



# Q1 2020 TRADING UPDATE

May 12, 2020



## DUFRY

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# AGENDA

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- 1. Q1 2020 Trading Update**
- 2. Strengthened Financial Structure**
- 3. Conclusion**



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Q1 2020

# TRADING UPDATE

# HIGHLIGHTS

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TURNOVER REACHES CHF 1,438.7 MILION IN Q1 2020

DUFYR HAS IMPLEMENTED A COMPREHENSIVE ACTION PLAN WITH A FULL SET OF INITIATIVES FOCUSSED ON DRIVING SALES, REDUCE COSTS AND SECURE CASH GENERATION, THUS SAFEGUARDING LIQUIDITY AND PROFITABILITY

SEVERAL FINANCIAL MEASURES ANNOUNCED AND IMPLEMENTED IN APRIL, SUPPORTING THE COMPANY'S FINANCIAL STRUCTURE AND LIQUIDITY POSITION

DUFYR HAS DEVELOPED REOPENING PLANS FOR EACH INDIVIDUAL OPERATION BASED ON SINGLE LOCATION PRODUCTIVITY SCENARIOS. THE COMPANY IS READY TO ACCELERATE SALES AS SOON AS TRAVEL RESTRICTIONS ARE LIFTED

# TRADING UPDATE Q1 2020

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- Turnover amounted to CHF 1,438.7 million; equal to -20.8% in constant FX
- Organic growth reached -21.4%, mainly impacted by like-for-like performance by lower passenger traffic across the majority of airports globally
  - Business performance started well in January, with positive organic growth of 0.8% for the month
  - Sales gradually slowed down in February and further declined in March due to government's travel restrictions and / or landlord's decisions to partially close operations
- Visibility for recovery projections still very low, as uncertainty on lifting of travel restrictions persists
  - In this context, Dufry has withdrawn its 2020 fully-year guidance previously disclosed on March 12, 2020

# TURNOVER GROWTH

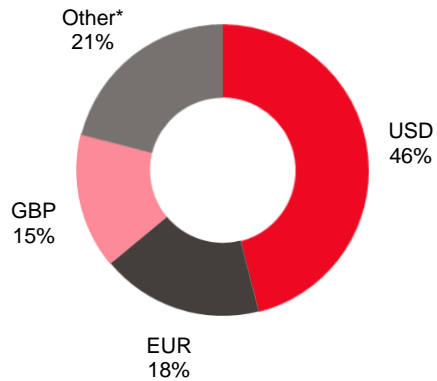
## Growth Components

	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20
Like for Like	-1.3%	0.0%	1.3%	2.2%	-20.1%
New concessions, net	3.3%	2.3%	2.8%	0.9%	-1.3%
<b>Organic Growth</b>	<b>2.0%</b>	<b>2.3%</b>	<b>4.1%</b>	<b>3.1%</b>	<b>-21.4%</b>
Change in Scope	0.0%	0.0%	0.0%	0.4%	0.6%
<b>Growth in constant FX</b>	<b>2.0%</b>	<b>2.3%</b>	<b>4.1%</b>	<b>3.5%</b>	<b>-20.8%</b>
FX Impact	1.4%	-1.4%	-2.5%	-1.5%	-2.8%
<b>Reported Growth</b>	<b>3.4%</b>	<b>0.9%</b>	<b>1.6%</b>	<b>2.0%</b>	<b>-23.6%</b>

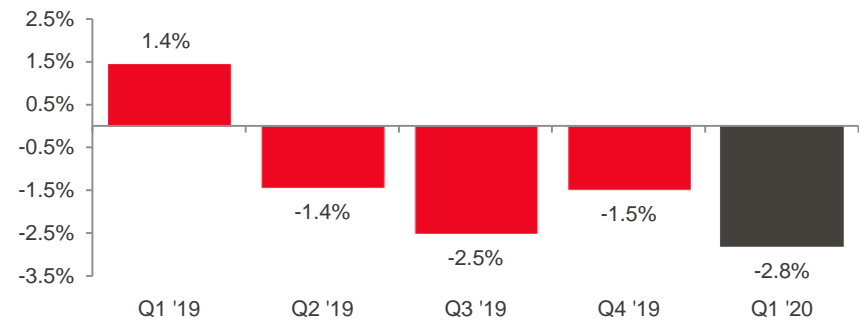
- Changes in scope include acquisitions of Vnukovo operations in Russia and the Brookstone shops in the U.S.

