News Release

Basel, August 03, 2020

HY 2020 impacted by Covid-19, Dufry accelerates re-opening and drives business re-organization

- **Turnover reached CHF 1,586.9 million impacted by the Covid-19 pandemic, equal to -60.6% year-on-year organic growth, with resilient gross profit margin at 58.0%, adjusted operating cash flow of CHF -103.5 million, and equity free cash flow of CHF -749.1 million**

- **Comprehensive action plan implemented including fix cost savings of CHF 469.7 million in first half 2020, targeted fix cost savings of around CHF 1 billion for full-year 2020, and strengthened financial structure with CHF 1,583.7 million pro-forma liquidity position as of June 30, 2020[1]**

- **Having aligned the organization to different full-year 2020 turnover scenarios, with an expected average monthly cash flow in second half 2020 of ~CHF +60 million in a -40% scenario, ~CHF +10 million in a -55% scenario, and ~CHF -60 million in a -70% scenario**

- **Current re-organization initiatives to reduce complexity and simplify decision-making, thus driving the company's profitability and preparing growth acceleration**

- **Passenger flows gradually returning since mid-June, resulting in -82.3% organic growth in July 2020 compared to same month of previous year**

- **Limited visibility on mid-term recovery trajectory, with industry forecasts of returning to 2019 levels from 2022 onwards**

Julián Díaz, CEO of Dufry Group, commented: "This is certainly a difficult time for both, the travel retail industry and our company. However, since mid-June we have started to see first signs towards a recovery, with travel resuming gradually and more than 1,000 of our shops globally in operation again at the end of July, based on our shop-by-shop re-opening plan.

In the first half-year 2020, we have implemented a whole array of initiatives to adapt the company to the new market environment and safeguard its resilience going forward. These include measures to reduce costs at all levels, several activities to strengthen Dufry's financial structure, as well as a restructuring of the company and the implementation of a new simplified organization as per September 1, 2020. I am confident that we have taken the right initiatives and that they will help us to emerge from the crisis with a solid position.

During the recovery and going forward the increased agility and faster decision making processes will allow us to adapt swiftly to the new and changing market requirements, drive sales and accelerate

[1] Pro-forma liquidity as of June 30, 2020 including Covid-19 related government-backed loans granted until July 2020.

growth. By taking out one organizational level, the teams covering our global functions and the countries will increase efficiency and get closer to the market and our customers.

I would also like to express my personal gratitude to our employees for their commitment during these difficult times. Without their strong support and dedication, the fast adaptation of the company and the changes applied would not have been possible. I also want to remember the colleagues we lost as a consequence of the pandemic and I wish a full recovery to our employees who were infected. We have taken all necessary steps to provide our employees with a safe working environment.

Our health and safety protocols are an integral part of our stores globally to also protect our customers, while we continue to provide them with a first-class shopping experience. We see that passengers want to engage in travel retail as soon as airports and other locations are re-opening. We are looking forward to serving our customers globally with great service and attractive promotions.

Our gratitude also goes to our shareholders, as well as all our business partners and stakeholders, who continue supporting the company on an ongoing basis and with renewed and strong relationships."

FINANCIAL SUMMARY[2]

During the first six months of the year, Dufry's performance was impacted by the unprecedented level of disruption of retail operations, globally driven by international travel restrictions implemented by governments worldwide and operational shut-downs of airports, cruise lines and other channels.

In CHF million	**HY 2020**	**HY 2019**	**Var.**	
Turnover	1,586.9	4,180.1	-62.0%	
Gross Profit Margin	58.0%	60.2%	-2.20	(retail only: -0.6)
Lease expenses	-75.7	-633.8	-88.1%	
thereof MAG Relief	*161.8*	-	-	
Personnel expenses	-423.0	-618.6	-31.6%	
Other expenses, net	-168.9	-281.2	-39.9%	
Depreciation, Amortization and Impairment	-1,185.5	-858.4	38.1%	
Operating Profit (EBIT)	-932.6	123.1	-1,055.7	
Net profit to Equity Holders	-903.2	-107.3	-795.9	
Basic EPS	-17.41	-2.15	-15.3	
Adjusted Operating Profit (Adj. EBIT)	-464.6	277.0	-741.6	
Adjusted Operating cash flow	-103.5	409.0	-512.5	
Lease Payments, net	-284.0	-598.2	-52.5%	
Capex	-60.0	-125.3	-52.1%	
NWC Changes	-473.9	-16.8	-457.1	
Equity free cash flow	-749.1	140.4	-889.5	
Net Debt	3,659.4	3,291.3	11.2%	

