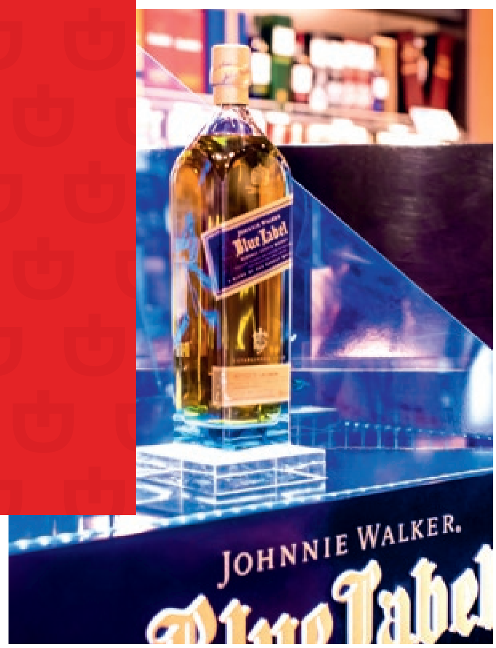
DUFRY

WorldClass.WorldWide.

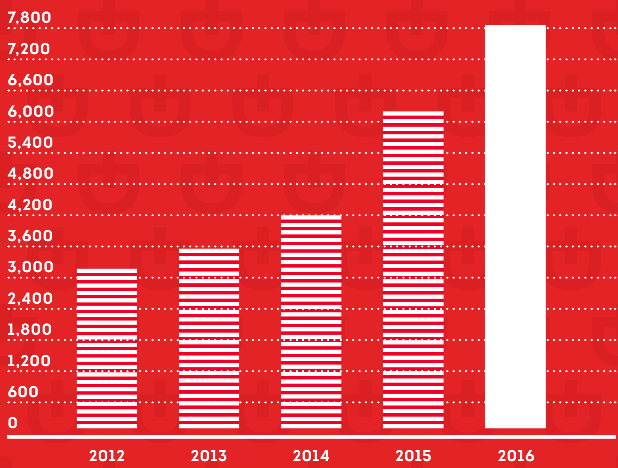
ANNUAL
REPORT
2016


ANNUAL REPORT 2016 CONTENT

DUFRY
AT A GLANCE

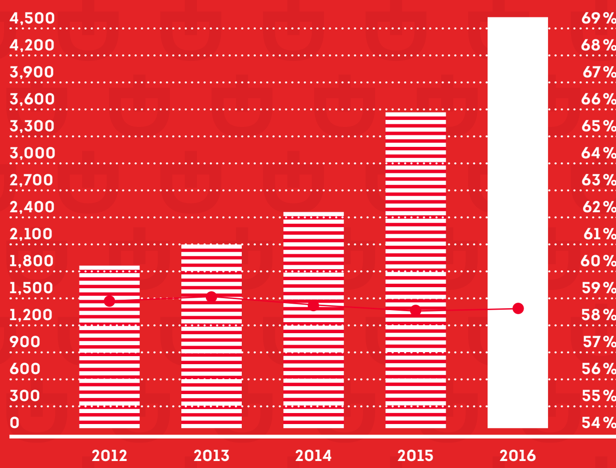
TURNOVER

IN MILLIONS OF CHF



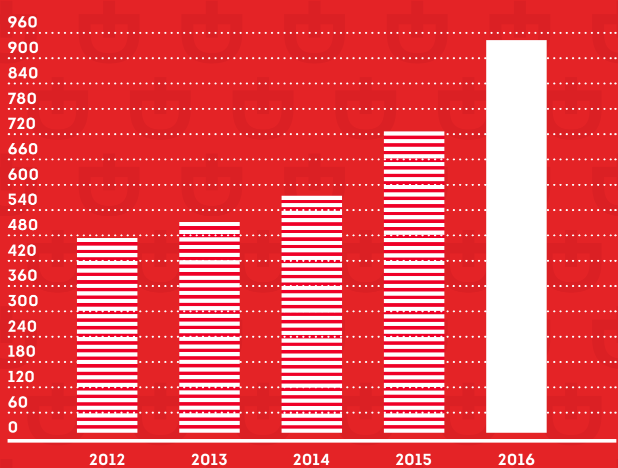
GROSS PROFIT

IN MILLIONS OF CHF | MARGIN



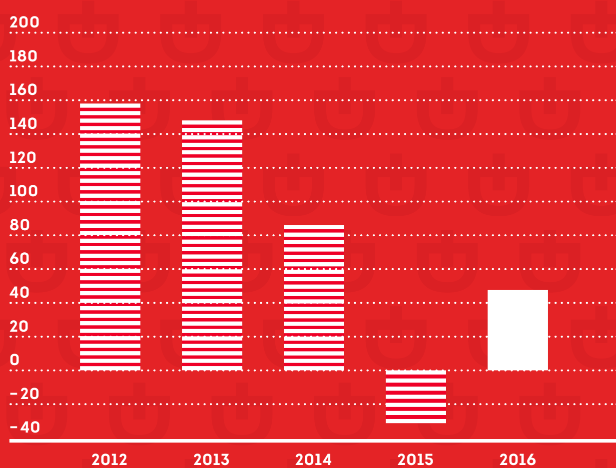
EBITDA[1]

IN MILLIONS OF CHF



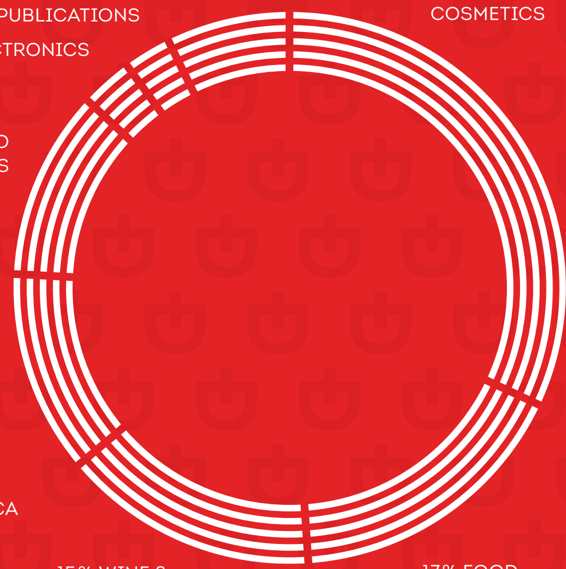
NET EARNINGS

IN MILLIONS OF CHF

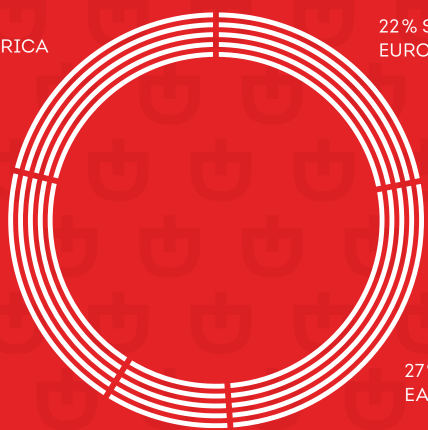


[1] EBITDA before other operational result

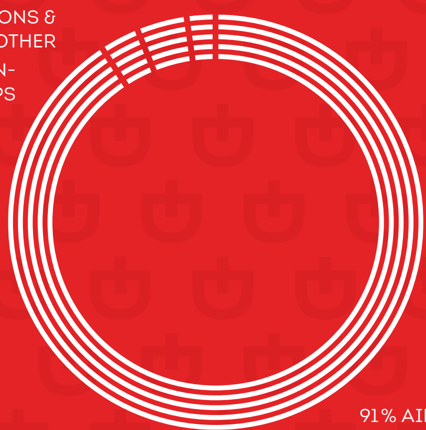
NET SALES BY PRODUCT CATEGORY 2016



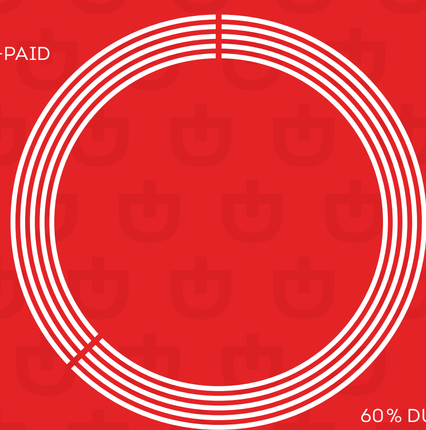
NET SALES BY DIVISION 2016



NET SALES BY CHANNEL 2016



NET SALES BY MARKET SECTOR 2016



HIGHLIGHTS 2016

ACCELERATION OF ORGANIC GROWTH

Dufry accelerated organic growth in the second half of 2016 supported by several initiatives launched by the company.

FURTHER EXPANSION LEVERAGING ON FULL RETAIL CONCEPT PORTFOLIO

In North America, Dufry has driven its expansion by opening a variety of shop concepts – beyond the traditional Hudson convenience stores – reaching from the classic duty-free general store, to brand boutiques and specialized stores.

INTEGRATION OF WORLD DUTY FREE COMPLETED

Dufry has successfully integrated World Duty Free. First synergies were already reflected in the 2016 financials. The full amount of the planned CHF 105 million are expected to be reflected in 2017.

ONGOING INTERNATIONALIZATION OF THE HUDSON CONVENIENCE CONCEPT

Dufry has continued the ongoing global expansion of Hudson outside the US. Among others, a concession for 6 stores has been awarded at Madrid airport to implement the successful convenience store concept.

30,000 M² OF RETAIL SPACE REFURBISHED ACROSS ALL DIVISIONS

The Group refurbishment plan is a successful initiative to drive organic growth. Refurbishments generate a double-digit productivity increase on average.

SEVERAL CONCESSIONS SUCCESSFULLY EXTENDED

In 2016, Dufry managed to extend a relevant number of important concession contracts, thus securing the business for many years to come. The average remaining life-time of Dufry's concession portfolio is now at over 8 years.

NEW DIVISIONAL DISTRIBUTION CENTER FULLY OPERATIONAL

Dufry launched its new regional distribution center in Hong Kong supplying Asia, Australia and parts of Middle East. The new hub creates efficiencies and further improves service levels in the shops.

CSR MATERIALITY ASSESSMENT COMPLETED

Taking the opportunity of the new organization being launched in 2016, Dufry performed a materiality assessment on CSR. This will be the basis for the future CSR program development.

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

DEAR SHARE-HOLDERS

In last year's annual report, we announced the transformational acquisition of World Duty Free. In 2016, we successfully completed the integration of World Duty Free and implemented the full amount of the expected synergies of CHF 105 million, which will be fully reflected in the financials in 2017. This important business, which we had started to consolidate in August 2015, was another step in our diversification strategy, which reduces our exposure to single markets and provides for a more stable performance.

World Duty Free was also a trigger for more developments within Dufry. In January 2016, we started to operate under the new organizational structure based on five divisions, which reflect our geographic diversification strategy. Along with the organization, we have also started to deploy our new business operating model, which allows us to further optimize our internal processes and to generate efficiencies at different levels of the company. Both, the implementation of the synergies and the definition of the new business operating model are a considerable accomplishment and provide Dufry with a well-structured organization that is ready for the next step of development.

A successful year for the New Dufry.

Besides the integration of World Duty Free, Dufry's focus was twofold in 2016: to accelerate organic growth and reduce the leverage resulting from the two recent acquisitions. The high volatility detected in the financial markets that negatively impacted our organic growth in 2015 continued during the first half of 2016 and affected our operations in key emerging markets such as Brazil, Russia and Turkey. However, the second semester saw a distinct improvement with a return back to positive growth in the third quarter and reaching +5.6% in the fourth quarter allowing us to complete the full year with a positive growth performance of +1.0% including World Duty Free.

Equally important, in the year under review, Dufry was able to renew a series of relevant concessions well ahead of time, maintaining or improving in some cases the financial conditions. Such early renewals are very important to secure our business for the future.

From a financial performance perspective, 2016 was another record year for Dufry: our turnover grew by 27.5% to CHF 7,829.1 million, while EBITDA developed at a similar pace increasing by 29.2% and reaching CHF 935.1 million. Our cash flow generation remained strong allowing us to early repay on December 2, 2016, the USD 500 million bond due in 2020; thus reducing our interest costs by CHF 27.5 million as of 2017.

Dufry's performance in the equity market saw a further increase of its market capitalization, reaching CHF 6.8 billion at December 31, 2016; an increase of 6% on the previous year. This confirms Dufry's position among the 30 largest Swiss publicly listed companies. Overall trading volumes of Dufry shares on all platforms reached a daily average trading volume of CHF 56.2 million in the year under review, indicating a good liquidity of the shares. With a daily average trading volume of CHF 20.1 million, the SIX Swiss Exchange continues to be the most relevant trading platform for Dufry, despite today's fragmentation of the trading volumes across several secondary platforms. The appetite for Dufry's investment case remains strong: In 2016, Dufry held over 500 meetings with investors and analysts, which is a testimony of the large interest in our company.

425,000 m²

Dufry operates close to 425,000 m² of retail space.

Dufry's shareholder structure remained stable in 2016. The participation of the syndicate led by the long-term shareholder Travel Retail Investments stood at 19.5 %, through registered shares, as per December 31, 2016, and key investors joining Dufry's shareholder base in the previous year, most notably GIC, Qatar Investment Authority and Temasek, held their positions throughout 2016. Free float of our shares was 80.5 %, thus providing a very good trading liquidity.

Important changes in the Board of Directors in 2016.

In terms of corporate governance, earlier in 2016 Messrs. James S. Cohen and José Lucas Ferreira de Melo decided not to run for reelection. On behalf of the entire Board of Directors, I would like to thank both of them for their valuable contributions over the many years they served in the Board and for their great support to our company.

Our shareholders have subsequently voted in favor of our proposal for the election of two women to our Board and elected Ms Heekyung (Jo) Min and Ms Claire Chiang as new board members at the Annual General Meeting in April 2016. We value their travel and retail experience and their deep knowledge of the Asian markets as important assets. Ms Min was also elected by the Shareholders' Meeting as a member of the Remuneration Committee.

The Board has further reorganized its different Committees and Ms Chiang has become a member of the Audit Committee. All members of both the Remuneration and the Audit Committees are independent Board Directors.

Now that the New Dufry has been shaped, we also want to formalize further our reporting on the Corporate Social Responsibility engagement, a topic that is very relevant to us. As a first important step, in 2016 we performed a materiality assessment to identify and evaluate relevant sustainability topics for Dufry and its stakeholders. The Materiality Matrix will serve as a framework for our sustainability reporting, which we will gradually develop going forward.

Apart from the reporting, we continued our engagement focusing on charity projects helping disadvantaged children around the world and supporting communities in markets where we operate. The funding of SOS Children's Village initiative has now reached its 7th year underlining the long-term character of our engagement. Moreover, in 2016, Dufry has endorsed projects related to Children in many parts of the world as in Africa, Mexico and Russia.

We fostered our engagement focusing on charity projects.

Furthermore, we have continued to support projects in other countries such as in Haiti, Greece, Serbia, Spain, Switzerland, the US, the UK and Brazil, to name a few. Last but not least, we have partnered with the United Nations and the Geneva Airport Authority to support their Global Goals awareness-raising campaign "#YouNeedToKnow"; an initiative which has subsequently been extended also to the Zurich and Heathrow airports. The list illustrates, that we do consider ourselves to be part of the local communities and that it is important for us to provide support for those people which may be less fortunate.

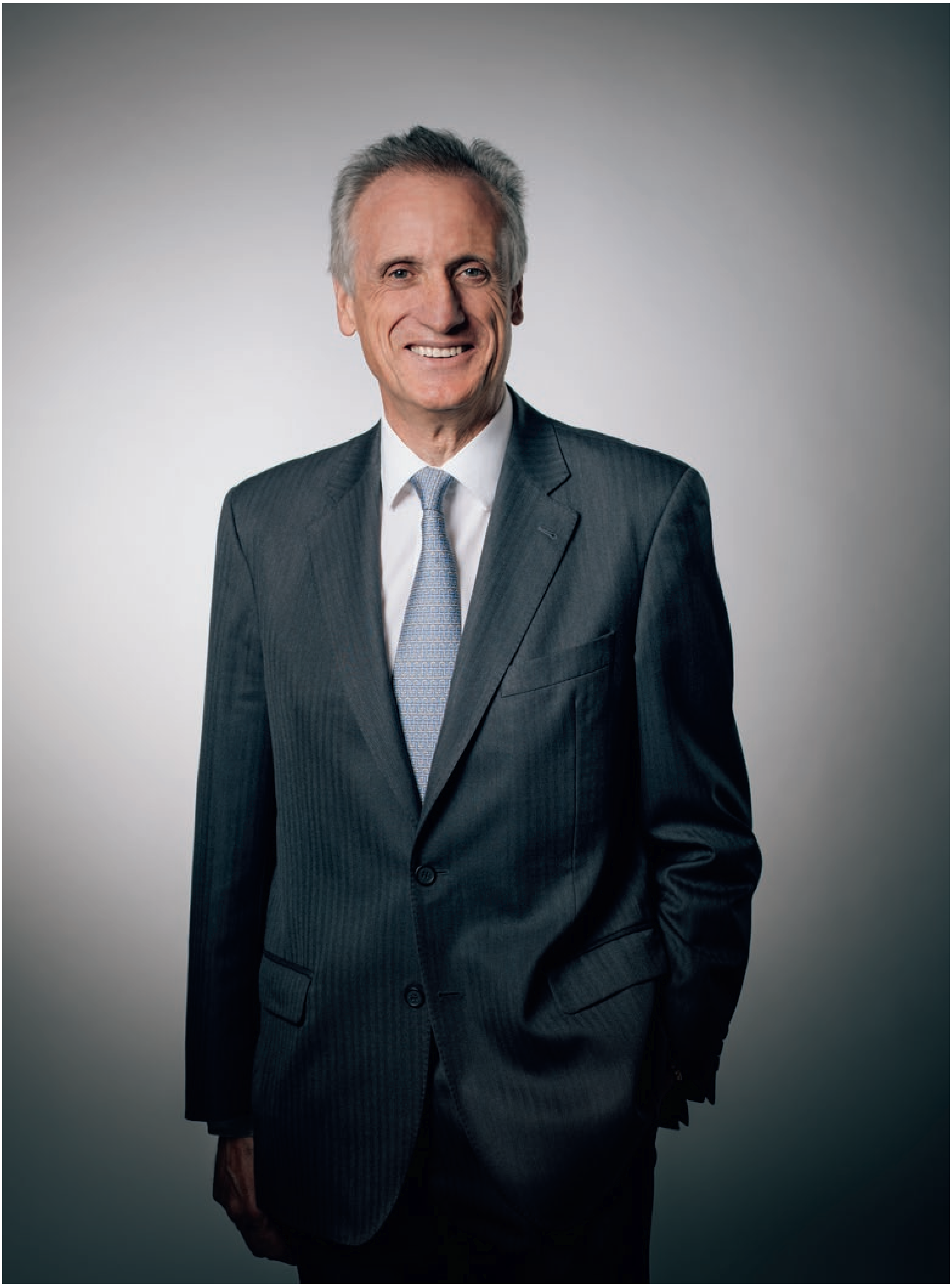
Looking into 2017, the year started with a continuation of the improvement in the business conditions, already seen in the second half of 2016. Currency markets have so far remained relatively stable and global economy is further improving. We also expect the political instability seen in certain locations not to have any significant effect in 2017 any longer.

Improvement of business environment continues in 2017.

2016 has been a year of tremendous work for our management and employees, since besides accomplishing their day-to-day responsibilities and coping with some exceptional external factors, they also strongly contributed to the integration of World Duty Free. On behalf of the Board of Directors, I would like to thank the whole Dufry team for their extraordinary accomplishments to complete all the different projects and for their outstanding dedication and motivation. I also thank our suppliers, landlords and business partners for their ongoing support and the longstanding relationships. Finally, I extend my thanks to our shareholders and bondholders, who continue to share and strongly support our vision of further developing a company that is WorldClass.WorldWide.

Sincerely,

Juan Carlos Torres Carretero



STATEMENT OF THE CHIEF EXECUTIVE OFFICER DEAR ALL

2016 was for Dufry a year of successful transformation. Since January 1, 2016, Dufry has operated under the new organizational structure following the acquisitions of Nuance and World Duty Free, and throughout the year we focused on and successfully accomplished our three main goals: completing the integration of World Duty Free, driving organic growth and maximizing cash flow generation to deleverage.

From a financial perspective, Dufry delivered a strong performance despite some significant headwinds driven by external factors. Our turnover increased by 27.5 % to CHF 7,829.1 million, while EBITDA came in at CHF 935.1 million, a step up of 29.2 % on the previous year. The company underlined again its strong cash generation capability and free cash flow reached CHF 483.8 million, an increase of 43.0 % compared to 2015. This remarkable result, allowed us to reduce our net debt by CHF 205.6 million in the year under review.

Strong financial performance.

Completion of World Duty Free integration
The integration of World Duty Free has been completed by the end of 2016. We defined our new business operating model, we implemented the organizational structure and we have aligned processes and procedures across all teams at Group and divisional levels.

This considerable achievement will benefit the company in two very important aspects. Firstly, we already saw more than half of the expected synergies reflected in the 2016 financials, including CHF 49 million of cost synergies; while the remaining synergies will build up quarterly in 2017 to reach the confirmed CHF 105 million by the end of the year. Secondly, we further accelerated the full implementation of the new business operating model, which should allow us to reach a more efficient cost structure. This will ultimately increase our flexibility and competitiveness to further accelerate our company's growth.

Integration of WDF completed and synergies confirmed.

Successful acceleration of organic growth
Dufry successfully managed to accelerate organic growth along the year and including World Duty Free organic growth reached +1.0 % for the full year 2016. While in the first semester of the year under review the reduced purchasing power of Brazilian and Russian consumers as well as some political unrest in specific geographies (mainly Northern Africa and Turkey) impacted the company's performance, we saw a clear rebound of the business in the last two quarters.

The strong performance in Spain, an acceleration of sales in the UK after the Brexit vote in June, the distinct improvement in Brazil from the third quarter onwards and a solid development in many of our other operations played an important role on the growth acceleration as did the contribution of several growth initiatives launched in late 2015. The global alignment of our promotions and the extensive refurbishment plan covering over 30,000 m^2 of retail space in 119 shops not only supported our performance in 2016, but will also be one of our key organic growth drivers in 2017.

2,200

Dufry is a real global player operating close to 2,200 shops throughout all continents.

In terms of refurbishment, in Europe, we concluded the renovation of the main departure duty-free shop at Lisbon Airport, Portugal, as well as our main shops at Birmingham and Heathrow (T4) airports, UK. In Asia, our operations in Cambodia received a major upgrade, in both Phnom Penh and Siem Reap airports, while in Brazil we opened our new operations at Galeão airport, Rio de Janeiro, ahead of the Olympic Summer Games. Last but not least, North America continued very dynamically with a total of over 7,000 m^2 of refurbished retail space, across several locations.

Refurbishment of important operations executed in 2016.

Retail space considerably expanded

One of our growth initiatives was focused on growing and improving our retail space. In 2016, our gross retail space grew by 41,800 m^2 with major expansions done among others at the Rio de Janeiro Galeão airport in Brazil, the revamped operation in Lima, Peru, as well as expansions done in Cambodia and Macau. Including all our shop formats and retail concepts, we opened over 220 new shops in 2016. Moreover, Dufry already signed additional retail space of over 22,000 m^2 to be opened in 2017 and beyond.

Considerable number of contract extensions secures business for many years

In 2016, we also successfully managed a number of early contract renewals which cover some of our most important concessions. Among many others, we renewed our contracts in São Paulo, Rio de Janeiro, Viracopos, Lima, Cancun and Cozumel, Guadeloupe, Birmingham, Bristol, Zurich, Basel, Melbourne, Casablanca, Seattle, Cleveland, Calgary, St.Louis and Los Angeles.

Dufry wins new and successfully extends existing concessions.

Furthermore, in 2016 we succeeded in winning several new concessions, which will add over 18,000 m^2 of retail space to our portfolio. Among the main achievements are two important concession wins in Africa: in Cairo we have been awarded the duty-free concessions at Terminal 2, covering 3,000 m^2 of retail space, while in Marrakesh we were awarded a concession for 10 years to operate 13 shops at the airport. The United States have also seen major developments on new locations, such as at Detroit Metropolitan Airport for the operation of 13 shops covering 1,700 m^2, at the Hard Rock hotel in Las Vegas for the operation of 5 shops across 1,300 m^2, among many others.

The contracts signed for either existing or new locations only confirm the leading position of Dufry in the travel retail industry and the trust landlords have put in us. These developments also support the continuity of the business, maintaining the remaining life-time of our concession portfolio of over eight years.

Creating the next generation of travel retail

In 2017, we will further roll out our new business operating model which will allow us to generate a considerable competitive advantage within travel retail as well as further differentiate our profile as compared to high-street and online retail.

There are four components, all of which will complement each other. As to the process side, we deploy a standard operating framework in all locations; on logistics, we operate centrally through our three logistics platform; we systematically develop our business relationships with airports; and we use digital technologies along the value chain. The ambition is clear: by continuing to focus on our customers to provide them with a unique and personalized shopping experience, and by bringing all these elements together, we will generate more value to Dufry.

Seizing the opportunities of digitalization.

In this context, digitalization offers a whole series of opportunities for Dufry. We launched a number of initiatives: Firstly, we want to increase our communication with the customers by adding additional touchpoints. Secondly, we want to offer a more individualized shopping experience to our customers, which starts on the internet even before the travel begins and ends after the shop visit with an unbeatable customer service. The third project involves the digitalization of our shops, which will allow for much more dynamic promotional activities and simplification of in-store processes. And last but not least, we will further expand online services such as reserve-and-collect and the customer loyalty program RED by Dufry.

Benefitting from internal efficiencies and a more favorable business environment
The start of 2017 has confirmed the positive trends seen in the second half of 2016. Above all, the return to organic growth seen in the last two quarters in 2016 is continuing including the ongoing improvements we have seen in Brazil and a return of Russian tourists in selected markets. We also continue to see a reduction of currency volatility in emerging markets. Thanks to the additional efficiencies we implemented over the past 12 month, our organization is ready to perform, backed by our solid strategy.

Positive fundamentals on the global economy and the resilient growth in passenger numbers indicate a positive overall business environment. Combined with our focus on operational improvements and the already signed additional space of 22,000 m^2 to be opened in 2017 and beyond, we expect a successful year for Dufry.

Thank you
2016 was a very intense year for Dufry due to our internal integration projects and the definition of the new business operating model as well as unexpected external factors, which resulted in an additional workload for all our employees. I would like to thank our colleagues and teams around the globe for all the extraordinary contributions made by them – their motivation and engagement for the company have been truly exemplary.

I also thank our suppliers, landlords and business partners for their continuous support in an important year. We appreciate the increasing support in looking for new ways to expand the level of collaboration along the complete value chain of our business. We are convinced that this path will lead us to further mutual success and a beneficial development of our businesses. Finally, in the name of the senior management, I would like to thank the members of our board of directors and our shareholders for their support, trust and contribution to make our company WorldClass.WorldWide.

Best regards,

Julián Díaz González

BOARD OF DIRECTORS MEMBERS

1 Jorge Born
2 Heekyung (Jo) Min
3 George Koutsolioutsos
4 Claire Chiang
5 Juan Carlos Torres Carretero

6 Julián Díaz González
7 Andrés Holzer Neumann
8 Joaquín Moya-Angeler Cabrera
9 Xavier Bouton

GROUP EXECUTIVE COMMITTEE MEMBERS

1 Andreas Schneiter
2 Jordi Martin-Consuegra
3 Andrea Belardini
4 Gustavo Magalhães Fagundes
5 Pascal C. Duclos
6 Eugenio Andrades

7 José Antonio Gea
8 Julián Díaz González
9 Pedro Castro
10 René Riedi
11 Luis Marin
12 Joseph DiDomizio

OUR ORGANIZATIONAL STRUCTURE – GROUP EXECUTIVE COMMITTEE

Chief Executive Officer
Julián Díaz González

Global Chief Operating Officer
José Antonio Gea

Chief Financial Officer
Andreas Schneiter

Global Chief Corporate Officer
Luis Marin

Global Resources Director
Jordi Martin-Consuegra

General Counsel
Pascal C. Duclos

SOUTHERN EUROPE AND AFRICA
Divisional Chief Executive Officer
Pedro Castro

UK, CENTRAL AND EASTERN EUROPE
Divisional Chief Executive Officer
Eugenio Andrades

ASIA, MIDDLE EAST AND AUSTRALIA
Divisional Chief Executive Officer
Andrea Belardini

LATIN AMERICA
Divisional Chief Executive Officer
René Riedi

NORTH AMERICA
Divisional Chief Executive Officer
Joseph DiDomizio

BRAZIL AND BOLIVIA
General Manager
Gustavo Fagundes


MARTELL
CHAMPAGNE
ENJOY MARTELL COGNAC RESPONSIBLY
$47

DUFRY'S INVESTMENT CASE

MARKET LEADER

Dufry is the undisputed market leader in the travel retail industry

Over 20 % market share in airport retail, and more than twice the size of its next competitor

GLOBALLY DIVERSIFIED CONCESSION PORTFOLIO

Dufry is the most diversified travel retailer with operations in all five continents, covering 64 countries and over 380 locations

Geographic diversification allows Dufry to capture global growth trends of the travel retail industry and to mitigate any potential local event

Exposure to single contracts and markets has been reduced significantly over the years

380

Over 380 locations operated by Dufry worldwide

UNIQUE WINDOW DISPLAY FOR GLOBAL BRANDS

Global player, with close to 2,200 shops operated in 64 countries on all continents

Offering global brands a unique market access and window display

8 YEARS

Over 8 years of remaining average concession lifetime of highly diversified portfolio

LONG-TERM CONCESSION PORTFOLIO

Long-term concession portfolio further enhanced through recent renewal of important concessions, such as Zurich, São Paulo, Rio de Janeiro, Cancun, Birmingham, Melbourne, etc.

Solid partner for landlords and airport authorities

Dufry is a reliable partner delivering outstanding results for airports through a vast offering of unique shop concepts

STRONG FREE CASH FLOW GENERATION

Free cash flow of CHF 483.8 million in 2016

Low capital intensity of the business allows for a strong cash generation and fast deleveraging

5%

5 % p.a. average global passenger growth expected for the next 5 years

FAST GROWING INDUSTRY

Average passenger growth of 5 % p.a. in the coming years will drive Dufry's organic growth

Affluent customer base, with above average spending power

"PURE PLAY" IN A GROWING INDUSTRY

Dufry is the only listed "pure play" to participate in the growing travel retail industry

Dufry's organic growth to be further fueled by increasing spend per passenger and net new concessions

OUR STRATEGY
CREATING VALUE THROUGH PROFITABLE GROWTH

Dufry's dedicated growth strategy multiplied our global market share from 3% in 2005 to over 20% today. We have become the undisputed leader in travel retail through a combination of organic growth and acquisitions – benefitting from continued global passenger growth and capitalizing on the consolidation of the fragmented industry, respectively.

The consistent execution of our strategy and our focus on profitability has delivered an impressive 20% average turnover growth over the last 10 years, along with improving EBITDA margin. This combination of growth and profitability has been and will continue to be the key success factor for Dufry.

To successfully drive growth from an organic perspective, we are closely following market trends with regular field research. The most important trends in today's world are the increasing need to provide customers with unique customer experiences and the considerable potential offered by digital applications; two areas in which we will invest going forward.

Focus on customer experience and retail excellence generates value for all stakeholders
Dufry combines the best professionals in the business to provide customers with an unprecedented shopping experience, suppliers with a unique platform to showcase their products and landlords with an in-depth retail knowhow – overall an opportunity to develop the business to the next level in terms of quality and performance.

Excellence in retail generates value for all our stakeholders by making customers happy; by increasing the brand recognition and sales for suppliers; by creating attractive and profitable commercial environments for landlords and by ultimately growing revenues and profits for Dufry.

For our customers we work very hard every day to constantly improve our retail capabilities and to create a great shopping experience while considering their changing purchasing habits and expectations. Equally important for Dufry is to provide travelers with a singular sense of place, which translates the ambiance of the location we are operating at, and offer them to take along a "souvenir" of their trip, without forgetting the exclusive appeal an airport environment has overall.

We serve customers from more than 100 nationalities every day.

Due to the fast passenger growth, the industry changes in demographics, customer habits and preferences are very dynamic. Thus, in travel retail understanding our customers is even more important than in other retail channels. Dufry has always set high priority on using business intelligence in order to analyze customer profiles for all retail aspects. This enables us to offer customers the right products, best serve them in the store and create the right retail concepts. We use information to refine concepts, adapt assortments and to structure passenger flows with a view to provide a memorable shopping experience to our customers.

To suppliers we offer an unrivalled world-wide window-display to promote their brands and products in 64 countries and over 380 locations in an attractive mix of mature and emerging markets as well as leading tourist destinations. Dufry works closely with its most important suppliers through the so-called brand plans, where joint teams analyze in detail the performance in each relevant location and develop action plans and measures to drive sales and customer experience.

Landlords are given access to a unique portfolio of renowned global brands. Moreover, Dufry's capability to design location specific retail areas offering great shopping experience to travelers maximizes revenues for landlords through a variety of shop concepts – be it at airports, seaports, railway stations or border shops, in both duty-free and duty-paid environments. Our full range of retail concepts, which we continuously develop and refine, meets any consumer need (see more details on our retail concepts from page 30 through 39).

Geographic diversification to maximize opportunities and mitigate risks

We have systematically diversified our business over the last decade and today Dufry is the only true global travel retailer with operations in 64 countries. Geographic diversification is an important aspect of our strategy for a number of reasons: firstly, it is the best way to benefit from the ever growing number of travelers worldwide; secondly, as a global organization, we can efficiently develop new business opportunities; and thirdly, it is a very effective approach to mitigate risks.

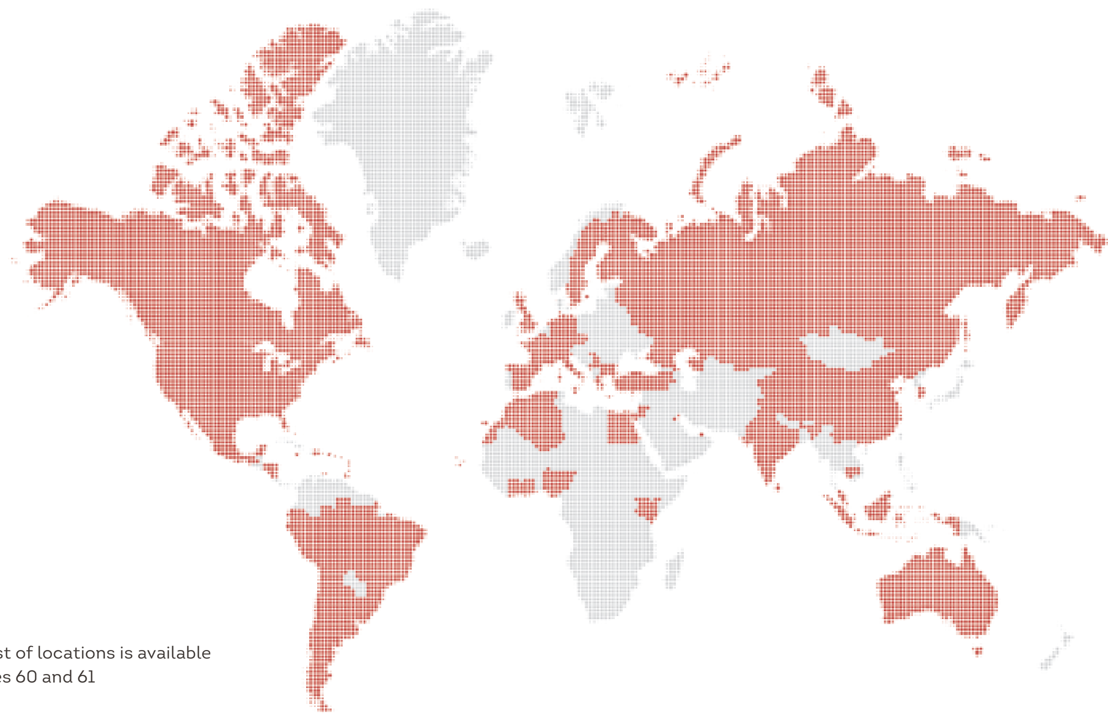
Industry specialists globally expect the number of passengers to grow in the short and long term. Both, developed and emerging markets will continue to grow in the future; the latter even at a faster pace. For emerging markets not only higher GDP growth is projected, but also the number of travelers is today smaller as compared to the overall population.

Clear market leader with unrivalled geographic footprint.

Our global footprint with operations in all continents allows us to quickly and better evaluate new projects wherever they arise, as we already have local teams almost everywhere. Having own teams on the ground gives us a clear understanding of the local market characteristics and helps to closely collaborate with landlords and other local business partners to best develop new opportunities.

Moreover, being geographically diversified considerably mitigates risks generated by external impacts in single markets or regions. This risk mitigation effect is best illustrated by the share any individual operation has on the total Group. With the largest concession accounting for about 7% of our business, and with the ten biggest ones representing less than 35% of 2016 sales, Dufry has no significant exposure to single contracts.

GLOBAL PRESENCE



A full list of locations is available on pages 60 and 61

Seizing the opportunities of digitalization
As in many other industries, digitalization will change the way business is done in travel retail. At Dufry, we are excited about the new possibilities and opportunities that new technologies offer. Therefore digitalization is and will be a key element in our strategy going forward. For Dufry, digital technology represents a tool to support and evolve a strong business model to the next level. Ultimately, we want to create value by providing a superior customer experience and a more efficient business. Thus the use of digital and online technology will change our business in three major areas: how we communicate with our customers, how we sell products and how we organize our processes and the value chain.

Digitalization offers us new possibilities and opportunities.

In detail this means that we will firstly be increasing personalized communication with customers at home, during their whole journey, and in particular when they are in the proximity of our shops. Secondly, we will digitalize the shops to increase the conversion rate and to simplify in-store processes, such as product-consulting, payments, individual promotions etc. Thirdly, we will further improve customer services and individualize product offers for specific customer profiles.

RED
By DUFRY

Ultimately, the idea is to provide customers with a unique and personalized shopping experience and to multiply the touch-points with the customer through a multi-channel interaction. For this purpose, Dufry is currently developing several digital initiatives such as the implementation of the digital signage technology as key element of the new shop concept. Furthermore, we are expanding the online reserve-and-collect service and extending the deployment of the customer loyalty program RED by Dufry.

Protecting the business model through financial discipline
In all our new projects, be it organic or acquisitions, Dufry applies a disciplined financial approach. We carefully analyze every project or significant investment with detailed projections and with a view on minimum investment returns. This implies a careful assessment of the original investment needed to build and set up the store as well as the cost structure and profitability of the business once it is operational. This culture of focusing on returns and cost control has allowed us to grow our business profitably and to capture opportunities in many different markets.

Further to the steady increase in passenger numbers over time and our financial discipline, we minimize business risks through a highly variable cost structure. This defensive characteristic helps to protect the business in case of downturns, which usually are local, thus providing a solid and resilient profile.

High free cash flow generation.

The combination of Dufry's solid profitability and the low capital intensity results in our proven capability to generate substantial free cash flows. With the current size of the Group and the full implementation of our new business operating model, we expect to be the most efficient travel retailer and our cash flow generation capability will be second to none in the industry. Hence, we aim to deleverage quickly in the coming years and gain flexibility to drive further growth and to return value to shareholders, who have been greatly supporting Dufry in the past years.

Priority on organic growth and focus on returns
Thanks to our leading position achieved through the fast growth of the last years, Dufry is now best positioned to capture the industry's global growth. On top of capitalizing on the strong industry's fundamentals, we will focus on operational excellence and on developing our operating model to the next level. Additionally, we continue to add businesses by winning new concessions and potentially also by executing selective acquisitions. Given the current landscape of the market, we still see potential for small and mid-sized transactions.

While in the past acquisitions contributed the most to our growth, we expect organic growth to play a more important role going forward. Supported by the increase of passenger numbers – the most important driver of our business – we will focus on increasing sales through the implementation of attractive shop concepts and new retail techniques. Furthermore, we expect to grow through additional retail space, be it by expanding in existing locations or by winning new concessions in further airports or new businesses.

Dufry currently generates 60 % of its revenues in duty-free and 40 % in duty-paid operations with both sectors continuing to offer growth opportunities. Dufry traditionally features a strong project pipeline, which has allowed us to increase retail space in different channels of both sectors. On the duty-free side, while the airport channel is expected to continue to be the largest and fastest growing part of our business, we do see additional potential by further developing duty-free border shops, downtown duty-free as well as the cruise ship business in selected markets.

Passenger growth is a key driver in travel retail.

The duty-paid sector has a considerable development potential in airports as well, since the expected growth of domestic passengers is similar to the one for international travelers. Furthermore, this sector is still unexplored and even more fragmented than duty-free, thus offering attractive new expansion opportunities.

One of our main initiatives is the international roll-out of our successful duty-paid retail concepts, Hudson and Dufry Shopping, which have been implemented in selected markets and which have the potential to be deployed on a worldwide scale. Hudson is a well-established convenience store concept that has been very successful in North America in the past 25 years and which we have deployed into 13 countries so far since 2009. Dufry Shopping is a duty-paid concept that offers a high quality assortment of international brands in an exclusive setting, similar to a duty-free travel retail store, but targeted to domestic passengers. In 2014 we ran a pilot of Dufry Shopping in Brazil where we achieved strong first results. After the successful testing of the concept at Brasilia airport, in 2016 new Dufry Shopping stores were opened at the airports of Curitiba, Viracopos and Rio de Janeiro. Based on the positive results achieved so far, we are convinced that this concept can also be successful in other markets globally.

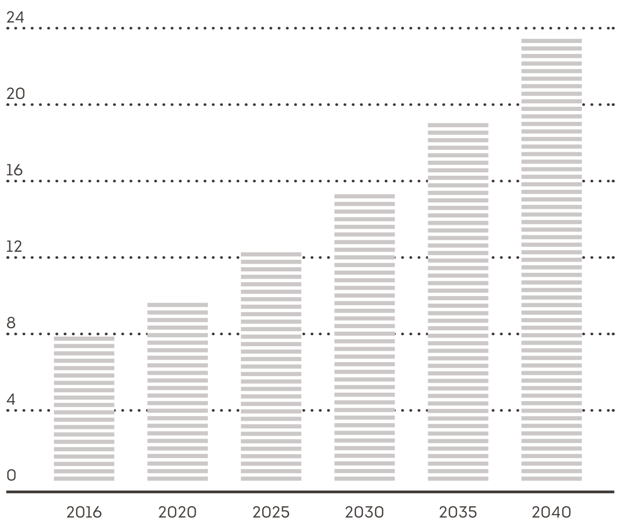
Over the last decade, Dufry has done a number of M & A transactions and has been the industry's most active consolidator with the goal to create value for shareholders by improving the business and creating synergies. As the travel retail market is still fairly fragmented, acquisitions will remain a growth component of Dufry's strategy, albeit the focus will be more geared towards opportunities that are small or mid-sized businesses. We will continue to assess potential targets with a focus on Asia and the Middle East or bolt-on acquisitions that complement our presence in other existing markets.

Our strategy is supported by strong and resilient industry fundamentals

Travel retail is a fast moving and growing industry driven by a resiliently growing number of passengers. Every year global passenger numbers are expected to growth by at least 5 %, which translates into a potential of over 400 million new captive customers. This intrinsic growth perspective is a unique advantage of travel retail as compared to any other location-based retail channel. Industry specialists expect this trend to continue, thus providing a resilient growth driver for travel retail going forward. The growth potential is further increased by the development of innovative commercial concepts with landlords and brands alike. Dufry's ambition is to deliver excellence in execution while driving change in the way the travel retail industry operates. We believe that being market leader also means to be at the forefront of the development.

LONG-TERM PASSENGER FORECAST

IN BILLIONS OF PASSENGERS



Source: ACI 2016 / World Airport Traffic Forecast 2016 – 2040.

As many airports will further expand their commercial space and increase their capacity in order to attract airlines and passengers, the development of their commercial offering is a key success factor for them. Dufry plays an important part in this trend as we are able to provide bespoke best-in-class solutions to drive commercial revenues for our landlords.

On the supplier side, structural growth of travel retail is a very attractive feature for global brands, and they attribute an above average growth potential to this channel. Besides the pure commercial aspect of generating additional sales, travel retail provides them the opportunity to present their brand products in a unique window display across the globe. Consequently, many brands have started to create special travel retail editions and launch novelties in travel retail, adding in turn to the attractiveness of the channel.

Business Operating Model securing global approach and local execution

Dufry's business operating model is based on a matrix organization where global functions run through the three operational layers consisting of Country, Division and Headquarters. This organizational structure allows for fast response to market developments, while securing efficient coordination across the whole organization. Our globally standardized processes deliver efficiencies and allow a seamless execution from a commercial and financial perspective.

The most important elements of the organization are the locations themselves, since our business is generated there with the customers, and they also hold the relationship with the landlords. Thanks to our organization, local operations can thus fully focus on the commercial activities in the shops and rely on the full support of the central and divisional functions.

Global processes for local business.

The teams of our central functional departments such as Marketing, Procurement, Logistics, Finance and IT act as centers of excellence and provide the framework for processes and initiatives, which can be executed globally in our operations. Their global view facilitates the implementation of best practices at divisional and country level.

GLOBAL FUNCTIONS
- Global Procurement
- Global Supply Chain
- Global Customer Service
- Global IT
- Global Marketing
- Global Treasury

GROUP HEADQUARTERS
- Strong HQ to own and develop one unique commercial model with common processes and IT applications
- HQ to provide selected global services to divisions and/or countries

DIVISIONS
- Divisions to manage and supervise country execution
- Committees to create full alignment and participation of Divisions on commercial and financial activities

COUNTRIES
- Execute operations at local level
- Secure actions to be aligned with the Business Operating Model

BENEFITS AND ADDED VALUE
- Unique commercial model
- High standardization
- Functional scale effects
- Full long-term synergies across divisions
- Local execution
- Closer to customers

Dufry branding combines Swiss heritage and travel retail

The Dufry logo visualizes our Swiss heritage and the company's focus on travel retail. Our corporate identity builds on values common for all our employees across the globe and clearly positions the company in the market.

DUFRY
WorldClass.WorldWide.

At Dufry, we aspire to providing an outstanding performance in whatever we do every day – an engagement reflected in our statement: WorldClass.WorldWide.

Corporate Masterbrand

- Core corporate brand defining corporate identity and corporate values
- Owner of business operating model

At operational level, we continue to use existing and well-established commercial brands that are successfully used in specific locations, such as Hellenic Duty Free in Greece or World Duty Free in the UK and Spain, or which represent specific commercial concepts, such as Hudson for our travel convenience stores.

Retail Concepts

- Retail brands to be used on a project by project basis depending on their local / regional reputation
- Maintain flexibility of offering customers a variety of concepts

We will use our respective brands according to their recognition and positive image established with landlords and customers at country or regional level. When selecting a brand for a location, we assess each case separately, which allows us to benefit from the positive local market perception and to successfully drive global expansion while supporting each individual local market.

GENERAL TRAVEL RETAIL SHOPS

The general travel retail shop concept is the most common concept at airports, as it carries a large selection of different items and covers the full range of product categories, such as perfumes & cosmetics, food & confectionery, wines & spirits, watches & jewelry, fashion & leather, tobacco goods, souvenirs, electronics and other accessories.

These shops are typically located in central areas with high passenger flow, mostly in airports, but also in seaports and other locations. Both departure and arrival areas can be fitted with this shop concept. As of December 31, 2016, Dufry operated over 720 shops under the General Travel Retail concept. In the duty-free segment, these shops can be recognized by the several retail brands in our portfolio, including Dufry, Nuance, World Duty Free, and Hellenic Duty Free among others.

In 2016, we continued with our initiative to renovate our most important operations and major improvements were made in our general travel retail shops in a number of locations. We undertook renovations in our shops at airports in Naples, Birmingham, Heathrow T4, Basel, Cambodia (Phnom Penh and Siem Reap), Rio de Janeiro Galeão, Lima, Mexico City and Toronto, to name a few. In all cases, the retail spaces were redesigned with the latest trends in travel retail, including the implementation of walk-through concepts wherever possible.


DUTY FREE
M·A·C
URBAN DECAY
benefit
URBAN DECAY
PERFEITO
PREÇOS
IRRESIS-
TÍVEIS
PERFEITO
ATÉ 30% OFF
PERFEITO
ATÉ 30% OFF
ART OF THE LIP
RALPH LAUREN
Calvin Klein
BOSS
paco rabanne
DUTY FREE
ATÉ 30%


NCÔME
CHANEL
Dior
GIVENCHY
SETS
Lee stafford

DUFRY SHOPPING

In order to offer domestic passengers a similar shopping experience like the one offered to international travelers, Dufry created a new retail concept: a general travel retail shop for domestic passengers, which offers an assortment comparable to a duty-free shop.

At our Dufry Shopping stores, domestic passengers are presented with the same retail excellence they normally find in international terminals, with a great variety of products from the most prestigious brands combined with the best customer service. There are a number of countries where domestic travelers account for the majority of passengers, particularly in large countries such as China, the United States and Brazil, thus offering additional potential to internationalize this concept.

The concept was first introduced in Brazil, in a pilot at Brasilia Airport back in 2014. Given the successful launch, we expanded the concept to another 6 airports in Brazil, including Galeão Airport in Rio de Janeiro and Guarulhos Airport in São Paulo as well as most recently in Viracopos and Curitiba airports.


URBAN
BAN DECAY
VICE
LIPSTICK
VICE
LIPSTICK
NAKED
NAKED3

BRAND BOUTIQUES

Brand boutiques enhance the traveler's retail experience and allow the creation of an exciting shopping mall environment. Dufry is a partner of choice for global brands to showcase their products in singular retail spaces and to mirror their high street image; e.g. Burberry, Bally, Bvlgary, Carolina Herrera, Chopard, Coach, Desigual, Dunhill, Emporio Armani, Ermenegildo Zegna, Etro, GAP, Hermès, Hugo Boss, Kiehl's, Lacoste, L'Occitane, MAC, Marc O'Polo, MCM, Michael Kors, Montblanc, Pandora, Paul & Shark, Pinko, Polo Ralph Lauren, Salvatore Ferragamo, Shang Hai Tang, Shang Xia, Superdry, Swarovski, Thomas Pink, Tommy Hilfiger, Tumi, Versace or Victoria's Secret. As of December 31, 2016, Dufry operated close to 190 Brand Boutiques. Dufry represents the world's most prestigious luxury brands. See the full list of brands on page 65.

To best meet each location's traveler profile, we design these shops as standalone boutiques or integrate them as a shop-in-shop in our general travel retail stores. Brand boutiques exist in both duty-free and duty-paid areas.

In 2016, we opened close to 30 brand boutiques globally, representing over 2,300 m² of retail space. About half of them are in the United States, a market that continues to allocate more space to the segment. Other highlights are the opening of several GAP and Superdry shops at Spanish airports and the opening of three new shops at Zurich Airport.


marketplace
THIRSTY?
odwalla
MUNCHIES
HEALTHY SNACKS
smartwater
PIZZA CRUST CHIPS

CONVENIENCE STORES

Our Convenience Stores offer a wide assortment of products ranging from soft drinks, confectionery, packaged food, travel accessories, electronics, personal items or souvenirs, to publications such as newspapers, magazines and books.

Within this concept, we have different retail brands, which are used according to the profile of the passengers in a given location. Hudson is our most important brand in this universe with an outstanding recognition from passengers. As "The Traveler's Best Friend", our goal at Hudson is to provide passengers with anything they may need during their journey.

Hudson is a very flexible concept for Dufry, which is successfully operated at airports in both international and domestic areas, as well as in other channels such as railway stations and other transit locations. Hudson shops are captive and comprehensive through whimsical, color-coded signage to attract customers' attention to our four distinct selling areas: Media, Marketplace, Essentials and Destination.

North America is home of most of our convenience stores, with over 530 shops; while over 80 convenience stores are operated outside North America, in all divisions. In 2016, over 50 convenience shops were opened globally.

SPECIALIZED SHOPS

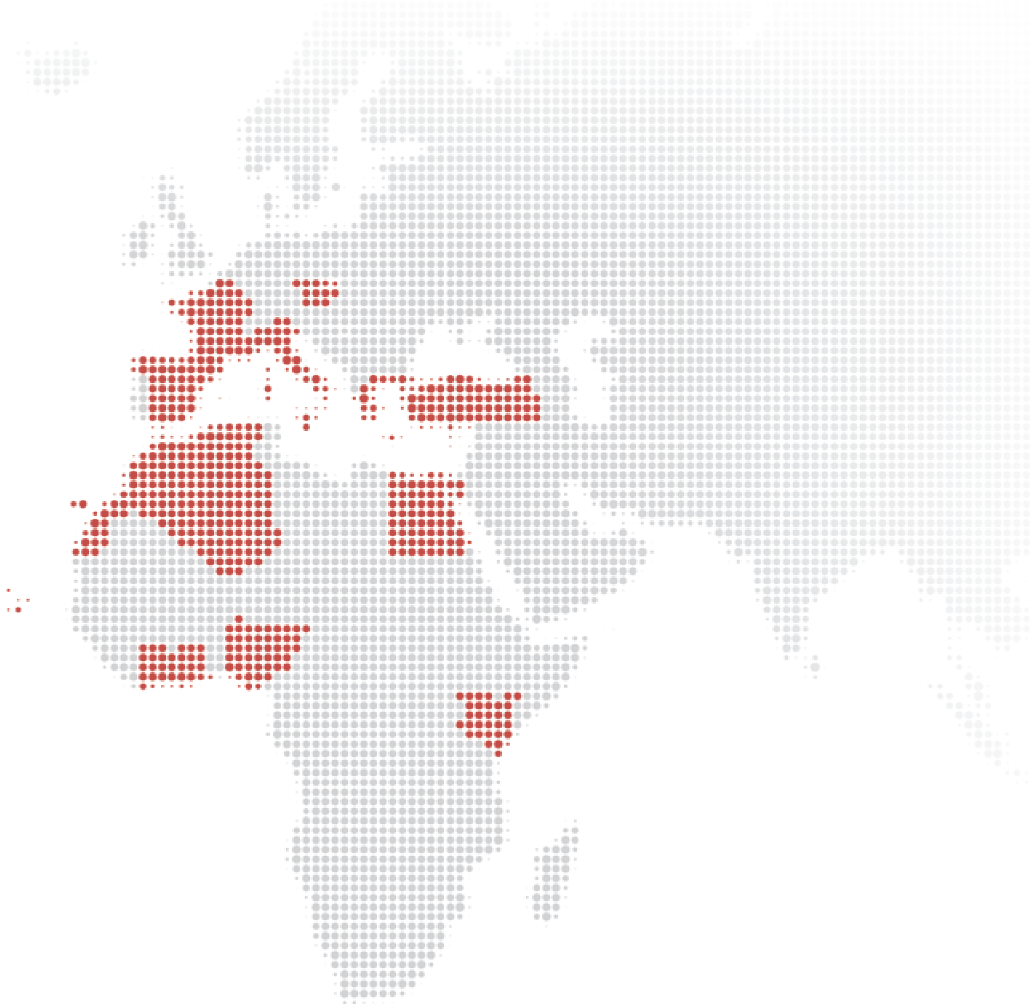
Specialized stores and theme stores are shop concepts that offer products from a variety of different brands belonging to one specific product category. We use this concept often for products such as watches & jewelry, sunglasses, spirits, food or destination merchandise and in locations where we see a strong potential for a shop to carry a broad product range relating to only one specific theme. As of December 31, 2016, Dufry operated over 640 shops under the Specialized Shops / Theme Stores concept.

Examples of the shop concepts names include "Colombian Emeralds International", a dedicated watches & jewelry format used in the Caribbean market; "Dufry Do Brasil" for local Brazilian goods; "Kids Works" with its wide selection of toys, dolls, games, books and apparel for children; or "Tech on the Go" focusing on the needs of the tech-oriented traveler offering electronics and accessories. Further examples are "Sun Catcher" for sunglasses; "World of Whiskies" for a selection of finest single malt or blend whiskies; "Master of Time" for luxury watches and jewelries; "Sound & Visions" for multi-brand electronics; "Temptation & time-box" for fashion watches and accessories as well as "Travel Store" for luggage and travel aid products and finally "Atelier", a women's leather accessories store.

These shops can be located in airports, seaports, on-board cruise liners, as well as in hotels or downtown locations.


