



MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

DEAR SHARE- HOLDERS

The business year 2017 was characterized by consolidation and the delivery of very good results. Having finalized the integration of our most recent acquisitions, in 2017 we succeeded in fully reflecting the World Duty Free synergies in our financials, and returned to sustainable organic growth. These achievements positively impacted our overall performance, which saw us reaching very good results and record levels of turnover and EBITDA as well as a considerable increase in Cash EPS.

Additionally, in January 2018, we announced our new organizational structure, which aims to foster shareholder value through growth acceleration and digital transformation. And on top of all, we executed the initial public offering (IPO) of our North American business unit under the name Hudson Ltd. in February 2018.

Record levels of turnover and EBITDA.

I want to first comment on the IPO of Hudson Ltd., which we started to develop in 2017 and launched in early 2018. This strategic initiative allows us to best capture the opportunities of the North American travel concessions market and complementary retail environments. By positioning Hudson Ltd. as publicly listed company we can provide the entity with the necessary flexibility to adapt to the unique North American market requirements.

From a Group perspective, we will continue to retain the majority participation and to fully consolidate the company. The proceeds of the IPO will allow us to accelerate our deleveraging plans and take – including

the deleveraging achieved through our free cash flows in 2017 – our main covenant net debt / adjusted EBITDA to below 3.00x as compared to 3.69x at the end of December 2016.

Hudson IPO to provide flexibility for the North American business.

Financially, we saw our turnover climbing to CHF 8,377.4 million, an increase of 7.0% versus 2016 and resulting in a new all-time high. EBITDA grew at a similar pace reaching CHF 1,007.1 million, equal to an increase of 7.7% on the previous year. The ongoing strong free cash flow generation – of CHF 467.0 million – allowed us to further leverage and to reduce net debt in 2017 by a total of CHF 63.5 million.

Last but not least, we successfully completed the restructuring of our financing structure. While at the end of 2016 we had early repaid USD 500 million Senior Notes, in 2017 we early repaid another EUR 500 million Senior Notes, issued a new EUR 800 million Senior Notes in October and ultimately, in November, concluded the refinancing of our main bank credit facilities. In aggregate these changes will result in an interest cost reduction of around CHF 50 million per annum going forward.

Our market capitalization at December 31, 2017, amounted to CHF 7.8 billion, compared to CHF 6.8 billion one year earlier. Daily trading volumes on all platforms reached CHF 86.7 million, confirming the good liquidity of our shares. SIX Swiss Exchange remains the

437,000 m²

Dufrey operates
over 437,000 m²
of retail space.

most important trading venue for Dufrey shares, despite the fragmentation of the trading volumes onto other stock exchanges. As is our tradition, we had a continuous dialogue with our shareholders and the financial community in close to 900 meetings, conference calls and emails.

In 2017 we saw some change in our shareholder structure. However, our long-term shareholders, such as Travel Retail Investments, Qatar Investment Authority, Richemont and Norges Bank, representing around 35% of our share capital, continue to strongly support Dufrey through active participation. We look forward to assess opportunities with our shareholders to jointly develop our businesses.

Long-term shareholders continue to support Dufrey.

In the year under review, we have also been indicating our intention to start returning cash to shareholders as part of our capital allocation strategy. In this context, the Board of Directors wants to reinstall regular dividend payments and will propose a dividend for the business year 2017 to the Annual General Meeting of Shareholders, to be held in Basel on May 3, 2018.

Within our engagement to further develop our CSR reporting and based on the materiality matrix presented in 2016, we have added further KPI's allowing us to track our performance on non-financial topics and prepared a report in accordance with the Core Option of the Global Reporting Initiative (GRI) Standards. Go-

ing forward we intend to continue to further develop our reporting following these guidelines.

Advancing on CSR Reporting.

As part of our community engagement we continued supporting disadvantaged children around the world and assisting communities in markets where we operate. It is now the 8th year that we supported the funding of the SOS Children's village initiatives in Brazil, Russia and Mexico. Moreover, in 2017 we have endorsed community projects in many other parts of the World such as Haiti, Jamaica, Burma, United Kingdom, United States and Africa.

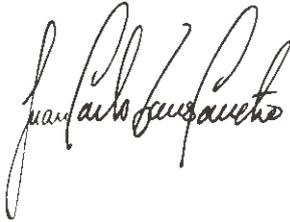
This year, I would also like to highlight an internal support initiative where employees of the Dufrey Group around the World have made a collection to support our colleagues affected by hurricanes and earthquakes in the Caribbean Islands, Mexico and the United States. The company has contributed by matching the collected amounts.

Fostering our community engagement.

Last but not least, we have provided ongoing support for the United Nation's Global Goal awareness-raising campaign #YouNeedToKnow. We have deployed the campaign within our shops in 34 airports around the world and reached an audience of over 52 million people traveling through these hubs in 2017.

2017 has been a year of tremendous work for our management and employees, who contributed with a high degree of motivation and dedication to further develop Dufry. I thank them for their daily efforts. I also thank our suppliers, landlords and business partners for their ongoing support and trust in our longstanding relationships. We also extend our thanks to our shareholders and bondholders who repeatedly foster our common vision to further develop Dufry as a World-Class.WorldWide. company.

Sincerely,

A handwritten signature in black ink, appearing to read 'Juan Carlos Torres Carretero', written in a cursive style.

Juan Carlos Torres Carretero