# FX IMPACT

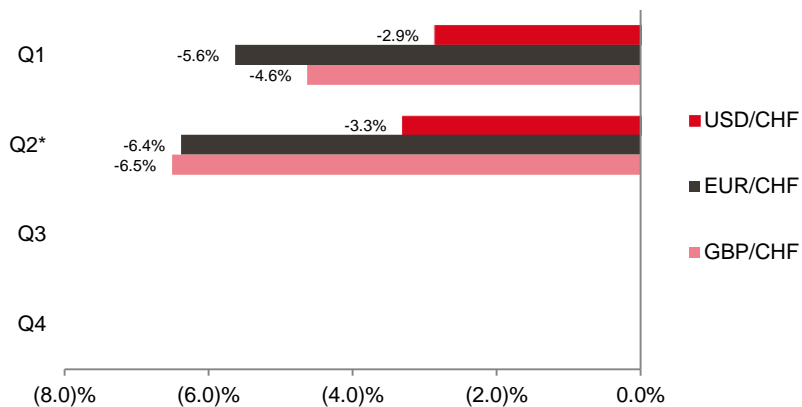
## Turnover by currency Q1 2020



## FX translational impact on turnover

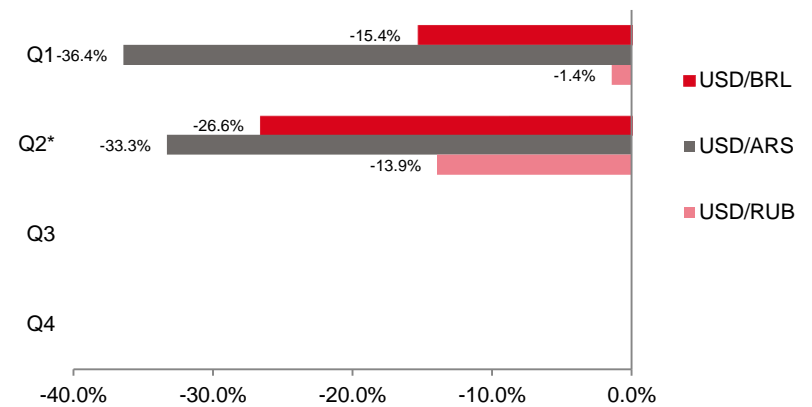


## Main currencies development



\* Until May 05

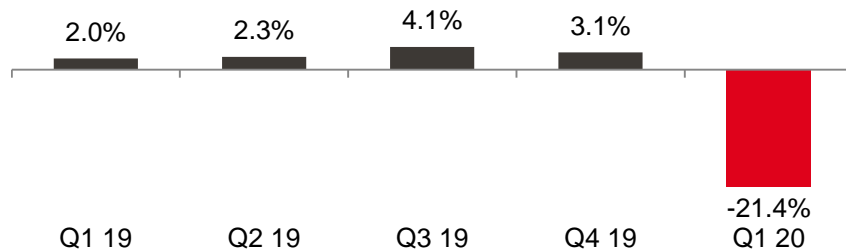
## Devaluation of local currencies



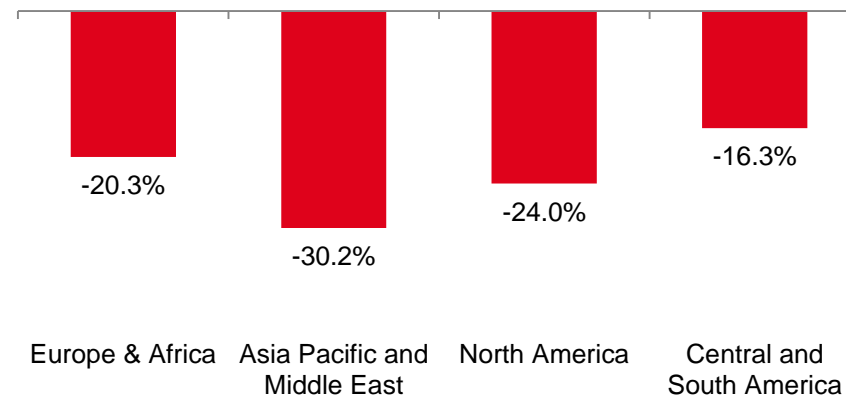


# ORGANIC GROWTH EVOLUTION

## Organic Growth by Quarter



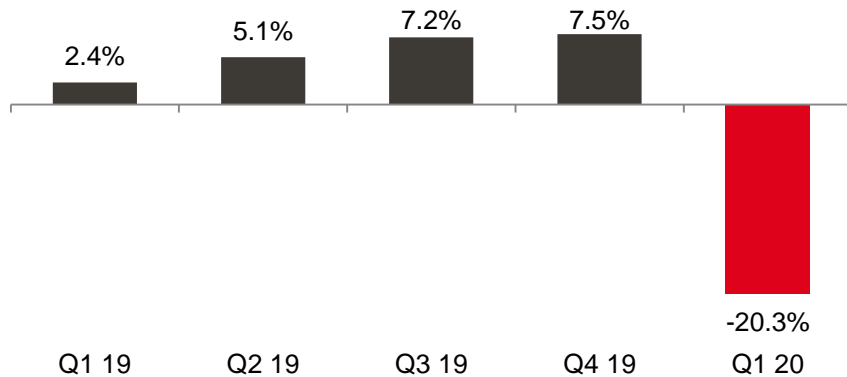
## Organic Growth by Division – Q1 2020



- Organic growth of -21.4% in Q1 2020
- Crises impact seen in most locations across all divisions
  - Asia Pacific and Middle East was the first division to be impacted starting in January
