

# INVITATION TO THE ORDINARY GENERAL MEETING OF SHAREHOLDERS OF DUFRY AG

The **Ordinary General Meeting of Dufry AG**  
**will be held on Thursday, May 9, 2019**  
at 14.00 hrs (doors open at 13.00 hrs)  
at the VOLKSHAUS BASEL (Festsaal),  
Rebgasse 12-14, 4058 Basel, Switzerland.



**DUFRY**

WorldClass.WorldWide.

## DUFRY GROUP – A LEADING GLOBAL TRAVEL RETAILER

DUFRY AG (SIX: DUFN)  
IS A LEADING GLOBAL  
TRAVEL RETAILER OPERATING  
OVER 2,300 DUTY-FREE  
AND DUTY-PAID SHOPS  
IN AIRPORTS, CRUISE  
LINES, SEAPORTS, RAILWAY  
STATIONS AND DOWNTOWN  
TOURIST AREAS.

DUFRY EMPLOYS OVER  
30,000 (FTE) PEOPLE. THE  
COMPANY, HEADQUARTERED  
IN BASEL, SWITZERLAND,  
OPERATES IN 65 COUNTRIES  
ON ALL SIX CONTINENTS.



# MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

## DEAR SHARE- HOLDERS

In the financial year 2018, Dufry delivered resilient results, despite a challenging market environment and volatile currency developments in some key markets. Thanks to the implementation of the new Business Operating Model (BOM) initiative and driving our digital strategy, Dufry is well prepared to tackle its next strategic steps ahead. Equally important, we have reduced leverage considerably and as a result started returning cash to shareholders through dividend payment and a share buyback program in 2018. Last but not least, the IPO of Hudson on February 1, 2018, set the basis to strategically develop our North American business.

## Record levels of turnover and EBITDA.

From a performance perspective, turnover climbed by 3.7% to CHF 8,684.9 million, resulting in a new all-time high. Our geographic diversification strategy has once more proven effective, generating positive organic growth of 2.7% despite adverse trading conditions in some key markets such as Spain, Brazil and Argentina. EBITDA continued to grow, reaching CHF 1,040.3 million and achieving a record high free cash flow of CHF 617.1 million.

Operationally, Dufry focused on the implementation of the BOM initiative, pro-

# 453,000 m<sup>2</sup>

Dufry operates  
over 453,000 m<sup>2</sup>  
of retail space.

viding a solid base for operational excellence. With the completion of the BOM and the implementation of our digital initiatives, we are now ready to move further in the strategic development of Dufry.

Finally, we successfully executed the initial public offering (IPO) of our North American business unit under the name of Hudson Ltd. in February 2018. While Dufry continues to own the majority of this division, the strategic flexibility provided by the listing facilitates the capturing of additional opportunities in the North American travel concessions market.

## Over CHF 600 million returned to shareholders.

Consistent with our priorities on the operational side, we also deleveraged considerably in 2018 and reduced net debt by a total of CHF 400.8 million, mainly due to the strong free cash flow generation of CHF 617.1 million and the proceeds from the Hudson IPO.

In 2018, we also started to return cash to our shareholders. As an ongoing element of our revised capital allocation strategy, shareholders approved the payment of a dividend of CHF 3.75 per share for the financial year 2017, resulting in a total payback of CHF 198.7 million. Secondly, we executed a one-off CHF 401.9 million share buyback program of 3.3 million shares completed at the end of October, which we intend to propose for cancellation at the 2019 Ordinary General Meeting. Through both initiatives, in 2018 we returned a total of CHF 600.6 million to our shareholders. In addition, Dufry bought 877,666 treasury shares for CHF 120.8 million in the first quarter of 2018, which will be kept as treasury shares.

For the financial year 2018, the Board of Directors' proposal to the shareholders will be a dividend of CHF 4.00 per share. This dividend level will allow us to maintain the flexibility to further reduce debt or allocate capital into M&A. In this context and as outlined in our strategy, our focus will be on the highly fragmented Asian market, where we are seeking opportunities to execute small and mid-size acquisitions.

Our market capitalization at December 31, 2018, amounted to CHF 5.0 billion. Daily trading volumes on all platforms reached CHF 101.4 million, confirming the good liquidity of our shares. The SIX Swiss Exchange remains the most important trading venue for Dufry shares, despite the fragmentation of our trading volumes onto other stock exchanges. As is our tradition, we have maintained a continuous dialogue with our shareholders and the financial community in close to 1,200 meetings, conference calls and emails in 2018.

Besides our long-term shareholders, such as Travel Retail Investments, Qatar Investment Authority and Richemont, in 2018, we also welcomed new and former shareholders such as Franklin Mutual Advisors and GIC Asset Management, both with participations of above 5.0%. Together these major shareholders represent approximately 39% of our share capital and continue to strongly support Dufry through active participation.

## Long-term and new shareholders supporting Dufry.

In 2018, we continued to develop the Board of Directors: Ms. Lynda Tyler-Cagni and Mr. Steve Tadler were both elected by shareholders as new members and they contribute to the strategic discussion with their

wealth of experience. Dufry's Board of Directors has evolved considerably and we are very pleased to have increased the proportion of women on the Board as well as counting on a broad representation from different geographies, resulting in a dynamic combination of experienced long-standing board members and the fresh points-of-view of members who have joined over the past few years.

Always cognizant of changing market environments and dynamics, we announced a new simplified organizational structure in early January 2019 that will allow us to be more agile and generate additional efficiencies.

## Further extended CSR engagement and reporting.

As part of our commitment to further develop CSR reporting, in 2017 we presented our first CSR report in accordance with the Core Option of the Global Reporting Initiative (GRI) Standards.

In 2018, we revised and disclosed the Dufry Code of Conduct and we have established a new Supplier Code of Conduct that we have started to share with our major suppliers. 82% of these suppliers, representing 40% of our sales, have already acknowledged the Code. We have started to extend the dialogue in 2019 with more brand partners in order to increase its reach. Moreover, we have widened the spectrum of our reporting by including more operations, as well as increasing the granularity of our KPIs.

## Ongoing community engagement.

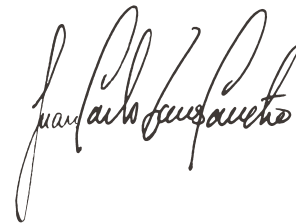
Concerning our community engagement, we continued to support disadvantaged children around the world and assist communities in markets where we operate. It is now the 9<sup>th</sup> year that we have supported the funding of SOS Children's Villages initiatives in Brazil, Russia and Mexico. In 2018, we endorsed community projects in many other parts of the world such as Haiti, Greece, Korea, Turkey, the United Kingdom, Switzerland, the United States and Australia.

