Media Release

Basel, May 3, 2016

Dufry generates EBITDA of CHF 147 million and Net Cash Flow from Operations of CHF 119 million in the first quarter 2016

Dufry had a good start into 2016 with a turnover growth of 60.0% reaching CHF 1,630.2 million and a further improvement of organic growth. Gross profit margin considerably improved by 110 basis points to 58.6% from 57.5%. EBITDA increased by 59.2% to CHF 146.5 million, maintaining the previous year's margin level of 9.0%. Cash flow from operating activities and free cash flow generation were both strong with CHF 118.9 million and CHF 78.8 million respectively, in the lowest quarter of the year. The World Duty Free integration is proceeding according to plan, and will remain a focus area for the year, along with the acceleration of organic growth, cash generation and deleveraging.

The first quarter 2016 was characterized by an ongoing improvement of organic growth performance driven by several factors such as a strong performance in Southern Europe, a stabilization of emerging market currencies as well as the continued acceleration of commercial and marketing activities by the company. Dufry also started the execution of the World Duty Free integration according to plan, which is expected to be completed by mid-2017. Following the announcement of the organizational structure at group and divisional level, the action plans to integrate single functions and processes were launched.

TURNOVER

In the first quarter of 2016, turnover continued to show strong growth as a result of the further improved organic growth and of changes in scope. Reported turnover grew by 60.0% reaching CHF 1,630.2 million in the first quarter of 2016 from CHF 1,018.9 million one year earlier. While changes in scope added 63.0%, organic growth improved by 1.3 percentage points to -5.2% from the fourth quarter 2015. In reported terms, like-for-like growth reached -6.2% and the contribution from net new concessions was 1.0%. The FX translation impact was 2.2%.

On a pro-forma basis – which allows to better compare the year-on-year performance of the entire group by including WDF – organic growth improved by 2.4 percentage points to 0.1% in the first quarter of 2016 from -2.3% in Q4 2015. Although being the least important quarter due to seasonality and a quarter in which locations with strong growth have a lower weight, this positive development reflects the improvement in several emerging markets, as well as the higher diversification of the business.

Southern Europe and Africa

Turnover reached CHF 286.9 million in the first quarter of 2016, from CHF 125.3 million one year before. The underlying growth in the division reached 6.6%, mainly as a result of the strong double digit growth seen in Spain. Other countries in Southern Europe also performed well, as it was the case of France, Italy, Malta and Portugal. Although the first quarter represents the lowest quarter in terms of seasonality, operations exposed to Russian consumers, showed opposite developments –

while Turkey continued to see weak performance due to the absence of Russian consumers, trends in Greece were maintained, confirming the high booking rates announced for the current year.

Central and Eastern Europe
Turnover grew to CHF 427.6 million in the first quarter of 2016, versus CHF 150.3 million in the previous year. Underlying growth in the division reached 3.4%. Most of the operations performed well, supported by a solid growth in the number of passengers across Europe, with the exception of Eastern European operations. In Russia operations continue to face a difficult environment, but we started to see signs of small improvements.

Asia, Middle East and Australia
Turnover went to CHF 187.2 million in the first quarter of 2016, against CHF 137.0 million in the same period in 2015. The underlying growth in the division was 0.1%. Operations in the Middle East and India did well, with Jordan and Sri Lanka being the best performers. In Southern Asia, Cambodia and Indonesia also showed a good performance and in Northern Asia, South Korea continues to perform extraordinary well and helped mitigating the lower trading seen in China.

Latin America
Reported turnover reached CHF 351.8 million in Q1 2016 from CHF 327.1 million one year earlier. Operations in Central America and Caribbean saw positive performance, benefiting from an overall increase in passenger numbers, particularly by Americans, due to the strong US Dollar. On the other hand, South America was impacted by the devaluation of local currencies, resulting in underlying growth in the division of -13.1%. The devaluation of 66% year-on-year in Q1 2016 of the Argentinean Peso impacted sales in Argentina, while Brazil continued to see a gradual improvement in the business, based on the stabilization of the Brazilian Real in recent months.

North America
Turnover reached CHF 367.3 million compared to CHF 267.1 million in the first quarter of 2015. Underlying growth reached 4.9%, as a result of strong performance of Hudson and other duty-paid concepts. On the duty-free side, the stronger US dollar positively impacted our operations in Canada, while the opposite effect was seen in the United States.

FINANCIAL RESULTS

In terms of seasonality, the first quarter is the least important period of the year for both, turnover and profitability. The acquisitions of Nuance and WDF have further enhanced this seasonality effect with corresponding impacts on EBITDA margin and even more so on net earnings. As a consequence, profits and cash generation will be more concentrated in the second and third quarters.

