Media Release

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Dufry Group posts solid results increasing turnover, EBITDA and cash flow, and presents its new corporate structure, logo and branding strategy

In the first nine months of 2015, Dufry posted a good performance. Turnover grew by 43.9% in the year to September and reached CHF 4,216.3 million from CHF 2,930.9 million one year earlier, with organic growth contributing -4.9%. EBITDA grew by 22.5% and reached CHF 508.0 million with an EBITDA margin of 12.0%. Cash generation continues strong with free cash flow[1] of CHF 327.1 million, 18.2% higher than in the first nine months of 2014. This performance includes the contribution of World Duty Free, which has been Dufry consolidated from August onwards.

Following the two transformational acquisitions of Nuance and World Duty Free, Dufry has adapted the Group organization and the operating business model to the considerably increased footprint and number of operations to benefit from further efficiencies going forward. Operations have been restructured into five new well-balanced divisions, directly managing their related countries, thus being closer to customers and landlords. Last but not least, Dufry has also renewed its branding strategy to clearly structure its portfolio of retail brands under the umbrella of the new Dufry corporate identity.

Nine Months 2015 Results

Turnover

Turnover grew by 43.9% and reached CHF 4,216.3 million in the first nine months of 2015 from CHF 2,930.9 million in the previous year. Reported organic growth came in at -4.9%, while organic growth adjusted for the impacts from Russia and Brazil showed a positive performance of 4.7%. Like-for-like growth of World Duty Free reached 5.0% in the first nine month. Net new concessions (adjusted) was 0.7%, to which gross new openings contributed 2.4%, mainly from shops opened and refurbished in Athens and Milan Malpensa airports.

Changes in scope[2] contributed 48.3% to the turnover growth, to which the Nuance acquisition contributed 29.7% and the WDF acquisition 21.6%. Last but not least, the translational effect from the movement of the Swiss Franc was 0.5%.

Turnover in **Region EMEA & Asia** achieved CHF 779.0 million in the first nine months of 2015 from CHF 941.2 million in the same period in 2014. In constant exchange rates (CER), turnover in the region declined by -9.7% in the year to September. Overall, European markets performed well, except for locations with high exposure to Russian passengers. In Greece, this impact has been partially mitigated by the record number of tourists visiting the country this year. A remarkable positive development has been seen in Italy, due to recent refurbishments and expansions in the

[1] Excludes transaction costs and restructuring of operations
[2] Changes in scope includes acquisitions and divestments

Milan Malpensa and Bergamo airports. In Eastern Europe, Czech Republic and Serbia continued to post solid growth.

In Africa, Dufry's existing business started to stabilize in Q3. The comparable basis of the region has been impacted by the exiting of the travel retail operations in Tunisia. In Middle East and Asia, most of the operations posted good growth, including our operations in China, South Korea, Cambodia and Indonesia.

Turnover in **Region America I** grew by 7.3% and achieved CHF 586.0 million in the first nine months of 2015, from CHF 546.2 million in the same period in 2014. When measured in local currencies, it grew by 9% in the period. In Central America, Mexico was largely stable and the Caribbean continued to present good performance, especially in the Dominican Republic. In South America, Argentina continued to see a solid performance.

Region America II turnover stood at CHF 382.6 million in the nine months of 2015 from CHF 511.3 million one year earlier; compared in local currency the development was nearly flat. The decline was caused by the devaluation of the Brazilian Real, which intensified in the third quarter (-56% in Q3 vs -29% in H1). The weakening of the local currency lowers the purchase power of Brazilians, representing the main consumer group in the region. Dufry has continued to extend its footprint in Brazil by opening 19 new stores in the first nine month, implementing different duty-fee and duty-paid retail concepts such as the Hudson travel convenience shops and branded stores, such as Apple shops.

Turnover in **Region United States & Canada** rose by 9.3% to CHF 780.1 million in the first nine months of 2015 from CHF 713.6 million in the same period in 2014. Measured in CER, turnover grew by 3% in the period. Dufry's operations in the region continue to follow the resilient growth in passenger numbers and to add at the same time spend per passenger, mainly through productivity gains.

The **Nuance Business** generated a turnover of CHF 1,025.3 million in the first nine months of 2015. Overall on a pro forma basis, Nuance's performance has been similar to Dufry, with good performance in Sweden, Macau, Canada and Australia (Melbourne), to name a few.