ARTISANS ANGKOR
Cambodian Fine Arts & Crafts

SOUTHERN EUROPE AND AFRICA



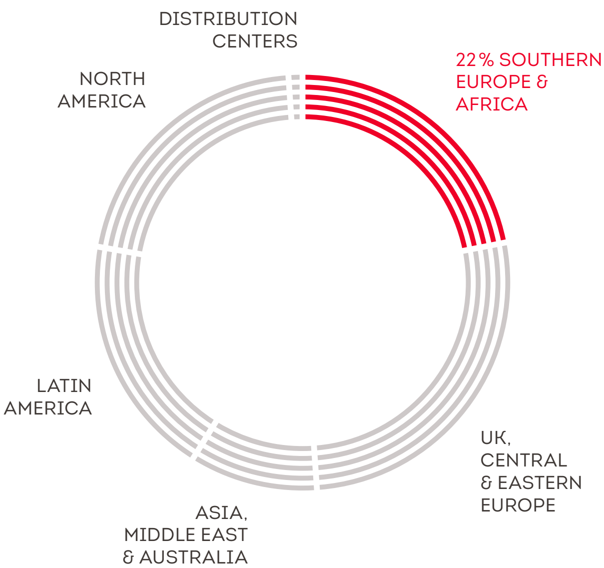
ALICANTE
MYKONOS ATHENS NICE
ACCRA BERGAMO CALAIS THESSALONIKI
BARCELONA TOULOUSE VERONA
CHANIA CORFU
CASABLANCA FEZ KARPATHOS
HERAKLION
SANTIAGO DE COMPOSTELA GENOA ROME NIKI FLORENCE
GRANADA
IBIZA KALAMATA
KRYSTALLOPIGI KOS LANZAROTE JEREZ LA PALMA TURIN
LAS PALMAS DE GRAN CANARIA MADRID ALGIERS
MYTILINI
MURCIA
MALAGA MARRAKECH TENERIFE
PIRAEUS SAMOS NAPLES SANTORINI
SEVILLA FUERTEVENTURA PROMACHONAS PALMA DE MALLORCA
PRAGUE KAYSERI BILBAO
MILAN RHODES ANTALYA
VALENCIA POINTE-À-PITRE
MALTA

The World's most important tourist destination confirms its key role

Dufry is the market leader in the Mediterranean, which is the world's most important touristic region. Moreover, Dufry is the main duty-free operator in important popular destinations such as Spain and Greece. We are also present in the South of France and in Italy as well as in Northern Africa and in Antalya, Turkey. With this portfolio, Dufry captures major travel flows in this key geographical area. Division 1, headquartered in Madrid, also includes all African operations of Dufry in Cape Verde, Egypt, Algeria, Ghana, Ivory Coast, Kenya, Morocco and Nigeria as well as our business in Malta and our partnership in Portugal. In total, the division comprises over 130 locations in 15 countries in Southern Europe and Africa.

2016 marked another year of important achievements in the division, which saw strong performance in Spain and lower sales in Greece and Turkey, impacted by the decline in the number of Russian travelers. In Morocco, Dufry signed important agreements: a concession to operate 13 duty-free and duty-paid shops at Marrakesh Menara Airport; and a concession to operate 5 shops at Casablanca airport, both running for 10 years. In Egypt, Dufry won a concession to operate close to 3,000 m^2 of retail space, across 7 shops. In the year Dufry also started its operations in Kenya and Nigeria and signed an important extension in Guadeloupe (managed out of France). All-in-all, Dufry has signed concession contracts which amount to over 15,000 m^2 in the division.

PORTION OF TURNOVER 2016



KEY REPORTED DATA 2016

Number of shops	407
Sales area in m^2	103,744
Employees in FTE	5,258

TURNOVER

1,702 IN MILLIONS OF CHF

1

1

1 **MARRAKECH | INTERNATIONAL AIRPORT**
Present at the airport since 2005, Dufry took its operations in Marrakech to the next level with a full refurbishment and expansion of the business.

2

2

2

2 CASABLANCA | CASABLANCA INTERNATIONAL AIRPORT
Dufry's longstanding partnership with Casablanca's Mohammed V International Airport has been confirmed in 2016 with a 10-years contract renewal. Dufry operates 1,700 m² of retail space at the airport.

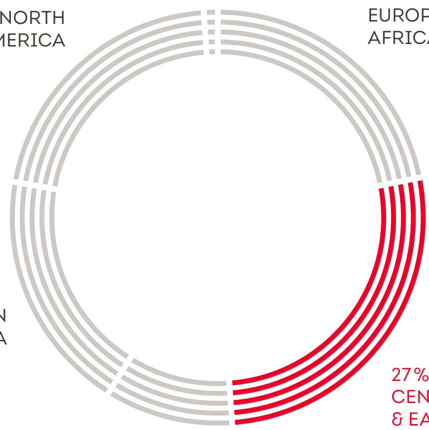
UK, CENTRAL AND EASTERN EUROPE

ASTANA
BASEL-MULHOUSE EDINBURGH
DUSSELDORF BIRMINGHAM CARDIFF
STANSTED JÖNKÖPING GENEVA YEREVAN
LONDON BURGAS SUNDSVALL
MANCHESTER
NORRKÖPING
BELGRADE MOSCOW
SKELLEFTEÅ SHERWOOD FOREST HAMBURG
STOCKHOLM UMEÅ
VISBY ÖSTERSUND
ST PETERSBURG ZURICH
KALMAR
HELSINKI WHINFELL FOREST
WOBURN FOREST GLASGOW
SAINT PETER
VARNA

Important contract extensions in major European markets
Headquartered in London, Division 2 comprises all our operations in the North of Europe, including the United Kingdom, Switzerland, Scandinavia and Russia. The division features a well-balanced portfolio operating in over 60 locations in 11 countries and a broad variety of customer nationalities from mature and emerging markets with both tourist and business travelers.

In 2016, the division reported a strong sales growth in the United Kingdom, following the devaluation of the British Pound after the Brexit vote and a resilient development in most of the Central and Northern European operations. In the year under review, we continued to focus on early renewing our most important concessions. Our concessions in Basel, Birmingham, Bristol and Zurich were all renewed ahead of time, for durations ranging from 7 to 10 years. The renewals not only secure the most relevant operations in the division for a considerable time-span but also confirm the trust of the airport partners in working with Dufry.

PORTION OF TURNOVER 2016



KEY REPORTED DATA 2016

Number of shops	300
Sales area in m²	83,687
Employees in FTE	5,263

TURNOVER

2,089 IN MILLIONS OF CHF

1

1

2

1 **LONDON | LONDON HEATHROW AIRPORT**
Dufry's largest airport operation worldwide, London Heathrow is reference of first class shopping experience across our 33 shops at the airport.

2 **BASEL | BASEL AIRPORT**
Home of Dufry, Basel airport went through important renovations in 2016. At our 1,000 m² main duty-free store, customers will find products from prestige brands and our second to none customer service.

1

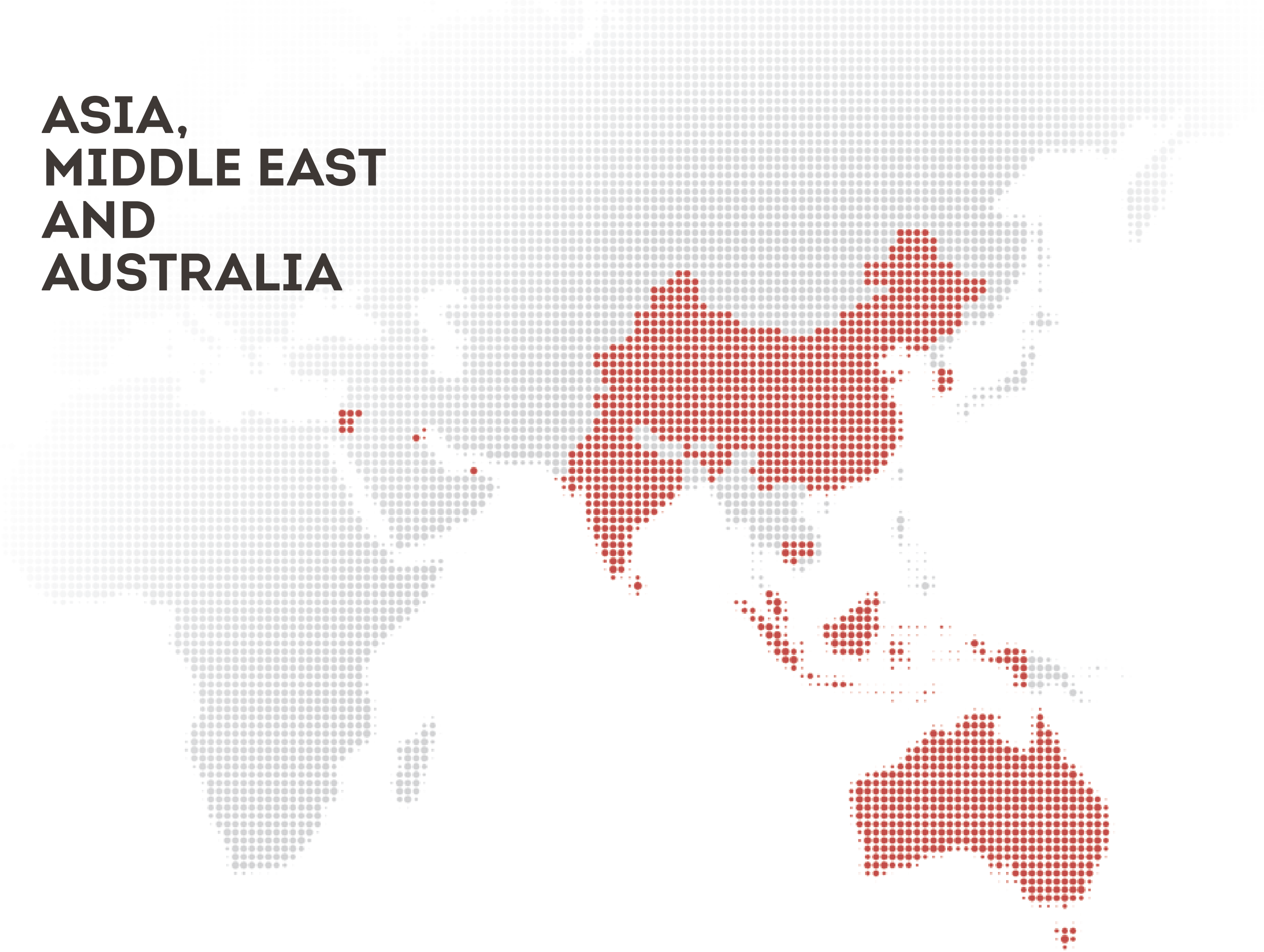

3


4


3 **BIRMINGHAM | BIRMINGHAM AIRPORT**
Dufry operates a total of 4 stores covering close to 2,000 m^2 at the airport, while our main shop in terminal 1 has been fully refurbished in 2016.

4 **EUROTUNNEL | EUROTUNNEL**
At our Eurotunnel stores both in the UK and France, you will find the best selection of duty-free products, ranging from renowned beauty brands to accessories and a wide range of fine wines and spirits.

ASIA, MIDDLE EAST AND AUSTRALIA



KUWAIT
BUSAN BANGALORE
HONG KONG
CANBERRA
SINGAPORE PHNOM PENH CHENGDU
MELBOURNE
MARKA MUMBAI SIEM REAP AMMAN
COLOMBO SHANGHAI
SHARJAH BALI AQABA
MACAU

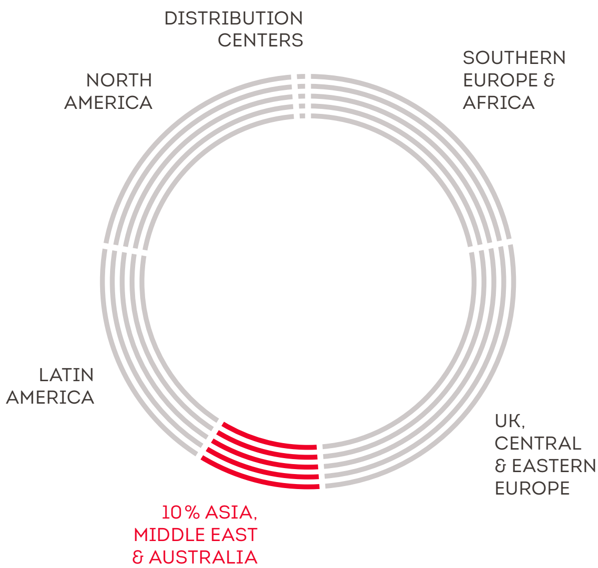
Important contract renewals and renovations in a strategic growth region

Dufry is the most international travel retailer with the highest number of operations in Asia and in the Middle East; a region that is still very fragmented in travel retail. We are present in 19 locations in 11 countries.

Headquartered in Hong Kong, Division 3 includes operations in the United Arab Emirates, Jordan and Kuwait in the Middle East; Australia, Hong Kong, Macau, Singapore, Indonesia, Cambodia, India and Sri Lanka, as well as China and South Korea in Asia-Pacific. Building on this well diversified portfolio, it is our goal to further expand our presence in Asia.

In 2016, the performance of our Asian operations saw positive developments in our Middle Eastern locations and a strong growth of our Korean operation in Busan, which benefitted from the increasing flow of Chinese passengers. On the contrary, operations in Hong Kong and Macau had to slightly adapt their offers to the changed customer profiles. In the year, Dufry also extended several concessions, above all the important contract in Melbourne. Within Dufry's global refurbishment program, Division 3 has seen extensive refurbishments in important locations. In Macau, Dufry opened a new operation at the Parisian Hotel, while in Cambodia, Dufry has fully refurbished and expanded its operations in the Phnom Penh and the Siem Reap airports. Last but not least, in early 2016, Dufry's new logistics center became operational in Hong Kong and will play a key role in driving efficiency in the supply chain, improving lead times and reducing out-of-stock situations for the whole division.

PORTION OF TURNOVER 2016



KEY REPORTED DATA 2016

Number of shops	132
Sales area in m²	31,205
Employees in FTE	2,504

TURNOVER

771 IN MILLIONS OF CHF

1

1

2

1 MACAU | MACAU DOWNTOWN
Opened in early 2017, our cosmetics concept store "Temptation" at the Parisian Hotel is our second operation in Macau downtown.

2 SIEM REAP | SIEM REAP AIRPORT
Highly emotional product display as seen at the refurbished Siem Reap duty-free shop provides customers with a unique shopping experience.

3

2

3

3 **PHNOM PENH | PHNOM PENH AIRPORT**
Also our operation at Phnom Penh airport has seen a major redesign, thus completing the refurbishment of all our operations in Cambodia.

LATIN AMERICA

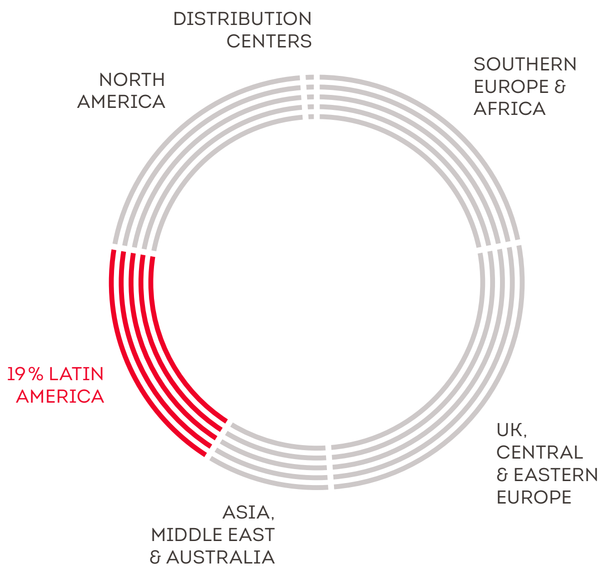
MEXICO CITY
CURITIBA
GRENADA
CANCUN
CURAÇAO
MONTERREY
BUENOS AIRES
CAMPINAS
PUERTO VALLARTA
GRAND TURK
BELÉM
LA PAZ
FORTALEZA
GUASAULE
JAMAICA
GUADALAJARA
LA ROMANA
COZUMEL
CORDOBA
LIMA
MAZATLAN
ANTIGUA
ST LUCIA
RECIFE
SÃO PAULO
MENDOZA
MANAGUA
PORTO ALEGRE
BAHAMAS
SANTIAGO DE GUAYAQUIL
PONCE
PROGRESO
BRASILIA
BELO HORIZONTE
SAN JUAN
PUERTO PLATA
SAMANA
RIO DE JANEIRO
SALVADOR
BARBADOS
PUNTA DEL ESTE
MONTEVIDEO
NATAL
SANTO DOMINGO
SANTIAGO DE CHILE
ACAPULCO
SANTIAGO
ST MAARTEN
ORANJESTAD

Market leader position in Latin America further secured

Division 4, Latin America, comprises all Dufry operations in Central and South America as well as the Caribbean. Geographically the region includes some of the most dynamic travel retail markets, and has traditionally been a region where Dufry has had a very strong market position. The area continues to offer expansion opportunities in a variety of alternative channels, such as border shops, cruise ships and downtown operations. Headquartered in Miami, USA, the division runs operations in Argentina, Brazil, Bolivia, the Caribbean, Chile, the Dominican Republic, Ecuador, Honduras, Jamaica, Mexico, Nicaragua, Peru, Puerto Rico and Uruguay.

In 2016, the division was very successful in early extending important contracts such as in Rio de Janeiro, São Paolo, Viracopos, Cancun and Cozumel, while at the same time expanding its retail space. Furthermore, operations saw refurbishments in Mexico City, Rio de Janeiro and Lima among others. While the Caribbean and Mexico had a positive performance across the whole year, operations in Brazil showed a steady and strong recovery in the second half. In total Dufry opened close to 60 new shops in Latin America.

PORTION OF TURNOVER 2016



KEY REPORTED DATA 2016

Number of shops	399
Sales area in m²	111,649
Employees in FTE	6,859

TURNOVER

1,531 IN MILLIONS OF CHF

1

1

2

1 **RIO | RIO INTERNATIONAL AIRPORT**
Dufry debuted its revamped operations at Rio de Janeiro Galeão Airport in April, 2016, just ahead of the Summer Olympic Games.

2 **PUERTO RICO | PUERTO RICO INTERNATIONAL AIRPORT**
Unparalleled customer service featured in our operations at San Juan Airport, Puerto Rico. Dufry operates a total of 11 stores at the airport.

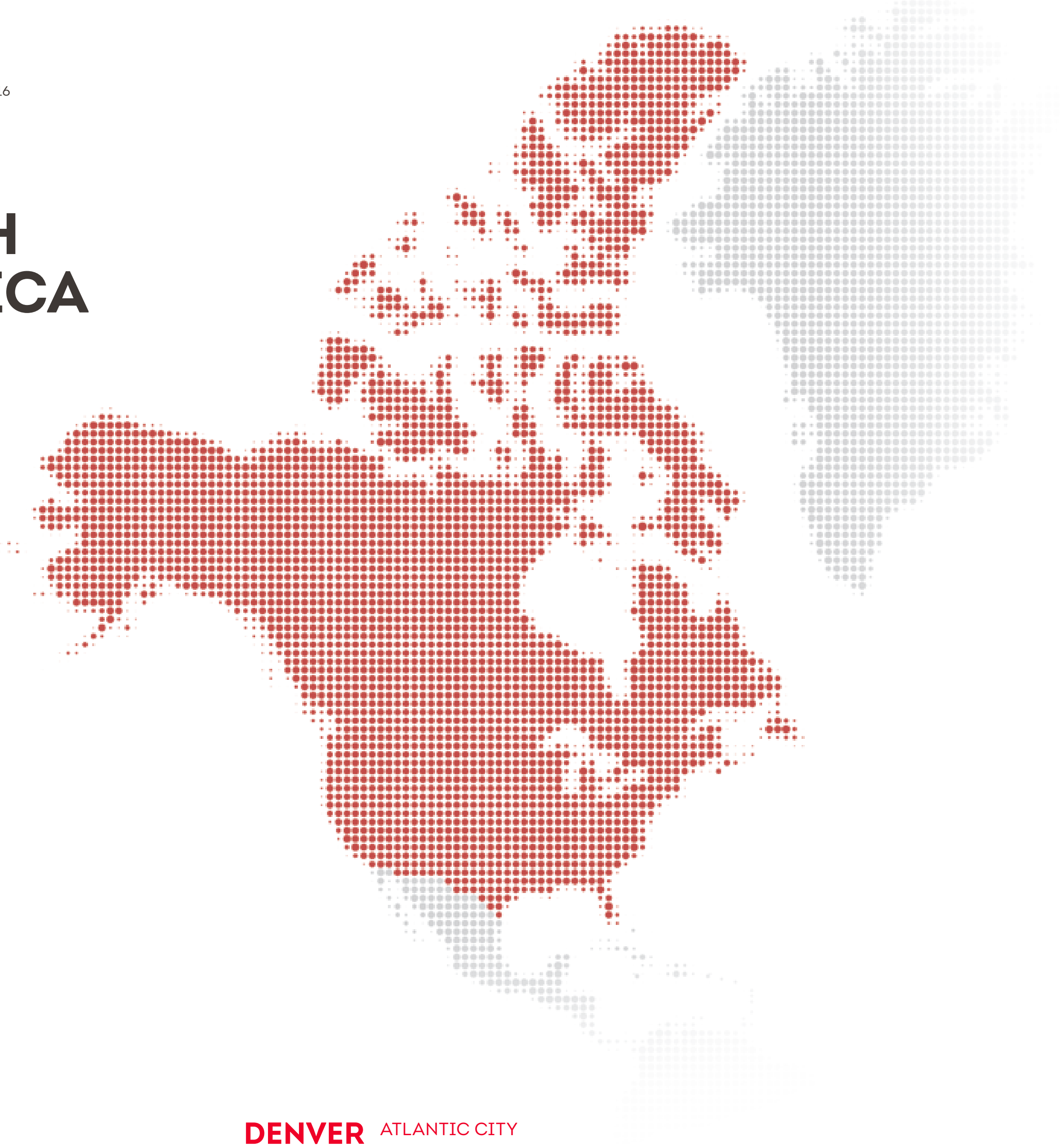
3

4

3 **LIMA | LIMA INTERNATIONAL AIRPORT**
With the acquisition of WDF, Dufry inherited the operations in Lima. The shop, refurbished and expanded in 2016, showcases a beautiful walk-through concept.

4 **NCL ESCAPE CRUISE LINE**
One of our 10 operations onboard Norwegian Cruise Line vessels. Dufry operates onboard cruise lines and ferries in the Caribbean, Greece and other locations.

NORTH AMERICA



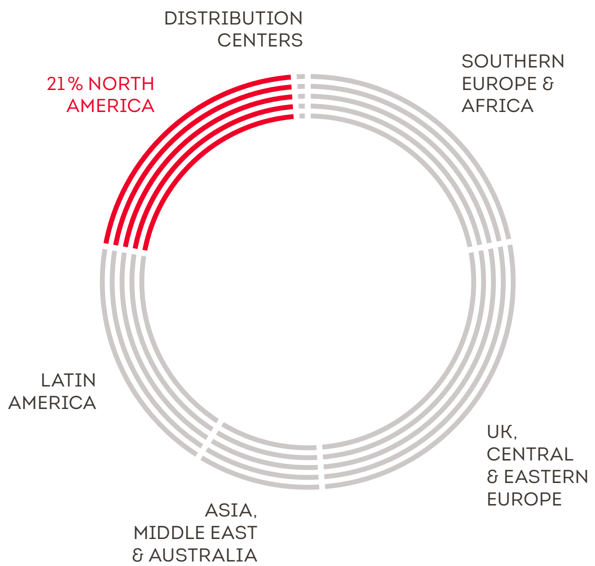
DENVER ATLANTIC CITY
WASHINGTON FORT LAUDERDALE
CHICAGO BIRMINGHAM
DALLAS
HALIFAX BURLINGTON
FRESNO GREENVILLE-SPARTANBURG
LAS VEGAS LOS ANGELES
HOUSTON JACKSON
MIAMI HARRISBURG MOBILE OKALOOSA
MYRTLE NASHVILLE NEWARK OMAHA
NEWPORT NORFOLK NEW ORLEANS MANCHESTER
NEW YORK SAN DIEGO
BOSTON ORLANDO
PHOENIX PHILADELPHIA PITTSBURG RALEIGH EDMONTON
RICHMOND ROANOKE ROCHESTER ST LOUIS SANTA ANA
SEATTLE SAN JOSÉ SAN FRANCISCO
ALBUQUERQUE
CLEVELAND TORONTO
VANCOUVER ANCHORAGE
BALTIMORE
CHARLESTON CALGARY

A developed market full of opportunities

The North American travel retail market is also one of the traditional core markets of Dufry. We have an extensive footprint of operations in different segments, and in particular the duty-paid business is sizeable. The United States are the home-market of our highly successful duty-paid Hudson convenience shop concept and we operate over 530 convenience shops in North America under that brand. Moreover, the ongoing modernization of the airport landscape in the US offers a considerable potential to expand also with duty-free operations as well with brand boutiques and specialized shops. Dufry already successfully operates all of these formats in the region, across over 70 locations in both the US and Canada.

During the year under review, the North American division managed to extend several concessions such as in Seattle, Cleveland, Calgary, St. Louis and Los Angeles, while also winning new contracts as in Las Vegas, Minneapolis and Tulsa airport. Overall, we opened over 100 new shops in 2016 in the division. The main refurbishments executed in this division were at the airports in Vancouver, Seattle and Toronto. North America features a very resilient performance, which has been confirmed also in 2016, mainly proving the strength of the Hudson concept.

PORTION OF TURNOVER 2016



KEY REPORTED DATA 2016

Number of shops	947
Sales area in m²	94,472
Employees in FTE	8,485

TURNOVER

1,661 IN MILLIONS OF CHF

1

2

2

1 DENVER | DENVER AIRPORT
The revolution in the United States' travel retail continues, and Dufry takes part in the change by bringing the best of its duty-free concepts to the country.

2 MINNEAPOLIS | SAINT-PAUL INTERNATIONAL AIRPORT
Dufry's operations in Minneapolis are the perfect example of our array of concepts put at the disposal of the airports, including general travel retail and convenience shops.

2

3

3 **NEW YORK | JFK AIRPORT**
This beautiful Burberry shop mirrors the look and feel of the British brand. Overall Dufry operates close to 40 shops at JFK airport, covering several concepts.

OVER 380 LOCATIONS WORLDWIDE

SOUTHERN EUROPE AND AFRICA

Algeria
- Algiers

Cape Verde
- Sal
- Santiago

Cote d'Ivoire
- Abidjan

Czech Republic
- Prague

Egypt
- Borg El Arab

France
- Calais
- Fort-de-France
- Nice
- Pointe-à-Pitre
- Toulouse

Ghana
- Accra

Greece
- Aktio
- Alexandroupoli
- Anchialos
- Araxos
- Athens
- Blue Galaxy
- Blue Horizon
- Blue Star I, II
- Blue Star Delos
- Blue Star Diagoras
- Blue Star Naxos
- Blue Star Paros
- Chania
- Corfu
- Doirani
- Elyros
- Evzonoi
- Hellenic Spirit
- Heraklion
- Igoumenitsa
- Kafalonia
- Kakavia
- Kalamata
- Karpathos
- Kastanies
- Kastelorizo
- Katakolo
- Kavala
- Kipoi
- Kos
- Kriti I, II Ship
- Krystallopigi
- Kydon Ship
- Limnos
- Mertziani
- Mykonos
- Mytilini
- Niki
- Olympic Champion
- Ormenio
- Patmos
- Patras
- Piraeus
- Prevelis
- Promachonas
- Rhodes
- Sagiada
- Samos
- Santorini
- Skiathos
- Superfast I, II, XI, XII
- Symi
- Thessaloniki
- Zante

Italy
- Bergamo
- Florence
- Genoa
- Milan Central
- Milan Linate
- Milan Malpensa
- Naples
- Roma Fiumicino
- Rome Termini
- Turin
- Verona

Kenya
- Nairobi

Malta
- Malta

Morocco
- Agadir
- Beni Mellal
- Casablanca
- Dakhla
- Essaouira
- Fez
- Marrakech
- Nador
- Oujda
- Rabat
- Tanger

Nigeria
- Abuja
- Lagos

Spain
- Alicante
- Almeria
- Asturias
- Barcelona
- Bilbao
- Fuerteventura
- Gerona
- Granada
- Ibiza
- Jerez
- La Coruna
- La Palma (SPC)
- Lanzarote
- Las Palmas de Gran Canaria (LPA)
- Madrid
- Mahon
- Malaga
- Murcia
- Palma de Mallorca (PMI)
- Reus
- Santander
- Santiago de Compostela
- Sevilla
- Tenerife Norte
- Tenerife Sur
- Valencia

Turkey
- Antalya
- Kayseri
- Kutahya

UK, CENTRAL AND EASTERN EUROPE

Armenia
- Yerevan

Bulgaria
- Burgas
- Varna

Finland
- Helsinki

Germany
- Dusseldorf
- Hamburg

Jersey
- Saint Peter

Kazakhstan
- Astana

Russia
- Moscow Domodedovo
- Moscow Sheremetyevo
- St Petersburg Pulkovo

Serbia
- Belgrade
- Nis

Sweden
- Jönköping
- Kalmar
- Karlstad
- Landvetter
- Luleå
- Norrköping
- Östersund
- Skellefteå
- Stockholm Arlanda
- Stockholm Bromma
- Sturup
- Sundsvall
- Umeå
- Visby

Switzerland
- Basel-Mulhouse
- Geneva
- Samnaun
- Zurich

United Kingdom
- Aberdeen
- Belfast
- Birmingham
- Bournemouth
- Bristol
- Cardiff
- Doncaster
- East Midlands
- Edinburgh
- Elvedon Forest Center Parks
- Exeter
- Folkestone
- Glasgow Airport
- Glasgow Prestwick
- Kirmington
- Leeds
- Liverpool
- London Gatwick
- London Heathrow
- London Luton
- London Southend
- Longleat Forest Center Parks
- Manchester
- Newcastle
- Sherwood Forest Center Parks
- Southampton
- Stansted
- Whinfell Forest Center Parks
- Windsor
- Woburn Forest Center Parks

ASIA, MIDDLE EAST AND AUSTRALIA

Australia
- Canberra
- Melbourne

Cambodia
- Phnom Penh
- Siem Reap

China
- Chengdu
- Hong Kong
- Macau
- Shanghai

India
- Bangalore
- Mumbai

Indonesia
- Bali

Jordan
- Amman
- Aqaba
- Marka

Kuwait
- Kuwait City

Singapore
- Changi

South Korea
- Busan

Sri Lanka
- Colombo

United Arab Emirates
- Sharjah

LATIN AMERICA

Antigua
- Antigua
- Saint Philip

Argentina
- Bariloche
- Buenos Aires Aeroparque
- Buenos Aires Ezeiza
- Cordoba
- Mendoza

Aruba
- Oranjestad

Bahamas
- Bahamas
- Freeport

Barbados
- Barbados

Bolivia
- La Paz
- Santa Cruz

Brazil
- Belém
- Belo Horizonte
- Brasilia
- Campinas
- Cuiabá
- Curitiba
- Fortaleza
- Goiania
- Natal
- Porto Alegre
- Recife
- Rio de Janeiro
- Rio de Janeiro Galeão
- Rio de Janeiro Santos Dumont
- Salvador
- São Paulo Congonhas
- São Paulo Guarulhos
- Vitoria

Chile
- Santiago de Chile

Curaçao
- Willemstad

Dominican Republic
- La Romana
- Puerto Plata
- Samana
- Santiago
- Santo Domingo

Ecuador
- Santiago de Guayaquil

Grenada
- Grenada

Honduras
- Roatan

Jamaica
- Jamaica
- Montego Bay

Mexico
- Acapulco
- Cancun
- Cozumel
- Guadalajara
- Guanajuato
- Ixtapa
- Los Cabos
- Mazatlan
- Mexico City
- Monterrey
- Puerto Vallarta
- San José del Cabo

Netherlands
- Bonaire

Nicaragua
- El Espino
- Guasaule
- Managua
- Peñas Blancas

Peru
- Lima

Puerto Rico
- Ponce
- San Juan

St Kitts & Nevis
- St Kitts

St Lucia
- St Lucia

St Maarten
- St Maarten

Trinidad & Tobago
- Port of Spain

Turks & Caicos Islands
- Grand Turk
- Turks & Caicos Islands

Uruguay
- Montevideo
- Punta del Este

Cruise Ships
- NCL Dawn
- NCL Escape
- NCL Gem
- NCL Jade
- NCL Jewel
- NCL Pearl
- NCL Sky
- NCL Spirit
- NCL Star
- NCL Sun
- Pullmantur Horizon
- Pullmantur Monarch
- Pullmantur Sovereign
- Pullmantur Zenith

NORTH AMERICA

Canada
- Calgary
- Edmonton
- Halifax
- Toronto
- Vancouver

USA
- Albuquerque
- Anchorage
- Atlanta
- Atlantic City
- Baltimore-Washington
- Birmingham
- Boston
- Burbank
- Burlington
- Charleston
- Chicago
- Chicago Midway
- Chicago O'Hare
- Cincinnati
- Cleveland
- Corpus Christi
- Dallas Fort Worth
- Dallas Love Field
- Denver
- Detroit
- Fort Lauderdale Hollywood
- Fresno
- Grand Rapids
- Greater Rochester
- Greenville-Spartanburg
- Harrisburg
- Houston
- Houston George Bush
- Houston William P. Hobby
- Jackson
- Santa Ana
- Las Vegas
- Little Rock
- Los Angeles
- Lubbock
- Manchester Boston
- Miami
- Minneapolis
- Mobile Bates Field
- Myrtle Beach
- Nashville
- New Orleans
- New York City
- New York JFK
- New York LaGuardia
- Newark
- Newark Liberty
- Newport News Williamsburg
- Norfolk
- Oakland
- Okaloosa
- Omaha
- Ontario
- Orlando
- Orlando Sanford
- Philadelphia
- Phoenix
- Pittsburgh
- Portland
- Raleigh
- Richmond
- Roanoke
- Salt Lake City
- San Antonio
- San Diego
- San Francisco
- San José
- Seattle
- St Louis
- Stewart Newburgh
- Tampa
- Washington DC
- Washington Dulles

CHANNELS
- Airports
- Border, Downtown & Hotel Shops
- Railway Stations & Other
- Cruise Liners & Ferries
- Seaports

CUSTOMERS
BEST PRODUCTS AND EXCLUSIVE SERVICES

Dufry – Enriching your travel experience
At Dufry we have a very clear goal: we want to provide our customers with a unique shopping experience by combining the best products with outstanding services. Being the largest company operating in travel retail, Dufry offers travelers a wide range of products for all needs: from a simple bottle of water before boarding the plane to a sophisticated perfume as a present to a loved one. Meet us at one of our 2,200 shops around the world!

Much more than just retail
Ultimately, our aspiration at Dufry is higher than just selling products. Our highly trained and motivated sales representatives will help you navigate through a rich variety of prestigious brands to find the right product for you. We understand the needs of travelers and therefore make sure that our personnel is well trained and can give our customers the best service when they are at our shops.

Another area of focus for Dufry is digitalization. Our aim is to use digital technologies to add even more value to our services by increasing communication with customers and enhancing the personalization of our shops. We are currently working on our New Generation Store that will go live in several locations during 2017. One of many features will be electronic panels where signage can be changed according to the profile of the customers passing through our shop at that very moment.

Customer service which goes beyond the shops
Customer service is a priority for Dufry and for us this means that we look on how we can help our customer well beyond our shops. Even before they start their trip, travelers can pre-order products through the internet and collect them conveniently at the airport. Our "reserve-and-collect" service is available in Argentina, Australia, Brazil, Finland, Greece, India, Spain, Sweden and Switzerland, as well as in Turkey, the United Kingdom (including the Eurotunnel) and Uruguay.

Dufry is the only global travel retailer in the industry to offer a true global return guarantee. No matter if you purchased something in Bali, St. Petersburg, Barcelona, São Paulo, Las Vegas or elsewhere in the world: in the case that there is a problem with any product that you purchased at a Dufry store, we will replace, refund or exchange your product during 30 days. Dufry's customer service representatives, who can be reached by phone, email or chat, in several languages, attended over 150,000 customers from about 140 countries in 2016. Dufry's customer services team and policies guarantee full customer satisfaction.

RED by Dufry
RED by Dufry is the next step in Dufry's drive for excellence in customer service. RED goes beyond the typical loyalty program, as it works primarily through a mobile application. The program offers exclusive advantages such as discounts at Dufry stores and airport benefits. Additionally, members of the program are identified once they are at our stores through the "RED by Dufry" app and will receive notifications on promotions and offers tailored to their preferences. The RED by Dufry program is already live in Spain, Greece, Russia, Switzerland, Brazil and Argentina and it is planned to be rolled-out to 25 other countries by the end of 2018.

Dufry's excellence confirmed by important awards
2016 was another year where Dufry's customer focus and retail excellence has been recognized by different industry partners. A complete list of the 2016 awards is displayed on our website www.dufry.com/en/company/our-awards.

MORE THAN 50,000

items are available in our portfolio that our customers can choose from

NET SALES BY PRODUCT CATEGORY 2016

7% OTHER
32% PERFUMES & COSMETICS
3% LITERATURE & PUBLICATIONS
3% ELECTRONICS
11% TOBACCO GOODS
12% LUXURY GOODS
15% WINE & SPIRITS
17% FOOD, CONFECTIONERY & CATERING

30 DAYS

replacement or refund guarantee offered by Dufry is unique in the travel retail industry

SUPPLIERS BENEFIT FROM DUFRY'S GLOBAL RETAIL NETWORK

Dufry is the only travel retail operator offering suppliers a network of over 380 locations in 64 countries on 5 continents. Dufry's retail network is unrivalled and guarantees suppliers a unique opportunity to showcase their brands globally in an exclusive environment. We operate close to 2,200 shops in duty-paid and duty-free areas, we access domestic and international audiences and we offer customers both, convenience products and luxury shopping experiences. In 2016, close to one billion passengers passed through locations where Dufry operates shops making us the perfect ambassador for global brands.

Increasing sales through close partnerships and brand plans

Travel retail is an important channel for global brands, since it provides an ever growing number of affluent customers, who are a captive audience in a prime shopping environment.

Based on our know-how and unique portfolio of locations, we have started to partner with important global brands in a more strategic way. By jointly identifying opportunities for marketing campaigns, global promotions or product launches, we have developed joint action plans to further drive sales. We call this close collaboration "brand plan", which we define with each brand individually and which aligns both the goals of suppliers and Dufry as well as agreed measures. Both, brands and Dufry establish clear targets and evaluate the effectiveness of their initiatives.

However, cooperation and partnership can go much further, even as far as a supplier developing specific product lines marketed exclusively through the travel retail channel and in some cases even exclusively for Dufry only. A very successful example in 2016 occurred with the chocolate producer Lindt, who launched the Assorted Lindor Tube including the Stracciatella flavor. The exclusivity in terms of the item was that the Napolitains Stracciatella was not produced before and was first launched in their Assorted Pack with Dufry exclusively for one year. Such initiatives, offer customers unique shopping experiences emphasizing the exclusivity of the travel retail channel.

Suppliers benefit from Dufry's centralized purchasing and logistics

Dufry has always given high priority to generating organizational efficiencies. Our global functions centralize key processes within Dufry and offer streamlining opportunities for our business partners. Suppliers benefit in particular from our centralized procurement and logistic functions, which considerably simplify the whole supply chain. Thus we achieve higher service levels for our business partners and customers alike.

Our Global Category Managers act as key relationship managers for brands and coordinate activities with suppliers. They define brand plans with suppliers and negotiate all contractual parameters. Dufry has centralized the ordering process by aggregating internally the orders from the different retail operations and by sending a consolidated order to suppliers. Such an approach considerably simplifies the ordering process for the suppliers and reduces overall costs.

Centralization is also used for our logistics organization. The three Dufry distribution centers in Uruguay, Switzerland and Hong Kong provide a timely and smooth shipping of goods to our retail operations. The process benefits both Dufry and suppliers, as it allows to order and ship larger volumes to the distribution centers, thus increasing flexibility to allocate the optimal product quantity to each country and shop. The concept maximizes product availability for customers and reduces overall inventory levels.

BRAND UNIVERSE

1,000

Dufry works with over 1,000 of the most renowned global and local brands.

AIRPORT AUTHORITIES & LANDLORDS
CAPITALIZING ON STRONG REVENUE GENERATION

With its market share of above 20%, Dufry is the undisputed market leader in airport and travel retail. The company's extensive experience in all regions, its retail know-how and its world-wide presence make Dufry the ideal partner for landlords. Dufry's ability to deliver best-in-class retail concepts and its excellence in understanding customers creates value for landlords and Dufry alike. Dufry offers a comprehensive range of attractive retail concepts and shop formats to accommodate any need in both duty-free and duty-paid environments. Dufry's portfolio of close to 2,200 shops in 64 countries includes airports, seaports, railway stations, downtown areas, border crossings, cruise liners, hotels and other locations.

Partnerships equally benefit travel retailers and facility owners

A key aspect in travel retail is the partnership between facility owners and retailers, as it is the best way to tackle the challenges of a highly dynamic business environment and the ever changing shopping habits of travelers. By joining forces, we can create more attractive and inviting commercial spaces that capture the travelers' attention and create better opportunities for the traveler to buy. From the passengers' arrival at the airport until their boarding, airport authorities and travel retailers can increase revenues and generate additional value for all parties.

Dufry has a long-lasting tradition in partnering with landlords of larger and smaller airports in emerging and developed markets. We provide landlords with a high level of expertise on how to best develop retail space and maximize revenues, independently from the size of a given project. We always try to develop a partnership approach, often defining common goals together with the landlord, which has proven to be a successful model for the airport operators and for Dufry alike. Recent examples of refurbishments and expansions of our shops confirm the value of coordinated strategies. Projects developed at the airports of Milan, Athens, Phnom Penh, Siem Reap, São Paulo, Brasília, London Heathrow or Zurich are a few examples on how Dufry and landlords can work together on the structuring of passenger flows, improving appearance of commercial space and expanding retail offering to considerably increase sales.

Dufry's Next Generation Store

Dufry has recently outlined its next generation shop concept, which makes extensive use of the digital technology to increase the communication with passengers at the airport. The digital route will allow Dufry to approach potential customers in an even more personalized way than ever before. The use of digital technology will allow in-store communication to flexibly adapt during the day to the changing nationalities and thus increase communication impact. The sense of place of our shop designs, an important aspect for landlords, is also secured in the new concept, as the format provides for a high degree of customization. Dufry knows how to perfectly match these requirements with efficient retail concepts to best serve travelers' needs and to generate value for landlords and Dufry alike.

Next Generation Store to come in 2017.

Offering landlords the largest industry experience

Dufry shares a common goal with the facility owners, which is to maximize returns on the available space and to create an innovative and attractive shopping experience for the traveler. With millennials becoming an increasingly important audience for our industry, retailers need to adapt their concepts and provide more personalized shopping experiences going beyond pure product availability. In order to understand the latest trends in consumer behavior, Dufry regularly does detailed consumer research.

Managing 425,000 m² of retail space worldwide.

Successful contract extensions secure future business

In 2016, Dufry renewed a number of existing concession contracts well before the respective expiry date, extending the remaining average life-time of its portfolio, which is now over 8 years. Approximately 17 % of the portfolio have a remaining life-time of one to two years; 27 % have a duration of three to five years, while another 22 % have a life-time of between six and nine years, and the remaining 34 % of the concessions have a duration of ten years or more. On average, Dufry renews every year existing contracts that generate between 8 % to 10 % of our sales, and we add new contracts every year.

New shops added to first-class concession portfolio

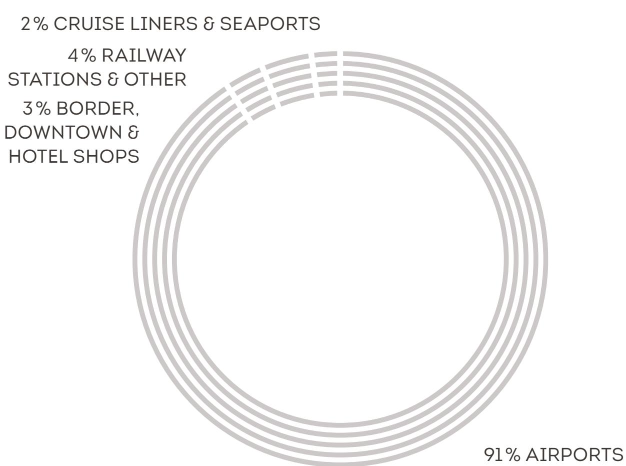
In 2016, Dufry opened a total of over 220 new shops adding an additional retail space of 41,800 m². Important expansions and openings occurred in Latin and North America with over 70 % of the new space with all divisions increasing their retail space. At December 31, 2016, the entire concession portfolio of the group included retail space of around 425,000 m².

Dufry's concession portfolio is highly diversified and well balanced across emerging and mature markets on all continents. This considerably reduces risks of being exposed to single markets and operations; the largest concession only accounts for about 7 % of turnover; while the biggest 10 concessions represent less than 35 %.

Safeguarding business profitability

When expanding its concession portfolio, Dufry applies a clear policy. Every single project and opportunity is analyzed individually for its commercial development potential and by taking into account initial investment requirements as well as the expected development of passenger number and profile perspectives. Through a strict evaluation of these criteria and our disciplined focus on returns, we ensure that our concession portfolio remains of the highest quality and that each concession offers attractive returns for the Group. This methodology is applied for all projects alike, whether we participate in a tender process, engage in direct negotiations with airport authorities or perform acquisitions.

NET SALES BY CHANNEL 2016



INVESTORS
BENEFITING FROM TRAVEL RETAIL'S GROWTH TRENDS

Dufry has a solid equity story which focusses on returns and cash generation, while following a long-term profitable growth strategy to create sustainable value for shareholders and bondholders.

Raising interest to participate in the fast-growing travel retail channel
The strong fundamentals of the travel retail industry – fueled by a resilient long-term global passenger growth – are a cornerstone for investing in Dufry. This, combined with our track record of growth and attractive risk profile based on our geographical diversification, makes Dufry an attractive investment opportunity.

With a market capitalization of CHF 6.8 billion as per December 31, 2016, Dufry is part of the Swiss Leader Index (SLI) on the SIX Swiss Exchange, which includes the 30 biggest publicly listed companies in Switzerland. Throughout the year Dufry's share price fluctuated between a high of CHF 135.10 and a low of CHF 93.05.

Dufry's trading volume continued to be very healthy in 2016. Considering all major trading platforms, Dufry's average daily trading volume was about CHF 56.2 million, which represents a daily trading of 1.0 % on free float. Of the different trading platforms, the most relevant one was SIX Swiss Exchange. The average daily volume of Dufry shares traded at SIX reached CHF 20.1 million in 2016.

Our long-term anchor shareholders group continued its commitment to the company and held 19.5 % of our share capital at year-end 2016, only slightly changed as compared to 31 December, 2015. Consequently, at the end of the reporting period 2016, the free float of our shares amounted to 80.5 %, translating into a free float of CHF 5.4 billion (over CHF 5.1 billion at year-end 2015). Key institutional shareholders in Dufry include GIC, QIA, and Temasek, all of which became shareholders in 2015. In 2016 again, we experienced a further diversification of our shareholder base and a large part of our institutional shareholder base is located in the United Kingdom, United States, Switzerland, Singapore, Qatar and Brazil.

Delivering the synergies of the Nuance and World Duty Free acquisitions
The value creation from mergers and acquisitions is based on our ability to deliver synergies from the target companies. With the last two transformational acquisitions, Nuance, acquired in 2014, and World Duty Free, in 2015, we expect to deliver a total of CHF 175 million of additional EBITDA.

Delivery of synergies is fully on track.

As to the Nuance synergies, these were fully reflected in the 2016 financials, and include efficiencies at both cost and gross profit margin level to an amount of CHF 70 million as previously announced.

The integration of World Duty Free, which had already started at the beginning of 2016 resulted in the delivery of more than half of the planned World Duty Free synergies, of which CHF 49 million were cost synergies, in the 2016 financials. The remaining synergies, which will complete the announced and confirmed synergies to a total of CHF 105 million, will build up quarter by quarter and be reflected in the full-year financials of the 2017 business year.

80%

free float of our shares at year-end 2016

DAILY AVERAGE VOLUME

MILLIONS OF CHF

2012	2013	2014	2015	2016
27.2	45.5	55.1	59.4	56.2

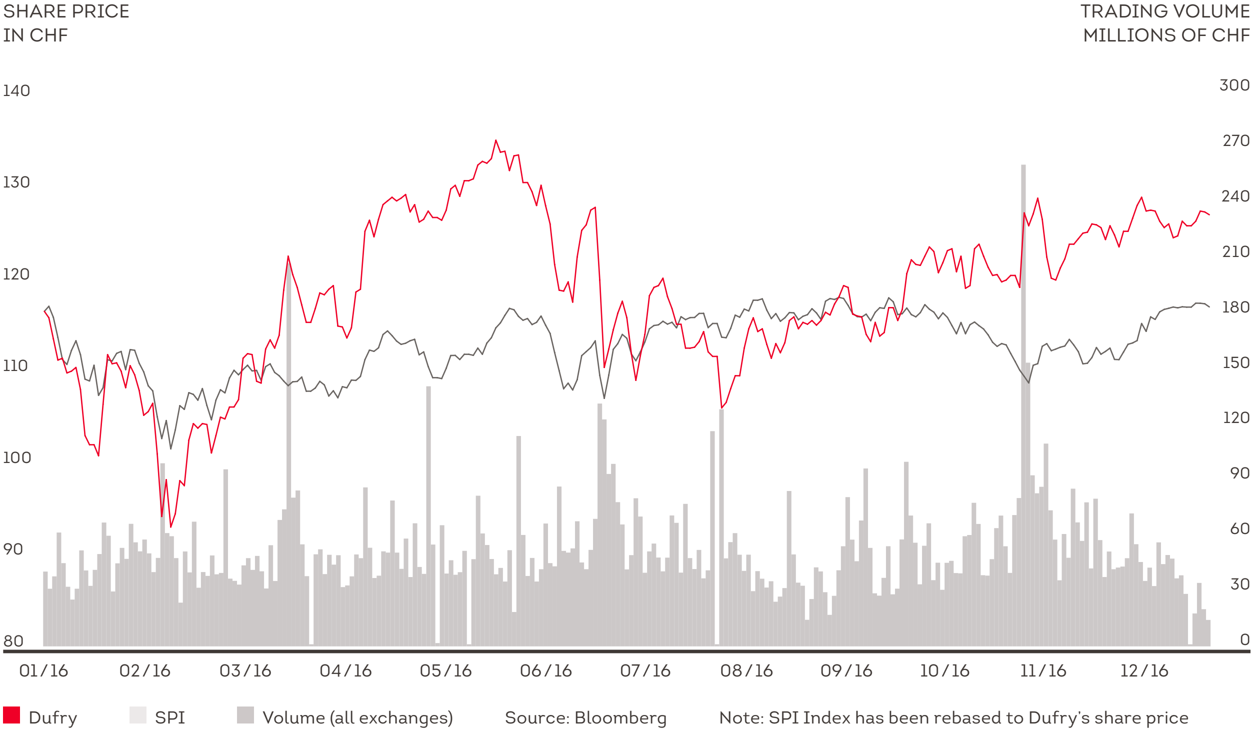
Note: Includes trading of all exchanges, of which CHF 20.1 million come from the SIX Swiss Exchange.

SHAREHOLDER STRUCTURE

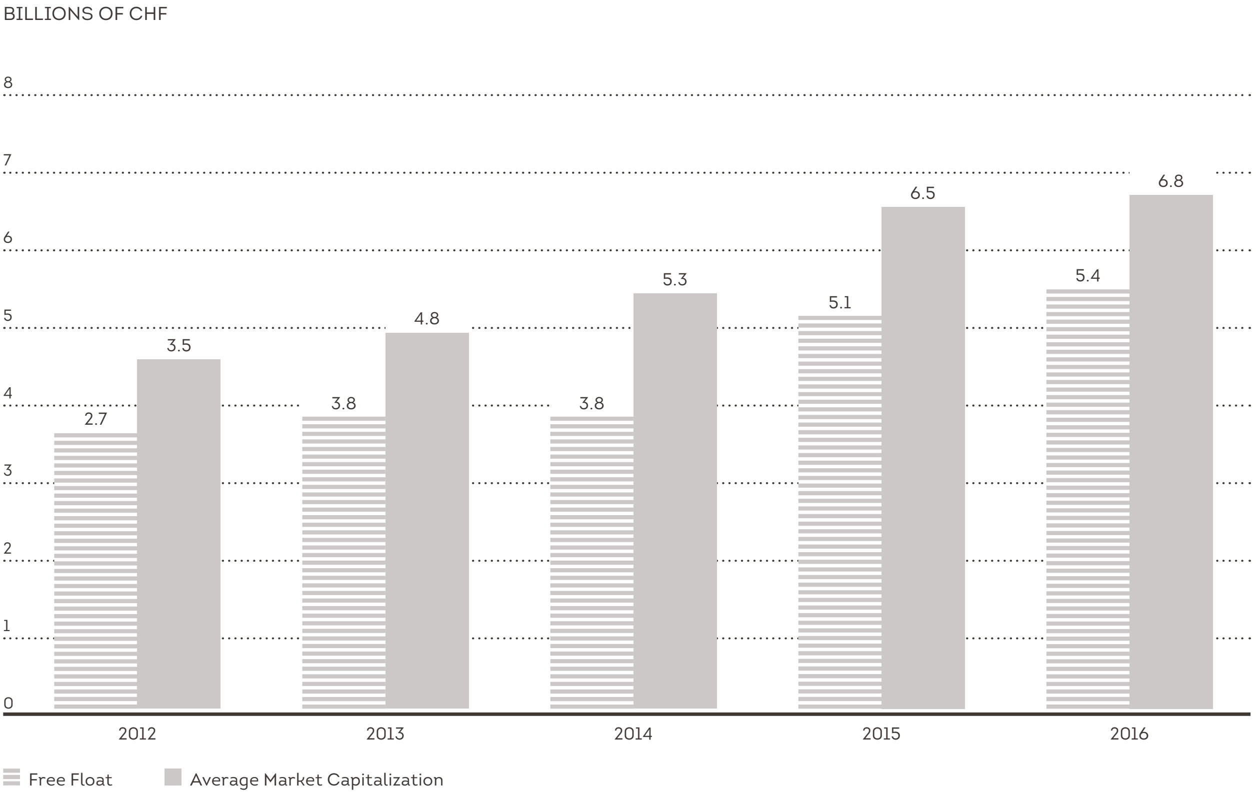
AT DECEMBER 31, 2016

- 54.1% OTHER SHAREHOLDERS
- 19.5% GROUP OF SHAREHOLDERS LED BY TRAVEL RETAIL INVESTMENTS SCA
- 8.6% TEMASEK HOLDINGS
- 7.8% GOVERNMENT OF SINGAPORE
- 6.9% STATE OF QATAR
- 3.1% BLACKROCK, INC.

DUFRY AG SHARE PRICE AND TRADING VOLUME



MARKET CAPITALIZATION AND FREE FLOAT



Reducing debt and lowering financing costs
Our capability to generate sustainable free cash flows has allowed us to reduce our net debt by CHF 205.6 million in 2016.

Net debt reduced by CHF 206 million.

As a result, as per December 2, 2016, we exercised the early call option to repay the USD 500 million Senior Notes with maturity in 2020. The early repayment has been financed through a combination of available cash and a drawdown on the existing revolving credit facility. Dufry will thus save in excess of CHF 80.0 million in interest costs, which would have accrued during the remaining life-time of the bond.

Strong fundamentals – solid investment for bondholders
Ever since the first issuance of a bond in 2012, Dufry has been a well-established investment opportunity in the senior notes market, which still represents an important source of financing for the company. Our low operating leverage and the strong cash flow generation are characteristics welcomed by the fixed income market.

With bank credit facilities totaling CHF 2,430 million maturing in 2019 (denominated in USD, EUR, CHF and GBP); the EUR 500 million 4.5% Senior Notes maturing in July 2022 and the EUR 700 million 4.5% Senior Notes maturing in August 2023, Dufry has a well-balanced financing structure. All maturity dates of the financial debt are spread across a time horizon between 2019 and 2023.

Dufry's Senior Notes are currently rated by Standard & Poors (BB), Fitch (BB-) and Moody's (Ba3).

Committed to a fair and comprehensive market communication
As the world's only "pure play" opportunity to invest in travel retail as well as being the undisputed industry leader, we strive to present our investment story and market opportunities by providing transparent and consistent up-to-date information to all our stakeholders. We pursue a constant, open dialogue with investors, analysts and the media through direct phone and email exchanges, regular roadshows and one-to-one meetings.

Senior management presents and discusses financial performance on a quarterly basis and we provide the financial community and media with in-depth reports and information through press and analyst conferences, conference calls and webcasts. As part of our 2016 Investor Relations activities, senior management and the Investor Relations team devoted 29 days to meeting investors directly through roadshows and conferences in Europe and Asia as well as North and South America, during which we met over 500 investors in one-to-one or group meetings. Apart from meetings, the Investor Relations team answered over 600 calls and emails in 2016.

For contact details of our Investor Relations team, located in Switzerland and Brazil, please see page 245 of this Annual Report.

SUSTAINABILITY REPORT
CREATING VALUE TO STAKEHOLDERS

Dufry considers sustainability as one of the cornerstones of corporate culture to increase its long-term value and minimize risks for the company's future development.

New Dufry as common starting point
In 2016, we operated for the first time as the "New Dufry", following the transformational acquisitions of Nuance and World Duty Free. While the integration of Nuance was completed in 2015, in the year under review we focused on the integration of World Duty Free and the definition of the new Business Operating Model, which saw the adaptation of our processes and procedures to the new geographical footprint and the organizational structure. As a key element of the integration process and in order to provide all employees of the former companies with a common starting point, Dufry had also introduced a new corporate identity and defined new common values in late 2015 (see www.dufry.com/company/our-brand-values).

Dufry companies operate in all countries according to local legislation and regulations. We have incorporated across the Group an "Integrity in Business Transaction Policy" that sets guidelines in the fair dealings with business partners and particularly prohibits any kind of passive or active bribery or corruption. The policy is applicable to all employees, including the Group Executive Committee and the Board of Directors. In case of any question regarding the Policy or suspicion of a violation of the Policy, Dufry employees can connect with a centralized contact point through a dedicated Dufry email address or follow the hierarchical reporting line. Any wrongdoing concerns can also be reported directly to the CEO. The identity of an employee reporting such concerns or possible violations against the Policy will be kept confidential, unless the disclosure of the identity is required by law. Moreover, we also have an "Insider information and security trading policy" and the "Public Disclosure and Communication Policy" in place and signed by all employees concerned.