Last but not least, we renewed our support for the United Nation's Global Goal awareness-raising campaign #YouNeedToKnow. We deployed the campaign in

our shops at 34 airports around the world and reached an audience of over 55 million people traveling through these hubs in 2018.

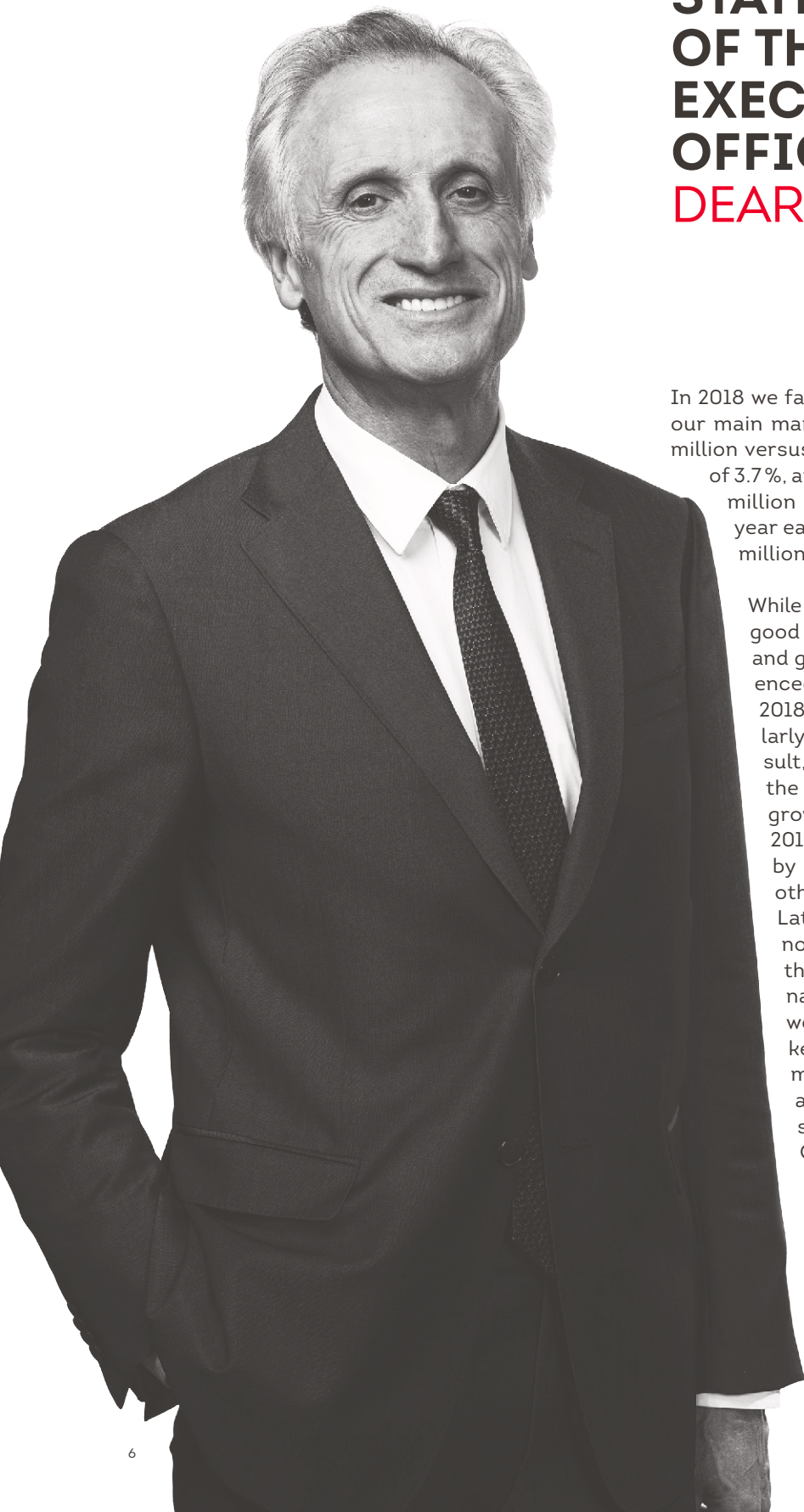
I thank our management and employees for the immense amount of work they have done and the positive changes implemented in 2018. Their persistence and motivation has built a solid base for the further successful development of Dufry. I also thank our suppliers, landlords and business partners for their ongoing support and trust in our longstanding relationships. We also extend our thanks to our shareholders and bondholders who repeatedly foster our common vision to further develop Dufry as a WorldClass. WorldWide company.

Sincerely,



Juan Carlos Torres Carretero





# STATEMENT OF THE CHIEF EXECUTIVE OFFICER DEAR ALL

In 2018 we faced challenging conditions in some of our main markets. Turnover reached CHF 8,684.9 million versus CHF 8,377.4 million in 2017, a growth of 3.7%, and EBITDA grew by 3.3% to CHF 1,040.3 million in 2018 from CHF 1,007.1 million one year earlier. Free cash flow reached CHF 617.1 million, 32.1% higher than in 2017.

While in the first semester of the year, we saw good organic growth in almost all locations and global growth reached 5.5%, we experienced a deceleration in the second half of 2018 in some of our key markets, particularly in South America and Spain. As a result, and despite the adverse conditions in the year under review, Dufry continued to grow organically by 2.7% in the full year 2018. Growth in Spain slowed down, driven by a shift in tourist flows from Spain to other Mediterranean destinations, and in Latin America, currency devaluations – notably in Brazil and Argentina – affected the purchasing power of these important nationalities. Conversely, we performed well in a significant number of other markets, with strong growth in Turkey and most markets in the Middle East, Asia and Australia, as well as North America showing a very robust development. Overall, 2018 confirmed once more that geographical diversification helps to mitigate risks from external factors.

In addition, we saw a remarkable acceleration in new concession wins in several channels. Dufry added important new contracts in airports, cruise

# 2,300

Dufry is a real global player  
operating over 2,300 shops  
throughout all six continents.

lines and ferries, and signed agreements to run duty-free shops in locations such as Hong Kong and Perth, and on Holland America Line, Norwegian Cruise Line and P&O Ferries vessels.

## Business Operating Model fully implemented.

### **Business Operating Model fully implemented**

By year-end 2018, we finalized the implementation of the new Business Operating Model (BOM) as expected. The BOM is aimed at standardizing processes, procedures and IT systems, introducing best practices across the Group and in general at further aligning and standardizing the way we work as a company. This setup allows for fast response to changing market requirements, while securing efficient coordination across the whole organization. By implementing the program, we secured the delivery of the expected CHF 50 million in efficiencies, of which CHF 40 million are already included in the 2018 results, while the remaining CHF 10 million will be reflected in 2019.