  - Deterioration of the situation in Europe started as of mid of February and further increased in March
  - In North America, the crises' impact started in March and saw an increasing number of airports being closed or featuring heavily reduced PAX numbers
  - Central and South America impacted to a lesser extent in Q1 as travel restrictions started to increase as of March

# DIVISION EUROPE AND AFRICA

## Organic Growth Europe and Africa



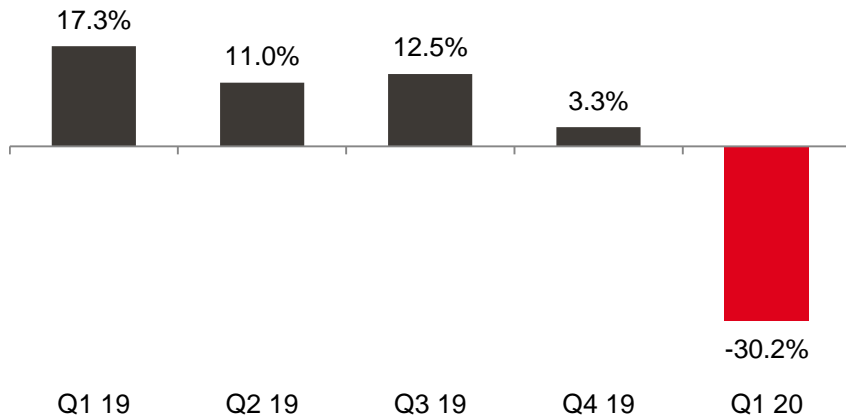
- Italy, Switzerland, UK and Spain as the most impacted locations with negative double digit growth
- Performance in Turkey held up well in the quarter
- Stable performance in Africa, being slightly positive versus same period last year



