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DUFRY

NEWS RELEASE

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Dufry with strong recovery reporting Organic Growth of 53.2% and Adjusted Operating Profit of CHF 374.9 million

Dufry's full-year 2021 performance was characterized by a re-bound of travel, predominantly in the Western hemisphere. Turnover reached CHF 3,915.4 million, an Organic Growth of plus 53.2% as compared to the same period 2020, providing strong confidence in the overall recovery trend. Most notably, Dufry reported solid Equity Free Cash Flow of CHF -33.4 million for full-year 2021, representing a 73.4% conversion rate on incremental turnover 2020 to 2021.

FURTHER HIGHLIGHTS:

- Adjusted Operating Profit substantially improved in FY 2021, reaching CHF 374.9 million
- Savings of CHF 1,919.7 million versus 2019, significantly over-achieving the expected CHF 970 million in Minimum Annual Guarantee reliefs, Personnel and Other Expenses
- Strong positive Equity Free Cash Flow performance in second half of 2021 of CHF 241.7 million, same level as 2019
- Reduction of Net Debt to below pre-crisis level, standing now at CHF 3,079.5 million, sufficient liquidity position of CHF 2,243.9 million, and extension of Covenant holiday by four quarters
- Around 1,970 shops expected to open globally by end-March 2022, representing over 90% of sales capacity compared to 2019
- Considerable progress on implementing ESG strategy, including definition of CO_2 emission reduction targets for scopes 1-3 in line with SBTi initiative

Julián Díaz, CEO of Dufry Group, commented: "In an environment of gradual recovery for the industry and with travel resuming at different speeds in individual countries and regions, Dufry has continued to flexibly adapt its ways of working to the ever-changing requirements. Supported by the resilient willingness of our customers to travel and their ongoing propensity to visit our stores, our Turnover saw a reassuring acceleration through the course of the year and amounted to CHF 3,915.4 million, equal to an Organic Growth of 53.2% compared to 2020.

We had already defined initiatives in 2020, such as negotiating MAG reliefs and tightly controlling Personnel and Other Expenses, and continuously applied these in 2021 as well. This allowed us to save CHF 1,919.7 million in total in 2021, well ahead of the expected levels. We achieved a remarkable Equity Free Cash Flow (ECFC) of CHF -33.4 million for the full year 2021, and even a strong positive performance of CHF 241.7 million in the second half of the year, same as 2019 levels, thus underpinning the resilient Cash Flow generation capability. We also reached a very solid liquidity position at year-end of CHF 2,243.9 million.

We see encouraging signs for the ongoing recovery of the industry and our business performance as vaccination levels increase, passenger traffic accelerates, and our sales improve – also supported by higher spend-per-passenger compared to before the pandemic. The overall trends to ease cross-country and domestic air travel continued and were gradually extended.

With the successful re-financing measures implemented in 2021, the consolidation of our company organization and the further enhanced financial and managerial flexibility to engage in strategically relevant initiatives and growth opportunities, Dufry is well positioned to drive recovery and accelerate growth going forward."

Julián Díaz further commented:
"On a more personal note, as communicated on 21. February 2022, I will step down from my position as CEO on May 31, 2022. I would like to express my gratitude to all our stakeholders and particularly to the Board of Directors and all colleagues at Dufry for the support I have received during the past eighteen years. Without the strong dedication for execution and tireless commitment of every single employee, we could not have built the leading player of our industry. I am immensely grateful for the opportunity I had to lead and contribute to the development of this great company, and I wish the Dufry family a prosperous future."

FINANCIAL SUMMARY

In 2021, Dufry has seen gradual improvements in nearly all its operations as travel started to resume, with a significant pick up in the second half of the year. The Financial Result has significantly improved versus the previous year across all performance indicators. Turnover reached CHF 3,915.4 million, representing organic growth of 53.2% compared to 2020, still impacted by the pandemic-related travel restrictions. The translational FX effect versus 2020 was -0.3%, mainly related to neutralizing effects of weaker USD and stronger GBP.

The category mix mirrors the current re-opening patterns, with the duty-paid segment being driven by currently faster recovering domestic and intra-regional flights. Perfumes & cosmetics continued to be the prevalent category, followed by food & confectionery and convenience product offerings.

Gross Profit margin stood at 56.5% for Full-Year 2021 and a further normalization is expected in line with business recovery. Retail margin already proved to be very resilient and saw an increase of 1.2% compared to 2019 due to strong demand of returning travelers and supported by the higher share of duty-free for UK inbound customers. During 2021, margin was mainly impacted by the temporary supply of Dufry's Hainan collaboration in China through its Hong Kong-based distribution center.