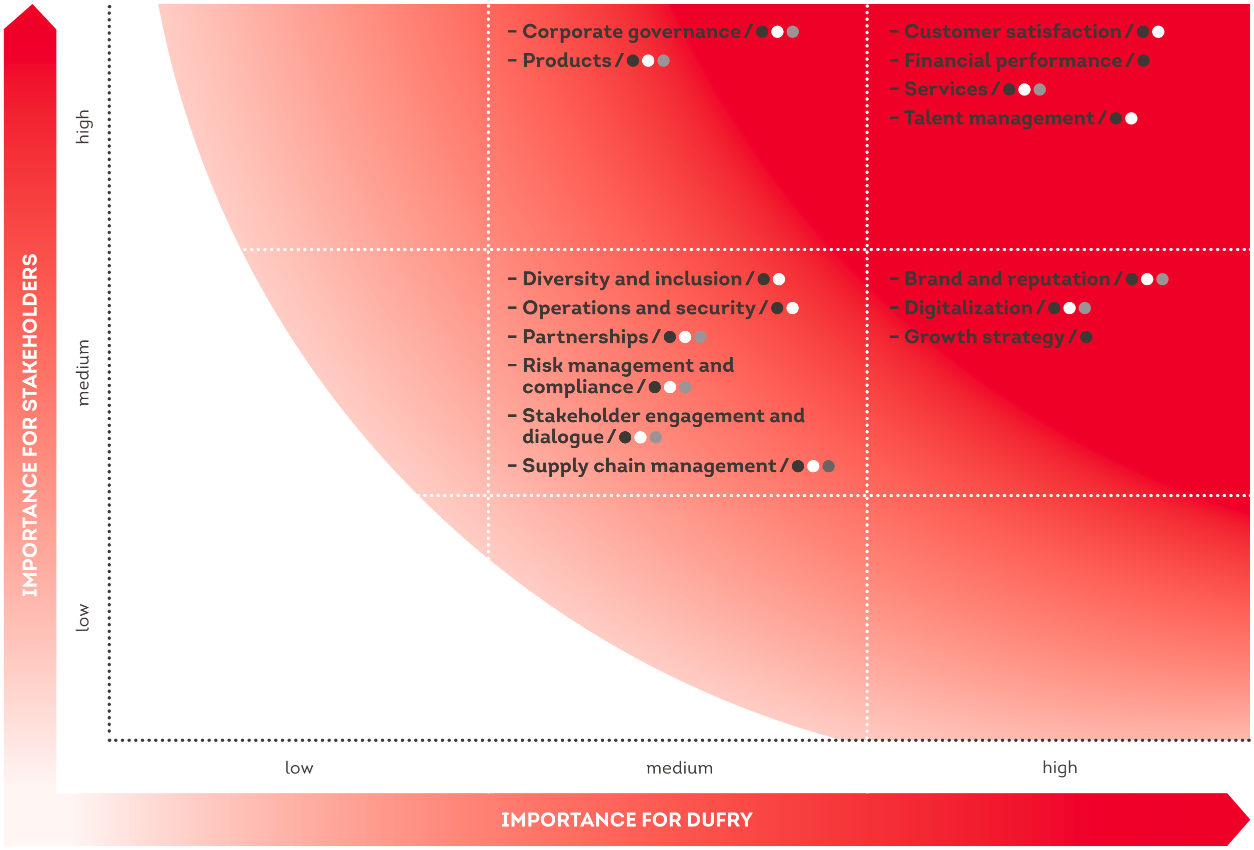
In line with our commitment to sustainability, we are now seizing the opportunity to leverage on the common starting point, to revise our CSR reporting in order to better assess the impact our company has on our employees, the society and the environment, with the ultimate intention to further develop our reporting step-by-step over the next few years.

Materiality Assessment performed in 2016
As a first step, in 2016 we performed a materiality assessment with the support of Ernst & Young to gain a detailed view on which sustainability topics are material to our business from both a company and a stakeholder perspective. This carefully planned and executed process allows us to align the internal and external perspectives, to identify areas of potential optimization and to further develop the sustainability related management approach and reporting.

In order to optimally link the company strategy and the whole company universe with the expectations of our stakeholders we have chosen to follow a company specific approach rather than a pure sustainability view, when defining the list of topics which we consider relevant for us and which we want to work with going forward. To compile the list of potential topics we included internal and external sources such as our existing policies and regulations; publicly available materiality assessments of peers; the SASB requirements (Sustainability Accounting Standard Board) as well as the report of the Governance & Accountability Institute.

The main stakeholder groups included in our materiality assessment and the subsequent definition of the topics are: employees, customers, investors (incl.

MATERIALITY MATRIX



● = economic ○ = social ● = environmental dimensions Note: Within boxes topics are listed in alphabetical order

shareholders, bondholders and financing banks), society and public authorities. The topics identified will be mapped according to the GRI guidelines (Global Reporting Initiative). Moreover, in the future, we might also consider reporting on additional material topics for Dufry, which are not covered by GRI.

Identifying Key Performance Indicators (KPIs)
As a second step, we have assessed and identified KPIs for tracking performance on material non-financial topics. The topics are further classified into the three dimensions of economic, social and environment. Currently, we are assessing the respective data availability to be able to report on the identified KPIs going forward.

For the 2016 reporting, we have further evolved the methodology used so far and provided if possible a higher level of detail for the topics covered (see the following pages 74 to 85).

ENVIRONMENT

Dufry operates close to 2,200 retail stores across 64 countries, where it sells products sourced from over 1,000 suppliers. For information on our divisional structure and countries / major locations covered by each division please refer to pages 40 to 59. All the stores operated can be categorized into one of five channels, which are explained on pages 60 to 61.

As a pure retailer, the company does not have any production sites. Our main logistics operations (Global Distribution Centers) are centralized in three platforms: Egerkingen / Switzerland, mainly serving Division 1 (Southern Europe and Africa) and Division 2 (UK, Central and Eastern Europe); Hong Kong / China serves Division 3 (Asia, Middle East and Australia), and Montevideo / Uruguay attends to Division 4 (Latin America) and Division 5 (North America). These main distribution centers receive the long-haul and major shipments and organize the further dispatch of the goods to the local entities at country and shop level. Through the high efficiency in our logistics chain, we ensure that the environmental impact of transporting the goods is kept low. Moreover, the World Duty Free operations in Spain and the UK are for the time being still operating their existing local warehouses.

Three Global Distribution Centers cover the dispatch of goods to the local entities.

Energy consumption
For the most part our travel retail shops are operated in premises and buildings such as airports or seaports and downtown resorts, which are owned by third party landlords. Thus, a large portion of the utilities consumption, such as energy or water sourcing and usage in the shops cannot be directly changed or influenced by Dufry as these factors are predetermined by the landlords and the building construction. The highest influence in energy efficiency can be taken when Dufry is designing or re-designing stores. The main focus thereby is on substituting traditional lighting for more energy-efficient lighting systems (e.g. LED) on ceiling and furniture displays, and on using A-rated electronic devices (e.g. air conditioning, refrigerators) in our stores. The same concept of using latest energy-efficient technologies also applies for our Basel head office and the regional operations centers.

CO_2 emission
Reducing CO_2 emissions is one of Dufry's concerns. Whenever possible, transports of goods are done by shipping containers on sea-ships, thereby choosing the most CO_2-efficient way of transportation. Through reconfiguration of goods in our Global Distribution Centers and regional logistics stations, we minimize intercompany transportation of the goods to a minimum. The distribution to the individual shop locations is usually done by road whereby Dufry outsources the transportation to specialized national or international logistics partners, who partly have their own environmental strategies in place.

Further actions to reduce the CO_2 emissions are in the area of business travel: We advise our employees to consider alternatives to traveling such as the use of virtual meeting systems (video conferencing, conference calls, computer live-meetings) or reducing travel frequencies by optimizing each trip. In addition, Dufry employees are also encouraged to use public transport systems not only for business trips but also for their daily journeys to and from work. In specific locations the company grants contributions to employees using public transport for commuting.

According to Airport Carbon Accreditation (airportcarbonaccreditation.org), the airport industry accounts for about 5% of the air transport sector's total carbon emissions. The organization, launched in 2009, currently has 173 accredited airports in its program, which are spread across 50 countries worldwide. In 2016, based on information by Airport Carbon Accreditation, 61 of these airports have actively reduced the CO_2 emissions under their direct control, and 26 airports have achieved carbon neutrality. Dufry has retail shops in 15 of these 26 carbon neutral airports, including Dallas Fort Worth, Athens, Antalya, Milan-Malpensa, Manchester and Stockholm airports, just to name a few.

> Dufry has operations in 15 of the world's 26 carbon neutral airports.

Waste and recycling

Avoiding any waste in the first place or recycling it if it occurs is an effective way to save valuable resources. The European Distribution Center is outsourced and run by a specialized logistics company and packaging material which mainly consists of cardboard, paper, plastic film, wood as well as electronic and plastic consumables such as neon lamps and PET are sorted out in different containers and sent for recycling. The recycling process is outsourced to specialized service providers. If these providers have a climate program in place, Dufry's Swiss logistics provider supports their program by paying a surcharge on the transports, which is devolved to "myclimate" (www.myclimate.org).

In the shops, the waste produced by our operations is mostly packing material handled through the landlord's waste disposal system and recycled accordingly where possible. Dufry actively collaborates with the airport's sustainability teams where possible, as it is the case at Heathrow airport in the UK, to contribute to further improve recycling systems and reduce energy consumption.

The reduction in the consumption of shopping bags is another area where Dufry is seeking sustainable solutions by replacing traditional plastic bags with reusable bags and / or advising its retail staff to ask customers if they need a bag.

STAKEHOLDER VALUE ALLOCATION BY DUFRY IN 2016

The stakeholder value allocation of Dufry corresponds to corporate output less third-party inputs. The calculation is based on Dufry's EBIT plus personnel costs. It does not comprise of values allocated to business stakeholders, such as suppliers and landlords.

The value allocated reached CHF 1,327.1 million in 2016 (CHF 988.9 million in 2015). Out of this amount, CHF 1,054.5 million was accrued to our employees in form of remuneration and social security payments. CHF 243.4 million was for interest payments to our bondholders and financing banks. Income taxes to public authorities and communities in which the group companies are located were CHF 11.3 million. The remaining amount is allocated to shareholders of Dufry AG and to the company through retained earnings. This results in a value allocation of: 79% to employees, 18% to bondholders and financing banks, 2% to shareholders and 1% to public authorities.

EMPLOYEES

Working together for Dufry's success.
WorldClass.WorldWide.

We encourage our employees to work together with a focus on our customers, our partners and our company's goals every day. We take pride in the professionalism of our teams, their outstanding commitment to first-class service to our customers, their team spirit and the close collaboration with our business partners. This builds a strong base for Dufry's continuing success and makes Dufry a unique place to work and partner with.

Dufry offers attractive working environments, interesting tasks, fair and competitive wages, and a general working atmosphere that can be characterized by mutual respect and appreciation for each individual. We foster employee development by supporting a broad range of in-house as well as external training and development opportunities.

We also strongly believe that regularly planning the next career steps together with an individual employee is an important aspect to a long-term, successful employer-employee relationship. Therefore it is important for us to build a constructive dialogue between each individual employee and manager on goals, priorities and personal development. Each of our staff members receives an annual performance review aimed at evaluating the performance and identifying further personal development potential for next career steps.

Having grown to an organization with almost 29,000 employees worldwide

In the past three years, our workforce has increased by 76% from about 16,400 employees at the beginning of 2014 to over 28,800 people (FTE) by the end of 2016. The two acquisitions of Nuance in 2014 and World Duty Free in 2015 and their timely integrations have not only changed our footprint in the market and have made Dufry the undisputed market leader in travel retail; they have also meant a lot of transformation and integration in terms of our human resources projects.

Overall, our total workforce remained stable during 2016 with 28,848 people (FTE) working for the group at December 31, 2016 compared to 28,853 at year-end 2015.

The new company structure with 5 Divisions as of January 1, 2016, have meant a number of changes in our global organizations as well as on the divisional and country levels. The newly created Divisions are focusing on geographies. Following the reorganization, new divisional headquarters were established in Madrid for Division 1, London for Division 2, Hong Kong for Division 3. The headquarters of Division 4, which now includes both Latin America and the former America II (Brazil and Bolivia), and Division 5 remained unchanged in Miami and New Jersey respectively. A new cross-geographical structure of Global Functions was created, with our colleagues based in different countries leveraging the skills in various locations.

One thing that remained unchanged – Dufry's unique cultural diversity

Our workforce comprises colleagues from more than 70 nationalities across all functions and divisions. This hasn't changed much in recent years and we continue to believe that this broad cultural diversity represents a unique competitive advantage. We also view it as a key element in the successful development of our Group and in the implementation of our long-term growth strategy.

For our employees, it creates a truly international working environment with colleagues from across the world and interesting career opportunities. The staff in our local shops in each country is to a high extent local people. Dufry's know-how on operating local businesses in 64 countries around the world make us a strong job creator in a large number of cities, many of them being located in emerging markets, thus contributing to local development and wealth beyond the social projects (see also page 81 ff.).

Roll-out of the new HR information system across the Group

The new Human Resources information system "Dufry Connect" is supporting HR and line managers to place additional focus on people management activities, enabling greater automation and solid interface to manage people, development and careers at Dufry. The

28,848

Dufry employed 28,848 people (FTE) at December 31, 2016.

system implementation has been completed for the Global functions communities and is ongoing for the key operations in the Divisions with the objective to be rolled out during 2017. As a result this will have a major impact on the efficiency of the employee management processes. Another key improvement is related to the learning management platform: The new learning platform comprises all Dufry learning programs and enables training paths by employee role, easily accessible worldwide.

Talent Management

Dufry ensures that future and long-term management needs are getting addressed by an optimal balance of promoting internal high-level personnel and hiring external talents (for example in new countries where we start operations). Dufry operates a global, systematic integration process to identify high-potential talents in the organization and develop them toward the key roles in our business model.

The talent pipeline

We strongly believe that talent management and succession planning are ongoing processes. Accordingly, we keep enhancing the pipeline of candidates ready for the key managerial roles and we carry out yearly reviews of the quality of our talent pipeline at two levels:

- The first level concentrates on a limited number of candidates that will be able to occupy one of the pre-defined key positions in our entire organization. At year-end 2016, this pool of talents included 86 high-potential managers. We trust that with these managers, we are able to address and safeguard the succession in specific key management position.
- The second level focuses on our stores. Within the top-performing stores' personnel and supervisors, we have identified 397 "Retail talent" employees as of year-end 2016, on whose development we will focus in order to ensure a quality store management succession pipeline.

Training and professional development

Dufry carries a strong Learning and Development portfolio of programs, both at the local and global level. As for global programs, our flagship initiatives are the "Dufry Sales Academy" and "Step Ahead Management Development Program", with which we strive to consistently provide our professionals with the tools, knowledge and capabilities they need to perform at their jobs and develop their full potential at Dufry.

Our major training program "Dufry Sales Academy" for shop managers, supervisors and sales professionals has been heavily expanded and integrated in 2016 not only the earlier Dufry organization, but also the Nuance and World Duty Free shops. In doing so, we have proactively identified, combined and integrated the best practices, delivery methods and content of all the acquired companies into our standard portfolio of training programs.

Dufry Sales Academy

This learning program includes two sub-programs: Out in Front and Dufry +1. Out in Front started in 2012 and is a dedicated program for our shop managers and supervisors on the shop floor. At the start of 2016, Out in Front was running in 35 countries and has been expanded to 47 countries by year-end 2016. The learning program is being implemented across all WDF operations and a total of 392 retail managers were educated at Dufry, Nuance and WDF locations during 2016.

Under the Dufry +1 program we have educated new shop floor hires on our foundational sales and service course. During 2016, the program was expanded and covered all the main WDF locations, thereby giving

DUFRY RETAIL TRAINING AND DEVELOPMENT PROGRAMS

SALES TRAINING PROGRAMS COVERAGE (IN TOTAL AT YEAR-END)	2016	2015	2014	2013
Out in Front	1,310 retail managers 9,868 sales professionals 47 countries	918 retail managers 6,931 sales professionals 35 countries	691 retail managers 5,500 sales professionals 29 countries	313 retail managers 3,534 sales professionals 24 countries
Dufry +1	9,015 sales professionals 64 countries	6,680 sales professionals 63 countries	3,191 sales professionals 46 countries	2,437 sales professionals 32 countries
Trainer Certificates	1,717 trainer certificates	1,551 trainer certificates	800 trainer certificates	626 trainer certificates

learning to over 9,000 new sales professionals across the entire Group. The Dufry +1 program is running in 64 countries and we have educated a total of 21,323 new sales professionals worldwide between 2013 and 2016. The learning of both programs, Out in Front and Dufry +1, is given by Dufry Certified Trainers with the number of learning certifications having increased to 1,717 at year-end 2016 compared to 1,551 at the end of 2015.

Dufry's Out in Front training program has won the "Gold Medal" in the Global Outlook category of the Optima Awards granted by the multimedia publication Workforce. Out in Front has been recognized as a robust global training program to drive sales and services.

Step Ahead Management Development Program

The managers running important segments in our value chain, such as commercial, logistics, procurement, marketing or retail functions, require specific learning in order to be successful in their roles, and run the company according to the Group's performance expectations.

The Step Ahead program, launched in 2013, ensures that managers are receiving a formal learning on Dufry's business model and processes, as well as on critical people management skills. All learning in Step Ahead is delivered by other Dufry managers – similar to the learning in Out in Front and Dufry +1 – to ensure that best practices are exchanged among peers and know-how remains within the company.

In 2016, we organized several courses in the Step Ahead Management Skills program and had 1,528 colleagues in attendance. In the Step Ahead Operations learning, we educated 67 team members in various roles. The total number of people educated in these two programs since 2013 are 4,174 in attendance for Step Ahead Management Skills and 209 managers for Step Ahead Operations.

Equal employment

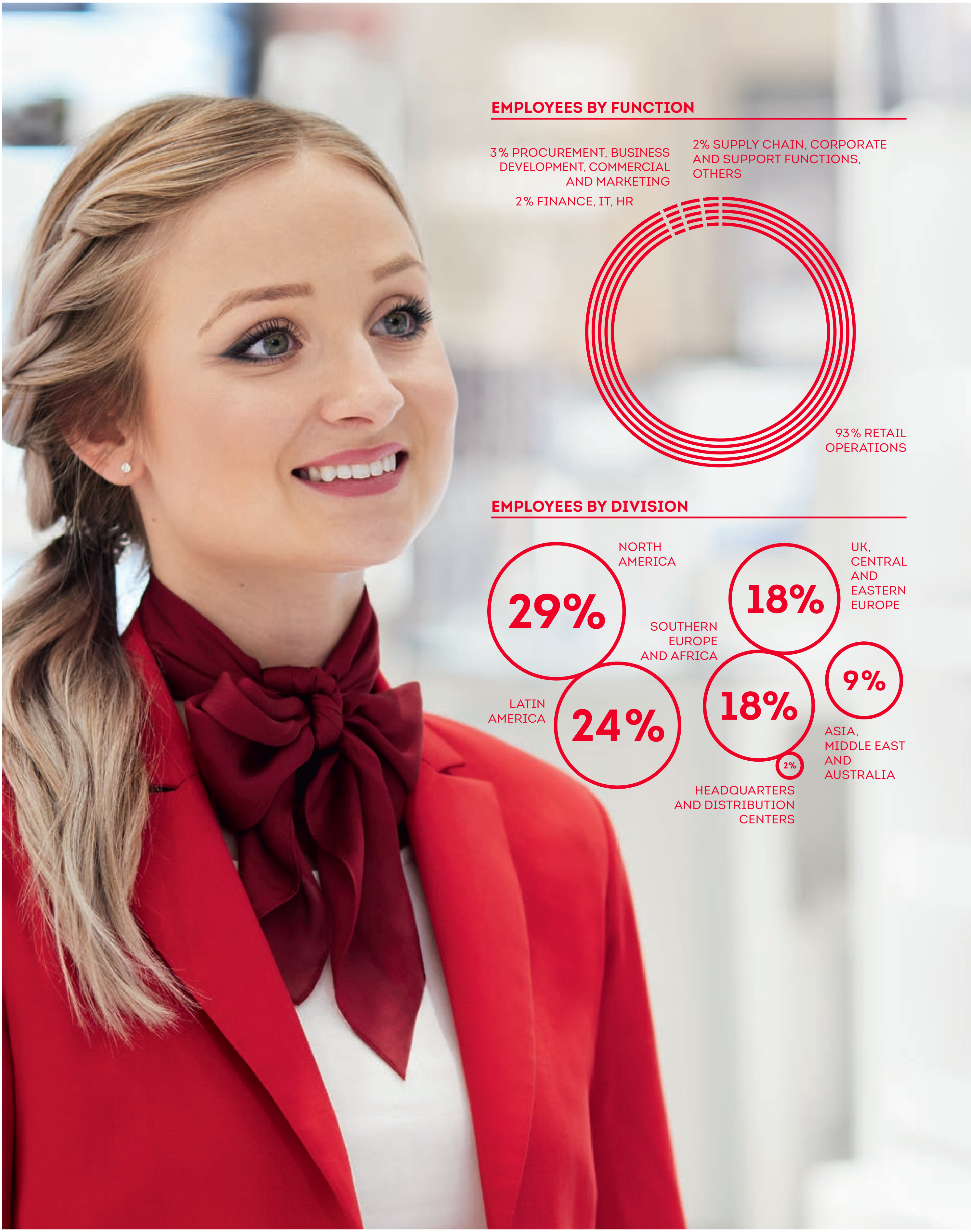
Dufry fosters a culture of equal opportunity. Our HR policy is to provide equal employment conditions and to offer career opportunities without discrimination to all our employees. We offer and promote working environments where everyone receives equal treatment, regardless of gender, color, ethnic or national origins, disability, age, marital status, sexual orientation or religion. In addition, we adhere to local legislation and regulations in all the countries were we operate. Any kind of child labor or forced labor is strictly forbidden and clear recruitment procedures and regular workplace control ensure that this never happens at any location.

We provide our employees with fair and competitive wages based on an individual's background and experience, the particular job within our organization, the appropriate market benchmark in the respective countries and locations, as well as her / his performance.

We assess the remuneration structure of our employees on a regular basis to make sure there is no discrimination related to any kind of diversity. In this context, we also proactively engage with our women employees in an internal forum where we discuss today's challenges of women at the work place in order to make sure that our female employees can fully develop their potential and career opportunities within the company. The forum is attend by selected female representatives of the company, HR management and is sponsored by the CEO.

Dufry World – The internal news magazine for our employees

Dufry regularly reports on important news in its corporate E-magazine "Dufry World", which is published


EMPLOYEES BY FUNCTION
3% PROCUREMENT, BUSINESS DEVELOPMENT, COMMERCIAL AND MARKETING
2% SUPPLY CHAIN, CORPORATE AND SUPPORT FUNCTIONS, OTHERS
2% FINANCE, IT, HR
93% RETAIL OPERATIONS
EMPLOYEES BY DIVISION
29%
NORTH AMERICA
18%
UK, CENTRAL AND EASTERN EUROPE
SOUTHERN EUROPE AND AFRICA
24%
LATIN AMERICA
18%
9%
ASIA, MIDDLE EAST AND AUSTRALIA
2%
HEADQUARTERS AND DISTRIBUTION CENTERS

in 5 languages. This ensures that important trends in the travel retail industry and developments of our Group are communicated to our staff members in full. Every issue of the magazine also portraits individual employees or teams and their personal stories within Dufry's global environment and within the Dufry family. Dufry World is issued 4 times per year.

In addition, all internal and external information are also made available in Dufry's intranet "Dufry Gate". In 2016, the communication channel of Dufry Gate was transformed into a fully responsive online news channel called "mygate" thus considerably extending the reachability of additional employee groups in our locations. Mygate can easily be accessed from desktop workstations as well as through mobile devices.

Awards programs – fully integrated during 2016
Employee recognition is an important way to value employees' and team achievements. Dufry, Nuance and World Duty Free had been running various global and regional recognition programs for each company in the past few years. In 2016, all of the international awards programs were integrated into the Dufry One Award system, to ensure that every one of our over 28,800 employees are participating in the same unique award system and based on identical award criteria. The winners of the 2016 awards were announced in May 2016 and published in the Dufry World magazine as well as in Dufry Gate.

Dufry One Awards

- The Performance Award – A global award recognizing locations globally, which have taken initiatives to actively improve sales, efficiency or performance contributing to Dufry's ambition of continuous growth and improvement. The 2016 Award went to:
  - Division 1 – Greece, Athens Airport – "Extra Schengen Area" and "Kipi Border Shop & Simi Island Seaport Shop"
  - Division 2 – Bulgaria – Varna and Burgas operations
  - Division 3 – Bali Airport, Indonesia
  - Division 4 – Logistic team, Argentina
  - Division 5 – Cleveland Hopkins airport, USA
- The Customer Service Award – Open to all shops participating in the global Mystery Shopper program, recognizes individual shop performance across the specific customer impact segments of the Mystery Shop. The winners of the 2016 awards were:
  - Zurich, Switzerland – Shop Arrival 2
  - Belgrade, Serbia – Shop Futura Plus 3
  - Chicago, USA – O'Hare Terminal 1C
- The Best Initiative Award – A global award to recognize individuals or teams that have demonstrated proactivity, taking initiative to solve a challenge, increase sales or improve customer service. The 2016 awards went to:
  - Division 1 – HR department in Greece
  - Division 2 – Serbia, operation at Belgrade Airport
  - Division 3 – India, the core management team led by Vishal Bansal of the Nuance operation at Mumbai airport
  - Division 4 – St. Lucia, to Barbara Pierre, working for the Colombian Emeralds store at James Club Hotel
  - Division 5 – USA, to Michael Clemens working as at the operation at SeaTac airport in Seattle

Employee engagement
Measuring employee engagement and satisfaction through regular surveys is an important tool to recognize potential for improvements across the Group. Our employee surveys are done systematically over specifically defined cycles: we ensure that the surveys always involve a substantial part of our more than 28,800 employees, and that they are carried out across the world, involve all divisions as well as the headquarters; and, that over a certain timespan, all employees have been involved in a survey. Applying this system results in regular surveys focusing on the action plans.

In 2016, we organized a global employee engagement survey which included over 28.000 employees; in this survey most of the WDF employees participated too. Over 60 countries across all five divisions have completed the survey with an overall response rate of 69%. The engagement rate was 61%, both of which are excellent rates compared to the overall benchmark of the survey system we use.

Health and safety
The health and safety of our employees is a top priority at Dufry. The majority of our workforce operates in airport and cruise-ship environments, where employees have to comply and follow the respective airport's, seaport's or vessel's safety regulations. We ensure work place safety additionally by regular learning and training courses, among them in fire safety and first aid to provide for the prevention and quick, correct reaction in cases of emergencies.

In 2016, World Duty Free has been awarded by the Royal Society for the Prevention of Accidents (UK) the RoSPA Gold Award for having achieved a high level of performance underpinned by good occupational health and safety management systems and culture, which are delivering consistent improvement;
http://www.rospa.com/awards/winners/2016/gold-awards/

SOCIAL RESPONSIBILITY

Dufry has for many years been engaging in charitable sponsoring and partnerships throughout the world. This strong commitment to social and cultural sponsoring remained unchanged in 2016 and will also continue in the future. Our main focus is on programs that support disadvantaged children, young people and their families. By supporting such programs, but also cultural and sports events as well as charitable organizations that help victims of natural disasters, we want to use our possibilities and bring some joy and relief into the world of the people concerned.

"one" water – providing clean, safe water to African communities

World Duty Free has worked together with The One Foundation since 2006. This charity created the bottled water brand "one" water in 2005 to help people who do not have access to clean drinking water. Profits generated from the sale of this water are donated by the foundation to the construction of water infrastructure to provide Sub-Saharan African regions with drinking water. Over the last decade, the foundation invested over £ 14 million in water and sanitation projects, helping over 3 million of the world's poorest people. Their 2016 – 2020 strategy mainly focuses on four countries – Rwanda, Kenya, Malawi and Ghana – and Dufry is proud to reach out with a helping hand.

Imagine children who have to get up at 3 am every day and collect water for 5 hours before going to school, then after school having to do the same for another 3 hours: A new water pump nearby – financed through the foundation – enables them to collect water easily nowadays. Water and sanitation projects like this are changing lives! WDF sells the "one" brand water bottles, juiced water and reusable jute bags in its UK stores and has thereby helped to raise significant funds for the One foundation.

SOS Children's Villages – supporting communities in Brazil, Mexico and Russia

Dufry started its long-term partnership with the SOS Children's Villages organization back in 2009. The first project sponsored at that time was a social center in Igarassu, Brazil, for which Dufry funded the construction costs of the center and has been supporting the center's running costs and training classes ever since. With the Dufry support 460 infants, young children and teenagers with their mothers in 51 families benefitted from family strengthening programs with childminding and day care centers in 2016. Furthermore, an additional donation allowed the financing of the yearly family-budgets, medical costs and school fees for 15 children and their SOS-mothers.

Reaching out with a helping hand to disadvantaged children and their families.

Another SOS Children's Villages social center program that Dufry has been supporting since 2013 is located in Tehuacán, Mexico. This project enables mothers to leave their children in the safety of the SOS child care center during the day so that they can go to work and earn their own income. Our contribution in 2016 supported the running costs – food, medical assistance as well as school and educational staff expenses – of the social center with 500 beneficiaries in 140 families.

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1 "ONE" WATER PROJECTS | NANKUMBA ZONE & MADZIABANGO ZONE, BLANTYRE DISTRICT | MALAWI
Supporting Sub-Saharan African communities through The One Foundation drinking water projects.

2 LAVROVO | RUSSIA
A SOS Children's Villages project supported by Dufry since 2015.

3

3 **SAINT MARC | HAITI**
Participating in a student sponsorship program by the Hand in Hand for Haiti Foundation.

A third project, started in 2015, supports the SOS Children's Village in Lavrovo, Russia. When young people are ready to move out of the SOS families, they join the SOS Youth Program, which gives them a start into vocational training or supports them on their way to a higher education. Dufry's funding in 2016 supported twelve adolescents on their personal way to shape their own future.

Since 2013, Dufry also runs an additional financing channel in favor of the worldwide work of SOS Children's Villages: we have installed special coin collection boxes in many of our shops all over the world. This creates an opportunity for our customers and our business partners to actively participate in the support programs of this child-caring organization.

Hand in Hand for Haiti
Dufry became a sponsor in the Student Sponsorship Program launched by the Hand in Hand for Haiti Foundation and supported in 2016 a group of 25 students at the school complex in Saint Marc, north of Port-au-Prince. Through our donation the sponsored students can receive free trilingual education in French, English and Creole. Furthermore, it also provides them with meals, health services, uniforms and school supplies as well as bus transportation to and from school.

Rio de Janeiro, Brazil – support of a social promotion program for 21 years
Dufry Brazil has been sponsoring a social promotion program in Rio de Janeiro for the last 21 years. This program offers free professional education to 30 young people every year. Classes can be attended by 16 to 20 year-old female or male teenagers. The program covers subjects like English, computer classes, retail operations, professional orientation, teamwork, leadership, ethics and citizenship modules. The students attending also receive free meals, medical and dental care, life insurance, uniforms, school and educational material and transportation assistance. After that, Dufry facilitates their job career indicating them to internal opportunities and external partners.

Dufry employees regularly participate in the program as volunteers, serving also as mentors to these teenagers.

4

4

4 **UNITED NATIONS | UK, SWITZERLAND**
Dufry joined forces with UNITED NATIONS in an information campaign at Heathrow airport in London and at the Geneva airport in 2016.

Dufry supports United Nation's Global Goals campaign #YouNeedToKnow

In November 2016, the United Nations in Geneva, the Geneva International Airport and Dufry's duty-free shop at the Geneva airport have joined forces in a campaign called #YouNeedToKnow to remind travelers that there won't be a second chance to save the planet for future generations. Travelers arriving at the Geneva airport in November 2016 were greeted by a wall-size promotion of the UN global goals, and an appeal to do their part to help achieve these goals by 2030. The advertisement was installed just outside of Dufry's duty-free shop.

Dufry's support for the Global Goals campaign has also been extended to London's Heathrow airport, where the campaign has been promoted across the digital signage displays of the World Duty Free stores in all the airport terminals. Dufry is currently in discussions with the United Nations on how to further collaborate in other projects in the upcoming years.

World Duty Free funds The Dementia Research Infoline

Dementia is not a disease in itself, it is a definition used to describe a group of symptoms that occur when brain cells stop working properly and die off. Because of the high impact these symptoms have in everyone's life, it is of great importance to get people informed about dementia. This is what Alzheimer's Research UK does – and from now on with the support of Dufry.

By fundraising The Dementia Research Infoline, World Duty Free staff will help Alzheimer's Research UK to provide more people with information about dementia; how they can get help and what's being done to cure it. The funds will also help the organization to sign up more volunteers to take part in medical research.

Manchester HOME project

HOME is Manchester's newest cultural organization founded by the merger of two of the city's long-standing arts venues – Cornerhouse (established in 1985) and the Library Theatre Company (founded 1952), which has been supported by World Duty Free ever since 2003 in form of a community partnership for the Wythenshawe area in the South of Manchester. To date the engagement has reached over 2,000 participants attending drama workshops, theatre visits, joining intergenerational projects as well as adult creative writing courses.

In 2016, WDF has funded two initiatives; the Wythenshawe Community Workshop and the Wythenshawe

School project, both providing opportunities to young people and pupils to expand their horizons, build new skills, increase their confidence and ultimately give them the tools to help maximize their potential and prepare them for future training and employment.

Hudson supports Communities in Schools and keeps U.S. troops connected

In Division 5, Hudson Group has continued its long-term partnership with Communities in Schools (CIS), the largest and leading dropout prevention group in the United States. CIS and its nearly 200 local affiliates in 25 states and the District of Columbia surround students – nearly 1.5 million nationwide with a community of support to help them get the education they need and keep them in school. 91% of the students they work with on a one-to-one basis remain in school. Funds are collected in Hudson and Hudson News stores in airports, bus and rail terminals within counter-top boxes at registers.

Hudson Group also partners with local charities in the areas where it does business to provide support and engagement in the community, including the USO (United Service Organizations). Through the local connections we have with USO chapters across the U.S., Hudson Group and its customers have helped keep America's military service members connected to family and friends throughout their service with the "donate a phone call" initiative.

Hudson Group reached a record milestone in 2016 in customer donations of phone cards to the military, sold at Hudson Booksellers, Hudson News, and Hudson airport store locations. The pre-activated AT&T cards allow troops to access the Internet and call home to their families and friends. The phone cards work from landlines and payphones across the globe, including war zone locations.

Further donations and cultural events

Dufry is supporting many other social projects with local activities in countries where it operates. Examples for such projects during 2016 are: In Australia, Dufry is a supporter of the Diamond Dinner for the Children's Cancer Institute. This fund raising event brought together over 250 high-net worth individuals, celebrities and industry leaders who support the work of this institute that is wholly dedicated to childhood cancer. In Korea, we support through different donations local students for high school scholarship and English teaching classes for low-income children as well as Korean teaching to multicultural families.

The operations in Greece supported the Hellenic Red Cross refugees program and implemented a fund raising activity for supporting the Special Olympics Hellas, the largest sports and educational organization for people with intellectual disabilities in Greece. Furthermore, the Greek operations participated in Delta Airlines Day of Hope in Athens to benefit the American Cancer Society and sponsored various local community events organized by municipalities, embassies and local authorities.

In Spain, we contributed to Fundación Aladina, an organization that helps more than 1,700 children at many hospitals around Spain year after year. The 2016 contribution was used to subsidize the refurbishment of the Intensive Care Unit at the Child Hospital Niño Jesús in Madrid. And we were giving the hospital's campaign further visibility in the Madrid-Barajas airport through contentainment screens and charity boxes in December and January.

Our sponsorship of cultural events also continued during 2016, including many local community events for example Swiss Indoors tennis tournament in Basel or the Baloîse Session, a three week music festival in Switzerland. In the year under review, Dufry also supported the Zoofäscht, the bi-annual fund-raising gala to support the Zurich zoo.

The broad network of our travel retail shops in all continents gives us another opportunity to support social programs: In many of our shops we maintain donation boxes, thereby encouraging customers to participate in support activities for specific or local programs or for victims of natural disasters. The amounts that can be collected this way are astonishing and we thank all our participating customers for their generosity. The various charities that received the donations have welcomed them greatly.

DUFRY

WorldClass.WorldWide.

FINANCIAL REPORT 2016

DELIVERING ON OUR GOALS DEAR ALL

2016 was a successful year for Dufry, both operationally and financially. Turnover grew by 27.5 % and reached CHF 7,829.1 million and EBITDA went to CHF 935.1 million. We executed on our three main goals for the year: acceleration of organic growth, integration of World Duty Free (WDF) as well as cash generation and subsequent deleveraging.

Organic growth improved along 2016, especially in the second half of the year, returning to positive growth numbers and showing a distinct acceleration. As a result, organic growth turned positive in the third quarter and posted 5.6 % in the fourth quarter of 2016.

We have also put our efforts to the integration of WDF, which was completed by year-end 2016. Overall we expect synergies of CHF 105 million per annum, of which more than half, including CHF 49 million of cost synergies, are already reflected in the 2016 financials. The remaining synergies will build-up in the next quarters and expected to deliver the full benefit by year end 2017.

> More than half of the WDF synergies already reflected in the financials.

Another key point for the year was cash generation and deleveraging. Free cash flow reached CHF 483.8 million, 43.0 % higher than in 2015. The increase is mainly related to synergies we achieved through the integration of Nuance and WDF, as well as improvements we made managing our core net working capital. As a result, we reduced net debt by CHF 205.6 million to CHF 3,750.4 million on December 31, 2016 and our covenant Net debt / EBITDA stands at 3.69x.

In terms of financing strategy, we have used cash generated to repay early our USD 500 million Senior Notes with expiry in 2020. The repayment, executed in December, was sourced by the Company's cash and existing banking facilities and will allow for CHF 27.5 million savings per annum, starting in 2017.

TURNOVER

Turnover grew by 27.5 % and reached CHF 7,829.1 million in 2016, from CHF 6,139.3 million in 2015. Organic growth was positive at +1.0 %, a strong recovery from –5.3 % reported in 2015. Changes in scope, which includes the consolidation of WDF, contributed 28.6 % to turnover growth, while FX translation effect was –0.6 %, mainly driven by the devaluation of the British Pound.

As of the third quarter, Dufry managed to return to positive pro-forma organic growth of +1.3 %, and saw the trend accelerating even more in the fourth quarter, with organic growth reaching +5.6 %, resulting in a full-year organic growth of +1.0 %.

Turnover in **Southern Europe and Africa** reached CHF 1,702.3 million in 2016, from CHF 1,269.9 million one year before. Organic growth in the division was –2.5 % in the full year 2016 and +1.6 % in the fourth quarter. Spain had a fantastic year, mainly driven by double digit growth in number of passengers visiting the country. In Turkey the business was impacted by the sharp decline in the number of travelers – especially the travel ban for Russians that was in place from February to August 2016 impacted the business during peak season. Greece held up relatively well and posted a small decline on sales. Last but not least, Italy also posted a solid performance in the year.

UK, Central and Eastern Europe's turnover grew to CHF 2,088.9 million in the year, versus CHF 1,427.8 million in 2015, with organic growth in the division reaching +3.9% (+8.7% in Q4 2016). The business in the United Kingdom had strong performance in the second half of the year, positively impacted by the weakening of the British Pound following the vote on BREXIT. Finland and Serbia performed well, while Sweden and Switzerland were both practically flat. Organic growth in Russia and other Eastern European locations remained negative, however showing improving trends in the second half of the year.

Turnover in **Asia, Middle East and Australia** amounted to CHF 770.7 million in 2016, from CHF 638.5 million in 2015. Organic growth in the division for the full year and fourth quarter was +0.4% and +1.5% respectively. India and Sri Lanka saw strong growth while performance in the Middle East was flat. Certain locations in Asia performed well, for example South Korea, Indonesia and Cambodia. On the other hand, operations such as Hong Kong, Singapore and Australia were impacted by a lower spend from Chinese consumers.

Latin America's turnover went to CHF 1,531.1 million in 2016 versus CHF 1,409.6 million one year earlier. Organic growth in the division was –4.1% for the full year, to which the fourth quarter contributed +3.7%. In Central America, Mexico performed very well, as did most operations in the Caribbean in particular the Dominican Republic and Jamaica as well as our Cruise business, to name a few. In South America, Brazil saw an important acceleration in the second half, recording double-digit growth. Other operations in South America also did well, such as Ecuador, Peru and Chile, while Argentina remained negative throughout the year, but showing improvements so far in 2017.

Turnover in **North America** reached CHF 1,660.9 million in 2016 from CHF 1,352.2 million in the previous year. Organic growth reached +4.5% in the full year, while in Q4 it reached +7.2%. Growth was stronger at the duty-paid business, while duty-free saw the strong performance in Canada being mitigated by lower trading in the United States, due to the stronger US Dollar.

OPERATIONAL COSTS UNDER CONTROL

Gross profit

Gross profit grew by 28.2% and reached CHF 4,584.1 million in 2016 versus CHF 3,574.7 million in 2015. Gross margin improved by 40 basis points, reflecting the synergies achieved from the integration of Nuance and operational improvements.

Selling expenses

Selling expenses reached CHF 2,236.2 million in 2016 from CHF 1,684.0 million in 2015. As a percentage of turnover, they went to 28.6%, from 27.4% in 2015. The increase is due to the consolidation of WDF.

Personnel and general expenses

Both personnel and general expenses saw substantial improvement. As percentage of turnover, the former improved by 40 basis points to 13.5% and the latter by 50 basis points to 4.6% respectively. The improvement in these expenses is a combination of the consolidation of WDF and synergies achieved in the year.

EBITDA

EBITDA grew by 29.2% and stood at CHF 935.1 million (CHF 723.8 million in 2015). EBITDA margin was 11.9% in 2016, compared to 11.8% in 2015. While all synergies from Nuance are included in the result, also more than half, including CHF 49 million of cost synergies, of the expected WDF synergies have been reflected. We managed to improve EBITDA margin year-on-year despite the negative impact from some underperforming operations, such as Turkey or Brazil.

Depreciation, amortization, impairment and linearization

Depreciation was CHF 166.2 million in 2016 (CHF 135.8 million in 2015). As a percentage of turnover it remained nearly stable at 2.1% compared to 2.2% in 2015. Amortization increased by CHF 70.2 million and reached CHF 379.2 million in 2016, as a result of the additional amortization generated by the acquisition of WDF.

Linearization amounted to CHF –74.7 million in 2016. Linearization is a non-cash item related to the Spanish business and originates from the difference between the average minimum guarantee (MAG) over the full concession period and the effective MAG payable in the period. This item also includes the reduction in concession payments granted based on an upfront payment (prepaid lease) related to Spanish contracts.

EBIT

EBIT more than doubled to CHF 272.6 million in 2016 from CHF 132.7 million in the last year. Other operational result (net) reached CHF –42.4 million, compared to CHF –117.1 million in 2015, when CHF –77.4 million of transaction and restructuring cost were included.

Financial result

Financial results, net increased by CHF 36.0 million and reached CHF 215.5 million in 2016 from CHF 179.5 million in 2015. While the higher net debt due to the acquisition of WDF explains part of the increase, the repayment of the USD 500 million Senior Notes expiring in 2020 generated one-off costs of CHF 14.2 million. The repayment will allow for annual interest savings of CHF 27.5 million per annum from 2017 onwards.

Taxes

Income tax expense was CHF 11.3 million in 2016, versus a positive of CHF 10.1 million one year before. Tax rate in 2016 was 19.8%.

Net earnings

Net earnings improved by CHF 82.7 million and reached CHF 45.8 million in 2016 compared to CHF –36.9 million seen in 2015. Net Earnings to equity holders saw a similar increase year on year and stood at CHF 2.5 million in 2016, versus the loss seen in 2015, which was related mainly to one-offs from the WDF acquisition and the Nuance integration.

Cash earnings, which add back acquisition-related amortization, grew by 76.6% in 2016 and reached CHF 322.9 million versus CHF 182.8 million 2015. Cash EPS in 2016 grew by 50.4% and reached CHF 6.00, compared to CHF 3.99 in 2015.

DELEVERAGING ON THE WAY

Cash flow and debt

Free cash flow before interest increased by 43.0% and reached CHF 483.8 million in 2016, compared to CHF 338.4 million in 2015. In addition to EBITDA growth, a more efficient management of core net working capital was key for this achievement. Capex in 2016 amounted to CHF 262.2 million.

We reduced net debt and leverage in 2016 as expected: net debt reached CHF 3,750.4 million at the end of December 2016 compared to CHF 3,956.0 million one year earlier and our main covenant, net debt/adjusted EBITDA, stood at 3.69x as per 31 December 2016 from 3.92x at the end of December 2015. In terms of financing strategy, we decided to call in advance our USD 500 million Senior Notes with maturity in 2020. The repayment allowed to further improve the debt structure and to reduce interest costs going forward.

POSITIVE TRENDS SEEN FOR 2017

2015 and 2016 were intense years as our goals of integrating Nuance and WDF and generating synergies, recovery of organic growth, and reducing net debt were implemented in an environment where there were substantial headwinds in selected markets. By executing well on all these critical topics we have clearly strengthened and adapted the organization for the next phase of development of Dufry Group with sustainable growth and cash generation.

2017 looks to be a promising year in many aspects: the integration work is substantially done, the new organization has started to gain traction and global economy so far doesn't show any indicator for major headwinds for the year ahead. We are confident that given this scenario, the real potential of the new Dufry will be demonstrated.

We would like to thank our shareholders, bondholders, banks, analysts and key advisors for their trust in Dufry and their support throughout the year to contribute to Dufry's success.

Kind regards,

Andreas Schneiter

CONSOLIDATED INCOME STATEMENT

	2016		2015	
	IN MILLIONS OF CHF	IN %	IN MILLIONS OF CHF	IN %
CONTINUING OPERATIONS				
Net sales	7,622.8		5,961.7	
Advertising income	206.3		177.6	
Turnover	**7,829.1**	**100.0%**	**6,139.3**	**100.0%**
Cost of sales	(3,245.0)	41.4%	(2,564.6)	41.8%
Gross profit	**4,584.1**	**58.6%**	**3,574.7**	**58.2%**
Selling expenses	(2,236.2)	28.6%	(1,684.0)	27.4%
Personnel expenses	(1,054.5)	13.5%	(856.2)	13.9%
General expenses	(362.2)	4.6%	(314.7)	5.1%
Share of result of associates	3.9	0.0%	4.0	(0.1%)
EBITDA[1]	**935.1**	**11.9%**	**723.8**	**11.8%**
Depreciation, amortization and impairment	(545.4)	7.0%	(444.8)	7.2%
Linearization	(74.7)	1.0%	(29.2)	0.5%
Other operational result	(42.4)	0.5%	(117.1)	1.9%
Earnings before interest and taxes (EBIT)	**272.6**	**3.5%**	**132.7**	**2.2%**
Interest expenses	(243.4)	3.1%	(200.7)	3.3%
Interest income	32.3	(0.4%)	16.0	(0.3%)
Foreign exchange gain / (loss)	(4.4)	0.1%	5.2	(0.1%)
Earnings before taxes (EBT)	**57.1**	**0.7%**	**(46.8)**	**(0.8%)**
Income tax	(11.3)	0.1%	10.1	(0.2%)
Net earnings from continuing operations	**45.8**	**0.6%**	**(36.7)**	**(0.6%)**
DISCONTINUED OPERATIONS				
Net earnings from discontinued operations	–	0.0%	(0.2)	0.0%
Net earnings	**45.8**	**0.6%**	**(36.9)**	**(0.6%)**
ATTRIBUTABLE TO				
Equity holders of the parent	2.5		(79.3)	
Non-controlling interests	43.3		42.4	
Net earnings to equity holders adjusted for amortization in respect of acquisitions	**322.9**		**182.8**	
Basic earnings per share from continuing operations	0.05		(1.73)	
Cash earnings per share[2]	6.00		3.99	
Weighted average number of outstanding shares in thousands	53,775		45,810	

[1] EBITDA is earnings before interest, taxes, depreciation, amortization, linearization and other operational result
[2] Adjusted for amortization of acquisitions

FINANCIAL STATEMENTS 2016 CONTENT

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2016

IN MILLIONS OF CHF	NOTE	2016	2015
CONTINUING OPERATIONS			
Net sales	7	7,622.8	5,961.7
Advertising income		206.3	177.6
Turnover		**7,829.1**	**6,139.3**
Cost of sales		(3,245.0)	(2,564.6)
Gross profit		**4,584.1**	**3,574.7**
Selling expenses	8	(2,236.2)	(1,684.0)
Personnel expenses	9	(1,054.5)	(856.2)
General expenses	10	(362.2)	(314.7)
Share of result of associates	11	3.9	4.0
EBITDA[1]		**935.1**	**723.8**
Depreciation, amortization and impairment	12	(545.4)	(444.8)
Linearization	13	(74.7)	(29.2)
Other operational result	13	(42.4)	(117.1)
Earnings before interest and taxes (EBIT)		**272.6**	**132.7**
Interest expenses	14	(243.4)	(200.7)
Interest income	14	32.3	16.0
Foreign exchange gain / (loss)		(4.4)	5.2
Earnings before taxes (EBT)		**57.1**	**(46.8)**
Income tax	15	(11.3)	10.1
Net earnings from continuing operations		**45.8**	**(36.7)**
DISCONTINUED OPERATIONS			
Net earnings from discontinued operations		–	(0.2)
Net earnings		**45.8**	**(36.9)**
ATTRIBUTABLE TO			
Equity holders of the parent		2.5	(79.3)
Non-controlling interests		43.3	42.4
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic earnings per share	16	0.05	(1.73)
Diluted earnings per share	16	0.05	(1.73)
Weighted average number of outstanding shares in thousands	16	53,775	45,810

[1] EBITDA is earnings before interest, taxes, depreciation, amortization, linearization and other operational result

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

IN MILLIONS OF CHF	NOTE	2016	2015
Net earnings		**45.8**	**(36.9)**
OTHER COMPREHENSIVE INCOME			
Actuarial gains / (losses) on post-employment benefits	17	(17.8)	12.8
Income tax	15, 17	2.4	(1.2)
Items not being reclassified to net income in subsequent periods, net of tax		**(15.4)**	**11.6**
Exchange differences on translating foreign operations	17	(92.5)	(83.2)
Net gain / (loss) on hedge of net investment in foreign operations	17	30.6	2.2
Changes in the fair value of derivatives held as cash flow hedges	17	1.2	1.0
Share of other comprehensive income of associates	11, 17	(0.6)	(0.5)
Income tax on above positions	15, 17	(0.3)	(0.3)
Items to be reclassified to net income in subsequent periods, net of tax		**(61.6)**	**(80.8)**
Total other comprehensive income, net of tax		**(77.0)**	**(69.2)**
Total comprehensive income, net of tax		**(31.2)**	**(106.1)**
ATTRIBUTABLE TO			
Equity holders of the parent		(76.6)	(140.6)
Non-controlling interests		45.4	34.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2016

IN MILLIONS OF CHF	NOTE	31.12.2016	RESTATED * 31.12.2015
ASSETS			
Property, plant and equipment	18	629.3	604.7
Intangible assets	20	6,786.6	7,294.2
Investments in associates	11	39.7	41.4
Deferred tax assets	22	177.2	203.9
Other non-current assets	23	296.1	347.4
Non-current assets		**7,928.9**	**8,491.6**
Inventories	24	917.9	905.3
Trade and credit card receivables	25	94.6	132.9
Other accounts receivable	26	501.4	332.8
Income tax receivables		26.2	27.8
Financial instruments at fair value through profit and loss	38.5.3	–	17.7
Cash and cash equivalents		450.8	434.4
Current assets		**1,990.9**	**1,850.9**
Total assets		**9,919.8**	**10,342.5**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	27	3,062.0	3,154.7
Non-controlling interests	29,30	208.6	184.1
Total equity		**3,270.6**	**3,338.8**
Financial debt	31	4,073.9	4,313.1
Deferred tax liabilities	22	516.5	672.1
Provisions	32	183.5	186.1
Post-employment benefit obligations	33	66.0	55.3
Other non-current liabilities	34	96.1	64.9
Non-current liabilities		**4,936.0**	**5,291.5**
Trade payables		590.4	547.3
Financial debt	31	127.3	77.3
Income tax payables		46.3	44.1
Provisions	32	116.9	147.2
Other liabilities	34	832.3	896.3
Current liabilities		**1,713.2**	**1,712.2**
Total liabilities		**6,649.2**	**7,003.7**
Total liabilities and shareholders' equity		**9,919.8**	**10,342.5**

* The restatement is commented in note 39

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT										
2016 IN MILLIONS OF CHF	NOTE	Share capital	Share premium	Treasury shares	Capital reserve for mandatory convertible notes	Employee benefit reserve	Hedging & revaluation reserves	Translation reserves	Retained earnings	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Restated * Balance at January 1		**269.4**	**4,259.3**	**(14.3)**	**–**	**(21.3)**	**0.7**	**(185.8)**	**(1,153.3)**	**3,154.7**	**184.1**	**3,338.8**
Net earnings / (loss)		–	–	–	–	–	–	–	2.5	2.5	43.3	45.8
Other comprehensive income / (loss)	17	–	–	–	–	(15.4)	0.9	(64.6)	–	(79.1)	2.1	(77.0)
Total comprehensive income / (loss) for the period		**–**	**–**	**–**	**–**	**(15.4)**	**0.9**	**(64.6)**	**2.5**	**(76.6)**	**45.4**	**(31.2)**
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS:												
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	–	(48.8)	(48.8)
Purchase of treasury shares	28.2	–	–	(0.7)	–		–			(0.7)	–	(0.7)
Share-based payment	28	–	–	–	–	–	–	–	4.7	4.7	–	4.7
Tax effect on equity transactions	15	–	–	–	–	–	–	–	(0.2)	(0.2)	–	(0.2)
Total transactions with or distributions to owners		**–**	**–**	**(0.7)**	**–**	**–**	**–**	**–**	**4.5**	**3.8**	**(48.8)**	**(45.0)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES:												
Changes in participation of non-controlling interests	29	–	–	–	–	–	–	–	(19.9)	(19.9)	27.9	8.0
Balance at December 31		**269.4**	**4,259.3**	**(15.0)**	**–**	**(36.7)**	**1.6**	**(250.4)**	**(1,166.2)**	**3,062.0**	**208.6**	**3,270.6**

* The restatement is commented in note 39

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

2015 IN MILLIONS OF CHF	NOTE	Share capital	Share premium	Treasury shares	Capital reserve for mandatory convertible notes	Employee benefit reserve	Hedging & revaluation reserves	Translation reserves	Retained earnings	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT										
Restated * Balance at January 1		**179.5**	**1,964.7**	**(14.3)**	**262.8**	**(32.9)**	**–**	**(112.2)**	**46.0**	**2,293.6**	**159.5**	**2,453.1**
Net earnings / (loss)		–	–	–	–	–	–	–	(79.3)	(79.3)	42.4	(36.9)
Other comprehensive income / (loss)	17	–	–	–	–	11.6	0.7	(73.6)	–	(61.3)	(7.9)	(69.2)
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**11.6**	**0.7**	**(73.6)**	**(79.3)**	**(140.6)**	**34.5**	**(106.1)**
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS:												
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	–	(43.3)	(43.3)
Rights issue	27	80.8	2,119.2	–	–	–	–	–	–	2,200.0	–	2,200.0
Conversion of mandatory convertible notes	27	9.1	253.7	–	(262.8)	–	–	–	–	–	–	–
Transaction costs for equity instruments	27	–	(78.3)	–	–	–	–	–	–	(78.3)	–	(78.3)
Share-based payment	28	–	–	–	–	–	–	–	2.8	2.8	–	2.8
Tax effect on equity transactions	15	–	–	–	–	–	–	–	(0.2)	(0.2)	–	(0.2)
Total transactions with or distributions to owners		**89.9**	**2,294.6**	**–**	**(262.8)**	**–**	**–**	**–**	**2.6**	**2,124.3**	**(43.3)**	**2,081.0**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES:												
Changes in participation of non-controlling interests	6.3, 29	–	–	–	–	–	–	–	(1,122.6)	(1,122.6)	33.4	(1,089.2)
Restated ** Balance at December 31		**269.4**	**4,259.3**	**(14.3)**	**–**	**(21.3)**	**0.7**	**(185.8)**	**(1,153.3)**	**3,154.7**	**184.1**	**3,338.8**

* Based on the final assessment of the Purchase Price Allocation related to the Nuance Group, certain amounts presented in the annual report 2014 have been restated (see note 39 in the Annual Report 2015)

**The restatement is commented in note 39

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

IN MILLIONS OF CHF	NOTE	2016	RESTATED* 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Earnings before taxes (EBT)		57.1	(46.8)
Net earnings from discontinued operations		–	(0.2)
Total earnings before taxes (EBT)		**57.1**	**(47.0)**
ADJUSTMENTS FOR			
Depreciation, amortization and impairment	12	545.4	444.8
Loss / (gain) on sale of non-current assets		3.9	0.9
Increase / (decrease) in allowances and provisions		(4.0)	53.1
Loss / (gain) on unrealized foreign exchange differences		8.9	1.5
Linearization of concession fees		27.7	11.5
Other non-cash items		4.7	2.8
Share of result of associates	11	(3.9)	(4.0)
Interest expense	14	243.4	200.7
Interest income	14	(32.3)	(16.0)
Cash flow before working capital changes		**850.9**	**648.3**
Decrease / (increase) in trade and other accounts receivable		(47.6)	63.5
Decrease / (increase) in inventories	24	(16.4)	15.3
Increase / (decrease) in trade and other accounts payable		6.6	(221.9)
Dividends received from associates	11	4.9	4.8
Cash generated from operations		**798.4**	**510.0**
Income taxes paid		(98.0)	(95.2)
Net cash flows from operating activities		**700.4**	**414.8**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	18, 19	(204.4)	(134.8)
Purchase of intangible assets	20, 21	(64.0)	(179.7)
Purchase of financial assets		–	(11.7)
Proceeds from sale of property, plant and equipment		6.2	4.9
Proceeds from sale of financial assets		17.5	–
Interest received		25.4	11.4
Business combinations, net of cash	6	–	(1,364.8)
Proceeds from sale of interests in subsidiaries and associates		3.8	28.6
Net cash flows used in investing activities		**(215.5)**	**(1,646.1)**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2016

IN MILLIONS OF CHF	NOTE	2016	RESTATED * 2015
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares	27	–	2,200.0
Transaction costs for financial instruments		(16.5)	(110.8)
Proceeds from bank loans	31	313.1	824.0
Proceeds from issuance of notes	31	–	734.6
Repayment of bank loans and senior notes	31	(515.6)	(981.9)
Proceeds from / (repayment of) 3rd party loans	31	2.0	(5.1)
Dividends paid to non-controlling interest	29	(48.8)	(43.3)
Purchase of treasury shares	28	(0.7)	–
Net contributions from / (purchase of) non-controlling interests		0.6	(1,413.3)
Interest paid		(220.8)	(135.2)
Net cash flows (used in) / from financing activities		**(486.7)**	**1,069.0**
Currency translation on cash		18.2	83.7
(Decrease) / increase in cash and cash equivalents		**16.4**	**(78.6)**
CASH AND CASH EQUIVALENTS AT THE			
– beginning of the period		434.4	513.0
– end of the period		450.8	434.4

* The restatement is commented in note 39

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

1. CORPORATE INFORMATION

Dufry AG (the Company) is a publicly listed company with headquarters in Basel, Switzerland. The Company is the world's leading travel retail company. It operates around 2,200 shops worldwide. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zurich and its Brazilian Depository receipts on the BM&FBOVESPA in São Paulo.

