



HY 2019 Results

Ongoing organic
growth improvement
and resilient cash
generation in the
HY 2019

July 30, 2019

 **DUFRY**

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AGENDA

- | | |
|------------------------------------|--------------|
| 1. HY 2019 operational performance | Julián Díaz |
| 2. HY 2019 financials | Yves Gerster |
| 3. Conclusion | Julián Díaz |

1

HY 2019 operational performance

Organic growth acceleration in Q2, driven by improving like-for-like growth

Strong cash flow generation, in line with yearly targets

Acquisition in Russia

Opening of first border shop in Brazil in the coming days

Highlights HY 2019 (1)

Organic growth accelerated to +2.2% in HY 2019

Gross profit margin expanded by 40bps

Dividend of CHF 4.00 per share paid in May

- Turnover grew by +2.0% to CHF 4,180.1 million
 - Organic growth continued to improve reaching +2.2% in HY 2019; with Q2 improving to +2.3%
 - Organic growth in HY 2019 excluding South America +5.4%
 - Like-for-like HY 2019 improves significantly as compared to Q1 and reaches turnaround in June/July
 - Like-for-Like HY 2019 excluding South America +2.3%
 - We confirm the mid-term organic growth target of 3% - 4%
- Gross profit margin expanded by 40 bps to 60.2%
- Adjusted operating profit (Adj. EBIT) reached CHF 237.0 million in HY 2019
- Adjusted net profit amounted to CHF 72.8 million in HY 2019
- Adjusted operating cash flow reached CHF 409.0 million in HY 2019
- Equity free cash flow of CHF 140.4 million in line with yearly target of CHF 350-400 million
- Dividend of CHF 4.00 per share paid in May

Highlights HY 2019 (2)

Ongoing expansion of retail space and refurbishments

Consolidation in Russia

First border duty-free shop in Brazil

- Shop development plan progressing as expected
 - 15,400 m² of retail space opened across 135 shops, through new openings and expansions
 - 31,700 m² of commercial area refurbished in 80 shops
 - Contracts signed that will add 15,300 m² to the portfolio in the remainder of 2019 and 2020
- Strengthened position in Russia with acquisition of 60% in RegStaer Vnukovo
 - Consolidate market position in Moscow area
 - Leverage operational platform and extract operational efficiencies in Moscow
 - Closing expected in H2 2019, with subsequent full business consolidation
- First border duty-free shop in Brazil to open in the coming days

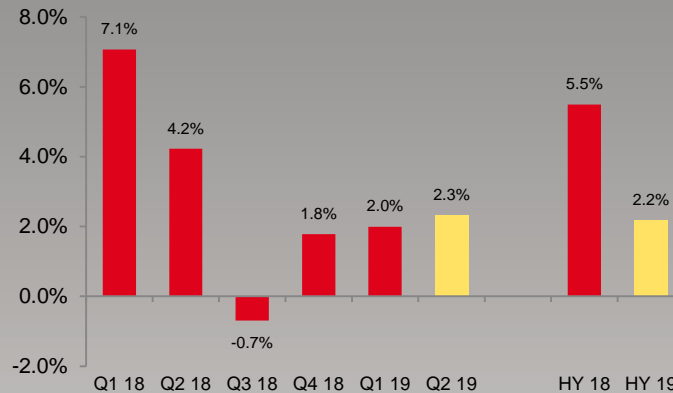
Organic growth

Organic growth continues to accelerate

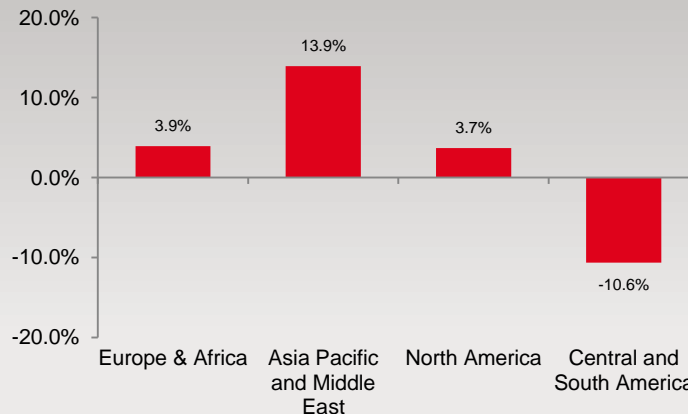
Resilient performance given market conditions

Fundamentals of the business remain strong

Organic growth evolution



Organic growth by division – HY '19



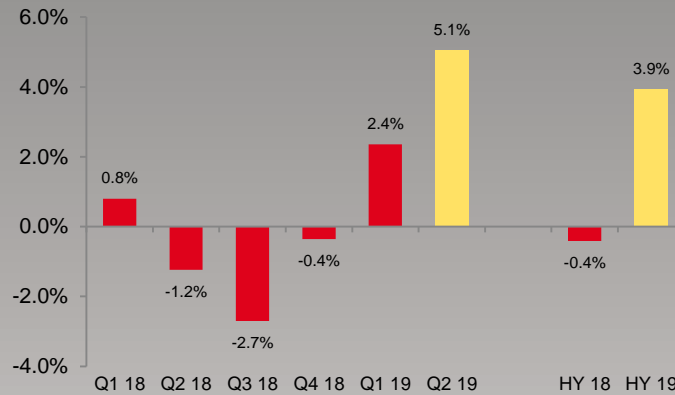
- Turnover growth of 2.0% in HY 2019
 - Organic growth of +2.2%
- Organic growth further improved to +2.3% in Q2 2019 from +2.0% in Q1 2019
 - Positive growth in Europe and North America
 - Improvement in Spain
 - Resilient double-digit growth in Asia despite higher comparables
 - Still tough conditions in South America with recovery seen in June / July