Helsinki Airport

# DIVISION ASIA PACIFIC AND MIDDLE EAST

## Organic growth Asia Pacific and Middle East



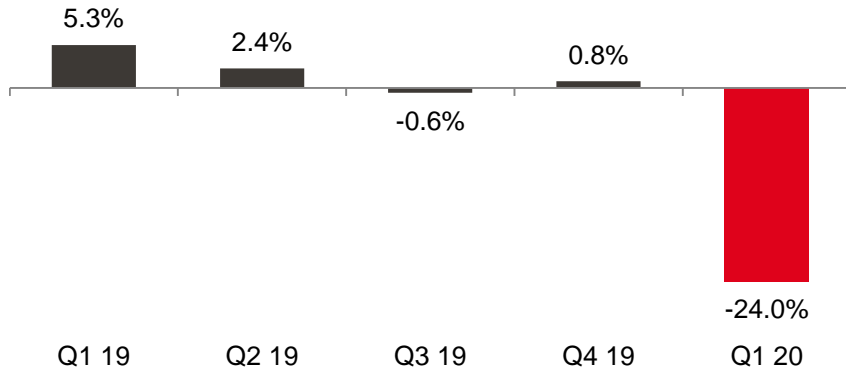
- Negative performance in Asia Pacific during the whole quarter
  - Restrictions in the region started to be partly lifted in some countries as of end of March
- Eastern Europe: negative performance in most locations
- Middle East: and Australia with negative performance in all locations



