Media Release

Basel, May 8, 2018

Dufry with strong organic growth and increased profitability in the first quarter of 2018

Dufry posted strong first quarter 2018 results with turnover reaching CHF 1,820.0 million, driven by an organic growth of 7.1%. The initial contributions of the Business Operating Model / efficiency plan positively impacted EBITDA, which grew by 18.4% to CHF 183.1 million, and expanded EBITDA margin by 100 basis points to 10.1%. The share buyback program announced earlier in 2018 will be launched on 11 May 2018.

In the first quarter of 2018 organic growth continued at high levels and reached 7.1%, accelerating from the 5.7% seen in Q4 2017. The good performance was broad based, with division Eastern Europe, Middle East, Asia and Australia reaching outstanding organic growth of 21.1%, and divisions Latin America and North America posting 9.0% and 8.4% organic growth, respectively.

2018 also started strong in terms of margin expansion. EBITDA margin expanded by 100 basis points to 10.1% in the first quarter of 2018. The increase was a result of lower concession fees and the initial efficiency contributions of Dufry's Business Operating Model (BOM)/efficiency plan. The BOM aims at implementing best practices as well as common processes and procedures across the group, generating additional efficiencies. The BOM is expected to be completed by the end of 2018.

Dufry continued working on expanding and revamping its operations. In the first quarter, the company refurbished 7,100 m^2 and additionally plans to refurbish 41,000 m^2 in 2018. Dufry also opened and expanded 4,500 m^2 of gross retail space and already signed contracts for opening further 13,900 m^2 in 2018/19.

TURNOVER

Turnover in the first quarter of 2018 reached CHF 1,820.0 million versus CHF 1,706.8 million in the same period in 2017, representing a turnover growth of 6.6%. Organic growth was 7.1%, to which like-for-like growth contributed 4.9% percentage points, while net new concessions added 2.2% percentage points, the highest quarterly contribution since 2011. Translational FX effect was -0.5% in the period, due to the devaluation of the US dollar.

Southern Europe and Africa

Turnover grew by 11.2% and reached CHF 321.1 million in the first quarter of 2018, from CHF 288.8 million one year before. Organic growth in the division reached 3.7%. France, Malta and Africa achieved double-digit growth, the latter following a recovery in tourist numbers in the region, especially in Morocco. Italy and Greece also performed well. Performance in Spain was slightly positive against very strong comparables last year.

UK and Central Europe

Turnover grew to CHF 397.4 million in the first quarter of 2018, versus CHF 384.2 million in the previous year. Organic growth in the division was -1.4%, impacted by the closing of Geneva in

October 2017. Operations in the United Kingdom grew mid-single digits as did Finland. Sweden and Switzerland (excluding Geneva) also had positive performance.

Eastern Europe, Middle East, Asia and Australia
Turnover increased to CHF 256.5 million in the first quarter of 2018, against CHF 219.8 million in the same period in 2017. Organic growth in the division in the first quarter of 2018 was 21.1% and followed the positive momentum seen in Q4 2017. In the Middle East, Jordan, Kuwait and Sharjah grew double digits. In Asia, most operations performed well, such as South Korea, Indonesia, Macau and Cambodia. In Australia, sales grew double digits after the renovation and implementation of the New Generation Store.

Latin America
Turnover reached CHF 408.1 million in Q1 2018 from CHF 400.2 million one year earlier and organic growth reached 9.0%. Mexico and the Caribbean operations performed very well generally with double-digit growth in a number of locations. South America also reported a growth acceleration, with Ecuador and Peru ranking best and Brazil delivering a good performance. Moreover, also the cruise business delivered strong double-digit growth driven by a combination of like-for-like growth and new project wins.

North America
Turnover reached CHF 404.4 million compared to CHF 392.1 million in the first quarter of 2017. Organic growth reached 8.4%, as a result of solid performance in the United States and Canada, in both duty-free and duty-paid businesses.

FINANCIAL RESULTS

Dufry has a very seasonal business: most of our businesses are located in the Northern hemisphere and the third quarter has highest passenger flows. Consequently, the first quarter is the least important period of the year for turnover, profitability and free cash flow is typically negative. In 2017, the first quarter accounted for 20% of turnover and 15% of EBITDA.

Gross profit margin improves by 30 basis points
Gross margin improved by 30 basis points to 59.9% in Q1 2018 from 59.6% in the previous year. The improvement is due to improved terms with suppliers and increased promotional activities with brand partners.

EBITDA[1] margin expansion of 100 basis points
EBITDA reached CHF 183.1 million and grew by 18.4% year-on-year. EBITDA margin expanded by 100 basis points and reached 10.1% in the first quarter of 2018, from 9.1% one year earlier. On top of the gross margin expansion, there were relative improvements in all cost lines. Selling expenses also improved by 20 basis points, driven by lower concession fees as a result of changes in mix and contract renegotiations. Personnel expenses and general expenses improved by 10 and 30 basis points respectively when measured as percentage of turnover. The profitability improvements are mainly related to savings achieved through the BOM implementation/efficiency plan. The first quarter is typically the least important quarter in terms of margins, due to the seasonality of the business.

[1] EBITDA before Other operational result

EBIT: D&A and Linearization in line

EBIT reached CHF -1.5 million in the year to March compared to CHF -22.5 million in the same period in 2017. Depreciation remained stable as a percentage of turnover (-2.4%) and amortization of CHF -89.6 million was stable in absolute terms as compared to Q1 2017 (CHF -89.1 million). Linearization (non-cash accounting treatment in regards to Spanish concessions) reached CHF -39.9 million in line with last year. Linearization varies by quarter and due to seasonality the first quarter is charged the most.