Division Europe and Africa

Healthy performance in the UK

Improvements in Spain

Organic growth Europe and Africa



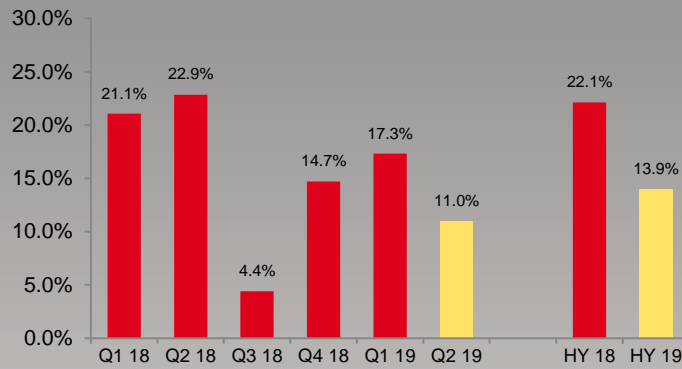
- Good performance in the UK continues; positive contribution from the new cruise business in the UK
- Recovery in Spain, with good start into the summer, following positive growth in Q1
- Good performance in Turkey
- France, Italy and Malta also positive
- Good performance in most of Africa: Morocco, Kenia, and Ivory Coast to name a few

Division Asia Pacific and Middle East

Strong organic growth in HY due to openings

Asia and Australia with good growth

Organic growth Asia Pacific and Middle East



- Strong organic growth in HY due to new concessions
 - Duty free stores at MTR high-speed train terminal in Hong Kong
 - Duty free stores at Perth airport
- Eastern Europe: positive single digit growth in the period
- Middle East: weaker performance amid strong comparables in HY 2018
- Asia: High double digit organic growth driven by new openings. Good growth in Cambodia, China and Macau
- Australia: Strong growth performance from the start of operations in Perth

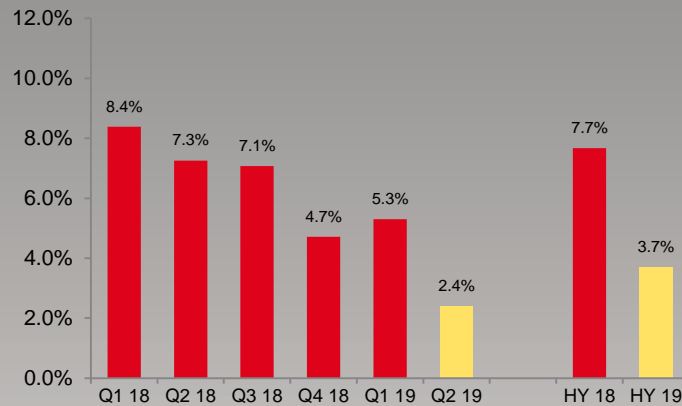
Division North America

Ongoing strong performance in North America

Growth mostly driven by strong duty-paid like-for-like

Duty-paid business continues to outperform

Organic growth North America



Lower growth levels caused by softening sales in duty free, as well as timing of new projects

- Duty-paid business continued with a healthy performance
- Growth in duty-free operations impacted by higher comparables

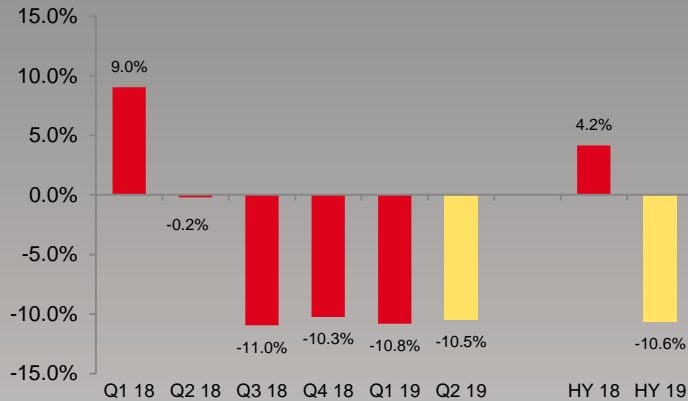
Division Central and South America

Performance in South America mainly affected by Brazil and Argentina

Central America performing well

Cruise channel with double digit growth

Organic growth Central and South America



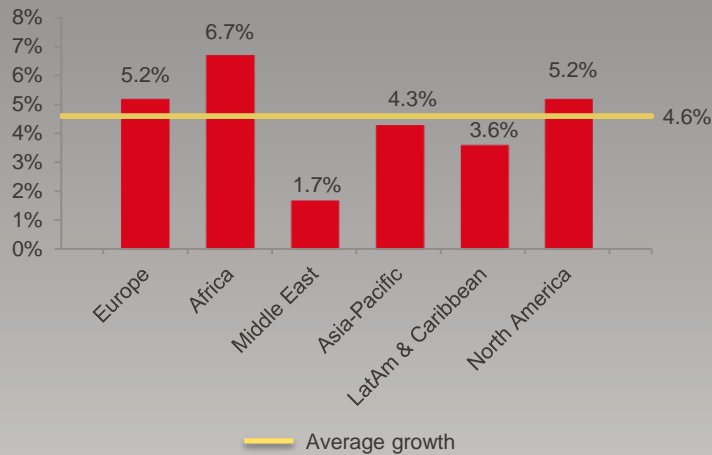
- Central America: Good performance in Mexico and the Caribbean
 - The cruise business continued to grow high double digit from the additional new ships
- South America: still challenging but recovery seen in June & July

