Dufry delivers strong and resilient 2023 third quarter results

Xavier Rossinyol underlines Dufry's resilience

Dufry – soon to be named Avolta – confirms the delivery of a strong set of quarter three 2023 (+16.0% organic growth) and nine months 2023 numbers.

According to the company, its performance is a result of its global portfolio and a clear strategy designed to drive growth, resilient profitability and cash generation.

"Yet another quarter has shown the value of the Dufry-Autogrill combination: more diversified and resilient, Dufry is driving the travel experience revolution," the company said in a statement.

CORE Turnover Growth	9M 2023 versus 9M 2022 Proforma	Q3 2023 versus Q3 2022 Proforma	9M 2023 versus 9M 2022	Q3 2023 versus Q3 2022
Like for Like	22.5%	14.3%	25.9%	16.6%
New concessions, net	2.3%	1.7%	2.3%	1.7%
Organic Growth	**24.8%**	**16.0%**	**28.2%**	**18.3%**
Change in Scope	0.0%	0.0%	63.0%	60.1%
Growth (CER)[4]	**24.8%**	**16.0%**	**91.2%**	**78.4%**
FX Impact	-5.5%	-6.6%	-4.9%	-5.0%
Growth (AER)[5]	**19.3%**	**9.4%**	**86.3%**	**73.4%**

Dufry's core nine-month turnover was CHF9,383.3 million (US$10,378 million), growing 24.8% organically, and CHF3,668.1 million (US$4,057 million) for Q3 2023, growing 16.0% organically. Q4 2023 started equally strong thanks to resilient demand for travel retail and F&B and strong execution. Core EBITDA for Q3 2023 reached CHF401.7million (US$444.4 million) resulting in an 11.0% margin; nine months 2023 was CHF893.5 million (US$988.2 million), with a 9.5% margin.

Dufry noted its integration with Autogrill was "advancing successfully, with full run-rate synergies of CHF85 million as of 2024 and in-year synergies of CHF30 million already in 2023".

Xavier Rossinyol, CEO of Dufry Group, commented, "Our Q3 2023 Trading Update will be the final set of results shared under the name Dufry Group – pending the approval of our shareholders at tomorrow's EGM, the Dufry-Autogrill business combination will take the next step forward and become a visibly unified company under our new name Avolta, more than the sum of its parts.

"The delivery of Q3 and 9M 2023 figures driven by robust demand, strong execution and the broadest portfolio in the industry, paired with continued cost management and earlier synergy implementation, openly demonstrates the resilience of our combined company."

Rossinyol noted the company has "successfully advanced on the integration, with our rebranding to Avolta as the final step, generating full run-rate synergies of CHF85 million already as of 2024, one year ahead of plan".

"Should our current performance continue through the last quarter, we project a full year 2023 organic growth of around 20% versus the previous year turnover for the proforma combined business of CHF10,805 million," he said.

"Having a translational effect on our growth, the devaluation of relevant currencies against our reporting currency, Swiss Francs, is expected to impact growth by around -5% to -7%. Based on this, FY 2023 reported growth is expected to be around 15% versus the previous year for the proforma combined business. As a translational effect, this does not impact on EBITDA margin or cash conversion. We further expect to report an improved Core EBITDA margin of 8.5% to 8.7% and an improved EFCF of CHF270 million to 290 million."

Rossinyol continued, "Set in line with our Destination 2027 strategy, our capital allocation policy aims to realize profitable growth, stable cash flow and value creation for our shareholders. As we seek to strike a balance across deleveraging, growth and returns to our shareholders, we will use

2/3 of EFCF for deleveraging, relevant business development and small bolt-on M&A. Deleveraging remains a focus point and we are targeting a leverage of 1.5-2.0x net debt/CORE EBITDA, with a maximum of 2.5x after relevant business development or small bolt-on M&A, with the aim to return to target. Further on this, 1/3 of the group's EFCF will be allocated to dividends.

"While our Destination 2027 strategy has the traveler at its core, it is completely powered by our people. We thank our employees all around the world for their exceptional motivation, dedication, and most importantly, their delivery."

Recent Developments

With a footprint spanning 75 countries, Dufry has continued to see strong demand for travel retail, essentials and travel F&B despite recent geopolitical tensions and challenges described by other discretionary spending categories, not comparable to Dufry's business. The company estimates October CORE Turnover performance of plus 14.6% versus 2022 and of plus 7.9% versus 2019 (both in constant FX, proforma combined).

Looking forward, Dufry expects continued positive developments for the remaining part of 2023 based on the successfully completed integration and its resilient, well-diversified business set-up, together with productivity increases, operational efficiencies, current trading and visibility on travelers' behavior. Dufry said it continues to "remain vigilant on geopolitical and macro-economic developments, flexibly adjusting its operations as needed, protecting margins and cash flows".

The integration of Autogrill is now completed, delivering in-year cost synergies of CHF 30 million in 2023, with full run-rate synergies of CHF 85 million expected as of 2024 – one year earlier than planned. Integration-related costs amount to CHF 50 million and are equally split between 2023 and 2024.

With ESG continuing as a core pillar in its long-term strategy, Dufry maintains its focus on strengthening its sustainability impacts around People, Communities and Planet. Dufry has now fully integrated F&B in its ongoing stakeholder engagement, materiality assessment and strategy re-definition. Further ESG information is provided in the Sustainability part of Dufry's website.

Regional performance