DUFRY

Media Release

Basel, November 5, 2019

Dufry posts strong third quarter results leading to solid performance in the nine months of 2019

In the first nine months of 2019, Dufry's turnover reached CHF 6,682.0 million. Organic growth continued to accelerate in the summer months reaching 4.1% for the third quarter and 2.9% in the nine months. The positive trend was supported by an ongoing improvement in the like-for-like performance and continuing in the first weeks of October. Gross Profit margin expanded by 40 base points to 60.3% in the period. Adjusted Operating Cash Flow was CHF 805.3 million and Equity Free Cash Flow came in at CHF 406.6 million. Dufry confirms the average Equity Free Cash Flow target of CHF 350-400 million and the medium term organic growth target of 3% to 4%. Dufry will move to quarterly trading statements as of financial year 2020.

In the first nine months of 2019, organic growth reached 2.9%, showing a good improvement and confirming the ongoing positive trend seen in the first half. In the third quarter, organic growth accelerated to 4.1%. Like-for-like performance in the third quarter of 2019 continued to improve significantly as compared to the second quarter, reached 1.3%, and took like-for-like performance for the nine months to positive territory.

In terms of cash generation, Dufry delivered a solid Equity Free Cash Flow in the third quarter, reaching CHF 266.2 million, as compared to CHF 207.9 million in 2018. In the first nine months of 2019, Equity Free Cash Flow amounted to CHF 406.6 million.

With respect to business development, Dufry continued to execute expansion and refurbishment of its operations. In the first nine months of 2019, the company opened and expanded 20,400 m^2 of gross retail space, including among others 20 stores in Russia, 45 shops in North America, 11 shops in Latin America and 30 stores on 18 new ships. Contracts for opening a further 14,600 m^2 in 2019/20 are already signed, including a new contract with Mexico City International airport for 3 additional shops covering 1,400 m^2. Moreover, Dufry refurbished 36,800 m^2 of retail space – including operations in Spain, Sweden, Jordan, Argentina, Macau, Morocco and Turkey – thus supporting like-for-like growth.

IMPORTANT ACHIEVEMENTS AND DEVELOPMENTS POST Q3

- Agreement with AENA to extend Dufry's current concession contract to operate duty-free shops at 25 Spanish airports for up to 5 years.
- For the acquisition of the majority stake of 60% in RegStaer Vnukovo all regulatory approvals have been received and the closing of this transaction is expected to be completed in the coming days. The Vnukovo operation shall be fully consolidated as of November 2019.
- Acquisition by Hudson Ltd of 34 Brookstone stores across several U.S. airport locations including the exclusive right to expand the brand in airports and to sell select Brookstone merchandise in Hudson shops.
- Acquisition by Hudson Ltd of OHM Concession Group LLC adding new F&B concession capabilities and expanding North American footprint.

- Increase in the duty-free allowance in Brazil from USD 500 to USD 1,000 to become effective in January 2020.

TURNOVER

In the third quarter of 2019, organic growth continued to accelerate driven by a good performance during the holiday season reaching 4.1% and supported by a steady like-for-like performance, which was up in the quarter and increasing by 1.3% from the second quarter.

Turnover in the first nine months of 2019 reached CHF 6,682.0 million versus CHF 6,560.7 million in the same period in 2018, representing a total growth of 1.8%. Organic growth was 2.9% for the nine months, to which like-for-like growth contributed 0.1%, showing a major improvement versus the past quarters and turning positive. Net new concessions added 2.8%. The translational FX effect in the period was -1.1% as a net effect of the strengthening of the US dollar and weakening of the Euro and British Pound.

Europe and Africa
Turnover in the region was CHF 2,932.9 million in the first nine months of 2019 from CHF 2,940.3 million one year ago. Organic growth in the division reached 5.3% in the period. In the third quarter, organic growth accelerated to 7.2% driven by a healthy like-for-like performance.

In the UK, performance remained positive. In Spain, sales continued to improve during the holiday season supported by the implementation of several commercial initiatives and best practice pilots across five Spanish airports. Turkey continued to deliver solid growth and Greece posted a good performance. Finland, Italy and Malta reported positive growth as well as Africa, in particular, Morocco, Kenya and Egypt.

