

THREE MONTHS REPORT 2019



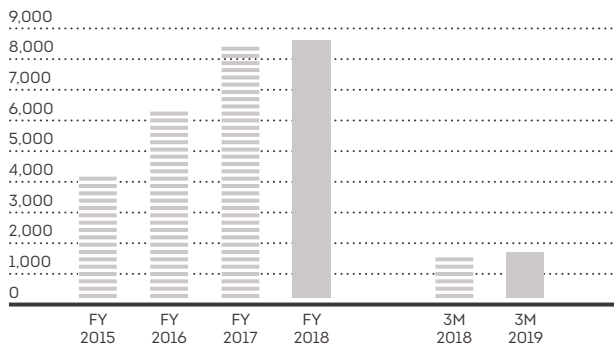
DUFRY

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DUFRY AT A GLANCE

TURNOVER

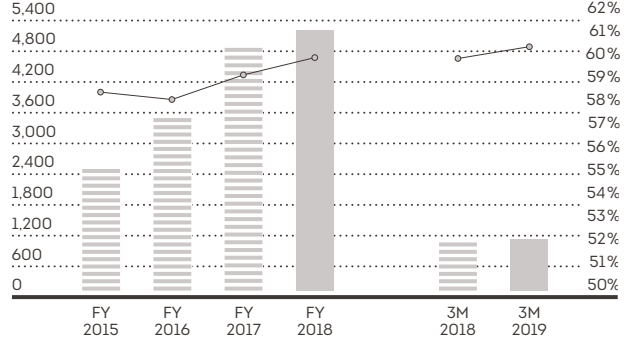
IN MILLIONS OF CHF



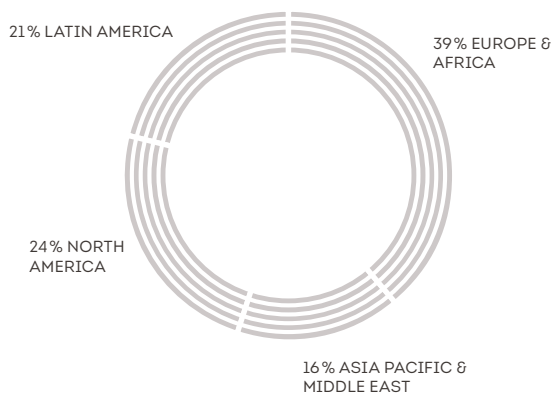
GROSS PROFIT

IN MILLIONS OF CHF

MARGIN



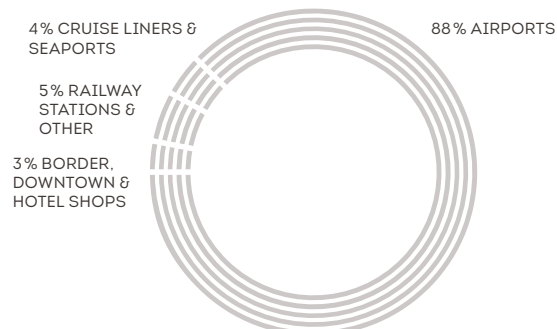
NET SALES BY DIVISION



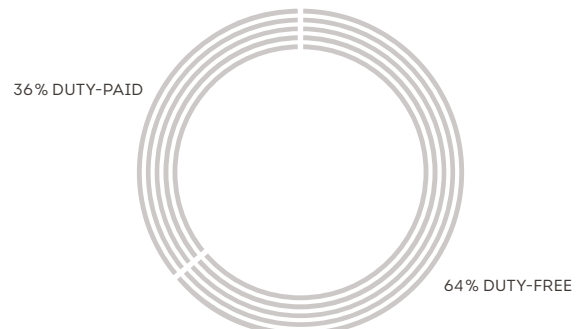
NET SALES BY PRODUCT CATEGORIES



NET SALES BY CHANNEL



NET SALES BY MARKET SECTOR



INTERIM CONSOLIDATED FINANCIAL STATEMENTS MARCH 2019

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IMPORTANT REMARKS

IFRS 16

The company adopted the new lease accounting standard as of 2019, but did not restate the 2018 comparative figures, in accordance with the modified retrospective approach permitted by the standard. (see note 14)

FINANCIAL STATEMENTS

Following the adoption of lease accounting, the statement of profit or loss and the statement of financial position, include now line items more representative of our operating activities or current IFRS expressions. (see note 15)

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE 3 MONTHS ENDED MARCH 31, 2019

IN MILLIONS OF CHF	NOTE	Unaudited 3M 2019	Reclassified * Unaudited 3M 2018
Net sales	5	1,830.8	1,767.4
Advertising income		51.8	52.6
Turnover		1,882.6	1,820.0
Cost of sales		(747.0)	(730.1)
Gross profit		1,135.6	1,089.9
Lease expenses	6	(325.0)	(534.2)
Personnel expenses		(307.7)	(284.8)
Other expenses	7	(131.6)	(139.7)
Depreciation, amortization and impairment	8	(402.2)	(133.5)
Operating profit / (loss) (EBIT)		(30.9)	(2.3)
Finance income	9	23.8	10.6
Finance costs	9	(96.7)	(44.1)
Foreign exchange gain / (loss)		(6.8)	2.9
Profit / (loss) before taxes		(110.6)	(32.9)
Income tax	10	1.0	(12.7)
Net profit / (loss)		(109.6)	(45.6)
ATTRIBUTABLE TO			
Non-controlling interests		(0.1)	1.9
Equity holders of the parent		(109.5)	(47.5)
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic earnings / (loss) per share in CHF		(2.20)	(0.89)
Diluted earnings / (loss) per share in CHF		(2.20)	(0.89)