[2] Adjusted results exclude exceptional expenses and income such as acquisitions and divestitures, impairments and amortization of acquisition-related intangible assets, as well as recurring solely IFRS 16 accounting-related items such as interest on lease obligations. Please see the details on pages I-II of the Half-Year Results 2020 Financial Report and page 270 of the 2019 Annual Report.

TURNOVER

Turnover in the first six months of 2020 reached CHF 1,586.9 million versus CHF 4,180.1 million in the same period in 2019, representing a decrease of -62.0%. Organic growth was -60.6%, with like-for-like performance reaching -57.6% due to the lower passenger traffic across most airports globally and contributions from net new concessions amounting to -3.0%. The translational FX effect in the period was -1.4% as a result of the strengthening of the Swiss Franc versus the main currencies USD, EUR, GPB.

In regard to channels, 85.1% of net sales were generated at airports, a slight decline compared to HY 2019 (88.1%), whereas other channels have gained importance, especially railway stations, border, downtown and hotel shops. Product mix remained relatively stable with perfumes & cosmetics, food & confectionery and wine & spirits being the predominant categories. The duty-free vs. duty-paid split remained stable, representing 60.2% and 39.8% of net sales respectively.

Turnover Growth	HY '20	HY '19
Like for Like	-57.6%	-0.6%
New concessions, net	-3.0%	2.8%
Organic Growth	**-60.6%**	**2.2%**
Change in Scope[3]	0.0%	-
Growth in constant FX	**-60.6%**	**2.2%**
FX Impact	-1.4%	-0.2%
Reported Growth	**-62.0%**	**2.0%**

REGIONAL PERFORMANCE

Europe & Africa

Turnover in the region was CHF 558.9 million in the first six months of 2020 from CHF 1,725.5 million one year ago. Organic growth in the division reached -66.1% in the period. Performance was negative across most locations. Performance in Africa was negative as well but to a lesser degree. From mid-June 2020 onwards, travel restrictions were lifted or eased and intra-European travel, especially in Southern and Central Europe as well as the UK, started to resume.

Asia-Pacific (APAC) & Middle East

Turnover amounted to CHF 236.0 million in the first half of 2020, versus CHF 623.8 million in the same period in 2019. Organic growth reached -60.4% with China and South Korea being impacted especially during Q1 2020, but resuming domestic and bilateral travel in Q2. Other parts of Asia-Pacific and especially in the Middle East region were impacted mainly in the second quarter, and are still continuing to be impacted with a low level of open shops.

North America

Turnover reached CHF 392.2 million compared to CHF 954.5 million in the first half of 2019. Organic growth was -57.9% in the period with a slowdown in both sectors duty-free and duty-paid, but especially in duty-free, which is exposed to international flight schedules. Domestic travel, which accounts for around 85% of the US flight movements, started to resume, while the Canadian business was still impacted by international travel restrictions. The North American business started an initiative through its Hudson brand to rollout vending machines featuring health and safety products across 27 leading airports in North America.

[3] No changes in overall retail space ("scope"), as positive contribution of the acquisitions of RegStaer Vnukovo (Russia) and the Brookstone airport stores (US), conducted in November and October 2019 respectively, offset by disposals.

Central & South America
Turnover was CHF 329.6 million in the first half of 2020 as compared to CHF 761.8 million one year earlier, with organic growth coming in at -55.6%. The division was the least impacted during the first semester, as most restrictions in the region only started in the second quarter. The cruise business, mainly part of Central & South America Division, performed in line with the overall division, despite cancellation of cruise itineraries as staff were still based on ships and high season would only have started later in the year. Domestic travel, as well as border shopping and international flights within the region remained possible at limited levels, whereas most international travel outside the region was restricted.

