Media Release

Basel, May 12, 2020

Dufry's Q1 2020 Trading Update

Dufry's turnover reached CHF 1,438.7 million in the first quarter of 2020 equal to -20.8% in constant FX versus the same period last year. Performance during the first three months of 2020 was significantly impacted by an unprecedented reduction in passengers flows in airports, cruise lines and touristic destinations around the world due to the spread of the Covid-19 crises. In the first quarter 2020, organic growth amounted to -21.4%.

TURNOVER

Turnover in the first three months of 2020 reached CHF 1,438.7 million versus CHF 1,882.6 million in the same period in 2019, representing a decrease of -23.6%.

The performance in the first quarter of 2020 developed differently month-by-month. Dufry started the year with a positive performance, posting an organic growth of +0.8% in January. In February, the company started to see a gradual slowdown especially in Asia, with organic growth reaching -2.3% in the year. Then, in March, many countries started to implement travel restrictions, partially leading to airport closures and a further deterioration of the sales performance, reaching -55.9% in the month.

In the first quarter, organic growth was -21.4% mainly impacted at like-for-like performance level due to lower passenger traffic across the majority of airports. All divisions reported negative organic growth, in particular Asia-Pacific and the Middle East, followed by Europe & Africa; while North, Central and South America were influenced as of March. Changes in Scope, which includes the positive contribution of the acquisitions of Vnukovo and Brookstone, amounted to 0.6%. The translational FX effect in the period was -2.8% as effect of the strengthening of the Swiss Franc versus the main currencies.

With respect to business development, Dufry slowed down its refurbishment program to reduce Capex. Nevertheless, shops in London, Athens, Macau, Los Angeles and Guayaquil were renewed. The company also continued expanding its operations, with most space increases executed during January and the first weeks of February. The company opened new and expanded shops across several locations, including Helsinki, Perth, Indianapolis, Calgary and Florianopolis, in the South of Brazil.

TURNOVER BY DIVISION

Europe and Africa

Turnover in the region was CHF 534.8 million in the first three months of 2020 from CHF 702.2 million one year ago. Organic growth in the division reached -20.3% in the period.

Performance was negative across most locations in the division, and particularly in Italy, Switzerland, UK and Spain with negative double digit growth. Turkey posted a positive performance in the quarter supported by a good passenger traffic in January and February, but declining significantly in March. Performance in Africa was stable, with the growth in the first two months of the year being offset by the performance in March.

Asia-Pacific and Middle East
Turnover amounted to CHF 213.2 million in the first quarter of 2020, versus CHF 305.0 million in the same period in 2019. Organic growth reached -30.2% as the division was the most impacted during the whole quarter.

North America
Turnover reached CHF 330.2 million compared to CHF 442.4 million in the first quarter of 2019. Organic growth was -24.0% in the period with a slowdown in both segments, but especially in duty-free, which is exposed to international and Chinese customers.

Central and South America
Turnover was CHF 314.0 million in the first quarter of 2020 as compared to CHF 384.0 million one year earlier, with organic growth coming in at -16.3%. In the first quarter, this division was the less impacted – in particular Central America and the Caribbean – as most of restrictions started during March.

ACTION PLAN – FURTHER INITIATIVES IN PLACE

As explained earlier in the FY 2019 results presentation, Dufry has immediately defined an action plan and implemented operational initiatives as of the end of January to drive sales, secure cash flow generation, save costs and safeguard liquidity. In this context, the company has further expanded its initiatives and adapted its operating structure to reflect the current situation in the business environment and to leverage as much as possible it's traditionally flexible cost structure even beyond the levels possible under normal conditions. Dufry has based the action plan on different scenarios with FY sales declines ranging from 40% to 70% and allowing to flexibly adapt measures to business performance. The main initiatives taken are:

- Maintain level of gross profit margin in collaboration with brands
- Renegotiate agreements with landlords to reduce rents and concessions
- Personnel expense efficiency program implemented, reducing costs at all levels and making use of government support schemes whenever possible as well as implement voluntary salary reduction schemes
- Reducing all operating expenses as much as possible and monitor payments at Group level with a dedicated team

At a cash flow level, Dufry also implemented several measures to reduce cash outflows to a minimum, which are controlled tightly by a dedicated team at Group level. These initiatives include actions at Capex and Net Working Capital level with expected cash savings of around CHF 160 million in the full-year 2020.