In addition, Dufry is pleased that it has come to an agreement with AENA to extend its current contract in Spain to operate duty-free shops at 25 Spanish airports for up to 5 years, starting in November 2020, thus securing an important market.

Asia-Pacific and Middle East
Turnover increased to CHF 957.3 million in the first nine months of 2019, versus CHF 849.5 million in the same period in 2018. Organic growth in the division continued the positive momentum with double-digit growth, achieving 13.4% mainly from the contribution of new concessions in the first nine months of 2019. Organic growth for the third quarter was also positive, reaching 12.5%, with the support of both new concessions and an improved like-for-like performance.

Performance in Eastern Europe was positive, with Russia and Serbia posting good growth. Asia-Pacific continued with a double-digit growth performance, led by Hong Kong with the successful opening in the MTR high-speed railway station as well as strong performances in Macau and China. Performance in Australia remained solid at double digit levels, supported by the start of operations at Perth.

Moreover, Dufry has received all regulatory approvals for the acquisition of a majority stake of 60% in RegStaer Vnukovo and the closing of this transaction is expected to be completed in the coming days. The Vnukovo operation shall be fully consolidated as of November 2019.

North America
Turnover increased to CHF 1,469.8 million compared to CHF 1,415.1 million in the first nine months of 2018. Organic growth amounted to 2.1% in the period supported by the overall resilient

performance of the duty-paid business, while the duty-free segment was negatively influenced by the lower spending from Chinese passengers. This impacted mainly the Canadian duty-free operations and further accentuated in the third quarter, where organic growth stood at -0.6%.

Following the footprint expansion strategy in the Division, Hudson has signed an agreement to acquire 34 Brookstone shops across several airports in the U.S. including the exclusive right to sell select Brookstone merchandise in Hudson shops, and to further expand the brand in the airport channel, thus complementing the overall retail offer.

Hudson also acquired OHM Concession Group LLC adding new food & beverage concession capabilities and expanding its North American footprint. The acquisition will add approximately 60 additional food & beverage units to the existing 50, currently operated by Hudson. OHM Concession Group LLC generated sales of USD 62 million in FY 2018. Closing of the transaction is expected in Q4 2019 or Q1 2020.

Central and South America
Turnover was CHF 1,137.6 million in the first nine months of 2019 as compared to CHF 1,212.6 million one year earlier, with organic growth coming in at -8.4%. Performance in the third quarter was -3.8% supported the implementation of commercial initiatives and by better comparable. In South America, the situation remains challenging with most operations still impacted by the devaluation of local currencies, especially in Brazil and Argentina. Performance in the Caribbean was good with the cruise business continuing to post a positive contribution. Performance in Mexico and Dominican Republic was also positive.

In Brazil, Dufry has inaugurated its first border shop in the city of Uruguaiana in August. Dufry continues to closely monitor the performance of this new retail format and adapting the product assortment to best match local demand. The border duty-free shop channel in Brazil holds considerable potential as it can be expanded into other 32 cities across the country.

Moreover, the Brazilian Government has recently announced the duty-free allowance increase from USD 500 to USD 1,000 to commence in January, 2020. This is a positive development, which will allow Dufry to further enhance its assortment with additional products within a price range of USD 500-1,000.

FINANCIAL RESULTS

Given the introduction of IFRS 16, most lines of the Income Statement and the KPIs became non-comparable with 2018 reported figures; except for the KPIs related to cash flows. In Dufry's corporate website, we provide an additional set of information with comparative data by quarter and for FY 2018. In the third quarter of 2019 Dufry identified some necessary corrections in the accounting adopted on transition to IFRS 16 related to certain lease contracts for its retail shops, as set forth in further detail in the notes to the nine month 2019 interim consolidated financial statements. Since the Group adopted IFRS 16 as of January 1, 2019 under the modified retrospective approach (and did not restate comparative information for 2018), the corrections have no impact on comparative information presented in the third quarter and prior interim consolidated financial statements of 2019. Nevertheless, Dufry decided to apply the corrections in the three and six months 2019 interim consolidated financial statements to ensure comparability going forward.