### **Resilient cash flow generation confirmed**

The 2018 business year is a good example of our capability to generate resilient operational cash flows despite challenging conditions. In 2018 we reached a new record, with free cash flow amounting to CHF 617.1 million and an equity free cash flow of CHF 370.8 million, almost the double recorded in the previous year. This is a remarkable performance and it allowed us to further reduce our net debt during 2018 by CHF 400.8 million in total.

### **Dufry executed a significant number of global marketing initiatives**

In order to drive organic growth through our operations, we have intensified bilateral collaboration with our most important global brand partners. In particular, Dufry has been fostering the introduction of exclusive products, limited editions and novelties. By developing products sold only in travel retail – or increasingly exclusively in Dufry shops – we can create that sense of uniqueness and individuality, that raises brand value, drives sales and provides customers with memorable experiences. Ultimately, it is a great way to differentiate from online or high street retail.

## Resilient strong cash flow generation.

### **Securing future business through the expansion and refurbishment of retail space**

In 2018, we successfully secured future business by further increasing our retail space, extending important concessions and winning new contracts, thus once more demonstrating our leading position in the industry.

The first major highlight among our new contracts is our important expansion in Asia, where we won the concession to operate duty-free shops at the new West Kowloon train station. Operated by MTR, this express railway connects Hong Kong with Mainland China (Shenzhen) through its high-speed rail network. Furthermore, we opened the much-anticipated downtown operation in Genting Highlands, an integrated resort located northeast of Kuala Lumpur. Last but not

least, we added another operation to our portfolio in Australia with the duty-free stores at Perth Airport, which allows us to increase our footprint in the Southern Hemisphere.

## Another step towards our Asia expansion.

Secondly, in line with our strategy, we considerably expanded our cruise ship and ferry business with the addition of 16 new ships and a total of 48 shops. This includes shops on ten Holland America Line vessels, the duty-free shops on board the BLISS (Norwegian Cruise Line) as well as on the Carnival Inspiration of Carnival Cruise Lines. Moreover, Dufry signed a contract to operate shops on board of 15 P&O Ferries crossing the English Channel as well as the Northern and the Irish Seas.

Adding new locations to our global footprint is important when it comes to offering our brand partners a global window-display to showcase their products and brands. The newly won concessions well reflect our strategy to consider multiple channels with captive traveler or visitor audiences, which may go beyond our presence in airports.

## Important contract wins and extensions across channels.

The second key element of our 2018 business development was the early renewal and extension of existing contracts. After already renewing important operations in the UK in 2017, in the year under review Dufry successfully extended its Gatwick concession until 2025. The Hudson team was also successful renewing important concessions, such as Pittsburgh for an additional 10 years, LaGuardia for 4 years and Boston for an additional 10 years, to mention a few.

Moreover, we continued to deploy our shop refurbishment plan, as this is one of the most effective means of driving sales within a given retail space. The total retail space refurbished in 2018 included over 34,000 m<sup>2</sup> in over 90 shops across all our divisions. In this context it is worth mentioning the refurbishments carried out in Malaga, Antalya, Toulouse, Heraklion, London Heathrow T3 (New Generation Store), Glasgow, Bali, Cancun T3 (New Generation Store) and Atlanta.

Overall, we expanded our gross retail space in 2018 by 26,800 m<sup>2</sup>, with Latin America and Asia, the Middle East and Australia accounting for the largest portion of this, followed by North America and then Southern Europe and Africa. Moreover, we currently already have 19,800 m<sup>2</sup> of signed space that will open in 2019 and 2020.

Despite headwinds in certain markets in 2018, Dufry has a strong strategic positioning with a broad portfolio of high-quality concessions across many markets in a sector with positive fundamentals. Our focus continues to be the delivery of solid long-term results for our shareholders.

### **Digital Strategy – Enhancing customer experience to drive sales**

Dufry's digital strategy aims at driving sales by using digital technology to increase the number of touchpoints and customer engagement, as well as providing employees on the shop floor with digital tools to better serve and interact with customers to improve their shopping experience. Besides an intensified market research effort, our digital strategy is built on three major elements that allow us to connect with our customers from the moment they plan their trip until they get back to their home airport.

## Improving communication with customers through digitalization.

In 2018 we progressed well with each element and made some significant steps with the rollout of our different work streams. The cornerstone of our digital strategy is the new generation store. After a first wave of implementations of the concept in 2017 in Melbourne, Madrid and Cancun T4, we continued the rollout in Zurich, Heathrow T3 and Cancun T3. The new generation stores provide a stronger shopping experience as the shops communicate with customers in different languages and adapt promotions and marketing campaigns to match the customer profiles and nationalities present at the airports at any given time of the day.

The new generation store also includes the employee digitalization element, which consists of tablets to better serve customers with product information and the sending of personalized promotions to holders of



our customer loyalty program “RED by Dufry” app, present at the airport. We have considerably intensified the rollout of RED by Dufry in the year under review and it is currently available in 200 locations. Finally, in order to allow customers to order online and pick-up their goods when departing or upon arrival, we have further expanded our Reserve & Collect service network to 153 airports around the globe. Last but not least, at the end of 2018, we also launched our new on-line platform Forum by Dufry, which connects all of our digital dots and adds emotion and experience with content provided by brands, bloggers and influencers, highlighting the attractiveness of the travel retail channel. The Forum provides access to our Reserve & Collect websites as well as to RED by Dufry, completing the circle.

One of the key advantages of travel retail is that, by definition, our customers come to us. Unlike the high street, we do not need to attract customers to our locations, they are there to travel. As such, our digital strategy does not seek to replace the physical shop and personal interaction. Quite the opposite, those remain to be key elements, while digital initiatives contribute for an enhanced experience and facilitate our communication with the customer.

#### **Full impact of strategic initiatives in 2019**

We faced difficult external conditions in some regions in 2018, but remain optimistic about Dufry’s ability to deliver mid- and long-term sustainable growth. The situation in 2019 remains uncertain, but we are confident that the consolidation of our BOM and the global digital and marketing initiatives launched in 2018, will – along with the reorganization announced at the beginning of 2019 – support the acceleration of our organic growth in 2019, despite the strong Q1 2018 comparables.