Global passenger growth remains strong

Healthy international PAX growth

Forecasts continue to be strong

International PAX growth – HY 2019



Source: ACI, until May 2019

International PAX growth forecast

	2019	2020	2021
Europe	4.8%	4.7%	4.8%
Africa	7.5%	2.9%	2.6%
Asia Pacific	6.3%	6.3%	6.0%
Middle East	2.0%	4.0%	3.3%
Latin America	4.9%	5.0%	4.9%
North America	4.8%	4.3%	4.2%
World in total	5.1%	5.0%	4.9%

Source: Air4casts (01/07/2019)

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

PAX = Passengers

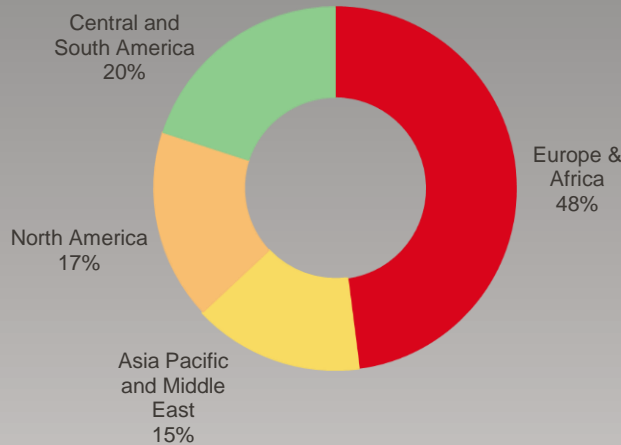
Dufry has opened 15,400 m² of gross retail space in HY 2019

15,400 m² of gross retail space opened in HY 2019

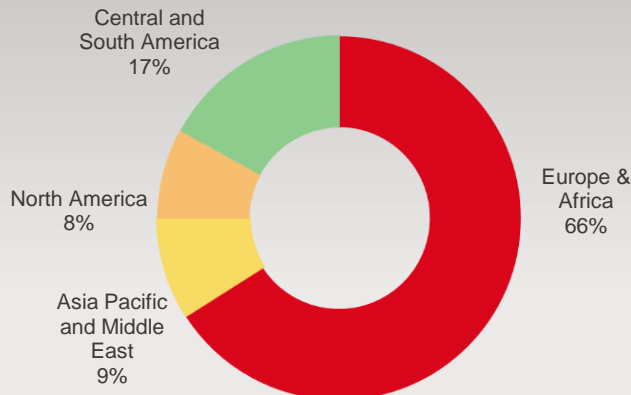
31,700 m² of retail space refurbished in HY 2019

462,600 m² of retail space operated in total

15,400 m² of gross retail space opened



31,700 m² of shops refurbished



- Casablanca: 4 new stores (430 m²)
- Italy: 3 new shops (410 m²)
- China: 6 new stores (330 m²)
- Russia: 19 new stores (1,450 m²)
- Several locations in North America: 29 new stores (2,600 m²)
- Bahamas: 6 news shops (1,100 m²)
- Cruise: 17 new ships/29 stores (4,800 m²)

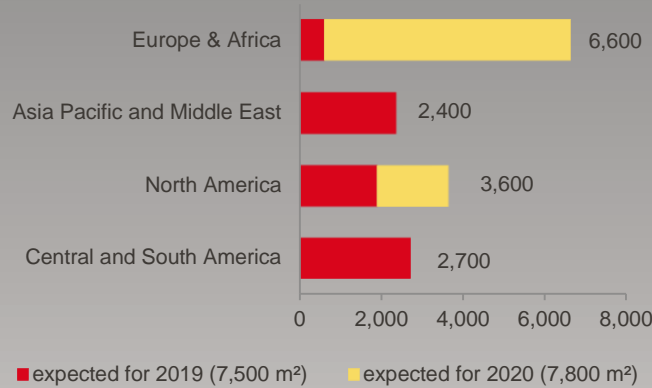
- Spain: 13 shops (11,100 m²)
- Sweden: 9 shops (4,200 m²)
- Antalya: 4 store (1,700 m²)
- Casablanca: 1 store (1,200 m²)
- Macau: 1 shop (1,900 m²)
- Detroit: 8 shops (600 m²)
- Buenos Aires: New generation store (3,100 m²)

15,300 m² of signed space to be opened in 2019/20

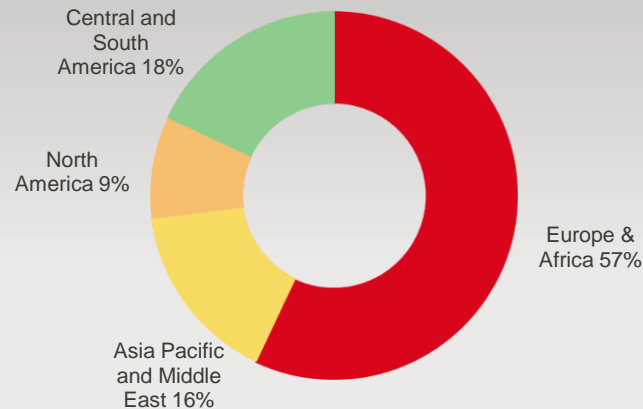
15,300 m² of signed space to be opened in 2019/20