World Duty Free reported a turnover of CHF 630.4 million, since the beginning of its consolidation in August. The like-for-like growth of World Duty Free reached 5% in the first nine month 2015.

Financial Results

Gross profit grew by 41.9% to CHF 2,449.5 million in the first nine months of 2015, versus CHF 1,725.9 million one year earlier. Gross margin in the third quarter 2015 reached 58.3% practically equalling the same performance level of the previous year, with 58.4%. Over the first nine month the gross profit margin was reduced from 58.9% in the previous year to 58.1% , as a result of the consolidation of Nuance and World Duty Free.

Selling expenses reached CHF 1,144.8 million in the year to September, versus CHF 702.9 million in the first nine months of 2014. As a percentage of turnover, selling expenses went to 27.2%, compared to 24.0% in the previous year, as an effect of the consolidation. For Dufry's standalone business, selling expenses as a percentage of sales remained largely flat.

Personnel and general expenses, as a percentage of turnover, followed the trend seen earlier in the year and decreased further by 70 and 110 basis points respectively. In Swiss Francs personnel expenses stood at CHF 585.9 million or 13.9% of turnover, while general expenses reached CHF 215.2 million or 5.1% of turnover.

EBITDA[3] amounted to CHF 508.0 million in the first nine months of 2015 from CHF 414.7 million in the same period last year, growing by 22.5%. The respective EBITDA margin reached 12.0% in the first nine months of 2015. Up to September, synergies from the Nuance acquisition already contributed more than CHF 20.0 million. The integration remains on track to be finished by the end of 2015, and the initial target of CHF 70 million of synergies is confirmed and will be delivered in the full year results of 2016.

Depreciation, as a percentage of turnover, reached 2.1% flat compared to 9M 2014. In absolute terms, it reached CHF 90.4 million, from CHF 61.3 million in the respective period in 2014. **Amortization** increased by CHF 109.7 million to CHF 214.5 million in the first nine months of 2015 from CHF 104.8 million in the last year. The increase reflects the amortization generated due to the acquisition of Nuance and the first two month of World Duty Free. In the third quarter of 2015 amortization reached CHF 98.4 million.

Linearization amounted to CHF 9.1 million in the first nine months of 2015. This is generated by the difference between the minimum guaranteed fees of certain concessions in Spain that amortized on a straight-line basis, and the minimum concession fees payable. In the Q4 2015 alone we expect linearization of negative CHF 20 - 25 million and for FY 2016 in the range of negative CHF 25 - 30 million. It is worth mentioning that linearization is a non-cash item.

Other operational result (net) was CHF -78.0 million in the first nine months of 2015, of which CHF -55.2 million are due to restructuring costs of Nuance and transaction costs related to the WDF acquisition. **EBIT** went to CHF 134.2 million in the year to September from CHF 208.9 million in the first nine months of 2014.

Financial results (net) increased by CHF 13.5 million to CHF 117.4 million in the 9M 2015, from CHF 103.9 million in the same period in 2014. The increase in financial results is explained by the additional debt in relation to the acquisition of Nuance and WDF, as well as by one-offs of CHF -19.1 million related to these transactions.

Income taxes reached CHF 26.0 million in the first nine months of 2015, versus CHF 23.7 million reported one year before.

Net earnings amounted to CHF -9.1 million in the first three quarters of 2015. Excluding one-offs related to acquisitions, Net Earnings reached CHF 65.2 million, versus the CHF 81.4 million reported in the 9M 2014. Net earnings to equity holders achieved CHF -37.3 million in the period. Excluding one-offs from the WDF acquisition, Cash EPS amounted to CHF 4.81 from CHF 4.28 in the first nine months of 2014.

Solid financial structure

Cash flow before working capital changes increased by 16.8% and reached CHF 443.0 million in the first nine months of 2015 versus CHF 379.1 million one year earlier. Both net working capital and Capex, as percentage of turnover, were reduced to 7.9% and 2.7% respectively, before WDF. As a result, Free Cash Flow grew by 18.2% to CHF 327.2 million in the first nine months of 2015.

[3] EBITDA before Other operational result

Reported **net debt** at the end of September 2015, was CHF 2,806.9 million, which includes proceeds not yet used in relation to the WDF acquisition. Adjusting for that, net debt would have reached CHF 3,872 million, compared to the CHF 2,354.4 million at the end of December 2014. The main covenant at Group level, Net debt/adjusted EBITDA, stood at 2.82x as of September 30, 2015. Following the adjustment mentioned above, net debt/adjusted EBITDA was 3.90x.