#### **New organization announced in January 2019**

In January 2019 we announced a new organization to reflect developments made thanks to the BOM. As this process has now been completed and the setup of the local operations has been aligned, we can further simplify our organization, drive market agility with full customer focus, generate additional efficiencies at headquarter level, and accelerate organic growth. Changes include the regrouping of the former divisions Southern Europe & Africa and UK & Central Europe into the new division Europe & Africa. Moreover, the new structure will also further integrate the commercial and corporate teams at divisional and headquarter level. We also plan to invest further in sales staff and sales incentive programs. In the context of the new organization, the Divisional CEOs will join the Global Executive Committee.

#### **Thank you**

2018 proved to be a challenging year for Dufry, but we delivered resilient results. Besides managing the daily business, the teams made a major effort implementing the BOM throughout the whole year – a task that involved countries, divisions and headquarters alike and requested a tight collaboration. I would therefore like to thank all our colleagues and teams across all functions and operations for their strong contribution and their engagement in accomplishing our common goals set for the past year.

I also want to thank our suppliers, landlords and business partners for their ongoing support in further developing Dufry. We have seen the level of collaboration intensifying along the value chain of travel retail, which we consider to be key to our mutual success, also going forward. We are looking forward to continuing to develop this path of collaboration and will strongly support related initiatives by suppliers and landlords.

Last but not least, I thank our Board of Directors and shareholders for their ongoing support, trust and contributions in making Dufry even more WorldClass. Worldwide.

