



9M 2019 Results

Strong Q3 results
leading to solid
performance in
9M 2019

November 05, 2019

 **DUFY**

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The pro-forma figures in this presentation do not represent a restatement of Dufry's 2018 financials. These should be seen as indications for helping analysts and the financial community to compare 2019 results.

AGENDA

1. 9M 2019 operational performance Julián Díaz
2. 9M 2019 financials Yves Gerster
3. Conclusion Julián Díaz

1 9M 2019 OPERATIONAL PERFORMANCE

Organic growth continues to accelerate

Further improvement in like-for-like growth

Strong cash flow generation in Q3 2019

Important contract extensions and new wins

Highlights 9M 2019 (1) – Strong performance in Q3 2019 leads to ...

Organic growth
accelerated to
4.1% in Q3 2019

Considerable
improvement in
Like-for-Like

Strong EFCF
generation in Q3
2019

- Organic growth further accelerates to 4.1% in the Q3 2019 driven by Like-for-Like improvement and new concessions
- Like-for-like considerably improves in Q3 2019 with an increase of 1.3% on the previous quarter
- Adjusted Operating Cash Flow in Q3 2019 increases considerably reaching CHF 396 million, as compared to CHF 309 million in third quarter 2018.
- Equity Free Cash Flow significantly increases in Q3 reaching CHF 266.2 million as compared to CHF 207.9 million in the third quarter of the previous year

Highlights 9M 2019 (2) - ... solid performance in 9M 2019

Organic growth
accelerated to
2.9% in 9M 2019

Gross profit
margin
expanded by
40bps

Resilient ECFC
generation

- Turnover grew by +1.8% to CHF 6,682.0 million
- Organic growth further accelerates to 2.9% in the 9M 2019; +5.4% excluding South America
- Gross profit margin expanded by 40 bps to 60.3%
- Adjusted Operating Profit at CHF 633.8 million
- Adjusted Net Profit amounted to CHF 337.1 million
- Adjusted Operating Cash Flow reached CHF 805.3 million
- Equity Free Cash Flow of CHF 406.6 million in the nine month in line with the expected mid-term range of CHF 350-400 million for FY
- Net debt decreased to CHF 3,067 million including the dividend payment of CHF 199.7 million

Highlights 9M 2019 (3) – Extensions, new wins and acquisitions

Ongoing expansion of retail space and refurbishments

- Shop development plan progressing as expected
 - 20,400 m² of new retail space opened across 172 shops
 - 36,800 m² of commercial area refurbished in 105 shops
 - 14,600 m² of contracts signed for the remainder of 2019 and 2020
- Important achievements and developments post Q3
 - Agreement with AENA for extension of Dufry's current concession contract in Spain
 - New contract won at Mexico City International Airport covering 1,400 m²
 - Regulatory approvals for acquisition of 60% in RegStaer Vnukovo received and closing expected in the coming days
 - Acquisition by Hudson of 34 Brookstone stores across several U.S. airport locations
 - Acquisition by Hudson 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

Important achievements and developments post Q3

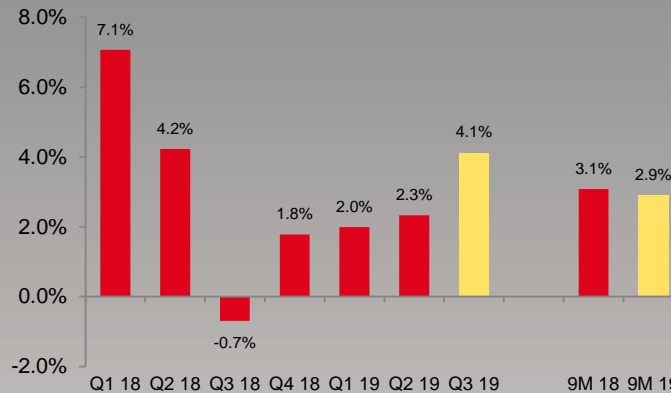
Organic growth

Organic growth continues to accelerate

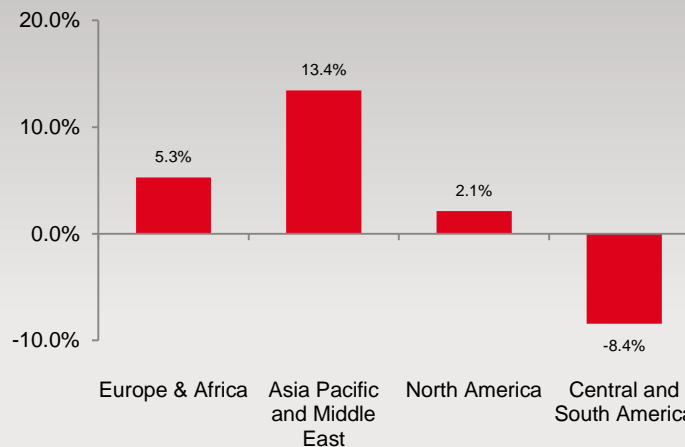
Resilient performance

Fundamentals of the business remain strong

Organic growth evolution



Organic growth by division – 9M '19



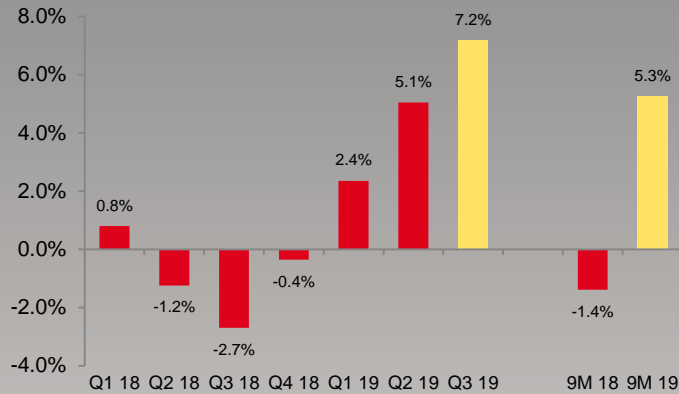
- Organic growth of +2.9% in 9M 2019
- Organic growth accelerated to +4.1% in Q3 2019 from +2.3% in Q2 2019
 - Solid growth in Europe
 - Continued improvement in Spain
 - Double-digit growth in Asia
 - Support of new concessions and improved like-for-like
 - Softer, but still positive growth in North America
 - Resilient underlying performance of the duty-paid business
 - Growth in Central and South America supported by several commercial initiatives and better comparable
 - Challenging conditions in South America still remain, but improvement seen in Q3