The divisional turnover split saw Europe & Africa contributing 36%, APAC & Middle East 15%, North America 25% and Central & South America 21%. Global distribution centers accounted for 3% of HY 2020 net sales.

Turnover, in CHF million	**HY 2020**	**HY 2019**	**Reported Growth**	**Organic Growth**
Europe & Africa	558.9	1,725.5	-67.6%	-66.1%
Asia Pacific and Middle East	236.0	623.8	-62.2%	-60.4%
North America	392.2	954.5	-58.9%	-57.9%
Central and South America	329.6	761.8	-56.7%	-55.6%
Distribution Centers	70.2	114.5	-38.6%	-
Dufry Group	**1,586.9**	**4,180.1**	**-62.0%**	**-60.6%**

BUSINESS DEVELOPMENT
With respect to business development, Dufry slowed down its refurbishment program to reduce its capital expenditures, without however, compromising on its re-opening and growth acceleration opportunities.

Shops in London (UK), Athens, Thessaloniki (GR), Macau (CN), Los Angeles, New York (US) and Guayaquil (ECU), among others, were renewed, accounting for 6,350 m² or 1.4% of overall retail space operated by Dufry. The company also continued expanding its operations and opening new shops, with most space increases executed during January and the first weeks of February. Important locations include Helsinki (FIN), Perth (AUS), Indianapolis (US), Calgary (CA) and Florianópolis, in the South of Brazil. The total gross retail space opened during the half-year 2020 accounted for 2,850 m² or 0.6% of overall retail space operated by Dufry. Refurbished and newly opened shops engage customer interest, drive more footfall and improve profitability.

FINANCIAL RESULTS

Gross Profit margin (GPM)
Gross Profit reached CHF 920.5 million in the first six months of 2020 compared to CHF 2,515.1 million in the previous year, with the Gross Profit margin declining by 220 base points and reaching 58.0% from 60.2% in the previous year. Margin was mainly affected by the turnover mix from the retail and whole-sale business. Retail-related gross profit margin was only 60 base points lower compared to full-year 2019 despite the sales decline during the second quarter. Gross profit margin remained resilient supported by the collaboration between Dufry and its suppliers and is expected to normalize with business recovery.

Adjusted Operating Profit (Adjusted EBIT)

Adjusted Operating Profit (adjusted EBIT) reached CHF -464.6 million in the first six months of 2020 versus CHF 277.0 million the same period of 2019.

Lease expenses amounted to CHF -75.7 million in the first half of 2020 compared to CHF -633.8 million in HY 2019 (-88.1% compared to the same period last year). Expenses decreased due to the lower level of sales and due to Covid-19 related minimal guaranteed amounts (MAG) reliefs negotiated with airport authorities and landlords in the first semester. MAG reliefs refer to waiving of fixed rent components and implementing variable concession schemes instead, or to adjusting fixed MAGs to lower passenger numbers, scheduled flights and operating hours. Up to June 30, 2020, Dufry was able to close several agreements releasing partially or totally about CHF 161.8 millions of MAG. Meanwhile, the management remains in negotiations with other lessors reviewing the lease terms, in order to accommodate these according to the market circumstances beyond June 30, 2020 created by Covid-19. In relation to these on-going negotiations, Dufry has already received offers granting further MAG relieves in relation to the first half of 2020 for CHF 137.0 million, which, if and when such rent concessions are signed, will result in a de-recognition of lease obligations in the same amount.

Personnel Expenses amounted to CHF -423.0 million in the half-year 2020 from CHF -618.6 million one year earlier, representing a decrease of CHF 195.6 million (-31.6% compared to the same period last year) driven by the efficiency program, which includes reducing costs at all levels, making use of government support schemes whenever possible, as well as the implementation of voluntary salary reduction schemes, also supported by Dufry’s Global Executive Committee and Board of Directors. Personnel Expenses include CHF -62.7 million for restructuring and CHF 34.4 million from various government support schemes.

Other Expenses net reached CHF -168.9 million in the first six months of 2020 versus CHF -281.2 million in the same period last year. The decrease by CHF 112.3 million (-39.9% compared to the same period last year) reflects the initiative to reduce as much as possible all operating expenses and other cost items.

