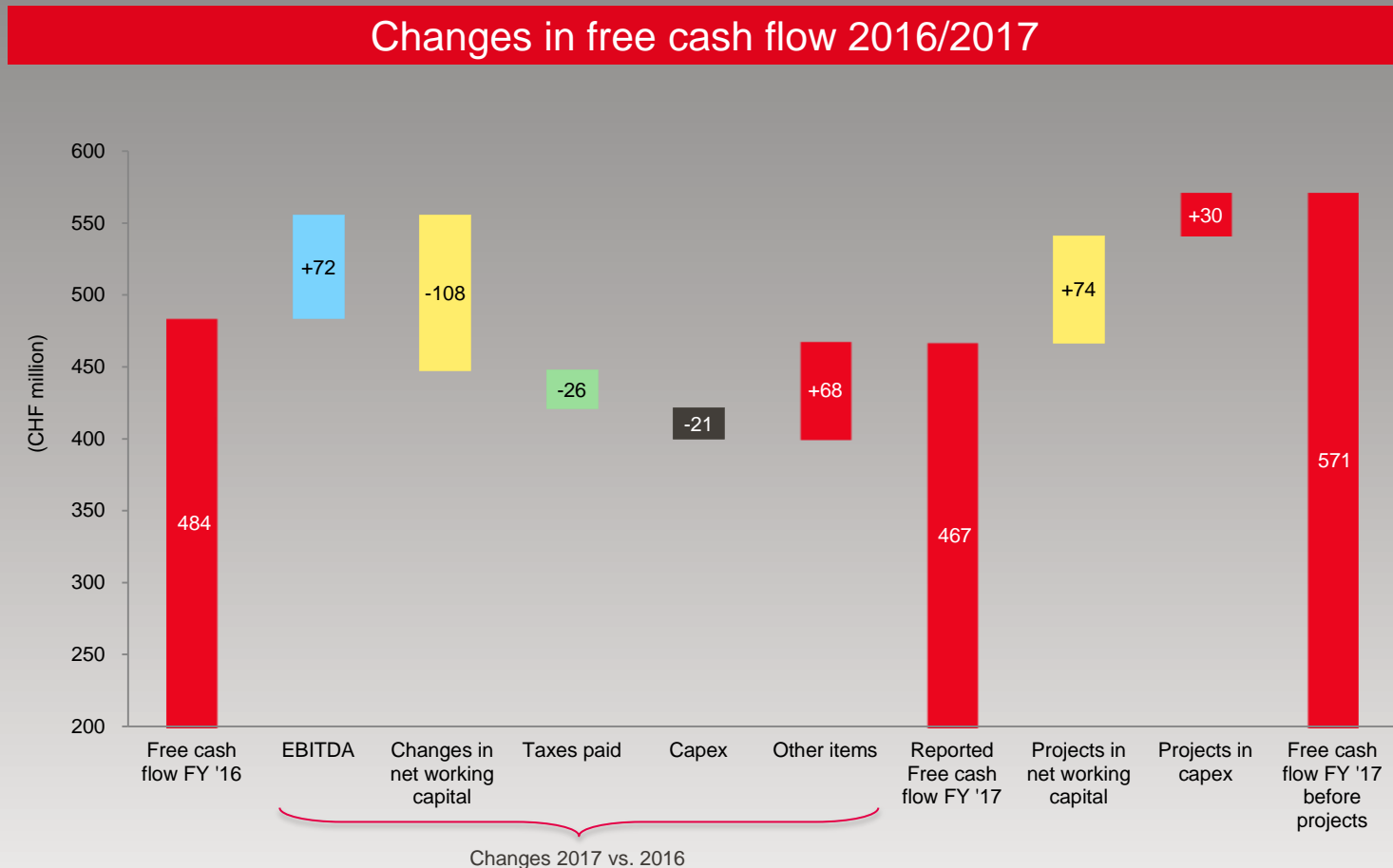
Cash flow statement		
(CHF million)	FY 2017	FY 2016
EBITDA before other operational result	1,007.1	935.1
Changes in net working capital	(147.7)	(39.6)
Taxes paid	(124.2)	(98.0)
Other operational items	(15.7)	(81.8)
Dividends from associates	4.9	4.9
Net cash flow from operating activities	724.4	720.6
Capex	(283.5)	(262.2)
Interest received	27.1	25.4
Increase in participation in associates	(1.0)	-
Free cash flow	467.0	483.8
Restructuring and transaction costs of acquisitions	(9.3)	(20.2)
Proceeds from sale of interests / (investments) in subsidiaries and associates	-	3.8
Cash flow after investing activities	457.7	467.4
Interest paid	(218.1)	(220.8)
Arrangement fees paid, acquisition related financing costs and other	(39.2)	(13.8)
Cash flows related to minorities	(57.3)	(48.2)
Financial investments	-	17.5
Cash flow used for financing	(314.3)	(265.3)
Change in Net Debt , before currency translation	143.4	202.1
Currency translation	(79.9)	3.5
Net debt		
– at the beginning of the period	3,750.4	3,956.0
– at the end of the period	3,686.9	3,750.4