The consolidated financial statements of Dufry AG and its subsidiaries (Dufry or the group) for the year ended December 31, 2016 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated March 7, 2017, and are subject to the approval of the Annual General meeting to be held on April 27, 2017.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of Dufry AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS).

Dufry AG's consolidated financial statements have been prepared on the historical cost basis, except for available-for-sale financial assets and other financial assets and liabilities (including derivative instruments), that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at amortized cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The consolidated financial statements are presented in millions of Swiss Francs (CHF) and all values are rounded to the nearest one hundred thousand, except when otherwise indicated.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of Dufry AG and entities controlled by Dufry (its subsidiaries) as at December 31, 2016 and the respective comparative information. Certain comparative figures were restated due to the revision of the values of the purchase price allocation of the World Duty Free Group (WDF) (see notes 6.1 and 39).

Subsidiaries are fully consolidated from the date of acquisition, being the date on which Dufry obtains control, and continue to be consolidated until the date when such control is lost. The group controls an entity when Dufry is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra group balances, transactions, unrealized gains or losses resulting from intragroup transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If Dufry loses control over a subsidiary, it

- derecognizes the assets (including goodwill) and liabilities of the subsidiary, derecognizes the carrying amount of any non-controlling interest as well as derecognizes the cumulative translation differences recorded in equity
- recognizes the fair value of the consideration received, recognizes the fair value of any investment retained as well as recognizes any surplus or deficit in the consolidated income statement and
- reclassifies the parent's share of components previously recognized in other comprehensive income to the consolidated income statement or retained earnings, as appropriate.

For the accounting treatment of associated companies see 2.3 q).

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, Dufry selects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related transaction costs are expensed and included in other operational result. When Dufry acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in contingent considerations recognized in the income statement.

Dufry measures goodwill at the acquisition date as:

- The fair value of the consideration transferred;
- plus the recognized amount of any non-controlling interests in the acquiree;
- plus if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree;
- less the net recognized amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Dufry's cash-generating units that are expected to benefit from the combination.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained, unless there are specific allocations.

b) Turnover

Sales are measured at the fair value of the consideration received, excluding sales taxes or duties. Retail sales are settled in cash or by credit card, whereas advertising income is recognized when the services have been rendered.

c) Cost of sales

Cost of sales are recognized when the company sells a product and comprise the purchase price and the cost incurred until the product arrives at the warehouse, i. e. import duties, transport, inventory valuation adjustments and inventory differences.

d) Foreign currency translation

The financial statements are expressed in millions of Swiss francs (CHF). Each company in Dufry uses its corresponding functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re-measured to their fair value in the functional currency using the exchange rate at the reporting date and recorded as unrealized foreign exchange gains / losses. Exchange differences arising on the settlement or on the translation of derivative financial instruments are recognized through the income statement, except where the hedges on net investments allow the recognition in other comprehensive income, until the respective investments are disposed of. Any related deferred tax is also accounted through other comprehensive income. Non-monetary items are measured at historical cost in the respective functional currency.

At the reporting date, the assets and liabilities of all subsidiaries reporting in foreign currency are translated into the presentation currency of Dufry (CHF) using the exchange rate at the reporting date. The income statements of the subsidiaries are translated using the average exchange rates of the respective month in which the transactions occurred. The net translation differences are recognized in other comprehensive income. On disposal of a foreign entity or when control is lost, the deferred cumulative translation difference recognized within equity relating to that particular operation is recognized in the income statement as gain or loss on sale of subsidiaries.

Intangible assets and fair value adjustments identified during a business combination (purchase price allocation) are treated as assets and liabilities in the functional currency of such operation.

Principal foreign exchange rates applied for valuation and translation:

	AVERAGE RATE		CLOSING RATE		RATES AT ACQUISITION DATE
IN CHF	2016	2015	31.12.2016	31.12.2015	07.08.2015
1 USD	0.9850	0.9625	1.0178	0.9997	0.9822
1 EUR	1.0899	1.0680	1.0706	1.0863	1.0766
1 GBP	1.3348	1.4707	1.2561	1.4730	1.5202

e) Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognized at the proceeds received, net of direct issue costs. Repurchase of Dufry's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of Dufry's own equity instruments.

f) Share capital
Ordinary shares are classified as equity. Mandatory convertible notes are classified as compound financial instruments (see 2.3 g) below.

Costs directly attributable to the issuance of shares or options are shown in the statement of changes in equity as transaction costs for equity instruments, net of tax.

When any subsidiary purchases Dufry shares (treasury shares), the consideration paid, including any directly attributable expenses, net of income taxes, is deducted from equity until the shares are cancelled, assigned or sold. Where such ordinary shares are subsequently sold, any consideration received, net of any direct transaction expenses and income tax, is included in equity.

g) Compound financial instruments
Compound financial instruments issued by Dufry comprise convertible notes that can be converted to share capital. The number of shares to be issued is dependent on the changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component and is represented in equity for the date of inception. The directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured except on conversion or expiry.

The liability component is classified as current liabilities unless Dufry has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

h) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the leases' inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

i) Linearization

In cases where fees for the concession are based on fixed or determinable amounts of money, the expenses paid are treated as operational leases. For these operational leases when the amounts are increasing or decreasing over the time Dufry accrues the difference between the amount paid and the respective straight-line expenses for the period calculated over the overall duration of the contract, as linearization. In addition, this line item includes the reduction in concession payments granted based on an upfront payment done at the inception of two Spanish contracts (Madrid and Barcelona as main airports), acquired as part of the World Duty Free acquisition (see note 6.1).

j) Pension and other post-employment benefit obligations

The employees of the subsidiaries are eligible for retirement, invalidity and death benefits under local social security schemes prevailing in the countries concerned and defined benefit or defined contribution plans provided through separate funds, insurance plans, or unfunded arrangements. The pension plans are either funded through regular contributions made by the employer or the employee or unfunded.

The cost of providing benefits under defined benefit plans is determined using the projected unit credit method.

Re-measurements, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest), are recognized in the statement of financial position with a corresponding debit or credit to other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- the date that Dufry recognizes restructuring related costs

Net interest is calculated by applying the discount rate to the net defined benefit obligation (asset). Dufry recognizes the following changes in the net defined benefit obligation in the income statement:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements under "personnel expenses"
- Net interest expense or income under "interest expenses or income"

k) Share-based payments

Equity settled share based payments to employees and other third parties providing services are measured at the fair value of the equity instruments at grant date. The fair value determined at grant date of the equity-settled share-based payments is expensed on a pro rata basis over the vesting period, based on the estimated number of equity instruments that will eventually vest. At the end of each reporting period, Dufry revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the income statement such that the cumulative expense reflects the revised estimate.

Where the terms of an equity settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the holder of the option as measured at the date of modification.

l) Taxation

Income tax expense represents the sum of the current income tax and deferred tax. Where a different functional currency is used, the position includes the changes in deferred tax assets or deferred tax liabilities due to foreign exchange translation.

Income tax positions not relating to items recognized in the income statement, are recognized in correlation to the underlying transaction either in other comprehensive income or equity.

Current income tax

Income tax receivables or payables are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date in the countries where Dufry operates and generates taxable income.

Income tax relating to items recognized in other comprehensive income is recognized in the same statement.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax basis of assets or liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:
- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits or tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date applicable for each respective company.

m) Property, plant and equipment
These are stated at cost less accumulated depreciation and any impairment in fair value. Depreciation is computed on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. The useful lives applied are as follows:
- Real estate (buildings) 20 to 40 years
- Leasehold improvements the shorter of the lease term or 10 years
- Furniture and fixtures the shorter of the lease term or 5 years
- Motor vehicles the shorter of the lease term or 5 years
- Computer hardware the shorter of the lease term or 5 years

n) Intangible assets
These assets mainly comprise of concession rights and brands. Dufry considers that these assets have indefinite useful lives, when concession rights are granted by one of the non-controlling interests holder of the company, or for brands when the company considers to use the brand for the foreseeable future. Intangible assets acquired separately are capitalized at cost and those from a business combination are capitalized at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. Intangible assets with an indefinite useful life are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, any changes are made on a prospective basis.

o) Impairment of non-financial assets
Intangible assets with indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

p) Non-current assets held for sale or for distribution to equity holders of the parent and discontinued operations
Dufry classifies investments as held for sale or for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. Dufry measures these at the lower of their carrying amount or fair value less costs to sell or to distribute.

Assets and liabilities classified as held for sale or for distribution are presented separately in the statement of financial position.

A disposal group qualifies as discontinued operation if it is:
- A major line of business or major geographical area;
- part of a single coordinated plan for disposal; or
- a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as net earnings after tax from discontinued operations in the consolidated statement of income.

q) Associates
Associates are all entities over which Dufry has significant influence but not control, generally accompanying a shareholding of more than 20% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost. The carrying amount is increased or decreased to recognize the investor's share of the net earnings of the investee after the date of acquisition and decreased by dividends declared. Dufry's investment in associates includes goodwill identified on acquisition.

Dufry's share of post-acquisition net earnings is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in the statement of comprehensive income with a corresponding adjustment to the carrying amount of the investment. When Dufry's share of losses in an associate equals or exceeds its interest in the associate, Dufry does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to net earnings where appropriate.

Dufry determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, Dufry calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to share of result of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between Dufry and its associate are recognized in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by Dufry.

Dilution gains and losses arising in investments in associates are recognized in the income statement.

r) Inventories
Inventories are valued at the lower of historical cost or net realizable value. The historical costs are determined using the FIFO method. Historical cost includes all expenses incurred in bringing the inventories to their present location and condition. This includes mainly import duties and transport cost. Purchase discounts and rebates are deducted in determining the cost of inventories. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Inventory allowances are set up in the case of slow-moving and obsolete stock. Expired items are fully written off.

s) Trade and credit card receivables / trade payables
Receivables and payables in respect of the sale / purchase of merchandise are included in these positions.

t) Cash and cash equivalents
Cash and cash equivalents consist of cash on hand or current bank accounts as well as short-term deposits at banks with initial maturity below 91 days. Credit card receivables with a maturity of up to 4 days are included as cash in transit. Short-term investments are included in this position if they are highly liquid, readily convertible into known amounts of cash and subject to insignificant risk of changes in value. In 2016, there were no short-term deposits due within 90 days (2015: CHF 29.5 million).

u) Provisions
Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that Dufry will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate at the end of the reporting period of the consideration required to settle the present obligation, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 Provisions, contingent liabilities and contingent assets and the amount initially recognized less cumulative amortization recognized in accordance with IAS 18 Revenue.

Onerous contracts

Present obligations arising under onerous contracts are measured and recognized as provisions. An onerous contract is considered to exist if Dufry has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Restructurings

A restructuring provision is recognized when Dufry has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

v) Financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than financial assets and financial liabilities at fair value through profit or loss (FVTPL), are deducted from or added to the fair value of the financial assets or financial liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the income statement.

Trade and other accounts receivable

Trade and other receivables (including credit cards receivables, other accounts receivable, cash and cash equivalents) are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected. Certain categories of financial assets, such as trade receivables, are assessed for impairment individually. Subsequent recoveries of amounts previously written off are credited against the allowance accounts for these categories. Changes in the carrying amount of the allowance account are recognized in the income statement in the lines selling expenses or other operational result.

Derecognition of financial assets

Dufry derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Dufry neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred as set, Dufry recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If Dufry retains substantially all the risks and rewards of ownership of a transferred financial asset, Dufry continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities at FVTPL

These are stated at fair value, with any gains or losses arising on re-measurement recognized in the income statement. The net gain or loss recognized in the consolidated income statement incorporates any interest paid on the financial liability and is included in the financial result in the income statement. Fair value is determined in the manner described in note 37.

Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

Dufry derecognizes financial liabilities only when the obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in the consolidated income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously (see note 38.10).

w) Derivative financial instruments

Dufry enters into a variety of derivative financial instruments to manage its exposure to interest rate or foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 38.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the income statement unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

x) Hedge accounting

Dufry designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, Dufry documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Hedge accounting is discontinued when Dufry revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time, is recognized when the underlying hedged item is ultimately derecognized in the income statement.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in the hedging and revaluation reserves. The gain or loss relating to the ineffective portion is recognized in the income statement, and is included in the interest expenses / income line item.

Fair-value hedges

When a hedging instrument is used to hedge the exposure to changes in fair value, changes in the fair value of the instrument are recognized in other comprehensive income. The derivative instrument used is interest rate swaps to hedge interest rate risk on borrowings. If the hedge relationship is discontinued, the carrying amount of the hedged item is adjusted with the accumulated amount referring to the hedge relationship.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of translation reserves. The gain or loss relating to the ineffective portion is recognized immediately in the income statement, and is included in the foreign exchange gains / losses line item (see notes 31.1 and 31.2).

2.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations
The accounting policies adopted are consistent with those of the previous financial year, except for the revised Standards and the Interpretations adopted in these financial statements (effective January 1, 2016). Their adoption did not have a significant impact on the amounts reported in these financial statements or disclosures therein.

Annual improvements 2012–2014 – issued September 2014
- IFRS 5 non-current assets held for sale and discontinued operations: Changes in methods of disposal are clarified, i.e. whether such a change in a disposal method would qualify as a change to a plan of sale. This amendment does not currently have any impact on Dufry.
- IFRS 34 Interim Financial reporting: Disclosure of information "elsewhere in the interim financial report" is clarified and requires the inclusion of a cross reference from the interim financial statements to the location of this information.

Disclosure initiative (Amendments to IAS 1 – Presentation of Financial Statements)
- Materiality: Aggregation or disaggregation should not obscure useful information. Materiality applies to each of the primary financial statements, the notes and each specific disclosure required by IFRS.
- Line items in primary financial statements: Additional guidance for line items to be presented in primary statements and new requirements regarding the use of subtotals.
- Notes to the financial statements: Determination of the order of the notes should include consideration of understandability and comparability of financial statements.
- Equity accounted investments: An entity's share of other comprehensive income would be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as single line items within those two groups.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Dufry's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation include uncertainties at the reporting date, which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial periods, are discussed below.

Concession rights
Concession rights acquired in a business combination are measured at fair value as at the date of acquisition. The useful lives of operating concessions are assessed to be either finite or indefinite based on individual circumstances and are considering extensions and renewals. The useful lives of operating concessions are reviewed annually to determine whether the indefinite useful life assessment for those concessions continues to be sustainable. Dufry annually tests the operating concessions with indefinite useful lives and assesses those with finite lives for impairment indications. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 20.1.2.

Onerous contracts
Some of the long-term concession agreements described above include clauses to prevent early termination, such as obligations to fulfill guaranteed minimal payments during the full term of the agreement. The conditions for an onerous contract will be met, when such a contract presents a non-profitable outlook. In this event, a provision based on the present value of the unavoidable future negative cash flows expected by the management is established. The unavoidable costs are the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. Further details are given in note 32.

Brands and goodwill
Dufry tests these items annually for impairment. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 20.1.

Income taxes
Dufry is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax assessment is uncertain. Dufry recognizes liabilities for tax audit issues based on estimates of whether additional taxes will be payable. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax or deferred tax provisions in the period in which such assessment is made. Further details are given in notes 15 and 22.

Deferred tax assets
Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits. Further details are given in note 22.

Provisions
Management makes assumptions in relation to the expected outcome and cash outflows based on the development of each individual case. Further details are given in note 32.

Share-based payments
Dufry measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the grant date. Estimating such fair values require determining the most appropriate valuation model for a grant of equity instruments, which depends on the terms and conditions of the grant, as well as, the most appropriate inputs to the valuation model including the expected probability that the triggering clauses will be met. The result will be the expected quantity of shares to be assigned. The assumptions and models used are disclosed in note 28.

Pension and other post-employment benefit obligations
The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves assumptions about discount rates, future salary and pension increases as well as mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 33.

Purchase price allocation
The determination of the fair values of the identifiable assets (especially the concession rights) and the assumed liabilities (especially the contingent liabilities recognized as provisions), resulting from business combinations, is based on valuation techniques such as the discounted cash flow model. Some of the inputs to this model are partially based on assumptions and judgments and any changes thereof would affect the reported values (see note 6).

Consolidation of entities where Dufry has control, but holding only minority voting rights
Dufry considers controlling certain entities, even when it holds less than the majority of the voting rights, when it is exposed to or has the rights to variable returns from the involvements with the investee and has the ability to affect those returns through its power over the entity. These indicators are evaluated at the time of first consolidation and reviewed when there are changes in the statutes or composition of the executive board of these entities. Further details on non-controlling interests are disclosed in notes 29 and 30 as well as the Annex “Most important subsidiaries”.

4. NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED / EFFECTIVE

The standards and interpretations described below are expected to have an impact on Dufry's financial position, performance, and / or disclosures. Dufry intends to adopt these standards when they become effective.

Disclosure initiative – amendments to IAS 7 Statement of cash flows
(effective January 1, 2017)
Requires additional disclosure of changes in liabilities arising from financing activities.

IAS 12
Income taxes (effective January 1, 2017)
Additional amendments have been issued by the IASB regarding IAS 12 on the recognition of deferred tax assets for unrealized losses. These amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

IFRS 9
Financial Instruments (effective January 1, 2018)
Phase 1: Classification and measurement – determines how financial assets and financial liabilities are accounted for and measured on an ongoing basis.
Phase 2: Impairment – a new single expected loss impairment model is introduced that will require more timely recognition of expected credit losses.
Phase 3: Hedge accounting – the new model aligns the accounting treatment with risk management activities, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of Dufry's financial assets, but will not impact the financial liabilities. Phase 2 is not expected to have any significant impact on the financial statements and phase 3 is expected to affect the disclosure requirements.

IFRS 15
Revenue from contracts with customers (effective January 1, 2018)
IFRS 15, revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. Dufry has analyzed the impact of the standard, however, has not identified any material changes to the current revenue recognition approach, as Dufry does not have customer contracts. Dufry considered the following aspects:

(a) Sale of goods
Dufry's retail sales are in cash or credit card and the revenue recognition occurs when the assets are transferred to the customer,

(b) Advertising income
Advertising income is recognized when the services have been rendered.

IFRS 16
Leases (effective January 1, 2019)
Lessees will be required to recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The lease liability will be measured at present value of the lease payments to be made over the lease term. In other words, lessees will appear to become more asset-rich but also more indebted. To be considered as such, a lease agreement has to convey the right to control the use of an identified asset throughout the period of use, so that the customer has the right to obtain substantially all of the economic benefits from the use of the identified asset; and direct the use of the identified asset (i.e. direct how and for what purpose the asset is used).

The standard will mainly affect the accounting of:

a) Concession agreements
Dufry enters into concession agreements with operators of airports, seaports, railway stations etc. to operate retail shops. Usually these arrangements require a variable compensation based on sales or other activity indicators, with a minimum threshold. In those cases where at the inception of the agreement the minimum amounts can be calculated reliably over the respective contractual terms, Dufry will account for this part as a lease in accordance with IFRS 16,

b) Rent agreements for office and warehouse buildings
These agreements will usually qualify as leases under IFRS 16, except if the duration is shorter than 12 months.

Dufry is currently conducting a detailed survey and compliance analysis of relevant agreements and expects material changes in its statement of financial position.

Amendments that are considered to be insignificant from a current point of view:

Sale or Contribution of Assets between an Investor and its Associate or Joint venture (proposed amendments to IFRS 10 and IAS 28)
(effective date not yet defined by IASB)
The gain or loss resulting from the sale to or contribution from an associate of assets that constitute a business as defined in IFRS 3 is recognized in full. The gain or loss resulting from the sale to or contribution from a subsidiary that does not constitute a business as defined in IFRS 3 (i.e. not a group of assets conforming a business) to an associate is recognized only to the extent of unrelated investors' interests in the associate.

Annual Improvements 2014 – 2016 – issued December 2016
IAS 28 Investment in Associates and Joint ventures (effective January 1, 2018)
Clarification that the election to measure at fair value through profit or loss is available on an investment-by-investment basis, upon initial recognition.

5. SEGMENT INFORMATION

Dufry's risks and returns are predominantly affected by the fact that Dufry operates in different countries. Therefore, Dufry presents the segment information as it does internally to the Group Executive Committee, using geographical segments and the distribution centers as an additional segment.

As of January 1, 2016, after the acquisitions of the Nuance and World Duty Free businesses, Dufry implemented the new management organization resulting in five geographical divisions and one global distribution center segment.

We refer to the annex "Most Important subsidiaries" for the assignment of these to the respective segments.

The comparative figures for 2015 were prepared consistently to reflect the above-mentioned changes.

2016 IN MILLIONS OF CHF	TURNOVER with external customers	 with other divisions	 TOTAL	EBITDA[1]	FULL TIME EQUIVALENTS
Southern Europe and Africa	1,702.3	–	1,702.3	230.2	5,258
UK, Central and Eastern Europe	2,088.9	–	2,088.9	241.5	5,263
Asia, Middle East and Australia	770.7	–	770.7	66.2	2,504
Latin America	1,531.1	–	1,531.1	100.9	6,859
North America	1,660.9	–	1,660.9	188.5	8,485
Distribution Centers	75.2	978.3	1,053.5	107.8	479
Total segments	**7,829.1**	**978.3**	**8,807.4**	**935.1**	**28,848**
Eliminations	–	(978.3)	(978.3)	–	–
Dufry	**7,829.1**	**–**	**7,829.1**	**935.1**	**28,848**

2015 IN MILLIONS OF CHF	TURNOVER with external customers	 with other divisions	 TOTAL	EBITDA[1]	FULL TIME EQUIVALENTS
Southern Europe and Africa	1,269.9	–	1,269.9	186.0	5,527
UK, Central and Eastern Europe	1,427.8	–	1,427.8	140.4	5,552
Asia, Middle East and Australia	638.5	–	638.5	47.5	2,473
Latin America	1,409.6	–	1,409.6	73.4	6,833
North America	1,352.2	–	1,352.2	157.5	8,124
Distribution Centers	41.3	836.7	878.0	119.0	344
Total segments	**6,139.3**	**836.7**	**6,976.0**	**723.8**	**28,853**
Eliminations	–	(836.7)	(836.7)	–	–
Dufry	**6,139.3**	**–**	**6,139.3**	**723.8**	**28,853**

[1] EBITDA is earnings before interest, taxes, depreciation, amortization, linearization and other operational result

Dufry generated 4.5 % (2015: 5.5 %) of its turnover with external customers in Switzerland (domicile).

Financial Position and other disclosures

31.12.2016 IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX (EXPENSE) / GAIN	CAPITAL EXPENDITURE PAID	DEPRECIATION AND AMORTIZATION	OTHER NON-CASH ITEMS **
Southern Europe and Africa	2,296.2	656.4	(29.3)	(34.4)	(98.4)	(21.5)
UK, Central and Eastern Europe	2,392.2	646.8	(13.3)	(21.4)	(136.2)	7.4
Asia, Middle East and Australia	498.3	265.7	(3.2)	(16.7)	(34.2)	7.9
Latin America	1,967.2	397.0	15.2	(89.7)	(157.3)	9.1
North America	1,417.9	268.6	21.0	(92.3)	(101.9)	6.6
Distribution Centers	748.6	240.3	(1.4)	(4.2)	(1.9)	5.6
Total segments	**9,320.4**	**2,474.8**	**(11.0)**	**(258.7)**	**(529.9)**	**15.1**
Unallocated positions	599.4	4,174.4	(0.3)	(9.7)	(15.5)	(1.7)
Dufry	**9,919.8**	**6,649.2**	**(11.3)**	**(268.4)**	**(545.4)**	**13.4**

RESTATED * 31.12.2015 IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX (EXPENSE) / GAIN	CAPITAL EXPENDITURE PAID	DEPRECIATION AND AMORTIZATION	OTHER NON-CASH ITEMS **
Southern Europe and Africa	2,605.1	681.4	(30.7)	(28.4)	(93.0)	35.4
UK, Central and Eastern Europe	2,572.4	787.6	(4.4)	(17.1)	(82.8)	39.9
Asia, Middle East and Australia	615.3	288.1	9.0	(10.1)	(24.3)	1.4
Latin America	2,021.1	354.1	13.0	(201.4)	(142.6)	14.4
North America	1,311.6	278.3	(1.9)	(51.2)	(83.6)	3.0
Distribution Centers	668.7	152.2	0.6	(1.2)	(1.3)	5.4
Total segments	**9,794.2**	**2,541.7**	**(14.4)**	**(309.4)**	**(427.6)**	**99.5**
Unallocated positions	548.3	4,462.0	24.5	(5.1)	(17.2)	(41.2)
Dufry	**10,342.5**	**7,003.7**	**10.1**	**(314.5)**	**(444.8)**	**58.3**

* The restatement is commented in note 39
** Other non-cash items do not include the linearization of concession fees

Reconciliation of earnings

IN MILLIONS OF CHF	2016	2015
EBITDA[1]	**935.1**	**723.8**
Depreciation, amortization and impairment	(545.4)	(444.8)
Linearization	(74.7)	(29.2)
Other operational result	(42.4)	(117.1)
Interest expenses	(243.4)	(200.7)
Interest income	32.3	16.0
Foreign exchange gain / (loss)	(4.4)	5.2
Earnings before taxes	**57.1**	**(46.8)**

[1] EBITDA is earnings before interest, taxes, depreciation, amortization, linearization and other operational result

Reconciliation of assets

IN MILLIONS OF CHF	31.12.2016	RESTATED * 31.12.2015
Operating assets	**9,320.4**	**9,794.2**
Current assets of corporate and holding companies[1]	(24.7)	(64.4)
Non-current assets of corporate and holding companies	624.1	612.7
Total assets	**9,919.8**	**10,342.5**

* The restatement is commented in note 39

[1] Includes notional Cash pool overdrafts at Headquarter

Reconciliation of liabilities

IN MILLIONS OF CHF	31.12.2016	RESTATED * 31.12.2015
Operating liabilities	**2,474.8**	**2,541.7**
Financial debt of corporate and holding companies, short-term	0.5	0.5
Financial debt of corporate and holding companies, long-term	4,064.0	4,306.4
Other non-segment liabilities	109.9	155.1
Total liabilities	**6,649.2**	**7,003.7**

* The restatement is commented in note 39

6. ACQUISITIONS OF BUSINESSES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

2016 TRANSACTIONS

There were no transactions in 2016.

2015 TRANSACTIONS

6.1 ACQUISITION OF WORLD DUTY FREE S.P.A.

On August 7, 2015, Dufry acquired a first stake of 50.1% in the voting equity interests in World Duty Free S.p.A. (WDF), a publicly listed company in Italy for a total consideration of CHF 1,407.1 (EUR 1,307) million equivalent of EUR 10.25 per share in cash. This initial acquisition of WDF triggered a successful mandatory tender offer (MTO) for the outstanding 49.9% of WDF shares. The acquisition was mainly financed through the issuance of share capital. This acquisition was accounted using the acquisition method.

Continuing with its strategy to expand its travel retail business, Dufry acquired WDF, one of the top global travel retailers, to complement the geographical presence in key markets such as the airports of Heathrow, Gatwick, Stansted, Manchester in the UK, Madrid, Barcelona, Las Palmas and Tenerife in Spain, Vancouver in Canada, 29 destinations in the USA, as well as other key locations in Jamaica, Mexico, Peru, Chile, Finland, France, Germany, Italy, Jordan, Kuwait, and Sri Lanka. With more than 500 shops in 105 locations in 20 countries, WDF achieved in 2014 a turnover of EUR 2,439.6 (CHF 2,962.8) million and employed about 9,500 people.

Dufry expects to generate significant cost and margin synergies through the integration of WDF into its common business model and supply chain as well as through the combination of the global and divisional organizations and support functions, which are reflected in the value of the goodwill. The resulting goodwill is not amortized, is not tax deductible and is subject to annual impairment testing. WDF will further enhance Dufry's global position in the travel retail market industry.

For this acquisition, Dufry incurred transaction costs of CHF 50.7 million in 2015 presented as other operational expenses and financial transaction taxes of CHF 12.3 million presented as other financial expenses in the income statement.

The final fair value of the identifiable assets and liabilities at the date of acquisition are as described below:

	FAIR VALUE AT AUGUST 7, 2015			
IN MILLIONS OF	PRELIMINARY IN EUR	PRELIMINARY IN CHF	CHANGE IN CHF	FINAL IN CHF
Trade receivables	39.9	43.3	0.1	43.4
Inventories	191.6	206.3	(2.0)	204.3
Other current assets [1]	180.9	194.7	(1.3)	193.4
Property, plant and equipment	176.9	190.4	0.1	190.5
Concession rights	1,759.0	1,893.7	1.3	1,895.0
Other intangible assets (includes brand name)	104.8	112.9	(9.6)	103.3
Other non-current assets	249.6	268.7	–	268.7
Trade payables	(218.8)	(235.9)	(0.5)	(236.4)
Financial debt	(956.0)	(1,029.3)	–	(1,029.3)
Provisions	(150.5)	(162.1)	4.3	(157.8)
Contingent liabilities	(6.2)	(6.7)	–	(6.7)
Other liabilities	(467.4)	(502.9)	(1.6)	(504.5)
Deferred tax liabilities	(356.4)	(383.7)	20.8	(362.9)
Fair value of non-controlling interests	(35.0)	(37.7)	(0.5)	(38.2)
Identifiable net assets	**512.4**	**551.7**	**11.1**	**562.8**
Dufry's share in the net assets (50.1%)	256.7	276.4	5.6	282.0
Goodwill	1,050.3	1,130.7	(5.6)	1,125.1
Total consideration	**1,307.0**	**1,407.1**	**–**	**1,407.1**

[1] The change includes CHF 1.9 m Cash and cash equivalents and CHF –3.2 m Other accounts receivable

Based on IFRS 3, Dufry revised after twelve months the assumptions used to calculate the fair values acquired resulting in an updated brand name valuation and tax risk assessment.

6.2 CASH FLOWS USED FOR BUSINESS COMBINATIONS, NET OF CASH

2015 IN MILLIONS OF CHF	TOTAL CONSIDERATION	NET CASH ACQUIRED	SUBTOTAL	CHANGES IN ACCOUNTS PAYABLE	NET CASH FLOW
Preliminary	**(1,407.1)**	**40.4**	**(1,366.7)**	**–**	**(1,366.7)**
Change	–	1.9	1.9	–	1.9
Final	**(1,407.1)**	**42.3**	**(1,364.8)**	**–**	**(1,364.8)**

6.3 TRANSACTION WITH NON-CONTROLLING INTERESTS IN WORLD DUTY FREE GROUP

2015 IN MILLIONS OF CHF	CARRYING VALUE OF NON-CONTROLLING INTERESTS IN WDF ACQUIRED	DIFFERENCE RECOGNIZED IN RETAINED EARNINGS WITHIN EQUITY	TOTAL CONSIDERATION PAID IN CASH
Preliminary	**275.3**	**1,137.3**	**1,412.6**
Change	5.6	(5.6)	–
Final	**280.9**	**1,131.7**	**1,412.6**

7. NET SALES

Net sales by product categories:

IN MILLIONS OF CHF	2016	2015
Perfumes and Cosmetics	2,452.9	1,834.3
Confectionery, Food and Catering	1,296.1	1,017.6
Wine and Spirits	1,166.5	905.7
Tobacco goods	866.8	656.6
Watches, Jewelry and Accessories	475.2	419.0
Fashion, Leather and Baggage	449.7	394.2
Electronics	221.6	229.2
Literature and Publications	213.9	204.7
Other product categories	480.1	300.4
Total	**7,622.8**	**5,961.7**

Net sales by market sector:

IN MILLIONS OF CHF	2016	2015
Duty-free	4,610.8	3,752.4
Duty-paid	3,012.0	2,209.3
Total	**7,622.8**	**5,961.7**

Net sales by channel:

IN MILLIONS OF CHF	2016	2015
Airports	6,941.0	5,328.9
Border, downtown and hotel shops	247.8	251.4
Cruise liners and seaports	164.2	141.0
Railway stations and other	269.8	240.4
Total	**7,622.8**	**5,961.7**

8. SELLING EXPENSES

IN MILLIONS OF CHF	2016	2015
Concession fees and rents	(2,143.9)	(1,596.6)
Credit card commissions	(77.2)	(61.8)
Advertising and commission expenses	(32.6)	(30.3)
Packaging materials	(14.1)	(12.2)
Other selling expenses	(16.7)	(27.2)
Selling expenses	**(2,284.5)**	**(1,728.1)**
Concession and rental income	18.0	14.0
Commission income	2.4	5.8
Commercial services and other selling income	27.9	24.3
Selling income	**48.3**	**44.1**
Total	**(2,236.2)**	**(1,684.0)**

Dufry pays concession fees to landlords for lease of shops at airports or other similar locations. Such fees are usually determined in proportion to sales as a fee based on a criteria, such as passenger, square meters or operating performance.

9. PERSONNEL EXPENSES

IN MILLIONS OF CHF	2016	2015
Salaries and wages	(817.9)	(669.9)
Social security expenses	(133.0)	(106.3)
Retirement benefits	(19.5)	(16.5)
Other personnel expenses	(84.1)	(63.5)
Total	**(1,054.5)**	**(856.2)**

10. GENERAL EXPENSES

IN MILLIONS OF CHF	2016	2015
Repairs, maintenance and utilities	(82.5)	(66.2)
Premises	(65.3)	(50.8)
Legal, consulting and audit fees	(51.6)	(52.3)
EDP and IT expenses	(43.1)	(32.0)
Office and administration	(33.2)	(27.2)
Travel, car, entertainment and representation	(33.1)	(28.3)
Franchise fees and commercial services	(19.6)	(19.4)
PR and advertising	(12.2)	(13.5)
Insurances	(11.1)	(9.2)
Bank expenses	(7.6)	(7.8)
Taxes, other than income taxes	(2.9)	(8.0)
Total	**(362.2)**	**(314.7)**

11. INVESTMENTS IN ASSOCIATES

This line includes Lojas Francas de Portugal SA which operates duty-paid and duty-free shops in the airports of Lisbon, as well as other locations in Portugal, and Nuance Group (Chicago) LLC which operates four duty-free shops at O'Hare International Airport of Chicago in Illinois, USA.

These investments are accounted for using the equity method.

Dufry's interests in Nuance Group (Orlando) LLC and Broward Duty Free LLC were sold on March 15, 2015, for CHF 28.4 (USD 30) million to an existing shareholder at book value.

Summarized statement of financial position

IN MILLIONS OF CHF	LOJAS FRANCAS DE PORTUGAL SA	NUANCE GROUP (CHICAGO) LLC	OTHER ASSOCIATES	31.12.2016
Cash and cash equivalents	3.6	2.6	0.1	6.3
Other current assets	26.7	4.0	3.8	34.5
Non-current assets	58.9	20.9	0.6	80.4
Financial debt	–	–	–	–
Other current liabilities	(26.8)	(2.8)	(4.2)	(33.8)
Non-current liabilities	–	–	(5.4)	(5.4)
Net assets	**62.4**	**24.7**	**(5.1)**	**82.0**
Proportion of Dufry's ownership	49%	35%		
Dufry's share of the equity	**30.7**	**8.8**	**0.2**	**39.7**

IN MILLIONS OF CHF	LOJAS FRANCAS DE PORTUGAL SA	NUANCE GROUP (CHICAGO) LLC	OTHER ASSOCIATES	31.12.2015
Cash and cash equivalents	1.2	2.6	0.3	4.1
Other current assets	27.0	3.9	3.1	34.0
Non-current assets	58.6	27.5	0.8	86.9
Financial debt	(2.1)	–	–	(2.1)
Other current liabilities	(23.0)	(2.0)	(4.6)	(29.6)
Non-current liabilities	–	–	(5.1)	(5.1)
Net assets	**61.7**	**32.0**	**(5.5)**	**88.2**
Proportion of Dufry's ownership	49%	35%		
Dufry's share of the equity	**30.2**	**11.2**	**–**	**41.4**

Summarized statement of comprehensive income

IN MILLIONS OF CHF	LOJAS FRANCAS DE PORTUGAL SA	NUANCE GROUP (CHICAGO) LLC	NUANCE GROUP (ORLANDO) LLC	OTHER ASSOCIATES	2016
Turnover	228.0	19.7	–	7.3	255.0
Depreciation, amortization and impairment	(2.2)	(4.2)	–	(0.6)	(7.0)
Income tax	(3.2)	–	–	(0.1)	(3.3)
Net earnings for the year (continuing operations)	**9.7**	**(4.3)**	**–**	**1.4**	**6.8**
OTHER COMPREHENSIVE INCOME					
Items to be reclassified to net income in subsequent periods	–	0.1	–	(1.0)	(0.9)
Total other comprehensive income	**–**	**0.1**	**–**	**(1.0)**	**(0.9)**
Total comprehensive income	**9.7**	**(4.2)**	**–**	**0.4**	**5.9**
DUFRY'S SHARE	49 %	35 %			
Net earnings for the year (continuing operations)	4.8	(1.6)	–	0.7	3.9
Total other comprehensive income	–	–	–	(0.6)	(0.6)
Total comprehensive income	**4.8**	**(1.6)**	**–**	**0.1**	**3.3**

IN MILLIONS OF CHF	LOJAS FRANCAS DE PORTUGAL SA	NUANCE GROUP (CHICAGO) LLC	NUANCE GROUP (ORLANDO) LLC	OTHER ASSOCIATES	2015
Turnover	205.9	23.0	2.9	7.7	239.5
Depreciation, amortization and impairment	(0.9)	(4.2)	(0.1)	(1.6)	(6.8)
Income tax	(3.2)	–	–	0.1	(3.1)
Net earnings for the year (continuing operations)	**9.2**	**(2.5)**	**0.2**	**(3.5)**	**3.4**
OTHER COMPREHENSIVE INCOME					
Items to be reclassified to net income in subsequent periods	(0.8)	(0.3)	–	–	(1.1)
Total other comprehensive income	**(0.8)**	**(0.3)**	**–**	**–**	**(1.1)**
Total comprehensive income	**8.4**	**(2.8)**	**0.2**	**(3.5)**	**2.3**
DUFRY'S SHARE	49 %	35 %	38 %		
Net earnings for the year (continuing operations)	4.5	(0.9)	0.4	–	4.0
Total other comprehensive income	(0.4)	(0.1)	–	–	(0.5)
Total comprehensive income	**4.1**	**(1.0)**	**0.4**	**–**	**3.5**

The information above reflects the amounts presented in the financial statements of the associates (and not Dufry's share of those amounts) adjusted for differences in accounting policies between the associates and Dufry.

Reconciliation of the carrying amount of its investments

IN MILLIONS OF CHF	LOJAS FRANCAS DE PORTUGAL SA	NUANCE GROUP (CHICAGO) LLC	NUANCE GROUP (ORLANDO) LLC [1]	OTHER ASSOCIATES [1]	TOTAL
Carrying value at January 1, 2015	**30.9**	**12.2**	**19.9**	**9.9**	**72.9**
Net earnings	4.5	(0.9)	0.4	–	4.0
Dividends received	(3.6)	(0.7)	(0.5)	–	(4.8)
Disposals	–	–	(18.6)	(9.4)	(28.0)
Other comprehensive income	(0.4)	(0.1)	–	–	(0.5)
Currency translation adjustments	(1.2)	0.7	(1.2)	(0.5)	(2.2)
Carrying value at December 31, 2015	**30.2**	**11.2**	**–**	**–**	**41.4**
Net earnings	4.8	(1.6)	–	0.7	3.9
Dividends received	(4.7)	(0.2)	–	–	(4.9)
Other comprehensive income	–	–	–	(0.6)	(0.6)
Currency translation adjustments	0.4	(0.6)	–	0.1	(0.1)
Carrying value at December 31, 2016	**30.7**	**8.8**	**–**	**0.2**	**39.7**

[1] The Nuance Group (Orlando) LLC and Broward Duty Free LLC were sold in March 2015.

12. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

IN MILLIONS OF CHF	2016	2015
Depreciation	(162.9)	(134.6)
Impairment	(3.3)	(1.2)
Subtotal (note 18)	**(166.2)**	**(135.8)**
Amortization	(376.4)	(299.5)
Impairment	(2.8)	(9.5)
Subtotal (note 20)	**(379.2)**	**(309.0)**
Total	**(545.4)**	**(444.8)**

13. LINEARIZATION AND OTHER OPERATIONAL RESULT

13.1 LINEARIZATION

IN MILLIONS OF CHF	2016	2015
Linearization[1]	**(74.7)**	**(29.2)**

[1] In cases where fees for concessions are based on determinable amounts of money over the lifetime of the contracts, expenses paid are treated as operational leases. When the amounts of operational leases are increasing or decreasing over the time, Dufry accrues the difference between the amount paid and the respective straightlined expense for the period calculated over the overall duration of the contract, as linearization. In addition, this line item includes the reduction in concession payments granted based on an upfront payment (prepaid lease) done at the inception of two Spanish contracts (Madrid and Barcelona as main airports).

13.2 OTHER OPERATIONAL RESULT

This line includes non-recurring transactions, impairments of financial assets and changes in provisions.

IN MILLIONS OF CHF	2016	2015
Consulting fees, expenses related to projects and start-up expenses	(19.5)	(21.3)
Impairment of loans and other receivables	(10.3)	(6.9)
Closing or restructuring of operations	(3.9)	(30.0)
Losses on sale of non-current assets	(4.6)	(1.7)
Acquisition-related costs	–	(50.7)
Other operating expenses	(9.9)	(12.1)
Other operational expenses	**(48.2)**	**(122.7)**

IN MILLIONS OF CHF	2016	2015
Insurance – compensation for losses	0.4	0.9
Gain on sale of non-current assets	0.6	0.8
Recovery of write offs / release of allowances	0.5	0.3
Other income	4.3	3.6
Other operational income	**5.8**	**5.6**

IN MILLIONS OF CHF	2016	2015
Other operational expenses	(48.2)	(122.7)
Other operational income	5.8	5.6
Other operational result	**(42.4)**	**(117.1)**

14. INTEREST

IN MILLIONS OF CHF	2016	2015
INCOME ON FINANCIAL ASSETS		
Interest income on short-term deposits	21.8	6.3
Other financial income	8.9	4.9
Interest income on financial assets	**30.7**	**11.2**
INCOME ON NON-FINANCIAL ASSETS		
Interest income	**1.6**	**4.8**
Total interest income	**32.3**	**16.0**
EXPENSES ON FINANCIAL LIABILITIES		
Interest expense	(206.2)	(148.1)
of which bank interest	(193.9)	(132.3)
of which bank commitment fees	(7.1)	(10.0)
of which bank guarantees commission expense	(2.9)	(2.6)
of which related to other financial liabilities	(2.3)	(3.2)
Amortization / write off of arrangement fees and waiver fees	(16.4)	(24.5)
Other financial expenses	(9.8)	(6.7)
Interest expense on financial liabilities	**(232.4)**	**(179.3)**
EXPENSES ON NON-FINANCIAL LIABILITIES		
Interest expense	(11.0)	(9.1)
Other financial expenses[1]	–	(12.3)
Interest and other financial expenses on non-financial liabilities	**(11.0)**	**(21.4)**
Total interest expense	**(243.4)**	**(200.7)**

[1] This position mainly includes financial costs and transaction taxes related to the financing of acquisitions

15. INCOME TAXES

INCOME TAX RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT

IN MILLIONS OF CHF	2016	2015
Current income taxes	(105.1)	(69.9)
of which corresponding to the current period	(106.8)	(73.1)
of which adjustments recognized in relation to prior years	1.7	3.2
Deferred income taxes	93.8	80.0
of which related to the origination or reversal of temporary differences	89.6	72.3
of which adjustments recognized in relation to prior years	(0.2)	0.2
of which adjustments due to change in tax rates	4.4	7.5
Total	**(11.3)**	**10.1**

IN MILLIONS OF CHF	2016	2015
Consolidated earnings before income tax (EBT)	57.1	(46.8)
Expected tax rate in %	21.2 %	18.4 %
Tax at the expected rate	(12.1)	8.6
EFFECT OF		
Income not subject to income tax	5.1	3.8
Different tax rates for subsidiaries in other jurisdictions	19.5	28.4
Effect of changes in tax rates on previously recognized deferred tax assets and liabilities	4.4	7.5
Non-deductible expenses	(2.4)	(18.1)
Net change of unrecognized tax loss carry-forwards	(32.0)	(21.3)
Non recoverable withholding taxes	(9.8)	(7.7)
Adjustments recognized in relation to prior year	1.5	3.4
Other items	14.5	5.5
Total	**(11.3)**	**10.1**

The expected tax rate in % approximates the average income tax rate of the countries where the group is active, weighted by the profitability of the respective operations. The increase compared to previous year in the average expected tax rate is driven by the fact that WDF-entities are active in countries with higher income tax rates and that in 2015 these entities where consolidated only since acquisition (5 months). In 2016, there have been no significant changes in these income tax rates, with the exception of UK where a decrease of the tax rate in 2020 has been substantially enacted.

DEFERRED INCOME TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME / EQUITY

IN MILLIONS OF CHF	2016	2015
RECOGNIZED IN OTHER COMPREHENSIVE INCOME		
Actuarial gains / (losses) on defined benefit plans	2.4	(1.2)
Cash flow hedges	(0.3)	(0.3)
Total	**2.1**	**(1.5)**
RECOGNIZED IN EQUITY		
Tax effect on share-based payments	(0.2)	(0.2)
Total	**(0.2)**	**(0.2)**

16. EARNINGS PER SHARE

EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

BASIC

Basic earnings per share are calculated by dividing the net earnings attributable to equity holders of the parent by the weighted average number of shares outstanding during the year.

IN MILLIONS OF CHF / QUANTITY	2016	2015
Net earnings attributable to equity holders of the parent	2.5	(79.3)
Weighted average number of ordinary shares outstanding	53,775	45,810
Basic earnings per share in CHF	**0.05**	**(1.73)**

DILUTED

Diluted earnings per share are calculated by dividing the net earnings attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

IN MILLIONS OF CHF / QUANTITY	2016	2015
Net earnings attributable to equity holders of the parent	2.5	(79.3)
Weighted average number of ordinary shares outstanding adjusted for the effect of dilution	53,795	45,810
Diluted earnings per share in CHF	**0.05**	**(1.73)**

EARNINGS PER SHARE ADJUSTED FOR AMORTIZATION (CASH EPS)

Cash EPS are calculated by dividing net earnings attributable to equity holders of the parent, adjusted by the amortization effect generated by the intangible assets identified during the purchase price allocations of past acquisitions through weighted average number of ordinary shares outstanding. With this Cash EPS, Dufry aims to facilitate the comparison at EPS level with other companies not having performed such acquisition activities.

IN MILLIONS OF CHF / QUANTITY	2016	2015
Net earnings attributable to equity holders of the parent	2.5	(79.3)
ADJUSTED FOR		
Dufry's share of the amortization in respect of acquisitions	320.4	262.1
Adjusted net earnings	**322.9**	**182.8**
Weighted average number of ordinary shares outstanding	53,775	45,810
Cash EPS	**6.00**	**3.99**
Deferred tax on above mentioned amortization in CHF per share	(1.19)	(1.32)
Linearization of Spanish contracts in CHF per share	1.39	0.64

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

IN THOUSANDS	2016	2015
Outstanding shares	53,872	45,904
Less treasury shares	(97)	(94)
Used for calculation of basic earnings per share	**53,775**	**45,810**
EFFECT OF DILUTION		
Share options	20	–
Used for calculation of earnings per share adjusted for the effect of dilution	53,795	45,810

For movements in shares see note 27 Equity, note 28 Share-based payment and Treasury shares.

17. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
2016 IN MILLIONS OF CHF	**Employee benefit reserve**	**Hedging & revaluation reserves**	**Translation reserves**	**TOTAL**	**NON-CONTROL-LING INTERESTS**	**TOTAL EQUITY**
Exchange differences on translating foreign operations	–	–	(94.6)	(94.6)	2.1	(92.5)
Subtotal	**–**	**–**	**(94.6)**	**(94.6)**	**2.1**	**(92.5)**
Net gain / (loss) on hedge of net investment in foreign operations	–	–	30.6	30.6	–	30.6
Subtotal	**–**	**–**	**30.6**	**30.6**	**–**	**30.6**
Changes in the fair value of interest rate swaps held as cash flow hedges	–	1.2	–	1.2	–	1.2
Income tax effect	–	(0.3)	–	(0.3)	–	(0.3)
Subtotal	**–**	**0.9**	**–**	**0.9**	**–**	**0.9**
Share of other comprehensive income of associates	–	–	(0.6)	(0.6)	–	(0.6)
Subtotal	**–**	**–**	**(0.6)**	**(0.6)**	**–**	**(0.6)**
Actuarial gains / (losses) on post-employment benefits	(17.8)	–	–	(17.8)	–	(17.8)
Income tax effect	2.4	–	–	2.4	–	2.4
Subtotal	**(15.4)**	**–**	**–**	**(15.4)**	**–**	**(15.4)**
Other comprehensive income	**(15.4)**	**0.9**	**(64.6)**	**(79.1)**	**2.1**	**(77.0)**

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
2015 IN MILLIONS OF CHF	**Employee benefit reserve**	**Hedging & revaluation reserves**	**Translation reserves**	**TOTAL**	**NON-CONTROL-LING INTERESTS**	**TOTAL EQUITY**
Exchange differences on translating foreign operations	–	–	(75.3)	(75.3)	(7.9)	(83.2)
Subtotal	**–**	**–**	**(75.3)**	**(75.3)**	**(7.9)**	**(83.2)**
Net gain / (loss) on hedge of net investment in foreign operations	–	–	2.2	2.2	–	2.2
Subtotal	**–**	**–**	**2.2**	**2.2**	**–**	**2.2**
Changes in the fair value of forward exchange contracts held as cash flow hedges	–	1.0	–	1.0	–	1.0
Income tax effect	–	(0.3)	–	(0.3)	–	(0.3)
Subtotal	**–**	**0.7**	**–**	**0.7**	**–**	**0.7**
Share of other comprehensive income of associates	–	–	(0.5)	(0.5)	–	(0.5)
Subtotal	**–**	**–**	**(0.5)**	**(0.5)**	**–**	**(0.5)**
Actuarial gains / (losses) on post-employment benefits	12.8	–	–	12.8	–	12.8
Income tax effect	(1.2)	–	–	(1.2)	–	(1.2)
Subtotal	**11.6**	**–**	**–**	**11.6**	**–**	**11.6**
Other comprehensive income	**11.6**	**0.7**	**(73.6)**	**(61.3)**	**(7.9)**	**(69.2)**

18. PROPERTY, PLANT AND EQUIPMENT

2016 IN MILLIONS OF CHF	LEASEHOLD IMPROVE-MENTS	BUILDINGS	FURNITURE FIXTURES	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST							
Restated *							
Balance at January 1	**392.6**	**41.3**	**422.3**	**70.7**	**8.9**	**54.2**	**990.0**
Additions (note 19)	47.8	0.2	37.0	7.4	0.8	110.6	203.8
Disposals	(30.2)	(1.7)	(29.8)	(13.9)	(1.0)	(3.0)	(79.6)
Reclassification within classes	64.6	(0.3)	49.3	7.8	–	(121.4)	–
Reclassification to intangible assets	–	–	–	(3.5)	–	–	(3.5)
Currency translation adjustments	7.1	(0.5)	(21.2)	(6.2)	(0.1)	0.7	(20.2)
Balance at December 31	**481.9**	**39.0**	**457.6**	**62.3**	**8.6**	**41.1**	**1,090.5**
ACCUMULATED DEPRECIATION							
Balance at January 1	**(160.6)**	**(8.5)**	**(161.7)**	**(46.5)**	**(5.2)**	**–**	**(382.5)**
Additions (note 12)	(72.2)	(3.7)	(74.9)	(10.8)	(1.3)	–	(162.9)
Disposals	28.3	1.1	27.5	12.7	1.0	–	70.6
Reclassification within classes	(0.7)	(0.1)	0.8	–	–	–	–
Reclassification to intangible assets	–	–	–	1.2	–	–	1.2
Currency translation adjustments	(3.8)	0.1	16.2	5.7	0.2	–	18.4
Balance at December 31	**(209.0)**	**(11.1)**	**(192.1)**	**(37.7)**	**(5.3)**	**–**	**(455.2)**
IMPAIRMENT							
Balance at January 1	**–**	**(0.9)**	**(1.9)**	**–**	**–**	**–**	**(2.8)**
Impairment (note 12)	(0.6)	–	(3.3)	–	–	–	(3.9)
Reversal of impairment (note 12)	–	0.6	–	–	–	–	0.6
Disposals	–	–	0.3	–	–	–	0.3
Currency translation adjustments	–	–	(0.2)	–	–	–	(0.2)
Balance at December 31	**(0.6)**	**(0.3)**	**(5.1)**	**–**	**–**	**–**	**(6.0)**
CARRYING AMOUNT							
At December 31, 2016	**272.3**	**27.6**	**260.4**	**24.6**	**3.3**	**41.1**	**629.3**

* The restatement is commented in note 39

2015 IN MILLIONS OF CHF	LEASEHOLD IMPROVE-MENTS	BUILDINGS	FURNITURE FIXTURES	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST							
Balance at January 1	**374.3**	**30.7**	**289.1**	**72.6**	**9.8**	**48.3**	**824.8**
Business combinations (note 6)	19.8	9.9	131.3	5.7	0.6	23.2	190.5
Additions (note 19)	26.5	0.9	30.4	5.8	1.3	70.2	135.1
Disposals	(61.5)	–	(43.5)	(10.7)	(2.4)	(1.4)	(119.5)
Reclassification within classes	45.1	2.4	28.9	1.8	–	(78.2)	–
Reclassification to intangible assets	–	–	–	–	–	(7.0)	(7.0)
Currency translation adjustments	(11.6)	(2.6)	(13.9)	(4.5)	(0.4)	(0.9)	(33.9)
Restated * **Balance at December 31**	**392.6**	**41.3**	**422.3**	**70.7**	**8.9**	**54.2**	**990.0**
ACCUMULATED DEPRECIATION							
Balance at January 1	**(161.0)**	**(5.8)**	**(160.2)**	**(51.1)**	**(6.3)**	**–**	**(384.4)**
Additions (note 12)	(66.0)	(3.1)	(54.6)	(9.8)	(1.1)	–	(134.6)
Disposals	57.7	–	41.7	10.2	1.9	–	111.5
Reclassification within classes	(0.2)	–	(0.1)	–	–	–	(0.3)
Currency translation adjustments	8.9	0.4	11.5	4.2	0.3	–	25.3
Balance at December 31	**(160.6)**	**(8.5)**	**(161.7)**	**(46.5)**	**(5.2)**	**–**	**(382.5)**
IMPAIRMENT							
Balance at January 1	**(1.9)**	**(1.3)**	**(1.8)**	**–**	**–**	**–**	**(5.0)**
Impairment (note 12)	(1.0)	0.3	(0.5)	–	–	–	(1.2)
Disposals	2.5	–	0.5	–	–	–	3.0
Reclassification within classes	0.2	–	0.1	–	–	–	0.3
Currency translation adjustments	0.2	0.1	(0.2)	–	–	–	0.1
Balance at December 31	**–**	**(0.9)**	**(1.9)**	**–**	**–**	**–**	**(2.8)**
CARRYING AMOUNT							
Restated * **At December 31, 2015**	**232.0**	**31.9**	**258.7**	**24.2**	**3.7**	**54.2**	**604.7**

* The restatement is commented in note 39

19. CASH FLOW USED FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

IN MILLIONS OF CHF	2016	2015
Payables for capital expenditure at the beginning of the period	(30.1)	(13.7)
Business combination	–	(16.1)
Additions of property, plant and equipment (note 18)	(203.8)	(135.1)
Payables for capital expenditure at the end of the period	28.5	30.1
Currency translation adjustments	1.0	–
Total Cash Flow	**(204.4)**	**(134.8)**

20. INTANGIBLE ASSETS

2016 IN MILLIONS OF CHF	CONCESSION RIGHTS Indefinite lives	Finite lives	BRANDS	GOODWILL	OTHER	TOTAL
AT COST						
Restated *						
Balance at January 1	**56.6**	**4,984.0**	**271.0**	**2,662.8**	**205.1**	**8,179.5**
Additions (note 21)	–	48.9	–	–	25.8	74.7
Disposals	–	(11.3)	–	–	(26.5)	(37.8)
Reclassification	(13.0)	13.0	–	–	–	–
Reclassification from property, plant & equipment	–	–	–	–	3.5	3.5
Currency translation adjustments	(0.7)	(151.4)	(1.3)	(47.5)	(0.8)	(201.7)
Balance at December 31	**42.9**	**4,883.2**	**269.7**	**2,615.3**	**207.1**	**8,018.2**
ACCUMULATED AMORTIZATION						
Balance at January 1	**–**	**(756.1)**	**(3.3)**	**–**	**(115.5)**	**(874.9)**
Additions (note 12)	–	(343.8)	–	–	(32.6)	(376.4)
Disposals	–	11.2	–	–	25.8	37.0
Reclassification	–	0.7	–	–	(0.7)	–
Reclassification from property, plant & equipment	–	–	–	–	(1.2)	(1.2)
Currency translation adjustments	–	(4.3)	–	–	1.2	(3.1)
Balance at December 31	**–**	**(1,092.3)**	**(3.3)**	**–**	**(123.0)**	**(1,218.6)**
IMPAIRMENT						
Balance at January 1	**–**	**(9.4)**	**–**	**(1.0)**	**–**	**(10.4)**
Impairment (note 12)	–	(2.8)	–	–	–	(2.8)
Currency translation adjustments	–	0.2	–	–	–	0.2
Balance at December 31	**–**	**(12.0)**	**–**	**(1.0)**	**–**	**(13.0)**
CARRYING AMOUNT						
At December 31, 2016	**42.9**	**3,778.9**	**266.4**	**2,614.3**	**84.1**	**6,786.6**

* The restatement is commented in note 39

2015 IN MILLIONS OF CHF	CONCESSION RIGHTS Indefinite lives	 Finite lives	BRANDS	GOODWILL	OTHER	TOTAL
AT COST						
Restated * Balance at January 1	**61.2**	**3,315.4**	**174.3**	**1,670.2**	**193.2**	**5,414.3**
Business combinations (note 6)	–	1,895.0	95.7	1,125.1	7.4	3,123.2
Additions (note 21)	–	19.9	–	–	12.8	32.7
Disposals	–	(86.9)	–	–	(12.9)	(99.8)
Reclassification from prepayments	–	16.1	–	–	–	16.1
Reclassification from property, plant and equipment	–	–	–	–	7.0	7.0
Currency translation adjustments	(4.6)	(175.5)	1.0	(132.5)	(2.4)	(314.0)
Restated ** Balance at December 31	**56.6**	**4,984.0**	**271.0**	**2,662.8**	**205.1**	**8,179.5**
ACCUMULATED DEPRECIATION						
Restated * Balance at January 1	**–**	**(576.2)**	**(1.0)**	**–**	**(102.5)**	**(679.7)**
Additions (note 12)	–	(271.0)	(2.3)	–	(26.2)	(299.5)
Disposals	–	86.6	–	–	11.8	98.4
Reclassification	–	0.5	–	–	(0.5)	–
Currency translation adjustments	–	4.0	–	–	1.9	5.9
Balance at December 31	**–**	**(756.1)**	**(3.3)**	**–**	**(115.5)**	**(874.9)**
IMPAIRMENT						
Balance at January 1	**–**	**(0.4)**	**–**	**(1.0)**	**–**	**(1.4)**
Impairment (note 12)	–	(9.5)	–	–	–	(9.5)
Disposals	–	0.2	–	–	–	0.2
Currency translation adjustments	–	0.3	–	–	–	0.3
Balance at December 31	**–**	**(9.4)**	**–**	**(1.0)**	**–**	**(10.4)**
CARRYING AMOUNT						
Restated ** at December 31, 2015	**56.6**	**4,218.5**	**267.7**	**2,661.8**	**89.6**	**7,294.2**

* Based on the final assessment of the Purchase Price Allocation related to the Nuance Group, certain amounts presented in the annual report 2014 have been restated (see note 39 in the Annual Report 2015)

**The restatement is commented in note 39

20.1 IMPAIRMENT TEST

Concession rights with indefinite useful lives, as well as brands and goodwill are subject to impairment testing each year. Concession rights with finite useful lives are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

20.1.1 Impairment test of goodwill

For the purpose of impairment testing, goodwill recognized from business combinations has been allocated to the following cash generating units (CGU's). These groups also reflect the reportable segments that are expected to benefit from the synergies of the business combinations:

IN MILLIONS OF CHF	31.12.2016	RESTATED * 31.12.2015
Southern Europe and Africa	473.9	458.8
UK, Central and Eastern Europe	1,014.2	1,091.5
Asia, Middle East and Australia	88.4	90.0
Latin America	675.8	663.1
North America	320.0	316.4
Distribution Centers	42.0	42.0
Total carrying amount of goodwill	**2,614.3**	**2,661.8**

* The restatement is commented in note 39. The above units are regrouped according to the new segments (See note 5)

The recoverable amounts of each cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions (see table with key assumptions below). The calculations use cash flow projections based on financial forecasts approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective market and are consistent with forecasted growth included in the travel related retail industry reports. The financial results of the distribution centers have been broken down by CGU and allocated accordingly.

