




DUFRY

WorldClass.WorldWide.

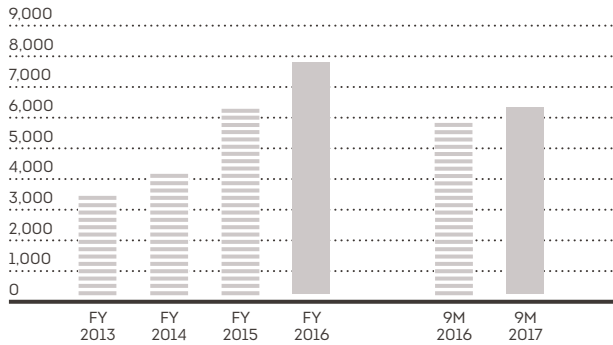
NINE MONTHS REPORT SEPTEMBER 2017



DUFRY AT A GLANCE

TURNOVER

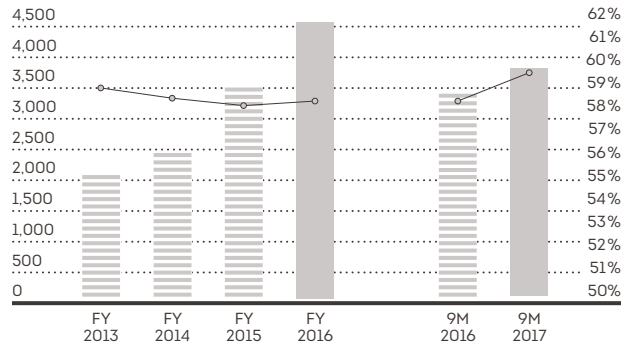
IN MILLIONS OF CHF



GROSS PROFIT

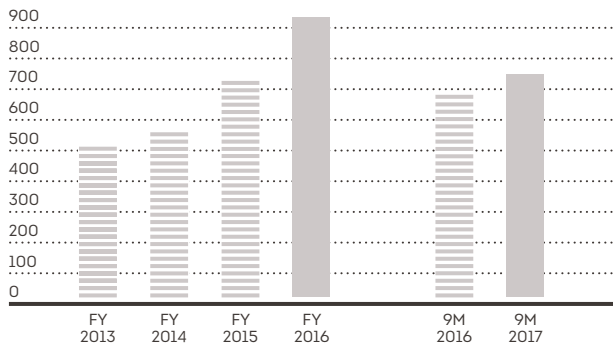
IN MILLIONS OF CHF

MARGIN



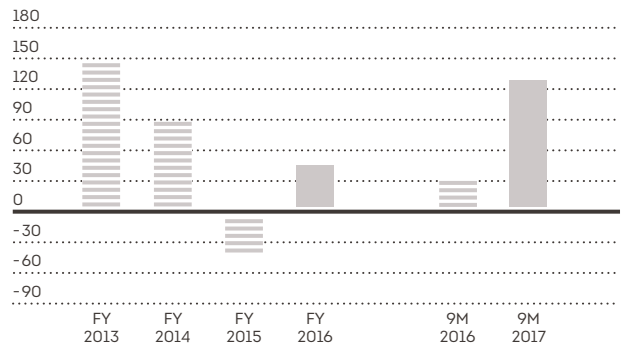
EBITDA¹

IN MILLIONS OF CHF



NET EARNINGS / (LOSS)