* See note 15

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 3 MONTHS ENDED MARCH 31, 2019

IN MILLIONS OF CHF	NOTE	Unaudited 3M 2019	Unaudited 3M 2018
Net profit		(109.6)	(45.6)
OTHER COMPREHENSIVE INCOME			
Changes in the fair value of equity investments at FVOCI		0.1	-
Remeasurements of post-employment benefit plans		10.1	(1.5)
Income tax expense		(0.8)	-
Items not being reclassified to net profit in subsequent periods, net of tax		9.4	(1.5)
Exchange differences on translating foreign operations		74.6	(48.7)
Net gain / (loss) on hedge of net investment in foreign operations		(2.4)	29.7
Changes related to foreign exchange contracts held as fair value hedges		(1.2)	-
Share of other comprehensive income of associates		(0.2)	-
Items to be reclassified to net profit in subsequent periods, net of tax		70.8	(19.0)
Total other comprehensive income / (loss), net of tax		80.2	(20.5)
Total comprehensive income / (loss), net of tax		(29.4)	(66.1)
ATTRIBUTABLE TO			
Non-controlling interests		6.0	5.6
Equity holders of the parent		(35.4)	(71.7)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT MARCH 31, 2019

IN MILLIONS OF CHF	NOTE	Unaudited 31.03.2019	31.12.2018
ASSETS			
Property, plant and equipment		646.6	644.3
Right-of-use assets*	13	4,276.2	-
Intangible assets		3,465.0	3,516.8
Goodwill		2,635.4	2,601.5
Investments in associates		37.0	35.6
Deferred tax assets		149.6	138.4
Net defined benefit asset		4.9	4.8
Other non-current assets		214.8	259.6
Non-current assets		11,429.5	7,201.0
Inventories		1,084.4	1,062.7
Trade and credit card receivables		66.4	62.6
Other accounts receivable		433.9	475.8
Income tax assets		31.4	50.3
Cash and cash equivalents		432.1	538.2
Current assets		2,048.2	2,189.6
Total assets		13,477.7	9,390.6
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent		2,867.5	2,898.8
Non-controlling interests		439.6	442.9
Total equity		3,307.1	3,341.7
Borrowings	11	3,782.9	3,766.3
Lease obligations*	11	3,406.6	-
Deferred tax liabilities		426.2	425.9
Provisions		82.6	82.4
Net defined benefit obligations		23.3	33.4
Other non-current liabilities		5.3	62.8
Non-current liabilities		7,726.9	4,370.8
Trade payables		600.8	640.4
Borrowings	11	72.3	58.0
Lease obligations*	11	936.4	-
Income tax payables		67.1	64.8
Provisions		52.1	54.8
Other liabilities		715.0	860.1
Current liabilities		2,443.7	1,678.1
Total liabilities		10,170.6	6,048.9
Total liabilities and shareholder's equity		13,477.7	9,390.6

* The Group adopted the new Lease Standard IFRS 16 as of January 1, 2019. The non-current and current lease obligations represent the present value of Dufrey's remaining minimum lease payments from concession- and other lease agreements. At the same time, Dufrey recognized a right-of-use asset, which as of January 1, 2019, equaled the lease obligations less accrued lease expense (linearization) and which will be depreciated over the remaining lease term. For additional information please refer to Note 2.2 IFRS 16 leases.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 3 MONTHS ENDED MARCH 31, 2019

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 & revalua- tion reserves	Trans- lation reserves	Retained earnings			
Balance at January 1, 2019		269.4	4,060.6	(520.8)	(18.1)	(0.3)	(324.1)	(567.9)	2,898.8	442.9	3,341.7
Profit / (loss) of the period		-	-	-	-	-	-	(109.5)	(109.5)	(0.1)	(109.6)
Other comprehensive income / (loss)		-	-	-	9.3	(1.2)	66.0	-	74.1	6.1	80.2
Total comprehensive income / (loss) for the period		-	-	-	9.3	(1.2)	66.0	(109.5)	(35.4)	6.0	(29.4)
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS											
Dividends to non-controlling interests											
		-	-	-	-	-	-	-	-	(11.3)	(11.3)
Share-based payments											
		-	-	11.3	-	-	-	(7.0)	4.3	(1.8)	2.5
Tax effect on equity transactions											
		-	-	-	-	-	-	(0.3)	(0.3)	(0.2)	(0.5)
Total transactions with or distributions to owners		-	-	11.3	-	-	-	(7.3)	4.0	(13.3)	(9.3)
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES											
Changes in participation of non-controlling interests											
		-	-	-	-	-	-	0.1	0.1	4.0	4.1
Balance at March 31, 2019		269.4	4,060.6	(509.5)	(8.8)	(1.5)	(258.1)	(684.6)	2,867.5	439.6	3,307.1