Division Europe and Africa

Healthy performance in the UK

Continued improvements in Spain

Organic growth Europe and Africa



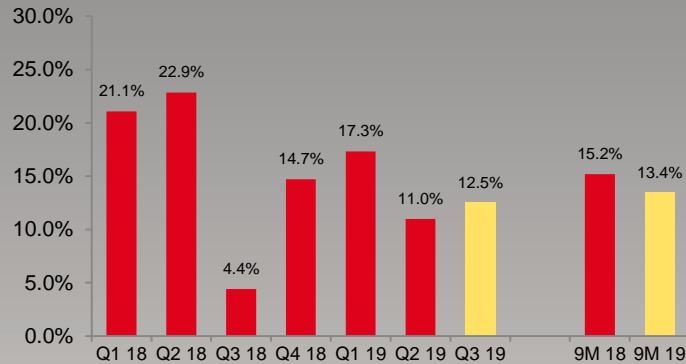
- Good performance continued in the UK with positive contribution from the new cruise business
- Spain continued to improve supported by several commercial initiatives as well as best practices implemented across 5 pilot airports
- Solid performance in Turkey
- Positive growth in Greece, Finland, Italy and Malta
- Good performance in Africa, especially in Morocco, Kenya, and Egypt

Division Asia Pacific and Middle East

Strong organic growth in 9M due to new openings

Asia and Australia with good growth

Organic growth Asia Pacific and Middle East



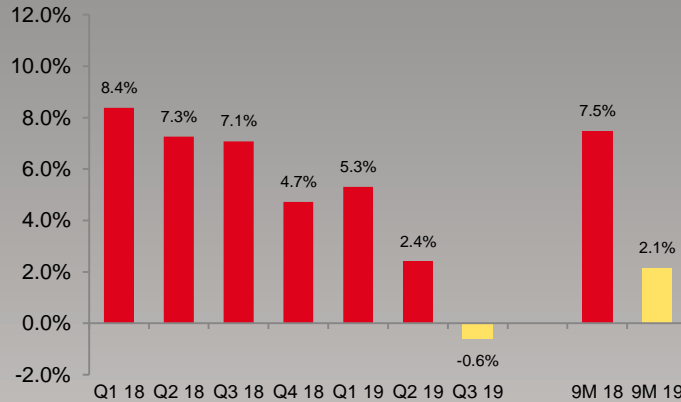
- Strong organic growth in 9M driven by new concessions
 - Duty free stores at MTR high-speed train terminal in Hong Kong
 - Duty free stores at Perth airport
- Asia: High double digit organic growth driven by not only new openings, but also like-for-like in Q3. Good growth in China and Macau
- Australia: Growth remained strong supported by the start of operations in Perth
- Eastern Europe: Positive growth in Russia and Serbia
- Middle East: Weaker performance amid strong comparable in 9M 2018

Division North America

Resilient performance in North America

Duty-paid business continued with positive underlying growth

Organic growth North America



- Lower growth levels caused by softening sales in duty free, which further accentuated in the third quarter
 - Duty-paid business continued with positive underlying growth:
 - In Q3 temporary impact seen from grounding of MAX 737 aircrafts as well as Hurricane Dorian in the US
 - Performance in duty-free operations impacted by the lower spending from Chinese passengers, mainly in Canadian operations

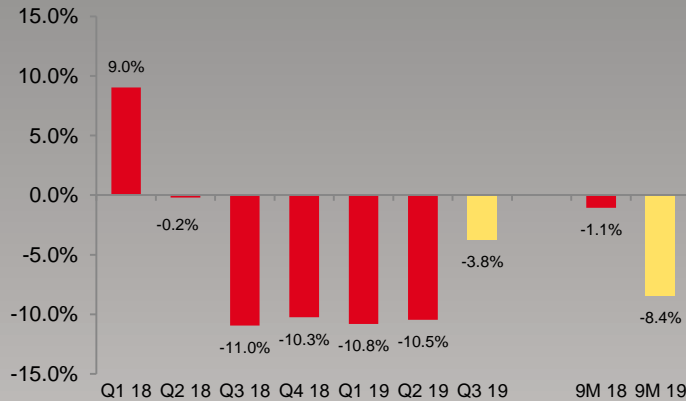
Division Central and South America

Performance in South America mainly affected by Brazil and Argentina

Central America performing well

Cruise channel continued to grow strongly

Organic growth Central and South America



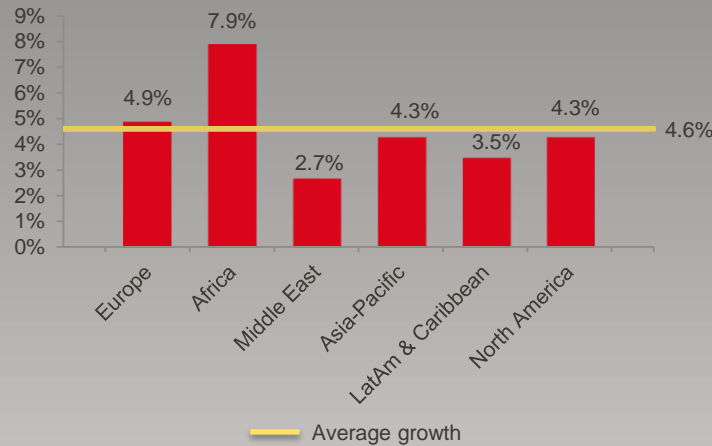
- Performance in the division improved in Q3 versus previous quarters driven by the implementation of commercial initiatives and supported by better comparable
- Central America: Good performance in the Caribbean, Mexico and Dominican Republic
 - The cruise business continued to grow strongly due to the addition of new ships
- South America: still challenging impacted by local political and economic conditions