The key assumptions used for determining the recoverable amounts of goodwill are:

	POST TAX DISCOUNT RATES		PRE TAX DISCOUNT RATES		GROWTH RATES FOR NET SALES	
CASH GENERATING UNITS IN PERCENTAGE (%)	2016	RESTATED * 2015	2016	RESTATED * 2015	2016	RESTATED * 2015
Southern Europe and Africa	11.13	10.30	12.85	12.20	5.4 – 11.2	3.1 – 44.5
UK, Central and Eastern Europe	6.31	6.10	6.62	7.90	(0.1) – 4.6	3.6 – 66.4
Asia, Middle East and Australia	10.42	8.60	11.52	9.40	9.1 – 12.7	3.2 – 25.6
Latin America	9.59	10.30	10.11	11.30	6.4 – 16.1	4.5 – 25.6
North America	6.33	6.42	7.94	8.27	4.6 – 8.4	3.4 – 24.4

* The restatement is commented in note 39. The above units are regrouped according to the new segments (See note 5)

As basis for the calculation of these discount rates, the group uses the weighted average cost of capital, based on the following risk free interest rates (derived from past 5 year average of prime 10-year bonds rates): CHF 0.15 %, EUR 0.83 %, USD 2.08 % (2015: CHF 0.40 %, EUR 1.22 %, USD 2.16 %).

For the calculation of the discount rates and WACC (weighted average cost of capital), the Company used the following re-levered beta:

	2016	2015
Beta factor	0.86	0.88

Sensitivity to changes in assumptions

Management believes that any reasonably possible change (+/– 1 %) in the key assumptions, on which the recoverable amounts are based, would not cause the respective recoverable amount to fall below the carrying amount.

20.1.2 Impairment test of concession rights with indefinite useful lives

Concession rights are tested for impairment purposes at company level, which represents the cash generating unit. At present, the only concession rights with indefinite useful lives of EUR 40.1 (2015: 43.6) million are located in Italy. They are considered to be with indefinite useful lives as the concessions were granted by the non-controlling interest holder.

The recoverable amounts of each cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions (see table with key assumptions below). The calculations use cash flow projections based on financial forecasts approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective market and are consistent with forecasted growth included in the travel related retail industry reports. The financial results of the distribution centers have been broken down by CGU and allocated accordingly.

The key assumptions used for determining the recoverable amounts for Italy are:

	POST TAX DISCOUNT RATES		PRE TAX DISCOUNT RATES		GROWTH RATES FOR NET SALES	
CONCESSION RIGHTS IN PERCENTAGE (%)	2016	2015	2016	2015	2016	2015
Italy	9.02	7.19	10.12	8.52	3.4 – 6.5	1.5 – 3.0

Sensitivity analysis to changes in assumptions

With regard to the assessment of value-in-use, Dufry believes that no reasonably possible change (+/–1%) in any of the above key assumptions would cause the recoverable amount of the concession rights to materially fall below the carrying amount.

20.1.3 Key assumptions used for value-in-use calculations

The calculation of value-in-use is most sensitive to the following assumptions:

- Sales growth
- Growth rate used to extrapolate
- Gross margin and suppliers prices
- Concession fee levels
- Discount rates

Sales growth

Sales growth is based on statistics published by external experts, such as Air4cast or ACI (Airports Council International) to estimate the development of international passenger traffic per country where Dufry is active. For the budget year, the management also takes into consideration specific price inflation factors of the country, the cross currency effect and the expected potential changes to capture clients (penetration) per business unit.

For the period after 5 years, Dufry has used a growth rate of 2.0 % – 3.0 % (2015: 2.0 % – 3.0 %) to extrapolate the cash flow projections.

Gross margins

The expected gross margins are based on average product assortment values estimated by the management for the budget 2017. These values are maintained over the planning period or where specific actions are planned and have been increased or decreased by up to 1 % over the 5 year planning horizon compared to the historical data. The gross margin is also affected by supplier's prices. Estimates are obtained from global negotiations held with the main suppliers for the products and countries for which products are sourced, as well as data relating to specific commodities during the months before the budget.

Concession fee levels

These assumptions regarding the concession fee evolution are important and monitored in the specific market as well as the renewal conditions and competitor behavior where the CGU's are active. For the CGU's subject to a value-in-use calculation, the management expects the competitive position to remain stable over the budget period.

Discount rates

Several factors affect the discount rates:

- For the financial debt part, the rate is based on the average interest of the past 5 years of the respective ten-year government bond and is increased by the company's effective bank spread and adjusted by the effective blended tax rate and country risk of the respective CGU.
- For the equity part, a 5 % equity risk premium is added to the base rate commented above and adjusted by the Beta of Dufry's peer group.

The same methodology is used by the management to determine the discount rate used in discounted cash flow (DCF) valuations, which are a key instrument to assess business potential of new or additional investment proposals.

20.1.4 Brands

Dufry presented its new brand strategy in October 2015. While at corporate level the Group is recognized under the name of Dufry, for retail purposes, it is applying a multi-brand concept including, among others, brands like: Dufry, Hudson, World Duty Free, Nuance, Hellenic Duty Free, Regstaer, Colombian Emeralds, Duty Free Caribbean, do Brasil and Interbaires. The book values of these brand names remain at fair value recognized at acquisition and are subject to annual impairment testing. With regard to the assessment of value-in-use, Dufry believes that no reasonably possible change (+/–1%) in any of the below key assumptions would cause that the recoverable amount falls materially below the carrying value of the respective brand name.

The recoverable amount is determined using the Relief of Royalty method that considers a steady cash flow income from the royalty income after tax on projected sales for each brand. The following table indicates the key assumptions used for the valuation of the main brands:

	ROYALTY INCOME RATE AFTER TAX		POST TAX DISCOUNT RATES		GROWTH RATES FOR NET SALES	
BRAND NAMES IN PERCENTAGE (%)	2016	2015	2016	2015	2016	2015
Dufry	0.35	0.32	7.18	6.98	7.3 – 14.0	4.7 – 13.4
Hudson News	0.91	0.91	6.41	5.39	3.6 – 8.4	4.1 – 10.8
Colombian Emeralds	1.75	1.75	6.71	14.82	4.0 – 7.8	4.0 – 14.0
Nuance	0.35	0.30	5.61	6.20	2.0 – 4.6	2.2 – 4.5
World Duty Free	0.38	0.39	5.43	6.20	2.0 – 6.6	4.3 – 4.5

These sales growth rates are in line with the assumptions used for the impairment test of goodwill. The discount rates represent the weighted average cost of capital (WACC) of the markets where the brand is generating sales.

21. CASH FLOWS USED FOR PURCHASE OF INTANGIBLE ASSETS

IN MILLIONS OF CHF	2016	2015
Payables for capital expenditure at January 1	(1.2)	(166.5)
Additions of intangible assets (note 20)	(74.7)	(32.7)
Payables for capital expenditure at December 31	11.7	1.2
Currency translation adjustments	0.2	18.3
Total Cash Flow	**(64.0)**	**(179.7)**

22. DEFERRED TAX ASSETS AND LIABILITIES

Temporary differences arise from the following positions:

IN MILLIONS OF CHF	31.12.2016	RESTATED * 31.12.2015
DEFERRED TAX ASSETS		
Property, plant and equipment	54.6	48.6
Intangible assets	72.0	63.6
Provisions and other payables	64.2	67.2
Tax loss carry-forward	129.7	138.2
Other	43.0	46.4
Total	**363.5**	**364.0**
DEFERRED TAX LIABILITIES		
Property, plant and equipment	(75.7)	(75.1)
Intangible assets [1]	(601.7)	(740.5)
Provisions and other payables	(23.7)	(6.1)
Other	(1.7)	(10.5)
Total	**(702.8)**	**(832.2)**
Deferred tax liabilities net	**(339.3)**	**(468.2)**

* The restatement is commented in note 39
[1] The decrease is due to amortization and reduction of expected tax rate in the United Kingdom

Deferred tax balances are presented in the consolidated statement of financial position as follows:

IN MILLIONS OF CHF	2016	RESTATED * 2015
Deferred tax assets	177.2	203.9
Deferred tax liabilities	(516.5)	(672.1)
Balance at December 31	**(339.3)**	**(468.2)**

* The restatement is commented in note 39

Reconciliation of movements to the deferred taxes:

IN MILLIONS OF CHF	2016	RESTATED * 2015
Changes in deferred tax assets	(26.7)	8.0
Changes in deferred tax liabilities	155.6	(253.0)
Business combinations (note 6)	–	362.9
Currency translation adjustments	(33.2)	(39.6)
Total deferred tax movement at December 31	**95.7**	**78.3**
THEREOF		
Recognized in the income statement	93.8	80.0
Recognized in equity	(0.2)	(0.2)
Recognized in OCI	2.1	(1.5)

* The restatement is commented in note 39

Tax loss carry-forwards

Certain subsidiaries incurred tax losses, which according to the local tax legislation gives rise to a tax credit usable in future tax periods. However, the use of this tax benefit may be limited in time (expiration), in quantity and by the ability of the respective subsidiary to generate enough taxable profits in the future.

Deferred tax assets relating to tax loss carry-forwards or temporary differences are recognized when it is probable that such tax credits can be utilized in the future by the respective entity in accordance with the budget 2017 approved by the Board of Directors and the projections prepared by the management.

The unrecognized tax loss carry-forwards by expiry date are as follows:

IN MILLIONS OF CHF	31.12.2016	31.12.2015
Expiring within 1 to 3 years	20.1	35.3
Expiring within 4 to 7 years	135.4	63.9
Expiring after 7 years	266.0	178.6
With no expiration limit	383.5	315.6
Total[1]	**805.0**	**593.4**

[1] This amount includes, in 2015, CHF 164.7 million added through business combination

Due to a review of the European legislation during 2016 in relation with the amortization of intangibles, tax loss carry-forwards occurred in the past of about CHF 191 million at World Duty Free Group SA, Spain have been added to the above table again in 2016.

Unrecognized deferred tax liabilities

Dufry has not recognized deferred tax liabilities associated with investments in subsidiaries where Dufry can control the reversal of the timing differences and where it is not probable that the temporary differences will reverse in the foreseeable future. Dufry does not expect that these differences result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the investment is recovered.

23. OTHER NON-CURRENT ASSETS

IN MILLIONS OF CHF	31.12.2016	31.12.2015
Guarantee deposits	80.1	79.2
Loans and contractual receivables	31.9	32.8
Prepaid lease [1]	170.1	221.9
Other	16.7	14.8
Subtotal	**298.8**	**348.7**
Allowances	(2.7)	(1.3)
Total	**296.1**	**347.4**

[1] Refers to Spanish concessions, measured at amortized cost.

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2016	2015
Balance at January 1	**(1.3)**	**(1.3)**
Creation	(1.3)	–
Utilization	0.1	–
Currency translation adjustments	(0.2)	–
Balance at December 31	**(2.7)**	**(1.3)**

24. INVENTORIES

IN MILLIONS OF CHF	31.12.2016	RESTATED * 31.12.2015
Purchased inventories at cost	950.5	925.3
Inventory allowance[1]	(32.6)	(20.0)
Total	**917.9**	**905.3**

* The restatement is commented in note 39

[1] The inventory impaired has a book value of CHF 72.3 (2015: 63.0) million

CASH FLOWS USED FOR INCREASE / FROM DECREASE IN INVENTORIES

IN MILLIONS OF CHF	2016	RESTATED * 2015
Balance at January 1	925.3	758.0
Balance at December 31	950.5	925.3
Gross change – at cost	**(25.2)**	**(167.3)**
Business combinations (note 6)	–	204.3
Change in unrealized profit on inventory	(1.3)	(4.0)
Utilization of allowances	16.1	5.1
Currency translation adjustments	(6.0)	(22.8)
Cash Flow – (Increase) / decrease in inventories	**(16.4)**	**15.3**

* The restatement is commented in note 39

Cost of sales includes inventories written down to net realizable value and inventory differences of CHF 25.4 (2015: 16.5) million.

25. TRADE AND CREDIT CARD RECEIVABLES

IN MILLIONS OF CHF	31.12.2016	RESTATED * 31.12.2015
Trade receivables	51.3	87.0
Credit card receivables	43.7	46.4
Gross	**95.0**	**133.4**
Allowances	(0.4)	(0.5)
Net	**94.6**	**132.9**

* The restatement is commented in note 39

Trade receivables and credit card receivables are stated at their nominal value less allowances for doubtful amounts. These allowances are established based on an individual evaluation when collection appears to be no longer probable.

AGING ANALYSIS OF TRADE RECEIVABLES

IN MILLIONS OF CHF	31.12.2016	RESTATED * 31.12.2015
Not due	32.4	59.8
OVERDUE		
Up to 30 days	0.6	7.5
31 to 60 days	5.8	7.0
61 to 90 days	3.1	1.7
More than 90 days	9.4	11.0
Total overdue	**18.9**	**27.2**
Trade receivables, gross	**51.3**	**87.0**

* The restatement is commented in note 39

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2016	2015
Balance at January 1	**(0.5)**	**(0.2)**
Creation	(0.4)	(0.5)
Utilized	0.4	0.1
Currency translation adjustments	0.1	0.1
Balance at December 31	**(0.4)**	**(0.5)**

26. OTHER ACCOUNTS RECEIVABLE

IN MILLIONS OF CHF	2016	RESTATED * 2015
Receivables for refund from suppliers	154.6	96.7
Receivables for rental services	144.6	92.2
Sales tax and other tax credits	112.4	87.6
Derivative financial assets [1]	28.7	1.7
Prepayments	24.7	18.6
Receivables from subtenants and business partners	10.0	13.0
Guarantee deposits	8.2	7.7
Accrued income	7.8	3.8
Personnel receivables	3.7	4.2
Loans receivable	1.5	6.2
Other	14.7	13.3
Total	**510.9**	**345.0**
Allowances	(9.5)	(12.2)
Total	**501.4**	**332.8**

* The restatement is commented in note 39

1 See note 38 Financial instruments

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2016	2015
Balance at January 1	**(12.2)**	**(4.2)**
Creation	(2.5)	(6.6)
Released	–	0.1
Utilized	5.4	0.3
Reclassification [1]	(0.4)	(2.3)
Currency translation adjustments	0.2	0.5
Balance at December 31	**(9.5)**	**(12.2)**

1 Reclassification in 2015 from receivables for refund from suppliers (CHF – 2.3 million) and in 2016 from provisions (CHF – 0.4 million)

27. EQUITY

27.1 ISSUED CAPITAL

IN MILLIONS OF CHF	31.12.2016	31.12.2015
Share capital	269.4	269.4
Share premium	4,259.3	4,259.3
Total	**4,528.7**	**4,528.7**

27.1.1 Fully paid ordinary shares

IN MILLIONS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUM
Balance at January 1, 2015	**35,905,056**	**179.5**	**1,964.7**
Conversion of mandatory convertible notes	1,809,188	9.1	253.7
Issue of shares	16,157,463	80.8	2,119.2
Share issuance costs	–	–	(78.3)
Balance at December 31, 2015	**53,871,707**	**269.4**	**4,259.3**
Balance at December 31, 2016	**53,871,707**	**269.4**	**4,259.3**

27.2 AUTHORIZED AND CONDITIONAL SHARE CAPITAL

CONDITIONAL SHARE CAPITAL	NUMBER OF SHARES	IN THOUSANDS OF CHF
Balance at January 1, 2015	**2,697,620**	**13,488**
Utilization June 18, 2015	(1,809,188)	(9,046)
Balance at December 31, 2015	**888,432**	**4,442**
Balance at December 31, 2016	**888,432**	**4,442**

There was no authorized share capital outstanding in 2015 and 2016.

Share capital increase

2015
The General Meeting held on April 29, 2015, approved the increase of the share capital of Dufry from CHF 179.5 million up to CHF 336.6 million through the issuance of fully paid-in registered shares with a par value of CHF 5 each.

On June 18, 2015, Dufry AG issued 16,157,463 registered shares with a nominal value of CHF 80.8 million, representing 45 % additional shares. After this share issuance and including the shares created by the conversion of the Mandatory Convertible Notes (see comments below), the share capital of Dufry AG amounts to CHF 269.4 million. The offer price for the rights offering as well as for the committed investors was set at CHF 136.16 per share. In the rights offering, 9,744,390 shares were subscribed for by existing shareholders, while 6,413,073 shares were purchased by committed investors, resulting in gross proceeds of CHF 2,200 million.

The trading of the issued shares on the SIX Swiss Exchange commenced on June 25, 2015. Share issuance costs of CHF 78.3 million have been presented in equity.

Mandatory Convertible Notes (MCN)

2015
The Mandatory Convertible Notes amounting to CHF 262.8 million (net of issuance costs) were converted into 1,809,188 ordinary registered shares of Dufry during June 2015 at a conversion price of CHF 152 per share. Dufry issued the shares out of the existing conditional share capital.

27.3 RESERVES

IN MILLIONS OF CHF	2016	RESTATED * 2015
Employee benefit reserve	(36.7)	(21.3)
Hedging and revaluation reserves	1.6	0.7
Translation reserves	(250.4)	(185.8)
Retained earnings	(1,166.2)	(1,153.3)
Balance at December 31	**(1,451.7)**	**(1,359.7)**

* The restatement is commented in note 39

27.3.1 Employee benefit reserve

IN MILLIONS OF CHF	2016	2015
Balance at January 1	**(21.3)**	**(32.9)**
Actuarial gains (losses) on defined benefit plans	(17.8)	12.8
Income tax relating to components of other comprehensive income	2.4	(1.2)
Balance at December 31	**(36.7)**	**(21.3)**

27.3.2 Hedging and revaluation reserves

IN MILLIONS OF CHF	2016	2015
Balance at January 1	**0.7**	**–**
Gain / (loss) arising on changes in fair value of financial instruments:		
– Interest rate swaps entered for as cash flow hedges	1.2	1.0
Income tax relating to components of other comprehensive income	(0.3)	(0.3)
Balance at December 31	**1.6**	**0.7**

27.3.3 Translation reserves

IN MILLIONS OF CHF	2016	2015
Balance at January 1	**(185.8)**	**(112.2)**
Exchange differences arising on translating the foreign operations (attributed to equity holders of parent)	(94.6)	(75.3)
Net gain / (loss) on hedge of net investments in foreign operations (note 31)	30.6	2.2
Share of other comprehensive income of associates	(0.6)	(0.5)
Balance at December 31	**(250.4)**	**(185.8)**

Foreign exchange gains and losses on financing instruments that are designated as hedging instruments for net investments in foreign operations are included in the translation reserves.

28. SHARE-BASED PAYMENTS

28.1 SHARE PLAN OF DUFRY AG

On October 27, 2016, Dufry granted to the members of the Group Executive Committee (GEC) and selected members of the senior management the Award 2016 consisting of 159,219 PSU units. The PSU Award 2016 has a contractual life of 26 months and will vest on May 1, 2019. At grant date the fair value of one PSU Award 2016 represents the market value for one Dufry share at that date, i.e. CHF 127.00, adjusted by the probability that participants comply with the ongoing contractual relationship clause. As of December 31, 2016, no PSU Award 2016 forfeited, so that all PSU Award 2016 remain outstanding.

On October 27, 2016, the Board of Directors decided, upon proposal by the Remuneration Committee, to pay out half of the 2015 bonus through a share program. Therefore, 85,015 Rights to Receive Shares (RRS) were awarded to the GEC and selected members of the senior management. These RRS have a contractual life of 26 months and will vest on January 1, 2019. At grant date the fair value of one RRS represents the market value for one Dufry share at that date, i.e. CHF 127.00, adjusted by the probability that participants comply with the ongoing contractual relationship clause. As of December 31, 2016, no RRS forfeited, so that all RRS remain outstanding.

One PSU (Award 2016 or Award 2015) will give the right to the holders to receive free of charge up to two Dufry shares depending on the effective cumulative amount of cash earnings per share (Cash EPS) reached by Dufry during the years of award and the following two years compared with the target (2016: CHF 24.59, 2015: CHF 24.12). The Cash EPS equals the basic Earnings per Share adjusted for amortization of intangible assets identified during business combinations and non-recurring effects. If at vesting the cumulative adjusted Cash EPS is at target level, each PSU grants one share. If the cumulative adjusted Cash EPS is at 150 % of the target (maximum threshold) or above, each PSU grants two shares at vesting, and if the adjusted Cash EPS is at 50 % of the target (minimum threshold) or below, no share will be granted at vesting. If the adjusted Cash EPS is between 50 % and 150 % of the target, the number of shares granted for each PSU will be allocated on a linear basis. Additionally, the allocation of shares is subject to an ongoing contractual relationship of the participant with Dufry throughout the vesting period. Holders of PSU are not entitled to vote or receive dividends, like shareholders do.

One RRS (Award 2016) will give the right to the holders to receive free of charge one Dufry share subject to an ongoing contractual relationship with Dufry throughout the vesting period (Award 2016 until January 1, 2019). Holders of these rights are not entitled to vote or receive dividends, like shareholders do.

With the Award 2014 Dufry granted to the members of the GEC 51,486 PSU options. One PSU gave the right to receive in 2017, free of charge, up to two shares, based on the performance achieved by Dufry. For the PSU Award 2014, the performance was measured as the average yearly growth rate to be reached by the earnings per share adjusted for amortization of intangible assets identified during business combinations and non-recurrent effects (adjusted Cash EPS) of Dufry between the years 2013 and 2016. Each PSU granted the right to receive one Dufry share if the targeted average yearly growth of 7% would have been achieved; no share if the average yearly growth rate would have been 3.5% or lower and two shares if the average growth rate would have been 10.5% or higher. If the effective growth rate would have been between 3.5% and 10.5% the number of shares granted for each PSU would have been allocated on a linear basis. Additionally, the allocation of shares was subject to an ongoing contractual relationship of the participant with Dufry from January 1, 2014, until January 1, 2017. At January 1, 2017, the PSU award 2014 vested achieving an average yearly growth of 5.1% so that each PSU will be exchanged for 0.45 Dufry shares, i.e. 20,020 shares in total.

In 2016 Dufry recognized through profit and loss share-based payment expenses for a total of CHF 4.7 (2015: 2.8) million.

28.2 TREASURY SHARES

Treasury shares are valued at historical cost.

	NUMBER OF SHARES	IN MILLIONS OF CHF
Balance at January 1, 2015	**94,165**	**14.3**
Share purchases	4	–
Balance at December 31, 2015	**94,169**	**14.3**
Share purchases	6,000	0.7
Balance at December 31, 2016	**100,169**	**15.0**

29. BREAKDOWN OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The following transactions have been recognized in equity attributable to non-controlling interests at fair value:

IN MILLIONS OF CHF	2016	RESTATED * 2015
Lenrianta CSJC 20 %	16.0	–
Nuance Group Fashion & Luxury Duty Free Pvt. Ltd 50 %	7.1	–
Non-controlling interests in World Duty Free Group after initial acquisition [1]	–	(9.0)
TNG Malta participation changes [2]	(3.7)	–
Other non-controlling interests acquired	0.5	–
Increase in Dufry's interest	**19.9**	**(9.0)**
World Duty Free Group acquisition through business combination (note 6.1)	–	38.2
Division North America, increase in share capital of several subsidiaries	7.6	4.5
Chengdu Hudson Bright Power Commercial Co, Ltd. 49 %	0.7	–
Other	(0.3)	(0.3)
Total	**27.9**	**33.4**

* The restatement is commented in note 39

[1] Change in non-controlling interests from August 7, 2015, until the completion of the acquisition of the remaining interest.

[2] Internal restructuring without cash flow effects

30. INFORMATION ON COMPANIES WITH NON-CONTROLLING INTERESTS

The non-controlling interests (NCI) comprise the portion of equity of subsidiaries that are not owned by Dufry. The net earnings attributable to non-controlling interests is CHF 43.3 (2015: 42.4) million and Dufry carefully assessed the significance of each subsidiary with non-controlling interests and concluded that none of them is individually material for Dufry.

In 2016, the major part of the net earnings attributable to non-controlling interests of CHF 25.7 (2015: 23.7) million relates to several legal entities with different non-controlling interest holders within Hudson Group. The remaining CHF 17.6 (2015: 18.7) million belongs to various other subsidiaries of Dufry.

31. FINANCIAL DEBT

IN MILLIONS OF CHF	31.12.2016	31.12.2015
Bank debt (overdrafts)	29.6	23.3
Bank debt (loans)	94.9	51.1
Third party loans	2.8	2.9
Financial debt, short-term	**127.3**	**77.3**
Bank debt (loans)	2,798.2	2,537.7
Senior Notes	1,268.8	1,767.3
Third party loans	6.9	8.1
Financial debt, long-term	**4,073.9**	**4,313.1**
Total	**4,201.2**	**4,390.4**
OF WHICH ARE		
Bank debt	2,922.7	2,612.1
Senior Notes	1,268.8	1,767.3
Third party loans	9.7	11.0

BANK DEBT

IN MILLIONS OF CHF	31.12.2016	31.12.2015
MAIN BANK DEBTS ARE DENOMINATED IN		
US Dollar	2,060.2	1,035.8
British Pound Sterling	582.1	631.8
Euro	177.0	802.6
Swiss Franc	–	100.0
Subtotal	**2,819.3**	**2,570.2**
BANK DEBTS AT RETAIL SUBSIDIARIES OR OTHER MINOR BANK DEBTS IN		
Different currencies	**127.2**	**73.1**
Deferred bank arrangement fees [1]	(23.8)	(31.2)
Total	**2,922.7**	**2,612.1**

[1] The arrangement fees relate only to the main bank debt

SENIOR NOTES

IN MILLIONS OF CHF	31.12.2016	31.12.2015
SENIOR NOTES DENOMINATED IN		
Euro	1,284.7	1,303.6
US Dollar	–	499.8
Subtotal	**1,284.7**	**1,803.4**
Deferred arrangement fees	(15.9)	(36.1)
Total	**1,268.8**	**1,767.3**

DETAILED CREDIT FACILITIES

Dufry negotiates and manages its key credit facilities centrally. Minor credit lines at local level are kept for practical reasons.

The bank credit agreements and the bank guarantee facility (see note 36) contain covenants and conditions customary to this type of financing. Dufry complied with the financial covenants and conditions contained in the bank credit agreements in 2015 and 2016 as well.

Main bank credit facilities

				DRAWN AMOUNT IN CHF	
IN MILLIONS OF	MATURITY	CURRENCY	CREDIT LIMIT IN LOCAL CURRENCY	31.12.2016	31.12.2015
Committed 5-year term loan	31.07.2019	USD	1,010.0	1,028.0	1,009.6
Committed 4-year term loan (multi-currency)	31.07.2019	EUR	800.0	860.8	835.9
Committed 5-year term loan	31.07.2019	EUR	500.0	558.9	543.2
5-year revolving credit facility (multi-currency)	31.07.2019	CHF	900.0	371.6	181.5
Total				**2,819.3**	**2,570.2**

On March 27, 2015, a syndicate of banks with the London Branch of ING N.V. acting as agent, granted Dufry a committed 4-year term loan of EUR 800 million which was used to replace the bank debt of World Duty Free Group.

Senior notes

					AMOUNT IN CHF	
IN MILLIONS OF	MATURITY	COUPON RATE	CURRENCY	NOMINAL IN LOCAL CURRENCY	31.12.2016	31.12.2015
Senior notes	01.08.2023	4.50 %	EUR	700.0	749.4	760.4
Senior notes	15.07.2022	4.50 %	EUR	500.0	535.3	543.2
Senior notes	15.10.2020	5.50 %	USD	500.0	–	499.8
Total					**1,284.7**	**1,803.4**

On December 2, 2016, Dufry repaid the Senior Notes of USD 500 million.

On July 28, 2015, Dufry placed denominated Senior Notes of EUR 700 million with a maturity of eight years with qualified institutional investors in Switzerland and abroad.

All notes are listed on the Dublin stock exchange and interest is payable semi-annually in arrears.

WEIGHTED AVERAGE INTEREST RATE

The borrowings under these credit facilities bear interest at a floating rate (EURIBOR or LIBOR) plus spread. Below are the overall weighted average notional interest rates on the main currencies as per December 31, 2016 of respective years:

INTEREST RATE IN PERCENTAGE (%)	2016	2015
Average on USD	3.70	3.45
Average on CHF	2.00	1.83
Average on EUR	3.70	3.53
Average on GBP	2.77	2.98
Weighted Average Total	**3.57**	**3.42**

31.1 HEDGE OF NET INVESTMENTS IN FOREIGN OPERATIONS

The following net debt is designated as hedge in net investment:

		AMOUNT IN HEDGING CURRENCY		AMOUNT IN CHF	
IN MILLIONS OF	CURRENCY	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Dufry do Brasil and other subsidiaries [1]	USD	947.2	947.2	964.0	946.9
World Duty Free Group SA	GBP	240.0	240.0	301.5	353.5
Total				**1,265.5**	**1,300.4**

[1] Alliance Inc., Interbaires SA, Navinten SA, Blaicor SA, International Operation & Services SA, Duty Free Ecuador SA and Regstaer Ltd.

31.2 NET INVESTMENT IN FOREIGN OPERATIONS

Dufry granted below mentioned long-term loans to subsidiaries. These loans are considered as part of Dufry's net investment in foreign operations, as settlement is neither planned nor likely to occur in the foreseeable future.

		AMOUNT IN HEDGING CURRENCY		AMOUNT IN CHF	
IN MILLIONS OF	CURRENCY	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Nuance Group (Australia) Pty Ltd.	AUD	121.8	121.8	89.5	88.8
Dufry America Holding Inc.	USD	13.4	17.2	13.7	17.2
Nuance Group (Sverige) AB	SEK	110.0	110.0	12.3	13.0
Dufry Duty Free (Nigeria) Ltd.	USD	6.1	–	6.2	–
Total				**121.7**	**119.0**

32. PROVISIONS

IN MILLIONS OF CHF	CONTIN-GENT LIABILITIES	ONEROUS CONTRACTS	CLOSEDOWN	LAWSUITS AND DUTIES	LABOR DISPUTES	OTHER	TOTAL
Restated *							
Balance at January 1	**79.9**	**171.3**	**9.8**	**21.7**	**2.3**	**48.2**	**333.2**
Charge for the year	–	–	1.0	–	1.5	9.2	11.7
Utilized	(10.7)	(18.7)	(1.0)	(0.2)	–	(22.3)	(52.9)
Unused amounts reversed	–	(3.9)	–	(0.5)	–	(3.7)	(8.1)
Interest discounted	–	10.7	–	–	–	–	10.7
Reclassification from / to other accounts[1]	–	–	–	13.2	–	(0.4)	12.8
Currency translation adjustments	(0.8)	(2.0)	(0.9)	(0.9)	–	(2.4)	(7.0)
Balance at December 31	**68.4**	**157.4**	**8.9**	**33.3**	**3.8**	**28.6**	**300.4**
THEREOF							
Current	–	57.0	8.9	33.3	1.3	16.4	116.9
Non-current	68.4	100.4	–	–	2.5	12.2	183.5

* The restatement is commented in note 39
[1] From payables for non trade services (CHF 13.2 million) and to other accounts receivable (CHF – 0.4 million)

Management believes that its provisions are adequate based upon currently available information. However, given the inherent difficulties in estimating liabilities in the areas described below, actual costs may vary from the amounts provisioned.

CONTINGENT LIABILITIES

Dufry as internationally operating company is exposed to contingent liabilities in respect of legal and tax claims in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than provided for.

In 2016, the contingent liabilities decreased by CHF 10.7 million and relate to the reversal of the provision for VAT in Argentina. In 2015 restated, the contingent liabilities increased by CHF 8.9 million based on findings in Europe recognized during the due diligence and the integration process made for the acquisition of the World Duty Free Group.

IFRS 3 Business combinations requires to reflect these liabilities with uncertain amounts in the statement of financial position although the risk exposure for some of these positions has been regarded as medium or low. The identified risks include a variety of potential liabilities from past periods, mainly related to the import and sale of merchandise by entities under common control or regarding contributions owed based on the contractual situation of employees. As the identified risks implied in these contingent liabilities are subject to interpretations and uncertainties in the respective regulations, the management made an estimation of the fair value.

ONEROUS CONTRACTS

Concession agreements usually fix the fee for the locations as a percentage on net sales. Some of these long-term concession agreements, which Dufry has entered into, include clauses to ensure a minimal concession fee during the full term of the agreement. However, in certain circumstances the economic environment around an activity deteriorates in such a way that it is highly unlikely that the operation will become profitable during the remaining concession duration. In such cases Dufry does impair the assets subject to amortization or depreciation and creates a provision for onerous contracts. This provision reflects the present value of the unavoidable cost (losses) of meeting the contractual obligation. At balance sheet date, an amount of CHF 157.4 (2015: 171.3) million has been provided in relation to operations in Asia, Europe and Australia.

CLOSE DOWN

The provision of CHF 8.9 (2015: 42.0) million relates mainly to the closing of operations in Asia and Europe.

LABOR DISPUTES

The provision of CHF 3.8 (2015: 2.3) million relates mainly to claims presented by sales staff based on disputes related to the termination of temporary labor contracts in Brazil.

LAWSUITS AND DUTIES

These provisions of CHF 33.3 (2015: 21.7) million cover uncertainties dependent on the outcome of law suits in relation to taxes, duties or other claims in India, Turkey, United Kingdom, Brazil, Ecuador and Italy. Two of Dufry's dormant operation in India still keep two open claims (CHF 13.2 million) in relation with customs duties and the other in relation with service taxes. Dufry expects that both cases won't be finally judged in the next year.

OTHER

These provisions relate mainly to the restoration of leased shops to their original condition. The charge for the year includes a provision for the expenses expected to be incurred in relation to the structural improvements and the integration of support functions of the organization. The utilization of the year is mainly related to the restructuring program in Spain and the United Kingdom.

CASH OUTFLOWS OF NON-CURRENT PROVISIONS

The expected timing of the related cash outflows of non-current provisions as of December 31, 2016 is currently projected as follows:

IN MILLIONS OF CHF	EXPECTED CASH OUTFLOW
2018	34.7
2019	28.6
2020	35.9
2021	4.0
2022+	80.4
Total non-current	**183.5**

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS

Dufry provides retirement benefits through a variety of arrangements comprised principally of stand-alone defined benefit or defined contribution plans, or state administered plans that cover a substantial portion of employees in accordance with local regulations and practices. The most significant plans in terms of the benefits accrued to date by participants are cash balance and final salary plans. Around 95.9 % (2015: 96.2 %) of the total defined benefit obligation and 99.5 % (2015: 100 %) of the plan assets correspond to pension funds in Switzerland (CH) and the United Kingdom (UK).

			2016			2015
IN MILLIONS OF CHF	Funded	Unfunded	TOTAL	Funded	Unfunded	TOTAL
SWITZERLAND						
Fair value of plan assets	185.0	–	185.0	179.2	–	179.2
Present value of defined benefit obligation	205.2	–	205.2	194.8	–	194.8
Financial (deficit) surplus	**(20.2)**	**–**	**(20.2)**	**(15.6)**	**–**	**(15.6)**
UK						
Fair value of plan assets	191.5	–	191.5	186.3	–	186.3
Present value of defined benefit obligation	221.0	–	221.0	209.8	–	209.8
Financial (deficit) surplus	**(29.5)**	**–**	**(29.5)**	**(23.5)**	**–**	**(23.5)**
OTHER PLANS						
Fair value of plan assets	2.1	–	2.1	–	–	–
Present value of defined benefit obligation	2.3	16.1	18.4	–	16.2	16.2
Financial (deficit) surplus	**(0.2)**	**(16.1)**	**(16.3)**	**–**	**(16.2)**	**(16.2)**
TOTAL						
Fair value of plan assets	378.6	–	378.6	365.5	–	365.5
Present value of defined benefit obligation	428.5	16.1	444.6	404.6	16.2	420.8
Total net book value employee benefits	**(49.9)**	**(16.1)**	**(66.0)**	**(39.1)**	**(16.2)**	**(55.3)**

A description of the significant retirement benefit plans is as follows:

Reconciliation to the funded plans

		2016		2015
IN MILLIONS OF CHF	Switzerland	UK	Switzerland	UK[1]
Net defined (obligation) / asset at January 1	**(15.6)**	**(23.5)**	**(24.2)**	**–**
Net defined asset / (obligation) of acquired companies	–	–	–	(25.6)
Pension expense through income statement	(7.8)	(1.0)	(8.1)	(1.2)
Remeasurements through other comprehensive income	(3.5)	(8.6)	9.8	2.5
Contributions paid by employer	6.6	0.1	7.0	0.2
Currency translation	–	3.6	–	0.5
Net defined (obligation) / asset at December 31	**(20.2)**	**(29.5)**	**(15.6)**	**(23.5)**

[1] For the period August to December

33.1 SWITZERLAND

Dufry operates two company sponsored pension funds in form of foundations in Switzerland that provide contribution-based cash balance retirement and risk benefits to employees. All pension plans in Switzerland are governed by the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. Pension plans are overseen by a regulator as well as by a state supervisory body. A pension plan's most senior governing body (Board of Trustees) must be composed of equal numbers of employee and employer representatives. The various insurance benefits are governed in regulations, with the BVG specifying the minimum benefits that are to be provided. The employer and employees pay contributions to the pension plan. In case of an underfunding, various measures can be taken such as the adjustment of the pension benefits, by altering the actuarial assumptions or increasing future contributions. The employer can also make additional restructuring contributions. The BVG prescribes how the employer and the employee have to jointly fund potential restructurings.

These risks consist of demographic risks, primarily life expectancy, and financial risks such as the discount rate, future increases in salaries / wages, and the return on plan assets. These risks are regularly assessed by the Board of Trustees. In addition, two annual actuarial reports are submitted, one in accordance with the requirements of the BVG, the other in accordance with IFRS requirements.

The investment strategy is defined in form of a long-term target asset-, currency- and risk-structure (investment policy), which takes into account requirements from BVG, and aim to obtain a high long-term return on plan assets. The Board of Trustees is responsible for the investment of the assets, reviewing the investment portfolio as often as necessary – especially in the case of significant changes in the expectations of market developments and at least once a year. When reviewing the investment portfolio, it takes into account the limitations set in the strategy. The Board of Trustees delegates the implementation of the investment policy – in accordance with the investment strategy as well as various principles and objectives – to an Investment Committee, which consists of two members of the Board of Trustees. They supervise the entire investment process. The plan assets are managed by several external specialized and independent asset managers in accordance with the investment strategy, whereby the investments in properties are directly managed by the fund.

Under Swiss pension law Dufry cannot recover any surplus from the pension funds, because those belong to the foundations.

The pension funds currently invest in a diverse portfolio of asset classes including equities, bonds, property and commodities but do not currently use any more explicit asset-liability matching strategy instruments such as annuity purchase products or longevity swaps.

There have been the following changes made to the Swiss retirement benefit arrangements in the periods covered by these financial statements:

- In October 2015 Dufry informed their employees about the planned transfer of the PKW into the PVN as of January 1, 2016. Combined with this transfer the foundation board of the Nuance Group pension plan decided to change some of the plan benefits as from January 1, 2016, resulting in a plan change for all pension plan members. The plan change resulted in a past service credit of CHF 3.3 million which has been recognized in the 2015 pension expenses.

33.2 UNITED KINGDOM (UK)

Dufry operates another defined benefit pension plan in the UK under specific regulatory frameworks. The UK plan provides a retirement benefit in the form of a pension payment based on a guaranteed percentage of salary accruing for each year of service, revalued to and payable from retirement. In the UK plan, pension payments increase annually in line with the retail price index, subject to certain limits. The pension payments are made from trustee-administered funds; however, where plans are underfunded, the company meets the benefit payment obligation as it falls due. The plan is governed by local legislation and its own trust documentation. The responsibility for the governance of the plan, including investment decisions and contribution schedules, lies with the Board of Trustees. The Board of Trustees must be composed of representatives of the Company and plan participants in accordance with the plans' regulations.

Cost of defined benefit plans

	2016		2015	
IN MILLIONS OF CHF	**Switzerland**	**UK**	**Switzerland**	**UK**[1]
SERVICE COSTS				
Current service costs	(7.3)	(0.2)	(10.7)	(0.3)
Past service costs	–	–	3.3	–
Fund administration	(0.4)	–	(0.4)	–
Net interest	(0.1)	(0.8)	(0.3)	(0.9)
Total pension expenses recognized in the income statement	**(7.8)**	**(1.0)**	**(8.1)**	**(1.2)**

[1] For the period August to December

The current service costs, the change to cash balance plan and costs of funds administration of Dufry are included in personnel expenses (see note 9 retirement benefits).

Remeasurements employee benefits

	2016		2015	
IN MILLIONS OF CHF	**Switzerland**	**UK**	**Switzerland**	**UK**[1]
Actuarial gains (losses) – experience	(1.6)	3.4	3.6	1.0
Actuarial gains (losses) – demographic assumptions	1.6	2.0	7.8	2.2
Actuarial gains (losses) – financial assumptions	(8.6)	(46.4)	(6.7)	3.0
Return on plan assets exceeding expected interest	5.1	32.4	5.1	(3.7)
Other effects	(5.4)	–	–	–
Total remeasurements recorded in other comprehensive income	**(8.9)**	**(8.6)**	**9.8**	**2.5**

[1] For the period August to December

The following tables summarize the components of the funded status and amounts recognized in the statement of financial position for the plan:

Change in the fair value of plan assets

	2016		2015	
IN MILLIONS OF CHF	Switzerland	UK	Switzerland	UK[1]
Balance at January 1	**179.2**	**186.3**	**181.1**	**–**
Business combinations	–	–	–	194.6
Interest income[2]	1.8	6.0	2.2	6.9
Return on plan assets, above interest income	5.1	32.4	5.1	(3.7)
Contributions paid by employer	6.6	0.1	7.0	0.2
Contributions paid by employees	3.8	0.1	3.6	0.1
Benefits paid	(11.5)	(6.0)	(19.8)	(7.1)
Currency translation	–	(27.4)	–	(4.7)
Balance at December 31	**185.0**	**191.5**	**179.2**	**186.3**

[1] For the period August to December
[2] Expected interest income on plan assets based on discount rate. See actuarial assumptions.

Change in present value of defined benefit obligation

	2016		2015	
IN MILLIONS OF CHF	Switzerland	UK	Switzerland	UK[1]
Balance at January 1	**194.8**	**209.8**	**205.3**	**–**
Business combinations	–	–	–	220.2
Current service costs	7.3	0.2	10.7	0.3
Interest costs	1.9	6.8	2.6	7.8
Contributions paid by employees	3.8	0.1	3.6	0.1
Accrual of expected future administration costs	0.4	–	0.4	–
Actuarial losses / (gains) – experience	1.6	(3.4)	(3.6)	(1.0)
Actuarial losses / (gains) – demographic assumptions	(1.6)	(2.0)	(7.8)	(2.2)
Actuarial losses / (gains) – financial assumptions	8.6	46.4	6.7	(3.0)
Benefits paid	(11.5)	(6.0)	(19.8)	(7.1)
Past service cost – plan amendments	–	–	(3.3)	–
Currency translation	–	(30.9)	–	(5.3)
Balance at December 31	**205.2**	**221.0**	**194.8**	**209.8**
Net defined benefit (obligation) / asset at December 31	**(20.2)**	**(29.5)**	**(15.6)**	**(23.5)**

[1] For the period August to December

Actuarial assumptions

The present value of the defined benefit obligation is determined annually by independent actuaries using the projected unit credit method. The main actuarial assumptions used are:

	2016		2015	
IN PERCENTAGE (%)	Switzerland	UK	Switzerland	UK[1]
Discount rates	0.75	2.75	1.00	3.85
Future salary increases	1.50	4.30	1.50	4.25
Future pension increases	0.25	2.20	0.25	2.20
Average retirement age (in years)	64	65	64	65
Mortality table (generational tables)	2015	2016	2010	2015

1 For the period August to December

The mortality table takes into account changes in the life expectancy.

Plan asset structure

The categories of plan assets in percentage of total value are as follows:

	2016		2015	
IN PERCENTAGE (%)	Switzerland	UK	Switzerland	UK[1]
Shares	31.6	29.1	30.9	29.4
Bonds	26.1	52.8	30.3	58.5
Real estate	38.3	–	28.1	–
Other[2]	4.0	18.1	10.7	12.1
Total	**100.0**	**100.0**	**100.0**	**100.0**

1 For the period August to December
2 Includes liquid positions and alternative investments.

All assets held by the Pension fund in Switzerland and UK are fair-value-level 1 (quoted prices in active markets), except certain real estate in Switzerland which are fair-value-level 2 (significant observable inputs) representing 15 % (2015: 13.9 %) of the total assets.

The net outflow of funds due to pension payments can be planned reliably. Contributions are paid regularly to the funded pension plans in Switzerland and UK. Furthermore, the respective investment strategies take account of the need to guarantee the liquidity of the plan at all times. Dufry does not make use of any assets held by pension plans.

Plan participants

IN THOUSAND OF CHF	2016 Switzerland	2016 UK	2015 Switzerland	2015 UK[1]
ACTIVE PARTICIPANTS				
Number at December 31 (persons)	865	25	882	25
Average annual plan salary	77.0	62.8	70.3	70
Average age (years)	40.7	48.6	40.0	49.0
Average benefit service (years)	9.9	–	10.0	14.1
DEFERRED PARTICIPANTS				
Number at December 31 (persons)	–	1,397	–	1,397
Average annual plan pension	–	4.7	–	5.3
BENEFIT RECEIVING PARTICIPANTS				
Number at December 31 (persons)	141	910	137	910
Average annual plan rent	24.0	3.6	24.0	4.0

[1] For the period August to December

IN MILLIONS OF CHF	2016 Switzerland	2016 UK	2015 Switzerland	2015 UK[1]
EXPECTED CONTRIBUTIONS FOR				
Employer	6.0	0.1	5.8	0.2
Employees	3.5	0.1	3.1	0.1
Weighted average duration of defined benefit obligation (years)	20.6	22.0	19.7	21.2

[1] For the period August to December

IN MILLIONS OF CHF	2016 Switzerland	2016 UK	2015 Switzerland	2015 UK
MATURITY PROFILE OF DEFINED BENEFIT OBLIGATION				
Expected payments within 1 year	7.0	6.4	7.5	6.5
Expected payments in year 2	6.9	6.0	7.1	5.5
Expected payments in year 3	6.7	5.4	7.1	6.0
Expected payments in year 4	6.5	5.6	7.0	5.4
Expected payments in year 5	6.4	6.2	6.6	5.6
Expected payments in year 6 and beyond	33.3	38.2	36.7	36.7

Sensitivities of significant actuarial assumptions

The discount rate and the future salary increase were identified as significant actuarial assumptions.

The following impacts on the defined benefit obligation are to be expected:

2016 IN MILLIONS OF CHF	SWITZERLAND Increase	 Decrease	UK Increase	 Decrease
A CHANGE OF 0.5 % IN THE FOLLOWING ASSUMPTIONS WOULD IMPLY				
Discount rate	(16.7)	19.0	n / a	24.1
Salary rate	4.1	(3.9)	n / a	n / a.

The sensitivity analysis is based on realistically possible changes as of the end of the reporting year. Each change in a significant actuarial assumption was analyzed separately as part of the test. Interdependencies were not taken into account.

Expected costs

IN MILLIONS OF CHF	2017 Switzerland	 UK
Current service cost	7.6	0.4
Fund administration expenses	0.4	–
Net interest expenses	0.1	0.8
Costs to be recognized in income statement	**8.1**	**1.2**

34. OTHER LIABILITIES

IN MILLIONS OF CHF	31.12.2016	RESTATED * 31.12.2015
Concession fee payables[1]	281.0	246.7
Personnel payables	170.8	167.5
Other service related vendors	154.5	239.0
Sales tax and other tax liabilities	101.0	98.5
Accrual for lease expenses	88.3	61.9
Payables for capital expenditure	40.2	31.3
Interest payables	32.2	50.8
Accrued liabilities	21.1	16.5
Financial derivative liabilities	6.5	2.6
Payables to local business partners	2.8	1.7
Payables for projects	1.4	19.5
Payables for acquisitions	–	0.1
Other payables	28.6	25.1
Total	**928.4**	**961.2**
THEREOF		
Current liabilities	832.3	896.3
Non-current liabilities	96.1	64.9
Total	**928.4**	**961.2**

* The restatement is commented in note 39

[1] In 2015, a reclassification of CHF 78.7 million from Other service related vendors to Concession fee payables was made.

35. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

A party is related to Dufry if the party directly or indirectly controls, is controlled by, or is under common control with Dufry, has an interest in Dufry that gives it significant influence over Dufry, has joint control over Dufry or is an associate or a joint venture of Dufry. In addition, members of the key management personnel of Dufry or close members of the family are also considered related parties as well as post-employment benefit plans for the benefit of employees of Dufry.

The related party transactions and relationships for Dufry are the following:

IN MILLIONS OF CHF	2016	2015
PURCHASE OF GOODS FROM		
Hudson Wholesale, purchase of merchandises [1]	15.3	18.5
Hudson RPM, purchase of merchandises [1]	4.9	4.1
Folli Follie Group, purchase of goods [2]	2.5	3.7
PURCHASE OF OTHER SERVICES FROM		
Folli Follie Group, rent of building [2]	1.8	0.6
Pension Fund Weitnauer, post-employment benefits	–	4.2
Pension Fund Nuance, post-employment benefits	6.6	6.5
OUTSTANDING PAYABLES AT DECEMBER 31		
Hudson Wholesale, trade payables [1]	0.9	1.1
Hudson RPM, trade payables [1]	0.5	0.3
Folli Follie Group, trade payables [2]	3.6	4.2
Pension Fund Nuance, personnel payables	1.2	0.4
OUTSTANDING RECEIVABLES AT DECEMBER 31		
Folli Follie Group, trade receivables [2]	0.4	0.3

[1] These two Hudson companies are controlled by James S. Cohen, a member of the Board of Directors
[2] Folli Follie Group is controlled by George Koutsolioutsos, a member of the Board of Directors

The compensation to members of the Board of Directors and the Group Executive Committee for the services provided during the respective years includes all forms of consideration paid, payable or provided by Dufry, including compensation in company shares as follows:

IN MILLIONS OF CHF	2016	2015
BOARD OF DIRECTORS		
Number of directors	9	9
Short-term employee benefits	6.5	5.6
Post-employment benefits	0.3	0.3
Total compensation	**6.8**	**5.9**
GROUP EXECUTIVE COMMITTEE		
Number of members	12	9
Short-term employee benefits	18.7	16.1
Post-employment benefits	1.7	1.2
Share-based payments[1]	1.2	2.8
Total compensation	**21.6**	**20.1**

[1] Expenses accrued during the year for members of the Group Executive Committee

For further information regarding participations and compensation to members of the Board of Directors or Group Executive Committee, please refer to the remuneration report at the end of the annual report.

36. COMMITMENTS AND CONTINGENCIES

GUARANTEE COMMITMENTS

Some long-term concession agreements, which Dufry has entered into, include obligations to fulfill minimal fee payments during the full term of the agreement. Some of these agreements have been backed with guarantees provided by Dufry or a financial institution. During the years 2016 or 2015, no party has exercised their right to call upon such guarantees. All accrued, but still unpaid concession fees are presented as liabilities in the balance sheet.