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 3 MONTHS ENDED MARCH 31, 2019

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	Trans- lation reserves	Retained earnings			
Balance at January 1, 2018		269.4	4,259.3	(12.5)	(26.9)	(265.5)	(1,093.7)	3,130.1	226.1	3,356.2
Profit / (loss) of the period		-	-	-	-	-	(47.5)	(47.5)	1.9	(45.6)
Other comprehensive income / (loss)		-	-	-	(1.5)	(22.7)	-	(24.2)	3.7	(20.5)
Total comprehensive income / (loss) for the period		-	-	-	(1.5)	(22.7)	(47.5)	(71.7)	5.6	(66.1)
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS:										
Dividends to non-controlling interests		-	-	-	-	-	-	-	(7.9)	(7.9)
Purchase and sale of treasury shares		-	-	(120.8)	-	-	-	(120.8)	-	(120.8)
Profit on disposal of treasury shares		-	-	-	-	-	0.2	0.2	-	0.2
Share-based payments		-	-	-	-	-	7.9	7.9	-	7.9
Tax effect on equity transactions		-	-	-	-	-	0.6	0.6	-	0.6
Total transactions with or distributions to owners		-	-	(120.8)	-	-	8.7	(112.1)	(7.9)	(120.0)
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES:										
Gain on sale of 42.6% of Hudson Ltd		-	-	-	-	-	442.0	442.0	213.0	655.0
Other changes in participation of non-controlling interests		-	-	-	-	-	-	-	3.8	3.8
Balance at March 31, 2018		269.4	4,259.3	(133.3)	(28.4)	(288.2)	(690.5)	3,388.3	440.6	3,828.9

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 3 MONTHS ENDED MARCH 31, 2019

IN MILLIONS OF CHF	NOTE	Unaudited 3M 2019	Unaudited 3M 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxes		(110.6)	(32.9)
ADJUSTMENTS FOR:			
Depreciation, amortization and impairment		402.2	133.5
Increase / (decrease) in allowances and provisions		9.0	9.2
Linearization of concession fees		-	25.6
Other non-cash items		6.5	7.9
Loss / (gain) on sale of non-current assets		0.2	1.0
Share of result of associates		(0.7)	(0.7)
Loss / (gain) on foreign exchange differences		7.2	(13.2)
Interest expense		95.7	43.6
Interest income		(23.1)	(9.3)
Cash flow before working capital changes		386.4	164.7
Decrease / (increase) in trade and other accounts receivable		(22.5)	21.0
Decrease / (increase) in inventories		(16.1)	(35.2)
Increase / (decrease) in trade and other accounts payable		(132.4)	(116.6)
Cash generated from operations		215.4	33.9
Income tax expense paid ¹		(0.5)	(23.3)
Net cash flows from operating activities		214.9	10.6
CASH FLOW USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(58.4)	(48.1)
Purchase of intangible assets		(1.8)	(17.1)
Purchase of financial assets		(1.9)	(0.2)
Purchase of interest in associates		(0.8)	(0.4)
Proceeds from lease income		0.6	-
Proceeds from (repayment of) 3 rd party loans receivable ²		(1.0)	0.1
Proceeds from sale of property, plant and equipment		1.7	2.2
Interest received		7.7	7.9
Net cash flows used in investing activities		(53.9)	(55.7)
CASH FLOW FROM FINANCING ACTIVITIES			
Transaction costs for financial instruments		-	(8.3)
Proceeds from (repayment of) 3 rd party loans payable		5.6	0.6
Proceeds from borrowings		11.4	-
Repayment of borrowings		(10.1)	(630.2)
Dividends paid to non-controlling interest		(10.5)	(6.7)
Purchase of treasury shares		-	(147.9)
Proceeds from sale of treasury shares		-	27.3
Contributions from / (purchase of) non-controlling interests net		1.2	665.5
Lease payments		(227.7)	-
Interest paid		(46.9)	(44.2)
Net cash flows used in from financing activities		(277.0)	(143.9)
Currency translation on cash		9.9	72.8
Decrease / Increase in cash and cash equivalents		(106.1)	(116.2)
CASH AND CASH EQUIVALENTS AT THE			
- beginning of the period		538.2	565.0
- end of the period		432.1	448.8

¹ Income tax paid includes a refund of CHF 17.7 (EUR 15.1) million from Spain.

² Reclassification from cash flows from financing activities

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 3 MONTHS ENDED MARCH 31, 2019

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 2,360 shops worldwide. The shares of the Company are listed on the SIX Swiss Exchange in Zürich.

The interim consolidated financial statements of Dufry AG and its subsidiaries (Dufry or the group) for the period ended March 31, 2019 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated May 9, 2019.

2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim consolidated financial statements for the period ended March 31, 2019 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, 2018.