IN MILLIONS OF CHF



¹ EBITDA before other operational result and linearization

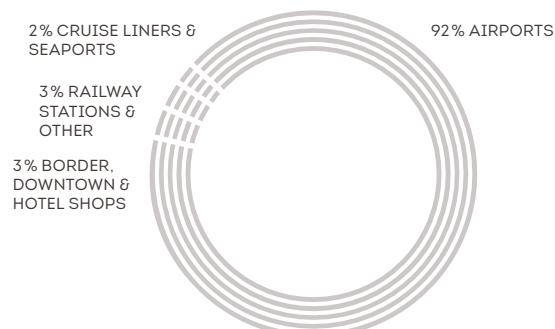
NET SALES BY DIVISION



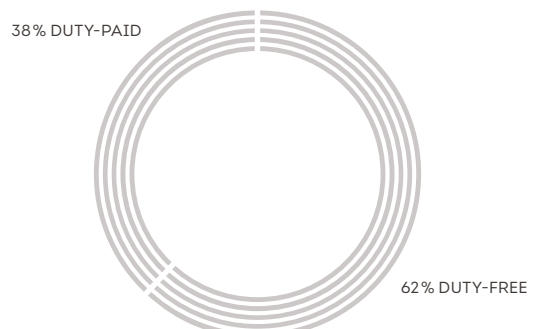
NET SALES BY PRODUCT CATEGORIES



NET SALES BY CHANNEL



NET SALES BY MARKET SECTOR



INTERIM CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 2017

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INTERIM CONSOLIDATED INCOME STATEMENT

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 2017

IN MILLIONS OF CHF	NOTE	Unaudited 9M 2017	Unaudited 9M 2016	Unaudited Q3 2017	Unaudited Q3 2016
Net sales		6,111.8	5,725.8	2,391.4	2,211.5
Advertising income		158.7	151.4	57.8	54.8
Turnover		6,270.5	5,877.2	2,449.2	2,266.3
Cost of sales		(2,544.1)	(2,442.5)	(997.4)	(939.4)
Gross profit		3,726.4	3,434.7	1,451.8	1,326.9
Selling expenses		(1,831.4)	(1,685.6)	(726.2)	(659.3)
Personnel expenses		(844.7)	(792.8)	(294.3)	(273.8)
General expenses		(304.3)	(273.6)	(101.0)	(91.1)
Share of result of associates		(2.4)	2.7	2.1	1.4
EBITDA¹		743.6	685.4	332.4	304.1
Depreciation, amortization and impairment		(389.0)	(403.6)	(128.8)	(129.2)
Linearization		(35.1)	(45.3)	11.2	7.5
Other operational result		(27.5)	(42.9)	(12.8)	(20.5)
Earnings before interest and taxes (EBIT)		292.0	193.6	202.0	161.9
Interest expenses		(166.4)	(166.9)	(55.4)	(60.0)
Interest income		25.2	19.3	9.6	7.6
Foreign exchange gain / (loss)		8.3	(4.0)	3.2	(0.7)
Earnings before taxes (EBT)		159.1	42.0	159.4	108.8
Income tax	5	(37.1)	(12.1)	(36.5)	(20.4)
Net earnings		122.0	29.9	122.9	88.4
ATTRIBUTABLE TO					
Equity holders of the parent		84.7	0.2	109.6	75.2
Non-controlling interests		37.3	29.7	13.3	13.2
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
Basic earnings / (loss) per share		1.57	-	2.03	1.40
Diluted earnings / (loss) per share		1.57	-	2.03	1.40
Weighted average number of outstanding shares in thousands		53,779	53,776	53,788	53,772

¹ EBITDA before other operational result and linearization

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 2017

IN MILLIONS OF CHF	NOTE	Unaudited 9M 2017	Unaudited 9M 2016	Unaudited Q3 2017	Unaudited Q3 2016
Net earnings		122.0	29.9	122.9	88.4
OTHER COMPREHENSIVE INCOME					
Actuarial gains / (losses) on post-employment benefits		10.6	(4.6)	5.2	0.3
Income tax		(0.8)	0.5	(0.4)	-
Items not being reclassified to net income in subsequent periods, net of tax		9.8	(4.1)	4.8	0.3
Exchange differences on translating foreign operations		(97.1)	(248.0)	88.0	(70.1)
Net gain / (loss) on hedge of net investment in foreign operations		59.2	80.5	(5.2)	18.7
Changes in the fair value of forward exchange contracts held as cash flow hedges		(1.6)	1.2	-	0.1
Share of other comprehensive income of associates		0.3	(0.2)	0.1	-
Income tax on above positions		-	(0.3)	-	(0.3)
Items to be reclassified to net income in subsequent periods, net of tax		(39.2)	(166.8)	82.9	(51.6)
Total other comprehensive income / (loss), net of tax		(29.4)	(170.9)	87.7	(51.3)
Total comprehensive income / (loss), net of tax		92.6	(141.0)	210.6	37.1
ATTRIBUTABLE TO					
Equity holders of the parent		52.9	(168.9)	191.5	23.6
Non-controlling interests		39.7	27.9	19.1	13.5