Global passenger growth remains strong

Healthy international PAX growth

Forecasts continue to be strong

International PAX growth – 9M 2019



Source: ACI, until July 2019

International PAX growth forecast

	2019	2020	2021
Europe	6.0%	5.8%	5.1%
Africa	8.4%	4.3%	3.3%
Asia Pacific	5.7%	5.2%	5.3%
Middle East	3.1%	4.4%	4.4%
Latin America	4.6%	3.9%	4.3%
North America	5.2%	4.8%	4.5%
World in total	5.6%	5.3%	4.9%

Source: Air4casts (01/10/2019)

- Overall positive passenger growth in 9M 2019
 - Passenger growth at Dufry operations lower, mainly due to limited exposure to Asia
- Passenger growth expectations for next years show strong, continued growth across all regions

PAX = Passengers

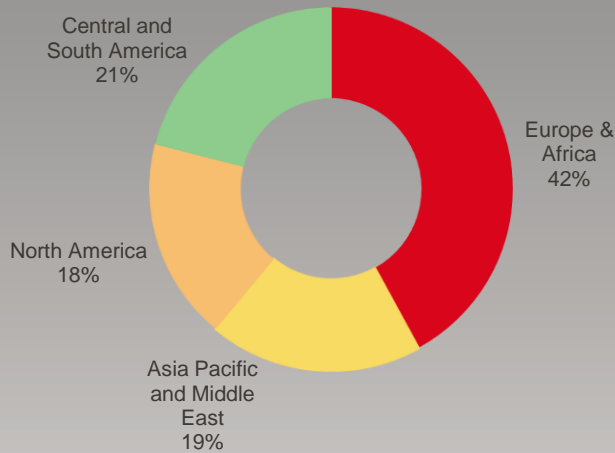
Dufry has opened 20,400 m² of gross retail space in 9M 2019

20,400 m² of gross retail space opened in 9M 2019

36,800 m² of retail space refurbished in 9M 2019

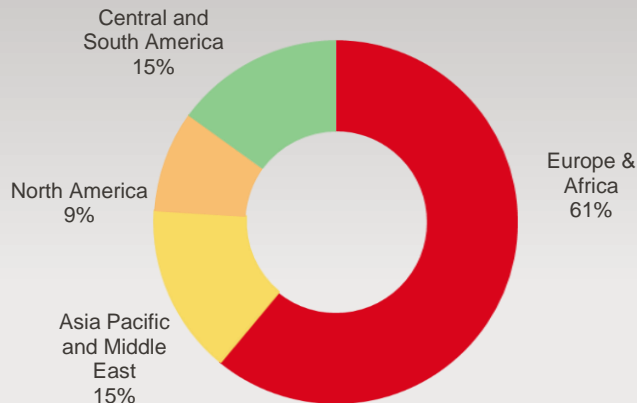
460,000 m² of retail space operated in total

20,400 m² of gross retail space opened



- Russia: 20 new stores (2,070 m²)
- Kuwait: 1 new store (1,050 m²)
- Several locations in North America: 45 new stores (3,700 m²)
- Brazil: 5 new stores (1,200 m²)
- Bahamas: 6 news stores (1,100 m²)
- Cruise: 18 new ships/30 stores (4,800 m²)

36,800 m² of shops refurbished

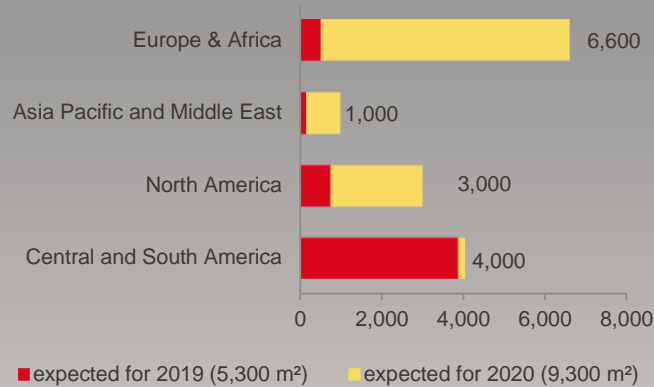


- Spain: 15 stores (11,600 m²)
- Sweden: 9 stores (4,200 m²)
- Jordan: 1 store (2,400 m²)
- Antalya: 4 store (1,700 m²)
- Casablanca: 1 store (1,100 m²)
- Macau: 1 store (1,900 m²)
- Buenos Aires: new generation store (3,100 m²)

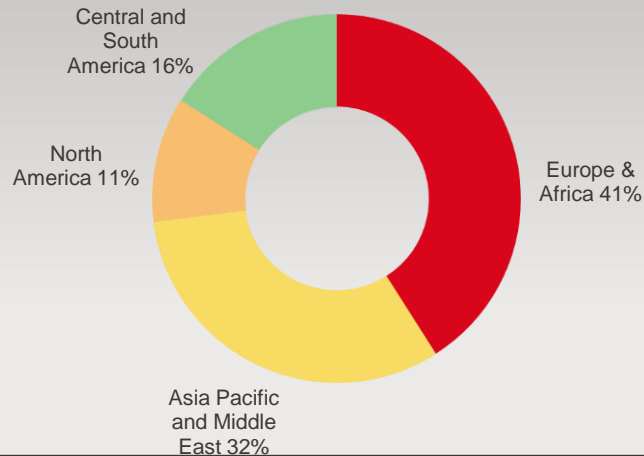
14,600 m² of signed space to be opened in 2019/20