Best regards,

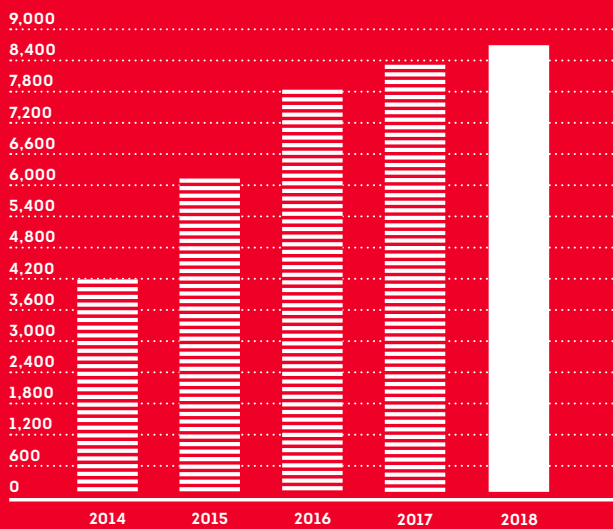


Julián Díaz González

# DUFRY AT A GLANCE

## TURNOVER

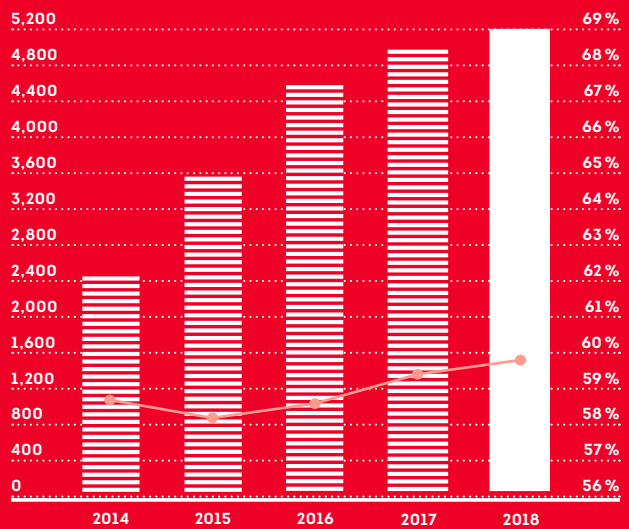
IN MILLIONS OF CHF



## GROSS PROFIT

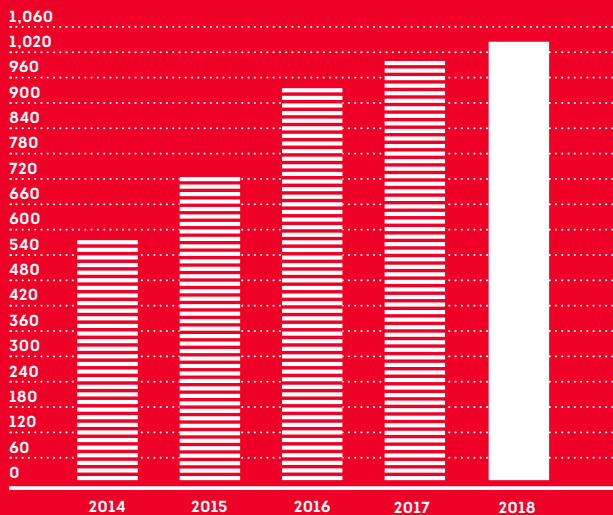
IN MILLIONS OF CHF

MARGIN



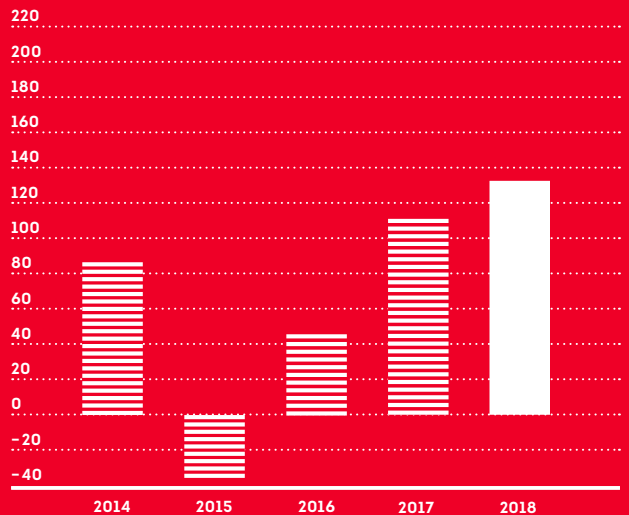
## EBITDA<sup>1</sup>

IN MILLIONS OF CHF



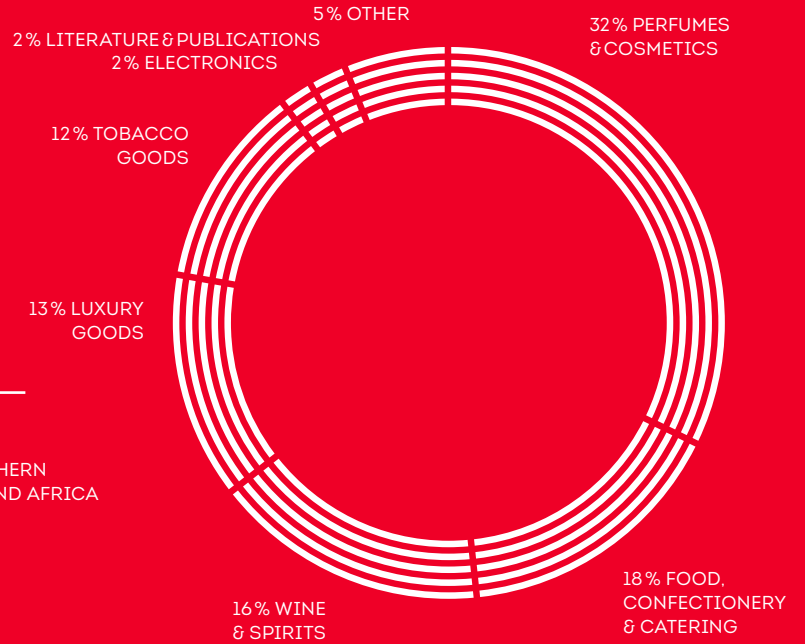
## NET EARNINGS

IN MILLIONS OF CHF

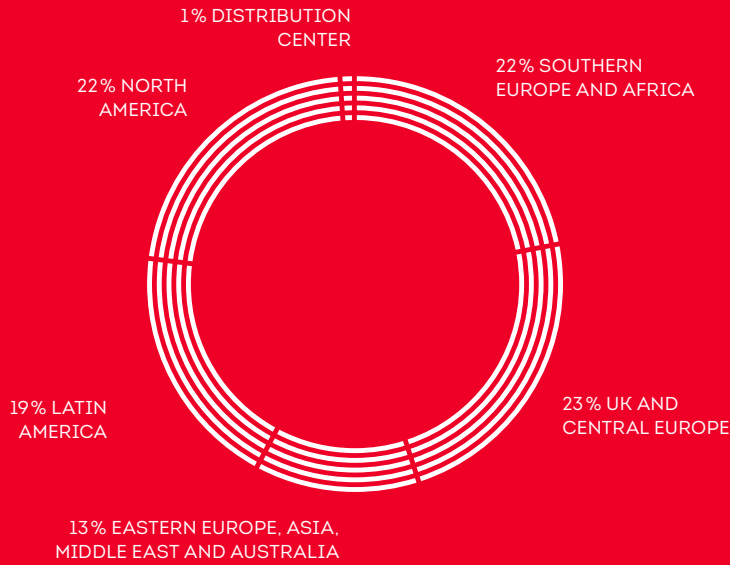


<sup>1</sup> EBITDA before other operational result

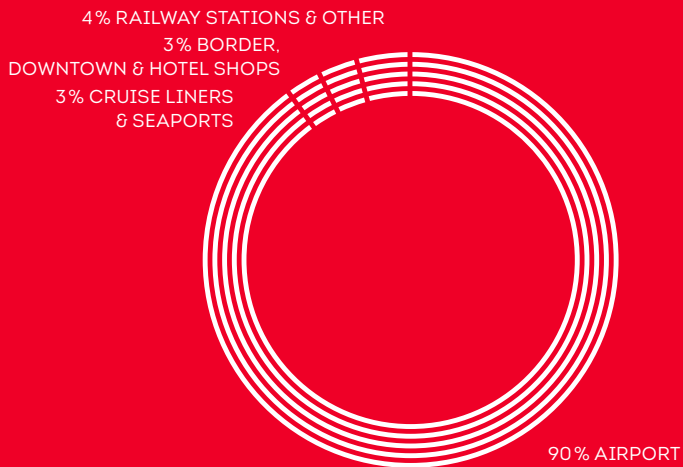
### NET SALES BY PRODUCT CATEGORY 2018



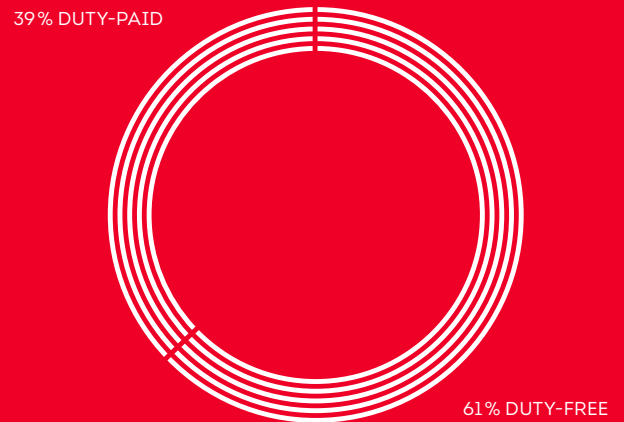
### NET SALES BY DIVISION 2018



### NET SALES BY CHANNEL 2018



### NET SALES BY MARKET SECTOR 2018



## HIGHLIGHTS 2018

# CHF 8.7 BILLION

## RECORD TURNOVER

Record turnover of CHF 8.7 billion in 2018, driven by like-for-like growth and contribution from new concessions.

# BOM

## FULLY IMPLEMENTED

By year-end 2018, Dufry finalized the implementation of the new Business Operating Model (BOM) as expected.

# 65

Present in  
65 countries

In line with its geographic diversification strategy, Dufry has further expanded its footprint.

## IMPORTANT CONCESSIONS ADDED IN ASIA

2018 marked an important year for the expansion of our operations in Asia with openings in Hong Kong, Malaysia and Australia.

## DIGITAL INITIATIVES

Dufry continues to drive its digital initiatives in order to further engage with customers through a multi-channel approach.



# CHF 370.8 MILLION

## EQUITY FREE CASH FLOW

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In 2018 Dufry generated  
record Equity Free Cash Flow  
of CHF 370.8 million.

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## COOPERATION WITH BRAND OWNERS

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Dufry moved one step further in its  
cooperation with brand owners by  
increasing the number of Dufry exclusive  
products.

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## EXPANSION IN THE CRUISE BUSINESS

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Dufry successfully expanded its presence  
into the cruise channel, by adding 16 new  
ships to the business.

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# CHF 600.6 MILLION

## CASH RETURNED TO SHAREHOLDERS

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After over a decade focusing its growth strategy on  
acquisitions, Dufry started returning cash to shareholders  
via dividend payment and a share buyback program.

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# AGENDA

## 1. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE ANNUAL FINANCIAL STATEMENTS FOR 2018 AND ADVISORY VOTE ON THE REMUNERATION REPORT 2018

### 1.1 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE ANNUAL FINANCIAL STATEMENTS FOR 2018

The Board of Directors **proposes** that the consolidated financial statements and the annual financial statements for 2018 be approved.

### 1.2 ADVISORY VOTE ON THE REMUNERATION REPORT 2018

The Board of Directors **proposes** that the remuneration report as shown in the annual report 2018 (pages 245 to 259) be approved on a non-binding consultative basis.