34,000 m² of retail space in the pipeline

15,300 m² signed space



Project Pipeline: 34,000 m²



- New store in St. Petersburg totaling more than 900 m²
- New shop in Kuwait with 1,200 m²
- 8 new stores in Boston totaling 500 m², as well as 7 new stores at Indianapolis totaling 600 m²
- Three new stores across 500 m² in Nassau
- New shop 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

Opening of the first Border Duty-Free Shop in Brazil

First Brazilian Border Duty-Free shop opening in the coming days in Brazil

- Dufry will open in the coming days its first border duty-free shop in Brazil, located in the city of Uruguaiana, in the South region, with 850 m² of retail space
 - Uruguaiana is the second largest city on the Brazilian border with Argentina and Uruguay.
 - The border shop location is quite near the bridge to Argentina, making it easily accessible to Argentinians.
- There are 32 twin cities authorized to operate border duty-free shops, mostly in the South region.

Acquisition in Russia

Acquisition of a 60% stake of RegStaer Vnukovo

Long-term concession until 2035

EUR 58.8 million sales in FY 2018

- Acquisition of a 60% stake of RegStaer Vnukovo
 - Vnukovo is one of the three most important airports in Moscow, Russia, which handles around 22 million passengers per year
 - Over 30 duty-free and duty-paid shops across a retail space of over 6,800 m²
 - Long-term concession until 2035
 - EUR 58.8 million sales in FY 2018
- The acquisition will also allow Dufry to extract operational efficiencies through the integration of the management offices of its operations in the Moscow area
- Acquisition further consolidates Dufry's position in Russia in addition to the existing operations in St. Petersburg, Sochi and Krasnodar