14,600 m² of signed space to be opened in 2019/20

14,600 m² signed space



Project Pipeline: 43,000 m²



43,000 m² of retail space in the pipeline

- 3 new stores in Mexico with 1,400 m²
 - 13 new stores in Boston totaling 1,100 m²
 - 9 stores in Chicago with 900 m²
 - 3 new stores in Brazil with 630 m²
 - 3 new stores in Nassau with 500 m²
 - New store in Dominican Republic with 540 m²
-
- Pipeline includes projects Dufry is currently actively working on
 - Most opportunities in divisions Europe & Africa as well as Asia Pacific and Middle East
 - Opportunities across different channels

Contract extension in Spain

Dufry successfully extended its contract in Spain for up to 5 years

New contract starting on 1st November 2020

- Agreement with AENA for extension of Dufry's current concession contract to operate duty-free shops at 25 Spanish airports for up to 5 years (3 years +1 / +1) securing an important market
- Annual minimum guarantee (MAG) with an average annual increase of 1.56%; variable concession fee component remains unchanged
- Commercial initiatives and best practices successfully launched and tested across 5 pilot airports to be rolled out to other airports, including:
 - Optimization of the pricing policy
 - Improvement of shop design and layout
 - Assortment and brand optimization
 - Marketing and digital partnership actions
 - Sales staff incentives
- Roll-out of initiatives mentioned above does not involve further investments as contractual CAPEX investments have already been executed

New opportunities in Brazil

First Brazilian
Border Duty-
Free shop
opened in
August

Duty-free
allowance to
double to USD
1,000 as of
January, 2020

- First border duty-free shop with 850 m² of retail space, located in the city of Uruguaiana, in the South region of Brazil, opened end of August
 - Dufry has been monitoring closely the performance and adapting the portfolio according to the local demand.
 - Potential to further expand the business as 32 twin cities are authorized to operate border duty-free shops, mostly in the Southern region.
- In October, the Brazilian Government announced doubling in the duty-free allowance from USD 500 to USD 1,000 to become effective in January 2020
 - Possibility to improve and increase the product portfolio in the country, offering higher price products in price range of USD 500 to 1,000
 - Opportunity to increase spent per ticket up to USD 1,000
 - Support for potential additional sales

Further expansion of footprint

Regulatory approvals for the acquisition of a 60% stake of RegStaer Vnukovo received

New contract win in Mexico City

Important acquisitions in the U.S.

- Acquisition of a 60% stake of RegStaer Vnukovo
 - All regulatory approvals received and closing expected in the coming days
 - Full consolidation as of November 2019
 - Over 30 duty-free and duty-paid shops across the retail space of over 6,800 m²
 - Long-term concession until 2035
 - EUR 58.8 million sales in FY 2018
 - Further operational efficiencies to be extracted in the Moscow area operations
- New contract win at Mexico City International Airport Terminal 2
 - 3 new duty-free shops across 1,400 m² space in total
 - Increased presence at the airport with operations of total 29 shops across 7,400 m²
- Acquisition of 34 Brookstone shops across several airports in the U.S.
 - Hudson to serve as a sole Brookstone Airport Retailer
 - Exclusive right to sell Brookstone merchandise in Hudson's travel convenience stores
 - Hudson's retail offer further strengthened
- Acquisition OHM Concession Group LLC adding new F&B concession capabilities and expanding North American footprint
 - Adding 60 additional F&B units to existing 50 of Hudson
 - USD 62 million sales generated in FY 2018
 - Closing expected in Q4 2019 or Q1 2020

Dufry moves to Quarterly Trading Statements in May 2020

Half-year and full year reporting unchanged

Q1 and Q3 in form of trading statement only as of 2020

Transparency and frequency of investors communication remains

- As of 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.
- Change made to focus on a more meaningful time period of six months
 - Less influence by quarterly volatility
 - Seasonality more pronounced under IFRS 16
- The first quarterly trading statement will be published for Q1 on 12th May 2020.

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9M 2019
FINANCIALS

Amendment of three and six month 2019 interim consolidated financial statements

Required amendments related to IFRS 16 transition

- Required amendments identified in the accounting related to IFRS 16
- Lease contracts previously considered to be variable payments, in fact, contain commitments, which can be interpreted as fixed in substance
 - Lease expenses previously incurred in the P&L to be replaced by lease liabilities and right-of-use assets as of January 1, 2019.

No impact on comparative information presented in third quarter and prior interim consolidated financial statements of 2019

Summary of main adjustments

CHF million	Q1 19		Q1 19 Restated	Q2 19		Q2 19 Restated
	Reported	Restatement		Reported	Restatement	
Balance Sheet						
Right of Use Asset	4,276.2	417.8	4,694.0	4,050.9	389.4	4,440.3
Total Equity	3,307.1	6.5	3,313.6	3,004.9	13.3	3,018.2
Deferred Tax Liabilities	426.2	5.4	431.6	403.2	7.7	410.9
Lease Liability	4,343.0	405.9	4,748.9	4,144.2	368.4	4,512.6
P&L						
Lease Expenses	(325.0)	44.1	(280.9)	(397.0)	44.1	(352.9)
Other Expenses	(131.6)	(0.2)	(131.8)	(149.6)	0.2	(149.4)
Depreciation, Amortization and Impairment	(402.2)	(24.1)	(426.3)	(408.0)	(24.1)	(432.1)
Operating profit / (loss) - EBIT	(30.9)	19.8	(11.1)	114.0	20.2	134.2
Finance Cost	(96.7)	(8.7)	(105.4)	(91.8)	(8.0)	(99.8)
Foreign exchange gain/ (loss)	(6.8)	1.3	(5.5)	(4.3)	(2.6)	(6.9)
Income Tax	1.0	(5.8)	(4.8)	(27.8)	(2.4)	(30.2)
Net profit / (loss)	(109.6)	6.6	(103.0)	9.7	7.2	16.9