Update on World Duty Free acquisition

With respect to the World Duty Free acquisition Dufry has successfully completed the Mandatory Tender Offer on October 9, 2015, by reaching a total ownership of World Duty Free shares of 93.45%. During the subsequent Sellout Period foreseen by Italian law and started on October 19, 2015, Dufry reached the 95% ownership of WDF shares on October 23, 2015. This threshold has now triggered the Squeeze Out process leading to the full buy-out of minorities and the delisting of World Duty Free by mid-November, 2015.
Meanwhile, Dufry already executed the taking control process and has started the detailed integration planning with an in-depth assessment of the World Duty Free organization and its operating model.

New Group Structure and Business Operating Model

Dufry's dedicated growth strategy has brought the company to the leading position in the travel retail industry, with a 24% market share in airport retail, and a doubling of turnover and EBITDA when compared to FY 2013. Compared to many previous acquisitions of Dufry, the two most recent ones are considerably different due to their size, geographic spread and business models. In this regard, the acquisitions of Nuance and World Duty Free mark the start of a new phase for the Group.

	Dufry stand-alone (FY 2013)	Dufry including Nuance and WDF (Sep/15)	Growth
Countries	47	63	34%
Retail space (m^2)	208,697	403,130	93%
Shops	1,389	2,197	58%
Employees (FTE)	16,423	30,101	83%

New Business Operating Model generating additional efficiency

The overall goal of the new business operating model is to generate additional efficiencies at group level and to reduce time to market of new concepts and processes. To this purpose the operating structure has been streamlined by eliminating the former business units. This allows the divisions to manage their countries directly, to further simplify processes and to gain speed and efficiency, by shortening response time between group functions and local operations.

Furthermore, the new business operating model will further increase the group-wide standardization of processes and the centralization, with which global functions will focus even more in the development of new concepts and on generating efficiencies – such as procurement, logistics, IT, finance, legal, marketing, in all of which economies of scale can be realized. This will result in an even stronger commercial alignment of global and local teams, providing one single and seamless process allowing to create synergies throughout the whole organization.

New Group Structure

As of January 1, 2016, Dufry will operate according to the new divisional and operational structure consisting of five divisions, representing a well-balanced and diversified geographic split, and which will at the same time become the reporting segments complemented by the existing "Distribution Centers". The new divisions are:

- Southern Europe and Africa
- UK, Central and Eastern Europe
- Asia, Middle East and Australia
- Latin America
- North America

The first division, **Southern Europe and Africa**, headquartered in Madrid, Spain, connects businesses from the three former Groups, such as Italy, Greece, Turkey and Spain, and thus strongly consolidates Dufry's leading position in the Mediterranean. The second division, **UK, Central and Eastern Europe**, will be headquartered in London, UK, and will also include important markets such as Switzerland, Sweden and Russia, among others. The division combines an attractive portfolio of markets with a well-balanced passenger mix from developed and emerging countries.

By creating the new division **Asia, Middle East and Australia**, headquartered in Hong Kong, Dufry underlines its increased footprint in the region, where the critical mass has now been reached. For the Group this region represents an important growth area with the potential to drive expansion in new and existing markets.

The division **Latin America**, with headquarters in Miami, has been redefined with the integration of Brazilian and Bolivian operations as well as the WDF businesses in Peru and Chile. This will allow the division to generate additional synergies and efficiencies in a geographic area, where Dufry has a long-lasting market know-how and an important footprint.

The division **North America**, based in New Jersey, USA, – even if geographically unchanged – will see an improved footprint and an increased diversification of its retail concept portfolio through the integration of the former Nuance and World Duty Free operations. This represents an additional asset for brand partners and landlords, allowing to further expand operations in these resilient market.

The new geographic segmentation is also reflected in the Group Executive Committee – announced on October28, 2015 – which has seen five new appointments and includes executives from all the three former Groups.

New Dufry branding strategy and corporate logo

The unique character of the acquisitions of Nuance and World Duty Free and their integration into Dufry has considerable implications at internal and external level. Three established corporate cultures and three well-recognized duty-free brands need to be integrated and aligned. Dufry's new corporate logo and clearly structured branding strategy provide both a common starting point with respect to corporate culture and identity for all Group employees, and a consistent branding approach for the markets, allowing to maintain the powerful commercial brands at local level and to benefit from their recognition and positive image established with landlords and customers.