Gross Profit margin increased by 40 basis points
In the first nine months of 2019, Gross Profit increased to CHF 4,026.3 million from CHF 3,932.4 million in the previous year, while the Gross Profit margin reached 60.3% in 9M 2019 from 59.9% one year earlier. The increase of 40 base points reflects the continued improvement in Dufry's

negotiations with global and local suppliers in addition to the further roll-out of the brand plans, which include the launch of exclusive products and novelties.

Adjusted Operating Profit (adjusted EBIT)
Adjusted Operating Profit (Adjusted EBIT) reached CHF 633.8 million and the Adjusted Operating Profit margin (Adjusted EBIT margin) reached 9.5% in the first nine months of 2019. This includes the indirect tax refund of CHF 62.4 million – equal to CHF 47.0 million attributable to equity holders of the parent, after taxes and minorities – which Dufry became entitled to claim back related to certain indirect tax payments made since 2009 by one of its Brazilian subsidiaries and following the decision of the Brazilian Federal Court.

As mentioned, Dufry started to report under the new IFRS 16 framework, which mainly changes the accounting treatment of leases. In short, whilst previously leases were accounted as expenses, now fixed components are capitalized and amortized over the lifetime of the contract.

Lease Expenses reached CHF -1,046.1 million in the first nine months of 2019. These expenses are related to variable concessions and the variable part of concessions, which contain a minimum annual guarantee.

Personnel Expenses amounted to CHF -925.6 million in 9M 2019 from CHF -883.2 million one year earlier. As a percentage of turnover, Personnel Expenses increased by 40 basis points to 13.9%. Most of the increases relate to North America, which has been impacted by an increase in the minimum wage, as well as a one-off charge of USD 7.6 million of accrued severance expenses related to changes in the local management structure.

Other Expenses reached CHF -426.5 million in 9M 2019. Other Expenses mainly replace the former income statement line “General Expenses” and also include the former “Other Operational Result”. Certain expenses, not related to concessions, previously shown in the former “Selling Expenses” line are also included under Other Expenses.

Depreciation (excluding Right of Use) reached CHF -144.3 million, remaining stable as a percentage of turnover (-2.2%) when compared to 9M 2018. Amortization in absolute terms stood at CHF -275.0 million, stable as a percentage of turnover (-4.1%) compared to last year (-4.2%). Depreciation of Right of Use was CHF (-867.6) million, which relates to the leases that are capitalized.

Net Profit
Net Profit to Equity Holders reached CHF 29.4 million in the first nine months of 2019. Financial Results (excluding Lease Interest and FX) reached CHF -94.0 million and Income Tax reached CHF -89.0 million, mainly driven by deferred taxes. Minorities were CHF -52.2 million in the first nine months of 2019.

Adjusted Net Profit reached CHF 337.1 million in 9M 2019, while the respective Adjusted EPS was CHF 6.76.

Cash Flow
Contrary to the Income Statement, the effects of IFRS 16 on the cash flow are minimal. Cash flow KPIs will therefore continue to be key for measuring the performance of the business. It is also worth remembering that, given the seasonality of the business, the third quarter typically provides for the highest cash generation in the year.

Adjusted Operating Cash Flow reached CHF 805.3 million in the first nine months of 2019 compared to the CHF 761.8 million in 9M 2018. Changes in Working Capital were CHF 4.6 million in 9M 2019, compared to CHF 93.7 million in 9M 2018. During Q3, Changes in Working Capital improved significantly from CHF 51.8 million in Q3 2018 to CHF 21.4 million this year. Capex amounted to CHF 177.2 million in 9M 2019, below the CHF 181.2 million one year earlier. Income Tax Paid reached CHF -58.7 million from CHF -81.1 million in 9M 2018.

Equity Free Cash Flow reached CHF 406.6 million in 9M 2019 compared to CHF 430.1 million in the previous year. In the third quarter, Equity Free Cash Flow improved significantly reaching CHF 266.2 million versus CHF 207.9 million in the same period last year.