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HY 2019 FINANCIALS

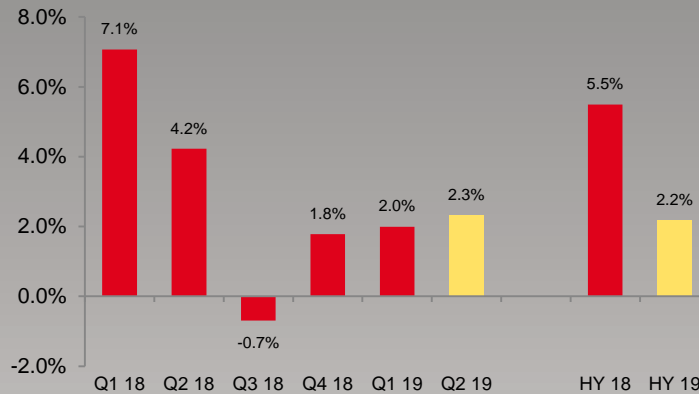
Organic growth

Organic growth reaches 2.2% in HY 2019

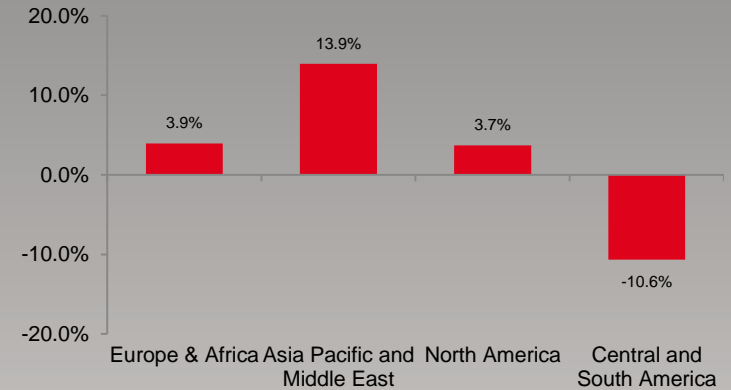
Organic growth recovery since Q4 2018

Devaluation of local currencies still strong in HY 2019

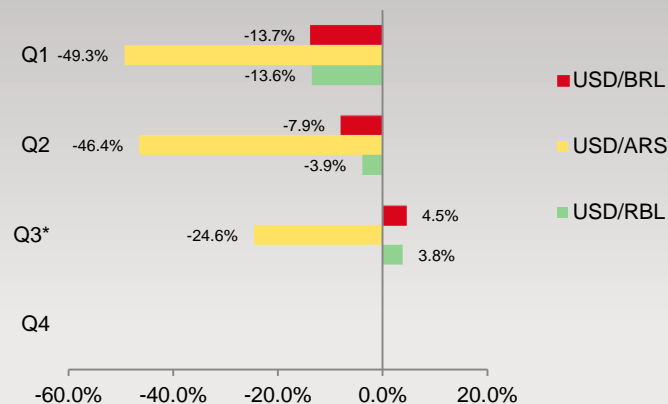
Organic growth evolution



Organic growth by division HY'19



Devaluation of local currencies



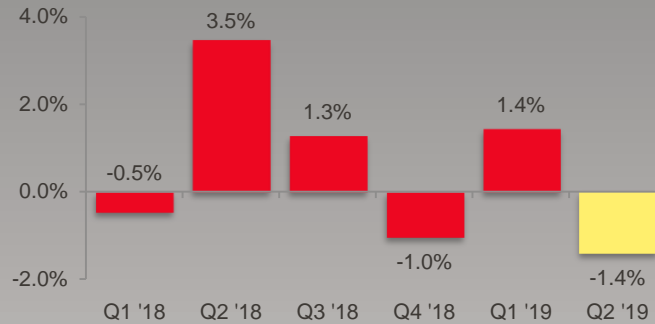
*Until July 26

FX impact

Negative FX impact in HY 2019

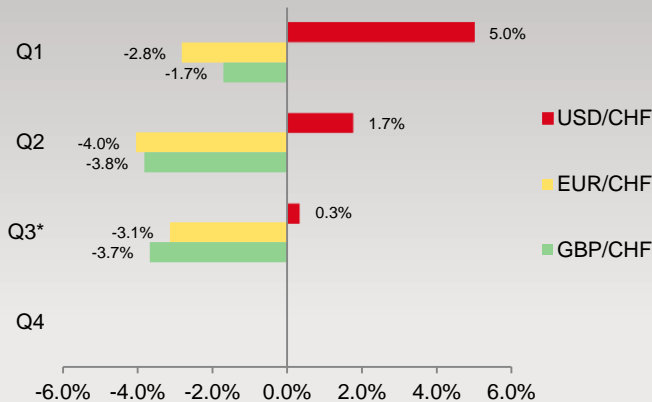
Main currencies are the USD Dollar, Euro and Pounds

FX translational impact on turnover



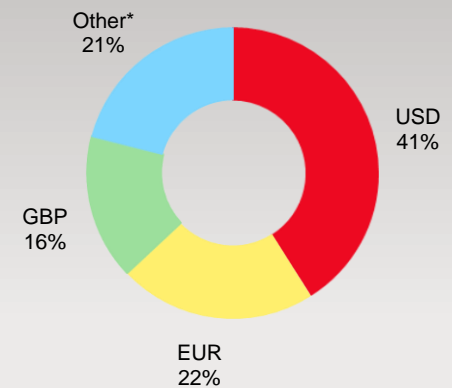
- Translational FX impact moved from positive in Q1 '19 to negative in Q2 '19 due to the stronger Swiss Franc

Main currencies development



* Until July 26

Turnover by currency HY'19



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

Income statement

HY 2019 according to IFRS 16 with no restatement of 2018

Adjustments provided for 2018, although only with indicative character

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

- in CHFm -	HY 2019		HY 2018	
	Reported	%	Pro-forma	%
Turnover	4,180.1	100.0%	4,097.1	100.0%
Gross Profit	2,515.1	60.2%	2,450.6	59.8%
Lease Expenses	(722.0)	-17.3%	(680.6)	-16.6%
Personnel Expenses	(618.6)	-14.8%	(584.9)	-14.3%
Other Expenses	(281.2)	-6.7%	(269.1)	-6.6%
Depreciation (excl. RoU)	(95.5)	-2.3%	(92.9)	-2.3%
Depreciation of RoU	(530.9)	-12.7%	(499.0)	-12.2%
Amortization	(183.8)	-4.4%	(183.3)	-4.5%
Operating Profit (EBIT)	83.1	2.0%	140.8	3.4%
Financial Result (excl. lease interest / FX)	(62.8)	-1.5%	(65.7)	-1.6%
Lease Interest	(82.3)	-2.0%	(89.5)	-2.2%
FX	(11.1)	-0.3%	2.0	0.0%
Profit before Taxes	(73.1)	-1.7%	(12.4)	-0.3%
Income Taxes	(26.8)	-0.6%	(40.7)	-1.0%
Net Profit	(99.9)	-2.4%	(53.1)	-1.3%
Non-Controlling Interest	(16.9)	-0.4%	(18.9)	-0.5%
Net Profit to equity holders	(116.8)	-2.8%	(72.0)	-1.8%
<u>KPI's</u>				
Operating Profit (EBIT)	83.1	2.0%	140.8	3.4%
Acquisition-related amortization	153.9	3.7%	156.4	3.8%
Adjusted Operating Profit (adj. EBIT)	237.0	5.7%	297.2	7.3%
Net Earnings to Profit holders	(116.8)	-2.8%	(72.0)	-1.8%
Acquisition-related amortization	141.4	3.4%	151.4	3.7%
Lease interest	82.3	2.0%	89.5	2.2%
Deferred tax on items above	(34.0)	-0.8%	(32.7)	-0.8%
Adjusted Net Profit	72.8	1.7%	136.2	3.3%

Cash flow – overview

Cash flow statement largely unaffected by IFRS 16

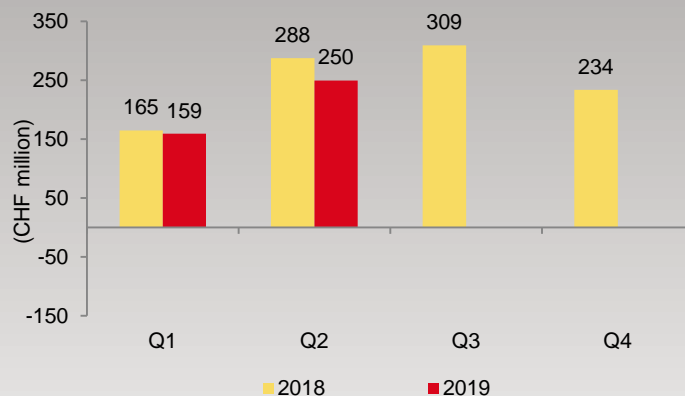
Cash flow generation influenced by business seasonality