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT SEPTEMBER 30, 2017

IN MILLIONS OF CHF	NOTE	Unaudited 30.09.2017	31.12.2016
ASSETS			
Property, plant and equipment		630.6	629.3
Intangible assets		6,646.6	6,786.6
Investments in associates		32.1	39.7
Deferred tax assets		193.3	177.2
Other non-current assets		346.8	296.1
Non-current assets		7,849.4	7,928.9
Inventories		1,023.1	917.9
Trade and credit card receivables		99.7	94.6
Other accounts receivable		513.4	501.4
Income tax receivables		26.1	26.2
Cash and cash equivalents	6	470.2	450.8
Current assets		2,132.5	1,990.9
Total assets		9,981.9	9,919.8
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent		3,132.8	3,062.0
Non-controlling interests		222.8	208.6
Total equity		3,355.6	3,270.6
Financial debt	6	3,864.2	4,073.9
Deferred tax liabilities		494.4	516.5
Provisions		157.5	183.5
Post-employment benefit obligations		58.3	66.0
Other non-current liabilities		118.5	96.1
Non-current liabilities		4,692.9	4,936.0
Trade payables		733.8	590.4
Financial debt	6	81.7	127.3
Income tax payables		71.7	46.3
Provisions		103.0	116.9
Other liabilities		943.2	832.3
Current liabilities		1,933.4	1,713.2
Total liabilities		6,626.3	6,649.2
Total liabilities and shareholders' equity		9,981.9	9,919.8

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 2017

2017 IN MILLIONS OF CHF	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							TOTAL	NON-CON- TROLLING INTERESTS	TOTAL EQUITY
		Share capital	Share premium	Treasury shares	Employee benefit reserve	Hedging & revalu- ation reserves	Trans- lation reserves	Retained earnings			
Balance at January 1		269.4	4,259.3	(15.0)	(36.7)	1.6	(250.4)	(1,166.2)	3,062.0	208.6	3,270.6
Net earnings / (loss)		-	-	-	-	-	-	84.7	84.7	37.3	122.0
Other comprehensive income / (loss)		-	-	-	9.8	(1.6)	(40.0)	-	(31.8)	2.4	(29.4)
Total comprehensive income / (loss) for the period		-	-	-	9.8	(1.6)	(40.0)	84.7	52.9	39.7	92.6
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS											
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(34.3)	(34.3)
Assignment of treasury shares		-	-	2.5	-	-	-	(2.5)	-	-	-
Share-based payment		-	-	-	-	-	-	18.0	18.0	-	18.0
Tax effect on equity transactions		-	-	-	-	-	-	(0.3)	(0.3)	-	(0.3)
Total transactions with or distributions to owners		-	-	2.5	-	-	-	15.2	17.7	(34.3)	(16.6)
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES											
Changes in participation of non-controlling interests		-	-	-	-	-	-	0.2	0.2	8.8	9.0
Balance at September 30		269.4	4,259.3	(12.5)	(26.9)	-	(290.4)	(1,066.1)	3,132.8	222.8	3,355.6

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 2017

2016 IN MILLIONS OF CHF	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							TOTAL	NON-CON- TROLLING INTERESTS	TOTAL EQUITY
		Share capital	Share premium	Treasury shares	Employee benefit- reserve	Hedging & revalu- ation reserves	Trans- lation reserves	Retained earnings			
Restated*											
Balance at January 1		269.4	4,259.3	(14.3)	(21.3)	0.7	(185.8)	(1,153.3)	3,154.7	184.1	3,338.8
Net earnings / (loss)		-	-	-	-	-	-	0.2	0.2	29.7	29.9
Other comprehensive income / (loss)		-	-	-	(4.1)	0.9	(165.9)	-	(169.1)	(1.8)	(170.9)
Total comprehensive income for the period		-	-	-	(4.1)	0.9	(165.9)	0.2	(168.9)	27.9	(141.0)
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS											
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(39.5)	(39.5)
Net purchase of treasury shares		-	-	(0.7)	-	-	-	-	(0.7)	-	(0.7)
Share-based payment		-	-	-	-	-	-	(1.1)	(1.1)	-	(1.1)
Tax effect on equity transactions		-	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Total transactions with or distributions to owners		-	-	(0.7)	-	-	-	(1.2)	(1.9)	(39.5)	(41.4)
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES											
Changes in participation of non-controlling interests		-	-	-	-	-	-	(19.3)	(19.3)	25.1	5.8
Balance at September 30		269.4	4,259.3	(15.0)	(25.4)	1.6	(351.7)	(1,173.6)	2,964.6	197.6	3,162.2