37. FAIR VALUE MEASUREMENT

FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTIZED COST

Except as detailed in table Quantitative disclosures fair value measurement hierarchy for assets below, Dufry considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

The following tables provide the fair value measurement hierarchy of Dufry's assets and liabilities, that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:
- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quantitative disclosures fair value measurement hierarchy for assets

DECEMBER 31, 2016 IN MILLIONS OF CHF	DATE OF VALUATION	TOTAL	FAIR VALUE MEASUREMENT USING: Quoted prices in active markets (Level 1)	FAIR VALUE MEASUREMENT USING: Significant observable inputs (Level 2)	FAIR VALUE MEASUREMENT USING: Significant unobservable inputs (Level 3)	BOOK VALUES
ASSETS MEASURED AT FAIR VALUE						
Derivative financial assets						
Foreign exchange forward contracts – USD	31.12.2016	–		–		–
Foreign exchange forward contracts – EUR	31.12.2016	0.9		0.9		0.9
Foreign exchange swaps contracts – USD	31.12.2016	0.4		0.4		0.4
Cross currency swaps contracts – EUR	31.12.2016	27.3		27.3		27.3
Cross currency swaps contracts – GBP	31.12.2016	0.1		0.1		0.1
Total (Note 38.5.2)		**28.7**		**28.7**		**28.7**
ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED						
Loans and receivables						
Credit card receivables	31.12.2016	42.9		42.9		43.7

DECEMBER 31, 2015 IN MILLIONS OF CHF	DATE OF VALUATION	TOTAL	FAIR VALUE MEASUREMENT USING: Quoted prices in active markets (Level 1)	FAIR VALUE MEASUREMENT USING: Significant observable inputs (Level 2)	FAIR VALUE MEASUREMENT USING: Significant unobservable inputs (Level 3)	BOOK VALUES
ASSETS MEASURED AT FAIR VALUE						
Derivative financial assets						
Foreign exchange forward contracts – USD	31.12.2015	0.5		0.5		0.5
Foreign exchange forward contracts – EUR	31.12.2015	1.2		1.2		1.2
Total (Note 38.5.2)		**1.7**		**1.7**		**1.7**
Financial assets valued at FVTPL						
Short-term deposits	31.12.2015	29.5	29.5			29.5
Short-term financial investments	31.12.2015	17.7	17.7			17.7
Total (Note 38.2)		**47.2**	**47.2**			**47.2**
ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED						
Loans and receivables						
Credit card receivables	31.12.2015	45.5		45.5		46.4

There were no transfers between the Level 1 and 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities

			FAIR VALUE MEASUREMENT USING			
DECEMBER 31, 2016 IN MILLIONS OF CHF	**DATE OF VALUATION**	**TOTAL**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**BOOK VALUES**
LIABILITIES MEASURED AT FAIR VALUE						
Derivative financial liabilities						
Foreign exchange forward contracts – USD	31.12.2016	0.2		0.2		0.2
Foreign exchange forward contracts – EUR	31.12.2016	–		–		–
Foreign exchange swaps contracts – EUR	31.12.2016	0.2		0.2		0.2
Cross currency swaps contracts – GBP	31.12.2016	1.5		1.5		1.5
Total (Note 38.5.2)		**1.9**		**1.9**		**1.9**
Financial liabilities valued at FVTPL						
Interest rate swaps	31.12.2016	4.6		4.6		4.6
Total (Note 38.6.1)		**4.6**		**4.6**		**4.6**
LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED						
At amortized cost						
Senior Notes EUR 500	31.12.2016	562.1	562.1			528.3
Senior Notes EUR 700	31.12.2016	801.2	801.2			740.5
Total		**1,363.3**	**1,363.3**			**1,268.8**
Floating rate borrowings USD	31.12.2016	2,150.6		2,150.6		2,038.3
Floating rate borrowings EUR	31.12.2016	189.4		189.4		175.1
Floating rate borrowings GBP	31.12.2016	616.2		616.2		582.1
Total		**2,956.2**		**2,956.2**		**2,795.5**

There were no transfers between the Level 1 and 2 during the period.

			FAIR VALUE MEASUREMENT USING			
DECEMBER 31, 2015 IN MILLIONS OF CHF	**DATE OF VALUATION**	**TOTAL**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**BOOK VALUES**
LIABILITIES MEASURED AT FAIR VALUE						
Derivative financial liabilities						
Foreign exchange forward contracts – USD	31.12.2015	0.9		0.9		0.9
Foreign exchange forward contracts – EUR	31.12.2015	0.1		0.1		0.1
Foreign exchange forward contracts – GBP	31.12.2015	0.1		0.1		0.1
Total (Note 38.5.2)		**1.1**		**1.1**		**1.1**
Financial liabilities valued at FVTPL						
Interest rate swaps	31.12.2015	1.5		1.5		1.5
Total (Note 38.6.1)		**1.5**		**1.5**		**1.5**
LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED						
At amortized cost						
Senior Notes USD 500	31.12.2015	519.2	519.2			493.2
Senior Notes EUR 500	31.12.2015	569.3	569.3			529.6
Senior Notes EUR 700	31.12.2015	792.5	792.5			744.5
Total		**1,881.0**	**1,881.0**			**1,767.3**
Floating rate borrowings USD	31.12.2015	1,089.5		1,089.5		1,019.1
Floating rate borrowings EUR	31.12.2015	859.1		859.1		789.7
Floating rate borrowings CHF	31.12.2015	102.4		102.4		98.4
Floating rate borrowings GBP	31.12.2015	674.0		674.0		631.8
Total		**2,725.0**		**2,725.0**		**2,539.0**

There were no transfers between the Level 1 and 2 during the period.

38. FINANCIAL INSTRUMENTS

Significant accounting policies are described in note 2.3 v) and following notes.

38.1 CAPITAL RISK MANAGEMENT

Capital comprises equity attributable to the equity holders of the parent less hedging and revaluation reserves for unrealized gains or losses on net investment, plus other equity-linked or equity-like instruments attributable to the parent.

The primary objective of Dufry's capital management is to ensure that it maintains an adequate credit rating and sustainable capital ratios in order to support its business and maximize shareholder value.

Dufry manages its financing structure and makes adjustments to it in light of its strategy and the long-term opportunities and costs of each financing source. To maintain or adjust the financing structure, Dufry may adjust dividend payments to shareholders, return capital to shareholders, issue new shares or issue equity-linked instruments or equity-like instruments.

Furthermore, Dufry monitors the financing structure using a combination of ratios, including a gearing ratio, cash flow considerations and profitability ratios. As for the gearing ratio Dufry includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

38.1.1 Gearing ratio

The following ratio compares owner's equity to borrowed funds:

IN MILLIONS OF CHF	31.12.2016	RESTATED * 31.12.2015
Cash and cash equivalents	(450.8)	(434.4)
Financial debt, short-term	127.3	77.3
Financial debt, long-term	4,073.9	4,313.1
Net debt	**3,750.4**	**3,956.0**
Equity attributable to equity holders of the parent	3,062.0	3,154.7
ADJUSTED FOR		
Accumulated hedged gains / (losses)	9.6	40.1
Effects from transactions with non-controlling interests[1]	1,835.5	1,821.0
Total capital[2]	**4,907.1**	**5,015.8**
Total net debt and capital	**8,657.5**	**8,971.8**
Gearing ratio	**43.3 %**	**44.1 %**

* The restatement is commented in note 39

1 Represents the excess paid (received) above fair value of non-controlling interests on shares acquired (sold) as long as there is no change in control (IFRS 10.23)

2 Includes all capital and reserves of Dufry that are managed as capital

Dufry did not hold collateral of any kind at the reporting dates.

38.2 CATEGORIES OF FINANCIAL INSTRUMENTS

AT DECEMBER 31, 2016

IN MILLIONS OF CHF	FINANCIAL ASSETS: Loans and receivables	FINANCIAL ASSETS: at FVTPL	FINANCIAL ASSETS: SUBTOTAL	NON-FINANCIAL ASSETS	TOTAL
Cash and cash equivalents	450.8	–	450.8	–	450.8
Financial instruments at fair value through profit and loss	–	–	–	–	–
Trade and credit card receivables	94.6	–	94.6	–	94.6
Other accounts receivable	183.4	28.7	212.1	289.3	501.4
Other non-current assets	106.4	–	106.4	189.7	296.1
Total	**835.2**	**28.7**	**863.9**		

IN MILLIONS OF CHF	FINANCIAL LIABILITIES: at amortized cost	FINANCIAL LIABILITIES: at FVTPL	FINANCIAL LIABILITIES: SUBTOTAL	NON-FINANCIAL LIABILITIES	TOTAL
Trade payables	590.4	–	590.4	–	590.4
Financial debt short-term	127.3	–	127.3	–	127.3
Other liabilities	703.9	6.5	710.4	121.9	832.3
Financial debt long-term	4,073.9	–	4,073.9	–	4,073.9
Other non-current liabilities	7.8	–	7.8	88.3	96.1
Total	**5,503.3**	**6.5**	**5,509.8**		

RESTATED * AT DECEMBER 31, 2015

IN MILLIONS OF CHF	FINANCIAL ASSETS: Loans and receivables	FINANCIAL ASSETS: at FVTPL [1]	FINANCIAL ASSETS: SUBTOTAL	NON-FINANCIAL ASSETS [2]	TOTAL
Cash and cash equivalents	404.9	29.5	434.4	–	434.4
Financial instruments at fair value through profit and loss	–	17.7	17.7	–	17.7
Trade and credit card receivables	132.9	–	132.9	–	132.9
Other accounts receivable	128.6	1.7	130.3	202.5	332.8
Other non-current assets	109.4	–	109.4	238.0	347.4
Total	**775.8**	**48.9**	**824.7**		

IN MILLIONS OF CHF	FINANCIAL LIABILITIES: at amortized cost	FINANCIAL LIABILITIES: at FVTPL [1]	FINANCIAL LIABILITIES: SUBTOTAL	NON-FINANCIAL LIABILITIES [2]	TOTAL
Trade payables	547.3	–	547.3	–	547.3
Financial debt short-term	77.3	–	77.3	–	77.3
Other liabilities	777.7	2.6	780.3	116.0	896.3
Financial debt long-term	4,313.1	–	4,313.1	–	4,313.1
Other non-current liabilities	3.0	–	3.0	61.9	64.9
Total	**5,718.4**	**2.6**	**5,721.0**		

* The restatement is commented in note 39

[1] Financial assets and liabilities at fair value through profit and loss

[2] Non-financial assets and liabilities comprise prepaid expenses and deferred income, which will not generate a cash outflow or inflow as well as other tax positions

38.2.1 Net income by IAS 39 valuation category

Financial Assets at December 31, 2016

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVTPL	TOTAL
Interest income	21.8	–	21.8
Other finance income	2.6	6.3	8.9
From interest	**24.4**	**6.3**	**30.7**
Fair values gain (loss)	–	–	–
Foreign exchange gain (loss)[1]	97.1	30.2	127.2
Impairments / allowances[2]	(9.2)	–	(9.2)
Total – from subsequent valuation	**87.9**	**30.2**	**118.0**
Net (expense) / income	**112.3**	**36.5**	**148.7**

Financial Liabilities at December 31, 2016

IN MILLIONS OF CHF	AT AMORTIZED COST	AT FVTPL	TOTAL
Interest expenses	(222.6)	–	(222.6)
Other finance expenses	(4.3)	(5.5)	(9.8)
From interest	**(226.9)**	**(5.5)**	**(232.4)**
Foreign exchange gain (loss)[1]	(130.5)	–	(130.5)
Total – from subsequent valuation	**(130.5)**	**–**	**(130.5)**
Net (expense) / income	**(357.4)**	**(5.5)**	**(362.9)**

[1] This position includes the foreign exchange gain (loss) recognized on third party and intercompany financial assets and liabilities through consolidated income statement

[2] This position includes the income from the released impairments and allowances and recoveries during the period less the increase of impairments and allowances

Financial Assets at December 31, 2015

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVTPL	TOTAL
Interest income	5.6	0.7	6.3
Other finance income	0.4	4.5	4.9
From interest	**6.0**	**5.2**	**11.2**
Fair values gain (loss)	–	4.9	4.9
Foreign exchange gain (loss)[1]	(148.3)	10.9	(137.3)
Impairments / allowances[2]	(11.7)	–	(11.7)
Total – from subsequent valuation	**(160.0)**	**15.8**	**(144.2)**
Net (expense) / income	**(154.0)**	**21.0**	**(133.0)**

Financial Liabilities at December 31, 2015

IN MILLIONS OF CHF	AT AMORTIZED COST	AT FVTPL	TOTAL
Interest expenses	(172.6)	–	(172.6)
Other finance expenses	(5.5)	(1.2)	(6.7)
From interest	**(178.1)**	**(1.2)**	**(179.3)**
Foreign exchange gain (loss)[1]	136.3	–	136.3
Total – from subsequent valuation	**136.3**	**–**	**136.3**
Net (expense) / income	**(41.8)**	**(1.2)**	**(43.0)**

[1] This position includes the foreign exchange gain (loss) recognized on third party and intercompany financial assets and liabilities through consolidated income statement

[2] This position includes the income from the released impairments and allowances and recoveries during the period less the increase of impairments and allowances

38.3 FINANCIAL RISK MANAGEMENT OBJECTIVES

As a global retailer, Dufry has worldwide activities which need to be financed in different currencies and are consequently affected by fluctuations of foreign exchange and interest rates. Dufry's treasury manages the financing of the operations through centralized credit facilities to ensure an adequate allocation of these resources and simultaneously minimize the potential currency financial risk impacts.

Dufry continuously monitors the market risk, such as risks related to foreign currency, interest rate, credit, liquidity and capital. Dufry seeks to minimize the currency exposure and interest rates risk using appropriate transaction structures or alternatively, using derivative financial instruments to hedge the exposure to these risks. The treasury policy forbids entering or trading financial instruments for speculative purposes.

38.4 MARKET RISK

Dufry's financial assets and liabilities are mainly exposed to market risk in foreign currency exchange and interest rates. Dufry's objective is to minimize the income statement impact and to reduce fluctuations in cash flows through structuring the respective transactions to minimize market risks. In cases, where the associated risk cannot be hedged appropriately through a transaction structure, and the evaluation of market risks indicates a material exposure, Dufry may use financial instruments to hedge the respective exposure.

Dufry may enter into a variety of financial instruments to manage its exposure to foreign currency risk, including forward foreign exchange contracts, currency swaps and over the counter plain vanilla options.

During the current financial year Dufry utilized foreign currency forward contracts and options for hedging purposes.

38.5 FOREIGN CURRENCY RISK MANAGEMENT

Dufry manages the cash flow surplus or deficits in foreign currency of the operations through FX-transactions in the respective local currency. Major imbalances in foreign currencies at Group level are hedged through foreign exchange forwards contracts. The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecasted transactions.

38.5.1 Foreign currency sensitivity analysis

Among various methodologies to analyze and manage risk, Dufry utilizes a system based on sensitivity analysis. This tool enables group treasury to identify the level of risk of each entity. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions.

Foreign Currency Exposure:

IN MILLIONS OF CHF	USD	EURO	GBP	BRL	OTHER	TOTAL
DECEMBER 31, 2016						
Monetary assets	2,227.5	2,082.6	673.5	50.7	241.1	5,275.4
Monetary liabilities	3,832.2	2,087.8	1,054.7	102.4	193.3	7,270.4
Net currency exposure before foreign currency contracts and hedging	**(1,604.7)**	**(5.2)**	**(381.2)**	**(51.7)**	**47.8**	**(1,995.0)**
Foreign currency contracts	561.3	(160.7)	124.9	–	–	525.5
Hedging	944.2	–	301.5	–	(101.8)	1,143.9
Net currency exposure	**(99.2)**	**(165.9)**	**45.2**	**(51.7)**	**(54.0)**	**(325.6)**
RESTATED * DECEMBER 31, 2015						
Monetary assets	1,653.0	1,896.9	661.0	20.2	256.8	4,487.9
Monetary liabilities	3,139.5	2,130.2	1,016.1	36.0	166.3	6,488.1
Net currency exposure before hedging	**(1,486.5)**	**(233.3)**	**(355.1)**	**(15.8)**	**90.5**	**(2,000.2)**
Hedging	929.7	–	353.5	–	(101.8)	1,181.4
Net currency exposure	**(556.8)**	**(233.3)**	**(1.6)**	**(15.8)**	**(11.3)**	**(818.8)**

* The restatement is commented in note 39

The sensitivity analysis includes all monetary assets and liabilities irrespective of whether the positions are third party or intercompany. Dufry has considered some intercompany long-term loans as net investment in foreign operations. Consequently, the related exchange differences are presented in other comprehensive income and thereafter as translation reserve in equity and Dufry has entered into cross currency swaps to reduce the currency exposure.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure of Dufry entities at December 31 of the respective year. The values and risk disclosed here are the hedged and not hedged positions assuming a 5% appreciation of the CHF against all other currencies.

A positive result indicates a profit, before tax in the income statement or in the hedging and revaluation reserves when the CHF strengthens against the relevant currency.

IN MILLIONS OF CHF	31.12.2016	RESTATED 31.12.2015
Effect on the Income Statement – profit (loss) of USD	5.0	27.8
Other comprehensive income – profit (loss) of USD	47.1	46.5
Effect on the Income Statement – profit (loss) of EUR	8.3	11.7
Effect on the Income Statement – profit (loss) of GBP	(2.3)	0.1
Other comprehensive income – profit (loss) of GBP	15.1	17.7

Reconciliation to categories of financial instruments:

IN MILLIONS OF CHF	31.12.2016	RESTATED * 31.12.2015
FINANCIAL ASSETS		
Total financial assets held in foreign currencies (see above)	5,275.4	4,487.9
less intercompany financial assets in foreign currencies	(4,824.6)	(4,278.6)
Third party financial assets held in foreign currencies	450.8	209.3
Third party financial assets held in reporting currencies	413.1	615.4
Total third party financial assets [1]	**863.9**	**824.7**
FINANCIAL LIABILITIES		
Total financial liabilities held in foreign currencies (see above)	7,270.4	6,488.1
less intercompany financial liabilities in foreign currencies	(2,610.1)	(2,868.4)
Third party financial liabilities held in foreign currencies	4,660.3	3,619.7
Third party financial liabilities held in reporting currencies	849.5	2,101.3
Total third party financial liabilities [1]	**5,509.8**	**5,721.0**

* The restatement is commented in note 39
[1] See note 38.2 Categories of financial instruments

38.5.2 Foreign exchange forward contracts and foreign exchange options at fair value

As the management of the company actively pursues to naturally hedge the positions in each operation, the policy of Dufry is to enter into foreign exchange forward and options contracts only where needed.

The following table shows the contracts or underlying principal amounts and fair values of derivative financial instruments, including foreign exchange forwards and foreign exchange swaps as well as cross currency interest rate swaps. Contracts or underlying principal amounts indicate the volume of business outstanding at the balance sheet date. The fair values are determined by reference to market prices or standard pricing models that used observable market inputs at December 31 of each year. During 2016, Dufry has entered into a number of cross currency swap contracts in order to optimize interest expenses, which led to a material increase of contractual underlying amounts as of December 31, 2016 compared to previous year.

IN MILLIONS OF CHF	CONTRACT OR UNDERLYING PRINCIPAL AMOUNT	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE
December 31, 2016	986.0	28.7	1.9
December 31, 2015	273.7	1.7	1.1

38.5.3 Financial instruments at fair value through profit and loss

The Argentinian subsidiary was subject to international cash transfer restrictions. Consequently excess of cash was placed in Bonds denominated in USD to reduce the currency exposure. The changes in fair value were booked through profit and loss.

Denomination: Bono de la Nacion Argentina vinculado al dolar (BONAD 16)
Issuer: Argentinian Government
Fixed interest rate: 1.75 %
Maturity date: 28.10.2016
Currency: Issued in USD and settled in Argentinian Pesos

The movements of the listed public bonds denominated in USD are as follows:

IN MILLIONS OF CHF	2016	2015
Balance at January 1	**17.7**	**–**
Additions	–	11.7
Disposals	(17.5)	–
Fair value adjustment	–	4.9
Currency translation	(0.2)	1.1
Balance at December 31	**–**	**17.7**

The fair value of the listed public bonds was based on their current bid prices in the market.

Purchases of and proceeds from the sale of financial assets at fair value through profit and loss are presented within investing activities in the statement of cash flows.

38.6 INTEREST RATE RISK MANAGEMENT

Dufry manages the interest rate risk through interest rate swaps and options to the extent that the hedging cannot be implemented through managing the duration of the debt drawings. The levels of the hedging activities are evaluated regularly and may be adjusted in order to reflect the development of the various parameters. Dufry had 6 outstanding interest swaps contracts during 2016 (9 in 2015).

38.6.1 Interest rate swap contracts

The following table shows the contracts or underlying principal amounts and fair values of derivative financial instruments. Contracts or underlying principal amounts indicate the volume of business outstanding at December 31. The fair values are determined by reference to market prices or standard pricing models that used observable market inputs at December 31. During 2016, Dufry has entered into a number of interest rate swaps in order to optimize interest expenses.

IN MILLIONS OF CHF	CONTRACT OR UNDERLYING PRINCIPAL AMOUNT	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE
December 31, 2016	1,028.0	–	4.6
December 31, 2015	195.5	–	1.5

38.6.2 Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates derivatives and non-derivative instruments at the reporting date. The risk analysis provided here assumes a simultaneous increase of 100 basis points of the interest rate of all interest bearing financial positions.

If interest rates had been 100 basis points higher whereas all other variables were held constant, Dufry's net earnings for the year 2016 would decrease by CHF 43.2 (2015: decrease by 33.2) million.

38.6.3 Allocation of financial assets and liabilities to interest classes

	IN %		IN MILLIONS OF CHF				
AT DECEMBER 31, 2016	Average variable interest rate	Average fixed interest rate	Variable interest rate	Fixed interest rate	Total interest bearing	Non-interest bearing	TOTAL
Cash and cash equivalents	0.1 %	1.5 %	283.5	2.9	286.4	164.4	450.8
Financial instruments at fair value through profit and loss			–	–	–	–	–
Trade and credit card receivables			–	–	–	94.6	94.6
Other accounts receivable	4.5 %		2.3	–	2.3	209.8	212.1
Other non-current assets	3.0 %	3.1 %	56.4	1.7	58.1	48.3	106.4
Financial assets			**342.2**	**4.6**	**346.8**	**517.1**	**863.9**
Trade payables			–	–	–	590.4	590.4
Financial debt, short-term	7.3 %	17.3 %	75.9	49.9	125.8	1.5	127.3
Other liabilities			–	–	–	710.4	710.4
Financial debt, long-term	2.7 %	4.5 %	2,818.6	1,255.3	4,073.9	–	4,073.9
Other non-current liabilities			–	–	–	7.8	7.8
Financial liabilities			**2,894.5**	**1,305.2**	**4,199.7**	**1,310.1**	**5,509.8**
Net financial liabilities			**2,552.3**	**1,300.6**	**3,852.9**	**793.0**	**4,645.9**

	IN %		IN MILLIONS OF CHF				
RESTATED * AT DECEMBER 31, 2015	Average variable interest rate	Average fixed interest rate	Variable interest rate	Fixed interest rate	Total interest bearing	Non-interest bearing	TOTAL
Cash and cash equivalents	0.4 %	17.3 %	155.2	38.7	193.9	240.5	434.4
Financial instruments at fair value through profit and loss		1.8 %	–	17.7	17.7	–	17.7
Trade and credit card receivables			–	–	–	132.9	132.9
Other accounts receivable	7.1 %		2.9	–	2.9	127.4	130.3
Other non-current assets	3.1 %	0.5 %	36.4	0.4	36.8	72.6	109.4
Financial assets			**194.5**	**56.8**	**251.3**	**573.4**	**824.7**
Trade payables			–	–	–	547.3	547.3
Financial debt, short-term	6.1 %		74.4	2.5	76.9	0.4	77.3
Other liabilities		1.3 %	–	1.5	1.5	778.8	780.3
Financial debt, long-term	2.6 %	5.0 %	2,569.0	1,744.1	4,313.1	–	4,313.1
Other non-current liabilities			–	–	–	3.0	3.0
Financial liabilities			**2,643.4**	**1,748.1**	**4,391.5**	**1,329.5**	**5,721.0**
Net financial liabilities			**2,448.9**	**1,691.3**	**4,140.2**	**756.1**	**4,896.3**

* The restatement is commented in note 39

38.7 CREDIT RISK MANAGEMENT

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in financial loss to Dufry.

Almost all Dufry sales are retail sales made against cash or internationally recognized credit / debit cards. Dufry has policies in place to ensure that other sales are only made to customers with an appropriate credit history or that the credit risk is insured adequately. The remaining credit risk is in relation to taxes, refunds from suppliers and guarantee deposits.

The credit risk on cash deposits or derivative financial instruments relates to banks or financial institutions. Dufry monitors the credit ranking of these institutions and does not expect defaults from non-performance of these counterparties.

The main banks where the group keeps net assets positions hold a credit rating of A– or higher.

38.7.1 Maximum credit risk

The carrying amount of financial assets recorded in the financial statements, after deduction of any allowances for losses, represents Dufry's maximum exposure to credit risk.

38.8 LIQUIDITY RISK MANAGEMENT

Dufry evaluates this risk as the ability to settle its financial liabilities on time and at a reasonable price. Beside its capability to generate cash through its operations, Dufry mitigates liquidity risk by keeping unused credit facilities with financial institutions (see note 31).

38.8.1 Remaining maturities for non-derivative financial assets and liabilities

The following tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities (based on the earliest date on which Dufry can receive or be required to pay). The tables include principal and interest cash flows.

AT DECEMBER 31, 2016 IN MILLIONS OF CHF	1–6 MONTHS	6–12 MONTHS	1–2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	454.8	3.6	–	–	458.4
Financial instruments at fair value through profit and loss	–	–	–	–	–
Trade and credit card receivables	88.6	6.0	–	–	94.6
Other accounts receivable	181.2	2.3	–	–	183.5
Other non-current assets	0.4	0.4	0.9	108.0	109.7
Total cash inflows	**725.0**	**12.3**	**0.9**	**108.0**	**846.2**
Trade payables	590.4	–	–	–	590.4
Financial debt, short-term	109.6	30.1	–	–	139.7
Other liabilities	703.6	0.3	–	–	703.9
Financial debt, long-term	15.6	66.7	136.6	4,468.4	4,687.3
Other non-current liabilities	–	–	–	7.8	7.8
Total cash outflows	**1,419.2**	**97.1**	**136.6**	**4,476.2**	**6,129.1**

RESTATED* AT DECEMBER 31, 2015 IN MILLIONS OF CHF	1–6 MONTHS	6–12 MONTHS	1–2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	436.5	0.2	–	–	436.7
Financial instruments at fair value through profit and loss	–	17.9	–	–	17.9
Trade and credit card receivables	132.1	0.8	–	–	132.9
Other accounts receivable	128.6	0.1	–	–	128.7
Other non-current assets	0.4	0.8	1.0	112.5	114.7
Total cash inflows	**697.6**	**19.8**	**1.0**	**112.5**	**830.9**
Trade payables	547.4	–	–	–	547.4
Financial debt, short-term	82.7	6.2	–	–	88.9
Other liabilities	777.7	–	–	–	777.7
Financial debt, long-term	79.7	79.8	161.0	4,856.5	5,177.0
Other non-current liabilities	–	–	–	3.0	3.0
Total cash outflows	**1,487.5**	**86.0**	**161.0**	**4,859.5**	**6,594.0**

* The restatement is commented in note 39

38.8.2 Remaining maturities for derivative financial instruments

Dufry holds derivative financial instruments at year-end of net CHF 1.0 million with maturities below 6 month.

38.9 LEGAL RESTRICTIONS ON MONEY TRANSFER

Cash and cash equivalents at the end of the reporting period include CHF 39.4 (2015: 71.7) million held by subsidiaries operating in countries with exchange controls or other legal restrictions on money transfer.

38.10 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Dufry's notional cash pool is operated by a major finance institute. The respective balances at the end of the period have been set-off as follows, based on enforceable master netting agreement:

IN MILLIONS OF CHF	BALANCE BEFORE GLOBAL POOLING	SET-OFF	NET BALANCE
31.12.2016			
Cash and cash equivalents	1,039.1	(588.3)	450.8
Financial debt, short-term	715.6	(588.3)	127.3
RESTATED * 31.12.2015			
Cash and cash equivalents	1,011.6	(577.2)	434.4
Financial debt, short-term	654.5	(577.2)	77.3

* The restatement is commented in note 39

39. RESTATEMENT

Based on IFRS 3, Dufry revised after twelve months the assumptions used to calculate the fair values acquired resulting in an updated brand name valuation and tax risk assessment.

The impact on the income statement and the statement of comprehensive income is negligible.

The following positions in the annual report 2015 were restated and are presented in the below tables at closing rate:

39.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN MILLIONS OF CHF	PUBLISHED 31.12.2015	RESTATEMENT	RESTATED 31.12.2015
ASSETS			
Property, plant and equipment	604.6	0.1	604.7
Intangible assets	7,308.2	(14.0)	7,294.2
Investments in associates	41.4	–	41.4
Deferred tax assets	203.9	–	203.9
Other non-current assets	347.4	–	347.4
Non-current assets	**8,505.5**	**(13.9)**	**8,491.6**
Inventories	907.3	(2.0)	905.3
Trade and credit card receivables	132.8	0.1	132.9
Other accounts receivable	336.0	(3.2)	332.8
Income tax receivables	27.8	–	27.8
Financial instruments at fair value through profit and loss	17.7	–	17.7
Cash and cash equivalents	432.5	1.9	434.4
Current assets	**1,854.1**	**(3.2)**	**1,850.9**
Assets of discontinued operations held for sale	–	–	–
Total assets	**10,359.6**	**(17.1)**	**10,342.5**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	3,149.1	5.6	3,154.7
Non-controlling interests	183.6	0.5	184.1
Total equity	**3,332.7**	**6.1**	**3,338.8**
Financial debt	4,313.1	–	4,313.1
Deferred tax liabilities	693.1	(21.0)	672.1
Provisions	183.9	2.2	186.1
Post-employment benefit obligations	55.3	–	55.3
Other non-current liabilities	64.9	–	64.9
Non-current liabilities	**5,310.3**	**(18.8)**	**5,291.5**
Trade payables	546.8	0.5	547.3
Financial debt	77.3	–	77.3
Income tax payables	44.1	–	44.1
Provisions	153.7	(6.5)	147.2
Other liabilities	894.7	1.6	896.3
Current liabilities	**1,716.6**	**(4.4)**	**1,712.2**
Total liabilities	**7,026.9**	**(23.2)**	**7,003.7**
Total liabilities and shareholders' equity	**10,359.6**	**(17.1)**	**10,342.5**

39.2 CONSOLIDATED STATEMENT OF CASH FLOWS

IN MILLIONS OF CHF	PUBLISHED 2015	RESTATEMENT	RESTATED 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from operating activities	**414.8**	**–**	**414.8**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(134.8)	–	(134.8)
Purchase of intangible assets	(179.7)	–	(179.7)
Purchase of financial assets	(11.7)	–	(11.7)
Proceeds from sale of property, plant and equipment	4.9	–	4.9
Interest received	11.4	–	11.4
Business combinations, net of cash	(1,366.7)	1.9	(1,364.8)
Proceeds from sale of interests in subsidiaries and associates	28.6	–	28.6
Net cash flows used in investing activities	**(1,648.0)**	**1.9**	**(1,646.1)**
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash flows (used in) / from financing activities	**1,069.0**	**–**	**1,069.0**
Currency translation on cash	83.7	–	83.7
(Decrease) / increase in cash and cash equivalents	**(80.5)**	**1.9**	**(78.6)**
CASH AND CASH EQUIVALENTS AT THE			
– beginning of the period	513.0	–	513.0
– end of the period	432.5	1.9	434.4

MOST IMPORTANT SUBSIDIARIES

H = Holding   R = Retail   D = Distribution Center

AS OF DECEMBER 31, 2016	LOCATION	COUNTRY	TYPE	OWNER-SHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
SOUTHERN EUROPE AND AFRICA						
Dufry France SA	Nice	France	R	100	8,291	EUR
Hellenic Duty Free Shops SA	Athens	Greece	R	100	397,535	EUR
Dufrital SpA	Milan	Italy	R	60	466	EUR
Nuance Group (Malta) Ltd	Luqa	Malta	R	52	2,796	EUR
Dufry Maroc SARL	Casablanca	Morocco	R	80	2,500	MAD
World Duty Free Group SA	Madrid	Spain	R	100	19,832	EUR
Sociedad de Distribucion Comercial Aeroportuaria de Canarias, S.L.	Telde	Spain	R	60	667	EUR
Urart Gumr. Magaza Isletm. ve Ticaret A.S.	Antalya	Turkey	R	100	1,161	EUR
UK, CENTRAL AND EASTERN EUROPE						
ADF Shops CJSC	Yerevan	Armenia	R	100	553,834	AMD
World Duty Free Group Helsinki Ltd	Vantaa	Finland	R	100	2,500	EUR
World Duty Free Group Germany GmbH	Düsseldorf	Germany	R	100	250	EUR
Dufry East OOO	Moscow	Russia	R	100	712	USD
Regstaer Ltd	Moscow	Russia	R	51	3,991	EUR
Lenrianta CSJC	St. Petersburg	Russia	R	100	315	EUR
Dufry D.O.O.	Belgrade	Serbia	R	100	693,078	RSD
Nuance Group (Sverige) AB	Stockholm	Sweden	R	100	100	SEK
Dufry Basel-Mulhouse AG	Basel	Switzerland	R	100	100	CHF
The Nuance Group AG	Zurich	Switzerland	R	100	82,100	CHF
World Duty Free Group UK Ltd	London	UK	R	100	360	GBP
Nuance Group (UK) Ltd	Southampton	UK	R	100	50	GBP
ASIA, MIDDLE EAST AND AUSTRALIA						
Nuance Group (Australia) Pty Ltd	Melbourne	Australia	R	100	210,000	AUD
Dufry (Cambodia) Ltd	Phnom Pen	Cambodia	R	80	1,231	USD
The Nuance Group (HK) Ltd	Hong Kong	China	R	100	–	HKD
The Nuance Group (Macau) Ltd	Macau	China	R	100	49	HKD
Dufry (Shanghai) Commercial Co., Ltd	Shanghai	China	R	100	19,497	CNY
The Nuance Group (India) Pvt. Ltd	Bangalore	India	R	50	828,200	INR
Aldeasa Jordan Airports Duty Free Shops Ltd	Amman	Jordan	R	100	705	USD
World Duty Free Group SA*	Kuwait City	Kuwait	R	100	2,383	KWD
Dufry Thomas Julie Korea Co. Ltd	Busan	South Korea	R	70	100,000	KRW
WDFG Lanka	Colombo	Sri Lanka	R	100	30,000	LKR
Dufry Sharjah FZC	Sharjah	U. Arab. Emirates	R	50	2,054	AED
LATIN AMERICA						
Interbaires SA	Buenos Aires	Argentina	R	100	306	USD
Dufry Aruba N.V.	Oranjestad	Aruba	R	80	1,900	USD
Duty Free Caribbean Ltd.	St. Michael	Barbados	R	60	5,000	USD
Dufry do Brasil DF Shop Ltda	Rio de Janeiro	Brazil	R	100	98,175	USD
Dufry Lojas Francas Ltda	Sao Paulo	Brazil	R	80	99,745	USD
Aldeasa Chile, Ltd	Santiago de Chile	Chile	R	100	2,517	USD

AS OF DECEMBER 31, 2016	LOCATION	COUNTRY	TYPE	OWNER-SHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
Inversiones Tunc SRL	Santo Domingo	Dominican Republic	R	100	–	USD
Inversiones Pánamo SRL	Santo Domingo	Dominican Republic	R	100	–	USD
Aldeasa Jamaica, Ltd	St. James	Jamaica	R	100	280	USD
Aldeasa Mexico, S.A de C.V.	Cancun	Mexico	R	100	186	USD
Dufry Mexico SA de CV	Mexico City	Mexico	R	100	27,429	USD
Dufry Yucatan SA de CV	Mexico City	Mexico	R	100	1,141	USD
World Duty Free Group SA *	Lima	Peru	R	100	1,163	USD
Alliance Duty Free, Inc.	San Juan	Puerto Rico	R	100	2,213	USD
Dufry Trinidad Ltd	Port of Spain	Trinidad and Tobago	R	60	392	USD
Navinten SA	Montevideo	Uruguay	R	100	126	USD
Dufry Cruise Services, Inc.	Miami	USA	R	100	–	USD
NORTH AMERICA						
Nuance Group (Canada) Inc.	Toronto	Canada	R	100	13,260	CAD
World Duty Free Group Vancouver LP	Vancouver	Canada	R	100	9,500	CAD
Hudson Group Canada Inc.	Vancouver	Canada	R	100	–	CAD
Hudson News O'Hare JV	Chicago	USA	R	70	–	USD
Dufry O'Hare T5 JV	Chicago	USA	R	80	–	USD
HG-Multiplex-Regali Dallas JV	Dallas	USA	R	75	–	USD
Atlanta WDFG TAC ATL Retail LLC	Delaware	USA	R	86	–	USD
HG Denver JV	Denver	USA	R	76	–	USD
AMS of South Florida JV	Fort Lauderdale	USA	R	62	–	USD
WDFG Houston 8 2014 LLC	Houston	USA	R	60	–	USD
Hudson Las Vegas JV	Las Vegas	USA	R	73	–	USD
Nuance Group Las Vegas Partnership	Las Vegas	USA	R	73	850	USD
HG Magic Concourse TBIT JV	Los Angeles	USA	R	70	–	USD
LAX Retail Magic 2 JV	Los Angeles	USA	R	80	–	USD
AMS-Olympic Nashville JV	Nashville	USA	R	83	–	USD
Hudson Group (HG) Retail, LLC	New Jersey	USA	H/R	100	–	USD
New Orleans Air Ventures II	New Orleans	USA	R	66	–	USD
JFK Air Ventures II JV	New York	USA	R	80	–	USD
Airport Management Services LLC	Los Angeles	USA	H/R	100	–	USD
Hudson-NIA JFK T1 JV	New York	USA	R	90	–	USD
HG-KCGI-TEI JFK T8 JV	New York	USA	R	85	–	USD
Hudson-Retail NEU LaGuardia JV	New York	USA	R	80	–	USD
Seattle Air Ventures II	Olympia	USA	R	75	–	USD
Dufry Seattle JV	Seattle	USA	R	88	–	USD
HG St Louis JV	St. Louis	USA	R	70	–	USD
HG National JV	Virginia	USA	R	70	–	USD
GLOBAL DISTRIBUTION CENTERS						
International Operations & Services (HK) Ltd	Hong Kong	Hong Kong	D	100	10	HKD
International Operations & Services (CH) AG	Basel	Switzerland	D	100	5,000	CHF
International Operations & Services (UY) SA	Montevideo	Uruguay	D	100	50	USD
International Operations & Services (USA) Inc.	Miami	USA	D	100	398	USD
HEADQUARTERS						
Dufry International AG	Basel	Switzerland	H	100	1,000	CHF
Dufry Holdings & Investments AG	Basel	Switzerland	H	100	1,000	CHF
Dufry Financial Services B.V.	Eindhoven	Netherlands	H	100	–	EUR

* Branch of World Duty Free Group SA, Spain

To the General Meeting of
Dufry AG, Basel

Basel, 7 March 2017

Statutory auditor's report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of Dufry AG and its subsidiaries (the Group), which comprise the consolidated income statement as at 31 December 2016 and the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 94 to 191) give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Goodwill and intangible assets with indefinite useful lives

Area of Focus

Goodwill and intangible assets with indefinite useful live represent 29% of the Group's total assets and 89% of the Group's total shareholders' equity as at 31 December 2016. As stated in Note 3 to the consolidated financial statements, the carrying value of goodwill and intangible assets with indefinite useful live is tested annually for impairment. The Company performed its annual impairment test of goodwill and intangible assets with indefinite useful live in the fourth quarter of 2016 and determined that there was no impairment. Key assumptions relating to the impairment test are disclosed in Note 20.1 to the consolidated financial statements. In determining the value in use of cash generating units and intangible assets with indefinite useful live, the Company must apply judgment in estimating – amongst other factors – future sales and margins, long-term growth rates and discount rates. Due to the significance of the carrying values for goodwill and indefinite-lived intangible assets and the judgment involved in performing the impairment test, this matter was considered significant to our audit.

Our audit response

Our procedures included, amongst other, an assessment of the Company's internal controls over its annual impairment test and key assumptions applied. We also evaluated management's allocation of reporting units. We involved valuation specialists to assist in examining the Company's valuation model and analyzing the underlying key assumptions, including future sales, expected margins, long-term growth rates and discount rates (WACC). We assessed the historical accuracy of the Company's estimates and considered its ability to produce accurate long-term forecasts. Our work moreover included an evaluation of the sensitivity in the valuation resulting from changes to the key assumptions applied and a comparison of these assumptions to corroborating information, including industry reports and statistics published by external experts to estimate the rate of future passenger growth.

Concession contracts / Onerous Contracts

Area of Focus

Capitalized concession rights, amounting to CHF 3,822 million, represent 39% of the balance sheet total as at 31 December 2016. The useful life of virtually all concession rights are assessed to be finite. Concession rights acquired separately are capitalized at cost and those acquired in a business acquisition are capitalized at fair value as at the date of acquisition and are subject to impairment considerations as outlined in Note 3 to the consolidated financial statements. In many instances, concession agreements include a concession payment, which is defined as a certain percentage on net sales. Some of these long-term concession agreements, which Dufry has entered into, include clauses to ensure a minimal concession fee during the full term of the agreement (minimal annual guarantees, "MAG"). Under certain circumstances, the economic environment around an activity may deteriorate in such a way that it is unlikely that the operation will become profitable during the remaining concession duration. In such cases, Dufry impairs tangible and intangible assets and creates, if still needed, a provision for onerous contracts. The fair value calculation of concession rights as well as the determination of provision for onerous contracts comprise significant judgment of management.

Our audit response

In the course of our audit, we assessed whether valid concession contracts are on hand and evaluated the concession fees, including minimal annual guarantees. We assessed management's process to identify potential impairments for capitalized concession rights. In addition, we focused on entities reporting negative cash flows in order to identify potential impairment needs and potential onerous contracts. In connection with the acquisition of WDF Group, we assessed the accounting treatment of acquired concession rights.

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Tax accounting – Deferred taxes as well as tax risks

Area of Focus

The company has operations in multiple countries, each with its own taxation regime. The nature of the Group's activities triggers various taxation obligations including corporation tax and employment related taxes. The cross-border nature of the Group's sale of goods also creates complexities associated with international transfer pricing. Application of taxation legislation to the Group's affairs is inherently complex, highly specialized, and requires judgement to be exercised in relation to estimating tax exposures and quantifying provisions and/or contingent liabilities. As at 31 December 2016, the Group has current and deferred tax assets of CHF 203 million, current and deferred tax payable of CHF 563 million, and has disclosed a contingent liability of CHF 68 million which includes tax-related exposures.

The company has incurred tax losses of CHF 805 million as at 31 December 2016. The company has recognized the tax losses to the extent that the realization of the related tax benefits through future taxable profits are probable. Based on internal calculations with respect to the expected taxable profits in future years the company has recognized a deferred tax asset of CHF 130 million. We refer to Note 22 of the financial statements. This area was important to our audit due to the amount of the tax losses as well as the judgment involved in management's assessment of the likelihood and magnitude of creating future taxable profits to offset the tax losses. This assessment requires the Management Board to make assumptions to be used in the forecasts of future taxable profits, including expectations for future sales and margin developments and overall market and economic conditions.

Our audit response

In this area, our audit procedures included, amongst others, assessment of correspondence with the relevant tax authorities and the evaluation of tax exposures. In addition, in respect of deferred tax assets we assessed management's assumptions to determine the probability that deferred tax assets recognized in the statement of financial position will be recovered through taxable income in future years and available tax planning strategies. We included tax specialists to evaluate the assumptions used to determine tax positions. During our procedures, we also used management's budgets and forecasts. In addition, where considered relevant, we evaluated the historical accuracy of management's assumptions.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Bruno Chiomento Licensed audit expert (Auditor in charge)	Christian Krämer Licensed audit expert

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2016

IN THOUSANDS OF CHF	NOTE	2016	2015
Financial income		11,893	11,411
Management and franchise fee income		10,324	6,175
Total income		**22,217**	**17,586**
Personnel expenses	7	(14,077)	(8,659)
General and administrative expenses		(4,386)	(4,921)
Management and franchise fee expenses		(11,860)	(15,965)
Amortization of intangibles		(5,755)	(5,755)
Financial expenses		(806)	(1,286)
Expenses related with capital increase		–	(595)
Direct taxes		(2,331)	(8,868)
Total expenses		**(39,215)**	**(46,049)**
(Loss) / profit for the year		**(16,998)**	**(28,463)**

STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2016

IN THOUSANDS OF CHF	NOTE	31.12.2016	31.12.2015
ASSETS			
Cash and cash equivalents		14,099	10,746
Current receivables third parties		55	41
Current receivables participants and bodies		–	1
Current receivables subsidiaries		1,819	980
Current receivables other group companies		1	11
Prepaid expenses and accrued income		–	7
Current financial assets subsidiaries		346,000	357,000
Current assets		**361,974**	**368,786**
Investments	3	4,238,415	4,238,415
Intangible assets		76,251	82,006
Non-current assets		**4,314,666**	**4,320,421**
Total assets		**4,676,640**	**4,689,207**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities third parties		1,808	2,626
Current liabilities participants and bodies		855	994
Current liabilities subsidiaries		11,639	12,788
Current liabilities other group companies		5	2
Deferred income and accrued expenses		20,587	13,347
Current liabilities		**34,894**	**29,757**
Total liabilities		**34,894**	**29,757**
Share capital	5	269,359	269,359
Legal capital reserves			
Reserve from capital contribution	5	4,290,806	4,290,806
Legal retained earnings			
Other legal reserves		5,927	5,927
Voluntary retained earnings			
Results carried forward		107,635	136,098
(Loss) / profit for the year	12	(16,998)	(28,463)
Treasury shares	6	(14,983)	(14,277)
Shareholders' equity		**4,641,746**	**4,659,450**
Total liabilities and shareholders' equity		**4,676,640**	**4,689,207**

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Dufry AG (the company) is a publicly listed company. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zurich and its Brazilian Depository Receipts on the BM&FBOVESPA in Sao Paolo.

Dufry AG was incorporated in 1865 and is registered with the commercial register in the canton of Basel Stadt, Switzerland.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements of Dufry AG were prepared in accordance with the requirements of the Swiss law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations).

Where not prescribed by law, the significant accounting and valuation principles applied are described below.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Assets
Financial assets include loans. A valuation adjustment reserve has not been accounted for. Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealized losses are recorded through the income statement whereas unrealized profits are deferred within accrued liabilities.

Treasury Shares
Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or expenses.

Intangible assets
Intangible assets generated internally are capitalized if they meet the following conditions cumulatively at the date of recognition:
- The intangible assets generated internally are identifiable and controlled by the entity;
- the intangible assets generated internally will generate a measurable benefit for the entity for more than one year;
- the expenses incurred in the creation of the intangible assets generated internally can be separately recognized and measured;
- it is likely that the resources required to complete and market or use the intangible assets for the entity's own purposes are available or will be made available.

Intangible assets are amortized using the straight-line method. As soon there are indicators that book values may be overstated, these are reviewed and, if necessary, adjusted.

Share-based payments
Should treasury shares be used for share-based payment programs for members of the management, the difference between the acquisition costs and any consideration paid by the employees at grant date is recognized as personnel expenses.

Current interest-bearing liabilities
Interest-bearing liabilities are recognized in the balance sheet at nominal value.

Exchange rate differences
Except for investments in subsidiaries which are translated at historical rates, all assets and liabilities denominated in foreign currencies are translated into Swiss francs (CHF) using year-end exchange rates. Realized exchange gains and losses arising from these as well as those from business transactions denominated in foreign currencies are recorded in the income statement. Net unrealized exchange losses are recorded in the income statement; net unrealized gains, as deferred within accrued liabilities.

Foregoing a cash flow statement and additional disclosures in the notes
Dufry AG has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law, as it has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS),

3. SIGNIFICANT INVESTMENTS

	SHARE IN CAPITAL AND VOTING RIGHTS		SHARE CAPITAL	
IN THOUSANDS OF CHF	2016	2015	2016	2015
Dufry International AG, Switzerland	100 %	100 %	1,000	1,000
Dufry Management AG, Switzerland	100 %	100 %	100	100
Dufry Corporate AG, Switzerland	100 %	100 %	100	100
Dufry Holdings & Investments AG, Switzerland	100 %	100 %	1,000	1,000

4. SIGNIFICANT SHAREHOLDERS' PARTICIPATION

IN PERCENTAGE (%) OF OUTSTANDING REGISTERED SHARES	31.12.2016	31.12.2015
Group of shareholders consisting of various companies and legal entities representing the interests of: Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, Dimitrios Koutsolioutsos, James S. Cohen, Nucleo Capital Co-Investment Fund I Ltd. and James S. Cohen Family Dynasty Trust	19.47 %	20.50 %
Temasek Holdings (Private) Ltd.	8.55 %	8.55 %
Government of Singapore	7.79 %	7.79 %
State of Qatar	6.92 %	6.92 %
Black Rock, Inc.	3.06 %	3.06 %

5. SHARE CAPITAL

5.1 ORDINARY SHARES

IN THOUSANDS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	CAPITAL CONTRIBUTION RESERVE*
Balance at January 1, 2015	**35,905,056**	**179,525**	**2,030,305**
Conversion of mandatory convertible notes	1,809,188	9,046	231,073
Issue of shares	16,157,463	80,788	2,119,213
Reclassification to retained earnings	–	–	(8,064)
Balance at December 31, 2015	**53,871,707**	**269,359**	**4,290,806**
Balance at December 31, 2016	**53,871,707**	**269,359**	**4,290,806**

* The amount of the reserve from capital contribution (share premium) is subject to a formal confirmation by the Swiss tax authorities. As of December 31, 2015, CHF 2,022,241,801 of the total amount disclosed are recognized by the Swiss tax authorities.

The General Meeting held on April 29, 2015, approved the increase of the share capital of Dufry from CHF 179,525,280 up to CHF 336,668,140 through the issuance of fully paid-in registered shares with a par value of CHF 5 each.

On June 18, 2015, Dufry AG issued 16,157,463 registered shares with a nominal value of CHF 80,788 million, representing 45% additional shares. After this share issuance and including the shares created by the conversion of the Mandatory Convertible Notes (see comment below), the share capital of Dufry AG amount to CHF 269,358,535. The offer price for the rights offering as well as for the committed investors was set at CHF 136.16 per share. In the rights offering, 9,744,390 shares were subscribed for by existing shareholders, while 6,413,073 shares were purchased by committed investors, resulting in gross proceeds of CHF 2,200 million.

During June 2015, the Mandatory Convertible Notes amounting to CHF 262,800 were converted into 1,809,188 ordinary registered shares of Dufry AG at a conversion price of CHF 152 per share. Dufry issued the shares out of the existing conditional share capital.

5.2 CONDITIONAL SHARE CAPITAL

IN THOUSANDS OF	SHARES	CHF
Balance at January 1, 2015	**2,698**	**13,488**
Utilization June, 2015	(1,809)	(9,046)
Balance at December 31, 2015	**888**	**4,442**
Balance at December 31, 2016	**888**	**4,442**

6. TREASURY SHARES

IN THOUSANDS OF	SHARES	CHF
Balance at January 1, 2015	**94.2**	**14,100**
Share purchases	–	1
Revaluation	–	177
Balance at December 31, 2015	**94.2**	**14,277**
Share purchases	6.0	706
Balance at December 31, 2016	**100.2**	**14,983**

7. PERSONNEL EXPENSES

The personnel expenses correspond to the share-based payments for the Group Executive Committee members, as described in Note 28 of Dufry Annual Report 2016, as well as the compensation to the board members.

Dufry AG employed less than 10 people in 2016 and 2015.

8. GUARANTEE COMMITMENT REGARDING SWISS VALUE ADDED TAX (VAT)

The following companies form a tax group for the Swiss Federal Tax Administration – Main division VAT:

DUFRY International AG	DUFRY Management AG
International Operations & Services (CH) AG	DUFRY Corporate AG
DUFRY Samnaun AG	DUFRY Holdings & Investments AG
DUFRY Participations AG	DUFRY AG
DUFRY Russia Holding AG	DUFRY Altay AG
DUFRY Trading AG	The Nuance Group AG
DUFRY Basel Mulhouse AG	

9. CONTINGENT LIABILITIES

Dufry AG jointly and severally with Dufry Holdings & Investments AG, Dufry International AG, Hudson Group (HG), Inc. and Dufry Financial Services B.V. guaranteed the following credit facilities:

					DRAWN AMOUNT IN CHF	
IN MILLIONS OF	MATURITY	COUPON RATE	CURRENCY	NOMINAL IN LOCAL CURRENCY	31.12.2016	31.12.2015
MAIN BANK CREDIT FACILITIES						
Committed 5-year term loan	31.07.2019		USD	1,010.0	1,028.0	1,009.7
Committed 4-year term loan	31.07.2019		EUR	800.0	860.8	835.9
Committed 5-year term loan	31.07.2019		EUR	500.0	558.9	543.2
5-year revolving credit facility	31.07.2019		CHF	900.0	371.6	181.5
Subtotal					**2,819.3**	**2,570.3**
SENIOR NOTES						
Senior notes	01.08.2023	4.50 %	EUR	700.0	749.4	760.4
Senior notes	15.07.2022	4.50 %	EUR	500.0	535.3	543.2
Senior notes	15.10.2020	5.50 %	USD	500.0	–	499.8
Subtotal					**1,284.7**	**1,803.4**
GUARANTEE FACILITY						
Committed 5-year term guarantee line Unicredit AG	09.09.2019		EUR	250.0	93.4	103.7
Subtotal					**93.4**	**103.7**
Total					**4,197.4**	**4,477.4**

There are no assets pledged in 2016 and 2015.

10. PARTICIPATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE COMMITTEE IN DUFRY AG

The following members of the Board of Directors or of the Group Executive Committee of Dufry AG (including related parties) hold directly or indirectly shares or share options of the Company as at December 31, 2016 or December 31, 2015 (members not listed do not hold any shares or options):

			31.12.2016			31.12.2015
IN THOUSANDS	SHARES	FINANCIAL INSTRUMENTS[1]	PARTICIP.	SHARES	FINANCIAL INSTRUMENTS[1]	PARTICIP.
MEMBERS OF THE BOARD OF DIRECTORS						
Juan Carlos Torres Carretero, Chairman	982.2	118.3	2.04 %	982.2	257.1	2.38 %
Andrés Holzer Neumann, Vice-Chairman	4,308.8	276.1	8.51 %	4,291.3	463.6	9.13 %
Jorge Born, Director	–	30.9[2]	0.06 %	21.9	30.9[2]	0.10 %
James S. Cohen, Director[3]	n / a	n / a	n / a	2,059.3	–	3.96 %
Julián Diáz Gonzalez, Director and CEO	284.5	43.8	0.61 %	284.5	92.6	0.72 %
George Koutsolioutsos, Director	1,608.4	200.0	3.36 %	1,608.4	200.0	3.47 %
Total Board of Directors	**7,183.9**	**669.1**	**14.58 %**	**9,247.6**	**1,044.2**	**19.77 %**
MEMBERS OF THE GROUP EXECUTIVE COMMITTEE						
Julián Diáz Gonzalez, CEO	284.5	43.8	0.61 %	284.5	92.6	0.72 %
Andreas Schneiter, CFO	6.1	–	0.01 %	6.1	–	0.01 %
José Antonio Gea, GCOO	4.1	–	0.01 %	4.1	–	0.01 %
Luis Marin, CCO	1.2	–	0.00 %	1.5	–	0.00 %
Jordi Martin-Consuegra, GRD	1.1	–	0.00 %	n / a	n / a	n / a
Gustavo Magalhães Fagundes, GM Brazil and Bolivia	6.9	–	0.01 %	n / a	n / a	n / a
Total Group Executive Committee	**303.9**	**43.8**	**0.64 %**	**296.2**	**92.6**	**0.73 %**

[1] The detailed terms of the various financial instruments disclosed above are as disclosed to the SIX Swiss Exchange and published on September 15. 2016 for the year 2016 and on July 9, 2015, for the year 2015.

[2] European Capped Calls on 30,940 shares of Dufry AG. The transaction is divided into 5 tranches of 6,188 shares each, which expire on 29.07.2019, 30.07.2019, 31.07.2019, 04.08.2019 and 05.08.2019, respectively. Each tranche is automatically exercised, and the differences are to be cash settled. The strike price for each option is CHF 160, and the cap is CHF 260 per option.

[3] Director until AGM on April 28, 2016.

At December 31, 2016, a Dufry share quoted at CHF 127 (2015: 120) each.

In addition to the above, the shareholders' group consisting of different legal entities controlled by Andrés Holzer Neumann, Juan Carlos Torres, Julián Díaz González and Dimitrios Koutsolioutsos holds sale positions of 7.59% through options (4,087,520 voting rights) as of December 31, 2016 (as of December 31, 2015: sale positions of 8.81% through options (4,589,120 voting rights), which included the sale positions of James S. Cohen and James S. Cohen Family Dynasty Trust).

The detailed terms of these financial instruments are as disclosed to the SIX Swiss Exchange and published on September 15, 2016 (for sales position as of December 31, 2015: publication of disclosure notice on July 9, 2015). Disclosure notices are available on the SIX Swiss Exchange website: https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

11. SHARE-BASED PLAN FOR THE GROUP EXECUTIVE COMMITTEE

Members of the Group Executive Committee received 92,319 (2015: 56,965) stock options with a value of CHF 11,678 (2015: 6,288) thousands.