Net earnings improved

Net earnings to equity holders improved and stood at CHF -47.5 million in the first quarter of 2018, compared to CHF -60.8 million one year earlier. Financial results, net, were reduced by CHF 10.2 million to CHF -31.4 million in the first quarter 2018 as consequence of the refinancing performed in 2017. Income tax was CHF -12.7 million, impacted mainly by deferred taxes. This includes a non-recurring non-cash charge of CHF 8.1 million, net, due to a legal restructuring done in North America for the Hudson IPO. Minorities were CHF 1.9 million in the first quarter of 2018, versus CHF 6.9 million one year earlier. The change is due to the Hudson IPO: As Dufry, Hudson posts negative net earnings in the first quarter of the year, which are accrued accordingly on the new minorities.

Cash earnings, which add back the acquisition-related amortization, almost doubled to CHF 29.9 million in Q1 2018 from CHF 15.4 million in the same period in 2017. The respective Cash EPS was CHF 0.56, compared to CHF 0.29 in Q1 2017.

Cash Flow

As for turnover and profitability, the first quarter has the lowest cash generation due to seasonality. Free cash flow[2] reached CHF -45.0 million in the first quarter of 2018 from CHF -77.0 million in the same period last year. Investments in working capital are very seasonal and were similar to last year with a change of CHF -130.8 million in Q1 2018 versus CHF -137.6 million in Q1 2017. Of this amount, changes in core net working capital[3] were CHF -52.8 million and CHF -51.5 million respectively. Capex was under control and was reduced to CHF 63.0 million from CHF 77.4 million. Equity free cash flow improved to CHF -97.1 million in Q1 2018, from CHF -127.6 million.

Lower net debt

Net debt amounted to CHF 3,209.6 million at the end of March 2018, compared to CHF 3,686.9 million in December 2017. The IPO of our North American business, that we listed in February 2018, generated net proceeds of USD 714 million. Our main covenant, net debt/adjusted EBITDA, was 3.07x as per 31 March 2018 (31 March 2017: 3.59x) against a maximum threshold of 4.00x.

Launch of share buyback program

The share buyback program for the purpose of capital reduction as already announced by Dufry AG on April 5, 2018, will be launched on May 11, 2018. The program with a volume of up to CHF 400 million will run over a period of up to 12 months. The execution and the volume of the share buybacks will depend on market conditions. Further details on the program will be disclosed as of May 9, 2018, on https://www.dufry.com/en/sharebuyback.

[2] Before interest costs and minorities

[3] Inventories + trade receivables – trade payables

<u>Delivering our goals and posting strong results</u>

Julián Díaz, CEO of Dufry Group, commented: "The strong operational performance with an organic growth of 7.1% as well as the impact of the Business Operational Model/efficiency plan have supported the increase in profitability and the EBITDA margin in particular, which has expanded by 100 basis points and reached 10.1% in the first quarter compared with 9.1% one year ago. And we also saw a remarkable cash generation, although Q1 is not relevant in that respect.

The strong top line growth was generated through a combination of an overall more efficient operation, like for like growth, and the contribution of new concessions added to the portfolio namely in the UK, Colombia, Mexico, the Caribbean and Asia as well as new vessels in the Dufry Cruise Services. From a profitability perspective, we have started to see the first impacts from the Business Operating Model/efficiency plan implementation. Last but not least, there are also slightly over CHF 10 million of savings in the financial result mainly due to the refinancing of our debt along 2017.

In terms of business development, we added 4,500 m^2 of gross retail space and already signed 13,900 m^2 to be opened in 2018 and 2019 in existing and new locations across the globe; while at the same time we also successfully extended existing contracts. Moreover, we have refurbished 7,100 m^2 of retail space in the first quarter and plan to revamp further 41,000 m^2 along 2018.

Our priorities for 2018 remain intact. We will continue to focus on completing the implementation of the BOM and generating further efficiencies, while accelerating the development of our digital strategy and expanding our growth outside the airport channel. All these activities will contribute to further improve organic growth and spend per passenger, which will ultimately result in an enhanced cash generation and deleveraging of our balance sheet.

The positive market conditions seen throughout 2017 have continued in the first months of 2018 in all Divisions, with similar organic growth performance as in previous quarters, thus providing a good base for the start into the high season. We will continue to focus on the execution and development of our operational capabilities to ultimately create another long period of sustainable growth.''

DUFRY

Key Figures Dufry Group

In CHF million	Q1 2018		Q1 2017		Var.
Turnover	1,820.0		1,706.8		6.6%
Gross Profit	1,089.9	59.9%	1,017.2	59.6%	7.1%
EBITDA (before other operational results)	183.1	10.1%	154.7	9.1%	18.4%
Net Earnings to Equity Holders	-47.5	-2.6%	-60.8	-3.6%	
Cash EPS (in CHF)	0.56		0.29		

Dufry's Q1 2018 Financial Report is available at the following link:
https://www.dufry.com/en/investors/ir-reports-presentations-and-publications

For further information please contact:

Renzo Radice
Corporate Communications & Investor Relations
Phone: +41 61 266 44 19
renzo.radice@dufry.com

Sara Lizi
Investor Relations
Phone: +55 21 2157 9901
sara.lizi@br.dufry.com

Rafael Duarte
Investor Relations
Phone +41 61 266 45 77
rafael.duarte@dufry.com

Karen Sharpes
Global Trade Media Relations
Phone +44 0 208 624 4326
karen.sharpes@dufry.com

Dufry Group – A leading global travel retailer

Dufry AG (SIX: DUFN; B3 – Brasil, Bolsa, Balcão: DAGB33) is a leading global travel retailer operating over 2,200 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas.

Dufry employs over 30,000 people. The Company, headquartered in Basel, Switzerland, operates in 65 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.