* Based on the final assessment of the Purchase Price Allocation related to World Duty Free Group (WDF), certain amounts presented in the annual report 2015 have been restated

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 2017

IN MILLIONS OF CHF	NOTE	Unaudited 9M 2017	Unaudited 9M 2016	Unaudited Q3 2017	Unaudited Q3 2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Earnings before taxes (EBT)		159.1	42.0	159.4	108.8
Total earnings before taxes (EBT)		159.1	42.0	159.4	108.8
ADJUSTMENTS FOR:					
Depreciation, amortization and impairment		389.0	403.6	128.8	129.2
Loss / (gain) on sale of non-current assets		5.4	0.4	0.7	0.2
Increase / (decrease) in allowances and provisions		21.0	13.4	19.2	2.8
Loss / (gain) on unrealized foreign exchange differences		3.2	3.1	20.7	(2.0)
Linearization of concession fees		(3.2)	10.0	(24.5)	(19.3)
Other non-cash items		15.5	(1.1)	5.2	(1.6)
Share of result of associates		2.4	(2.7)	(2.1)	(1.4)
Interest expense		166.4	166.9	55.4	60.0
Interest income		(25.2)	(19.3)	(9.6)	(7.6)
Cash flow before working capital changes		733.6	616.3	353.2	269.1
Decrease / (increase) in trade and other accounts receivable		(69.4)	(105.5)	(2.7)	(9.7)
Decrease / (increase) in inventories		(142.2)	(11.9)	29.1	19.0
Increase / (decrease) in trade and other accounts payable		205.1	260.6	40.2	134.6
Dividends received from associates		4.9	4.9	4.9	-
Cash generated from operations		732.0	764.4	424.7	413.0
Income taxes paid		(69.4)	(65.2)	(27.3)	(28.8)
Net cash flows from operating activities		662.6	699.2	397.4	384.2
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(155.5)	(148.1)	(50.2)	(48.7)
Purchase of intangible assets		(62.8)	(53.2)	(15.1)	(15.7)
Net purchase of financial assets		(0.1)	-	0.6	-
Proceeds from sale of property, plant and equipment		1.0	3.7	-	0.1
Interest received		19.3	18.3	6.8	9.9
Business combinations, net of cash		-	(0.1)	-	-
Proceeds from sale of interests in subsidiaries and associates		-	3.9	-	-
Proceeds from sale of financial assets		-	17.5	-	-
Net cash flows used in investing activities		(198.1)	(158.0)	(57.9)	(54.4)
CASH FLOW FROM FINANCING ACTIVITIES					
Transaction costs paid for issuance of financial instruments		-	(2.5)	-	-
Proceeds from bank loans	6	416.8	67.9	-	11.4
Repayment of bank loans	6	(709.9)	(7.4)	(245.8)	-
Proceeds from / (repayment of) 3 rd party loans		(0.8)	0.7	(1.0)	0.9
Dividends paid to non-controlling interest		(34.3)	(39.3)	(12.2)	(12.6)
Net purchase of treasury shares		-	(0.7)	-	(0.7)
Net contributions from / (purchase of) non-controlling interests		-	(0.1)	-	-
Interest paid		(159.1)	(173.8)	(70.4)	(77.9)
Net cash flows (used in) / from financing activities		(487.3)	(155.2)	(329.4)	(78.9)
Currency translation on cash	6	42.2	(3.8)	12.5	(10.1)
(Decrease) / increase in cash and cash equivalents		19.4	382.2	22.6	240.8
CASH AND CASH EQUIVALENTS AT THE					
- beginning of the period	6	450.8	434.4	447.6	575.8
- end of the period	6	470.2	816.6	470.2	816.6

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 2017

1. CORPORATE INFORMATION

Dufry AG (the Company) is a publicly listed company with headquarters in Basel, Switzerland. The Company is the world's leading travel retail company. It operates around 2,200 shops worldwide. The shares of the Company are listed on the SIX Swiss Exchange in Zürich and its Brazilian Depository receipts on the BM&FBOVESPA in São Paulo.