Q1 and Q4 as less important quarters

Cash Flow KPIs HY 2019

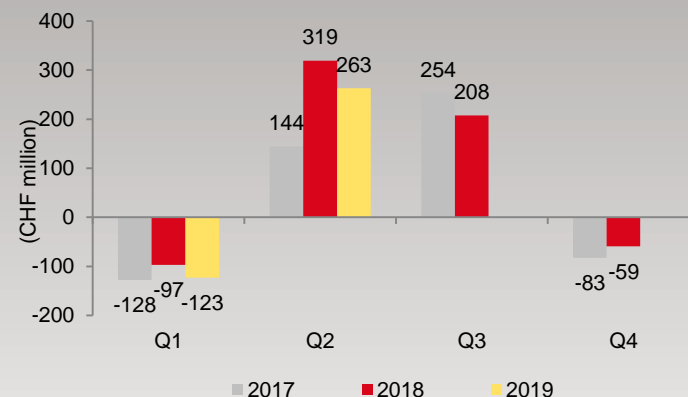
(CHF million)	HY 2019	HY 2018	Δ%
Adjusted Operating Cash Flow	409.0	452.4	-9.6%
Equity Free Cash Flow	140.4	222.2	-36.8%

Adj. Operating CF seasonality



- Working capital in Q2 2018 influenced by an early cash inflow, later normalized in Q3 2018

EFCF seasonality



- Equity Free Cash Flow target of CHF 350 – 400 million confirmed

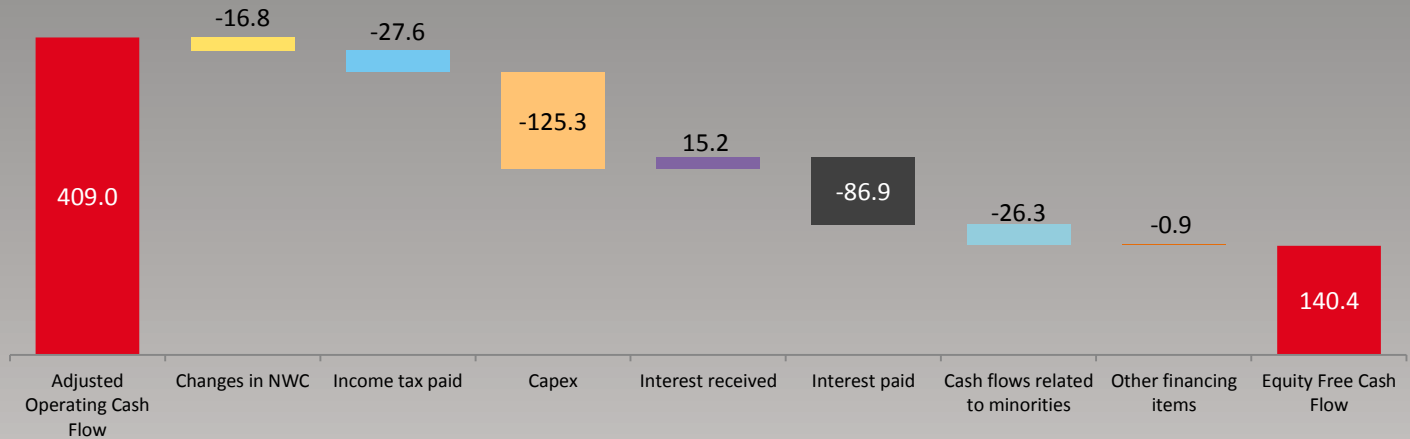
Cash flow – Equity Free Cash Flow

Increase in net working capital related to new concessions and performance in South America

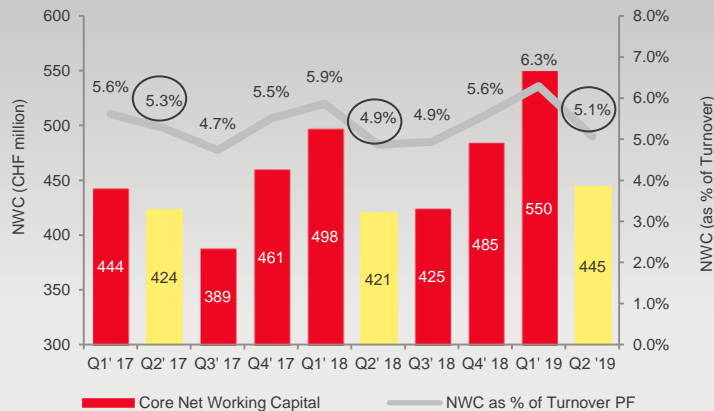
Income tax lower due to a tax refund in HY 2019