12. APPROPRIATION OF AVAILABLE EARNINGS

IN THOUSANDS OF CHF	2016	2015
Result carried forward	107,635	124,128
Other	–	3,906
Reclassification from reserve from capital contribution (see note 5.1)	–	8,064
Loss for the year	(16,998)	(28,463)
Retained earnings at December 31	**90,637**	**107,635**
To be carried forward	**90,637**	**107,635**

To the General Meeting of
Dufry AG, Basel

Basel, 7 March 2017

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Dufry AG, which comprise the income statement, statement of financial position and notes (pages 196 to 205), for the year ended 31 December 2016.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2016 comply with Swiss law and the company's articles of incorporation.

EY
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Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Recoverability of investments in subsidiaries
Area of focus
As controlling company of the Group, Dufry AG directly and indirectly holds investments in various subsidiaries. The overview of investments in Note 3 lists the significant companies directly held by Dufry AG. The carrying amount for all investments is reflected in the balance sheet. In case of impairment indicators, management sets up an impairment test and makes the required value adjustments should this be necessary. In determining the fair value of the investments, the Company must apply judgment in estimating – amongst other factors – future revenues and margins, multiples, long-term growth and discount rates. Due to the significance of the carrying values for investments in subsidiaries and the judgment involved in performing the impairment test, this matter was considered significant to our audit.

Our audit response
We examined the Company's valuation model and analyzed the underlying key assumptions, including future revenues and margins, long-term growth and discount rates. We assessed the historical accuracy of the Company's estimates and considered its ability to produce accurate long-term forecasts. We evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information, including expected inflation rates and market growth.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Bruno Chiomento Licensed audit expert (Auditor in charge)	Christian Krämer Licensed audit expert

The financial reports are available under:

https://www.dufry.com/en/investors/ir-reports-presentations-and-publications
Page section “Presentation of results and other publications” – select Financial Reports

For the Investor Relations and Corporate Communications contacts as well as a summary of anticipated key dates in 2017 please refer to pages 244 / 245 of this Annual Report.

CORPORATE GOVERNANCE

INTRODUCTION

This Report is prepared in accordance with the Corporate Governance Directive (DCG) of the SIX Swiss Exchange. All information within this Corporate Governance Report and within the Remuneration Report (see page 229) refers to the Company Organization, Internal Regulations and Articles of Incorporation that were in effect as of December 31, 2016 (if not specifically mentioned otherwise).

The Articles of Incorporation are available on the Company website www.dufry.com section Investors – Corporate Governance – Articles of Incorporation.

www.dufry.com

Link:

https://www.dufry.com/en/investors/corporate-governance
page section "Featured downloads – Articles of Incorporation"

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

For an overview of the management organizational chart and operational Group structure, please refer to page 20 of this Annual Report.

Listed company

COMPANY
Dufry AG, Brunngässlein 12, 4052 Basel, Switzerland (hereinafter "Dufry AG" or the "Company")
LISTING
Registered shares: SIX Swiss Exchange Brazilian Depositary Receipts (BDRs): São Paulo Stock Exchange (BM&FBOVESPA – Bolsa de Valores de São Paulo), Brazil
MARKET CAPITALIZATION
CHF 6,841,706,789 as of December 31, 2016
PERCENTAGE OF SHARES HELD BY DUFRY AG
0.19% of Dufry AG share capital as of December 31, 2016
SECURITY NUMBERS
Registered shares: ISIN-Code CH0023405456, Swiss Security-No. 2340545 Ticker Symbol DUFN Brazilian Depositary Receipts (BDRs): ISIN-Code BRDAGBBDR008 Ticker Symbol DAGB33

Non-listed companies

For a table of the operational non-listed consolidated entities please refer to page 190 in the section Financial Statements of this Annual Report*.

* Including the company names, locations, percentage of shares held, share capital.

1.2 SIGNIFICANT SHAREHOLDERS

Pursuant to the information provided to the Company by its shareholders in compliance with the Financial Market Infrastructure Act during 2016, the following significant shareholders disclosed positions of more than 3% of the voting rights as of December 31, 2016 [(1)].

Further details regarding these shareholders and shareholder groups as well as additional information regarding the individual disclosures notices in 2016 are available on the website of SIX Swiss Exchange on:

https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

SHAREHOLDER			DISCLOSURE OF PURCHASE POSITIONS	DISCLOSURE OF SALE POSITIONS [(3)]
	Through registered shares	Through other financial instruments [(2)]	Total	Total
Group of shareholders consisting of various companies and legal entities including Travel Retail Investment S.C.A., Folli Follie Commercial Industrial and Technical S.A. and Hudson Media, Inc., such group representing the interests of Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, James S. Cohen, James S. Cohen Family Dynasty Trust, Dimitrios Koutsolioutsos and Nucleo Capital Co-Investment Fund I Ltd. [(4)]	19.47%	1.88%	21.36%	8.52%
Morgan Stanley Group [(5)]	0.02%	9.70%	9.71%	2.77%
Temasek Holdings (Private) Limited [(6)]	8.55%	–	8.55%	–
Government of Singapore [(7)]	7.79%	–	7.79%	–
State of Qatar [(8)]	6.92%	–	6.92%	–
BlackRock, Inc. [(9)]	3.06%	0.00001%	3.06%	1.76%

(1) The percentage of voting rights has to be read in context with the relevant and applicable stock exchange and disclosure rules. The actual shareholdings may differ from the figures indicated in the table, as the Company must only be notified by its shareholders if one of the thresholds defined in Article 120 of the Financial Market Infrastructure Act is crossed. Percentages have been calculated on the basis of the number of shares recorded in the Commercial Register.

(2) Financial instruments such as conversion and share purchase rights, granted (written) share sale rights.

(3) Share sale rights (especially put options) and granted (written) conversion and / or share purchase rights as well as financial instruments that provide for or permit cash settlement as well as other differential transactions (e.g. contracts for difference and / or financial futures).

(4) Shares held through:

a) Travel Retail Investment S.C.A. (Luxembourg / Grand Duchy of Luxembourg) holds shares and financial instruments. Shares in Travel Retail Investment S.C.A. are held by: 1) Petrus Pte. Ltd. (Singapore), which in turn is held by The Bingo Trust (New Zealand). Travel Retail S.á.r.l. is the general partner and sole manager of Travel Retail Investment S.C.A. Petrus Pte. Ltd. holds the majority of the shares in Travel Retail Investment S.C.A. and Travel Retail S.á.r.l. Mr. Andrés Holzer Neumann is the settlor of The Bingo Trust and exercises indirect control over the trust. 2) Witherspoon Investments LLC (Wilmington, DE / USA), which is held directly by Mr. Juan Carlos Torres Carretero. 3) Mr. Julián Díaz González (Altendorf / Switzerland).

b) Mr. Julián Díaz González holds certain shares directly.

c) Mr. Juan Carlos Torres Carretero holds certain shares directly.

d) Petrus Pte. Ltd., Grupo Industrial Omega, S.A. de C.V. (Cuidad de Mexico / Mexico), various companies held directly by Grupo Industrial Omega, S.A. de C.V., and Consorcio Ann Taylor S.A. de C.V., all of which are controlled by Mr. Andrés Holzer Neumann.

e) Mr. James S. Cohen holds his shares partly directly, partly through Hudson Media, Inc. (East Rutherford, NJ / USA), which he controls.

f) James S. Cohen Family Dynasty Trust (East Rutherford, NJ / USA) holds all its shares directly. Mr. James S. Cohen is the Grantor of this trust, but is not a beneficiary of the trust.

g) Dimitrios Koutsolioutsos holds his shares and financial instruments indirectly through Folli Follie Commercial Industrial and Technical S.A. (Agios Stephanos / Greece), which he controls, and Strenaby Finance Ltd. (British Virgin Islands), fully controlled by Folli Follie Commercial Industrial and Technical S.A. Dimitrios Koutsolioutsos holds shares in Folli Follie Commercial Industrial and Technical S.A. through Cordial Worldwide Ltd (British Virgin Islands), which he fully owns.

h) Nucleo Capital Co-Investment Fund I Ltd (Grand Cayman / Cayman Islands), which holds the shares directly.

(5) Morgan Stanley, The Corporation Trust Company (Wilmington, DE / USA) holds the shares and financial instruments indirectly through several subsidiaries.

(6) Shares held through Kinder Investments Pte. Ltd. (Singapore). The indirect holder of the shares is Temasek Holdings (Private) Limited (Singapore). Temasek Holdings (Private) Limited is owned by the Minister of Finance of the Republic of Singapore. Kinder Investment Pte. Ltd. is wholly owned by Tembusu Capital Pte. Ltd., which in turn is wholly owned by Temasek Holdings (Private) Limited (Singapore).

(7) Shares held through GIC Private Limited ("GIC") (Singapore) and Purple Green Investment Pte. Ltd. (Singapore). Both companies are owned (directly and indirectly) by the Government of Singapore ("GoS"). GIC is wholly owned by the GoS and manages the reserves of Singapore. GIC acts as the fund manager for GoS and the Monetary Authority of Singapore. Purple Green Investment Pte. Ltd. is an investment holding company wholly owned by GIC Blue Holdings Pte. Ltd., which in turn is wholly owned by GIC (Ventures) Pte. Ltd., which in turn is wholly owned by the GoS. Purple Green Investment Pte. Ltd. is managed by GIC.

(8) Shares held through Qatar Holding LLC. The indirect holder of the shares is the State of Qatar (Qatar). Qatar Holding LLC is owned by the Qatar Investment Authority, which was founded and is owned by the State of Qatar.

(9) BlackRock, Inc. (New York, NY / USA) holds the shares, financial instruments and sale positions (contracts of difference) indirectly through several subsidiaries.

Shareholders agreements

The group of shareholders consisting of various companies and legal entities representing the interests of Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, James S. Cohen, James S. Cohen Family Dynasty Trust, Dimitrios Koutsolioutsos and Nucleo Capital Co-Investment Fund I Ltd have four different shareholders agreements.

Shareholders agreement among Petrus Pte. Ltd., Witherspoon Investment LLC, Mr. Díaz González, Mr. Torres and Travel Retail S.à.r.l.

Shareholders agreement among Travel Retail Investment S.C.A., James S. Cohen, James S. Cohen Family Dynasty Trust, and Hudson Media, Inc.

Shareholders agreement between Travel Retail Investment S.C.A. and Folli Follie Commercial Industrial and Technical S.A.

Shareholders agreement among Travel Retail Investment S.C.A., Mr. Torres and Nucleo Capital Co-Investment Fund I Ltd. Nucleo Capital Ltda. is only a party to that agreement as investment manager of Nucleo Capital Co-Investment Fund I Ltd.

Travel Retail Investment S.C.A. (interests of Messrs. Holzer Neumann, Torres and Díaz González), Mr. Torres, Nucleo Capital Co-Investment Fund I Ltd, Nucleo Capital Ltda., James S. Cohen, James S. Cohen Family Dynasty Trust, Hudson Media, Inc. (interests of Mr. Cohen) and Folli Follie Commercial Industrial and Technical S.A. (interests of Mr. Koutsolioutsos) entered into an additional agreement that limits the number of equity securities these parties and their affiliates may hold in Dufry AG to prevent that a mandatory offer threshold is crossed, and provides for an automatic exclusion of shareholders from the group reported herein in case of a breach of such a limit. Under this additional agreement, Nucleo Capital Ltda. has to make sure that other funds for which it is the investment manager comply with such limit as well.

1.3 CROSS-SHAREHOLDINGS

Dufry AG has not entered into cross-shareholdings with other companies in terms of capital shareholdings or voting rights in excess of 5%.

2. CAPITAL STRUCTURE

2.1 SHARE CAPITAL

As of December 31, 2016, the Company's capital structure is as follows:

ORDINARY SHARE CAPITAL

CHF 269,358,535 (nominal value) divided in 53,871,707 fully paid registered shares with nominal value of CHF 5 each

CONDITIONAL SHARE CAPITAL

CHF 4,442,160 (nominal value) divided in 888,432 fully paid registered shares with nominal value of CHF 5 each

AUTHORIZED SHARE CAPITAL

None

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 228 of this Corporate Governance Report.

2.2 DETAILS TO CONDITIONAL AND AUTHORIZED SHARE CAPITAL

Conditional share capital

Article 3bis of the Articles of Incorporation, dated March 8, 2016, reads as follows:

1. The share capital may be increased in an amount not to exceed CHF 4,442,160 by the issuance of up to 888,432 fully paid registered shares with a nominal value of CHF 5 each through the exercise of conversion and / or option rights granted in connection with the issuance of newly or already issued convertible debentures, debentures with option rights or other financing instruments by the Company or one of its group companies.
2. The preferential subscription rights of the shareholders shall be excluded in connection with the issuance of convertible debentures, debentures with option rights or other financing instruments. The then current owners of conversion and / or option rights shall be entitled to subscribe for the new shares.
3. The acquisition of shares through the exercise of conversion and / or option rights and each subsequent transfer of the shares shall be subject to the restrictions set forth in Article 5 of these Articles of Incorporation.
4. The Board of Directors may limit or withdraw the right of the shareholders to subscribe in priority to convertible debentures, debentures with option rights or similar financing instruments when they are issued, if:

a) an issue by firm underwriting by a consortium of banks with subsequent offering to the public without preferential subscription rights seems to be the most appropriate form of issue at the time, particularly in terms of the conditions or the time plan of the issue; or
b) the financing instruments with conversion or option rights are issued in connection with the financing or refinancing of the acquisition of an enterprise or parts of an enterprise or with participations or new investments of the Company.
5. If advance subscription rights are denied by the Board of Directors, the following shall apply:
a) Conversion rights may be exercised only for up to 15 years; and option rights only for up to 7 years from the date of the respective issuance.
b) The respective financing instruments must be issued at the relevant market conditions.

Authorized share capital
As of December 31, 2016, the Company has no authorized share capital.

2.3 CHANGES IN CAPITAL OF DUFRY AG

NOMINAL SHARE CAPITAL	
December 31, 2014	CHF 179,525,280
December 31, 2015	CHF 269,358,535
December 31, 2016	CHF 269,358,535
CONDITIONAL SHARE CAPITAL	
December 31, 2014	CHF 13,488,100
December 31, 2015	CHF 4,442,160
December 31, 2016	CHF 4,442,160
AUTHORIZED SHARE CAPITAL	
December 31, 2014	None
December 31, 2015	None
December 31, 2016	None

Changes in capital in 2014
At the Extraordinary General Meeting of Shareholders on June 26, 2014, shareholders approved the Board of Directors' proposal to increase the ordinary share capital of the Company from CHF 154,525,280 by up to CHF 27,269,160 to a maximum amount of up to CHF 181,794,440. This proposal by the Board of Directors was made in connection with the acquisition of The Nuance Group. On July 8, 2014, the Company issued 5,000,000 shares with nominal value of CHF 5, and the ordinary share capital increased from CHF 154,525,280 to CHF 179,525,280.

Changes in capital in 2015
At the Ordinary General Meeting of Shareholders on April 29, 2015, shareholders approved the Board of Directors' proposal to increase the ordinary share capital of the Company from CHF 179,525,280 by up to CHF 157,142,860 to a maximum amount of up to CHF 336,668,140. This proposal by the Board of Directors was made in connection with the acquisition of the World Duty Free Group.

In June 2015, Mandatory Convertible Notes matured and were converted into 1,809,188 shares with nominal value of CHF 5. On June 18, 2015, the Company issued 16,157,463 shares with nominal value of CHF 5 in connection with the capital increase mentioned above. From these two transactions, the ordinary share capital of the Company increased from CHF 179,525,280 to CHF 269,358,535. The conditional share capital decreased (due to the conversion of the Mandatory Convertible Notes) from CHF 13,488,100 to CHF 4,442,160. Note that the additional 1,809,188 shares, while validly issued, were not yet reflected in the Commercial Register as of December 31, 2015 (total number of shares as per the Commercial Register was 52,062,519). In line with Art. 653h of the Swiss Code of Obligations, this registration in the Commercial Register occurred on March 8, 2016, to reflect the total amount of 53,871,707 shares.

Changes in capital in 2016
The capital of Dufry AG remained unchanged during fiscal year 2016.

2.4 SHARES

As of December 31, 2016, the share capital of Dufry AG is divided into 53,871,707 fully paid in registered shares with a nominal value of CHF 5 each.

The Company has only one category of shares. The shares are issued in registered form. All shares are entitled to dividends if declared. Each share entitles its holder to one vote. The Company maintains a share register showing the name and address of the shareholders or usufructuaries. Only persons registered as shareholders or usufructuaries of registered shares in the share register shall be recognized as such by the Company.

2.5 PARTICIPATION CERTIFICATES AND PROFIT SHARING CERTIFICATES

The Company has not issued any non-voting equity securities, such as participation certificates ("Partizipationsscheine") or profit sharing certificates ("Genussscheine").

2.6 LIMITATION ON TRANSFERABILITY AND NOMINEE REGISTRATION OF REGISTERED SHARES

- Only persons registered as shareholders or usufructuaries of registered shares in the share register shall be recognized as such by the Company. In the share register the name and address of the shareholders or usufructuaries is recorded. Changes must be reported to the Company.
- Acquirers of registered shares shall be registered as shareholders with the right to vote, provided that they expressly declare that they acquired the shares in their own name and for their own account.
- The Board of Directors may register nominees with the right to vote in the share register to the extent of up to 0.2% of the registered share capital as set forth in the commercial register. Registered shares held by a nominee that exceed this limit may be registered in the share register with the right to vote if the nominee discloses the names, addresses and number of shares of the persons for whose account it holds 0.2% or more of the registered share capital as set forth in the commercial register. Nominees within the meaning of this provision are persons who do not explicitly declare in the request for registration to hold the shares for their own account and with whom the Board of Directors has entered into a corresponding agreement (see also Article 5 of the Articles of Incorporation). Nominees are only entitled to represent registered shares held by them at a Meeting of Shareholders provided that they are registered in the share register and they hold a valid written proxy granted by the beneficial owner of the registered shares instructing the nominee how to vote at the Meeting of Shareholders. Shares held by a nominee for which it is not able to produce such a proxy count as not represented at the Meeting of Shareholders.
- Corporate bodies and partnerships or other groups of persons or joint owners who are interrelated to one another through capital ownership, voting rights, uniform management or otherwise linked as well as individuals or corporate bodies and partnerships who act in concert to circumvent the regulations concerning the nominees (esp. as syndicates), shall be treated as one single nominee within the meaning of the above mentioned regulation.
- The Board of Directors may cancel the registration, with retroactive effect if appropriate, if the registration was effected based on false information or in case of breach of the agreement between the nominee and the Board of Directors.
- After consulting the party involved, the Company may delete entries in the share register if such entries occurred in consequence of false statements by the purchaser. The purchaser must be informed immediately of the deletion.

Exceptions granted in the year under review
The Company has registered with the CVM and listed its shares in the form of BDRs on the BM&FBovespa. Each BDR issued by Itaú Unibanco S.A. ("Depositary Institution") of the BDR program represents one share issued by the Company and held in custody by the Bank of New York Mellon, in London ("Custodian"). BDR holders do not own, from a legal point of view, the Dufry AG shares underlying their BDRs. As a consequence, BDR holders are prevented from directly exercising any of the shareholders' rights provided for by the Company's Articles of Incorporation and by Swiss corporate law. For example, BDR holders are not entitled to personally participate in the General Meetings of the Company. However, BDR holders are entitled to instruct the Depositary Institution to vote the Dufry AG shares underlying their BDRs, according to the instructions sent to them by the Depositary Institution. To facilitate voting by BDR holders, the Company entered into arrangements with the Depositary Institution and the Custodian to enable, by way of exception, registration of The Bank of New York Mellon in the share register as nominee with voting rights for the number of registered shares corresponding to the total number of outstanding BDRs. Otherwise, no exceptions have been granted during the year under review. BDR holders who wish to be in a position to directly exercise any of the shareholders' rights granted by Swiss corporate law or the Company's Articles of Incorporation must convert their BDRs into shares of Dufry AG and ask to be registered in the share register of the Company, pursuant to Article 5 of the Company's Articles of Incorporation.

Required quorums for a change of the limitations of transferability
A change of the limitations on the transfer of registered shares or the removal of such limitations requires a resolution of the Meeting of Shareholders passed by at least two thirds of the votes represented and the absolute majority of the nominal value of shares represented.

2.7 CONVERTIBLE BONDS AND OPTIONS

As of December 31, 2016, there are no outstanding bonds that are convertible into, or warrants or options to acquire shares issued by or on behalf of the Company. Dufry has certain share-based payments, the essentials of which are disclosed in the "Remuneration Report" on page 229 ff.

3. BOARD OF DIRECTORS

3.1 MEMBERS OF THE BOARD OF DIRECTORS

NAME	PROFESSION	NATIONALITY	POSITION WITH DUFRY	DATE OF FIRST ELECTION
Juan Carlos Torres Carretero	Chairman of Dufry AG	Spanish	Chairman	2003
Andrés Holzer Neumann	President of Grupo Industrial Omega	Mexican	Vice-Chairman	2004
Jorge Born	CEO of Bomagra S.A.	Argentinian	Director	2010
Xavier Bouton	Consultant	French	Director	2005
Claire Chiang	Senior Vice President of Banyan Tree Holdings Limited	Singaporean	Director	2016
Julián Díaz González	CEO of Dufry AG	Spanish	Director, CEO	2013
George Koutsolioutsos	CEO of Folli Follie Group	Greek	Director	2014
Heekyung (Jo) Min	Executive Vice President of CJ Corporation	American	Director	2016
Joaquín Moya-Angeler Cabrera	Consultant	Spanish	Director	2005

3.2 EDUCATION, PROFESSIONAL BACKGROUND, OTHER ACTIVITIES AND FUNCTIONS

JUAN CARLOS TORRES CARRETERO
Chairman, born 1949, Spanish

Education / MS in physics from Universidad Complutense de Madrid and MS in management from MIT's Sloan School of Management.

Professional Background / Many years of private equity and senior management operating experience. 1988 Joined Advent International, a private equity firm, in Boston as a partner. 1991 – 1995 Partner at Advent International in Madrid. 1995 – 2016 Managing Director and Senior Partner in charge of Advent International Corporation's investment activities in Latin America.

Current Board Mandates / Dufry AG, Latin American Airport Holding, Ltd., Aeropuertos Dominicanos Siglo XXI, S.A., TCP Participações S.A., InverCap Holdings, S.A. de C.V., Grupo Biotoscana, S.L.U. and Moncler S.p.A.

ANDRÉS HOLZER NEUMANN
Vice-Chairman, born 1950, Mexican

Education / Graduate of Boston University, holds an MBA from Columbia University.

Professional Background / Since 1973 President of Grupo Industrial Omega, S.A. de C.V., the holding company of Holzer y CÌA, S.A. de C.V., Industria Nacional de Relojes Suizos, S.A. de C.V., Consorcio Metropolitano Inmobiliario, S.A. de C.V., Inmobiliara Coapa Larca, S.A. de C.V., Inmobiliara Castellanos, S.A. de C.V., and Negocios Creativos, S.A. de C.V.

Current Board Mandates / Dufry AG, Grupo Industrial Omega, S.A. de C.V. and Opequimar, S.A. de C.V.

JORGE BORN
Director, born 1962, Argentinian

Education / B.S. in economics from the Wharton School of the University of Pennsylvania.

Professional Background / 2001 – 2010 Deputy Chairman of Bunge Ltd. 1992 – 1997 Head of Bunge's European operations. Before 1997 various capacities in the commodities trading, oil seeding processing and food products areas in Argentina, Brazil, the United States and Europe for Bunge Ltd. 2004 – 2005 Board member of Dufry AG. Since 1997 President and Chief Executive Officer of Bomagra S.A., Argentina.

Current Board Mandates / Dufry AG, Hochschild Mining, Ltd., Latin American Executive Board at Wharton Business School, Board of Governors of the Lauder Institute at Wharton Business School, Georgetown University and Fundación Bunge y Born (Chairman).

Mr. Born served as a member of the Board of Directors of Dufry South America, Ltd. until its merger with Dufry Holdings & Investments AG in March 2010.

XAVIER BOUTON
Director, born 1950, French

Education / Diploma in economics and finance from l'Institut d'Etudes Politiques de Bordeaux and doctorate in economics and business administration from the University of Bordeaux.

Professional Background / 1978 – 1984 Director of C.N.I.L. (Commission Nationale de l'Informatique et des Libertés). 1985 – 1994 General Secretary of Reader's Digest Foundation. 1990 – 2005 Board member of Laboratoires Chemineau. Since 1999 Chairman of the Supervisory Board of FSDV (Fayenceries de Sarreguemines Digoin & Vitry le François) based in Paris, France.

Current Board Mandates / Dufry AG, ADL Partners and F.S.D.V. (Fayenceries de Sarreguemines, Digoin & Vitry le François) (Chairman of the Supervisory Board).

CLAIRE CHIANG
Director, born 1951, Singaporean

Education / Masters in Philosophy from the University of Hong Kong and an Undergraduate Degree from the University of Singapore.

Professional Background / Founder and Managing Director of Banyan Tree Gallery, and Co-founder and Senior Vice President of Banyan Tree Resort Group (part of Singapore stock exchange listed Banyan Tree Holdings Limited) since 1994. Member of Parliament for the Government of Singapore from 1997 to 2001.

Current Board Mandates / Dufry AG, ISS A/S, Banyan Tree Gallery (Singapore) Pte Ltd, Banyan Tree Gallery (Thailand) Limited, Mandai Safari Park Holdings Pte Ltd.

JULIÁN DÍAZ GONZÁLEZ
Director, CEO, born 1958, Spanish

Education / Degree in business administration from Universidad Pontificia Comillas I.C.A.D.E., de Madrid.

Professional Background / 1989 – 1993 General Manager at TNT Leisure, S.A. 1993 – 1997 Division Director at Aldeasa. 1997 – 2000 various managerial and business positions at Aeroboutiques de Mexico, S.A. de C.V. and Deor, S.A. de C.V. 2000 – 2003 General Manager of Latinoamericana Duty-Free, S.A. de C.V. Since 2004 Chief Executive Officer at Dufry AG.

Current Board Mandates / Dufry AG, Distribuidora Internacional de Alimentacion, S.A. (DIA).

GEORGE KOUTSOLIOUTSOS
Director, born 1968, Greek

Education / Degree in Economics, University of Hartford, Hartford, USA / Paris and Master's degree in Business Administration and Marketing, University of Hartford, USA.

Professional Background / Mr. Koutsolioutsos' professional career started in New York working two years in the jewelry industry. 1992 – 2011 held various key positions at Folli Follie Group, including supervising and managing local and international distribution, investor relations, and leading the international expansion. Since January 2011 Chief Executive Officer of Folli Follie Group.

Current Board Mandates / Dufry AG, Folli Follie Group.

HEEKYUNG (JO) MIN
Director, born 1958, American

Education / Master in Business Administration from Columbia Graduate School of Business (Columbia University of New York) and an Undergraduate Degree from Seoul National University.

Professional Background / 2004 – 2005 Executive Vice President at Prudential Investment and Securities Co. in Korea. 2006 Country Advisor, Global Resolutions in Korea. 2007 – 2010 Director General at Incheon Free Economic Zone in Korea. Since 2011, Executive Vice President of Global Creating Shared Value, focusing on Corporate Social Responsibility and Sustainability at CJ Corporation, a publicly-listed multi-industry Korean conglomerate with retail operations.

Current Board Mandates / Dufry AG, CJ Welfare Foundation, Korean Institute for Gender Equality Promotion and Education.

JOAQUÍN MOYA-ANGELER CABRERA
Director, born 1949, Spanish

Education / Master's degree in mathematics from the University of Madrid, diploma in economics and forecasting from the London School of Economics and Political Science and an MBA from MIT's Sloan School of Management.

Professional Background / Mr. Moya-Angeler has focused his career on the technology and real estate industries, including having founded a number of companies. He has been the Chairman of the Board of various companies: IBM Spain (1994 – 1997), Leche Pascual (1994 – 1997), Meta4 (1997 – 2002), TIASA (1996 – 1998), and Hildebrando (2003 – 2014). To date Chairman of Redsa (since 1997), Presenzia and Pulsar Technologies (since 2002), La Quinta Real Estate (since 2003), Inmoan (since 1989), Avalon Private Equity (since 1999) and Corporación Tecnológica Andalucía (since 2005).

Current Board Mandates / Dufry AG, La Quinta Group (Chairman), Corporación Tecnológica Andalucia (Chairman), Board of Trustees of the University of Almeria (Chairman), Fundación Mediterránea (Honorary Chairman), Redsa S.A. (Chairman), Inmoan SL (Chairman), Avalon Private Equity (Chairman), Spanish Association of Universities Governing Bodies (Honorary Chairman), Calidad Pascual (Vice Chairman), Sarquavitae (Board of Advisors), AGS Nasoft (Board of Advisors), Palamon Capital Partners (Board of Advisors), MCH Private Equity (Board of Advisors) and Corporación Gropo Leche Pascual (Vice Chairman).

Messrs. Juan Carlos Torres Carretero (Chairman), Andrés Holzer Neumann (Vice-Chairman), Julián Díaz González and George Koutsolioutsos are members of a group of shareholders, which held a 21.36% purchase position of Dufry AG as of December 31, 2016 (participation mentioned includes financial instruments). See for details the disclosure under "1.2 Significant Shareholders" on page 210 of this Annual Report.

Due to his intense involvement with the Company's management the Chairman of the Board of Directors, Mr. Juan Carlos Torres Carretero is considered an executive Chairman. Mr. Julián Díaz González acts as Chief Executive Officer of the Company. All other members of the Board of Directors are non-executive members. Mr. George Koutsolioutsos, in his function as CEO of the Folli Follie Group, oversaw the operations of Hellenic Duty Free Shops SA prior to its acquisition by Dufry in 2013 (no executive function for Dufry AG or any of its subsidiaries since 2014). Otherwise, none of the members of the Board of Directors have ever been in a managerial position at Dufry AG or any of its subsidiaries. For information on related parties and related party transactions please refer to Note 35 on page 168 and to the information provided in the Remuneration Report on page 229 ff. of this Annual Report.

Changes in the Board of Directors in fiscal year 2016

Messrs. James S. Cohen and José Lucas Ferreira de Melo stepped down as members of the Board of Directors at the Ordinary General Meeting of Shareholders held on April 28, 2016, after many years of dedicated services as Board members. Ms. Claire Chiang and Ms. Heekyung (Jo) Min were elected as new Board members at the same Meeting of Shareholders.

3.3 RULES IN THE ARTICLES OF INCORPORATION REGARDING THE NUMBER OF PERMITTED MANDATES OUTSIDE THE COMPANY

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 228 of this Corporate Governance Report.

In accordance with Article 24 para. 2 of the Articles of Incorporation, dated March 8, 2016, no member of the Board of Directors may hold more than four additional mandates in listed companies and ten additional mandates in non-listed companies. The following mandates are not subject to the limitations under para. 2 of this Article:

a) mandates in companies which are controlled by the Company or which control the Company;
b) mandates held at the request of the Company or any company controlled by it. No member of the Board of Directors may hold more than ten such mandates; and
c) mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. No member of the Board of Directors may hold more than ten such mandates.

Mandates shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities that are under joint control or the same beneficial ownership are deemed one mandate.

3.4 ELECTION AND TERMS OF OFFICE

In accordance with Article 13 of the Articles of Incorporation, dated March 8, 2016:
- The Board of Directors shall consist of at least three and at most nine members.
- Members of the Board of Directors and the Chairman of the Board shall be elected for a term of office extending until completion of the next Ordinary Meeting of Shareholders.
- The members of the Board of Directors and the Chairman of the Board may be re-elected without limitation.
- If the office of the Chairman of the Board of Directors is vacant, the Board of Directors shall appoint a Chairman from among its members for a term of office extending until completion of the next Ordinary Meeting of Shareholders.
- Except for the election of the Chairman of the Board of Directors and the members of the Remuneration Committee by the Meeting of Shareholders, the Board of Directors determines its own organization. The Board of Directors shall elect a Vice-Chairman. It shall appoint a Secretary who does not need to be a member of the Board of Directors.

Article 24 para. 1 of the Articles of Incorporation stipulates the following: As members of the Board of Directors only persons may be elected who served a minimum of four years in aggregate on the Board of Directors or on the Executive Management of each of (i) one or several travel retail company(ies) with operations in more than one continent at the end of at least one year of the years of activity of such person, and (ii) one or several publicly listed retail company(ies) with an annual turnover of at least CHF 3 billion at the end of at least one year of the years of activity of such person. The requirements under (i) and (ii) above can be fulfilled by the same or several cumulated position(s) held by such person.

All members of the Board of Directors were elected in individual elections at the Ordinary General Meeting of Shareholders held on April 28, 2016. The same General Meeting elected Juan Carlos Torres Carretero as Chairman of the Board of Directors. Messrs. Jorge Born and Xavier Bouton and Ms. Heekyung (Jo) Min were elected in individual elections as members of the Remuneration Committee.

3.5 INTERNAL ORGANIZATIONAL STRUCTURE

Except for the election of the Chairman of the Board of Directors and the members of the Remuneration Committee (which are to be elected by the General Meeting of Shareholders), the Board of Directors determines its own organization. It shall elect its Vice-Chairman, the members of the Audit Committee and of the Nomination Committee, and appoint a Secretary who does not need to be a member of the Board of Directors.

As of December 31, 2016, Dufry AG has three committees: the Audit Committee, the Nomination Committee and the Remuneration Committee. All three Committees are assisting the Board of Directors in fulfilling its duties and have also decision authority to the extent described below.

Audit Committee

Members as of December 31, 2016: Joaquín Moya-Angeler Cabrera (Chairman Audit Committee), Xavier Bouton, Claire Chiang.

The members of the Audit Committee are all non-executive and independent members of the Board of Directors. Pursuant to item 14 of the Swiss Code of Best Practice for Corporate Governance (SCBP), an independent member is a non-executive member, has not been an executive member of the Dufry Group in the last three years and has no or comparatively minor business relations with the Company. The members shall be appointed, as a rule, for the entire duration of their mandate as Board members and be re-eligible.

The Audit Committee assists the Board of Directors in fulfilling its duties of supervision of management. It is responsible for the review of the performance and independence of the Auditors, the review of and the decision on the audit plan and the audit results and the monitoring of the implementation of the findings by management, the review of the internal audit plan, the assessment of the risk management and the decision on proposed measures to reduce risks, the review of the compliance levels and risk management, as well as the review to propose whether the Board of Directors should accept the Company's accounts. The Audit Committee regularly reports to the Board of Directors on its decisions, assessments, findings and proposes appropriate actions. The Audit Committee

THE BOARD COMMITTEES AS OF DECEMBER 31, 2016

MEMBER OF THE BOARD OF DIRECTORS	BOARD OF DIRECTORS	AUDIT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE
Juan Carlos Torres Carretero	Chairman	–	–	–
Andrés Holzer Neumann	Vice-Chairman	–	Committee Chairman	–
Jorge Born	Director	-	Committee Member	Committee Chairman
Xavier Bouton	Director	Committee Member	–	Committee Member
Claire Chiang	Director	Committee Member	–	–
Julián Díaz González	Director / CEO	–	–	–
George Koutsolioutsos	Director	–	–	–
Heekyung (Jo) Min	Director	–	–	Committee Member
Joaquín Moya-Angeler Cabrera	Director	Committee Chairman	Committee Member	–
Number of meetings in fiscal year 2016	**7**	**4**	**3**	**4**
Average attendance ratio [1)]	**100 %**	**100 %**	**100 %**	**100 %**

1) The average attendance ratio regarding the Committees refers directly to the members of the respective Committee. Additional participants who participate as guests in Committee meetings are not included in the percentage calculations. For the two Board members who were newly elected at the General Meeting of Shareholders in 2016, their attendance ratios have been calculated from the date of the General Meeting onwards.

generally meets at the same dates the Board of Directors meetings take place, although the Chairman may call meetings as often as business requires. The length of the meetings lasted usually for approximately 2 to 3 hours in fiscal year 2016, during which the Audit Committee held 4 meetings. The auditors attended 2 meetings of the Audit Committee in 2016. The Chairman of the Board of Directors usually participates as a guest in the Audit Committee meetings. Members of the Group Executive Committee attended meetings of the Audit Committee as follows: CEO 4 meetings, the CFO (who acts as Secretary of the Audit Committee meetings) 4 meetings.

Nomination Committee
Members as of December 31, 2016: Andrés Holzer Neumann (Chairman Nomination Committee), Jorge Born, Joaquín Moya-Angeler Cabrera.

The members of the Nomination Committee are all non-executive and independent members of the Board of Directors. Pursuant to item 14 of the Swiss Code of Best Practice for Corporate Governance (SCBP), an independent member is a non-executive member, has not been an executive member of the Dufry Group in the last three years and has no or comparatively minor business relations with the Company. The members shall be appointed, as a rule, for the entire duration of their mandate as Board members and be re-eligible.

The Nomination Committee assists the Board of Directors in fulfilling its nomination related matters. It is responsible for assuring the long-term planning of appropriate appointments to the positions of the CEO and the Board of Directors, reviewing the curriculum vitae, credentials and experience of the candidates proposed by the Board of Directors to fill vacancies on the Board of Directors or for the position of the CEO, making recommendations on Board composition and balance, presenting to the Board a proposal of succession plan for the position of the CEO at least once a year, and reviewing the adequacy of the selection system and criteria used for the appointment of the members of the Group Executive Committee. The Nomination Committee meets as often as business requires. The 3 meetings held in the fiscal year 2016 lasted about 1 to 3 hours. The Chairman of the Board of Directors usually participates as a guest in the Nomination Committee meetings. Members of the Group Executive Committee attended meetings of the Nomination Committee as follows: CEO 3 meetings.

Remuneration Committee
Members as of December 31, 2016: Jorge Born (Chairman Remuneration Committee), Xavier Bouton, Heekyung (Jo) Min.

The members of the Remuneration Committee are all non-executive and independent members of the Board of Directors. Pursuant to item 14 of the Swiss Code of Best Practice for Corporate Governance (SCBP), an independent member is a non-executive member, has not been an executive member of the Dufry Group in the last three years and has no or comparatively minor business relations with the Company. The members shall be appointed by the Shareholders' Meeting until the next Ordinary General Meeting of Shareholders and be re-eligible.

The Remuneration Committee assists the Board of Directors in fulfilling its remuneration related matters. It is responsible for the review of the remuneration system of the Company and for proposals in relation thereto to the Board of Directors. The Remuneration Committee makes recommendations regarding the proposals of the Board of Directors in relation to the maximum aggregate amount of compensation of the Board and of the Group Executive Committee to be submitted to the General Meeting of Shareholders of the Company for approval, as well as in relation to the remuneration package of the CEO and the members of the Board. The Remuneration Committee makes proposals on the grant of options or other securities under any other management incentive plan of the Company, if any. The Remuneration Committee reviews and recommends to the Board of Directors the Remuneration Report. The Remuneration Committee meets as often as business requires. The 4 meetings held in the fiscal year 2016 lasted about 2 to 3 hours. The Chairman of the Board of Directors usually participates as a guest in the Remuneration Committee meetings. Members of the Group Executive Committee attended meetings of the Remuneration Committee as follows: CEO 4 meetings. External advisors attended 1 meeting of the Remuneration Committee in 2016.

Work method of the Board of Directors
As a rule, the Board of Directors meets about six to seven times a year (usually at least once per quarter). Additional meetings or conference calls are held as and when necessary. The Board of Directors held 7 meetings during fiscal year 2016. The meetings of the Board of Directors usually lasted half a day. The Chairman determines the agenda and items to be discussed at the Board meetings. All members of the Board of Directors can request to add further items on the agenda.

The CEO, the CFO, the GCOO and the GC, also acting as Secretary to the Board, attend the meetings of the Board of Directors. Other members of the Group Executive Committee may attend meetings of the Board of Directors as and when required. Members of the Group Executive Committee attended meetings of the Board of Directors in 2016 as follows: CEO 7 meetings, CFO 7 meetings, GCOO 6 meetings, GCCO 1 meeting, GRD 1 meeting, GC 7 meetings, CEOs of the five divisions 1 meeting, GM Brazil & Bolivia 1 meeting.

The Board of Directors also engages specific advisors to address specific matters when required. External advisors attended pertinent portions of 1 meeting of the Board of Directors in 2016 in connection with a 2017 economic outlook presentation. The external Auditors attended 2 meetings of the Audit Committee in 2016.

3.6 DEFINITION OF AREAS OF RESPONSIBILITY

The Board of Directors is the ultimate corporate body of Dufry AG. It further represents the Company towards third parties and shall manage all matters which by law, Articles of Incorporation or Board regulations have not been delegated to another body of the Company.

In accordance with the Board regulations ("Organisationsreglement"), the Board of Directors has delegated the operational management of the Company to the CEO who is responsible for overall management of the Dufry Group. The following responsibilities remain with the Board of Directors:
- Ultimate direction of the business of the Company and the power to give the necessary directives;
- Determination of the organization of the Company;
- Administration of the accounting system, financial control and financial planning;
- Appointment and removal of the members of the committees installed by itself as well as the persons entrusted with the management and representation of the Company, as well as the determination of their signatory power;
- Ultimate supervision of the persons entrusted with the management of the Company, in particular with respect to their compliance with the law, the Articles of Incorporation, regulations and directives;
- Preparation of the business report, the remuneration report and the Meetings of Shareholders and to carry out the resolutions adopted by the Meeting of Shareholders;
- Notification of the judge if liabilities exceed assets;
- Passing of resolutions regarding the subsequent payment of capital with respect to non-fully paid in shares;
- Passing of resolutions confirming increases in share capital and the amendments of the Articles of Incorporation entailed thereby;
- Non-delegable and inalienable duties and powers of the Board of Directors pursuant to the Swiss Merger Act;
- To approve any non-operational or non-recurring transaction not included in the annual budget and exceeding the amount of CHF 10,000,000;
- To issue convertible debentures, debentures with option rights or other financial market instruments;
- To approve the annual investment and operating budgets of the Company and the Dufry Group;
- To approve the executive regulations promulgated in accordance with the board regulations; and
- To propose an independent voting rights representative for election to the Meeting of Shareholders, and to appoint an independent voting rights representative in the event of a vacancy.

Except for the Chairman of the Board of Directors, who has single signature authority, the members of the Board have joint signature authority, if any.

3.7 INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS THE SENIOR MANAGEMENT

The Board of Directors ensures that it receives sufficient information from the management to perform its supervisory duty and to make the decisions that are reserved to the Board through several means:
- Dufry Group has an internal management information system that consists of financial statements, performance indicators and risk management. Information to management is provided on a regular basis according to the cycles of the business: sales on a weekly basis; income statement, cash management and key performance indicator (KPI) including customer, margins and investment information, balance sheet and other financial statements on a monthly basis. The management information is prepared on a consolidated basis as well as per division. Financial statements and key financial indicators / ratios are submitted to the entire Board of Directors on a quarterly basis.
- During Board meetings, each member of the Board may request information from the other members of the Board, as well as from the members of the management present on all affairs of the Company and the Group.
- Outside of Board meetings, each member of the Board may request from the Chief Executive Officer

information concerning the course of business of the Company and the Group and, with the authorization of the Chairman, about specific matters.

- The CEO reports at each meeting of the Board of Directors on the course of business of the Company and the Group in a manner agreed upon from time to time between the Board and the CEO. Apart from the meetings, the CEO reports immediately any extraordinary event and any change within the Company and within the Dufry Group to the Chairman.
- For attendance of the members of the Group Executive Committee at meetings of the Board of Directors or meetings of the Board Committees please refer to section "3.5 Internal organizational structure" above.
- The Audit Committee met 4 times in 2016 with management to review the business, better understand laws, regulations and policies impacting the Dufry Group and its business and support the management in meeting the requirement and expectations of stakeholders. In meetings of the Audit Committee, the CFO acts as Secretary to the Committee. The Auditors are invited to the meetings of the Audit Committee and attended 2 meetings of the Audit Committee in 2016. Among these meetings some or part of them are also held without management.
- The Global Internal Audit department provides independent risk-based and objective assurance reviews, loss prevention advice, and risk exposure analysis to group companies through 3 different activities streams: Internal Audit, Loss Prevention and Enterprise Risk Management.
- Internal auditing is an independent function that provides objective assurance and consulting activity, aiming to improve the organization's operations. The selection of Internal Audit reviews to be executed during the year is based on specific methodology throughout the Dufry Group and includes the consideration of internal and external factors. In fiscal year 2016, Internal Audit conducted over 80 reviews, examining more than 50 operations in all divisions, representing a coverage of about 93.5 % of 2016 group net sales including non-consolidated entities. Regular follow-up is performed to ensure that risk mitigation and control improvement measures are implemented on a timely basis.
- The Global Loss Prevention activity was created to prevent losses and misappropriations within the group. The day-to-day work is designed to leverage profitability using advanced data mining and anti-fraud techniques. Currently, validations are performed monthly or bimonthly for all group companies and results are proven to provide valuable information for loss prevention purposes. Additionally, we are continuously trying to use new data mining techniques to establish validations that can enhance our coverage and create a higher assurance level over our key retail risks.
- Dufry has in place an Enterprise Risk Management program which sets out our approach for assessing compliance with: relevant laws, corporate policies and procedures, tax regulations, agreements or contracts and integrity policy, anticipating externally imposed guidelines and preventing losses. The program is sponsored by the Group Executive Committee and based on the concept of direct stakeholder assurance feedback, and is distributed among all operations and areas.
- All the results of these Group Internal Audit activities are communicated to key management in charge and to the Group's senior management, including all the members of the Group Executive Committee on an on-going basis, and also to the Audit Committee.
- Detailed information on the financial risk management is provided in Note 38 in the Financial Statements of this Annual Report.

4. GROUP EXECUTIVE COMMITTEE

4.1 MEMBERS OF THE GROUP EXECUTIVE COMMITTEE

As of December 31, 2016, the Group Executive Committee ("GEC") comprised twelve executives.

The Group Executive Committee, under the control of the CEO, conducts the operational management of the Company pursuant to the Company's board regulations. The CEO reports to the Board of Directors on a regular basis. The following table sets forth the name and year of appointment of the members of the Group Executive Committee, followed by a short description of each member's business experience, education and activities.

NAME	NATIONALITY	POSITION	GEC MEMBER SINCE YEAR
Julián Díaz González	Spanish	Chief Executive Officer (CEO)	2004
Andreas Schneiter	Swiss	Chief Financial Officer (CFO)	2012
José Antonio Gea	Spanish	Global Chief Operating Officer (GCOO)	2004
Luis Marin	Spanish	Global Chief Corporate Officer (GCCO)	2014
Jordi Martin-Consuegra	Spanish	Global Resources Director (GRD)	2016
Pascal C. Duclos	Swiss	General Counsel (GC)	2005
Pedro J. Castro Benitez	Spanish	Chief Executive Officer (DCEO) Division Southern Europe and Africa	2016
Eugenio Andrades	Spanish	Chief Executive Officer (DCEO) Division UK, Central and Eastern Europe	2016
Andrea Belardini	Italian	Chief Executive Officer (DCEO) Division Asia, Middle East and Australia	2016
René Riedi	Swiss	Chief Executive Officer (DCEO) Division Latin America	2000
Joseph DiDomizio	American	Chief Executive Officer (DCEO) Division North America	2008
Gustavo Magalhães Fagundes	Brazilian	General Manager (GM) Brazil and Bolivia	2016

Note: All GEC members appointed in 2016 were appointed as of January 1, 2016.

All agreements entered into with the members of the Group Executive Committee are entered for an indefinite period of time.

4.2 EDUCATION, PROFESSIONAL BACKGROUND, OTHER ACTIVITIES AND VESTED INTERESTS

JULIÁN DÍAZ GONZÁLEZ
Chief Executive Officer,
born 1958, Spanish

Education / Degree in business administration from Universidad Pontificia Comillas I.C.A.D.E., de Madrid.

Professional Background / 1989 – 1993 General Manager at TNT Leisure, S.A. 1993 – 1997 Division Director at Aldeasa. 1997 – 2000 various managerial and business positions at Aeroboutiques de Mexico, S.A. de C.V. and Deor, S.A. de C.V. 2000 – 2003 General Manager of Latinoamericana Duty-Free, S.A. de C.V. Since 2004 Chief Executive Officer at Dufry AG.

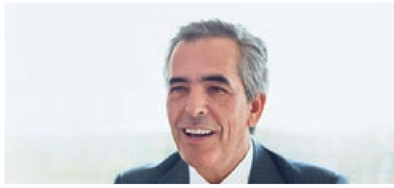
Current Board Mandates / Dufry AG, Distribuidora Internacional de Alimentacion, S.A. (DIA).

ANDREAS SCHNEITER
Chief Financial Officer,
born 1970, Swiss

Education / Degree in business administration and specialization in finance at School of Economy and Business Administration Berne.

Professional Background / 1998 – 2003 various positions at UBS Warburg in Zurich in the area of Mergers and Acquisitions. Joined Dufry in 2003 as Head Corporate Controlling. 2004 – 2012 Head Group Treasury and since 2005 additionally Investor Relations at Dufry. Since July 2012 Chief Financial Officer at Dufry AG.

JOSÉ ANTONIO GEA
Global Chief Operating Officer,
born 1963, Spanish



Education / Degree in economics and business sciences from Colegio Universitario de Estudios Financieros.

Professional Background / 1989 – 1995 various positions at TNT Express Espana, S.A. Director of Blue Cow Division (1993 – 1995). 1995 – 2003 various managerial positions at Aldeasa. Left Aldeasa as Director of Operations. Since 2004 Global Chief Operating Officer at Dufry AG.

LUIS MARIN
Global Chief Corporate Officer,
born 1971, Spanish

Education / Degree in Economic Sciences and Business Administration from Universidad de Barcelona.

Professional Background / 1995 – 1998 Auditor at Coopers & Lybrand. 1998 – 2001 Financial Controller at Derbi Motocicletas – Nacional Motor S.A. 2001 – 2004 Head of Finance and Administration of Spanish subsidiaries of Areas (member of the French group Elior). Joined Dufry in 2004, as Business Controlling Director and since 2012, also responsible for mergers and acquisitions. Since January 2014 Gobal Chief Corporate Officer at Dufry AG.

JORDI MARTIN-CONSUEGRA
Global Resources Director,
born 1972, Spanish

Education / Executive MBA from Instituto de Empresa, Madrid. Degree in economics from Universidad Complutense de Madrid and Bachelor of Arts in Combined Studies from University of Wolverhampton, UK.

Professional Background / 1996 – 1998 Business Consultant at Burke in Madrid (today Burke is part of ALTEN Group in Spain). 1998 – 2000 Director of Consultancy Services at Burke. 2001 – 2002 Lawson Software Product Manager at Burke in Madrid. 2003 – 2005 Director of Business Solutions at Burke. 2005 – 2008 Global Information Technology Director at Dufry AG. 2008 – 2009 Global Integration Director at Dufry AG. 2009 – 2012 Global Organization and Human Resources Director at Dufry AG. Since 2012 Global Resources Director at Dufry AG.

PASCAL C. DUCLOS
General Counsel,
born 1967, Swiss

Education / Licence en droit from Geneva University School of Law, L.L.M. from Duke University School of Law. Licensed to practice law in Switzerland and admitted to the New York Bar.

Professional Background / 1991 – 1997 Senior attorney at law at Geneva law firm Davidoff & Partners. Also academic assistant at the University of Geneva School of Law (1994 – 1996). 1999 – 2001 Attorney at law at New York law firm Kreindler & Kreindler. 2001 – 2002 Financial planner at UBS AG in New York. 2003 – 2004 Senior foreign attorney at law at the Buenos Aires law firm Beretta Kahale Godoy. Since 2005 General Counsel and Secretary to the Board of Directors at Dufry AG.

PEDRO J. CASTRO BENITEZ
Chief Executive Officer Division Southern Europe and Africa, born 1967, Spanish

Education / Masters degree in international relations, specializing in foreign trade, from Spanish Diplomatic School in Madrid. Degree in administration and political science, specializing in foreign affairs, from Complutense University in Madrid.

Professional Background / 1998 – 2000 General Manager Chile at Aldeasa. 2000 – 2003 Managing Director Canariensis at Aldeasa. 2003 – 2006 Chief Executive Officer at Aldeasa Jordan. 2006 – 2010 Director Operations Spain at Aldeasa. 2011 – 2015 Chief Operating Officer International at World Duty Free. Since January 2016 Chief Executive Officer Division Southern Europe and Africa at Dufry AG.

EUGENIO ANDRADES
Chief Executive Officer Division UK, Central and Eastern Europe, born 1968, Spanish

Education / Degree in Mining Engineering at Politécnica University of Madrid. MS of Economics and Strategy of Colorado School of Mines, Colorado/USA.

Professional Background / Prior to 1996 Consultant at McKinsey & Co and Carboex, a subsidiary of Endesa. 1996 – 2001 Director of Strategy & Development and Investor Relations at Aldeasa. 2001 Chief Executive Officer Jordan and Middle East region at Aldeasa. 2002 – 2007 Director of Strategy & Development and Investor Relations at Aldeasa. 2007 – 2010 Commercial Director and Operations Coordinator at Aldeasa. 2011 – 2014 Chief Commercial Officer at World Duty Free Group. 2014 – 2015 Chief Executive Officer at World Duty Free Group. Since January 2016 Chief Executive Officer Division UK, Central and Eastern Europe at Dufry AG.

ANDREA BELARDINI
Chief Executive Officer Division Asia, Middle East and Australia, born 1968, Italian

Education / Degree in Business and Economics, University of Rome (La Sapienza).

Professional Background / 1991 – 1996 various positions as Controller and Project Manager at Carlson Wagonlit Travel. 1997 – 1999 Director of Operations Italy at Carlson Wagonlit Travel. 1999 – 2000 Vice President Operations South Europe at Carlson Wagonlit Travel. 2000 – 2004 Executive Vice President Strategy & Development at Aeroporti di Roma. 2004 – 2009 Executive Vice President Commercial Business Management & Development at Aeroporti di Roma. 2009 – 2015 Chief Executive Officer Europe at Nuance Group (since 2013 also Global Chief Commercial Officer at Nuance Group). Since January 2016 Chief Executive Officer Division Asia, Middle East and Australia at Dufry AG.

RENÉ RIEDI
Chief Executive Officer Division Latin America, born 1960, Swiss

Education / Degree in business administration from the School of Economy and Business Administration Zurich.

Professional Background / Prior to 1993 worked in product marketing and international sales of the multinational FMCG (Fast Moving Consumer Goods) company Unilever. 1993 – 2000 Joined Dufry as Sales Manager Eastern Europe. Product Category Manager Spirits & Tobacco (1995 – 1996). Head of Product Marketing (1996 – 1997). Director Division Spirits & Tobacco (Weitnauer Distribution Ltd. 1998 – 2000). 2000 – 2012 Chief Operating Officer Region Eurasia at Dufry AG. 2012 – 2015 Chief Operating Officer Region America I at Dufry AG. Since January 2016 Chief Executive Officer Division Latin America at Dufry AG.

JOSEPH DIDOMIZIO
Chief Executive Officer Division North America, born 1970, American

Education / Bachelor's of Arts degree in Marketing and Business Administration from the University of Bridgeport.

Professional Background / 1992 – 2008 several managerial positions in Hudson Group (April–September 2008: President and Chief Executive Officer). 2008 - 2015 Chief Operating Officer Region United States & Canada at Dufry AG. Since January 2016 Chief Executive Officer Division North America at Dufry AG.

GUSTAVO MAGALHÃES FAGUNDES
General Manager Brazil and Bolivia, born 1967, Brazilian

Education / Degree in business administration and management and post-graduate degree in HR and marketing from EAESP/Fundação Getúlio Vargas in São Paulo, Master in international economics and management from Bocconi University in Milan, executive MBA from AmBev Corporate University in São Paulo, general management degree from Harvard Business School in Massachusetts, USA.

Professional Background / 1996 – 2002 Head of Marketing at AmBev. 2002 – 2009 Chief Operating Officer at Travel Retail, Brasif. 2010 – 2014 Chief Operating Officer at Brasif Holding. 2014 – 2015 COO Dufry Brazil and Bolivia. Since January 2016 General Manager Brazil and Bolivia at Dufry AG.

Other activities and vested interests

As of December 31, 2016, none of the members of the Group Executive Committee of Dufry AG has had other activities in governing and supervisory bodies of important Swiss or foreign organizations, institutions or foundations under private and public law with the exception of the Board mandates of Mr. Julián Díaz mentioned above. No member of the Group Executive Committee has permanent management or consultancy functions for important Swiss or foreign interest groups, nor holds any official functions and political posts.

4.3 RULES IN THE ARTICLES OF INCORPORATION REGARDING THE NUMBER OF PERMITTED MANDATES OUTSIDE THE COMPANY

In accordance with Article 25 para. 1 of the Articles of Incorporation, dated March 8, 2016, no member of the Group Executive Committee may hold more than two additional mandates in listed companies and four additional mandates in non-listed companies. The following mandates are not subject to the limitations under para. 1 of this Article:

a) mandates in companies which are controlled by the Company or which control the Company;
b) mandates held at the request of the Company or any company controlled by it. No member of the Group Executive Committee may hold more than ten such mandates; and
c) mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. No member of the Group Executive Committee may hold more than ten such mandates.

For definition of "mandate" please refer to section 3.3 above. For the website link regarding the Articles of Incorporation please see page 228 of this Corporate Governance Report.

4.4 MANAGEMENT CONTRACTS

Dufry AG does not have management contracts with companies or natural persons not belonging to the Group.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

5.1 CONTENT AND METHOD OF DETERMINING THE COMPENSATION AND SHAREHOLDING PROGRAMS

Detailed information of compensation, shareholdings and loans to active and former members of the Board of Directors and of the Group Executive Committee in fiscal year 2016 is included in the Remuneration Report on pages 229 to 241 of this Annual Report.