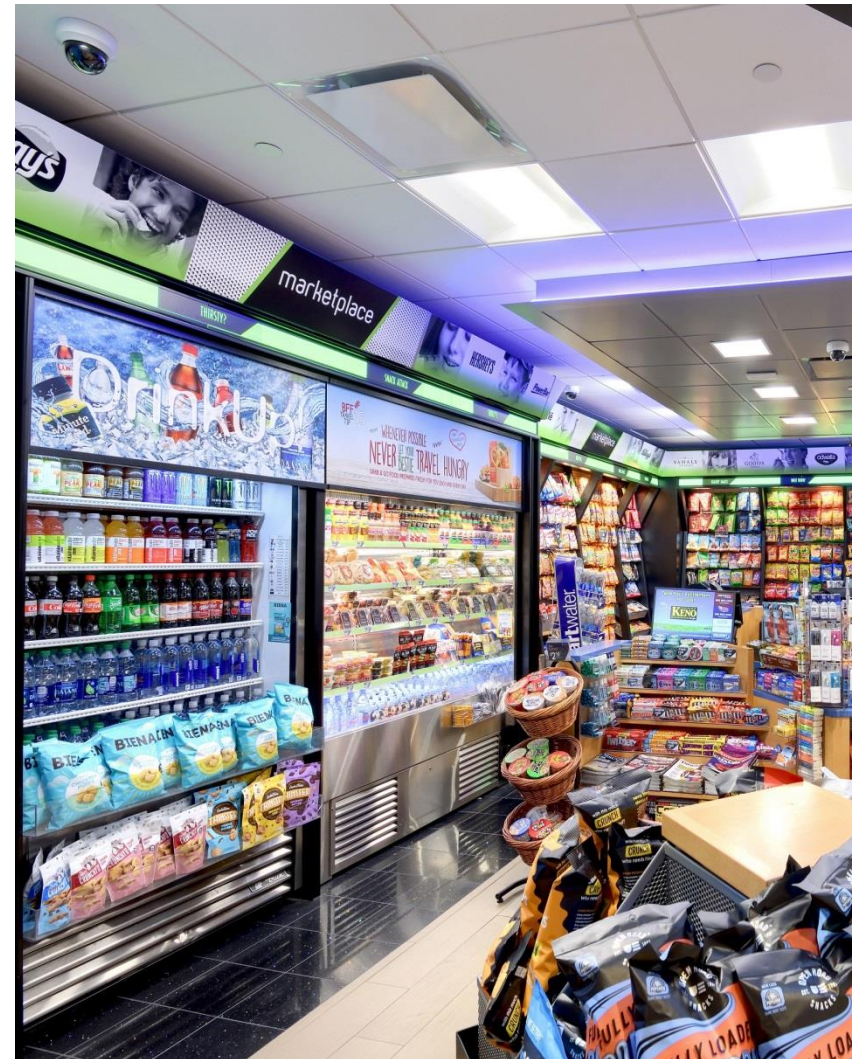
Vnukovo Airport

# DIVISION NORTH AMERICA

## Organic growth North America



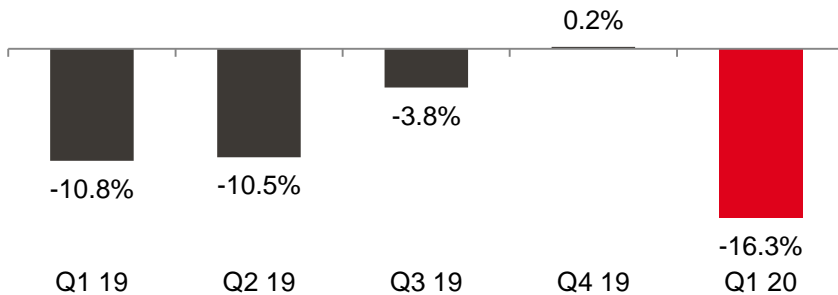
- Both, duty-free and duty-paid segments, with negative performance
  - Duty-free most impact due to lower sales to Chinese passengers, mainly in Canadian operations
- Temporary closing of a majority of shops in airports, train stations and tourist locations as of second half of March



Boston International Airport

# DIVISION CENTRAL AND SOUTH AMERICA

## Organic growth Central and South America



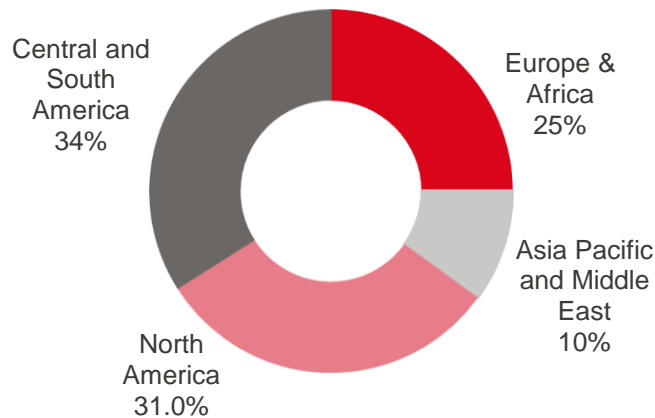
- The division was less impacted as compared to other divisions in the Group
- Within the division, the performance in Central America and the Caribbean was impacted to a lesser extent and reported a single digit negative organic growth
- South America saw the strongest impact within the division



Ezeiza International Airport

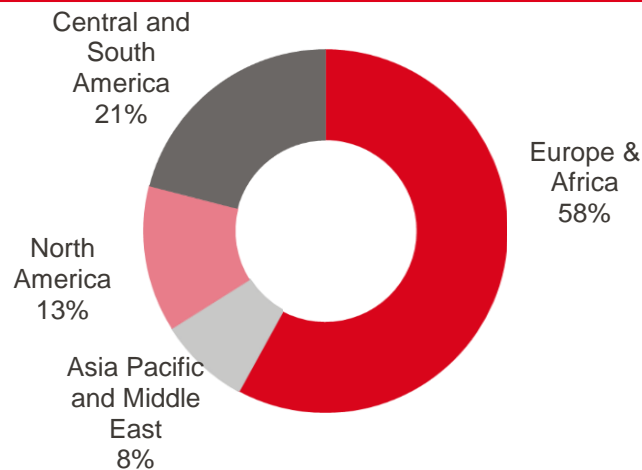
# 2,800 M<sup>2</sup> OF GROSS RETAIL SPACE OPENED IN Q1 2020