The design of the new Dufry logo creates a symbiosis of Dufry's Swiss heritage and the shopping basket as symbol for the Group's key activity – to successfully operate travel retail shops – with the commitment to be WorldWide.WorldClass!

The existing portfolio of brands which are successfully established in specific regions, such as Hellenic Duty Free in Greece for example, or which represent specific commercial concepts, such as Hudson for our travel convenience stores, will be continued and also implemented on a case-by-case basis going forward. The three main identities of our traditional duty-free business, Dufry, Nuance and World Duty Free will also be continued and used according to their brand recognition at country or regional level. Going forward, Dufry will therefore assess in each situation which is the most suitable brand to be used for a specific project and implement it accordingly. This will allow to benefit from the positive local recognition of the existing commercial brands and to successfully drive global expansion. The implementation of the new logo will be executed on a step by step basis.

Introducing the new Dufry

Julian Diaz, CEO of Dufry Group, said: "The performance shown by our company during the challenging period we have been facing due to the high volatility of several emerging market currencies, makes me confident on the resilience of our business model. Our strategy of diversification has prepared Dufry to mitigate temporary disturbances in specific markets, while benefiting from the positive long term trend in travel retail. Our financial solidity is also a case in point that we have shaped the Group the right way.

In the last quarter, we have worked on several initiatives to drive organic growth. The initiative launched to accelerate the refurbishment of shops has already shown results. So far, Dufry has refurbished 34,600 m^2 of retail space in the year. Among many shops, the refurbishments in Greece and Italy, where the revamp generated double digits sales growth, are good examples for the impact that this initiative can have. Within the brand plan initiative, we have already agreed upon individual plans with seven major brands. On the cost side, the efficiency plans put in place in Brazil and Russia were fully implemented and will generate savings of CHF 20 million in 2016. In terms of the integration of Nuance most of the streams are completed and we can confirm that all synergies will be implemented by end 2015 and will be fully reflected by full-year 2016. Last but not least, we are well on schedule on the WDF acquisition, having already crossed the 95% threshold, with which the squeeze out of the remaining minorities and the delisting of World Duty Free by mid-November will be only a formal step left to be made.

But most importantly, I am very proud to present our new corporate structure, the new branding and of course, the new logo: three essential and most relevant elements of Dufry's further growth and value creation. During the many years of growth Dufry has always adapted its structure in smaller steps, but after the combination with Nuance and WDF, we needed to take a deep look at our foundations and rethink our entire company. I am confident that with the new business operating model and new corporate identity we are ready to combine the best of the three companies and benefit from the incredible possibilities that it entails. On the one hand, our new organization and the simplified processes will allow us, to create new concepts and growth opportunities, while at the same time accelerate the speed of implementation and benefit from additional potentials of efficiencies. On the other hand, the new corporate identity symbolized with the new logo provides a new common starting point for all employees and unique set of values. This will allow us to accelerate the integration of the different cultures and to align our teams and ways of working along with the Group strategy.

We are very excited to explore the new avenues that Dufry has ahead. We invite all our employees, suppliers, landlords, investors and business partners to take part in this journey."

Key Figures Dufry Group

In CHF million	9M 2015		9M 2014		Var.
Turnover	4,216.3		2,930.9		43.9%
Gross Profit	2,449.5	58.1%	1,725.9	58.9%	41.9%
EBITDA (before other operational results)	508.0	12.0%	414.7	14.1%	22.5%
Net Earnings to Equity Holders	-37.3	-0.9%	55.8	1.9%	
Cash EPS (in CHF)	3.08		4.28		-28.0%
Excl. one-offs from WDF acquisition	4.81		4.28		12.3%

Dufry's 9M 2015 Report is available on the following link:
http://www.dufry.com/en/Investors/FinancialReports/

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Dufry Group – A leading global travel retailer

Dufry AG (SIX: DUFN; BM&FBOVESPA: DAGB33) is a leading global travel retailer operating around 2,200 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas.

Dufry employs over 31,000 people. The Company, headquartered in Basel, Switzerland, operates in 63 countries in all five continents.

SOS CHILDREN'S VILLAGES

Social Responsibility
Dufry cares for children and supports social projects from SOS Kinderdorf in Brazil, Cambodia, Mexico, Morocco and Ivory Coast. SOS Children's Villages is an independent, non-political and non-demonstrational organization established for orphaned and destitute children all over the world.