Together with the implementation of IFRS 16, Dufry adapted the chart of accounts with more appropriate subtotals. The comparative figures were reclassified accordingly (see note 15).

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 Dufry's annual financial statements for the year ended December 31, 2018, except for the following new or revised Standards and Interpretations adopted in these financial statements (effective January 1, 2019). The impact is disclosed in note 14.

IFRS 16 – Leases (effective January 1, 2019)

(The Group adopted the standard as of January 1, 2019 under the modified retrospective approach)

IFRS 16 replaces IAS 17 and sets the principles for recognition, measurement, presentation of leases, specifying the requirements for disclosures of lessees or lessors more extensive than under IAS 17. The main difference on the Group's financial statements is that IFRS 16 introduces a single lessee accounting model and requires lessee to recognize right-of-use assets (RoU) and lease liabilities for certain lease contracts.

To contain a lease, an agreement has to convey the right to control the use of an identified asset throughout the period of use in exchange for consideration, so that the customer has the right to obtain substantially all of the economic benefits from the use of the identified asset and direct the use of the identified asset (i. e. direct how and for what purpose the asset is used). The lease term corresponds to the non-cancellable period of each contract, except in cases where the Group is reasonably certain of exercising renewal options contractually foreseen. Right-of-use assets are capitalized at a value equivalent to the lease obligation at inception and depreciated over the useful life of the asset, except for leases with a remaining useful life of less than 12 months or leases of low value assets.

The lease liability represents the net present value of fixed or in substance fixed lease payments over the lease term. The implied interest charge is presented as interest expenses on lease obligation. Where a lease agreement does not specify a discount rate and as the subsidiaries are financed internally, Dufry uses a discount rate which is the aggregation of the risk free rate for the respective currency and lease duration, increased by individual company risk factors.

At inception the company made an assessment and eventually selects the lease option to extend or terminate the lease. Initial direct costs for contracts signed in the past will not be recognized as part of the right-of-use asset at the date of initial adoption.

Short term leases with a duration of less than 12 months and low value leases, as well as those lease elements, partially or totally not complying with the principles of recognition defined by IFRS 16 will be treated similarly to operating leases i. e. recognized only through the income statement when accrued.

The standard affects the accounting of:

a) Shops

Dufry enters into concession agreements with operators of airports, seaports, railway stations etc. to operate retail shops which in substance are considered leases. These concession lease agreements contain complex features, which eventually include variable payment components e.g. based on sales, and minimal payments (MAG), which again can be fixed or variable depending on certain parameters. Such payment features are often determined on the basis of the individual circumstances of the parties to the contract and are unique to the particular contract. Management signs and renews on average more than 50 agreements every year with a typical duration of 5 to 10 years. These agreements do not contain a residual value guarantee. In some cases, parts of the lease obligations are secured with bank guarantees in case the Group would not fulfill its contractual commitments. Dufry will capitalize all elements of the lease contracts in accordance with IFRS 16 when at the commencement of the agreement such commitments are fixed in the respective contractual terms or these commitments depend on an index or rate that can be estimated reliably. Payment obligations that have not a fix or in substance fix commitment, will continue to be presented as variable lease expense. Dufry has identified a number of agreements in its portfolio which are not fulfilling the principles of recognition defined by IFRS 16, i.e. they have minimal guaranteed payments based on non-predictable parameters or variables, such as actual number of passengers or a percentage of previous year total lease payments, which will continue to be presented fully as operating lease expense.

b) Other buildings

Rental agreements for offices or warehouse buildings will usually qualify under IFRS 16 capitalization rules.

c) Vehicles and other

Dufry has also entered into many other lease agreements for e.g. vehicles, hard or software, and other assets, which in accordance with IFRS 16 will qualify for capitalization of leases.

Other amendments and interpretations

These apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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.

As of January 1, 2019 Dufry merged the division Southern Europe and Africa with the division UK, Central Europe and Eastern Europe in one division Europe and Africa. All the remaining structure remained equal.

The list of most important subsidiaries (page 206 Dufry's 2018 annual report) indicates the entities consolidated in each segment.

The comparative figures for 2018 were presented accordingly to reflect the above mentioned changes.

Following the adoption of the new lease standard, the company is presenting as performance indicator an adjusted operating profit. This indicator is calculated from the operating profit plus amortizations of intangible assets identified during previous acquisitions. The EBITDA, as earnings before interest, taxes, depreciation and amortization, before other operational result and linearization has been discontinued.