## 2. APPROPRIATION OF AVAILABLE EARNINGS AND DISTRIBUTION OF A CASH DIVIDEND OUT OF RESERVES FROM CAPITAL CONTRIBUTION

(IN CHF 000)

Result carried forward:	90,499
Net earnings (loss) for the year:	(30,572)
Available earnings at December 31, 2018:	59,927

The Board of Directors **proposes** that

- the available earnings be carried forward; and
- a dividend for the financial year 2018 from reserves from capital contribution of CHF 4.00 per registered share be distributed.

No dividend will be paid with respect to treasury shares held by the Company and its subsidiaries. Calculated on the basis of 49,785,250 registered shares, the maximum amount proposed for distribution corresponds to CHF 199,141,000.

If this proposal is approved, the dividend is expected to be paid on May 16, 2019. The last trading day with entitlement to receive a dividend will be May 13, 2019. The shares will trade ex-dividend as of May 14, 2019. The dividend from reserves from capital contribution will not be subject to Swiss withholding tax. Further, for Swiss resident individuals holding the shares as a private investment, the distribution will not be subject to income tax.

### 3. DISCHARGE OF THE BOARD OF DIRECTORS AND THE PERSONS ENTRUSTED WITH MANAGEMENT

The Board of Directors **proposes** that the members of the Board of Directors and the persons entrusted with management be granted discharge for their activities in the financial year 2018.

### 4. CAPITAL REDUCTION THROUGH CANCELLATION OF SHARES REPURCHASED UNDER THE SHARE BUYBACK PROGRAM

The Board of Directors **proposes**

- to reduce the share capital of CHF 269,358,535.00 by CHF 16,522,705.00 to CHF 252,835,830.00 by way of cancellation of 3,304,541 shares with a nominal value of CHF 5.00 each which were bought back by the Company under the share buyback program announced on April 5, 2018 and completed on October 31, 2018;
- to confirm as a result of the report of the auditors that the claims of the creditors are fully covered notwithstanding the capital reduction; and
- to amend Article 3 para. 1 of the Articles of Incorporation according to the following wording as per the date of the entry of the capital reduction in the commercial register (the proposed amendments are underlined):

#### Article 3: Share Capital

<sup>1</sup> The share capital of the Company is CHF 252,835,830 and is divided into 50,567,166 registered shares with a par value of CHF 5.- each. The share capital is fully paid-in.<sup>1</sup>

#### Artikel 3: Aktienkapital

<sup>1</sup> Das Aktienkapital der Gesellschaft beträgt CHF 252'835'830 und ist eingeteilt in 50'567'166 Namenaktien zum Nennwert von je CHF 5.-. Das Aktienkapital ist vollständig liberiert.<sup>1</sup>

<sup>1</sup> This assumes that any new shares issued out of the conditional share capital or the authorized share capital (subject to approval of the proposed Article 3<sup>ter</sup> of the Articles of Incorporation, cf. agenda item 5) of the Company will not be registered in the commercial register between the date of the Ordinary General Meeting and the date of entry of the capital reduction in the commercial register. If such new shares are registered during this time period, the numbers will be amended accordingly.

#### Explanations:

Under the share buyback program announced on April 5, 2018 and completed on October 31, 2018, the Company repurchased a total of 3,304,541 shares for cancellation. This is to ask the shareholders to approve the cancellation of these shares.

### 5. CREATION OF AUTHORIZED SHARE CAPITAL

The Board of Directors **proposes** to create authorized share capital in an amount not to exceed CHF 25,000,000 and to adopt a new Article 3<sup>ter</sup> in the Articles of Incorporation as follows:

#### Article 3<sup>ter</sup>: Authorized Capital

<sup>1</sup> The Board of Directors shall be authorized to increase the share capital in an amount not to exceed CHF 25,000,000 through the issuance of up to 5,000,000 fully paid registered shares with a nominal value of CHF 5.- per share by not later than May 9, 2021.

#### Artikel 3<sup>ter</sup>: Genehmigtes Kapital

<sup>1</sup> Der Verwaltungsrat ist ermächtigt, jederzeit bis zum 9. Mai 2021 das Aktienkapital im Maximalbetrag von CHF 25'000'000 durch Ausgabe von höchstens 5'000'000 voll zu liberierenden Namenaktien mit einem Nennwert von je CHF 5.- zu erhöhen.

Increases in partial amounts shall be permitted.

<sup>2</sup> The subscription and acquisition of the new shares, as well as each subsequent transfer of the shares, shall be subject to the restrictions of Article 5 of these Articles of Incorporation.

<sup>3</sup> The Board of Directors shall determine the issue price, the type of payment, the date of issue of new shares, the conditions for the exercise of the preferential subscription rights, and the beginning date for dividend entitlement. In this regard, the Board of Directors may issue new shares by means of a firm underwriting through a banking institution, a syndicate or another third party and a subsequent offer of these shares to the current shareholders. The Board of Directors may permit preferential subscription rights that have not been exercised to expire or it may place these rights and/or shares as to which preferential subscription rights have been granted but not exercised, at market conditions or use them for other purposes in the interest of the Company.

<sup>4</sup> The Board of Directors is further authorized to restrict or deny the preferential subscription rights of shareholders or allocate such rights to third parties if the shares are to be used:

a) for the acquisition of enterprises, parts of an enterprise or participations, or for new investment plans or, in case of a share placement, for the financing or refinancing of such transactions; or

Erhöhungen in Teilbeträgen sind gestattet.

<sup>2</sup> Zeichnung und Erwerb der neuen Aktien sowie jede nachfolgende Übertragung der Aktien unterliegen den Beschränkungen von Artikel 5 dieser Statuten.

<sup>3</sup> Der Verwaltungsrat legt den Ausgabebetrag, die Art der Einlagen, den Zeitpunkt der Ausgabe der neuen Aktien, die Bedingungen der Bezugsrechtsausübung und den Beginn der Dividendenberechtigung fest. Dabei kann der Verwaltungsrat neue Aktien mittels Festübernahme durch eine Bank, ein Bankenkonsortium oder einen Dritten und anschliessendem Angebot an die bisherigen Aktionäre ausgeben. Nicht ausgeübte Bezugsrechte kann der Verwaltungsrat verfallen lassen, oder er kann diese bzw. Aktien, für welche Bezugsrechte eingeräumt, aber nicht ausgeübt werden, zu Marktkonditionen platzieren oder anderweitig im Interesse der Gesellschaft verwenden.