## 2,800 m<sup>2</sup> of gross retail space opened



- Helsinki: 1 new store (250 m<sup>2</sup>)
- Perth: 2 new stores (250 m<sup>2</sup>)
- Several locations in North America: 8 new stores (860 m<sup>2</sup>), including new stores in Indianapolis, Phoenix and Tulsa among others
- Brazil: 5 new stores (540 m<sup>2</sup>)
- Mexico: 1 new store (330 m<sup>2</sup>)

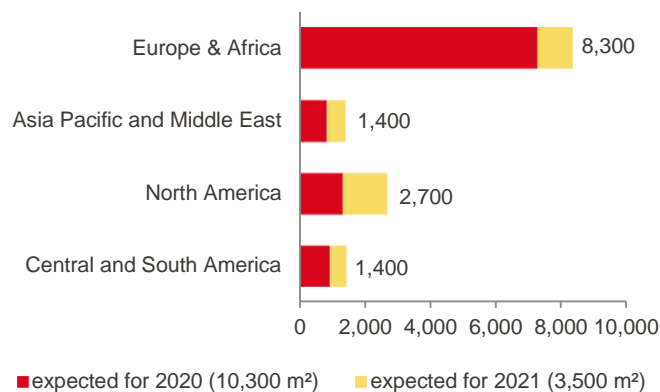
## 5,500 m<sup>2</sup> of retail space refurbished



- UK: 1 store in Stansted Airport (2,600 m<sup>2</sup>)
- Greece: 6 stores in Athens (380 m<sup>2</sup>)
- China: 1 store in Macau (420 m<sup>2</sup>)
- USA: 3 stores in Los Angeles (460 m<sup>2</sup>)
- Canada: 4 stores in Calgary (240 m<sup>2</sup>)
- Ecuador: 1 stores in Guayaquil (1,100 m<sup>2</sup>)

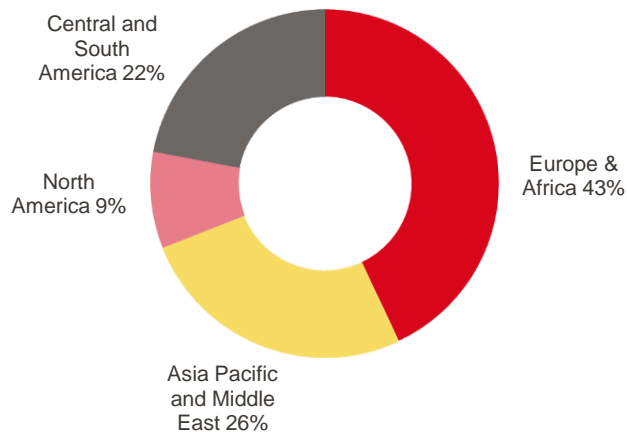
# 13,800 M<sup>2</sup> OF SIGNED SPACE TO BE OPENED IN 2020/21

## 13,800 m<sup>2</sup> signed space



- Shops planned for opening in 2020 include:
  - New store at The Circle, Zurich, across 5,000 m<sup>2</sup>
  - 1 new store in Madagascar with 460 m<sup>2</sup>
  - New store in Corfu, Greece, totaling 900 m<sup>2</sup>
  - New store in Barcelona with 300 m<sup>2</sup>
- Shop opening currently adapted to seek opportunities based on improving situation
- Some projects postponed by landlords
- Pipeline includes projects Dufry will potentially work on
- Most opportunities in the divisions Europe & Africa as well as Asia Pacific and Middle East
- Opportunities across different channels

## Project Pipeline: 36,000 m<sup>2</sup>



# CRISES ACTION PLAN – FURTHER INITIATIVES IN PLACE

- Dufry has setup a special crises committee at the Global Executive Committee level, which has implemented an action plan focusing on driving sales, reduce costs and secure cash generation, thus safeguarding liquidity and profitability
  - The committee is supported by 13 dedicated teams, who centrally drive and supervise execution of all initiatives
- Dufry has based the action plan on different scenarios with FY sales declines ranging from 40% to 70% and allowing to flexibly adapt measures to business performance.