Turnover Growth	**FY 2021 (yoy)**	**FY 2020 (yoy)**
Like for Like	39.0%	-67.2%
New concessions, net	14.2%	-2.6%
Organic Growth	**53.2%**	**-69.6%**
Change in Scope	-	-
Growth in constant FX	**53.2%**	**-69.6%**
FX Impact	-0.3%	-1.3%
Reported Growth	**52.9%**	**-71.1%**

In CHF million	**FY 2021**	**FY 2020**	**2021 vs 2020**
Turnover	**3,915.4**	**2,561.1**	**1,354.3**
vs. previous year	*52.9%*	*-71.1%*	-
Gross Profit	**2,211.0**	**1,377.3**	**833.7**
Gross Profit Margin	*56.5%*	*53.8%*	2.7pp
Lease Expenses	176.4	8.0	-168.4
thereof MAG Relief	*847.1*	*380.3*	466.8
Personnel Expenses	-635.4	-716.0	-80.6
Other Expenses, net	-327.7	-328.1	-0.6
D&A (incl. Impairment)	-1,490.5	-2,841.9	-1,351.4
thereof Impairments, net	*-280.5*	*-1,193.1*	-912.6
Operating Profit (EBIT)	**-66.2**	**-2,500.8**	**2,434.6**
Adjusted Operating Profit	**374.9**	**-1,561.6**	**1,936.5**
Net Profit to Equity Holders	**-385.4**	**-2,513.7**	**2,128.3**
Adjusted Net Profit	**23.4**	**-1,658.4**	**1,681.8**
Basic EPS	**-4.39**	**-43.0**	**38.6**
Adjusted EPS	**0.27**	**-28.4**	**28.7**
Adjusted Operating Cash Flow	**147.1**	**-405.9**	**553.0**
Lease Payments, net	-475.3	-401.8	-73.5
Capex	-88.1	-106.0	-17.9
NWC Changes	75.7	-314.0	389.7
Equity Free Cash Flow	**-33.4**	**-1,027.3**	**993.9**
Net Debt	**3,079.5**	**3,343.9**	**-264.4**

Dufry successfully executed continued Cost Savings in Personnel and Other Expenses of overall CHF 841.9 million compared to 2019, overachieving the initially expected CHF 670 million for the year. Main drivers have been continued cost discipline in addition to variable savings and some continued furlough. Further, Dufry achieved MAG relief of CHF 1,077.8 million in 2021, related to the period affected by the pandemic. Of the total MAG relief received, CHF 847.1 million were accounted as “MAG relief” under “lease expenses” in the 2021 P&L. Thereof, CHF 27.3 million have already been considered in MAG waivers communicated to the market in 2020. The remaining part refers to lease modifications, leading to lower Depreciation of Right of Use Assets of CHF 91.3 million, lower lease interest of CHF 47.9 million and lower variable concessions of CHF 33.7 million in 2021. An amount of CHF 85.1 million is benefiting future years.

D&A in 2021 was also impacted by some additional impairments of net CHF -280.5 million, required almost mechanically in the current unprecedented environment. However, these impairments mostly relate to depreciable and amortizable assets, only represent a timing shift and will result in lower D&A going forward.

Dufry’s operating and net results significantly improved during 2021 with Adjusted Operating Profit (Adjusted EBIT) reaching positive CHF 374.9 million in 2021 versus CHF -1,561.6 million in the same period of 2020. Adjusted Net Profit to Equity Holders turned also positive with CHF 23.4 million in 2021 versus CHF -1,658.4 million last year, resulting in an Adjusted Earnings per Share of CHF 0.27 for FY 2021.

Dufry’s Cash Flow performance also proved solid. Adjusted Operating Cash Flow – a proxy for pre-IFRS 16 EBITDA – reached positive CHF 147.1 million in 2021 compared to CHF -405.9 million in 2020. Based on higher cost savings than anticipated, Dufry concluded the year with an EFCF of CHF -33.4 million. Dufry generated positive cash flows in the months May to October 2021 and reached the same level in H2 2021 compared to H2 2019, namely CHF 241.7 million and CHF 242.9 million respectively. The negative Cash Flow was mainly coming from the first half of the year, where the impact from Covid was still more pronounced. While Turnover versus 2020 improved by 52.9% (reported growth), EFCF improved by 96.7% compared to 2020. CAPEX of CHF -88.1 million came in below the initial estimate and will phase into 2022. EFCF also benefitted from an inflow of working capital of CHF 75.7 million resulting from the relatively steep business recovery of selected regions in the second half of the year.