<sup>4</sup> Der Verwaltungsrat ist ferner ermächtigt, das Bezugsrecht der Aktionäre zu beschränken oder aufzuheben oder Dritten zuzuweisen, im Falle der Verwendung der Aktien:

a) für die Übernahme von Unternehmen, Unternehmensteilen oder Beteiligungen oder für neue Investitionsvorhaben oder im Falle einer Aktienplatzierung für die Finanzierung oder Refinanzierung solcher Transaktionen; oder



b) for the participation of strategic partners (including in the case of a public takeover bid) or for the purpose of broadening the shareholder constituency or in connection with a listing of shares on domestic or foreign stock exchanges, including for the purpose of delivering shares to the participating banks in connection with an over-allotment option (Green-shoe).

b) zum Zwecke der Beteiligung von strategischen Partnern (auch im Kontext eines öffentlichen Übernahmeangebotes), zur Erweiterung des Aktionärskreises oder im Zusammenhang mit der Kotierung von Aktien an inländischen oder an ausländischen Börsen, inklusive im Zusammenhang mit der Gewährung einer Mehrzuteilungsoption (Green-shoe) an ein Bankenkonsortium.

**Explanations:**

*The creation of authorized capital allows the Company to quickly react to business opportunities by providing it with additional financial means.*

## **6. RE-ELECTIONS AND ELECTION TO THE BOARD OF DIRECTORS**

### **6.1 RE-ELECTION OF THE CHAIRMAN**

The Board of Directors **proposes** that Mr. Juan Carlos Torres Carretero be re-elected as a member of the Board of Directors and as its Chairman for a term of office extending until completion of the next Ordinary General Meeting.

### **6.2 RE-ELECTION OF DIRECTORS**

The Board of Directors **proposes** that Mr. Jorge Born, Ms. Claire Chiang, Mr. Julián Díaz González, Ms. Heekyung Jo Min, Mr. Andrés Holzer Neumann, Mr. Steven Tadler and Ms. Lynda Tyler-Cagni be re-elected as members of the Board of Directors for a term of office extending until completion of the next Ordinary General Meeting. The nominees will be elected individually.

### **6.3 ELECTION OF A NEW DIRECTOR**

The Board of Directors **proposes** that Mr. Luis Maroto Camino be elected as a member of the Board of Directors for a term of office extending until completion of the next Ordinary General Meeting.

#### **Curriculum Vitae of Mr. Luis Maroto Camino**

*Born 1964, Spanish citizen. Luis Maroto Camino holds a Bachelor's degree in Law from the Universidad Complutense Madrid, an MBA from the Instituto de Estudios Superiores de la Empresa, Madrid (IESE), and further qualifications from Stanford, Harvard Business School, INSEAD and IMD. Since 2011, he is the CEO and President of Amadeus IT Group, a leading global player in the travel and tourism industry, which he joined in 2000. Previously, he served as Deputy CEO, CFO and Director, Marketing Finance of Amadeus. Prior to joining Amadeus, he held several managerial positions at the Bertelsmann Group.*

## 7. RE-ELECTIONS TO THE REMUNERATION COMMITTEE

The Board of Directors **proposes** that Mr. Jorge Born, Ms. Claire Chiang and Ms. Lynda Tyler-Cagni be re-elected as members of the Remuneration Committee for a term of office extending until completion of the next Ordinary General Meeting. The nominees will be elected individually.

## 8. RE-ELECTION OF THE AUDITORS

The Board of Directors **proposes** that Ernst & Young Ltd be re-elected as the Auditors for the financial year 2019.

## 9. RE-ELECTION OF THE INDEPENDENT VOTING RIGHTS REPRESENTATIVE

The Board of Directors **proposes** that Altenburger Ltd legal + tax, Seestrasse 39, 8700 Küsnacht-Zürich, be re-elected as the Independent Voting Rights Representative for a term of office extending until completion of the next Ordinary General Meeting.

## 10. AMENDMENT OF THE ARTICLES OF INCORPORATION REGARDING THE COMPENSATION OF THE BOARD OF DIRECTORS

The Board of Directors **proposes** to amend Article 22 para. 2 of the Articles of Incorporation according to the following wording (the proposed amendments are underlined):

### Article 22: General Compensation Principles

<sup>2</sup> Compensation of the Board of Directors may be paid or granted in the form of cash, shares, in kind or in the form of other types of benefits.

### Artikel 22: Allgemeine Vergütungsgrundsätze

<sup>2</sup> Die Vergütung des Verwaltungsrates kann in der Form von Geld und/oder Aktien oder als Sach- oder Dienstleistung ausgerichtet werden.

#### **Explanations:**

*The proposed amendment of the Articles of Incorporation allows the Company to grant a portion of the compensation of the Board of Directors in the form of shares.*

## 11. COMPENSATION OF THE BOARD OF DIRECTORS AND THE GLOBAL EXECUTIVE COMMITTEE

### 11.1 APPROVAL OF THE MAXIMUM AGGREGATE AMOUNT OF COMPENSATION OF THE BOARD OF DIRECTORS

The Board of Directors **proposes** to approve a maximum aggregate amount of compensation of the Board of Directors for the term of office from the 2019 Ordinary General Meeting to the 2020 Ordinary General Meeting of CHF 8.5 million.

#### **Explanations:**

*The remuneration system of the Board of Directors is explained in detail on pp. 246 et seq. of the annual report 2018.*

*Members of the Board of Directors receive a fixed compensation (except for the CEO, who does not receive any compensation in relation to his position as a member of the Board). As executive Chairman, Mr. Torres Carretero receives a performance bonus. The proposed maximum aggregate amount of CHF 8.5 million for the compensation*

of the Board of Directors for the period until the next Ordinary General Meeting derives from the following components:

- Board and committee fees, including the board membership fees, the fee of the executive Chairman and the committee membership fees for the members of the Board of Directors proposed for re-election and election above.
- A performance bonus for the executive Chairman which is based on financial performance of the Company and capped at 130% of the target bonus. The bonus will be approved by the entire Board of Directors upon proposal of the Remuneration Committee. The amount included in the proposed maximum aggregate amount is based on the maximum possible bonus pay-out.
- Mandatory social security contributions to be paid (or expected to be paid) by the Company pursuant to applicable law.
- A reserve amount which allows for flexibility in the event of extraordinary events such as adding additional members to the Board of Directors, significant additional workload of all or certain members of the Board of Directors that requires additional compensation, including membership in ad hoc committees, or an increase in mandatory social security contributions due to a change of domicile of a member of the Board of Directors or of applicable contribution rates.

As required under Swiss law, the proposed maximum aggregate amount of compensation also includes subsidiary board and committee fees payable to certain of the directors who serve on the board of directors of Hudson Ltd., the majority owned subsidiary of the Company that is listed on the New York Stock Exchange.