## Reduction of fix costs

- Reorganization of personnel costs at all levels
  - Making use of government support schemes whenever possible
  - Implemented a voluntary salary reduction initiative across the Group involving management and employees
  - Hiring freeze across the group
- Negotiate agreements with landlords to reduce rents and concessions
- Reduce as much as possible all operating expenses and other cost items

## NWC and CAPEX initiatives

- Measures to reduce net working capital and Capex have been implemented and are managed tightly
  - Working with suppliers to accelerate volumes through promotions and negotiating flexibility in payment terms
  - Capex currently reduced to zero. Capex to be significantly lower compared to last year
- Total savings generated from initiatives at Capex and NWC levels of around CHF 160 million in FY 2020

- Global initiative to increase sales and volume during the ramp of phase through promotions, new products and exclusivities supported by brands allows to drive conversion and maximize sales per customer .





# 2 STRENGTHENED FINANCIAL STRUCTURE

# STRENGTHENED FINANCIAL STRUCTURE (1)

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## New credit facility of CHF 425 million

- Additional committed credit facility of CHF 425m, subject to final documentation
- 12-month committed facility with two 6-months extensions
- The new facility ranks pari passu with the existing syndicated facility
- Allows to convert current uncommitted into committed facilities

## Placement of 5.5 million shares with proceeds of CHF 151.3 million

- 5 million shares from existing authorized share capital and 0.5 million from treasury shares
- Placement via accelerated bookbuilding process with strong support from existing shareholders
- Shares placed at CHF 27.50 per share generating gross proceeds of CHF 151.3 million

## New convertible bond of CHF 350 million

- Senior bonds due on May 2023, conditionally convertible into shares and guaranteed by Dufry
- 1% coupon, payable semi-annually
- Conversion price of CHF 33, corresponding to a conversion premium of 20% over the reference share price
- The shares to be delivered upon conversion to be sourced from conditional capital (conditional to approval by AGM 2020) or from existing shares

## STRENGTHENED FINANCIAL STRUCTURE (2)

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### Waiving of covenants

- Financial covenants waived until and including June 2021; agreement signed
- Increased threshold of 5.0x for September and December 2021 testing
- Agreement with banks includes: minimum liquidity covenant at CHF 300 million, restrictions on dividends, share buybacks and acquisitions during the period of the covenant waiver as well as a number of technical amendments

### 2020 dividend cancellation

- Cancellation of the originally proposed dividend payment for 2020, thus reducing short-term cash outflows

### Conditional share capital

- Creation of conditional share capital sufficient to enable the physical settlement of the bonds upon conversion
- The Board of Directors proposes to increase the conditional share capital to CHF 63.5 million, divided into 12.7 million registered shares with a nominal value of CHF 5.00 each and corresponding to 22.9% of Dufry's share capital



# 3 CONCLUSION

# CONCLUSION

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- Turnover amounted to CHF 1,438.7 million, equal to -20.8% in constant FX
  - Sales performance in April periodic reaches -94.1%
- Dufry has implemented a comprehensive action plan to drive sales, reduce costs and secure cash generation, thus safeguarding liquidity and profitability.
  - The action plan is based on scenarios of FY sales declines ranging from 40% to 70%, allowing to flexibly adapt measures to business performance. Initiatives include cost reduction as well as savings at Net Working Capital and Capex level
- Company has setup a location-by-location recovery plan, to resume operations as soon as travel restrictions are lifted
  - The recovery plan includes initiatives to drive sales and volumes based on promotions, novelties and exclusivities
- Strengthened financial structure allows Dufry to sustain a prolonged period of significant disruptions and maintain operational readiness
- Due to the challenges in forecasting the duration of the impact, Dufry has withdrawn its guidance for the 2020 business year at this stage