Net Debt amounted to CHF 3,079.5 million at the end of December 2021 compared to CHF 3,343.9 million in December 2020 and reached a lower level compared to December 2019 pre-crisis (CHF 3,102.0 million). Dufry’s Liquidity Position amounted to CHF 2,243.9 million as of December 31, 2021. The full set of financial information is provided in Dufry’s 2021 Annual Report.

Dufry agreed with its lending banks on an extension of the covenant holiday until June 2023. The September and December 2023 testing deadlines require a 3.0x Total Interest Expense/Adjusted Operating Cash Flow and a 5.0x Net Debt/Adjusted Operating Cash Flow ratio before the company will return to its 4.5x Net Debt/Adjusted Operating Cash Flow threshold in 2024.

OUTLOOK

In line with easing of travel restrictions by governments and resuming of operations by airports and other landlords, Dufry re-opens its retail businesses gradually, following single-location productivity scenarios. As per end December, around 1,900 shops globally were open, representing around 88% in sales capacity compared to full-year 2019. At the end of March, Dufry expects to operate more than 1,970 shops, representing above 90% of sales capacity.

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The emergence of the Omicron variant and related restricted measures re-imposed by selected governments caused some slowdown in January and February, but all regions have started to trend upwards already in line with the easing of restrictions in many countries.

Dufry sees strong demand for the resuming of travel with shopping as an integral part of the overall travel experience. Given limited visibility and information currently available to management regarding the geo-political environment, pandemic-related developments, government responses and timeline for lifting of measures, Dufry does not provide guidance for 2022 in line with past practice.

In the current environment, Dufry focuses on the protection of its Liquidity while engaging in Organic Growth opportunities with a mid-term focus on deleveraging, opportunistic M&A if accretive and a re-initiation of Dividend Payments depending on the recovery trajectory. Therefore, the Board of Directors will propose to the 2022 Annual General Meeting to keep the Dividend payment for the business year 2021 suspended.

Dufry continues to focus on strengthening its sustainability approach and has defined science-based-targets (SBT) to achieve climate neutrality by 2025 for scopes 1 + 2 and to considerably reduce carbon footprint of scope 3 emissions by cooperating with suppliers and logistic partners by 2027 and 2030 respectively. Dufry also launched a new sustainable product identification initiative across 128 airports and 171 shops globally, and evolved its diversity & inclusion engagement, among other major initiatives. Further information is provided in Dufry's 2021 Sustainability Report.

BUSINESS DEVELOPMENT

In 2021, Dufry succeeded in winning several attractive New Concessions and expanding important contracts across all regions, thus adding solid contributors to the resilience of the business. Amongst the most important new wins are: the contract at Teesside International Airport (UK) for twelve years, further consolidating the footprint in the UK; the new concessions at Martinique Aimé Césaire International Airport for ten years and at Cayenne Felix Eboué International Airport in French Guiana for five years; the new wins at Sangster International Airport in Montego Bay, Jamaica, for five years and six years for the duty-free and the duty-paid concessions respectively, as well as at Salgado Filho International Airport in Porto Alegre (BR) for six years. Extensions of existing contracts have been awarded at Santiago International Airport, the second largest hub for the Dominican Republic, for ten years; at Cardiff Airport (UK) for 12 years and in Cambodia covering the airports of Phnom Penh, Siem Reap and Sihanoukville for five and a half years. At the end of 2021, Dufry's pipeline included projects covering 38,700 m^2 of potential additional retail space.

Amongst the several refurbishment and new openings in 2021, the highlights worth mentioning were the Rio Galeão Dufry Shopping Megastore (BR), several shops at Pulkovo Airport in St. Petersburg (RU), the extensive redesign at Milano Linate International Airport (IT) and the completely renewed Brookstone shop concept in the US. With the opening of the Group's first full-seated restaurant concept "Plum Market" at Dallas Fort Worth International Airport, Dufry enhanced its airport F&B footprint in the US. Also in the US, Dufry has launched the new Hudson Nonstop shop concept. It allows customers to enter the shop by just tapping their credit card, choose from a selection of the traditional travel convenience product assortment and leave the shop without going to the till and without any human interaction. Hudson Nonstop uses Amazon's Just Walk Out technology, which is currently in operation at Chicago Midway International Airport and at Dallas Love Field Airport. In 2021, we have also accelerated the deployment of self-check-out tills, which have been well received by our international customer base in 5 countries with over 100 units in operation across 31 shops. Both new developments are testimony to our ongoing focus to drive the company's digitalization to simplify processes and generate efficiencies.

In total, Dufry opened 9,800 m^2 of new shops and refurbished 19,250 m^2 of sales space, corresponding to 2% and 4% of total space respectively. In addition, Dufry was involved in the opening of the Global Duty Free Plaza at the Mova Mall in Hainan – in collaboration with Alibaba and Hainan Development Holdings, which represents a first entry point in the attractive Hainan market.