Segment information 3M

IN MILLIONS OF CHF	2019				2018			
	TURNOVER			Adjusted Operating profit	TURNOVER			Adjusted Operating profit
	with external customers	with other divisions	TOTAL		with external customers	with other divisions	TOTAL	
Europe and Africa	702.2	-	702.2	(4.1)	718.5	-	718.5	24.0
Asia Pacific and Middle East	305.0	-	305.0	13.6	256.5	-	256.5	16.5
North America	442.4	-	442.4	24.1	404.4	-	404.4	20.4
Central and South America	384.0	-	384.0	9.6	408.1	-	408.1	12.9
Distribution Centers	49.0	340.6	389.6	2.8	32.5	273.4	305.9	1.9
Total divisions	1,882.6	340.6	2,223.2	46.0	1,820.0	273.4	2,093.4	75.7
Eliminations	-	(340.6)	(340.6)	-	-	(273.4)	(273.4)	-
Dufry	1,882.6	-	1,882.6	46.0	1,820.0	-	1,820.0	75.7

IN MILLIONS OF CHF	Unaudited 3M 2019	Unaudited 3M 2018
Operating profit	(30.9)	(2.3)
Amortization from acquisitions	76.9	78.0
Adjusted Operating Profit	46.0	75.7

Segment assets and liabilities

IN MILLIONS OF CHF	31.03.2019		31.12.2018	
	TOTAL ASSETS	TOTAL LIABILITIES	TOTAL ASSETS	TOTAL LIABILITIES
Europe and Africa	6,037.9	2,943.5	4,257.1	1,100.2
Asia Pacific and Middle East	1,350.3	957.2	606.5	201.8
North America	2,393.5	1,279.8	1,338.9	234.1
Central and South America	1,950.1	771.7	1,419.6	306.7
Distribution Centers	1,176.4	352.7	1,183.1	339.7
Total divisions	12,908.2	6,304.9	8,805.2	2,182.5
Unallocated positions	569.5	3,865.7	585.4	3,866.4
Dufry	13,477.7	10,170.6	9,390.6	6,048.9

4. SEASONALITY

Dufry has its strongest months of net sales and operating profit 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 operating profit than in net sales. The straight-line depreciation of Right-of-use assets further accentuated the volatility of operating profit.

5. NET SALES

IN MILLIONS OF CHF

	Unaudited 3M 2019	Unaudited 3M 2018
Perfumes and Cosmetics	554.8	562.5
Confectionery, Food and Catering	330.5	306.1
Wine and Spirits	297.2	277.6
Tobacco goods	219.8	201.3
Watches, Jewelry and accessories	132.1	132.0
Fashion, Leather and Baggage	111.9	106.5
Electronics	44.3	53.9
Souvenirs	48.8	45.2
Literature and Publications	41.0	41.7
Other product categories	50.4	40.6
Total	1,830.8	1,767.4

IN MILLIONS OF CHF

	Unaudited 3M 2019	Unaudited 3M 2018
Duty-free	1,176.2	1,159.4
Duty-paid	654.6	608.0
Total	1,830.8	1,767.4

IN MILLIONS OF CHF

	Unaudited 3M 2019	Unaudited 3M 2018
Airports	1,609.5	1,586.1
Border, downtown and hotel shops	62.4	67.2
Cruise liners and seaports	67.2	56.0
Railway stations and other	91.7	58.1
Total	1,830.8	1,767.4

6. LEASE EXPENSES

IN MILLIONS OF CHF

	Unaudited 3M 2019	Unaudited 3M 2018
Lease expenses (In 2019 variable commitments and complements to fixed commitments) ¹	(327.0)	(538.2)
Lease expenses short term contracts	(1.7)	-
Lease expenses low value contracts	(0.2)	-
Sublease income from right-of-use assets	3.9	4.0
Total Lease expenses	(325.0)	(534.2)

¹ Payment obligations that have not a fixed or in substance fixed commitment are presented as variable lease expense. See note 2.2 IFRS 16 section.

7. OTHER EXPENSES

IN MILLIONS OF CHF	Unaudited 3M 2019	Unaudited 3M 2018
Repairs, maintenance and utilities	(23.1)	(22.7)
Credit card expenses	(20.4)	(18.8)
Professional advisor expenses	(15.3)	(14.9)
Other operational expenses	(5.5)	(11.3)
IT expenses	(12.8)	(11.9)
Office and admin expenses	(8.0)	(8.5)
Travel, car, entertainment and representation	(8.2)	(8.3)
Advertising expenses	(7.1)	(5.8)
Franchise fees and commercial services	(5.8)	(3.9)
Public relations expenses	(4.9)	(4.9)
Taxes other than Income tax expense	(4.5)	(3.6)
Insurances	(3.4)	(3.1)
Ancillary premises expenses	(4.2)	(16.9)
Freight & packaging material	(7.0)	(3.3)
Bank expenses	(1.4)	(1.8)
Total	(131.6)	(139.7)

8. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

IN MILLIONS OF CHF	Unaudited 3M 2019	Unaudited 3M 2018
Depreciation RoU	(264.0)	-
Subtotal Right of Use Assets (see note 13)	(264.0)	-
Depreciation PPE	(45.7)	(42.2)
Impairment PPE	(1.7)	(1.7)
Subtotal Property, Plant and Equipment	(47.4)	(43.9)
Amortization	(90.8)	(89.6)
Subtotal Intangible Assets	(90.8)	(89.6)
Total	(402.2)	(133.5)

9. FINANCE COSTS – NET

Finance Income

IN MILLIONS OF CHF	Unaudited 3M 2019	Unaudited 3M 2018
INCOME ON FINANCIAL ASSETS		
Interest income on short-term deposits	7.2	4.7
Other finance income	15.9	2.8
Interest income on financial assets	23.1	7.5
INCOME ON NON-FINANCIAL ASSETS		
Interest income	-	2.4
INCOME FROM FINANCIAL INVESTMENTS AND ASSOCIATES		
Share of result in associates	0.7	0.7
Income from financial investments and associates	0.7	0.7
Total finance income	23.8	10.6