IMPORTANT ACHIEVEMENTS POST Q1 2020: STRENGTHENED FINANCIAL STRUCTURE

In April, Dufry announced a comprehensive set of initiatives to strengthen its capital structure and liquidity position, which will support the company to sustain a prolonged period of significant disruptions and reinforce its competitive positioning in the longer term.

- New 12-month committed credit facility of CHF 425 million with two 6-months extensions; subject to final documentation

- Successful placement of 5.5 million shares out of existing authorized capital generating gross proceeds of CHF 151.3 million

- New convertible bond, which due to the strong demand, had its nominal amount of the issuance increased by CHF 50 million to a total size of CHF 350 million

- Signed agreement with banks to waive the existing financial covenants until end of June 2021 and a higher leverage covenant for the September and December 2021 testing periods

- Cancellation of the 2020 dividend, thus reducing short-term cash outflows

In addition to the achievements and initiatives above, Dufry's Board of Directors proposes to the upcoming Ordinary General Meeting on May 18, 2020, the creation of additional conditional share capital sufficient to enable the physical settlement of the new convertible bonds.

In total, the new financing initiatives will improve Dufry's liquidity position from CHF 685.9 million as of March 31, 2020 to a pro-forma position of CHF 1,612 million.

Dufry well prepared to face a challenging year

Julián Díaz, CEO of Dufry Group, commented: "At the beginning of 2020, we first saw an acceleration of the business and an encouraging performance. Then the crisis started to impact the travel retail industry and our performance in several locations as of February, leading to a negative performance for the first quarter of 2020.

We have immediately setup a special committee, who has developed and implemented a comprehensive action plan focused on driving sales, secure cash generation, reduce costs and safeguard our profitability. The action plan has adapted the company's structure to the current environment and considers different scenarios of full-year sales declines ranging from 40% to 70% and allowing us to flexibly adapt the measures to the business performance.

Looking forward, Dufry has already developed a recovery plan on a location-by-location basis and is ready to resume operations as soon as travel restrictions are lifted. The recovery plan is based on each locations' productivity and includes a whole set of global initiatives to drive sales through promotions and adapting the assortment focusing on new products and exclusivities.

Furthermore, in April, we successfully implemented several financial initiatives to strengthen our capital structure and improve our liquidity position. This is an important step and together with our cost cutting initiatives, it will allow us to continue operations until the next cash generation cycle starts.

Despite the currently challenging environment, we are strongly convinced that the business will recover as we have seen in previous occasions and we are well prepared to serve customers as soon as circumstances allow."

TRADING UPDATE AND OUTLOOK

As expected, the business environment remained tough during April, with travel restrictions in place in most locations. Thus, sales stood at -94.1% in April periodic.

Giving the current context, and the low visibility to provide business forecasts, the company has withdrawn the full-year 2020 guidance previously disclosed on March 12, 2020.

Turnover by Division

In CHF million	Q1 2020	Q1 2019	Reported Growth	Organic Growth
Europe & Africa	534.8	702.2	-23.8%	-20.3%
Asia Pacific and Middle East	213.2	305.0	-30.1%	-30.2%
North America	330.2	442.4	-25.4%	-24.0%
Central and South America	314.0	384.0	-18.2%	-16.3%
Distribution Centers	46.5	49.0	-5.1%	
Dufry Group	1,438.7	1,882.6	-23.6%	-21.4%

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Dufry Group – A leading global travel retailer

Dufry AG (SIX: DUFN) is a leading global travel retailer operating over 2,400 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas.

The Company, headquartered in Basel, Switzerland, operates in 65 countries in all six 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.