Turnover growth

Organic growth reaches 2.9% in 9M 2019

Organic growth recovery since Q4 2018, reaching 4.1% in Q3 2019

Growth components

	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	9M '18	9M '19
Like for Like	4.9%	2.3%	-0.9%	-1.4%	-1.3%	0.0%	1.3%	1.8%	0.1%
New concessions, net	2.2%	1.9%	0.2%	3.2%	3.3%	2.3%	2.8%	1.3%	2.8%
Organic growth	7.1%	4.2%	-0.7%	1.8%	2.0%	2.3%	4.1%	3.1%	2.9%
FX impact	-0.5%	3.5%	1.3%	-1.0%	1.4%	-1.4%	-2.5%	1.5%	-1.1%
Reported Growth	6.6%	7.7%	0.6%	0.8%	3.4%	0.9%	1.6%	4.6%	1.8%

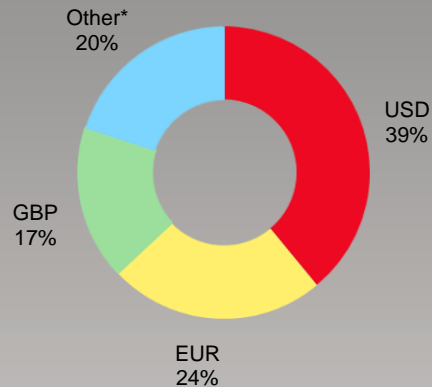
- Like-for-Like growth excluding South America of +2.4% in 9M 2019
- Organic growth excluding South America of +5.4% in 9M 2019

FX impact

Negative FX impact in 9M 2019

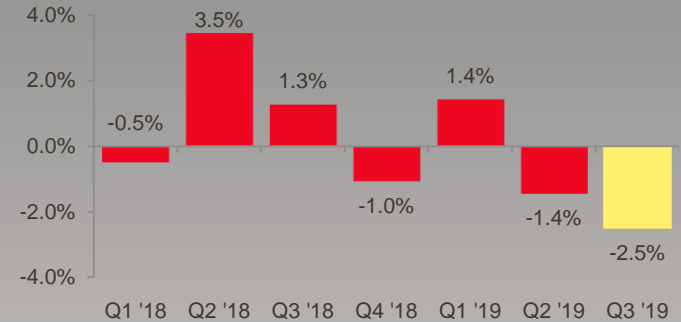
Main currencies are the USD Dollar, Euro and British Pound

Turnover by currency 9M

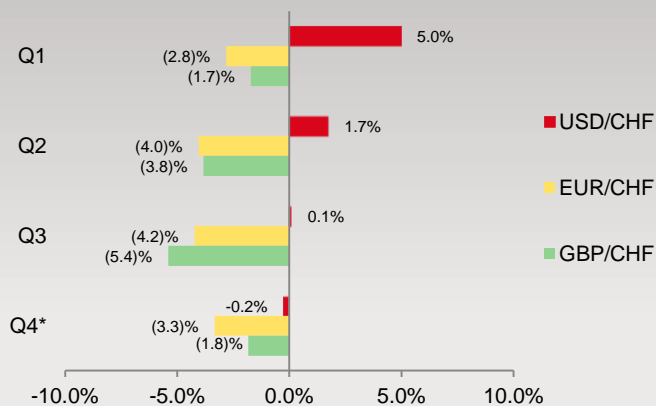


* Other includes CHF, CAD, AUD, HKD, etc.

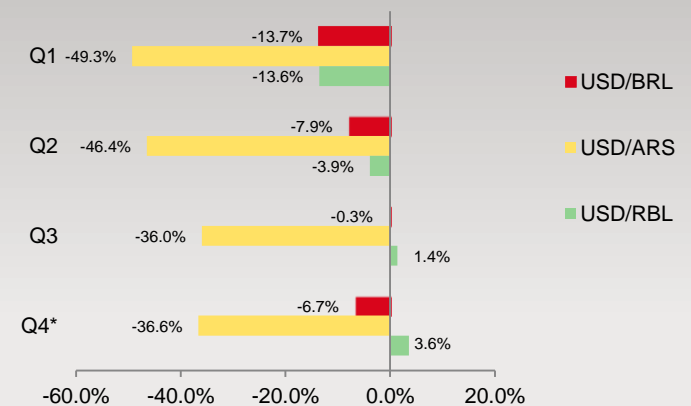
FX translational impact on turnover



Main currencies development



Devaluation of local currencies



* Until October 31

Income statement

Required amendments related to IFRS 16 transition

Adjustments provided for 2018 has only indicative character

New lines in P&L with different scope, therefore certain reclassifications were needed

- in CHFm -	9M 2019		9M 2018	
	Reported	%	Pro-Forma	%
Turnover	6,682.0	100.0%	6,560.7	100.0%
Gross Profit	4,026.3	60.3%	3,932.4	59.9%
Lease Expenses	(1,046.1)	-15.7%	(1,030.1)	-15.7%
Personnel Expenses	(925.6)	-13.9%	(883.2)	-13.5%
Other Expenses	(426.5)	-6.4%	(400.0)	-6.1%
Depreciation (excl. RoU)	(144.3)	-2.2%	(141.2)	-2.2%
Depreciation of RoU	(867.6)	-13.0%	(812.7)	-12.4%
Amortization*	(275.0)	-4.1%	(278.2)	-4.2%
Other operating income	62.4	0.9%	-	0.0%
Operating Profit (EBIT)	403.6	6.0%	387.2	5.9%
Financial Result (excl. lease interest / FX)	(94.0)	-1.4%	(99.6)	-1.5%
Lease Interest	(143.7)	-2.2%	(158.8)	-2.4%
FX	4.7	0.1%	(0.9)	0.0%
Profit before Taxes	170.6	2.6%	127.9	1.9%
Income Taxes	(89.0)	-1.3%	(82.1)	-1.3%
Net Profit	81.6	1.2%	45.8	0.7%
Non-Controlling Interest	(52.2)	-0.8%	(46.8)	-0.7%
Net Profit to equity holders	29.4	0.4%	(1.0)	0.0%
* Includes CHF 1 million of impairment				
<u>KPI's</u>				
Operating Profit (EBIT)	403.6	6.0%	387.2	5.9%
Acquisition-related amortization	230.2	3.4%	236.5	3.6%
Adjusted Operating Profit (adj. EBIT)	633.8	9.5%	623.7	9.5%
Net Profit to equity holders	29.4	0.4%	(1.0)	0.0%
Acquisition-related amortization	211.5	3.2%	229.9	3.5%
Lease interest	143.7	2.2%	158.8	2.4%
Deferred tax on items above	(47.5)	-0.7%	(51.2)	-0.8%
Adjusted Net Profit	337.1	5.0%	336.5	5.1%

Note: The pro-forma figures do not represent a restatement of Dufry's 2018 financials. These should be seen as indications for helping analysts and the financial community to compare 2019 results.