The actual pay-out, including the distribution among these non-binding components, for the upcoming term of office will be disclosed in the remuneration reports 2019 and 2020, respectively.

#### 11.2 APPROVAL OF THE MAXIMUM AGGREGATE AMOUNT OF COMPENSATION OF THE GLOBAL EXECUTIVE COMMITTEE

The Board of Directors **proposes** to approve a maximum aggregate amount of compensation of the Global Executive Committee for the financial year 2020 of CHF 42.53 million.

##### **Explanations:**

The remuneration system of the Global Executive Committee is explained in detail on pp. 250 et seq. of the annual report 2018.

Members of the Global Executive Committee receive compensation packages which consist of a fixed base salary in cash, a performance related bonus, a share-based incentive plan and other indirect benefits. The proposed maximum aggregate amount of CHF 42.53 million for the compensation of the Global Executive Committee for the financial year 2020 derives from the following components:

- Base salaries reflecting the scope and key areas of responsibilities of the position, the required skills and the experience and competence of the individual person.

- *Performance related annual bonuses. The above maximum aggregate proposal is based on the maximum possible bonus pay-out.*
- *Grants of Performance Share Units (PSU). The actual number of shares allocated to each member of the Global Executive Committee under the PSU Plan for the awards that will be granted in financial year 2020 will depend on the achievement of predetermined performance criteria in 2020, 2021 and 2022, and ranges from 0 and up to 2 shares per PSU, with a target vesting ratio of 1 (see pp. 252-255 of the annual report 2018 for details).*
- *Pension and mandatory social security contributions to be paid (or expected to be paid) by the Company pursuant to applicable pension plans and law.*
- *Fringe benefits including health insurance, company cars or housing allowances. Dufry limits such benefits to a minimum.*
- *A reserve amount intended to provide flexibility in the compensation structure and in case of extraordinary events such as a significant additional workload of all or individual Global Executive Committee members that requires additional compensation, or an increase in mandatory social security contributions due to a change of domicile of a member of the Global Executive Committee or of applicable contribution rates.*
- *The proposed maximum aggregate amount is also reflective of the fact that the Global Executive Committee increased from 7 to 10 members.*

*A portion or all of the compensation of some Global Executive Committee members is expected to be paid in USD or EUR. The exchange rates used in calculating the maximum aggregate compensation are CHF 1: USD 0.96 and EUR 1.14. The proposed maximum aggregate amount of compensation excludes any currency exchange rate fluctuation until final payment of all compensation elements.*

*The actual pay-out, including the distribution among these non-binding components, for financial year 2020 will be disclosed in the remuneration report 2020.*



# DOCUMENTATION AND ATTENDANCE PROCEDURES

## Documentation

This invitation to the Ordinary General Meeting of Shareholders, the agenda and the proposals of the Board of Directors will be mailed to the duly registered shareholders of the Company. The annual report, including the remuneration report, the annual financial statements, the consolidated financial statements and the reports of the Auditors for the financial year 2018 are available to the shareholders at the Company's head office in Basel and on the internet via [www.dufry.com](http://www.dufry.com) and will be mailed separately to the shareholders, upon request.

## Registration and Participation at the Ordinary General Meeting

Only shareholders entered in the share register of the Company with the right to vote on April 23, 2019 will be entitled to participate in the Ordinary General Meeting. Shareholders intending to personally participate at the Ordinary General Meeting can request their admission cards using the Proxy/Answer Form enclosed with the invitation.

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**The Proxy/Answer Form or an equivalent proxy/voting instruction (in each case as written original or in scanned form and signed by the shareholder or its representative) must reach the Company's Share Register (areg.ch ag, Fabrikstrasse 10, CH-4614 Hägendorf, Switzerland, e-mail: [info@areg.ch](mailto:info@areg.ch)) no later than May 6, 2019. Proxy/Answer Forms or equivalent proxies/voting instructions arriving after that date will be disregarded.**

**Shareholders voting electronically must have submitted their proxy and voting instructions on the electronic voting platform ([www.netvote.ch/dufry](http://www.netvote.ch/dufry)) no later than May 6, 2019, 11:59 p.m. CET.**

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Also, shareholders will only be able to cast their vote for the number of shares held on April 23, 2019 to the extent they still hold those shares on the start of trading on the SIX Swiss Exchange on May 8, 2019.

Please note that the shareholders do not need to attend the Ordinary General Meeting in person to cast their vote and that they may be represented by:

- a) their proxy, who does not need to be a shareholder; or
- b) Altenburger Ltd legal + tax, Seestrasse 39, 8700 Küsnacht-Zürich, as Independent Voting Rights Representative.

The Independent Voting Rights Representative votes as instructed by you. To the extent you do not provide specific voting instructions, you instruct, by signing the Proxy/Answer Form or submitting your voting instructions electronically, the Independent Voting Rights Representative to exercise your voting rights in accordance with the proposal of the Board of Directors with regard to the items listed in this invitation. If new agenda items (other than listed in this invitation) or new proposals or motions with respect to agenda items set forth in this invitation are put forth before the Ordinary General Meeting, you instruct, in the absence of other specific instructions, the Independent Voting Rights Representative to exercise your voting rights in accordance with the

recommendation of the Board of Directors. To the extent the voting instructions are not clear, the shares will be deemed non-represented.

### **Electronic Proxies and Instructions to the Independent Voting Rights Representative**

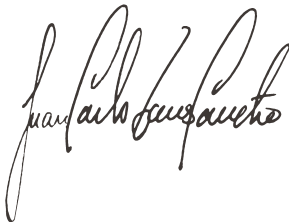
Shareholders may cast their votes online at [www.netvote.ch/dufry](http://www.netvote.ch/dufry) by issuing electronic authorizations and instructions to the Independent Voting Rights Representative. The necessary individual login data is enclosed with the meeting materials supplied to each shareholder. Shareholders have until May 6, 2019, 11:59 p.m. CET to vote electronically, or change any instructions they may have communicated electronically. Shareholders who voted electronically are then not permitted to cast their votes at the Ordinary General Meeting in person, but can attend the Ordinary General Meeting as guests.

### **Language**

The Ordinary General Meeting will be held in English. Simultaneous translation in German will be available.

Basel, April 16, 2019

For the Board of Directors of Dufry AG

A handwritten signature in black ink, appearing to read 'Juan Carlos Torres Carretero', written in a cursive style.

Juan Carlos Torres Carretero  
Chairman

### Enclosures:

- Proxy/Answer Form
- Return envelope to [areg.ch](http://areg.ch) ag, Fabrikstrasse 10, CH-4614 Hägendorf, Switzerland



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CORPORATE  
HEADQUARTER

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