REGIONAL PERFORMANCE

Europe, Middle East and Africa

Turnover in Europe, Middle East and Africa was CHF 1,723.8 million in 2021 from CHF 1,144.5 million one year ago. EMEA saw a significant step-up in June and gradual improvement ever since based on resuming of travel within the region and transatlantic routes. Best performing was the Mediterranean, including Turkey and Greece, Eastern Europe, Russia, Middle East, and Africa benefitting from leisure demand and more flexible travel protocols compared to other countries in the region. Also, France, Italy, Spain, Switzerland, and the UK saw an uptake since June as vaccination campaigns were progressing and authorities were implementing more convenient intra-European as well as transatlantic travel protocols. Departure destinations with inbound travel to UK benefitted from new regulations related to Brexit and duty-free quotas. Towards the end of the year, re-imposed restrictions, and limited alignment between governments around the emergence of the Omicron variant resulted in a slight slowdown.

Asia-Pacific

Asia-Pacific's turnover reached CHF 99.0 million in 2021 from CHF 160.0 million in 2020. APAC is still largely impacted by the respective governments' zero-case approach, and borders for inbound and outbound travel are mostly closed. Accordingly, shops in Dufry's Asia-Pacific locations such as Hong Kong are closed or operating at very low levels in line with flights and passenger movements. Since the end of 2021, Australia, Cambodia, Singapore, Malaysia, and Macau started to release restrictions and to allow a soft opening of travel. As soon as restrictions are further being lifted, demand is expected to show a fast rebound.

The Americas

The America's turnover stood at CHF 1,728.5 million in 2021 versus CHF 1,141.7 million in 2020. North America, especially the US, performed above group average due to the higher exposure to domestic travel. Intra-regional travel from the US to Central America as well as the opening of the transatlantic route in November were also supportive. The performance was driven by Hudson convenience stores, food and beverage and other duty-paid offerings. Central America and Caribbean, including Mexico, Dominican Republic, and the Caribbean Islands, were performing robustly as well, driven by intra-regional travel from the US and South America as well as international travel as more flexible travel conditions met continued demand. The cruise business, located in the region, continued to be impacted. South America started to trend upwards in the second half 2021, especially in Argentina, Colombia, and Ecuador, in line with vaccination progress and an improved health situation.

Performance of distribution centers was impacted by temporary supply of Dufry's Hainan collaboration in China through its Hong Kong-based distribution center, which largely transitioned to the local supply chain at the beginning of 2022.

Turnover, in CHF million	**Q4 2021**	**Q4 2020**	**Reported Growth Q4 (vs 2020)**	**Organic Growth Q4 (vs 2020)***
Europe, Middle East and Africa	654.9	192.4	240.4%	235.0%
Asia Pacific	23.8	25.5	-6.7%	-8.9%
The Americas	591.5	237.3	149.3%	140.3%
Distribution Centers	108.5	32	239.1%	367.4%
Dufry Group	**1,378.7**	**487.1**	**183.0%**	**179.5%**

Turnover, in CHF million	**FY 2021**	**FY 2020**	**Reported Growth FY (vs. 2020)**	**Organic Growth FY (vs 2020)***
Europe, Middle East and Africa	1,723.8	1,144.5	50.6%	49.0%
Asia Pacific	99.0	160.0	-38.1%	-38.9%
The Americas	1,728.5	1,141.7	51.4%	53.4%
Distribution Centers	364.1	114.9	216.9%	302.1%
Dufry Group	**3,915.4**	**2,561.1**	**52.9%**	**53.2%**

For the FY 2021 Results Presentation, the FY 2021 Financial tables, details of the FY 2021 Presentation and Conference Call and other related information, please visit our dedicated page: www.dufry.com/en/FY2021

*Organic growth adjusted for FX and regional revenue allocation

For further information:

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DUFRY GROUP – A LEADING GLOBAL TRAVEL RETAILER

Dufry AG (SIX: DUFN) is the leading global travel retailer operating over 2,300 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas, in more than 420 locations in 66 countries across all six continents.

The Company, founded in 1865 and headquartered in Basel, Switzerland, is offering customers a first-class shopping experience, global brands, a unique market access and landlords a reliable, value-enhancing partnership. To learn more about Dufry, please visit www.dufry.com.

SOS CHILDREN'S VILLAGES

Social Responsibility
Dufry cares for children and supports social projects from SOS Kinderdorf in Brazil, Mexico, Kenya, Russia, Jordan and Spain. SOS Children's Villages is an independent, non-political and non-demonstrational organization established for orphaned and destitute children all over the world.