Cash flow – overview

Cash flow statement largely unaffected by IFRS 16

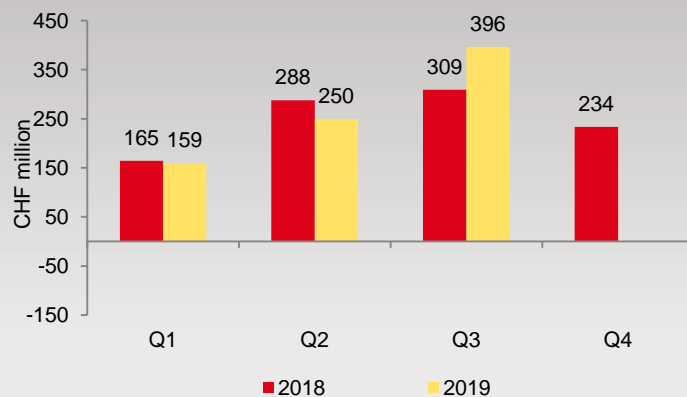
Cash flow generation influenced by business seasonality

Strong performance of ECFC in Q3 2019 reaching CHF 266.2 million

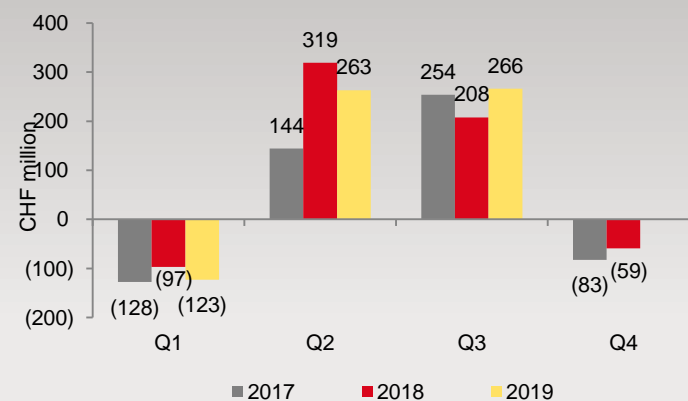
Cash Flow KPIs 9M 2019

CHF million	9M 2019	9M 2018	Δ%
Adjusted Operating Cash Flow	805.3	761.8	5.7%
Equity Free Cash Flow	406.6	430.1	(5.5)%

Adj. Operating CF seasonality



EFCF seasonality

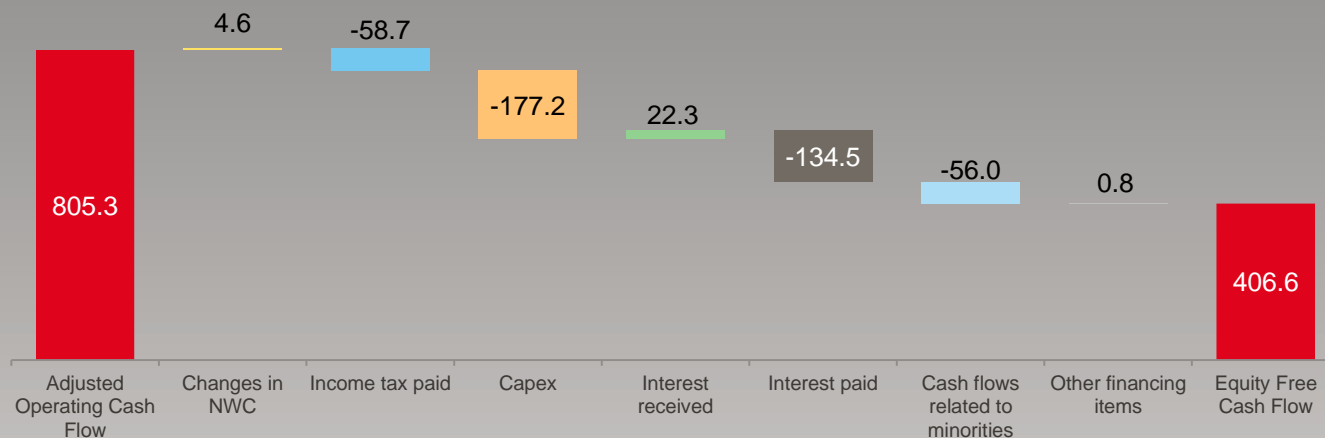


Cash flow – Equity Free Cash Flow

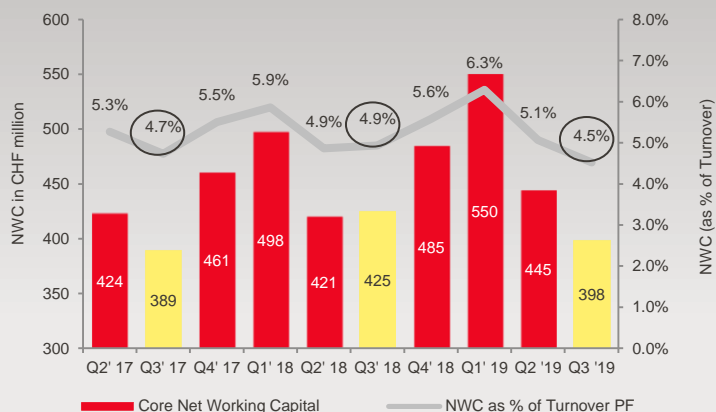
Income tax lower due to a tax refund in HY 2019