Gross profit: Gross margin improves
Gross profit margin improved by 110 basis points to 58.6% in Q1 2016 from 57.5% in the previous year. Gross margin on constant scope improved by 50 basis points, mainly driven by the synergies of the Nuance integration. It is worth mentioning that the gross margin varies by quarter, according to the seasonality of certain regions.

EBITDA[1]: Seasonality accentuated, Q1 even less significant post-WDF
EBITDA reached CHF 146.5 million and grew by 59.2% year-on-year. EBITDA margin was 9.0% in the first quarter of 2016, positively impacted by the higher gross margin as well as personnel and general

[1] EBITDA before Other operational result

expenses. On the other hand, the consolidation of WDF also generated an increase in concession fees.

EBIT: Non-cash items on the less important quarter for profits
EBIT reached CHF -39.5 million in the year to March compared to CHF 4.6 million in the same period in 2015. Depreciation remained nearly stable as a percentage of turnover (2.5%) and amortization of CHF 96.7 million was practically unchanged in absolute terms as compared to Q4 2015. Linearization (non-cash accounting treatment in regards to certain Spanish concessions) reached CHF -43.1 million. Linearization varies by quarter and due to seasonality the first quarter charge is more than half of the full year amount. Last but not least, other operational results (net) were CHF -5.4 million, with most of the restructuring costs of WDF still to be incurred and accounted for in the next quarters.

Net earnings: Increased seasonality on earnings, Q3 to concentrate most of profits
Net earnings to equity holders stood at CHF -85.6 million in the first quarter of 2016, compared to CHF -9.0 million one year earlier. Financial results reached CHF 50.4 million in the first quarter 2016, in line with the fourth quarter 2015 when excluding one-offs in the previous period. Income tax was positive by CHF 9.9 million, impacted mainly by deferred taxes. The constant quarterly charges of amortization and interest expenses as well as the linearization, accentuate the seasonality of the business in the net earnings.

Cash earnings, which add back the acquisition-related amortization, reached CHF -2.7 million from CHF 39.0 million in the same period in 2015 mainly because of the linearization charge. The respective Cash EPS came in at CHF -0.05, compared to CHF 1.09 in Q1 2015.

Free Cash Flow: Positive cash generation despite low seasonality
Net cash flow from operating activities reached CHF 119.0 million before acquisition-related cash outflows in the first quarter of 2016, from CHF 43.8 million one year earlier. In the first quarter of 2016, CAPEX was CHF 44.4 million compared to CHF 26.8 million in 2015. Excluding cash outflows related to the World Duty Free transaction, free cash flow increased to CHF 78.8 million, as compared to CHF 19.0 million in 2015. As the first quarter typically is cash neutral or slightly cash negative due to the pronounced seasonality of the business, this shows as very positive cash generation trend.

Net Debt: and stable covenants
Net debt amounted to CHF 3,871 million at the end of March 2016, CHF 87 million lower than in Q4 2015 (CHF 3,958 million). Our main covenant, net debt/adjusted EBITDA, was 3.94x as per 31 March 2016 against a maximum threshold of 4.5x.

Organic growth continues to improve; focus on WDF integration, cash generation and deleveraging

Julian Diaz, CEO of Dufry Group, said: “We had a good start in 2016, with the continuation of the improving organic growth trends we started to see in Q4 2015. Europe had another strong quarter and countries impacted by Brazilians and Russians continued to recover. Overall we saw improvements as we were expecting when comparing to previous quarters. This confirms our view that organic growth will see a gradual improvement along the year and will end up positive for the whole year.

The wide range of initiatives to accelerate organic growth which Dufry launched in the second half of 2015 such as the refurbishment plan, the brands plan as well as the customer retention and promotional activities confirm their success by showing good results and will thus be continued. In the first quarter we have opened 4,500 m^2 of retail space and have another 22,000 m^2 already signed for opening in the current business year, equal to over 5% of our current retail space.

One of the priorities for 2016 is the integration of World Duty Free. Most of the planning phase is already completed and we are already executing on the several action plans. The initial synergy targets remain unchanged at EUR 100 million.

We believe that there will be volatility in some markets but provided that currency levels remain relatively stable, we expect overall improving performance. As for developed markets, Southern Europe – particularly Spain, Greece and Italy – report record numbers of bookings and we expect to have a very strong performance in those markets along 2016. "

Key Figures Dufry Group

In CHF million	Q1 2016		Q1 2015		Var.
Turnover	1,630.2		1,018.9		60.0%
Gross Profit	954.5	58.6%	586.3	57.5%	62.8%
EBITDA (before other operational results)	146.5	9.0%	92.0	9.0%	59.2%
Net Earnings to Equity Holders	-85.6	-5.3%	-9.0	-0.9%	
Cash EPS (in CHF)	-0.05		1.09		

Dufry's Q1 2016 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.