Schematic cash flow changes in 2017

Strong cash generation in the 2017

Extraordinary projects generated cash outs of CHF 104 million

Without extraordinary projects, free cash flow of CHF 571m

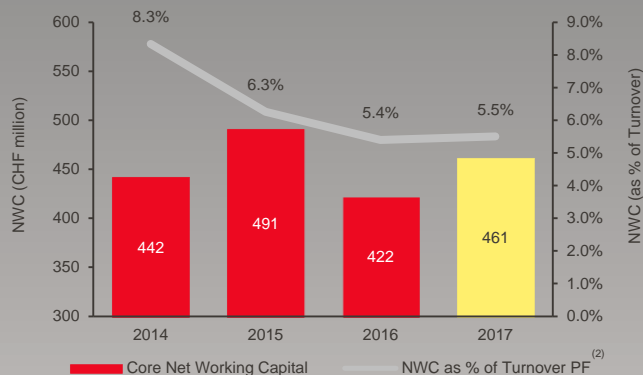


Capex & Net Working Capital

Core Net Working Capital within expected range

Capex in line with target range

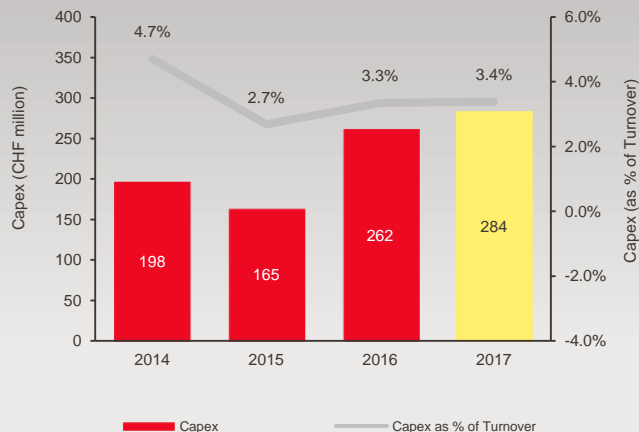
Core Net Working Capital⁽¹⁾



⁽¹⁾ Inventories + Trade and credit card receivables - Trade payables

⁽²⁾ Adds LTM Turnover of acquisitions

Capex evolution



- Core net working capital within expected levels
- Going forward, expectation for core net working capital around 5% of turnover confirmed
- Capex target of 3.0% - 3.5% of turnover continues

Balance sheet

No significant changes in the balance sheet 2017

Intangible assets mainly generated by acquisitions

Summary balance sheet as per 31.12.2017

(CHF million)	31.12.2017	31.12.2016	Variation
Concession right finite life	3,499	3,779	-280
Goodwill, Brands, Conc. rights indef. life	2,991	2,924	67
Other intangible assets	108	84	24
Other non current assets	373	336	37
Core Net Working Capital	461	422	39
Other current assets	549	528	21
PP&E	668	629	39
Total	8,648	8,701	-53
Equity	3,356	3,271	86
Net Debt	3,687	3,750	-63
Non current liabilities	256	346	-90
Deferred tax liabilities, net	334	339	-6
Other current liabilities	1,016	996	20
Total	8,648	8,701	-53

