

Dufry posts strong third quarter and a list of key achievements for 2019

As shared by the Dufry Group, the following is a breakdown of the company's 2019 international performance, to date. Along with overall financial results, snapshots offer an in-depth look into the team's numbers, strategies and goals. To note: this year, Dufry started reporting under the new IFRS 16 framework, which essentially changes the accounting treatment of leases. The impact of IFRS 16 on cash flow is minimal.

Done and dusted by Dufry in the first nine months of 2019:

- Organic growth reached 2.9% showing a good improvement and confirming the ongoing positive trend experienced in the first half
- Equity Free Cash Flow amounted to CHF406.6 million (US\$409.3 million)
- The company opened and expanded 20,400-square meter of gross retail space including among others 20 stores in Russia, 45 shops in North America, 11 retail locations in Latin America and 30 stores on 18 new ships; contracts for opening a further 14,600-square meter in 2019/2020 are already signed featuring a deal with Mexico City International Airport to add three more shops covering 1,400-square meter
- Turnover reached CHF6,682.0 million (US\$6.75 billion) representing a total growth of 1.8%
- Gross Profit increased to CHF4,026.3 million (US\$4.05 billion), while the Gross Profit margin reached 60.3% in 9M 2019 from 59.9% one year earlier
- Adjusted Operating Profit reached CHF633.8 million (US\$638.0 million) and the Adjusted Operating Profit margin reached 9.5%
- Net profit to equity holders reached CHF29.4 million (US\$30.0 million)
- Adjusted Operating Cash Flow reached CHF805.3 million (US\$810.6 million)

Q3 Key Notes:

- Organic growth accelerated to 4.1%; like-for-like performance continued to improve significantly
- Reaching CHF266.2 million (US\$268 million), Dufry delivered a solid Equity Free Cash Flow
- For the acquisition of the majority stake of 60% in RegStaer Vnukovo all regulatory approvals have been received and the closing of this transaction is expected to be completed soon
- Acquisition by Hudson Ltd. of 34 Brookstone stores across several US airport locations including the exclusive right to expand the brand in airports & OHM Concession Group LLC adding new food and beverage concession capabilities and expanding North American footprint
- Increase in the duty-free allowance in Brazil from US\$500 to US\$1,000 to become effective in January 2020
- Equity Free Cash Flow improved significantly reaching CHF266.2 million (US\$268.0 million) vs. CHF207.9 million (US\$209.3 million) in the same period last year

Julián Díaz, CEO, Dufry Group, shares: "Organic growth has continued to accelerate in the third quarter, reaching 4.1%. Organic growth has been benefitting from solid contributions from new concessions and also like-for-like growth, which has been improving since the last quarter and now, during the holiday season, has reached 1.3% in the third quarter 2019. The continuous improvements in the first nine months of 2019, where we reached an organic growth of 2.9%, clearly show that we are on the right track to achieve our targets. Excluding South America organic growth for the nine months amounted to 5.4%. These achievements are the result of focused commercial initiatives we have launched in several markets.

In terms of Divisions, Asia-Pacific and Middle East continued to deliver a strong performance, including a healthy like-for-like growth. In Europe, Spain has accelerated performance, while North America has continued with its resilient growth, despite the impact from the duty-free business. In South America, although the situation remains challenging, we saw some signs of improvement supported by an acceleration of the performance with a pickup of like-for-like sales and by softer comparable.

We also successfully extended existing contracts, among them, our contract in Spain with AENA. I am very pleased with the renewal of this long-term partnership for up to five years and with a minimum guarantee (MAG) containing a lower annual increase than before, now amounting to 1.56%. Spain has improved its performance to above the agreed annual MAG increase and I am looking forward to rolling out to further locations our successful commercial initiatives and best practices already tested across five pilot airports, and for which no significant CAPEX investment will be needed.

Need-to-Knows:

- Ms. Heekyung Jo Min has been appointed as Dufry's first Lead Independent Director; the new position was unanimously established by the Dufry AG Board of Directors
- As of the 2020 financial year, Dufry will release a quarterly trading statement for Q1 and Q3 instead of publishing full financial results. Dufry will continue to publish full financial results for the half-year and full year

Díaz shares: "We remain confident with the market improvements seen so far. The prospects for the remaining months of the year are also encouraging, with organic growth in the first weeks of October reaching around 3.0%.

We remain committed to further develop our growth strategy, which includes small and mid-size acquisitions as well as organic growth with strong customer focus and to further accelerate it in the coming quarters.

We also continue to leverage our business model to generate efficiencies and to further accelerate the implementation of the digital strategy. We confirm our mid-term organic growth guidance of 3-4% as well as the expected mid-term range of CHF350-400 million for the Equity Free Cash Flow generation."