Net Debt

Net Debt amounted to CHF 3,067 million at the end of September 2019, including the dividend payment of CHF 199.7 million in May, compared to CHF 3,286 million in December 2018. Our covenant, Net Debt / Adjusted Operating Cash Flow was 3.29x as per 30 September 2019, thus showing further improvement on the previous quarter and providing comfortable headroom against the maximum threshold of 4.50x.

Organic growth shows ongoing positive momentum with like-for-like performance coming back to positive territory

Julián Díaz, CEO of Dufry Group, commented: “Organic growth has continued to accelerate in the third quarter, reaching 4.1%. Organic growth has been benefitting from solid contributions from new concessions and also like-for-like growth, which has been improving since the last quarter and now, during the holiday season, has reached 1.3% in the third quarter 2019. The continuous improvements in the first nine months of 2019, where we reached an organic growth of 2.9%, clearly show that we are on the right track to achieve our targets. Excluding South America organic growth for the nine months amounted to 5.4%. These achievements are the result of focused commercial initiatives we have launched in several markets.

In terms of Divisions, Asia-Pacific and Middle East continued to deliver a strong performance, including a healthy like-for-like growth. In Europe, Spain has accelerated performance, while North America has continued with its resilient growth, despite the impact from the duty-free business. In South America, although the situation remains challenging, we saw some signs of improvement supported by an acceleration of the performance with a pickup of like-for-like sales and by softer comparable.

We also successfully extended existing contracts, among them, our contract in Spain with AENA. I am very pleased with the renewal of this long-term partnership for up to five years and with a minimum guarantee (MAG) containing a lower annual increase than before, now amounting to 1.56%. Spain has improved its performance to above the agreed annual MAG increase and I am looking forward to rolling out to further locations our successful commercial initiatives and best practices already tested across five pilot airports, and for which no significant CAPEX investment will be needed.

Regarding business development, we added 20,400 m^2 of gross retail space during the first nine months of 2019 and already signed 14,600 m^2 to be opened in 2019 and 2020 in existing and new locations across the globe. At the same time, we refurbished 36,800 m^2 of retail space in 9M 2019.

As for Brazil, during October, the Brazilian Government announced the long expected duty-free allowance increase, which will double to USD 1,000 and will become effective on January 2020. This is a considerable improvement as we will be able to extend and increase our product assortment in the country, offering higher priced products in the range of USD 500 to USD 1,000 and also increase the potential spent per ticket up to USD 1,000.

Dufry has also received all regulatory approvals for the acquisition of the 60% stake of RegStaer Vnukovo announced earlier in June and the closing of this transaction is expected to be completed in the coming days. Through this acquisition we further consolidate our position in Russia, especially in Moscow, where we will be able to extract further synergies with the integration of operations at Sheremetyevo and Domodedovo airports. The newly acquired business is fully consolidated as of November 2019.

The acquisition of the 34 Brookstone stores by Hudson, including the exclusive right to further expand the brand in US airport retail further supports the duty-paid business in the United States and shows that there are still additional growth opportunities also in mature markets.

With the acquisition of OHM Concession Group LLC by Hudson we are adding new F&B concession capabilities, which will allow not only to increase and expand our footprint in North America, but most important to accelerate further expansion in the important North American food & beverage airport concession market.

Finally, we remain confident with the market improvements seen so far. The prospects for the remaining months of the year are also encouraging, with organic growth in the first weeks of October reaching around 3.0%.

We remain committed to further develop our growth strategy, which includes small and mid-size acquisitions as well as organic growth with a strong customer focus and to further accelerate it in the coming quarters. We also continue to leverage our business model to generate efficiencies, and to further accelerate the implementation of the digital strategy. We confirm our mid-term organic growth guidance of 3%-4% as well as the expected mid-term range of CHF 350-400 million for the Equity Free Cash Flow generation.

New Lead Independent Director Position at the Dufry AG Board of Directors

Recognizing the key importance and strategic role of the independent members of the Board of Directors, who constitute the majority of the Board and hold all the seats of all the Board's Committees, the Dufry AG Board of Directors has unanimously resolved to formally establish the position of Lead Independent Director.

