

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

DEAR SHARE- HOLDERS

In the financial year 2019, Dufry once again delivered resilient results with respect to organic growth and equity free cash flow generation thereby meeting our expectations. We have also successfully executed three important acquisitions – one in Russia and two in the United States – which further increase our footprint in duty-free and duty-paid, and contribute to strengthen our capabilities to access new avenues of growth within the important food & beverage market in North America. At the corporate governance level, we have continued to evolve the structure of the Board of Directors by welcoming a new member to the Board, introducing the new Lead Independent Director function, and fostering efforts in our Environment, Social and Governance (ESG) engagement.

From a performance perspective, turnover increased by 1.9% to CHF 8,848.6 million, resulting in a new all-time high. Our diversification strategy focusing on operating in different geographic regions and accessing various travel retail channels has once more proven effective, generating positive organic growth of 3.0% despite adverse trading conditions in some key markets. Adjusted net profit reached CHF 349.3 million, resulting in an Adjusted EPS of CHF 7.00. Equity free cash flow reached CHF 383.3 million, confirming Dufry's resilient cash flow generation capability and meeting its average mid-term expectation¹.

While in 2018 Dufry focused on improving its operational efficiency by implementing the Business Operating Model and on building our digital initiatives to drive operational excellence, in 2019 we resumed the focus on growth in strategic areas. In Russia, we expanded our presence in Moscow by acquiring a participation in RegStaer Vnukovo. In North America, we acquired 34 Brookstone shops in the U.S. as well as

the majority stake in OHM Concession Group LLC. These three acquisitions perfectly showcase our growth strategy for the future, which besides organic growth also focusses on small and mid-sized acquisitions paving the way into new growth avenues.

In the context of growth and the resilience of our business, I want to highlight – amongst several other contract extensions and new wins – the important renewal of the AENA concession contract covering all Spanish airports, the extension of the Toronto Pearson concession for another eight years, as well as the new contract won at Mexico City International Airport to operate three additional duty-free shops.

Dividend of CHF 4.00 per share proposed to AGM in 2020.

In 2019, we have continued returning cash to shareholders by paying a CHF 4.00 dividend per share (previous year: CHF 3.75 per share); equal to a yield of 4.3%. Following approval by the 2019 Annual General Meeting, we also cancelled the 3.3 million shares bought during the share buyback program executed in 2018. For the financial year 2019, the Board of Directors' proposal to the annual shareholders' meeting 2020 will be a dividend of CHF 4.00 per share corresponding to a yield of 4.2%. This dividend level will allow us to maintain our flexibility to further reduce debt or allocate capital into M&A.

Our market capitalization at December 31, 2019, amounted to CHF 4.9 billion. Daily trading volumes on all platforms reached CHF 66.5 million, confirming the good liquidity of our shares. The SIX Swiss Ex-

¹ For a glossary of financial terms and key performance indicators please see page 270 of this Annual Report.

change remains our most important trading platform, where the average daily volume of Dufrey shares reached CHF 27.3 million in 2019. In this context it has to be mentioned that the SIX Swiss Exchange lost its EU stock market equivalence on 30 June 2019. As a consequence, since July 2019, Dufrey's trading volumes were mainly concentrated at the SIX 61% and BATS Chi-X OTC 39% platforms. As is our tradition, we have maintained a continuous dialogue with our shareholders and the financial community in 870 meetings, conference calls and emails in 2019.

Our long-term shareholders, Travel Retail Investments, Qatar Investment Authority, Richemont, GIC Asset Management, Franklin Mutual Advisors LLC as well as Blackrock and JP Morgan Chase & Co continued to support Dufrey with participations above 3%. Together, these major shareholders represent approximately 41% of our share capital.

Strong support by long-term and new shareholders.

In 2019, we welcomed Mr. Luis Maroto Camino to our Board of Directors team. He was elected by our shareholders at the 2019 AGM and will contribute with his wealth of experience within the travel and tourism industry. We have also continued to develop the structure and the functions of the Board of Directors by unanimously resolving to es-



470,000 m²

Dufry operates close to
470,000 m² of retail space.

establish the new position of Lead Independent Director. This decision formally recognizes the key importance and strategic role of the independent members of the Board of Directors, who constitute the majority of the Board and hold all the seats in all Board Committees. Subsequently, Ms. Heekyung Jo Min has been appointed as Dufry's first Lead Independent Director. Moreover, based on her extensive experience Ms. Heekyung Jo Min will also supervise the further development of our Environment, Social and Governance (ESG) engagement.

Evolution of Dufry's ESG program.

Engaging with our stakeholders on a regular basis to understand their expectations, needs and concerns is part of our ongoing commitment to sustainability. In this regard, during 2019 we have revised the social, environmental and economic impacts of our business, and evolved the material matrix of our sustainability reporting by including Data Privacy and IT Security amongst the material topics for the company.

Moreover, we have further improved the granularity of our internal ESG data sourcing, refining the set of information reflected in the KPIs disclosed in the ESG report, which is structured in accordance with the Core Option of the Global Reporting Initiative (GRI) Standards. With respect to human resources KPIs, I am proud to announce that we now cover 100% of our operations. In this context, we also expanded the reach of our Supplier Code of Conduct, receiving their respective acknowledgements and improving acceptance from 82% in 2018 to 84% in 2019.

Fostering a strong corporate culture is one of our primary concerns. In recent years we have thoroughly deployed our ONEDUFY initiative to engage and align all Dufry employees, while at the same time offering comprehensive training and development opportunities. The employee survey done in 2019 shows a very positive result of this initiative as 75% of our employees report to be satisfied working for our company.

Last but not least, in early 2020 Dufry applied to become a signatory member of the UN Global Compact, and we renewed our support for the United Nation's Global Goal awareness-raising campaign #YouNeed-ToKnow strengthening our ties with the initiative by supporting a program to reach more passengers using our airport stores. For a complete overview of all our ESG achievements please refer to our ESG report on pages 78 - 100.

Ongoing community engagement.

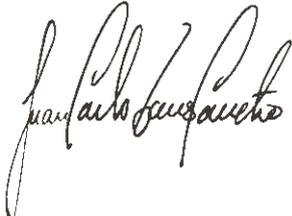
Our community engagement programs continue to support disadvantaged children and families around the world and assist communities in markets where we operate. It is now the 10th year that we have supported the funding of SOS Children's Villages initiatives in Brazil, Russia and Mexico. In 2019, we added community projects in many other parts of the world such as Haiti, Greece, Korea, Turkey, the United Kingdom, Switzerland, the United States and Australia.

At the time we wrote this letter, Covid-19 started to create a potential temporary impact for the current business year in locations where we have Asian cus-

tomers as well as in locations directly affected by the phenomena. Our first action has been the implementation of measures to protect the health and safety of both our employees and customers. Moreover, we have established a dedicated committee at the Global Executive Committee level who has implemented specific action plans to protect the performance of our business. We keep monitoring developments on a daily basis and will activate and implement other initiatives as needed.

I thank our management and employees for the impressive amount of work they have done in 2019 to further evolve and grow our company. I also thank our suppliers, landlords and business partners for their ongoing support and trust in our long-standing relationships. We also extend our thanks to our shareholders and bondholders who repeatedly foster our common vision to further develop Dufry as a WorldClass. WorldWide company.

Sincerely,

A handwritten signature in black ink, appearing to read "Juan Carlos Torres Carretero". The signature is fluid and cursive, with the first and last names being more prominent.

Juan Carlos Torres Carretero