The interim consolidated financial statements of Dufry AG and its subsidiaries (Dufry or the group) for the period ended September 30, 2017 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated October 26, 2017.

2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim consolidated financial statements for the period ended September 30, 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with Dufry's annual financial statements as of December 31, 2016.

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Dufry's annual financial statements for the year ended December 31, 2016, except for:

New or revised Standards and Interpretations adopted in these financial statements (effective January 1, 2017)

- Disclosure initiative – amendments to IAS 7 Statement of cash flows
Requires additional disclosure of changes in liabilities arising from financing activities (see note 6).
- IAS 12 Income taxes
Additional clarification was issued on the recognition of deferred tax assets for unrealized losses on debt instruments at fair value. Dufry currently does not have debt instruments at fair value.

3. SEGMENT INFORMATION

Dufry's risks and returns are predominantly affected by the fact that Dufry operates in different countries. Therefore, Dufry presents the segment information as it does internally to the Group Executive Committee, using geographical segments and the distribution centers as an additional segment.

Segment information 9M

IN MILLIONS OF CHF	2017				2016			
	TURNOVER			EBITDA ¹	TURNOVER			EBITDA ¹
	with external customers	with other divisions	TOTAL		with external customers	with other segments	TOTAL	
Southern Europe and Africa	1,433.9	-	1,433.9	184.1	1,319.3	-	1,319.3	169.3
UK, Central and Eastern Europe	1,604.8	-	1,604.8	183.4	1,576.6	-	1,576.6	173.3
Asia, Middle East and Australia	574.0	-	574.0	45.5	569.4	-	569.4	45.0
Latin America	1,262.0	-	1,262.0	71.8	1,116.9	-	1,116.9	55.0
North America	1,327.3	-	1,327.3	146.6	1,245.2	-	1,245.2	142.6
Distribution Centers	68.5	837.6	906.1	112.2	49.8	728.6	778.4	100.2
Total divisions	6,270.5	837.6	7,108.1	743.6	5,877.2	728.6	6,605.8	685.4
Eliminations	-	(837.6)	(837.6)	-	-	(728.6)	(728.6)	-
Dufry	6,270.5	-	6,270.5	743.6	5,877.2	-	5,877.2	685.4

Segment information Q3

IN MILLIONS OF CHF	2017				2016			
	TURNOVER			EBITDA ¹	TURNOVER			EBITDA ¹
	with external customers	with other segments	TOTAL		with external customers	with other segments	TOTAL	
Southern Europe and Africa	657.3	-	657.3	92.8	575.1	-	575.1	83.5
UK, Central and Eastern Europe	643.4	-	643.4	80.4	612.5	-	612.5	74.3
Asia, Middle East and Australia	203.3	-	203.3	22.0	197.0	-	197.0	17.3
Latin America	442.4	-	442.4	29.0	397.0	-	397.0	21.7
North America	477.8	-	477.8	64.4	455.1	-	455.1	61.9
Distribution Centers	25.0	312.0	337.0	43.8	29.6	321.7	351.3	45.4
Total divisions	2,449.2	312.0	2,761.2	332.4	2,266.3	321.7	2,588.0	304.1
Eliminations	-	(312.0)	(312.0)	-	-	(321.7)	(321.7)	-
Dufry	2,449.2	-	2,449.2	332.4	2,266.3	-	2,266.3	304.1