DUFY GROUP – A LEADING  
GLOBAL TRAVEL RETAILER

DUFY AG (SIX: DUFN) IS  
A LEADING GLOBAL TRAVEL  
RETAILER OPERATING  
OVER 2,400 DUTY-FREE  
AND DUTY-PAID SHOPS IN  
AIRPORTS, CRUISE LINES,  
SEAPORTS, RAILWAY  
STATIONS AND DOWNTOWN  
TOURIST AREAS.

THE COMPANY,  
HEADQUARTERED IN BASEL,  
SWITZERLAND, OPERATES IN  
65 COUNTRIES ON ALL SIX  
CONTINENTS.

**THANK  
YOU!**



**DUFY**

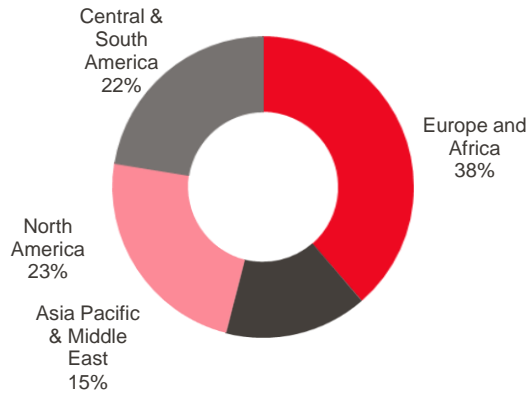
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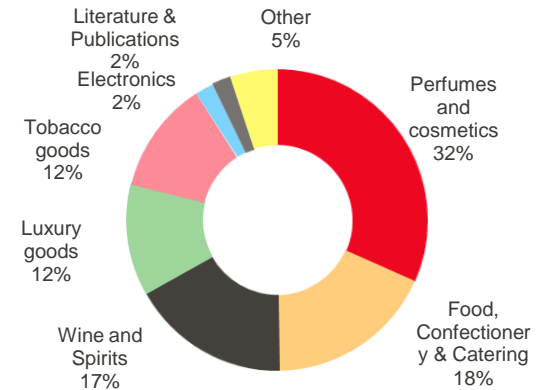
# APPENDIX

# DUFYR'S SEGMENTATION Q1 2020

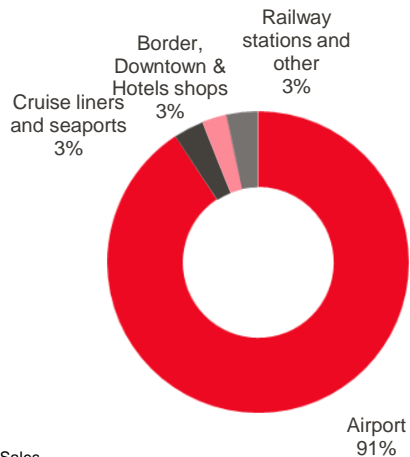
## Dufry by Division



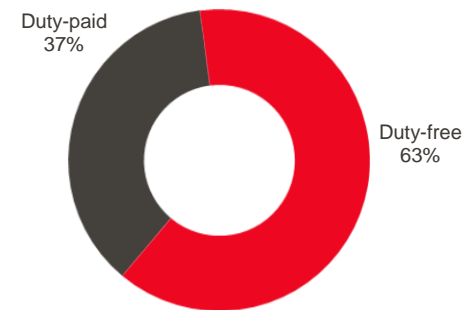
## Dufry by Category



## Dufry by Channel



## Dufry by Sector



Note: Based on Net Sales



**THANK  
YOU!**



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