

Media Release

Basel, May 2, 2017

Dufry's organic growth continues to accelerate to 7.2% in the first quarter of 2017

Turnover amounted to CHF 1,706.8 million in the first quarter of 2017, driven by organic growth, which accelerated further and reached 7.2%. Supported by synergies from the World Duty Free (WDF) acquisition, gross profit margin further improved to 59.6%. EBITDA increased to CHF 154.7 million, while EBITDA margin expanded by 10 basis points to 9.1%.

In the first quarter of 2017 organic growth continued to accelerate and reached 7.2%, as a result of stable growth in most locations and improved performance in specific businesses positively impacted by Brazilian and Russian travellers. As a result of the WDF synergies, gross margin increased by 100 basis points, to 59.6% from 58.6% in Q1 2016. EBITDA in absolute amounts reached CHF 154.7 million from CHF 146.5 million in Q1 2016, while the EBITDA margin also increased to 9.1%.

From an operational perspective Dufry continued to focus on accelerating business development. In the year to March, we have refurbished 7,200 m² and additionally plan to refurbish 19,500 m² in 2017. With respect to new retail space, we have added 5,600 m² of gross retail space and have already signed contracts for opening further 23,000 m² in 2017/18.

Moreover, Dufry launched the business operating model deployment at country level in the first quarter. The business operating model aims at implementing best practices and common processes and procedures across the group, generating additional efficiencies. The roll-out will be executed throughout 2017 and 2018 in all countries. The BOM is expected to be completed by the end of 2018 and to start generating additional profitability towards the end of 2017.

TURNOVER

Turnover grew by 4.7% reaching CHF 1,706.8 million in the first quarter of 2017 from CHF 1,630.2 million one year earlier. Organic growth continued to accelerate to 7.2% in the first quarter of 2017 (5.6% in Q4 2016), with like-for-like growth accounting for the whole increase. The continued acceleration of organic growth in the first quarter of 2017 reflects the steady growth in markets like the United States, the UK and Spain as well as significant improvements seen in several locations namely in South America, Eastern Europe and Turkey. Last but not least, changes in scope were -0.6%, related to the former Nuance wholesale business already closed in May 2016. The translational FX effect was -1.9% in the first quarter of 2017.

Southern Europe and Africa

Turnover reached CHF 288.8 million in the first quarter of 2017, from CHF 286.9 million one year before. The organic growth in the division reached 2.8%. Spain and Portugal had positive single digit performance, while Greece remained practically stable. Italy had solid performance and Turkey also posted good growth, despite being low season, due to the return of the Russian tourists. The closure of some shops limited organic growth but along the year, this effect is going to be compensated with new retail space becoming operational.

UK, Central and Eastern Europe

Turnover grew to CHF 415.5 million in the first quarter of 2017, versus CHF 427.6 million in the previous year. Organic growth in the division reached 8.8%. The operations in the United Kingdom continued to perform strongly. Performance in Russia and other Eastern European locations rebounded strongly and most operations grew double digits.

Asia, Middle East and Australia

Turnover went to CHF 188.5 million in the first quarter of 2017, against CHF 187.2 million in the same period in 2016. The organic growth in the division was -0.4%. In the Middle East, Jordan and Sharjah performed well. In Asia, most operations performed well such as South Korea, Indonesia, Cambodia and China. Macao saw a pickup of the sales volumes, while Hong Kong and Singapore also improved, but remained in negative territory. The performance in Melbourne, Australia, was impacted by the temporary closing related to the comprehensive refurbishment of the retail space.

Latin America

Turnover reached CHF 400.2 million in Q1 2017 from CHF 351.8 million one year earlier and organic growth reached 12.7%. In Central America, all main operations performed very well, including Mexico, Puerto Rico, Dominican Republic and our cruise business, to name a few. In South America, all operations also did well, with Brazil, Uruguay, Peru and Chile growing double digits, while Argentina and Ecuador grew single digits.

North America

Turnover reached CHF 392.1 million compared to CHF 367.3 million in the first quarter of 2016. Organic growth reached 4.8%, as a result of solid performance in the United States and Canada, in both duty-free and duty-paid businesses.

FINANCIAL RESULTS

The recent acquisitions have further accentuated the inherent seasonality of the Dufry business. As most of our businesses are located in the Northern hemisphere, the summer months represent an important part of the passenger flows. Consequently, the first quarter is the least important period of the year for turnover, profitability and cash generation, which are more concentrated in the second and third quarters. Moreover, the first quarter 2017 was impacted as compared to Q1 2016 by one less sales day in February and the shift of Easter into the second quarter.

Gross profit: Strong contribution from synergies

Gross margin improved by 100 basis points to 59.6% in Q1 2017 from 58.6% in the previous year. The improvement is due to the synergies of the WDF acquisition, which has been completed at the end of 2016.