¹ EBITDA before linearization and other operational result

Segment assets and liabilities

IN MILLIONS OF CHF	30.09.2017		31.12.2016	
	TOTAL ASSETS	TOTAL LIABILITIES	TOTAL ASSETS	TOTAL LIABILITIES
Southern Europe and Africa	2,430.8	834.8	2,296.2	656.4
UK, Central and Eastern Europe	2,346.0	693.9	2,392.2	646.8
Asia, Middle East and Australia	468.2	208.6	498.3	265.7
Latin America	1,758.4	361.6	1,967.2	397.0
North America	1,341.8	251.7	1,417.9	268.6
Distribution Centers	875.1	283.4	748.6	240.3
Total divisions	9,220.3	2,634.0	9,320.4	2,474.8
Unallocated positions	761.6	3,992.3	599.4	4,174.4
Dufry	9,981.9	6,626.3	9,919.8	6,649.2

4. SEASONALITY

Dufry has its strongest months of turnover and EBITDA between July and September corresponding to the summer time in the northern hemisphere, whereas the first quarter is the weakest. These seasonality effects are more prominent on the result than in turnover.

5. INCOME TAXES

IN MILLIONS OF CHF	Unaudited 9M 2017	Unaudited 9M 2016	Unaudited Q3 2017	Unaudited Q3 2016
Current income tax	(93.4)	(83.4)	(45.1)	(37.0)
Deferred income tax	56.3	71.3	8.6	16.6
Total	(37.1)	(12.1)	(36.5)	(20.4)

6. NET DEBT

IN MILLIONS OF CHF	CASH AND CASH EQUIVALENTS	FINANCIAL DEBT CURRENT	FINANCIAL DEBT NON-CURRENT	NET DEBT
Balance at January 1, 2017	450.8	127.3	4,073.9	3,750.4
Cash flows from operating, financing and investing activities	(22.8)	-	-	22.8
Proceeds from bank loans	-	(17.6)	434.4	416.8
Repayments of bank loans	-	(24.9)	(685.0)	(709.9)
Cash flow	(22.8)	(42.5)	(250.6)	(270.3)
Currency translation adjustments	1.8	(2.9)	107.5	102.8
Unrealized exchange differences on the translation of net debt in foreign currencies	40.4	(0.2)	(76.3)	(116.9)
Foreign exchange adjustments	42.2	(3.1)	31.2	(14.1)
Fair value adjustments	-	-	0.5	0.5
Arrangement fees amortization	-	-	9.2	9.2
Other non-cash movements	-	-	9.7	9.7
Balance at September 30, 2017	470.2	81.7	3,864.2	3,475.7

7. PRINCIPAL FOREIGN EXCHANGE RATES APPLIED FOR VALUATION AND TRANSLATION

IN CHF	AVERAGE RATE		CLOSING RATE
	9M 2017	Q3 2017	30.09.2017
1 USD	0.9834	0.9622	0.9680
1 EUR	1.0950	1.1311	1.1438
1 GBP	1.2545	1.2598	1.2969
IN CHF	9M 2016	Q3 2016	30.09.2016
1 USD	0.9798	0.9759	0.9714
1 EUR	1.0935	1.0890	1.0922
1 GBP	1.3653	1.2813	1.2607
IN CHF	9M 2016	Q3 2016	31.12.2016
1 USD	0.9798	0.9759	0.9714
1 EUR	1.0935	1.0890	1.0922
1 GBP	1.3653	1.2813	1.2607

8. EVENTS AFTER REPORTING DATE

On October 11, 2017 Dufry, through its subsidiary in the Netherlands placed an offering for EUR 800 million Senior Notes due 2024 bearing interest at 2.5% payable semi-annually in arrears. The proceeds of the offering will be used to redeem the existing EUR 500 million outstanding Senior Notes with maturity 2022 and reduce bank debt. The notes are listed at The International Stock Exchange (TISE).



To the Board of Directors of
Dufry AG, Basel

Basel, 26 October 2017

Report on the review of interim consolidated financial statements



Introduction

We have reviewed the interim consolidated financial statements (income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes, pages 4 to 12) of Dufry AG, Basel for the period from 1 January 2017 to 30 September 2017. The Board of Directors is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.



Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

Ernst & Young Ltd

Christian Krämer
Licensed audit expert
(Auditor in charge)

Philipp Baumann
Licensed audit expert