Capex evolution continues under control

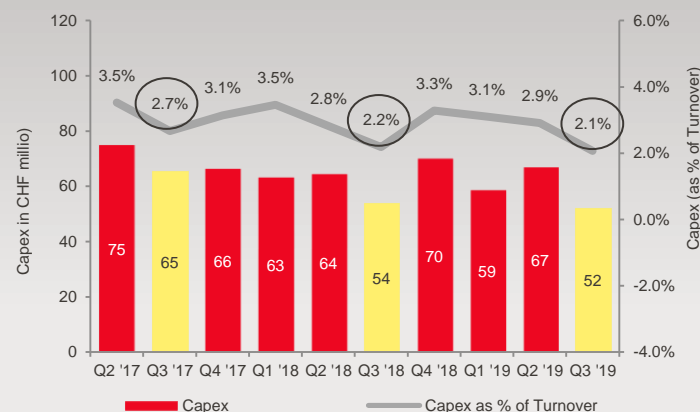
Equity Free Cash Flow 9M 2019



Core Net Working Capital⁽¹⁾



Capex evolution



⁽¹⁾ Inventories + Trade and credit card receivables - Trade payables

Balance sheet

Intangible assets mainly generated by acquisitions

Hudson IPO impacting Equity to equity holders and Equity to minorities

Summary balance sheet as per 30.09.2019

CHF million	30. Sep 2019	31. Dec 2018	Δ
Right of use assets	4,251	0	4,251
Concession right finite life	2,862	3,086	-224
Goodwill, Brands, Conc. rights indef. life	2,856	2,918	-62
Other intangible assets	106	113	-7
Other non current assets	349	300	49
Core Net Working Capital	398	485	-87
Other current assets	481	526	-45
PP&E	645	644	1
Total	11,948	8,073	3,875
Lease obligations	4,290	0	4,290
Equity	3,189	3,342	-153
Net Debt	3,067	3,286	-219
Non current liabilities	123	179	-56
Deferred tax liabilities, net	277	287	-10
Other current liabilities	1,002	980	22
Total	11,948	8,073	3,875

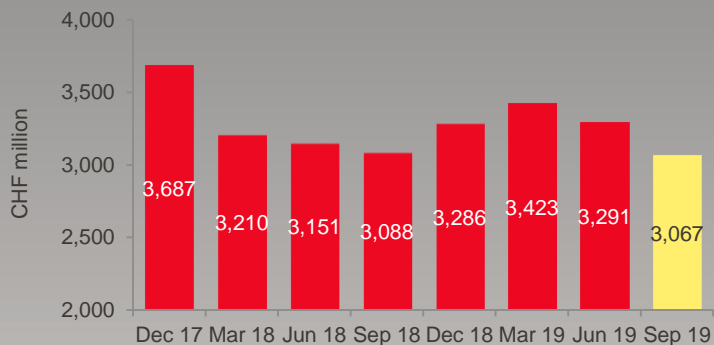
Financing

Net debt of CHF 3,067 million, the lowest level since 2016, incl. dividend payments

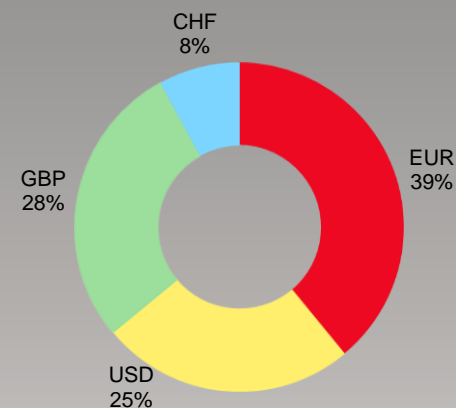
New covenant calculation from 2019 onwards

Headroom to threshold considerably improved

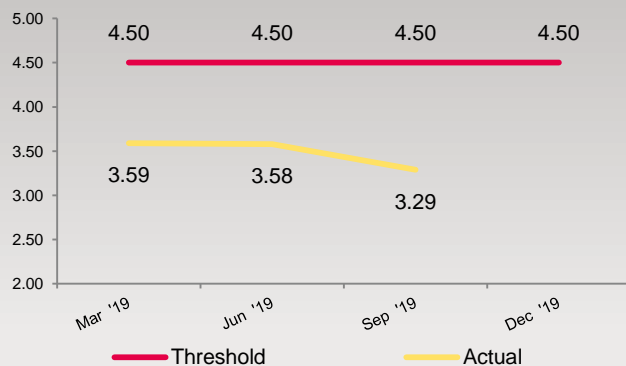
Net Debt evolution



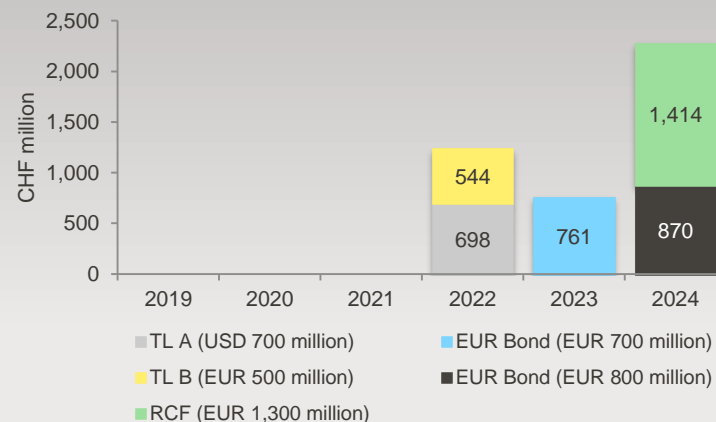
Debt by currency



Covenant Net debt / Adj. Operating CF



Debt maturity profile as per 31st Oct



Note: RCF maturity extended from 2023 to 2024 in Oct/19

3

CONCLUSION

Conclusion & Trading update

Continuation of positive trends in October 2019

Mid-term organic growth guidance of 3%-4% confirmed

EFCF of CHF 350-400 million confirmed

- **Organic Growth:**

- Organic growth continued the positive momentum reaching 4.1% in Q3 and averaging 2.9% for 9M 2019
- Like-for-like in Q3 reaching 1.3% and turning positive in 9M supported by:
 - Commercial activities (brand plans, promotion etc.)
 - Refurbishment of shops, with 36,800 m² refurbished this year
- Opening of new concessions such as in Russia, Kuwait, several in the US, in the Bahamas and several shops on cruises
- Performance to date confirms the current trend with organic growth in the first 3 weeks of October reaching around 3%.
- We confirm our mid-term average organic growth guidance of 3%-4% p.a.