5.2 DISCLOSURE OF RULES IN THE ARTICLES OF INCORPORATION REGARDING COMPENSATION OF THE BOARD OF DIRECTORS AND OF THE EXECUTIVE MANAGEMENT

For rules in the Articles of Incorporation regarding the approval of compensation by the Meeting of Shareholders, the supplementary amount for changes in the Executive Management as well as the general compensation principles please refer to Articles 20 – 22 of the Articles of Incorporation. The Articles of Incorporation do not contain any rules in association with loans, credit facilities or post-employment benefits for the members of the Board of Directors and Executive Management. The rules regarding agreements with members of the Board of Directors and of the Executive Management in terms of duration and termination are stipulated in Article 23. Dufry's Articles of Incorporation are available on the Company website www.dufry.com – section Investors – Corporate Governance – Articles of Incorporation. For the website link regarding the Articles of Incorporation please see page 228 of this Corporate Governance Report.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 228 of this Corporate Governance Report.

6.1 VOTING RIGHTS AND REPRESENTATION

Each share recorded as a share with voting rights in the share register confers one vote on its registered holder. Each shareholder duly registered in the share register on the record date may be represented at the Meeting of Shareholders by the independent voting rights representative or any person who is authorized to do so by a written proxy. A proxy does not need to be a shareholder. Shareholders entered in the share register as shareholders with voting rights on a specific qualifying date (record date) designated by the Board of Directors shall be entitled to vote at the Meeting of Shareholders and to exercise their votes at the Meeting of Shareholders. See section 6.5 below.

Nominees are only entitled to represent registered shares held by them at a Meeting of Shareholders if they are registered in the share register in accordance with Article 5 para. 4 of the Articles of Incorporation and if they hold a valid written proxy granted by the beneficial owner of the registered shares instructing the nominee how to vote at the Meeting of Shareholders. Shares held by a nominee for which it is not able to produce such a proxy count as not being represented at the Meeting of Shareholders.

As explained under section 2.6 above, BDR holders do not own the Dufry AG shares underlying their BDRs. As a consequence, BDR holders are prevented from exercising directly any of the shareholders' rights provided for by the Company's Articles of Incorporation and by Swiss corporate law. For example, BDR holders are not entitled to personally participate in the General Meetings of the Company. However, BDR holders are entitled to instruct the Depositary Institution to vote the Company's shares underlying their BDRs, according to the instructions sent to them by the Depositary Institution. See section 2.6 above or the Articles of Incorporation on our website.

6.2 THE INDEPENDENT VOTING RIGHTS REPRESENTATIVE

In accordance with Article 10 para. 3 of the Articles of Incorporation, dated March 8, 2016, the independent voting rights representative shall be elected by the Meeting of Shareholders for a term of office extending until completion of the next Ordinary Meeting of Shareholders. Re-election is possible. If the Company does not have an independent voting rights representative, the Board of Directors shall appoint the independent voting rights representative for the next Meeting of Shareholders.

The Company may also make arrangements for electronic voting (Article 11 para. 5). Resolutions passed by electronic voting shall have the same effect as votes by ballot.

The Ordinary General Meeting of Shareholders held on April 28, 2016, elected Altenburger Ltd legal + tax, Kuesnacht-Zurich, as the independent voting rights representative until the completion of the Ordinary General Meeting of Shareholders in 2017. Altenburger Ltd legal + tax is independent from the Company and has no further mandates for Dufry AG.

For the upcoming General Meeting of Shareholders on April 27, 2017, the Company will enable its shareholders to send their voting instructions electronically to the independent voting rights representative Altenburger Ltd legal + tax through the platform:

https://www.netvote.ch/dufry

The corresponding instructions regarding registration and voting procedures on this electronic platform will be sent to the shareholders together with the invitation to the General Meeting.

6.3 QUORUMS

The Meeting of Shareholders shall be duly constituted irrespective of the number of shareholders present or of shares represented. Unless the law or Articles of Incorporation provide for a qualified majority, an absolute majority of the votes represented at a Meeting of Shareholders is required for the adoption of resolutions or for elections, with abstentions, blank and invalid votes having the effect of "no" votes. The Chairman of the Meeting shall have a casting vote.

A resolution of the Meeting of Shareholders passed by at least two thirds of the votes represented and the absolute majority of the nominal value of shares represented shall be required for:

1. a modification of the purpose of the Company;
2. the creation of shares with increased voting powers;
3. restrictions on the transfer of registered shares and the removal of such restrictions;
4. restrictions on the exercise of the right to vote and the removal of such restrictions;
5. an authorized or conditional increase in share capital;
6. an increase in share capital through the conversion of capital surplus, through a contribution in kind or in exchange for an acquisition of assets, or a grant of special benefits upon a capital increase;
7. the restriction or denial of pre-emptive rights;
8. the change of the place of incorporation of the Company;
9. the dismissal of a member of the Board of Directors;
10. an increase in the maximum number of members of the Board of Directors;
11. a modification of the eligibility requirements of the members of the Board of Directors (Article 24 para. 1 of the Articles of Incorporation);
12. the dissolution of the Company;
13. other matters where statutory law provides for a corresponding quorum.

6.4 CONVOCATION OF THE MEETING OF SHAREHOLDERS

The Meeting of Shareholders shall be called by the Board of Directors or, if necessary, by the Auditors. One or more shareholders with voting rights representing in the aggregate not less than 10 % of the share capital can request, in writing, that a Meeting of Shareholders be convened. Such request must be submitted to the Board of Directors, specifying the items and proposals to appear on the agenda.

The Meeting of Shareholders shall be convened by notice in the Swiss Official Gazette of Commerce (SOGC) not less than 20 days before the date fixed for the Meeting. Registered shareholders will also be informed by ordinary mail.

6.5 AGENDA

The invitation for the Meeting of Shareholders shall state the day, time and place of the Meeting, and the items and proposals of the Board of Directors and, if any, the proposals of the shareholders who demand that the Meeting of Shareholders be called or that items be included in the agenda.

One or more shareholders with voting rights whose combined holdings represent an aggregate nominal value of at least CHF 1,000,000 may request that an item be included in the agenda of a Meeting of Shareholders. Such a request must be made in writing to the Board of Directors at the latest 60 days before the Meeting and shall specify the agenda items and the proposals made.

6.6 REGISTRATION INTO THE SHARE REGISTER

The record date for the inscription of registered shareholders into the share register in view of their participation in the Meeting of Shareholders is defined by the Board of Directors. It is usually around 2 weeks before the Meeting. Shareholders who dispose of their registered shares before the Meeting of Shareholders are no longer entitled to vote with such disposed shares.

7. CHANGE OF CONTROL AND DEFENSE MEASURES

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 228 of this Corporate Governance Report.

7.1 DUTY TO MAKE AN OFFER

An investor who acquires more than 33 ⅓ % of all voting rights (directly, indirectly or in concert with third parties) whether they are exercisable or not, is required to submit a takeover offer for all shares outstanding (Article 135 Financial Market Infrastructure Act, FMIA). The Articles of Incorporation of the Company contain neither an opting-out nor an opting-up provision (Article 125 para. 4 FMIA).

7.2 CLAUSES ON CHANGE OF CONTROL

In case of change of control, the share-based payments as disclosed in the Remuneration Report shall vest immediately.

In case of change of control, all amounts drawn under the CHF 2,500,000,000, USD 1,010,000,000, EUR 500,000,000, and EUR 3,600,000,000 multicurrency term and revolving credit facilities agreements and the EUR 250,000,000 letter of credit and bank guarantee facility agreement shall become immediately due and payable. Furthermore, upon the occurrence of a change of control, Dufry may be required to repurchase the EUR 500,000,000 Senior Notes due 2022 and the EUR 700,000,000 Senior Notes due 2023 at a purchase price equal to 101 % of their principal amount, plus accrued and unpaid interest.

According to Article 23 of the Articles of Incorporation, employment and other agreements with the members of the Group Executive Committee may be concluded for a fixed term or for an indefinite term. Agreements for a fixed term may have a maximum duration of one year. Renewal is possible. Agreements for an indefinite term may have a notice period of maximum twelve months. The current contracts with the members of the Group Executive Committee contain termination periods of twelve months or less.

8. AUDITORS

8.1 AUDITORS, DURATION OF MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR

Pursuant to the Articles of Incorporation, the Auditors shall be elected every year and may be re-elected. Ernst & Young Ltd acted as Auditors and has held the mandate as Auditor since 2004. Bruno Chiomento has been the Lead Auditor in charge of the consolidated financial statements of the Company and the statutory financial statements as of December 31, 2016. Mr. Chiomento took the existing auditing mandate in 2015.

8.2 AUDITING FEE

During fiscal year 2016, Dufry agreed with Ernst & Young Ltd to pay a fee of CHF 4.2 million for services in connection with auditing the statutory annual financial statements of Dufry AG and its subsidiaries, as well as the consolidated financial statements of Dufry Group (including quarterly reviews).

8.3 ADDITIONAL FEES

Additional fees amounting to CHF 0.5 million were paid to Ernst & Young Ltd for tax services and CHF 0.1 million for other advisory services.

8.4 SUPERVISORY AND CONTROL INSTRUMENTS PERTAINING TO THE AUDIT

The Audit Committee as a committee of the Board of Directors reviews and evaluates the performance and independence of the Auditors at least once each year. Based on its review, the Audit Committee recommends to the Board of Directors, which external Auditor should be proposed for election at the General Meeting of Shareholders. The decision regarding this agenda item is then taken by the Board of Directors. When evaluating the performance and independence of the Auditors, the Audit Committee puts special emphasis on the following criteria: Global network of the audit firm, professional competence of the lead audit team, understanding of Dufry's specific business risks, personal independence of the lead auditor and independence of the audit firm as a company, co-ordination of the Auditors with the Audit Committee and the Senior Management / Finance Department of Dufry Group, practical recommendations with respect to the application of IFRS regulations.

Within the yearly approved budget, there is also an amount permissible for non-audit services that the Auditors may perform. Within the scope of the approved and budgeted amount, the Chief Financial Officer can delegate non-audit related mandates to the Auditors.

The Audit Committee determines the scope of the external audit and the relevant methodology to be applied to the external audit with the Auditors and discusses the results of the respective audits with the Auditors. The Auditors prepare a management letter addressed to the Senior Management, the Board of Directors and the Audit Committee once per year, informing them in detail on the result of their audit. The Auditors also review the interim quarterly reports before these publications are released.

Representatives of the Auditors are regularly invited to meetings of the Audit Committee, namely to attend during those agenda points that dealt with accounting, financial reporting or auditing matters.

In addition, the Audit Committee reviews regularly the internal audit plan. Internal Audit reports are communicated to management in charge and the Company's senior management on an on-going basis and 2 briefings were done to the Audit Committee in 2016.

During the fiscal year 2016, the Audit Committee held 4 meetings. The Auditors were present at 2 of those meetings. The Board of Directors has determined the rotation interval for the Lead Auditor to be seven years, as defined by the Swiss Code of Obligation; such rotation occurred the last time in 2015.

9. INFORMATION POLICY

Dufry is committed to an open and transparent communication with its shareholders, financial analysts, potential investors, the media, customers, suppliers and other interested parties.

Dufry AG publishes its financial reports on a quarterly basis, both in English and Portuguese. The financial reports and media releases containing financial information are available on the Company website.

In addition, Dufry AG organizes presentations and conference calls with the financial community and media to further discuss details of the reported earnings or on any other matters of importance. The Company undertakes roadshows for institutional investors on a regular basis.

Details and information on the business activities, Company structure, financial reports, media releases and investor relations are available on the Company's website:

https://www.dufry.com

The official means of publication of the Company is the Swiss Official Gazette of Commerce:

http://www.shab.ch

Web-links regarding the SIX Swiss Exchange push- / pull-regulations concerning ad-hoc publicity issues are:

https://www.dufry.com/en/media/press-releases

https://www.dufry.com/en/media/press-release-registration-form

The current Articles of Incorporation are available on Dufry's website under:

https://www.dufry.com/en/investors/corporate-governance
page section "Featured downloads – Articles of Incorporation"

The financial reports are available under:

https://www.dufry.com/en/investors/ir-reports-presentations-and-publications
page section "Presentation of results and other publications – select Financial Reports"

For the Investor Relations and Corporate Communications contacts as well as a summary of anticipated key dates in 2017 please refer to pages 244 / 245 of this Annual Report.

REMUNERATION REPORT
DEAR SHARE-HOLDERS

On behalf of the Board of Directors and the Remuneration Committee ("RC"), I am very pleased to present the Remuneration Report 2016 to you.

2016 was a special year for Dufry in which the integration of Nuance and World Duty Free, and the achievement of first synergies related to these two acquisitions, were key topics for management and the Board of Directors alike.

In 2016, we also implemented the changes in the Remuneration Committee which we outlined in 2015. Following the Shareholders' Meeting, the Board rearranged its Board Committees and split the previously combined Nomination and Remuneration Committee into two separate committees. Given the enlarged size of Dufry and the higher intensity of each of the functions, the separation of the two topics into two committees has been warranted. The Remuneration Committee today consists of three non-executive independent members of the Board of Directors namely Ms. Heekyung (Jo) Min and Messrs. Xavier Bouton and Jorge Born.

At the 2016 Shareholders' Meeting, the shareholders approved the proposed maximum aggregate amount of compensation for the Board of CHF 7.7 million for the period from AGM 2016 to AGM 2017 with a majority of 91.2%. The proposal for the maximum aggregate amount of compensation for the Group Executive Committee of CHF 49 million for the fiscal year 2017 period was accepted with a majority of 94.8%. Furthermore, the Remuneration Report 2015 has been approved by the Shareholders' Meeting in a consultative, non-binding vote by 91.1% of the votes represented. The current Remuneration Report 2016 will again be submitted to a consultative vote at the Shareholders' Meeting in April 2017.

In fiscal year 2016, the Remuneration Committee held four meetings. The average attendance ratio was 100% for all meetings.

The Remuneration Committee mandated PricewaterhouseCoopers in 2016 again to carry out a compensation benchmarking for the Board of Directors and the Group Executive Committee. The benchmarking includes a group of 18 companies, which are comparable in size, geographic reach and market profile. Dufry will periodically request such benchmarking from external advisors to update and, where necessary, adjust its compensation schemes to current market trends.

In 2016, the Board of Directors, upon proposal of the Remuneration Committee implemented the following changes to the Group Executive Committee compensation system:

- The pay-out of the short-term annual bonus for the fiscal year 2015 was changed from 100% in cash to 50% in cash and 50% in rights to receive shares vesting after three years
- Regarding the achievement of financial performance concerning the 2016 bonus, this will be measured with weightings of 50% EBITDA, 25% Free Cash Flow and 25% Synergies (2015 and earlier years: 100% EBITDA)

The Remuneration Committee regularly reviews the remuneration system, including the bonus scheme and long-term incentive plans (Performance Share Unit plans) to ensure alignment with shareholders' interests and best practices, and to provide fair management compensation.

2017 and 2018 will be important years for Dufry, as the full integration of the previous Nuance and WDF businesses will be completed and the new business operating model will be implemented in all operations. We will continue to evolve our compensation system according to the development of Dufry as a company as well as best practices and any regulatory or industry developments in relation to compensation.

On behalf of the Remuneration Committee and the Board of Directors, I would like to thank our shareholders for their contribution and the continued trust they put into Dufry.

Yours Sincerely,

Jorge Born
Chairman of the Remuneration Committee

INTRODUCTION

The continuous success of Dufry is dependent on its ability to attract, motivate and retain outstanding individuals. Dufry's aim is to provide appropriate and competitive remuneration to its employees and to support their development in a high performance environment.

This Remuneration Report provides information on the remuneration system and compensation paid to the members of the Board of Directors and of the Group Executive Committee in fiscal year 2016. The Report is prepared in accordance with Articles 13–17 of the Ordinance against excessive Compensation (OaeC) and item 5 of the Annex to the Corporate Governance Directive (DCG) of the SIX Swiss Exchange, governing disclosure of remuneration systems and compensation paid to members of the Board of Directors and the Group Executive Committee.

The Remuneration Report will be presented to the General Meeting of Shareholders on April 27, 2017, for a consultative vote.

GOVERNANCE

Based on Dufry's Articles of Incorporation and in line with the OaEC, the Board of Directors has the overall responsibility for defining the personnel and remuneration policy used for the entire Group, as well as the general terms and conditions of employment for members of the Group Executive Committee. It approves the individual compensation of the members of the Board of Directors and of the Group Executive Committee. Since January 1, 2015, the Meeting of Shareholders has to approve the proposal of the Board of Directors in relation to the maximum aggregate amount of compensation of the Board of Directors for the period until the next Ordinary Meeting of Shareholders and of the Group Executive Committee for the following financial year. The vote at the Ordinary Meeting of Shareholders has binding effect for these maximum aggregate amounts of compensation. Thereafter, the approval of the individual compensation to the members of the Board of Directors and of the Group Executive Board (within the limits approved by the Meeting of Shareholders) is with the Board of Directors.

In 2016, Dufry rearranged its Board Committees and decided to split the previously combined Nomination and Remuneration Committee into two separate committees, in order to fulfill additional commitments required due to the increased size of the Company, general market practices and the intensity of the work done in the committees. The Remuneration Committee, which consists of three non-executive independent members of the Board of Directors, supports the Board of Directors in fulfilling all remuneration related matters. The General Meeting of Shareholders held on April 28, 2016, elected Ms. Heekyung (Jo) Min, and re-elected Messrs. Jorge Born and Xavier Bouton (all individually elected) as members of the Remuneration Committee for a term of office until completion of the next Ordinary Meeting of Shareholders in 2017. Jorge Born has been appointed as Chairman of the Remuneration Committee.

COMMITTEES AND COMMITTEE MEMBERSHIPS AS OF DECEMBER 31, 2016

MEMBER OF THE BOARD OF DIRECTORS	REMUNERATION COMMITTEE	AUDIT COMMITTEE	NOMINATION COMMITTEE
Juan Carlos Torres Carretero, Chairman	–	–	–
Andrés Holzer Neumann, Vice-Chairman	–	–	Committee Chairman
Jorge Born, Director	Committee Chairman	–	Committee Member
Xavier Bouton, Director	Committee Member	Committee Member	–
Claire Chiang, Director	–	Committee Member	–
Julián Díaz González, Director / CEO	–	–	–
George Koutsolioutsos, Director	–	–	–
Heekyung (Jo) Min, Director	Committee Member	–	–
Joaquín Moya-Angeler Cabrera, Director	–	Committee Chairman	Committee Member

For further details regarding the responsibilities of the Remuneration Committee and the meetings held in fiscal year 2016, please refer to section 3.5 Internal Organizational Structure of the Corporate Governance Report.

COMPENSATION COMPARISONS

During the course of 2016, the Board of Directors of Dufry consulted PricewaterhouseCoopers AG (PwC) on the structure and level of executive compensation arrangements, including both short- and long-term components. PwC also conducted a benchmark analysis on compensation levels for both members of the Board of Directors and of the Group Executive Committee using third party compensation survey data and disclosed information from 18 companies which are comparable in size, geographic reach and market profile, mostly from the SMI and SMIM universe. Other divisions of PwC also provided services as Tax and HR Advisors for other internal projects.

REMUNERATION TO THE MEMBERS OF THE BOARD OF DIRECTORS

REMUNERATION SYSTEM

The remuneration of the members of the Board of Directors is set to attract and retain highly qualified individuals to serve on the Board of Directors. The Board of Directors determines the amount of remuneration of its members, taking into account their responsibilities, experience and the time they invest in their activity as members of the Board of Directors.

The total compensation to the members of the Board of Directors, except for the Chief Executive Officer who does not receive any compensation in relation to his position as member of the Board, included the following elements in fiscal year 2016:
- Fixed fee in cash as members of the Board of Directors and members of Board Committees; and
- Mandatory social security contributions

In addition, the Chairman of the Board of Directors, who is intensely involved with the Company's management and is therefore considered an executive Chairman, may also receive a performance bonus. This bonus is based on the growth of normalized Cash EPS, and the target is set in line with the objectives set for the Performance Share Units plan in place for the GEC. The bonus is capped at 130 % of the target bonus. The target bonus for fiscal year 2016 was set at 100 % of the Chairman's board fee (2015: target bonus was also set at 100 % of Chairman's board fee). With the exception of the variable compensation to the Chairman and to

POSITION / RESPONSIBILITY	FEE 2016 IN THOUSANDS OF CHF	FEE 2015 IN THOUSANDS OF CHF
Chairman	1,914.8	1,914.8
Vice-Chairman [1]	250.0	250.0
Member of the Board of Directors [1, 2]	250.0	250.0
Member of the Remuneration Committee [3]	50.0	n/a
Member of the Audit Committee	50.0	50.0
Member of the Nomination Committee [3]	50.0	n/a
Member of the Nomination and Remuneration Committee [3]	n/a	50.0

1 Board of Directors' fee set at TCHF 250 since Ordinary Shareholders' Meeting in April 2015.
2 The CEO does not receive additional compensation as a Board member.
3 Until AGM 2016, Nomination and Remuneration Committee. The Committee was divided into two separate Committees as of the Ordinary Shareholders' Meeting in April 2016.

the CEO (each in their capacity as Chairman and Chief Executive Officer), the compensation for the members of the Board of Directors is not tied to particular targets.

Extraordinary assignments or work which a member of the Board of Directors would perform for the Company outside of his activity as a Board member can be specifically remunerated and has to be approved by the Board of Directors. No extraordinary assignments outside Board activities have taken place in fiscal year 2016 (2015: also no extraordinary assignments). In addition, the members of the Board of Directors are reimbursed all reasonable cash expenses incurred by them in the discharge of their duties.

The Remuneration Committee ("RC") discusses the annual compensation (board fees, committee fees, target bonus for Chairman) in separate RC meetings. The Chairman and the CEO usually participate as guests in these meetings without any voting rights. The Remuneration Committee then makes proposals in relation to the compensation of each Board member to the entire Board of Directors. Thereafter, the Board of Directors decides collectively on the compensation of its members once per year, with all Board members being present during such meeting (CEO compensation reviewed and decided separately as described in section Remuneration to the members of the Group Executive Committee).

In 2016, the fees for the members of the Board of Directors remained unchanged compared to the previous year 2015. Each member of the Board of Directors (except the Chairman and the CEO) receives a Board membership fee of TCHF 250 in cash and an additional TCHF 50 in cash as a member of a Board Committee. The Board fee for the Chairman also remained unchanged compared to the previous year at TCHF 1,914.8. For fiscal year 2016, the Chairman of the Board of Directors will receive a cash bonus of TCHF 2,489. The bonus amounts to 130.0% of the Chairman's board fee (2015: 101.5% of board fee).

CHANGES IN THE REMUNERATION SYSTEM IN 2016 – BOARD OF DIRECTORS

The measures regarding the financial performance relevant for the annual bonus of the Chairman have been adapted. In 2016, the bonus of the Chairman is based on the growth of normalized Cash EPS, and the target is set in line with the objectives set for the Performance Share Units plan in place for the Group Executive Committee. In fiscal year 2015, the relevant metric was 100% EBITDA.

No further changes took place in terms of Board compensation during fiscal year 2016.

SUMMARY OF REMUNERATION IN FISCAL YEAR 2016 AND 2015

On December 31, 2016, the Board of Directors comprised 9 members (December 31, 2015: also 9 Board members). For fiscal years 2016 and 2015, covering the period between January 1 and December 31, the remuneration for the members of the Board of Directors is shown in the table on the opposite page. The remuneration difference compared to the previous year is mainly due to the split of the previously combined Nomination and Remuneration Committee into two separate Committees and the composition of the Committees.

COMPENSATION TO THE BOARD OF DIRECTORS (AUDITED)

	2016			2015		
NAME, FUNCTION IN THOUSANDS OF CHF	REMUNERATION	POST-EMPLOYMENT BENEFITS [5]	TOTAL	REMUNERATION	POST-EMPLOYMENT BENEFITS [5]	TOTAL
Juan Carlos Torres Carretero, Chairman [1]	4,403.9	224.6	4,628.5	3,857.8	197.1	4,054.9
Andrés Holzer Neumann, Vice-Chairman	287.9	14.2	302.1	275.4	14.8	290.2
Jorge Born, Director	350.0	20.6	370.6	309.0	18.2	327.2
Xavier Bouton, Director	321.5	15.6	337.1	259.0	15.4	274.4
Claire Chiang, Director [2]	202.5	9.7	212.2	–	–	–
James S. Cohen, Director [3]	98.3	5.8	104.1	275.4	16.3	291.7
Julián Díaz González, Director and CEO [4]	–	–	–	–	–	–
José Lucas Ferreira de Melo, Director [3]	98.3	5.8	104.1	275.4	16.3	291.7
George Koutsolioutsos, Director	250.0	15.0	265.0	225.4	13.5	238.9
Heekyung (Jo) Min, Director [2]	202.5	–	202.5	–	–	–
Joaquin Moya-Angeler Cabrera, Director	321.5	15.6	337.1	275.4	13.3	288.7
Total	**6,536.4**	**326.9**	**6,863.3**	**5,752.8**	**304.9**	**6,057.7**

[1] The remuneration for Mr. Torres Carretero includes Board fee of CHF 1.915 million and bonus of CHF 2.489 million (2015: CHF 1.915 million Board fee and CHF 1.943 million bonus).
[2] Director as of AGM on April 28, 2016.
[3] Director until AGM on April 28, 2016.
[4] Mr. Díaz González (CEO of the Company) does not receive any additional compensation as Board member.
[5] Amount includes mandatory employer social security contributions.

RECONCILIATION BETWEEN REPORTED BOARD COMPENSATION FOR 2016 AND THE AMOUNT APPROVED BY THE SHAREHOLDERS AT THE AGM 2016 UNTIL THE AGM 2017

The Ordinary Meeting of Shareholders held on April 28, 2016, approved a maximum aggregate amount of compensation of the Board of Directors for the term of office from the AGM 2016 to the AGM 2017 of CHF 7.7 million. The following table shows the reconciliation between the reported Board compensation for fiscal year 2016 and the amount approved by the shareholders at the AGM 2016.

IN THOUSANDS OF CHF	BOARD COMPENSATION IN FISCAL YEAR 2016 AS REPORTED	LESS BOARD COMPENSATION TO BE ACCRUED FOR THE PERIOD JANUARY 1, 2016 TO THE AGM IN APRIL 2016 (4 MONTHS)	PLUS BOARD COMPENSATION TO BE ACCRUED FOR THE PERIOD JANUARY 1, 2017 TO THE AGM IN APRIL 2017 (4 MONTHS)	TOTAL BOARD COMPENSATION FOR THE PERIOD FROM AGM 2016 TO AGM 2017	TOTAL MAXIMUM AMOUNT AS APPROVED BY SHAREHOLDERS AT THE AGM 2016 FOR PERIOD OF AGM 2016 TO AGM 2017	COMPEN-SATION RATIO
Total Board of Directors	**6,863.3**	**1,409.2**	**1,437.1**	**6,891.2**	**7,700.0**	**89.5%**

OTHER COMPENSATION, LOANS OR GUARANTEES (AUDITED)

In the years 2016 and 2015, there was no other compensation paid directly or indirectly to active or former members of the Board of Directors, or to their related parties. There are also no loans or guarantees received or provided to these Board members, nor to their related parties.

REMUNERATION TO THE MEMBERS OF THE GROUP EXECUTIVE COMMITTEE

REMUNERATION SYSTEM

Dufry aims to provide internationally competitive compensation to the members of its Group Executive Committee (GEC) that reflects the experience and the area of responsibility of each individual member. The members of the Group Executive Committee receive compensation packages, which consist of a fixed basic salary in cash, social benefits, allowances in kind, a performance related bonus and share-based incentive plans.

In fiscal year 2016, the Group Executive Committee consisted of 12 members (CEO, CFO, GCOO, GC, GCCO, GRD, five Divisional CEOs and one GM Brazil & Bolivia: see also Corporate Governance Report on page 221). In the comparable period 2015, the GEC consisted of 9 members (7 executives at December 31, 2015). As of January 1, 2016, Dufry had regrouped its business into 5 geographic divisions (in 2015: 4 regions with Nuance and World Duty Free operations reported as separate entities). The GEC was expanded to 12 members (effective January 1, 2016), taking into account the larger group structure as a result of the Nuance Group and World Duty Free acquisitions.

BASIC SALARY

The annual basic salary is the fixed compensation reflecting the scope and key areas of responsibilities of the position, the skills required to perform the role and the experience and competencies of the individual person. The basic salary is reviewed annually.

ANNUAL BONUS

The annual bonus is defined once per year and is based on a bonus target expressed in percentage of the annual basic salary. The target bonus corresponds to the bonus award at 100 % achievement of the pre-defined objectives. Each member of the Group Executive Committee has its own bonus. In case that an executive reaches the objectives in full, the bonus pay-out will correspond to the targeted level. If one or more objectives are not reached, the bonus will be reduced. The bonus pay-out can be between a minimum of zero and the maximum capped amount of 130 % of the target bonus for all members of the Group Executive Committee, including the CEO.

The annual bonus for a particular year is usually paid out in the second quarter of the following year. In 2016, the Board of Directors (upon proposal by the Remuneration Committee) decided that the bonus pay-out for fiscal year 2015 shall be 50 % in cash and 50 % in rights to receive shares (2014 bonus paid out in 2015: 100 % in cash), which will vest if the GEC member is employed on January 1, 2019. The shares eventually to be used for this bonus payment are expected to have no dilutive effect, as they shall be sourced from treasury shares.

REMUNERATION COMPONENTS

	INSTRUMENT	PURPOSE	INFLUENCED BY
Basic salary	– Basic compensation – Paid in cash on monthly basis	– To attract and retain management	– Position – Competitive market environment – Experience of the person
Bonus	– Annual bonus – Paid in cash and / or rights to receive shares after completion of the relevant year	– Pay for performance	– Achievement of financial results of the Group and of specific Divisions / Countries (for the DCEOs and the GM BRA / BOL)
Share-based incentives PSUs	– Performance Share Units (PSU) if any, vesting conditional on performance	– Rewarding long-term performance – Aligning compensation to shareholder interests	– PSU Awards 2013 / 2014: Cash EPS growth over 3 years – PSU Awards 2015 / 2016: Cumulative Cash EPS in CHF over 3 years
Other indirect benefits, post-employment benefits	– Allowances in kind – Social pension and insurance prerequisites	– To attract and retain management	– Market practice and position – Legal requirements of social benefits

PERFORMANCE OBJECTIVES

GROUP EXECUTIVE COMMITTEE (2016)	GROUP RESULTS	DIVISION / COUNTRY RESULTS
Chief Executive Officer Chief Financial Officer Global Chief Operating Officer Global Chief Corporate Officer Global Resources Director General Counsel	50 % EBITDA 25 % Free Cash Flow 25 % Synergies	n / a
5 Division Chief Executive Officers 1 General Manager BRA / BOL	25 % Free Cash Flow 25 % Synergies	50 % EBITDA

The target bonus amounted to 150 % of the basic salary for the CEO and to between 45 % and 150 % of the basic salary for the other members of the Group Executive Committee in fiscal year 2016 (fiscal year 2015: 200 % for the CEO and between 60 % and 200 % for the other members of the Group Executive Committee).

The bonus is mainly related to measures regarding financial performance: in 2016, the relevant weightings for the CEO, CFO, GCOO, GCCO, GRD and GC were 50 % EBITDA, 25 % Free Cash Flow and 25 % Synergies of the Group results. For the five Division CEOs and the GM Brazil & Bolivia it was 50 % EBITDA of their respective division (of the 2 countries in the case of the GM BRA / BOL), and 25 % Free Cash Flow and 25 % Synergies of the Group results (fiscal year 2015: 100 % Group EBITDA for the CEO, CFO, GCOO, GCCO, GC; 100 % Region EBITDA for 2 of the 4 RCOOs and 50 % Region EBITDA and 50 % non-financial oriented targets for 2 of the 4 RCOOs).

The bonus accrued as part of the compensation for the members of the Group Executive Committee represented in 2016 between 39 % and 148 % of their basic salary and amounted to CHF 9.0 million in the aggregate (2015: between 61 % and 203 % of their basic salary and an amount of CHF 9.7 million in the aggregate). The achievement ratio regarding the Group results' targets of the three elements EBITDA, Free Cash Flow and Synergies combined was 98.7 % for fiscal year 2016 (2015: achievement ratio for EBITDA target 101.5 %).

RANGE OF BONUS COMPONENTS

IN % OF BASIC SALARY	2016	2015	2014
Group Executive Committee	39 – 148 %	61 – 203 %	55 – 201 %

The bonus compensation for each of the members of the Group Executive Committee, other than the CEO bonus, is approved by the Remuneration Committee in coordination with the CEO. The CEO's bonus compensation is determined based on achieved targets and proposed by the Remuneration Committee and decided by the Board of Directors once per year. The Remuneration Committee as well as the Board of Directors review the compensation of the CEO, CFO, GCOO, GCCO, GRD and the GC yearly. The compensation of the Division CEOs and of the GM Brazil & Bolivia is reviewed once per year by the CEO.

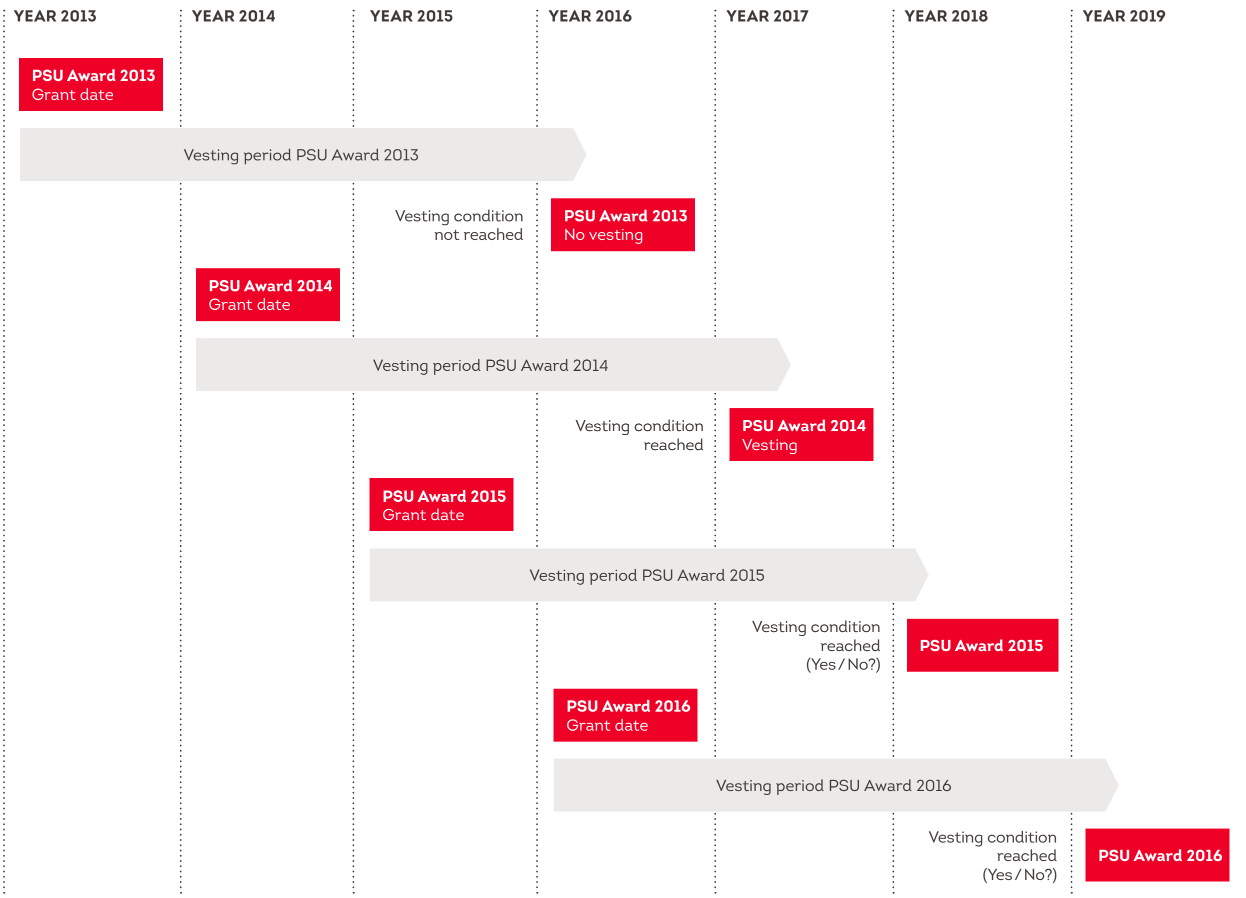
SHARE-BASED INCENTIVES (PSU)

In 2013, the Company introduced a Performance Share Unit (PSU) plan for the members of the Group Executive Committee. The purpose of the plan is to provide the members of the Group Executive Committee (and since fiscal year 2015 also selected members of the Senior Management team) with an incentive to make significant and extraordinary contributions to the long-term performance and growth of Dufry Group, enhancing the value of the shares for the benefit of the shareholders of the Company. The share-based incentive is also increasing the ability of Dufry Group to attract and retain persons of exceptional skills.

From an economic point of view, the PSUs are stock options with an exercise price of nil. However, they are expected to have no dilutive effect, as the shares for share-based incentives historically have been sourced from treasury shares, held by the Company.

Details of the Performance Share Units (PSU)
The number of PSUs allocated to each member of the Group Executive Committee in any given year takes into account the base salary as well as the prevailing share price, i.e. an assumption of one share for every PSU. The accrued value of the PSU awards 2016 represented about 150 % of the basic salary for the CEO and between 70 % and 150 % of the basic salary for the

TIMING OF THE PSU PLANS



other members of the Group Executive Committee (2015: 119 % for the CEO and between 62 % and 117 % for the other members of the Group Executive Committee). The PSU awards will only vest in the third year of the award and are linked to specific performance criteria (see below).

Vesting conditions of the PSUs are:
- The participant's ongoing contractual relationship on the vesting date; and
- The achievement of the performance target as described below.

Performance target for 2016 and 2015 PSU grants
The number of shares allocated for each PSU for the 2016 and the 2015 grants directly depends on the Company's Cumulative Normalized Cash EPS as a nominal amount in Swiss Francs of the three year period preceding the vesting date (see also section "Changes in the Remuneration System in 2016 – Group Executive Committee" on page 238):

- For the 2016 grants, the Target Cumulative Cash EPS has been set at a nominal amount in Swiss Francs that was based on the cumulative cash EPS of the years 2013 to 2015 and applied a growth rate of 7 % per annum. This amount which is CHF 24.59, and the derived figures below are subject to change from year to year by the Remuneration Committee.
- For the 2015 grants, the Target Cumulative Cash EPS has been set at a nominal amount in Swiss Francs that was based on the cumulative cash EPS of the years 2012 to 2014 and applied a growth rate of 5 % per annum (an amount of about CHF 24).

Depending on the Cumulative Normalized Cash EPS achieved, each PSU will convert according to the following grid:
- Minimum threshold of 50 % of target must be achieved; otherwise the PSU shall not vest and will become nil and void. The participant will not be allocated any shares from the PSU.

- For a Cumulative Cash EPS at target, the participant shall be allocated one share for every PSU that has vested.
- For a Cumulative Cash EPS of 150 % of target or above, which represents the maximum threshold, the participant shall be allocated two shares for every PSU that has vested.
- For a Cumulative Cash EPS higher than the minimum threshold but lower than the maximum threshold, the number of shares allocated from vested PSUs is calculated on a linear basis.
- The maximum number of shares allocated is capped at two shares per vested PSU.

CUMULATIVE CASH EPS PSU GRANTS 2016 / 2015	PSU VESTING
< minimum threshold (50 % of target)	No vesting
at target	100 % vesting (1 share per PSU)
≥ maximum threshold (150 % of target)	Maximum vesting (2 shares per PSU)
Between minimum threshold and maximum threshold	Linear calculation (between 0 and maximum 2 shares per PSU)

In 2016, the twelve members of Group Executive Committee have been granted, in the aggregate, 92,319 PSU (2015: 56,965 PSU to eight GEC members). Out of this amount, 21,873 PSU were granted to the CEO (2015: 18,347 PSU). The total number of shares that can be allocated to the current members of the Group Executive Committee would amount to the following: At target, 92,319 shares for the PSU Award 2016, 67,553 shares for the PSU Award 2015 and 20,020 shares which vested for the PSU Award 2014. At maximum (i.e. at 2 shares per vested PSU) it would amount to 184,638 shares for the PSU Award 2016, 135,106 shares for the PSU Award 2015 and 20,020 shares for the PSU Award 2014.

Overall, the number of persons qualified to PSU awards includes (since fiscal year 2015) not only the members of the Group Executive Committee, but also further selected members of the Senior Management team of Dufry (about 70 senior managers). In addition to the PSUs awarded to the members of the Group Executive Committee as shown above, this further group of Senior Managers received in aggregate 66,900 PSU from the Award 2016 (2015: 60 managers and 65,838 PSU from the Award 2015). The conditions of the PSU plans are identical for all plan participants (whether members of the Group Executive Committee or senior managers). The total maximum number of shares that can be allocated to the current Senior Management team members would amount to the following: At target, 66,900 shares for the PSU Award 2016 and 54,500 shares for the PSU Award 2015. At maximum, 133,800 shares for the PSU Award 2016 and 109,000 shares for the PSU Award 2015.

The total number of shares that can be allocated to all participants of the PSU Awards 2016, 2015, the vested and allocated 20,020 shares from the PSU Award 2014 and the rights to receive shares from the 2015 bonus (85,015 in total) would amount to the following: At target 386,307 shares, representing a total of 0.72 % of outstanding shares as at December 31, 2016. At maximum (i.e. at 2 shares per vested PSU) 667,579 shares, representing a total of 1.24 % of outstanding shares as at December 31, 2016. Historically, Dufry has always sourced its share based compensation from treasury shares, so that no dilutive effect is expected from the PSUs.

For a description of the performance targets of PSU grants in fiscal year 2013 and 2014 (with vesting in 2016 and 2017, respectively), please refer to the details in the Remuneration Report 2015 on page 240 of the Annual Report 2015. Link to the Annual Report 2015:

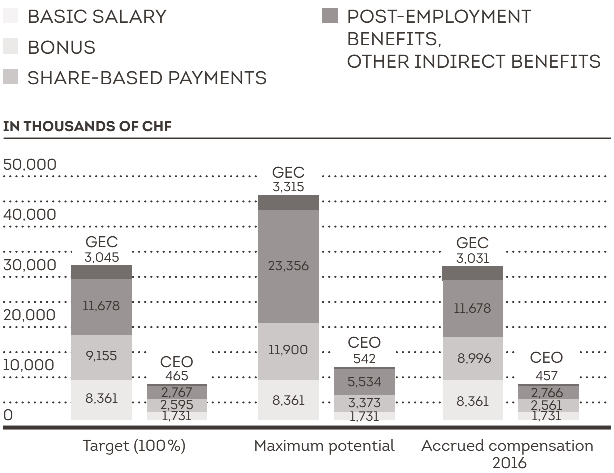
https://www.dufry.com/en/investors/ir-reports-presentations-and-publications
page section "Presentation of results and other publications – select Financial Reports"

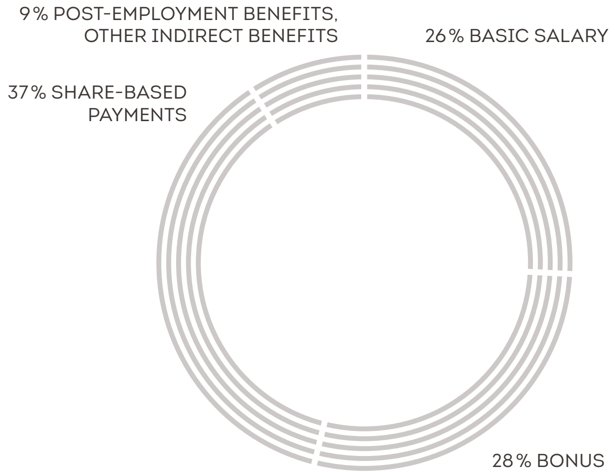
The PSU plans have been approved by the Remuneration Committee (previous years Nomination and Remuneration Committee) and the Board of Directors. The Remuneration Committee reviews achievement of the respective performance target at a specific vesting date, upon proposal of the CEO, who as plan administrator will analyze and adjust potential exceptional and non-recurring events to normalize Cash EPS in relation to the PSU plan. The CEO acts as Plan Administrator and therefore proposes the amount of each specific grant to each individual plan participant, which is reviewed by the Remuneration Committee. The grants made to the CEO are decided by the Remuneration Committee.

OTHER INDIRECT BENEFITS

The Company limits further benefits to a minimum. Fringe benefits such as health insurance, company car, or housing allowances have been granted to certain members of the Group Executive Committee. The total amounted to CHF 1.31 million in the aggregate in fiscal year 2016 (2015: CHF 0.54 million).

REMUNERATION STRUCTURE GROUP EXECUTIVE COMMITTEE IN 2016





CHANGES IN THE REMUNERATION SYSTEM IN 2016 – GROUP EXECUTIVE COMMITTEE

The Board of Directors, upon proposal by the Remuneration Committee, has decided on some changes to the remuneration system in fiscal year 2016:

- Annual Bonus: The annual bonus for a particular year is usually paid out in the second quarter of the following year. In previous years, the annual bonus was fully paid out in cash. In 2016, the Board of Directors decided, based on a proposal by the Remuneration Committee, to change the pay-out for the 2015 bonus to 50 % in cash and 50 % in rights to receive shares. These rights to receive shares will vest for the members of the Group Executive Committee only if the person will have an ongoing contractual relationship with Dufry on January 1, 2019.
- The measures regarding the financial performance relevant for the annual bonus have been adapted. In 2016, the relevant metrics are 50 % EBITDA, 25 % Free Cash Flow and 25 % Synergies. In fiscal year 2015, the relevant metric was 100 % EBITDA (except for 2 of the 4 RCOOs for whom it was 50 % EBITDA and 50 % non-financial oriented targets).

COMPARISON AND COMPOSITION OF REMUNERATION TO THE GROUP EXECUTIVE COMMITTEE IN FISCAL YEAR 2016

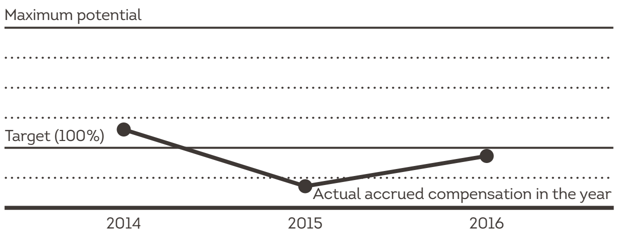
The charts above reflect the composition of the different remuneration components as well as the actual remuneration of the twelve members of the Group Executive Committee for fiscal year 2016. In the chart, this actual remuneration is also compared to the potential compensation if 100 % of the target bonus was reached, and the maximum potential of compensation possible based on the capped bonus and the capped share-based compensation.

PAY-OUT COMPONENTS FOR FISCAL YEAR 2016

For fiscal year 2016, the achievement ratio in conjunction with the Group result targets for the three elements EBITDA, Free Cash Flow and Synergies combined was 98.7 %. Based on this, the pay-out of the bonus component for the CEO amounts to CHF 2.6 million, which represents 148 % of the CEO's basic salary. The PSU Awards 2014 will vest in fiscal year 2017 at a ratio of 0.45 vesting and this will lead to 20,020 shares being vested, of which 6,449 reflect the shares vested for the CEO.

The pay-out for the entire Group Executive Committee for fiscal year 2016 amounts to a total of CHF 20.4 million, of which CHF 4.7 million is the pay-out to the CEO.

GEC REMUNERATION (ACCRUED) IN THE PERIODS 2014–2016



2015: Change in the number of GEC members during the year from 9 to 7 members.

COMPENSATION TO THE MEMBERS OF THE GROUP EXECUTIVE COMMITTEE (AUDITED)

	2016		2015	
REMUNERATION COMPONENT IN THOUSANDS OF CHF	**GEC (12 members)**	**CEO [2]**	**GEC [1] (9 members)**	**CEO [2]**
Basic salary	8,361.1	1,730.8	6,158.7	1,701.2
Bonus [3]	8,996.0	2,561.1	9,732.3	3,452.6
Post-employment benefits [4]	1,721.3	420.1	1,281.0	447.1
Other indirect benefits	1,310.1	37.0	537.1	35.5
Share-based payments accrued (3 years vesting period) [5]	11,678.4	2,766.9	6,288.4	2,025.3
Total compensation accrued	**32,066.9**	**7,516.0**	**23,997.5**	**7,661.7**
Total compensation pay-out	**20,388.5**	**4,749.1**	**17,709.1**	**5,636.3**
Number of performance share units awarded (in thousands)	92.3	21.9	57.0	18.3

1 Compensation in the previous year 2015 includes remuneration of Mr. Rossinyol (former COO Region EMEA & Asia until March 31, 2015) and Mr. Rosa (former COO Region America II until October 31, 2015) on a pro rata basis up to these dates.

2 The CEO has the highest compensation of the Group Executive Committee.

3 Bonus in fiscal year 2015 paid out 50 % in cash and 50 % in rights to receive shares with blocking period of 3 years.

4 Amount includes employer social security contributions and pension contributions.

5 For valuation details see Note 28 of the consolidated financial statements. The accrued values in the table reflect the different valuations of the PSUs in the different reporting years.

SUMMARY OF REMUNERATION IN FISCAL YEAR 2016

For fiscal year 2016, the remuneration of the Group Executive Committee includes the compensation to twelve GEC members (2015: seven GEC members for the entire year, and two GEC members who left the GEC during the year on a pro rata basis). The remuneration for fiscal years 2016 and 2015, mentioned in the table above covers the period between January 1 and December 31.

The remuneration difference compared to the previous year is mainly due to the change in the number of the Executives in 2016, regular salary increases based on annual performance review and individual bonus payments based on achievement of yearly objectives set in advance, as well as the different values of the PSU awards.

The Ordinary Meeting of Shareholders held on April 29, 2015, approved a maximum aggregate amount of compensation for the members of the Group Executive Committee for the financial year 2016 of CHF 50.5 million. The approved maximum aggregate amount reflects the maximum possible pay-out calculated for each compensation element and takes into account the twelve members of the Group Executive Committee in fiscal year 2016. The actual compensation ratio (accrued compensation) compared to the amount approved by the Shareholders' Meeting was 63.5 %.

COMPENSATION RATIO FOR REMUNERATION OF GROUP EXECUTIVE COMMITTEE IN 2016

IN THOUSANDS OF CHF	GEC COMPENSATION IN FISCAL YEAR 2016 AS REPORTED	TOTAL MAXIMUM AMOUNT FOR GEC COMPENSATION AS APPROVED BY SHAREHOLDERS AT THE AGM 2015 FOR FISCAL YEAR 2016	COMPENSATION RATIO
Total Group Executive Committee	**32,066.9**	**50,500.0**	**63.5 %**

For fiscal year 2017, the Ordinary Meeting of Shareholders held on April 28, 2016, approved a maximum aggregate amount of compensation for the GEC members of CHF 49 million. The compensation ratio for 2017 will again be disclosed in the Remuneration Report 2017.

OTHER COMPENSATION, LOANS OR GUARANTEES (AUDITED)

In the years 2016 and 2015, there were no other compensations paid directly or indirectly to active or former members of the Group Executive Committee, or to their related parties. There are also no loans or guarantees received or provided to the Group Executive Committee members, or to related parties.

CONTRACTS OF EMPLOYMENT TERMS

According to Article 23 of the Articles of Incorporation, employment and other agreements with the members of the Group Executive Committee may be concluded for a fixed term or for an indefinite term. Agreements for a fixed term may have a maximum duration of one year. Renewal is possible. Agreements for an indefinite term may have a notice period of maximum twelve months. Of the current contracts with the members of the Group Executive Committee, three contracts contain termination periods of twelve months, whereas the other contracts have termination periods of six months or less.

PARTICIPATIONS IN DUFRY AG

The following members of the Board of Directors or of the Group Executive Committee of Dufry AG (including related parties) hold directly or indirectly shares or share options of the Company as at December 31, 2016 or December 31, 2015 (members not listed do not hold any shares or options):

	DECEMBER 31, 2016			DECEMBER 31, 2015		
IN THOUSANDS	**SHARES**	**FINANCIAL INSTRUMENTS [1]**	**PARTICIP.**	**SHARES**	**FINANCIAL INSTRUMENTS [1]**	**PARTICIP.**
MEMBERS OF THE BOARD OF DIRECTORS						
Juan Carlos Torres Carretero, Chairman	982.2	118.3	2.04 %	982.2	257.1	2.38 %
Andrés Holzer Neumann, Vice-Chairman	4,308.8	276.1	8.51 %	4,291.3	463.6	9.13 %
Jorge Born, Director	–	30.9 [2]	0.06 %	21.9	30.9 [2]	0.10 %
James S. Cohen, Director [3]	n / a	n / a	n / a	2,059.3	–	3.96 %
Julián Díaz González, Director and CEO	284.5	43.8	0.61 %	284.5	92.6	0.72 %
George Koutsolioutsos, Director	1,608.4	200.0	3.36 %	1,608.4	200.0	3.47 %
Total Board of Directors	**7,183.9**	**669.1**	**14.58 %**	**9,247.6**	**1,044.2**	**19.77 %**
MEMBERS OF THE GROUP EXECUTIVE COMMITTEE						
Julián Díaz González, CEO	284.5	43.8	0.61 %	284.5	92.6	0.72 %
Andreas Schneiter, CFO	6.1	–	0.01 %	6.1	-	0.01 %
José Antonio Gea, GCOO	4.1	–	0.01 %	4.1	-	0.01 %
Luis Marin, CCO	1.2	–	0.00 %	1.5	-	0.00 %
Jordi Martin-Consuegra, GRD	1.1	–	0.00 %	n / a	n / a	n / a
Gustavo Magalhães Fagundes, GM Brazil and Bolivia	6.9	–	0.01 %	n / a	n / a	n / a
Total Group Executive Committee	**303.9**	**43.8**	**0.64 %**	**296.2**	**92.6**	**0.73 %**

1 The detailed terms of the various financial instruments disclosed above are as disclosed to the SIX Swiss Exchange and published on September 15, 2016, for the year 2016 and on July 9, 2015, for the year 2015.

2 European Capped Calls on 30,940 shares of Dufry AG. The transaction is divided into 5 tranches of 6,188 shares each, which expire on 29.07.2019, 30.07.2019, 31.07.2019, 04.08.2019, and 05.08.2019, respectively. Each tranche is automatically exercised, and the differences are to be cash settled. The strike price for each option is CHF 160, and the cap is CHF 260 per option.

3 Director until AGM on April 28, 2016.

In addition to the above, the shareholders' group consisting of different legal entities controlled by Andrés Holzer Neumann, Juan Carlos Torres, Julián Díaz González and Dimitrios Koutsolioutsos holds sale positions of 7.59 % through options (4,087,520 voting rights) as of December 31, 2016 (as of December 31, 2015: sale positions of 8.81 % through options (4,589,120 voting rights), which included the sale positions of James S. Cohen and James S. Cohen Family Dynasty Trust).

The detailed terms of these financial instruments are as disclosed to the SIX Swiss Exchange and published on September 15, 2016 (for sale position as of December 31, 2015: publication of disclosure notice on July 9, 2015).

Disclosure notices are available on the SIX Swiss Exchange website:

https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

Building a better working world

To the General Meeting of
Dufry AG, Basel

Basel, 7 March 2017

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Dufry AG for the year ended 31 December 2016.The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled "audited" on pages 229 to 241 of the remuneration report.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility
Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the remuneration report for the year ended 31 December 2016 of Dufry AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Bruno Chiomento Licensed audit expert (Auditor in charge)	Christian Krämer Licensed audit expert

INFORMATION FOR INVESTORS AND MEDIA

REGISTERED SHARES

Issuer	Dufry AG
Listing	SIX Swiss Exchange
Type of security	Registered shares
Ticker symbol	DUFN
ISIN-No.	CH0023405456
Swiss Security-No.	2340545
Reuters	DUFN.S
Bloomberg	DUFN:VX

BRAZILIAN DEPOSITARY RECEIPTS (BDRS)

Issuer	Dufry AG
Listing	BM&FBOVESPA
Type of security	Brazilian Depositary Receipts (BDRs)
Ticker symbol	DAGB33
ISIN-No.	BRDAGBBDR008
Reuters	DAGB33.SA
Bloomberg	DAGB33:BZ

KEY DATES IN 2017

March 15, 2017	Results Fiscal Year 2016, Publication of Annual Report
April 27, 2017	Annual General Meeting
May 2, 2017	Results First Three Months 2017
July 31, 2017	Results First Half Year 2017
October 31, 2017	Results First Nine Months 2017

SENIOR NOTES

Issuer	Dufry Finance SCA
Listing	ISE Irish Stock Exchange
Type of security	Senior Notes
Size of issue	EUR 500 million
Interest rate	4.5% p.a., paid semi-annually
Maturity	July 15, 2022
ISIN-No.	XS1087753353 (Serie REG S) XS1087754245 (Serie 144A)
Bloomberg	DUFSCA

Issuer	Dufry Finance SCA
Listing	ISE Irish Stock Exchange
Type of security	Senior Notes
Size of issue	EUR 700 million
Interest rate	4.5% p.a., paid semi-annually
Maturity	August 1, 2023
ISIN-No.	XS1266592457 (Serie REG S) XS1266592705 (Serie 144A)
Bloomberg	DUFSCA

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Company's website:

Latest news:

Articles of incorporation:

Financial reports:

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