Finance Costs

EXPENSES ON FINANCIAL LIABILITIES		
Interest expense	(83.9)	(39.1)
of which bank interest	(40.0)	(34.5)
of which bank commitment fees	-	(1.3)
of which bank guarantees commission expense	(1.8)	(0.7)
of which lease interest	(41.8)	-
of which related to other financial liabilities	(0.3)	(2.6)
Amortization / write off of arrangement fees and waiver fees	(1.7)	(2.3)
Other finance costs	(10.5)	(1.9)
Interest expense on financial liabilities	(96.1)	(43.3)
EXPENSES ON NON-FINANCIAL LIABILITIES		
Interest and other finance costs	(0.6)	(0.8)
Total finance costs	(96.7)	(44.1)

10. INCOME TAX

IN MILLIONS OF CHF	Unaudited 3M 2019	Unaudited 3M 2018
Current income tax	(20.8)	(22.8)
Deferred income tax	21.8	10.1
Total	1.0	(12.7)

In Q1 2018, Dufry recorded a non-recurring charge of CHF 9.4 million as deferred tax expenses related to an internal restructuring of three US subsidiaries prior to the IPO of Hudson.

11. FINANCIAL DEBT

IN MILLIONS OF CHF	CASH AND CASH EQUIVALENTS	LEASE OBLIGATIONS	BORROWINGS CURRENT	BORROWINGS NON-CURRENT	NET DEBT
Balance at January 1, 2019	538.2	-	58.0	3,766.3	3,286.1
Lease obligation at January 1, 2019	-	4,343.5	-	-	4,343.5
Balance including lease obligation at January 1, 2019	538.2	4,343.5	58.0	3,766.3	7,629.6
Cash flows from operating, financing and investing activities	(116.1)	-	-	-	116.0
Proceeds from 3 rd party loans payable	-	-	0.5	5.1	5.6
Proceeds from borrowings	-	-	11.3	0.1	11.4
Repayment of borrowings	-	-	(0.7)	(9.4)	(10.1)
Repayments of lease obligations	-	(227.7)	-	-	(227.7)
Cash flow	(116.1)	(227.7)	11.1	(4.2)	(104.8)
Additions to lease obligations	-	157.7	-	-	157.7
Interest on lease obligations	-	41.8	-	-	41.8
Arrangement fees amortization	-	-	-	1.7	1.7
Early termination of lease obligations	-	(4.4)	-	-	(4.4)
Foreign exchange adjustments	9.9	32.1	3.2	19.1	44.5
Other movements	9.9	227.2	3.2	20.8	241.3
Balance at March 31, 2019	432.1	4,343.0	72.3	3,782.9	7,766.1

IN MILLIONS OF CHF	CASH AND CASH EQUIVALENTS	BORROWINGS CURRENT	BORROWINGS NON-CURRENT	NET DEBT
Balance at January 1, 2018	565.0	86.8	4,165.1	3,686.9
Cash flows from operating, financing and investing activities	(189.1)	-	-	189.1
Transaction costs for financial instruments	-	-	(0.6)	(0.6)
Proceeds from borrowings	-	(23.4)	1.3	(22.1)
Repayments of borrowings	-	(8.8)	(599.2)	(608.0)
Cash flow	(189.1)	(32.2)	(598.5)	(441.6)
Discounted interests	-	0.3	-	0.3
Arrangement fees amortization	-	-	4.5	4.5
Foreign exchange adjustments	72.9	20.7	11.7	(40.5)
Other movements	72.9	21.0	16.2	(35.7)
Balance at March 31, 2018	448.8	75.6	3,582.8	3,209.6

12. FAIR VALUE MEASUREMENT

FAIR VALUE MEASUREMENT AT MARCH 31, 2019 USING					
MARCH 31, 2019 IN MILLIONS OF CHF	TOTAL	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	BOOK VALUES
ASSETS MEASURED AT FAIR VALUE					
Derivative financial assets					
Foreign exchange forward contracts - USD	0.1		0.1		0.1
Foreign exchange swaps contracts - USD	0.2		0.2		0.2
Foreign exchange swaps contracts - EUR	0.2		0.2		0.2
Foreign exchange swaps contracts - OTHER	1.5		1.5		1.5
Cross currency swaps contracts - USD	2.4		2.4		2.4
Cross currency swaps contracts - GBP	11.8		11.8		11.8
Total	16.2		16.2		16.2
Financial assets valued at FVOCI					
Equity investments at FVOCI	1.2	1.2	-		1.2
Total	1.2	1.2	-		1.2
ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED					
Loans and receivables					
Credit card receivables	17.3		17.3		17.8
Total	17.3	-	17.3		17.8