Ms. Heekyung Jo Min has been appointed as Dufry's first Lead Independent Director. Having been first elected to the Dufry AG Board of Directors in 2016, Ms. Heekyung Jo Min holds a Ph.D. in Business from ASSIST in Korea, a Master in Business Administration from Columbia Graduate School of Business (Columbia University New York) and an Undergraduate Degree from Seoul National University. During her professional career she served among other c-level appointments as Executive Vice President at Prudential Investments and Securities Co in Korea, and as Executive Vice President of Global Creating Shared Value of CJ Cheiljedang, focusing on Corporate Social Responsibility and Sustainability.

Juan Carlos Torres-Carretero, Chairman of the Board of Directors of Dufry AG, commented: "I would like to congratulate Ms. Heekyung Jo Min for her unanimous appointment to the new position of Lead Independent Director and I wish her lots of success in her new important role."

The composition of the Dufry AG Board of Directors and the respective committees is as follows:

Members of the Board of Directors	Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee
Juan Carlos Torres-Carretero	Chairman	-	-	-
Jorge Born	Director	Committee Chairman	Committee Chairman	Committee Member
Claire Chiang	Director	-	Committee Member	Committee Member
Julian Diaz Gonzalez	Director / Group CEO	-	-	-
Luis Maroto Camino	Director	Committee Member	-	-
Andrés Holzer Neumann	Director	-	-	-
Heekyung Jo Min	Lead Independent Director	Committee Member	-	-
Steven Tadler	Director	Committee Member	Committee Member	-
Lynda Tyler-Cagni	Director	-	Committee Member	Committee Chairwoman

Dufry to move to quarterly trading statements for first and third quarters as of financial year 2020

As of the 2020 financial year, Dufry will release a quarterly trading statement for Q1 and Q3 instead of publishing full financial results. Dufry will continue to publish full financial results for the half-year and full year.

This change is made to focus on a more meaningful time period of six months, thus allowing to assess the detailed performance of the company with a reduced influence by quarterly volatility and by the more pronounced seasonality caused by the IFRS 16 implementation.

ADDITIONAL BACKGROUND INFORMATION

In order to further increase transparency and to support comparability of the company performance before and after the introduction of the IFRS 16 accounting standards as per the business year 2019, our corporate website provides an additional set of financial data for each quarter and the full-year 2018. Please follow this link **to access the information.**

GLOSSARY

The release of Dufry's third quarter 2019 results includes the implementation of the IFRS 16 framework in the financials. Given that the new accounting standards have a significant impact on Dufry's Income Statement and Balance Sheet, some of the reported figures are not comparable with 2018. While this press release explains the main results, a more thorough analysis will be made at the results' conference call and is available in the 9M results presentation. Access all 9M 2019 results documents, including press release, presentation, Financial Report 9M 2019 - **link**

- **Organic Growth:** Like-for-like + Net new concessions
- **Adjusted Operating Profit (Adjusted EBIT):** Operating Profit (EBIT) + Acquisition-related Amortization
- **Adjusted Net Profit:** Net profit to Equity Holders + Acquisition-related Amortization + Lease Interest + Deferred Taxes on items
- **Net Debt:** Borrowings (short and long-term) - Cash and Cash Equivalents
- **Adjusted Operating Cash Flow:** Cash Flow before Working Capital Changes + Lease Payments - Lease Payments received
- **Net Working Capital:** Decrease / (increase) in Trade and Other Accounts Receivable + Decrease / (increase) in Inventories + Increase / (Decrease) in Trade and Other Accounts Payable
- **Capex:** Purchase of Property, Plant and Equipment + Purchase of Intangible Assets - Proceeds from Sale of Property, Plant and Equipment
- **Equity Free Cash Flow:** Free Cash Flow - Interest Paid - Cash Flow related to Minorities - Other Financing items

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Dufry Group – A leading global travel retailer

Dufry AG (SIX: DUFN) is a leading global travel retailer operating close to 2,400 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.