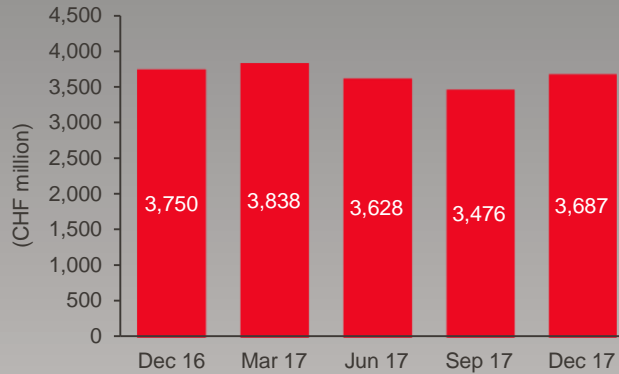
Financing & Covenants

USD 714 million proceeds from Hudson in Feb/18

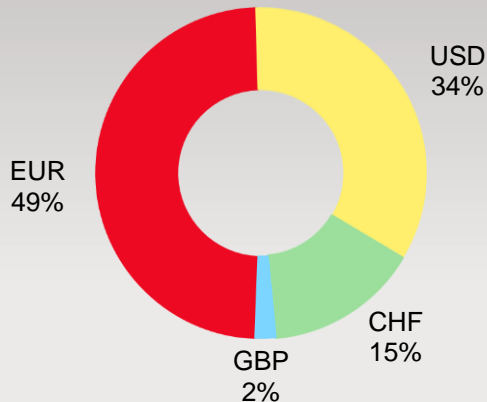
PF covenant in Feb 2018: 2.9x

Board of Directors to propose returning cash to shareholders

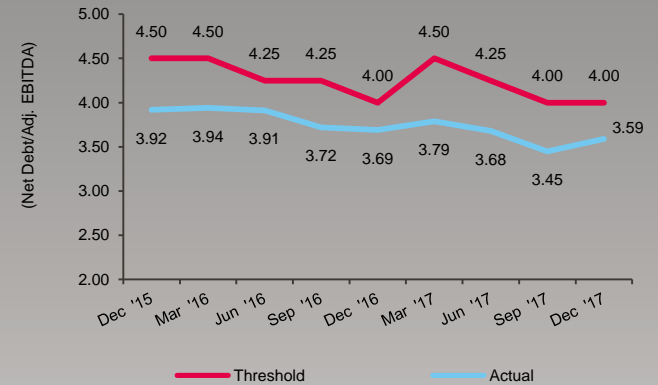
Net Debt Evolution



Debt by currency



Covenants evolution



- Proceeds from HUD IPO: USD 714 million in Feb 2018
 - Proforma leverage of 2.9x
- Treasury shares of CHF 112 million
- BoD to make proposal for upcoming AGM to return cash to shareholders

Debt refinancing

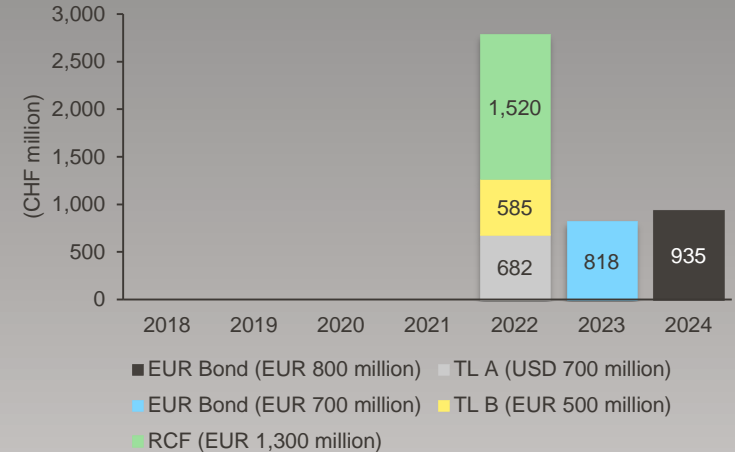
New financial structure ready to support Dufry in the next years

Refinancing provides for interest cost reduction of CHF 50 million vs. 2016

New covenant threshold fixed at 4.0x

- Dufry realized a number of improvements in relation to the refinancing
 - 1) Repayment of USD 500m 2020 Senior Notes in Dec'16; (5.5% coupon)
 - 2) Refinancing of EUR 500m 2022 Senior Notes (4.5% coupon) by new EUR 800m 2024 Senior Notes in Oct'17; (2.5% coupon)
 - 3) Refinancing of syndicated bank facility in Nov'17 (reduced spread)
- Short-term facility of CHF 585 million, repaid from Hudson IPO proceeds
- New financing structure strengthens Dufry's financial position
- Increased permanent covenant threshold to 4.0x
- Interest savings of over CHF 50 million going forward
- Locked-in lower bond coupon up to 2024
- Shift from term loans to RCF provides more flexibility in day-to-day management

Debt maturity profile (end February)



Additional operational KPI's

Broader KPI framework

New KPIs continue with bias to cash generation

IFRS 16 to be implemented as of 2019 will trigger adjustments in P&L and balance sheet

Rationale

- Shows overall performance of the business
- Reflects all aspects including financing and taxes

Definition

- Cash net earnings (net earnings to equity holders + acquisition-related amortization) per share