FAIR VALUE MEASUREMENT AT MARCH 31, 2018 USING					
DECEMBER 31, 2018 IN MILLIONS OF CHF	TOTAL	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	BOOK VALUES
ASSETS MEASURED AT FAIR VALUE					
Derivative financial assets					
Foreign exchange forward contracts - USD	0.2		0.2		0.2
Foreign exchange swaps contracts - USD	0.5		0.5		0.5
Foreign exchange swaps contracts - EUR	4.5		4.5		4.5
Foreign exchange swaps contracts - OTHER	0.9		0.9		0.9
Cross currency swaps contracts - USD	1.0		1.0		1.0
Cross currency swaps contracts - GBP	0.5		0.5		0.5
Total	7.6		7.6		7.6
Financial assets valued at FVOCI					
Equity investments at FVOCI	1.7	1.7	-		1.7
Total	1.7	1.7	-		1.7
ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED					
Loans and receivables					
Credit card receivables	18.1		18.1		18.6
Total	18.1	-	18.1		18.6

FAIR VALUE MEASUREMENT AT DECEMBER 31, 2019 USING

MARCH 31, 2019 IN MILLIONS OF CHF	TOTAL	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	BOOK VALUES
LIABILITIES MEASURED AT FAIR VALUE					
Derivative financial liabilities					
Foreign exchange swaps contracts - USD	0.1		0.1		0.1
Foreign exchange swaps contracts - EUR	1.0		1.0		1.0
Foreign exchange swaps contracts - OTHER	1.1		1.1		1.1
Foreign exchange options contracts - USD	2.5		2.5		2.5
Cross currency swaps contracts - GBP	10.1		10.1		10.1
Total	15.1		15.1		15.1
Financial liabilities valued at FVPL					
Interest rate swaps	10.2		10.2		10.2
Total	10.2		10.2		10.2
LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED					
At amortized cost					
Senior Notes EUR 800	909.6	909.6			886.5
Senior Notes EUR 700	808.8	808.8			775.7
Total	1,718.4	1,718.4			1,662.2
Floating rate borrowings USD	952.9		952.9		891.4
Floating rate borrowings CHF	84.4		84.4		80.0
Floating rate borrowings GBP	1,168.4		1,168.4		1,136.0
Total	2,205.7		2,205.7		2,107.4

FAIR VALUE MEASUREMENT AT DECEMBER 31, 2018 USING

DECEMBER 31, 2018 IN MILLIONS OF CHF	TOTAL	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	BOOK VALUES
LIABILITIES MEASURED AT FAIR VALUE					
Derivative financial liabilities					
Foreign exchange swaps contracts - USD	0.5		0.5		0.5
Foreign exchange swaps contracts - OTHER	1.5		1.5		1.5
Cross currency swaps contracts - USD	5.9		5.9		5.9
Cross currency swaps contracts - GBP	6.7		6.7		6.7
Total	14.6		14.6		14.6
Financial liabilities valued at FVPL					
Interest rate swaps	2.7		2.7		2.7
Total	2.7		2.7		2.7
LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED					
At amortized cost					
Senior Notes EUR 800	857.8	857.8			893.4
Senior Notes EUR 700	805.0	805.0			782.0
Total	1,662.8	1,662.8			1,675.4
Floating rate borrowings USD	1,368.5		1,368.5		1,317.8
Floating rate borrowings CHF	201.4		201.4		199.3
Floating rate borrowings GBP	583.4		583.4		560.8
Total	2,153.3		2,153.3		2,077.9

13. RIGHT OF USE ASSETS MOVEMENT SCHEDULE

2019 IN MILLIONS OF CHF	SHOPS	OTHER BUILDINGS	VEHICLES	OTHER	TOTAL
AT COST					
Balance at January 1, 2019	-	-	-	-	-
Adjustment on IFRS 16 implementation	4,180.1	171.3	3.8	0.9	4,356.1
Adjusted Balance at January 1, 2019	4,180.1	171.3	3.8	0.9	4,356.1
Additions	139.6	16.5	0.3	0.3	156.7
Disposals	(4.3)	(0.1)	-	-	(4.4)
Currency translation adjustments	28.2	1.6	0.1	-	29.9
Balance at March 31	4,343.6	189.3	4.2	1.2	4,538.3
ACCUMULATED DEPRECIATION					
Balance at January 1	-	-	-	-	-
Additions	(255.5)	(8.1)	(0.3)	(0.1)	(264.0)
Currency translation adjustments	1.9	-	-	-	1.9
Balance at March 31	(253.6)	(8.1)	(0.3)	(0.1)	(262.1)
CARRYING AMOUNT					
At March 31, 2019	4,090.0	181.2	3.9	1.1	4,276.2

14. IFRS 16 LEASES

The table below shows the changes in presentation or valuation of the financial positions as of January 1, 2019 after adopting IFRS 16. The comparative figures presented during 2018 will not be restated as the company is applying the modified retrospective approach permitted by IFRS.

