DUFRY

Media Release

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Transformational year for Dufry with strong performance

In 2015, Dufry achieved a solid operational and financial performance: Turnover increased by 46.3% and reached CHF 6,139.3 million, while EBITDA amounted to CHF 723.8 million, with an EBITDA margin of 11.8%. Dufry also continued to prove its cash generation capability with net cash flow from operating activities of CHF 491.6 million before acquisition-related cash outflows. The covenant Net debt / EBITDA remained at 3.92x, versus new agreed threshold of 4.50x.

The primary focus in 2015 was the integration and delivery of synergies of Nuance, which was completed by year-end as originally planned. Combined with the acquisition of World Duty Free, consolidated from August 2015 onwards, the Nuance integration resulted in a transformational year for Dufry in many aspects. Dufry announced a new Group structure, introduced a new business operating model and refreshed its corporate identity together with its corporate values.

From a strategic and operational perspective, the two transformational acquisitions reinforce Dufry's global leadership in airport retail with 24% market share and are expected to generate a total of CHF 175 million of synergies, of which a first tranche of CHF 34 million is already reflected in the 2015 FY results.

2015 Results

Turnover

Turnover grew by 46.3% and reached CHF 6,139.3 million in 2015, from CHF 4,196.6 million one year earlier. Organic growth was -5.3%, mainly a result of like-for-like growth of -5.6%. Organic growth for the year was significantly impacted by the volatility in emerging market currencies, which reduced the purchasing power of certain emerging market consumers, most notably Brazilians and Russians. Organic growth excluding these two customer groups was 4.0%, thus underlining the positive performance of the vast majority of our business. Changes in scope, which include the consolidation of Nuance and WDF, added 51.8%, to the turnover growth, while the FX translation impact was -0.2%, as a result of opposing factors: the Swiss Franc appreciation versus the Euro in January 2015; and the appreciation of the US Dollar in the period.

Turnover in **Region EMEA & Asia** reached CHF 1,010.8 million in 2015, from CHF 1,194.5 million one year before. When measured in local currencies, turnover was flat in the region. In constant exchange rates (CER), growth was -8.1%.

Europe performed positively in general. In locations where Russians are a relevant customer base, the negative impact of the Russian Ruble devaluation was felt, most notably in Russia, and to a lesser extent in Greece. On the other hand, refurbishments implemented at Milan Malpensa and Bergamo airports drove growth in Italy, as did the revamp of our Extra-Schengen retail space at Athens airport. Other operations such as France and Czech Republic also showed good results.

Performance continued to be weak in Africa, affected by the instability especially in Northern Africa, which has directed tourist flows to nearby destinations like Greece and Spain. In the Middle East and

Asia, growth was seen in most of the operations, benefiting from the structurally higher passenger growth in the region. Highlights were the operations in Cambodia, China, Indonesia and South Korea, among others.

Region America I's turnover grew by 6.0% to CHF 808.4 million in 2015, versus CHF 763.0 million in the previous year. Growth in local currency reached 11%, while in CER, turnover grew by 1% in the period. Performance was positive in Central America, both in the Caribbean and in Mexico. In South America, our operations held up well, considering the currency volatility seen in the year, which impacts the purchasing power of local consumers.

Turnover in **Region America II** went to CHF 487.8 million in 2015, against CHF 683.3 million in 2014. When measured in local currencies, sales in the region declined by -5%. Turnover measured in CER declined sharply by -32%, directly reflecting the massive devaluation of the Brazilian Real against the US Dollar of 42% for the year, following a peak in the second half reaching 53%. This reduces the purchasing power of the Brazilians, who represent the most important customer group.

Region United States & Canada's turnover grew by 8.3% in 2015 (3.6% in CER) and reached CHF 1,043.2 million compared to CHF 963.1 million in 2014. Hudson continued to post sustained growth, both from a like-for-like and new concessions perspective. Other formats like duty-free shops and brand boutiques gained increasing importance in the region.

Nuance's turnover reached CHF 1,337.9 million from a four months consolidated turnover of CHF 536.6 million reported in 2014. Organic growth in the business performed in line with the Group. Most operations performed well, as it was the case of Portugal and Australia. Turkey and Russia were impacted by a lower number and reduced spend of Russian passengers.

Turnover in **World Duty Free** was CHF 1,410.0 million, from August to December of 2015. On a pro-forma basis, organic growth in the period reached 9.6%. While performance in the UK was slightly positive despite of the strengthening of the British Pound, Spain posted strong growth through a strong passenger growth including higher inflow of tourists going to other destinations in previous years, such as Tunisia or Egypt. Operations in North America and MEA regions had good performance, while South America had a softer trading due to the currency volatility in the region.

Financial Results

Gross profit reached CHF 3,574.7 million in 2015, compared to CHF 2,463.6 million one year earlier, representing a growth of 45.1%. Gross margin moved from 58.7% to 58.2% year-on-year, influenced by the consolidation of Nuance and World Duty Free. Excluding the impact from acquisitions, gross margin would have reached 59.1%.

Selling expenses reached CHF 1,684.0 million in 2015, versus CHF 1,023.3 million in the previous year. As a percentage of turnover they went to 27.4% in 2015, from the 24.4% seen in 2014. The change is a result of the consolidation of Nuance and World Duty Free.

Personnel and general expenses as a percentage of turnover reached 13.9%, 60 basis points lower versus 2014. General expenses also saw a reduction as a percentage of turnover, declining by 100 basis points to 5.1%. For both lines the improvement is a consequence of the consolidation of Nuance and WDF and the efficiencies achieved from the reorganization of our operations in Brazil and Russia.