EBITDA¹ margin improved; Q1 is the less significant quarter of the year

EBITDA reached CHF 154.7 million and grew by 5.6% year-on-year. EBITDA margin was 9.1% in the first quarter of 2017, an increase of 10 basis points year-on-year. Although gross margin positively impacted the performance, the seasonally higher weight of certain operational cost (such as personnel expenses) limited a more pronounced expansion of the EBITDA margin in the first quarter. The first quarter is typically the least important quarter in terms of margins, due to the seasonality of the business: in 2017 the effect is even accentuated by one less sales day and the shift of Easter into the second quarter.

¹ EBITDA before Other operational result

EBIT: Seasonality impact further increased due to D&A and Linearization

EBIT reached CHF -22.5 million in the year to March compared to CHF -39.5 million in the same period in 2016. Depreciation remained nearly stable as a percentage of turnover (-2.4%) and amortization of CHF -89.1 million was lower in absolute terms as compared to Q4 2016 (CHF -94.0 million). Linearization (non-cash accounting treatment in regards to Spanish concessions) reached CHF -41.0 million. Linearization varies by quarter and due to seasonality the first quarter is charged the most.

Net earnings: Increased seasonality also reflected in Q1 earnings

Net earnings to equity holders improved and stood at CHF -60.8 million in the first quarter of 2017, compared to CHF -85.6 million one year earlier. Financial results, net, were reduced to CHF -41.6 million in the first quarter 2017 as consequence of the repayment of the USD 500 million Senior Notes expiring in 2020. Income tax was positive by CHF 10.2 million, impacted mainly by deferred taxes. Minorities were CHF 6.9 million in the first quarter of 2017, versus CHF 5.6 million one year earlier.

Cash earnings, which add back the acquisition-related amortization, reached CHF 15.4 million from CHF -2.7 million in the same period in 2016. The respective Cash EPS came in at CHF 0.29, compared to CHF -0.05 in Q1 2016.

Cash Flow

Cash flow before net working capital reached CHF 156.8 million in the first quarter of 2017 from CHF 156.4 million in the same period last year. While core net working capital showed a further improvement when measured as a percentage of turnover (Q1'17: 5.6%; Q1'16: 5.9%), other net working capital items increased impacted by seasonality as well as higher Capex, which grew to CHF 77.4 million, versus CHF 44.4 million in the same period last year. As a result, free cash flow reached CHF -82.5 million in the period, from CHF 78.8 million in the previous year.

Net Debt: comfortable covenants headroom

Net debt amounted to CHF 3,838.3 million at the end of March 2017, compared to CHF 3,750.4 million in December 2016. Our main covenant, net debt/adjusted EBITDA, was 3.79x as per 31 March 2017 (31 March 2016: 3.94x) against a maximum threshold of 4.50x.

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

Julian Diaz, CEO of Dufry Group, commented: "I am very confident with the good start we had in 2017. The efforts we have put and the measures we have implemented to recover organic growth are finally showing a significant impact in the sales performance, together with better economic and political conditions in several markets. After turning positive in the third quarter of 2016 with a +1.3% organic growth, we posted +5.6% organic growth in Q4, and now report a good start into 2017 with organic growth accelerating to 7.2%.

Dufry's performance has considerably improved as compared to last year, due to the ongoing good performance in important markets such as Spain, the UK and the US, and as the improvements seen in the last two 2016 quarters in distinct locations such as South America, Russia and Turkey also continued positively in Q1 2017 as well as in the first weeks of the second quarter.

Having successfully completed the WDF integration ahead of plan, we are expecting to see the WDF synergies fully reflected in the P&L by the end of 2017. Our focus for 2017 and 2018 will be on implementing the business operating model, which will generate additional efficiencies by the end of 2018. Cash generation and deleveraging remain the most important targets in 2017. With respect to

organic growth we will continue to both drive expansion of retail space as well as implement further initiatives to increase spend per passenger.

Dufry's fundamentals are strong, and our strategy of diversification by geographies and channels puts Dufry in the right position to strongly benefit from the normalized business environment. At Dufry we are all committed and working towards a successful year."

Key Figures Dufry Group

In CHF million	Q1 2017		Q1 2016		Var.
Turnover	1,706.8		1,630.2		4.7%
Gross Profit	1,017.2	59.6%	954.5	58.6%	6.6%
EBITDA (before other operational results)	154.7	9.1%	146.5	9.0%	5.6%
Net Earnings to Equity Holders	-60.8	-3.6%	-85.6	-5.3%	
Cash EPS (in CHF)	0.29		-0.05		

Dufry's Q1 2017 Financial Report is available at the following link:

<https://www.dufry.com/en/investors/ir-reports-presentations-and-publications>

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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 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.