This table shows all accounts of the statement of financial position and the effects of the IFRS 16 implementation:

IN MILLIONS OF CHF	2018 AS PUBLISHED	ADJUSTMENT ON IFRS 16 IMPLEMENTATION	ADJUSTED BALANCE 01.01.2019
ASSETS			
Property, plant and equipment	644.3	-	644.3
Right of use assets	-	4,356.1	4,356.1
Intangible assets	3,516.8	(3.6)	3,513.2
Goodwill	2,601.5	-	2,601.5
Investments in associates	35.6	-	35.6
Deferred tax assets	138.4	-	138.4
Net defined benefit asset	4.8	-	4.8
Other non-current assets	259.6	(53.3)	206.3
Non-current assets	7,201.0	4,299.2	11,500.2
Inventories	1,062.7	-	1,062.7
Trade and credit card receivables	62.6	-	62.6
Other accounts receivable	475.8	(51.6)	424.2
Income tax receivables	50.3	-	50.3
Cash and cash equivalents	538.2	-	538.2
Current assets	2,189.6	(51.6)	2,138.0
Total assets	9,390.6	4,247.6	13,638.2
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	2,898.8	-	2,898.8
Non-controlling interests	442.9	-	442.9
Total equity	3,341.7	-	3,341.7
Borrowings	3,766.3	-	3,766.3
Lease obligations	-	3,401.6	3,401.6
Deferred tax liabilities	425.9	-	425.9
Provisions	82.4	-	82.4
Post-employment benefit obligations	33.4	-	33.4
Other non-current liabilities	62.8	(61.4)	1.4
Non-current liabilities	4,370.8	3,340.2	7,711.0
Trade payables	640.4	-	640.4
Borrowings	58.0	-	58.0
Lease obligations	-	941.9	941.9
Income tax payables	64.8	-	64.8
Provisions	54.8	-	54.8
Other liabilities	860.1	(34.5)	825.6
Current liabilities	1,678.1	907.4	2,585.5
Total liabilities	6,048.9	4,247.6	10,296.5
Total liabilities and shareholders' equity	9,390.6	4,247.6	13,638.2

15. STATEMENT OF PROFIT OR LOSS, NEW PRESENTATION LAYOUT

The comparative figures for 2018 were presented accordingly to reflect the above mentioned changes.

3M 2018

IN MILLIONS OF CHF	FOOT-NOTE	Published 3M 2018	Reclassification	3M 2018
Net sales		1,767.4		1,767.4
Advertising income		52.6		52.6
Turnover		1,820.0		1,820.0
Cost of sales		(730.1)		(730.1)
Gross profit		1,089.9		1,089.9
Selling expenses	1, 6	(523.3)	523.3	-
Lease expenses	1, 4	-	(534.2)	(534.2)
Personnel expenses		(284.8)	-	(284.8)
General expenses		(99.4)	99.4	-
Other expenses	2, 3, 6	-	(139.7)	(139.7)
Share of result of associates	5	0.7	(0.7)	-
EBITDA (discontinued)		183.1		-
Depreciation, amortization and impairment		(133.5)	-	(133.5)
Linearization	4	(39.9)	39.9	-
Other operational result	2, 3	(11.2)	11.2	-
Operating profit / (loss) (EBIT)		(1.5)	(0.8)	(2.3)
Interest income	7	9.3	(9.3)	-
Interest expense	8	(43.6)	43.6	-
Foreign exchange gain / (loss)		2.9	-	2.9
Finance income	5, 7	-	10.6	10.6
Finance costs	3, 8	-	(44.1)	(44.1)
Profit / (loss) before taxes		(32.9)	-	(32.9)
Income tax		(12.7)		(12.7)
Net profit / (loss)		(45.6)		(45.6)
ATTRIBUTABLE TO				
Non-controlling interests		1.9		1.9
Equity holders of the parent		(47.5)		(47.5)
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT IN CHF				
Basic earnings / (loss) per share		(0.89)		(0.89)
Diluted earnings / (loss) per share		(0.89)		(0.89)

Footnotes

CONCEPT	Reclassification from	Reclassification to
1. Concession fee expenses	Selling expenses	Lease expenses
2. Other operating expenses and income	Other operational result	Other expenses
3. Impairment financial assets	Other operational result	Finance costs
4. Linearization	Linearization	Lease expenses
5. Share of result from associates	Share of result from associates	Finance income
6. Sales related expenses	Selling expenses	Other expenses
7. Interest income	Interest income	Finance income
8. Interest expense	Interest expense	Finance cost

16. PRINCIPAL EXCHANGE RATES

	<u>AVERAGE RATES</u>	<u>CLOSING RATES</u>	
IN CHF PER	3M 2019	31.03.2019	
1 USD	0.9966	0.9952	
1 EUR	1.1319	1.1166	
1 GBP	1.2985	1.2972	
IN CHF	3M 2018	31.03.2018	31.12.2018
1 USD	0.9481	0.9534	0.9814
1 EUR	1.1651	1.1750	1.1259
1 GBP	1.3195	1.3366	1.2524



To the Board of Directors of
Dufry AG, Basel

Basel, 9 May 2019

Report on the review of interim consolidated financial statements



Introduction

We have reviewed the interim consolidated financial statements (statement of profit and loss, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes, pages 4 to 23) of Dufry AG, Basel for the period from 1 January 2019 to 31 March 2019. 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