EBITDA[1] reached 723.8 million, 25.6% higher versus the CHF 576.5 million reported in 2014. The EBITDA margin was 11.8% in 2015, compared to 13.7% in 2014. In 2015, a first tranche of around CHF 34 million of Nuance synergies were already included in the results.

Depreciation, as a percentage of turnover, remained nearly stable at 2.2% compared to 2.1% in 2014. In absolute terms it reached CHF 135.8 million in 2015 from CHF 88.2 million in the previous year. **Amortization** was CHF 148.3 million higher when compared to 2014 and reached CHF 309.0 million in 2015, as a result of the additional amortization generated by the acquisitions of Nuance and WDF. Due to the linear accrual of amortization, the quarterly seasonality in earnings will be even more pronounced in 2016.

Linearization amounted to CHF -29.2 million in 2015. Linearization is a non-cash item essentially related to the Spanish business. It originates from the difference between the average minimum guarantee (MAG) over the full concession period and the MAG payable in the period. It also includes the non-cash effect of the concession fee pre-payment in Spain. Linearization will fluctuate along the year due to seasonality.

Other operational result (net) was CHF -117.1 million, of which CHF -77.4 million are due to restructuring costs of Nuance and transaction costs related to the WDF acquisition. One-offs from restructuring of other operations including Brazil and Russia amounted to CHF 7.4 million. **EBIT** went to CHF 132.7 million from CHF 208.9 million in the previous year.

Financial results (net) increased by CHF 20.0 million and reached CHF 179.5 million in 2015 from CHF 159.5 million in 2014. The increase is a result of the higher net debt level as well as of the non-recurring costs of CHF 31.9 million related to the acquisition of WDF.

Income tax was positive by CHF 10.1 million in 2015, versus an expense of CHF 20.4 million one year before. In 2015 taxes were impacted by acquisition-related transaction and financing costs, as well as deferred taxes.

Net earnings reached CHF -36.9 million in 2015. Excluding non-recurring costs related to the acquisitions of Nuance and World Duty Free, cash earnings, which also adds back the acquisition-related amortization, reached CHF 292.1 million and the respective cash EPS reached 6.38, compared to CHF 6.60 in 2014 (also excluding one-offs).

Solid financial structure

Net cash flow from operating activities reached CHF 491.6 million before acquisition-related cash outflows in 2015, from CHF 405.1 million one year earlier. In 2015, CAPEX was CHF 164.6 million compared to CHF 197.6 million in 2014. Free cash flow was CHF 338.4 million, excluding cash outflows related to the Nuance and World Duty Free transactions.

Net debt amounted to CHF 3,957.9 million at the end of December 2015 (2014: CHF 2,354.4 million). Our main covenant, net debt/adjusted EBITDA, was 3.92x at year-end 2015.

[1] EBITDA before Other operational result

Dufry´s priorities going forward: Integrate WDF, focus on cash generation and deleveraging, as well as drive organic growth

Julian Diaz, CEO of Dufry Group, said: "2015 was a transformational year for Dufry mostly characterized by the full integration of Nuance and the acquisition of World Duty Free. While these acquisitions allowed us to further develop our company, they also generated the need for important structural and organizational changes. In addition to our dedication in building the new Dufry, we strongly focused on driving organic growth in a tough economic environment impacted by considerable FX volatilities. In this context we opened a total of 189 new shops representing 18,700 m^2 of new retail space.

2016 will be an important year with many challenges. The clear priority will be the integration of WDF. We want to seize the opportunity to build the strongest team of travel retail experts ever and at the same time implement the new business operating model identifying efficiencies and creating value through synergies. Since the fourth quarter of 2015, we have developed a specific action plan for the integration and we have now started its execution, which our teams expect to complete by mid 2017.

As it has always been the case after acquisitions in the past, also this time, deleveraging is a priority for us. Apart from the integration process and the related synergies, we will be monitoring costs, net working capital and investments closely to drive cash generation. Our goal is to deleverage the company to our target leverage level of 2-3x net debt/EBITDA within the next 18-24 months.

In terms of accelerating organic growth, Dufry has already launched a wide range of initiatives last year, which have shown good results and which will be continued in 2016. The most important ones are the refurbishment plan and the brands plan, both of which have proven to generate additional sales. Furthermore, we piloted a variety of customer oriented activities, such as the loyalty program called «Dufry Red» or the «VIP voucher», which will also be further expanded. We have already signed projects securing additional 19,600 m^2, of new retail space to be opened in 2016 and we will focus on capitalizing on our strong project pipeline adding additional opportunities for new concessions the market continues to provide.

From a market perspective, 2016 started again with very volatile financial markets, thus reducing visibility. Nevertheless, for this year, the drivers of additional growth will be the positive global trends for travel retail, which will continue to provide growing passenger numbers expected to increase by over 6% for the year. Last but not least, we will benefit from our highly diversified geographic footprint and the large locations network, which considerably reduces the company's exposure to any external factor's impact, which are typically related to single countries or regions.

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Key Figures Dufry Group

In CHF million	FY 2015		FY 2014		Var.
Turnover	6,139.3		4,196.6		
Gross Profit	3,574.7	*58.2%*	2,463.6	*58.7%*	45.1%
EBITDA (before other operational results)	723.8	*11.8%*	576.5	*13.7%*	25.6%
Net Earnings to Equity Holders	-79.3	*-1.3%*	51.6	*1.2%*	
Cash EPS (in CHF)	3.99		5.24		
Excl. one-offs from WDF acquisition	6.38		6.60		

Dufry's 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 close to 29,000 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.