- **Important contract extension, new wins and acquisitions**

- **Cash Flow:**

- Equity Free Cash Flow reaches CHF 406.6 million in the nine months 2019
- We confirm our expected Equity Free Cash Flow generation for 2019 to reach between CHF 350-400 million

Appendix

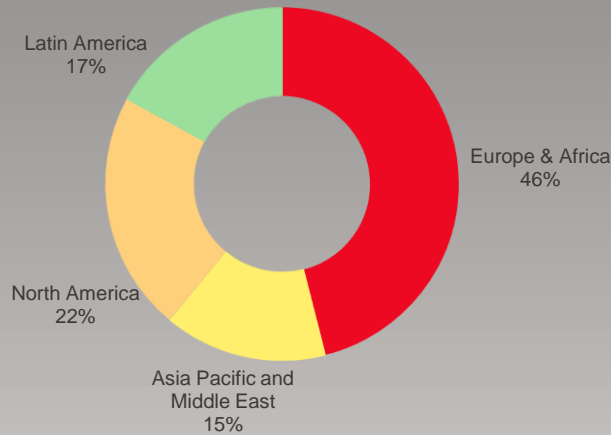
Dufry's Segmentation 9M 2019

Balanced concession portfolio across divisions

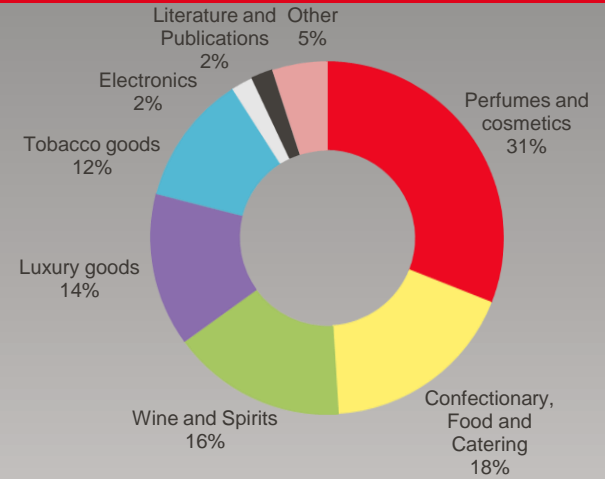
P&C, Food & Confectionary as well as Wine & Spirits as main product categories

Increasing importance of Cruise Liners

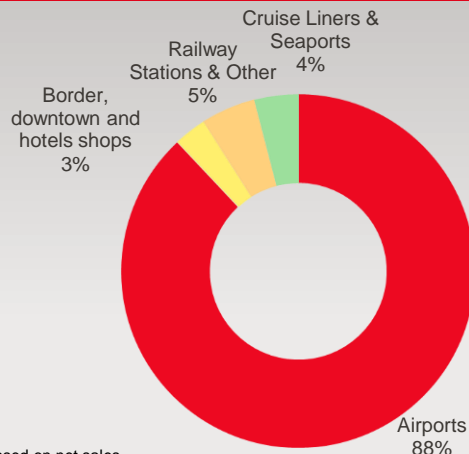
Dufry by Division



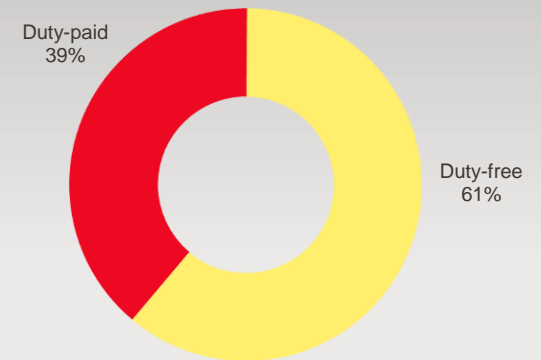
Dufry by Category



Dufry by Channel



Dufry by Sector



Note: Based on net sales

Cash flow statement

Improved
Adjusted
Operating Cash
Flow

Income tax lower
due to a tax
refund in HY
2019

Cash Flow Statement

CHF million	9M 2019	9M 2018
Cash flow before working capital changes	1,739.7	761.8
Lease payments, net	(934.4)	0.0
Adjusted Operating Cash Flow	805.3	761.8
Changes in NWC	4.6	93.7
Income tax paid	(58.7)	(81.1)
Dividends from associates	0.0	5.7
Capex	(177.2)	(181.2)
Interest received	22.3	21.4
Free Cash Flow	596.3	620.3
Interest paid	(134.5)	(128.5)
Cash flows related to minorities	(56.0)	(53.8)
Other financing items	0.8	(7.9)
Equity Free Cash Flow	406.6	430.1
Net proceeds from Hudson IPO	0.0	665.2
Net purchase of treasury shares	0.0	(406.1)
Foreign exchange adjustments	17.8	122.4
Arrangement fees amortization and other non cash items	(5.0)	(7.9)
Dividends to Group shareholders	(199.7)	(198.7)
Transaction / Restructuring costs	0.0	(5.8)
Decrease/ (Increase) in net debt	219.7	599.2

Thank you

 DUFRY