Capex evolution continues under control

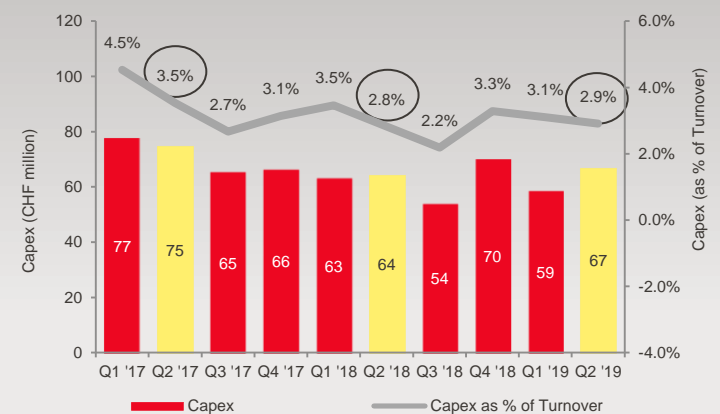
Equity Free Cash Flow HY 2019



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 30.06.2019

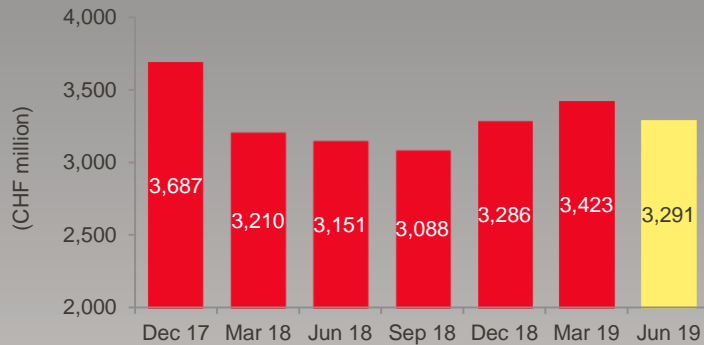
(CHF million)	30.06.2019	31.12.2018	Variation
Right of use assets	4,051	0	4,051
Concession right finite life	2,947	3,086	-139
Goodwill, Brands, Conc. rights indef. life	2,856	2,918	-62
Other intangible assets	105	113	-8
Other non current assets	256	300	-44
Core Net Working Capital	445	485	-40
Other current assets	430	526	-96
PP&E	646	644	2
Total	11,736	8,073	3,663
Lease obligations	4,144	0	4,144
Equity	3,005	3,342	-337
Net Debt	3,291	3,286	5
Non current liabilities	103	179	-76
Deferred tax liabilities, net	263	287	-24
Other current liabilities	930	980	-50
Total	11,736	8,073	3,663

Financing

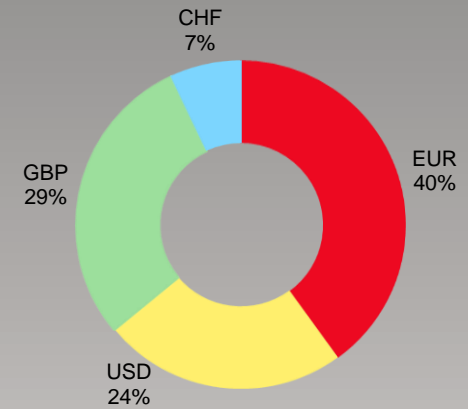
Net debt of CHF
3,291 million

New covenant
calculation from
2019 onwards

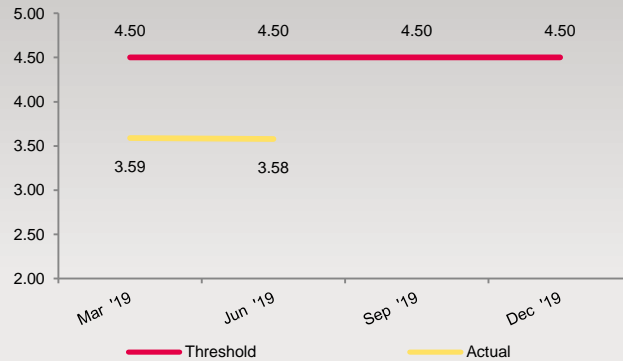
Net Debt Evolution



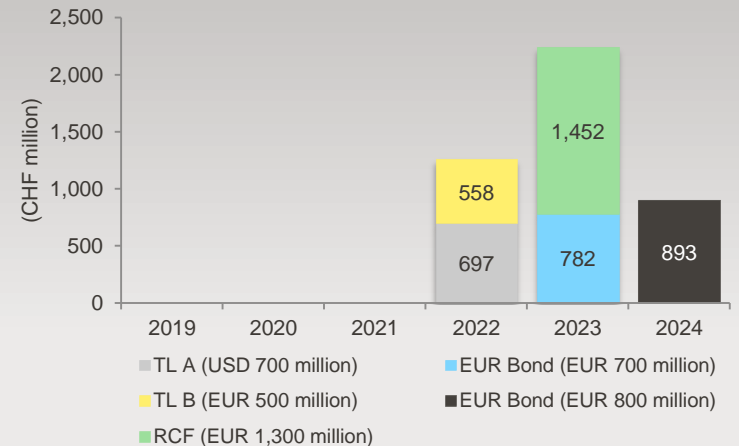
Debt by currency



Covenant Net debt / Adj. op. cash flow



Debt maturity profile



3

CONCLUSION

Conclusion & Trading update

Continuation of positive trends in July 2019

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

EFCF of CHF 350-400 million for FY 2019 confirmed

- **Organic Growth:**
 - In the first half of 2019, organic growth performance continued with positive trend for the third subsequent quarter, and totaling with organic growth at +2.2% for the first half-year. We confirm our mid-term average organic growth guidance of 3%-4% p.a.
 - Performance to date is encouraging and confirms the business is accelerating; with organic growth in the first 3 weeks of July reaching around 3%.
 - Like-for-like performance in the second half expected to be positive supported by:
 - Commercial activities (brand plans, promotion etc.)
 - Refurbishment of shops, with 13,900 m² to be executed in H2 2019
 - Good signs of recovery in South America
 - Opening of new concessions with remaining shop openings of at least 7,500 m² for H2 such as among others in Helsinki, Kuwait, Pulkovo, several in the US, the border shop in Urugaiana, in the Dominican Republic and several shops on cruises
- **Acquisition RegStaer Vnukovo**
 - Full consolidation of RegStaer Vnukovo acquisition in second half. The Vnukovo operation features duty-free and duty-paid shops and generated a sales volume CHF 58 million in FY 2018. The consolidation will further strengthen the market position in the Moscow region
- **Cashflow:**
 - We confirm our expected Equity Free Cash Flow generation for 2019 to reach between CHF 350-400 million