Depreciation, amortization and impairment amounted to CHF -1,185.5 million in HY 2020 versus CHF -858.4 million last year. The increase is related to the recognition of impairments on intangible assets due to the Covid-19 pandemic, when Dufry had to close the vast majority of its shops, impacting the turnover forecasted for the year.

Net Profit

Net Profit to Equity Holders reached CHF -903.2 million in the first six months of 2020 versus CHF -107.3 million in the same period last year. Financial Results (excluding Lease Interest and FX) amounted to CHF -72.3 million versus CHF -62.9 million in the previous period. Interest paid decreased due to the refinancing of senior notes in November 2019. These effects are partially offset by changes in margins for amended and new facilities, one-off expenses related to the different financing measures taken by Dufry in HY 2020, as well as lower interest income.

Income tax reached CHF 40.4 million versus CHF -35.0 million last year. The tax income was mainly driven by the loss situation of most of our operations. Minorities were CHF 101.4 million for the HY 2020 versus CHF -21.2 million last year.

Adjusted Net Profit reached CHF -582.2 million in the half-year 2020 versus CHF 65.7 million last year. The respective Adjusted Earnings per Share (EPS) was CHF -11.22 in the period versus 1.32 in the previous year.

Cash Flow
Cash flow metrics were also impacted by the lower level of sales. Adjusted operating cash flow reached CHF -103.5 million in the first six months of 2020 compared to the CHF 409.0 million in HY 2019. Net lease payments amounted to CHF -284.0 million versus CHF -598.2 million last year. Overall concession fees, i.e. variable components such as lease expenses and fixed components such as lease payments, were CHF -521.5 million, representing a reduction of 57.7% compared to HY 2019. The reduction was mainly driven by reliefs received from landlords and other operational closures for the period.

Changes in working capital reached CHF -473.9 million in HY 2020, compared to CHF -16.8 million in HY 2019; changes in core working capital amounted to CHF -173.7 million compared to CHF 19.1 million in HY 2019. The main drivers for the variation were the decrease in trade payables, due to lower purchase levels and the 2019 comparative base, as well as other accounts payable due to a decrease in accrued concession fee payables. Inventories increased by CHF 30.1 million due to limited changes in inventory levels based on shop closures. Capex was significantly reduced from CHF 125.3 million in HY 2019 to CHF 60.0 million in HY 2020, as the company put Capex investment on hold as much as possible since March 2020.

Equity Free Cash Flow stood at CHF -749.1 million in the first half-year 2020 compared to CHF 140.4 million in the previous year. Cash consumption during the first six months 2020 amounted to CHF 708.7 million. Cash outflow in Q1 was mainly attributable to concession fee payments, inventory build and tax, whereas in Q2 cash consumption could be significantly reduced. Dufry achieved overall fix cost savings of CHF 469.7 million in the half-year 2020.

Net Debt and liquidity position
In April, Dufry announced a comprehensive set of initiatives to strengthen its capital structure and liquidity position to support the company, thus allowing it to sustain a prolonged period of operational disruptions and reinforce its competitive positioning in the longer term:

- New 12-month committed credit facility of CHF 390 million with two 6-months extensions

- Access to CHF 142.6 million of different Covid-19-related government-backed loans (as of 31 July 2020)

- Successful placement of 5,000,000 new shares out of existing authorized capital, corresponding to 9.9% of Dufry's current issued share capital, and 500,000 treasury shares, generating gross proceeds of CHF 151.3 million

- Placement of CHF 350 million in senior bonds due 2023, conditionally convertible into shares, with maturity on May 4, 2023

- Agreement with banks to waive the existing financial covenants of 4.5x net debt/adjusted operating cash flow (LTM/constant FX) until end of June 2021 and assign a higher leverage covenant of 5x net debt/adjusted operating cash flow (LTM/constant FX) for the September and December 2021 testing periods

In addition, Dufry recommended to shareholders to cancel the 2020 dividend to reduce short-term cash outflows in this unprecedented situation; the motion was granted by the Annual General Meeting.