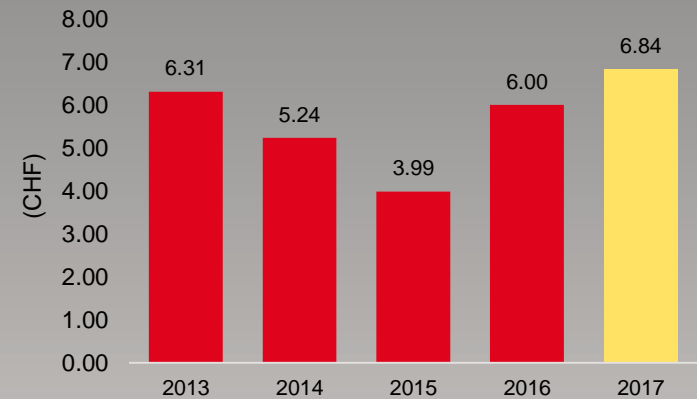
Rationale

- Good KPI for business performance with limited impact from accounting

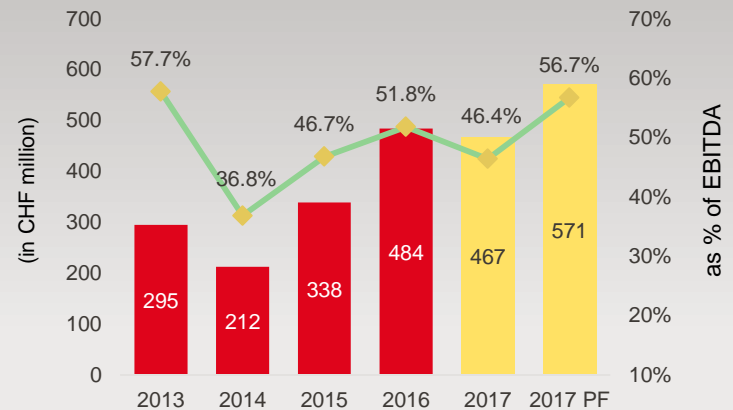
Definition

- Net cash flow from operating activities – Capex + interest received

Cash EPS



Free cash flow*



* Before financing costs and minorities

** Pro-forma excluding extraordinary investments

New Capital Structure KPIs

Additional KPIs to give better insights to investors

EFCF good short-term metric, while ROE works best long-term

Rationale

- Real cash flow generated from underlying equity

Definition

- Net cash flow from operating activities – Capex – net interest paid – minorities

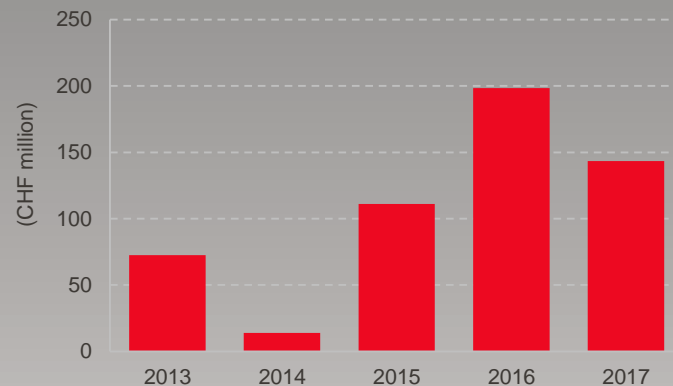
Rationale

- Closer to IRR concept used for projects
- Also considers capital required to run the business

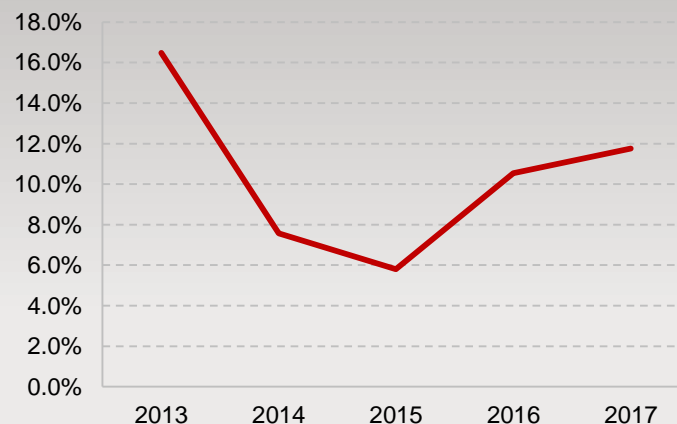
Definition

- Cash net earnings / Book equity to equity holders

Equity Free Cash Flow (EFCF)



Cash Return on Equity (ROE)



3

CONCLUSION

Conclusion

Targets for 2017 achieved

Priorities for 2018 set

Start returning cash to shareholders

- Successful 2017: Targets set for the year achieved:
 - Sales & organic growth acceleration
 - EBITDA for the first time above CHF 1 billion
 - Cash generation at high levels and ongoing deleveraging
 - Considerable increase of cash EPS
- Priorities set for 2018
 - New organization with new, reduced Global Executive Committee and new Divisional Committee in place and operational
 - Implementation of new business operating model (BOM) on track; full implementation by end 2018
 - Drive new strategic initiatives to expand business across sectors and channels
 - Accelerate implementation of customer focused and digital initiatives to drive sales
 - Focus on cash generation and deleveraging
- Return cash to shareholders – proposal for AGM

Thank you

 DUFRY