Appendix

Turnover growth

Organic growth reaches 2.2% in HY 2019

Organic growth recovery since Q4 2018

Strong comparatives in 2018

Growth components

	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	HY '18	HY '19
Like for Like	4.9%	2.3%	-0.9%	-1.4%	-1.3%	0.0%	3.5%	-0.6%
New concessions, net	2.2%	1.9%	0.2%	3.2%	3.3%	2.3%	2.0%	2.8%
Organic growth	7.1%	4.2%	-0.7%	1.8%	2.0%	2.3%	5.5%	2.2%
FX impact	-0.5%	3.5%	1.3%	-1.0%	1.4%	-1.4%	1.7%	-0.2%
Reported Growth	6.6%	7.7%	0.6%	0.8%	3.4%	0.9%	7.2%	2.0%

- Like-for-Like growth excluding South America of +2.3% in HY 2019
- Organic growth excluding South America of +5.4% in HY 2019

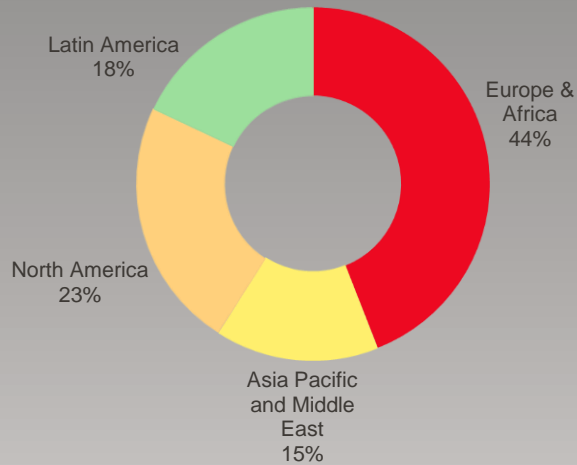
Dufry's Segmentation HY 2019

Balanced concession portfolio across divisions

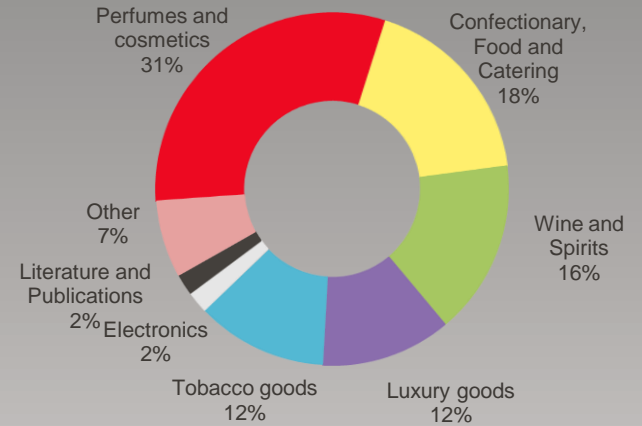
P&C, Food and Wine and Spirits as main product categories

Increasing importance of Cruise Liners

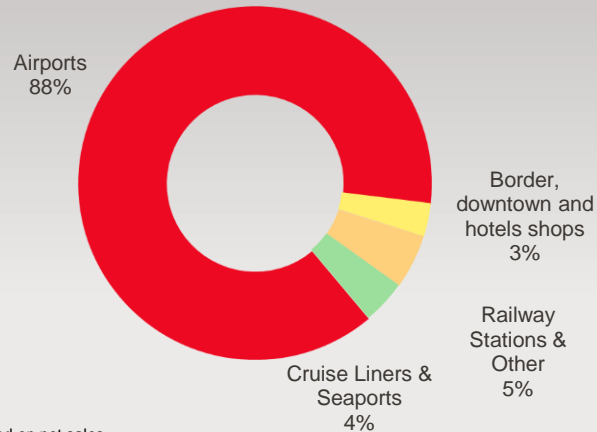
Dufry by Division



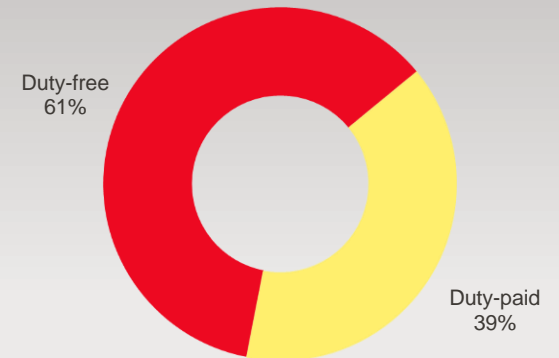
Dufry by Category



Dufry by Channel



Dufry by Sector



Note: Based on net sales

Cash flow statement

Adjusted Operating Cash Flow at similar levels to last year

Income tax lower due to a tax refund in HY 2019

Cash Flow Statement

(CHF million)	HY 2019	HY 2018
Cash flow before working capital changes	918.9	452.4
Lease payments, net	-509.9	-
Adjusted Operating Cash Flow	409.0	452.4
Changes in NWC	-16.8	41.9
Income tax paid	-27.6	-51.2
Capex	-125.3	-127.3
Interest received	15.2	14.8
Free Cash Flow	254.5	330.6
Interest paid	-86.9	-83.1
Cash flows related to minorities	-26.3	-15.6
Other financing items	-0.9	-9.7
Equity Free Cash Flow	140.4	222.2
Net proceeds from Hudson IPO	-	665.2
Net purchase of treasury shares	-	-222.8
Foreign exchange adjustments	57.5	82.7
Arrangement fees amortization and other non cash items	-3.3	-6.8
Dividends to Group shareholders	-199.7	-198.7
Transaction / Reestructuring costs	-	-5.8
Decrease/(increase) in net debt	-5.1	536.0

Thank you

 DUFRY