In total, the new financing measures improved Dufry's liquidity position from CHF 1,258.5 million as of December 31, 2019 to CHF 1,583.7 million as of June 30, 2020 (pro-forma[4]). Net Debt amounted to CHF 3,659.4 million at the end of June 2020 compared to CHF 3,101.9 million at the end of December 2019.

RE-ORGANIZATION

In June, Dufry announced a re-organization and restructuring program to adapt its organization to the new business environment and to accelerate growth and support profitability during the recovery phase of the economic crisis and beyond. The re-organization includes the integration of headquarters and divisions, the simplification of the first management level and the introduction of a new, reduced Global Executive Committee to reflect the new reality of the business. The implementation is progressing in line with the plan, with the new organizational structure to become effective as of September 1, 2020, while the restructuring is expected to be completed by October 2020. Dufry expects restructuring related one-off costs of CHF 62.7 million, which were already provisioned in half-year 2020.

OUTLOOK

Giving the current context and the low visibility to provide business forecasts, the company had already withdrawn guidance for full-year 2020 in its Q1 Trading Update in May. Dufry has defined cost containment measures for different scenarios based on turnover development in 2020 and information made available by different associations and independent data providers of the travel retail and airline industry. The scenarios consider a -40%, -55%, and -70% turnover decline for full-year 2020 compared to full-year 2019, and are used to steer the company through a time of uncertainty and implement necessary action plans to reach required cost reductions, safeguard liquidity and re-open the business in a cash-preserving way. The scenarios do not represent a company guidance.

In this context, Dufry implemented several measures to reduce cash outflows to a minimum, which are tightly controlled by a dedicated team at Group level. These initiatives include reductions in concession fees, personnel expenses and general expenses in line with the above mentioned turnover scenarios. As of today, Dufry expects to generate around CHF 1 billion in fix cost savings in full-year 2020, thereof CHF 299 million in MAG reliefs. In addition, actions are taken at Capex and working capital level, with expected cash savings of around CHF 160 million in the full-year 2020.

During the re-opening in the second half 2020 and depending on the recovery trajectory, Dufry expects positive average monthly cash flow of around CHF +60 million in a -40% scenario and around CHF +10 million in a -55% scenario, and cash consumption of around CHF -60 million in a -70% scenario. Cash consumption is including personnel and operational expenses, working capital changes, capital expenditures, interest and other finance expenses, as well as tax payments.

Since mid-June, travel restrictions have been increasingly lifted and domestic and international travel started to resume, especially in Asia, Europe, and the US. Dufry started to re-open its retail operations gradually, based on single-location productivity scenarios and in close cooperation with airport authorities and landlords. More than 1,000 of Dufry's 2,400 shops globally have opened up again, representing around 60% in sales capacity compared to full-year 2019, including key locations such as the UK, Spain, Switzerland, Mexico, US, Turkey, Russia, Hong Kong, India, Cambodia, South Korea and Kuwait. In the first four weeks of July (until July 26, 2020), organic growth reached -82.3%

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[4] Including all Covid-19-related government-backed loans granted until July 31, 2020, amounting to CHF 142.6 million.

compared to the same period last year. At the end of August, Dufry expects to operate around 50% of shops, representing 70% of sales capacity.

Based on sales progression and customer insights Dufry expects to be well positioned for the reopening and business recovery both from a commercial and operational perspective. Current re-organization initiatives are further strengthening the airport travel retail business and other channels, thus driving the company's profitability and preparing growth acceleration.

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Dufry Group – A leading global travel retailer

Dufry AG (SIX: DUFN) is the leading global travel retailer operating over 2,400 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas, in more than 420 locations in 65 countries across all six continents. The Company generated CHF 8.8bn sales in 2019, achieving a gross profit margin of 60.2% and an equity free cash flow of CHF 383 million by profitably operating 470,000 sqm of retail space.

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.

SOS CHILDREN'S VILLAGES

Social Responsibility

Dufry cares for children and supports social projects from SOS Kinderdorf in Brazil, Cambodia, Mexico, Morocco and Ivory Coast. SOS Children's Villages is an independent, non-political and non-demonstrational organization established for orphaned and destitute children all over the world.